

# Guardian Acuity Money Market Gilt Fund

Open Ended Money Market Fund

November 2018



## HIGHLIGHT

The fund is currently providing a current yield of 8.30% p.a. to its investors\*\*. \*\*



**Sashika Wickramaratne**  
Fund Manager

## RETURNS\*\*\*

PERIOD	FUND	NDBIB-CRISIL 91 T-BILL INDEX	ANNUALISED FUND RETURN/CAGR*
2018 November	0.67%	0.66%	8.10%
3 Months	2.07%	1.79%	8.31%
YTD 2018	7.89%	7.22%	8.62%
Since Inception Cum.	34.61%	33.23%	8.39%*

\*\* Current yield based on last 07 days average up to 30th November 2018. The current yield/ return is variable and subject to change

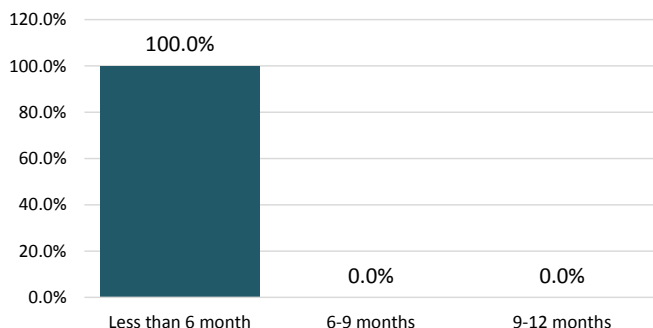
\*\*\* Performances are based on month end prices as of 30th November 2018. Performance data included in this document represents past performance and is no guarantee of the future results.

## KEY INDICATORS

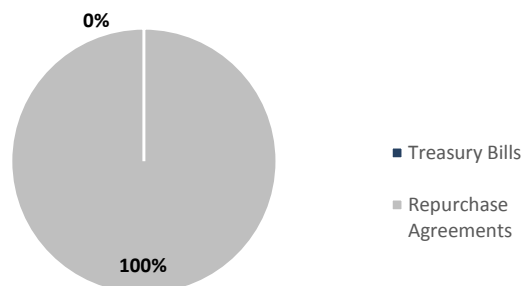
Average Maturity	(Months)	0.10
Expense Ratio	%	0.68%
Unit Price as at 30th November 2018	Rs.	134.6063

## MATURITY PROFILE

Percentage of Assets



## ASSET ALLOCATION



An upward movement in T bill rates was seen in November with the one year Treasury bill rate increasing to 11.20% from 10.39% in the previous month. A sharp increase in weighted average prime lending rate (AWPLR) was seen during the month reflecting a drop in private sector credit demand. AWPLR decrease to 12.03% from 12.82% in last month.

Heavy foreign selling in the government security market was witnessed in September following change in political climate in Sri Lanka Foreign ownership of government securities decline to Rs.197.9 billion (approximate USD 1.1 billion) from Rs.221.1 billion in the previous month. As a result the secondary market bond rates increased approximately 50 – 65 basis point. On this back drop Sri Lankan rupee only depreciated by 3.22% to 179.48.

Gross official reserves are at healthy levels at USD 7.9 billion equivalent to 5 months imports. However, during the next 3 months period the expected net drain in foreign reserves is around USD 2.46 billion (both principal & interest payments) and USD 505 million is yet to be received from the remaining tranches of IMF extended funding facility and another USD 1.8 billion SLDBs can be issued as per the budget.

Considering the current economic slowdown and foreign reserve base, Central Bank decided to increase the Standing Deposit Facility Rate (SDFR) of the Central Bank by 75 basis points to 8.00 per cent and the Standing Lending Facility Rate (SLFR) of the Central Bank by 50 basis points to 9.00 per cent. (8.00%-9.00%) on 14th November 2018 in order to protect economic growth. Since US has indicated another 25 basis point rate hike in this year we feel that the Sri Lankan rates should adjust upwards to avoid further foreign exits in government security market and to curtail import growth. Unless the Sri Lankan Rupee could depreciate at a faster rate.

## ABOUT THE FUND

The fund objective is to provide a secure annual income by investing in a portfolio of Government securities maturing within 365 days. The fund will maintain a minimum level of liquidity and look to invest in Treasury bills, Treasury bonds and repurchase agreements.

## FUND SNAPSHOT

Inception Date	24th March 2015
Fund Size as at 30th November 2018	LKR 247.35Mn
Minimum Investment	LKR 1,000

## FUND FEES

Management Fee*	Max 0.25% p.a.
Custodian Fee & Trustee Fee*	Max 0.34% p.a.

\*As a percentage of NAV

Investors are advised to read and understand the contents of the Explanatory Memorandum before investing. Among others, investors should consider the fees and the charges involved.