

# Guardian Acuity Money Market Gilt Fund

Open Ended Money Market Fund

September 2018



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## HIGHLIGHT

The fund is currently providing a current yield of 8.31% p.a. to its investors".\*\*



**Sashika Wickramaratne**  
Fund Manager

## RETURNS\*\*\*

| PERIOD               | FUND   | NDBIB-CRISIL<br>91 T-BILL INDEX | ANNUALISED FUND<br>RETURN/CAGR* |
|----------------------|--------|---------------------------------|---------------------------------|
| 2018 September       | 0.69%  | 0.52%                           | 8.36%                           |
| 3 Months             | 2.13%  | 1.96%                           | 8.47%                           |
| YTD 2018             | 6.43%  | 5.89%                           | 8.59%                           |
| Since Inception Cum. | 32.78% | 31.57%                          | 8.38%*                          |

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

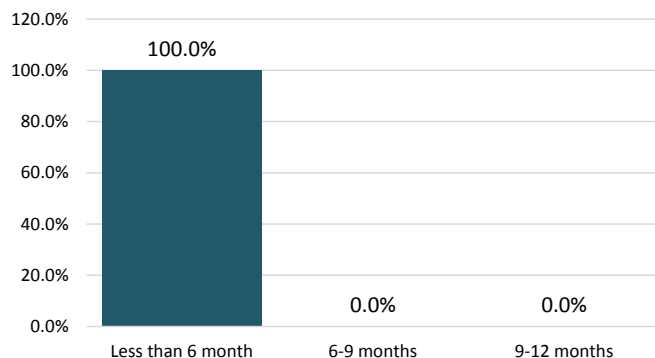
\*\*\* Performances are based on month end prices as of 30th September 2018. Performance data included in this document represents past performance and is no guarantee of the future results.

## KEY INDICATORS

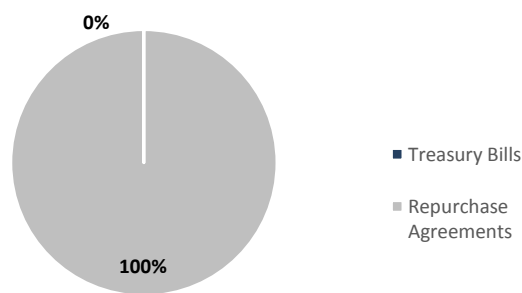
|                                      |          |          |
|--------------------------------------|----------|----------|
| Average Maturity                     | (Months) | 0.52     |
| Expense Ratio                        | %        | 0.51%    |
| Unit Price as at 30th September 2018 | Rs.      | 132.7809 |

## MATURITY PROFILE

Percentage of Assets



## ASSET ALLOCATION



An upward movement in T bill rates was seen in September due to increase in government borrowings. One year Treasury bill rate increased to 9.51% in September from 8.99% last month. A marginal increase in weighted average prime lending rate (AWPLR) was seen during the month reflecting a recovery in private sector credit growth. AWPLR increase to 11.74% from 11.67% in last month.

Heavy foreign selling in the government security market was witnessed in September following the 25 basis points rate hike in US. Foreign ownership of government securities decline to Rs.249.4 billion (approximate USD 1.48 billion) from 277.4 billion in the previous month. As a result the secondary market bond rates increased approximately 80 - 100 basis point. Crude oil prices are trending upward anticipating a short fall in supply if US impose trade sanctions on Iran which can create upward pressure on inflation and import growth. WTI crude oil price has surge to USD 76.41 on 4th October 2018, up from USD 69.87 on 4th September 2018. On this backdrop Sri Lankan rupee depreciated by 4.8% to 169.2383.

Gross official reserves are at healthy levels at USD 8.6 billion as at 31st August 2018 equivalent to 5 months imports. However, during the next 3 months period the expected net drain in foreign reserves is around USD 1.269 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 healthy foreign reserve base, Central Bank decided to maintained the policy rates at current levels (7.25%-8.50%) on 2nd October 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 September 2018 | LKR 1,049.38Mn  |
| Minimum Investment                  | LKR 1,000       |

## FUND FEES

|                              |                |
|------------------------------|----------------|
| Management Fee*              | Max 0.25% p.a. |
| Custodian Fee & Trustee Fee* | Max 0.23% 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.