



Guardian Acuity Fixed Income Fund

Guardian Acuity Asset Management Limited
(A Joint Venture between Ceylon Guardian & Acuity Partners)

AS OF: 31st MAY 2015

Current Issue Price: LKR: 11.95
Current Redemption Price: LKR: 11.95

FUND SNAPSHOT

STRUCTURE:	OPEN ENDED
TYPE:	INCOME FUND
INCEPTION DATE:	27/Feb/2012
BLOOMBERG CODE:	GUAACFI: SL
FUND SIZE:	LKR 2,904 MN
MINIMUM INVESTMENT:	LKR 1,000

KEY INDICATORS

Current Yield* (Net of Fees):	6.70%
Duration:	0.35
Average Maturity (Months):	5.25
Expense Ratio:	0.77%

*Yield on existing assets of the fund.

FUND FEES

	% of NAV
Management fee:	0.60
Trustee & custodian fee:	0.15

FUND MANAGER

Sumith Perera

ASSET ALLOCATION

	Portfolio Weight (%)
Fixed Deposits	72.9
Commercial Papers	13.4
Government Securities	13.3
Securitization	0.4

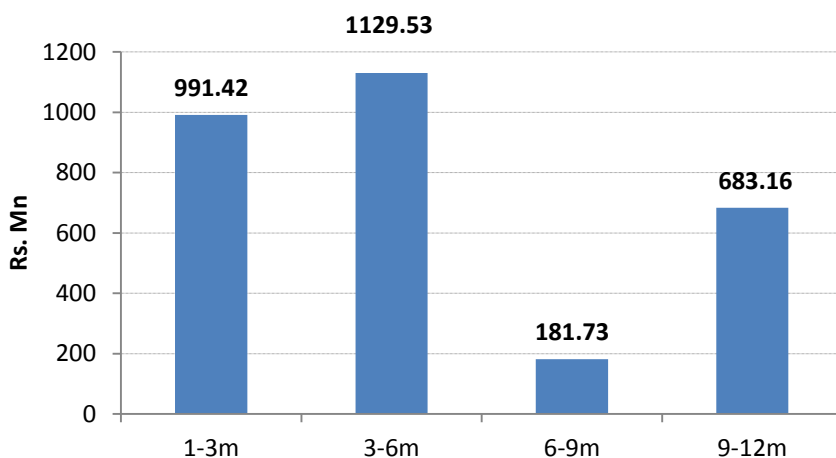
FUND DESCRIPTION

Guardian Acuity Fixed Income Fund is an open ended unit trust which invests in a portfolio of minimum investment grade fixed income securities consisting of commercial papers, corporate debentures, asset backed securities, government securities and other fixed income securities.

FUND PERFORMANCE

Period	GAFIF	NDBIB-CRISIL 91 Day T-Bill Index	GAFIF-Annualised
1 Month	0.59%	0.48%	6.94%
3 Months	1.67%	1.28%	6.55%
YTD-2015	2.69%	2.43%	6.50%
Since Inception	37.62%	31.78%	11.55%

MATURITY PROFILE



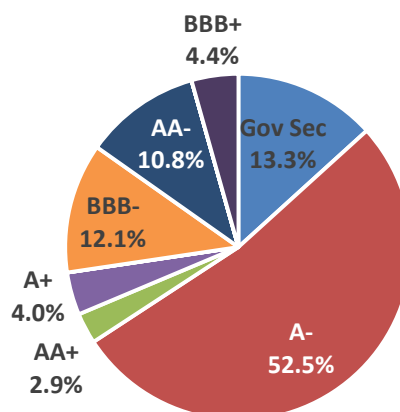
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Visit our website for a Full Menu of Products and Services at www.guardianacuity.com

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FUND CREDIT QUALITY



FUND MANAGER COMMENTS

Fund performance & outlook

The fund gave a return of 0.59% for the month of May 2015 compared to 91 day Treasury bill index of 0.48% for the same period. The fund provides a tax free current yield of 6.70%. We expect the current yield to remain at these levels for the next few months as interest rates remain at present levels. However, the servicing the of external debt and impact on reserves will need to be monitored closely

Interest Rates and the Economy

Headline inflation in May increased 0.2% YOY and 0.2% MOM. These numbers are higher from the previous month but extremely low relative to historical inflation. The rise of the F&B component of the index by 4.6% YOY was largely due to anticipated seasonal fluctuations and expected adverse weather patterns.

The Central Bank of Sri Lanka kept policy rates on hold despite expectations in the market of another policy rate cut. Treasury bill rates reduced throughout the month and the steepness of the yield curve declined as the longer end government security yields came off. Significant pressure was experienced throughout the month on the exchange rate which eased after the issuance of the sovereign bond with three month forwards trading currently at 136.80/137.10 levels. Excess liquidity levels have declined over a period of time despite interest rates coming down and this has resulted in growing sectors such as leasing requiring more liquidity and funding.

Guardian Acuity Asset Management Ltd

31st May 2015

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