Guardian Acuity

Fixed Income Fund

Open ended Income Fund

FUND DESCRIPTION

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

FUND SNAPSHOT

INCEPTION DATE:	**27/Feb/2012**
BLOOMBERG CODE:	**GUAACFI: SL**
FUND SIZE:	**LKR 3,577 MN**
MINIMUM INVESTMENT:	**LKR 1,000**

KEY INDICATORS

Current Yield* (Net of Fees):	6.80%
Duration:	0.22
Average Maturity (Months):	3.58
Expense Ratio:	0.77%

**Yield on existing assets of the fund.*

FUND FEES

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

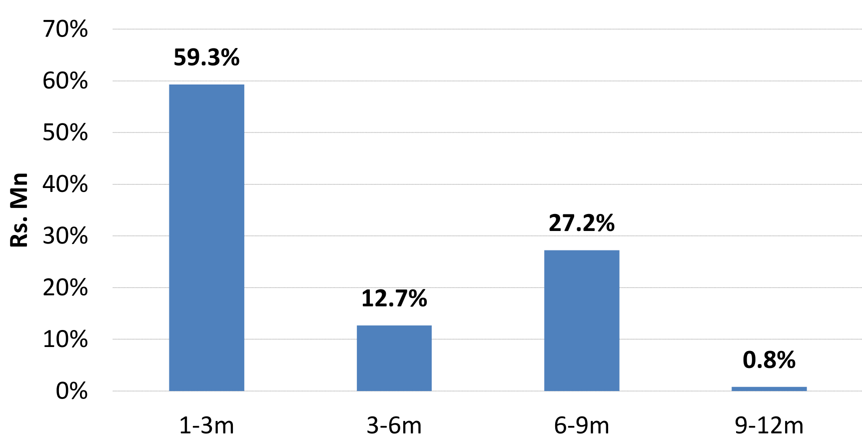
FUND PERFORMANCE

Period	GAFIF	NDBIB-CRISIL 91 Day T-Bill Index	GAFIF-Annualized
1 Month	0.66%	0.48%	7.55%
3 Months	1.76%	1.46%	6.97%
YTD-2015	4.49%	3.93%	6.75%
Cumulative Since Inception	40.03%	33.70%	11.41%

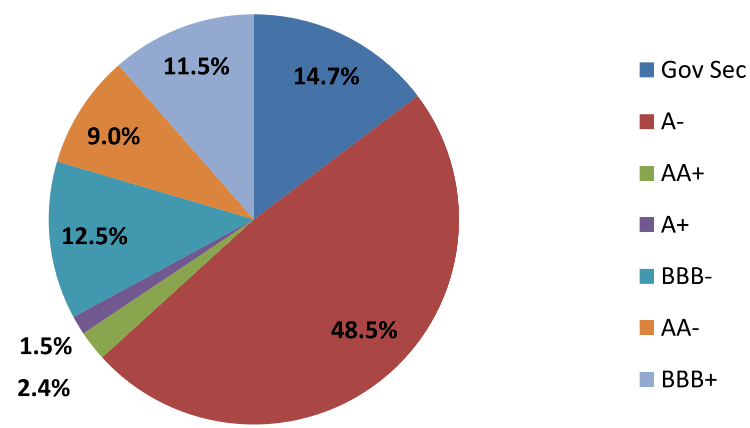
ASSET ALLOCATION

	Portfolio Weight (%)
Fixed Deposits	66.0
Commercial Papers	19.4
Government Securities	14.7

MATURITY PROFILE



FUND CREDIT QUALITY



FUND MANAGER COMMENTS

Fund performance & outlook

The fund gave a return of 0.66% for the month of August 2015 compared to 91 day Treasury bill index of 0.48% for the same period. The fund provides a tax free current yield of 6.80%. We expect the current yield to marginally improve over the next month as short term interest rates have started to increase at a faster pace.

Macro factors: Interest Rates and the Economy

The 1 year Treasury bill saw an increase of 49 basis points in the month of August with expectations of this trend gathering momentum into the following month. The devaluation of the Yuan may reduce pressure on the Federal Reserve to increase interest rates in the USA for now. However, domestically there still lies the concern of excessive consumption imports and the overvalued Rupee. Our forecasts see a continued rising interest rates scenario coupled with Rupee depreciation in the short term. Furthermore, with public spending expected to get back on track next year fiscal borrowings may spill over into domestic interest rates. Increased interest rates will eventually raise deposit and short term corporate rates allowing the funds returns to increase.