

Explanatory Memorandum

Guardian Acuity Money Market Gilt Fund

Managers

Guardian Acuity Asset Management Limited



This Explanatory Memorandum contains “forward-looking statements” which relate to future events, including plans and objectives of management for future operations. These forward-looking statements can be identified by the use of such words as “believe”, “intend”, “may” “will”, “should”, “expect”, “anticipate”, “estimate” or “continue” or the variations of these terms or the use of other comparable terms. The cautionary statements set forth elsewhere in this Explanatory Memorandum identify important factors relating to these forward-looking statements, including certain risks and uncertainties which could cause actual events and results to differ from those predicted or anticipated in the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements which speak only as of the date of this Explanatory Memorandum.

Guardian Acuity Money Market Gilt Fund is licensed by the Securities & Exchange Commission of Sri Lanka and is qualified as an open-ended Unit Trust as defined in the Unit Trust Code of Sri Lanka 2004 as amended from time to time or any other statutory modifications thereof.

Units of the Guardian Acuity Money Market Gilt Fund are offered solely on the basis of information contained in this Explanatory Memorandum and the documents referred to herein. Any information or representation (not contained herein) given or made by a dealer, salesman or other person should be regarded as unauthorized and accordingly not be relied upon. This Explanatory Memorandum is furnished to investors so that they may consider the opportunity to offer to purchase the Units of the Fund. This Explanatory Memorandum is the lawful property of the Managing Company and may not be copied in whole or in part without the prior written consent of the Managing Company.

It should be noted that circulation and distribution of this Explanatory Memorandum in certain countries may be restricted by law. Persons into whose possession this Explanatory Memorandum comes are required by the Managing Company and the promoters to inform themselves about and to observe any such restrictions.

This Explanatory Memorandum does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation and may only be used in connection with this offering of securities, to which it relates, by distributors as contemplated herein.

The Unit holders should appreciate that investing in the Fund involves a degree of risk normally associated with any investment in fixed income securities and the price of Units and the income, if any, from them may fall as well as rise due to market fluctuations. The Fund is an open-ended collective investment scheme designed for investors seeking an annual income on their investment. Investors should be able to bear the economic risks, currency fluctuation risk, political risk of their investments in the Fund, including all or part thereof, and should not be dependent upon any returns from such investments for any basic financial needs.

**The contents of this Explanatory Memorandum should not be construed as investment, legal or tax advice. Investors should seek independent professional advice to ascertain (a) the possible tax consequences (b) the legal requirements and (c) any foreign exchange transactions or exchange control requirements they may encounter under the laws of the countries of their citizenship, residence, domicile and which may be relevant to the subscription, holding or disposal of the Units.**

The Units being offered may not be purchased or held by, or purchased or held for the benefit of, any Non-Qualified Person (as defined hereinafter) at any time. "Non Qualified Person" means any person to whom a transfer to or holding by such person of Units would:

1. be in breach of any law or requirement of any country or governmental authority in any jurisdiction whether on its own or in conjunction with any other relevant circumstances; or
2. result in the Managing Company or the Fund incurring any liability to taxation which the Managing Company or the Fund would not otherwise have incurred or suffered;

or

3. cause the Managing Company or the Fund or the Trustee to be required to apply for registration or comply with any registration requirements in respect of any of the Units, other than the applicable securities regulations and laws of Sri Lanka.

This Explanatory Memorandum is based on the law and practice currently in force in Sri Lanka and is subject to change therein.

**The Trustees hereby declare and certify that they have read and agreed with the representation therein.**

**The Directors of Guardian Acuity Asset Management Limited the Managers of the Fund accept full responsibility for the accuracy and the information given herein, and confirm having made all reasonable inquiries, that to the best of their knowledge and belief there are no other material facts the omission of which would make any statements herein misleading.**

**The Promoters to the Managing Company in assisting with the preparation of this Explanatory Memorandum, have relied on information supplied by the Managing Company, have not independently verified the accuracy or completeness of any information contained herein, make no representation or warranty with respect thereto and assume no liability for the contents of, or any omissions from, this Explanatory Memorandum.**

**All information in this Explanatory Memorandum is given as of the date hereof, unless expressly otherwise specified herein.**

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## Fund Information

<b>Promoters</b>	<p><b>Acuity Partners (Private) Limited</b> 53, DharmapalaMawatha Colombo 03 Sri Lanka</p> <p><b>Ceylon Guardian Investment Trust PLC</b> 61 JanadhipathiMawatha Colombo 01 Sri Lanka</p>
<b>Trustee &amp; Custodian</b>	<p><b>Deutsche Bank</b> 86 Galle Road Colombo 03 Sri Lanka</p>
<b>Auditors</b>	<p><b>Ernst &amp; Young</b> 201 De Saram Place Colombo 10 Sri Lanka</p>
<b>Bankers</b>	<p><b>Deutsche Bank</b> 86 Galle Road Colombo 03 Sri Lanka</p>
<b>Registrar</b>	<p><b>Guardian Acuity Asset Management Ltd</b> 61 JanadhipathiMawatha Colombo 01 Sri Lanka</p>
<b>Fund Manager</b>	<p><b>Guardian Acuity Asset Management Limited</b> 61 JanadhipathiMawatha Colombo 01 Sri Lanka</p>
<b>Marketing Agents</b>	<p><b>Acuity Partners (Private) Limited</b> 53, DharmapalaMawatha Colombo 03 Sri Lanka</p> <p><b>Designated Branches of Hatton National Bank PLC</b> Head Office HNB Towers 479, T B JayahMawatha Colombo 10 Sri Lanka</p>

<b>Subscription Points</b>	<b>Designated Branches of DFCC Vardhana Bank</b> Head Office 73, W A D Ramanayake Mawatha, Colombo 02 Sri Lanka
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## The Fund

### GUARDIAN ACUITY MONEY MARKET GILT FUND

#### ***Introduction***

The GUARDIAN ACUITY MONEY MARKET GILT FUND is an open ended Unit Trust, which will invest in a portfolio of government securities which will mature within 365 days. The Fund would aim to structure the portfolio with an emphasis on maximizing return while ensuring adequate liquidity.

The Management Company of GUARDIAN ACUITY MONEY MARKET GILT FUND is licensed by the Securities and Exchange Commission of Sri Lanka. GUARDIAN ACUITY MONEY MARKET GILT FUND would have its investments denominated in Rupees and thus the unit value would be given in the local currency, the SL Rupee (LKR).

The Managing Company has not set any upper limit to the number of units to be issued to members of the public and thus can offer units to investors on a continuing basis. The offer of units under this memorandum will continue until the Managing Company offers a new Memorandum.

#### ***Investment Objectives***

The investment objective of the GUARDIAN ACUITY MONEY MARKET GILT FUND is to provide a secure annual income by investing in a portfolio of Government securities.

The Fund will aim to achieve its investment objectives by investing in following securities which will mature within 365 days

- Treasury bills
- Treasury bonds
- Repurchase Agreements

#### ***Proposed fixed income strategy of the fund***

The Managing Company will identify and make investments in fixed income securities so as to maximize the yield by exposing the Fund purely to Government Securities. The Fund will maintain a minimum level of liquidity in order to meet redemptions and gain sufficient interest income to be able to pay out a suitable annual dividend. The Fund will primarily seek interest income but will also take advantage of capital gain opportunities when available.

The Managers may from time to time modify the strategy of the Fund but will do so keeping to the stated objectives of the Fund. The Fund may also invest in instruments not mentioned earlier provided prior approval of the Securities and Exchange Commission of Sri Lanka is obtained.

The Fund's investments are subject to normal market risks and the ability to achieve the investment objectives will depend to a great extent on the overall performance of the economy and the contributory environmental factors.

### ***Investment Restrictions***

The investments will be made in accordance with SEC regulations, unit trust code and directives governing investments made by Units Trusts. Such regulatory directives may be amended from time to time.

### ***Borrowing Powers of the Fund***

The Fund may borrow up to 15% of the value of the deposited property for working capital needs of the Fund.

### ***Inter Funds Transfer***

Unit holders of the Guardian Acuity Money Market Gilt Fund may have the option of transferring their investments to any other Unit Trust managed by Guardian Acuity Asset Management Limited by providing such instructions in writing. Investors making use of the transferring facility shall not incur any switching costs.

## **MANAGEMENT AND PROFESSIONAL SERVICES**

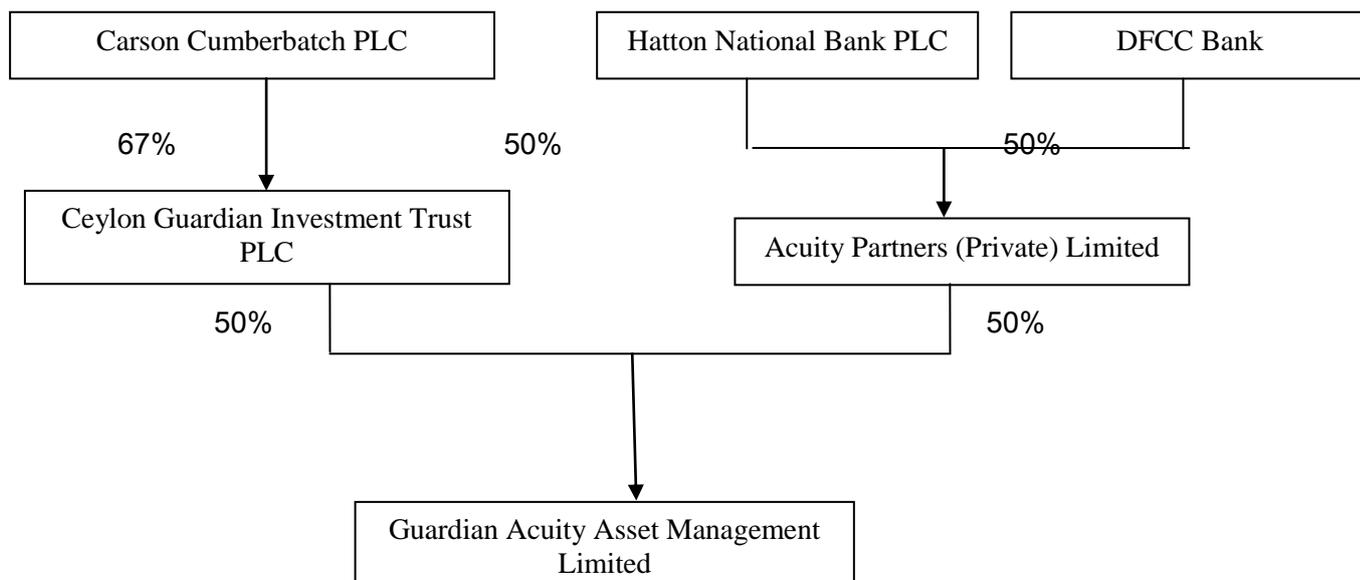
### ***Fund Manager***

Guardian Acuity Asset Management Limited will manage the investments of the Fund in accordance with the objectives and policies stated in this Explanatory Memorandum and subject to the conditions given in the Trust Deed.

Guardian Acuity Asset Management Limited is a public limited liability company with a stated capital of LKR 70 million as at 31<sup>st</sup> December 2013 and is held jointly by Ceylon Guardian Investment Trust PLC (50%) and Acuity Partners (Private) Limited (50%).

Acuity Partners (Private) Limited is a joint venture investment banking company, equally owned by DFCC Bank and Hatton National Bank PLC (“HNB”), and established in 2008 with a stated capital of LKR 500 million. Acuity Partners, which is the successor to the investment banking related subsidiaries and divisions of DFCC Bank and HNB, is engaged in corporate finance & advisory, equities brokerage, government securities primary dealership and related activities. As at 31 December 2013, Acuity Partners and its subsidiaries had consolidated assets of LKR 7,600 million and total shareholder funds of LKR 2,300 million.

Ceylon Guardian Investment Trust PLC (CGIT) is an investment trust listed on the Colombo Stock Exchange, holding and managing a total portfolio of approximately LKR 24Bn as at 31<sup>st</sup> March 2014. CGIT is 67% held by Carson Cumberbatch PLC a listed Sri Lankan conglomerate with business interests in oil palm plantations, brewing, investments, real estate and leisure sectors, spanning across South and South East Asia.



Ceylon Guardian Investment Trust (CGIT) is one of few long standing investment trusts listed on the Colombo Stock Exchange and holds a specialist equity portfolio focused on listed stocks and private equity. It is managed by Guardian Fund Management Limited (GFM), the 100% owned asset management subsidiary of the Carson Group. GFM also manages several institutional client portfolios and is registered as an Investment Manager with the Securities and Exchange Commission of Sri Lanka, the capital markets regulator.

GFM will lend its expertise in fund management, research, portfolio administration and compliance to managing the Guardian Acuity Money Market Gilt Fund and associated funds promoted by Guardian Acuity Asset Management Limited.

***Investment Committee***

Guardian Acuity Asset Management has its own investment committee drawn up from amongst a selection of experts from its respective promoter companies. These experts have a wide ranging knowledge of different industry sectors, investment trends, economic fundamentals and other macroeconomic issues relevant to decision making. They would share their insights and knowledge with the team to enhance the quality of the decision making process.

***Trustees & Custodian***

The Managing Company has appointed Deutsche Bank AG, Colombo Branch as Trustee and Custodian for GUARDIAN ACUITY MONEY MARKET GILT FUND . Deutsche Bank AG is a fully owned subsidiary of Deutsche Bank International, a public quoted company incorporated in Germany. As a lean, dynamic, focused universal bank Deutsche Bank ranks among the leaders in Corporate Banking & Securities, Transaction Banking, Asset Management and Private Wealth Management. Deutsche Bank’s international network comprises over 68,000 employees in 74 countries globally, with a strong presence in Europe, Asia-Pacific region, Americas, the Middle East and Africa.

The Trustee’s responsibilities are mainly to exercise due diligence and vigilance over the GUARDIAN ACUITY MONEY MARKET GILT FUND with the objective of safeguarding

the interests of the Unit holders. Apart from being the legal owner of the Fund's assets the Trustee is responsible to ensure that the Managers perform their obligations in respect of all payments on behalf of the Fund.

## DETERMINATION OF NET ASSET VALUE

Upon the completion of the initial offer period the Net Asset Value of the Fund will be determined by the Managing Company on a day to day basis in accordance with the following principles and circulars distributed by the SEC from time to time:

<b>Investments held by the Fund</b>	
<i>All fixed income securities</i>	As per SEC Circular (Ref:/SECLEG/13/12/31) the Fund will be valued at cost plus accrued interest method (i.e. amortization of interest on a straight line basis)
<b>Accrued debts and liabilities allowed to be deducted from the Fund include:</b>	
<ul style="list-style-type: none"> <li>a) management fees;</li> <li>b) costs of dealing in Fund</li> <li>c) any costs incurred in preparation and modification of the Trust Deed</li> <li>d) taxation and duties payable in respect of the Fund or the issue of Units</li> <li>e) any costs incurred in respect of meetings of Unit holders</li> <li>f) fees and any expenses or disbursements made by the Trustee as per the Trust Deed</li> <li>g) the audit fees and any expenses of the auditor</li> <li>h) licensing fees imposed by the Commission</li> <li>i) all direct and indirect taxes levied from the Government on the Fund</li> <li>j) legal expenses incurred in safeguarding the Fund and title to the investments made by the Fund</li> <li>k) any other fee approved by the Commission and specified in the Trust Deed</li> </ul>	

The Managing Company may rely on any valuation provided to it by such person making a market in or otherwise dealing in the investment in question. For the purpose of making any valuation, the Managing Company will be entitled, at the expense of the Fund to obtain and rely on independent valuations. As part of the annual audit, the valuation of unlisted fixed income securities will be reviewed by the Fund auditor

### ***Manager's Selling Price***

The Manager's Selling Price for subscriptions as at any dealing day shall be determined by:

- Ascertaining the net asset value of the fund as at 4.00 pm (Sri Lanka Time) on the market day.
- Adding such sum that the Managers may consider as representing the appropriate provision for duties and charges.
- Dividing the resulting sum by the number of units in issue and deemed to be in issue on that day.

### ***Manager's Buying Price***

The Manager's Buying Price for redemptions as at any dealing day shall be determined by:

- Ascertaining the net asset value of the fund as at 4.00 pm (Sri Lanka Time) on the market day.
- Deducting such sum that the Managers may consider as representing the appropriate provision for duties and charges.
- Dividing the resulting sum by the number of Units in issue and deemed to be in issue on that day.

The Manager's buying and selling price will be calculated on each market day and expressed in LKR. The Manager's buying and selling price shall be published in at least one leading Sri Lankan daily newspaper, the managing company's website [www.guardianacuity.com](http://www.guardianacuity.com) and marketing agents, designated HNB.

## **SUBSCRIPTIONS**

The Fund will initially offer Units at LKR.100/- each during the initial offer period commencing on 2<sup>nd</sup> March 2015 and concluding on 23<sup>rd</sup> March 2015, subject to the minimum subscription of LKR 1,000/- worth of Units.

As per SEC Circular (Ref:/SECLEG/14/09/71) the Fund will aim to,

- 1) Maintain a minimum number of fifty (50) unit holders for the Fund at all times;
- 2) Obtain a minimum 50 unit holders during an Initial Public Offer (IPO) period and where the said minimum number is not met to refund the monies collected at the closer the IPO period

The above regulations are subject to change as per circulars distributed by the SEC from time to time:

The Fund will be open for fresh subscriptions on an ongoing basis and can be purchased at the Manager's Selling price on the Market Day by filling out the required application form. An application for subscription can be made at Guardian Acuity Asset Management, custodian Deutsche Bank AG or any designated office of HNB and DFCC Vardhana Branch (local and overseas) or any other authorized distributor of the fund. Applications for subscription should be made before 3.00 p.m. on the Market Day. Any request for subscription after 3.00 p.m. will be processed on the following Market Day.

The Managers may from time to time determine the method of subscription for Units prior to accepting each subscription. The Registrar has the right to request sufficient details to determine the source of funds and to have a record on the customer details.

***Form of application***

Subscription applications must be made in writing and in a form prescribed or approved by the Managers. Application forms must also be accompanied by necessary documentation to verify identity of the investor and the source of funds utilized for investment. Application forms should be completed and delivered by hand, post or facsimile, in each case, sent to either Guardian Acuity Asset Management, custodian Deutsche Bank or any designated office of HNB and DFCC Vardhana Branches (local and overseas) or any other authorized distributor of the Fund. Subscription applications must confirm payment for subscribed Units in the form prescribed for such purpose by the Manager. The forms are available on line at [www.guardianacuity.com](http://www.guardianacuity.com).

***Minimum subscription***

Subscribers must subscribe for a minimum of LKR 1000 worth of Units and thereafter apply in multiples of LKR 1000 worth of Units. Any application for lesser amounts will, unless the Managers otherwise determine, be rejected.

***Allotment***

For applications that are accompanied by cash, Units will be allotted on the date of receipt of Funds, subject to the condition that the payments are received on or before 3.00pm if it is a market day. Allotments in respect of banker's draft or cheque will be made only after the realization of the remittances.

***Who can apply***

The following persons are eligible to apply for the Units

*In the case of Sri Lankan Resident*

- (a) Citizens of Sri Lanka who are resident within Sri Lanka and are above 18 years of age;
- (b) Companies, corporations or institutions incorporated or established within Sri Lanka;
- (c) Approved provident funds and approved contributory pension schemes registered / incorporated / established in Sri Lanka. In the case of approved provident funds and approved contributory pension schemes, the application should be made in the name of the Trustee / Board of Management

*In the case of Non Residents*

Persons who are not residents of Sri Lanka, companies with limited liability or bodies corporate established or incorporated outside Sri Lanka, may apply for the purchase of Units subject to the general or special permission and subject to the terms and conditions of such permission, if any, of the Controller of Exchange of the Central Bank of Sri Lanka and the Commission.

Applications will NOT be accepted from individuals under the age of 18 years or in the name of sole proprietorships, partnerships, unincorporated trusts or non-corporate bodies.

The Managers shall at their absolute discretion carry out a detailed verification of a Holder in

terms of the obligations placed on them in terms of applicable law as set out in the Explanatory Memorandum prior to registering the name of such Holder in the Register as hereinafter provided.

The Manager shall have the right to carry out continuous due diligence to ensure that the Holders comply with the existing Anti Money Laundering regulations and in the event any Holders is found to be contravening any such regulations, shall have the right to compulsorily redeem the Units.

The Managers reserve the right to restrict or prevent any person from acquiring Units, in the event the Managers are of the view that such acquisition contravenes the provisions of any applicable law in any jurisdiction as set out in the Explanatory Memorandum or shall cause the Fund any financial or fiscal disadvantage.

### ***Refunds***

Refunds of subscription monies to applicants, whose applications are invalid for any reason whatsoever, will be dispatched within 14 working days of the receipt the application.

## **DISTRIBUTIONS**

The Fund will distribute all or part of its realized income and gains to its Unit holders on an annual basis or more frequently at the discretion of the Managing Company. The annual distribution will be made at the year end, after December. The timing of any further distributions will be at the discretion of the Managers.

The Unit Holders have the right to request the Managers to reinvest any distributions made and in such event the Managers shall send a report to the respective Unit Holder stating the amount so re-invested.

## **REDEMPTIONS**

Units may in general be redeemed on any market day at the Manager's Buying Price on the day of the transaction upon receipt of a request in writing. (In the case of Joint Holders, both must sign) An application for redemption can be made at Guardian Acuity Asset Management, custodian Deutsche Bank or any designated HNB Branch (local and overseas), by a request in writing addressed to the Registrar of the Fund. Provided however, no redemption applications will be entertained during the initial offer period and during suspension of the fund.

Unit holders may redeem their Units on any market day in whole or in part provided the minimum holding is not less than 10 Units after such redemption is made. Applications for redemption should be made before 3.00 p.m. on the Market day. Any request for redemption after 3.00 p.m. will be processed on the following Market day.

Payment of redemption proceeds will be made in LKR and sent within 14 market days after the date of receipt of an application request for redemption.

If the total amount to be redeemed by a Unit holder is greater than or equal to 3% (three per cent) of the net asset value based on market value of the Fund, the Unit holder will be required to give 14 (fourteen) days written notice prior to the date of redemption.

## FEES, TRADING COSTS & EXPENSES

The fees & expenses set out below will be payable by the Investors and/or the Fund and paid through the subscription monies and/or the Fund Assets as may be applicable.

**Management Fee** Management Fee at a maximum of 0.30% per annum of the Net Asset Value of the Fund to Managing Company. The fee will be calculated and accrued as at each market day.

**Trustee & Custodian Fee** The Trustee shall be paid a fee calculated and accrued as at each market day payable monthly in arrears as a percentage per annum of the Net Asset Value of the Fund as mentioned below together with a further sum of Rs.25,000/- per month

	<b>Trustee fee</b>
NAV upto Rs.500Mn	0.20%
NAV Rs.500Mn- Rs.1,000Mn	0.18%
NAV Rs.1,000Mn –Rs.2,000Mn	0.16%
NAV above Rs.2,000Mn	0.15%

**Other Operating Expenses**

- a) the cost of dealing in the Fund;
- b) auditors fees and expenses;
- c) cost incurred or to be incurred in the preparation and modification of the Trust Deed;
- d) cost incurred to enable the Fund to comply with legislation or other official requirements;
- e) legal expenses incurred in safeguarding the Fund;
- f) all taxes and other duties payable in the establishment, execution, management or termination of the Fund;
- g) all other charges and fees approved by the Commission and specified in the Trust Deed;
- h) any expenses or disbursements of the Trustee, which are authorized by the Trust Deed to be paid out of the Fund; and
- i) all costs incurred by the Managing Company in respect of meetings of

Unit holders, communicating with the Unit Holders in general and include cost of producing and dispatching newsletters, periodicals, reports, dividends, etc.

***Fees & Expenses to be Borne by the Managing Company***

The fees & expenses set out below will be borne solely by the Managing Company. Investors in the Fund and/or the Fund will not be liable for payment of the same.

***Establishment and Marketing Expenses***

The Managing Company, marketing agents and distributors will bear all pre-incorporation and pre-operation expenses incurred for the establishment of the Fund. These include the cost of the offering including legal costs, the cost of printing and distributing the Explanatory Memorandum and related documents, registration fees, marketing expenses and other expenses associated with the setting-up of the Fund and making the offering.

***Other Expenses***

The Managing Company is responsible for the charges and fees of any advisors, investment consultants, agents and investment counselors retained by them.

## **RISK FACTORS**

The ability of the Fund to achieve its investment objectives will depend on the interest rate environment and the performance of the economy. The dividend paid and Unit price of the Fund can increase as well as decrease depending on interest rate fluctuations in the market.

The Fund is subject to interest rate risk and liquidity risk.

**Interest Rate Risk** – Changes to interest rates will cause the market values of the instruments in the portfolio to fluctuate which will have a direct bearing on the Unit price of the Fund.

**Liquidity Risk** – Liquidity risk is the ease at which an instrument can be sold without a significant change in value. The Fund will have a limited exposure to liquidity risk as a result of a higher exposure to more liquid government securities.

## **GENERAL INFORMATION**

***Collateral***

The holders of Units of GUARDIAN ACUITY MONEY MARKET GILT FUND may be granted the benefits of pledging their Units with financial institutions as collateral for facilities allowed by them, entirely at the discretion of such financial institutions.

### ***Rights of Unit Holders***

Subject to the provisions of the Trust Deed and the Unit Trust Code, Unit Holders are entitled to;

- a) inspect the Trust Deed at the office of the Managing Company on any market day free of charge and to purchase copies of the same at a price of LKR 500.00 at the office of the Managing Company on any Market Day;
- b) to receive statements, annual accounts and reports of the auditors;
- c) to participate in meetings of Unit Holders; and
- d) be entitled to a vote each for every Unit held by the Unit Holder

### ***Reports & Accounts***

Unit Holders will be sent a report on the annual accounts and the performance of the Fund annually. The accounts will be prepared up to 31 December in each year and sent to the Unit Holders within 03 months. Unit Holders will be sent an interim report for the period January to June of each year.

### ***Suspension***

The Fund may temporarily suspend the determination of the Net Asset Value per Unit upon the occurrence of one or more of the following events:

- a) the existence of any state of affairs which constitutes in the opinion of the Managing Company an emergency as a result of which disposal or the valuation of the Fund Assets would be impractical;
- b) any breakdown in the means of communication or computation normally employed in determining the price or value of any of the investments made by the Fund;
- c) upon issuing restrictions affecting the transfer of funds, transactions on behalf of the Fund are rendered impracticable or if purchase, sale, deposits and withdrawals of assets of the Fund cannot be affected in normal course of business;
- d) if an order by a Sri Lankan court or Sri Lankan regulatory body, including the SEC, is issued requiring such suspension; or
- e) when the market in which a substantial portion of the Fund assets are invested or traded is closed otherwise than for ordinary holidays, or during which dealings therein are restricted or suspended in a way that affects the valuation of the Fund assets;.

The Managing Company will obtain prior approval of the SEC for a suspension.

### ***Unit Trust Code***

All the operations of the GUARDIAN ACUITY MONEY MARKET GILT FUND will be subject to the provisions of the Securities & Exchange Commission Act, Unit Trust Code, Unit Trust Regulations and the general directives issued by the Securities & Exchange Commission of Sri Lanka from time to time.

### ***Approval of the Securities & Exchange Commission***

The Securities & Exchange Commission of Sri Lanka has approved this Explanatory Memorandum as suitable for distribution among prospective Investors of the GUARDIAN ACUITY MONEY MARKET GILT FUND.

### ***Inspection of Documents***

The Explanatory Memorandum and the Trust Deed may be inspected at any time during normal business hours at the Registered Office of the Managing Company from the date hereof.

**Hosting of Explanatory Memorandum, Application Form and Trust Deed on the Web**

The Explanatory Memorandum, Application Form and a copy of the Trust Deed are available on the Managing Company's website ([www.guardianacuity.com](http://www.guardianacuity.com)) from the date hereof.

**DECLARATION BY THE TRUSTEES & MANAGING COMPANY**

Declaration by Trustees and Managing Company as per SEC Circular No: 02/2009 on Guidelines for Trustees and Managing Companies of Unit Trusts Funds.

Deutsche Bank the Trustee hereby declare that we have read and agree with the representations contained herein and together with Guardian Acuity Asset Management Limited, the Managers of the GUARDIAN ACUITY MONEY MARKET GILT FUND hereby declare that the transactions will be carried out at an arm's length basis and on terms which are best available for the Fund, as well as act, at all times, in the best interest of the Fund's Unit Holders.

This Explanatory Memorandum has been seen and approved by the Directors of the Managing Company and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after making all reasonable inquiries and to the best of their knowledge and belief, there are no other facts, the omission of which, would make any statements here misleading.

**Date of this Explanatory Memorandum**

This Explanatory Memorandum is dated 19<sup>th</sup> February 2015.