



GUARDIAN ACUITY MONEY MARKET FUND

**ANNUAL REPORT
FOR THE PERIOD ENDED
31ST DECEMBER 2022**



1. FUND MANAGERS' REVIEW

MACRO ECONOMIC UPDATE

Global growth is expected to decelerate sharply in 2023, displaying some of the weakest pace of growth in nearly three decades, overshadowed only by the global recessions caused by the pandemic and the global financial crisis. The weakening global economic growth reflects aggressive policy tightening aimed at containing very high inflation, worsening financial conditions, and continued disruptions from the Russian invasion of Ukraine. The United States, the euro area, and China are all undergoing a period of pronounced weakness, and the resulting spill overs are worsening other headwinds faced by emerging market and developing economies. The negative shocks such as higher inflation, even tighter policy, financial stress, deeper weakness in major economies, or rising geopolitical tensions could push the global economy into recession.

Soaring inflation in 2022 reflected a combination of demand and supply factors. On the demand side, the acceleration of growth from the lagged effects of earlier policy support, contributed to persistent price pressures. On the supply side, shortages of key commodities largely due to Russia's invasion of Ukraine, contributed substantially to higher energy and food prices. Inflation has also been spurred by large currency depreciations relative to the U.S. dollar, as well as tight labor market conditions.

Inflation remains high worldwide and well above central bank targets in almost all inflation targeting economies. Although inflation is likely to gradually moderate over the course of the year, there are signs that underlying inflation pressures could be becoming more persistent. In response, central banks around the world have been tightening policy faster than previously expected.

The monetary policy tightening in advanced economies, a strong U.S. dollar, geopolitical tensions, and high inflation have dampened risk appetite and led to widespread capital outflows and financial conditions have particularly worsened.

Sri Lankan economy contracted by 11.8% in 3Q 2022 resulting 7.1% contraction during 9M 2022. The tight monetary and fiscal policy measures along with supply shortages, energy related issues and social tensions impacted aggregated demand negatively. Agriculture contracted 8.7%, Industrial activities and service sector shrank 21.2% and 2.6% respectively during 3Q 2022.

Since April 2022, Central bank tightened monetary policy aggressively with several rounds of policy hikes to ease pressure on the exchange rate, curtail inflation and credit demand. Central bank continues to ensure that monetary conditions remain sufficiently tight to curtail inflation pressure during 2023. Along with tight monetary policies, the tight fiscal policy measures implemented towards the latter part of 2022 would adjust inflation expectations downwards. Overall, Central bank targets single digit inflation by end 2023.

Considerable improvement in external sector performance was witnessed during 2022 amid tight import controls and measures to encourage foreign remittances. Further, improved tourist arrivals towards the

latter part of 2022 also supported. Currency remains broadly stable with the introduction of market guidance from mid May 2022 after sharp depreciation in March 2022. Gross official reserves remained estimated at USD 1.9bn as at end Dec 2022, including the swap facility from the People's Bank of China equivalent to around USD 1.4 bn.

Sri Lanka is in the process of getting creditor assurance to reach IMF-EFF arrangement in the period ahead and the resultant improvement in investor confidence and along with the improvements in the external current account, are expected to enhance the external sector outlook. However, ensuring debt sustainability with adequate and efficient debt restructuring program along with structural reforms remains critical for Sri Lanka to be a resilient economy in the long run.

INTEREST RATE OUTLOOK

Interest rates remained stubbornly low during the first few months of 2022 until Central Bank announced a massive 700 bps policy rate increase during April 2022. Policy rates were further increased during July 2022 with which an overall policy rate increase of 950 bps has been affected during the year. The said tightening measures were taken to combat rapidly rising inflation and depreciatory pressure on the currency. Consequently, government securities yields shot up over and above the policy rate increase, seemingly factoring in the risk of a potential domestic debt restructure which has been subject to much debate. Deposit rates also increased however at a slower pace compared to government securities. Given the tight government financing condition, the g-sec yields continued to offer a premium compared to the deposit and other debt market rates.

A downward adjustment in market interest rates has been observed recently mainly due to improvement in domestic money markets and moderation in the yields on government securities. Central bank is likely to ease monetary policy towards 2H 2023 to stimulate the economy. However, economic growth stimulation should be implemented cautiously along with the process of reaching debt sustainability, restructuring and reform agenda.

Guardian Acuity Money Market Fund (Inception: 27th Feb., 2012)

Fund Manager

Crishani Perera

Fund Objective and Benchmark

The Fund is an open-ended unit trust fund that invests in investment grade (Rated BBB- or above) fixed income securities maturing within 365 days. The investment objective of the fund is to provide an annual income by investing in a portfolio of securities with a lower level of risk.

Commentary

During the year ended 2022, the Guardian Acuity Money Market Fund provided a return of 13.56% to its investors. The fund focuses primarily on fixed deposits and other money market instruments with issuers of investment grade rating and above.

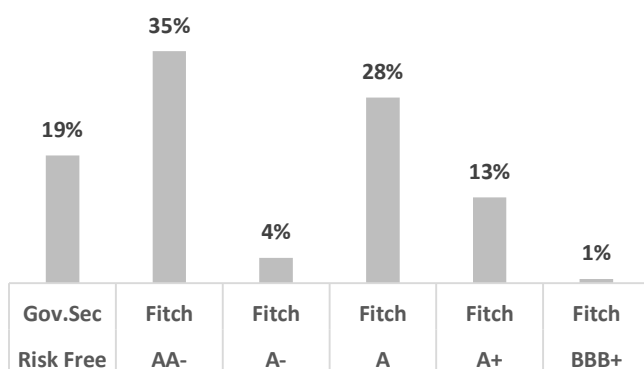
Exhibit 02: Fund Return vs. Benchmark Return

Period	GAMMF	NDBIB-CRISIL 91 Day T-Bill Index	GAMMF-Annualised
2022	13.56%	17.31%	13.56%
SINCE INCEPTION	177.92%	150.76%	9.88%

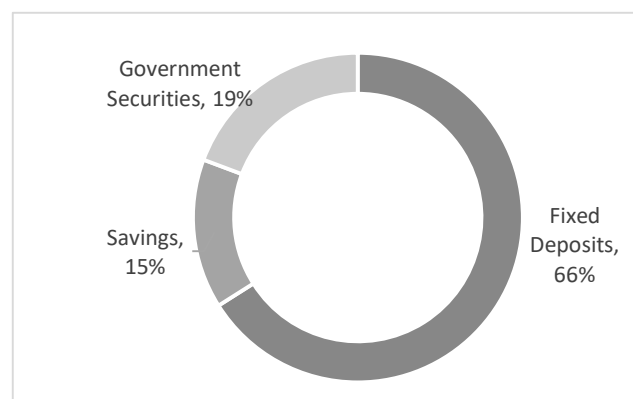
The fund focused on short term investments during the 1Q2022 in anticipation of an interest rate increase. This strategy paid off as interest rates increased during the early 2Q, where almost 89% of the fund's investments were maturing within a 3-month period. With the sharp adjustment in market rates, the fund has been gradually increasing its duration over the remainder. The fund's investments were focused on the high-quality bank and few selected NBFI fixed deposits. Given the current dire macro-economic situation in the country, the quality of the investee institutions was given utmost priority to safeguard the capital invested.

Key Facts of the Fund

FUND CREDIT QUALITY - % OF NAV

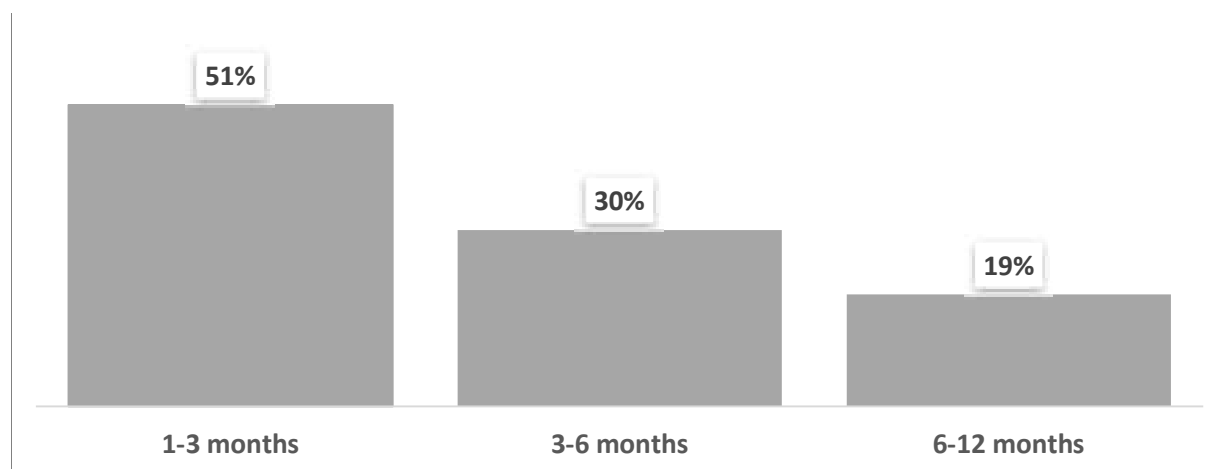


ASSET ALLOCATION

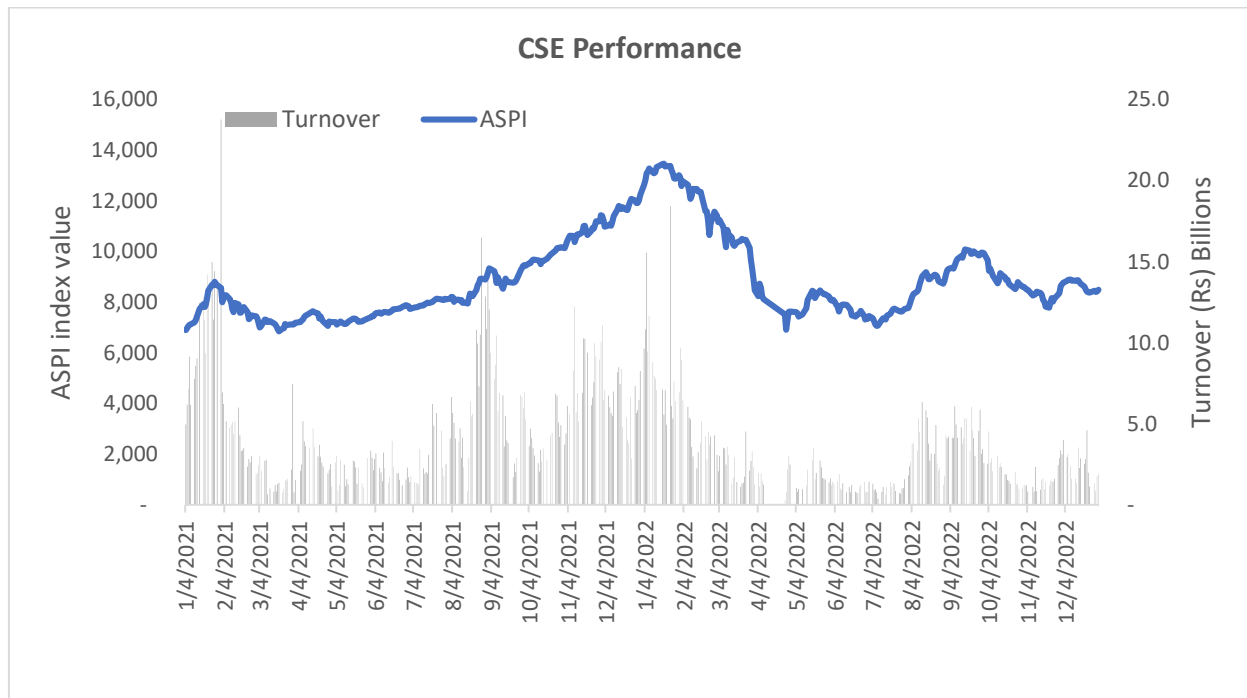


As at 31st December 2022, the total net asset value of the fund was Rs. 890.62 million with 472-unit holders in the fund. The subscription and redemption price for the fund on 31st December 2022 was Rs. 24.1332.

MATURITY PROFILE - % OF NAV



Colombo Stock Exchange (CSE) Performance - 2022



The bourse kicked off the year on a strong note, however, thereafter declined as the macroeconomic vulnerabilities became more visible and felt across amidst scarcity of essential items. The uptick in interest rates also added to the woes as investors became more anxious on the country's economic direction. Following a sharp slump, indices regained some ground with the appointment of a new President and subsequent improvement in political stability. Better than anticipated earnings announcements also brought in some confidence. The conclusion of IMF staff level agreement further boosted sentiment. Nevertheless, the momentum could not sustain amidst talk on the tax increases and other tightening measures government is considering under the IMF agreement. Accordingly, the ASPI and S&P SL20 ended the year with declines of 30.56% and 37.74% respectively.

The fund was able to conclude the year with a 4.79% decline outperforming the benchmark ASPI. Timely asset allocation decisions paid off well in terms of fund's performance as opposed to the market.

GUARDIAN ACUTY MONEY MARKET FUND

**FINANCIAL STATEMENTS
31 DECEMBER 2022**

GUARDIAN ACUTY MONEY MARKET FUND

**FINANCIAL STATEMENTS
31 DECEMBER 2022**



GUARDIAN ACUITY MONEY MARKET FUND

FINANCIAL STATEMENTS - 31 DECEMBER 2022

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Independent auditor's report

To the Unitholders of Guardian Acuity Money Market Fund

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Guardian Acuity Money Market Fund ("the Fund") as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

What we have audited

The Fund's financial statements comprise:

- the statement of financial position as at 31 December 2022;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in net assets attributable to unitholders for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Fund in accordance with the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka ("CA Sri Lanka Code of Ethics"). We have fulfilled our other ethical responsibilities in accordance with the CA Sri Lanka Code of Ethics.

Other information

The Fund Manager, Guardian Acuity Asset Management Limited is responsible for the other information. The other information comprises the annual report to the unitholders (but does not include the financial statements and our auditor's report thereon). The annual report to the unitholders is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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Independent auditor's report

To the Unitholders of Guardian Acuity Money Market Fund (Contd)

Report on the audit of the financial statements (Contd)

Other information (Contd)

When we read the annual report to the Unit Holders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the financial statements

The Fund Manager, Guardian Acuity Asset Management Limited, is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards and for such internal control as the Fund Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Fund Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.



Independent auditor's report

To the Unitholders of Guardian Acuity Money Market Fund (Contd)

Report on the audit of the financial statements (Contd)

Auditor's responsibilities for the audit of the financial statements (Contd)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund Manager.
- Conclude on the appropriateness of the Fund Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

The financial statements are prepared and presented in accordance with and comply with the requirements of the Unit Trust Deed and Collective Investment Scheme Code of the Securities and Exchange Commission of Sri Lanka.

PricewaterhouseCoopers

CHARTERED ACCOUNTANTS

COLOMBO

27 March 2023



GUARDIAN ACUITY MONEY MARKET FUND**Statement of profit or loss and other comprehensive income**

(all amounts in Sri Lankan Rupees)

	Notes	Year ended 31 December	
		2022	2021
Income			
Interest income	4	189,031,040	151,344,251
Realised gain on financial assets at fair value through profit or loss		12,237,578	7,241,200
Total income		201,268,618	158,585,451
Operating expenses			
Management fees		(8,033,887)	(16,496,352)
Trustee fees		(2,781,585)	(4,454,070)
Audit fees		(250,840)	(225,000)
Bank charges		(133,572)	(133,786)
Overdraft interest		(37,031)	(181,668)
Other expenses		(221,282)	(94,573)
Total operating expenses		(11,458,197)	(21,585,449)
Profit before tax		189,810,421	137,000,002
Income tax expense	5	Nil	Nil
Net profit after tax for the year		189,810,421	137,000,002
Increase in net assets attributable to unit holders		189,810,421	137,000,002

The notes on pages 8 to 20 form an integral part of these financial statements

Independent auditor's report - pages 1 to 3




GUARDIAN ACUITY MONEY MARKET FUND**Statement of financial position**

(all amounts in Sri Lankan Rupees)

	Notes	As at 31 December	
		2022	2021
Assets			
Financial assets at fair value through profit or loss	8	Nil	447,967,650
Financial instruments at amortised cost	7	759,636,682	1,419,711,788
Other receivables		3,973,976	5,115,007
Cash and cash equivalents	6	130,582,938	664,273,074
Total assets		894,193,596	2,537,067,519
Liabilities			
Accrued expenses and other payables	9	3,568,782	1,788,661
Liabilities (excluding net assets attributable to unit holders)		3,568,782	1,788,661
Net assets attributable to unit holders		890,624,814	2,535,278,858
Unit holders' funds			
Net assets attributable to unit holders		890,624,814	2,535,278,858
		890,624,814	2,535,278,858

The Management company is responsible for the preparation and presentation of these financial statements and these financial statements were approved by the Board of Directors of the Management Company. Signed for and on behalf of the Management Company and Trustee on 24 March 2023


Director
Management Company


Director
Management Company

DEUTSCHE BANK AG
Colombo Branch


Trustee
Authorized Signatories
Trustee

The notes on pages 8 to 20 form an integral part of these financial statements

Independent auditor's report - pages 1 to 3



GUARDIAN ACUITY MONEY MARKET FUND**Statement of changes in net assets attributable to unit holders**

(all amounts in Sri Lankan Rupees)

	Year ended 31 December	
	2022	2021
Net assets attributable to unit holders at 1 January	2,535,278,858	3,471,528,255
Increase in net assets attributable to unit holders	189,810,421	137,000,002
Proceeds from creation of units	2,473,067,019	5,290,323,972
Paid on redemption of units	(4,307,531,484)	(6,363,573,371)
Net decrease due to unit holders' transactions	(1,834,464,465)	(1,073,249,399)
Net assets attributable to unit holders at 31 December	890,624,814	2,535,278,858

The notes on pages 8 to 20 form an integral part of these financial statements

Independent auditor's report - pages 1 to 3



GUARDIAN ACUITY MONEY MARKET FUND**Statement of cash flows**

(all amounts in Sri Lankan Rupees)

	Notes	Year ended 31 December	
		2022	2021
Cash flows from operating activities			
Interest received		189,031,040	151,344,251
Management fees and trustee fees paid		(11,649,526)	(21,692,737)
Other expenses paid		1,971,448	(980,992)
Net cash flow generated from operating activities		179,352,963	128,670,522
Cash flows from investing activities			
Net proceeds from fixed deposits		660,075,107	1,199,176,690
Purchase of treasury bill / bond repurchase agreements		460,205,228	(440,726,450)
Net cash generated from investing activities		1,120,280,335	758,450,210
Cash flows from financing activities			
Proceeds on creation of units		2,474,208,050	5,297,908,347
Payments on redemption of units		(4,307,531,484)	(6,363,573,371)
Net cash used in financing activities		(1,833,323,434)	(1,065,665,024)
Net decrease in cash and cash equivalents		(533,690,136)	(178,544,292)
Cash and cash equivalents at the beginning of the year		664,273,074	842,817,366
Cash and cash equivalents at the end of the year	6	130,582,938	664,273,074

The notes on pages 8 to 20 form an integral part of these financial statements

Independent auditor's report - pages 1 to 3



GUARDIAN ACUITY MONEY MARKET FUND

Notes to the financial statements

(In the notes all amounts are shown in Sri Lankan Rupees unless otherwise stated)

1 General information

Guardian Acuity Money Market Fund (formerly known as Guardian Acuity Fixed Income Fund) is an open ended unit trust fund approved by the Securities and Exchange Commission of Sri Lanka. The Fund was launched on 27 February 2012. The Fund name has been changed to Guardian Acuity Money Market Fund with effect from 18 January 2016.

The Fund is managed by Guardian Acuity Asset Management Limited which is incorporated and domiciled in Sri Lanka. The registered office of the management company is located at No. 81, Janadhipathi Mawatha, Colombo 01. The trustee of the Fund is Deutsche Bank AG having its place of business at No 86, Galle Road, Colombo 03.

With effect from 13 January 2023, the fund is managed by CT CLSA Asset Management Limited (formerly Comtrust Asset Management Pvt Limited), a fully owned subsidiary of CT CLSA Holdings Limited incorporated and domiciled in Sri Lanka.

The investment objective of the Fund is to provide an annual income by investing in a portfolio of Money Market securities with a lower level of risk by investing with high credit quality institutions.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss. The financial statements are presented in Sri Lankan rupees. The statement of financial position is presented on a liquidity basis.

The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.6.

2.2 Statement of Compliance

The financial statements which comprise the statement of financial position as at 31 December 2022, statement of profit or loss and other comprehensive income, statement of net assets attributable to unit holders and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information have been prepared and presented in accordance with Sri Lanka Accounting Standards and the requirements of the Unit Trust Deed and Unit Trust Code of the Securities and Exchange Commission of Sri Lanka.

(a) Standards and amendments to existing standards effective 1 January 2022

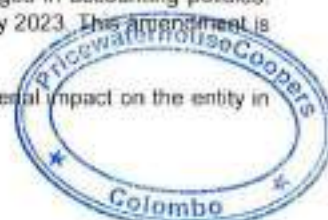
There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2022 that have a material effect on the financial statements of the Fund.

(b) New standards, amendments and interpretations effective after 1 January 2022 and have not been early adopted

- Disclosure Initiative: Accounting Policies - Amendments to LKAS 1
 - The amendments to LKAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies

The amendments to LKAS 1 will be effective for annual reporting periods beginning on or after 1 January 2023. This amendment is not yet adopted in Sri Lanka.

- Definition of Accounting Estimates (Amendments to LKAS 8)
 - The amendments introduced the definition of accounting estimates and included other amendments to LKAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendments are effective for annual periods beginning on or after 1 January 2023. This amendment is not yet adopted in Sri Lanka.
 - These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.



GUARDIAN ACUITY MONEY MARKET FUND

Notes to the financial statements (Contd)

2 Summary of significant accounting policies (Contd)

2.3 Functional and presentation currency

The Fund's investors are from Sri Lanka, with the subscriptions and redemptions of the units of the Fund denominated in Sri Lankan Rupees. The primary activity of the Fund is to provide investors an opportunity to participate in listed securities and invest for capital appreciation taking a higher risk level in the medium to long term. The performance of the Fund is measured and reported to the investors in Sri Lankan Rupees. The Fund considers the Sri Lankan Rupee as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Sri Lankan Rupees, which is the Fund's functional and presentation currency.

2.4 Going Concern

These financial statements are prepared on the assumption that the Fund is a going concern i.e. as continuing in operation for the foreseeable future. It is therefore assumed that the Fund has neither the intention nor the necessity of liquidation or of curtailing materially the scale of its operation.

Management of the fund has assessed the potential impact of the current economic condition on the Fund's operations, and is confident that it will not impact the going concern ability of the fund. In a period of rising inflation and interest rates, maturing investments will be typically re-invested at new and higher rates. This will result in a general increase in the fund's running returns.

2.5 Financial assets at fair value through profit or loss

(a) Classification

The Fund classifies all of its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss and
- those to be measured at amortised cost

The classification depends on the Fund's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss. For investments in equity instruments that are not held for trading, this will depend on whether the Fund has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Fund reclassifies debt investments when and only when its business model for managing those assets changes.

The Fund's policy requires the Investment Manager and the Board of Directors to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

(b) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which the Fund commits to purchase or sell the investment. At initial recognition, the Fund measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all the risks and rewards of ownership.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within other net changes in fair value of financial assets and liabilities at fair value through profit or loss in the period in which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of profit or loss within dividend income when the Fund's right to receive payments is established, it is probable that the economic benefits associated with the dividend will flow to the Fund, and the amount of the dividend can be measured reliably. Interest on debt securities at fair value through profit or loss is recognised in the statement of profit or loss.



GUARDIAN ACUITY MONEY MARKET FUND

Notes to the financial statements (Contd)

2 Summary of significant accounting policies (Contd)

(b) Recognition, derecognition and measurement (Contd)

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments at amortised cost in the statement of financial position comprise of investments in treasury bond repurchase agreements. Any gain or loss arising on de-recognition is recognised directly in profit or loss and presented in realised gain/(loss) on debt instruments held at amortised cost.

(c) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the reporting date.

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent ordinary transactions between market participants, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

(d) Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

2.6 Impairment

The Fund assesses on a forward looking basis, the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).

For those credit exposures from which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Fund uses ratings from Fitch Rating and ICRA both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

Consistent with the policies of the Fund, rated below BBB- are considered non-investment grade investments and Fund considers such investments as significant deterioration of credit risk incurred. Such investments are considered for life time ECL calculation.

Further, movements within the ratings of the investment grade stipulate significant deterioration of credit risk. Significant deterioration is measured through a two notches downgrade of the external credit rating of the counterparty since the origination of the instrument.

For debt instruments at amortized cost issued by Sovereign, the Fund applies the low risk simplification.

The Fund's debt instruments at amortized cost comprise solely of Treasury bill repurchase agreements that are obtained from primary dealers with a collateral of either treasury bills or bonds that are graded in the top investment category AAA rating and, therefore, are considered to be low risk investments.



GUARDIAN ACUTY MONEY MARKET FUND

Notes to the financial statements (Contd)

2 Summary of significant accounting policies (Contd)

2.7 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.8 Other receivables

Other receivables are recognised initially at fair value and are subsequently measured at amortised cost. The other receivables balance is held for collection.

At each reporting date, the Fund shall measure the loss allowance on other receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that amounts may be credit impaired. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

2.9 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term investments in an active market with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown in current liabilities in the statement of financial position.

As at 31 December 2022, cash and cash equivalents in the statement of financial position and statement of cash flows comprise of cash at bank.

2.10 Accrued expenses

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

2.11 Interest income and interest from financial assets at fair value through profit or loss

Interest is recognised on a time-proportionate basis using the effective interest method. Interest income includes interest from cash and cash equivalents. Interest from financial assets at fair value through profit or loss includes interest from debt securities.

2.12 Increase / (decrease) in net assets attributable to holders of redeemable shares from operations

Income not distributed is included in net assets attributable to unit holders. Movements in net assets attributable to unit holders are recognised in the statement of profit or loss and other comprehensive income.

2.13 Income tax

Until 31 March 2018 the Fund was liable to pay income tax at the rate of 10% in accordance with the Inland Revenue Act No.10 of 2006. Thereafter, current tax assets and liabilities for the year are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Subsequent to the enactment of the new Inland Revenue Act No. 24 of 2017, effective 01 April 2018, an Eligible Unit Trust would not be liable for income tax on any income which is a pass through to its unit holders. Accordingly, post 31 March 2018, the Fund has considered all income as being a pass through to its unit holders. Effective 01 January 2020, withholding tax was abolished in respect of dividend and interest received by resident persons. Accordingly, total gross interest has been recognised as investment income.



GUARDIAN ACUITY MONEY MARKET FUND

Notes to the financial statements (Contd)

2 Summary of significant accounting policies (Contd)

2.14 Expenses

The management, trustee fees and custodian fee of the Fund as per the trust deed is as follows:

Management fee	- 0.60% p.a of net asset value of the Fund
Trustee fee	- 0.15% p.a of net asset value of the Fund
Custodian fee	- Rs. 15,000 per month

2.15 Unit holders' Funds

Unit holders' Funds has been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the liabilities, other than those due to unit holders as at the reporting date.

Units can be issued and redeemed based on the Fund's net asset value per unit, calculated by dividing the net assets of the Fund as described in the Trust Deed and directives issued by the Securities and Exchange Commission of Sri Lanka, by the number of units in issue. Income not distributed is included in net assets attributable to unit holders.

2.16 Collateral

The Fund does not hold any collateral as at 31 December 2022 (2021: Nil).

3 Financial risk management

The Fund's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk.

The Fund's overall risk management programme focuses on ensuring compliance with the Fund's Trust Deed and seeks to maximize the returns derived for the level of risk to which the Fund is exposed. Financial risk management is carried out by the Management Company.

Financial instruments of the Fund comprise investments in trading securities and treasury bills repurchase agreements, commercial papers and fixed deposits for the purpose of generating a return on the investment made by Unit holders, in addition to cash at bank and other financial instruments such as receivables and payables, which arise directly from its operations.

In accordance with SLFRS 9 Financial Instruments: Recognition and Measurement, the Fund's financial investments in debt securities are classified as 'financial assets at amortised cost'. Amounts attributable to Unit Holders are classified as 'Unit Holders Funds' and are carried at the redemption amount being net asset value. Payables are designated as 'Accrued expenses' at amortized cost.

Risk arising from holding financial instruments is inherent in the Fund's activities, and is managed through a process of ongoing identification, measurement and monitoring. The Manager is responsible for identifying and controlling the risk arising from the financial instruments held in the Fund and has policies for managing each of the risks identified below.

The Manager also monitors information about the total fair value of financial instruments exposed to risk, as well as compliance with established investment mandate and regulatory limits. These mandate limits reflect the investment strategy and market environment of the Fund, as well as the level of risk that the Fund is willing to accept, with additional emphasis on selected industries. This information is prepared and reported to relevant parties within the Management Company on a regular basis as deemed appropriate, including the Fund Manager, Risk and Investment Personnel and ultimately the Trustees of the Fund.

The Fund uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks and ratings analysis for credit risk.

Concentration of risk arises when a number of financial instruments or contracts are entered in to with the same counterparty, or where a number of counterparties are engaged in similar business activities. The Securities and Exchange Commission of Sri Lanka as Regulator has stipulated the level of concentration permitted per counter party. The Fund itself applies and adheres to stringent internal limits.

Further, the Manager has appointed an investment committee which meets monthly to review, evaluate and reassess the investment policies and risk.



GUARDIAN ACUTY MONEY MARKET FUND

Notes to the financial statements (Contd)

3 Financial risk management (Contd)

3.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rates.

(a) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of financial assets.

The Fund's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis. However, due to the short term nature of the instruments it is reasonably expected that the fluctuation in interest rate will not materially impact the net assets value of the Fund. The table below summarises the Fund's exposure to interest rate risks.

31 December 2022	Floating	Fixed interest rate	Non- interest bearing	Total
<i>Financial assets</i>				
Cash and cash equivalents	Nil	Nil	130,582,938	130,582,938
Financial instruments at amortised cost	Nil	759,636,682	Nil	759,636,682
Other receivables	Nil	Nil	3,973,976	3,973,976
Total exposure	Nil	759,636,682	134,556,914	894,193,596

31 December 2021	Floating	Fixed interest rate	Non- interest bearing	Total
<i>Financial assets</i>				
Cash and cash equivalents	Nil	Nil	664,273,074	664,273,074
Financial instruments at amortised cost	Nil	1,419,711,788	Nil	1,419,711,788
Other receivables	Nil	Nil	5,115,007	5,115,007
Total exposure	Nil	1,419,711,788	669,388,081	2,089,099,869

3.2 Credit risk

The Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The main concentration of credit risk, to which the Fund is exposed, arises from the Fund's investment in government repurchase agreements and cash and cash equivalents.

The exposure to credit risk for repurchase agreements is very low as the Fund has considered the collateral that the primary dealers provided which are government bills and bonds rated as risk free.

The Fund is also subject to credit risk on its bank balance and receivables. The carrying value of these assets under SLFRS 9 impairment represents the Fund's maximum exposure to credit risk on financial instruments and are not deemed to be significant. Hence, no separate credit risk disclosure is provided for these instruments.

The maximum exposure to credit risk before any credit enhancements at 31 December is the carrying amount of the financial assets as set out below:

	2022	2021
Financial instruments at amortised cost	759,636,682	1,419,711,788
Cash and cash equivalents	130,582,938	664,273,074
Other assets	3,973,976	5,115,007
Total	894,193,596	2,089,099,869



GUARDIAN ACUITY MONEY MARKET FUND

Notes to the financial statements (Contd)

3 Financial risk management (Contd)

(i) Debt securities

The credit risk exposure on these instruments is not deemed to be significant. It is the Fund's policy to enter into financial instruments with reputable counterparties with high credit quality.

The analysis below summarises the credit quality of the Fund's debt portfolio at 31 December 2022.

Counterparty	Credit Rating	Rating Agency
Bank of Ceylon	AA-	Fitch
Central Finance Company PLC	A+	Fitch
DFCC Bank PLC	A+	Fitch
HNB Finance Ltd	A	Fitch
Hatton National Bank PLC	AA-	Fitch
LB Finance PLC	A-	Fitch
National Development Bank PLC	A+	Fitch
People's Bank	A+	Fitch
People's Leasing & Finance PLC	A+	Fitch
Senkadagala Finance PLC	BBB+	Fitch
Seylan Bank PLC	A	Fitch
Siyapatha Finance PLC	A	Fitch

3.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund is exposed to daily cash redemptions of units. Due to the nature of a unit trust, it is unlikely that a significant number of unit holders would exit at the same time. However to control liquidity risk, it primarily holds investments that are traded in an active market and can be readily disposed.

The time frame for return of cash to investors is six business days in which time equities may be liquidated to realize cash for redemption payouts. In addition, the Securities Exchange Commission and the Fund require additional business days' notice to the Fund from large investors redeeming over 3% of the Fund and the Fund is also permitted to borrow up to 15% of the deposited property for redemption payouts. During the year, the Fund has obtained overdraft facilities amounting to Rs. 250 mn which is 9.86% of the deposited property, at a interest rate of PLR + 0.5%.

Furthermore the unit trust code requires a minimum of 3% of the deposited property to be maintained in cash or near cash (near cash means investments such as bank/call deposits, repurchase agreements with maturities of less than 3 months, commercial paper endorsed or guaranteed by a Licensed Commercial Bank or Licensed Specialized Bank with maturities of less than 3 months and government securities including government bonds with maturities of less than one year which can be readily convertible into cash).

The table below analyses the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

	Less than 7 days	7 days to 1 month	12 Months	More than 12 months
<i>31 December 2022</i>				
Accrued expenses and other payables	2,529,652	678,841	360,289	Nil
<i>31 December 2021</i>				
Accrued expenses and other payables	15,080	1,512,893	260,688	Nil



GUARDIAN ACUITY MONEY MARKET FUND

Notes to the financial statements (Contd)

3 Financial risk management (Contd)

3.4 Capital risk management

The Fund considers its net assets attributable to unit holders as capital. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for shareholders, provide benefits for other stakeholders and maintain a strong capital base to support the development of the investment activities of the Fund.

Daily applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the Management Company. Under the terms of the Unit Trust Code, the Management Company has the discretion to reject an application for units and to defer redemption of units if the exercise of such discretion is in the best interests of unit holders.

Following being the disclosures of Unit holders' Funds:

The movement in the Unit holder's Funds as at 31 December 2022

In terms of value

Unit Holders' Funds as at 01 January 2022	2,535,278,858
Creations during the year	2,473,067,019
Redemptions during the year	(4,307,531,484)
Increase in net assets attributable to Unit Holders	189,810,421
Unit Holders' Funds as at 31 December 2022	<u>890,624,814</u>

In terms of no. of units

Opening no of units as at 01 January 2022	119,284,617
Unit creations during the year	111,914,124
Unit redemptions during the year	(194,294,178)
Closing no of units as at 31 December 2022	<u>36,904,563</u>

As stipulated within the Trust Deed, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

4 Interest income

	2022	2021
Interest income on		
Fixed deposits (Note 4.1)	122,280,838	125,582,479
Treasury bill / bonds repurchase agreements (Note 4.1)	12,118,920	1,200,729
Savings deposit (Note 4.1)	54,631,282	24,561,043
	<u>189,031,040</u>	<u>151,344,251</u>

- 4.1 As detailed under Note 2.13, subsequent to the enactment of the new Inland Revenue Act No. 24 of 2017, effective 01 April 2018, notional tax is not applicable for Treasury Bill / Bond Repurchase Agreements. In relation to interest income from Fixed Deposits, Savings Deposits and Commercial Papers has been recognised net of Withholding Tax as the Fund considers its income to be a pass through to its unit holders. Effective 01 January 2020, withholding tax was abolished in respect of dividend and interest received by resident persons. Accordingly, total gross interest has been recognised as investment income.



GUARDIAN ACUITY MONEY MARKET FUND

Notes to the financial statements (Contd)

5 Taxation

With effect from 01 April 2018, no income tax is recognised in the financial statements as the fund has considered all income as being passed through to its Unit Holders.

	2022	2021
Tax expense for the year	Nil	Nil
	<u>Nil</u>	<u>Nil</u>
5.1 Income tax receivable		
Income tax receivable	12,697,763	12,697,763
Impairment for Income tax receivable	(12,697,763)	(12,697,763)
	<u>Nil</u>	<u>Nil</u>

5.1 As of 31 December 2022, the net Income Tax Recoverable comprises of WHT of Rs. 12,697,763/-. The Fund Manager intends to claim the WHT recoverable by means of a refund. However, subsequent to the enactment to the new Inland Revenue Act No 24 of 2017, effective 01 April 2018, an Eligible Unit Trust would not be liable for Income Tax on any Income which is a pass through to its unit holders. Therefore, the Manager is unable to assess with a reasonable certainty that there will be a future income tax liability to offset this income tax receivable balance. Hence an impairment provision is made against the income tax receivable balance amounting to Rs 12,697,763/-.

6 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise the following balances:

	2022	2021
Cash at Bank	130,582,938	664,273,074
Total	<u>130,582,938</u>	<u>664,273,074</u>

7 Financial instruments at amortised cost

	2022	2021
Debt instruments at amortised :		
Fixed deposits (note 7.1)	587,799,285	1,419,711,788
Treasury bill / bond repurchase agreements (note 7.2)	171,837,397	Nil
	<u>759,636,682</u>	<u>1,419,711,788</u>

7.1 Fixed deposits

	2022		2021	
	Carrying value	Holding as a % of net asset value	Carrying value	Holding as a % of net asset value
Bank of Ceylon	Nil	Nil	102,950,703	4%
HNB Finance Limited	Nil	Nil	250,218,302	10%
Hatton National Bank PLC	104,446,781	12%	Nil	Nil
LB Finance PLC	34,257,272	4%	60,527,893	2%
National Development Bank PLC	Nil	Nil	102,403,288	4%
People's Bank	Nil	Nil	262,163,001	10%
People's Leasing & Finance PLC	55,325,205	6%	337,504,604	13%
Senkadagala Finance PLC	Nil	Nil	182,432,877	7%
Siyapatha Finance PLC	67,203,082	8%	121,511,120	5%
Commercial Bank of Ceylon PLC	64,033,726	7%	Nil	Nil
Sampath Bank PLC	142,482,630	16%	Nil	Nil
Nations Trust Bank PLC	120,040,589	13%	Nil	Nil
	<u>587,799,285</u>	<u>66%</u>	<u>1,419,711,788</u>	<u>56%</u>



GUARDIAN ACUITY MONEY MARKET FUND

Notes to the financial statements (Contd)

7 Financial instruments at amortised cost (Contd)

7.2 Treasury bill / bond repurchase agreement

	2022		2021	
	Carrying value	Holding as a % of net asset value	Carrying value	Holding as a % of net asset value
Acuity Securities Ltd	86,746,575	10%	Nil	Nil
Acuity Securities Ltd	85,090,822	10%	Nil	Nil
	171,837,397	19%	Nil	Nil

8 Financial assets at fair value through profit or loss

8.1 Treasury Bills

	2022	2021
Capital Alliance Limited - LKA09122A142	Nil	49,864,250
First Capital Treasuries - LKA09122A217	Nil	49,796,650
First Capital Treasuries - LKA09122A217	Nil	99,593,300
Capital Alliance Limited - LKA09122A217	Nil	49,796,650
First Capital Treasuries - LKA09122A282	Nil	198,916,800
	Nil	447,967,650

9 Accrued expenses and other payables

	2022	2021
Management fee payable	524,251	1,191,251
Trustee fee payable	154,589	321,642
Audit fee	245,284	260,685
Other payable	2,644,658	15,083
	3,568,782	1,788,661

10 Fair value of financial instruments

Determination of fair value and fair value hierarchy

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 – An investment in a fund is classified in Level 1 of the hierarchy when that investment is quoted in an active market and measured at the unadjusted quoted price at the reporting date.

Level 2 – An investment in a fund is classified in Level 2 of the hierarchy when that investment is measured using inputs that are directly observable at the reporting date.

Level 3 – An investment in a fund is classified in Level 3 of the hierarchy when the investment is measured using unobservable inputs at the reporting date.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	Level 1	Level 2	Level 3
Financial Assets Held at Fair Value Through Profit or Loss			
Treasury bills			
As at 31 December 2022	Nil		
As at 31 December 2021	447,967,650		



GUARDIAN ACUITY MONEY MARKET FUND

Notes to the financial statements (Contd)

10 Fair value of financial instruments (Contd)

Financial assets and financial liabilities not carried at fair value

For financial assets and financial liabilities that have a short term maturity (original maturities less than a year), it is assumed that the carrying amounts approximate their fair values.

Accordingly, the following is a list of financial instruments of which carrying amount is a reasonable approximation of fair value.

Assets

Cash and Cash Equivalents
Financial Assets at Amortised Cost
Other Receivables

Liabilities

Accrued Expenses and Other Payables

11 Contingent Liabilities

There were no material contingent liabilities as at the reporting date which require adjustments to, or disclosure in, the financial statements.

12 Events occurring after the reporting date

There have been no material events occurring after the reporting date that require adjustments to, or disclosure in, the Financial Statements.

13 Capital commitments

There were no material capital expenditure commitments as at the reporting date which require adjustments to, or disclosure in, the financial statements.

14 Units in issue and unit price

Units in issue and deemed to be in issue as at 31 December 2022 is 36,904,563 (2021 - 119,284,618) and the creation and redemption Unit price as at this date is Rs. 24.1332 (2021 - Rs. 21.2522).

15 Related party disclosure

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

15.1 Management company and trustee

The Management Company is Guardian Acuity Asset Management Limited.

The Trustee is Deutsche Bank AG.

15.2 Key management personnel

Key management personnel includes persons who were directors of Guardian Acuity Asset Management Limited at any time during the financial year.

Directors

Mr. R. Abeywardena
Mr. D. C. R. Gunawardena
Mr. K. Selvanathan
Mr. D. P. N. Rodrigo
Mr. S. M. Perera
Mr. N. H. T. I Perera



GUARDIAN ACUITY MONEY MARKET FUND

Notes to the financial statements (Contd)

15 Related party disclosure (Contd)

Other key management personnel

Other persons with responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly during the financial year are given below;

Ms. Crishani Perera - Fund Manager

15.3 Key management personnel compensation

Key management personnel are paid by Guardian Acuity Asset Management Limited. Payments made from the Fund to Guardian Acuity Asset Management Limited do not include any amounts directly attributable for the compensation of key management personnel.

15.4 Other transactions within the Fund

Apart from those details disclosed in note 15.5 and 15.6, key management personnel have not entered in to any other transactions involving the Fund during the financial year

15.5 Related party unit holding and other transactions

The following are the related party holdings of Guardian Acuity Money Market Fund.

As at 31 December 2022	Relationship	No. of Units	Value of units held	Total interest held %	Distribution paid or payable by the Fund
Unit holder					
Guardian Acuity Asset Management Limited	Management Company	1,495,613	36,093,919	4.05%	Nil
Ceylon Guardian Investment Trust PLC	Joint Venture Partner in the Management Company	2,195,197	52,977,126	5.95%	Nil
Ceylon Investment PLC	Affiliate of the Management Company	6,605	159,388	0.02%	Nil
Rubber Investment Trust Ltd	Affiliate of the Management Company	2,948,044	71,145,733	7.99%	Nil
Guardian Fund Management Ltd	Affiliate of the Management Company	390,961	9,435,133	1.06%	Nil
Key Management Personnel		154,587	3,730,668	0.42%	Nil
As at 31 December 2021	Relationship	No. of Units	Value of units held	Total interest held %	Distribution paid or payable by the Fund
Unit holder					
Guardian Acuity Asset Management Limited	Management Company	91,830	1,951,569	0.08%	Nil
Ceylon Guardian Investment Trust PLC	Joint Venture Partner in the Management Company	8,268,360	133,216,431	5.25%	Nil



GUARDIAN ACUITY MONEY MARKET FUND

Notes to the financial statements (Contd)

15 Related party disclosure (Contd)

As at 31 December 2021	Relationship	No. of Units	Value of units held	Total interest held %	Distribution paid or payable by the Fund
Unit holder					
Ceylon Investment PLC	Affiliate of the Management Company	950,552	20,201,317	0.80%	Nil
Carson Cumberbatch & Co.Ltd: Administrative Staff Provident Fund	Affiliate of the Management Company	1,818	38,627	0.00%	Nil
Rubber Investment Trust Ltd	Affiliate of the Management Company	1,526,652.7	32,444,728	1.28%	Nil
Guardian Fund Management Ltd	Affiliate of the Management Company	326,256	6,933,649	0.27%	Nil
Key Management Personnel		318,184	6,762,112	0.27%	Nil

15.6 Transactions with and amounts due to related parties

The fees charged by the Management Company, Trustee and other related parties for services provided during the year and the balances outstanding from such dues as at period end are as disclosed below: (Note 2.14)

	Charge for the year 31 December		Payable as at 31 December	
	2022	2021	2022	2021
Management fees - Guardian Acuity Asset Management Limited	8,033,887	16,495,352	524,251	1,191,251
Trustee fees - Deutsche Bank AG	2,781,585	4,454,070	154,589	321,642
The Bank balance held at Deutsche Bank AG as at 31 December			6,118,957	35,737,134
DFCC Bank PLC (Joint share holder of Acuity Partners (Pvt) Ltd)	Interest earned from DFCC Bank PLC amounted to Nil (2021 - 9,769,923/-).			
Hatton National Bank PLC	Interest earned from Hatton National Bank PLC amounted to Rs. 11,817,847/- (2021 - Rs. 469,216/-). Outstanding fixed deposits maintained with Hatton National Bank PLC as at 31st December 2022 is Rs. 104,446,781/- (2021 - Nil).			

16 Reconciliation between the net asset value as per financial statements and the published net asset value

	2022	2021
Net asset value as per financial statements	890,624,814	2,535,278,858
Audit fee adjustment	Nil	15,401
Accrued savings interest recognition adjustment	Nil	11,273
MTM ADJ for FVTPL financial instruments	Nil	(245,365)
Published net asset value	890,624,814	2,535,060,167
Number of units outstanding	36,904,563	119,284,618
Net asset value per unit	24.1332	21.2522



Declaration by Trustees and Management Company

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

Deutsche Bank AG, the Trustee and Guardian Acuity Asset Management Ltd the Managers of **Guardian Acuity Equity Fund, Guardian Acuity Money Market Fund and Guardian Acuity Income Fund** hereby declare that

1. The requirements of the Guidelines for Trustees and Managing Companies of Unit Trust Funds set by the Securities and Exchange Commission of Sri Lanka have been complied with during the year.
2. The transactions were and 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.

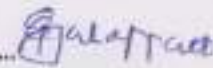



Director
Management Company



Director
Management Company

DEUTSCHE BANK AG
Colombo Branch



Trustee of the Fund
Authorized Signatories
Trustee