

Guardian Acuity Equity Fund

Open Ended Growth Fund

2016 February

Guardian Acuity Asset Management Limited

61, Janadhipathi Mawatha, Colombo, Sri Lanka

Tel: +94112039377, E-mail: info@guardianacuity.com, Website: www.guardianacuity.com

FUND DESCRIPTION

Guardian Acuity Equity Fund is a growth fund which invests in a diversified portfolio of listed equity securities with the objective of achieving medium to long term capital appreciation. The fund selects equity counters based on a bottom up selection process with a bias towards companies that promise strong growth potential under the prevailing economic conditions.

FUND PERFORMANCE

Period	GAEF	ASPI	S&P SL 20
2016 February	-1.75%	-2.34%	-1.59%
3 Months	-8.35%	-10.38%	-11.16%
YTD 2016	-8.51%	-10.19%	-10.38%
Since Inception Cum.	57.00%	13.06%	9.94%
Since Inception CAGR	11.91%	3.11%	2.39%

FUND SNAPSHOT

Inception Date	27th February 2012
Bloomberg Code	GACUEQI: SL
Fund Size	LKR 364.17 mn
Minimum Investment	LKR 1,000
Unit price (Subscription Price as at 29-02-2016)	LKR 15.93

FUND FEES

Management Fee*	2.25%
Custodian & Trustee Fee*	0.30%
Exit Fee**	2.00%

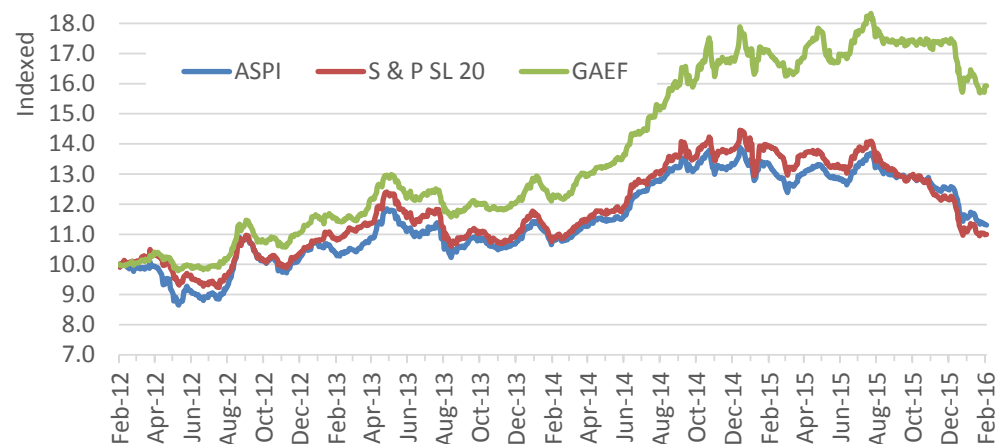
*As a percentage of NAV

**If withdrawn prior to 1 year

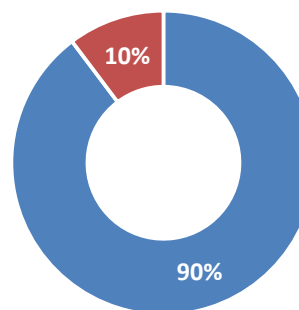
TOP 5 HOLDINGS

STOCK	% OF NAV
Distilleries Company	9.42%
Sampath Bank	6.78%
Asiri Hospital Holding PLC	6.35%
Ceylinco Insurance PLC	5.95%
Seylan Bank PLC	5.69%

GAEF Vs. Market



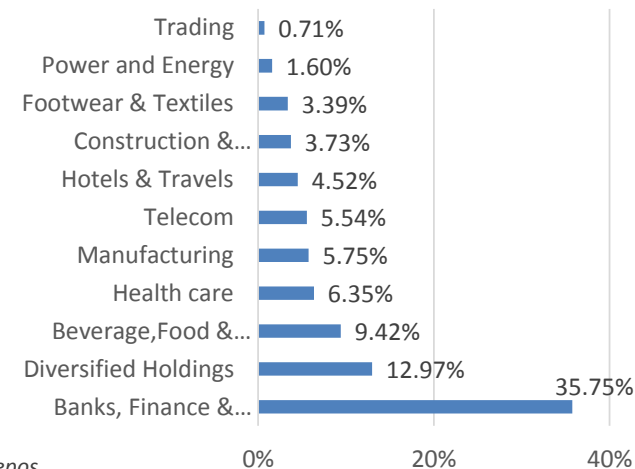
Asset Allocation



■ Equity ■ Other**

** Includes the value of Overnight Repos

Sector Allocation



0% 20% 40%

FUND MANAGER'S COMMENT

The CSE extended its bearish trend from previous months recording a negative growth of 2.34% for the month of February and -10.19% year to date (Jan –Feb) as foreigners continued their selling spree due to uncertainty in global macro economic condition. The fund outperformed the CSE benchmark index in February and the year to date but returns are still in negative territory of -1.75% and -8.51% respectively. Daily market turnover has come down to Rs 600mn levels from 12 month average of Rs 1.0 billion in February. Foreign investors have been net sellers during the month to the value of Rs 1.3 billion after excluding the trade on Expolanka which was a further acquisition by the largest shareholder SG Holdings Global (Rs 2.6bn).

Despite short term macro concerns in the local front, listed companies continued to show promise with positive earnings releases so far. Normalised earnings of our top five sectors (which represents 75% of the portfolio value) except diversified, have shown an earnings growth of more than 20% year on year for the December Quarter. Furthermore, global equity markets show a recovery in the latter part of February as US economic data is better than forecasted and the central bank of China cut banks' reserve requirements to increase stimulus.

During the month, there was not much activity in the fund except slight rebalancing of exposures to comfortable levels. Although the fund will selectively pick on value as we believe the medium term outlook remains attractive, we will continuously keep a close eye on global market developments, local macro-economic conditions & trends in foreign fund flows to the CSE as we decide on future investments. With many good stocks trading at historically low valuations under relatively weak market conditions, we believe it's a good entry point for investors with a long term outlook.