

Guardian Acuity Equity Fund

Open Ended Growth Fund

July 2018

HIGHLIGHT

The fund recorded a 0.02% return for the month and -5.17% return for 3 Months. The YTD return of the fund was 2.13% vs. Benchmark ASPI return of -3.49%, recording a 5.62% outperformance.

RETURNS*

PERIOD*	FUND	BENCHMARK ASPI	S&P SL 20	ASTRI
2018 July	0.02%	-0.76%	-1.64%	-0.73%
3 Months	-5.17%	-5.88%	-8.93%	-5.77%
Year To Date (YTD 2018)	2.13%	-3.49%	-9.21%	-3.21%
Since Inception Cum.	74.30%	12.25%	12.78%	23.10%
Since Inception CAGR	9.03%	1.81%	1.89%	3.29%

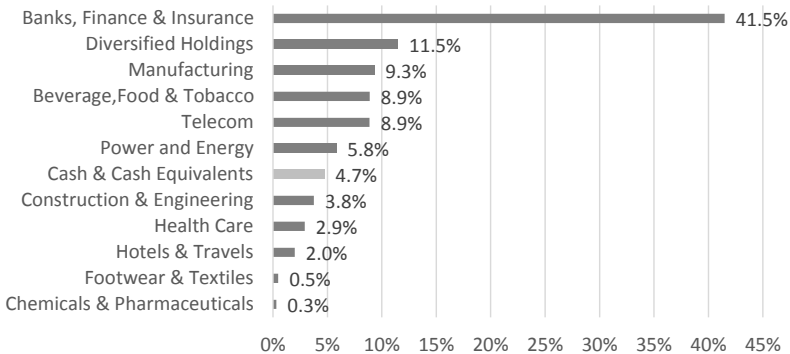
Note : All Share Price Index (ASPI) ,All Share Total Return Index(ASTRI) & S&P Sri Lanka 20 Index (S&P SL 20) are based on CSE data as of 31st July 2018

* Performances are based on month end prices as of 31st July 2018. Performance data included in this document represents past performance and is no guarantee of the future results.

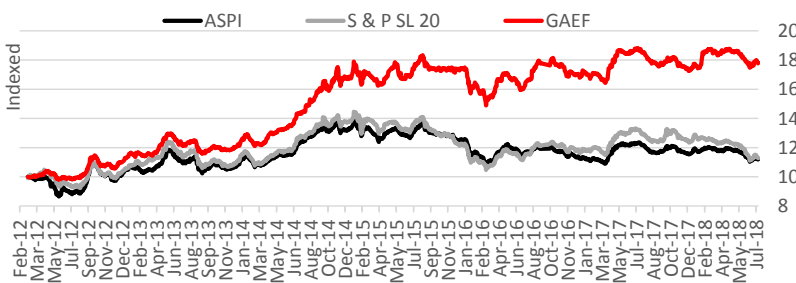
TOP 5 HOLDINGS BASED ON NAV

STOCK	TICKER	% OF NAV
CARGILLS (CEYLON) PLC	CARG.N	8.88%
DIALOG AXIATA PLC	DIAL.N	8.88%
SAMPATH BANK PLC	SAMP.N	8.18%
NATIONS TRUST BANK PLC	NTB.N	7.83%
CENTRAL FINANCE COMPANY PLC	CFIN.N	6.80%

SECTOR ALLOCATION (WITH CASH & CASH EQUIVALENTS)



GAEF VS. THE MARKET



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Senior Fund Manager

Global equity markets remained optimistic despite the increasing trade tension between US and some of its trade partners. Strong macro economic data and corporate earnings growth propelled the developed equity markets, recording a gain of 3.6% for US (MSCI US) and 4.0% for Europe (MSCI EU ex UK) in July. Emerging market retreated from the previous month's drop of 2.4%, recording a 1.8% return.

CSE indicated a marginal recovery to start off the month with selective bargain hunting seen in several blue chips which brought back some investor confidence. However the overall sentiments took a negative turn towards end of the month as broader ASPI was seen gliding down on thin trade to close with a -0.76% decline. The downward revision of GDP growth estimates by the CBSL and weak earnings announcements impacted by overall economic slowdown affected market sentiment. Meanwhile foreigners continued to exit Sri Lankan equities recording a Rs 1.2 bn net outflow with notable selling interest witnessed in JKH, COMB & HHL during the month.

The fund maintained its value (recorded 0.02% return) albeit the overall market (CSE ASPI) fell by 0.76% over the course of the month. A recovery in the prices of Chevron Lubricant (+12.5%), Access Engineering (+5.7%) and Alumex (+10.6%) mainly contributed to hold the fund's performance. These stocks dropped heavily during the past few months with deterioration in earnings. Chevron Lubricant (LLUB), the largest lubricant manufacturer in Sri Lanka, is going through many changes in their business model and organisational structure after continuously losing market share and eroding margins due to intense competition and elevated base oil prices over the last several quarters. However current share price of LLUB still commands a good dividend yield and a better relative value.

ABOUT THE FUND

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.

FUND SNAPSHOT

Inception Date	27th February 2012
Bloomberg Code	GACUEQJ: SL
Fund Size as of 31-07-2018	LKR 407.05Mn
Minimum Investment	LKR 1,000
Redemption Price as at 31-07-2018	LKR 17.4295

FUND FEES

Management Fee*	2.25% p.a.
Custodian & Trustee Fee*	0.30% p.a.
Exit Fee**	2.00% p.a.

*As a percentage of NAV

**If withdrawn prior to 1 year

Investors are advised to read and understand the contents of the Explanatory Memorandum before investing. Among others, investors should consider the fees and the charges involved.