

GUARDIAN ACUITY EQUITY FUND

Open Ended Growth Fund
JUNE 2016



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HIGHLIGHT

"The fund outperformed the benchmark ASPI in June and on a YTD basis, but still remains in negative territory recording -3.6% and -8.6% return respectively."

RETURNS

PERIOD	FUND	AGAINST ASPI	AGAINST S&P SL 20
2016 June	-3.56%	▲ 0.51%	▲ 0.09%
3 Months	2.48%	▼ -1.00%	▼ -0.51%
YTD 2016	-8.57%	▲ 0.30%	▲ 0.41%
Since Inception Cum.	56.90%	▲ 42.17%	▲ 45.24%
Since Inception CAGR	10.93%	▲ 6.64%	▲ 7.41%

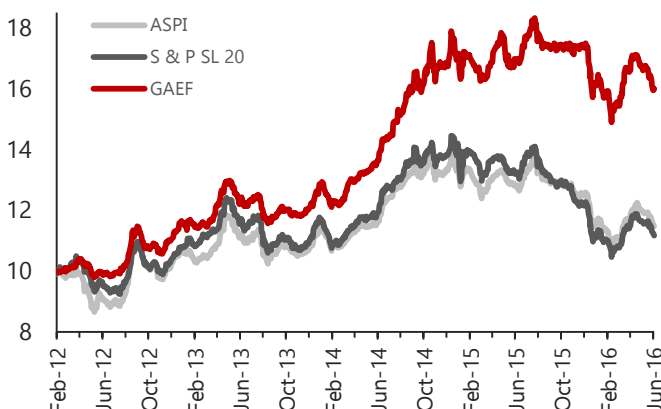
TOP 5 HOLDINGS BASED ON NAV

STOCK	TICKER	% OF NAV
1. Distilleries Company	DIST	8.72%
2. Sampath Bank	SAMP	7.40%
3. Dialog Axiata	DIAL	5.54%
4. John Keells Holdings	JKH	4.64%
5. Ceylinco Insurance	CINS	4.46%

SECTOR ALLOCATION

Banks, Finance & Insurance	25.58%
Diversified Holdings	17.53%
Manufacturing	13.62%
Beverage, Food & Tobacco	10.22%
Telecom	5.54%
Construction & Engineering	5.40%
Hotels & Travels	4.14%
Footwear & Textiles	3.16%
Power and Energy	1.55%
Trading	0.58%

GAFE VS. THE MARKET



COMMENTARY

By Fund Manager,
Asanka Jayasekara

June marked another month of volatility in global and local markets. Europe has entered uncharted waters following the British vote to exit the European Union. Political uncertainty will dominate the global markets for some time as critical political votes occur in UK, Scotland (an independence referendum), US, Italy, France and Germany over the next 15 months. We expect a modest global growth and lower interest rates for the rest of the year as most of the central banks will further loosen their monetary policies to weather 'Brexit' repercussions.

Against this backdrop, Colombo Stock Exchange (CSE) suffered from continuous foreign outflows, Rs 530mn in June and Rs 6.1 bn year to date (YTD). In the local front, unclear policy directions, possible imposition of capital gains taxes and elevated interest rates have dampened investor sentiment and appetite. Accordingly, All Share Price index (ASPI) fell by 4.1% in June and 8.9% YTD. The fund outperformed the benchmark ASPI in June and on a YTD basis, but still remains in negative territory recording -3.6% and -8.6% return respectively.

All the stocks in the portfolio have been thoroughly researched and we don't see any fundamental reason for share prices to go further down. However uncertainty in the global and local economic and political arena will create volatility in the market. On the positive side, with the final agreement being reached with the IMF on the USD1.5 bn extended fund facility, we believe the country will gradually fall on track for much needed fiscal consolidation.

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	GACUEQI: SL
Fund Size	LKR 378.87 Mn
Minimum Investment	LKR 1,000
Unit price (Redemption Price as at 30-06-2016)	LKR 15.69

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