

# Guardian Acuity Equity Fund

Open Ended Growth Fund

September 2018

## HIGHLIGHT

The fund recorded a -5.17% return for the month and -9.20% return for 3 Months.

The YTD return of the fund was -7.27% vs. Benchmark ASPI return of -7.96%, recording a 0.69% outperformance.

## RETURNS\*

PERIOD*	FUND	BENCHMARK ASPI	S&P SL 20	ASTRI
2018 September	-5.17%	-3.59%	-7.04%	-3.58%
3 Months	-9.20%	-5.37%	-11.42%	-5.30%
Year To Date (YTD 2018)	-7.27%	-7.96%	-18.24%	-7.67%
Since Inception Cum.	58.24%	7.04%	1.57%	17.43%
Since Inception CAGR	7.21%	1.04%	0.24%	2.47%

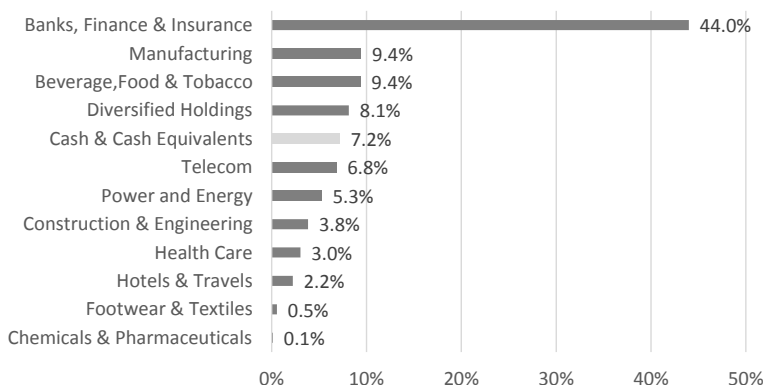
Note : All Share Price Index (ASPI) ,All Share Total Return Index(ASTRI) & S&P Srilanka 20 Index (S&P SL 20) are based on CSE data as of 28th September 2018

\* Performances are based on month end prices as of 28th September 2018. Performance data included in this document represents past performance and is no guarantee of the future results.

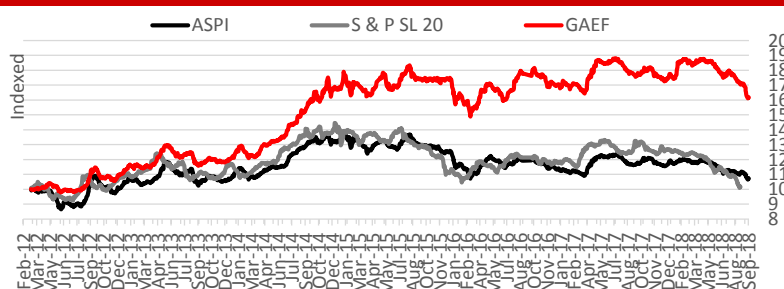
## TOP 5 HOLDINGS BASED ON NAV

STOCK	TICKER	% OF NAV
NATIONS TRUST BANK PLC	NTB.N	9.93%
CARGILLS (CEYLON) PLC	CARG.N	9.38%
SAMPATH BANK PLC	SAMP.N	8.21%
CENTRAL FINANCE COMPANY PLC	CFIN.N	7.69%
PEOPLE'S LEASING & FINANCE PLC	PLC.N	7.38%

## SECTOR ALLOCATION (WITH CASH & CASH EQUIVALENTS)



## GAEF VS. THE MARKET



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.



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September was another month that showed divergence in performance between developed markets (MSCI USA +0.5%, MSCI UK +1.4%, MSCI Japan +5.7%) and emerging markets (MSCI EM -1.1%). US recorded its highest consumer confidence since 2000 and lowest monthly jobless claims since 1969 in September, confirming robust economic growth which has been driving the US equities and treasury yields higher. Countries that have a weak external sector are finding the tightening in US monetary policy challenging.

Foreign selling spree continued during the month in the CSE (Rs 1.66 bn net outflow) compounded by the plummet in the Sri Lankan rupee which recorded a 4.8% depreciation against USD during September, taking YTD drop to about 10%. The fall in currency was triggered by several reasons including capital outflows from debt & equity markets, high import demand and spill over effects from overall weakness in emerging market currencies. John Keells Holdings, Sampath Bank and Commercial Bank which recorded highest net foreign outflows during the month, also were the top contributors to the index decline. Accordingly the broader ASPI dropped 3.6% in September, taking the YTD decline to 8% to close at 5,862 points.

The fund dropped by 5.17% in September whilst benchmark ASPI dropped by 3.59%. Notably S&P 20 recorded a steep 7.04% drop during the month showing the high impact on large & liquid stocks as selling pressure stemming mainly from foreign side. Top contributors to the sharp drop in fund performance were Sampath Bank (-14%), Chevron Lubricant (-17%), Central Finance (-6%) and People's Leasing (-5%). We do not see a fundamental reason for most stocks to fall to such low price levels and we believe valuations of most stocks in the portfolio, based on our assessment of their long-term value, are attractive enough to warrant a healthy weighting and hold for medium term.

We expect that current market anxieties will ease off once currency stabilises. However, crude oil prices continue its uptrend which will create more pressure on the currency and inflation. Therefore, we maintain a degree of caution and selectively rebalance the portfolio going forward.

## 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 as of 30-09-2018	LKR 329.94 Mn
Minimum Investment	LKR 1,000
Redemption Price as at 30-09-2018	LKR 15.8229

## 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