

# Guardian Acuity Equity Fund

Open Ended Growth Fund

February 2017



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**COMMENTARY**  
By Fund Manager  
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## HIGHLIGHT

The fund recorded a 0.16% return for the month and a 0.56% return for the 3 Months. The YTD return was -0.16%. Therefore, YTD performance has outperformed the benchmark ASPI by 1.35%.

### RETURNS\*

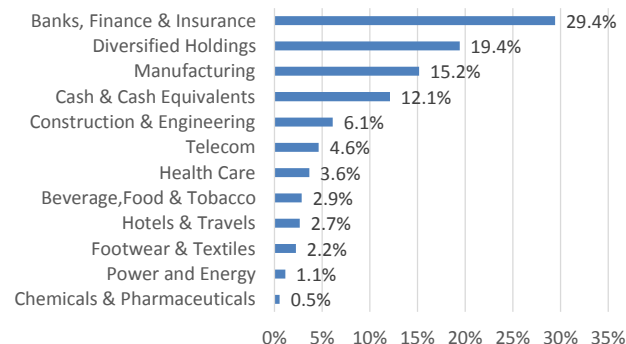
PERIOD*	FUND	BENCHMARK ASPI	S&P SL 20
2017 February	0.16%	0.03%	1.55%
3 Months	0.56%	-1.71%	2.21%
YTD 2017	-0.16%	-1.51%	1.36%
Since Inception Cum.	66.78%	12.01%	19.90%
Since Inception CAGR	10.75%	2.29%	3.69%

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

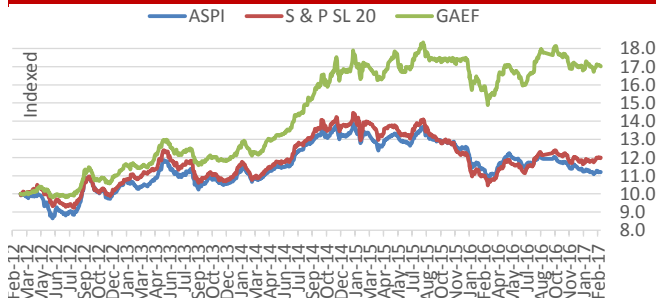
### TOP 5 HOLDINGS BASED ON NAV

STOCK	TICKER	% OF NAV
SAMPATH BANK PLC	SAMP.N	7.63%
MELSTACORP LIMITED	MELS.N	5.80%
TOKYO CEMENT COMPANY (LANKA) PLC	TKYO.N/X	6.00%
DIALOG AXIATA PLC	DIAL.N	4.65%
ACCESS ENGINEERING PLC	AEL.N	4.49%
<b>Total Stocks</b>		<b>30</b>

### SECTOR ALLOCATION (WITH CASH & CASH EQUIVALENTS)



### GAEF VS. THE MARKET



Despite the general hawkish sentiment (with increasing interest rates) in the central banks of developed countries, equity markets hit record highs during the month, recording positive returns in most of the major stock markets around the world including emerging markets.

CSE also experienced a marginal recovery during February supported by positive earnings announcements, Central Bank keeping policy rates steady despite a gradual uptick in secondary market rates and also with Fitch rating revising SL's outlook to stable from negative. Meanwhile foreign interest returned with a net foreign inflow of Rs. 2.1 bn during the month with notable inflows in John Keells Holdings, Hemas Holdings & Melstacorp Limited. Accordingly the ASPI closed the month with a marginal 0.03% gain. Corporate earnings releases for December quarter were encouraging with most of the counters we hold showing impressive net earnings growth, namely Sampath bank 67%, Tokyo Cement 130%, Dialog Axiata 101%, Ceylinc Insurance 38%. Some of these stocks yet trade at low multiples and hence still carry substantial upside permitting investors who enter the fund now to secure good returns on market recovery.

Your fund recorded 0.16% return in the month of February and -0.16% year to date, outperforming the benchmark ASPI. Since the fund's inception approximately 5 years ago, the annualised return (CAGR) was 10.75% by the end of February compared to Benchmark ASPI (CAGR) return of 2.29%, amidst very subdued conditions. Sampath Bank, Tokyo Cement, Chevron Lubricant, Dialog Axiata were the leading contributors to fund's positive return for the month whilst Aitken Spence Hotels, Harleys Fabric and Ceylinc Insurance were the main detractors.

Given the volatility in the market, we remain focused on companies with substantial discount to their intrinsic value and stable growth in earnings. We expect the macro economy to stabilize towards the latter part of the year which should improve sentiment for the local investors. We are concerned on the current drought experienced by the country and its impact on the economy. However, current valuation levels are very attractive compared to historical and peer countries multiples.

### 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  
Bloomberg Code  
Fund Size as of 28-02-2017  
Minimum Investment  
Redemption Price as at 28-02-2017

27th February 2012  
GACUEQI: SL  
LKR 418.43Mn  
LKR 1,000  
LKR 16.6782

### FUND FEES

Management Fee\*  
Custodian & Trustee Fee\*  
Exit Fee\*\*

2.25% p.a.  
0.3% p.a.  
2% p.a.

\*As a percentage of NAV

\*\*If withdrawn prior to 1 year