

Guardian Acuity Equity Fund

Open Ended Growth Fund

October 2017

HIGHLIGHT

The fund recorded a 2.18% return for the month and -2.13% return for 3 Months. The YTD return of the fund was 6.05% vs. Benchmark ASPI return of 6.25%, recording a -0.20% outperformance.

RETURNS*

| PERIOD* | FUND | BENCHMARK ASPI | S&P SL 20 |
|-------------------------|--------|----------------|-----------|
| 2017 October | 2.18% | 2.78% | 5.74% |
| 3 Months | -2.13% | -0.30% | 2.33% |
| Year To Date (YTD 2017) | 6.05% | 6.25% | 11.53% |
| Since Inception Cum. | 77.15% | 20.83% | 31.94% |
| Since Inception CAGR | 10.59% | 3.39% | 5.00% |

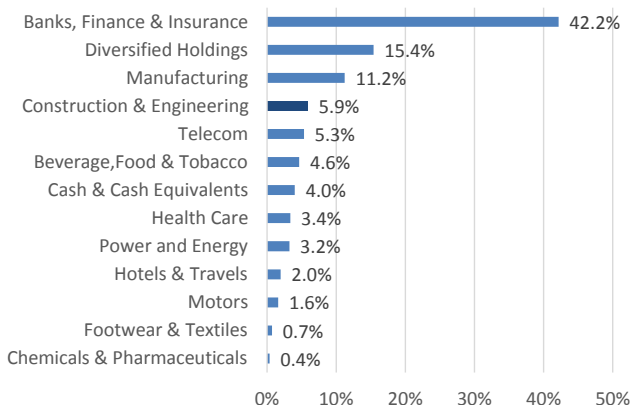
Note : ASPI (Benchmark) and S&P SL 20 are based on CSE data as of 31st October 2017

* Performances are based on month end prices as of 31st October 2017. Performance data included in this document represents past performance and is no guarantee of the future results.

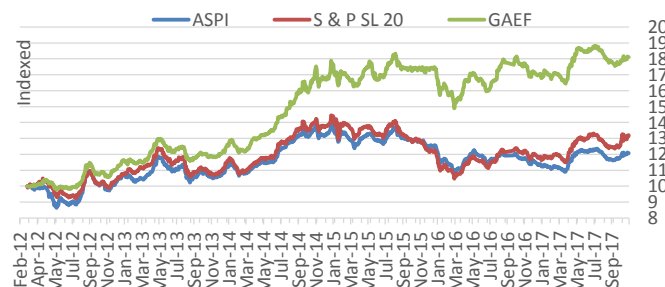
TOP 5 HOLDINGS BASED ON NAV

| STOCK | TICKER | % OF NAV |
|--------------------------------|--------|----------|
| PEOPLE'S LEASING & FINANCE PLC | PLC.N | 6.25% |
| DIALOG AXIATA PLC | DIAL.N | 5.34% |
| SOFTLOGIC HOLDINGS PLC | SHL.N | 5.05% |
| SAMPATH BANK PLC | SAMP.N | 4.91% |
| ACCESS ENGINEERING PLC | AEL.N | 4.89% |

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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Fund Manager

Another great month for the global equity markets which continue the positive movement since beginning of the year. Both developed (MSCI WI) and emerging (MSCI EM) equity markets recorded 15.9% and 28.7% year to date return with the recovery of the Eurozone economy, rising global capital spending and robust economic growth in US and emerging markets.

Bullish moment in foreign markets and attractive valuations resulted in continuous foreign inflows to the Colombo Bourse during the month. The CSE continued to register net foreign inflows to the tune of Rs 1.9 bn during the month with notable inflows being recorded in Commercial Bank, Hattton National Bank, Sampath Bank, John Keells Holdings & Ceylon Cold Stores. The index witnessed some volatility with profit taking in several selective counters following sharp price growths, however concluded the month with a 2.78% gain in broader ASPI taking the YTD return of the index to 6.25%. Towards the latter part of the month, market momentum flattened out as investors await Budget announcements for 2018 scheduled for early November. HNB, Commercial Bank & Sampath Bank were among the top positive contributors to index performance during the month, whilst Dialog Axiata & Ceylon Cold stores also contributed positively.

The fund recorded 2.18% return for the month and 6.05% for the year to date. The underperformance of the month was mainly attributable to significant drop in prices of construction and construction related companies. However banking sector investments mainly Sampath Bank and Commercial Bank, and Telecom sector exposure (Dialog Axiata) contributed positively to the fund's performance. Rising commodity prices over the last few months had a negative impact on the most of the commodity based companies including Aluminum, Cables, Lubricants etc which showed drops in earnings in the second quarter of this year.

Interest rate were on a downward trend aided by the strong foreign currency reserve position and lower government borrowings which is positive sign for stock markets. However the upcoming budget will be the key focus for business and investor community to get a clear idea of the government's plan for the next year. Since revenue collection matters are expected to improve with recent Inland Revenue act, allocation of expenditure and policy continuity are to watch out in the upcoming budget.

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 31-10-2017 | LKR 469.21Mn |
| Minimum Investment | LKR 1,000 |
| Redemption Price as at 31-10-2017 | LKR 17.7150 |

FUND FEES

| | |
|--------------------------|------------|
| Management Fee* | 2.25% p.a. |
| Custodian & Trustee Fee* | 0.3% p.a. |
| Exit Fee** | 2% p.a. |

*As a percentage of NAV

**If withdrawn prior to 1 year