

Guardian Acuity Equity Fund

Open Ended Growth Fund

June 2018

HIGHLIGHT

The fund recorded a -3.28% return for the month and -3.81% return for 3 Months. The YTD return of the fund was 2.12% vs. Benchmark ASPI return of -2.74%, recording a 4.86% outperformance.

RETURNS*

PERIOD*	FUND	BENCHMARK ASPI	S&P SL 20	ASTRI
2018 June	-3.28%	-3.19%	-4.99%	-3.17%
3 Months	-3.81%	-4.36%	-7.16%	-4.27%
Year To Date (YTD 2018)	2.12%	-2.74%	-7.70%	-2.50%
Since Inception Cum.	74.27%	13.11%	14.66%	24.00%
Since Inception CAGR	9.16%	1.96%	2.18%	3.45%

Note : All Share Price Index (ASPI) ,All Share Total Return Index(ASTRI) & S&P Srilanka 20 Index

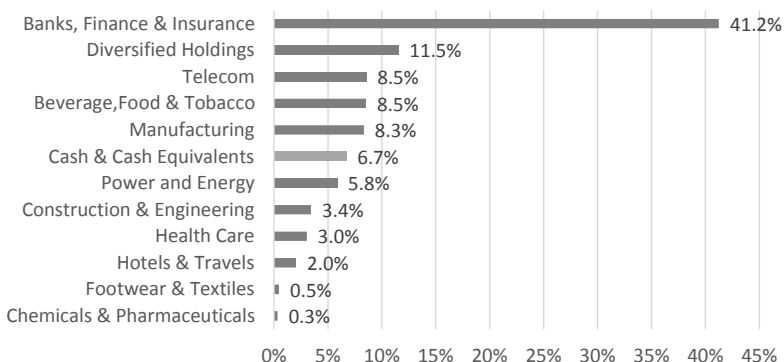
(S&P SL 20) are based on CSE data as of 29th June 2018

* Performances are based on month end prices as of 29th June 2018. Performance data included in this document represents past performance and is no guarantee of the future results.

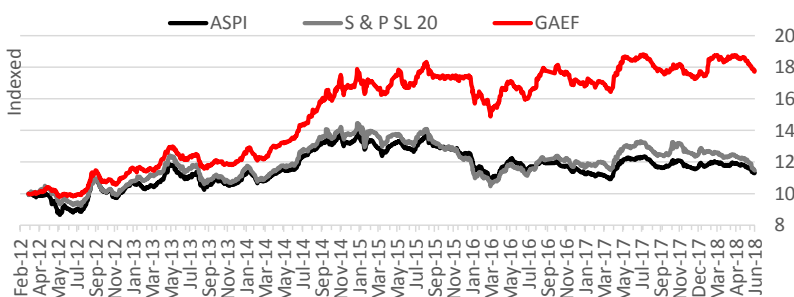
TOP 5 HOLDINGS BASED ON NAV

STOCK	TICKER	% OF NAV
DIALOG AXIATA PLC	DIAL.N	8.55%
CARGILLS (CEYLON) PLC	CARG.N	8.54%
SAMPATH BANK PLC	SAMP.N	8.09%
NATIONS TRUST BANK PLC	NTB.N	7.52%
CENTRAL FINANCE COMPANY PLC	CFIN.N	6.36%

SECTOR ALLOCATION (WITH CASH & CASH EQUIVALENTS)



GAEF VS. THE MARKET



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Senior Fund Manager

June proved again the stronger dollar and the trade war rhetoric are not favourable for the emerging and frontier market equities. Both markets dropped by 4.1% (MSCI EM USD) and 3.5% (MSCI Frontier USD) for the month. Similarly other developed equity markets except US also fell marginally during the month with negative investor sentiments.

Against this back drop, CSE extended losses for the second consecutive month amidst price weakness in heavyweights including COMB, HNB, HHL & JKH. Having turned net sellers in the month of May, foreigners indicated mixed signals during June as selling interest was observed in blue chips such as Commercial Bank, Melstacorp, Ceylon Cold Stores whilst buying interest was notable in Sampath Bank, Dialog Axiata, Cargills & Hatton National Bank. Consequently the month recorded a marginal Rs 50 mn net foreign inflow. Commercial bank experienced significant foreign outflows for the 2nd consecutive month where the share closed 6% lower. Amidst weak investor sentiments the ASPI recorded a steep 3.19% decline to end the month of June.

In line with the market, the fund dropped by 3.28% in June. Access engineering (-13.1%), Chevron (-10.5%) and MelstaCorp (-4.5%) were the top contributors to the negative performance of the fund. Both local and foreign selling pressure built up on most of the large cap shares in the latter part of the month despite the better quarterly performance in some of the counters. The fund returned positive 2.12% year to date compared to benchmark ASPI return of negative 2.74%.

Foreign investors behaviour is likely to remain important for the market performance going forward. The direction of the rupee, change in global investment appetite and political uncertainty will influence the foreign trading calls as we witness the same in other emerging equity markets recently. Unfortunately these factors are pulled by different forces which are currently almost impossible to predict. However compared to other markets, the relieving factor for the CSE is the valuations which touch historical low levels and are attractive compared to peer countries thereby discouraging long-term value based investors to exit.

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 30-06-2018	LKR 422.72Mn
Minimum Investment	LKR 1,000
NAV Price as at 30-06-2018	LKR 17.6104

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

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.