

Guardian Acuity Equity Fund

Open Ended Growth Fund

September 2017

HIGHLIGHT

The fund recorded a -0.79% return for the month and -5.62% return for 3 Months. The YTD return of the fund was 3.79% vs. Benchmark ASPI return of 3.37%, recording a 0.42% outperformance.

RETURNS*

PERIOD*	FUND	BENCHMARK ASPI	S&P SL 20
2017 September	-0.79%	0.74%	0.05%
3 Months	-5.62%	-4.58%	-6.24%
Year To Date (YTD 2017)	3.79%	3.37%	5.48%
Since Inception Cum.	73.38%	17.56%	24.78%
Since Inception CAGR	10.34%	2.94%	4.04%

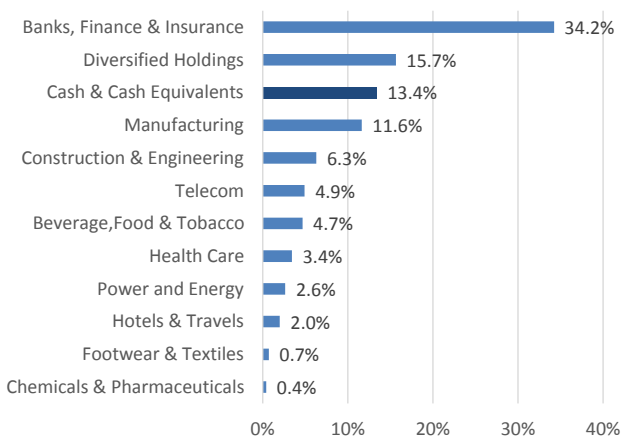
Note : ASPI (Benchmark) and S&P SL 20 are based on CSE data as of 29th September 2017

* Performances are based on month end prices as of 30th September 2017. Performance data included in this document represents past performance and is no guarantee of the future results.

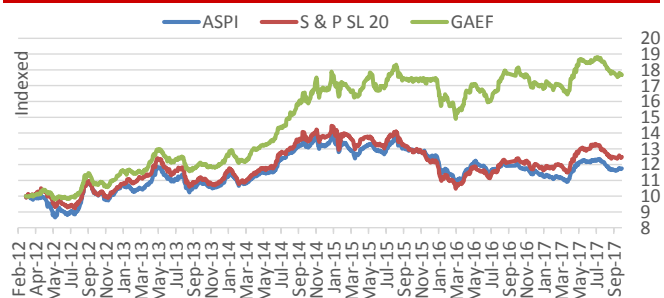
TOP 5 HOLDINGS BASED ON NAV

STOCK	TICKER	% OF NAV
PEOPLE'S LEASING & FINANCE PLC	PLC.N	5.41%
ACCESS ENGINEERING PLC	AEL.N	5.15%
TOKYO CEMENT COMPANY (LANKA) PLC	TKYO.N/X	4.95%
DIALOG AXIATA PLC	DIAL.N	4.92%
MELSTACORP LIMITED	MELS.N	4.79%

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

Continued global economic upswing moved the equity markets up further in September marking 2017 as a great year for equity investors. However emerging markets retreated during the month as Turkey and Greece equities dropped sharply due to geopolitical tension in Turkey and IMF pushed asset quality review on Greece banks.

Sri Lanka took a break from its 2 month losing streak as ASI recorded a marginal recovery during the month to close with a 0.74% gain. The passing of the new Inland Revenue Act earlier in the month created some short term volatility given several negative implications on selected sectors, overall it was viewed as a step in the right direction by the investor community. The provisions in the Act will further facilitate fiscal consolidation leading to improved government finances in the years ahead. Foreign investor participation continued to remain positive at Rs. 1.3 bn (adjusted for strategic sale of Singer Sri Lanka by its parent company for Rs.10.9 bn). John Keells Holdings, LOLC, Hatton National Bank and Dialog Axiata recorded the top foreign inflows, whilst outflows were witnessed in Aitken Spence, Commercial Bank and Hemas Holdings during the month.

The fund recorded -0.79% return for the month whilst All Share Price Index recorded 0.74% growth. Main detractors were Ceylinco Insurance (non voting), Cargills and Chevron Lubricants. Ceylinco and Cargills dropped with low volumes but recovered later during the first week of October. Chevron share price has been falling over the last several weeks after releasing their quarterly earning which showed 34% drop in bottom line. Increase in base oil prices and destructive competition for the market share by small lubricant players reduced the margins and volumes. However we don't expect this trend to continue much longer and expect a price recovery to happen eventually. We believe continuous foreign inflows and downward pressure on interest rates will attract more local retail investors in near future which can be a catalyst for market growth.

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 30-09-2017	LKR 456.98Mn
Minimum Investment	LKR 1,000
NAV Per Unit as of 30-09-2017	LKR 17.5069

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