



Guardian Acuity Asset Management Limited
(A Joint Venture between Ceylon Guardian & Acuity Partners)

Guardian Acuity Equity Fund

AS OF: 30th April 2015

Current Issue Price: LKR. 17.54
Current Redemption Price: LKR. 17.20

FUND SNAPSHOT

| | |
|---------------------|---------------------|
| STRUCTURE: | OPEN ENDED |
| TYPE: | GROWTH |
| INCEPTION DATE: | 27/Feb/2012 |
| BLOOMBERG CODE: | GACUEQI: SL |
| FUND SIZE: | LKR 334.3 MN |
| MINIMUM INVESTMENT: | LKR 1,000 |
| EXPENSE RATIO: | 2.65% |

FUND FEES

| | % of NAV |
|-----------------|----------|
| Management fee: | 2.25 |
| Trustee fee: | 0.25 |
| Exit fee: | 2.00* |

* If withdrawn prior to 1 year

FUND DESCRIPTION

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. The fund selects equity counters based on a bottom up selection process with a bias towards companies that promise strong growth potential under the prevailing economic conditions.

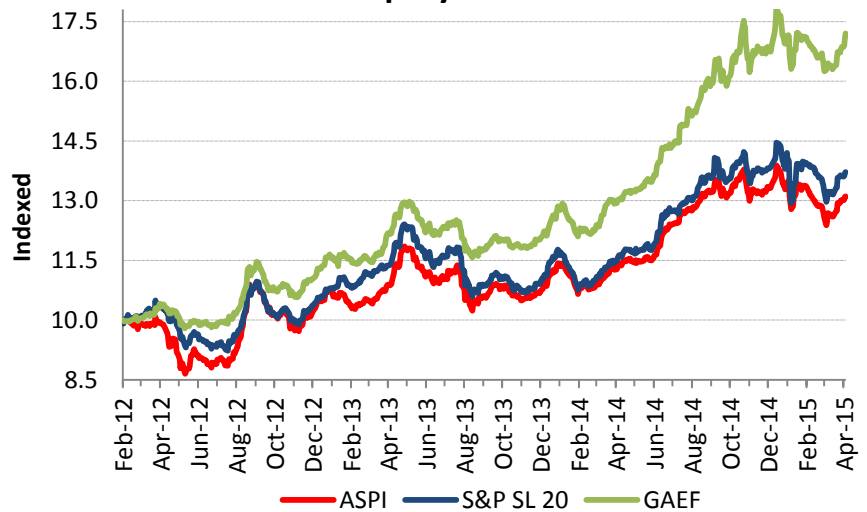
FUND PERFORMANCE

| Period | GAAM EQ Fund | All Share Index | S&P SL20 |
|-----------------|--------------|-----------------|----------|
| 1 Month | 5.26% | 5.26% | 5.22% |
| 3 Months | 3.30% | -0.01% | 2.30% |
| YTD-2015 | 2.75% | -1.64% | -0.87% |
| Since Inception | 72.00% | 31.09% | 37.15% |

SECTOR ALLOCATION

| | Portfolio Weight (%) |
|----------------------------|----------------------|
| Banks, Finance & Insurance | 34.07 |
| Diversified Holdings | 13.35 |
| Beverage, Food & Tobacco | 11.22 |
| Power and Energy | 3.79 |
| Footwear & Textiles | 4.28 |
| Hotels & Travels | 6.96 |
| Health Care | 6.41 |
| Manufacturing | 3.69 |
| Trading | 1.68 |
| Construction & Engineering | 0.01 |

GAAM Equity Fund vs. Market



For more information, Call:

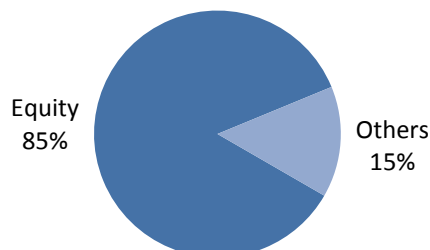
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ASSET ALLOCATION



TOP 5 HOLDINGS

| | % of NAV |
|-----------------------------|----------|
| Distilleries | 9.62 |
| Sampath Bank | 7.99 |
| Aitken Spence Hot. Holdings | 6.96 |
| Seylan Bank | 6.68 |
| Asiri Hospital Holdings PLC | 6.41 |

FUND MANAGER'S COMMENTS

Fund Performance & outlook

The fund gave a performance of 5.26% for the month of April equalling the return of the All Share Price index. The fund had a relatively large cash position which has been selectively deployed into shares which is expected to outperform in the medium term. On a Year to date basis the fund is outperforming the All Share Price Index by 4.39% with a return of 2.75%.

The passing of the 19 Amendment was a landmark political achievement which displays headway made on the political front. Stable corporate earnings coupled with lower interest rates also point towards strong potential for the equity market in the medium term.

Company and portfolio updates

Over the last month the fund increased exposure to 14 companies and exited positions in 1 company. One stock the fund increased exposure to was Aitken Spence Hotel Holdings (AHUN) on grounds of added room capacity and EBITDA margin improvement in the medium term. The stock exposes the fund to the hotel sector where Sri Lanka has been positioning itself as a holiday destination with growing tourist arrivals. The hotel company (AHUN) has a great exposure to luxury resort properties in Sri Lanka and resorts in the Maldives. Furthermore the company has diversified into India by purchasing a 143 room 5 star hotel in Chennai's IT corridor. The company is also looking at reinforcing its Sri Lankan hotel portfolio with a 500 room luxury hotel in Ahungalla to be managed by RIU hotels. AHUN's has a proven track record in hotel management with one of the best hotel portfolios in the country. With the share price correcting recently we feel the company trades a significant discount to its intrinsic price. Our valuation models include a range of scenarios based on trends in occupancy rates and room rates.

The fund further increased exposure to Hayleys MGT (MGT) which is a subsidiary of the Hayleys group and is one of the largest players in the Sri Lankan Knit manufacturing industry and commands a market share of approximately 17% in the local knit fabric market. The fund bought shares in the company as it was identified to have strong potential for a turnaround in performance after new key management were recruited into the company. With the local apparel industry importing nearly 50% of its knit fabric requirement annually and given the growing share of knit garment exports in the local apparent export mix, we expect the industry demand to remain strong. Furthermore, if the GSP plus benefit were to be awarded to Sri Lanka the company margins will improve providing further upside to our valuation models.

Guardian Acuity Asset Management Ltd

30th April 2015

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