

Guardian Acuity Equity Fund

Open ended Growth Fund

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



- Access to diversified portfolio
- Switching is Free
- Professional fund management
- Tax free

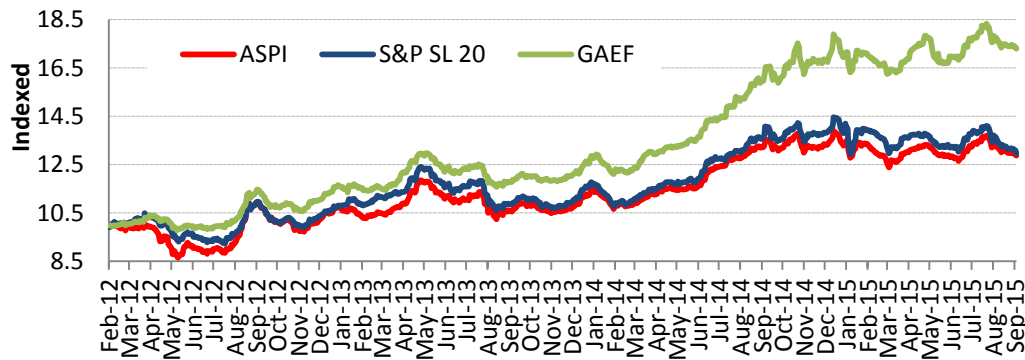
FUND SNAPSHOT

INCEPTION DATE: **27/Feb/2012**
 BLOOMBERG CODE: **GACUEQI: SL**
 FUND SIZE: **LKR 425.6 MN**
 MINIMUM INVESTMENT: **LKR 1,000**
 EXPENSE RATIO: **2.60%**

FUND FEES

	% of NAV
Management fee:	2.25
Trustee & custodian fee:	0.25%
Exit fee:	2.00*

* If withdrawn prior to 1 year

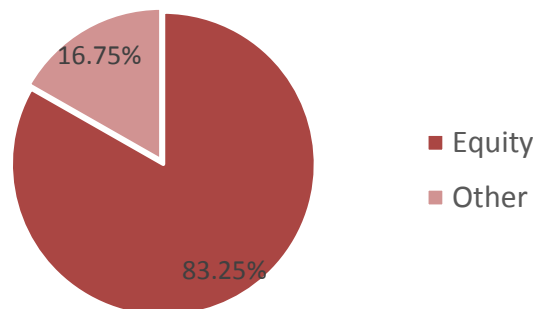


Period	GAAM EQ Fund	ASPI	S&P SL20
1 Month	-2.54%	-3.50%	-4.97%
3 Months	1.95%	0.43%	-2.10%
YTD-2015	3.29%	-3.40%	-6.43%
Cumulative Since Inception	72.90%	28.75%	29.46%
CAGR Since Inception	17.74%	8.56%	9.21%

SECTOR ALLOCATION

Sector	Portfolio Weight (%)
Banks, Finance & Insurance	34.39
Diversified Holdings	13.52
Beverage, Food & Tobacco	9.23
Healthcare	5.64
Hotels & Travels	5.29
Manufacturing	3.49
Footwear & Textiles	3.44
Power and Energy	1.98
Construction & Engineering	2.53
Trading	1.55
Telecommunications	2.19

ASSET ALLOCATION



TOP 5 HOLDINGS

Company	% of NAV
Distilleries Company	9.23
Sampath Bank PLC	7.04
Asiri Hospital Holdings	5.64
Aitken Spence Holdings PLC	5.29
Aitken Spence PLC	5.24

FUND MANAGER COMMENTS

Fund Performance & market outlook

The fund performance for the month of September was -2.54% compared to the All Share Price index return of -3.50%. On a Year to date basis the fund is outperforming the All Share Price Index by 6.69% with a return of 3.29%. Banking sector remains the largest sector exposure of the fund with loan growth expected to increase into the coming quarters coupled with cost rationalization whilst maintaining loan quality. The equity exposure was 83% resulting in adequate liquidity to invest into attractive stocks in the event of further market declines.

The decision of the Central Bank to float the Rupee resulted in a YTD 7% depreciation and thus weakening investor confidence. Although export companies are expected to benefit from the rupee depreciation the consumption boom currently being experienced may slow down as the devaluation filters through the economy. However, economic activity is expected to pick up in the medium term and the equity market provides good potential for investors with a medium term time horizon.

Fund exposure and our stock picks

The Fund's largest company exposure was Distilleries which will be affected by the increase in excise duty on molasses and coconut arrack which increased by Rs. 110 per proof litre. We expect the company to pass this on directly to the consumer with an added margin resulting in a slight margin growth for the company. The typical inelastic demand characteristics of hard liquor enable this strategy for the company. Meanwhile the much higher percentage increase on beer may result in beer drinkers transitioning into the hard liquor segment once again benefitting Distilleries.

The fund is overweight on the banking sector due to the expected pick up in loan growth, loan expansion into lucrative sectors and increased cost efficiencies. The selected banks in the fund are trading at discounts to their respective intrinsic values and provide upside in the medium term.