

Guardian Acuity Equity Fund

Open Ended Growth Fund

2015 October

Guardian Acuity Asset Management Limited

61, Janadhipathi Mawatha, Colombo, Sri Lanka

Tel: +94 11 2039384, Website: <http://www.guardianacuity.com/>

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	GAEF	ASPI	S&P SL 20
1 month	0.40%	-0.12%	-0.61%
3 Months	-2.25%	-3.96%	-7.42%
YTD 2015	3.70%	-3.52%	-7.00%
Since Inception Cum.	73.60%	28.58%	28.67%
Since Inception CAGR	16.19%	7.08%	7.10%

FUND SNAPSHOT

Inception Date	27th February 2012
Bloomberg Code	GACUEQI: SL
Fund Size	LKR 409.94 mn
Minimum Investment	LKR 1000

FUND FEES

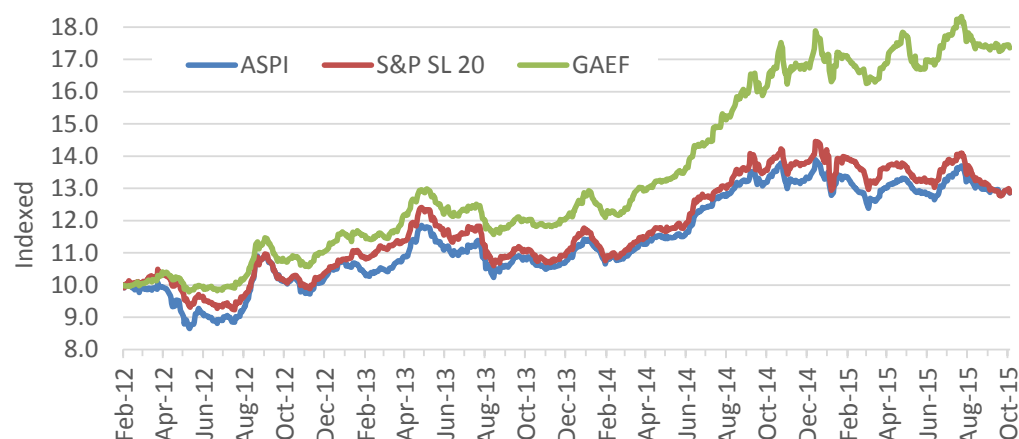
Management Fee*	2.25%
Custodian & Trustee Fee*	0.15%
Exit Fee**	2.0%

*As a percentage of NAV

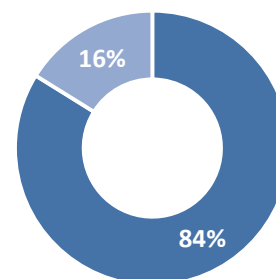
**If withdrawn prior to 1 year

TOP 5 HOLDINGS

STOCK	% OF NAV
Distilleries Company	9.16%
Sampath Bank	6.95%
Seylan Bank	6.11%
Asiri Hospital Holding PLC	6.01%
Aitken Spence PLC	5.06%
Aitken Spence Hot. Holdings PLC	4.80%

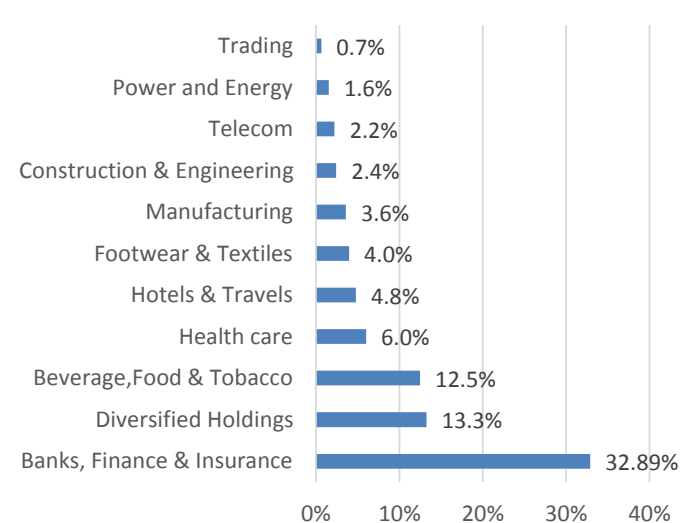


Asset Allocation



■ Equity ■ Other

Sector Allocation



FUND MANAGER'S COMMENT

Fund Performance & market outlook

The fund performance for the month of October was 0.40% compared to the All Share Price index return of -0.12%. On a Year to date basis the fund is outperforming the All Share Price Index by 7.22% with a return of 3.70%. Market activity remained dull throughout the month with most investors taking a wait and see approach whilst foreign investors were net sellers for the month of October. Macroeconomic concerns and uncertainty surrounding the budget played a large role in investors remaining subdued in the month. Economic reforms announced in the first week of November are expected to have positive medium term impacts which will benefit the overall economy in the medium term.

Fund exposure and our stock picks

Earning results for the recent quarters ended announced thus far have been mixed but in line with our expectations. Consumption related stocks have performed exceptionally well with disposable incomes increasing due to reductions in energy and essential goods prices and wage increases. Export companies have so far shown mixed results but textile related listed companies have announced results above expectations.

The fund's largest exposure is to the banking sector which has benefitted a great deal through higher loan growth for the YTD 2015 which is expected to be in the 18-20% range. Growth in the banks' leasing books have provided a significant boost to loan growth. However, with the exchange rate depreciating, Loan to Value ratio reduced and margin facility in place the retail leasing segment is expected to have lower growth levels going forward requiring the banks to find alternative ways of growing their loan books. Furthermore, upward movements in bond yields for the recent quarter ended will have negative impacts on banks respective bond portfolios. In arriving at our valuations we have factored in such sensitivities to our models and still see upside in the banks overall with the top picks included in our fund.