

Guardian Acuity Equity Fund

Open Ended Growth Fund

2015 November

Guardian Acuity Asset Management Limited

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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
November	-1.32%	-1.89%	-3.82%
3 Months	-3.44%	-5.44%	-9.15%
YTD 2015	2.33%	-5.34%	-10.55%
Since Inception Cum.	71.30%	26.16%	23.76%
Since Inception CAGR	15.40%	6.38%	5.83%

FUND SNAPSHOT

Inception Date	27th February 2012
Bloomberg Code	GACUEQI: SL
Fund Size	LKR 416.05 mn
Minimum Investment	LKR 1,000
Unit price (As at 30-11-15)	LKR 17.13

FUND FEES

Management Fee*	2.25%
Custodian & Trustee Fee*	0.33%
Exit Fee**	2.00%

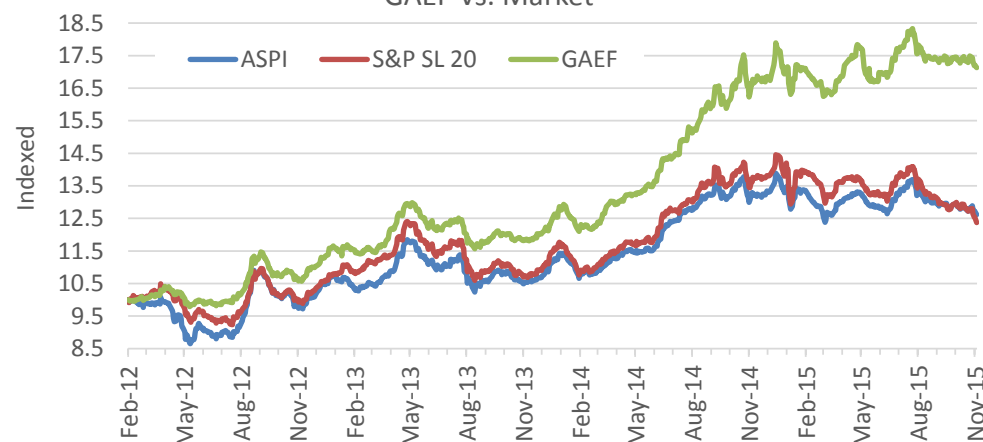
*As a percentage of NAV

**If withdrawn prior to 1 year

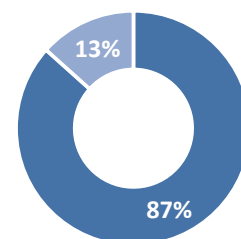
TOP 5 HOLDINGS

STOCK	% OF NAV
Distilleries Company	8.90%
Sampath Bank	6.66%
Asiri Hospital Holding PLC	6.41%
Seylan Bank	5.60%
Aitken Spence PLC	5.03%

GAEF Vs. Market



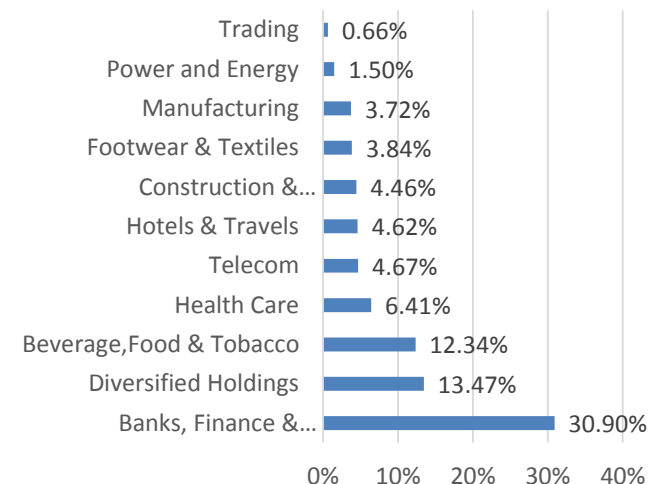
Asset Allocation



Equity

Other

Sector Allocation



FUND MANAGER'S COMMENT

Fund Performance & market outlook

The fund performance for the month of November was -1.32% compared to the All Share Price index return of -1.89%. On a Year to date basis the fund is outperforming the All Share Price Index by 7.67% with a return of 2.33%. The budget announced in November meant higher effective tax rates for majority of companies listed on the CSE which resulted in the All Share Index correcting by -1.89% for the month. Broader economic structural changes are expected to improve the prospects of the CSE in the medium term showing strong potential for the market in this time period.

Fund exposure and our stock picks

Listed banks saw share prices falling due to the proposed increases of NBT, VAT and corporate tax and restrictions on leasing operations. The increased taxes should see bank Return on Equity ratios reducing by 1.0 – 1.5%. Furthermore, the restriction of leasing operations will close a lucrative avenue for banks to expand their lending operations. However, with the correction in share prices experienced across most banks there may be opportunity for this sector which can benefit from overall economic structural reforms in the medium term.

Other key holdings of the fund such as Asiri, Dialog, Aitken Spence will experience price adjustments in line with their respective tax implications stemming from NBT and corporate income tax. The retail segment has benefitted especially on supermarket operations with the elimination of a deemed VAT issue which will increase profitability of each company.