

# Guardian Acuity Equity Fund

Open Ended Growth Fund

2015 December

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
2015 December	0.18%	-0.21%	-0.87%
3 Months	-0.75%	-2.22%	-5.24%
YTD 2015	2.51%	-5.54%	-11.33%
Since Inception Cum.	71.60%	25.89%	22.67%
Since Inception CAGR	15.08%	6.17%	5.46%

## FUND SNAPSHOT

Inception Date	27th February 2012
Bloomberg Code	GACUEQI: SL
Fund Size	LKR 452.65 mn
Minimum Investment	LKR 1,000
Unit price (As at 31-12-15)	LKR 17.16

## FUND FEES

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

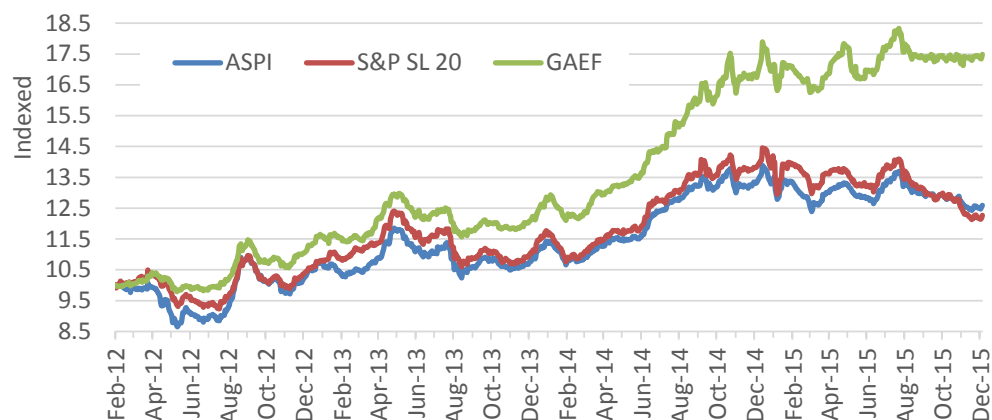
\*As a percentage of NAV

\*\*If withdrawn prior to 1 year

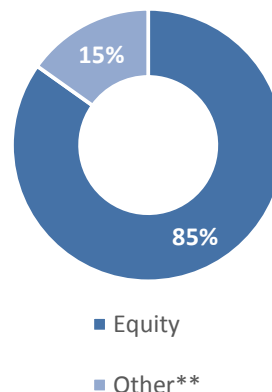
## TOP 5 HOLDINGS

STOCK	% OF NAV
Distilleries Company	8.89%
Sampath Bank	6.58%
Seylan Bank	5.90%
Asiri Hospital Holding PLC	5.66%
Aitken Spence PLC	4.79%

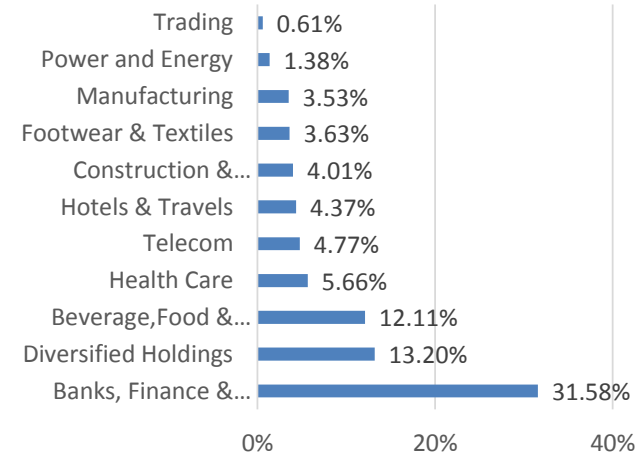
## GAEF Vs. Market



## Asset Allocation



## Sector Allocation



\*\* Includes the value of Overnight Repos

## FUND MANAGER'S COMMENT

### **Fund Performance & market outlook**

*The fund closed the year 2015 with a performance of 2.51% which resulted in an outperformance of 8.05% for last year. Despite December being a seasonally slow month for markets with most investors on holiday the fund was able to gain ground with a performance of 0.18%. The reaction of foreign institutional investors to the Fed rate hike and their global reallocation will need to be monitored carefully in January 2016. Equity emerging market flows have slowed to USD 26.1 billion for YTD November 2015 compared to USD 68.2 billion for whole of 2014. The CSE is very sensitive to foreign participation especially when domestic activity remains subdued. The central bank of Sri Lanka increased the SRR indicating a switch to the initiation of a more tightening policy.*

### **Fund exposure and our stock picks**

*The fund applied for a recent general Insurance company's IPO which was heavily oversubscribed due to the attractive valuations and relatively small size of the issue. This insurance company displays a unique competitive advantage in that it leverages off its parent company's (Peoples Leasing) networks and business to maintain its above industry growth trend. Its premium growth is higher than that of the industry and combined ratio indicating higher than industry profitability. With the expected higher economic and per capita GDP growth this company displays strong growth potential upside in the share price.*

*Higher interest rates and further depreciation on the exchange rates will weigh on earnings of the listed companies on the CSE. However, earnings growth potential for these companies in the medium term remains buoyant in line with economic growth prospects.*