

## Guardian Acuity Equity Fund

Open Ended Growth Fund

December 2017

### HIGHLIGHT

The fund recorded a -0.82% return for the month and -1.57% return for 3 Months. The YTD return of the fund was 2.16% vs. Benchmark ASPI return of 2.26%, recording a -0.10% outperformance.

### RETURNS\*

PERIOD*	FUND	BENCHMARK ASPI	S&P SL 20
2017 December	-0.82%	-0.66%	-1.43%
3 Months	-1.57%	-1.07%	-0.44%
Year To Date (YTD 2017)	2.16%	2.26%	5.01%
Since Inception Cum.	70.66%	16.30%	24.23%
Since Inception CAGR	9.58%	2.62%	3.78%

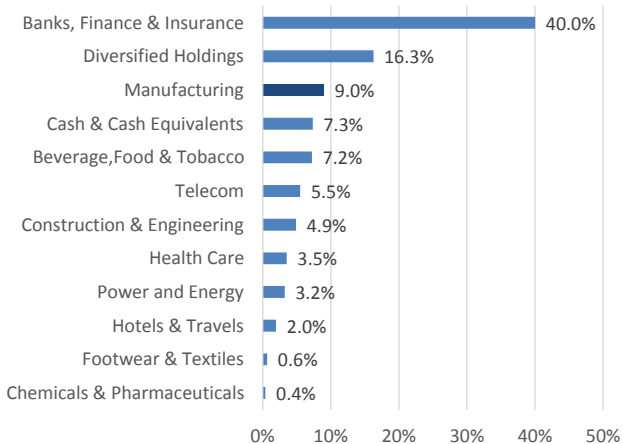
Note : ASPI (Benchmark) and S&P SL 20 are based on CSE data as of 29th December 2017

\* Performances are based on month end prices as of 29th December 2017. Performance data included in this document represents past performance and is no guarantee of the future results.

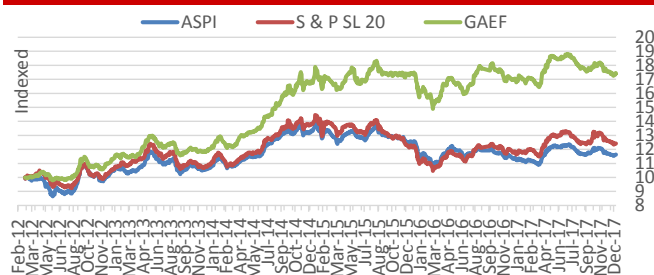
### TOP 5 HOLDINGS BASED ON NAV

STOCK	TICKER	% OF NAV
CARGILLS (CEYLON) PLC	CARG.N	7.22%
PEOPLE'S LEASING & FINANCE PLC	PLC.N	6.66%
SOFTLOGIC HOLDINGS PLC	SHL.N	5.59%
DIALOG AXIATA PLC	DIAL.N	5.51%
MELSTACORP LIMITED	MELS.N	5.07%

### SECTOR ALLOCATION (WITH CASH & CASH EQUIVALENTS)



### GAEF VS. THE MARKET



CEYLON  
GUARDIAN  
A CAYEN COMMERCE COMPANY

ACUITY  
Partners (Pvt) Ltd



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Fund Manager

2017 was not a great year for investors in the CSE due to lower returns, All Share Price Index was up by 2.26%, but one of the better years in terms of foreign inflows. Approximately, Rs 17.7 billion of net foreign inflows came into the market during the year as result of spillover effects from global equity market uptick. The emerging markets recorded USD 86bn net inflows and recorded a 31% return (MSCI EM -LC) in CY2017. The encouraging factor here is that this rally was mainly driven by growth in corporate earnings thereby allowing investors to buy more at a reasonable valuation with the potential for another strong year of return. Sri Lanka also will benefit with this momentum in emerging markets and can expect stable foreign inflows in 2018 as well.

However, in 2017, sluggish economic growth and elevated interest rates discouraged local retail investors' participation in trading activities. As a result, the market retreated from the rally started in 2nd quarter of the year. The fund also recorded a 2.16% return in CY 2017 and 9.58% annualised return since inception of the fund (Feb 2012). December month alone, ASPI and the fund dropped by 0.66% and 0.82% respectively. During the month, mainly Sampath Bank, Ceylinco Insurance (NV) and Cargills contributed negatively to the performance whilst Mesta Corp and Chevron were the top positive contributors to the fund's performance. Sampath Bank announced another right issue (Rs12.5 bn) along with another convertible debenture issue (Rs 5bn, with an option to issue up to Rs7.5bn) in December which affected the share price negatively.

Current positive development in monetary and fiscal sides of the country are encouraging albeit those developments are overshadowed by the volatility and uncertainty in political arena. We encourage our investors to stay invested with a medium term outlook because current valuations of the companies in your portfolio are attractive and at anytime the market may pick up due to current improvement in macro economy (dropping interest rate, stable exchange rate, etc) and foreign inflows. However, the impact of coming election must be carefully handled since that may cause volatility in the market in the short term.

### ABOUT THE FUND

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.

### FUND SNAPSHOT

Inception Date	27th February 2012
Bloomberg Code	GACUEQI: SL
Fund Size as of 31-12-2017	LKR 438.05Mn
Minimum Investment	LKR 1,000
NAV Per Unit as of 31-12-2017	LKR 17.2423

### FUND FEES

Management Fee*	2.25% p.a.
Custodian & Trustee Fee*	0.3% p.a.
Exit Fee**	2% p.a.

\*As a percentage of NAV

\*\*If withdrawn prior to 1 year

Investors are advised to read and understand the contents of the Explanatory Memorandum before investing. Among others, investors should consider the fees and the charges involved.