

Guardian Acuity Equity Fund

Open Ended Growth Fund

March 2018

HIGHLIGHT

The fund recorded a -1.28% return for the month and 6.16% return for 3 Months. The YTD return of the fund was 6.16% vs. Benchmark ASPI return of 1.69%, recording a 4.47% outperformance.

RETURNS*

PERIOD*	FUND	BENCHMARK ASPI	S&P SL 20	ASTRI
2018 March	-1.28%	-1.14%	-1.62%	-1.08%
3 Months	6.16%	1.69%	-0.59%	1.85%
Year To Date (YTD 2018)	6.16%	1.69%	-0.59%	1.85%
Since Inception Cum.	81.17%	18.26%	23.50%	29.53%
Since Inception CAGR	10.25%	2.79%	3.53%	4.34%

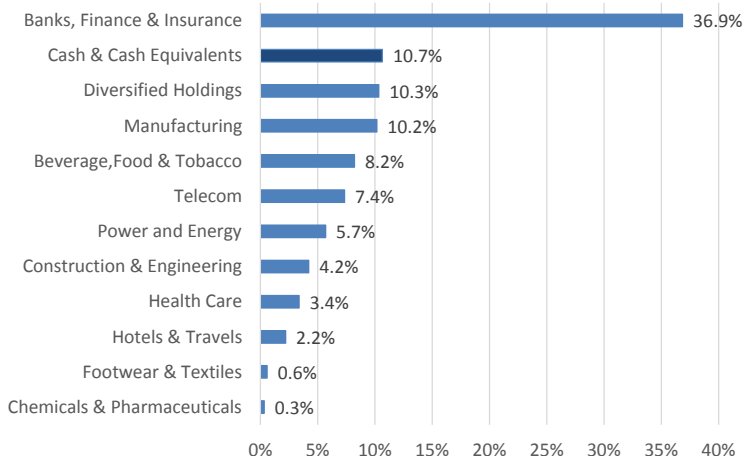
Note : All Share Price Index (ASPI), All Share Total Return Index (ASTRI) & S&P Srilanka 20 Index (S&P SL 20) are based on CSE data as of 29th March 2018

* Performances are based on month end prices as of 29th March 2018. Performance data included in this document represents past performance and is no guarantee of the future results.

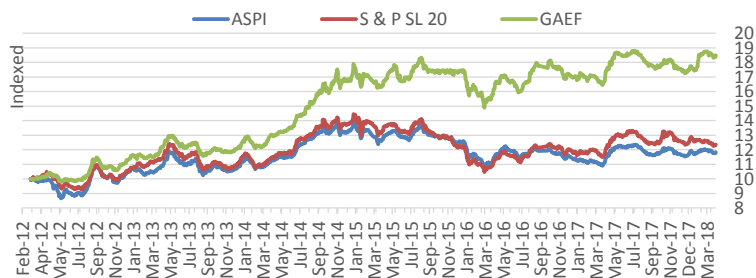
TOP 5 HOLDINGS BASED ON NAV

STOCK	TICKER	% OF NAV
CARGILLS (CEYLON) PLC	CARG.N	7.97%
DIALOG AXIATA PLC	DIAL.N	7.36%
MELSTACORP LIMITED	MELS.N	6.44%
CENTRAL FINANCE COMPANY PLC	CFIN.N	6.23%
PEOPLE'S LEASING & FINANCE PLC	PLC.N	6.13%

SECTOR ALLOCATION (WITH CASH & CASH EQUIVALENTS)



GAEF VS. THE MARKET



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.



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Global equity markets were disturbed by fear of a potential trade war after Trump's administration imposed heavy tariffs on steel and aluminium imports in early March. This was further intensified with the announcement of a 25% tariff on USD 60 bn worth of Chinese imports and in response China increased tariffs on USD 3 bn worth of US imports. All major equity markets dropped during the month including emerging markets (MSCI EM USD -1.8%).

Against this backdrop, CSE faced a slowdown in net foreign inflows to Rs 1 bn in March (after adjusting for two strategic deals: Rs12.8 bn LOLC outflow and Rs 3.1bn inflow for Softlogic Holding's private placement) compared to 2bn and 4 bn net inflows in February and January respectively. Investor sentiment was badly affected by the recent communal tension in Kandy and the political instability created by the no confidence motion against the prime minister. All of these together with announcement of a 16 year low GDP growth of 3.1% for 2017 brought down All Share Price Index by 1.14% during the month. Construction & Engineering (-4.2%), Manufacturing (-3.7%) and Diversified (-2.4%) sectors showed significant drop in March.

Similarly the fund reported 1.28% drop for the month. Melsta Corp, Sampath Bank and Central Finance were the top negative contributors whilst Aitken Spence Hotels and Dialog Axiata were the leading positive contributors to the fund in March. Melsta Corp share price dropped on account of going ex-dividend while Sampath Bank share price fell due to retail selling before expiration of rights entitlement. Central Finance decreased with low volumes despite the share trading at attractive valuations. Year to date period, The fund returned 6.16% outperforming the ASPI growth of 1.69% and ASTRI of 1.85%.

Going forward, despite the price volatility, we expect recovery in economy would provide some relief to investors. The government may take aggressive policy decision to accelerate economic growth. We are increasingly monitoring both the fiscal and monetary activities and their impact on overall economy and listed companies in specific. Your fund has been being rebalanced according to the expected changes considering the short and long term impacts.

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	GACUEQ: SL
Fund Size as of 31-03-2018	LKR 442.03Mn
Minimum Investment	LKR 1,000
NAV Per Unit as of 31-03-2018	LKR 18.2983

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