

Guardian Acuity Equity Fund

Open Ended Growth Fund

April 2019

HIGHLIGHT

The fund recorded a -0.97% return for the month and -9.03% return for 3 Months. The YTD return of the fund was -9.92% vs. benchmark ASPI return of -9.48%.

RETURNS*

PERIOD*	FUND	BENCHMARK ASPI	S&P SL 20	ASTRI
2019 April	-0.97%	-1.42%	-4.07%	-1.37%
3 Months	-9.03%	-8.54%	-14.52%	-8.41%
Year To Date (YTD 2019)	-9.92%	-9.48%	-16.19%	-9.34%
Since Inception Cum.	45.22%	0.03%	-11.10%	9.99%
Since Inception CAGR	5.34%	0.00%	-1.63%	1.34%

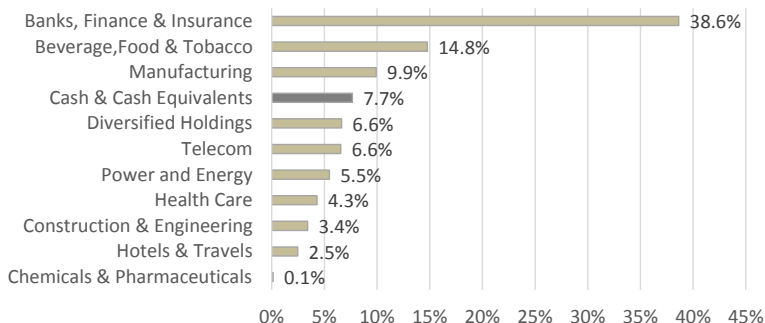
Note : All Share Price Index (ASPI) ,All Share Total Return Index(ASTRI) & S&P Srilanka 20 Index (S&P SL 20) are based on CSE data as of 30th April 2019

* Performances are based on month end prices as of 30th April 2019. Performance data included in this document represents past performance and is no guarantee of the future results.

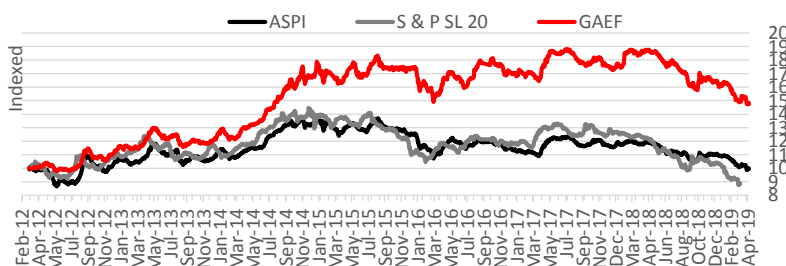
TOP 5 HOLDINGS BASED ON NAV

STOCK	TICKER	% OF NAV
CARGILLS (CEYLON) PLC	CARG.N	11.25%
CENTRAL FINANCE COMPANY PLC	CFIN.N	9.43%
PEOPLE'S LEASING & FINANCE PLC	PLC.N	8.99%
CEYLINCO INSURANCE PLC	CINS.N	7.84%
HEMAS HOLDINGS PLC	HHL.N	6.64%

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.



Tel: +94 112039377 E-mail: info@guardianacuity.com



Asanka Jayasekara
Senior Fund Manager

Sri Lanka faced the most devastating tragedy on Easter Sunday since the three decade long war ended in 2009. The deadly blasts killed more than 250 people and left hundreds more injured. Although my comment discusses the economic impact of these events my heartfelt condolences go out to my fellow Sri lankans who lost their loved ones on that tragic day. The impact on the economy is yet to be determined as many aspects of the economy were affected ranging from a tourism industry that earns four billion dollars to a daily income earners such as the trishaw drivers.

Against this backdrop, the Colombo bourse (CSE) plummeted by 3.63% on the next trading day after the attack but did not incur significant panic selling as foreign inflows came to John Keells PLC, amounting to Rs 1.3bn, on the following day. Over the last week of the month both John Keells and Commercial Banks received foreign buying interest which supported to hold the falling investor confidence and limited the drop of All Share Price Index to 1.42% for the month. Total net foreign inflow for the month was Rs 1.7bn. The CSE was not able to capitalise the global equity markets uptick in this year which delivered fantastic returns (year to date) in other markets both in developed such as US (+18.2%; S&P500), Europe ex UK (+18.3%; MSCI EUexUK) and UK (12.0%; UK FTSE), and emerging markets (12.7%; MSCI EM). In relative terms, the CSE's valuations (eg: PE ratio-8.5) are very attractive compared to other peer countries. Sluggish economic growth and political uncertainty prevailed over the last few quarters that hindered any positive factors albeit investors with long term investment horizon continue to hold and build their position in value stocks.

The fund recorded a 0.97% drop for the month compared to a 1.42% drop in the benchmark ASPI and 4.07% drop in S&P20. Sampath Bank, Dialog Axiata and Hemas Holdings were the top contributors to negative return while Peoples' Leasing and Ceylinco Insurance were the top two relative contributors that detracted from the negative returns. Further, low exposure to tourism sector (2.5%) helped the fund to outperform the ASPI movement in April. Year to date return stood at -9.92% and since inception annualised return dropped to 5.34% during the month.

We continuously monitor the direct impact of the attack on key sectors: (1) tourism (though our exposure is not a portfolio defining weight), (2) construction, retail sectors which could temporary slowdown due to supply and demand condition (3) banking & finance sector which may face further increase in non performing loans. Its indirect impact, which could trickle down to many other sectors, would depend on how swiftly and effectively handle this situation and when affirm the full control of the security of the country. At a macro-economic level, the current account deficit may deteriorate due to a reduction of tourism income as tourism is the third largest foreign exchange earner while delays in FDIs and other investment could add further stress to balance of payment. This may offset to some extent if import demand drop with slowdown in consumption. The budget deficit may also increase due to loss of tax revenue and increase in subsidy and defence cost. However current downward trend in interest rates may give some relief to the government budget and corporates' P&L together with the new relief package for tourism industry.

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 30-04-2019	LKR 251.49 Mn
Minimum Investment	LKR 1,000
Redemption Price as at 30-04-2019	LKR 14.5221

FUND FEES

Management Fee*	2.25% p.a.
Custodian & Trustee Fee*	0.30% p.a.
Exit Fee**	2.00% p.a.

*As a percentage of NAV

**If withdrawn prior to 1 year