

# Guardian Acuity Equity Fund

Open Ended Growth Fund

January 2021

## HIGHLIGHT

The fund recorded a 12.49% return for the month and 30.65% return for 3 Months. The

YTD return of the fund was 12.49% vs. benchmark ASPI return of 27.96%.

## RETURNS\*

PERIOD*	FUND	BENCHMARK ASPI	S&P SL 20	ASTRI
2021 January	12.49%	27.96%	33.21%	27.97%
3 Months	30.65%	51.37%	53.98%	51.44%
Year To Date (YTD 2021)	12.49%	27.96%	33.21%	27.97%
Since Inception Cum.	103.89%	58.27%	18.90%	74.72%
Since Inception CAGR	8.31%	5.28%	1.96%	6.45%

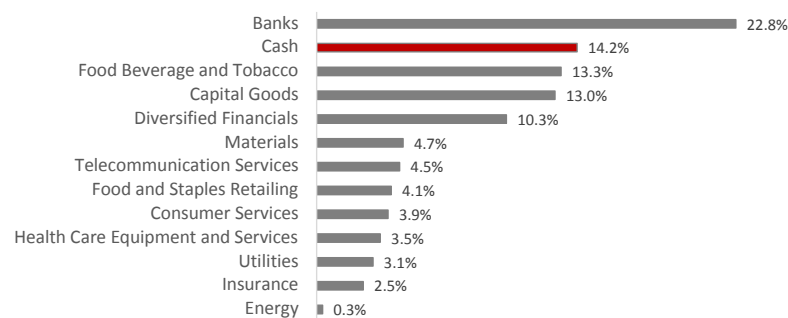
Note : All Share Price Index (ASPI) ,All Share Total Return Index(ASTRI) & S&P Srilanka 20 Index (S&P SL 20) are based on CSE data as of 29th January 2021

\* Performances are based on month end prices as of 29th January 2021. Performance data included in this document represents past performance and is no guarantee of the future results.

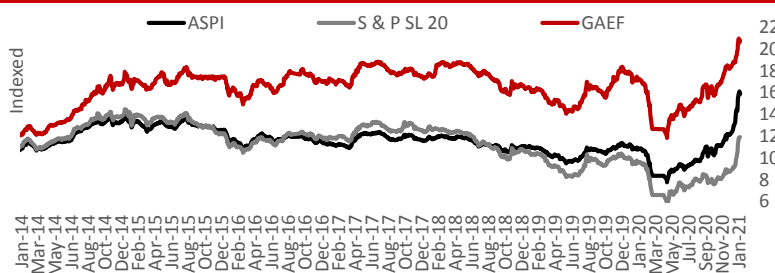
## TOP 5 HOLDINGS BASED ON NAV

STOCK	TICKER	% OF NAV
SAMPATH BANK PLC	SAMP.N0000	9.11%
COMMERCIAL BANK OF CEYLON PLC	COMB.N0000	8.86%
HEMAS HOLDINGS PLC	HEMS.N0000	7.61%
CENTRAL FINANCE COMPANY PLC	CFIN.N0000	6.24%
DISTILLERIES COMPANY OF SRI LANKA PLC	DIST.N0000	6.16%

## SECTOR ALLOCATION (WITH CASH & CASH EQUIVALENTS)



## GAEF VS. THE MARKET



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**Crishani Perera**  
Fund Manager

Equity markets across the globe started off 2021 on a strong note but gave up some of the gains towards end month amidst concerns on COVID-19 driven restrictions and delays in vaccine supply in Europe. Consequently developed market equities ended down 1%. However emerging markets outperformed ending January with a gain of 3% in MSCI EM index. Improving economic data and strong returns from China supported the outperformance.

The Colombo bourse emerged as one of the top performing markets globally during the month of January with the broader ASPI recording a staggering 28% return, whilst the more liquid large cap index S&P SL20 outperformed with a 33.2% gain. The unwavering rally was largely driven by outstanding share price increases in a few large & mid-cap counters. Despite gains across the board, these selected shares largely outperformed the liquid large cap companies.

The fund returned 12.49% during January, underperforming the benchmark ASPI. The underperformance was mainly attributable to the portfolios' lower exposure to the above mentioned select stocks which contributed largely to the market rally. Given that majority of these companies have shown short term & unsustainable spikes in profits, it is not fundamentally justifiable to take significant positions in the said counters with a medium term outlook. The fund continues its stock selection strategy focusing on valuations based on medium term normalized earnings and active rebalancing of the fund.

The current ultra-low interest rate environment, a substantial amount of excess liquidity in the system and an expected recovery in the economy is likely to keep the market afloat in the short term. However, the long term prospects of equities highly correlate with economic stability of the country. The structural changes required in the macro economy is essential for sustainability.

## 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 31-01-2021	LKR 358.85Mn
Minimum Investment	LKR 1,000
Redemption Price as at 31-01-2021	LKR 20.3866

## 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

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.