

INVESTOR

AIA Monthly Market and Unit Linked Fund update

For the month of June 2018

What you will find here

Your fund performance

- Summary
- Growth fund
- Balanced fund
- Secure fund
- Protected fund
- Stable Money Market fund

Market update

- Interest rate movement
- Stock market performance
- Economic highlights

Fund manager's outlook

- Fixed Income outlook
- Equity outlook

Unit-linked Price Performance – As at month end

	Growth	Balanced	Secure	Protected	Stable MM	ASPI
Since 01 Jan 2018 (YTD)	-1.9%	2.5%	4.9%	4.5%	4.9%	-2.7%
Annual Effective Growth Rate						
1 year	-2.3%	5.4%	9.9%	9.2%	9.9%	-8.2%
3 years	0.2%	5.7%	8.9%	8.4%	-	-4.1%
5 years	2.8%	6.3%	8.4%	8.0%	-	0.2%
7 years	3.2%	6.4%	8.5%	8.1%	-	-1.4%
From Inception - CAGR	11.6%	11.7%	10.3%	9.8%	9.5%	8.6%

Note: past performance is not an indication of future performance

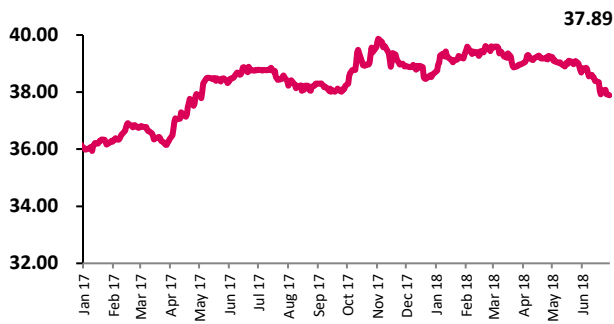
*The Stable Money Market fund was introduced on 21 Apr 2017.

Disclaimer:

The information in this report should not be considered as investment advice or a guarantee of future performance of Unit-linked funds of AIA since it is only based on historical data. AIA has tried its best to ensure accuracy of this report. AIA, its employees or authorised agents cannot be held responsible in any way for any errors or omissions in this document. AIA clearly denies all liabilities for any loss or damage, which may be suffered by any person as a result of relying on this information, even if such loss or damage is occurred by any fault or negligence of AIA, its employees or authorised agents.

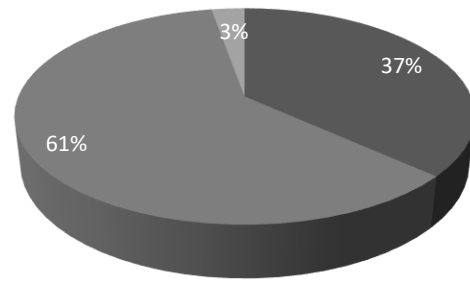
Your fund performance: Growth fund

Unit Price Movement



Note: past performance is not an indication of future performance

Asset Allocation



■ Government Securities ■ Fixed Deposits ■ Equity ■ Money Market

Note: The asset allocation for the fund is presented as at month end. The future asset allocation may change based on market conditions and investment strategy.

Unit Price Growth (as a percentage)

*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2017 to 30/06/2018

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018**
Unit Price	11.92	11.98	9.42	17.32	32.17	28.34	30.16	32.30	38.06	36.52	36.12	38.64	37.89
Growth (%)	19.2%	0.5%	-21.4%	83.9%	95.7%	-11.9%	6.4%	7.1%	17.8%	-4.0%	-1.1%	7.0%	-1.9%

Note: past performance is not an indication of future performance

Equity Allocation

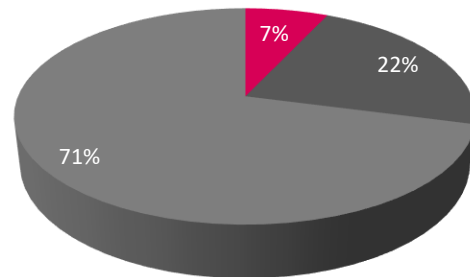
Sector	%
Banks, Finance and Insurance	72
Diversified Holdings	12
Manufacturing	10
Construction and Engineering	3
Hotels and Travels	3
Total	100

Top Equity Holdings*

Central Finance	LB Finance
Chevron Lubricants	People's Leasing
Commercial Bank	Royal Ceramics
Hatton National Bank	Sampath Bank
John Keells Holdings	Seylan Bank

*Note: In alphabetical order

Credit Rating



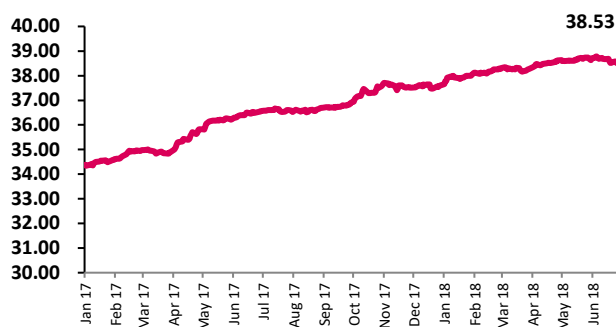
■ AAA Rating ■ AA Rating ■ A Rating

Note: The credit rating is presented as at month end for investments in fixed deposits, and does not include ratings for equity investments. All ratings are by Fitch Ratings Lanka.

- The annual average growth rate of the unit price for the Growth fund is 11.6% per year, since the unit linked fund was started.
- The unit price has decreased by 1.9% for the period 01 January 2018 to 30 June 2018.

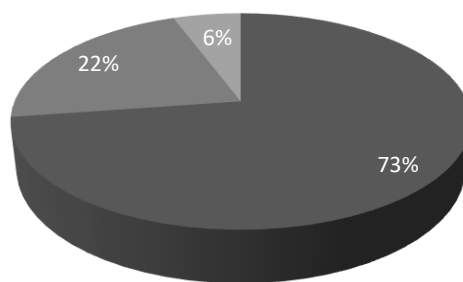
Your fund performance: Balanced fund

Unit Price Movement



Note: past performance is not an indication of future performance

Asset Allocation



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Note: The asset allocation for the fund is presented as at month end. The future asset allocation may change based on market conditions and investment strategy.

Unit Price Growth (as a percentage)

*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2017 to 30/06/2018

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018**
Unit Price	11.43	12.19	11.62	17.23	25.18	24.18	26.22	28.87	32.36	32.90	34.40	37.60	38.53
Growth (%)	14.3%	6.6%	-4.7%	48.3%	46.1%	-4.0%	8.4%	10.1%	12.1%	1.7%	4.6%	9.3%	2.5%

Note: past performance is not an indication of future performance

Equity Allocation

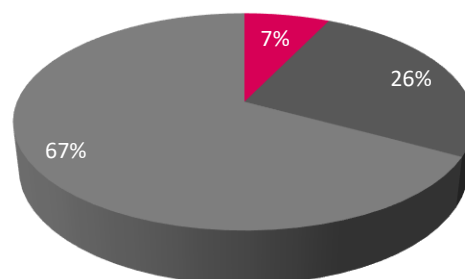
Sector	%
Banks, Finance and Insurance	71
Diversified Holdings	14
Manufacturing	8
Construction and Engineering	5
Hotels and Travels	2
Total	100

Top Equity Holdings*

Access Engineering	LB Finance
Central Finance	People's Leasing
Commercial Bank	Royal Ceramics
Hatton National Bank	Sampath Bank
John Keells Holdings	Seylan Bank

*Note: (In alphabetical order)

Credit Rating



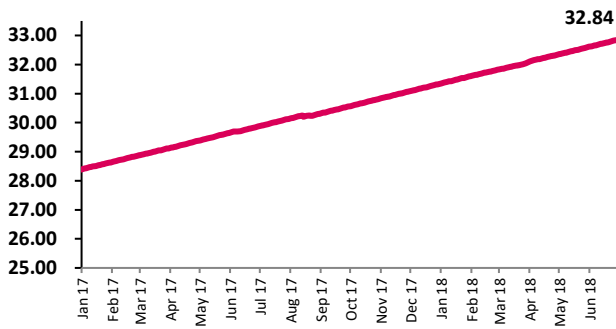
■ AAA Rating ■ AA Rating ■ A Rating

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- The annual average growth rate of the unit price for the Balanced fund is 11.7% per year, since the unit linked fund was started.
- The unit price has increased by 2.5% for the period 01 January 2018 to 30 June 2018.

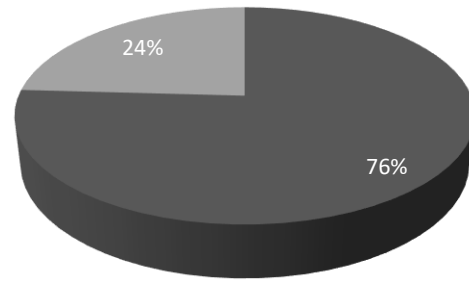
Your fund performance: Secure fund

Unit Price Movement



Note: past performance is not an indication of future performance

Asset Allocation



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Note: The asset allocation for the fund is presented as at month end. The future asset allocation may change based on market conditions and investment strategy.

Unit Price Growth (as a percentage)

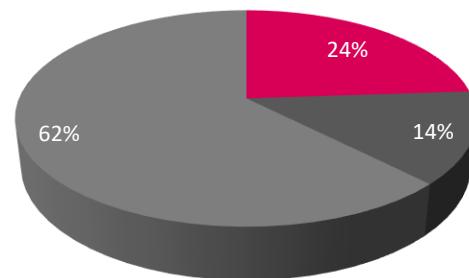
*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2017 to 30/06/2018

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018**
Unit Price	10.83	11.91	13.04	15.74	17.97	19.09	20.75	23.02	24.76	26.21	28.37	31.32	32.84
Growth (%)	8.3%	10.0%	9.5%	20.7%	14.2%	6.2%	8.7%	10.9%	7.6%	5.9%	8.2%	10.4%	4.9%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Secure fund is 10.3% per year, since the unit linked fund was started.
- The unit price has increased by 4.9% for the period 01 January 2018 to 30 June 2018.

Credit Rating

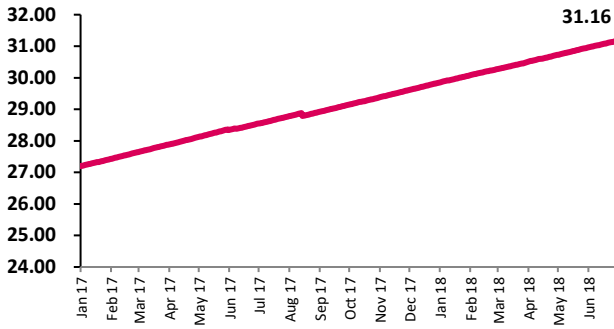


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Note: The credit rating is presented as at month end for investments in fixed deposits, and does not include ratings for equity investments. All ratings are by Fitch Ratings Lanka.

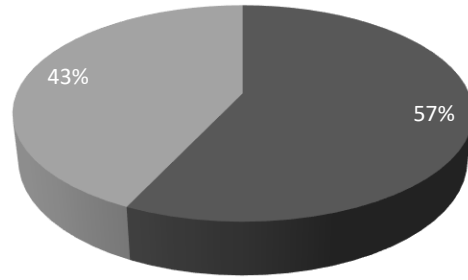
Your fund performance: Protected fund

Unit Price Movement



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Asset Allocation



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Note: The asset allocation for the fund is presented as at month end. The future asset allocation may change based on market conditions and investment strategy.

Unit Price Growth (as a percentage)

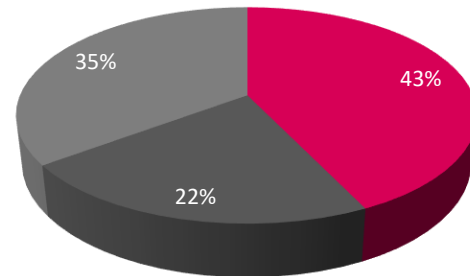
*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2017 to 30/06/2018

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018**
Unit Price	10.58	11.91	14.25	16.23	17.54	18.58	20.16	22.27	23.81	25.20	27.18	29.82	31.16
Growth (%)	5.8%	12.6%	19.6%	13.9%	8.1%	5.9%	8.5%	10.5%	6.9%	5.8%	7.9%	9.7%	4.5%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Protected fund is 9.8% per year, since the unit linked fund was started.
- The unit price has performed better than the guaranteed gross return every year.
- The unit price has increased by 4.5% for the period 01 January 2018 to 30 June 2018.

Credit Rating

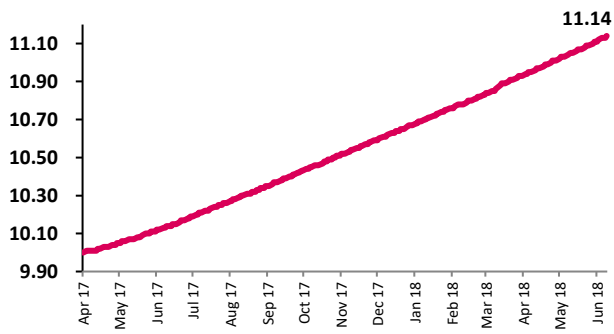


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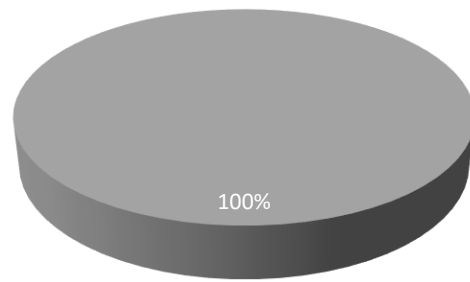
Your fund performance: Stable Money Market fund

Unit Price Movement



Note: past performance is not an indication of future performance

Asset Allocation



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Unit Price Growth (as a percentage)

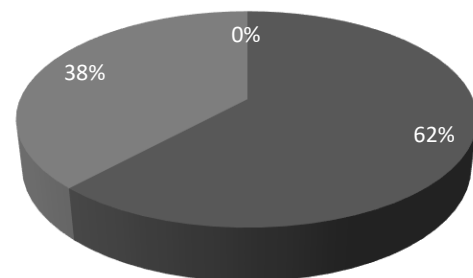
*Since inception – 21/04/2017 to 31/12/2017 **Period from 31/12/2017 to 30/06/2018

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017*	2018**
Unit Price	-	-	-	-	-	-	-	-	-	-	-	10.62	11.14
Growth (%)	-	-	-	-	-	-	-	-	-	-	-	6.2%	4.9%

Note: past performance is not an indication of future performance

- The Stable Money Market fund was introduced on 21 April 2017.
- The annual average growth rate of the unit price for the Protected fund is 9.5% per year, since the unit linked fund was started.
- The unit price has increased by 4.9% for the period 01 January 2018 to 30 June 2018.

Credit Rating



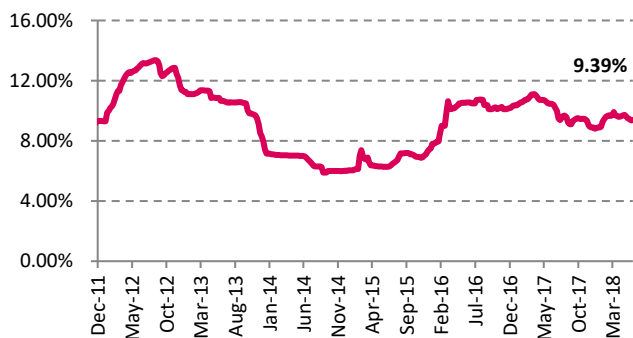
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Market Update: Interest Rates

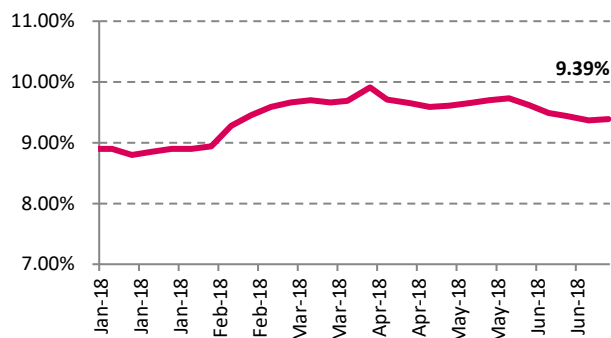
We use the 364-day T- Bill as an indicator of how interest rates move

364-day T-bill: Since 01 Jan 2012



Note: past performance is not an indication of future performance

364-day T-bill: Since 01 Jan 2018

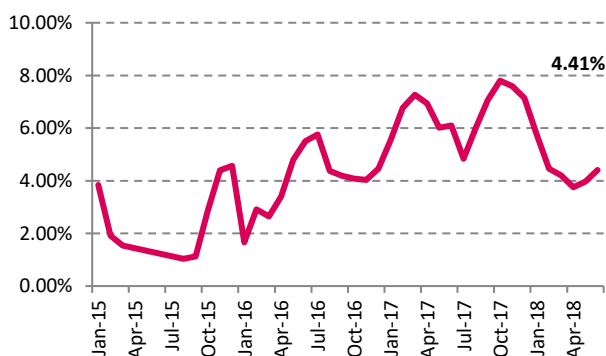


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Major events during the month

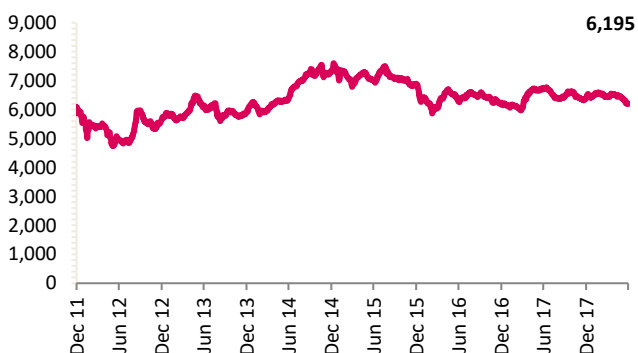
- Central Bank raised LKR 58 billion by issuing treasury bills and LKR 90 billion by issuing treasury bonds.
- Central Bank policy rates play a key role in determining the direction and level of market interest rates. The Central Bank maintained policy rates unchanged during the month, a reflection of its intent.
- Short term interest rates were volatile over the month. For example, the benchmark 364-day Treasury bill rate decreased to 9.39% by end of the month against 9.73% in May 2018.

Inflation: Since 01 Jan 2015

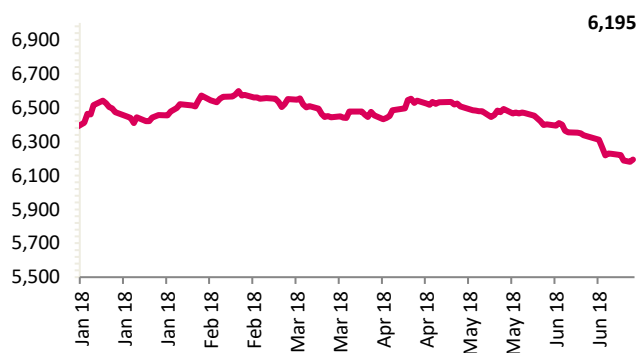


Market Update: Stock Market

ASPI Movement: Since 01 Jan 2012



ASPI Movement: Since 01 Jan 2018



ASPI Performance (as a percentage)

*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2017 to 30/06/2018

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018**
ASI	2,722.36	2,540.99	1,503.02	3,385.55	6,635.87	6,074.42	5,643.00	5,912.78	7,298.95	6,894.50	6,228.26	6,369.26	6,194.63
Growth (%)	5.8%	-6.7%	-40.8%	125.2%	96.0%	-8.5%	-7.1%	4.8%	23.4%	-5.5%	-9.7%	2.3%	-2.7%

Highlights of the performance

- The annual average growth rate of ASPI is 8.6% per year.
- The ASPI has increased by -2.7% for the period of 01 January 2018 to 30 June 2018.

Market Update: Stock Market

For the month

Description	Jun-2018	May-2018
All Share Price Index (ASPI)	6,195	6,398
ASPI growth for the month	-3.2%	-2.0%
Total market turnover (LKR Mn)	11,587	15,742
Market Capitalisation (LKR Bn)	2,894	2,989
PE Ratio (times)	10.4x	10.7x

Highlights of the month

- The equity market performance decreased by 3.2% in June 2018 with low retail activity.
- The ASPI decreased by 2.7% over the period 01 January 2017 to 30 June 2018.
- Foreign investors brought LKR 50 million on a net basis in June 2018, resulting in a net outflow of LKR 1.3 billion during the year to date 2018.

10 Companies with highest market Capitalisation on the CSE as at end of month

- JKH
- CEYLON TOBACCO
- COMMERCIAL BANK
- DIALOG
- HNB
- NESTLE
- COLD STORES
- SAMPATH BANK
- HEMAS HOLDINGS
- MELSTACORP

Fund manager's outlook



Fixed income outlook

- The benchmark 364-day Treasury bill rates declined for the month of June by 34 basis points to 9.39%.
- Foreign holding in LKR denominated debt continued to decrease to LKR 295 billion.
- Market liquidity remained negative LKR 33.7 billion. Inflation for the month of June increased to 4.4% from 4.0% reported in May 2018.
- The increase in the US interest rates coupled with widening trade deficits (LKR 3.9 billion) is expected to add pressure on local interest rates

Equity outlook

- YTD the ASPI declined by -2.74% while the more liquid S&P Sri Lanka index has lost 7.70%.
- The lackluster sentiment is expected to continue in the immediate short term due to political uncertainty coupled with weaker disposable income weighing on corporate earnings growth.
- Foreigners were net sellers on the bourse selling LKR 1.3 billion as of 30 June 2018.
- Given higher US rates and stronger US dollar there has been foreign selling from emerging markets which is expected to impact Sri Lanka as well.

About AIA

AIA Group is the pre-eminent life insurance provider in the Asia Pacific region.

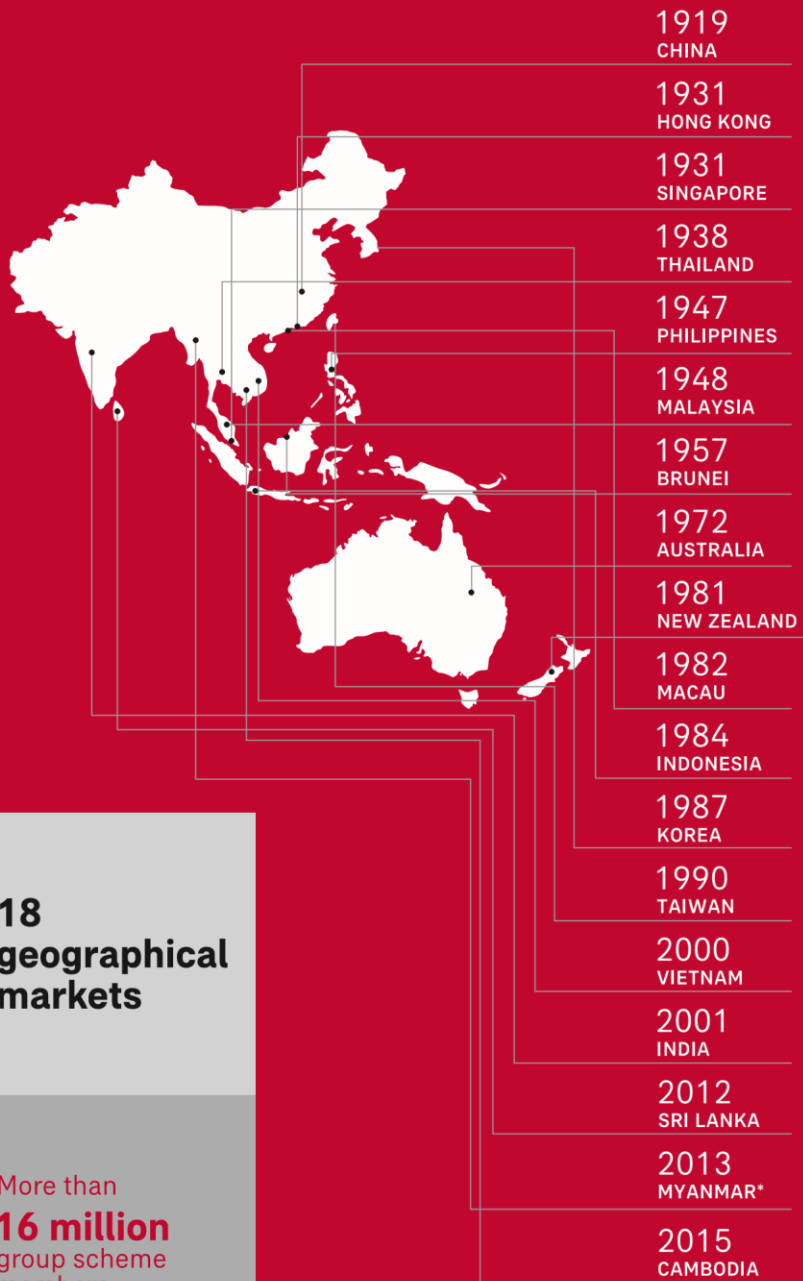
A total Sum Assured of over **US\$1 trillion**

Almost 100 years of history in Asia

More than **30 million** individual policies

18 geographical markets

More than **16 million** group scheme members



*AIA has a representative office in Myanmar



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