

# INVESTOR

## AIA Monthly Market and Unit Linked Fund update

For the month of November 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 November

	Growth	Balanced	Secure	Protected	Stable MM	ASPI
Since 01 Jan 2018 (YTD)	-3.2%	4.8%	9.2%	8.6%	9.2%	-5.5%
Annual Effective Growth Rate						
1 year	-3.9%	5.0%	10.1%	9.4%	10.1%	-6.1%
3 years	0.8%	6.3%	9.5%	8.9%	-	-4.5%
5 years	3.7%	6.8%	8.4%	7.9%	-	0.8%
7 years	4.2%	7.3%	8.8%	8.3%	-	-0.2%
From Inception - CAGR	11.0%	11.5%	10.3%	9.8%	9.7%	8.0%

Note: past performance is not an indication of future performance

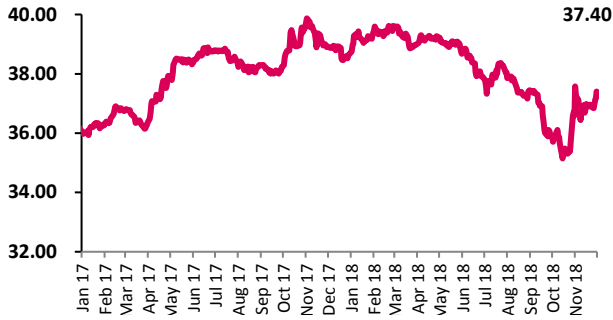
\*The Stable Money Market fund was introduced on 21 Apr 2017.

#### 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.

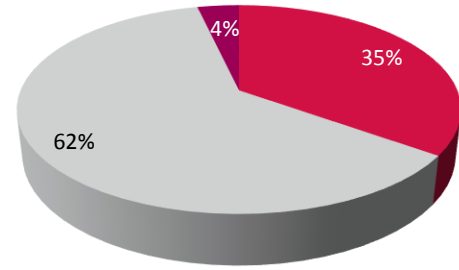
# Your fund performance: Growth fund

## 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 30/11/2018

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	37.40
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%	-3.2%

Note: past performance is not an indication of future performance

## Equity Allocation

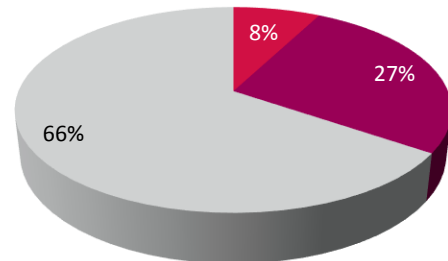
Sector	%
Banks, Finance and Insurance	74
Diversified Holdings	13
Manufacturing	5
Construction and Engineering	5
Hotels and Travels	3
Total	100

## 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



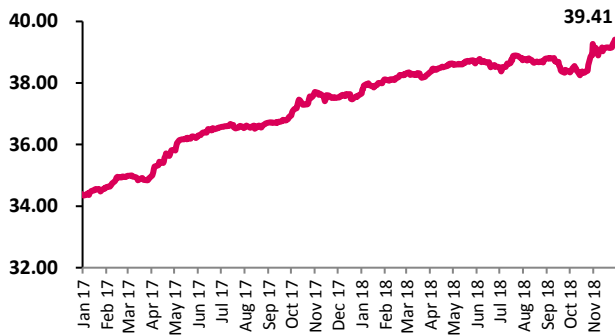
■ AAA Rating ■ AA Rating ■ A Rating

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 11.0% per year, since the unit linked fund was started.
- The unit price has decreased by 3.2% for the period 01 January 2018 to 30 November 2018.

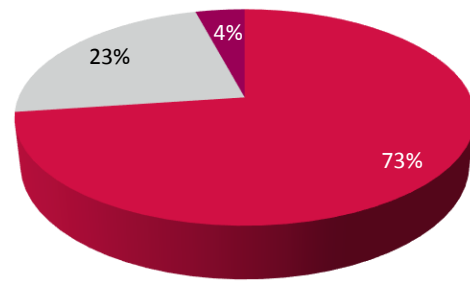
## Your fund performance: Balanced fund

### 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 30/11/2018

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	39.41
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%	4.8%

Note: past performance is not an indication of future performance

### Equity Allocation

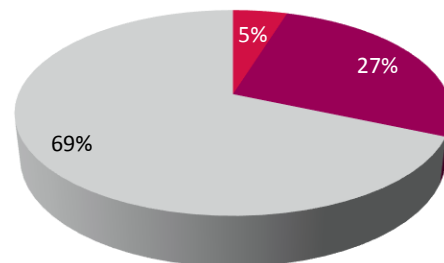
Sector	%
Banks, Finance and Insurance	70
Diversified Holdings	16
Manufacturing	5
Construction and Engineering	7
Hotels and Travels	2
Total	100

### 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



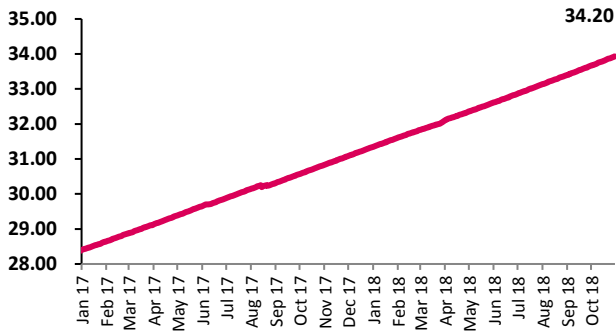
■ AAA Rating ■ AA Rating ■ A Rating

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 Balanced fund is 11.5% per year, since the unit linked fund was started.
- The unit price has increased by 4.8% for the period 01 January 2018 to 30 November 2018.

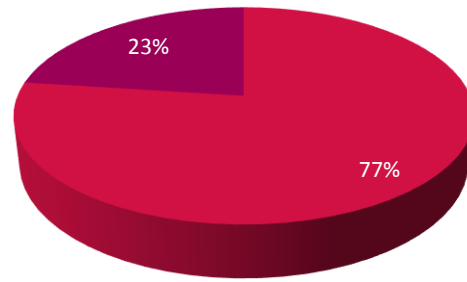
# Your fund performance: Secure fund

## Unit Price Movement



Note: past performance is not an indication of future performance

## Asset Allocation



Legend: 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)

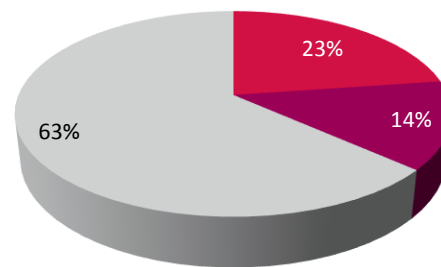
\*Since inception – 02/05/2006 to 31/12/2006 \*\*Period from 31/12/2017 to 30/11/2018

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	34.20
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%	9.2%

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 9.2% for the period 01 January 2018 to 30 November 2018.

## Credit Rating

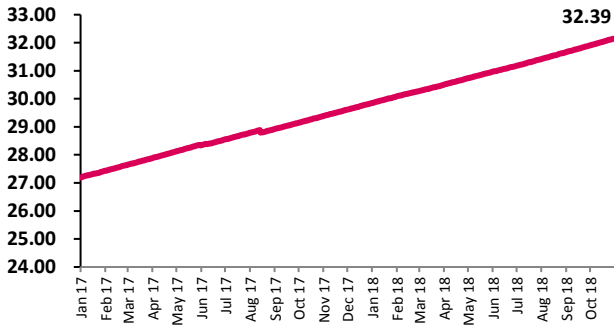


Legend: AAA Rating, AA Rating, A Rating

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.

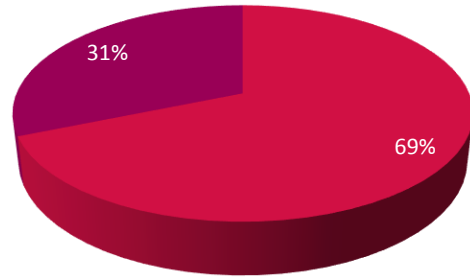
# Your fund performance: Protected fund

## 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)

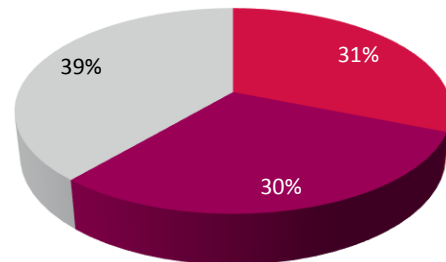
\*Since inception – 02/05/2006 to 31/12/2006 \*\*Period from 31/12/2017 to 30/11/2018

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	32.39
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%	8.6%

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 returns every year.
- The unit price has increased by 8.6% for the period 01 January 2018 to 30 November 2018.

## Credit Rating

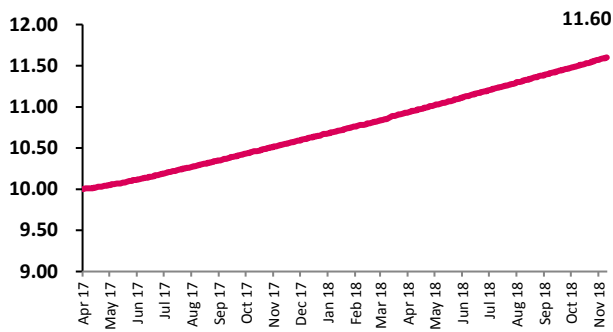


AAA Rating AA Rating A Rating

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.

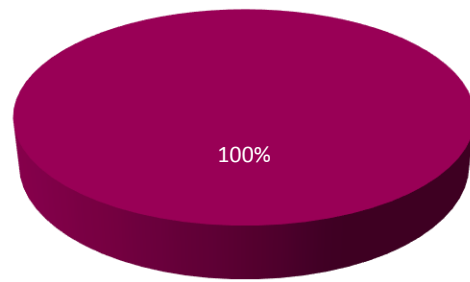
# Your fund performance: Stable Money Market fund

## 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)

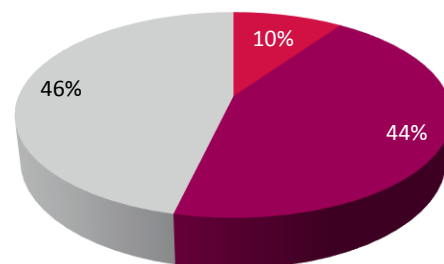
\*Since inception – 21/04/2017 to 31/12/2017 \*\*Period from 31/12/2017 to 30/11/2018

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017*	2018**
Unit Price	-	-	-	-	-	-	-	-	-	-	-	10.62	11.60
Growth (%)	-	-	-	-	-	-	-	-	-	-	-	6.2%	9.2%

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 9.7% per year, since the unit linked fund was started.
- The unit price has increased by 9.2% for the period 01 January 2018 to 30 November 2018.

## Credit Rating



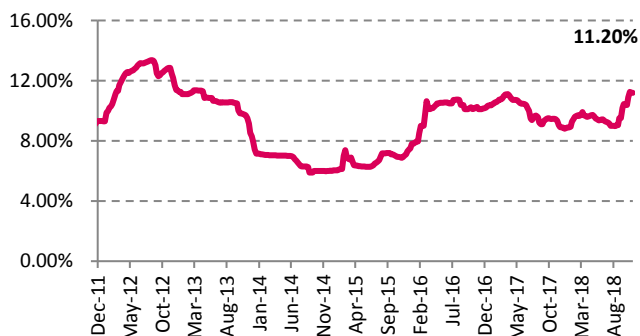
■ AAA Rating ■ AA Rating ■ A Rating

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.

## Market Update: Interest Rates

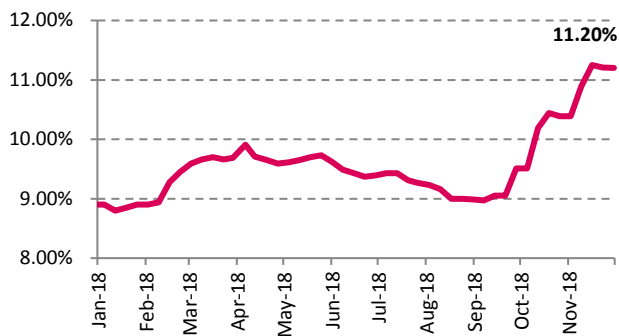
We use the 364-day T- Bill as an indicator of how interest rates move

### 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

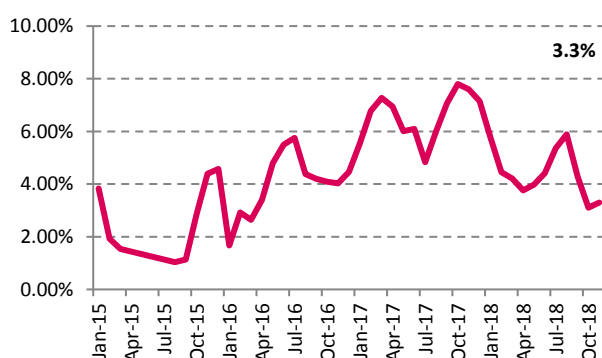


Note: past performance is not an indication of future performance

### Major events during the month

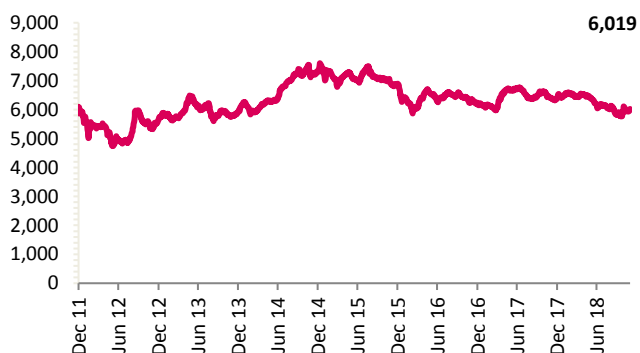
- Central Bank raised LKR 59 billion by issuing treasury bills and LKR 98 billion by issuing treasury bonds.
- Central Bank policy rates play a key role in determining the direction and level of market interest rates. The Central Bank raised the SDFR by 75 basis points and SLFR by 50 basis points and to neutralize this impact, the SRR was reduced by 150 basis points.
- Short term interest rates increased over the month. For example, the benchmark 364-day Treasury bill rate increased to 11.21 % by end of the month against 10.39% in October 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 30/11/2018

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	6,019.33
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%	-5.5%

### Highlights of the performance

- The annual average growth rate of ASPI is 8.0% per year.
- The ASPI has decreased by 5.5% for the period of 01 January 2018 to 30 November 2018.

## Market Update: Stock Market

### For the month

Description	Nov-2018	Oct-2018
All Share Price Index (ASPI)	6,019.33	5,953.47
ASPI growth for the month	1.1%	1.6%
Total market turnover (LKR Mn)	24,788	17,609
Market Capitalization (LKR Bn)	2,823	2,793
PE Ratio (times)	9.5x	9.4x

### Highlights of the month

- The equity market performance increased by 1.1% in November 2018.
- The ASPI decreased by 5.5% over the period 01 January 2017 to 30 November 2018.
- There was a negative foreign outflow of LKR 5.3 billion on a net basis in November 2018, resulting in a net outflow of LKR 18.1 billion during the year to date 2018.

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

- CEYLON TOBACCO
- JKH
- COMMERCIAL BANK
- DIALOG
- NESTLE
- HNB
- COLD STORES
- DISTILLERIES COMPANY OF SRI LANKA
- SAMPATH BANK
- MELSTACORP

## Fund manager's outlook



### Fixed income outlook

- The benchmark 364-day Treasury bill rate increased to 11.20%, while across the yield curve there was a parallel upward increase in rates, amidst foreign selling and political turmoil.
- At the November monetary policy meeting, the Central bank increased the SDFR by 75 basis points while the SLFR was increased by 50 basis points and the SRR was cut by 150 basis points.
- Money markets remained at a deficit of LKR 62 billion which continued to add pressure on rates.
- Inflation for the month of November stood at 3.3% mainly due to a rise in food inflation owing to the recent rains; the phenomenon is expected to be temporary.
- Oil prices have declined and US Federal reserve is expected to adopt a softer stance on future rates hikes setting a positive for emerging market debt issuers such as Sri Lanka.

### Equity outlook

- Equity markets closed the month on a positive note with the ASPI increasing by 1.11% while the more liquid S&P SL 20 index gained 3.06%. However on a YTD basis, the equity markets still remained negative, losing 5.49%.
- Foreigners continue to be net sellers on the bourse with LKR 18 billion sold for the year (LKR 5.2 billion MTD).
- We believe the US Federal reserve softening its stance on further rate hikes will be positive for emerging markets.



# About AIA

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

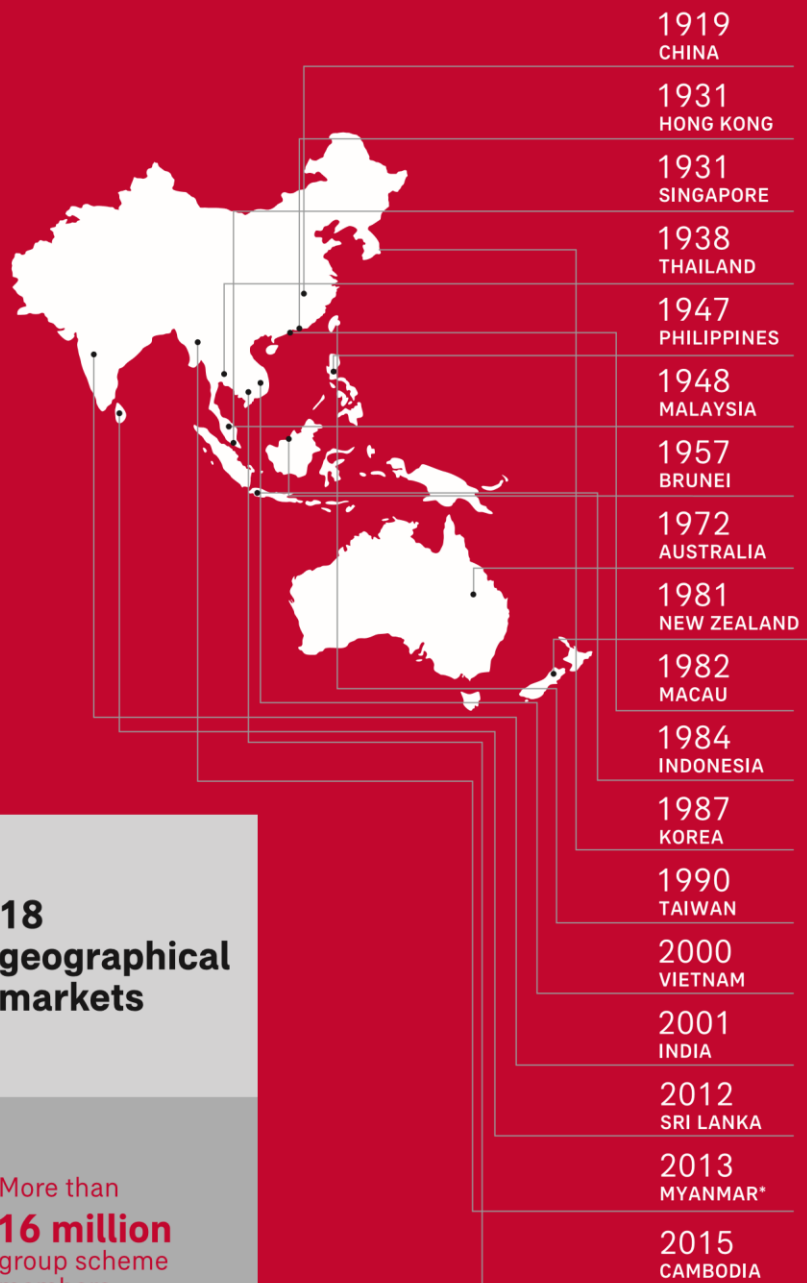
A total Sum Assured of over **US\$1 trillion**

**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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