

# INVESTOR

## AIA Monthly Market and Unit Linked Fund update

For the month of September 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 September

	Growth	Balanced	Secure	Protected	Stable MM	ASPI
Since 01 Jan 2018 (YTD)	-6.9%	2.1%	7.4%	6.9%	7.4%	-8.0%
Annual Effective Growth Rate						
1 year	-5.9%	4.0%	10.1%	9.4%	10.0%	-8.9%
3 years	-1.4%	5.2%	9.2%	8.7%	-	-6.0%
5 years	2.8%	6.5%	8.4%	7.9%	-	0.2%
7 years	2.7%	6.4%	8.7%	8.2%	-	-2.1%
From Inception - CAGR	10.9%	11.4%	10.3%	9.8%	9.6%	7.9%

Note: past performance is not an indication of future performance

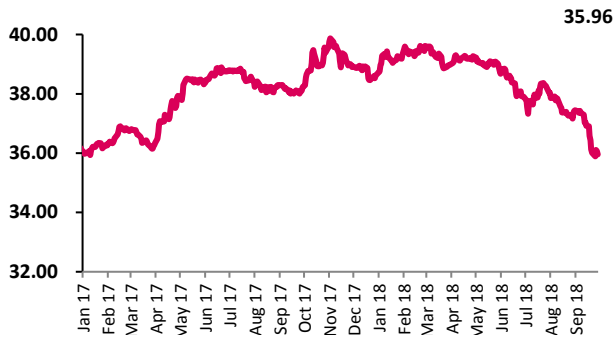
\*The Stable Money Market fund was introduced on 21 Apr 2017.

#### Disclaimer:

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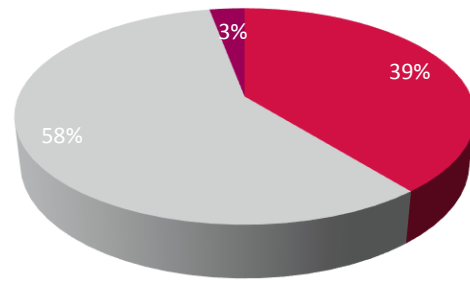
# Your fund performance: Growth fund

## Unit Price Movement



Note: past performance is not an indication of future performance

## Asset Allocation



Legend: Government Securities (Grey), Fixed Deposits (Red), Equity (Light Grey), Money Market (Dark Red)

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 30/09/2018

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	35.96
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%	-6.9%

Note: past performance is not an indication of future performance

## Equity Allocation

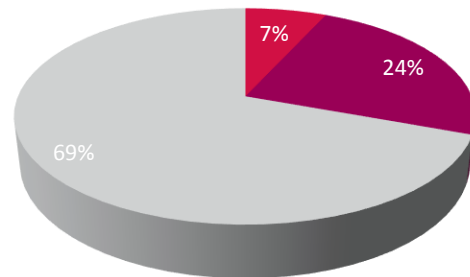
Sector	%
Banks, Finance and Insurance	73
Diversified Holdings	12
Manufacturing	7
Construction and Engineering	4
Hotels and Travels	4
Total	100

## 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



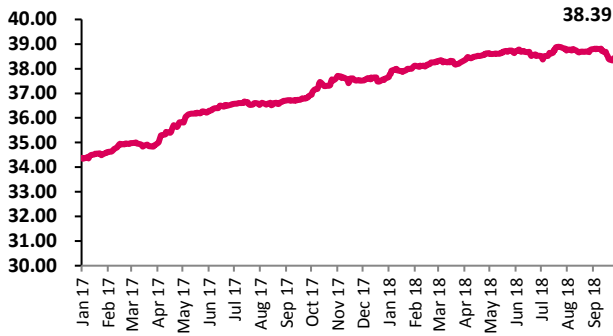
Legend: AAA Rating (Red), AA Rating (Dark Red), A Rating (Grey)

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 10.9% per year, since the unit linked fund was started.
- The unit price has decreased by 6.9% for the period 01 January 2018 to 30 September 2018.

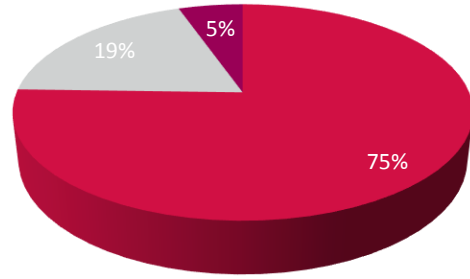
# Your fund performance: Balanced fund

## 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 30/09/2018

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	38.39
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%	2.1%

Note: past performance is not an indication of future performance

## Equity Allocation

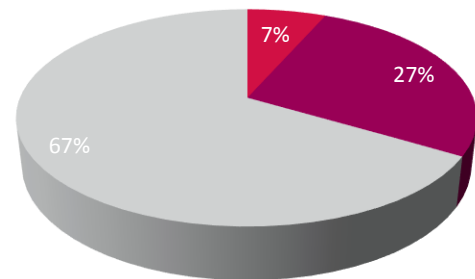
Sector	%
Banks, Finance and Insurance	71
Diversified Holdings	14
Manufacturing	8
Construction and Engineering	5
Hotels and Travels	2
Total	100

## Top Equity Holdings\*

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

\*Note: (In alphabetical order)

## Credit Rating



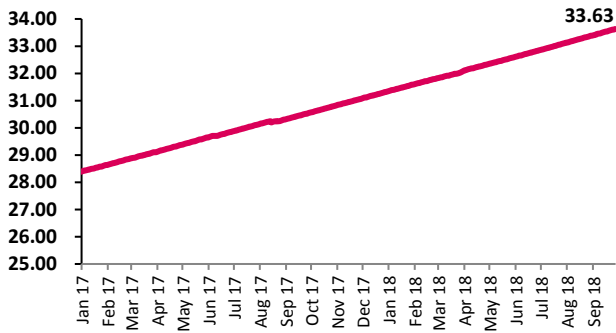
AAA Rating AA Rating A Rating

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 11.4% per year, since the unit linked fund was started.
- The unit price has increased by 2.1% for the period 01 January 2018 to 30 September 2018.

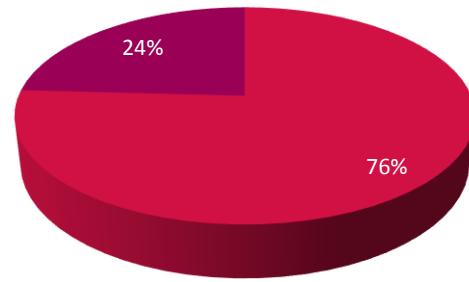
# Your fund performance: Secure fund

## Unit Price Movement



Note: past performance is not an indication of future performance

## Asset Allocation



Legend: Government Securities (light blue), Fixed Deposits (red), Equity (grey), Money Market (purple)

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)

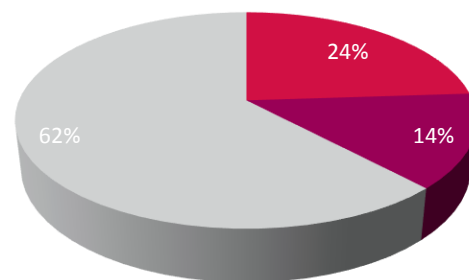
\*Since inception – 02/05/2006 to 31/12/2006 \*\*Period from 31/12/2017 to 30/09/2018

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	33.63
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%	7.4%

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 7.4% for the period 01 January 2018 to 30 September 2018.

## Credit Rating



Legend: AAA Rating (red), AA Rating (purple), A Rating (grey)

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.

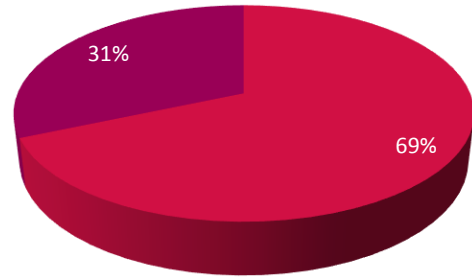
# Your fund performance: Protected fund

## 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)

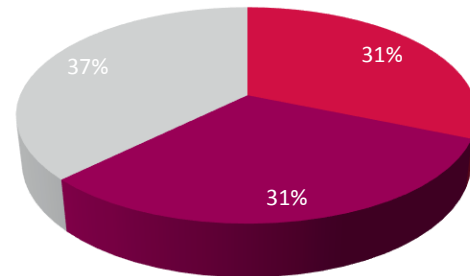
\*Since inception – 02/05/2006 to 31/12/2006 \*\*Period from 31/12/2017 to 30/09/2018

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	31.88
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%	6.9%

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 6.9% for the period 01 January 2018 to 30 September 2018.

## Credit Rating

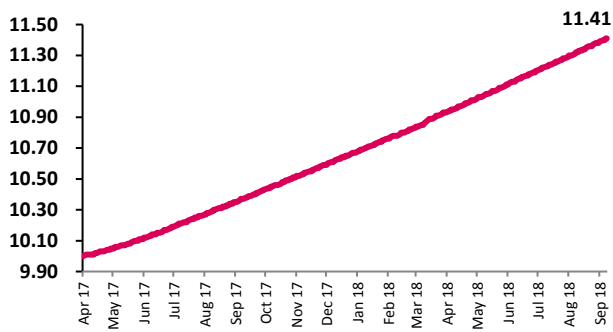


AAA Rating AA Rating A Rating

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.

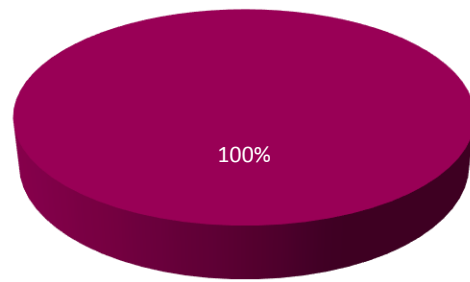
# Your fund performance: Stable Money Market fund

## 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)

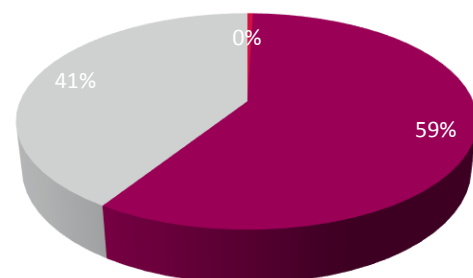
\*Since inception – 21/04/2017 to 31/12/2017 \*\*Period from 31/12/2017 to 30/09/2018

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017*	2018**
Unit Price	-	-	-	-	-	-	-	-	-	-	-	10.62	11.41
Growth (%)	-	-	-	-	-	-	-	-	-	-	-	6.2%	7.4%

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 9.6% per year, since the unit linked fund was started.
- The unit price has increased by 7.4% for the period 01 January 2018 to 30 September 2018.

## Credit Rating



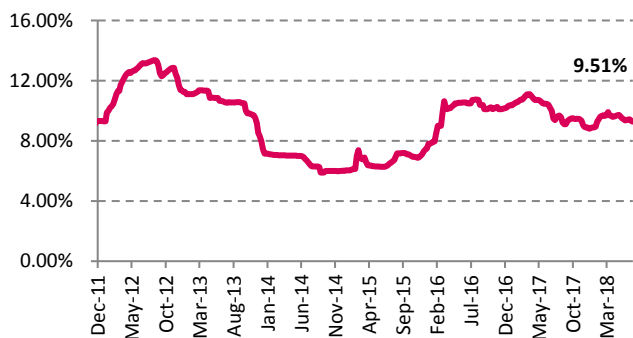
■ AAA Rating ■ AA Rating ■ A Rating

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

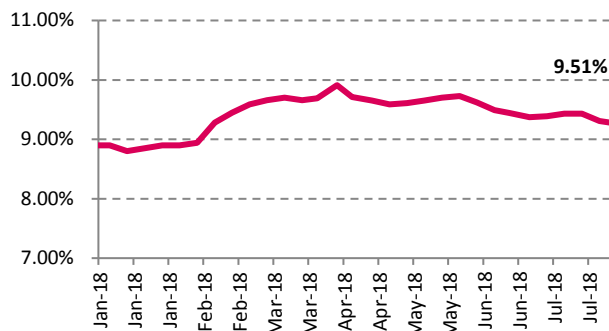
We use the 364-day T-Bill as an indicator of how interest rates move

### 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

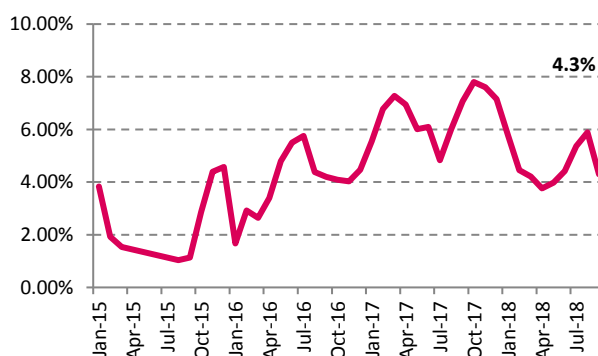


Note: past performance is not an indication of future performance

### Major events during the month

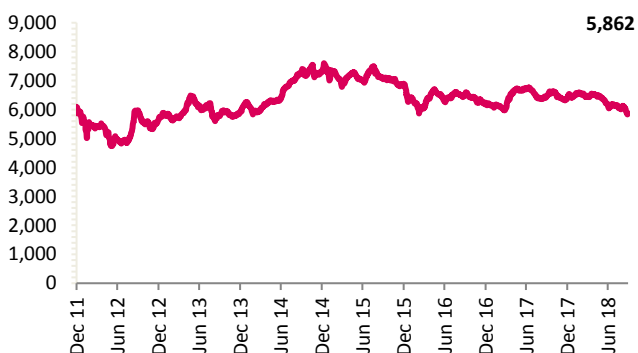
- Central Bank raised LKR 33 billion by issuing treasury bills and LKR 60 billion by issuing treasury bonds.
- Central Bank policy rates play a key role in determining the direction and level of market interest rates. The Central Bank maintained policy rates unchanged during the month, a reflection of its intent.
- Short term interest rates were volatile over the month. For example, the benchmark 364-day Treasury bill rate increased to 9.51% by end of the month against 8.99% in August 2018.

### Inflation: Since 01 Jan 2015

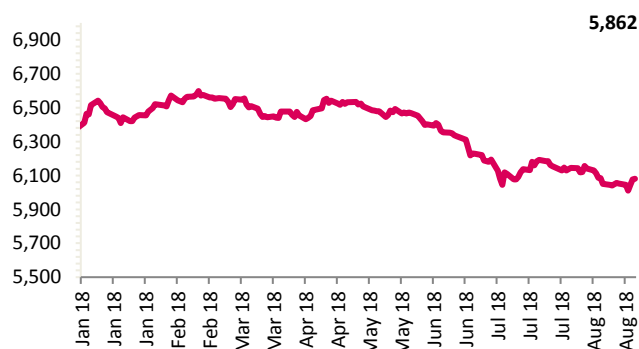


## Market Update: Stock Market

### 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 30/09/2018

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	5,862.18
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%	-8.0%

### Highlights of the performance

- The annual average growth rate of ASPI is 7.9% per year.
- The ASPI has decreased by -8.0% for the period of 01 January 2018 to 30 September 2018.

## Market Update: Stock Market

### For the month

Description	Sep-2018	Aug-2018
All Share Price Index (ASPI)	5,862.18	6,080.26
ASPI growth for the month	-8.00%	-1.09%
Total market turnover (LKR Mn)	10,916	12,027
Market Capitalization (LKR Bn)	2,753	2,849
PE Ratio (times)	9.2x	9.5x

### Highlights of the month

- The equity market performance decreased by 3.6% in September 2018 with foreign outflows in blue-chips.
- The ASPI decreased by 8.0% over the period 01 January 2017 to 30 September 2018.
- There was a negative foreign outflow of LKR 1.7 billion on a net basis in September 2018, resulting in a net outflow of LKR 5.8 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 stock market recorded a sharp decline in September, as the two main indices of Colombo Stock Exchange, ASPI and S&P SL 20 Index declined by 3.6% and 7.0% respectively. On YTD basis the ASPI has declined by 8.0% while the S&P SL 20 index has lost 18.2%.
- Weak macroeconomic conditions led to continuous foreign selling (LKR 1.7 billion in September 2018) on equities which led the benchmark ASPI to drop below 6,000 mark.
- It is expected the market to be range bound and carry the weak investor sentiment in to the fourth quarter of 2018.

### Equity outlook

- Government securities rates recorded a sharp increase, with the benchmark 364-day Treasury bill rate increasing by over 50 basis points during September to 9.5%.
- Sri Lanka witnessed aggressive foreign selling on LKR denominated debt, as the foreign holding declined to 5.0% as at end of September 2018 from 5.9% in August 2018.
- Foreign selling during the month of September stood at LKR 28.0 billion.
- The overall liquidity level became negative during the month as it closed the month at negative LKR 57.6 billion.
- The Central bank expect an inflow of USD 1.0 billion in the form of a loan syndication from China development bank in October 2018. This may temporarily settle the volatility of currency and interest rates.



# About AIA

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

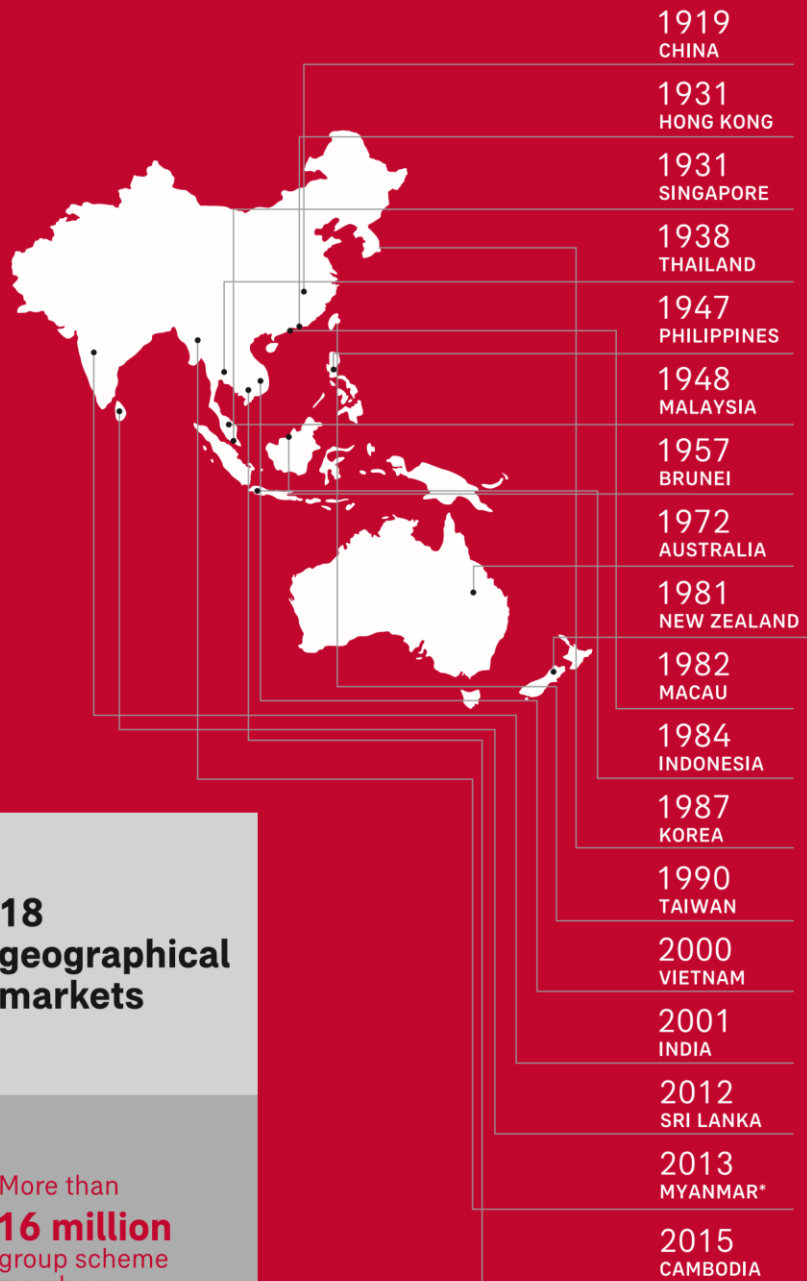
A total Sum Assured of over **US\$1 trillion**

**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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