

INVESTOR

AIA Monthly Market and Unit Linked Fund update

For the month of August 2019

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 2019 (YTD)	-0.2%	4.3%	6.9%	6.5%	6.8%	-2.7%
Annual Effective Growth Rate						
1 year	-0.2%	6.5%	10.5%	9.9%	10.4%	-3.1%
3 years	1.2%	6.9%	10.3%	9.7%	-	-3.4%
5 years	0.5%	5.7%	8.7%	8.3%	-	-3.5%
7 years	4.2%	7.6%	9.1%	8.6%	-	1.9%
From Inception - CAGR	10.4%	11.2%	10.3%	9.8%	9.9%	7.4%

Note: past performance is not an indication of future performance

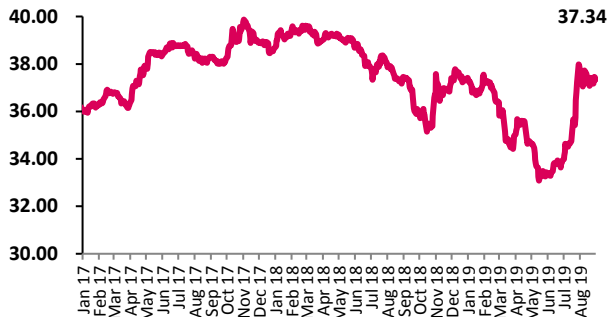
*The Stable Money Market fund was introduced on 21 Apr 2017.

Disclaimer:

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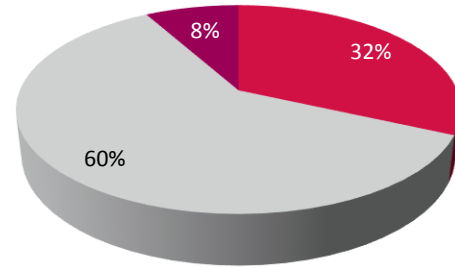
Your fund performance: Growth fund

Unit Price Movement



Note: past performance is not an indication of future performance

Asset Allocation



■ 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 31/12/2018 to 31/08/2019

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019**
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	37.41	37.34
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%	-0.2%

Note: past performance is not an indication of future performance

Equity Allocation

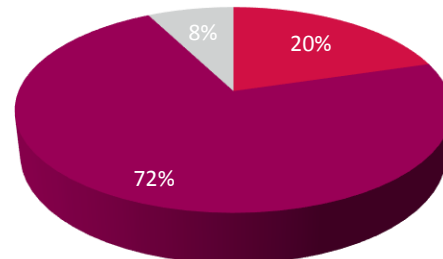
Sector	%
Banks, Finance and Insurance	72
Diversified Holdings	14
Manufacturing	5
Construction and Engineering	6
Hotels and Travels	3
Total	100

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



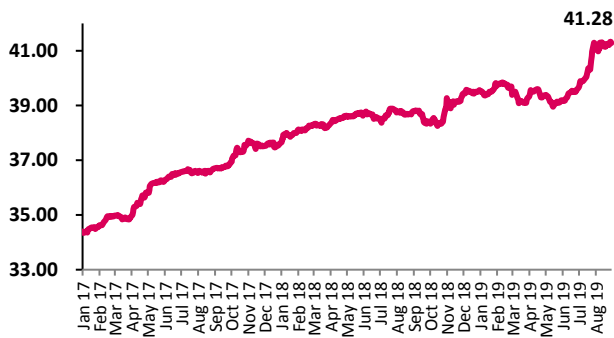
■ AAA Rating ■ AA Rating ■ A Rating

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 10.4% per year, since the unit linked fund was started.
- The unit price has decreased by 0.2% for the period 01 January 2019 to 31 August 2019.

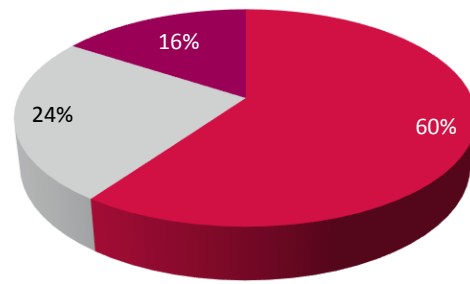
Your fund performance: Balanced fund

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 31/12/2018 to 31/08/2019

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019**
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	39.56	41.28
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%	5.2%	4.3%

Note: past performance is not an indication of future performance

Equity Allocation

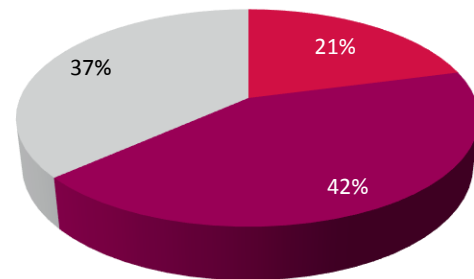
Sector	%
Banks, Finance and Insurance	72
Diversified Holdings	16
Construction and Engineering	9
Manufacturing	4
Hotels and Travels	0
Total	100

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



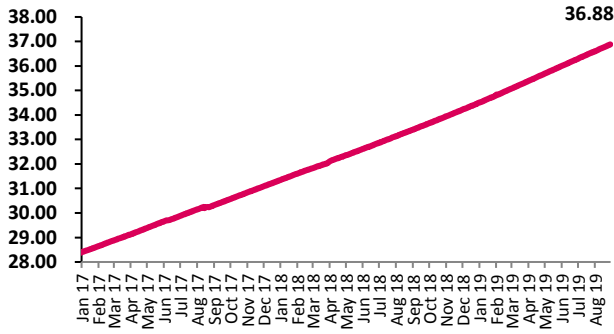
■ AAA Rating ■ AA Rating ■ A Rating

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 11.2% per year, since the unit linked fund was started.
- The unit price has increase by 4.3% for the period 01 January 2019 to 31 August 2019.

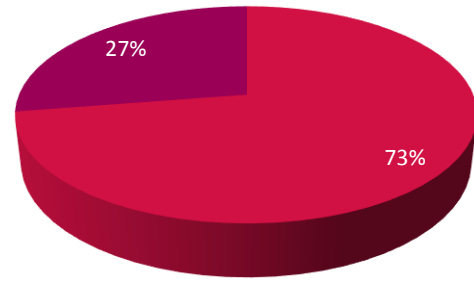
Your fund performance: Secure fund

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)

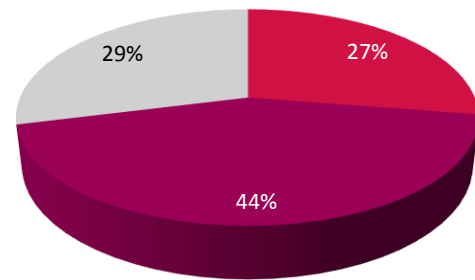
*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2018 to 31/08/2019

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019**
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	34.49	36.88
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%	10.1%	6.9%

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 6.9% for the period 01 January 2019 to 31 August 2019.

Credit Rating



■ AAA Rating ■ AA Rating ■ A Rating

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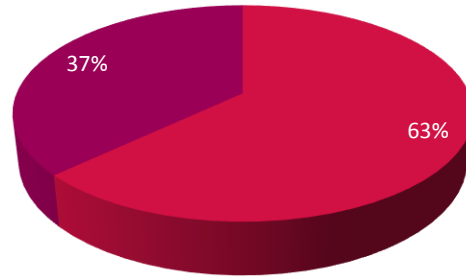
Your fund performance: Protected fund

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)

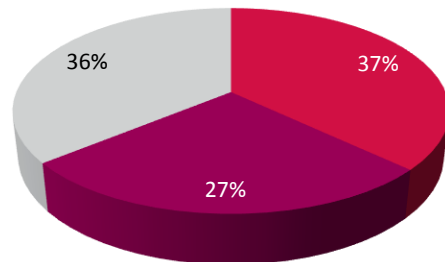
*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2018 to 31/08/2019

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019**
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	32.66	34.77
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%	9.5%	6.5%

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 increased by 6.5% for the period 01 January 2019 to 31 August 2019.

Credit Rating

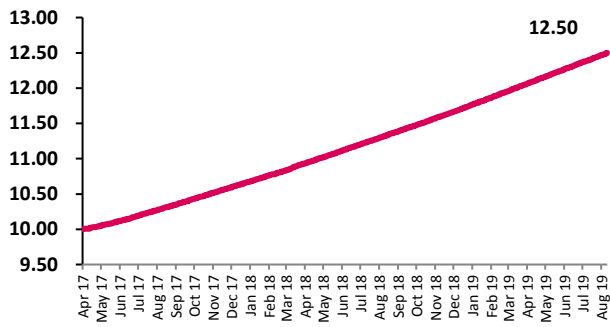


AAA Rating AA Rating A Rating

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.

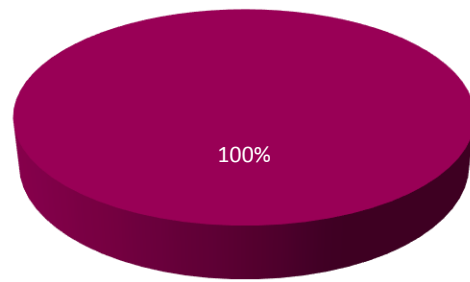
Your fund performance: Stable Money Market fund

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)

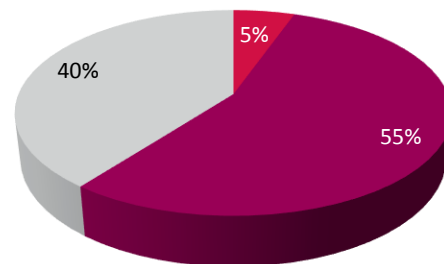
*Since inception – 21/04/2017 to 31/12/2017 **Period from 31/12/2018 to 31/08/2019

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017*	2018	2019**
Unit Price	-	-	-	-	-	-	-	-	-	-	-	10.62	11.70	12.50
Growth (%)	-	-	-	-	-	-	-	-	-	-	-	6.2%	10.2%	6.8%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Protected fund is 9.9% per year, since the unit linked fund was started.
- The unit price has increased by 6.8% for the period 01 January 2019 to 31 August 2019.

Credit Rating



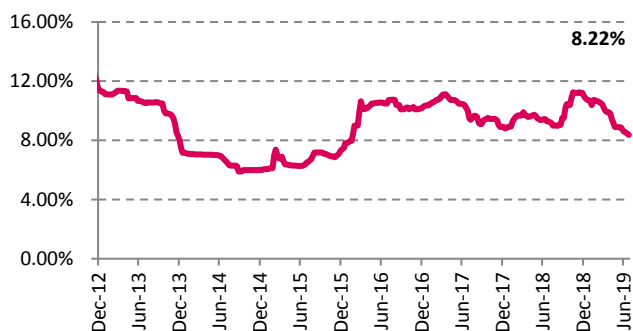
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Market Update: Interest Rates

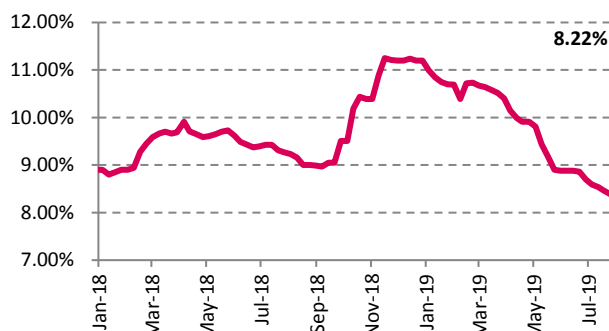
We use the 364-day T- Bill as an indicator of how interest rates move

364-day T-bill: Since 01 Jan 2013



Note: past performance is not an indication of future performance

364-day T-bill: Since 01 Jan 2018

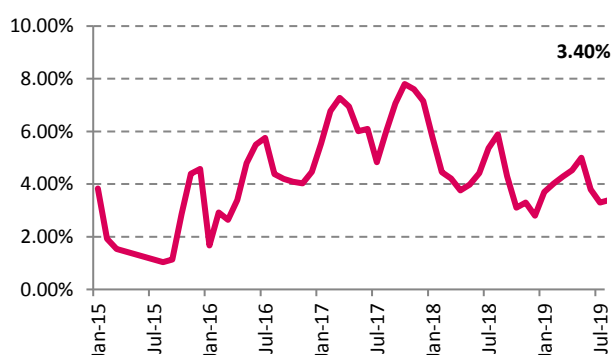


Note: past performance is not an indication of future performance

Major events during the month

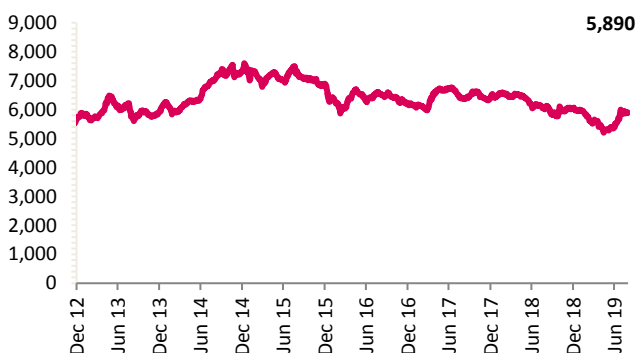
- Central Bank raised LKR 93 billion by issuing treasury bills and LKR 15 billion by issuing treasury bonds.
- Central Bank policy rates play a key role in determining the direction and level of market interest rates. The Central Bank reduced its SDFR and SLFR by 50 bp during the month, a reflection of its intent.
- Short term interest rates decreased over the month. For example, the benchmark 364-day Treasury bill rate decreased to 8.22% by end of the month against 8.38% in end June 2019.

Inflation: Since 01 Jan 2015

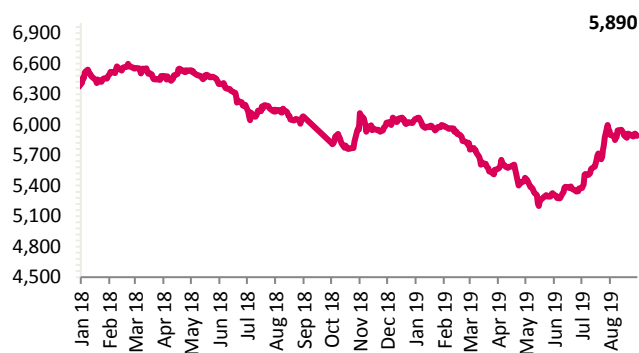


Market Update: Stock Market

ASPI Movement: Since 01 Jan 2013



ASPI Movement: Since 01 Jan 2018



ASPI Performance (as a percentage)

*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2018 to 31/08/2019

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019**
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	6,052.37	5,899.86
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%	-5.0%	-2.7%

Highlights of the performance

- The annual average growth rate of ASPI is 7.4% per year.
- The ASPI has decreased by 2.7% for the period of 01 January 2019 to 31 August 2019.

Market Update: Stock Market

For the month

Description	Aug-2019	July-2019
All Share Price Index (ASPI)	5,890	5,935
ASPI growth for the month	-0.8%	10.5%
Total market turnover (LKR Mn)	14,681	25,026
Market Capitalization (LKR Bn)	2,780	2,798
PE Ratio (times)	9.9x	9.5x

Highlights of the month

- The equity market performance decreased by 0.8% in August 2019.
- The ASPI decreased by 2.7% over the period 01 January 2019 to 31 August 2019.
- There was a foreign outflow of LKR 2.1 billion on a net basis in August 2019, resulting in a net outflow of LKR 1.3 billion during the year to date 2019.

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

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

Fund manager's outlook



Fixed income outlook

- The benchmark 364-day Treasury bill yields declined by 16 basis points to 8.22% in August 2019. The longer end of the yield curve has also declined in line with the shorter duration maturities.
- However, volatility in the yield curve was witnessed in the month of August as a result of heavy foreign exits. Foreigners sold LKR 25.0 billion approximately in government bonds.
- In order to stimulate economic growth, monetary authorities cut policy rates by 50 basis points. Despite the rate cut, interest rates are showing an upward movement due to market liquidity being in the negative territory (hovering around LKR -18.5 billion), while greater than anticipated fiscal slippage is expected to add upward pressure on interest rates.

Equity outlook

- The equity markets lost 0.77% for the month of August while the more liquid S&P SL 20 index lost 2.51% for the month.
- On a YTD basis ASPI has lost 2.69% while the S&P SL 20 Index 7.23%. Foreigners were net sellers on the bourse selling LKR 1.3 billion.
- Markets may rally in the immediate short term responding to news flowing from the political front; however weaker corporate earnings together with foreign selling remain an overhang.

About AIA

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

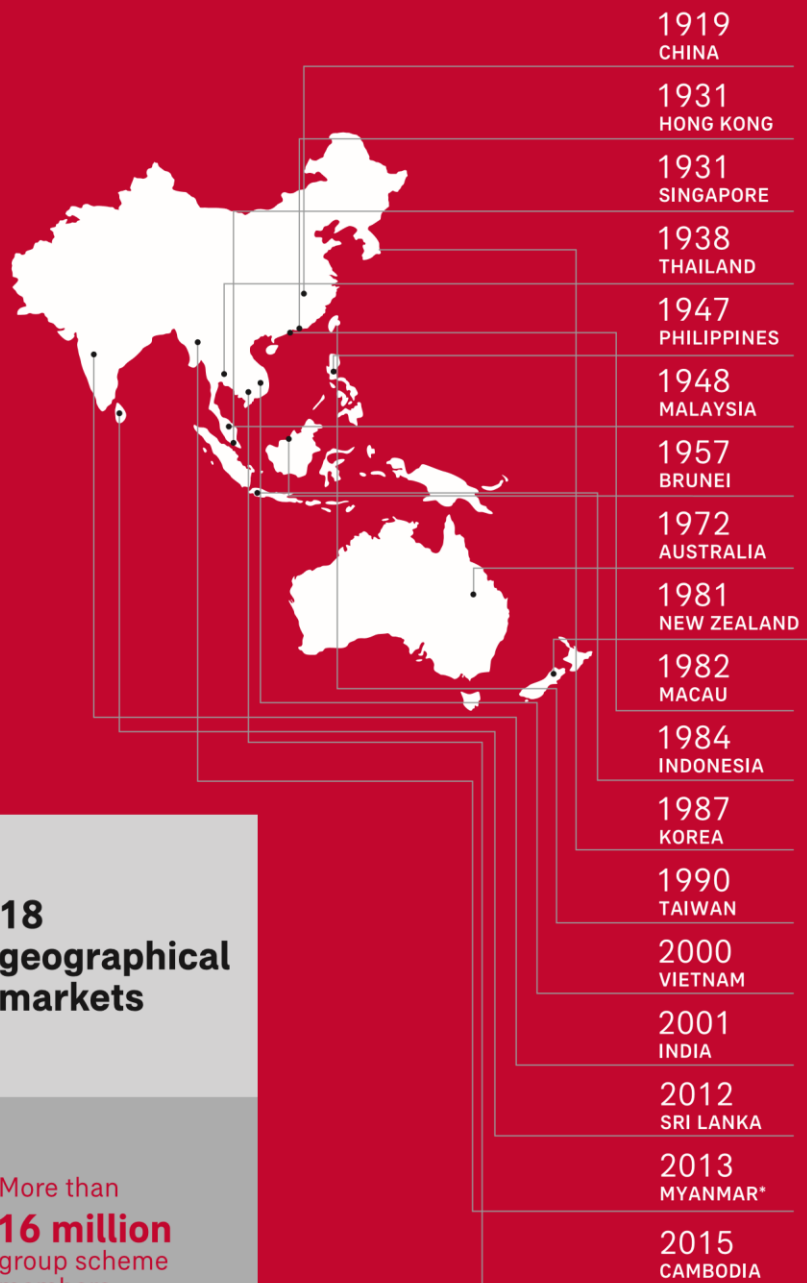
A total Sum Assured of over **US\$1 trillion**

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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