

INVESTOR

AIA Monthly Market and Unit Linked Fund update

For the month of September 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) | -4.3% | 3.3% | 7.8% | 7.3% | 7.7% | -5.2% |
| Annual Effective Growth Rate | | | | | | |
| 1 year | -0.4% | 6.5% | 10.6% | 9.9% | 10.4% | -2.1% |
| 3 years | -0.4% | 6.2% | 10.3% | 9.7% | - | -4.2% |
| 5 years | -0.9% | 5.1% | 8.8% | 8.3% | - | -4.6% |
| 7 years | 2.5% | 6.8% | 9.1% | 8.6% | - | -0.6% |
| From Inception - CAGR | 10.0% | 11.1% | 10.3% | 9.8% | 9.9% | 7.1% |

Note: past performance is not an indication of future performance

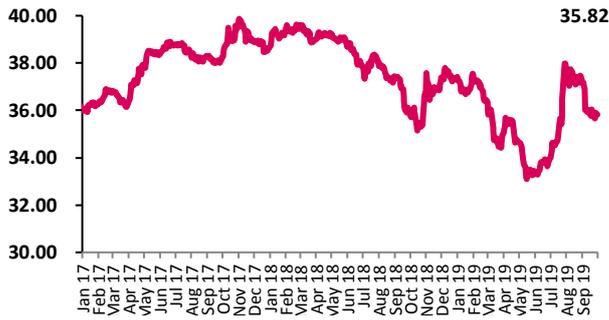
*The Stable Money Market fund was introduced on 21 Apr 2017.

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.

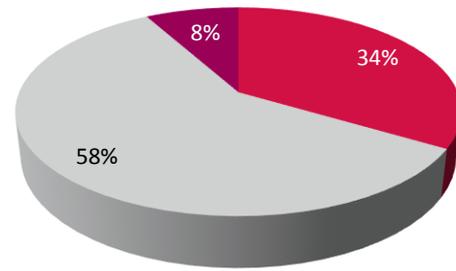
Your fund performance: Growth fund

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 31/12/2018 to 30/09/2019

| 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 | 35.82 |
| 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% | -4.3% |

Note: past performance is not an indication of future performance

Equity Allocation

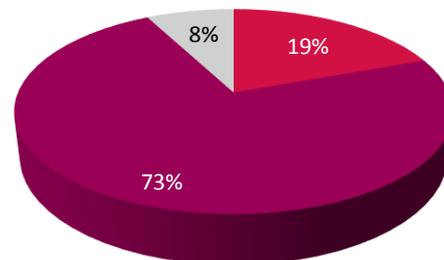
| Sector | % |
|------------------------------|-----|
| Banks, Finance and Insurance | 71 |
| Diversified Holdings | 15 |
| Manufacturing | 5 |
| Construction and Engineering | 6 |
| Hotels and Travels | 3 |
| Total | 100 |

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



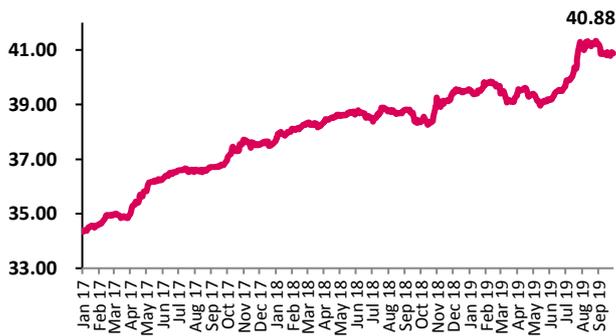
■ AAA Rating ■ AA Rating ■ A Rating

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 10.0% per year, since the unit linked fund was started.
- The unit price has decreased by 4.3% for the period 01 January 2019 to 30 September 2019.

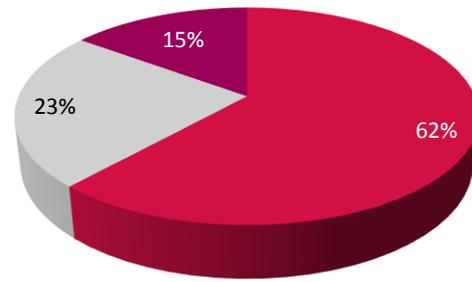
Your fund performance: Balanced fund

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 30/09/2019

| 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 | 40.88 |
| 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% | 3.3% |

Note: past performance is not an indication of future performance

Equity Allocation

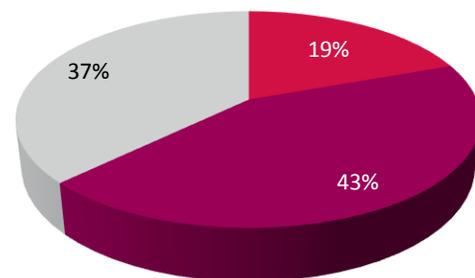
| Sector | % |
|------------------------------|-----|
| Banks, Finance and Insurance | 70 |
| Diversified Holdings | 17 |
| Construction and Engineering | 8 |
| Manufacturing | 4 |
| Hotels and Travels | 1 |
| Total | 100 |

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



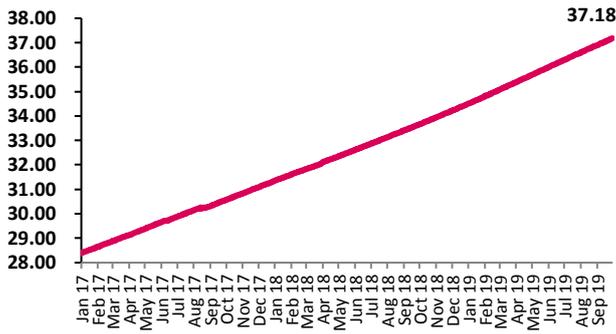
■ AAA Rating ■ AA Rating ■ A Rating

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 11.1% per year, since the unit linked fund was started.
- The unit price has increase by 3.3% for the period 01 January 2019 to 30 September 2019.

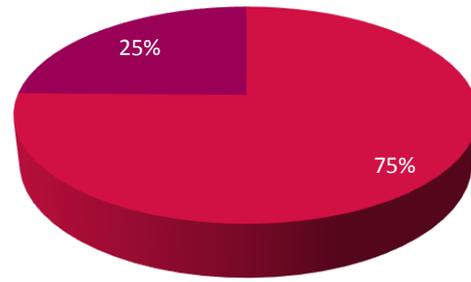
Your fund performance: Secure fund

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)

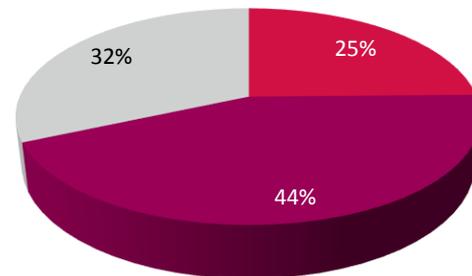
*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2018 to 30/09/2019

| 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 | 37.18 |
| 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% | 7.8% |

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 7.8% for the period 01 January 2019 to 30 September 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.

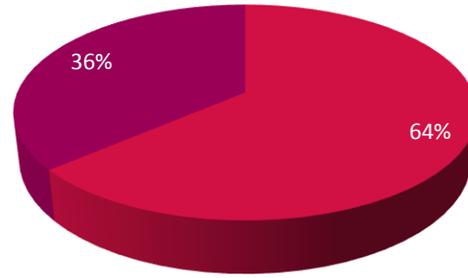
Your fund performance: Protected fund

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)

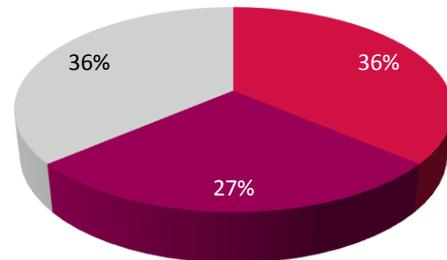
*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2018 to 30/09/2019

| 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 | 35.05 |
| 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% | 7.3% |

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 7.3% for the period 01 January 2019 to 30 September 2019.

Credit Rating

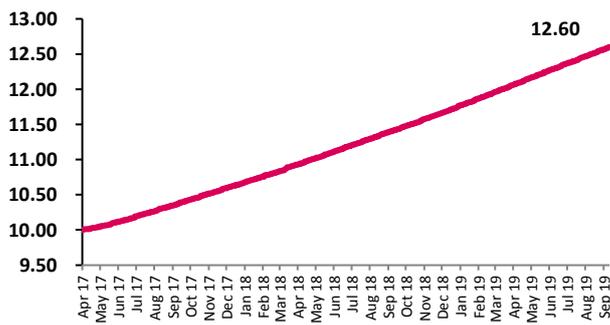


Legend: AAA Rating (red), AA Rating (purple), A Rating (grey)

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.

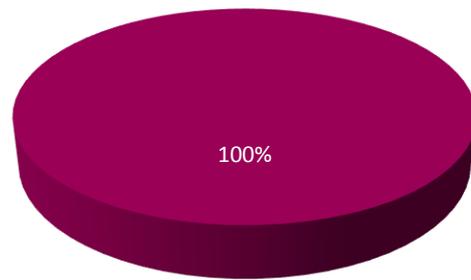
Your fund performance: Stable Money Market fund

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)

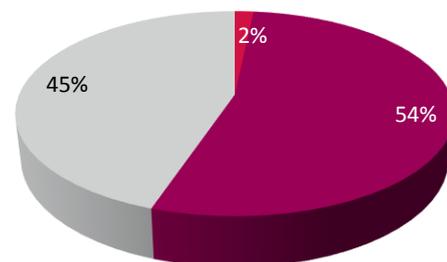
*Since inception – 21/04/2017 to 31/12/2017 **Period from 31/12/2018 to 30/09/2019

| Year | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017* | 2018 | 2019** |
|------------|------|------|------|------|------|------|------|------|------|------|------|-------|-------|--------|
| Unit Price | - | - | - | - | - | - | - | - | - | - | - | 10.62 | 11.70 | 12.60 |
| Growth (%) | - | - | - | - | - | - | - | - | - | - | - | 6.2% | 10.2% | 7.7% |

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 7.7% for the period 01 January 2019 to 30 September 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.

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

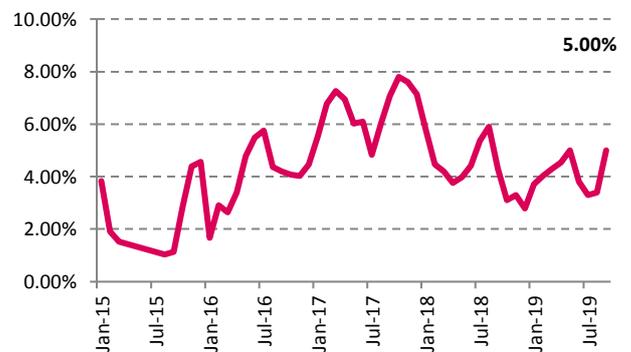


Note: past performance is not an indication of future performance

Major events during the month

- Central Bank raised LKR 65.5 billion by issuing treasury bills and LKR 115 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 its SDFR and SLFR. However, LCB's have been ordered to cut AWPB by 250 bp by December 2019 and 150bp by November 2019.
- Short term interest rates decreased over the month. For example, the benchmark 364-day Treasury bill rate increased to 8.41% by end of the month against 8.22% in end August 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 30/09/2019

| 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 | 5,738.24 |
| 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% | -5.2% |

Highlights of the performance

- The annual average growth rate of ASPI is 7.1% per year.
- The ASPI has decreased by 5.2% for the period of 01 January 2019 to 30 September 2019.

Market Update: Stock Market

For the month

| Description | Sep-2019 | Aug-2019 |
|--------------------------------|----------|----------|
| All Share Price Index (ASPI) | 5,738 | 5,890 |
| ASPI growth for the month | -2.6% | -0.8% |
| Total market turnover (LKR Mn) | 14,815 | 14,681 |
| Market Capitalization (LKR Bn) | 2,709 | 2,780 |
| PE Ratio (times) | 10.2x | 9.9x |

Highlights of the month

- The equity market performance decreased by 2.6% in September 2019.
- The ASPI decreased by 5.2% over the period 01 January 2019 to 30 September 2019.
- There was a foreign outflow of LKR 1.2 billion on a net basis in September 2019, resulting in a net outflow of LKR 2.6 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 increased by 19 basis points to 8.41% in September 2019. Some volatility on the longer end of the yield curve was witnessed with yields increasing in the longer end.
- Foreigners continued to dispose their LKR denominated government securities and the current foreign holding stands at LKR 109 billion (1.96% of the total issued stock of government securities).
- Central Bank removed the Fixed Deposit ceiling cap imposed on bank with effect from 24th September 2019, while there was a guideline issued to the banks to reduce lending rates in order to spur credit growth. Despite rates being low envisaged fiscal slippage and foreign exists would insert upward pressure on interest rates.

Equity outlook

- The equity markets lost -2.6% for the month of September while the more liquid S&P SL 20 index lost -5.1% for the month.
- On a YTD basis ASPI has lost -5.2% while the S&P SL 20 Index lost -12.0%. Foreigners were net sellers on the bourse selling LKR 2.6 billion.
- Markets may rally in the immediate short term responding to news flowing from the political front; generally, we have seen markets rallying prior to elections. Sustainability of a rally will be greatly dependent on post-election policy implementation coupled with foreign inflows to the bourse.

About AIA

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

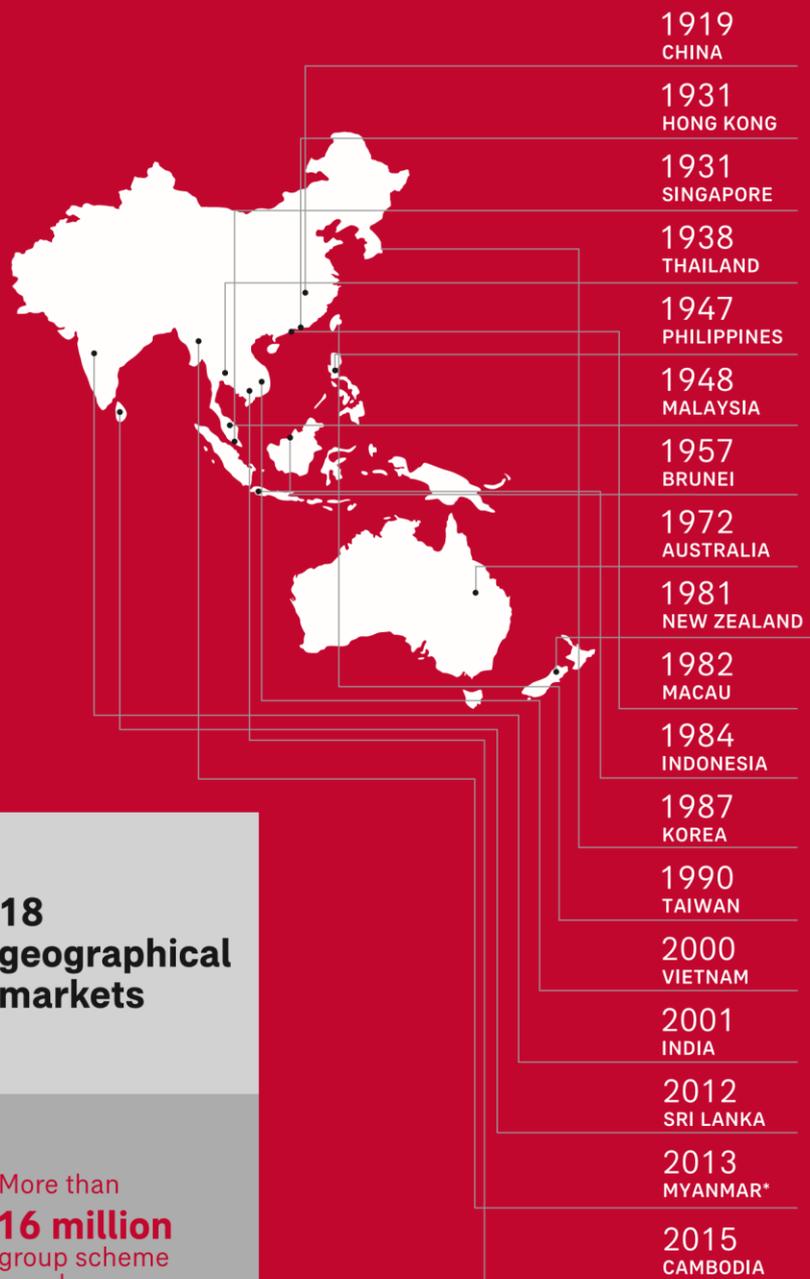
A total Sum Assured of over **US\$1 trillion**

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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