

INVESTOR

AIA Monthly Market and Unit Linked Fund update

For the month of February 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)	-2.8%	0.3%	1.7%	1.7%	1.6%	-3.9%
Annual Effective Growth Rate						
1 year	-6.5%	4.2%	10.2%	9.7%	10.3%	-10.2%
3 years	3.0%	7.5%	9.7%	9.2%	-	-1.7%
5 years	2.4%	6.3%	8.4%	8.0%	-	-0.4%
7 years	4.5%	7.7%	8.9%	8.5%	-	1.6%
From Inception - CAGR	10.7%	11.4%	10.3%	9.8%	9.8%	7.7%

Note: past performance is not an indication of future performance

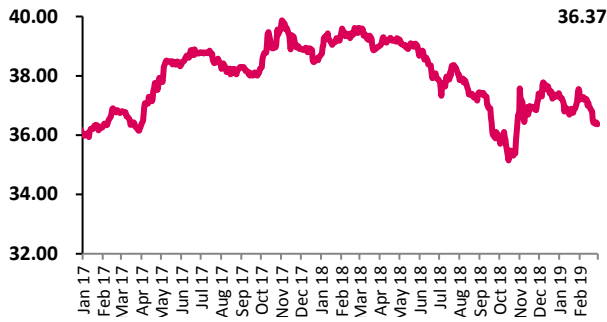
*The Stable Money Market fund was introduced on 21 Apr 2017.

Disclaimer:

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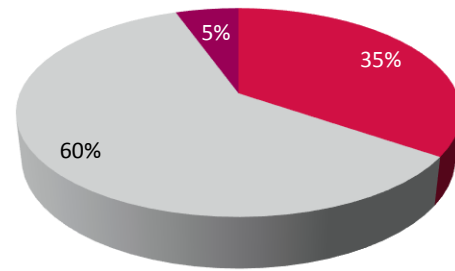
Your fund performance: Growth fund

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 31/12/2018 to 28/02/2019

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	36.37
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%	-2.8%

Note: past performance is not an indication of future performance

Equity Allocation

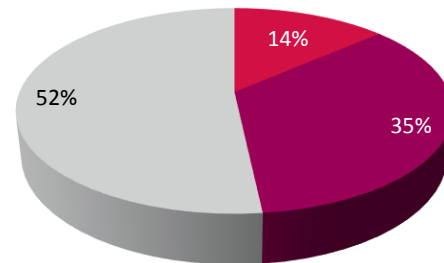
Sector	%
Banks, Finance and Insurance	75
Diversified Holdings	13
Manufacturing	5
Construction and Engineering	4
Hotels and Travels	3
Total	100

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



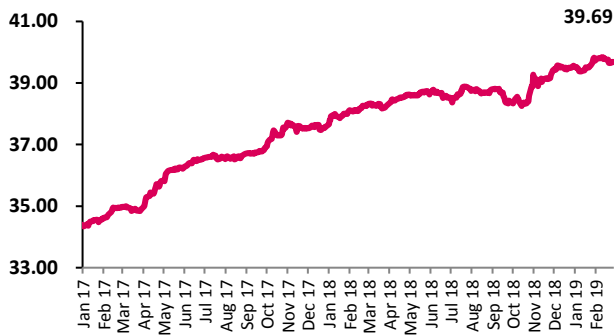
Legend: AAA Rating (Red), AA Rating (Purple), A Rating (Grey)

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.

- The annual average growth rate of the unit price for the Growth fund is 10.6% per year, since the unit linked fund was started.
- The unit price has decreased by 2.8% for the period 01 January 2019 to 28 February 2019.

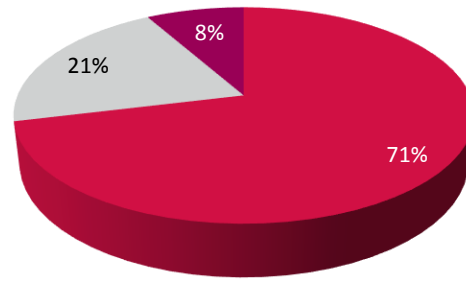
Your fund performance: Balanced fund

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 28/02/2019

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	39.69
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%	0.3%

Note: past performance is not an indication of future performance

Equity Allocation

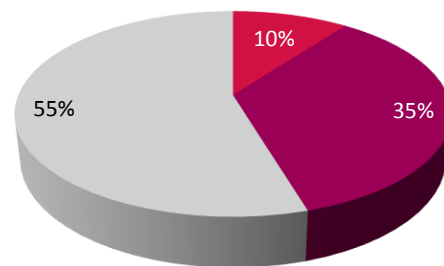
Sector	%
Banks, Finance and Insurance	72
Diversified Holdings	15
Manufacturing	5
Construction and Engineering	7
Hotels and Travels	1
Total	100

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



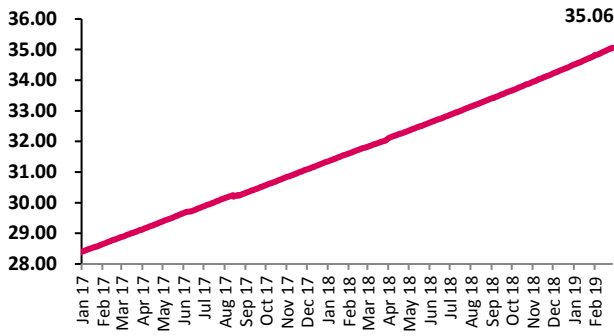
■ AAA Rating ■ AA Rating ■ A Rating

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 11.3% per year, since the unit linked fund was started.
- The unit price has increased by 0.3% for the period 01 January 2019 to 28 February 2019.

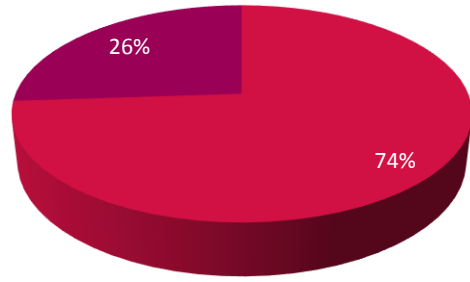
Your fund performance: Secure fund

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)

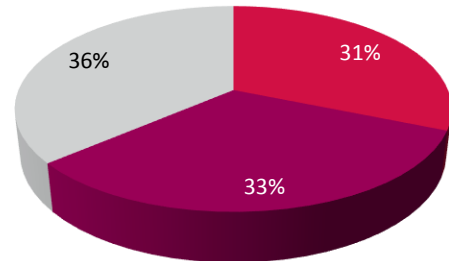
*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2018 to 28/02/2019

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	35.06
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%	1.7%

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 1.7% for the period 01 January 2019 to 28 February 2019.

Credit Rating

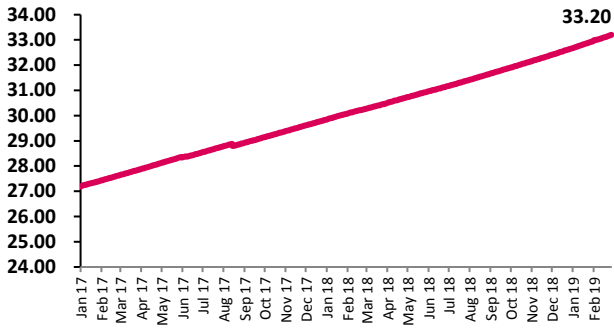


AAA Rating AA Rating A Rating

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.

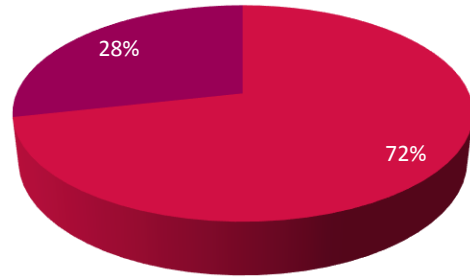
Your fund performance: Protected fund

Unit Price Movement



Note: past performance is not an indication of future performance

Asset Allocation



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)

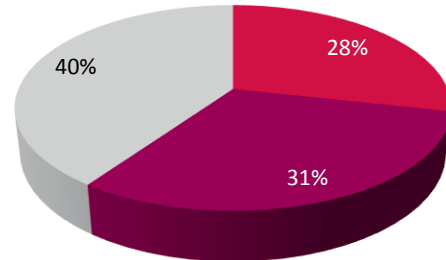
*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2018 to 28/02/2019

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	33.20
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%	1.7%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Protected fund is 9.8% per year, since the unit linked fund was started.
- The unit price has increased by 1.7% for the period 01 January 2019 to 28 February 2019.

Credit Rating

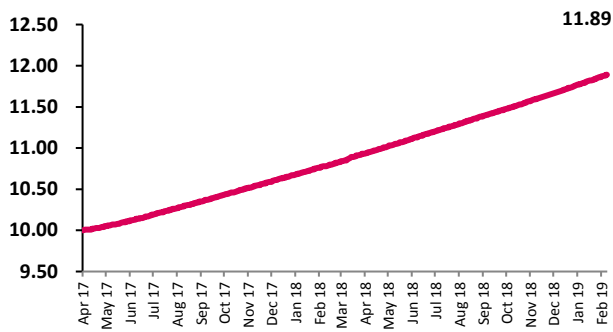


AAA Rating AA Rating A Rating

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.

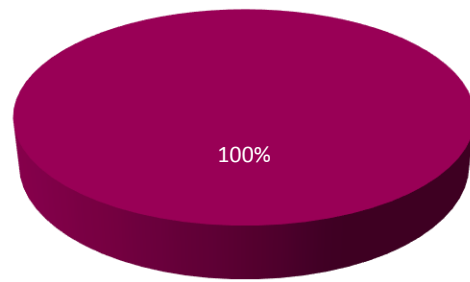
Your fund performance: Stable Money Market fund

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)

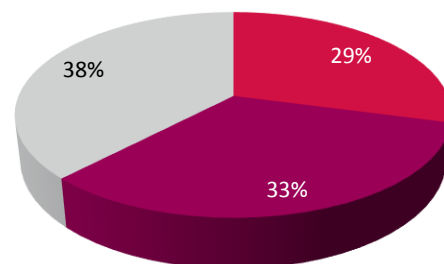
*Since inception – 21/04/2017 to 31/12/2017 **Period from 31/12/2018 to 28/02/2019

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019**
Unit Price	-	-	-	-	-	-	-	-	-	-	-	10.62	11.70	11.89
Growth (%)	-	-	-	-	-	-	-	-	-	-	-	6.2%	10.2%	1.6%

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 9.8% per year, since the unit linked fund was started.
- The unit price has increased by 1.6% for the period 01 January 2019 to 28 February 2019.

Credit Rating



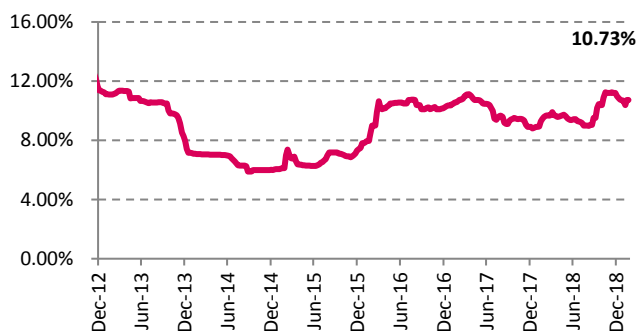
■ AAA Rating ■ AA Rating ■ A Rating

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

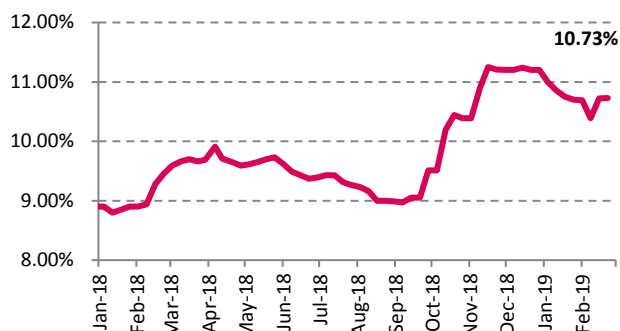
We use the 364-day T- Bill as an indicator of how interest rates move

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

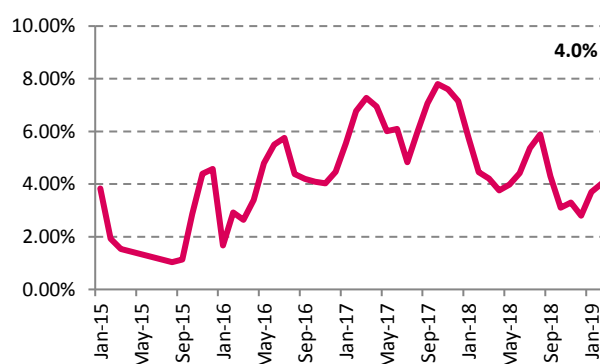


Note: past performance is not an indication of future performance

Major events during the month

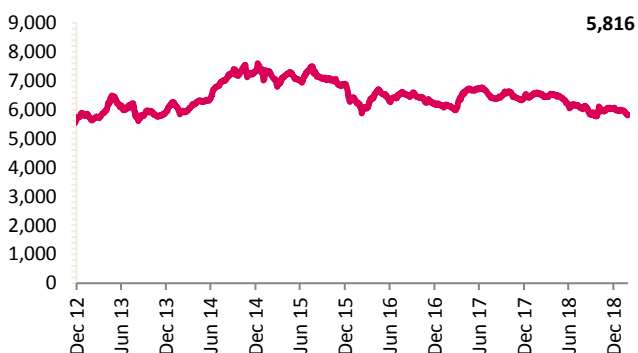
- Central Bank raised LKR 89 billion by issuing treasury bills and LKR 50 billion by issuing treasury bonds.
- Central Bank policy rates play a key role in determining the direction and level of market interest rates. The Central Bank reduced the statutory reserve ratio (SRR) by 50 bps during the month to address the liquidity shortage in the market.
- Short term interest rates increased over the month. For example, the benchmark 364-day Treasury bill rate increased to 10.73% by end of the month against 10.70% in January 2019.

Inflation: Since 01 Jan 2015



Market Update: Stock Market

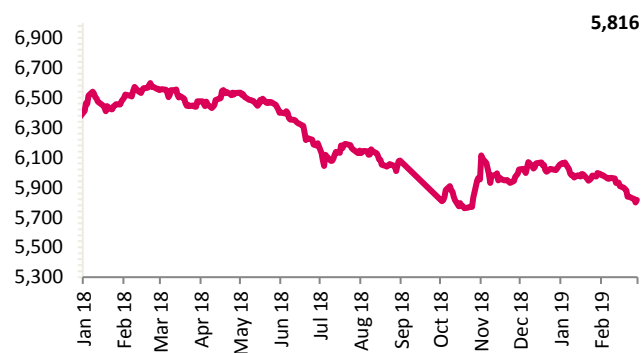
ASPI Movement: Since 01 Jan 2013



ASPI Performance (as a percentage)

*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2018 to 28/02/2019

ASPI Movement: Since 01 Jan 2018



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	5,816.29
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%	-3.9%

Highlights of the performance

- The annual average growth rate of ASPI is 7.6% per year.
- The ASPI has decreased by 3.9% for the period of 01 January 2019 to 28 February 2019.

Market Update: Stock Market

For the month

Description	Feb-2019	Jan-2019
All Share Price Index (ASPI)	5,816	5,990
ASPI growth for the month	-2.9%	-1.0%
Total market turnover (LKR Mn)	14,194	12,157
Market Capitalization (LKR Bn)	2,719	2,799
PE Ratio (times)	9.1x	9.4x

Highlights of the month

- The equity market performance decreased by 2.9% in February 2019.
- The ASPI decreased by 3.9% over the period 01 January 2019 to 28 February 2019.
- There was a negative foreign outflow of LKR 2.6 billion on a net basis in February 2019, resulting in a net outflow of LKR 5.0 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
- HNB
- DISTILLERIES COMPANY OF SRI LANKA
- SAMPATH BANK
- COLD STORES
- CARGILLS (CEYLON)

Fund manager's outlook



Fixed income outlook

- Market liquidity remained in the negative territory. In order to address the persistent liquidity shortage, the Central Bank cut the statutory reserve ratio (SRR) to 5.00%.
- The benchmark 364-day Treasury bill rate stood at 10.73% while the longer end of the yield curve saw a dip in yields.
- IMF approved an extension of the EFF agreement for another year which is expected to boost investor confidence ahead of the sovereign bond issuance planned for 2019.
- If the Government is successful in its foreign borrowings in 1Q 2019, we expect a further dip in the yield curve in the immediate short term.

Equity outlook

- We expect the lackluster sentiment in the equity markets to continue and investors are expected to remain in the sidelines until the 2019 budget is presented to parliament on the 5th of March 2019.
- The ASPI index lost 3.90% while the more liquid S&P SL 20 index has lost 4.98% YTD.
- Net foreign selling on the bourse stood at LKR 4.9 billion.
- Earnings released thus far remain weak; with most banks recording a sharp rise in provisions and non-performing loans, which is further expected to hamper investor confidence.

About AIA

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

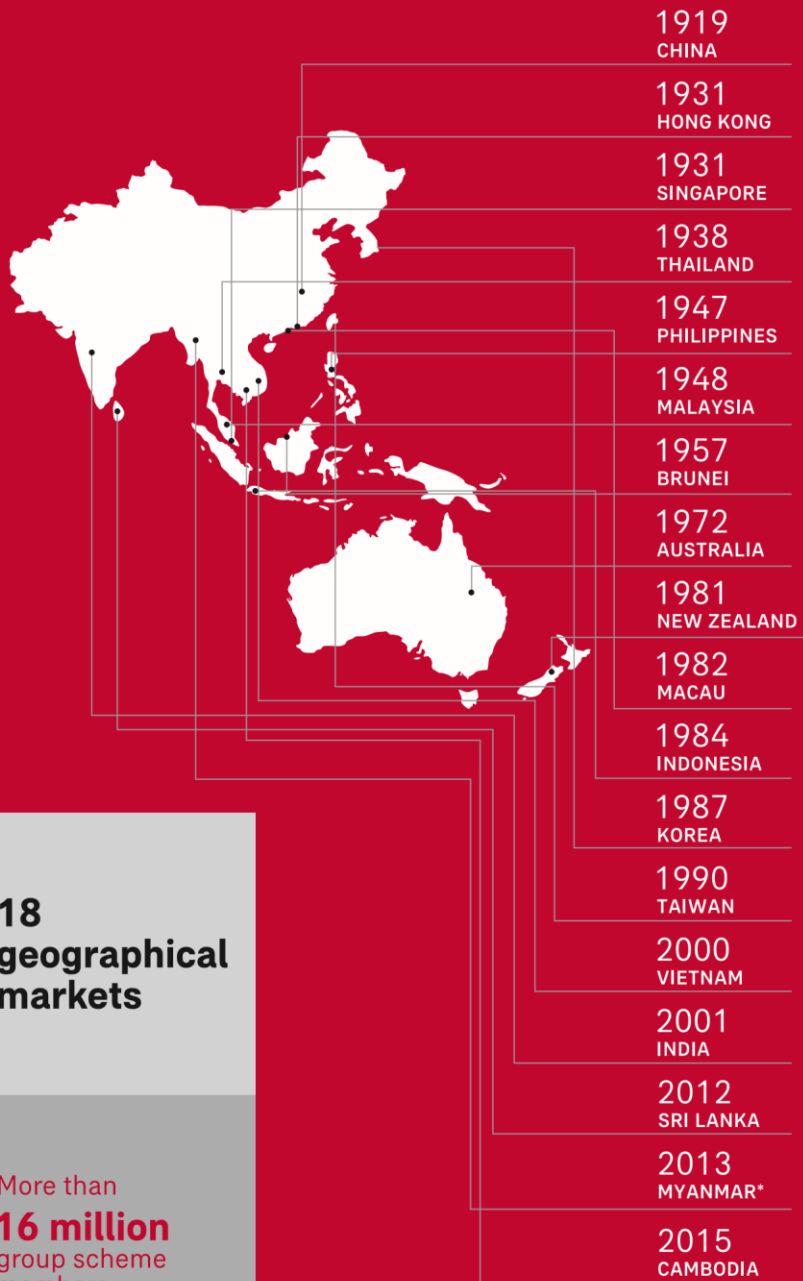
A total Sum Assured of over **US\$1 trillion**

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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