

INVESTOR

AIA Monthly Market and Unit Linked Fund update

For the month of January 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 January

| | Growth | Balanced | Secure | Protected | Stable MM | ASPI |
|------------------------------|--------|----------|--------|-----------|-----------|-------|
| Since 01 Jan 2019 (YTD) | 0.2% | 0.6% | 0.8% | 0.9% | 0.9% | -1.0% |
| Annual Effective Growth Rate | | | | | | |
| 1 year | -4.6% | 4.6% | 10.1% | 9.6% | 10.3% | -7.5% |
| 3 years | 3.0% | 7.4% | 9.7% | 9.1% | - | -1.9% |
| 5 years | 2.1% | 6.1% | 8.4% | 8.0% | - | -0.8% |
| 7 years | 4.4% | 7.6% | 8.9% | 8.4% | - | 0.7% |
| From Inception - CAGR | 10.9% | 11.4% | 10.3% | 9.8% | 9.7% | 7.9% |

Note: past performance is not an indication of future performance

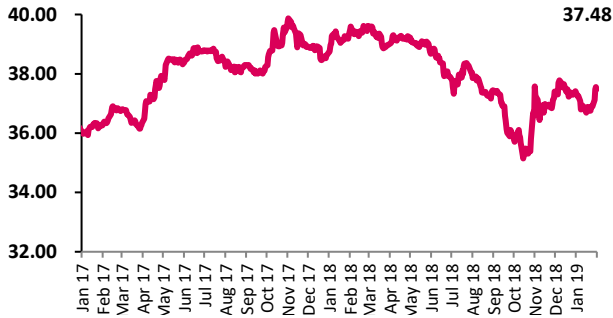
*The Stable Money Market fund was introduced on 21 Apr 2017.

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.

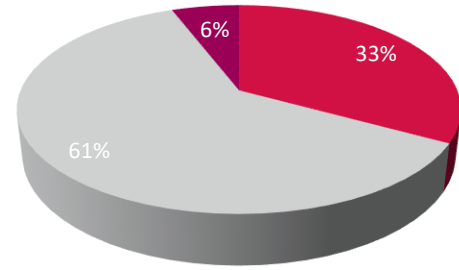
Your fund performance: Growth fund

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 31/01/2019

| 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 | 37.48 |
| 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

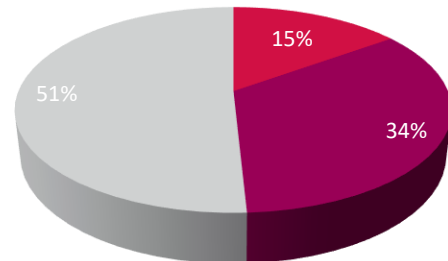
| Sector | % |
|------------------------------|-----|
| Banks, Finance and Insurance | 75 |
| Diversified Holdings | 13 |
| Manufacturing | 5 |
| Construction and Engineering | 4 |
| Hotels and Travels | 3 |
| Total | 100 |

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



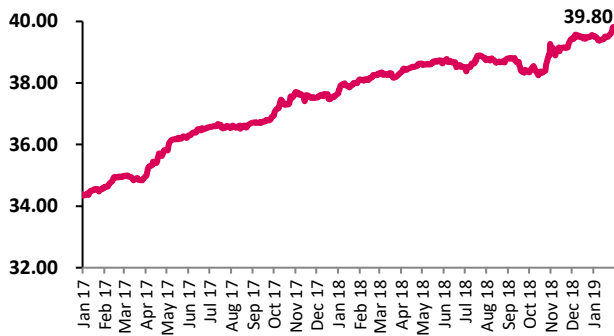
■ AAA Rating ■ AA Rating ■ A Rating

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 10.9% per year, since the unit linked fund was started.
- The unit price has increased by 0.2% for the period 01 January 2019 to 31 January 2019.

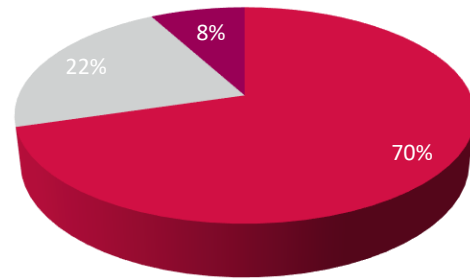
Your fund performance: Balanced fund

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 31/01/2019

| 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 | 39.80 |
| 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% | 0.6% |

Note: past performance is not an indication of future performance

Equity Allocation

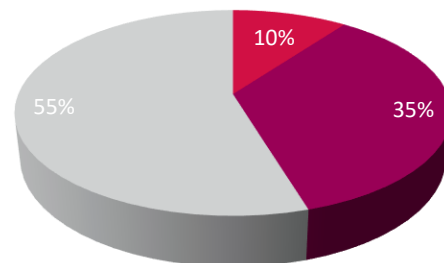
| Sector | % |
|------------------------------|-----|
| Banks, Finance and Insurance | 72 |
| Diversified Holdings | 15 |
| Manufacturing | 5 |
| Construction and Engineering | 7 |
| Hotels and Travels | 0 |
| Total | 100 |

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



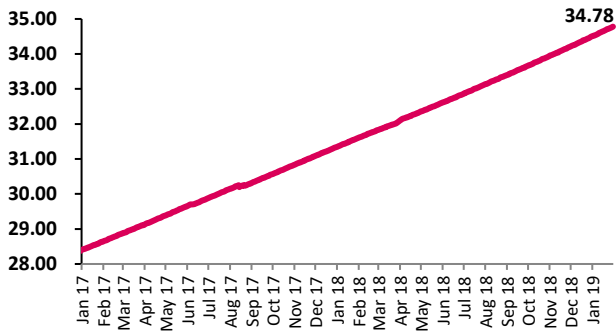
■ AAA Rating ■ AA Rating ■ A Rating

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 11.4% per year, since the unit linked fund was started.
- The unit price has increased by 0.6% for the period 01 January 2019 to 31 January 2019.

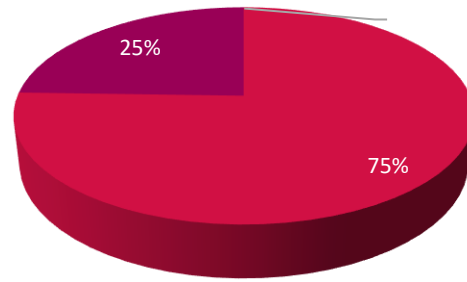
Your fund performance: Secure fund

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)

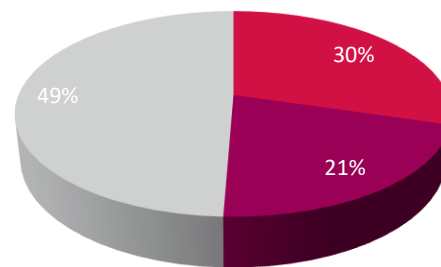
*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2018 to 31/01/2019

| 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 | 34.78 |
| 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% | 0.8% |

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 0.8% for the period 01 January 2019 to 31 January 2019.

Credit Rating

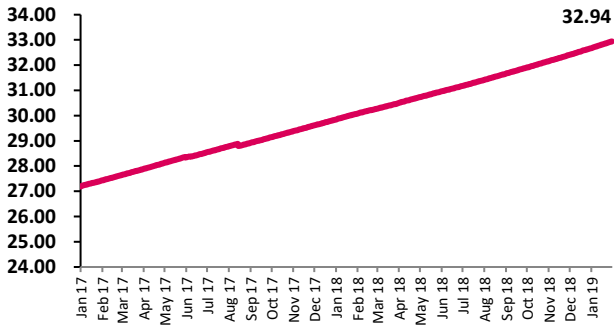


AAA Rating AA Rating A Rating

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.

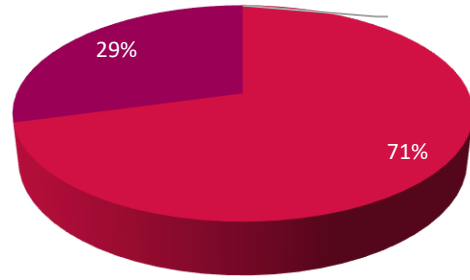
Your fund performance: Protected fund

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)

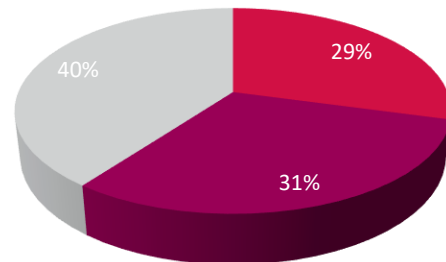
*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2018 to 31/01/2019

| 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 | 32.94 |
| 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% | 0.9% |

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 increased by 0.9% for the period 01 January 2019 to 31 January 2019.

Credit Rating

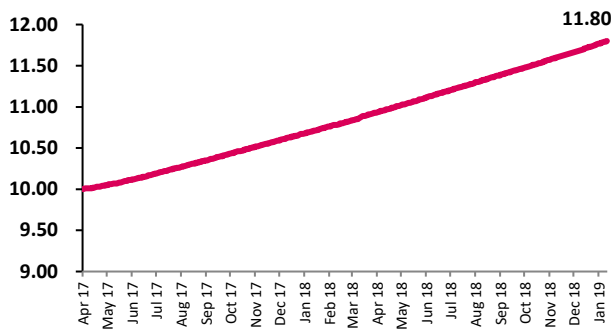


AAA Rating AA Rating A Rating

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.

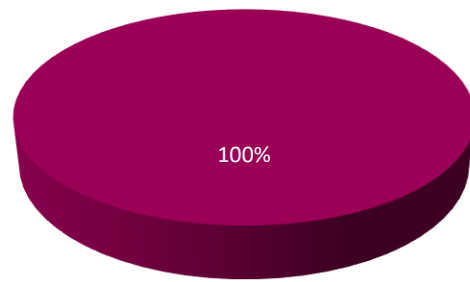
Your fund performance: Stable Money Market fund

Unit Price Movement



Note: past performance is not an indication of future performance

Asset Allocation



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

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)

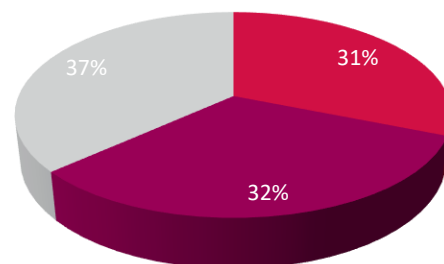
*Since inception – 21/04/2017 to 31/12/2017 **Period from 31/12/2018 to 31/01/2019

| Year | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019** |
|------------|------|------|------|------|------|------|------|------|------|------|------|-------|-------|--------|
| Unit Price | - | - | - | - | - | - | - | - | - | - | - | 10.62 | 11.70 | 11.80 |
| Growth (%) | - | - | - | - | - | - | - | - | - | - | - | 6.2% | 10.2% | 0.9% |

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 0.9% for the period 01 January 2019 to 31 January 2019.

Credit Rating



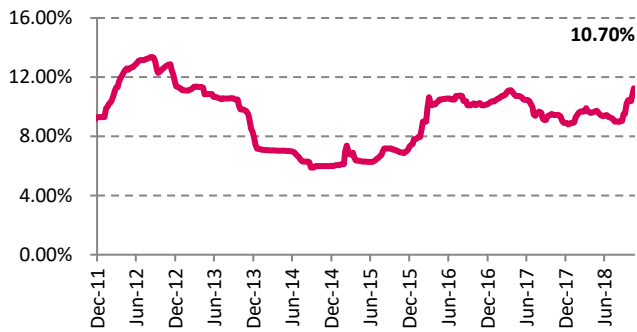
Legend: AAA Rating (red), AA Rating (dark blue), A Rating (grey)

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.

Market Update: Interest Rates

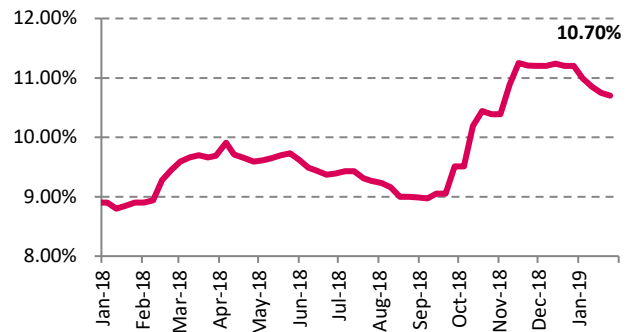
We use the 364-day T- Bill as an indicator of how interest rates move

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

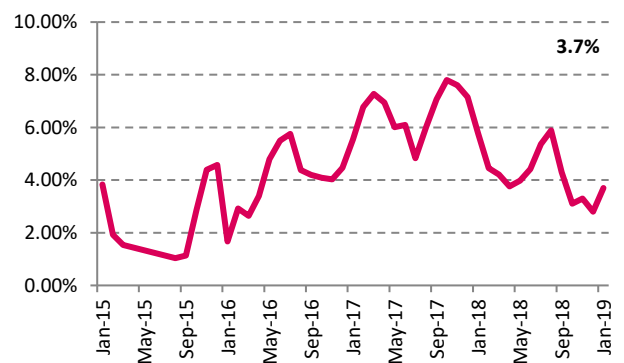


Note: past performance is not an indication of future performance

Major events during the month

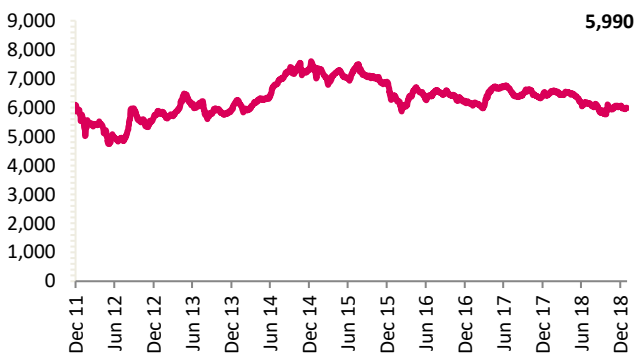
- Central Bank raised LKR 85 billion by issuing treasury bills and LKR 98 billion by issuing treasury bonds.
- Central Bank policy rates play a key role in determining the direction and level of market interest rates. The Central Bank maintained policy rates unchanged during the month, a reflection of its intent.
- Short term interest rates decreased significantly over the month. For example, the benchmark 364-day Treasury bill rate decreased to 10.70% by end of the month against 11.20% in December 2018.

Inflation: Since 01 Jan 2015

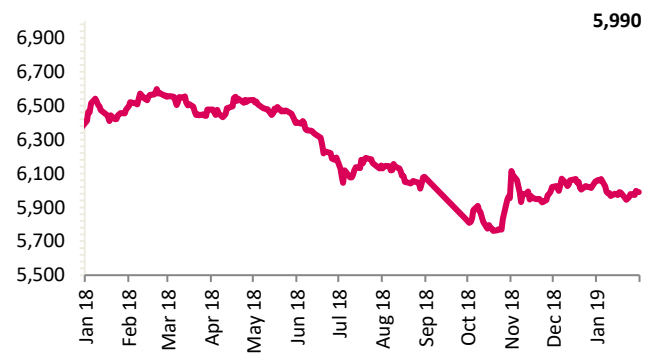


Market Update: Stock Market

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 31/12/2018 to 31/01/2019

| 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 | 5,989.90 |
| 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% | -1.2% |

Highlights of the performance

- The annual average growth rate of ASPI is 7.9% per year.
- The ASPI has decreased by 1.0% for the period of 01 January 2019 to 31 January 2019.

Market Update: Stock Market

For the month

| Description | Jan-2019 | Dec-2018 |
|--------------------------------|----------|----------|
| All Share Price Index (ASPI) | 5,990 | 6,052 |
| ASPI growth for the month | -1.0% | 0.6% |
| Total market turnover (LKR Mn) | 12,157 | 16,685 |
| Market Capitalization (LKR Bn) | 2,799 | 2,839 |
| PE Ratio (times) | 9.4x | 9.6x |

Highlights of the month

- The equity market performance decrease by 1.0% in January 2019.
- There was a negative foreign outflow of LKR 2.3 billion on a net basis in January 2019, an improvement to the negative foreign outflow of LKR 4.7 billion on a net basis in December 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

- Market interest rates eased from the previous highs. Foreigners were net buyers in the government securities market.
- The benchmark 364-day Treasury bill rate eased to 10.70% while the 10-year bond yield declined to 11.30%.
- Sri Lankan rupee appreciated against the greenback. We expect the rupee to hold its ground in the near term amidst a weaker dollar.
- Central bank is exploring borrowing opportunities overseas (approximately USD 5.0 billion) in 1Q2019 while favorable global macro conditions are expected to be interest rates positive for Sri Lanka.

Equity outlook

- We expect the lackluster sentiments in the equity markets to continue; as markets are expected to remain on the sidelines till the 2019 budget is presented to parliament on 5th of March 2019.
- The ASPI index lost 1.03% for the month while the more liquid S&P SL 20 index has lost 1.96%.
- Net foreign selling on the bourse stood at LKR 2.3 billion. Earnings released thus far remain weak which is further expected to hamper investor confidence.

About AIA

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

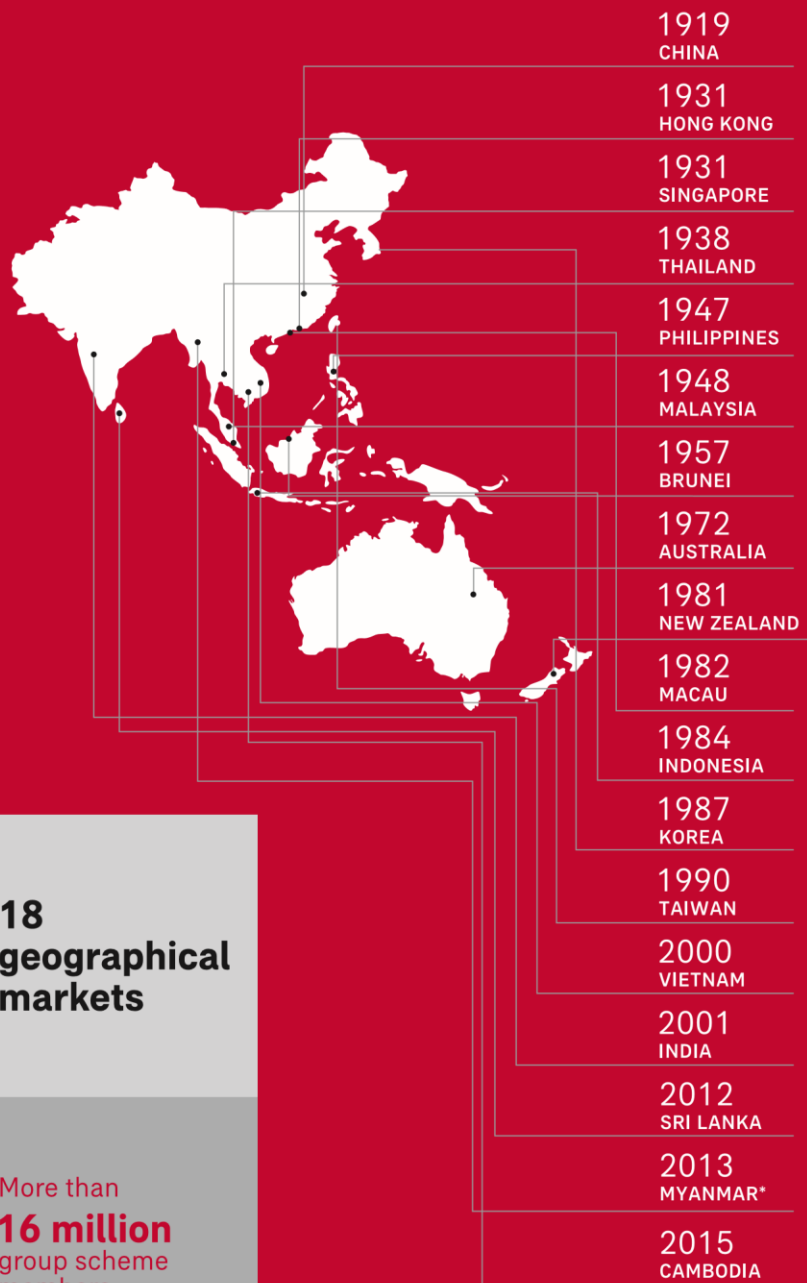
A total Sum Assured of over **US\$1 trillion**

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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