

INVESTOR

AIA's Monthly Investment Market and Unit Linked Fund Update

For the month of August 2020

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 2020 (YTD)	-11.2%	-3.9%	5.1%	4.9%	5.4%	-13.1%
Annual Effective Growth Rate						
1 year	-8.3%	-0.4%	8.4%	8.1%	8.6%	-9.5%
3 years	-3.7%	3.9%	9.7%	9.1%	-	-5.9%
5 years	-2.5%	4.2%	9.3%	8.8%	-	-6.1%
7 years	1.0%	5.5%	8.7%	8.2%	-	-1.3%
From Inception - CAGR	9.0%	10.4%	10.1%	9.7%	9.5%	6.1%

Note: past performance is not an indication of future performance

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



Tip: Your Investment Linked Long Term Insurance Policy allows you to be in control of your investments in Unit Linked Funds. Kindly refer your policy document to learn more about options like unit switches and premium redirections which are available for you to manage your investments. You can also contact us if you like to know how you can use the options available to you.



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 authorized 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 authorized agents.

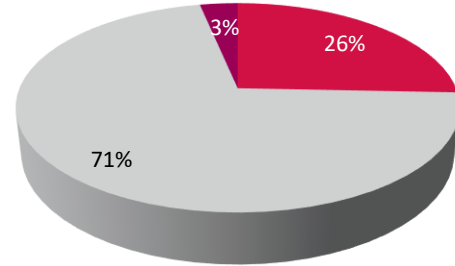
Your fund performance: Growth fund

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 31/12/2019 to 31/08/2020

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020**
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	38.54	34.24
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%	3.0%	-11.2%

Note: past performance is not an indication of future performance

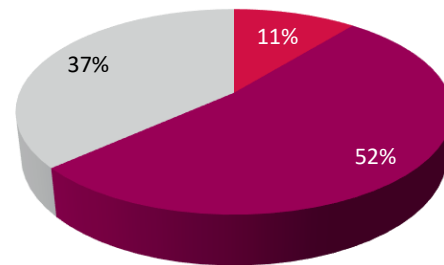
Equity Allocation

Sector	%
Banks	52%
Capital Goods	30%
Consumer Services	2%
Diversified Financials	16%
Total	100%

Top Equity Holdings*

Access Engineering	John Keells Holdings
Amaya Leisure	People's Leasing
Central Finance	Royal Ceramic Lanka
Commercial Bank	Sampath Bank
DFCC Bank	Seylan Bank
Hatton National Bank	-

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 9.0% per year, since the unit linked fund was started.
- The unit price has decreased by 11.2% for the period 01 January 2020 to 31 August 2020.

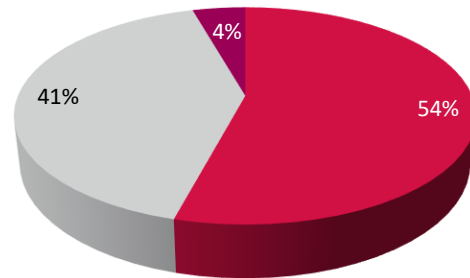
Your fund performance: Balanced fund

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 31/12/2019 to 31/08/2020

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020**
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	42.81	41.13
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%	11.2%	-3.9%

Note: past performance is not an indication of future performance

Equity Allocation

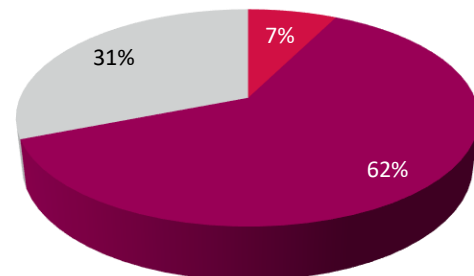
Sector	%
Banks	58%
Capital Goods	30%
Consumer Services	0%
Diversified Financials	12%
Total	100%

Top Equity Holdings*

Access Engineering	John Keells Holdings
Amaya Leisure	People's Leasing
Central Finance	Royal Ceramic Lanka
Commercial Bank	Sampath Bank
Hatton National Bank	Seylan Bank

*Note: (In alphabetical order)

Credit Rating



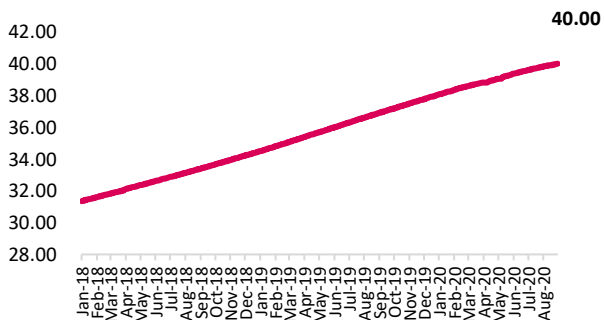
■ AAA Rating ■ AA Rating ■ A Rating

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 10.4% per year, since the unit linked fund was started.
- The unit price has decreased by 3.9% for the period 01 January 2020 to 31 August 2020.

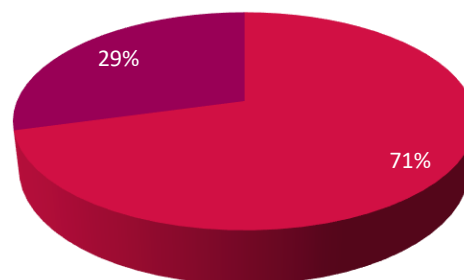
Your fund performance: Secure fund

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)

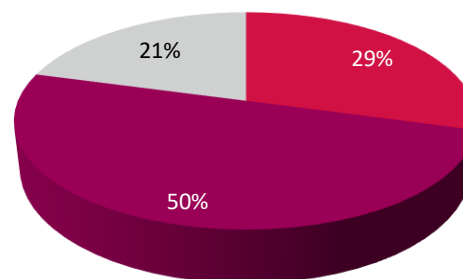
*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2019 to 31/08/2020

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020**
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	38.05	40.00
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%	10.3%	5.1%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Secure fund is 10.1% per year, since the unit linked fund was started.
- The unit price has increased by 5.1% for the period 01 January 2020 to 31 August 2020.

Credit Rating

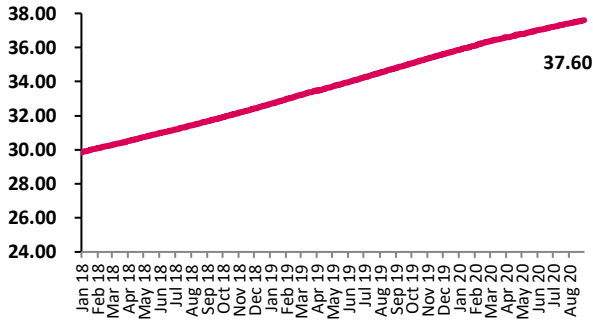


■ AAA Rating ■ AA Rating ■ A Rating

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.

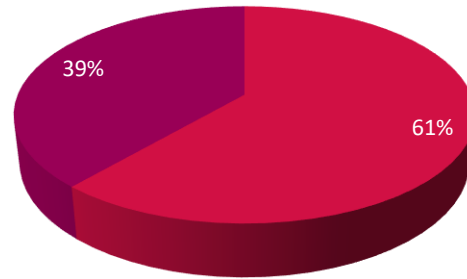
Your fund performance: Protected fund

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)

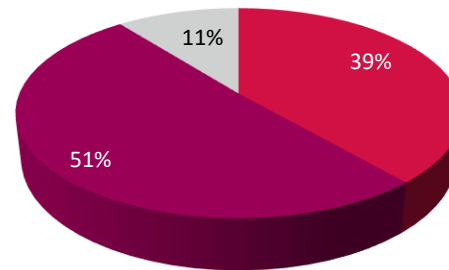
*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2019 to 31/08/2020

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020**
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	35.58	37.60
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%	9.8%	4.9%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Protected fund is 9.7% per year, since the unit linked fund was started.
- The unit price has increased by 4.9% for the period 01 January 2020 to 31 August 2020.

Credit Rating

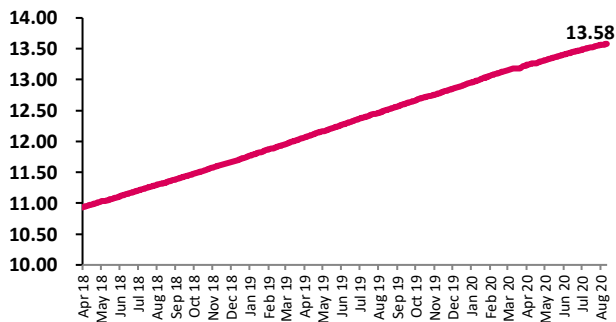


■ AAA Rating ■ AA Rating ■ A Rating

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.

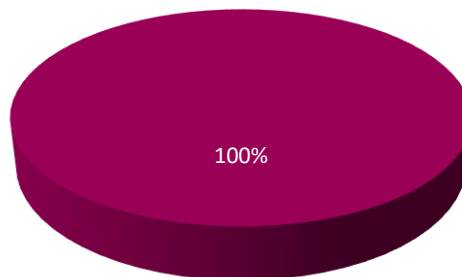
Your fund performance: Stable Money Market fund

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)

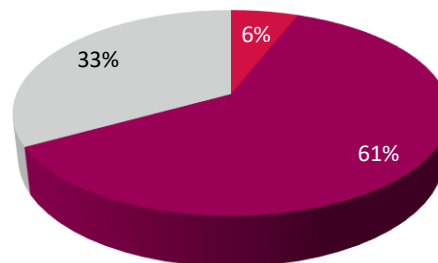
*Since inception – 21/04/2017 to 31/12/2017 **Period from 31/12/2019 to 31/07/2020

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017*	2018	2019	2020**
Unit Price	-	-	-	-	-	-	-	-	-	-	-	10.62	11.70	12.88	13.58
Growth (%)	-	-	-	-	-	-	-	-	-	-	-	6.2%	10.2%	10.1%	5.4%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Protected fund is 9.5% per year, since the unit linked fund was started.
- The unit price has increased by 5.4% for the period 01 January 2020 to 31 August 2020.

Credit Rating



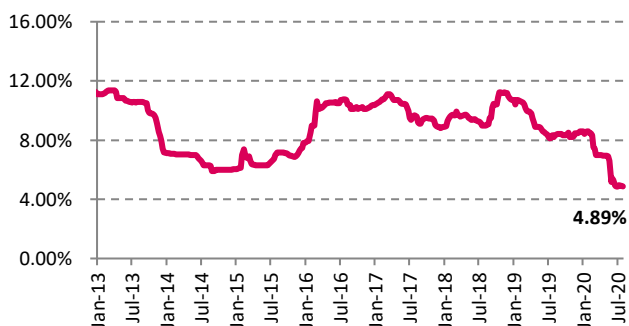
■ AAA Rating ■ AA Rating ■ A Rating

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

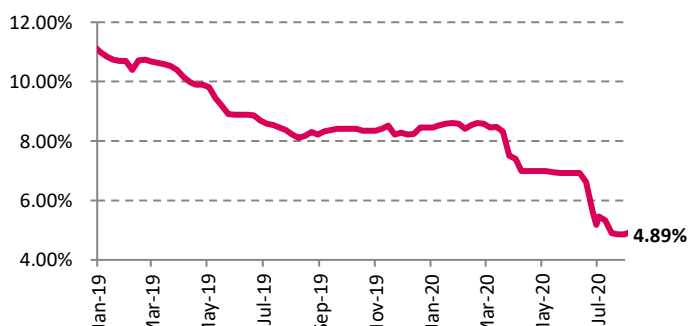
364-day T-bill: Since 01 Jan 2013



Source- CBSL weekly reports

Note: Past performance is not an indication of future performance

364-day T-bill: Since 01 Jan 2019



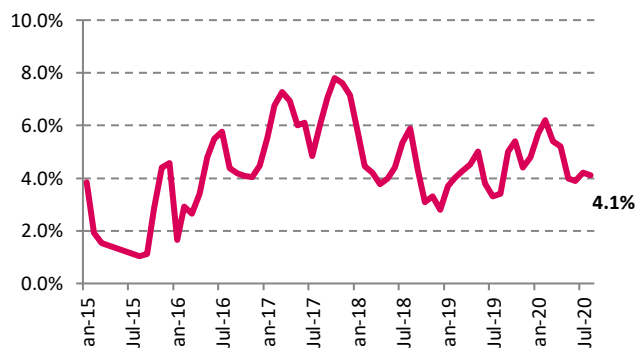
Source- CBSL weekly reports

Note: Past performance is not an indication of future performance

Major events during the month

- Central Bank maintained the Standing Deposit Facility Rate (SDFR) and Standing Lending Facility Report (SLFR) in August 2020 at 4.50% and 5.50% respectively.
- Central Bank raised LKR 141 billion through treasury bills during the month.
- Yields continued to remain low while the movement of the benchmark 365-day T-bill rate during the month of August was negligible. The 365-day T-bill rate had declined by approximately 360 basis points by the end of August compared to the beginning of the year.

Inflation: Since 01 Jan 2015



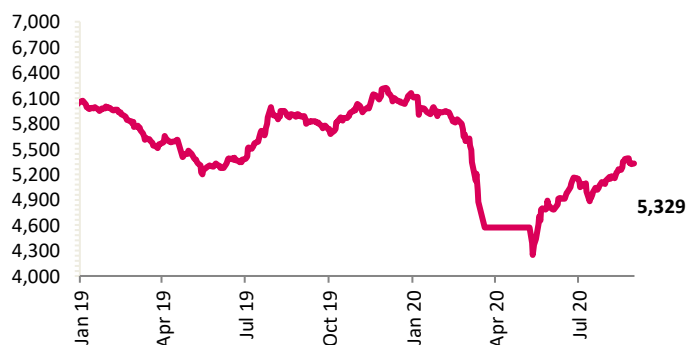
Source- Department of Census and Statistics-Sri Lanka

Market Update: Stock Market

ASPI Movement: Since 01 Jan 2013



ASPI Movement: Since 01 Jan 2019



ASPI Performance (as a percentage)

*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2019 to 31/07/2020

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020**
ASI	2,723	2,541	1,504	3,386	6,637	6,074	5,644	5,913	7,299	6,894	6,228	6,369	6,052	6,129	5,329
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%	1.3%	-13.1%

Highlights of the performance

- The annual average growth rate of ASPI is 6.1% per year.
- The ASPI has decreased by 13.1% for the period of 01 January 2020 to 31 August 2020.

Market Update: Stock Market

For the month

Description	Aug-2020	July-2020
All Share Price Index (ASPI)	5,329	5,124
ASPI growth for the month	4.0%	-0.5%
Total market turnover (LKR Millions)	36,860	26,579
Market Capitalization (LKR Billions)	2,316	2,411
PE Ratio (times)	8.98x	9.50x

10 Companies with highest market Capitalization on the CSE as of 31 August 2020

- CEYLON TOBACCO COMPANY PLC
- JOHN KEELLS HOLDINGS PLC
- DIALOG AXIATA PLC
- COMMERCIAL BANK OF CEYLON PLC
- DISTILLERIES COMPANY OF SRI LANKA PLC
- LOLC HOLDINGS PLC
- CEYLON COLD STORES PLC
- NESTLE LANKA PLC
- SRI LANKA TELECOM PLC
- HATTON NATIONAL BANK PLC

Highlights of the month

- Both ASPI and S&P SL 20 indices gained in August by 4.0% and 8.3% respectively. However, the ASPI and S&P SL 20 have provided negative returns on an year-to-date (January- August) basis of 13.1% and 19.7% respectively.
- Foreign selling continued in August as well. Total foreign selling from 2020 January to August is LKR 31.7Bn.

Fund manager's outlook



Fixed income outlook

- Interest rates continued to be low as the benchmark 364-day Treasury bill rate stood at 4.89% as at end of August 2020. Overnight liquidity level increased to LKR 190 billion in August 2020 from LKR 166 billion in July 2020. The Central Bank holding of Government securities stood at LKR 293 billion as at 31st August 2020. Longer end of the yield curve remained at same levels as in July 2020. However, the shorter end witnessed a slight decline (10 – 15 basis points), due to the increase in market demand for short to medium term tenures.
- We expect interest rates to remain at current levels in the medium term as the private sector credit growth continued to be weak. Moreover, the government is taking measures to maintain the value of the currency and is of the view that Interest rates should remain low till the economic activity picks up.
- However, we expect that the interest rates and exchange rate are expected to come under pressure as the economy returns to normalcy.

Equity outlook

- All Share Price Index (ASPI) and S&P SL 20 Index recorded significant gains during the month of August 2020, as they gained 4.0% and 8.3%, respectively. Investor sentiment rebounded strongly with the conclusion of the Parliamentary Election held during the month. Political stability coupled with the low interest rate regime may have been the key catalysts for the local participation towards equity markets, despite the weak corporate earnings recorded for the second quarter 2020. Foreign investors continued to be net sellers on Banking and blue-chip counters. Given the current market context and expectations on company earnings, we expect to maintain the current asset allocations to equity.

About AIA

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



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MALAYSIA

1957
BRUNEI

1972
AUSTRALIA

1981
NEW ZEALAND

1982
MACAU

1984
INDONESIA

1987
KOREA

1990
TAIWAN

2000
VIETNAM

2001
INDIA

2012
SRI LANKA

2013
MYANMAR

2015
CAMBODIA

A total Sum Assured of over
US\$1.58 trillion

100 years
of history in Asia

18
geographical markets

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34 million
individual policies

More than
16 million
group scheme members



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