

INVESTOR

AIA's Monthly Investment Market and Unit Linked Fund Update

For the month of December 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)	-2.7%	2.0%	6.9%	6.7%	7.5%	10.5%
Annual Effective Growth Rate						
1 year	-2.7%	2.0%	6.9%	6.7%	7.5%	10.5%
3 years	-1.0%	5.1%	9.1%	8.6%	9.2%	2.1%
5 years	0.5%	5.8%	9.2%	8.7%	-	-0.4%
7 years	2.2%	6.1%	8.5%	8.0%	-	2.0%
From Inception - CAGR	9.4%	10.6%	10.0%	9.6%	9.2%	7.7%

Note: past performance is not an indication of future performance

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



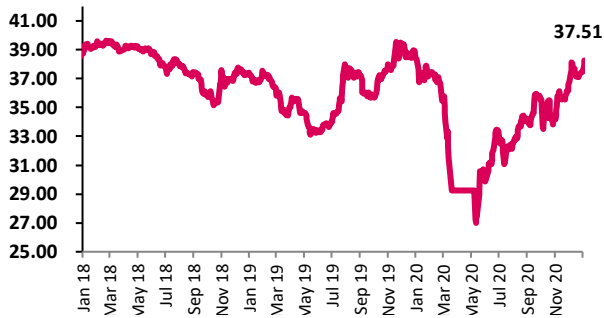
Tip: Your Investment Linked Long Term Insurance Policy allows you to be in control of your investments in Unit Linked Funds. Kindly refer your policy document to learn more about options like unit switches and premium redirections which are available for you to manage your investments. You can also contact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

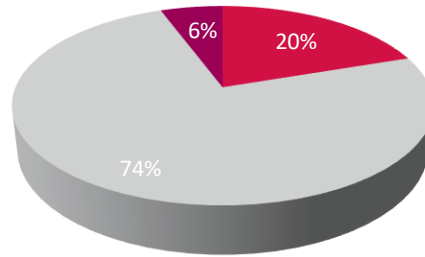
Your fund performance: Growth fund

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 31/12/2020

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	37.51
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%	-2.7%

Note: past performance is not an indication of future performance

Equity Allocation

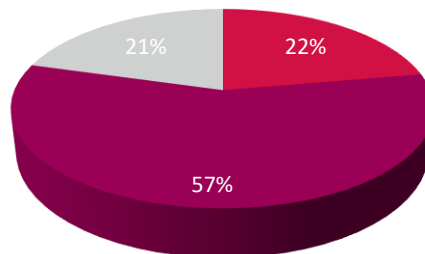
Sector	%
Banks	47%
Capital Goods	31%
Diversified Financials	12%
Food Beverage and Tobacco	4%
Materials	6%
Total	100%

Top Equity Holdings*

Access Engineering	John Keells Holdings
Central Finance	People's Leasing
Commercial Bank	Royal Ceramic Lanka
Chevron Lubricants	Sampath Bank
Distilleries Company of SL	Seylan Bank
Hatton National Bank	-

*Note: In alphabetical order

Credit Rating



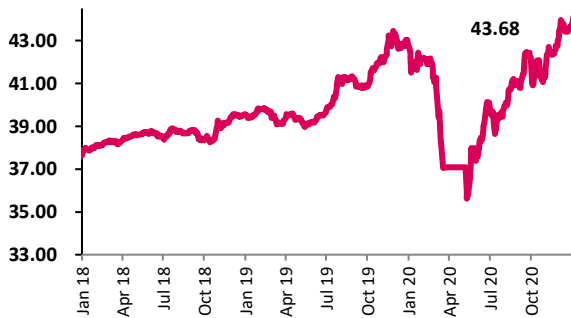
■ AAA Rating ■ AA Rating ■ A Rating

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 9.4% per year, since the unit linked fund was started.
- The unit price has decreased by 2.7% for the period 01 January 2020 to 31 December 2020.

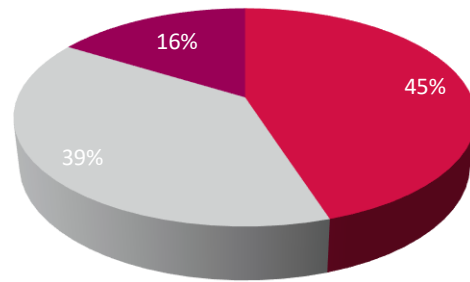
Your fund performance: Balanced fund

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 31/12/2020

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	43.68
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%	2.0%

Note: past performance is not an indication of future performance

Equity Allocation

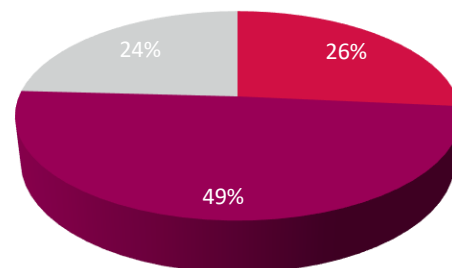
Sector	%
Banks	43%
Capital Goods	38%
Diversified Financials	9%
Food Beverage and Tobacco	4%
Materials	6%
Total	100%

Top Equity Holdings*

Access Engineering	John Keells Holdings
Commercial Bank	People's Leasing
Chevron Lubricants	Royal Ceramic Lanka
Distilleries Company of SL	Sampath Bank
Hatton National Bank	Seylan Bank

*Note: (In alphabetical order)

Credit Rating



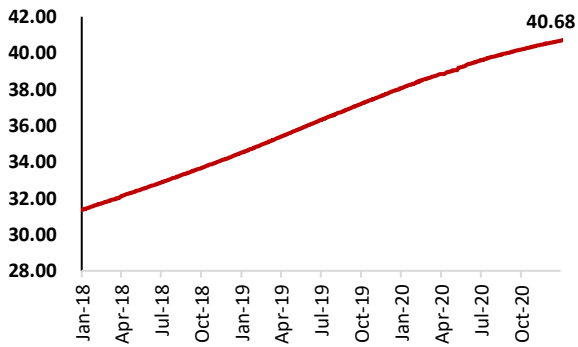
■ AAA Rating ■ AA Rating ■ A Rating

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 10.6% per year, since the unit linked fund was started.
- The unit price has increased by 2.0% for the period 01 January 2020 to 31 December 2020.

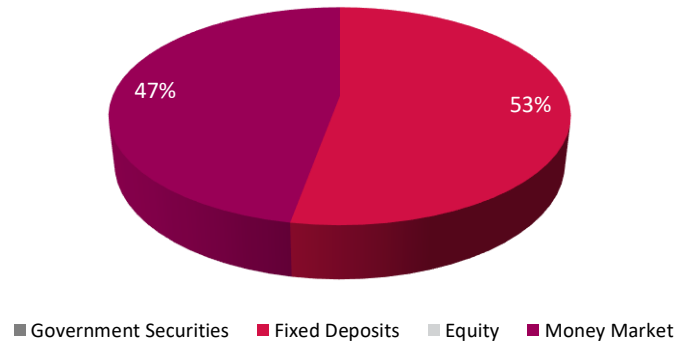
Your fund performance: Secure fund

Unit Price Movement



Note: past performance is not an indication of future performance

Asset Allocation



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)

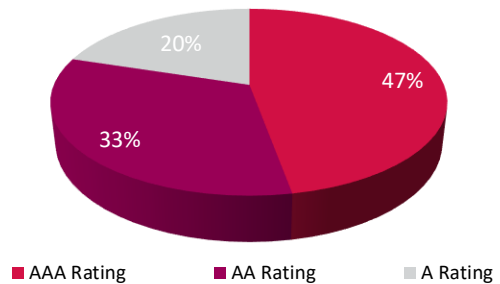
*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2019 to 31/12/2020

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	40.68
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%	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 10.0% per year, since the unit linked fund was started.
- The unit price has increased by 6.9% for the period 01 January 2020 to 31 December 2020.

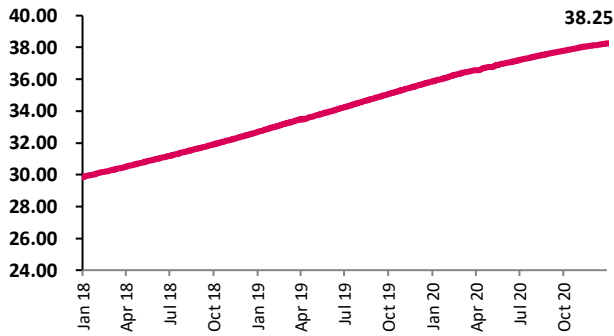
Credit Rating



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.

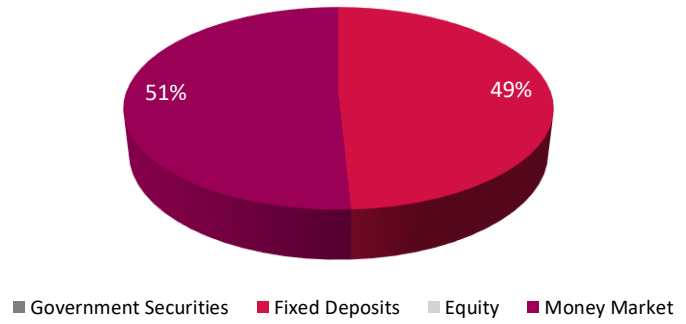
Your fund performance: Protected fund

Unit Price Movement



Note: past performance is not an indication of future performance

Asset Allocation



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)

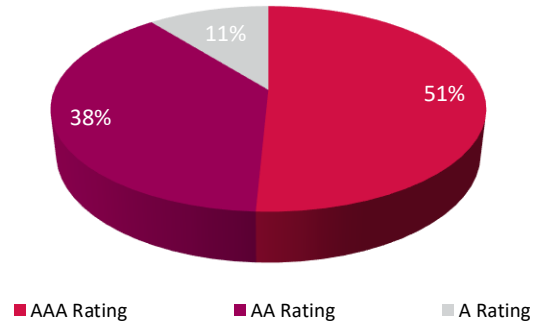
*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2019 to 31/12/2020

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	38.25
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%	6.7%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Protected fund is 9.6% per year, since the unit linked fund was started.
- The unit price has increased by 6.7% for the period 01 January 2020 to 31 December 2020.

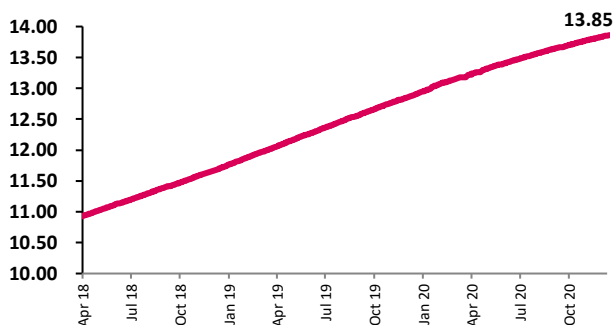
Credit Rating



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.

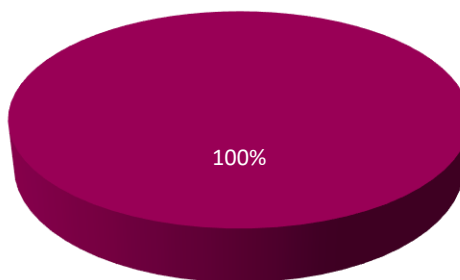
Your fund performance: Stable Money Market fund

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)

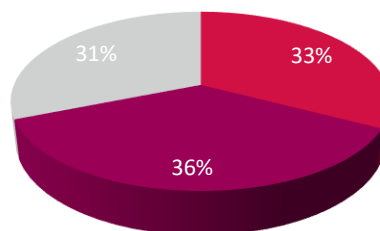
*Since inception – 21/04/2017 to 31/12/2017 **Period from 31/12/2019 to 31/12/2020

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017*	2018	2019	2020**
Unit Price	-	-	-	-	-	-	-	-	-	-	-	10.62	11.70	12.88	13.85
Growth (%)	-	-	-	-	-	-	-	-	-	-	-	6.2%	10.2%	10.1%	7.5%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Protected fund is 9.2% per year, since the unit linked fund was started.
- The unit price has increased by 7.5% for the period 01 January 2020 to 31 December 2020.

Credit Rating



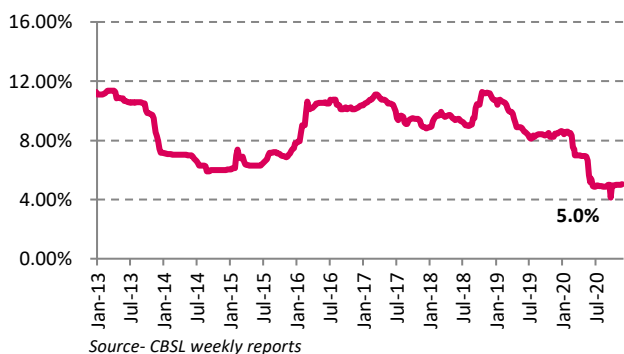
■ AAA Rating ■ AA Rating ■ A Rating

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Market Update: Interest Rates

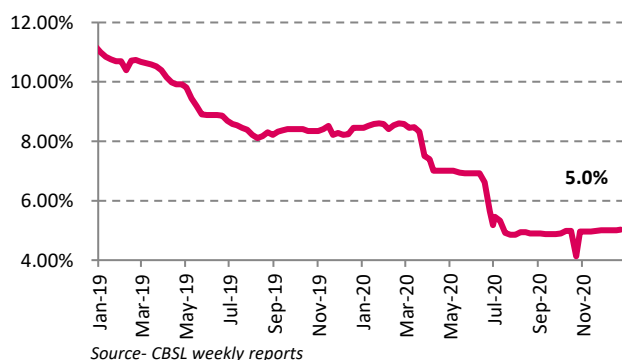
We use the 364-day T- Bill as an indicator of how interest rates move

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 2019

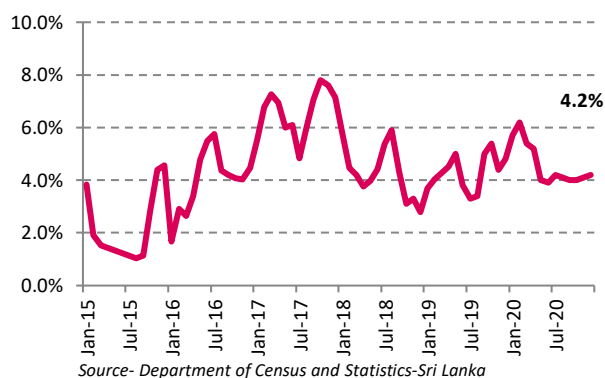


Note: Past performance is not an indication of future performance

Major events during the month

- Central Bank maintained the Standing Deposit Facility Rate (SDFR) and Standing Lending Facility Report (SLFR) in December 2020 at 4.50% and 5.50% respectively.
- Central Bank raised LKR 127 billion through treasury bills and LKR 84 billion through treasury bonds during the month.
- The yield curve was relatively unchanged during the month while volumes traded in the secondary market were moderate. 364-day treasury bill rate reached 4.93% by 31 December 2020.

Inflation: Since 01 Jan 2015



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 31/12/2020

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	6,774
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%	10.5%

Highlights of the performance

- The annual average growth rate of ASPI is 7.7% per year.
- The ASPI has increased by 10.5% for the period of 01 January 2020 to 31 December 2020.

Market Update: Stock Market

For the month

Description	Dec-2020	Nov-2020
All Share Price Index (ASPI)	6,774	6,244
ASPI growth for the month	10.5%	9.0%
Total market turnover (LKR Millions)	67,560	53,350
Market Capitalization (LKR Billions)	2,960	2,728
PE Ratio (times)	11.25x	10.61x

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

- JOHN KEELLS HOLDINGS PLC
- CEYLON TOBACCO COMPANY PLC
- DIALOG AXIATA PLC
- DISTILLERIES COMPANY OF SRI LANKA PLC
- COMMERCIAL BANK OF CEYLON PLC
- NESTLE LANKA PLC
- CEYLON COLD STORES PLC
- L O LC HOLDINGS PLC
- BROWNS INVESTMENTS PLC
- MELSTACORP PLC

Highlights of the month

- Positive momentum in the market continued in December as well which resulted in the ASPI and S&P SL 20 gaining by 8.5% and 7.5% respectively. From January to December the ASPI increased by 10.5% while the S&P SL 20 decreased by 10.2%
- Foreign selling continued to be on the higher side which were absorbed by domestic retail investors. Year to date foreign selling (January-December) amounted to LKR 51.5 billion.

Fund manager's outlook



Fixed income outlook

- The benchmark 364 – day Treasury bill yield increased to 5.1% during the month of December 2020, while the medium-term bond yields declined by 10 – 15 basis points, following the sharp increase witnessed in the previous month. Market liquidity levels remained high, while the Central Bank holding of Government securities continued to increase during December as the Central Bank intervened to manage the interest rate and the exchange rate.
- Despite the macroeconomic fundamentals of Sri Lanka indicating towards a higher interest rate regime, the subpar economic activity levels and Central Bank's ability to maintain interest rates at current levels in the medium term, may result in the continuation of the low interest rate regime for the next two quarters.
- However, with the economy returning to normalcy, improved levels of economic activity and higher demand for money in the economy may lead to rise in inflation towards the second half of 2021. The above, coupled with heavy debt repayments due in 2021 may add further pressure on both the exchange rate and interest rates. Therefore, we will continue to carry out investments in short term instruments.

Equity outlook

- The two main indices, ASPI and S&P SL 20, recorded sharp gains of 8.50% and 7.51%, respectively, during December 2020. Overall, the demand for midcap and speculative shares drove the ASPI to end 2020 at 10.5%, while the more liquid S&P SL20 index fell by 10.2% due to limited demand for liquid blue-chip counters.
- Foreigners continued to be net sellers in December from the Colombo Stock Exchange. Year-to-date net foreign selling ended at LKR 51.5 billion, the highest net outflow in 10 years. Market PE increased to 11.25 compared to the Q3 PE of 10.1, while the overall market capitalization stood at LKR 3.0 trillion.
- The low interest rate regime has been a key factor in driving equity market performances despite challenging macroeconomic fundamentals. Given our view on forward corporate earnings and interest rates, we would continue to maintain asset allocation to equity just below benchmark levels.

About AIA

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



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MACAU

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INDONESIA

1987
KOREA

1990
TAIWAN

2000
VIETNAM

2001
INDIA

2012
SRI LANKA

2013
MYANMAR

2015
CAMBODIA

A total Sum Assured of over
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100 years
of history in Asia

18
geographical markets

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individual policies

More than
16 million
group scheme members



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