

INVESTOR

AIA's Monthly Investment Market and Unit Linked Fund Update

For the month of July 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)	-15.9%	-7.4%	4.6%	4.3%	4.9%	-16.4%
Annual Effective Growth Rate						
1 year	-14.2%	-3.8%	8.8%	8.4%	8.9%	-13.6%
3 years	-5.5%	2.7%	9.7%	9.1%	-	-8.3%
5 years	-3.7%	3.5%	9.3%	8.8%	-	-6.9%
7 years	-0.3%	4.8%	8.8%	8.3%	-	-2.3%
From Inception - CAGR	8.6%	10.1%	10.2%	9.7%	9.6%	5.8%

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.

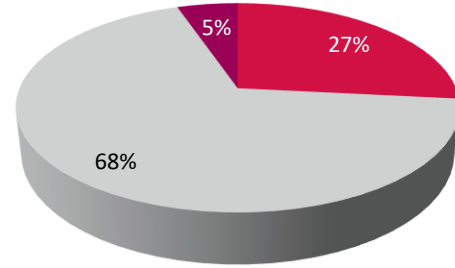
Your fund performance: Growth fund

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 31/07/2020

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	32.43
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%	-15.9%

Note: past performance is not an indication of future performance

Equity Allocation

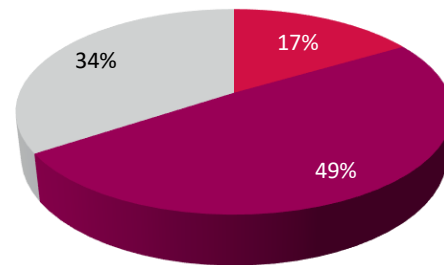
Sector	%
Banks	55%
Capital Goods	26%
Consumer Services	2%
Diversified Financials	17%
Total	100%

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 Growth fund is 8.6% per year, since the unit linked fund was started.
- The unit price has decreased by 15.9% for the period 01 January 2020 to 31 July 2020.

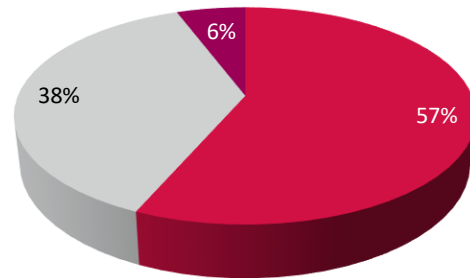
Your fund performance: Balanced fund

Unit Price Movement



Note: past performance is not an indication of future performance

Asset Allocation



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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 31/07/2020

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	39.65
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%	-7.4%

Note: past performance is not an indication of future performance

Equity Allocation

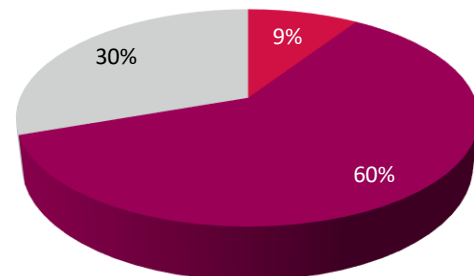
Sector	%
Banks	58%
Capital Goods	30%
Consumer Services	0%
Diversified Financials	12%
Total	100%

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



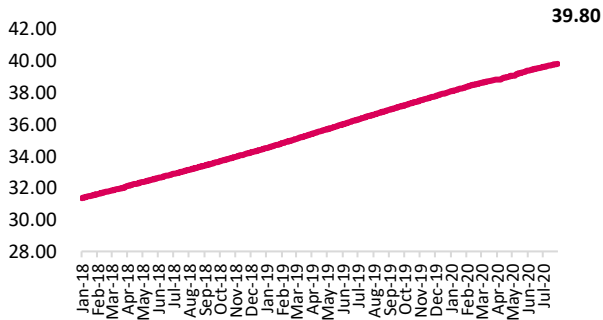
■ AAA Rating ■ AA Rating ■ A Rating

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 10.1% per year, since the unit linked fund was started.
- The unit price has decreased by 7.4% for the period 01 January 2020 to 31 July 2020.

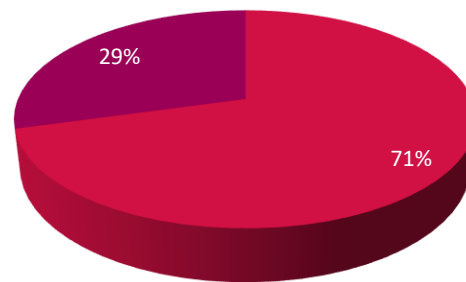
Your fund performance: Secure fund

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)

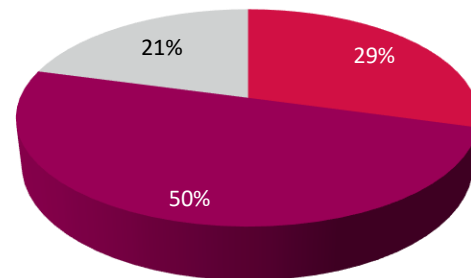
*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2019 to 31/07/2020

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	39.80
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%	4.6%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Secure fund is 10.2% per year, since the unit linked fund was started.
- The unit price has increased by 4.6% for the period 01 January 2020 to 31 July 2020.

Credit Rating

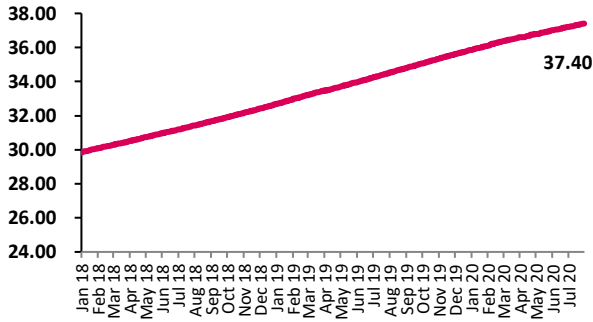


■ AAA Rating ■ AA Rating ■ A Rating

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.

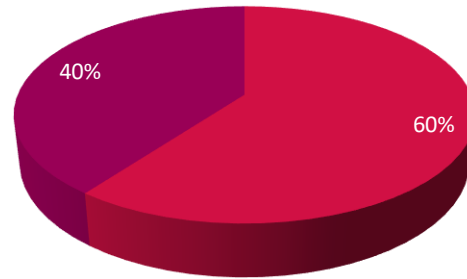
Your fund performance: Protected fund

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)

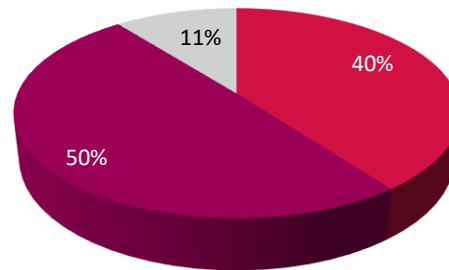
*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2019 to 31/07/2020

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	37.40
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%	4.3%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Protected fund is 9.7% per year, since the unit linked fund was started.
- The unit price has increased by 4.3% for the period 01 January 2020 to 31 July 2020.

Credit Rating

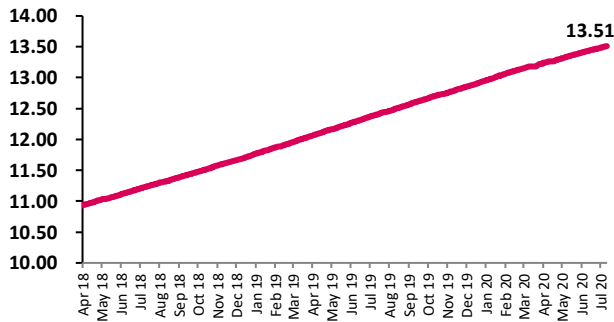


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Note: The credit rating is presented as at month end for investments in fixed deposits and does not include ratings for equity investments. All ratings are by Fitch Ratings Lanka.

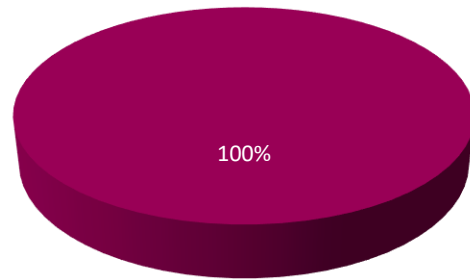
Your fund performance: Stable Money Market fund

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)

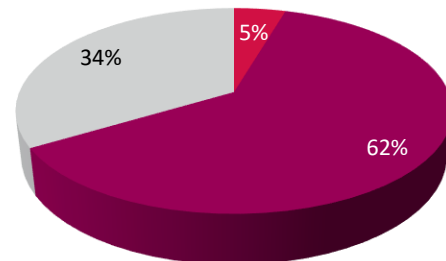
*Since inception – 21/04/2017 to 31/12/2017 **Period from 31/12/2019 to 31/07/2020

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017*	2018	2019	2020**
Unit Price	-	-	-	-	-	-	-	-	-	-	-	10.62	11.70	12.88	13.51
Growth (%)	-	-	-	-	-	-	-	-	-	-	-	6.2%	10.2%	10.1%	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 9.6% 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 July 2020.

Credit Rating



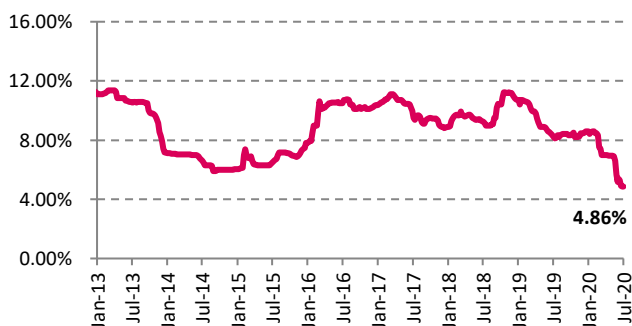
■ AAA Rating ■ AA Rating ■ A Rating

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

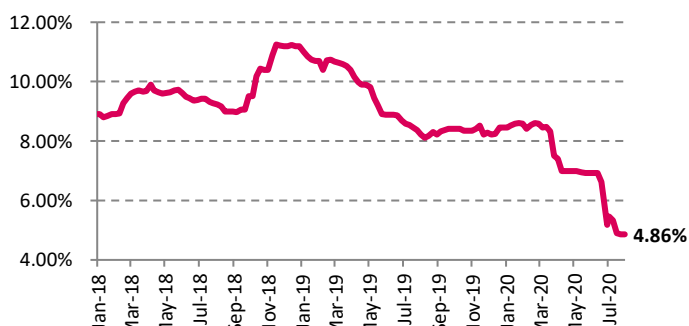
364-day T-bill: Since 01 Jan 2013



Source- CBSL weekly reports

Note: Past performance is not an indication of future performance

364-day T-bill: Since 01 Jan 2018



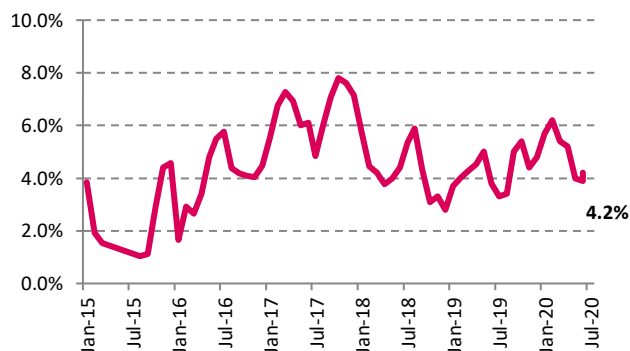
Source- CBSL weekly reports

Note: Past performance is not an indication of future performance

Major events during the month

- Central Bank reduced the Standing Deposit Facility Rate (SDFR) and Standing Lending Facility Report (SLFR) by 100 basis points in July 2020 to 4.50% and 5.50%.
- Central Bank raised LKR 134 billion and LKR 143 billion by issuing treasury bills and treasury bonds respectively.
- Yields continued to come down in July amidst the large liquidity balance in the banking system. 365-day treasury bill yield came down below 5.00% to 4.80% by the end of the month.

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 2018



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	5,124
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%	-16.4%

Highlights of the performance

- The annual average growth rate of ASPI is 5.8% per year.
- The ASPI has decreased by 16.4% for the period of 01 January 2020 to 31 July 2020.

Market Update: Stock Market

For the month

Description	July-2020	June-2020
All Share Price Index (ASPI)	5,124	5,150
ASPI growth for the month	-0.5%	6.2%
Total market turnover (LKR Mn)	26,579	29,072
Market Capitalization (LKR Bn)	2,411	2,405
PE Ratio (times)	9.50x	9.50x

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

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

Highlights of the month

- Both ASPI and S&P SL 20 indices dropped in the month of July by 0.5% and 3.9% respectively. Disappointing earnings results of 2nd quarter was the main reason for the drop.
- Foreign selling continued in July as well. Total foreign selling from 2020 January to July is LKR 23.6Bn.

Fund manager's outlook



Fixed income outlook

- The benchmark 364-day Treasury bill rate declined to 4.86% during July 2020, before edging up to 4.94% during the latest auction held for August 2020. Overnight liquidity level remained high at 166 billion, while the Central Bank holding of Government securities stood at LKR 309 billion as at 06 August 2020. Despite the slight spike in interest rates, we expect the Central Bank to maintain interest rates at low levels to stimulate private sector demand for credit. Pressure on exchange rate remains high, as the International Sovereign bond settlement is due in October 2020. Moreover, the Government is challenged to secure alternative credit facilities to fund the remaining external debt repayments falling due in 2020.
- Interest rates are expected to be at current levels in the medium term. However, gradual increase in private sector credit growth, domestic and external debt repayments due in 2021 coupled with weak external sector may exert pressure on exchange rate and interest rates

Equity outlook

- All share price index dipped by 0.49% during July 2020. Renewed interest ahead of Parliamentary elections managed to wipe off some of the losses incurred due to fears over a second wave of Covid-19 pandemic. We expect the market to rally based on expectation of a stable government with an absolute majority in the upcoming parliamentary session. However, earnings will be challenging for most companies in the listed and unlisted space during the upcoming quarters. Therefore, 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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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

More than
34 million
individual policies

More than
16 million
group scheme members



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