

INVESTOR

AIA's Monthly Investment Market and Unit Linked Fund Update

For the month of March 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)	-24.1%	-13.4%	2.0%	2.1%	2.3%	-25.4%
Annual Effective Growth Rate						
1 year	-16.2%	-5.5%	9.8%	9.3%	9.9%	-17.7%
3 years	-7.0%	2.0%	10.1%	9.5%	-	-9.0%
5 years	-4.5%	3.1%	9.1%	8.7%	-	-7.7%
7 years	-0.9%	4.6%	9.0%	8.5%	-	-3.2%
From Inception - CAGR	8.0%	9.9%	10.2%	9.8%	9.8%	5.1%

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.

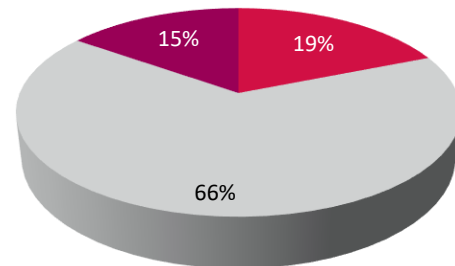
Your fund performance: Growth fund

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 31/03/2020

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	29.27
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%	-24.1%

Note: past performance is not an indication of future performance

Equity Allocation

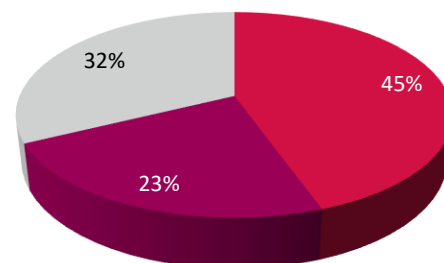
Sector	%
Banks	51%
Capital Goods	26%
Consumer Services	2%
Diversified Financials	20%
Total	100%

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



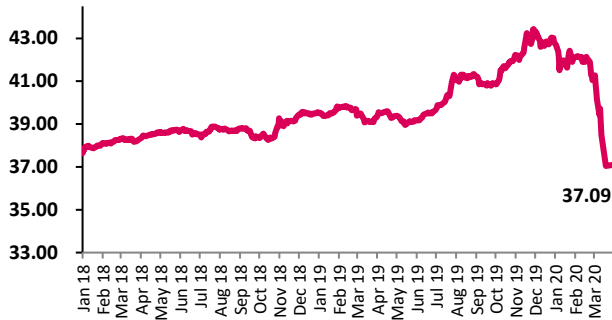
■ AAA Rating ■ AA Rating ■ A Rating

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 8.0% per year, since the unit linked fund was started.
- The unit price has decreased by 24.1% for the period 01 January 2020 to 31 March 2020.

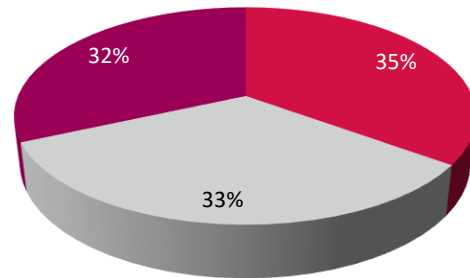
Your fund performance: Balanced fund

Unit Price Movement



Note: past performance is not an indication of future performance

Asset Allocation



■ Government Securities ■ Fixed Deposits ■ Equity ■ Money Market

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Unit Price Growth (as a percentage)

*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2019 to 31/03/2020

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	37.09
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%	-13.4%

Note: past performance is not an indication of future performance

Equity Allocation

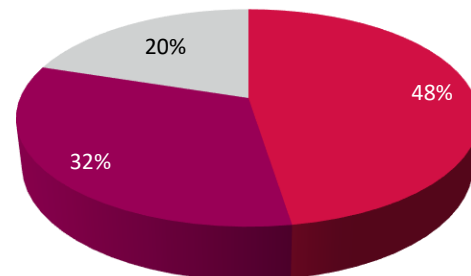
Sector	%
Banks	54%
Capital Goods	31%
Consumer Services	0%
Diversified Financials	15%
Total	100%

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



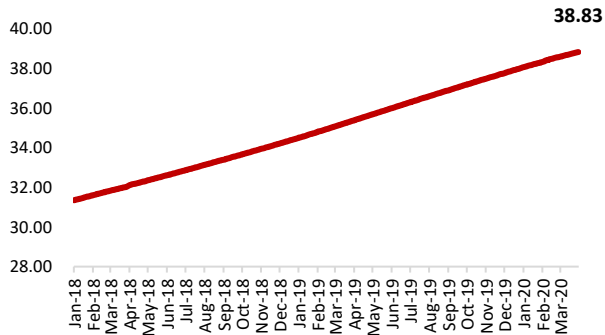
■ AAA Rating ■ AA Rating ■ A Rating

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- The annual average growth rate of the unit price for the Balanced fund is 9.9% per year, since the unit linked fund was started.
- The unit price has decreased by 13.4% for the period 01 January 2020 to 31 March 2020.

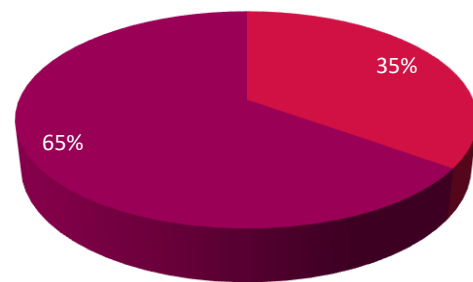
Your fund performance: Secure fund

Unit Price Movement



Note: past performance is not an indication of future performance

Asset Allocation



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Unit Price Growth (as a percentage)

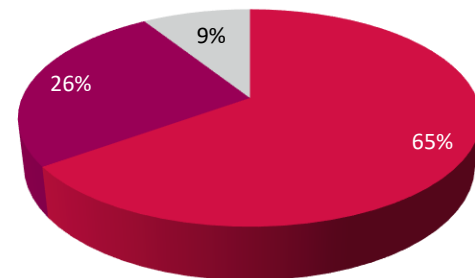
*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2019 to 31/03/2020

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	38.83
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%	2.0%

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 2.0% for the period 01 January 2020 to 31 March 2020.

Credit Rating

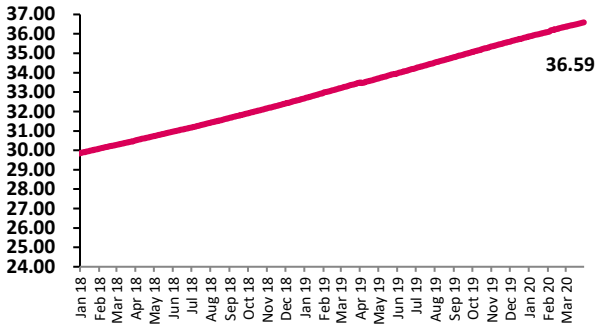


■ AAA Rating ■ AA Rating ■ A Rating

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.

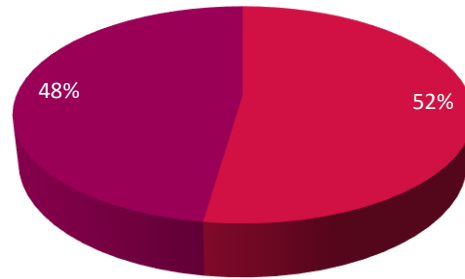
Your fund performance: Protected fund

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)

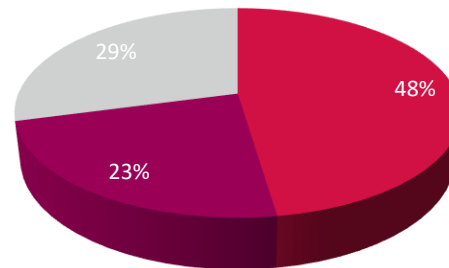
*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2019 to 31/03/2020

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	36.59
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%	2.1%

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 2.1% for the period 01 January 2020 to 31 March 2020.

Credit Rating

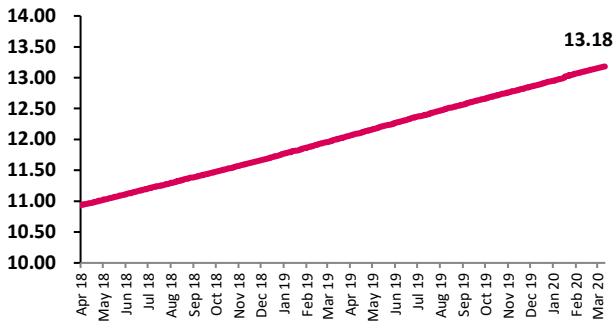


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Note: The credit rating is presented as at month end for investments in fixed deposits and does not include ratings for equity investments. All ratings are by Fitch Ratings Lanka.

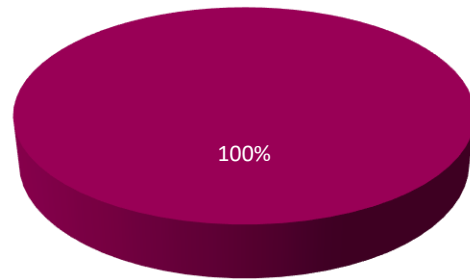
Your fund performance: Stable Money Market fund

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)

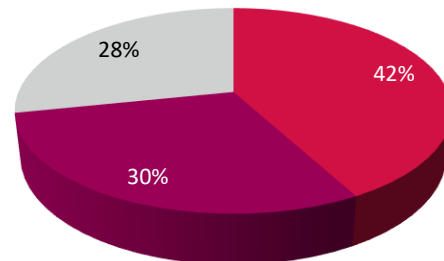
*Since inception – 21/04/2017 to 31/12/2017 **Period from 31/12/2019 to 31/03/2020

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017*	2018	2019	2020**
Unit Price	-	-	-	-	-	-	-	-	-	-	-	10.62	11.70	12.88	13.18
Growth (%)	-	-	-	-	-	-	-	-	-	-	-	6.2%	10.2%	10.1%	2.3%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Protected fund is 9.8% per year, since the unit linked fund was started.
- The unit price has increased by 2.3% for the period 01 January 2020 to 31 March 2020.

Credit Rating



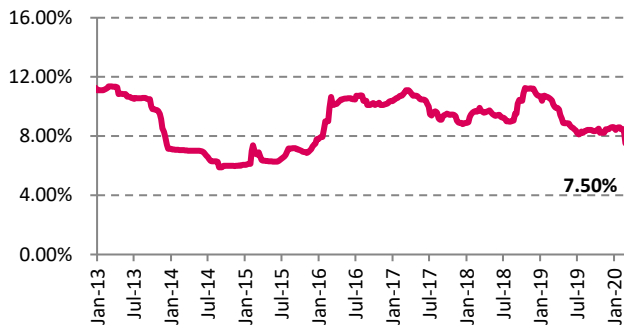
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Market Update: Interest Rates

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

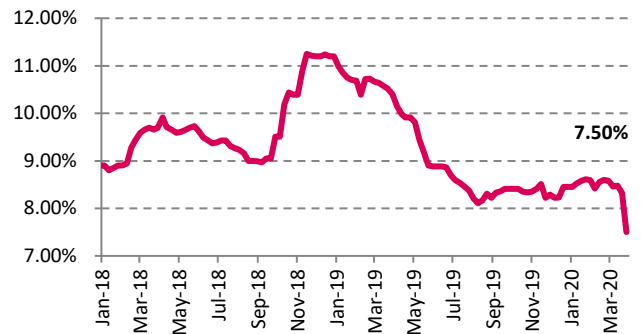
364-day T-bill: Since 01 Jan 2013



Source- CBSL weekly reports

Note: Past performance is not an indication of future performance

364-day T-bill: Since 01 Jan 2018



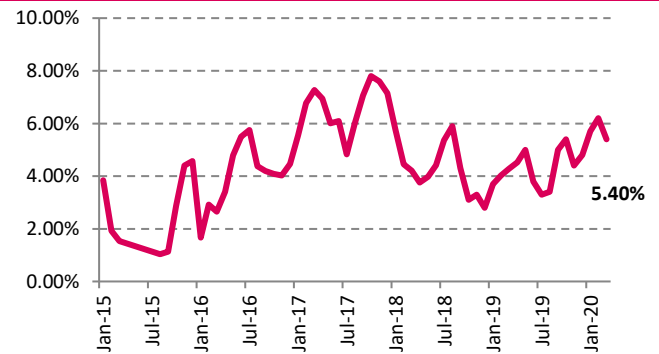
Source- CBSL weekly reports

Note: Past performance is not an indication of future performance

Major events during the month

- Central Bank raised LKR 115 billion by issuing treasury bills.
- Central Bank policy rates play a key role in determining the direction and level of market interest rates. The Central Bank reduced its SDFR and SLFR by 25 basis points in an attempt to support economic activity amidst the COVID-19 pandemic. Currently, SLFR and SDFR stand at 7.25% and 6.25% respectively.
- Short term interest rates decreased notably over the month. For example, the benchmark 364-day Treasury bill rate decreased from 8.58% at the beginning of the month to 7.50% at 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 31/03/2020

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	4,572
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%	-25.4%

Highlights of the performance

- The annual average growth rate of ASPI is 5.1% per year.
- The ASPI has decreased by 25.4% for the period of 01 January 2020 to 31 March 2020.

Market Update: Stock Market

For the month

Description	Mar-2020	Feb-2020
All Share Price Index (ASPI)	4,572	5,592
ASPI growth for the month	-18.3%	-5.7%
Total market turnover (LKR Mn)	6,325	8,397
Market Capitalization (LKR Bn)	2,128	2,599
PE Ratio (times)	8.38X	10.23X

Highlights of the month

- The equity market performance decreased by 18.3% in March 2020.
- The ASPI decreased by 25.4% over the period 01 January 2020 to 31 March 2020.
- There was a foreign outflow of LKR 1.2 billion on a net basis in March 2020, resulting in a net outflow of LKR 5.2 billion during the year 2020.

10 Companies with highest market Capitalization on the CSE as at end of month

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

Fund manager's outlook



Fixed income outlook

- Due to the prevalent situation with the COVID -19 outbreak, the Central Bank has continued with its monetary policy stimulus via continuous policy rates cuts and reductions in Statutory Reserve Ratio requirements (SRR) in order to spur growth. President has indicated that rates would be held around 7.00% via captive funds (treasury bills and treasury bonds). The Central Bank has also reduced the statutory liquid Ratio which needs to be maintained by finance companies and specialized leasing companies; in order to enhance market liquidity. The Central Bank has printed money in recent days with the CBSL holding hovering around LKR 182 billion.
- We are of the view that government will make every attempt to reduce interest rates to spur economic growth while lower interest rates will result in lower borrowing costs for the government which is running large fiscal deficits. Foreigners have continued to sell LKR denominated bonds while International Sovereign Bonds (ISB) rates have spiked indicating higher risk premiums for Sri Lanka dollar denominated debt.
- The benchmark 364 – Treasury bill rate stood at 7.50% while the longer end of the yield curve has also adjusted down. While government will make every attempt to keep interest rates lower; we are of the view that currency pressures and fiscal slippage will exert upward pressure on rates. Interest rates are expected to remain under pressure due to budget deficits and debt service payments and if private sector credit growth strongly rebounds. However, if the government is successful in attracting foreign inflows, rates are expected to remain muted.

Equity outlook

- The All Share Price Index ASPI has declined by 25.4% while the more liquid S&P Sri Lanka 20 index has lost 33.7% as of 31st March 2020. CSE saw several days of S&P SL 20 index triggering the -5% circuit breaker during the month of March.
- SEC has taken a decision to keep the Colombo Stock Exchange closed until the curfew is lifted in the country. Once trading resumes, we believe foreign selling will continue on larger capitalised counters; while earnings concerns will weigh on investors. However, we believe these turbulent times present bargain hunting opportunities which needs to be capitalised for the long haul.

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
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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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