

INVESTOR

AIA's Monthly Investment Market and Unit Linked Fund Update

For the month of October 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)	-10.9%	-3.2%	6.0%	5.9%	6.5%	-6.6%
Annual Effective Growth Rate						
1 year	-9.1%	-1.8%	7.7%	7.4%	8.0%	-4.4%
3 years	-4.6%	3.3%	9.4%	8.9%	9.5%	-4.7%
5 years	-1.7%	4.7%	9.2%	8.7%	-	-4.0%
7 years	1.1%	5.5%	8.6%	8.1%	-	-0.6%
From Inception - CAGR	8.9%	10.3%	10.1%	9.6%	9.4%	6.6%

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.

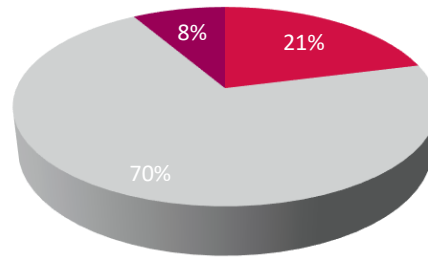
Your fund performance: Growth fund

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 31/10/2020

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	34.35
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%	-10.9%

Note: past performance is not an indication of future performance

Equity Allocation

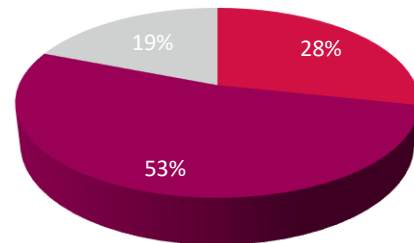
Sector	%
Banks	48%
Capital Goods	30%
Consumer Services	2%
Diversified Financials	14%
Materials	6%
Total	100%

Top Equity Holdings*

Access Engineering	John Keells Holdings
Amaya Leisure	People's Leasing
Central Finance	Royal Ceramic Lanka
Commercial Bank	Sampath Bank
Chevron Lubricants	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 8.9% per year, since the unit linked fund was started.
- The unit price has decreased by 10.9% for the period 01 January 2020 to 31 October 2020.

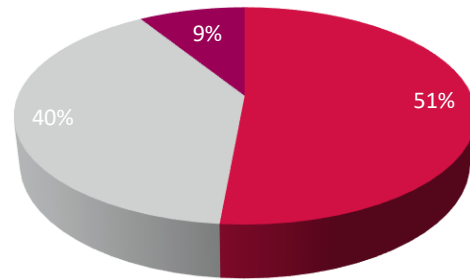
Your fund performance: Balanced fund

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 31/10/2020

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	41.42
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%	-3.2%

Note: past performance is not an indication of future performance

Equity Allocation

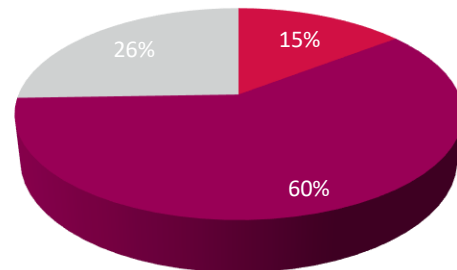
Sector	%
Banks	51%
Capital Goods	37%
Materials	5%
Diversified Financials	7%
Total	100%

Top Equity Holdings*

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

*Note: (In alphabetical order)

Credit Rating



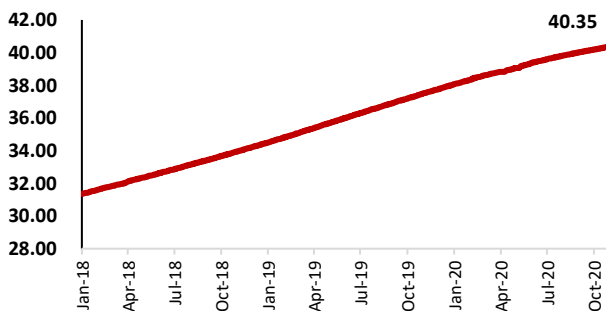
■ AAA Rating ■ AA Rating ■ A Rating

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 10.3% per year, since the unit linked fund was started.
- The unit price has decreased by 3.2% for the period 01 January 2020 to 31 October 2020.

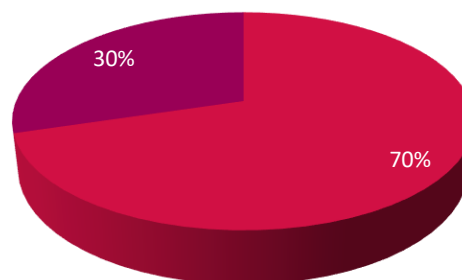
Your fund performance: Secure fund

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)

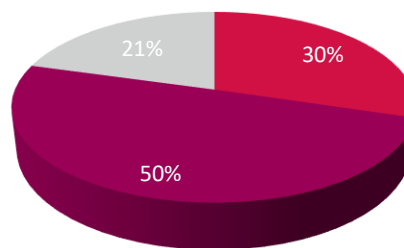
*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2019 to 31/10/2020

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	40.35
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%	6.0%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Secure fund is 10.1% per year, since the unit linked fund was started.
- The unit price has increased by 6.0% for the period 01 January 2020 to 31 October 2020.

Credit Rating

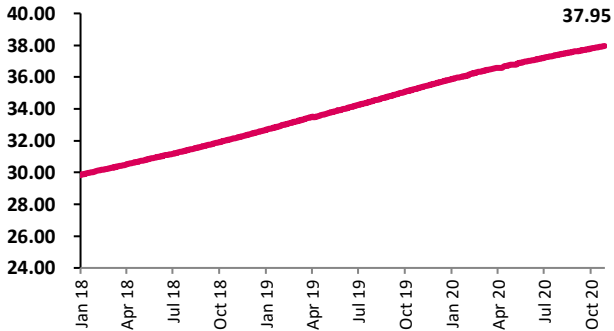


■ AAA Rating ■ AA Rating ■ A Rating

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.

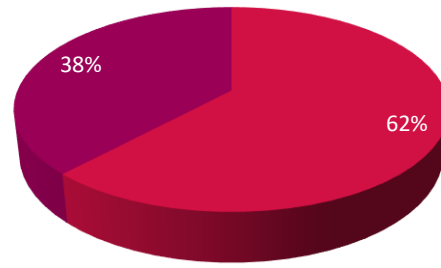
Your fund performance: Protected fund

Unit Price Movement



Note: past performance is not an indication of future performance

Asset Allocation



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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)

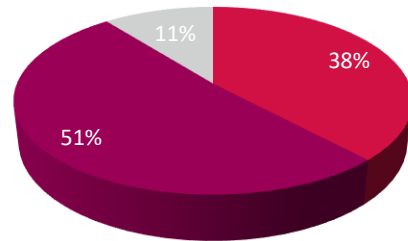
*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2019 to 31/10/2020

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	37.95
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%	5.9%

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 5.9% for the period 01 January 2020 to 31 October 2020.

Credit Rating

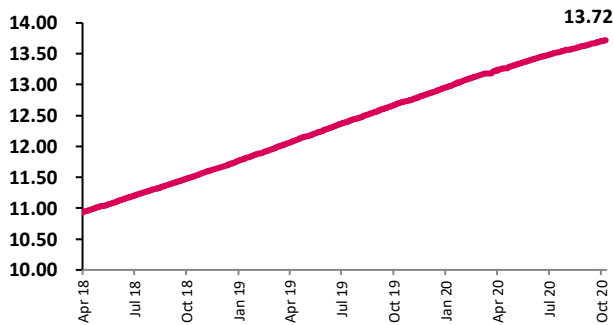


■ AAA Rating ■ AA Rating ■ A Rating

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.

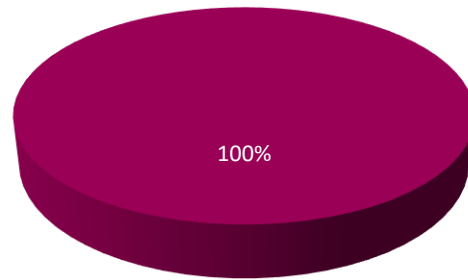
Your fund performance: Stable Money Market fund

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)

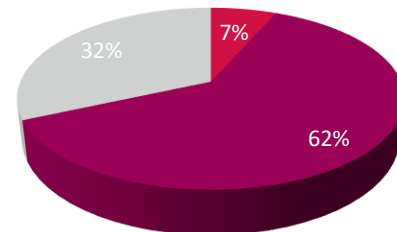
*Since inception – 21/04/2017 to 31/12/2017 **Period from 31/12/2019 to 31/10/2020

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017*	2018	2019	2020**
Unit Price	-	-	-	-	-	-	-	-	-	-	-	10.62	11.70	12.88	13.72
Growth (%)	-	-	-	-	-	-	-	-	-	-	-	6.2%	10.2%	10.1%	6.5%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Protected fund is 9.4% per year, since the unit linked fund was started.
- The unit price has increased by 6.5% for the period 01 January 2020 to 31 October 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

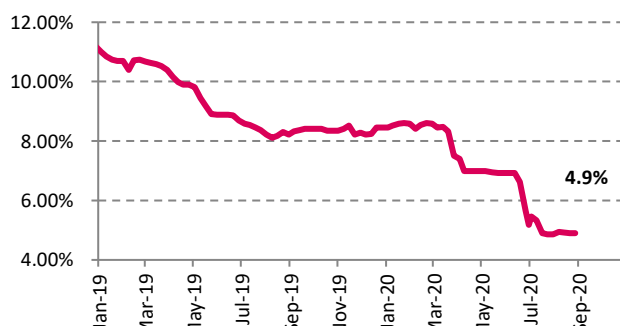
364-day T-bill: Since 01 Jan 2013



Source- CBSL weekly reports

Note: Past performance is not an indication of future performance

364-day T-bill: Since 01 Jan 2019



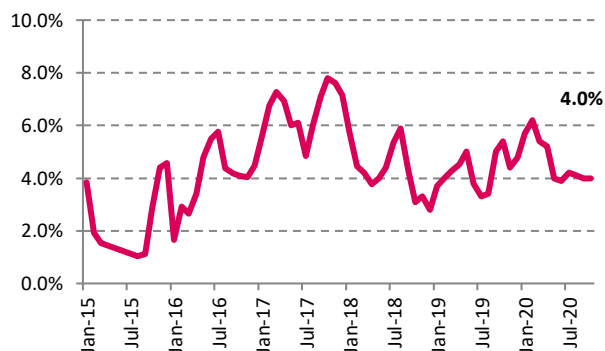
Source- CBSL weekly reports

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 October 2020 at 4.50% and 5.50% respectively.
- Central Bank raised LKR 127 billion through treasury bills and LKR 129 billion through treasury bonds during the month.
- There was a slight upward movement of the yield curve in October. Overnight liquidity reduced in October by around LKR 37 billion.

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 31/10/2020

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	5,726
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%	-6.6%

Highlights of the performance

- The annual average growth rate of ASPI is 6.6% per year.
- The ASPI has decreased by 6.6% for the period of 01 January 2020 to 31 October 2020.

Market Update: Stock Market

For the month

Description	Oct-2020	Sep-2020
All Share Price Index (ASPI)	5,726	5,985
ASPI growth for the month	-4.32%	12.30%
Total market turnover (LKR Millions)	58,171	49,955
Market Capitalization (LKR Billions)	2,494	2,596
PE Ratio (times)	9.70x	10.10x

10 Companies with highest market Capitalization on the CSE as of 05 November 2020

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

Highlights of the month

- Market provided a negative return in October where the ASPI and the S&P SL 20 dropped by 4.3% and 7.4% respectively. On a year-to-date basis (January – October) ASPI and S&P SL 20 have provided negative returns of 6.6% and 22.3% respectively.
- Retail selling arising from COVID-19 second wave fears was the main cause for the market decline in October.
- Foreign selling persisted in October as well. Total net foreign selling for the first nine months of 2020 amounts to LKR 44 billion.

Fund manager's outlook



Fixed income outlook

- The benchmark 364-day Treasury bill rate stood at 4.96% as at end October 2020. Overnight liquidity was recorded as LKR 153 billion as at 5th November 2020. The Central Bank holding of Government securities recorded a sharp increase during October, predominantly due to the settlement of the International Sovereign Bond (ISB).
- With the settlement of the ISB, the domestic interest rates declined. However, it was witnessed that rates picking up towards the latter part of the month. Secondary market activity was noted on 2 – 5 year tenures.
- Despite the weak macroeconomic status of Sri Lanka, we do not expect interest rates to significantly increase in the medium term, mainly due to the prevailing low economic activity levels and weak private sector credit demand. The government and the Central bank are extending their efforts to maintain the value of the currency in the medium term, which in turn would exert less pressure on interest rates. We expect interest rates and exchange rate to come under pressure towards the 2Q in 2021, as the economy expects to return to normalcy. Therefore, we will continue to carry out investments in short term instruments.

Equity outlook

- All Share Price Index (ASPI) and S&P SL 20 Index recorded losses during the month of October 2020, as they declined by 4.32% and 7.35%, respectively. Investor sentiment was hampered amid fears of COVID – 19 second wave causing more lockdowns in the country. However, the market activity levels remained high, as average daily turnover for the month stood at LKR 2.9 billion.
- Net foreign selling for the month exceeded LKR 5 billion (Net foreign selling for the year was in excess of LKR 45 billion), as foreign investors continued to be net sellers on Bluechip counters.
- Given the current market and national policy framework (Due to COVID – 19) few companies will stand to benefit. However, majority of businesses operating in Sri Lanka will find earnings to be challenging. 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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1982
MACAU

1984
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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

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individual policies

More than
16 million
group scheme members



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