

INVESTOR

AIA's Monthly Investment Market and Unit Linked Fund Update

For the month of January 2021

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 2021 (YTD)	20.0%	11.6%	0.3%	0.3%	0.4%	28.0%
Annual Effective Growth Rate						
1 year	20.3%	15.7%	6.5%	6.3%	7.1%	46.0%
3 years	4.6%	8.6%	8.9%	8.5%	9.1%	10.2%
5 years	5.6%	8.7%	9.1%	8.7%	-	6.4%
7 years	4.2%	7.4%	8.4%	8.0%	-	4.8%
From Inception - CAGR	10.7%	11.3%	10.0%	9.5%	9.1%	9.5%

Note: past performance is not an indication of future performance

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



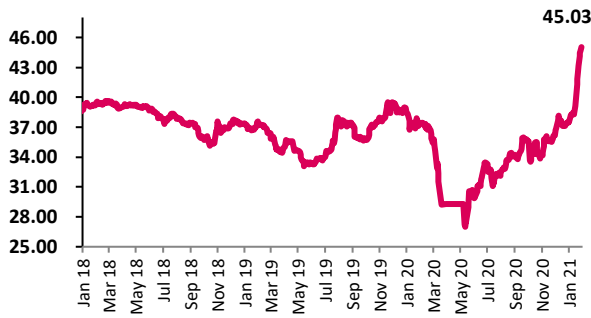
Tip: Your Investment Linked Long Term Insurance Policy allows you to be in control of your investments in Unit Linked Funds. Kindly refer your policy document to learn more about options like unit switches and premium redirections which are available for you to manage your investments. You can also contact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

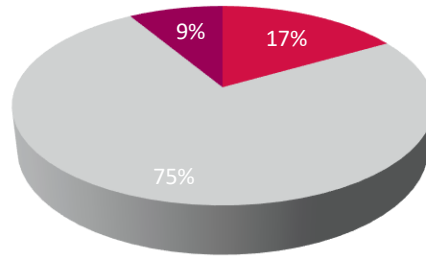
Your fund performance: Growth fund

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 31/12/2020 to 31/01/2021

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021**
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	45.03
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%	20.0%

Note: past performance is not an indication of future performance

Equity Allocation

Sector	%
Banks	42%
Capital Goods	33%
Diversified Financials	5%
Food Beverage and Tobacco	5%
Food & Staples Retailing	7%
Materials	5%
Telecommunication Services	3%
Total	100%

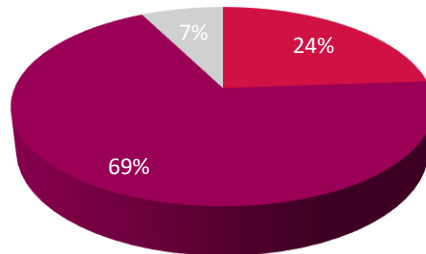
Top Equity Holdings*

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

*Note: In alphabetical order

- The annual average growth rate of the unit price for the Growth fund is 10.7% per year, since the unit linked fund was started.
- The unit price has increased by 20.0% for the period 01 January 2021 to 31 January 2021.

Credit Rating

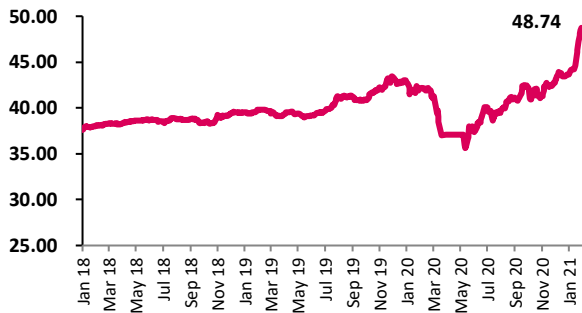


■ AAA Rating ■ AA Rating ■ A Rating

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.

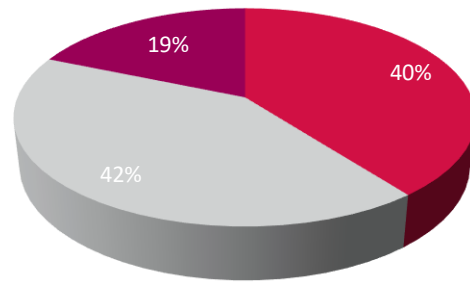
Your fund performance: Balanced fund

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 31/12/2020 to 31/01/2021

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021**
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	48.74
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%	11.6%

Note: past performance is not an indication of future performance

Equity Allocation

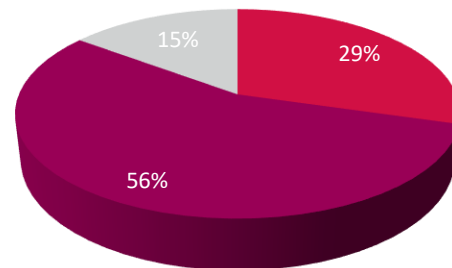
Sector	%
Banks	39%
Capital Goods	33%
Diversified Financials	11%
Food Beverage and Tobacco	5%
Food & Staples Retailing	6%
Materials	5%
Telecommunication Services	1%
Total	100%

Top Equity Holdings*

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

*Note: (In alphabetical order)

Credit Rating



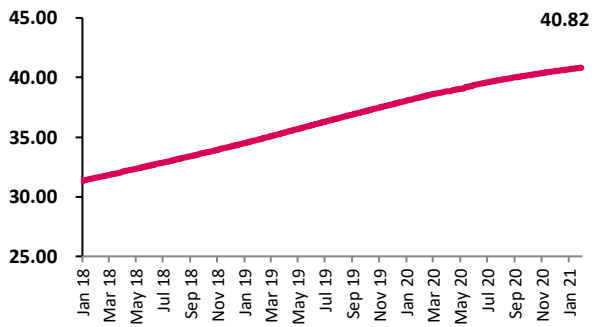
■ AAA Rating ■ AA Rating ■ A Rating

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 Balanced fund is 11.3% per year, since the unit linked fund was started.
- The unit price has increased by 11.6% for the period 01 January 2021 to 31 January 2021.

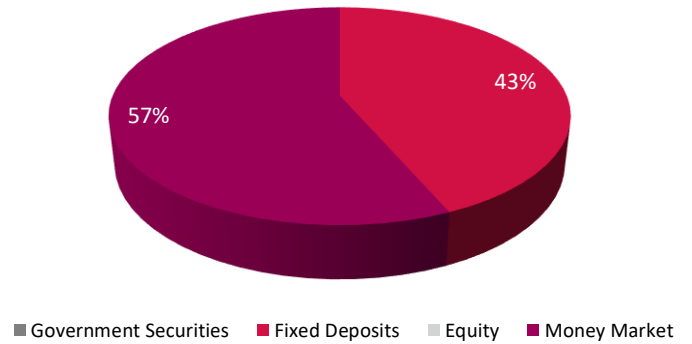
Your fund performance: Secure fund

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)

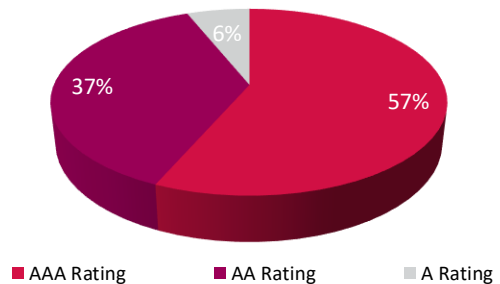
*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2020 to 31/01/2021

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021**
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	40.82
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%	0.3%

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 0.3% for the period 01 January 2021 to 31 January 2021.

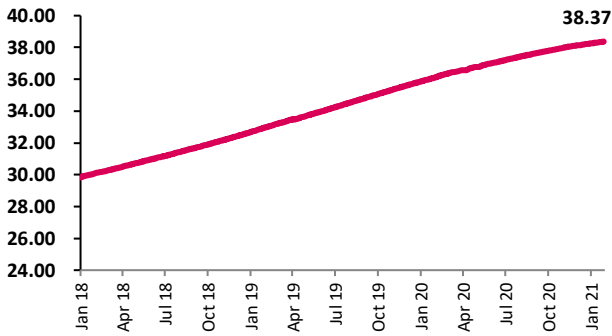
Credit Rating



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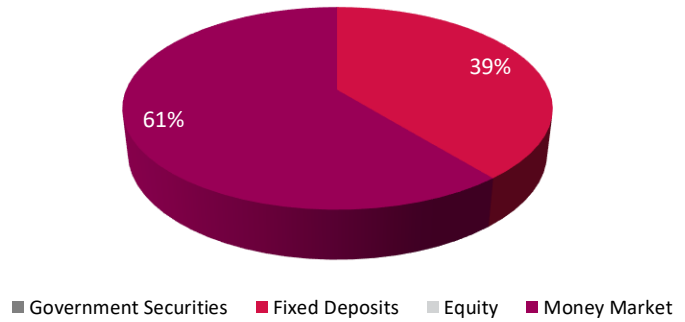
Your fund performance: Protected fund

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)

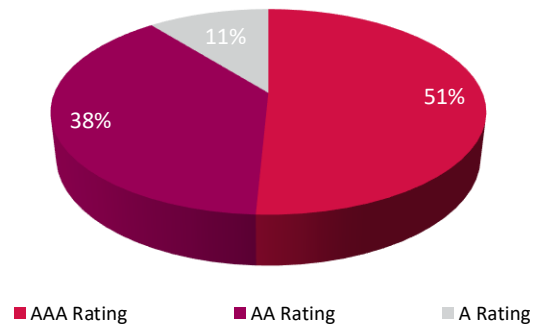
*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2020 to 31/01/2021

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021**
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	38.37
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%	0.3%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Protected fund is 9.5% per year, since the unit linked fund was started.
- The unit price has increased by 0.3% for the period 01 January 2021 to 31 January 2021.

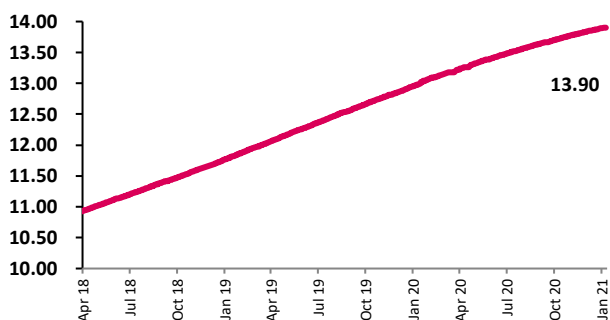
Credit Rating



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.

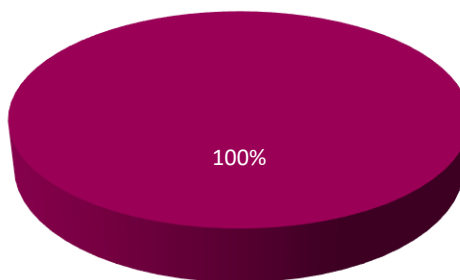
Your fund performance: Stable Money Market fund

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)

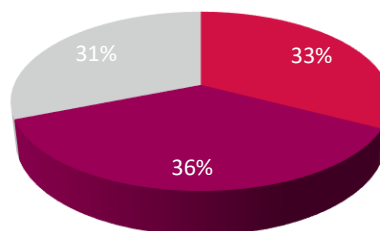
*Since inception – 21/04/2017 to 31/12/2017 **Period from 31/12/2020 to 31/01/2021

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017*	2018	2019	2020	2021**
Unit Price	-	-	-	-	-	-	-	-	-	-	-	10.62	11.70	12.88	13.85	13.90
Growth (%)	-	-	-	-	-	-	-	-	-	-	-	6.2%	10.2%	10.1%	7.5%	0.4%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Protected fund is 9.1% per year, since the unit linked fund was started.
- The unit price has increased by 0.4% for the period 01 January 2021 to 31 January 2021.

Credit Rating



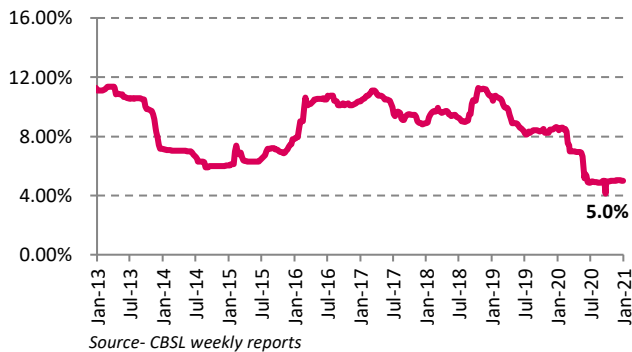
■ AAA Rating ■ AA Rating ■ A Rating

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

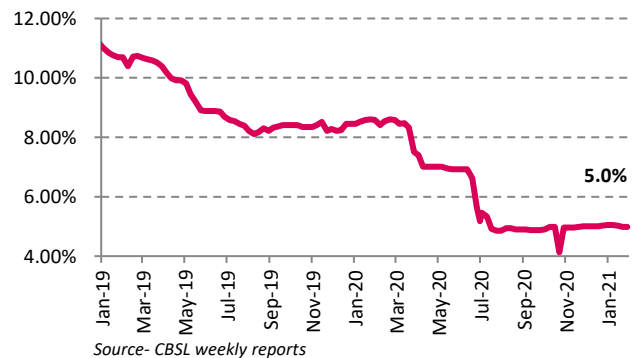
We use the 364-day T- Bill as an indicator of how interest rates move

364-day T-bill: Since 01 Jan 2013



Note: Past performance is not an indication of future performance

364-day T-bill: Since 01 Jan 2019

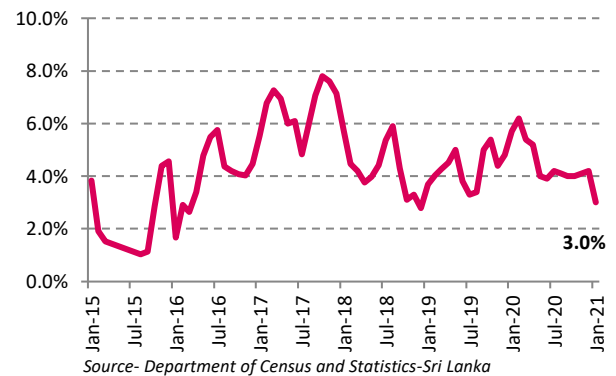


Note: Past performance is not an indication of future performance

Major events during the month

- Central Bank maintained the Standing Deposit Facility Rate (SDFR) and Standing Lending Facility Report (SLFR) in January 2021 at 4.50% and 5.50% respectively.
- Central Bank raised LKR 145 billion through treasury bills and LKR 155 billion through treasury bonds during the month.
- The yield curve moved up marginally during the month. 364-day treasury bill rate reached 4.98% by 31 January 2021.

Inflation: Since 01 Jan 2015

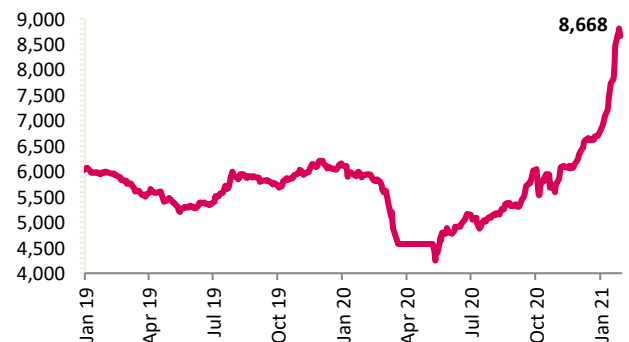


Market Update: Stock Market

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 31/12/2020 to 31/01/2021

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021**
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	8,668
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%	28.0%

Highlights of the performance

- The annual average growth rate of ASPI is 9.5% per year.
- The ASPI has increased by 28.0% for the period of 01 January 2021 to 31 January 2021.

Market Update: Stock Market

For the month

Description	Jan-2021	Dec-2020
All Share Price Index (ASPI)	8,668	6,774
ASPI growth for the month	28.0%	10.5%
Total market turnover (LKR Millions)	185,770	67,560
Market Capitalization (LKR Billions)	3,789	2,960
PE Ratio (times)	14.41x	11.25x

10 Companies with highest market Capitalization on the CSE as of 31 January 2021

- L O LC HOLDINGS PLC
- JOHN KEELLS HOLDINGS PLC
- CEYLON TOBACCO COMPANY PLC
- DIALOG AXIATA PLC
- COMMERCIAL BANK OF CEYLON PLC
- DISTILLERIES COMPANY OF SRI LANKA PLC
- BROWNS INVESTMENTS PLC
- EXPOLANKA HOLDINGS
- VALLIBEL ONE PLC
- MELSTACORP PLC

Highlights of the month

- The All Share Price Index (ASPI) reached its all time high in January owing to retail investor sentiment. The low interest rates environment augured well with the observed rally. However, we maintain a vigilant equity selection strategy focused on fundamentally strong companies.
- Foreign selling continued to be on the higher side where net foreign selling for the month amounted to LKR 9.0 billion.

Fund manager's outlook



Fixed income outlook

- The benchmark 364 – day Treasury bill rate stood at 4.98% as at end of January 2021. Interest rates were volatile during the month, as interest rates declined due to the higher liquidity levels and increase in demand for Treasury bill and Treasury bonds during the start of the year. However, market rates increased towards the latter part of the month, due to the fall in overnight liquidity levels and pressure build-up on the exchange rate. Market liquidity levels dropped from LKR 266 billion to LKR 113 billion during January 2021.
- Despite the pressure on exchange and interest rates, low inflation and subpar economic activity levels may allow Central Bank to maintain interest rates at current levels during the medium term. However, given the uncertainties surrounding fiscal consolidation and limited funding sources to repay the foreign debt maturities due in 2021, we expect interest rates to increase towards the second half of 2021.

Equity outlook

- All Share Price Index and S&P SL 20 Index recorded significant gains during January 2021. Low interest rates, excess liquidity in the system coupled with expectations on improved corporate earnings may have been the key catalysts for the improved sentiment, particularly amongst the retail investors. Selling on blue-chip counters was witnessed as Foreign investors continued to be net sellers during January 2021.
- Market PE increased from 11.25x at the beginning of the month to 14.41x towards end January, while the overall market capitalization increased to LKR 3.79 trillion. Despite challenging macroeconomic fundamentals, selected companies are expected to perform better amidst import and exchange restrictions.

About AIA

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



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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

More than
34 million
individual policies

More than
16 million
group scheme members



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