

# INVESTOR

## AIA's Monthly Investment Market and Unit Linked Fund Update

For the month of June 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	S&P SL20
Since 01 Jan 2021 (YTD)	10.8%	7.8%	2.1%	2.0%	2.2%	15.7%	12.5%
Annual Effective Growth Rate							
1 year	14.2%	12.0%	6.1%	5.8%	6.6%	33.6%	12.7%
3 years	0.8%	6.3%	8.8%	8.3%	9.0%	4.5%	-7.2%
5 years	3.7%	7.5%	9.1%	8.6%	-	3.8%	-1.8%
7 years	3.3%	6.8%	8.3%	7.9%	-	3.3%	-1.2%
From Inception - CAGR	9.9%	10.8%	10.0%	9.5%	9.0%	8.3%	-0.5%

Note: past performance is not an indication of future performance

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



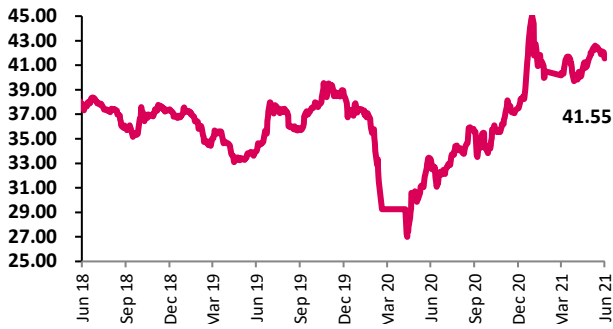
**Tip:** Your Investment Linked Long Term Insurance Policy allows you to be in control of your investments in Unit Linked Funds. Kindly refer your policy document to learn more about options like unit switches and premium redirections which are available for you to manage your investments. You can also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

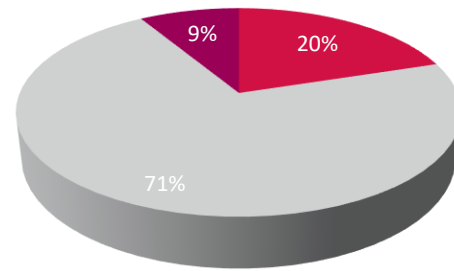
# Your fund performance: Growth fund

## 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 30/06/2021

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	41.55
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%	10.8%

Note: past performance is not an indication of future performance

## Equity Allocation

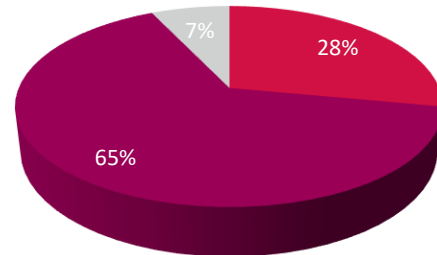
Sector	%
Banks	46%
Capital Goods	30%
Diversified Financials	7%
Food Beverage and Tobacco	6%
Food & Staples Retailing	5%
Telecommunication Services	3%
Utilities	2%
Total	100%

## Top Equity Holdings\*

Access Engineering	John Keells Holdings
Cargills (Ceylon)	National Development Bank
Commercial Bank	People's Leasing
Distilleries Company of SL	Royal Ceramic Lanka
DFCC Bank	Sampath Bank
Hatton National Bank	Seylan Bank

\*Note: In alphabetical order

## Credit Rating



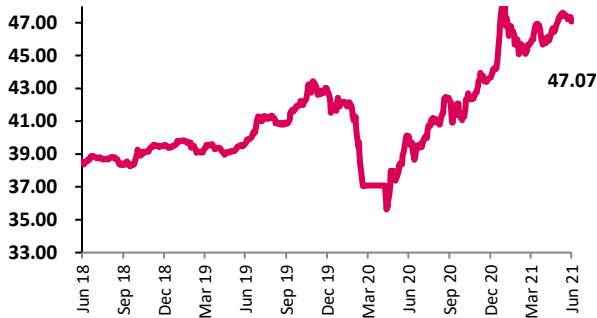
■ AAA Rating ■ AA Rating ■ A Rating

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 9.9% per year, since the unit linked fund was started.
- The unit price has increased by 10.8% for the period 01 January 2021 to 30 June 2021.

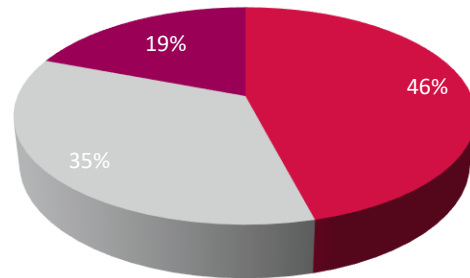
## Your fund performance: Balanced fund

### 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 30/06/2021

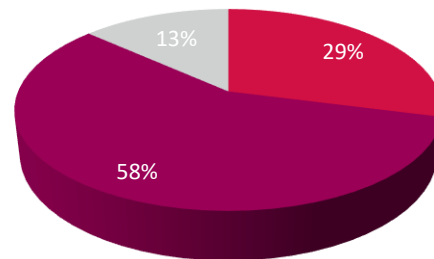
Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021**
Unit Price	11.43	12.19	11.62	17.23	25.18	24.18	26.22	28.87	32.36	32.90	34.40	37.60	39.56	42.81	43.68	47.07
Growth (%)	14.3%	6.6%	-4.7%	48.3%	46.1%	-4.0%	8.4%	10.1%	12.1%	1.7%	4.6%	9.3%	5.2%	11.2%	2.0%	7.8%

Note: past performance is not an indication of future performance

### Equity Allocation

Sector	%
Banks	46%
Capital Goods	32%
Diversified Financials	8%
Food Beverage and Tobacco	6%
Food and Staples Retailing	4%
Telecommunication Services	4%
Total	100%

### 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.

### Top Equity Holdings\*

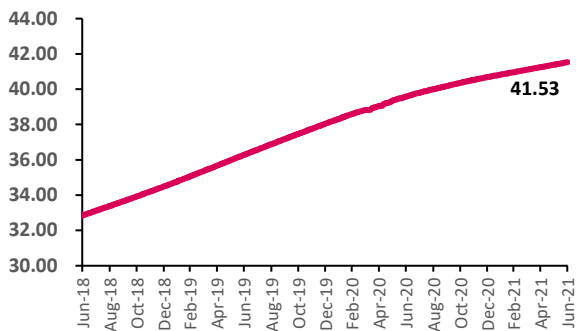
Access Engineering	People's Leasing
Commercial Bank	Royal Ceramic Lanka
Distilleries Company of SL	Sampath Bank
Hatton National Bank	
John Keells Holdings	
National Development Bank	

\*Note: (In alphabetical order)

- The annual average growth rate of the unit price for the Balanced fund is 10.7% per year, since the unit linked fund was started.
- The unit price has decreased by 7.8% for the period 01 January 2021 to 30 June 2021.

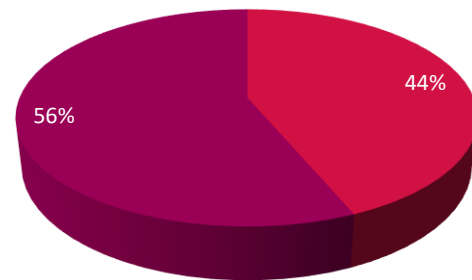
## Your fund performance: Secure fund

### 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)

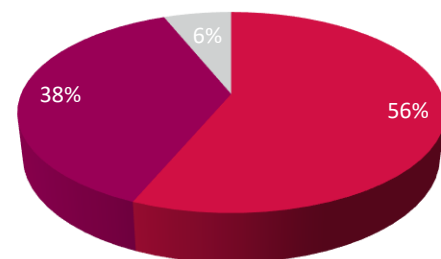
\*Since inception – 02/05/2006 to 31/12/2006 \*\*Period from 31/12/2019 to 30/06/2021

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	41.53
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%	2.1%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Secure 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 2021 to 30 June 2021.

### Credit Rating

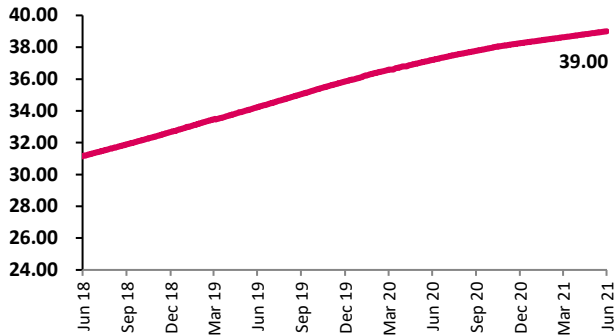


■ AAA Rating ■ AA Rating ■ A Rating

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.

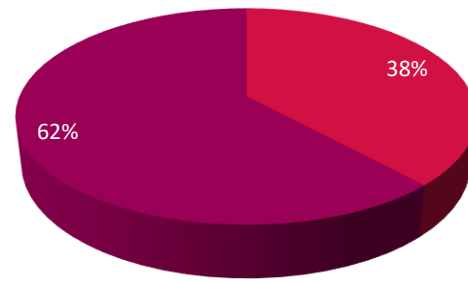
# Your fund performance: Protected fund

## 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)

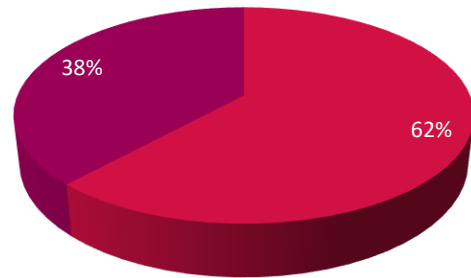
\*Since inception – 02/05/2006 to 31/12/2006 \*\*Period from 31/12/2020 to 30/06/2021

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	39.00
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%	2.0%

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 2.0% for the period 01 January 2021 to 30 June 2021.

## Credit Rating

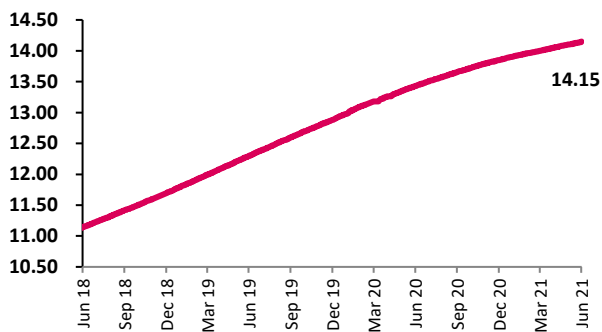


■ AAA Rating ■ AA Rating ■ A Rating

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.

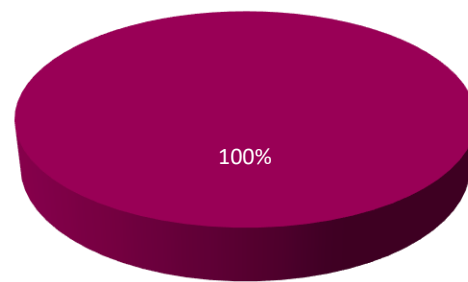
# Your fund performance: Stable Money Market fund

## 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)

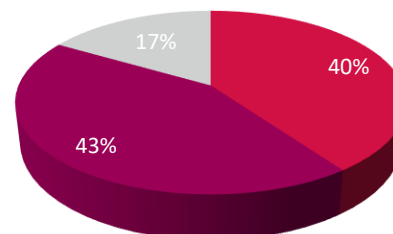
\*Since inception – 21/04/2017 to 31/12/2017 \*\*Period from 31/12/2019 to 31/05/2021

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	14.15
Growth (%)	-	-	-	-	-	-	-	-	-	-	-	6.2%	10.2%	10.1%	7.5%	2.2%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Protected fund is 8.6% per year, since the unit linked fund was started.
- The unit price has increased by 2.2% for the period 01 January 2021 to 30 June 2021.

## Credit Rating



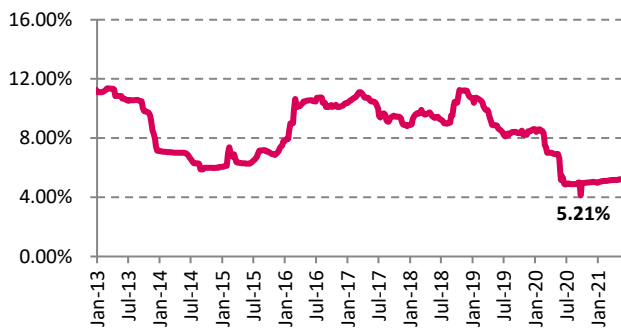
■ AAA Rating ■ AA Rating ■ A Rating

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

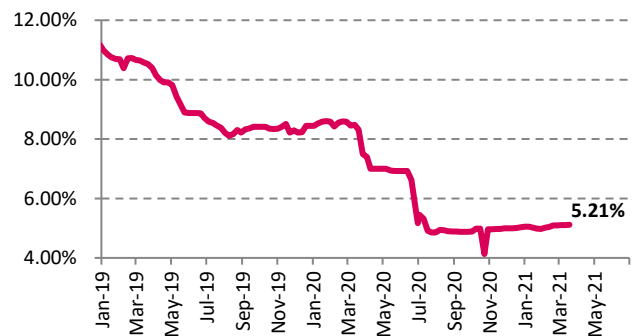
### 364-day T-bill: Since 01 Jan 2013



Source- CBSL weekly reports

Note: Past performance is not an indication of future performance

### 364-day T-bill: Since 01 Jan 2019



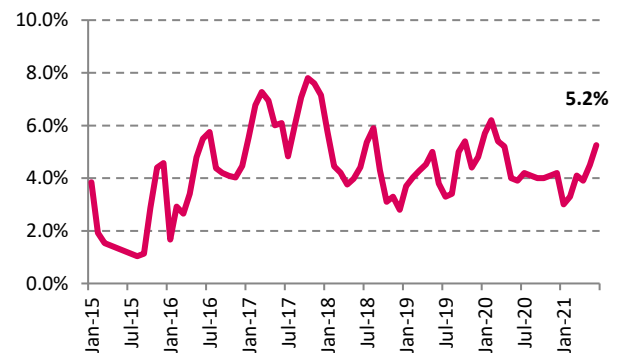
Source- CBSL weekly reports

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 June 2021 at 4.50% and 5.50% respectively.
- Central Bank raised LKR 131 billion through treasury bills and LKR 88 billion through treasury bonds during the month.
- An upward movement in the yield curve was identified in June 2021. The longer tenure bond yields have remained unchanged.

### 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



### S&P SL Movement: Since 01 Jan 2013



### S&P SL Movement: Since 01 Jan 2019



Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021**
ASPI	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	7,837
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%	15.7%
S&P SL 20	-	-	-	-	-	-	3,085	3,264	4,089	3,626	3,496	3,672	3,135	2,937	2,638	2,968
Growth (%)	-	-	-	-	-	-	8.4%	5.8%	25.3%	-11.3%	-3.6%	5.0%	-14.6%	-6.3%	-10.2%	12.5%

Note: past performance is not an indication of future performance

\*The S&P SL20 index was introduced on 27 Jun 2012.

### Highlights of the performance

- The annual average growth rate of ASPI is 8.5% per year and S&P SL20 index is 4.7% per year, since the unit linked funds were first started.
- The ASPI & S&P SL20 indices have increased by 15.7% and 12.5% for the period of 01 January 2021 to 30 June 2021, respectively.

## Market Update: Stock Market

### For the month

Description	May-2021	Jun-2021
All Share Price Index (ASPI)	7,403	7,837
ASPI growth for the month	2.60%	5.87%
Total market turnover (LKR Millions)	37,024	46,473
Market Capitalization (LKR Billions)	3,366	3,470
PE Ratio (times)	13.78x	10.59x

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

- LOLC HOLDINGS PLC
- CEYLON TOBACCO COMPANY PLC
- JOHN KEELLS HOLDINGS PLC
- DIALOG AXIATA PLC
- COMMERCIAL BANK OF CEYLON PLC
- DISTILLERIES COMPANY OF SRI LANKA PLC
- EXPOLANKA HOLDINGS PLC
- BROWNS INVESTMENTS PLC
- VALLIBEL ONE PLC
- SAMPATH BANK PLC

### Highlights of the month

- The Capital Market continued to grow in June 2021, where the benchmark ASPI expanded by 5.9%. However, the S&P SL 20 index decreased by 0.3% during the month.
- Persistent foreign selling was observed in June 2021. The year to date net sales by foreigners amounted to LKR 26.5 billion by end June 2021.



**Investment strategy:** AIA Sri Lanka maintains a prudent investment strategy for its investment portfolios, in line with its investment philosophy and guidelines as set out in the investment policy. The Company advocates a long-term investment strategy supporting long-term growth. The equity strategy is driven by in-depth research with emphasis on growth and sustainability of earnings whilst principles such as liquidity, solvency and corporate governance also play a significant role in stock selection.



### Fixed income outlook

- The benchmark 364 – day Treasury bill rate increased marginally to 5.23% during the month of June 2021. Travel restrictions which were imposed to curtail the spread of COVID-19 led to a drastic reduction in overall economic activity levels in June 2021, which in turn resulted in Treasury bond yields of the shorter-end recording a decline as institutional investors bought in to the shorter end.
- Private sector credit growth for the month of May 2021 recorded a growth of 10.4% on a year on year basis compared to 2020. However, due to the recent outbreak, the demand for credit from the private sector has reduced considerably. Despite higher inflationary and exchange rate pressures, subpar economic activity levels have propelled policymakers to maintain policy rates at current levels. Given the high reliance on domestic sources of funding, the policymakers have indicated on maintaining interest rates at current levels.
- However, given the weak macroeconomic fundamentals, larger than expected budget deficits and heavy foreign debt payments, we expect interest rates to increase in the medium term.

### Equity outlook

- All Share Price Index and S&P SL 20 Index gained 15.70% and 12.52% respectively, on a year to date basis as at end June 2021. Despite the weak economic outlook and extended travel restrictions imposed during the second quarter, speculative trading patterns were witnessed on selected counters which kept driving indices upwards despite the selling pressures in the market.
- We expect the stock market to be range bound during the third quarter 2021 driven by low interest rates and limited alternative investment options available for investments. We continue to expect the weak macroeconomic fundamentals to hinder corporate earnings in 2021.

# About AIA

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



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THAILAND

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PHILIPPINES

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MALAYSIA

1957  
BRUNEI

1972  
AUSTRALIA

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**  
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