

INVESTOR

AIA's Monthly Investment Market and Unit Linked Fund Update

For the month of March 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 SL 20
Since 01 Jan 2021 (YTD)	7.1%	4.9%	1.1%	1.0%	1.1%	5.1%	8.0%
Annual Effective Growth Rate							
1 year	37.2%	23.5%	5.9%	5.5%	6.2%	55.8%	46.4%
3 years	1.0%	6.2%	8.7%	8.2%	8.8%	3.2%	-7.9%
5 years	3.9%	7.5%	9.1%	8.6%	-	3.2%	-2.3%
7 years	3.2%	6.6%	8.3%	7.9%	-	2.6%	-2.0%
From Inception - CAGR	9.8%	10.7%	9.9%	9.5%	8.9%	7.9%	0.0%

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.

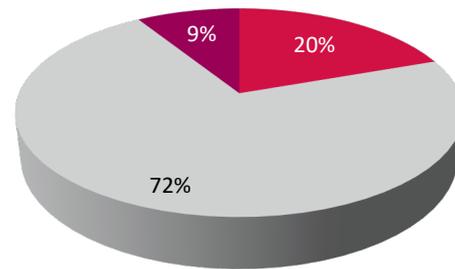
Your fund performance: Growth fund

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 31/03/2021

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	40.16
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%	7.1%

Note: past performance is not an indication of future performance

Equity Allocation

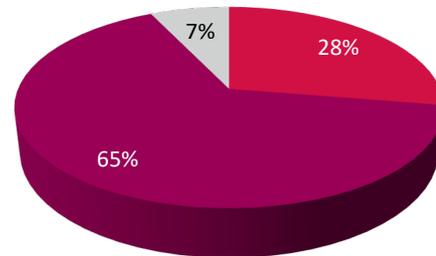
Sector	%
Banks	42%
Telecommunication Services	5%
Food and Staples Retailing	8%
Capital Goods	29%
Diversified Financials	5%
Food Beverage and Tobacco	6%
Materials	5%
Total	100%

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

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 7.1% for the period 01 January 2021 to 31 March 2021.

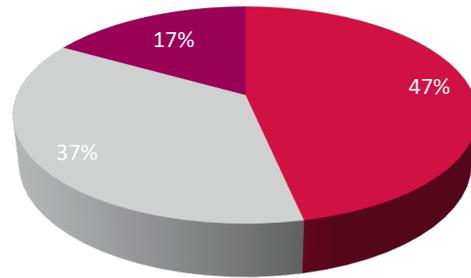
Your fund performance: Balanced fund

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 31/03/2021

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	45.82
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%	4.9%

Note: past performance is not an indication of future performance

Equity Allocation

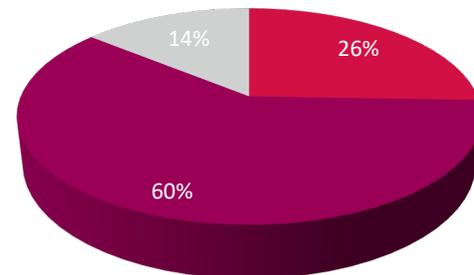
Sector	%
Banks	38%
Capital Goods	30%
Diversified Financials	10%
Food and Staples Retailing	7%
Food Beverage and Tobacco	6%
Materials	5%
Telecommunication Services	4%
Total	100%

Top Equity Holdings*

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

*Note: (In alphabetical order)

Credit Rating



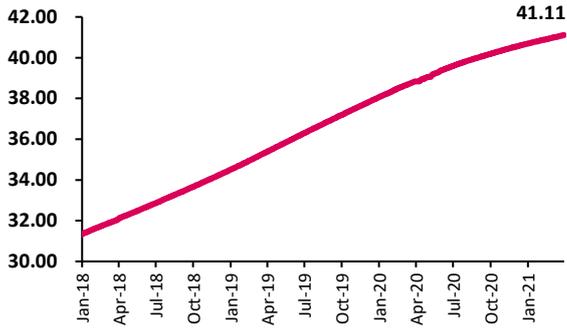
■ AAA Rating ■ AA Rating ■ A Rating

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 10.7% per year, since the unit linked fund was started.
- The unit price has decreased by 4.9% for the period 01 January 2021 to 31 March 2021.

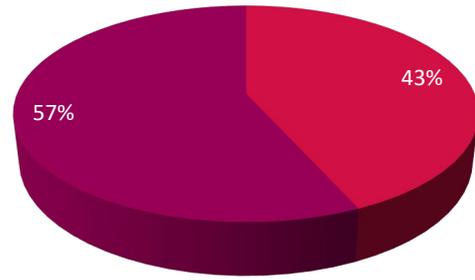
Your fund performance: Secure fund

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)

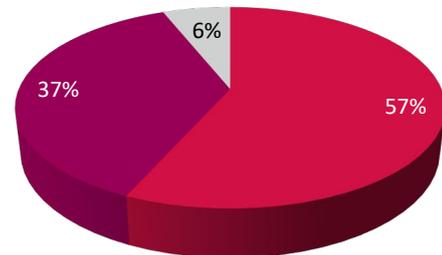
*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2019 to 31/03/2021

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	41.11
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%	1.1%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Secure fund is 9.9% per year, since the unit linked fund was started.
- The unit price has increased by 1.1% for the period 01 January 2021 to 31 March 2021.

Credit Rating

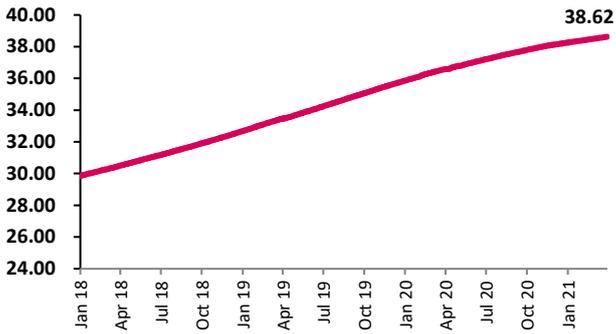


■ AAA Rating ■ AA Rating ■ A Rating

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.

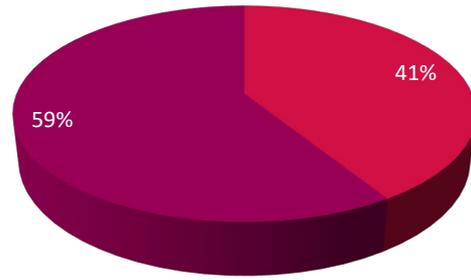
Your fund performance: Protected fund

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

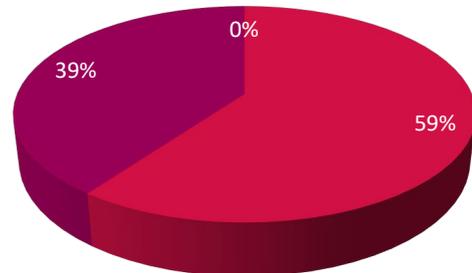
**Period from 31/12/2020 to 31/03/2021

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	38.62
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%	1.0%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Protected fund is 9.5% per year, since the unit linked fund was started.
- The unit price has increased by 1.0% for the period 01 January 2021 to 31 March 2021.

Credit Rating

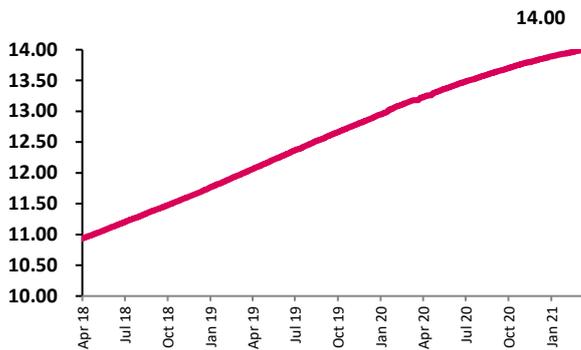


■ AAA Rating ■ AA Rating ■ A Rating

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.

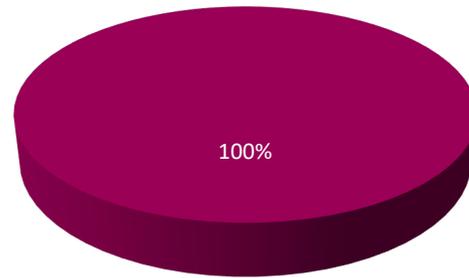
Your fund performance: Stable Money Market fund

Unit Price Movement



Note: past performance is not an indication of future performance

Asset Allocation



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Unit Price Growth (as a percentage)

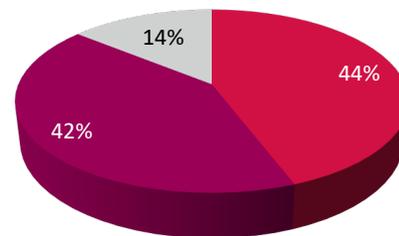
*Since inception – 21/04/2017 to 31/12/2017 **Period from 31/12/2019 to 31/03/2021

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	14.00
Growth (%)	-	-	-	-	-	-	-	-	-	-	-	6.2%	10.2%	10.1%	7.5%	1.1%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Protected fund is 8.9% per year, since the unit linked fund was started.
- The unit price has increased by 1.1% for the period 01 January 2021 to 31 March 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

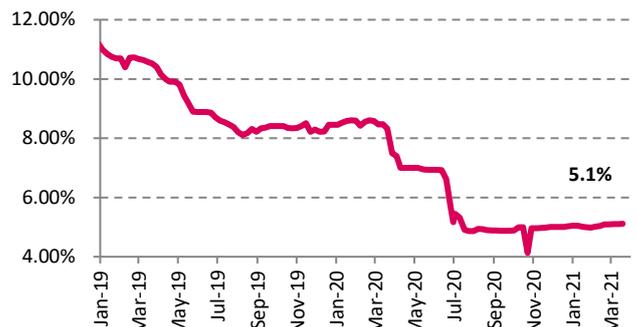
We use the 364-day T- Bill as an indicator of how interest rates move

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

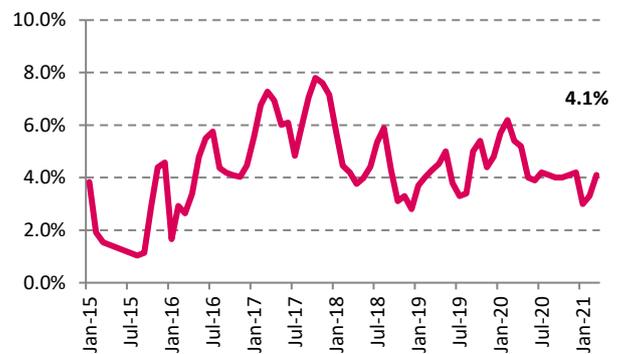


Note: Past performance is not an indication of future performance

Major events during the month

- Central Bank maintained the Standing Deposit Facility Rate (SDFR) and Standing Lending Facility Report (SLFR) in March 2021 at 4.50% and 5.50% respectively.
- Central Bank raised LKR 117 billion through treasury bills and LKR 81 billion through treasury bonds during the month.
- There was an insignificant upward movement in the yield curve in March. On an year to date basis, the longer tenure bond yields have moved up by circa 50 to 80 basis points.

Inflation: Since 01 Jan 2015



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	7,121
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%	5.1%
S&P SL 20	-	-	-	-	-	-	3,085	3,264	4,089	3,626	3,496	3,672	3,135	2,937	2,638	2,850
Growth (%)	-	-	-	-	-	-	8.4%	5.8%	25.3%	-11.3%	-3.6%	5.0%	-14.6%	-6.3%	-10.2%	8.0%

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 7.9% per year and S&P SL20 index is 0.02% per year, since the unit linked funds were first started.
- The ASPI & S&P SL20 indices have increased by 5.1% and 8.0% for the period of 01 January 2021 to 31 March 2021, respectively.

Market Update: Stock Market

For the month

Description	Mar-2021	Feb-2021
All Share Price Index (ASPI)	7,121	7,476
ASPI growth for the month	-4.75%	-13.7%
Total market turnover (LKR Millions)	40,945	97,740
Market Capitalization (LKR Billions)	3,111	3,269
PE Ratio (times)	14.98x	13.17x

10 Companies with highest market

Capitalization on the CSE as of 31 March 2021

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

Highlights of the month

- Market witnessed a decline in March where the ASPI and S&P SL 20 dropped by 4.7 per cent and 3.9 per cent respectively. However, on an year to date basis, ASPI and S&P SL 20 have provided a return of 5.1 per cent and 8.0 per cent respectively.
- Foreign selling persisted in March as well. The year to date net sales by foreigners amounted to LKR 17.7 billion by end March 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 cap rate of the benchmark 364 – day Treasury bill rate was increased to 5.15% during the first auction in April 2021, despite accepting only LKR 200 million from the offered amount. The secondary market rates of Treasury bonds continued to increase gradually during March 2021, mainly as a result of liquidity levels declining to LKR 102 billion during the month (from LKR 180 billion at the beginning of March 2021). The Central bank holding of Government securities continued to increase during March 2021.
- Rising commodity prices and pickup in economic activity levels coupled with pressure exerted on the exchange rate may lead to higher inflation and interest rates towards the fourth quarter 2021.

Equity outlook

- All Share Price Index and S&P SL 20 Index continued to decline during the March 2021. Profit taking, skepticism and negative market sentiments which also led up to the events circulating around the UNHRC vote on Sri Lanka in late March may have been the main reasons for the continued dip in the two indices.
- Due to the continued weak macroeconomic outlook and expectations of rising interest rates during the latter half of 2021, we continue to take a conservative approach towards the equity market investment.

About AIA

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



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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
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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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