

INVESTOR

AIA's Monthly Investment Market and Unit Linked Fund Update

For the month of October 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)	16.2%	11.3%	3.6%	3.3%	3.6%	50.0%	40.6%
Annual Effective Growth Rate							
1 year	26.9%	17.3%	4.4%	4.1%	4.6%	77.5%	62.5%
3 years	6.0%	7.7%	7.5%	7.1%	7.6%	19.5%	6.3%
5 years	3.8%	7.3%	8.6%	8.1%	-	9.7%	0.8%
7 years	2.0%	6.0%	8.0%	7.6%	-	4.8%	-1.4%
From Inception - CAGR	10.0%	10.7%	9.7%	9.3%	8.3%	10.1%	2.9%

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.

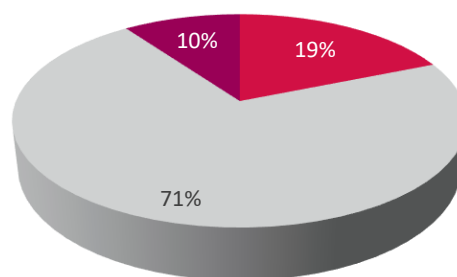
Your fund performance: Growth fund

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 31/10/2021

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	43.58
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%	16.2%

Note: past performance is not an indication of future performance

Equity Allocation

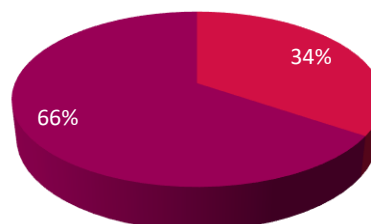
Sector	%
Banks	40%
Capital Goods	34%
Diversified Financials	7%
Food Beverage and Tobacco	6%
Food & Staples Retailing	5%
Utilities	5%
Telecommunication Services	3%
Total	100%

Top Equity Holdings*

Access Engineering PLC	John Keells Holdings PLC
Cargills Ceylon PLC	People's Leasing Company
Commercial Bank of Ceylon	Royal Ceramic Lanka PLC
Distilleries Company of SL	Sampath Bank PLC
Hatton National Bank PLC	Vallibel Power Erathna PLC

*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 10.0% per year, since the unit linked fund was started.
- The unit price has increased by 16.2% for the period 01 January 2021 to 31 October 2021.

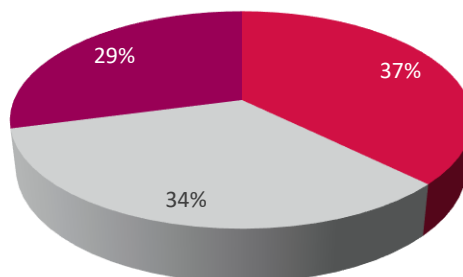
Your fund performance: Balanced fund

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 31/10/2021

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	48.60
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%	11.3%

Note: past performance is not an indication of future performance

Equity Allocation

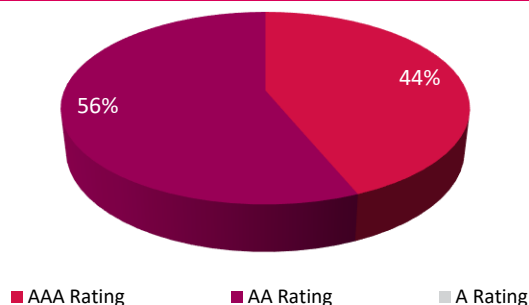
Sector	%
Banks	38%
Capital Goods	36%
Diversified Financials	8%
Food Beverage and Tobacco	6%
Utilities	5%
Food & Staples Retailing	4%
Telecommunication Services	3%
Total	100%

Top Equity Holdings*

Access Engineering PLC	John Keells Holdings PLC
Cargills Ceylon PLC	People's Leasing Company
Commercial Bank Ceylon	Royal Ceramic Lanka PLC
Distilleries Company of SL	Sampath Bank PLC
Hatton National Bank PLC	Vallibel Power Erathna

*Note: (In alphabetical order)

Credit Rating



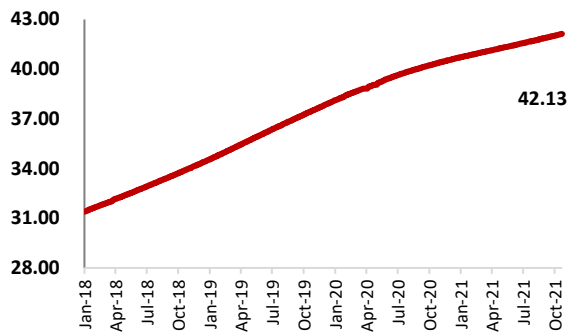
■ AAA Rating ■ AA Rating ■ A Rating

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 increased by 11.3% for the period 01 January 2021 to 31 October 2021.

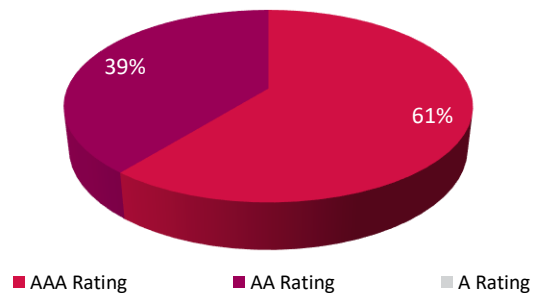
Your fund performance: Secure fund

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)

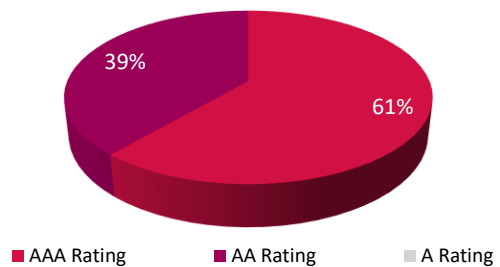
*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2019 to 31/10/2021

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	42.13
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%	3.6%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Secure fund is 9.7% per year, since the unit linked fund was started.
- The unit price has increased by 3.6% for the period 01 January 2021 to 31 October 2021.

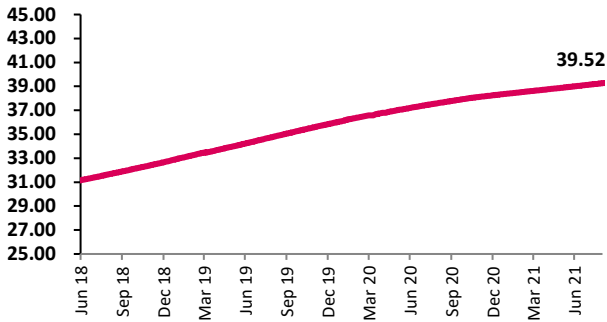
Credit Rating



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.

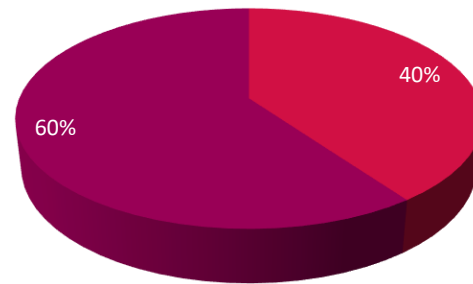
Your fund performance: Protected fund

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

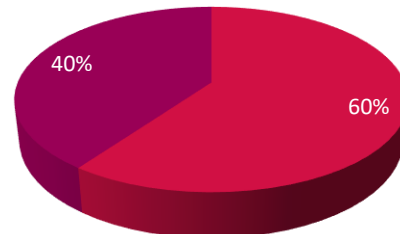
**Period from 31/12/2020 to 31/10/2021

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	39.52
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%	3.3%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Protected fund is 9.3% per year, since the unit linked fund was started.
- The unit price has increased by 3.3% for the period 01 January 2021 to 31 October 2021.

Credit Rating

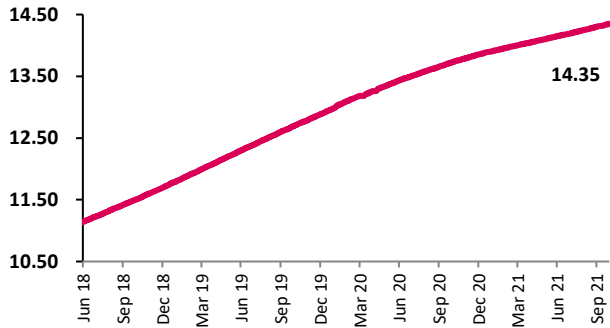


■ AAA Rating ■ AA Rating ■ A Rating

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.

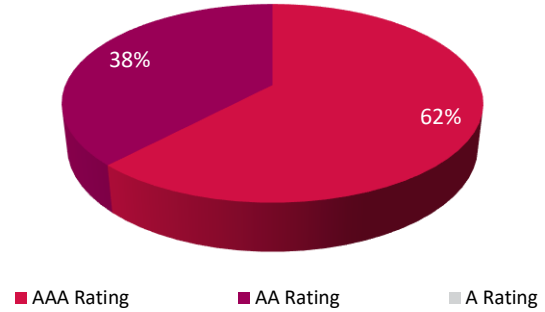
Your fund performance: Stable Money Market fund

Unit Price Movement



Note: past performance is not an indication of future performance

Asset Allocation



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)

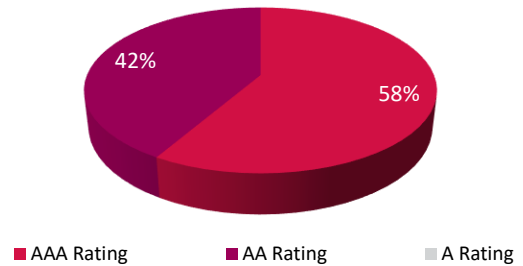
*Since inception – 21/04/2017 to 31/12/2017 **Period from 31/12/2019 to 31/10/2021

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	14.35
Growth (%)	-	-	-	-	-	-	-	-	-	-	-	6.2%	10.2%	10.1%	7.5%	3.6%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Protected fund is 8.3% per year, since the unit linked fund was started.
- The unit price has increased by 3.6% for the period 01 January 2021 to 31 October 2021.

Credit Rating

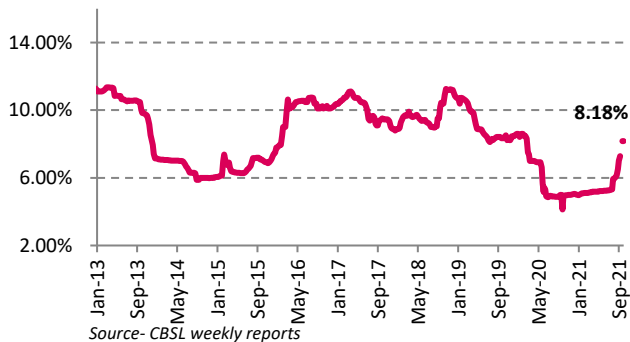


Note: The credit rating is presented as at month end for investments in fixed deposits and does not include ratings for equity investments. All ratings are by Fitch Ratings Lanka.

Market Update: Interest Rates

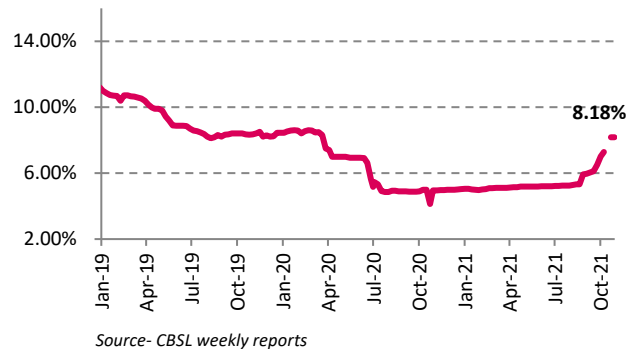
We use the 364-day T- Bill as an indicator of how interest rates move

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

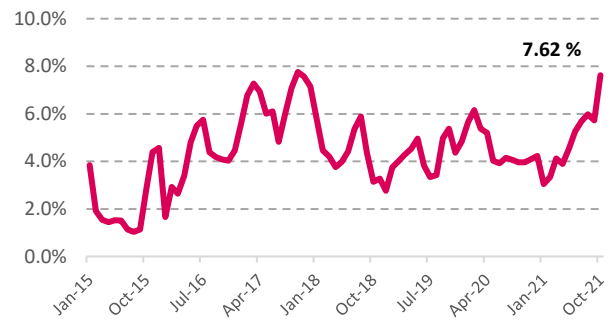


Note: Past performance is not an indication of future performance

Major events during the month

- The year on year inflation increased to 7.6% for October, the highest since November 2017. This was driven by monthly increases of prices of items in both Food and Nonfood categories.
- Moody's Investor Services downgraded Sri Lanka's sovereign rating to Caa2 'Stable' from Caa1. This is because of the weak economic environment.
- Primary market Treasury Bills witnessed an increase in yields to 8.18% for October month end from 6.50% in September

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	10,163
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%	50.0%
S&P SL 20	-	-	-	-	-	-	3,085	3,264	4,089	3,626	3,496	3,672	3,135	2,937	2,638	3,709
Growth (%)	-	-	-	-	-	-	8.4%	5.8%	25.3%	-11.3%	-3.6%	5.0%	-14.6%	-6.3%	-10.2%	40.6%

Note: past performance is not an indication of future performance

*The S&P SL20 index was introduced on 18 June 2012. Inclusions in the S&P 20 index are rebalanced on a bi-annual basis.

Highlights of the performance

- The annual average growth rate of ASPI is 10.1% per year and S&P SL20 index is 2.9% per year, since the unit linked funds were first started.
- The ASPI & S&P SL20 indices have increased by 50.0% and 40.6% for the period of 01 January 2021 to 31 October 2021, respectively.

Market Update: Stock Market

For the month

Description	Sep-2021	Oct-2021
All Share Price Index (ASPI)	9,460	10,163
ASPI growth for the month	5.14%	7.43%
S&P SL 20 Index	3,535	3,709
S&P SL 20 growth for the month	5.06%	4.91%
Total market turnover (LKR Millions)	134,727	77,677
Market Capitalization (LKR Billions)	4,216	4,529
PE Ratio (times)	11.47x	12.32x

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

- COMMERCIAL LEASING & FINANCE PLC
- EXPOLANKA HOLDINGS PLC
- LOLC HOLDINGS PLC
- JOHN KEELLS HOLDINGS PLC
- CEYLON TOBACCO COMPANY PLC
- BROWNS INVESTMENTS PLC
- LOLC DEVELOPMENT FINANCE PLC
- COMMERCIAL BANK OF CEYLON
- DIALOG AXIATA PLC
- HATTON NATIONAL BANK PLC

Highlights of the month

- The ASPI and S&P SL 20 grew considerably by 7.43% and 4.91% month on month change. The markets have had a considerable portion of this growth from a few selected companies.
- Foreigners had continued to exit the markets with net outflow of LKR 1.4 Bn for the month of October. On a year to date basis the value amounted to LKR 46.3 Bn.
- The market capitalization has witnessed a steady increase over the period and seen a rise in market P/E Ratio to 12.3 times.



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 continued to increase during the month of October 2021, as it reached 8.26%. The money market liquidity dropped to negative LKR 165 Bn while the CBSL holding of Government Securities stood at LKR 1.466 Tn as at 3rd November 2021. The secondary market rates of medium-term Treasury bonds saw a reduction due to the renewed interest by selected market participants. However, the activity levels of longer-term Treasury bonds remained subdued.
- The private sector credit recorded a growth of 15% on a year on year basis in August 2021, while inflation measured by CCPI(N) index increased to 7.6% on a year on year basis during October 2021, mainly due to the increase in food inflation. Given the pressure exerted on the currency, which is stemming from weak macroeconomic fundamentals (weak external sector and heavy external debt repayments), interest rates could continue to increase in the short term.

Equity outlook

- The two main indices of Colombo Stock Exchange (CSE), All Share Price Index (ASPI) and S&P SL 20 index, continued to record gains, as they appreciated by 7.43% and 4.91% respectively, during the month of October 2021. Despite the weak macroeconomic outlook, the ASPI and S&P SL indices continued to gather momentum on the backdrop of negative real interest rates that has persuaded retail investor participation. The indices were influenced by a limited number of counters, which experienced price appreciation on speculation.
- Based on our macroeconomic outlook, we continue to expect overall company earnings to be under pressure. Therefore, we reiterate that the equity market is expected to be range bound during the fourth quarter of 2021 and will continue to depend predominantly on retail investor participation.

About AIA

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



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MALAYSIA

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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
group scheme members



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