

# INVESTOR

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

For the month of July 2022

### 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 2022 (YTD)	-22.5%	-6.5%	7.0%	6.9%	7.0%	-36.8%	-42.2%
Annual Effective Growth Rate							
1 year	-12.4%	0.4%	9.2%	8.9%	9.3%	-4.8%	-20.0%
3 years	-1.3%	4.7%	7.5%	7.3%	7.7%	9.2%	-6.4%
5 years	-1.1%	5.3%	8.6%	8.2%	8.7%	3.1%	-8.5%
7 years	-1.1%	5.1%	8.6%	8.2%	-	0.8%	-7.1%
From Inception - CAGR	8.3%	10.0%	9.8%	9.3%	8.7%	7.8%	-1.4%

Note: Past performance is not an indication of future performance

: The Stable Money Market fund was introduced on 21 Apr 2017, while the remainder of the funds were introduced on 02 May 2006

 **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.

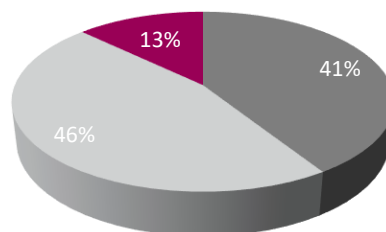
## Your fund performance: Growth fund

### 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)

\*Period from 31/12/2021 to 31/07/2022

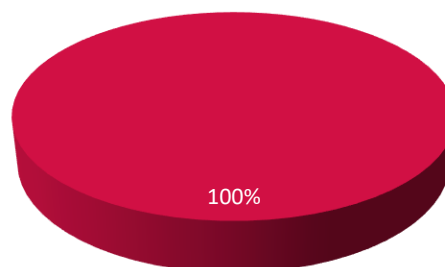
Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022*
Unit Price	26.22	28.87	32.36	32.90	34.40	37.60	39.56	42.81	43.68	50.63	36.34
Growth (%)	8.4%	10.1%	12.1%	1.7%	4.6%	9.3%	5.2%	11.2%	2.0%	15.9%	-22.5%

Note: past performance is not an indication of future performance

### Equity Allocation

Sector	%
Banks	22%
Capital Goods	21%
Food Beverage and Tobacco	10%
Materials	10%
Utilities	9%
Diversified Financials	7%
Software & Services	5%
Telecommunication Services	5%
Consumer Durables & Apparel	4%
Transportation	4%
Food & Staples Retailing	3%
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\*\*\*

Cargills (Ceylon) PLC	John Keells Holdings PLC
Chevron Lubricants PLC	People's Leasing Company
Commercial Bank of Ceylon PLC	Sampath Bank PLC
Distilleries Company of SL PLC	Seylan Bank PLC
Hatton National Bank PLC	Vallibel Power Erathna PLC

\*\*\*Note: In alphabetical order

- The annual average growth rate of the unit price for the Growth fund is 8.3% per year, since the unit linked fund was started.
- The unit price has decreased by 22.5% for the period 01 January 2022 to 31 July 2022.

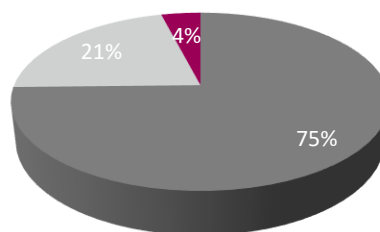
## Your fund performance: Balanced fund

### 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)

\*Period from 31/12/2021 to 31/07/2022

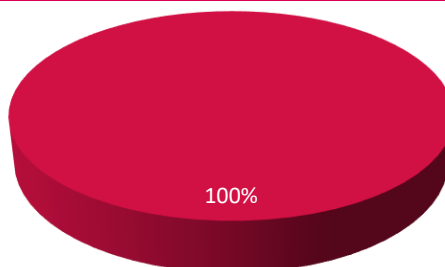
Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022*
Unit Price	26.22	28.87	32.36	32.90	34.40	37.60	39.56	42.81	43.68	50.63	47.33
Growth (%)	8.4%	10.1%	12.1%	1.7%	4.6%	9.3%	5.2%	11.2%	2.0%	15.9%	-6.5%

Note: past performance is not an indication of future performance

### Equity Allocation

Sector	%
Banks	25%
Capital Goods	21%
Materials	9%
Food Beverage and Tobacco	8%
Utilities	8%
Diversified Financials	7%
Software & Services	6%
Food & Staples Retailing	5%
Telecommunication Services	4%
Transportation	3%
Consumer Durables & Apparel	3%
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\*\*\*

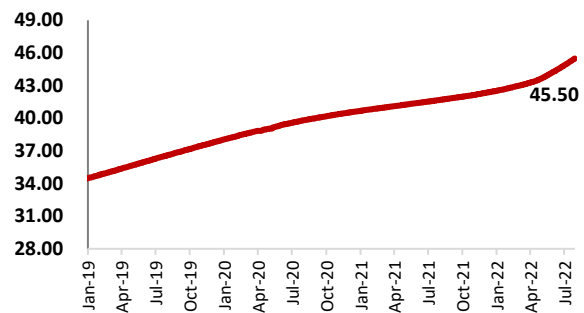
Cargills (Ceylon) PLC	Hatton National Bank PLC
Chevron Lubricants PLC	John Keells Holdings PLC
Commercial Bank of Ceylon PLC	People's Leasing Company
Dialog Axiata PLC	Sampath Bank PLC
Distilleries Company of SL PLC	Vallibel Power Erathna PLC

\*\*\*Note: In alphabetical order

- The annual average growth rate of the unit price for the Balanced fund is 10.0% per year, since the unit linked fund was started.
- The unit price has reduced by 6.5% for the period 01 January 2022 to 31 July 2022.

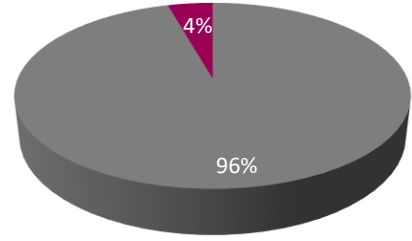
# Your fund performance: Secure fund

## 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) \*Period from 31/12/2021 to 31/07/2022

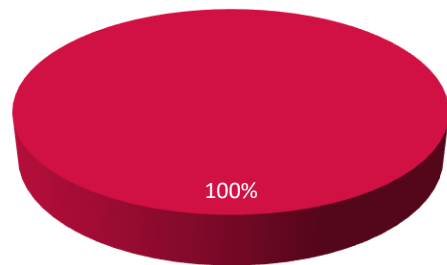
Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022*
Unit Price	20.75	23.02	24.76	26.21	28.37	31.32	34.49	38.05	40.68	42.53	45.50
Growth (%)	8.7%	10.9%	7.6%	5.9%	8.2%	10.4%	10.1%	10.3%	6.9%	4.5%	7.0%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Secure fund is 9.8% per year, since the unit linked fund was started.
- The unit price has increased by 7.0% for the period 01 January 2022 to 31 July 2022.
- Investment holdings as of 31 July 2022 are in government securities\* resulting in AAA rated instruments for the portfolio.

\*Includes money market Instruments

## Credit Rating

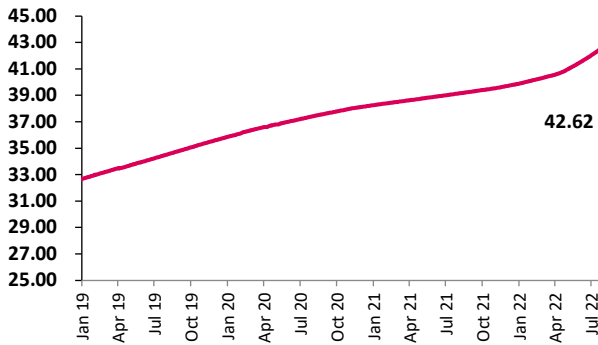


■ AAA Rating ■ AA Rating ■ A Rating

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.

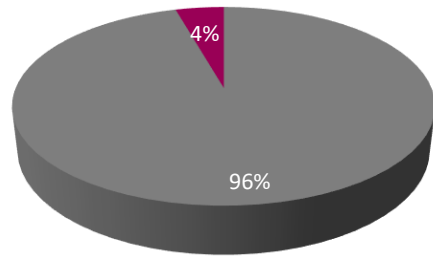
# Your fund performance: Protected fund

## 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)

\*Period from 31/12/2021 to 31/07/2022

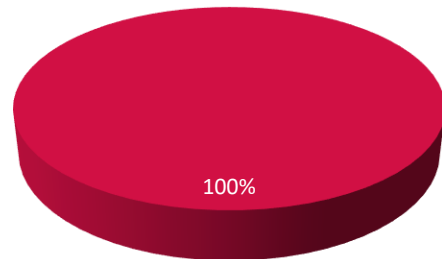
Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022*
Unit Price	20.16	22.27	23.81	25.20	27.18	29.82	32.66	35.58	38.25	39.88	42.62
Growth (%)	8.5%	10.5%	6.9%	5.8%	7.9%	9.7%	9.5%	9.8%	6.7%	4.3%	6.9%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Protected fund is 9.3% per year, since the unit linked fund was started.
- The unit price has increased by 6.9% for the period 01 January 2022 to 31 July 2022.
- Investment holdings as of 31 July 2022 are in government securities\* resulting in AAA rated instruments for the portfolio.

\*Includes money market Instruments

## Credit Rating

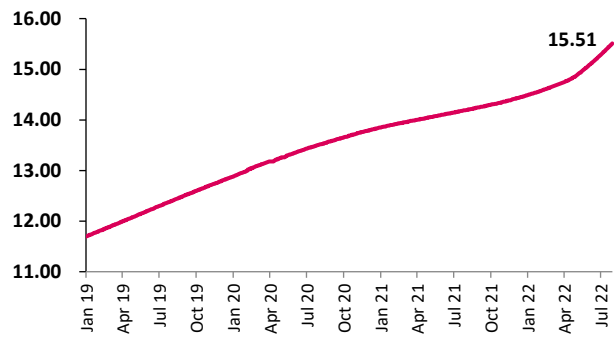


■ AAA Rating ■ AA Rating ■ A Rating

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.

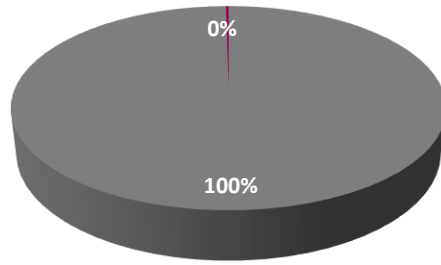
# Your fund performance: Stable Money Market fund

## 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) \*Period from 31/12/2021 to 31/07/2022

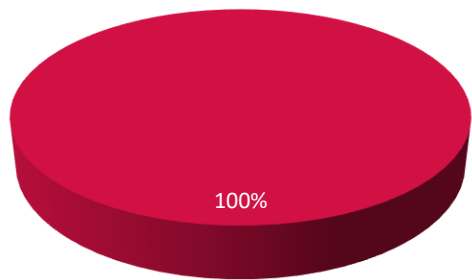
Year	2012	2013	2014	2015	2016	2017*	2018	2019	2020	2021	2022**
Unit Price	-	-	-	-	-	10.62	11.70	12.88	13.85	14.49	15.51
Growth (%)	-	-	-	-	-	6.2%	10.2%	10.1%	7.5%	4.6%	7.0%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Protected fund is 8.7% per year, since the unit linked fund was started.
- The unit price has increased by 7.0% for the period 01 January 2022 to 31 July 2022.
- Investment holdings as of 31 July 2022 are in government securities\* resulting in AAA rated instruments for the portfolio.

\*Includes money market Instruments

## 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

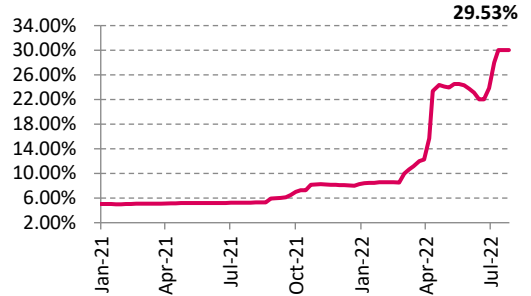
We use the 364-day T- Bill as an indicator of how interest rates move

**364-day T-bill: Since 01 Jan 2015**



Note: Past performance is not an indication of future performance

**364-day T-bill: Since 01 Jan 2021**

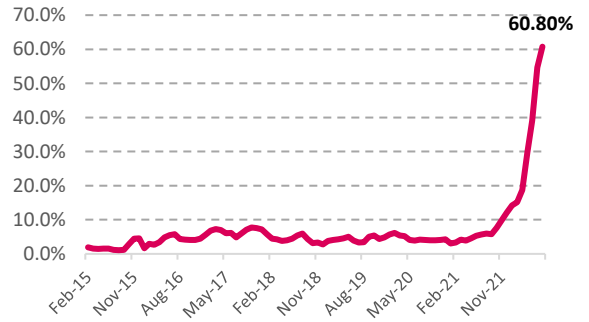


Note: Past performance is not an indication of future performance

**Major events during the month**

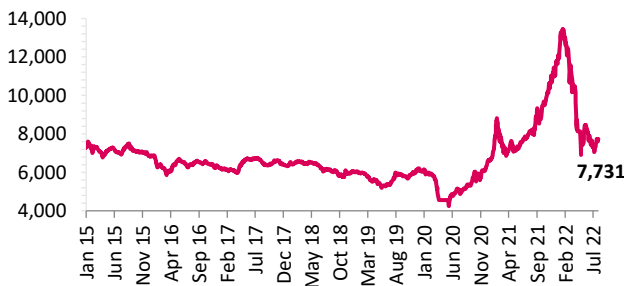
- CCPI inflation reaching record levels in June to 60.80%, driven by high food inflation (90.90% YoY).
- The Trade Balance for the month of June recorded a surplus for the first time since August 2022.
- The Central Bank of Sri Lanka hiked policy rates by 100 basis points at the fifth monetary policy review for the year.

**Inflation: Since 01 Jan 2015**

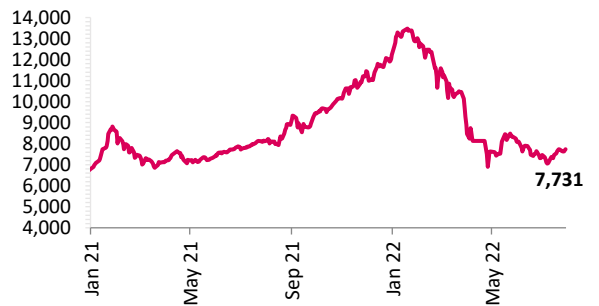


# Market Update: Stock Market

**ASPI Movement: Since 01 Jan 2015**



**ASPI Movement: Since 01 Jan 2021**



**S&P SL Movement: Since 01 Jan 2015**



**S&P SL Movement: Since 01 Jan 2021**



Year	2012*	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022**
ASPI	5,644	5,913	7,299	6,894	6,228	6,369	6,052	6,129	6,774	12,226	7,731
Growth (%)	-7.10%	4.80%	23.40%	-5.50%	-9.70%	2.30%	-5.00%	1.30%	10.50%	80.50%	-36.76%
S&P SL 20	3,085	3,264	4,089	3,626	3,496	3,672	3,135	2,937	2,638	4,233	2,448
Growth (%)	8.40%	5.80%	25.30%	-11.30%	-3.60%	5.00%	-14.60%	-6.30%	-10.20%	60.50%	-42.16%

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 7.8% per year and S&P SL20 index is -1.4% per year, since the unit linked funds were first started.
- The ASPI & S&P SL20 indices have decreased by 36.8% and 42.2% for the period of 01 January 2022 to 31 July 2022 respectively.

## Market Update: Stock Market

### For the month

Description	Jun-22	JuL-22
All Share Price Index (ASPI)	7,342	7,731
ASPI growth for the month	-9.44%	5.30%
S&P SL 20 Index	2,334	2,448
S&P SL 20 growth for the month	-12.88%	4.88%
Total market turnover (LKR Millions)	22,944	20,594
Market Capitalisation (LKR Billions)	3,184	3,321
PE Ratio (times)	4.74x	4.90x


### 10 Companies with highest market

#### Capitalisation on the CSE as of 31 July 2022

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

### Highlights of the month

- The ASPI and S&P SL20 increased for the month of 31 July 2022 by 5.30% and 4.88% respectively.
- Net foreign flows for the month amounted to LKR 784 Mn of inflows, a growth from the prior period.
- Market Price to Earnings valuations have reduced from a yearly high of 15x in January 2022 to a PE ratio of 4.90x for the month of July 2022, this decline has been supported drop in overall prices and an increase in first quarter earnings.

 **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 stood at 29.19% at the first Treasury bill auction held in August 2022. Inflation as measured by the CCPI (2013=100) continued to increase, as it exceeded 60% on year on year basis in July 2022. Food inflation continued to be the key driver of headline inflation, as it exceeded 90% in July 2022 on a year on year basis, compared to the previous year.
- CBSL holding of Government Securities exceeded LKR 2.2 Trillion in July 2022, as the Central bank printed to enable fuel imports. The overnight market liquidity improved slightly as it stood at negative LKR 460 billion as at July 2022.
- Based on weak macroeconomic fundamentals and the continuous political and social instability prevailing in the country, we expect pressure on interest rates to remain high during the third quarter 2022.

### Equity outlook

- All Share Price Index (ASPI) and S&P SL 20 Index (S&P SL), the two main indices of Colombo Stock Exchange, gained 5.30% and 4.88% respectively during July 2022. Expectation of improved corporate results of export companies due to the impact of the currency depreciation and reduction of global commodity prices may have been the key drivers to the recent market rally.
- However, prevailing high interest rates and potential increase in tax rates from the upcoming interim budget are likely to impact margins and profitability of listed corporates. Therefore, we continue expect the stock market to be range bound.



## FREQUENTLY ASKED QUESTIONS

### Where are AIA Unit Linked Funds invested?

The Unit Linked funds are invested in instruments specified in the policy documents i.e. government securities, debt securities and money market investments such as fixed deposits, etc, and in shares listed on the Colombo Stock Exchange. These investments are made within the parameters provided in the policy documents, in order to achieve the investment objective of each fund.

- **Equities:** Investment in shares listed on the Colombo Stock Exchange.
- **Debt Securities:** Investments in Treasury instruments, Corporate Debt instruments, repurchase agreements of Treasury instruments and Corporate Debt instruments of longer maturity tenor than those classified as Money Market investments.
- **Money Market investments:** Funds held as Corporate Debt instruments, overnight repurchase agreements of Treasury instruments, Corporate Debt instruments with a tenor of one day, investments in Treasury instruments and cash in bank current accounts.

Treasury instruments refers to instruments such as Treasury Bills and Treasury Bonds issued by the government of Sri Lanka. Corporate debt refers to debt instruments issued by financial institutions and companies.

### How does AIA manage Unit Linked funds?

AIA maintains a prudent investment strategy for its investment portfolios, in line with its investment philosophy and guidelines, as set out in the Company's investment policy. The investments of each fund are carried out in line with the investment objectives of the respective fund. 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.

### Why do unit prices of the Growth & Balanced Funds fluctuate in comparison to the other Unit Linked Funds?

The prices of all unit linked funds move in tandem with the price movements or market values of their underlying investments. The Growth & Balanced funds invest in shares listed on the Colombo Stock Exchange. As prices of shares can be volatile at times, the unit prices of Growth & Balanced funds too can move higher or lower in tandem with these movements in share prices.

### Is the All Share Price Index (ASPI) or S&P20 movement comparable with AIA Growth & Balanced Funds Performance?

The Growth and Balance fund performance may differ from the performances of the ASPI and the S&P SL 20 stock indices due to the fund portfolios holding different stocks and different proportions of stocks when compared to those used in the computation of the indices. The ASPI measures the movement of share prices of all listed companies on the Colombo Stock Exchange based on market capitalization and the S&P SL 20 measures the movement of share prices of 20 of the leading companies selected and rebased on certain criteria including market capitalisation.

\*Subject to Policy conditions  
Terms and Conditions apply

For more information, please call AIA Insurance on  
011 2 310 310 or visit [www.aialife.com.lk](http://www.aialife.com.lk)

## ▪ What are the Investment Strategies mentioned in the Policy Document\* ?

Depending on the policy you have purchased, at the date of commencement the policy owner selects the investment strategy out of the four available; namely Aggressive, Moderate, Cautious and Advanced. Aggressive, Moderate and Cautious strategies have their funds allocated and switched at predetermined milestones depending on the policy term. Policy owners can switch fund strategies on written request during the policy period subject to conditions. Policy owners with Advanced investment strategy are responsible for determining the allocation and switching throughout the lifetime of the policy.

## ▪ What are Unit switches and amendment of Regular Premium Allocation Proportions?

Depending on the policy you have purchased, your Investment Linked Long Term Insurance Policy allows you to be in control of your investments. Options such as Unit switches\* and amendment of Regular Premium Allocation Proportions\* may be available to you, so that you have total control over your long term investment.

- **Unit switches:** If you request to switch units from one unit linked fund to another, the Company will cancel units of equal amount from the fund from which the units are to be switched from at the Unit price of that fund prevailing on the day and after deduction of switching charge, if any, and the funds so generated will be used to create units in the fund in which the amount is to be switched to at the Unit price of that fund prevailing on the day. Note that the unit switches are not permitted into or out of the Protected Fund and Stable Money Market Fund.
- **Amendment of Regular Premium Allocation Proportions:** At the written request of the Policy Owner, the Company will amend the Allocation Proportion whereafter the previous Allocation Proportion will become ineffective, and the amended Allocation Proportion will be applicable to all future Basic Premiums received from the date of the Company's acceptance of the request. Note that the amendment of allocation proportions is not permitted into or out of the Stable Money Market Fund.

## ▪ How often can Unit switches and Amendment of Allocation Proportions be executed?

- There is no limitation on frequency of Unit switches\*
- The Company will only allow two (2) requests for Amendment of the Allocation Proportion within any Policy Year\*
- The relevant applicable charges will be applied as stipulated in the Policy Document

## ▪ How can we get information on AIA Unit Linked Funds performance?

- Visit AIA Sri Lanka corporate website to view 'AIA Investor' for fund performance updates and details: <https://www.aialife.com.lk/en/help-support/our-unit-linked-fund-performance.html>.
- Our new and improved AIA Customer Portal is accessible in all three languages. Simply visit our AIA corporate website and register for free and access your policy details from the comfort of your own home, at any time ([aialife.com.lk](http://aialife.com.lk)). **Accessing unit price updates, policy information and receiving real-time updates are the benefits of availing the customer portal.**
- If you wish to receive the daily unit prices via SMS, kindly contact us on our hotline or via the customer portal and we will make necessary arrangements for you to receive the daily SMS. We would also appreciate if you could notify us of any changes to your contact details.

\*Subject to Policy conditions  
Terms and Conditions apply

# About AIA

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

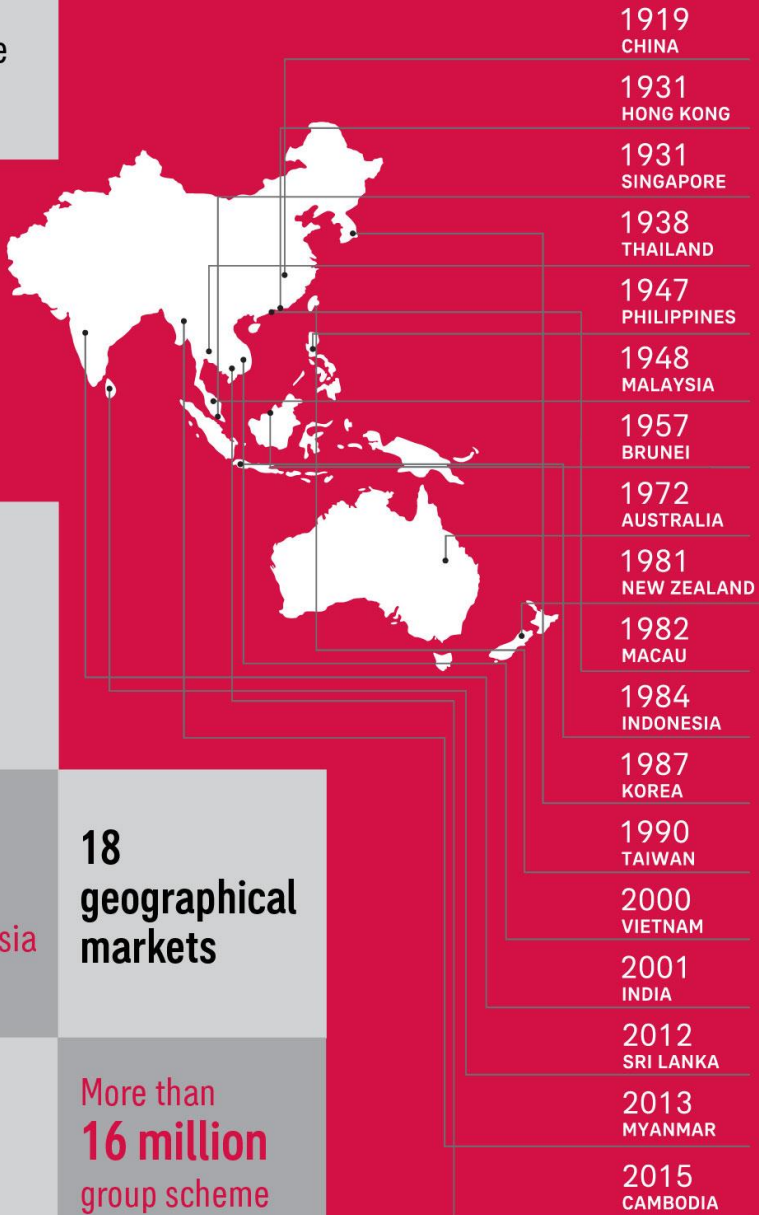
A total Sum Assured of **US\$ 2 trillion**

Over **100 years** of history in Asia

More than **39 million** individual policies

**18** geographical markets

More than **16 million** group scheme members



HEALTHIER, LONGER,  
BETTER LIVES

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