

# INVESTOR

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

For the month of November 2023

### 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 2023 (YTD)	28.9%	25.6%	23.0%	21.7%	23.5%	24.8%	14.2%
Annual Effective Growth Rate							
1 year	27.8%	26.7%	25.6%	24.3%	26.1%	22.5%	10.3%
3 years	10.1%	14.2%	15.3%	14.6%	15.4%	19.3%	7.0%
5 years	5.2%	10.1%	12.7%	12.1%	12.8%	12.0%	-1.1%
7 years	4.4%	9.3%	11.9%	11.4%	-	7.8%	-2.0%
From Inception - CAGR	9.4%	11.1%	10.9%	10.4%	12.0%	9.1%	0.5%

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.

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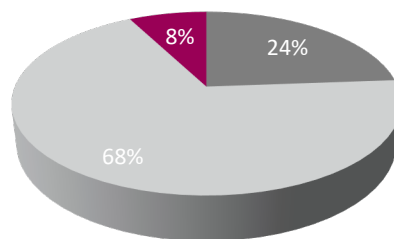
# Your fund performance: Growth fund

## 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 31/12/2022 to 30/11/2023

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023*
Unit Price	28.87	32.36	32.90	34.40	37.60	39.56	42.81	43.68	50.63	37.48	48.30
Growth (%)	10.1%	12.1%	1.7%	4.6%	9.3%	5.2%	11.2%	2.0%	15.9%	-20.1%	24.79%

Note: past performance is not an indication of future performance

## Equity Allocation

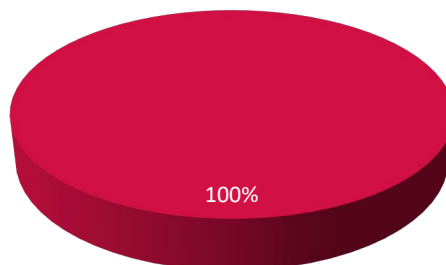
Sector	%
Banks	30%
Capital Goods	24%
Food Beverage and Tobacco	17%
Consumer Durables & Apparel	12%
Materials	6%
Diversified Financials	4%
Energy	3%
Software & Services	2%
Transportation	1%
Utilities	1%
Telecommunication Services	0%
Food & Staples Retailing	0%
<b>Total</b>	<b>100%</b>

## Top Equity Holdings\*\*\*

ACCESS ENG LTD	HAYLEYS PLC
CHEVRON LUBRICANTS LANKA PLC	HAYLEYSMGT KNITTING MILLS PLC
COMMERCIAL BANK OF CEYLON PLC	JOHN KEELLS HOLDINGS PLC
DISTILLERIES COMPANY OF SRI LANKA	SAMPATH BANK PLC
HATTON NATIONAL BANK PLC	TEXTURED JERSEY LANKA LIMITED

\*\*\*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 9.4% per year, since the unit linked fund was started.
- The unit price has increased by 28.9% for the period 01 January 2023 to 30 November 2023.

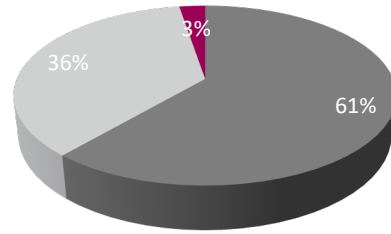
# Your fund performance: Balanced fund

## 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 31/12/2022 to 31/10/2023

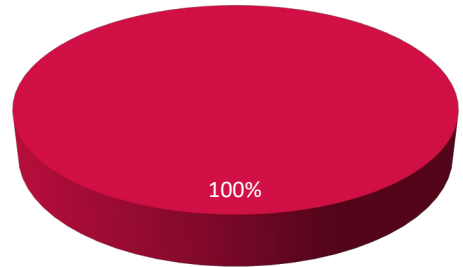
Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023*
Unit Price	28.87	32.36	32.90	34.40	37.60	39.56	42.81	43.68	50.63	50.68	63.66
Growth (%)	10.1%	12.1%	1.7%	4.6%	9.3%	5.2%	11.2%	2.0%	15.9%	0.1%	25.6%

Note: past performance is not an indication of future performance

## Equity Allocation

Sector	%
Banks	31%
Capital Goods	20%
Food Beverage and Tobacco	16%
Consumer Durables & Apparel	12%
Diversified Financials	9%
Materials	5%
Energy	3%
Software & Services	2%
Utilities	1%
Transportation	1%
Consumer Services	0%
Telecommunication Services	0%
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\*\*\*

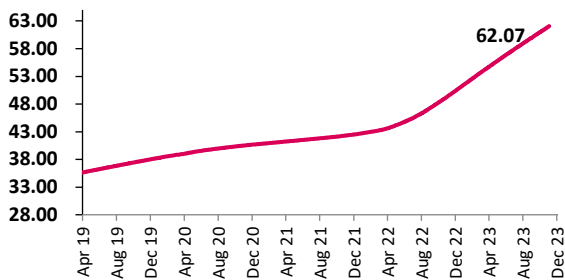
ACCESS ENG LTD	HATTON NATIONAL BANK PLC
CENTRAL FINANCE COMPANY PLC	HAYLEYS FABRIC PLC
CHEVRON LUBRICANTS LANKA PLC	JOHN KEELLS HOLDINGS PLC
COMMERCIAL BANK OF CEYLON PLC	SAMPATH BANK PLC
DISTILLERIES COMPANY OF SRI LANKA	TEXTURED JERSEY LANKA LIMITED

\*\*\*Note: In alphabetical order

- The annual average growth rate of the unit price for the Balanced fund is 11.1% per year, since the unit linked fund was started.
- The unit price has increased by 25.6% for the period 01 January 2023 to 30 November 2023.

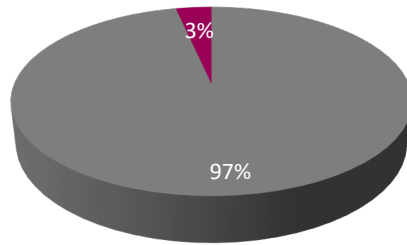
# Your fund performance: Secure fund

## 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 31/12/2022 to 30/11/2023

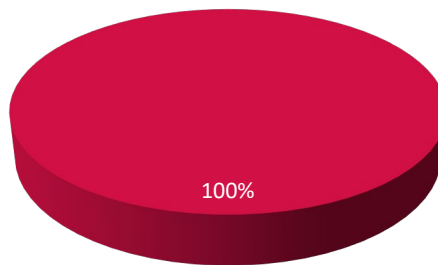
Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023*
Unit Price	23.02	24.76	26.21	28.37	31.32	34.49	38.05	40.68	42.53	50.47	62.07
Growth (%)	10.9%	7.6%	5.9%	8.2%	10.4%	10.1%	10.3%	6.9%	4.5%	18.7%	23.0%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Secure fund is 10.9% per year, since the unit linked fund was started.
- The unit price has increased by 23.0% for the period 01 January 2023 to 30 November 2023.
- Investment holdings as of 30 November 2023 are in government securities\* resulting in AAA rated instruments for the portfolio.

\*Includes money market Instruments

## Credit Rating

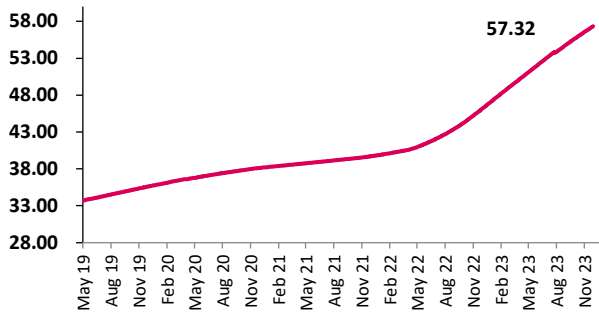


■ AAA Rating ■ AA Rating ■ A Rating

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.

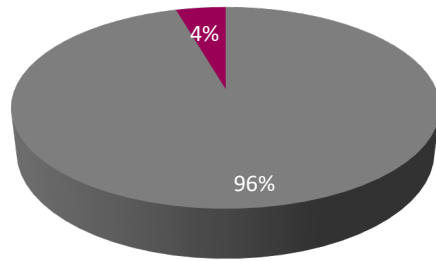
# Your fund performance: Protected fund

## 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 31/12/2022 to 30/11/2023

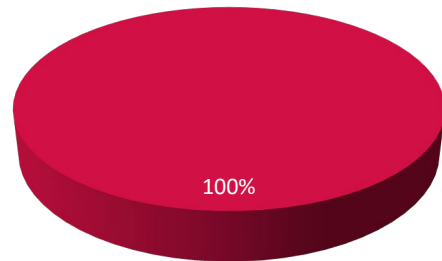
Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023*
Unit Price	22.27	23.81	25.20	27.18	29.82	32.66	35.58	38.25	39.88	47.09	57.32
Growth (%)	10.5%	6.9%	5.8%	7.9%	9.7%	9.5%	9.8%	6.7%	4.3%	18.1%	21.72%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Protected fund is 10.4% per year, since the unit linked fund was started.
- The unit price has increased by 21.72% for the period 01 January 2023 to 30 November 2023.
- Investment holdings as of 30 November 2023 are in government securities\* resulting in AAA rated instruments for the portfolio.

\*Includes money market Instruments

## Credit Rating

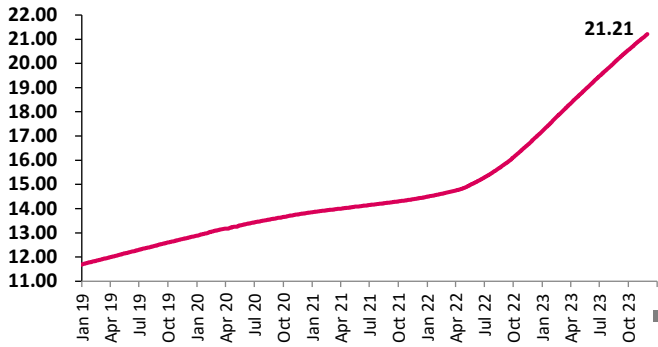


■ AAA Rating ■ AA Rating ■ A Rating

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.

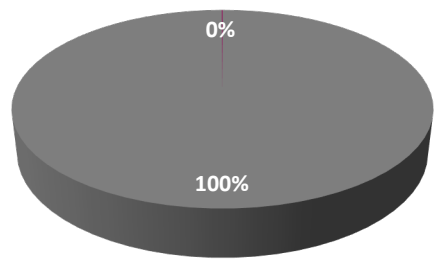
# Your fund performance: Stable Money Market fund

## 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 31/12/2022 to 30/11/2023

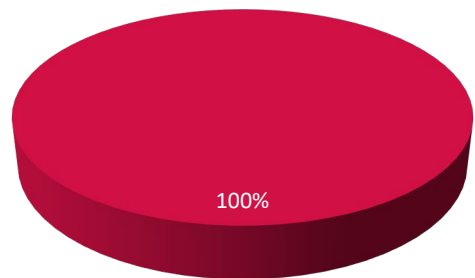
Year	2013	2014	2015	2016	2017*	2018	2019	2020	2021	2022	2023**
Unit Price	-	-	-	-	10.62	11.70	12.88	13.85	14.49	17.18	21.21
Growth (%)	-	-	-	-	6.2%	10.2%	10.1%	7.5%	4.6%	18.6%	23.5%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Stable Money Market fund is 12.0% per year, since the unit linked fund was started.
- The unit price has increased by 23.5% for the period 01 January 2023 to 30 November 2023.
- Investment holdings as of 30 November 2023 are in government securities\* resulting in AAA rated instruments for the portfolio.

\*Includes money market Instruments

## Credit Rating



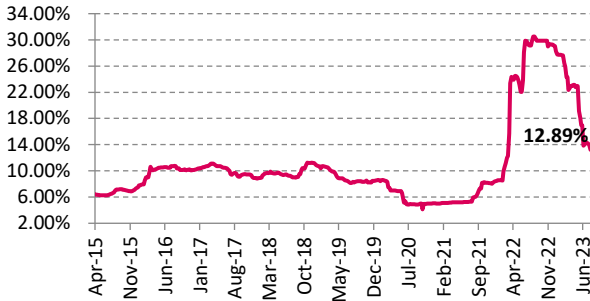
■ AAA Rating ■ AA Rating ■ A Rating

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# Market Update: Interest Rates

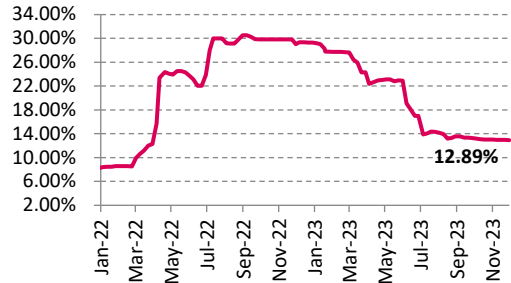
We use the 364-day T- Bill as an indicator of how interest rates move

## 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

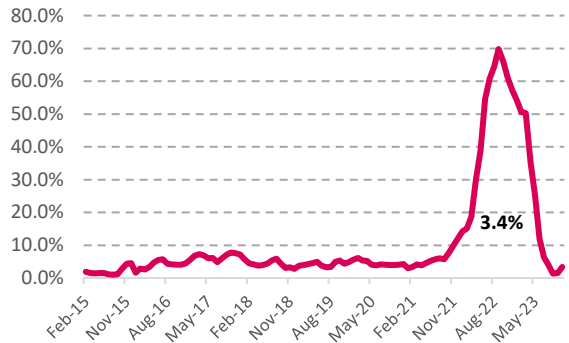


Note: Past performance is not an indication of future performance

## Major events during the month

- CBSL decided to reduce the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) of the Central Bank by 100 basis points (bps) to 9.00 per cent and 10.00 per cent, respectively.
- The IMF Board completed the first review under the 48-month Extended Fund Facility with Sri Lanka, providing the country with access to SDR 254 million (about US\$337 million) to support its economic policies and reforms..
- The economy is projected to recover gradually towards late 2023, supported by policy normalization led by the easing of monetary conditions

## 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



[AIA – PUBLIC]

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



Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023**
ASPI	5,913	7,299	6,894	6,228	6,369	6,052	6,129	6,774	12,226	8,490	10,594
Growth (%)	4.80%	23.40%	-5.50%	-9.70%	2.30%	-5.00%	1.30%	10.50%	80.50%	-30.56%	24.79%
S&P SL 20	3,264	4,089	3,626	3,496	3,672	3,135	2,937	2,638	4,233	2,636	3,010
Growth (%)	5.80%	25.30%	-11.30%	-3.60%	5.00%	-14.60%	-6.30%	-10.20%	60.50%	-37.74%	14.21%

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 9.13% per year and S&P SL20 index is 0.52% per year, since the unit linked funds were first started.
- The ASPI and S&P SL 20 have increased by 24.79% and 14.21% for the period of 01 January 2023 to 30 November 2023, respectively.

## Market Update: Stock Market

### For the month

Description	Oct-23	Nov-23
All Share Price Index (ASPI)	10,647	10,594
ASPI growth for the month	-6.07%	-0.50%
S&P SL 20 Index	2,994	3,010
S&P SL 20 growth for the month	-6.36%	0.52%
Total market turnover (LKR Millions)	18,339	23,731
Market Capitalization (LKR Billions)	4,296	4,260
PE Ratio (times)	11.08x	11.13x


### 10 Companies with highest market

#### Capitalisation on the CSE as of 30 November 2023

- JOHN KEELLS HOLDINGS PLC
- EXPOLANKA HOLDINGS PLC
- SRI LANKA TELECOM
- CEYLON TOBACCO COMPANY PLC
- LOLC HOLDINGS PLC
- LOLC FINANCE PLC
- DISTILLERIES COMPANY OF SRI LANKA PLC
- COMMERCIAL BANK OF CEYLON PLC
- CARGILLS (CEYLON) PLC
- MELSTACORP PLC

### Highlights of the month

- The ASPI and S&P SL20 performed for the month of November 2023 by -0.50% and 0.52% respectively.
- Net foreign flows for the month amounted to LKR 862 Mn of inflows, an increase from the prior period.
- The market has witnessed increased turnover for the period compared to the prior period.

 **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

- Interest rates continued their declining trend during November 2023, where the benchmark 364-day treasury bill rates touched 12.89% towards the month end. The medium to long-term bonds hovered around 14.00% to 14.50% range, However, towards the last weeks of the month the medium to long end of the yield curve marginally declined by 10-20Bps. LKR 40.2Bn out of the LKR 45Bn was taken by the debt authorities in their last bond auction in the month.
- The monetary board of the central bank in its review in November 2023 reduced policy rates by 100 basis points to bring the SDFR & SLFR to 9.00% and 10.00% respectively. The central bank signaled that additional policy easing would halt in the near term to allow market rates to adjust. Inflation has been hovering around 3.4% in November 2023, which is well within the CBSL intended range (4-6%). The IMF executive board meeting is scheduled to happen on 12<sup>th</sup> December and would possibly get a green light on the second tranche of USD 330Mn.
- Authorities seem to be giving top priority to economic recovery. Monetary relaxation could lead to positive economic momentum from the first half of FY2024. Upward revision of the VAT could be an indication that the government is trying to capitalize on economic growth to collect indirect taxes to meet its fiscal targets. Further, we believe that the improved tax collections, buffers created by monetary authorities and borrowing ability from state banks may allow policy makers to relax the policy rates further till mid-2024.

### Equity outlook

- Amidst the lingering uncertainty of the pending IMF funding and the upcoming election year, market sentiment remained subdued in the Colombo Stock Market. As a result, the ASPI recorded a 0.5% decrease for the month, while the more liquid S&PSL20 exhibited a modest increase of 0.52%. Foreign inflows were predominantly directed towards the banking sector and blue-chip counters, resulting in a net foreign inflow of LKR 862 million for the month. The average daily turnover reached 1.08 billion Rupees for the month.
- FY 2024 could be a better year for equity markets as we expect positive earnings momentum mainly due to monetary relaxation. Further, authorities have already indicated the state worker salary increments. All these are directed towards potential consumer drive through improved disposable income. However, FY2024 is an election year and we can expect more market volatility due to uncertainties. Therefore, we are cautiously optimistic about the equity markets.



## 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

For more information, please call AIA Insurance on  
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# About AIA

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

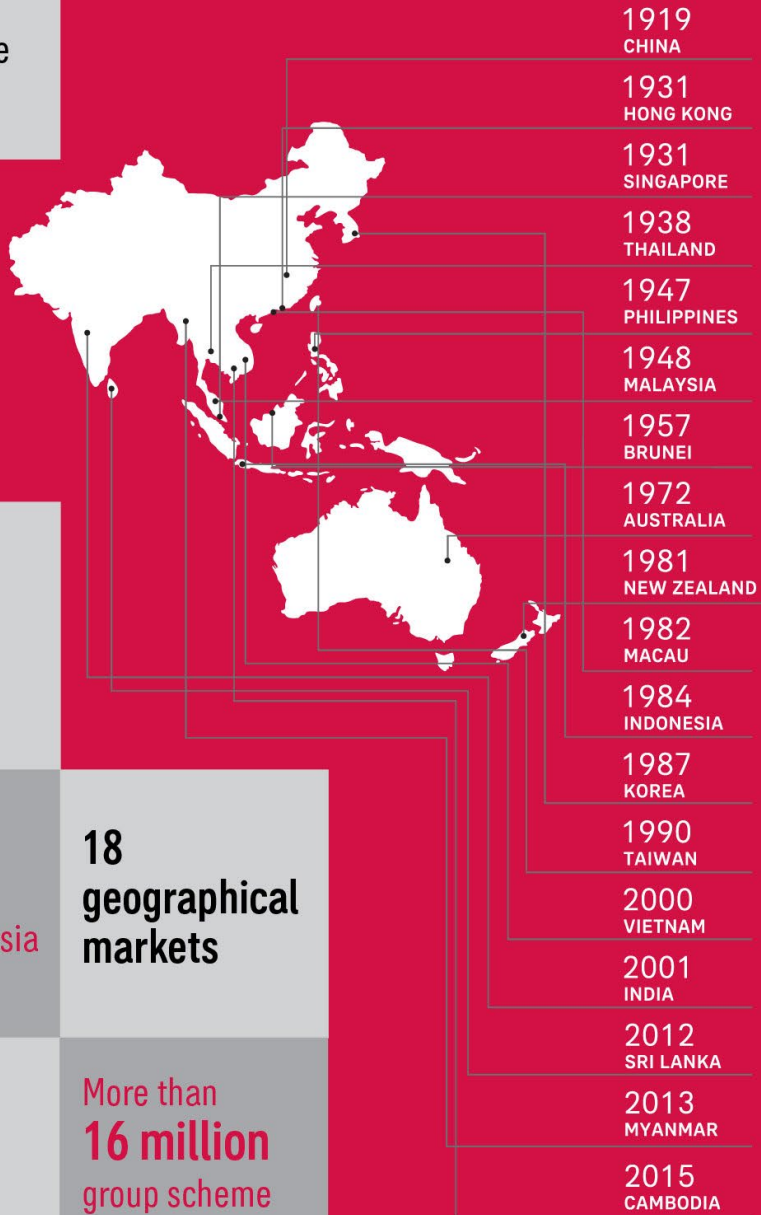
A total Sum Assured of **US\$ 2 trillion**

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,  
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## AIA Insurance Lanka Limited

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