

INVESTOR

AIA's Monthly Investment Market and Unit Linked Fund Update

For the month of September 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)	32.8%	25.4%	18.8%	17.9%	19.4%	33.7%	21.3%
Annual Effective Growth Rate							
1 year	24.0%	25.9%	26.6%	25.7%	27.4%	14.3%	1.0%
3 years	11.9%	14.6%	14.3%	13.7%	14.6%	23.8%	9.1%
5 years	6.7%	10.6%	12.3%	11.7%	12.4%	14.1%	1.3%
7 years	4.6%	9.3%	11.7%	11.1%	-	8.2%	-1.7%
From Inception - CAGR	9.6%	11.2%	10.8%	10.3%	11.8%	9.7%	1.1%

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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[AIA – INTERNAL]

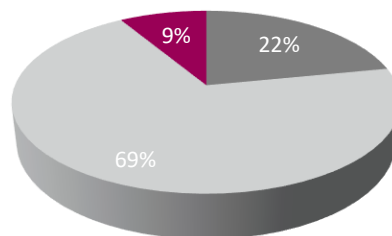
Your fund performance: Growth fund

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 30/09/2023

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	49.77
Growth (%)	10.1%	12.1%	1.7%	4.6%	9.3%	5.2%	11.2%	2.0%	15.9%	-20.1%	32.8%

Note: past performance is not an indication of future performance

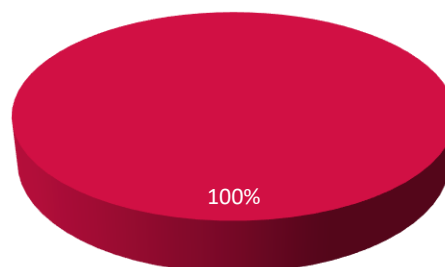
Equity Allocation

Sector	%
Banks	29%
Capital Goods	24%
Food Beverage and Tobacco	16%
Consumer Durables & Apparel	12%
Materials	5%
Diversified Financials	4%
Energy	3%
Transportation	2%
Software & Services	2%
Utilities	1%
Telecommunication Services	0%
Food & Staples Retailing	0%
Total	100%

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 9.6% per year, since the unit linked fund was started.
- The unit price has increased by 32.8% for the period 01 January 2023 to 30 September 2023.

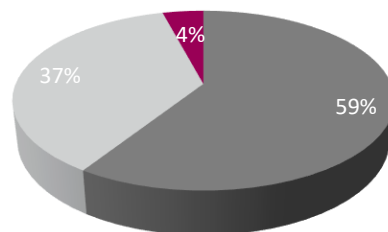
Your fund performance: Balanced fund

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 30/09/2023

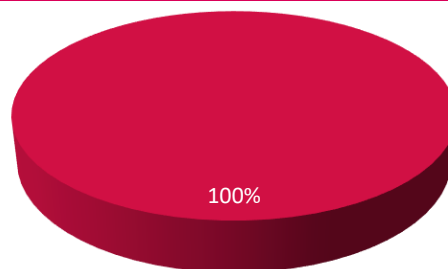
Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023*
Unit Price	28.87	32.36	32.90	34.40	37.60	39.56	42.81	43.68	50.63	50.68	63.53
Growth (%)	10.1%	12.1%	1.7%	4.6%	9.3%	5.2%	11.2%	2.0%	15.9%	0.1%	25.4%

Note: past performance is not an indication of future performance

Equity Allocation

Sector	%
Banks	31%
Capital Goods	20%
Food Beverage and Tobacco	15%
Consumer Durables & Apparel	12%
Diversified Financials	10%
Materials	4%
Energy	3%
Transportation	3%
Software & Services	2%
Utilities	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***

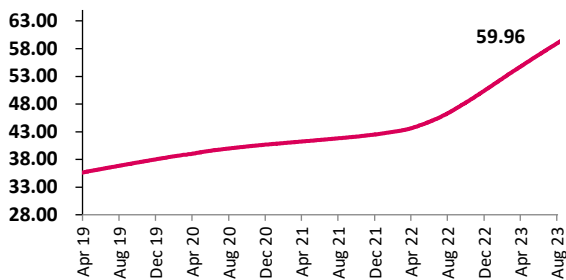
ACCESS ENG LTD	HAYLEYS FABRIC PLC
CENTRAL FINANCE COMPANY PLC	JOHN KEELLS HOLDINGS PLC
COMMERCIAL BANK OF CEYLON PLC	LB FINANCE
DISTILLERIES COMPANY OF SRI LANKA	SAMPATH BANK PLC
HATTON NATIONAL BANK PLC	TEXTURED JERSEY LANKA LIMITED

***Note: In alphabetical order

- The annual average growth rate of the unit price for the Balanced fund is 11.2% per year, since the unit linked fund was started.
- The unit price has increased by 25.4% for the period 01 January 2023 to 30 September 2023.

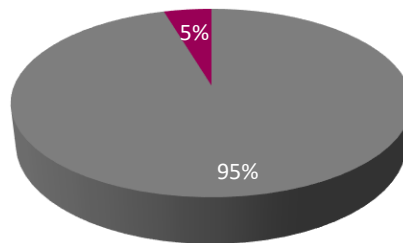
Your fund performance: Secure fund

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 30/09/2023

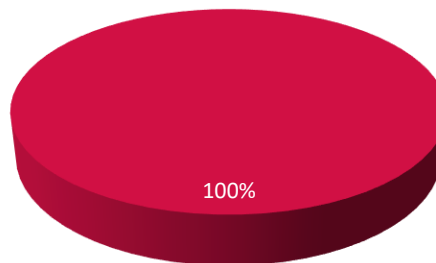
Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023*
Unit Price	23.02	24.76	26.21	28.37	31.32	34.49	38.05	40.68	42.53	50.47	59.95
Growth (%)	10.9%	7.6%	5.9%	8.2%	10.4%	10.1%	10.3%	6.9%	4.5%	18.7%	18.8%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Secure fund is 10.8% per year, since the unit linked fund was started.
- The unit price has increased by 18.8% for the period 01 January 2023 to 30 September 2023.
- Investment holdings as of 30 September 2023 are in government securities* resulting in AAA rated instruments for the portfolio.

*Includes money market Instruments

Credit Rating

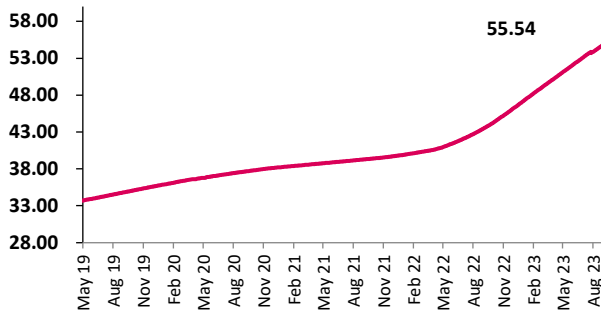


■ AAA Rating ■ AA Rating ■ A Rating

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.

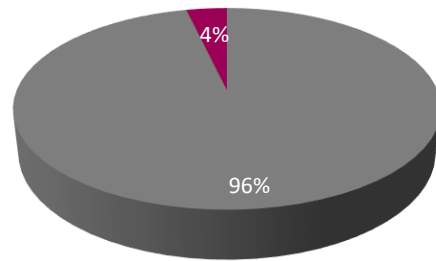
Your fund performance: Protected fund

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 30/09/2023

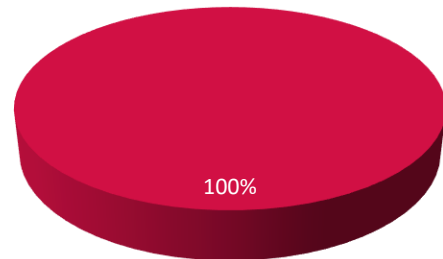
Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023*
Unit Price	22.27	23.81	25.20	27.18	29.82	32.66	35.58	38.25	39.88	47.09	55.54
Growth (%)	10.5%	6.9%	5.8%	7.9%	9.7%	9.5%	9.8%	6.7%	4.3%	18.1%	17.94%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Protected fund is 10.3% per year, since the unit linked fund was started.
- The unit price has increased by 17.94% for the period 01 January 2023 to 30 September 2023.
- Investment holdings as of 30 September 2023 are in government securities* resulting in AAA rated instruments for the portfolio.

*Includes money market Instruments

Credit Rating

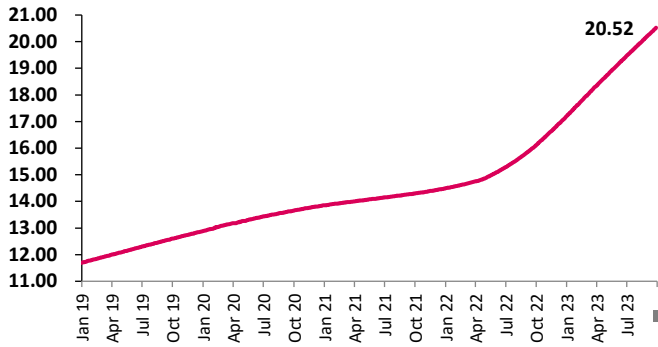


■ AAA Rating ■ AA Rating ■ A Rating

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.

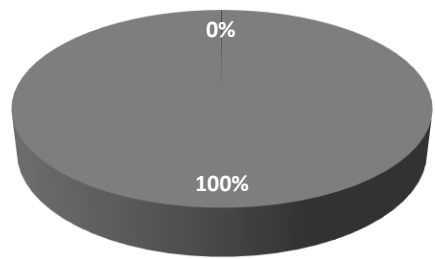
Your fund performance: Stable Money Market fund

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 30/09/2023

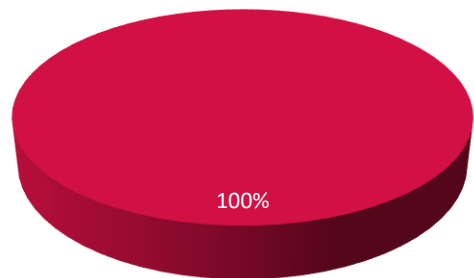
Year	2013	2014	2015	2016	2017*	2018	2019	2020	2021	2022	2023**
Unit Price	-	-	-	-	10.62	11.70	12.88	13.85	14.49	17.18	20.52
Growth (%)	-	-	-	-	6.2%	10.2%	10.1%	7.5%	4.6%	18.6%	19.4%

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 11.8% per year, since the unit linked fund was started.
- The unit price has increased by 19.4% for the period 01 January 2023 to 30 September 2023.
- Investment holdings as of 30 September 2023 are in government securities* resulting in AAA rated instruments for the portfolio.

*Includes money market Instruments

Credit Rating



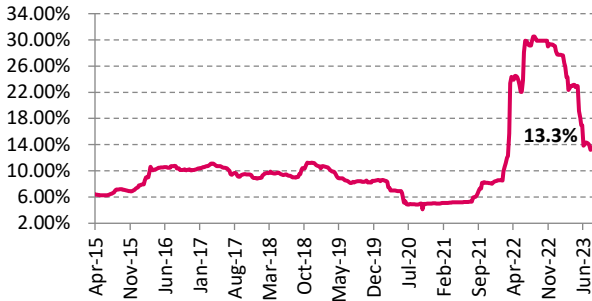
■ AAA Rating ■ AA Rating ■ A Rating

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.

Market Update: Interest Rates

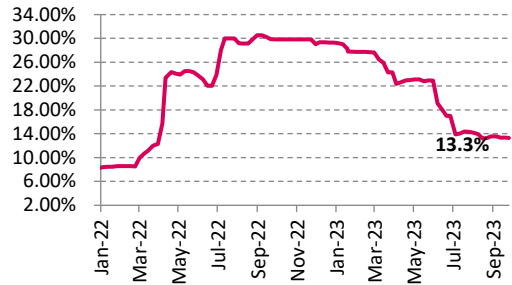
We use the 364-day T-Bill as an indicator of how interest rates move

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

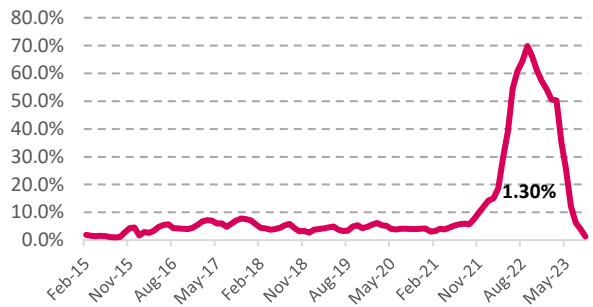


Note: Past performance is not an indication of future performance

Major events during the month

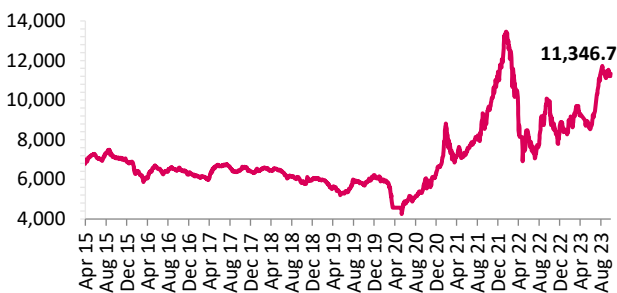
- CBSL decided to reduce the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) of the Central Bank to 10.00 per cent and 11.00 per cent during monetary policy meeting October 2023.
- During the eight months ending in August 2023, the trade deficit decreased notably, with a significant decrease in merchandise imports due to lower demand and import restrictions.
- 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



S&P SL Movement: Since 01 Jan 2021



[AIA – PUBLIC]

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	11,336
Growth (%)	4.80%	23.40%	-5.50%	-9.70%	2.30%	-5.00%	1.30%	10.50%	80.50%	-30.56%	1.99%
S&P SL 20	3,264	4,089	3,626	3,496	3,672	3,135	2,937	2,638	4,233	2,636	3,198
Growth (%)	5.80%	25.30%	-11.30%	-3.60%	5.00%	-14.60%	-6.30%	-10.20%	60.50%	-37.74%	2.13%

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 9.65% per year and S&P SL20 index is 1.07% per year, since the unit linked funds were first started.
- The ASPI and S&P SL 20 have increased by 33.65% and 19.40% for the period of 01 January 2023 to 30 September 2023, respectively.

Market Update: Stock Market

For the month

Description	Aug-23	Sep-23
All Share Price Index (ASPI)	11,114	11,336
ASPI growth for the month	-2.39%	1.99%
S&P SL 20 Index	3,131	3,198
S&P SL 20 growth for the month	-5.39%	2.13%
Total market turnover (LKR Millions)	68,871	26,779
Market Capitalization (LKR Billions)	4,441	4,531
PE Ratio (times)	5.91x	6.06x


10 Companies with highest market

Capitalisation on the CSE as of 30 September 2023

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

Highlights of the month

- The ASPI and S&P SL20 increased for the month of September 2023 by 1.99% and 2.13% respectively.
- Net foreign flows for the month amounted to LKR 1.45 Bn of outflows, a decrease from the prior period.
- The market has witnessed decreased 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 recorded a marginal decrease during the month of September 2023, where the benchmark 364-day Treasury bill rate declined to 13.16% at the first auction held in October 2023. The medium to long-term Treasury bond yields continued to be in the range of 14.50% to 15.50%. The policymakers managed to complete the Domestic Debt Optimization (DDO) process during the month.
- The monetary board of the central bank in its review in October 2023 reduced policy rates by 100 basis points to bring the SDFR & SLFR to 10.00% and 11.00% respectively. This was in line with the policymaker intentions to expand private sector credit due to the consecutive contraction in the island credit growth that was hampering growth targets. Inflation has been tapering down with CCPI recording 1.30% in September 2023. The IMF second tranche was delayed requiring further discussions however, policymakers are confident that Sri Lanka is able to achieve the expectations.
- With the economy under consecutive GDP contraction, the policymakers have been attempting to boost overall economic growth from 2H 2023 onwards. Given the policymakers have been able to keep inflation under control, achieve a primary surplus and reserve accumulation, the policymakers may continue to move forward with the easing monetary policy stance during 4Q 2023. However, under the backdrop of a global recession and expected commodity price increases we could expect a tightening cycle for interest rates towards 2025.

Equity outlook

- The All Share Price Index (ASPI) and S&P SL 20 Index (S&P SL), the two main indices of Colombo Stock Exchange (CSE), gained 1.99% and 2.13% respectively, during the month of September 2023. However, with relatively lower average trade volumes and turnover due to hampered investor sentiment under the backdrop of delays and uncertainties surrounding EDO, IMF second tranche and the national budget for 2024.
- In order to address IMF's concerns regarding the revenue generation, the policymakers may attempt to be more creative and increase the tax net to generate more revenue. Further, the SOE reforms have been in motion and the policymakers are expected to conclude limited transactions before the end of the year. However, with the expectation of further reduction in inflation and interest rates leading to improved economic activity levels, we expect future corporate earnings to recover in FY 2024.



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

▪ 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). **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

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011 2 310 310 or visit www.aialife.com.lk

About AIA

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

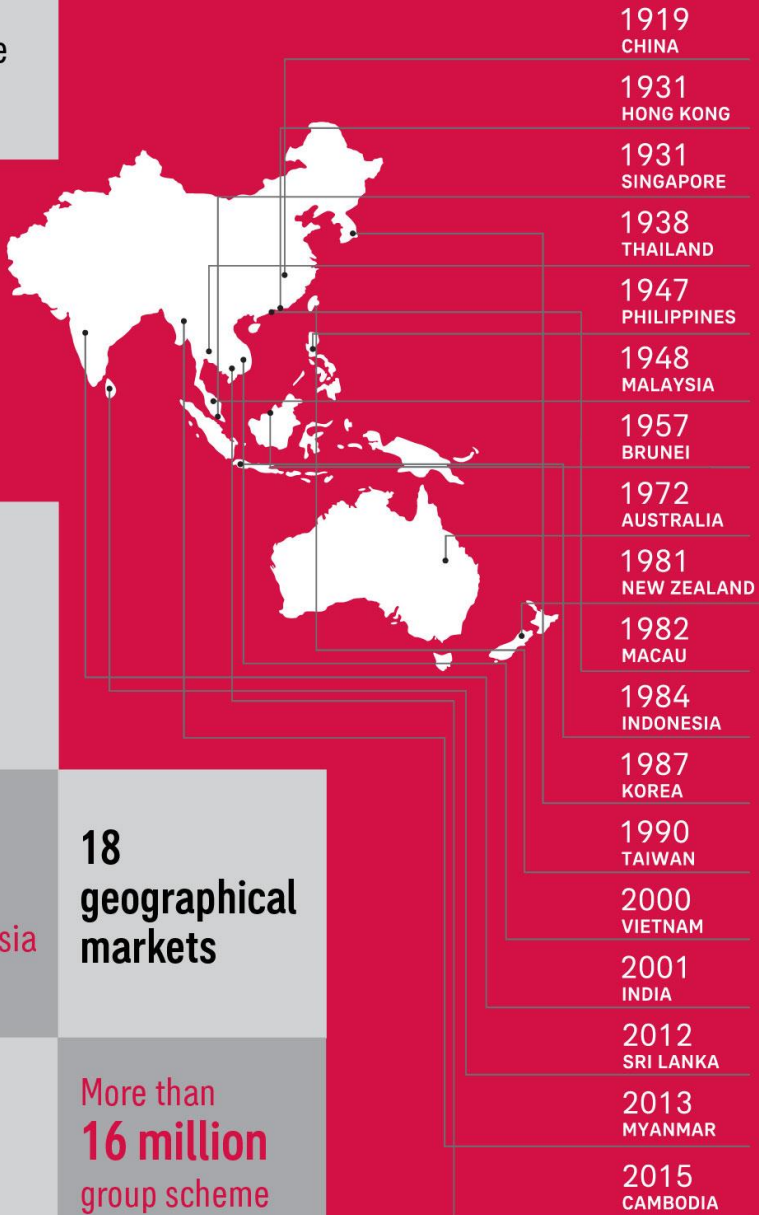
A total Sum Assured of **US\$ 2 trillion**

Over **100 years** of history in Asia

More than **39 million** individual policies

18 geographical markets

More than **16 million** group scheme members



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