

# INVESTOR

## AIA Monthly Market and Unit Linked Fund update

For the month of March 2018

### 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
Since 01 Jan 2018 (YTD)	0.9%	1.8%	2.3%	2.2%	2.3%	1.7%
Annual Effective Growth Rate						
1 year	7.5%	9.7%	10.1%	9.4%	-	7.6%
3 years	1.5%	6.2%	8.5%	8.1%	-	-2.0%
5 years	4.5%	7.1%	8.5%	8.1%	-	2.5%
7 years	2.7%	6.0%	8.4%	8.0%	-	-1.5%
From Inception - CAGR	12.1%	11.9%	10.3%	9.8%	-	9.2%

Note: past performance is not an indication of future performance

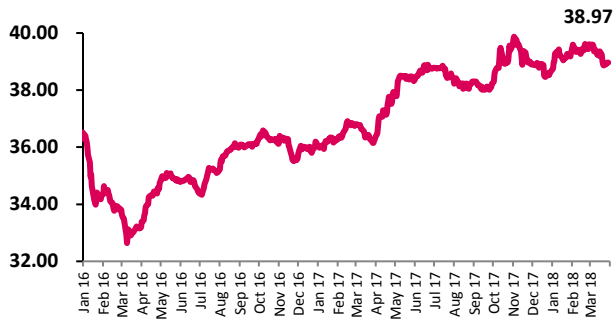
\*The Stable Money Market fund was introduced on 21 Apr 2017.

#### Disclaimer:

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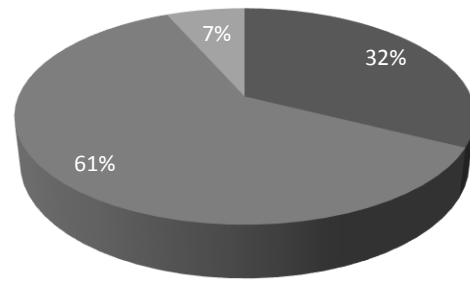
## Your fund performance: Growth fund

### 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)

\*Since inception – 02/05/2006 to 31/12/2006 \*\*Period from 31/12/2017 to 31/03/2018

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018**
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	38.97
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%	0.9%

Note: past performance is not an indication of future performance

### Equity Allocation

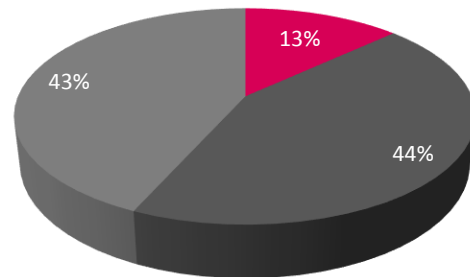
Sector	%
Banks, Finance and Insurance	70
Diversified Holdings	12
Manufacturing	11
Construction and Engineering	4
Hotels and Travels	3
Total	100

### Top Equity Holdings\*

Central Finance	LB Finance
Chevron Lubricants	People's Leasing
Commercial Bank	Royal Ceramics
Hatton National Bank	Sampath Bank
John Keells Holdings	Seylan Bank

\*Note: In alphabetical order

### Credit Rating



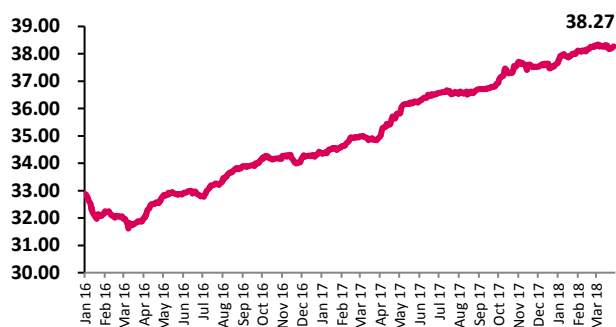
■ AAA Rating ■ AA Rating ■ A Rating

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

- The annual average growth rate of the unit price for the Growth fund is 12.1% per year, since the unit linked fund was started.
- The unit price has increased by 0.9% for the period 01 Jan 2018 to 31 Mar 2018.

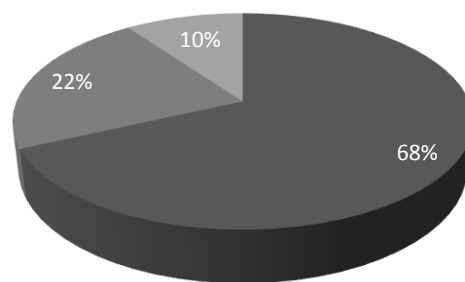
## Your fund performance: Balanced fund

### Unit Price Movement



Note: past performance is not an indication of future performance

### Asset Allocation



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Note: The asset allocation for the fund is presented as at month end. The future asset allocation may change based on market conditions and investment strategy.

### Unit Price Growth (as a percentage)

\*Since inception – 02/05/2006 to 31/12/2006 \*\*Period from 31/12/2017 to 31/03/2018

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018**
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	38.27
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%	1.8%

Note: past performance is not an indication of future performance

### Equity Allocation

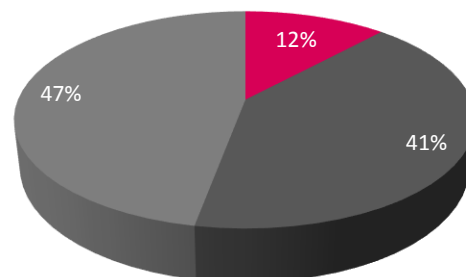
Sector	%
Banks, Finance and Insurance	66
Diversified Holdings	14
Manufacturing	10
Construction and Engineering	6
Hotels and Travels	2
Total	100

### Top Equity Holdings\*

Access Engineering	LB Finance
Central Finance	People's Leasing
Commercial Bank	Royal Ceramics
Hatton National Bank	Sampath Bank
John Keells Holdings	Seylan Bank

\*Note: (In alphabetical order)

### Credit Rating



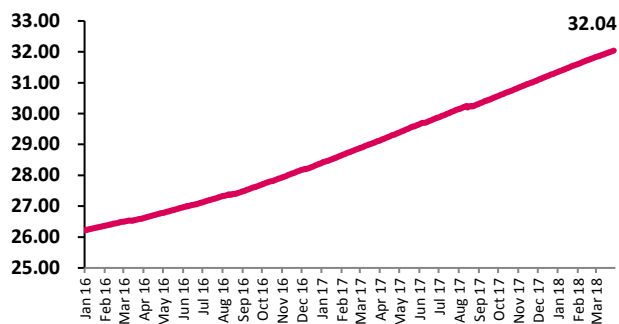
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- The annual average growth rate of the unit price for the Balanced fund is 11.9% per year, since the unit linked fund was started.
- The unit price has increased by 1.8% for the period 01 Jan 2018 to 31 Mar 2018.

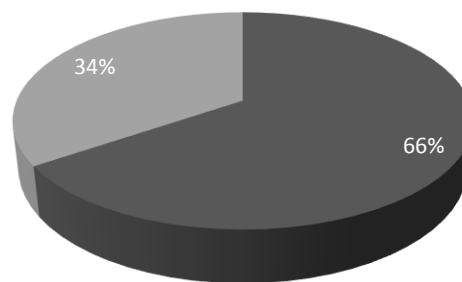
## Your fund performance: Secure fund

### Unit Price Movement



Note: past performance is not an indication of future performance

### Asset Allocation



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Note: The asset allocation for the fund is presented as at month end. The future asset allocation may change based on market conditions and investment strategy.

### Unit Price Growth (as a percentage)

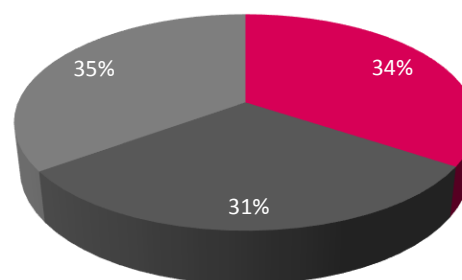
\*Since inception – 02/05/2006 to 31/12/2006 \*\*Period from 31/12/2017 to 31/03/2018

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018**
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	32.04
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%	2.3%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Secure fund is 10.3% per year, since the unit linked fund was started.
- The unit price has increased by 2.3% for the period 01 Jan 2018 to 31 Mar 2018.

### Credit Rating

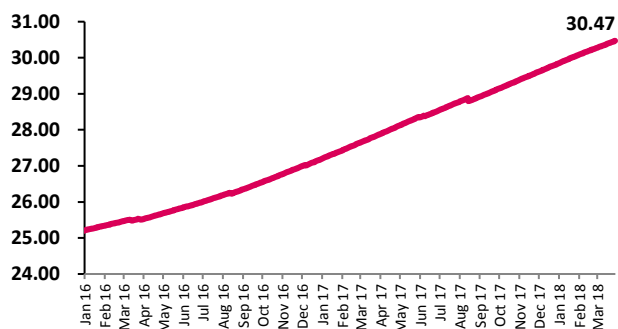


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Note: The credit rating is presented as at month end for investments in fixed deposits, and does not include ratings for equity investments. All ratings are by Fitch Ratings Lanka.

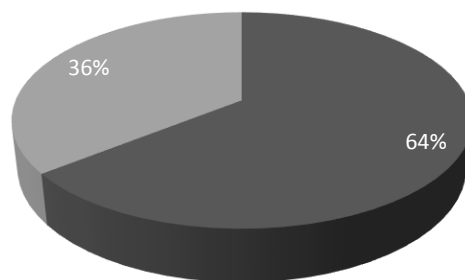
## Your fund performance: Protected fund

### Unit Price Movement



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### Asset Allocation



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Note: The asset allocation for the fund is presented as at month end. The future asset allocation may change based on market conditions and investment strategy.

### Unit Price Growth (as a percentage)

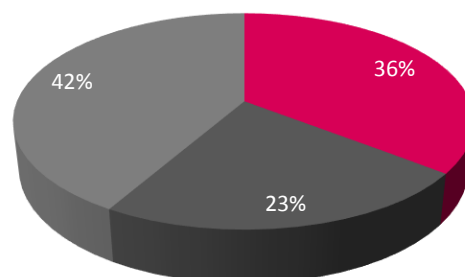
\*Since inception – 02/05/2006 to 31/12/2006 \*\*Period from 31/12/2017 to 31/03/2018

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018**
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	30.47
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%	2.2%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Protected fund is 9.8% per year, since the unit linked fund was started.
- The unit price has performed better than the guaranteed gross return every year.
- The unit price has increased by 2.2% for the period 01 Jan 2018 to 31 Mar 2018.

### Credit Rating

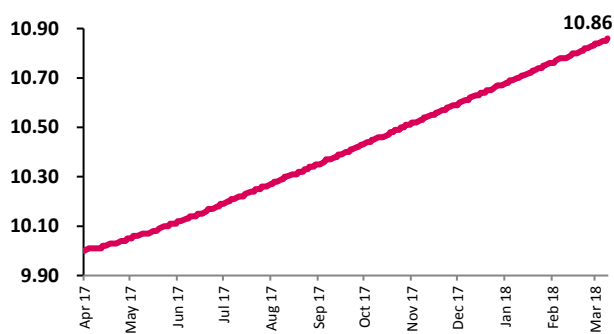


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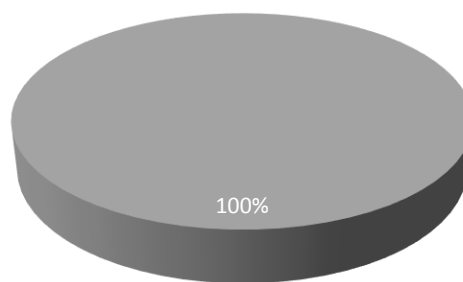
## Your fund performance: Stable Money Market fund

### Unit Price Movement



Note: past performance is not an indication of future performance

### Asset Allocation



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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)

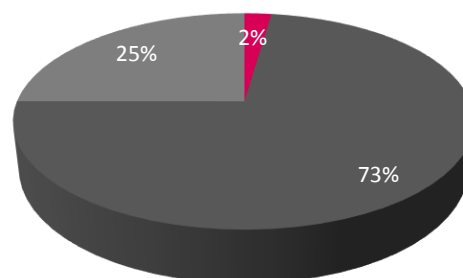
\*Since inception – 21/04/2017 to 31/12/2017 \*\*Period from 31/12/2017 to 31/03/2018

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017*	2018**
Unit Price	-	-	-	-	-	-	-	-	-	-	-	10.62	10.86
Growth (%)	-	-	-	-	-	-	-	-	-	-	-	6.2%	2.3%

Note: past performance is not an indication of future performance

- The Stable Money Market fund was introduced on 21 Apr 2017.
- The unit price has increased by 2.3% for the period 01 Jan 2018 to 31 Mar 2018.

### Credit Rating



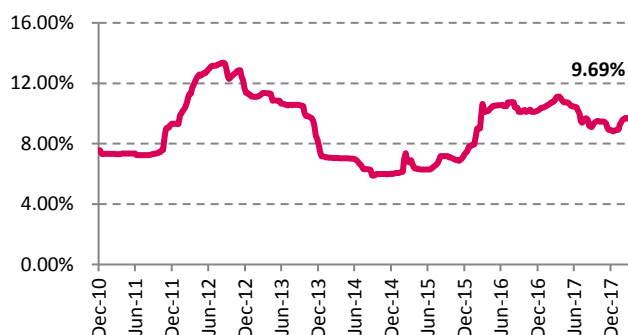
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## Market Update: Interest Rates

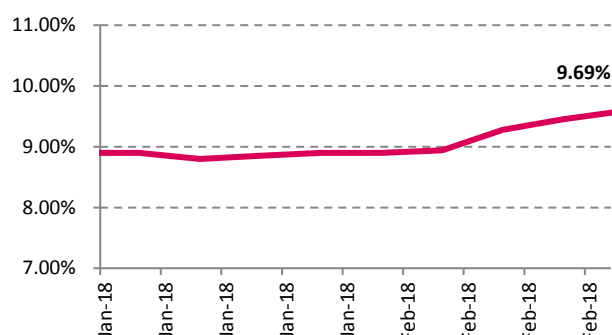
We use the 364 day T- Bill as an indicator of how interest rates move

### 364-day T-bill: Since 01 Jan 2011



Note: past performance is not an indication of future performance

### 364-day T-bill: Since 01 Jan 2018

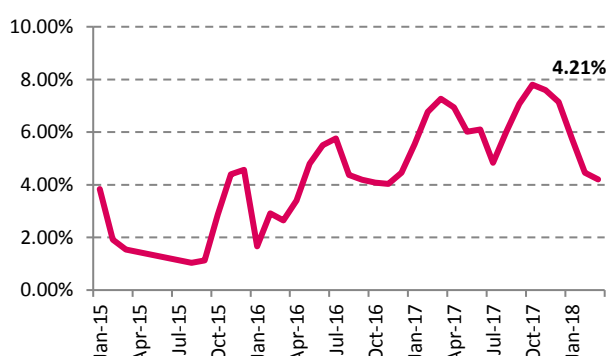


Note: past performance is not an indication of future performance

### Major events during the month

- Central Bank raised LKR 128 billion by issuing treasury bills and LKR 112 billion by issuing treasury bonds.
- Central Bank policy rates play a key role in determining the direction and level of market interest rates. The Central Bank maintained policy rates unchanged during the month, a reflection of its intent.
- Short term interest rates were volatile over the month. For example, the benchmark 364-day Treasury bill rate increased to 9.69% by end of the month against 9.45% in Feb 2018.

### Inflation: Since 01 Jan 2015

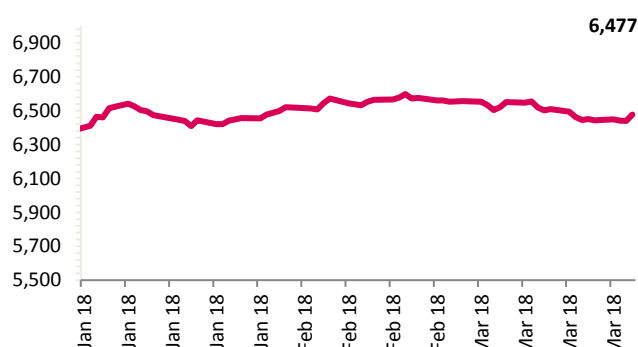


## Market Update: Stock Market

### ASPI Movement: Since 01 Jan 2010



### ASPI Movement: Since 01 Jan 2018



ASPI Performance (as a percentage)

\*Since inception – 02/05/2006 to 31/12/2006 \*\*Period from 31/12/2017 to 31/03/2018

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018**
ASI	2,722.36	2,540.99	1,503.02	3,385.55	6,635.87	6,074.42	5,643.00	5,912.78	7,298.95	6,894.50	6,228.26	6,369.26	6,476.78
Growth (%)	5.8%	12.6%	19.6%	13.9%	8.1%	5.9%	8.5%	10.5%	6.9%	5.8%	7.9%	2.3%	1.7%

### Highlights of the performance

- The annual average growth rate of ASPI is 9.2% per year.
- The ASPI has increased by 1.7% for the period of 01 Jan 2018 to 31 Mar 2018.

## Market Update: Stock Market

### For the month

Description	Mar-2018	Feb-2018
All Share Price Index (ASPI)	6,477	6,552
ASPI growth for the month	-1.1%	1.2%
Total market turnover (LKR Mn)	33,434	19,513
Market Capitalisation (LKR Bn)	3,033	3,046
PE Ratio (times)	11.2x	11.1x

### Highlights of the month

- The equity market performance decreased by 1.1% in March 2018 with higher foreign sales.
- The ASPI increased by 1.7% over the period 01 Jan 2017 to 31 Mar 2018.
- Foreign investors sold LKR 8.7 billion on a net basis in March 2018, resulting in a net outflow of LKR 2.6 billion during the year to date 2018.

### 10 Companies with highest market Capitalisation on the CSE as at end of month

- JKH
- CEYLON TOBACCO
- COMMERCIAL BANK
- DIALOG
- HNB
- NESTLE
- COLD STORES
- SAMPATH BANK
- HEMAS HOLDINGS
- MELSTACORP

## Fund manager's outlook



### Fixed income outlook

- The benchmark 364-day Treasury bill rate increased by 24 basis points to 9.69% during the month of March.
- We expect the upward momentum on yields to continue due to higher taxes (notional tax credit on bonds not being available from 01 April 2018), delay in the issuance of the sovereign bond coupled with higher debt repayments adding pressure on rates.
- Moreover, the steep rises in US rates and surge in oil prices are expected to weigh on macro fundamentals.

### Equity outlook

- ASPI index lost 1.1% for the month of March while the more liquid S&P SL 20 index lost 1.6%.
- Total corporate earnings of listed companies grew by 8.7% for the year 2017 broadly in line with inflation.
- Corporate earnings are expected come be under pressure due to higher taxes which came in to effect from 01 Apr 2018.
- We expect markets to remain volatile due to political uncertainty.



# About AIA

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

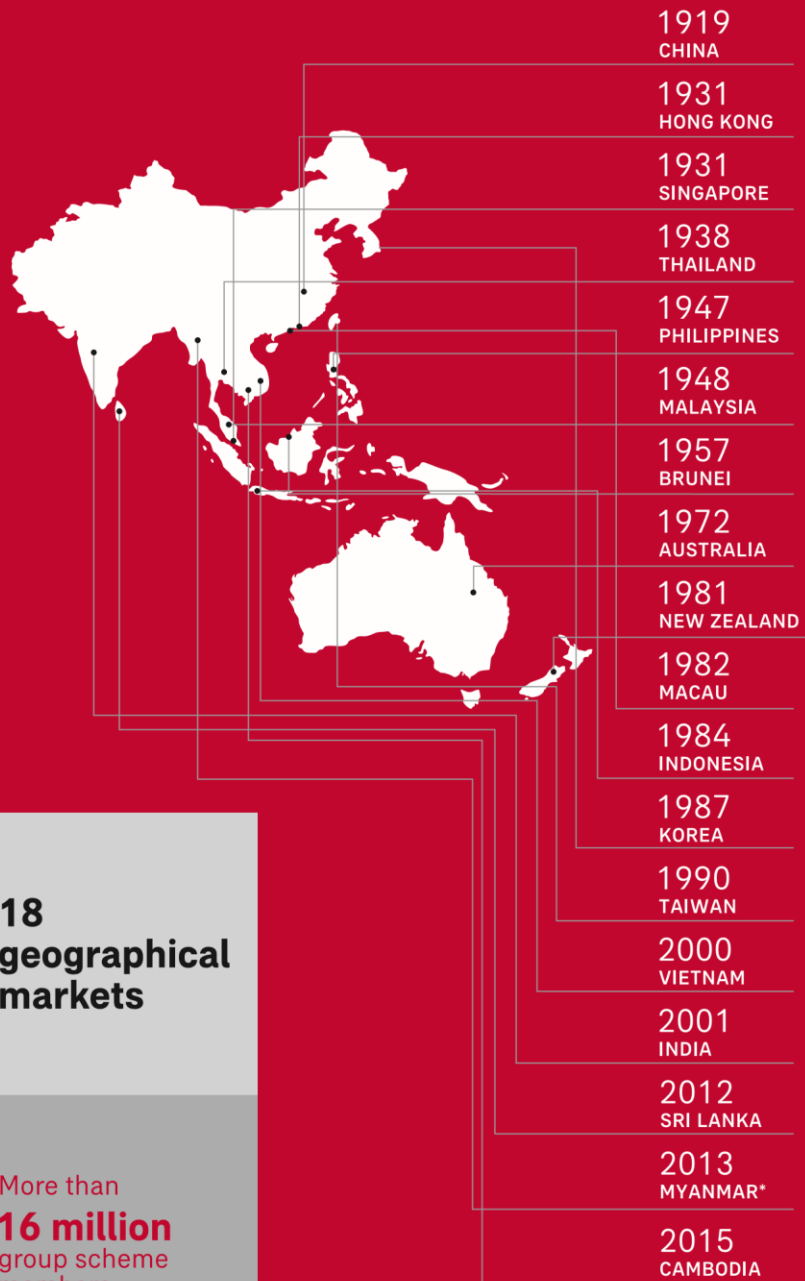
A total Sum Assured of over  
**US\$1 trillion**

**Almost 100 years**  
of history in Asia

More than  
**30 million**  
individual policies

**18**  
geographical markets

More than  
**16 million**  
group scheme members



\*AIA has a representative office in Myanmar



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