

# INVESTOR

## AIA Monthly Market and Unit Linked Fund update

For the month of July 2019

### 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 2019 (YTD)	1.1%	4.2%	6.1%	5.6%	6.0%	-1.9%
Annual Effective Growth Rate						
1 year	-0.6%	6.2%	10.4%	9.8%	10.4%	-3.4%
3 years	2.5%	7.4%	10.2%	9.6%	-	-2.5%
5 years	1.4%	6.0%	8.7%	8.2%	-	-2.7%
7 years	4.8%	7.9%	9.1%	8.6%	-	2.6%
From Inception - CAGR	10.6%	11.3%	10.3%	9.8%	9.9%	7.5%

Note: past performance is not an indication of future performance

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

#### 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 authorised 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 authorised agents.

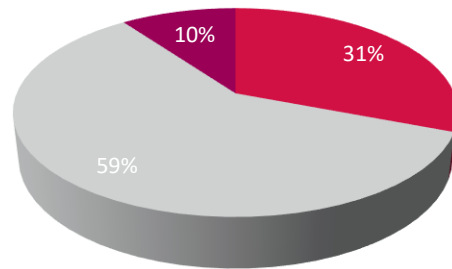
## Your fund performance: Growth fund

### Unit Price Movement



Note: past performance is not an indication of future performance

### Asset Allocation



■ Government Securities ■ Fixed Deposits ■ Equity ■ Money Market

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

### Unit Price Growth (as a percentage)

\*Since inception – 02/05/2006 to 31/12/2006 \*\*Period from 31/12/2018 to 31/07/2019

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019**
Unit Price	11.92	11.98	9.42	17.32	32.17	28.34	30.16	32.30	38.06	36.52	36.12	38.64	37.41	37.82
Growth (%)	19.2%	0.5%	-21.4%	83.9%	95.7%	-11.9%	6.4%	7.1%	17.8%	-4.0%	-1.1%	7.0%	-3.2%	1.1%

Note: past performance is not an indication of future performance

### Equity Allocation

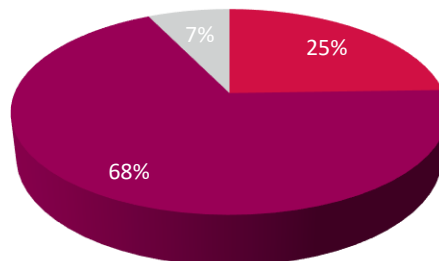
Sector	%
Banks, Finance and Insurance	73
Diversified Holdings	13
Manufacturing	5
Construction and Engineering	6
Hotels and Travels	3
Total	100

### 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



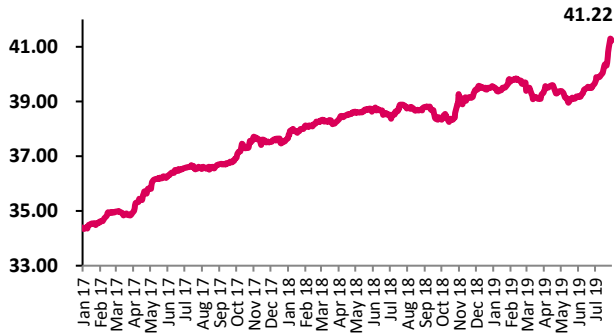
■ AAA Rating ■ AA Rating ■ A Rating

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

- The annual average growth rate of the unit price for the Growth fund is 10.6% per year, since the unit linked fund was started.
- The unit price has increased by 1.1% for the period 01 January 2019 to 31 July 2019.

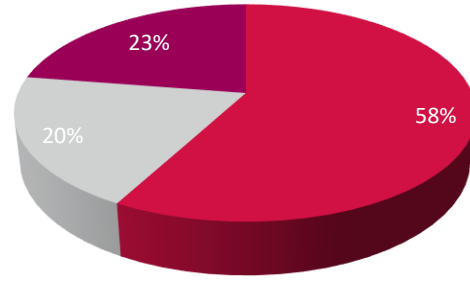
## Your fund performance: Balanced fund

### Unit Price Movement



Note: past performance is not an indication of future performance

### Asset Allocation



■ Government Securities ■ Fixed Deposits ■ Equity ■ Money Market

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

### Unit Price Growth (as a percentage)

\*Since inception – 02/05/2006 to 31/12/2006 \*\*Period from 31/12/2018 to 31/07/2019

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019**
Unit Price	11.43	12.19	11.62	17.23	25.18	24.18	26.22	28.87	32.36	32.90	34.40	37.60	39.56	41.22
Growth (%)	14.3%	6.6%	-4.7%	48.3%	46.1%	-4.0%	8.4%	10.1%	12.1%	1.7%	4.6%	9.3%	5.2%	4.2%

Note: past performance is not an indication of future performance

### Equity Allocation

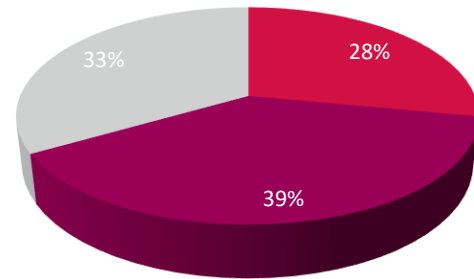
Sector	%
Banks, Finance and Insurance	69
Diversified Holdings	16
Construction and Engineering	10
Manufacturing	6
Hotels and Travels	0
Total	100

### 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



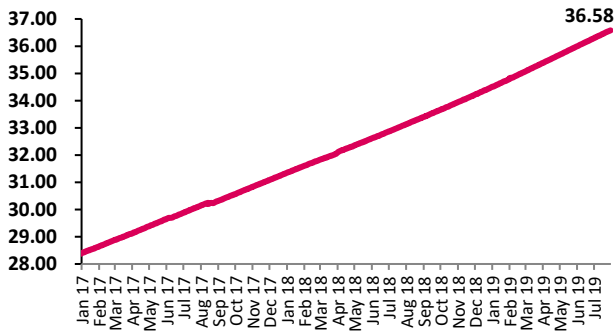
■ AAA Rating ■ AA Rating ■ A Rating

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

- The annual average growth rate of the unit price for the Balanced fund is 11.3% per year, since the unit linked fund was started.
- The unit price has increase by 4.2% for the period 01 January 2019 to 31 July 2019.

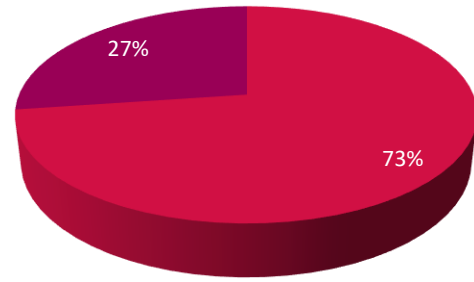
# Your fund performance: Secure fund

## Unit Price Movement



Note: past performance is not an indication of future performance

## Asset Allocation



Legend: Government Securities (light blue), Fixed Deposits (red), Equity (grey), Money Market (purple)

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)

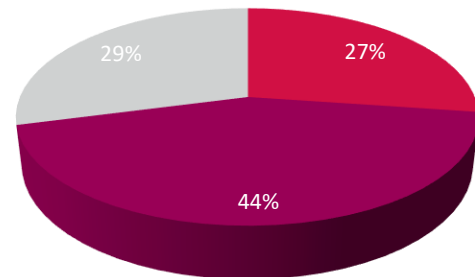
\*Since inception – 02/05/2006 to 31/12/2006 \*\*Period from 31/12/2018 to 31/07/2019

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019**
Unit Price	10.83	11.91	13.04	15.74	17.97	19.09	20.75	23.02	24.76	26.21	28.37	31.32	34.49	36.58
Growth (%)	8.3%	10.0%	9.5%	20.7%	14.2%	6.2%	8.7%	10.9%	7.6%	5.9%	8.2%	10.4%	10.1%	6.1%

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 6.1% for the period 01 January 2019 to 31 July 2019.

## Credit Rating

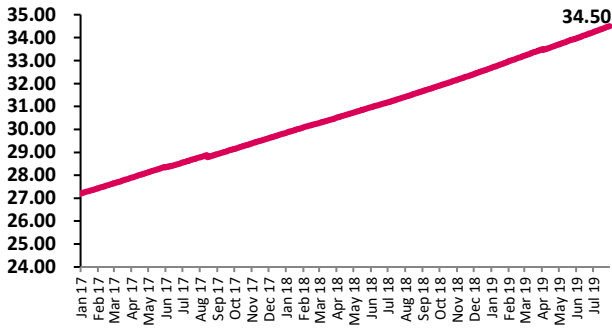


Legend: AAA Rating (red), AA Rating (purple), A Rating (grey)

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

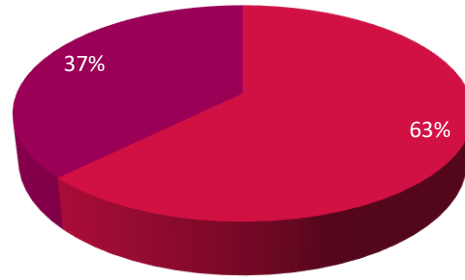
# Your fund performance: Protected fund

## Unit Price Movement



Note: past performance is not an indication of future performance

## Asset Allocation



Government Securities Fixed Deposits Equity Money Market

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

## Unit Price Growth (as a percentage)

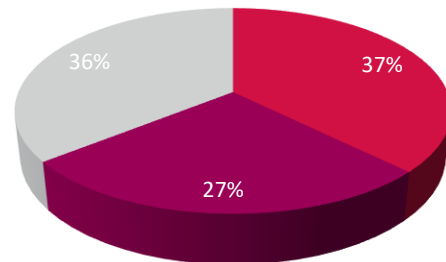
\*Since inception – 02/05/2006 to 31/12/2006 \*\*Period from 31/12/2018 to 31/07/2019

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019**
Unit Price	10.58	11.91	14.25	16.23	17.54	18.58	20.16	22.27	23.81	25.20	27.18	29.82	32.66	34.50
Growth (%)	5.8%	12.6%	19.6%	13.9%	8.1%	5.9%	8.5%	10.5%	6.9%	5.8%	7.9%	9.7%	9.5%	5.6%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Protected fund is 9.8% per year, since the unit linked fund was started.
- The unit price has increased by 5.6% for the period 01 January 2019 to 31 July 2019.

## Credit Rating

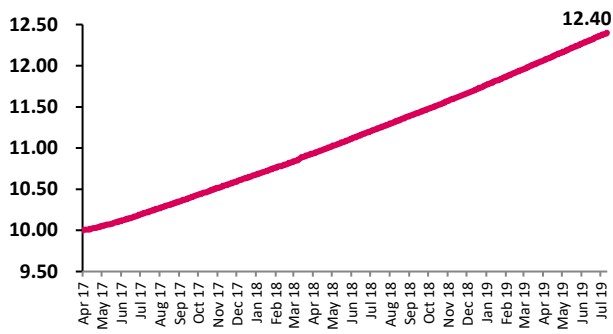


AAA Rating AA Rating A Rating

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.

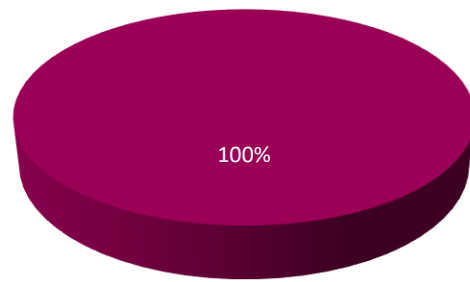
# Your fund performance: Stable Money Market fund

## 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)

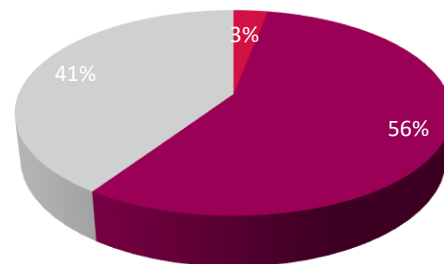
\*Since inception – 21/04/2017 to 31/12/2017 \*\*Period from 31/12/2018 to 31/07/2019

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017*	2018	2019**
Unit Price	-	-	-	-	-	-	-	-	-	-	-	10.62	11.70	12.40
Growth (%)	-	-	-	-	-	-	-	-	-	-	-	6.2%	10.2%	6.0%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Protected fund is 9.9% per year, since the unit linked fund was started.
- The unit price has increased by 6.0% for the period 01 January 2019 to 31 July 2019.

## Credit Rating



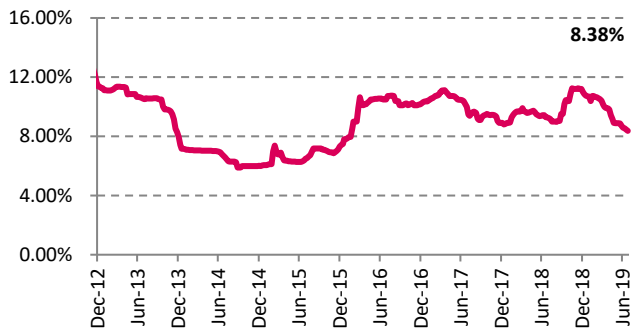
■ AAA Rating ■ AA Rating ■ A Rating

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

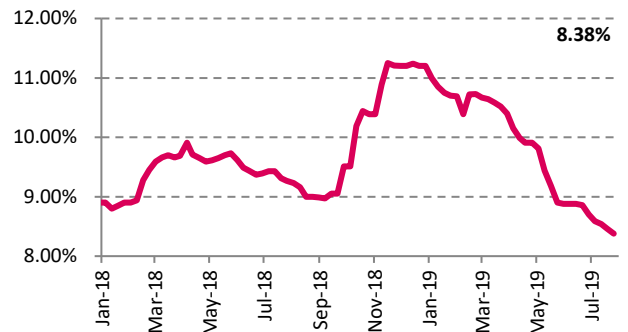
We use the 364-day T- Bill as an indicator of how interest rates move

### 364-day T-bill: Since 01 Jan 2013



Note: past performance is not an indication of future performance

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

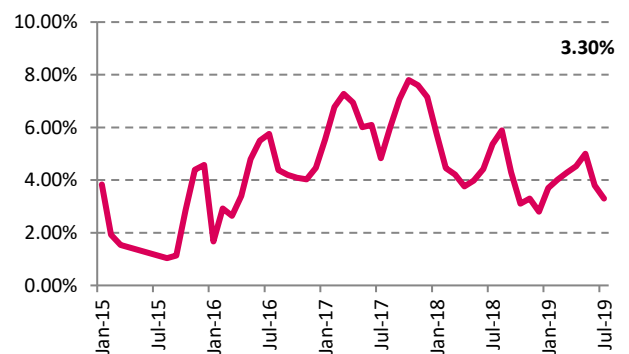


Note: past performance is not an indication of future performance

### Major events during the month

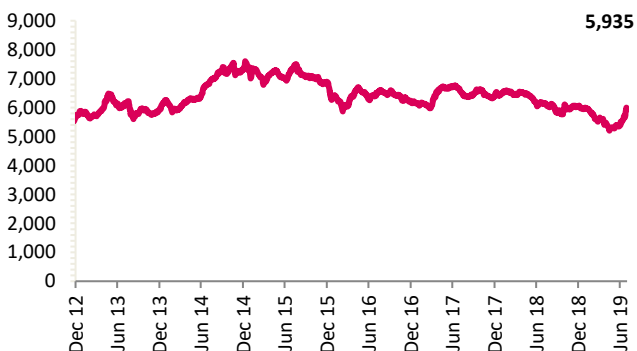
- Central Bank raised LKR 94 billion by issuing treasury bills and LKR 125 billion by issuing treasury bonds.
- Central Bank policy rates play a key role in determining the direction and level of market interest rates. The Central Bank maintained policy rates unchanged during the month, a reflection of its intent.
- Short term interest rates decreased over the month. For example, the benchmark 364-day Treasury bill rate decreased to 8.38% by end of the month against 8.70% in end June 2019.

### Inflation: Since 01 Jan 2015

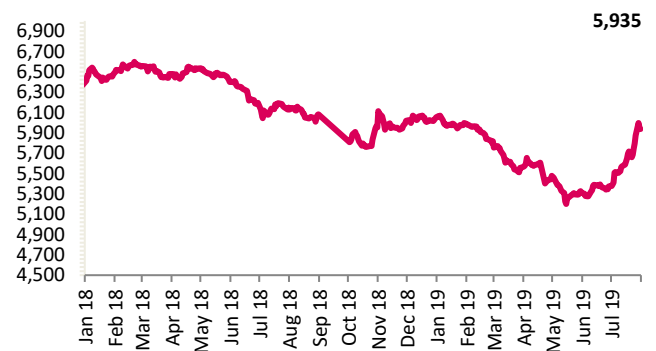


## Market Update: Stock Market

### ASPI Movement: Since 01 Jan 2013



### ASPI Movement: Since 01 Jan 2018



ASPI Performance (as a percentage)

\*Since inception – 02/05/2006 to 31/12/2006 \*\*Period from 31/12/2018 to 31/07/2019

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019**
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	6,052.37	5,935.30
Growth (%)	5.8%	-6.7%	-40.8%	125.2%	96.0%	-8.5%	-7.1%	4.8%	23.4%	-5.5%	-9.7%	2.3%	-5.0%	-1.9%

### Highlights of the performance

- The annual average growth rate of ASPI is 7.5% per year.
- The ASPI has decreased by 1.9% for the period of 01 January 2019 to 31 July 2019.

## Market Update: Stock Market

### For the month

Description	July-2019	June-2019
All Share Price Index (ASPI)	5,935	5,373
ASPI growth for the month	10.5%	1.2%
Total market turnover (LKR Mn)	25,026	9,834
Market Capitalization (LKR Bn)	2,798	2,523
PE Ratio (times)	9.5x	8.6x

### Highlights of the month

- The equity market performance increased by 10.5% in July 2019.
- The ASPI decreased by 1.9% over the period 01 January 2019 to 31 July 2019.
- There was a foreign inflow of LKR 7.1 billion on a net basis in July 2019, resulting in a net inflow of LKR 0.8 billion during the year to date 2019.

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

- CEYLON TOBACCO
- JKH
- COMMERCIAL BANK
- NESTLE
- DIALOG
- DISTILLERIES COMPANY OF SRI LANKA
- HNB
- COLD STORES
- CARGILLS (CEYLON)
- MELSTACORP

## Fund manager's outlook



### Fixed income outlook

- The benchmark 364-day Treasury bill yields declined by 30 basis points to 8.38% in July 2019. The longer end of the yield curve has also declined in line with the shorter duration maturities.
- As per the guidelines issued by CBSL the maximum rate that could be offered on a 1 Year Bank Fixed Deposits stand at 9.83%.
- The successful issuance of USD 2.0 billion sovereign bond of 5 years and 10 Years is expected to boost investor sentiment and hold interest rates low in the immediate short term.

### Equity outlook

- The equity markets surged for the month of July. The ASPI has gained by 10.48% while the more liquid S&P SL 20 Index has surged by 19.50%. On a YTD basis ASPI is still in the negative territory at -1.93%. Foreigners were net buyers on the bourse with net foreign buying at LKR 796 million.
- The recent rally is attributed to lower interest rate environment and market reacting to political news. Given that the main political parties are expected to announce its candidates in the month of August, we expect markets to closely react to political news.
- Corporate earnings which are expected to be released for the June quarter is expected to remain weak. Despite weak earnings expectations we do not rule out the possibility of markets rallying around on better earnings expectations in the future.



# About AIA

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

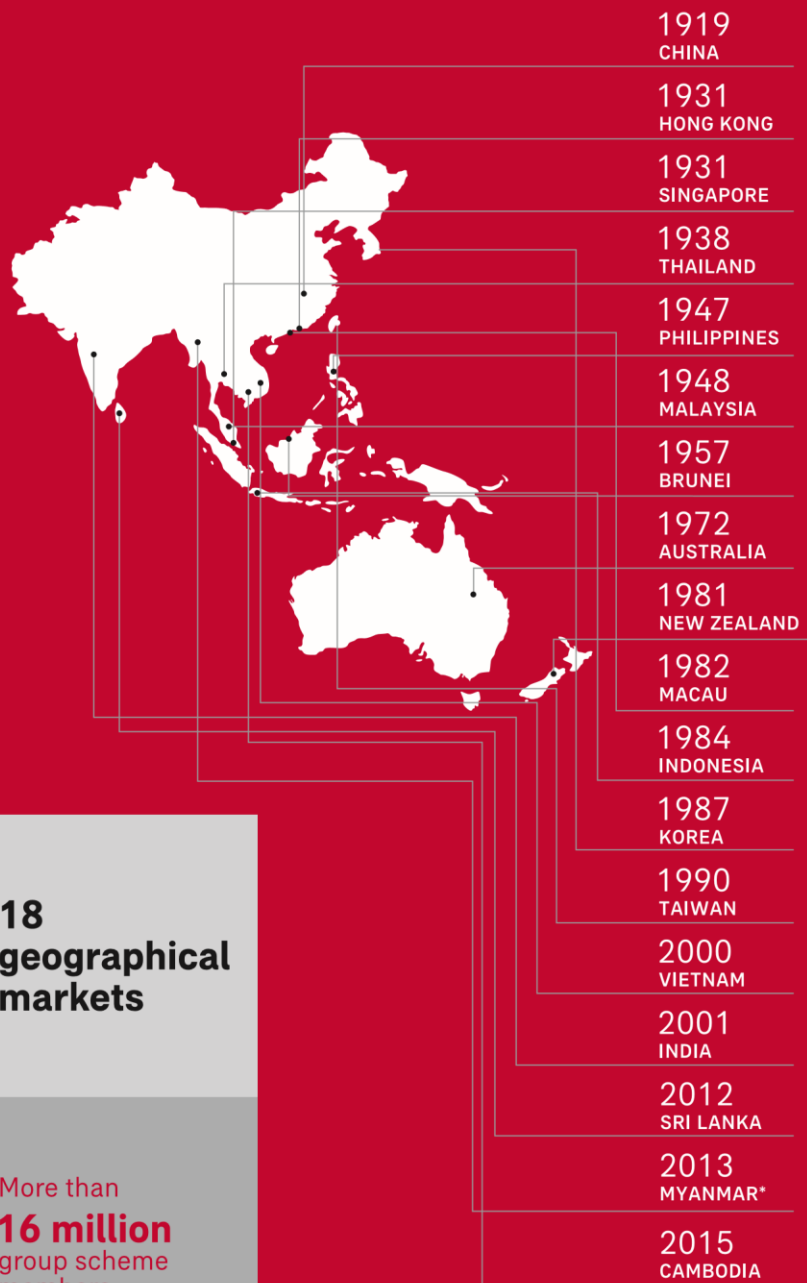
A total Sum Assured of over **US\$1 trillion**

**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



## AIA Insurance Lanka PLC

(Co.No.PQ 18)

AIA Tower, 92, Dharmapala Mawatha, Colombo 07

Hotline: 011 2310310

Fax: 011 4715892

E-mail: lk.info@aia.com