

INVESTOR

AIA's Monthly Investment Market and Unit Linked Fund Update

For the month of October 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%	6.6%	8.6%	8.2%	8.5%	-1.0%
Annual Effective Growth Rate						
1 year	3.3%	8.4%	10.4%	9.9%	10.3%	0.6%
3 years	1.5%	7.3%	10.3%	9.7%	-	-2.2%
5 years	-0.1%	5.5%	8.8%	8.4%	-	-3.9%
7 years	3.9%	7.5%	9.1%	8.6%	-	1.2%
From Inception - CAGR	10.4%	11.2%	10.3%	9.8%	9.9%	7.4%

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.

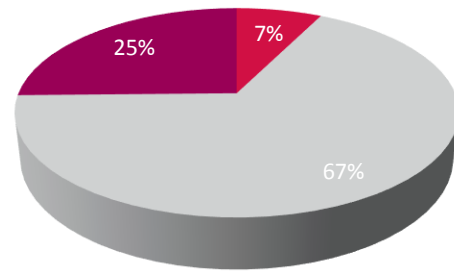
Your fund performance: Growth fund

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 31/10/2019

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	37.81
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

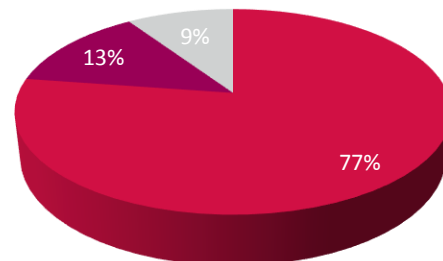
Sector	%
Banks, Finance and Insurance	70
Diversified Holdings	17
Manufacturing	5
Construction and Engineering	6
Hotels and Travels	2
Total	100

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



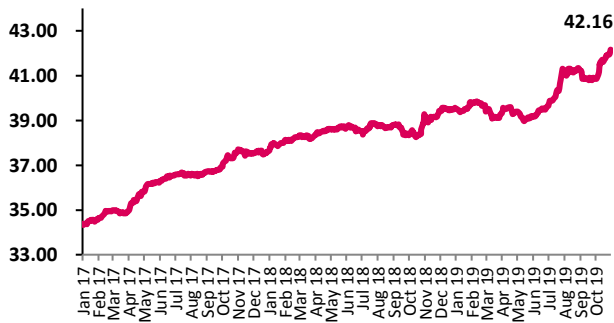
■ AAA Rating ■ AA Rating ■ A Rating

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 10.4% 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 October 2019.

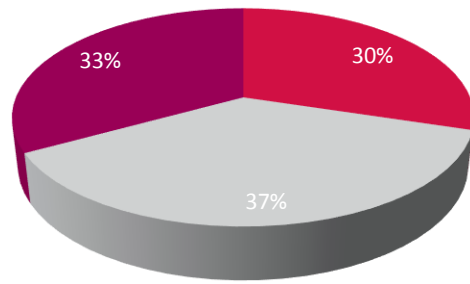
Your fund performance: Balanced fund

Unit Price Movement



Note: past performance is not an indication of future performance

Asset Allocation



Legend: Government Securities (Grey), Fixed Deposits (Red), Equity (Light Blue), Money Market (Dark Blue)

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 31/10/2019

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	42.16
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%	6.6%

Note: past performance is not an indication of future performance

Equity Allocation

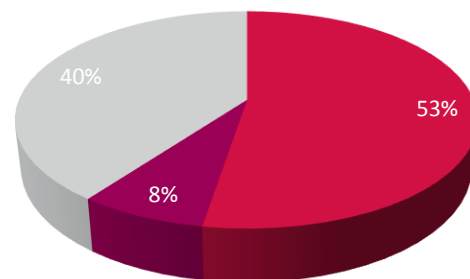
Sector	%
Banks, Finance and Insurance	69
Diversified Holdings	22
Construction and Engineering	7
Manufacturing	2
Hotels and Travels	0
Total	100

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



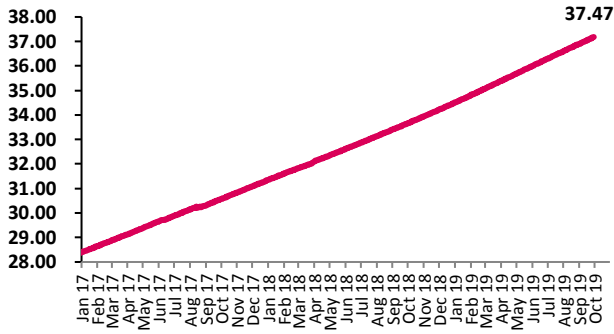
Legend: AAA Rating (Red), AA Rating (Dark Blue), A Rating (Light Blue)

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 11.2% per year, since the unit linked fund was started.
- The unit price has increased by 6.6% for the period 01 January 2019 to 31 October 2019.

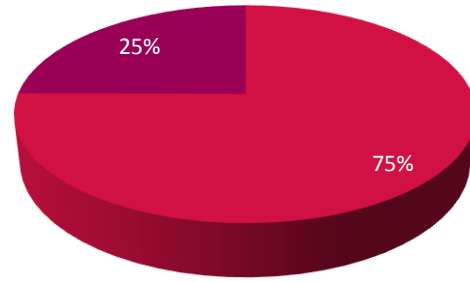
Your fund performance: Secure fund

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)

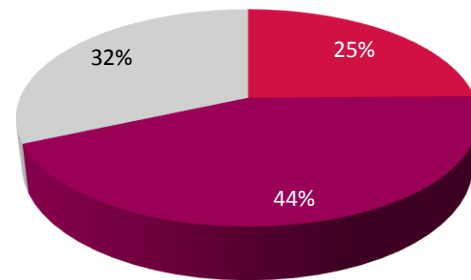
*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2018 to 31/10/2019

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	37.47
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%	8.6%

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 8.6% for the period 01 January 2019 to 31 October 2019.

Credit Rating

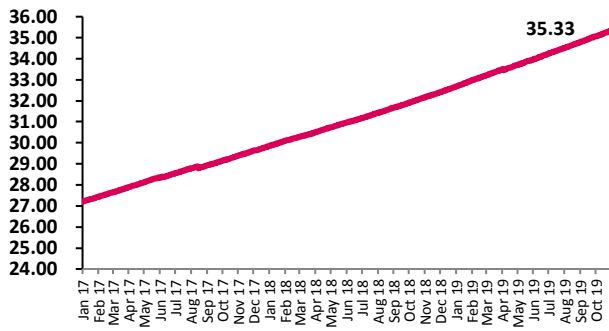


■ AAA Rating ■ AA Rating ■ A Rating

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.

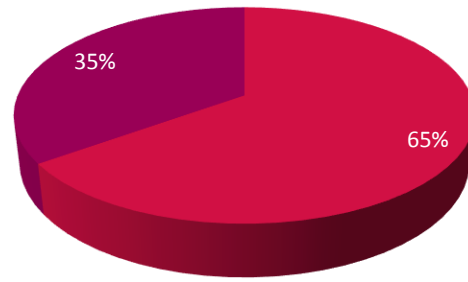
Your fund performance: Protected fund

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)

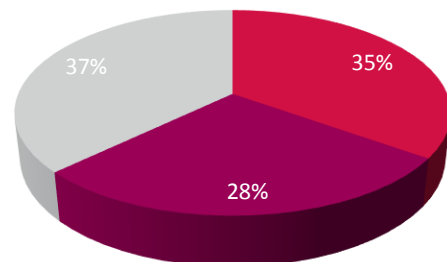
*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2018 to 31/10/2019

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	35.33
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%	8.2%

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 increased by 8.2% for the period 01 January 2019 to 31 October 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.

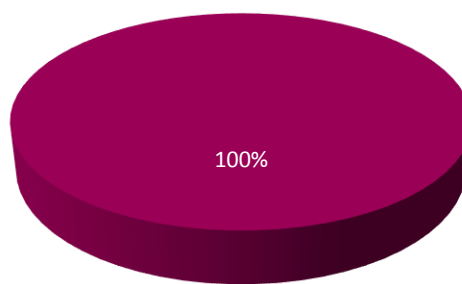
Your fund performance: Stable Money Market fund

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)

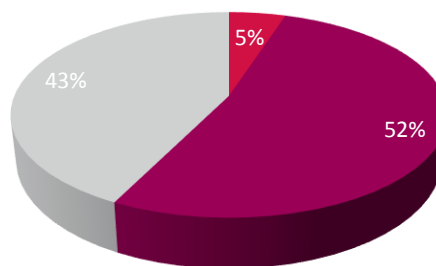
*Since inception – 21/04/2017 to 31/12/2017 **Period from 31/12/2018 to 31/10/2019

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017*	2018	2019**
Unit Price	-	-	-	-	-	-	-	-	-	-	-	10.62	11.70	12.70
Growth (%)	-	-	-	-	-	-	-	-	-	-	-	6.2%	10.2%	8.5%

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 8.5% for the period 01 January 2019 to 31 October 2019.

Credit Rating



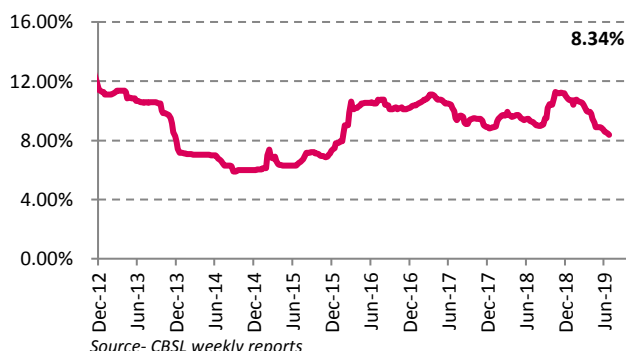
■ AAA Rating ■ AA Rating ■ A Rating

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

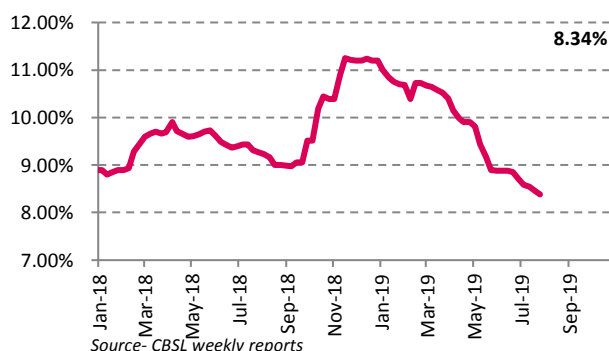
We use the 364-day T- Bill as an indicator of how interest rates move

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

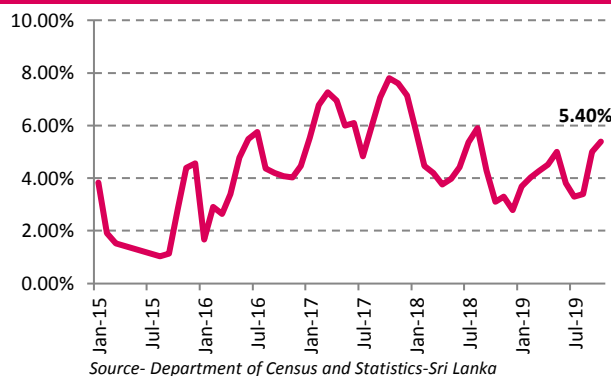


Note: Past performance is not an indication of future performance

Major events during the month

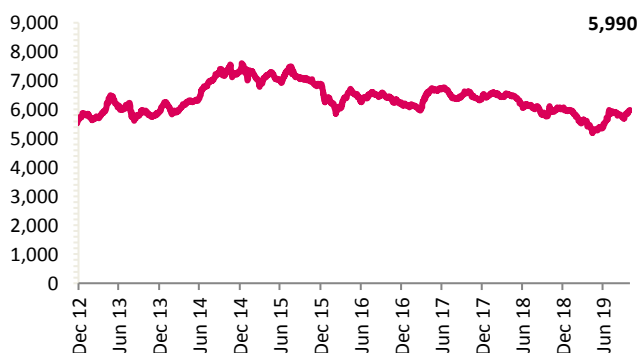
- Central Bank raised LKR 78 billion by issuing treasury bills and LKR 15 billion by issuing treasury bonds.
- Central Bank policy rates play a key role in determining the direction and level of market interest rates. The Central Bank maintained its SDFR and SLFR. However, LCB's have been ordered to cut AWPR by 250 bp by December 2019 and 150bp by November 2019.
- Short term interest rates decreased over the month. For example, the benchmark 364-day Treasury bill rate decreased to 8.34%* by end of the month against 8.41% in end September 2019.

Inflation: Since 01 Jan 2015

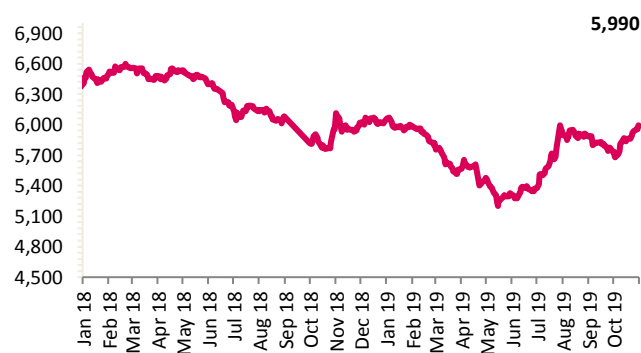


Market Update: Stock Market

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 31/10/2019

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	5,990.24
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%	-1.0%

Highlights of the performance

- The annual average growth rate of ASPI is 7.4% per year.
- The ASPI has decreased by 1.0% for the period of 01 January 2019 to 31 October 2019.

Market Update: Stock Market

For the month

Description	Oct-2019	Sep-2019
All Share Price Index (ASPI)	5,990	5,738
ASPI growth for the month	4.4%	-2.6%
Total market turnover (LKR Mn)	16,548	14,815
Market Capitalization (LKR Bn)	2,782	2,709
PE Ratio (times)	10.6x	10.2x

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

Highlights of the month

- The equity market performance increased by 4.4% in October 2019.
- The ASPI decreased by 1.0% over the period 01 January 2019 to 30 October 2019.
- There was a foreign outflow of LKR 1.7 billion on a net basis in October 2019, resulting in a net outflow of LKR 4.3 billion during the year to date 2019.

Fund manager's outlook



Fixed income outlook

- The benchmark 364-day Treasury bill yields declined by 7 basis points to 8.35%* in October 2019. Some volatility on the longer end of the yield curve was witnessed; however broadly rates were lower compared to the previous month.
- Foreigners were seen buying in the government securities market with the current foreign holding standing at LKR 110 billion (2.0% of the total issued stock of government securities).
- Given the fiscal slippage and recent inflation movement we are of the view that there will be pressure on rates in the short term.

Equity outlook

- The ASPI gained by 4.4% while the more liquid S&PSL20 index gained 8.0% for the month of October. However, on a YTD basis, equity markets continued to remain in negative territory, reflecting a loss of 1.0%, while the more liquid S&P 20 index lost -5.0%. Foreigners were net sellers on the bourse selling LKR 4.3 billion.
- Markets are expected to rally around in the immediate short term responding to news flowing from the political front; this is a common occurrence, with markets generally seen to rally prior to elections. Sustainability of a rally will be greatly dependent on postelection policy implementation coupled with foreign inflows to the bourse.
- Manifestos of key presidential contenders seem to be indicating steeper tax cuts in order to drive consumption and growth. If said policy is implemented, we believe consumption will strongly bounce back and consumption will remain positive, resulting in higher corporate earnings from 1Q 2020.

*Note: The Benchmark 364-day Treasury bill yield of 8.35% in October 2019 was based on the last auction held on 30th October 2019

About AIA

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



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MACAU

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INDONESIA

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KOREA

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TAIWAN

2000
VIETNAM

2001
INDIA

2012
SRI LANKA

2013
MYANMAR

2015
CAMBODIA

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100 years
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More than
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