

INVESTOR

AIA's Monthly Investment Market and Unit Linked Fund Update

For the month of January 2020

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 2020 (YTD)	-2.9%	-1.6%	0.7%	0.7%	0.8%	-3.3%
Annual Effective Growth Rate						
1 year	-0.2%	5.8%	10.2%	9.6%	10.0%	-1.0%
3 years	1.1%	6.8%	10.2%	9.6%	-	-1.1%
5 years	-0.2%	5.5%	9.0%	8.6%	-	-3.8%
7 years	2.8%	6.7%	9.0%	8.5%	-	0.3%
From Inception - CAGR	10.1%	11.0%	10.3%	9.8%	9.8%	7.2%

Note: past performance is not an indication of future performance

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



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.

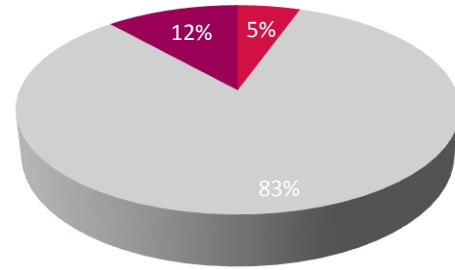
Your fund performance: Growth fund

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 31/12/2019 to 31/01/2020

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020**
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	38.54	37.42
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%	3.0%	-2.9%

Note: past performance is not an indication of future performance

Equity Allocation

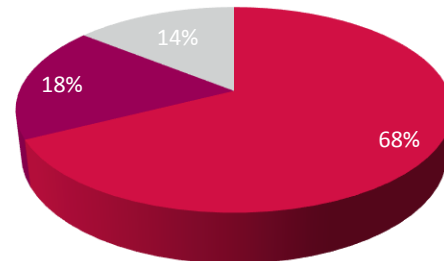
Sector	%
Banks	53%
Capital Goods	28%
Consumer Services	2%
Diversified Financials	17%
Total	100%

Top Equity Holdings*

Access Engineering	John Keells Holdings
Amaya Leisure	People's Leasing
Central Finance	Royal Ceramic Lanka
Commercial Bank	Sampath Bank
Hatton National Bank	Seylan Bank

*Note: In alphabetical order

Credit Rating



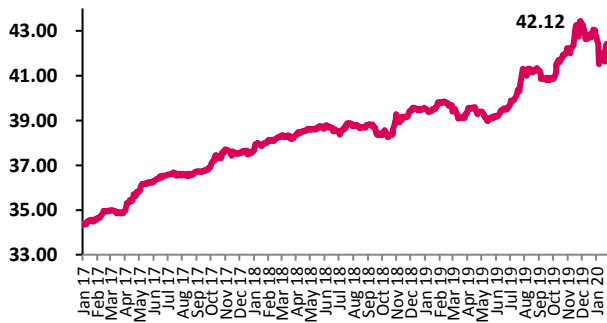
■ AAA Rating ■ AA Rating ■ A Rating

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 10.1% per year, since the unit linked fund was started.
- The unit price has decreased by 2.9% for the period 01 January 2020 to 31 January 2020.

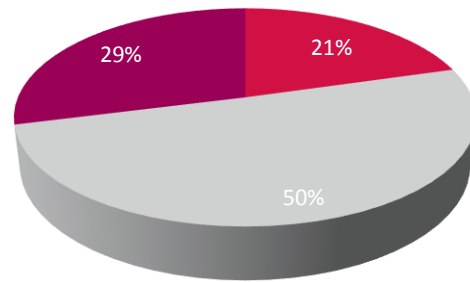
Your fund performance: Balanced fund

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 31/12/2019 to 31/01/2020

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020**
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	42.81	42.12
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%	11.2%	-1.6%

Note: past performance is not an indication of future performance

Equity Allocation

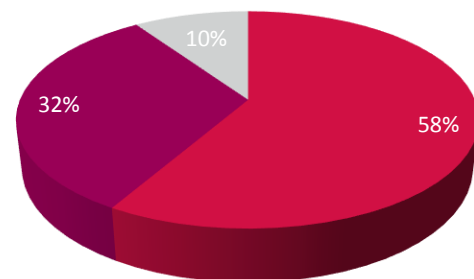
Sector	%
Banks	49%
Capital Goods	38%
Consumer Services	0%
Diversified Financials	12%
Total	100%

Top Equity Holdings*

Access Engineering	John Keells Holdings
Amaya Leisure	People's Leasing
Central Finance	Royal Ceramic Lanka
Commercial Bank	Sampath Bank
Hatton National Bank	Seylan Bank

*Note: (In alphabetical order)

Credit Rating



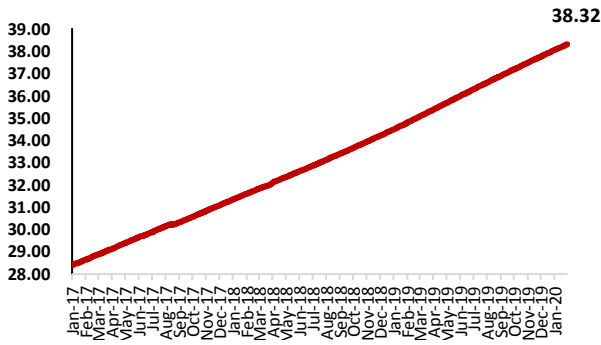
■ AAA Rating ■ AA Rating ■ A Rating

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 11.0% per year, since the unit linked fund was started.
- The unit price has decreased by 1.6% for the period 01 January 2020 to 31 January 2020.

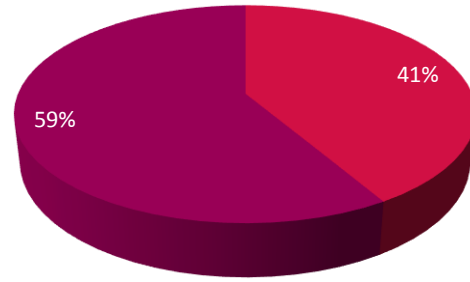
Your fund performance: Secure fund

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)

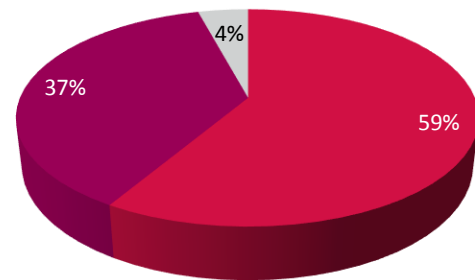
*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2019 to 31/01/2020

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020**
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	38.05	38.32
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%	10.3%	0.7%

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 0.7% for the period 01 January 2020 to 31 January 2020.

Credit Rating

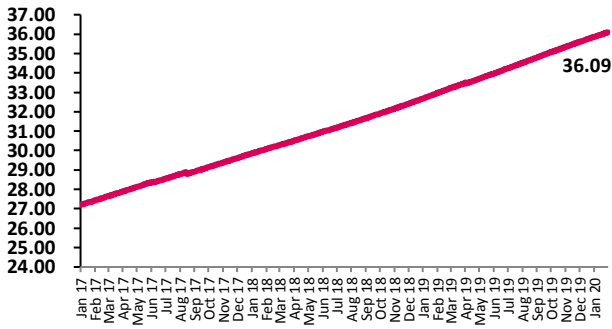


■ AAA Rating ■ AA Rating ■ A Rating

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.

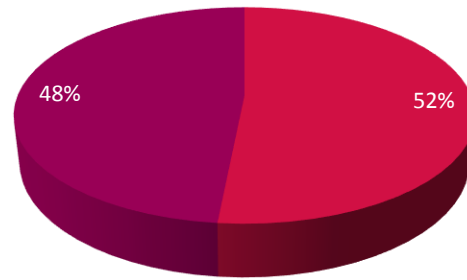
Your fund performance: Protected fund

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)

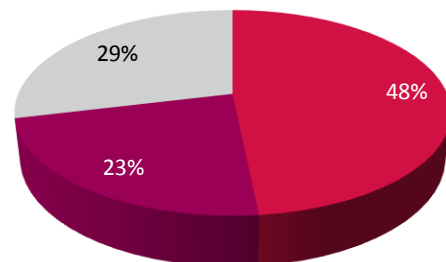
*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2019 to 31/01/2020

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020**
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	35.58	36.09
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%	9.8%	0.7%

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 0.7% for the period 01 January 2020 to 31 January 2020.

Credit Rating

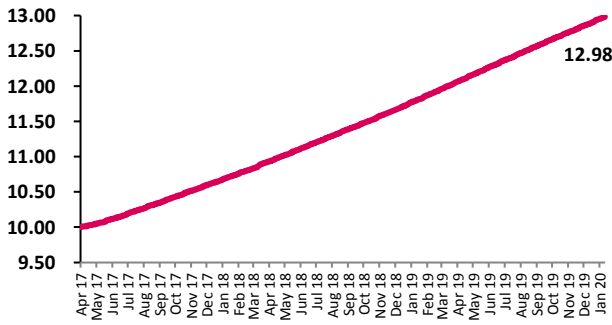


■ AAA Rating ■ AA Rating ■ A Rating

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.

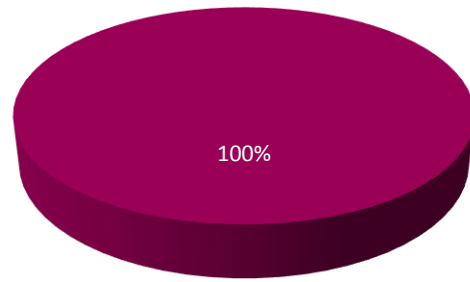
Your fund performance: Stable Money Market fund

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)

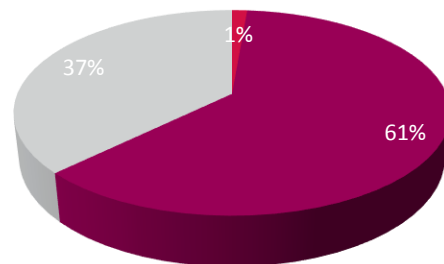
*Since inception – 21/04/2017 to 31/12/2017 **Period from 31/12/2019 to 31/01/2020

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017*	2018	2019	2020**
Unit Price	-	-	-	-	-	-	-	-	-	-	-	10.62	11.70	12.88	12.98
Growth (%)	-	-	-	-	-	-	-	-	-	-	-	6.2%	10.2%	10.1%	0.8%

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 0.8% for the period 01 January 2020 to 31 January 2020.

Credit Rating



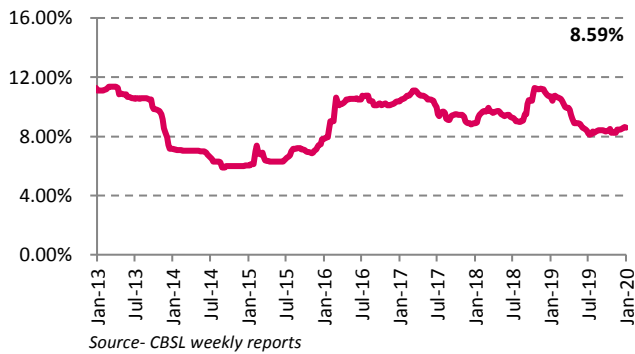
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Market Update: Interest Rates

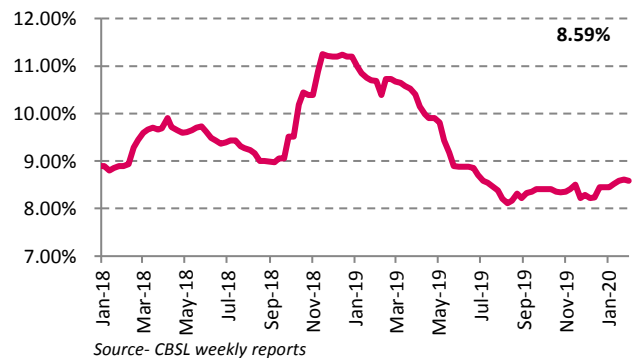
We use the 364-day T- Bill as an indicator of how interest rates move

364-day T-bill: Since 01 Jan 2013



Note: Past performance is not an indication of future performance

364-day T-bill: Since 01 Jan 2018

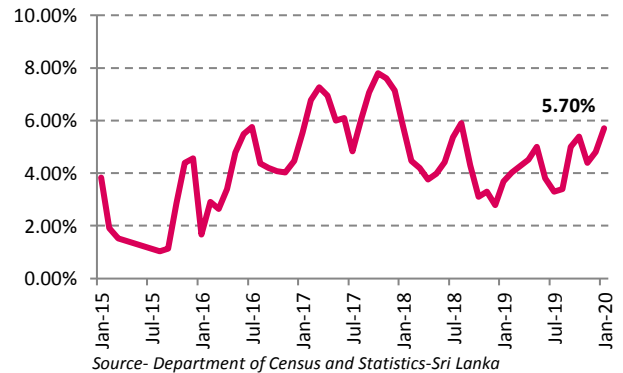


Note: Past performance is not an indication of future performance

Major events during the month

- Central Bank raised LKR 127 billion by issuing treasury bills and LKR 63 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 reduced its policy rates by 50 basis points in January. SDFR was reduced from 7.00 per cent to 6.50 per cent while the SLFR was reduced from 8.00 per cent to 7.50 per cent.
- Short term interest rates increased marginally over the month. For example, the benchmark 364-day Treasury bill rate increased from 8.45% at the beginning of the month to 8.59% at the end of the month.

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 31/12/2019 to 31/01/2020

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020**
ASI	2,723	2,541	1,504	3,386	6,637	6,074	5,644	5,913	7,299	6,894	6,228	6,369	6,052	6,129	5,930
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%	1.3%	-3.3%

Highlights of the performance

- The annual average growth rate of ASPI is 7.2% per year.
- The ASPI has decreased by 3.3% for the period of 01 January 2020 to 31 January 2020.

Market Update: Stock Market

For the month

Description	Jan-2020	Dec-2019
All Share Price Index (ASPI)	5,930	6,129
ASPI growth for the month	-3.3%	-1.3%
Total market turnover (LKR Mn)	37,802	11,174
Market Capitalization (LKR Bn)	2,761	2,851
PE Ratio (times)	10.91X	10.83x

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

- JKH
- CEYLON TOBACCO
- DIALOG AXIATA
- COMMERCIAL BANK OF CEYLON
- DISTILLERIES COMPANY OF SRI LANKA
- CEYLON COLD STORES
- LOLC HOLDINGS
- NESTLE
- HATTON NATIONAL BANK
- SAMPATH BANK

Highlights of the month

- The equity market performance decreased by 3.3% in January 2020.
- There was a foreign outflow of LKR 2.9 Billion on a net basis in January 2020.

Fund manager's outlook



Fixed income outlook

- Central Bank cut key policy rates at the January policy meeting by 50 basis points in a move to accelerate growth. Currently the Standing Deposit Facility Rate is at 6.50% while the Standing Lending Facility Rate is at 7.50%. In response to the monetary policy, the secondary market bills and bonds adjusted lower. As at end January the 364 –day Treasury bill rate stood at 8.59%.
- The government's plan to borrow approx. LKR 367 Billion coupled with concerns over fiscal financing remains a concern.

Equity outlook

- Equity markets remained weak, with ASPI declining by -3.3% while the more liquid S&P SL 20 index declined by -3.47%. Foreigners continued to sell equities dragging the indices lower. Net foreign selling on the bourse stood at LKR 2.9 Billion. We expect the foreign selling to continue in the first quarter of 2020; which may remain a drag on the equity market performance.
- Earnings for 2020 is expected to show a positive momentum amidst higher consumer spending due to steep tax cuts while the recently announced corporate tax cuts would further bolster corporate earnings.
- Given foreign selling and parliamentary election speculations; along with overhangs such as debt servicing and budget financing is going to create volatility in the immediate short term.

About AIA

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INDIA

2012
SRI LANKA

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MYANMAR

2015
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