

INVESTOR

AIA's Monthly Investment Market and Unit Linked Fund Update

For the month of February 2021

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 SL 20
Since 01 Jan 2021 (YTD)	8.0%	5.3%	0.7%	0.6%	0.7%	10.4%	12.5%
Annual Effective Growth Rate							
1 year	14.2%	12.0%	6.1%	5.8%	6.6%	33.6%	12.7%
3 years	0.8%	6.3%	8.8%	8.3%	9.0%	4.5%	-7.2%
5 years	3.7%	7.5%	9.1%	8.6%	-	3.8%	-1.8%
7 years	3.3%	6.8%	8.3%	7.9%	-	3.3%	-1.2%
From Inception - CAGR	9.9%	10.8%	10.0%	9.5%	9.0%	8.3%	0.5%

Note: Past performance is not an indication of future performance

*The Stable Money Market fund was introduced on 21 Apr 2017 and the S&P SL index was introduced on 27 Jun 2012.



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.

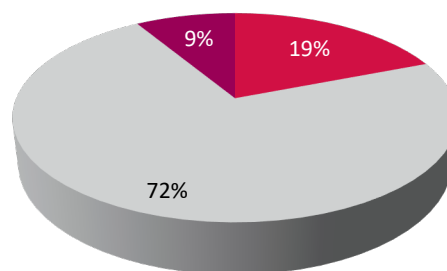
Your fund performance: Growth fund

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 31/12/2020 to 28/02/2021

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021**
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	37.51	40.52
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%	-2.7%	8.0%

Note: past performance is not an indication of future performance

Equity Allocation

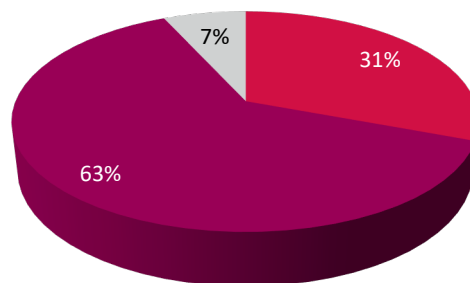
Sector	%
Banks	40%
Telecommunication Services	5%
Food and Staples Retailing	8%
Capital Goods	30%
Diversified Financials	5%
Food Beverage and Tobacco	6%
Materials	6%
Total	100%

Top Equity Holdings*

Access Engineering	Hatton National Bank
Cargills (Ceylon)	John Keells Holdings
Commercial Bank	People's Leasing
Chevron Lubricants	Royal Ceramic Lanka
Dialog Axiata	Sampath Bank
Distilleries Company of SL	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 9.9% per year, since the unit linked fund was started.
- The unit price has increased by 8.0% for the period 01 January 2021 to 28 February 2021.

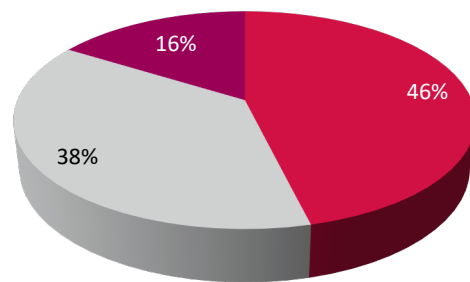
Your fund performance: Balanced fund

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 31/12/2020 to 28/02/2021

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021**
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	43.68	46.01
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%	2.0%	5.3%

Note: past performance is not an indication of future performance

Equity Allocation

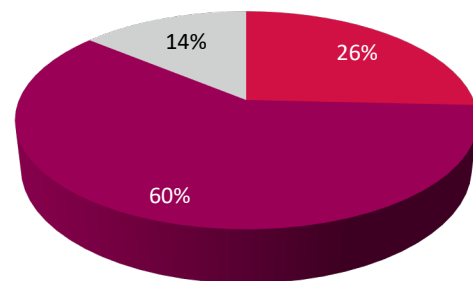
Sector	%
Banks	31%
Capital Goods	33%
Diversified Financials	11%
Food and Staples Retailing	6%
Food Beverage and Tobacco	5%
Materials	5%
Telecommunication Services	1%
Total	100%

Top Equity Holdings*

Access Engineering	John Keells Holdings
Cargills (Ceylon)	LB Finance
Commercial Bank	People's Leasing
Chevron Lubricants	Royal Ceramic Lanka
Distilleries Company of SL	Sampath Bank
Hatton National Bank	-

*Note: (In alphabetical order)

Credit Rating



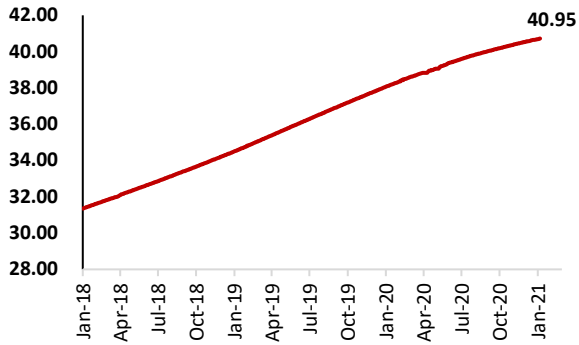
■ AAA Rating ■ AA Rating ■ A Rating

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 10.8% per year, since the unit linked fund was started.
- The unit price has increased by 5.3% for the period 01 January 2021 to 28 February 2021.

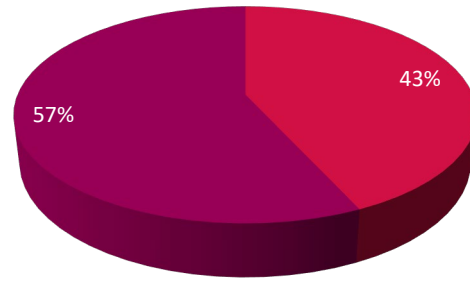
Your fund performance: Secure fund

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)

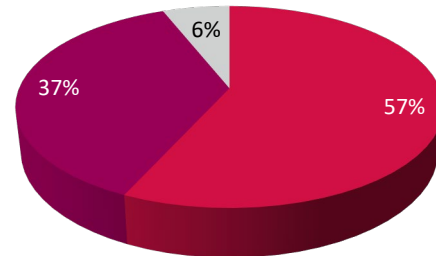
*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2020 to 28/02/2021

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021**
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	40.68	40.95
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%	6.9%	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 10.0% per year, since the unit linked fund was started.
- The unit price has increased by 0.7% for the period 01 January 2021 to 28 February 2021.

Credit Rating

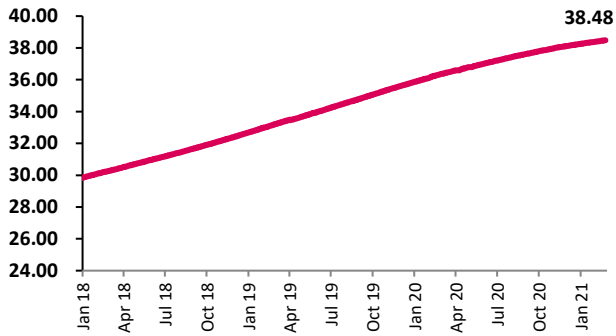


■ AAA Rating ■ AA Rating ■ A Rating

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.

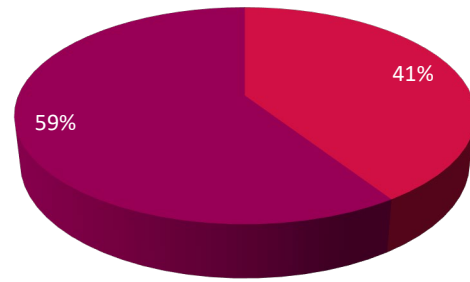
Your fund performance: Protected fund

Unit Price Movement



Note: past performance is not an indication of future performance

Asset Allocation



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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)

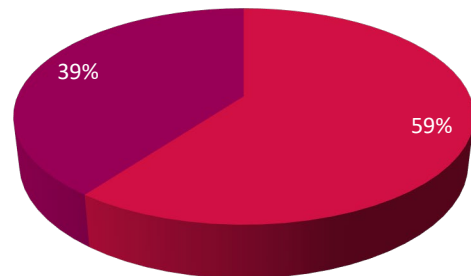
*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2020 to 28/02/2021

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021**
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	38.25	38.48
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%	6.7%	0.6%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Protected fund is 9.5% per year, since the unit linked fund was started.
- The unit price has increased by 0.6% for the period 01 January 2021 to 28 February 2021.

Credit Rating

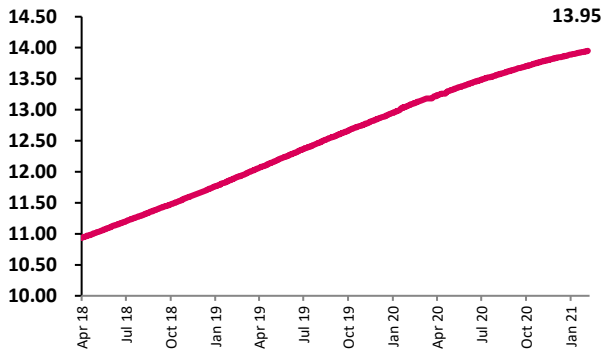


■ AAA Rating ■ AA Rating ■ A Rating

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.

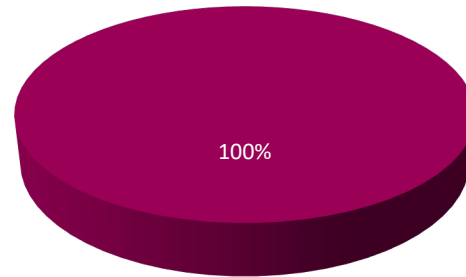
Your fund performance: Stable Money Market fund

Unit Price Movement



Note: past performance is not an indication of future performance

Asset Allocation



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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)

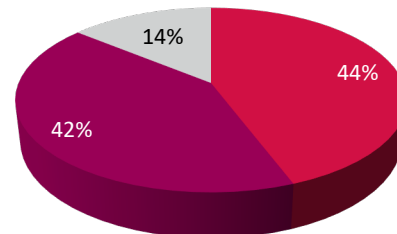
*Since inception – 21/04/2017 to 31/12/2017 **Period from 31/12/2020 to 28/02/2021

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017*	2018	2019	2020	2021**
Unit Price	-	-	-	-	-	-	-	-	-	-	-	10.62	11.70	12.88	13.85	13.95
Growth (%)	-	-	-	-	-	-	-	-	-	-	-	6.2%	10.2%	10.1%	7.5%	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 9.0% per year, since the unit linked fund was started.
- The unit price has increased by 0.7% for the period 01 January 2021 to 28 February 2021.

Credit Rating



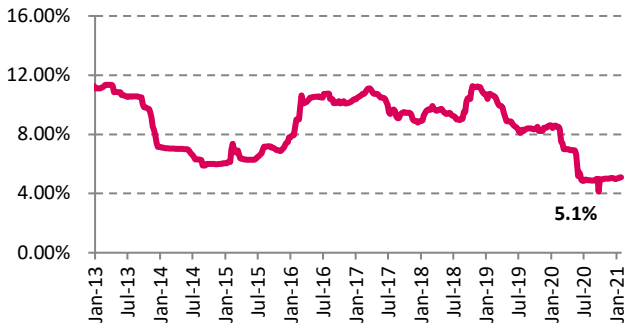
■ AAA Rating ■ AA Rating ■ A Rating

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

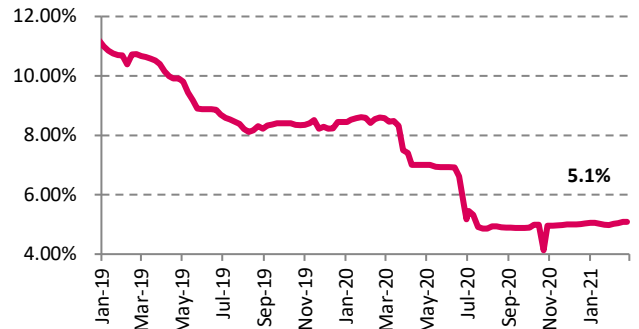
364-day T-bill: Since 01 Jan 2013



Source- CBSL weekly reports

Note: Past performance is not an indication of future performance

364-day T-bill: Since 01 Jan 2019



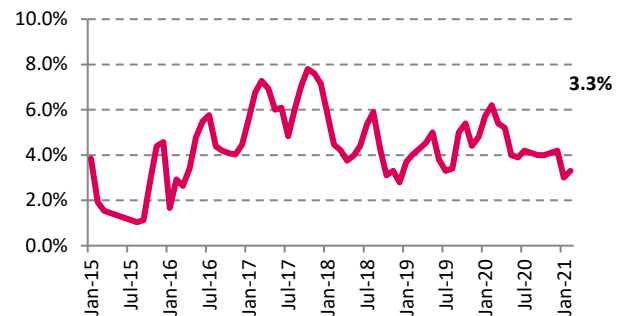
Source- CBSL weekly reports

Note: Past performance is not an indication of future performance

Major events during the month

- The Central Bank maintained the Standing Deposit Facility Rate (SDFR) and Standing Lending Facility Rate (SLFR) in February 2021 at 4.50% and 5.50% respectively.
- The Central Bank raised LKR 115 billion through treasury bills and LKR 90 billion through treasury bonds during the month.
- The yield curve experienced an upward shift during the month where the upward pressure was more evident in the mid-end of the yield curve.

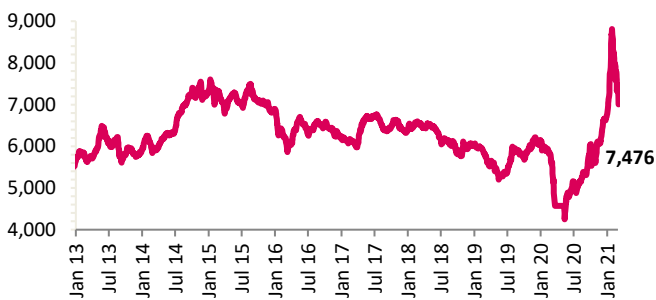
Inflation: Since 01 Jan 2015



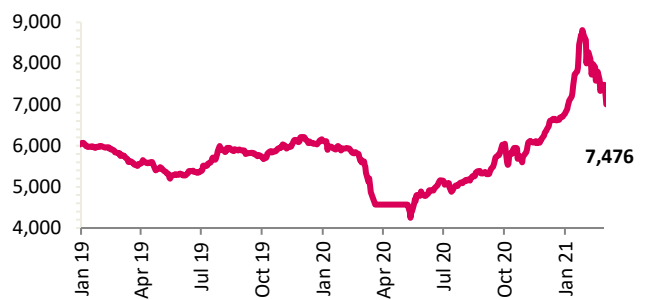
Source- Department of Census and Statistics-Sri Lanka

Market Update: Stock Market

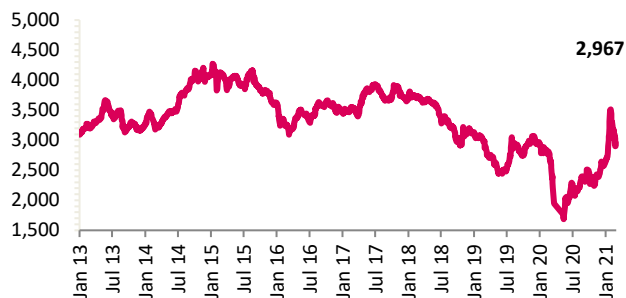
ASPI Movement: Since 01 Jan 2013



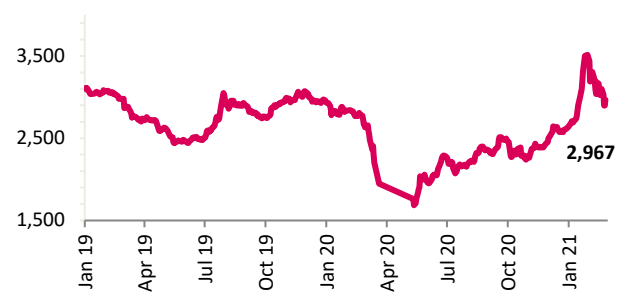
ASPI Movement: Since 01 Jan 2019



S&P SL Movement: Since 01 Jan 2013



S&P SL Movement: Since 01 Jan 2019



Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021**
ASPI	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	6,774	7,476
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%	10.5%	10.4%
S&P SL 20	-	-	-	-	-	-	3,085	3,264	4,089	3,626	3,496	3,672	3,135	2,937	2,638	2,967
Growth (%)	-	-	-	-	-	-	8.4%	5.8%	25.3%	-11.3%	-3.6%	5.0%	-14.6%	-6.3%	-10.2%	12.5%

Note: past performance is not an indication of future performance

*The S&P SL20 index was introduced on 27 Jun 2012.

Highlights of the performance

- The annual average growth rate of ASPI is 8.3% per year and S&P SL20 index is 0.5%, since the unit linked funds were first started.
- The ASPI & S&P SL20 indices have increased by 10.4% and 12.5% for the period of 01 January 2021 to 28 February 2021, respectively.

Market Update: Stock Market

For the month

Description	Feb-2021	Jan-2021
All Share Price Index (ASPI)	7,476	8,668
ASPI growth for the month	-13.7%	28.0%
Total market turnover (LKR Millions)	97,740	185,770
Market Capitalization (LKR Billions)	3,269	3,789
PE Ratio (times)	13.17x	14.41x

10 Companies with highest market Capitalization on the CSE as of 28 February 2021

- JOHN KEELLS HOLDINGS PLC
- CEYLON TOBACCO COMPANY PLC
- LOLC HOLDINGS PLC
- DIALOG AXIATA PLC
- DISTILLERIES COMPANY OF SRI LANKA PLC
- COMMERCIAL BANK OF CEYLON PLC
- EXPOLANKA HOLDINGS PLC
- BROWNS INVESTMENTS PLC
- NESTLE LANKA PLC
- CARGILLS (CEYLON) PLC

Highlights of the month

- The market dropped quite significantly in February 2021 owing to regulations imposed by the Colombo Stock Exchange (CSE), relating to credit provided by Stockbroker firms to their clients.
- Foreign selling continued to be on the higher side where on a year to date basis, net divestments by foreigners amounted to LKR 13.5 billion by end February 2021.



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

- The benchmark 364 – day Treasury bill rate increased to 5.09% during February 2021 from 4.98% in the previous month, while the secondary market rates of Treasury bonds increased by around 40 basis points. Money market liquidity levels and the CBSL holding of Government securities increased during the month, as the Central Bank opted to print money to fulfil the shortfall of the Treasury bill and Treasury bond auctions held during the month. Despite the policy makers taking several measures to manage the exchange rate volatility in the immediate short term, the exchange rate continues to be under pressure.
- Despite the weak macroeconomic fundamentals, we do not expect interest rates to record a sharp increase during the second quarter of 2021. However, rising commodity prices and pickup in economic activity levels may exert pressure on inflation and the exchange rate, which in turn may lead to higher interest rates.

Equity outlook

- The All Share Price Index and S&P SL 20 Index recorded significant losses during the month of February 2021 due to the weak investor sentiment witnessed during the month. Weak economic fundamentals, deteriorating foreign reserves coupled with delays in sourcing of foreign funding may have been the main reasons for the change in investor sentiment during the month. Colombo Stock Exchange continued to witness net foreign selling in the first two months of 2021.
- Due to the weak economic fundamentals and expectations of rising interest rates during the latter half of 2021, we continue to take a cautious approach towards equity market investments.

About AIA

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



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AUSTRALIA

1981
NEW ZEALAND

1982
MACAU

1984
INDONESIA

1987
KOREA

1990
TAIWAN

2000
VIETNAM

2001
INDIA

2012
SRI LANKA

2013
MYANMAR

2015
CAMBODIA

A total Sum Assured of over
US\$1.58 trillion

100 years
of history in Asia

18
geographical markets

More than
34 million
individual policies

More than
16 million
group scheme members



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AIA Tower, 92, Dharmapala Mawatha, Colombo 07

Hotline: 011 2310310

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E-mail: lk.info@aia.com