

# INVESTOR

## AIA's Monthly Investment Market and Unit Linked Fund Update

For the month of September 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 SL20
Since 01 Jan 2021 (YTD)	11.1%	8.6%	3.2%	3.0%	3.2%	39.6%	34.0%
Annual Effective Growth Rate							
1 year	16.3%	12.0%	4.5%	4.3%	4.8%	57.4%	41.5%
3 years	4.9%	7.2%	7.7%	7.3%	7.8%	17.2%	5.3%
5 years	2.7%	6.8%	8.7%	8.2%	-	7.6%	-0.7%
7 years	1.5%	5.8%	8.1%	7.7%	-	3.9%	-1.9%
From Inception - CAGR	9.7%	10.6%	9.7%	9.3%	8.4%	9.7%	2.3%

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.

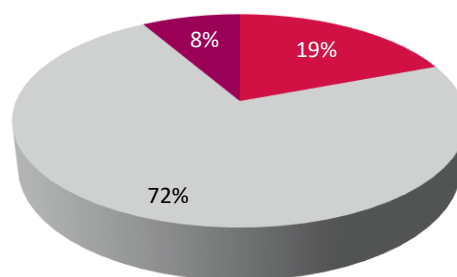
# Your fund performance: Growth fund

## 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 31/12/2020 to 30/09/2021

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	41.66
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%	11.1%

Note: past performance is not an indication of future performance

## Equity Allocation

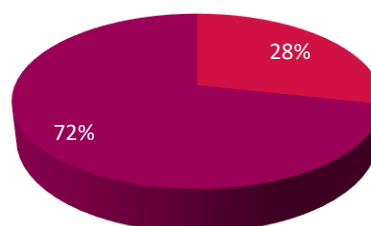
Sector	%
Banks	43%
Capital Goods	32%
Diversified Financials	6%
Food Beverage and Tobacco	6%
Food & Staples Retailing	5%
Utilities	5%
Telecommunication Services	3%
Total	100%

## Top Equity Holdings\*

Access Engineering PLC	National Development Bank
Cargills Ceylon PLC	People's Leasing Company
Dialog Axiata PLC	Royal Ceramic Lanka PLC
Distilleries Company of SL PLC	Sampath Bank PLC
Hatton National Bank PLC	Seylan Bank PLC
Hayleys PLC	Vallibel Power Erathna PLC
John Keells Holdings PLC	

\*Note: In alphabetical order

## Credit Rating



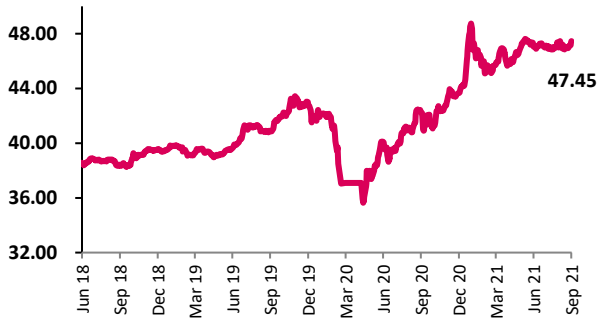
■ AAA Rating ■ AA Rating ■ A Rating

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 9.7% per year, since the unit linked fund was started.
- The unit price has increased by 11.1% for the period 01 January 2021 to 30 September 2021.

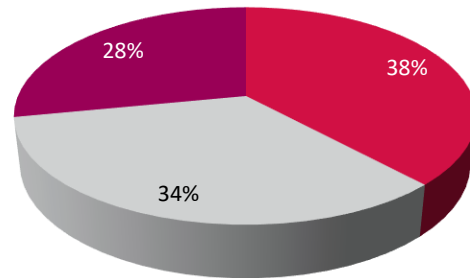
## Your fund performance: Balanced fund

### 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 30/09/2021

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	47.45
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%	8.6%

Note: past performance is not an indication of future performance

### Equity Allocation

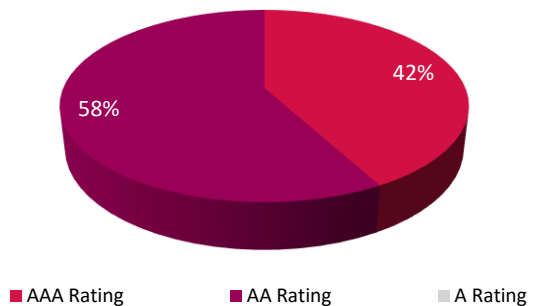
Sector	%
Banks	40%
Capital Goods	34%
Diversified Financials	8%
Food Beverage and Tobacco	6%
Food and Staples Retailing	5%
Utilities	4%
Telecommunication Services	3%
Total	100%

### Top Equity Holdings\*

Access Engineering PLC	John Keells Holdings PLC
Cargills Ceylon PLC	National Development Bank
Commercial Bank Ceylon	People's Leasing Company
Dialog Axiata PLC	Royal Ceramic Lanka PLC
Distilleries Company of SL	Sampath Bank PLC
Hatton National Bank PLC	Vallibel Power Erathna

\*Note: (In alphabetical order)

### Credit Rating



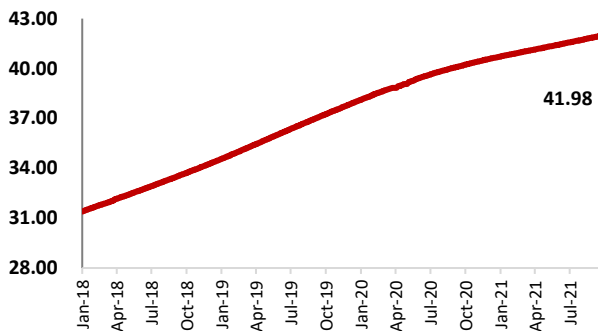
■ AAA Rating ■ AA Rating ■ A Rating

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 10.6% per year, since the unit linked fund was started.
- The unit price has increased by 8.6% for the period 01 January 2021 to 30 September 2021.

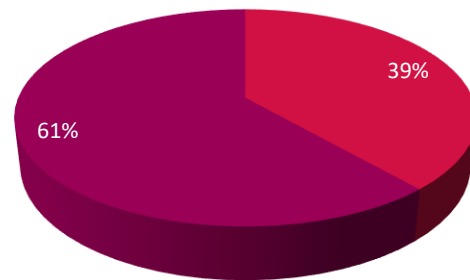
## Your fund performance: Secure fund

### 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

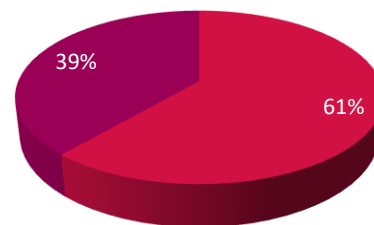
\*\*Period from 31/12/2019 to 30/09/2021

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	41.98
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%	3.2%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Secure fund is 9.7% per year, since the unit linked fund was started.
- The unit price has increased by 3.2% for the period 01 January 2021 to 30 September 2021.

### Credit Rating

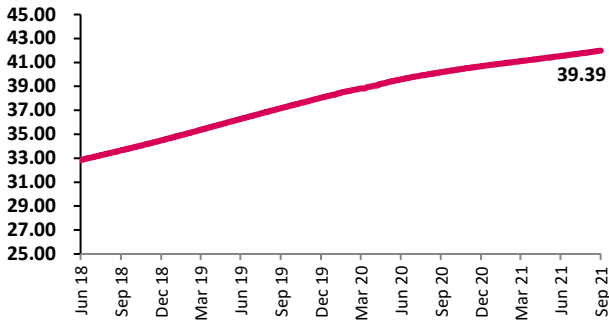


■ AAA Rating ■ AA Rating ■ A Rating

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.

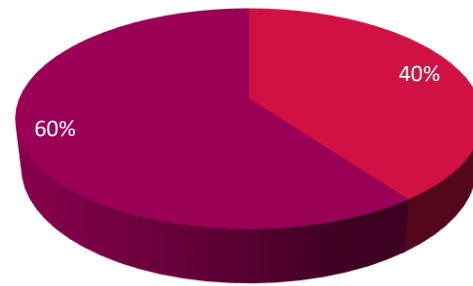
## Your fund performance: Protected fund

### Unit Price Movement



Note: past performance is not an indication of future performance

### Asset Allocation



■ 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)

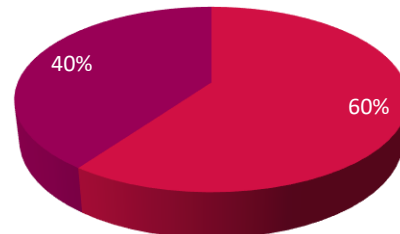
\*Since inception – 02/05/2006 to 31/12/2006 \*\*Period from 31/12/2020 to 30/09/2021

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	39.39
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%	3.0%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Protected fund is 9.3% per year, since the unit linked fund was started.
- The unit price has increased by 3.0% for the period 01 January 2021 to 30 September 2021.

### Credit Rating

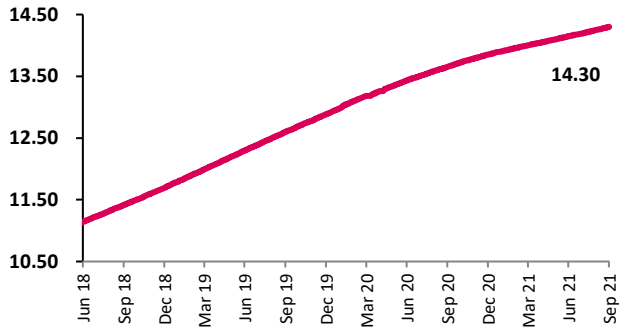


■ AAA Rating ■ AA Rating ■ A Rating

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.

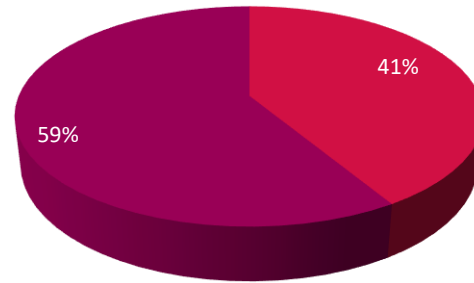
## Your fund performance: Stable Money Market fund

### Unit Price Movement



Note: past performance is not an indication of future performance

### Asset Allocation



■ 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)

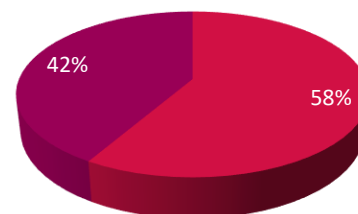
\*Since inception – 21/04/2017 to 31/12/2017 \*\*Period from 31/12/2019 to 30/09/2021

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	14.30
Growth (%)	-	-	-	-	-	-	-	-	-	-	-	6.2%	10.2%	10.1%	7.5%	3.2%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Protected fund is 8.4% per year, since the unit linked fund was started.
- The unit price has increased by 3.2% for the period 01 January 2021 to 30 September 2021.

### Credit Rating



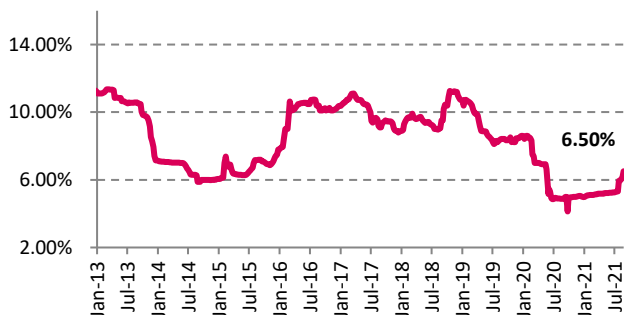
■ AAA Rating ■ AA Rating ■ A Rating

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

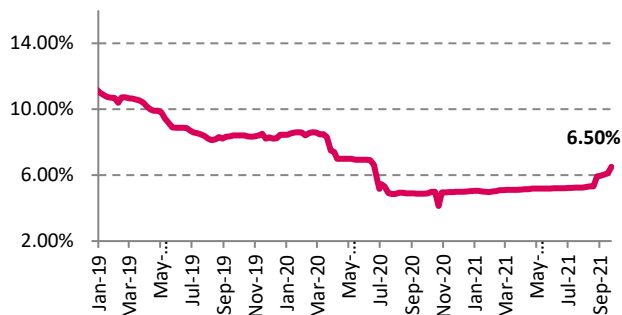
### 364-day T-bill: Since 01 Jan 2013



Source- CBSL weekly reports

Note: Past performance is not an indication of future performance

### 364-day T-bill: Since 01 Jan 2019



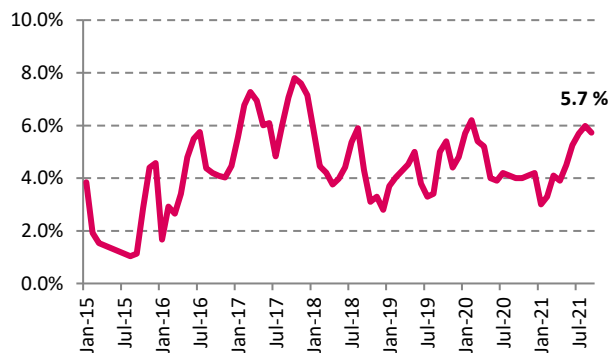
Source- CBSL weekly reports

Note: Past performance is not an indication of future performance

### Major events during the month

- The year on year inflation decreased to 5.7% for September as a result reduced food inflation for the month. However, the non-food group had witnessed a rise in the current period.
- Foreign reserves for the period declined to USD 2.6 Bn in September relative to USD 3.6 Bn in the prior month, following the high debt repayment and low foreign exchange inflows to the country.
- Market liquidity witnessed increasing volatility and saw significant contractions due to the implementation of the increased reserve requirements the banks need to have on its deposits.

### Inflation: Since 01 Jan 2015



Source- Department of Census and Statistics-Sri Lanka

## Market Update: Stock Market

### ASPI Movement: Since 01 Jan 2013



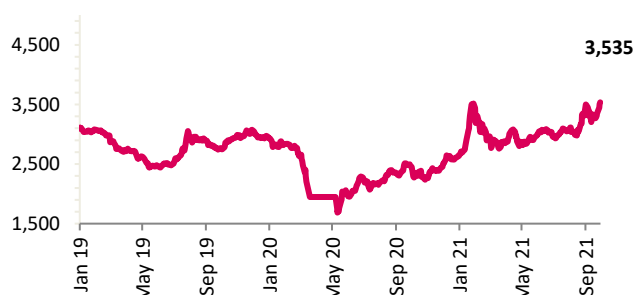
### ASPI Movement: Since 01 Jan 2019



### 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	9,460
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%	39.6%
S&P SL 20	-	-	-	-	-	-	3,085	3,264	4,089	3,626	3,496	3,672	3,135	2,937	2,638	3,535
Growth (%)	-	-	-	-	-	-	8.4%	5.8%	25.3%	-11.3%	-3.6%	5.0%	-14.6%	-6.3%	-10.2%	34.0%

Note: past performance is not an indication of future performance

\*The S&P SL20 index was introduced on 18 June 2012. Inclusions in the S&P 20 index are rebalanced on a bi-annual basis.

### Highlights of the performance

- The annual average growth rate of ASPI is 9.7% per year and S&P SL20 index is 2.4% per year, since the unit linked funds were first started.
- The ASPI & S&P SL20 indices have increased by 39.6% and 34.0% for the period of 01 January 2021 to 30 September 2021, respectively.

## Market Update: Stock Market

### For the month

Description	Aug-2021	Sep-2021
All Share Price Index (ASPI)	8,998	9,460
ASPI growth for the month	10.80%	5.14%
S&P SL 20 Index	3,365	3,535
S&P SL 20 growth for the month	9.88%	5.06%
Total market turnover (LKR Millions)	143,510	134,727
Market Capitalization (LKR Billions)	4,009	4,216
PE Ratio (times)	10.91x	11.47x

### 10 Companies with highest market Capitalization on the CSE as of 30 September 2021

- EXPOLANKA HOLDINGS PLC
- LOLC HOLDINGS PLC
- JOHN KEELLS HOLDINGS PLC
- COMMERCIAL LEASING & FINANCE PLC
- CEYLON TOBACCO COMPANY PLC
- BROWNS INVESTMENTS PLC
- LOLC DEVELOPMENT FINANCE PLC
- COMMERCIAL BANK OF CEYLON
- DIALOG AXIATA PLC
- DISTILLERIES COMPANY OF SRI LANKA PLCLC

### Highlights of the month

- The ASPI and S&P SL 20 has had considerable performance on a year to date basis with 39.6% and 34.0% growth respectively. A considerable portion of the index was driven by a few companies.
- Foreigners had been exiting the markets with a net outflow of LKR 6.9 Bn for the month of September. On a year to date basis foreign outflows have amounted to LKR 44.9 Bn for the current period.
- The market capitalization has witnessed a steady increase over the period and seen a rise in market P/E Ratio to 11.5 times.



**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 7.28% at the first Treasury bill auction held in October 2021. The drastic drop in money market liquidity levels post increase in the Statutory Reserve Ratio (SRR) had a major impact on the market sentiment which in turn led to the secondary market interest rates of medium to long term Treasury bonds to record a sharp increase during the month.
- As at 6<sup>th</sup> October 2021, the CBSL holding of Government Securities increased further to LKR 1.4 billion, while the overnight market liquidity was a negative LKR 48 billion. Post SRR hike, the overnight market was short by over LKR 200 billion. The policymaker continued to utilize open market operations and quantitative easing to improve the overall liquidity shortage as an attempt to contain the velocity of the interest rate increase.
- Build-up in inflationary pressures, widening fiscal deficit, pressure on the exchange rate and the heavy debt repayment schedule are likely to result in further increase in interest rates in the medium term.

### Equity outlook

- All Share Price Index (ASPI) recorded gains for the 6<sup>th</sup> consecutive month, as it appreciated by 5.14% during the month of September 2021, while the more liquid S&P SL 20 Index gained 5.06% during the month. Despite the weak macroeconomic fundamentals prevailing in the country, low interest rates and limited availability of alternative investment options may have been the main reasons for the continuous surge in the two main indices of the Colombo Stock Exchange. Foreign investors continued to be net sellers to the amount of LKR 6.9 billion during September 2021.
- Based on the macroeconomic outlook and the changing dynamics of fixed income markets, we expect the future earnings of corporates to be under pressure in the medium term. We expect the Equity market to be range bound during the fourth quarter of 2021, which will continue to depend predominantly on retail investor participation.

# About AIA

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



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PHILIPPINES

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BRUNEI

1972  
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**  
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**16 million**  
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