

# INVESTOR

## AIA Monthly Market and Unit Linked Fund update

For the month of August 2017

### 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

	Growth	Balanced	Secure	Protected	Stable MM*	ASPI
Since 01 Jan 2017 (YTD)	6.0%	6.7%	6.8%	6.4%	3.0%	2.6%
Annual Effective Growth Rate						
1 year	6.2%	8.4%	10.3%	9.8%	-	-2.1%
3 years	1.7%	5.4%	7.7%	7.3%	-	-3.1%
5 years	6.5%	8.2%	8.6%	8.2%	-	4.3%
7 years	5.2%	7.1%	8.3%	7.8%	-	1.8%
From Inception - CAGR	12.6%	12.1%	10.3%	9.8%	-	9.5%

Note: past performance is not an indication of future performance

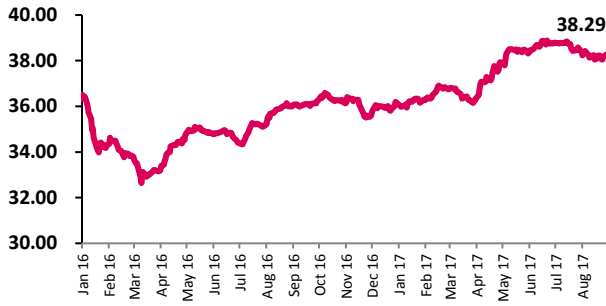
\*The Stable Money Market fund was introduced on 21 Apr 2017.

#### Disclaimer:

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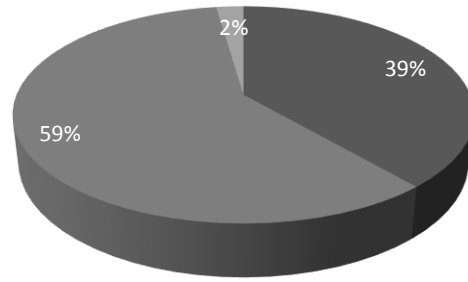
# Your fund performance: Growth fund

## 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 31/12/2016 to 31/08/2017

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017**
Unit Price	11.92	11.98	9.42	17.32	32.17	28.34	30.16	32.30	38.06	36.52	36.12	38.29
Growth (%)	19.2%	0.5%	-21.4%	83.9%	95.7%	-11.9%	6.4%	7.1%	17.8%	-4.0%	-1.1%	6.0%

Note: past performance is not an indication of future performance

## Equity Allocation

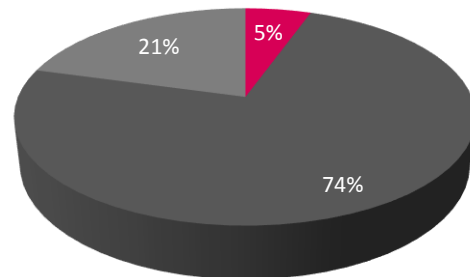
Sector	%
Banks, Finance and Insurance	69
Manufacturing	12
Diversified Holdings	11
Construction and Engineering	5
Hotels and Travels	3
Total	100

## Top Equity Holdings\*

Central Finance	LB Finance
Chevron Lubricants	People's Leasing
Commercial Bank	Royal Ceramics
Hatton National Bank	Sampath Bank
John Keells Holdings	Seylan Bank

\*Note: (In alphabetical order)

## Credit Rating



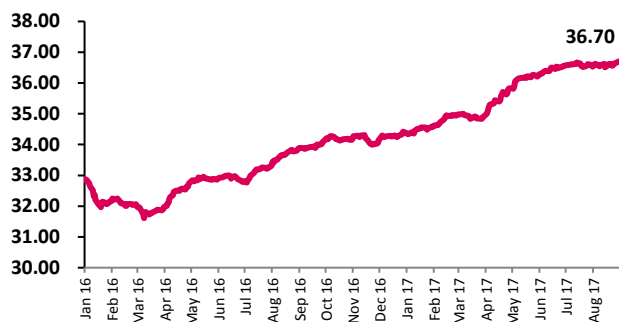
■ AAA Rating ■ AA Rating ■ A Rating

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 12.6% per year, since the unit linked fund was started.
- The unit price has increased by 6.0% for the period 01 Jan 2017 to 31 Aug 2017.

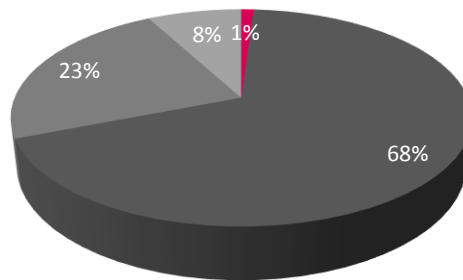
## Your fund performance: Balanced fund

### 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 31/12/2016 to 31/08/2017

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017**
Unit Price	11.43	12.19	11.62	17.23	25.18	24.18	26.22	28.87	32.36	32.90	34.40	36.70
Growth (%)	14.3%	6.6%	-4.7%	48.3%	46.1%	-4.0%	8.4%	10.1%	12.1%	1.7%	4.6%	6.7%

Note: past performance is not an indication of future performance

### Equity Allocation

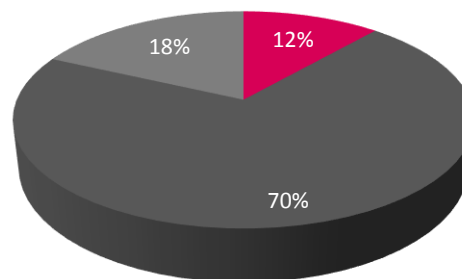
Sector	%
Banks, Finance and Insurance	66
Manufacturing	12
Diversified Holdings	12
Construction and Engineering	8
Hotels and Travels	2
Total	100

### Top Equity Holdings\*

Access Engineering	John Keells Holdings
Central Finance	LB Finance
Chevron Lubricants	People's Leasing
Commercial Bank	Royal Ceramics
Hatton National Bank	Sampath Bank

\*Note: (In alphabetical order)

### Credit Rating



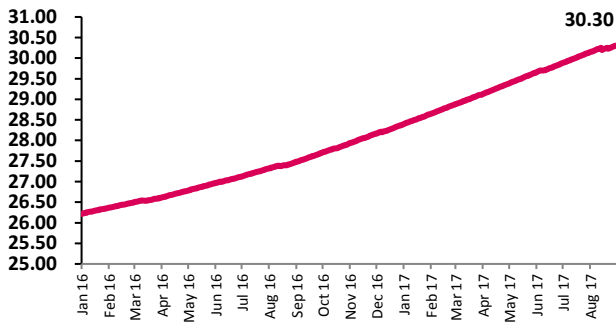
■ AAA Rating ■ AA Rating ■ A Rating

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 12.1% per year, since the unit linked fund was started.
- The unit price has increased by 6.7% for the period 01 Jan 2017 to 31 Aug 2017.

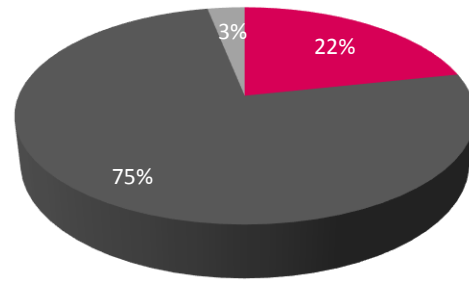
# Your fund performance: Secure fund

## 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)

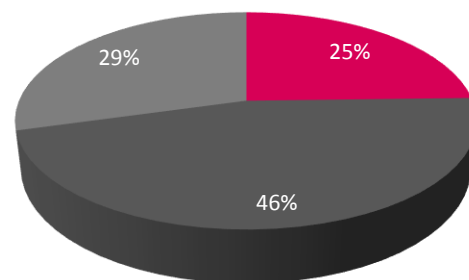
\*Since inception – 02/05/2006 to 31/12/2006 \*\*Period from 31/12/2016 to 31/08/2017

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017**
Unit Price	10.83	11.91	13.04	15.74	17.97	19.09	20.75	23.02	24.76	26.21	28.37	30.30
Growth (%)	8.3%	10.0%	9.5%	20.7%	14.2%	6.2%	8.7%	10.9%	7.6%	5.9%	8.2%	6.8%

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 6.8% for the period 01 Jan 2017 to 31 Aug 2017.

## Credit Rating

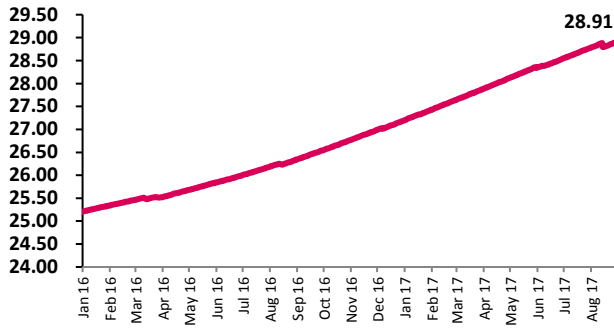


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Note: The credit rating is presented as at month end for investments in fixed deposits, and does not include ratings for equity investments. All ratings are by Fitch Ratings Lanka.

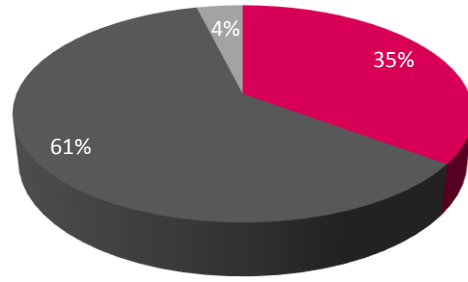
# Your fund performance: Protected fund

## 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)

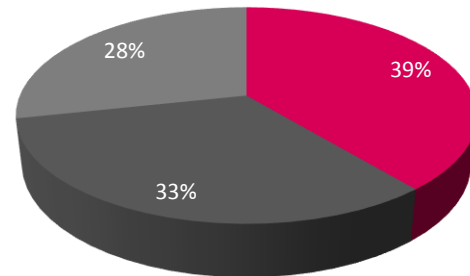
\*Since inception – 02/05/2006 to 31/12/2006 \*\*Period from 31/12/2016 to 31/08/2017

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017**
Unit Price	10.58	11.91	14.25	16.23	17.54	18.58	20.16	22.27	23.81	25.20	27.18	28.91
Growth (%)	5.8%	12.6%	19.6%	13.9%	8.1%	5.9%	8.5%	10.5%	6.9%	5.8%	7.9%	6.4%

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 performed better than the guaranteed gross return every year.
- The unit price has increased by 6.4% for the period 01 Jan 2017 to 31 Aug 2017.

## Credit Rating

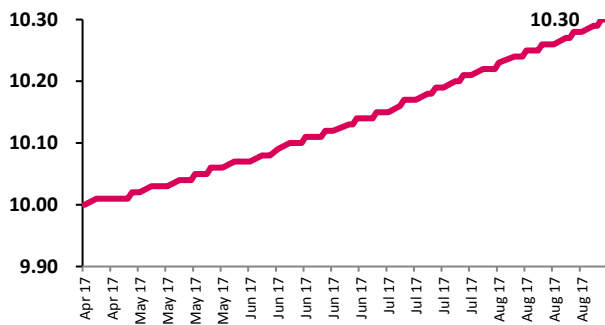


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Note: The credit rating is presented as at month end for investments in fixed deposits, and does not include ratings for equity investments. All ratings are by Fitch Ratings Lanka.

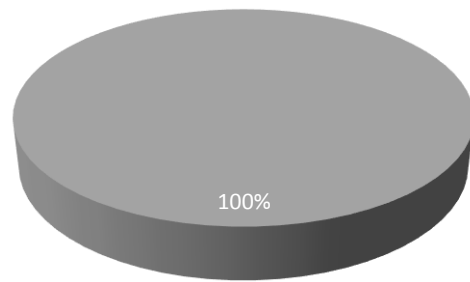
# Your fund performance: Stable Money Market fund

## 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)

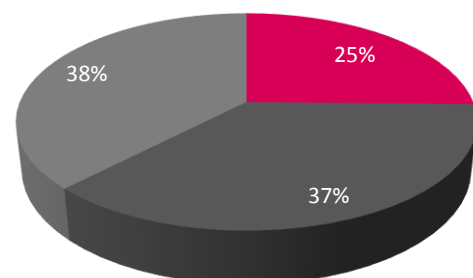
\*Since inception – 21/04/2017 to 31/08/2017

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017*
Unit Price	-	-	-	-	-	-	-	-	-	-	-	10.30
Growth (%)	-	-	-	-	-	-	-	-	-	-	-	3.0%

Note: past performance is not an indication of future performance

- The Stable Money Market fund was introduced on 21 Apr 2017.
- The unit price has increased by 3.0% for the period 21 Apr 2017 to 31 Aug 2017.

## Credit Rating



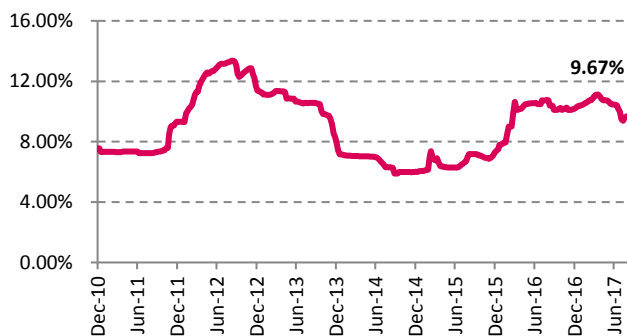
■ AAA Rating ■ AA Rating ■ A Rating

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## Market Update: Interest Rates

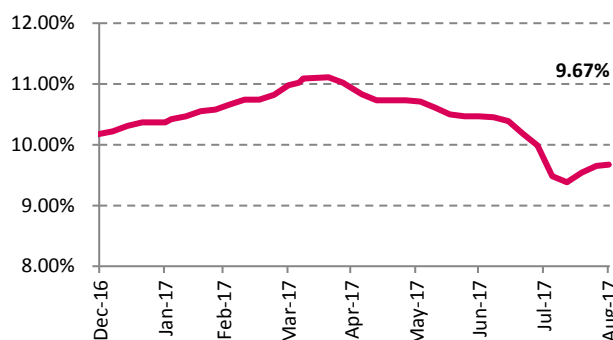
We use the 364 day T-Bill as an indicator of how interest rates move

### 364-day T-bill: Since 01 Jan 2011



Note: past performance is not an indication of future performance

### 364-day T-bill: Since 01 Jan 2017

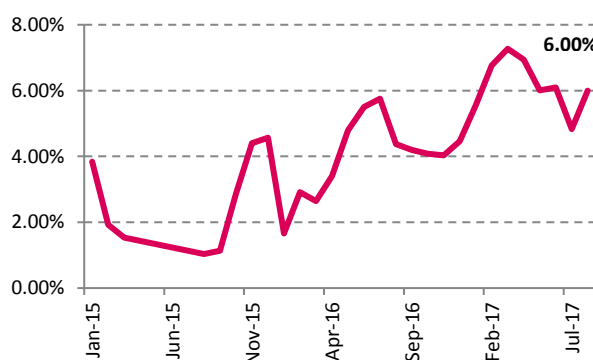


Note: past performance is not an indication of future performance

### Major events during the month

- Central Bank raised LKR 201 Billion by issuing treasury bills and LKR 110 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 were volatile over the month. For example the benchmark 364-day Treasury bill rate decreased to 9.38% by mid-month and subsequently increased to 9.67% by end of the month against the previous month end rate of 9.99%.

### Inflation: Since 01 Jan 2015

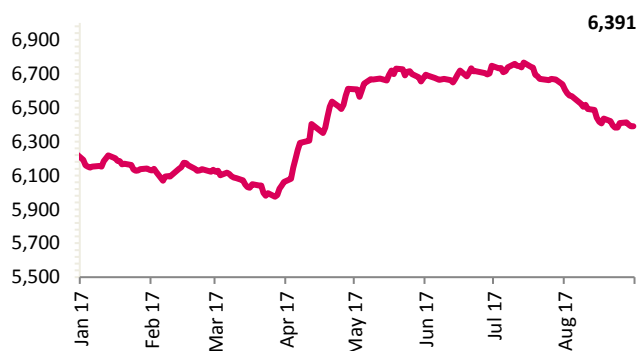


## Market Update: Stock Market

### ASPI Movement: Since 01 Jan 2010



### ASPI Movement: Since 01 Jan 2017



ASPI Performance (as a percentage)

\*Since inception – 02/05/2006 to 31/12/2006 \*\*Period from 31/12/2016 to 31/08/2017

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017**
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	6,390.74
Growth (%)	5.8%	12.6%	19.6%	13.9%	8.1%	5.9%	8.5%	10.5%	6.9%	5.8%	7.9%	2.6%

### Highlights of the performance

- The annual average growth rate of ASPI is 9.5% per year.
- The ASPI has increased by 2.6% for the period of 01 Jan 2017 to 31 Aug 2017.

## Market Update: Stock Market

### For the month

Description	Aug-2017	Jul-2017
All Share Price Index (ASPI)	6,391	6,637
ASPI growth for the month	-3.7%	-1.6%
Total market turnover (LKR Mn)	13,939	14,531
Market Capitalisation (LKR Bn)	2,898	3,010
PE Ratio (times)	10.4x	10.8x

### Highlights of the month

- The equity market performance decreased in Aug 2017 amidst weak investor activity.
- The ASPI increased by 2.6% over the period 01 Jan 2017 to 31 Aug 2017.
- Foreign investors purchased LKR 1.8 billion on a net basis in Aug 2017, resulting in a net inflow of LKR 27.1 billion during the year to date 2017.

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

- JKH
- CEYLON TOBACCO
- COMMERCIAL BANK
- NESTLE
- DIALOG
- HNB
- HEMAS HOLDINGS
- COLD STORES
- MELSTACORP
- LANKA ORIX LEASING COMPANY

## Fund manager's outlook



### Fixed income outlook

- Treasury bill rates have marginally edged up in the month of August 2017. Secondary market bond yields remained low owing to the signing of the Hambantota Port Lease agreement and foreign buying in the local bond market.
- We expect rates to remain subdued in the immediate short term; however we do not rule out rate pressures in 2018 amidst large repayments.

### Equity outlook

- Market declined for the month of Aug by -3.72% resulting a YTD return of 2.61%, market decline was attributed to weak local investor sentiment owing to the upcoming Inland Revenue Act (IRA) coupled with the results released for the 30th June 2017 remaining relatively weak.
- Foreigners continued to be net buyers on the bourse topping LKR 27.0Bn.
- We expect markets to remain volatile in the immediate short term however given attractive valuations will gradually increase allocations to equity.



# About AIA

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

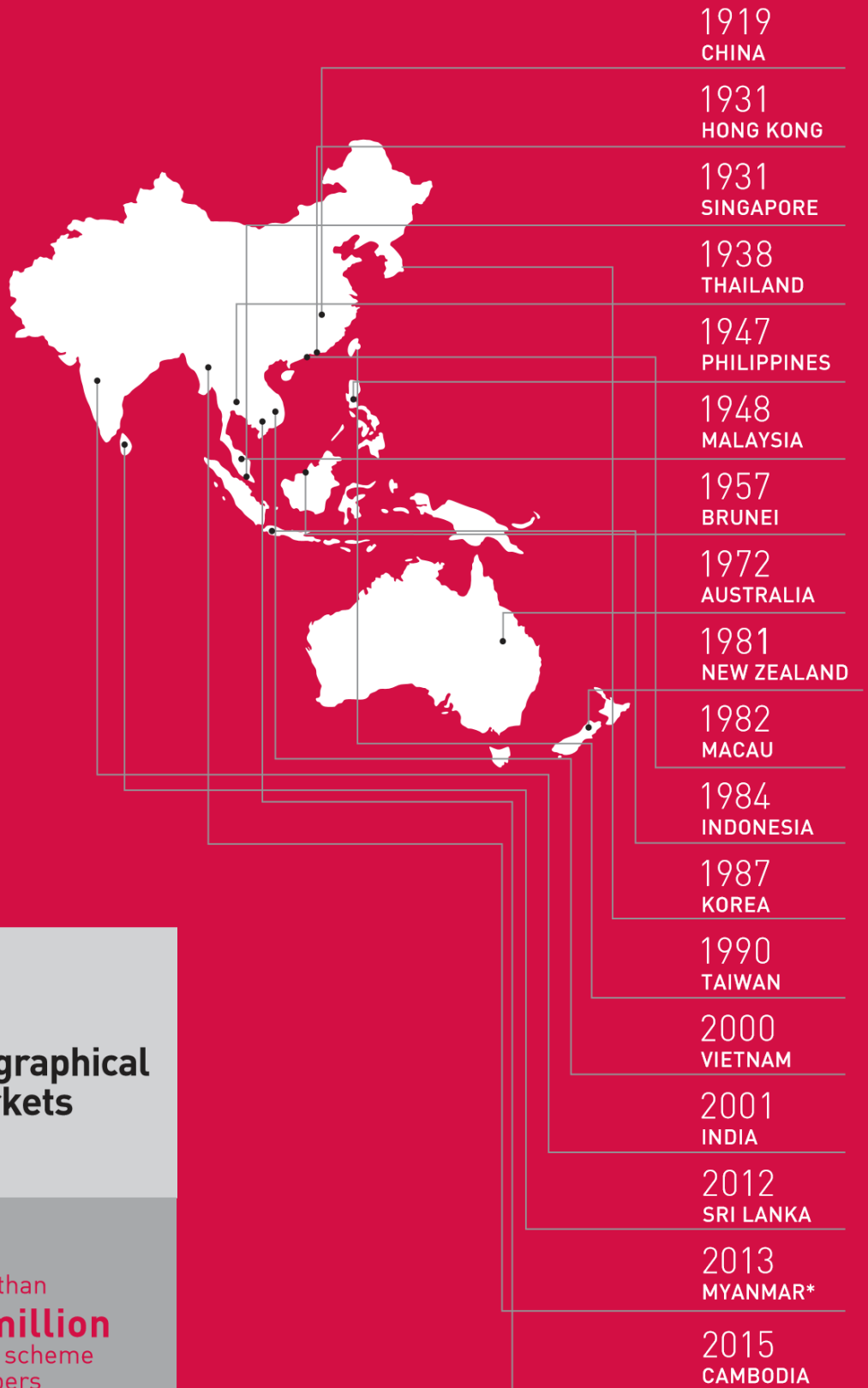
A total Sum Assured of over **US\$1 trillion**

**Almost 100 years** of history in Asia

**18 geographical markets**

More than **30 million** individual policies

More than **16 million** group scheme members



\*AIA has a representative office in Myanmar.



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