

INVESTOR

AIA Monthly Market and Unit Linked Fund update

For the month of January 2018

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 2018 (YTD)	1.7%	1.2%	0.9%	0.8%	0.8%	1.7%
Annual Effective Growth Rate						
1 year	8.3%	10.0%	10.3%	9.7%	-	5.5%
3 years	1.4%	5.7%	8.3%	7.9%	-	-3.4%
5 years	5.0%	7.4%	8.6%	8.1%	-	2.1%
7 years	2.4%	5.7%	8.3%	7.9%	-	-1.5%
From Inception - CAGR	12.3%	12.0%	10.3%	9.8%	-	9.3%

Note: past performance is not an indication of future performance

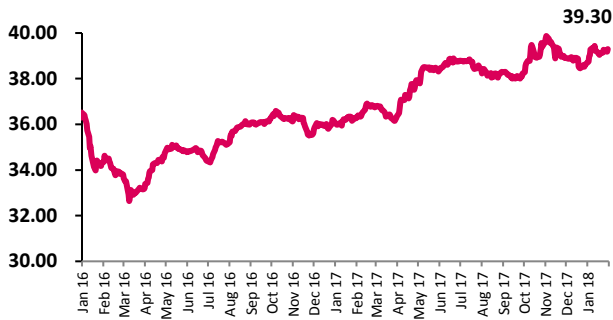
*The Stable Money Market fund was introduced on 21 Apr 2017.

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.

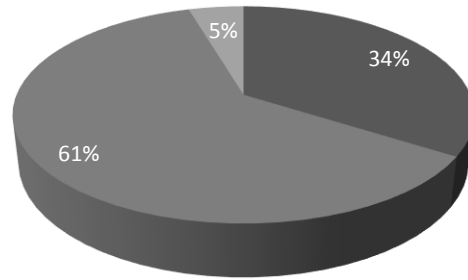
Your fund performance: Growth fund

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 31/12/2017 to 31/01/2018

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018**
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	39.30
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%	1.7%

Note: past performance is not an indication of future performance

Equity Allocation

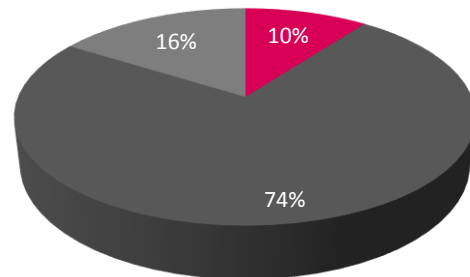
Sector	%
Banks, Finance and Insurance	69
Diversified Holdings	12
Manufacturing	11
Construction and Engineering	5
Hotels and Travels	3
Total	100

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



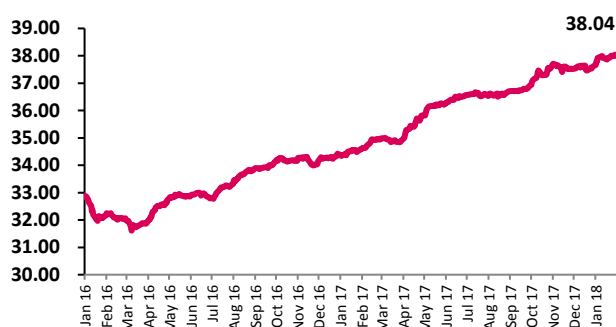
■ AAA Rating ■ AA Rating ■ A Rating

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 12.3% per year, since the unit linked fund was started.
- The unit price has increased by 1.7% for the period 01 Jan 2018 to 31 Jan 2018.

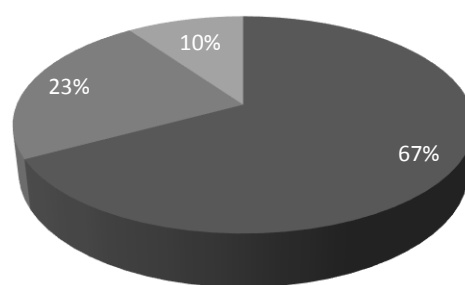
Your fund performance: Balanced fund

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 31/12/2017 to 31/01/2018

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018**
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	38.04
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%	1.2%

Note: past performance is not an indication of future performance

Equity Allocation

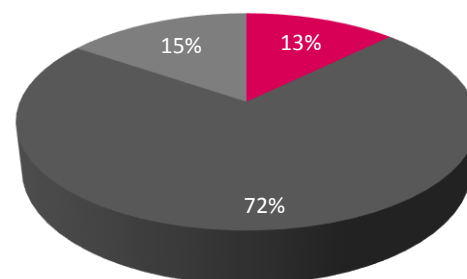
Sector	%
Banks, Finance and Insurance	67
Diversified Holdings	14
Manufacturing	11
Construction and Engineering	6
Hotels and Travels	2
Total	100

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



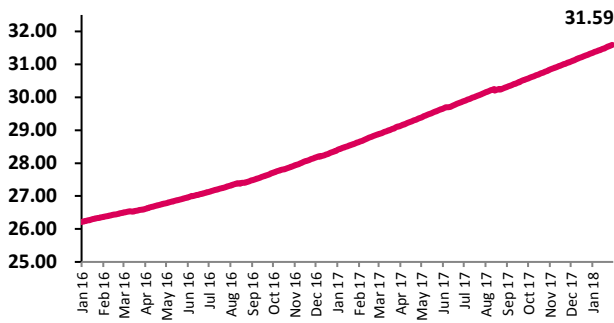
■ AAA Rating ■ AA Rating ■ A Rating

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 Balanced fund is 12.0% per year, since the unit linked fund was started.
- The unit price has increased by 1.2% for the period 01 Jan 2018 to 31 Jan 2018.

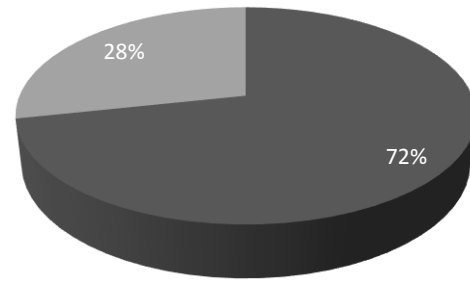
Your fund performance: Secure fund

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)

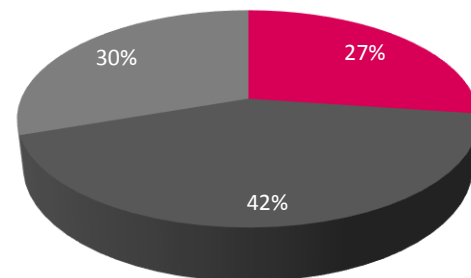
*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2017 to 31/01/2018

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018**
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	31.59
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%	0.9%

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 0.9% for the period 01 Jan 2018 to 31 Jan 2018.

Credit Rating

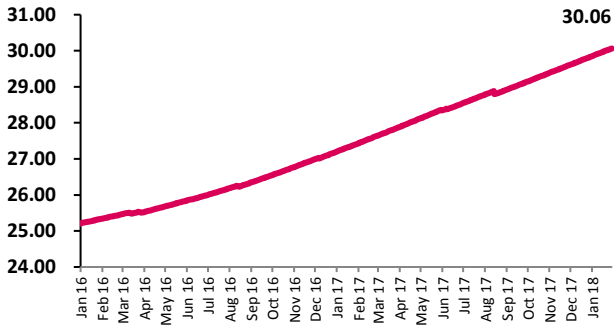


■ AAA Rating ■ AA Rating ■ A Rating

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.

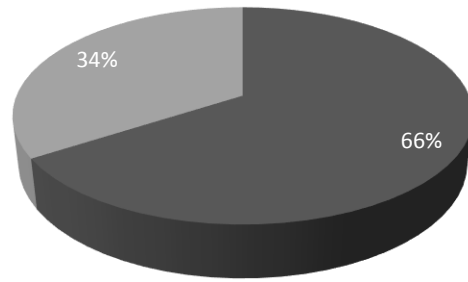
Your fund performance: Protected fund

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)

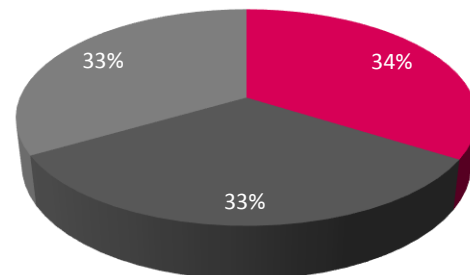
*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2017 to 31/01/2018

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018**
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	30.06
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%	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 performed better than the guaranteed gross return every year.
- The unit price has increased by 0.8% for the period 01 Jan 2018 to 31 Jan 2018.

Credit Rating

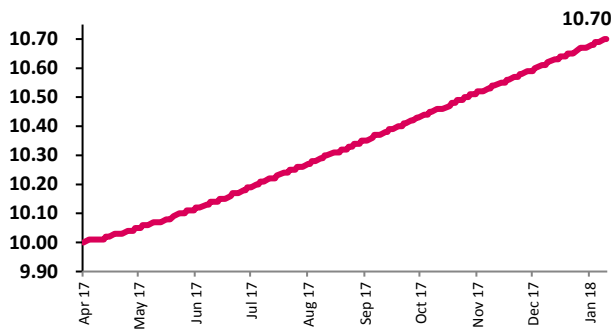


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Note: The credit rating is presented as at month end for investments in fixed deposits, and does not include ratings for equity investments. All ratings are by Fitch Ratings Lanka.

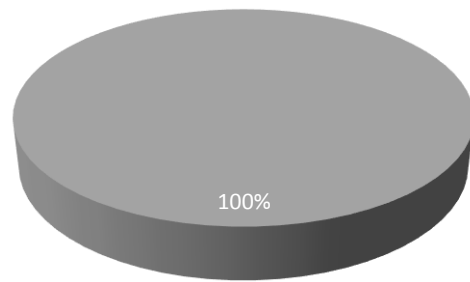
Your fund performance: Stable Money Market fund

Unit Price Movement



Note: past performance is not an indication of future performance

Asset Allocation



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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)

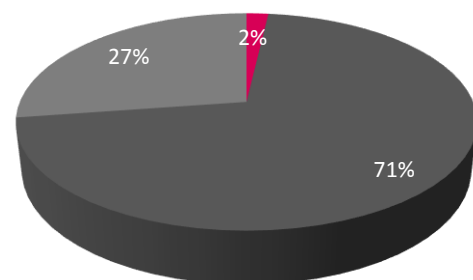
*Since inception – 21/04/2017 to 31/12/2017 **Period from 31/12/2017 to 31/01/2018

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017*	2018**
Unit Price	-	-	-	-	-	-	-	-	-	-	-	10.62	10.70
Growth (%)	-	-	-	-	-	-	-	-	-	-	-	6.2%	0.8%

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 0.8% for the period 01 Jan 2018 to 31 Jan 2018.

Credit Rating



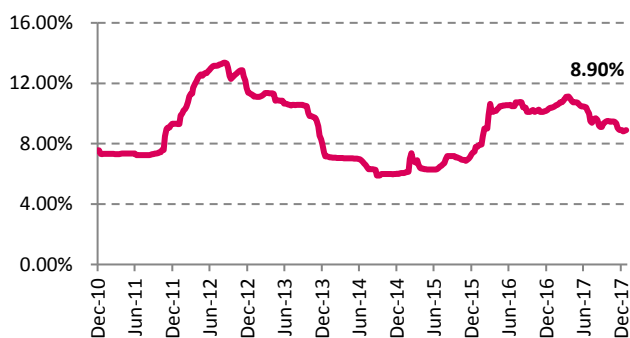
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Market Update: Interest Rates

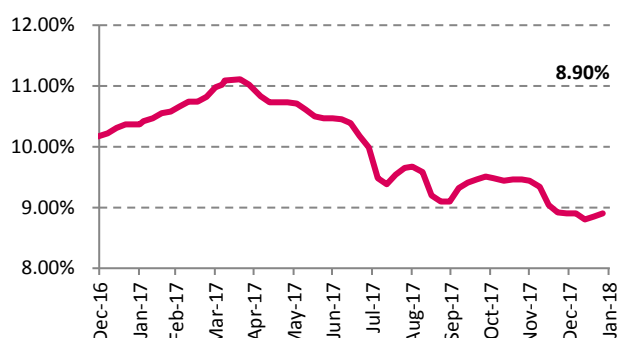
We use the 364 day T-Bill as an indicator of how interest rates move

364-day T-bill: Since 01 Jan 2011



Note: past performance is not an indication of future performance

364-day T-bill: Since 01 Jan 2017

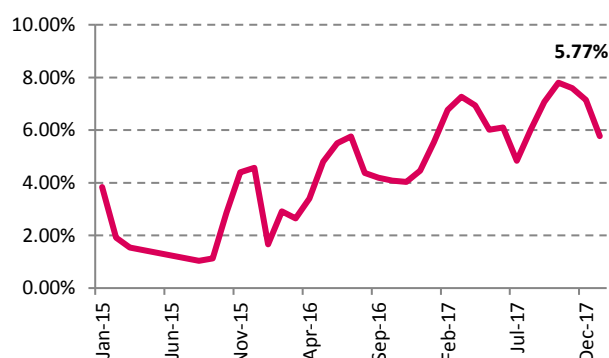


Note: past performance is not an indication of future performance

Major events during the month

- Central Bank raised LKR 94 billion by issuing treasury bills and LKR 30 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 8.80% by mid-month and subsequently increased to 8.90% by end of the month.

Inflation: Since 01 Jan 2015

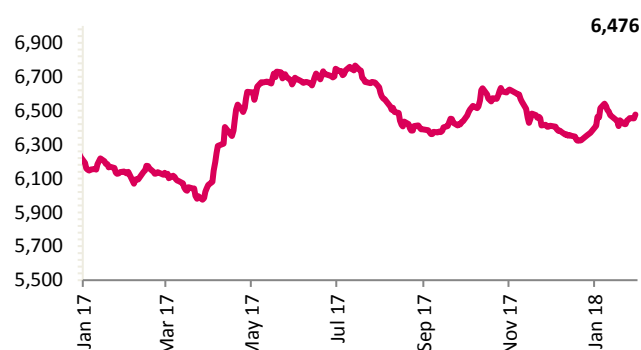


Market Update: Stock Market

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 31/12/2017 to 31/01/2018

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018**
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	6,476.41
Growth (%)	5.8%	12.6%	19.6%	13.9%	8.1%	5.9%	8.5%	10.5%	6.9%	5.8%	7.9%	2.3%	1.7%

Highlights of the performance

- The annual average growth rate of ASPI is 9.3% per year.
- The ASPI has increased by 1.7% for the period of 01 Jan 2018 to 31 Jan 2018.

Market Update: Stock Market

For the month

Description	Jan-2018	Dec-2017
All Share Price Index (ASPI)	6,476	6,369
ASPI growth for the month	1.7%	-0.7%
Total market turnover (LKR Mn)	17,458	10,943
Market Capitalisation (LKR Bn)	2,961	2,899
PE Ratio (times)	10.7x	10.6x

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

- JKH
- CEYLON TOBACCO
- COMMERCIAL BANK
- DIALOG
- HNB
- NESTLE
- COLD STORES
- MELSTACORP
- SAMPATH BANK
- HEMAS HOLDINGS

Highlights of the month

- The equity market performance improved in Jan 2018 with higher foreign inflows to blue-chips.
- The ASPI increased by 1.7% over the period 01 Jan 2017 to 31 Jan 2018.
- Foreign investors purchased LKR 4.0 billion on a net basis in Jan 2018 against the LKR 2.1 billion net outflow recorded in Jan 2017.

Fund manager's outlook



Fixed income outlook

- The benchmark 364 day Treasury bill rate remained static at 8.90% while the longer end of the yield curve remained subdued. Headline inflation for January stood at 5.80%.
- Government is expected to conclude a sovereign issue in 1Q 2018, which is expected to hold rates.
- Despite the current bullish sentiment in the local bond market, the surge in US benchmark treasury rates are expected to add pressure on rates.

Equity outlook

- ASPI gained 1.68% while the more liquid S&PSL 20 Index gained 2.06% for January 2018.
- Net foreign buying on the bourse remained buoyant at over LKR 4.0 billion.
- We expect investors to remain on the sidelines ahead of the local government elections.
- The earnings numbers for the December 2017 have remained rather challenging while the global market volatility may impact the local bourse in the near term.

About AIA

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

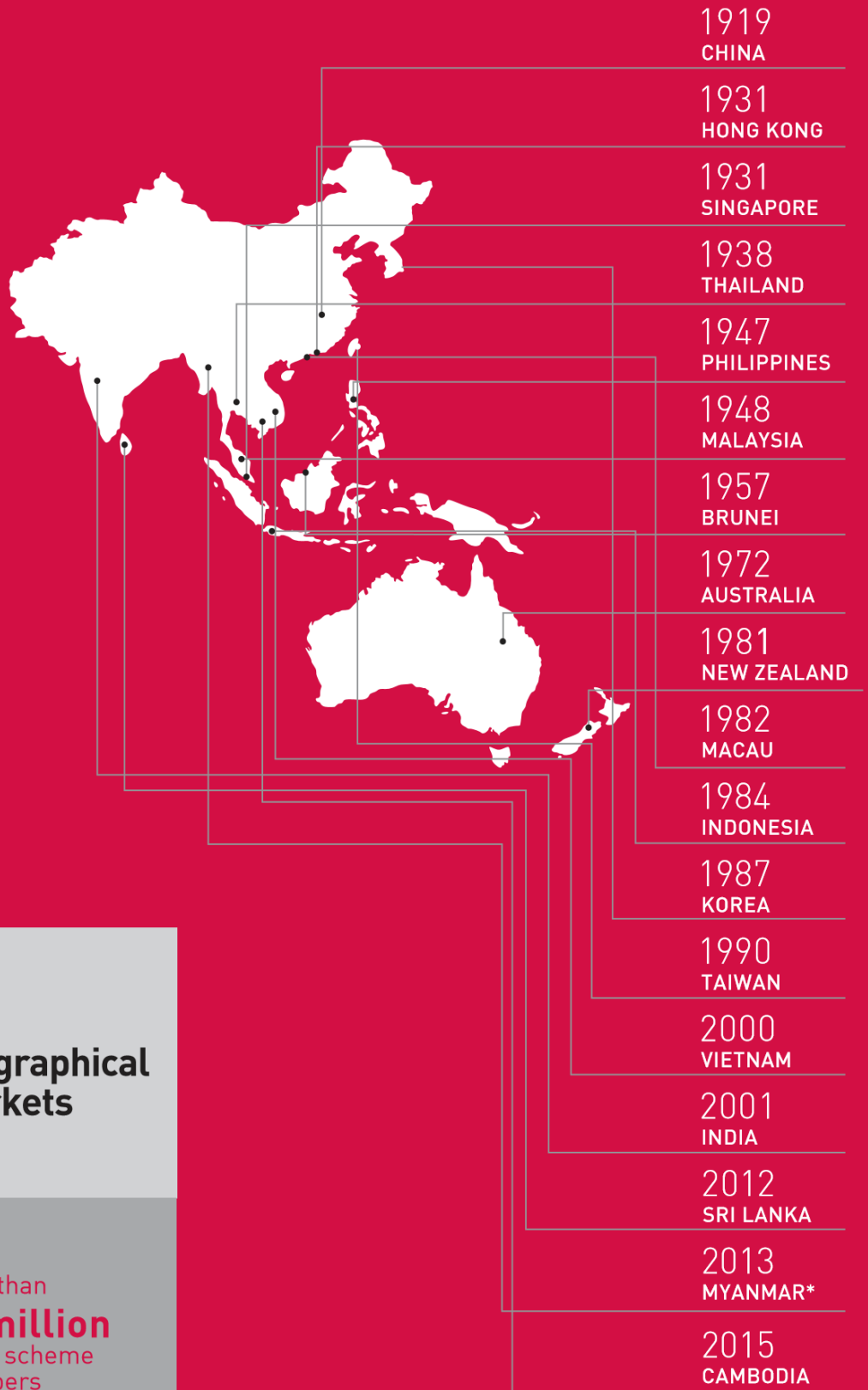
A total Sum Assured of over **US\$1 trillion**

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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