

INVESTOR

AIA's Monthly Investment Market and Unit Linked Fund Update

For the month of November 2019

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 2019 (YTD)	5.6%	9.8%	9.4%	8.9%	9.2%	2.6%
Annual Effective Growth Rate						
1 year	5.6%	10.2%	10.4%	9.8%	10.2%	3.2%
3 years	3.5%	8.4%	10.3%	9.7%	-	-0.2%
5 years	1.3%	6.4%	8.9%	8.5%	-	-2.8%
7 years	4.6%	7.9%	9.1%	8.6%	-	2.2%
From Inception - CAGR	10.6%	11.4%	10.3%	9.8%	9.9%	7.7%

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.

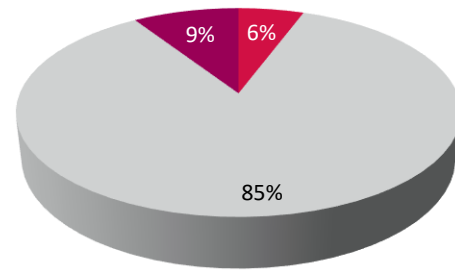
Your fund performance: Growth fund

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 31/12/2018 to 30/11/2019

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019**
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	39.51
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%	5.6%

Note: past performance is not an indication of future performance

Equity Allocation

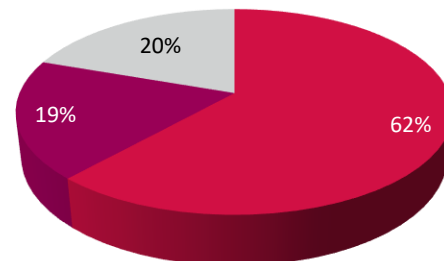
Sector	%
Banks, Finance and Insurance	68
Diversified Holdings	19
Manufacturing	6
Construction and Engineering	5
Hotels and Travels	2
Total	100

Top Equity Holdings*

Access Engineering	Amaya Leisure
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



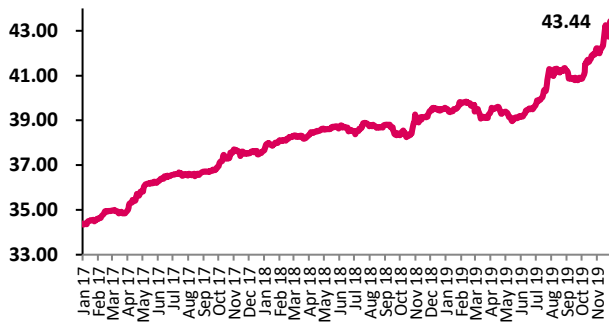
■ AAA Rating ■ AA Rating ■ A Rating

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 Growth fund is 10.6% per year, since the unit linked fund was started.
- The unit price has increased by 5.6% for the period 01 January 2019 to 30 November 2019.

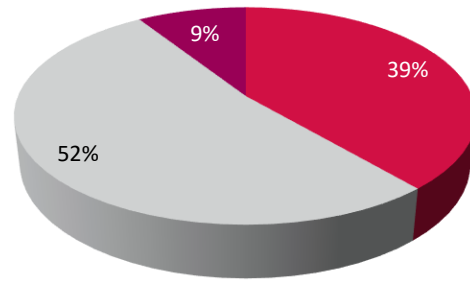
Your fund performance: Balanced fund

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 31/12/2018 to 30/11/2019

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019**
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	43.44
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%	9.8%

Note: past performance is not an indication of future performance

Equity Allocation

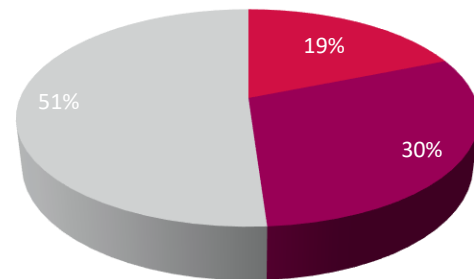
Sector	%
Banks, Finance and Insurance	68
Diversified Holdings	19
Construction and Engineering	5
Manufacturing	6
Hotels and Travels	2
Total	100

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



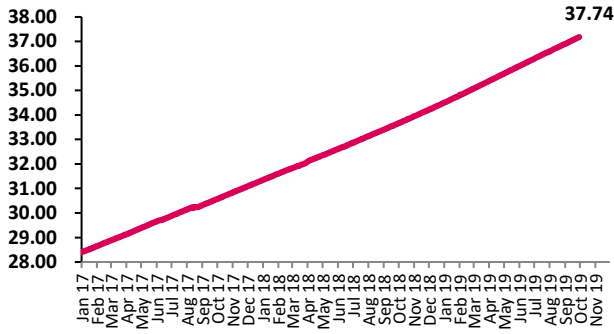
■ AAA Rating ■ AA Rating ■ A Rating

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 11.4% per year, since the unit linked fund was started.
- The unit price has increased by 9.8% for the period 01 January 2019 to 30 November 2019.

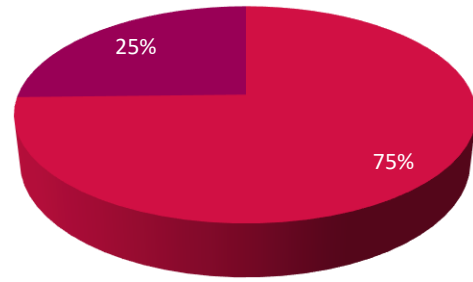
Your fund performance: Secure fund

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)

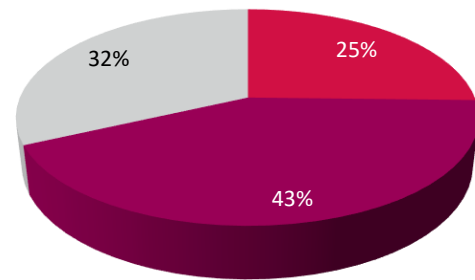
*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2018 to 30/11/2019

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019**
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	37.74
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%	9.4%

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 9.4% for the period 01 January 2019 to 30 November 2019.

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.

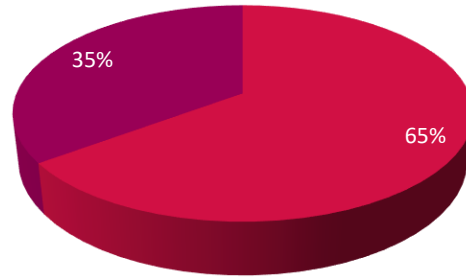
Your fund performance: Protected fund

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)

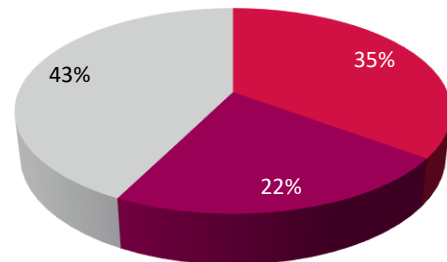
*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2018 to 30/11/2019

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019**
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
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%	8.9%

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 8.9% for the period 01 January 2019 to 30 November 2019.

Credit Rating

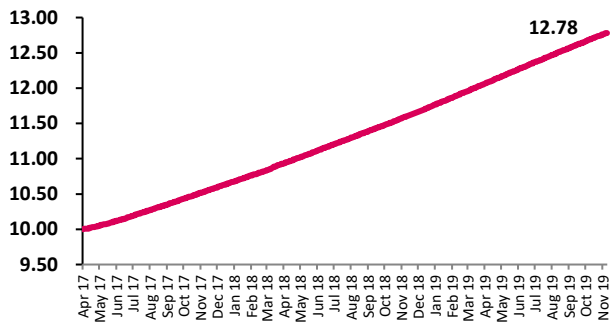


AAA Rating AA Rating A Rating

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.

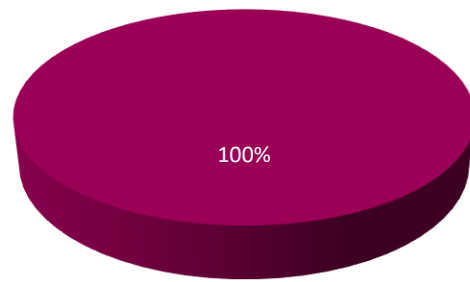
Your fund performance: Stable Money Market fund

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)

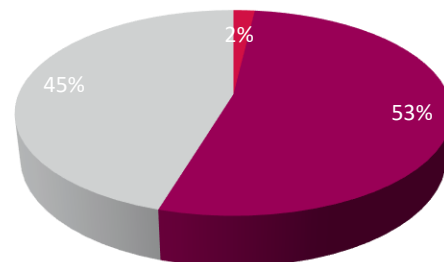
*Since inception – 21/04/2017 to 31/12/2017 **Period from 31/12/2018 to 30/11/2019

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017*	2018	2019**
Unit Price	-	-	-	-	-	-	-	-	-	-	-	10.62	11.70	12.78
Growth (%)	-	-	-	-	-	-	-	-	-	-	-	6.2%	10.2%	9.2%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Protected fund is 9.9% per year, since the unit linked fund was started.
- The unit price has increased by 9.2% for the period 01 January 2019 to 30 November 2019.

Credit Rating



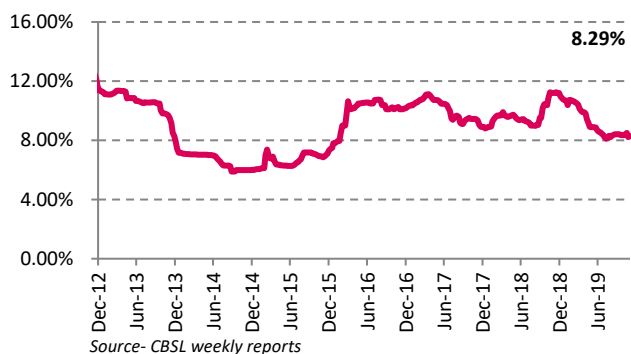
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Market Update: Interest Rates

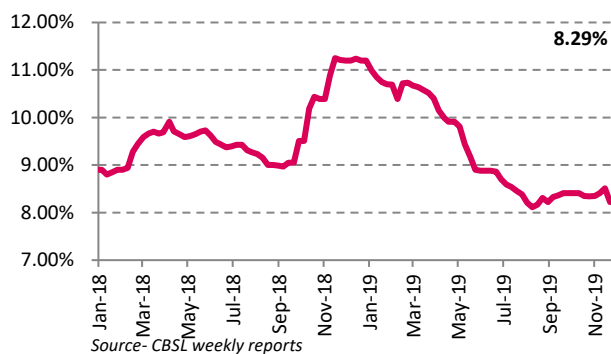
We use the 364-day T- Bill as an indicator of how interest rates move

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

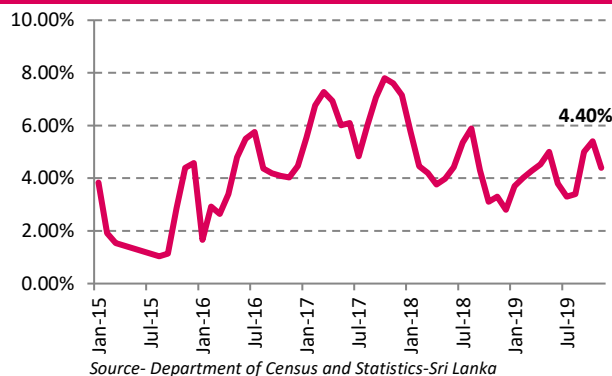


Note: Past performance is not an indication of future performance

Major events during the month

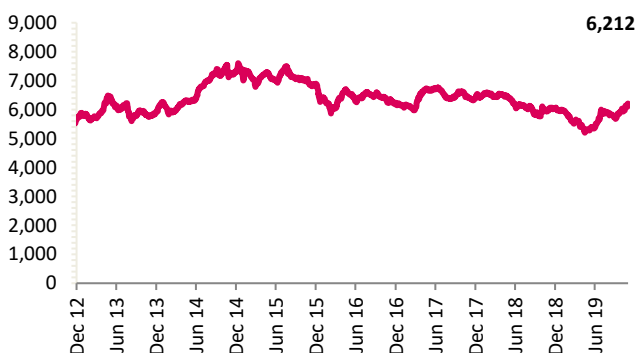
- Central Bank raised LKR 101 billion by issuing treasury bills and LKR 55 billion by issuing treasury bonds.
- Central Bank policy rates play a key role in determining the direction and level of market interest rates. The Central Bank maintained its SDFR and SLFR. However, LCBs' have been ordered to cut AWPR by 250 bp by December 2019 and LCBs slashed AWPLR rates by 150bp in November 2019.
- Short term interest rates decreased over the month. For example, the benchmark 364-day Treasury bill rate decreased to 8.29% by end of the month against 8.34% in end October 2019.

Inflation: Since 01 Jan 2015



Market Update: Stock Market

ASPI Movement: Since 01 Jan 2013



ASPI Performance (as a percentage)

ASPI Movement: Since 01 Jan 2018



*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2018 to 30/11/2019

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019**
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	6,052.37	6,211.97
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%	2.6%

Highlights of the performance

- The annual average growth rate of ASPI is 7.6% per year.
- The ASPI has increased by 2.6% for the period of 01 January 2019 to 30 November 2019.

Market Update: Stock Market

For the month

Description	Nov-2019	Oct-2019
All Share Price Index (ASPI)	6,212	5,990
ASPI growth for the month	3.7%	4.4%
Total market turnover (LKR Mn)	25,375	16,548
Market Capitalization (LKR Bn)	2,889	2,782
PE Ratio (times)	10.9x	10.6x

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

- CEYLON TOBACCO
- JKH
- COMMERCIAL BANK
- NESTLE
- DIALOG
- DISTILLERIES COMPANY OF SRI LANKA
- HNB
- COLD STORES
- CARGILLS (CEYLON)
- MELSTACORP

Highlights of the month

- The equity market performance increased by 3.7% in November 2019.
- The ASPI increased by 2.6% over the period 01 January 2019 to 30 November 2019.
- There was a foreign outflow of LKR 6.4 billion on a net basis in November 2019, resulting in a net outflow of LKR 10.7 billion during the year to date 2019.

Fund manager's outlook



Fixed income outlook

- The benchmark 364-day Treasury bill yields declined by 5 basis points to 8.29% in November 2019.
- Post-election bond yields declined by 50 - 75 basis points; however, the gains were eroded with yields marginally picking up in the last week.
- Deficit financing remains crucial given Sri Lanka's debt dynamics; however, the recent steep tax cut is expected to result in larger budget deficits. If the current government is successful in bringing in foreign investments, we believe interest rates would remain muted; however, if foreign funding does not materialize in the immediate short term, we believe there would be upward pressure on interest rates.

Equity outlook

- Markets have gathered momentum post the presidential election on 16th of November 2019. The sweeping tax cuts announced by the government have further strengthen the upward momentum.
- The ASPI gained by 3.7% while the more liquid S&PSL20 index gained 3.1% for the month of November. On a YTD basis, ASPI has gained by 2.6% while the more liquid S&P 20 has gained by 3.1%.
- Continuous foreign selling on the bourse has been a concern amongst the local investors; which to an extent has slowed the upward momentum, particularly in the larger banking sector counters and blue-chip companies. On a YTD basis net foreign selling has topped LKR 10.7 billion.
- We believe that starting from 1Q 2020 earnings would gather momentum with tax cuts resulting in impetus to consumption growth.

About AIA

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



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TAIWAN

2000
VIETNAM

2001
INDIA

2012
SRI LANKA

2013
MYANMAR

2015
CAMBODIA

A total Sum Assured of over
US\$1.58 trillion

100 years
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18
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individual policies

More than
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group scheme members



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