

INVESTOR

AIA's Monthly Investment Market and Unit Linked Fund Update

For the month of June 2020

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 2020 (YTD)	-13.5%	-6.4%	4.0%	3.7%	4.3%	-16.0%
Annual Effective Growth Rate						
1 year	-1.8%	1.3%	9.1%	8.7%	9.2%	-4.1%
3 years	-4.9%	3.1%	9.8%	9.2%	-	-8.6%
5 years	-2.4%	4.2%	9.2%	8.7%	-	-6.0%
7 years	0.1%	5.0%	8.8%	8.3%	-	-2.4%
From Inception - CAGR	8.9%	10.3%	10.2%	9.7%	9.7%	5.9%

Note: past performance is not an indication of future performance

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



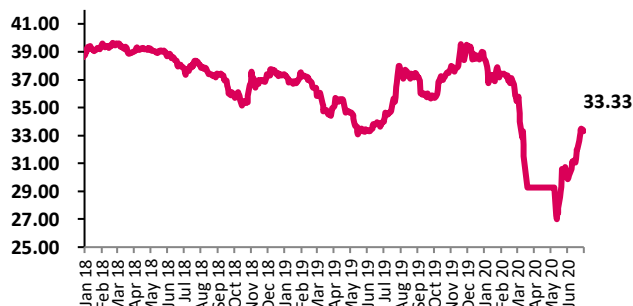
Tip: Your Investment Linked Long Term Insurance Policy allows you to be in control of your investments in Unit Linked Funds. Kindly refer your policy document to learn more about options like unit switches and premium redirections which are available for you to manage your investments. You can also contact 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.

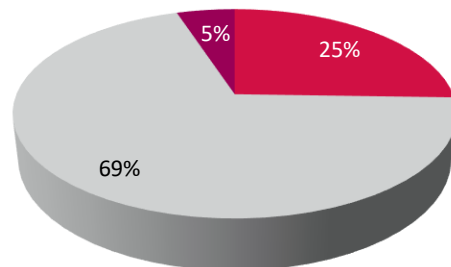
Your fund performance: Growth fund

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 31/12/2019 to 30/06/2020

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020**
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	33.33
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%	-13.5%

Note: past performance is not an indication of future performance

Equity Allocation

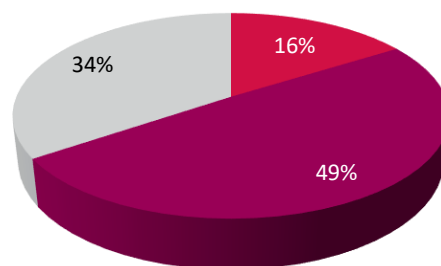
Sector	%
Banks	55%
Capital Goods	26%
Consumer Services	2%
Diversified Financials	17%
Total	100%

Top Equity Holdings*

Access Engineering	John Keells Holdings
Amaya Leisure	People's Leasing
Central Finance	Royal Ceramic Lanka
Commercial Bank	Sampath Bank
Hatton National Bank	Seylan Bank

*Note: In alphabetical order

Credit Rating



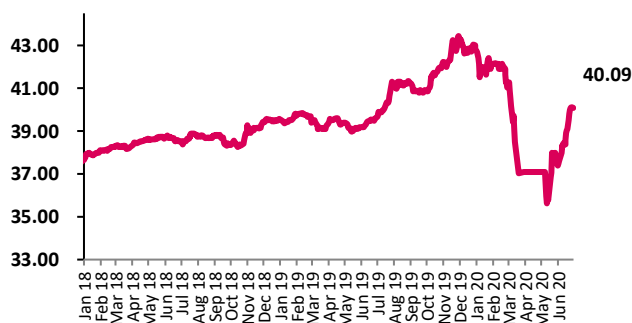
■ AAA Rating ■ AA Rating ■ A Rating

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 8.9% per year, since the unit linked fund was started.
- The unit price has decreased by 13.5% for the period 01 January 2020 to 30 June 2020.

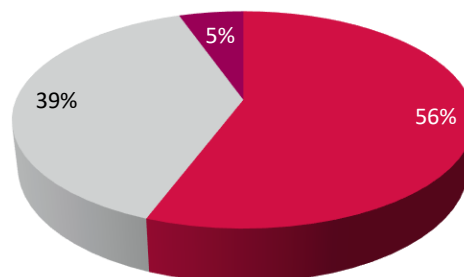
Your fund performance: Balanced fund

Unit Price Movement



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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 31/12/2019 to 30/06/2020

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020**
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	40.09
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%	-6.4%

Note: past performance is not an indication of future performance

Equity Allocation

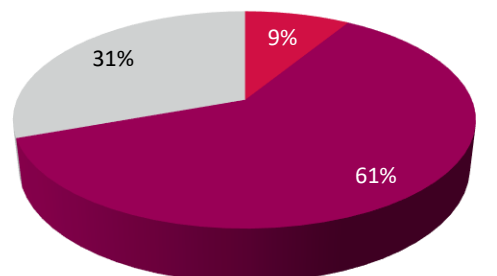
Sector	%
Banks	58%
Capital Goods	30%
Consumer Services	0%
Diversified Financials	12%
Total	100%

Top Equity Holdings*

Access Engineering	John Keells Holdings
Amaya Leisure	People's Leasing
Central Finance	Royal Ceramic Lanka
Commercial Bank	Sampath Bank
Hatton National Bank	Seylan Bank

*Note: (In alphabetical order)

Credit Rating



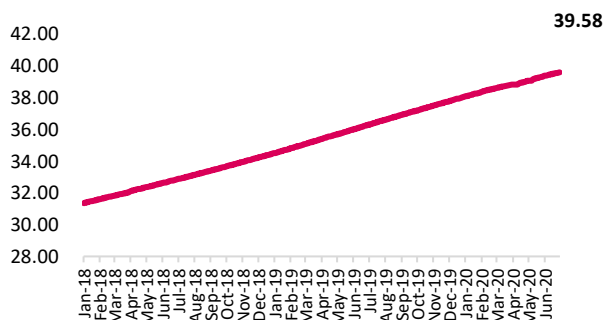
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- The annual average growth rate of the unit price for the Balanced fund is 10.3% per year, since the unit linked fund was started.
- The unit price has decreased by 6.4% for the period 01 January 2020 to 30 June 2020.

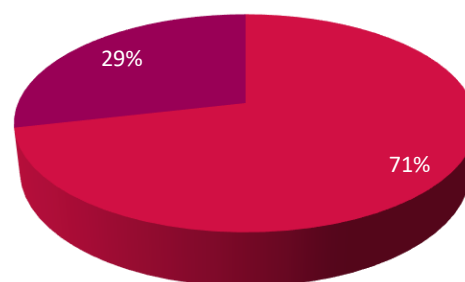
Your fund performance: Secure fund

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)

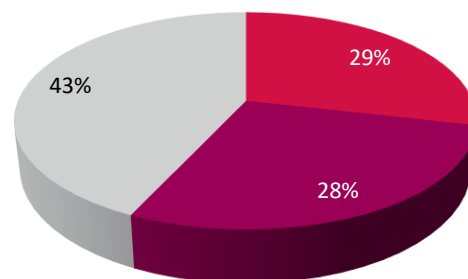
*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2019 to 30/06/2020

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020**
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	39.58
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%	4.0%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Secure fund is 10.2% per year, since the unit linked fund was started.
- The unit price has increased by 4.0% for the period 01 January 2020 to 30 June 2020.

Credit Rating

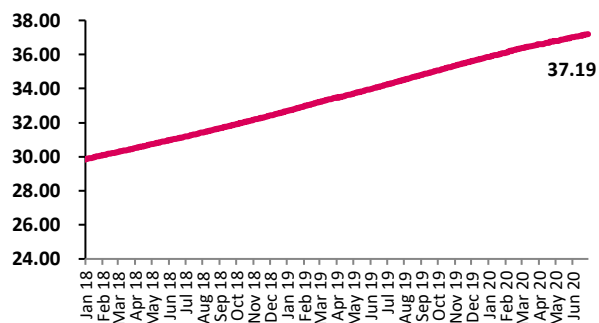


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Note: The credit rating is presented as at month end for investments in fixed deposits and does not include ratings for equity investments. All ratings are by Fitch Ratings Lanka.

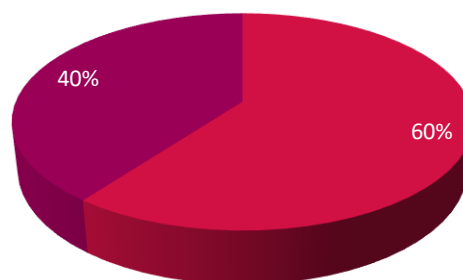
Your fund performance: Protected fund

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)

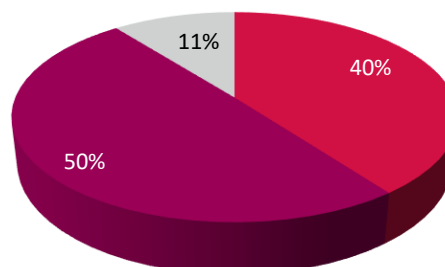
*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2019 to 30/06/2020

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020**
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	37.19
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%	3.7%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Protected fund is 9.7% per year, since the unit linked fund was started.
- The unit price has increased by 3.7% for the period 01 January 2020 to 30 June 2020.

Credit Rating

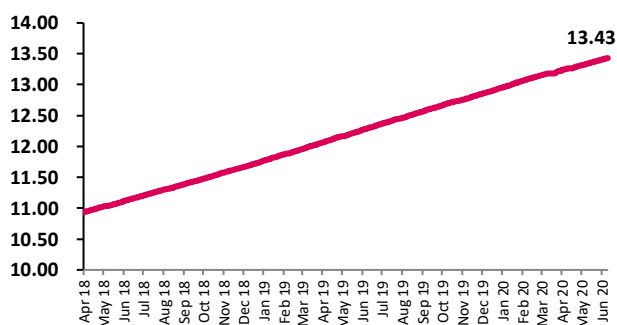


■ AAA Rating ■ AA Rating ■ A Rating

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.

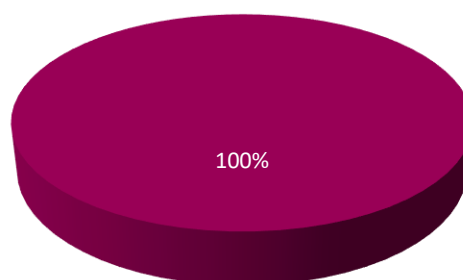
Your fund performance: Stable Money Market fund

Unit Price Movement



Note: past performance is not an indication of future performance

Asset Allocation



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Unit Price Growth (as a percentage)

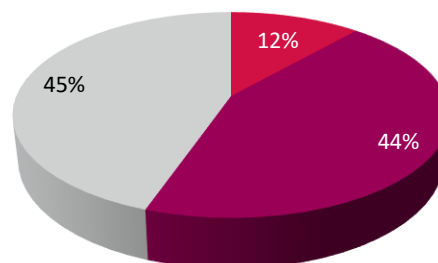
*Since inception – 21/04/2017 to 31/12/2017 **Period from 31/12/2019 to 30/06/2020

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017*	2018	2019	2020**
Unit Price	-	-	-	-	-	-	-	-	-	-	-	10.62	11.70	12.88	13.43
Growth (%)	-	-	-	-	-	-	-	-	-	-	-	6.2%	10.2%	10.1%	4.3%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Protected fund is 9.7% per year, since the unit linked fund was started.
- The unit price has increased by 4.3% for the period 01 January 2020 to 30 June 2020.

Credit Rating



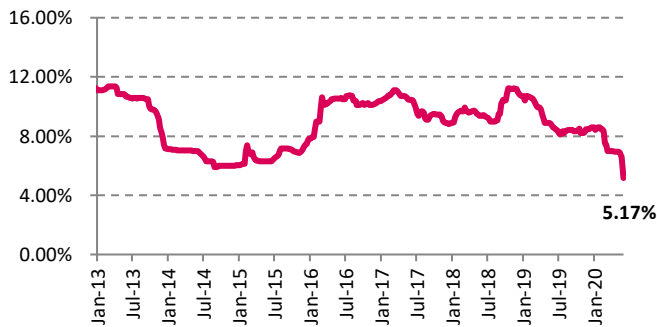
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Market Update: Interest Rates

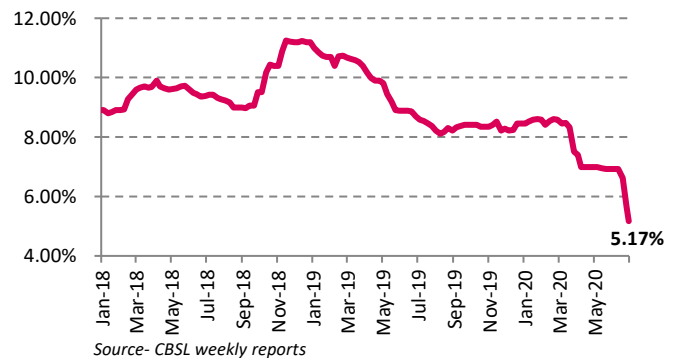
We use the 364-day T- Bill as an indicator of how interest rates move

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

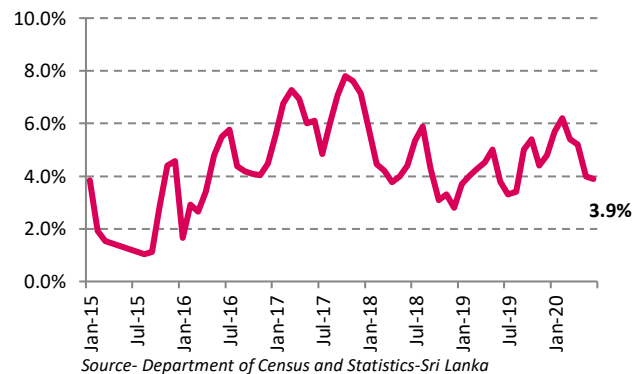


Note: Past performance is not an indication of future performance

Major events during the month

- Central Bank reduced the Statutory Reserve Requirement by 200 basis points to 2.00% in June which flooded the banking system with excess liquidity.
- Central Bank raised LKR 92 billion and LKR 160 billion by issuing treasury bills and treasury bonds respectively.
- Excessive bidding created downward pressure on yields during treasury bill and bond auctions towards the latter part of the month. Accordingly, 364-day treasury bill rate declined by approximately 176 basis points to 5.17%.

Inflation: Since 01 Jan 2015

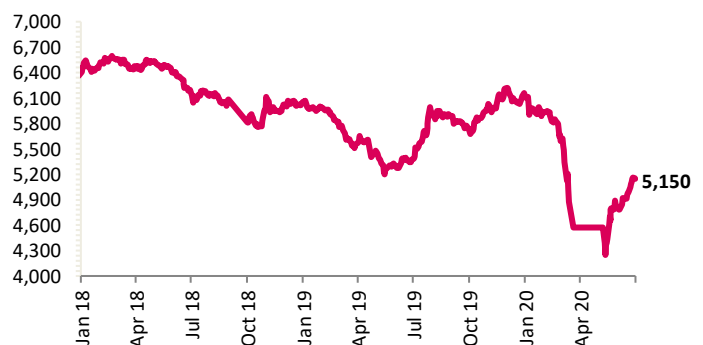


Market Update: Stock Market

ASPI Movement: Since 01 Jan 2013



ASPI Movement: Since 01 Jan 2018



ASPI Performance (as a percentage)

*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2019 to 30/06/2020

Year	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020**
ASI	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	5,150
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%	-16.0%

Highlights of the performance

- The annual average growth rate of ASPI is 5.9% per year.
- The ASPI has decreased by 16.0% for the period of 01 January 2020 to 30 June 2020.

Market Update: Stock Market

For the month

Description	June-2020	May-2020
All Share Price Index (ASPI)	5,150	4,887
ASPI growth for the month	6.2%	6.0%
Total market turnover (LKR Mn)	29,072	22,809
Market Capitalization (LKR Bn)	2,405	2,266
PE Ratio (times)	9.50x	8.92x

10 Companies with highest market Capitalization on the CSE as of 30 June 2020

- CEYLON TOBACCO COMPANY PLC
- JOHN KEELLS HOLDINGS PLC
- DIALOG AXIATA PLC
- COMMERCIAL BANK OF CEYLON PLC
- DISTILLERIES COMPANY OF SRI LANKA PLC
- CEYLON COLD STORES PLC
- LOLC HOLDINGS PLC
- NESTLE LANKA PLC
- SRI LANKA TELECOM PLC
- SAMPATH BANK PLC

Highlights of the month

- Both ASPI and S&P SL 20 indices gained in June owing to domestic buying interest. ASPI recorded a growth of 6.2% during June but recorded a degrowth 16.0% on a YTD Basis (01 January 2020 to 30 June 2020).
- Foreign selling continued in June as well. Total YTD net foreign selling amounts to LKR 20.6 billion (01 January 2020 to 30 June 2020).

Fund manager's outlook



Fixed income outlook

- The benchmark 364-day Treasury bill rate declined to 5.32%, while a similar trend was witnessed across the yield curve. Overnight liquidity level was at LKR 160 billion, while the Central Bank holding of Government securities stood at LKR 303 billion as at 9th July 2020. We expect the Central Bank to maintain interest rates at low levels to spur credit growth through banks lending out to the productive sectors of the economy. Government continues its efforts to attract foreign funds to boost reserves in order to ease pressure on debt repayments and in turn the exchange rate.
- Interest rates may remain low in the medium term, till the economy recovers from the prevailing low level of economic activity. Gradual increase in private sector credit growth coupled with relaxation of import restrictions may exert pressure on interest rates in 2021.

Equity outlook

- Due to multi-year low interest rates, equity markets have rallied in the month of June. ASPI posted a gain of 6.53% while the more liquid S&P Sri Lanka index gained 12.53%. Due to steep gains in June we feel markets would take a breather. Moreover, as the June quarter results are expected to remain bleak, we expect investors to remain on the sidelines. Hence current asset allocations to equity will be maintained in the immediate short term.

About AIA

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