

INVESTOR

AIA's Monthly Investment Market and Unit Linked Fund Update

For the month of September 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)	-7.8%	-1.4%	5.6%	5.4%	6.0%	-2.4%
Annual Effective Growth Rate						
1 year	-0.8%	3.3%	8.0%	7.8%	8.3%	4.3%
3 years	-2.4%	4.6%	9.6%	9.0%	-	-2.4%
5 years	-1.1%	5.1%	9.3%	8.8%	-	-3.2%
7 years	1.8%	6.0%	8.6%	8.2%	-	0.4%
From Inception - CAGR	9.2%	10.5%	10.1%	9.7%	9.4%	6.9%

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.

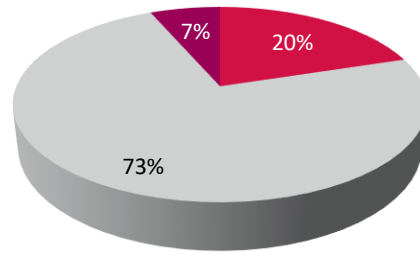
Your fund performance: Growth fund

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 30/09/2020

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	35.55
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%	-7.8%

Note: past performance is not an indication of future performance

Equity Allocation

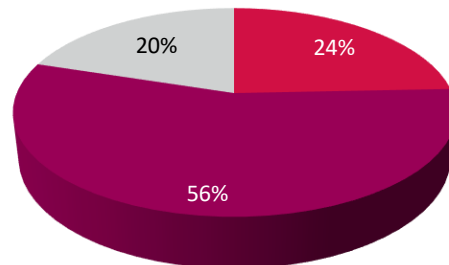
Sector	%
Banks	51%
Capital Goods	30%
Consumer Services	2%
Diversified Financials	17%
Total	100%

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



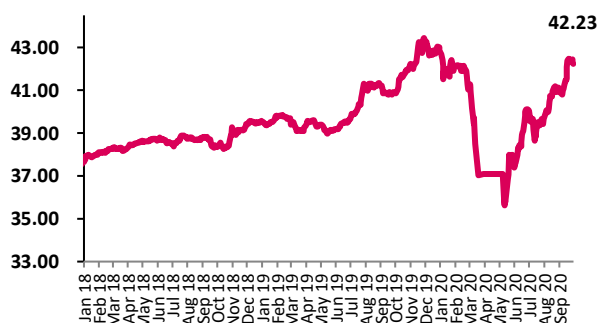
■ AAA Rating ■ AA Rating ■ A Rating

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 9.2% per year, since the unit linked fund was started.
- The unit price has decreased by 7.8% for the period 01 January 2020 to 30 September 2020.

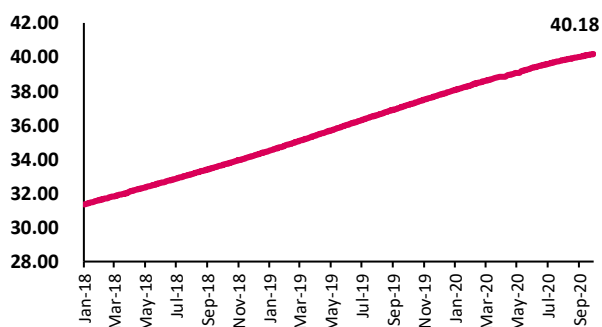
Your fund performance: Balanced fund

Unit Price Movement



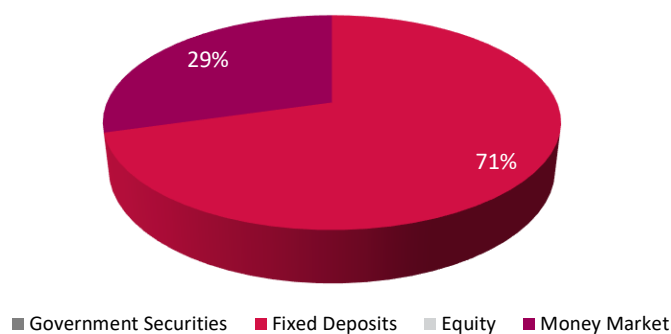
Your fund performance: Secure fund

Unit Price Movement



Note: past performance is not an indication of future performance

Asset Allocation



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)

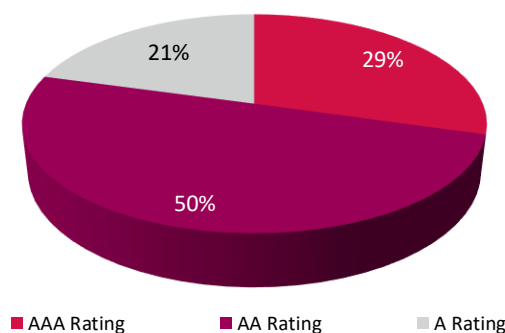
*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2019 to 30/09/2020

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	40.18
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%	5.6%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Secure fund is 10.1% per year, since the unit linked fund was started.
- The unit price has increased by 5.6% for the period 01 January 2020 to 30 September 2020.

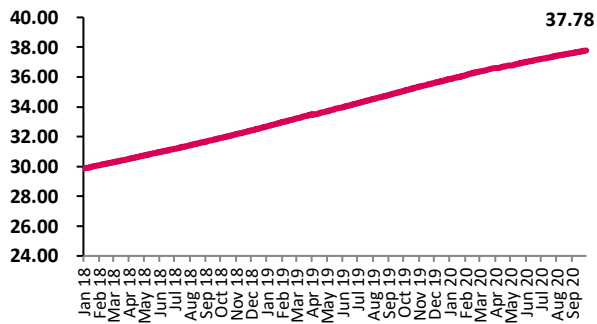
Credit Rating



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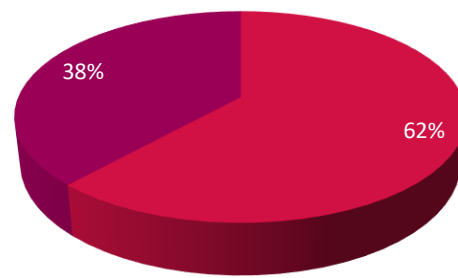
Your fund performance: Protected fund

Unit Price Movement



Note: past performance is not an indication of future performance

Asset Allocation



■ Government Securities ■ Fixed Deposits ■ Equity ■ Money Market

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Unit Price Growth (as a percentage)

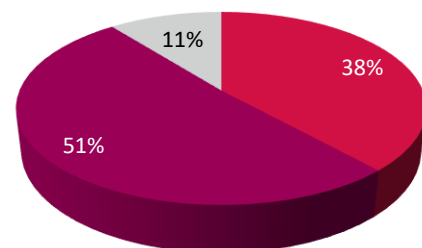
*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2019 to 30/09/2020

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	37.78
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%	5.4%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Protected fund is 9.7% per year, since the unit linked fund was started.
- The unit price has increased by 5.4% for the period 01 January 2020 to 30 September 2020.

Credit Rating

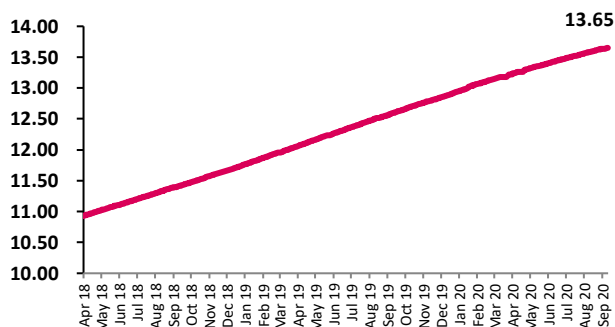


■ AAA Rating ■ AA Rating ■ A Rating

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.

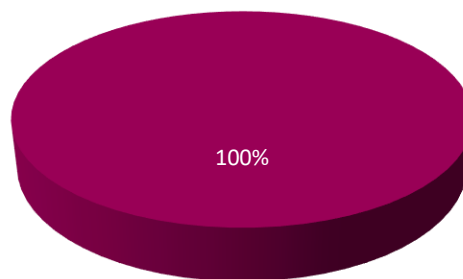
Your fund performance: Stable Money Market fund

Unit Price Movement



Note: past performance is not an indication of future performance

Asset Allocation



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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)

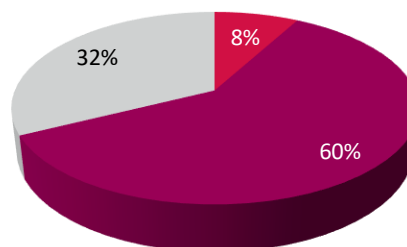
*Since inception – 21/04/2017 to 31/12/2017 **Period from 31/12/2019 to 30/09/2020

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017*	2018	2019	2020**
Unit Price	-	-	-	-	-	-	-	-	-	-	-	10.62	11.70	12.88	13.65
Growth (%)	-	-	-	-	-	-	-	-	-	-	-	6.2%	10.2%	10.1%	6.0%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Protected fund is 9.4% per year, since the unit linked fund was started.
- The unit price has increased by 6.0% for the period 01 January 2020 to 30 September 2020.

Credit Rating



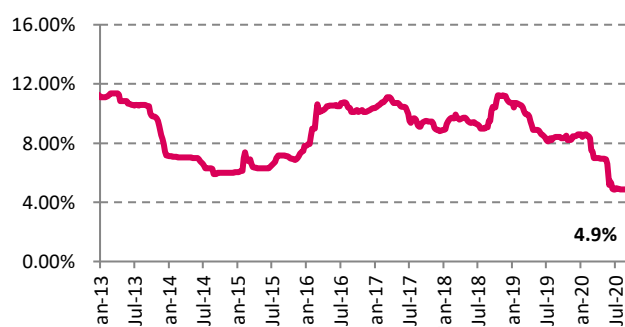
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Market Update: Interest Rates

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

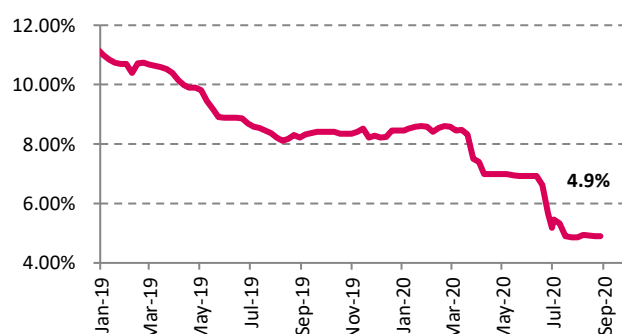
364-day T-bill: Since 01 Jan 2013



Source- CBSL weekly reports

Note: Past performance is not an indication of future performance

364-day T-bill: Since 01 Jan 2019



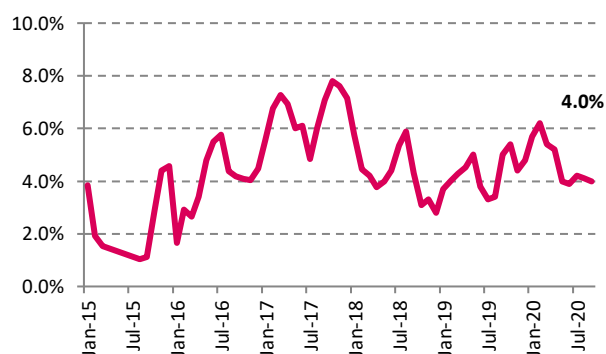
Source- CBSL weekly reports

Note: Past performance is not an indication of future performance

Major events during the month

- Central Bank maintained the Standing Deposit Facility Rate (SDFR) and Standing Lending Facility Report (SLFR) in September 2020 at 4.50% and 5.50% respectively.
- Central Bank raised LKR 128 billion through treasury bills and LKR 129 billion through treasury bonds during the month.
- Yields moved up modestly during the month across the yield curve while the 365-day T-bill rate also increased slightly by 7 basis points.

Inflation: Since 01 Jan 2015



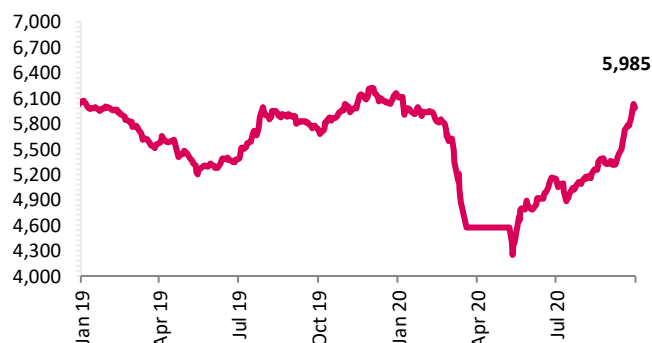
Source- Department of Census and Statistics-Sri Lanka

Market Update: Stock Market

ASPI Movement: Since 01 Jan 2013



ASPI Movement: Since 01 Jan 2019



ASPI Performance (as a percentage)

*Since inception – 02/05/2006 to 31/12/2006 **Period from 31/12/2019 to 30/09/2020

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	5,985
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%	-2.4%

Highlights of the performance

- The annual average growth rate of ASPI is 6.9% per year.
- The ASPI has decreased by 2.4% for the period of 01 January 2020 to 30 September 2020.

Market Update: Stock Market

For the month

Description	Sep-2020	Aug-2020
All Share Price Index (ASPI)	5,985	5,329
ASPI growth for the month	12.30%	4.0%
Total market turnover (LKR Millions)	49,955	36,860
Market Capitalization (LKR Billions)	2,596	2,316
PE Ratio (times)	10.10x	8.98x

10 Companies with highest market Capitalization on the CSE as of 08 October 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
- NESTLE LANKA PLC
- LOLC HOLDINGS PLC
- CARSONS CUMBERBATCH PLC
- SRI LANKA TELECOM PLC

Highlights of the month

- September was a strong month for equities. Domestic retail and institutional buying sentiment boosted the market. Both ASPI and S&P SL 20 provided positive returns in the month of September and accordingly, the performance of the two equity carrying funds (Growth and Balanced) improved in September.
- Foreign selling persisted in September as well. Total net foreign selling for the first nine months of 2020 amounts to LKR 39 billion.

Fund manager's outlook



Fixed income outlook

- Rating downgrade assigned by Moody's exerted pressure on Interest rates. Due to the cap rates on primary auctions for Treasury bills, the benchmark 364-day Treasury bill rate stood at 4.89% as at end September 2020. However, the secondary market interest rates increased across the yield curve by approximately 30 – 40 basis points. Overnight liquidity levels declined to LKR 150 billion as at 7th October 2020 from LKR 187 billion in September 2020.
- The Central Bank holding of Government securities recorded a sharp increase to LKR 445 billion as at 7th October 2020. This was mainly due to the impact arriving from the settlement of the USD 1 billion International Sovereign Bond in October 2020.
- Despite the current economic condition, we do not expect interest rates to record a sharp increase in the medium term, as the economic activity levels continue to be at subpar levels. However, with the increase in private sector credit demand, coupled with the foreign debt repayments, the pressure on the exchange rate and interest rates could intensify towards the second half of 2021.

Equity outlook

- All Share Price Index (ASPI) and S&P SL 20 Index continued to record significant gains during September 2020, as the two main indices appreciated by 12.30% and 4.39%, respectively. Foreigners continued to be net sellers as they continued to exit from blue chip counters. Local investor participation headed mainly by High Net Worth Individuals and retail investors along with selected local funds managed to absorb the foreign selling pressure which aided in driving market indices upwards. As at end September 2020, net foreign selling expanded to LKR 40.2 billion.
- Corporate earnings will be directly impacted by the decline in economic activity. Equity markets, however, continue to perform despite weak macroeconomic fundamentals and the threat of COVID 19 spreading to the wider community. Based on the above, we continue to maintain the current asset allocations to equity.

About AIA

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



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geographical
markets

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