

# INVESTOR

## AIA's Monthly Investment Market and Unit Linked Fund Update

For the month of March 2022

### 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	S&P SL20
Since 01 Jan 2022 (YTD)	-16.8%	-6.9%	1.7%	1.7%	1.8%	-27.2%	-28.4%
Annual Effective Growth Rate							
1 year	-2.9%	2.9%	5.3%	5.0%	5.4%	25.0%	6.4%
3 years	3.7%	6.3%	7.0%	6.6%	7.1%	17.0%	3.4%
5 years	1.4%	6.2%	8.2%	7.8%	-	8.0%	-2.5%
7 years	0.8%	5.8%	8.1%	7.7%	-	3.9%	-3.4%
From Inception - CAGR	8.9%	10.2%	9.6%	9.2%	8.2%	8.9%	0.7%

Note: Past performance is not an indication of future performance

: The Stable Money Market fund was introduced on 21 Apr 2017, while the remainder of the funds were introduced on 02 May 2006

 **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.

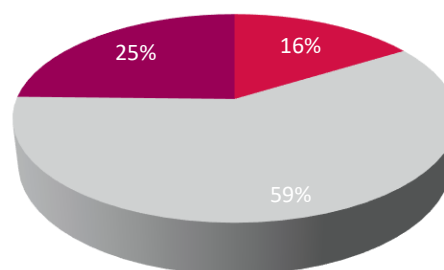
# Your fund performance: Growth fund

## 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)

\*Period from 31/12/2021 to 31/03/2022

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	*2022
Unit Price	30.16	32.30	38.06	36.52	36.12	38.64	37.41	38.54	37.51	46.88	38.99
Growth (%)	6.4%	7.1%	17.8%	-4.0%	-1.1%	7.0%	-3.2%	3.0%	-2.7%	25.0%	-16.8%

Note: past performance is not an indication of future performance

## Equity Allocation

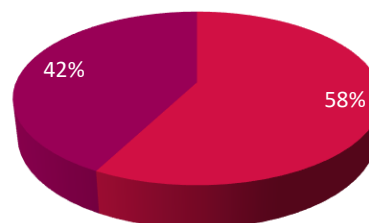
Sector	%
Banks	32%
Capital Goods	23%
Materials	8%
Food Beverage and Tobacco	7%
Food & Staples Retailing	6%
Utilities	6%
Diversified Financials	6%
Telecommunication Services	4%
Software & Services	3%
Transportation	3%
Consumer Durables & Apparel	2%
<b>Total</b>	<b>100%</b>

## Top Equity Holdings\*\*\*

Cargills (Ceylon) PLC	John Keells Holdings PLC
Chevron Lubricants PLC	People's Leasing Company
Commercial Bank of Ceylon PLC	Royal Ceramic Lanka PLC
Distilleries Company of SL PLC	Sampath Bank PLC
Hatton National Bank PLC	Vallibel Power Erathna PLC

\*\*\*Note: In alphabetical order

## Credit Rating



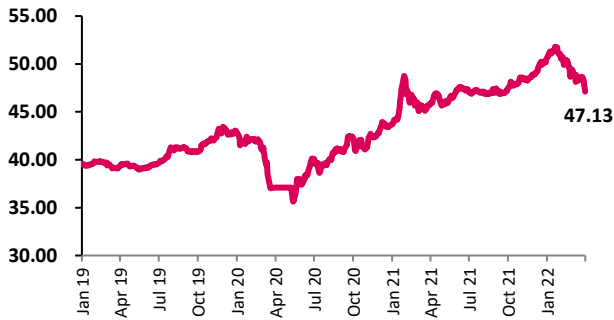
■ AAA Rating ■ AA Rating ■ A Rating

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 16.8% for the period 01 January 2022 to 31 March 2022.

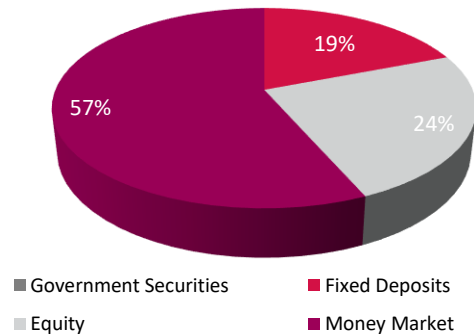
## Your fund performance: Balanced fund

### 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)

\*Period from 31/12/2021 to 31/03/2022

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022*
Unit Price	26.22	28.87	32.36	32.90	34.40	37.60	39.56	42.81	43.68	50.63	47.13
Growth (%)	8.4%	10.1%	12.1%	1.7%	4.6%	9.3%	5.2%	11.2%	2.0%	15.9%	-6.9%

Note: past performance is not an indication of future performance

### Equity Allocation

Sector	%
Banks	27%
Capital Goods	25%
Materials	12%
Diversified Financials	8%
Food Beverage and Tobacco	6%
Utilities	6%
Food & Staples Retailing	4%
Telecommunication Services	4%
Transportation	4%
Software & Services	3%
Consumer Durables & Apparel	2%
Total	100%

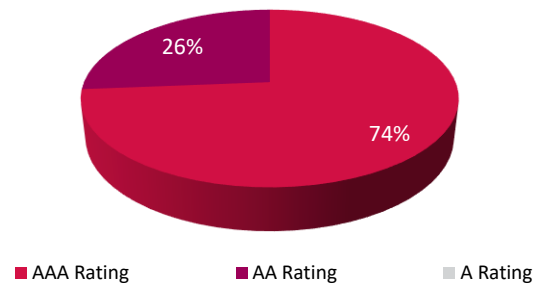
### Top Equity Holdings\*\*\*

Access Engineering PLC	Hatton National Bank PLC
Cargills (Ceylon) PLC	John Keells Holdings PLC
Chevron Lubricants PLC	People's Leasing Company
Commercial Bank of Ceylon PLC	Sampath Bank PLC
Distilleries Company of SL PLC	Vallibel Power Erathna PLC

\*\*\*Note: (In alphabetical order)

- The annual average growth rate of the unit price for the Balanced fund is 10.2% per year, since the unit linked fund was started.
- The unit price has reduced by 6.9% for the period 01 January 2022 to 31 March 2022.

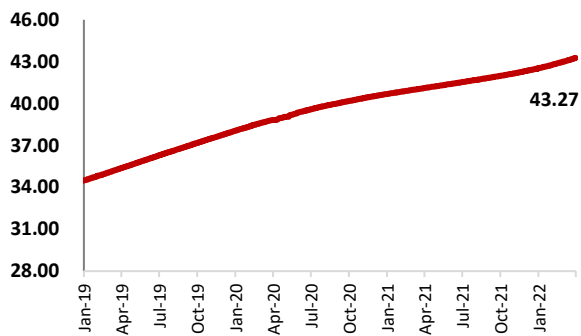
### Credit Rating



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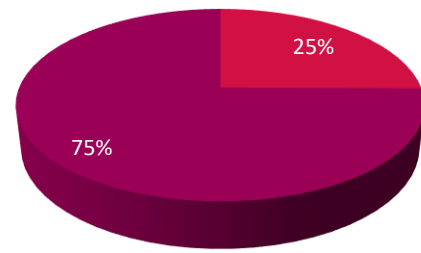
## Your fund performance: Secure fund

### 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)

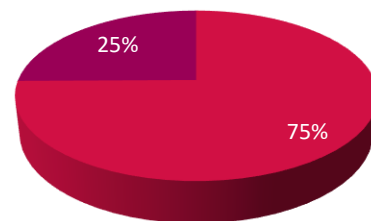
\*Period from 31/12/2021 to 31/03/2022

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022*
Unit Price	20.75	23.02	24.76	26.21	28.37	31.32	34.49	38.05	40.68	42.53	43.27
Growth (%)	8.7%	10.9%	7.6%	5.9%	8.2%	10.4%	10.1%	10.3%	6.9%	4.5%	1.7%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Secure fund is 9.6% per year, since the unit linked fund was started.
- The unit price has increased by 1.7% for the period 01 January 2022 to 31 March 2022.

### Credit Rating

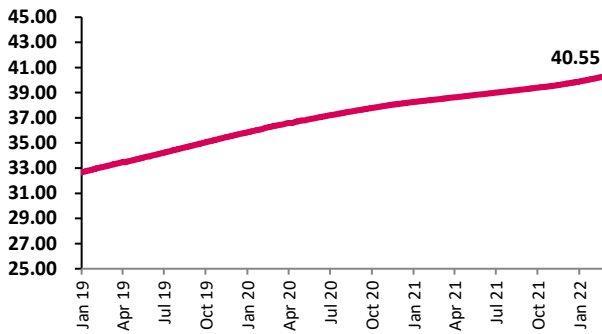


■ AAA Rating ■ AA Rating ■ A Rating

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.

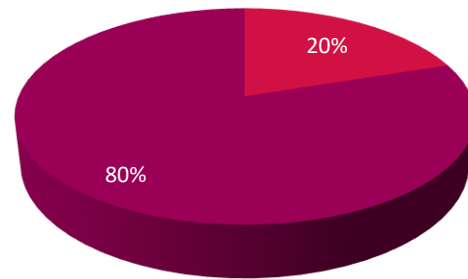
## Your fund performance: Protected fund

### 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)

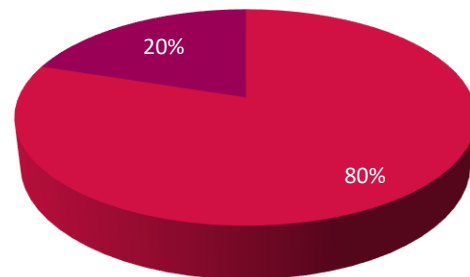
\*Period from 31/12/2021 to 31/03/2022

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022*
Unit Price	20.16	22.27	23.81	25.20	27.18	29.82	32.66	35.58	38.25	39.88	40.55
Growth (%)	8.5%	10.5%	6.9%	5.8%	7.9%	9.7%	9.5%	9.8%	6.7%	4.3%	1.7%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Protected fund is 9.2% per year, since the unit linked fund was started.
- The unit price has increased by 1.7% for the period 01 January 2022 to 31 March 2022.

### Credit Rating

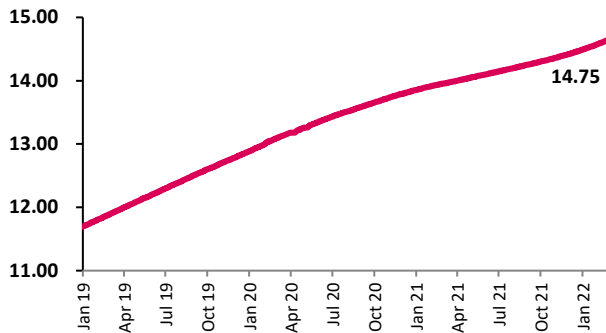


■ AAA Rating ■ AA Rating ■ A Rating

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.

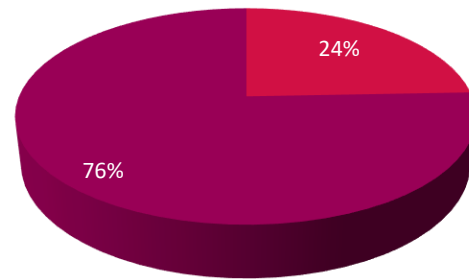
## Your fund performance: Stable Money Market fund

### 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)

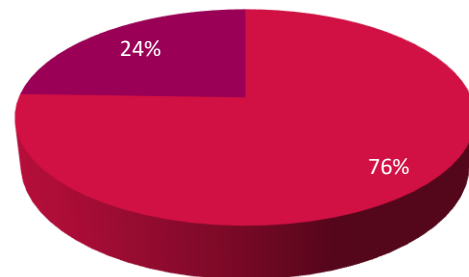
\*Since inception – 21/04/2017 to 31/12/2017 \*\*Period from 31/12/2021 to 31/03/2022

Year	2012	2013	2014	2015	2016	2017*	2018	2019	2020	2021	2022**
Unit Price	-	-	-	-	-	10.62	11.70	12.88	13.85	14.49	14.75
Growth (%)	-	-	-	-	-	6.2%	10.2%	10.1%	7.5%	4.6%	1.8%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Protected fund is 8.2% per year, since the unit linked fund was started.
- The unit price has increased by 1.8% for the period 01 January 2022 to 31 March 2022.

### Credit Rating



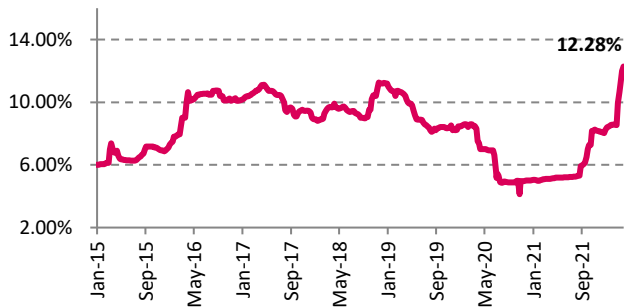
■ AAA Rating ■ AA Rating ■ A Rating

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## Market Update: Interest Rates

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

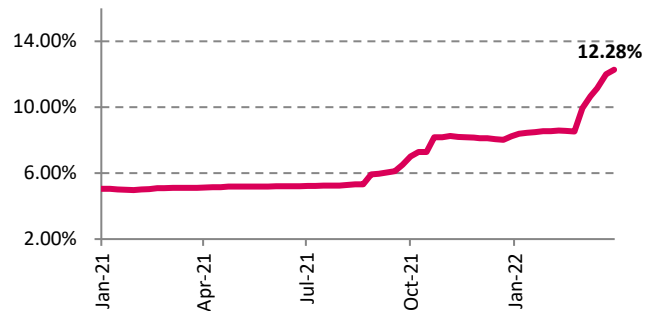
### 364-day T-bill: Since 01 Jan 2015



Source- CBSL weekly reports

Note: Past performance is not an indication of future performance

### 364-day T-bill: Since 01 Jan 2021



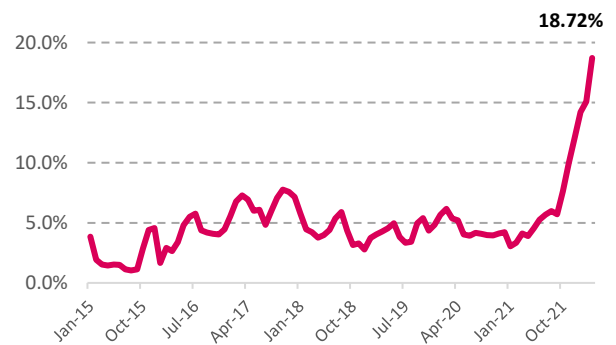
Source- CBSL weekly reports

Note: Past performance is not an indication of future performance

### Major events during the month

- CCPI inflation continued its increasing trend for March to 18.72%, this stemmed from high food inflation (30.1% YoY).
- The exchange rate saw a depreciation of approximately ~40% over the month after the Monetary Board of CBSL decided to remove the currency peg.
- The 364-day T-Bill increased significantly during the month to 12.28%, the highest it has been over the past 5 years.
- Sri Lankas Gross Domestic Product (GDP) figures indicate a 3.7% growth for the year 2021, with the fourth quarter growth of 1.8%.

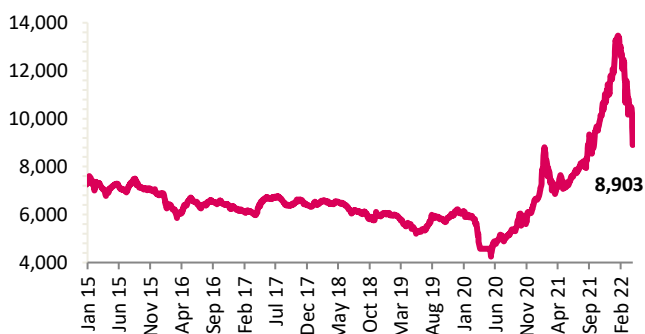
### Inflation: Since 01 Jan 2015



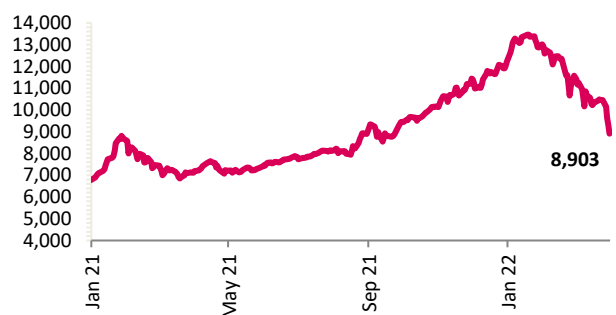
Source- Department of Census and Statistics-Sri Lanka

## Market Update: Stock Market

### ASPI Movement: Since 01 Jan 2015



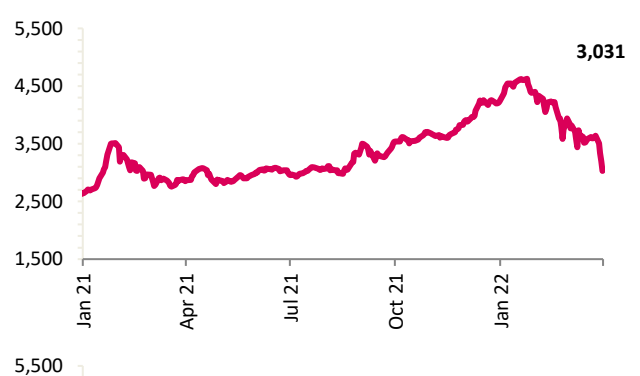
### ASPI Movement: Since 01 Jan 2021



### S&P SL Movement: Since 01 Jan 2015



### S&P SL Movement: Since 01 Jan 2021



Year	2012*	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022**
ASPI	5,644	5,913	7,299	6,894	6,228	6,369	6,052	6,129	6,774	12,226	8,904
Growth (%)	-7.1%	4.8%	23.4%	-5.5%	-9.7%	2.3%	-5.0%	1.3%	10.5%	80.5%	-27.2%
S&P SL 20	3,085	3,264	4,089	3,626	3,496	3,672	3,135	2,937	2,638	4,233	3,031
Growth (%)	8.4%	5.8%	25.3%	-11.3%	-3.6%	5.0%	-14.6%	-6.3%	-10.2%	60.5%	-28.4%

Note: past performance is not an indication of future performance

\*The S&P SL20 index was introduced on 18 June 2012. Inclusions in the S&P 20 index are rebalanced on a bi-annual basis.

### Highlights of the performance

- The annual average growth rate of ASPI is 8.9% per year and S&P SL20 index is 0.7% per year, since the unit linked funds were first started.
- The ASPI & S&P SL20 indices have decreased by 27.2% and 28.4% for the period of 01 January 2022 to 31 March 2022., respectively.

## Market Update: Stock Market

### For the month

Description	Feb-22	Mar-22
All Share Price Index (ASPI)	11,578	8,904
ASPI growth for the month	-11.00%	-23.10%
S&P SL 20 Index	3,937	3,031
S&P SL 20 growth for the month	-10.48%	-23.00%
Total market turnover (LKR Millions)	86,582	52,140
Market Capitalisation (LKR Billions)	5,252	3,826
PE Ratio (times)	12.04x	8.77x

### 10 Companies with highest market Capitalisation on the CSE as of 31 March 2022

- EXPOLANKA HOLDINGS PLC
- LOLC HOLDINGS PLC
- JOHN KEELLS HOLDINGS PLC
- CEYLON TOBACCO COMPANY PLC
- BROWNS INVESTMENTS PLC
- DIALOG AXIATA PLC
- COMMERCIAL BANK OF CEYLON
- DISTILLERIES COMPANY OF SRI LANKA PLC
- SRI LANKA TELECOM PLC
- CARSON CUMBERBATCH PLC

### Highlights of the month

- The ASPI and S&P SL20 have witnessed a turbulent month, resulting in a decline by 23.1% and 23.0% respectively.
- Net foreign inflows for the month amounted to LKR 1,420 million, this was after large outflows over the past few periods.
- The decline saw the market capitalisation erode out by LKR 1.4 billion to LKR 3.7 billion. This decline brought down the market PE Ratio from 12.04x to 8.77x.



**Investment strategy:** AIA Sri Lanka maintains a prudent investment strategy for its investment portfolios, in line with its investment philosophy and guidelines as set out in the investment policy. The Company advocates a long-term investment strategy supporting long-term growth. The equity strategy is driven by in-depth research with emphasis on growth and sustainability of earnings whilst principles such as liquidity, solvency and corporate governance also play a significant role in stock selection.



### Fixed income outlook

- A significant increase in interest rates was witnessed across the yield curve mainly during March 2022. The benchmark 364-Day Treasury bill rate increased to 15.69% in April 2022. Devaluation of the Sri Lankan Rupee, subsequently followed by the currency float, exerted enormous pressure on inflation and interest rates. As at 6th April 2022 the USD/LKR rate stood at 307.79.
- Inflation as measured by the CCPI (2013=100), increased to 18.7% in March 2022 on a year-on-year basis primarily due to the increases in fuel and food prices. The CBSL holding of Government Securities exceeded LKR 1.7 trillion in March 2022, while the overnight market liquidity was a negative LKR 586 billion.
- Considering the prevailing macroeconomic and political uncertainties, we expect interest rates to increase further from current levels. If policymakers are successful in implementing a sustainable short to medium term plan of economic reforms, the market sentiment may improve, which in turn will lead to interest rates to stabilize.

### Equity outlook

- Investor sentiment of the Colombo Stock Exchange (CSE) remained weak during March 2022 as the two main indices, ASPI and S&P SL 20 index, declined by 23.10% and 23.00% respectively, for the month. Weak macroeconomic conditions coupled with political instability of the country led to an aggressive selloff in the CSE.
- The policymakers will be forced to implement contractionary fiscal policies to contain the current macro stresses, which will have an overall impact on the Colombo bourse. With changes in interest rates and earnings forecasts revising down, we will see valuations changing across the equity market. Therefore, we continue to expect the stock market to be range bound during the second quarter of 2022.

# About AIA

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



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MACAU

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VIETNAM

2001  
INDIA

2012  
SRI LANKA

2013  
MYANMAR

2015  
CAMBODIA

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**US\$1.58 trillion**

**100 years**  
of history in Asia

**18**  
geographical markets

More than  
**34 million**  
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More than  
**16 million**  
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