

# INVESTOR

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

For the month of February 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)	-6.1%	-2.4%	1.1%	1.1%	1.1%	-5.3%	-7.0%
Annual Effective Growth Rate							
1 year	8.6%	7.4%	5.0%	4.8%	5.0%	54.9%	32.7%
3 years	6.6%	7.6%	7.0%	6.7%	7.2%	25.8%	9.7%
5 years	3.7%	7.2%	8.3%	7.8%	-	13.5%	2.1%
7 years	1.8%	6.1%	8.1%	7.7%	-	6.8%	-0.6%
From Inception - CAGR	9.8%	10.6%	9.6%	9.2%	8.2%	10.8%	3.4%

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.

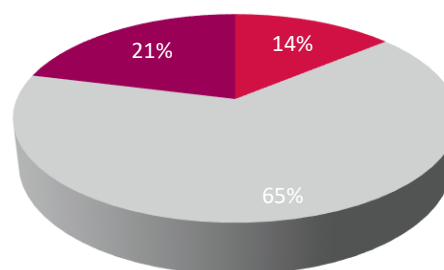
# Your fund performance: Growth fund

## 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 28/02/2022

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	44.02
Growth (%)	6.4%	7.1%	17.8%	-4.0%	-1.1%	7.0%	-3.2%	3.0%	-2.7%	25.0%	-6.1%

Note: past performance is not an indication of future performance

## Equity Allocation

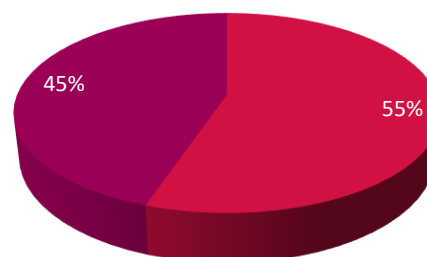
Sector	%
Banks	33%
Capital Goods	23%
Materials	10%
Food Beverage and Tobacco	7%
Diversified Financials	6%
Food & Staples Retailing	5%
Utilities	5%
Telecommunication Services	3%
Transportation	3%
Software & Services	3%
Consumer Durables & Apparel	2%
<b>Total</b>	<b>100%</b>

## Top Equity Holdings\*\*\*

Access Engineering PLC	Hatton National Bank PLC
Cargills (Ceylon) PLC	John Keells Holdings PLC
Chevron Lubricants PLC	Royal Ceramic Lanka PLC
Commercial Bank of Ceylon PLC	Sampath Bank PLC
Distilleries Company of SL 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 9.8% per year, since the unit linked fund was started.
- The unit price has decreased by 7.2% for the period 01 January 2022 to 28 February 2022.

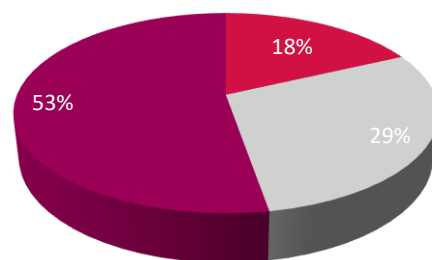
## Your fund performance: Balanced fund

### 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)

\*Period from 31/12/2021 to 28/02/2022

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	49.43
Growth (%)	8.4%	10.1%	12.1%	1.7%	4.6%	9.3%	5.2%	11.2%	2.0%	15.9%	-2.4%

Note: past performance is not an indication of future performance

### Equity Allocation

Sector	%
Banks	26%
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%

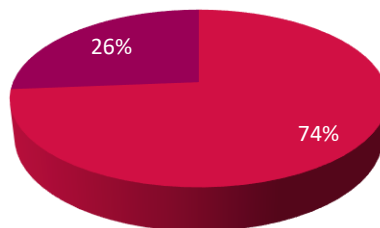
### Top Equity Holdings\*\*\*

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

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

- The annual average growth rate of the unit price for the Balanced fund is 10.6% per year, since the unit linked fund was started.
- The unit price has reduced by 3.2% for the period 01 January 2022 to 28 February 2022.

### Credit Rating

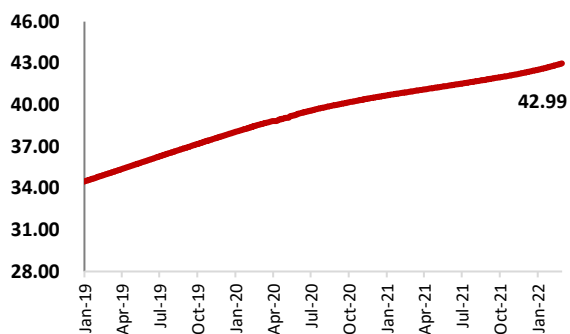


■ AAA Rating ■ AA Rating ■ A Rating

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.

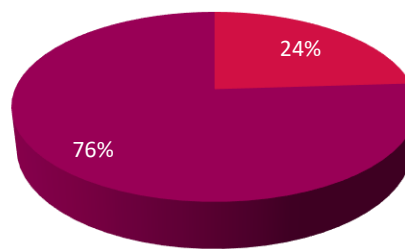
## Your fund performance: Secure fund

### 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)

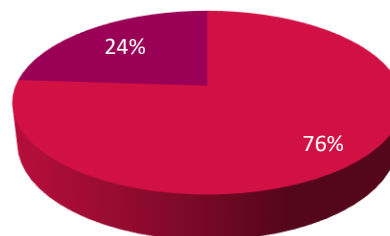
\*Period from 31/12/2021 to 28/02/2022

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	42.99
Growth (%)	8.7%	10.9%	7.6%	5.9%	8.2%	10.4%	10.1%	10.3%	6.9%	4.5%	1.1%

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 0.6% for the period 01 January 2022 to 28 February 2022.

### Credit Rating

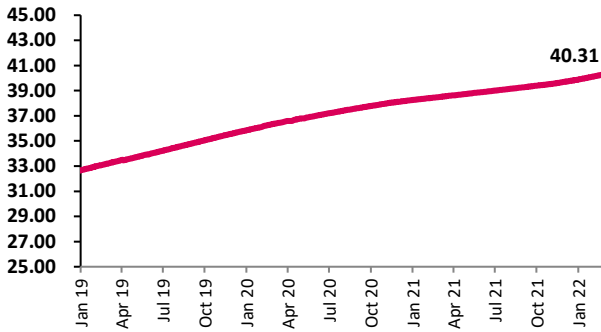


■ AAA Rating ■ AA Rating ■ A Rating

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.

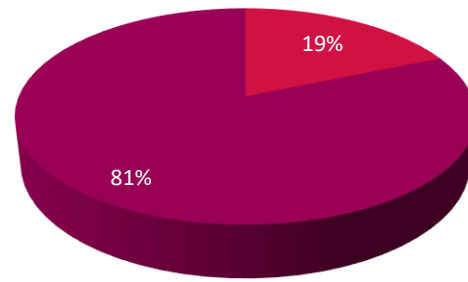
# Your fund performance: Protected fund

## Unit Price Movement



Note: past performance is not an indication of future performance

## Asset Allocation



■ 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)

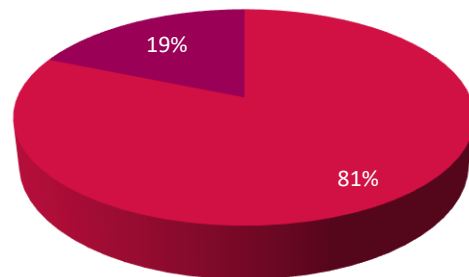
\*Period from 31/12/2021 to 28/02/2022

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	40.31
Growth (%)	8.5%	10.5%	6.9%	5.8%	7.9%	9.7%	9.5%	9.8%	6.7%	4.3%	1.1%

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 0.5% for the period 01 January 2022 to 28 February 2022.

## Credit Rating

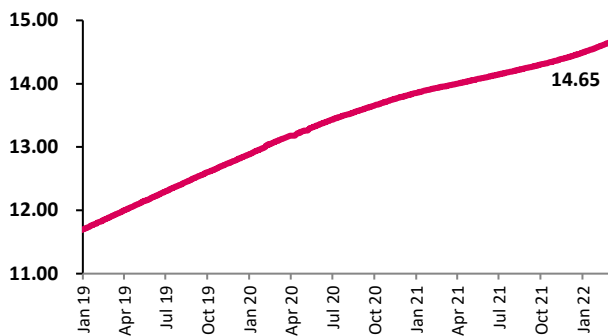


■ AAA Rating ■ AA Rating ■ A Rating

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.

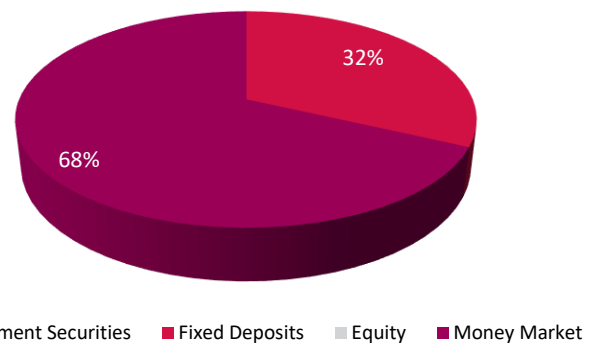
## Your fund performance: Stable Money Market fund

### Unit Price Movement



Note: past performance is not an indication of future performance

### Asset Allocation



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)

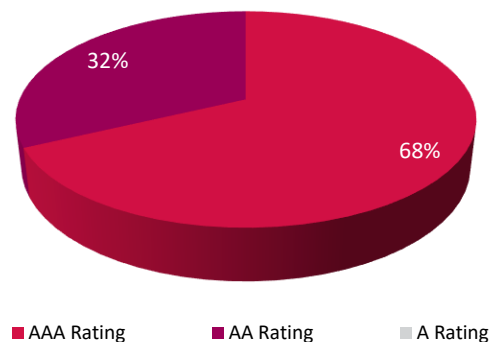
\*Since inception – 21/04/2017 to 31/12/2017 \*\*Period from 31/12/2021 to 28/02/2022

Year	2012	2013	2014	2015	2016	2017*	2018	2019	2020	2021	2022**
Unit Price	-	-	-	-	-	10.62	11.70	12.88	13.85	14.49	14.65
Growth (%)	-	-	-	-	-	6.2%	10.2%	10.1%	7.5%	4.6%	1.1%

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 0.6% for the period 01 January 2022 to 28 February 2022.

### Credit Rating

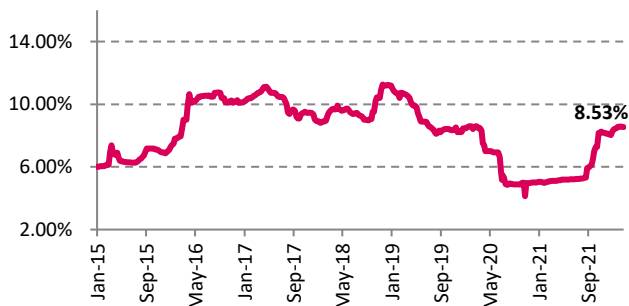


Note: The credit rating is presented as at month end for investments in fixed deposits and does not include ratings for equity investments. All ratings are by Fitch Ratings Lanka.

## Market Update: Interest Rates

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

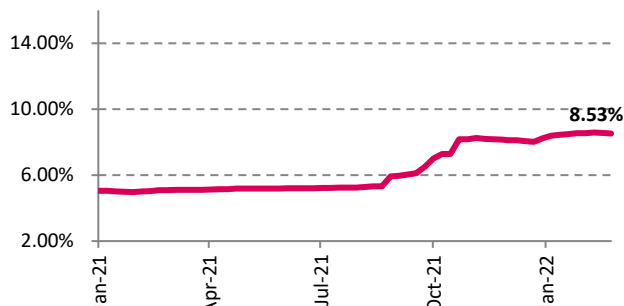
### 364-day T-bill: Since 01 Jan 2015



Source- CBSL weekly reports

Note: Past performance is not an indication of future performance

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



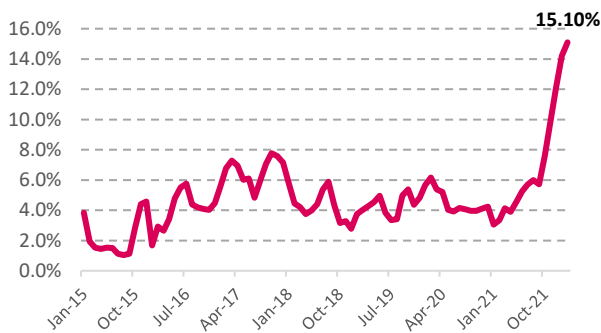
Source- CBSL weekly reports

Note: Past performance is not an indication of future performance

### Major events during the month

- CCPI inflation was recorded at 15.1% for February due to high impact from food inflation (25.7% YoY).
- Global commodity prices have seen a notable increase over the period. Stemming from crude oil and gas with Western countries imposing new sanctions on Russia.
- The CBSL increased its policy rates during the second Monetary Policy Review meeting during the year. Rates increased by 100 bps, bringing Standing Deposit Facility Rate to 6.50% and Standing Lending Facility Rate to 7.50%.
- The Monetary Board of CBSL decided to devalue the currency allowing the dollar to trade at a maximum of LKR 230/USD.

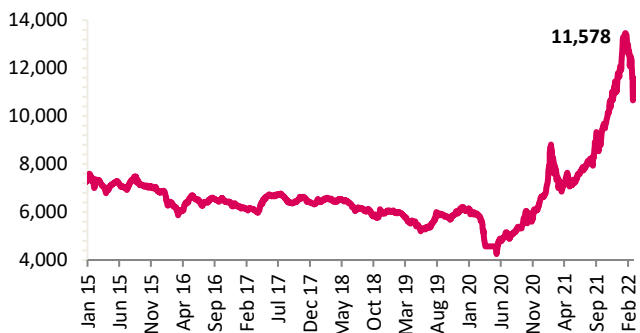
### Inflation: Since 01 Jan 2015



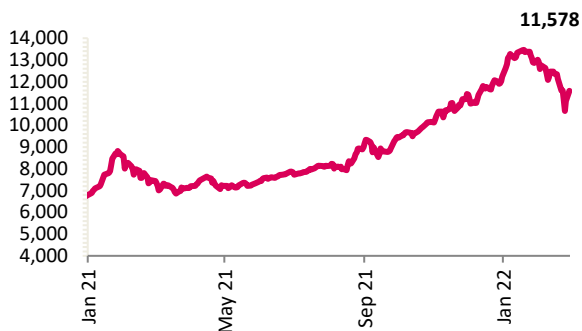
Source- Department of Census and Statistics-Sri Lanka

## Market Update: Stock Market

### ASPI Movement: Since 01 Jan 2015



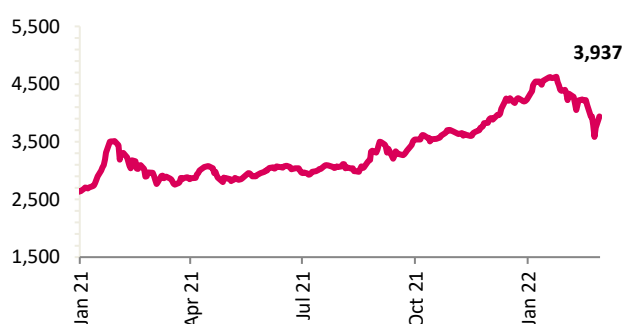
### ASPI Movement: Since 01 Jan 2021



### 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	11,578
Growth (%)	-7.1%	4.8%	23.4%	-5.5%	-9.7%	2.3%	-5.0%	1.3%	10.5%	80.5%	-11.0%
S&P SL 20	3,085	3,264	4,089	3,626	3,496	3,672	3,135	2,937	2,638	4,233	3,937
Growth (%)	8.4%	5.8%	25.3%	-11.3%	-3.6%	5.0%	-14.6%	-6.3%	-10.2%	60.5%	-10.5%

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 10.8% per year and S&P SL20 index is 3.4% per year, since the unit linked funds were first started.
- The ASPI & S&P SL20 indices have increased by 6.4% and 3.9% for the period of 01 January 2022 to 28 February 2022., respectively.

## Market Update: Stock Market

### For the month

Description	Jan-22	Feb-22
All Share Price Index (ASPI)	13,010	11,578
ASPI growth for the month	6.41%	-11.00%
S&P SL 20 Index	4,398	3,937
S&P SL 20 growth for the month	3.88%	-10.48%
Total market turnover (LKR Millions)	164,203	86,582
Market Capitalisation (LKR Billions)	5,815	5,252
PE Ratio (times)	14.45x	12.04x

### 10 Companies with highest market Capitalisation on the CSE as of 28 February 2022

- EXPOLANKA HOLDINGS PLC
- LOLC HOLDINGS PLC
- COMMERCIAL LEASING & FINANCE PLC
- JOHN KEELLS HOLDINGS PLC
- BROWNS INVESTMENTS PLC
- CEYLON TOBACCO COMPANY PLC
- DIALOG AXIATA PLC
- LOLC DEVELOPMENT FINANCE PLC
- COMMERCIAL BANK OF CEYLON
- HAYLEYS PLC

### Highlights of the month

- The ASPI and S&P SL20 have witnessed a volatile month, resulting in a decline by 11.0% and 10.5% respectively.
- Net foreign outflows for the month amounted to LKR 389 Million, a reduction from the January, which amounted to LKR 2.7 Billion
- The decline in markets in February saw market capitalisation erode by LKR 563 Mn to LKR 5.2 Bn. This decline brought down the market PE from 14.5x to 12.0x.



**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

- The Monetary Board decided to increase the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) of the Central Bank by 100 basis points each, to 6.50% and 7.50% respectively, during the Monetary policy meeting held in March 2022
- The benchmark 364-Day Treasury bill rate recorded a sharp increase to 9.95% from the first T-bill auction held in March 2022, while the 91-Day Treasury bill rate increased to 9.33%. The overnight market liquidity declined further to negative LKR 567 billion, while the CBSL holding of Government Securities stood at LKR 1.5 trillion as at 7th March 2022.
- Inflation rate measured by CCPI (N) increased to 15.1% on year-on-year basis in February 2022 mainly driven by the significant spike in food inflation recorded during the month. Given the international market dynamics and the current state of the domestic economy, the Central Bank has allowed greater flexibility in the exchange rate with the view that forex transactions would take place at levels which are not more than LKR 230 per US dollar.

### Equity outlook

- Weakening macroeconomic conditions may have led to a change in investor sentiment of Colombo Stock Exchange, as the All Share Price Index (ASPI) and S&P SL 20 index lost 10.35% and 12.26%, respectively, on a year to date basis as at 07 March 2022.
- We expect the overall corporate earnings to be under pressure in FY 2022 on a weak economic backdrop. Foreign investors were net buyers in excess of LKR 500 million during the period from 8th February to 07 March 2022. However, on a year-to-date basis foreign investors continued to be net sellers (LKR 2.88 billion).
- Given the volatile market conditions, we continue to expect the stock market to be range bound during the first quarter of 2022. Thus, we will maintain overall asset allocation to equity below Benchmark levels, while focusing on stock selection.

# About AIA

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



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PHILIPPINES

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MALAYSIA

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BRUNEI

1972  
AUSTRALIA

1981  
NEW ZEALAND

1982  
MACAU

1984  
INDONESIA

1987  
KOREA

1990  
TAIWAN

2000  
VIETNAM

2001  
INDIA

2012  
SRI LANKA

2013  
MYANMAR

2015  
CAMBODIA

A total Sum Assured of over  
**US\$1.58 trillion**

**100 years**  
of history in Asia

**18**  
geographical markets

More than  
**34 million**  
individual policies

More than  
**16 million**  
group scheme members



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