

INVESTOR

AIA's Monthly Investment Market and Unit Linked Fund Update

For the month of January 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)	1.1%	0.9%	0.5%	0.6%	0.6%	6.4%	3.9%
Annual Effective Growth Rate							
1 year	5.3%	4.8%	4.7%	4.5%	4.8%	50.1%	25.1%
3 years	8.1%	8.7%	7.1%	6.8%	7.3%	29.5%	12.7%
5 years	5.5%	8.1%	8.3%	7.9%	-	16.2%	4.7%
7 years	3.3%	6.8%	8.1%	7.7%	-	8.9%	1.5%
From Inception - CAGR	10.4%	10.9%	9.7%	9.2%	8.2%	11.7%	4.7%

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.

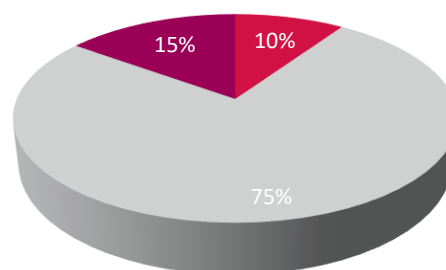
Your fund performance: Growth fund

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 31/01/2022

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	47.41
Growth (%)	6.4%	7.1%	17.8%	-4.0%	-1.1%	7.0%	-3.2%	3.0%	-2.7%	25.0%	1.1%

Note: past performance is not an indication of future performance

Equity Allocation

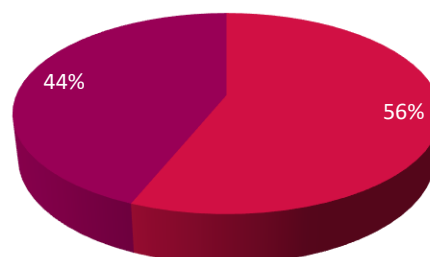
Sector	%
Capital Goods	31%
Banks	25%
Materials	9%
Transportation	8%
Food Beverage and Tobacco	5%
Utilities	5%
Diversified Financials	5%
Food & Staples Retailing	4%
Software & Services	4%
Telecommunication Services	2%
Consumer Durables & Apparel	2%
Total	100%

Top Equity Holdings***

Access Engineering PLC	Hatton National Bank PLC
Chevron Lubricants PLC	John Keells Holdings PLC
Commercial Bank of Ceylon PLC	Royal Ceramic Lanka PLC
Distilleries Company of SL PLC	Sampath Bank PLC
Expolanka Holdings 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 10.4% per year, since the unit linked fund was started.
- The unit price has increased by 1.1% for the period 01 January 2022 to 31 January 2022.

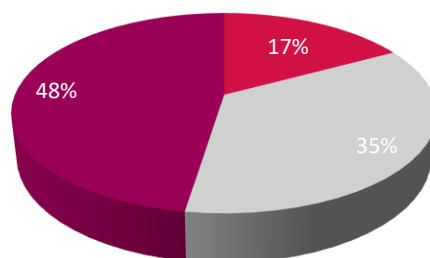
Your fund performance: Balanced fund

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 31/01/2022

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	51.07
Growth (%)	8.4%	10.1%	12.1%	1.7%	4.6%	9.3%	5.2%	11.2%	2.0%	15.9%	0.9%

Note: past performance is not an indication of future performance

Equity Allocation

Sector	%
Capital Goods	31%
Banks	21%
Materials	11%
Transportation	8%
Diversified Financials	6%
Food Beverage and Tobacco	5%
Utilities	5%
Software & Services	4%
Food & Staples Retailing	4%
Telecommunication Services	3%
Consumer Durables & Apparel	1%
Total	100%

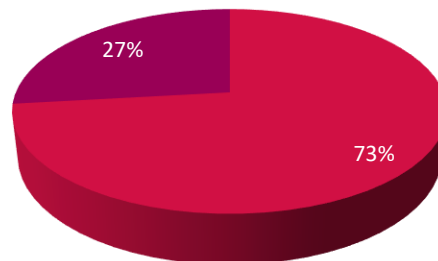
Top Equity Holdings***

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

***Note: (In alphabetical order)

- The annual average growth rate of the unit price for the Balanced fund is 10.9% per year, since the unit linked fund was started.
- The unit price has increased by 0.9% for the period 01 January 2022 to 31 January 2022.

Credit Rating

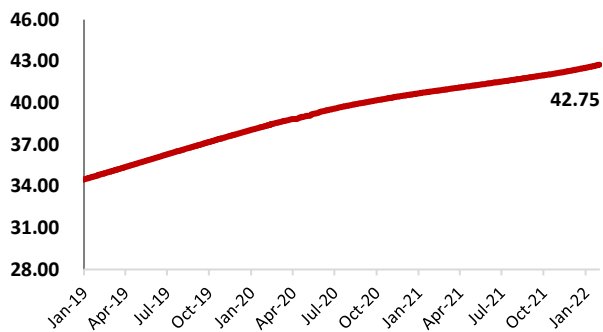


■ AAA Rating ■ AA Rating ■ A Rating

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.

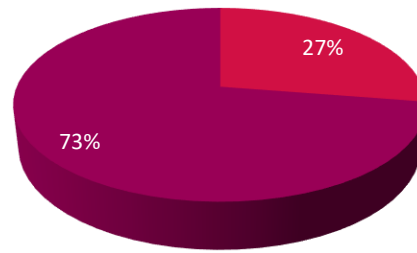
Your fund performance: Secure fund

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)

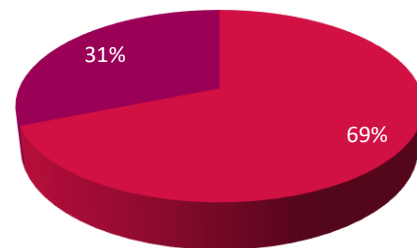
*Period from 31/12/2021 to 31/01/2022

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	42.75
Growth (%)	8.7%	10.9%	7.6%	5.9%	8.2%	10.4%	10.1%	10.3%	6.9%	4.5%	0.5%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Secure fund is 9.7% per year, since the unit linked fund was started.
- The unit price has increased by 0.5% for the period 01 January 2022 to 31 January 2022.

Credit Rating

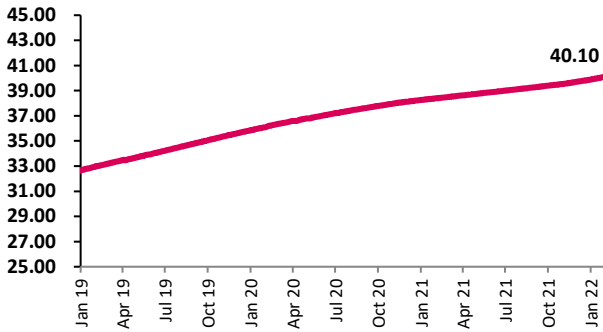


■ AAA Rating ■ AA Rating ■ A Rating

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.

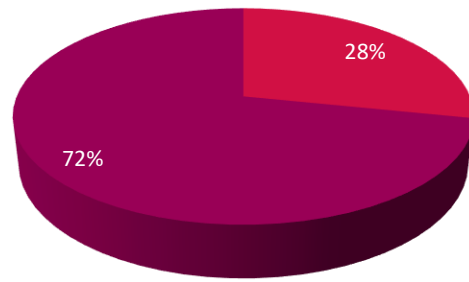
Your fund performance: Protected fund

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)

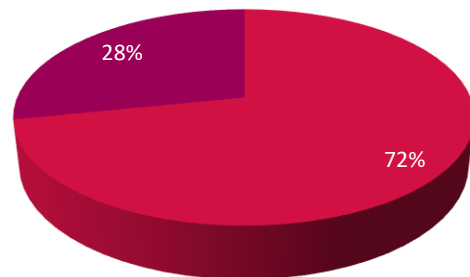
*Period from 31/12/2021 to 31/01/2022

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	40.10
Growth (%)	8.5%	10.5%	6.9%	5.8%	7.9%	9.7%	9.5%	9.8%	6.7%	4.3%	0.6%

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 0.6% for the period 01 January 2022 to 31 January 2022.

Credit Rating

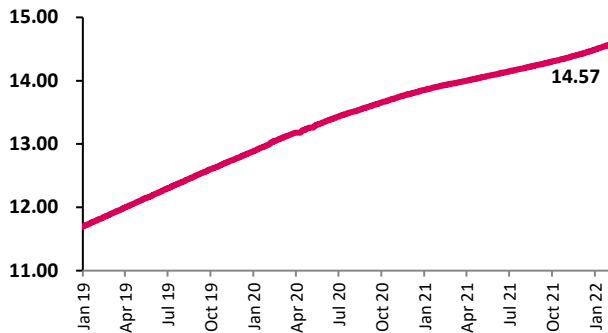


■ AAA Rating ■ AA Rating ■ A Rating

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.

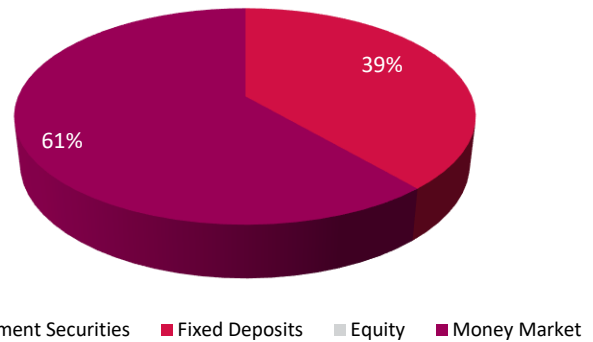
Your fund performance: Stable Money Market fund

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)

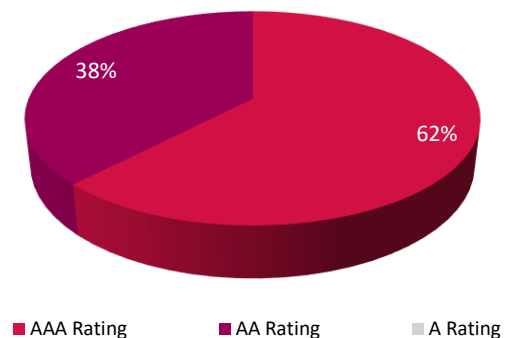
*Since inception – 21/04/2017 to 31/12/2017 **Period from 31/12/2021 to 31/01/2022

Year	2012	2013	2014	2015	2016	2017*	2018	2019	2020	2021	2022**
Unit Price	-	-	-	-	-	10.62	11.70	12.88	13.85	14.49	14.57
Growth (%)	-	-	-	-	-	6.2%	10.2%	10.1%	7.5%	4.6%	0.6%

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 31 January 2022.

Credit Rating

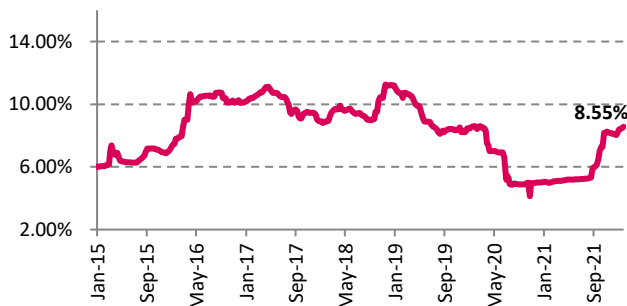


Note: The credit rating is presented as at month end for investments in fixed deposits and does not include ratings for equity investments. All ratings are by Fitch Ratings Lanka.

Market Update: Interest Rates

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

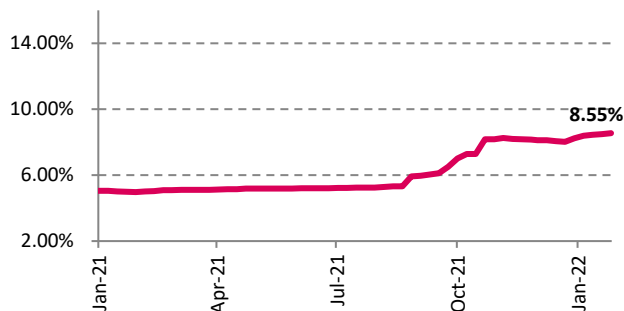
364-day T-bill: Since 01 Jan 2015



Source- CBSL weekly reports

Note: Past performance is not an indication of future performance

364-day T-bill: Since 01 Jan 2021



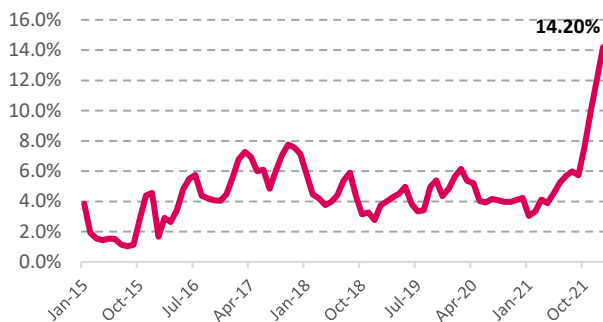
Source- CBSL weekly reports

Note: Past performance is not an indication of future performance

Major events during the month

- CCPI inflation was recorded at 14.2% for January due to high impact from food inflation (25.0% YoY).
- As per the Monetary Policy committee meeting in January, policy rates were increased by 50 basis points.
- Official foreign reserves assets for January witnessed a decline to USD 2.4 billion, a 24% decline from December.

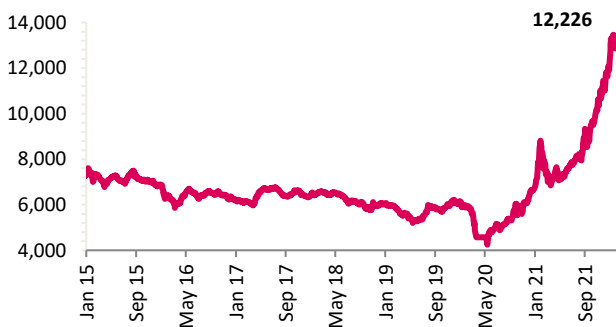
Inflation: Since 01 Jan 2015



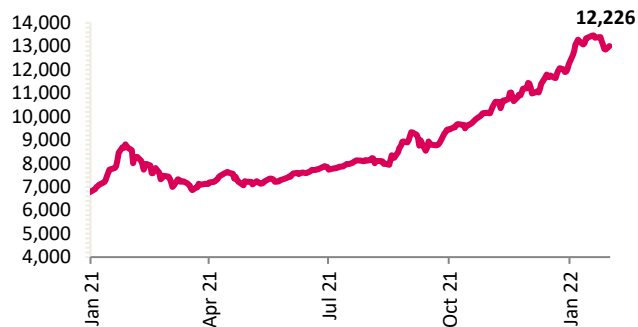
Source- Department of Census and Statistics-Sri Lanka

Market Update: Stock Market

ASPI Movement: Since 01 Jan 2015



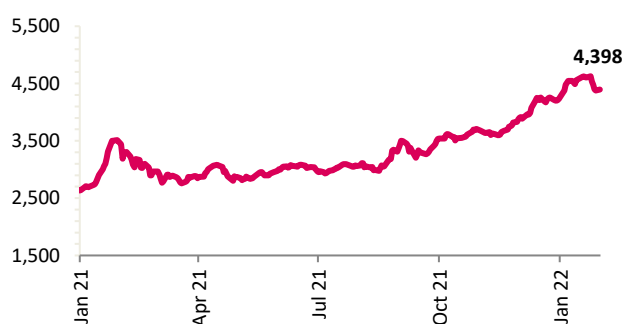
ASPI Movement: Since 01 Jan 2021



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	13,010
Growth (%)	-7.1%	4.8%	23.4%	-5.5%	-9.7%	2.3%	-5.0%	1.3%	10.5%	80.5%	6.4%
S&P SL 20	3,085	3,264	4,089	3,626	3,496	3,672	3,135	2,937	2,638	4,233	4,398
Growth (%)	8.4%	5.8%	25.3%	-11.3%	-3.6%	5.0%	-14.6%	-6.3%	-10.2%	60.5%	3.9%

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 11.7% per year and S&P SL20 index is 4.7% 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 31 January 2022., respectively.

Market Update: Stock Market

For the month

Description	Dec-21	Jan-22
All Share Price Index (ASPI)	12,226	13,010
ASPI growth for the month	6.87%	6.41%
S&P SL 20 Index	4,233	4,398
S&P SL 20 growth for the month	9.22%	3.88%
Total market turnover (LKR Millions)	149,092	164,203
Market Capitalisation (LKR Billions)	5,489	5,815
PE Ratio (times)	13.63x	14.45x

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

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

Highlights of the month

- The ASPI and S&P SL20 have witnessed growth of 6.4% and 3.9% respectively for the month of January. The markets have seen a portion of this growth from a few selected companies.
- Foreigners had continued to exit the markets with net outflow of LKR 2.7 billion for the month of January 2022 in context of LKR 2.4 billion in December 2021.
- Market Turnover for January 2022 was at LKR 164.2 Bn in comparison to an average turnover per month of LKR 97.8 Bn for 2021
- The market capitalisation and PE ratio has witnessed a steady increase over the period LKR 5.8 Bn and 14.45x respectively
- The CSE board has revised the ASPI calculation methodology from 24 January 2022 onwards from a full market capitalisation weighting to a public float adjusted market capitalisation weighting. The new methodology will consider the liquidity and actual tradability of each security, and therefore the ASPI is unlikely to be subject to significant volatility by low volume transactions in shares with a low public float.



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.

Fund manager's outlook



Fixed income outlook

- The benchmark 364-Day Treasury bill rate increased to 8.55% in January 2022, while the 91-Day Treasury bill rate stood at 8.59%. The CBSL holding of Government Securities exceeded LKR 1.5 trillion in January 2022, while the overnight market liquidity was a negative LKR 465 billion.
- Rising inflation rate (CCPI (N) increased to 14% on year on year basis in January 2022) and lack of US Dollar liquidity in the market continued to be the key concerns in the short term for the Sri Lankan economy. Moreover, large budget deficit, foreign debt repayments and limited funding options available to policymakers are expected to add further pressure on interest rates.
- Based on the above market dynamics, we expect the short-term interest rates to increase at a higher velocity compared to the medium- and long-term interest rates

Equity outlook

- The All Share Price Index (ASPI) and S&P SL 20 index gained 6.41% and 3.88% respectively, during the month of January 2022. While foreign investors continued to be net sellers in January 2022, local investor sentiment remained resilient mainly through active participation of Retail investors and High Net Worth Individuals. High inflation rate of the country may have been a major reason for investors to participate in the equity market seeking for returns to outdo high inflation rate.
- We expect the stock market to be range bound during the first quarter of 2022. Taking in to consideration the macroeconomic fundamentals of the country, it is important to focus on stock selection.

About AIA

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



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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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