

INVESTOR

AIA's Monthly Investment Market and Unit Linked Fund Update

For the month of January 2023

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 2023 (YTD)	3.8%	-0.8%	2.3%	2.3%	2.4%	4.4%	4.9%
Annual Effective Growth Rate							
1 year	-18.0%	2.1%	20.7%	20.1%	20.7%	-31.9%	-37.1%
3 years	1.3%	7.4%	10.4%	10.1%	10.7%	14.3%	-0.8%
5 years	-0.2%	6.5%	10.3%	9.9%	10.4%	6.5%	-5.9%
7 years	1.8%	7.2%	10.1%	9.6%	-	4.9%	-2.5%
From Inception - CAGR	8.4%	10.4%	10.3%	9.8%	10.3%	8.4%	-0.2%

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.

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[AIA – INTERNAL]

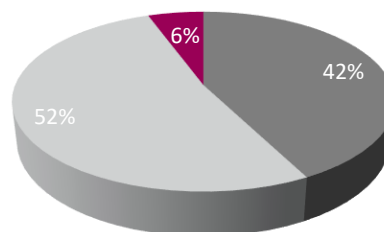
Your fund performance: Growth fund

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 31/12/2022 to 31/01/2023

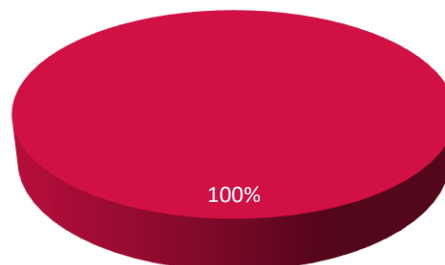
Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023*
Unit Price	28.87	32.36	32.90	34.40	37.60	39.56	42.81	43.68	50.63	37.48	38.89
Growth (%)	10.1%	12.1%	1.7%	4.6%	9.3%	5.2%	11.2%	2.0%	15.9%	-20.1%	3.8%

Note: past performance is not an indication of future performance

Equity Allocation

Sector	%
Capital Goods	24%
Food Beverage and Tobacco	16%
Banks	15%
Consumer Durables & Apparel	9%
Materials	9%
Utilities	6%
Energy	5%
Transportation	5%
Telecommunication Services	4%
Software & Services	4%
Consumer Services	3%
Diversified Financials	0%
Total	100%

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.

Top Equity Holdings***

John Keells Holdings PLC	Textured Jersey Lanka Limited
Distilleries Company of Sri Lanka	Lanka IOC PLC
Chevron Lubricants Lanka PLC	Expolanka Holdings PLC
Sampath Bank PLC	Commercial Bank of Ceylon PLC
Windforce Limited	Dialog Axiata PLC

***Note: In alphabetical order

- The annual average growth rate of the unit price for the Growth fund is 8.4% per year, since the unit linked fund was started.
- The unit price has increased by 3.8% for the period 01 January 2023 to 31 January 2023.

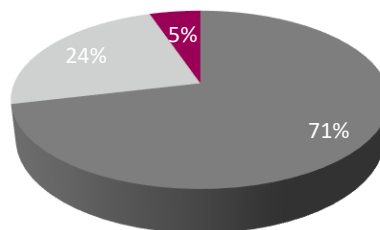
Your fund performance: Balanced fund

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 31/12/2022 to 31/01/2023

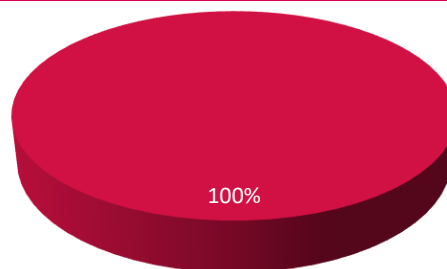
Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Unit Price	28.87	32.36	32.90	34.40	37.60	39.56	42.81	43.68	50.63	50.68	52.14
Growth (%)	10.1%	12.1%	1.7%	4.6%	9.3%	5.2%	11.2%	2.0%	15.9%	0.1%	-0.8%

Note: past performance is not an indication of future performance

Equity Allocation

Sector	%
Capital Goods	24%
Food Beverage and Tobacco	15%
Banks	14%
Consumer Durables & Apparel	8%
Materials	8%
Utilities	6%
Transportation	6%
Energy	5%
Software & Services	4%
Telecommunication Services	4%
Consumer Services	3%
Diversified Financials	0%
Total	100%

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.

Top Equity Holdings***

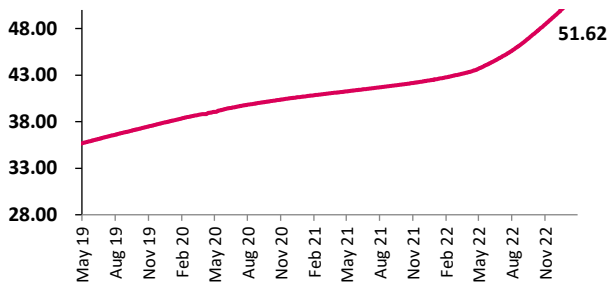
John Keells Holdings PLC	Textured Jersey Lanka Limited
Distilleries Company of Sri Lanka	Lanka IOC PLC
Chevron Lubricants Lanka PLC	Commercial Bank of Ceylon PLC
Windforce Limited	Sampath Bank PLC
Expolanka Holdings PLC	Sunshine Holdings PLC

***Note: In alphabetical order

- The annual average growth rate of the unit price for the Balanced fund is 10.4% per year, since the unit linked fund was started.
- The unit price has decreased by 0.8% for the period 01 January 2023 to 31 January 2023.

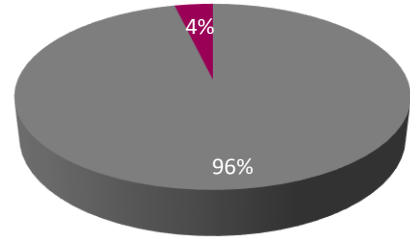
Your fund performance: Secure fund

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 31/12/2022 to 31/01/2023

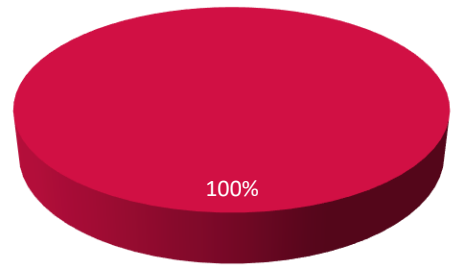
Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023*
Unit Price	23.02	24.76	26.21	28.37	31.32	34.49	38.05	40.68	42.53	50.47	51.62
Growth (%)	10.9%	7.6%	5.9%	8.2%	10.4%	10.1%	10.3%	6.9%	4.5%	18.7%	2.3%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Secure fund is 10.3% per year, since the unit linked fund was started.
- The unit price has increased by 2.3% for the period 01 January 2023 to 31 January 2023.
- Investment holdings as of 31 January 2023 are in government securities* resulting in AAA rated instruments for the portfolio.

*Includes money market Instruments

Credit Rating

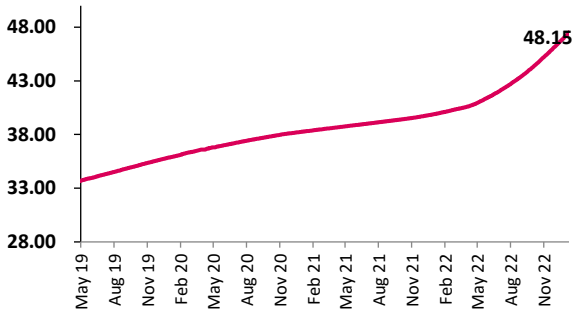


■ AAA Rating ■ AA Rating ■ A Rating

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.

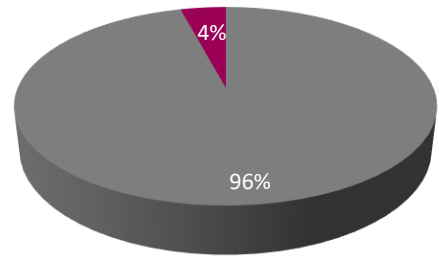
Your fund performance: Protected fund

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 31/12/2022 to 31/01/2023

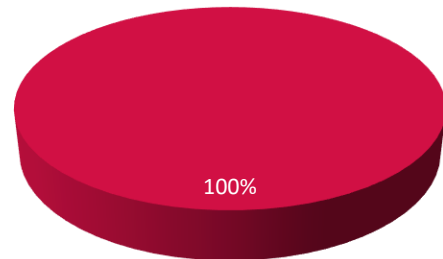
Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023*
Unit Price	22.27	23.81	25.20	27.18	29.82	32.66	35.58	38.25	39.88	47.09	48.15
Growth (%)	10.5%	6.9%	5.8%	7.9%	9.7%	9.5%	9.8%	6.7%	4.3%	18.1%	2.3%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Protected fund is 9.8% per year, since the unit linked fund was started.
- The unit price has increased by 2.3% for the period 01 January 2023 to 31 January 2023.
- Investment holdings as of 31 January 2023 are in government securities* resulting in AAA rated instruments for the portfolio.

*Includes money market Instruments

Credit Rating

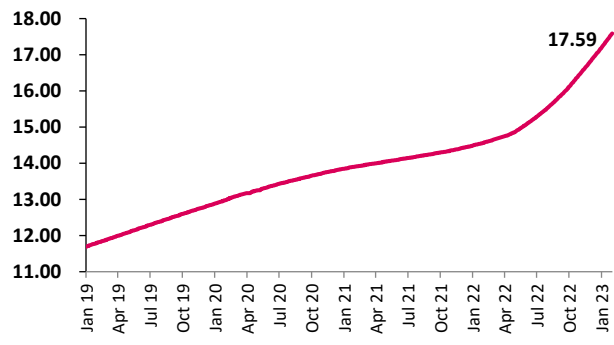


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Note: The credit rating is presented as at month end for investments in fixed deposits and does not include ratings for equity investments. All ratings are by Fitch Ratings Lanka.

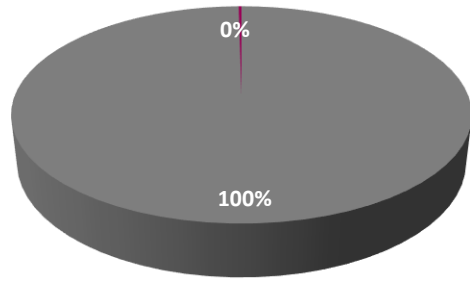
Your fund performance: Stable Money Market fund

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 31/12/2022 to 31/01/2023

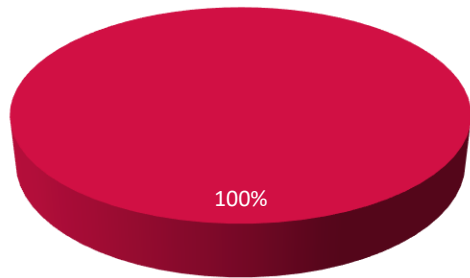
Year	2013	2014	2015	2016	2017*	2018	2019	2020	2021	2022	2023**
Unit Price	-	-	-	-	10.62	11.70	12.88	13.85	14.49	17.18	17.59
Growth (%)	-	-	-	-	6.2%	10.2%	10.1%	7.5%	4.6%	18.6%	2.4%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Stable Money Market fund is 10.3% per year, since the unit linked fund was started.
- The unit price has increased by 2.4% for the period 01 January 2023 to 31 January 2023.
- Investment holdings as of 31 January 2023 are in government securities* resulting in AAA rated instruments for the portfolio.

*Includes money market Instruments

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.

Market Update: Interest Rates

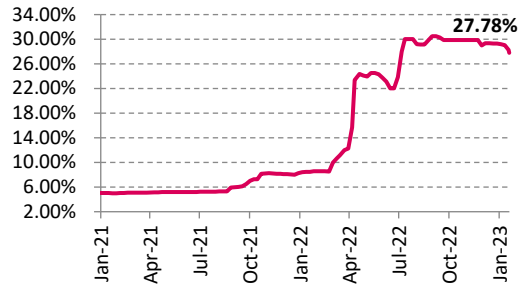
We use the 364-day T-Bill as an indicator of how interest rates move

364-day T-bill: Since 01 Jan 2015



Note: Past performance is not an indication of future performance

364-day T-bill: Since 01 Jan 2021

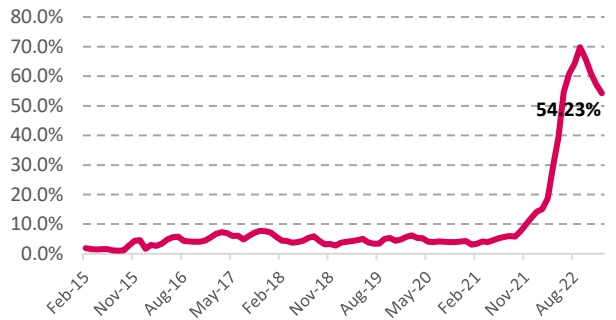


Note: Past performance is not an indication of future performance

Major events during the month

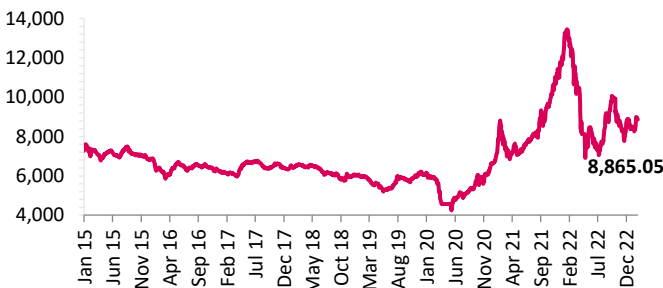
- CCPI inflation has dropped down to 54.2% (January '23) from its record highs of 69.8% in September 2022.
- The Monetary Board of the Central Bank of Sri Lanka, at its meeting held on 24 January 2023, decided to maintain the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) of the Central Bank at their current levels of 14.50 per cent and 15.50 per cent, respectively.
- Gross official reserves were estimated at US dollars 1.9 billion as of end 2022, including the swap facility from the People's Bank of China, equivalent to around US dollars 1.4 billion.

Inflation: Since 01 Jan 2015



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



[AIA – PUBLIC]

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023**
ASPI	5,913	7,299	6,894	6,228	6,369	6,052	6,129	6,774	12,226	8,490	8,865
Growth (%)	4.80%	23.40%	-5.50%	-9.70%	2.30%	-5.00%	1.30%	10.50%	80.50%	-30.56%	4.42%
S&P SL 20	3,264	4,089	3,626	3,496	3,672	3,135	2,937	2,638	4,233	2,636	2,765
Growth (%)	5.80%	25.30%	-11.30%	-3.60%	5.00%	-14.60%	-6.30%	-10.20%	60.50%	-37.74%	4.89%

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 8.4% per year and S&P SL20 index is -0.2% per year, since the unit linked funds were first started.
- The ASPI & S&P SL20 indices have increased by 4.42% and 4.89% for the period of 01 January 2023 to 31 January 2023, respectively.

Market Update: Stock Market

For the month

Description	Dec-22	Jan-23
All Share Price Index (ASPI)	8,490	8,865
ASPI growth for the month	-1.9%	4.42%
S&P SL 20 Index	2,636	2,765
S&P SL 20 growth for the month	-3.46%	4.89%
Total market turnover (LKR Millions)	47,744	37,138
Market Capitalization (LKR Billions)	3,847	3,881
PE Ratio (times)	4.95x	4.99x


10 Companies with highest market

Capitalisation on the CSE as of 31 January 2023

- EXPOLANKA HOLDINGS PLC
- LOLC HOLDINGS PLC
- JOHN KEELLS HOLDINGS PLC
- LOLC FINANCE PLC
- SRI LANKA TELECOM
- CEYLON TOBACCO COMPANY PLC
- LANKA IOC PLC
- BROWNS INVESTMENTS PLC
- DIALOG AXIATA PLC
- DISTILLERIES COMPANY OF SRI LANKA PLC

Highlights of the month

- The ASPI and S&P SL20 slightly increased for the month of January 2023 by 4.42% and 4.89% respectively.
- Net foreign flows for the month amounted to LKR 0.413 Bn of inflows, a decrease from the prior period.
- The market has witnessed increased turnover for the period compared to the prior period.

 **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

- Overall interest rates recorded a decline, especially on the shorter end of the yield curve during the month of January 2023. The benchmark 364-day Treasury bill rate declined to 27.72% as at 1st February 2023 from 29.27% recorded at the beginning of the year.
- The Monetary Board decided to maintain the policy rates at current levels, mainly to ensure that monetary conditions remain sufficiently tight to rein in inflationary pressures. Such tight monetary conditions, together with the tight fiscal policy, are expected to reduce inflationary pressures in 2023.
- Inflation as measured by the CCPI (2013=100) reduced to 54.2% on a year on year basis in January 2023 from 57.2% in December 2022. Overnight market liquidity levels improved as a result of the term auctions held by the Central Bank to improve the liquidity levels in the system. However, the Central bank holding of Government Securities remained high at LKR 2.5 Trillion.
- Despite the improvement in the overall liquidity levels and the higher activity levels witnessed in primary auctions, the prevailing weak macroeconomic conditions may continue to negatively impact interest rates in 1Q 2023.

Equity outlook

- The All Share Price Index (ASPI) and S&P SL 20 Index (S&P SL), gained 4.42% and 4.89% respectively, during the month of January 2023 as the investor sentiment improved on renewed expectation of obtaining the IMF board level approval on the backdrop of receiving India's assurances on debt restructuring. Net foreign purchases exceeded LKR 400 million during January 2023.
- Despite the improved sentiment, we expect the market to be range bound through Q1 2023 as the weak macroeconomic conditions, debt restructuring uncertainties and contractionary fiscal policy measures are expected pose challenges to corporate earnings in FY2023.



FREQUENTLY ASKED QUESTIONS

Where are AIA Unit Linked Funds invested?

The Unit Linked funds are invested in instruments specified in the policy documents i.e. government securities, debt securities and money market investments such as fixed deposits, etc, and in shares listed on the Colombo Stock Exchange. These investments are made within the parameters provided in the policy documents, in order to achieve the investment objective of each fund.

- **Equities:** Investment in shares listed on the Colombo Stock Exchange.
- **Debt Securities:** Investments in Treasury instruments, Corporate Debt instruments, repurchase agreements of Treasury instruments and Corporate Debt instruments of longer maturity tenor than those classified as Money Market investments.
- **Money Market investments:** Funds held as Corporate Debt instruments, overnight repurchase agreements of Treasury instruments, Corporate Debt instruments with a tenor of one day, investments in Treasury instruments and cash in bank current accounts.

Treasury instruments refers to instruments such as Treasury Bills and Treasury Bonds issued by the government of Sri Lanka. Corporate debt refers to debt instruments issued by financial institutions and companies.

How does AIA manage Unit Linked funds?

AIA maintains a prudent investment strategy for its investment portfolios, in line with its investment philosophy and guidelines, as set out in the Company's investment policy. The investments of each fund are carried out in line with the investment objectives of the respective fund. 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.

Why do unit prices of the Growth & Balanced Funds fluctuate in comparison to the other Unit Linked Funds?

The prices of all unit linked funds move in tandem with the price movements or market values of their underlying investments. The Growth & Balanced funds invest in shares listed on the Colombo Stock Exchange. As prices of shares can be volatile at times, the unit prices of Growth & Balanced funds too can move higher or lower in tandem with these movements in share prices.

Is the All Share Price Index (ASPI) or S&P20 movement comparable with AIA Growth & Balanced Funds Performance?

The Growth and Balance fund performance may differ from the performances of the ASPI and the S&P SL 20 stock indices due to the fund portfolios holding different stocks and different proportions of stocks when compared to those used in the computation of the indices. The ASPI measures the movement of share prices of all listed companies on the Colombo Stock Exchange based on market capitalization and the S&P SL 20 measures the movement of share prices of 20 of the leading companies selected and rebased on certain criteria including market capitalisation.

*Subject to Policy conditions
Terms and Conditions apply

For more information, please call AIA Insurance on
011 2 310 310 or visit www.aialife.com.lk

▪ What are the Investment Strategies mentioned in the Policy Document* ?

Depending on the policy you have purchased, at the date of commencement the policy owner selects the investment strategy out of the four available; namely Aggressive, Moderate, Cautious and Advanced. Aggressive, Moderate and Cautious strategies have their funds allocated and switched at predetermined milestones depending on the policy term. Policy owners can switch fund strategies on written request during the policy period subject to conditions. Policy owners with Advanced investment strategy are responsible for determining the allocation and switching throughout the lifetime of the policy.

▪ What are Unit switches and amendment of Regular Premium Allocation Proportions?

Depending on the policy you have purchased, your Investment Linked Long Term Insurance Policy allows you to be in control of your investments. Options such as Unit switches* and amendment of Regular Premium Allocation Proportions* may be available to you, so that you have total control over your long term investment.

- **Unit switches:** If you request to switch units from one unit linked fund to another, the Company will cancel units of equal amount from the fund from which the units are to be switched from at the Unit price of that fund prevailing on the day and after deduction of switching charge, if any, and the funds so generated will be used to create units in the fund in which the amount is to be switched to at the Unit price of that fund prevailing on the day. Note that the unit switches are not permitted into or out of the Protected Fund and Stable Money Market Fund.
- **Amendment of Regular Premium Allocation Proportions:** At the written request of the Policy Owner, the Company will amend the Allocation Proportion whereafter the previous Allocation Proportion will become ineffective, and the amended Allocation Proportion will be applicable to all future Basic Premiums received from the date of the Company's acceptance of the request. Note that the amendment of allocation proportions is not permitted into or out of the Stable Money Market Fund.

▪ How often can Unit switches and Amendment of Allocation Proportions be executed?

- There is no limitation on frequency of Unit switches*
- The Company will only allow two (2) requests for Amendment of the Allocation Proportion within any Policy Year*
- The relevant applicable charges will be applied as stipulated in the Policy Document

▪ How can we get information on AIA Unit Linked Funds performance?

- Visit AIA Sri Lanka corporate website to view 'AIA Investor' for fund performance updates and details: <https://www.aialife.com.lk/en/help-support/our-unit-linked-fund-performance.html>.
- Our new and improved AIA Customer Portal is accessible in all three languages. Simply visit our AIA corporate website and register for free and access your policy details from the comfort of your own home, at any time (aialife.com.lk). **Accessing unit price updates, policy information and receiving real-time updates are the benefits of availing the customer portal.**
- If you wish to receive the daily unit prices via SMS, kindly contact us on our hotline or via the customer portal and we will make necessary arrangements for you to receive the daily SMS. We would also appreciate if you could notify us of any changes to your contact details.

*Subject to Policy conditions
Terms and Conditions apply

For more information, please call AIA Insurance on
011 2 310 310 or visit www.aialife.com.lk

About AIA

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

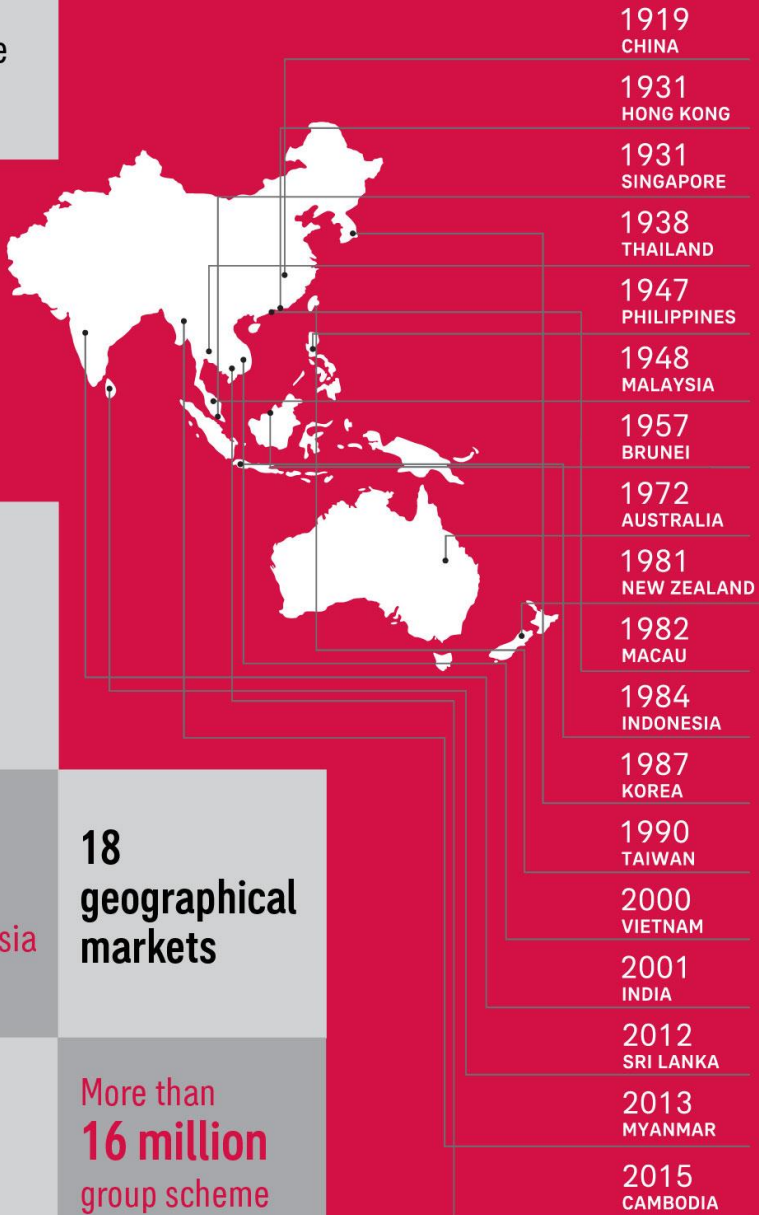
A total Sum Assured of **US\$ 2 trillion**

Over **100 years** of history in Asia

More than **39 million** individual policies

18 geographical markets

More than **16 million** group scheme members



HEALTHIER, LONGER,
BETTER LIVES

AIA Insurance Lanka Limited

(Co. No. PQ 18 PB)

AIA Tower, 92, Dharmapala Mawatha, Colombo 07

Hotline: 0112 310 310

Fax: 0114 715 892

E-mail: lk.info@aia.com