

# INVESTOR

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

For the month of September 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)	-14.4%	-0.3%	11.4%	10.8%	11.2%	-18.8%	-25.2%
Annual Effective Growth Rate							
1 year	-3.6%	6.3%	12.8%	12.2%	12.7%	5.0%	-10.5%
3 years	3.9%	7.3%	8.4%	8.0%	8.5%	20.0%	4.7%
5 years	1.0%	6.5%	9.2%	8.7%	9.2%	9.0%	-3.0%
7 years	1.0%	6.3%	9.1%	8.6%	-	5.0%	-2.7%
From Inception - CAGR	8.8%	10.4%	9.9%	9.5%	9.1%	9.4%	1.1%

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.

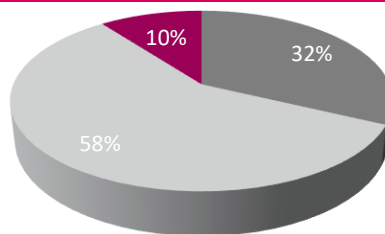
## Your fund performance: Growth fund

### 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 30/09/2022

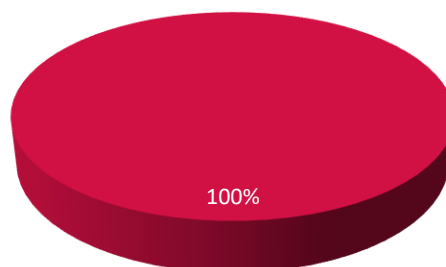
Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022*
Unit Price	26.22	28.87	32.36	32.90	34.40	37.60	39.56	42.81	43.68	50.63	40.15
Growth (%)	8.4%	10.1%	12.1%	1.7%	4.6%	9.3%	5.2%	11.2%	2.0%	15.9%	-14.4%

Note: past performance is not an indication of future performance

### Equity Allocation

Sector	%
Capital Goods	23%
Food Beverage and Tobacco	14%
Banks	13%
Utilities	11%
Materials	9%
Consumer Durables & Apparel	7%
Energy	5%
Transportation	4%
Software & Services	4%
Diversified Financials	4%
Telecommunication Services	3%
Consumer Services	2%
<b>Total</b>	<b>100%</b>

### 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\*\*\*

Chevron Lubricants PLC	Lanka IOC PLC
Distilleries Company of SL PLC	People's Leasing Company
Hatton National Bank PLC	Royal Ceramics Lanka PLC
hSenid Business Solutions	Sampath Bank PLC
John Keells Holdings PLC	Vallibel Power Erathna PLC

\*\*\*Note: In alphabetical order

- The annual average growth rate of the unit price for the Growth fund is 8.8% per year, since the unit linked fund was started.
- The unit price has decreased by 14.4% for the period 01 January 2022 to 30 September 2022.

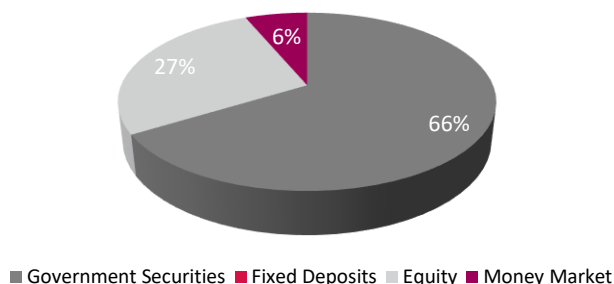
## Your fund performance: Balanced fund

### 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 30/09/2022

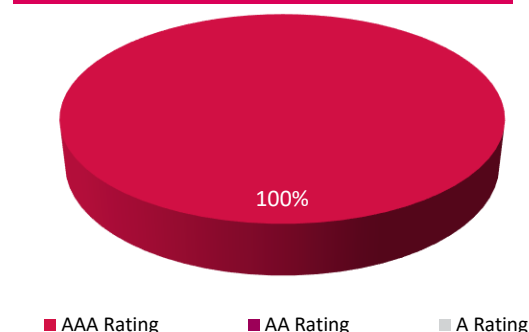
Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022*
Unit Price	26.22	28.87	32.36	32.90	34.40	37.60	39.56	42.81	43.68	50.63	50.46
Growth (%)	8.4%	10.1%	12.1%	1.7%	4.6%	9.3%	5.2%	11.2%	2.0%	15.9%	-0.3%

Note: past performance is not an indication of future performance

### Equity Allocation

Sector	%
Capital Goods	24%
Food Beverage and Tobacco	14%
Banks	13%
Utilities	10%
Materials	9%
Energy	6%
Transportation	5%
Consumer Durables & Apparel	5%
Software & Services	5%
Diversified Financials	4%
Telecommunication Services	3%
<b>Total</b>	<b>100%</b>

### 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.

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

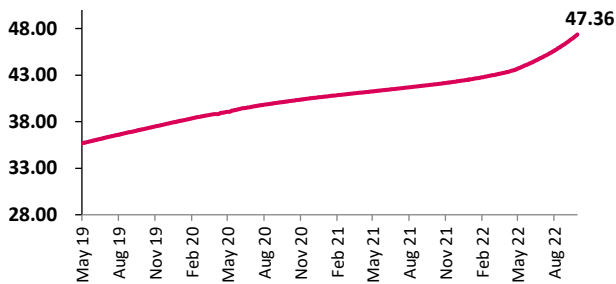
Chevron Lubricants PLC	John Keells Holdings PLC
Commercial Bank of Ceylon PLC	Lanka IOC PLC
Distilleries Company of SL PLC	People's Leasing Company
Hatton National Bank PLC	Sampath Bank PLC
hSenid Business Solutions	Vallibel Power Erathna PLC

\*\*\*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 reduced by 0.3% for the period 01 January 2022 to 30 September 2022.

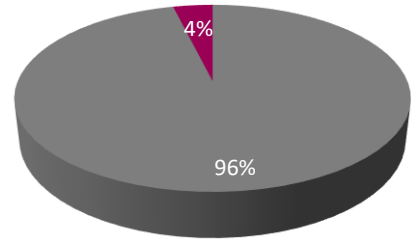
## Your fund performance: Secure fund

### 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 30/09/2022

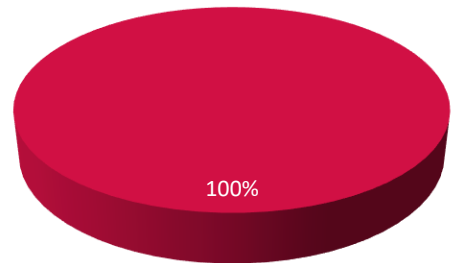
Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022*
Unit Price	20.75	23.02	24.76	26.21	28.37	31.32	34.49	38.05	40.68	42.53	47.36
Growth (%)	8.7%	10.9%	7.6%	5.9%	8.2%	10.4%	10.1%	10.3%	6.9%	4.5%	11.4%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Secure fund is 9.9% per year, since the unit linked fund was started.
- The unit price has increased by 11.4% for the period 01 January 2022 to 30 September 2022.
- Investment holdings as of 30 September 2022 are in government securities\* resulting in AAA rated instruments for the portfolio.

\*Includes money market Instruments

### Credit Rating

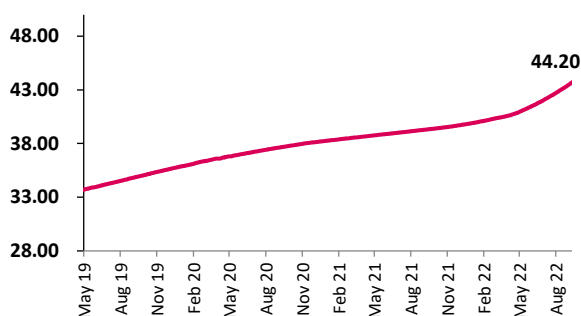


■ AAA Rating ■ AA Rating ■ A Rating

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.

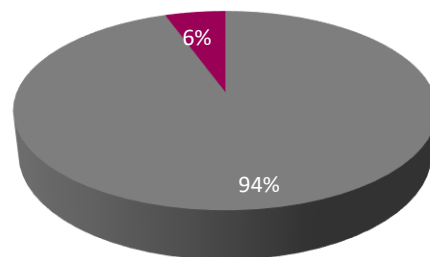
## Your fund performance: Protected fund

### 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 31/12/2021 to 30/09/2022

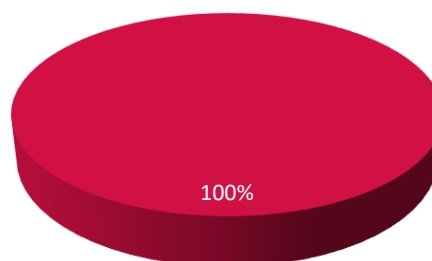
Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022*
Unit Price	20.16	22.27	23.81	25.20	27.18	29.82	32.66	35.58	38.25	39.88	44.20
Growth (%)	8.5%	10.5%	6.9%	5.8%	7.9%	9.7%	9.5%	9.8%	6.7%	4.3%	10.8%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Protected fund is 9.5% per year, since the unit linked fund was started.
- The unit price has increased by 10.8% for the period 01 January 2022 to 30 September 2022.
- Investment holdings as of 30 September 2022 are in government securities\* resulting in AAA rated instruments for the portfolio.

\*Includes money market Instruments

### Credit Rating

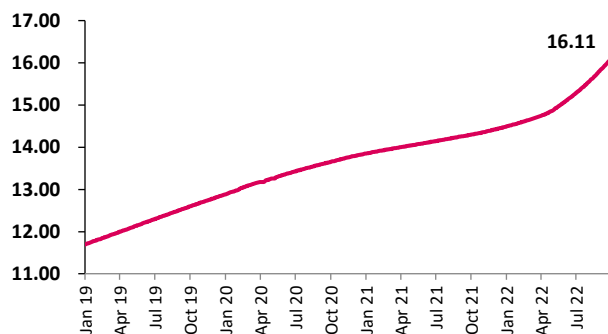


■ AAA Rating ■ AA Rating ■ A Rating

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.

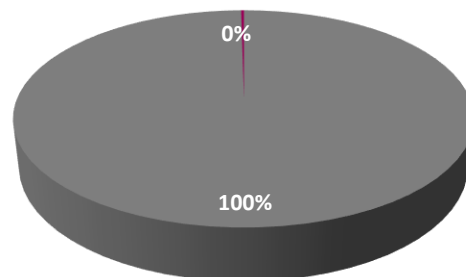
## Your fund performance: Stable Money Market fund

### 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 31/12/2021 to 30/09/2022

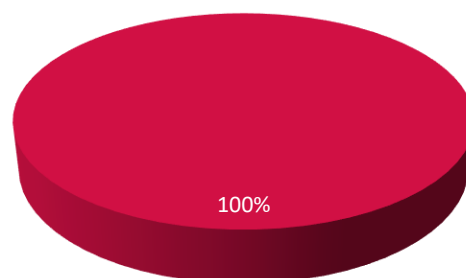
Year	2012	2013	2014	2015	2016	2017*	2018	2019	2020	2021	2022**
Unit Price	-	-	-	-	-	10.62	11.70	12.88	13.85	14.49	16.11
Growth (%)	-	-	-	-	-	6.2%	10.2%	10.1%	7.5%	4.6%	11.2%

Note: past performance is not an indication of future performance

- The annual average growth rate of the unit price for the Protected fund is 9.1% per year, since the unit linked fund was started.
- The unit price has increased by 11.2% for the period 01 January 2022 to 30 September 2022.
- Investment holdings as of 30 September 2022 are in government securities\* resulting in AAA rated instruments for the portfolio.

\*Includes money market Instruments

### Credit Rating



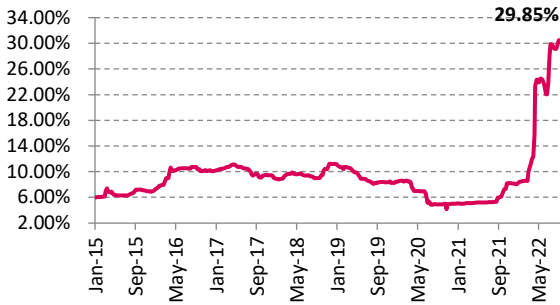
■ AAA Rating ■ AA Rating ■ A Rating

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.

## Market Update: Interest Rates

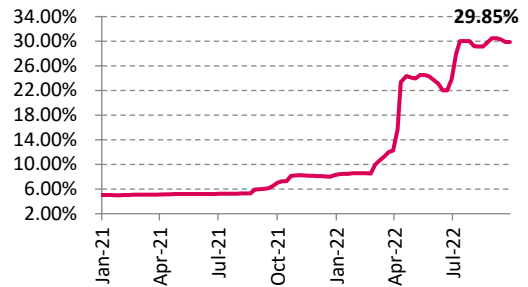
We use the 364-day T- Bill as an indicator of how interest rates move

### 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

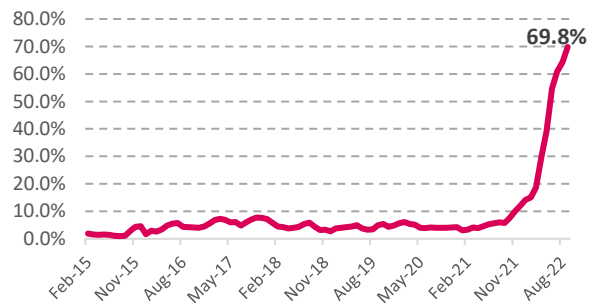


Note: Past performance is not an indication of future performance

### Major events during the month

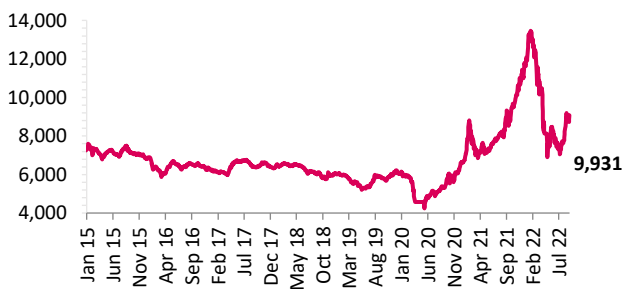
- CCPI inflation reaching record levels in September to 69.80%, driven by high food inflation (94.90% YoY).
- The Monetary Board during the 7<sup>th</sup> Monetary policy committee meeting decided to keep rates at existing levels, as the board deems inflation to be slowing down and reducing credit growth.
- The Government announced a tax hikes on personal income, corporate tax and VAT to help improve government income

### Inflation: Since 01 Jan 2015

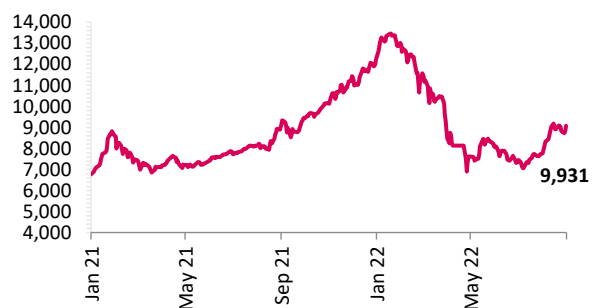


## Market Update: Stock Market

### 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



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	9,931
Growth (%)	-7.10%	4.80%	23.40%	-5.50%	-9.70%	2.30%	-5.00%	1.30%	10.50%	80.50%	-18.77%
S&P SL 20	3,085	3,264	4,089	3,626	3,496	3,672	3,135	2,937	2,638	4,233	3,165
Growth (%)	8.40%	5.80%	25.30%	-11.30%	-3.60%	5.00%	-14.60%	-6.30%	-10.20%	60.50%	-25.23%

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 8.8% per year and S&P SL20 index is 1.1% per year, since the unit linked funds were first started.
- The ASPI & S&P SL20 indices have decreased by 18.8% and 25.2% for the period of 01 January 2022 to 30 September 2022 respectively.

## Market Update: Stock Market

### For the month


Description	Aug-22	Sep-22
All Share Price Index (ASPI)	9,071	9,931
ASPI growth for the month	17.33%	9.48%
S&P SL 20 Index	2,929	3,165
S&P SL 20 growth for the month	19.63%	8.07%
Total market turnover (LKR Millions)	77,161	134,726
Market Capitalisation (LKR Billions)	3,964	4,341
PE Ratio (times)	5.49x	5.69x

### 10 Companies with highest market Capitalisation on the CSE as of 30 September 2022

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

### Highlights of the month

- The ASPI and S&P SL20 increased for the month of 30 September 2022 by 9.48% and 8.07% respectively.
- Net foreign flows for the month amounted to LKR 14.7 Bn of inflows, a growth from the prior period.
- The market has witnessed increased turnover for the period as a result of large crossings over the 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 remained high during the month of September 2022 despite Sri Lanka entering in to a staff level agreement with the IMF. The benchmark 364-Day Treasury bill rate declined slightly from the highs of 30.50% to 29.85% as at end September 2022. Treasury bond yields depicted a similar trend as Treasury bond yields hovered around 30% across the yield curve.
- Inflation as measured by the CCPI (2013=100) continued to increase as it exceeded 69.80% in September 2022 on year-on-year basis. Overnight market liquidity levels remained tight as the market continued to be at negative LKR 433 billion as at 30th September 2022, while the Central bank holding increased to LKR 2.3 trillion.
- High inflation rate and tight money market conditions will continue to exert pressure on interest rates. Taking in to consideration the current macroeconomic conditions, we expect interest rates across the yield curve to remain high.

### Equity outlook

- The All Share Price Index (ASPI) and S&P SL 20 Index (S&P SL), gained 9.48% and 8.07% respectively, during the month of September 2022 as the investor sentiment continued to be positive due to expected performances of export and energy sector companies. Foreign investments turned positive in Q3 2022 mainly due to SGH Global, the parent company of Expo Lanka PLC, buying back shares through the market.
- Despite the improved sentiment, we expect the market to be range bound through Q4 2022 as the weak macroeconomic conditions, debt restructuring uncertainties and further fiscal consolidation that may be announced through the new budget could have negative impact on performance of listed companies and the broader market.



## 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

## ■ 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](http://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

# About AIA

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

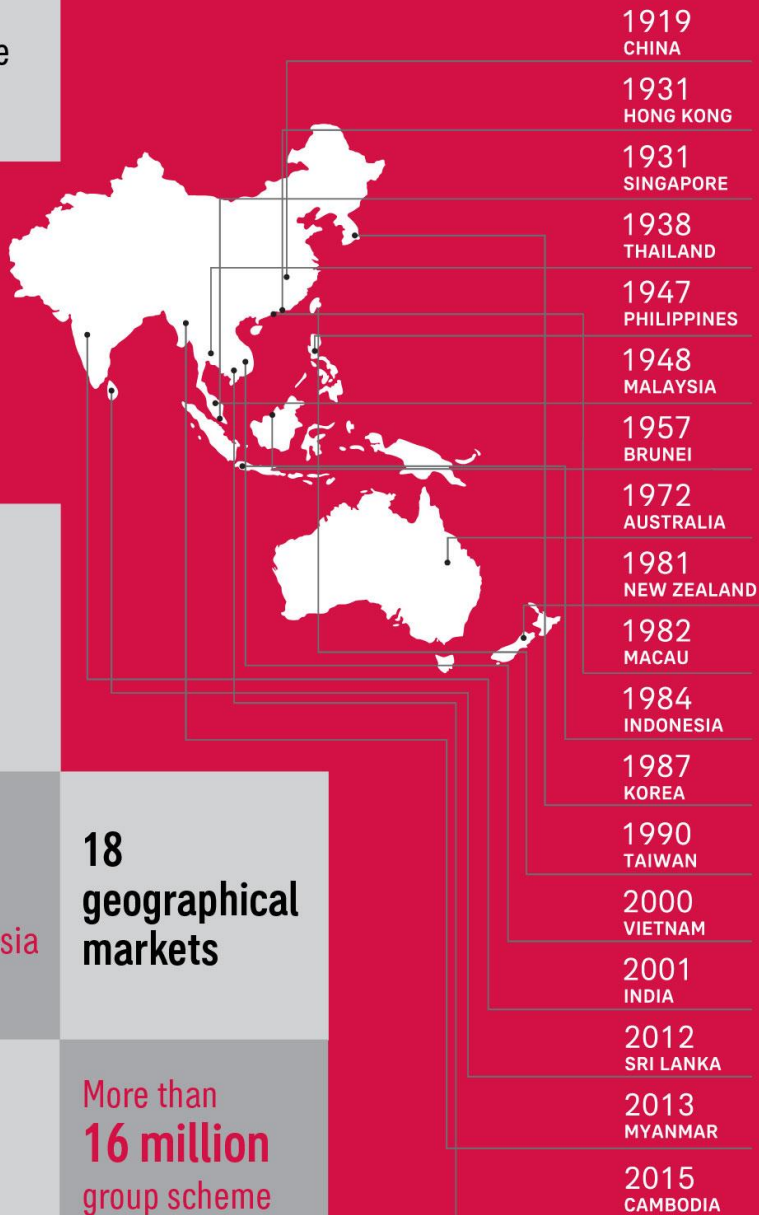
A total Sum Assured of  
**US\$ 2 trillion**

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](mailto:lk.info@aia.com)