

# Singapore Fund Flows Insight Reports



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INVESTMENT MANAGEMENT  
ASSOCIATION OF SINGAPORE

Singapore Fund Flows Summary  
Quarter End Analysis  
March 31, 2006

2005

## **EQUITY FUND FLOWS SURGE IN FIRST QUARTER 2006**

- The Singapore unit trust industry registered a net increase of S\$884.6 million in first quarter 2006.
- Net flows into equity funds totalled S\$1.029 billion—more than double the previous quarter's increase—with emerging markets groups again seeing the strongest flows.
- Flows into bond funds, however, turned negative—down S\$43.7 million—with Bond Global unit trusts recording the highest outflows for the quarter.
- Guaranteed and Protected unit trusts also continued to see outflows—S\$4.0 million and S\$124.3 million, respectively—because of fund redemptions and fewer product launches.

### **Executive Summary**

Based on data submitted by participating IMAS members (see Appendix A), the Singapore unit trust industry registered a net inflow of S\$884.6 million for first quarter 2006, improving on the S\$631.4 million recorded in the previous quarter<sup>1</sup>. Total fund inflows amounted to S\$3.596 billion, while outflows of S\$2.718 billion were seen among the various authorised and recognised unit trusts registered for sale in the country.

Aggregate flows into CPF Investment Scheme-approved unit trusts were also positive. The CPFIS funds saw a net increase of S\$55.7 million, with S\$410.4 million inflows—representing 11.4% of total fund inflows—and outflows of S\$354.7 million—13.1% of total fund outflows.

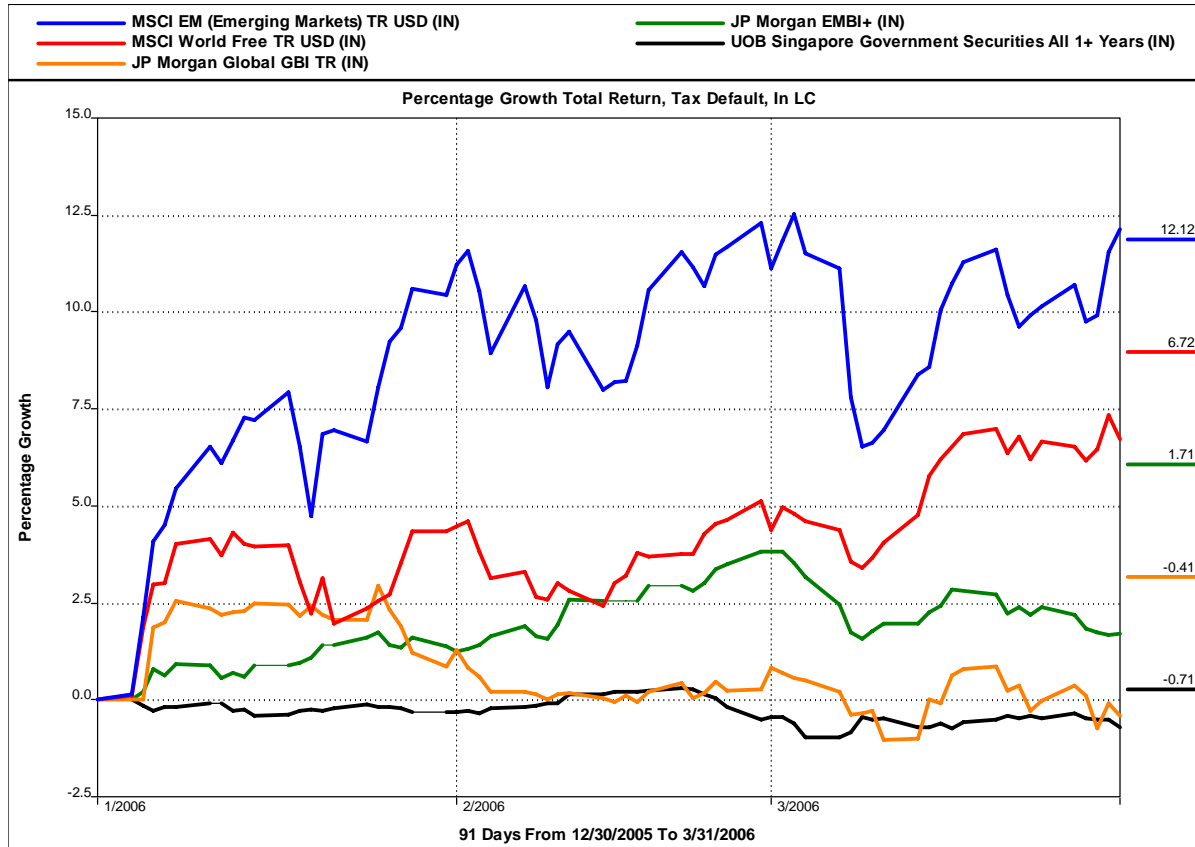
**Table 1 Estimated Fund Flows by Major Asset Classes for 1Q 2006 (SGD million)**

Asset Class	Inflows			Outflows			Net Flows
	CPF	Non-CPF	Total	CPF	Non-CPF	Total	
Bond	1.5	487.2	488.7	6.9	525.4	532.4	-43.7
Equity	348.5	2,182.7	2,531.2	264.0	1,244.8	1,508.8	1,028.9
Mixed Assets	60.4	193.0	253.3	63.0	154.5	217.5	35.9
Money Market	0.0	275.1	275.1	0.0	276.7	276.7	-1.5
Other	0.0	47.3	47.3	20.8	161.6	182.4	-135.0
<b>Total</b>	<b>410.4</b>	<b>3,185.2</b>	<b>3,595.7</b>	<b>354.7</b>	<b>2,362.9</b>	<b>2,717.6</b>	<b>884.6</b>

NB: Non-CPF numbers may include flows into/from the Supplementary Retirement Scheme (SRS) accounts / total net flows in table may differ due to rounding of numbers..

As in the previous quarter the kinds of funds drawing in net new money for the first quarter of the year reflected the buoyancy of the Asian and emerging European equity markets, which saw the MSCI World Free TR Index rising 6.72% and the MSCI Emerging Markets Index surging 12.12% between January and March 2006. Net flows into equity unit trusts swelled a further S\$1.029 billion, notably into emerging markets and Asia-based funds. Equity inflows totalled S\$2.531 billion—accounting for 70% of total fund inflows—while outflows of S\$1.509 billion were recorded.

<sup>1</sup> Actual quarter-on-quarter increase is likely to be higher, since one of the participating fund managers in 4Q2005 did not take part in the 1Q2006 survey.

**Figure 1 Performance of Key Technical Indicators for January–March 2006**


Source: Lipper/Reuters

Flows into bond funds, however, turned negative for the quarter, and in the aggregate fixed income products saw a net outflow of S\$43.7 million, on the back of S\$488.7 million inflows and S\$532.4 million outflows. Mixed-asset funds recorded a net increase of S\$35.9 million, notably into Balanced products.

Guaranteed and Protected funds saw net outflows of S\$4.0 million and S\$124.3 million, respectively, from redemption of maturing products and fewer fund launches, while money market funds registered a net outflow of S\$1.5 million.

**Table 2 Ten Top Fund Sector Inflows and Outflows by Lipper Global Classification for 1Q 2006 (SGD million)**

Inflows		Outflows	
Lipper Global Classification	Fund Flow	Lipper Global Classification	Fund Flow
1 Equity Emerging Mkts Global	501.56	1 Money Market SGD	275.62
2 Equity Asia Pacific Ex Japan	381.68	2 Equity Asia Pacific Ex Japan	272.42
3 Equity India	278.94	3 Bond Global	243.31
4 Money Market SGD	274.88	4 Equity Japan	183.03
5 Equity Emerging Mkts Europe	258.61	5 Mixed Asset SGD Balanced	180.55
6 Equity Japan	241.31	6 Equity Global	177.27
7 Mixed Asset SGD Balanced	221.04	7 Protected	163.56
8 Equity Emerging Mkts Far East	169.05	8 Equity Emerging Mkts Global	87.91
9 Bond Global	133.74	9 Bond Asia Pacific	86.24
10 Bond Asia Pacific	129.52	10 Equity Singapore	75.42

### Equity Funds Summary

Equity funds saw net inflows of S\$1.029 billion in first quarter 2006 on the back of robust global bourses and booming emerging markets. Equity inflows were again significant—S\$2.531 billion—representing 70% of total fund inflows, while 56% of total fund redemptions—totalling S\$1.509 billion—were from equity unit trusts.

**Table 3 Estimated Equity Fund Flows by Broad Geographical Classifications, 1Q 2006 (in SGD million)**

Classification	Net Flows
Asia Pacific	579.83
Europe	220.60
Global (inc Global Emerging Markets)	326.33
Latin America	0.47
North America	-24.28
Sector	-74.02
<b>Total</b>	<b>1,028.93</b>

Global emerging and developing markets again accounted for the bulk of equity fund inflows, with the Asia-Pacific region seeing the highest net flows. In terms of classifications Equity Emerging Markets Global and Equity Emerging Markets Europe recorded net increases of S\$413.65 million and S\$238.54 million, respectively. Regional equity funds investing in the Asian-Pacific economies continued to enjoy good flows—with Equity India garnering S\$226.15 million in new monies, while unit trusts classified under Equity Emerging Markets Far East and Equity Asia Pacific ex-Japan recorded net inflows of S\$159.05 million and S\$109.26 million, respectively.

Single-country funds focusing on Japan, Korea, and Greater China witnessed net increases of S\$58.28 million, S\$49.93 million, and S\$43.05 million, respectively, on the back of outstanding gains in the respective markets during the quarter.

Sector unit trusts on the aggregate recorded a net inflow of S\$74.02 million during the quarter. Positive subscriptions in basic industries (+S\$13.66 million) and pharmaceutical funds (+S\$10.43 million) funds were again offset by redemptions from the information technology (-S\$27.14 million) and telecommunication (-S\$8.89 million) sectors. Investors in Singapore also continued to switch out of the real estate sector, with net outflows seen in Equity Sector Real Estate Global (-S\$46.05 million).

**Table 4 Ten Top and Bottom Equity Fund Types by Net Flows for 1Q 2006 (SGD million)**

Equity Sector	Net Flows
Equity Emerging Mkts Global	413.65
Equity Emerging Mkts Europe	238.54
Equity India	226.15
Equity Emerging Mkts Far East	159.05
Equity Asia Pacific Ex Japan	109.26
Equity Japan	58.28
Equity Korea	49.93
Equity Greater China	43.05
Equity Sector Basic Industries	13.66
Equity Sector Pharma&Health	10.43
Equity Malaysia/Singapore	-8.48
Equity Sector Telecom Srvcs	-8.89
Equity Thailand	-9.39
Equity Singapore	-20.15
Equity Europe Sm&Mid Cap	-20.61
Equity Nth America Sm&Mid Cap	-21.31
Equity Malaysia	-23.26
Equity Sector Information Tech	-27.14
Equity Sector Real Est Global	-46.05
Equity Global	-84.79

## Bond and Money Market Funds Summary

After seeing good flows during the last few quarters, investors turned bearish on bonds in first quarter 2006, with net outflows of S\$43.7 million seen among fixed income funds. For the quarter bond funds attracted fairly good inflows of S\$488.7 million against larger outflows of S\$532.4 million. Investors, nonetheless, continued to remain bullish on Asia-Pacific fixed income issues, adding a net amount of S\$43.28 million into Bond Asia-Pacific funds as well as S\$37.17 million into Bond Emerging Markets Global funds.

Investors also continued to put money into high-yield bond funds, with increases noted in Bond Global High Yield (+S\$13.37 million). As in the previous quarter funds investing in U.S. dollar-denominated bonds saw net outflows—S\$44.85 million—while Bond USD Short-Term lost S\$0.36 million. Bond Global saw the highest outflows—S\$109.57 million. Money market funds saw outflows of S\$1.53 million.

**Figure 2 Shift in Benchmark Yield Curves, 30 December 2005 and 31 March 2006**

**(a) United States**



**(b) European Union**



Source: Reuters

**Table 5 Net Flows into Bond and Money Market Funds for 1Q 2006 (SGD million)**

Bond Funds	Net Flows	Money Market Funds	Net Flows
Bond Asia Pacific	43.28	Money Market USD	0.01
Bond Emerging Markets Global	37.17	Money Market SGD	-0.75
Bond SGD	24.22	Money Market Global	-0.80
Bond Global High Yield	13.37		
Bond Global USD Hedged	8.35		
Bond EUR Short Term	0.00		
Bond EUR	0.00		
Bond EUR Corporates	-0.06		
Bond Global Corporates	-0.06		
Bond EUR Inflation Linked	-0.08		
Bond Europe	-0.12		
Bond USD Short Term	-0.36		
Bond Convertibles Global	-0.72		
Bond USD High Yield	-1.65		
Bond Other Hedged	-12.59		
Bond USD	-44.85		
Bond Global	-109.57		
<b>Total Bond Funds</b>	<b>-43.66</b>	<b>Total Money Market Funds</b>	<b>-1.53</b>

## Mixed-Asset and Other Funds Summary

Mixed-asset funds, which invest strategically in fixed income and equity securities by overweighting a specific currency or market, saw relatively small net flows of S\$35.88 million, with the bulk of inflows going to Balanced funds<sup>2</sup>.

Guaranteed and Protected unit trusts continued to see outflows—S\$3.99 million and S\$124.27 million, respectively—because of redemptions from maturing funds and fewer product launches.

**Table 6 Net Flows of Mixed-Asset and Other Funds for 1Q 2006 (SGD million)**

Funds	Net Flows
Mixed-Asset Aggressive	-13.86
Mixed-Asset Balanced	52.93
Mixed-Asset Flexible	-4.80
Mixed-Asset Conservative	1.61
<b>Total Mixed-Asset</b>	<b>35.88</b>
Protected	-124.27
Guaranteed	-3.99
Others	-6.78
<b>Total Other Assets</b>	<b>-135.04</b>

<sup>2</sup> Mixed-asset funds are classified according to four levels of risk, based on their allocations in equities (EQ) and fixed income (FI) instruments, viz: Conservative (EQ < 35%, FI > 65%), Balanced (EQ > 35% and < 65%, FI > 35% and < 65%), Aggressive (EQ > 65%, FI < 35%), and Flexible (at the manager's discretion).

### **Outlook**

In fund markets the emerging and Asian economies are expected to continue to see decent flows, although global factors such as high energy costs, slowing economic growth, and higher interest rates could derail their performance. A slower U.S. economy could also have a major impact on the Asian markets, given their heavy reliance on exports, and growing political tension in the Middle East may be a concern.

On the positive side, the re-rating of Asia is in the early stages of a long up-cycle, although performance across the region is likely to remain fragmented. The previously moribund China market has recently come to life on the back of new share reforms there. Recent amendments in securities laws to remove the ban on short-selling and to allow buying and selling of securities on the same day will provide greater upside to the market.

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## Appendix A Data Sources

**Data and analyses are based on information provided by the following IMAS members:**

- 1 Aberdeen Asset Management Asia Limited
- 2 AIG Global Investment Corporation (S) Ltd
- 3 Allianz Global Investors Singapore Limited
- 4 Alliance Capital Management (S) Ltd
- 5 APS Asset Management Pte Ltd
- 6 Commerzbank Asset Management Asia Ltd
- 7 DBS Asset Management Ltd
- 8 Deutsche Asset Management (Asia) Limited
- 9 First State Investments (Singapore)
- 10 Legg Mason Asset Management (Asia) Pte Ltd
- 11 Lion Capital Management Ltd
- 12 Navigator Investment Services Limited
- 13 Phillip Capital Management (S) Ltd
- 14 Prudential Asset Management (Singapore) Limited
- 15 Schroder Investment Management (S) Ltd
- 16 SG Asset Management (S) Limited
- 17 Singapore Consortium Investment Management Ltd
- 18 Singapore Unit Trusts Ltd
- 19 Templeton Asset Management Ltd
- 20 UBS Global Asset Management (Singapore) Ltd
- 21 UOB Asset Management Ltd
- 22 Aberdeen Asset Management Asia Limited

NB: Nonparticipating fund promoters are ABN-AMRO Asset Management (S) Ltd, Citigroup Asset Management, Credit Agricole Asset Management S'pore Ltd, HSBC Investments (S'pore) Ltd, Invesco Asset Management S'pore Ltd, Fidelity Investments (S) Ltd, Henderson Global Investors (S) Ltd, and Nikko Global Asset Management (S) Ltd.

**Appendix B Net Fund Flows by Lipper Global Classification (SGD '000)**

Lipper_Global_Classification	CPF Net Flows	Non-CPF Net Flows
Bond Asia Pacific	0.00	43,276.84
Bond Convertibles Global	0.00	-718.98
Bond Emerging Markets Global	0.00	37,172.98
Bond EUR	0	-0.95
Bond EUR Corporates	0	-55.3
Bond EUR Inflation Linked	0	-82.64
Bond EUR Short Term	0	0
Bond Europe	-100.07	-24.19
Bond Global	-3,757.39	-105,810.24
Bond Global Corporates	0	-58.13
Bond Global High Yield	0.00	13,367.14
Bond Global USD Hedged	0	8,354.75
Bond Other Hedged	-242.32	-12,344.42
Bond SGD	-502.15	24,722.16
Bond USD	-776.71	-44,070.68
Bond USD High Yield	0.00	-1,646.48
Bond USD Short Term	0.00	-363.26
Equity Asia Pacific	-5,801.80	2,471.02
Equity Asia Pacific Ex Japan	772.92	108,486.42
Equity Asia Pacific Sm&Mid Cap	-1,458.42	-6,268.18
Equity Emerging Mkts Europe	20,736.23	217,800.77
Equity Emerging Mkts Far East	3,257.94	155,795.76
Equity Emerging Mkts Global	99,665.69	313,982.16
Equity Emerging Mkts Latin Am	0.00	470.32
Equity Europe	-2,695.64	4,837.89
Equity Europe ex UK	0.00	-1,448.99
Equity Europe Sm&Mid Cap	0.00	-20,611.13
Equity EuroZone	0.00	2,658.52
Equity Global	-21,481.61	-63,309.00
Equity Global Sm&Mid Cap	-512.79	-2,013.24
Equity Greater China	7,184.63	35,866.00
Equity Hong Kong	0	2,113.37
Equity India	-10,357.16	236,509.80
Equity Indian Sub-Continent	-1,480.45	-6,392.54
Equity Indonesia	-2,613.67	10,230.54
Equity Japan	17,640.91	40,634.97
Equity Japan Sm&Mid Cap	1,176.34	-1,257.20
Equity Korea	10,766.73	39,165.91
Equity Malaysia	-5,580.24	-17,679.30
Equity Malaysia/Singapore	-804.00	-7,672.06
Equity North America	-1,456.35	-1,519.65
Equity Nth America Sm&Mid Cap	0.00	-21,307.99
Equity Philippines	0.00	291.74

Lipper_Global_Classification	CPF Net Flows	Non-CPF Net Flows
Equity Sector Banks&Financial	10.70	-1,802.66
Equity Sector Basic Industries	1,256.68	12,404.61
Equity Sector Biotechnology	-1,173.19	-2,265.06
Equity Sector Cyc Cons Goods	0.00	-443.49
Equity Sector Cyclical Service	0.00	-60.48
Equity Sector General Industry	-1,119.50	-680.32
Equity Sector Gold&Prec Metals	0.00	4,756.15
Equity Sector Information Tech	-4,392.55	-29,282.02
Equity Sector Natural Resource	7,487.40	-13,505.63
Equity Sector Pharma&Health	1,390.76	9,034.64
Equity Sector Real Est Global	-9,503.15	-36,547.32
Equity Sector Real Est Other	-546.50	-6,686.25
Equity Sector Telecom Svcs	0	-8,886.89
Equity Singapore	-6,502.18	-13,646.06
Equity Taiwan	719.65	3,648.00
Equity Thailand	-10,001.16	606.94
Equity UK	-48.34	-625.46
Guaranteed	-1,124.84	-2,861.88
Hedge/Multi Strategies	0.00	-6,777.88
Mixed Asset EUR Bal - Europe	0.00	-953.83
Mixed Asset Other Conservative	-577.07	2,187.89
Mixed Asset Other Flexible	-637.22	-4,159.41
Mixed Asset SGD Aggressive	-1,707.27	-13,227.64
Mixed Asset SGD Balanced	46.46	40,451.40
Mixed Asset USD Aggressive	0.00	1,070.30
Mixed Asset USD Bal - Global	180.81	13,201.38
Mixed Asset USD Conservative	62.48	-61.68
Money Market Global	0.00	-796.87
Money Market SGD	0.00	-746.20
Money Market USD	0	12.55
Protected	-19,672.95	-104,595.32

**Appendix C CPF Fund Flows by Lipper Global Classification (SGD '000)**

Rank	Lipper_Global_Classification	CPF Inflows
1	Equity Emerging Mkts Global	124,760.56
2	Mixed Asset SGD Balanced	57,354.29
3	Equity Asia Pacific Ex Japan	46,835.76
4	Equity Japan	31,489.75
5	Equity Emerging Mkts Europe	22,365.88
6	Equity Greater China	21,385.70
7	Equity Korea	17,136.85
8	Equity Emerging Mkts Far East	10,704.84
9	Equity Sector Natural Resource	9,705.42
10	Equity Sector Basic Industries	8,911.49

Rank	Lipper_Global_Classification	CPF Outflows
1	Mixed Asset SGD Balanced	57,307.83
2	Equity Asia Pacific Ex Japan	46,062.84
3	Equity Global	26,187.49
4	Equity Emerging Mkts Global	25,094.87
5	Protected	19,677.07
6	Equity Thailand	16,585.10
7	Equity India	15,830.12
8	Equity Singapore	14,910.08
9	Equity Greater China	14,201.07
10	Equity Japan	13,848.84

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