 **Global Market
Intelligence**

FundFlash APAC

July 2020

FundFlash provides a summary of the regional trends and developments in the funds market over the previous month.

The report is built using the Global Market Intelligence (GMI) funds module which tracks \$50trn in global funds assets with unique views of distributor and internationally sold business.

GMI Funds sits alongside our Institutional module and together is relied on by over 100 asset managers as their source for global asset management market intelligence.

THE MONTH IN REVIEW

In the absence of China data, which is only updated on a quarterly basis, we get deeper insights into how other Asian markets have fared. Overall, there were robust net inflows into active mutual funds and ETFs in July, while passive mutual funds also showed net inflows of just under US\$1bn. Despite the new national security law in Hong Kong on 30 June, it was the region's fifth-best market for net inflows in July.

DISTRIBUTION

The data affirms how the Covid-19 pandemic has given online distribution channels a boost. For cross-border funds, the Online Bank/Robo-Advisor channel showed the second fastest growth in gathering assets in July, after the Private Bank Distribution channel.

PRODUCT

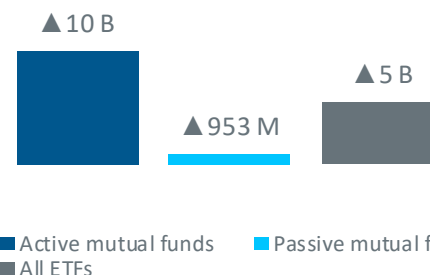
Bond strategies occupied four of the top-5 places for product net flows, led by actively managed APAC bond funds. Still, second-ranked on the top-5 list was actively managed global equity.

COMPETITION

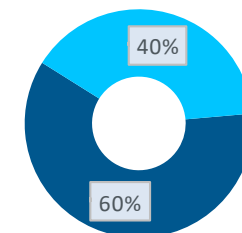
With India leading the region for net inflows in July, four of the top-6 active funds were here, led by SBI/Amundi's SBI Corporate Bond Fund. The top-2 ETFs were also from India, launched by Edelweiss: BHARAT Bond ETF April 2031 and BHARAT Bond ETF April 2025.

July OVERVIEW

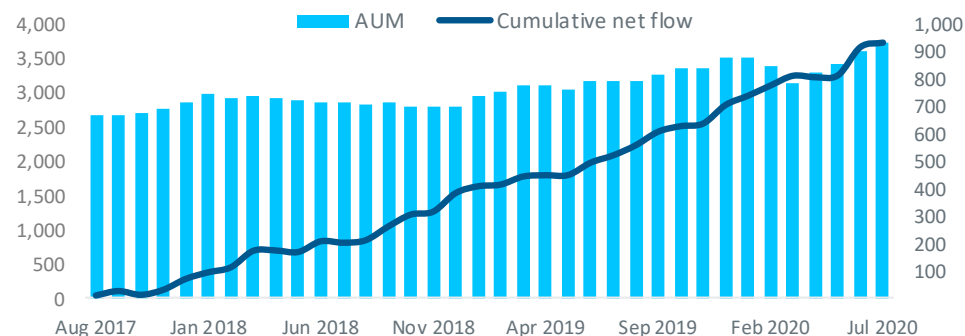
ACTIVE VS PASSIVE FLOW, US\$B



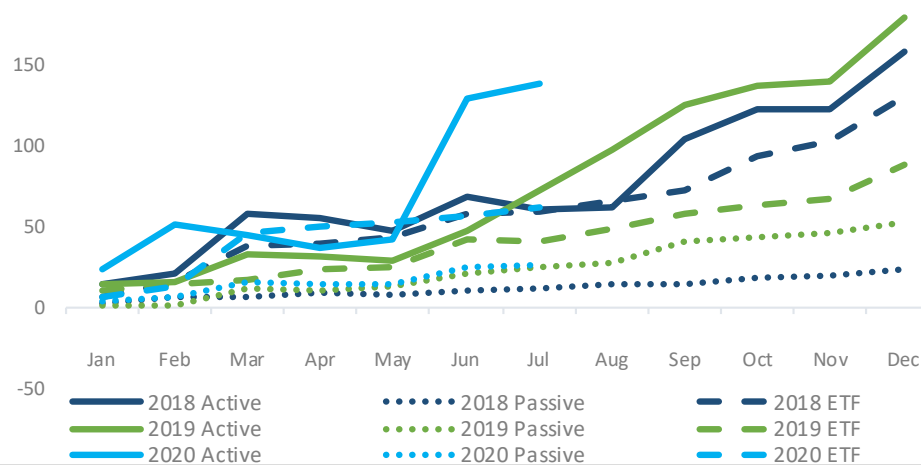
FLOW SENTIMENT, %



3 YR FUND INDUSTRY ASSET & FLOW MOMENTUM, US\$B



FLows BY INVESTMENT STYLE AND YEAR - CUMULATIVE



DISTRIBUTION

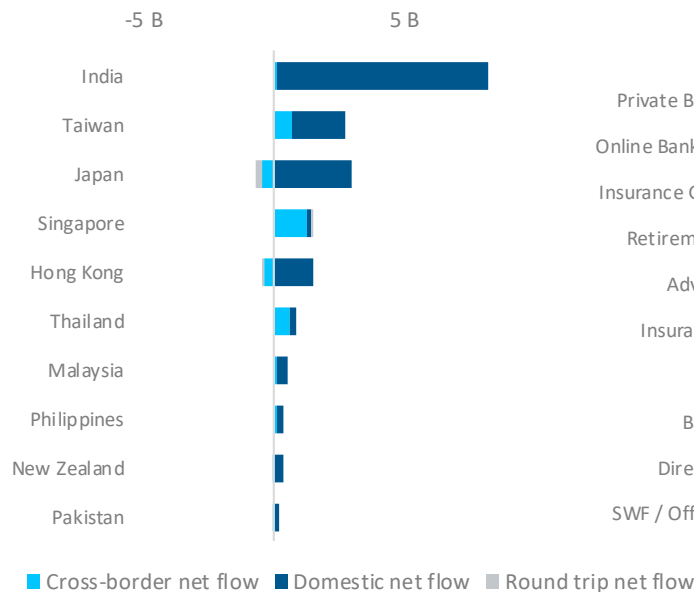
With China excluded, there is a clearer picture of the types of distribution channels that grew fastest in other jurisdictions in July. For cross-border funds, the Private Bank Distribution channel (Hong Kong, Singapore) showed the strongest growth followed by Online Bank/Robo-advisor. This exemplifies how retail investors have rebounded since the market crash and subsequent recovery.

We note that online distribution in Hong Kong has been bolstered by Chinese firms – Tencent-backed Futu Securities, Pingan Group-backed Lufax and Noah – setting up digital mutual fund sales platforms in the territory in the last 12 months. These firms have been trying to apply strategies successful in the Mainland to Hong Kong. While it will be difficult for them to win significant AUM market share from the dominant bank channels, it will be interesting to see if they can build sufficient scale in Hong Kong with their fund products.

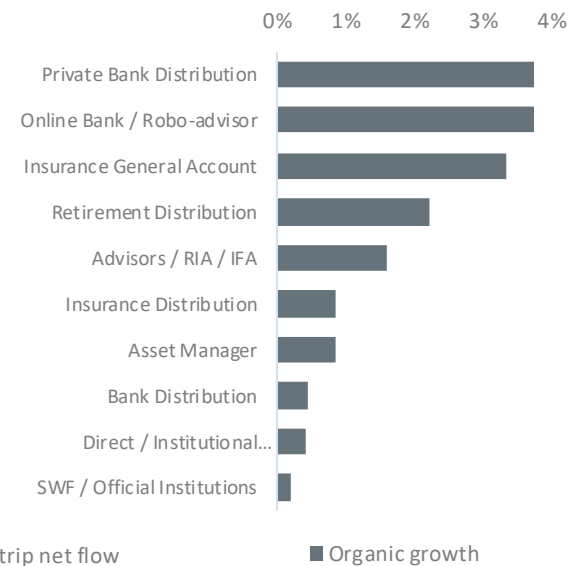
PRODUCT

Growing ESG interest in the region can be seen in the success of AM-One Global ESG High-Quality Growth Equity Fund (Unhedged), which garnered US\$3.7bn in net sales in July, the biggest fund launch in Japan in 20 years. Similarly in Taiwan, newly launched Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF took in US\$0.5bn to become the largest ETF in Taiwan. We expect interest to gain momentum, and more new fund launches to follow suit.

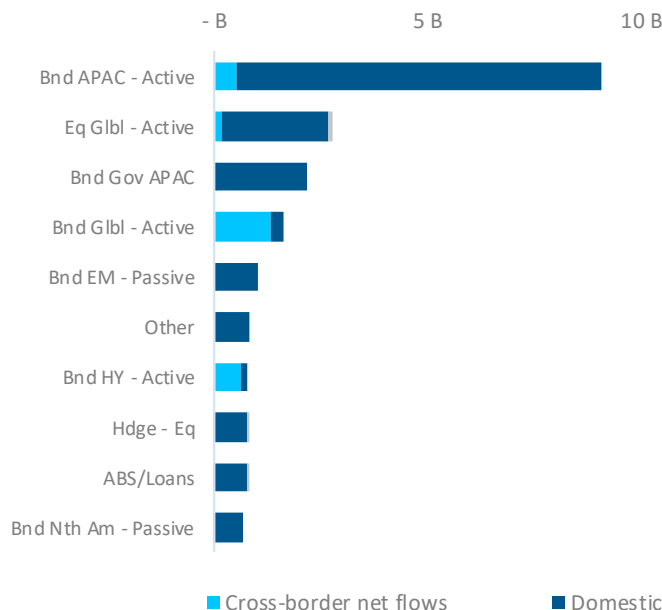
LARGEST MARKET NET FLOW, US\$B



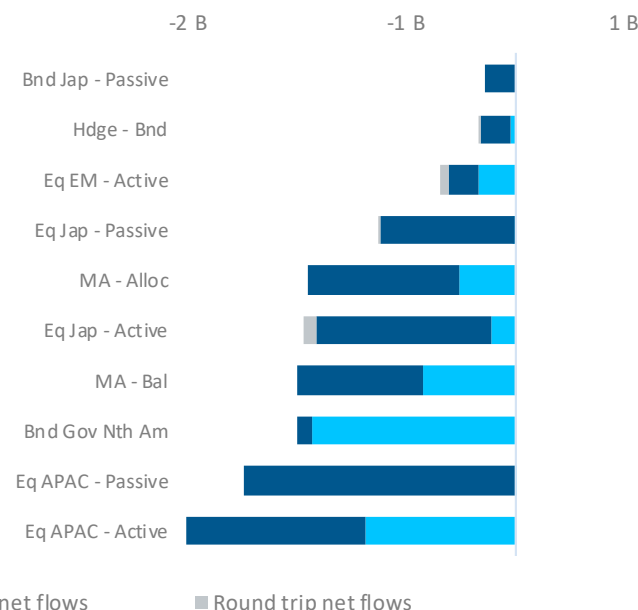
CROSS-BORDER CHANNEL, GROWTH %



TOP-10 PRODUCT NET FLOW, US\$B



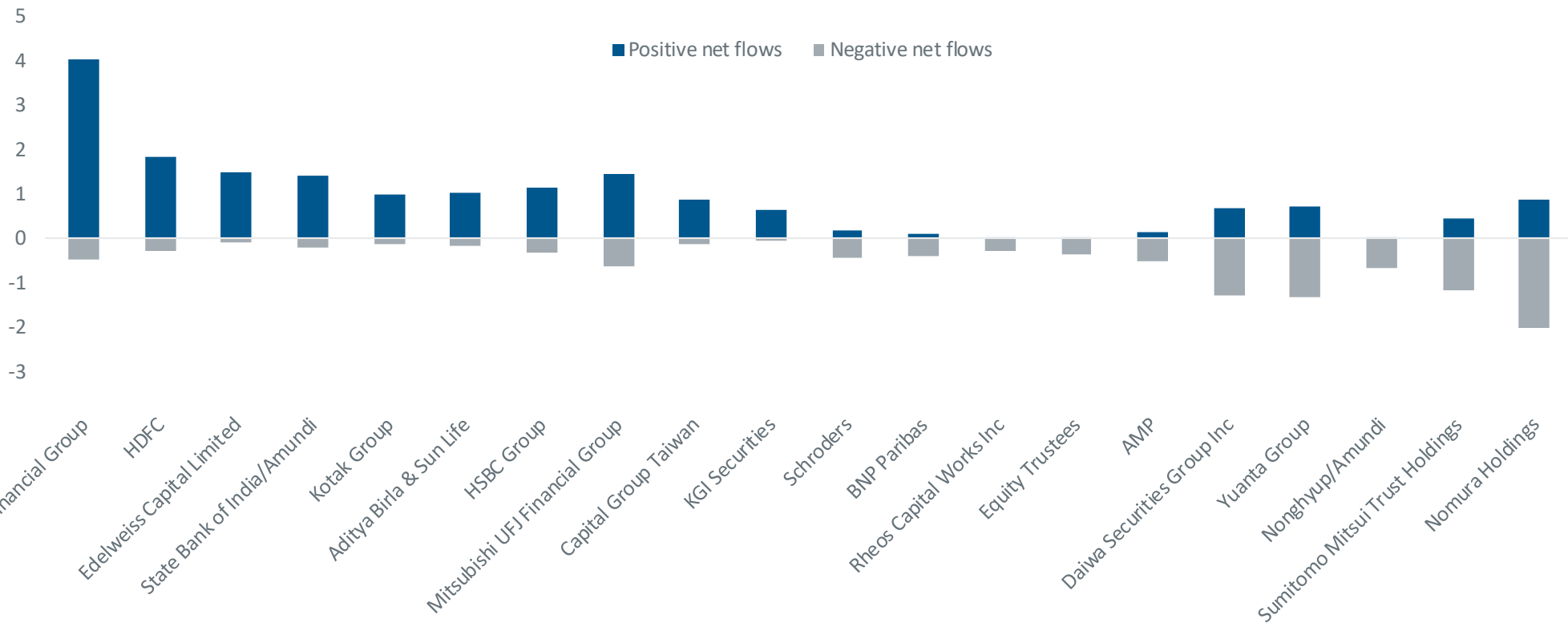
BOTTOM-10 PRODUCT NET FLOW, US\$B



In the absence of data for Chinese master groups, there was a mix of master groups from different Asian countries in the top-10 list by net flows in July. They were led by Mizuho on the back of a strong asset-gathering performance in July by AM-One Global ESG High-Quality Growth Equity Fund (Unhedged). Launched on 20 July, this fund showed net inflows of US\$3.7bn by end-July. The popularity of the new launch was underpinned by continuing Japanese investor appetite for global equity strategies. Another new launch during the month, HSBC Global Target Yield Bond Fund 2020-07 (Limited Open), lifted HSBC into the top-10 master groups. It was only launched on 31 July but raked in US\$667m that day.

Indian master groups were prominent in July, accounting for five of the top 10 by net flows during the month. They were led by HDFC, Edelweiss and the State Bank of India/Amundi joint venture. SBI Corporate Bond Fund was the second-ranked actively managed fund by net inflows at US\$899m, while Edelweiss had the top-2 ETFs by net inflows for the month. Meanwhile, HDFC Cash Management Fund - Low Duration Retail Plan and HDFC Ultra Short Term Fund were in the top 6 by net inflows for actively managed funds in July. All these high-ranked Indian funds in July are bond strategies, pointing to a risk-averse stance among investors in India.

POSITIVE vs NEGATIVE NET FLOW BY GROUP, US\$B (TOP AND BOTTOM 10)



MONTHLY NET FLOW LEADERS

	Fund name	Group	Sector	Fund market	Launch date	AUM, \$m	Net flow, \$m	Organic growth
Top Active Net Flow	1 AM-One Global ESG High-Quality Growth Equity Fund (Unhedged)	Mizuho	Eq Global	Japan	Jul 2020	3,714	3,714	
	2 SBI Corporate Bond Fund	State Bank of India/Amundi	Bnd INR	India	Feb 2019	3,122	899	41%
	3 HSBC Global Target Yield Bond Fund 2020-07 (Limited Open)	HSBC	Bnd Targ Mat	Japan	Jul 2020	667	667	
	4 HDFC Cash Management Fund - Low Duration Retail Plan	HDFC	Bnd INR	India	Jun 2004	2,567	542	27%
	5 HDFC Ultra Short Term Fund	HDFC	Bnd INR	India	Sep 2018	1,438	411	40%
	6 Kotak Low Duration Fund	Kotak Group	Bnd INR	India	Mar 2008	1,110	311	39%
Top Passive Net Flow	1 MUKAM Developed Countries Equity Index Fund (Wrap)	MUFG	Eq Global	Japan	Dec 2019	109	106	3394%
	2 Vanguard Global Aggregate Bond Index (Hedged)	Vanguard	Bnd Gbl Curr	Australia	Jul 2017	3,817	103	3%
	3 Vanguard Index Fund-Vanguard Aus Fixed Interest Index	Vanguard	Bnd AUD	Australia	Jun 1997	5,085	90	2%
	4 Resona FW Developed Country Equity Index Fund	Resona Group	Eq Global	Japan	Jan 2017	258	89	56%
	5 Nikko Listed Index Fund TOPIX Ex-Financials	Sumitomo Mitsui Trust Holdings	Eq Japan	Japan	Sep 2013	168	85	96%
	6 Vanguard Index Fund-Vanguard International Shares Index	Vanguard	Eq Global	Australia	Jun 1997	11,154	63	1%
Top ETF	1 BHARAT Bond ETF - April 2031	Edelweiss Capital	Bnd Targ Mat	India	Jul 2020	869	869	
	2 BHARAT Bond ETF - April 2025	Edelweiss Capital	Bnd Targ Mat	India	Jul 2020	605	605	
	3 Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF	Cathay Securities	Eq Taiwan	Taiwan	Jul 2020	498	498	
	4 Yuanta Daily Taiwan 50 Bear 1X ETF	Yuanta	Eq Alt Inv/Lev	Taiwan	Oct 2014	3,019	454	16%
	5 Samsung KODEX 200 Futures Inverse 2X ETF	Samsung	Eq Alt Inv/Lev	South Korea	Sep 2016	2,114	419	21%
	6 Capital ICE International 15+ Year US Emerging Markets External Sovereign ETF	Capital Group Taiwan	Bnd Em Mkt	Taiwan	Oct 2018	2,221	346	20%
	Fund name	Group	Sector	Fund market	Style	AUM, \$m		
Top Launches	1 AM-One Global ESG High-Quality Growth Equity Fund (Unhedged)	Mizuho	Eq Global	Japan	Active	3,714		
	2 BHARAT Bond ETF - April 2031	Edelweiss Capital	Bnd Targ Mat	India	ETF	869		
	3 HSBC Global Target Yield Bond Fund 2020-07 (Limited Open)	HSBC	Bnd Targ Mat	Japan	Active	667		
	4 BHARAT Bond ETF - April 2025	Edelweiss Capital	Bnd Targ Mat	India	ETF	605		
	5 Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF	Cathay Securities	Eq Taiwan	Taiwan	ETF	498		
	6 Invesco Asian Bond Fixed Maturity Fund 2021 - I	Invesco	Bnd Targ Mat	Hong Kong	Active	288		

THIS REPORT WAS BUILT WITH GLOBAL MARKET INTELLIGENCE

GMI FUNDS

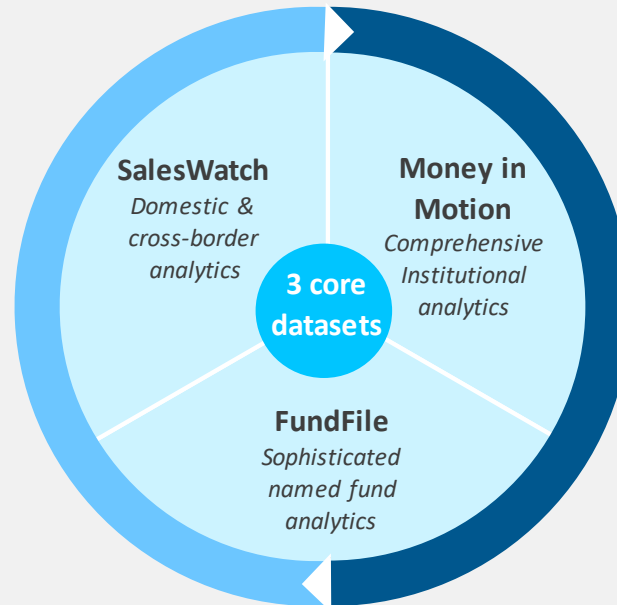
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Americas

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GMI INSTITUTIONAL

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