

 **Global Market
Intelligence**

FundFlash APAC

March 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 \$50t 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

The COVID-19 impact was felt throughout Asia with net sales of long-term funds broadly falling across many asset classes in the region. Nonetheless, Broadridge data show that net sales in March were propped by passive investments, with China, India and Japan the only major markets showing net inflows in the first quarter of 2020. Meanwhile, China was the only market that showed month-on-month AUM growth in March, up by 6.3% to US\$1.0trn.

DISTRIBUTION

Online fund distribution channels (e.g smartphones) in China helped net sales to hit US\$98.5bn in the first quarter, despite the COVID-19 impact. It is a clear demonstration of the growing potential of online distribution channels which industry stakeholders will take note of.

PRODUCT

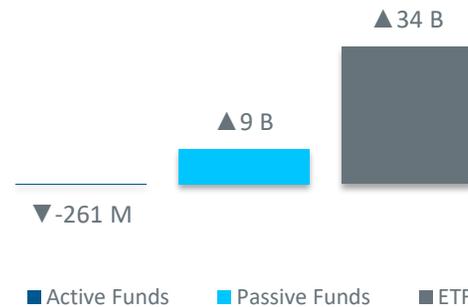
Net sales in Asia in March can be fully attributed to passive investments, led by ETF and index fund buying in Japan and China. Actively managed funds will continue to struggle.

COMPETITION

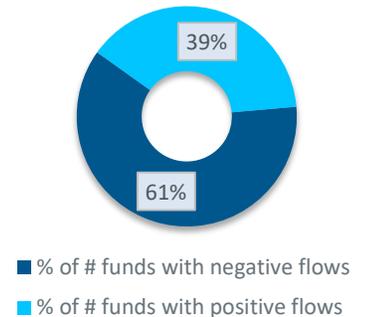
Nomura had the top-ranked and second-ranked funds in terms of net sales in March. Both are ETFs that benefited from institutional buying.

MARCH OVERVIEW

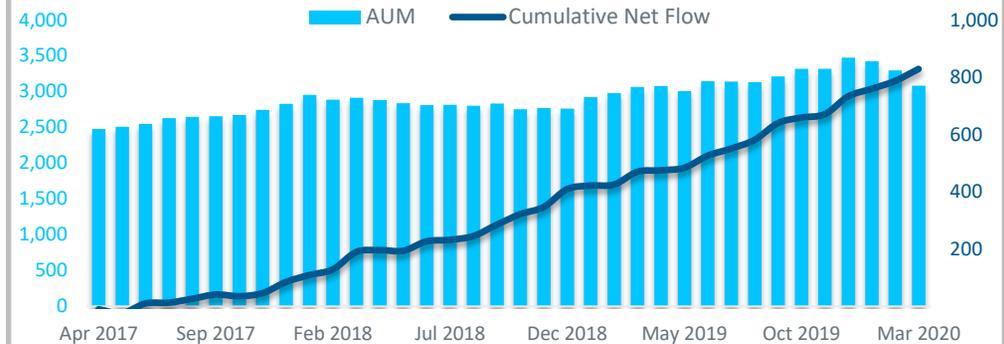
ACTIVE VS PASSIVE FLOW, US\$B



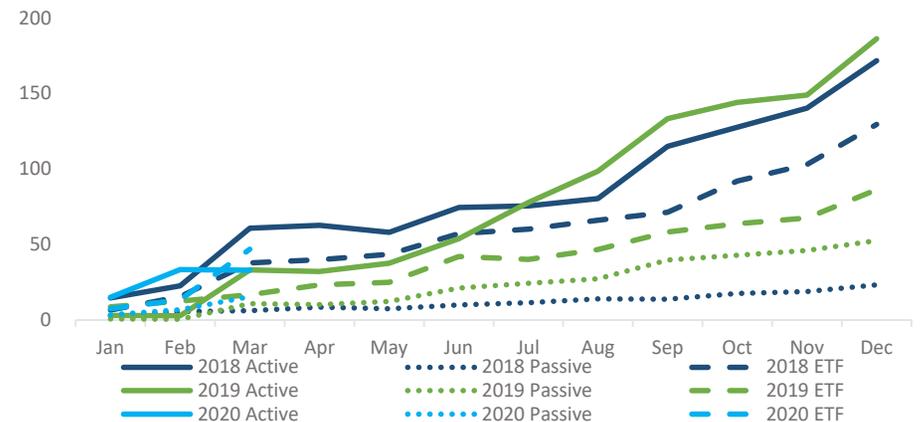
FLOW SENTIMENT, %



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



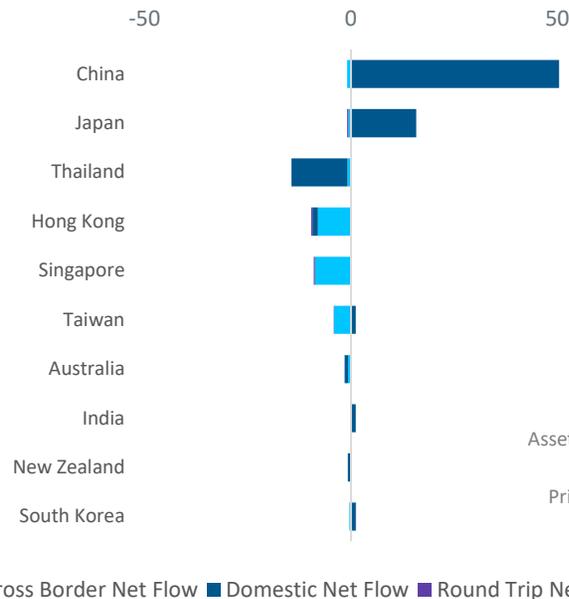
FLows BY INVESTMENT STYLE AND YEAR - CUMULATIVE



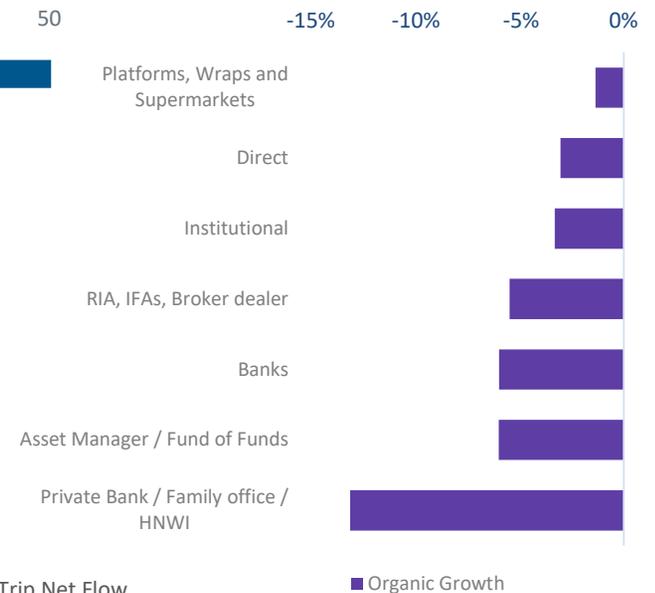
DISTRIBUTION

China and Japan saw significant net inflows in March despite overwhelming concerns about COVID-19. Flows were driven by investor interest in ETFs in Japan and actively managed bond funds in China. All distribution channels showed contraction during the month with the Private Bank/Family Office/HNWI the worst hit. Both institutional and retail investors largely headed for the sidelines amid global market uncertainties. Singapore, Hong Kong and Taiwan saw more net outflows from cross-border funds in their markets compared to domestic funds. This could result in a narrowing of the AUM gap between cross-border and domestic funds in the respective markets going forward.

LARGEST MARKET NET FLOW, US\$B



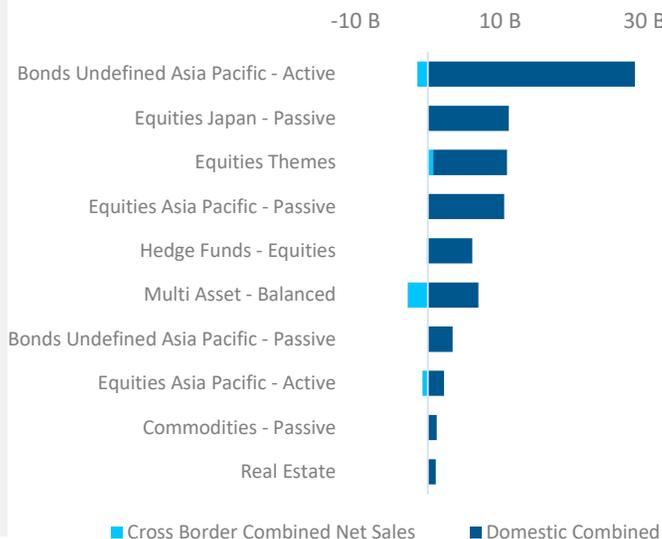
CROSS BORDER CHANNEL, GROWTH %



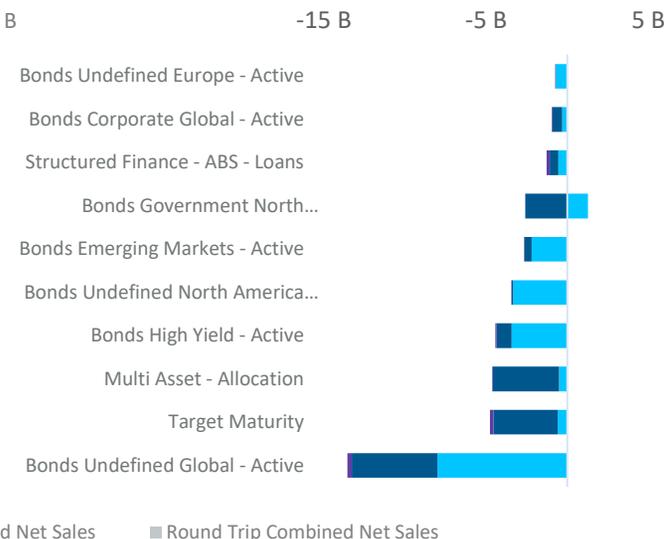
PRODUCT

Serious concerns over the outlook for fixed-income investments amid declining interest rates and weakening global economies was evident across the region in March, except for China. Actively-managed Chinese bonds funds helped to drive the Bonds Undefined Asia Pacific – Active sector to the top of the rankings in terms of net inflows. In contrast, cross-border bond funds in sectors like Bonds Undefined Global and Bonds High Yield – Active were among the bottom five sectors for flows in March. They were hurt by specter of potential bond defaults as corporates and other entities fail to meet their debt obligations, and a subsequent contagion effect.

TOP 10 PRODUCT NET FLOW, US\$B



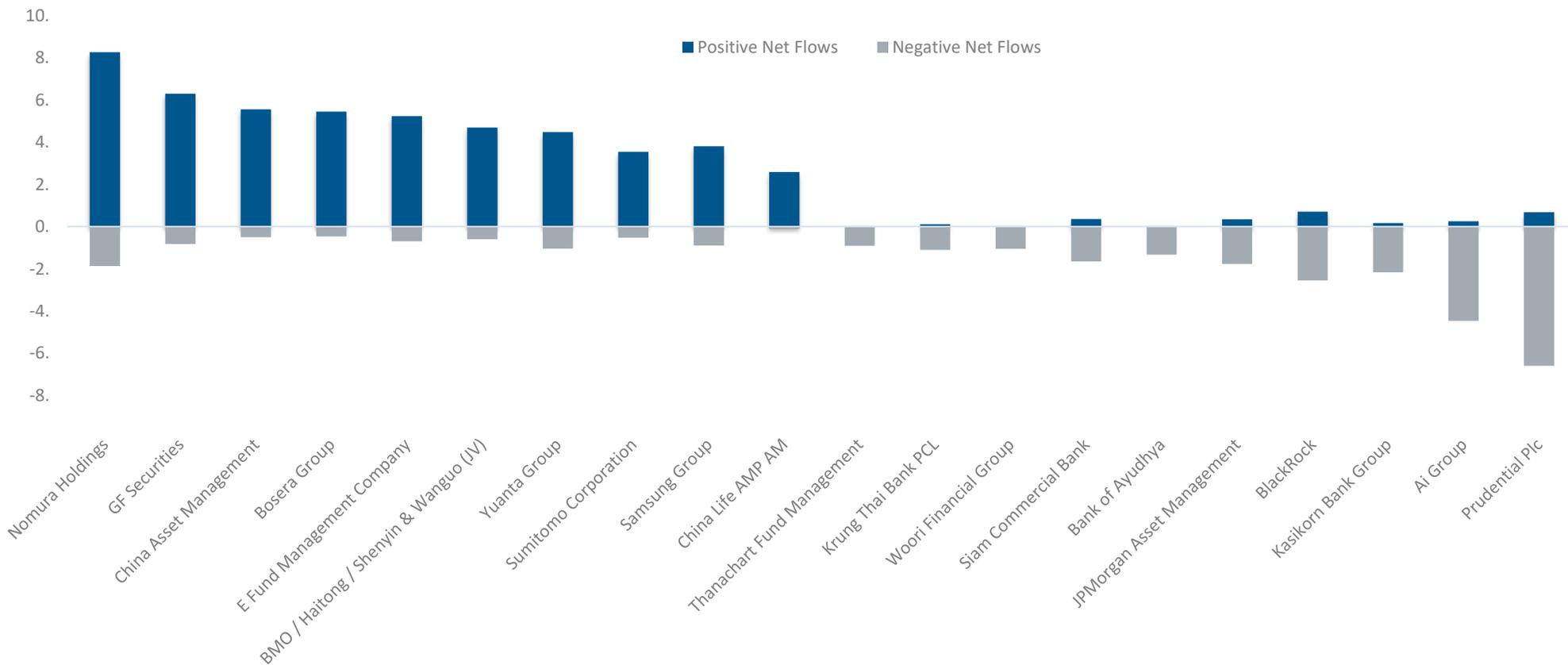
BOTTOM 10 PRODUCT NET FLOW, \$B



Chinese names dominated the top-10 for net inflows during the quarter as investor interest in Chinese bond funds and Chinese bond index funds took root despite broader concerns of the longer-term impact of COVID-19. Net sales of US\$98.5bn in China in the first quarter is a remarkable statistic considering everything that is going on in the world right now. Broadridge notes that the strength of China’s online distribution network helped to generate this level of sales and industry stakeholders across Asia are likely to consider the value of such distribution channels more seriously going forward.

Though China names were prominent among top-10 firms, the top-ranked asset manager in Asia in terms of net sales in March was Nomura Holdings. This is no surprise -- two of its ETFs, Nomura Topix Linked Listed Investment and Nomura NF NikkeiAvg Leverage Index Link ETF, were the two top-ranked funds in terms of net sales in the first quarter of 2020, at US\$5.2bn and US\$3.7bn, respectively.

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



MONTHLY NET FLOW LEADERS, \$B

		Fund name	Group	Sector	Fund Market	Launch date	AUM	Net Flow	Organic growth
Top Active Net Flow	1	Bosera WenXin 39 Months Regular Open Bond Fund	Bosera	Bnd CNY	China	Nov 2019	2,564	2,564	
	2	China GF HuiYou 66 Months Regular Bond Fund	GF Securities	Bnd CNY	China	Dec 2019	2,059	2,059	
	3	China Life AMP AnZe 39 Months Regular Open Bond Fund	China Life AMP AM	Bnd CNY	China	Nov 2019	1,676	1,676	
	4	Yuanta Taiwan High-Yield Leading Company Fund	Yuanta	Eq Taiwan	Taiwan	Mar 2020	1,547	1,547	
	5	Yinhua Wensheng 39 Months Regular Open Bond Fund	YINHUA	Bnd CNY	China	Nov 2019	1,477	1,477	
	6	China Universal Large Cap Core Asset Growth Hybrid Fund	China Universal	Mix Dyn	China	Jan 2020	1,471	1,471	
Top Passive Net Flow	1	ChinaBond Agricultural Development Bank of China Bond Aggregate Index Fund	GF Securities	Bnd CNY	China	Nov 2019	1,271	1,271	
	2	Harvest ChinaBond 3-5 Year CDB Bond Index Fund	Harvest / Deutsche (JV)	Bnd CNY	China	Dec 2019	604	604	
	3	Bosera Chinabond 3-5 Year Policy Bank Bond Index Fund	Bosera	Bnd CNY	China	Dec 2019	515	515	
	4	E Fund ChinaBond 1-3 Year Policy Bank Bond Index Fund	E Fund Management Company	Bnd CNY	China	Dec 2019	390	390	
	5	Vanguard Index Fund-Vanguard Australian Shares index	Vanguard	Eq Australia	Australia	Jun 1997	6,624	365	4%
	6	CIB CSI Bank 50 Financial Bond Index Fund	CIB Asset Management	Bnd CNY	China	Nov 2019	355	355	
Top ETF	1	Nomura Topix Linked Listed Investment	Nomura	Eq Japan	Japan	Jul 2001	88,761	3,242	4%
	2	ChinaAMC CNI Semiconductor Chips Index ETF Fund	China AM	Eq IT	China	Jan 2020	2,426	2,426	
	3	Nomura NF NikkeiAvg Leverage Index Link ETF	Nomura	Eq Alt Inv/Lev	Japan	Apr 2012	3,987	2,257	91%
	4	Samsung Kodex Leverage Derivatives ETF	Samsung	Eq Alt Inv/Lev	South Korea	Feb 2010	2,934	2,101	115%
	5	Nikko Listed Index Fund TOPIX	Sumitomo / Nikko	Eq Japan	Japan	Dec 2001	40,001	1,490	4%
	6	Daiwa Topix Linked Listed Investment	Daiwa	Eq Japan	Japan	Jul 2001	41,649	1,463	3%
Top Launches		Fund name	Group	Sector	Fund Market	Style	Net Flow		
	1	Yuanta Taiwan High-Yield Leading Company Fund	Yuanta	Eq Taiwan	Taiwan	Active	1,547		
	2	AM-One GS Corporate Bond/International Diversified Investment Strategy Fund 2003	Mizuho	Bnd Targ Mat	Japan	Active	336		
	3	SMDS Citigroup Corporate Bond/JPY Redemption Target Fund 2020-03	Sumitomo / Nikko	Bnd Targ Mat	Japan	Active	218		
	4	Resona Risk Control Fund 2020-03	Resona Group	Allocation	Japan	Active	208		
	5	Fidelity Global Undervalued Growth Equities B (NH)	Fidelity	Eq Global	Japan	Active	101		
6	Danareksa Proteksi Syariah Misbah III	PT Danareksa	Guarant'd	Indonesia	Active	100			

THIS REPORT WAS BUILT WITH GLOBAL MARKET INTELLIGENCE

GMI FUNDS

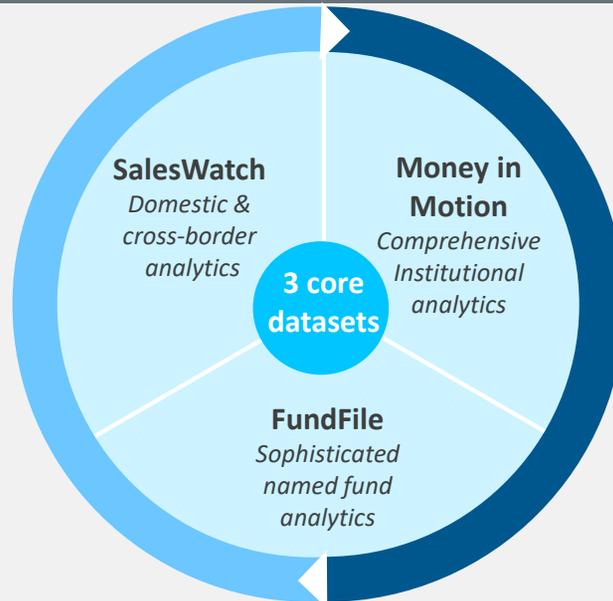
Detailed Domestic and Cross-Border Fund Market Intelligence across retail & institutional channels

- Fund assets, flows and launches by product and region
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- Fund benchmarks, rankings and named competitive positioning
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- Cross-border and distributor analytics

Americas

EMEA

APAC



GMI INSTITUTIONAL

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- Institutional Benchmarks and rankings
- True Negotiated Fee analysis
- Named consultant analysis

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