 **Global Market  
Intelligence**

FundFlash APAC

May 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

Active funds, passive funds and ETFs showed net inflows across the region in May, even without factoring in China data which are unavailable until end-quarter. Amid the COVID-19 fall-out, asset managers noted that May was a busy month for them, as they engaged remotely with clients, sent out regular market updates, and helped clients identify any pockets of investment risk ahead. Overall, caution prevailed over the month.

### DISTRIBUTION

The Asset Manager/Fund of Funds channel for cross-border funds continued to see the fastest growth in May, followed by the Institutional and Direct channels.

### PRODUCT

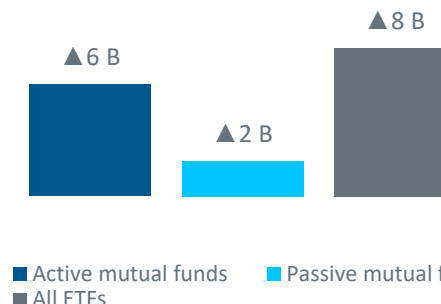
Mixed-asset solutions saw broader demand in May amid COVID-19 concerns, to protect against an extended period of higher risk and volatility. Institutional investors showed heightened interest in alternative asset classes such as private debt and private equity. However, some hedge fund strategies were hit by steep net outflows during the month.

### COMPETITION

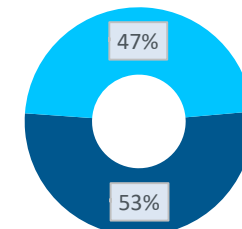
Leading ETF providers in Japan dominated net inflows in May, led by Nomura Holdings. Meanwhile, the top-2 active funds in May in terms of net inflows came from Kotak Group and Eastspring in India.

### May OVERVIEW

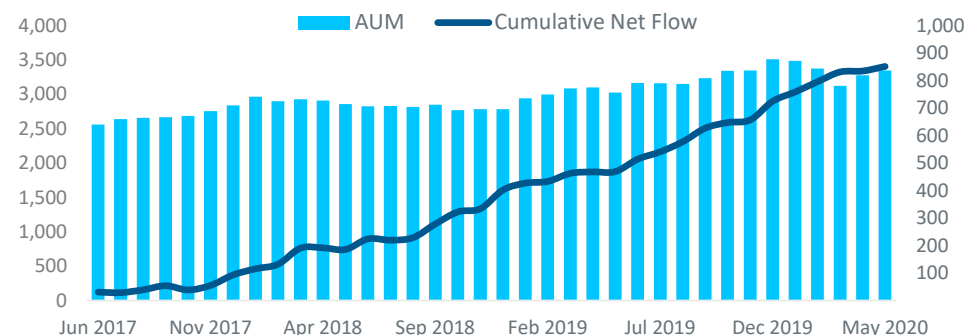
#### ACTIVE VS PASSIVE FLOW, US\$BN



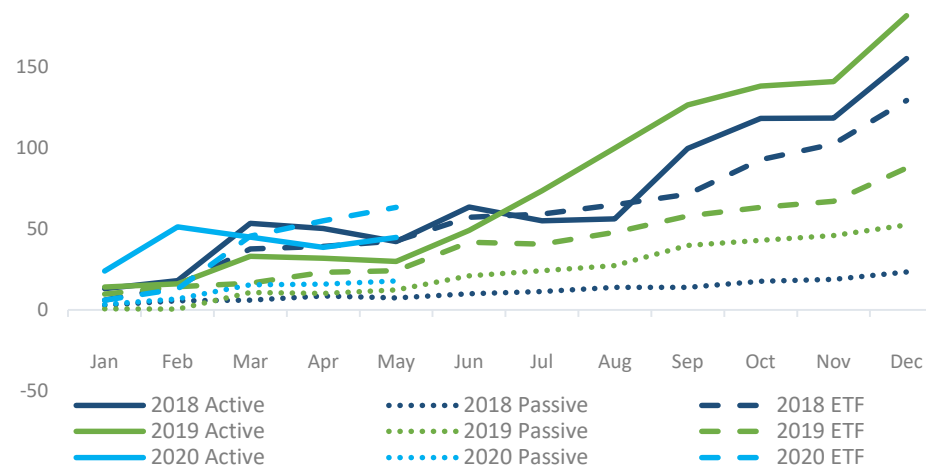
#### FLOW SENTIMENT, %



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



#### FLows BY INVESTMENT STYLE AND YEAR - CUMULATIVE



**DISTRIBUTION**

Amid the COVID-19 fallout, there have been more flows into products that can ostensibly better ride market volatility, such as ETFs and passive funds. As in April, net inflows in May were dominated by Japanese equity ETFs, largely helped by Bank of Japan's ongoing buying activity. By the same token, Vanguard and BlackRock saw strong net inflows into their passive funds in Australia.

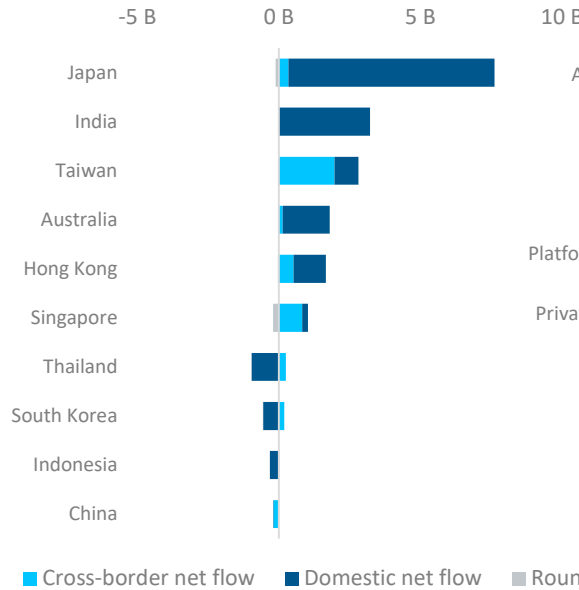
In the meantime, Broadridge notes that flows into active funds typically congregated around brand names and funds with good track records. Fund selectors likely remained conservative about the funds in their product suites. Nonetheless, distributors have to seek out products that ride out market volatility, but still provide good returns.

**PRODUCT**

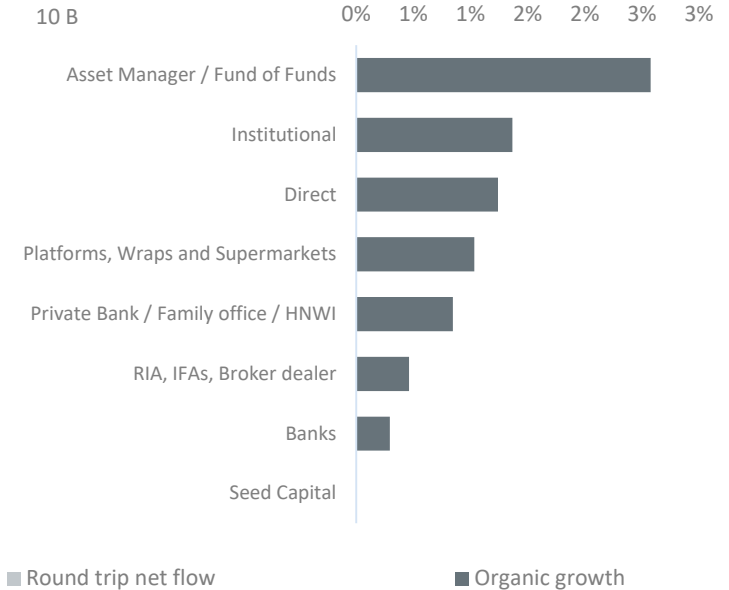
The top new fund launches in the region in May centered on a diverse array of strategies, from active bond fund Taishin Short Duration Emerging Market High Yield Bond Fund in Taiwan to CSOP NASDAQ-100 Index Daily (2x) Leveraged ETF in Hong Kong and another active bond fund KRUNGSRI Diversified Income in Thailand.

In the absence of China data, net inflows only ranged from US\$134m to US\$34m for the top-6 new fund launches in May. While the tepid figures suggest that many investors stayed on the sidelines, there are pockets of interest for some strategies.

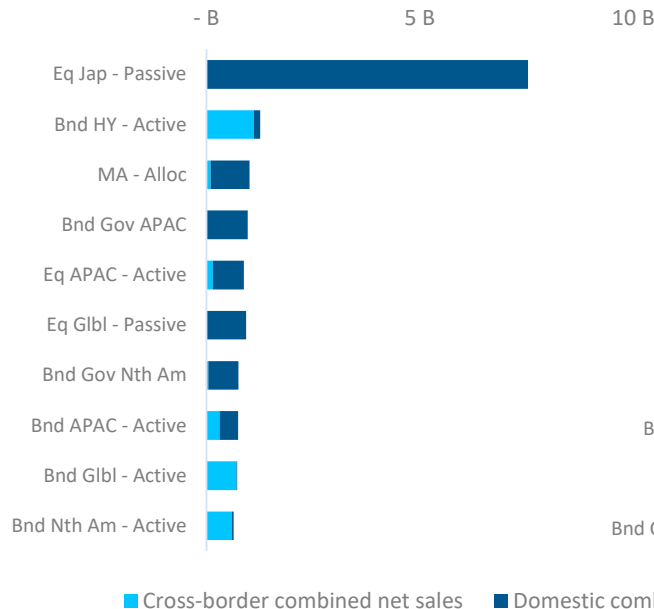
**LARGEST MARKET NET FLOW, US\$BN**



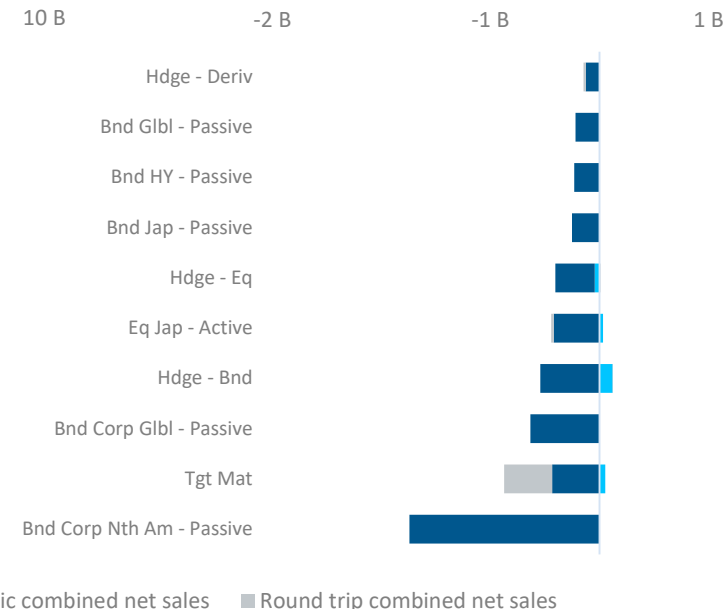
**CROSS-BORDER CHANNEL, GROWTH %**



**TOP-10 PRODUCT NET FLOW, US\$BN**



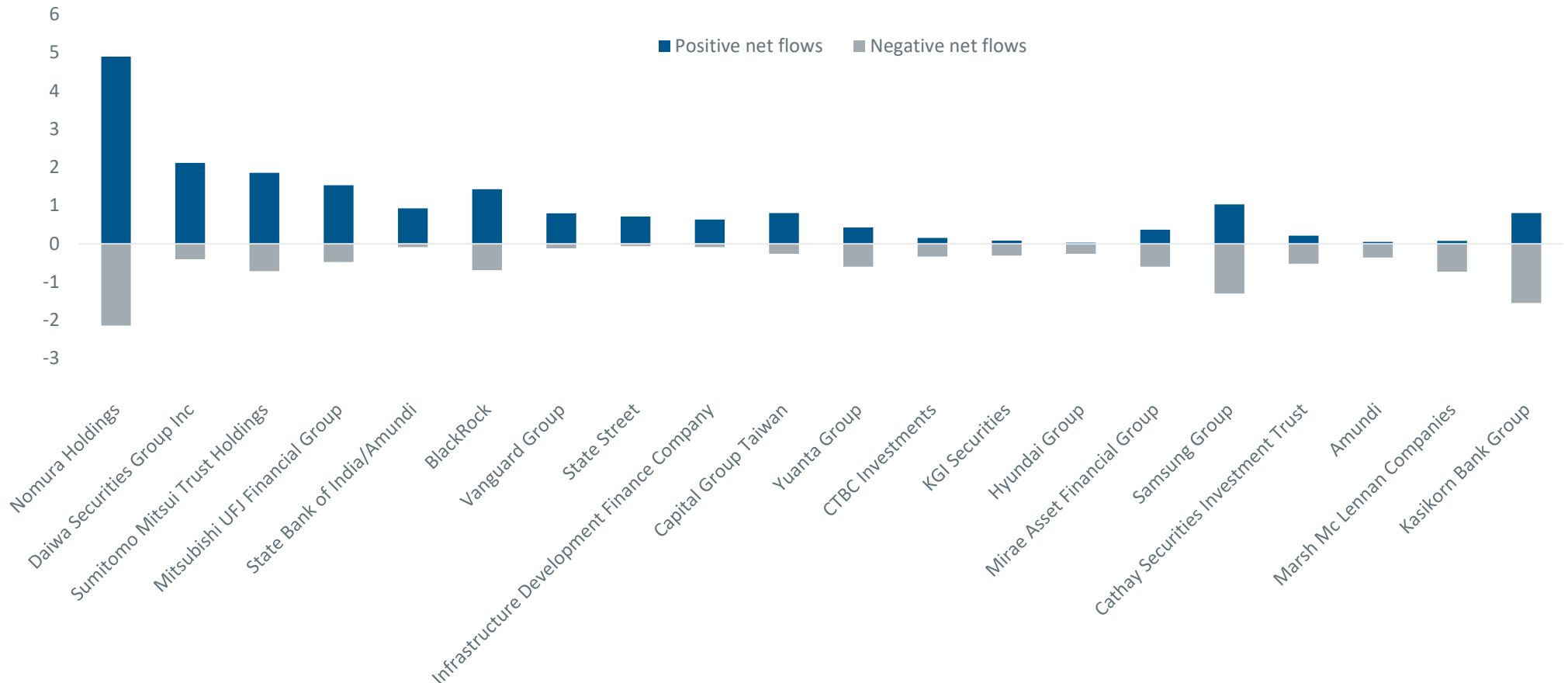
**BOTTOM-10 PRODUCT NET FLOW, US\$BN**



In the absence of China data for the month, Japanese master groups--Nomura, Daiwa, Sumitomo Mitsui Trust and Mitsubishi UFJ Financial--led in terms of net inflows. They benefited from the continued strong flows into their ETF products -- Nomura Topix Linked Listed Investment, Daiwa Topix Linked Listed Investment, Nikko Listed Index Fund TOPIX and MitsubishiUFJ MAXIS TOPIX ETF. Their net flows for the month, which ranged from US\$3.9bn to US\$445m, were significantly higher than the strongest net inflows for both active and passive funds.

Elsewhere, Vanguard and BlackRock’s fund products in Australia dominated the best-selling passive funds list in May. Australian investors showed an interest in investing in the Equities Real Estate, Equities Global, Bonds AUD and Bonds Global Currencies strategies offered by the funds. Meanwhile, the two leading active funds in May were Kotak Equity Arbitrage Fund and ICICI Prudential Equity Arbitrage Fund in India. They resonated with investors as their returns are driven by volatility, which align with the difficult market conditions amid the COVID-19 fallout.

**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 Kotak Equity Arbitrage Fund	Kotak Group	Allocation Alt	India	Oct 2005	1,926	321	20%
	2 ICICI Prudential Equity Arbitrage Fund	Eastspring	Allocation Alt	India	Jan 2007	1,391	268	24%
	3 KRUNGSRI Star Plus	Bank Ayudhya	Bnd THB	Thailand	Dec 1997	1,881	199	12%
	4 TRP T.Rowe Price US Growth Equity Fund	T. Rowe Price	Eq Nth Am	Japan	Dec 2019	2,929	193	7%
	5 SBI Corporate Bond Fund	State Bank of India/Amundi	Bnd INR	India	Feb 2019	2,003	192	11%
	6 T Rowe Price Global Equity	Equity Trustees	Eq Global	Australia	Sep 2006	2,395	189	9%
Top Passive Net Flow	1 iShares Australian Listed Property Index Fund	BlackRock	Eq Real Est	Australia	Jul 2001	777	308	73%
	2 Vanguard Index Fund-Vanguard International Shares Index	Vanguard	Eq Global	Australia	Jun 1997	10,263	105	1%
	3 Vanguard Index Fund-Vanguard Australian Gov Bond Index	Vanguard	Bnd AUD	Australia	Nov 2008	465	88	24%
	4 Vanguard Global Aggregate Bond Index (Hedged)	Vanguard	Bnd Gbl Curr	Australia	Jul 2017	3,395	83	3%
	5 iShares Wholesale International Equity Index Fund	BlackRock	Eq Global	Australia	Nov 1993	2,800	63	2%
	6 Vanguard Index Fund-Vanguard Property Securities Index	Vanguard	Eq Real Est	Australia	Mar 1998	2,119	57	3%
Top ETF	1 Nomura Topix Linked Listed Investment	Nomura	Eq Japan	Japan	Jul 2001	108,771	3,879	4%
	2 Daiwa Topix Linked Listed Investment	Daiwa	Eq Japan	Japan	Jul 2001	51,494	1,826	4%
	3 Nikko Listed Index Fund TOPIX	Sumitomo Mitsui Trust Holdings	Eq Japan	Japan	Dec 2001	49,559	1,550	3%
	4 Tracker Fund of Hong Kong	State Street	Eq HK	Hong Kong	Nov 1999	10,580	549	5%
	5 MitsubishiUFJ MAXIS TOPIX ETF	MUFG	Eq Japan	Japan	May 2009	14,243	445	3%
	6 Capital ICE 25+ Year US Treasury ETF	Capital Group Taiwan	Bnd USD Gov	Taiwan	Dec 2018	753	441	134%
Top Launches	Fund name	Group	Sector	Fund market	Style	AUM, \$m		
	1 Taishin Short Duration Emerging Market High Yield Bond Fund	Taishin Financial	Bnd Em Mkt	Taiwan	Active	134		
	2 UBS (TW) Bond Fund - Select Income Fund	UBS	Bnd Gbl Curr	Taiwan	Active	79		
	3 CSOP NASDAQ-100 Index Daily (2x) Leveraged	CSOP	Eq Alt Inv/Lev	Hong Kong	ETF	43		
	4 SH BNPP Index Linked Double Plus ELS Derivatives SEH-3	Shinhan	Speciality	South Korea	PASSIVE	39		
	5 KRUNGSRI Diversified Income	Bank Ayudhya	Bnd Gbl Curr	Thailand	Active	36		
6 RHB Capital Protected 54	OSK	Guarant'd	Indonesia	Active	34			

# THIS REPORT WAS BUILT WITH GLOBAL MARKET INTELLIGENCE

## GMI FUNDS

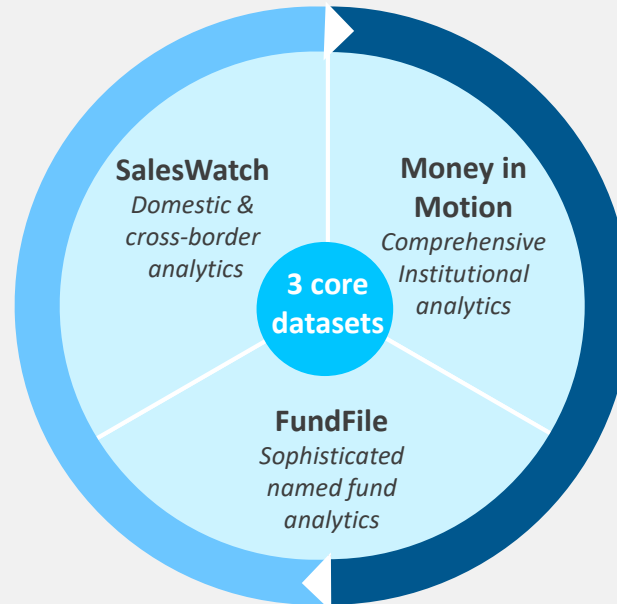
Detailed Domestic and Cross-Border Fund Market Intelligence across retail & institutional channels

- Fund assets, flows and launches by product and region
- 88,000 open ended-funds globally
- Fund benchmarks, rankings and named competitive positioning
- Advanced fund and competition analytics
- Cross-border and distributor analytics

Americas

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## GMI INSTITUTIONAL

Detailed Global Institutional Market Intelligence across all vehicles

- Institutional assets and flows by product, region and client type
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- Institutional Benchmarks and rankings
- True Negotiated Fee analysis
- Named consultant analysis

Americas

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