

Asia Pacific Money in Motion

Q4 2018 Quarterly Trend Report

TOP 10 INSIGHTS



1

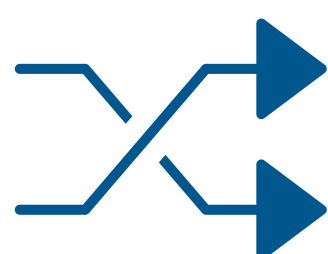
The total value of **addressable institutional assets in APAC at the end of 2018 was US\$9.3 trillion**

2

The **bulk of outsourcing opportunities is found in three markets**, namely Japan, China and Australia with nearly 80% in collective market share



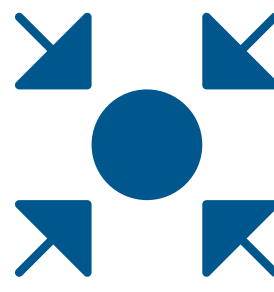
3



There are **two key winners in Q4**, namely active equity quant as Australian DC pension piled into multi-factor strategies, and US passive fixed income with support from Japanese official institutions

4

The **biggest contributions to fundamental active flows** are China asset manager/sub-advisory, South Korean institutions and Japanese asset manager/sub-advisory



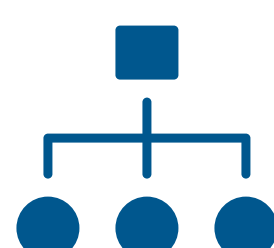
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Demand for alternatives is on the rise despite rising concerns over valuations. Desire for higher yields and uncorrelated returns are driving a wide spectrum of investors to enter the fray

6

We see **rising demand for multi-asset strategies in the alternatives space** where managers take a consultative approach to allocate across a broad spectrum of assets from private equity to private debt, hedge funds and real assets



7



Hedge funds are seeing a resurgence in the region, shaking off their bad reputation of yesteryear. **Demand for global and even domestic hedge funds are on the rise**, especially with the encouraging regulatory stances taken in markets like Japan, Korea and China

8

Passively built multi-asset funds have been at the receiving end of flows due to a heightened focus on fees



9



Japan and Australia present the strongest asset gathering opportunities for passive fixed income

10

Prediction: Whilst we believe cheap easily replicable third-party indices will drive volume, **there is room for asset managers to distinguish themselves if they are able to build their corporate identity around ESG credentials**



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