

# Singapore Fund Flow Report

## Q2 2021

### Singapore Fund Flow Report for Q2 2021

Based on the data submitted by the participating Investment Management Association of Singapore, or IMAS, members (see Appendix A), the various authorized and recognized unit trusts registered for sale in Singapore posted net inflows of SGD 9,075.71 million for the second quarter of 2021.

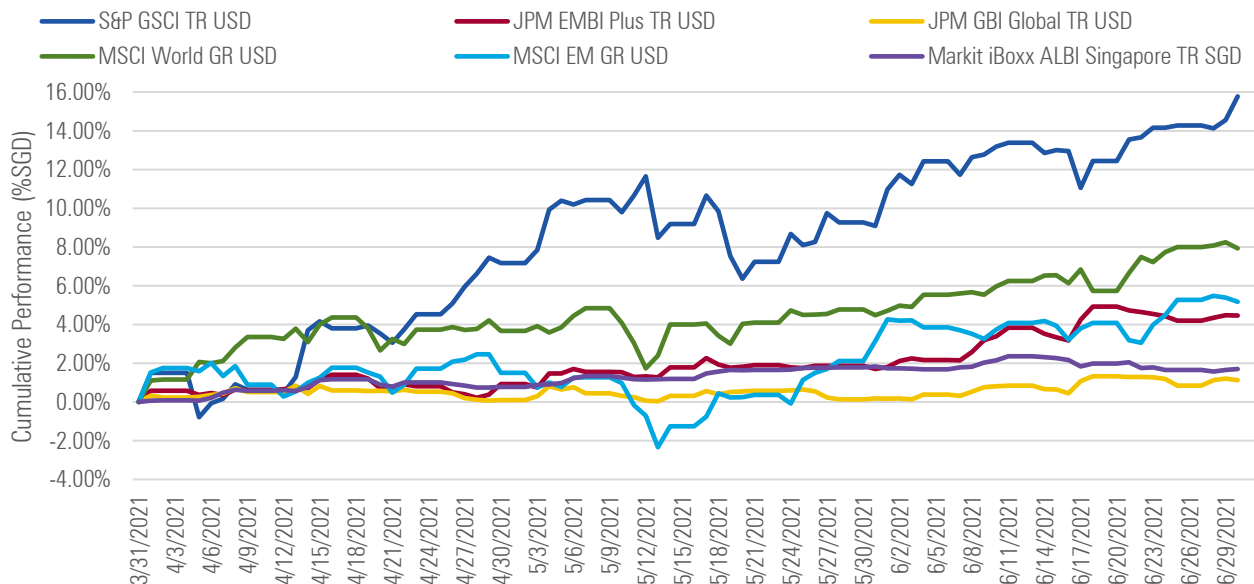
Breaking down the data by asset type, equity funds posted the highest net inflows of SGD 8,773.81 million during the quarter, more than double the net flow of SGD 3,014.09 million in the first quarter. Equity funds posted gross inflows of SGD 56,124.87 million for the quarter.

Flows for bond funds slowed, concluding the quarter with SGD 151.00 million in positive net flows, down 81.20% from the previous quarter. Although gross inflows into allocation funds slowed down, investors' fund withdrawals were reduced by more than 30%. Netting out the SGD 1,627.96 million outflow, net inflows into allocation funds totaled SGD 224.88 million in the second quarter.

### Exhibit 1: Fund Flows by Major Asset Class for Q2 2021 (in SGD millions)

	Inflows			Outflows			Net Flows
	CPF	Non-CPF	Total	CPF	Non-CPF	Total	
<b>Allocation</b>	0.49	1,852.35	1,852.84	3.21	1,624.75	1,627.96	224.88
<b>Alternative</b>	0.00	14.88	14.88	0.00	18.96	18.96	-4.08
<b>Commodities</b>	0.00	6.59	6.59	0.00	10.53	10.53	-3.93
<b>Convertibles</b>	0.00	0.35	0.35	0.00	1.85	1.85	-1.51
<b>Equity</b>	52,173.92	3,950.95	56,124.87	44,906.39	2,444.66	47,351.06	8,773.81
<b>Fixed Income</b>	10.90	2,695.53	2,706.43	8.75	2,546.68	2,555.43	151.00
<b>Miscellaneous</b>	0.00	0.19	0.19	0.00	0.74	0.74	-0.55
<b>Money Market</b>	0.00	2,971.80	2,971.80	0.00	3,035.71	3,035.71	-63.91

### Exhibit 2: Performance of Key Technical Indicators During Q2 2021



**Exhibit 3: Top 10 Fund Sectors Inflows and Outflows by Morningstar Category for Q2 2021 (in SGD millions)**

<b>Morningstar Category</b>	<b>Total Inflow (SGD in Millions)</b>
Europe Large-Cap Blend Equity	15,643.29
Asia ex-Japan Equity	11,861.24
Global Emerging Markets Equity	8,139.55
Global Equity Income	6,197.12
US Large-Cap Value Equity	4,864.12
Greater China Equity	3,903.25
Money Market - Other	2,971.65
Other Equity	2,703.31
Other Bond	894.12
Other Allocation	808.02

<b>Morningstar Category</b>	<b>Total Outflow (SGD in Millions)</b>
Asia ex-Japan Equity	16,574.70
Global Equity Income	7,189.82
US Large-Cap Value Equity	6,609.14
Global Emerging Markets Equity	5,293.95
China Equity	3,670.87
Money Market - Other	3,033.58
Greater China Equity	2,778.86
Other Equity	2,744.86
Europe Large-Cap Blend Equity	916.01
SGD Bond	795.16

**Equity Fund Flow Analysis**

Globally, economic output has picked up to gradually return to normal levels. The MSCI World Index rose by 7.8% (in US dollar terms) in Q2 2021, while it soared 8.68% for Q4 2021. Most major equity markets had positive returns in the second quarter of 2021. Oil inventories are declining to fulfill accelerated demand worldwide, thus pushing oil prices higher. The economic backdrop has become supportive of commodity currencies like the Russian ruble. This quarter, Russia equity led the board of major markets with an 11.96% gain (proxied by the RTS Index). In the United States, the tech-heavy Nasdaq rose 9.49%, and the S&P 500 closely followed with an 8.17% gain. The Dow Jones Industrial Average, which holds more procyclical names, lagged with a 4.61% rise over the same period.

By global Morningstar Category, half of the 32 equity fund groups posted net inflows for the quarter, while the rest posted net outflows. Among all equity types, Europe equity large cap posted the largest net inflows, absorbing a total of SGD 14,893.18 million in the second quarter. Global emerging-markets equity and technology sector equity followed, with net inflows of SGD 2,816.57 million and SGD 184.33 million, respectively. Asia ex-Japan equity, US equity large-cap value, and Greater China equity posted the biggest net outflows of SGD 4,756.48 million, SGD 2,200.52, and SGD 1,886.74, respectively.

**Exhibit 4: Top and Bottom Equity Morningstar Categories by Net Flows for Q2 2021 (in SGD millions)**

<b>Morningstar Category</b>	<b>Net Flow</b> (SGD in Millions)
Europe Equity Large Cap	14,893.18
Global Emerging Markets Equity	2,816.57
Technology Sector Equity	184.33
US Equity Large Cap Blend	142.18
Healthcare Sector Equity	92.15
Natural Resources Sector Equity	33.97
Financials Sector Equity	27.08
Real Estate Sector Equity	25.68
US Equity Large Cap Growth	16.58
Precious Metals Sector Equity	11.60
Europe Equity Mid/Small Cap	-5.02
Equity Miscellaneous	-5.24
Energy Sector Equity	-6.62
Europe Emerging Markets Equity	-9.15
India Equity	-22.17
Latin America Equity	-25.52
Global Equity Large Cap	-568.75
Greater China Equity	-1,886.74
US Equity Large Cap Value	-2,200.52
Asia ex-Japan Equity	-4,756.48

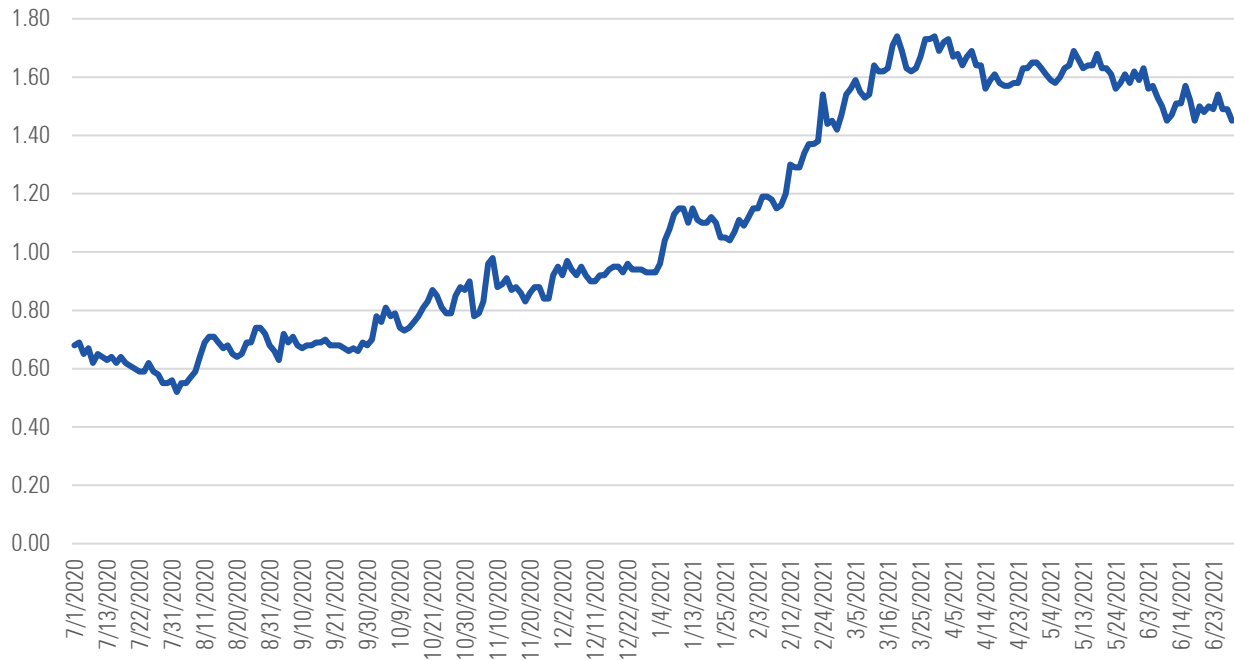
**Exhibit 5: Estimated Equity Fund Flows by Investment Area for Q2 2021 (in SGD millions)**

<b>Investment Areas</b>	<b>Net Flow</b> (SGD in Millions)
Europe	14,867.66
Asia Pacific	81.13
Middle East & Africa	0.10
Latin America	-25.03
Global	-262.08
North America	-1,762.18
<b>Total</b>	<b>12,899.60</b>

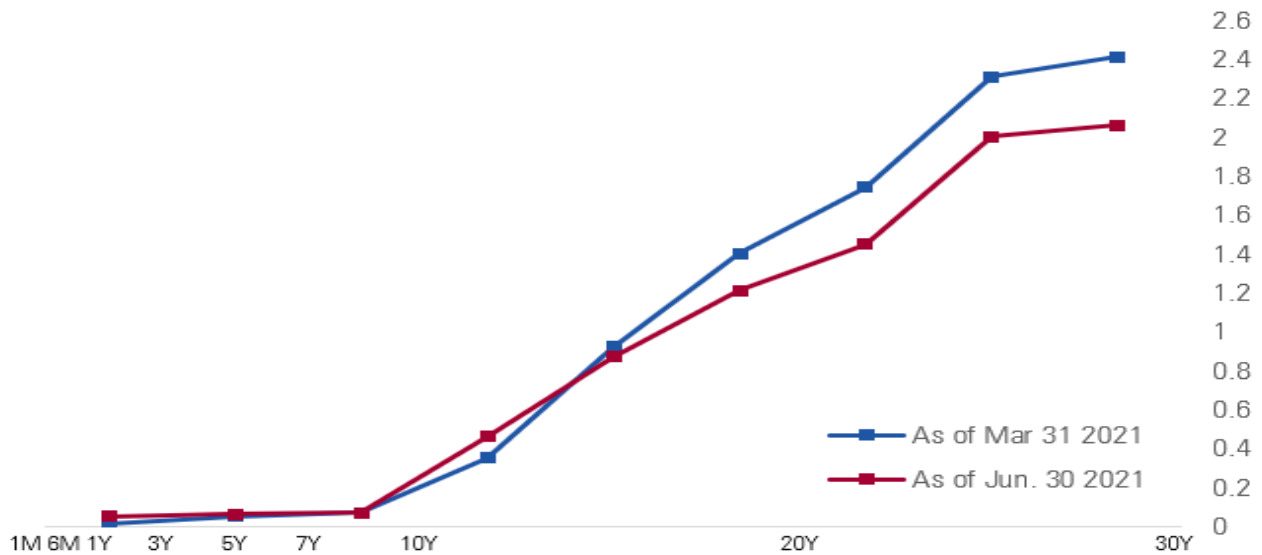
**Bond and Money Market Fund Flow Analysis**

The FTSE WGBI rose 1.02% for the quarter (in US dollars). The 10-year Treasury yield ended at 1.45% for the second quarter of 2021 versus 1.73% at the end of the first quarter.

**Exhibit 6: U.S. Government-Bond Market Movements**



**Exhibit 7: Shifts in US Benchmark Yields During Q2 2021**



Among bond categories, global, Asia, US fixed income, and fixed-income miscellaneous recorded net inflows for the second quarter. The global and Asia categories led with inflows of SGD 82.55 million and SGD 80.40 million, respectively. Emerging-markets fixed income and Europe fixed income posted net outflows of SGD 42.39 million and SGD 19.64 million, respectively. For the money market fund groups, Asia money market posted the largest net outflows of SGD 125.05 million for the period.

**Exhibit 8: Net Flows into Bond and Money Market Funds for Q2 2021 (in SGD millions)**

<b>Bond Funds</b>	<b>Net Flow</b> (SGD in Millions)
Global Fixed Income	82.55
Asia Fixed Income	80.40
US Fixed Income	28.99
Fixed Income Miscellaneous	21.07
Europe Fixed Income	-19.64
Emerging Markets Fixed Income	-42.39
<b>Money Market Funds</b>	<b>Net Flow</b> (SGD in Millions)
Money Market Miscellaneous	63.11
Euro Money Market	0.00
US Money Market	-1.98
Asia Money Market	-125.05

**Allocation and Other Fund Flows Analysis**

Allocation funds posted net inflows of SGD 225.01 million for the second quarter. The majority of the inflows were attributed to the flexible allocation category. "Other" fund groups, except for market-neutral products, recorded net outflows during the quarter. Market-neutral funds gathered a total of SGD 6.95 million, while the largest outflows came from multialternative, as investors pulled SGD 9.58 million out of funds in this category.

**Exhibit 9: Net Flows Into Allocation and "Other" Funds for Q2 2021 (in SGD millions)**

<b>Global Category</b>	<b>Net Flow</b> (SGD in Millions)
Allocation Miscellaneous	100.73
Flexible Allocation	82.60
Moderate Allocation	33.37
Aggressive Allocation	11.74
Market Neutral	6.95
Target Date	-0.13
Alternative Miscellaneous	-0.30
Capital Protected	-0.55
Global Macro	-1.14
Convertibles	-1.51
Cautious Allocation	-3.43
Commodities Broad Basket	-3.93
Multialternative	-9.58

## **Outlook**

We believe the pandemic recovery view remains intact. With better vaccination availability and adoption rates, particularly within developed markets, some sectors will still stand out and benefit from it. Interest rates have not risen to a level that is high enough to cause sustained risks. Investors should instead focus on the valuations of companies. As of the end of June 2021, Morningstar's North American coverage list was trading at a 4% premium to its fair value, and Asia inched closer to its fair value level compared with the past few quarters.

Thus, with a minimal buffer from a valuation perspective, systemic risk will be on the march going forward as the likelihood to see a broad pullback increases. At the macro level, we expect US economic growth to continue to gather steam that is likely to last well into 2023. Thus, Morningstar has increased its US real gross domestic product growth forecast to 6.0% from the previous estimate of 5.3%. Inflation is anticipated to touch the 3% level for full-year 2021, its fastest rate since 2008. Price increases have been partially due to supply-side issues, for example, the global chip shortage. Morningstar analysts believe the resultant price rises from chip and other shortages are transient issues and expect inflationary upside pressure to moderate thereafter. Labor markets remain tight, though, which will continue to push core inflation slightly above the Federal Reserve's 2% target over the next few years.

## **Appendix – Data Sources**

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

1. Aberdeen Standard Investments (Asia)
2. AllianceBernstein (Singapore)
3. Allianz Global Investors Singapore
4. Amundi Singapore
5. BlackRock (Singapore)
6. Eastspring Investments (Singapore)
7. FIL Investment Management (Singapore)
8. First Sentier Investors (Singapore)
9. iFAST Financial
10. Janus Henderson Investors (Singapore)
11. JPMorgan Asset Management (Singapore)
12. Lion Global Investors
13. Nikko Asset Management Asia
14. NN Investment Partner (S)
15. Phillip Capital Management (S)
16. Pimco Asia
17. PineBridge Investments Singapore
18. Schroder Investment Management (Singapore)
19. Singapore Consortium Investment Management
20. Templeton Asset Management
21. UBS Asset Management (Singapore)
22. UOB Asset Management
23. Western Asset Management



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