

Singapore Fund Flow Report

Q3 2021

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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 outflows of SGD 295.92 million for the third quarter of 2021.

Breaking down the data by asset type, fixed income funds posted the highest net inflows of SGD 1,390.70 million during the quarter, versus the net flow of SGD 151.00 million in the second quarter. Bond funds posted gross inflows of SGD 3,457.79 million for the quarter, absorbing 27.76% more in assets than a quarter back.

Flows for equity funds significantly slowed, concluding the quarter with SGD 1,139.18 million in positive net flows, down from SGD 8,773.18 million from the previous quarter.

Gross inflows into allocation funds were stable quarter-on-quarter. With a smaller amount of fund withdrawals, net inflows increased by more than 60%. Netting out the SGD 1,143.99 million outflow, net inflows into allocation funds totaled SGD 583.08 million in the third quarter.

Money market funds posted a marked net outflow during the third quarter and completely offset the inflows into equity and bond funds. Investors redemption of the cash management product led to an aggregate of SGD 2,809.05 million in net outflows.

Exhibit 1: Fund Flows by Major Asset Class for Q3 2021 (in SGD millions)

	Inflows			Outflows			Net Flows
	CPF	Non-CPF	Total	CPF	Non-CPF	Total	
Allocation	0.82	1,726.25	1,727.07	3.50	1,140.49	1,143.99	583.08
Alternative	0.00	11.14	11.14	0.00	15.40	15.40	(4.25)
Commodities	0.00	1.81	1.81	0.00	3.93	3.93	(2.12)
Convertibles	0.00	0.06	0.06	0.00	0.84	0.84	(0.78)
Equity	61.63	3,919.10	3,980.73	55.35	2,786.20	2,841.55	1,139.18
Fixed Income	13.65	3,444.14	3,457.79	12.97	2,054.11	2,067.09	1,390.70
Miscellaneous	0.00	0.07	0.07	0.00	0.92	0.92	(0.85)
Money Market	0.00	2,511.35	2,511.35	0.00	5,320.39	5,320.39	(2,809.05)

Exhibit 2: Performance of Key Technical Indicators During Q3 2021

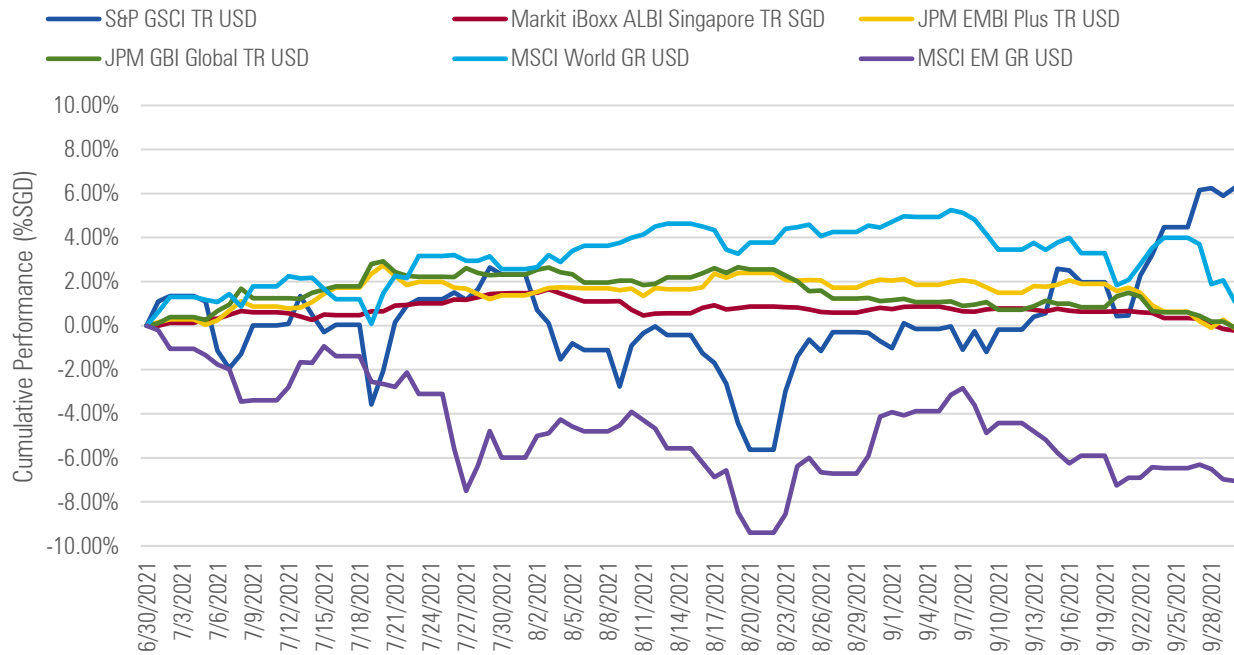


Exhibit 3: Top 10 Fund Sectors Inflows and Outflows by Morningstar Category for Q3 2021 (in SGD millions)

Morningstar Category	Total Inflow (SGD in Millions)
Asia ex-Japan Equity	21,402.58
Global Equity Income	8,081.02
Global Emerging Markets Equity	7,376.82
Europe Large-Cap Blend Equity	4,819.10
Greater China Equity	3,634.27
US Large-Cap Value Equity	3,608.97
Other Equity	1,635.60
China Equity - A Shares	287.71
Sector Equity Technology	257.27
Global Large-Cap Growth Equity	256.92

Morningstar Category	Total Outflow (SGD in Millions)
Global Equity Income	8,488.80
Asia ex-Japan Equity	8,020.83
Global Emerging Markets Equity	6,383.85
US Large-Cap Value Equity	5,584.13
Greater China Equity	3,388.03
China Equity	1,888.39
Europe Large-Cap Blend Equity	1,283.77
Other Equity	1,237.98
Sector Equity Technology	267.31
China Equity - A Shares	178.69

Equity Fund Flow Analysis

As the quarter began, the delta variant and inflation concerns jolted stocks in July, but it was a short-lived sell-off. In the face of rising inflationary pressure, global central banks started to shift to a more hawkish policy stance, pushing volatility higher especially in the month of September. In the third quarter of 2021, U.S. equities finished little changed, with the S&P 500 index gaining 0.23% while the Nasdaq Composite was down 0.38%.

Globally, equity investors were showing a risk-off attitude as small caps, value stocks, and emerging-markets equities underperformed large caps, growth, and developed markets, respectively. Backed by a greater inflationary anticipation, commodities-linked stocks were among the best-performing assets. Their winning streak lasted since the beginning of 2021. A power shortage in some regions, such as Europe and China, showed that demand has increasingly outstripped supply across the energy complex. For the first time in a decade, energy stocks outperformed global equity market indexes by more than 10% in the third quarter.

Investor attention also drifted to China's systemic risks, from a regulatory crackdown on some index heavyweights to a debt struggle of the country's largest property developers. The hurt from the regulatory reset and the default episode was felt mainly by the offshore market as Hang Seng Index plummeted 14.75% in the third quarter. The SSE Composite Index, tracking the largest caps listed on the Shanghai exchange, generated a flat return 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, Asia ex-Japan equity posted the largest net inflows, absorbing a total of SGD 13,347.07 million in the third quarter. Europe equity large cap and global emerging markets equity followed, with net inflows of SGD 3,747.88 million and SGD 985.07 million, respectively. US equity large-cap value, Greater China equity, and Real estate sector equity posted the biggest net outflows of SGD 2,086.98 million, SGD 1,309.73, and SGD 29.50, respectively.

Exhibit 4: Top and Bottom Equity Morningstar Categories by Net Flows for Q3 2021 (in SGD millions)

Morningstar Category	Net Flow (SGD in Millions)
Asia ex-Japan Equity	13,347.07
Europe Equity Large Cap	3,747.88
Global Emerging Markets Equity	985.07
Healthcare Sector Equity	96.10
US Equity Large Cap Blend	82.60
Global Equity Large Cap	65.12
Energy Sector Equity	57.09
US Equity Large Cap Growth	20.13
Japan Equity	14.05
Financials Sector Equity	6.85
US Equity Large Cap Value	(2,086.98)
Greater China Equity	(1,309.73)
Real Estate Sector Equity	(29.50)
Technology Sector Equity	(25.05)
India Equity	(13.17)
Equity Miscellaneous	(12.65)
Latin America Equity	(5.47)
Europe Equity Mid/Small Cap	(3.08)
Natural Resources Sector Equity	(2.19)
US Equity Mid Cap	(1.76)

Exhibit 5: Estimated Equity Fund Flows by Investment Area for Q3 2021 (in SGD millions)

Investment Areas	Net Flow (SGD in Millions)
Global	1,178.34
Asia Pacific	992.60
Europe	140.35
Middle East & Africa	(0.35)
United States of America	(2,410.95)
Total	-100.01

Bond and Money Market Fund Flow Analysis

The FTSE WGBI fell 0.25% for the quarter (in USD). The 10-year Treasury yield ended at 1.52% for the third quarter of 2021, edging up from the 1.45% level at the end of second-quarter 2021.

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

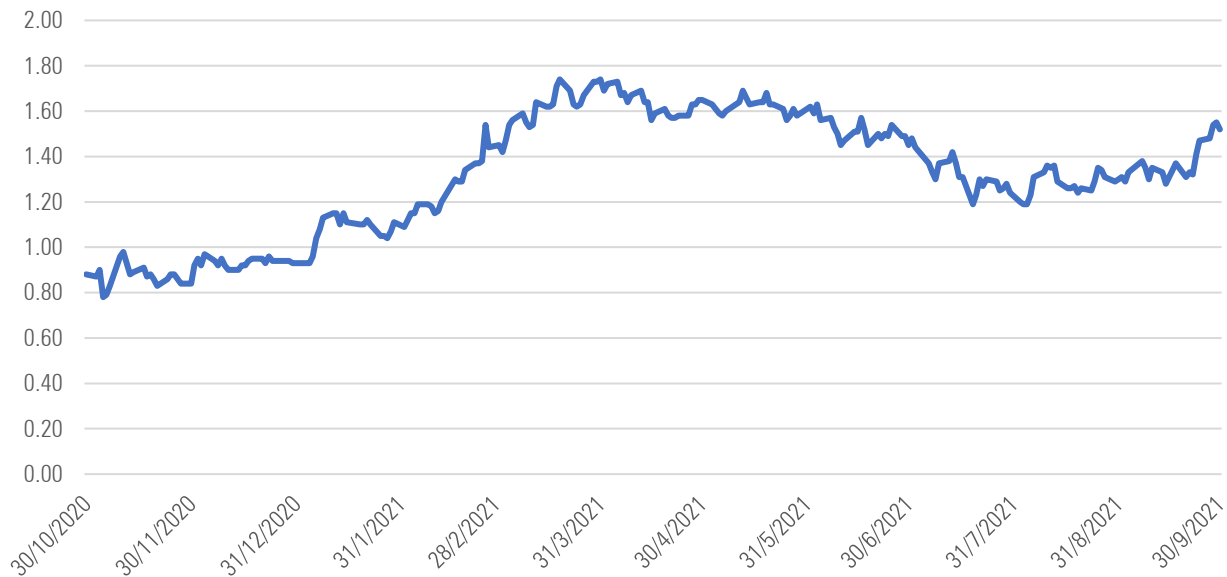
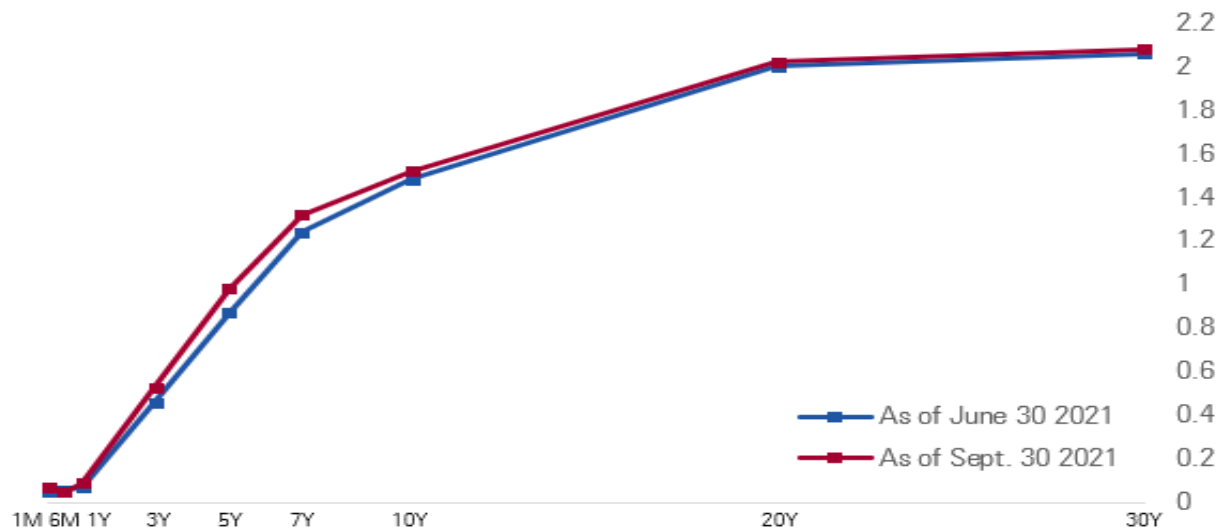


Exhibit 7: Shifts in US Benchmark Yields During Q3 2021



Among bond categories, Asia fixed income recorded strong net inflows of SGD 962.27 for the third quarter. The global bond category closely followed with inflows of SGD 322.31 million. On the flipside, emerging-markets fixed income saw another quarter of net outflows, with investors withdrawing a total of SGD 15.24 million.

For the money market fund groups, none of the sub-categories posted positive net inflows. Money Market Miscellaneous recorded the largest net outflows of SGD 2,745.07 million for the period.

Exhibit 8: Net Flows into Bond and Money Market Funds for Q3 2021 (in SGD millions)

Bond Funds	Net Flow (SGD in Millions)
Asia Fixed Income	962.27
Global Fixed Income	322.31
US Fixed Income	87.05
Fixed Income Miscellaneous	43.63
Europe Fixed Income	(9.31)
Emerging Markets Fixed Income	(15.24)
Money Market Funds	Net Flow (SGD in Millions)
Euro Money Market	0.00
US Money Market	(4.22)
Asia Money Market	(59.75)
Money Market Miscellaneous	(2,745.07)

Allocation and Other Fund Flows Analysis

Allocation funds posted net inflows of SGD 583.44 million for the third quarter. The majority of the inflows were attributed to the moderate allocation category.

"Other" fund groups, except for Global Macro products, recorded net outflows during the quarter. Global macro funds gathered a total of SGD 6.38 million, while the largest outflows came from market-neutral funds, as investors pulled SGD 8.44 million out of funds in this category.

Exhibit 9: Net Flows Into Allocation and "Other" Funds for Q3 2021 (in SGD millions)

Global Category	Net Flow (SGD in Millions)
Moderate Allocation	405.71
Allocation Miscellaneous	93.06
Flexible Allocation	86.15
Global Macro	6.38
Alternative Miscellaneous	(0.05)
Target Date	(0.36)
Aggressive Allocation	(0.56)
Convertibles	(0.78)
Capital Protected	(0.85)
Cautious Allocation	(0.93)
Commodities Broad Basket	(2.12)
Multialternative	(2.15)
Market Neutral	(8.44)

Outlook

Several central banks voice a more hawkish policy stance, with South Korea and Norway each raising their benchmark interest rate in the third quarter. While this may be a precursor to policy tightening more broadly, it is worth remembering that both countries were among the first to hike rates in the last cycle, only to reverse course as the global economic recovery lost steam.

Closer to home, Asian equities under Morningstar coverage are generally cheaply priced, with an average price to fair value at 0.86 times, from 0.94 times last quarter. While value for Asian stocks continues to surface, volatility in the equity markets will remain prevalent towards the end of the year. For China's regulatory consolidation, it is believed that the majority of the policies were already announced for the Chinese Internet companies but that regulatory overhang may last. Morningstar foresees the aftermath of the regulatory crackdown lasting through the first quarter of 2022. The overall sentiment towards Chinese stocks will improve going forward.

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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