Singapore Fund Flow Report
Q4 2024

Morningstar
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Contents

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Singapore Fund Flows Report for Fourth-Quarter 2024

Based on the data submitted by the participating members of the Investment Management Association of Singapore, or IMAS (see Appendix), the various authorized and recognized unit trusts registered for sale in Singapore posted net inflows of SGD 1.72 billion in the fourth quarter of 2024 - with total net inflows hitting SGD 7.6 billion for the full calendar year, a 167% increase from SGD 2.85 billion in 2023.

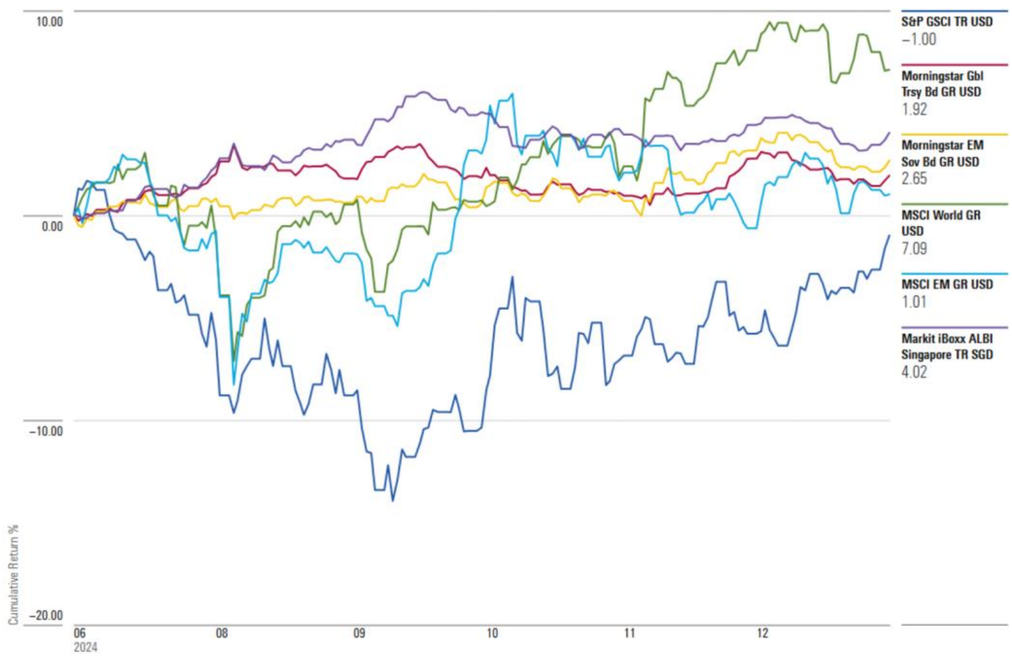
Breaking down the data by asset type, fixed income and allocation funds attracted the most interest, with positive net inflows of SGD 758.83 million and SGD 630.09 million respectively, with interest in money market funds falling significantly from SGD 1.5 billion in Q3 to SGD 158.83 million in Q4. Equity funds regained some interest among investors, with net flows of SGD 171.83 million. Performance among other asset classes were muted, with alternative (SGD 1.32 million), commodities (SGD 0.63 million) and convertibles (SGD 0.12 million) all posting negative net flows.

Exhibit 1 Fund Flows by Major Asset Class for Q4 2024 (in SGD millions)

Asset Class	Inflow	Outflow	Net Flow	Total Net Assets
Allocation	1,778.20	1,148.12	630.09	33,772.78
Alternative	0.53	1.85	-1.32	816.85
Commodities	1.22	1.85	-0.63	31.84
Convertibles	0.01	0.13	-0.12	165.49
Equity	2,881.79	2,709.95	171.83	113,590.48
Fixed Income	2,604.02	1,845.18	758.83	93,290.66
Money Market	1,104.25	945.42	158.83	7,825.29

Source: Morningstar. Data as of 31/12/2024.

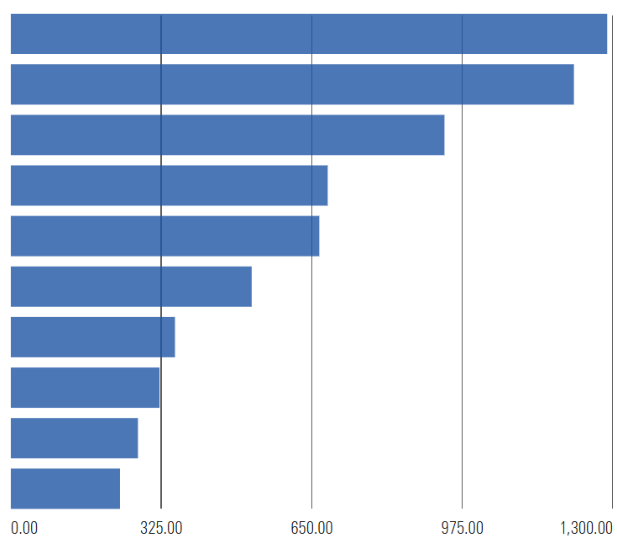
Exhibit 2 Performance of Key Technical Indicators During Q4 2024

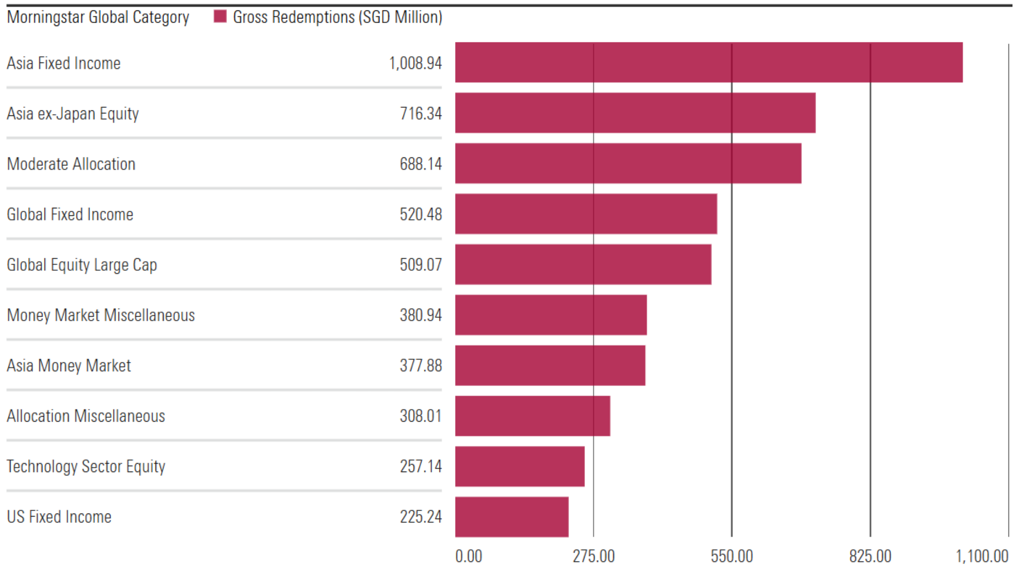


Source: Morningstar. Data as of 31/12/2024.

Exhibit 3 Top 10 Inflows and Outflows by Morningstar Category for Q4 2024 (in SGD millions)

Morningstar Global Category	Gross Sales (SGD Million)
Asia Fixed Income	1,287.73
Moderate Allocation	1,215.88
Global Fixed Income	936.31
Global Equity Large Cap	684.25
Asia ex-Japan Equity	666.06
Asia Money Market	520.07
Money Market Miscellaneous	354.46
Flexible Allocation	321.12
Technology Sector Equity	274.51
US Fixed Income	235.67





Source: Morningstar. Data as of 31/12/2024.

Equity Fund Flow Analysis

In the final quarter of 2024, the United States attracted USD 145.60 billion worth of fresh funds to equities. Large blend funds saw the most interest, with inflows of USD 105.28 billion, while foreign large growth funds saw outflows of USD 10.68 billion at the other end of the spectrum. From a sector perspective, healthcare reclaimed its position as the worst performing fund category, with USD 9.53 billion worth of net outflows, followed by global real estate and equity energy. Inflows to the technology sector increased approximately four-fold to hit USD 4.83 billion in the final quarter of 2024.

The performance of Europe continued to improve, with inflows increasing from EUR 4.9 billion in the third quarter to EUR 13.56 billion in the final quarter of 2024. Global equity large-cap funds remained popular with investors and this trend was consistent throughout 2024, with EUR 25.54 billion of inflows tracked. There was also a significant amount of interest shown in US equity large cap blend (EUR 15.17 billion) and UK equity large cap (EUR 5.53 billion), a surprising reversal of fortune when this category featured in the worst performing category in the previous quarter. Instead, global emerging markets equity fared the worst with outflows of EUR 6.21 billion, followed by Europe equity large-cap (EUR 5.93 billion) and Asia ex-Japan equity (EUR 5.50 billion).

In Singapore's backyard, interest across equity categories in Thailand waned to hit net inflows of THB 526.74 million, with equity large-cap bleeding THB 14.96 billion worth of funds. In Malaysia, interest in equity funds also reversed, with net negative flows of MYR 2.93 billion, with most categories seeing negative flows. In China, the effects of the stimulus measures last September were short lived, as equity funds witnessed net negative flows of CNY 85.48 billion.

In Singapore, global equity income was the best performing category with inflows of SGD 91.83 million. Singapore equity surged up the list to place second with SGD 78.82 million gained, with global large-cap blend equity rounding up the top three with SGD 44.79 million. In terms of the worst performing ones, China equity categories were nowhere to be found in the final quarter, with Asia-Pacific ex-Japan equity maintaining its position as the worst performing category with outflows of SGD $121.85 million. This was followed by global large-cap growth equity with SGD $31.66 million, and sector equity healthcare with SGD $28.03 million.

Exhibit 4 Top and Bottom Equity Morningstar Categories by Net Flows for Q4 2024 (in SGD millions)

Top Equity Morningstar Category	Net Flow (SGD Million)
Global Equity Income	91.83
Singapore Equity	78.82
Global Large-Cap Blend Equity	44.79
Other Equity	42.77
US Large-Cap Blend Equity	42.35
India Equity	33.86
Sector Equity Financial Services	26.33
Sector Equity Technology	20.02
Greater China Equity	17.48
Asia ex-Japan Equity	10.51

Bottom Equity Morningstar Category	Net Flow (SGD Million)
Europe Equity Income	-6.10
Sector Equity Ecology	-7.13
Global Flex-Cap Equity	-7.28
Global Large-Cap Value Equity	-9.09
US Large-Cap Growth Equity	-10.65
Sector Equity Alternative Energy	-20.37
Global Emerging Markets Equity	-21.83
Sector Equity Healthcare	-28.03
Global Large-Cap Growth Equity	-31.66
Asia-Pacific ex-Japan Equity	-121.85

Source: Morningstar. Data as of 31/12/2024.

Exhibit 5 Estimated Equity Fund Flows by Investment Area for Q4 2024 (in SGD millions)

Investment Area	Net Flow (SGD Million)
Asia Pacific	-206.84
Europe	-47.30
Global	1,214.51
Latin America	2.11
Middle East	-0.91
North America	322.49
Total	1,284.06

Source: Morningstar. Data as of 31/12/2024.

Bond and Money Market Fund Flow Analysis

In the U.S., the fixed income market (excluding municipal bonds) maintained its growth trajectory in the fourth quarter, attracting USD 128.30 billion worth of funds. Intermediate core bonds, ultrashort bonds and multisector bonds made up over 60% of all inflows, with money market funds increasing to USD 355.35 billion.

In Europe, the fixed income landscape remained unchanged in the final quarter of 2024, with net inflows of EUR 75.36 billion recorded, a slight decrease from EUR 76.39 billion in the third quarter. Demand for Europe fixed income grew to record net flows of EUR 46.44 billion, followed by global fixed income with EUR 15.33 billion. Emerging markets fixed income swapped places with Asia fixed income as the worst performing category, with the highest negative net flows at approximately EUR 5.10 billion in the fourth quarter. Money markets fell slightly to record EUR 69.96 billion worth of net inflows.

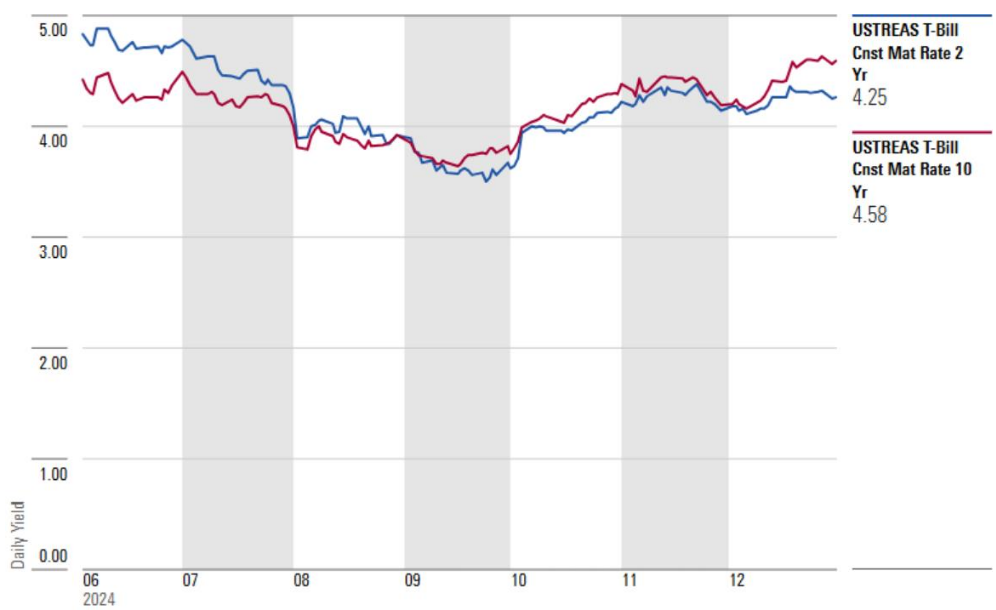
In Southeast Asia, interest from Thailand in fixed income funds grew significantly, with net flows growing to THB 500.39 billion in the fourth quarter compared to THB 38.17 billion in the previous one, with money market funds seeing a marked improvement with net flows of THB 66.33 billion, double the amount seen in the previous quarter. Malaysia's performance in fixed income categories remained consistent to the previous quarter, with net inflows of MYR 2.28 billion, while money market funds saw negative net flows of MYR 914.90 million - with Shariah compliant funds the only one to post a net positive flow of MYR 172.46 million.

In China, fixed income categories posted net flows of CNY 55.17 billion, with the bulk of it driven by investor interest in Asia fixed income (CNY 55.11 billion). Money market funds registered net flows of CNY 525.54 billion in the final quarter of 2024.

For Singapore, the fixed income universe continued to perform well, although net inflows of SGD 758.83 for Q4 were 60% lower compared to the previous quarter. Global fixed income was the most popular category (SGD 415.82 million), followed by Asia fixed income with inflows of SGD 278.79 million. In terms of the worst performing categories, Europe fixed income was the only one to post net outflows of SGD 11.16 million. Money market funds also performed well with net inflows of SGD 158.83 million, with the bulk of it coming from Asia money market funds.

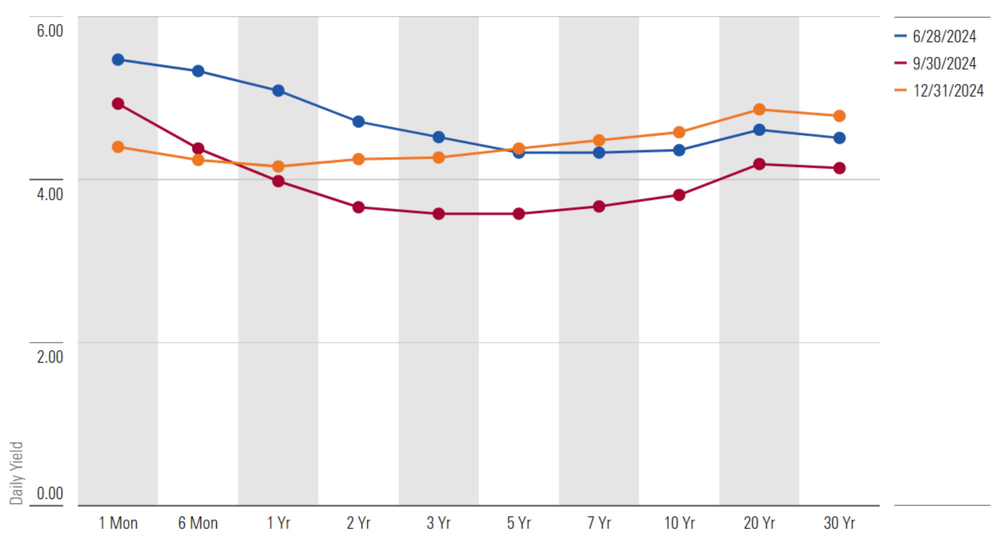
US Government-Bond Market Movements

Exhibit 6 10-Year US Treasury Constant Maturity Rate



Source: Morningstar. Data as of 31/12/2024.

Exhibit 7 Shifts in US Benchmark Yields During Q4 2024



Source: Morningstar. Data as of 31/12/2024.

Exhibit 8 Net Flows Into Bond and Money Market Funds for Q4 2024 (in SGD millions)

Fixed Income Category	Net Flow (SGD Million)
Global Fixed Income	415.82
Asia Fixed Income	278.79
Fixed Income Miscellaneous	54.20
Emerging Markets Fixed Income	10.74
US Fixed Income	10.44
Europe Fixed Income	-11.16
Money Market Category	**Net Flow (SGD Million)**
Asia Money Market	142.19
US Money Market	43.13
Money Market Miscellaneous	-26.49

Source: Morningstar. Data as of 31/12/2024.

Allocation and 'Other' Fund Flow Analysis

The performance of allocation and "other funds" had net inflows of SGD 628.32 million in the fourth quarter, a six-fold increase over the previous quarter. Moderate allocation and flexible allocation led the pack with SGD 527.74 million and SGD 198.49 million respectively, with allocation miscellaneous faring the worst with outflows of SGD 133.81 million.

Exhibit 9 Net Flows Into Allocation and "Other" Funds for Q4 2024 (in SGD millions)

Allocation and "Other" Category	Net Flow (SGD Million)
Moderate Allocation	527.74
Flexible Allocation	198.49
Aggressive Allocation	24.87
Cautious Allocation	13.10
Market Neutral	0.27
Convertibles	-0.12
Multialternative	-0.44
Commodities Broad Basket	-0.63
Global Macro	-1.15
Allocation Miscellaneous	-133.81

Source: Morningstar. Data as of 31/12/2024.

The Outlook

As we get ready to complete the first quarter of 2025, multiple significant economic and geopolitical events have set the stage for a bumpy ride as headline risks and big tech's Q4 2024 showdown have resulted in market schizophrenia. The Chinese market opened the new year with a downward trend, and U.S. President Trump's trade stance has spooked markets, although the performance of the Magnificent Seven from the previous quarter's earnings continue to give investors hope that a tech-driven market rally will continue to manifest in 2025.

In 2025, we believe mitigating tariffs risks are key to identifying attractive opportunities in Asia's equity markets. To do this, we prefer domestic-oriented, service-heavy subsectors in China, such as travel, where people still spend but trade down to cheaper options. Firms like Yum China have been flexible, offering consumers cheaper meal options amid macroeconomic weakness. For retail and consumer names, we see discounts of about 20%-25% relative to our fair value estimates. We expect signs of stabilization by mid-2025, as China's government appears committed to restoring consumer confidence through more stimulus. For Japan, which is likely to be less affected by tariffs—the factory automation space should benefit from a China recovery in 2025, including Fanuc and Yaskawa Electric, which are global leaders and have wide moats. There are positive long-term, shareholder-friendly trends, but we are more selective as the discounts to our valuation are lesser.

In the U.S., based on a composite of our intrinsic valuations of the more than 700 stocks under Morningstar's coverage that trade on US exchanges, as of Jan. 6, 2025, we calculated that the US equity market was trading at a price/fair value estimate of 1.04. This represents a 4% premium to our fair value estimates. At this point, we think investors should remain at a market weight position according to their allocation target based on their risk profiles. However, with the market trading at the high end of our fairly valued range, we are becoming progressively cautious, and positioning is increasingly important – with small-cap stocks seen as the best path for generating returns.

On fixed income, investors may want to consider moving out of cash and reallocating to other asset classes. It is key to remember that not only does the income generation of cash erode as rates decline, but by definition, cash cannot deliver any price appreciation. In contrast, investors can consider longer-term bonds which are likely to appreciate in price when interest rates decline. Therefore, the move out of cash today is more appealing because it requires less of a yield give-up, picking any point since 2022, as the shape of the yield curve shifts. Going global with fixed income is also an option, with emerging-markets debt offering substantial yields that are well above inflation rates. However, they should be approached with caution as they are likely to be more volatile than higher-rated bonds from developed countries. Other risks associated with emerging-markets bonds or any global bonds could be currency fluctuation, geopolitical risks in their regions, and certainly less liquidity than US Treasuries. Hence, allocation considerations will be critical moving into 2025.

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. Manulife Investment Management (Singapore)
14. Nikko Asset Management Asia
15. NN Investment Partner (S)
16. Phillip Capital Management (S)
17. PIMCO Asia
18. PineBridge Investments Singapore
19. Schroder Investment Management (Singapore)
20. Singapore Consortium Investment Management
21. Templeton Asset Management
22. UBS Asset Management (Singapore)
23. UOB Asset Management
24. Western Asset Management

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