

Singapore Fund Flows Report

Q2 2025

Morningstar

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Singapore Fund Flows Report for Second-Quarter 2025

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 4.1 billion in the second quarter of 2025, an 86% increase when compared to the previous quarter. This brings the total inflow for the 1H of 2025 to SGD 6.3 billion, with almost 60% of them going to money market funds.

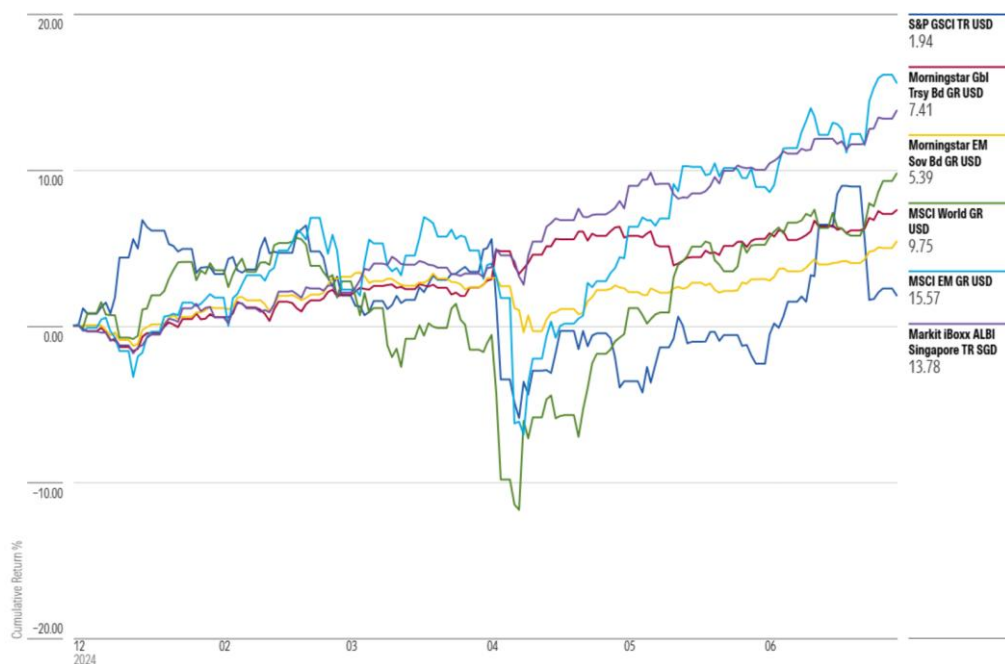
Breaking down the data by asset type, interest in money market funds grew three-fold compared to the previous quarter, with net inflows of SGD 2.8 billion. This was followed by fixed income funds which attracted SGD 918.7 million worth of fresh funds. Allocation strategies came in third, with net inflows of SGD 318.51 million. Interest in equity funds waned, falling from SGD 397.11 million to SGD 80.89 million in the second quarter.

On a biannual basis, money market funds maintained their lead as the most popular asset class, with inflows of SGD 3.69 billion, followed by fixed income with SGD 1.09 billion and finally allocation funds with SGD 1.04 billion.

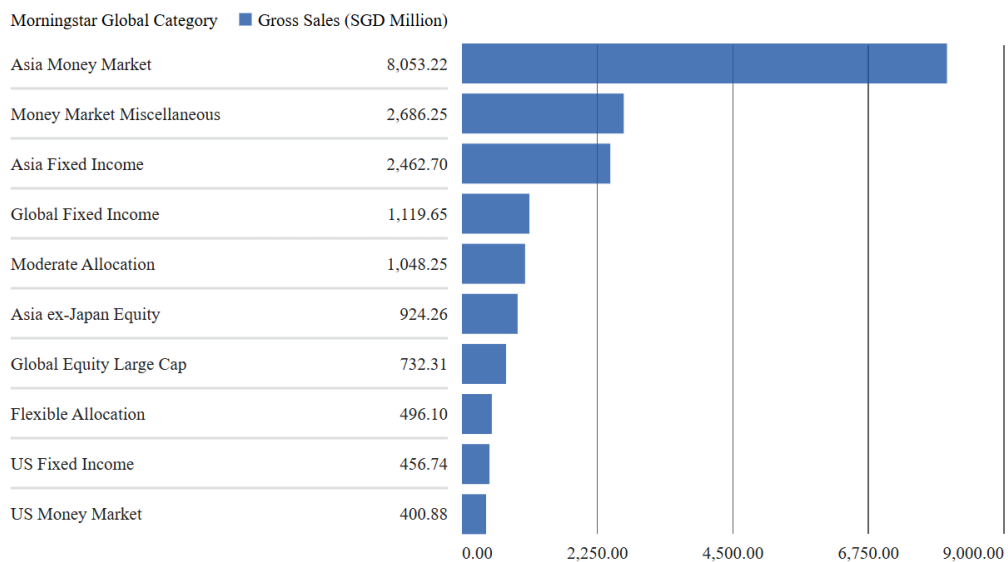
Exhibit 1 Fund Flows by Major Asset Class for Q2 2025 (in SGD millions)

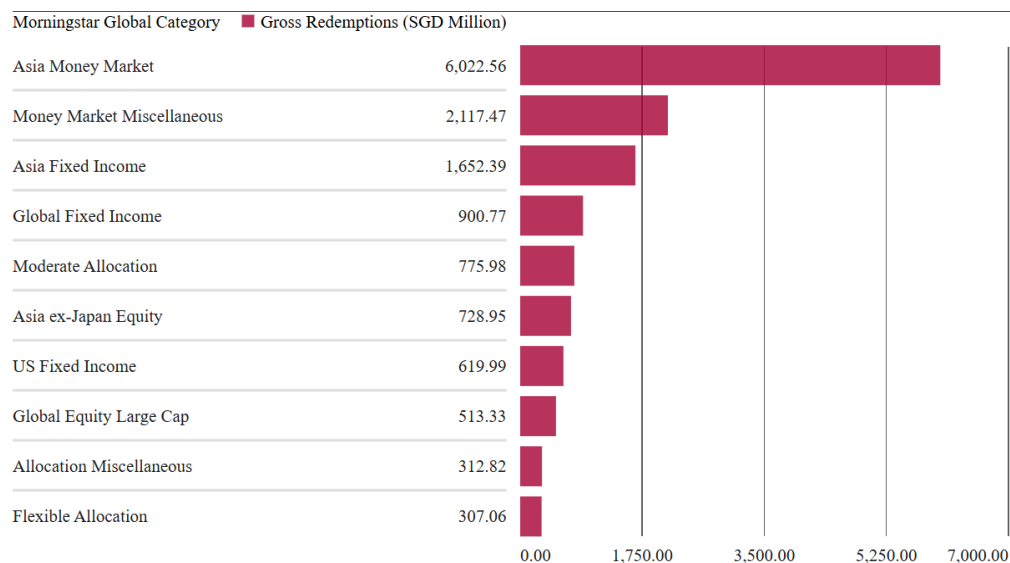
Asset Class	Inflow	Outflow	Net Flow	Total Net Assets
Allocation	1,767.94	1,449.43	318.51	35,011.29
Alternative	3.31	4.66	-1.35	276.45
Commodities	7.83	7.94	-0.11	28.24
Convertibles	0.01	0.67	-0.66	0.13
Equity	3,009.84	2,928.95	80.89	109,615.21
Fixed Income	4,176.88	3,258.20	918.69	86,928.15
Money Market	11,140.35	8,372.65	2,767.70	18,639.96

Source: Morningstar. Data as of 30/6/2025.

Exhibit 2 Performance of Key Technical Indicators During Q2 2025

Source: Morningstar. Data as of 30/6/2025.

Exhibit 3 Top 10 Inflows and Outflows by Morningstar Category for Q2 2025 (in SGD millions)



Equity Fund Flow Analysis

In the second quarter of 2025, investors began rotating out of the US market given perceived risks in the US economy, with USD 11.60 billion redeemed - a sharp contrast considering that USD 6.85 worth of inflows were tracked in the first quarter of this year. Large growth and small blend funds witnessed the biggest outflows with USD 12.06 billion and USD 12.57 billion respectively. Despite all the doom and gloom, large blend strategies continued to perform well, with inflows of USD 33.31 billion. From a sectoral perspective, interest in tech recovered by almost six times to record inflows of USD 3 billion in the second quarter, while healthcare maintained its position as the worst performing fund category, with USD 7.97 billion worth of net outflows.

Interest in European equities recovered in the second quarter of 2025, with inflows hitting EUR 14.70 billion. Despite this, investor sentiment remained largely the same, with global equity large-cap funds top-of-mind for investors with EUR 19.55 billion tracked. The next two best performing categories were Europe equity large cap (EUR 12.47 billion) and US equity large cap blend (EUR 6.03 billion). On the other hand, UK equity large cap fared the worst with outflows of EUR 6.50 billion, followed by US large cap growth with EUR 3.80 billion and Asia ex-Japan equity with EUR 3.31 billion.

In Asia, China's path to recovery continued for the third consecutive quarter, from outflows of CNY 66.15 billion in the first quarter of 2025 improving to inflows of CNY 151.56 billion in the second quarter. In Taiwan, interest in equity funds moderated slightly, with net inflows of TWD 249.87 billion - the bulk of this was driven by interest in Taiwan large-cap equity. On another note, Thailand's struggles in the equity fund category continued, with net outflows increasing over three-fold to hit THB 63.09 billion in the second quarter.

In Singapore, interest in Singapore equity stabilized after having recorded a three-fold increase in the first quarter of 2025 - SGD 247.20 million of inflows went to Singapore equity in the second quarter. This was followed by global large-cap blend equity (SGD 144.66 million) and global equity income (SGD 124.39 million). In contrast to the above, US large-cap blend equity performed the worst having featured

in the top three for net inflows in the first quarter of 2025 - SGD 185.68 million worth of outflows tracked. This was followed by Asia-Pacific ex-Japan equity (SGD 97.56 million) and US large-cap growth equity (SGD 73.30 million).

Exhibit 4 Top and Bottom Equity Morningstar Categories by Net Flows for Q2 2025 (in SGD millions)

Top Equity Morningstar Category	Net Flow (SGD Million)
Singapore Equity	247.20
Global Large-Cap Blend Equity	144.66
Global Equity Income	124.39
Other Equity	81.93
Asia ex-Japan Equity	67.25
Sector Equity Precious Metals	43.14
Greater China Equity	13.14
Europe Large-Cap Blend Equity	8.16
Japan Large-Cap Value Equity	7.24
Europe ex-UK Equity	2.28

Bottom Equity Morningstar Category	Net Flow (SGD Million)
India Equity	-18.60
China Equity	-18.75
China Equity - A Shares	-25.38
Global Emerging Markets Equity	-45.81
Sector Equity Technology	-48.99
Global Large-Cap Growth Equity	-64.65
Sector Equity Healthcare	-66.87
US Large-Cap Growth Equity	-73.30
Asia-Pacific ex-Japan Equity	-97.56
US Large-Cap Blend Equity	-185.68

Source: Morningstar. Data as of 30/6/2025.

Exhibit 5 Estimated Equity Fund Flows by Investment Area for Q2 2025 (in SGD millions)

Investment Area	Net Flow (SGD Million)
Asia Pacific	85.70
Europe	22.25
Global	1,364.65
Latin America	-15.24
Middle East	-0.43
North America	-152.37
Total	1,304.56

Source: Morningstar. Data as of 30/6/2025.

Bond and Money Market Fund Flow Analysis

In the U.S., interest in the fixed income market (excluding municipal bonds) fell 45% in the second quarter of 2025, with net inflows of USD 63.31 billion worth of funds. Similar to the previous quarter, intermediate core bonds and ultrashort bonds were popular with investors. Interest in money market funds continued to decline, with only USD 2.71 billion in the second quarter.

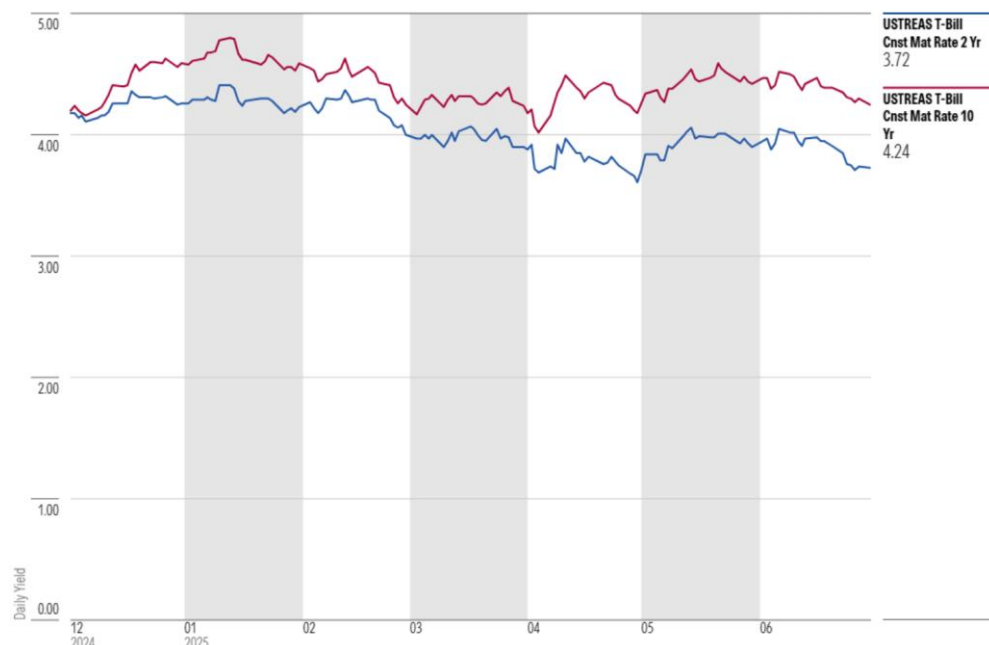
In Europe, there was a sharp drop in fixed income inflows, with net inflows of EUR 49.73 billion representing a 39% decline in the second quarter of 2025. Demand for Europe fixed income remained somewhat stable with inflows of EUR 37.56 billion, followed by fixed income miscellaneous with EUR 9.70 billion. Sterling fixed income continued as the worst performing category, with the highest net outflows at approximately EUR 3.00 billion in the second quarter of 2025. Money markets also fell slightly to record EUR 47.07 billion worth of net inflows.

Like its performance in the equity fund class, interest in fixed income (China) also sharply picked up to register CNY 746.37 billion worth of fresh funds in the second quarter of 2025. In the first quarter, China's fixed income market witnessed an exodus of CNY 474.55 billion. Inflows to money markets in China also increased to CNY 858.59 billion. Thailand's figures in fixed income and money markets remained fairly stable, with net inflows of THB 441.53 billion and THB 30.96 billion respectively.

In Singapore, the Asia fixed income category finally took first place as most attractive asset class to investors, with net inflows of SGD 810.31 million, with global fixed income in second place (SGD 218.88 million). On the other side of the spectrum, US and Europe fixed income were ignored by many investors. On money market funds, Asia money market took the lead with net inflows of SGD 2.03 billion, followed by money market miscellaneous with SGD 568.78 million, and US money market at SGD 168.27 million.

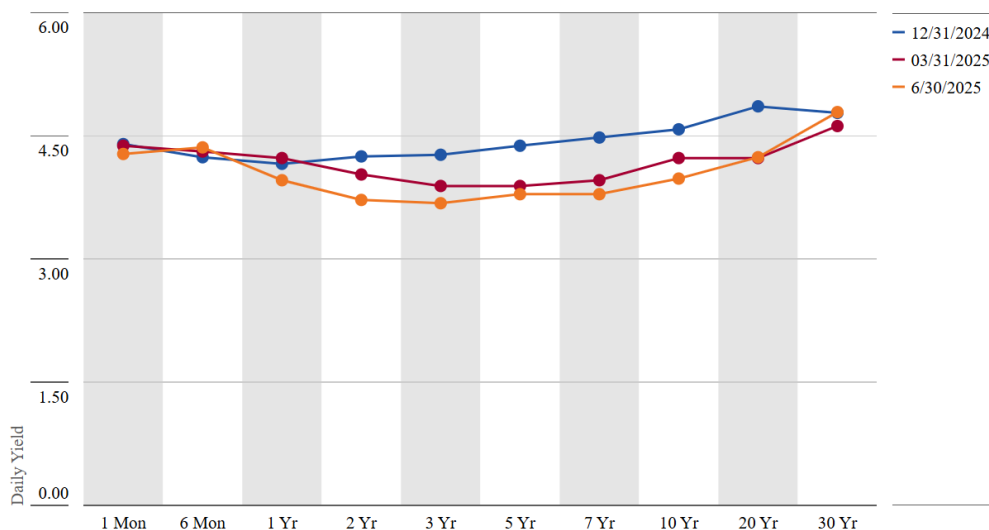
US Government-Bond Market Movements

Exhibit 6 10-Year US Treasury Constant Maturity Rate



Source: Morningstar. Data as of 30/6/2025.

Exhibit 7 Shifts in US Benchmark Yields During Q2 2025



Source: Morningstar. Data as of 30/6/2025.

Exhibit 8 Net Flows Into Bond and Money Market Funds for Q2 2025 (in SGD millions)

Fixed Income Category	Net Flow (SGD Million)
Asia Fixed Income	810.31
Global Fixed Income	218.88
Fixed Income Miscellaneous	56.18
Emerging Markets Fixed Income	0.06
Europe Fixed Income	-3.51
US Fixed Income	-163.25
Money Market Category	Net Flow (SGD Million)
Asia Money Market	2,030.65
Money Market Miscellaneous	568.78
US Money Market	168.27

Source: Morningstar. Data as of 30/6/2025.

Allocation and 'Other' Fund Flow Analysis

In Singapore, moderate allocation strategies remained first choice for many investors, with net inflows of SGD 272.28 million recorded for the second quarter of 2025. This was followed by flexible allocation with inflows of SGD 189.04 million, and aggressive allocation with SGD 8.58 million. On the other hand, allocation miscellaneous strategies performed the worst in the second quarter of 2025, with outflows of SGD 149.69 million.

Exhibit 9 Net Flows Into Allocation and "Other" Funds for Q2 2025 (in SGD millions)

Allocation and "Other" Category	Net Flow (SGD Million)
Moderate Allocation	272.28
Flexible Allocation	189.04
Aggressive Allocation	8.58
Market Neutral	0.28
Multialternative	-0.11
Commodities Broad Basket	-0.11
Target Date	-0.40
Convertibles	-0.66
Cautious Allocation	-1.30
Global Macro	-1.52
Allocation Miscellaneous	-149.69

Source: Morningstar. Data as of 30/6/2025.

The Outlook

The second quarter started with a bang, courtesy of Trump's tariffs announcement, which sent the stock market into a spiral that approached bear-market territory. But when Trump retreated with a 90-day pause, the market was back off to the races and on its way to record highs. While US stocks managed to post solid gains, the real story may have been gains in European stock markets. But for bonds, it was a much dourer outlook. Due to concerns about the inflationary aspects of tariffs, the exploding budget deficit, and global investors voicing greater worries about US government bonds' role as a safe haven, yields moved higher.

In the United States, the Morningstar US Market Index rose 11.14% in second-quarter 2025. Growth stocks led the way, surging 19.43%. An attribution analysis reveals that growth's outperformance was highly concentrated, as just four stocks (Nvidia, Microsoft, Meta Platforms, and Amazon) accounted for 40% of its total return. By sector, technology, industrials, communications, and consumer cyclicals accounted for 90% of its gain.

With the markets back to trading at a premium to a composite of our fair values, positioning is even more important than usual. We continue to advocate for an overweight position in the value category as it trades at a 12% discount to fair value. In order to fund this overweight, we also advocate for an underweight in the growth category as it trades at an 18% premium to fair value. Rarely do growth stocks trade at such a large premium, and the most recent instance was in December 2024, right before the bear market in AI stocks began.

In Q2, Asian markets rallied broadly, with the Morningstar Asia GMI gaining 13.3% year-to-June 30 off two major catalysts: 1) China's major stimulus measures carried over from 2024 and optimism around

DeepSeek lifted China stocks off low levels, while 2) extension of tariff deal deadlines and the US-China tariff negotiation truce lowered the risk outlook. Still, we think investors should stay wary of forthcoming trade deals as Donald Trump's administration appears to indirectly target China, risking tensions again.

Given the stock rally, our Asia coverage is fairly valued and trading at a price/fair value estimate ratio of 0.96. However, most sector ratios are less representative of opportunities that remain, given that overvalued names average a 51% premium while the undervalued average a 27% discount only, suggesting a top-heavy skew. Consumer defensive and consumer cyclicals are undervalued sectorwise, and we also see some value in some single-stock names within the communication services and technology sectors.

Nevertheless, we suggest investors rebalance their portfolios and take profit in overvalued names. As trade discussions continue to unfold, we still view that Trump will try to shut out loopholes and single out China, which could reignite tensions. If investors can look beyond the current consumer downcycle, we believe there is value for not only moat companies but also high dividend yielders. While consumer recovery may take longer to develop, we think any fiscal measures announced could provide an outsized boost as these names remain underweight.

Regarding fixed income, the Morningstar US Core Bond Index, our proxy for the broad bond market, rose a solid 3.98% year to date. The belly of the yield curve outperformed as the yields on the three-year and five-year US Treasury bonds declined by 59 basis points whereas in the longer end of the curve, the yield on the 10-year US Treasury only declined 34 basis points.

Morningstar's US economics team projects that the Fed will ease monetary policy in the second half of 2025 by lowering the federal-funds rate by 50 basis points by year-end. They further expect the Fed to continue easing monetary policy further in 2026 and into 2027. This projection is based on their forecast that inflation will continue to moderate throughout the year and that the rate of economic growth will slow. Their economic projection calls for the rate of quarterly annualized real GDP growth to slow sequentially until bottoming out in the fourth quarter and then rising slowly thereafter. We continue to think investors will be best served in longer-duration bonds and capturing the high yield carry along with potential future price appreciation, as our US economics team forecasts a multiyear period of declining yields. On the longer end of the curve, they project the yield on the 10-year US Treasury will average 4.30% in 2025, 3.60% in 2026, and 3.25% in 2027 and 2028.

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
16. 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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