Singapore Fund Flow Report
Q4 2021

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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 4,407.74 million for the fourth quarter of 2021.

Breaking down the data by asset type, fixed-income funds saw another strong quarter, posting the highest net inflows of SGD 1,968.35 million during the quarter. This robust reading was recorded after a net subscription of 1,390.70 in the third quarter. For the fourth quarter, bond funds posted gross inflows of SGD 4,295.45 million, absorbing 24.23% more in assets than the previous quarter.

Equity funds gathered a total of net new flows of SGD 1,900.74 million, up 66.85% from the previous quarter.

Gross inflows into allocation funds were stable quarter on quarter. Inflows increased by more than 30%, netting out the SGD 1,047.59 million outflow, for a net inflow of SGD 797.86 million in the fourth quarter.

Money market funds remained in net outflows during the fourth quarter. Investors' redemption of the cash management product led to an aggregate of SGD 272.47 million in net outflows.

Exhibit 1: Fund Flows by Major Asset Class for Q4 2021 (in SGD millions)

	Inflows			Outflows			
	CPF	Non-CPF	Total	CPF	Non-CPF	Total	Net Flows
Allocation	15.57	1,829.88	1,845.45	17.01	1,030.58	1,047.59	797.86
Alternative	0.00	23.20	23.20	0.00	11.84	11.84	11.36
Commodities	0.00	10.11	10.11	0.00	7.30	7.30	2.81
Convertibles	0.00	0.08	0.08	0.00	0.26	0.26	(0.17)
Equity	61.02	4,487.51	4,548.53	54.68	2,593.11	2,647.79	1,900.74
Fixed Income	15.72	4,279.73	4,295.45	15.69	2,311.41	2,327.10	1,968.35
Miscellaneous	0.00	0.04	0.04	0.01	0.76	0.77	(0.73)
Money Market	0.00	2,321.37	2,321.37	0.00	2,593.84	2,593.84	(272.47)

Exhibit 2: Performance of Key Technical Indicators During Q4 2021

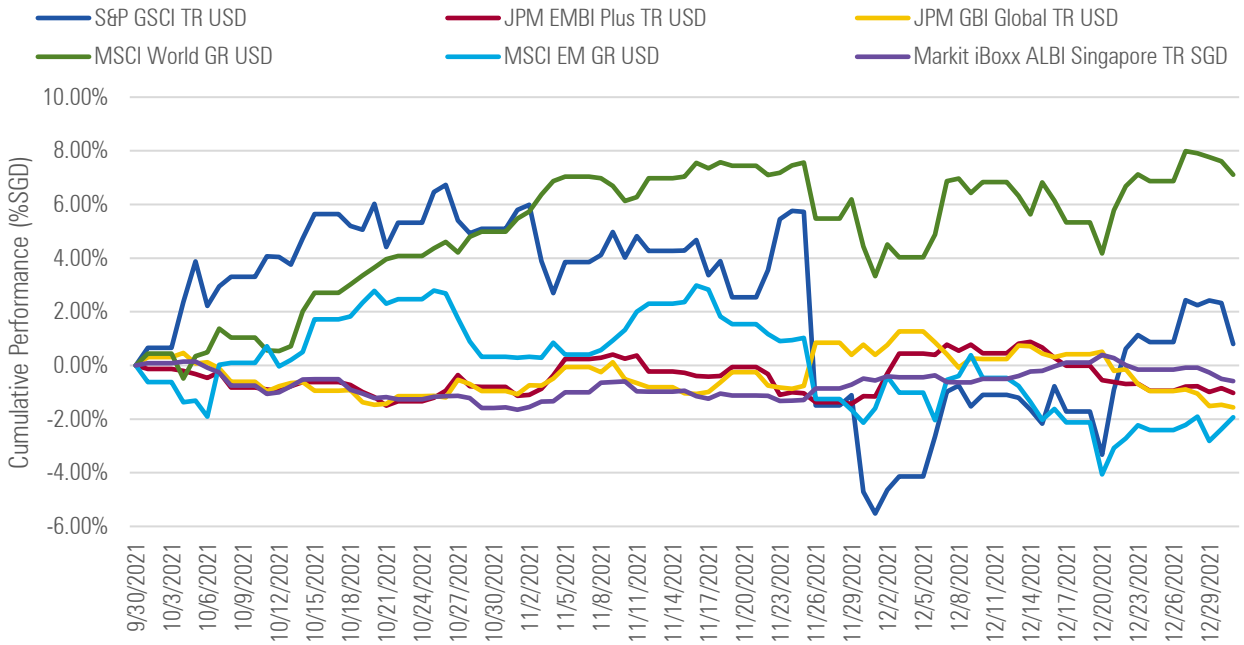


Exhibit 3: Top 10 Fund Sectors Inflows and Outflows by Morningstar Category for Q4 2021 (in SGD millions)

Morningstar Category	**Total Inflow** (SGD in Millions)
Money Market–Other	2,320.45
Asia High Yield Bond	1,739.98
SGD Bond	1,001.72
Other Equity	922.70
Other Allocation	802.94
Other Bond	736.28
Asia-Pacific ex-Japan Equity	497.45
Asia Allocation	483.68
Singapore Equity	375.64
Global Large-Cap Growth Equity	362.71

Morningstar Category	**Total Outflow** (SGD in Millions)
Money Market–Other	2,593.60
SGD Bond	923.08
Other Bond	599.87
Other Equity	557.15
Other Allocation	453.20
Asia Allocation	343.21
Asia-Pacific ex-Japan Equity	324.75
Asia Bond	218.00
Sector Equity Technology	163.74
Fund USD Flexible Bond	153.29

Equity Fund Flow Analysis

Most countries were able to benefit from the global recovery in 2021, as supply chain bottlenecks eased, consumers started spending again, and international travel picked up.

US and other developed-markets stocks enjoyed robust returns throughout 2021, despite a little hiccup at the end of the third quarter. US stocks finished the year near record highs, having posted their third consecutive year of double-digit gains thanks to a strong economic rebound that helped the market weather the coronavirus pandemic. In the fourth quarter of 2021 alone, the US markets gathered steam, with the S&P 500 gaining 10.65%, while the Nasdaq Composite was up 8.28%. Concern over the quickly spreading omicron variant spooked US markets in December, but in a pattern that played out many times in 2021, stocks shook off the news and soon reached new highs. The US market gained 9.5% in the final three months, its best quarter since fourth-quarter 2020. With that rally, US stocks posted their best three-year returns in 24 years.

Europe and UK stocks had an impressive performance for the year, powered by solid fundamentals, pandemic support from the European Central Bank, and increased investor optimism as vaccine programs gained momentum. However, not all countries were able to participate in the global stock market rally. Latin American stocks landed in negative territory for the second consecutive year as those economies struggled to contain the effects of the pandemic.

China was the glaring exception to robust returns across major markets in 2021, with its stock market posting a severe loss for the year. Regulatory crackdowns and the near default by major property developer Evergrande shook investor confidence and destabilised stock returns. The Hang Seng Index fell 14.08%, and the SSE Composite Index, tracking the largest caps listed on the Shanghai exchange, generated a 4.80% return over the same period.

By global Morningstar Category, 21 of the 33 equity fund groups posted net inflows for the fourth quarter, while the rest posted net outflows. Among all equity types, global equity large cap posted the largest net inflows, absorbing a total of SGD 605.82 million in the quarter. Asia ex-Japan equity and real estate sector equity followed, with net inflows of SGD 488.09 million and SGD 128.54 million, respectively. Commodities-related funds posted the biggest net outflows, with a net SGD 8.72 million exiting precious-metals sector equity and a net SGD 7.68 million leaving energy sector equity. Asia equity recorded the third biggest net redemption, concluding the quarter with an SGD 7.66 outflow.

Exhibit 4: Top and Bottom Equity Morningstar Categories by Net Flows for Q4 2021 (in SGD millions)

Morningstar Category	**Net Flow** (SGD in Millions)
Global Equity Large Cap	605.82
Asia ex-Japan Equity	488.09
Real Estate Sector Equity	128.54
Europe Equity Large Cap	74.92
US Equity Large-Cap Blend	58.14
Greater China Equity	49.94
Technology Sector Equity	35.99
Japan Equity	34.01
Latin America Equity	29.88
Healthcare Sector Equity	29.16
Infrastructure Sector Equity	-0.12
Consumer Goods and Services Sector Equity	-0.14
Global Equity Mid/Small Cap	-0.19
Korea Equity	-0.37
Communications Sector Equity	-1.17
Thailand Equity	-1.23
US Equity Mid-Cap	-1.72
Asia Equity	-7.66

Energy Sector Equity	-7.68
US Equity Mid Cap	(1.76)

Exhibit 5: Estimated Equity Fund Flows by Investment Area for Q4 2021 (in SGD millions)

Investment Areas	**Net Flow** (SGD in Millions)
Asia-Pacific	1,779.89
Global	1,145.38
Europe	86.42
Latin America	29.4
Middle East and Africa	1.5
Total	**3,042.59**

Bond and Money Market Fund Flow Analysis

The FTSE WGBI fell 1.79% for the quarter (in US dollars). With the Federal Reserve signaling a shift toward less-accommodative monetary policy, soothing investor concerns about rising inflation, the 10-year yield finished 2021 at 1.52%, off from its highs but still up 0.59 basis points from where it started the year. The 10-year yield reached a high in March at 1.75%, and the quarter-high was the 1.65% level.

The favorable economic backdrop for stocks in 2021 was bad news for bond investors. Surging inflation sent bond prices lower, leading key bond market indexes to post their first losses since 2013.

The 10-year US Treasury yield rose rapidly at the start of the new year as optimism about the economic recovery began to spread thanks to the rollout of COVID-19 vaccines.

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

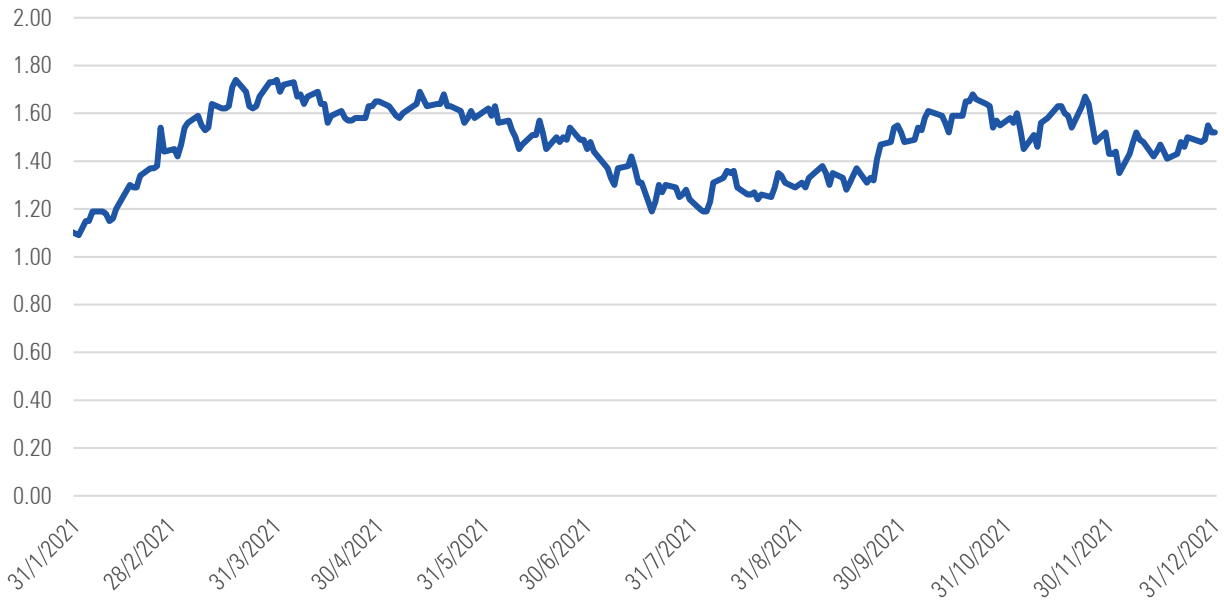
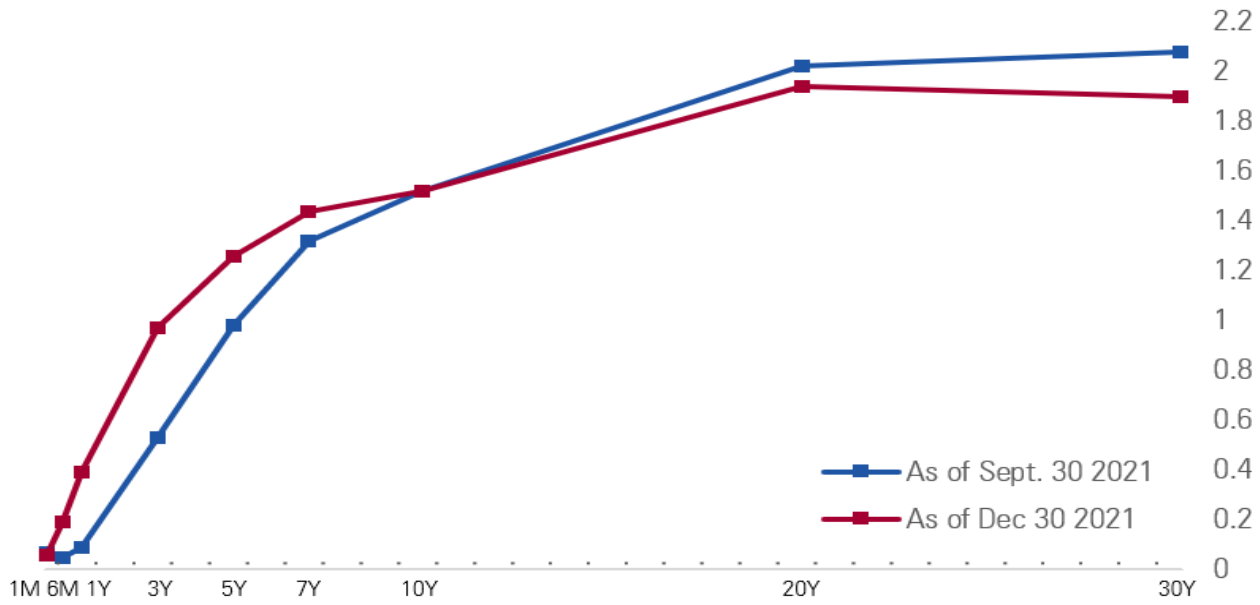


Exhibit 7: Shifts in US Benchmark Yields During Q4 2021



Among bond categories, Asia fixed income recorded strong net inflows of SGD 1,933.53 million for the fourth quarter. US fixed-income and global fixed-income funds each posted negative flows of more than SGD 30 million.
Emerging-markets fixed income saw another quarter of net outflows, with investors withdrawing a total of SGD 25.75 million.

For the money market fund groups, US money market posted positive net flows of SGD 0.49 million. Asia money market recorded the largest net outflows of SGD 200.69 million for the period.

Exhibit 8: Net Flows into Bond and Money Market Funds for Q4 2021 (in SGD millions)

Bond Funds	**Net Flow** (SGD in Millions)
Asia Fixed Income	1,933.53
Fixed Income Miscellaneous	49.62
Europe Fixed Income	(1.79)
Emerging Markets Fixed Income	(25.75)
Global Fixed Income	(34.59)
US Fixed Income	(39.42)

Money Market Funds	**Net Flow** (SGD in Millions)
US Money Market	0.49
Euro Money Market	0.00
Money Market Miscellaneous	(72.47)
Asia Money Market	(200.69)

Allocation and Other Fund Flows Analysis

Allocation funds posted net inflows of SGD 797.86 million for the fourth quarter. The majority of the inflows went to the moderate-allocation category.

"Other" fund groups global macro, commodities broad basket and multialternative products recorded net inflows during the quarter. Global macro funds topped the chart by gathering a total of SGD 7.97 million. The largest outflows came from market-neutral funds, as investors pulled SGD 1.52 million out of funds in this category.

Exhibit 9: Net Flows Into Allocation and "Other" Funds for Q4 2021 (in SGD millions)

Global Category	**Net Flow** (SGD in Millions)
Moderate Allocation	472.20
Allocation Miscellaneous	276.85
Flexible Allocation	35.44
Global Macro	7.97
Aggressive Allocation	5.97
Commodities Broad Basket	2.81
Multialternative	2.67
Alternative Miscellaneous	0.00
Convertibles	(0.17)
Target Date	(0.59)
Cautious Allocation	(0.68)
Capital Protected	(0.73)
Market Neutral	(1.52)

Outlook

As investors look ahead to 2022, they face a landscape with continued strong crosscurrents, but ones that many investors for now, appear to feel confident they can navigate. Even as the omicron coronavirus variant threatens a new round of the kinds of supply chain shutdowns that fueled 2021's inflation rise, price pressures are widely expected to abate by midyear. The Federal Reserve has signaled it will be shifting from easy-money policies to raising interest rates, but those moves are expected to be measured.

Closer to home, Morningstar's Asia coverage is trading 1.0 times to fair value, which means the broad market is fairly valued and implies that the risk/reward buffer is limited. Regulatory concerns across multiple sectors in China, debt risks in China's real estate sector, and inflation have hurt sentiment. For the next two quarters, Morningstar analysts expect anxiety over rising US interest rates to limit equity market gains, but they also expect China issues that have been sold down and defensive names with the ability to grow dividends to be relatively firm as investors rotate toward value.

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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