Singapore Fund Flow Report
Q2 2024

Morningstar
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Singapore Fund Flows Report for Second-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 1.8 billion for the second quarter of 2024, marking an 88.9% increase from the first quarter's inflow of SGD 975.3 million.

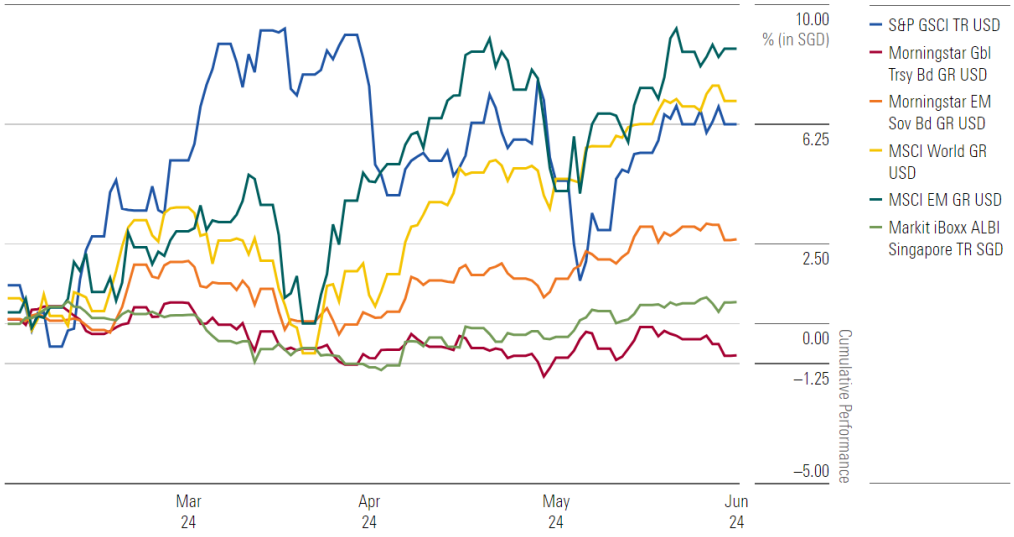
Breaking down the data by asset type, every asset class registered positive net flows except for convertibles. Fixed income led the pack with inflows of SGD 906.94 million, followed by money market funds with SGD 622.2 million, with equity rounding off the top three with SGD 261.16 million. Convertibles saw the least interest among investors, with outflows of SGD 0.04 million, with commodities and alternatives registering inflows of SGD 5.75 million and SGD 4.12 million respectively.

Exhibit 1 Fund Flows by Major Asset Class for Q2 2024 (in SGD millions)

Asset Class	Inflow	Outflow	Net Flow	Total Net Assets
Allocation	1,185.72	1,143.21	42.51	31,764.64
Alternative	8.70	4.58	4.12	825.47
Commodities	11.49	5.74	5.75	42.16
Convertibles	0.06	0.09	-0.04	162.45
Equity	2,868.68	2,607.52	261.16	121,634.77
Fixed Income	2,937.08	2,030.14	906.94	84,864.88
Money Market	1,647.97	1,025.77	622.20	5,864.75

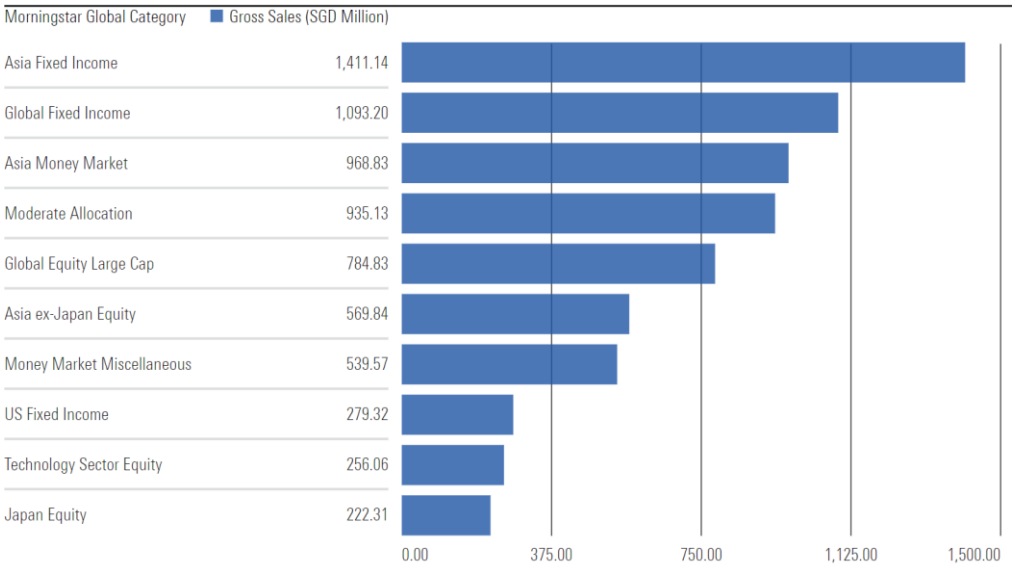
Source: Morningstar. Data as of 30/6/2024.

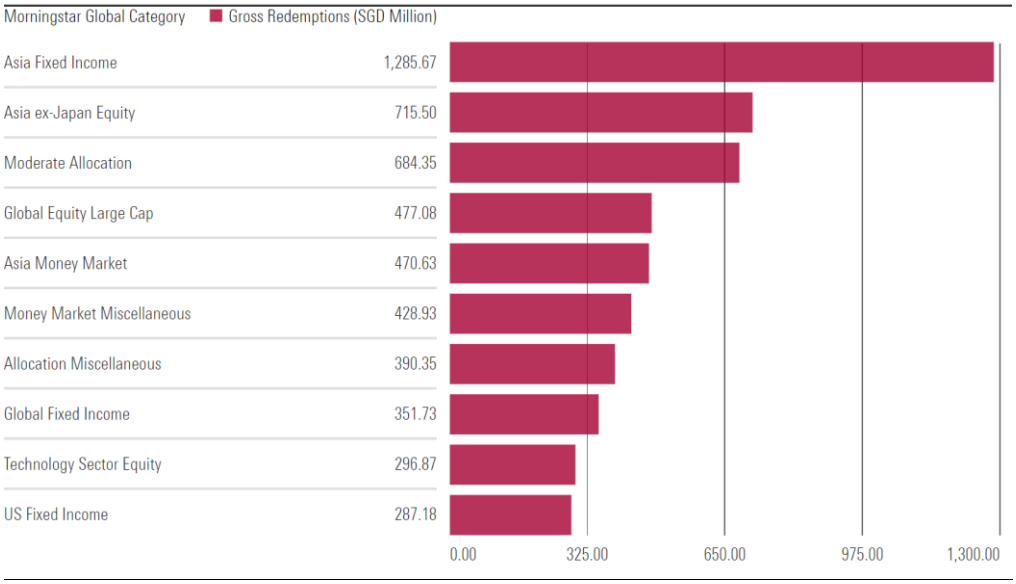
Exhibit 2 Performance of Key Technical Indicators During Q2 2024



Source: Morningstar. Data as of 30/6/2024.

Exhibit 3 Top 10 Inflows and Outflows by Morningstar Category for Q2 2024 (in SGD millions)





Source: Morningstar. Data as of 30/6/2024.

Equity Fund Flow Analysis

In the second quarter, USD 113.68 billion of equity funds exited the U.S. in the first quarter. From a sector perspective, healthcare continued its losing run with USD 3.32 billion worth of funds redeemed, followed by real estate and global real estate. Even the tech sector saw outflows of USD 119.59 million, a reversal from the previous quarter where USD 1.93 billion of inflows was recorded.

Europe continued its path to recovery in second quarter and reduced the volume of net outflows to EUR 4.9 billion. Global equity large-cap funds were top of mind for many investors, posting an inflow of EUR 27.4 billion. This was followed by Japan equity funds, which grew exponentially to EUR 2.16 billion from EUR 458 million in the previous quarter. In terms of fund redemptions, UK equity large gap led with outflows of EUR 10.95 billion, with global emerging markets equity funds at EUR 4.35 billion, followed by Europe large cap equity at EUR 3.98 billion.

In Asia, China maintained its dominance as the market of choice for investors in the second quarter, but saw its inflows reduce by almost 76% to hit an overall net positive of CNY 93.03 billion. This was driven by declining interest in the Greater China equity category, which similarly registered a 71% decline in inflows. Thailand replaced Malaysia to be one of the worst performing countries in the region, with THB 10.45 billion exiting the market - equity large cap (THB 7.24 billion) was responsible for most of the fund exodus. In Taiwan, the equity funds market recorded inflows of TWD 2.62 trillion, driven by confidence in the large cap equity sector (TWD 1.1 trillion). Across the causeway, Malaysia reduced its outflow in the second quarter to MYR 1.63 billion, while equity -sector focus funds posted a loss of approximately MYR 306 million.

In Singapore, global large-cap blend equity and large-cap growth equity received the most interest, with inflows of SGD 118.33 million and SGD 131.25 million respectively, followed by other equity at SGD

110.22 million. Greater China equity received the least interest with only SGD 11.42 million recorded, followed by Singapore equity at SGD 16.01 million, and global equity income at SGD 20.89 million. At the other end of the spectrum, SGD 82.37 million of funds exited Asia ex-Japan equity, followed by sector equity technology with SGD 51.99 million, and Asia-Pacific ex-Japan equity at SGD 43.6 million.

Exhibit 4 Top and Bottom Equity Morningstar Categories by Net Flows for Q2 2024 (in SGD millions)

Top Equity Morningstar Category	Net Flow (SGD Million)
Global Large-Cap Growth Equity	131.25
Global Large-Cap Blend Equity	118.33
Other Equity	110.22
US Large-Cap Blend Equity	74.25
India Equity	54.57
Japan Flex-Cap Equity	36.31
Japan Small/Mid-Cap Equity	26.83
Global Equity Income	20.89
Singapore Equity	16.01
Greater China Equity	11.42

Bottom Equity Morningstar Category	Net Flow (SGD Million)
ASEAN Equity	-9.23
Global Flex-Cap Equity	-15.63
Sector Equity Financial Services	-15.68
China Equity - A Shares	-17.67
China Equity	-18.95
Sector Equity Alternative Energy	-23.94
US Large-Cap Growth Equity	-28.04
Asia-Pacific ex-Japan Equity	-43.60
Sector Equity Technology	-51.99
Asia ex-Japan Equity	-82.37

Source: Morningstar. Data as of 30/6/2024.

Exhibit 5 Estimated Equity Fund Flows by Investment Area for Q2 2024 (in SGD millions)

Investment Area	Net Flow (SGD Million)
Asia Pacific	113.23
Europe	-13.94
Global	1,149.97
Latin America	-2.07
Middle East	-0.07
North America	276.46
Total	1,523.59

Source: Morningstar. Data as of 30/6/2024.

Bond and Money Market Fund Flow Analysis

In the U.S., the fixed income market (excluding municipal bonds) attracted USD 23.43 billion of funds, well behind last quarter's inflow of USD 95.16 billion. Intermediate core bonds accounted for almost 50% of the inflows, with USD 11.38 billion recorded. Money market funds also grew by almost three times to hit USD 46.78 billion when compared to the previous quarter.

In Europe, interest in the bond market waned slightly, attracting EUR 69.61 billion of new funds, with Europe fixed income top-of-mind for investors, generating EUR 32.78 billion of fund inflows, followed by global fixed income with EUR 19.39 billion. Emerging markets fixed income continue to bleed funds, with the highest outflows at approximately EUR 3.18 billion. Money markets gained EUR 37.31 billion in the quarter.

In China, all fixed income categories recorded net gains, with Asia fixed income driving most of the inflows at CNY 1.02 billion, resulting in an overall gain of CNY 1.024 billion for the second quarter. Taiwan also saw interest in fixed income funds grow to TWD 2.59 trillion in second quarter, with US corporate bonds registering inflows of TWD 984.44 billion, while its money market funds saw inflows of TWD 866.42 billion. In Southeast Asia, Thailand recorded positive net inflows for its fixed income (THB 472.84 billion), but money market funds fell to THB 8.37 billion. Malaysia's performance in fixed income categories reversed outflows in the first quarter to hit MYR 684.19 million received in funds, while inflows to money market funds fell sharply to MYR 228.46 million as compared to MYR 2.23 billion in the first quarter, with much of the drop attributed to declining interest in the money market (Shariah) category.

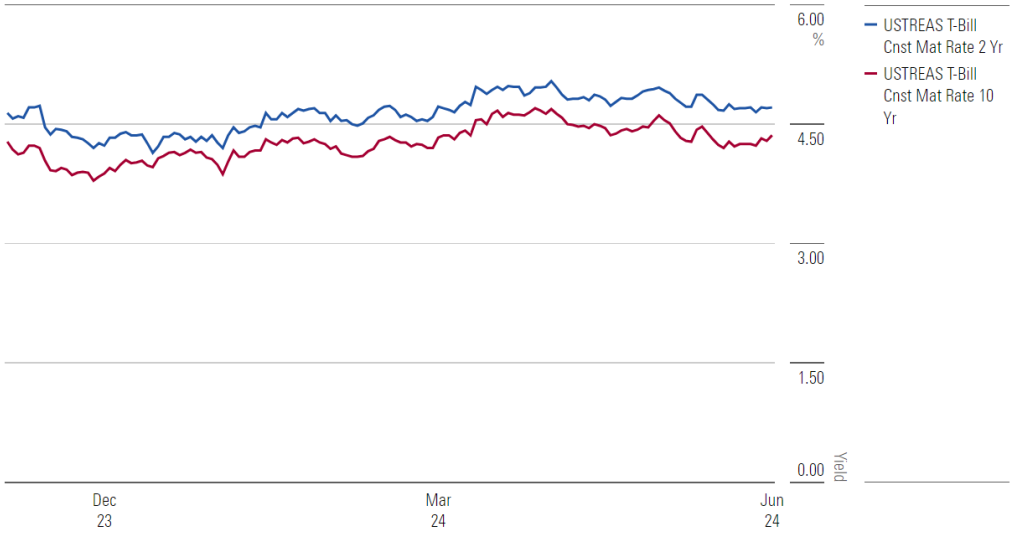
For Singapore, most of the fixed income categories saw a reversal of fortunes when compared to the previous quarter. For example, having posted a net outflow of SGD 244.76 million in the first quarter, Asia fixed income saw inflows of SGD 125.47 million in the second quarter. Similarly, emerging markets fixed income saw SGD 2.51 million worth of funds redeemed in the first quarter but posted inflows of SGD 65.65 million in the second quarter. Europe fixed income also saw an improvement with SGD 2.26

million of new funds attracted, while US fixed income and fixed income miscellaneous saw net outflows of SGD 7.85 million and SGD 20.05 million respectively. Global fixed income continued to lead the categories in terms of net inflows at SGD 741.46 million, compared to SGD 1.16 billion in the first quarter of 2024.

For money market funds, Asia money market posted inflows of SGD 498.21 million. This was followed by money market miscellaneous at SGD 110.64 million, with US money market coming in with SGD 13.35 million.

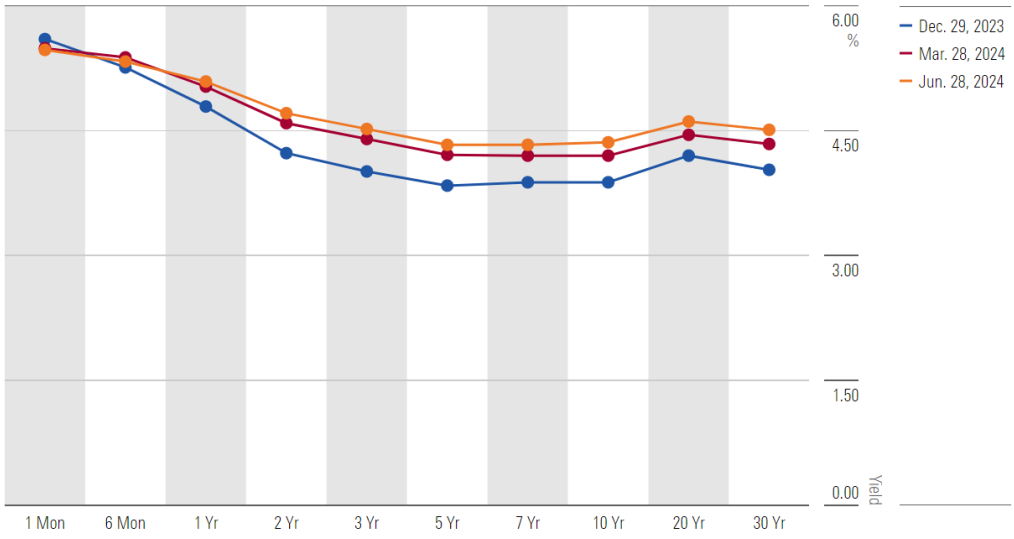
US Government-Bond Market Movements

Exhibit 6 10-Year US Treasury Constant Maturity Rate



Source: Morningstar. Data as of 30/6/2024.

Exhibit 7 Shifts in US Benchmark Yields During Q2 2024



Source: Morningstar. Data as of 30/6/2024.

Exhibit 8 Net Flows Into Bond and Money Market Funds for Q2 2024 (in SGD millions)

Fixed Income Category	Net Flow (SGD Million)
Global Fixed Income	741.46
Asia Fixed Income	125.47
Emerging Markets Fixed Income	65.65
Europe Fixed Income	2.26
US Fixed Income	-7.85
Fixed Income Miscellaneous	-20.05

Money Market Category	Net Flow (SGD Million)
Asia Money Market	498.21
Money Market Miscellaneous	110.64
US Money Market	13.35

Source: Morningstar. Data as of 30/6/2024.

Allocation and 'Other' Fund Flow Analysis

Allocation funds collectively registered a modest inflow of SGD 52.42 million in the second quarter, as compared to net outflows of SGD 61.28 million for the first quarter. The allocation miscellaneous category continued to see the most outflows of SGD 268.55 million. Moderate allocation, aggressive allocation, flexible allocation all saw net inflows, along with commodities broad basket and global macro.

Exhibit 9 Net Flows Into Allocation and "Other" Funds for Q2 2024 (in SGD millions)

Allocation and "Other" Category	Net Flow (SGD Million)
Moderate Allocation	250.78
Flexible Allocation	39.01
Aggressive Allocation	22.05
Commodities Broad Basket	5.75
Global Macro	4.64
Convertibles	-0.04
Alternative Miscellaneous	-0.05
Market Neutral	-0.07
Multialternative	-0.40
Cautious Allocation	-0.70
Allocation Miscellaneous	-268.55

Source: Morningstar. Data as of 30/6/2024.

The Outlook

As we close off the second quarter of 2024, the first half performance of the S&P 500 soared nearly 15% in the first half of the year. The US economy remained strong, with inflation slowing down to a 2.6% annualised rate amid high levels of consumer spending and business investment. In Europe, a weak economy has enabled the European Central Bank to pull the trigger more quickly on rate cuts than the US Federal Reserve, which is expected to do so in September. Market drivers remained unchanged in Asia, with sentiment led by rate cuts in the US, geopolitics and more specifically, China's policies to lift its economy out of the doldrums.

Looking ahead, the greatest question of all is whether the global stock markets, especially the US can continue its upward trajectory. In the second quarter, despite having seven of 11 US sectors posting negative returns, the US market still gained owing to the outsized performance of technology stocks, such as Nvidia. While a rising tide can lift overvalued AI stocks even further into overvalued territory in the short term, long-term investors will be better off paring down positions in growth and core stocks, which are becoming overextended, and reinvesting those proceeds into value stocks, which trade at an attractive margin of safety. In Asia, attention should also be paid in examining whether Chinese equities have bottomed out, as there might be pockets of opportunity for those looking to take a long-term position.

Strong fundamentals continued to provide tailwinds for credit-sensitive assets—such as bank loans and high-yield bonds—in 2024's second quarter. But the US dollar strengthened because of stronger-than-anticipated US economic data, which weighed down global-bond returns during the quarter. And taking more interest-rate risk through US Treasuries or mortgage-backed securities in anticipation of rate cuts also didn't pay off during the quarter. The past year through June 2024 reminded investors about the difficulty of timing markets. Historically, after interest rates peak, bonds post strong returns for the next two years against a backdrop of falling yields. While it is still early, recent performance could be a sign of more positive returns in the months ahead if interest rates follow the market's expectations of lowering in the next year.

Moving into the third quarter, much of the broader geopolitical narrative remains unchanged. The US-China relationship is expected to come into sharper focus, with the topic weighing heavily in the US election, as well as the ongoing geopolitical crisis in the Middle East and Ukraine/Russia. Should the tariffs conversation come into play, some volatility is to be expected, but this will also bring new opportunities for the investor.

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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