iFAST Mutual Funds Distribution Report

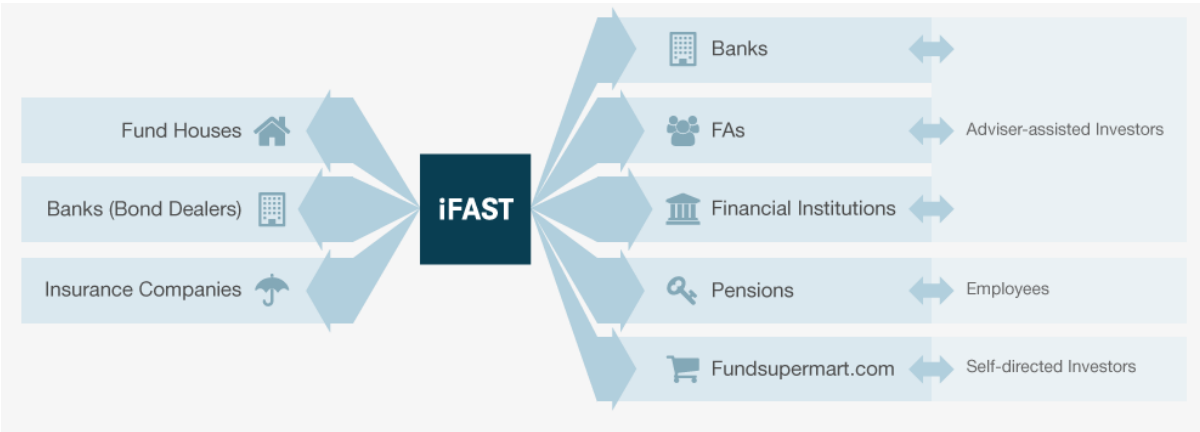
4th Quarter 2014

A quarterly snapshot of iFAST distribution in Asia

About iFAST

<www.ifastcorp.com>

iFAST Corporation Ltd ("iFAST Corporation") is a leading internet-based funds and investments distribution platform headquartered in Singapore and was listed on the Singapore Exchange Mainboard in December 2014. iFAST Corporation provides a comprehensive range of services, including investment administration and transactions services, research and investment trainings, IT services and backroom functions to banks, financial advisory firms, financial institutions, multinational companies, as well as retail and high net worth investors in Asia. The company is also present in Hong Kong, Malaysia and China.



About iFAST Institutional Services

<insti.ifastfinancial.com>

iFAST Institutional Services provides back and front office infrastructure support for distribution of over 40,000 funds in 25 countries to financial institutions, fund of funds managers, pension fund managers, family offices and multinational companies. Our services include fund trading and custody, collection and payment of fund rebates, provision of fund information and materials, management of distribution agreements. Through a single point of contact, distributors gain instant access to a large and dynamic fund range, lower transaction costs, reduced operational risk and better commercial terms. For asset managers, our services translate to access to new distribution channels, automated computation and payment of rebates to distributors, minimal servicing costs and cross border distribution.

Our back office support includes IT services such as the development of online distribution channel like Fundsupermart and award-winning integrated mobile applications.

Contents

1.0 Fund Distribution Statistics

Table A1 - Top Equity Fund Categories by AUA

Table A1a - Top Equity Fund Categories by AUA (iFAST Overall)

Rank	SG	HK	MY
1	Asia Equity	Asia Equity	Local Equity
2	Global Equity	Global Equity	Asia Equity
3	GEM Equity	Europe Equity	Global Equity
4	US Equity	US Equity	US Equity
5	Europe Equity	GEM Equity	GEM Equity

Table A1b - Top Equity Fund Categories by AUA (DIY Investors)

Rank	SG	HK	MY
1	Asia Equity	Asia Equity	Local Equity
2	Global Equity	Global Equity	Asia Equity
3	GEM Equity	GEM Equity	Global Equity
4	Local Equity	Europe Equity	US Equity
5	US Equity	US Equity	GEM Equity

Table A1c - Top Equity Fund Categories by AUA (Adviser Assisted)

Rank	SG	HK	MY
1	Asia Equity	Asia Equity	Local Equity
2	Global Equity	Global Equity	Asia Equity
3	GEM Equity	US Equity	Global Equity
4	US Equity	Europe Equity	US Equity
5	Europe Equity	GEM Equity	GEM Equity

Source: iFAST Compilations, data as of end 31-Dec-2014

Table A2 - Top Bond Fund Categories by AUA

Table A2a - Top Bond Fund Categories by AUA (iFAST Overall)			
Rank	**SG**	**HK**	**MY**
1	SD and MMF	High Yield Bonds	Local Bonds
2	High Yield Bonds	Global Bonds	SD and MMF
3	Global Bonds	US Bonds	GEM Bonds
4	Local Bonds	GEM Bonds	Asia Bonds
5	Asia Bonds	Asia Bonds	Global Bonds
Table A2b - Top Bond Fund Categories by AUA (DIY Investors)			
Rank	**SG**	**HK**	**MY**
1	SD and MMF	High Yield Bonds	Local Bonds
2	High Yield Bonds	Global Bonds	SD and MMF
3	Asia Bonds	Asia Bonds	GEM Bonds
4	Global Bonds	GEM Bonds	Asia Bonds
5	GEM Bonds	US Bonds	Global Bonds
Table A2c - Top Bond Fund Categories by AUA (Adviser Assisted)			
Rank	**SG**	**HK**	**MY**
1	SD and MMF	Global Bonds	Local Bonds
2	High Yield Bonds	High Yield Bonds	SD and MMF
3	Global Bonds	US Bonds	GEM Bonds
4	Local Bonds	GEM Bonds	Asia Bonds
5	Asia Bonds	Local Bonds	Global Bonds

Source: iFAST Compilations, data as of end 31-Dec-2014

Table A3 - Top Selling Equity Funds

A3SG - SG Top Selling Equity Fund for the Quarter

Table A3SGa - SG Top Selling Equity Fund for the Quarter (iFAST Overall)

Rank	Fund Name	Region
1	First State Dividend Advantage	Asia Equity
2	PineBridge India Equity A5 SGD	Asia Equity
3	First State Regional China Fund	Asia Equity
4	Aberdeen India Opportunities	Asia Equity
5	Aberdeen Global Emerging Markets	GEM Equity
6	Fidelity China Focus A SGD	Asia Equity
7	Aberdeen Pacific Equity	Asia Equity
8	Fidelity America A SGD	US Equity
9	Schroder Asian Growth Fund	Asia Equity
10	Aberdeen China Opportunities	Asia Equity

Table A3SGb - SG Top Selling Equity Fund for the Quarter (DIY Investors)

Rank	Fund Name	Region
1	First State Dividend Advantage	Asia Equity
2	Aberdeen India Opportunities	Asia Equity
3	PineBridge India Equity A5 SGD	Asia Equity
4	First State Regional China Fund	Asia Equity
5	Fidelity America A SGD	US Equity
6	Fidelity China Focus A SGD	Asia Equity
7	United Global Healthcare Fund	Global Equity
8	First State Glb Resources	Global Equity
9	Aberdeen Pacific Equity	Asia Equity
10	Schroder Asian Growth Fund	Asia Equity

Table A3SGc - SG Top Selling Equity Fund for the Quarter (Adviser Assisted)

Rank	Fund Name	Region
1	First State Dividend Advantage	Asia Equity
2	Aberdeen Global Emerging Markets	GEM Equity
3	Aberdeen Pacific Equity	Asia Equity
4	Fidelity China Focus A SGD	Asia Equity
5	First State Regional China Fund	Asia Equity
6	Aberdeen China Opportunities	Asia Equity
7	Schroder Asian Growth Fund	Asia Equity
8	Fidelity America A SGD	US Equity
9	Aberdeen Global Opportunities	Global Equity
10	DWS China Eqty Fund Cl A SGD	Asia Equity

Source: iFAST Compilations, data as of end 31-Dec-2014

A3HK - HK Top Selling Equity Fund for the Quarter

Table A3HKa - HK Top Selling Equity Fund for the Quarter (iFAST Overall)

Rank	Fund Name	Region
1	First State China Growth Fund (USD) I	Asia Equity
2	Invesco Global Health Care Fund (USD) A	Global Equity
3	Manulife Advanced Fund SPC - China A Segregated Portfolio (USD) AA	Asia Equity
4	JPMorgan India Smaller Companies (acc) - USD	Asia Equity
5	First State Asian Equity Plus Fund (USD) I Dis	Asia Equity
6	Adequity Trust - Lyxor Selection China A Fund (USD)	Asia Equity
7	Macquarie IPO China Concentrated Core Fund (USD) A2	Asia Equity
8	Baring ASEAN Frontiers Fund (USD) A Y-Inc	Asia Equity
9	Jupiter Global Fund - Jupiter European Growth (USD Hedged) L Acc	Europe Equity
10	Principal GIF - Global Equity Fund - A Class Acc Unit (USD)	Global Equity

Table A3HKb - HK Top Selling Equity Fund for the Quarter (DIY Investors)

Rank	Fund Name	Region
1	Manulife Advanced Fund SPC - China A Segregated Portfolio (USD) AA	Asia Equity
2	Macquarie IPO China Concentrated Core Fund (USD) A2	Asia Equity
3	JPMorgan India Smaller Companies (acc) - USD	Asia Equity
4	Adequity Trust - Lyxor Selection China A Fund (USD)	Asia Equity
5	First State China Growth Fund (USD) I	Asia Equity
6	PineBridge India Equity Fund (USD) A	Asia Equity
7	AllianceBernstein - International Health Care Portfolio (USD) A	Global Equity
8	Invesco Japanese Equity Core Fund (USD Hedged) A Acc	Japan Equity
9	Invesco Global Health Care Fund (USD) A	Global Equity
10	First State Asian Equity Plus Fund (USD) I Dis	Asia Equity

Table A3HKc - HK Top Selling Equity Fund for the Quarter (Adviser Assisted)

Rank	Fund Name	Region
1	First State China Growth Fund (USD) I	Asia Equity
2	Invesco Global Health Care Fund (USD) A	Global Equity
3	First State Asian Equity Plus Fund (USD) I Dis	Asia Equity
4	Baring ASEAN Frontiers Fund (USD) A Y-Inc	Asia Equity
5	Principal GIF - Global Equity Fund - A Class Acc Unit (USD)	Global Equity
6	Adequity Trust - Lyxor Selection China A Fund (USD)	Asia Equity
7	Jupiter Global Fund - Jupiter European Growth (USD Hedged) L Acc	Europe Equity
8	Aberdeen Global - Indian Equity Fund (USD) A2	Asia Equity
9	Aberdeen Global - Latin American Equity Fund (USD) A2	Latin America Equity
10	JPMorgan ASEAN (acc) - USD	Asia Equity

Source: iFAST Compilations (data excludes CIES eligible funds), data as of end 31-Dec-2014

A3MY - MY Top Selling Equity Fund for the Quarter

Table A3MYa - MY Top Selling Equity Fund for the Quarter (iFAST Overall)

Rank	Fund Name	Region
1	Kenanga Growth Fund	Local Equity
2	CIMB-Principal Asia Pacific Dynamic Income Fund	Asia Equity
3	Eastspring Investments Dana Al-Ilham	Local Equity
4	Eastspring Investments Small-Cap Fund	Local Equity
5	Affin Hwang AIIMAN Growth Fund	Local Equity
6	Manulife Investment - India Equity Fund	Asia Equity
7	Eastspring Investments MY Focus Fund	Local Equity
8	Kenanga Syariah Growth Fund	Local Equity
9	RHB-OSK China-India Dynamic Growth Fund	Asia Equity
10	RHB-OSK Big Cap China Enterprise Fund	Asia Equity

Table A3MYb - MY Top Selling Equity Fund for the Quarter (DIY Investors)

Rank	Fund Name	Region
1	Eastspring Investments Small-Cap Fund	Local Equity
2	CIMB-Principal Asia Pacific Dynamic Income Fund	Asia Equity
3	Kenanga Growth Fund	Local Equity
4	Manulife Investment - India Equity Fund	Asia Equity
5	Eastspring Investments MY Focus Fund	Local Equity
6	RHB-OSK China-India Dynamic Growth Fund	Asia Equity
7	Kenanga Asia Pacific Total Return Fund	Asia Equity
8	RHB-OSK Gold And General Fund	Global Equity
9	Eastspring Investments Global Leaders MY Fund	Global Equity
10	CIMB-Principal Greater China Equity Fund	Asia Equity

Table A3MYc - MY Top Selling Equity Fund for the Quarter (Adviser Assisted)

Rank	Fund Name	Region
1	Eastspring Investments Dana Al-Ilham	Local Equity
2	Affin Hwang AIIMAN Growth Fund	Local Equity
3	Kenanga Growth Fund	Local Equity
4	CIMB-Principal Asia Pacific Dynamic Income Fund	Asia Equity
5	Kenanga Syariah Growth Fund	Local Equity
6	Eastspring Investments MY Focus Fund	Local Equity
7	Manulife Investment - India Equity Fund	Asia Equity
8	Eastspring Investments Small-Cap Fund	Local Equity
9	Eastspring Investments Equity Income Fund	Local Equity
10	RHB-OSK Big Cap China Enterprise Fund	Asia Equity

Source: iFAST Compilations, data as of end 31-Dec-2014

Table A4 - Top Selling Bond Funds

A4SG - SG Top Selling Bond Fund for the Quarter

Table A4SGa - SG Top Selling Bond Fund for the Quarter (iFAST Overall)

Rank	Fund Name	Region
1	Nikko AM Shenton ShortTerm Bond(S$)	SD and MMF
2	United SGD Fund Cl A Acc	SD and MMF
3	Cash Fund	SD and MMF
4	LionGlobal Short Duration Bond Fund	Global Bonds
5	Eastspring Investments MIP M	High Yield Bonds
6	United SGD Fund Cl A (Dist) SGD	SD and MMF
7	LionGlobal SGD Money Market	SD and MMF
8	Allianz US High Yield AM Dis H2-SGD	High Yield Bonds
9	Fidelity Asian HY AMDIST SGD Hedged	High Yield Bonds
10	Phillip Money Market	SD and MMF

Table A4SGb - SG Top Selling Bond Fund for the Quarter (DIY Investors)

Rank	Fund Name	Region
1	Nikko AM Shenton ShortTerm Bond(S$)	SD and MMF
2	Cash Fund	SD and MMF
3	United SGD Fund Cl A Acc	SD and MMF
4	Fidelity Asian HY AMDIST SGD Hedged	High Yield Bonds
5	Eastspring Investments MIP M	High Yield Bonds
6	Allianz US High Yield AM Dis H2-SGD	High Yield Bonds
7	LionGlobal Short Duration Bond Fund	Global Bonds
8	United Asian Bond Fund Class SGD	Asia Bonds
9	LionGlobal SGD Money Market	SD and MMF
10	Allianz US High Yield AM H2-RMB	High Yield Bonds

Table A4SGc - SG Top Selling Bond Fund for the Quarter (Adviser Assisted)

Rank	Fund Name	Region
1	United SGD Fund Cl A Acc	SD and MMF
2	Nikko AM Shenton ShortTerm Bond(S$)	SD and MMF
3	LionGlobal Short Duration Bond Fund	Global Bonds
4	Eastspring Investments MIP M	High Yield Bonds
5	United SGD Fund Cl A (Dist) SGD	SD and MMF
6	Cash Fund	SD and MMF
7	LionGlobal Spore Fixed Inc-A	Local Bonds
8	Phillip Money Market	SD and MMF
9	Allianz US High Yield AM Dis H2-SGD	High Yield Bonds
10	Legg Mason WA Global Bond Trst	Global Bonds

Source: iFAST Compilations, data as of end 31-Dec-2014

A4HK - HK Top Selling Bond Fund for the Quarter

Table A4HKa - HK Top Selling Bond Fund for the Quarter (iFAST Overall)

Rank	Fund Name	Region
1	E Fund RMB Fixed Income Fund (RMB) Class A Dist	RMB Bonds
2	Principal GIF - Preferred Securities Fund - A Class QDis Unit (USD)	Global Bonds
3	BlackRock Global Funds - Asian Tiger Bond Fund (USD) A3 Mdis	Asia Bonds
4	Fidelity Funds - Asian High Yield Fund A-Mdist-HKD	High Yield Bonds
5	Allianz US High Yield (USD) A MDis	High Yield Bonds
6	Principal GIF - High Yield Fund A Class Acc (USD)	High Yield Bonds
7	Templeton Global Total Return Fund (USD) A (acc)	Global Bonds
8	AllianceBernstein - Global High Yield Portfolio (HKD) AT	High Yield Bonds
9	Jupiter Global Fund - Jupiter Dynamic Bond (USD) L Q-Inc	Global Bonds
10	IP Renminbi High Yield Bond Fund (USD) 2A Acc	High Yield Bonds

Table A4HKb - HK Top Selling Bond Fund for the Quarter (DIY Investors)

Rank	Fund Name	Region
1	Fidelity Funds - Asian High Yield Fund A-Mdist-HKD	High Yield Bonds
2	BlackRock Global Funds - Asian Tiger Bond Fund (USD) A3 Mdis	Asia Bonds
3	AllianceBernstein - Global High Yield Portfolio (HKD) AT	High Yield Bonds
4	E Fund RMB Fixed Income Fund (RMB) Class A Dist	RMB Bonds
5	Allianz US High Yield (USD) A MDis	High Yield Bonds
6	Franklin U.S. Government Fund (USD) A (Mdis)	US Bonds
7	Templeton Global Total Return Fund (USD) A (acc)	Global Bonds
8	BlackRock Global Funds - Global High Yield Bond Fund (USD) A2	High Yield Bonds
9	JPMorgan Asian Total Return Bond (mth) - USD	Asia Bonds
10	BEA Union Investment Asian Bond and Currency Fund (USD) A Acc	Asia Bonds

Table A4HKc - HK Top Selling Bond Fund for the Quarter (Adviser Assisted)

Rank	Fund Name	Region
1	Principal GIF - Preferred Securities Fund - A Class QDis Unit (USD)	Global Bonds
2	Principal GIF - High Yield Fund A Class Acc (USD)	High Yield Bonds
3	E Fund RMB Fixed Income Fund (RMB) Class A Dist	RMB Bonds
4	IP Renminbi High Yield Bond Fund (USD) 2A Acc	High Yield Bonds
5	Jupiter Global Fund - Jupiter Dynamic Bond (USD) L Q-Inc	Global Bonds
6	Allianz US High Yield (H2-AUD) A MDis	High Yield Bonds
7	PIMCO Global Real Return (USD) E Acc	Global Bonds
8	Templeton Global Total Return Fund (USD) A (acc)	Global Bonds
9	Allianz US High Yield (USD) A MDis	High Yield Bonds
10	Schroder ISF-Global Bond (USD) A Acc	Global Bonds

Source: iFAST Compilations (data excludes CIES eligible funds), data as of end 31-Dec-2014

A4MY - MY Top Selling Bond Fund for the Quarter

Table A4MYa - MY Top Selling Bond Fund for the Quarter (iFAST Overall)

Rank	Fund Name	Region
1	RHB-OSK Cash Management Fund 2	SD and MMF
2	Eastspring Investments Bond Fund	Local Bonds
3	AmIncome Plus	Local Bonds
4	AMB Income Trust Fund	Local Bonds
5	RHB-OSK Money Market Fund	SD and MMF
6	Kenanga Bond Fund	Local Bonds
7	AmBon Islam	Local Bonds
8	Affin Hwang AIIMAN Income Plus Fund	Local Bonds
9	AmBond	Local Bonds
10	CIMB-Principal Bond Fund	Local Bonds

Table A4MYb - MY Top Selling Bond Fund for the Quarter (DIY Investors)

Rank	Fund Name	Region
1	RHB-OSK Cash Management Fund 2	SD and MMF
2	Eastspring Investments Bond Fund	Local Bonds
3	Kenanga Bond Fund	Local Bonds
4	AMB Income Trust Fund	Local Bonds
5	RHB-OSK Asian Total Return Fund	Asia Bonds
6	CIMB-Principal Bond Fund	Local Bonds
7	RHB-OSK Emerging Markets Bond Fund	GEM Bonds
8	RHB-OSK Money Market Fund	SD and MMF
9	KAF Bond Fund	Local Bonds
10	Eastspring Investments Bond Plus Fund	Equity Exposed Bonds

Table A4MYc - MY Top Selling Bond Fund for the Quarter (Adviser Assisted)

Rank	Fund Name	Region
1	RHB-OSK Cash Management Fund 2	SD and MMF
2	Eastspring Investments Bond Fund	Local Bonds
3	AmIncome Plus	Local Bonds
4	AMB Income Trust Fund	Local Bonds
5	RHB-OSK Money Market Fund	SD and MMF
6	AmBon Islam	Local Bonds
7	AmBond	Local Bonds
8	Affin Hwang AIIMAN Income Plus Fund	Local Bonds
9	Affin Hwang Select Bond Fund - MYR	Asia Bonds
10	RHB-OSK Islamic Bond Fund	Local Bonds

Source: iFAST Compilations, data as of end 31-Dec-2014

A5SG - iFAST Pensions Top Selling Funds

Table A5SGa - SG Top Selling Funds for the Quarter (iFAST Pensions)

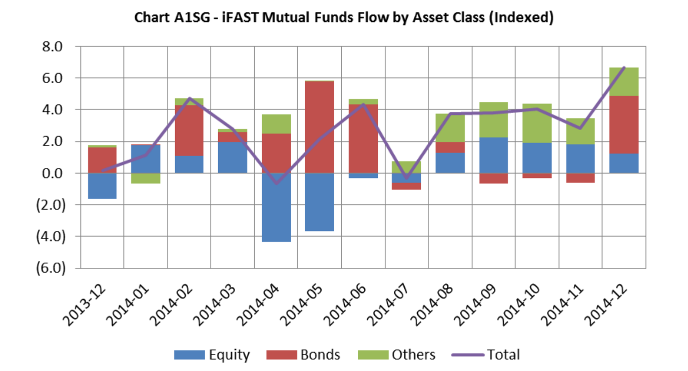
Rank	Fund Name	Region
1	LionGlobal SGD Money Market	SD and MMF
2	Infinity Global Stock Index	Global Equity
3	Phillip Money Market	SD and MMF
4	Cash Fund	SD and MMF
5	LionGlobal Short Duration Bond Fund	Global Bonds
6	Vanguard U.S. 500 Stock Index Fund	US Equity
7	Aberdeen Global Opportunities	Global Equity
8	Vanguard Global Stock Index Fund	Global Equity
9	LionGlobal Short Duration Bond Fund XD	Global Bonds
10	Schroder Asian Growth Fund	Asia Equity

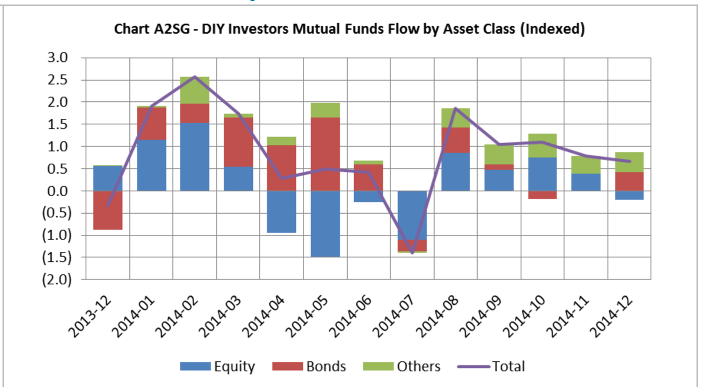
Source: iFAST Compilations, data as of end 31-Dec-2014

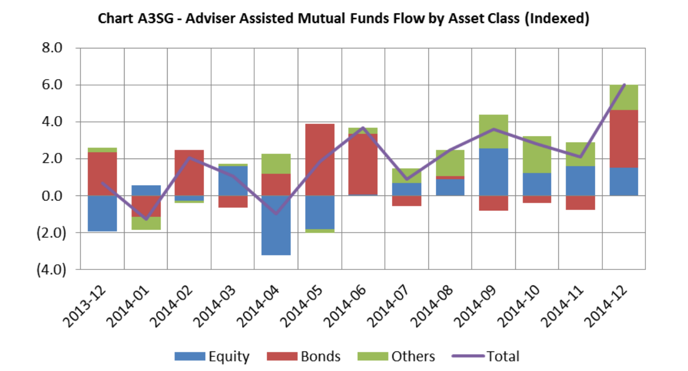
2.0 Mutual Funds Flow by Asset Classes

Singapore

Charts ASG – Net Funds Flow (total inflow less total outflow)







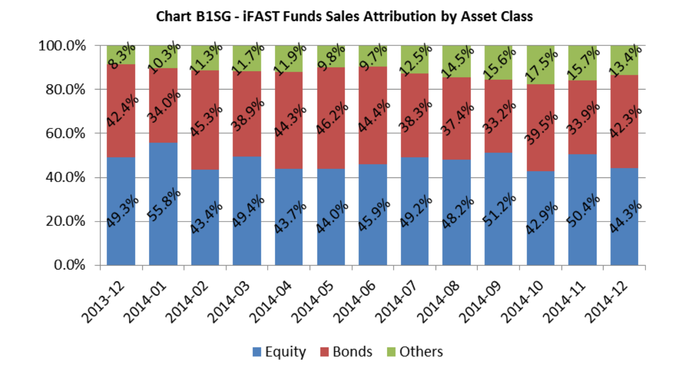
Source: iFAST Compilations, Total inflow less total outflow

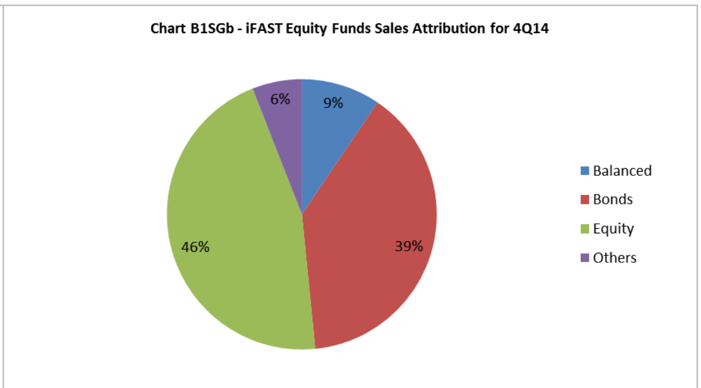
Our Commentary

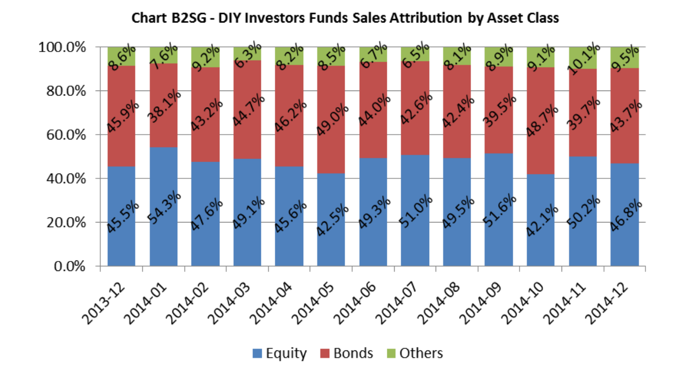
Fund flows surged to a monthly high on December 2014 following four consecutive months of net inflows. The sudden surge at the end of the year came as a surprise as the volume picked up in a month where it was usually quiet. This surge was dominated by investments made by adviser assisted investor as the trend of fund flows between DIY investors and adviser assisted investors moved in opposite direction.

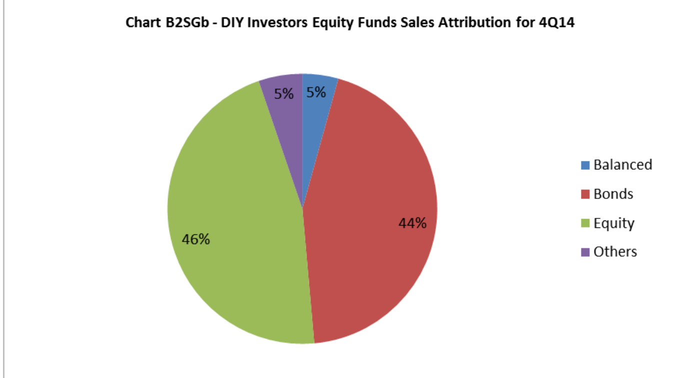
While the DIY investors continue to accumulate assets, the rate of flow is downward trending. The trend is more representative of global markets performance and is consistent with past observations made. Bucking this trend of flows tracking global markets performance, the adviser assisted clients appear to be more opportunistic in 4Q14. Nevertheless, the choice of assets from both group of investors were similar as money flows were mainly into equity and alternative investments (represented under “Others” in the charts above). Flows into bond funds saw a net inflow in December after recording three straight months of net outflows. We however are of the opinion that the net inflow is temporary as the concerns of rising interest rates in 2015 should continue to dampen the investment appetite of bond funds.

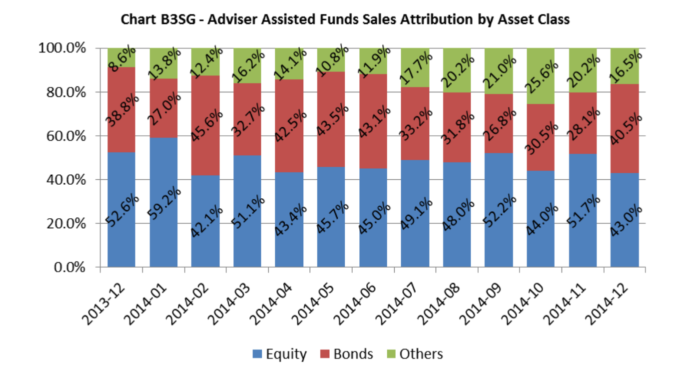
Charts BSG – Mutual Funds Sales Distribution

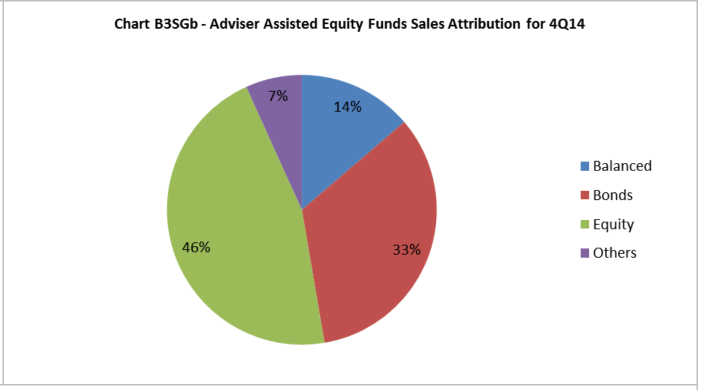








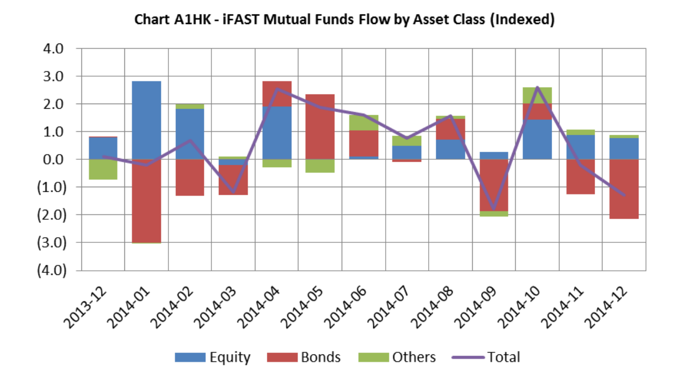


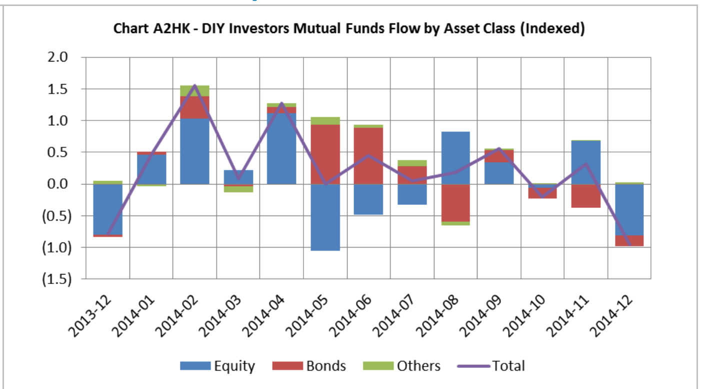


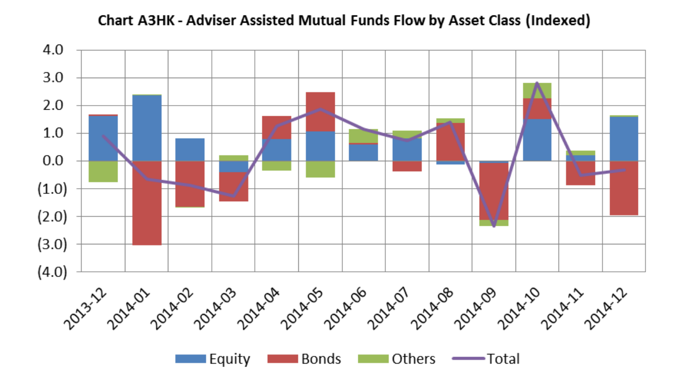
Source: iFAST Compilations, relative to total inflow

Hong Kong

Charts AHK – Net Funds Flow (total inflow less total outflow)







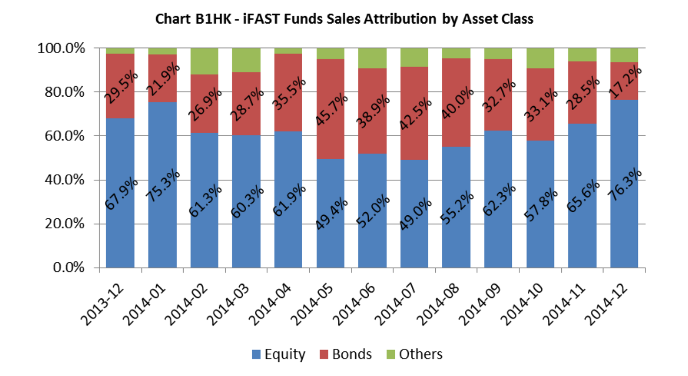
Source: iFAST Compilations, Total inflow less total outflow

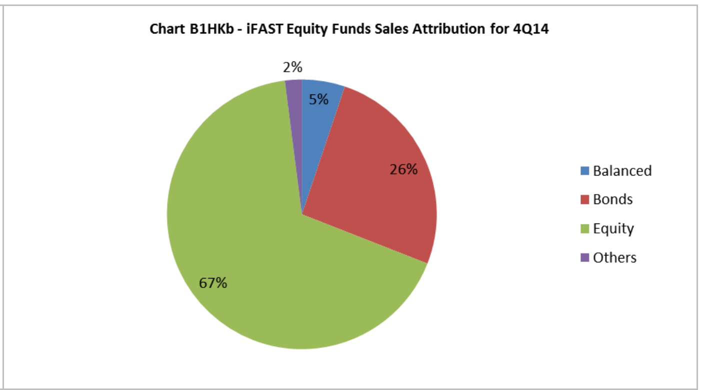
Our Commentary

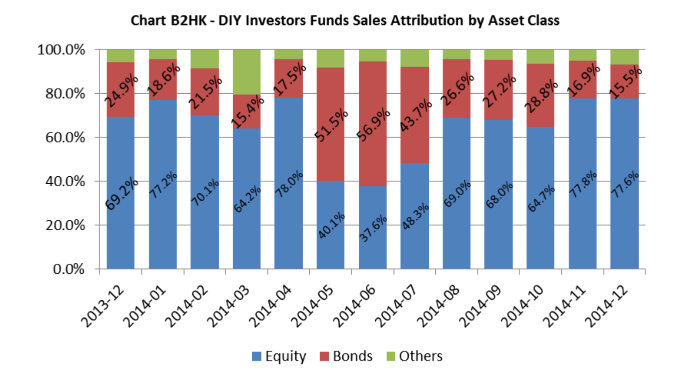
There were stark differences between fund flows observed in Hong Kong against that of Singapore. Hong Kong saw a record monthly inflows in October but fell off sharply in the remaining months. While investments from adviser assisted investors were likewise dominant, the overall flow for both DIY investors and adviser assisted investors displayed a similar downward trend.

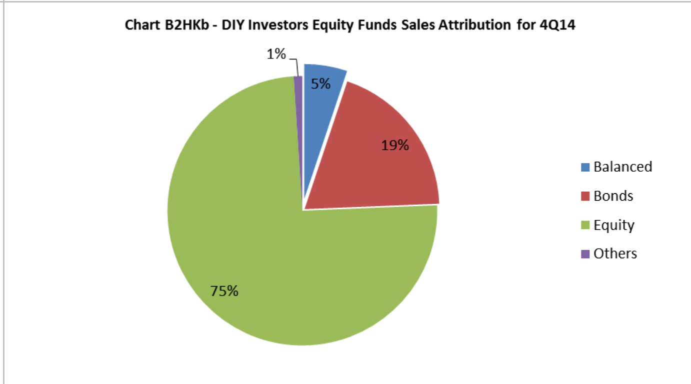
In terms of asset selection, Hong Kong investors and Singapore investors are similar. Both group of investors continue to favor equities over bonds. As mentioned earlier, global investors continue stay wary of fixed income investments in anticipation of rising interest rates. Bonds performance has been exhibiting high correlation with global investors' anticipation of rising interest rates.

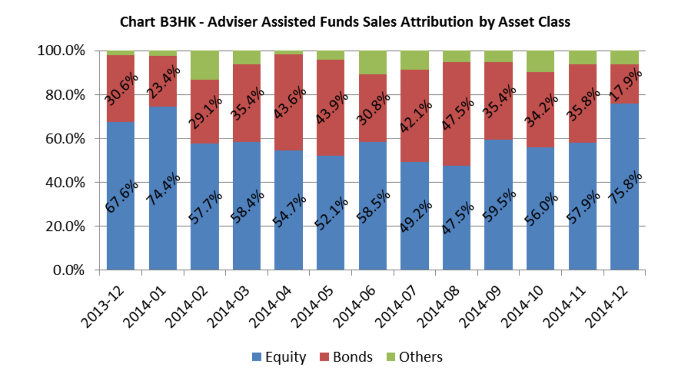
Charts BHK – Mutual Funds Sales Distribution

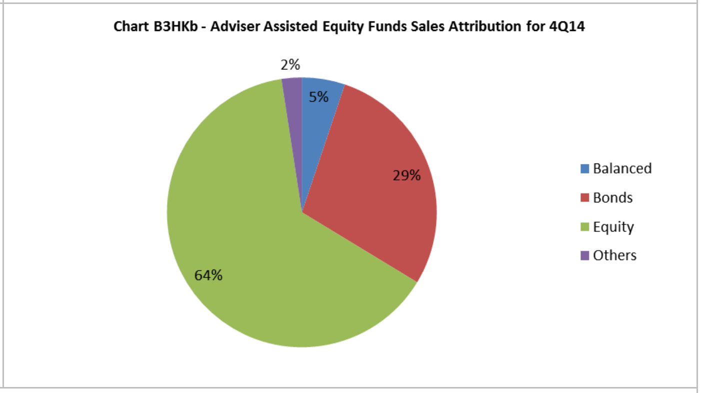








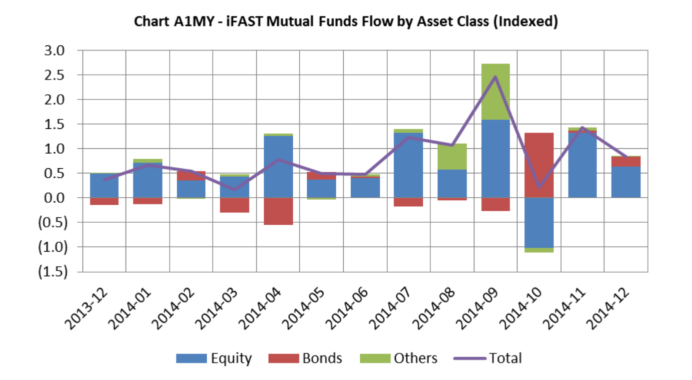


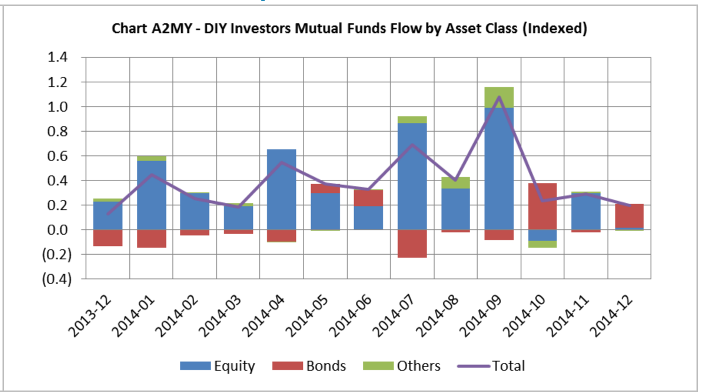


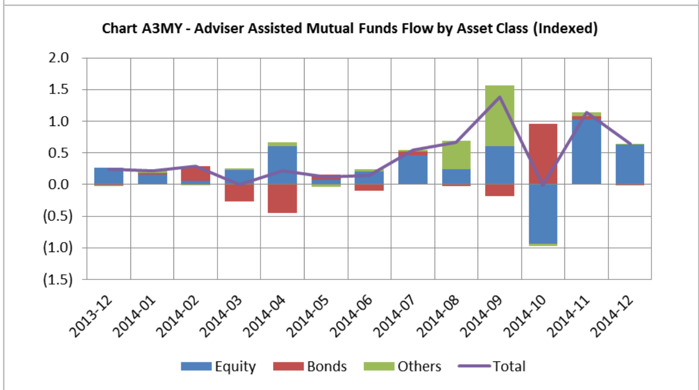
Source: iFAST Compilations, relative to total inflow

Malaysia

Charts AMY – Net Funds Flow (total inflow less total outflow)







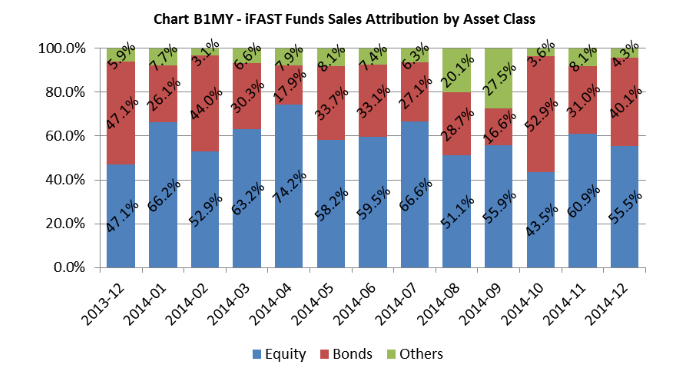
Source: iFAST Compilations, Total inflow less total outflow

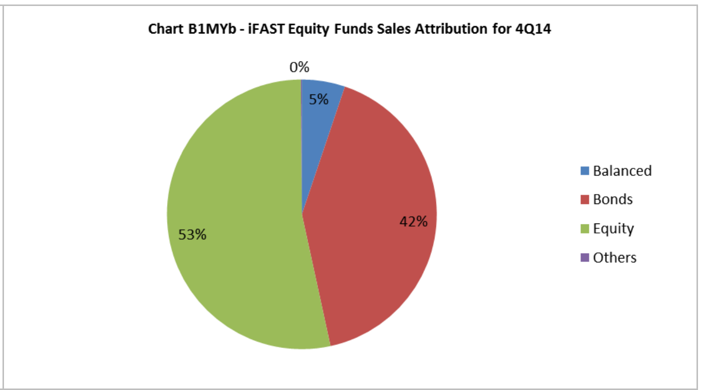
Our Commentary

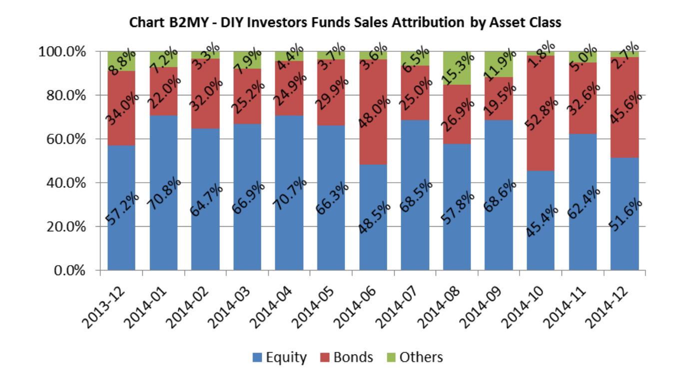
Similar to Hong Kong, fund flows in Malaysia trended lower in 4Q14, falling from September's peak but continue to remain in the positive zone, indicating that investors were still accumulating assets but at a slower pace. The trend appeared to be consistent between DIY investors and adviser assisted investors and closely tracked the performance of the KLCI index, the primary driver of Malaysian investors' sentiments.

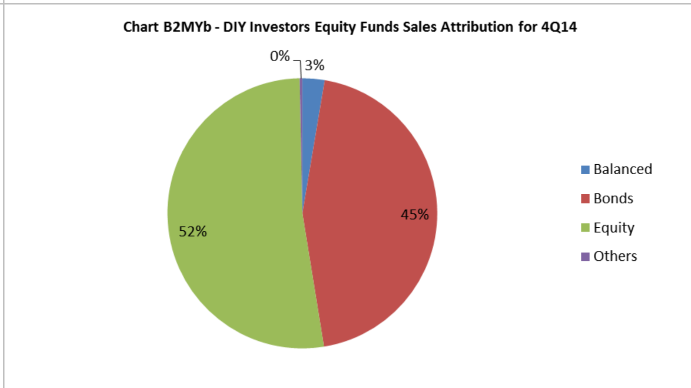
In October and December, the KLCI index recorded intra-months sharp decline and we observed a flight to safety behavior based on the flow of funds among Malaysian investors with the DIY investors leading this trend. Should this local market bias continues, we believe that the flows in 1Q15 will pick up in tandem with the KLCI market which had rebounded from 4Q14's decline.

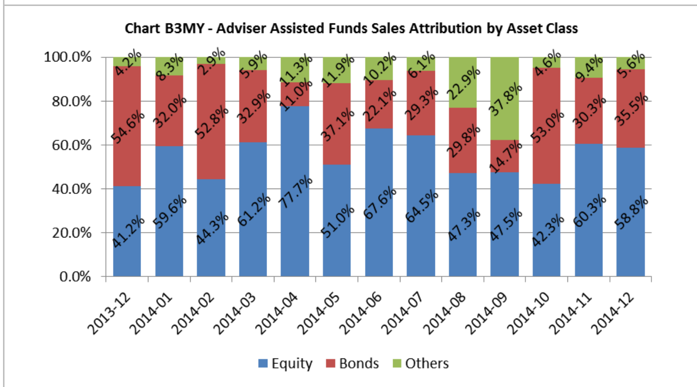
Charts BMY – Mutual Funds Sales Distribution

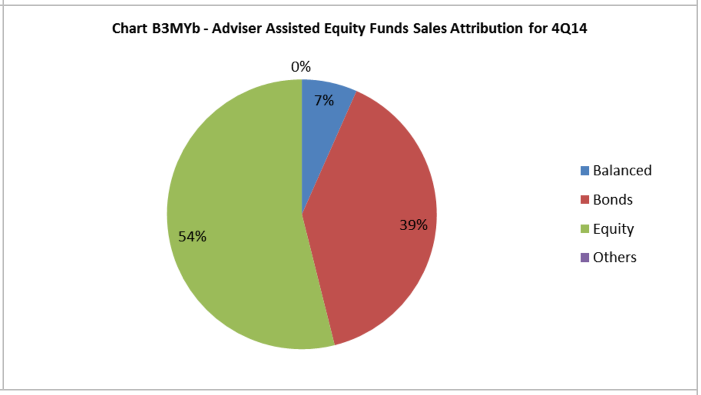










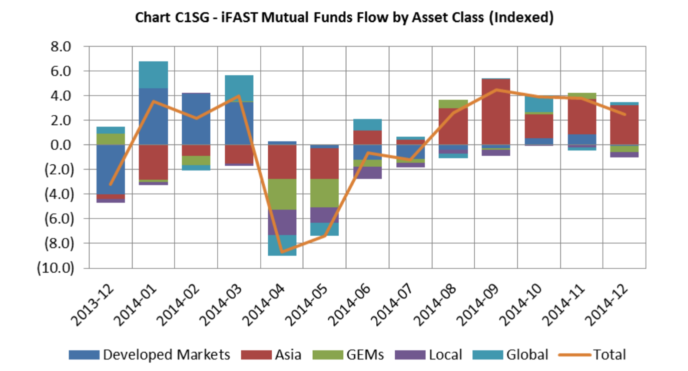


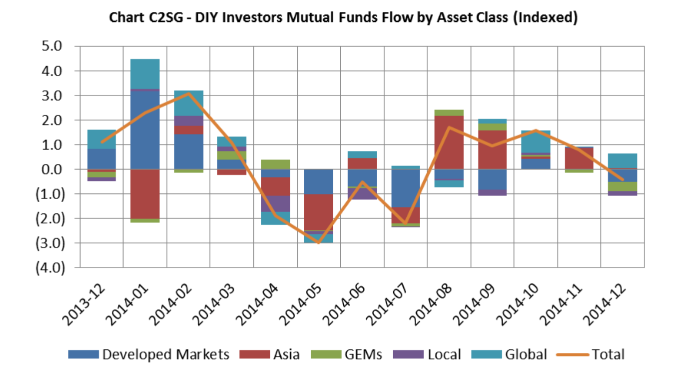
Source: iFAST Compilations, relative to total inflow

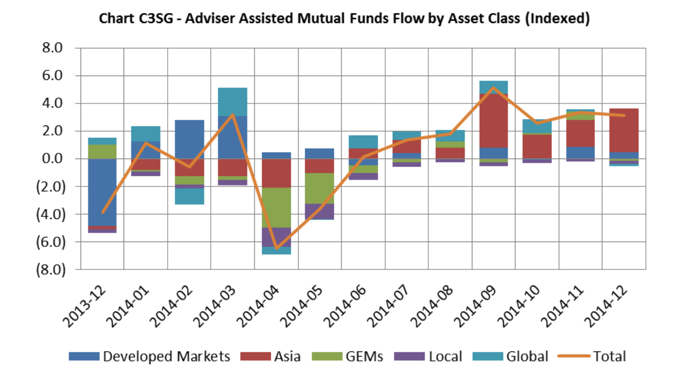
3.0 Equity Funds Flow

Singapore

Charts CSG – Net Funds Flow (total inflow less total outflow)







Source: iFAST Compilations, Total inflow less total outflow

Our Commentary

While flows into equity remained in the positive zone, the momentum seemed to have fallen off in 4Q14 after peaking in September 2014. Asian equities remained the primary focus of investors but driven mainly by the adviser assisted investors. Investors' preference in Asia equities reflected the strong rebound in Asian equities in September and started its reversal in October and ended the year slightly south of 2014's peak.

However, as mentioned earlier, the fund flows were dominated by investments made by adviser assisted investors while the DIY investors appeared to be taking profit and exiting from equity markets in a period where many markets were near or breaching new record highs.

Charts DSG – Mutual Funds Sales Distribution

Chart D1SG - iFAST Funds Sales Attribution by Asset Class

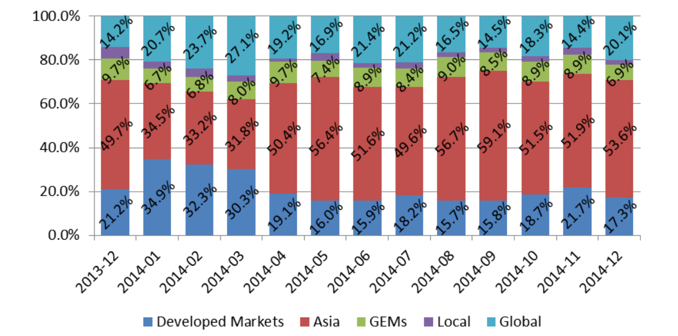


Chart D1SGb - iFAST Equity Funds Sales Attribution for 4Q14

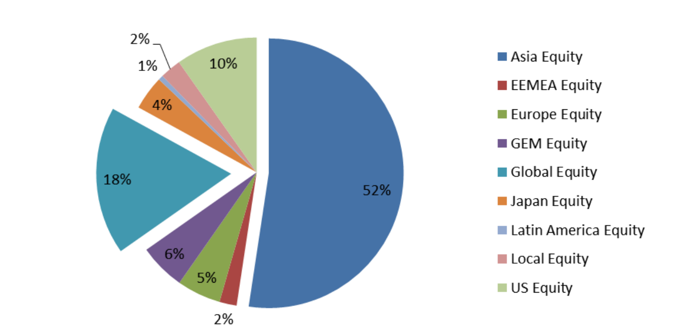


Chart D2SG - DIY Investors Funds Sales Attribution by Asset Class

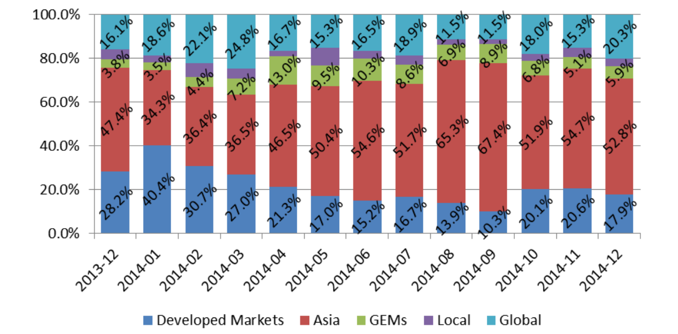


Chart D2SGb - DIY Investors Equity Funds Sales Attribution for 4Q14

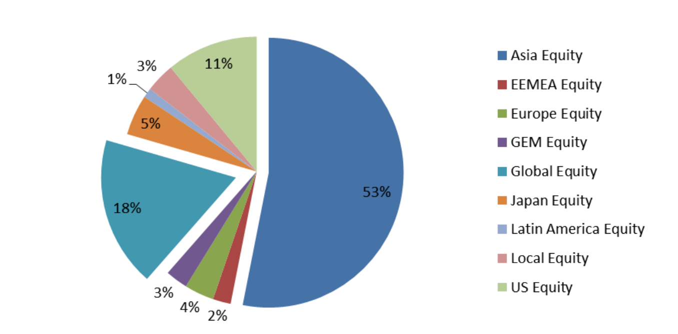


Chart D3SG - Adviser Assisted Funds Sales Attribution by Asset Class

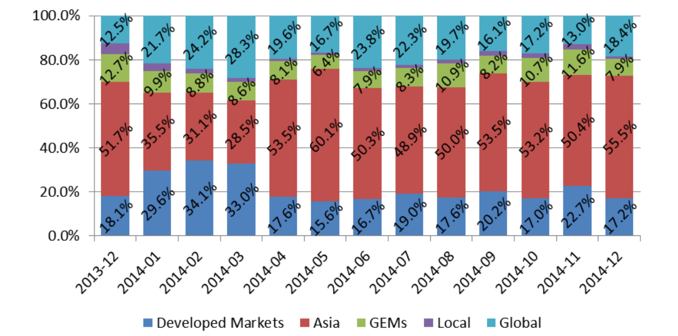
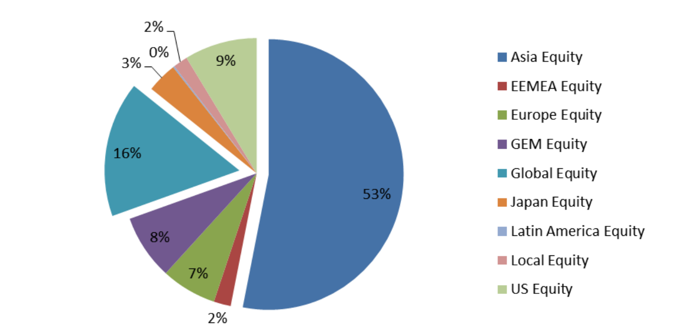


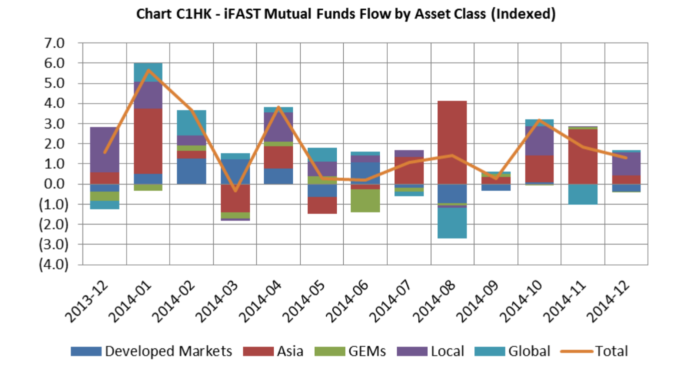
Chart D3SGb - Adviser Assisted Equity Funds Sales Attribution for 4Q14

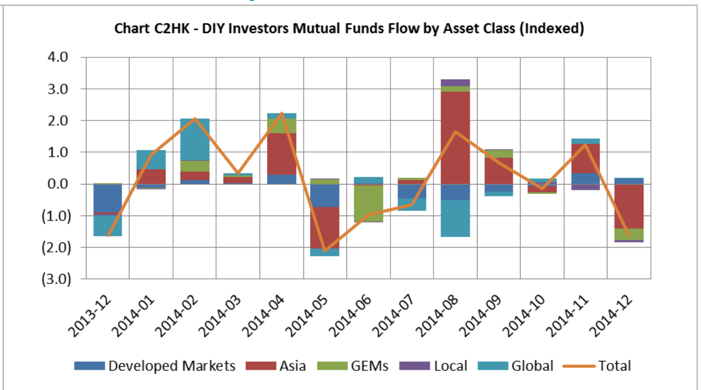


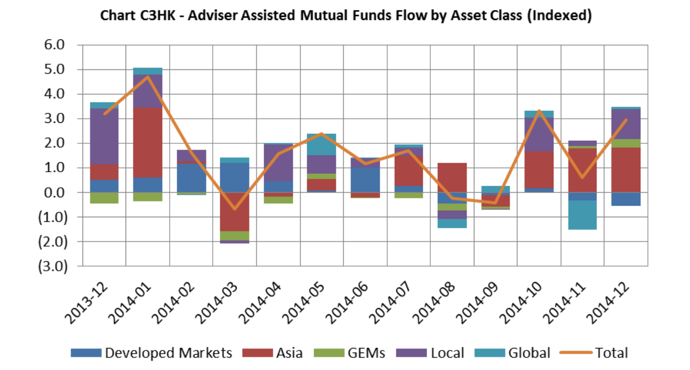
Source: iFAST Compilations, relative to total inflow

Hong Kong

Charts CHK – Net Funds Flow (total inflow less total outflow)





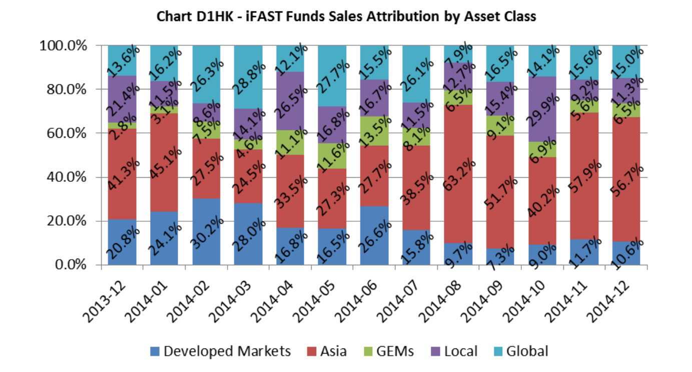


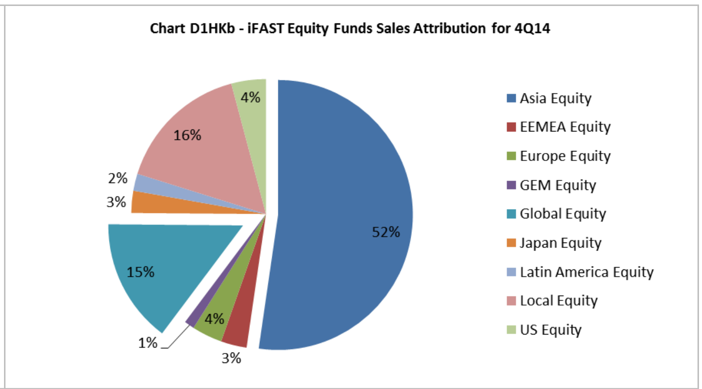
Source: iFAST Compilations, Total inflow less total outflow

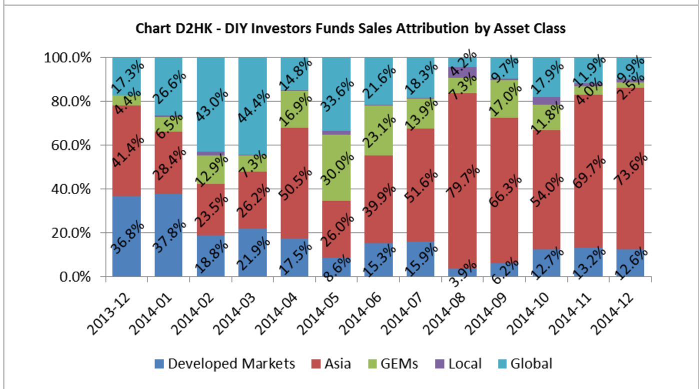
Our Commentary

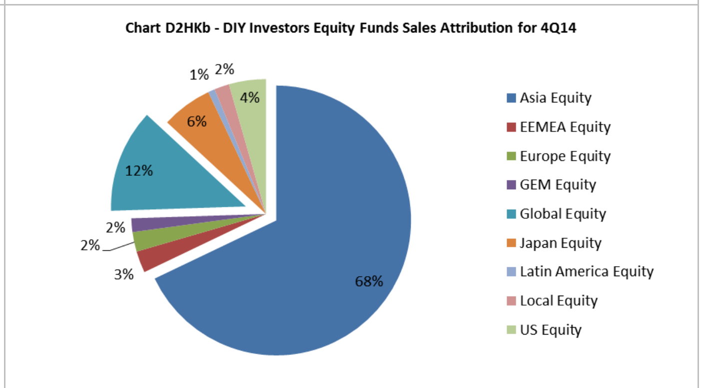
While the overall funds flows for Singapore and Hong Kong investors in 4Q14 were relatively different, the flows for equity funds were similar. Investors in Hong Kong saw bulk of the flows going into Asian equity funds. In addition, the equity fund flows were primarily from adviser assisted investors while DIY investors in Hong Kong and Singapore were largely similar and observed as taking profit from the equity markets. We also observed a relatively strong bias on local equities from adviser assisted investors which was an aberration based on past observations.

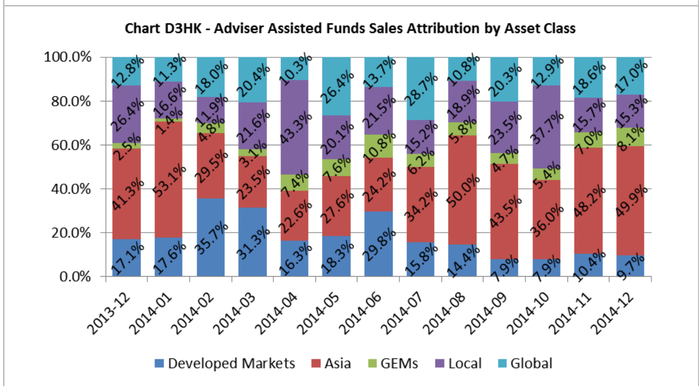
Charts DHK – Mutual Funds Sales Distribution

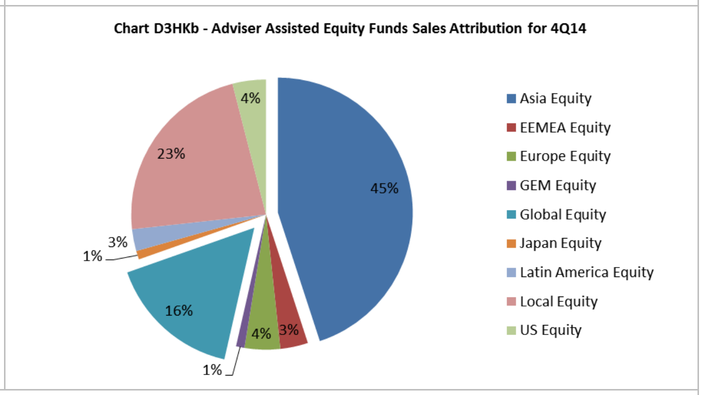








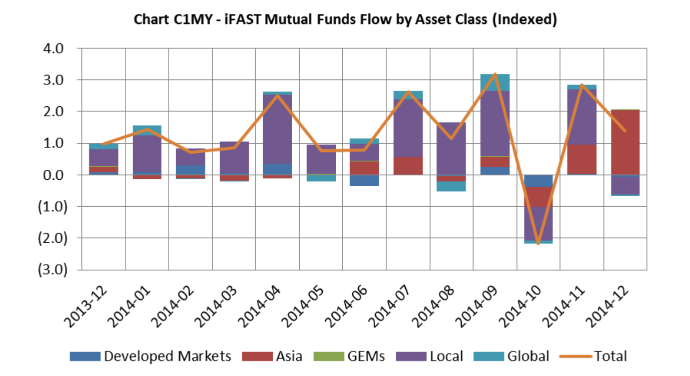


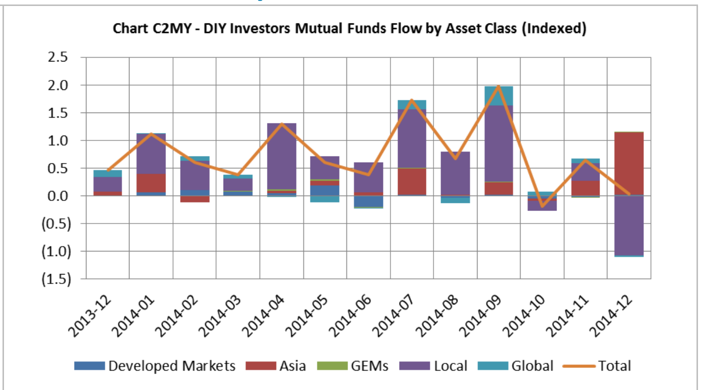


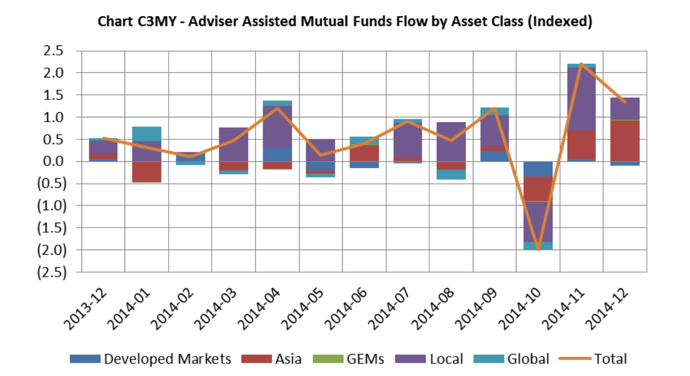
Source: iFAST Compilations, relative to total inflow

Malaysia

Charts CMY – Net Funds Flow (total inflow less total outflow)







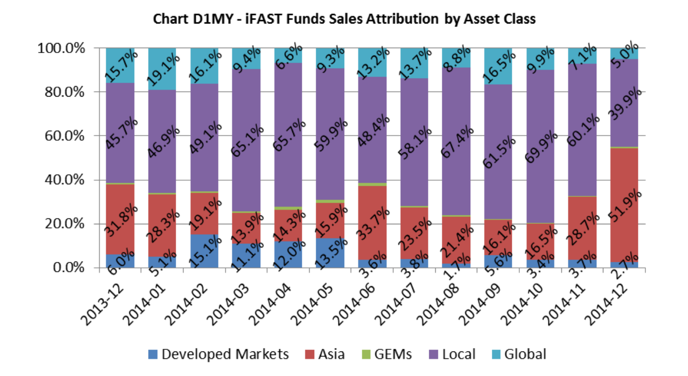
Source: iFAST Compilations, Total inflow less total outflow

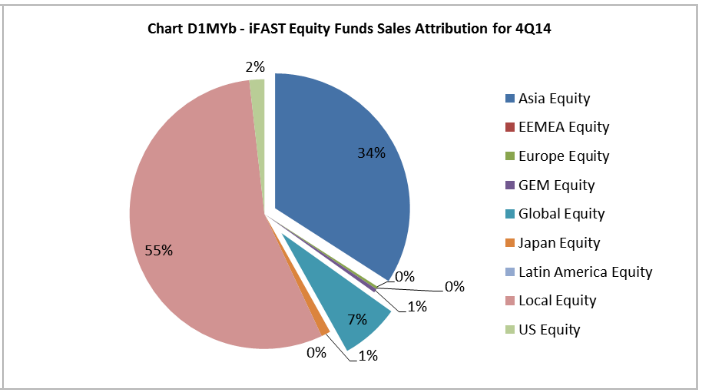
Our Commentary

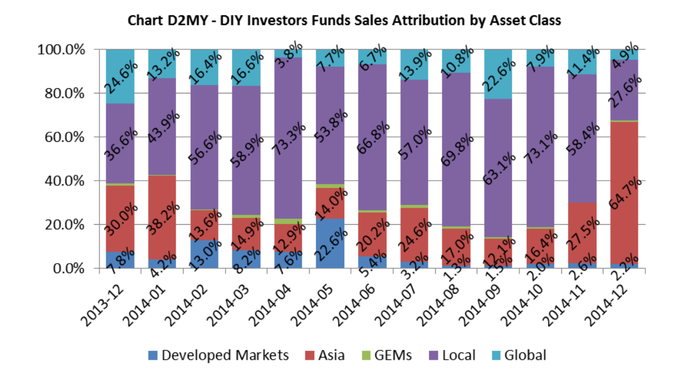
We have often cited Malaysia investors to have a strong bias towards Malaysian equities. However, 4Q14 fund flows saw a reversal of trend which we mentioned earlier as a result of poor performance of the Malaysian equities. Both DIY investors and adviser assisted investor's favored Asian equities over Malaysian equities in 4Q14, reflecting a strong correlation on both Asian and Malaysian equities performance.

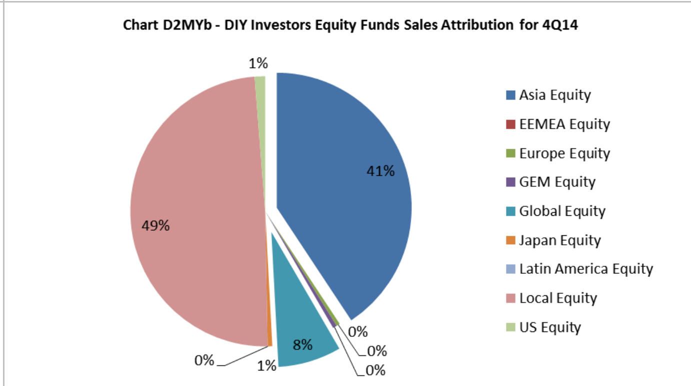
While the above observation stands, we also noticed some disparity between DIY investors and adviser assisted investors as the latter recorded a strong rebound in fund flows into Malaysian equities while DIY investors continue to shunt them.

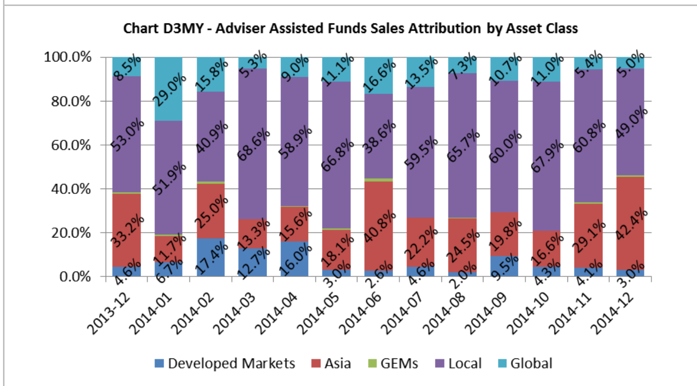
Charts DMY – Mutual Funds Sales Distribution

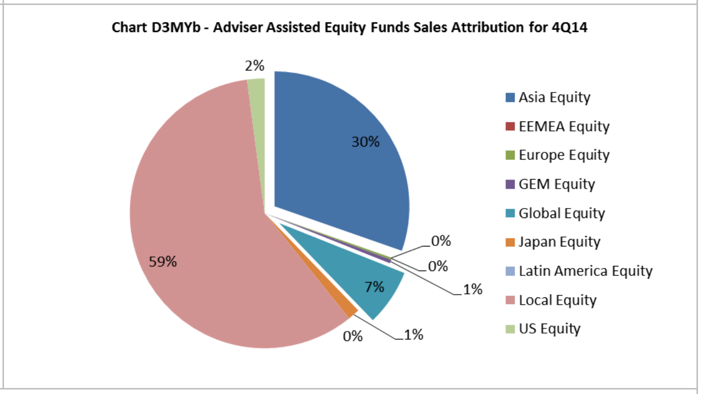










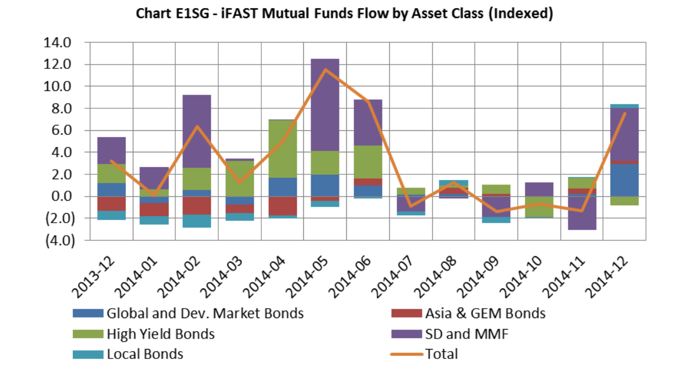


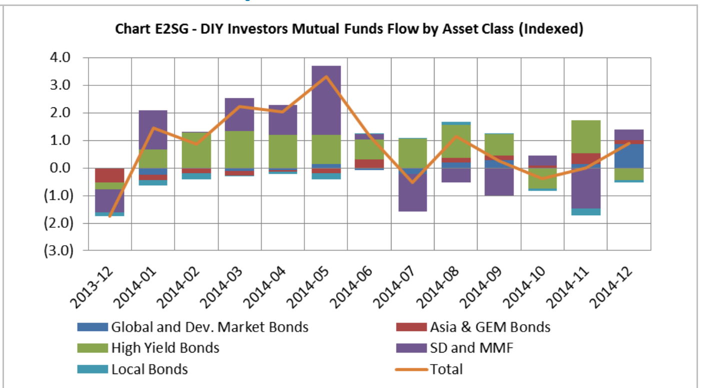
Source: iFAST Compilations, relative to total inflow

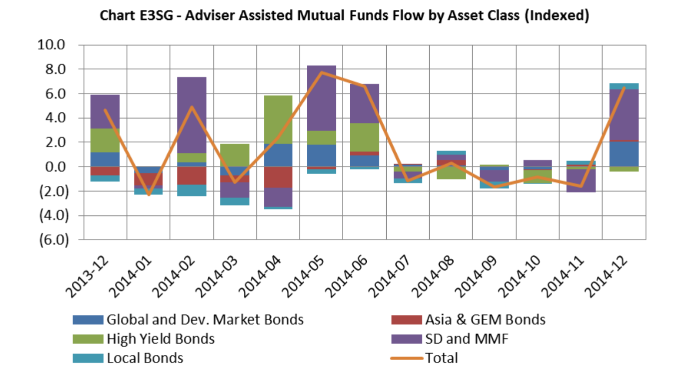
4.0 Bond Funds Flow

Singapore

Charts ESG – Net Funds Flow (total inflow less total outflow)







Source: iFAST Compilations, Total inflow less total outflow

Our Commentary

Interest in bonds continued to be weak in 4Q14, extending from the 3Q14 dip as investors remained concerned over the impact of rising interest rates on the performance of bonds and bond funds. While there was a sudden respite in December 2014, we are of the opinion that the respite is temporary. Investors are likely to continue their cautious approach in accumulating fixed income assets with the expectation of rising interest rates. The aversion to this asset class is more pronounced with the adviser assisted investors and relatively less so with the DIY investors. Nevertheless, fund flows into bond funds from DIY investors had picked up progressively in 4Q14 but was still far off from the euphoria witnessed in the first half of 2014. Within this asset class, investors continue to show preference to high yield bonds and safe cash alternative such as short duration or money market bond funds.

Charts FSG – Mutual Funds Sales Distribution

Chart F1SG - iFAST Funds Sales Attribution by Asset Class

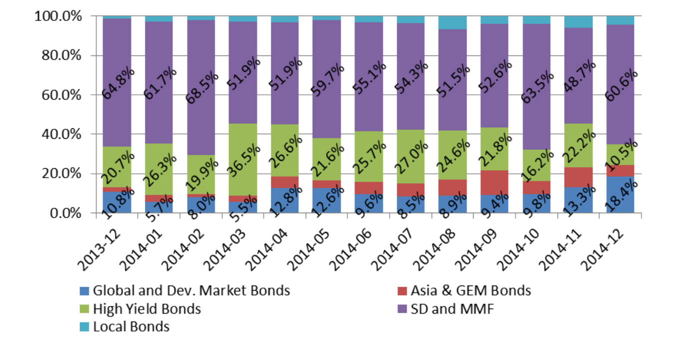


Chart F1SGb - iFAST Equity Funds Sales Attribution for 4Q14

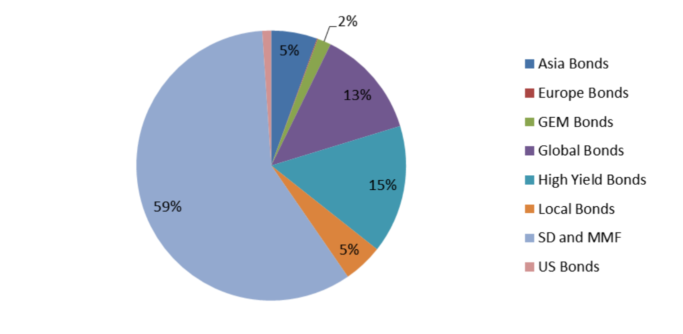


Chart F2SG - DIY Investors Funds Sales Attribution by Asset Class

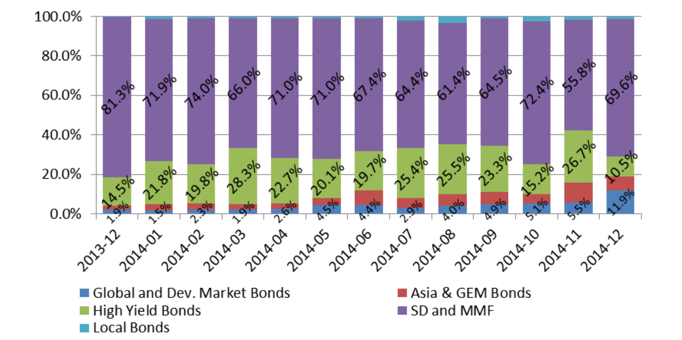


Chart F2SGb - DIY Investors Equity Funds Sales Attribution for 4Q14

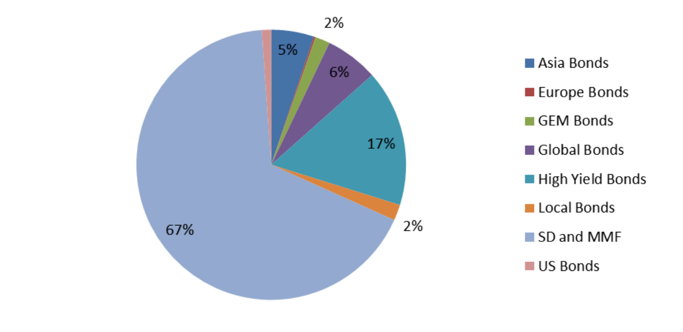


Chart F3SG - Adviser Assisted Funds Sales Attribution by Asset Class

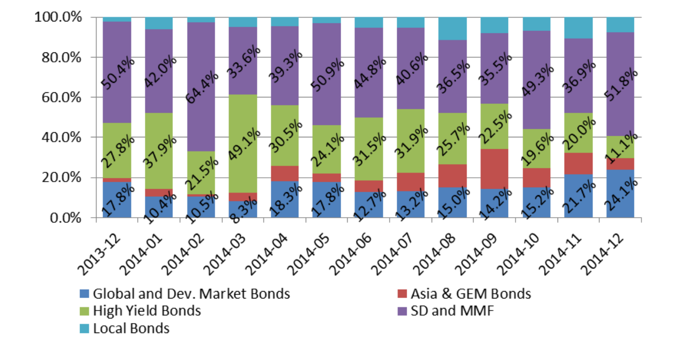
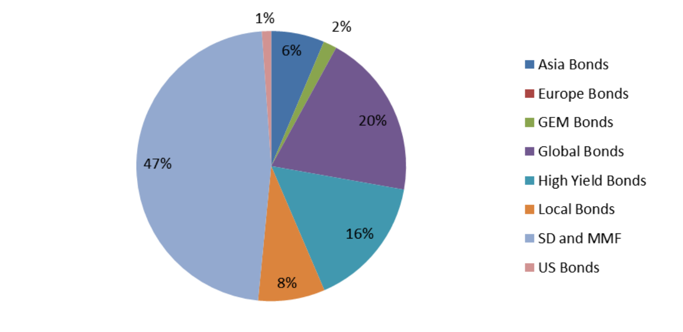


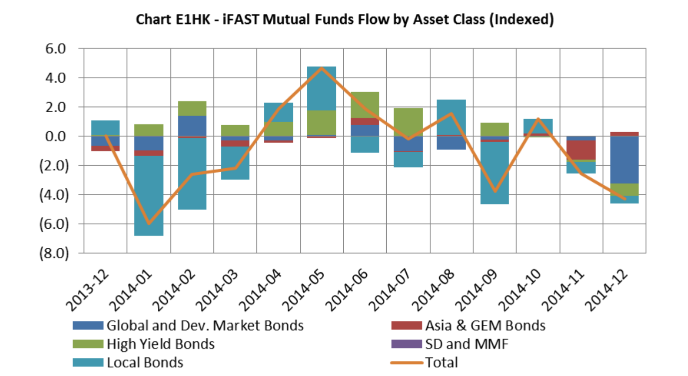
Chart F3SGb - Adviser Assisted Equity Funds Sales Attribution for 4Q14

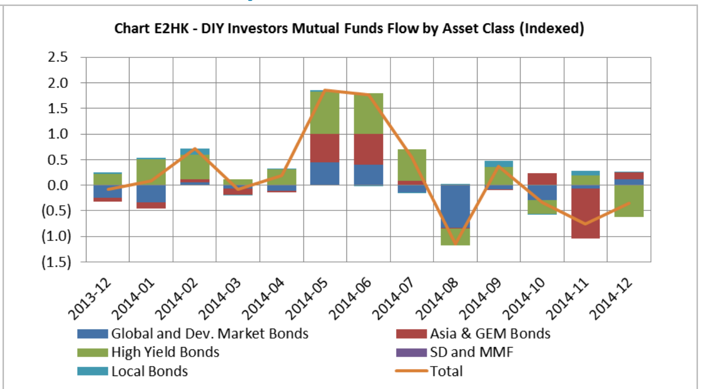


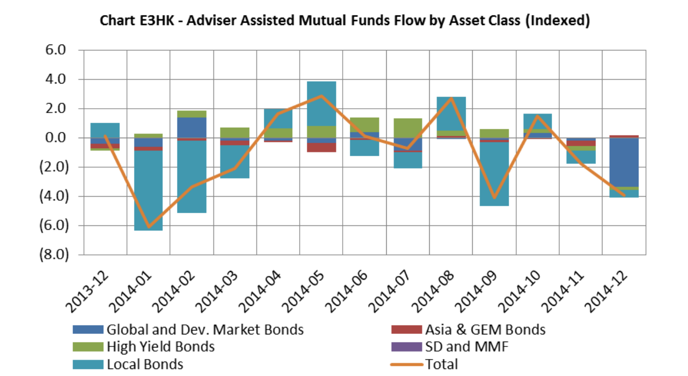
Source: iFAST Compilations, relative to total inflow

Hong Kong

Charts EHK – Net Funds Flow (total inflow less total outflow)







Source: iFAST Compilations, Total inflow less total outflow

Our Commentary

Similar to Singapore, we observed poor investment appetite in fixed income assets in Hong Kong. The negative sentiments were worse in Hong Kong where there were net outflow for fixed income assets. The outflow was consistent across DIY investors and adviser assisted investors although the adviser assisted investors withdrew more from global and developed market bonds while DIY investors retreated mostly from Asia and Global Emerging Markets bonds. This downward sloping trend started since May's peak and showed no signs of abating. We expect this to be the case for flows in 1Q15 and likely into 1H15 as global investors awaits the US's first rate hikes that is widely anticipated to take place in 2015.

Charts FHK – Mutual Funds Sales Distribution

Chart F1HK - iFAST Funds Sales Attribution by Asset Class

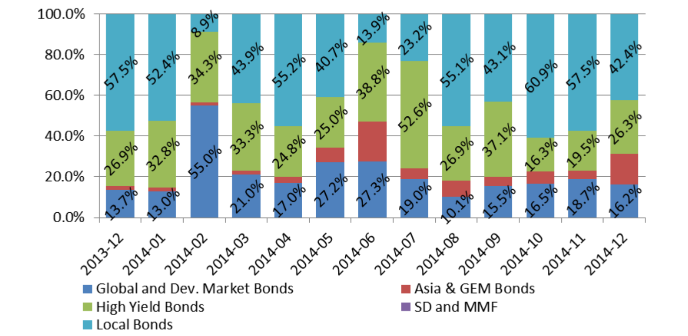


Chart F1HKb - iFAST Equity Funds Sales Attribution for 4Q14

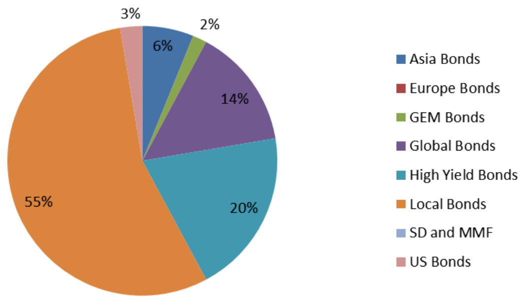


Chart F2HK - DIY Investors Funds Sales Attribution by Asset Class

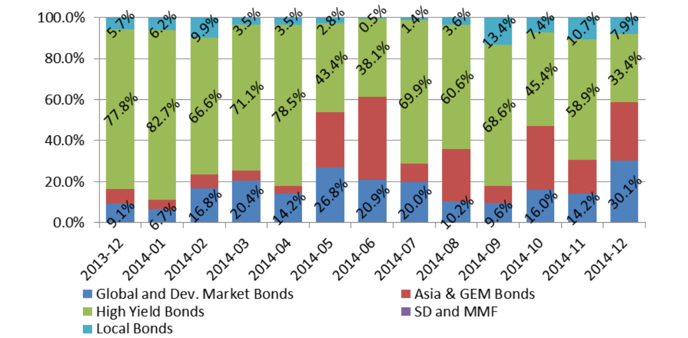


Chart F2HKb - DIY Investors Equity Funds Sales Attribution for 4Q14

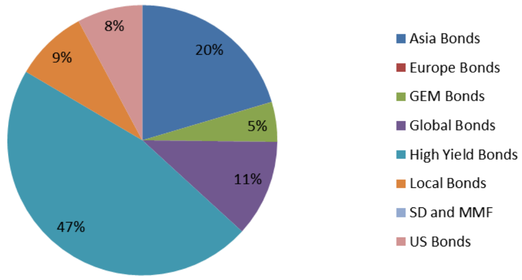


Chart F3HK - Adviser Assisted Funds Sales Attribution by Asset Class

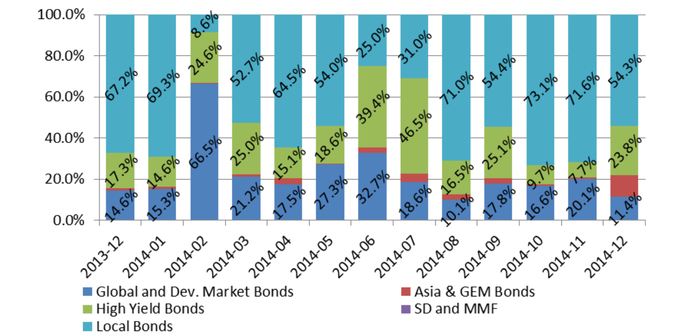
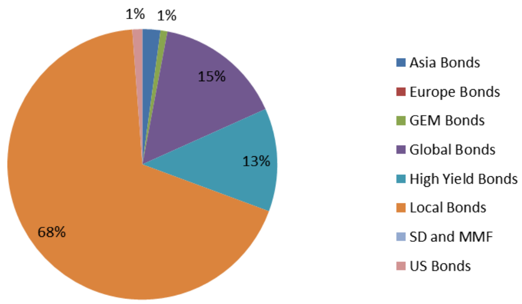


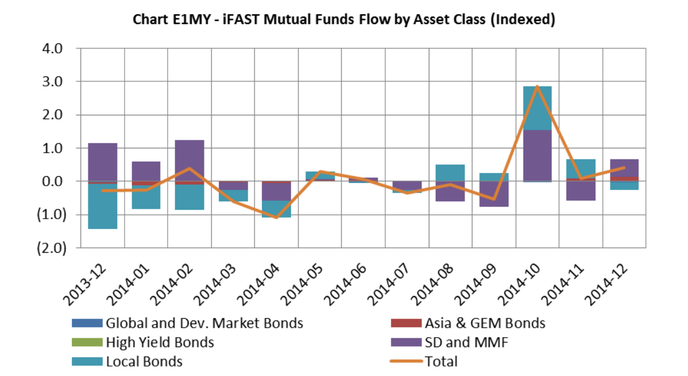
Chart F3HKb - Adviser Assisted Equity Funds Sales Attribution for 4Q14

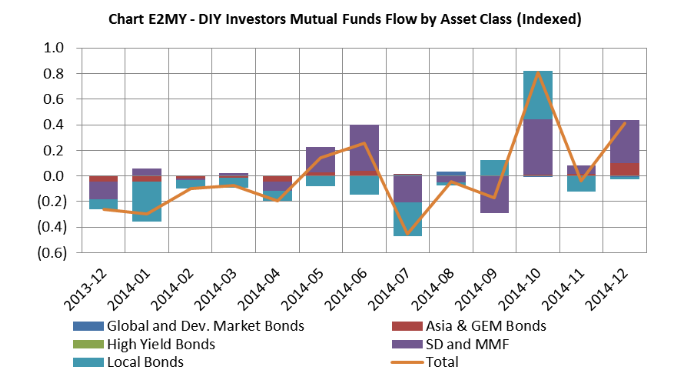


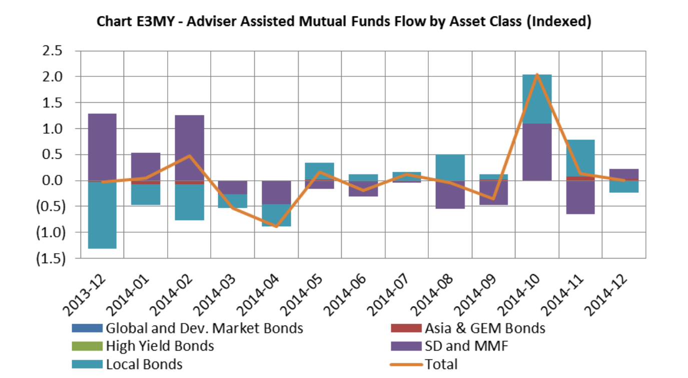
Source: iFAST Compilations, relative to total inflow

Malaysia

Charts EMY – Net Funds Flow (total inflow less total outflow)





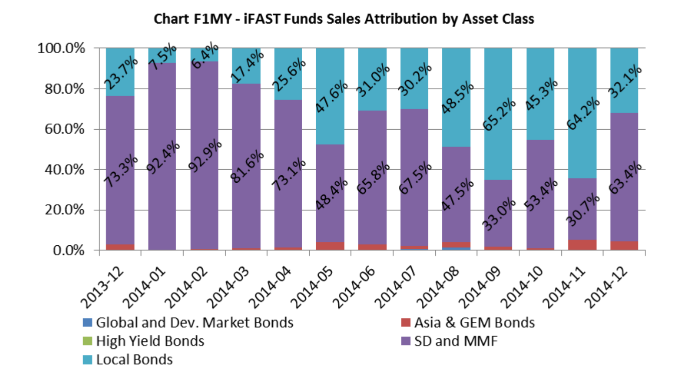


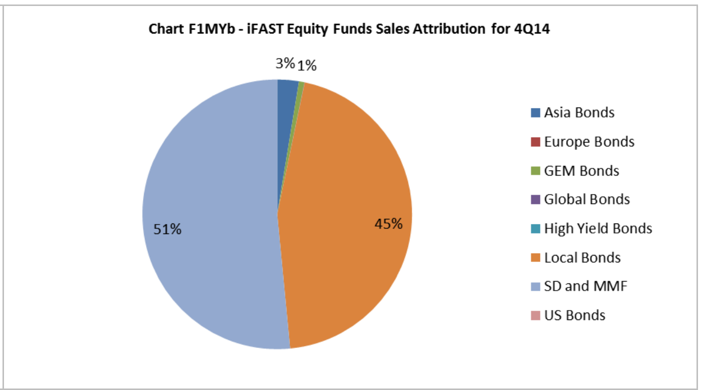
Source: iFAST Compilations, Total inflow less total outflow

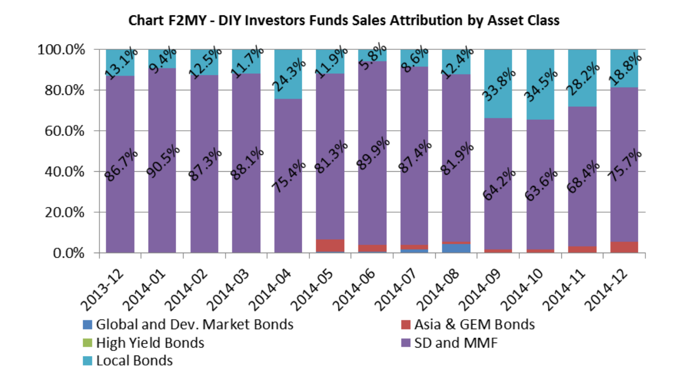
Our Commentary

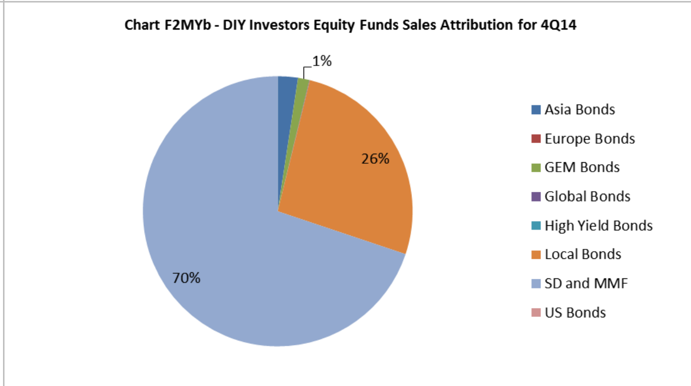
Unlike Singapore and Hong Kong investors, Malaysia investors placed lower emphasis in fixed income assets in their portfolio. Flows into bond funds are relatively muted for almost the whole of 2014, with the biggest exception recorded in October where we stated earlier that we observed a flight to safety mentality among the Malaysian investors. The sharp rise in flows into bonds funds occurred on the back of sharp withdrawals in equity funds in October. Among the various bond segments, most of the inflows were attributed to local bond funds, as well as safer cash alternatives such as short duration and money market funds. Following October's spike, the interest in bond funds abated immediately in the subsequent months, resuming the trend of muted interest in fixed income assets.

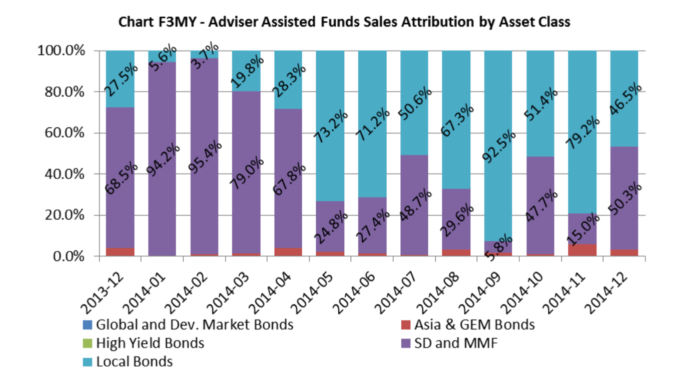
Charts FMY – Mutual Funds Sales Distribution

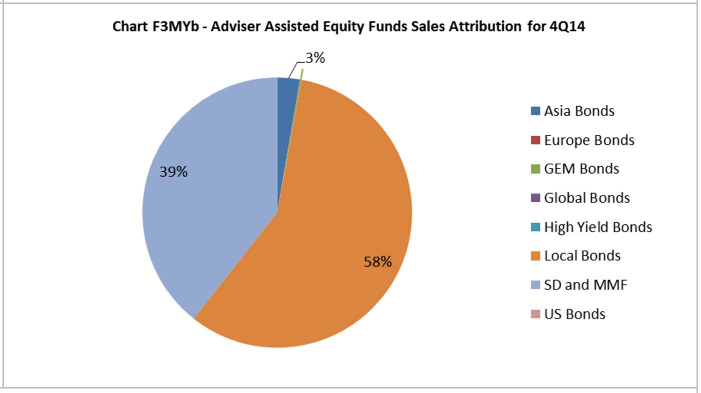












Source: iFAST Compilations, relative to total inflow

Industry Insights

Fund House Outlook for 2015

By: iFAST Research Team

Asia ex Japan

Aberdeen:

Asia faces a deflationary pull from cheaper energy and commodity prices, and lacklustre global growth.

Policymakers in countries including China, India and Indonesia have cut interest rates to stimulate domestic demand. This should support asset prices. In the near term, the expected normalisation of American monetary policy and continued dollar strength could lead to further pressure on Asia's currencies. However, a sustained US recovery will benefit Asia's exporters.

Economic reforms that are underway in India, Indonesia and China give us cause to be optimistic about the region's longer term growth prospects. In India and Indonesia, new governments have won over investors by slashing costly fuel subsidies. Both markets performed well last year. Planned increases in infrastructure and welfare spending, as well as measures to improve government efficiency, are also positive. But reforms will take time, given the structural and bureaucratic obstacles. We'll need to see further signs of economic growth, to support better margins and earnings.

Meanwhile, Beijing accepts that a slowdown is the price it must pay for more sustainable growth as it pursues structural reform. In the near-term, the risk is that the economy slows too fast – growth is at a 25-year low – and undermines efforts to make spending, not investment, the engine of growth. But if the authorities are successful, better quality companies, and hence portfolio investment opportunities, will result.

Across Asia, elevated household debt levels mean the benefits of cheaper oil and commodities are as likely to be saved as spent, while reduced Chinese demand will continue to weigh on exports. Earnings growth this year is likely to be in the high single digits, reflecting the challenging operating environment. However, profitability across the region is improving as companies cut costs. Asian stocks are attractively-valued at a forward multiple of 13 times for FY15, which is not only historically cheap, but a significant discount to developed markets that are trading at around 17 times.

US

Blackrock:

The US economy is in a cyclical upswing – and is one of the world's few major economies expected to accelerate in 2015. Steady growth in employment, a moderate (yet patchy) housing recovery and rising capital expenditures all point to a sustainable recovery. Risks to the growth story include: weak global demand and the strong dollar hurting exports (this would pinch but not kill growth); rising student debt burdens due to the soaring cost of education (this is a drag on consumption and home buying); and financial instability (spare inventories at broker-dealers could exacerbate any liquidity crunch).

What would higher rates mean for US equities? If history is any guide, there is likely to be a big difference between the performance of low-beta stocks (defensives) and high-beta stocks (cyclicals). US defensives usually do well when interest rates are falling (and vice versa). They tend to lose money when the 10-year yield rises more than 15 basis points in a month, our research shows.

US cyclicals do best when rates rise – but only when the rise is mild. Returns start to taper off when yields rise more than around 10 basis points in a month. This bodes well for cyclical stocks in 2015 (if history repeats itself). Even if the Fed hikes rates sharply, solid demand for longer-term bonds should dampen the rise in 10-year yields.

JPM:

The strongest economic momentum of any market, where our confidence is highest. With the economy moving into a mid-cycle phase, equities should outperform. Earnings growth ex-energy is likely to stay healthy. Valuations are stretched relative to other regions, but are justified, given higher quality and profitability. A flattening yield curve favours large- over small-caps.

Europe

Blackrock:

The Eurozone is an economic laggard. Its recovery from the recent financial crisis has fallen far short of that from previous crises around the world – and dramatically short of the typical recovery from past recessions. The Eurozone is a low-flying plane that constantly hits air pockets. The upside: expectations are so depressed even a moderate cyclical rebound would be a booster for European risk assets. The bar is low: Greece is set to be one of the fastest growing Eurozone economies in 2015. Some selected ideas on how to exploit this: cyclicals such as European automakers look cheap – with many companies trading near 2008 – 2009 lows. Consider contrarian investments in beaten down luxury goods makers and integrated oil majors.

JPM:

The recent fall in the region's currency looks set to continue. The depreciating Euro should boost the value of equity earnings from outside the single currency area. Together with lower energy costs, looser credit standards, improving loan demand and reduced fiscal contraction, the weaker currency creates a supportive backdrop for European risk assets.

Unfortunately for investors, the factors supporting the economy and improved equity market performance are threatened by political developments; the rise of anti-austerity and Euro-skeptic parties. For now, investors recognise that Greece no longer presents the same systematic risk it did back in 2012 and other markets have not reacted in the same way they did back then. However, such calm reactions to the coming elections this year, including in another Eurozone periphery country, Spain, are far from guaranteed.

Earnings-per-share growth prospects in 2015 look good on paper, and momentum is visibly improving helped by the weak Euro, but disappointment in recent years make us cautious. Valuations still look attractive on anything other than earnings spot multiples.

Japan

Blackrock:

Japan is all in – on a high-stakes bet that monetary stimulus will jump-start the country's economy. The Bank of Japan is even buying equities. This is a big boon to asset markets, especially as Japan's bellwether USD 1.2 trillion Government Pension Investment Fund (GPIF) is wading in. The fund aims to more than double its benchmark allocation to Japanese and foreign equities to 25% each – and slash its allocation to Japanese government bonds. The Bank of Japan is effectively printing money to buy the Japanese pension fund's government bonds – and finance its equity buying. The path of least resistance is likely to be up (further) for Japanese equities and down for the yen. A collapse in the trade-weighted yen has been mirrored by a rally in Japanese equities since 2012.

Other pension funds and households may start mirroring the GPIF's move and shift some of their cash piles into stocks. Being bullish on Japanese equities has become somewhat mainstream in the last two years. Foreign investors dominate trading, with a 60% share of volume on the Tokyo Stock Exchange. A loss of confidence in Abenomics could cause market gyrations. Reforms to develop a stronger equity culture would reduce Japan's vulnerability to the mood swings of global investors, but this will take time.

Nikko:

Japan is still our most favoured equity market, but we expect earnings growth to be driven by '3rd Arrow' initiatives rather than Yen depreciation. We expect companies to see near double-digit earnings increases in FY2014 (which would result in record earnings) and also forecast double-digit earnings increases in FY 2015. From a valuation perspective, Japanese equities remain on the cheaper side as a healthy scepticism exists in the investment community that Abenomics may not be able to generate growth. Even though stock prices are at their highest since 2007, corporate earnings forecasts are still robust and projected P/E and P/B levels continue to be well below their historical averages, even taking into consideration the rebound in stock prices. We are sympathetic to the scepticism but are comfortable to remain overweight as long as two key pillars remain in place:

- Japanese equity earnings continue to deliver – as stated earlier, in a world of low growth and abundant liquidity, we believe the market will continue to reward visible and consistent growth.
- Authorities remain on track with '3rd Arrow' growth initiatives – a number of growth strategies initiated in 2014 (corporate governance and taxation, labour flexibility, pension reform, women in work) should start to bear fruit in 2015. As long as the political authorities stay the course then Japanese equities will receive a boost from the '3rd Arrow'.

Global Emerging Markets

Schroders:

GEMs would be expected to be among the primary beneficiaries of a global cyclical upturn given their higher beta nature. However, while GEMs' exports, in particular manufacturing and industrials have been increasing, the overall effect has so far been more muted than would otherwise be expected at this stage in the cycle. Meanwhile, import demand for commodities has been weak. A slowdown in the commodity cycle is partly to blame, not least with the US progressing towards energy self-sufficiency. Weak demand from the US has so far not been reinforced by demand in the Eurozone, Japan and China, where growth has slowed and the overall backdrop for GEMs to perform in has become more challenging.

Subdued export growth has weighed on earnings and consensus earnings growth expectations of around 10% over the next 12 months look susceptible to potential disappointments. We believe instead that investors should look to GEMs' primary growth driver of domestic demand, together with the potential positive ramifications of reform implementation, for a positive economic and earnings growth catalyst in 2015.

Emerging market equity mutual fund flows have been very volatile over 2014 and it is possible this volatility could continue into 2015 given the still-uncertain global backdrop. The year started with an extraordinary level of investor bearishness towards GEMs, as reflected by net outflows of over $40 billion from dedicated funds. Since then flows have reversed somewhat but year-to-date there have still been outflows of around $10 billion, according to fund flow data firm EPFR Global. However, significantly, there is a strong case to be made that concerns have already been more than priced in by the market. GEM valuations are attractive, trading close to a 50% discount to the S&P 500 referencing the Shiller P/E ratio – this is the largest discount for over 10 years.

Our 2015 outlook for GEMs is constructive but more muted than would otherwise likely be the case in a more 'normal' global expansionary phase of the cycle. We are currently positioned with a portfolio beta of around 1, and are fully invested, although we have a net underweight exposure to the more cyclical sectors. Generally speaking, we have overweight positions in markets which could benefit from potential reformist policy and markets which are beneficiaries of a pick-up in manufacturing and industrial exports and weak energy prices.

We are mindful that the ramifications of a stronger US dollar, a potential tighter financing environment and weak commodity prices could have a negative impact on emerging markets equities. Nevertheless, over 2015 we believe GEMs should deliver reasonable absolute and relative returns compared to developed markets, supported by attractive valuations, strong domestic demand and improving exports.

Fixed Income

Eastspring:

Divergent monetary policies could result in diverging interest rate trends across markets. The scope for rates to rise in the US seems moderate, as the pace of US growth will likely be constrained by not only lacklustre global demand but also by the absence of significant fiscal help. Job market slack continues to suggest the Federal Reserve will move later rather than earlier in raising its Fed Funds rate.

The Asian rate cycle is not synchronised, with several central banks easing and with some tightening (e.g. Bank Indonesia to check any rising inflation expectations). While potential gains from credit spread tightening may be limited (given that spread levels are historically on the narrow end), the yield pick-up of Asian corporate bonds is attractive compared to government bonds and even similarly-rated US corporate bonds. In particular, the yield differential between Asian high yield corporates and similarly rated US high yield corporates, has widened significantly to levels above long-term average. This differential should underpin demand from yield-seeking investors.

All in all, 2015 is shaping up to be a challenging year for bonds. With US QE over and the Fed closer to the first rate hike, it will be difficult to deliver strong returns. Investors, however, often forget that the shape and pace of rate increases do matter. In this "soft" cycle, bond carry should provide a decent source of return but select Asian bonds should provide "alpha" return enhancements.

JPM:

Valuations in both investment grade and high yield are attractive from a carry perspective, and fundamentals in many ways still look solid. Negative spread correlation to yields offers protection if rates rise. However, the rout in the energy-exposed segments has revealed poor structural liquidity in credit and there may yet be further pain to come in energy.

Neuberger Berman:

Although the default environment is expected to remain low in 2015, a key risk to high yield fixed income and the energy sector more specifically is the precipitous decline in oil prices since June. The reaction has been extremely swift as spreads in the high yield have widened significantly. Should oil prices decline further and/or stay low for a sustained period of time, the risk of default has the potential to increase in the energy sector. The negative scenario is being reflected in current prices and has posed a significant headwind to high yield fixed income considering the meaningful weight of energy (over 14%) in the MY HY index – for comparison's sake, energy's weight in the S&P 500 is currently 8.4%.

Annex A – Category Description

Category Description
Balanced
Funds that allocate assets into both bonds and equities.
Bonds
Asia & GEM Bonds
Asia Bonds
Such funds invest primarily in Asian debt securities. Consist of both sovereign and corporate issues, as well as both local and hard currency issues.
GEM Bonds
Such funds invest primarily in global emerging market debt securities. Consist of both sovereign and corporate issues, as well as both local and hard currency issues.
Global & Dev. Market Bonds
Europe Bonds
Such funds invest primarily in mainly in investment-grade issues of European issuers (includes both sovereign and corporate) although some of the funds do have exposure to sovereign issues as well. High yield bonds are not covered under this category.
Global Bonds
Such funds have a bias towards investment-grade issues from both sovereign and corporate issuers. However, most of these funds operate on flexible global strategic mandates that target to maximise returns based on the fund's reference currency.
US Bonds
Such funds invest primarily in mainly in investment-grade corporate issues of US issuers (includes both sovereign and corporate) although some of the funds do have exposure to sovereign issues as well. High yield bonds are not covered under this category.
High Yield Bonds
All high yield bonds funds are included in this category. While dominated by US high yield funds, this category includes both Asian high yield and European high yield bond funds.
Local Bonds
Local refers specifically to the country in discussion. For example, a local bond for Singapore is one that invest either in Singapore bonds or is bias towards the SGD.
SD and MMF
Bond funds that are actively managed to reduce interest rate risk. Most of these funds' mandate does not invest in bonds with duration exceeding 5 years.
Equity
Asia
This category includes all Asian equity funds, sub-regional Asian funds (such as Greater China equity funds) and all single Asian country funds with the exception of equity fund specific to the local country. For example, a Singapore equity fund is excluded from this category when compiling for Singapore but not for Hong Kong and Malaysia.
Developed Markets
Europe Equity
All European equity funds.
Japan Equity
All Japanese equity funds.

	US Equity
	All US equity funds.
GEMs	
	EEMEA Equity
	Emerging Europe, Middle East and Africa. This category consists of both regional equity funds, as well as single country funds within this region. For example, Russia and Turkey equity funds fall under this category.
	GEM Equity
	Specific to only global emerging market funds and does not contain any single emerging market equity fund.
	Latin America Equity
	This category consists of both regional equity funds, as well as single country funds within this region. For example, Brazil equity funds fall under this category.
Global	
	Specific to only global equity funds and does not contain any single country or regional equity fund. These funds are however biased towards developed market equities.
Local	
	Local equity funds refer to equity funds invested their specific local market. For example, a Malaysia equity fund is categorised as local equity when compiling Malaysia data but not so for both Hong Kong and Singapore.
Others	
	All other funds that do not fall under bond funds, equity funds and balanced funds.

Contact Us

Our institutional team is available to discuss your requirements for a tailored solution. For more information or to arrange a meeting, please contact us at:

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