Broadridge®

Asia Pacific Money in Motion

Q2 2018 Quarterly Trend Report

TOP 10 INSIGHTS

1

At the end of 2017, an estimated **US $8.4 trillion** of APAC assets were managed by third-parties, with Japan, China and Australia making up **80%** of the assets in the region.

2

Close to **US $10 billion in net outflows** in Q2 2018 marked the worst period of outflows for credit strategies since Broadridge started tracking the data in 2011.

3

Index equities saw nearly **US $9 billion in outflows** for Q2 2018, largely due to investors pulling out from the S&P500 and MSCI World indices.

4

After 10 straight quarters of multi-billion net inflows, Q2 2018 saw **factor-based index equities dip into the negative zone**. Activity was muted as investors preferred to stay on the sidelines.

5

With the need to deal with spiked volatility levels and trade frictions, **most institutions have dialed down their risk profile**. Multi-asset funds in particular benefitted from the current uncertainty.

6

The **strongest growth** in Asia Pacific can be seen from the **private equity and passive fixed income segments.** Volatility has increased with more extremes being seen in both net outflows and inflows.

7

Japan, South Korea and China are the **top three markets to watch for personal retirement multi-asset funds**, as active regulatory measures continue to promote individual DC savings.

8

Personal retirement funds are paving the way for global managers to penetrate South Korea, after a series of exits. Partnership is the preferred approach with global managers providing the investment expertise and local players the distribution networks.

9

With **all-time low interest rates** set for an upward trajectory, investors are looking at alternative income sources such as equities, real assets and multi-asset credit to maintain a stable stream of income.

10

Bank loans, multi-sector bonds and asset/mortgage backed securities have benefited from the **shift from core fixed income into alternative credit**.

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