

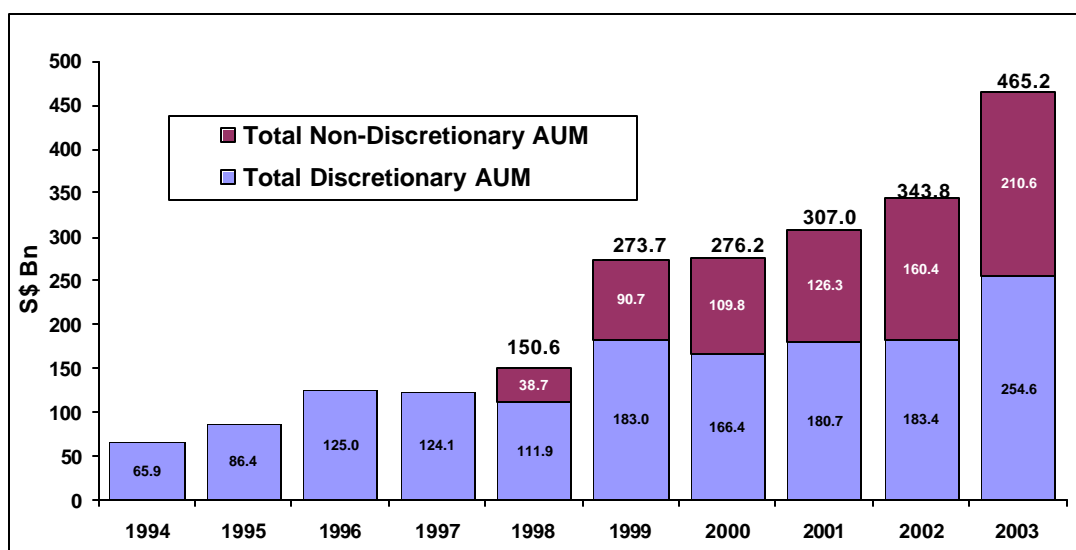
2003 SURVEY OF THE SINGAPORE ASSET MANAGEMENT INDUSTRY

The Monetary Authority of Singapore (MAS) conducted a survey of Singapore's asset management industry as at 31 Dec 2003 covering financial institutions (FIs) with asset management activities in Singapore.¹ The survey included both discretionary and non-discretionary fund management activities.

1 ASSETS UNDER MANAGEMENT (AUM)

1.1 Total AUM grew significantly in 2003. As at end-2003, total assets managed by Singapore-based FIs was reported to be S\$465.2 billion, a 35% growth over the S\$343.8 billion reported at end-2002. This comprised S\$254.6 billion in discretionary assets and S\$210.6 billion non-discretionary assets².

Chart 1: Growth of Assets Under Management



1.2 Discretionary AUM grew 39% in 2003 while non-discretionary AUM grew by 31%. The growth can be attributed to renewed investor interest in Asia, centralisation of regional portfolio management in Singapore and market appreciation.

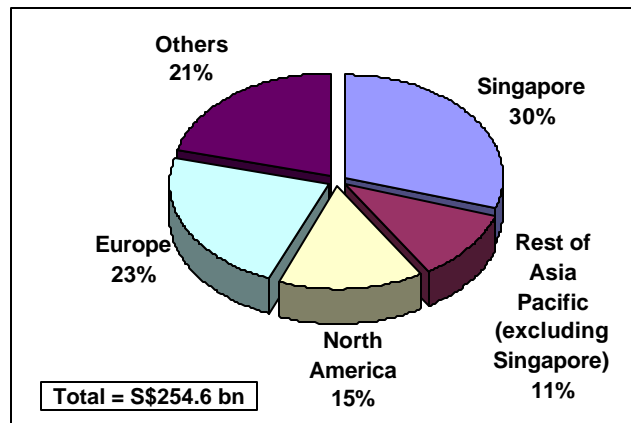
¹ The survey covered Banks, Finance and Treasury Centres, Capital Markets Services licensees, Approved Fund Managers, Financial Advisors, Operational HQs and Exempt Entities.

² Non-discretionary assets include funds under advisory service and funds contracted by FIs in Singapore.

2 SOURCES OF FUNDS - DISCRETIONARY AUM

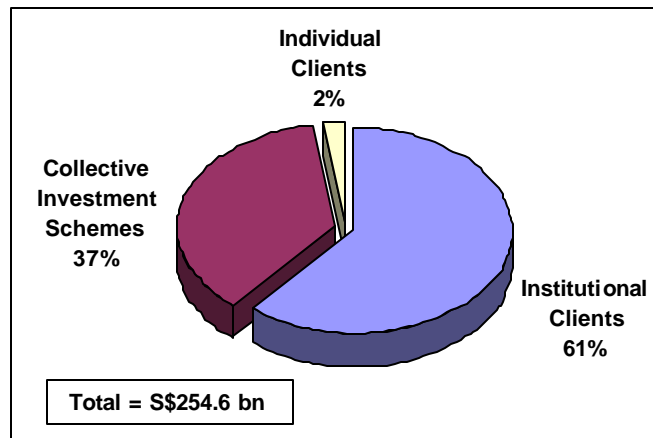
2.1 Singapore's asset management industry continued to be international in nature as 70% of discretionary assets managed in Singapore were foreign sourced, primarily from US and Europe. Funds sourced from Singapore grew 39% to S\$77.2 billion, reflecting increased domestic demand for professional asset management services.

Chart 2: Sources of Discretionary Funds by Region



2.2 Funds sourced from Institutional Clients formed 61% of the total discretionary AUM in 2003. Collective Investment Schemes ("CIS"), including offshore investment schemes, and individual clients made up 37% and 2% respectively.

Chart 3: Sources of Discretionary Funds by Client Type



3 INVESTMENT OF FUNDS- DISCRETIONARY AUM

3.1 Within discretionary AUM, equity investments increased 46% year-on-year, accounting for 52% (S\$131.4 billion) of total discretionary funds. Investments in bonds increased 10%, accounting for 24% of total discretionary funds (S\$61.3 billion). Alternative investments³ grew 53% year-on-year as fund managers sought diversification and enhanced performance by investing in hedge funds. Other types of investments including structured products, derivatives and commodities more than tripled to S\$17.1 billion in 2003.

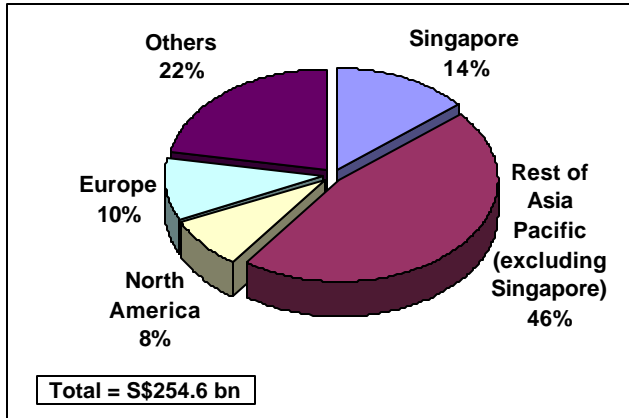
Table 1: Investment of Discretionary AUM by Instruments

	2002		2003	
	Amt (S\$bn)	% Share	Amt (S\$bn)	% Share
Equities	89.8	49%	131.4	52%
Bonds	55.7	30%	61.3	24%
Collective Investment Schemes	12.8	7%	24.4	9%
Cash, Deposits, Money Market Instruments	19.4	11%	17.5	7%
Alternative investments	1.9	1%	2.9	1%
Other Investments	3.8	2%	17.1	7%
Total	183.4	100%	254.6	100%

3.2 Funds managed in Singapore continued to be invested primarily in the Asia-Pacific region. Such investments accounted for 63% of discretionary funds in 2003. Investment of discretionary funds into China, Korea and Taiwan, which accounts for almost a third of Asia-Pacific investments, grew 65% year-on-year to \$44 billion in 2003.

³ Alternative investments include hedge funds, real estate and private equity investments.

Chart 4: Investment of Discretionary Funds by Region



3.3 Charts 5 and 6 show the breakdown by region for investments in equities and bonds by region.

Chart 5: Investment of Discretionary Funds in Equities by Region

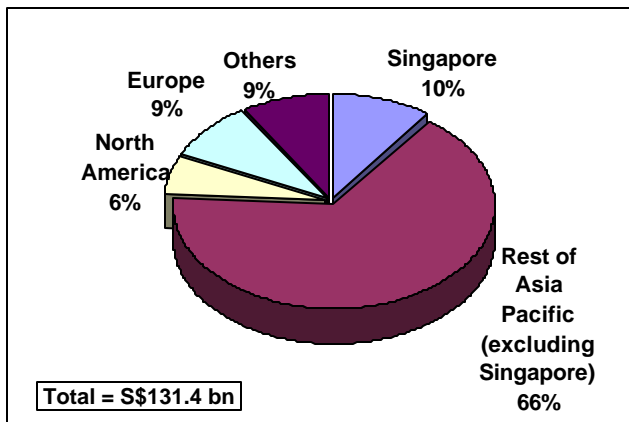
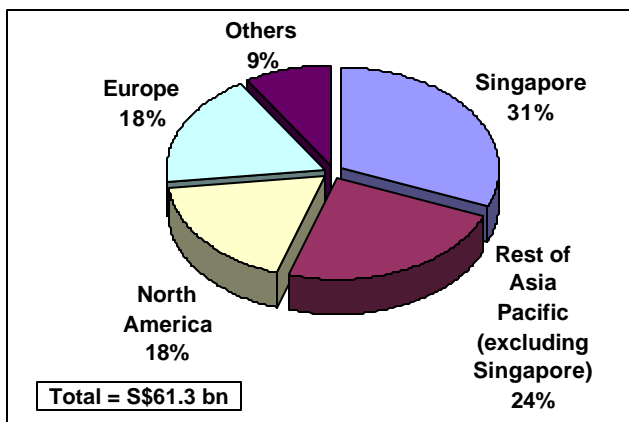


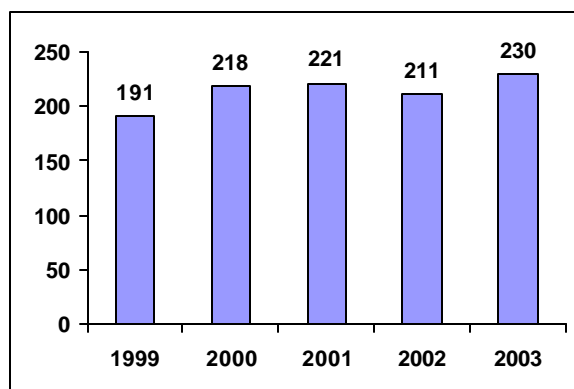
Chart 6: Investment of Discretionary Funds in Bonds by Region



4 PROFILE OF INDUSTRY PLAYERS

4.1 The number of asset management houses operating in Singapore increased to 230 in 2003.

Chart 7: Number of Asset Management Companies



4.2 The number of asset management companies with discretionary AUM of more than S\$1 billion increased from 35 to 45. The number of players with S\$10 billion and above in AUM jumped from 3 in 2002 to 9 in 2003.

Table 2: Distribution of Companies by Discretionary AUM

(in S\$)	No. of Companies	
	2002	2003
\$10 billion & above	3	9
\$5 billion to <\$10 billion	9	6
\$1 billion to <\$5 billion	23	30
Less than \$1 billion	123	117
Total	158	162

4.3 Thirteen new local fund managers were set up in 2003. On 31 Dec 2003, there were 96 indigenous⁴ companies managing a total of S\$55.1 billion in discretionary AUM.

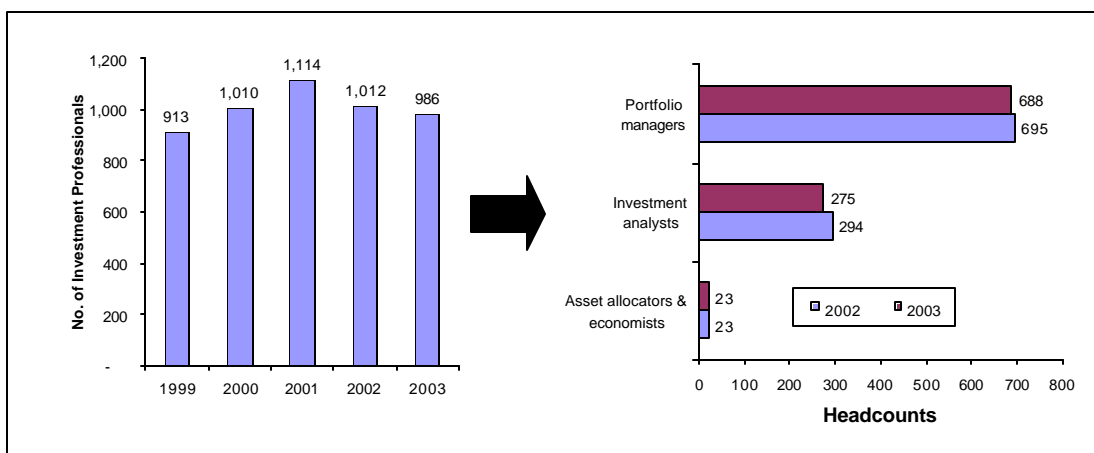
Table 3: Profile of Indigenous Companies

	2002	2003
No. of indigenous companies	83	96
Discretionary AUM for indigenous companies (S\$bn)	34.9	55.1
No. of investment professionals employed	349	391

5 EMPLOYMENT OF INVESTMENT PROFESSIONALS

5.1 The number of investment professionals in the industry at the end of 2003 was 986, comprising 688 portfolio managers, 275 investment analysts and 23 asset allocators and economists.

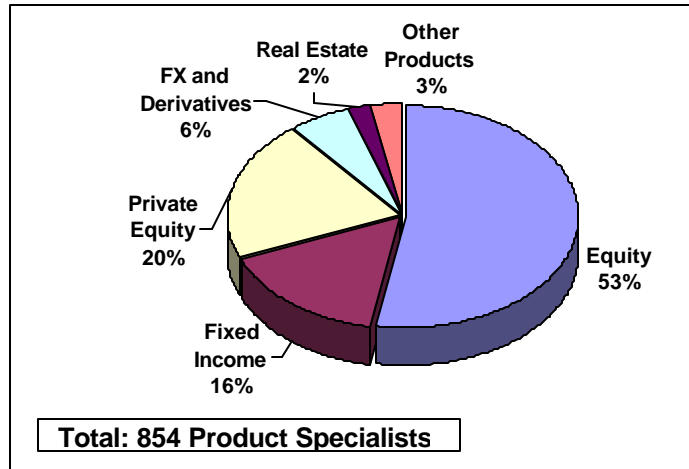
Chart 8: Investment Professionals



⁴ Indigenous companies are those whose shareholdings are at least 50% held by Singapore citizens or Singapore permanent residents. Where a shareholder is a company, its nationality refers to the country of origin that the company is most closely associated with (as opposed to its country of incorporation).

5.2 Among the portfolio managers and investment analysts, there were 854 product specialists. The majority specialized in equities.

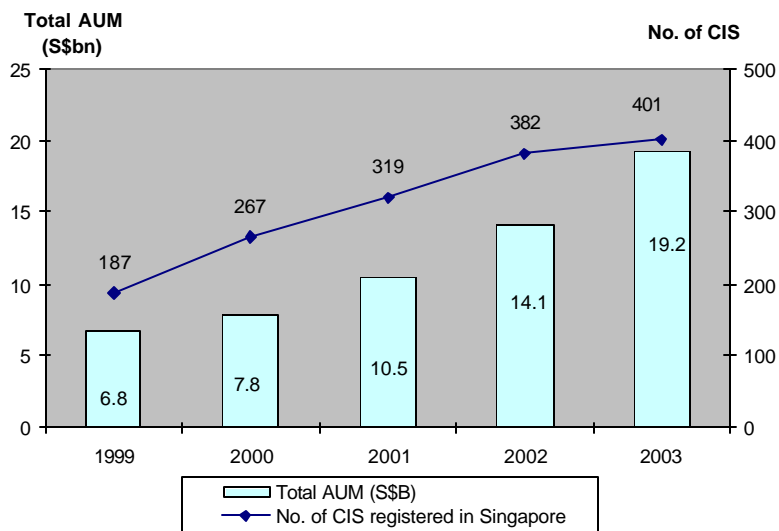
Chart 9: Breakdown of Product Specialists



6 COLLECTIVE INVESTMENT SCHEMES (“CIS”)

6.1 As at end-2003, the total number of CIS increased to 401 from 382 in 2002, while total CIS AUM increased to S\$19.2 billion from S\$14.1 billion.

Chart 10: Growth of Number of registered CIS and CIS AUM



6.2 CPF-approved CIS accounted for 57% of the total number of CIS at the end of 2003. CPF-approved CIS accounted for 70% of total CIS AUM.

Table 4: Breakdown of CIS by CPFIS & Non-CPFIS

	As at end 2002		As at end 2003	
	No.	AUM (S\$mil)	No.	AUM (S\$mil)
CIS under CPFIS	210	10,000	230	13,427
CIS under Non-CPFIS	172	4,147	171	5,767
Total	382	14,147	401	19,194

6.3 While the number of Equity CIS fell by 9%, AUM in such funds increased by 24% in 2003. The number of Capital Guaranteed/Protected Funds increased from 82 to 119 in 2003 with a corresponding 41% increase in AUM.

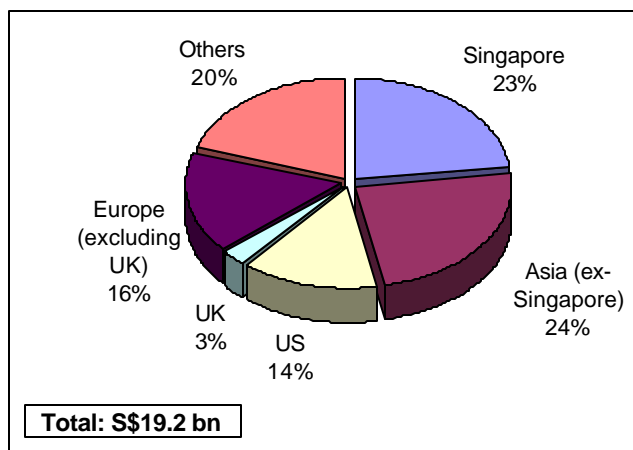
Table 5: Distribution by Type of CIS

	No. of Collective Investment Schemes		AUM (S\$m)	
	2002	2003	2002	2003
Equity Funds	203	186	5,641.8	6,993.6
Fixed Income Funds	36	46	1,388.7	2,414.7
Balanced Funds	36	36	1,112.0	1,521.4
Money Market Funds	16	10	570.3	541.4
Capital Guaranteed/Protected Funds	82	119	5,423.3	7,635.2
Hedge Fund	1	3	7.7	88.0
Fund-of-Fund	7 *	-	2.9	-
Others	1	1	0.1	0.2
Total	382	401	14,146.7	19,194.5

* These fund-of-funds have been re-classified as Equity CIS funds in 2003 because the CIS manager indicated that it better reflects the nature of the investments.

6.4 At end-2003, Asia accounted for 47% of CIS investments compared to 43% at end-2002. Singapore was the main destination for investment of CIS, accounting for 23% of the total amount invested.

Chart 11: Investment of CIS by Region



6.5 Sixty-nine foreign CIS funds were registered in Singapore as at 31 Dec 2003. The AUM⁵ attributable to units subscribed in Singapore was S\$206.9 million.

Table 6: Types of Foreign CIS Funds Registered in Singapore

(As at 31 Dec 2003)	No. of CIS	AUM (in S\$ Mil)
Equity Funds	34	18.8
Fixed Income Funds	12	2.6
Balanced Funds	1	0.0
Money Market Funds	2	0.0
Capital Guaranteed/Protected Funds	11	177.6
Hedge Fund	0	0.0
Fund-of-Fund	6	4.53
Others	3	3.4
Total	69	206.9

Prepared by:
Financial Centre Development Department
Monetary Authority of Singapore
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⁵ The survey only captures AUM of units subscribed in Singapore, and does not capture the total foreign CIS fund size.