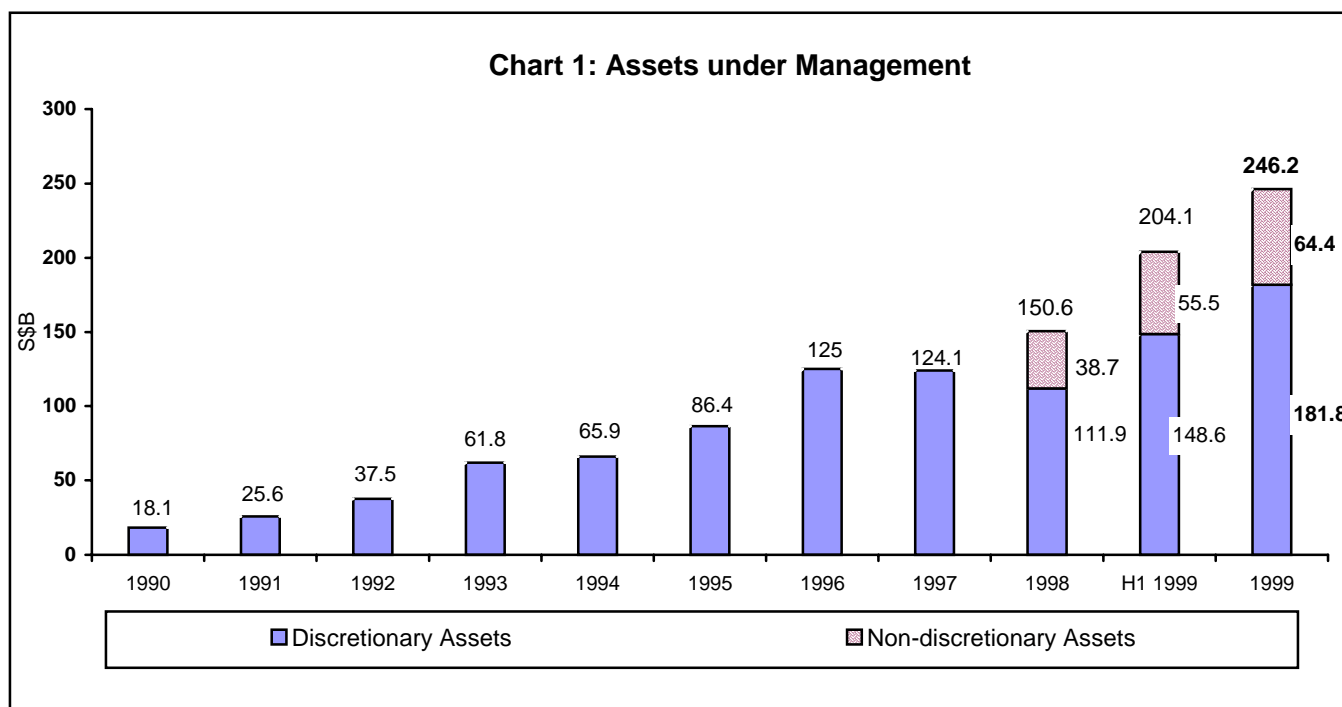


1999 SURVEY OF THE SINGAPORE ASSET MANAGEMENT INDUSTRY

The Monetary Authority of Singapore (MAS) conducted a survey of the Singapore fund management industry as at 31 December 1999. The survey covered financial institutions that were permitted to conduct asset management activities in Singapore¹, and covered both discretionary as well as non-discretionary fund management activities.

ASSETS UNDER MANAGEMENT

Total assets under management (AUM) grew by 63% from S\$150.6 billion at end-1998 to S\$246.2 billion at end-1999. This comprised S\$181.8 billion of discretionary and S\$64.4 billion of non-discretionary funds. This also represented a growth of 21% over the mid-year figure of S\$204.1 billion. [See Chart 1.] The significant growth in AUM can be attributed not only to upward asset valuations but also to the inflow of new funds. The economic recovery in Asia has led to renewed interest by fund managers in Asian markets. This, coupled with Government's efforts to encourage asset management activities in Singapore, underpinned the growth of assets managed in Singapore. In addition, the rebound in Asian markets also raised the valuation of portfolios under management, thereby contributing to the increase in assets under management.

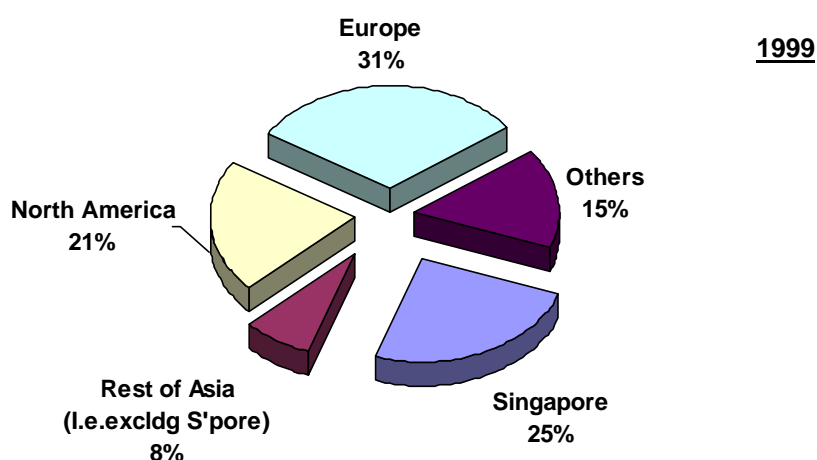


¹ Financial institutions surveyed include Investment Advisers, Exempt Investment Advisers under Regulation 41(1)(e) of the Securities Industry Regulations, Approved Fund Managers under Section 43A of the Income Tax Act, Finance and Treasury Centres under Section 43G of the Income Tax Act, Operational Headquarters under Section 43E of the Income Tax Act and banks.

SOURCES OF DISCRETIONARY ASSETS UNDER MANAGEMENT

Of the S\$181.8 billion of discretionary assets managed in Singapore, the largest proportion of funds was sourced from Europe (31%), followed by Singapore (25%) and North America (21%). [See Chart 2.] Funds sourced from Europe saw the most significant growth, growing by more than two-folds to S\$56.8 billion at end-1999. Specifically, funds sourced from Singapore amounted to S\$44.8 billion, representing a 54% increase from last year.

Chart 2 : Sources of Discretionary Funds (By Region)



INVESTMENT OF DISCRETIONARY ASSETS UNDER MANAGEMENT

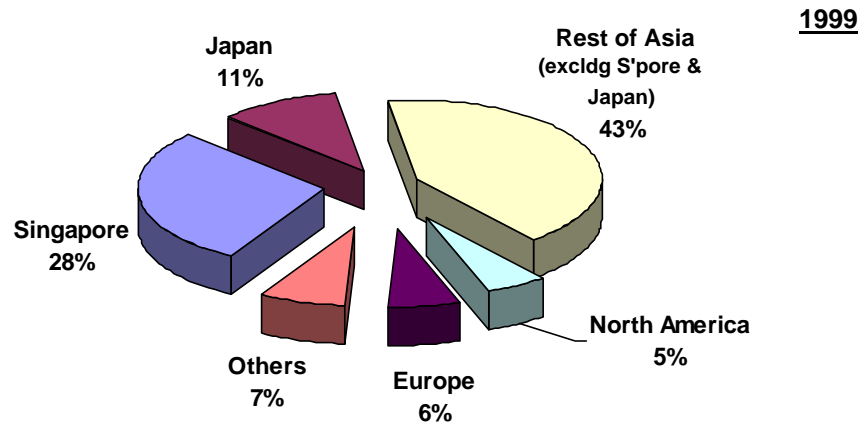
Discretionary assets under management continue to be invested predominantly in equities, which amounted to S\$124.8 billion or 69%. Bond investments continued to represent about 15% of total discretionary assets. In absolute amounts, equity investments increased 75% compared with 1998 figures, whilst bond investments grew by 53%. [See Table 3.]

Table 3: Investment of Discretionary Funds – by Types of Investments

	As at end-98		As at end-99	
	Amt (S\$B)	% Share	Amt (S\$B)	% Share
Equities	71.2	64%	124.8	69%
Bonds	17.6	16%	26.9	15%
Collective investment schemes	n.a.	n.a.	4.3	2%
Cash, deposits, money market instruments	22.7	20%	21.7	12%
Other investments	0.4	–	4.1	2%
Total Discretionary Assets	111.9	100%	181.8	100%

The bulk of the discretionary assets were invested in Asia, with S\$51.8 billion or 28% invested in Singapore, S\$19.2 billion (11%) in Japan, and S\$76.2 billion (43%) in the rest of Asia. [See Chart 4.]

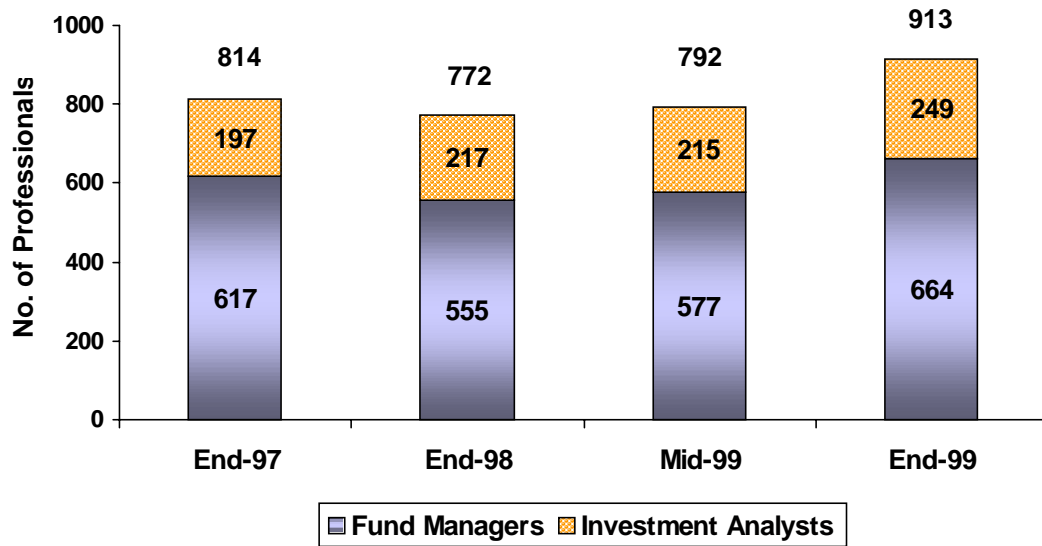
Chart 4 : Investment of Discretionary Assets (by Region)



MANPOWER

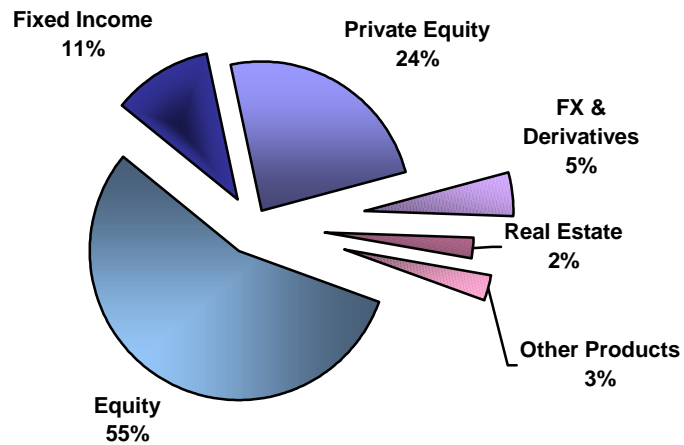
Apart from the healthy growth in the assets under management, there has also been a significant rise in the number of investment professionals in the industry. The total number of investment professionals increased by 18% to 913 professionals at end-1999. This comprised 664 fund managers and 249 investment analysts. [See Chart 5.]

Chart 5 : Number of Investment Professionals



While the majority of investment professionals in Singapore are equity specialists, we are also seeing a fair number of fund managers and analysts engaging in fixed income, private equity, forex & derivatives, and real estate fund management. [See Chart 6.]

Chart 6 : Breakdown of Product Specialists



The industry has also a fair representation of experienced investment professionals, with 32% professionals having more than 10 years of related experience. Further, 20% of total investment professionals hold the Chartered Financial Analyst (CFA) qualification.

PROFILE OF INDUSTRY PLAYERS

There has been an increasing number of asset management companies establishing operations in the region, to seize the opportunities presented by the region's recovery. The number of asset management companies in Singapore increased over the last year. As at end-1999, there were a total of 191 asset management companies in Singapore, of which 147 managed discretionary assets. This was a 13% increase over the end-1998 figure of 169 companies, of which 142 managed discretionary assets. The incumbents have also deepened their roots in Singapore. The number of large players managing discretionary assets of over S\$5 billion has increased from 3 as at end-1998 to 11 at end-1999.

THE UNIT TRUST INDUSTRY

Retail investors are becoming more aware of the need to diversify their investments and now show a better appreciation towards professionally managed investments. The unit trust industry saw significant growth over the past year. As at end-1999, there were 25 unit trust managers managing a total of 187 Singapore-registered unit trusts, compared to 23 managers managing 127 unit trusts at end-1998. During the year, total unit trust assets increased more than two-fold, from S\$3.2 billion at end-1998 to S\$6.8 billion at end-1999. Equity funds formed the bulk of the unit trusts. [See Table 7.]

Table 7 : AUM and Number of Unit Trusts – by Fund Type

Fund Type	Total AUM (\$M)		No. of Unit Trusts	
Equity Funds	5,658	83%	134	72%
Fixed Income Funds	651	10%	24	13%
Balanced Funds	410	6%	17	9%
Money Market Funds	44	1%	11	6%
Capital Guaranteed Funds	38	1%	1	1%
Total	S\$6,801m	100%	187	100%

Net subscriptions of unit trusts for 1999 amounted to S\$1.5 billion, representing a more than three-fold growth over the previous year. [See Table 8.]

Table 8: Subscriptions and Redemptions of Unit Trusts (Amts in \$M)

	1998	1999
Gross subscriptions	1271	3,278
Gross redemptions	828	1,791
Net subscriptions	443	1,488

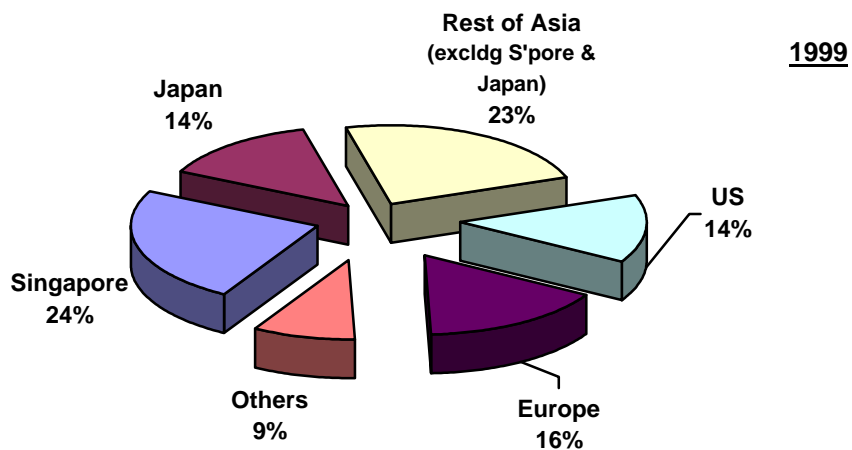
Of the total 187 unit trusts, 64 were approved under the CPF investment scheme compared to 43 out of 127 unit trusts at end-1998. Both CPF-approved and non-CPF approved unit trusts saw a 2-fold increase in asset value over the year. [See Table 9.] Of the S\$3.3 billion of CPF-approved unit trusts, S\$1.0 billion or 31% had been purchased using CPF monies, with the balance of S\$2.3 billion purchased using cash.

Table 9 : Number of Unit Trusts and AUM

	As at end-98		As at end-99	
	No.	AUM (\$M)	No.	AUM (\$M)
CPF-approved unit trusts	43	1,521	64	3,252
Non-CPF approved unit trusts	84	1,693	123	3,549
Total	127	3,214	187	6,801

In terms of geographical allocation, 61% of total unit trust assets were invested in Asia, with the remaining 39% in Europe, US and other regions. [See Chart 10.]

Chart 10 : Investment of Unit Trust Assets - by Region



Monetary Authority of Singapore
July 2000