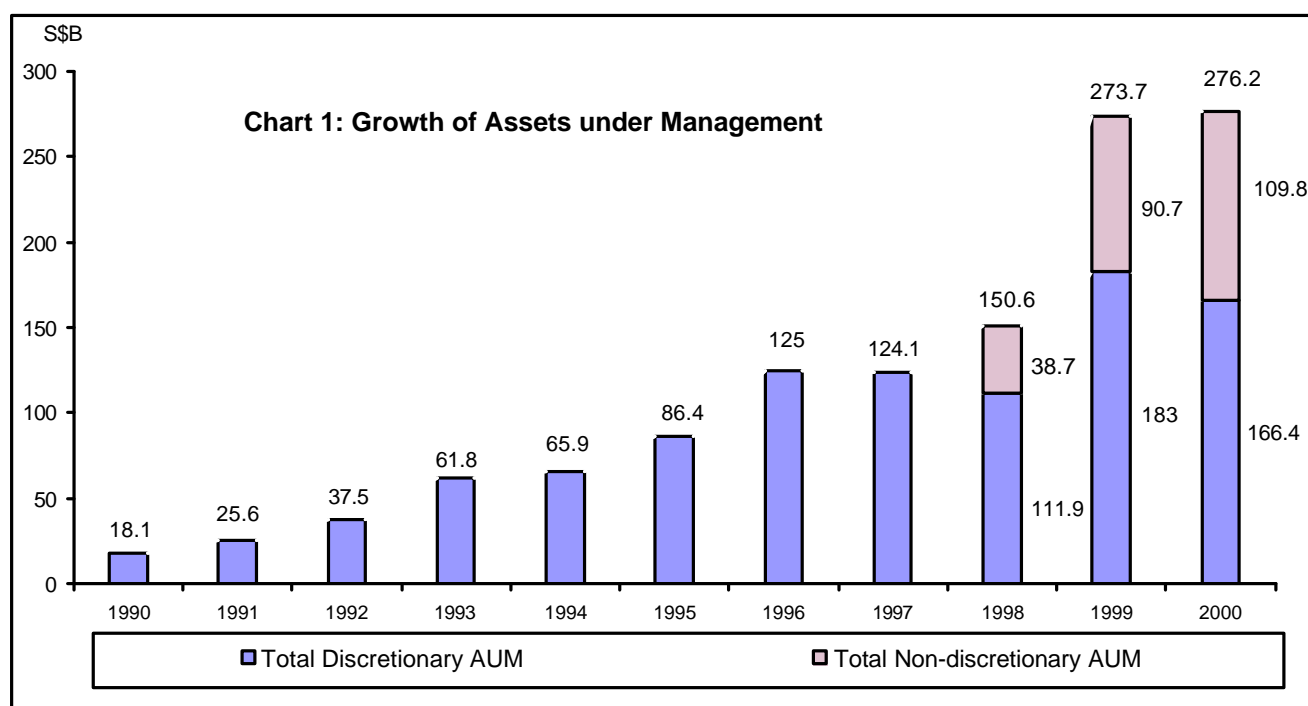


2000 SURVEY OF THE SINGAPORE ASSET MANAGEMENT INDUSTRY

The Monetary Authority of Singapore (MAS) conducted a survey of the Singapore fund management industry as at 31 December 2000. The survey covered financial institutions (FIs) that were permitted to conduct asset management activities in Singapore¹. The survey covers analysis of both discretionary, as well as non-discretionary fund management activities.

1. ASSETS UNDER MANAGEMENT

1.1 Total assets under management (AUM) continued to grow in the last year, although at a slower pace. As at end-2000, total assets managed by Singapore-based financial institutions was S\$276.2 billion. This comprised S\$166.4 billion of discretionary assets managed in Singapore and S\$109.8 billion of non-discretionary assets². This represents an increase of S\$2.5 billion, or 1%, over the S\$273.7 billion³ total AUM reported at end-1999. [See [Chart 1](#).]



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.

² Non-discretionary assets includes funds under advisory service and funds contracted by financial institutions in Singapore.

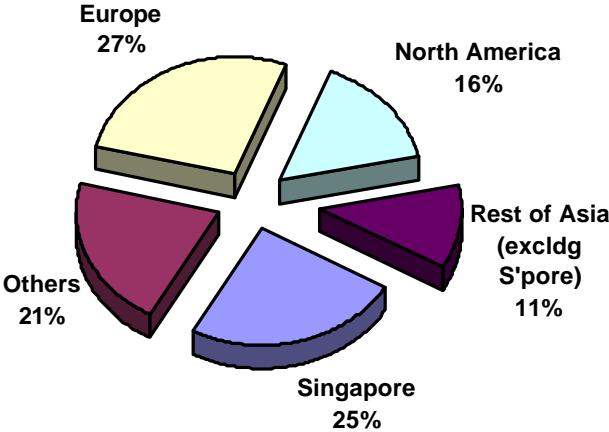
³ The end-1999 total AUM of S\$273.7 billion has been adjusted from the earlier-released figure of S\$246.2 billion based on updated figures provided by the financial institutions.

1.2 Discretionary AUM in Singapore declined by about 9% to S\$166.4 billion. This is not unexpected, given the decline in asset values⁴. The decline in discretionary AUM has, however, been more than offset by the increase in non-discretionary assets. Total non-discretionary AUM increased by about 21% from S\$90.7 billion at end-1999 to S\$109.8 billion at end-2000.

2. SOURCES OF FUNDS – DISCRETIONARY AUM

2.1 Of the S\$166.4 billion of discretionary assets managed in Singapore, 75% of the funds were sourced outside Singapore. In terms of breakdown by region, the largest proportion of funds were sourced from Europe (27%), followed by funds sourced from Singapore. Compared to end-1999, there has been an increase in funds sourced from Asia. There has, however, been a slight decline in the funds sourced from Europe and the US. [See Chart 2.]

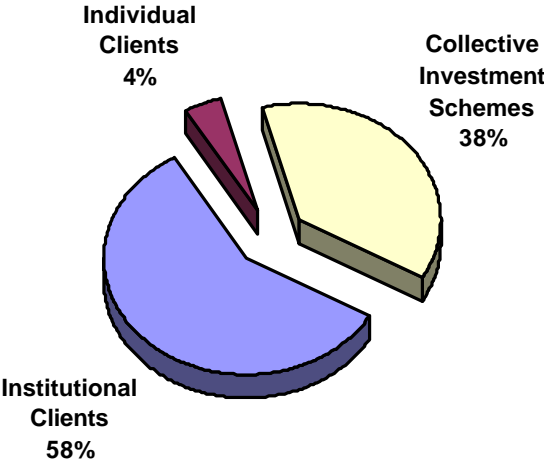
Chart 2 : Sources of Discretionary Funds (By Region) - 2000



⁴ For example, the MSCI All Countries Far East Ex-Japan Free Index declined by 35% in 2000.

2.2 Chart 3 shows the total discretionary AUM distributed by type of clients. Institutional funds made up the bulk : 58% (1999: 52%), followed by funds managed on behalf of collective investment schemes : 38% (1999: 45%). Funds from individuals made up only 4% of total funds.

Chart 3 : Sources of Discretionary Funds (By Type of Clients) - 2000



3. INVESTMENT OF FUNDS - DISCRETIONARY AUM

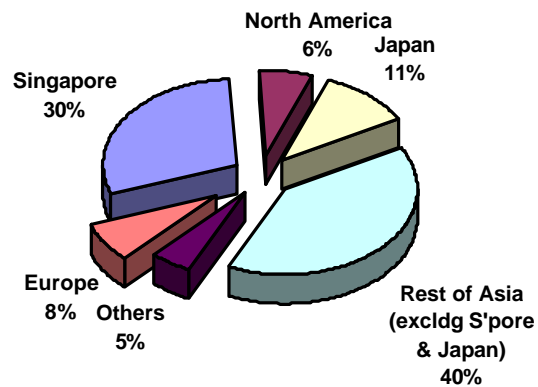
3.1 Discretionary AUM continue to be invested predominantly in equities, which amounted to S\$98.7 billion or 59% of total discretionary funds. However, there has also been an evident shift towards bond investments, with 19% of the investments allocated to bond investments, compared to 12% in 1999. This could be reflective of a trend toward greater diversification of investments across asset classes. [See Table 4.]

Table 4 : Investment of Discretionary Funds – by Instrument

	End-2000	
	Amt (\$B)	% Share
Equities	98.7	59%
Bonds	30.9	19%
Collective Investment Schemes	10.8	6%
Cash, Deposits, Money Market Instruments	22.9	14%
Other Investments	3.1	2%
Total	166.4	100%

3.2 In terms of geographical allocation of investments, the bulk of the discretionary funds were invested in Asia, with S\$49.4 billion or 30% invested in Singapore, S\$18.7 billion (11%) invested in Japan and S\$66.6 billion (40%) invested in the rest of Asia. There was, however, a marginal increase in the proportion invested in North America (from 5% to 6%) and Europe (from 6% to 8%). [See [Chart 5.](#)]

Chart 5 : Investment of Discretionary Assets (By Region) - 2000



3.3 Charts 6 and 7 indicates the breakdown of investments by region for Equity and Bond investments respectively.

Chart 6 : Investment of Discretionary Assets In Equities (By Region) - 2000

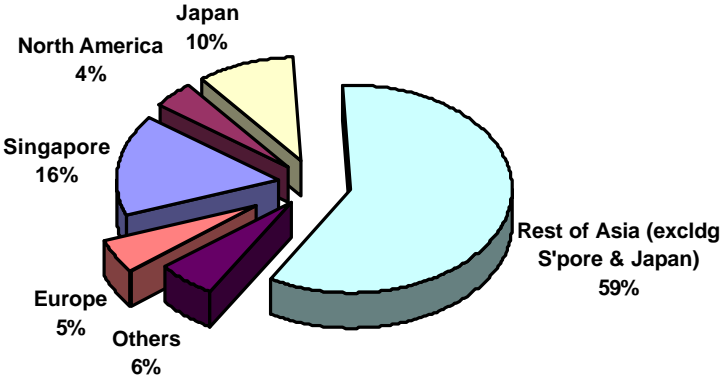
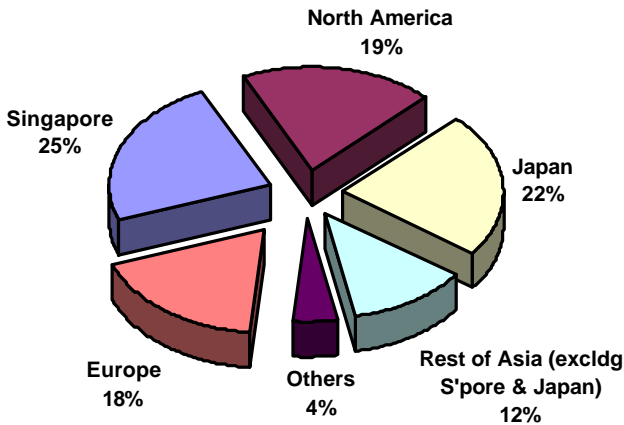
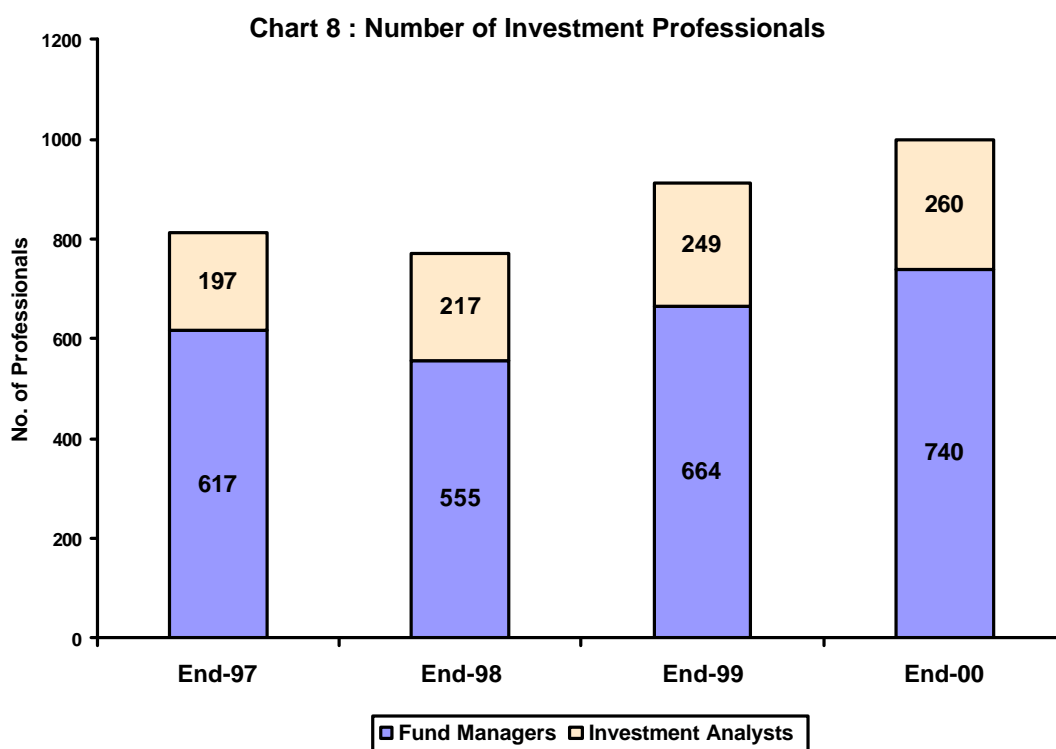


Chart 7 : Investment of Discretionary Assets In Bonds (By Region) - 2000



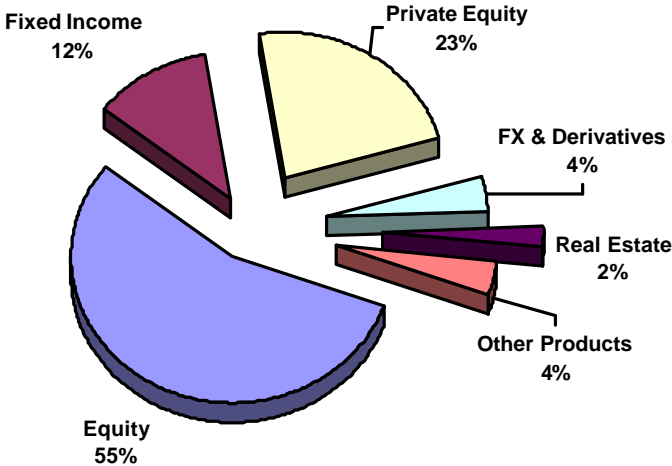
4. PROFILE OF INDUSTRY PLAYERS

4.1 There has also been a significant rise in the number of investment professionals in the industry. The total number of investment professionals as at end-2000 increased by 87 (10%) to a headcount of 1,000, comprising 740 fund managers and 260 investment analysts, compared with a total of 913 at end-1999. [See [Chart 8](#).] This is an encouraging sign that asset management companies are continuing to expand their local investment teams here and priming for a market upturn.



4.2 As at end-2000, the majority of investment professionals in Singapore are equity specialists, with the rest of the professionals specialising largely in private equity / venture capital and fixed income investments. [See [Chart 9](#).]

Chart 9 : Breakdown of Product Specialists - 2000



4.3 The survey also reflected that the industry has a good proportion of experienced fund managers, with 4 in 10 having more than 10 years of related experience. The proportion of investment professionals holding the Chartered Financial Analyst (CFA) qualification as at end-2000 remained unchanged at 20%.

4.4 The survey revealed that 24 new fund management outfits were established over the last year, bringing the total number of asset management companies in Singapore to 215, of which 159 managed discretionary assets in Singapore. This was an increase from 191 asset management companies at end-1999, of which 147 companies managed discretionary assets.

5. THE UNIT TRUST INDUSTRY

5.1 As at end-2000, there were 31 unit trust managers managing a total of 265 unit trusts, compared to 25 managers managing 187 unit trusts at end-1999. Total unit trust assets increased by 15%, from S\$6.8 billion at end-1999 to S\$7.8 billion at end-2000. 80% of unit trust investments were invested in equity funds, 9% in bond funds and 7% in balanced funds at end-2000. A key trend last year was the growing interest in balanced and capital guaranteed funds. Notably, the number of capital guaranteed / protected funds increased significantly to a record of 10 funds amounting to a total AUM of S\$253 million, at end-2000. [See [Table 10.](#)]

Table 10 : Number and AUM of Unit Trusts – by Fund Type

Fund Type	No. of Unit Trusts				Total AUM (\$M except where otherwise indicated)			
	End-99		End-00		End-99		End-00	
Equity Funds	134	72%	189	71%	5,658	83%	6,226	80%
Bond Funds	24	13%	26	10%	651	9%	709	9%
Balanced Funds	17	9%	28	10%	410	6%	568	7%
Money Market Funds	11	6%	12	5%	44	1%	87	1%
Capital Guaranteed/Protected Funds	1	--	10	4%	38	1%	253	3%
Total	187	100%	265	100%	6,801	100%	7,843	100%

5.2 Net subscriptions of unit trusts for year 2000 amounted to S\$2.9 billion, representing an almost two-fold growth over the previous year. [See [Table 11.](#)]

Table 11 : Subscriptions and Redemptions of Unit Trusts (Amts in \$M)

	1999	2000
Gross subscriptions	3,278	4,916
Gross redemptions	1,790	1,979
Net subscriptions	1,488	2,937

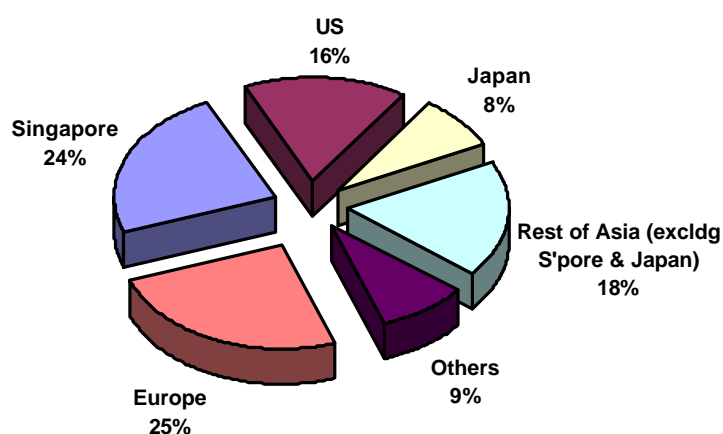
5.3 Of the total 265 unit trusts, 105 were included under the CPF investment scheme (CPFIS) compared to 64 out of 187 unit trusts at end-1999. The share of total AUM contributed by funds included under CPFIS was 60% compared to 48% at end-1999. [See [Table 12.](#)]

Table 12 : Number of Unit Trusts and AUM – Breakdown by inclusion in CPFIS

	As at end-99		As at end-00	
	No.	AUM (\$M)	No.	AUM (\$M)
Unit trusts included under CPFIS	64	3,252	105 (+64%)	4,705 (+45%)
Unit trusts not included under CPFIS	123	3,549	160 (+30%)	3,138 (-12%)
Total	187	6,801	265 (+42%)	7,843 (+15.3%)

5.4 In terms of geographical allocation, 50% of total unit trust assets were invested in Asia compared to 61% at end-1999. There was also an increase in the proportion of funds invested in the US and Europe as compared to end-1999. [See [Chart 13.](#)]

Chart 13 : Investment of Unit Trust Assets - by Region - 2000



Prepared by :
 Monetary Authority of Singapore
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