



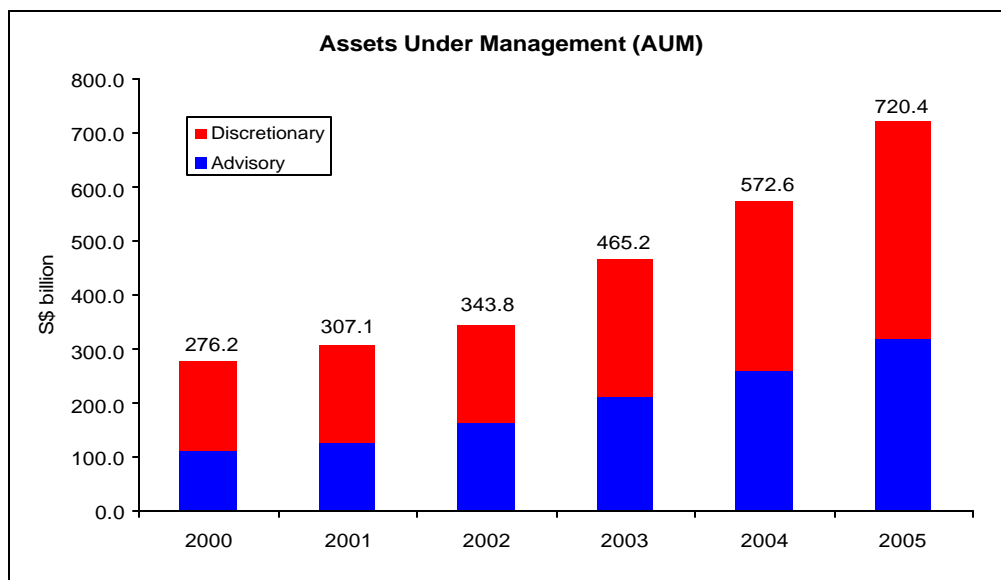
## 2005 SINGAPORE ASSET MANAGEMENT INDUSTRY SURVEY

*The Monetary Authority of Singapore conducted its annual survey of the Singapore asset management industry, for the year ending 31 Dec 2005. The survey covered financial institutions with asset management activities in Singapore.<sup>1</sup>*

### 1 ASSETS UNDER MANAGEMENT (“AUM”)

1.1 Total AUM showed a strong double digit growth of 26% in 2005. Singapore-based asset managers reported an increase in AUM from S\$572.6 billion at end-2004, to S\$720.4 billion as at end-2005.

**Chart 1: Growth of Assets Under Management**



<sup>1</sup> Financial Institutions comprise Banks, Finance and Treasury Centres, Capital Markets Services licensees, Financial Advisers, Operational Headquarters and exempt entities.

## 2 SOURCES OF FUNDS

2.1 The Singapore asset management industry continues to be international in nature with more than 80% of total AUM sourced from outside Singapore. Asia-Pacific remains the main market for acquiring new business mandates by Singapore-based asset managers in 2005. This accounted for 44% of total funds sourced. Europe and the US also continue to be significant sources of funds and together account for about 33% of the total funds sourced. Funds sourced from the Middle East and South Asia grew 30% and 56% respectively year-on-year.

Chart 2a: Source of Funds by Region, 2004

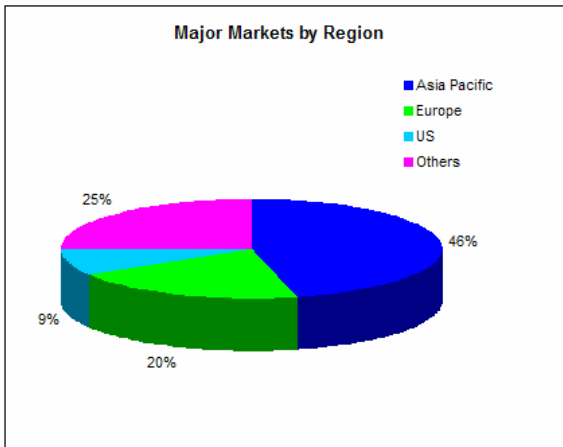
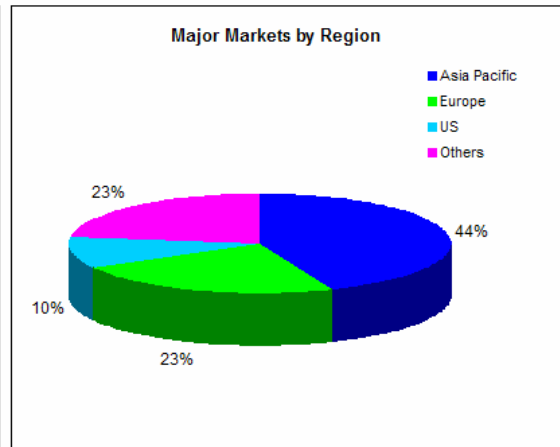
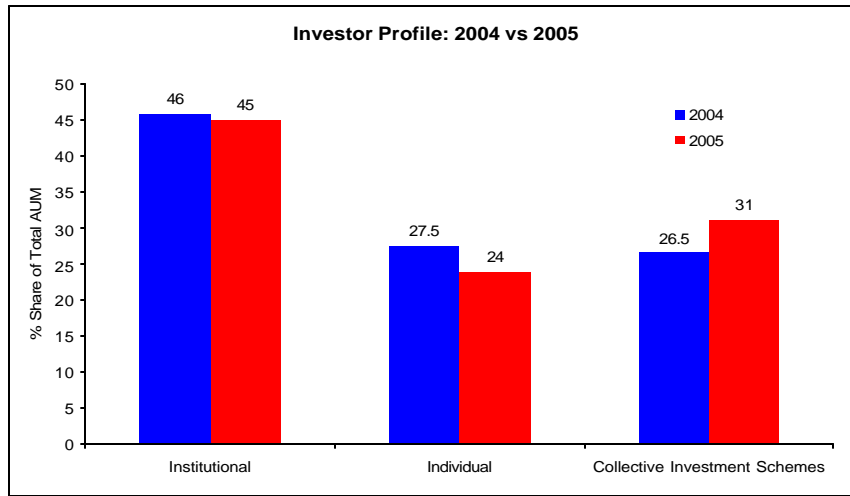


Chart 2b: Source of Funds by Region, 2005



2.2 Institutional clients continued to form the bulk of the investor base for the asset management industry, constituting 45% of total AUM. Funds managed for institutional clients grew 22% year-on-year compared with funds managed for CIS, which grew 49% to form 31% of total AUM.

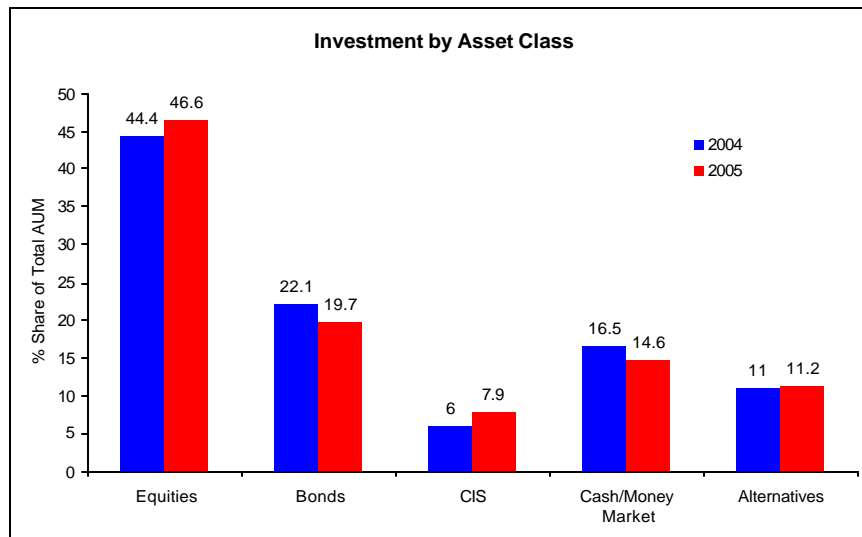
**Chart 3: Sources of Funds by Client Type**



### 3 INVESTMENT OF FUNDS

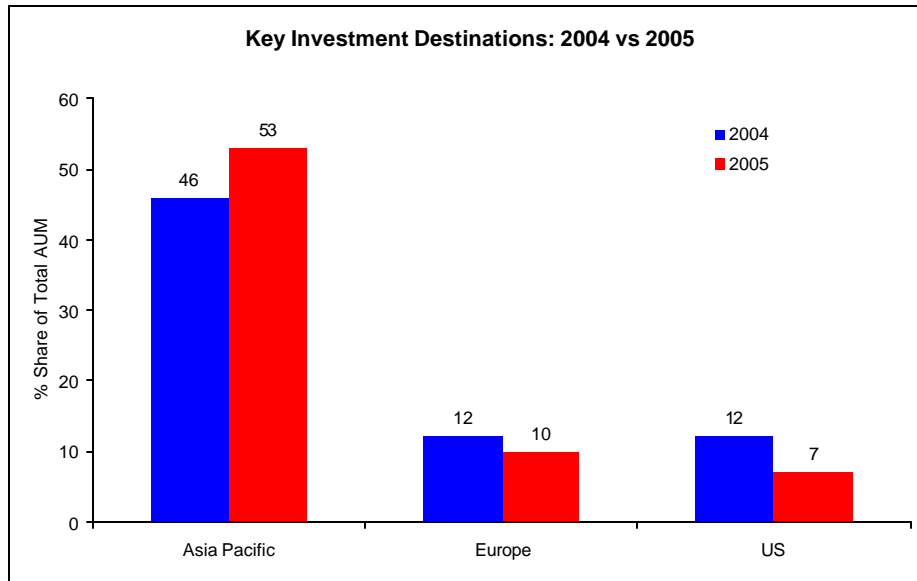
3.1 Funds were largely invested in equities, which accounted for 46.6% of total AUM at end-2005. With the strong performances of the stock markets, the increase in allocation to equities in 2005 resulted in a decline of allocation to bonds from a share of 22.1% at end-2004 to 19.7% at end-2005. Alternative investments, commodities, derivatives and FX products accounted for 11.2% of total AUM at end-2005, a slight increase from end-2004. Cash, deposits and money market products saw their shares decline over the same period.

**Chart 4: Investment of Funds by Instruments**



3.2 Singapore remains a centre for the management of Asian mandates. Investments into the Asia-Pacific region accounted for 53% of total AUM in 2005, a significant increase from a 46% share in 2004. The proportion of investments in Europe and the US which are managed by Singapore-based managers declined in 2005, partly reflecting the stronger interest seen in capitalising on the robust growth opportunities in Asia.

**Chart 5: Investment of Funds by Region**



## 4 PROFILE OF ASSET MANAGEMENT COMPANIES

4.1 There were 22 asset management companies managing more than S\$5 billion in discretionary assets in 2005, a growth of 38% year-on-year. They collectively accounted for 43% of total AUM and 78% of discretionary AUM.

4.2 Indigenous asset management companies<sup>2</sup> accounted for 26% of discretionary AUM in 2005. In terms of employment, 39% of the investment professionals within the industry work for indigenous asset management companies.

<sup>2</sup> Indigenous companies are those whose shareholdings are at least 50% held by Singapore citizens or Singapore permanent residents.

**Table 1: Profile of Indigenous Companies**

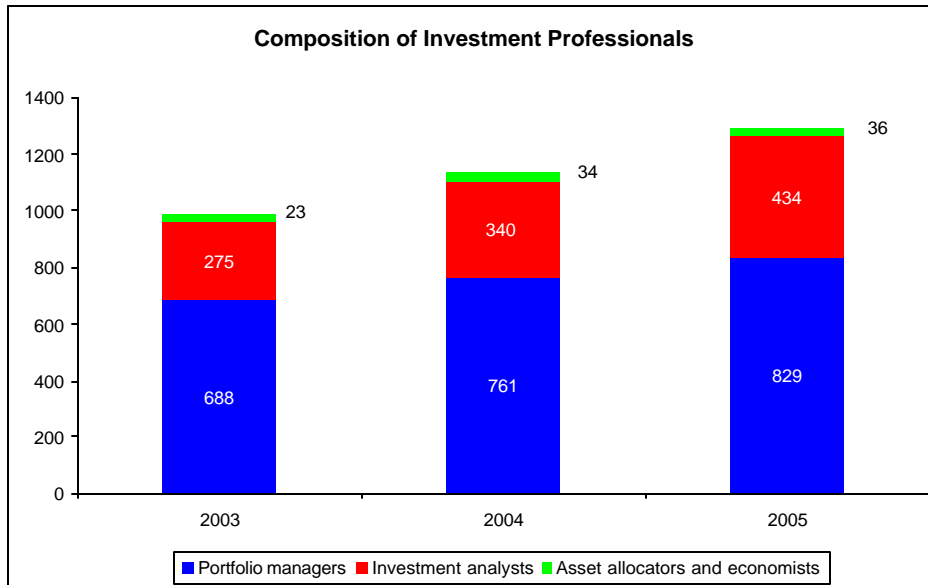
	2004	2005
No. of indigenous companies	111	126
Total AUM for indigenous companies (S\$ billion)	90.1	129.5
No. of investment professionals employed	435	504

4.3 In the past few years, Singapore has observed encouraging developments in the hedge fund industry. Currently, there are more than 100 hedge fund players based in Singapore, compared to less than 20 hedge fund managers prior to 2001. Assets under management have exceeded US\$10 billion. Strategies employed by these managers include equity long-short, distressed debt, convertible arbitrage and multi-strategy. Their geographical coverage includes both the Asian and international markets.

**5 EMPLOYMENT OF INVESTMENT PROFESSIONALS**

5.1 The total number of investment professionals increased by 14% to 1,299 in 2005 from 1,135 in 2004. All categories of investment professionals have increased since 2003.

**Chart 6: Investment Professionals**



**6 COLLECTIVE INVESTMENT SCHEMES (“CIS”)**

6.1 As at end-2005, total AUM invested in CIS increased to S\$24.6 billion, with the number of CIS standing at 381. CPF-approved CIS continued to account for the majority of CIS investments, accounting for 73% of total CIS AUM for 2005.

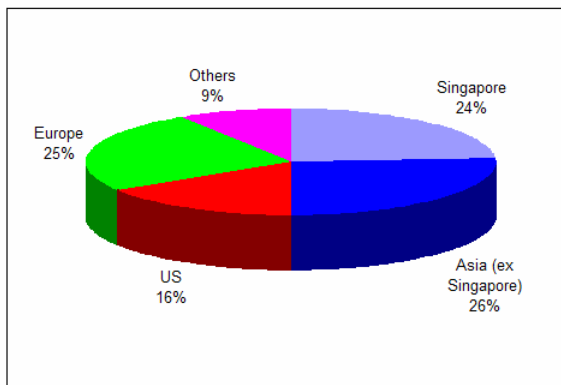
**Table 2: Breakdown of CIS by CPFIS & Non-CPFIS**

	As at end 2005	
	No.	AUM (S\$ billion)
CIS under CPFIS	228	18.1
CIS under Non-CPFIS	153	6.6
Total	381	24.6

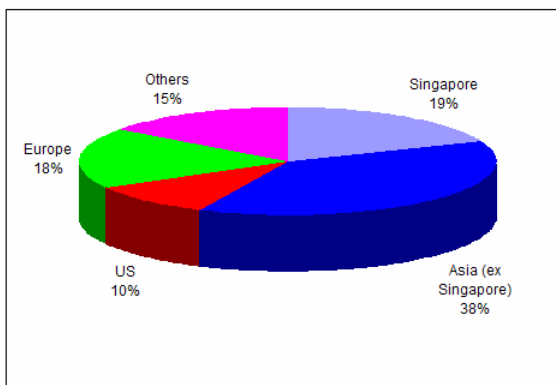
6.2 Equity Funds and Fixed Income CIS AUM grew by 31% and 95% respectively in 2005. The latter continued to be in favour as investors hedged their bets in the volatile economic climate. Capital Guaranteed/Protected Funds CIS declined in both number and AUM size at end-2005.

6.3 Asia accounted for 57% of CIS investments at end-2005, up from 50% at end-2004. Singapore remained the main destination for CIS investments in Asia, accounting for 19% of the total amount invested into the region.

**Chart 7a: Investment of CIS by Region, 2004**



**Chart 7b: Investment of CIS by Region, 2005**



**Prepared by:**  
**Monetary Authority of Singapore**  
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