

Today's Topic **World Fund Flow of Investment Trusts**

Money inflow continued into Indian and Japanese stock funds in May

Point 1 Indian stock funds kept a net-inflow for 12 consecutive months Japanese stock funds had a net-inflow for 6 straight months, too

- According to EPFR GLOBAL, the money flow of “stock investment trusts” shows a net-inflow to Indian stock funds for 12 consecutive months as of May 2015 (up to the 3rd week in May 2015, hereafter). Japanese stock funds also gained a 6 straight month net-inflow from December 2014.
- European (excluding UK) stock funds turned to a net-outflow after a 6 month net-inflow. Total cumulative net-outflow from US stock funds reached USD93.2 billion, exceeding the total net-inflow for the previous year.

Point 2 European bond funds turned to a net-outflow Chinese and Mexican bond funds lost money, too

- European bond funds had a net-outflow for the first time in 26 months. However the bond funds had experienced a quick recovery soon after a month respite in March 2013. Money continued to flow into US bond funds in a net basis.
- In emerging markets, China and Mexico’s bond fund turned to a net-outflow. Indian bond funds should be kept watching at its trend of net-inflow as they remained at only a slight recovery in May from a net-outflow in April.

Future Outlook Stock funds likely to be more focused by country

- European bond funds lost money in May. However, money inflow into bond markets will continue for a time being in developed countries as low inflation and low interest rates across the globe remain unchanged. Meanwhile, in emerging markets, Asian bond funds could be focused as relatively solid fundamentals and higher bond yield are tailwinds for the bond funds to continue gaining money.
- Stock funds seem more focused by country. Money net-inflow will continue in Europe (excluding UK) as well as Japan underpinned by quantitative monetary easing although Europe temporarily was hit by a profit-taking in May. For emerging markets, India is likely to keep a net-inflow on expectation for a structural reform in the country.

Fund Flow of Stock Funds (By Country and Region) Net-Inflows (USD million)

Year/ Month	NIEs 4	ASEAN4	India	China	Turkey	Mexico	GEM	US	UK	EU (ex. UK)	Japan
2014	532	-1,748	5,766	-9,255	-362	-2,852	-8,895	80,281	-7,889	-2,714	14,697
1	-775	-260	-660	1,890	143	-722	-10,701	-1,365	199	3,272	5,255
2	-662	-122	-280	-1,037	-7	-236	-7,343	12,766	632	1,611	4,555
3	-974	104	244	-3,313	69	-175	-3,904	18,899	-871	-1,189	101
4	-1,207	-29	192	-330	-103	-245	6,631	8,522	522	2,229	4,033
5	-278	-375	-286	-760	-34	-75	3,450	-13,195	-1,430	1,432	-54
6	1,234	-260	701	1,143	-40	-563	5,937	9,326	-2,155	-66	-1,035
7	-165	36	510	2,139	-43	-247	6,991	-3,383	-2,005	-2,353	1,918
8	1,245	-161	722	2,263	-106	-186	5,774	-6,748	-449	-3,977	547
9	231	-231	935	-1,503	-76	-354	641	7,254	-2,496	-2,696	-1,933
10	2,184	-156	721	-3,176	-70	350	-6,200	15,891	-156	-273	1,268
11	124	-42	1,573	-2,566	-15	-34	-504	21,519	1,247	-1,291	-3,924
12	-424	-253	1,393	-4,006	-80	-365	-9,668	10,794	-929	587	3,966
2015	-1,275	-851	8,468	-20,693	-121	-1,754	-3,351	-93,212	-2,887	31,957	22,138
1	245	-159	2,855	-4,502	160	-9	-3,607	-18,778	298	6,852	1,909
2	-431	-138	2,645	565	-120	-524	-251	-3,799	-595	7,238	1,692
3	-1,409	-281	1,301	-6,392	-133	-572	-1,569	-8,843	-1,950	12,044	8,563
4	246	-164	1,311	-8,317	-36	-301	1,672	-38,164	-404	6,566	3,322
5	74	-109	356	-2,047	8	-348	404	-23,628	-236	-744	6,651

Fund Flow of Bond Funds (By Country and Region) Net-Inflows (USD million)

Year/ Month	NIEs 4	ASEAN4(*)	India	China	Turkey	Mexico	GEM	US	UK	EU (ex. UK)	Japan
2014	65	-151	2,231	-631	-243	-31	-6,309	71,623	373	35,301	410
1	139	-1	-1	180	-33	7	-6,814	-1,076	73	3,291	45
2	-33	-17	-1	-239	-7	-14	-6,366	24,384	-635	4,080	-40
3	-19	42	8	-480	-22	8	-1,628	7,594	-233	3,360	79
4	172	20	-1	-79	-10	-5	4,898	7,450	-48	1,972	-6
5	-29	-98	-1	-352	-16	-63	5,939	18,077	228	1,170	-8
6	70	-31	-4	-136	-11	-8	5,025	5,213	41	341	2
7	22	-29	-7	-214	-5	6	4,019	2,594	320	5,876	88
8	12	7	-174	291	-46	13	-855	9,681	538	5,153	233
9	-116	-30	-643	200	-17	10	-637	-11,228	94	1,434	-11
10	-114	-3	923	179	-9	11	-2,081	6,538	-307	3,716	41
11	44	4	1,549	156	-44	-15	-399	15,463	57	2,598	13
12	-84	-16	584	-137	-22	20	-7,409	-13,068	244	2,310	-26
2015	176	56	1,364	-872	-44	48	-151	61,253	-173	17,948	813
1	48	-5	1,615	-352	-21	9	-2,451	16,610	-26	4,342	111
2	11	4	1,005	-245	-8	23	1,893	30,420	-213	5,181	95
3	74	4	323	-402	-10	13	-1,755	4,240	-187	6,631	173
4	-0	39	-1,655	289	-5	4	1,419	6,592	483	3,205	241
5	42	15	74	-162	-1	-1	743	3,391	-230	-1,411	193

(Note) 1. Data period is from 2014 to 2015. 2014 is from January to December. 2015 is up to the 3rd week in May. As weekly data covers fewer funds than monthly data, sum of weekly data for a month does not match the monthly data in case of May 2015.
 2. NIEs4 includes Hong Kong, Taiwan, South Korea and Singapore. ASEAN4 includes Thailand, Malaysia, Philippines and Indonesia.
 3. GEM is an abbreviation of Global Emerging Markets and means the fund category investing in overall emerging markets in the world.
 4. The data of ASEAN4(*) of bond funds is total value of Thailand, Malaysia and Indonesia. Classification is based on EPFR GLOBAL.

(Source) SMAM, based on EPFR GLOBAL data.

Disclaimer

Please read this disclaimer carefully.

- This material is for non-Japanese institutional investors only.
- The research and analysis included in this report, and those opinions or judgments as outcomes thereof, are intended to introduce or demonstrate capabilities and expertise of Sumitomo Mitsui Asset Management Company, Ltd. (hereinafter “SMAM”), or to provide information on investment strategies and opportunities. Therefore this material is not intended to offer or solicit investments, provide investment advice or service, or to be considered as disclosure documents under the Financial Instruments and Exchange Law of Japan.
- The expected returns or risks in this report are calculated based upon historical data and/or estimated upon the economic outlook at present, and should be construed no warrant of future returns and risks.
- Past performance is not necessarily indicative of future results.
- The simulated data or returns in this report besides the fund historical returns do not include/reflect any investment management fees, transaction costs, or re-balancing costs, etc.
- The investment products or strategies do not guarantee future results nor guarantee the principal of investments. The investments may suffer losses and the results of investments, including such losses, belong to the client.
- The recipient of this report must make its own independent decisions regarding investments.
- The opinions, outlooks and estimates in this report do not guarantee future trends or results. They constitute SMAM’s judgment as of the date of this material and are subject to change without notice.
- The awards included in this report are based on past achievements and do not guarantee future results.
- The intellectual property and all rights of the benchmarks/indices belong to the publisher and the authorized entities/individuals.
- This material has been prepared by obtaining data from sources which are believed to be reliable but SMAM can not and does not guarantee its completeness or accuracy.
- All rights, titles and interests in this material and any content contained herein are the exclusive properties of SMAM, except as otherwise stated. It is strictly prohibited from using this material for investments, reproducing/copying this material without SMAM’s authorization, or from disclosing this material to a third party.

Registered Number: Kanto Local Finance Bureau (KINSHO) No.399

Member of Japan Investment Advisers Association, The Investment Trusts Association, Japan and
Type II Financial Instruments Firms Association

© Sumitomo Mitsui Asset Management Company, Limited