

PRESS RELEASE

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KOFIA Publishes Domestic Fund Market Trend Analysis for January 2016

The total NAV of funds increased by KRW 19.1tn from the previous month to record KRW 432.7tn, as a result of large net capital inflows into MMFs.

1. Overview

The NAV of domestic equity funds decreased by KRW 0.2tn compared to the previous month as the KOSPI fell to 1,840.53pts after foreign investors rushed to redeem funds amid falling oil prices and contractions in the Chinese stock market. Meanwhile, the NAV of overseas equity funds decreased by KRW 1.7tn as global stock prices including the US and China simultaneously fell, leading to large losses of asset values.

As more investors took to the sidelines amid falling stock prices, there was a net inflow of KRW 16.8tn of standing capital mostly from corporations into MMFs, leading to an NAV increase of KRW 16.9tn compared to the previous month. Furthermore, with stronger preference for safer assets, bond funds saw a net inflow of KRW 1.7tn, the NAV increasing by KRW 2.0tn from the month prior.

As a result, as of the end of January, the total outstanding amount and NAV of funds each increased by KRW 23.5tn and KRW 19.1tn to reach KRW 445.3tn and KRW 432.7tn, respectively, compared to the previous month.

2. Market Trends by Fund Type

A. **(Equity Funds)** The NAV of equity funds fell by KRW 1.9tn to reach KRW 73.3tn, as the NAV of domestic equity funds and overseas equity funds decreased by KRW 0.2tn and KRW 1.7tn, respectively.

- **(Domestic Equity Funds)** Despite the net inflow of KRW 1.0tn throughout January as the sentiment for bargain hunting strengthened amid the KOSPI dipping below 1,900 points, the NAV of domestic equity funds fell by KRW 0.2tn to reach KRW 59.7tn due to decreased asset value.
- **(Overseas Equity Funds)** Although there was a net inflow of KRW 76bn into overseas equity funds, decreased oil prices and contracted stock prices due to instabilities in the Chinese financial market depressed the asset value, bringing the NAV down by KRW 1.7tn to record KRW 135tn.

B. **(Bond Funds)** The NAV of bond funds overall rose by KRW 2.0tn to reach KRW 87.9tn, with the NAV of domestic bond funds and overseas bond funds increasing by KRW 2.0tn and KRW 15bn, respectively, MoM.

- **(Domestic Bond Funds)** The NAV of domestic bond funds increased by KRW 2.0tn

to record KRW 79.3tn from the previous month due to a net inflow of KRW 1.7tn.

- **(Overseas Bond Funds)** The NAV of overseas bond funds increased by KRW 15bn from the previous month to record KRW 8.6tn, despite the net outflow of KRW 69bn.
- C. **(Funds of Funds)** The NAV of funds of funds fell by KRW 0.3tn to reach KRW 11.6tn, despite the net inflow of KRW 0.1tn.
- D. **(MMFs)** There was a large inflow into MMFs from the standing capital of corporations as a result of increased volatilities of the global stock prices, leading to an NAV increase of KRW 16.9tn to record KRW 111.0tn.
- E. **(Derivatives Funds)** The NAV of derivatives funds recorded KRW 32.1tn, a KRW 1.5tn increase from the previous month due to net capital inflows of KRW 1.4tn.
- F. **(Real Estate Funds)** The NAV of real estate funds slightly increased by KRW 0.4tn from the previous month to reach KRW 36.3tn amid net capital inflows.
- G. **(Special Assets Funds)** The NAV of special assets funds increased slightly by KRW 0.3tn, MoM, to reach KRW 39.9tn due to net capital inflows.

[NAV Changes and Fund Flow by Fund Type]

(Unit: KRW bn)

Fund Type	NAV (End of Dec '15)	Fund Flow			Valuation Change	NAV Change	NAV (End of Jan '16)
		Inflow	Outflow	Change			
Securities (A)	211,210	7,065	4,292	+2,773	△2,911	△138	211,072
- Equity	75,187	2,197	1,102	+1,095	△3,008	△1,913	73,274
- Hybrid-Equity	7,938	186	168	+18	△55	△37	7,901
- Hybrid-Bond	30,431	946	954	△8	+23	+15	30,446
- Bond	85,835	3,736	2,068	+1,668	+391	+2,059	87,894
- Fund of Fund	11,819	393	257	+136	△398	△262	11,557
MMFs (B)	94,073	55,851	39,087	+16,765	+158	+16,923	110,996
Derivatives (C)	30,602	1,874	501	+1,372	+92	+1,464	32,066
Real Estate (D)	35,908	500	181	+319	+39	+358	36,266
Special Assets (E)	39,644	699	259	+440	△180	+260	39,904
Hybrid Assets (F)	2,177	201	41	+160	+64	+224	2,401
Total (A+B+C+D+E+F)	413,613	66,582	44,618	+21,964	△2,873	+19,091	432,704

Note: Valuation Change = NAV Change – Fund Flow Change

Securities = Equity + Hybrid Equity + Hybrid Bond + Bond + Fund of Fund

NAV includes ETFs, while fund flow data exclude ETFs.

Hybrid assets have been included since Oct.26, 2015, with the revision of the Act on Private Funds (used to be divided into either securities or derivatives)