**PRESS RELEASE**

**June 9, 2017**

**KOFIA Publishes Domestic Fund Market Trend Analysis for May 2017**

**Total fund NAV increases KRW6.4tn to KRW506.7tn thanks to large net inflows into fund of funds**

1. **Overview**

The NAV of equity funds saw net capital outflows of KRW 1.0tn from the previous month end, while MMFs also experienced net capital outflows of KRW 1.9tn. However, other type of funds enjoyed net capital inflows that totaled KRW 1.1tn.

There were a mixture of positives and negatives in the fund market in May - stock market advances in major countries and geopolitical risks such as IS terror and global political uncertainties.

The KOSPI renewed its annual high, closing at 2,347.38pts (May 31), supported by foreign investors’ buying and expectation over the new government’s policies.

The total AUM of all funds rose KRW 2.2tn (+0.4%) compared to end-April to KRW 503.0tn, while their NAV grew by KRW 6.4tn (+1.3%) to KRW 506.7tn.

1. **Market Trends by Fund Type**
2. **(Equity Funds)** The total NAV of equity funds moved up KRW 2.5tn (+3.8%) to KRW 69.0tn with NAV of domestic equity funds increasing by KRW 2.2tn and the NAV of overseas equity funds inching up by KRW 0.3tn.

* **(Domestic Equity Funds)** Higher KOSPI prompted investors to redeem funds for arbitrage trading, which in turn led to a net capital outflow of KRW 1.0tn in the month of May. However, NAV increased KRW 2.2tn (+4.5%) mom to record KRW 52.4tn on expectations that the KOSPI would rise further on enhanced corporate governance following the introduction of the stewardship code in Korea.
* **(Overseas Equity Funds)** Market uncertainties fed by the presidential impeachment issue in the US and Brazil along with a possible downgrade in China’s sovereign credit rating generated a net capital outflow of KRW 0.02tn. Still, the NAV for overseas equity funds grew KRW 0.3tn (+1.8%) mom to KRW 16.6tn on the back of gains in major stock markets.

1. **(Bond Funds)** The total NAV for bond funds rose KRW 0.7tn (+0.6%) to KRW 105.1tn. Specifically, the NAV of domestic bond funds increased by KRW 0.7tn and the NAV of overseas bond funds fell KRW 0.1tn.

* **(Domestic Bond Funds)** The NAV of domestic bond funds saw an increase of KRW 0.7tn (+0.8%) mom to KRW 93.2tn, with a net capital inflow of KRW 0.7tn in the month of May.

* **(Overseas Bond Funds)** The NAV of overseas bond funds dropped by KRW 0.1tn (△0.5%) mom to KRW 11.9tn, with a net capital inflow of KRW 0.3tn.

1. **(Fund of Funds)** The NAV of fund of funds saw a gain of KRW 2.3tn (+12.8%) compared to the previous month end to KRW 20.3tn, with a net capital inflow of KRW 1.8tn.
2. **(MMFs)** The NAV of MMFs declined KRW 1.8tn (△1.4%) compared to the previous month end to record KRW 127.7tn, with a net capital outflow of KRW 1.9tn.
3. **(Derivatives Funds)** The NAV of derivatives funds recorded KRW 40.8tn, up by KRW 1.5tn (+3.9%) from the previous month end, with net capital inflows of KRW 0.8tn.
4. **(Real Estate Funds)** The NAV of real estate funds set a new record, climbing by KRW 0.9tn (+1.7%) from the previous month end to reach KRW 52.8tn, with a net capital inflow of KRW 0.8tn.
5. **(Special Assets Funds)** The NAV of special assets funds set a new record, increasing by KRW 0.2tn (+0.3%) from the previous month end to KRW 52.6tn, thanks to a net capital inflow of KRW 0.03tn.

**[NAV Changes and Capital Flow by Fund Type]**

(Unit: KRW bn)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Fund Type** | **NAV**  **(End of May ‘17)** | **Capital Flow** | | | **Valuation**  **Change** | **NAV**  **Change** | **NAV**  **(End of May ’17)** |
| **Inflow** | **Outflow** | **Change** |
| Securities (A) | 220,712 | 9,997 | 10,717 | △720 | +5,788 | +5,068 | 225,780 |
| - Equity | 66,417 | 2,072 | 3,094 | △1,022 | +3,560 | +2,538 | 68,955 |
| - Hybrid-Equity | 8,040 | 591 | 369 | +222 | +158 | +380 | 8,420 |
| - Hybrid-Bond | 23,767 | 727 | 1,568 | △841 | +22 | △819 | 22,948 |
| - Bond | 104,459 | 6,607 | 5,686 | +920 | △257 | +663 | 105,122 |
| - Fund of Funds | 18,029 | 2,781 | 978 | +1,803 | +503 | +2,306 | 20,335 |
| MMFs (B) | 129,492 | 52,729 | 54,645 | △1,916 | +156 | △1,760 | 127,732 |
| Derivatives (C) | 39,236 | 3,706 | 2,862 | +843 | +689 | +1,532 | 40,768 |
| Real Estate (D) | 51,945 | 1,458 | 643 | +815 | +70 | +885 | 52,830 |
| Special Assets (E) | 52,414 | 1,088 | 1,054 | +34 | +140 | +174 | 52,588 |
| Hybrid Assets (F) | 6,598 | 486 | 287 | +199 | +253 | +452 | 7,050 |
| Total  (A+B+C+D+E+F) | 500,399 | 72,244 | 71,187 | +1,057 | +5,293 | +6,350 | 506,749 |

Note: Valuation Change = NAV Change – Capital Flow Change

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

NAV data include ETFs, while capital flow data exclude ETFs.

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