

PRESS RELEASE

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KOFIA Publishes Domestic Fund Market Trend Analysis for July 2018

Total fund NAV rises by KRW 23.8tn from end-June to KRW 570.6tn with inflows into MMF and bond funds

1. Overview

The KOSPI moved below the 2,300pt mark for the first time in more than a year due to the combination of an escalating trade war between the US and China, higher possibility of a rate hike following bullish US economic indicators and slowing economic indicators in Asia. The index dropped further to 2,257.55pts on July 5 to close at 2,295.26pts on the last day of July after showing a mixed movement.

With the domestic stock market stuck in a downward spiral due to persistent worries of the US-China trade war, a significant portion of funds were channeled into the relatively safer bond funds. This increased the total NAV of bond funds by KRW 2.25tn or 2.3%.

MMFs suffered an NAV decline of KRW12.1tn last month due to companies' bi-annual capital demand. However, MMFs enjoyed a net inflow of KRW 20.7tn in the month of July thanks to eased corporate demand for capital.

Total fund AUM moved up by KRW 24.3tn (+4.5%) compared to end-June to KRW 565.3tn, while total fund NAV gained KRW 23.8tn (+4.4%) over the same period to KRW 570.6tn.

2. Market Trends by Fund Type

- A. **(Equity Funds)** The total NAV of equity funds went down by KRW 0.8tn ($\Delta 1.0\%$) from the end of June to KRW 82.5tn with the NAV of domestic equity funds falling by KRW 1.0tn and that of overseas equity funds going up by KRW 0.2tn.
 - **(Domestic Equity Funds)** Domestic equity funds experienced a net inflow of KRW 0.2tn in the month of July. However, the NAV retreated by KRW 1.0tn ($\Delta 1.7\%$) to KRW 60.5tn due to a lower valuation amount.
 - **(Overseas Equity Funds)** Overseas equity funds enjoyed a net inflow of KRW 0.16tn. The NAV increased by KRW 0.2tn ($+0.9\%$) to KRW 22.0tn compared to end-June.
- B. **(Bond Funds)** The total NAV of bond funds rose by KRW 2.25tn ($+2.3\%$) compared to the end of June to KRW 101.2tn due to falling stock prices in Korea and heightened prospects of the US market rate remaining higher than the Korean market rate for the longer term.
 - **(Domestic Bond Funds)** The NAV of domestic bond funds saw an increase of KRW

2.53tn (+2.8%) compared to the end of June to KRW 92.9tn, with a net capital inflow of KRW 2.4tn.

- **(Overseas Bond Funds)** The NAV of overseas bond funds declined KRW 0.28tn ($\Delta 3.3\%$) compared to the end of June to KRW 8.4tn, with a net capital outflow of KRW 0.4tn.
- C. **(Fund of Funds)** The NAV of fund of funds enjoyed a gain of KRW 0.6tn (+2.0%) compared to the previous month end to KRW 28.4tn, with a net capital inflow of KRW 0.05tn.
- D. **(MMFs)** MMFs enjoyed a net inflow of KRW 20.7tn thanks to a sharp increase in corporate demand following eased bi-annual capital demand. The NAV of MMFs also grew by KRW 20.9tn (+19.7%) compared to the previous month end to record KRW 126.9tn.
- E. **(Derivatives Funds)** The NAV of derivatives funds recorded KRW 48.0tn in July, up by KRW 0.4tn (+0.8%) from the previous month end, with a net capital inflow of KRW 0.7tn.
- F. **(Real Estate Funds)** The NAV of real estate funds posted KRW 69.2tn, up by KRW 0.8tn (+1.2%) from the previous month end, due to a net capital inflow of KRW 0.7tn.
- G. **(Special Assets Funds)** The NAV of special assets funds registered KRW 64.0tn, up by KRW 91bn (+0.1%) from the previous month end, despite a net capital outflow of KRW 19bn.
- H. **(Hybrid Assets Funds)** The NAV of hybrid assets funds posted KRW 20.5tn, down by KRW 89bn ($\Delta 0.4\%$) compared to the end of the previous month, despite a net capital inflow of KRW 3bn.

[NAV Changes and Capital Flow by Fund Type]

(Unit: KRW bn)

Fund Type	NAV (End of June '18)	Capital Flow			Valuation Change	NAV Change	NAV (End of July '18)
		Inflow	Outflow	Change			
Securities (A)	239,803	9,343	6,949	+2,394	△ 661	+1,733	241,536
- Equity	83,336	1,792	1,435	+357	△ 1,195	△ 838	82,498
- Hybrid-Equity	10,208	187	157	+30	△ 53	△ 23	10,185
- Hybrid-Bond	19,448	425	457	△ 32	△ 177	△ 209	19,239
- Bond	98,970	6,939	4,900	+2,039	+214	+2,253	101,223
- Fund of Funds	27,841	973	928	+45	+505	+550	28,391
MMFs (B)	106,058	77,260	56,536	+20,724	+162	+20,886	126,944
Derivatives (C)	47,976	1,592	901	+691	△ 330	+361	48,337
Real Estate (D)	68,353	1,598	893	+705	+141	+846	69,199
Special Assets (E)	63,952	1,158	1,176	△ 19	+110	+91	64,043
Hybrid Assets (F)	20,605	1,500	1,498	+3	△ 92	△ 89	20,516
Total (A+B+C+D+E+F)	546,748	93,426	68,881	+24,546	△ 716	+23,830	570,578

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)