

PRESS RELEASE

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KOFIA Publishes Domestic Fund Market Trend Analysis for November 2018

Despite outflows from MMFs, total fund NAV up by KRW 1.9tn from end-October to KRW 558.0tn with stronger inflows into equity and alternative investment funds

1. Overview

The KOSPI closed higher at 2,096.86pts on November 30 ahead of the US-China summit on expectations over the talks on the trade war, US Fed Chairman Jerome Powell's message that signals a more cautious approach on further rate hikes next year and resumed investor preference for risk assets following low oil prices and stable exchange rates.

The positive atmosphere both at home and abroad prompted an inflow of KRW 0.3tn into Korean and offshore equity funds. The NAV of equity funds registered KRW 79.7tn as the valuation amount increased by KRW 3.7tn (+4.9%) compared to the end of October.

The AUM of MMFs sharply declined to KRW 104.0tn on November 30 from KRW 111.2tn in just a day due to concentrated redemption and corporate capital demand. The redemption was caused by the partial redemption of the Qatar National Bank's time deposits, which backed the ABCP investments of MMFs.

Total fund AUM fell by KRW 1.2tn ($\Delta 0.2\%$) compared to end-October to KRW 561.0tn, while total fund NAV gained KRW 1.9tn (+0.3%) over the same period to KRW 558.0tn.

2. Market Trends by Fund Type

- A. **(Equity Funds)** The total NAV of equity funds increased by KRW 3.7tn (+4.9%) from the end of October to KRW 79.7tn on net capital inflows and higher valuation amount following advances in major stock markets.
- **(Domestic Equity Funds)** The NAV of domestic equity funds added KRW 3.3tn (+5.9%) to post KRW 59.0tn with net inflows of KRW 0.2tn.
 - **(Overseas Equity Funds)** Overseas equity funds enjoyed a net inflow of KRW 58bn. The NAV increased by KRW 0.4tn (+2.2%) to KRW 20.6tn compared to end-October.
- B. **(Bond Funds)** The total NAV of bond funds rose by KRW 0.3tn (+0.3%) compared to the end of October to KRW 102.4tn.
- **(Domestic Bond Funds)** The NAV of domestic bond funds saw an increase of KRW 0.2tn (+0.2%) compared to the end of October to KRW 94.3tn, with a net capital inflow of KRW 0.1tn.

- **(Overseas Bond Funds)** The NAV of overseas bond funds expanded by KRW 81bn (+1.0%) compared to the end of October to KRW 8.1tn, with a net capital inflow of KRW 0.1tn.

- C. **(Fund of Funds)** The NAV of fund of funds enjoyed a gain of KRW 0.1tn (+0.4%) compared to the previous month end to KRW 26.9tn, despite a net capital outflow of KRW 0.2tn.

- D. **(MMFs)** The NAV of MMFs dropped by KRW 6.5tn (Δ 5.8%) to KRW 104.9tn with a net capital outflow of KRW 6.6tn.

- E. **(Derivatives Funds)** The NAV of derivatives funds advanced KRW 0.7tn (+1.5%) to KRW 49.2tn despite a net capital inflow of KRW 13bn.

- F. **(Real Estate Funds)** The NAV of real estate funds increased by KRW 1.3tn (+1.7%) to KRW 75.9tn from the previous month end thanks to a net capital inflow of KRW 1.2tn following constant capital inflows into real assets.

- G. **(Special Asset Funds)** The NAV of special asset funds grew by KRW 0.9tn (+1.4%) to KRW 68.8tn with a net capital inflow of KRW 0.9tn.

- H. **(Hybrid Asset Funds)** The NAV of hybrid asset funds posted KRW 22.5tn, up by KRW 1.1tn (+5.0%) compared to the end of the previous month, with a net capital inflow of KRW 0.7tn.

[NAV Changes and Capital Flow by Fund Type]

(Unit: KRW bn)

Fund Type	NAV (End of October '18)	Capital Flow			Valuation Change	NAV Change	NAV (End of November '18)
		Inflow	Outflow	Change			
Securities (A)	232,322	8,201	7,769	+432	+3,958	+4,390	236,712
- Equity	75,913	1,183	877	+306	+3,439	+3,745	79,658
- Hybrid-Equity	9,574	187	174	+13	+153	+166	9,740
- Hybrid-Bond	17,914	266	371	△104	+206	+102	18,016
- Bond	102,170	6,565	6,347	+218	+46	+264	102,434
- Fund of Funds	26,751	797	997	△201	+314	+113	26,864
MMFs (B)	111,319	49,343	55,962	△6,619	+164	△6,455	104,864
Derivatives (C)	48,469	1,384	1,371	+13	+714	+727	49,196
Real Estate (D)	74,664	1,848	604	+1,245	+5	+1,250	75,914
Special Assets (E)	67,865	1,244	355	+889	+37	+926	68,791
Hybrid Assets (F)	21,439	1,641	922	+720	+353	+1,073	22,512
Total (A+B+C+D+E+F)	556,084	64,459	67,979	△3,520	+5,434	+1,914	557,998

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)