

PRESS RELEASE

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KOFIA Publishes Domestic Fund Market Trend Analysis for September 2019

Total fund NAV down by KRW 2.5tn from end-August to KRW 635.3tn with net outflows from securities, MMF, and derivatives funds except for real asset funds.

1. Overview

The KOSPI closed slightly lower at 2,063.05pts on September 30 due to sluggish exports during the 2nd quarter after reaching the 2,100 range by recovering to the 2,000 range on September 24, thanks to a bullish stock market of the US, the announcement on China's accommodative economic policy, and the expectations for the easing of the US-China trade dispute.

The NAV of equity funds increased by KRW 2.1tn (+2.8%) compared to the end of August, with the NAV increasing in 3 months thanks to a stock market recovery, despite a net outflow of capital.

On the other hand, the NAV of MMFs decreased by KRW 8.1tn (Δ 7.3%) compared to the end of August, with a large outflow of capital from MMFs, due to the increased in quarterly demand for corporate financing and rebalancing.

Due to a net outflow of capital from securities, MMF, and derivatives funds except for real asset funds, the total fund NAV decreased by KRW 2.5tn (Δ 0.4%) to KRW 635.3tn, with the total fund AUM decreasing by KRW 4.0tn (Δ 0.6%) to KRW 631.0tn compared to the end of August.

2. Market Trends by Fund Type

- A. **(Equity Funds)** The total NAV of equity funds increased by KRW 2.1tn (+2.8%) from the end of August to KRW 77.8tn, thanks to an increase in valuation caused by the stock market recovery.
 - **(Domestic Equity Funds)** The total NAV of domestic equity funds increased by KRW 2.3tn (+4.2%) from the end of August to KRW 57.0tn, despite the net capital outflow of KRW 0.4tn.
 - **(Overseas Equity Funds)** Overseas equity funds saw a net outflow of KRW 0.1tn while the NAV decreased by KRW 0.2tn (Δ 1.1%) to KRW 20.3tn compared to end-August.
- B. **(Bond Funds)** The bond market saw a capital outflow due to a recovery in investor confidence in equities. The total NAV of bond funds decreased by KRW 1.5tn (Δ 1.2%) compared to the end of August to KRW 124.9tn.
 - **(Domestic Bond Funds)** The NAV of domestic bond funds saw a decrease of KRW 1.8tn (Δ 1.5%) compared to the end of August to KRW 115.2tn, with the net capital

outflow of KRW 1.8tn.

- **(Overseas Bond Funds)** The NAV of overseas bond funds increased by KRW 0.3tn (+3.3%) compared to the end of August to KRW 9.7tn, with the net capital inflow of KRW 0.3tn.
- C. **(Fund of Funds)** The NAV of fund of funds enjoyed a gain of KRW 0.8tn (+2.5%) compared to the end of the previous month to KRW 34.6tn, thanks to the net capital inflow of KRW 0.7tn.
- D. **(MMFs)** The NAV of MMFs decreased by KRW 8.1tn ($\Delta 7.3\%$) compared to the end of the previous month to KRW 103.2tn with the net capital outflow of KRW 8.3tn due to an increase in the quarterly demand for corporate capital.
- E. **(Derivatives Funds)** The NAV of derivatives funds increased by KRW 0.5tn (+0.9%) from the end of the previous month to KRW 52.6tn, despite the net capital outflow of KRW 0.4tn.
- F. **(Real Estate Funds)** The NAV of real estate funds increased by KRW 2.2tn (+2.4%) compared to the end of August to KRW 94.2tn with the net capital inflow of KRW 1.8tn, thanks to the continued capital inflow into real estate funds.
- G. **(Special Asset Funds)** The NAV of special asset funds grew by KRW 0.9tn (+1.1%) from the end of the previous month to KRW 86.9tn with the net capital inflow of KRW 1.2tn.
- H. **(Hybrid Asset Funds)** The NAV of hybrid asset funds posted KRW 35.5tn, up by KRW 0.5tn (+1.3%) compared to the end of the previous month, with the net capital inflow of KRW 0.5tn.

[NAV Changes and Capital Flow by Fund Type]

(Unit: KRW bn)

Fund Type	NAV (End of February '19)	Capital Flow			Valuation Change	NAV Change	NAV (End of July '19)
		Inflow	Outflow	Change			
Securities (A)	261,496	7,755	9,928	△2,173	+3,670	+1,497	262,993
- Equity	75,228	816	1,367	△551	+2,658	+2,107	77,335
- Hybrid-Equity	9,318	181	144	+37	+118	+155	9,473
- Hybrid-Bond	16,748	195	394	△199	+105	△94	16,654
- Bond	126,432	6,563	8,023	△1,460	△44	△1,504	124,928
- Fund of Funds	33,770	1,746	1,074	+672	+161	+833	34,603
MMFs (B)	111,350	52,013	60,289	△8,277	+164	△8,113	103,237
Derivatives (C)	52,115	1,712	2,157	444	+895	+451	52,566
Real Estate (D)	91,942	2,773	925	+1,848	+390	+2,238	94,180
Special Assets (E)	85,927	2,062	897	+1,165	△241	+924	86,851
Hybrid Assets (F)	35,047	2,349	1,856	+493	△31	+462	35,509
Total (A+B+C+D+E+F)	637,887	70,410	77,126	△6,717	+4,175	△2,542	635,345

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)