



Analyst

Hillary Ho Li Ling

+6565311517

hillaryho@phillip.com.sg

PhillipCapital Top 10 Selling Funds

Executive Summary

- **We have two money market funds and eight equity funds on the list of Top 10 selling funds on our unit trust online platform.**
- **Asian economies are popular among our investors as investors find comfort in investing in countries/regions that they are most familiar with.**
- **We think interest in funds that invest in gold futures or gold mining companies will continue to grow as demand for safe haven instruments remain strong.**
- **Asia Pacific ex Japan funds and commodities (particularly gold) funds will continue to be popular.**

Introduction

We looked into the Top 10 selling funds on our unit trust online platform to get a sense of what our investors are buying. Interestingly, we have two money market funds and eight equity funds on the list. There are no balanced or bond funds. From the results, it is also observed that investors prefer funds that invest in Asian economies.

The fact that equity funds are popular among our investors came as no surprise. Appetite for risks has returned as many believe that a double dip scenario is unlikely. Willingness to take on more risks by many is also evident from the record level of money flowing into equity based funds. According to the fund flow tracked by EPFR Global, equity funds took in flows of USD 4.6 billion for the week ended 20th October. Meanwhile, emerging market bond funds saw inflows of USD 1.4 billion; the fifth consecutive week where flows have exceeded USD 1.0 billion, bringing the year-to-date (YTD) cumulative inflow to USD 32 billion.

Also within expectations is that Asian economies are popular among our investors. With the United States and Europe still grappling with its domestic problems (high unemployment rate, budget deficit, low to no growth), hope is on Asia, and particularly China, to drive global growth. These economies have registered strong growth in the first half of 2010 and hence it is only logical to invest in this part of the world. YTD, MSCI Asia Apex 50 index has gained approximately 8%, outperforming its western counterparts by close to 4%. Other than the above economic reasons, we feel that investors also find comfort in investing in countries/regions that they are most familiar with. With reference to the annual survey of the Singapore Asset Management Industry, it has shown that in terms of geographical allocation, Asia Pacific markets account for the bulk of the investments. In 2009, Asia Pacific markets accounted for 71% of the collective investments scheme (CIS) investments and 67% in 2008. This reflects continued robust interest in this region.



Table 1: Phillip Capital Top 10 selling funds online (YTD)

S/N	Fund Name	Asset Class & Geographical focus
1	LionGlobal SGD Money Market Fund	Cash & Equivalents, SGD
2	First State Global Resources	Equity, Global Resources
3	UOB Unifund	Equity, Singapore/Malaysia
4	Aberdeen Indonesia Equity Fund	Equity, Indonesia
5	Phillip Money Market Fund	Cash & Equivalents, SGD
6	Aberdeen Pacific Equity Fund	Equity, Asia Pacific ex Japan
7	Fidelity China Focus Fund A	Equity, China
8	Legg Mason SE Asia Special S Trust	Equity, Asia Pacific ex Japan
9	DWS China Equity Fund	Equity, China
10	Legg Mason Singapore Opportunities Trust Class A	Equity, Singapore

Source: eunitrust.com.sg. As of 30th Sep 2010

With the record level in gold prices, funds that invest in mining companies too have gained some traction. Gold has gained close to 22% YTD. As of this writing, it is trading at 1335.55 USD/oz. We think interest in funds that invest in gold futures or gold mining companies will continue to grow as demand for safe haven instruments remain strong.

Lastly, we believe the two money market funds have made it to the Top 10 selling funds as investors use it to temporary hold cash while they wait for an investment opportunity. Phillip Money Market fund has generated an annualized return of 0.78% over a year while LionGlobal Money Market fund has had a return of 0.87% on higher volatility.

We think funds that invest in Asia Pacific ex Japan economies and commodities (particularly gold) will continue to be popular for the rest of the year and possibly into 2011 for the reasons stated above.



GENERAL DISCLAIMER

This publication shall not be reproduced in whole or in part, distributed or published by you for any purpose. Phillip Securities Pte Ltd shall not be liable for any direct or consequential loss arising from any use of material contained in this publication.

This publication is solely for general information and should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities, and specifically funds, mentioned herein. It does not have any regard to your specific investment objectives, financial situation and any of your particular needs. Accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of any person or group of persons acting on such information and advice. Unit Trusts distributed by Phillip Securities Pte Ltd are not obligations of, deposits in, or guaranteed by, Phillip Securities Pte Ltd or any of its affiliates. No action should be taken without first viewing the details in a fund's prospectus. A copy of the prospectus can be obtained from Phillip Securities Pte Ltd or online at www.eunitrust.com.sg. Past performance is not necessarily indicative of future returns. Investments in unit trusts are subject to investment risks, including the possible loss of the principal amount invested. Investors should note that the value of the units and income from the fund may rise as well as decline. Investors should also note that there are limitations whenever performance is stated or comparison is made to another unit trust or index for any specific period as no funds or indices are directly comparable.

This publication should not be relied upon as authoritative without further being subject to the recipient's own independent verification and exercise of judgment. The fact that this publication has been made available constitutes neither a recommendation to enter into a particular transaction nor a representation that any investment product described in this material is suitable or appropriate for the recipient. Recipients should be aware that the investment products described in this publication may involve significant risks and may not be suitable for all investors, and that any decision to enter into transactions involving such products should not be made unless all such risks are understood and an independent determination has been made that such transactions would be appropriate. Any discussion of the risks contained herein with respect to any product should not be considered to be a disclosure of all risks or a complete discussion of such risks.

Whilst we have taken all reasonable care to ensure that the information contained in this publication is accurate, we do not guarantee the accuracy or completeness of this publication. Any advice contained in this publication is made only on a general basis and is subject to change without notice. We have not given any consideration to and have not made any investigation of the investment objectives, financial situation or particular needs of any specific person or group of persons as we are not in possession of any such information. You may wish to seek advice from a financial adviser before making a commitment to purchase the investment products mentioned. In the event you choose not to seek advice from a financial adviser, you should consider whether the investment product is suitable for you. Any unit trusts mentioned in this publication is not intended for U.S. citizens.

DISCLOSURE OF INTEREST

Statement pursuant to section 36 of the Financial Advisers Act - Phillip Securities Pte Ltd, its directors and employees may have interest in the securities recommended herein from time to time, and its associates and connected persons may also have positions from time to time. Opinions and views expressed in this report are subject to change without notice.

PhillipCapital is a group of companies who together offer a full range of quality and innovative financial services to retail, corporate and institutional customers. Member companies in Singapore include Phillip Securities Pte Ltd, Phillip Securities Research Pte Ltd, Phillip Financial Pte Ltd, Phillip Futures Pte Ltd, Phillip Trading Pte Ltd, Phillip Capital Management (S) Ltd, CyberQuote Pte Ltd, International Factors (Singapore) Ltd and ECICS Ltd.

Information on any and all independent PhillipCapital members and the respective financial services they offer can be obtained through the following website – www.phillip.com.sg. Members can otherwise be identified by their authorised use of PhillipCapital brand name along with their own name in their documentation and literature.