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Mutual funds' assets up 4.6% over 9 months

Most non-oil classes show positive returns

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The total net assets of Thailand's mutual fund industry grew by 4.6% year-on-year to reach 4.86 trillion baht in the past nine months, with net inflows of 203.58 billion baht, says Morningstar Research Thailand.

But net inflows into mutual funds registered a year-on-year decline, as many term funds are due to expire.

Morningstar senior research analyst Kittikun Tanaratpattanakit said most types of mutual funds in Thailand have shown positive returns (excluding oil funds), led by foreign investment funds investing in offshore securities assets, registering net inflows worth 153 billion baht, with onshore investment logging strong net inflows of 50.3 billion baht.

China investment funds registered an average return of 22%, followed by

emerging-market funds for Asia-Pacific and Thai equity funds providing an 11% average return each.

"Investors have remained conservative, investing in fixed-income products for both foreign and local assets, which were among the top three by net inflows in the third quarter, led by short-term bonds at 73.5 billion baht, global bonds at 34 billion baht and mid- to long-term bonds at 25.84 billion baht," Mr Kittikun said.

In the third quarter, net inflows into the fund industry were recorded at 69.01 billion baht. Fund types that showed net outflows were high-yield bonds or fixed-term funds, for both onshore and offshore investments, as well as some foreign equity funds investors sold to take short-term profits.

Mr Kittikun said investors showed some behavioural change in considering more long-term products for both onshore and offshore investment.

Offshore investment has dominated the mutual fund industry over the last 24 months, with over 317.7 billion baht in net inflows and total net assets of 1.13 trillion baht — 23.22% of the Thai fund industry.

The market share of asset management companies in global income funds has also changed appreciably.

TMB Asset Management gained in market share to reach 21.54%, driven by global income funds, while Kasikorn Asset Management's market share remained at 23.77%.

But the market share of fixed-term fund products has been decreasing continuously as a result of low returns.

In the first nine months, total net assets of fixed-term funds declined to 660 billion baht, including onshore funds worth 95 billion baht and foreign fixed-term funds worth 560 billion baht, compared with last year's first nine months at 750 billion baht.

"We estimate that total net assets of the mutual fund industry for the whole year will be around 250 billion baht, a decline from 520 billion baht in 2016 because of this behavioural change," Mr Kittikun said.

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