



Hong Kong Investment Funds Association

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Fund sales: January to May 2007 vs 2006 (same period)

In the first five months of 2007, the fund industry registered aggregate gross sales of US\$15,842.79 million, up by 24.7% over the same period of 2006. On a net basis, the industry attracted inflows of US\$2,218.96 million, but this was down by about 31% from 2006.

The key reason for a drop in net inflows could be attributed to a slowdown in inflows into equity funds.

Whilst equity funds managed to register a 14.9% increase in aggregate gross sales (US\$12,084.59 million, which accounted for about 76.3% of the industry total), they witnessed a 50% drop in net inflows - down from last year's US\$4,219.89 million to US\$2,101.34 million in 2007.

The drop in net inflows in equity funds was related more to a substantial increase in redemptions than a drop in gross sales. In fact, gross sales went up by 14.9%. However, redemptions rose 58.5% to US\$9,983.25 million, which greatly offset the increase in gross sales. Eight out of the 13 equity fund categories saw an increase in redemptions in 2007; and sectors such as Greater China Region funds, as well as international funds had witnessed heavier redemptions so far this year.

Amongst all equity sectors, three sectors, namely Asia Regional (incl. Jap) funds, Japan equity funds as well as emerging markets funds suffered net outflows. This was in marked contrast with 2006 when all these sectors managed to attract robust net inflows.

On a YTD basis, gross and net sales of bond funds went up by 89.4% and 58.9% to close to US\$1,907 million and US\$435.89 million respectively. Both the global sector and the non-global ones enjoyed a robust increase in gross sales, but on a net basis, it was the non-global sectors, which had been able to enjoy an increase in sales this year.

Out of all fund sectors, Greater China funds came first in terms of gross sales. This sector attracted inflows of US\$2,654.12 million, which accounted for 16.8% of the industry total.

However, on a net basis, it was the Asian Single Market (non Japan/ non HK) sector that came first. Funds within this sector attracted net inflows of US\$830.56 million, or 37.4% of the industry total.

(End)