

FOR IMMEDIATE RELEASE

Jag Alexeyev, Head of Global Research, Senior Managing Director
Tel: +1 (212) 944-4456, Jag@sionline.com

***ASIA FUND INFLOWS EXCEED U.S. AND ARE WAY
AHEAD OF EUROPE***

NEW YORK, NY – November 19, 2008 – Mutual funds in Asia benefited from \$140 billion of net inflows in the twelve months through September 2008 despite the year-long bear market, according to data and a new report from Strategic Insight. This contrasts with mutual fund activity in Europe, where stock and bond funds recorded over a half trillion dollars in net redemptions during the same period. The gap between the regions is the widest ever, bigger than when Europe flows surpassed Asia in 2005-2006. Asia also recorded higher inflows than long-term funds in the U.S. over the past twelve months.

Beyond shifting the center of asset management activity further towards Asia, the global financial crisis has magnified the transformations in investor demand, market direction, competitive dynamics, product choices, and distribution focus, changing the balance between investment management companies. Eight out of the fifteen highest cash flow managers in Asia in 2007 are not among the top ranked in 2008, and such rotations appear set to accelerate, along with turnover in executive suites and staff.

“Globally, the implications for fund managers and distributors are among the most significant in years, with major changes in industry leadership already experienced. While fund executives today focus on deepening challenges in the near-term, some are seeing the opportunity to

reposition their firms for a greater share of gains moving forward”, commented Jag Alexeyev, Head of Global Research at Strategic Insight and author of the newly published report *Asia Fund Management: Investing in the Future, 2008 Edition*.

Fund industry assets in Asia declined to \$1.5 trillion in September 2008 from \$1.9 trillion at year-end, solely due to price declines as inflows reached a positive \$50 billion. The sustained net commitments are encouraging given the sharp decline in global financial conditions. The Asia region also stands out with higher equity fund inflows in contrast to the net redemptions in the U.S. this year. In addition, Asian investor activity during the difficult month of September was reassuring with stock fund net redemptions equal to just -0.4% of assets, which means that 996 out of 1000 dollars did not move on a net basis in the region.

Investment managers have lowered their projections of Asia fund industry growth, influenced by the current uncertainty. However, underestimating the potential of Asia as many have done in the past, and consequently under-investing or misaligning resources, will have lasting consequences for organizations. Some companies that shifted dramatically from investing in their future to just protecting their core business will miss the likely recovery of opportunities to manage Asia’s expanding wealth. Jag Alexeyev added, “Asset management across Asia will continue to benefit from stronger economic growth rates relative to other regions and resulting wealth generation, expanding needs to protect and grow that wealth, ongoing shift from savings to managed assets, and more rapid acceptance of new investment themes as global financial markets recover.”

About Strategic Insight

Strategic Insight is a research and consulting firm that supports over 250 companies around the world with analysis, perspective, and data on the fund industry; its Simfund databases, the world's analytical source for mutual fund business intelligence, track flows, assets, performance, ratings, and other intelligence on more than 65,000 portfolios and many more fund share classes globally.

STRATEGIC INSIGHT, 590 Fifth Avenue, New York, NY 10036
www.StrategicInsightGlobal.com

###