

22 June 2023

## Global equities and fixed income the most popular fund launches

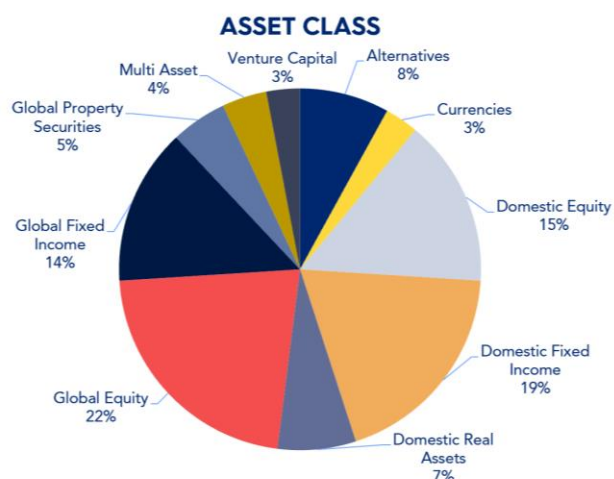
### Strong growth in retail and ESG themed funds

The latest 100 funds launched by Australia's leading responsible entity provider, Equity Trustees, have shown global equities remain the most popular funds for local investors.

'*The 100*' research which examines the most recent funds launched by the country's leading provider of independent Responsible Entity and Trustee services to fund managers found the majority of funds they brought to market were still global equity funds, accounting for almost a quarter (22%) of funds launched.

This was down from 43% of funds in *The 100* in 2022.

ASSET CLASS	%
Global equity	22
Domestic Fixed Income	19
Domestic equity	15
Global fixed income	14
Alternatives	7
Domestic real assets	7
Global property securities	5
Multi asset	4
Venture capital	3
Currencies	3



"Domestic equity funds accounted for just 15% of funds launched," said Johnny Francis, General Manager of Business Development and Custody at Equity Trustees.

Mr Francis said: "The next most popular funds were fixed income, with domestic accounting for 19% of funds launched, compared to 15% for global fixed income."

"These included corporate and government bond funds, asset-backed securities and notes coming to market. We also saw several private debt and credit funds being launched."

"This was clearly a reflection of tightening market conditions spurred by tightening fiscal policy and rising interest rates in response to rising inflation and geopolitical volatility."

He noted that the majority of the latest 100 new funds were directed towards retail investors (47%), with less than a third (31%) directed towards wholesale investors.

He also pointed out that there was a significant increase in funds being developed by boutique managers coming out of larger organisations.

And that more than half (51%) were registered funds compared to just over a third (34%) being unregistered.



Alternative products remained popular and included commodities, infrastructure, foreign exchange, and quant strategies. Exchange Traded Funds (ETFs) accounted for 12% and Real Estate Investment Trusts (REITs) only 1%.

## INVESTMENT STRATEGIES



Source: Equity Trustees *The 100* June 2023

Dilan Ashton, General Manager of Responsible Investing at Equity Trustees, added that 13% of funds had an environment, social and governance (ESG) theme or were sustainable development goals focused.

"Generally in the market, there were record inflows into Responsible Investment offerings, reaching \$1.54 trillion in assets under management (AUM), representing 43% of all professionally managed funds.

"AUM in sustainability-themed investments has more than doubled to \$161 billion over the 12 months ending 31 December 2021," noted Ms Ashton.

Mr Francis added: "Over the last year we saw a significant majority of funds launched that were hedged (84%) versus not hedged (16%). The nature of erratic rising and falling markets has created an appetite for funds to use a variety of strategies including the leverage of non-traditional assets to help manage volatility."

Interest in digital assets stalled pending clearer regulation.

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## MEDIA INQUIRIES

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