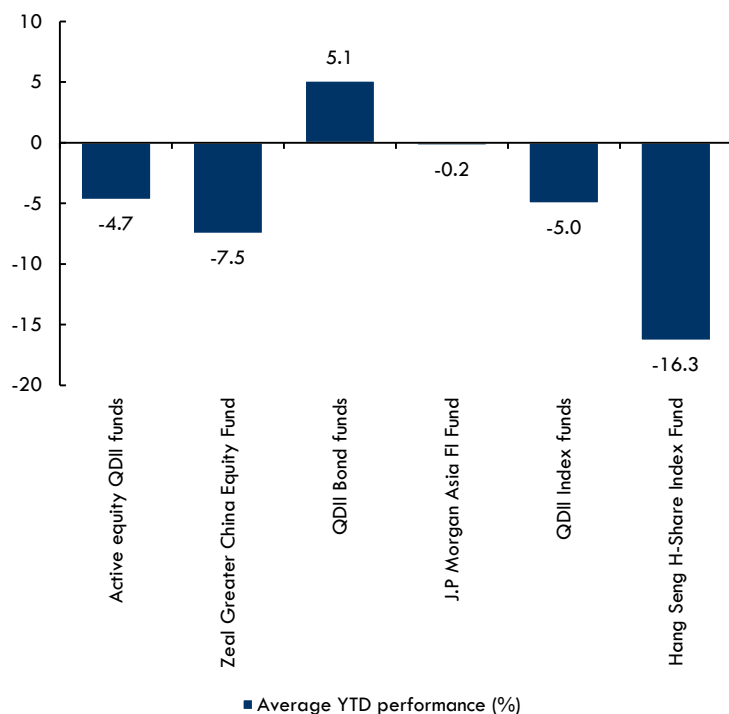


## MRF: Let the games begin

Three mainland MRF funds launched in Hong Kong yesterday, and the three approved Hong Kong-domiciled global funds will imminently launch in the Mainland. Up to 14 more are in the pipeline to launch in China, and more approvals are expected as early as tomorrow. Z-Ben Advisors believes that this first batch of northbound MRF funds will face a multitude of challenges as they enter a fundraising landscape entirely different to other global markets. Product and distribution strategies will be essential to capturing the long-term opportunity offered by this new route into the USD1tr mainland mutual fund market, especially as demand for offshore exposure begins to grow.

### Average YTD performance comparison (%)



- J.P Morgan's fund would be the strongest competitor in terms of YTD returns at -0.2%, compared to QDII funds on average at -3.8%. However, QDII bond funds, the FI fund's direct competitor, with their 5.1%, are perhaps the more attractive choice for offshore exposure.

### Firms with MRF funds in the pipeline



There are 14 funds in the pipeline which were accepted by the CSRC. With the entire process taking approximately five months, we expect to also see funds from CCB International, BOCI Prudential, BOC Hong Kong and Schroders appearing on shelves soon.

With second offerings in the pipeline, J.P Morgan and Hang Seng are well-positioned to capitalize on the opportunity, as are firms such as BEA Union, Amundi and BOCI Prudential which also have multiple funds waiting.

Source: Z-Ben Advisors