

# Products

## Cross-boundary Wealth Management Connect (WMC) scheme

To deepen financial market connectivity in the Guangdong-Hong Kong-Macao Greater Bay Area (GBA), financial regulators of the Mainland, Hong Kong and Macao jointly announced enhancements to the scheme in September. Measures include expansion of the scope of eligible investment products, allowing eligible brokers to operate the scheme, enhancing promotion and sales arrangements, as well as initiatives to increase individual investor quota and support greater participation by GBA residents. Implementation details and operational guidance will be issued later.

## Asset and Wealth Management Activities Survey

The *Asset and Wealth Management Activities Survey for 2022*, released in August 2023, showed that the total assets under management (AUM) of Hong Kong's asset and wealth management business amounted to \$30,541 billion (US\$3,912 billion) as at end-2022 and net fund inflows of \$88 billion (US\$11 billion) were recorded.

The AUM saw a 14% year-on-year decrease, which was similar to the 15% drop for the AUM of worldwide regulated funds and slightly outran major market indices.

## ETFs

As at 30 September, 175 SFC-authorized exchange-traded funds (ETFs) were listed on the Stock Exchange of Hong Kong Limited (SEHK), including 25 leveraged and inverse products, and had a total market capitalisation of \$369.5 billion (US\$47.2 billion). During the quarter, net inflows of \$16.2 billion (US\$2.1 billion) to these ETFs were recorded. Their average daily turnover increased 12% quarter-on-quarter to \$14.8 billion (US\$1.9 billion).

As at 30 September, six ETFs are eligible for southbound trading. During the quarter, southbound ETF trading had an average daily turnover of \$3,586.5 million (US\$458 million) and contributed 15% of the eligible Hong Kong ETFs' turnover during the period.

## Mutual Recognition of Funds (MRF)

Under the Mainland-Hong Kong MRF scheme, we had authorised a total of 44 Mainland funds as at 30 September, whilst the China Securities Regulatory Commission had approved 38 Hong Kong funds.

The cumulative net subscription amounted to about RMB1.06 billion for Mainland funds and about RMB16.45 billion for Hong Kong funds as at 30 September. During the quarter, Mainland funds and Hong Kong funds recorded net redemptions of about RMB16.45 million and net subscriptions of about RMB1.34 billion respectively.

## Authorisations

During the quarter, we authorised 29 unit trusts and mutual funds (including 19 Hong Kong-domiciled funds) and 122 unlisted structured investment products for public offering in Hong Kong.

## OFC registrations

As at 30 September, there were 187 registered open-ended fund companies (OFCs), of which 36<sup>1</sup> were new OFCs registered during the quarter.

## ETF Connect – Southbound trading and fund flow of eligible Hong Kong ETFs<sup>a</sup>

Six months ended	Number of eligible Hong Kong ETFs as at period end	Market capitalisation as at period end (\$ million)	Southbound trading turnover (\$ million)	As % of the eligible ETFs' total turnover (%)	Fund inflow/ (outflow) (\$ million)
30.9.2023	6	203,005	3,217	14.0	13,777
31.3.2023	5	203,835	1,561	7.0	17,231
30.9.2022 <sup>b</sup>	4	154,064	433	3.0	23,540

<sup>a</sup> Based on data from Hong Kong Exchanges and Clearing Limited.

<sup>b</sup> ETF Connect was launched on 4 July 2022.

<sup>1</sup> The figure includes 33 private OFCs.

## Products

### Hong Kong-domiciled funds

As at 30 September, the AUM of Hong Kong-domiciled funds decreased 3% from the previous quarter to \$1,299.8 billion (US\$166 billion). Net fund inflows of about \$11.7 billion (US\$1.5 billion) were recorded.

### ESG funds

As at 30 September, there were 209 SFC-authorized ESG<sup>2</sup> funds with total AUM of \$1,247.3 billion (US\$159.3 billion), representing quarter-on-quarter increases of 7.2% and 1.8%, respectively.

### Authorised collective investment schemes

	As at 30.9.2023	As at 31.3.2023	Change (%)	As at 30.9.2022	YoY change (%)
Unit trusts and mutual funds – Hong Kong-domiciled	923 <sup>a</sup>	913	1.1	882	4.6
Unit trusts and mutual funds – non-Hong Kong-domiciled	1,416	1,417	-0.1	1,393	1.7
ILAS	314	305	3.0	301	4.3
Pooled retirement funds	32	32	0.0	32	0.0
MPF schemes	26	26	0.0	26	0.0
MPF pooled investment funds	191	221	-13.6	219	-12.8
Others	25 <sup>b</sup>	25	0.0	25	0.0
<b>Total</b>	<b>2,927</b>	<b>2,939</b>	<b>-0.4</b>	<b>2,878</b>	<b>1.7</b>

<sup>a</sup> This figure includes 113 approved pooled investment funds (retail APIFs) which MPFs may invest in and may also be offered to the public in Hong Kong.

<sup>b</sup> Comprising 14 paper gold schemes and 11 real estate investment trusts (REITs).

### Registered OFCs

	As at 30.9.2023	As at 31.3.2023	Change (%)	As at 30.9.2022	YoY change (%)
OFCs	187 <sup>^</sup>	131	42.7	100	87.0

<sup>^</sup> This figure includes 163 private OFCs.

### Authorised unlisted structured investment products

	As at 30.9.2023	As at 31.3.2023	Change (%)	As at 30.9.2022	YoY change (%)
Unlisted structured investment products <sup>^</sup>	277	231	19.9	234	18.4

<sup>^</sup> On a "one product per key facts statement" basis, including equity-linked investments and deposits.

<sup>2</sup> Environmental, social and governance.

## Products

### Authorised unit trusts and mutual funds domiciled in Hong Kong – fund flows by type<sup>a</sup> (US\$ million)

For the six months ended 30 September, Hong Kong-domiciled funds reported overall net inflows of \$23.5 billion (US\$3 billion), which was primarily attributed to index funds and money market funds.

	Six months ended 30.9.2023			Six months ended 31.3.2023			Six months ended 30.9.2022		
	Subscription	Redemption	Net subscription/ (redemption) <sup>b</sup>	Subscription	Redemption	Net subscription/ (redemption) <sup>b</sup>	Subscription	Redemption	Net subscription/ (redemption) <sup>b</sup>
Bond	5,649	5,722	(73)	6,389	5,538	850	3,534	6,507	(2,973)
Equity	6,275	8,640	(2,364)	7,124	6,220	904	6,504	7,703	(1,199)
Mixed	2,542	4,335	(1,792)	2,534	3,085	(551)	4,779	5,746	(967)
Money market	24,775	21,771	3,003	22,072	17,206	4,866	11,221	9,428	1,793
Feeder funds <sup>c</sup>	0	0	0	1	3	(3)	2	1	2
Index <sup>d</sup>	35,565	31,355	4,211	36,276	34,911	1,365	29,136	25,374	3,763
Guaranteed	0	3	(3)	0	2	(2)	0	2	(2)
Other specialised <sup>e</sup>	3	15	(12)	78	65	12	0	0	0
<b>Total<sup>b</sup></b>	<b>74,809</b>	<b>71,840</b>	<b>2,969<sup>f</sup></b>	<b>74,474</b>	<b>67,033</b>	<b>7,442</b>	<b>55,176</b>	<b>54,760</b>	<b>416</b>

<sup>a</sup> Based on data reported by funds domiciled in Hong Kong.

<sup>b</sup> Figures may not add up to total due to rounding.

<sup>c</sup> The subscription and redemption amounts of feeder funds whose master funds are authorised by the SFC have been excluded to better reflect the total fund flows.

<sup>d</sup> Including ETFs and leveraged and inverse products.

<sup>e</sup> Including virtual asset futures ETFs.

<sup>f</sup> This figure includes net outflows of \$24 billion (US\$3.1 billion) reported by retail approved pooled investment funds which MPFs may invest in and may also be offered to the public in Hong Kong.

### Mainland-Hong Kong MRF scheme – fund flows<sup>a</sup> (RMB million)

	Six months ended 30.9.2023			Six months ended 31.3.2023			Six months ended 30.9.2022		
	Subscription	Redemption	Net subscription/ (redemption) <sup>b</sup>	Subscription	Redemption	Net subscription/ (redemption) <sup>b</sup>	Subscription	Redemption	Net subscription/ (redemption) <sup>b</sup>
Mainland funds	201	202	(1)	182	165	16	296	333	(37)
Hong Kong funds	5,984	4,201	1,782	7,360	4,146	3,215	2,047	2,790	(743)

<sup>a</sup> Based on data from the State Administration of Foreign Exchange.

<sup>b</sup> Figures may not add up to total due to rounding.

## Products

### SFC-authorised renminbi (RMB) investment products

	As at 30.9.2023
<b>Unlisted products</b>	
Unlisted funds primarily investing in onshore Mainland securities markets <sup>a</sup> or offshore RMB bonds, fixed-income instruments or other securities	58
Unlisted funds (non-RMB denominated) with RMB share classes	405
Paper gold schemes denominated in RMB	1
Recognised Mainland funds under Mainland-Hong Kong MRF arrangement	44
Unlisted structured investment products issued in RMB <sup>b</sup>	276
ILAS with policy currency in RMB	6
<b>Listed products</b>	
ETFs primarily investing in onshore Mainland securities markets <sup>a</sup> or offshore RMB bonds, fixed-income instruments or other securities	53
ETFs (non-RMB denominated) with RMB trading counters and/or RMB share classes	18
RMB leveraged and inverse products	3
RMB gold ETFs <sup>c</sup>	1
RMB REITs	1

<sup>a</sup> Refers to onshore Mainland investments through the Qualified Foreign Investor scheme, Stock Connect, Bond Connect and the China Interbank Bond Market.

<sup>b</sup> The number is on a "one product per key facts statement" basis.

<sup>c</sup> Only includes gold ETFs denominated in RMB.

