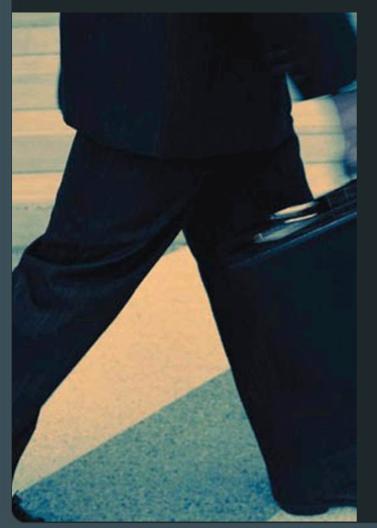
- ResearchInChina

China Fund Industry Report, 2007-2008



• The report gives you an overview of the status quo of China fund industry and an in-depth analysis of the supervision policy, the market environment, the operating performance, the competitive structure and the development tendency of China fund industry from many perspectives. The report also expounds different varieties of funds including private placement, QFII and QDII etc. Furthermore, and predicts the future development of China's fund industry in the hope of providing valuable reference for institutional investors.



The year of 2007 witnessed an unprecedented development in the fund industry and fund market. The securities investment funds made a great progress in 2007. As of November 30, 2007, China has had altogether 332 openend securities investment funds, of which, 143 goes to equity fund, 103 goes to hybrid fund, 31 goes to bond fund, 51 goes to currency fund, 4 goes to capital preservation fund and 35 goes to close-ended fund. There are 59 fund management companies in all, of which, 28 companies are Sino-foreign joint ventures. In 2007, two new fund companies were added to the market.

Open-end fund	Equity fund	143			
	Hybrid fund	103			
	Bond fund	31			
	Currency fund	51			
	Capital 4				
	preservation fund	7			
	Subtotal	328			
Close-er	35				
Т	332				
Compiled by ResearchInChina as of Nov., 2007					

The watchdog has also tightened the control over the risk in fund business and its operation. In 2007, the fund regulatory authorities issued a series of rules and measures regarding risk control and new business, which require that fund can not make any promise of transactions to brokerages, which further regulate fund annual financial report to prevent the blind expansion of fund scale. Meanwhile, the pilot project on fund companies' financing by special financial accounts will be launched in 2008, which will bring about stable fund for China's stock market and bond market and is of great importance to optimize the domestic capital market structure in China.



The index of Shanghai Stock Exchange increased by 96.66% in 2007, while the weighted average net value of the open-end stock funds grew 1.24 times, surpassing that the figure of 1.13 times recorded in 2006.
 Meanwhile, the disparity in fund performance continued to grow. The performance of China AMC with the best performance in 2007 increased by 2.2 times year on year, while the performance of a stock fund with the lowest growth rate grew 55% year on year.

Tops of Various Types of Funds in 2007			
Fund Tyopes	Tops		
Stock fund	ChinaAMC		
Positive allocatation fund	Chang Xin Asset Management Co. Ltd.		
Conservative allocation fund	Industrial Fund Management Co., Ltd.		
Close-ended fund	Zhuhai SEZ Ke Hui Enterprise Group Co.		
Capital preservation fund	China Southern Fund Management Co.		
General bond fund	Galaxy Asset Management Co., Ltd.		
Compiled by ResearchInChina			



- It is forecasted that the overall scale of China's fund will continue to expand in case that China stock market remains a bull market. However, the growth rate of China's fund scale is expected to slow down in 2008, due to the corrections in the forth quarter of 2007 and further improved sense of risk and a more mature investment conception of investors.
- Diversified market demands make the design of fund product more abundant.
 The demand of investors for different structured products according to their own condition of risks and gains is continuously increasing.

As for the fund innovation in 2008, we deem that the industryl index fund may be one of those innovative products, whose launch will provide plentiful investment opportunities for those investors, who are more interested on certain industries.

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