



Connecting the FX dots

EPFR Foreign Exchange Allocations (FXA) dataset

Identify trends with EPFR's unique currency positioning data

Crucial insight on FX trends | Understand currency exposure and risk | Compare historical data

EPFR Foreign Exchange Allocations dataset (FXA)

With a daily [trading] volume of over \$5 trillion, the foreign exchange (FX) market is the largest investible market. One of the keys to success in this dynamic market is understanding where real money investors are positioned. Our latest dataset; EPFR Foreign Exchange Allocations (FXA), offers investors unique access to the actual allocations of funds to individual currencies. FXA gives investors access to allocations data for all G10 currencies, as well as the currencies of over 30 emerging and smaller developed markets.

A range of filters allows clients to build momentum signals – the EPFR Bullish Sentiment Indicator utilizes the allocations data for actively managed funds - and more sophisticated quantitative strategies. FXA data is released monthly on a T+38 basis, ensuring investors can act efficiently, effectively and with confidence.

Current datasets in the FX market are generally 'noisy', providing imprecise estimates. This leaves investors reliant on data prone to biases such as 'representativeness' and 'responsiveness' of respondents from surveys, or worse still, reverting to positioning data within exchanges or balance of payments, which have 60 to 90-day reporting lag times.

Features of EPFR's real-money investor positioning FXA dataset

- ▶ FXA dataset is based on the as-reported allocations of over 2,000 mutual funds and ETFs that manage a combined \$3 trillion worth of assets. (Table 1 on p2)
- ▶ The universe of funds whose FX positioning is tracked by EPFR encompasses Equity, Bond, Balanced and Convertible Bond Funds.
- ▶ The allocations data includes G10 currencies as well as currencies of over 30 emerging and smaller developed markets. The data for a given month is available one month and eight to 11 days later (T+38-42).
- ▶ The granularity of the FXA dataset allows for the analysis of fund exposure to selected currencies. (Table 2-3 on p2 gives a snapshot of the positioning towards EUR.)
- ▶ Market participants can use the FXA dataset for research, quantitative modelling, trading and market intelligence purposes.
- ▶ Proof-of-concept strategies and models, developed by EPFR's Research Team, demonstrate how the FXA dataset can be incorporated into models to generate excess returns. A Bullish Sentiment Indicator, based on ranking currencies by the number of funds that are overweight their benchmark for a given currency and investing in the top quintile, generates back tested excess returns around 5% over monthly holding periods. (Table 3 on p2)
- ▶ The data can be delivered via email, FTP/SFTP, or EPFR's proprietary web-based user interface.

FXA dataset

Coverage, correlations & quantitative applications

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Table 1. FXA coverage by number of funds and AUM

Asset Class	No. of Funds	in % Terms	AUM in US\$ Million (as of 07/31/2020)	in % Terms
Equity Funds	1544	74.63%	2,477,500.18	81.73%
Bond Funds	377	18.22%	436,664.36	14.41%
Balanced Funds	120	5.80%	105,410.14	3.48%
Convertible Bond	28	1.35%	11,597.25	0.38%
Grand Total	2069	100%	3,031,171.93	100%

Table 2. A snapshot of positioning towards EUR by Aug 2020

Active/Passive Breakdown		Top 5 by Geographic Focus		Top 5 by Style Sector	
Bond Funds		Balanced Funds		Bond Funds	
Active	\$ 71,828.73	Global	\$ 23,580.16	Bank Loan	\$ 1,238.91
Passive	\$ 22,993.62	Europe Regional	\$ 11,537.07	Blend Currency	\$ 275.64
Equity Funds		Global Emerging Markets	\$ 302.29	Hard Currency	\$ 2,111.23
Active	\$ 143,171.36	Europe ex-UK Regional	\$ 228.48	High Yield	\$ 12,245.43
Passive	\$ 306,696.95	United Kingdom	\$ 68.99	Inflation Protected	\$ 3,098.74
		Bond Funds		Equity Funds	
		Global	\$ 60,457.80	Commodities/Materials	\$ 981.19
		Europe ex-UK Regional	\$ 19,371.79	Consumer Goods	\$ 3,226.19
		Europe Regional	\$ 7,761.01	Energy	\$ 2,556.37
		Global ex-US	\$ 3,558.97	Financials	\$ 1,423.53
		Global Emerging Markets	\$ 2,367.05	Health Care/Biotech	\$ 1,915.95
		Equity Funds			
		Global ex-US	\$ 295,355.83		
		Europe Regional	\$ 59,447.93		
		Global	\$ 55,896.54		
		Europe ex-UK Regional	\$ 34,881.00		
		Global Emerging Markets	\$ 2,196.32		

Table 3. Ranking Currencies in terms of Active Managers being Overweight

