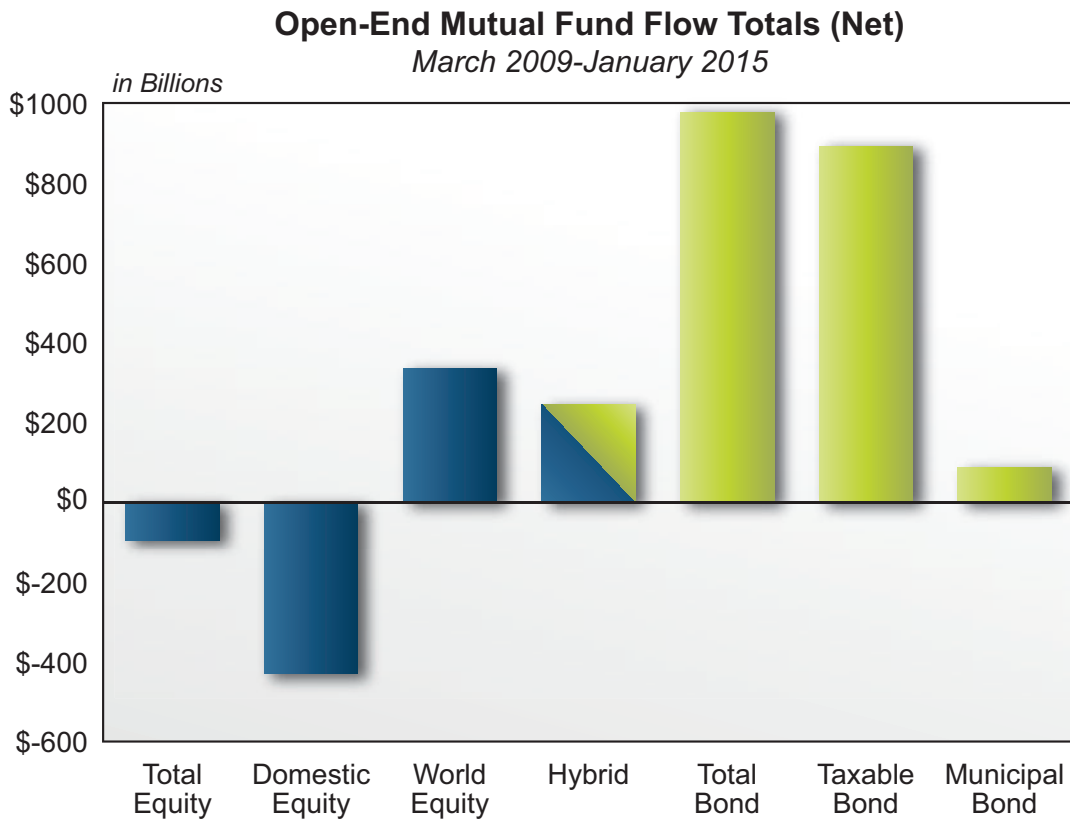


# Retail Investors Have Favored Bonds Over Stocks In This Bull Market



Source: Investment Company Institute

## View from the Observation Deck

1. From 3/09 through 1/15 (most recent monthly data), investors poured a net \$1.1 trillion into open-end mutual funds. The lion's share of the flows went to bond funds.
2. Investors poured a net \$977.3 billion into bond mutual funds in the period, or 87% of all net inflows. Taxable Bond funds took in a net \$890.8 billion, or 91% of all net bond flows.
3. Despite the bull market in equities, U.S. Equity funds reported net outflows totaling \$430.7 billion. Investors, however, did funnel capital into World Equity and Hybrid funds, with net inflows totaling \$335.2 billion and \$244.8 billion, respectively.
4. Looking ahead, investors will be focused on the Federal Reserve, in our opinion. The last time the Fed raised the federal funds target rate (6/04-6/06) it hiked it from 1.00% to 5.25%, according to Bloomberg.
5. From 2004-2006, investors funneled a net \$443 billion into Equity funds, well above the \$115.8 billion and \$70.2 billion in net inflows to Hybrid and Bond funds, respectively.

*This chart is for illustrative purposes only.*