

Investors Continue To Favor Passive Funds Over Actively Managed Funds

Estimated Net Flows to Mutual Funds and ETFs in \$Millions (12-Month flows through November 30, 2016)

Category	Active	Passive
U.S. Equity	(257,486)	217,157
Sector Equity	(31,187)	29,934
International Equity	(63,630)	64,889
Allocation	(60,167)	4,217
Taxable Bond	9,089	140,967
Municipal Bond	47,918	5,704
Alternative	(6,028)	3,289
Commodities	2,733	13,610
All Long Term	(358,758)	479,767

Source: Morningstar Direct Asset Flows. Includes liquidated and merged funds.

View from the Observation Deck

1. Those investors directing capital into mutual funds and exchange traded funds (ETFs) favored passive investing over active management for the 12-month period ended November 2016. Here is a link to last year's post measuring the same period with similar results ([click here to view](#)).
2. Passive mutual funds and ETFs reported net inflows totaling \$479.8 billion, compared to net outflows totaling \$358.8 billion for those actively managed (see chart).
3. The asset classes/categories reflecting the biggest disparities (>\$100 billion) in flows were U.S. Equity, Taxable Bond and International Equity.
4. The one area of the market where investors actually sought out active management was municipal bonds.
5. We intend to monitor net flows moving forward.

This chart is for illustrative purposes only and not indicative of any actual investment.