

Passive vs. Active Fund Flows

Estimated Net Flows to Mutual Funds and ETFs in \$Millions (12-Month flows through September 30, 2018)

Category	Active	Passive
U.S. Equity	(159,970)	179,787
Sector Equity	(22,086)	38,679
International Equity	19,976	126,269
Allocation	(38,242)	3,740
Taxable Bond	119,467	159,721
Municipal Bond	19,819	5,120
Alternative	(2,986)	1,828
Commodities	5,196	(5,010)
All Long Term	(58,824)	510,134

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

View from the Observation Deck

1. Investors directing capital into mutual funds and exchange traded funds (ETFs) continued to favor passive investing over active management on a massive scale for the 12-month period ended 9/30/18.
2. Passive mutual funds and ETFs reported net inflows totaling \$510.1 billion, compared to net outflows totaling \$58.8 billion for those actively managed.
3. The two asset classes garnering the largest amount of net inflows for the 12-month period ended 9/30/18 were Taxable Bond at \$279.2 billion and International Equity at \$146.2 billion.
4. The two active categories garnering more interest from investors than their passive counterparts were Municipal Bond and Commodities.
5. We intend to monitor net flows moving forward.

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

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