

# Passive vs. Active Fund Flows

## Estimated Net Flows to Mutual Funds and ETFs in \$Millions (12-month flows through 12/31/19)

Category	Active	Passive
U.S. Equity	(204,167)	162,768
Sector Equity	(28,931)	(2,432)
International Equity	(56,636)	60,439
Allocation	(41,213)	6,570
Taxable Bond	184,021	229,920
Municipal Bond	96,714	8,753
Alternative	(10,779)	2,156
Commodities	(435)	7,813
All Long Term	(61,426)	475,986

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 12/31/19.
2. Passive mutual funds and ETFs reported estimated net inflows totaling \$475.99 billion, compared to estimated net outflows totaling \$61.43 billion for those actively managed.
3. The largest amount of total net inflows in the period belonged to the Taxable and Municipal Bond categories at \$413.94 billion and \$105.47 billion, respectively.
4. The only active category garnering more interest from investors than their passive counterpart via net inflows was Municipal Bond.
5. Flows to International Equity funds were slightly positive in the period. The U.S. Equity and Sector Equity categories experienced net outflows.
6. 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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