

# Passive vs. Active Fund Flows

## Estimated Net Flows to Mutual Funds and ETFs in \$Millions (12-month flows through 6/30/20)

Category	Active	Passive
U.S. Equity	(236,374)	87,555
Sector Equity	(23,709)	22,912
International Equity	(87,843)	39,643
Allocation	(70,815)	397
Taxable Bond	85,649	172,023
Municipal Bond	41,595	10,133
Alternative	(18,141)	21,780
Commodities	(4,193)	40,015
All Long Term	(313,831)	394,459

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 6/30/20.
2. Passive mutual funds and ETFs reported estimated net inflows totaling \$394.46 billion, compared to estimated net outflows totaling \$313.83 billion for those actively managed.
3. The largest amount of total net inflows in the period belonged to the Taxable Bond, Municipal Bond and Commodities categories at \$257.68 billion, \$51.73 billion and \$35.82 billion, respectively.
4. The only active category garnering more interest from investors than their passive counterpart via net inflows was Municipal Bond.
5. Taxable Bond funds took in a net \$92 billion in June 2020. That is an all-time high for a single month. The spike in flows was due in part to the Federal Reserve ramping up its purchases of corporate bond ETFs, according to Morningstar.
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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