

# Investors Continue To Favor Passive Funds Over Those Actively Managed

## Estimated Net Flows to Mutual Funds and ETFs in \$Millions (12-Month through November 30, 2015)

Category	Active	Passive
U.S. Equity	(163,091)	106,809
Sector Equity	9,601	34,972
International Equity	33,442	174,818
Allocation	(13,805)	2,794
Taxable Bond	(59,953)	101,230
Municipal Bond	14,616	4,485
Alternative	7,237	8,308
Commodities	(3,260)	1,335
All Long Term	(175,211)	434,751

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) have clearly favored passive investing over active management for more than a year. Here is a link to a previous post ([click here to view](#)).
2. Passive mutual funds and ETFs reported net inflows totaling \$434.8 billion, compared to net outflows totaling \$175.2 billion for those actively managed (see chart).
3. The three asset classes/categories impacted the most have been U.S. Equity, International Equity and Taxable Bond.
4. One of the primary reasons for the increased interest in passive investing is the surge in the number of ETFs designed to replicate an index, in our opinion.
5. We intend to monitor net flows moving forward to see if this is just a phase, or perhaps the "new norm."

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