Retail Investors Have Favored Bonds Over Stocks In This Bull Market

Open-End Mutual Fund Flow Totals (Net)
March 2009-January 2015

View from the Observation Deck

1. From 3/09 through 1/15 (most recent monthly data), investors poured a net $1.1 trillion into open-end mutual funds. The lion’s share of the flows went to bond funds.

2. Investors poured a net $977.3 billion into bond mutual funds in the period, or 87% of all net inflows. Taxable Bond funds took in a net $890.8 billion, or 91% of all net bond flows.

3. Despite the bull market in equities, U.S. Equity funds reported net outflows totaling $430.7 billion. Investors, however, did funnel capital into World Equity and Hybrid funds, with net inflows totaling $335.2 billion and $244.8 billion, respectively.

4. Looking ahead, investors will be focused on the Federal Reserve, in our opinion. The last time the Fed raised the federal funds target rate (6/04-6/06) it hiked it from 1.00% to 5.25%, according to Bloomberg.

5. From 2004-2006, investors funneled a net $443 billion into Equity funds, well above the $115.8 billion and $70.2 billion in net inflows to Hybrid and Bond funds, respectively.

This chart is for illustrative purposes only.