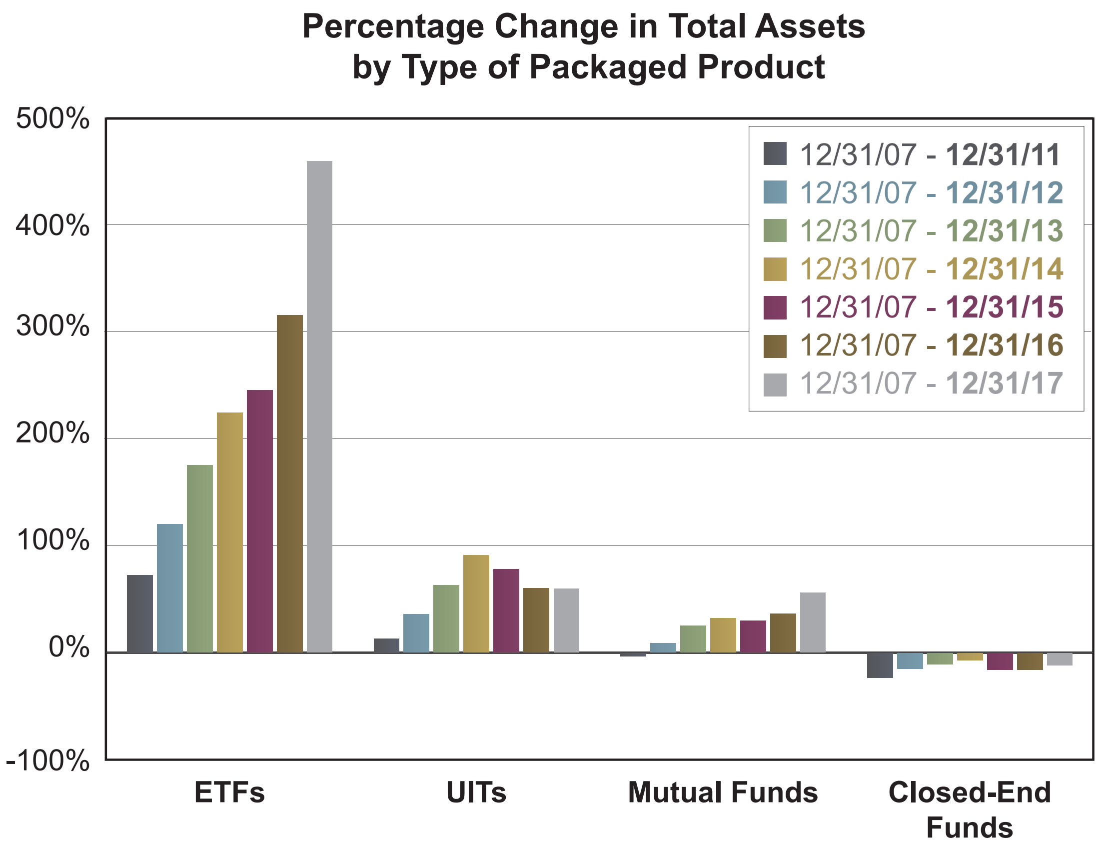
Passive Investment Vehicles Have Posted The Strongest Asset Growth Since The End Of 2007



Sources: Investment Company Institute, Strategic Insight Simfund

View from the Observation Deck

1. This marks the seventh calendar year in which we have tracked the asset growth of the four major types of packaged products since the close of 2007 (prior to financial crisis in 2008-2009).
2. The percentage change in the total assets invested in packaged products from 12/31/07 to 12/31/17 were as follows (chart): Exchange-Traded Funds (ETFs) (+459%); UITs (+60%); Mutual Funds (+56%); and Closed-End Funds (-12%).
3. From 2016 to 2017, total assets in each of the four major types featured in the chart fluctuated as follows: ETFs ($2.5 trillion vs. $3.4 trillion); UITs ($85 billion vs. $85 billion); Mutual Funds ($16.3 trillion vs. $18.7 trillion); and Closed-End Funds ($262 billion vs. $275 billion).
4. Last year, investors favored passive investing over active management. Data from Morningstar shows that estimated net flows to all "Active" long term mutual funds and ETFs totaled -$7 billion in 2017, while estimated net flows to all "Passive" funds and ETFs totaled $691.6 billion.
5. We have noted in previous blog posts that some industry pundits have predicted that ETFs, in time, will supplant mutual funds as the most popular packaged product. We intend to continue monitoring.