

Passive vs. Active Fund Flows

Estimated Net Flows to Mutual Funds and ETFs in \$Millions (12-Month flows through 12/31/18)

Category	Active	Passive
U.S. Equity	(174,145)	206,452
Sector Equity	(28,196)	2,320
International Equity	(38,416)	126,323
Allocation	(67,705)	3,429
Taxable Bond	15,418	110,330
Municipal Bond	5,607	6,217
Alternative	(15,933)	3,665
Commodities	2,658	(987)
All Long Term	(300,713)	457,748

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 in 2018.
2. Passive mutual funds and ETFs reported estimated net inflows totaling \$457.7 billion, compared to estimated net outflows totaling \$300.7 billion for those actively managed.
3. For comparative purposes, in 2017, passive mutual funds and ETFs reported estimated net inflows totaling \$691.6 billion, compared to estimated net outflows totaling \$7.0 billion for actively managed mutual funds and ETFs.
4. The two asset classes garnering the largest amount of net inflows in 2018 were Taxable Bond at \$125.7 billion and International Equity at \$87.9 billion.
5. The only active category garnering more interest from investors than their passive counterpart was Commodities.
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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