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 5/31/19.

2. Passive mutual funds and ETFs reported estimated net inflows totaling $461.6 billion, compared to estimated net outflows totaling $337.9 billion for those actively managed.

3. The three asset classes garnering the largest amount of net inflows in the period were Taxable Bond, U.S. Equity and Municipal Bond at $175.3 billion, $49.3 billion and $43.2 billion, respectively.

4. The only active category garnering more interest from investors than their passive counterpart via net inflows was Municipal Bond.

5. Flows to International Equity funds have stalled so far in 2019. Net inflows to this category totaled $239.4 billion in 2017 and $87.9 billion in 2018, according to Morningstar.

6. We intend to monitor net flows moving forward.

Source: Morningstar Direct Asset Flows. Includes liquidated and merged funds.