

Passive vs. Active Fund Flows

Estimated Net Flows to Mutual Funds and ETFs in \$Millions (12-month flows through 9/30/20)

Category	Active	Passive
U.S. Equity	(252,220)	10,744
Sector Equity	(15,811)	29,539
International Equity	(100,308)	51,281
Allocation	(80,136)	(202)
Taxable Bond	156,587	212,459
Municipal Bond	46,900	10,989
Alternative	(10,054)	26,515
Commodities	(2,727)	43,534
All Long Term	(257,769)	384,858

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) favored passive investing over active management on a massive scale for the 12-month period ended 9/30/20. This has been the case for the past several years.
2. Passive mutual funds and ETFs reported estimated net inflows totaling \$384.86 billion, compared to estimated net outflows totaling \$257.77 billion for those actively managed.
3. The largest amount of total net inflows (active and passive) in the period belonged to the Taxable Bond, Municipal Bond and Commodities categories at \$369.05 billion, \$57.89 billion and \$40.81 billion, respectively.
4. The only active category garnering more interest from investors than their passive counterpart via net inflows was Municipal Bond.
5. In the first nine months of 2020, open-end mutual funds have endured \$317 billion of outflows, compared to inflows totaling \$313 billion for ETFs, according to Morningstar. Open-end mutual funds are on pace for their worst calendar-year ever in terms of capital flows.
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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