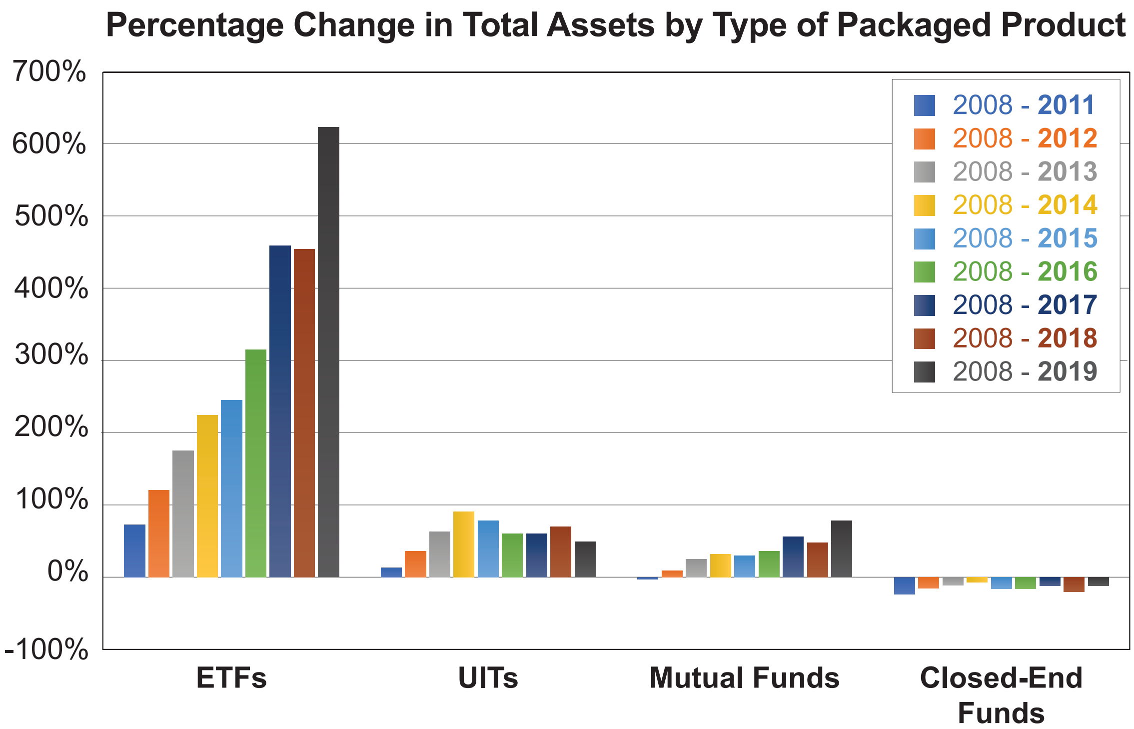
Passive Investment Vehicles Have Posted The Strongest Asset Growth Since The End Of 2007



Source: Investment Company Institute, Strategic Insight Simfund

View from the Observation Deck

1. This marks the ninth 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 2008 to 2019 were as follows (see chart): Exchange-Traded Funds (ETFs) (+623%); UITs (+49%); Mutual Funds (+78%); and Closed-End Funds (-12%).
3. With respect to mutual funds, data from the Investment Company Institute indicates that assets held in Passive (Index) funds rose 400.42% from 2008 through 2019, while Active fund assets increased just 66.14%. This clearly shows that passive investing is driving the growth in mutual fund assets.
4. From 2018 to 2019, total assets in each of the four major types featured in the chart fluctuated as follows: ETFs ($3.37 trillion vs. $4.40 trillion); UITs ($70 billion vs. $79 billion); Mutual Funds ($17.71 trillion vs. $21.29 trillion); and Closed-End Funds ($251 billion vs. $278 billion).
5. In 2019, 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 -$61.43 billion, while estimated net flows to all Passive funds and ETFs totaled $475.99 billion.
6. There is no doubt that passive investing continues to drive demand for packaged products.