



U.S. Intermediary-Sold Fund Distribution Review – 2014

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Executive Summary

Channel growth trends

- The Independent/Regional BD channel led net inflows to long-term mutual funds among intermediary-sold avenues in 2014 – depositing \$38 billion on a net basis during the year, including \$19 billion of net inflows to actively managed equity funds.
- RIAs net deposited roughly \$20 billion to long-term mutual funds in 2014, despite net redemptions of \$26 billion within the channel during the second half of the year – as events within the fixed income space (particularly Bill Gross' departure from Pimco) spurred RIAs to withdraw \$20 billion on a net basis from Taxable Bond mutual funds during H2'14.
- Private Banks saw aggregate mutual fund cash flows slow during 2014 to -\$1.8 billion, following two consecutive years of over \$35 billion of net deposits. Outflows within the channel were primarily concentrated in Q4'14, which saw more than \$15 billion of net redemption.

Investor demand trends

- International/Global Equity demand was strong within the intermediary-sold space in 2014 – led by developed International market strategies. In total, non-U.S. equity funds ranked as the top net inflow fund type within each of the RIA, Wirehouse, Private Bank and Bank channels during the year (while also seeing substantive net deposits via Independent/Regional BDs).
- Demand for income and yield were also prevalent characteristics among a range of top-selling categories across channels in 2014.
 - Income-focused Balanced/Allocation strategies continue to make up an important component of investor and advisor demand – particularly within the Independent/Regional BD channel, where Balanced/Allocation funds in total attracted nearly \$15 billion of net inflows during 2014.
 - Multi-Sector Income and Alternative Credit strategies also saw strong demand across channels in 2014, while Energy MLP funds ranked among the top net inflow categories via Wirehouse advisors.

Data included in this report is sourced from Strategic Insight's Simfund Pro, 7.0 database. The data includes open-end mutual funds and ETFs, and excludes money market and closed-end funds.



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ETFs

- RIAs led demand for ETFs for the second consecutive year, net depositing roughly \$48 billion to such funds during 2014 (up from \$39 billion in 2013). Private Banks attracted the second-highest ETF inflows, contributing \$37 billion in 2014.
- While ETF demand continues to be dominated by U.S. Equity exposures, Taxable Bond ETFs experienced a surge in flows during 2014 – garnering \$46 billion of net deposits at an overall industry level (spurred by \$20 billion during Q4, with some of this total likely attributable to “transition management” after the events at Pimco.)

About this report

This ongoing report series from Strategic Insight provides highlights of mutual fund and ETF distribution trends by channel, based on the intermediary-sold fund distribution data transparency contained in Simfund Pro, 7.0. This data encompasses asset and net flow information (updated monthly) for \$8.5 trillion of open-end stock and bond mutual fund and exchange-traded fund (ETF) assets across over 900 distributors and nine distribution channels (descriptions of each channel and of the top distributors can be found [here](#)). More information on Simfund Pro, 7.0 can be found [here](#).

This report focuses on full year 2014 results. It contains an executive summary and two main sections:

- Section I – Assessing the Intermediary-Sold Marketplace
 - Mutual Fund Growth Trends by Distribution Channel
 - Mutual Fund Demand Trends by Distribution Channel
 - ETF Growth Trends by Distribution Channel
 - ETF Demand Trends by Distribution Channel
- Section II – Channel Snapshots
 - RIA
 - Independent/Regional Broker-Dealer
 - Wirehouse
 - Bank & Trust

Note: All Wirehouse channel data in this report excludes Merrill Lynch data – except where SI estimations are specifically noted in footnotes to certain graphs in Section I. In addition, all references to the RIA channel include both the RIA and Dual Registered channels within Simfund Pro, 7.0.

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