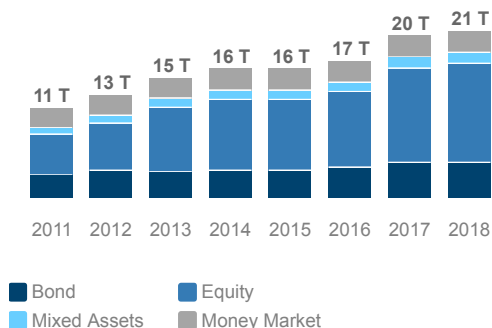


FundFlash Monthly Snapshot of US Trends



Assets by investment type (\$T)



Jan 2018 net sales of long term funds

\$122.9 B

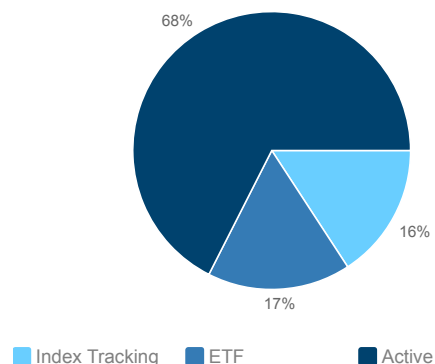
Dec 2017 net sales of long term funds

\$1.7 B

Asset Growth month on month

+4.41%

Asset split by strategy



January in brief

- Investors started the New Year with a big push into actively managed bond funds, socking away \$32 billion despite rising interest rate fears. Actively managed equity funds saw just under \$6.6 billion pulled from them, the lowest amount since February 2017. Investors seemed to use about \$41 billion of the cash stash they built in November and December last year (over \$100 billion) to fund their bond purchases and maybe pay off those Christmas bills.

- Stock markets started 2018 with a bang as the Dow Jones Industrials Average spiked 5.9% for its best monthly gain in almost two years. Small-caps lagged large and utilities stocks retreated under the looming shadow of higher interest rates, which make their dividends appear less attractive.

- Net sales of index-tracking products (including mutual funds and ETFs) had their best month since last January, hauling in roughly \$29.7 billion.

- Net sales of all ETF products (including actively managed ones) jumped considerably, taking in \$68.3 billion as investors snapped up \$56.7 billion of equities (an exceptional amount) while continuing to feed their modest appetite for bonds (\$9.5 billion).

- Vanguard reclaimed the top spot in terms of inflows by complex, taking in just under \$33 billion, and was followed by State Street (+\$23 billion) and BlackRock (+\$20 billion). Vanguard placed four index funds in the top ten best-sellers list, while American Funds saw its Tax-Exempt Bond Fund of America take in \$2.6 billion for a ninth-place finish—tops among active funds.

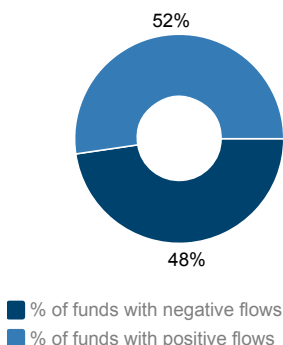
Wages, Energy, Yields All Trend Higher

The Labor Department's recent data release showed wages grew 2.9% in January—their fastest in eight years—as several states raised their minimum wage at the start of the year, a near-record 6 million job openings went unfilled, and job growth posted a record 88th-consecutive month of net gains. While the 10-year Treasury yield jumped to a four-year high of 2.84% following the labor data release, throughout January the move from 2.46% to 2.72% was more of a steady march higher as traders factored in three rate hikes by the new Jerome Powell-led Federal Reserve board. Meanwhile, energy prices continued to climb as domestic crude (WTI) hit \$60/bbl for the first time in nearly three years. Global economic growth appears synchronized as European bourses also recorded near-record highs as European Union GDP grew 2.5% in 2017, where the central bank remains accommodative and left its policy unchanged at the January meeting. Not to be left out, emerging markets also piled on the gains, most notably Brazil, where the Bovespa rose 17%, and China (up 12%).

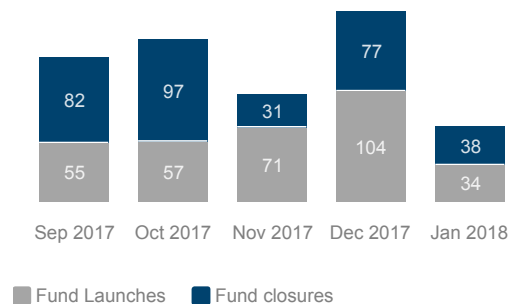
Looking ahead

A quick jump in U.S. Treasury yields upset the market in February as volatility—which had been muted for the past few years—suddenly rose to life and shook an angry fist at complacent investors. The most exposed—so-called “short vol” traders—rushed to cover their positions and spooked everyone else, but the contagion was contained and it reminded us again that risk cannot be avoided indefinitely. As the U.S. and other nations step away from highly accommodative monetary policies toward more normal ones and the business cycle starts to show its age, we expect volatility to remain elevated.

Flow sentiment



Fund launches & closures



Net sales by investment type - Latest month (\$bn)

Fund Investment Type	Active	Index Tracking	ETF
Bond	32.0 B	14.7 B	9.5 B
Commodity	1.4 B	0.0 B	0.9 B
Equity	-6.6 B	14.9 B	56.7 B
Mixed Assets	-0.1 B	-0.1 B	0.1 B
Other	-0.7 B	0.1 B	1.1 B
Sum	26.1 B	29.7 B	68.2 B
Money Market	-41.8 B		

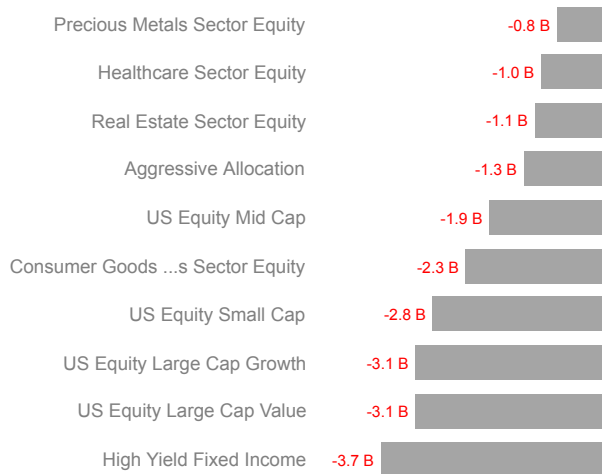
Top selling groups - Latest month (\$bn)

Master Group	Assets	Net Sales
Vanguard	4,511.4 B	33.0 B
State Street	704.0 B	23.1 B
BlackRock	1,666.1 B	20.3 B
Fidelity	1,562.7 B	8.1 B
Capital Int	1,614.5 B	7.7 B
PIMCO	353.0 B	4.5 B
Charles Schwab	196.1 B	4.0 B

Top 10 selling funds - Latest month (\$m)

Fund Name	Launch Date	Strategy	Morningstar Global Category	Net Sales
SPDR S&P 500 ETF Trust	1993-01	Passive	US Equity Large Cap Blend	13,147
Vanguard Total Bond Market II Index Fund	2009-01	Passive	US Fixed Income	8,168
iShares Core S&P 500 ETF	2000-05	Passive	US Equity Large Cap Blend	6,379
Vanguard 500 Index Fund	1976-08	Passive	US Equity Large Cap Blend	4,790
iShares Core MSCI Emerging Markets ETF	2012-10	Passive	Emerging Markets Equity	3,248
iShares MSCI Emerging Markets ETF	2003-04	Passive	Emerging Markets Equity	3,083
iShares Core MSCI EAFE ETF	2012-10	Passive	Global Equity Large Cap	2,947
Vanguard Total Stock Market Index Fund	1992-04	Passive	US Equity Large Cap Blend	2,798
American Funds Tax-Exempt Bond Fund of America	1979-10	Active	US Municipal Fixed Income	2,608
Vanguard Total International Bond Index Fund	2013-05	Passive	Global Fixed Income	2,513

Bottom 10 selling sectors - Latest month (\$bn)



Top 10 Sectors selling sectors - Latest month (\$bn)



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Data in USD as at: Jan 2018

