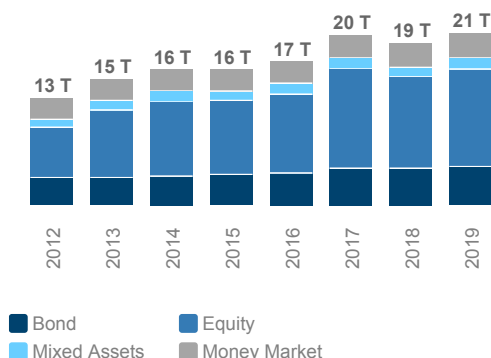


# FundFlash Monthly Snapshot of US Trends



Assets by investment type (\$T)



Jan 2019 net sales of long term funds

**\$30.8 B**

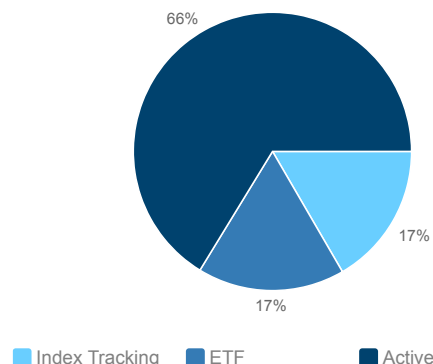
Dec 2018 net sales of long term funds

**-\$119.9 B**

Asset Growth month on month

**+6.54%**

Asset split by strategy



## January in brief

- The stock market rebound that began at the end of December continued into January and set up the S&P 500 for its best January performance (+8.0%) since a 13.5% explosion in January 1987—and we all remember how that year went, right?
- Stock market returns revealed that traders took a “risk-on” attitude, sending economically sensitive stocks well ahead of defensive ones. Fund investors also showed some appetite for risk as they allocated a net \$800 million in new purchases of active equity funds (both mutual funds and ETFs) as well as a net \$9.9 billion to active bond products. Overall, January’s flows data was rather mild with just \$6.1 billion directed to money market funds for a grand total of \$13.1 in net flows to actively managed products, including all asset types.
- Net sales of index-tracking products of all types slowed down from December’s +\$63.6 billion to \$23.7 billion in January. Passive bond fund inflows reached \$27.4 billion and passive equity products had outflows of \$5.3 billion.
- Net sales of all ETF products (including actively managed ones) nosedived from December’s solid \$36.3 billion to negative \$2.3 billion in January. While fixed income funds saw inflows of \$15.7 billion, investors dumped a net \$20.0 billion of equity ETFs.
- PIMCO Income Fund was the top-selling actively managed fund in January, with net inflows of \$1.9 billion. Six of the ten best-sellers in January were from Vanguard, which led the race across firms with \$19.8 billion in net sales in January—better than the next four companies combined.

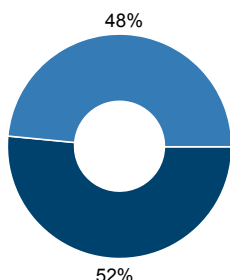
## Markets Rally, Large-Caps Emerge from Correction

A 35-day Federal government shutdown led some to ponder whether it would have any spillover effects to the private sector, but early results suggested limited collateral damage as employers added over 300,000 jobs to mark the 100th consecutive month of job gains. In addition to stocks, oil prices also jumped 18% and bonds, led by the benchmark 10-year Treasury, rebounded as well. After investors got over the initial shock of December’s rate hike good news came from both the Fed and the European Central Bank, which both hinted that tighter monetary policies would be paused. For its part, the Fed refrained from hiking at its January meeting and meeting minutes also revealed a willingness to slow the portfolio wind-down that has removed liquidity from bond markets. US-China trade talks continue to captivate markets and progress is slow. Officially, China’s economy grew 6.6% in 2018, the slowest year since 1990, and China-watchers expect further slowing this year.

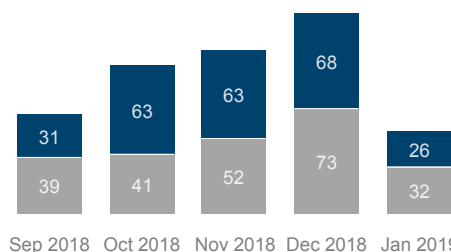
## Looking ahead

As US-China trade negotiations head into a final round ahead of an expected March-end summit, many details have yet to be hammered out and extending negotiations could risk fatiguing markets. Conflicting comments from White House officials have not helped to improve perceptions of the talks, with some pumping their fists over the deal making (economic advisor Larry Kudlow said, “the progress has been terrific”) while others, like Commerce Secretary Wilbur Ross, proclaim the two sides remain “miles and miles apart.” Until the two sides unveil the product of their negotiations, markets will be left to guess on the state of progress and eventual outcomes, which spells more downside risk for investors and higher consumer prices for products affected by the increased tariffs.

Flow sentiment



Fund launches & closures



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

Fund Investment Type	Active	Index Tracking	ETF
Bond	9.9 B	11.7 B	15.7 B
Commodity	-0.2 B	0.0 B	2.1 B
Equity	0.8 B	14.6 B	-20.0 B
Mixed Assets	-3.0 B	-0.2 B	0.0 B
Other	-0.5 B	0.0 B	-0.2 B
<b>Sum</b>	<b>7.0 B</b>	<b>26.1 B</b>	<b>-2.3 B</b>
Money Market	6.1 B		

Top selling groups - Latest month (\$bn)

Master Group	Assets	Net Sales
Vanguard	4,501.4 B	19.8 B
Fidelity	1,514.0 B	5.2 B
Charles Schwab	220.5 B	4.4 B
Dimensional	419.5 B	4.3 B
Capital Group	1,540.3 B	3.6 B
TIAA	211.5 B	2.1 B
JP Morgan AM	306.5 B	1.7 B

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

Fund Name	Launch Date	Strategy	Morningstar Global Category	Net Sales
Vanguard Total Bond Market II Index Fund	2009-01	Passive	US Fixed Income	6,888
Fidelity 500 Index Fund	1988-02	Passive	US Equity Large Cap Blend	5,155
iShares Core MSCI Emerging Markets ETF	2012-10	Passive	Global Emerging Markets Equity	4,258
Vanguard Short-Term Corporate Bond ETF	2009-11	Passive	US Fixed Income	3,040
Vanguard Intermediate-Term Corporate Bond ETF	2009-11	Passive	US Fixed Income	2,657
Vanguard Total International Stock Index Fund	1996-04	Passive	Global Equity Large Cap	2,207
PIMCO Income Fund	2007-03	Active	US Fixed Income	1,866
Vanguard S&P 500 ETF	2010-09	Passive	US Equity Large Cap Blend	1,847
Vanguard Total International Bond Index Fund	2013-05	Passive	Global Fixed Income	1,796
iShares Edge MSCI USA Quality Factor ETF	2013-07	Passive	US Equity Large Cap Blend	1,791

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

Consumer Goods ...s Sector Equity	-1.2 B
Europe Equity Large Cap	-1.4 B
Industrials Sector Equity	-1.7 B
Financials Sector Equity	-1.7 B
Technology Sector Equity	-2.0 B
US Equity Large Cap Value	-2.4 B
US Equity Large Cap Growth	-2.6 B
Energy Sector Equity	-2.7 B
Moderate Allocation	-2.7 B
US Equity Large Cap Blend	-3.4 B

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

US Fixed Income	26.7 B
Global Emerging Markets Equity	10.4 B
Target Date	8.0 B
US Municipal Fixed Income	6.9 B
Global Fixed Income	2.6 B
Commodities Specified	2.3 B
Emerging Markets Fixed Income	2.0 B
Global Equity Large Cap	2.0 B
Global Equity Mid/Small Cap	1.5 B
Communications Sector Equity	1.1 B

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Data in USD as at: Jan 2019

