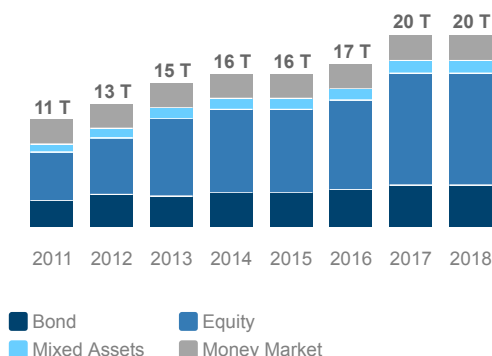


FundFlash Monthly Snapshot of US Trends



Assets by investment type (\$T)



Mar 2018 net sales of long term funds

\$7.5 B

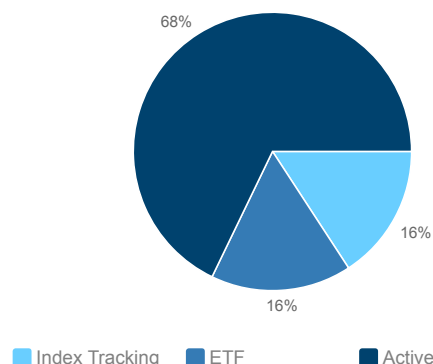
Feb 2018 net sales of long term funds

-\$13.7 B

Asset Growth month on month

-0.94%

Asset split by strategy



March in brief

- For a second month, volatility remained elevated but surprisingly fund investors didn't bail on long-term actively managed products (including mutual funds and ETFs): by our estimates just \$50 million dollars was withdrawn. Active bond products had inflows of about \$8.5 billion, which were nearly matched by outflows of \$6.5 billion from equities and \$2.9 billion from mixed assets (miscellaneous categories made up the balance). Seasonal outflows of \$48.8 billion from money market funds were noted, as investors perhaps got a jump on their tax filings. For some perspective on how volatile equities performed in March, the S&P 500 index recorded nine daily swings of over 1%—just eight such moves were made in all of 2017.

- Fears of a full-blown trade war rose after President Trump proposed \$150 billion in new tariffs targeting Chinese products for what he deemed as unfair trading practices. In response, China targeted 106 American products—such as soybeans and cars—for tariffs of 25%, though timetables weren't immediately announced. After China's announcement, the Dow dropped 450 points on the day.

- Net sales of index-tracking products (including mutual funds and ETFs) remained positive as bond funds had inflows of \$4.6 billion. Flows into passive equity products were exceptionally low (only \$1.4 billion), as volatility caused investors to back off the throttle.

- Net sales of all ETF products (including actively managed ones) were negative for a second month as investors withdrew \$12.7 billion from them after recording \$9.6 billion of outflows the previous month. Bond ETFs had relatively small inflow activity (about \$1.5 billion) as investors backed away from them out of an abundance of caution over the speed of interest rate raises.

- Among top-selling products in February, passives accounted for nine of the top ten and the lone active fund to make the list was PIMCO's Income Fund with inflows of \$1.3 billion. As one indicator of investor uneasiness with interest rates, the iShares Short Treasury Bond ETF (SHV) had the fourth-highest flows (+\$1.4 billion).

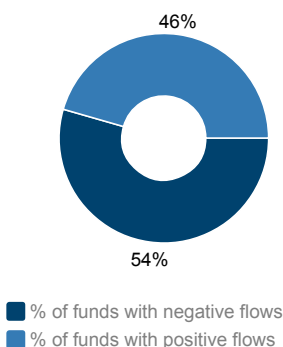
Techs Swoon, Small-Caps Finish Up

After fatal car wrecks involving Uber and Tesla products and a data harvesting scandal shook Facebook, the tech sector had a regrettable month of performance and the Nasdaq dropped 2.9%. Favorable economic data kept traders' heads held high and they found values in the small-cap space and sent the Russell 2000 up 1.3%. The Fed raised rates another quarter-point—as expected—but between protectionist saber-rattling, easing inflation, and the noted volatility in equities, bond prices rose in March to send the 30-year Treasury to its lowest level in two months. The wider Bloomberg Barclays U.S. Aggregate Bond index rose 64 basis points while high yield benchmarks typically fell 30-40 basis points.

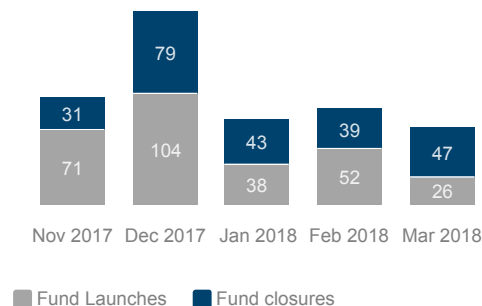
Looking ahead

Economic indicators continue to point toward supportive fundamentals and growth remains healthy, if not hinting at some overheating. Recession risks remain muted and while a flattening yield curve gets a fair bit of attention as a recession warning, it seems merely coincidental with a Fed that's confident the U.S. economy can withstand a measured monetary tightening path. The one area that cautious investors might keep their eyes open for overleveraging, corporate debt, is getting near worrisome levels as the Bank for International Settlements pegs the current debt servicing ratio at 41.2. On the eve of The Great Recession, that figure touched 44.7.

Flow sentiment



Fund launches & closures



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

Fund Investment Type	Active	Index Tracking	ETF
Bond	8.5 B	3.8 B	1.5 B
Commodity	0.7 B	-0.1 B	0.9 B
Equity	-6.5 B	18.0 B	-16.0 B
Mixed Assets	-2.9 B	0.3 B	0.1 B
Other	0.2 B	-0.0 B	0.4 B
Sum	0.0 B	22.1 B	-13.2 B
Money Market	-48.8 B		

Top selling groups - Latest month (\$bn)

Master Group	Assets	Net Sales
Vanguard	4,343.7 B	15.2 B
PIMCO	353.6 B	2.3 B
Charles Schwab	191.0 B	2.1 B
Dimensional	425.6 B	1.9 B
Capital Int	1,544.2 B	1.9 B
JPMorgan AM	300.0 B	1.6 B
First Trust	58.3 B	1.6 B

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

Fund Name	Launch Date	Strategy	Morningstar Global Category	Net Sales
Vanguard Total Stock Market Index Fund	1992-04	Passive	US Equity Large Cap Blend	6,102
Vanguard Total International Stock Index Fund	1996-04	Passive	Global Equity Large Cap	5,196
iShares Core MSCI EAFE ETF	2012-10	Passive	Global Equity Large Cap	4,724
iShares Short Treasury Bond ETF	2007-01	Passive	US Fixed Income	1,819
iShares Russell 2000 ETF	2000-05	Passive	US Equity Small Cap	1,784
Vanguard Total Bond Market II Index Fund	2009-01	Passive	US Fixed Income	1,553
Select Sector Consumer Staples Select Sector SPDR Fund	1998-12	Passive	Consumer Goods & Services Sector Eq	1,530
Vanguard 500 Index Fund	1976-08	Passive	US Equity Large Cap Blend	1,415
iShares Core MSCI Emerging Markets ETF	2012-10	Passive	Emerging Markets Equity	1,397
PIMCO Income Fund	2007-03	Active	US Fixed Income	1,286

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

Aggressive Allocation	-1.0 B
Real Estate Sector Equity	-1.4 B
US Equity Mid Cap	-1.5 B
Japan Equity	-1.6 B
Cautious Allocation	-1.6 B
US Equity Large Cap Growth	-1.9 B
US Equity Large Cap Value	-3.0 B
Europe Equity Large Cap	-3.2 B
High Yield Fixed Income	-3.4 B
US Equity Large Cap Blend	-16.3 B

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

Global Equity Large Cap	16.9 B
US Fixed Income	13.3 B
Target Date 2021-2045	6.4 B
Other Fixed Income	2.6 B
Emerging Markets Equity	2.6 B
Target Date 2046+	2.4 B
US Equity Small Cap	1.5 B
Technology Sector Equity	1.4 B
US Municipal Fixed Income	1.3 B
Financials Sector Equity	1.3 B

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Data in USD as at: Mar 2018

