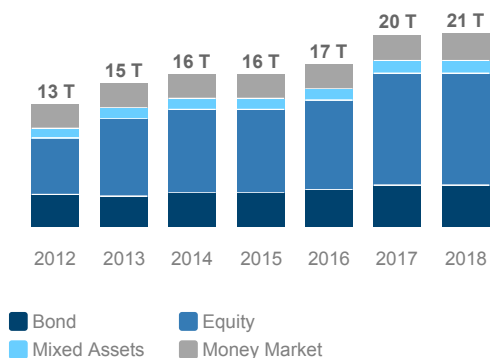


FundFlash Monthly Snapshot of US Trends



Assets by investment type (\$T)



Nov 2018 net sales of long term funds

-\$14.6 B

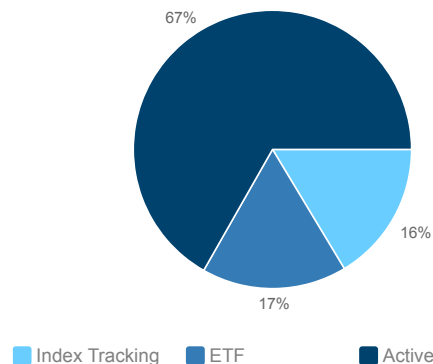
Oct 2018 net sales of long term funds

-\$41.2 B

Asset Growth month on month

+1.28%

Asset split by strategy



November in brief

• U.S. stock indices moved higher in November, especially in the days shortly before and after mid-term elections where a shift in the House gave Democrats a majority, as a divided Washington calmed investors and assured a slowing of policy changes. However, trade negotiations with China fueled volatility over the next few weeks before Fed Chairman Powell spoke about short-term rates as “just below” neutral and market rallied to end the month.

• Economic data shifted a bit as well: October’s weekly jobless claims increased and retail sales leveled off, although some observers attributed both of those to weather-related events in September. Worried investors sought the solace of cash, pulling a net \$21.2 billion from active bond funds for the second month in a row and yanked \$33.6 billion from active equity products. Meanwhile, investors directed a whopping \$95.1 billion to money market funds as they waited for things to settle down. For the year, all active equity fund products had outflows of -\$173.9 billion.

• Net sales of index-tracking products of all types jumped from +\$17.6 billion in October to +\$52.1 billion in November. Passive equity fund inflows came in at +\$40.5 billion and passive bond products had inflows of \$10.8 billion.

• Net sales of all ETF products (including actively managed ones) rebounded from October’s paltry \$2.4 billion to over \$42.4 billion in November, a \$10 billion improvement over the year-ago figure.

• Just one actively managed product made the top ten inflows list in November: the very popular, five star-rated Lord Abbett Ultra Short Bond Fund (+\$1.6 billion). Five of the ten best-sellers were from the iShares brand, which helped BlackRock double Vanguard’s \$10 billion net sales.

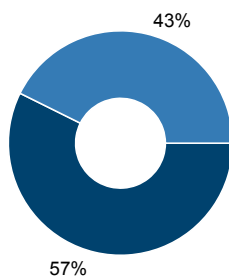
What is the bond market telling us?

Concerns have been raised about the smaller and smaller spreads between two- and ten-year Treasury note yields, which may foretell a near-term recession when the difference turns negative. This spread has been narrowing throughout 2018 from 78 basis points in February to just 21 by the end of November, as the Fed has reduced stimulus and bumped up overnight rates. Meanwhile, corporations continued to gorge on cheap longer-term bond rates to fund stock buybacks. Should borrowing cost rise enough to crimp the flurry of buyback activity, investors may continue to sour on equities knowing that per-share earnings data is likely to stumble in the quarters ahead.

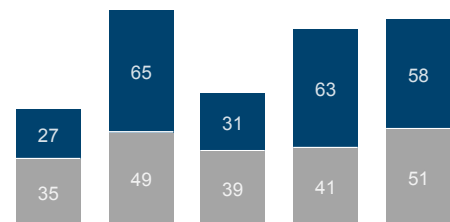
Looking ahead

While Fed watchers parse the meaning of Chairman Powell’s “just below” remark, we should also note the current level and direction of inflation remains muted and steady—neither a condition where the Fed would need to react quickly. If markets expect zero rate hikes in 2019, they’re likely to be disappointed as the Fed has been committed to following a path to “normalization” that hasn’t crimped the economy while standing defiantly against the political pressure to err on the side of loose money.

Flow sentiment



Fund launches & closures



■ % of funds with negative flows
■ % of funds with positive flows

■ Fund Launches ■ Fund closures

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

Fund Investment Type	Active	Index Tracking	ETF
Bond	-21.2 B	0.4 B	10.4 B
Commodity	-0.8 B	0.0 B	0.4 B
Equity	-33.6 B	9.2 B	31.3 B
Mixed Assets	-10.9 B	0.0 B	0.1 B
Other	-0.3 B	0.0 B	0.2 B
Sum	-66.7 B	9.7 B	42.4 B
Money Market	95.1 B		

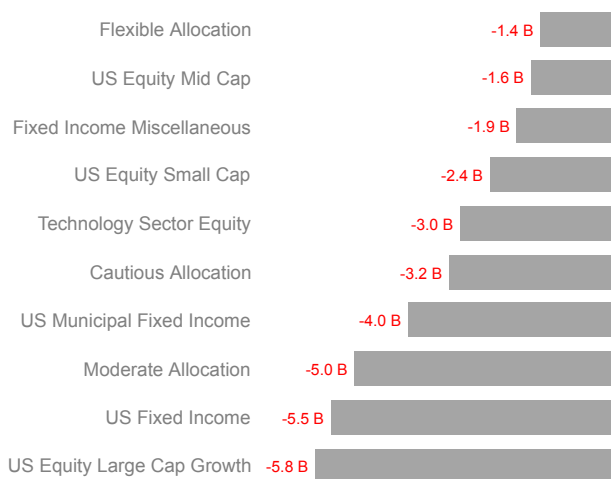
Top selling groups - Latest month (\$bn)

Master Group	Assets	Net Sales
BlackRock	1,640.9 B	20.1 B
Vanguard	4,476.3 B	10.5 B
State Street	651.1 B	7.1 B
Charles Schwab	215.0 B	3.1 B
Fidelity	1,512.3 B	1.6 B
Lord Abbett	133.5 B	1.3 B
Blackstone	6.9 B	0.8 B

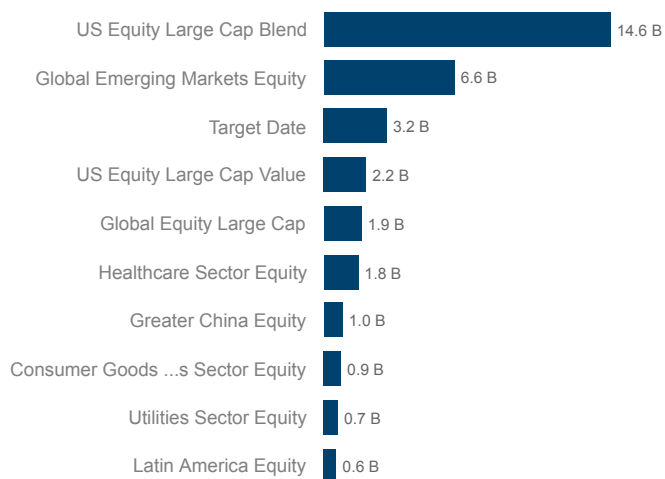
Top 10 selling funds - Latest month (\$m)

Fund Name	Launch Date	Strategy	Morningstar Global Category	Net Sales
SPDR S&P 500 ETF Trust	1993-01	Passive	US Equity Large Cap Blend	5,710
Fidelity 500 Index Fund	1988-02	Passive	US Equity Large Cap Blend	3,839
iShares Core MSCI Emerging Markets ETF	2012-10	Passive	Global Emerging Markets Equity	3,173
Vanguard Total Stock Market Index Fund	1992-04	Passive	US Equity Large Cap Blend	2,653
iShares 1-3 Year Treasury Bond ETF	2002-07	Passive	US Fixed Income	2,394
iShares Edge MSCI Minimum Volatility USA ETF	2011-10	Passive	US Equity Large Cap Blend	1,878
SPDR Bloomberg Barclays 1-3 Month T-Bill ETF	2007-05	Passive	US Fixed Income	1,708
iShares Short Treasury Bond ETF	2007-01	Passive	US Fixed Income	1,673
Lord Abbett Ultra Short Bond Fund	2016-10	Active	US Fixed Income	1,577
iShares Russell 1000 Value ETF	2000-05	Passive	US Equity Large Cap Value	1,534

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



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



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Data in USD as at: Nov 2018

