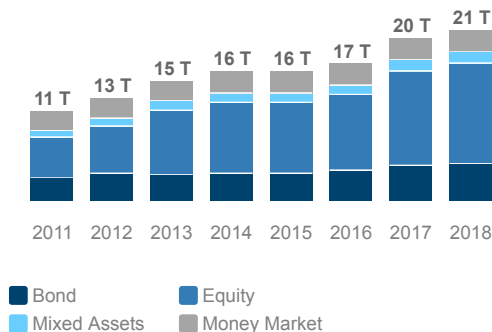


FundFlash Monthly Snapshot of US Trends



Assets by investment type (\$T)



Sep 2018 net sales of long term funds

\$22.8 B

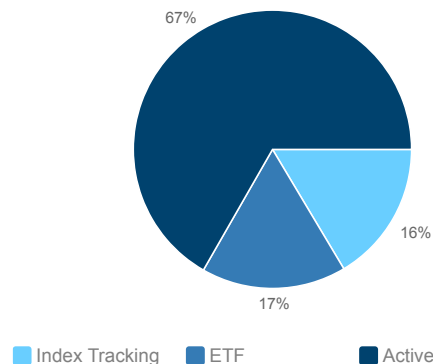
Aug 2018 net sales of long term funds

\$12.4 B

Asset Growth month on month

-0.05%

Asset split by strategy



September in brief

- Data pointing to higher wages and interest rates ahead pulled down small-caps while traders were convinced large-caps still had more runway ahead of them. When all was said and done, investors withdrew further from active equity funds (mutual funds and ETFs) and pulled \$28.9 billion from them, the fifth consecutive month these products have had outflows and the largest monthly outflow this year. Active bond products had inflows of about \$7.4 billion (down a bit from August's \$9.0 billion) and money market funds had outflows of \$9.6 billion. Year to date, active equity products have outflows of \$112.6 billion and active bond products have taken in \$78.6 billion.

- Some domestic stock benchmarks hit all-time highs in September while others dropped slightly. Leading the way, the Dow Jones Industrial Average popped 1.97% and the S&P 500 climbed 0.57%, while the small-cap focused Russell 2000 sank 2.4%. The S&P 500 had its best quarter (+7.2%) in five years.

- Net sales of index-tracking products of all types shot up from +\$30.5 billion in August to +\$45.2 billion in September, the highest since January's stellar inflows of \$95.9 billion. Passive equity fund flows came in at a whopping \$34.9 billion and passive bond products picked up from August's \$9.3 billion to \$10.6 billion.

- Net sales of all ETF products (including actively managed ones) climbed from \$20.8 billion in August to \$24.9 billion in September as investors favored equities over bonds by a wide margin.

- Only one actively managed product made the top ten inflows list in September: Vanguard's Institutional Intermediate-Term Bond Fund (+\$1.4 billion). Equity products dominated the list and six of the ten were from Vanguard. By firm, Vanguard topped second place State Street by a wide margin, +\$27.7 billion to +\$7.8 billion, and was followed by BlackRock, First Trust, and Lord Abbett.

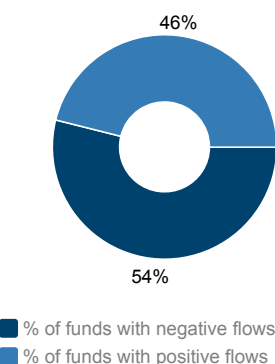
Trade Tensions Diminish

U.S. stock indexes were mixed this month as large-caps outperformed small-caps and growth narrowly beat out value. Sectors showed a wide disparity of returns as well, with energy stocks lifted by Brent oil prices touching \$80/barrel and healthcare moving higher as political headwinds have shifted to trade policy, which has very light implications for the sector. Conversely, higher interest rates pummeled real estate (the FTSE NAREIT index fell 2.6%) and the utilities sector also posted negative returns. In fixed income, the Bloomberg Barclays U.S. Aggregate Bond index returned -0.64% as Treasury yields increased across the yield curve (bond prices move inversely with yields). As expected, the Fed approved another rate hike at its September meeting and, according to Bloomberg, bond traders are now pricing in a 73% likelihood of a fourth rate hike in December.

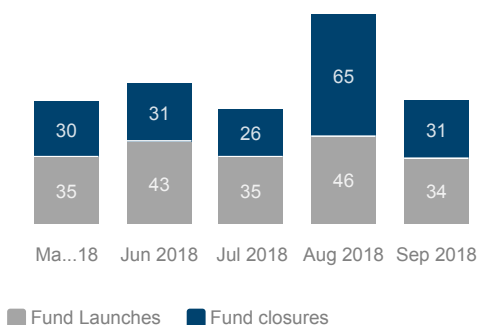
Looking ahead

The Conference Board reported that consumer confidence hit another 18-year high in September, besting the previous high mark set in August. History reveals that the all-time mark of 144 was set in January 2000, which is about six points ahead of current levels. Is this evidence of consumers keeping the pedal to the metal or a harbinger of disappointment (we all remember what happened in spring of 2000, right?).

Flow sentiment



Fund launches & closures



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

Fund Investment Type	Active	Index Tracking	ETF
Bond	7.4 B	6.8 B	5.4 B
Commodity	0.2 B	-0.1 B	0.0 B
Equity	-23.9 B	13.2 B	21.9 B
Mixed Assets	-6.0 B	0.2 B	0.0 B
Other	0.1 B	-0.0 B	-0.0 B
Sum	-22.1 B	20.2 B	27.2 B
Money Market	-9.6 B		

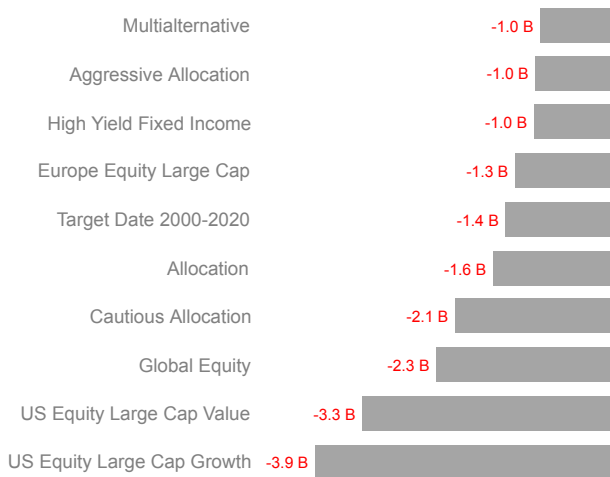
Top selling groups - Latest month (\$bn)

Master Group	Assets	Net Sales
Vanguard	4,653.6 B	27.7 B
State Street	680.9 B	7.8 B
BlackRock	1,695.5 B	4.5 B
First Trust	69.7 B	1.1 B
Lord Abbett	134.5 B	1.1 B
Charles Schwab	221.3 B	1.0 B
Fidelity	1,613.5 B	0.8 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	8,249
Vanguard Total International Stock Index Fund	1996-04	Passive	Global Equity Large Cap	5,798
Vanguard S&P 500 ETF	2010-09	Passive	US Equity Large Cap Blend	4,461
Vanguard 500 Index Fund	1976-08	Passive	US Equity Large Cap Blend	4,082
SPDR S&P 500 ETF Trust	1993-01	Passive	US Equity Large Cap Blend	3,829
iShares 20+ Year Treasury Bond ETF	2002-07	Passive	US Fixed Income	2,423
iShares Russell 2000 ETF	2000-05	Passive	US Equity Small Cap	2,284
Vanguard Total Bond Market II Index Fund	2009-01	Passive	US Fixed Income	1,990
Select Sector Communication Services Select Sector SPDR F	2018-06	Passive	Communications Sector Equity	1,487
Vanguard Institutional Intermediate-Term Bond Fund	2015-06	Active	US Fixed Income	1,382

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



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



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Data in USD as at: Sep 2018

