 **Global Market
Intelligence**

FundFlash US

May 2020

FundFlash provides a summary of the regional trends and developments in the funds market over the previous month.

The report is built using the Global Market Intelligence (GMI) funds module which tracks \$50trn in global funds assets with unique views of distributor and internationally sold business.

GMI Funds sits alongside our Institutional module and together is relied on by over 100 asset managers as their source for global asset management market intelligence.

THE MONTH IN REVIEW

Volatility declined in May and many equity benchmarks climbed higher in the face of adversity: the S&P 500 gained 4.8% despite Labor Department data that showed the U.S. unemployment rate touched 14.7%. Emerging markets struggled to find gains as the MSCI China index returned -0.5% as investors took a dim view of China’s handling of recent events in Hong Kong and the tensions it has added to China-U.S. trade talks.

PRODUCTS

Inflows to active mutual funds reversed course as investors regained some confidence in fixed income managers. Investors sensed a buying opportunity in high yield (especially “fallen angel” types) and municipal debt funds.

DISTRIBUTORS

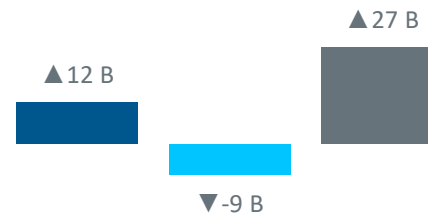
Most channels saw modest organic growth in May, with advisor-led types (such as RIA, Wirehouse, and IBD) leading the way while the investor-led Online channel lagged a bit.

COMPETITION

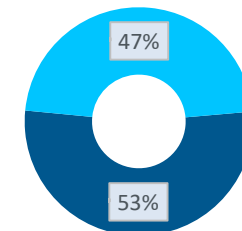
Firms with a passion for passive had the strongest net inflows in May, taking three of the top five positions. Once again, Dimensional (DFA) suffered the most net outflows as investors redeemed \$4.0 billion after April’s net outflow of \$3.3 billion. DFA is facing headwinds as small cap and value stocks (which tend to get overweighted in DFA’s portfolios) have lagged large cap and growth.

May OVERVIEW

ACTIVE VS PASSIVE FLOW, \$B

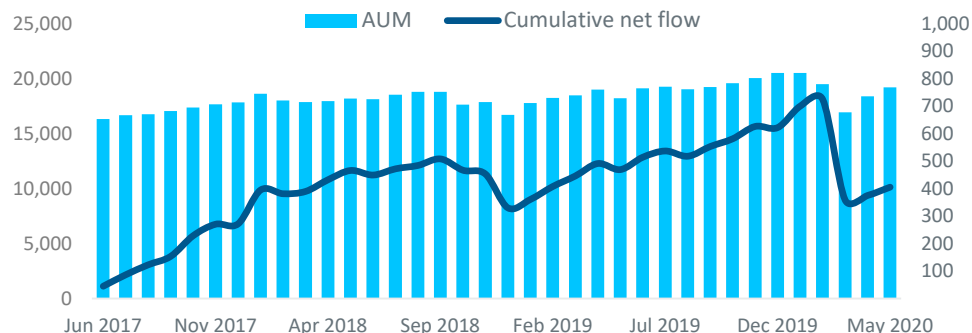


FLOW SENTIMENT, %

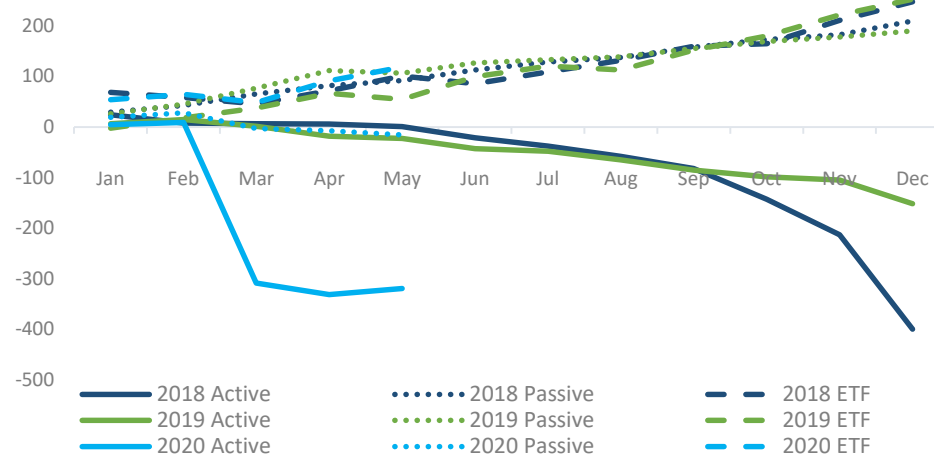


■ Active mutual funds ■ Passive mutual funds ■ % of # funds with negative flows
■ All ETFs ■ % of # funds with positive flows

3 YR FUND INDUSTRY ASSET & FLOW MOMENTUM, \$B



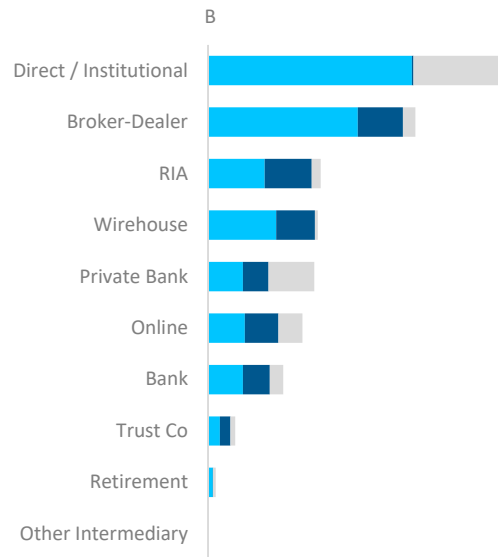
FLOWS BY INVESTMENT STYLE AND YEAR - CUMULATIVE



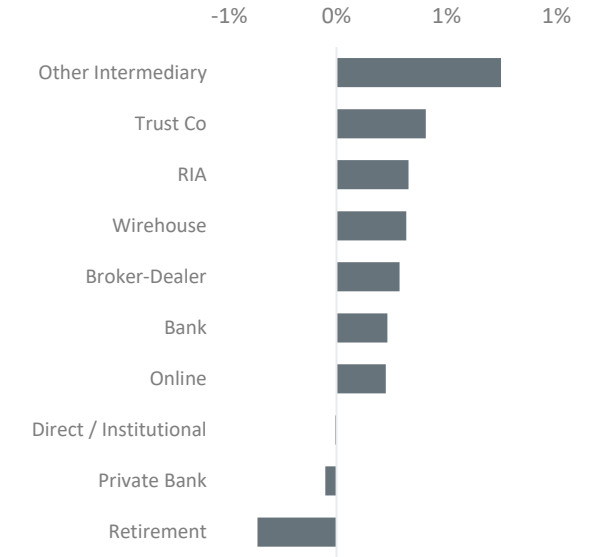
DISTRIBUTION

- The combined Direct/Institutional channel maintained its lead on the industry in terms of total AUM, though it was one of three channels that did not record positive flows in May.
- In terms of asset growth, it was a photo finish among the top three retail channels: Broker-Dealer, RIA, and Wirehouse saw assets increase between 0.29-0.33%.

DISTRIBUTION CHANNEL, AUM \$B



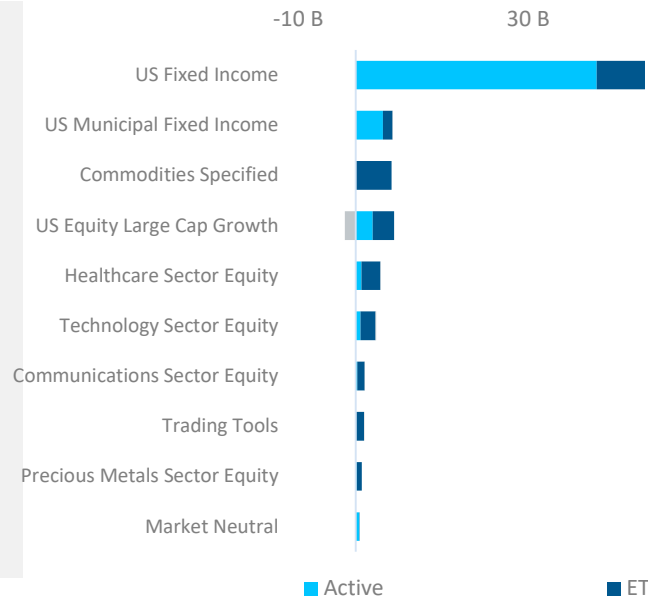
DISTRIBUTION CHANNEL, GROWTH %



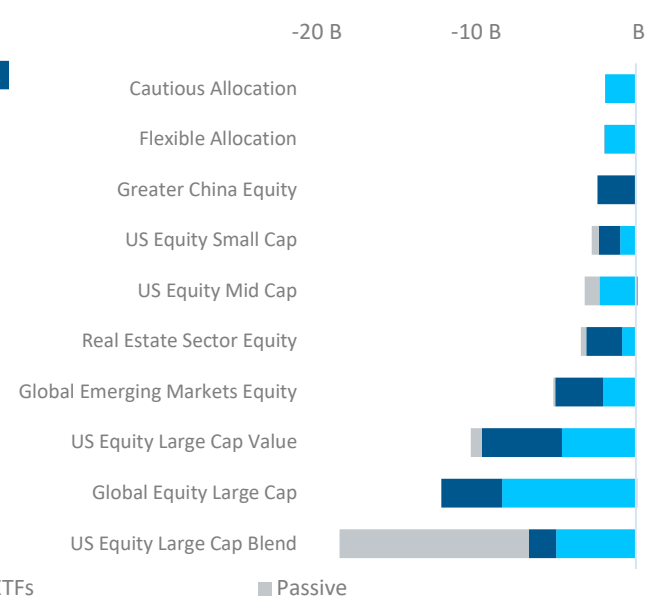
PRODUCT

- Investors remained hooked on fixed income products as they added \$41.9 billion to taxable bond funds (plus \$26.7 billion to bond ETFs).
- The municipal bond fund recovery continued as investors pumped a total of \$6.6 billion into those products.
- Large Cap Blend products continued to bleed assets as investors pulled a total of \$18.6 billion from them in May. Passive products have been the most out of favor.

TOP-10 PRODUCT NET FLOW, \$B



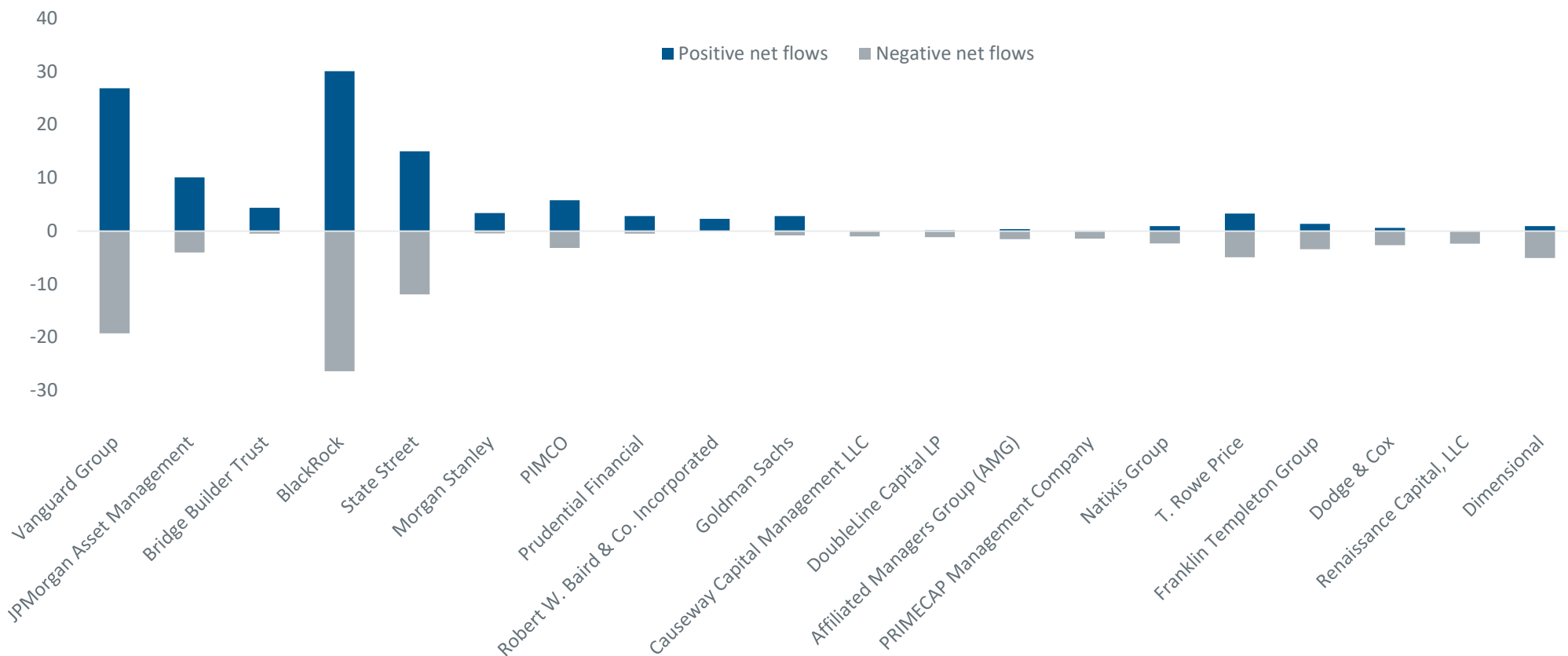
BOTTOM-10 PRODUCT NET FLOW, \$B



COMPETITION

- Vanguard managed to lead the list for top net inflows, despite a substantial drawdown in their passive equity products; BlackRock and State Street similarly substantial flows in both direction and net-net found positive inflows across the complex.
- Advisors at Edward Jones changed their minds about the firm’s Large Cap Growth and Large Cap Value funds and pumped roughly \$2.0 billion into each of them. Bridge Builder Municipal Bond also saw solid inflows.
- Outflows picked up at DFA, which saw about \$4.0 billion walk out the door in May and brought its year-to-date outflows to \$16.1 billion.

POSITIVE vs NEGATIVE NET FLOW BY GROUP, \$B (TOP AND BOTTOM 10)



MONTHLY NET FLOW LEADERS

	Fund name	Group	Sector	Launch date	AUM, \$B	Net flow, \$B	Organic growth
Top active net flow	1 BlackRock High Yield Bond Portfolio	BlackRock	US Fixed Income	Nov 1998	22.195	2.509	13%
	2 Bridge Builder Large Cap Value Fund	Bridge Builder	US Equity Large Cap Value	Apr 2015	11.994	1.994	21%
	3 Bridge Builder Large Cap Growth Fund	Bridge Builder	US Equity Large Cap Growth	Apr 2015	9.872	1.927	26%
	4 JPMorgan High Yield Fund	JP Morgan AM	US Fixed Income	Nov 1998	7.624	1.831	33%
	5 Morgan Stanley Institutional Ultra-Short Income Portfolio	Morgan Stanley	US Fixed Income	Apr 2016	14.302	1.794	14%
	6 PIMCO High Yield Fund	PIMCO	US Fixed Income	Dec 1992	10.459	1.792	21%
Top passive net flow	1 Vanguard Total Bond Market Index Fund	Vanguard	US Fixed Income	Dec 1986	215.149	1.085	1%
	2 Vanguard Total International Bond Index Fund	Vanguard	Global Fixed Income	May 2013	115.874	0.891	1%
	3 TIAA-CREF Equity Index Fund	TIAA	US Equity Large Cap Blend	Jul 1999	25.061	0.776	3%
	4 Fidelity US Bond Index Fund	Fidelity	US Fixed Income	Mar 1990	50.694	0.766	2%
	5 Fidelity 500 Index Fund	Fidelity	US Equity Large Cap Blend	Feb 1988	224.218	0.679	0%
	6 Fidelity Series Bond Index Fund	Fidelity	US Fixed Income	Apr 2019	11.142	0.643	6%
Top ETF	1 iShares iBoxx \$ High Yield Corporate Bond ETF	BlackRock	US Fixed Income	Apr 2007	24.506	4.347	22%
	2 SPDR Gold Shares	State Street	Commodities Specified	Nov 2004	62.404	3.723	6%
	3 Invesco QQQ Trust	Invesco	US Equity Large Cap Growth	Mar 1999	109.487	3.716	4%
	4 iShares iBoxx \$ Inv Grade Corporate Bond ETF	BlackRock	US Fixed Income	Jul 2002	49.476	2.440	5%
	5 Vanguard Total Bond Market ETF	Vanguard	US Fixed Income	Apr 2007	53.899	2.390	5%
	6 Vanguard Short-Term Corporate Bond ETF	Vanguard	US Fixed Income	Nov 2009	26.507	1.908	8%
	Fund name	Group	Sector	Style	Net flow, \$m		
Top Launches	1 Fidelity SAI International Quality Index Fund	Fidelity	Global Equity Large Cap	Passive	433		
	2 Fidelity SAI International Momentum Index Fund	Fidelity	Global Equity Large Cap	Passive	258		
	3 Trend Aggregation US ETF	Tuttle Tactical Management LLC	US Equity Large Cap Blend	Active	54		
	4 Trend Aggregation Dividend Stock ETF	Tuttle Tactical Management LLC	US Equity Large Cap Blend	Active	47		
	5 Goldman Sachs MarketBeta Emerging Markets Equity ETF	Goldman Sachs	Global Emerging Markets Equity	ETF	41		
	6 TFA Multidimensional Tactical Fund	Tactical Fund Advisors	Moderate Allocation	Active	36		

THIS REPORT WAS BUILT WITH GLOBAL MARKET INTELLIGENCE

GMI FUNDS

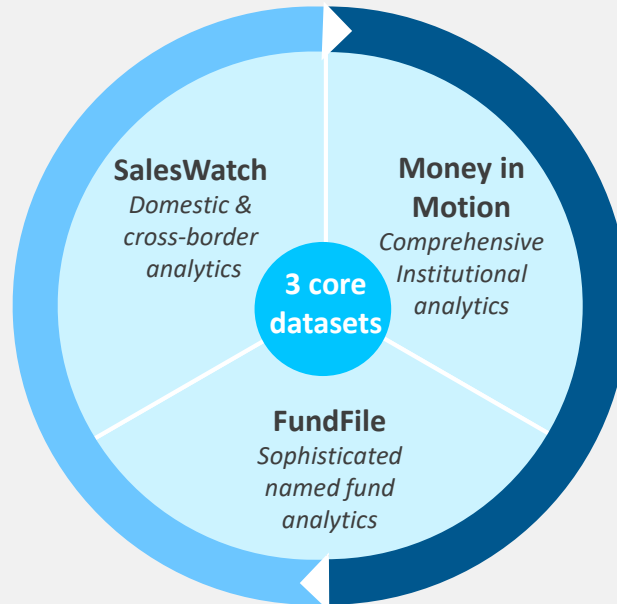
Detailed Domestic and Cross-Border Fund Market Intelligence across retail & institutional channels

- Fund assets, flows and launches by product and region
- 88,000 open ended-funds globally
- Fund benchmarks, rankings and named competitive positioning
- Advanced fund and competition analytics
- Cross-border and distributor analytics

Americas

US

US



GMI INSTITUTIONAL

Detailed Global Institutional Market Intelligence across all vehicles

- Institutional assets and flows by product, region and client type
- Separate Account, Private Fund, Mutual Fund, CIT and ETF Analysis
- Institutional Benchmarks and rankings
- True Negotiated Fee analysis
- Named consultant analysis

Americas

US

US

Comprehensive Analytics

POWERING

Meaningful Insight

GLOBALLY

80K portfolios

\$76T tracked

1,600 fund selectors and asset owners interviewed annually

20+ Insight publications