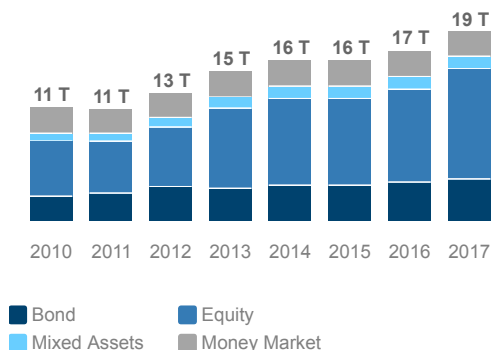


# FundFlash Monthly Snapshot of US Trends



## Assets by investment type (\$T)



## July net sales of long term funds

**\$40.2 B**

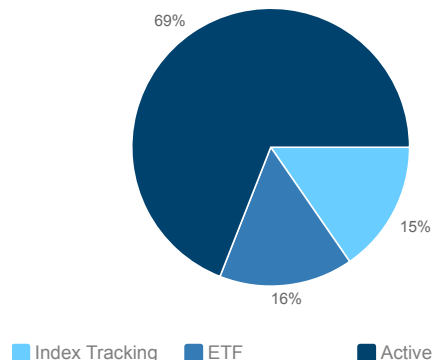
## June net sales of long term funds

**\$45.6 B**

## Asset Growth month on month

**+2.04%**

## Asset split by strategy



## July in brief

- Long-term actively managed funds pulled in a positive \$2.6 billion in July, as bond funds (+\$13.9 billion) offset \$11.0 billion of withdrawals from equity funds. Adding money market funds to the total shows \$17.7 billion flowing into active funds for just the third positive month this year. Equity fund outflows were similar to June's total while bonds fund flows declined for the second month in a row. Commodity-related funds had their best monthly inflow (\$879 million) in a least the past 12 months as crude oil prices climbed 10% since their end of June lows.

- Equity benchmarks hit all-time highs in July as the widely-quoted S&P 500 index recorded its ninth-consecutive monthly gain. All 11 sectors notched gains and year to date have been led by IT and Healthcare (only Telecom and Energy have negative YTD returns).

- Net sales of index-tracking products (including mutual funds and ETFs) ticked up just a bit to \$14.5 billion with a noticeable jump in bond fund flows, from June's \$5.8 billion to \$9.6 billion in July. Net sales of equity products dropped by \$1 billion and look quite muted relative to their flows just a few months ago.

- Vanguard again claimed the top spot for net new assets as the crew improved upon last month's total by nearly \$1 billion, to \$21.7 billion in July; net new assets at second place BlackRock fell by \$4.7 billion to \$11.5 billion. Only one actively managed product (PIMCO Income Fund) cracked the top ten best-selling funds list as Vanguard claimed six of the top spots and BlackRock's iShares occupied the remaining three.

## Modest Growth + Low Inflation = More Accommodation

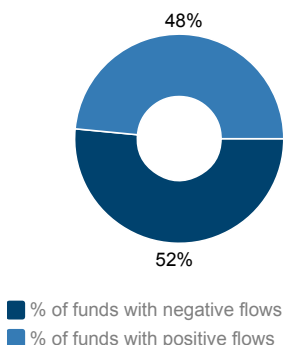
Year-over-year inflation readings have trended down for much of 2017, and though July's print of 1.7% was a hair more than June's 1.6%, it failed to meet the 1.8% rebound economists expected (itself below the Fed's 2.0% target) and prompted renewed thinking about the timing of the next rate hike. Coupled with Fed Chair Yellen's remarks to Congress that rates are near a "neutral" level, the dollar fell and stock markets rose as traders reckoned that the Fed could wait a little longer before removing the punch bowl, i.e. raising rates at the December meeting. Emerging markets cheered Yellen's dovish comments; they rose about 6.0% in July, well ahead of the S&P 500's 2.1% gain.

Higher oil prices strongly benefited junk bonds, which rose 1.1% in the JP Morgan Global High Yield Index. In contrast, the benchmark 10-year Treasury ended July yielding 2.30%, roughly the same as the end of June.

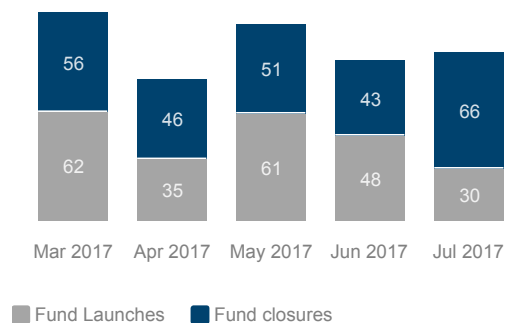
## Looking ahead

As the clock ticks on Congress to pen fiscal 2018's budget (which starts October 1), their first order of business will likely be some sort of post-Harvey emergency funding for the Houston area. All well and good, but that will take up precious time to get members to pass legislation that raises the debt ceiling and avoids a government shutdown (and default) sometime in October. Look for Congress to clash over the terms of a "clean" (no strings attached) debt ceiling limit that could send shudders through the market if fiscal conservatives stand on principle and refuse to go along with party leadership to raise the limit without corresponding cuts in social programs—or raise it at all.

## Flow sentiment



## Fund launches & closures



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

Fund Investment Type	Active	ETF	Index Tracking
Bond	14.0 B	10.4 B	9.7 B
Commodity	0.9 B	-3.5 B	0.1 B
Equity	-11.0 B	16.4 B	5.4 B
Mixed Assets	-1.7 B	0.0 B	-0.7 B
Money Market	15.1 B		
Other	-0.5 B	-0.1 B	0.1 B

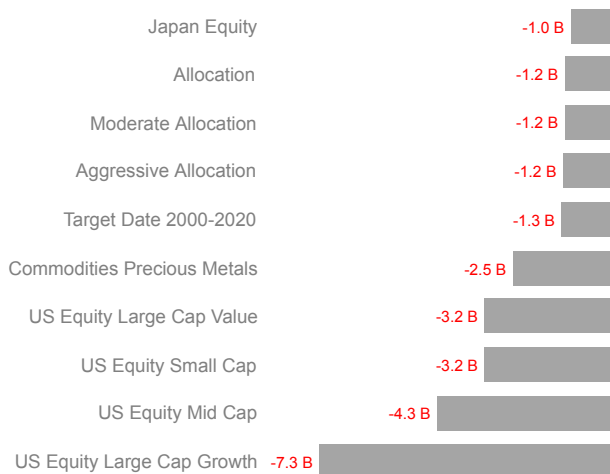
### Top five selling groups - Latest month (\$bn)

Master Group	Assets	Net Sales
Vanguard	3,960.2 B	21.7 B
BlackRock	1,441.1 B	11.5 B
Dimensional	385.3 B	3.3 B
PIMCO	325.3 B	2.5 B
Charles Schwab	158.2 B	2.1 B

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

Fund Name	Fund Launch Date	Strategy	Morningstar Global Category	Net Sales
Vanguard Total Stock Market Index Fund	1992-04	Passive	US Equity Large Cap Blend	4,270
iShares Core S&P 500 ETF	2000-05	Passive	US Equity Large Cap Blend	4,099
iShares Core MSCI EAFE ETF	2012-10	Passive	Global Equity Large Cap	3,989
Vanguard Total Bond Market II Index Fund	2009-01	Passive	US Fixed Income	2,995
PIMCO Income Fund	2007-03	Active	US Fixed Income	2,612
Vanguard Total International Bond Index Fund	2013-05	Passive	Global Fixed Income	2,230
Vanguard 500 Index Fund	1976-08	Passive	US Equity Large Cap Blend	2,085
Vanguard Total International Stock Index Fund	1996-04	Passive	Global Equity Large Cap	1,975
iShares iBoxx \$ Inv Grade Corporate Bond ETF	2002-07	Passive	US Fixed Income	1,508
Vanguard FTSE Developed Markets ETF	2007-07	Passive	Global Equity Large Cap	1,378

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



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



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Data in USD as at: Jul 2017

