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Cerulli offers data on growth of index funds

By Editorial Staff *Thu, May 29, 2014*

Mutual funds saw net inflows of $27.8 billion in April. For a second consecutive month, taxable bond mutual funds topped all other asset classes with monthly net inflows of $8 billion in April.

Cerulli Associates has published the May 2014 issue of *The Cerulli Edge – U.S. Monthly Product Trends*. The current issue of the monthly newsletter examines passive investment strategies and the growth of passive mutual fund assets. It also includes a close look at enhanced indices, Cerulli said in a release.

The findings in the current issue included:

- Index-based strategies pose the greatest threat to active traditional and core U.S. strategies. Flows to passive U.S. equity funds in 2013 outweighed flows to active equity funds by $60 billion to $3.4 billion. Active managers tell Cerulli they are developing new retail and institutional products (e.g., multi-strategy and outcome-oriented products) that don't compete directly with passive strategies.
- According to a recent Cerulli survey, all asset managers surveyed believe that international and global equity and fixed-income passive strategies (including enhanced index and smart beta products) are likely to take market share away from active investment strategies in the institutional channels over the next 24 months.
- Mutual funds saw net inflows of $27.8 billion in April. For a second consecutive month, taxable bond mutual funds topped all other asset classes with monthly net inflows of $8 billion in April, despite bank-loan funds being in net redemptions during April.
- April net inflows into ETFs of $18.5 billion helped lift the vehicle's YTD flow total to $30.3 billion. International equity ETFs topped the flow league table in April with $8.5 billion. U.S. equity and taxable bond ETFs followed with net flows of $3.8 billion and $3.6 billion, respectively.