Retirement Income
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ETFs suffer outflows for first time in over two years

By Editorial Staff *Thu, Mar 3, 2016*

'ETFs bled $1.8 billion in January flows. Combined with poor market returns, that led to a 4.7% drop in assets. The vehicle still maintained more than $2 trillion in total assets, however,' according to Cerulli Associates.

Highlights of the February 2016 issue of *The Cerulli Edge–U.S. Monthly Product Trends Edition* include:

- Mutual fund assets sank for the third straight month, slipping 4.7% to $11.3 trillion in January. Flows were net negative ($12 billion) for the month.
- ETFs bled $1.8 billion in January flows. Combined with poor market returns, that led to a 4.7% drop in assets. The vehicle still maintained more than $2 trillion in total assets, however.
- Institutional investors have seen value in liquid alternative products given their favorable fee structures, increased transparency, and greater liquidity. Many of these benefits are not available in traditional private placement or LLC structures.
- Alternatives are still under-utilized across client types. Cerulli data from 2015 illustrates that allocations range from 5% for conservative investors to about 7% for aggressive investors. Almost two-thirds of asset managers cite a lack of knowledge among sales force/employees as at least a moderate challenge to the distribution of liquid alternatives.
- Vanguard continued to dominate mutual fund charts. Of the $6.64 trillion in assets managed by the top 10 fund managers as of January 2016, Vanguard managed more than one-third, with $2.34 trillion. Fidelity and American Funds combined for another third. The top 10's share of the total was 58.5%.
- In January 2016, Vanguard's net inflows were $18.31 billion. That surpassed the combined flow of the next nine mutual fund managers, and more than five times the flow of the second-ranked firm, Dimensional Fund Advisors, at $3.27 billion.