Exodus from U.S. equity funds continues in July

By Editorial Staff *Wed, Aug 20, 2014*

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Investors withdrew $11.4 bn from U.S. equity funds in July, according to Morningstar's monthly report on mutual fund asset flows. It was the third consecutive month of outflows, following net withdrawals of $8.3 bn in June and $6.9 bn in May.

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Other highlights from the report were:

- Taxable-bond funds continued to see strong inflows despite declining interest rates. For the past three months, taxable-bond funds have seen the greatest inflows among all category groups.
- Despite the strong month for the taxable-bond category group overall, high-yield bond funds saw outflows of $7.9 bn in July after much milder redemptions of $466 million in June and inflows of more than $1.2 bn in each of the previous months of this year except January. Bank-loan funds also saw sizeable outflows of $1.9 billion.
- Even though U.S. equity funds saw outflows, Vanguard Total Stock Market Index, Vanguard Institutional Index, and Vanguard Total International Stock Index recorded July inflows of $2.6 bn, $2.2 bn, and$1.8 bn, respectively.
- With four of the five top-flowing funds for the month, Vanguard topped all providers in terms of July inflows, while Fidelity suffered the greatest provider-level outflows as a result of large redemptions from two of its flagship active U.S. equity funds.
- Passive funds continued to dominate, collecting $14.1 bn in July compared with inflows of $0.3 bn for active funds.