

Flight from active to passive funds and ETFs slowed in September: Morningstar

By Editorial Staff Fri, Oct 19, 2018

Among all U.S. open-end mutual funds and ETFs, Fidelity Advisor Growth & Income saw the most inflows of all active strategies at \$1.8 billion, the fund's highest inflows in a decade.

Investors placed \$19.4 billion into passive U.S. equity funds in September, compared with inflows of \$13.0 billion in the previous month, according to Morningstar's latest flow report on U.S. mutual funds and exchange-traded funds (ETF).

On the active front, investors pulled \$8.8 billion, compared with \$14.4 billion of outflows as reported last month. Morningstar's report about U.S. asset flows for September 2018 is available [here](#).

Highlights from the report include:

- Estimated long-term flows were \$28.2 billion as U.S. equity funds rebounded with \$10.6 billion of inflows and taxable bond funds led all groups with \$20.9 billion, while international equity demand remained light with approximately \$850 million.
- Morningstar's large blend, intermediate-term bond, and ultrashort bond categories continue as the most popular categories among bonds, with inflows of \$9.1 billion, \$6.1 billion, and \$5.3 billion, respectively. Allocation—30% to 50% Equity was the least popular category, with outflows of \$2.4 billion in September.
- Vanguard had the highest monthly firm inflows of \$16.5 billion among top U.S. fund families, while State Street Global Advisors saw the second highest firm inflows of \$10.4 billion.
- Among all U.S. open-end mutual funds and ETFs, Fidelity Advisor Growth & Income saw the most inflows of all active strategies at \$1.8 billion, the fund's highest inflows in a decade.
- Fund families that saw the greatest outflows included Harbor, which had approximately \$3.5 billion of outflows in September. Harbor International, an active fund with a Morningstar Analyst Rating of Bronze, was responsible for majority of those outflows at \$3.4 billion.
- Franklin Templeton had the second-highest outflows at \$2.7 billion with T. Rowe Price and AQR following with outflows of \$1.9 and \$1.1 billion, respectively.

Morningstar estimates net flow for mutual funds by computing the change in assets not explained by the performance of the fund and net flow for ETFs by computing the change in shares outstanding.

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