
Fund flows decline again in May; ETFs see outflow: Morningstar

By Editor Test Thu, Jun 16, 2011

U.S. stock funds recorded their first significant outflows of the year, as the asset class lost \$4.5 billion in May.

In the fourth consecutive monthly decline since January's inflows of \$29.8 billion, estimated long-term mutual fund flows were \$22.6 billion in May, according to Morningstar. U.S. ETFs lost about \$3.1 billion to outflows in May, in contrast to inflows of \$23.3 billion in April.

Other highlights of Morningstar's [report](#) on mutual fund flows included:

- U.S. stock funds recorded their first significant outflows of the year, as the asset class lost \$4.5 billion in May.
- Although inflows have slowed, international-stock funds collected assets of about \$1.5 billion during the month. Diversified emerging-markets equity funds accounted for the majority of these inflows.
- For the fifth consecutive month, inflows increased for taxable-bond funds. Investors added \$20.8 billion in new money to the asset class in May, but with a slightly diminished taste for credit risk. Flows into municipal-bond funds were flat after six consecutive months of outflows.
- Following a steep drop in silver and other commodity prices, commodities funds fell more than five percent on average and experienced outflows of more than \$500 million in May.

Other highlights of Morningstar's report on ETF flows included:

- Although three U.S. stock ETFs placed in May's top-five ETFs by inflows, the U.S. stock asset class saw outflows of \$2.7 billion during the month.
- Outflows from international-stock ETFs totaled \$1.1 billion in May after inflows of \$6.8 billion and \$7.1 billion in March and April, respectively.
- Commodities ETFs realized the largest outflow of any ETF asset class in May, as investors withdrew \$3.7 billion. May's redemptions also marked the single largest net monthly outflow for commodities ETFs.
- Taxable-bond ETFs made a healthy contribution to overall ETF flows again in May. The asset class' inflows of \$2.1 billion were second only to alternative ETFs, which also saw inflows of about \$2.1 billion.