
Global equity funds and ETFs are hot in 2014: TrimTabs

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U.S. investors have overwhelmingly favored non-U.S. equities this year, according to TrimTabs Investment Research. While U.S. equity mutual funds and exchange-traded funds have received \$12.6 billion, global equity mutual funds and exchange-traded funds have taken in \$84.3 billion.

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In 2013, U.S. equity funds received \$150.5 billion, or 78% of the inflow of \$193.1 billion into global equity funds.

“This year’s flow disparity is occurring even though the average global equity fund’s 5.1% gain is not much more than the average U.S. equity fund’s 4.2% rise,” Santschi said.

The financial crisis helped spark outflows of \$547.8 billion from U.S. equity mutual funds from 2008 through 2012. Inflows resumed in 2013, totaling \$12.4 billion, as the S&P 500 shot up 30%. Despite this year’s string of record highs on the S&P 500, U.S. equity mutual funds have lost \$10.5 billion.

“The combination of highly disproportionate inflows into global equity funds and their less than stellar performance should be a red flag for contrarians,” said Santschi. “We advise investors to favor U.S. equities over non-U.S. equities now.”

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