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## In fund sales, Vanguard leads but BlackRock's gaining

By Editorial Staff    Thu, May 31, 2018

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The Obama administration's fiduciary rule may be gone but individual advisors and plan advisors continue to prefer cheap broad-based index funds and exchange trade funds over actively managed funds.

Of the ten funds with the highest net inflows in April 2018, all were index funds or ETFs. Six were BlackRock iShares ETFs, three were Vanguard index funds and one was a Fidelity index fund, according to Morningstar Direct's monthly asset flow report.

Meanwhile, five of the 10 funds with the highest net outflows were Fidelity funds. "Fidelity had overall outflows of about \$5.6 billion, its worst month since November 2016," the report said, adding that. Fidelity's active funds had \$11.3 billion in net redemptions while its passive funds collected net \$5.7 billion.

According to the [report](#):

Vanguard was near the top of the fund-family league tables with \$12.3 billion in inflows. But BlackRock's iShares eclipsed that figure with about \$17 billion in inflows. Vanguard's year-to-date growth continues to slow year over year.

Through the first four months of 2017, Vanguard took in an estimated \$141.5 billion. So far in 2018, the firm has only collected about half that amount, \$71 billion. The firm's one-year organic growth rate of 7.4% is less than half of iShares' 15.1%. This slowing growth shouldn't be surprising given that Vanguard is more than triple iShares' size, but it's notable since Vanguard defied the odds, growing at scale in recent years, a rare anomaly.

<b>Top Funds</b>	<b>Estimated Net Flow \$Mil</b>		
	<b>April 2018</b>	<b>1 Year</b>	<b>Assets</b>
Vanguard Total Stock Market Index Fund	4,376	45,658	679,304
iShares Short Treasury Bond ETF	2,525	9,031	13,847
Vanguard Total Intl Stock Idx Fund	2,175	34,170	346,564
Fidelity® Total Market Index Fund	2,030	4,899	51,767
iShares Core MSCI Emerging Markets ETF	1,834	16,710	50,930
iShares Core S&P 500 ETF	1,828	20,622	142,639
iShares Core MSCI EAFE ETF	1,811	31,100	58,828
Vanguard 500 Index Fund	1,797	46,915	403,945
iShares 20+ Year Treasury Bond ETF	1,696	1,347	7,851
iShares Core US Aggregate Bond ETF	1,628	13,201	55,830

Source: Morningstar Direct Asset Flows.

While iShares Short Treasury Bond led the way in April, so far in 2018 iShares Core MSCI EAFE IEFA and iShares Core MSCI Emerging Markets IEMG lead the firm year-to-date with inflows of \$16.4 billion and \$8.0 billion, respectively.

The contrast with SPDR State Street Global Advisors is striking. Both firms were ETF pioneers, but iShares continues to separate itself from its rival. Over the past 12 months, iShares has collected about \$168 billion versus just \$24 billion for SPDR funds.

As a result, while SPDR's market share is basically flat over that span at 3.34%, iShares' has grown to 7.54% from 6.93%. As mentioned last month, SPDR falls short on cost relative to offerings from iShares and others. This is having a meaningful impact on investor demand.

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.