
In January, U.S. stock funds received highest inflows since 2004

By Editor Test *Thu, Feb 14, 2013*

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Investors added \$86.5 billion to long-term open-end mutual funds in January, and 72 of 93 open-end categories recorded inflows through January 2013, Morningstar [reported](#) this week.

Combined with inflows of \$28.6 billion for exchange-traded funds, it was the largest one-month inflow on record. All asset classes and each of the top-10 open-end fund providers saw long-term fund inflows.

“Market observers have been waiting for a sign that the multi-year trend of investors buying fixed income while selling U.S. stocks would reverse in a so-called ‘great rotation,’” said Mike Rawson, fund analyst on Morningstar’s passive funds research team. “Inflows of \$15.5 billion for U.S.-stock funds, the largest monthly intake since 2004, and the first month of inflows in the last 23 for active U.S.-stock funds, support this development.

“However, U.S. stock funds experienced slower organic growth than any other major asset class in January, and seasonal and one-time factors such as lump-sum contributions to retirement accounts and acceleration of dividend payments indicate that claims of a paradigm shift in investor behavior may be premature,” he added.

Additional highlights from Morningstar’s report on mutual fund flows:

- The intermediate-term bond category had the most inflows in January, with \$10.5 billion.
- Taxable-bond funds led all asset classes with inflows of \$31.0 billion in January.
- International stock funds took in \$18.4 billion during the month.
- Vanguard topped all fund families in January with overall inflows of \$17.6 billion, 87% of which flowed to the firm’s passive lineup.
- Vanguard funds swept the top three spots for fund-level inflows, led by Vanguard Total Bond Market’s inflows of \$4.3 billion.
- American Funds saw its first monthly inflow since June 2009.