Investors flee to bonds: Morningstar

By Editorial Staff *Thu, Mar 26, 2020*

'As evidence of investors' lack of enthusiasm for U.S. equities, a record $27.8 billion flowed out of the SPDR S&P 500 ETF,' the fund research firm reported.

Investors backed away from U.S. equity funds and turned to perceived safe havens like bonds and cash in February, after the S&P 500 turned down sharply amid fears of the coronavirus pandemic's damage to the economy, according to Morningstar's latest report on mutual fund and exchange-traded fund (ETF) flows.

Morningstar's report about U.S. fund flows for February 2020 is available **here**. Highlights from the report include:

- In February, U.S. equity funds shed $17.5 billion amid the stock market's turmoil, with that group's actively managed funds suffering nearly $20.0 billion in redemptions. As evidence of investors' lack of enthusiasm for U.S. equities, a record $27.8 billion flowed out of the SPDR S&P 500 ETF.
- Taxable-bond funds led category groups with $23.3 billion in inflows in February. Long-government funds had their strongest inflows since early 2019 as investors hedged their equity positions and appeared willing to take interest-rate risk instead of credit risk.
- Volatile markets also spurred investors to move into cash equivalents such as money market funds, which collected $31.4 billion in February. For the first time since October 2019, money-market funds gathered more assets than long-term funds, which saw $25.5 billion in inflows in February.
- Among the top-10 largest U.S. fund families, Vanguard led with long-term inflows of $19.8 billion in February. On the other side, SPDR State Street Global Advisors had the worst outflows of any shop—more than $27.0 billion —owing to SPDR S&P 500 ETF's outflows.

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 U.S. ETFs shares outstanding and reported net assets.