

iShares collect \$36.1 billion in December: Morningstar

By Editorial Staff Fri, Jan 25, 2019

iShares ETFs gathered more than triple the inflows of runner-up Vanguard's \$11.4 billion last month. Vanguard still came out ahead for 2018 with nearly \$161 billion in inflows to iShares' \$136 billion.

In December, long-term U.S. funds had their greatest monthly outflows since October 2008 at \$83 billion, and inflows for the year were the lowest since 2008. Money market funds saw inflows of \$57 billion, for their best year since 2008, according to the Morningstar Direct Asset Flows Commentary for December and the year ending December 31 2018.

But it wasn't a simple tale of flight-to-safety triggered by fourth-quarter volatility. U.S. equity funds, in fact, showed inflows of \$14.1 billion. Investors were moving from active funds to passive ones. Investors pulled a record \$143 billion from actively managed funds while moving \$60 billion to passive funds.

In other highlights from the report:

- December outflows spanned asset classes, with U.S. equity funds the only major group showing significant inflows—\$14.1 billion despite December's sell-off. On balance, these inflows went to passive funds. For all of 2018, long-term funds collected \$157 billion in inflows, less than half the \$350 billion average for 2008-17.
- December's outflows mostly came from actively managed funds, with investors pulling a record \$143 billion, while passive funds collected nearly \$60 billion in inflows. American Funds suffered the most with \$8.7 billion in outflows, the fund family's most since December 2011.
- Taxable-bond funds had their greatest outflows since June 2013, \$43 billion, as investors continued to cut credit risk and seek shelter among high-quality, short-duration vehicles. Intermediate-term bond funds got hit hardest with \$17.0 billion in outflows, the Morningstar Category's worst month since August 2013.
- International equity, sector equity, allocation, and alternative funds all had their greatest outflows in at least 10 years in December.
- iShares dominated December flows with a firm-record \$36.1 billion, more than triple that of runner-up Vanguard's \$11.4 billion in inflows. Vanguard still came out ahead for 2018 with nearly \$161 billion in inflows to iShares' \$136 billion.