

Morningstar publishes 2012 Global Fund Flows report

By Editor Test Thu, Mar 14, 2013

"Worldwide, fixed-income funds gathered USD 535 billion in 2012, or nearly 95 % of long-term net inflows," said Syl Flood, product manager, investment research for Morningstar.

"Despite ongoing worldwide economic uncertainty, the global fund management industry grew at a 3.9% organic growth rate in 2012. Excluding money market funds, USD 565 billion flowed into mutual funds during the year," said Morningstar's latest Global Fund Flows [Report](#), which measures mutual fund assets in Australia, Canada, Europe, Japan and the U.S.

"These massive inflows, though, fell short of 2009 and 2010, which saw inflows of USD 746 billion and USD 672 billion, respectively," the report said. "Moreover, the average management fee that the industry gathers from investors has fallen dramatically since 2007 due to the cyclical shift to fixed-income products and a secular inclination toward less expensive funds."

"The prevailing global trend in 2012 was investors' hunger for yield and quest for the perceived safety of fixed-income funds. Worldwide, fixed-income funds gathered USD 535 billion in 2012, or nearly 95% of long-term net inflows," said Syl Flood, product manager, investment research for Morningstar.

The report also showed:

- U.S. fixed income is by far the largest long-term global category, with nearly USD 2 trillion in assets under management (AUM). U.S. investors contributed USD 199 billion of the category's USD 227 billion total inflow in 2012. The PIMCO Total Return fund is the world's largest actively managed strategy, with USD 442 billion in assets (including assets managed for institutional clients).
- In 2012, interest from cross-border investors propelled funds in the U.S. fixed-income category to a 47% organic growth rate. Many of the most popular offerings are tended by U.S.-based managers, including AllianceBernstein, Muzinich, Neuberger Berman and PIMCO.
- While 78% of worldwide mutual fund and exchange-traded fund (ETF) AUM still resides in actively managed funds, passive products captured 41% of estimated net flows—USD 355 billion—in 2012. With the exception of Australia and New Zealand, index funds grew faster than actively managed funds in every geographic region during the year.
- Newer funds—those without a three-year track record—captured 87% of worldwide inflows in 2012.
- Vanguard and PIMCO took in 16% and 18%, respectively, of worldwide long-term mutual fund inflows in 2012.

The report examines each key market in detail, analyzing flows by attributes such as broad asset class, Morningstar category, and fund group, as well as new fund launches and the active versus passive dynamic in each market. The commentary encompasses the 71 domiciles in which Morningstar tracks fund flows, accounting for USD 20.7 trillion in assets, and touches on the USD 1.9 trillion ETF universe tracked by Morningstar, when applicable.

