

Mutual fund and ETF flows sharply lower in 2015: Morningstar

By Editorial Staff Thu, Mar 24, 2016

The U.S. fund industry had new asset flows of \$263 billion, or less than half of the \$580 billion in 2014. Asia showed the strongest organic growth rate, at 18.6%, according to Morningstar's fourth annual Global Asset Flows Report.

At \$949 billion, total worldwide flows of mutual fund and exchange-traded products (ETP) in 2015 were sharply lower than the \$1.4 trillion that flowed into funds globally in 2014, according to Morningstar, Inc.'s fourth annual [Global Asset Flows Report](#).

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"2015 brought growing uncertainty for markets worldwide, fueled by changes in monetary policies in the United States and Europe, slowing economic growth around the world, and slumping commodity prices, especially oil," said Alina Lamy, senior markets analyst for Morningstar, in a release.

"Whereas U.S.-domiciled funds attracted the largest flows in 2014, we saw smaller and more evenly distributed flows across regions in 2015. Equity funds led category groups globally in terms of annual inflows, although 2015's intake of \$305 billion was smaller than the \$476 billion these funds collected in 2014."

Morningstar's Global Asset Flows Report also found that:

Allocation funds registered the second-largest inflows, with \$171 billion. They outpaced fixed income funds, which posted inflows of \$132 billion.

Alternative funds saw double-digit organic growth for the second consecutive year—the highest rate among global category groups. Investors sought diversification and consistent returns amid uncertainty in the equity and fixed income categories.

The ever-growing popularity of index strategies sent more flows to Vanguard. The majority of the firm's \$251 billion net inflow went to its passive funds. Its active funds gathered inflows of \$15 billion. Among active fund providers, Fidelity and J.P. Morgan saw the highest 2015 inflows, with \$57 billion and \$23 billion, respectively.

For all major regions, the percentage of passive assets in equity funds was larger than the percentage of passive assets in fixed-income funds, and the U.S. had the highest percentage

of passive assets of all regions. In the U.S., active funds suffered outflows in 2015 and passive funds attracted inflows of about \$400 billion.

Global ETP assets were near \$3 trillion at year-end. Equity ETPs hold the majority of assets, but fixed-income and alternative offerings have grown. The United States accounts for the largest volume of ETPs globally.

The report is based on data from some 3,800 fund groups across 82 domiciles, representing more than 92,000 fund portfolios and 220,000 share classes in the U.S., Europe, Australia, and Latin America. 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 ETPs by computing the change in shares outstanding.

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