US mutual fund assets near the $15 trillion mark

By Editor Test *Thu, Feb 14, 2013*

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The US mutual fund industry, including open and closed-end funds and exchange-traded funds, approached $15 trillion in assets for the first time in February, according to Strategic Insight, the mutual fund industry research and business intelligence provider.

Rising share prices and strong flows into stock and bond funds accounted for the increase. The industry reached $10 trillion in assets under management in 2006.

In the month of January, the net intake for stock and bond mutual funds reached $90 billion—more than triple the average monthly volume in 2012. An additional $30 billion was added to ETFs in January.

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For the first time in several years, January's monthly net intake was weighted more towards stock and balanced funds than towards bond funds. This trend should persist throughout 2013, barring a major market disruption, Nachmany said.

January set the all-time record for monthly flows into actively managed stock and bond funds, at $72 billion (or 80% of total mutual fund flows). The previous record for monthly net flows into actively managed funds was set in January 2007 with $46 billion.

"Remarkably, January witnessed rapidly expanding demand for a very wide range of investment strategies: US stock and balanced funds; emerging and developed international market stock funds; value and growth strategies; and fixed income, with the exception of US Government bond funds," added Nachmany.

"The two parallel rotations taking place in the fund industry will continue in 2013 and beyond—the rotation towards stock investing and the rotation from cash accounts to bond and income strategies."

Exchange-traded products (including exchange-traded notes) attracted $30 billion of net intake in January. Flows into stock-oriented products accounted for 97% of the inflows. International equity ETFs netted $15 billion of inflows during the month, while domestic equity netted $14 billion.