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## US Mutual Fund Inflows On Record Pace

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By Editor Test      *Wed, May 5, 2010*

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US mutual fund investors have put nearly \$200 billion into stock and bond mutual funds so far in 2010, making it likely that full-year net inflows would top \$450 billion. That would make 2010 a record year, according to Strategic Insight.

The previous record was set last year, when just over \$400 billion went into long-term funds, according to Strategic Insight's Simfund database. These figures include open- and closed-end mutual funds and funds underlying variable annuities, but exclude ETFs.

Inflows have been this high this early in only one previous year—in 2007, when net inflows to stock and bond funds totaled more than \$210 billion.

“Lately we are observing the early signs of thawing of investors’ reluctance to get back on the stock market train,” said Avi Nachmany, SI’s Director of Research. “Assuming further economic and employment improvements in the coming months, more such investors should inch higher in their risk curve. But turmoil in Europe and the fragility of the US recovery are just a few of the many concerns still on investors’ minds.”

For all of 2010, Strategic Insight projects that US stock and bond fund new sales are on track to rise 20% (or more) from their 2009 pace. Net inflows are new sales minus investors’ redemptions out of funds.

Worldwide, mutual fund investors have added nearly \$1.4 trillion of net flows to bond and stock funds since March 2009’s market bottom, according to Strategic Insight’s Simfund databases, which track more than \$20 trillion of fund assets globally. About half of these gains occurred in the US. This year through early May, global inflows to stock and bond funds are nearing \$400 billion.

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