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## Vanguard funds continue to dominate asset flows: Morningstar

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By Editorial Staff    Thu, Jun 23, 2016

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Investors continued to allocate money to fixed income in May, with taxable bond funds and municipal bond funds attracting \$15.4 billion and \$8.2 billion, respectively, according to Morningstar Inc.'s monthly asset flow [report](#) for U.S. mutual funds and exchange-traded funds (ETF).

Concerns over "Brexit," Britain's potential exit from the European Union, sparked outflows from active and passive international equity funds, Morningstar's report said. Four of BlackRock/iShares ETFs, three international ETFs and a high-yield corporate bond ETF, lost more than \$1 billion each in May.

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 ETFs by computing the change in shares outstanding. More highlights from Morningstar's report about U.S. asset flows in May:

Fund assets continue to flow disproportionately to Vanguard funds, both active and passive. Active Vanguard funds saw net inflow of \$2.84 billion in May and \$18.47 billion in the year ending May 30. The next nine fund families had combined net negative flows of about \$7.4 billion in May and net negative flows of about \$131 billion for the year ending May 30.

Among passive funds, the results were equally lopsided. Including ETFs, Vanguard funds took in a net \$18.94 billion in May and \$205.3 billion in the year ending May 30. The closest competitor in May was Dimensional Fund Advisors with \$2.12 billion and the closest competitor for the year ending May 30 was BlackRock/iShares with \$89.9 billion.

Active U.S. equity funds suffered \$18.7 billion in outflows and passive U.S. equity funds enjoyed inflows of \$8.1 billion.

Passive commodities funds, especially precious metals funds, received inflows of \$2.5 billion in May. Overall, commodities funds spiked in May after a downward trend since February.

BlackRock/iShares suffered outflows of \$4.8 billion in May; both active and passive flows

were in negative territory. American Funds had another strong month. Year to date, American and T. Rowe Price are the only active providers among the 10 largest fund firms with net inflows.

With \$1.6 billion, PIMCO Income, which has a Morningstar Analyst Rating of Silver, had the highest inflows among active funds in May, outpacing Gold-rated Metropolitan West Total Return Bond. Templeton Global Bond, which has a Gold Analyst Rating, led active-fund outflows during the month with \$1.2 billion.

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