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## Vanguard keeps dominating fund flows

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By Editorial Staff    *Wed, Dec 30, 2015*

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*Through Nov. 30, Vanguard mutual funds received more net inflows than the next nine fund companies combined, according to Cerulli Associates. (Photo of Vanguard founder Jack Bogle.)*

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Is it the ultra-low expense ratios? The Internet-friendly direct sales model? The focus on passive investing? The lack of conflicts of interest in its inimitable ownership structure, which sprang from Jack Bogle's head 40 years ago?

No one knows for sure.

But statistic-junkies know this: Through the end of November, Vanguard mutual funds received more net inflows than the next nine mutual fund companies *combined*. According to Cerulli Associates, the source for all data here, Vanguard is also the top retail mutual fund manager, with \$2.33 trillion under management and a 20% industry market share.

Funds sponsored by the Malvern, PA-based fund company received \$139.3 billion in the first 11 months of 2015 and \$7.87 billion in November. The next nine companies received about \$118.7 billion in the first 11 months and about \$6.7 billion in November.

Four of the top five funds in flows in November were Vanguard funds: the Total International Stock Index Fund, the Total Bond Market II Index Fund, the Total International Bond Fund Index and the Total Stock Market Index Fund. The remaining top-five fund (in third position) in November was the PIMCO Income Fund.

Vanguard's strength, as reflected by Cerulli's data, is clearly in its market-wide index funds, that form the core of many investment strategies, to which more specialized "satellite" funds are typically added for diversification. (The underlying funds in the asset allocations of the leading robo-advisor, Betterment, are Vanguard index funds.)

Thanks to several big equity index funds, Vanguard is the top equity fund advisor, with assets of \$1.26 trillion. Its Total Stock Market Index Fund had the most flows in November, with \$1.02 billion, and it had five of the top six funds in terms of net inflows YTD: the 500 Index fund, Total Stock Market Index fund, Mid-Cap Index fund, Institutional Index fund and Small-Cap Index fund.

As of the end of November, Vanguard was also the top manager of taxable bonds (\$518.3

billion, 19.5% market share) and tax-exempt municipal bonds (\$122.2 billion, 21% market share). In the taxable category, its Total Bond Market II fund had the highest flows in November (\$1.29 billion) and its Total International Bond Index fund has the highest flows YTD (\$19.3 billion). In the tax-exempt category, its Intermediate-Term Tax-Exempt bond fund had the highest flows in November (\$435.7 million) and YTD (\$3.81 billion).

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