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## **US Stock & Bond Mutual Funds Started Year Strong, with Net Inflows in January 2010**

NEW YORK, NY – February 11, 2010 – US mutual fund investors poured an estimated \$46 billion into stock and bond mutual funds in January, providing a positive start to 2010. While some of the net inflows were due to seasonal deposits, the month's continued the trend of investors tiptoeing back into financial markets, according to Strategic Insight, a business intelligence provider to the fund industry.

January 2010's long-term fund inflows marked a significant improvement over net inflows in both the previous month (\$23 billion) and in January 2009 (\$24 billion). These estimates include open- and closed-end mutual funds, but exclude funds underlying variable annuities or ETFs.

In the face of continued uncertainty about the economy, investors put about \$30 billion into bond funds in January, according to estimates from Strategic Insight's Simfund database. Inflows were experienced in both taxable bond funds (\$25 billion) and muni bond funds (\$5 billion).

"The current environment is well-suited for robust flows into bond mutual funds. Many investors are dissatisfied with the near-zero yields on money market funds and bank accounts, but are not ready to embrace higher-risk equities," commented Avi Nachmany, SI's Director of Research. "Last year saw record inflows of over \$400 billion into bond mutual funds, and 2010 could also exceed \$300 billion."

Roughly \$5 billion net flowed into domestic equity and hybrid funds in January, a sign of slowly growing confidence despite a decline of 3.6% in the S&P 500 Index during the month.

Investors put \$10 billion into international equity funds, even though January was a down month for international stock indexes.

Separately, SI said exchange traded funds experienced in aggregate \$18 billion of net outflows during January, led by more than \$15 billion of withdrawals from the SPDR S&P 500 ETF, the industry's largest ETF (which typically experiences outflows in January due to early-year portfolio adjustments by investors).

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