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Equity Funds and ETFs On Track to Attract \$450 Billion in 2013, More than the Past 4 Years Combined

Investors Deposit a Net \$1.8 Trillion to Bond and Stock Funds Since September 2008

NEW YORK, NY – November 15, 2013 – Approximately \$45 billion was net deposited into long-term stock and bond funds (including ETFs) in October, increasing year-to-date net intake to \$404 billion. Since September 2008, investors have deposited a net \$1.8 trillion into stock and bond mutual funds and ETFs, signifying the vehicles' positioning as a core portfolio holding in wealth accumulation.

Equity mutual funds and ETFs aggregately attracted \$60 billion in October, exceeding September's net intake of \$40 billion. "This is the year for stock mutual funds. Investor confidence continues to trigger higher stock fund flows, which are projected to top \$450 billion—more than the prior four years combined," commented Avi Nachmany, Strategic Insight's Director of Research.

While bond mutual funds and ETFs overall experienced \$15 billion of net redemptions in October, on a year-to-date basis demand remained positive through October at \$12 billion. Furthermore, over one-third of all individual bond funds have posted positive net flows over the trailing three months, after the spring's interest rate increases. Taxable bond strategies leading inflows in recent months included Floating Rate, Corporate Short Maturity, Non-Traditional / Unconstrained, High Yield, Global Bond and Strategic Income.

Equity Mutual Funds Net \$254 Billion in First Ten Months (with additional flows to ETFs)

Excluding ETFs, US Equity funds netted \$31 billion in October, driven by near equal demand across domestic and international strategies. Flows leading themes of 2013 have included Emerging Markets Equity, Growth & Income, and Global Asset Allocation.

Mutual Fund Flows, October 2013						
	Total Assets (B) 10/13	Net New Flows (\$B)				
		Aug'13	Sep'13	Oct'13	Ytd-10/12	Ytd-10/13
Mutual Fund						
Domestic Equity	5,488	9.6	3.8	16.5	(48.7)	116.4
International Equity	2,137	10.4	8.8	14.1	29.2	137.1
<i>Total Equity</i>	<i>7,625</i>	<i>20.0</i>	<i>12.6</i>	<i>30.6</i>	<i>(19.5)</i>	<i>253.5</i>
Taxable Bond	2,566	(14.8)	(3.9)	(6.8)	232.7	44.2
Tax-Free Bond	604	(11.8)	(6.5)	(5.4)	49.8	(43.0)
<i>Total Bond</i>	<i>3,171</i>	<i>(26.7)</i>	<i>(10.4)</i>	<i>(12.2)</i>	<i>282.6</i>	<i>1.1</i>
Total Mutual Fund	10,796	(6.6)	2.2	18.5	263.1	254.7

Excludes ETPs, VA funds and funds-of-funds.

Source: Strategic Insight Simfund

Including active and passive mutual funds (excluding ETFs), Vanguard, PIMCO, and Fidelity led monthly net inflows across domestic and international equity strategies. BlackRock, Goldman Sachs and JPMorgan were the monthly flows leaders for bond fund flows during the month.

Top Five Mutual Fund Managers Leading Monthly Net Inflows (\$M)			
Equity (Domestic and International)	Bond (Taxable and Non-Taxable)		
	Oct'13	Oct'13	
Vanguard	5,614	BlackRock	1,802
PIMCO LLC	3,778	Goldman Sachs	1,345
Fidelity	2,669	JPMorgan Funds	701
JPMorgan Funds	2,306	TCW / MetWest	624
Harris Assoc	1,705	Waddell & Reed	512
Total Top Five	16,072	Total Top Five	4,984

Excludes ETPs, VA funds and funds-of-funds.

Source: Strategic Insight Simfund

ETPs Attract \$26 Billion in October

US Equity ETPs, (including Exchange Traded Funds and Exchange Traded Notes), netted \$29 billion during the month. Growth and Income, Midcap Equity, and International European Equity were the top objective leading equity ETP flows in October.

Exchanged Traded Fund Flows, October 2013						
	Total Assets (B) 10/13	Net New Flows (\$B)				
		Aug'13	Sep'13	Oct'13	Ytd-10/12	Ytd-10/13
ETF						
Domestic Equity	1,000	(15.9)	12.4	17.7	62.1	86.7
International Equity	387	2.9	14.6	11.2	28.1	51.7
<i>Total Equity</i>	<i>1,386</i>	<i>(13.0)</i>	<i>27.0</i>	<i>28.9</i>	<i>90.3</i>	<i>138.3</i>
Taxable Bond	243	(6.7)	5.6	(2.5)	41.6	11.2
Tax-Free Bond	11	(0.2)	(0.3)	(0.0)	2.6	(0.4)
<i>Total Bond</i>	<i>254</i>	<i>(6.9)</i>	<i>5.4</i>	<i>(2.5)</i>	<i>44.2</i>	<i>10.7</i>
Total ETF	1,640	(20.0)	32.4	26.4	134.4	149.1

Excludes VA funds and funds-of-funds. Includes ETNs.

Source: Strategic Insight Simfund

Intermediaries Drive Actively Managed Equity Inflows

Year-to-date through September 2013, intermediary-sold (including private bank, independent, regional, RIA, and most wirehouse broker/dealers) channels aggregately drove \$211 billion of equity mutual fund and ETF inflows. During September, intermediaries captured \$20 billion of equity flows, half of which were actively managed strategies. Among intermediary-sold actively managed equity funds, flows leading strategies (through September) included international growth, emerging markets, and global asset allocation. Distribution channel data attributed to Strategic Insight Simfund Pro, 7.0 / Access Data, a Broadridge company.

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