

Monthly Mutual Fund Industry Flows: August 2008

Although global financial markets have been in crisis in recent weeks, August's mutual fund flow results reflected sustained overall confidence. Investors deposited a net \$43 billion into mutual funds in August. Money-market funds and bond funds led in net flows, while equity funds experienced essentially flat results. For the first eight months of 2008, mutual fund cash inflows in the US have approached \$430 billion.

Fund Industry Overview (Excluding VAs)					
	Net New Flows \$B			Assets \$B 8/08	Asset Wtd.
	Jul'08	Aug'08	Ytd-8/08		Return % Aug'08
U.S. Equity	-11.7	7.6	1.6	3,940	0.80
Int'l/Global Equity	-5.3	-6.5	17.9	1,645	-3.94
Hybrid/Allocation	-3.5	-0.8	-11.4	366	0.61
Equity/Balanced	-20.4	0.2	8.1	5,951	--
Taxable Bond	5.3	7.3	79.1	1,302	0.27
Tax-Free Bond	2.0	2.4	21.4	482	1.02
Bonds	7.2	9.7	100.5	1,783	--
Total Long Term	-13.2	10.0	108.7	7,734	--
Taxable Money Mkt	62.3	26.5	281.5	2,936	0.18
Tax-Free Money Mkt	3.2	6.5	38.6	515	0.13
Money Market	65.5	33.0	320.1	3,451	--
Total Industry	52.3	43.0	428.7	11,185	--

Source: Strategic Insight Simfund MF

Equity funds returned to positive net flow territory in August, although just barely. Improved relative performance boosted US equity funds, which enjoyed more than \$7 billion in net new flows; meanwhile, international equity funds experienced net redemptions of nearly \$7 billion.

Bond fund flows totaled \$9.7 billion in August; taxable funds captured three-quarters of that amount. **Money market funds** experienced net inflows of \$33 billion over the month, driven by institutional transfers. Year-to-date, MMFs' net inflows have reached \$320 billion.

Asset-allocation funds-of-funds (especially target-date FoFs) drew nearly \$4 billion in net new flows in August.

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