

## Monthly Mutual Fund Industry Flows: December 2008

Fund redemptions slowed down in December as the worst of the stock and fixed-income market declines seemed to be over. In aggregate, net outflows from long-term funds were \$19 billion in December, and \$60 billion for full-year 2008 (including ETFs, which saw large inflows).

Fund Industry Overview (Excluding VAs)					
	Net New Flows \$B			Assets \$B	Asset Wtd. Return %
	Nov'08	Dec'08	2008	12/08	Dec'08
U.S. Equity	0.4	-3.7	-35.2	2,667	2.86
Int'l/Global Equity	-9.0	-10.4	-42.4	1,076	6.39
Hybrid/Allocation	-2.4	-1.8	-26.3	273	3.55
<b>Equity/Balanced</b>	<b>-11.0</b>	<b>-15.9</b>	<b>-103.9</b>	<b>4,016</b>	--
Taxable Bond	-12.0	1.1	38.0	1,167	3.78
Tax-Free Bond	-1.7	-4.3	5.9	417	-0.70
<b>Bonds</b>	<b>-13.7</b>	<b>-3.2</b>	<b>43.9</b>	<b>1,583</b>	--
<b>Total Long Term</b>	<b>-24.7</b>	<b>-19.1</b>	<b>-60.0</b>	<b>5,599</b>	--
Taxable Money Mkt	126.3	110.6	589.0	3,255	0.10
Tax-Free Money Mkt	-2.1	1.2	14.7	494	0.07
<b>Money Market</b>	<b>124.2</b>	<b>111.8</b>	<b>603.8</b>	<b>3,749</b>	--
<b>Total Industry</b>	<b>99.5</b>	<b>92.7</b>	<b>543.8</b>	<b>9,348</b>	--

Source: Strategic Insight Simfund MF

**Actively managed equity funds** appreciated in December, but year-end rebalancing, tax-loss related selling, and continuing stock market uncertainties helped lead to net redemptions exceeding \$30 billion in the month. This represented roughly 1.1% of beginning assets. Counterbalancing this redemption activity were net inflows of nearly \$22 billion into index funds and indexed equity ETFs over the month.

**Bond fund** net outflows slowed to about \$3 billion in aggregate in December, with taxable bonds experiencing \$1 billion of net inflows, while tax-free bonds experienced net outflows.

**Money market funds** drew \$110 billion or so (virtually all in taxable programs), on top of November's \$125 billion. For the full 2008, MMFs garnered net new deposits of \$600 billion.

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