

VIDEO

October 17, 2014

Focus on Funds: Fund Investing Trends

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In the October 17, 2014, edition of Focus on Funds, ICI Senior Economist Shelly Antoniewicz analyzes flow data for mutual funds and ETFs through the end of September.

Transcript

Stephanie Ortvals-Tibbs, ICI Director, Media Relations: Welcome to Focus on Funds, the Investment Company Institute's weekly roundup of industry news, ICI activities, and research findings.

New data on fund investing trends through September are in. ICI Senior Economist Shelly Antoniewicz offers an in-depth analysis.

Shelly Antoniewicz, ICI Senior Economist: So far this year, through September 2014, mutual funds flows and ETF flows have been fairly strong and are on 2013's pace. We have seen some different patterns develop in 2014.

For example, domestic equity in 2013 had its first inflows in quite a few years. However, that seems to have reversed in 2014. We now have outflows of about \$31 billion in domestic equity mutual funds.

And, we've seen a resumption of the trend we've seen in previous years, which is people moving into passively managed investments. So, actively managed mutual funds have had outflows, and index domestic equity mutual funds and ETFs—domestic equity ETFs—also have had inflows.

One thing that we have seen, a continuation of a trend from 2013 in the equity space, is world equity funds. They continue to remain very popular with investors, both in the mutual fund space and in the ETF space.

Stephanie Ortvals-Tibbs: Antoniewicz says so far this year bond investing trends also have changed significantly.

Shelly Antoniewicz: Taxable bond funds have had a very different story in 2014. Interest rates leveled off in January and have since come down a little bit. We've also seen inflows into bond funds.

We've had \$34 billion come into taxable bond mutual funds. Net new issuance of ETF bond funds have also been strong in 2014.

Stephanie Ortvals-Tibbs: The changed investing trendlines for tax-exempt bond funds also are notable.

Shelly Antoniewicz: Tax-exempt bond funds have had a big turnaround story in 2014. In 2013, we saw substantial outflows because of pressures on state and local government finances and other concerns.

In 2014, the markets have settled down, investors have decided they see value in tax-exempt bond funds, various indices are up about 8 percent on rate of returns on tax-exempt bond funds. Tax-exempt bond funds have had inflows of \$18 billion through September in 2014 versus an outflow of over \$50 billion in 2013.

Stephanie Ortvals-Tibbs: A final note from Antoniewicz—hybrid funds also continue to draw strong investor interest. Full data on ICI's website.

That's this week in funds. See you next week.

Additional Resources

- [ICI Statistics](#)

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