

VIDEO

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Focus on Funds: High-Yield Bond Fund Market Insights

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Fresh data are painting a clearer picture of volatility in the high-yield bond fund market. In the May 6, 2016, edition of *Focus on Funds*, ICI Senior Economist Sean Collins looks back at the past several months.

Transcript

Stephanie Ortvals-Tibbs, ICI Director, Media Relations: There has been tremendous interest in the direction of the high-yield bond fund market over the past few months, and ICI Senior Economist Sean Collins offers a fresh breakdown of the data and what they tell us.

Sean Collins, ICI Senior Economist: The market was a bit unsettled in December. We had modest outflows for the month as a whole. Outflows were more significant earlier in the month, especially as the market was somewhat unsettled in early to mid-December. Those outflows were fairly moderate across funds, so for the month as a whole, the average outflow was about 3.5 percent of fund assets. Some funds saw significantly larger outflows, some funds actually saw inflows for the month and, on average, the average fund saw about 2.5 percent of fund outflows.

As the market settled down later into December, and earlier into January and February, outflows moderated, and by about late February to early March, we began to actually see inflows into the market.

Ortbals-Tibbs: And Sean, then when you look at the data for the first quarter of this year, you start to see a real turnaround in the market.

Collins: Right. So again, as the market became more settled in January, late February, we began to see actual inflows into high-yield funds.

Ortbals-Tibbs: The other interesting thing is that even in December, when we saw bond funds making redemptions, we also see purchases.

Collins: In any given month—even in a month where the market as a whole can be

down—it tends to be the case that you will see some funds with outflows, and some funds where investors will continue to make purchases, even within a particular investment category.

So in this case, in high-yield in December, even though on balance we saw outflows, there were a number of funds that continued to see inflows. So, investors [were] continuing to make purchases despite the fact that the market itself was down.

Ortbals-Tibbs: So what do you see as the bottom line out of all the data that you've looked at?

Collins: I think the bottom line is that this is kind of an episode that is consistent with what we've seen in the past, where there will be a shock to the market, and we tend to see modest outflows, on balance, on net. Some funds will see larger outflows and some funds will tend to see inflows, and that is consistent with everything that we saw from December through about March.

Additional Resources

- [ICI Global's Research and Statistics](#)
- [Focus on Funds: First-Quarter Bond Fund Flows in the United States and Europe](#)
- [ICI Viewpoints: High-Yield Bond Mutual Fund Flows: An Update](#)

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