

VIDEO

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Focus on Funds: Latest Yearly Investment Trends Now Clear

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In the February 13, 2015, edition of *Focus on Funds*, ICI Senior Economist Sean Collins explains which fund categories drew the greatest investor interest over the past year, and why.

Transcript

Stephanie Ortballs-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.

With 2015 well underway, what can we learn from fund flow trends in 2014?

ICI Senior Economist Sean Collins has been crunching the ultimate numbers and draws some conclusions.

Sean, what we see in this year's numbers from 2014 is still a very strong market, substantial inflows into funds, about \$100 billion. That's down a little bit from last year, 2013, we saw \$142 billion, but still quite strong and it looks like bond funds had a bounce back.

Sean Collins, ICI Senior Director, Industry and Financial Analysis: Right, bond funds had a bounce back from outflows in 2013, to inflows in 2014. That largely reflected interest rate developments. Long-term interest rates declined somewhat in 2014 as markets settled due to the Fed providing some clarity about what it was going to do with monetary policy.

Ortballs-Tibbs: We also see that while bond funds bounced back, equity funds did even better.

Collins: That's right, equity funds did very well last year. We had even stronger inflows in 2014 in equity funds. That continued to reflect the disparity, though, between domestic equity funds and world equity funds.

Domestic equity funds had outflows last year. For a number of years running now we've

had outflows from equity funds, and, in large part, that reflects the fact that investors are continuing to substitute toward ETFs. Domestic equity ETFs had very strong net new issuance.

On the world equity fund side, mutual fund open-end side, we saw very strong inflows, again reflecting the demand from investors for diversification around the world and the higher returns that are available often in other markets.

Ortbals-Tibbs: And the final piece where we see growth is in hybrid funds.

Collins: Right, so hybrid funds have had inflows now for about six years running and that probably reflects strong demand by investors for diversification and asset allocation products.

Ortbals-Tibbs: That's this week in funds. See you next week.

Additional Resources

- [ICI Statistics on Mutual Fund and ETF Investment Flows](#)

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