

US Fund Flows

November 2024



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Table of Contents

| | | | | | |
|------------------------|-------|-------------------------------------|-------|-------------------------|-------|
| Monthly Summary | 3-14 | Supplemental Data and Charts | 15-22 | Long-Term Trends | 23-28 |
| Disclosures | 29-34 | | | | |

November 2024 Key Takeaways

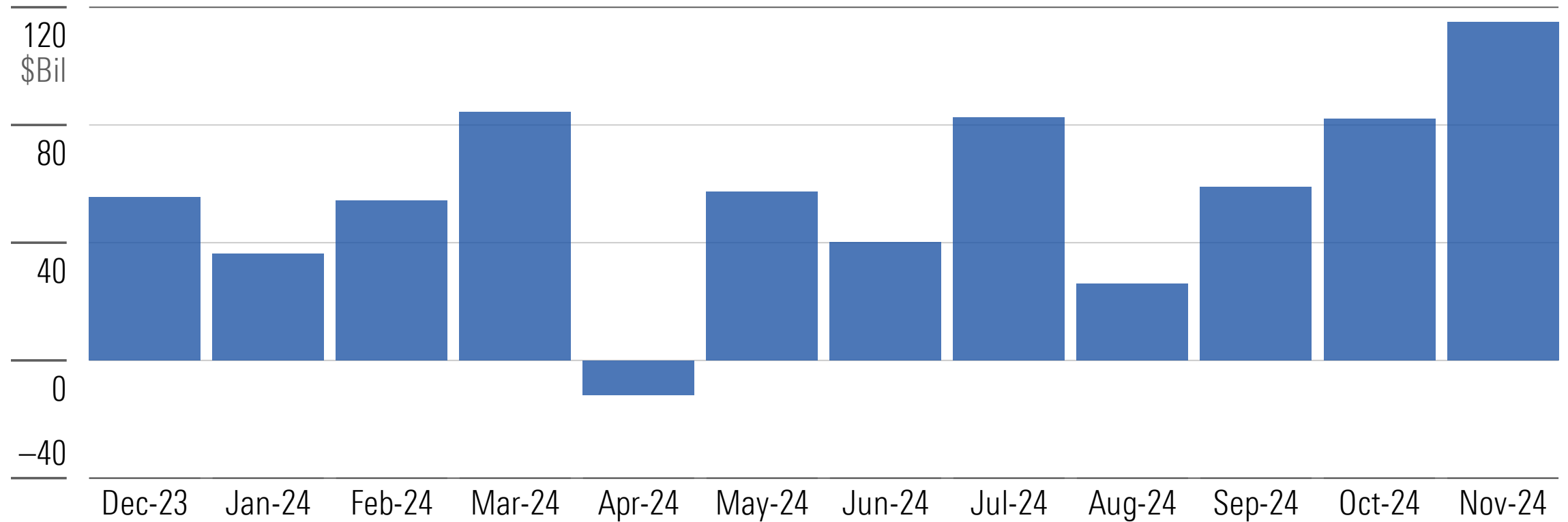
- Long-term US mutual funds and ETFs gathered \$115 billion in November, their largest absolute net inflow since April 2021. Enthusiasm around a second Trump administration seemed to spark investor appetite.
- US equity funds had their strongest showing of the year with \$50 billion of inflows, mostly accruing to index funds.
- Sector-equity funds emerged from a long drought, pulling in about \$12 billion.
- Taxable-bond funds collected \$38 billion in November, a solid sum but below their 2024 monthly average.
- Government-bond fund flows were roughly flat, while riskier categories like multisector, bank loan, and high-yield bond all welcomed healthy November inflows.
- ETFs raked in a record \$159 billion. That pushed their year-to-date total to \$966 billion, already an annual record.
- Fund families like Avantis, ALPS, and Innovator have ridden ETF demand up the fund-provider leaderboard, often at the expense of shops focused on mutual funds.

¹ Long-term funds exclude money market funds.

Flows Get a Trump Bump

US funds raked in \$115 billion in November, their highest total since April 2021. Relative to earlier in the year, US equity and sector-equity funds came back to life after a sleepy stretch, both enjoying their best months of 2024. The market's cheery reaction to Trump's election sent stock prices higher and likely energized the broader equity-fund investor base.

■ Monthly Long-Term US Fund Flows

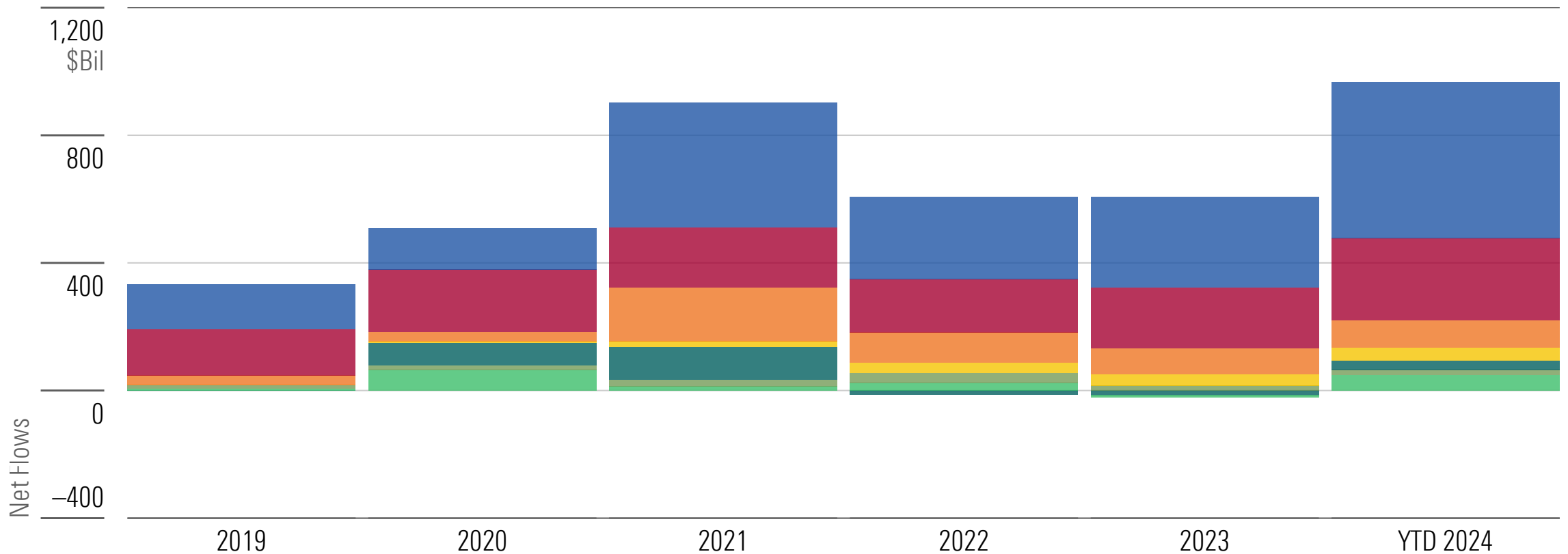


Source: Morningstar Direct. Data as of Nov. 30, 2024.

Milestone Month for ETFs

ETFs raked in a record \$159 billion in November to reach \$966 billion of inflows on the year. That broke the previous annual record of \$901 billion in 2021. ETFs' organic growth rate of 16.4% that year will be hard to beat, though; this year's rate was 11.9% through November. But with one month left on the calendar, ETFs will almost certainly book their first \$1-trillion year of flows.

■ US Equity
 ■ Taxable Bond
 ■ International Equity
 ■ Nontraditional Equity
 ■ Sector Equity
 ■ Municipal Bond
 ■ Other

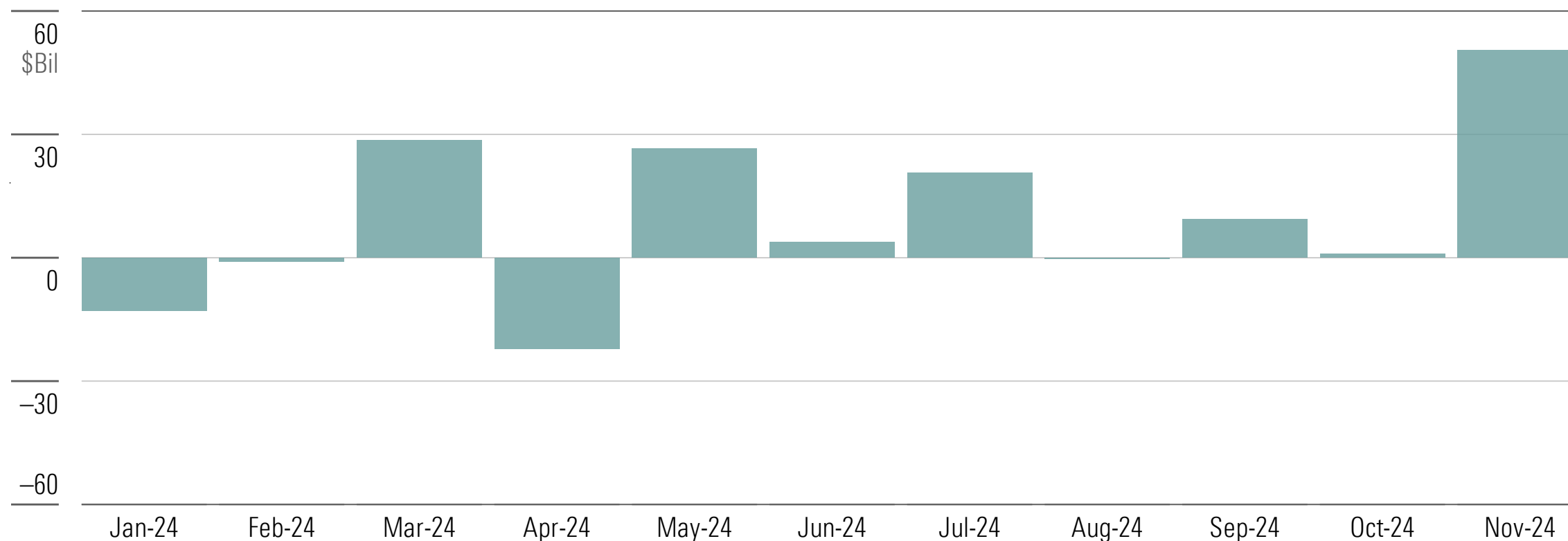


Source: Morningstar Direct. Data as of Nov. 30, 2024.

US Equity Index Funds Reap Rewards in November

US equity funds enjoyed their strongest monthly inflow since March 2021, collecting just over \$50 billion. That figure represented their best organic growth rate since December 2023 and one of the best results over the past five years. Six of the nine Style Box categories enjoyed inflows in November. Index funds took in \$78 billion, while active funds shed nearly \$28 billion.

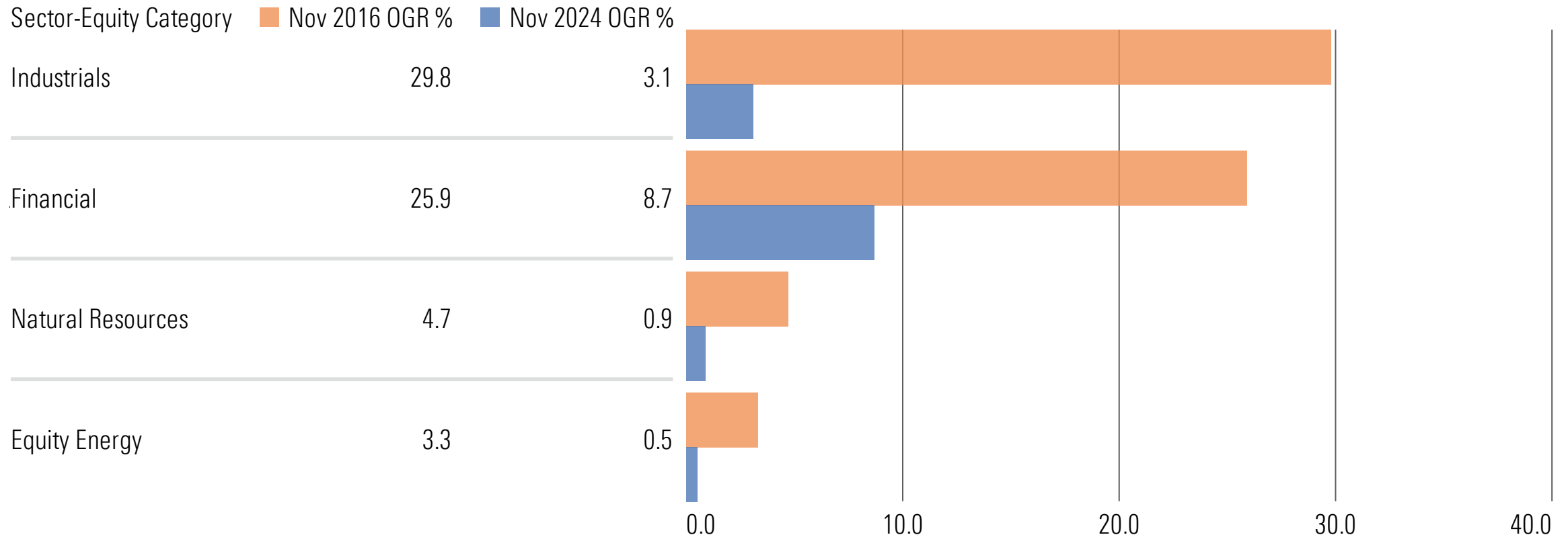
■ US Equity Monthly Net Flow



Source: Morningstar Direct. Data as of Nov. 30, 2024

Sector-Equity Fund Flows Pop

After being mired in a multiyear slump, sector-equity funds awakened in November, taking in \$12 billion—their most since March 2021. The category group had enjoyed just eight months of inflows since the start of 2022. Investors borrowed some lessons from Trump’s previous election win in 2016, pouring money into cyclical sectors such as financial and industrials, though at lower rates.

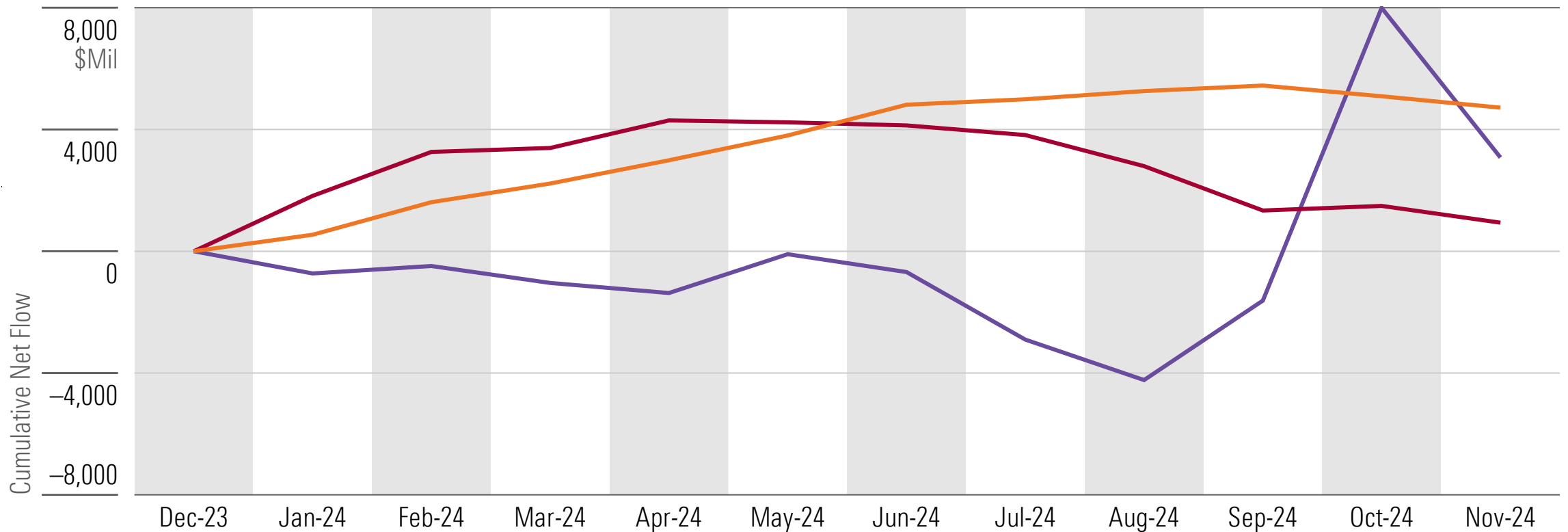


Source: Morningstar Direct. Data as of Nov. 30, 2024. OGR is organic growth rate.

Postelection Bullishness Gives US Investors Another Reason to Stay Home

Flows into international-equity funds have been weak since 2021, and investors' newfound optimism for the US economy probably won't help change that. International-equity funds gathered a paltry \$1.4 billion in November. The once-hot categories of Japan stock, India equity, and — for a brief moment — China region funds have all recently flipped to outflows.

— China Region — Japan Stock — India Equity

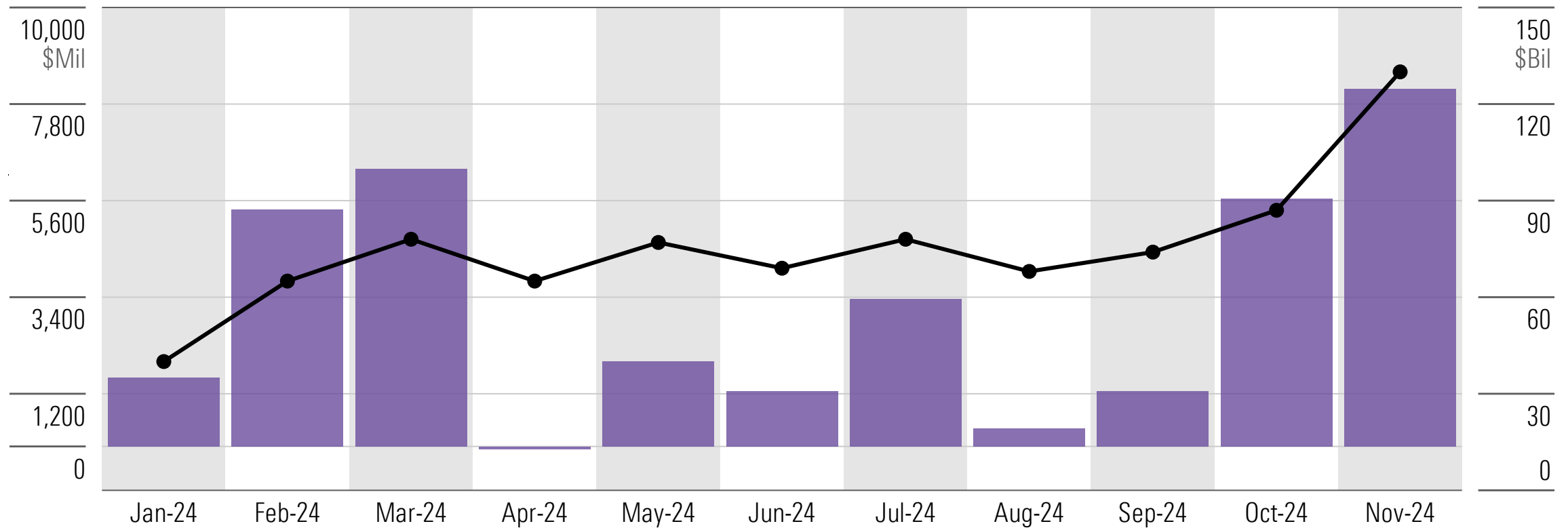


Source: Morningstar Direct. Data as of Nov. 30, 2024

Regulatory Optimism Shoots Crypto Prices and Related Fund Flows Higher

Market activity suggests investors bought the hype of a more crypto-friendly administration. The price of bitcoin rose from around \$70,000 to nearly \$100,000 over the course of November. Investor activity might have contributed to the surge. They poured \$8.2 billion into digital assets funds in November, representing virtually all net flows into the alternative category group.

■ Digital Assets Net Flow (Left Axis) — Digital Assets Total Net Assets (Right Axis)

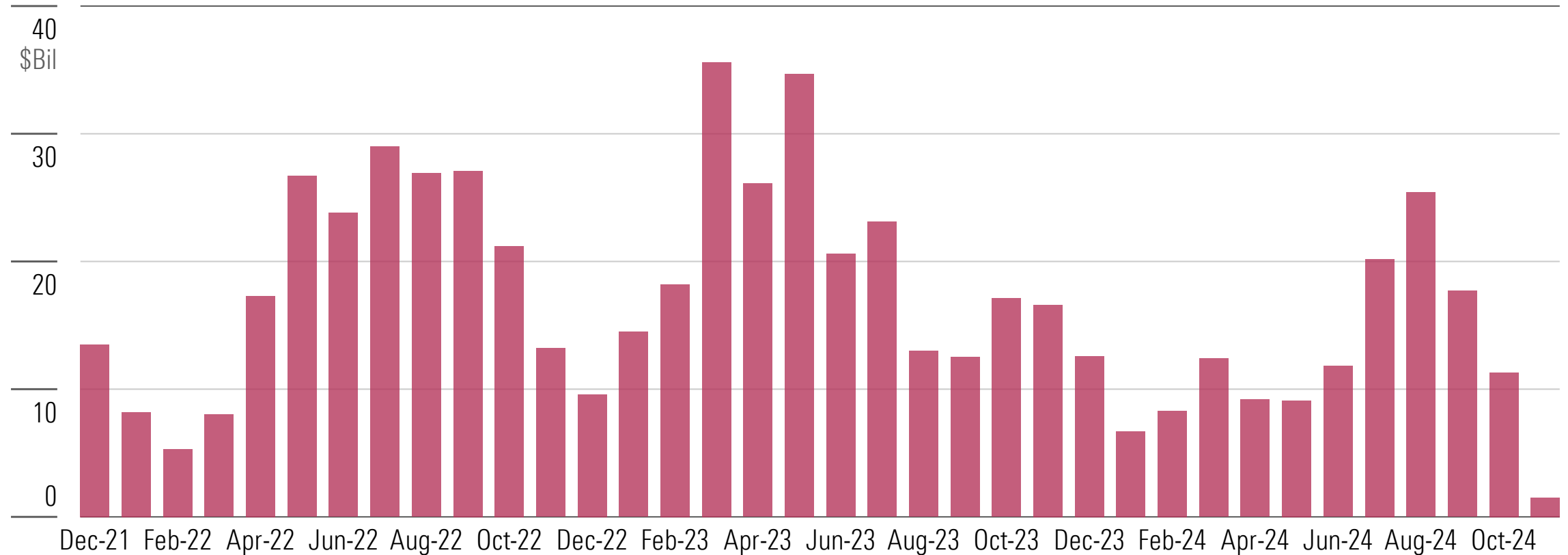


Source: Morningstar Direct. Data as of Nov. 30, 2024

Flows Into Government-Bond Funds Flatten Out

A popular choice for most of the past three years, Treasury funds have seen recent flows taper. They gathered \$1.5 billion of net flows over the past three months, their worst three-month total since the period ended February 2017. With securities that are virtually free of default risk, these funds have slid to the backburner at the expense of riskier options.

■ Government-Bond Rolling Three-Month Flows

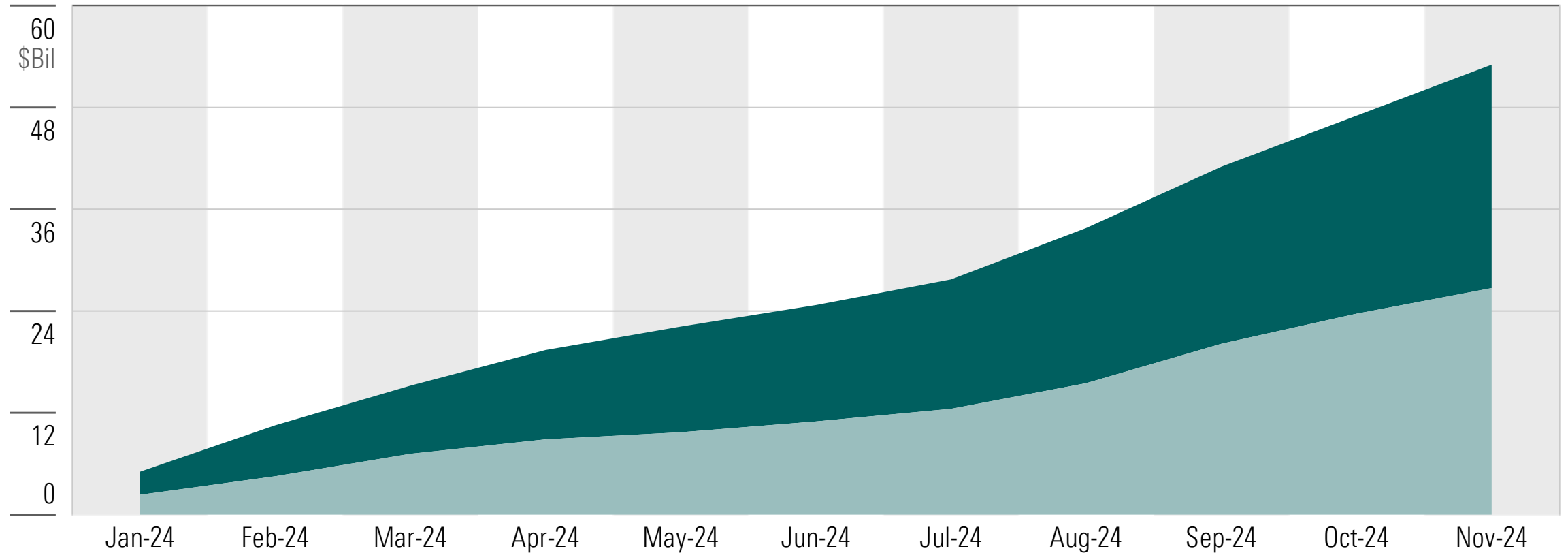


Source: Morningstar Direct. Data as of Nov. 30, 2024. Government-bond funds include short-, intermediate-, and long-term government categories.

Multisector Flows Run on Pimco Power

Investors piled \$6 billion into multisector bond funds in November. That raised the 2024 total to \$53 billion, well ahead of the previous record of \$37 billion from 2021. Credit to Pimco Income: The behemoth reeled in \$26 billion on the year, most of any actively managed mutual fund by far.

▲ Pimco Income Cumulative Net Flow ▲ All Other Multisector Bond Funds Cumulative Net Flow



Source: Morningstar Direct. Data as of Nov. 30, 2024.

Covered-Call and Buffer Funds Have Grown Side by Side

The derivative-income category, home to covered-call funds, hauled in \$3 billion in November compared with \$400 million for the defined-outcome category, which comprises mainly buffer funds. That was the largest ever difference in monthly flows between the two categories, whose similar products have enjoyed similarly strong growth (though the derivative-income category is larger).

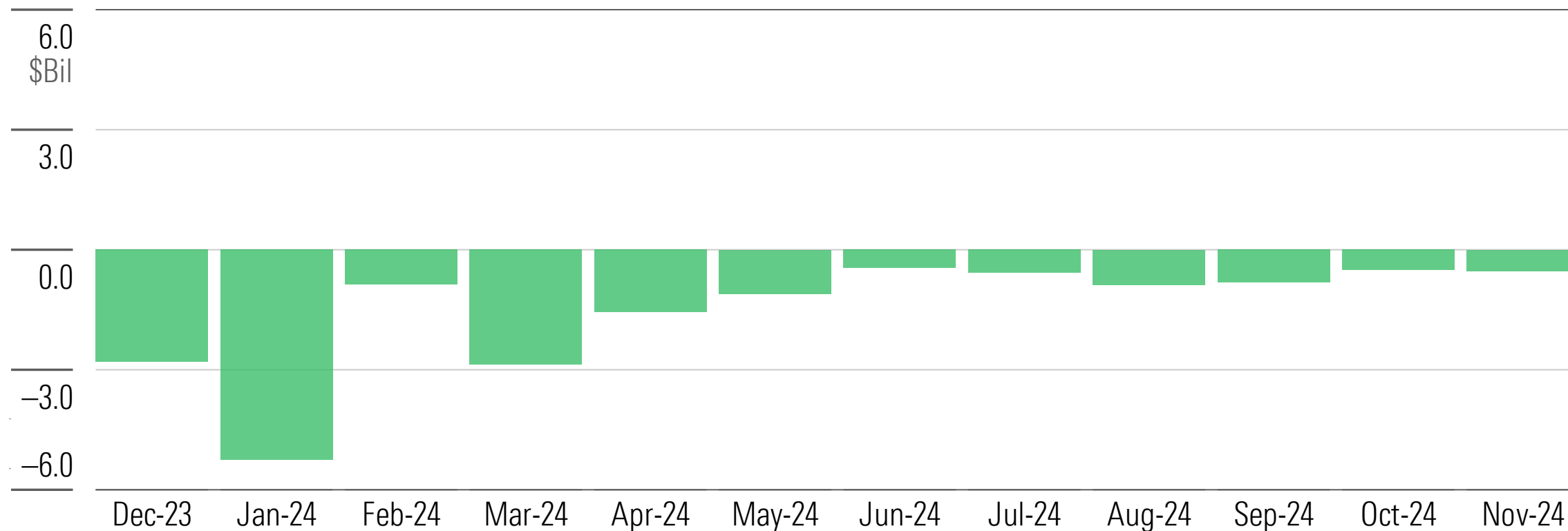
| Morningstar Category | YTD 2024 OGR (%) | Nov-24 Assets (\$Bil) | 2023 OGR (%) | 2023 Assets (\$Bil) | 2022 OGR (%) | 2022 Assets (\$Bil) |
|----------------------|------------------|-----------------------|--------------|---------------------|--------------|---------------------|
| Defined Outcome | 28.4 | 48.1 | 52.9 | 33.2 | 107.6 | 18.9 |
| Derivative Income | 35.0 | 110.0 | 62.0 | 73.9 | 103.5 | 43.9 |

Source: Morningstar Direct. Data as of Nov. 30, 2024. OGR is organic growth rate.

Equity Enthusiasm Skips Over Sustainable Funds

Despite a revival elsewhere in the funds market, sustainable offerings didn't follow suit. They shed about \$500 million in November, roughly their standard rate of outflows relative to recent history. They've dropped over \$15 billion so far in 2024.

■ Sustainable Funds Net Flow



Source: Morningstar Direct. Data as of Nov. 30, 2024. Comprises funds deemed to have sustainability mandates by Morningstar based on prospectus language.

Monthly Summary

ETF Flows Giveth and Taketh Away

If one ranked fund families by total assets, the top of the list rarely changes. Fund providers further down the list tend to move around more often. The table below shows which fund families climbed and cascaded the leaderboard over the 12 months through November 2024. One clear trend emerges: Shops that focus on ETFs, such as Avantis Investors and Pacer, fared far better than those that deal mostly in mutual funds, such as Primecap.

| Fund Family | Nov 2023 Rank | Nov 2024 Rank | Difference | % Assets in ETFs | Fund Family | Nov 2023 Rank | Nov 2024 Rank | Difference | % Assets in ETFs |
|-----------------------|---------------|---------------|------------|------------------|------------------------|---------------|---------------|------------|------------------|
| LARGEST RISERS | | | | | LARGEST FALLERS | | | | |
| Capital Group* | 88 | 58 | 30 | 87 | Harding Loevner | 86 | 100 | -14 | 0 |
| Avantis Investors | 66 | 49 | 17 | 93 | TCW** | 39 | 52 | -13 | 0 |
| ALPS | 94 | 83 | 11 | 66 | ARK ETF Trust | 99 | 112 | -13 | 100 |
| Innovator ETFs | 95 | 85 | 10 | 100 | Morgan Stanley | 53 | 64 | -11 | 0 |
| Pacer | 68 | 59 | 9 | 100 | Primecap Odyssey | 85 | 95 | -10 | 0 |
| Direxion Funds | 65 | 57 | 8 | 98 | Destinations Funds | 102 | 111 | -9 | 0 |
| VanEck | 41 | 34 | 7 | 96 | Voya | 37 | 45 | -8 | 0 |
| GQG Partners Inc | 84 | 77 | 7 | 0 | DoubleLine | 48 | 56 | -8 | 0 |
| Global X Funds | 56 | 50 | 6 | 100 | Northern Funds** | 55 | 61 | -6 | 0 |
| Edgewood | 93 | 87 | 6 | 0 | Baron Capital | 62 | 68 | -6 | 0 |

Source: Morningstar Direct. Data as of Nov. 30, 2024.

*Does not include American Funds net flows due to different branding

**Does not include ETF flows due to different branding

Supplemental Data and Charts

November Flows for the Largest Fund Families

| Fund Family | Active (\$Mil) | Passive (\$Mil) | Nov 2024 (\$Mil) | TTM (\$Mil) | Assets (\$Bil) |
|-----------------------------------|----------------|-----------------|------------------|-------------|----------------|
| Vanguard | (5,474) | 28,486 | 23,012 | 201,547 | 8,912 |
| iShares | 871 | 37,538 | 38,409 | 270,328 | 3,227 |
| Fidelity Investments | (2,160) | 9,762 | 7,603 | 103,108 | 3,103 |
| American Funds | (7,568) | | (7,568) | (79,652) | 2,425 |
| SPDR State Street Global Advisors | 1,339 | 23,718 | 25,058 | 109,756 | 1,533 |
| Invesco | (1,652) | 20,869 | 19,217 | 69,038 | 907 |
| T. Rowe Price | (3,570) | (90) | (3,660) | (45,898) | 761 |
| J.P. Morgan | 9,316 | (831) | 8,484 | 49,515 | 706 |
| Dimensional Fund Advisors | 1,430 | (93) | 1,338 | 12,602 | 591 |
| Franklin Templeton Investments | (6,399) | 362 | (6,037) | (47,456) | 526 |

Source: Morningstar Direct Asset Flows. Data as of Nov. 30, 2024. TTM is trailing 12 months.

Active/Passive Flows by US Category Group

| US Category Group | Active 1-Mo (\$Mil) | Active TTM (\$Mil) | Active Assets (\$Bil) | Passive 1-Mo (\$Mil) | Passive TTM (\$Mil) | Passive Assets (\$Bil) |
|-----------------------|---------------------|--------------------|-----------------------|----------------------|---------------------|------------------------|
| US Equity | (27,630) | (299,939) | 6,216 | 78,076 | 448,926 | 10,490 |
| Sector Equity | (1,965) | (28,458) | 483 | 13,878 | 24,167 | 1,029 |
| International Equity | (4,776) | (79,079) | 2,234 | 6,211 | 99,613 | 2,028 |
| Allocation | (7,192) | (90,873) | 1,478 | 462 | 1,023 | 8 |
| Taxable Bond | 17,022 | 211,524 | 3,303 | 20,488 | 261,702 | 2,507 |
| Municipal Bond | 3,360 | 36,852 | 810 | 2,698 | 12,003 | 121 |
| Alternative | 342 | 4,534 | 112 | 7,735 | 32,242 | 121 |
| Commodities | (44) | (1,405) | 35 | (231) | 3,089 | 157 |
| Nontraditional Equity | 3,850 | 38,667 | 221 | 464 | 2,393 | 18 |
| Miscellaneous | 2,374 | 10,826 | 21 | (261) | (6,979) | 118 |
| All Long Term | (14,658) | (197,351) | 14,914 | 129,520 | 878,181 | 16,597 |

Source: Morningstar Direct Asset Flows. Data as of Nov. 30, 2024. TTM is trailing 12 months.

US Category Group Flows

| US Category Group | Nov 2024 (\$Mil) | TTM (\$Mil) | TTM OGR (%) | Assets (\$Bil) |
|-----------------------|------------------|-------------|-------------|----------------|
| US Equity | 50,447 | 148,987 | 1.19 | 16,706 |
| Sector Equity | 11,913 | (4,291) | (0.35) | 1,512 |
| International Equity | 1,434 | 20,534 | 0.55 | 4,263 |
| Allocation | (6,730) | (89,850) | (6.71) | 1,486 |
| Taxable Bond | 37,510 | 473,226 | 9.40 | 5,810 |
| Municipal Bond | 6,058 | 48,856 | 5.81 | 931 |
| Alternative | 8,077 | 36,776 | 28.25 | 233 |
| Commodities | (275) | 1,685 | 1.06 | 191 |
| Nontraditional Equity | 4,314 | 41,060 | 24.35 | 239 |
| Miscellaneous | 2,114 | 3,847 | 4.12 | 140 |
| All Long Term | 114,862 | 680,829 | 2.70 | 31,511 |

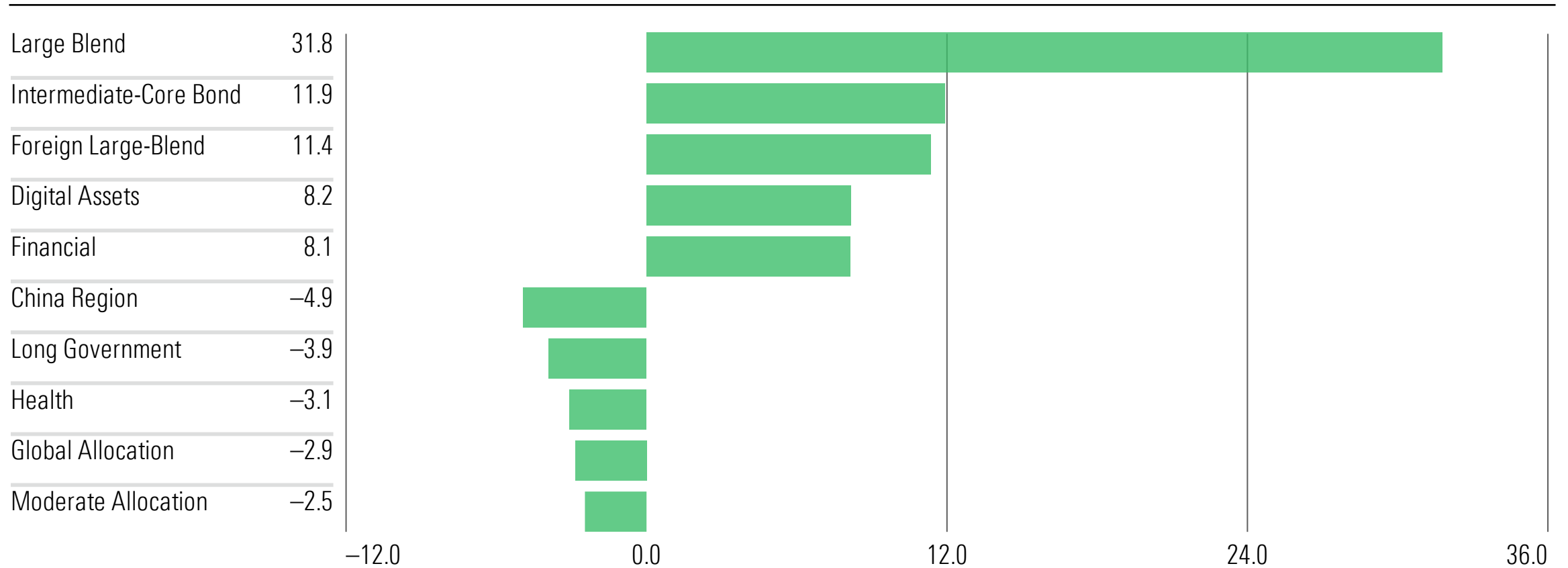
Source: Morningstar Direct Asset Flows. Data as of Nov. 30, 2024. TTM is trailing 12 months, OGR is organic growth rate.

ETF Flows

| ETF Subgroup | November 2024 (\$Bil) | YTD (\$Bil) | 1-Year (\$Bil) | 3-Year (\$Bil) | Total Assets (\$Bil) |
|--------------|-----------------------|-------------|----------------|----------------|----------------------|
| Active | 33.9 | 257.5 | 272.8 | 470.3 | 864.3 |
| Passive | 125.5 | 708.6 | 821.7 | 1,776.9 | 9,691.3 |
| Total | 159.3 | 966.1 | 1,094.4 | 2,247.2 | 10,555.6 |

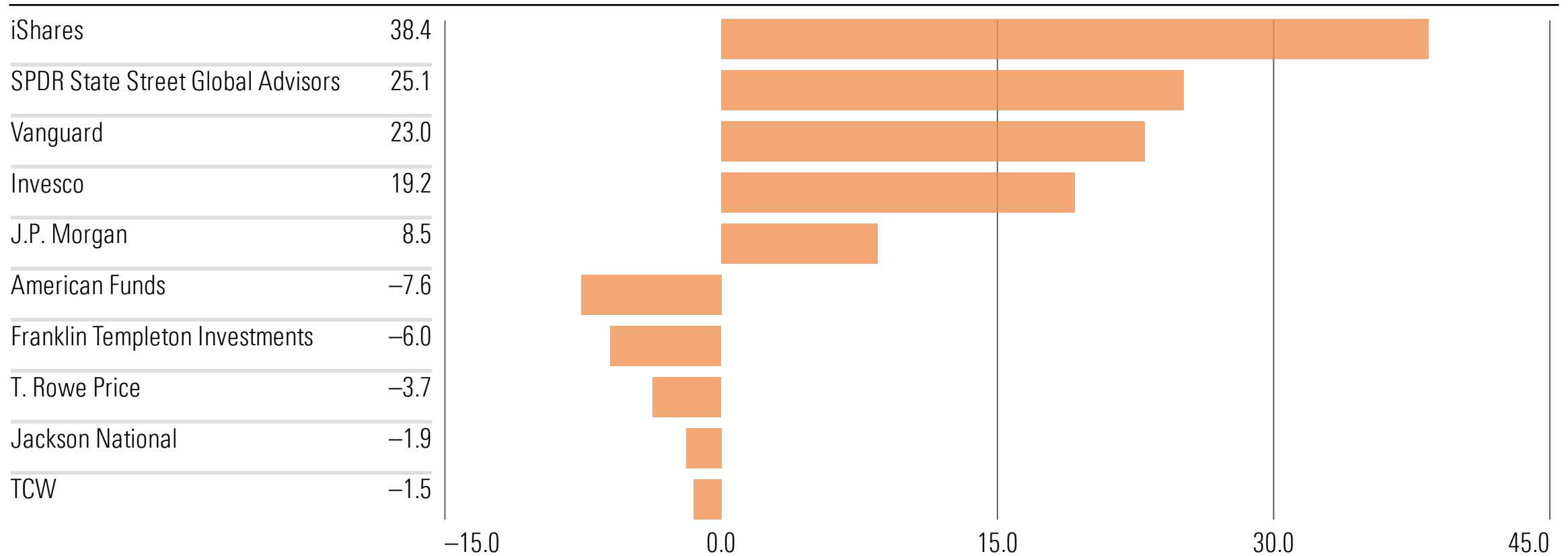
Source: Morningstar Direct Asset Flows. Data as of Nov. 30, 2024.

Morningstar Categories With the Largest November Inflows and Outflows (\$Bil)



Source: Morningstar Direct Asset Flows. Data as of Nov. 30, 2024.

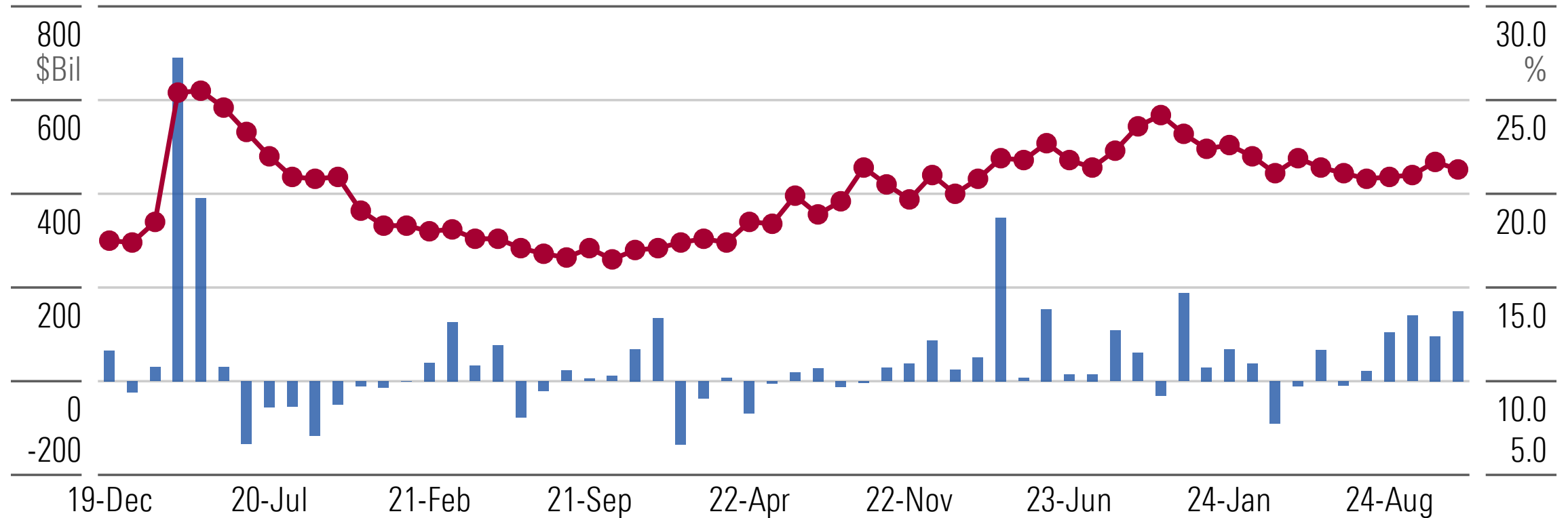
Fund Families With the Largest November Inflows and Outflows (\$Bil)



Source: Morningstar Direct Asset Flows. Data as of Nov. 30, 2024.

Money Market Flows

■ Money Market Monthly Net Flow (Left Axis) — Money Market Assets as a Percentage of Total Long-Term Assets (Right)

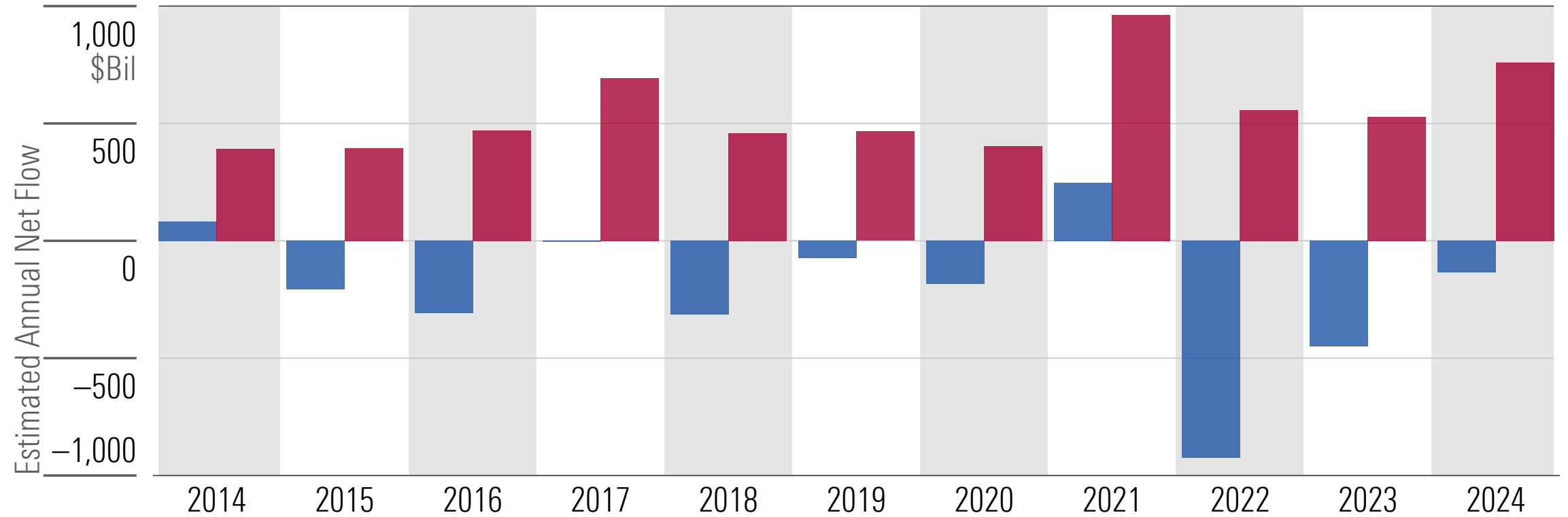


Source: Morningstar Direct Asset Flows. Data as of Nov. 30, 2024.

Long-Term Trends

Active Versus Passive: US Long-Term Fund Flows by Calendar Year

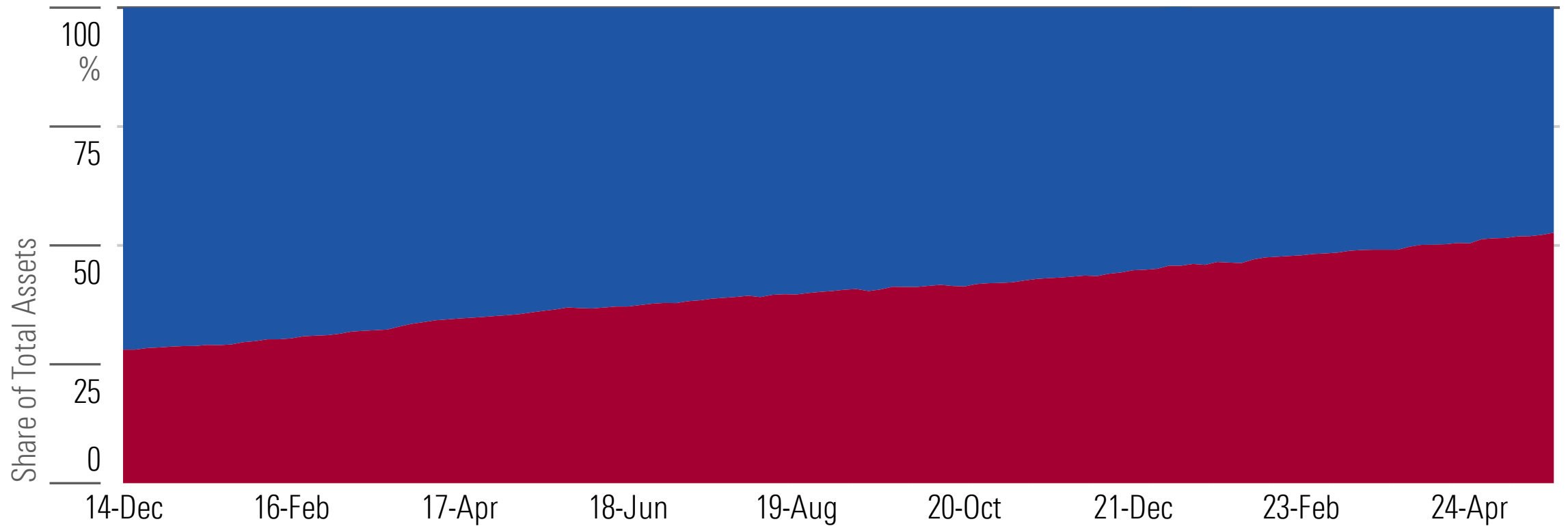
■ Actively Managed ■ Passively Managed



Source: Morningstar Direct Asset Flows. Data as of Nov. 30, 2024.

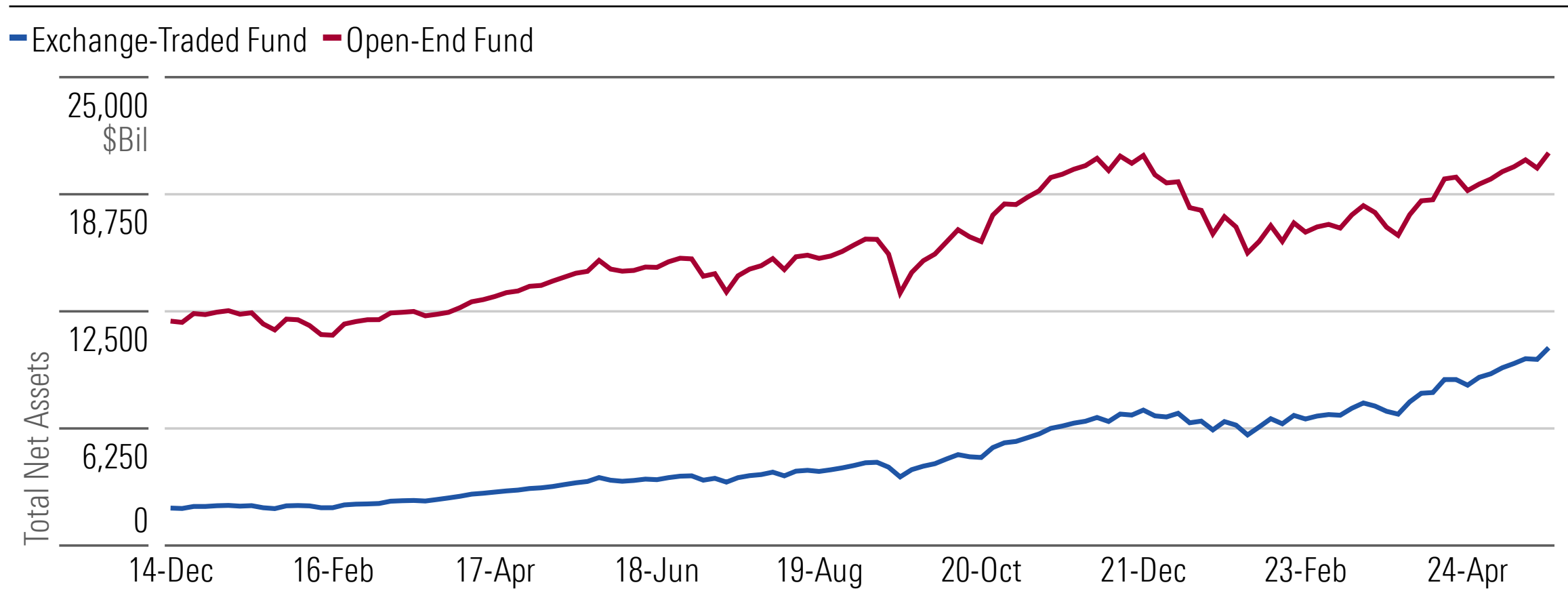
Active Versus Passive: Share of US Long-Term Fund Total Assets

▲ Actively Managed ▲ Passively Managed



Source: Morningstar Direct Asset Flows. Data as of Nov. 30, 2024.

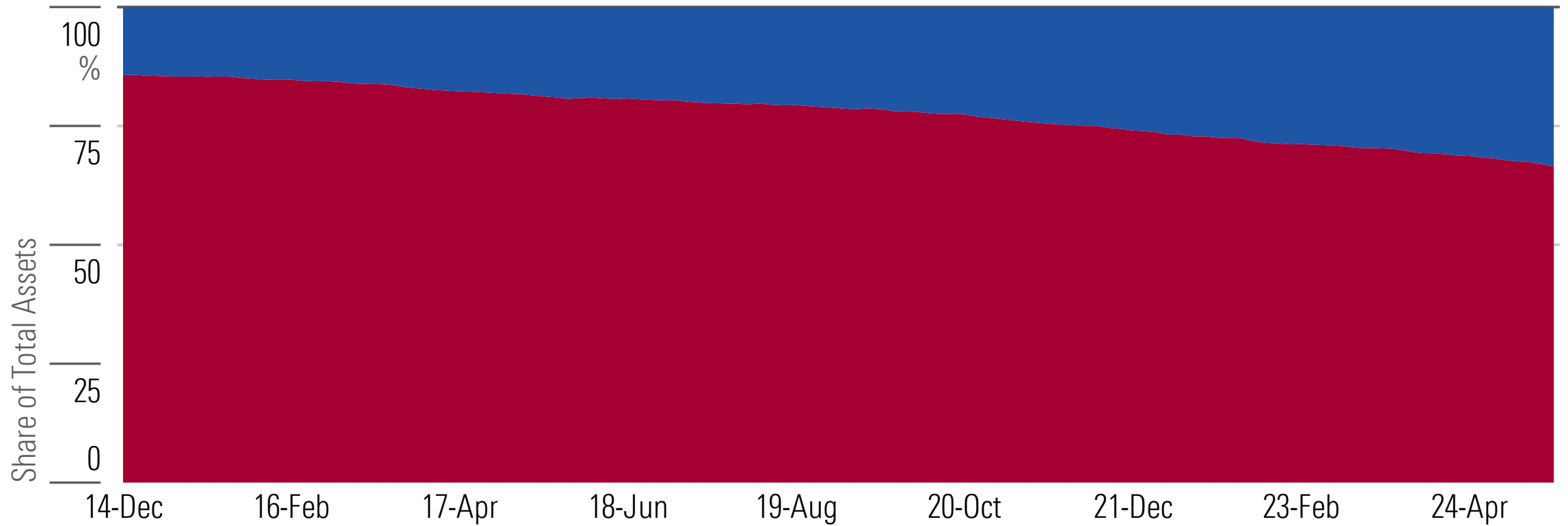
Open-End Funds Versus ETFs: Total Assets (US Long-Term Funds)



Source: Morningstar Direct Asset Flows. Data as of Nov. 30, 2024.

Open-End Funds Versus ETFs: Share of US Long-Term Fund Total Assets

▲ Exchange-Traded Fund ▲ Open-End Fund



Source: Morningstar Direct Asset Flows. Data as of Nov. 30, 2024.

Multiyear US Category Group Flows

| Category Group | 1-Year (\$Bil) | 3-Year (\$Bil) | 5-Year (\$Bil) | 10-Year (\$Bil) |
|-----------------------|----------------|----------------|----------------|-----------------|
| US Equity | 149.0 | 153.3 | 25.2 | (5.4) |
| Sector Equity | (4.3) | (99.4) | 42.3 | 51.7 |
| International Equity | 20.5 | 21.4 | 197.4 | 709.3 |
| Allocation | (89.9) | (250.2) | (329.9) | (523.2) |
| Taxable Bond | 473.2 | 486.4 | 1,483.4 | 2,522.4 |
| Municipal Bond | 48.9 | (72.0) | 91.0 | 282.0 |
| Alternative | 36.8 | 38.7 | 58.3 | 31.7 |
| Commodities | 1.7 | (20.9) | 17.9 | 41.8 |
| Nontraditional Equity | 41.1 | 114.5 | 145.6 | 128.4 |
| Miscellaneous | 3.8 | 37.0 | 59.6 | 66.6 |

Source: Morningstar Direct Asset Flows. Data as of Nov. 30, 2024.

Disclosures

Disclosures

Note: The figures in this report were compiled on Dec. 12, 2024, and reflect only the funds that had reported net assets by that date. The figures in both the commentary and the extended tables are survivorship-bias-free. This report includes both mutual funds and exchange-traded funds but not funds of funds unless specifically stated. It does not include collective investment trusts or separate accounts.

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