
U.S. Fund Flows

April 2022



Adam Sabban, CFA
Senior Manager Research Analyst, Equity Strategies
adam.sabban@morningstar.com

Ryan Jackson
Manager Research Analyst, Passive Strategies
ryan.jackson@morningstar.com

Table of Contents

3-16	Monthly Summary
17-22	Supplemental Data and Charts
23-28	Long-Term Trends
	Category Groups
30-31	U.S. Equity Funds
32-33	Taxable-Bond Funds
34-35	International-Equity Funds
36-37	Municipal-Bond Funds
38-39	Allocation Funds
40-41	Sector-Equity Funds
42-43	Disclosures

Summary: April 2022

Key Takeaways

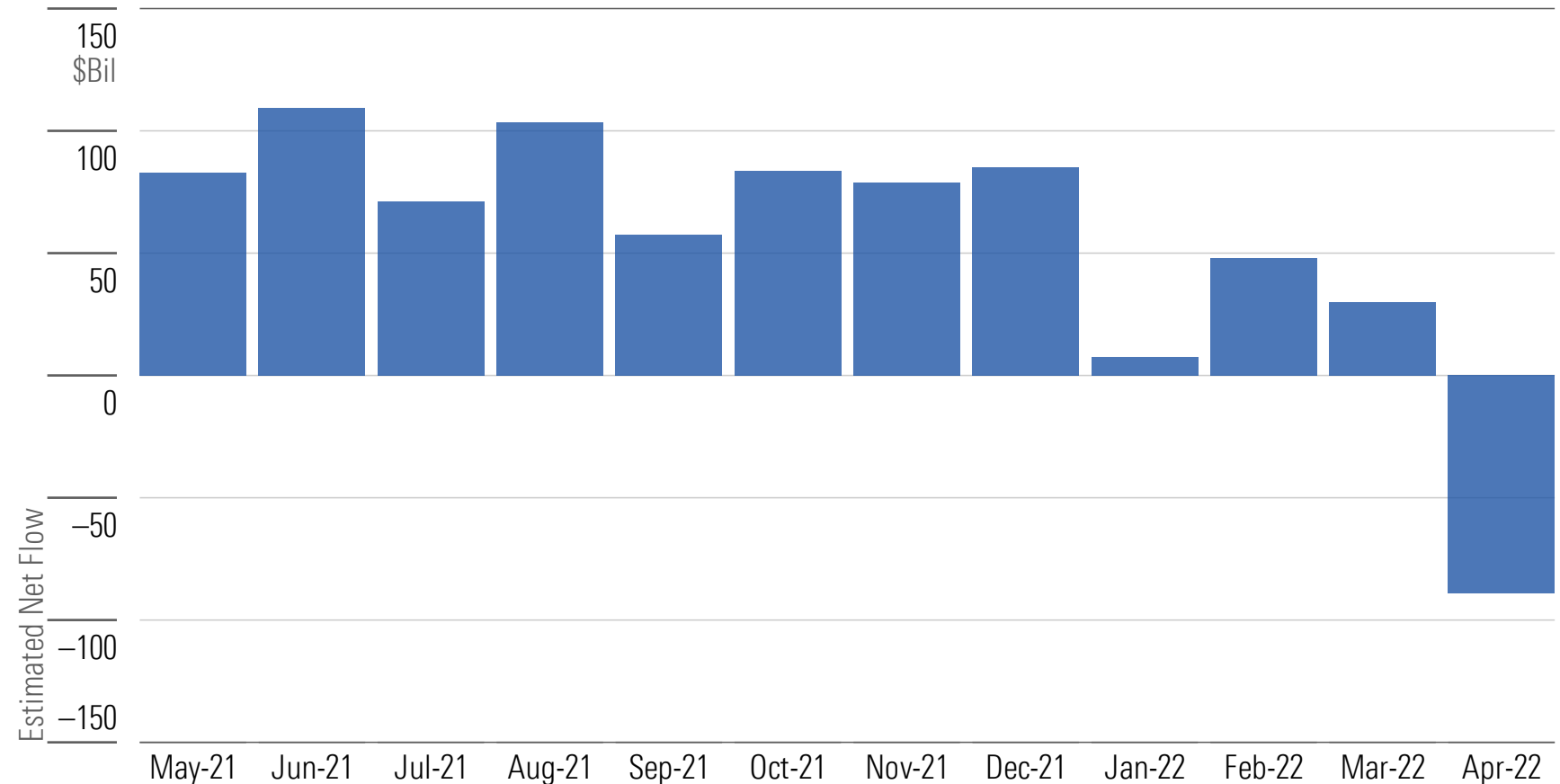
- ▶ Long-term mutual funds and exchange-traded funds shed \$89 billion in April 2022, marking the first such overall outflow since March 2020.¹
- ▶ Investors sought safety from turbulent markets in government-bond funds, defensive sector-equity funds, and funds investing in precious metals.
- ▶ Alternative and nontraditional equity funds' hot streak continued in April. These funds have lower correlation to equity markets and have attracted 23% of total inflows in 2022 despite representing just 1% of the U.S. open-end and ETF market by total assets.
- ▶ Taxable-bond funds suffered their fourth-consecutive month of outflows in April, shedding \$16.8 billion. While the outflows aren't large relative to taxable-bond funds' huge asset base, it's their longest monthly stretch of outflows since 2000.
- ▶ U.S. equity funds shed \$52 billion in April, led by outflows from large-blend and large-growth funds.
- ▶ Passive funds suffered just their seventh month of outflows over the past decade, while ETFs experienced a monthly outflow for the first time since 2019.
- ▶ Schwab ETFs' passive fund lineup gathered the most assets of any fund family, taking in \$2.5 billion. Industry behemoths Vanguard, iShares, and SSGA all suffered outflows.

¹ Long-term fund flows exclude money market flows.

Investors Bail on U.S. Mutual Funds and ETFs

Amid mounting losses across equity and fixed-income markets, long-term mutual funds and exchange-traded funds bled \$89 billion in April 2022. April was their first month of outflows since March 2020. The weakness was rather widespread: Five of the 10 U.S. category groups suffered outflows, as did 68 of the 120 Morningstar Categories.

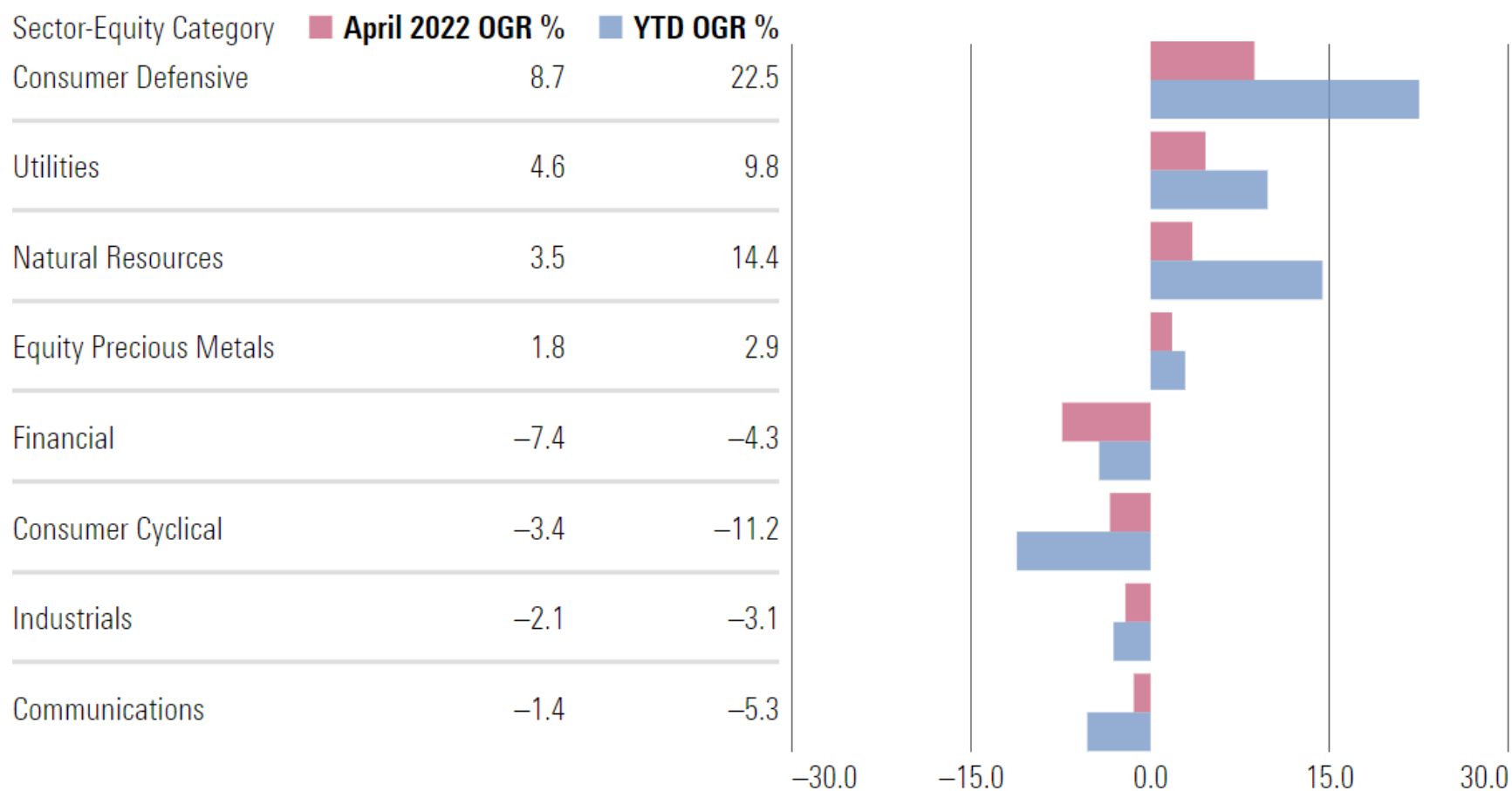
■ Monthly Long-Term U.S. Fund Flows



Source: Morningstar Direct Asset Flows. Data as of April 30, 2022.

Sector-Equity Fund Flows Get Defensive in April

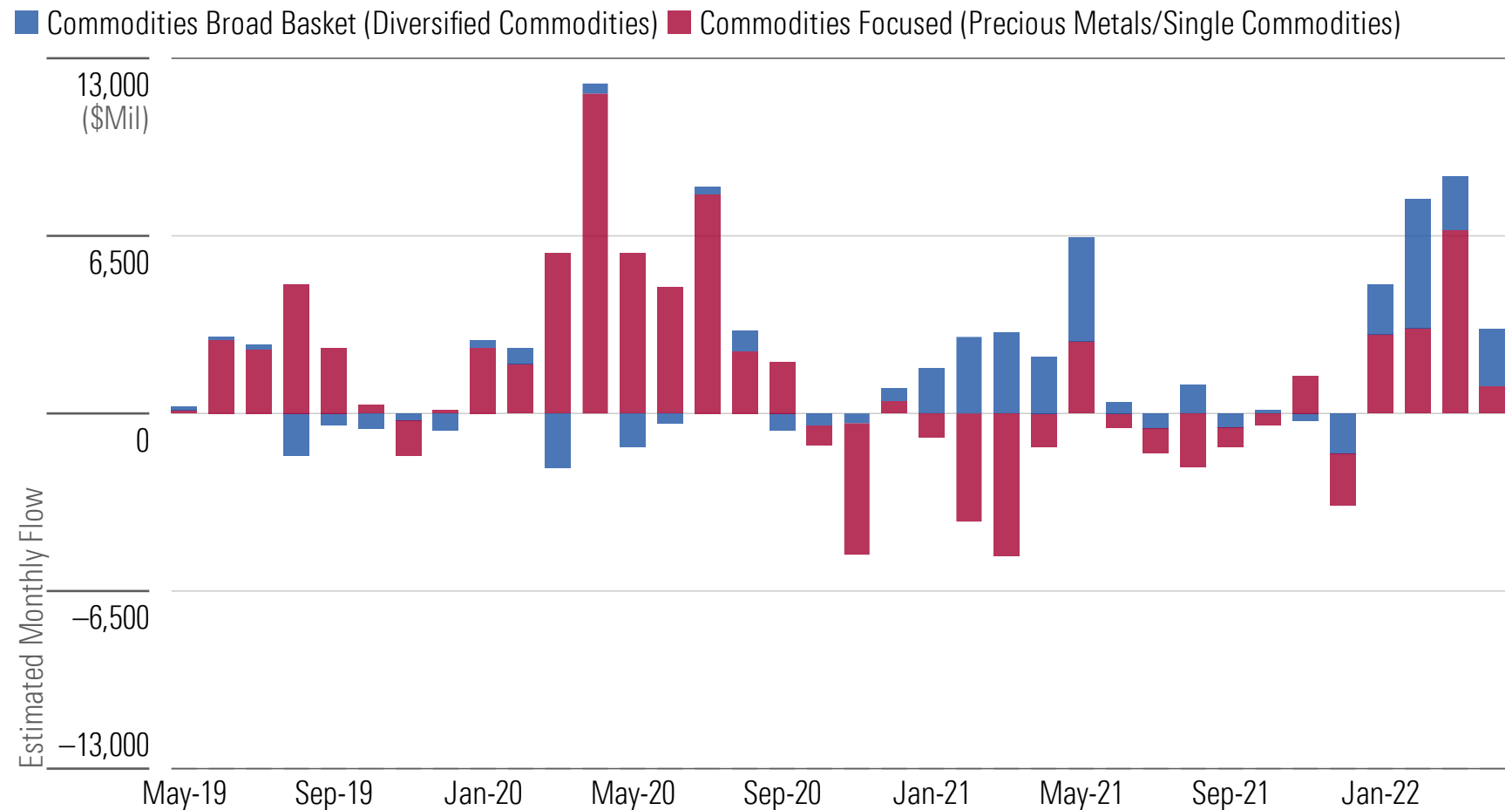
Investors generally dumped sector-equity funds investing in economically sensitive areas of the market in April. Financial funds' \$7.3 billion in outflows equated to a negative 7.4% organic growth rate, their worst mark since December 2018. Conversely, flows into more-resilient segments of the market, such as consumer defensive and utilities, were strong.



Source: Morningstar Direct Asset Flows. Data as of April 30, 2022. OGR is organic growth rate..

Commodities Funds Gather Inflows as Investors Seek Shelter

Persistently high inflation and plunging markets yet again led investors to commodities funds. They've gathered inflows in every month so far in 2022 to the tune of \$24.3 billion. Their 14.4% year-to-date-organic growth rate is the second highest among the 10 U.S. category groups.



Source: Morningstar Direct Asset Flows. Data as of April 30, 2022.

Funds With Lower Correlations to the Equity Market Shine Again

Alternative and nontraditional equity funds have been the stars of 2022. Despite holding just 1% of the U.S. open-end and ETF market's assets, they've gathered 23% of total inflows so far in 2022.

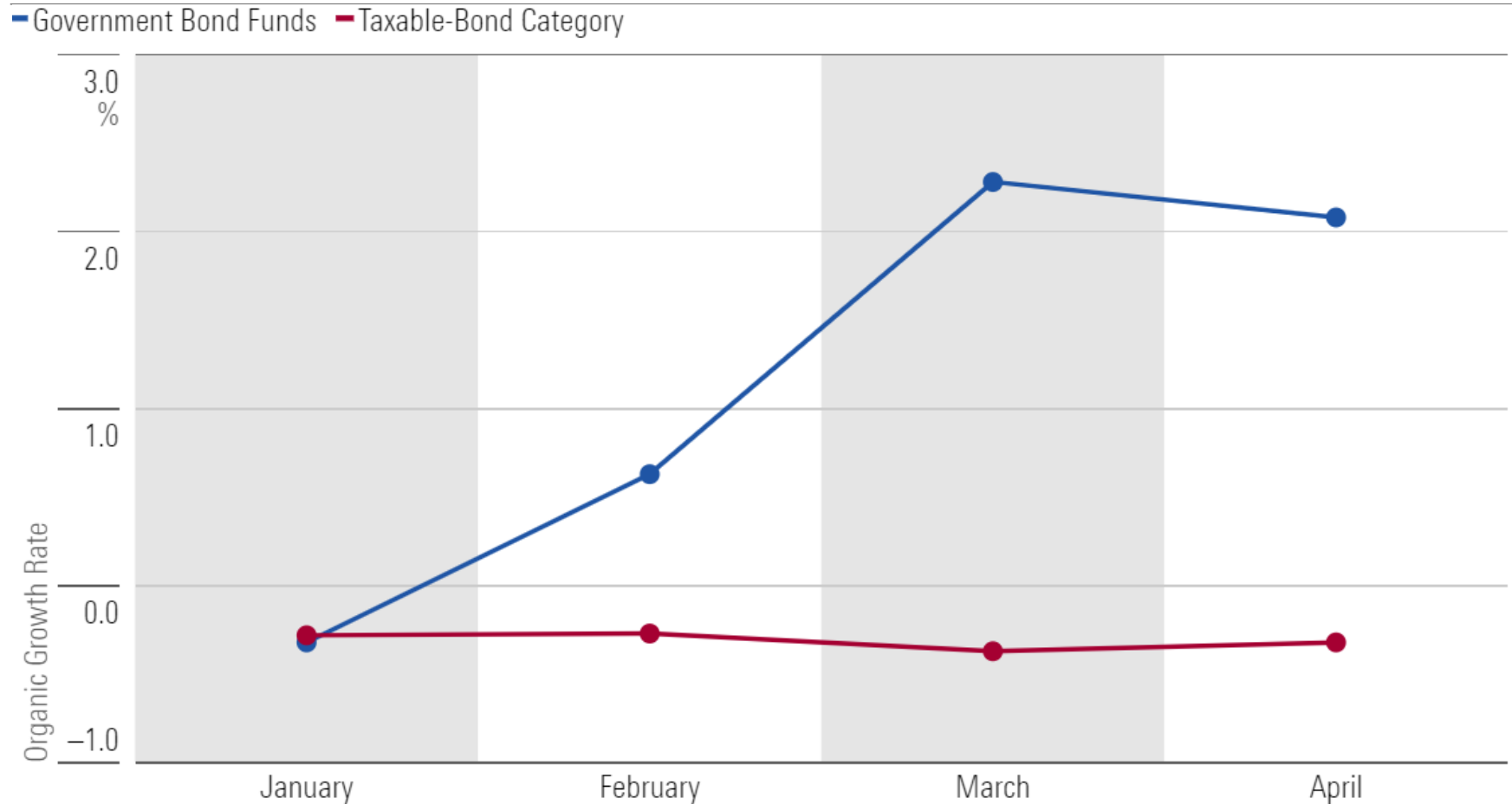
Alternative funds' 9.1% year-to-date organic growth rate ranked fourth among U.S. category groups, while nontraditional equity funds' 20.8% ranked first.

U.S. Category Group Flow Leaders	YTD Flow (\$Bil)	April 2022 Total Net Assets (\$Bil)	YTD OGR %
International Equity	42.0	3,682	1.0
Commodities	24.3	216	14.4
U.S. Equity	18.7	11,589	0.1
Alternative	17.3	195	9.1
Nontraditional Equity	9.6	52	20.8

Source: Morningstar Direct Asset Flows. Data as of April 30, 2022.

Curtailing Credit Risk

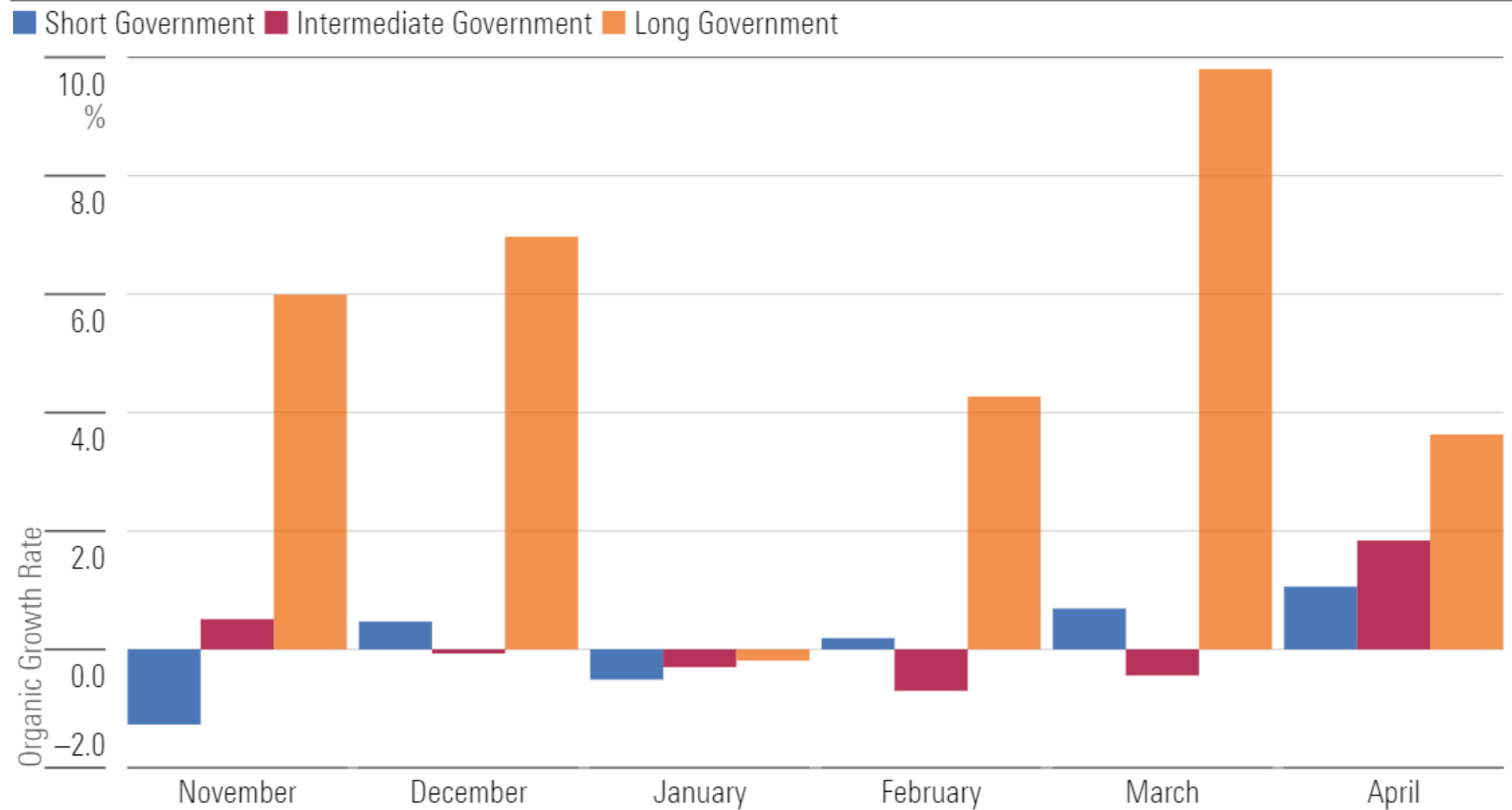
Taxable-bond investors pared back credit risk in April. The taxable-bond category bled \$16.8 billion for the month, marking the first four-month stretch of outflows since 2000. Investors favored safer government-bond funds, which collected over \$8 billion in April for their second-consecutive month with an organic growth rate above 2%.



Source: Morningstar Direct Asset Flows. Data as of April 30, 2022. Government-bond funds' organic growth rate is an asset-weighted average of the short, intermediate, and long government categories.

Government-Bond Investors Play Long Ball

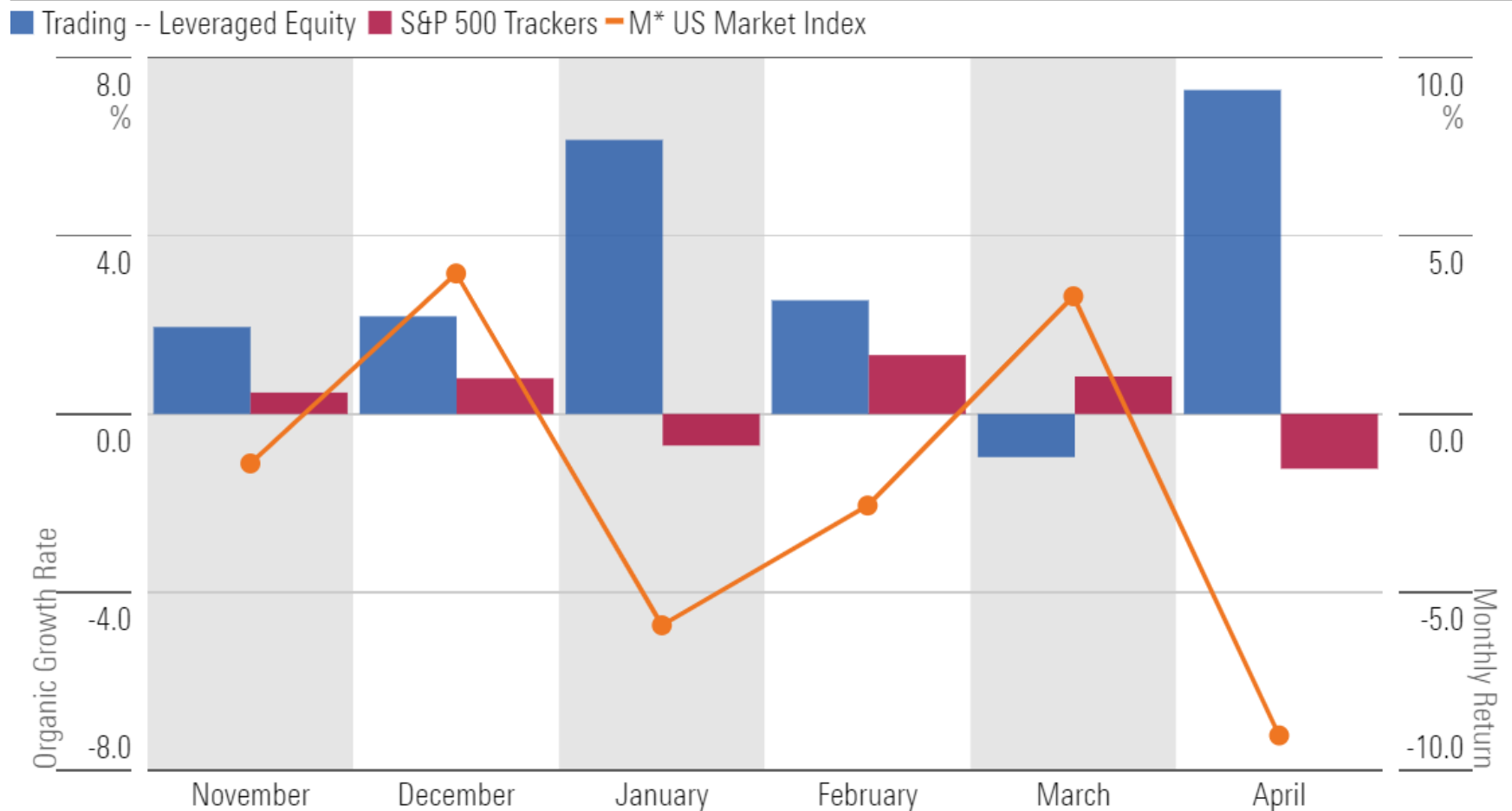
Investors have fixated on longer-term government bonds. Funds targeting those securities have grown at a faster clip than their shorter-dated peers over the past six months. This might reflect investors' belief that long-term interest rates will decline soon.



Source: Morningstar Direct Asset Flows. Data as of April 30, 2022.

Out With the Dull, In With the Daring

In recent months in which the equity market declined, flows into the trading–leveraged equity Morningstar Category have gone up. The Morningstar US Market Index lost 9.0%, and S&P 500 Trackers bled \$31.2 billion in April, but these funds collectively raked in \$4.9 billion—good for a 7.3% organic growth rate—as some investors looked to “buy the dips.”

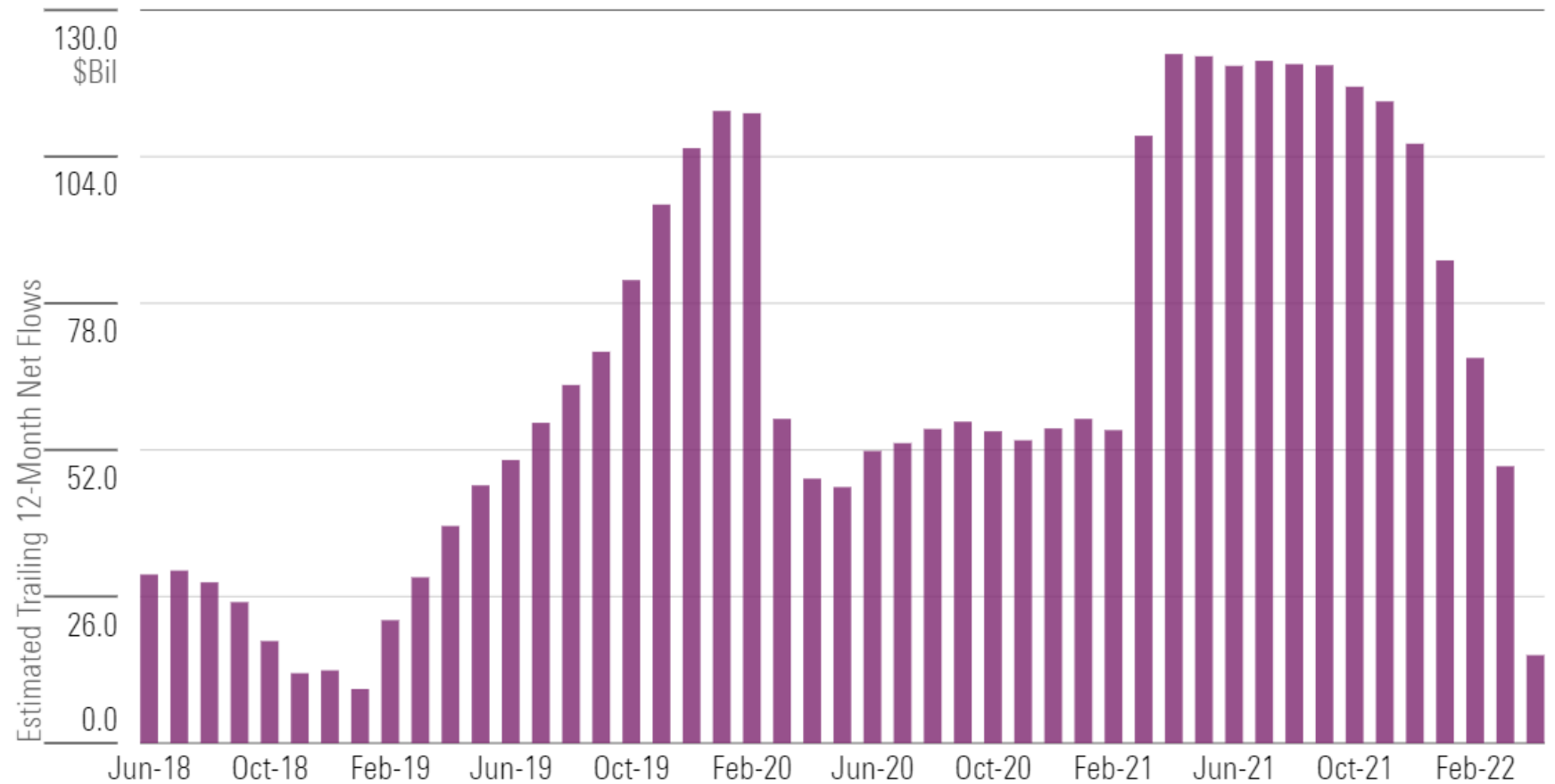


Source: Morningstar Direct Asset Flows. Data as of April 30, 2022.

Municipal-Bond Funds Fall Fast

Apart from brief but severe outflows at the pandemic's onset, municipal-bond funds had seen consistent inflows over much of the past five years. That has changed of late. Outflows of \$22.2 billion in April translated into a negative 2.27% organic growth rate—the category's worst rate since March 2020.

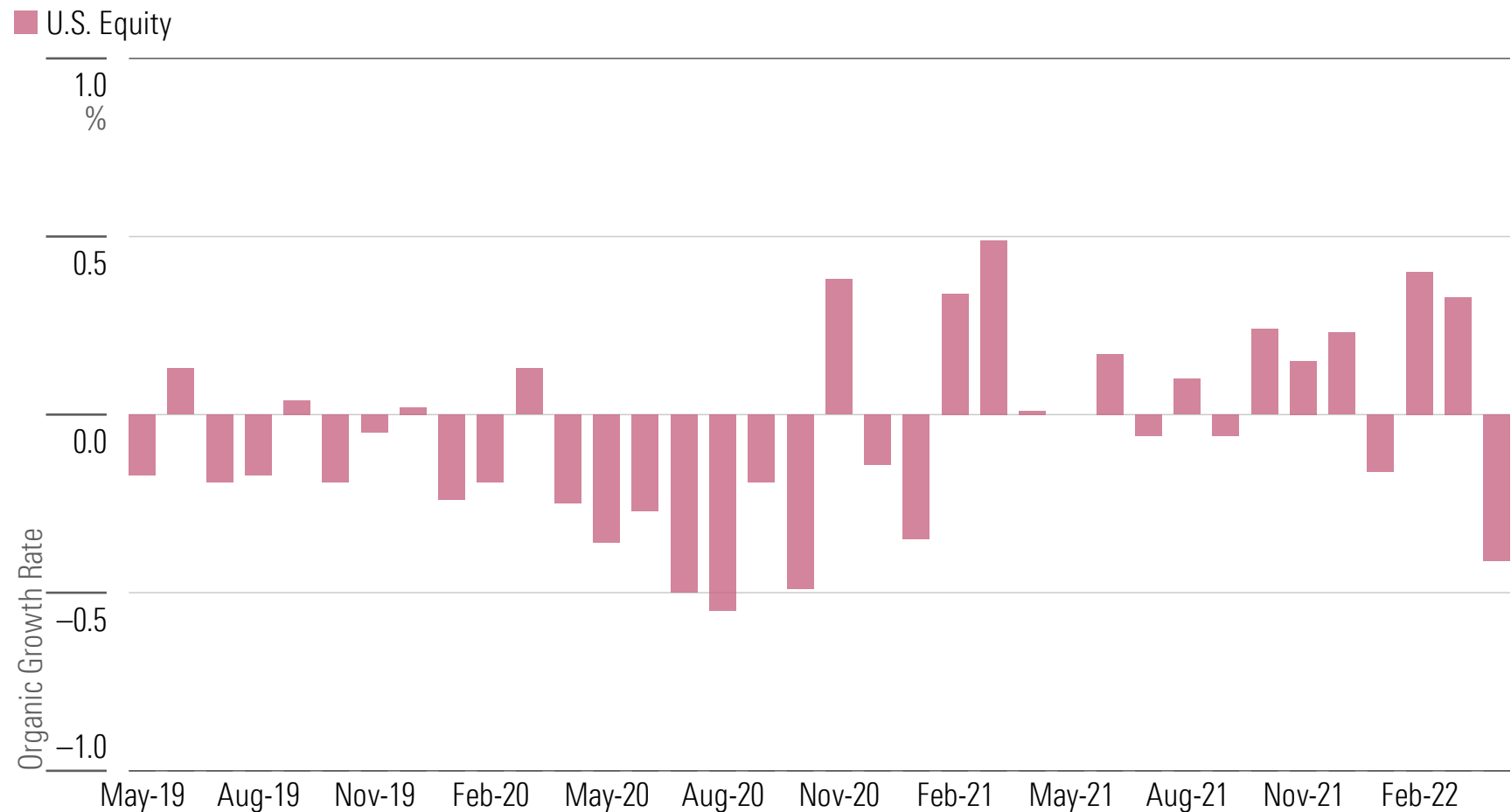
■ Municipal-Bond Funds



Source: Morningstar Direct Asset Flows. Data as of April 30, 2022.

U.S. Equity Funds See Outflows in April

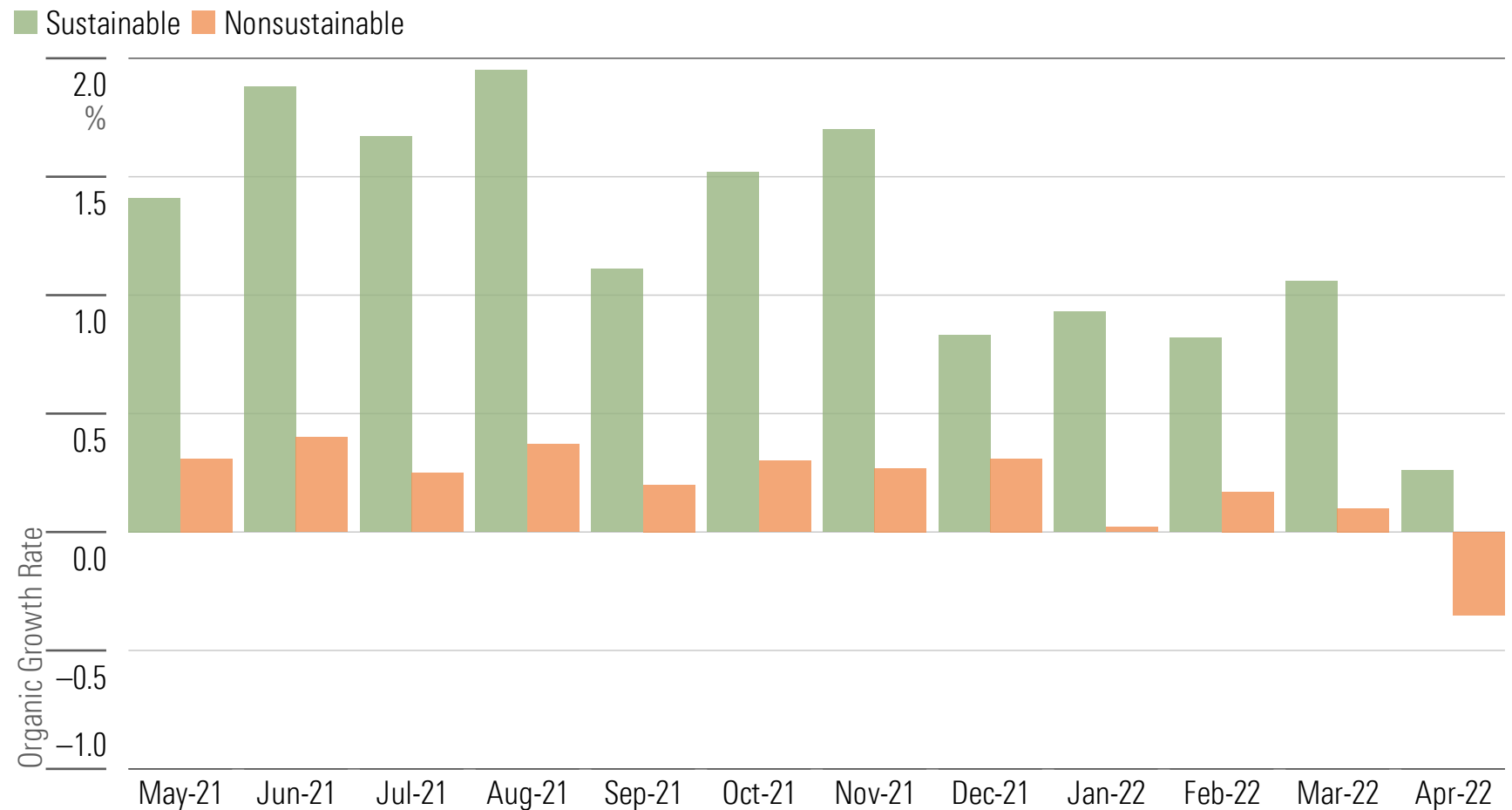
While their \$52 billion of outflows ranked last among U.S. category groups, the picture is less dire on a relative basis: U.S. equity funds' negative 0.41% monthly organic growth rate was only the third lowest among U.S. category groups. While meaningful, organic growth rates in late 2020 were even worse.



Source: Morningstar Direct Asset Flows. Data as of April 30, 2022.

Sustainable Funds' Momentum Wanes but Still Outpaces Counterparts

Sustainable funds collected just \$913 million in April for a 0.26% monthly organic growth rate—their lowest tallies since July 2019. However, in the context of the broader market, this result was quite strong. Nonsustainable funds posted a negative 0.35% monthly organic growth rate in April and have also grown less rapidly in months of positive flows.

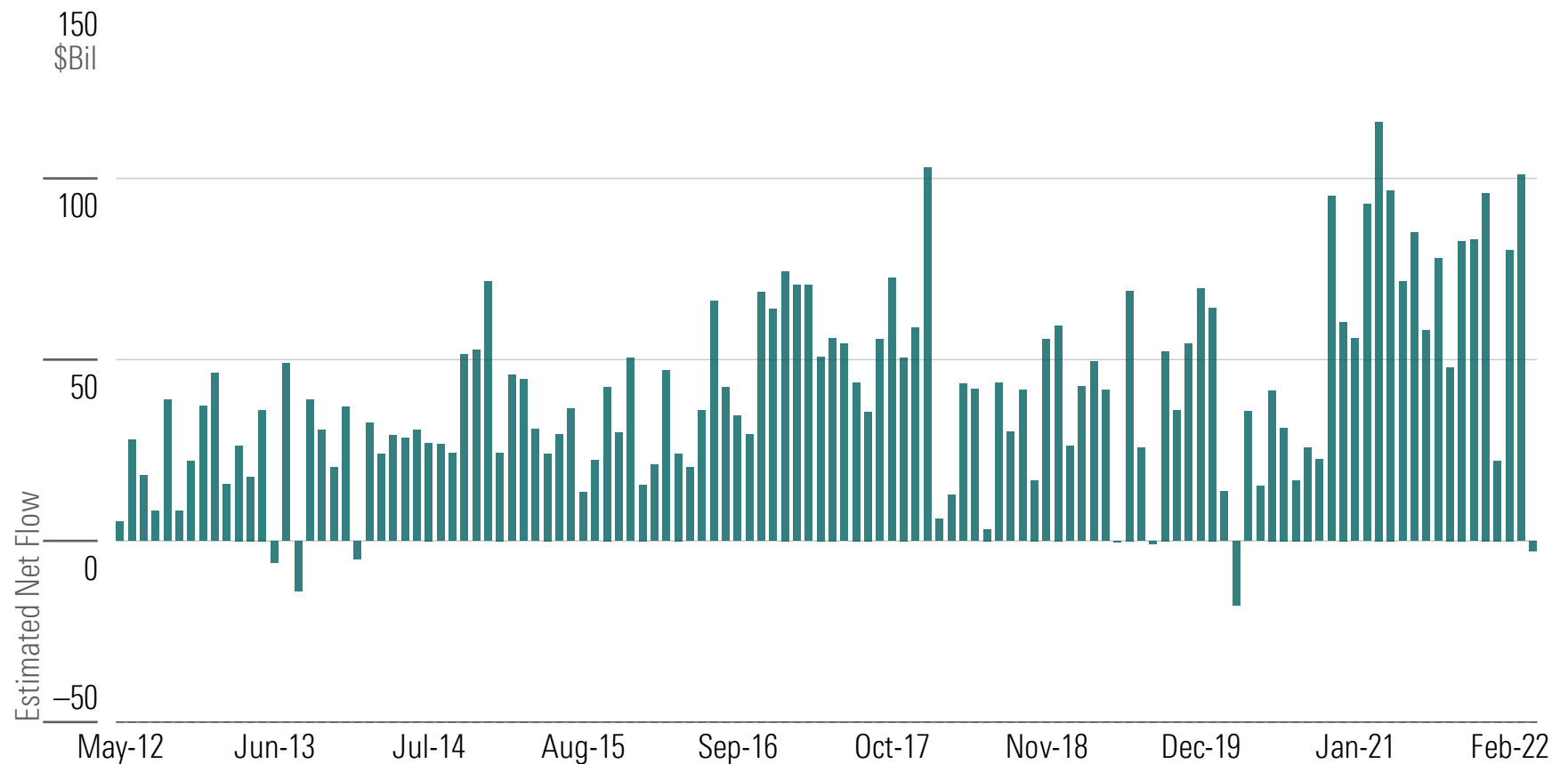


Source: Morningstar Direct Asset Flows. Data as of April.30, 2022. Comprises funds deemed to have sustainable mandates by Morningstar.

Passive Funds Suffer Rare Outflows in April

Selling activity has ramped up enough to coax outflows from the most popular products in the market. Passive funds shed \$2.8 billion in April, just their seventh month of outflows over the past 10 years. They last had outflows in March 2020's tumult. Redemptions from U.S. equity ETFs were the primary culprit in passive funds' April outflows.

■ Passively Managed Funds



Source: Morningstar Direct Asset Flows. Data as of April 30, 2022.

Largest Fund Family Flows

Fund Family	April 2022 Active (\$Mil)	April 2022 Passive (\$Mil)	April 2022 Total (\$Mil)	TTM (\$Mil)	Assets (\$Bil)
Vanguard	(12,716)	5,134	(7,582)	240,319	6,564
Fidelity Investments	(7,303)	6,271	(1,032)	98,701	2,314
iShares	213	(9,934)	(9,721)	168,267	2,187
American Funds	(3,725)		(3,725)	461	2,021
SPDR State Street Global Advisors	238	(11,402)	(11,164)	70,223	1,007
T. Rowe Price	(4,867)	427	(4,440)	(39,568)	697
Invesco	(2,454)	(1,183)	(3,637)	28,466	640
J.P. Morgan	(1,872)	(696)	(2,568)	30,601	481
Franklin Templeton Investments	(4,247)	(47)	(4,294)	(23,831)	461
Dimensional Fund Advisors	(212)	24	(188)	(1,939)	453

Source: Morningstar Direct Asset Flows. Data as of April 30, 2022. TTM is trailing 12 months.

Supplemental Data and Charts

U.S. Category Group Flows

U.S. Category Group	April 2022 (\$Mil)	TTM (\$Mil)	TTM OGR (%)	Assets (\$Bil)
US Equity	(51,896)	115,646	0.95	11,589
Sector Equity	(850)	33,112	2.51	1,304
International Equity	159	209,381	5.07	3,682
Allocation	(10,425)	(17,052)	(1.14)	1,432
Taxable Bond	(16,792)	202,983	3.82	5,106
Municipal Bond	(22,171)	15,624	1.57	928
Alternative	3,459	43,589	26.12	195
Commodities	3,082	24,497	14.74	216
Nontraditional Equity	2,932	21,885	66.89	52
Miscellaneous	3,279	19,147	25.10	80
All Long Term	(89,224)	668,812	2.58	24,585

Source: Morningstar Direct Asset Flows. Data as of April 30, 2022. TTM is trailing 12 months. OGR is organic growth rate.

Active/Passive Flows by U.S. Category Group

U.S. Category Group	Active 1-Mo (\$Mil)	Active TTM (\$Mil)	Active Assets (\$Bil)	Passive 1-Mo (\$Mil)	Passive TTM (\$Mil)	Passive Assets (\$Bil)
U.S. Equity	(19,577)	(195,889)	5,067	(32,319)	311,535	6,522
Sector Equity	(476)	(18,933)	468	(374)	52,045	836
International Equity	(4,972)	24,318	2,073	5,131	185,062	1,609
Allocation	(10,217)	(16,597)	1,422	(208)	(454)	10
Taxable Bond	(34,785)	7,669	3,218	17,993	195,314	1,888
Municipal Bond	(24,251)	(823)	855	2,080	16,447	73
Alternative	3,527	43,401	160	(68)	188	35
Commodities	1,862	8,155	59	1,220	16,343	157
Nontraditional Equity	2,161	13,977	42	771	7,908	10
Miscellaneous	343	857	2	2,936	18,290	77
All Long Term	(86,386)	(133,865)	13,367	(2,838)	802,677	11,219

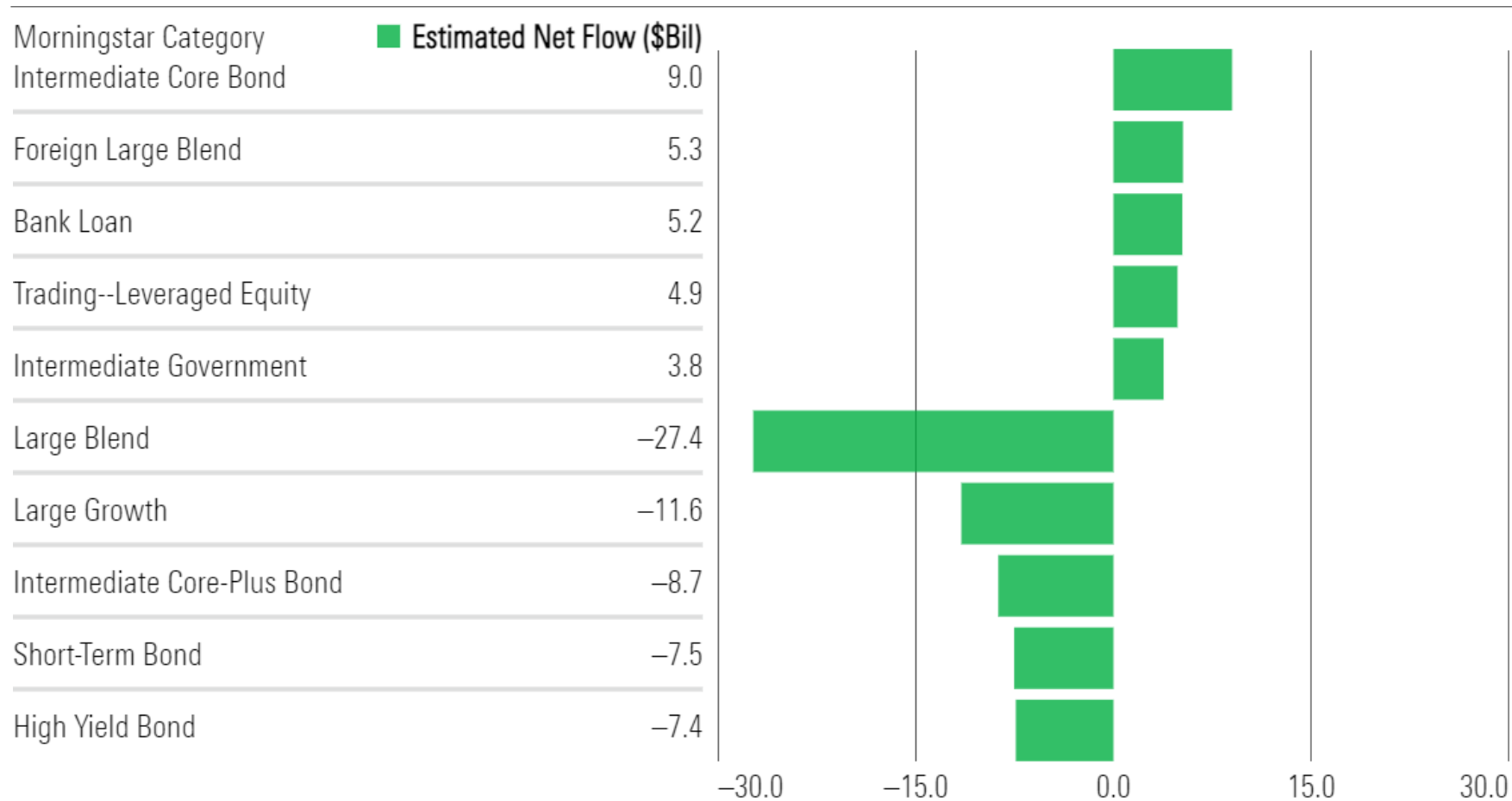
Source: Morningstar Direct Asset Flows. Data as of April 30, 2022. TTM is trailing 12 months.

ETF Flows

ETF Subgroup	April 2022 (\$Bil)	Year to Date (\$Bil)	1-Year (\$Bil)	3-Year (\$Bil)
Actively Managed	5.6	29.0	68.2	188.7
Passively Managed, Long-term	(19.5)	132.6	636.6	1,497.5
Passively Managed, Sector	(0.9)	12.4	39.0	127.3
Passively Managed, Leveraged (long)	4.4	10.9	12.3	4.5
Passively Managed, Leveraged (short)	(1.8)	1.0	3.8	18.3

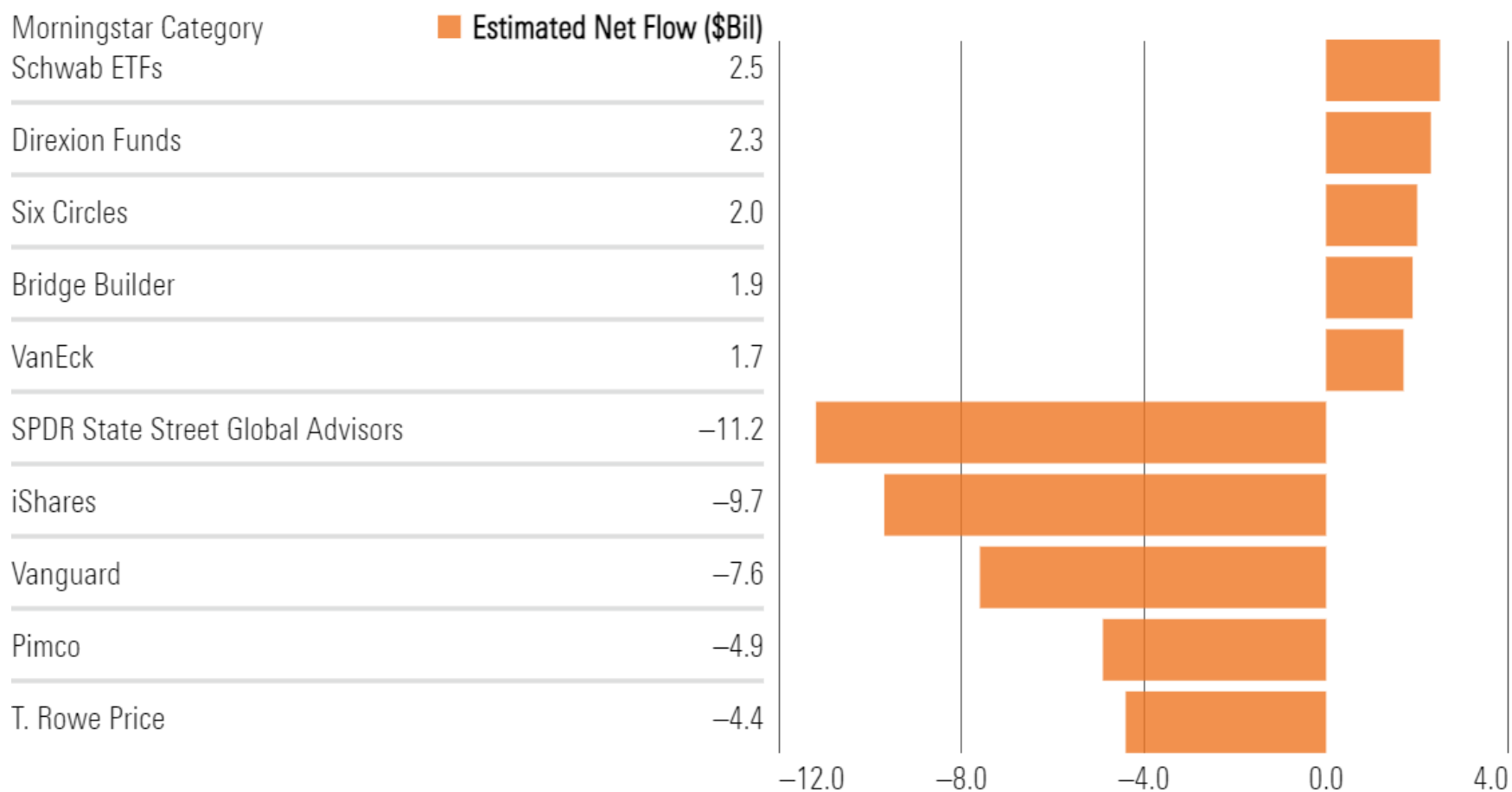
Source: Morningstar Direct Asset Flows. Data as of April.30, 2022.

Morningstar Categories With the Largest April Inflows and Outflows



Source: Morningstar Direct Asset Flows. Data as of April 30, 2022.

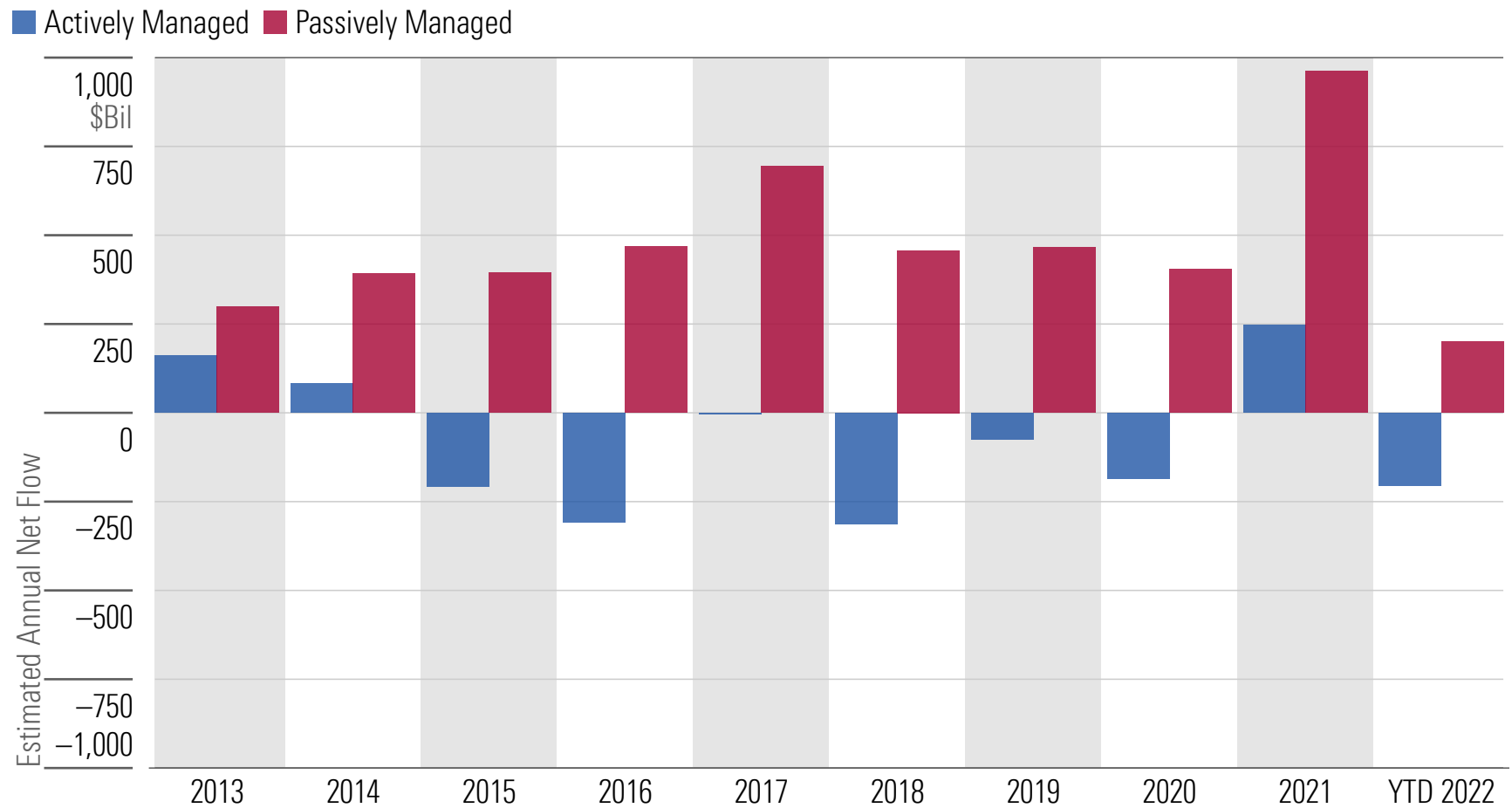
Fund Families With the Largest April Inflows and Outflows



Source: Morningstar Direct Asset Flows. Data as of April 30, 2022.

Long-Term Trends

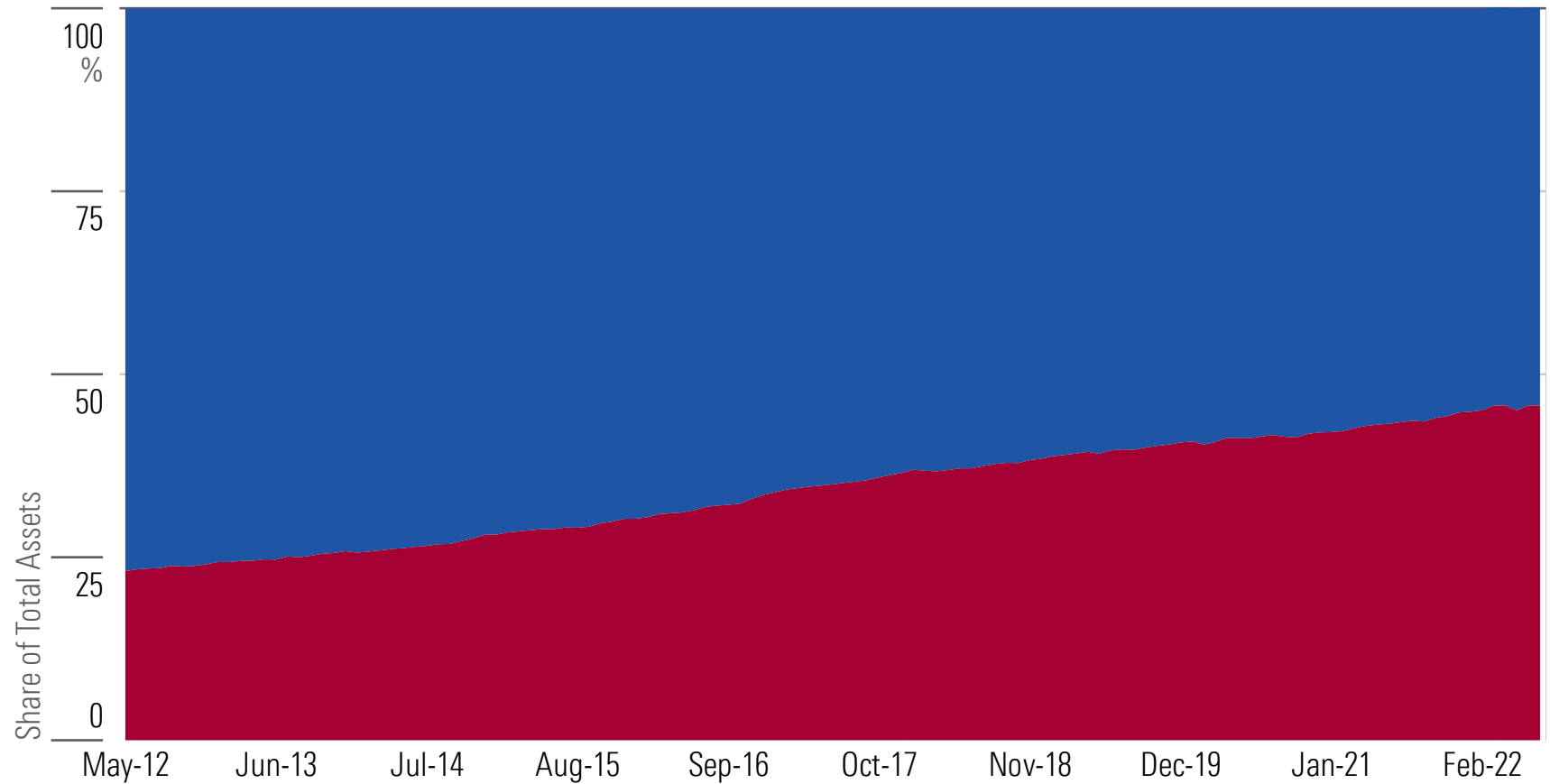
Active Versus Passive: U.S. Long-Term Fund Flows by Calendar Year



Source: Morningstar Direct Asset Flows. Data as of April 30, 2022.

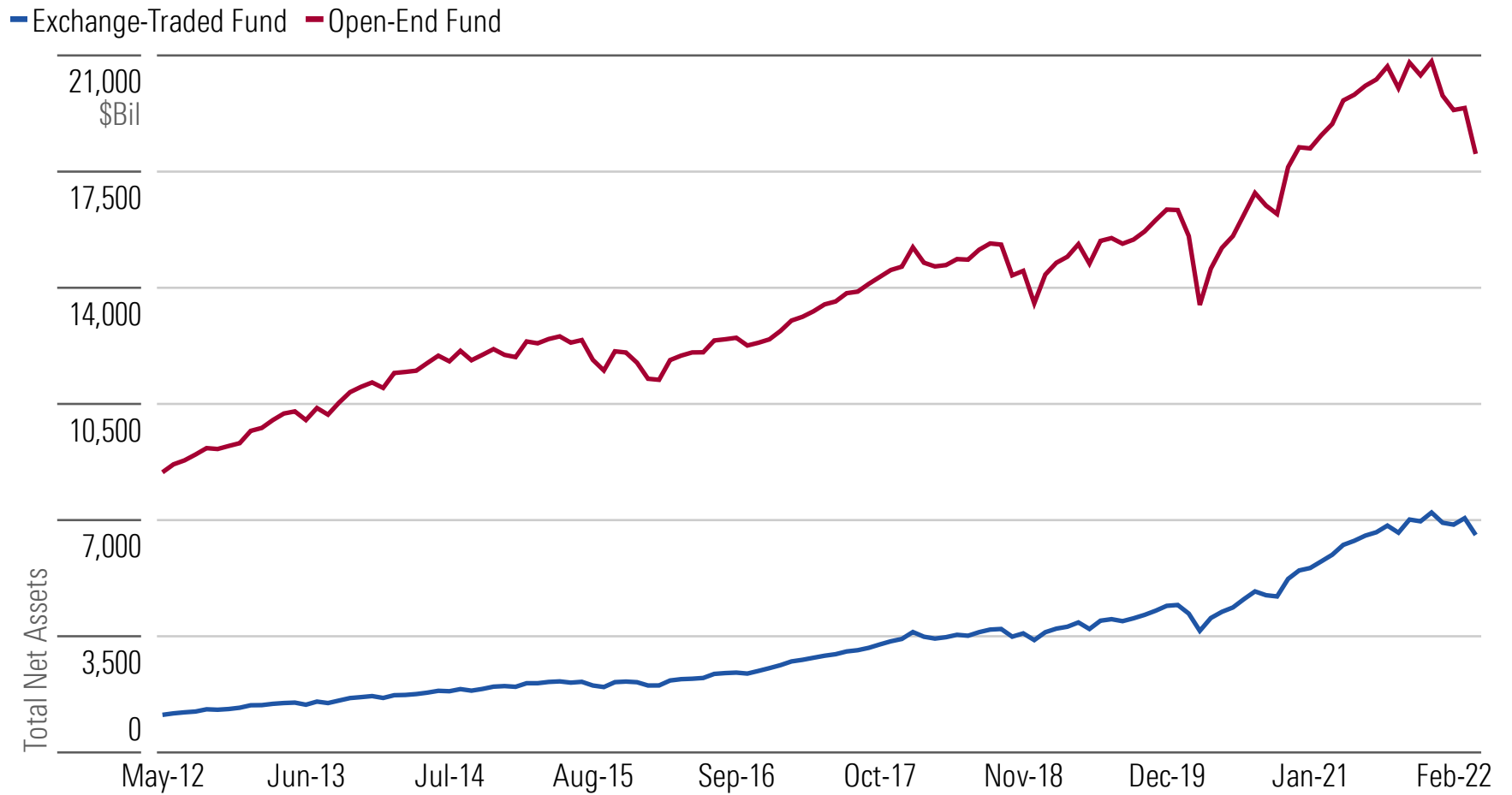
Active Versus Passive: Share of U.S. Long-Term Fund Total Assets

▲ Actively Managed ▲ Passively Managed



Source: Morningstar Direct Asset Flows. Data as of April 30, 2022.

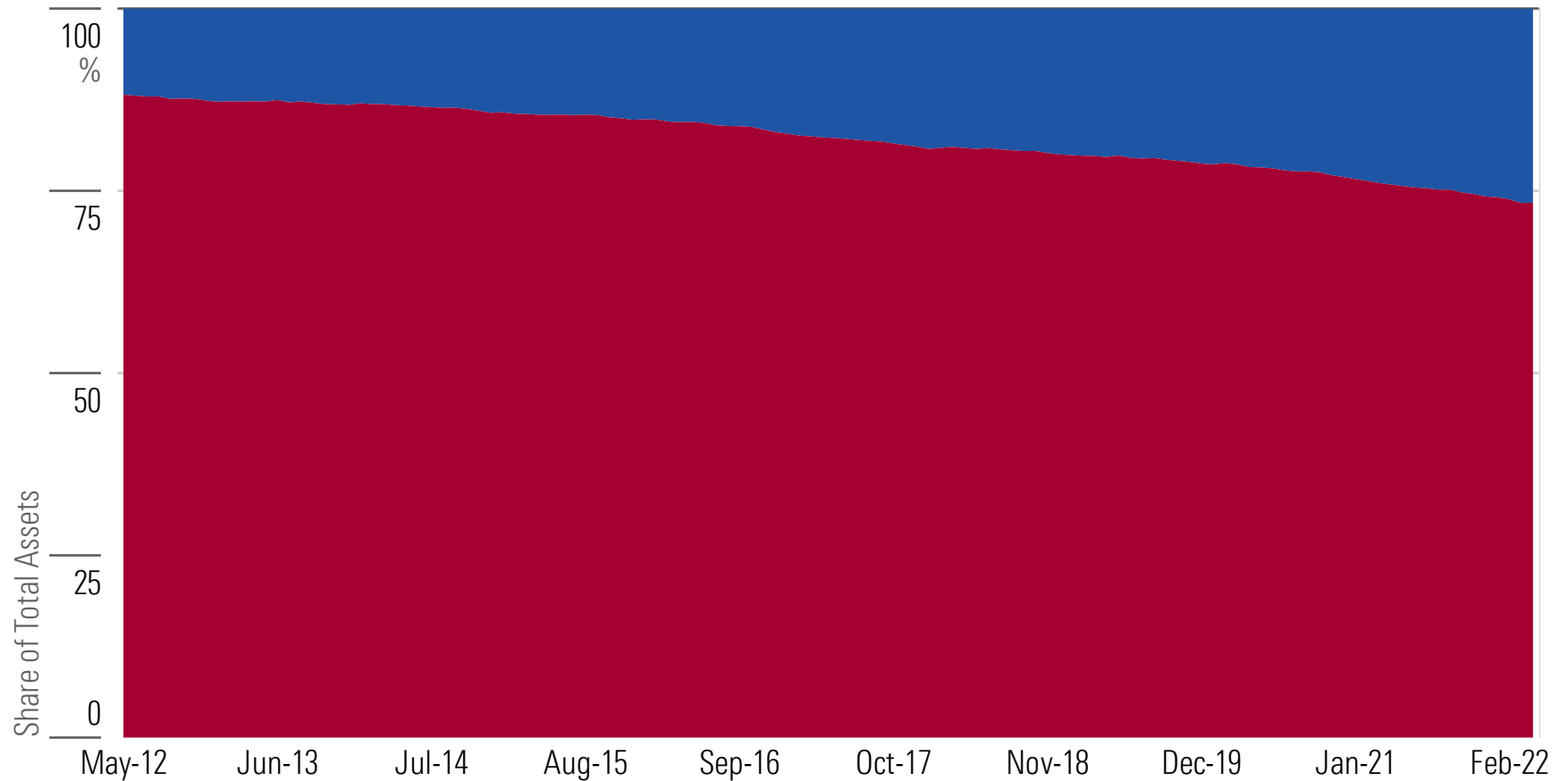
Open-End Funds Versus ETFs: Total Assets (U.S. Long-Term Funds)



Source: Morningstar Direct Asset Flows. Data as of April.30, 2022.

Open-End Funds Versus ETFs: Share of U.S. Long-Term Fund Total Assets

▲ Exchange-Traded Fund ▲ Open-End Fund



Source: Morningstar Direct Asset Flows. Data as of April 30, 2022.

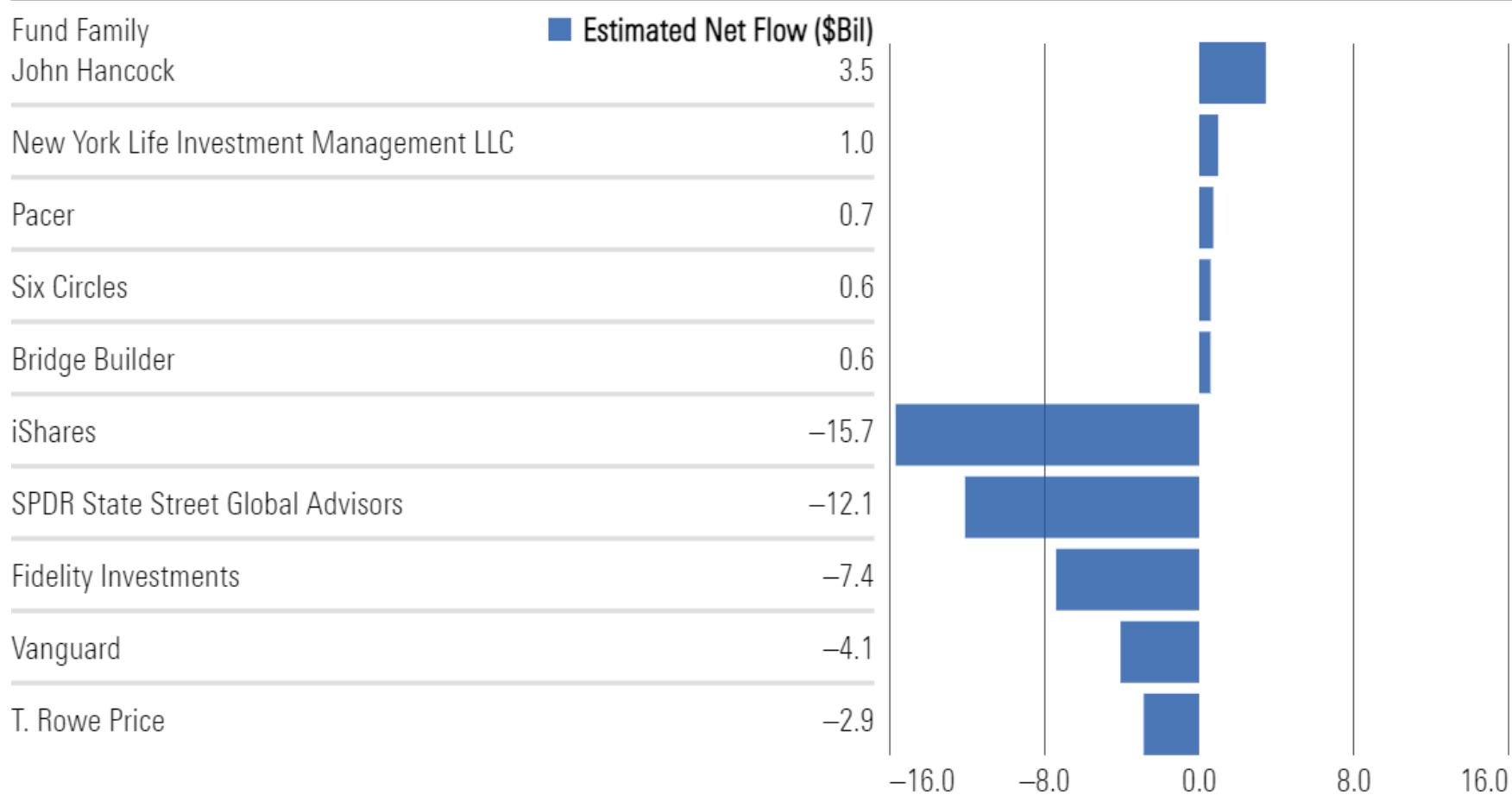
Multiyear U.S. Category Group Flows

Category Group	1-Year (\$Bil)	3-Year (\$Bil)	5-Year (\$Bil)	10-Year (\$Bil)
U.S. Equity	115.6	(121.0)	(86.4)	74.3
Sector Equity	33.1	132.7	106.7	302.9
International Equity	209.4	238.5	505.5	1,132.1
Allocation	(17.1)	(125.1)	(227.4)	(190.5)
Taxable Bond	203.0	1,157.1	1,651.9	2,305.2
Municipal Bond	15.6	184.7	255.8	330.0
Alternative	43.6	62.8	57.5	93.0
Commodities	24.5	68.7	69.7	51.0
Nontraditional Equity	21.9	15.6	8.1	24.1
Miscellaneous	19.1	37.0	41.7	66.9

Source: Morningstar Direct Asset Flows. Data as of April 30, 2022.

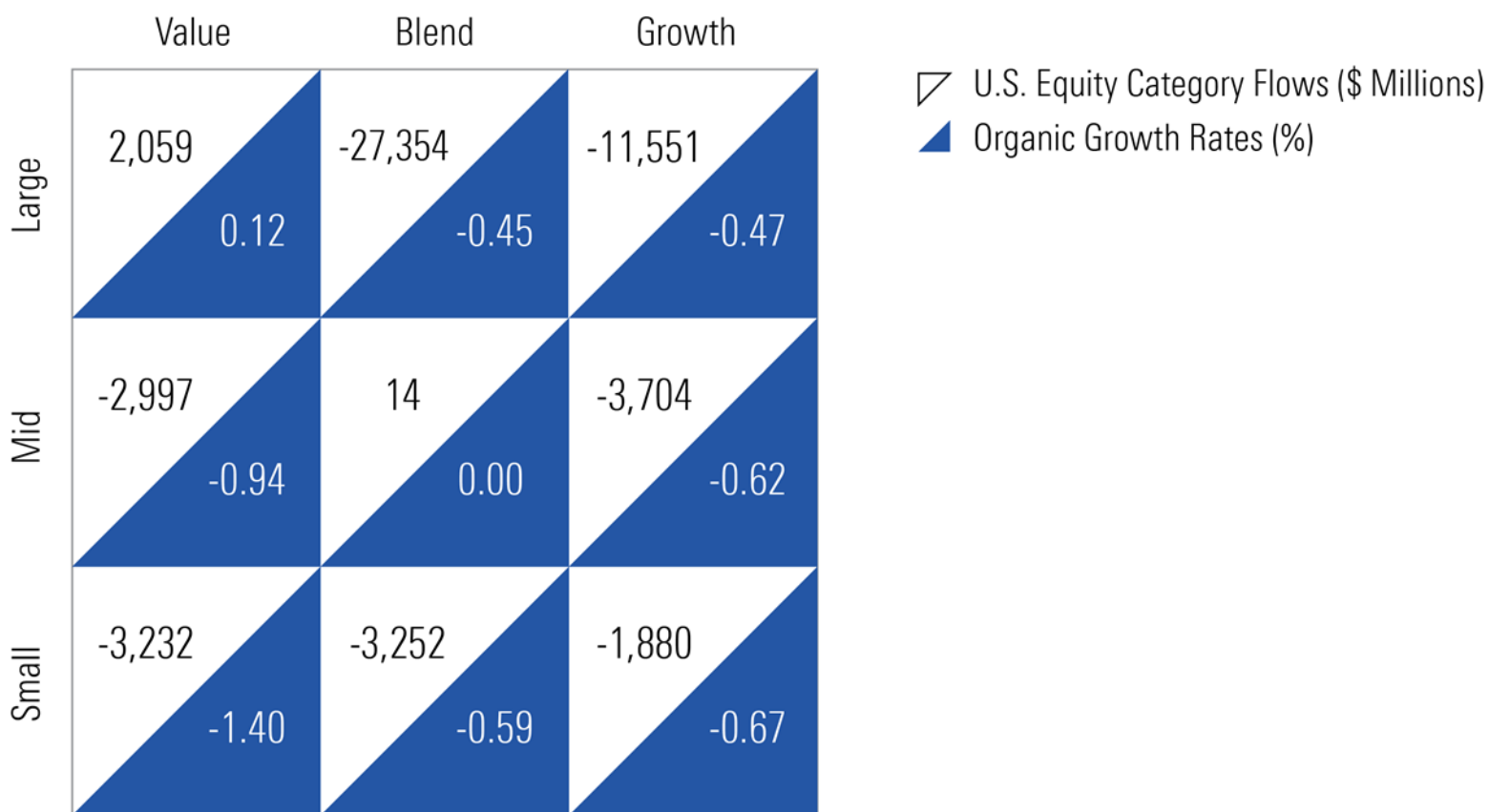
Category Group Detail

U.S Equity: Fund Families With the Largest Inflows and Outflows in April



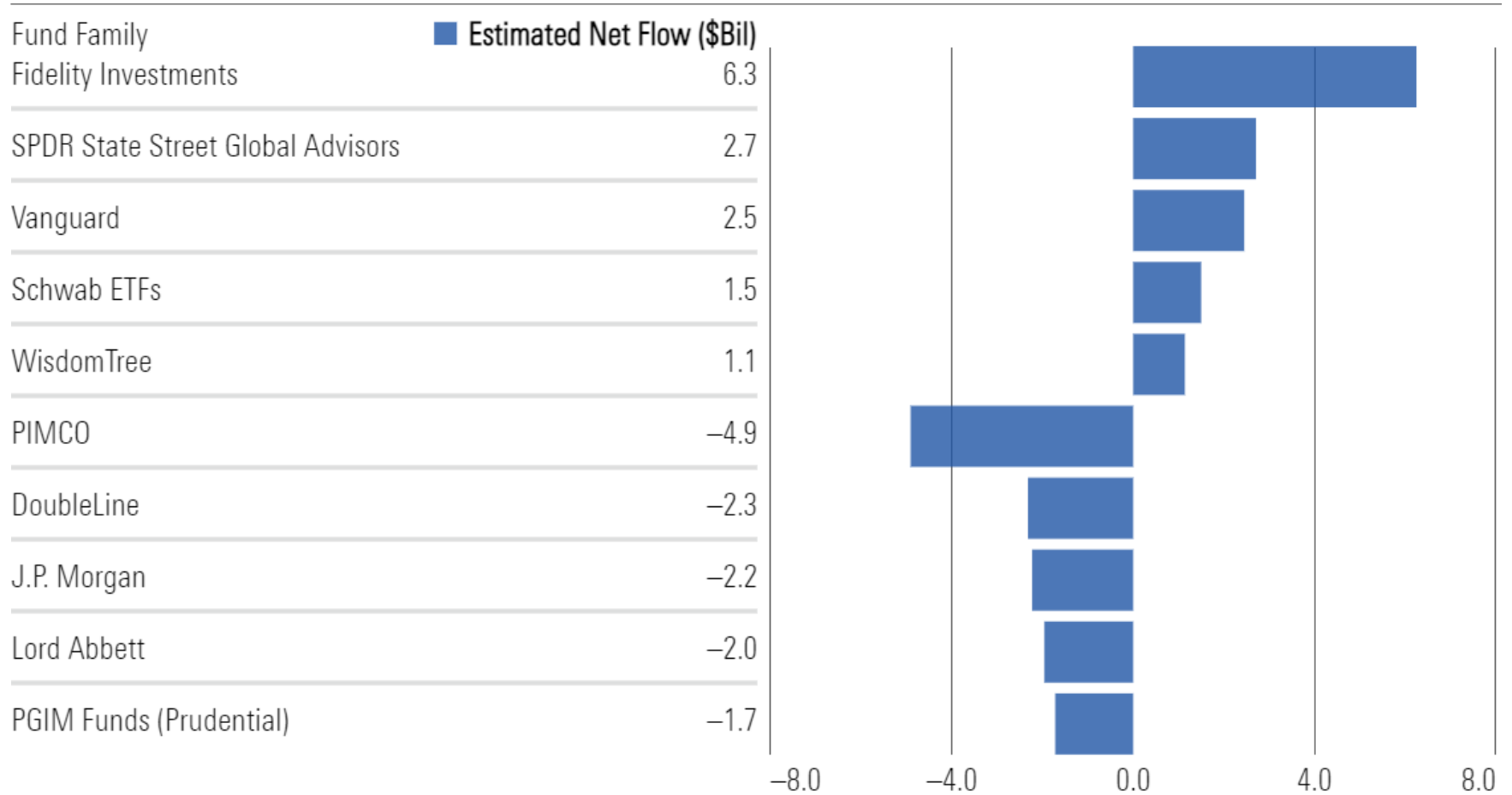
Source: Morningstar Direct Asset Flows. Data as of April 30, 2022.

U.S. Equity: April 2022 Category Flows and Organic Growth Rates



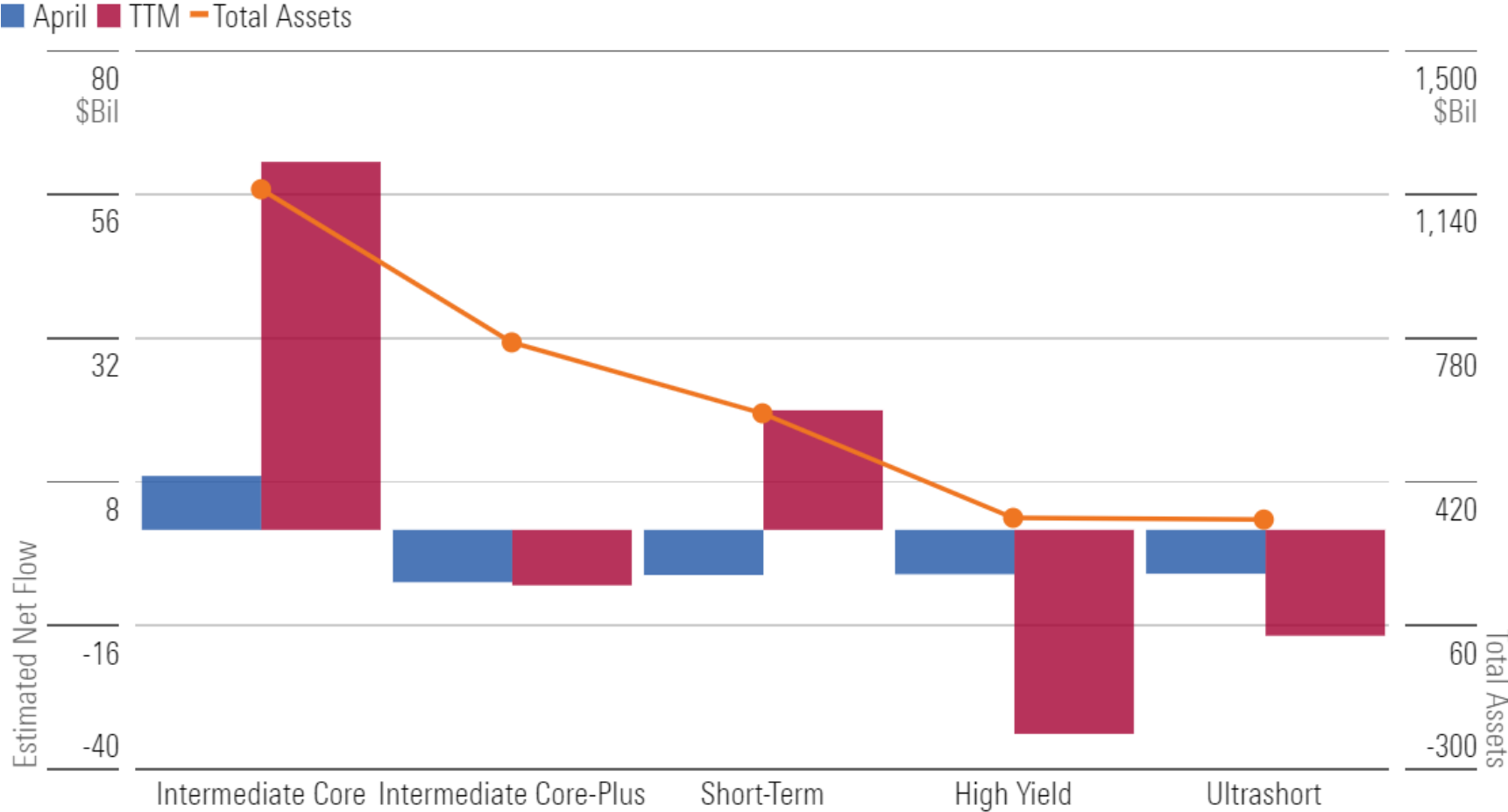
Source: Morningstar Direct Asset Flows. Data as of April 30, 2022.

Taxable Bond: Fund Families With the Largest Inflows and Outflows in April



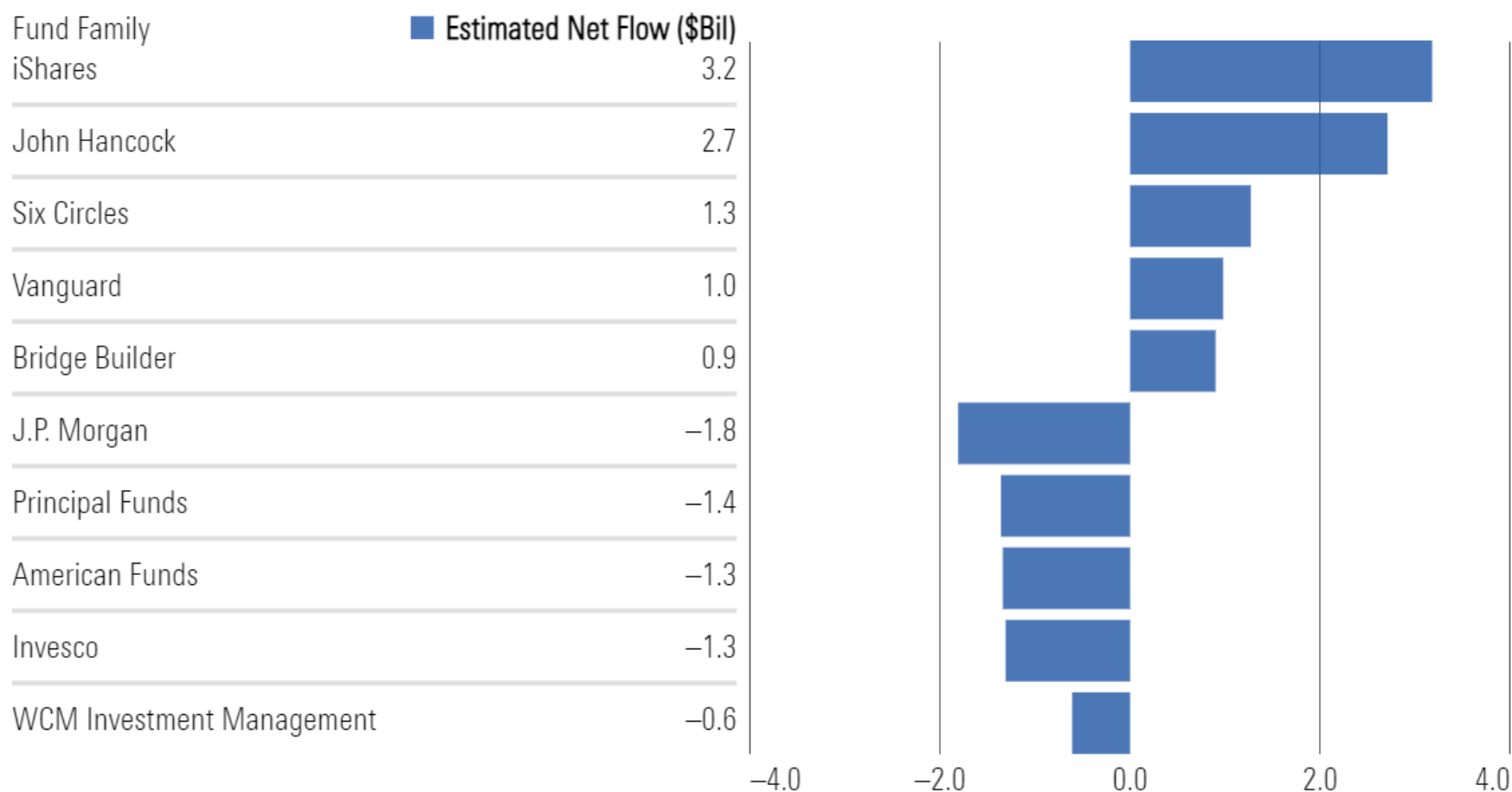
Source: Morningstar Direct Asset Flows. Data as of April 30, 2022.

Flows Into the Five Largest Taxable-Bond Categories by Total Assets



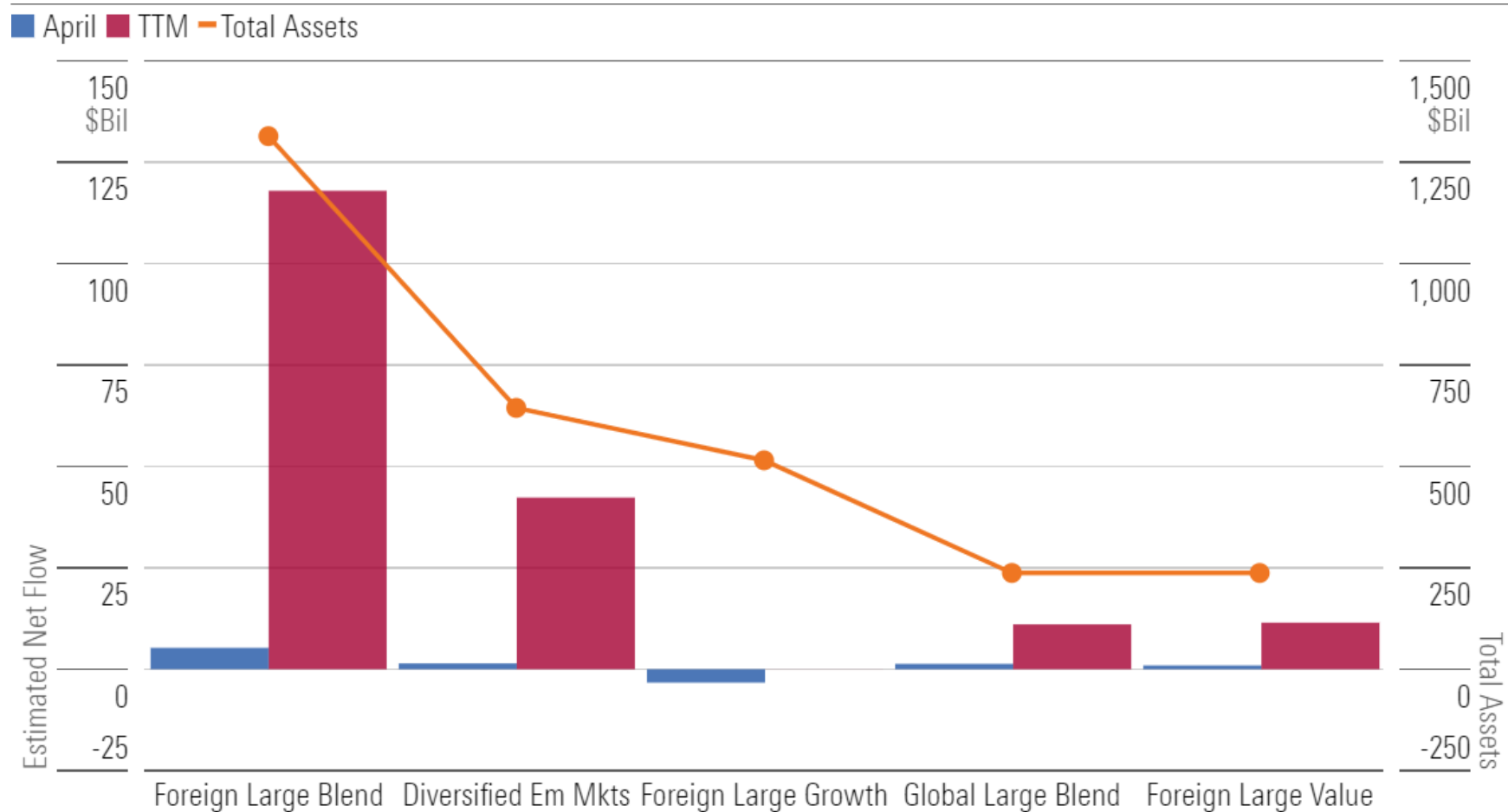
Source: Morningstar Direct Asset Flows. Data as of April 30, 2022.

International Equity: Fund Families With the Largest Inflows and Outflows in April



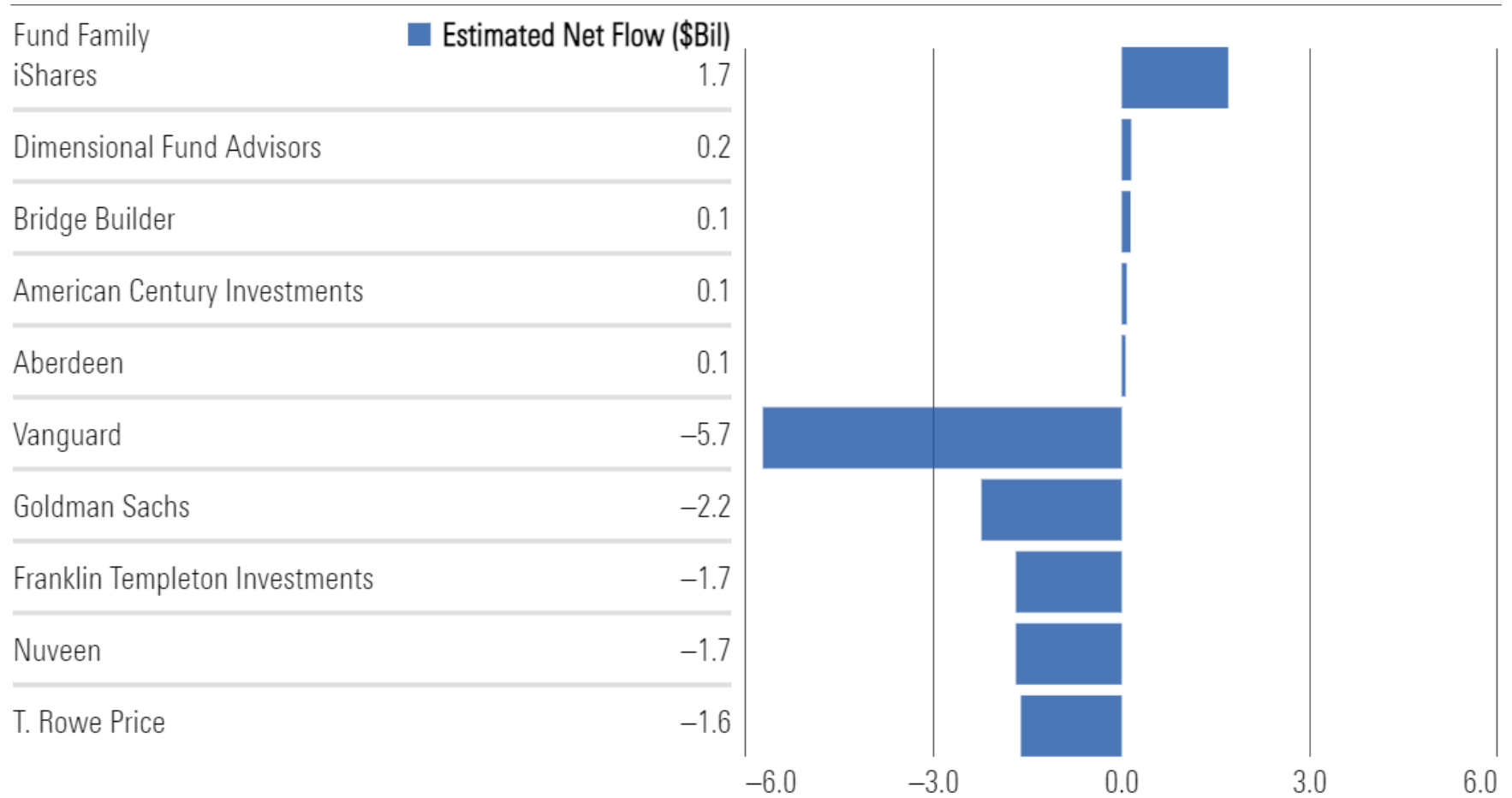
Source: Morningstar Direct Asset Flows. Data as of April 30, 2022.

Flows Into the Five Largest International-Equity Categories by Total Assets



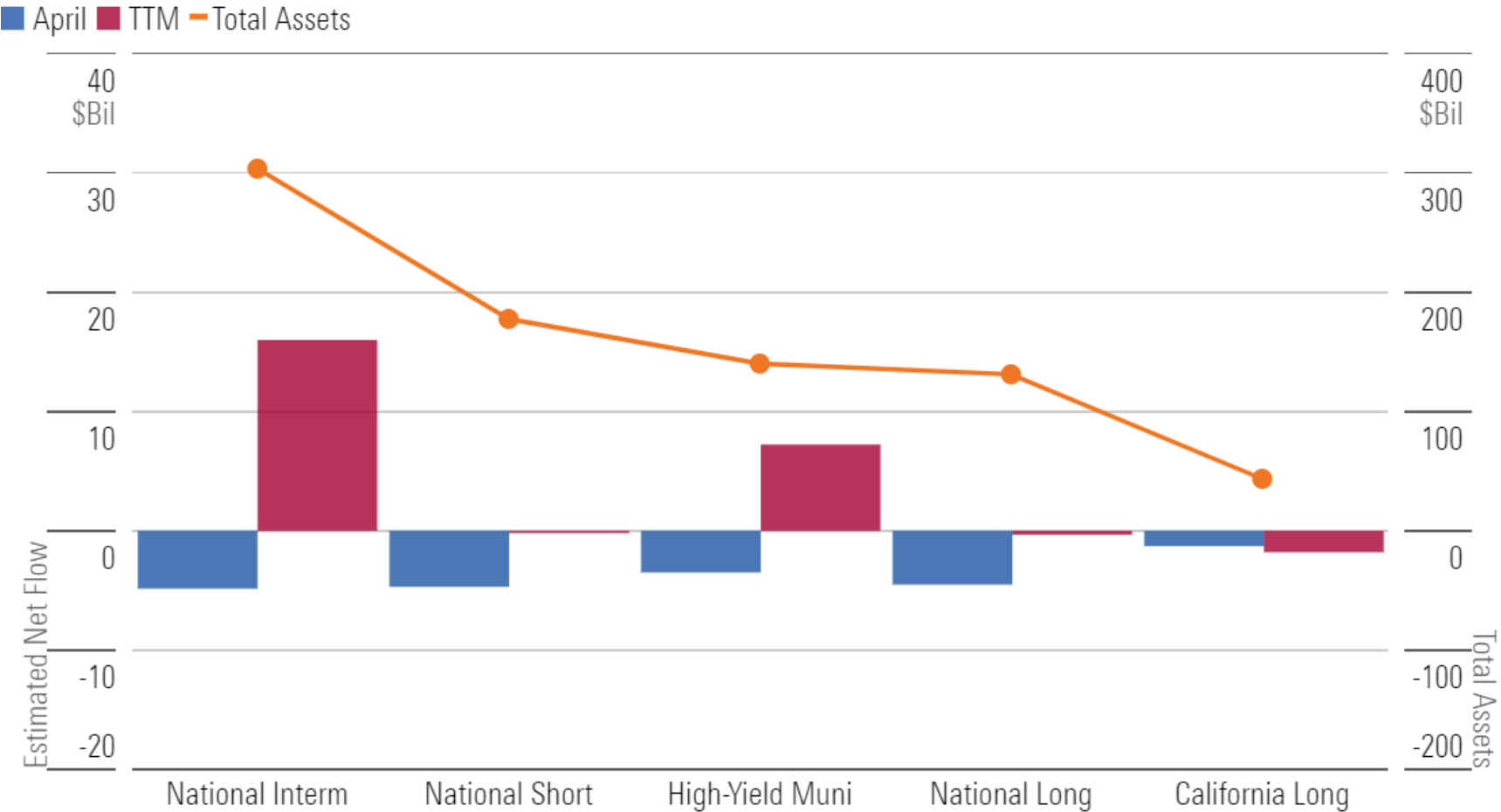
Source: Morningstar Direct Asset Flows. Data as of April 30, 2022.

Municipal Bond: Fund Families With the Largest Inflows and Outflows in April



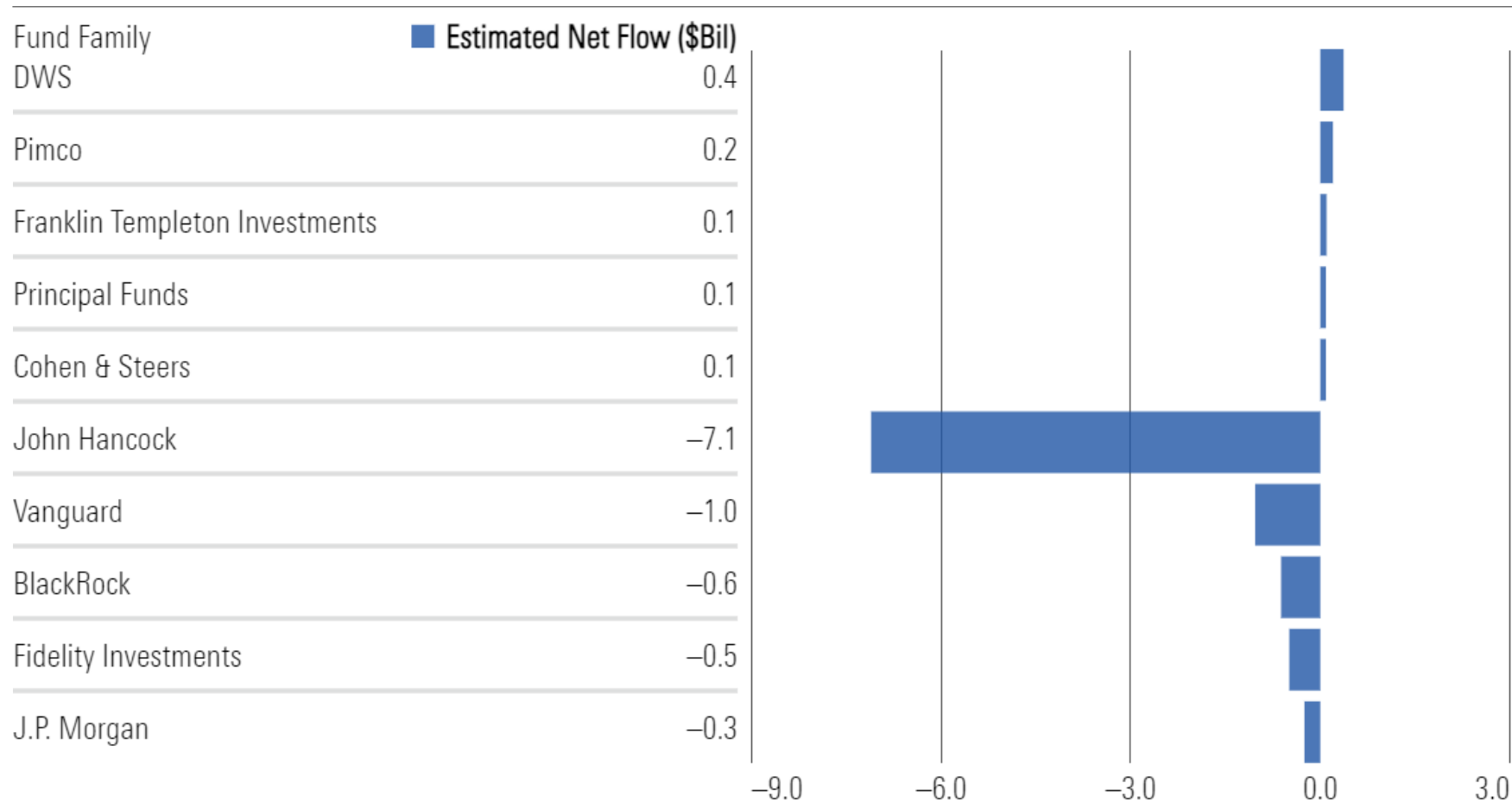
Source: Morningstar Direct Asset Flows. Data as of April 30, 2022.

Flows Into the Five Largest Municipal-Bond Categories by Total Assets



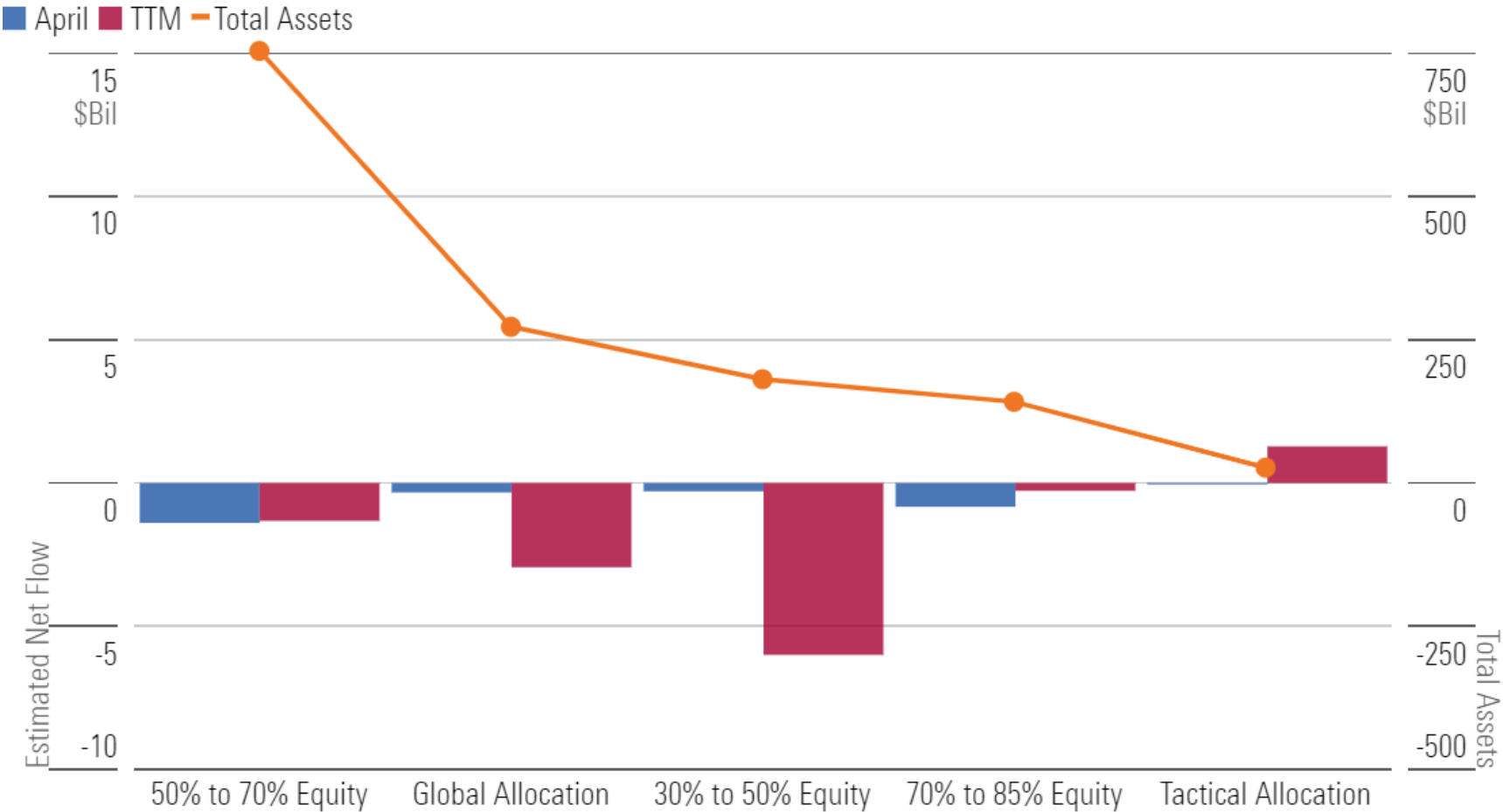
Source: Morningstar Direct Asset Flows. Data as of April 30, 2022.

Allocation: Fund Families With the Largest Inflows and Outflows in April



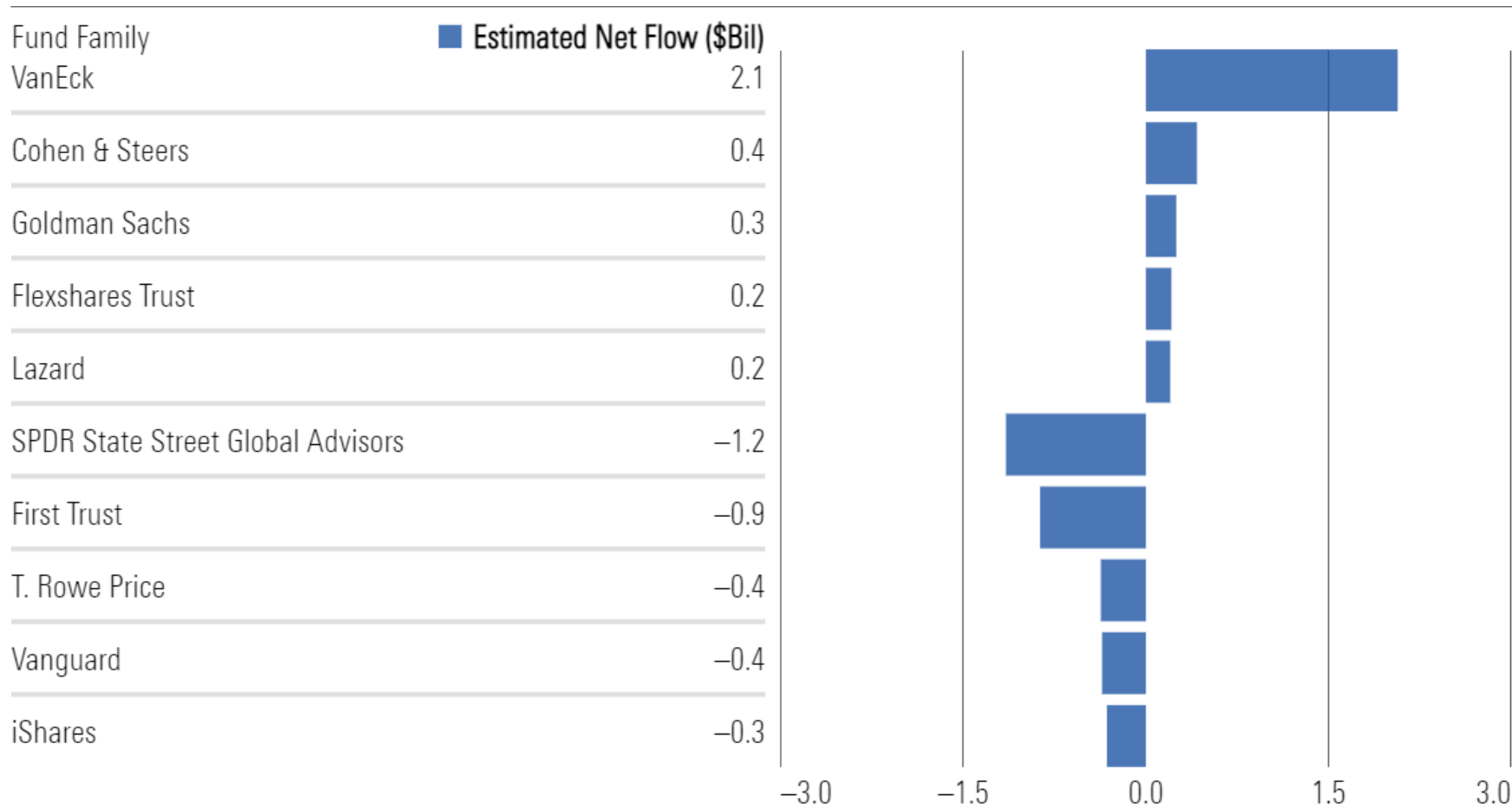
Source: Morningstar Direct Asset Flows. Data as of April 30, 2022.

Flows Into the Five Largest Allocation Categories by Total Assets



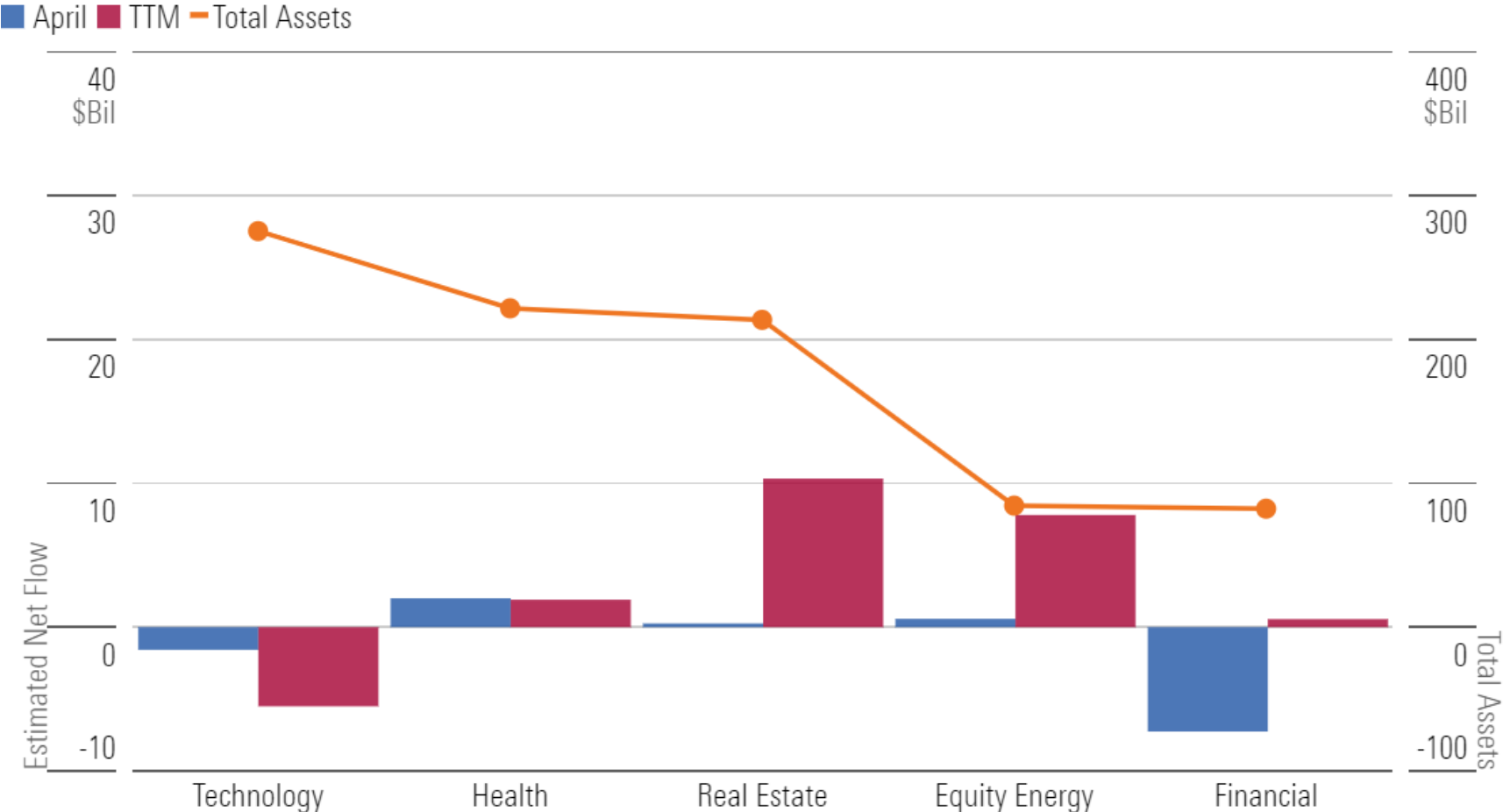
Source: Morningstar Direct Asset Flows. Data as of April 30, 2022.

Sector Equity: Fund Families With the Largest Inflows and Outflows in April



Source: Morningstar Direct Asset Flows. Data as of April 30, 2022.

Flows Into the Five Largest Sector-Equity Categories by Total Assets



Source: Morningstar Direct Asset Flows. Data as of April 30, 2022.

Disclosures

Note: The figures in this report were compiled on May 11, 2022, and reflect only the funds that had reported net assets by that date. Artisan had not reported, and Matthews had not fully reported. 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.

Important methodology note: Morningstar computes flows using the approach that is standard in the industry: Estimated net flow is the change in assets not explained by the performance of the fund. Our method assumes that flows occur uniformly over the course of the month. Adjustments for mergers are performed automatically. When liquidated funds are included, the final assets of the fund are counted as outflows. Reinvested dividends are not counted as inflows. We use fund-level reinvestment rates to improve accuracy in this respect. We make ad hoc adjustments for unusual corporate actions such as reverse share splits, and we overwrite our estimates with actual flows if managers are willing to provide the data to us. When possible, Morningstar offsets outflows caused by transfers to other investment vehicles that share an identical mandate since they are not indicative of a change in investor interest.

Disclosures

22 West Washington Street
Chicago, IL 60602 USA

© Morningstar 2022. All Rights Reserved. The information, data, analyses, and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete, or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. To order reprints, call +1 312-696-6100. To license the research, call +1 312-696-6869.

MORNINGSTAR[®]