

Morningstar DirectSM Asset Flows Commentary: United States

Morningstar Manager Research
15 July 2016

Data through June 30, 2016
 U.S. Mutual Funds and Exchange-
 Traded Products

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Active U.S. Equity Suffers Largest Monthly Outflow Since October 2008

Not only did active U.S.-equity funds post a \$21.7 billion estimated outflow in June, but all active category groups except municipal bonds suffered outflows. In contrast, all flows (except alternative) on the passive side were positive.

In terms of total flows (active and passive combined), taxable- and municipal-bond funds continued their streak of inflows that began in January. Commodities also enjoyed another month of inflows. All other category groups ended the month in negative flow territory.

Brexit dominated the news in June, so it was somewhat surprising to see such little impact on the flows after all the buildup to the June 23 vote. Markets dropped for a few days after the announcement, but they were able to recover some of the lost ground by the end of the month. The S&P 500 returned a modest 0.3%, and the MSCI EAFE lost 3.4% in June. However, the flows story, for once, does not seem to follow returns: Investors withdrew \$13.0 billion from U.S. equity and only \$56 million from international equity.

Estimated Net Flows*	Active			Passive		
	June 2016	1 Year	Assets \$Bil	June 2016	1 Year	Assets \$Bil
U.S. Equity	(21,687)	(192,223)	3,463	8,672	135,200	2,573
Sector Equity	(2,020)	(17,365)	395	536	8,119	374
International Equity	(8,362)	(26,413)	1,404	8,306	85,632	833
Allocation	(2,767)	(58,229)	1,141	581	1,366	58
Taxable Bond	(94)	(68,970)	2,260	7,606	114,154	858
Municipal Bond	6,348	42,218	646	625	5,653	26
Alternative	(1,156)	4,365	174	(1,338)	7,680	47
Commodities	(421)	(430)	25	4,248	15,457	74
All Long Term	(30,159)	(317,047)	9,507	29,236	373,261	4,844
Money Market	(13,001)	103,894	2,692			

*Includes liquidated and merged funds.

Source: Morningstar Direct Asset Flows.

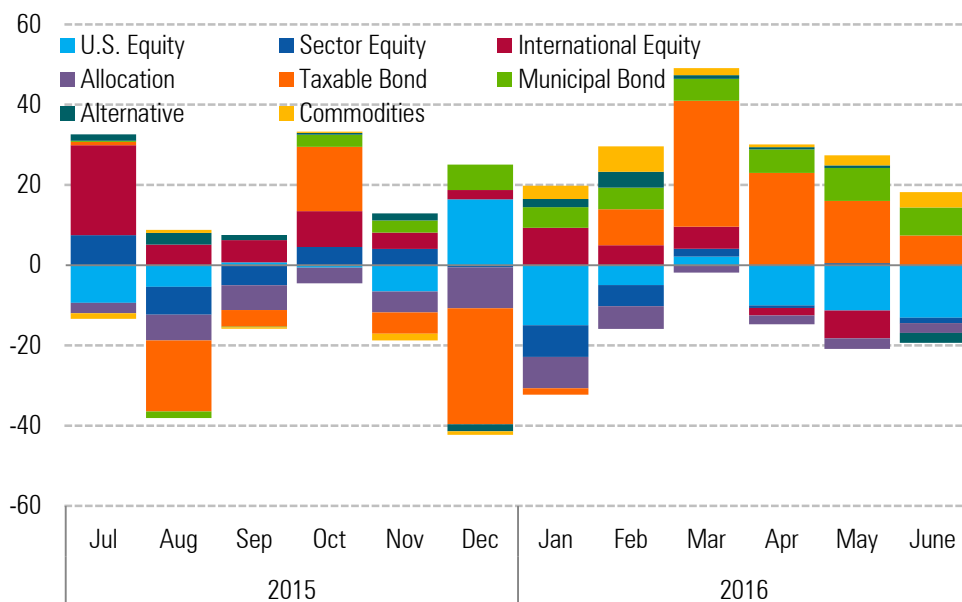
Total (Active and Passive)

Estimated Net Flows \$Mil	June 2016	1 Year	Assets \$Bil
U.S. Equity	(13,015)	(57,023)	6,036
Sector Equity	(1,484)	(9,246)	769
International Equity	(56)	59,219	2,236
Allocation	(2,186)	(56,863)	1,200
Taxable Bond	7,512	45,184	3,118
Municipal Bond	6,973	47,871	672
Alternative	(2,494)	12,044	222
Commodities	3,828	15,027	99
All Long Term	(922)	56,213	14,352
Money Market	(13,001)	103,894	2,692

Source: Morningstar Direct Asset Flows.

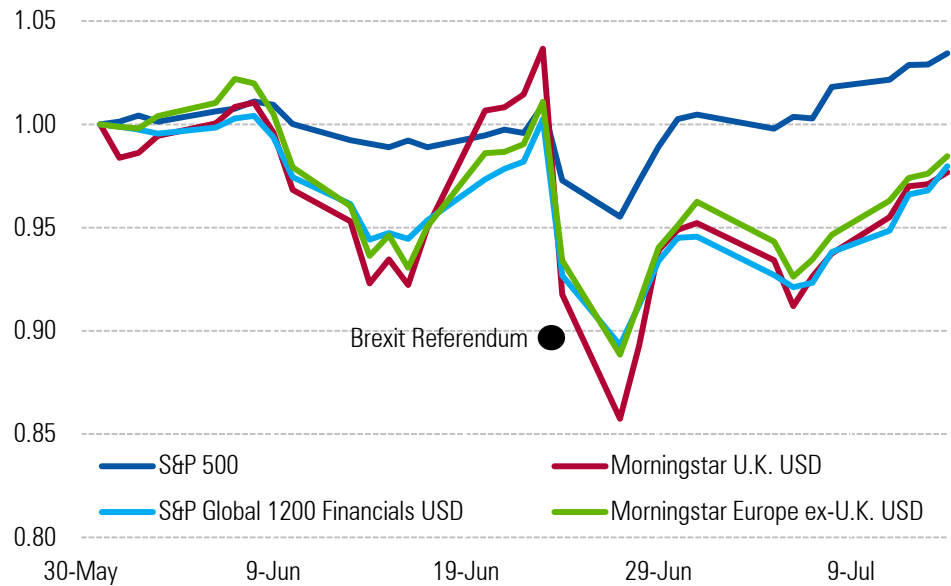
Investors' confidence in the U.S. market seems to be waning, despite stronger economic indicators such as a solid June employment report and favorable housing price data. The initial panic over Britain's decision to exit the European Union (a process to be implemented over at least the next two years) has somewhat subsided, and investors' other major worry, the possibility of rising interest rates, did not materialize at the Federal Reserve's meeting in June. What did not go away, however, is the elevated level of uncertainty in the markets. One thing is clear: The flows patterns are dramatically different from a year ago.

Exhibit 1. Category Group Flows During the Past 12 Months (\$ Billion)



Source: Morningstar Direct Asset Flows.

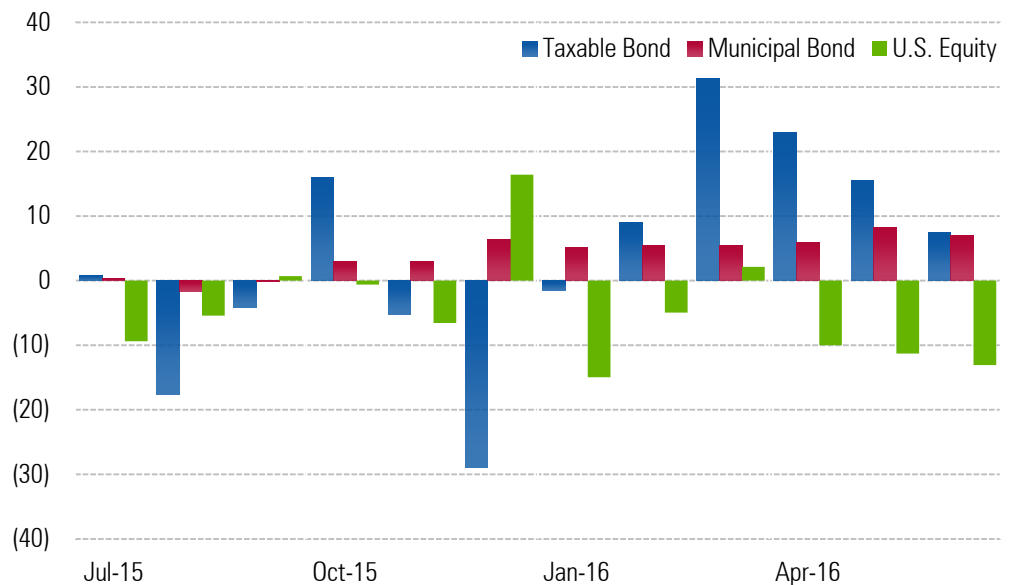
Exhibit 2. Performance Before and After Brexit (Through July 14)



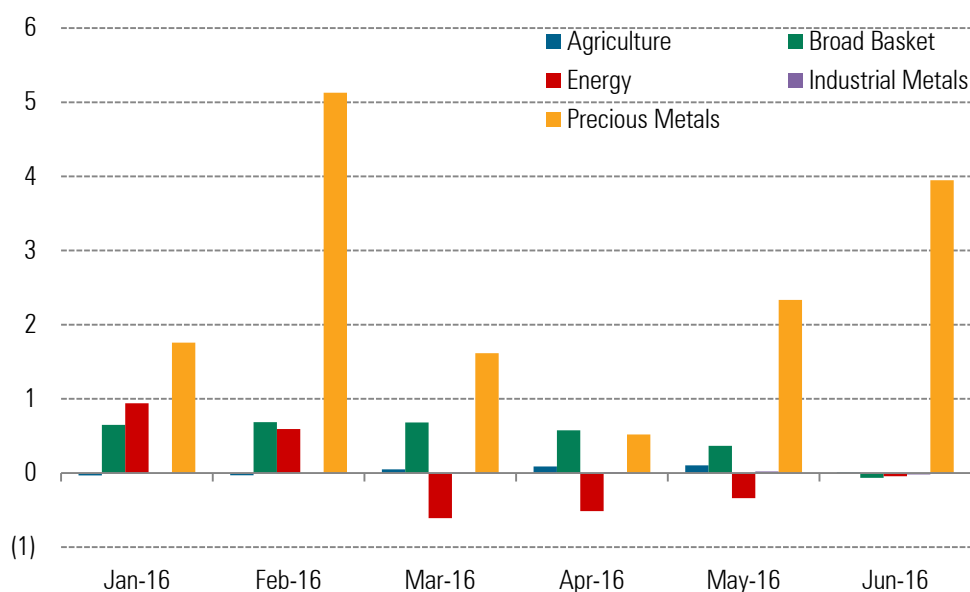
Source: Morningstar Direct Asset Flows.

In times of uncertainty, investors tend to flee to lower-risk assets, hence the sustained inflows to bonds seen since January. Performance didn't hurt, either: Aggregate bonds (as measured by the Morningstar Core Bond Index) returned 5.3% year to date, and municipal bonds (Barclays Municipal Bond Index) 4.3%. This may not seem like much, but in today's world of diminishing returns, it still looks like a pretty good deal.

Exhibit 3. Taxable- and Municipal-Bond and U.S. Equity Monthly Flows (\$ Billion)



Source: Morningstar Direct Asset Flows.

Exhibit 4. Flows for Commodity Categories in the Past Six Months (\$ Billion)

Source: Morningstar Direct Asset Flows.

Gold Funds Continue to See Strong Flows in June

Flows into commodities spiked again in June, fueled exclusively by precious-metals funds (flows into all other commodities categories, except agriculture, were negative). The majority of these inflows went into gold exchange-traded funds. There were some predictions that market disruption and volatility caused by Brexit would spur a massive flight to safety. Flows to gold funds have been significant over the past six months; however, they are still far from becoming a major flight to safety. Besides, it looks like Brexit was only a catalyst to an already-existing trend: February's flow (after the U.S. stock market sell-off) was higher than June's.

Estimated Net Flows

\$Mil

U.S. Category Group	Morningstar Category	Fund	June 2016
Commodities	Commodities Precious Metals	SPDR Gold Shares	3,466
Commodities	Commodities Precious Metals	iShares Gold Trust	449
Commodities	Commodities Precious Metals	PowerShares DB Precious Metals Fund	25

Source: Morningstar Direct Asset Flows.

Intermediate-Bond and Foreign Large Blend Once Again the Top-Flowing Categories

The top two Morningstar Categories were unchanged from last month: intermediate bond and foreign large blend. Investors' preference for intermediate-bond funds is easy to understand, because short-term bonds don't yield enough and long-term ones have higher interest-rate risk. Foreign large blend continued to attract flows despite Brexit, suggesting that, at least in the short term, Britain's separation does not seem to have a major impact on how U.S. investors allocate their money.

Diversified emerging markets made an appearance in the fifth spot on the top-flowing list. The MSCI Emerging Markets Index bounced back with a 4.0% return in June after a 3.7% loss in May, driving a \$3.2 billion inflow for the category.

Top- and Bottom-Flowing Morningstar Categories

Estimated Net Flows* \$Mil	Active			Passive		
	June 2016	1 Year	Assets \$Bil	June 2016	1 Year	Assets \$Bil
Leading						
Intermediate-Term Bond	6,325	26,999	798	4,506	44,445	412
Foreign Large Blend	(1,389)	6,059	331	7,186	95,912	451
Commodities Precious Metals	2	8	0	3,946	12,212	58
Large Value	(1,081)	(28,147)	803	4,750	23,383	216
Diversified Emerging Markets	(482)	(11,893)	204	3,678	7,422	153
Lagging						
Large Growth	(10,805)	(51,803)	1,135	(1,642)	3,572	164
High-Yield Bond	(2,696)	(11,085)	248	(808)	4,219	36
World Allocation	(2,876)	(32,877)	304	1	(81)	0
Europe Stock	(683)	490	14	(2,104)	(3,055)	51
World Stock	(2,967)	(12,975)	353	187	1,794	24

*Excludes money market.

Source: Morningstar Direct Asset Flows.

For the second consecutive month, just as foreign large blend appeared on the list with the largest inflows, Europe stock was on the list with the largest outflows. Foreign large-blend is concentrated mostly in Europe, so investors took money out of one category concentrated in European equity and poured money into another category concentrated in European equity.

Estimated Net Flows, \$Mil

Morningstar Category	Fund	June 2016
Foreign Large Blend	Causeway International Value	304
Foreign Large Blend	Bridge Builder International Equity	231
Foreign Large Blend	American Funds Intl Gr and Inc	189

Source: Morningstar Direct Asset Flows.

Estimated Net Flows, \$Mil

Morningstar Category	Fund	June 2016
Europe Stock	WisdomTree Europe Hedged Equity	-1,509
Europe Stock	Henderson European Focus	-335
Europe Stock	Deutsche X-trackers MSCI Europe Hedged Eq	-268

Source: Morningstar Direct Asset Flows.

Within the Europe-stock category, two currency-hedged ETFs were among the funds with the largest outflows: WisdomTree Europe Hedged Equity HEDJ and Deutsche X-trackers MSCI Europe Hedged Equity DBEU. Since the dollar has stayed relatively flat against the euro this year, it looks like investors are deciding that hedging is no longer worth it. The pound did fall against the dollar in the Brexit referendum's aftermath, but the euro didn't experience any drastic fluctuations.

On the foreign large-blend side, inflows this month were led by Causeway International Value CIVX, Bridge Builder International Equity BBIE, and American Funds International Growth and Income IGAAX. The Bridge Builder fund is somewhat of an exception since it is a recently launched fund and the high flows are most likely new money being transferred into the fund following its creation. The Bridge Builder series is a group of funds launched by Edward Jones in an effort to move from using outside funds to offering subadvisor versions of them designed specifically for clients invested in the firm's fee-based Advisory Solutions program. This new strategy is aimed at reducing the overall costs for investors, as well as addressing challenges related to rebalancing accounts or removing assets from the funds. These funds are very recent and do not have a long-term performance record.

Why Causeway International Value and American Funds International Growth and Income should land at the top of the category flows list at this moment is somewhat of a mystery. Both had negative one-month and year-to-date returns. On the other hand, both have Morningstar Analyst Ratings of Gold, indicating that they are good long-term options despite temporary lapses.

Fidelity and Franklin Templeton Lead Outflows in June

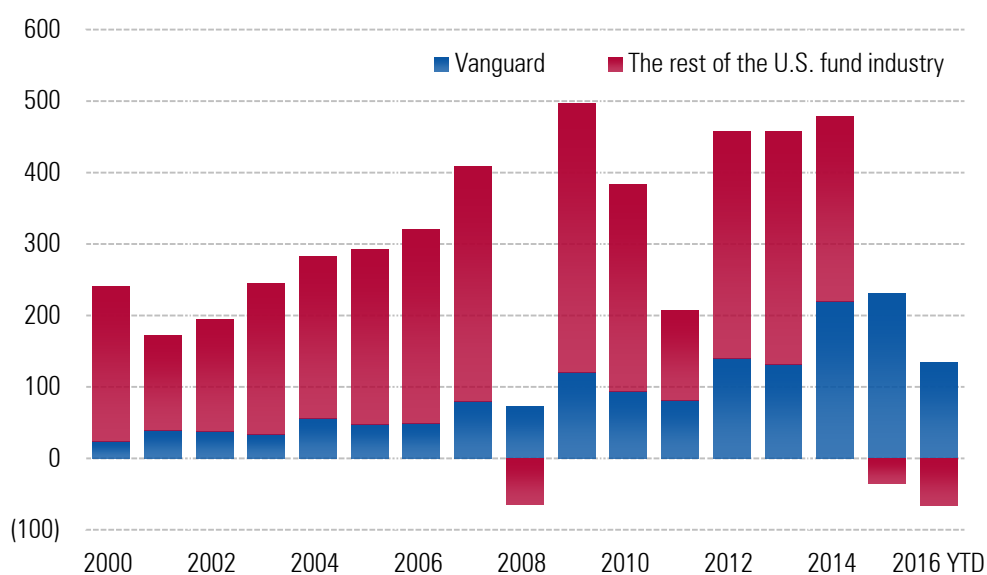
In fact, all the firms in the top 10 except Vanguard and State Street experienced outflows on the active side. Even American Funds, which had been doing well for the past few months, suffered an outflow.

Top 10 U.S. Fund Families

Estimated Net Flows \$Mil	Active			Passive		
	June 2016	1 Year	Assets \$Bil	June 2016	1 Year	Assets \$Bil
Vanguard	3,343	22,986	828	16,760	202,694	2,303
American Funds	(707)	4,696	1,216			
Fidelity Investments	(3,774)	(32,230)	977	3,256	18,928	216
BlackRock/iShares	(2,381)	(9,783)	210	9,928	93,760	881
T. Rowe Price	(1,920)	(3,237)	453	(117)	(139)	29
SPDR State Street Global Advisors	238	2,139	4	(711)	22,115	430
Franklin Templeton Investments	(3,688)	(46,744)	385			
PIMCO	(1,311)	(40,333)	299	233	(246)	4
Dimensional Fund Advisors				1,146	23,618	285
J.P. Morgan	(1,925)	(217)	264	(11)	(160)	6

Source: Morningstar Direct Asset Flows.

Exhibit 5. Annual Flows for Vanguard and the Rest of the U.S. Fund Industry (\$ Billion)



Source: Morningstar Direct Asset Flows.

On the passive side, Vanguard and BlackRock/iShares led, as usual. Interestingly, Fidelity placed third, with \$3.3 billion flowing to its passive offerings. The company announced it would be lowering fees on 27 of its equity and bond index funds and ETFs in an effort to compete in the new arena where active funds keep bleeding assets and passive funds thrive. Industrywide data has repeatedly shown that investors are becoming more and more sensitive to cost, and Fidelity has now taken action to reposition itself as a viable competitor to rivals Vanguard and BlackRock/iShares.

Speaking of Vanguard, an interesting trivia fact:

- If Vanguard gave away its average flow for **one day** (\$740.5 million), every person in the U.S. would receive **\$2.32**

Top-Flowing Active and Passive Funds

Estimated Net Flows \$Mil	June 2016	1 Year	Assets	Assets
			June 2016 \$Mil	June 2015 \$Mil
Active Funds				
American Funds American Balanced	1,170	7,276	94,199	81,706
Bridge Builder Core Plus Bond	1,146	4,336	4,401	—
PIMCO Income	959	11,974	61,035	47,421
JPMorgan Core Plus Bond	831	1,730	6,163	4,227
Vanguard Wellesley Income	783	3,285	47,607	40,684
Passive Funds				
Vanguard Total Stock Market Index	3,534	25,832	438,312	402,866
SPDR Gold Shares	3,466	10,103	40,330	26,774
Vanguard Total Intl Stock Index	3,202	55,149	206,970	168,376
Vanguard Developed Markets Index	1,848	12,214	58,702	52,144
Vanguard 500 Index	1,603	18,669	236,199	209,289

Source: Morningstar Direct Asset Flows.

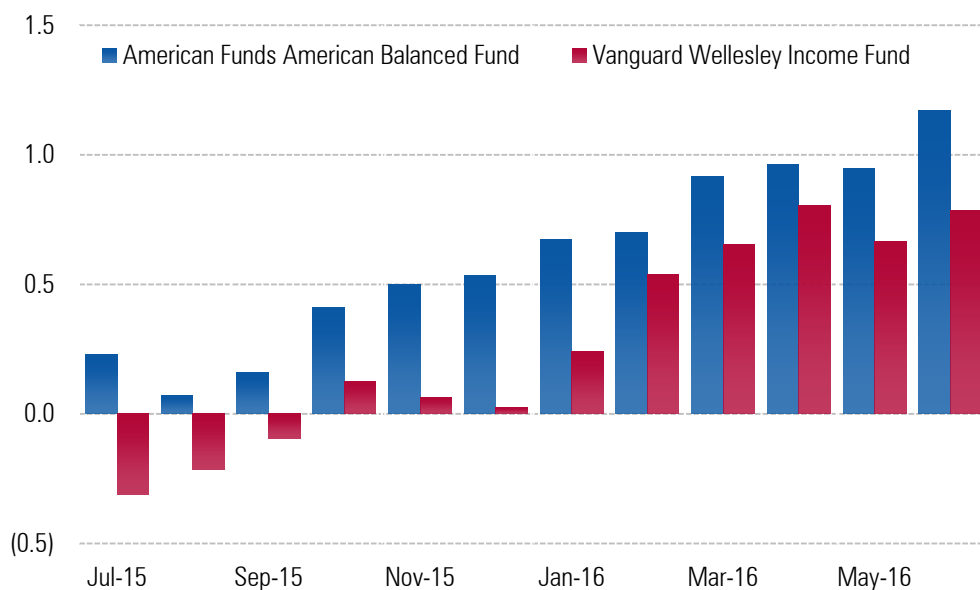
American Funds American Balanced Leads Top-Flowing List

Despite sizable outflows from the allocation category group, American Funds American Balanced ABALX led the top-flowing five in June because of its consistent performance (third percentile ranking in its category in the past year). This fund had been showing up on the top-flowing list in the past few months but had never placed first until now.

Vanguard Wellesley Income VWINX is another allocation fund that made it to the top five this month. In the words of my colleague Alec Lucas, who covers this fund: “Vanguard Wellesley’s outperformance over the past year through May 2016 epitomizes why it receives a Morningstar Analyst Rating of Gold. In a rough market, the fund’s 4.9% gain edged past its customized benchmark . . . and placed in the allocation–30% to 50% equity Morningstar Category’s top 1%. The fund’s longer-term record is also superior.”

The other three funds in the top five are fixed-income funds: PIMCO Income PIMIX (a regular on the list), Bridge Builder Core Plus Bond BBCPX (a new fund; we discussed Bridge Builder funds in a previous section of this report), and JPMorgan Core Plus Bond ONIAX.

Exhibit 6. Flows for Select Allocation Funds During the Past Year (\$ Billion)



Source: Morningstar Direct Asset Flows.

Bottom-Flowing Active and Passive Funds

Estimated Net Flows \$Mil	June 2016	1 Year	Assets	Assets
			June 2016 \$Mil	June 2015 \$Mil
Active Funds				
Templeton Global Bond	(1,302)	(15,912)	47,217	66,512
Franklin Mutual Global Discovery	(926)	(3,331)	21,598	26,790
JPMorgan Core Bond	(919)	(1,049)	30,195	29,749
BlackRock Global Allocation	(892)	(5,808)	45,587	53,990
PIMCO Total Return	(851)	(19,418)	86,396	102,842
Passive Funds				
PowerShares QQQ	(1,769)	(4,084)	34,587	38,792
Financial Select Sector SPDR	(1,752)	(2,347)	15,042	18,835
WisdomTree Europe Hedged Equity	(1,509)	(5,684)	10,616	19,765
Vanguard Institutional Index	(1,413)	680	203,600	195,289
SPDR S&P 500 ETF	(1,301)	8,727	178,790	170,512

Source: Morningstar Direct Asset Flows.

Among active funds, Templeton Global Bond TPINX and Franklin Mutual Global Discovery TEDIX suffered the largest outflows in June.

Among passive funds, we discussed WisdomTree Europe Hedged Equity HEDJ in a previous section. Financial Select Sector SPDR ETF XLF suffered because the financial sector was severely hit by Brexit. London is a major financial center, and the separation announcement may cause U.S. banks to move operations out of London. In addition, the plunge in long-term yields has flattened the yield curve, which hurt banks' profitability.

Note: The figures in this report were compiled on July 13, 2016, 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.

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. Please click [here](#) for a full explanation of our methodology.



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Fund Flows

Monthly Market Summary: US Open-end & ETF ex MM ex FoF Including merged and liquidated funds

Effective Date
06-30-2016

Morningstar Categories Ranked by Current TNA (\$Mil)

Rank	Name	Estimated Net Flow (\$mil)				Total Net Assets (\$bil)				Total Return	
		1-Mo	QTD	YTD	1-Yr	06-2016	Mkt Sh %	06-2015	Mkt Sh %	1-Mo	YTD
1	Large Blend	810	4,002	18,090	35,275	2,320	16.16	2,243	15.40	0.26	6.32
2	Large Growth	(12,447)	(34,807)	(49,992)	(48,231)	1,299	9.05	1,386	9.51	(2.24)	(2.32)
3	Intermediate-Term Bond	10,831	38,766	63,381	71,444	1,210	8.43	1,087	7.47	3.29	10.01
4	Large Value	3,669	7,283	7,157	(4,764)	1,019	7.10	1,016	6.98	1.43	11.53
5	Foreign Large Blend	5,797	14,946	40,236	101,971	782	5.45	780	5.36	(4.81)	(4.90)
6	Allocation--50% to 70% Equity	(149)	527	(101)	(2,412)	471	3.28	464	3.18	2.48	9.78
7	World Stock	(2,781)	(5,955)	(8,830)	(11,181)	376	2.62	412	2.83	(0.78)	5.83
8	Diversified Emerging Mkts	3,196	3,223	6,388	(4,468)	357	2.49	406	2.79	7.57	13.38
9	Short-Term Bond	(1)	4,653	6,974	6,686	346	2.41	334	2.30	1.29	4.44
10	Mid-Cap Blend	(2,229)	(2,376)	(6,706)	(2,661)	330	2.30	345	2.37	(0.82)	6.78
11	Foreign Large Growth	(982)	(3,953)	(855)	2,167	306	2.13	353	2.42	(3.61)	(3.36)
12	World Allocation	(2,876)	(8,347)	(17,263)	(32,958)	304	2.12	344	2.36	2.17	10.70
13	High Yield Bond	(3,504)	(4,326)	7,217	(6,866)	285	1.98	301	2.07	1.60	13.30
14	Small Blend	(675)	(186)	(2,201)	(2,932)	277	1.93	295	2.03	(0.23)	6.88
15	Mid-Cap Growth	(2,243)	(6,800)	(13,498)	(17,389)	258	1.80	301	2.06	(0.55)	1.37
16	Mid-Cap Value	262	68	(417)	(6,437)	226	1.57	245	1.68	0.05	13.25
17	World Bond	(1,319)	(2,671)	(6,339)	(11,544)	212	1.48	219	1.50	3.77	13.22
18	Allocation--30% to 50% Equity	583	834	(1,150)	(9,993)	203	1.41	212	1.45	3.11	12.02
19	Muni National Interim	2,341	8,714	16,245	25,155	188	1.31	153	1.05	2.82	7.25
20	Multisector Bond	9	2,326	1,693	(8,098)	186	1.30	193	1.33	2.56	10.17
21	Small Growth	(1,111)	(3,639)	(7,381)	(11,638)	183	1.27	214	1.47	0.18	0.17
22	Real Estate	1,428	3,750	4,634	5,497	157	1.09	127	0.88	11.72	23.29
23	Health	(1,071)	(3,503)	(13,339)	(15,074)	154	1.07	198	1.36	(3.84)	(19.32)
24	Foreign Large Value	(560)	(367)	1,545	(485)	138	0.96	157	1.08	(5.00)	(3.06)
25	Corporate Bond	2,599	7,162	15,387	18,318	138	0.96	114	0.78	3.82	13.66
26	Small Value	949	2,133	2,842	1,814	125	0.87	130	0.89	0.12	12.55
27	Muni National Short	931	1,423	2,537	1,354	123	0.86	120	0.82	0.80	2.09
28	Allocation--70% to 85% Equity	3	201	(59)	(1,538)	121	0.85	118	0.81	1.41	7.94
29	Inflation-Protected Bond	(167)	2,519	3,040	1,269	118	0.82	106	0.73	3.65	10.51
30	Intermediate Government	1,015	2,077	6,370	7,456	114	0.80	104	0.72	2.70	7.24
31	Nontraditional Bond	(1,457)	(5,117)	(14,838)	(25,069)	108	0.75	136	0.94	(0.54)	2.60
32	Bank Loan	(509)	(426)	(6,224)	(20,309)	95	0.66	118	0.81	(0.35)	7.92
33	Muni National Long	791	2,711	4,068	4,390	93	0.65	83	0.57	4.21	11.48
34	High Yield Muni	1,713	4,339	7,774	10,245	92	0.64	75	0.51	3.80	11.41
35	Ultrashort Bond	(926)	(416)	(845)	1,375	86	0.60	83	0.57	0.25	1.36

Fund Flows

Monthly Market Summary: US Open-end & ETF ex MM ex FoF Including merged and liquidated funds

Effective Date
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Morningstar Categories Ranked by Current TNA (\$Mil)

Rank	Name	Estimated Net Flow (\$mil)				Total Net Assets (\$bil)				Total Return	
		1-Mo	QTD	YTD	1-Yr	06-2016	Mkt Sh %	06-2015	Mkt Sh %	1-Mo	YTD
36	Technology	(571)	(2,473)	(7,026)	(3,935)	78	0.55	84	0.58	(3.25)	(1.95)
37	Europe Stock	(2,788)	(7,464)	(13,164)	(2,565)	65	0.45	79	0.54	(9.38)	(10.53)
38	Commodities Precious Metals	3,948	6,802	15,302	12,220	58	0.41	41	0.28	18.58	48.47
39	Short Government	(469)	(2,074)	(572)	4,000	57	0.40	53	0.36	0.93	2.44
40	Global Real Estate	0	(394)	(1,612)	(1,870)	57	0.40	56	0.38	3.74	12.47
41	Emerging Markets Bond	557	1,905	828	(4,261)	56	0.39	57	0.39	5.83	18.45
42	Multialternative	(1,168)	(2,128)	67	9,196	55	0.39	49	0.34	1.12	2.49
43	Equity Energy	7	1,147	3,660	6,193	50	0.35	48	0.33	4.02	26.27
44	Energy Limited Partnership	488	1,080	2,880	3,320	42	0.29	48	0.33	8.61	31.72
45	Preferred Stock	1,213	3,517	5,489	8,794	41	0.28	31	0.21	1.51	8.22
46	Utilities	178	456	5,005	2,941	40	0.28	31	0.22	12.50	39.04
47	Muni California Long	262	953	1,704	2,150	39	0.27	34	0.23	3.95	10.81
48	Financial	(2,025)	(2,093)	(6,927)	(4,038)	37	0.25	45	0.31	(9.43)	(9.04)
49	Natural Resources	(69)	288	199	(1,836)	35	0.25	40	0.28	3.41	28.56
50	Foreign Small/Mid Growth	(285)	(729)	(448)	1,177	35	0.24	36	0.25	(9.60)	(11.91)
51	Long-Short Equity	(375)	(1,451)	(3,137)	(6,864)	34	0.24	44	0.30	(1.75)	(2.13)
52	Long Government	(255)	(1,121)	5,657	9,334	34	0.24	21	0.15	11.80	28.34
53	Commodities Broad Basket	(65)	875	2,889	30	33	0.23	38	0.26	6.29	24.52
54	Managed Futures	626	2,564	7,361	11,872	32	0.22	20	0.14	3.82	2.84
55	Japan Stock	(996)	(4,531)	(8,259)	(5,897)	31	0.22	46	0.31	(6.57)	(11.56)
56	Tactical Allocation	89	55	(1,168)	(2,582)	31	0.21	34	0.23	1.45	3.65
57	Miscellaneous Region	(357)	(1,873)	(1,635)	(5,501)	30	0.21	40	0.28	—	—
58	Foreign Small/Mid Blend	100	328	699	2,119	29	0.20	29	0.20	(9.01)	(4.96)
59	Equity Precious Metals	1,554	2,432	2,634	2,248	29	0.20	17	0.12	42.44	195.15
60	Muni California Intermediate	390	1,223	2,242	3,533	25	0.18	20	0.14	3.07	8.03
61	Consumer Cyclical	(1,139)	(2,286)	(4,908)	(2,711)	25	0.17	28	0.19	(2.65)	(2.97)
62	Consumer Defensive	137	(274)	1,893	3,555	24	0.17	18	0.12	6.99	16.83
63	Foreign Small/Mid Value	(152)	(352)	(98)	726	23	0.16	25	0.17	(7.64)	(2.90)
64	Market Neutral	(273)	(186)	(96)	(2,866)	23	0.16	27	0.18	0.43	1.38
65	Muni Single State Long	171	475	821	600	23	0.16	21	0.14	1.71	4.18
66	Long-Term Bond	(119)	(48)	(910)	(1,307)	23	0.16	21	0.15	8.21	25.23
67	Pacific/Asia ex-Japan Stk	(65)	(238)	(848)	(9,344)	21	0.15	34	0.23	5.04	5.78
68	Muni New York Long	67	174	272	(367)	20	0.14	19	0.13	3.85	10.08
69	Allocation--85%+ Equity	55	(245)	(815)	(1,703)	19	0.13	21	0.15	0.29	4.33
70	Trading--Leveraged Equity	(275)	(1,325)	(3,365)	(1,329)	18	0.12	19	0.13	—	—

Fund Flows

Monthly Market Summary: US Open-end & ETF ex MM ex FoF Including merged and liquidated funds

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Morningstar Categories Ranked by Current TNA (\$Mil)

Rank	Name	Estimated Net Flow (\$mil)				Total Net Assets (\$bil)				Total Return	
		1-Mo	QTD	YTD	1-Yr	06-2016	Mkt Sh %	06-2015	Mkt Sh %	1-Mo	YTD
71	Industrials	(266)	244	155	(1,584)	16	0.11	18	0.12	(1.56)	9.11
72	Convertibles	(322)	(808)	(2,144)	(3,991)	16	0.11	21	0.14	0.03	2.10
73	Infrastructure	(150)	(301)	(892)	(2,779)	14	0.10	17	0.12	6.70	27.25
74	China Region	(6)	(2,012)	(3,568)	(7,484)	14	0.10	28	0.19	1.73	(12.63)
75	Muni Single State Interm	104	265	519	452	13	0.09	13	0.09	1.38	3.43
76	Diversified Pacific/Asia	(187)	(201)	(810)	(1,505)	13	0.09	15	0.11	1.79	3.26
77	Option Writing	417	445	508	663	12	0.08	11	0.08	0.93	1.27
78	Muni New York Intermediate	101	357	604	941	11	0.08	10	0.07	2.94	7.76
79	Trading--Inverse Equity	(1,270)	976	4,547	4,802	11	0.08	9	0.06	—	—
80	Emerging-Markets Local-Currency Bond	15	(755)	(1,586)	(5,665)	11	0.07	17	0.12	8.70	20.18
81	Muni Single State Short	(38)	(134)	(720)	(1,366)	11	0.07	12	0.08	0.94	2.07
82	Allocation--15% to 30% Equity	(22)	66	(127)	(497)	11	0.07	11	0.08	2.08	4.87
83	Long-Short Credit	(422)	(1,093)	(2,085)	(3,639)	10	0.07	14	0.10	0.19	0.94
84	Muni Pennsylvania	29	110	185	91	10	0.07	9	0.06	1.63	4.21
85	India Equity	46	(93)	(236)	(1,321)	9	0.06	11	0.07	6.35	4.30
86	Communications	7	314	933	1,151	8	0.06	7	0.05	4.96	18.14
87	Muni Massachusetts	42	152	294	298	7	0.05	7	0.05	1.60	3.89
88	Multicurrency	(51)	(744)	(1,246)	(3,954)	7	0.05	11	0.08	2.16	4.29
89	Muni New Jersey	(22)	17	32	(196)	7	0.05	7	0.04	1.78	4.71
90	Latin America Stock	(36)	394	774	871	6	0.04	6	0.04	26.10	60.48
91	Commodities Energy	(43)	(899)	23	2,909	6	0.04	5	0.03	6.39	11.15
92	Muni Ohio	43	125	221	223	5	0.04	5	0.03	1.60	4.21
93	Muni Minnesota	49	159	268	368	5	0.04	4	0.03	1.45	3.63
94	Target-Date 2030	50	77	19	(314)	5	0.03	5	0.03	0.22	5.28
95	Volatility	(184)	1,354	2,432	2,677	4	0.03	3	0.02	—	—
96	Target-Date 2020	171	181	31	(450)	4	0.03	5	0.03	1.18	4.99
97	Trading--Inverse Debt	172	444	(88)	(917)	4	0.03	6	0.04	—	—
98	Bear Market	(79)	134	415	(387)	4	0.02	4	0.03	0.40	(7.74)
99	Trading--Leveraged Commodities	255	(592)	(33)	2,873	3	0.02	3	0.02	—	—
100	Target-Date 2025	60	124	146	41	3	0.02	3	0.02	(1.81)	6.74
101	Target-Date 2040	27	51	11	(256)	3	0.02	4	0.03	0.61	5.17
102	Miscellaneous Sector	10	5	(90)	(272)	3	0.02	4	0.02	—	—
103	Target-Date 2035	55	108	159	129	2	0.02	2	0.01	(2.56)	6.04
104	Target-Date 2050	32	64	78	21	2	0.01	2	0.01	(2.93)	5.99
105	Commodities Agriculture	9	199	184	(25)	2	0.01	2	0.01	4.00	9.96

Fund Flows

Monthly Market Summary: US Open-end & ETF ex MM ex FoF Including merged and liquidated funds

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Morningstar Categories Ranked by Current TNA (\$Mil)

Rank	Name	Estimated Net Flow (\$mil)				Total Net Assets (\$bil)				Total Return	
		1-Mo	QTD	YTD	1-Yr	06-2016	Mkt Sh %	06-2015	Mkt Sh %	1-Mo	YTD
106	Target-Date Retirement	19	29	(38)	(121)	1	0.01	2	0.01	1.20	4.60
107	Single Currency	185	4	(41)	35	1	0.01	1	0.01	—	—
108	Target-Date 2045	28	64	100	75	1	0.01	1	0.01	(3.01)	5.59
109	Trading--Miscellaneous	17	27	(115)	(425)	1	0.01	1	0.01	—	—
110	Trading--Inverse Commodities	(105)	369	513	21	1	0.01	1	0.01	—	—
111	Target-Date 2015	(5)	(15)	(61)	(252)	1	0.00	1	0.01	(0.98)	7.28
112	Trading--Leveraged Debt	57	(61)	(17)	116	1	0.00	0	0.00	—	—
113	Target-Date 2055	17	48	94	130	0	0.00	0	0.00	1.61	13.25
114	Target-Date 2000-2010	(3)	(24)	(51)	(195)	0	0.00	1	0.00	2.24	5.27
115	Commodities Industrial Metals	(21)	13	(7)	(53)	0	0.00	0	0.00	—	—
116	Target-Date 2060+	1	2	3	3	0	0.00	0	0.00	(0.39)	1.71
117	Commodities Miscellaneous	0	0	(1)	0	0	0.00	0	0.00	(30.22)	(50.68)
Top 10		6,697	30,262	76,596	141,658	8,510	59.30	8,472	58.17	—	—
All		(901)	20,943	69,446	56,641	14,352	100.00	14,565	100.00	—	—

Top Fund Families Ranked by Current TNA (\$Mil)

Rank	Name	Estimated Net Flow (\$mil)				Assets Under Management (\$bil)			
		1-Mo	QTD	YTD	1-Yr	06-2016	Mkt Sh %	06-2015	Mkt Sh %
1	Vanguard	20,103	63,225	134,766	225,680	3,132	21.82	2,871	19.71
2	American Funds	(707)	2,078	6,843	4,696	1,216	8.47	1,206	8.28
3	Fidelity Investments	(518)	(3,950)	(7,054)	(13,302)	1,193	8.31	1,238	8.50
4	iShares	9,126	9,845	26,473	87,466	862	6.01	801	5.50
5	T. Rowe Price	(2,037)	(1,649)	(121)	(3,376)	482	3.36	480	3.30
6	SPDR State Street Global Advisors	(474)	(3,657)	2,813	24,255	434	3.02	410	2.81
7	Franklin Templeton Investments	(3,585)	(10,040)	(20,636)	(46,640)	385	2.68	443	3.04
8	Pimco	(1,078)	(2,298)	(7,489)	(40,579)	304	2.12	342	2.35
9	Dimensional Fund Advisors	1,146	5,302	12,881	23,618	285	1.98	275	1.89
10	JPMorgan	(1,937)	(1,103)	(4,466)	(377)	270	1.88	276	1.90
11	BlackRock	(1,579)	(3,474)	(1,976)	(3,489)	229	1.60	238	1.63
12	MFS	348	923	1,278	1,451	183	1.28	180	1.23
13	OppenheimerFunds	(1,239)	(3,032)	(5,118)	(13,300)	175	1.22	196	1.35
14	Dodge & Cox	(610)	(1,955)	(3,592)	(8,645)	171	1.19	196	1.34
15	Invesco	(202)	(18)	(602)	(4,232)	143	1.00	150	1.03

Fund Flows

Monthly Market Summary: US Open-end & ETF ex MM ex FoF Including merged and liquidated funds

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Top Fund Families Ranked by Current TNA (\$Mil)

Rank	Name	Estimated Net Flow (\$mil)				Assets Under Management (\$bil)			
		1-Mo	QTD	YTD	1-Yr	06-2016	Mkt Sh %	06-2015	Mkt Sh %
16	Columbia	(807)	(1,440)	(4,171)	(11,102)	142	0.99	158	1.08
17	John Hancock	(1,067)	(1,210)	(1,449)	4,146	130	0.90	130	0.89
18	Jackson National	(150)	451	109	3,471	127	0.88	127	0.87
19	Principal Funds	6	546	239	965	116	0.81	116	0.79
20	Janus	(70)	(186)	(699)	(3,564)	103	0.72	109	0.75
21	American Century Investments	341	287	242	(1,777)	102	0.71	102	0.70
22	Lord Abbett	4	1,117	1,155	(3,373)	102	0.71	106	0.73
23	Wells Fargo Funds	(462)	(1,561)	(4,053)	(10,354)	101	0.71	113	0.78
24	AXA Equitable	(412)	(1,199)	(2,602)	(4,377)	97	0.68	102	0.70
25	TIAA-CREF Asset Management	751	2,062	3,790	6,927	94	0.65	88	0.60
26	Legg Mason	(389)	200	(564)	(1,809)	92	0.64	94	0.64
27	Hartford Mutual Funds	(426)	(1,125)	(2,044)	(2,499)	90	0.63	95	0.65
28	PowerShares	(1,227)	(1,031)	(2,597)	292	90	0.62	90	0.62
29	SEI	4	478	528	1,451	89	0.62	88	0.60
30	Metropolitan West Funds	514	3,564	5,845	9,131	87	0.61	75	0.51
31	Goldman Sachs	(1,071)	(3,650)	(6,999)	(13,564)	82	0.57	99	0.68
32	Voya	(670)	(1,740)	(3,549)	(7,498)	81	0.57	89	0.61
33	Prudential Investments	228	1,154	1,287	(409)	79	0.55	82	0.56
34	DoubleLine	720	3,524	9,573	15,912	74	0.52	56	0.38
35	Harbor	(669)	(2,002)	(2,607)	(4,648)	72	0.50	85	0.58
36	First Eagle	92	(126)	(1,281)	(4,954)	71	0.49	74	0.51
37	Nuveen	674	2,231	3,783	4,828	68	0.47	61	0.42
38	Eaton Vance	110	1,223	1,292	(2,351)	66	0.46	69	0.47
39	Oakmark	(1,221)	(3,428)	(5,764)	(8,721)	66	0.46	84	0.57
40	Federated	379	868	1,018	(486)	65	0.45	65	0.45
41	AllianceBernstein	372	70	2,267	1,137	64	0.45	62	0.43
42	Putnam	(772)	(2,517)	(5,137)	(9,228)	63	0.44	76	0.52
43	GMO	(2,090)	(4,759)	(7,516)	(13,722)	59	0.41	76	0.52
44	USAA	4	41	(915)	(1,122)	59	0.41	59	0.40
45	Dreyfus	(83)	2	90	(3,659)	58	0.40	62	0.43
46	Schwab Funds	(82)	(435)	(730)	(56)	58	0.40	58	0.40
47	MainStay	(719)	(1,799)	(3,517)	(7,472)	57	0.39	66	0.45
48	Natixis Funds	(882)	(1,786)	(2,983)	(6,899)	54	0.38	62	0.43
49	Northern Funds	(294)	(607)	(359)	(1,528)	49	0.34	52	0.36
50	Thornburg	(893)	(1,281)	(2,001)	(3,163)	49	0.34	53	0.37

Fund Flows

Monthly Market Summary: US Open-end & ETF ex MM ex FoF Including merged and liquidated funds

Effective Date
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Top Fund Families Ranked by Current TNA (\$Mil)

Rank	Name	Estimated Net Flow (\$mil)				Assets Under Management (\$bil)			
		1-Mo	QTD	YTD	1-Yr	06-2016	Mkt Sh %	06-2015	Mkt Sh %
Top 10		20,039	57,753	144,009	261,439	8,562	59.65	8,342	57.27
Top 50		6,498	36,136	103,678	153,149	12,318	85.83	12,283	84.33
Other		(7,400)	(13,889)	(30,970)	(88,471)	2,034	14.17	2,217	15.22
All		(901)	22,247	72,708	64,678	14,352	100.00	14,500	99.55

Fund Flows

Monthly Market Summary: US Open-end & ETF ex MM ex FoF Including merged and liquidated funds

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Asset Classes

Name	Estimated Net Flow (\$mil)				Assets Under Management (\$bil)			
	1-Mo	QTD	YTD	1-Yr	06-2016	Mkt Sh %	06-2015	Mkt Sh %
US Equity	(13,015)	(34,323)	(52,107)	(56,963)	6,036	42.06	6,175	42.39
Sector Equity	(1,484)	(1,609)	(12,799)	(9,194)	769	5.36	786	5.40
International Equity	(56)	(8,876)	10,890	59,280	2,236	15.58	2,457	16.87
Allocation	(2,186)	(7,010)	(22,337)	(56,863)	1,200	8.36	1,251	8.59
Taxable Bond	7,512	45,971	84,722	45,555	3,118	21.73	2,996	20.57
Municipal Bond	6,973	21,062	37,067	47,871	672	4.68	590	4.05
Alternative	(2,473)	(1,264)	5,621	11,873	222	1.55	225	1.55
Commodities	3,828	6,991	18,390	15,081	99	0.69	86	0.59
All Long Term	(901)	20,943	69,446	56,641	14,352	100.00	14,565	100.00

Morningstar Ratings

Name	Estimated Net Flow (\$mil)				Total Net Assets (\$bil)			
	1-Mo	QTD	YTD	1-Yr	06-2016	Mkt Sh %	06-2015	Mkt Sh %
★★★★★	25,993	81,015	149,263	237,859	3,002	20.92	2,701	18.54
★★★★	(1,076)	10,471	31,979	40,838	5,473	38.13	5,430	37.28
★★★	(14,586)	(37,820)	(59,432)	(101,282)	4,074	28.39	4,369	30.00
★★	(16,798)	(44,437)	(80,643)	(155,596)	1,148	8.00	1,368	9.39
★	(4,989)	(14,630)	(31,193)	(56,058)	210	1.47	294	2.02
Not Rated	10,554	26,345	59,472	90,880	444	3.09	403	2.76
Total	(901)	20,943	69,446	56,641	14,352	100.00	14,565	100.00