

Morningstar DirectSM Asset Flows Commentary: United States

Morningstar Manager Research 17 October 2016

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

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Bond and Sector-Equity Funds Popular in September

Taxable-bond funds continued their undisputed rule as the category group with the highest flows in September, receiving \$10.4 billion on the active side and \$12.9 billion on the passive side. The Federal Reserve announced at its Sep. 21 meeting that it would not be raising rates just yet, postponing the decision until December. If and when rates rise, we may see some disturbances in the current bond-chasing trend, but until then, the influx of investor money into bond funds is showing no sign of slowing down.

U.S. equity attracted steady flows on the passive side while suffering heavy outflows on the active side, even during a month of lackluster performance (the S&P 500 stayed literally flat in September). International equity experienced a slowdown in flows on the passive side: only \$2.1 billion in September compared with \$6.4 billion in August, caused by a decrease in the emerging-markets flows seen during the previous few months.

Estimated Net Flows*	Active			Passive		
	Sep 2016	1 Year	Assets \$Bil	Sep 2016	1 Year	Assets \$Bil
U.S. Equity	(23,575)	(236,196)	3,550	19,329	184,605	2,758
Sector Equity	(2,767)	(22,893)	398	4,052	21,176	389
International Equity	(6,409)	(50,882)	1,477	2,116	68,928	904
Allocation	(4,212)	(54,188)	1,163	424	3,445	62
Taxable Bond	10,382	7,604	2,333	12,936	145,210	911
Municipal Bond	3,999	61,801	661	522	6,754	27
Alternative	(555)	(1,284)	172	(156)	6,083	48
Commodities	271	1,447	25	672	17,507	76
All Long Term	(22,865)	(294,591)	9,779	39,896	453,708	5,174
Money Market	4,969	27,399	2,622			

*Includes liquidated and merged funds.

Source: Morningstar Direct Asset Flows.

Note: I will be out of the office on maternity leave starting next month. Asset flows reports will resume when I return.

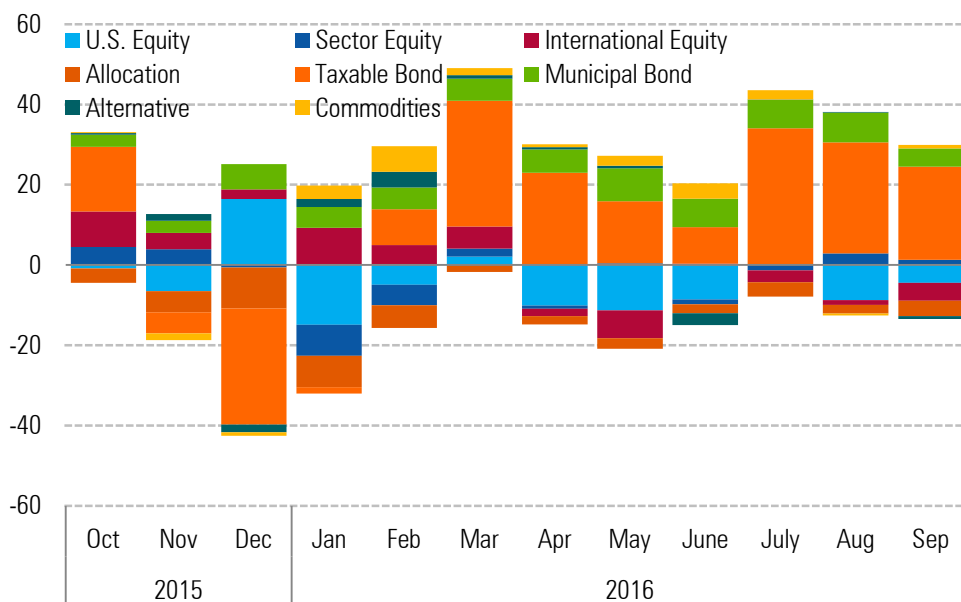
Sector equity received the third-highest amount of flows after taxable and municipal bond, with total flows driven by the passive component and by the real estate Morningstar Category. Allocation and alternative remained in negative territory, while commodities received modest inflows.

Total (Active and Passive)

Estimated Net Flows \$Mil	Sep 2016	1 Year	Assets \$Bil
U.S. Equity	(4,246)	(51,590)	6,307
Sector Equity	1,285	(1,717)	787
International Equity	(4,293)	18,046	2,380
Allocation	(3,788)	(50,743)	1,225
Taxable Bond	23,319	152,813	3,244
Municipal Bond	4,521	68,555	689
Alternative	(711)	4,799	220
Commodities	943	18,953	101
All Long Term	17,031	159,116	14,953
Money Market	4,969	27,399	2,622

Source: Morningstar Direct Asset Flows.

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



Source: Morningstar Direct Asset Flows.

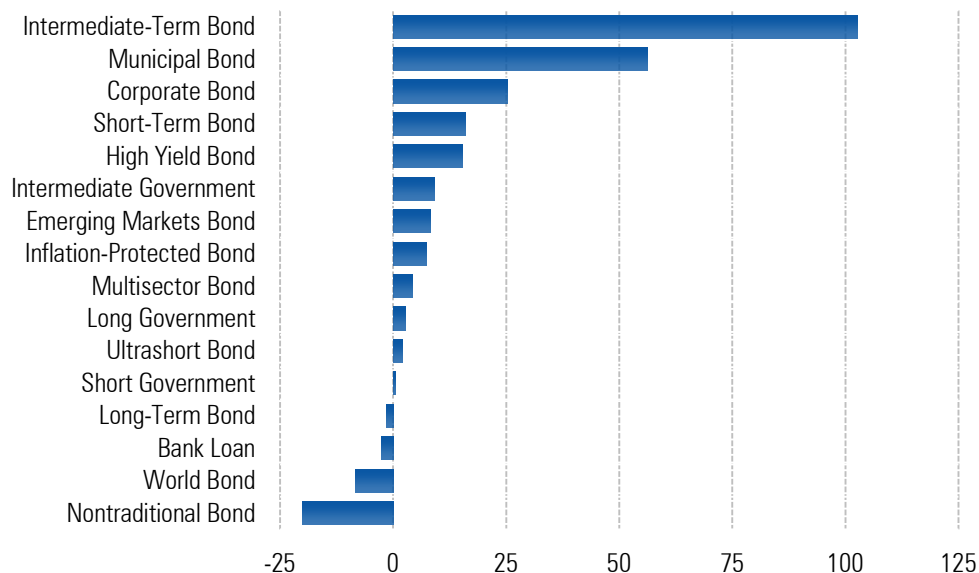
Exhibit 1 illustrates how investors' preferences and the flows pattern have changed over the past 12 months. After a brief period of indecision at the end of last year, investors have clearly set their sights on fixed income after the January stock market sell-off, and it doesn't look like they're about to change course anytime soon. Taxable- and municipal-bond funds dominate the flows landscape, with commodities (gold) and sector equity grabbing a tiny slice of the pie now and then. However, all the other categories have been out of favor for most of this year.

Flows tend to follow performance, and bonds have been posting some impressive returns lately. Furthermore, bonds keep paying income even if they fall in value, which is another attractive part of their investment proposition. A word of caution, however: Going forward, consistent double-digit returns will most likely be difficult to maintain. As long as investors are diversifying into fixed income and/or increasing their positions in line with their overall asset-allocation and risk-management strategies, sustained flows are reasonable. But it's probably not a great idea if investors are chasing bonds just because of their recent returns.

	Return (%)
	2016 YTD
International bonds	17.8
High-yield bonds	15.1
Emerging-markets bonds	15.0
Long-term corp bonds	14.3
Long-term govt bonds	11.4
Bank loans	7.7
Aggregate bonds	5.9
Intermediate-term govt bonds	4.5
Municipal bonds	4.0
Short-term bonds	2.2

Source: Morningstar Direct.

Exhibit 2 Fixed-Income Flows by Morningstar Category, Year to Date (\$ Billion)



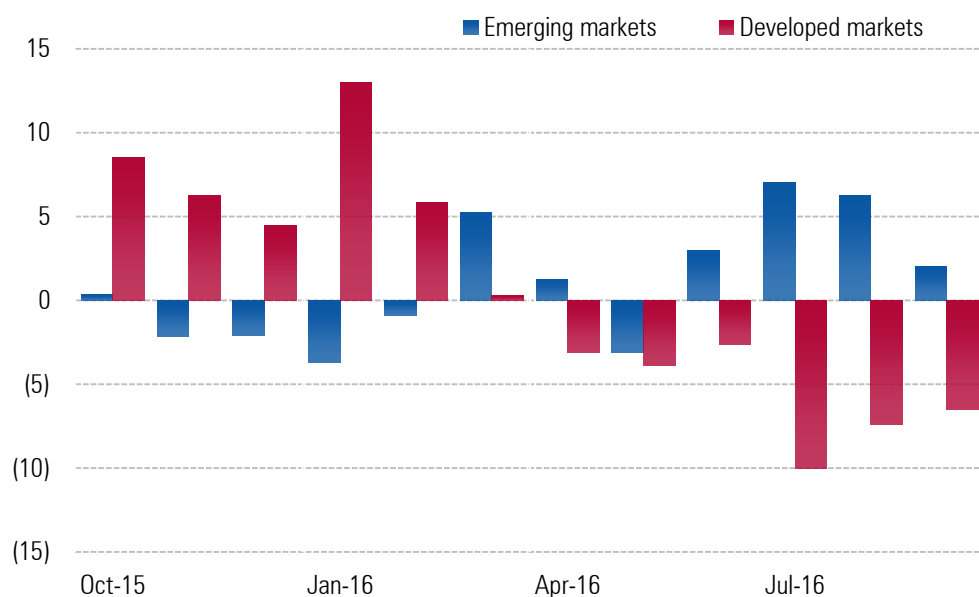
Source: Morningstar Direct Asset Flows.

Emerging Markets Not So Sought-After in September

In last month’s report, we discussed how the diversified emerging-markets category had been showing up consistently on the top-flowing list for the past few months. Not so in September. The MSCI Emerging Markets Index posted a 1.3% return for the month. Flows into emerging-markets funds remained positive but diminished considerably from July and August (Exhibit 3).

	Return (%)
	2016 YTD
S&P 500	7.8
MSCI EAFE	1.7
MSCI Emerging Markets	16.0

A few days ago, the annual meeting of the International Monetary Fund and the World Bank took place in Washington, D.C. While taking part in a [panel discussion](#) on emerging markets, central bankers observed that “emerging market economies are well prepared to handle any fallout from a Federal Reserve interest rate increase, in contrast to the situation in 2013, when they were caught off guard by currency volatility during the so-called taper tantrum.” The central bankers added that they now have “a sufficient buffer to deal with short-term, volatile capital flows.”

Exhibit 3 Emerging- and Developed-Markets Flows During the Past 12 Months (\$ Billion)

Source: Morningstar Direct Asset Flows.

Top- and Bottom-Flowing Morningstar Categories

Estimated Net Flows* \$Mil	Active			Passive		
	Sep 2016	1 Year	Assets \$Bil	Sep 2016	1 Year	Assets \$Bil
Leading						
Intermediate-Term Bond	5,535	50,452	820	4,972	68,955	437
Large Blend	(5,989)	(59,368)	689	11,390	113,844	1,747
Real Estate	61	(828)	67	3,593	15,265	95
Short-Term Bond	1,127	5,770	269	1,869	10,353	87
Ultrashort Bond	2,246	3,594	77	222	(2,409)	12
Lagging						
Large Growth	(10,868)	(82,342)	1,166	447	6,042	178
World Allocation	(3,148)	(37,055)	303	1	(44)	0
Europe Stock	(271)	(2,419)	13	(2,365)	(16,690)	45
Health	(1,420)	(12,795)	111	(311)	(6,803)	45
Nontraditional Bond	(1,349)	(28,237)	105	(1)	(68)	0

*Excludes money market.

Source: Morningstar Direct Asset Flows.

The top Morningstar Category remained once again unchanged in September: intermediate-term bond. Investors' preference for intermediate-term bond funds is easy to understand, because short-term bonds don't yield enough and long-term ones have higher interest-rate risk. However, this month, the short and ultrashort bond categories joined intermediate bond on the top-flowing list. Investors' move toward shorter-maturity bonds may indicate that they are parking money in short-term bond funds while they wait for investing opportunities to come available.

Real estate made an interesting appearance in the top five in September, with the highest flows going to funds from State Street, Vanguard, and Fidelity.

Estimated Net Flows, \$Mil

Morningstar Category	Fund	Sep 2016
Real Estate	Real Estate Select Sector SPDR	3,102
Real Estate	Vanguard REIT Index	317
Real Estate	Fidelity Real Estate Investment Portfolio	108

The large inflows are somewhat counterintuitive since they follow two months of negative returns for the sector.

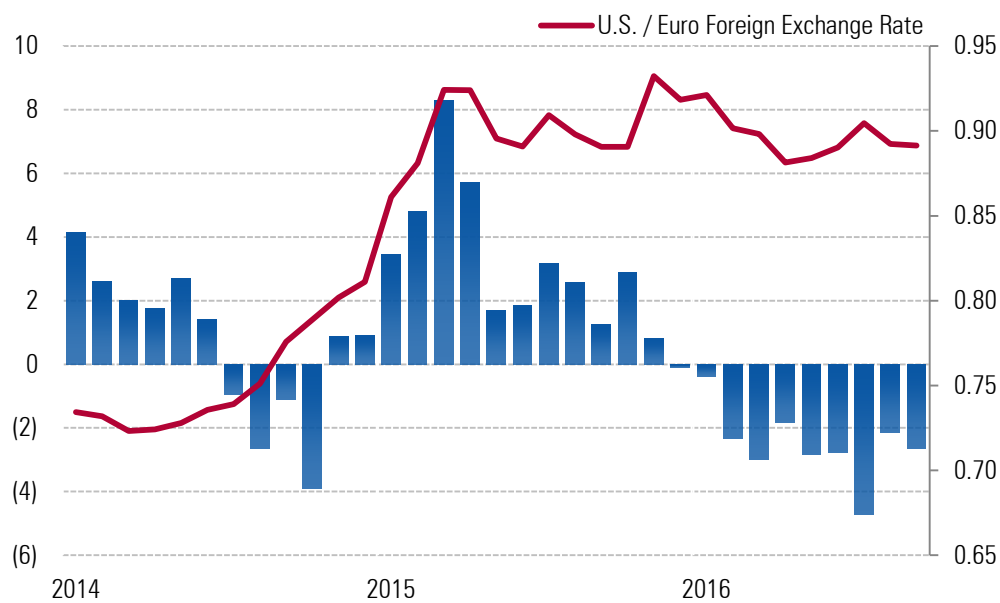
The bottom five categories were also little changed from August, with large growth, world allocation, and Europe stock sustaining the largest outflows. The once-loved WisdomTree Europe Hedged Equity HEDJ now has one of the worst outflows in the Europe-stock category, right next to its Deutsche counterpart, Deutsche X-trackers MSCI Europe Hedged Equity DBEU, as well as a few other unhedged funds:

Estimated Net Flows, \$Mil

Morningstar Category	Fund	Sep 2016
Europe Stock	iShares MSCI Eurozone	-768
Europe Stock	Vanguard European Stock Index	-690
Europe Stock	WisdomTree Europe Hedged Equity	-486
Europe Stock	SPDR Euro Stoxx 50 ETF	-181
Europe Stock	Deutsche X-trackers MSCI Europe Hedgd Eq	-120

Also, recent news from the United Kingdom indicated that the country intends to move ahead with a Brexit implementation plan as early as March 2017, causing a drop in the British pound and reigniting concerns among investors. Money is moving out of eurozone investments, hedged or unhedged.

Exhibit 4 Monthly Flows Into Europe Stock and the Exchange Rate (\$ Billion)



Source: Morningstar Direct Asset Flows.

Top 10 U.S. Fund Families

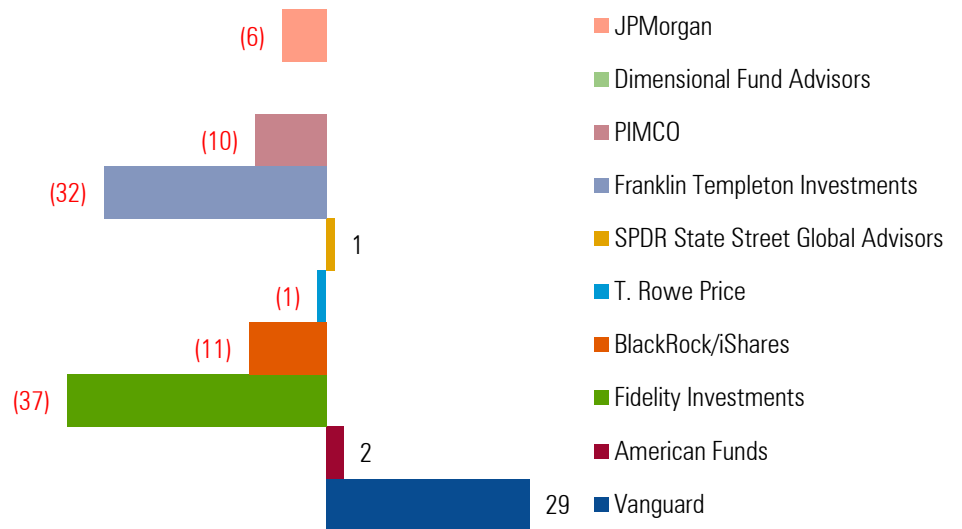
Estimated Net Flows \$Mil	Active			Passive		
	Sep 2016	1 Year	Assets \$Bil	Sep 2016	1 Year	Assets \$Bil
Vanguard	1,849	33,077	857	20,963	234,113	2,457
American Funds	(1,069)	(208)	1,260			
Fidelity Investments	(3,387)	(40,800)	1,002	3,844	28,352	241
BlackRock/iShares	(2,547)	(15,142)	210	10,692	119,991	956
T. Rowe Price	(870)	(885)	474	371	181	30
SPDR State Street Global Advisors	143	2,000	4	1,490	27,705	454
Franklin Templeton Investments	(3,267)	(44,751)	385			
PIMCO	(898)	(28,347)	303	(97)	(172)	4
Dimensional Fund Advisors				1,874	21,333	303
J.P. Morgan	(295)	(4,441)	271	23	95	6

Source: Morningstar Direct Asset Flows.

Vanguard and iShares Still in the Game; State Street Falls Behind

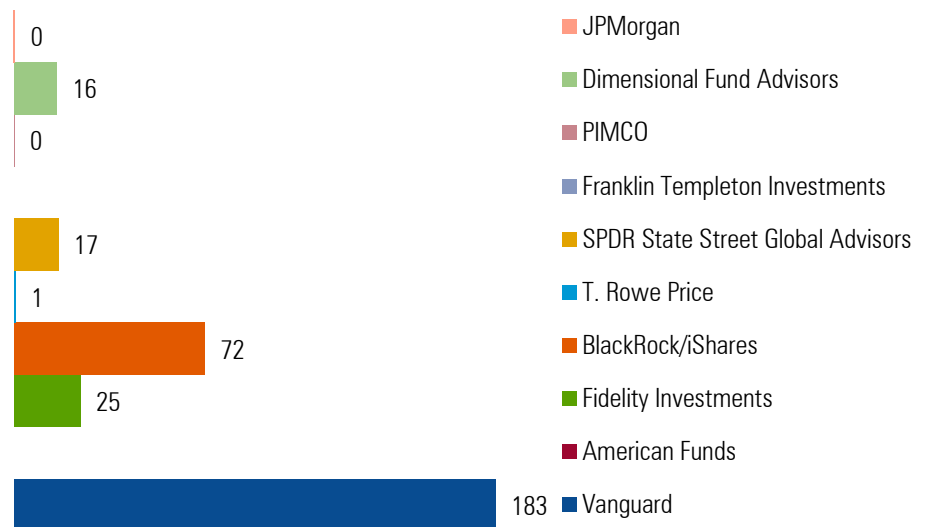
In the passive arena, Vanguard was still the leader in September with over \$20 billion in flows, and iShares held its own with \$10.7 billion. State Street, however, fell to fourth place, behind Vanguard, iShares, and Fidelity, whose expense-reducing strategy has been paying off.

Exhibit 5 Year-to-Date Flows by Fund Family, Active



Source: Morningstar Direct Asset Flows.

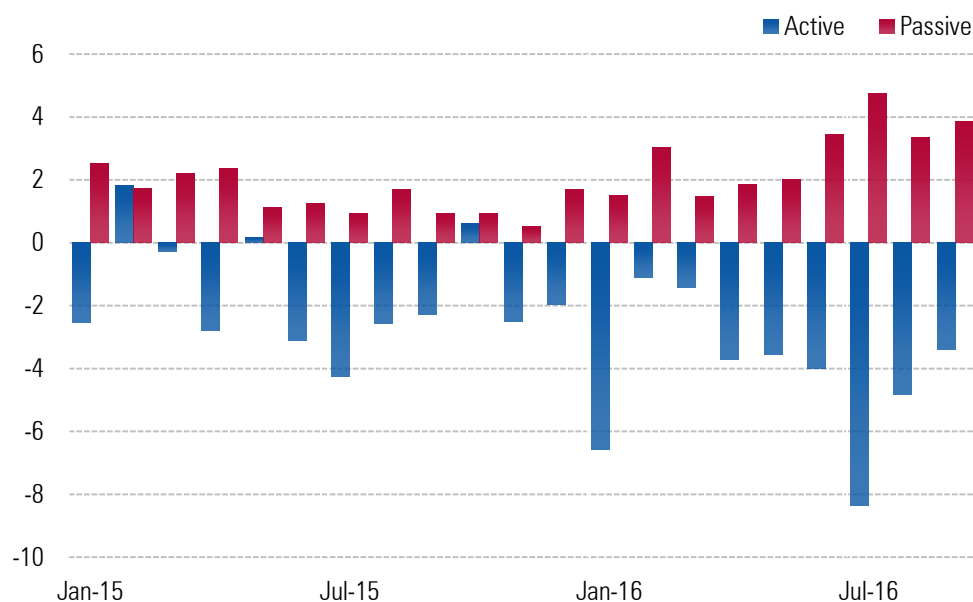
Exhibit 6 Year-to-Date Flows by Fund Family, Passive



Source: Morningstar Direct Asset Flows.

Fidelity continued to receive inflows to its passive products after lowering fees three months ago. However, the company still experienced a \$3.4 billion outflow on the active side. All providers except Vanguard and State Street experienced outflows on the active side.

Exhibit 7 Fidelity's Monthly Flows (\$ Billion)



Source: Morningstar Direct Asset Flows.

Top-Flowing Active and Passive Funds

Estimated Net Flows \$Mil	Sep 2016	1 Year	Assets	Assets
			Sep 2016 \$Mil	Sep 2015 \$Mil
Active Funds				
Prudential Total Return Bond	1,580	6,396	18,572	11,309
PIMCO Income	1,293	12,964	66,313	49,553
Strategic Advisers Short Duration	996	1,023	8,222	7,109
MM Select Equity Asset	947	947	947	
Western Asset Core Bond	897	2,635	7,175	4,195
Passive Funds				
Vanguard 500 Index	5,014	27,907	260,418	201,560
Vanguard Total Stock Market Index	3,872	40,543	468,740	371,488
Real Estate Select Sector SPDR	3,102	3,217	3,215	
Vanguard Total Intl Stock Index	1,759	32,960	225,971	174,584
Vanguard Total International Bond Index	1,440	12,448	64,386	48,265

Source: Morningstar Direct Asset Flows.

A new leader emerged in September in the contest for active flows: Prudential Total Return Bond PDBAX, which has a Morningstar Analyst Rating of Bronze. The intermediate-term bond fund has beaten the Barclays U.S. Aggregate Bond Index and 94% of the funds in its category year to date.

My colleague Eric Jacobson, who covers this fund, writes, "Prudential's history of running insurance assets—traditionally invested heavily in corporate bonds—has strongly influenced this fund's strategy. So even though it's benchmarked against the Barclays U.S. Aggregate Bond Index, it has a bias toward credit. The fund's corporate exposure has long topped the benchmark's once high-yield bonds, and bank loans are included (neither are in the index). There's nothing inherently wrong with that profile, but it places the fund on the category's edge in terms of credit risk; its rate sensitivity has also risen. However, given its success during more-favorable markets and the advantage of recently reduced expenses, this fund cuts an attractive profile, albeit one that requires comfort with its risks."

In terms of passive funds, Vanguard offerings captured four of the top five places, with Real Estate Select Sector SPDR XLRE placing third. Real estate has performed well in the past year, so there is still strong momentum despite recent short-term negative performance.

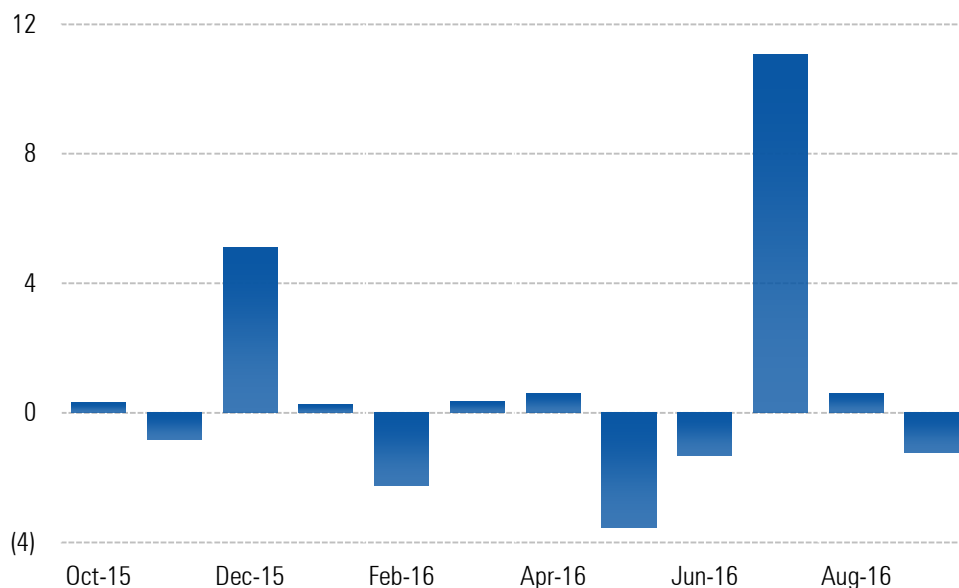
Bottom-Flowing Active and Passive Funds

Estimated Net Flows \$Mil	Sep 2016	1 Year	Assets Sep 2016 \$Mil	Assets Sep 2015 \$Mil
Active Funds				
PIMCO Total Return	(1,700)	(15,246)	84,392	95,521
Fidelity Series All-Sector Equity	(1,610)	(5,180)	5,921	9,789
BlackRock Global Allocation	(1,265)	(8,739)	43,790	49,895
Harbor International	(1,196)	(6,430)	38,690	42,413
Templeton Global Bond Fund	(1,142)	(16,052)	42,138	58,081
Passive Funds				
Deutsche X-trackers MSCI EAFE Hedged Eq	(2,103)	(5,371)	7,955	13,168
SPDR S&P 500 ETF	(1,210)	9,200	197,216	168,304
Financial Select Sector SPDR	(898)	(1,972)	12,030	16,961
PowerShares QQQ	(829)	(2,704)	39,328	36,930
iShares MSCI Eurozone	(768)	(2,918)	7,594	10,796

Source: Morningstar Direct Asset Flows.

After a surprisingly high \$11.1 billion inflow in July, SPDR S&P 500 SPY only attracted \$0.6 billion in August, which was more in line with the general trend of investors moving away from the U.S. market. In July’s report, we noted how that high inflow could have indicated that active managers were temporarily placing assets in SPY before reallocating to other asset classes. The subsequent month’s small inflow didn’t seem to confirm this hypothesis. September’s outflow, however, now indicates this might be a possibility, and at least some managers are taking the money out and repositioning.

Exhibit 8 SPDR S&P 500 SPY Monthly Flows (\$ Billion)



Source: Morningstar Direct Asset Flows.

Note: The figures in this report were compiled on Oct. 12, 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
09-30-2016

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	09-2016	Mkt Sh %	09-2015	Mkt Sh %	1-Mo	YTD
1	Large Blend	5,403	22,297	44,102	54,482	2,437	16.30	2,091	15.41	(0.33)	13.51
2	Large Growth	(10,421)	(33,344)	(83,205)	(76,300)	1,344	8.99	1,284	9.45	0.96	8.25
3	Intermediate-Term Bond	10,507	37,614	102,619	119,407	1,257	8.41	1,084	7.98	0.13	11.81
4	Large Value	24	2,289	9,474	7,354	1,053	7.04	924	6.81	(0.29)	18.74
5	Foreign Large Blend	(11)	2,069	41,995	60,157	838	5.61	735	5.41	2.60	7.04
6	Allocation--50% to 70% Equity	(747)	(1,628)	(1,622)	(1,682)	482	3.22	438	3.23	0.03	14.32
7	Diversified Emerging Mkts	1,304	13,240	19,621	17,233	399	2.67	329	2.42	2.53	29.17
8	World Stock	(1,043)	(4,497)	(13,276)	(15,541)	393	2.63	375	2.76	1.64	16.20
9	Short-Term Bond	2,996	9,014	15,985	16,123	356	2.38	333	2.45	0.35	5.46
10	Mid-Cap Blend	499	2,043	(3,657)	(913)	350	2.34	315	2.32	0.21	16.91
11	Foreign Large Growth	(344)	(4,211)	(4,445)	(2,360)	322	2.16	315	2.32	3.25	7.76
12	High Yield Bond	865	8,074	15,323	9,754	305	2.04	277	2.04	1.18	22.51
13	World Allocation	(3,147)	(9,079)	(26,439)	(37,099)	303	2.03	315	2.32	0.96	16.64
14	Small Blend	1,085	3,584	1,393	941	299	2.00	263	1.93	1.41	21.48
15	Mid-Cap Growth	(1,017)	(4,955)	(18,733)	(21,257)	264	1.77	272	2.00	(0.06)	10.39
16	Mid-Cap Value	240	(1,993)	(2,553)	(3,659)	234	1.57	218	1.60	0.23	23.02
17	World Bond	205	(1,915)	(8,379)	(10,484)	210	1.41	211	1.55	0.69	17.21
18	Allocation--30% to 50% Equity	600	1,803	715	(3,179)	210	1.41	195	1.43	0.49	17.86
19	Multisector Bond	181	2,614	4,356	(713)	195	1.30	184	1.36	0.61	16.39
20	Muni National Interm	1,564	6,219	22,467	28,648	194	1.29	157	1.16	(0.73)	6.91
21	Small Growth	(843)	(3,302)	(10,741)	(15,086)	193	1.29	190	1.40	2.10	16.26
22	Real Estate	3,654	7,447	12,067	14,437	162	1.08	127	0.94	(3.16)	22.45
23	Health	(1,731)	(3,708)	(17,047)	(19,597)	156	1.04	172	1.27	4.46	(8.80)
24	Corporate Bond	1,304	9,827	25,211	28,050	149	1.00	112	0.83	(0.17)	17.02
25	Foreign Large Value	(335)	(703)	839	(2,299)	146	0.98	140	1.03	2.27	8.29
26	Small Value	789	537	3,375	2,968	134	0.89	116	0.85	1.22	27.88
27	Muni National Short	904	4,076	6,624	7,282	127	0.85	118	0.87	(0.43)	2.01
28	Allocation--70% to 85% Equity	(453)	(659)	(692)	(1,280)	123	0.83	110	0.81	0.47	18.65
29	Inflation-Protected Bond	1,086	4,275	7,314	7,549	123	0.82	102	0.75	1.37	12.63
30	Intermediate Government	571	2,718	9,123	8,697	117	0.79	106	0.78	0.41	7.38
31	Nontraditional Bond	(1,349)	(5,036)	(19,968)	(28,305)	105	0.70	132	0.97	0.40	8.34
32	Bank Loan	1,984	3,691	(2,525)	(11,891)	102	0.68	111	0.82	1.24	13.48
33	High Yield Muni	741	3,092	11,014	13,988	95	0.64	75	0.55	(0.24)	12.29
34	Muni National Long	503	2,164	6,231	7,271	94	0.63	83	0.61	(1.13)	10.47
35	Ultrashort Bond	2,468	2,929	2,084	1,185	89	0.60	86	0.63	0.19	2.16

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	09-2016	Mkt Sh %	09-2015	Mkt Sh %	1-Mo	YTD
36	Technology	519	204	(6,788)	(1,042)	88	0.59	75	0.55	6.02	24.83
37	Emerging Markets Bond	1,403	8,328	9,169	7,118	66	0.44	52	0.38	1.05	26.59
38	Commodities Precious Metals	607	1,544	16,846	14,929	60	0.40	37	0.28	1.69	49.01
39	Europe Stock	(2,636)	(9,531)	(22,695)	(19,109)	58	0.39	79	0.58	1.61	(0.96)
40	Short Government	902	1,146	564	(2,873)	58	0.39	61	0.45	0.25	2.38
41	Global Real Estate	(217)	(508)	(2,120)	(3,657)	57	0.38	55	0.41	(1.26)	17.53
42	Multialternative	20	(977)	(1,003)	3,856	55	0.37	53	0.39	0.48	5.12
43	Equity Energy	481	(77)	3,401	5,368	52	0.35	39	0.29	8.53	38.13
44	Preferred Stock	874	4,372	9,861	12,407	45	0.30	32	0.23	(1.18)	13.69
45	Energy Limited Partnership	297	1,242	4,122	4,657	44	0.30	37	0.27	6.41	43.73
46	Muni California Long	192	911	2,583	3,024	40	0.27	35	0.25	(1.16)	9.93
47	Natural Resources	(287)	(14)	180	(841)	37	0.25	31	0.23	2.81	40.65
48	Foreign Small/Mid Growth	(167)	(766)	(1,237)	(352)	36	0.24	34	0.25	4.56	4.50
49	Utilities	(811)	(2,071)	2,954	1,205	35	0.24	30	0.22	1.57	29.15
50	Financial	(674)	(368)	(6,637)	(3,962)	35	0.23	41	0.30	(2.46)	5.56
51	Managed Futures	440	2,445	9,806	11,551	34	0.23	23	0.17	0.59	(0.51)
52	Long-Short Equity	(551)	(2,170)	(5,469)	(8,267)	34	0.22	41	0.30	0.47	3.41
53	Tactical Allocation	116	411	(638)	(1,229)	33	0.22	33	0.24	(0.21)	8.33
54	Commodities Broad Basket	81	1,023	3,912	1,950	33	0.22	31	0.23	6.24	17.58
55	Equity Precious Metals	1,224	3,099	5,733	5,258	31	0.21	14	0.10	7.64	194.60
56	Long Government	(979)	(2,857)	2,800	2,149	31	0.21	26	0.19	(2.31)	27.64
57	Japan Stock	(566)	(2,767)	(11,013)	(11,259)	31	0.21	42	0.31	5.55	1.48
58	Foreign Small/Mid Blend	(522)	(1,108)	(413)	(4)	30	0.20	28	0.21	4.80	10.53
59	Miscellaneous Region	(645)	(1,781)	(3,416)	(3,983)	30	0.20	32	0.24	—	—
60	Muni California Intermediate	287	1,087	3,329	4,268	26	0.17	21	0.15	(1.05)	7.08
61	Foreign Small/Mid Value	(91)	(443)	(543)	(253)	25	0.17	23	0.17	4.45	12.31
62	Consumer Cyclical	(608)	(1,010)	(5,918)	(4,159)	24	0.16	27	0.20	(1.19)	3.91
63	Pacific/Asia ex-Japan Stk	122	857	(4)	(1,005)	24	0.16	22	0.16	3.29	23.42
64	Muni Single State Long	101	424	1,236	1,291	23	0.15	21	0.15	(0.35)	3.94
65	Market Neutral	(512)	(802)	(918)	(2,472)	23	0.15	25	0.19	0.66	1.05
66	Long-Term Bond	187	(526)	(1,436)	(1,833)	22	0.15	21	0.16	(1.77)	28.64
67	Consumer Defensive	(174)	(1,116)	777	2,050	22	0.15	18	0.13	(1.84)	15.41
68	Allocation--85%+ Equity	(195)	(745)	(1,608)	(2,077)	20	0.14	20	0.15	0.21	12.34
69	Muni New York Long	44	162	427	260	20	0.13	19	0.14	(1.10)	9.36
70	Trading--Leveraged Equity	(61)	(1,726)	(5,089)	(4,679)	18	0.12	16	0.12	—	—

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	09-2016	Mkt Sh %	09-2015	Mkt Sh %	1-Mo	YTD
71	Industrials	(244)	483	638	12	17	0.12	15	0.11	1.16	21.03
72	China Region	549	611	(2,958)	(3,607)	16	0.11	19	0.14	4.11	9.18
73	Convertibles	(214)	(117)	(2,261)	(3,418)	16	0.11	19	0.14	2.26	14.66
74	Infrastructure	(17)	(351)	(1,243)	(2,161)	14	0.10	15	0.11	3.44	32.00
75	Diversified Pacific/Asia	(2)	138	(672)	(677)	14	0.09	13	0.09	4.50	19.02
76	Muni Single State Interm	56	224	742	754	13	0.09	13	0.10	(0.42)	3.00
77	Trading--Inverse Equity	(136)	2,287	6,867	5,773	12	0.08	11	0.08	—	—
78	Option Writing	(41)	(419)	(324)	(144)	12	0.08	11	0.08	0.74	7.52
79	Emerging-Markets Local-Currency Bond	59	602	(985)	(3,420)	12	0.08	14	0.10	2.68	25.04
80	Muni New York Intermediate	(4)	102	706	987	11	0.08	10	0.07	(0.91)	6.88
81	Allocation--15% to 30% Equity	23	2	(124)	(353)	11	0.07	11	0.08	0.04	7.44
82	Muni Single State Short	26	107	(612)	(806)	11	0.07	11	0.08	(0.12)	2.11
83	Muni Pennsylvania	12	59	244	262	10	0.06	9	0.07	(0.43)	3.89
84	India Equity	(56)	143	(94)	(217)	9	0.06	9	0.07	(1.04)	20.67
85	Communications	(144)	(382)	552	953	8	0.06	6	0.04	1.72	20.64
86	Long-Short Credit	(153)	(752)	(2,780)	(3,762)	8	0.05	12	0.09	0.28	3.53
87	Muni Massachusetts	26	140	434	501	7	0.05	7	0.05	(0.45)	3.38
88	Latin America Stock	151	348	1,121	1,419	7	0.05	4	0.03	(0.37)	78.41
89	Multicurrency	(99)	(52)	(1,298)	(2,540)	7	0.05	9	0.07	0.64	5.93
90	Muni New Jersey	3	48	80	16	7	0.05	6	0.05	(0.25)	4.74
91	Commodities Energy	303	176	198	1,982	6	0.04	5	0.04	4.48	5.70
92	Muni Ohio	23	89	310	349	5	0.04	5	0.04	(0.44)	3.70
93	Muni Minnesota	42	128	396	460	5	0.03	5	0.03	(0.39)	3.23
94	Target-Date 2030	24	107	127	(154)	5	0.03	5	0.03	0.34	9.17
95	Target-Date 2020	25	56	87	(291)	5	0.03	4	0.03	0.85	7.98
96	Volatility	159	899	3,332	3,703	4	0.03	4	0.03	—	—
97	Trading--Inverse Debt	212	266	186	(150)	4	0.03	5	0.04	—	—
98	Trading--Leveraged Commodities	(230)	336	300	1,861	4	0.02	3	0.02	—	—
99	Target-Date 2025	65	117	263	146	4	0.02	3	0.02	(1.83)	10.28
100	Target-Date 2040	8	39	49	(138)	4	0.02	3	0.02	1.12	9.67
101	Bear Market	256	(48)	367	(269)	3	0.02	4	0.03	(0.96)	(20.96)
102	Miscellaneous Sector	15	(12)	(106)	(155)	3	0.02	3	0.02	—	—
103	Target-Date 2035	42	70	229	168	2	0.02	2	0.01	(2.03)	10.40
104	Target-Date 2050	15	30	108	65	2	0.01	2	0.01	(2.29)	10.71
105	Commodities Agriculture	(17)	28	212	78	2	0.01	1	0.01	1.97	4.57

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	09-2016	Mkt Sh %	09-2015	Mkt Sh %	1-Mo	YTD
106	Target-Date Retirement	22	36	(2)	(34)	2	0.01	1	0.01	0.56	6.78
107	Target-Date 2045	38	56	156	106	1	0.01	1	0.01	(2.24)	10.34
108	Single Currency	(55)	(68)	(109)	42	1	0.01	1	0.01	—	—
109	Trading--Inverse Commodities	43	181	694	497	1	0.01	1	0.01	—	—
110	Trading--Miscellaneous	23	93	(22)	(156)	1	0.01	1	0.01	—	—
111	Target-Date 2015	(15)	(55)	(116)	(239)	1	0.00	1	0.01	(1.45)	9.98
112	Target-Date 2055	16	41	135	142	1	0.00	0	0.00	2.43	18.09
113	Trading--Leveraged Debt	(50)	(54)	(71)	(125)	0	0.00	0	0.00	—	—
114	Target-Date 2000-2010	(15)	(61)	(112)	(215)	0	0.00	1	0.00	1.72	7.78
115	Commodities Industrial Metals	(19)	65	58	30	0	0.00	0	0.00	—	—
116	Target-Date 2060+	3	16	19	19	0	0.00	0	0.00	0.57	6.57
117	Commodities Miscellaneous	0	0	(1)	0	0	0.00	0	0.00	13.29	(44.13)
Top 10		8,511	49,096	132,036	180,320	8,908	59.58	7,909	58.26	—	—
All		16,972	78,224	154,125	159,458	14,953	100.00	13,576	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	09-2016	Mkt Sh %	09-2015	Mkt Sh %
1	Vanguard	22,812	69,897	211,994	267,191	3,314	22.16	2,739	20.17
2	American Funds	(1,069)	(4,341)	2,493	(208)	1,260	8.43	1,126	8.29
3	Fidelity Investments	457	(4,658)	(11,727)	(12,448)	1,243	8.31	1,144	8.43
4	iShares	8,905	39,634	66,120	111,468	933	6.24	752	5.54
5	T. Rowe Price	(499)	(544)	(665)	(704)	504	3.37	446	3.29
6	SPDR State Street Global Advisors	1,633	14,676	18,119	29,705	458	3.07	388	2.86
7	Franklin Templeton Investments	(3,234)	(11,120)	(31,761)	(44,614)	385	2.57	401	2.95
8	Pimco	(995)	(2,492)	(9,982)	(28,519)	307	2.06	317	2.34
9	Dimensional Fund Advisors	1,874	3,426	16,306	21,333	303	2.03	252	1.86
10	JPMorgan	(272)	(1,477)	(5,942)	(4,346)	277	1.85	264	1.95
11	BlackRock	(760)	(2,764)	(4,749)	(6,619)	233	1.56	226	1.67
12	MFS	368	1,077	2,355	2,378	190	1.27	169	1.25
13	OppenheimerFunds	(685)	(2,726)	(7,844)	(11,746)	181	1.21	176	1.30
14	Dodge & Cox	(1,533)	(4,200)	(7,792)	(12,570)	179	1.20	177	1.30
15	Invesco	(330)	3,444	2,842	508	152	1.02	138	1.02

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	09-2016	Mkt Sh %	09-2015	Mkt Sh %
16	Columbia	(657)	(1,346)	(5,567)	(8,162)	147	0.98	144	1.06
17	Jackson National	94	589	698	3,029	133	0.89	118	0.87
18	John Hancock	(501)	(1,391)	(2,869)	261	126	0.85	118	0.87
19	Principal Funds	518	1,233	1,472	1,514	121	0.81	110	0.81
20	Lord Abbett	503	2,406	3,561	790	107	0.72	101	0.74
21	American Century Investments	707	751	993	465	107	0.71	96	0.70
22	Janus	(31)	(871)	(1,570)	(2,657)	106	0.71	100	0.74
23	Wells Fargo Funds	(158)	(1,842)	(5,895)	(9,596)	103	0.69	104	0.77
24	AXA Equitable	(415)	(1,296)	(3,898)	(4,745)	99	0.67	95	0.70
25	PowerShares	(210)	5,533	2,935	6,853	99	0.66	83	0.61
26	TIAA-CREF Asset Management	266	1,179	4,969	6,947	99	0.66	83	0.61
27	Legg Mason	(253)	654	86	339	95	0.64	88	0.65
28	Hartford Mutual Funds	32	(381)	(2,425)	(2,476)	93	0.62	88	0.65
29	SEI	533	425	953	1,869	93	0.62	83	0.61
30	Metropolitan West Funds	496	1,661	7,506	9,873	89	0.60	76	0.56
31	Prudential Investments	1,737	2,596	3,883	3,757	84	0.56	75	0.55
32	Voya	(281)	(1,489)	(5,038)	(6,720)	83	0.55	81	0.60
33	Goldman Sachs	(1,532)	(2,301)	(9,300)	(12,099)	82	0.55	90	0.66
34	DoubleLine	420	1,891	11,465	15,092	77	0.51	59	0.44
35	First Eagle	52	223	(1,059)	(3,381)	74	0.49	67	0.50
36	Harbor	(1,868)	(4,049)	(6,656)	(8,817)	73	0.49	76	0.56
37	Nuveen	543	1,921	5,677	6,901	70	0.47	59	0.44
38	Eaton Vance	89	355	1,656	(183)	68	0.46	64	0.47
39	Federated	(230)	688	1,706	826	67	0.45	62	0.45
40	AllianceBernstein	165	797	3,048	2,670	67	0.45	59	0.43
41	Oakmark	(1,523)	(5,623)	(11,387)	(13,682)	67	0.45	75	0.55
42	Putnam	(1,131)	(2,156)	(7,294)	(10,034)	63	0.42	70	0.51
43	USAA	(71)	(135)	(1,050)	(1,150)	60	0.40	56	0.41
44	Schwab Funds	(47)	(575)	(1,305)	(596)	59	0.40	54	0.40
45	Dreyfus	(262)	(585)	(495)	(3,225)	59	0.39	57	0.42
46	GMO	(1,206)	(4,515)	(12,031)	(16,348)	57	0.38	68	0.50
47	MainStay	(223)	(2,115)	(5,632)	(7,938)	57	0.38	60	0.44
48	Natixis Funds	(151)	(1,241)	(4,195)	(6,370)	54	0.36	58	0.43
49	Schwab ETFs	1,407	3,891	10,803	15,231	54	0.36	34	0.25
50	Northern Funds	111	(97)	(455)	(1,226)	50	0.33	49	0.36

Fund Flows

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

Effective Date
09-30-2016

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

Rank	Name	Estimated Net Flow (\$mil)				Assets Under Management (\$bil)			
		1-Mo	QTD	YTD	1-Yr	09-2016	Mkt Sh %	09-2015	Mkt Sh %
Top 10		29,612	103,001	254,956	338,857	8,984	60.08	7,829	57.67
Top 50		23,595	92,616	213,056	267,817	12,861	86.01	11,476	84.53
Other		(6,624)	(12,993)	(52,959)	(99,220)	2,091	13.99	2,041	15.03
All		16,972	79,623	160,097	168,597	14,953	100.00	13,517	99.56

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	09-2016	Mkt Sh %	09-2015	Mkt Sh %
US Equity	(4,241)	(12,845)	(60,546)	(51,472)	6,307	42.18	5,672	41.78
Sector Equity	1,285	2,859	(9,434)	(1,635)	787	5.26	706	5.20
International Equity	(4,293)	(8,401)	2,811	18,143	2,380	15.92	2,200	16.20
Allocation	(3,788)	(9,561)	(31,727)	(50,743)	1,225	8.19	1,165	8.58
Taxable Bond	23,265	84,868	171,117	152,922	3,243	21.69	2,944	21.68
Municipal Bond	4,521	19,030	56,210	68,555	689	4.61	594	4.38
Alternative	(734)	(562)	4,469	4,719	220	1.47	221	1.63
Commodities	955	2,835	21,225	18,969	101	0.67	75	0.55
All Long Term	16,972	78,224	154,125	159,458	14,953	100.00	13,576	100.00

Morningstar Ratings

Name	Estimated Net Flow (\$mil)				Total Net Assets (\$bil)			
	1-Mo	QTD	YTD	1-Yr	09-2016	Mkt Sh %	09-2015	Mkt Sh %
★★★★★	23,536	73,704	195,055	251,290	2,898	19.38	2,381	17.54
★★★★	8,044	40,456	94,588	120,609	5,864	39.22	5,207	38.36
★★★	(18,670)	(35,931)	(94,008)	(132,880)	4,410	29.49	4,216	31.06
★★	(6,688)	(24,362)	(102,062)	(136,057)	1,145	7.66	1,196	8.81
★	(1,931)	(4,920)	(21,590)	(34,483)	177	1.18	198	1.46
Not Rated	12,681	29,276	82,142	90,979	458	3.07	377	2.78
Total	16,972	78,224	154,125	159,458	14,953	100.00	13,576	100.00