

# Bianco Research L.L.C.

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## *Mutual Fund Flows*

An Analysis of Monthly Mutual Fund Statistics

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**On November 29, 2010 the Investment Company Institute released the “Monthly Trends in Mutual Fund Investing.” This report is updated through October 31, 2010.**

We have posted 76 charts based on the mutual fund data on [www.biancoresearch.com](http://www.biancoresearch.com). To view these charts, please go to the “Subscriber Area,” then “Charts Archive,” then “Mutual Fund Charts.” In addition, a detailed 3-page table of mutual fund statistics is available under the "Mutual Fund Flows" section of the Web site.

### **Definitions**

**Net New Cash Flow:** The dollar value of new sales minus redemptions, plus net exchanges. A positive number indicates new sales plus exchanges into funds exceeded redemptions plus exchanges out of funds. A negative number indicates redemptions plus exchanges out of funds exceeded new sales plus exchanges into funds.

**New Sales:** Dollar value of new purchases into mutual funds. Does not include shares purchased through reinvestment of dividends on existing accounts.

**Redemptions:** Dollar amount of shareholder liquidation of mutual funds.

**Exchanges:** Dollar amount of net shareholder switches into or out of funds in the same complex.

**Liquid Assets or Cash:** All assets that mature in less than one-year.

### **Chart 1 – Net New Cash Flow Into Stock Funds**

During the month of October stock mutual funds had a net new cash **inflow** of \$0.44 billion. World equity funds had a net **inflow** of \$7.23 billion, while domestic funds accounted for \$6.79 billion in net **outflows** (top panel). The 12-month rolling sum of net new cash flows was an **outflow** of \$31.43 billion. World equity funds accounted for net **inflows** of \$50.22 billion of this while domestic equity funds accounted for net **outflows** of \$81.65 billion (bottom panel).

### **Chart 2 – Net New Cash Flow Into Bond Funds**

During the month of October total bond mutual funds had a net new cash **inflow** of \$23.97 billion. Taxable bond mutual funds had a net new cash **inflow** of \$22.03 billion. World bond funds accounted for \$5.93 billion of net **inflows** while domestic bond funds accounted for \$16.10 billion of net **inflows** (top panel). The 12-month rolling sum of taxable bond net new cash flows was an inflow of \$286.13 billion. World bond funds accounted for \$52.84 of net **inflows** while domestic bond funds accounted for net **inflows** of \$233.29 billion (bottom panel).

### **Chart 3 – Rolling 12-Month Sum Of Net New Cash Flow Into Total Funds**

As the top panel of Chart 3 shows, all mutual funds have seen **inflows** of \$319 billion for the 12 months ending October.

The next series of charts detail **inflows** into bond funds.

### **Chart 4 – Net New Cash Flow In Corporate Bond Funds, High Yield Bond Fund and World Bond Funds**

### **Chart 5 – Net New Cash Flow Into Government, Muni and Strategic Income Funds**

### **Chart 6 – Net New Cash Flow Into Corporate Bond Funds Detail**

Flows into corporate bond funds are dominated by flows into short- and intermediate-term bond funds. These are being used as substitutes for near 0% yielding money market funds.

### **Chart 7 – Net New Cash Flow Into Muni Bond Fund Detail**

Similar to corporate funds, the largest inflow category is short-term national muni funds, a substitute for near 0% yielding money market funds.



**Chart 1**

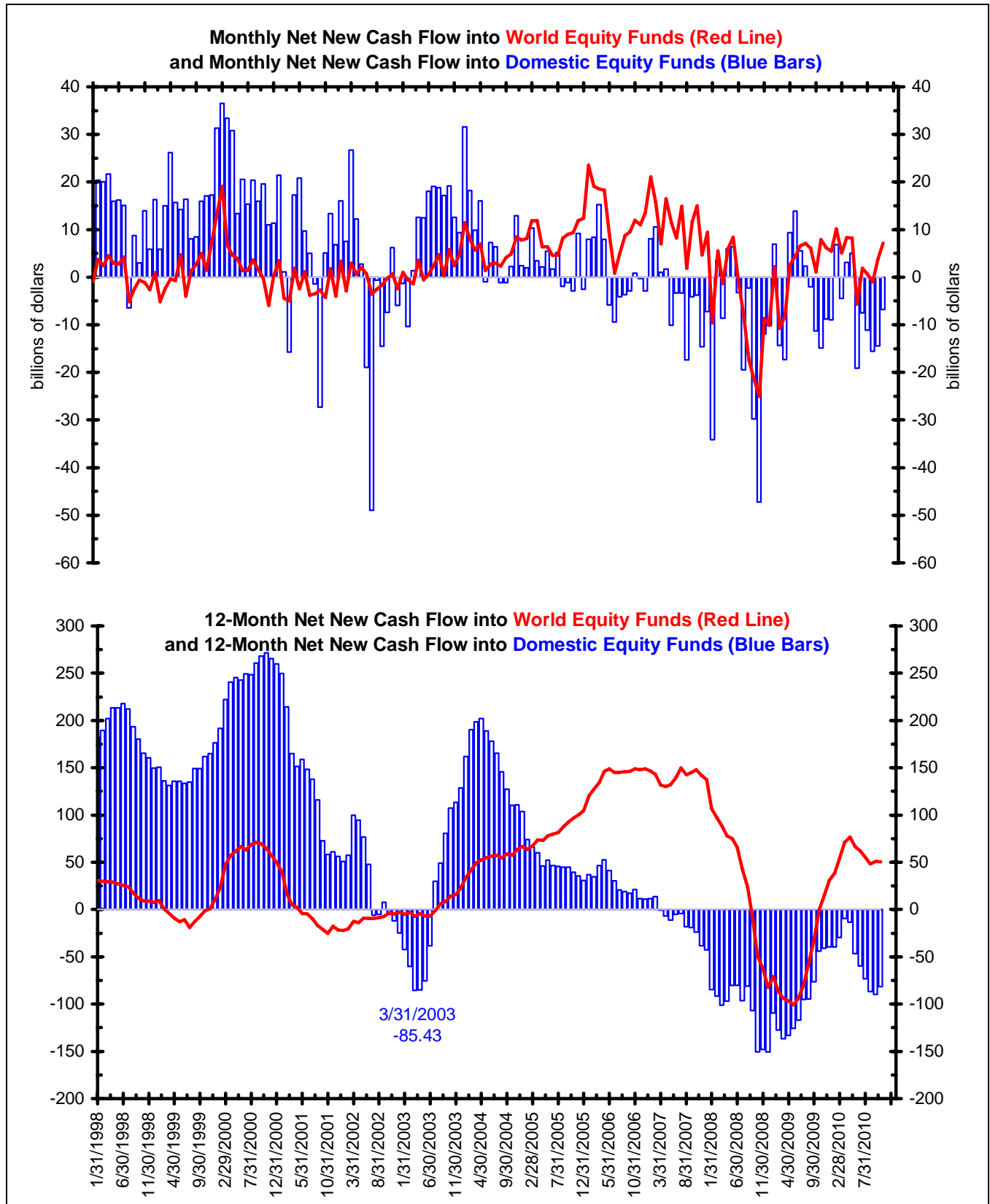


Chart 2

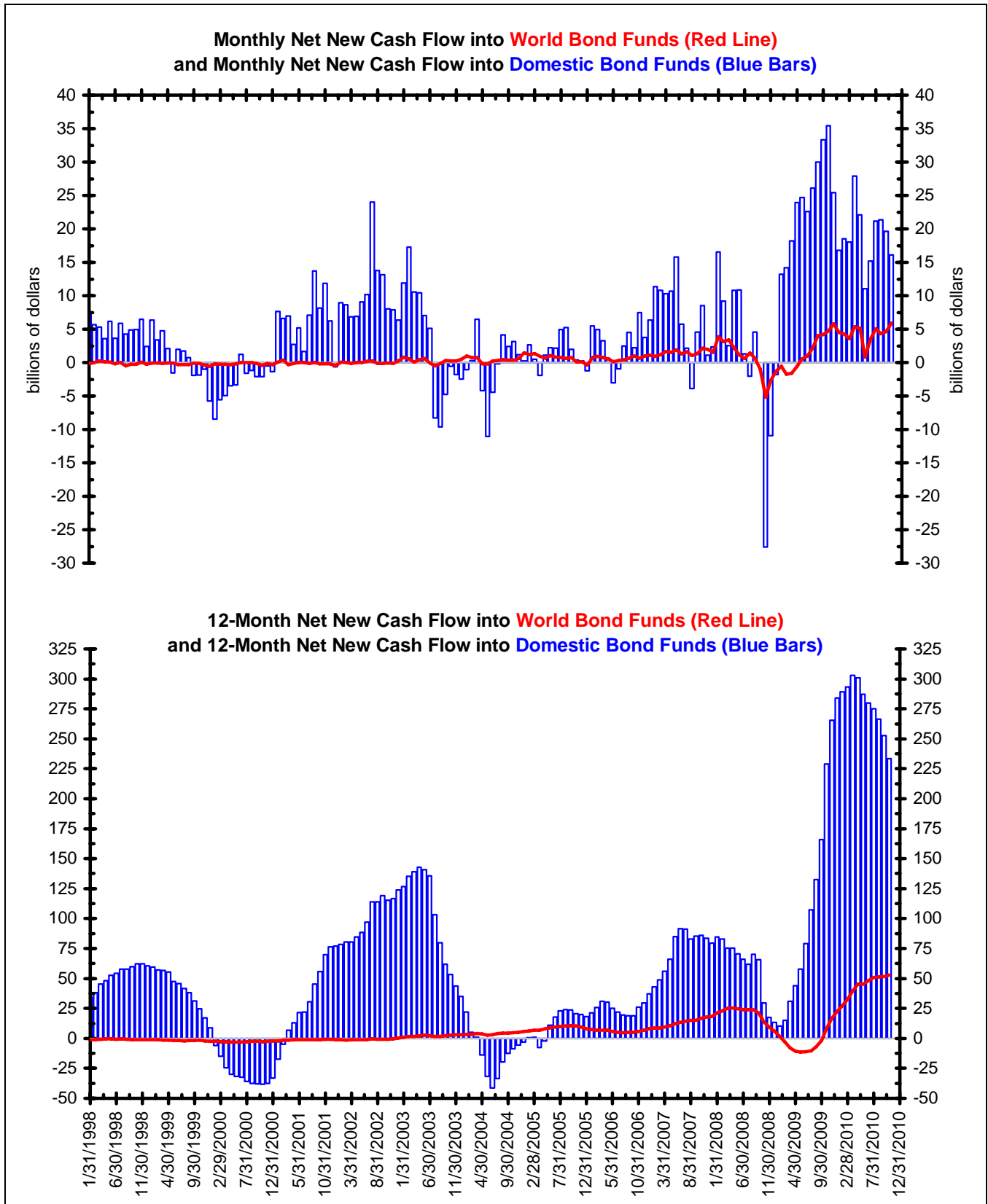


Chart 3

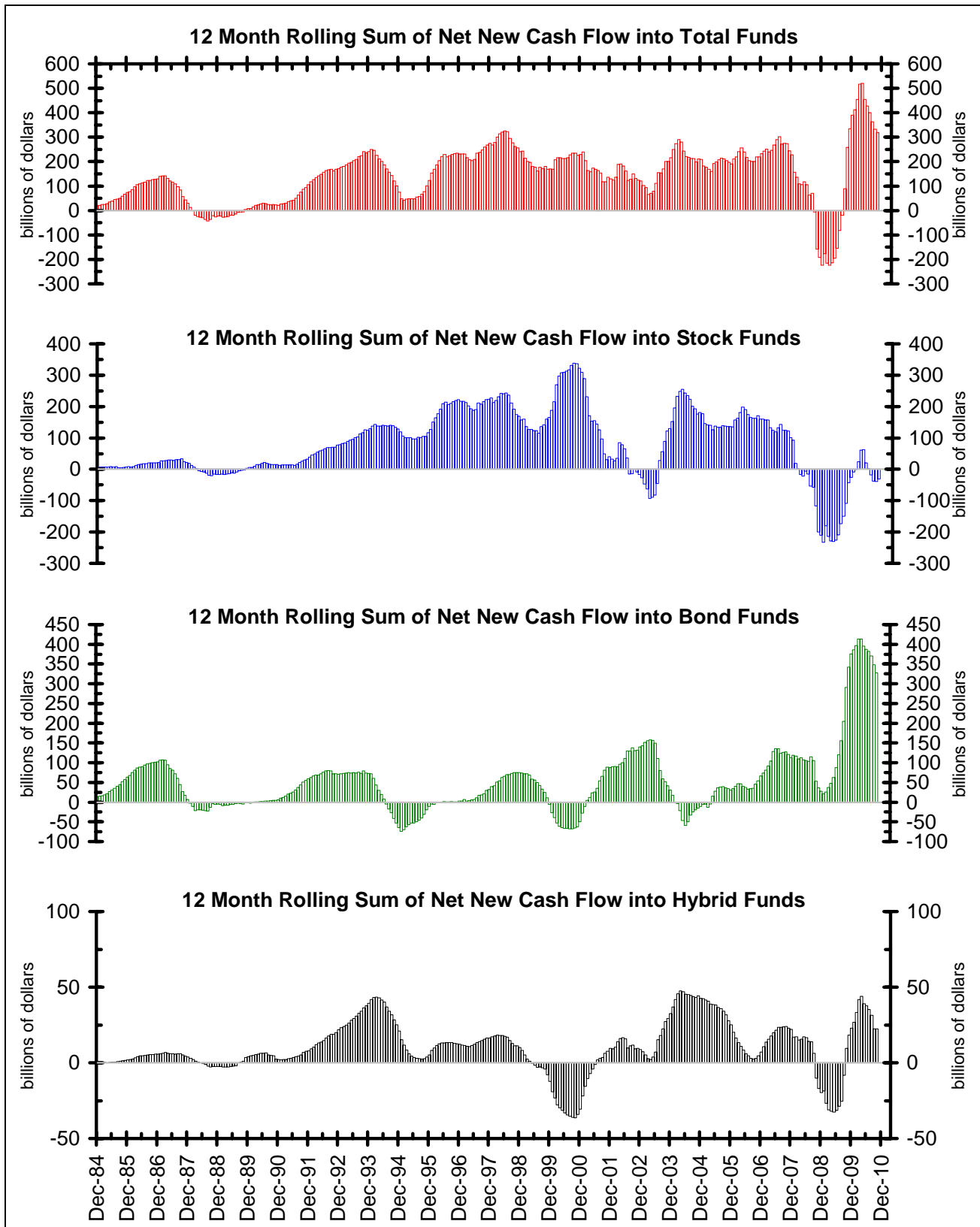


Chart 4

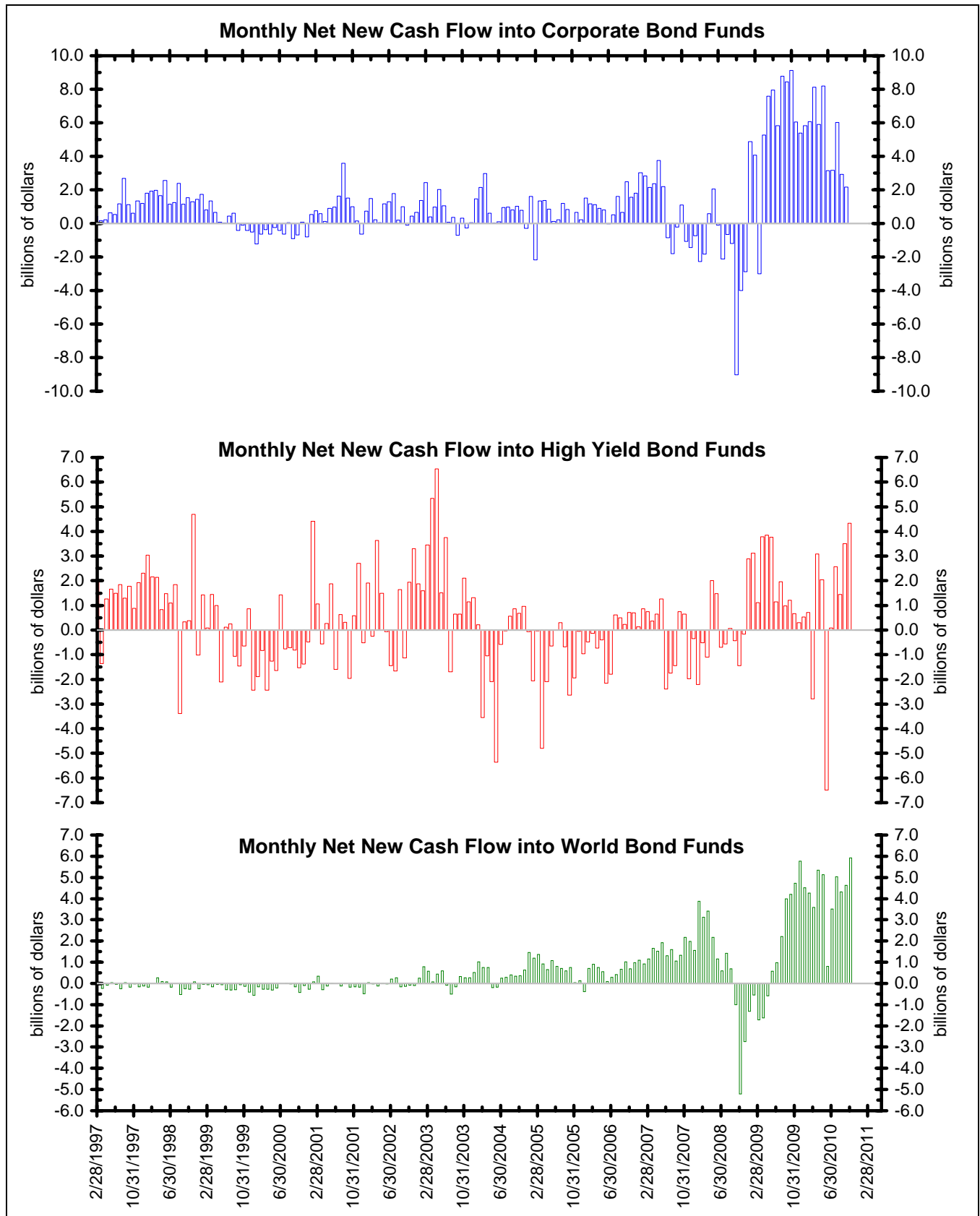


Chart 5

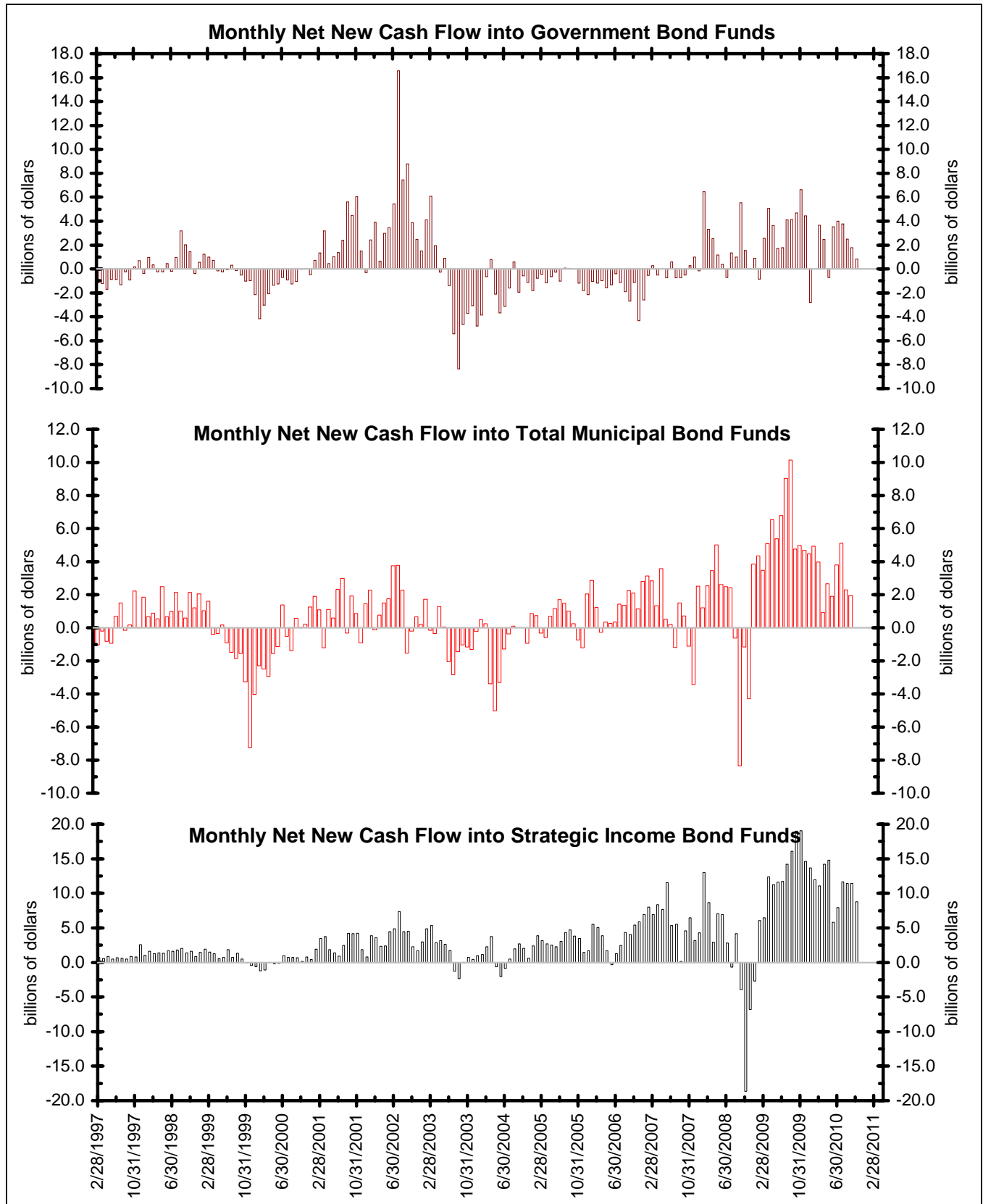


Chart 6

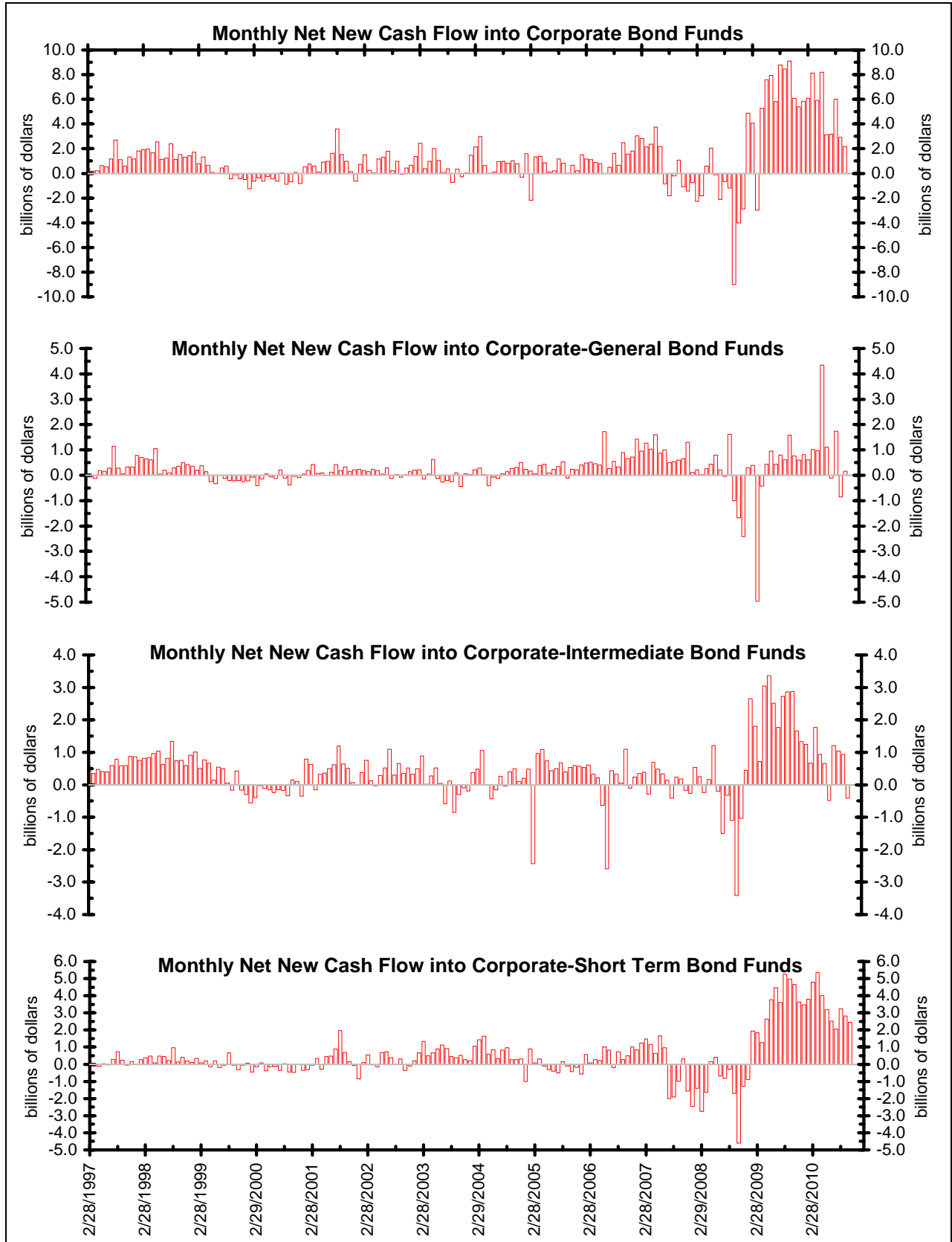
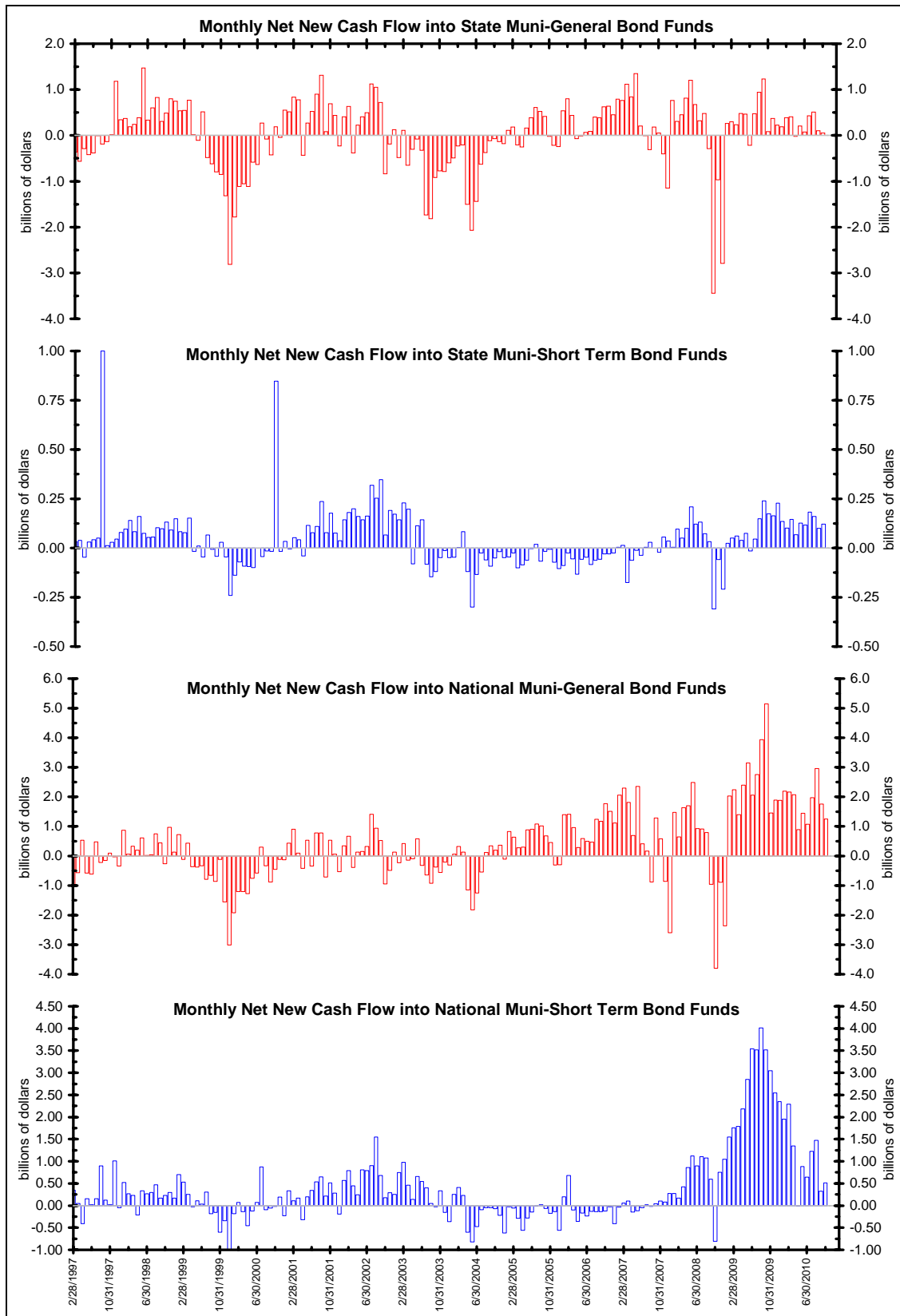




Chart 7



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