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Mutual Fund Flows

An Analysis of Monthly Mutual Fund Statistics

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On September 28, 2006 the Investment Company Institute released the "Monthly Trends in Mutual Fund Investing." This report is updated through August 31, 2006.

We have posted 76 charts based on the mutual fund data on 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 August, stock mutual funds had a net new cash inflow of \$4.80 billion (top panel). The 12-month rolling sum of net new cash flows was an inflow of \$164.92 billion (bottom panel).

Chart 2 – Net New Cash Flow Into Bond Funds

During the month of August, bond mutual funds had a net new cash inflow of \$6.67 billion (top panel). The 12-month rolling sum of net new cash flows was an inflow of \$31.04 billion (bottom panel).

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

As often the case, stock and bond funds cash flows move in the opposite direction. This chart illustrates this phenomenon nicely.

Chart 4 – Measuring The Public's Breakeven Point

Chart 4 shows the public's breakeven point in domestic equity mutual funds. **Since April 2003, we estimate unrealized profits are at \$60.65 billion.**

Chart 5 – Comparing The Public's Breakeven Point To Cash: What If They Held T-Bills Instead?

This chart compares the public's investing patterns in equity mutual funds to Treasury Bills. We calculate what the public would have made if they had invested their net new cash flow in Treasury Bills instead of equity mutual funds. **From October 2002 to August 2006, the public would have been better off had they purchased equity mutual funds instead of Treasury Bills. Stock mutual funds have given them a profit of \$60.65 billion vs. a profit of \$21.02 billion had they invested in Treasury Bills.**

The Latest Mutual Fund Statistics

	Total Funds	Stock Funds	Bond Funds	Hybrid Funds
Net New Cash Flow (in billions)				
August 31, 2006	11.67	4.80	6.67	0.20
July 31, 2006	3.85	0.74	3.21	(0.10)
August 31, 2005	14.84	6.35	6.72	1.76
5 Year High	48.15	42.97	28.08	5.45
(Date)	1/31/2004	1/31/2004	7/31/2002	1/31/2004
5 Year Low	(29.21)	(52.63)	(16.23)	(4.66)
(Date)	7/31/2002	7/31/2002	5/31/2004	7/31/2002
12 Month Rolling Sum of Net New Cash Flow (in billions)				
August 31, 2006	199.04	164.92	31.04	3.07
July 31, 2006	202.20	166.47	31.10	4.64
August 31, 2005	213.69	139.53	38.37	35.79
5 Year High	290.52	254.96	158.23	47.68
(Date)	3/31/2004	4/30/2004	4/30/2003	4/30/2004
5 Year Low	65.66	(92.59)	(59.36)	2.22
(Date)	3/31/2003	3/31/2003	6/30/2004	4/30/2003
Total Assets (in billions)				
August 31, 2006	7,394.39	5,361.08	1,430.58	602.72
July 31, 2006	7,235.15	5,237.14	1,406.48	591.53
August 31, 2005	6,653.92	4,678.63	1,417.82	557.47
5 Year High	7,460.01	5,473.85	1,430.58	602.72
(Date)	4/30/2006	4/30/2006	8/31/2006	8/31/2006
5 Year Low	3,899.45	2,504.42	909.55	305.53
(Date)	9/30/2002	9/30/2002	9/30/2001	9/30/2002
Number of Funds				
August 31, 2006	7,184	4,662	2,015	507
July 31, 2006	7,154	4,641	2,008	505
August 31, 2005	7,072	4,523	2,041	508
5 Year High	8,428	4,782	3,180	520
(Date)	7/31/2002	9/30/2002	7/31/2002	9/30/2004
5 Year Low	7,033	4,504	2,006	472
(Date)	7/31/2005	7/31/2005	6/30/2006	10/31/2002
Liquid Assets or Cash (in billions)				
August 31, 2006	5,482.03	234.00	84.46	36.49
July 31, 2006	5,361.95	217.16	88.32	36.49
August 31, 2005	310.69	181.37	83.95	45.37
5 Year High	5,605.26	234.00	126.17	45.37
(Date)	4/30/2006	8/31/2006	2/28/2005	8/31/2005
5 Year Low	196.78	109.39	24.49	19.48
(Date)	9/30/2002	2/28/2003	12/31/2001	3/31/2003
Cash/Asset Ratio				
August 31, 2006	74.14%	4.36%	5.90%	6.05%
July 31, 2006	74.11%	4.15%	6.28%	6.17%
August 31, 2005	4.67%	3.88%	5.92%	8.14%
5 Year High	75.14%	5.60%	9.67%	8.14%
(Date)	4/30/2006	10/31/2001	2/28/2005	8/31/2005
5 Year Low	4.40%	3.84%	2.65%	5.67%
(Date)	1/31/2006	9/30/2005	12/31/2001	5/31/2003

Chart 1

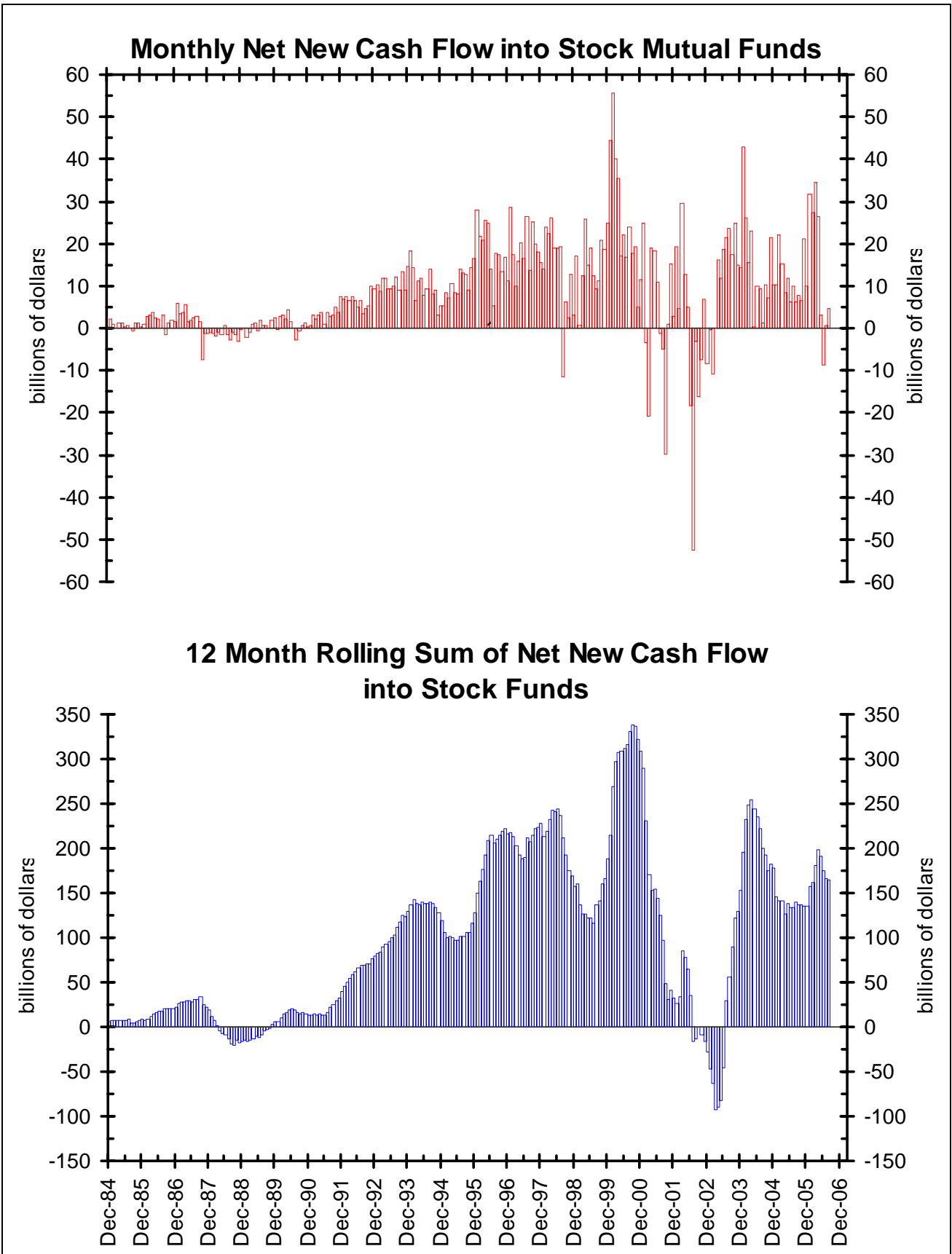


Chart 2

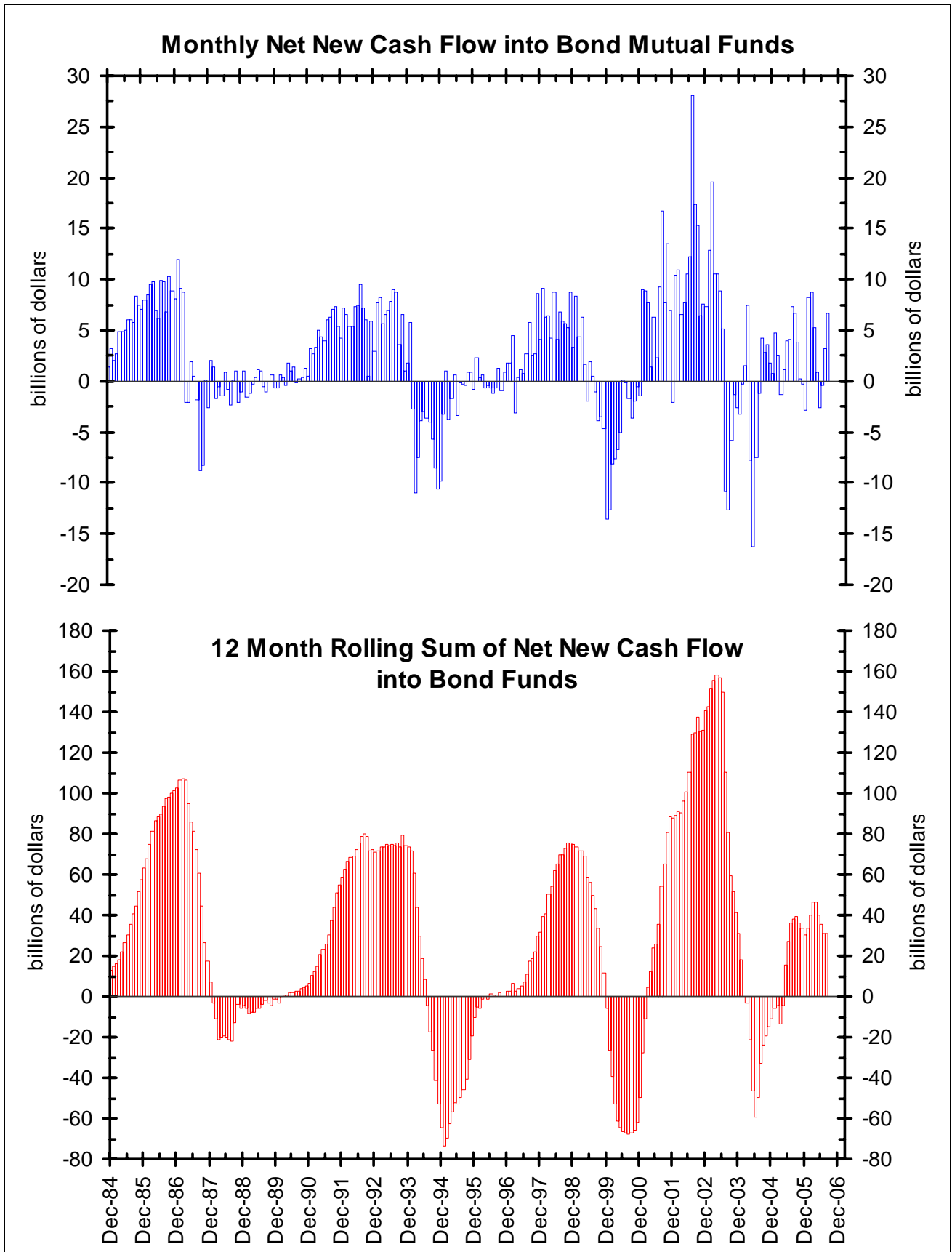


Chart 3

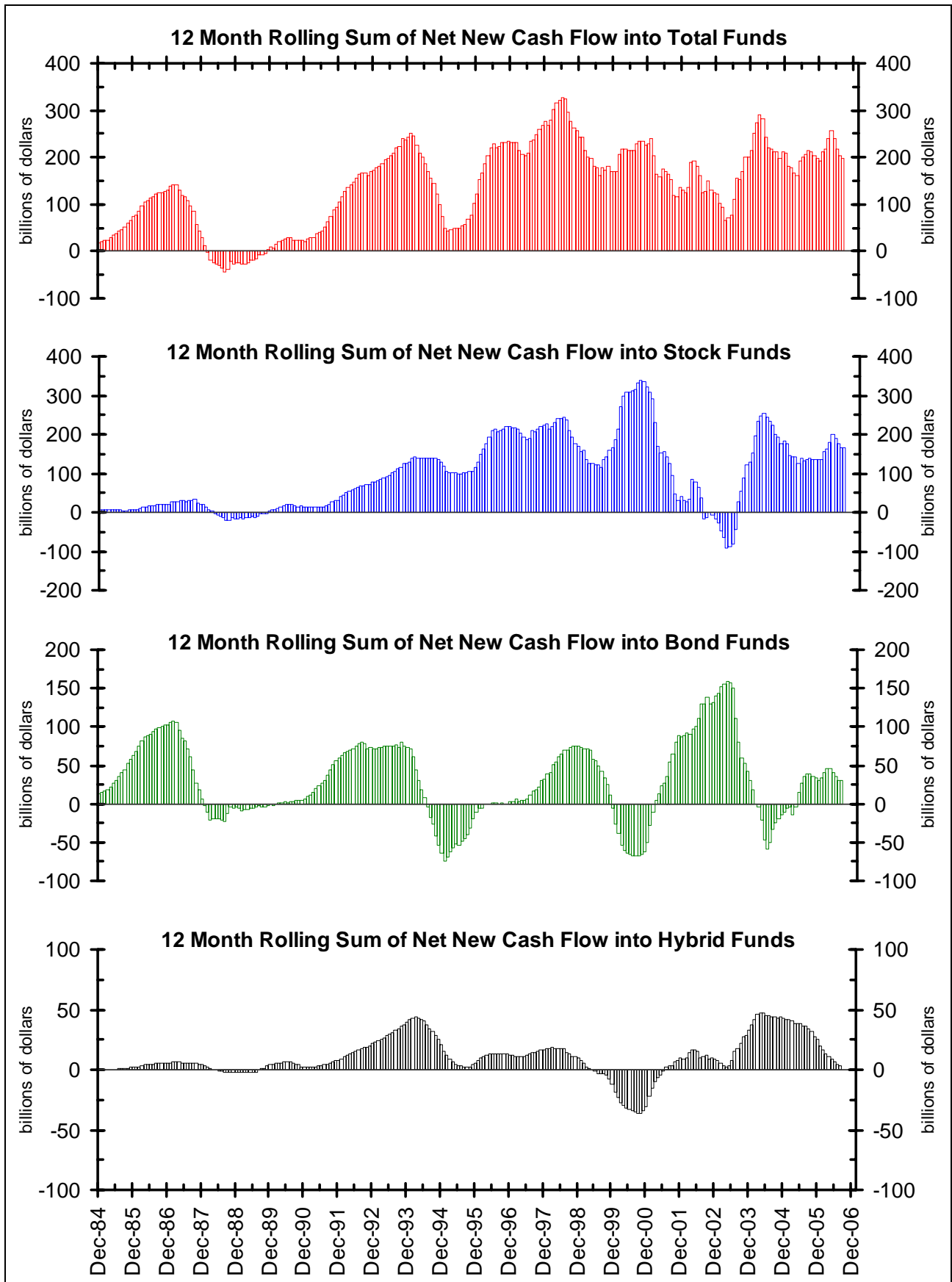


Chart 4

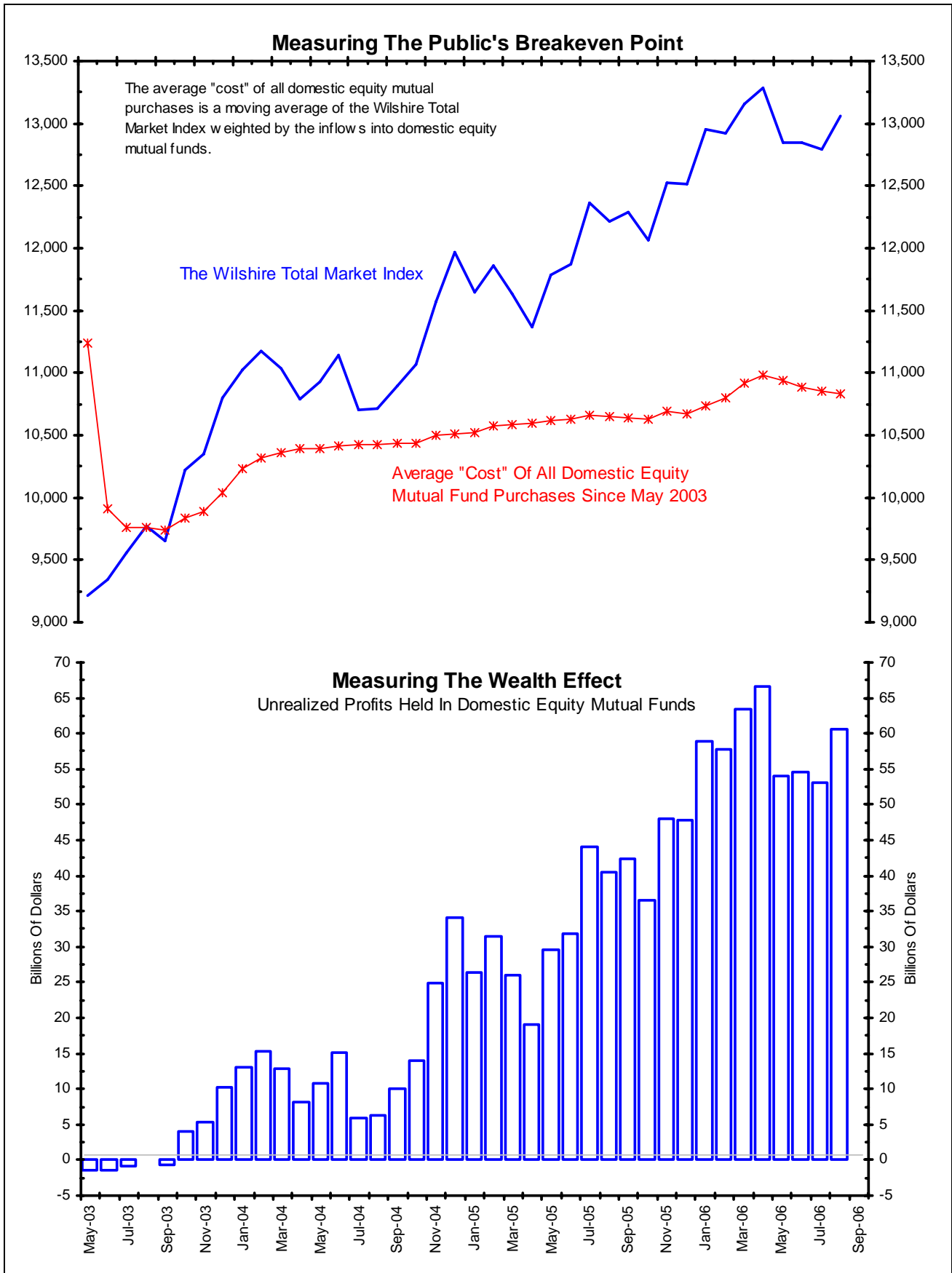
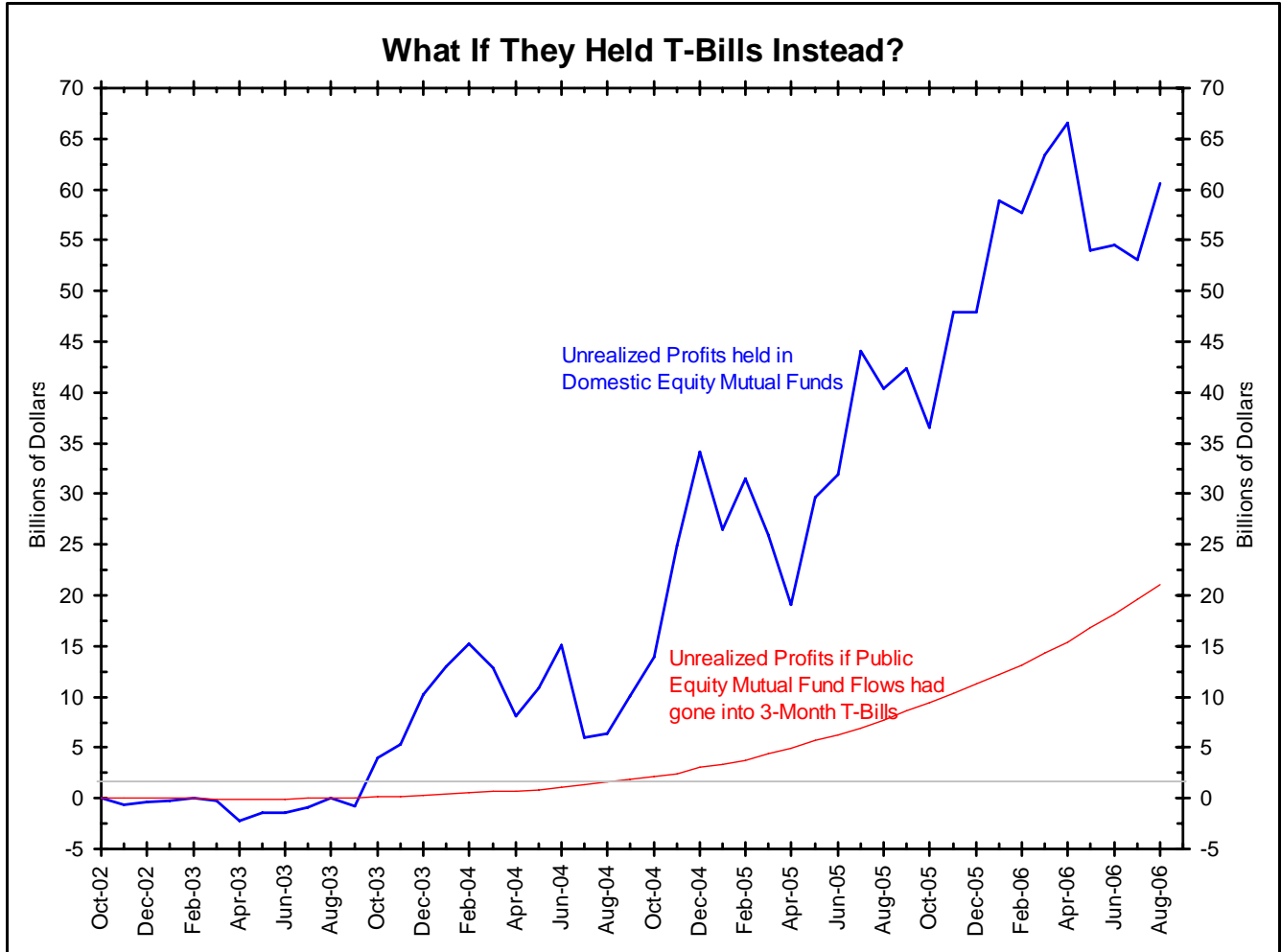


Chart 5



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