

# Bianco Research L.L.C.

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## *Mutual Fund Flows*

An Analysis of Monthly Mutual Fund Statistics

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**On July 30, 2007 the Investment Company Institute released the "Monthly Trends in Mutual Fund Investing." This report is updated through June 30, 2007.**

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 June, stock mutual funds had a net new cash inflow of \$5.49 billion. World equity funds accounted for \$8.52 billion in net **inflows**, while domestic funds accounted for \$3.03 billion in net **outflows** (top panel). The 12-month rolling sum of net new cash flows was an inflow of \$135.13 billion. World equity funds accounted for net **inflows** of \$139.85 billion of this while domestic equity funds accounted for net **outflows** of \$4.72 billion (bottom panel).

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

During the month of June total bond mutual funds had a net new cash inflow of \$8.29 billion. Taxable bond mutual funds had a net new cash inflow of \$7.02 billion. World bond funds accounted for \$1.31 billion of this while domestic bond funds accounted for \$5.71 billion (top panel). The 12-month rolling sum of taxable bond net new cash flows was an inflow of \$104.83 billion. World bond funds accounted for \$13.37 billion while domestic bond funds accounted for \$91.46 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 May 2003, we estimate unrealized profits are at \$105.08 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 June 2007, 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 \$105.08 billion vs. a profit of \$32.61 billion had they invested in Treasury Bills.**

### The Latest Mutual Fund Statistics

	Total Funds	Stock Funds	Bond Funds	Hybrid Funds
<b>Net New Cash Flow (in billions)</b>				
June 30, 2007	14.94	5.49	8.29	1.16
May 31, 2007	25.38	1.30	22.08	2.00
June 30, 2006	(8.82)	(8.66)	0.33	(0.49)
5 Year High	48.59	42.97	28.08	5.45
(Date)	1/31/2007	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
<b>12 Month Rolling Sum of Net New Cash Flow (in billions)</b>				
June 30, 2007	293.28	135.13	136.49	21.66
May 31, 2007	269.52	120.99	128.53	20.01
June 30, 2006	217.84	174.91	36.82	6.11
5 Year High	293.28	254.96	158.23	47.68
(Date)	6/30/2007	4/30/2004	4/30/2003	4/30/2004
5 Year Low	65.66	(92.58)	(59.36)	2.22
(Date)	3/31/2003	3/31/2003	6/30/2004	4/30/2003
<b>Total Assets (in billions)</b>				
June 30, 2007	8,852.28	6,553.19	1,599.62	699.47
May 31, 2007	8,896.56	6,593.14	1,599.02	704.40
June 30, 2006	7,228.72	5,255.82	1,387.14	585.76
5 Year High	8,896.56	6,593.14	1,599.62	704.40
(Date)	5/31/2007	5/31/2007	6/30/2007	5/31/2007
5 Year Low	3,899.45	2,504.42	1,033.66	305.53
(Date)	9/30/2002	9/30/2002	7/31/2002	9/30/2002
<b>Number of Funds</b>				
June 30, 2007	7,196	4,735	1,987	474
May 31, 2007	7,182	4,726	1,983	473
June 30, 2006	7,136	4,624	2,007	505
5 Year High	8,428	4,791	3,180	520
(Date)	7/31/2002	2/28/2007	7/31/2002	9/30/2004
5 Year Low	7,033	4,504	1,980	470
(Date)	7/31/2005	7/31/2005	4/30/2007	4/30/2007
<b>Liquid Assets or Cash (in billions)</b>				
June 30, 2007	331.13	229.58	57.77	43.77
May 31, 2007	340.37	239.62	53.63	47.13
June 30, 2006	349.16	221.62	90.69	36.84
5 Year High	363.94	240.86	126.17	50.07
(Date)	1/31/2007	1/31/2007	2/28/2005	1/31/2007
5 Year Low	196.78	109.39	45.51	19.48
(Date)	9/30/2002	2/28/2003	10/31/2002	3/31/2003
<b>Cash/Asset Ratio</b>				
June 30, 2007	3.74%	3.50%	3.61%	6.26%
May 31, 2007	3.83%	3.63%	3.35%	6.69%
June 30, 2006	4.83%	4.22%	6.54%	6.29%
5 Year High	5.68%	5.12%	9.67%	8.14%
(Date)	2/28/2005	9/30/2002	2/28/2005	8/31/2005
5 Year Low	3.74%	3.50%	3.35%	5.67%
(Date)	6/30/2007	6/30/2007	5/31/2007	5/31/2003

Chart 1

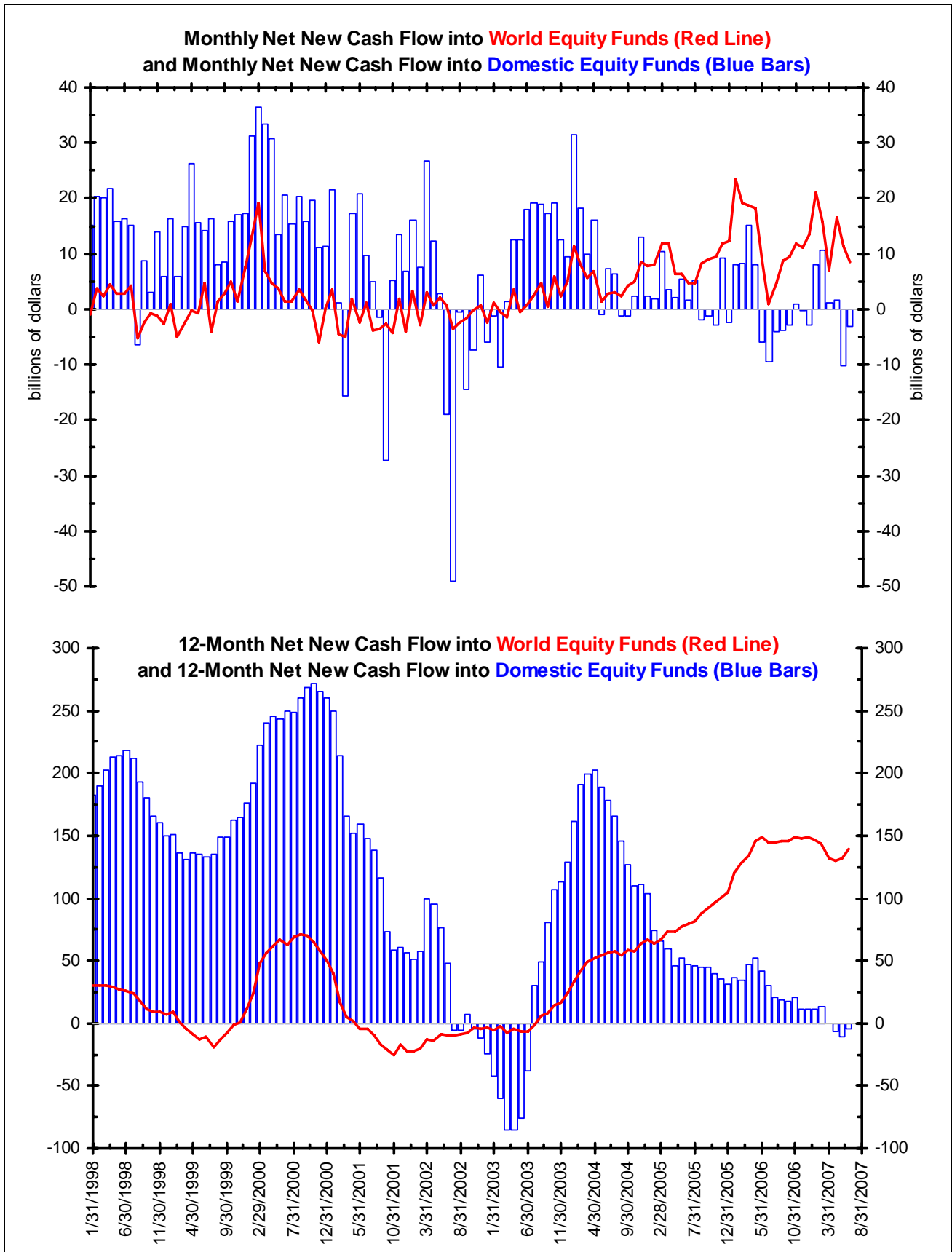


Chart 2

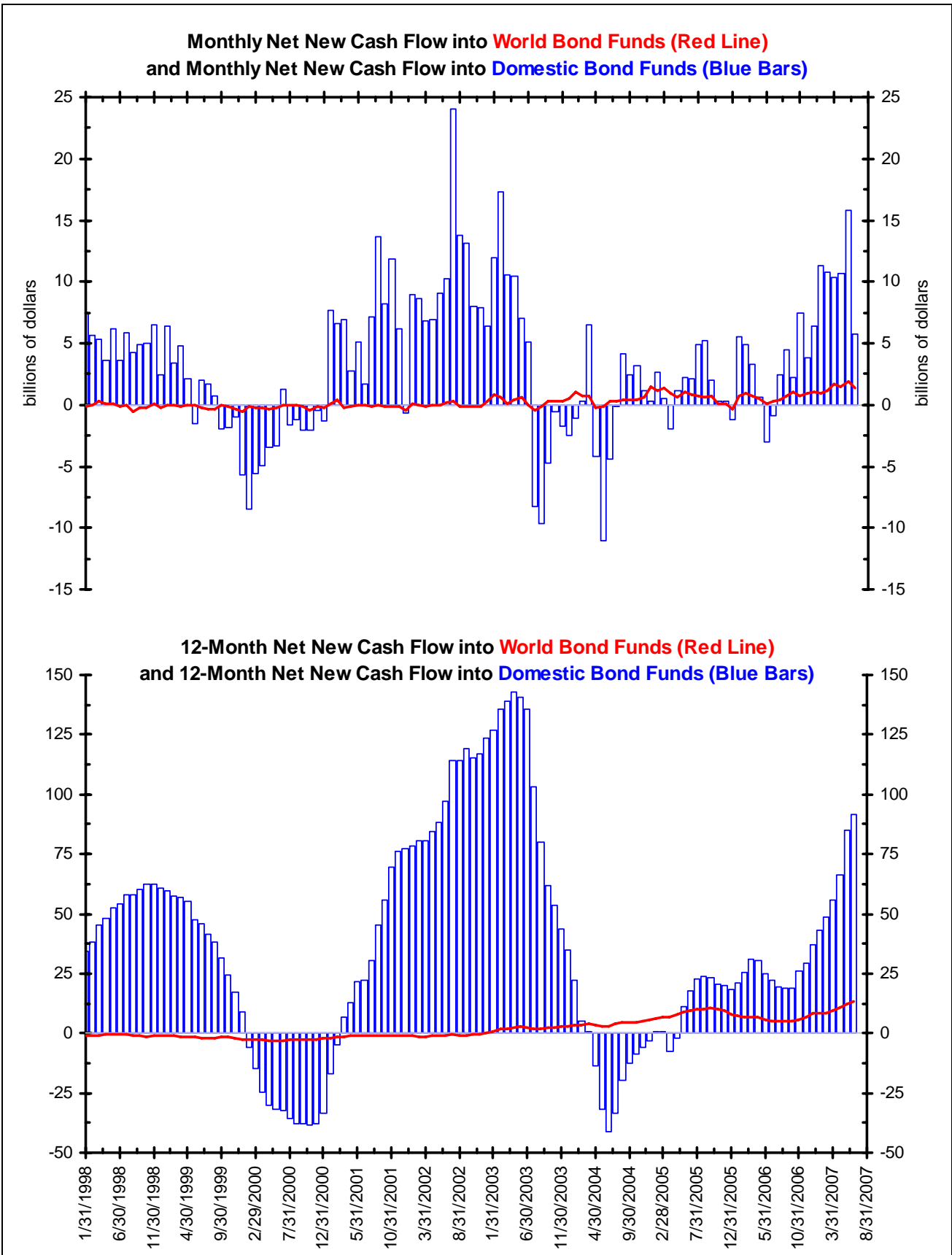


Chart 3

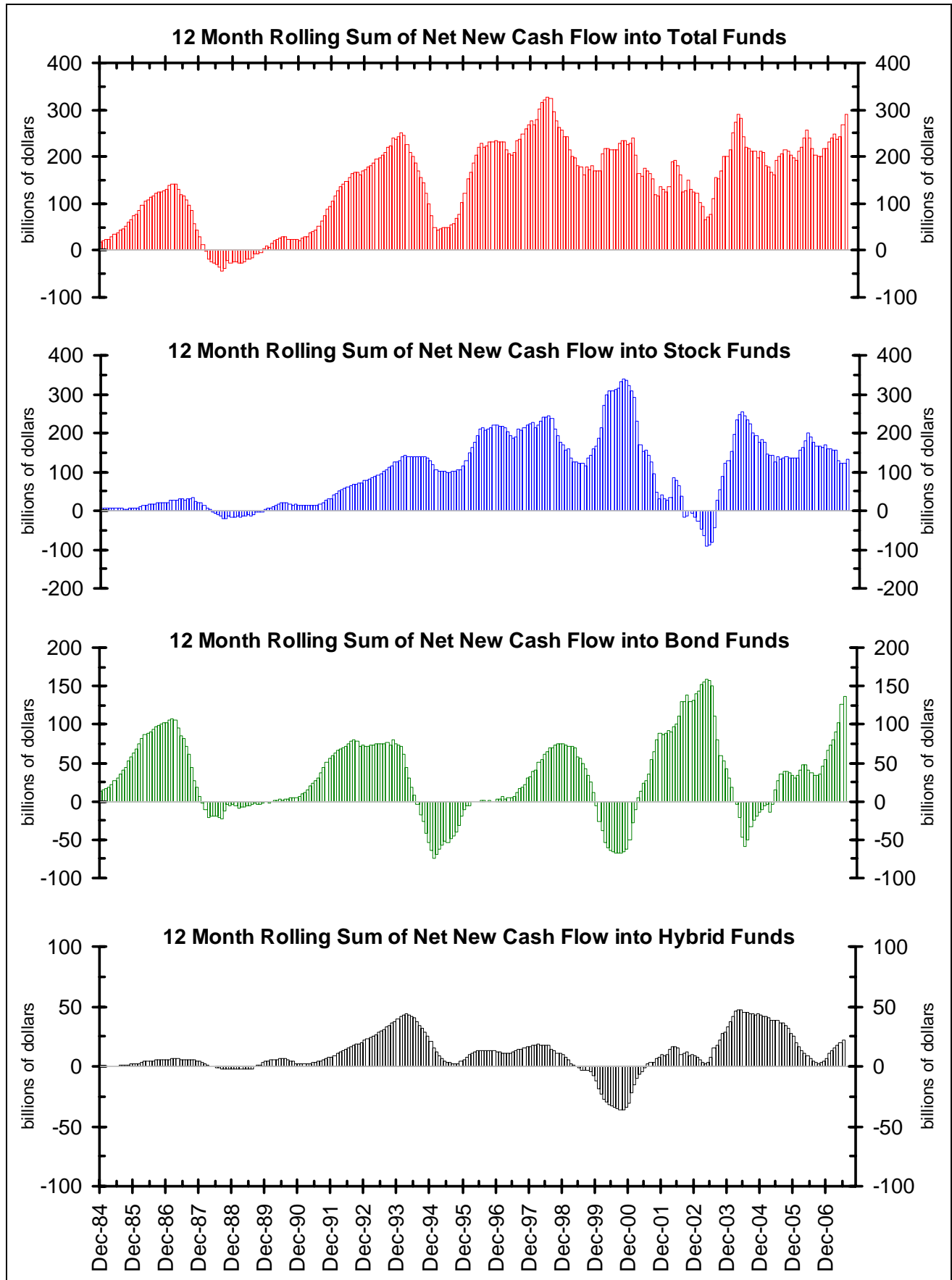


Chart 4

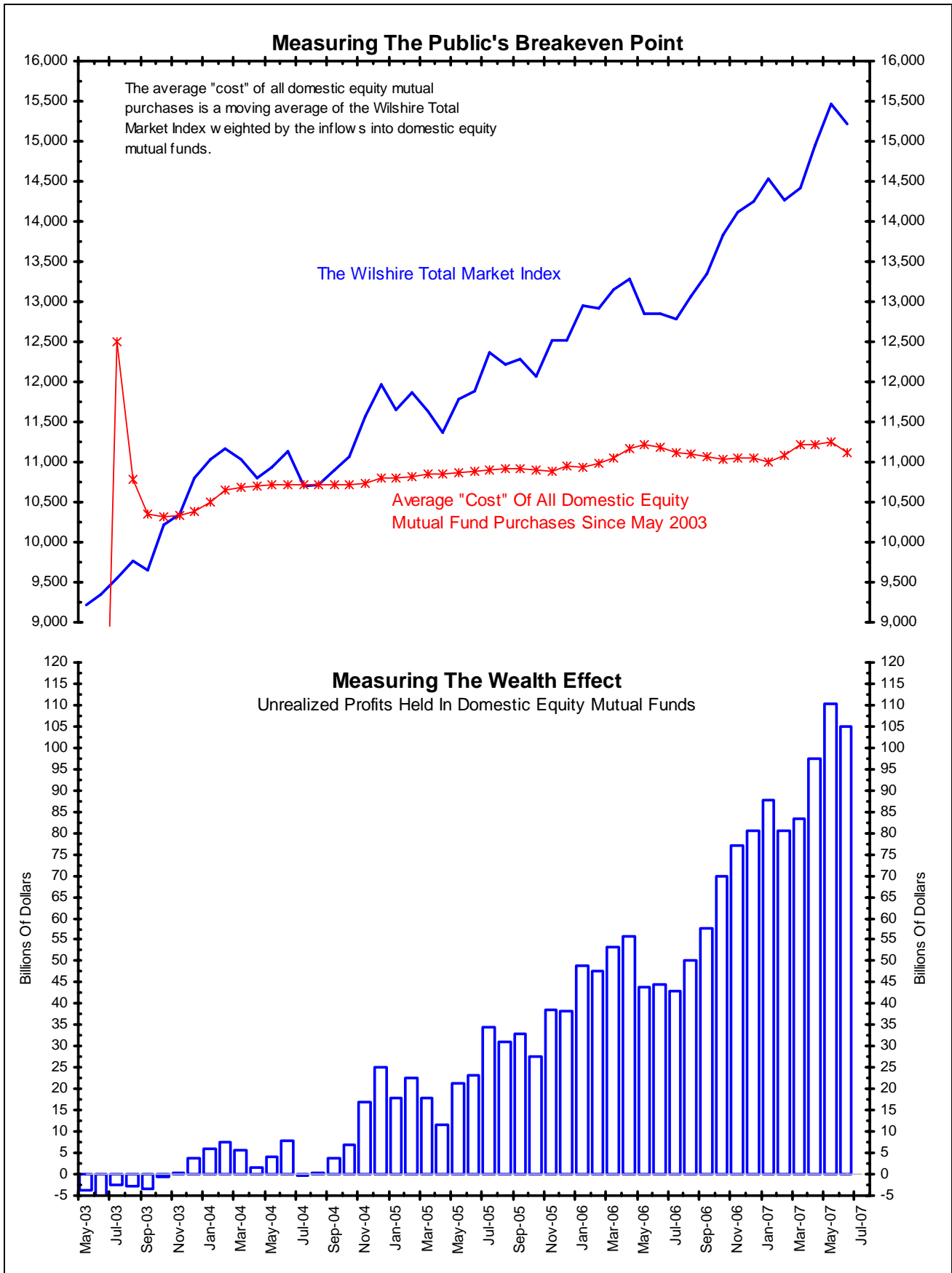
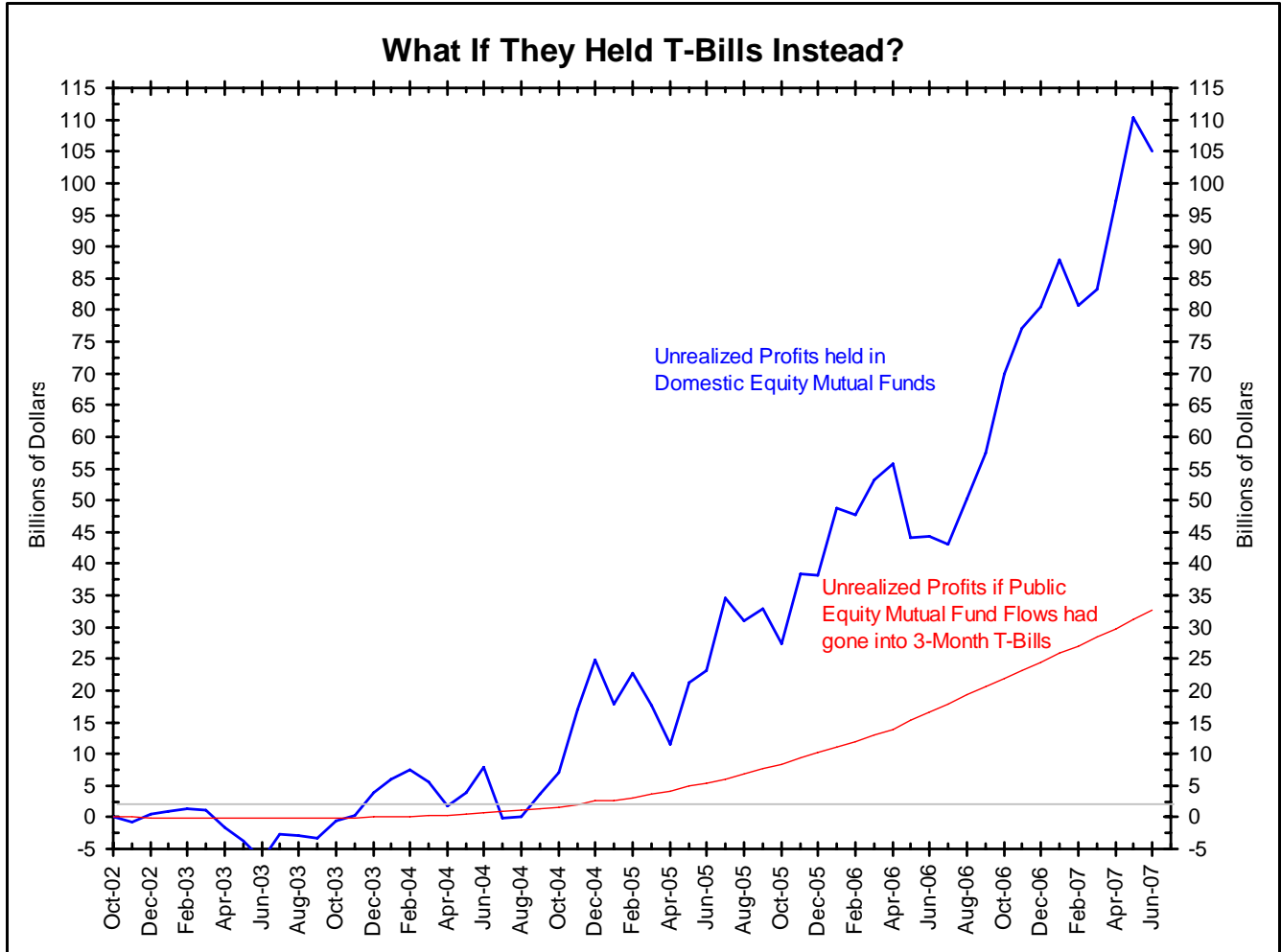


Chart 5



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