

Morningstar's Annual Global Asset Flows Report Shows 2015 Inflows One-Third Lower than in 2014

Equity funds again top other category groups despite lower year-over-year inflows

CHICAGO, March 22, 2016—Morningstar, Inc. (NASDAQ: MORN), a leading provider of independent investment research, today published its fourth annual Global Asset Flows Report examining worldwide 2015 mutual fund and exchange-traded product (ETP) asset flows. At \$949 billion, total flows in 2015 were notably lower than the \$1.4 trillion that flowed into funds globally in 2014. The U.S. fund industry had new asset flows of \$263 billion, down from \$580 billion in 2014. Asia showed the strongest organic growth rate, 18.6 percent, among the regions analyzed by Morningstar.

“2015 brought growing uncertainty for markets worldwide, fueled by changes in monetary policies in the United States and Europe, slowing economic growth around the world, and slumping commodity prices, especially oil. Accordingly, inflows were lower in 2015 than 2014, and total assets decreased as global markets posted negative returns,” Alina Lamy, senior markets analyst for Morningstar, said. “Whereas U.S.-domiciled funds attracted the largest flows in 2014, we saw smaller and more evenly distributed flows across regions in 2015. Equity funds led category groups globally in terms of annual inflows, although 2015’s intake of \$305 billion was smaller than the \$476 billion these funds collected in 2014.”

Highlights from Morningstar’s Global Asset Flows Report include:

In a notable change from trends observed in 2014, allocation funds gathered \$171 billion, outpacing inflows of \$132 billion for fixed-income funds, to become the global category group with the second-largest inflows.

Alternative funds enjoyed a second year of double-digit organic growth, the highest rate among global category groups, bolstered by investors seeking options to diversify and provide consistent returns in an environment of uncertainty for both equity and fixed income.

Vanguard maintained its position as undisputed leader of the fund industry, sustained and propelled by the growing popularity of index strategies. The majority of the firm’s \$251 billion inflow went to its passive funds, but its active funds also gathered inflows of \$15 billion. Among active fund providers, Fidelity and J.P. Morgan saw the highest 2015 inflows, collecting \$57 billion and \$23 billion, respectively.

For all major regions, the percentage of passive assets in equity funds was larger than the percentage of passive assets in fixed-income funds, and the United States had the highest percentage of passive assets of all regions. Nowhere was the divide between active and passive so pronounced as in the United States, where active funds suffered outflows in 2015 and passive funds attracted inflows of approximately \$400 billion.

Global ETP assets were near \$3 trillion at year end. While equity ETPs hold the vast majority of assets, fixed-income and alternative offerings have enjoyed healthy growth. The United States accounts for the largest volume of ETPs globally.

The Morningstar Global Asset Flows Report is based on assets reported by more than 3,800 fund groups across 82 domiciles. The report represents more than 92,000 fund portfolios encompassing more than 220,000 share classes and includes a global overview and four region-specific sections: United States, Europe, Australia, and Latin America. Morningstar estimates net flow for mutual funds by computing the change in assets not explained by the performance of the fund and net flow for ETPs by computing the change in shares outstanding.

To view the complete report, please click [here](#). For more information about Morningstar Asset Flows, please visit <http://global.morningstar.com/assetflows>.

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