

Simfund Total Market represents a significant expansion of the Simfund platform and data set. With Total Market, users can access a consolidated view of institutional and retail financial product data – the most comprehensive and integrated view across the market globally – within a single platform. This article covers asset management industry activity within the first quarter of 2023 across mutual funds, ETFs, retail SMAs, CITs, and separate accounts.

Industry Overview

1. Industry Overview by Asset Class

Asset and Net Flows in Billions of U.S. Dollars

| Vehicle Name | Q1 2023 NET FLOWS | | | | | | March 2023 Assets |
|------------------|-------------------|-----------|--------|------------|---------|--------------|-------------------|
| | Total Flows | Equity | Bond | Allocation | Other | Money Market | |
| Mutual Fund | \$420.6 | (\$60.8) | \$65.0 | (\$37.3) | \$8.5 | \$445.2 | \$47,614.4 |
| ETF | \$123.2 | \$34.9 | \$71.6 | (\$1.3) | \$16.2 | \$1.9 | \$9,754.8 |
| Retail SMA | \$18.2 | \$4.0 | \$12.0 | \$2.2 | \$0.0 | \$0.0 | \$1,042.9 |
| CIT | (\$20.1) | (\$10.9) | \$1.1 | (\$19.5) | (\$0.5) | \$9.7 | \$5,448.8 |
| Separate Account | (\$24.2) | (\$102.7) | \$66.2 | \$11.5 | (\$0.1) | \$0.8 | \$9,970.6 |

Source: ISS MI Simfund Total Market

Includes funds of funds; other asset class includes alternatives and commodities.

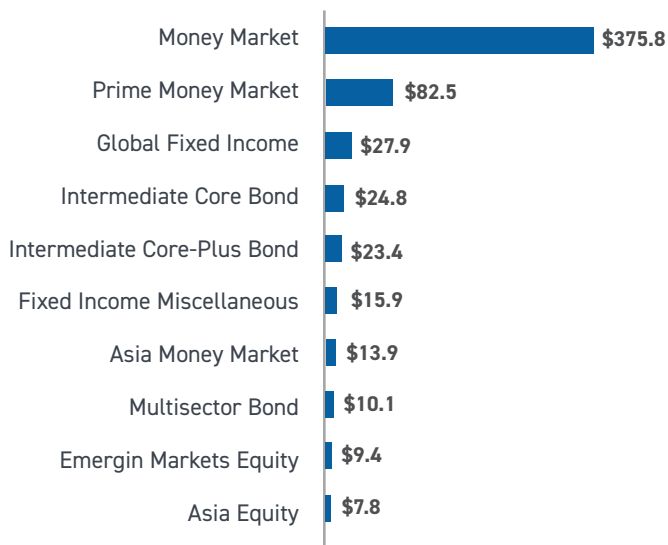
Excludes variable and unclassified vehicles

Retail-facing vehicles recorded net inflows in the first quarter of 2023. Mutual funds saw a significant rise in inflows, rising to over \$420.6 billion, up from severe net outflows of \$246.7 billion in the final quarter of 2022. The vehicle owed its first quarter rebound entirely to deposits into money market funds, which totaled \$445.2 billion. Long-term mutual funds saw outflows of \$24.6 billion, a significant figure, but still a drastic improvement from redemptions of \$550.7 billion in Q4 2022. ETFs, the second highest vehicle by inflows, gathered very strong inflows of \$123.2 billion in Q1'23, though this was a notable pullback from the quarter prior, when they gathered net inflows of \$245.0 billion. Retail SMAs meanwhile reversed outflows of \$4.9 billion from the end of 2022 to inflows of \$18.2 billion to start the year.

Institutional products saw withdrawals through the first quarter. CITs had gathered \$51.7 billion in 2022 but bore outflows of \$20.1 billion in Q1 2023. Money market trusts remained a relative bright spot for the vehicle, gathering \$9.7 billion for the quarter. Institutional separate accounts, meanwhile, bled \$24.2 billion, a continuation of a challenging prior quarter, which saw \$61.0 billion in net redemptions. Withdrawals from equity categories affected multiple vehicles but weighed most heavily on separate accounts in the first quarter.

2. Top Inflow Mutual Fund Categories

Net Flows in Billions of U.S. Dollars, Q1 2023



High interest rates coupled with the collapse of several banks, most notably Silicon Valley Bank, helped to propel money market funds as the highest inflow mutual fund categories in Q1'23. Money Market and Prime Money Market collectively gathered \$458.3 billion in net flows, up significantly from Q4'22's combined \$201.5 billion. The flows towards short-term funds also occurred in other markets, as Asian Money Market's Q1 deposits (\$13.9 billion) were a significant turnaround from the prior quarter's \$33.2 billion in net redemptions. In more recent months, inflows to money markets have shown signs of cooling, though the yields now offered by short-term funds pose a hurdle for equity and fixed-income funds alike to beat should they seek to entice investors back.

After a rocky 2022, fixed income took five of the top ten slots, with Global Fixed Income attracting particular interest at \$27.9 billion. Intermediate Core Bond (\$24.8 billion) built on top of the prior quarter's demand of \$10.4 billion, while Intermediate Core-Plus Bond (\$23.4 billion) turned around outflows of \$15.0 billion from the last quarter of 2022.

Emerging Markets Equity (\$9.4 billion) and Asia Equity (\$7.8 billion) were the lone representatives of equities among the top ten. GQG Partner's Emerging Markets Equity (\$1.3 billion) and BlackRock's Emerging Markets (\$1.2 billion) served as the top inflow gatherers for emerging markets.

3. Top Inflow ETF Categories

Net Flows in Billions of U.S. Dollars, Q1 2023

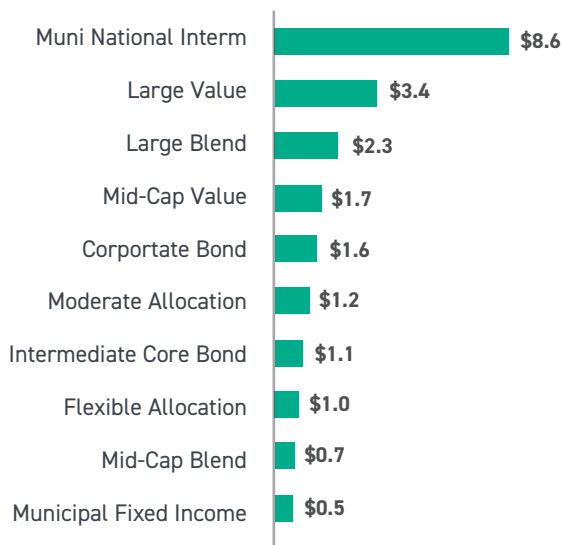


Equities found greater success in attracting deposits amongst ETFs, with the top inflow category for the vehicle being Global Equity Large Cap (\$17.8 billion). The iShares Core MSCI World UCITS ETF accounted for \$2.2 billion of flows to the category, followed by the iShares MSCI EAFE Growth ETF (\$1.8 billion). Emerging Markets Equity (\$13.3 billion) also gathered significant inflows through the first quarter, up slightly from Q4'22's \$10.3 billion in deposits. Two regional equity categories, Asia Equity (\$8.7 billion) and Europe Stock (\$8.3 billion), also garnered significant inflows, with the latter reporting its strongest inflows since the second quarter of 2021.

While equity ETFs saw more success than their mutual fund counterparts, fixed income ETFs were the top inflow gatherers for the vehicle, with the asset class pulling in \$71.6 billion. Long Government saw \$16.7 billion in new deposits, with the iShares 7-10 Year Treasury Bond ETF accounting for \$6.3 billion. Ultrashort Bond saw Q1 flows nearly double to \$15.9 billion from the quarter prior (\$8.1 billion). Short Government saw a similar proportional boost from Q4 inflows of \$2.3 billion to \$7.4 billion in Q1. Europe Fixed Income (\$8.2 billion) posted its eighth consecutive quarter of positive flows, led by the iShares Core Euro Corporate Bond UCITS ETF (\$975 million).

4. Top Inflow Retail SMA Categories

Net Flows in Billions of U.S. Dollars, Q1 2023

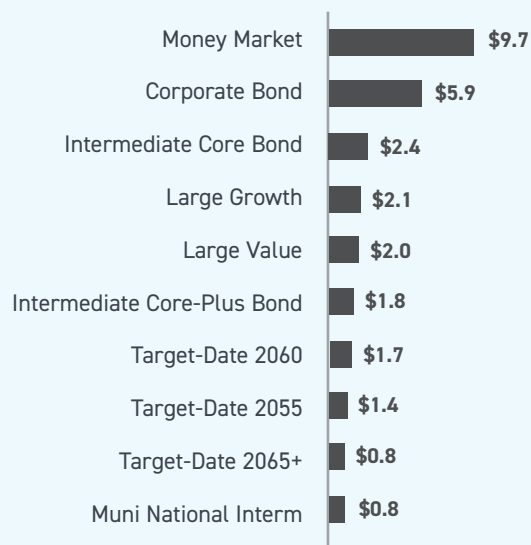


Fixed income played a dominant role within retail separately managed accounts across the first quarter. As tax management is a key appeal of SMAs through features such as tax-loss harvesting, tax-advantaged municipal strategies served as an outsized portion of sales and assets compared to other vehicles. Muni National Intermediate led within the first quarter at \$8.6 billion and was the largest category in the vehicle at \$252.7 billion. Its Q1 flows were both a significant turnaround from the \$2.1 billion in net redemptions the category faced in Q4 and a wide lead over the next highest inflow category in Q1, Large Value. AB Intermediate Municipals led in the category for the quarter at \$1.3 billion, up from \$355 million in Q4 2022. Core taxable strategies also appeared in the top inflow rankings through Corporate Bond (\$1.6 billion) and Intermediate Core Bond (\$1.1 billion).

Large Value was the top inflow-gathering equity category within retail SMAs, with its Q1 flows of \$3.4 billion just shy of \$4.1 billion the category brought in over the entirety of 2022. River Road Asset Management led the classification through its Dividend All-Cap Value (\$1.6 billion), while J.P. Morgan saw the second and third spots through US Equity Income (\$775 million) and US Value Advantage (\$333 million). Large Blend followed with inflows of \$2.3 billion. While this was a decline from Q4's inflows of \$7.3 billion, it represented a boost from the entirety of 2022, when the category saw outflows of \$7.8 billion.

5. Top Inflow CIT Categories

Net Flows in Billions of U.S. Dollars, Q1 2023



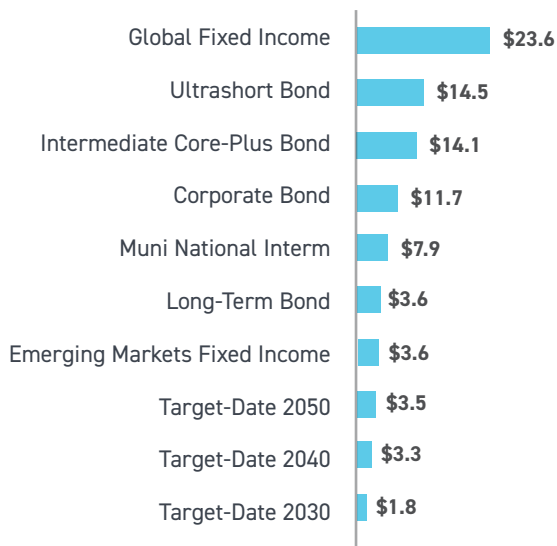
Concerns about market volatility weighed on retirement investments as well over the first quarter. Money market activity remained elevated within CITs, as the category gathered the highest inflows across both Q1 2023 (\$9.7 billion) and Q4 2022 (\$13.2 billion). Amongst long-term strategies, fixed income categories dominated yet another vehicle type, with Corporate Bond (\$5.9 billion) and Intermediate Core Bond (\$2.4 billion) serving as the top earners. BlackRock's US Debt Market strategy contributed the majority of flows to the former category, gathering more than \$3.5 billion. Muni National Intermediate (\$756 million) rounded out the top ten, rebounding from \$1.5 billion in outflows in Q4.

Two large-cap equity categories, Large Growth (\$2.1 billion) and Large Value (\$2.0 billion) established themselves as top inflow gatherers amongst CITs in Q1. The top inflow long-term portfolio was ultimately a Large Blend product: the BlackRock Russell 3000 Index Fund attracted \$4.5 billion in deposits in Q1, a sharp turnaround from the \$2.1 billion lost to withdrawals in 2022.

Target-date funds took three of the top ten spots, with those for investors with retirement dates of 2055 and later combining for \$3.9 billion in deposits. Vanguard's Target Retirement Trust series led the categories, as the Vanguard Target Retirement 2050 fund collected \$3.0 billion, and the series in total boasted \$16.6 billion in net new flows.

6. Top Inflow Separate Account Categories

Net Flows in Billions of U.S. Dollars, Q1 2023



Bond categories dominated separate account rankings more heavily than they did any other vehicle in the first quarter, accounting for the top seven classifications. Flows extended across the spectrum of fixed income investments, including foreign, conservative, core, long-term, and tax-free classifications. Q1 activity was most heavily in Global Fixed Income, which gathered net deposits of \$23.6 billion, a significant improvement over the outflows of \$27.5 billion that the category faced over the whole of 2022. Payden & Rygel Global Investment Grade Corporate was the strongest contributor to demand in the quarter at \$18.5 billion. Ultrashort Bond was the second highest inflow category at \$14.5 billion, propelled primarily by J.P. Morgan US Managed Reserves (\$6.3 billion), while Intermediate Core-Plus Bond was close behind with net commitments of \$14.1 billion.

Separate accounts' use on behalf of aging investors was strongly reflected through both its heavy fixed income allocations and net flows across a series of target date categories. Target-Date 2050 gathered the highest inflows at \$3.5 billion, though 2040 and 2030 vintages also saw substantial contributions. BlackRock was the lead asset gatherer for allocation separate accounts in this period, gathering \$12.2 billion across its LifePath Index target-date series.

We're committed to bringing our clients ongoing insights from this expanded dataset and illustrating how this data enables firms to spot opportunities, analyze fund flows across vehicle types, or conduct customized benchmarking.

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