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Morningstar Direct℠ Asset Flows Commentary: United States

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Data through July 31, 2016
U.S. Mutual Funds and Exchange-Traded Products

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Another Record Month of Outflows from Active U.S. Equity Funds

Instead of soaking up the sun, it seems investors were busy taking money out of active U.S. equity funds in July. This month's $32.9 billion estimated outflow surpassed the $21.7 billion from June, adding up to a total of $54.6 billion leaving these funds in only two months.

All active category groups except taxable bond, municipal bond, and commodities suffered outflows; flows for all category groups on the passive side were positive. Interestingly, the passive U.S.-equity inflow in July was the largest in a while at $33.8 billion, managing to offset the large active outflow.

In terms of total flows (active and passive combined), the taxable-bond category group remained the undisputed leader with $34.0 billion, followed by municipal bond and commodities. Allocation, international equity, and sector equity ended up in negative territory for the month. Interestingly, in terms of one-year flows, allocation actually suffered larger redemptions than U.S. equity.

	Active			Passive		
Estimated Net Flows* $Mil	**July 2016**	**1 Year**	**Assets** $Bil	**July 2016**	**1 Year**	**Assets** $Bil
U.S. Equity	(32,929)	(211,009)	3,572	33,807	163,603	2,721
Sector Equity	(2,817)	(21,188)	409	1,485	3,120	391
International Equity	(8,449)	(39,406)	1,459	5,613	73,280	879
Allocation	(4,055)	(59,602)	1,164	555	1,822	60
Taxable Bond	13,473	(47,411)	2,297	20,513	125,849	886
Municipal Bond	6,315	48,713	653	778	6,101	27
Alternative	(976)	1,582	173	1,477	8,804	49
Commodities	445	522	24	1,940	18,365	76
All Long Term	**(28,992)**	**(327,799)**	**9,749**	**66,168**	**400,944**	**5,088**
Money Market	17,941	50,726	2,697			

*Includes liquidated and merged funds.

Source: Morningstar Direct Asset Flows.

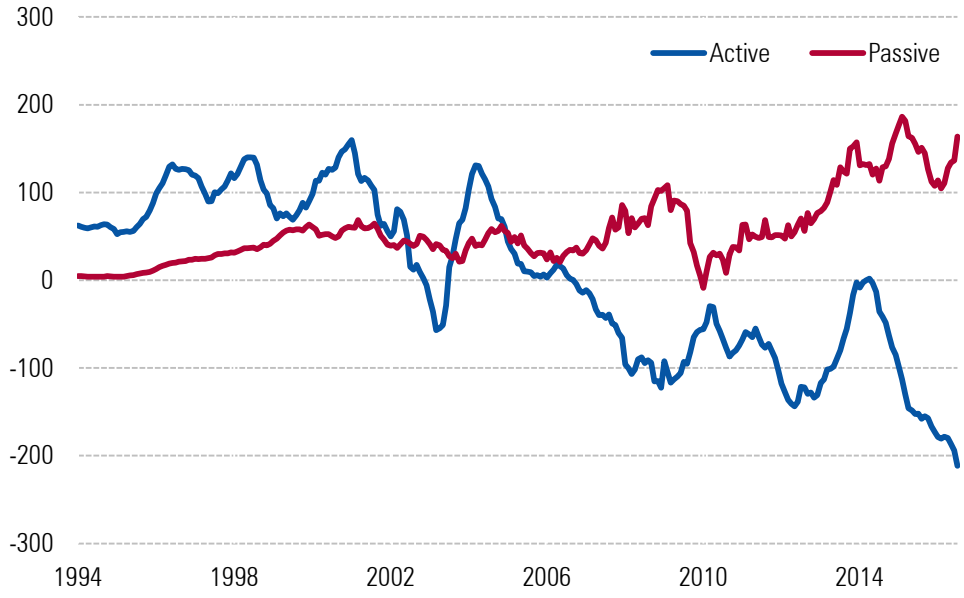
Total (Active and Passive)

Estimated Net Flows $Mil	July 2016	1 Year	Assets $Bil
U.S. Equity	877	(47,407)	6,292
Sector Equity	(1,332)	(18,068)	800
International Equity	(2,836)	33,875	2,338
Allocation	(3,500)	(57,780)	1,224
Taxable Bond	33,987	78,437	3,183
Municipal Bond	7,094	54,814	679
Alternative	501	10,386	221
Commodities	2,385	18,886	100
All Long Term	**37,176**	**73,145**	**14,837**
Money Market	17,941	50,726	2,697

Source: Morningstar Direct Asset Flows.

Propelled by strong performance from the major tech companies, the S&P 500 posted a 3.7% return in July, rekindling some optimism about the U.S. market. It is still surprising, however, to see flows into passive U.S.-equity funds skyrocket from $8.7 billion in June to $33.8 billion in July, especially as some key economic indicators haven't been that strong. Second-quarter growth in U.S. gross domestic product, for example, disappointed at only 1.2%, compared with expectations of 2.4% or more. Just as disappointing, first-quarter growth was revised down to 0.8% from 1.1%.

Exhibit 1. U.S.-Equity Rolling 12-Month Flows ($ Billion)



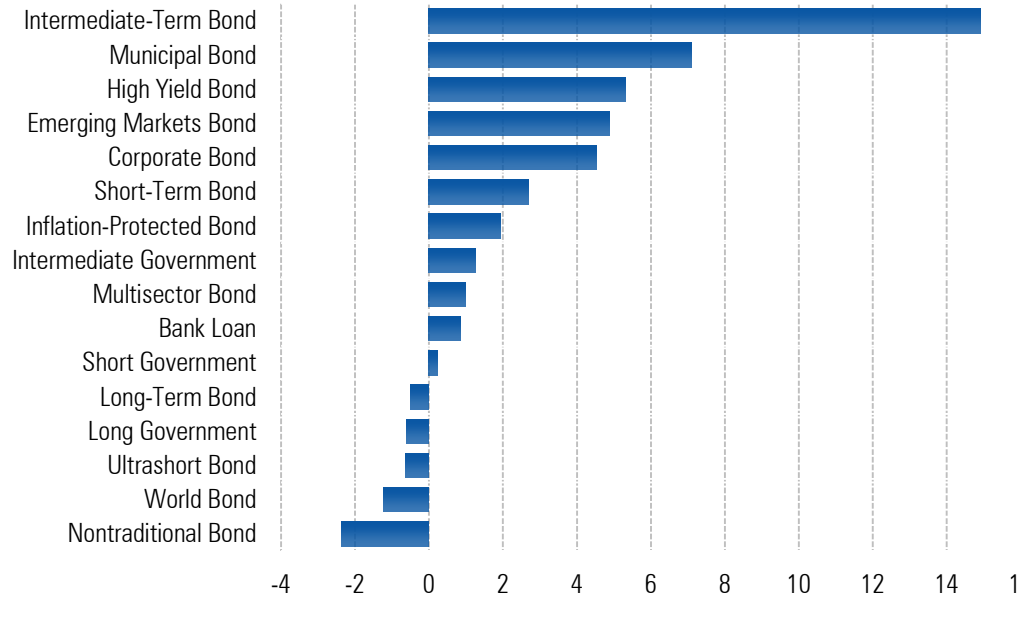
Source: Morningstar Direct Asset Flows.

At this point, the data reveals six months of significant positive fixed-income flows, a consistent trend that indicates: 1) investors' preference for assets with lower risk than stocks and 2) investors are chasing what can be considered, in the current environment, impressive returns. With yields all over the world not only at all-time lows but even negative in some cases, bond performance has been solid across all categories. Decent returns and the promise of a steady stream of income at a risk level that still allows you to sleep at night add up to an investment proposition that is hard to beat.

	Return (%) **2016 YTD**
International bonds	17.3
Long-term govt bonds	11.9
Long-term corp bonds	11.7
Emerging-markets bonds	10.9
High-yield bonds	9.1
Aggregate bonds	5.3
Intermediate-term govt bonds	4.9
Bank loans	4.5
Municipal bonds	4.3
Short-term bonds	2.1

Source: Morningstar Direct.

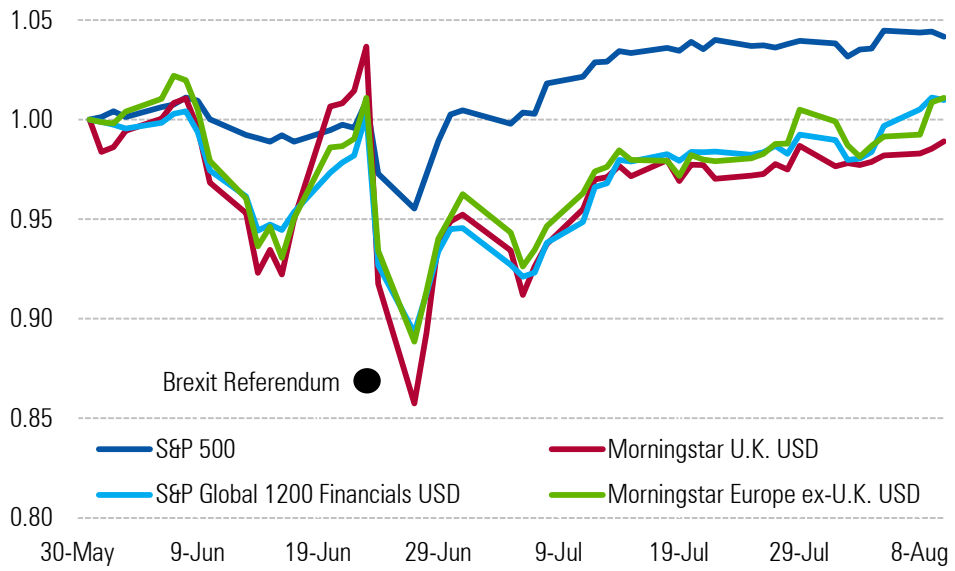
Exhibit 2. Fixed-Income Flows by Morningstar Category in July ($ Billion)



Source: Morningstar Direct Asset Flows.

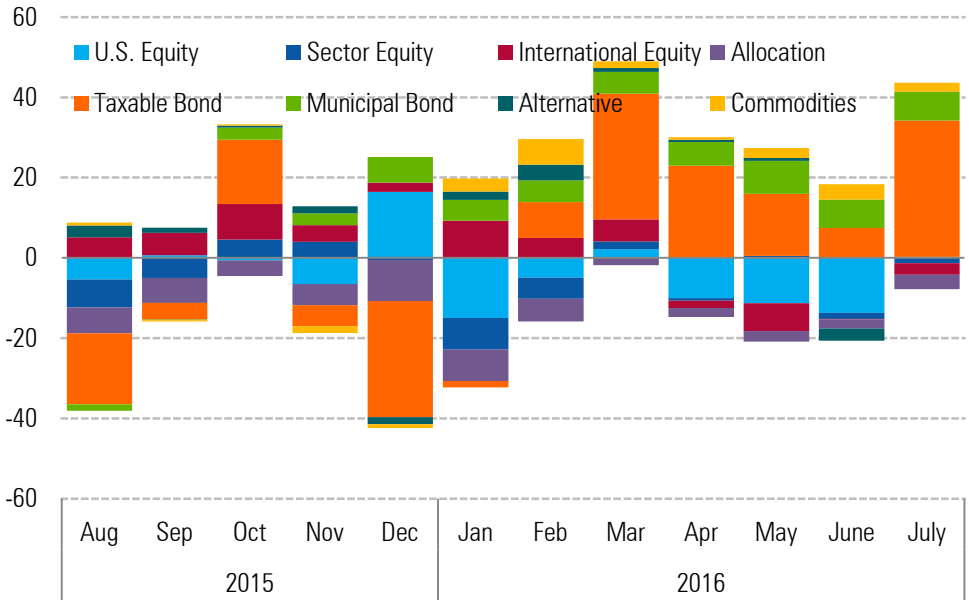
Most major global indexes have rebounded after Brexit, with the MSCI EAFE posting a 5.1% return in July. Outflows from international equity, however, have worsened.

Exhibit 3. Performance Before and After Brexit (Through Aug. 10)



Source: Morningstar Direct Asset Flows.

Exhibit 4. Category Group Flows During the Past 12 Months ($ Billion)



Source: Morningstar Direct Asset Flows.

Emerging Markets Among Top-Flowing Categories in July

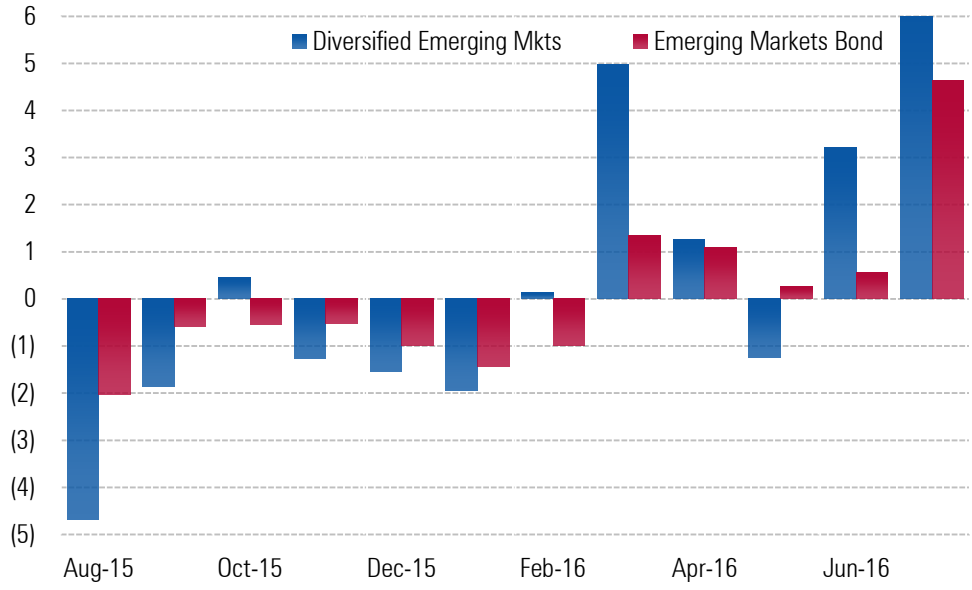
The top Morningstar Category remained unchanged from last month: intermediate bond. Investors' preference for intermediate-bond funds is easy to understand, because short-term bonds don't yield enough and long-term ones have higher interest-rate risk. Large blend replaced foreign large blend in second place, reflecting the comeback of U.S. equities previously observed at the category group level.

Both diversified emerging markets and emerging-markets bond made an appearance in the top five in July. In fact, their flows turned positive in March and have been consistent ever since (with a notable exception in May).

After three years of negative returns, the MSCI Emerging Markets Index finally started making a comeback, with an 11.8% return so far in 2016. This strong performance may be driving the flows, but there is more to this story.

The *Financial Times* aptly called this recent trend "the great migration"—a mass movement away from the stagnant growth and negative interest rates of the developed world to the resurgent economies and enticing yields of emerging markets. However, the article also cautions that this movement is driven much more by the lack of attractive opportunities in developed markets than by the actual future growth potential of emerging ones. Recent forecasts indeed have been more optimistic, but emerging markets still remain highly volatile and subject to multiple risks that make it more difficult to predict where substantial returns may come from.

Exhibit 5. Emerging-Markets Flows During the Past 12 Months ($ Billion)



Source: Morningstar Direct Asset Flows.

Top- and Bottom-Flowing Morningstar Categories

	Active			Passive		
Estimated Net Flows* $Mil	**July 2016**	**1 Year**	**Assets** $Bil	**July 2016**	**1 Year**	**Assets** $Bil
Leading						
Intermediate-Term Bond	5,084	32,746	809	9,851	55,221	426
Large Blend	(8,048)	(53,469)	698	21,515	104,653	1,731
Diversified Emerging Mkts	307	(11,777)	213	6,187	15,779	167
High-Yield Bond	3,310	(4,607)	257	1,993	5,426	39
Emerging-Markets Bond	2,859	(3,279)	47	1,774	4,071	14
Lagging						
Large Growth	(14,719)	(63,759)	1,177	3,135	4,793	175
Europe Stock	(617)	(609)	14	(4,118)	(9,863)	49
World Allocation	(3,125)	(35,854)	309	(0)	(64)	0
Foreign Large Growth	(2,513)	(1,281)	315	103	231	3
Nontraditional Bond	(2,343)	(27,373)	107	(0)	(149)	0

*Excludes money market.

Source: Morningstar Direct Asset Flows.

Investors continued taking money out of the large-growth, Europe-stock, and world-allocation categories. Interestingly, two Vanguard funds were among the most hurt within these bottom-flowing categories, along with one iShares fund and the once-popular currency-hedged exchange-traded fund WisdomTree Europe Hedged Equity HEDJ.

Estimated Net Flows, $Mil

Morningstar Category	Fund	July 2016
Large Growth	Vanguard Primecap	-1,444
Large Growth	American Funds Growth Fund of America	-1,061
Large Growth	Fidelity Contrafund	-931

Source: Morningstar Direct Asset Flows.

Estimated Net Flows, $Mil

Morningstar Category	Fund	July 2016
Europe Stock	Vanguard European Stock Index	-1,486
Europe Stock	iShares MSCI Eurozone	-1,344
Europe Stock	WisdomTree Europe Hedged Equity	-1,164

Source: Morningstar Direct Asset Flows.

Estimated Net Flows, $Mil

Morningstar Category	Fund	July 2016
World Allocation	BlackRock Global Allocation	-1,302
World Allocation	Ivy Asset Strategy	-557
World Allocation	GMO Implementation	-434

Source: Morningstar Direct Asset Flows.

Fidelity and Franklin Templeton Continue to Lead Outflows in July

For the second consecutive month, all the firms in the top 10 except Vanguard and State Street experienced outflows on the active side. In other words, all firms except the two famously known for their passive expertise were unable to attract flows to their active offerings.

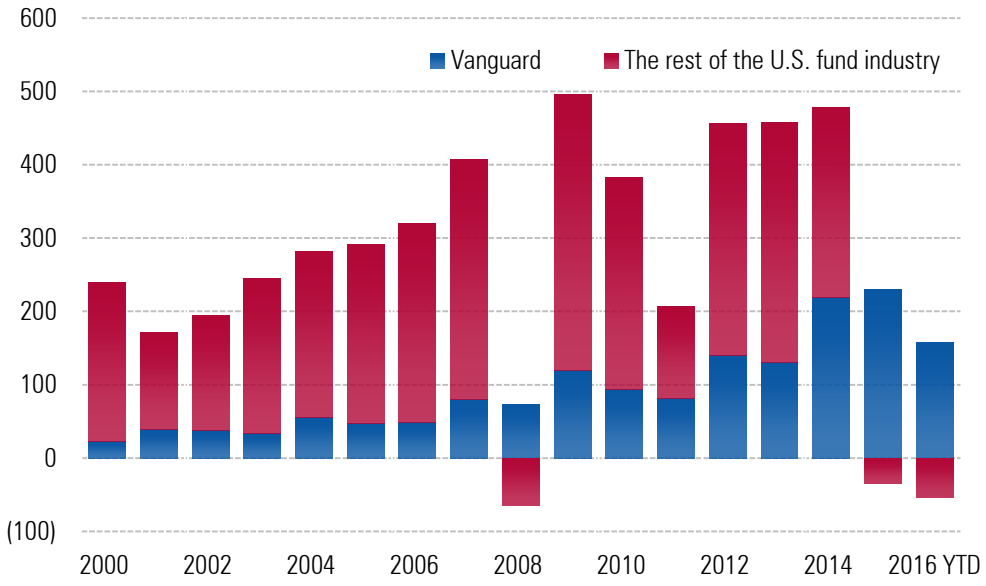
American Funds, which had been doing well at the beginning of the year, suffered its second monthly outflow. Fidelity received $4.7 billion in flows to its passive products after having implemented a move to lower fees for those products last month. However, the company still experienced a sizable $8.9 billion outflow on the active side.

Top 10 U.S. Fund Families

	Active			Passive		
Estimated Net Flows $Mil	**July 2016**	**1 Year**	**Assets** $Bil	**July 2016**	**1 Year**	**Assets** $Bil
Vanguard	2,003	26,256	850	21,147	207,538	2,409
American Funds	(1,800)	1,846	1,253			
Fidelity Investments	(8,890)	(37,964)	1,001	4,708	23,789	232
BlackRock/iShares	(1,789)	(11,518)	212	20,607	106,933	932
T. Rowe Price	(844)	(2,939)	470	5	76	30
SPDR State Street Global Advisors	93	2,024	4	10,892	25,761	456
Franklin Templeton Investments	(3,765)	(47,405)	389			
PIMCO	(754)	(36,586)	302	(182)	(360)	4
Dimensional Fund Advisors				205	20,826	296
J.P. Morgan	(792)	(2,293)	270	52	(47)	6

Source: Morningstar Direct Asset Flows.

Exhibit 6. Annual Flows for Vanguard and the Rest of the U.S. Fund Industry ($ Billion)



Source: Morningstar Direct Asset Flows.

Top-Flowing Active and Passive Funds

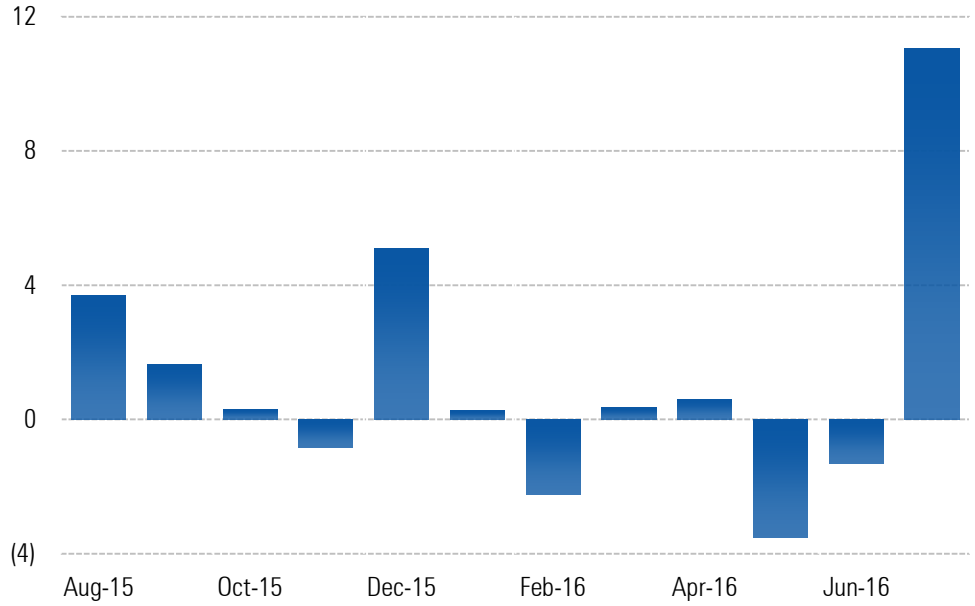
Estimated Net Flows $Mil	July 2016	1 Year	Assets July 2016 $Mil	Assets July 2015 $Mil
Active Funds				
Invesco Diversified Dividend	1,292	5,253	17,665	11,392
MFS Emerging Markets Debt	1,082	518	5,354	4,566
BlackRock High Yield Bond Portfolio	1,050	615	18,328	17,765
Invesco Core Plus Bond	956	1,158	2,152	941
PIMCO Income	945	11,691	62,687	48,869
Passive Funds				
SPDR S&P 500 ETF	11,065	15,158	198,935	176,917
iShares MSCI Emerging Markets	4,031	4,582	28,006	24,618
Vanguard 500 Index	4,021	21,136	252,398	215,389
Vanguard Total Bond Market II Index	3,764	10,211	106,167	90,460
Vanguard Total Intl Stock Index	2,656	44,049	219,350	180,787

Source: Morningstar Direct Asset Flows.

SPDR ETF Leads Top-Flowing List

Surprisingly, in July, the SPDR S&P 500 ETF SPY received its highest monthly inflow since December 2014. The S&P 500 returned 3.7% in July, but it had also returned 6.8% in March without a similar spike in flows. We usually see high inflows for this ETF in December, when active managers use it temporarily to place assets before reallocating at the beginning of the new year. If something similar is happening now, we may see some major movement when this money is reallocated in the next few months.

Exhibit 7. Flows for SPDR S&P 500 ETF During the Past 12 Months ($ Billion)



Source: Morningstar Direct Asset Flows.

On the active side, the winner of the "mass migration" to emerging markets was MFS Emerging Markets Debt MEDAX, which has a Morningstar Analyst Rating of Neutral and a Morningstar Rating of only 3 stars.

Invesco was successful in July, with two of its funds grabbing spots in the top-flowing five: Invesco Diversified Dividend LCEAX, which shone through recent market turbulence, and Invesco Core Plus Bond ACPSX, which beat out PIMCO Income PIMIX and the other fixed-income regulars on the top-flowing list.

Bottom-Flowing Active and Passive Funds

Estimated Net Flows $Mil	July 2016	1 Year	Assets July 2016 $Mil	Assets July 2015 $Mil
Active Funds				
Templeton Global Bond	(1,612)	(16,911)	45,209	65,312
Vanguard Primecap	(1,444)	(2,313)	46,402	46,557
BlackRock Global Allocation	(1,302)	(7,006)	45,592	53,790
Strategic Advisers Core	(1,191)	(1,999)	22,995	24,433
American Funds Growth Fund of America	(1,061)	(7,103)	145,712	149,469
Passive Funds				
Vanguard Institutional Index	(2,014)	(1,481)	209,086	199,528
Vanguard European Stock Index	(1,486)	(1,870)	16,976	21,622
iShares MSCI Japan	(1,479)	(4,813)	13,936	20,188
iShares MSCI Eurozone	(1,344)	(181)	8,752	10,687
WisdomTree Europe Hedged Equity	(1,164)	(8,016)	10,011	21,874

Source: Morningstar Direct Asset Flows.

Incredible as it may seem, there were three Vanguard funds on the bottom-flowing list in July: one active and two passive. Four of the five bottom-flowing passive funds were victims of the developed-markets withdrawal trend (Europe and Japan).

Among active funds, Templeton Global Bond TPINX continued to suffer the largest outflows in July. Vanguard Primecap VPMCX was second on the bottom-flowing list. My colleague David Kathman, who covers the fund, writes, "The fund's low turnover means that it's prone to periods of short-term underperformance when the strategy is out of sync with the market." Now appears to be one of those periods, as "the fund has fallen back to more middling results in 2015 and the first half of 2016, as biotech stocks have been hurt by regulatory fears and earnings disappointments, and airline stocks have been hammered." However, it "remains one of the best growth-leaning core funds out there," and it showing up on the bottom-flowing list this month may very well be just a temporary lapse.

Note: The figures in this report were compiled on Aug. 10, 2016, and reflect only the funds that had reported net assets by that date. The figures in both the commentary and the extended tables are survivorship-bias-free.

This report includes both mutual funds and exchange-traded funds, but not funds of funds unless specifically stated.

Important methodology note: Morningstar computes flows using the approach that is standard in the industry: Estimated net flow is the change in assets not explained by the performance of the fund. Our method assumes that flows occur uniformly over the course of the month. Adjustments for mergers are performed automatically. When liquidated funds are included, the final assets of the fund are counted as outflows. Reinvested dividends are not counted as inflows. We use fund-level reinvestment rates to improve accuracy in this respect. We make ad hoc adjustments for unusual corporate actions such as reverse share splits, and we overwrite our estimates with actual flows if managers are willing to provide the data to us. Please click here for a full explanation of our methodology.



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Fund Flows

Monthly Market Summary: US Open-end & ETF ex MM ex FoF

Including merged and liquidated funds

Effective Date
07-31-2016

Morningstar Categories Ranked by Current TNA ($Mil)

Rank	Name	Estimated Net Flow ($mil)				Total Net Assets ($bil)				Total Return	
		1-Mo	QTD	YTD	1-Yr	07-2016	Mkt Sh %	07-2015	Mkt Sh %	1-Mo	YTD
1	Large Blend	13,467	13,467	31,446	51,186	2,428	16.31	2,283	15.56	7.30	13.83
2	Large Growth	(11,373)	(11,373)	(61,294)	(58,754)	1,352	9.08	1,421	9.69	9.96	7.54
3	Intermediate-Term Bond	14,935	14,935	78,298	87,987	1,235	8.30	1,093	7.45	1.62	11.64
4	Large Value	1,222	1,222	8,377	1,106	1,051	7.06	1,020	6.96	6.47	18.33
5	Foreign Large Blend	1,680	1,680	41,892	82,396	833	5.59	804	5.48	8.67	3.60
6	Allocation--50% to 70% Equity	(634)	(634)	(736)	(2,530)	482	3.24	469	3.20	5.36	15.43
7	World Stock	(1,513)	(1,513)	(10,291)	(12,794)	395	2.65	417	2.84	8.47	14.49
8	Diversified Emerging Mkts	6,508	6,508	12,917	4,019	381	2.56	381	2.60	8.79	22.77
9	Short-Term Bond	2,680	2,680	9,654	9,276	349	2.34	334	2.28	0.56	5.03
10	Mid-Cap Blend	898	898	(5,837)	(2,166)	347	2.33	346	2.36	8.60	15.44
11	Foreign Large Growth	(2,501)	(2,501)	(3,549)	(1,141)	335	2.25	355	2.42	8.68	5.18
12	World Allocation	(3,125)	(3,125)	(20,333)	(35,918)	309	2.08	345	2.35	4.83	15.31
13	High Yield Bond	5,270	5,270	12,520	789	298	2.00	297	2.03	4.07	17.59
14	Small Blend	1,332	1,332	(870)	(380)	293	1.97	291	1.98	10.25	17.43
15	Mid-Cap Growth	(2,279)	(2,279)	(16,033)	(20,255)	276	1.85	304	2.08	9.10	10.48
16	Mid-Cap Value	(1,297)	(1,297)	(2,000)	(6,362)	237	1.60	242	1.65	7.73	21.41
17	World Bond	(1,218)	(1,218)	(7,557)	(14,292)	212	1.42	221	1.50	2.58	15.95
18	Allocation--30% to 50% Equity	554	554	(596)	(8,152)	205	1.38	210	1.43	4.28	16.38
19	Small Growth	(1,374)	(1,374)	(8,799)	(14,411)	192	1.29	216	1.48	11.55	11.69
20	Multisector Bond	988	988	2,626	(6,919)	191	1.28	194	1.32	3.31	13.72
21	Muni National Interm	2,272	2,272	18,516	26,436	190	1.28	154	1.05	0.11	7.39
22	Real Estate	2,241	2,241	6,861	7,281	165	1.11	135	0.92	8.22	32.43
23	Health	(921)	(921)	(14,260)	(20,891)	163	1.09	208	1.42	14.17	(6.78)
24	Corporate Bond	4,530	4,530	19,915	22,779	144	0.97	115	0.78	2.74	16.63
25	Foreign Large Value	147	147	1,693	(972)	144	0.96	158	1.08	8.76	5.51
26	Small Value	176	176	3,018	2,585	130	0.87	126	0.86	9.87	22.99
27	Muni National Short	1,601	1,601	4,138	2,864	125	0.84	120	0.82	0.30	2.40
28	Allocation--70% to 85% Equity	(145)	(145)	(176)	(1,491)	124	0.83	119	0.81	6.82	17.49
29	Inflation-Protected Bond	1,929	1,929	4,968	3,313	120	0.81	106	0.72	1.23	11.86
30	Intermediate Government	1,273	1,273	7,678	8,728	116	0.78	105	0.72	0.28	7.57
31	Nontraditional Bond	(2,343)	(2,343)	(17,276)	(27,522)	107	0.72	136	0.93	2.23	4.87
32	Bank Loan	861	861	(5,355)	(19,426)	98	0.66	118	0.80	2.79	10.83
33	Muni National Long	768	768	4,836	5,145	93	0.63	83	0.57	(0.20)	11.27
34	High Yield Muni	1,187	1,187	9,110	11,731	93	0.63	75	0.51	0.31	11.73
35	Ultrashort Bond	(644)	(644)	(1,489)	(444)	85	0.57	84	0.57	0.31	1.68

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Morningstar Categories Ranked by Current TNA ($Mil)

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		1-Mo	QTD	YTD	1-Yr	07-2016	Mkt Sh %	07-2015	Mkt Sh %	1-Mo	YTD
36	Technology	(1,457)	(1,457)	(8,470)	(4,841)	83	0.56	84	0.58	15.08	13.02
37	Europe Stock	(4,735)	(4,735)	(17,899)	(10,472)	63	0.42	85	0.58	7.93	(3.13)
38	Commodities Precious Metals	1,517	1,517	16,820	15,280	61	0.41	37	0.25	7.92	58.17
39	Emerging Markets Bond	4,633	4,633	5,461	792	61	0.41	57	0.39	3.37	22.16
40	Global Real Estate	(294)	(294)	(1,907)	(2,347)	59	0.40	57	0.39	9.71	22.77
41	Short Government	242	242	(339)	1,403	57	0.39	56	0.38	(0.04)	2.41
42	Multialternative	166	166	156	7,572	55	0.37	51	0.35	2.07	4.61
43	Equity Energy	(953)	(953)	2,707	5,574	49	0.33	44	0.30	(3.39)	22.43
44	Preferred Stock	1,663	1,663	7,152	10,280	43	0.29	32	0.22	4.33	12.94
45	Energy Limited Partnership	36	36	2,916	3,540	42	0.28	46	0.31	1.30	33.24
46	Muni California Long	341	341	2,045	2,560	39	0.27	34	0.23	(0.32)	10.47
47	Utilities	(217)	(217)	4,788	2,794	39	0.26	32	0.22	(0.12)	38.96
48	Financial	(423)	(423)	(7,350)	(6,551)	37	0.25	48	0.33	8.00	(1.43)
49	Natural Resources	428	428	622	(1,378)	37	0.25	37	0.25	8.09	38.26
50	Foreign Small/Mid Growth	(448)	(448)	(920)	568	37	0.25	36	0.25	11.19	(1.41)
51	Long Government	(617)	(617)	5,040	8,253	34	0.23	22	0.15	3.54	32.50
52	Long-Short Equity	(1,005)	(1,005)	(4,142)	(7,267)	34	0.23	43	0.29	4.59	2.52
53	Managed Futures	1,058	1,058	8,419	12,020	33	0.22	21	0.14	(1.62)	0.07
54	Equity Precious Metals	555	555	3,189	2,986	33	0.22	14	0.09	22.22	241.74
55	Japan Stock	(1,068)	(1,068)	(9,327)	(8,123)	32	0.21	47	0.32	9.73	(2.62)
56	Tactical Allocation	159	159	(1,030)	(2,394)	32	0.21	34	0.23	4.88	8.56
57	Commodities Broad Basket	606	606	3,494	1,260	31	0.21	33	0.23	(10.63)	12.70
58	Miscellaneous Region	(1,003)	(1,003)	(2,638)	(5,926)	31	0.21	39	0.27	—	—
59	Foreign Small/Mid Blend	(392)	(392)	307	1,098	30	0.20	30	0.20	11.06	5.80
60	Consumer Cyclical	(26)	(26)	(4,934)	(3,682)	26	0.17	30	0.20	10.32	7.02
61	Muni California Intermediate	376	376	2,619	3,801	26	0.17	21	0.14	(0.31)	7.71
62	Foreign Small/Mid Value	(157)	(157)	(255)	272	25	0.17	25	0.17	11.29	8.13
63	Consumer Defensive	(260)	(260)	1,633	2,262	24	0.16	20	0.13	2.69	19.59
64	Market Neutral	(254)	(254)	(369)	(2,893)	23	0.15	26	0.18	(0.34)	1.01
65	Muni Single State Long	140	140	961	854	23	0.15	21	0.14	(0.09)	4.09
66	Long-Term Bond	(501)	(501)	(1,411)	(1,621)	23	0.15	21	0.15	4.34	30.18
67	Pacific/Asia ex-Japan Stk	367	367	(494)	(7,472)	23	0.15	31	0.21	9.50	15.48
68	Allocation--85%+ Equity	(310)	(310)	(1,173)	(1,942)	20	0.14	23	0.15	6.99	11.53
69	Muni New York Long	69	69	341	(41)	20	0.13	19	0.13	(0.18)	9.89
70	Trading--Leveraged Equity	(1,705)	(1,705)	(5,069)	(3,208)	19	0.12	20	0.13	—	—

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MORNINGSTAR®

Fund Flows

Monthly Market Summary: US Open-end & ETF ex MM ex FoF

Including merged and liquidated funds

Effective Date
07-31-2016

Morningstar Categories Ranked by Current TNA ($Mil)

Rank	Name	Estimated Net Flow ($mil)				Total Net Assets ($bil)				Total Return	
		1-Mo	QTD	YTD	1-Yr	07-2016	Mkt Sh %	07-2015	Mkt Sh %	1-Mo	YTD
71	Industrials	(12)	(12)	143	(1,275)	17	0.11	17	0.12	8.87	18.39
72	Convertibles	(253)	(253)	(2,397)	(4,053)	16	0.11	21	0.14	8.53	10.72
73	China Region	(23)	(23)	(3,592)	(6,050)	15	0.10	24	0.16	7.52	(5.47)
74	Infrastructure	(170)	(170)	(1,062)	(2,581)	15	0.10	17	0.11	3.95	31.76
75	Diversified Pacific/Asia	64	64	(746)	(1,463)	14	0.09	15	0.10	9.98	13.59
76	Muni Single State Interm	87	87	596	534	13	0.09	13	0.09	(0.08)	3.35
77	Trading--Inverse Equity	1,637	1,637	6,216	6,681	12	0.08	8	0.06	—	—
78	Option Writing	(213)	(213)	(215)	(98)	12	0.08	12	0.08	3.04	5.44
79	Muni New York Intermediate	56	56	660	989	11	0.08	10	0.07	(0.30)	7.45
80	Emerging-Markets Local-Currency Bond	258	258	(1,328)	(4,867)	11	0.07	16	0.11	1.46	21.77
81	Allocation--15% to 30% Equity	(60)	(60)	(186)	(481)	11	0.07	11	0.07	2.82	7.75
82	Muni Single State Short	33	33	(686)	(1,127)	11	0.07	11	0.08	0.13	2.21
83	Muni Pennsylvania	17	17	202	166	10	0.06	9	0.06	(0.06)	4.16
84	India Equity	77	77	(160)	(1,116)	9	0.06	11	0.07	12.34	16.75
85	Communications	144	144	1,077	1,310	9	0.06	7	0.05	6.09	24.72
86	Long-Short Credit	(621)	(621)	(2,649)	(4,084)	8	0.05	13	0.09	1.21	2.23
87	Muni Massachusetts	51	51	345	371	7	0.05	7	0.05	(0.12)	3.77
88	Multicurrency	(81)	(81)	(1,327)	(3,761)	7	0.05	11	0.07	(0.09)	4.23
89	Muni New Jersey	21	21	53	(121)	7	0.05	7	0.04	(0.02)	4.69
90	Latin America Stock	27	27	801	962	7	0.05	5	0.03	13.22	78.47
91	Muni Ohio	35	35	256	268	5	0.04	5	0.03	(0.15)	4.06
92	Commodities Energy	171	171	199	2,329	5	0.03	5	0.03	(10.08)	0.41
93	Muni Minnesota	39	39	307	384	5	0.03	4	0.03	(0.09)	3.54
94	Target-Date 2030	98	98	118	(205)	5	0.03	5	0.03	2.93	8.42
95	Target-Date 2020	56	56	87	(363)	4	0.03	5	0.03	2.80	7.41
96	Volatility	547	547	2,979	3,561	4	0.03	3	0.02	—	—
97	Trading--Inverse Debt	109	109	26	(708)	4	0.02	6	0.04	—	—
98	Target-Date 2025	57	57	203	78	4	0.02	3	0.02	0.52	9.60
99	Target-Date 2040	49	49	59	(172)	4	0.02	4	0.02	4.10	8.80
100	Trading--Leveraged Commodities	861	861	828	2,915	3	0.02	3	0.02	—	—
101	Bear Market	(125)	(125)	290	(473)	3	0.02	4	0.03	(9.78)	(16.94)
102	Miscellaneous Sector	(6)	(6)	(95)	(213)	3	0.02	3	0.02	—	—
103	Target-Date 2035	48	48	207	159	2	0.02	2	0.01	0.87	9.54
104	Target-Date 2050	10	10	88	14	2	0.01	2	0.01	0.84	9.79
105	Commodities Agriculture	26	26	210	9	2	0.01	2	0.01	(4.69)	4.66

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MORNINGSTAR®

Fund Flows

Monthly Market Summary: US Open-end & ETF ex MM ex FoF

Including merged and liquidated funds

Effective Date
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Morningstar Categories Ranked by Current TNA ($Mil)

Rank	Name	Estimated Net Flow ($mil)				Total Net Assets ($bil)				Total Return	
		1-Mo	QTD	YTD	1-Yr	07-2016	Mkt Sh %	07-2015	Mkt Sh %	1-Mo	YTD
106	Target-Date Retirement	14	14	(25)	(90)	1	0.01	2	0.01	1.96	6.40
107	Single Currency	104	104	63	198	1	0.01	1	0.01	—	—
108	Target-Date 2045	25	25	125	88	1	0.01	1	0.01	0.95	9.41
109	Trading--Inverse Commodities	(72)	(72)	441	198	1	0.01	1	0.01	—	—
110	Trading--Miscellaneous	59	59	(56)	(350)	1	0.01	1	0.01	—	—
111	Target-Date 2015	(24)	(24)	(85)	(250)	1	0.00	1	0.01	0.24	9.43
112	Trading--Leveraged Debt	34	34	18	(21)	1	0.00	0	0.00	—	—
113	Target-Date 2055	11	11	105	130	0	0.00	0	0.00	5.67	17.13
114	Target-Date 2000-2010	(40)	(40)	(91)	(223)	0	0.00	1	0.00	3.29	7.27
115	Commodities Industrial Metals	65	65	58	22	0	0.00	0	0.00	—	—
116	Target-Date 2060+	11	11	14	14	0	0.00	0	0.00	3.86	5.61
117	Commodities Miscellaneous	0	0	(1)	0	0	0.00	0	0.00	(1.07)	(51.20)
Top 10		**27,871**	**27,871**	**104,427**	**159,726**	**8,853**	**59.47**	**8,568**	**58.41**	**—**	**—**
All		**36,886**	**36,886**	**105,028**	**73,051**	**14,886**	**100.00**	**14,668**	**100.00**	**—**	**—**

Top Fund Families Ranked by Current TNA ($Mil)

Rank	Name	Estimated Net Flow ($mil)				Assets Under Management ($bil)			
		1-Mo	QTD	YTD	1-Yr	07-2016	Mkt Sh %	07-2015	Mkt Sh %
1	Vanguard	23,150	23,150	157,916	233,794	3,259	21.90	2,914	19.87
2	American Funds	(1,800)	(1,800)	5,034	1,846	1,253	8.42	1,222	8.33
3	Fidelity Investments	(3,598)	(3,598)	(10,667)	(13,591)	1,234	8.29	1,246	8.50
4	iShares	19,657	19,657	46,126	99,820	911	6.12	809	5.52
5	T. Rowe Price	(839)	(839)	(959)	(2,863)	499	3.35	486	3.31
6	SPDR State Street Global Advisors	10,985	10,985	13,791	27,785	460	3.09	419	2.85
7	Franklin Templeton Investments	(3,765)	(3,765)	(24,406)	(47,302)	389	2.61	439	2.99
8	Pimco	(936)	(936)	(8,425)	(36,946)	307	2.06	337	2.30
9	Dimensional Fund Advisors	205	205	13,086	20,826	296	1.99	274	1.87
10	JPMorgan	(740)	(740)	(5,205)	(2,339)	276	1.85	280	1.91
11	BlackRock	(839)	(839)	(2,824)	(4,406)	233	1.57	239	1.63
12	MFS	127	127	1,406	1,374	189	1.27	183	1.25
13	OppenheimerFunds	(1,186)	(1,186)	(6,303)	(12,807)	180	1.21	194	1.32
14	Dodge & Cox	(1,120)	(1,120)	(4,711)	(10,033)	178	1.19	196	1.33
15	Invesco	3,680	3,680	3,078	120	151	1.02	150	1.03

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MORNINGSTAR®

Fund Flows

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Including merged and liquidated funds

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Top Fund Families Ranked by Current TNA ($Mil)

Rank	Name	Estimated Net Flow ($mil)				Assets Under Management ($bil)			
		1-Mo	QTD	YTD	1-Yr	07-2016	Mkt Sh %	07-2015	Mkt Sh %
16	Columbia	(284)	(284)	(4,444)	(10,317)	146	0.98	157	1.07
17	John Hancock	(366)	(366)	(1,815)	2,950	133	0.90	132	0.90
18	Jackson National	229	229	338	3,060	131	0.88	128	0.87
19	Principal Funds	245	245	484	856	120	0.80	117	0.80
20	Janus	(568)	(568)	(1,267)	(3,495)	106	0.71	110	0.75
21	American Century Investments	22	22	264	(977)	106	0.71	103	0.70
22	Lord Abbett	865	865	2,020	(2,195)	105	0.71	106	0.72
23	Wells Fargo Funds	(1,295)	(1,295)	(5,348)	(11,093)	103	0.69	113	0.77
24	AXA Equitable	(424)	(424)	(3,026)	(4,490)	100	0.67	103	0.70
25	TIAA-CREF Asset Management	392	392	4,182	7,101	98	0.66	89	0.60
26	PowerShares	4,151	4,151	1,554	3,946	97	0.65	92	0.63
27	Legg Mason	373	373	(191)	(1,214)	94	0.63	94	0.64
28	Hartford Mutual Funds	(369)	(369)	(2,413)	(2,849)	93	0.62	96	0.65
29	SEI	(117)	(117)	411	1,358	92	0.61	89	0.60
30	Metropolitan West Funds	784	784	6,629	9,226	88	0.59	76	0.52
31	Goldman Sachs	(169)	(169)	(7,168)	(13,073)	84	0.56	99	0.67
32	Voya	(433)	(433)	(3,982)	(7,257)	83	0.56	89	0.61
33	Prudential Investments	477	477	1,764	537	82	0.55	82	0.56
34	DoubleLine	790	790	10,363	16,060	75	0.51	57	0.39
35	Harbor	(1,227)	(1,227)	(3,834)	(6,112)	75	0.50	86	0.59
36	First Eagle	95	95	(1,186)	(4,616)	73	0.49	73	0.50
37	Nuveen	720	720	4,476	5,454	69	0.46	61	0.42
38	Eaton Vance	188	188	1,489	(1,859)	68	0.45	69	0.47
39	Oakmark	(2,413)	(2,413)	(8,178)	(10,980)	67	0.45	84	0.57
40	Federated	696	696	1,714	505	67	0.45	65	0.45
41	AllianceBernstein	109	109	2,359	1,290	66	0.44	62	0.42
42	Putnam	(553)	(553)	(5,691)	(9,342)	64	0.43	76	0.52
43	USAA	(56)	(56)	(971)	(1,171)	60	0.40	59	0.40
44	Schwab Funds	(308)	(308)	(1,038)	(465)	59	0.40	59	0.40
45	Dreyfus	(129)	(129)	(38)	(3,405)	59	0.40	62	0.42
46	GMO	(1,362)	(1,362)	(8,879)	(15,984)	59	0.40	76	0.52
47	MainStay	(1,389)	(1,389)	(4,906)	(8,433)	57	0.38	67	0.45
48	Natixis Funds	(742)	(742)	(3,726)	(7,469)	54	0.37	62	0.42
49	Schwab ETFs	1,380	1,380	8,293	14,718	51	0.34	35	0.24
50	Northern Funds	5	5	(353)	(1,461)	50	0.33	52	0.35

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Fund Flows

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Including merged and liquidated funds

Effective Date
07-31-2016

Top Fund Families Ranked by Current TNA ($Mil)

Rank	Name	Estimated Net Flow ($mil)				Assets Under Management ($bil)			
		1-Mo	QTD	YTD	1-Yr	07-2016	Mkt Sh %	07-2015	Mkt Sh %
Top 10		**42,320**	**42,320**	**186,291**	**281,030**	**8,884**	**59.68**	**8,426**	**57.44**
Top 50		**42,300**	**42,300**	**154,820**	**194,083**	**12,750**	**85.65**	**12,368**	**84.32**
Other		**(5,414)**	**(5,414)**	**(47,730)**	**(116,308)**	**2,136**	**14.35**	**2,289**	**15.61**
All		**36,886**	**36,886**	**107,090**	**77,775**	**14,886**	**100.00**	**14,657**	**99.92**

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Fund Flows

Monthly Market Summary: US Open-end & ETF ex MM ex FoF

Including merged and liquidated funds

Effective Date
07-31-2016

Asset Classes

Name	Estimated Net Flow ($mil)				Assets Under Management ($bil)			
	1-Mo	QTD	YTD	1-Yr	07-2016	Mkt Sh %	07-2015	Mkt Sh %
US Equity	772	772	(51,991)	(47,452)	6,307	42.37	6,250	42.61
Sector Equity	(1,336)	(1,336)	(14,142)	(18,012)	800	5.37	800	5.45
International Equity	(2,970)	(2,970)	7,741	33,786	2,371	15.93	2,463	16.79
Allocation	(3,499)	(3,499)	(25,824)	(57,780)	1,224	8.22	1,256	8.56
Taxable Bond	33,940	33,940	118,558	78,512	3,184	21.39	3,006	20.49
Municipal Bond	7,094	7,094	44,298	54,814	679	4.56	593	4.04
Alternative	501	501	5,609	10,283	221	1.49	225	1.53
Commodities	2,385	2,385	20,780	18,899	100	0.67	76	0.52
All Long Term	**36,886**	**36,886**	**105,028**	**73,051**	**14,886**	**100.00**	**14,668**	**100.00**

Morningstar Ratings

Name	Estimated Net Flow ($mil)				Total Net Assets ($bil)			
	1-Mo	QTD	YTD	1-Yr	07-2016	Mkt Sh %	07-2015	Mkt Sh %
★★★★★	26,872	26,872	176,871	254,751	3,210	21.56	2,825	19.26
★★★★	22,215	22,215	54,556	59,295	5,505	36.98	5,319	36.26
★★★	(8,666)	(8,666)	(70,467)	(117,667)	4,350	29.23	4,510	30.75
★★	(12,242)	(12,242)	(98,932)	(162,485)	1,160	7.79	1,352	9.22
★	(2,576)	(2,576)	(24,743)	(49,617)	201	1.35	256	1.75
Not Rated	11,284	11,284	67,744	88,775	460	3.09	405	2.76
Total	**36,886**	**36,886**	**105,028**	**73,051**	**14,886**	**100.00**	**14,668**	**100.00**

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