

# FUNDFLOWS INSIGHT REPORT

LSEG LIPPER RESEARCH SERIES

JANUARY 31, 2024

## Fixed Income ETFs Attract Record Net Inflows in January After the SEC Approves Bitcoin ETFs

- For the second month in three, mutual fund investors were net purchasers of fund assets, injecting \$24.4 billion into conventional funds for January.
- Money market funds (+\$54.5 billion) witnessed net inflows for the third consecutive month.
- Fixed income funds (+\$26.7 billion) experienced net inflows for the first month in six, while investors were net sellers of stock & mixed-assets funds (-\$56.8 billion) for the thirty-fourth month in a row.
- Authorized Participants (APs) were net purchasers of ETFs, injecting \$65.9 billion for January.
- Fixed income ETFs (+\$49.0 billion, a record amount) witnessed net inflows for the twenty-fourth straight month, while investors were net purchasers of stock & mixed-assets ETFs (+\$17.0 billion).
- Grayscale Bitcoin Trust (GBTC, housed in Lipper's Alternative Currency Strategies ETF classification) took in \$20.7 billion for January.

## Fixed Income ETFs Attract Record Net Inflows in January After the SEC Approves Bitcoin ETFs

### Executive Summary

Investors were net purchasers of mutual fund assets for the second month in three, injecting \$24.4 billion into the conventional fund business (excluding ETFs, which are reviewed in the section below). However, the headline numbers are a bit misleading. For the thirty-fourth consecutive month, stock & mixed-assets funds experienced net outflows (-\$56.8 billion). However, the fixed income funds macro-group—for the first month in six—witnessed net inflows, taking in \$26.7 billion. And, in a continued flight to safety, investors padded the coffers of money market funds, injecting \$54.5 billion for January.

After a rocky start in trading during the first week of 2024, U.S. stocks rose on Friday, January 5, but still snapped a nine-week winning streak with all three broad-based U.S. indices declining for the week. The Russell 2000 (-3.75%) and Nasdaq (-3.25%) suffered the largest declines for the week. Investors stepped back into the market on Friday after the Bureau of Labor Statistics reported that the U.S. added 216,000 jobs in December, handily beating analysts' expectations of 170,000. In other news, the December Institute of Supply Management services index fell to 50.6 from 52.7 the month before. The 10-year Treasury yield rose six basis points (bps) on the day to finish the week at 4.05%.

Investors pushed stocks higher the following week, despite learning about a U.S.-led airstrike in Yemen that was intended to thwart further attacks on ships in the Red Sea. Nonetheless, the Nasdaq posted its largest one-week gain since November after the Bureau of Labor Statics reported the December producer price index fell 0.1% from the month prior—its third straight month-over-month decline. The 10-year Treasury yield dipped nine bps for the week to settle at 3.96%.

The S&P 500 closed at its first record high in slightly more than two years on Friday, January 19, as fourth-quarter earnings reports ramped up. In other news, the University of Michigan reported that its preliminary consumer sentiment gauge for January rose to 78.8 (its highest level since July 2021) from 69.7 the month before. The 10-year Treasury yield rose 19 bps to finish the week at 4.15%.

The Dow closed above the 38,000 mark for the first time in history on Monday, January 22, when investors digested a report that showed the Conference Board's leading economic index for the U.S. fell for the twenty-first consecutive month in December to 0.1%, beating analysts' expectation of a 0.3% decline. However, the markets finished mixed at week's end as investors remained mostly optimistic ahead of the Federal Reserve Board's policy-setting meeting the following week along with five of the Magnificent Seven reporting Q4 earnings. The 10-year Treasury remained unchanged for the week.

On the last trading day of the month, stocks ended down, with the Nasdaq suffering its largest one-day decline since December 2022. While the Fed left its key lending rate unchanged, Fed Chair Jerome Powell said inflation is "still too high" and that a March interest-rate cut was unlikely.

**TABLE 1** ESTIMATED NET FLOWS BY MAJOR FUND TYPES, JANUARY 2024 VERSUS DECEMBER (\$BIL)

	JANUARY	DECEMBER
Stock & Mixed Equity Funds	-56.8	-92.6
Bond Funds	26.7	-12.1
Money Market Funds	54.5	18.8
<b>TOTAL</b>	<b>24.4</b>	<b>-86.0</b>

Source: LSEG Lipper

Note: Columns may not sum because of rounding

**TABLE 2** ESTIMATED NET FLOWS OF MAJOR EQUITY FUND TYPES, JANUARY 2024 VERSUS DECEMBER (\$BIL)

	JANUARY	DECEMBER
USDE Funds	-35.5	-48.2
Sector Equity Funds	-2.0	-8.1
World Equity Funds	-4.6	-19.0
Mixed-Assets Funds	-13.9	-14.1
Alternatives Funds	-0.8	-3.2
<b>TOTAL</b>	<b>-56.8</b>	<b>-92.6</b>

Source: LSEG Lipper

Note: Columns may not sum because of rounding



# EQUITY FUNDS

## United States Diversified Equity (USDE) Funds

For the thirty-seventh consecutive month, USDE Funds witnessed net outflows (-\$35.5 billion for January).

Of the 12 classifications in the USDE 4x3-matrix subgroup (-\$34.8 billion), only Mid-Cap Core Funds (+\$946 million) witnessed net inflows for the month. Small-Cap Value Funds (-\$421 million) and Small-Cap Core Funds (-\$717 million) did the best job mitigating outflows of the remaining classifications in the group. Growth-oriented funds (-\$18.2 billion) suffered the largest net redemptions of the style groups, while large-cap funds (-\$17.8 billion) handed back the largest amount of the capitalization groups. Lipper's Large-Cap Growth Funds classification (-\$8.6 billion) suffered the largest net outflows of the macro-classification, bettered by Large-Cap Core Funds (-\$6.0 billion) and Mid-Cap Growth Funds (-\$5.4 billion).

For the eighteenth consecutive month, the non-4x3-matrix subgroup witnessed net outflows, handing back \$691 million for January. Of the subgroup classifications, S&P 500 Index Funds (+\$4.6 billion) attracted the only net inflows for the month. Equity Income Funds (-\$4.9 billion) suffered the largest outflows of the group, bettered by S&P Midcap 400 Index Funds (-\$266 million) and Equity Leverage Funds (-\$130 million).

TABLE 3

ESTIMATED NET FLOWS OF 4X3-MATRIX USDE FUNDS, JANUARY 2024 VERSUS DECEMBER (\$BIL)

	VALUE	CORE	GROWTH	JANUARY	DECEMBER
Large-Cap	-3.2	-6.0	-8.6	-17.8	-21.2
Multi-Cap	-1.1	-4.7	-2.3	-8.1	-13.2
Mid-Cap	-1.5	0.9	-5.4	-5.9	-6.4
Small-Cap	-0.4	-0.7	-1.8	-3.0	-4.4
<b>TOTAL</b>	<b>-6.1</b>	<b>-10.5</b>	<b>-18.2</b>	<b>-34.8</b>	<b>-45.2</b>

Source: LSEG Lipper

Note: Columns and rows may not sum because of rounding

TABLE 4

ESTIMATED NET FLOWS OF OTHER USDE CLASSIFICATIONS, JANUARY 2024 VERSUS DECEMBER (\$BIL)

	JANUARY	DECEMBER
Equity Leverage Funds	-0.1	0.0
Equity Income Funds	-4.9	-5.8
Options Arbitrage/Options Strategies Funds	0.0	0.1
Specialty Diversified Equity Funds	0.0	0.0
S&P Midcap 400 Index Funds	-0.3	-0.2
S&P 500 Index Funds	4.6	3.0
<b>TOTAL</b>	<b>-0.7</b>	<b>-3.0</b>

Source: LSEG Lipper

Note: Columns may not sum because of rounding

# EQUITY FUNDS

## World Equity Funds

For the twenty-sixth month in a row, investors were net sellers of World Equity Funds. They withdrew a net \$4.6 billion for the month of January.

Lipper's Global Diversified Equity Funds subgroup (-\$4.4 billion), for the thirty-second consecutive month, witnessed net outflows, while for the fifth month in a row the International Diversified Equity Funds subgroup experienced net outflows, handing back \$1.7 billion. The non-3x3-matrix (+\$1.5 billion) subgroup (Other World Equity Funds) witnessed its first month of net inflows in 10.

Emerging Markets Funds (+\$2.5 billion) rose to the top of the World Equity Funds macro-classification, taking in the largest net flows of the group for the month. International Large-Cap Core Funds—witnessing \$1.4 billion in net inflows—was the runner-up, followed by International Multi-Cap Growth Funds (+\$1.1 billion). At the bottom of the pile, International Large-Cap Growth Funds (-\$3.5 billion) witnessed the largest net redemptions, bettered by Global Multi-Cap Core Funds (-\$1.3 billion).

**TABLE 5**
**ESTIMATED NET FLOWS OF 3X3-MATRIX GLOBAL DIVERSIFIED EQUITY FUNDS, JANUARY 2024 VERSUS DECEMBER (\$BIL)**

	VALUE	CORE	GROWTH	JANUARY	DECEMBER
Large-Cap	-0.2	-0.9	-1.1	-2.2	-2.5
Multi-Cap	-0.5	-1.3	-0.3	-2.0	-2.4
Small-/Mid-Cap (No Style)		-0.2		-0.2	-0.8
<b>TOTAL (LARGE &amp; MULTI)</b>	<b>-0.7</b>	<b>-2.4</b>	<b>-1.4</b>	<b>-4.4</b>	<b>-5.8</b>

Source: LSEG Lipper

Note: Columns and rows may not sum because of rounding

**TABLE 6**
**ESTIMATED NET FLOWS OF 3X3-MATRIX INTERNATIONAL DIVERSIFIED EQUITY FUNDS, JANUARY 2024 VERSUS DECEMBER (\$BIL)**

	VALUE	CORE	GROWTH	JANUARY	DECEMBER
Large-Cap	0.2	1.4	-3.5	-1.9	-4.5
Multi-Cap	-0.4	0.4	1.1	1.1	-3.9
Small-/Mid-Cap	0.0	0.0	-0.8	-0.9	-1.2
<b>TOTAL</b>	<b>-0.2</b>	<b>1.8</b>	<b>-3.3</b>	<b>-1.7</b>	<b>-9.6</b>

Source: LSEG Lipper

Note: Columns and rows may not sum because of rounding

**TABLE 7**
**ESTIMATED NET FLOWS OF OTHER WORLD EQUITY FUND CLASSIFICATIONS, JANUARY 2024 VERSUS DECEMBER (\$BIL)**

	JANUARY	DECEMBER
China Region Funds	0.0	-0.1
Emerging Markets Funds	2.5	-1.2
European Region Funds	-0.1	-0.1
Frontier Markets Funds	0.1	0.0
Global Equity Income Funds	-0.4	-1.2
India Region Funds	0.0	0.0
International Equity Income Funds	-0.1	-0.1
Japanese Funds	0.0	-0.2
Latin American Funds	0.0	0.0
Pacific Region Funds	-0.1	-0.1
Pacific ex-Japan Funds	-0.4	-0.7
<b>TOTAL</b>	<b>1.5</b>	<b>-3.6</b>

Source: LSEG Lipper

Note: Columns may not sum because of rounding

# EQUITY FUNDS

## Sector Equity Funds

Investors were net sellers of the Sector Equity Funds macro-classification for the twenty-first consecutive month, redeeming \$2.0 billion for January.

Only four of the 25 classifications in this group attracted net new money for the month. Science & Technology Funds (+\$619 million) witnessed the largest net inflows of the group, followed by Commodities General Funds (+\$470 million). The Health/Biotechnology Funds classification suffered the largest net outflows of the group—handing back slightly more than \$864 million—bettered by Global Health/Biotechnology Funds (-\$429 million) and Global Real Estate Funds (-\$352 million).

TABLE 8

ESTIMATED NET FLOWS OF SECTOR EQUITY FUNDS, JANUARY 2024 VERSUS DECEMBER (\$BIL)

	JANUARY	DECEMBER
Precious Metals Equity Funds	-0.2	-0.2
Alternative Energy Funds	0.0	0.0
Basic Materials Funds	0.0	0.0
Consumer Goods Funds	0.0	0.0
Commodities Energy Funds	-	-
Commodities General Funds	0.5	-1.1
Commodities Specialty Funds	-	-
Consumer Services Funds	0.0	0.0
Energy MLP Funds	-0.2	-0.1
Financial Services Funds	0.0	0.1
Global Financial Services Funds	0.0	0.0
Global Health/Biotechnology Funds	-0.4	-0.5
Global Infrastructure Funds	-0.1	-0.4
Global Natural Resources Funds	-0.1	-0.7
Global Real Estate Funds	-0.4	-0.7
Global Science/Technology Funds	-0.1	-0.1
Health/Biotechnology Funds	-0.9	-1.5
Industrials Funds	-0.1	0.0
International Real Estate Funds	-0.2	-0.4
Natural Resources Funds	-0.1	-0.5
Real Estate Funds	0.1	-1.4
Specialty/Miscellaneous Funds	-0.1	-0.1
Science & Technology Funds	0.6	0.2
Telecommunication Funds	0.0	-0.1
Utility Funds	-0.3	-0.4
<b>TOTAL</b>	<b>-2.0</b>	<b>-8.1</b>

Source: LSEG Lipper

Note: Columns may not sum because of rounding

# EQUITY FUNDS

## Mixed-Assets Funds

The Mixed-Assets Funds macro-classification witnessed net outflows for the twenty-ninth consecutive month—handing back \$13.9 billion for January.

Convertible Securities Funds (-\$125 million), Emerging Markets Mixed-Assets Funds (-\$6 million), Flexible Portfolio Funds (-\$3.1 billion), and Real Return Funds (-\$140 million)—not shown in Table 9—collectively handed back \$3.4 billion.

For the second month in a row, the mixed-asset target-date funds subgroup witnessed net outflows, handing back \$361 million. Meanwhile, the mixed-asset target-allocation funds subgroup—for the thirty-third consecutive month—experienced net outflows (-\$10.1 billion for January).

Seven of the 18 classifications in the target-date/target-allocation subgroups experienced net inflows for the month, with Mixed-Asset Target 2055 Funds (+\$1.1 billion), Mixed-Asset Target 2060 Funds (+\$1.0 billion), and Mixed-Asset Target 2050 Funds (+\$834 million) attracting the largest net draws of the classifications. Mixed-Asset Target Allocation Growth Funds (-\$4.7 billion) witnessed the largest net redemptions, bettered by Mixed-Asset Target Allocation Moderate Funds (-\$3.4 billion) and Mixed-Asset Target 2025 Funds (-\$2.1 billion).

## Alternatives Funds

For the seventeenth month in a row, the Alternatives Funds macro-classification witnessed net outflows (-\$796 million) for January, with Alternative Equity Market Neutral Funds (+\$113 million) and Alternative Managed Futures Funds (+\$83 million) attracting the largest draws of net new money of the macro-classification. Alternative Global Macro Funds (-\$590 million) witnessed the largest net outflows of the remaining classifications in the group, bettered by Alternative Long/Short Equity Funds (-\$335 million) and Alternative Other Funds (a variable annuity underlying fund classification, -\$157 million).

**TABLE 9** ESTIMATED NET FLOWS OF TARGET DATE AND TARGET ALLOCATION FUNDS, JANUARY 2024 VERSUS DECEMBER (\$BIL)

	JANUARY	DECEMBER
Mixed Asset Target 2010 Funds	-0.2	-0.2
Mixed Asset Target 2015 Funds	-0.3	-0.3
Mixed Asset Target 2020 Funds	-1.8	-1.6
Mixed Asset Target 2025 Funds	-2.1	-1.7
Mixed Asset Target 2030 Funds	-0.6	-0.7
Mixed Asset Target 2035 Funds	0.5	0.2
Mixed Asset Target 2040 Funds	0.3	0.1
Mixed Asset Target 2045 Funds	0.8	0.5
Mixed Asset Target 2050 Funds	0.8	0.6
Mixed Asset Target 2055 Funds	1.1	0.9
Mixed-Asset Target 2060 Funds	1.0	0.8
Mixed-Asset Target 2060+ Funds	0.6	0.5
Mixed Asset Target Today Funds	-0.5	-0.7
Mixed Asset Target Alloc Aggres Funds	-0.2	-0.3
Mixed Asset Target Alloc Conserv Funds	-1.7	-2.3
Mixed Asset Target Alloc Growth Funds	-4.7	-4.4
Mixed Asset Target Alloc Moderate Funds	-3.4	-3.8
Retirement Income	0.0	0.0
<b>TOTAL</b>	<b>-10.5</b>	<b>-12.6</b>

Source: LSEG Lipper

Note: Columns may not sum because of rounding

**TABLE 10** ESTIMATED NET FLOWS OF ALTERNATIVES FUNDS, JANUARY 2024 VERSUS DECEMBER (\$BIL)

	JANUARY	DECEMBER
Absolute Return Funds	0.0	-0.2
Alternative Active Extension Funds	0.1	0.0
Alternative Equity Market Neutral Funds	0.1	-0.2
Alternative Event Driven Funds	0.1	-0.4
Alternative Global Macro Funds	-0.6	-0.7
Alternative Long/Short Equity Funds	-0.3	-0.7
Alternative Managed Futures Funds	0.1	-0.8
Alternative Multi-Strategy Funds	0.0	-0.6
Alternative Other Funds	-0.2	0.4
Dedicated Short Bias Funds	0.0	-0.1
<b>TOTAL</b>	<b>-0.8</b>	<b>-3.2</b>

Source: LSEG Lipper

Note: Columns may not sum because of rounding

# FIXED INCOME FUNDS

## Fixed Income Funds

Fund investors were net purchasers of bond funds for the first month in six, injecting \$26.7 billion for January. On the taxable bond (non-money market) fund side (+\$21.3 billion), 20 of Lipper's 31 classifications witnessed net inflows. On the tax-exempt side (+\$5.4 billion), 13 of the 20 classifications in the municipal bond fund universe saw net inflows.

On the taxable side, investors put money to work in Core Bond Funds (+\$11.8 billion), Multi-Sector Income Funds (+\$4.2 billion), and International Income Funds (+\$2.1 billion). The General Bond Funds classification witnessed the largest net outflows of the group, handing back \$2.9 billion for January, bettered by General U.S. Government Funds (-\$693 million), Short Investment-Grade Debt Funds (-\$591 million), and Loan Participation Funds (-\$516 million).

High-Yield Municipal Debt Funds (+\$2.4 billion) witnessed the largest net inflows for the month on the municipal bond fund side, followed by General & Insured Municipal Debt Funds (+\$2.0 billion) and Intermediate Municipal Debt Funds (+\$717 million). Short Municipal Debt Funds (-\$424 million) suffered the largest net redemptions of the subgroup, bettered by Short-Intermediate Municipal Debt Funds (-\$99 million), California Short-Intermediate Municipal Debt Funds (-\$46 million), and Maryland Municipal Debt Funds (-\$20 million).

## Money Market Funds

For the third consecutive month, investors were net purchasers of the Money Market Funds macro-classification, injecting \$54.5 billion for January.

Money Market Funds (+\$22.3 billion) attracted the largest net inflows of the subgroup on the taxable side (+\$59.4 billion), followed by U.S. Government Money Market Funds (+\$10.3 billion), Institutional Money Market Funds (+\$10.3 billion), Institutional U.S. Government Money Market Funds (+\$8.4 billion), U.S. Treasury Money Market Funds (+\$8.1 billion), and Institutional U.S. Treasury Money Market Funds (+\$58 million) for the month.

Four of the five classifications on the tax-exempt money market funds side (-\$4.9 billion) witnessed net outflows for the month, with Institutional Tax-Exempt Money Market Funds (+\$51 million) witnessing the only net inflows for the month. Tax-Exempt Money Market Funds (-\$4.4 billion) suffered the largest net outflows of the subgroup.

**TABLE 11**
**ESTIMATED NET FLOWS OF MAJOR FIXED INCOME FUND TYPES, JANUARY 2024 VERSUS DECEMBER (\$BIL)**

	TAXABLE	MUNICIPAL	JANUARY	DECEMBER
Long-Term Bond	6.5	5.1	11.6	-9.0
Short & Intermediate	14.8	0.3	15.1	-3.1
Money Market	59.4	-4.9	54.5	18.8
<b>TOTAL</b>	<b>80.7</b>	<b>0.5</b>	<b>81.2</b>	<b>6.6</b>

Source: LSEG Lipper

Note: Columns and rows may not sum because of rounding

# FUND FLOWS BY PROMOTER (EX-ETFs)

## Top Mutual Fund Attractors of Investors' Assets by Promoter (ex-ETFs)

Fidelity Investments (+\$27.0 billion), Charles Schwab Investment Management (+\$15.2 billion), and State Street Global Advisors (+\$12.6 billion) were lead attractors of mutual fund net inflows in January. Strong estimated net flows into the **Fidelity Institutional Government Portfolio, Institutional Share Class (FRGXX, +\$5.5 billion)** helped keep Fidelity on the top of the estimated net flows promoter leaderboard for the month. Charles Schwab was the second top attractor of investors' assets, benefiting from investors' continued interest in money market funds.

TABLE 12

## LARGEST MONTHLY ESTIMATED NET INFLOWS (\$BIL) BY FUND PROMOTER (EX-ETFs), JANUARY 2024

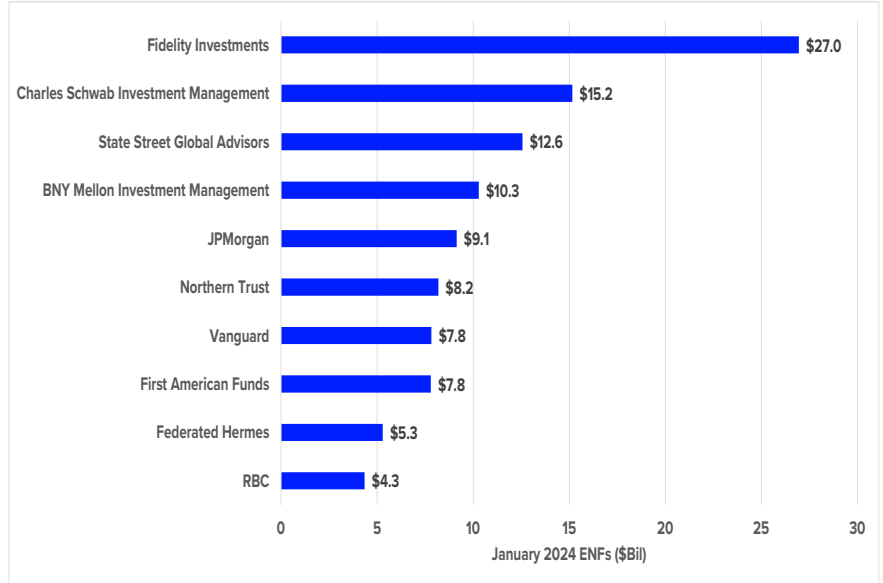


TABLE 13

## TOP SELLING SHARE CLASSES (EX-ETFs) BY FUND PROMOTER, JANUARY 2024

Fidelity Investments Top-Selling Share Classes		
	ASSET CLASS	ENFS (\$MIL)
Fidelity Instl Government Portfolio;Institutional	Money Market	5,525
Fidelity 500 Index Fund	Equity	4,581
Fidelity Government Money Market Fund	Money Market	3,587
Fidelity Strategic Advisers Fidelity US Total Stk	Equity	2,023
Fidelity Money Market Fund;Premium	Money Market	1,907
Charles Schwab Top-Selling Share Classes		
	ASSET CLASS	ENFS (\$MIL)
Schwab Value Advantage Money Fund;Investor	Money Market	6,827
Schwab Value Advantage Money Fund;Ultra	Money Market	3,453
Schwab US Treasury Money Fund;Ultra	Money Market	2,668
Schwab US Treasury Money Fund;Investor	Money Market	1,220
Schwab Government Money Fund;Ultra	Money Market	962

Source: LSEG Lipper



# FUNDFLOWS INSIGHT REPORT

LSEG LIPPER RESEARCH SERIES

JANUARY 31, 2024

## Taxable Fixed Income ETFs Attract Their Largest Monthly Draw on Record in January, Benefiting from the SEC's Approval of Bitcoin ETFs

### ETF Executive Summary

For the twenty-first consecutive month, ETFs attracted net new money, taking in \$65.9 billion for January. Authorized participants (APs—those investors who create and redeem ETF shares) were net purchasers of stock & mixed-assets ETFs—also for the twenty-first month in a row—injecting \$17.0 billion into equity ETF coffers. For the twenty-fourth month running, they were net purchasers of bond ETFs—injecting \$49.0 billion for the month (their largest monthly net inflow on record). APs were net purchasers of three of the five equity-based ETF macro-classifications, padding the coffers of U.S. Diversified Equity ETFs (+\$12.4 billion), World Equity ETFs (+\$7.0 billion), and Mixed-Assets ETFs (+\$89 million) while being net redeemers of Sector Equity ETFs (-\$1.5 billion) and Alternatives ETFs (-\$931 million).

U.S. stocks started off on a down note in the beginning of January, snapping a nine-week winning streak. However, on the last trading day of the week markets rallied after the Bureau of Labor Statistics reported that the U.S. added 216,000 jobs in December, beating analysts' expectations of 170,000. The unemployment rate remained steady at 4.7%, while hiring for October and November were revised downward. The Institute of Supply Management services index fell to 50.6 in December from 52.7 the month before. Nonetheless, the 10-year Treasury yield rose six basis points (bps) on the day to finish the week at 4.05%.

The following week the Nasdaq posted its largest one-week gain since November after the Bureau of Labor Statics reported the December producer price index fell 0.1% from the month prior—its third straight month-over-month decline. The 10-year Treasury yield dipped nine bps for the week to settle at 3.96%.

The S&P 500 closed at its first record high in just over two years on Friday, January 19, as fourth quarter earnings reports ramped up. Semiconductor issues got another shot in the arm after Super Micro Computer Inc. (SMCI) released updated financial guidance, which surpassed its prior outlook. The University of Michigan reported that its preliminary consumer sentiment gauge for January rose to 78.8 (its highest level since July 2021) from 69.7 the month before. The 10-year Treasury yield rose 19 bps to finish the week at 4.15%

The Dow closed above the 38,000 mark for the first time in history on Monday, January 22, when investors learned that the Conference Board's leading economic index for the U.S. fell for the twenty-first consecutive month in December to 0.1%, beating analysts' expectation of a 0.3% decline. The 10-year Treasury remained unchanged for the week.

On the last trading day of the year, the Nasdaq suffered its largest one-day drubbing since December 2022 after the Fed, as was expected, left its key lending rate unchanged. Market participants were rattled after Federal Reserve Chair Jerome Powell said inflation is "still too high" and that a March interest-rate cut was unlikely. Adding to the carnage, while both Microsoft and Alphabet's Q4 earnings beat analysts' expectations the day before, investor expectations were perhaps too high, causing the tech giants to tumble on the last trading day of the month. The 10-year Treasury yield fell 16 bps for the week to close out the month at 3.99%.

TABLE 1

ESTIMATED NET FLOWS BY MAJOR ETF TYPES, JANUARY 2024 VERSUS DECEMBER (\$BIL)

	JANUARY	DECEMBER
Stock & Mixed Equity ETFs	17.0	112.5
Bond ETFs	49.0	17.1
<b>TOTAL</b>	<b>65.9</b>	<b>129.6</b>

Source: LSEG Lipper

Note: Columns may not sum because of rounding

TABLE 2

ESTIMATED NET FLOWS OF MAJOR EQUITY ETF TYPES, JANUARY 2024 VERSUS DECEMBER (\$BIL)

	JANUARY	DECEMBER
USDE ETFs	12.4	85.8
Sector Equity ETFs	-1.5	5.3
World Equity ETFs	7.0	19.5
Mixed-Assets ETFs	0.1	0.4
Alternatives ETFs	-0.9	1.6
<b>TOTAL</b>	<b>17.0</b>	<b>112.5</b>

Source: LSEG Lipper

Note: Columns may not sum because of rounding



Authored by:

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# EQUITY ETFs

## United States Diversified Equity (USDE) ETFs

The USDE ETFs macro-classification experienced net inflows for the eleventh month in a row, taking in \$12.4 billion for January. Lipper's broad-based 4x3-matrix subgroup attracted net new money—for the eighth month in a row—taking in just a little under \$10.0 billion. Large-Cap Growth ETFs (+\$6.9 billion), Large-Cap Value ETFs (+\$3.8 billion), and Multi-Cap Core ETFs (+\$2.9 billion) witnessed the largest net inflows of the subgroup.

Large-cap ETFs (+\$11.3 billion) attracted the largest net inflows of the four capitalization groups for the fourth month in five, followed by small-cap ETFs (-\$257 million), multi-cap ETFs (-\$530 million), and mid-cap ETFs (-\$579 million). Growth-oriented ETFs (+\$7.2 billion) attracted the largest net inflows of the valuation subgroup while their core- and value-oriented counterparts took in \$3.5 billion and handed back \$735 million, respectively. Multi-Cap Value ETFs (-\$3.9 billion) experienced the largest net outflows of the subgroup, bettered by Small-Cap Value ETFs (-\$434 million) and Mid-Cap Value ETFs (-\$252 million).

In the non-4x3-matrix classifications subgroup (+\$2.4 billion, "Other USDE Classifications"), Options Arbitrage/Options Strategies ETFs (+\$3.5 billion) and S&P 500 Index ETFs (+\$2.8 billion) witnessed the largest net inflows of the subgroup, while Equity Leverage ETFs (-\$2.9 billion) experienced the largest net outflows, bettered by Equity Income ETFs (-\$1.1 billion).

iShares Core S&P 500 ETF (IVV) individually witnessed the largest net inflows (+\$12.0 billion), while SPDR S&P 500 ETF Trust (SPY) witnessed the largest individual net outflows (-\$21.6 billion).

TABLE 3

ESTIMATED NET FLOWS OF USDE 4X3-MATRIX ETFs, JANUARY 2024 VERSUS DECEMBER (\$MIL)

	VALUE	CORE	GROWTH	JANUARY	DECEMBER
Large-Cap	3,801.1	681.8	6,853.3	11,336.2	2,411.5
Multi-Cap	-3,850.2	2,938.7	382.0	-529.5	13,121.9
Mid-Cap	-252.1	-245.4	-81.3	-578.7	1,107.7
Small-Cap	-434.1	173.5	3.9	-256.7	16,462.2
<b>TOTAL</b>	<b>-735.2</b>	<b>3,548.5</b>	<b>7,158.0</b>	<b>9,971.3</b>	<b>33,103.3</b>

Source: LSEG Lipper

Note: Columns and rows may not sum because of rounding

TABLE 4

ESTIMATED NET FLOWS OF OTHER USDE CLASSIFICATIONS, JANUARY 2024 VERSUS DECEMBER (\$MIL)

	JANUARY	DECEMBER
Equity Leverage ETFs	-2,898.9	-2,868.3
Equity Income ETFs	-1,078.9	2,195.6
Options Arbitrage/Options Strategies ETFs	3,486.4	2,315.3
Specialty Diversified ETFs	-	-
S&P Midcap 400 Index ETFs	83.4	-1188.2
S&P 500 Index ETFs	2,793.9	52,212.7
<b>TOTAL</b>	<b>2,385.9</b>	<b>52,667.0</b>

Source: LSEG Lipper

Note: Columns may not sum because of rounding

# EQUITY ETFs

## World Equity ETFs

For the third month in a row, APs were net purchasers of World Equity ETFs, injecting \$7.0 billion for January.

APs were net purchasers of the non-3x3-matrix subgroup (Other World Equity ETFs) for the third month running—injecting a little more than \$2.4 billion—with Japanese ETFs (+\$1.8 billion) attracting the largest amount of net new money for that subgroup, followed by Emerging Markets ETFs (+\$1.1 billion) and India Region ETFs (+\$543 million). The Global Diversified Equity ETFs 3x3 subgroup witnessed net inflows for the ninth month in a row, taking in \$1.1 billion for January. Meanwhile, the International Diversified Equity ETFs 3x3 subgroup witnessed net inflows for the forty-third month in a row, attracting \$3.4 billion for the month.

International Multi-Cap Core ETFs (+\$2.4 billion) and Global Multi-Cap Core ETFs (+\$846 million) took the number-one spots for those subgroups. Once again, China Region ETFs experienced the largest net redemptions of the macro-classification—handing back \$703 million for the month—bettered by Latin American ETFs (-\$363 million) and Pacific Region ETFs (-\$195 million).

iShares MSCI Japan ETF (EWJ), with net inflows of \$794 million for January, attracted the most individual interest in the macro-classification. iShares MSCI ACWI ETF (ACWI) handed back the largest individual net redemptions (-\$551 million).

**TABLE 5**
**ESTIMATED NET FLOWS OF 3X3-MATRIX GLOBAL DIVERSIFIED EQUITY ETFs, JANUARY 2024 VERSUS DECEMBER (\$MIL)**

	VALUE	CORE	GROWTH	JANUARY	DECEMBER
Large-Cap	0.0	22.8	376.7	399.5	260.9
Multi-Cap	-68.5	845.9	-44.8	732.5	627.7
Small-/Mid-Cap (No Style)		-0.1		-0.1	-4.0
<b>TOTAL (LARGE &amp; MULTI)</b>	<b>-68.5</b>	<b>868.7</b>	<b>331.9</b>	<b>1,132.0</b>	<b>884.7</b>

Source: LSEG Lipper

Note: Columns and rows may not sum because of rounding

**TABLE 6**
**ESTIMATED NET FLOWS OF 3X3-MATRIX INTERNATIONAL DIVERSIFIED EQUITY ETFs, JANUARY 2024 VERSUS DECEMBER (\$MIL)**

	VALUE	CORE	GROWTH	JANUARY	DECEMBER
Large-Cap	56.8	48.5	614.0	719.3	2,288.3
Multi-Cap	112.3	2,432.8	78.8	2,624.0	7,029.1
Small-/Mid-Cap	168.3	35.4	-149.6	54.0	879.3
<b>TOTAL</b>	<b>337.3</b>	<b>2,516.7</b>	<b>543.2</b>	<b>3,397.2</b>	<b>10,196.7</b>

Source: LSEG Lipper

Note: Columns and rows may not sum because of rounding

**TABLE 7**
**ESTIMATED NET FLOWS OF OTHER WORLD EQUITY ETF CLASSIFICATIONS, JANUARY 2024 VERSUS DECEMBER (\$MIL)**

	JANUARY	DECEMBER
China Region ETFs	-703.3	-313.6
Emerging Markets ETFs	1,061.9	5,006.1
European Region ETFs	-111.3	611.7
Frontier Markets Funds	-71.4	-110.9
Global Equity Income ETFs	-39.9	93.7
India Region ETFs	542.9	1,604.5
International Equity Income ETFs	62.4	323.1
Japanese ETFs	1,847.0	151.2
Latin American ETFs	-362.9	820.1
Pacific Region ETFs	-195.0	-38.8
Pacific ex-Japan ETFs	396.4	222.6
<b>TOTAL</b>	<b>2,426.7</b>	<b>8,369.5</b>

Source: LSEG Lipper

Note: Columns may not sum because of rounding

# EQUITY ETFs

## Sector Equity ETFs

Sector Equity ETFs experienced net outflows for the first month in three—handing back \$1.5 billion for January—with just nine of Lipper's 28 Sector Equity ETF classifications experiencing net inflows.

Science & Technology ETFs (+\$2.8 billion), Global Science & Technology ETFs (+\$555 million), and Real Estate ETFs (+\$519 million) observed the largest net inflows for the month, while Commodities Precious Metals ETFs (-\$2.2 billion), Utility ETFs (-\$859 million), and Consumer Services ETFs (-\$542 million) suffered the largest net outflows.

**Financial Select Sector SPDR Fund (XLF)**, taking in a net \$1.2 billion, attracted the largest individual inflows for the month. At the bottom of the individual ETF pile for Sector Equity ETFs, **SPDR Gold Shares (GLD)** handed back a net \$1.8 billion for the month.

**TABLE 8**
**ESTIMATED NET FLOWS OF SECTOR EQUITY ETFs, JANUARY 2024 VERSUS DECEMBER (\$MIL)**

	JANUARY	DECEMBER
Precious Metals Equity ETFs	-317.5	-36.3
Alternative Energy Funds	-407.9	220.8
Basic Materials ETFs	192.0	-324.8
Consumer Goods ETFs	-224.0	-1,074.5
Commodities Agriculture ETFs	-50.6	-101.5
Commodities Energy ETFs	-429.1	129.3
Commodities General ETFs	-448.0	-992.9
Commodities Base Metals ETFs	-3.6	-9.4
Commodities Precious Metals ETFs	-2,200.4	814.9
Commodities Specialty ETFs	-90.6	217.5
Consumer Services ETFs	-541.9	1,326.4
Energy MLP ETFs	-4.9	77.1
Financial Services ETFs	494.1	1,491.2
Global Financial Services ETFs	-87.9	42.9
Global Health/Biotechnology ETFs	-156.0	-63.3
Global Infrastructure ETFs	-50.9	-59.9
Global Natural Resources ETFs	-361.0	-371.2
Global Real Estate ETFs	66.9	153.5
Global Science/Technology ETFs	554.6	50.5
Health/Biotechnology ETFs	-21.2	-1,079.0
Industrials ETFs	354.3	77.5
International Real Estate ETFs	0.3	-16.7
Natural Resources ETFs	-46.4	-1,175.3
Real Estate ETFs	518.5	2,196.5
Specialty/Miscellaneous ETFs	144.4	67.0
Science & Technology ETFs	2,836.8	2,544.8
Telecommunication ETFs	-338.4	881.7
Utility ETFs	-858.7	303.1
<b>TOTAL</b>	<b>-1,476.9</b>	<b>5,289.6</b>

Source: LSEG Lipper

Note: Columns may not sum because of rounding

# EQUITY ETFs

## Alternatives ETFs

For the first month in three, Alternatives ETFs experienced net outflows (handing back \$931 million for January).

APs were net purchasers of Alternative Long/Short Equity ETFs (\$103 million) and Alternative Managed Futures ETFs (+\$73 million). Dedicated Short Bias ETFs (-\$1.1 billion) witnessed the largest net outflows of the group, bettered by Alternative Event Driven ETFs (-\$49 million).

**NEOS S&P 500 High Income ETF (SPYI)**, taking in \$125 million, drew the largest individual net inflows of the macro-classification, while **ProShares Short S&P500 (SH)** handed back \$232 million and suffered the largest individual net redemptions of the group

**TABLE 9**
**ESTIMATED NET FLOWS OF ALTERNATIVES ETFs, JANUARY 2024 VERSUS DECEMBER (\$MIL)**

	JANUARY	DECEMBER
Absolute Return ETFs	-1.6	-55.5
Alternative Active Extension ETFs	-10.4	-4.9
Alternative Equity Market Neutral ETFs	18.5	-39.3
Alternative Event Driven ETFs	-49.4	-81.5
Alternative Global Macro ETFs	-6.9	1.8
Alternative Long/Short Equity ETFs	103.3	67.0
Alternative Managed Futures ETFs	73.2	-34.4
Alternative Multi-Strategy ETFs	5.3	22.4
Dedicated Short Bias ETFs	-1,063.0	1,721.6
<b>TOTAL</b>	<b>-931.0</b>	<b>1,597.2</b>

Source: LSEG Lipper

Note: Columns may not sum because of rounding

# FIXED INCOME ETFs

## Fixed Income ETFs

Fixed income ETFs (+\$49 billion for January, their largest monthly net inflow on record) witnessed net inflows for the twenty-fourth consecutive month.

On the taxable bond ETF side (+\$49.3 billion), 23 of the 31 Lipper classifications attracted net new money for the month. Meanwhile, tax-exempt ETF offerings (-\$314 million) posted net inflows in five of the 10 classifications of the subgroup.

On the taxable side, net flows into Alternative Currency Strategies ETFs (+\$27.8 billion), Corporate Debt BBB-Rated ETFs (+\$8.2 billion), and General U.S. Treasury ETFs (+\$2.9 billion) beat those of the other classifications. Short U.S. Treasury ETFs (-\$1.5 billion) and Inflation Protected Bond ETFs (-\$604 million) suffered the largest net redemptions of the group.

**Grayscale Bitcoin Trust ETF (GBTC)**, with net inflows of \$20.7 billion, attracted the largest individual inflows of the group, while **iShares JPMorgan USD Emerging Markets Bond ETF (EMB)**, handing back some \$1.1 billion for January, suffered the largest individual net redemption.

On the tax-exempt side, Intermediate Municipal Debt ETFs (+\$351 million) experienced the largest net inflows, followed by California Municipal Debt ETFs (+\$91 million) and Short Municipal Debt ETFs (+\$56 million). High-Yield Municipal Debt ETFs (-\$467 million) suffered the largest net redemption of the subgroup.

**Vanguard Tax-Exempt Bond Index ETF (VTEB)**, with net inflows of \$237 million, attracted the largest individual inflows of the subgroup.

**TABLE 10**
**ESTIMATED NET FLOWS OF MAJOR FIXED INCOME ETF TYPES, JANUARY 2024 VERSUS DECEMBER (\$MIL)**

	TAXABLE	MUNICIPAL	JANUARY	DECEMBER
Long-Term Bond	47,133.9	-655.7	46,478.2	20,237.0
Short & Intermediate	2,130.8	341.9	2,472.7	-3,135.6
<b>TOTAL</b>	<b>49,264.7</b>	<b>-313.8</b>	<b>48,950.9</b>	<b>17,101.4</b>

Source: LSEG Lipper

Note: Columns and rows may not sum because of rounding

# ETF FLOWS BY PROMOTER

## Top ETF Attractors of Investors' Assets by Promoter

Vanguard (+\$25.6 billion), Grayscale (+\$20.7 billion), and Invesco (+\$9.4 billion) were the primary attractors of ETF investors' assets in January. Estimated net flows into **Vanguard 500 Index ETF (VOO)**, +\$11.0 billion) and **Vanguard Total Stock Market Index ETF (VTI)**, +\$4.7 billion) helped Vanguard move to the top of the ETF estimated net flows leaderboard for the month. Grayscale was the second top attractor of investors' assets, benefiting from investors' search for Bitcoin-related issues.

TABLE 11

LARGEST MONTHLY ESTIMATED NET INFLOWS (\$BIL) BY ETF PROMOTER, JANUARY 2024

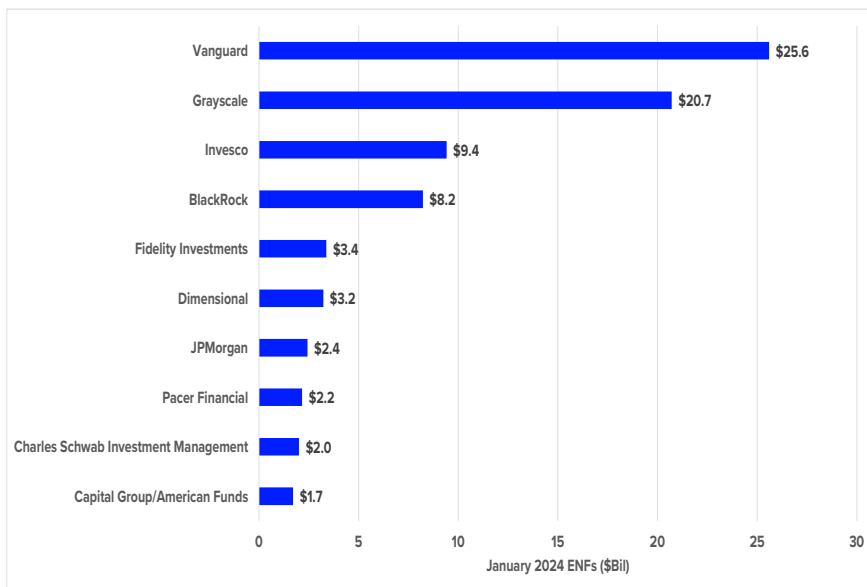


TABLE 12

TOP SELLING ETFs BY PROMOTER, JANUARY 2024

Vanguard Top-Selling ETFs		
	ASSET CLASS	ENFS (\$MIL)
Vanguard 500 Index Fund;ETF	Equity	10,952
Vanguard Total Stock Market Index Fund;ETF	Equity	4,722
Vanguard Intermediate-Term Corp Bond Idx Fund;ETF	Bond	1,933
Vanguard Total Bond Market Index Fund;ETF	Bond	1,165
Vanguard Information Technology Index Fund;ETF	Equity	885
Grayscale Top-Selling ETFs		
	ASSET CLASS	ENFS (\$MIL)
Grayscale Bitcoin Trust	Alternatives	20,708
Grayscale Future of Finance ETF	Equity	0

Source: LSEG Lipper

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