

Taking turns at the top – fixed income

Annual Net Flows

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---------|-----------------------------------|-----------------------------------|-----------------------------------|-------------------------------------|------------------------------------|-------------------------------------|----------------------------------|------------------------------------|----------------------------------|-----------------------------------|----------------------------------|
| Highest | Corporate Bonds \$26,487 | World Bonds \$22,329 | Corporate Bonds \$41,741 | Floating Rate Loans \$65,961 | Corporate Bonds \$68,321 | Corporate Bonds \$38,058 | Corporate Bonds \$93,906 | Corporate Bonds \$103,523 | Corporate Bonds \$23,311 | Corporate Bonds \$132,896 | Corporate Bonds \$23,125 |
| | World Bonds \$24,599 | High-Yield Bonds \$21,032 | High-Yield Bonds \$36,421 | World Bonds \$15,264 | World Bonds \$10,996 | World Bonds \$9,651 | High-Yield Bonds \$8,402 | World Bonds \$29,117 | World Bonds \$11,573 | U.S. Government Bonds \$39,600 | High-Yield Bonds \$1,802 |
| | High-Yield Bonds \$18,771 | Corporate Bonds \$19,045 | Emerging Market Bonds \$27,320 | High-Yield Bonds \$6,238 | Convertible Bonds \$1,835 | Municipal Bonds \$191 | Floating Rate Loans \$5,393 | Floating Rate Loans \$11,359 | U.S. Government Bonds \$6,353 | High-Yield Bonds \$26,464 | U.S. Government Bonds \$1,110 |
| | Floating Rate Loans \$16,778 | Emerging Market Bonds \$14,896 | Floating Rate Loans \$13,395 | Convertible Bonds \$2,971 | Municipal Bonds (\$1,262) | U.S. Government Bonds (\$433) | U.S. Government Bonds \$4,375 | Emerging Market Bonds \$6,353 | Emerging Market Bonds \$1,182 | Municipal Bonds \$16,325 | Municipal Bonds \$1,028 |
| | Emerging Market Bonds \$15,834 | Floating Rate Loans \$14,633 | World Bonds \$12,939 | Emerging Market Bonds (\$4,728) | Emerging Market Bonds (\$4,191) | Convertible Bonds (\$2,057) | Municipal Bonds \$4,176 | Municipal Bonds \$1,118 | Convertible Bonds \$470 | Convertible Bonds \$152 | World Bonds \$711 |
| | Municipal Bonds \$1,046 | Convertible Bonds \$69 | Municipal Bonds \$7,873 | Corporate Bonds (\$11,317) | U.S. Government Bonds (\$5,842) | Emerging Market Bonds (\$10,420) | Emerging Market Bonds \$2,622 | U.S. Government Bonds (\$1,241) | Floating Rate Loans (\$1,980) | Emerging Market Bonds (\$510) | Emerging Market Bonds \$633 |
| | Convertible Bonds \$737 | U.S. Government Bonds (\$294) | U.S. Government Bonds \$3,963 | Municipal Bonds (\$14,550) | High-Yield Bonds (\$17,526) | High-Yield Bonds (\$14,727) | Convertible Bonds (\$2,529) | Convertible Bonds (\$1,723) | Municipal Bonds (\$3,679) | World Bonds (\$1,820) | Convertible Bonds \$282 |
| Lowest | U.S. Government Bonds (\$614) | Municipal Bonds (\$4,493) | Convertible Bonds (\$2,647) | U.S. Government Bonds (\$34,125) | Floating Rate Loans (\$20,412) | Floating Rate Loans (\$19,014) | World Bonds (\$8,754) | High-Yield Bonds (\$22,012) | High-Yield Bonds (\$40,103) | Floating Rate Loans (\$36,234) | Floating Rate Loans (\$187) |

World Bonds are represented by the Morningstar World Bond Fund Category.

Municipal Bonds are represented by the Morningstar Muni National Long Bond Fund Category.

U.S. Government Bonds are represented by the Morningstar Intermediate Government Bond Fund Category.

Emerging Market Bonds are represented by the Morningstar Emerging Market Bond Fund Category.

Corporate Bonds are represented by the Morningstar Intermediate Core Bond Fund Category.

High-Yield Bonds are represented by the Morningstar High Yield Bond Fund Category.

Convertible Bonds are represented by the Morningstar Convertible Bond Fund Category.

Floating Rate Loans are represented by the Morningstar Bank Loan Fund Category.

Past performance is no guarantee of future results.

The chart above represents the fluctuating net flows for various Morningstar categories that represent certain asset classes, ranking them from highest to lowest based on annual net flows.

Source: Morningstar, December 31, 2020. An investment cannot be made into a Morningstar category. The Morningstar categories above do not represent the performance of any specific investment.

Morningstar Category Definitions

Morningstar World Bond Fund Category consists of world-bond portfolios that invest 40% or more of their assets in foreign bonds.

Morningstar Muni National Long Bond Fund Category consists of muni national long portfolios that invest in bonds issued by various state and local governments to fund public projects.

Morningstar Intermediate Government Bond Fund Category consists of intermediate-government portfolios that have at least 90% of their bond holdings in bonds backed by the U.S. government or by government-linked agencies. This backing minimizes the credit risk of these portfolios, as the U.S. government is unlikely to default on its debt.

Morningstar Emerging Market Bond Fund Category consists of emerging-markets bond portfolios that invest more than 65% of their assets in foreign bonds from developing countries.

Morningstar Intermediate Core Bond Fund Category portfolios invest primarily in investment-grade U.S. fixed-income issues, including government, corporate, and securitized debt, and typically hold less than 5% in below-investment-grade exposures. Their durations (a measure of interest-rate sensitivity) typically range between 75% and 125% of the three-year average of the effective duration of the Morningstar Core Bond Index.

Morningstar High Yield Bond Fund Category consists of high-yield bond portfolios that concentrate on lower-quality bonds, which are riskier than those of higher-quality companies. These portfolios generally offer higher yields than other types of portfolios, but they are also more vulnerable to economic and credit risk.

Morningstar Convertible Bond Fund Category consists of convertible-bond portfolios that are designed to offer some of the capital-appreciation potential of stock portfolios while also supplying some of the safety and yield of bond portfolios. To do so, they focus on convertible bonds and convertible preferred stocks.

Morningstar Bank Loan Fund Category consists of bank-loan portfolios that primarily invest in floating-rate bank loans instead of bonds. In exchange for their credit risk, these loans offer high interest payments that typically float above a common short-term benchmark such as the London Interbank Offered Rate, or LIBOR.

Past performance is no guarantee of future results.

A fixed-income investment pays a fixed rate of return and usually refers to government, corporate, or municipal bonds. A convertible bond is a type of debt security that can be converted into equity securities of the issuing corporation. A municipal bond is a debt obligation of a state or local government entity. A U.S. Government bond invests in bonds and notes issued both by the United States and its federal agencies. High-yield bonds are generally considered speculative because they present a greater risk of loss than higher-quality debt securities and may be subject to greater price volatility. Foreign investments may be subject to greater risks than U.S. investments, including currency fluctuations, less liquid trading markets, greater price volatility, political and economic instability, less publicly available information, and changes in tax or currency laws or monetary policy. These risks are likely to be greater for emerging markets than in developing markets. Floating rate loans are generally considered to have speculative characteristics that involve default risk of principal and interest, collateral impairment, non-diversification, borrower industry concentration and limited liquidity.



For more information

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