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Tracking Fund Money Flow

How can I get a report of the amount of money flowing into and out of mutual funds monthly?

—C.B. via E-mail

CI editors respond: In an effort to gain an understanding of the buying and selling forces impacting the stock market, investors often look to the flow of money into and out of mutual fund accounts to gauge investor sentiment and actual investor action. Mutual funds own about 20% of stocks traded in the United States, so a systematic movement of money into or out of the market or a segment of the market can impact market prices. However, like all financial measures, it is important to look beyond overall summary figures to measure the potential market impact.

Money flow data over the last few months (summer 2002) indicates net outflows from stock funds and net inflows into bond funds. Stock funds had a record dollar outflow of \$52.63 billion in July. While significant, this outflow represented only 1.7% of the money invested in stock funds. In comparison, October 1987's \$7.45 billion dollar outflow represented 3.17% of the assets invested in stock funds at the time. In June 2002, stock funds had an outflow of \$18.28 billion. Cash of stock funds in July was reported at 4.6%, a decline from the 5.6% figure one year ago.

Bond funds had a record inflow of \$28.14 billion in July of this year, compared with an inflow of \$12.21 billion in June. The previous record was a \$16.71 billion inflow in August 2001.

The Investment Company Institute (ICI) is the definitive source of aggregate, monthly mutual fund money flow figures. This mutual fund industry trade group surveys the widest range of funds in compiling its figures, but only reports statistics on a

monthly basis for broad mutual fund groups on the last week of the following month. Its July 2002 flow figures were released on August 30, 2002, for six fund groups—stock, hybrid, taxable bond, muni bond, taxable money market, and muni money market funds. ICI statistics can be viewed at no cost on its Web site at www.ici.org.

A number of fee-based services provide more frequent and detailed mutual fund flow information. AMG Data services (www.amgdata.com) provides detailed monthly and broad weekly data on its Web site. Subscriptions start with a \$250 service that provides weekly flow and asset updates for four broad mutual fund categories. They build up to \$22,000 subscriptions that also examine market sector flows and measure both market change and flow impact on fund assets.

TrimTabs (www.trimtabs.com) is another service providing a detailed examination of fund money flows. Its service options even include a daily report subscription, but at a \$30,000 annual rate. Weekly and monthly subscriptions are \$10,000 per year. Both companies provide recent flow news that can be viewed at no cost.

Another interesting site for fund flow data is www.frcnet.com, by Financial Research Corporation. Financial Research Corporation is a market research and consulting firm that

services the mutual fund industry. The site normally features a monthly analysis of mutual fund money flows that goes beyond broad market segments and reports on market sectors and individual funds.

Lipper tracks mutual fund money flows broken down by asset class and Lipper classifications. Investors can view press releases regarding money flow on the Lipper Web site (www.lipperweb.com), but Lipper does not sell subscriptions to individual investors directly. The Lipper site directs users to sites using Lipper data such as The Wall Street Journal Online (www.wsj.com) and TheStreet.com (www.thestreet.com).

Be aware that many large mutual fund companies such as Fidelity and Vanguard only release their money flow data on a monthly basis. Firms such as AMG base their data on a sample of funds to determine their weekly statistics.

The screenshot shows a web browser window with the title "Trends in Mutual Fund Investing - July 2002 - Microsoft Internet Explorer". The address bar shows "http://www.ici.org/facts_figures/trends_0702.html". The main content area displays a table with the following data:

Largest Stock Fund Outflows Ranked by Percentage of Assets and in Dollars		
By Percentage of Assets		
Date	(% of assets)	(in billions)
Oct-87	3.17%	-\$7.45
Jul-02	1.70%	-\$52.63
Nov-88	1.59%	-\$3.04
Aug-78	1.52%	-\$0.55
Aug-88	1.49%	-\$2.84

In Dollars		
Date	(in billions)	(% of assets)
Jul-02	-\$52.63	1.70%
Sep-01	-\$29.96	0.89%
Mar-01	-\$20.69	0.56%
June-02	-\$18.28	0.55%
Aug-98	-\$11.58	0.41%