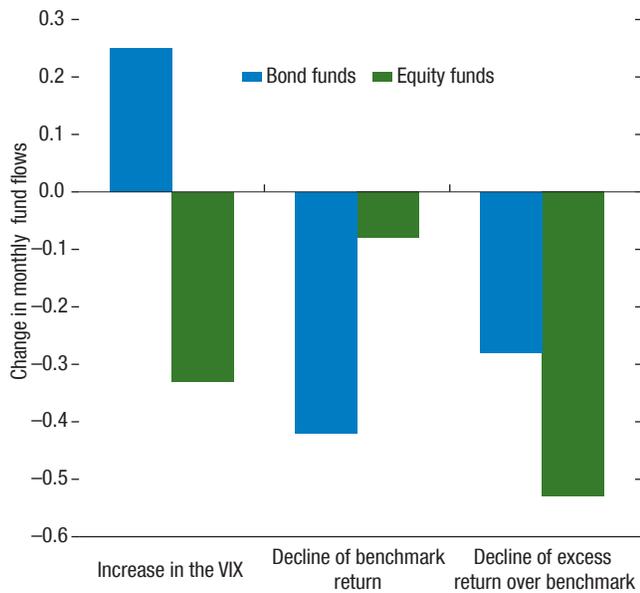


Figure 3.8. Drivers of Fund Flows from End Investors
(Monthly fund flows, percent of total net assets)

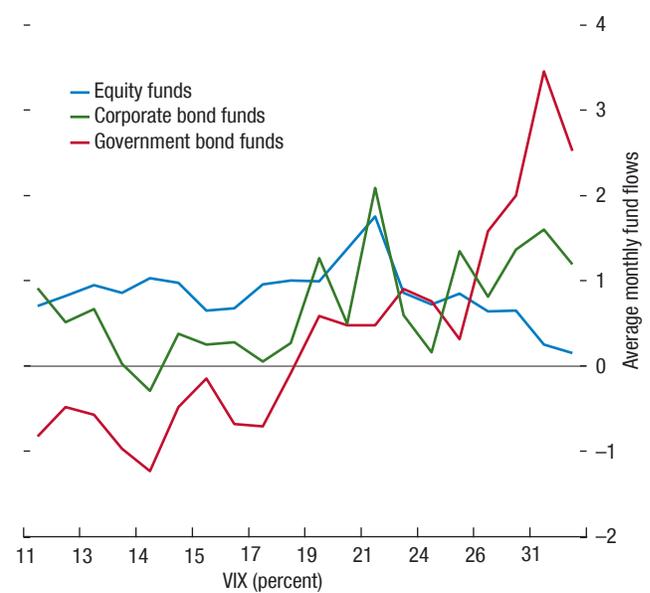
Fund flows are strongly influenced by asset class performance, a fund's own performance, and the VIX.

Periods with high VIX see a flight to quality from equity to bond funds, especially to government bond funds.

1. Sensitivity of Fund Flows to Fund Performance and Market Conditions
(The effect of a one standard deviation shock to each driver)



2. Fund Flows and the VIX



Sources: Bloomberg, L.P.; and IMF staff estimates. Additional data: Calculated based on data from the survivor-bias-free U.S. mutual fund database ©2014 Center for Research in Security Prices (CRSP®), The University of Chicago Booth School of Business.

Note: VIX = Chicago Board Options Exchange Market Volatility Index. Estimates in panel 1 are based on a regression of fund flows on the VIX, benchmark performance (lagged), excess performance over benchmark (lagged), age, and size. The model is estimated using share-class-level data covering 1998–2014. For more details on estimations and data, see Annex 3.2. Panel 2 splits observations into 20 quantiles based on the VIX. For each of these quantiles, the simple average for the VIX and fund flows is reported by type of fund.