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Loan mutual fund AUM continued to decline, ending May at US$137bn

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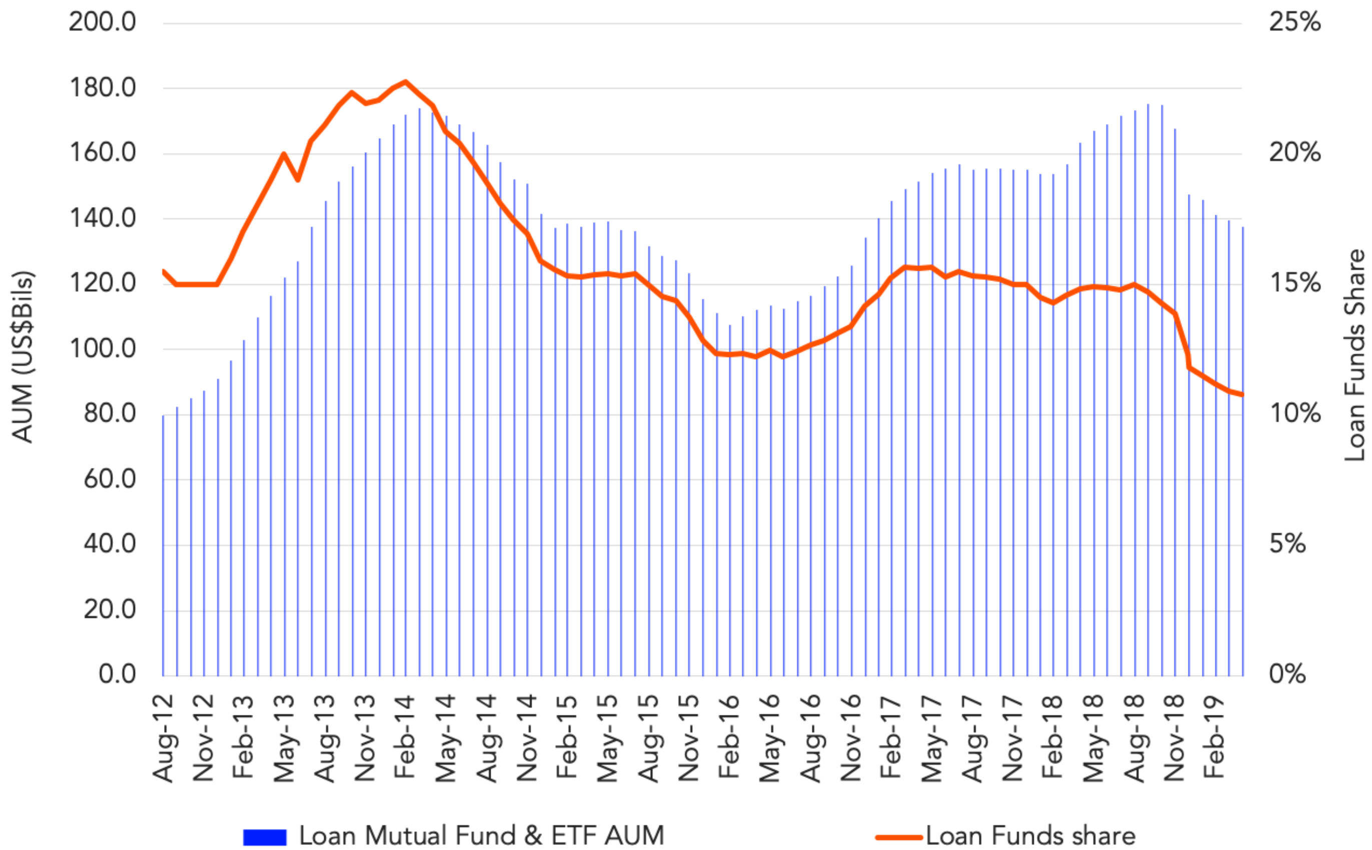

Loan retail outflows sent the AUM (market value) for loan mutual funds & ETFs lower to US$137.7bn as of the end of May, a decline of US$1.92bn or -1.4% month on month, and US$9.9bn or -7% since the beginning of the year. Loan funds' AUM peaked in September 2018 at US$175.5bn and has been steadily declining for the last 9 consecutive months due to large loan retail outflows. As of June 5, 2019 there have been 29 consecutive weeks of loan retail outflows totaling US$29.3bn. The most recent weekly outflow was $1.47bn – the highest weekly loan outflow since Jan 2, 2019, when outflows averaged $1.35bn during a period of high market volatility. The May 2019 jobs report released on June 7, 2019 showing only 75K jobs were added vs. 180K expected, has fueled market speculation that the Fed may move sooner to cut rates in 2019. Loan mutual funds' share of institutional loan outstandings was 10.8% in May, down from 12.3% at the start of the year and from 14.7% at the end of 3Q18. This is the lowest share held by loan funds since early 2016 when volatility from dropping oil prices and a slowing global growth outlook stalled the market. Meanwhile, the CLO share of the loan market buyer base inched up from 51.3% to 51.6% in May.

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