

# Fund Flow and Allocations Data

## Stock Flow Strategies



### ABOUT US

We are the leading provider of fund flows and allocation data to Strategists, Traders and Investors offering a current, global view of changing investor sentiment and manager positioning for over 20 years. Our research and analytics platform utilizes flow and allocation data to drive investment signals, create data visualizations, and support analysis and insight.

EPFR covers mutual funds and ETFs that manage \$34 trillion of assets globally (as of 1/31/18). We calculate the flows into, and collect the monthly allocations of, these funds. Many predictors can be built from the data.

- We now have a database of monthly stock-level holdings of funds with history to 2010.
- One can build many predictive stock-selectors from the new data. We illustrate some that use the FloTrend function (see definition below).
- Let  $\varphi$ , "a" and A be respectively the dollar flow into a fund and the dollar assets of the fund at the beginning and end of each day. For a given stock, let  $\omega$  be the weight of the stock in the fund, "D" $\omega$  the month-over-month weight increase and  $\bar{\omega}$  the average weight held by funds with similar mandates.

FloTrend Func.	Fund-level data	Stock-level data
$\Omega(x,y) = \frac{\sum x \cdot y}{\sum  x \cdot y }$	$\varphi$ = dollar flow into fund A = end of period assets $\alpha$ = beginning assets	$\omega$ = weight held by fund $\Delta\omega$ = weight increase $\bar{\omega}$ = weight average

- Applying the FloTrend function  $\Omega$  to the above data, we built six daily and two monthly variables.
- For monthly holding periods, the table below shows the return difference between the top and bottom fifth of each universe sorted on each variable. For US universes, each fifth (or quintile) is sector neutral. For international universes, the quintiles are neutral to region/sector.

Average return difference between the top and bottom fifth (monthly, annualized)								
	Factor Definition	Look-back	S&P 500	Russell		MSCI		
				1000	2000	EAFE	EAFE SC	EM
<b>Daily variables</b>								
ActWtTrend	$\Omega(\varphi, \omega - \bar{\omega})$	15d	+0.7	-0.4	-0.0	+1.5	+2.5	+2.8
ActWtDiff	$\Omega(\varphi, \text{sgn}(\omega - \bar{\omega}))$	15d	-1.2	-0.2	-1.2	+0.4	+1.8	+2.2
ActWtDiff2	$\Omega(\text{sgn}(\varphi), \omega - \bar{\omega})$	15d	-0.7	-0.2	-1.6	-1.4	-0.5	+3.2
FloTrend	$\Omega(\varphi, \Delta\omega)$	40d	+2.0	+1.0	<b>+3.6</b>	-3.1	-0.3	<b>+5.5</b>
FloDiff	$\Omega(\varphi, \text{sgn}(\Delta\omega))$	40d	-0.2	+0.7	<b>+3.5</b>	-1.0	-2.7	<b>+5.9</b>
FloDiff2	$\Omega(\text{sgn}(\varphi), \Delta\omega)$	40d	+0.7	+0.3	+0.9	-1.0	-0.9	+0.7
<b>Monthly variables</b>								
AllocTrend	$\Omega(A + \alpha, \Delta\omega)$	11m	<b>+3.4</b>	+2.2	+1.2	+0.9	<b>+5.4</b>	<b>+4.7</b>
AllocDiff	$\Omega(A \text{ } \nabla \alpha, \text{sgn}(\Delta\omega))$	11m	<b>+4.2</b>	+2.9	+0.7	+1.9	<b>+4.3</b>	<b>+3.5</b>
<b>Multi-factor alpha model</b>								
Flow Alpha		1m	<b>+3.1</b>	+2.1	<b>+3.3</b>	+0.1	<b>+5.6</b>	<b>+6.8</b>