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24

# INVESTMENT COMPANY FACT BOOK

Quick Facts Guide

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# 2023 FACTS AT A GLANCE

## Total worldwide assets invested in regulated open-end funds:\* \$68.9 trillion

United States	Europe	Asia-Pacific	Rest of the world
<b>\$33.6 trillion</b>	<b>\$21.5 trillion</b>	<b>\$9.7 trillion</b>	<b>\$4.0 trillion</b>

## US-registered investment company total net assets: \$33.9 trillion

Mutual funds	Exchange-traded funds	Traditional closed-end funds	Unit investment trusts
<b>\$25.5 trillion</b>	<b>\$8.1 trillion</b>	<b>\$249 billion</b>	<b>\$77 billion</b>

## US-registered investment companies' share of:

US corporate equity	US and foreign corporate bonds	US Treasury and government agency securities	US municipal securities	Commercial paper
<b>33%</b>	<b>22%</b>	<b>15%</b>	<b>27%</b>	<b>22%</b>

## US household ownership of US-registered funds

Number of households owning funds	Number of individuals owning funds	Percentage of households owning funds	Median mutual fund assets of mutual fund-owning households	Median number of mutual funds owned
<b>71.5 million</b>	<b>120.8 million</b>	<b>54.4%</b>	<b>\$125,000</b>	<b>3</b>

## US retirement market

Total retirement market assets	Percentage of households with tax-advantaged retirement savings	DC plan and IRA assets invested in mutual funds
<b>\$38.4 trillion</b>	<b>74%</b>	<b>\$11.9 trillion</b>

\* Regulated open-end funds include mutual funds, exchange-traded funds (ETFs), and institutional funds.

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Data Tables



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# Letter from the Chief Economist

I am delighted to present the 64th edition of the *Investment Company Fact Book*. This year is particularly significant as we celebrate two milestones in the history of our industry—the 100th anniversary of the mutual fund and the 50th anniversary of the individual retirement account (IRA).

Mutual funds have played a pivotal role in democratizing investing, making it possible for 116 million Americans to participate in financial markets and achieve their financial goals. The growth and evolution of mutual funds over the past century is a testament to their enduring appeal and the trust investors place in them. That staying power, plus new product innovations across the investment company industry, has positioned funds to play a leading role in America's success over the next 100 years.

Meanwhile, IRAs, along with 401(k) plans, have become a cornerstone of retirement savings in the United States. These vehicles offer individuals tax-advantaged ways to save for retirement, and their importance continues to grow as the retirement landscape evolves.

The *Fact Book* remains an essential resource for understanding these and other developments in the industry. As always, it provides comprehensive, data-driven insights into the industry's trends and activities. This year's edition, like those before it, aims to inform and educate, fostering a deeper understanding of the industry and its role in helping investors build and preserve wealth.

As we reflect on these milestones and look to the future, we remain committed to serving investors and the industry. We hope you will find this year's *Fact Book* valuable and as insightful as ever about funds and the investors who rely on them.

Best regards,



Sean Collins  
Chief Economist

# CHAPTER

# 1

FULL  
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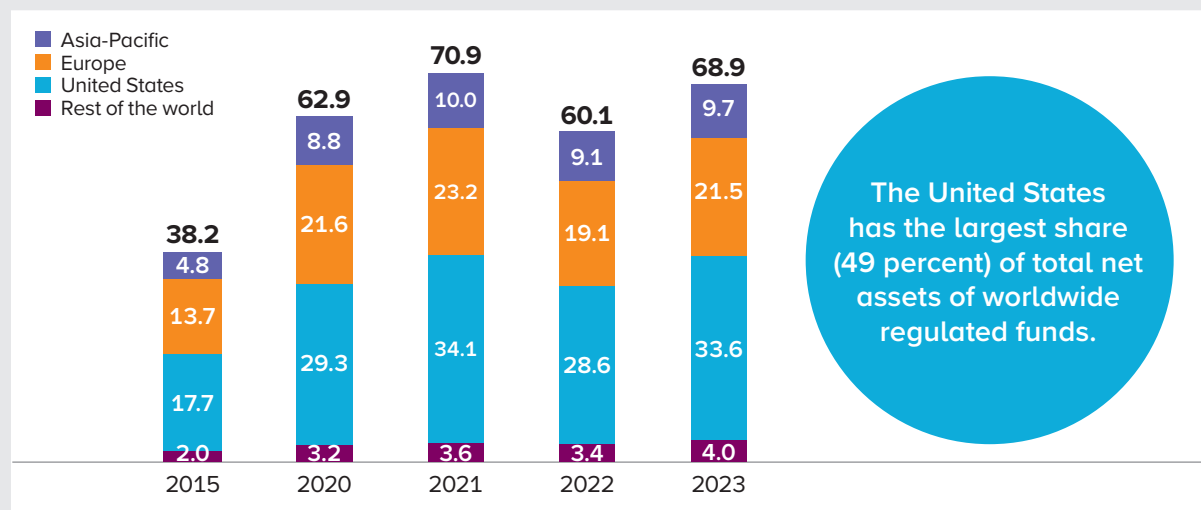


## Worldwide Regulated Open-End Funds

Investors around the world have demonstrated strong demand for regulated open-end funds. Fund providers have responded to the increasing demand for investing through funds by offering nearly 140,000 regulated funds, which provide a vast array of choices to investors. In many countries, markets for regulated funds are well-developed and highly competitive.

### Worldwide Regulated Funds Had \$68.9 Trillion in Total Net Assets at Year-End 2023

Trillions of US dollars, year-end



The size of the regulated fund market in a country or region reflects a broad range of factors, including strong and appropriate regulation of funds and financial markets and the availability of distribution structures that facilitate access to regulated funds.

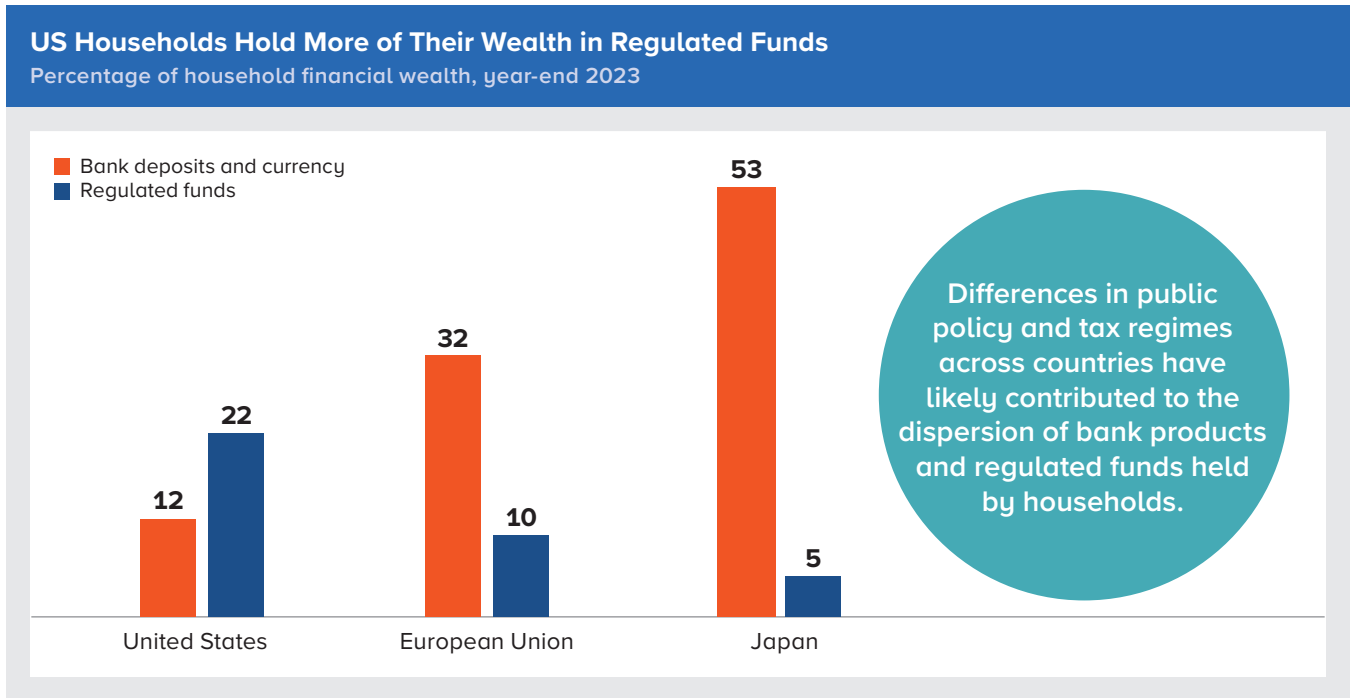
Worldwide Regulated Open-End Fund Assets and Flows



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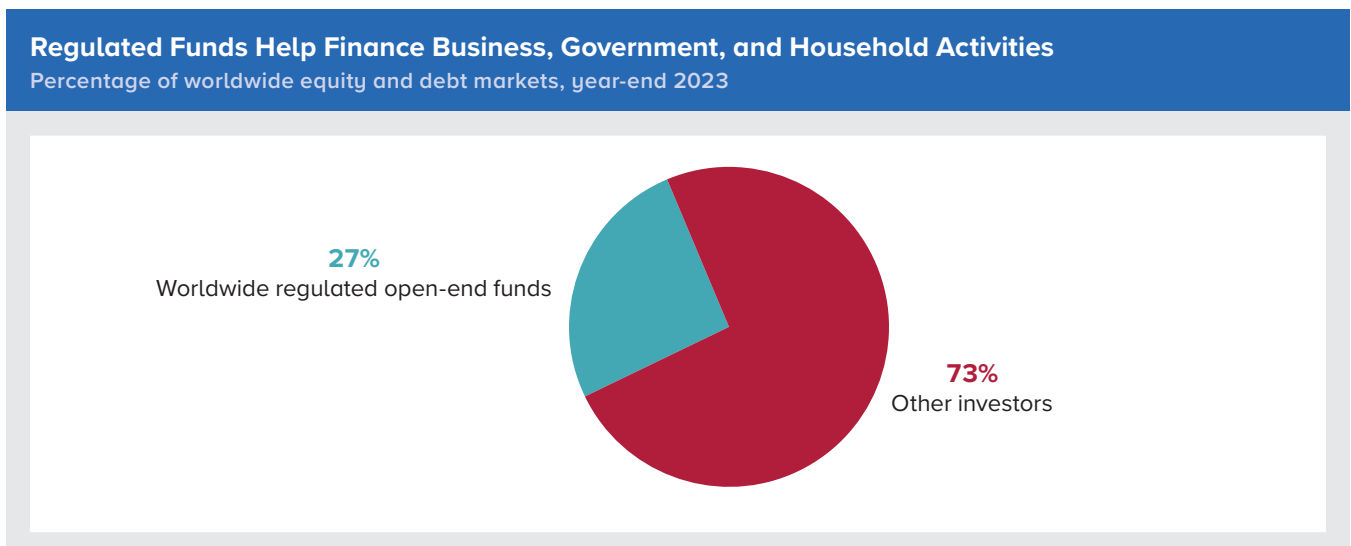
## Bank-Based Countries Tend to Have Fewer Assets in Regulated Funds

The financial landscape in some jurisdictions has been historically dominated by banks. The European Union and Japan are two examples of jurisdictions where households tend to hold more of their financial assets in bank products and less in regulated funds. By contrast, US households hold a relatively small fraction (12 percent) of their assets in bank products.



## Regulated Funds Are an Important Source of Capital for Worldwide Financial Markets

Regulated funds held 27 percent of worldwide capital markets at year-end 2023. A wide range of other investors—such as central banks, sovereign wealth funds, pension plans, banks, insurance companies, hedge funds, broker-dealers, and households owning stocks and bonds directly—held the remaining 73 percent.



# CHAPTER

# 2

FULL  
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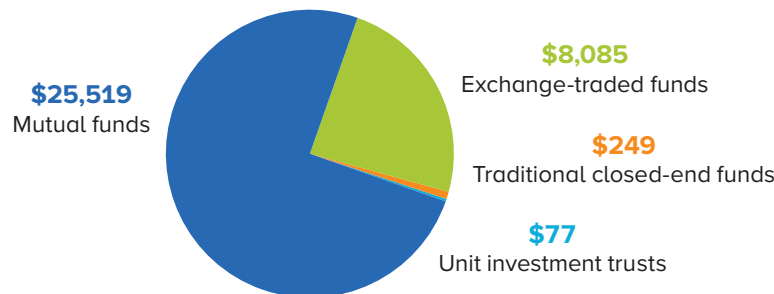


## US-Registered Investment Companies

Registered investment companies are an important segment of the asset management industry in the United States. US-registered investment companies play a major role in the US economy and financial markets and a growing role in global financial markets. These funds managed \$33.9 trillion in total net assets at year-end 2023, largely on behalf of more than 120 million US retail investors.

### Most Investment Company Net Assets Are in Mutual Funds

Billions of dollars, year-end 2023



ICI Statistical Publications

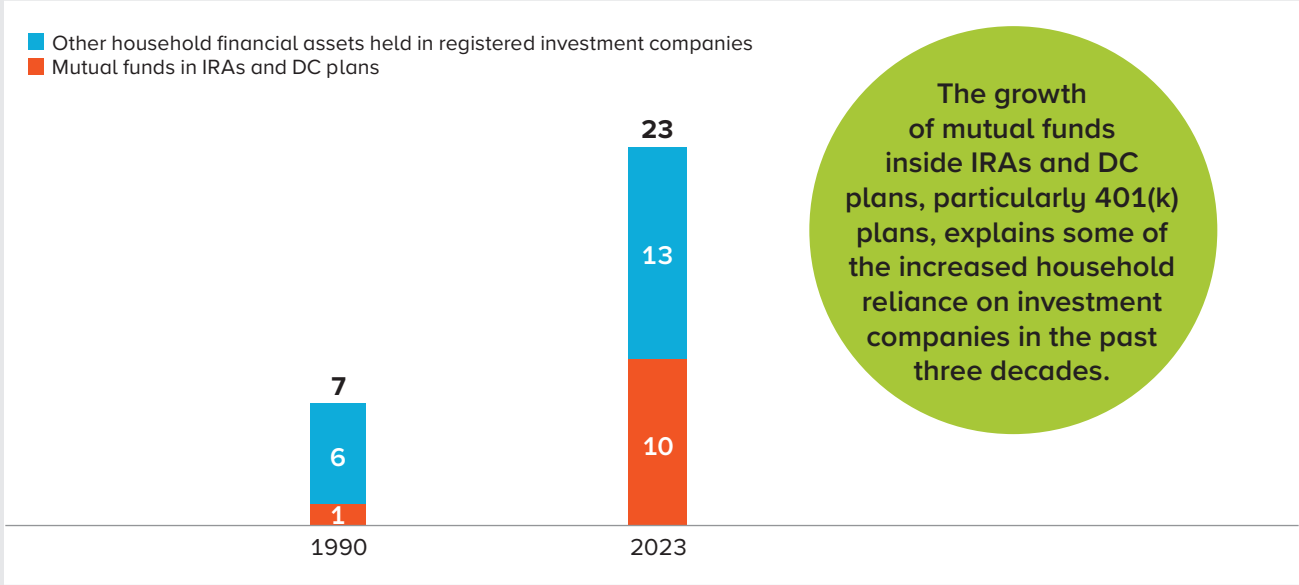


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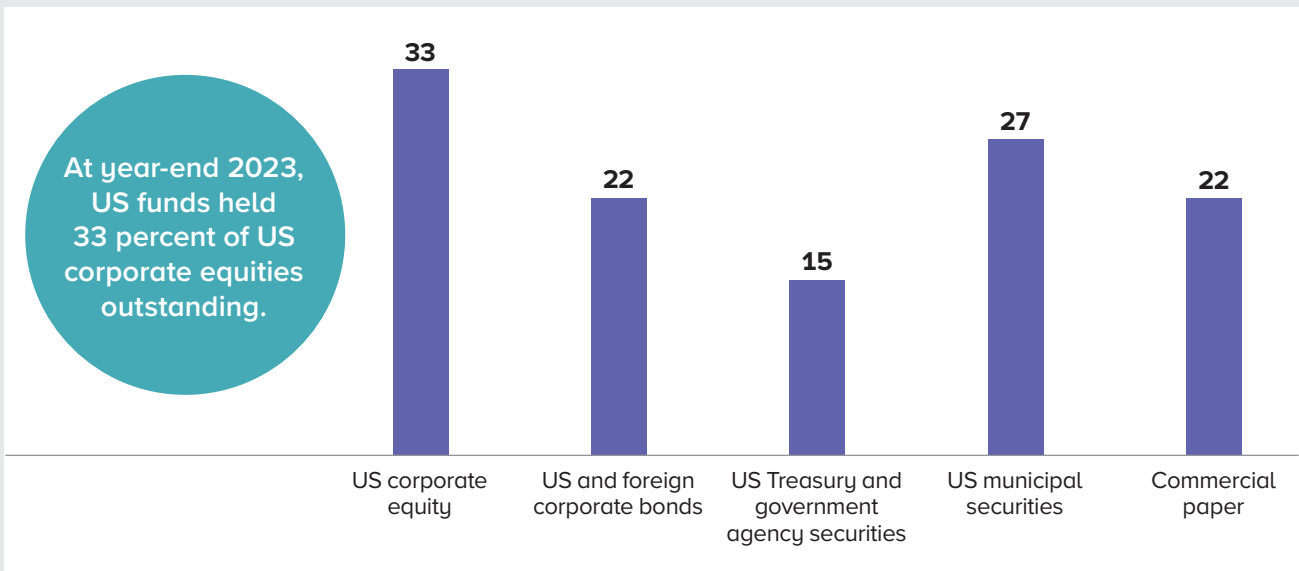
The industry has experienced robust growth over the past quarter century from asset appreciation and strong demand from households due to rising household wealth, the aging US population, and the evolution of employer-based retirement systems. During this time, investment companies have been important investors in domestic financial markets.

## Households Rely More on Investment Companies—Partly from Increased Holdings Inside DC Plans and IRAs

Percentage of household financial assets, year-end



## US Funds Are Important Investors in Domestic Financial Markets and Supply Investment Capital to Stock, Bond, and Money Markets



# CHAPTER

# 3

FULL  
CHAPTER



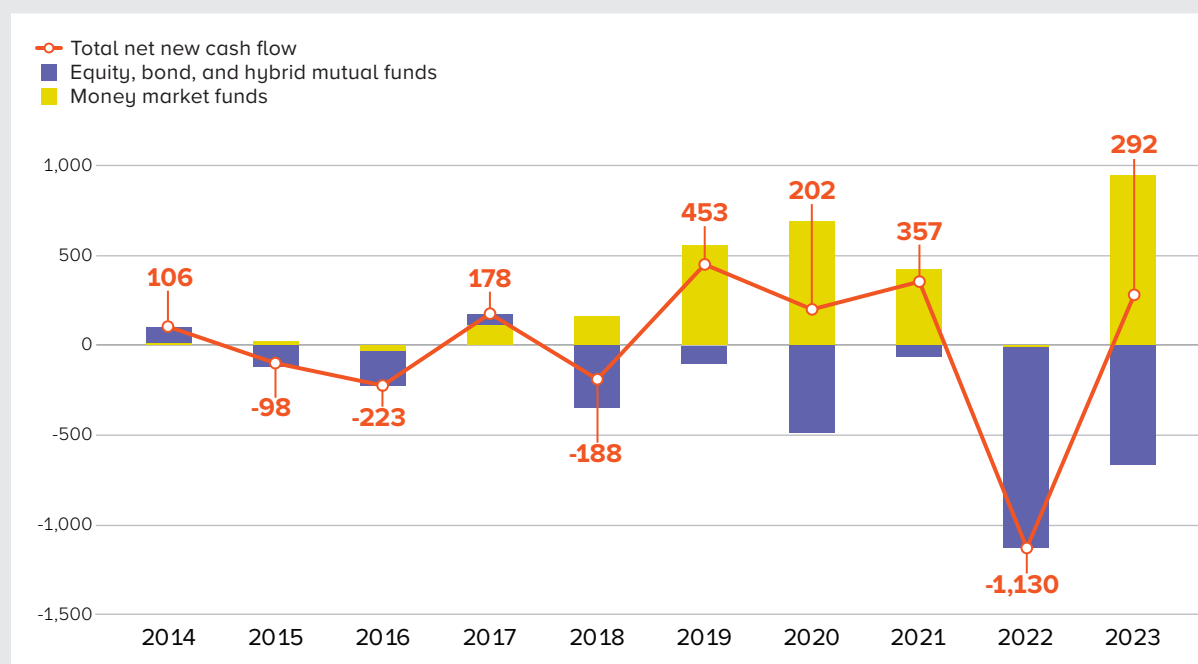
## US Mutual Funds

A mutual fund is an investment company that pools money from shareholders and invests in a portfolio of securities. In 2023, 116 million individual investors in 68.7 million US households owned mutual funds. These households rely on mutual funds to meet long-term personal financial objectives, such as preparing for retirement, education, or a home purchase. US households hold the vast majority (95 percent) of long-term mutual fund total net assets.

Changing demographics, portfolio rebalancing, and investors' reactions to US and worldwide economic and financial conditions play important roles in determining how demand for specific types of mutual funds—and for mutual funds in general—evolves. But over the past decade, some long-term trends have persisted.

### Inflows to Money Market Funds More Than Offset Outflows from Long-Term Mutual Funds in 2023

Billions of dollars, annual



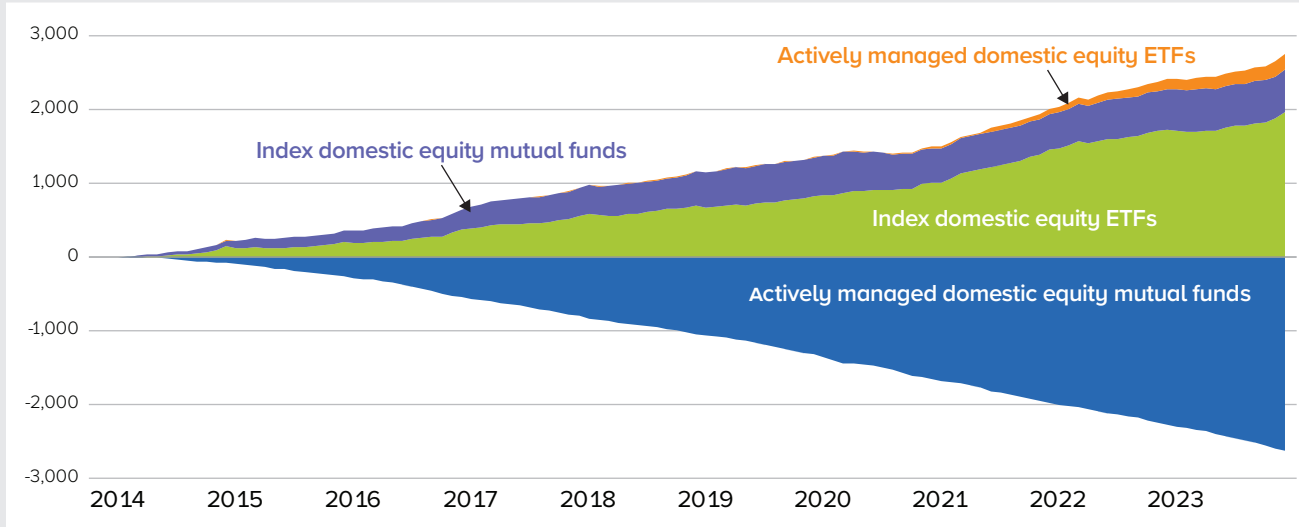


## Long-Term Trends Influencing Mutual Fund Demand

- Increased investor demand for index-based investment products.

### Some of the Outflows from Domestic Equity Mutual Funds Have Gone to ETFs

Cumulative flows to domestic equity mutual funds and net share issuance of domestic equity ETFs, billions of dollars, monthly

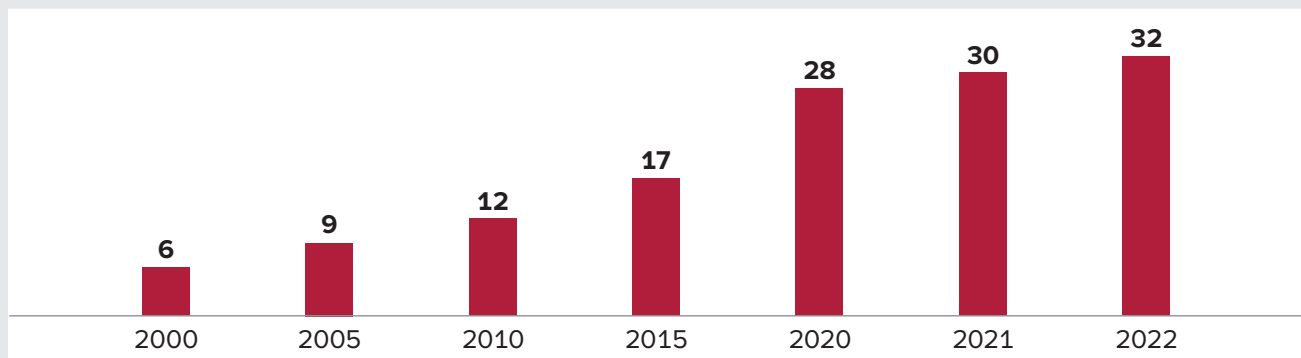


Note: Mutual fund data include net new cash flow and reinvested dividends; ETF data for net share issuance include reinvested dividends.

- **Portfolio rebalancing.** Investors seeking to maintain a target asset allocation may reallocate their investments from equities to bonds, or vice versa. Target date funds—a popular investment choice for 401(k) participants—gradually reallocate their assets from stocks to bonds over time.
- **Growth of collective investment trusts (CITs).** CITs are an alternative to mutual funds in 401(k) plans, and CITs represent a rising share of 401(k) assets.

### Assets of Large 401(k) Plans Are Increasingly Held in Collective Investment Trusts

Percentage of assets in large 401(k) plans



Note: Data for 2022 are preliminary.

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Monthly Trends in Mutual Fund Investing

# CHAPTER

# 4

FULL  
CHAPTER

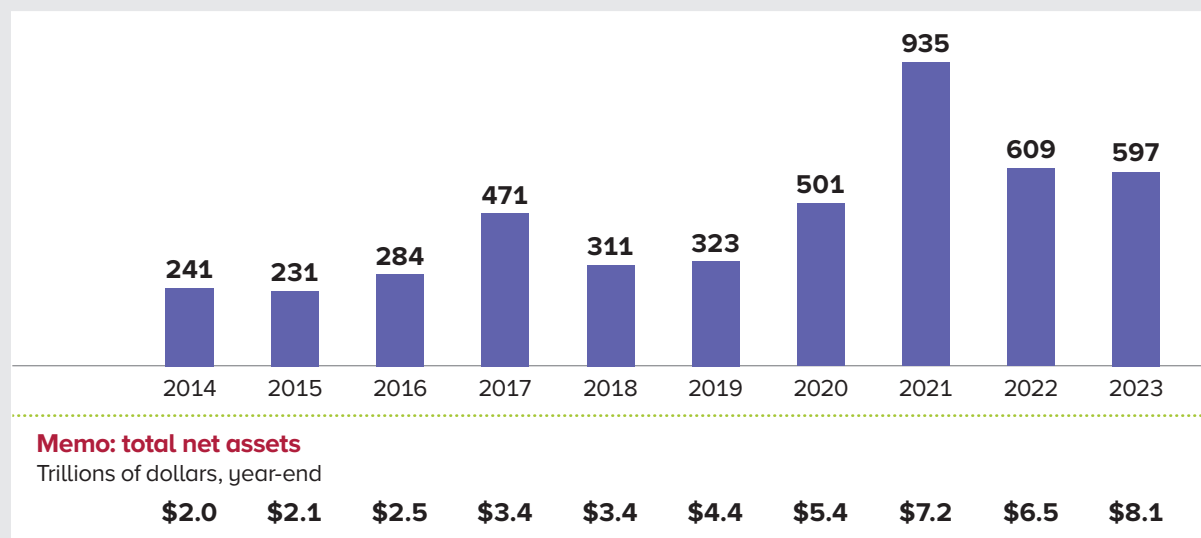


## US Exchange-Traded Funds

ETFs are a convenient, cost-effective tool for investors seeking to gain or shed exposure to broad markets, particular sectors or geographical regions, or specific investment strategies. Over the past decade, demand for ETFs has grown markedly as investors—both institutional and retail—increasingly turn to them as investment options. For 2023, ETF net share issuance remained strong.

### Net Share Issuance of ETFs Decreased Slightly in 2023

Net share issuance, billions of dollars, annual



Note: Data for net share issuance include reinvested dividends.

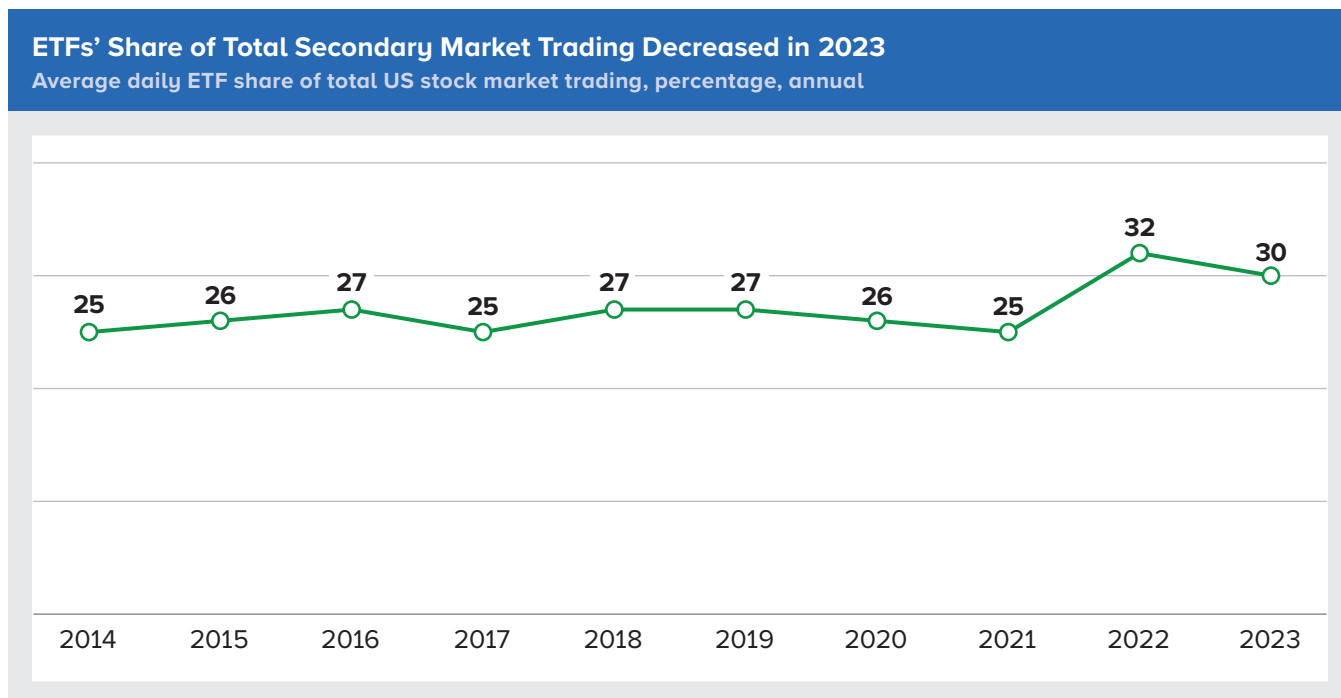
Part of the increasing popularity of ETFs is because more brokers and financial advisers are using them in their clients' portfolios. In 2022, full-service brokers and fee-based advisers had 32 percent and 45 percent, respectively, of their clients' household assets invested in ETFs, up sharply from 6 percent and 14 percent in 2012.

ETF Resource Center



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Retail investors access ETFs through the secondary market (e.g., on an exchange), which is where most ETF activity occurs. While ETF secondary market trading is a substantial share of total trading on US stock exchanges and other venues, the average remained relatively flat through 2021. In 2022, ETFs' share of trading volume somewhat increased, which was likely related to elevated market volatility, as investors often turn to ETFs to quickly transfer or hedge investment risk. This share decreased to 30 percent in 2023 as market volatility abated.



## Who Are ETF Investors?

More than  
**15 million**  
US households held ETFs in 2023

ETF-owning households  
tend to be **younger** with  
**more household financial assets**

**ETF-owning households are more willing to take investment risk**

**48%**  
of ETF-owning households  
are willing to take  
above-average or  
substantial risk

**VS.**

**22%**  
of all US households  
are willing to take  
above-average or  
substantial risk

# CHAPTER

# 5

FULL  
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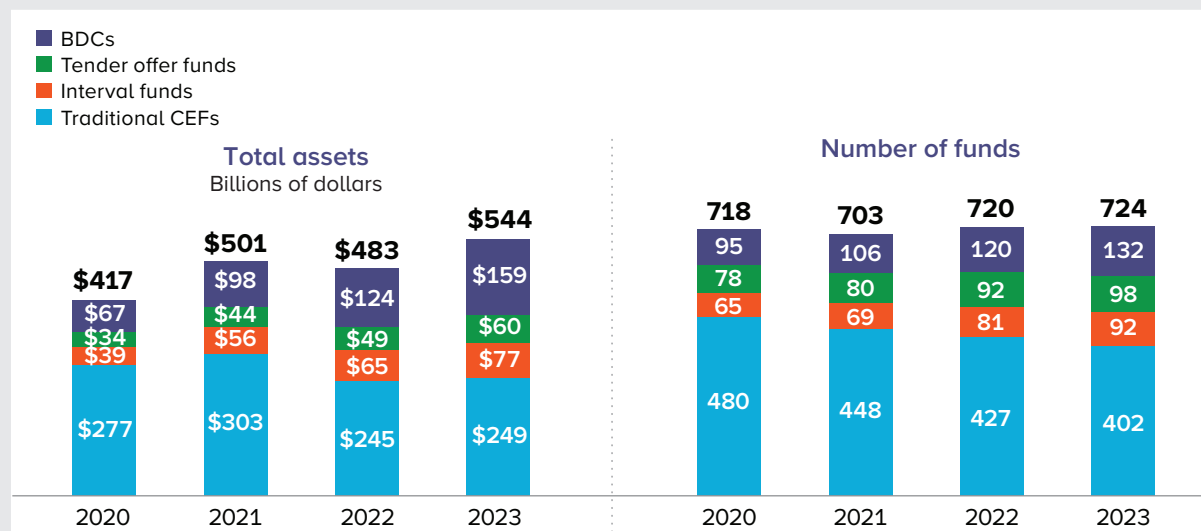


## US Closed-End Funds

There are four types of closed-end funds (CEFs): traditional funds, interval funds, tender offer funds, and business development companies (BDCs). Traditional CEFs (and some interval funds and BDCs) issue a fixed number of shares that are listed on a stock exchange or traded in the over-the-counter market. Other CEFs—like tender offer funds, most interval funds, and BDCs—are not listed on stock exchanges and are permitted to continuously offer their shares at net asset value. The assets of a CEF are professionally managed in accordance with the fund’s investment objectives and policies and may be invested in stocks, bonds, and other securities. Because CEFs do not face daily redemptions, there is little need to maintain cash reserves and they can typically be fully invested according to their strategies. Total assets of CEFs were \$544 billion at year-end 2023.

### Waning Presence of Traditional CEFs Is Offset by Growth of Interval Funds, Tender Offer Funds, and BDCs

Year-end



The Closed-End Fund Market, 2023



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## How Do CEFs and Mutual Funds Compare?

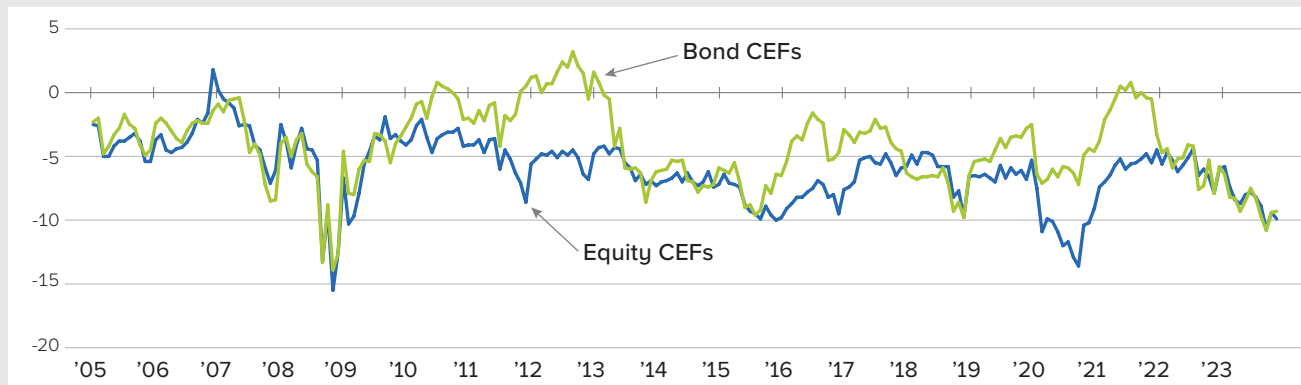
Listed CEFs	Unlisted CEFs	Mutual funds
<ul style="list-style-type: none"> <li>Issue a fixed number of shares</li> <li>Trade in the secondary market (e.g., on an exchange) like ETFs</li> <li>No liquidity restrictions for assets (i.e., they may fully invest to their strategies)</li> <li>Include traditional CEFs, some interval funds, and some BDCs</li> </ul>	<ul style="list-style-type: none"> <li>Typically continuously offered</li> <li>Manage redemptions on a periodic (e.g., quarterly) basis</li> <li>Must have liquid assets necessary to fulfill a scheduled repurchase offer</li> <li>Include tender offer funds, most interval funds, and some BDCs</li> </ul>	<ul style="list-style-type: none"> <li>Are continuously offered</li> <li>Manage redemptions once per day, at 4 p.m. eastern time</li> <li>Up to 15% of net assets may be illiquid (but vast majority hold much less in illiquid assets)</li> </ul>

## Secondary Market Trading of Traditional CEFs

The market price of a traditional CEF share fluctuates like that of other publicly traded securities and is determined by supply and demand in the marketplace. This may cause it to trade at a price higher or lower than its net asset value (NAV). Traditional CEFs typically trade at prices lower than their NAVs, which is referred to as trading at a discount.

### Traditional CEFs Generally Trade at Discounts to NAV

Percent, month-end



Note: The premium/discount rate is the simple average of the percent difference between share price and NAV at month-end.

## Who Are CEF Investors?

More than  
**3 million**  
US households held CEFs in 2023

CEF-owning households  
tend to be **retired** with  
**more household financial assets**

CEF-owning households are **more willing to take investment risk**

**40%**  
of CEF-owning households  
are willing to take above-average  
or substantial risk

**VS.**

**22%**  
of all US households  
are willing to take above-average  
or substantial risk

# CHAPTER

# 6

FULL  
CHAPTER

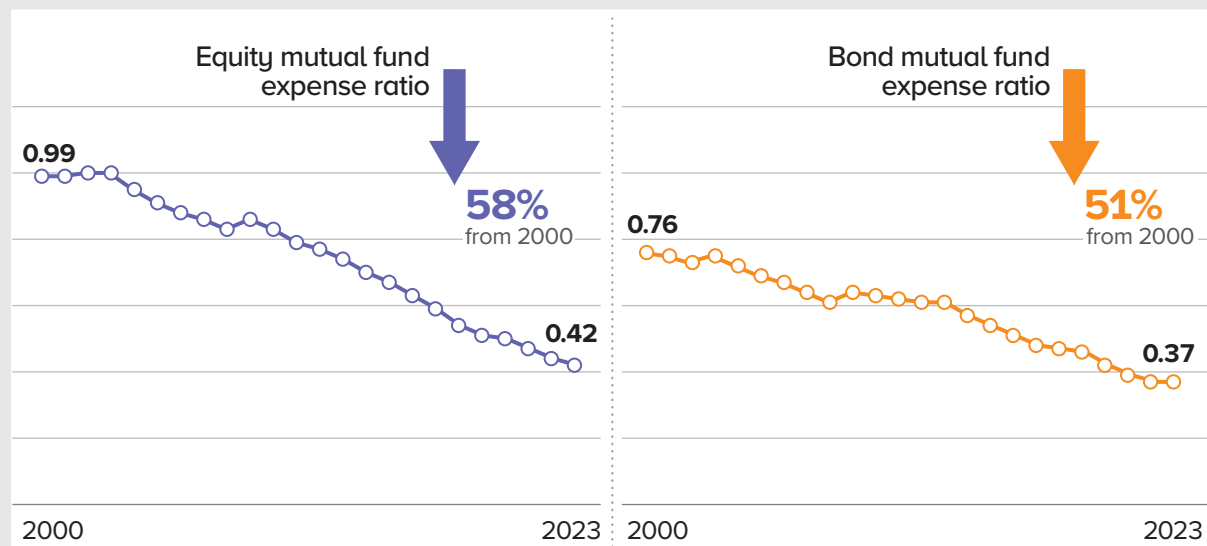


## US Fund Expenses and Fees

US funds provide investors with many investment-related services. For those services, investors incur two primary types of expenses and fees: ongoing expenses and sales loads. Average expense ratios (i.e., ongoing expenses) paid by US mutual fund investors have fallen substantially over time.

### Average Expense Ratios of Equity and Bond Mutual Funds Are Down Substantially from 2000

Asset-weighted average, percent



Trends in the Expenses and Fees of Funds, 2023



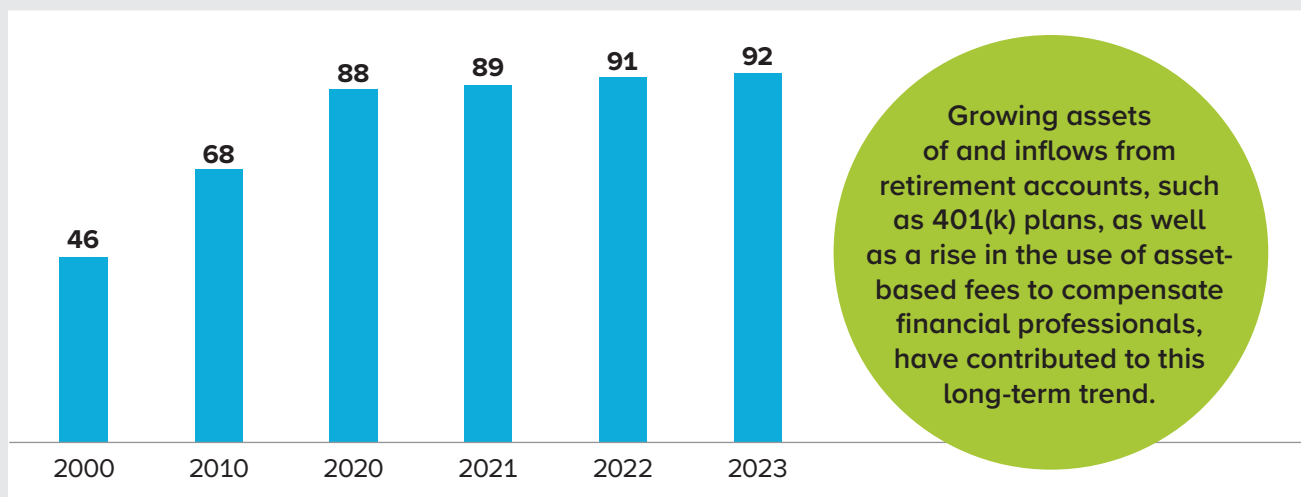
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## Mutual Fund Expense Ratios Can Vary Widely for Multiple Reasons

- **Economies of scale:** For larger funds, fixed costs are a smaller share of overall fund assets, which naturally lowers a fund's expense ratio.
- **Specialization:** Some asset classes (e.g., small-cap equity, sector equity) require more investment research, which increases the costs to manage the fund.
- **Load versus no-load:** No-load funds tend to have lower expense ratios because payments for distribution and advice are often paid directly with an asset-based fee.

### Long-Term Mutual Fund Investors Have Increasingly Purchased No-Load Mutual Funds Without 12b-1 Fees

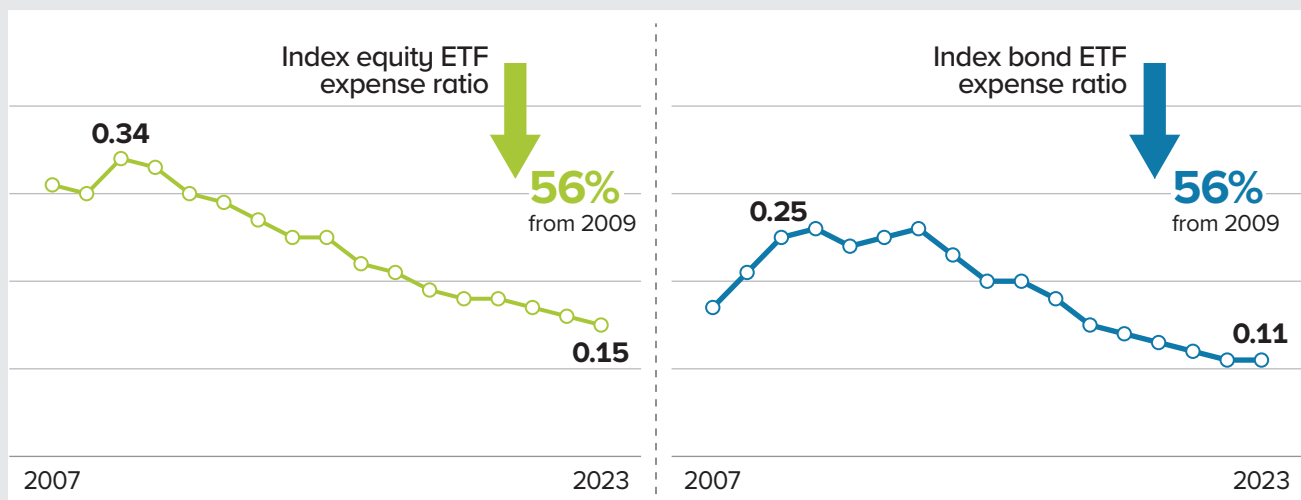
Percentage of long-term mutual fund gross sales, annual



Like mutual fund investors, ETF shareholders tend to invest in funds with below-average expense ratios. In 2023, the simple average expense ratio for index equity ETFs was 0.47 percent, while the asset-weighted average expense ratio was 0.15 percent.

### Average Expense Ratios of Exchange-Traded Funds Have Fallen Significantly Since 2009

Asset-weighted average, percent



# CHAPTER

# 7

FULL  
CHAPTER



## Characteristics of US Mutual Fund Owners

Mutual fund-owning households represent a broad range of the US population—coming from all age and income groups. Mutual fund investors primarily save for retirement, among other savings goals. Mutual funds are an important way US households build their financial wealth, with 68.7 million US households—representing 116 million individual investors—owning mutual funds in 2023.

### Who Is the “Typical” Mutual Fund–Owning Head of Household?

Middle-aged, employed,  
and educated

Moderate household  
income

Purchased their first mutual fund  
through an employer-sponsored  
retirement plan



The “typical”  
mutual  
fund–owning  
head of household

Using mutual funds to save  
for retirement

Held at least one equity  
mutual fund

Had more than half of the  
household’s financial assets  
(excluding the primary residence)  
invested in mutual funds

Investor Research: Mutual Fund Ownership



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## Mutual Fund–Owning Households Make Informed Purchasing Decisions

**93%**  
review a fund's  
investment objective

**95%**  
consider a fund's  
risk profile

**93%**  
consider a fund's performance  
compared with an index

**95%**  
review fund fees  
and expenses

## Generational Ownership of Mutual Funds

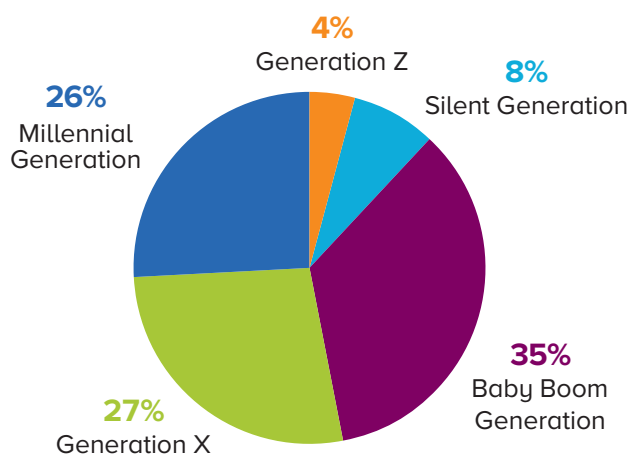
Households across all generations own mutual funds, but members of the Baby Boom Generation and Generation X headed the largest shares of mutual fund–owning households in 2023. This reflects both their generations' sizes and their high rates of mutual fund ownership.

How households own mutual funds often depends on where they are in the lifecycle of investing. Because younger generations are more likely to be early in their careers, they are more likely to own mutual funds only inside employer-sponsored retirement plans. As Americans change jobs over their careers, they may roll over retirement savings to IRAs, and older generations are more likely to own funds outside employer-sponsored retirement plans.

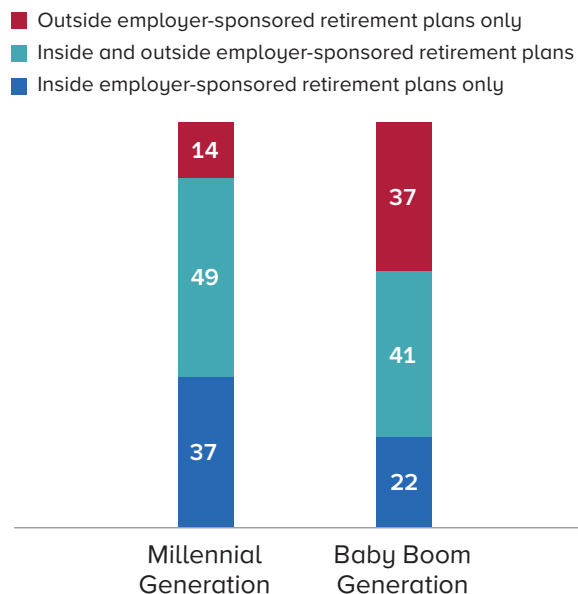
## Mutual Fund Ownership Is Widespread Among All Generations, but Ownership Patterns Vary by Generation

Percentage of US households owning mutual funds by generation, 2023

### All generations own mutual funds



### Source of mutual fund ownership



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Characteristics of Mutual Fund Investors, 2023

# CHAPTER

# 8

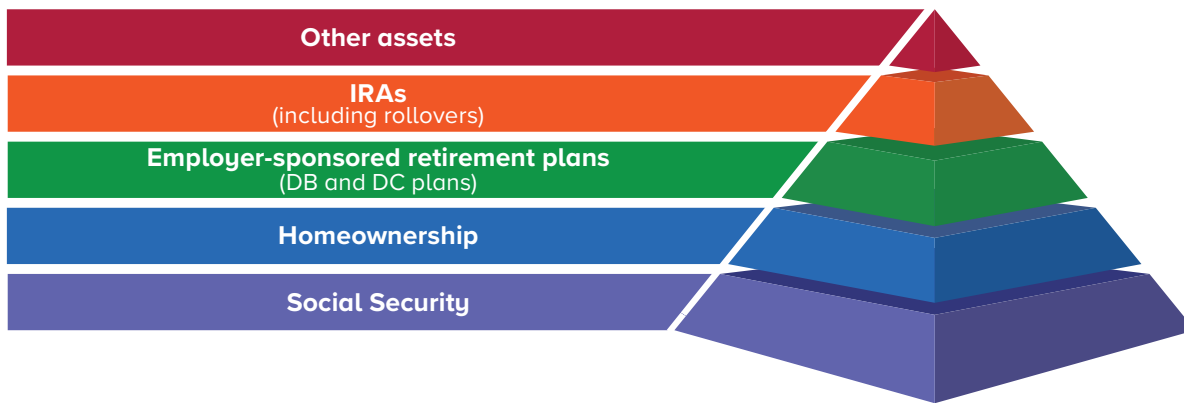
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## US Retirement and Education Savings

### The US Retirement System Has Many Components

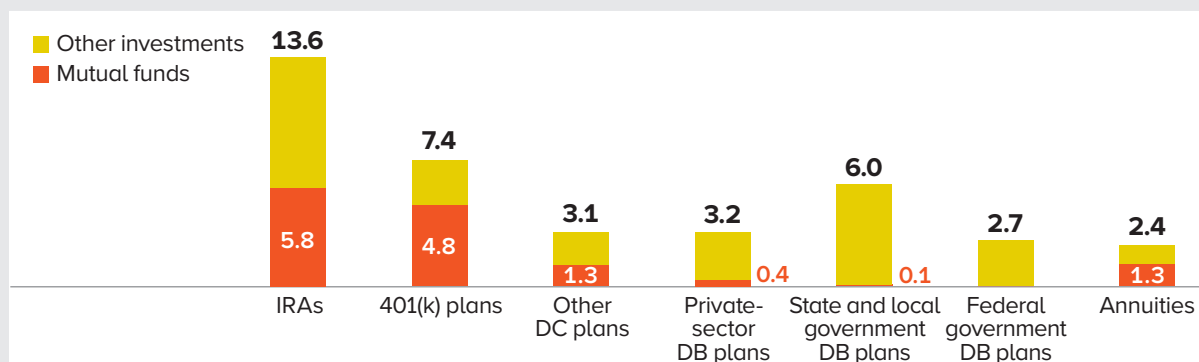
Social Security provides a broad base for American retirees, complemented by retirement accumulations through employer-sponsored retirement plans and IRAs.



Assets earmarked for retirement represent about one-third of US households' financial assets, and many Americans use mutual funds in tax-advantaged retirement accounts. At year-end 2023, IRAs (\$13.6 trillion) and DC plans (\$10.6 trillion) were 63 percent of total US retirement market assets (\$38.4 trillion), and mutual funds managed about half of those account-based retirement assets.

### IRAs and DC Plans Are Vital to the US Retirement Market

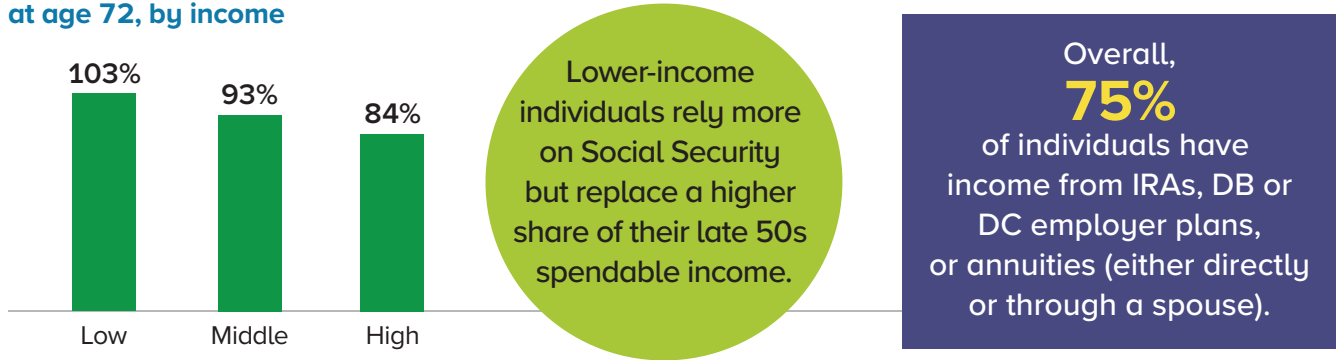
Trillions of dollars, year-end 2023



## US Retirement System Produces Robust Income Replacement in Retirement

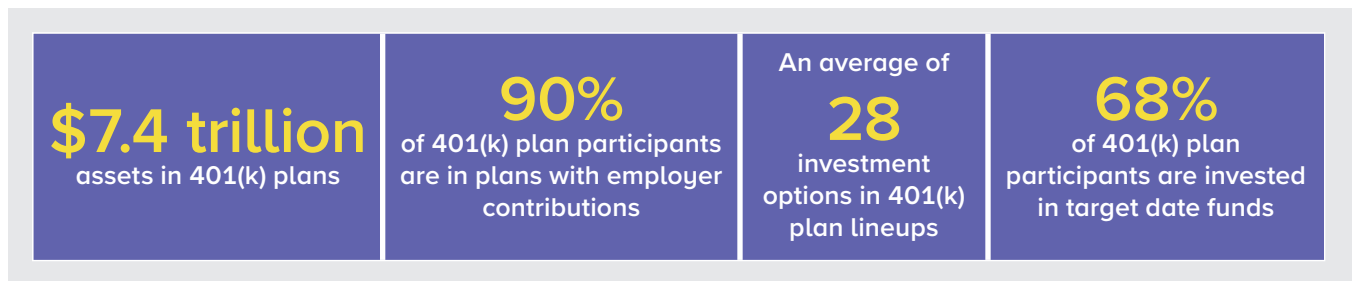
In retirement, most Americans maintain spendable income that is a high percentage of the spendable income they had in their late 50s, according to a study by ICI economists analyzing tax data.

### Spendable income replacement rate at age 72, by income



## 401(k) Plans Are a Powerful Saving and Investing Tool

The most common type of DC plan is the 401(k) plan. DC plan participants appreciate the savings benefits (e.g., payroll deduction, tax-advantaged treatment) and the investment line-ups of their plans.



## IRAs Are Key to US Households' Retirement Saving

In 2023, 56 million US households owned IRAs—traditional IRAs are the most popular, followed by Roth IRAs. Some characteristics of traditional and Roth IRA ownership include:

Traditional IRAs	Roth IRAs
<ul style="list-style-type: none"> <li>■ <b>\$11.4 trillion</b> in assets</li> <li>■ Nearly three-quarters opened with <b>rollovers</b></li> <li>■ Most investors have a <b>planned retirement strategy</b></li> </ul>	<ul style="list-style-type: none"> <li>■ <b>\$1.4 trillion</b> in assets</li> <li>■ More than three-quarters opened with <b>contributions</b></li> <li>■ Investors are <b>younger</b> and more <b>concentrated in equity</b></li> </ul>

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How America Supports Retirement: Challenging the Conventional Wisdom on Who Benefits

# Data Tables

The statistical data tables for the *2024 Investment Company Fact Book* are available online as Excel files. The data tables contain historical information on US mutual funds, exchange-traded funds, closed-end funds, and unit investment trusts, as well as information on worldwide regulated open-end funds.

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