CHAPTER 1

Worldwide Regulated Open-End Funds

Investors around the world have demonstrated strong demand for regulated open-end funds (referred to in this chapter as *regulated funds*). In the past decade, worldwide net sales of regulated funds have totaled $20.1 trillion. This demand has been influenced by several long-term and cyclical economic factors. Fund providers have responded to the increasing interest in funds by offering more than 131,000 regulated funds, which provide a vast array of choices to investors. In many countries, markets for regulated funds are well-developed and highly competitive. At year-end 2021, regulated funds had $71.1 trillion in total net assets.

IN THIS CHAPTER

What Are Regulated Funds?

The International Investment Funds Association (IIFA) defines regulated funds as collective investment pools that are substantively regulated, open-end investment funds.* Open-end funds generally are defined as those that issue new fund shares (or units) and redeem existing shares (or units) on demand. Such funds are typically regulated with respect to disclosure; the form of organization (for example, as either corporations or trusts); custody of fund assets; minimum capital; valuation of fund assets; and restrictions on fund investments, such as limits on leverage, types of eligible investments, and diversification of portfolio investments.

In the United States, however, regulated funds include not only open-end funds (mutual funds and exchange-traded funds [ETFs]), but also unit investment trusts and closed-end funds.† In Europe, regulated funds include Undertakings for Collective Investment in Transferable Securities (UCITS)—ETFs, money market funds, and other categories of similarly regulated funds—and alternative investment funds, commonly known as AIFs.

In many countries, regulated funds may also include institutional funds (funds that are restricted to being sold to a limited number of non-retail investors), funds that offer guarantees or protection of principal (those that offer a formal, legally binding guarantee of income or capital), and open-end real estate funds (funds that invest directly in real estate to a substantive degree).

Number of Worldwide Regulated Funds

At year-end 2021, fund providers globally offered 131,808 regulated funds (Figure 1.1). In 2021, 45 percent of these funds were domiciled in Europe. The Asia-Pacific region accounted for 29 percent of regulated funds, the United States for 8 percent, and the rest of the world for 19 percent. In 2021, 47 percent of regulated funds were mixed/other funds, 35 percent were equity funds, 17 percent were bond funds, and 2 percent were money market funds.

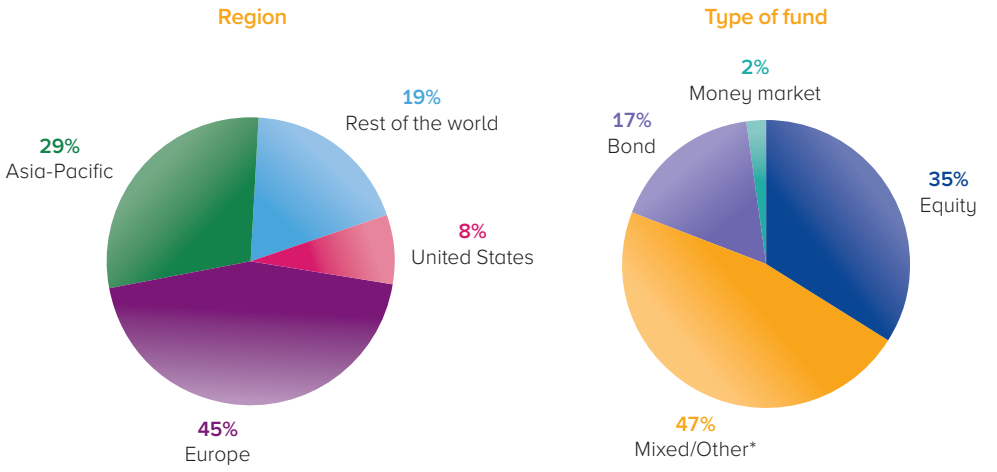
* The primary data source for worldwide regulated funds is the IIFA. In 2021, the IIFA collected data on worldwide regulated funds from 46 jurisdictions. For information on individual jurisdictions, see the data tables on pages 230–235. For more details about the IIFA data collection, see Worldwide Definitions of Terms and Classifications at www.ici.org/info/ww_q3_18_definitions.xls.

† Data for unit investment trusts and closed-end funds are not included in this chapter; these funds are discussed in chapter 2 and chapter 5, respectively.

FIGURE 1.1

Number of Worldwide Regulated Open-End Funds

Percentage of funds by region or type of fund, year-end 2021



Number of worldwide regulated open-end funds: 131,808

* Mixed/other funds include balanced/mixed funds, guaranteed/protected funds, real estate funds, and other funds.
Note: Regulated open-end funds include mutual funds, ETFs, and institutional funds.
Source: International Investment Funds Association

Worldwide Total Net Assets of Regulated Funds

Worldwide total net assets of regulated funds have seen robust growth over the past decade across the world. The increase in worldwide total net assets reflects a substantial increase in the value of the underlying securities held by the funds. However, over the same period, worldwide demand for regulated funds as measured by net sales—total sales minus total redemptions plus net exchanges—has also been significant. Demand for regulated funds has been driven by multiple factors, including investors' demand for professionally managed and well-diversified products offering access to capital markets, as well as by the increasing depth and liquidity of global capital markets.

Total Net Assets of Worldwide Regulated Funds by Type and Region

Financial markets around the world experienced strong growth in 2021, which contributed to a 12.7 percent increase in total net assets of worldwide regulated funds, from $63.0 trillion at year-end 2020 to $71.1 trillion at year-end 2021 (Figure 1.2).*

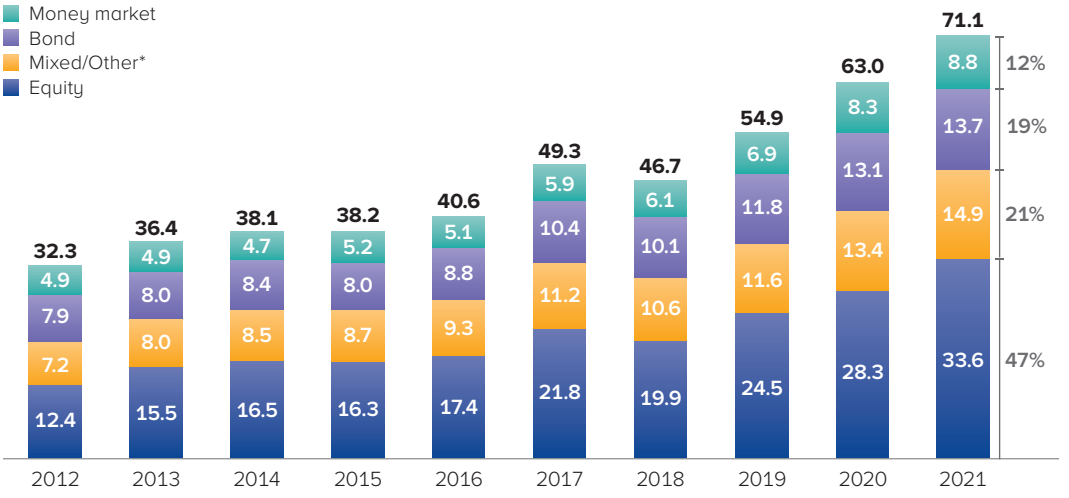
* In this chapter, unless otherwise noted, data for total net assets and net sales are denominated in US dollars.

Worldwide total net assets of equity funds—which invest primarily in publicly traded stocks—increased by 18.8 percent, from $28.3 trillion at year-end 2020 to $33.6 trillion at year-end 2021. Bond funds—which invest primarily in fixed-income securities—saw their total net assets increase from $13.1 trillion to $13.7 trillion (5.1 percent) over the same period, and total net assets of mixed/other funds rose 11.3 percent, from $13.4 trillion to $14.9 trillion. Finally, money market funds—which are generally defined throughout the world as regulated funds that are restricted to holding short-term, high-quality debt instruments—saw their total net assets increase from $8.3 trillion to $8.8 trillion (6.2 percent). At year-end 2021, equity funds remained the largest category of worldwide regulated funds, accounting for 47 percent of net assets. Bond funds accounted for 19 percent of net assets, mixed/other funds for 21 percent, and money market funds for 12 percent.

FIGURE 1.2

Total Net Assets of Worldwide Regulated Open-End Funds Rose to $71.1 Trillion in 2021

Trillions of US dollars by type of fund, year-end



Total number of worldwide regulated open-end funds

2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
93,833	97,377	101,100	106,060	110,120	113,227	118,271	122,551	125,703	131,808

* Mixed/other funds include balanced/mixed funds, guaranteed/protected funds, real estate funds, and other funds.
Note: Regulated open-end funds include mutual funds, ETFs, and institutional funds.
Source: International Investment Funds Association

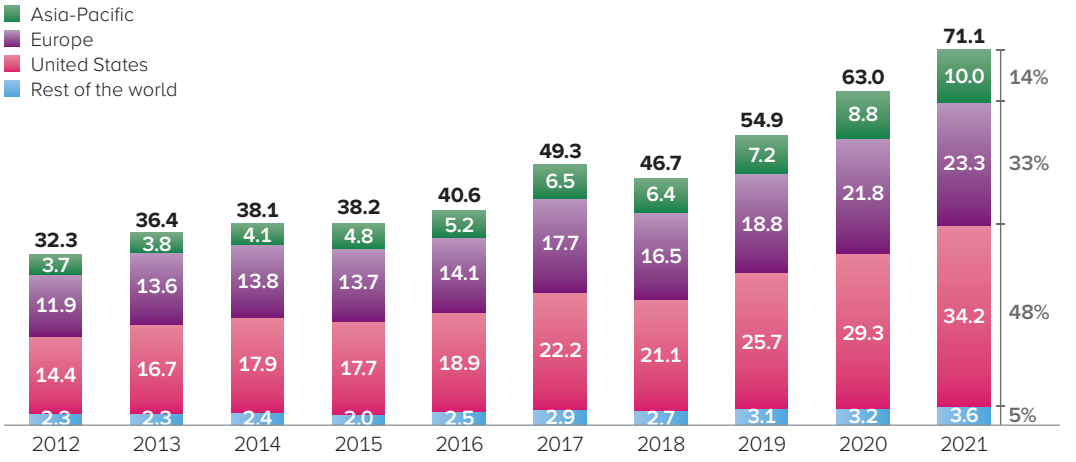
Total net assets of worldwide regulated funds also vary widely by geographic region. At year-end 2021, total net assets in regulated funds continued to be predominantly held in the United States and Europe, with 48 percent and 33 percent of the worldwide total, respectively (Figure 1.3). Regulated funds in the Asia-Pacific region held another 14 percent of worldwide total net assets, and funds in the rest of the world held the remaining 5 percent.

Total net assets of regulated funds in the United States increased by 16.4 percent from $29.3 trillion at year-end 2020 to $34.2 trillion at year-end 2021. Over the same period, total net assets in Europe increased by 7.2 percent to $23.3 trillion, total net assets in the Asia-Pacific region increased by 13.9 percent to $10.0 trillion, and total net assets in the rest of the world increased by 12.9 percent to $3.6 trillion.

FIGURE 1.3

The United States Has the Largest Share of Total Net Assets of Worldwide Regulated Open-End Funds

Trillions of US dollars by region, year-end



Note: Regulated open-end funds include mutual funds, ETFs, and institutional funds.
Source: International Investment Funds Association

In 2021, the majority of the growth in worldwide total net assets of regulated funds reflected an increase in the value of the underlying assets of equity funds. US stock markets returned 26.7 percent in 2021, and European stock markets returned 17.0 percent (Figure 1.4). Stock markets in the Asia-Pacific region, however, were down 1.2 percent. Bond market returns were negative in the United States and in Europe (falling 1.6 percent and 2.1 percent, respectively); by contrast, bond markets returned 5.9 percent in the Asia-Pacific region.*

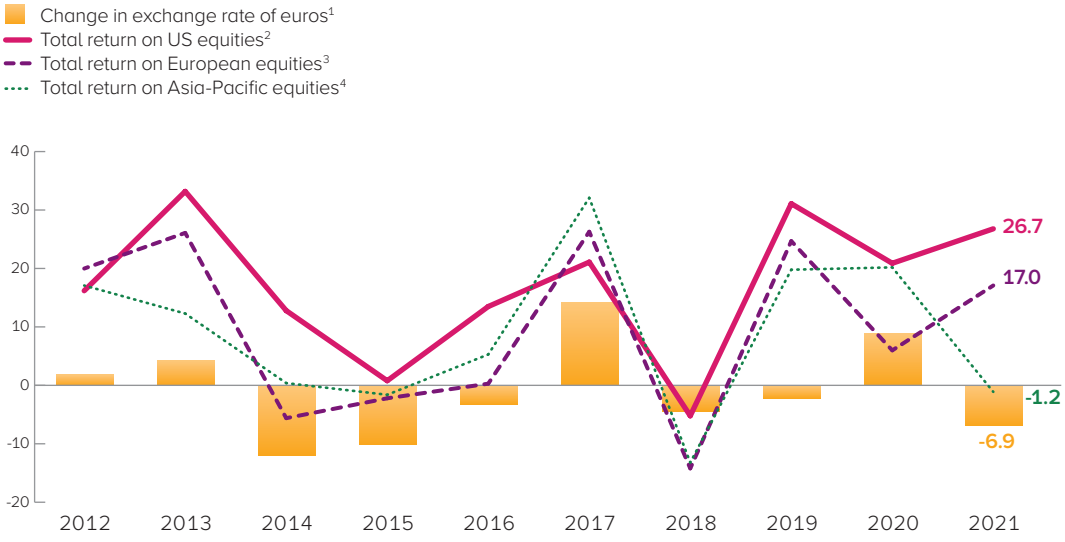
* As measured by the FTSE US Broad Investment Grade Bond Index, the Bloomberg Pan-European Aggregate Index (expressed in euros), and the Bloomberg Asian-Pacific Aggregate Index (expressed in Japanese yen), which all cover investment grade securities.

Asset values of worldwide regulated funds were also affected by changes in exchange rates in 2021. In particular, several major currencies depreciated against the US dollar in 2021, which decreased the value of total net assets in other regions when measured in US dollars. For example, the euro depreciated against the US dollar by 6.9 percent, which would have reduced the value of total net assets in Europe measured in US dollars by about $1.7 trillion when compared with a scenario in which year-over-year exchange rates remained unchanged in 2021. Elsewhere around the world, the Japanese yen depreciated against the US dollar by 10.2 percent, the Australian dollar by 5.6 percent, and the British pound sterling by 1.0 percent. By contrast, the Chinese renminbi appreciated against the US dollar by 2.7 percent (see page 8 for more information on how exchange rates can influence measurement of total net assets).

FIGURE 1.4

Stock Market Returns Around the World

Percent



[1] The change in the exchange rate of euros is measured as the year-over-year percent change in the exchange rate of US dollars per euro.

[2] The total return on US equities is measured as the year-over-year percent change in the Wilshire 5000 Total Market Index.

[3] The total return on European equities is measured as the year-over-year percent change in the MSCI Daily Total Return Gross Europe Index (expressed in US dollars).

[4] The total return on Asia-Pacific equities is measured as the year-over-year percent change in the MSCI Daily Total Return Gross AC Asia-Pacific Index (expressed in US dollars).

Sources: Bloomberg, MSCI, and Wilshire Associates

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Worldwide Regulated Open-End Fund Assets and Flows

www.ici.org/research/stats/worldwide

How Exchange Rates Can Influence Measurement of Total Net Assets Held by Worldwide Regulated Funds

For worldwide regulated funds holding assets denominated in currencies other than US dollars, fluctuations in US dollar exchange rates can significantly affect the value of these assets when they are expressed or measured in US dollars. For example, when foreign currencies depreciate against the dollar (or, equivalently, the US dollar appreciates against foreign currencies), the value of assets not denominated in US dollars will decrease when those assets are measured in US dollars. Figure 1.5 illustrates this effect using two hypothetical scenarios.

FIGURE 1.5

Impact of Changes in the Exchange Rate on the US Dollar Value of a European Stock

Scenario 1: No change in exchange rate between euros and US dollars

	Year 1	Year 2	Percent change
1. Market value of European stock expressed in euros	€100	€120	20%
2. Exchange rate of euros (US dollars per euro)	1.00	1.00	0%
3. Market value of European stock expressed in US dollars	$100	$120	20%

Scenario 2: Market value if euro depreciates (US dollar appreciates)

	Year 1	Year 2	Percent change
4. Market value of European stock expressed in euros	€100	€120	20%
5. Exchange rate of euros (US dollars per euro)	1.00	0.90	-10%
6. Market value of European stock expressed in US dollars	$100	$108	8%

In the first scenario, the market value of a European stock, measured in euros, rises from €100 in year 1 to €120 in year 2, an increase of 20 percent. The exchange rate between US dollars and euros, in this scenario, remains unchanged at 1.00 in both years. In other words, one euro is worth one US dollar in both years. To convert the euro-denominated value of the European stock into US dollars, multiply by the exchange value of the euro (US dollars per euro). Because this value is 1.00 in both years, the value of the European stock expressed in US dollars is the same as when expressed in euros: $100 in year 1 and $120 in year 2. When the US dollar exchange rate with another country is unchanged between two years, any gain or loss in assets denominated in that country's currency translates into an identical percent gain or loss when the value of those assets is expressed in US dollars.

Exchange rates, however, rarely remain unchanged. In the second scenario, a European stock experiences the same 20 percent gain as in the first scenario (€100 in year 1 to €120 in year 2); at the same time, the euro depreciates 10 percent against the US dollar. As in the first scenario, in year 1 the market value of a European stock expressed in US dollars is $100. In year 2, however, one euro is now worth 0.90 US dollars. To find the US dollar value of the European stock in year 2, multiply €120 by 0.90 (US dollars per euro) to get $108. The US dollar return on the European stock is now 8 percent—lower than in the first scenario because it accounts for the depreciation of the euro relative to the US dollar.

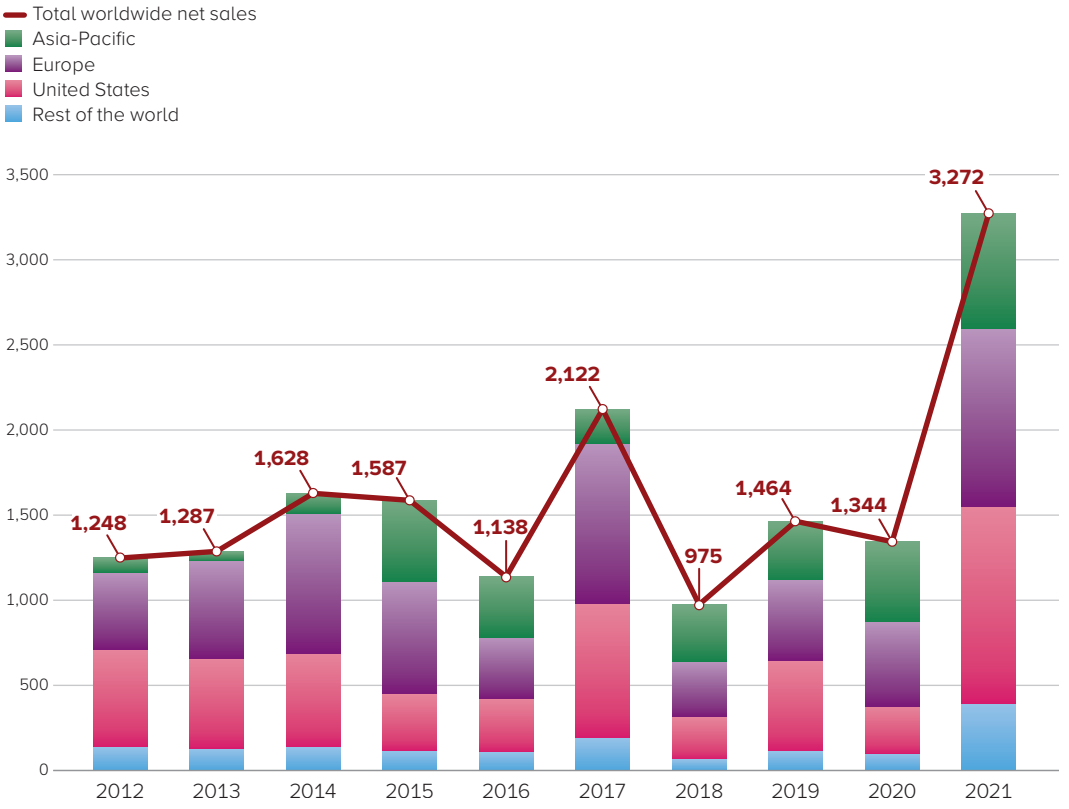
Worldwide Net Sales of Regulated Long-Term Funds

Worldwide demand for regulated long-term funds (equity, bond, and mixed/other) increased sharply in 2021, from $1.3 trillion in 2020 to $3.3 trillion in 2021, primarily driven by strong demand for regulated funds in the United States and Europe (Figure 1.6). Net sales of long-term funds increased from $276 billion in 2020 to $1.2 trillion in 2021 in the United States, from $496 billion to $1.0 trillion in Europe, from $469 billion to $676 billion in the Asia-Pacific region, and from $102 billion to $393 billion for the rest of the world.

FIGURE 1.6

Net Sales of Regulated Open-End Long-Term Funds Surged in 2021

Billions of US dollars by region, annual



Note: Regulated open-end funds include mutual funds, ETFs, and institutional funds. Long-term funds include equity funds, mixed/other funds (balanced/mixed, guaranteed/protected, real estate, and other funds), and bond funds, but exclude money market funds.

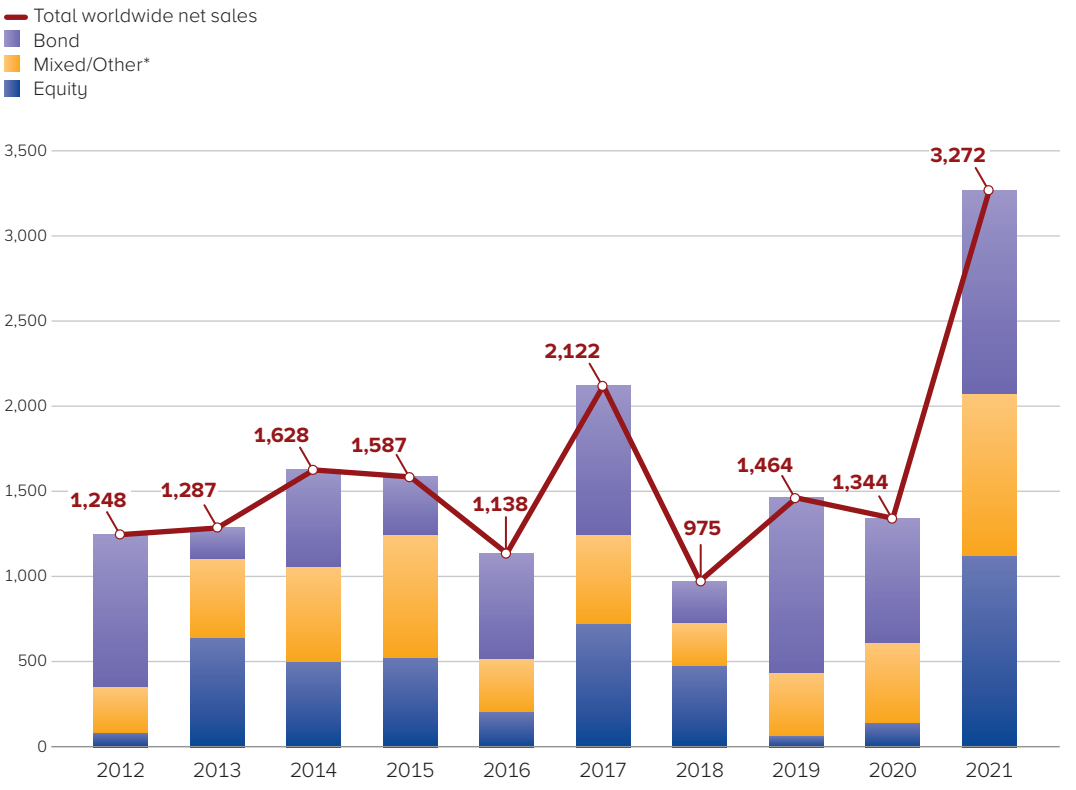
Source: International Investment Funds Association

Worldwide net sales of equity funds increased from $142 billion in 2020 to $1.1 trillion in 2021 (Figure 1.7). The United States and Europe contributed to most of this increase, with combined net inflows of $816 billion in 2021 following net outflows of $79 billion in 2020. These large inflows were likely associated with strong returns on US and European stocks, as net flows to equity funds have historically been related to world equity returns (Figure 3.7). In the Asia-Pacific region, equity funds experienced net inflows of $208 billion in 2021, up from $165 billion in 2020, and the rest of the world received $100 billion in net inflows in 2021, up from $56 billion in 2020.

FIGURE 1.7

Worldwide Net Sales of Regulated Open-End Long-Term Funds Increased Across All Asset Classes in 2021

Billions of US dollars by type of fund, annual



* Mixed/other funds include balanced/mixed funds, guaranteed/protected funds, real estate funds, and other funds.
Note: Regulated open-end funds include mutual funds, ETFs, and institutional funds.
Source: International Investment Funds Association

In 2021, demand for bond funds increased across all regions. In the United States, net sales of bond funds were $700 billion in 2021, up from $552 billion in 2020; in Europe, net sales were $172 billion in 2021, up from $122 billion in 2020; and in the Asia-Pacific region, net sales were $207 billion in 2021, up from $58 billion in 2020. Bond funds for the rest of the world received net inflows of $115 billion in 2021 following net outflows of $4 billion in 2020.

Combined net sales of bond funds and mixed/other funds have generally been strong over the past decade, usually outpacing net sales of equity funds. This trend can partially be explained by the aging global population. In 2021, individuals aged 50 or older were estimated to represent 25 percent of the world's population, up from 21 percent in 2011.* As investors near retirement reassess their tolerance for investment risk, they might elect to weight their purchases more toward regulated funds with less-variable returns. Because returns on bonds tend to be less variable than those on stocks, returns on bond funds and some mixed/other funds that hold substantial proportions of their total net assets in bonds also tend to be less variable than those of equity funds.

Ongoing Charges for UCITS in the European Union

The UCITS Directive has become a global success story since its adoption in 1985, with net assets of €10.9 trillion in EU-domiciled UCITS by year-end 2020. Investments in these funds are held by investors in Europe and other jurisdictions worldwide.

UCITS provide many important advantages to European investors, including professional management services, access to global markets, the benefit of regulation and supervisory oversight, and access to a wide array of investment options via "passporting"—meaning that a UCITS established in one country can be sold cross-border into one or more other countries. For example, investors in equity UCITS had access to more than 110 different investment objectives with €4.4 trillion in net assets at year-end 2020.

UCITS investors incur ongoing charges that cover a host of services, including portfolio management, administration, compliance costs, accounting services, legal costs, and payments to distributors. The total cost of these charges is disclosed to investors through either the total expense ratio (TER), often found in a UCITS' annual report and other marketing documents, or the ongoing charges figure (OCF), found in the Key Investor Information Document (KIID). Ongoing charges among UCITS vary, and these differences depend on a variety of factors. Because ongoing charges are paid from fund assets, investors pay for these investment-related services indirectly.

CONTINUED ON THE NEXT PAGE

* United Nations, Department of Economic and Social Affairs, Population Division (2019). *World Population Prospects* (2019 Revision). Available at https://population.un.org/wpp.

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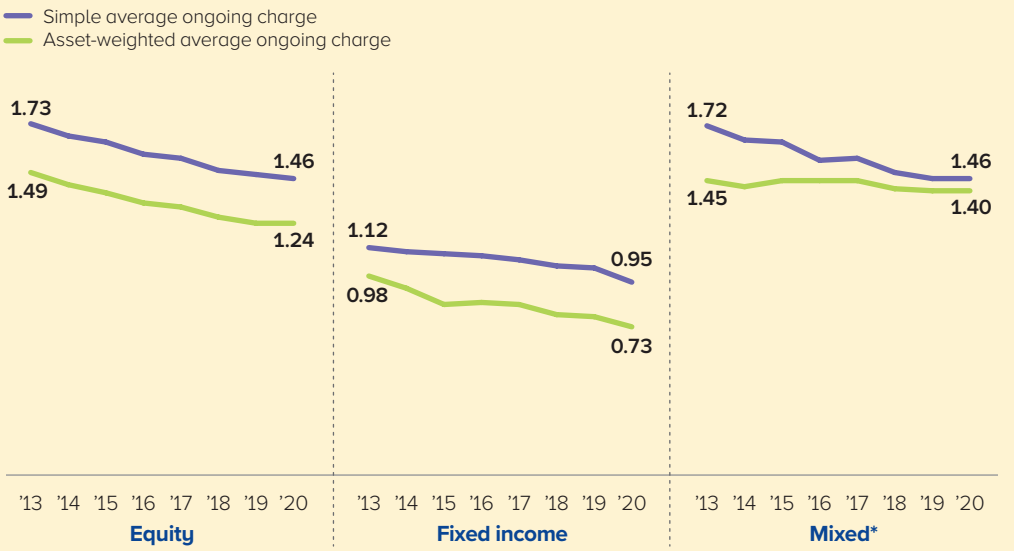
On an asset-weighted basis, average ongoing charges paid by investors in equity and fixed-income UCITS have decreased since 2013, while ongoing charges for mixed funds have remained relatively stable (Figure 1.8). In 2013, asset-weighted average ongoing charges for equity funds were 1.49 percent, or €1.49 for every €100 in assets. By 2020, the asset-weighted average had fallen to 1.24 percent. Asset-weighted average ongoing charges also declined for fixed-income funds, from 0.98 percent in 2013 to 0.73 percent in 2020. Asset-weighted average ongoing charges for mixed funds, which invest in a combination of equity and fixed-income securities, remained relatively stable during this period—1.45 percent in 2013 compared with 1.40 percent in 2020.

In each year from 2013 to 2020, the asset-weighted average ongoing charges for equity, fixed-income, and mixed funds were below their respective simple averages, indicating that investors tend to concentrate their assets in lower-cost funds. For example, the simple average ongoing charge for equity funds was 1.46 percent in 2020 compared with an asset-weighted average of 1.24 percent. For fixed-income funds, the simple average was 0.95 percent compared with an asset-weighted average of 0.73 percent; and for mixed funds, the simple average was 1.46 percent compared with an asset-weighted average of 1.40 percent.

FIGURE 1.8

Investors in UCITS Pay Below-Average Ongoing Charges

Percent



* Mixed funds invest in a combination of equity and fixed-income securities.
Note: Data exclude ETFs.
Source: Investment Company Institute tabulations of Morningstar Direct data. See *ICI Research Perspective*, "Ongoing Charges for UCITS in the European Union, 2020."

Worldwide Net Sales of Money Market Funds

Worldwide net sales of money market funds totaled $673 billion in 2021, a decrease from $1.3 trillion in 2020 (Figure 1.9). The decline in worldwide demand for money market funds was largely driven by a decrease in net sales in the United States and Europe. Investor demand for money market funds in the United States decreased from $700 billion in 2020 to $424 billion in 2021. Money market funds in Europe experienced net outflows of $20 billion in 2021 after experiencing $250 billion in net inflows in 2020. In the Asia-Pacific region, money market funds experienced net inflows of $254 billion in 2021, down from $302 billion in 2020, and money market funds in the rest of the world received $15 billion in net inflows in 2021, down from $43 billion in 2020.

Investors use money market funds because they are professionally managed, tightly regulated vehicles with holdings limited to high-quality, short-term debt instruments. As such, they are highly liquid, attractive, cash-like alternatives to bank deposits. Generally, the demand for money market funds depends on their performance and interest rate risk exposure. As the difference between yields on short-term fixed-income securities and yields on long-term fixed-income securities narrows (i.e., the "yield curve" flattens), money market funds tend to experience inflows because investors can reduce interest rate risk without sacrificing much yield by using a fund with a short duration. By contrast, steeper yield curves tend to be associated with a weaker demand for money market funds.

In 2021, demand for money market funds weakened as yield curves worldwide generally became steeper, and demand for high-quality, short-term investments—brought on by the COVID-19 public health crisis—abated. Despite the intermittent spikes in COVID-19 cases and the emergence of the Omicron variant, economic growth was projected to be strong—at the same time, inflation was expected to rise, which contributed to higher long-term yields and steeper yield curves.

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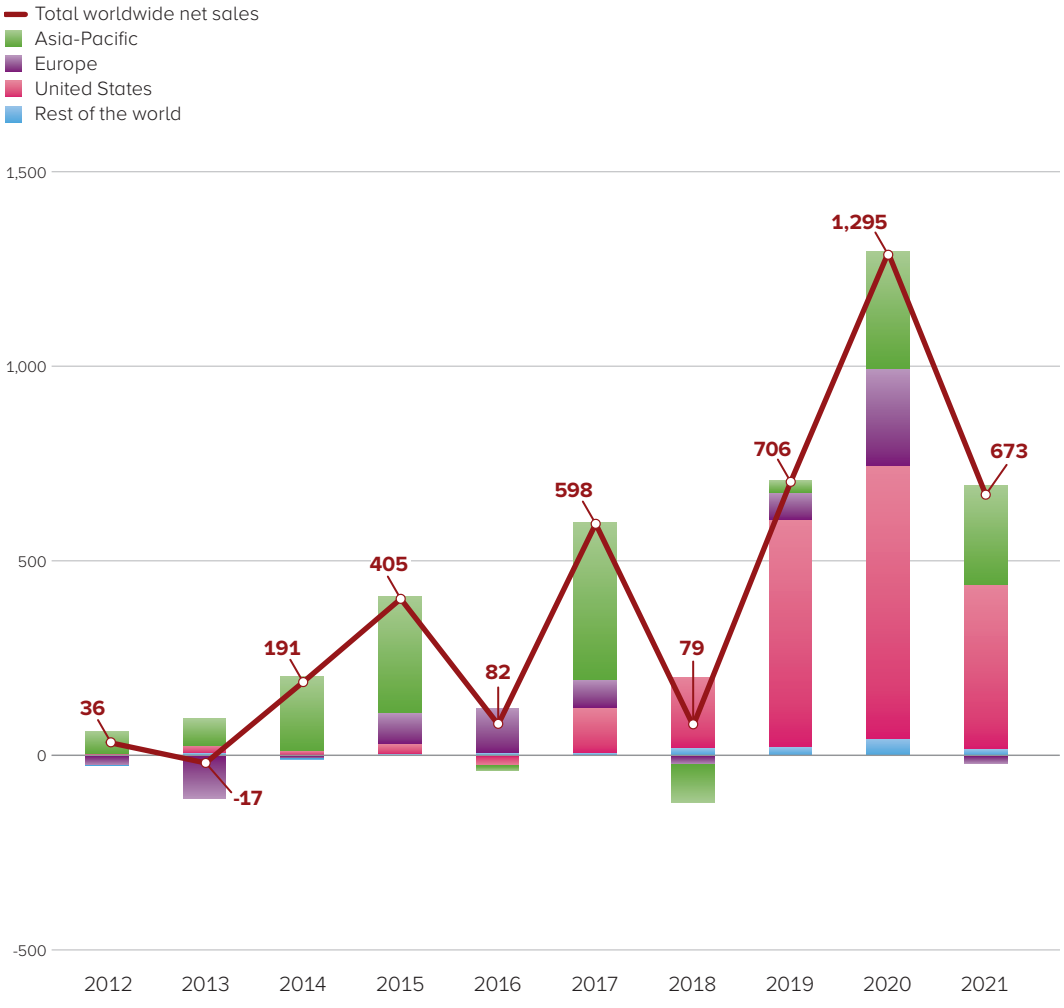
Ongoing Charges for UCITS in the European Union, 2020
www.ici.org/files/2021/per27-09.pdf

FIGURE 1.9

Worldwide Net Sales of Money Market Funds Decreased in 2021

Billions of US dollars by region, annual



Source: International Investment Funds Association

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Factors Influencing Demand for Worldwide Regulated Funds

Research indicates that the size of the regulated fund market in a country or region is a reflection of a broad range of factors, including access to well-developed capital markets, household demand for well-diversified investments, strong and appropriate regulation of funds and financial markets, availability of distribution structures that facilitate access to regulated funds, returns and costs of regulated funds relative to other available investment products, demographics (see page 11), and high or improving levels of economic development.

Strong Regulatory Framework

The United States and Europe are home to the world's largest regulated fund industries (Figure 1.3). The relatively large size of the US market is the result of several factors. One is that US-regulated funds have been available for around 100 years—for example, mutual funds have been available to US investors since the 1920s. Another factor is the strong regulatory framework for securities markets and regulated funds in the United States that was established in the wake of the stock market crash of 1929 and the Great Depression—most notably, the Securities Act of 1933 and the Investment Company Act of 1940. Grounded in this sound framework, investor confidence in securities markets and regulated funds led to steady growth in US-regulated funds' assets.

In recent decades, US demand has also been fueled by the availability of regulated funds as investment options in tax-advantaged accounts (for example, 401(k) plans), and by a broad and growing availability of fund types that help investors meet their investment goals (for example, ETFs and target date funds). Also, assets of regulated funds in the past decade have been boosted by stock and bond market appreciations and by reinvestment of dividends into funds.

Europe's regulated fund market has also grown rapidly over the past few decades. One important factor helping to drive this growth is the UCITS regulatory framework, which includes passporting—the ability for funds domiciled in one EU country to be offered for sale and purchased by investors in another EU country. Additionally, many countries outside of Europe, such as in the Asia-Pacific region, allow UCITS to be offered for sale to their citizens. The pooling of assets from investors in a range of countries allows for economies of scale that help to lower the costs of funds to individual investors. The UCITS framework further promotes asset pooling across countries by allowing an individual fund to offer share classes that are denominated in a range of different currencies (for example, euros, US dollars, British pounds sterling) and that are adapted to different tax structures across jurisdictions.

Finally, while the Asia-Pacific region had only 14 percent of the worldwide total net assets of regulated funds at year-end 2021 (Figure 1.3), the market has been growing. And given the size of the population and the rapidly increasing economic development and wealth in many countries there, the region's regulated fund market has potential for continued growth.

Well-Developed Capital Markets

Demand for regulated funds in a country is positively associated with its level of equity capital market development—that is, its stock market capitalization relative to its gross domestic product (GDP). Residents of countries with more highly developed equity capital markets (higher ratios of stock market capitalization to GDP), such as the United States and members of the European Union, tend to hold a larger share of their household financial wealth in regulated funds.

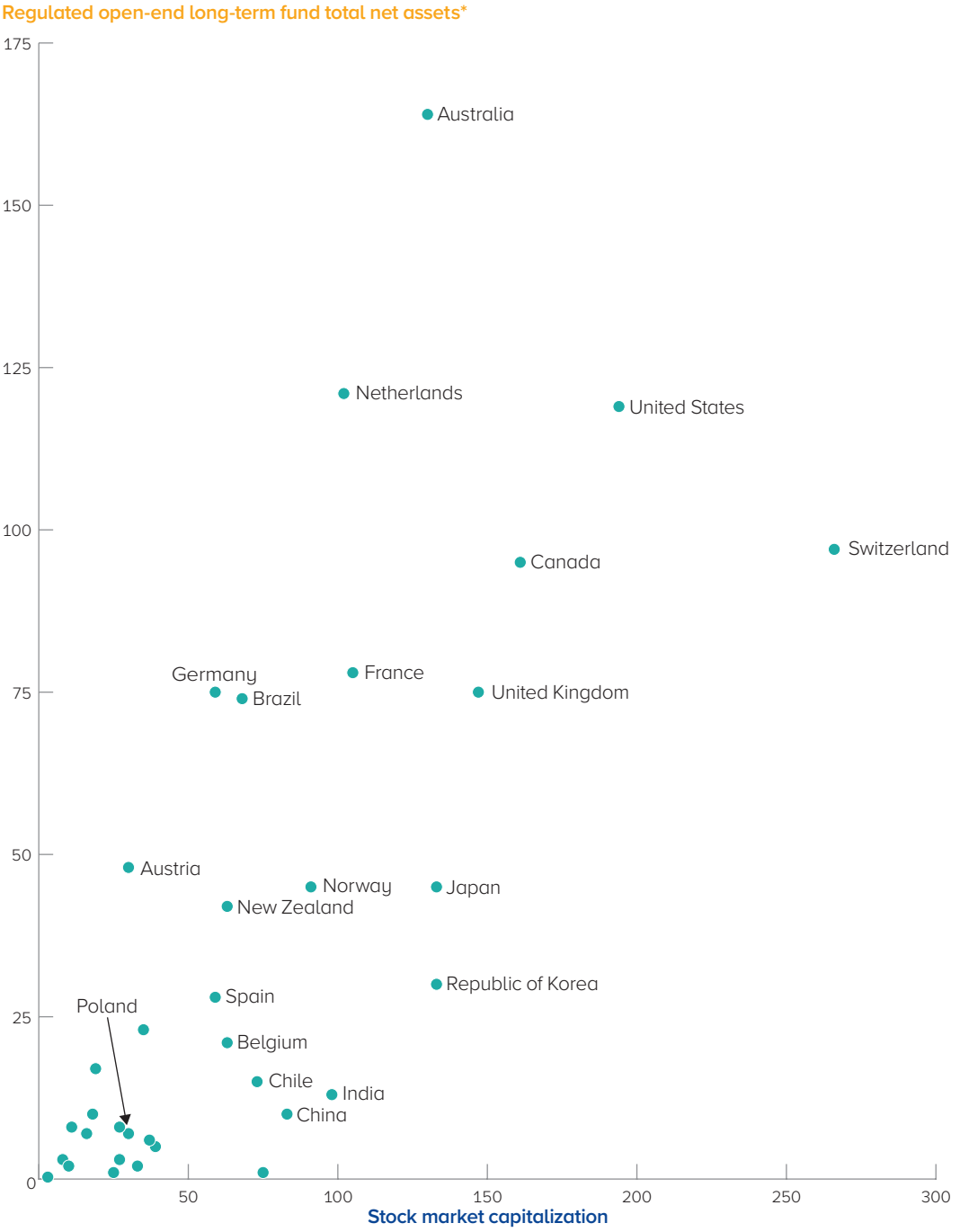
Figure 1.10 illustrates the relationship between equity capital market development and the size of the regulated fund market (total net assets in regulated long-term funds in a country relative to its GDP) across countries. The horizontal axis measures a country's equity capital market development; the vertical axis plots the size of the regulated fund market in a given country.

Generally, as stock market capitalization rises relative to GDP, so do total net assets in regulated funds (Figure 1.10). Countries with more-developed equity capital markets—such as the United States, the United Kingdom, the Netherlands, or Switzerland—also tend to have a higher ratio of regulated long-term fund assets to GDP. For example, the Netherlands' stock market capitalization is close to its GDP (102 percent on the horizontal axis), indicating a highly developed equity capital market, while total net assets in regulated long-term funds are also high relative to its GDP (121 percent on the vertical axis), indicating a well-developed fund industry. In contrast, countries with less-developed equity capital markets, such as Poland, tend to also have lower total net assets in regulated long-term funds relative to GDP.

FIGURE 1.10

Countries with More-Developed Equity Capital Markets Tend to Have More-Developed Fund Industries

Percentage of gross domestic product, 2020



* Regulated open-end funds include mutual funds, ETFs, and institutional funds. Long-term funds include equity funds, mixed/other funds (balanced/mixed, guaranteed/protected, real estate, and other funds), and bond funds, but exclude money market funds.

Source: Investment Company Institute tabulations of data from the International Investment Funds Association, Bloomberg, World Bank, World Federation of Exchanges, and Euronext

Other Factors Influencing Demand

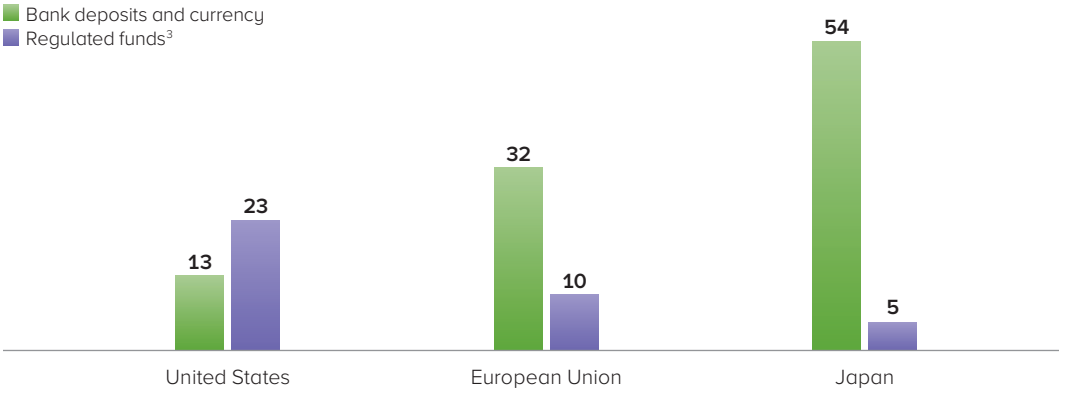
Other factors also influence the demand for regulated funds, and therefore, the size of the regulated fund market. For example, in countries such as Japan where banks have historically dominated the financial landscape, households tend to hold more of their financial assets in bank products and less in regulated funds (Figure 1.11). Although Japan's stock market capitalization is 133 percent of GDP, comparable to that of the United Kingdom, it has substantially less net assets in regulated long-term funds as a proportion of its GDP (45 percent) (Figure 1.10).

Households in Japan hold more than half (54 percent) of their financial assets in bank deposits and currency, but very little in regulated funds (5 percent) (Figure 1.11). By contrast, in the United States, banks compete with capital market instruments for households' financial assets; as a result, households hold a relatively small fraction (13 percent) of their assets in bank deposits compared with 23 percent in regulated funds. EU countries are intermediate cases among industrialized nations, with 32 percent of households' financial wealth in bank deposits and 10 percent in regulated funds. Differences in public policy and tax regimes across countries also likely have contributed to the dispersion of deposits and regulated funds held by households.

FIGURE 1.11

US Households Hold More of Their Wealth in Regulated Funds; Bank-Centric Countries Have a Lower Share

Percentage of household[1] financial wealth, selected dates[2]



[1] Households include households and nonprofit institutions serving households.
[2] Data for the United States and Japan are as of 2021:Q4; data for the European Union are as of 2021:Q3.
[3] For the United States, regulated funds include mutual funds and ETFs. For the European Union and Japan, regulated funds include investment fund shares as defined by their respective systems of national accounts.
Source: Investment Company Institute tabulations of data from the Investment Company Institute, Federal Reserve Board, Eurostat, and Bank of Japan

Size of Worldwide Regulated Funds in Global Capital Markets

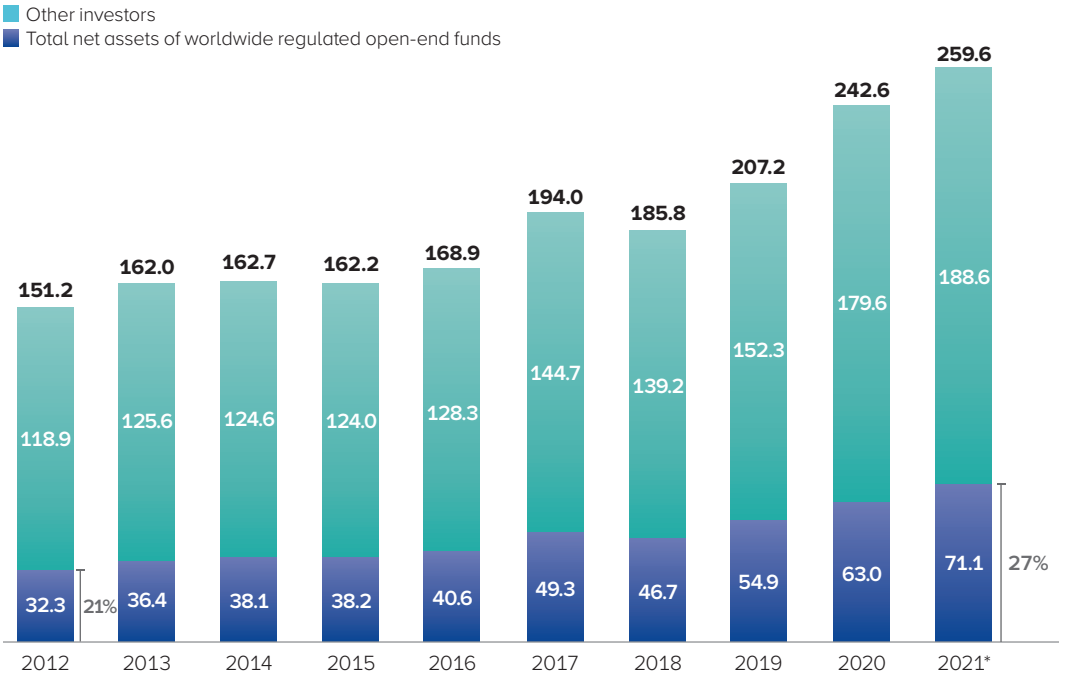
Regulated funds are a growing source of capital for world financial markets, helping finance businesses, governments, and household activities. As of year-end 2021, worldwide capital markets, as measured by the value of equity and debt securities outstanding, totaled $259.6 trillion, of which regulated funds' net assets were 27 percent, or $71.1 trillion (Figure 1.12).

The share of worldwide capital markets held by regulated funds has grown over the past decade. In 2012, worldwide regulated funds held 21 percent of worldwide capital markets, rising to 27 percent in 2021. The remaining 73 percent of worldwide capital markets in 2021 were held by a wide range of other investors, such as central banks, sovereign wealth funds, defined benefit pension plans, banks, insurance companies, hedge funds, broker-dealers, and households' direct holdings of stocks and bonds.

FIGURE 1.12

Worldwide Regulated Open-End Fund Share of Worldwide Equity and Debt Markets

Trillions of US dollars, year-end



* Data for worldwide debt markets are as of September 30, 2021.
Note: Regulated open-end funds include mutual funds, ETFs, and institutional funds.
Source: Investment Company Institute tabulations of data from the International Investment Funds Association, World Federation of Exchanges, and Bank for International Settlements