2023

INVESTMENT COMPANY

Fact Book

Quick Facts Guide

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2022 Facts at a Glance

Total worldwide assets invested in regulated open-end funds:* $60.1 trillion			
United States **$28.6 trillion**	Europe **$19.1 trillion**	Asia-Pacific **$9.1 trillion**	Rest of the world **$3.4 trillion**

US-registered investment company total net assets: $28.9 trillion			
Mutual funds **$22.1 trillion**	Exchange-traded funds **$6.5 trillion**	Closed-end funds **$252 billion**	Unit investment trusts **$73 billion**

US-registered investment companies' share of:				
US corporate equity **33%**	US and foreign corporate bonds **23%**	US Treasury and government agency securities **12%**	US municipal securities **27%**	Commercial paper **17%**

US household ownership of US-registered funds				
Number of households owning funds **71.7 million**	Number of individuals owning funds **120.5 million**	Percentage of households owning funds **54.7%**	Median mutual fund assets of mutual fund–owning households **$125,000**	Median number of mutual funds owned **3**

US retirement market		
Total retirement market assets **$33.6 trillion**	Percentage of households with tax-advantaged retirement savings **72%**	DC plan and IRA assets invested in mutual funds **$10.1 trillion**

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

Letter from the Chief Economist

Each year, ICI's *Investment Company Fact Book* seeks to bring you a wealth of data about and an update on our industry. Producing the book is a labor of love, requiring the effort of virtually everyone in ICI's Research Department and Strategic Communications Department. It also depends critically on ICI member firms, who provide so much of the data. The process starts anew for next year's version almost as soon as the ink is dry on this year's. The effort is worth it, however, as we receive many comments from the media, regulators, academics, legislators, and industry professionals about the importance of the *Fact Book* as a necessary resource.

Speaking of ink drying (or, in this case, not drying), we are going paperless with ICI's *2023 Fact Book*. We have long considered such a change. But now, as the fund industry encourages Congress to pass legislation related to e-delivery, it seems especially appropriate for our *Fact Book* to walk the walk. Equally important, shifting to a paperless *Fact Book* will free up resources we can devote to enhancing users' experiences.

For example, as part of our effort to modernize and improve audience engagement, we are pleased to produce this *Fact Book: Quick Facts Guide*—a new, complementary resource to the *Fact Book*. The guide provides a snapshot of key facts. It also features QR codes that will take you to the *Fact Book* itself and to our comprehensive data tables (which now include even more historical data), making them just a "snapshot" away. Stay tuned and let us know how we can continue to tailor both the *Fact Book* and the *Quick Facts Guide* for today's audience.

In sum, we hope you will find the 63rd edition of the *Fact Book* as informative as ever. It has come a long way from the first edition, which was little more than a pamphlet—about the length of this year's *Quick Facts Guide*—to the vast compendium of industry statistics it is today.

Best regards,

Sean Collins
Chief Economist

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2023 Fact Book

2023 Fact Book Data Tables

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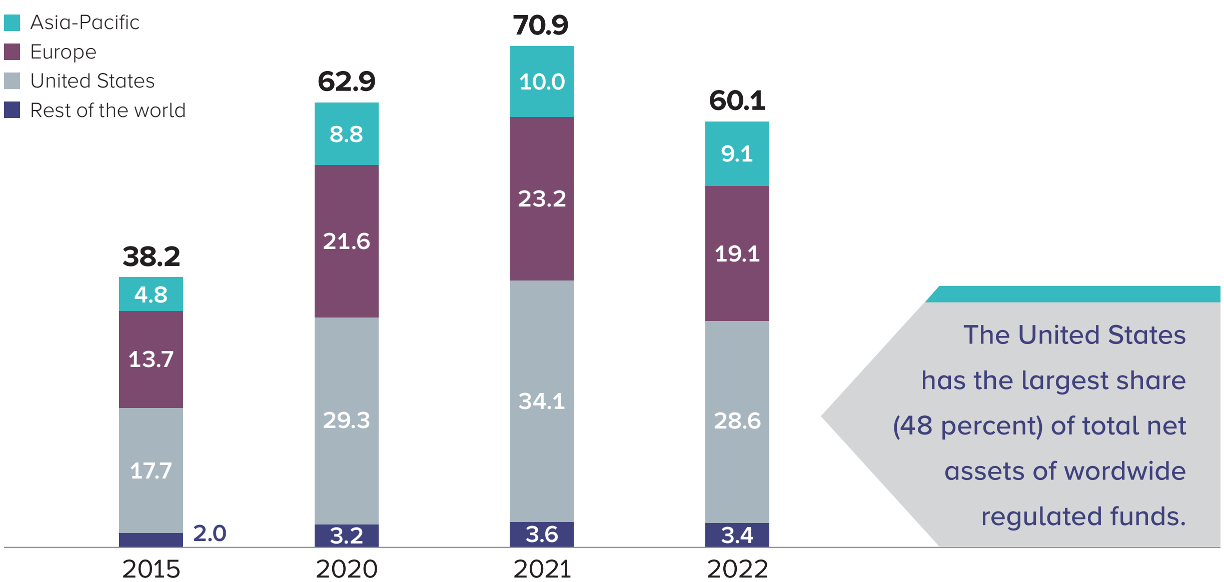
CHAPTER 1

Worldwide Regulated Open-End Funds

Investors around the world have demonstrated strong demand for regulated open-end funds. Fund providers have responded to the increased demand for investing through funds by offering more than 137,000 regulated funds, which provide a vast array of choices for investors. In many countries, markets for regulated funds are well-developed and highly competitive.

Worldwide Regulated Funds Had $60 Trillion in Total Net Assets at Year-End 2022

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.

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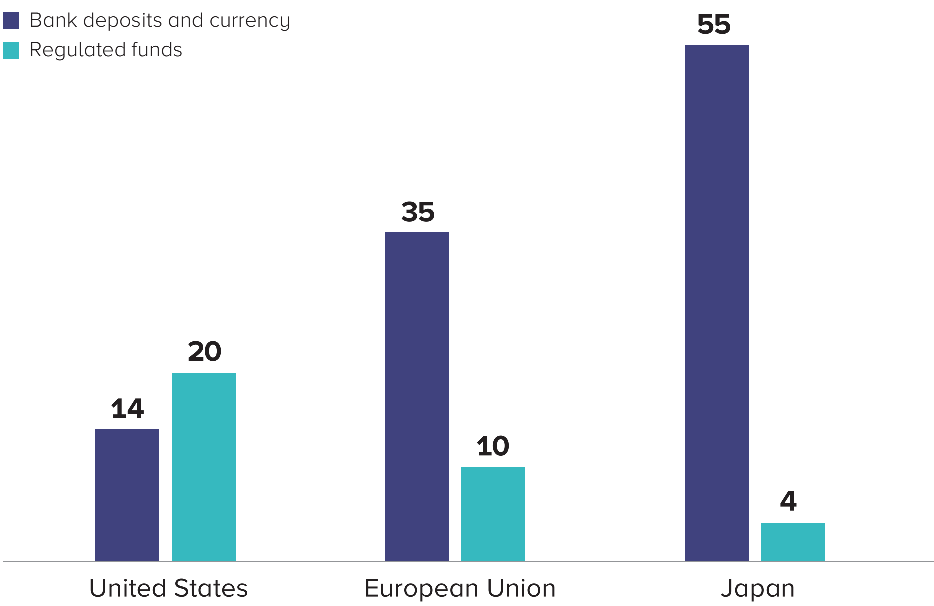
Worldwide Regulated Open-End Fund Statistics

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, 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 (14 percent) of their assets in bank products.

US Households Hold More of Their Wealth in Regulated Funds

Percentage of household financial wealth, year-end 2022



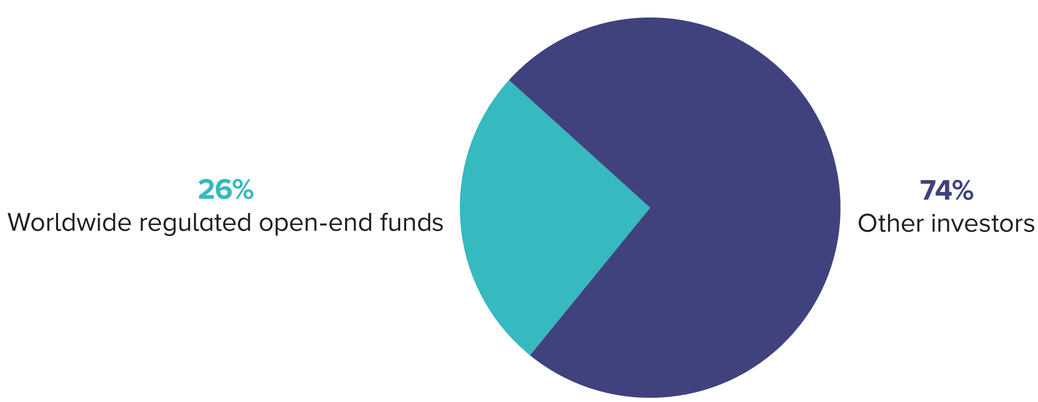
Differences in public policy and tax regimes across countries have likely contributed to the dispersion of bank products and regulated funds held by households.

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

Regulated funds held 26 percent of worldwide capital markets at year-end 2022. 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 74 percent.

Regulated Funds Help Finance Business, Government, and Household Activities

Percentage of worldwide equity and debt markets, year-end 2022



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CHAPTER 2

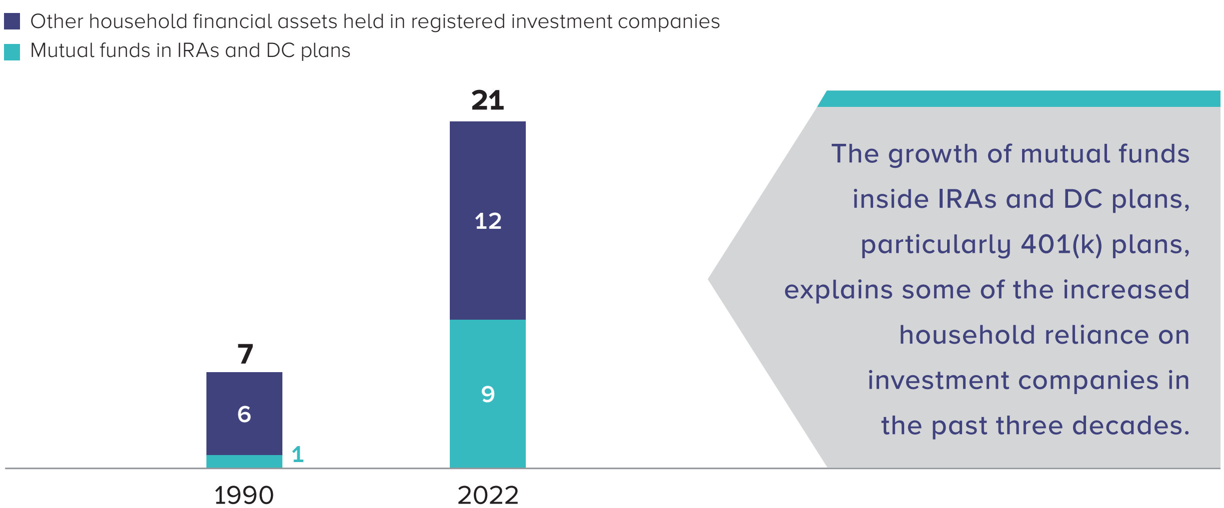
US-Registered Investment Companies

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 $28.9 trillion in total net assets at year-end 2022, largely on behalf of more than 120 million US retail investors.

The industry has experienced robust growth over the past quarter century, driven by asset appreciation, strong demand from households due to rising household wealth, the aging US population, and evolving employer-based retirement systems.

Households' Reliance on Investment Companies Has Grown

Percentage of US household financial assets, year-end



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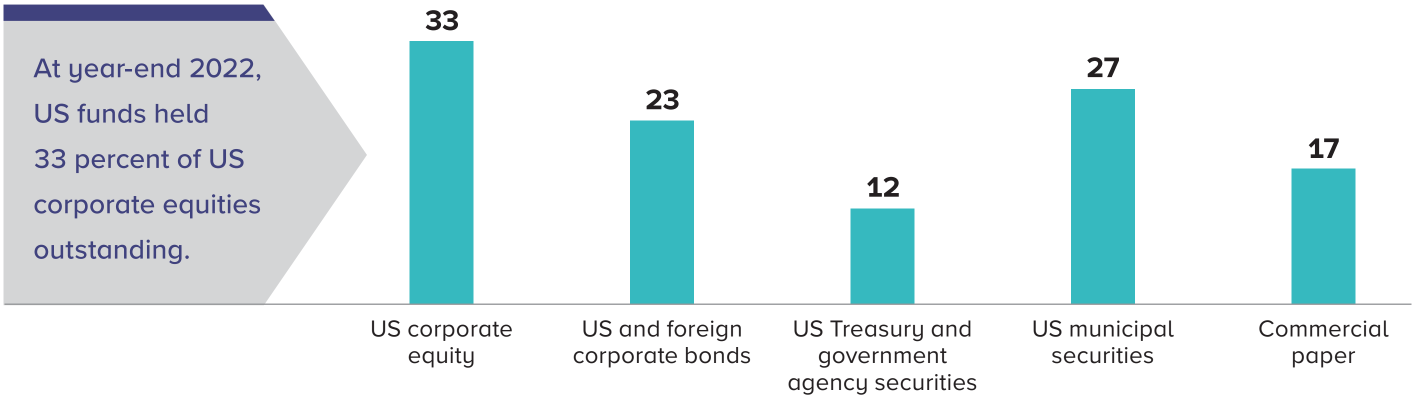
US Funds Are Important Investors in Domestic Financial Markets and Supply Investment Capital to Stock, Bond, and Money Markets

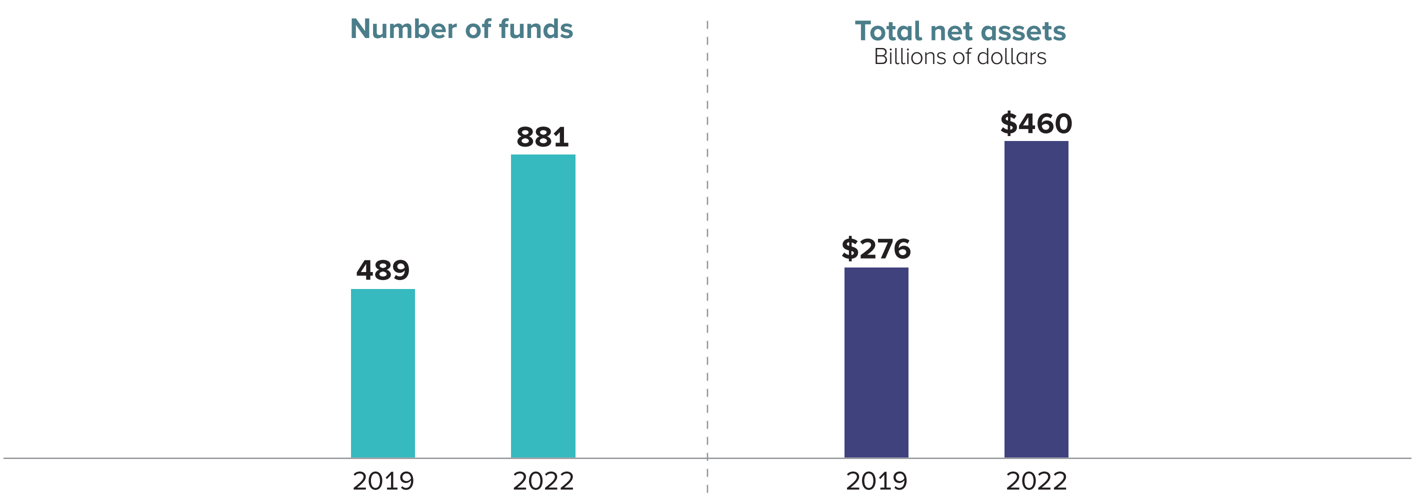
Percentage of total market value of securities held by investment companies, year-end 2022



For decades, registered investment companies have innovated to provide retail investors ways to access capital markets. Two prime examples are the creation of exchange-traded funds and target date funds in the mid-1990s, which have since grown substantially. Funds that invest according to ESG criteria are another innovative product. These funds allow investors to match their investments more closely with their values and have become increasingly popular in recent years.

The Market for ESG Criteria Funds Has Grown in Recent Years

Year-end



Note: Data include mutual funds and ETFs. Data include mutual funds that invest primarily in other mutual funds and ETFs that invest primarily in other ETFs.

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ESG Resource Center

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CHAPTER 3

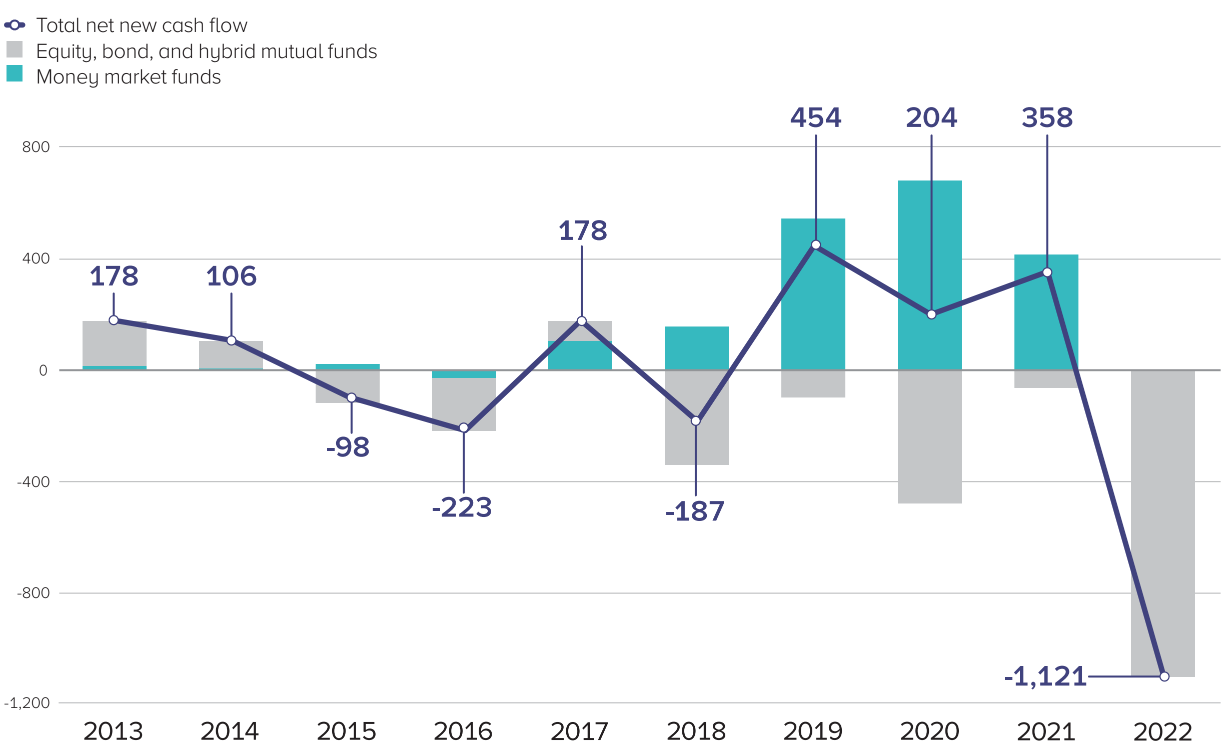
US Mutual Funds

A mutual fund is an investment company that pools money from shareholders and invests in a portfolio of securities. In 2022, 115.3 million individual investors in 68.6 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 held the vast majority (94 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.

Long-Term Mutual Funds Experienced over $1 Trillion in Outflows in 2022 as Markets Slumped

Billions of dollars, annual

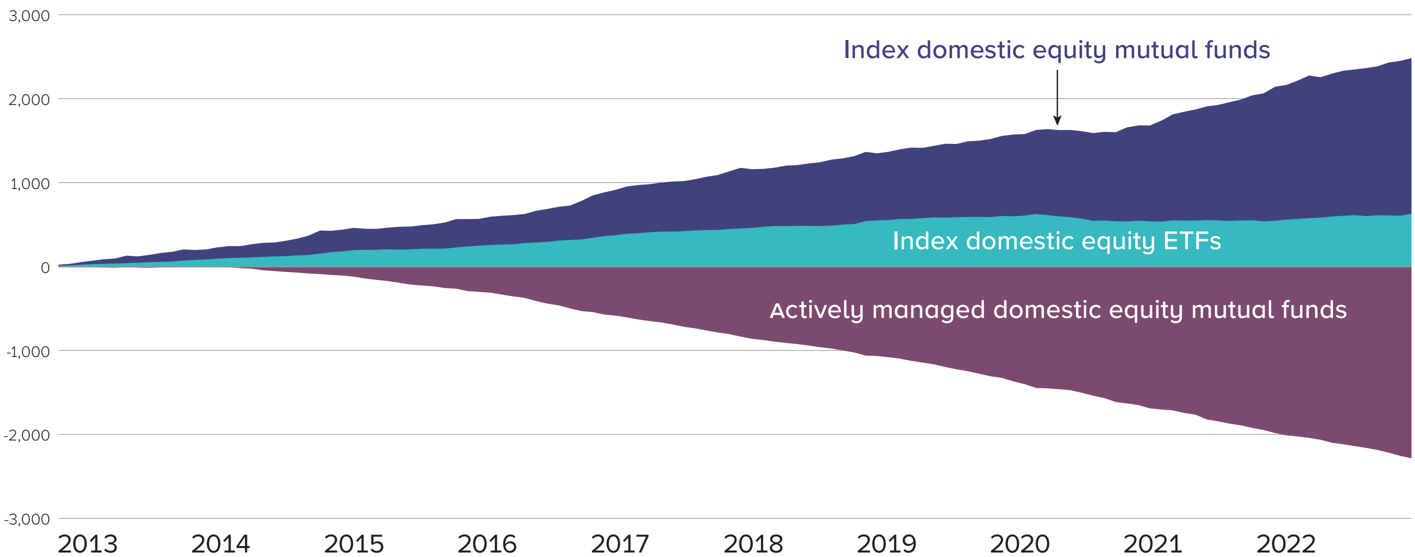


Long-Term Trends Influencing Mutual Fund Demand

- **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 index domestic equity ETFs, billions of dollars, monthly

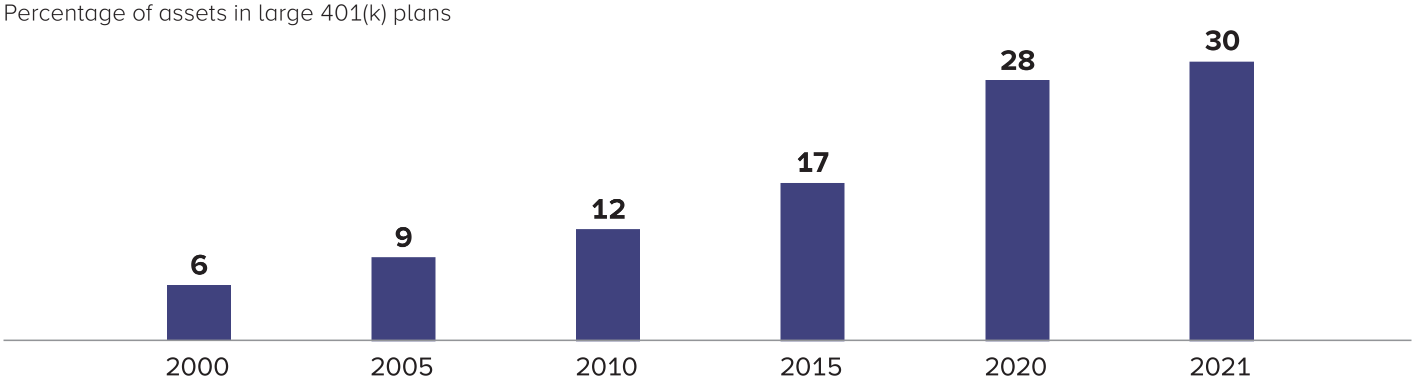


Note: Mutual fund data include net new cash flow and reinvested dividends; ETF data for net share issuance include reinvested dividends.

- **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).** In 401(k) plans, CITs are an alternative to mutual funds, and the two have similarities and differences. Recently, CITs have claimed a rising share of 401(k) assets.

Assets of Large 401(k) Plans Are Increasingly Held in CITs

Percentage of assets in large 401(k) plans



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Monthly Trends in Mutual Fund Investing

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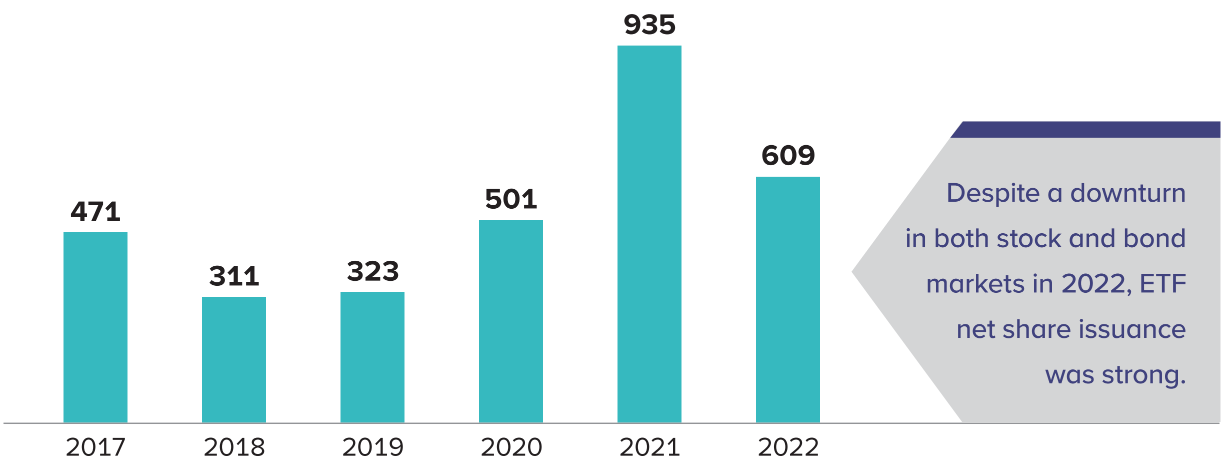
CHAPTER 4

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.

Net Share Issuance of ETFs Exceeded $600 Billion in 2022

Net share issuance, billions of dollars, annual



Memo: total net assets (trillions of dollars, year-end)

2017	2018	2019	2020	2021	2022
$3.4	**$3.4**	**$4.4**	**$5.4**	**$7.2**	**$6.5**

Note: Data for net share issuance include reinvested dividends.

Part of the increasing popularity of ETFs is likely attributable to more brokers and financial advisers using them in their clients' portfolios. In 2021, full-service brokers and fee-based advisers had 28 percent and 41 percent, respectively, of their clients' household assets invested in ETFs, up sharply from 6 percent and 10 percent in 2011.

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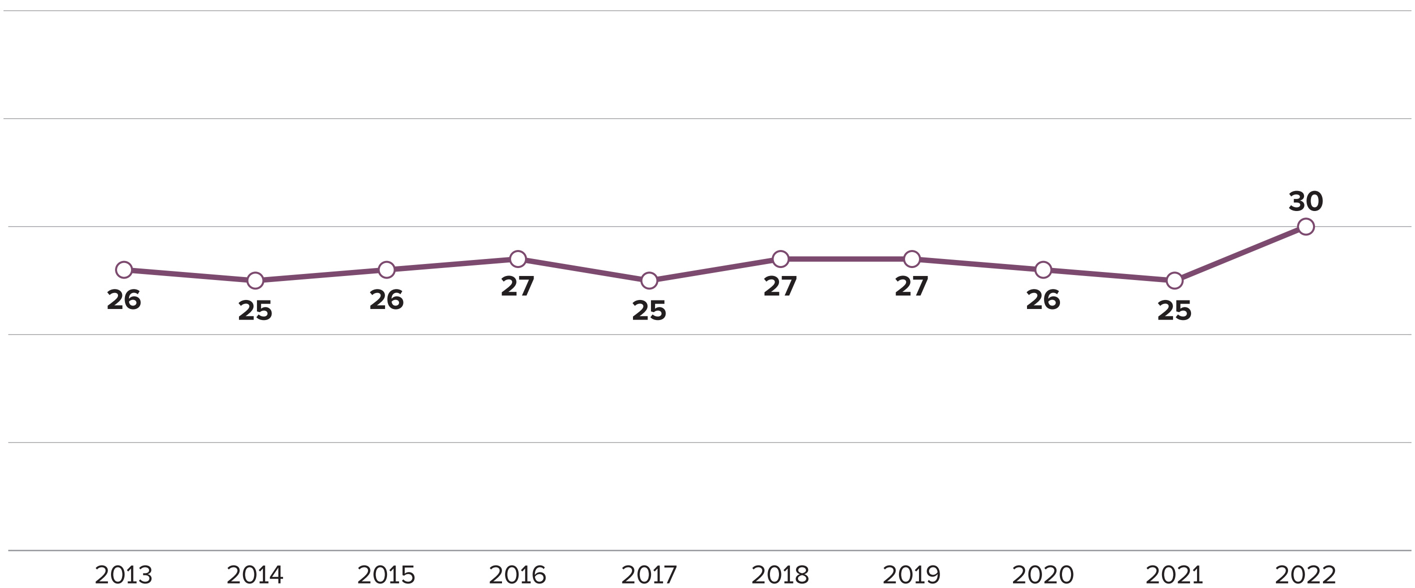
ETF Resource Center

Secondary Market Trading in ETF Shares

Retail investors access ETFs through the secondary market (e.g., on an exchange), which is where most ETF activity occurs. And 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, the pickup in ETFs' share of trading volume was likely related to increased volatility in the markets—investors often turn to ETFs to quickly transfer or hedge investment risk.

ETF Secondary Market Trading Averaged 30 Percent of Daily US Stock Market Trading in 2022

Percentage of total US stock market trading volume, annual



Who Are ETF Investors?

16 million
US households held ETFs in 2022.

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

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

52% of ETF-owning households are willing to take above-average or substantial risk.

vs.

34% of mutual fund–owning households are willing to take above-average or substantial risk.

FULL CHAPTER

CHAPTER 5

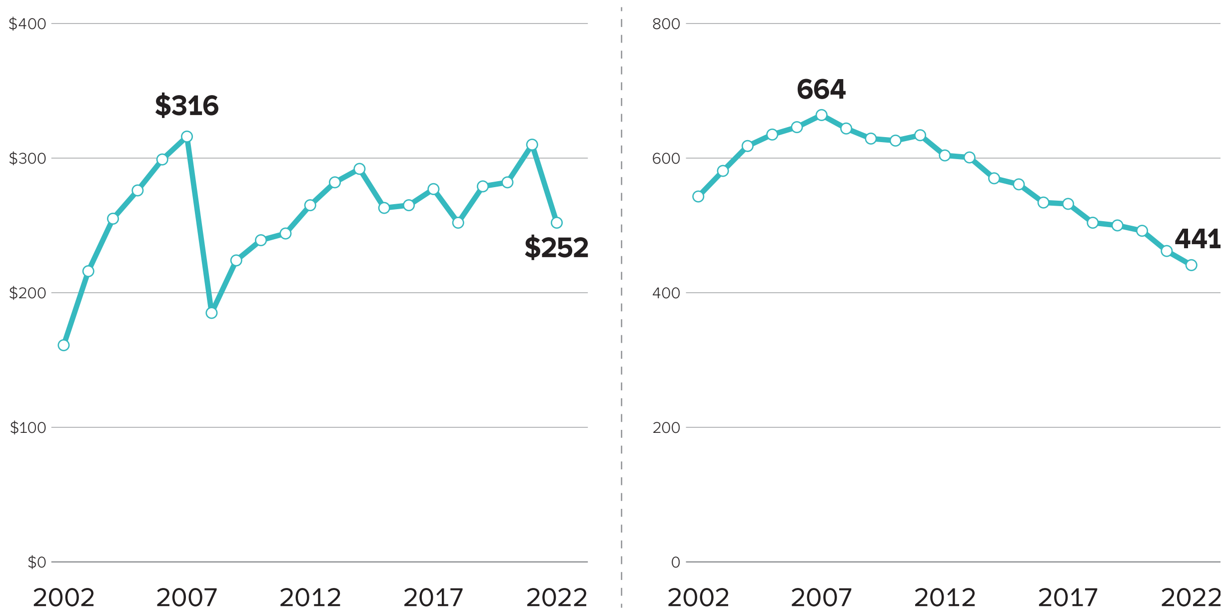
US Closed-End Funds

Closed-end funds (CEFs) are one of four types of investment companies, along with mutual (or open-end) funds, ETFs, and unit investment trusts (UITs). CEFs generally issue a fixed number of shares that are listed on a stock exchange or traded in the over-the-counter market. 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. Total assets of CEFs were $252 billion at year-end 2022 and the number of CEFs continued its steady decline.

Total Assets of CEFs Declined in 2022

Total assets, billions of dollars, year-end

Number of funds, year-end



What Are Some Ways That CEFs Differ from Mutual Funds?

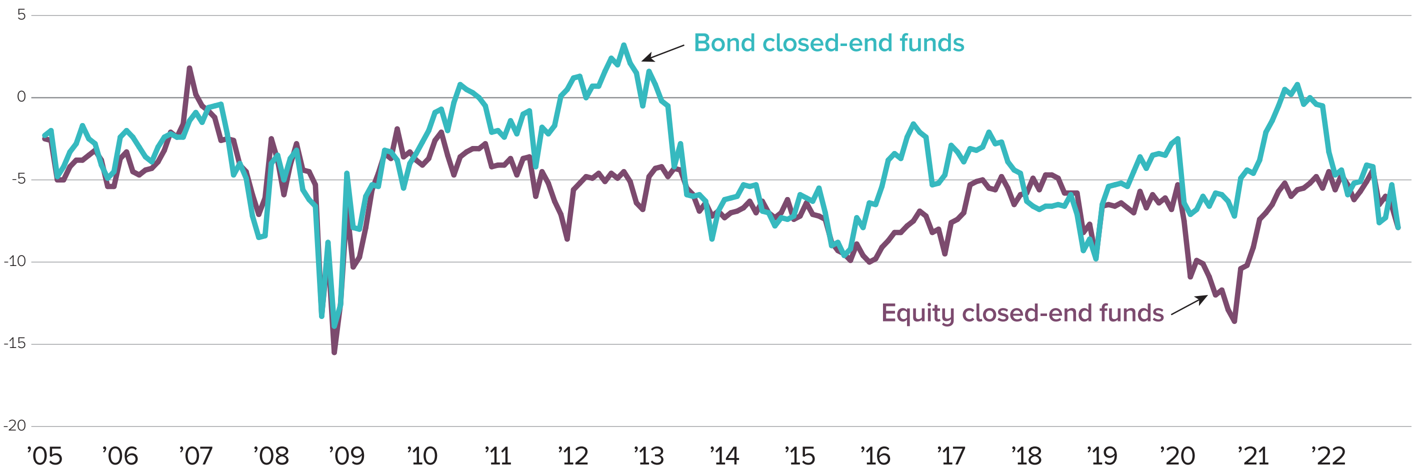
- CEFs have the flexibility to invest in less-liquid portfolio securities, which provides retail investors with access to unique investment strategies otherwise unavailable to them.
- After launching, CEFs trade in the secondary market (e.g., on an exchange) like ETFs, while mutual funds manage sales and redemptions once a day at 4 p.m. eastern time.

Secondary Market Trading of CEFs

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

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?

Nearly **4 million** US households held CEFs in 2022.

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

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

49% of CEF-owning households are willing to take above-average or substantial risk.

vs.

34% of mutual fund–owning households are willing to take above-average or substantial risk.

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The Closed-End Fund Market, 2022

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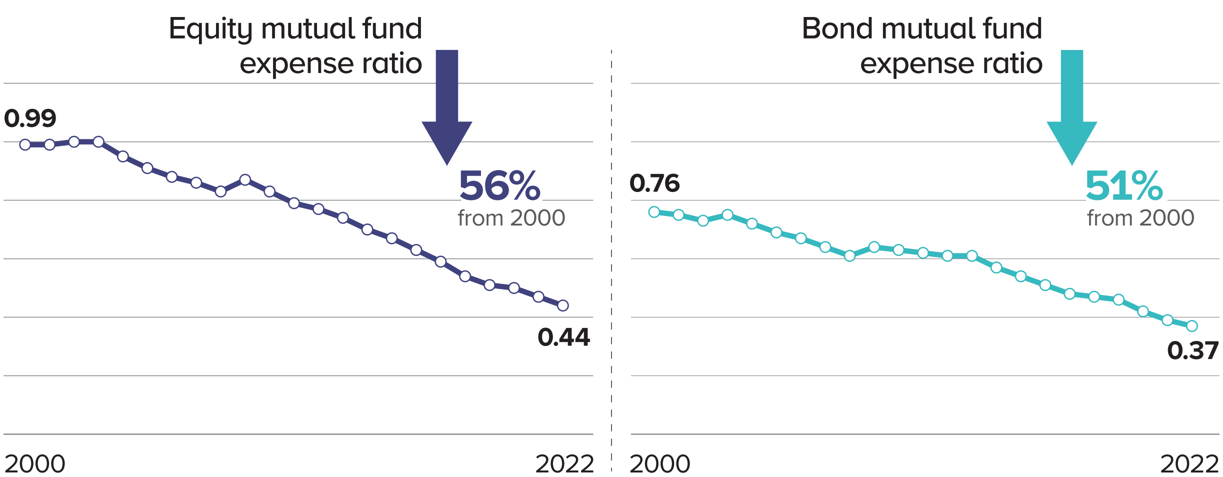
CHAPTER 6

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

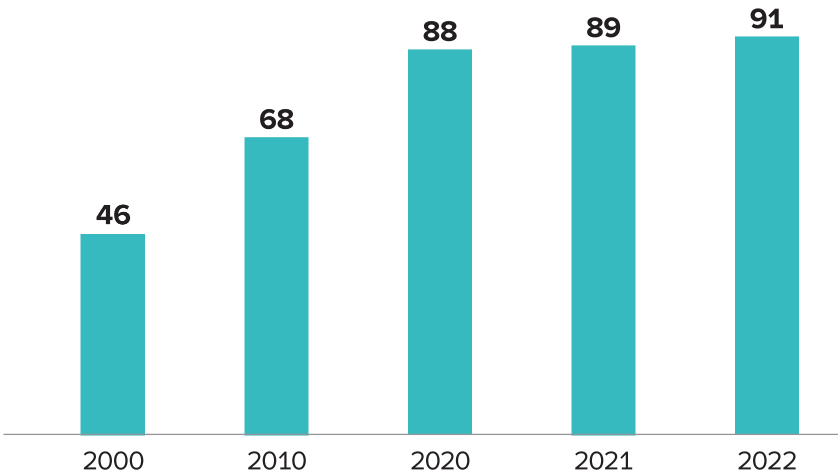


Mutual Fund Expense Ratios Can Vary Widely for Multiple Reasons

- **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

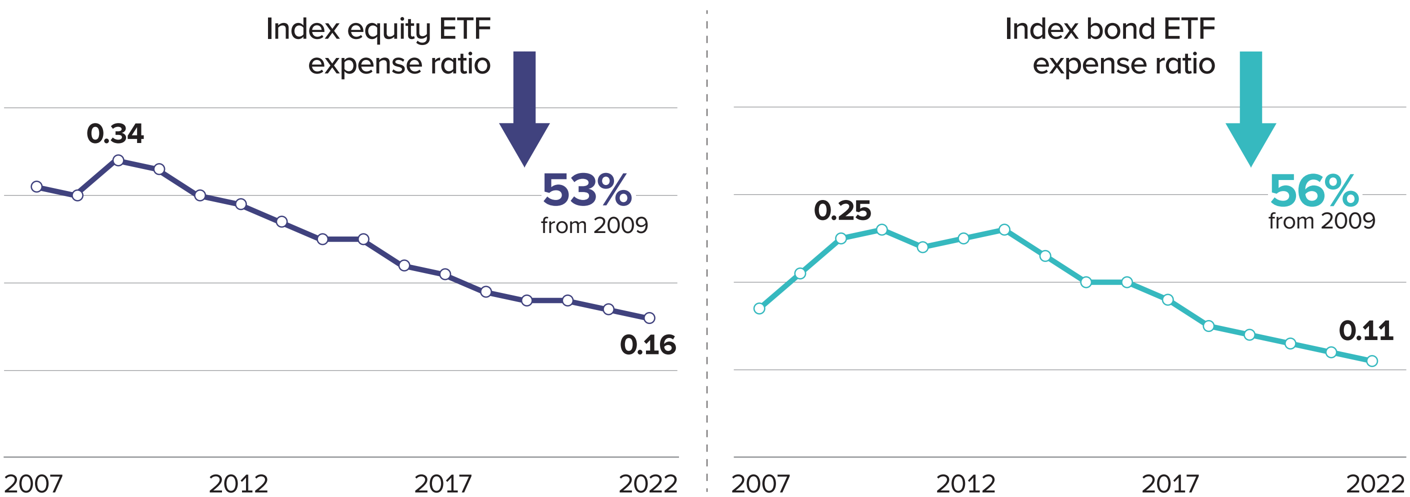


Growing assets of and steady inflows from retirement accounts, such as 401(k) plans, as well as a rise in the use of asset-based fees to compensate financial professionals, have contributed to this long-term trend.

Like mutual fund investors, ETF shareholders tend to invest in funds with below-average expense ratios. In 2022, the simple average expense ratio for index equity ETFs was 0.46 percent, while the asset-weighted average expense ratio was 0.16 percent.

Average Expense Ratios of ETFs Have Fallen Significantly Since 2009

Asset-weighted average, percent



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Trends in the Expenses and Fees of Funds, 2022

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CHAPTER 7

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 68.6 million US households—representing more than 115 million individual investors—owning mutual funds in 2022.

Who Is the "Typical" Mutual Fund–Owning Head of Household?

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
- 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

Mutual Fund–Owning Households Make Informed Purchasing Decisions

93%	95%	94%	95%
review a fund's investment objective	consider a fund's risk profile	consider a fund's performance compared with an index	review fund fees and expenses

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Investor Research: Mutual Fund Ownership

Generational Ownership of Mutual Funds

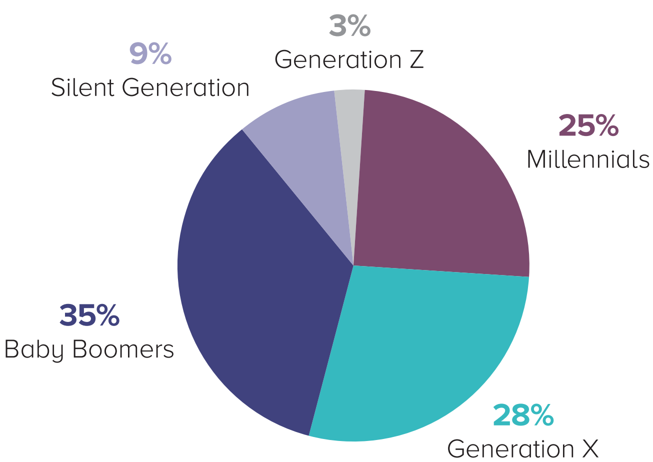
Households across all generations own mutual funds, but members of the Baby Boom Generation and Generation X headed the largest shares of mutual fund–owning households in 2022. This reflects both their generations' sizes and their high rates of mutual fund ownership.

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.

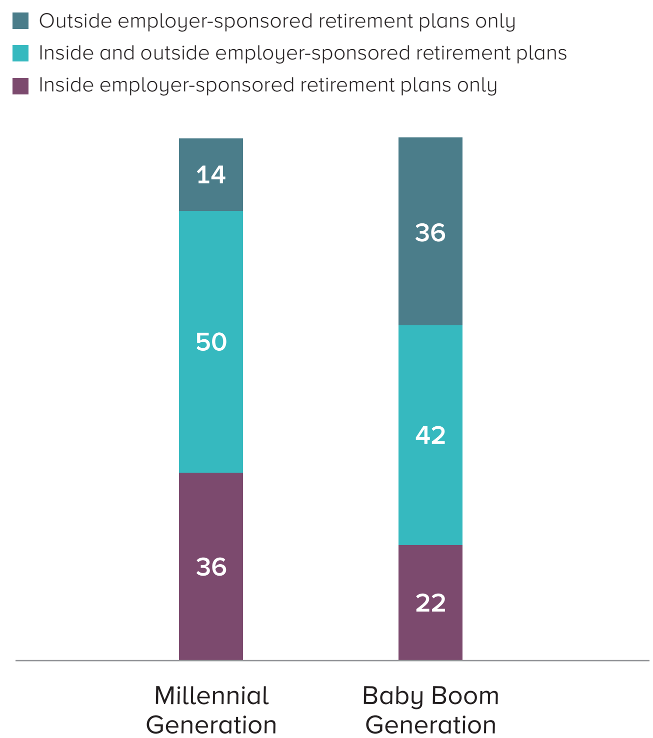
Mutual Fund Ownership Is Widespread Among All Generations, but Ownership Patterns Vary by Generation

Percentage of US households owning mutual funds by generation, 2022

All generations own mutual funds



Source of mutual fund ownership



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Characteristics of Mutual Fund Investors, 2022

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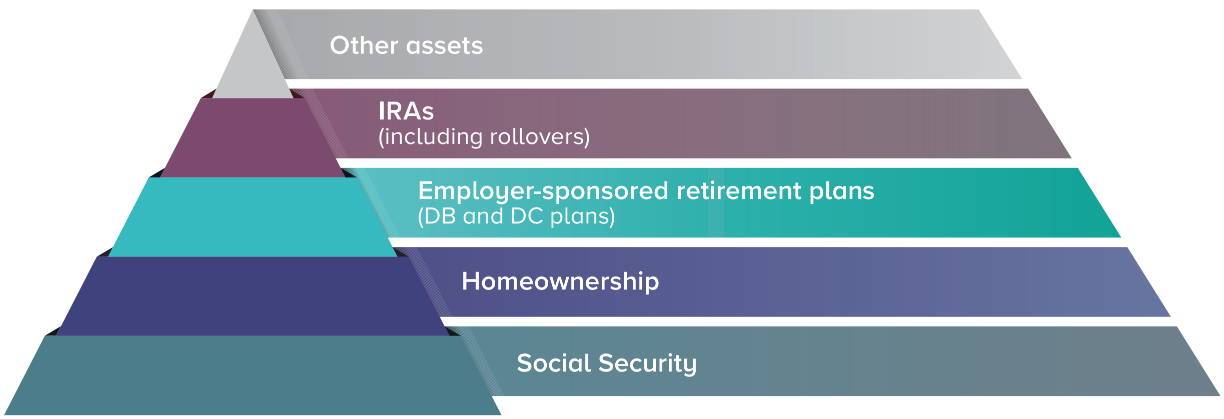
8

US Retirement and Education Savings

US Retirement System Has Many Components

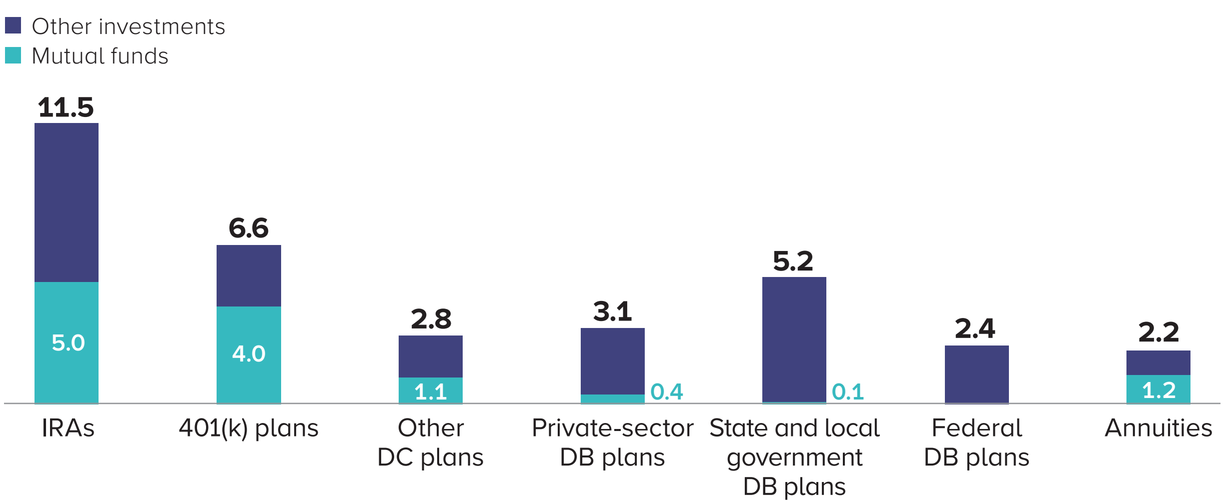
Social Security provides a broad base for American retirees, complemented by retirement accumulations through employer-sponsored retirement plans and IRAs.



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 2022, IRAs ($11.5 trillion) and DC plans ($9.3 trillion) were 62 percent of the total US retirement market ($33.6 trillion), and mutual funds managed about half of those account-based retirement assets.

IRAs and DC Plans Are Vital to the US Retirement Market

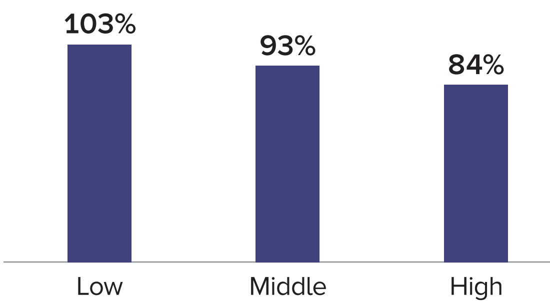
Assets, trillions of dollars, year-end 2022



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



Lower-income individuals rely more on Social Security, but replace a higher share of their late 50s spendable income.

Overall, **75%** of individuals have income from IRAs, DB or DC employer plans, or annuities (either directly or through a spouse).

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.

$6.6 trillion assets in 401(k) plans

91% of 401(k) plan participants are in plans with employer contributions

An average of **28** investment options in 401(k) plan line-ups

About **60%** of 401(k) plan participants are invested in target date funds

IRAs Are Key to US Households' Retirement Saving

In 2022, 55 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

- **$9.7 trillion** in assets
- Nearly three-quarters opened with **rollovers**
- Most investors have a **planned retirement strategy**

Roth IRAs

- **$1.1 trillion** in assets
- More than three-quarters opened with **contributions**
- Investors are **younger** and more **concentrated in equity**

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

Data Tables

The statistical data tables for the *2023 Investment Company Fact Book* are available online as Excel files. The data tables contain historical information (e.g., total net assets and number of funds) on US mutual funds, exchange-traded funds, closed-end funds, and unit investment trusts, as well as information on worldwide regulated open-end funds. This year we have expanded the data tables by adding more historical data.

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