INVESTMENT COMPANY INSTITUTE®

2013 Investment Company Fact Book

A Review of Trends and Activities in the U.S. Investment Company Industry

53rd edition

WWW.ICIFACTBOOK.ORG

2012 Facts at a Glance

Total worldwide assets invested in mutual funds	**$26.8 trillion**
U.S. investment company total net assets*	**$14.7 trillion**
Mutual funds	$13.0 trillion
Exchange-traded funds	$1.3 trillion
Closed-end funds	$265 billion
Unit investment trusts	$72 billion
U.S. investment companies' share of:	
U.S. corporate equity	28%
U.S. municipal securities	28%
Commercial paper	42%
U.S. government securities	12%
U.S. household ownership of mutual funds	
Number of households owning mutual funds	53.8 million
Number of individuals owning mutual funds	92.4 million
Percentage of households owning mutual funds	44.4%
Median mutual fund assets of fund-owning households	$100,000
Median number of mutual funds owned	4
U.S. retirement market	
Total retirement market assets	$19.5 trillion
Percentage of households with tax-advantaged retirement savings	68%
IRA and DC plan assets invested in mutual funds	$5.3 trillion

* Components do not add to the total because of rounding.

CHAPTER ONE

Overview of U.S.-Registered Investment Companies

U.S.-registered investment companies play a significant role in the U.S. economy and world financial markets. These funds managed $14.7 trillion in assets at the end of 2012 for nearly 94 million U.S. investors. Funds supplied investment capital in securities markets around the world and were among the largest groups of investors in the U.S. stock, commercial paper, and municipal securities markets.

This chapter provides a broad overview of U.S.-registered investment companies—mutual funds, closed-end funds, exchange-traded funds, and unit investment trusts—and their sponsors.

Investment Company Assets in 2012

U.S.-registered investment companies managed $14.7 trillion at year-end 2012 (Figure 1.1), a $1.7 trillion increase from year-end 2011. Major U.S. stock indexes rose more than 10 percent over the year, contributing to the increase in total net assets of funds invested in domestic equity markets. Double-digit increases in stock prices also were recorded abroad, and had a corresponding effect on funds invested in international equities. In addition, a weaker U.S. dollar—and the resulting increase in the dollar value of nondomestic securities—led to an increase in the value of equity and bond funds that held international assets.

Overall, mutual funds reported $196 billion of net inflows in 2012, the first annual net inflow since 2008; other registered investment companies also recorded positive inflows. Investors added $196 billion to long-term mutual funds. Money market funds saw little change in assets during 2012 after three years of outflows, relieving downward pressure on the total level of U.S. fund assets. In addition, mutual fund shareholders reinvested $194 billion of income dividends and $93 billion of capital gains distributions that mutual funds paid out during the year. Investor demand for exchange-traded funds (ETFs) strengthened relative to recent years, with a record-high net share issuance (including reinvested dividends) of $185 billion in 2012. Unit investment trusts (UITs) had new deposits of $43 billion, up from 2011, and closed-end funds issued $15 billion in new shares during 2012.

Americans' Continued Reliance on Investment Companies

Households are the largest group of investors in funds, and registered investment companies managed 23 percent of households' financial assets at year-end 2012, up slightly from 2011 (Figure 1.2). As households have increased their reliance on funds over the past decade, their demand for directly held equities has decreased (Figure 1.3). Household demand for directly held bonds has been weak since the financial crisis, and household assets in directly held bonds fell by $51 billion in 2012. In contrast, households made net investments in registered investment companies in 10 of the past 11 years. Households invested an average of $349 billion each year, on net, in long-term registered investment companies versus average annual sales, on net, of $230 billion in directly held equities and bonds.

FIGURE 1.1

Investment Company Total Net Assets by Type

Billions of dollars, year-end, 1995–2012

	Mutual funds[1]	Closed-end funds	ETFs[2]	UITs	Total[3]
1995	$2,811	$143	$1	$73	$3,028
1996	3,526	147	2	72	3,747
1997	4,468	152	7	85	4,712
1998	5,525	156	16	94	5,790
1999	6,846	147	34	92	7,119
2000	6,965	143	66	74	7,247
2001	6,975	141	83	49	7,248
2002	6,383	159	102	36	6,680
2003	7,402	214	151	36	7,803
2004	8,095	253	228	37	8,613
2005	8,891	276	301	41	9,509
2006	10,398	297	423	50	11,167
2007	12,001	312	608	53	12,975
2008	9,604	184	531	29	10,348
2009	11,113	224	777	38	12,152
2010	11,832	238	992	51	13,113
2011	11,627	243	1,048	60	12,979
2012	13,045	265	1,337	72	14,719

[1] Mutual fund data include only mutual funds that report statistical information to the Investment Company Institute. The data do not include mutual funds that invest primarily in other mutual funds.

[2] ETF data prior to 2001 were provided by Strategic Insight Simfund. ETF data include investment companies not registered under the Investment Company Act of 1940 and exclude ETFs that invest primarily in other ETFs.

[3] Total investment company assets include mutual fund holdings of closed-end funds and ETFs.

Note: Components may not add to the total because of rounding.

Sources: Investment Company Institute and Strategic Insight Simfund

The growth of individual retirement accounts (IRAs) and defined contribution (DC) plans, particularly 401(k) plans, explains some of households' increased reliance on investment companies during the past two decades. At year-end 2012, 9 percent of household financial assets were invested in 401(k) and other DC retirement plans, up from 7 percent in 1992. Mutual funds managed 57 percent of the assets in these plans in 2012, up from 16 percent in 1992 (Figure 1.4). IRAs made up 10 percent of household financial assets, and mutual funds managed 46 percent of IRA assets in 2012. Additionally, mutual funds managed $1.1 trillion in variable annuities outside of retirement accounts, as well as $4.4 trillion of assets in taxable household accounts.

INVESTMENT
COMPANY
INSTITUTE®

1401 H Street, NW, Suite 1200
Washington, DC 20005
202-326-5800
www.ici.org