

FUNDAMENTALS

MUTUAL FUND RESEARCH IN BRIEF

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Shareholders of International and Global Mutual Funds

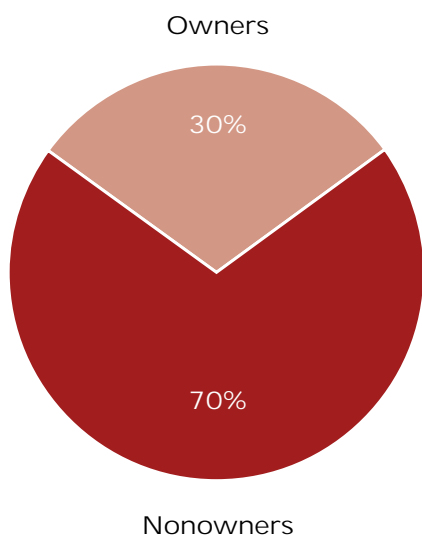
International and global mutual fund shareholders differ substantially from those not investing abroad, according to a recent Institute study.¹ Thirty percent of 1,165 shareholders responding to a July 1995 random telephone survey owned either international or global mutual funds outside of employer-sponsored retirement plans (Figure 1), and most importantly, that subgroup displayed different ownership traits from those not investing abroad.

International or global fund shareholders had a median of \$40,000 invested in mutual funds, or 50 percent of household financial assets. In contrast, shareholders not owning such funds had a median of \$12,000 invested in mutual funds, or 24 percent of household financial assets. International or global fund shareholders also tended to

Figure 1

Mutual Fund Shareholders' Ownership of International or Global Mutual Funds*

(percent of respondents)



*outside of employer-sponsored retirement plans

own more mutual funds from a greater number of fund companies than other shareholders (Figure 2).

Shareholders of international or global funds are more active investors than other fund owners, conducting a

Figure 2

Mutual Fund Ownership Characteristics

	Shareholders with International or Global Funds	Shareholders with No International or Global Funds
Median per Household		
Mutual fund assets	\$40,000	\$12,000
Percent of financial assets in funds	50%	24%
Number of funds owned	5	3
Number of fund companies with which assets are invested	3	2
Tenure in funds (in years)	9	8
Percent of Households		
Own:*		
Equity mutual funds	91%	68%
Bond and income mutual funds	63	45
Money market mutual funds	52	50
Primary mutual fund purchase channel:		
Full-service broker	34	28
Financial planner	17	12
Insurance agent	7	14
Bank representative	6	12
Directly from fund company	24	21
Discount broker	9	8
Other (e.g., accountant/lawyer)	3	6

*multiple responses included

¹International funds invest in securities from issuers located outside of the U.S. Global funds invest in securities traded worldwide, including issuers in the U.S. The Institute survey did not distinguish between owners of international and global mutual funds.

greater number of transactions during the twelve months covered by the survey. For example, 39 percent of international or global fund shareholders exchanged or moved money from one fund to another within the same fund family, compared with only 20 percent of those not owning such funds (Figure 3).

Nearly half of all shareholders with international or global funds were willing to take average financial risk for average financial gain, paralleling the figure for all shareholders. However, a greater percentage of international or global fund shareholders showed a willingness to take above-average risk than those not owning such funds (Figure 4).

Owners of international or global funds possessed a variety of other types of savings and investments. Two

Figure 3

Mutual Fund Transactions Conducted in 12 Months Preceding Survey*

(percent of respondents)

	Shareholders with International or Global Funds	Shareholders with No International or Global Funds
Exchanged or moved money from one fund to another within the same family of funds	39%	20%
Withdrew some, but not all, money from a fund account	24	18
Closed a fund account	16	11

*July 1994 through June 1995; multiple responses included; transactions could be for any type of fund owned.

Figure 4

Willingness to Take Financial Risk

(percent of respondents)

	Shareholders with International or Global Funds	Shareholders with No International or Global Funds
Willing to take:		
Substantial risk for substantial gain	9%	7%
Above-average risk for above-average gain	34	26
Average risk for average gain	48	49
No risk at all	8	18

thirds of this group owned individual stock and more than two fifths had real estate investments, exceeding the percentages for shareholders not owning international or global funds (Figure 5).

By and large, the demographic characteristics of international and global fund shareholders appeared quite similar to those for shareholders not investing abroad—with the exception of greater education and accumulation of household financial assets for the former group (Figure 6).

Figure 5

Mutual Fund Shareholders Ownership of Nonfund Investments*

(percent of respondents)

	Shareholders with International or Global Funds	Shareholders with No International or Global Funds
Individual stocks	66%	49%
Real estate (excluding primary residence)	44	39
Individual bonds	27	23
Fixed or variable annuities	33	24

*multiple responses included

Figure 6

Demographic Characteristics

	Shareholders with International or Global Funds	Shareholders with No International or Global Funds
Median		
Age	45	44
Household income	\$60,000	\$55,000
Household financial assets*	\$80,000	\$50,000
Percent of Responding Shareholders**		
Married	70%	72%
Widowed	6	5
Four-year college degree or more	67	56
Post-graduate degree	27	18
Employed full- or part-time	81	80
Retired from lifetime occupation	19	17

*excludes primary residence and assets in employer-sponsored retirement plans

**Shareholder refers to the household's primary or co-decisionmaker for mutual fund investments.