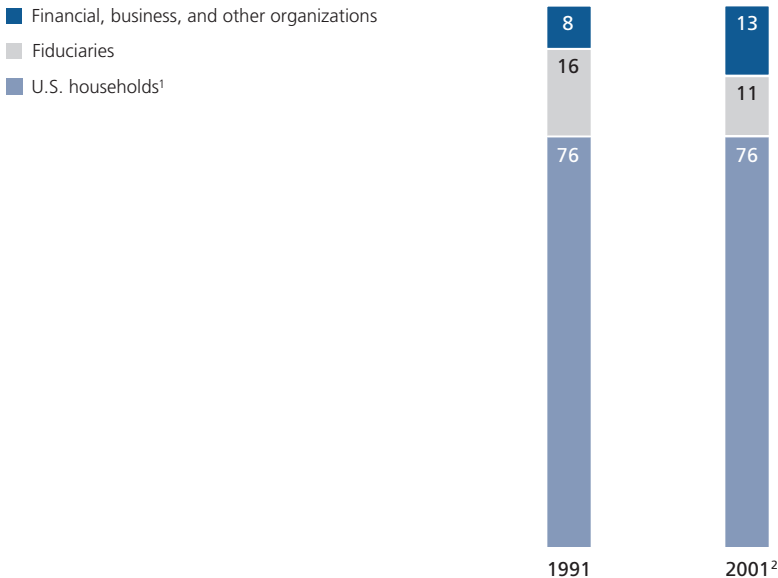


# Mutual Fund Ownership and Shareholder Characteristics

An estimated 93.3 million individuals in 54.8 million U.S. households owned the majority of the mutual fund industry’s \$6.975 trillion in assets at year-end 2001. Individuals held 76 percent of mutual fund assets, while fiduciaries—banks and individuals serving as trustees, guardians, or administrators—and other institutional investors held the remaining 24 percent.

## Mutual Fund Assets by Type of Owner, 1991 and 2001

(percent of total mutual fund assets)



<sup>1</sup>Household holdings include mutual funds held in retail accounts as well as through employer-sponsored pension plans, individual retirement accounts, and variable annuities.

<sup>2</sup>Preliminary data

Note: Total assets of mutual funds were \$1.393 trillion at year-end 1991 and \$6.975 trillion at year-end 2001.

## U.S. Household Financial Assets

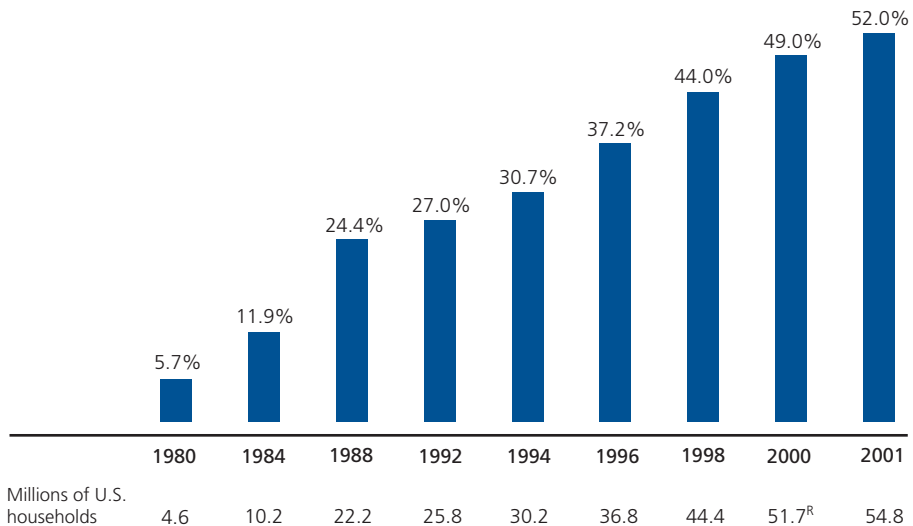
U.S. households own many financial assets, including mutual funds, stocks, bonds, and bank deposits. In 2001, households made \$478 billion of net purchases of financial assets, up from \$312 billion in 2000. On balance, households were net sellers of directly held stocks and bonds but net buyers of mutual funds.

U.S. households invested \$275 billion of their total net purchases of financial assets in mutual funds (including reinvested dividends) in 2001. Long-term mutual funds—equity, hybrid, and bond funds—accounted for \$190 billion and money market funds, \$85 billion.

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### U.S. Household Ownership of Mutual Funds, 1980–2001\*

(percent of all U.S. households)



\*Households owning mutual funds in 1980 and 1984 were estimated from data on the number of accounts held by individual shareholders and the number of funds owned by fund-owning households; data for 1980 through 1992 exclude households owning mutual funds only through employer-sponsored retirement plans; data for 1994 through 2001 include households owning mutual funds only through employer-sponsored retirement plans. The data for 1998 through 2001 include fund ownership through variable annuities.

R = Revised

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## **U.S. Shareholder Characteristics**

In 2001, the typical mutual fund investor was middle-aged, married, and saving for retirement. More specifically, the typical fund investor was 46 years old, with median household income of \$62,100, median household financial assets of \$100,000, and household mutual fund assets of \$40,000.

More than two-thirds of households with mutual fund holdings were headed by individuals in the primary income-earning years from age 35 to 64. Only 19 percent of shareholders were retired from their primary occupations.

## **Fund Shareholders Demonstrate a Long-Term Perspective**

Most shareholders invest in funds for retirement, are willing to take at least moderate risk for moderate gain, and are not focused on short-term market fluctuations.

More than 80 percent of all mutual fund-owning households participate in employer-sponsored defined contribution retirement plans. Sixty-two percent of fund-owning households own mutual funds in their defined contribution plans, and nearly half view the workplace as their primary purchase channel for mutual funds. Sixty percent have Individual Retirement Accounts.

Nearly nine out of 10 fund households include equity funds among their holdings. On average, equity fund investments represent 65 percent of shareholders' mutual fund portfolios. Seventy-eight percent of mutual fund shareholders are employed full- or part-time. In married households, the spouse also tends to work. Nearly half of all household fund owners made their first mutual fund purchase before 1990, and 39 percent bought their first fund between 1990 and 1997.

Investment decisionmaking is shared in 53 percent of fund-owning households. Males are the sole decisionmakers in 24 percent of fund-

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## U.S. Mutual Fund Shareholder Characteristics<sup>1</sup>

### Median

Age <sup>2</sup>	46 years
Household income	\$62,100
Household financial assets <sup>3</sup>	\$100,000
Household mutual fund assets	\$40,000
Number of mutual funds owned	4

### Percent

Household investment decisionmaker:	
Male is sole decisionmaker	24
Female is sole decisionmaker	23
Co-decisionmakers	53
Married or living with a partner <sup>2</sup>	67
Four-year college degree or more <sup>2</sup>	52
Employed <sup>2</sup>	78
Spouse or partner employed <sup>4</sup>	77
Own: <sup>5</sup>	
Equity funds	88
Bond funds	37
Hybrid funds	34
Money market funds	48
Own mutual funds bought: <sup>5</sup>	
Outside defined contribution retirement plan(s) (total)	69
Sales force <sup>6</sup>	55
Direct market <sup>7</sup>	33
Inside defined contribution retirement plan(s) (total)	62
Primary mutual fund purchase channel:	
Outside defined contribution retirement plan(s) (total)	52
Sales force <sup>6</sup>	37
Direct market <sup>7</sup>	15
Inside defined contribution retirement plan(s)	48

<sup>1</sup>As of 2001.

<sup>2</sup>Refers to the household's responding financial decisionmaker for mutual fund investments.

<sup>3</sup>Excludes primary residence but includes assets in employer-sponsored retirement plans.

<sup>4</sup>Percent of shareholders married or living with a partner.

<sup>5</sup>Multiple responses included.

<sup>6</sup>Includes funds purchased from full-service brokers, insurance agents, financial planners, and bank representatives.

<sup>7</sup>Includes funds purchased directly from fund companies and through discount brokers.

Note: Number of respondents varies.

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owning households, females in 23 percent. Members of the Baby Boom Generation (individuals born between 1946 and 1964) make up the greatest percentage of mutual fund shareholders, at 52 percent. Twenty-five percent of fund shareholders are members of the so-called Silent Generation (born before 1946), and 23 percent are members of Generation X (born in 1965 or later). Thirty percent of mutual fund shareholders reside in the South; 26 percent in the Midwest; 25 percent in the West; and 19 percent in the Northeast.

### Shareholders' Use of the Internet

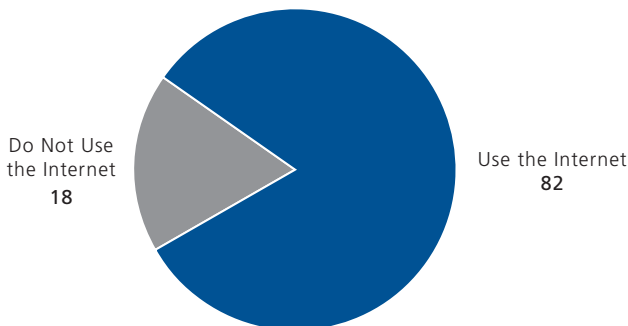
Approximately eight in 10 U.S. households owning mutual funds used the Internet between June 2000 and May 2001, up from 68 percent between April 1999 and March 2000.

Although shareholders' use of the Internet has increased, most continue to use non-Internet methods to invest in fund shares and redeem them. Twenty-four percent of all shareholders who conducted equity mutual fund transactions between June 2000 and May 2001 bought or sold equity fund

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### Mutual Fund Shareholders' Use of the Internet, 2001\*

*(percent of households owning mutual funds)*



*\*In the 12 months preceding the survey (June 2000 through May 2001). Excludes shareholders using the Internet only to send or receive e-mail.*

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shares online. Slightly more than half of this group purchased equity fund shares only, about a third both bought and sold equity fund shares, and 15 percent sold equity fund shares only.

These shareholders conducted a median of two equity fund transactions over the Internet and an average of eight between June 2000 and May 2001, indicating that a small number of shareholders conducted a high volume of online equity fund transactions.

Shareholders who used the Internet to conduct equity fund transactions were generally younger and had greater household income and financial assets than shareholders who did not use the Internet when making equity fund transactions. The median age of online shareholders who used the Internet to conduct equity fund transactions was 43. This group had median household income of \$87,500 and median household financial assets of \$200,000. Online shareholders conducting equity fund transactions typically had \$87,500 invested in seven mutual funds. Shareholders who did not use the Internet to make equity fund transactions were typically 45 years old, had median household income of \$65,700 and financial assets of \$125,000. These shareholders had a median of \$55,000 invested in five mutual funds.

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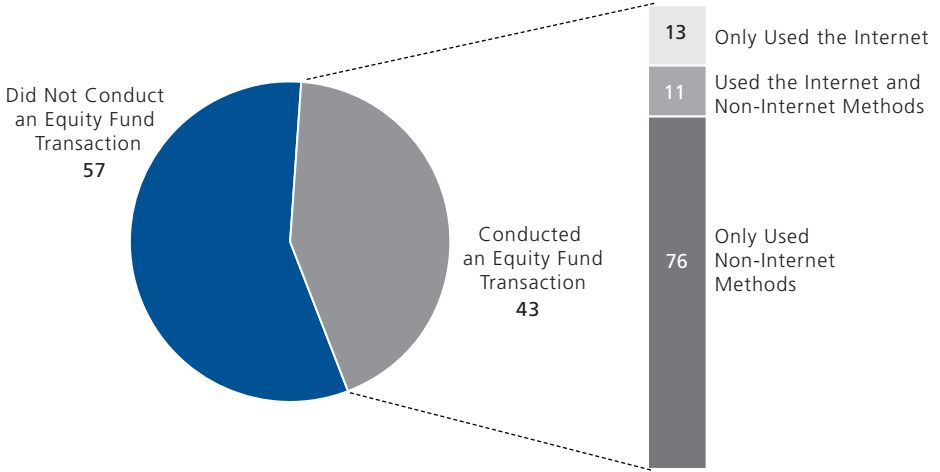
## Use of the Internet to Conduct Equity Mutual Fund Transactions, 2001

### Equity Mutual Fund Transaction Activity\*

(percent of U.S. households owning mutual funds)

### Method Used to Conduct Equity Mutual Fund Transactions\*

(percent of U.S. households owning mutual funds that conducted an equity mutual fund transaction)



\*In the 12 months preceding the survey (June 2000 through May 2001).

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