

MAY 10, 2020

## 2020 Investment Company Fact Book: Letter from the Chief Economist

BY SEAN COLLINS

A version of this letter by ICI Chief Economist Sean Collins was released in the Institute's 60th edition of the **Investment Company Fact Book**.

This year, we mark the 60th edition of the Investment Company Institute's annual *Investment Company Fact Book*.

As I reviewed our *Fact Book* library in anticipation of writing this letter, it wasn't hard to see both the evolution of *Fact Book* as a publication and the evolution of its content reflecting the development of the industry it chronicles. Much has changed.

For example, **about 60 years ago**, assets in equity and bond mutual and closed-end funds totaled \$21 billion, or about 4 percent of US gross domestic product (GDP). Products such as money market funds, index funds, exchange-traded funds (ETFs), and target date and lifestyle funds weren't yet a figment in anyone's imagination. **In 2019**, assets in all US-regulated funds totaled more than \$26 trillion, about 120 percent of GDP (see pages xiv–xv).

As the industry goes, so goes our *Fact Book*. If you pick up any of our early editions, you will immediately note their slenderness—almost like a pamphlet—at fewer than 25 pages, fewer than 10 charts and tables, and printed in black and white. There also was a heavy emphasis on marketing and education. Text focused on things such as acquainting investors with mutual fund features and concepts, some now antiquated (“What are accumulation, voluntary, and contractual fund plans?”).

This year's *Fact Book* is more than 300 pages, has nearly 200 charts and tables, and is in full color. And as funds have become thoroughly woven into the financial life of so many Americans, *Fact Book* has shifted away from marketing to deep financial analysis and has expanded to keep pace with industry growth and developments. For example, we have added chapters devoted to the **worldwide fund industry** (chapter 1), **ETFs** (chapter 4), **closed-end funds** (chapter 5), **characteristics and behavior of fund investors** (chapter 7), and the vast market for **retirement-related products** (chapter 8). The review of the previous calendar year's **developments in mutual funds** (chapter 3) is itself 24 pages—about as long as the early editions of *Fact Book* in their entirety.

But it was satisfying to see that some things remain the same—as *Fact Book* and the industry have developed and matured, the dedicated constants of both haven't changed. *Fact Book* is still the most objective, valuable source of data and information on the scale, operations, and uses of mutual funds and other investment companies. And the industry continues to serve Main Street investors, earning

and keeping their trust, and helping them save for long-term goals through a wide array of financial products.

The last thing that I noted in my *Fact Book* review was the degree to which it has reflected the role of funds in the financial markets. The reactions of funds and their investors to such stressful financial events as the 1970s energy crisis, Black Monday in 1987, the dot-com bubble, and the global financial crisis of 2007–2009 help inform and provide context for our economic analysis of current events. That said, you won't find discussion in this 60th edition of *Fact Book* of the impact of **COVID-19** on the industry. The *Fact Book* deals with the developments and data of the previous calendar year—in this case, through December 2019. So, while our weekly, monthly, and quarterly releases track the effects of the pandemic on funds and investors, next year's *Fact Book* will provide the annual overview.

Beyond that, in today's unprecedented circumstances, we, like the industry at large, have needed to adopt new approaches to complete our work. For example, our dedicated Research, Content, and Design teams have labored remotely to deliver this essential resource.

Another new aspect has been our decision to initially publish this year's *Fact Book* only online, with a print edition to appear when pandemic-related restrictions recede. I look forward to seeing this year's print edition in our library. And I know another ICI chief economist in decades to come will turn to it in contemplation of the evolution of the industry and of *Fact Book*.

In the meantime, please read the first electronic-only version of the *Fact Book*, and know that you have our best wishes for your health and well-being.

