

## Focus on Funds: Gain Insight on Trends in Mutual Fund Ownership

### Focus on Funds

## Gain Insight on Trends in Mutual Fund Ownership

With National 401(k) Day approaching, ICI Senior Director of Retirement and Investor Research Sarah Holden is sharing highlights from the Institute's investor research. In the August 30, 2019, edition of *Focus on Funds*, Holden examines findings from ICI's research on American mutual fund-owning households.

### Transcript

**Stephanie Ortals-Tibbs, ICI director of media relations:** What do we know about American households that own mutual funds? The [latest ICI report](#) is out, and [ICI Senior Director of Retirement and Investor Research] Sarah Holden broke down the key details.

**Sarah Holden, ICI senior director of retirement and investor research:** About eight in 10 mutual fund-owning households own their mutual funds through an employer-sponsored retirement plan. So this means that plan sponsors selected an investment lineup for them to choose from. Sixty-three percent of mutual fund-owning households own funds outside employer-sponsored plans; half of them got their funds through an investment professional. So again, this means somebody helped narrow the list of options for them. But we do have a third of mutual fund-owning households who said that they went directly to the fund company or through a discount broker, and this sort of indicates more of a do-it-yourself streak.

Regardless of where US households owned their mutual funds, we asked all mutual fund-owning households what factors they considered when they selected their funds.

**Ortals-Tibbs:** What information are they using to make decisions?

**Holden:** Well, the first thing you need to decide when choosing a mutual fund is: what kind of investment do I want? So nine out of 10 households looked at the investment objective of the fund when they were selecting the fund, and nine out of 10 considered the risks involved in that kind of an investment.

We know that equity funds are the most commonly held fund, and we also from our survey find that eight in 10 mutual fund-owning households say they're willing to take above-average risk. From our mutual fund data, we know that half of households' mutual fund assets are indeed invested in equity funds. So again, confirmation that they've sort of put their money where their mouth is based on the research they've done.

**Ortals-Tibbs:** Sarah, what else do US households look at?

**Holden:** Well, another common thing to look at would be, of course, to consider the historical performance of the fund. So nine in 10 mutual fund–owning households say they reviewed the historical performance of the fund, trying to take [into] account what’s been the track record of a fund before you invest in it.

And of course, fees and expenses are important. So nine out of 10 mutual fund–owning households looked at fees and expenses when they selected their fund, and again we have confirmation from other data that they really are paying attention to this factor.

## Additional Resources

- [Report: What US Households Consider When They Select Mutual Funds](#)
- [ICI Explains: Who Invests in Mutual Funds, and Why?](#)
- [ICI Retirement Research](#)
- [ICI 401\(k\) Resource Center](#)
- [Focus on Funds: Learn the Latest 401\(k\) Trends](#)

---

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.