

ICI VIEWPOINTS

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## The New Face of Fund Ownership: A Bigger and More Diverse Marketplace

By Sarah Holden, Daniel Schrass, and Michael Bogdan

Over the past year, 2.3 million more US households became mutual fund investors. Surprised? Despite headlines forecasting the demise of the mutual fund, the product continues to garner new investors, even [a century after its creation](#).

That's because the investment pie keeps growing larger as more Americans take a seat at the table. Indeed, the number of retail investors in mutual funds, exchange-traded funds (ETFs), and other investment products is on the rise amid an increasingly dynamic investment landscape. Fund ownership is also broadening. Today, mutual fund-owning households are increasingly middle-income and diverse, reflecting the rise of an investment culture in the United States and the fund industry's ability to deliver results for everyday Americans.

### Expanding the Investor Base

Industry innovations haven't led to a zero-sum game. While the rapid growth of ETFs and other products has chipped away at mutual funds' relative market share, the total number of mutual fund shareholders has continued to grow. Moreover, many retail investors own multiple fund vehicles.

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### Fund Ownership Has Skyrocketed

Figure 1

Note: Funds include mutual funds, ETFs, closed-end funds, and unit investment trusts. [Please see the report](#) for changes in survey methodology over time.

Sources: Investment Company Institute and Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

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As the fund industry has expanded its reach in recent decades, ownership of mutual funds and ETFs has deepened among middle-income households. Furthermore, the racial and ethnic diversity of fund buyers has increased meaningfully. Forty-one percent of mutual fund-owning households that purchased their first fund after 2019 are Black, Hispanic, or Asian, compared with 13 percent that purchased their first mutual fund before 1990. In addition, the share of ETF-owning households that are Black, Hispanic, or Asian (33 percent) closely matches the percentage across US households overall (35 percent).

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## **Middle-Income Households' Ownership of Mutual Funds Increased Over the Past Two Decades**

*Percentage of US households within each income quintile group owning mutual funds*

Figure 2

\*Middle income includes the middle three income quintiles.

Note: Household income in 2004 is total household income before taxes in 2003 reported in 2023 C-CPI-U adjusted dollars. Household income in 2024 is total household income before taxes in 2023.

Sources: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey, US Census Bureau, and US Bureau of Labor Statistics

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## **Rising Diversity Among More Recent Mutual Fund–Owning Households**

*Percentage of US households owning mutual funds by year of initial mutual fund purchase, 2024*

Figure 3

Note: Race/ethnicity is based on the household survey respondent.

Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

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The surge in fund ownership across socioeconomic groups means that funds play an increasingly important role in Americans' finances. Nearly one-quarter of household financial assets are now held in US-registered funds.

## **Gen Z Engaging in Investing**

As ICI has [explored previously](#), younger Americans show a notable commitment to long-term investing. Already, 35 percent of Gen Z households own mutual funds. More than one-quarter of these young mutual fund–owning households also invest in ETFs.

Like most retail investors, Gen Z mutual fund owners typically acquire their funds through employer-sponsored retirement plans. However, they are also seeking out funds through other channels.

For instance, one-fifth of Gen Z mutual fund-owning households consider investment professionals to be their primary source for mutual fund purchases, in line with Millennial and Gen X fund-owning households, signaling a willingness to receive professional advice. Fifteen percent of Gen Z mutual fund-owning households take a more do-it-yourself approach, indicating that they consider the direct market to be their primary purchase source.

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## **Younger Generations More Likely to Consider Workplace Retirement Plans Main Avenue of Mutual Fund Ownership**

*Percentage of US households owning mutual funds by generation, 2024*

Figure 4

\*Generation Z (born 1997 to 2012) are aged 12 to 27 in 2024; however, survey respondents must be 18 or older.

Note: Generation is based on the age of the household survey respondent. For additional detail, [see Figure 11 in the report](#).

Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

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## **A Marketplace of Opportunity**

The continued growth of mutual funds and ETFs is a testament to the strength of the investment landscape, where more Americans are recognizing the value of long-term investing and finding products that suit their needs. Improved access to an ever-widening range of products is helping to bring new investors into the fold, empowering households of diverse backgrounds to pursue their financial goals and solidifying funds as a pillar of Americans' finances.

For more detailed information on mutual fund-owning households, see the latest ICI Research Perspectives, [Ownership of Mutual Funds and Shareholder Sentiment, 2024](#) and [Characteristics of Mutual Fund Investors, 2024](#).

*Sarah Holden is the Senior Director of Retirement and Investor Research at ICI.*

*Daniel Schrass is an Economist at ICI.*

*Michael Bogdan is an Associate Economist at ICI.*

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