

MEMO# 8498

December 24, 1996

MUTUAL FUND OWNERSHIP RESEARCH

December 24, 1996 TO: BOARD OF GOVERNORS No. 66-96 DIRECT MARKETING COMMITTEE No. 39-96 INDUSTRY STATISTICS COMMITTEE No. 34-96 MARKETING POLICY COMMITTEE No. 43-96 PRIMARY CONTACTS - MEMBER COMPLEX (MEMBERS - ONE PER COMPLEX) No. 91-96 PUBLIC INFORMATION MEMBERS No. 5-96 RESEARCH COMMITTEE No. 44-96 SALES FORCE MARKETING COMMITTEE No. 48-96 SHAREHOLDER COMMUNICATIONS COMMITTEE No. 27-96 RE: MUTUAL FUND OWNERSHIP RESEARCH

The Institute has recently completed the first statistically reliable estimate of mutual fund ownership by individuals and updated the ICIs bi-annual household ownership statistics. The ICI estimate of individual ownership of mutual funds as of April 1996 is 63 million. This is not comparable to estimates for previous years because the Institute utilized improved sampling techniques that greatly increased the reliability of the 1996 estimate. In addition, the 1996 estimate includes, for the first time, individuals who own mutual funds through employer- sponsored retirement plans. Household ownership stands at 36.8 million households versus 30.2 million households in mid- 1994, an increase of 20 percent. Households owning mutual funds in 1996 represent 37 percent of all U.S. households, up from 31 percent in 1994. Stock funds are owned by 23 percent of all U.S. households, bond and income funds by 16 percent, and money market funds by 13 percent. As household income rises, so does mutual fund ownership, particularly ownership in equity funds. However, one-half of all mutual fund owning households have income ranging from \$35,000 to \$75,000 and another one-quarter have income below \$35,000. Details of the survey are contained in the attached issue of Fundamentals.

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