

NEWS RELEASE

March 28, 2014

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Equity Closed-End Fund Assets Comprise Growing Share of Total CEF Market

Washington, DC, March 28, 2014 - Money flowing into closed-end funds (CEFs)—net new issuance—remained steady from 2012 to 2013, after three previous years of steady increases, according to new research published today by the Investment Company Institute (ICI).

[“The Closed-End Fund Market, 2013”](#) analyzes data on closed-end funds, a type of investment company that issues a fixed number of shares that trade intraday on stock exchanges at market-determined prices. The study shows net issuance of closed-end fund shares was \$10.1 billion for 2013, slightly less than the \$10.5 billion in 2012, but significantly higher than the \$6.0 billion in 2011 and \$5.5 billion in 2010. Total closed-end fund assets were \$279 billion at year-end 2013.

Growth in Equity CEF Market Share Driven by Multiple Factors

In addition, the market share of equity closed-end fund assets rose from 25 percent of total closed-end fund assets at year-end 2003 to 41 percent at year-end 2013, spurred by two related factors. First, as is often the case when there are gains in U.S. stock prices, investors remained attracted to equity closed-end funds. Total returns on U.S. stocks averaged 8 percent annually from year-end 2003 to year-end 2013, while, by comparison, total returns on U.S. bonds averaged less than 5 percent annually. Second, the gains in equity prices during this period boosted the value of equity assets in closed-end funds.

Equity Funds’ Growing Share of the Closed-End Fund Market
Percentage of closed-end fund total assets, year-end 2003 and 2013

Source: Investment Company Institute

Nevertheless, bond closed-end fund assets continued to comprise the majority of closed-end fund assets, as they have traditionally. However, over the past decade the share of the closed-end fund assets invested in bonds declined—from 75 percent in 2003 to 59 percent at year-end 2013.

Competitive Dynamics Are at Play in the Closed-End Fund Market

The ICI study illustrates in several ways the competitive dynamics of the closed-end fund market. Evidence of competitiveness includes:

- No single closed-end fund sponsor has dominated the market. In particular, of the largest 25 closed-end fund sponsors in 2003, only 12 remained in this group at year-end 2013.
- Only 10 sponsors offer more than 10 closed-end funds, whereas 37 sponsors offer only one closed-end fund, and 37 sponsors offer two to five funds.
- The share of assets managed by the largest 10 firms (64 percent) has edged down since 2003.

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