

VIDEO

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Focus on Funds: New Data, Analysis on Exchange-Traded Fund Investors

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Are investors in exchange-traded funds (ETFs) different from traditional mutual fund investors, and—if so—how? In the September 14, 2018, edition of *Focus on Funds*, ICI Senior Director of Retirement and Investor Research Sarah Holden describes the differences and the similarities.

Transcript

Stephanie Ortballs-Tibbs, ICI director of media relations: What can we learn about the Americans who invest in exchange-traded funds [ETFs]? ICI's latest *Fact Book* offers data analysis on ETF-owning households, and our senior director of retirement and investor research, Sarah Holden, offered some highlights.

Sarah Holden, ICI senior director of retirement and investor research: ICI regularly publishes data on the size of the ETF market, and at our 25-year mark, there's more than 3.4 trillion dollars in ETFs. We find that it tends to be equity investing, often in a broad-based, large cap, stock-type ETF fund. So, it has grown a great deal over the quarter century that they've been around. And each year, we do a survey of US households. And in our most recent survey, we found that about eight million households say that they own ETFs.

Ortbals-Tibbs: And you have studied mutual fund-owning households for a long time. As you're now putting these two data sets together, what do you see in terms of similarities and differences?

Holden: So, we see some similarities. They tend to be married, they tend to be employed, and they're often focused on saving for retirement. That said, the ETF-owning households are more likely to have an IRA [individual retirement account] than the mutual fund-owning households.

Ortbals-Tibbs: And they also seem to have more graduate, or at least undergraduate, education?

Holden: So we find that ETF-owning households are more likely to have either college or a postgraduate degree than the mutual fund-owning households. About half of mutual fund-owning households have college or postgraduate degrees, compared to, it's about two-thirds of the ETF-owning households.

Ortbals-Tibbs: Sarah, it also looks like they're less risk-averse?

Holden: So when we ask households about their willingness to take investment risks, we see that [with] the ETF-owning households, more than half of them say they are willing to take above-average or substantial risk in the hope of gains, compared to about a third of mutual fund-owning households.

And this willingness to take risks really lines up with what they're doing with their investments—they are indeed invested in the equity market. So there's a recognition that there's risk in investing in equities with the hope of a higher return, and these households have a lining up of that willingness to take risks with the investments they've chosen.

Ortbals-Tibbs: So, this is a nice picture that people can now have of these markets, maybe a little bit more insight than we've offered before. And this is now in the *Fact Book* for this year?

Holden: So we have in *Fact Book*, there's a chapter that talks about the ETF market, as well as these ETF-owning households. And we're continuing to analyze and look into this data.

Ortbals-Tibbs: So this is kind of an exciting area, where people are used to ICI giving them so much information about so many things. And this is yet another new kind of field of data you're planting for us.

Holden: Yeah, I think, well as the ETF industry has grown up alongside the mutual fund industry, it's just natural to start asking: are there similarities and differences between these two different pools of investors?

Additional Resources

- [2018 Investment Company Fact Book](#)
- [ICI Statistics](#)
- [ICI's Exchange-Traded Funds Resource Center](#)