

FUNDAMENTALS

MUTUAL FUND RESEARCH IN BRIEF

ICI RESEARCH DEPARTMENT

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Institutional Investors and Mutual Funds

Institutional investors' mutual fund assets and accounts have grown steadily in recent years. At yearend 1994, institutions held 41.6 percent, or \$897.6 billion, of all mutual fund assets, compared with 33.9 percent, or \$362.0 billion, in 1990 (Figure 1). Also at yearend 1994, institutional accounts

Figure 1

Mutual Fund Net Assets of Institutions and Individuals, 1990-1994

(billions of dollars)

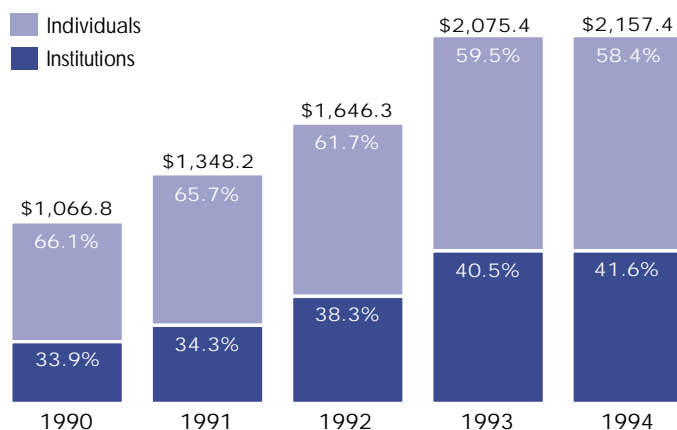
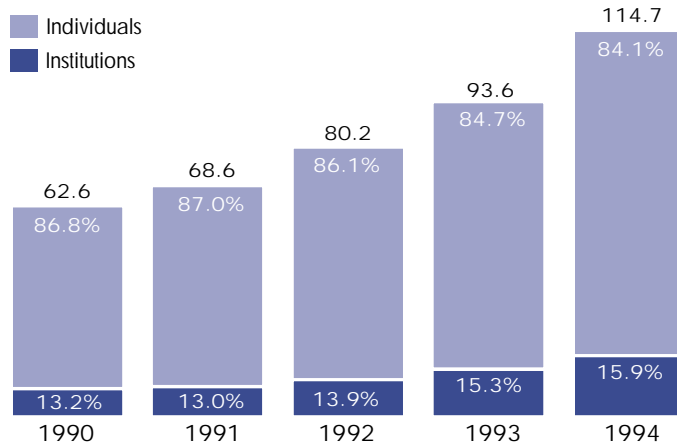


Figure 2

Number of Institutional and Individual Accounts, 1990-1994

(millions)



represented 15.9 percent, or 18.3 million, of all mutual fund accounts, up from 13.2 percent, or 8.3 million, in 1990 (Figure 2).

The institutional market includes various investors: fiduciaries, nonprofit organizations, corporations, retirement plans, and foundations. Fiduciaries, representing the largest sector of the institutional market, accounted for 39.2 percent of all institutional assets in mutual funds and 54.0 percent of all institutional fund accounts at yearend 1994. The fiduciary component comprises bank trusts and individuals serving as trustees, guardians, and administrators.

A different institutional picture emerges when assets and accounts are divided into long- and short-term components.

Figure 3

Long-term Net Assets of Institutional Investors, 1990-1994

(millions of dollars)

	1990	1994	Percent Change
Fiduciaries*	\$63,875.0	\$200,895.2	214.5%
Business corporations	10,033.1	31,061.0	209.6
Retirement plans	47,102.2	213,014.2	352.2
Insurance companies and other financial institutions	20,881.6	115,816.1	454.6
Unions	513.8	900.8	75.3
Churches and other religious organizations	969.2	4,087.2	321.7
Fraternal, welfare, and other public association	1,182.7	2,654.0	124.4
Hospitals, sanitariums, and orphanages	419.4	1,109.8	164.6
Schools and colleges	866.2	2,009.4	132.0
Foundations	564.5	2,637.9	367.3
Other	9,748.0	32,939.5	237.9
Total	\$156,155.7	\$607,125.1	288.8%

*includes banks and individuals serving as trustees, guardians, and administrators
 Note: Reporters of institutional data represented 83 percent of long-term total net assets in 1990 and 80 percent in 1994.

Between 1990 and 1994, long-term assets of insurance companies, foundations, retirement plans, and churches and other religious organizations each grew at a faster pace than those of fiduciaries (Figure 3). With the exception of unions and foundations, short-term assets of fiduciaries grew less rapidly than those of all other institutional sectors during this period (Figure 4).

Fiduciaries delivered 50.4 percent of the actual increase in institutional long-term accounts between 1990 and 1994, but the sector's 125.9 percent growth during the period lagged that of other institutional sectors: retirement plans, at 157.5 percent; churches and other religious organizations, at 140.5 percent; unions, at 137.8 percent; and fraternal, welfare, and other public associations, at 128.3 percent (Figure 5).

The number of fiduciary accounts invested in short-term funds grew only 1.9 percent between 1990 and 1994. The insurance company sector, increasing its short-term account growth by 197.2 percent, led all institutional sectors for the five-year period, followed closely by schools and colleges (Figure 6).

Figure 4
Short-term Net Assets of Institutional Investors, 1990-1994

(millions of dollars)

	1990	1994	Percent Change
Fiduciaries*	\$126,306.7	\$150,772.1	19.4%
Business corporations	26,498.9	52,208.4	97.0
Retirement plans	21,611.0	35,898.5	66.1
Insurance companies and other financial institutions	16,467.5	24,128.8	46.5
Unions	445.3	176.8	-60.3
Churches and other religious organizations	757.7	1,627.9	114.8
Fraternal, welfare, and other public associations	994.8	1,320.7	32.8
Hospitals, sanitariums, and orphanages	652.4	851.2	30.5
Schools and colleges	420.3	873.2	107.8
Foundations	603.5	577.6	-4.3
Other	11,874.0	22,019.5	85.4
Total	\$206,632.1	\$290,454.7	40.6%

*includes banks and individuals serving as trustees, guardians, and administrators
Note: Reporters of institutional data represented 65 percent of short-term total net assets in 1990 and 57 percent in 1994.

Figure 5

Number of Institutional Accounts Invested in Long-term Funds, 1990-1994

	1990	1994	Percent Change
Fiduciaries*	3,577,970	8,084,072	125.9%
Business corporations	132,153	296,970	124.7
Retirement plans	2,004,577	5,161,769	157.5
Insurance companies and other financial institutions	71,242	122,573	72.1
Unions	2,592	6,164	137.8
Churches and other religious organizations	18,466	44,411	140.5
Fraternal, welfare, and other public associations	10,773	24,592	128.3
Hospitals, sanitariums, and orphanages	5,066	4,661	-8.0
Schools and colleges	6,336	10,844	71.1
Foundations	5,348	10,098	88.8
Other	202,346	1,217,492	501.7
Total	6,036,869	14,983,646	148.2%

*includes banks and individuals serving as trustees, guardians, and administrators
Note: Reporters of institutional data represented 82 percent of long-term total accounts in 1990 and 79 percent in 1994.

Figure 6

Number of Institutional Accounts Invested in Short-term Funds, 1990-1994

	1990	1994	Percent Change
Fiduciaries*	1,849,679	1,884,053	1.9%
Business corporations	287,454	291,692	1.5
Retirement plans	796,587	853,478	7.1
Insurance companies and other financial institutions	34,239	101,756	197.2
Unions	1,881	2,792	48.4
Churches and other religious organizations	18,563	22,500	21.2
Fraternal, welfare, and other public associations	11,318	23,383	106.6
Hospitals, sanitariums, and orphanages	5,099	5,077	-0.4
Schools and colleges	4,267	12,285	187.9
Foundations	4,181	4,503	7.7
Other	59,655	257,166	331.1
Total	3,072,923	3,458,685	12.6%

*includes banks and individuals serving as trustees, guardians, and administrators
Note: Reporters of institutional data represented 63 percent of short-term total accounts in 1990 and 61 percent in 1994.