

ICI VIEWPOINTS

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## 2021 Investment Company Fact Book: Letter from the Chief Economist

By Sean Collins

*A version of this letter by ICI Chief Economist Sean Collins was released in the Institute's 61st edition of the Investment Company Fact Book.*

2020. What a year. I'm writing this letter sitting in my basement, which has served as my office this past year. It's March 15, 2021, almost one year to the day from March 13, 2020, when vast swathes of the US economy began shutting down because of the COVID-19 pandemic. How things have changed from that fateful Friday the 13th!

### **Delivering in Extraordinary Circumstances**

Some things, of course, remain much the same. Throughout this challenging period, ICI's Research Department—as with all ICI departments—maintained its intense focus on supporting registered investment companies and the more than 105 million shareholders they serve. As the crisis unfolded, market participants rightly became deeply concerned—and highly uncertain—about the effects of the economywide shutdown on businesses, households, and governments. In this environment, all types of investors around the world scrambled to raise cash, a development that quickly morphed into a liquidity crisis. During this time, ICI Research worked tirelessly to provide critical perspective and data to policymakers to help them navigate and respond to the rapidly moving events.

### **Providing Important Analysis to the Discourse of Funds' Experiences During the Crisis**

As the financial markets began to settle, we turned to providing more in-depth analyses of funds' experiences during March 2020, in no small part to help ensure that emerging narratives were based on facts, not supposition. For example, in late May, I was invited to present a [detailed analysis](#) to the Securities and Exchange Commission's Asset Management Advisory Committee on funds' experiences in March. In addition, under the guidance and assistance of senior leaders from throughout the fund industry, ICI published the [Report of the COVID-19 Market Impact Working Group](#)—a series of papers discussing developments in the spring of 2020 in the financial markets broadly, as well as in ETFs, money market funds, and UCITS. We also produced a series of [blog posts](#) discussing the experiences of bond mutual funds in March 2020.

The key theme of this work is that the March 2020 turmoil was driven not by the actions of individual market participants or market sectors, but by uncertainty about how the virus and the shuttering of world economies would play out.

In light of the COVID-19 turmoil, regulators are now pondering reforms for many sectors of the financial markets, including ours. As they do so, they must keep the true drivers of the March 2020 turmoil at the forefront of their minds, and must remain cognizant of the benefits regulated funds provide to the world's economies. Funds are an important source of financing—to businesses, consumers, and governments at all levels—and a chief way that tens of millions of investors save for long-term goals.

## **ICI Research's Solid Foundation**

All of this extraordinary work over the past year is built on the solid foundation ICI Research has built over decades, which is also reflected in the data and analysis we offer throughout the entire *Fact Book*.

For example, *Fact Book* chapters 1 to 6 provide detail on the remarkable range of products our industry has created to help investors save for their goals, on how our industry is evolving (both in the United States and in other jurisdictions) to meet investors' changing demands, and on the substantial declines in fund fees Main Street investors incur to gain exposure to stocks and bonds through pooled, professionally managed funds. The many figures, tables, and analyses you will find here reflect the efforts of Shelly Antoniewicz and her staff.

*Fact Book* chapters 7 and 8 provide considerable detail, derived from ICI surveys and data collections, about the tens of millions of US households that use funds to save for their goals and how funds support them as they save for retirement and education. These data are collected by Sarah Holden and her staff, and are a key feature of ICI's efforts to foster and reinforce the reputation of funds before policymakers, the media, and other stakeholders. As just one example, in the past year, a range of commentators voiced concerns that retirement savers were pulling back from 401(k) plans because of challenges related to COVID-19. Evidence provided by ICI Research, however, consistently demonstrated throughout the year that retirement savers were staying the course.

The *Fact Book* also contains a wealth of information in the [data tables](#). These summary tables, and the more detailed data underlying them, provide the backbone of ICI Research's ability to accurately depict

trends in the fund industry and to use facts to correct misimpressions or misinterpretations about the role and importance of funds to the US economy. The updated data tables are the culmination of a year's worth of work by Judy Steenstra and her staff.

In sum, on behalf of the entire Research Department, I hope you will find our 61st *Fact Book* as helpful and enlightening as ever. And for those of you who want the printed version of the book, it will be available later this summer.

Thank you, best wishes, and I hope that we in ICI Research will be able to see many of you—in person—in the coming year.

[2021 Investment Company Fact Book](#)  
[COVID-19 papers and blog posts](#)

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