

Five Important Points on Mutual Fund Fees and Expenses

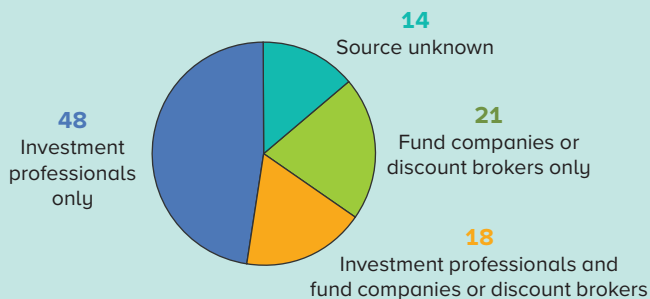
Fund expenses cover portfolio management, fund administration and compliance, shareholder services, recordkeeping, certain kinds of distribution charges (known as 12b-1 fees), and other operating costs. A fund's expense ratio, which is shown in the fund's prospectus and shareholder reports, is the fund's total annual expenses expressed as a percentage of its net assets.

Explore these five key facts about fees and expense ratios.

1

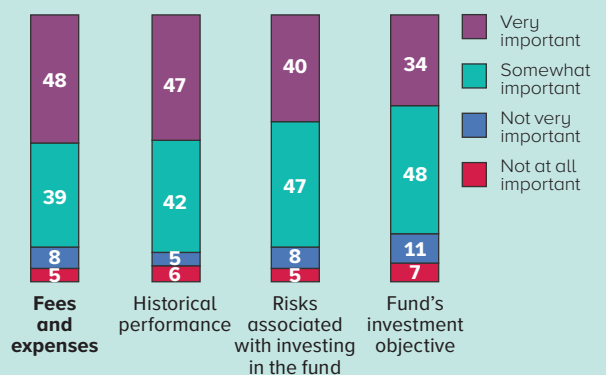
US Households consistently consider fund fees and expenses when making investment decisions

Of US households that own mutual funds outside of employer-sponsored retirement plans, **66 percent** rely on investment professionals...



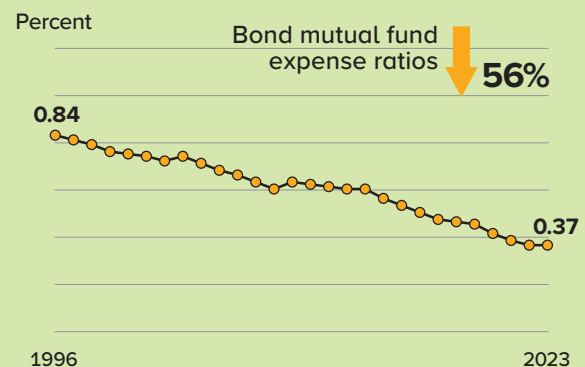
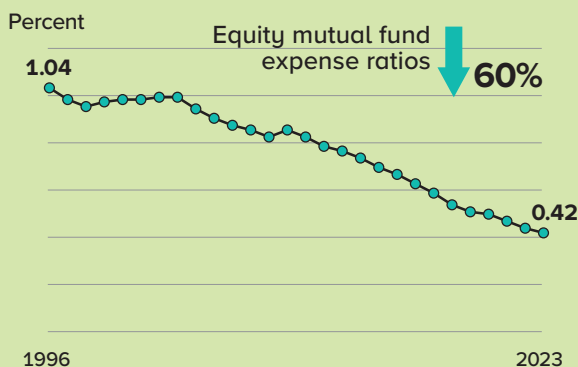
...who are subject to strict **standards of conduct** and must act in the **best interest of investors**.

US households consider a wide range of factors before making their purchasing decisions, including fees and expenses.



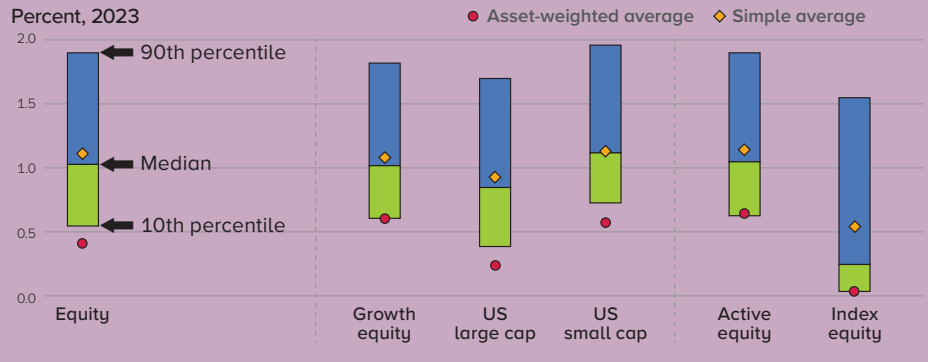
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Fund expense ratios are down substantially over past 27 years



3

Mutual fund expense ratios can vary widely for multiple reasons



Why the variation?

Some reasons include:

Economies of scale

Specialization

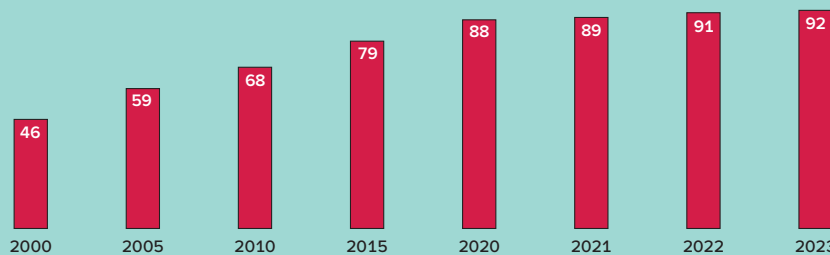
Load vs. no-load

Asset-weighted average expense ratio shows assets are concentrated in low-cost funds.

4

Fund investors overwhelmingly purchase no-load mutual funds

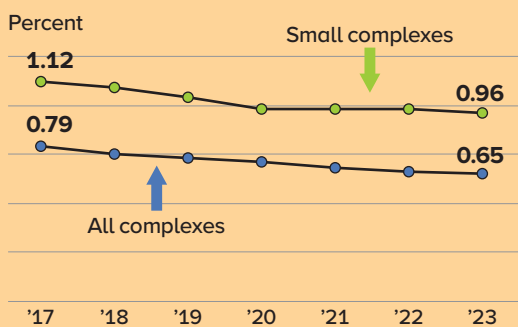
Percentage of long-term mutual fund gross sales in no-load share classes without 12b-1 fees, annual



5

Investors value diversity and choice among asset managers

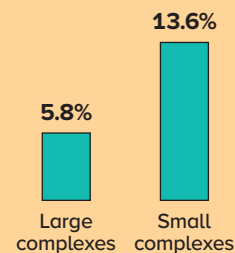
Average expense ratios at small complexes are **falling** alongside the industry average, but tend to be higher because...



Note: Data only include actively managed equity funds.

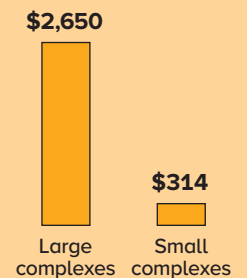
...small complexes offer more niche products...

Percentage of equity fund assets in US small cap equity, 2023



...with fewer economies of scale.

Average fund size in millions, year-end 2023



For more information on mutual fund fees and expenses, see our latest report, "Trends in the Expenses and Fees of Funds," at [Fees and Expenses | Investment Company Institute \(ici.org\)](https://www.ici.org).

Sources: Investment Company Institute, Lipper, Morningstar