

# Five Important Points on Mutual Fund Fees and Expenses



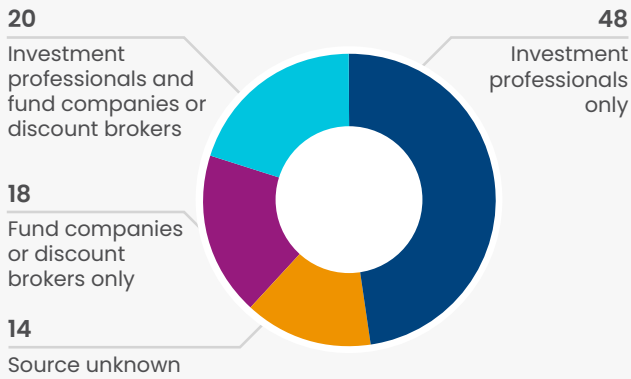
Fund expenses cover portfolio management, fund administration and compliance, shareholder services, recordkeeping, certain kinds of distribution charges (known as 12b-1 fees), and other operating costs. A fund's expense ratio, which is shown in the fund's prospectus and shareholder reports, is the fund's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

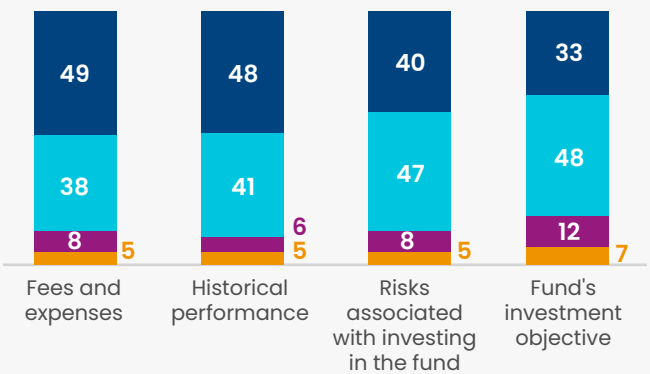
**68 percent** rely on investment professionals...



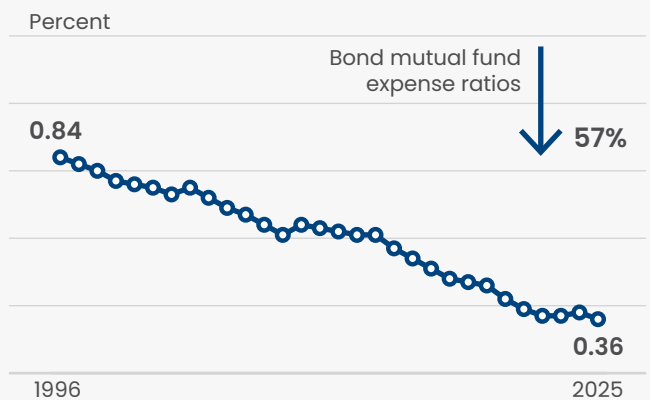
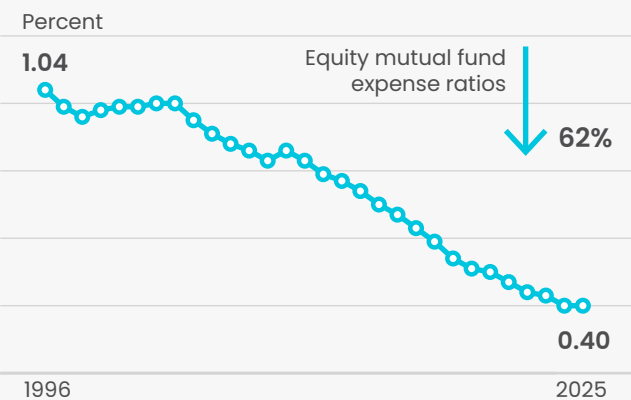
...who are subject to strict **standards of conduct** and must act in the **best interest of investors**.



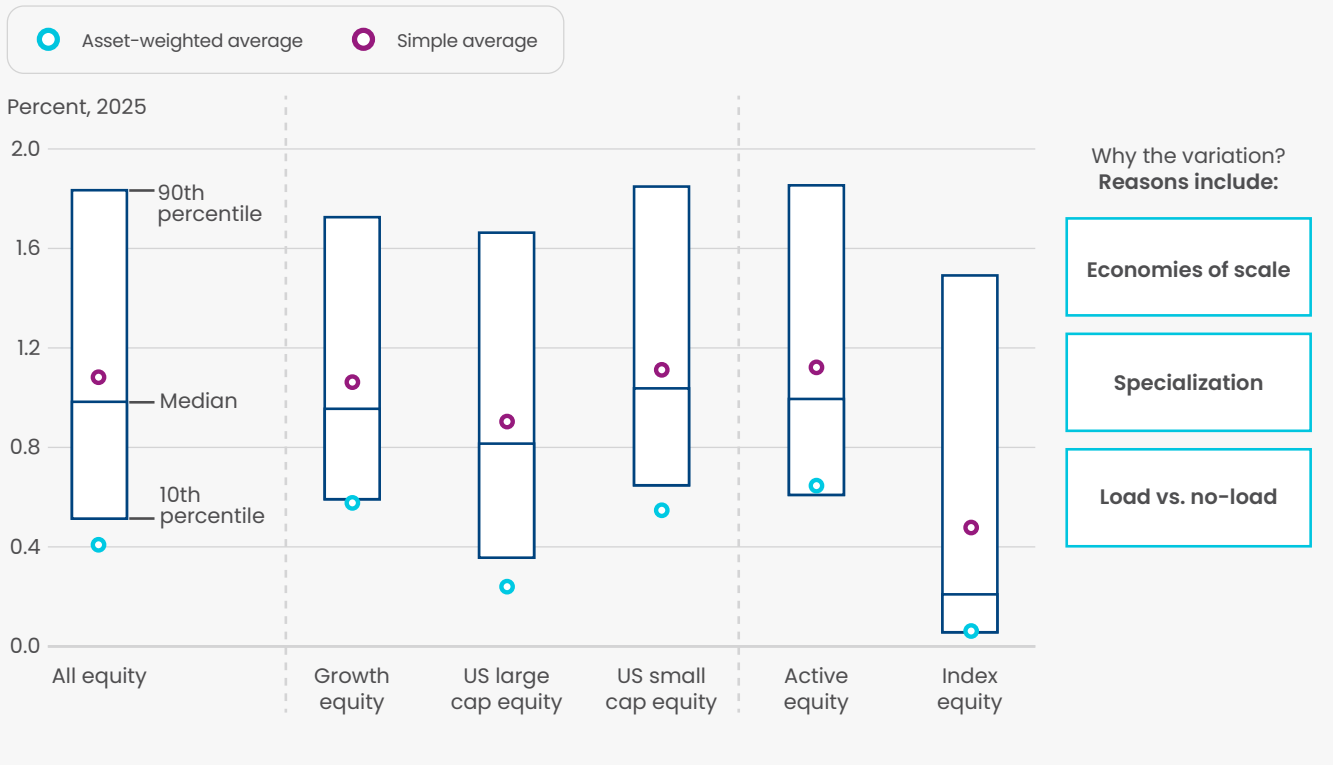
US households consider a wide range of factors before making their purchasing decisions, **including fees and expenses**.



## 2 Fund expense ratios have declined substantially over the past 29 years

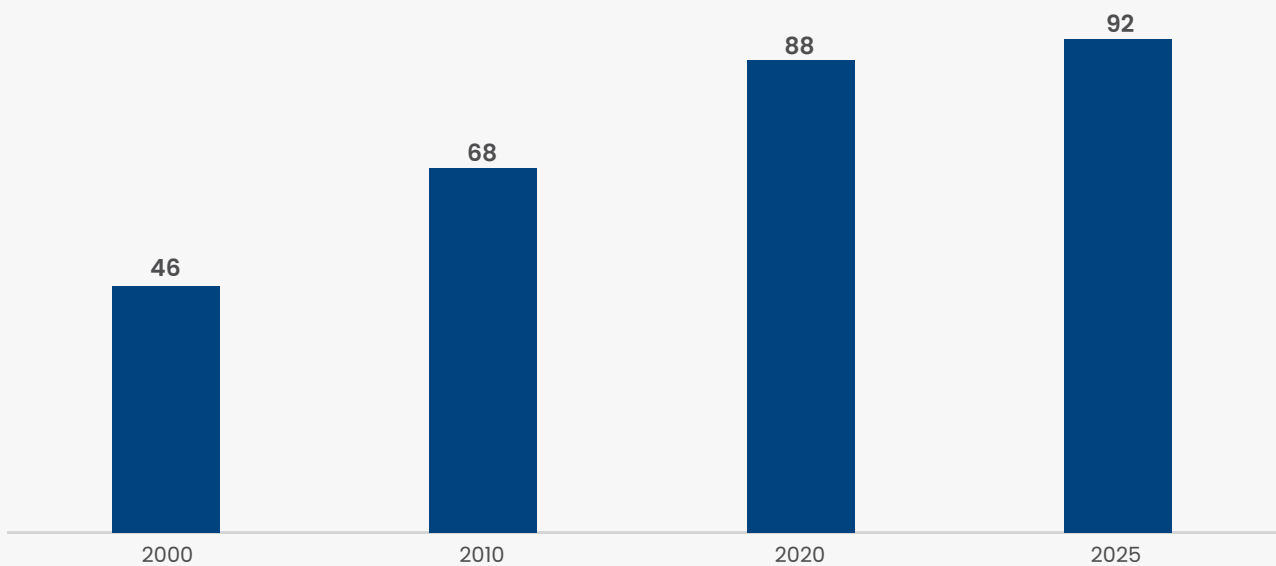


### 3 Mutual fund expense ratios can vary widely for multiple reasons



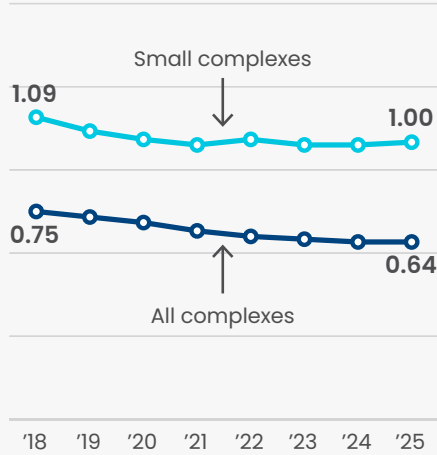
### 4 Fund investors overwhelmingly purchase no-load mutual funds

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



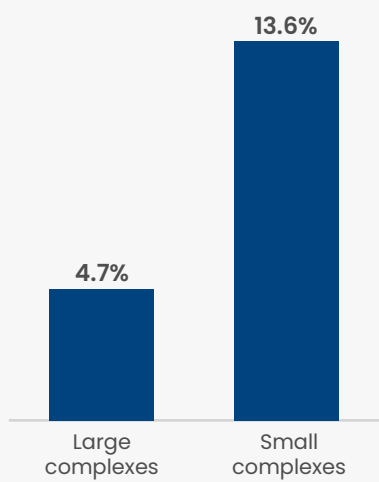
# 5 Investors value diversity and choice among asset managers

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



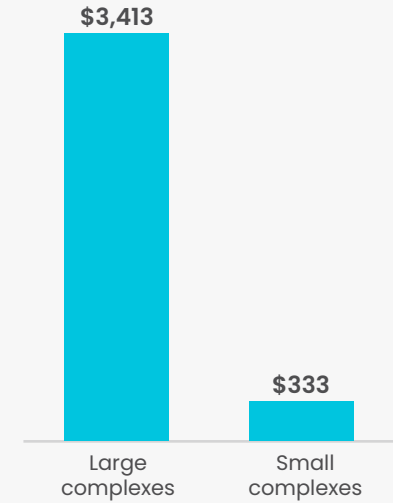
...small complexes **offer more niche products...**

Percentage of equity fund assets in US small cap equity, 2025



...with smaller **economies of scale.**

Average fund size in millions, year-end 2025



Note: Data only include actively managed equity mutual funds.

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