

NEWS RELEASE

The Conference Board of Canada releases report on the economic impact of the investment funds industry

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TORONTO, Sept. 26, 2024 /CNW/ - The Investment Funds Institute of Canada today released a report entitled **Funding the Future: The Economic Impact of Canada's Investment Funds Industry**, produced by The Conference Board of Canada. The report emphasizes the health of the investment funds industry and its contribution to Canada.

"This research highlights the critical role of the investment funds industry in supporting Canadians, both in terms of personal savings and broader economic growth," said Andy Mitchell, President and CEO of IFIC. "As Canadians increasingly depend on mutual funds and ETFs to meet their financial goals, it's essential to recognize that this industry also contributes significantly to job creation, government revenues, and overall GDP – a key indicator of economic health."

Significance of the investment funds industry

The investment funds industry's GDP grew by an extraordinary 82 per cent between 2012 and 2023, compared with 23 per cent for the Canadian economy overall. In addition, the industry achieved large productivity gains over the past decade driven by technology and innovation. This is during a period when there has been an overall flattening of productivity across all industries.

The report also found that in 2023 the investment funds industry:

- added \$48.1 billion to Canada's gross domestic product (GDP) accounting for 2.1 per cent of the country's

total GDP

- generated \$42.6 billion in revenues
- supported 415,320 full-time jobs, representing 2.5 per cent of all full-time jobs in Canada – roughly equivalent to the number of full-time jobs in Nova Scotia
- contributed \$21.7 billion in taxes

Growth of private retirement savings

The report found that Canadians are relying more on personal savings to help fund their retirement. For those 65 years of age and older, private retirement income, as a percentage of total income, has risen from 18 per cent in 1990 to 33 per cent in 2022. At the same time, there has been a decline in the proportion of paid workers covered by employer-sponsored pension plans, and a decline in the value.

Today, over half of Canadians own mutual funds and one-quarter own ETFs. Together, mutual funds and ETFs have grown to represent a third of all privately held financial wealth.

Innovation in the industry

The industry continues to evolve as investor trends change. Consumer preferences for ETFs and DIY investing are transforming the industry and revenue streams. The industry has also responded to growing consumer interest in responsible investing by offering more of these types of funds. The report predicts that this trend of industry adaptation will continue to drive growth in the coming years.

The report also notes that over the past decade, Canadian investors paid significantly less in mutual fund fees. The report observes that the average mutual fund MER in Canada, for long-term funds, declined from 2.06 per cent to 1.47 between 2013 and 2023. This represents a 29 per cent drop.

About the investment funds industry

The investment funds industry offers Canadians the opportunity to invest in professionally managed mutual funds and exchange-traded funds (ETFs). Within the industry, fund managers create and manage these funds, while investment dealers (financial advisors) provide advice and distribute these funds to the public. The industry also provides essential capital to support Canadian business activities. In 2023, the industry invested \$525 billion in Canadian public companies, \$237 billion in Canadian corporate bonds, and \$246 billion in Canadian government bonds.

About IFIC

The Investment Funds Institute of Canada is the voice of Canada's investment funds industry. IFIC brings together

approximately 150 organizations, including fund managers, dealers, professional and back-office service providers, to strengthen the integrity of the investment funds industry, foster public confidence in investment funds, and enable investors to achieve good outcomes. By connecting savers to Canada's economy, our industry contributes significantly to Canadian economic growth and job creation.

About The Conference Board of Canada

The Conference Board of Canada is the country's leading independent research organization. Since 1954, The Conference Board of Canada has been providing research that supports evidence-based decision making to solve Canada's toughest problems. Read more about our impact at the link [here](#). Follow The Conference Board of Canada on Twitter @ConfBoardofCda.

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