

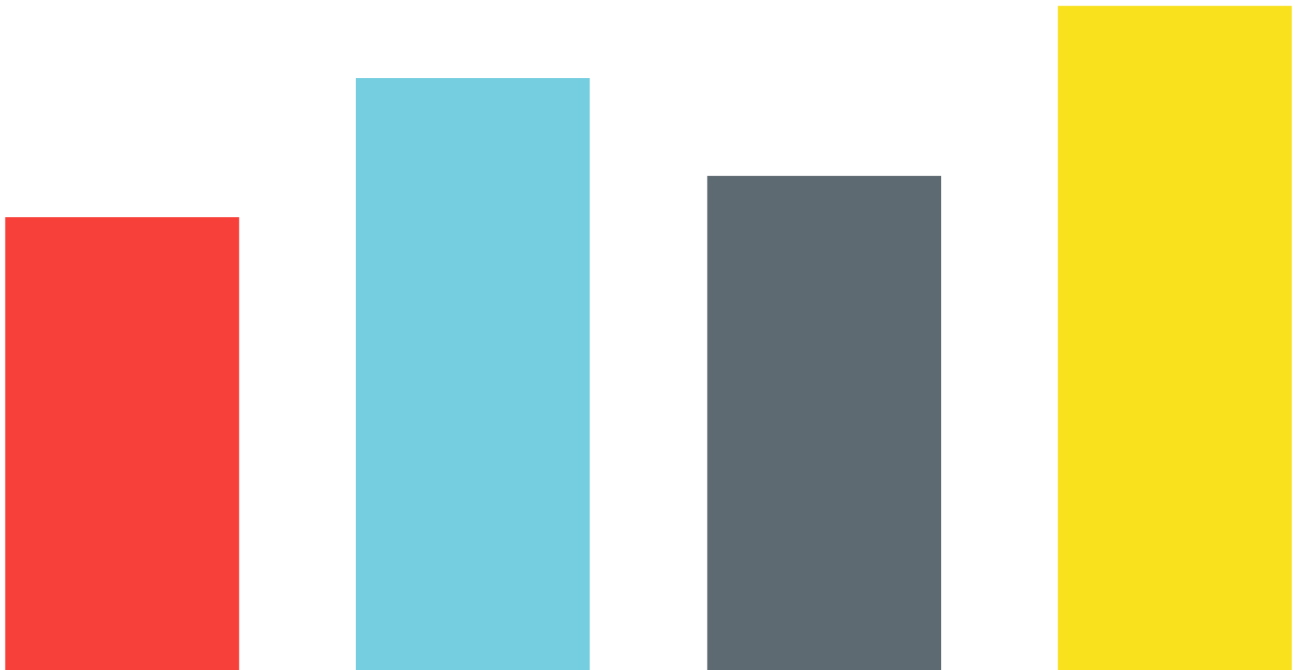


THE INVESTMENT
FUNDS INSTITUTE
OF CANADA

L'INSTITUT DES FONDS
D'INVESTISSEMENT
DU CANADA

2024

INVESTMENT FUNDS REPORT



The Investment Funds Institute of Canada (IFIC) is proud to present the [2024 Investment Funds Report](#) – Canada’s most accurate and comprehensive source of data for mutual fund and ETF assets and sales.

The report is an invaluable tool for industry participants, analysts, and observers, offering a detailed view of trends, developments, and the interactions between investment funds, investor behaviour and the broader economic context.

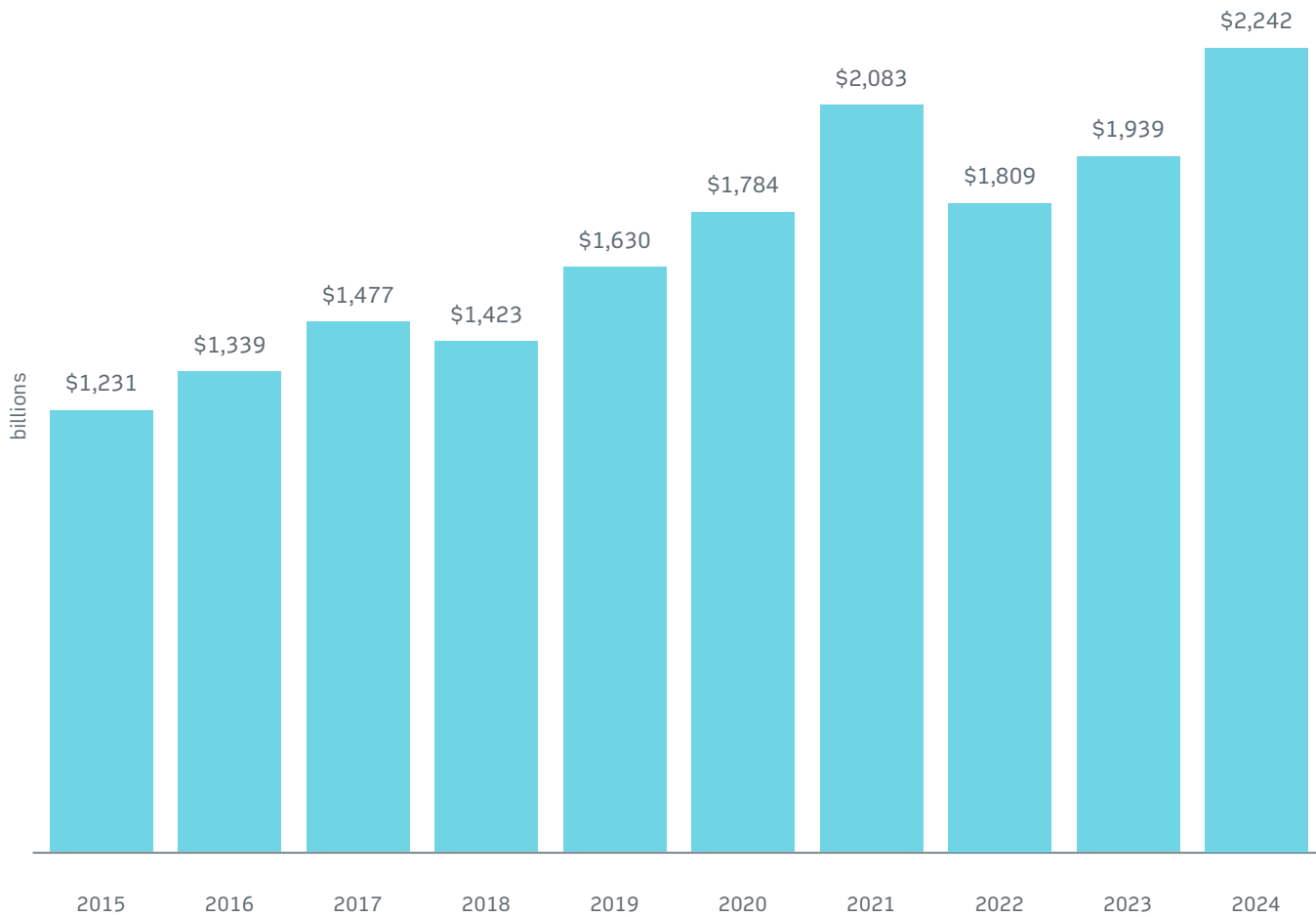
It is built on direct reporting from member firms, which ensures the reliability of the data and sets it apart as the definitive resource for industry insights.

We hope you find it informative and useful. We are committed to providing data-driven insights that support the integrity of Canada’s investment sector.

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, distributors and industry service organizations to foster a strong, stable investment sector where investors can realize their financial goals. By connecting Canada’s savers to Canada’s economy, our industry contributes significantly to Canadian economic growth and job creation.

Mutual fund net assets

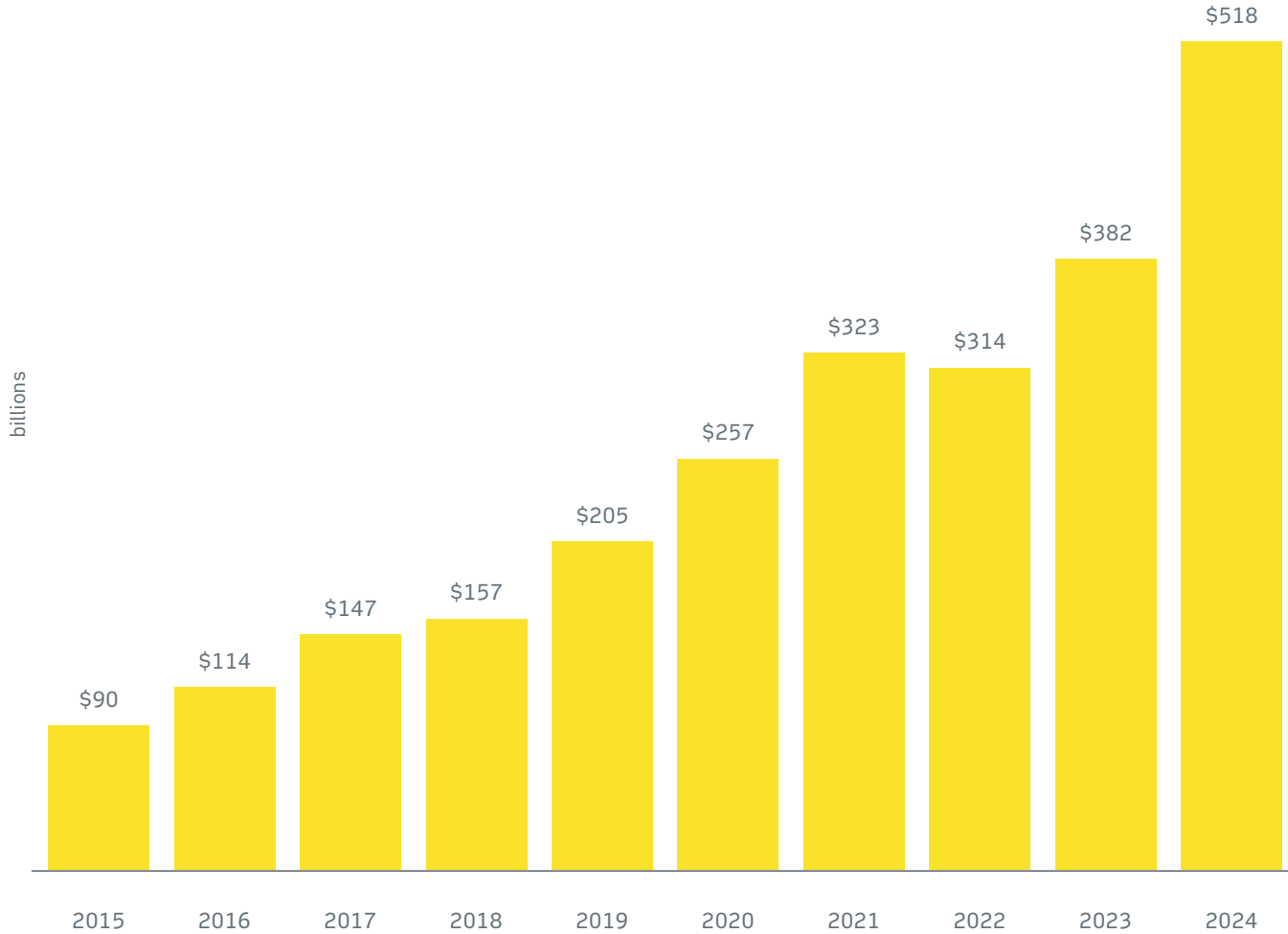


Mutual fund assets under management reached record highs in the second half of 2024. By year-end, mutual fund assets were at \$2.242 trillion, an increase of 15.7 per cent. This growth, continuing a two-year upward trend, was driven by positive net sales and a favorable market effect.¹

Over the last two years, mutual fund assets have increased by \$433 billion, recovering from a decline during 2022.

¹ Market effect: The rise and fall of the underlying value of the stocks, bonds and other securities held by the funds.

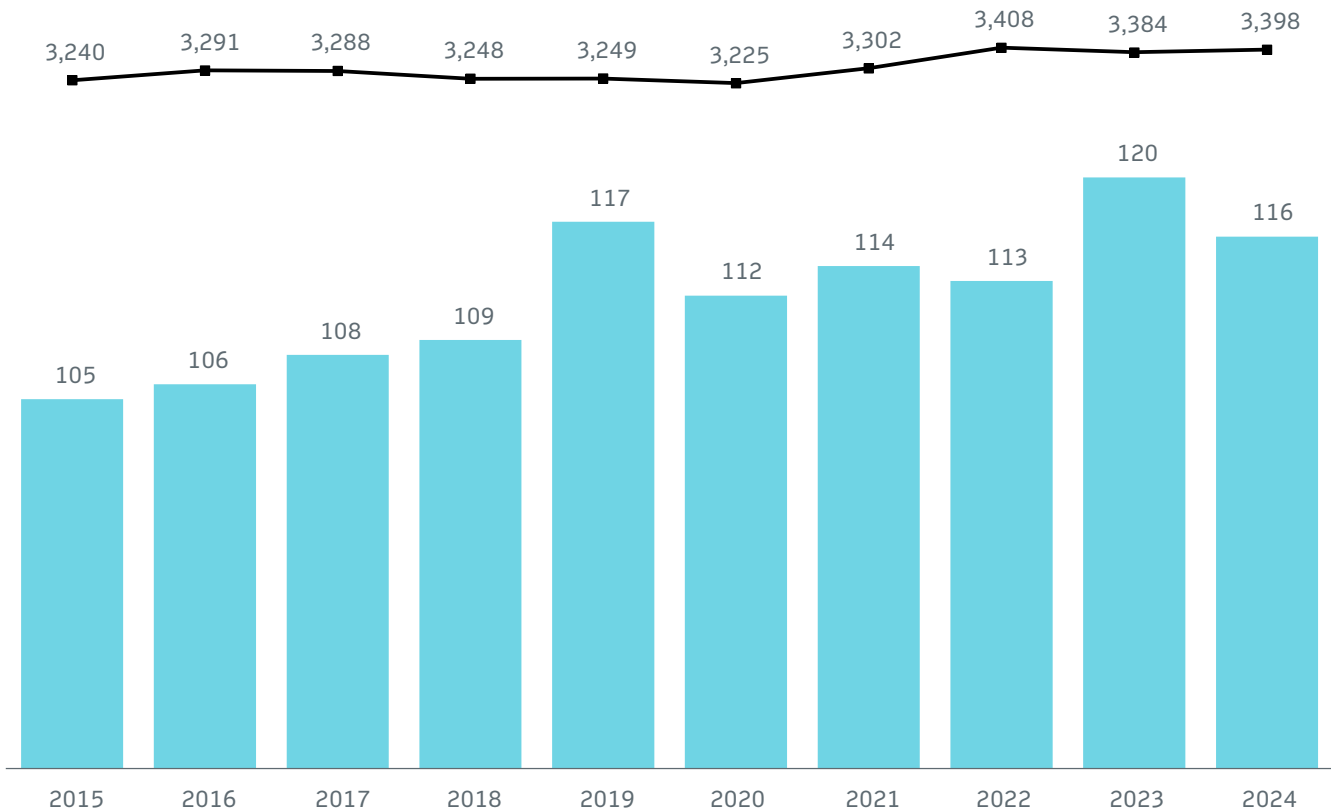
ETF net assets



In a notable milestone, ETF assets crossed the \$500-billion mark in 2024, reaching an all-time high of \$518 billion by the end of the year. Positive net sales combined with positive market effect contributed to a dramatic 35.5 per cent increase in assets. As with mutual funds, ETFs in 2024 continued a two-year trend of growth.

Over the last 10 years, ETF assets have increased by close to seven times.

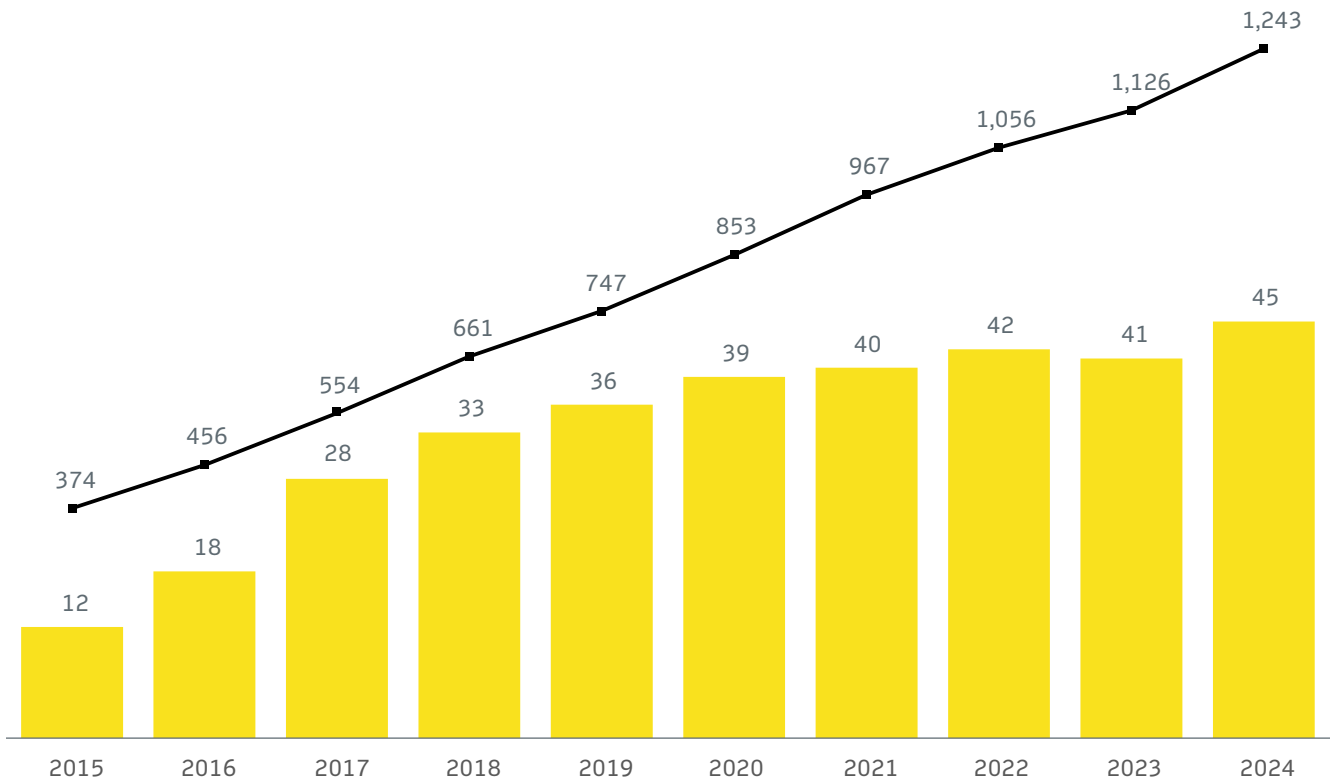
Mutual fund managers and number of funds



At the end of 2024, there were 116 companies offering mutual funds, a decrease of four fund managers since the end of 2023. Despite this, the mutual funds industry saw growth in the number of funds available with a net increase of 14 during the year, bringing the total to 3,398 funds.

■ Fund managers
— Funds

ETF managers and number of funds

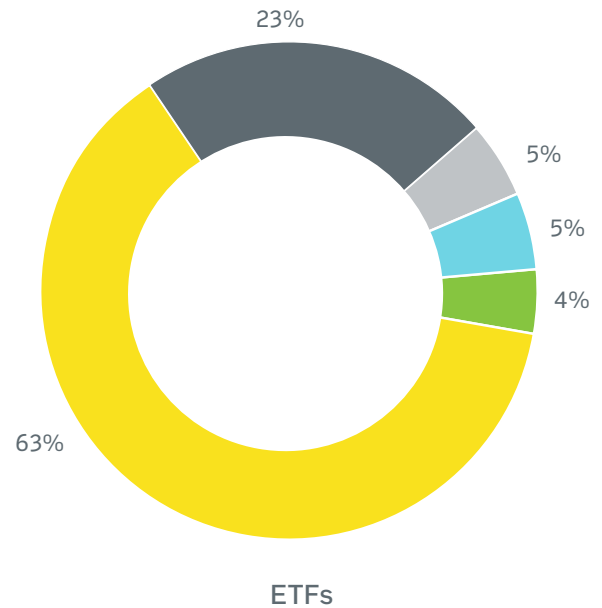
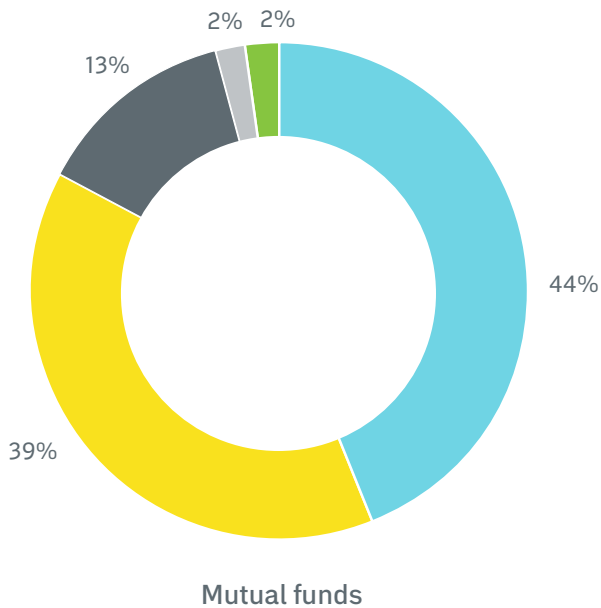


At the end of 2024, there were 45 investment fund companies offering ETFs, representing a net increase of four companies since the end of 2023. Most of these companies (34 out of 45) offer both ETFs and mutual funds. Throughout 2024, on a net basis, the number of ETFs increased by 117 bringing the total to 1,243 ETF funds on offer.

■ Fund managers
— Funds

Mutual fund and ETF assets by broad asset category

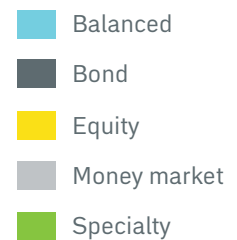
December 2024



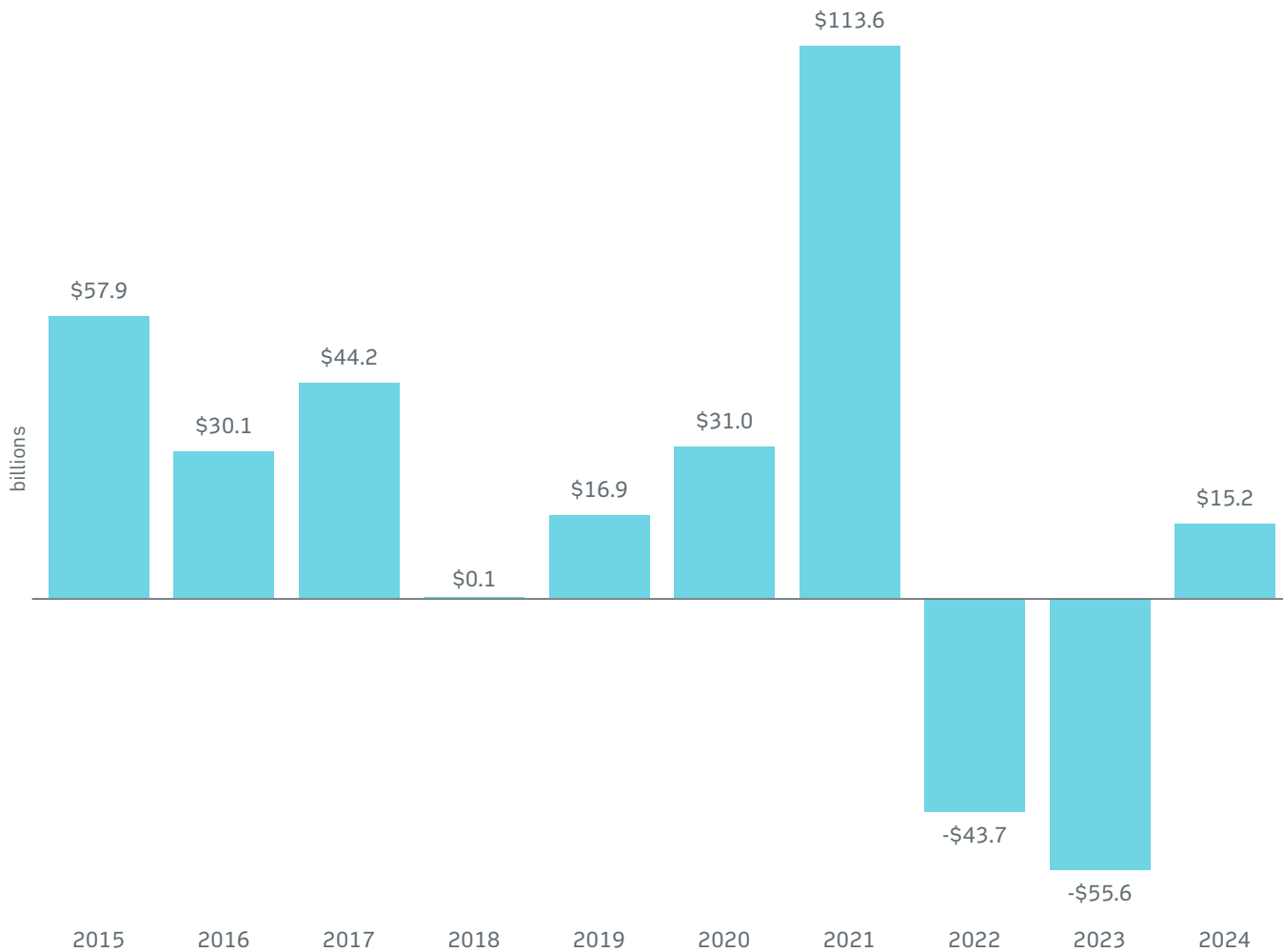
The largest portion of Canadian mutual fund assets at the end of 2024 remained in the balanced fund category, comprising approximately 44 per cent of total mutual fund assets. The balanced category includes funds that invest in a mix of stocks and bonds as well as funds that invest in a mix of separate, stand-alone funds. Equity funds were the second-largest category with about 39 per cent of total mutual fund assets.

Equity funds accounted for 63 per cent of total ETF assets at year end, while bond funds made up approximately 23 per cent.

Money market funds continue to represent a small portion of the Canadian fund industry, accounting for two per cent of mutual fund assets and five per cent of ETF assets.



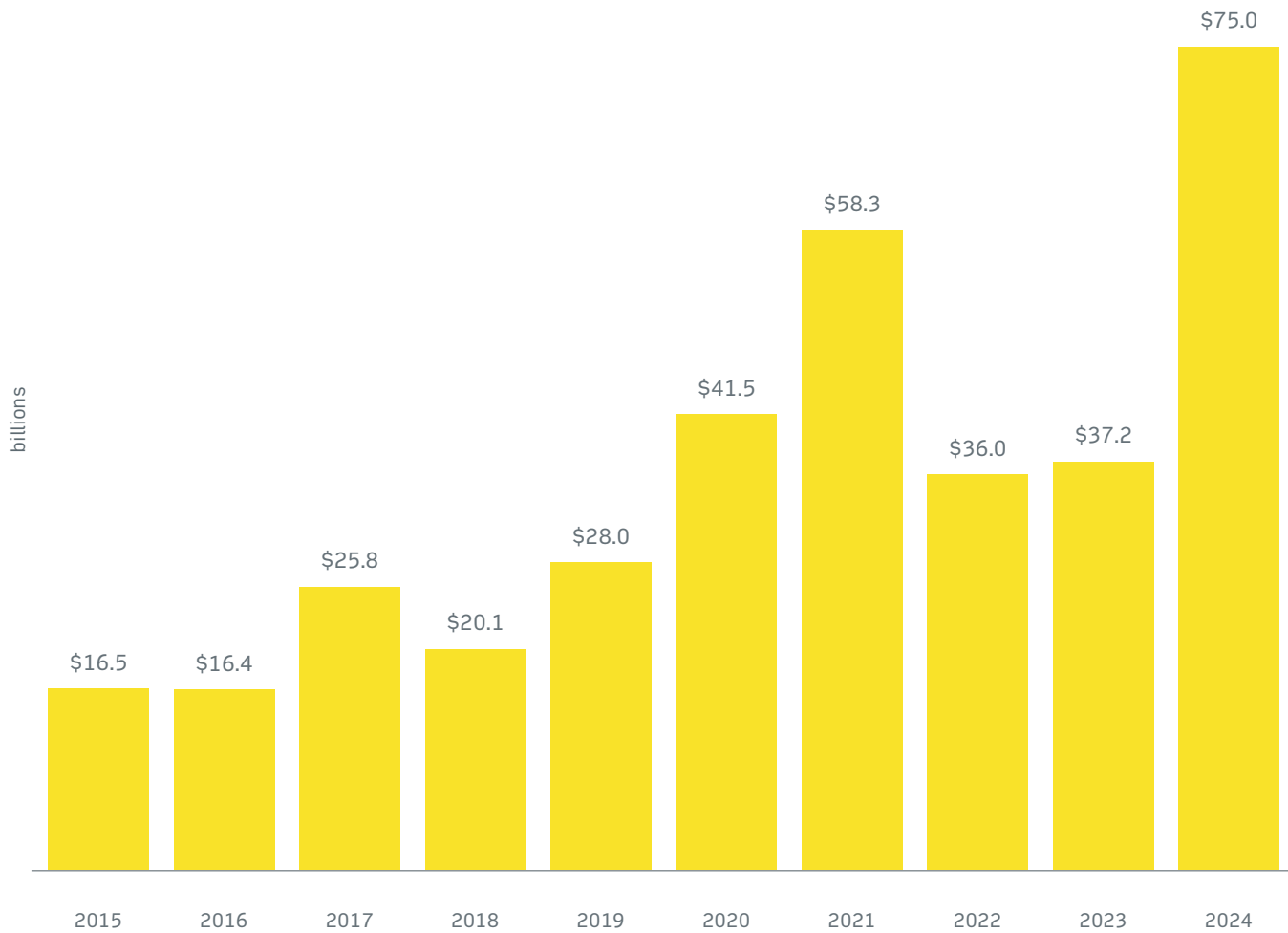
Mutual fund net sales



Mutual fund net sales totalled \$15.2 billion in 2024, which was the first year of positive net sales since 2021.

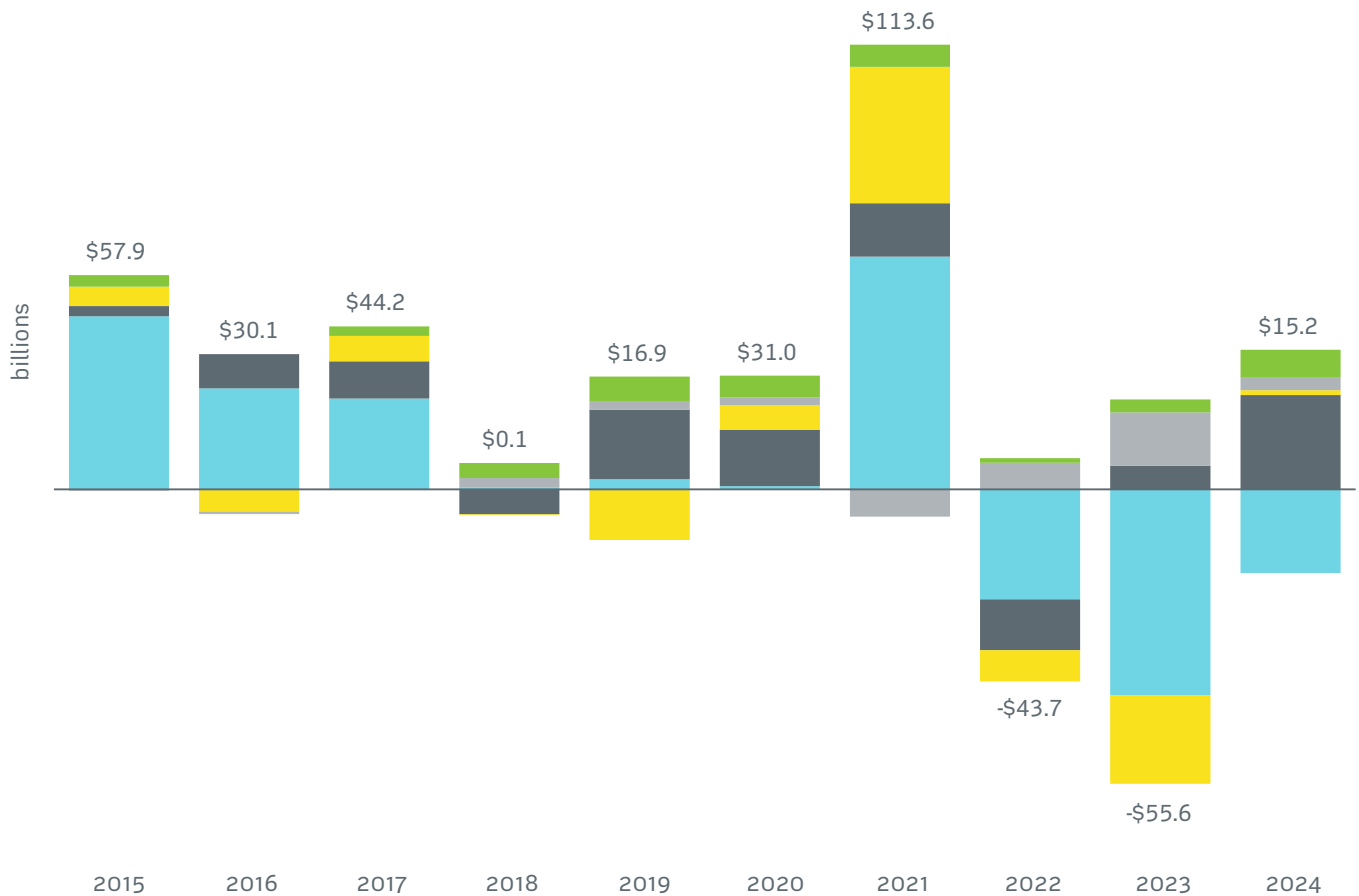
The year's sales were influenced by several key factors. Notably, the strong performance of both stock and bond markets likely helped instill greater confidence among investors. The reduction in inflation created a more stable economic environment which, combined with declining interest rates and rising household savings rates, increased money available for investment.

ETF net sales



ETF net sales totaled \$75 billion in 2024, the highest total ever and more than the previous two years combined. ETF sales saw robust growth in 2024, continuing a multi-year trend fueled by increased adoption by both retail and institutional investors.

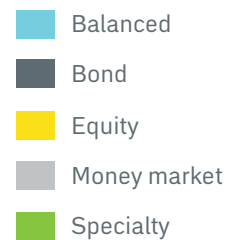
Mutual fund net sales by asset category



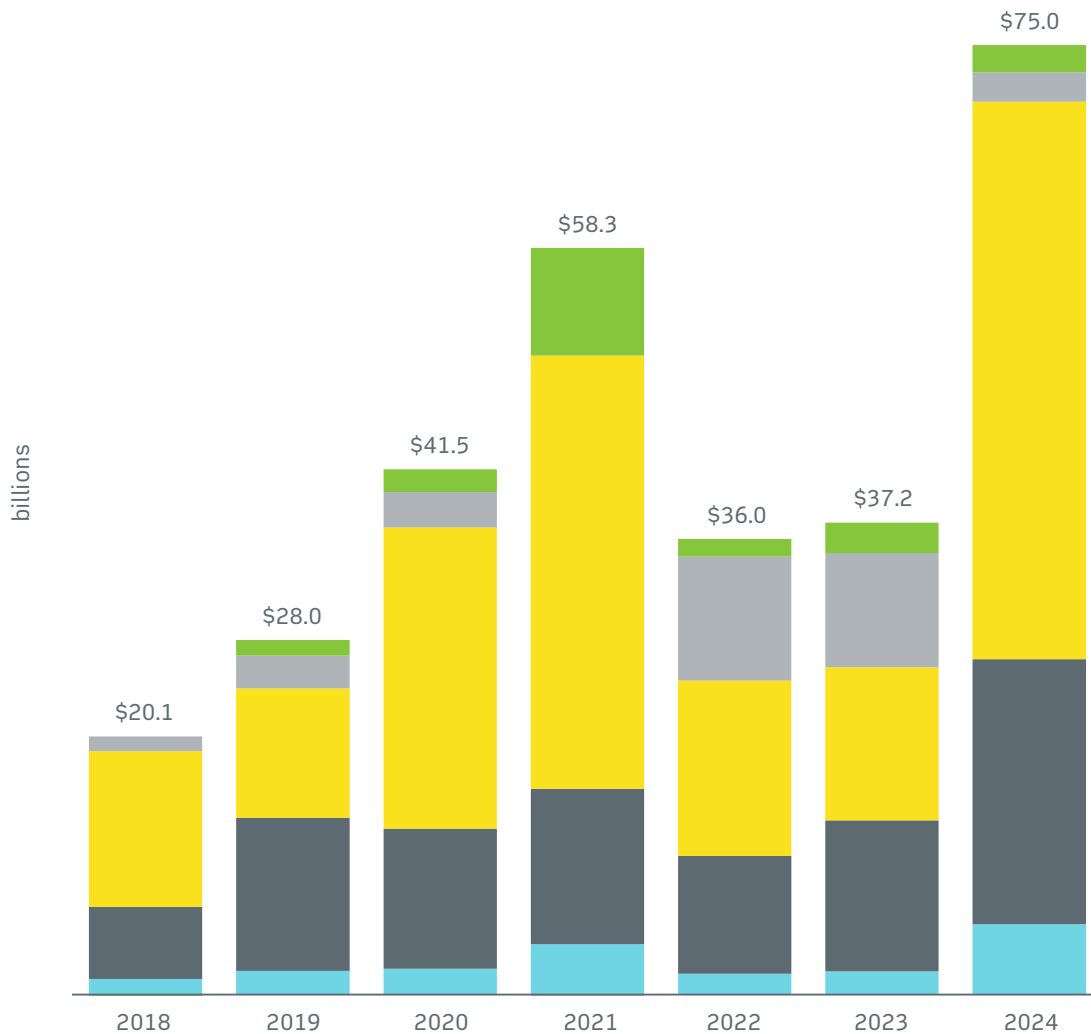
In 2024, balanced funds experienced \$22.8 billion in net redemptions, marking a significant outflow. Equity funds recorded marginal net sales of \$1.3 billion, reflecting subdued investor interest. Bond fund sales surged with \$25.7 billion in net sales, driven by the declining interest-rate environment. Money market funds saw notable net inflows of \$3.6 billion. Specialty funds recorded \$7.4 billion in net sales, with more than 75 per cent attributed to alternative funds within this category.²

Bond fund sales are discussed in more detail on page 17 and alternative funds on page 19.

²Specialty funds include alternative funds, commodity funds, real property funds and other miscellaneous funds.



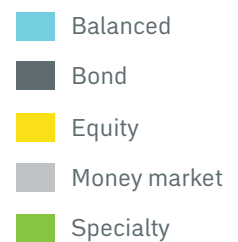
ETF net sales by asset category



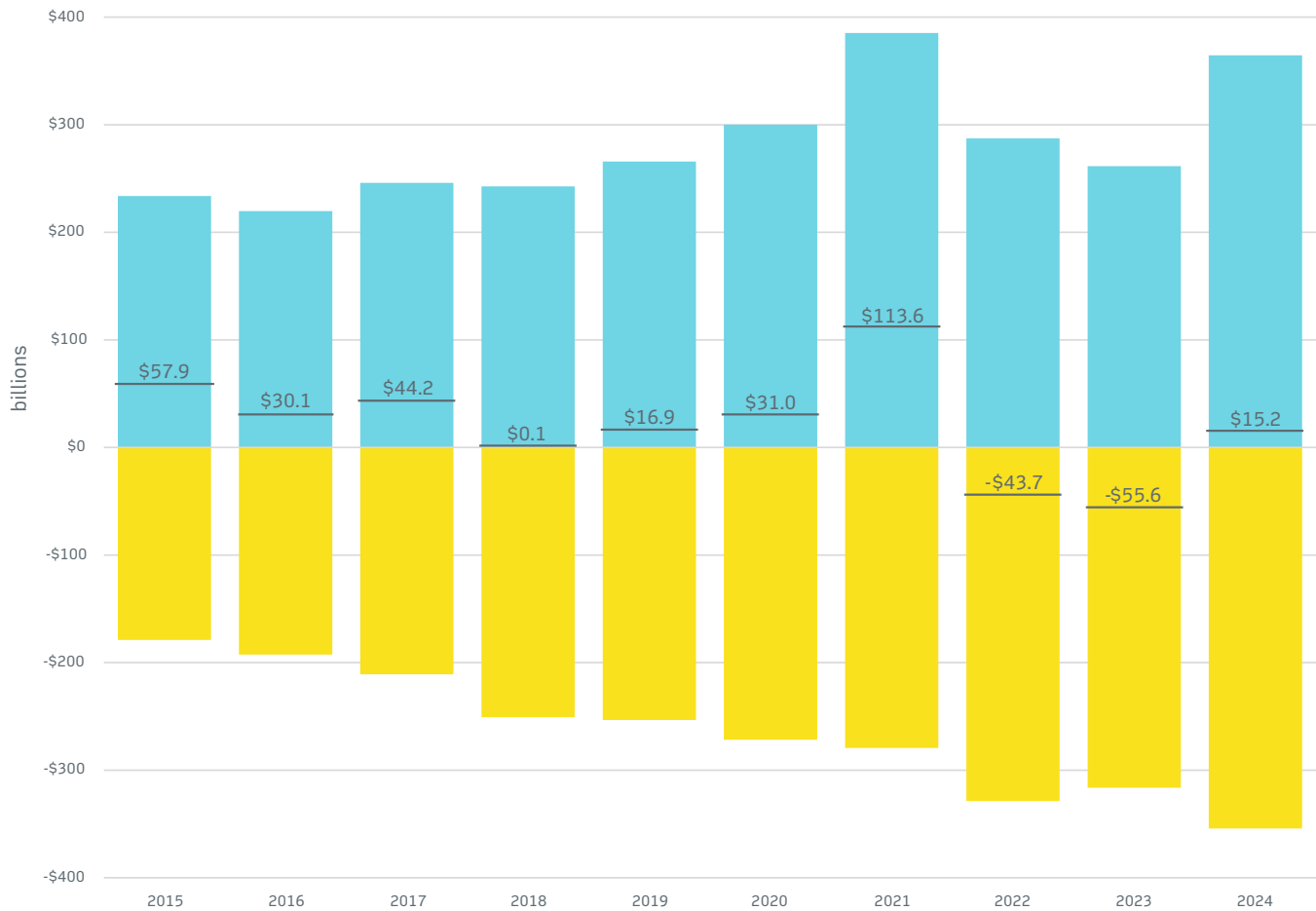
Consistent with previous years, all major asset categories saw net inflows in 2024. Equity ETFs brought in \$44 billion in net sales, representing 58.7 per cent of total net sales. Bond funds recorded \$20.9 billion or 27.9 per cent of total net sales. Balanced funds posted \$5.5 billion, or 7.4 per cent of total net sales. Money market funds saw inflows of \$2.3 billion, accounting for 3.1 per cent of total net sales, and specialty funds attracted \$2.2 billion or 2.9 per cent of total net sales.

While the specialty category overall saw positive net sales, cryptocurrency funds within this category experienced net redemptions during the year. This was likely driven by U.S.-domiciled investors reallocating their investments southward following SEC approvals for cryptocurrency funds beginning in January 2024.

Note: IFIC's ETF database showing net sales by asset class is limited to data from 2018 onwards.



Mutual fund sales



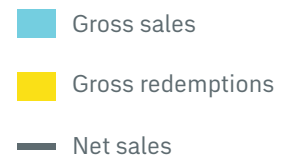
Gross sales comprise all new fund sales, including new money entering the mutual fund industry as well as money moving from one fund company to another.

Similarly, gross redemptions reflect money leaving the industry altogether as well as money moving from one fund company to another.

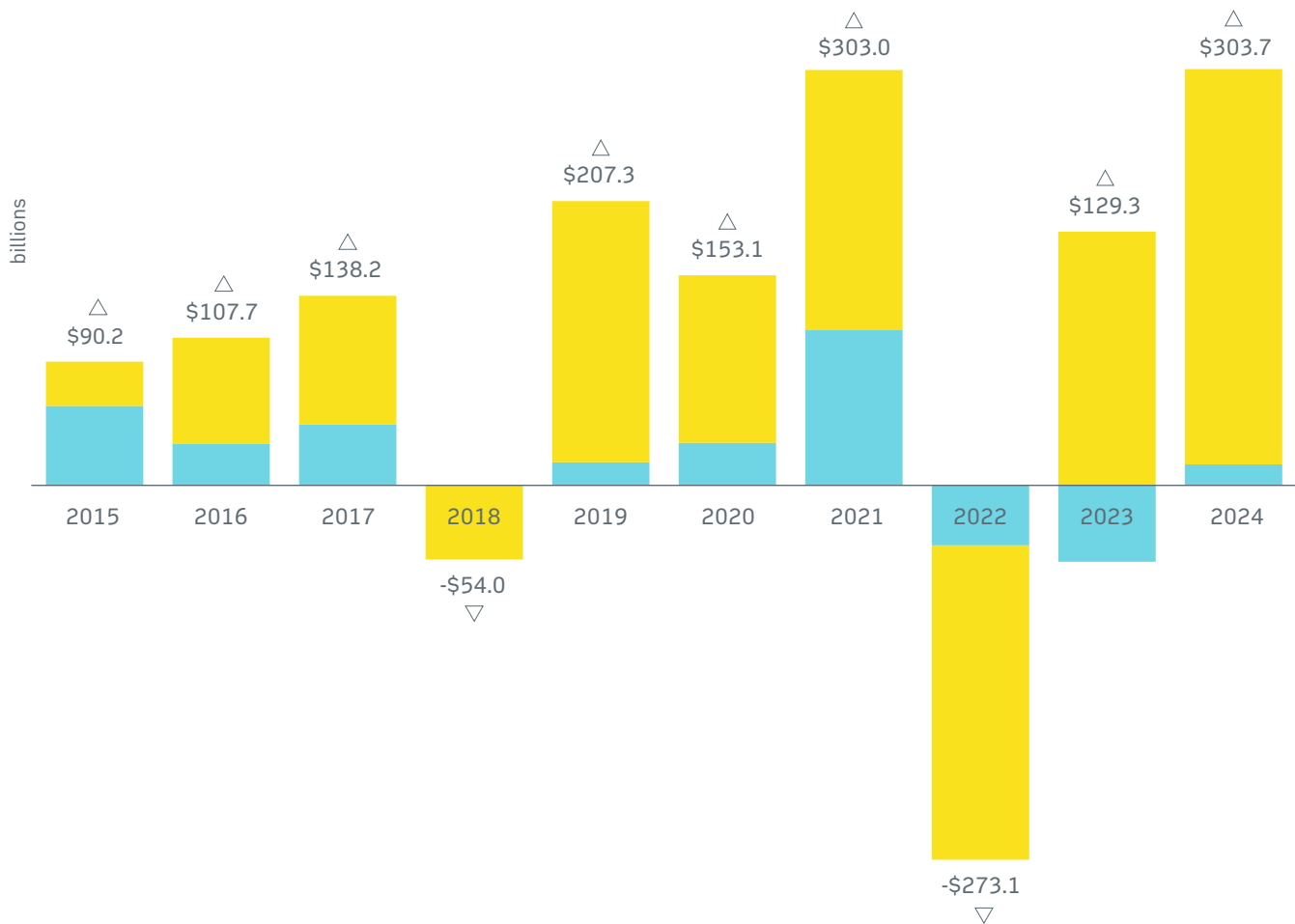
Along with gross redemptions and market effect, gross sales determine the size and direction of industry asset growth.

In 2024, despite gross redemptions totaling \$354.2 billion, mutual funds achieved overall positive net sales for the year as gross sales exceeded redemptions, reaching \$364.5 billion.³

³Net sales should theoretically equal the difference between gross sales and gross redemptions, with transfers in and out balancing at the company level. However, discrepancies can occur when firms cannot distinguish transfers between mutual funds and non-mutual fund securities. As such, net sales, while still being accurate, will not always equal the difference between gross sales and gross redemptions as shown in the chart.



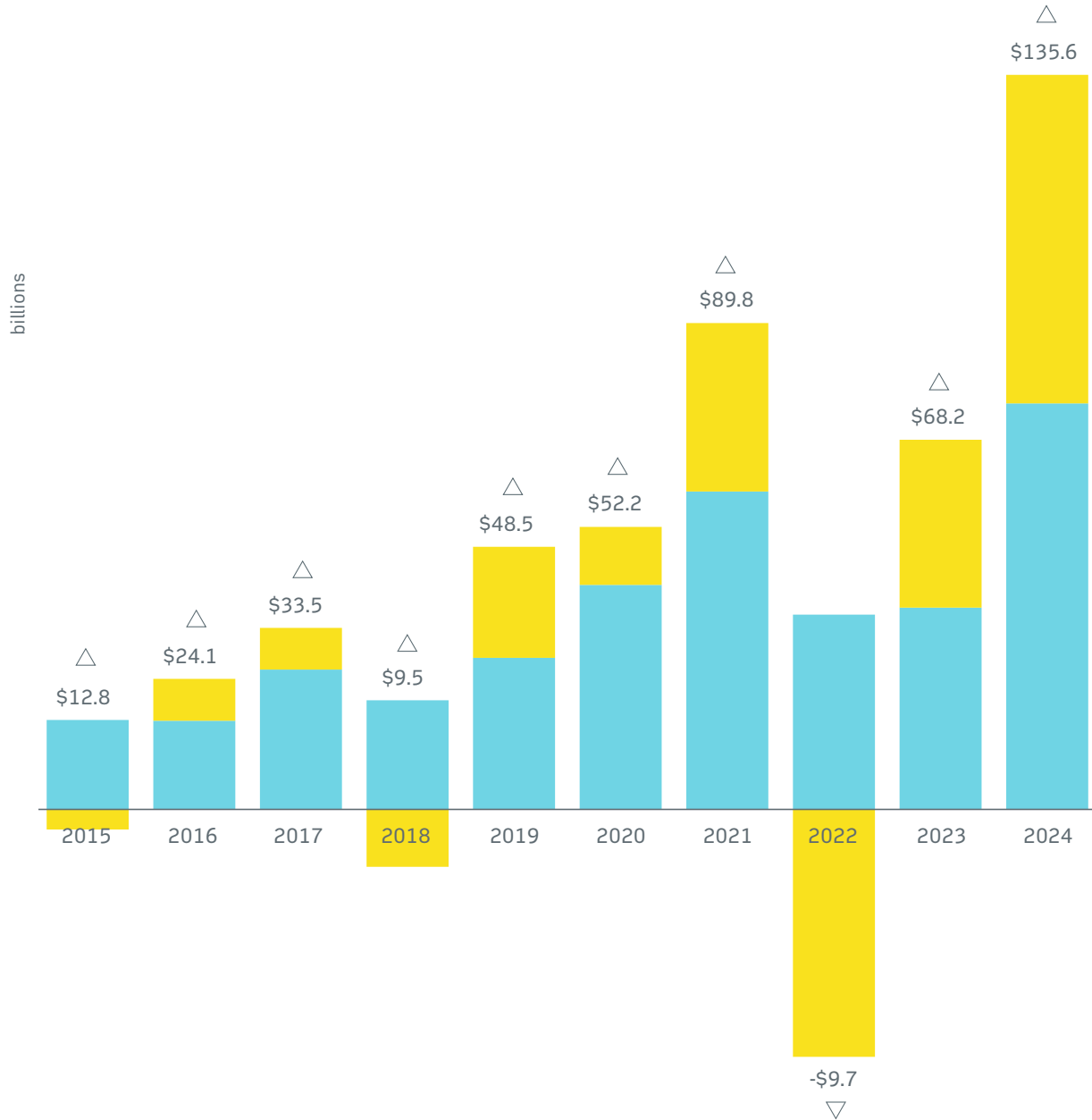
Mutual fund annual asset growth: net sales versus market effect



Asset growth in investment funds is affected by two factors: overall sales and the rise and fall of the underlying value of the stocks, bonds and other securities held by the funds. The latter is known as the market effect. While sales were positive for 2024, market effect played a significantly larger role in driving asset growth. Overall, assets increased by \$303.7 billion from 2023, with only five per cent of this growth attributable to positive net sales.

- Net sales
- Market effect
- △ Annual change in net assets
- ▽ Annual change in net assets

ETF annual asset growth: net sales versus market effect

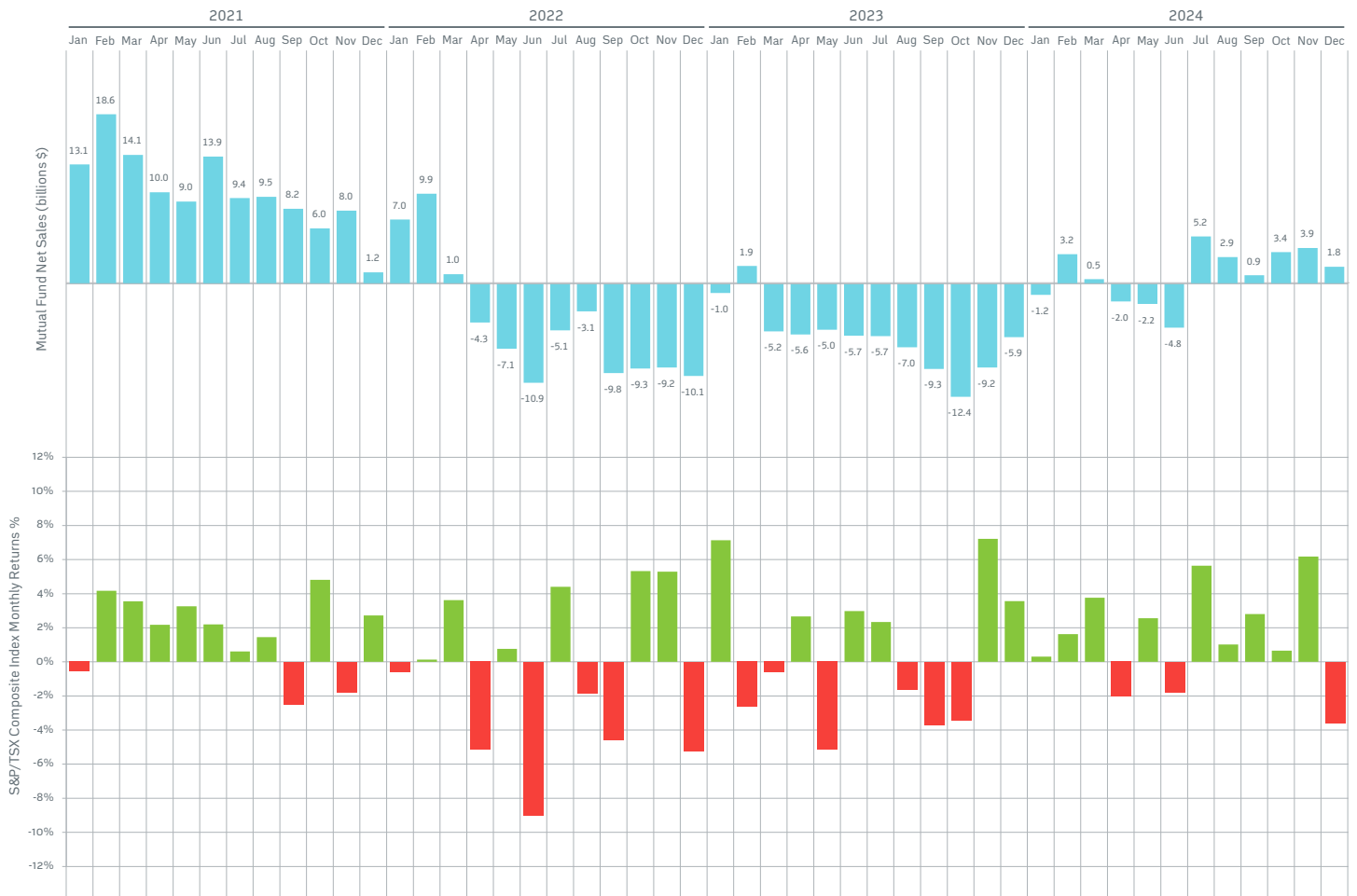


In 2024, ETF assets increased by \$135.6 billion, with 55.3 per cent of this growth driven by positive net sales and 44.7 per cent driven by market effect. With the significant increase in ETF assets over the last several years, annual growth becomes less dependent on sales as market effect becomes a more significant driver of asset growth.

- Net sales
- Market effect
- △ Annual change in net assets

Note: For this chart, the ETF asset and sales data has only been adjusted to remove double counting starting with January 2022 data.

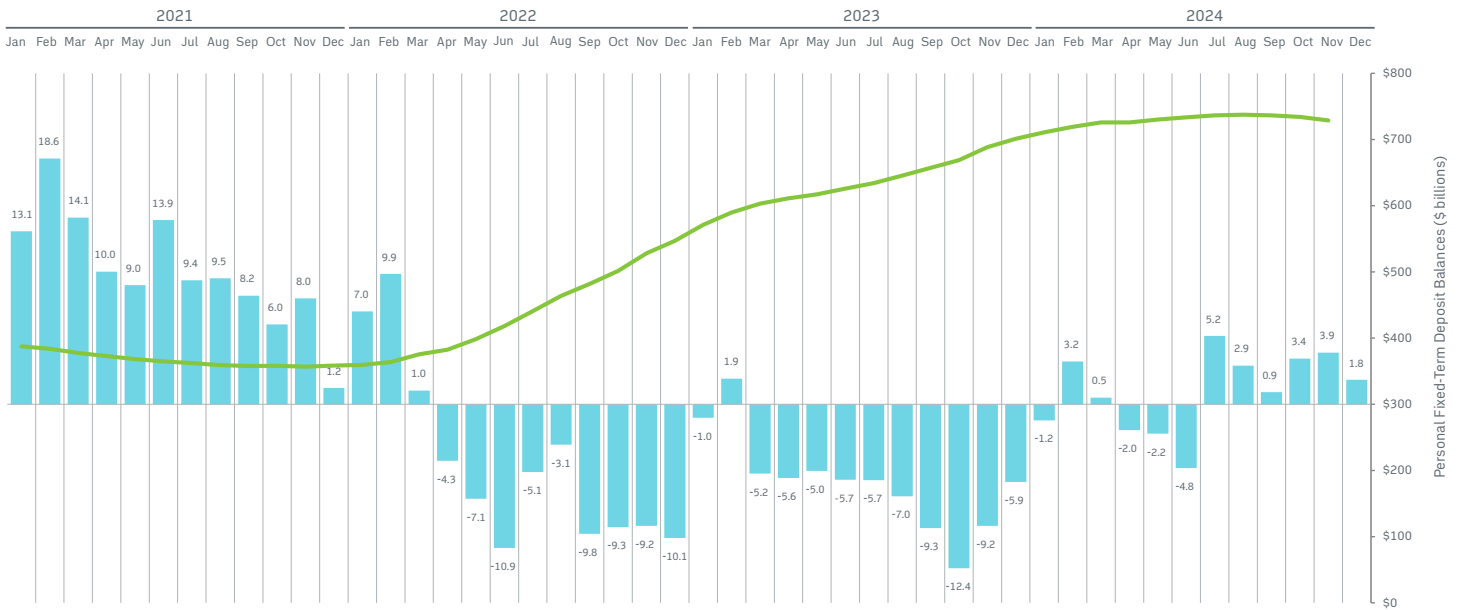
Monthly net sales into long-term mutual funds versus S&P/TSX composite monthly returns



Source: IFIC and TSX.

Sales of long-term mutual funds are related to the rise and fall of stock prices. In 2024, the S&P/TSX Composite Index delivered a strong annual return of 18 per cent, supported by relatively stable market conditions compared to 2023. While 2023 was characterized by significant volatility with half the months posting negative returns and declines as steep as 5.2% per cent, 2024 was notably smoother. Although three months experienced negative returns, the declines were more moderate with the largest drop reaching 3.6 per cent in December. This mostly steady overall growth in the stock market likely helped in restoring investor confidence, contributing to overall positive net sales for the year.

Monthly net sales into long-term mutual funds versus personal fixed-term deposits



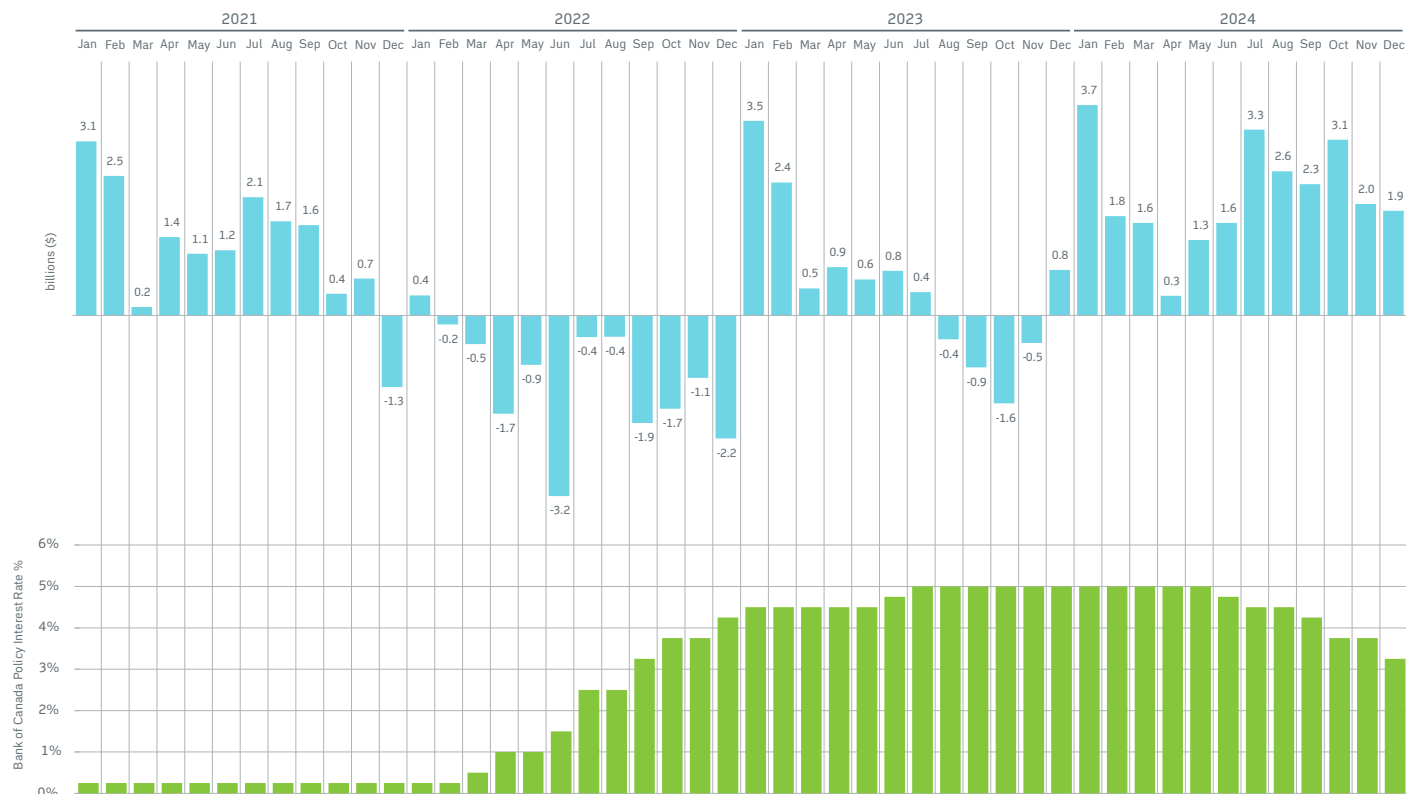
Source: IFIC and Bank of Canada.

Relatively high interest rates in 2023 combined with market volatility drove investors toward fixed-term deposits such as GICs, which offered rates nearing 6 per cent at the time. This shift appeared to come at the expense of long-term mutual funds, which experienced net redemptions in 2023. With long-term mutual fund sales showing negative sales that year, Canadian personal fixed-term deposits grew by 28.2 per cent⁴. However, in 2024, long-term mutual fund sales turned positive and GIC balances grew by only 4 per cent. Notably, GIC balances have been declining since September 2024.

- Long-term mutual fund net sales (billions \$)
- Personal fixed-term deposits

⁴ Personal fixed-term deposits figures are to November 30, 2024.

Monthly net sales into bond mutual funds versus Bank of Canada policy interest rate



Source: IFIC and Bank of Canada.

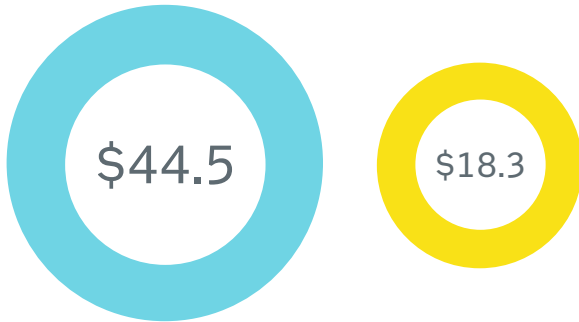
In 2024, the Bank of Canada implemented five interest rate cuts to stimulate the economy amid weaker-than-expected growth and a softening labour market. These cuts included two notable reductions of 50 basis points in October and December, bringing the key policy rate down to 3.25 per cent. Interest rate cuts typically lead to higher bond prices as existing bonds with higher yields become more attractive. The bond market's improved performance renewed investor interest in bond mutual funds. Compared to 2022 when interest rates were rising and bond fund sales were negative, Canadians shifted back toward fixed-income investments, investing \$25.7 billion in bond mutual funds in 2024.

■ Bond mutual funds

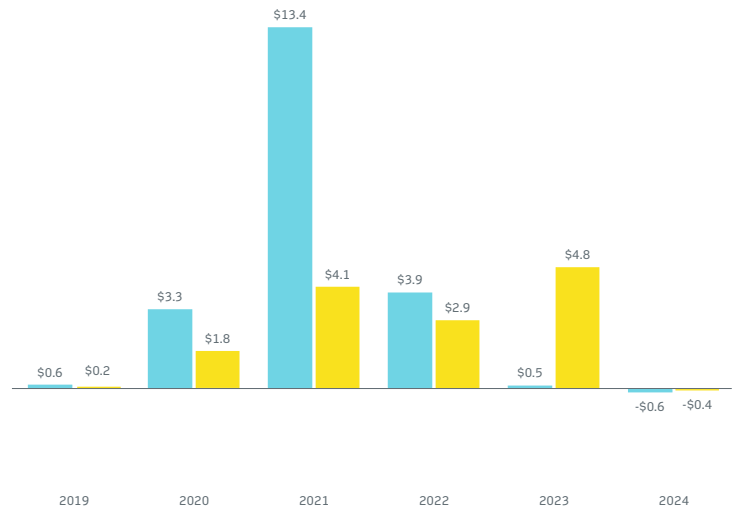
Responsible investment funds

December 2024

Net assets (billions)



Net sales (billions)



Manufacturers

38

16

Funds

256

102

At the end of 2024, there was \$44.5 billion in responsible investment (RI) mutual fund assets and \$18.3 billion in responsible investment ETF assets. This represents 2 per cent of total mutual fund assets and 3.5 per cent of total ETF assets, respectively. In 2024, RI mutual funds and ETFs experienced negative net sales despite overall positive net sales for mutual funds and ETFs. This is a notable reversal from previous years when RI fund sales outpaced the industry overall. The decline in RI fund sales could be a spillover effect from the increased politicization of environmental, social, and governance (ESG) investing in the U.S. and some negative press on both sides of the border.

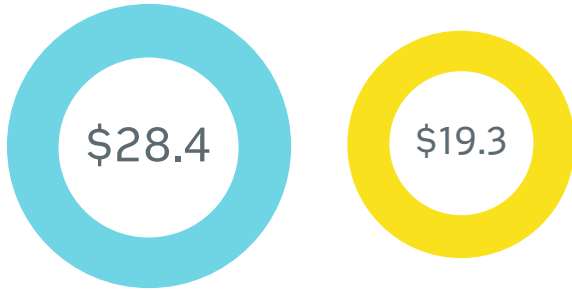
IFIC identifies RI funds based on the Canadian Investment Funds Standards Committee's RI Identification Framework.

■ Mutual funds
■ ETFs

Alternative investment funds*

December 2024

Net assets (billions)



Manufacturers

53

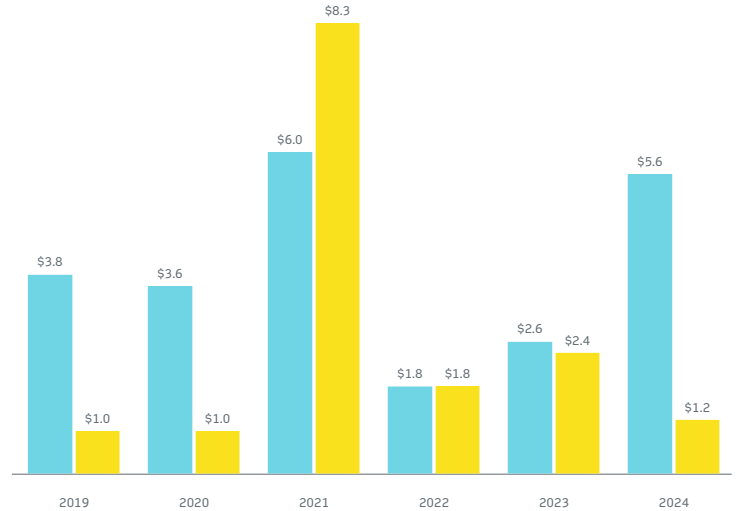
27

Funds

152

152

Net sales (billions)



■ Mutual funds
■ ETFs

At the end of 2024, alternative mutual fund assets totaled \$28.4 billion and alternative ETF assets totaled \$19.3 billion, representing 1.3 per cent of total mutual fund assets and 3.7 per cent of total ETF assets, respectively.

In 2024, alternative mutual funds continued their trend of notable growth, accounting for 37.1 per cent of total mutual fund sales. These relatively strong sales reflect investors' ongoing interest in diversifying their portfolios and the expanding range of alternative fund options. In 2024, alternative mutual fund sales reached their second-highest level since becoming prospectus-qualified in 2019, second only to their record performance in 2021.

**An alternative investment fund is a type of mutual fund or ETF that is permitted under securities legislation (National Instrument 81-102 Investment Funds) to adopt fundamental investment objectives that permit them to engage in certain investment strategies – including short-selling, borrowing, and use of derivatives – that other mutual funds and ETFs are not permitted to engage in.*



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Notes

Mutual fund data: Data for mutual funds that invest in other mutual funds has been adjusted to remove double counting. Balanced funds include funds that invest in a mix of stocks and bonds as well as funds that invest in a mix of separate mutual funds.

ETF data: Data for ETFs that invest in other ETFs has been adjusted to remove double counting starting with December 2021 data. ETF data represents the sales activity of retail investors as well as institutional investors.

Data sources: IFIC direct survey data was complemented by Morningstar Canada Inc., TSX and CBOE Canada.

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