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**IIAC ACCVM**  
Investment Industry Association of Canada Association canadienne du commerce des valeurs mobilières

# Q4 – 2024 IN REVIEW

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# MUTUAL FUNDS REPORT

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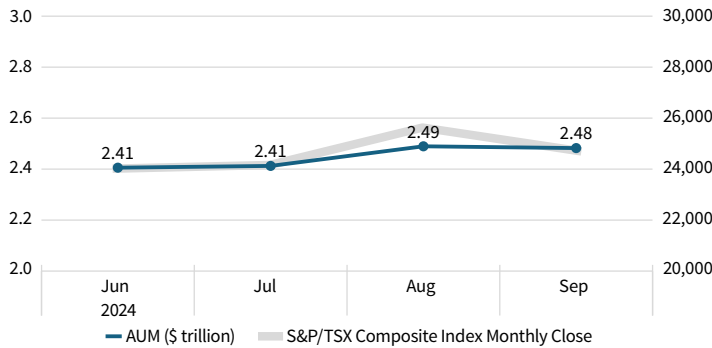
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## Disclaimer

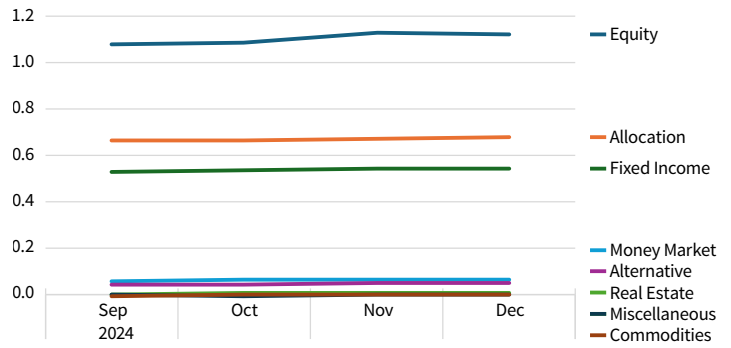
# 2024 Q4: MUTUAL FUNDS ASSETS FINISH STRONG

**Mutual Funds – Assets Under Management (AUM), Sep 2024 – Dec 2024**



Produced by the IIAC with data derived from YCharts.

**Mutual Funds Assets Trend across Broad Categories, Sep 2024 – Dec 2024 (\$ in trillions)**



Produced by the IIAC with data derived from YCharts.

In the final quarter of 2024, Canada’s mutual fund industry recorded robust performance, achieving significant growth and reaching new milestones. Industry assets under management (AUM) increased to \$2.48 trillion by December, marking a quarterly rise of 3.1%.

Equity funds, a critical component of the mutual fund industry, expanded by 4.0% during the quarter, driven primarily by strong performance in U.S. Small/Mid Cap and Global Small/Mid Cap equity categories. This sector also demonstrated resilience despite the ongoing underperformance of European Equity funds, which recorded a quarterly decline.

Allocation funds saw moderate yet consistent growth of 2.1% in Q4, with Tactical Balanced and Global Equity Balanced categories leading this growth. These segments continued to attract investor attention due to their diversified and strategic investment approaches, particularly in a climate of broader economic uncertainty.

Fixed Income funds maintained positive momentum, posting quarterly growth of 2.5%. Global Corporate Fixed Income and Multi-Sector Fixed Income funds notably outperformed, highlighting investor preference for diversified fixed-income options in response to evolving market conditions. Money Market and Alternative funds also contributed positively, benefiting from shifts in investor risk preferences.

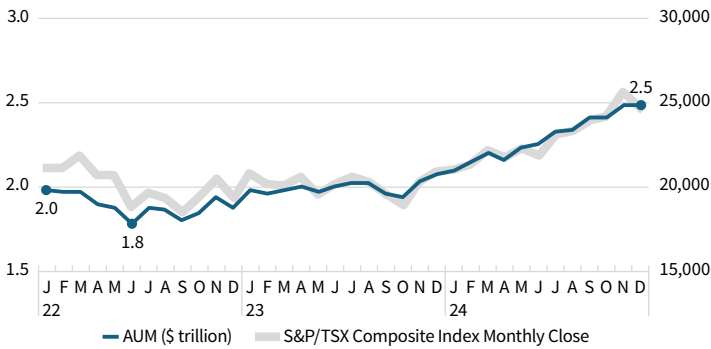
## Note

For this report, some data sourcing and methodologies have been further enhanced beyond that used for previous reports. As a result, some summary figures presented in this report may differ from those in previous material.

IIAC is committed to providing its members with accurate, reliable, and comprehensive information. These changes reflect our ongoing effort to deliver quality commentary to our membership.

# MUTUAL FUNDS ASSETS EXTEND THEIR RISE

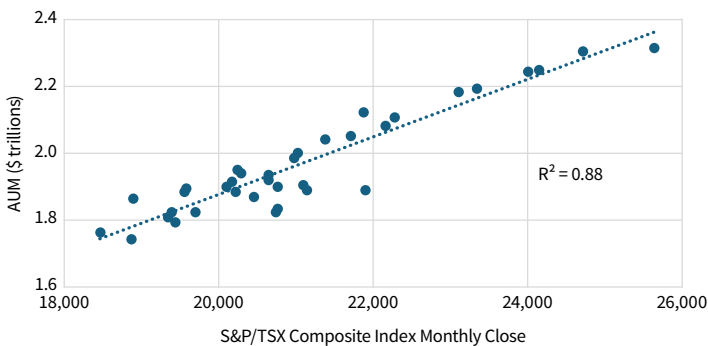
## Mutual Funds Industry – Assets Under Management (AUM), Jan 2022 – Dec 2024



Produced by the IIAC with data derived from YCharts.

growing by 19.4%, slightly exceeding the 18.0% growth recorded by the S&P/TSX Composite Index. Both the industry AUM and the market index reached their highest values for the quarter in November 2024.

## Regression – Mutual Funds AUM vs Market Level, Jan 2022 – Dec 2024



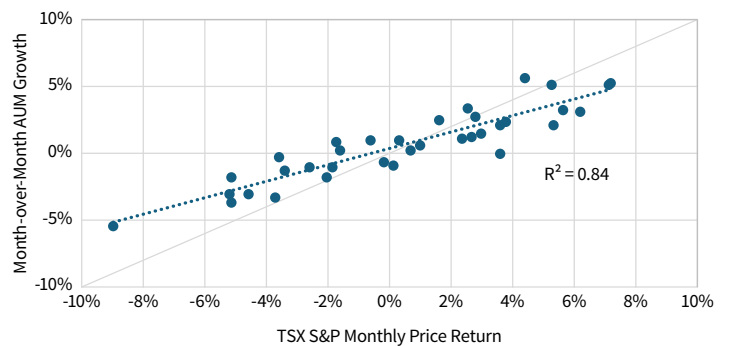
Produced by the IIAC with data derived from YCharts.

The Mutual Fund industry’s assets under management displayed a statistically significant positive correlation with market index performance, evidenced by an R-squared value of 0.88 when correlated against the S&P/TSX Composite Index. This strong correlation underscores the beneficial environment for mutual funds created by bullish market conditions.

Over the past three years, Canada’s mutual fund industry achieved a significant increase in assets under management (AUM), rising by 25.2% from \$1.98 trillion in January 2022 to \$2.48 trillion in December 2024. This growth represents a compound annual growth rate (CAGR) of 7.8%. Comparatively, the S&P/TSX Composite Index recorded a moderate increase of 17.2% over the same period, reflecting a CAGR of 5.4%.

On a quarterly basis, the industry’s AUM rose by 3.1%, increasing from \$2.41 trillion in September 2024 to \$2.48 trillion in December 2024, closely aligning with the 3.0% increase of the S&P/TSX Composite Index over the same period. Year-over-year comparisons between September 2023 and September 2024 similarly demonstrate robust growth, with the industry’s AUM

## Regression – Mutual Funds Industry AUM Growth vs Market Return, Jan 2022 – Dec 2024

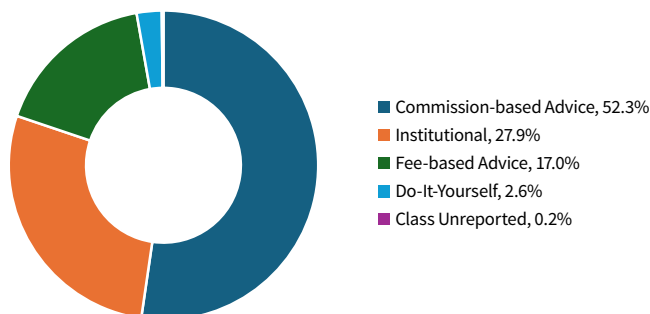


Produced by the IIAC with data derived from YCharts.

Monthly analysis reveals that Mutual fund growth also correlated closely with monthly index returns, yielding an R-squared value of 0.84. Although fourth quarter changes in AUM were directionally consistent with market index movements, they were relatively muted, suggesting a less risky approach compared to direct market exposure.

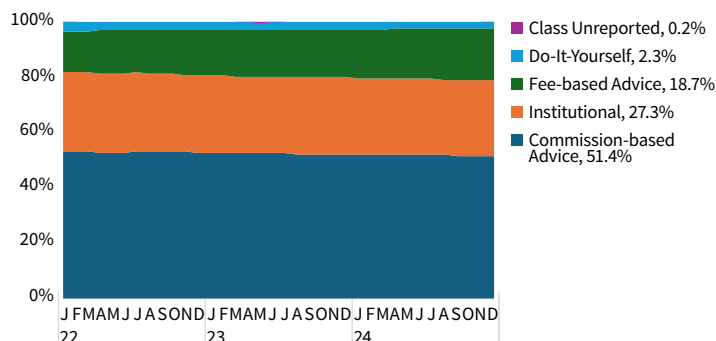
# SEGMENTING THE MUTUAL FUND INDUSTRY AUM

**Mutual Funds Share Class Segments, Jan 2022 – Dec 2024 (average percent)**



Produced by the IIAC with data derived from YCharts.

**Mutual Funds Share Class Dynamics, Jan 2022 – Dec 2024 (percent)**



Produced by the IIAC with data derived from YCharts.

Over the past three years, Commission-based Advice, Institutional, and Fee-based Advice categories collectively accounted for a dominant share—over 96.6%—of Canada’s mutual fund AUM. Individually, these categories had median contributions of 52.4%, 27.8%, and 17.1%, respectively.

Notably, there have been shifts within these contributions: Commission-based Advice decreased its share by 1.9% (from 53.3% to 51.4%), Institutional declined by 1.2% (from 28.5% to 27.3%), and the Do-It-Yourself category also saw a reduction of 1.0% (from 3.3% to 2.3%). Conversely, Fee-based Advice significantly increased its contribution by 4.0%, rising from 14.7% to 18.7% during this period.

**Class Composition within Broad Categories, Jan 2022 – Dec 2024 (average percent of broad category)**

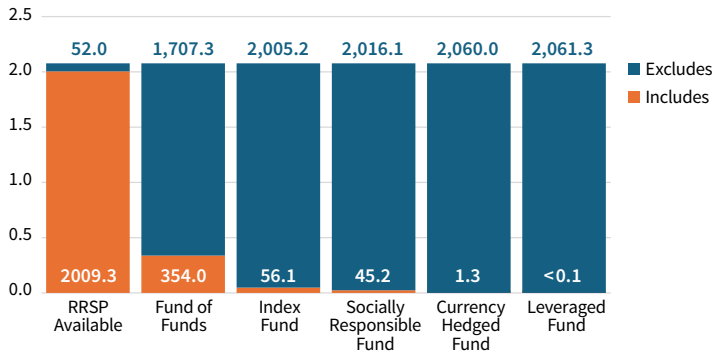
Broad Category	Share Class				
	Commission-based Advice	Institutional	Fee-based Advice	Do-It-Yourself	Class not Reported
Equity	47.7%	30.9%	17.6%	3.6%	0.1%
Allocation	74.0%	9.4%	15.2%	1.3%	0.0%
Fixed Income	35.2%	46.1%	15.7%	2.5%	0.5%
Money Market	53.5%	25.5%	19.7%	1.3%	0.0%
Alternative	46.1%	14.0%	37.3%	2.1%	0.4%
Real Estate	16.3%	0.0%	83.7%	0.0%	0.0%
Miscellaneous	0.4%	80.2%	19.4%	0.0%	0.0%
Commodities	88.6%	0.2%	7.7%	3.5%	0.0%

Produced by the IIAC with data derived from YCharts.

An analysis of share class distribution across asset categories consistently highlighted the dominance of these three primary share classes, re-emphasizing their continued relevance and preference among investors.

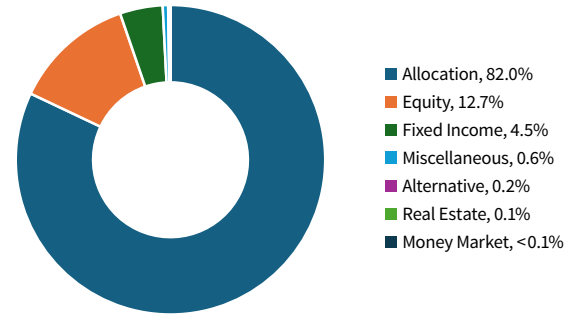
# SEGMENTING THE MUTUAL FUND INDUSTRY AUM

**Prevalence of Selected Fund Qualities within Industry AUM, Jan 2022 – Dec 2024 (\$ trillions)**



Produced by the IIAC with data derived from YCharts.

**Distribution of Fund of Funds AUM by Broad Fund Category, Jan 2022 – Dec 2024 (average percent)**



Produced by the IIAC with data derived from YCharts.

Over the past three years, the majority of Canada’s mutual fund assets (97.5%) were eligible for inclusion in Registered Retirement Savings Plans (RRSP). Within investment strategies, Funds of Funds<sup>1</sup> emerged as the predominant approach, contributing 17.2% of the total AUM, followed by Index Funds at 2.7% and Socially Responsible Funds at 2.2%.<sup>2</sup>

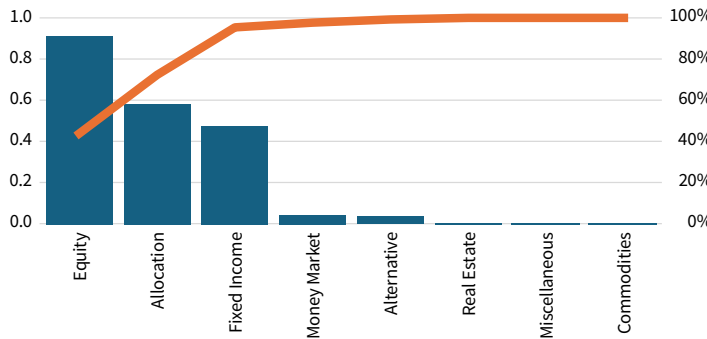
Allocation Funds made up the largest portion of Funds of Funds, accounting for 82.0%, followed by Equity Funds at 12.7% and Fixed Income Funds at 4.5%. Alternative, Real Estate, Other, and Money Market Funds each accounted for less than 0.25%.

1. To avoid double-counting of Fund of Funds holdings within the industry AUM, this reporting discounts Fund of Funds AUM according to the degree of Canadian exposure within each fund’s holdings.

2. The fund qualities given here are self-reported by fund management firms and are not mutually exclusive: for example, a hypothetical fund could potentially be a Fund of Funds with an added quality of being Socially Responsible.

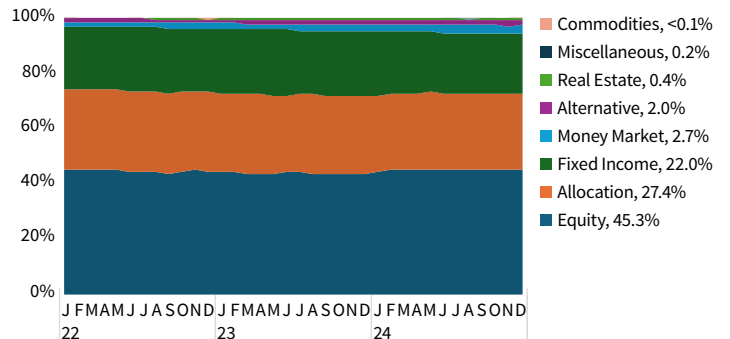
# INDUSTRY AUM DISTRIBUTION ACROSS BROAD FUND CATEGORIES

**Mutual Funds AUM Distribution by Broad Category, Jan 2022 – Dec 2024 (average \$ in trillions)**



Produced by the IIAC with data derived from YCharts.

**Mutual Funds AUM Broad Fund Category Dynamics, Jan 2022 – Dec 2024 (percent)**

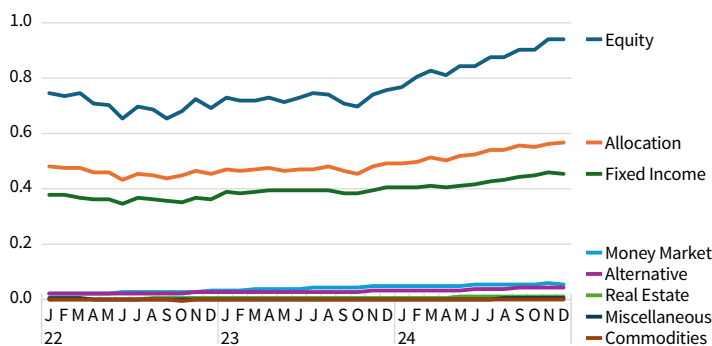


Produced by the IIAC with data derived from YCharts.

Over the last three years, Equity, Allocation, and Fixed Income Funds collectively dominated Canada’s mutual fund assets, together accounting for a median of 95.6% of the segment. Individually, Equity Funds contributed a median of 44.4%, followed by Allocation Funds at 28.3% and Fixed Income Funds at 23.1%. In contrast, Real Estate, Miscellaneous, and Commodities Funds collectively contributed less than 0.7%.

Within the major categories, Equity Funds’ share slightly increased by 0.1%, from 45.2% to 45.3%. Allocation Funds’ share declined by 1.8%, from 29.2% to 27.4%, while Fixed Income Funds saw a modest reduction of 0.8%, from 22.8% to 22.0%. Money Market and Alternative Funds’ contributions increased notably by 1.3% and 0.7%, respectively, while other categories showed minimal shifts.

**AUM Trend across Broad Fund Categories, Jan 2022 – Dec 2024 (\$ in trillions)**



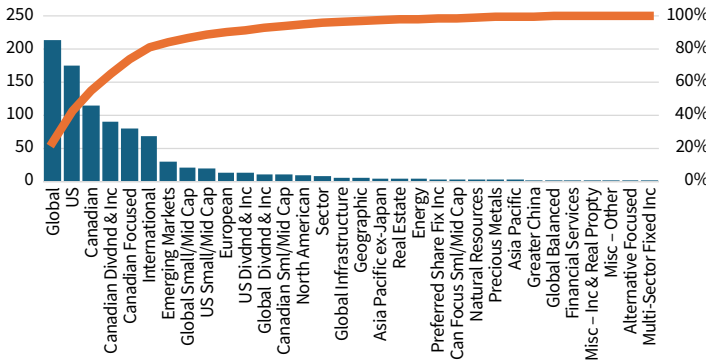
Produced by the IIAC with data derived from YCharts.

The past three years saw significant variability in growth rates across fund categories. Real Estate Funds recorded extraordinary growth of 3,585.5%, largely due to base effects, despite contributing less than 0.25% of total AUM. Money Market, Alternative, and Miscellaneous Funds followed, achieving substantial growth rates of 151.5%, 88.3%, and 64.0%, respectively.

Major categories also saw growth, with Equity Funds leading at 25.4%, followed by Fixed Income Funds at 20.9% and Allocation Funds at 17.7%. Importantly, no category experienced a decline in overall assets during this period. Quarterly trends reflected similar growth across all categories, with Money Market Funds leading at 5.2%, Equity Funds growing by 4.0%, and Alternative Funds increasing by 3.9%.

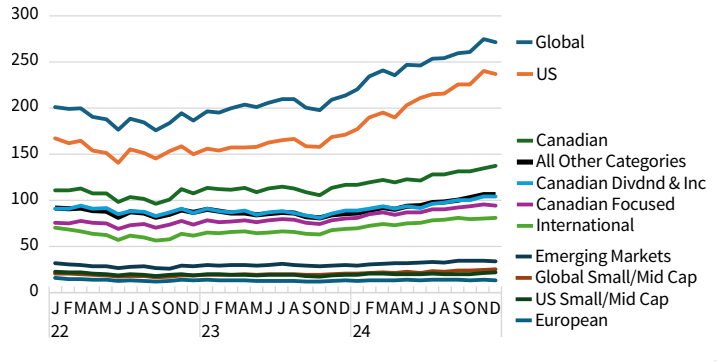
# EQUITY FUNDS DISTRIBUTION & TRENDS

**Equity Funds Net Assets Distribution, Jan 2022 – Dec 2024 (average \$ in billions)**



Produced by the IIAC with data derived from YCharts.

**AUM Trend across Equity Fund Categories, Jan 2022 – Dec 2024 (\$ in billions)**



Produced by the IIAC with data derived from YCharts.

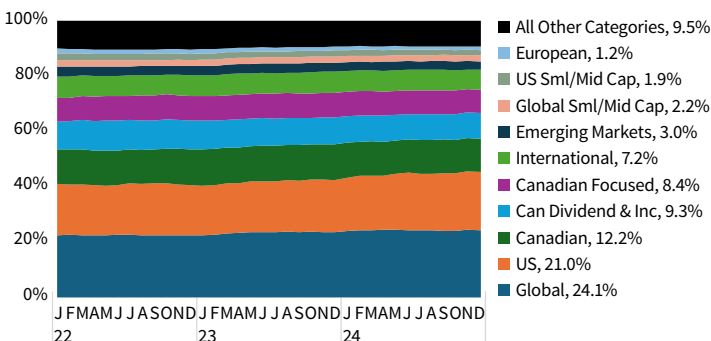
The top 10 equity fund categories out of 26 account for a substantial 90.2% of the total equity fund segment, with the top five categories alone representing 73.7% of the segment holdings. Dominating the equity segment, Global Equity, US Equity, and Canadian Equity funds collectively constitute over half (55.0%) of the segment, contributing individually at 23.4%, 19.1%, and 12.5%, respectively.

Over the last three years, the majority of major equity fund categories experienced AUM growth, although with varying performance levels. US Equity funds recorded the strongest growth at 41.6%, followed by Global Equity funds at 35.2%, and Canadian Focused Equity funds at 24.6%. Conversely, European Equity funds experienced a notable decline of 14.7%, and US Small/Mid Cap Equity funds saw a modest decrease of 2.9%.

Quarterly trends present a different scenario, with US Small/Mid Cap Equity funds leading growth at 7.6%, followed by a 6.0% increase in the combined Rest of the Equity category and a 5.8% rise in Global Small/Mid Cap Equity funds. Overall, equity fund assets expanded by 4.0% in the latest quarter. European Equity funds continued to struggle, posting a quarterly decline of 4.1%.

On a year-over-year basis, the equity segment demonstrated impressive expansion of 24.0%, driven primarily by substantial gains in US Equity (38.3%) and Global Equity (27.0%) segments.

**Equity Funds Category Dynamics, Jan 2022 – Dec 2024 (percent)**



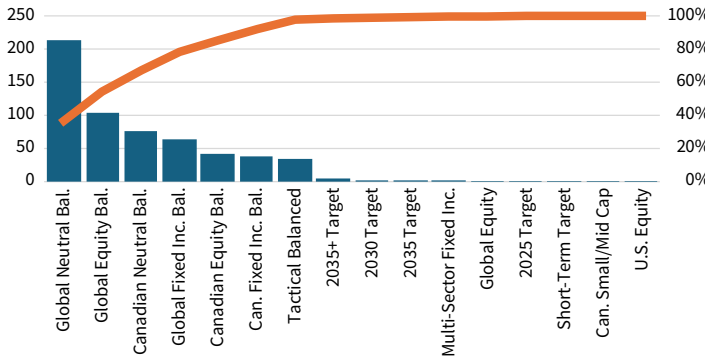
Produced by the IIAC with data derived from YCharts.

Over the past three years, Global Equity, US Equity, and Canadian Equity have maintained median contributions of 23.5%, 18.6%, and 12.6%, respectively, to the total equity AUM. Both Global and US Equity categories have slightly increased their share by 1.8% and 2.4%, respectively, while other major equity categories exhibited stability, varying by less than 1%.



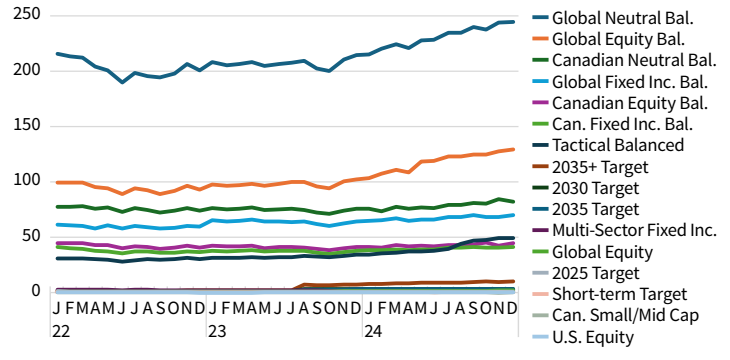
# ALLOCATION FUNDS DISTRIBUTION & TRENDS

**Allocation Funds Net Assets Distribution, Jan 2022 – Dec 2024 (average \$ in billions)**



Produced by the IIAC with data derived from YCharts.

**AUM Trend across Allocation Fund Categories, Jan 2022 – Dec 2024 (\$ in billions)**



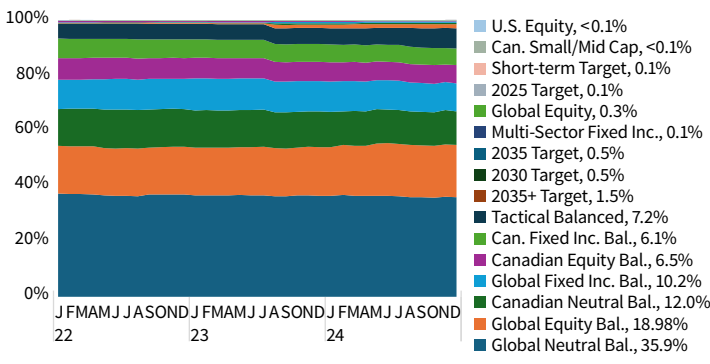
Produced by the IIAC with data derived from YCharts.

The top seven Allocation fund categories represent a substantial 97.8% of the overall segment, highlighting their significant dominance within the Allocation segment. Of these, Global Neutral Balanced funds and Global Equity Balanced funds alone account for more than half (54.3%) of the total, contributing 36.5% and 17.7%, respectively.

Over the past three years, all major Allocation fund categories showed growth except for Canadian Equity Balanced funds, which experienced a slight decline of 0.9%. Tactical Balanced funds displayed the strongest performance with a 60.2% increase, followed by Global Equity Balanced funds at 29.7% and Global Fixed Income Balanced funds at 13.8%. Canadian Fixed Income Balanced and Canadian Neutral Balanced funds exhibited more modest increases of 1.3% and 5.5%, respectively. The overall Allocation holdings grew by 17.7% during this period.

Quarterly analysis indicates a continued upward trajectory, with the total Allocation holdings increasing by 2.1%. Tactical Balanced funds, Global Equity Balanced funds, and Global Neutral Balanced funds led the quarterly growth, expanding by 4.6%, 3.4%, and 2.1%, respectively. Year-over-year, the Allocation segment showed strong AUM expansion of 16.0%, driven primarily by Tactical Balanced funds (44.6%), Global Equity Balanced funds (25.9%), and Global Neutral Balanced funds (14.2%).

**Allocation Funds Category Dynamics, Jan 2022 – Dec 2024 (percent)**



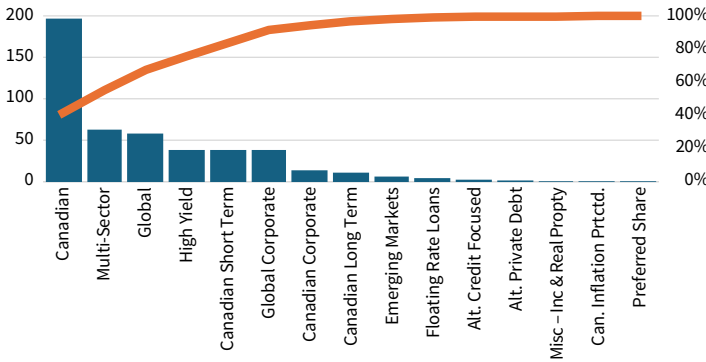
Produced by the IIAC with data derived from YCharts.

Throughout the last three years, the top seven Allocation fund categories consistently accounted for more than 96.9% of the total Allocation fund holdings. Within these categories, Canadian Neutral Balanced, Global Neutral Balanced, Canadian Equity Balanced, and Canadian Fixed Income Balanced funds saw decreases in their percentage contributions by 1.4%, 1.3%, 1.2%, and 1.0%, respectively.

Conversely, Global Equity Balanced and Tactical Balanced funds increased their share, recording gains of 1.8% and 1.9%, respectively, reflecting shifting investor preferences within the Allocation segment.

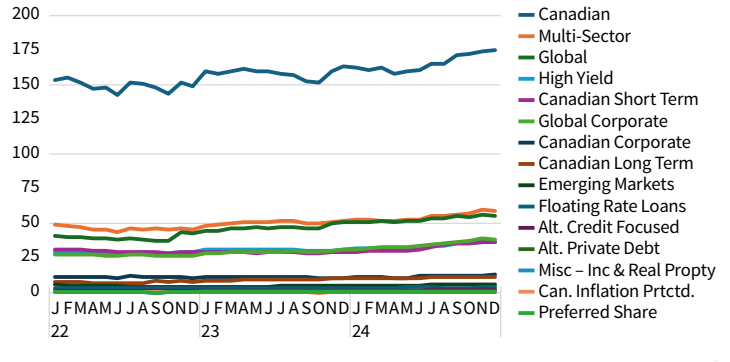
# FIXED INCOME FUNDS DISTRIBUTION & TRENDS

**Fixed Income Funds Net Assets Distribution, Jan 2022 – Dec 2024 (average \$ in billions)**



Produced by the IIAC with data derived from YCharts.

**AUM Trend across Fixed Income Fund Categories, Jan 2022 – Dec 2024 (\$ in billions)**



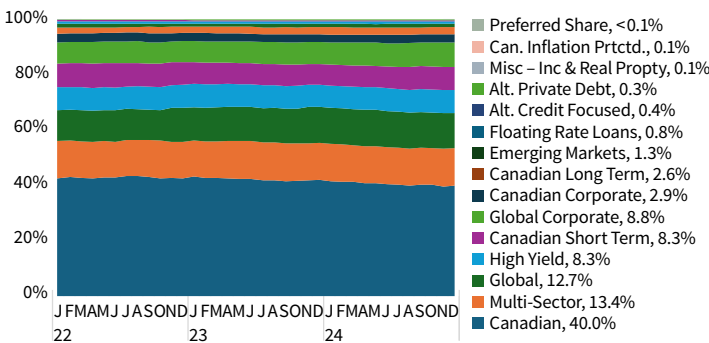
Produced by the IIAC with data derived from YCharts.

The top six Fixed Income fund categories dominate significantly, comprising 91.7% of the total fixed income fund AUM. Within these, Canadian Fixed Income funds, Multi-Sector Fixed Income funds, and Global Fixed Income funds collectively account for approximately two-thirds (67.4%) of the holdings, contributing individually at 41.8%, 13.3%, and 12.3%, respectively. Conversely, the bottom five categories combined contribute less than 1% of the total Fixed Income assets.

Over the past three years, all but one of the fifteen Fixed Income fund categories demonstrated growth. Canadian Inflation Protected Fixed Income funds recorded a decline of 12.7%, whereas Global Corporate Fixed Income funds led growth among major categories, expanding by 38.3%. Global Fixed Income and High Yield Fixed Income funds also performed strongly, recording increases of 37.1% and 23.1%, respectively.

Canadian Fixed Income funds showed the lowest growth among the major categories, with an increase of 13.8%, followed by Canadian Short-Term Fixed Income at 17.8%, and Multi-Sector Fixed Income at 20.2%. The overall Fixed Income segment AUM grew by 2.5% in the most recent quarter, driven by Global Corporate Fixed Income funds (5.8%), Multi-Sector Fixed Income funds (3.9%), and High Yield Fixed Income funds (2.8%). Year-over-year, the overall Fixed Income AUM recorded a robust increase of 12.1%, with all fifteen categories showing positive performance.

**Fixed Income Funds Category Dynamics, Jan 2022 – Dec 2024 (percent)**



Produced by the IIAC with data derived from YCharts.

The top six Fixed Income categories have consistently represented over 91.3% of total Fixed Income holdings throughout the period. Meanwhile, the bottom five categories consistently accounted for less than 1% of assets.

Comparing January 2022 to December 2024, Canadian Fixed Income funds experienced a 2.5% reduction in their contribution, while Global Fixed Income and Global Corporate Fixed Income funds increased their contributions by 1.5% and 1.1%, respectively. All other categories showed minimal variations, operating within a tight range of less than 0.5%.

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