Figure 2.9. U.S. Mutual Fund Expense Ratios and Growth of U.S. Index Funds

Fees charged by active funds are significantly higher than those charged by index funds.

1. Expense Ratios of Actively Managed Funds and Index Funds (Basis points)

   - Actively managed bond funds
   - Index bond funds
   - Actively managed equity funds
   - Index equity funds

The share of index funds has increased dramatically over the past two decades.

2. Growth in Total Net Assets of Index Mutual Funds (Percent of total net assets of mutual funds)

Sources: Investment Company Institute; and IMF staff calculations.
Note: The expense ratio is the annual fee charged by a mutual fund to its shareholders, defined as the percentage of assets deducted for fees and administrative expenses.