

# Survey: Mutual Fund Use Drops In Past 4 Years; ETFs Rise

By Murray Coleman

How much has Americans' appetite for mutual funds fallen in the past four years?

In October 2006, 94% of all investors owned at least one mutual fund, according to consultant Cogent Research, which monitors fund holdings each year. It says that amount fell to 75% in October 2010.

"Fewer affluent Americans are using mutual funds, and even among those investors who continue their use, allocations to mutual funds are down significantly," the consultant says today in its most recent survey of investment sentiment.

However, the number of investors saying they owned ETFs during the past four years jumped from 7% to 11%.

Here's another tidbit: Since 2006, investors have dropped allocations to mutual funds from 53% of their holdings to 44% at the end of last year. By comparison, they've increased investments into ETFs from 11% four years ago to 16% in late 2010.

"Traditional mutual fund providers are fighting tooth and nail for a shrinking piece of real estate, while established ETF providers face a different challenge; fending off a rush of new providers in a rapidly expanding marketplace," said Cogent's **John Meunier** in a [statement](#).

Investors gave Vanguard high grades as their favored fund shop, according to the survey. Its strongest competition in mutual funds by Cogent's measure were Riversource, Fidelity and American Funds.

In ETFs, **BlackRock's** ([BLK](#)) iShares unit and **Invesco's** ([IVZ](#)) PowerShares group came in as the biggest competitors as ranked by existing fund investors.