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How Regulated Funds Help Power the U.S. Economy

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When a company in Ohio wants to expand its factory, or a city in Texas is planning to build a new school, they need financing to make it happen. Asset managers and the regulated funds they oversee help provide that financing by channeling savings from tens of millions of American households into investments that power economic growth and create jobs.

Financial products such as mutual funds, money-market funds, exchange-traded funds (ETFs) and closed-end funds are key investment vehicles that help translate the savings of hard-working Americans into the investments that drive the American economy forward. These products, called regulated funds, allow Americans to access professionally managed investments in ways that are accountable, reliable and transparent under the Investment Company Act of 1940. Regulated funds provide the capital necessary for companies to grow, to undertake infrastructure projects, and to facilitate innovation, all to the benefit of American households and communities.

Congress will soon weigh a new set of reforms aimed at boosting capital formation—a worthy goal that could translate into faster economic growth, more jobs, and greater household wealth. Over the past several months, Congress has advanced bipartisan bills that will broaden investment opportunities for Americans, make it easier for businesses large and small to raise capital, expand retirement plan flexibility for nonprofits, and streamline disclosure practices for investors. Congress can and should finish its work on these important reforms and get them to the President's desk.

Turning Savings into Investment

At their core, regulated funds turn household savings into productive investment. By pooling capital from about 130 million individual investors, funds provide both short– and long-term financing to corporations, municipalities, and governments. That financing supports everything from new product development and small business growth to roads, schools, and hospitals.

U.S. investment companies manage $39 trillion in assets. At the end of 2024, they held about one-third of all U.S. corporate equities, about one-quarter of corporate bonds, and 28% of U.S. municipal securities outstanding. In other words, funds help ensure that companies and public entities alike have consistent access to financing—fueling sustained investment in the real economy.

Funds also help enhance the efficiency of capital markets. Because they buy and sell stocks and bonds daily, they help provide liquidity and engage in price discovery—key features necessary for an efficient market. When markets are priced fairly and have more participants trading, it becomes easier and less expensive for companies and governments to raise capital for productive investments.

Other types of regulated funds—such as closed-end funds and business development companies—have become increasingly important in channeling household savings into private credit and other alternative markets once dominated by large institutions. These vehicles have nearly tripled in size since 2020, with combined assets reaching $444 billion by early 2025. Their growing role strengthens the economy by directing more capital to small– and mid-sized businesses while giving investors exposure to new opportunities within a well-regulated framework.

Lower Borrowing Costs, More Capital Investment

Regulated funds broaden the sources of credit in our economy, making the financial system more resilient and less dependent on financing from the banking sector.

Bond and money market funds are particularly powerful in connecting investors to those seeking to raise capital. Over the past five years, bond funds have attracted $1.2 trillion in cumulative inflows, providing relatively steady demand for debt securities. That demand helps keep yields lower, reducing borrowing costs—whether that's a state financing a new bridge or a manufacturer adopting new technology to expand or streamline production.

Money market funds play a different but complementary role. Managing more than $7 trillion in assets, they provide short-term financing through investments in Treasury bills, repurchase agreements, and commercial paper. For many financial and nonfinancial corporations, this funding helps bridge timing gaps between revenues and expenses, while the U.S. government and its agencies relies on it to manage the term structure of their debt and their day-to-day liquidity.

Investing in America's Future

More than half of all U.S. households—about 76 million—own mutual funds, ETFs, or other registered investment companies. That represents about 130 million individual investors whose savings power business growth, support jobs, and strengthen local economies.

This broad ownership base creates a stable, diversified source of capital that businesses and governments can rely on for financing. And that base continues to expand, to the benefit of both the U.S. economy and a growing share of American workers. Mutual fund ownership rates have grown fastest among middle– and lower-income families over the past two decades, broadening the pool of household savings available for productive investment. In doing so, funds have given millions of ordinary Americans a stake in the growth of American businesses and markets.

Policymakers have and should continue to recognize that regulated funds already embody the principles of efficiency, transparency, and broad participation that make our capital markets the envy of the world. Strengthening this foundation through commonsense reforms will help ensure that America remains the best place in the world to invest, innovate, and grow.