



MAKING DOLLARS AND SENSE OF
CANADA'S MUTUAL FUND INDUSTRY

An Economic Impact Analysis.

At a Glance

- ◆ Canada's mutual fund industry directly created \$5.8 billion in real GDP in 2012—on par with air transportation.
- ◆ However, the industry's economic impact extends far beyond this direct addition to GDP.
- ◆ Research by the Conference Board reveals that the total economic footprint of the mutual fund industry—including supply chain and induced impacts—was \$17 billion in 2012.
- ◆ Directly and indirectly, the industry supports 192,600 jobs while creating \$12.6 billion in primary household income and \$2.3 billion in corporate profits.

EXECUTIVE SUMMARY

The mutual fund industry plays an important and growing role in Canada's economy. Data from Investor Economics indicate that the value of assets under management in Canada's mutual fund industry grew from less than \$100 billion before 1993 to \$920 billion in May 2013. Mutual funds play an important role in facilitating savings and investments because they provide access to capital markets and enable individual investors to diversify their portfolios by pooling investor capital.

Although its role in facilitating savings and investment is undeniably important, the industry also makes a direct contribution to the Canadian economy. The goal of this study was to focus on that economic value-added by identifying the industry's direct contribution

to the economy and then quantifying its supply chain (indirect) and induced impacts to determine the total economic footprint of Canada's mutual fund industry.

Based on revenue estimates from Investor Economics and data from Statistics Canada, The Conference Board of Canada estimates that the mutual fund industry in Canada directly employed 63,242 people and directly created \$5.8 billion in real GDP in 2012.

To put the latter figure in perspective, in 2012 the value of GDP directly attributable to the mutual fund industry was just below that attributable to Canada's aerospace manufacturing sector, roughly on par with that attributable to the air transportation industry, and above that attributable to industries such as retail gasoline stations and the forestry sector.

Although the mutual fund industry has a notable direct impact, its actual impact is much larger when accounting for supply chain and induced impacts. In fact, the industry classification subcategory in which mutual funds belong has the highest economic multiplier of all the subcategories in the finance, insurance, and real estate sector.

Thus, when accounting for its supply chain and induced impacts, the total economic footprint of the mutual fund industry was \$17 billion in 2012. The economic activity generated by the industry supported a total of 192,600 jobs while creating \$12.6 billion in primary household income and \$2.3 billion in corporate profits. The income resulting from the industry's economic activity also contributed to federal and provincial government coffers. In total, the federal government balance was improved by \$3.9 billion and aggregate provincial balances by \$3.1 billion in 2012 because of the economic activity supported by Canada's mutual fund industry.

INTRODUCTION

The mutual fund industry plays an important role in Canada's economy. Since the 1990s, investments managed by mutual funds have grown at a phenomenal

Definitions

Direct, Indirect, and Induced Impacts: Direct economic impacts reflect the value-added of mutual fund firms. Indirect impacts reflect the supply chain impacts and capture the value-added in the firms that are direct suppliers of products or services to the mutual fund industry. Induced impacts reflect the economic gain resulting when the wages and profits of the indirect and direct impact firms are spent throughout the economy.

GDP: GDP is designed to measure production in a region during a specific period of time. Although there are different ways to calculate GDP, the concept of value-added probably offers the most intuitive method.

Value-added: Value-added (or net output) in each industry is calculated as the difference between total revenue and the sum of expenses on parts, materials, and services used in the production process. Summing the value-added across all industries in a region will yield the GDP in that region.

Economy Multipliers: Industry-specific economic multipliers are calculated as the ratio of the overall impact that an industry has on the economy to that industry's economic activity. A large multiplier means that an industry has important repercussions on the economy in relation to the economic activity directly attributed to the industry.

pace. Mutual funds facilitate investment for households and provide capital for business investment, with the lion's share of investments made domestically.

In addition to helping Canadians save and stimulating capital investment in Canada, the mutual fund industry generates its own economic activity. This briefing reports the findings of a Conference Board study that set out to quantify the impact of this activity in order to further understand the mutual fund industry's contribution to the Canadian economy. The scope of the study was limited to identifying the direct value-added contribution of the mutual fund industry and its supply chain (indirect) and induced impacts. The sum of these impacts provides the total economic footprint of Canada's mutual fund industry. The study did not attempt to quantify the potential benefits accruing to the economy from the mutual fund industry's role in facilitating household savings and business investment.

The next section provides a general discussion of Canada's mutual fund industry and our estimates of its direct impact on the economy. This is followed by a description of the methodology used to quantify the economic footprint of the industry—the sum of its direct, supply chain, and induced economic activity—and a presentation of the results.

CANADA'S MUTUAL FUND INDUSTRY

With the gradual shift from defined benefit pension plans to defined contribution pension plans, many more people have become responsible for their own retirement planning—and one of the main vehicles that households use to save for their retirement is mutual funds. A mutual fund is a collection of investments purchased with a pool of money from different investors. By pooling investors' capital, mutual funds facilitate access to capital markets and enable individual investors to diversify their portfolios.

Data from Investor Economics indicates that the value of assets under management in the mutual fund industry grew from less than \$100 billion before 1993 to \$920 billion in May 2013.¹ This large increase in the value of assets under management is a result of a number of trends. These include low interest rates, favourable investment conditions, and the increase in the number of investors as baby boomers entered their prime savings years during the 1990s.

The value of assets under management provides the size of the capital pool invested in mutual funds, but it cannot be used to measure their contribution to economic activity. The mutual fund industry creates value in an economy through three major components: the management of the fund, the distribution of the fund, and the fund itself. Most of the value-added in the mutual fund industry is derived from the management and distribution of the fund, although the fund itself creates some supply chain impacts for legal and accounting services. Fund management creates value in the economy through portfolio management activities, while the

distribution channel creates value through the advice a fund dealer provides when selling a mutual fund to an investor.

The goal of the present study was to quantify the value-added from the mutual fund industry, including its direct, supply chain, and induced impacts. However, as noted earlier, the industry also plays an additional role in the economy through its role in facilitating savings and investment. As an example, recent research from CIRANO shows that people who retain a financial advisor have larger assets than their non-advised counterparts and that the impact on assets increases the longer advice is received.²

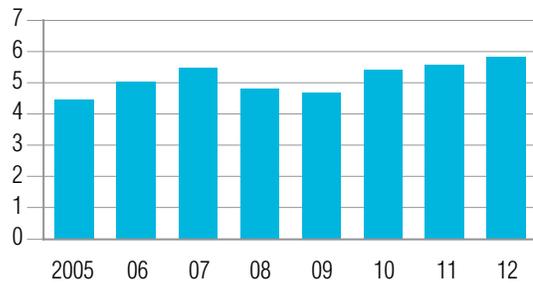
It is estimated that the mutual fund industry directly contributed \$5.8 billion to Canada's economy in 2012, up from an estimated \$4.5 billion in 2005.

Given that the defined scope of this project was to focus only on economic value-added, the first part of our research focused on assessing the mutual fund industry's direct contribution to the economy. Disaggregated data on the real (inflation-adjusted) value-added of the mutual fund industry are unavailable and have to be estimated using various data sources. (For an explanation of how GDP in the mutual fund industry was estimated, see the "Methodology" section on page 5.) The Conference Board estimates that the mutual fund industry directly contributed \$5.8 billion to Canada's economy in 2012, up from an estimated \$4.5 billion in 2005. (See Chart 1.) This represents an annual average compound growth rate of 3.9 per cent from 2006 to 2012, strong gains considering that average annual economy-wide growth was just 1.5 per cent during the same period. Based on the employment multipliers for this industry, it is estimated that the mutual fund sector directly employed 63,242 full-time workers in 2012, where "mutual fund sector" refers to firms whose *primary* business is managing and/or distributing mutual funds.

1 Investor Economics.

2 Montmarquette and Viennot-Briot, *Econometric Models*, 9.

Chart 1
Canada's Mutual Fund Industry: Real GDP
(chained 2007 \$ billions)



Source: The Conference Board of Canada; Statistics Canada; Investor Economics.

To provide some perspective on the relative size of Canada's mutual fund industry, in 2012 the value of GDP directly attributable to the industry was just below that attributable to Canada's aerospace manufacturing sector, roughly on par with that attributable to Canada's air transportation industry, and above that attributable to industries such as retail gasoline stations and the forestry sector. (See Table 1.)

Table 1
Real GDP in 2012 for Selected Canadian Industries
(chained 2007 \$ millions)

Community colleges and CEGEPs	7,229
Petroleum and coal product manufacturing	7,086
Aerospace product and parts manufacturing	6,433
Mutual funds	5,817
Air transportation	5,656
Scientific research and development services	5,276
Retail trade: gasoline stations	4,776
Pharmaceutical and medicine manufacturing	4,656
Non-metallic mineral mining and quarrying	4,274
Advertising, public relations, and related services	3,752
Forestry and logging	3,746
Postal service	3,018

Sources: The Conference Board of Canada; Statistics Canada; Investor Economics.

In addition to its large direct impact, the mutual fund industry also has a notable supply chain (indirect) impact on the economy—more so than many other services sector industries. Based on Statistics Canada's industrial classification system, mutual funds are a subsector of the "securities, commodity contracts, funds, and other financial investment and financial vehicles" industry aggregation. As Table 2 shows, this industry has one of the largest indirect multipliers in the services sector. (Indirect, or Type 1, multipliers show an industry's total direct plus indirect GDP impact as a multiple of its direct GDP.) An industry with a higher economic multiplier creates more spinoff impacts for each increase in its own GDP. Based on the multipliers in the table, a \$1-million increase in the GDP of an industry in the "securities, commodity contracts, funds, and other financial investment and financial vehicles" aggregation creates an additional \$1.3 million in indirect benefits, resulting in a total increase of \$2.3 million.

Table 2
Select Type 1 Services Sector Multipliers
(total indirect and direct GDP impact relative to direct GDP)

Air transportation	2.6
Motion picture and video exhibition	2.4
Water transportation	2.4
Securities, commodity contracts, funds, and other financial investments and financial vehicles	2.3
Offices of real estate agents and brokers and activities related to real estate	1.9
Insurance carriers	1.9
Monetary authorities—central bank	1.7
Local credit unions	1.6
Lessors of real estate	1.5
Agencies, brokerages, and other insurance-related activities	1.4
Banking and other depository credit intermediation	1.3

Source: Statistics Canada; National Input-Output Multipliers, 2008 Worksheet aggregation.

The indirect GDP multipliers shown in Table 2 provide an interesting comparison among a selection of services sector industries; however, they do not fully capture the mutual fund industry's impact on the economy. To fill this gap, the "Results" section of this briefing has been expanded to capture both indirect and induced economic impacts, and thus the total economic footprint of the mutual fund industry.

METHODOLOGY

The goal of our study was to quantify the total economic footprint of the mutual fund industry. The impact of an industry on the economy can be estimated using economic models that help us understand how changes in the activity of one industry can have wider repercussions on the economy. Of course, the most apparent impact is the economic activity that is directly attributed to an industry (direct impact), largely associated with the wages of those directly employed in the industry and profits generated by the industry. In addition, an industry's normal operations will generate demand for inputs from other industries (supply chain or indirect impact), while the income generated by this activity will lead to additional spending in the economy (induced impact). Each of these impacts is described in this section.

The direct impact is the most apparent impact, largely associated with the wages of those directly employed in the industry and profits generated by the industry.

Because Statistics Canada's industry data were too aggregated for the purposes of this study, the Conference Board contracted Investor Economics to provide data on fund assets, number of firms, revenue, and taxes attributable to the mutual fund industry. The data from Investor Economics focused exclusively on that industry and excluded exchange-traded funds, labour-sponsored venture capital corporations, and institutional series funds.

The first step in the footprint analysis was to determine the direct impact of the mutual fund industry. The revenue data from Investor Economics provided an estimate of the industry's gross output, because gross output is roughly the total value of sales during a particular period. The gross output data were then manipulated using Statistics Canada's national input-output multiplier tables, which show the relationships by industry between gross output and GDP and employment. This technique enabled the Conference Board to derive estimates for direct GDP and employment in Canada's mutual fund industry.³

With an estimate of direct GDP in the mutual fund industry, it was then possible to estimate the industry's total economic footprint. Conducting a footprint analysis involves identifying the key supply chain linkages in the mutual fund industry, as well as quantifying the impact it has on key economic indicators, such as GDP, employment, income, and government revenues. The footprint analysis in this study evaluated the combined direct, indirect, and induced economic impacts, where:

- ◆ **Direct impact** measures the value added to the economy by the mutual fund industry that is attributable directly to the sector's workforce (through wages earned) and the firms' profits.
- ◆ **Indirect impact** measures the value-added that "direct impact" firms generate within the economy through their demand for intermediate inputs or other support services. For example, activity in the mutual fund industry creates demand for legal services and other financial services.
- ◆ **Induced impacts** are derived when employees of the aforementioned industries spend their earnings and owners spend their profits. These purchases lead

3 Statistics Canada does not produce a multiplier estimate exclusively for the mutual fund industry. The multiplier relationships used for the industry throughout this study are those for "securities, commodity contracts, funds, and other financial investments and financial vehicles" (NAICS 52A), because the mutual fund industry is a subset of this aggregation. Our estimate indicates that during the last five years the mutual fund industry accounted for an average of 33 per cent of total GDP in NAICS 52A.

to more employment, higher wages, and increased income and tax revenues, and can be felt across a wide range of industries.

To derive the indirect impact (supply chain linkages) of the mutual fund industry on the economy, the Conference Board relied on simulation results from Statistics Canada's national input-output (IO) model to guide simulations utilizing the Board's proprietary models. The IO model represents the relationships in an economy and depicts the various supply chain linkages between industries. An IO simulation is performed by contracting Statistics Canada to increase or decrease output in a particular industry to get the direct effects and supply chain linkages associated with that industry. For this study, Statistics Canada was contracted to increase output in the "securities, commodity contracts, funds, and other financial investments and financial vehicles" industry. The results from this IO simulation were then used by the Conference Board to assess the mutual fund industry's supply chain linkages.

Although the input-output estimates provide a very detailed account of the supply chain linkages, the Conference Board's national model has the benefit of assessing the impact of additional income, generated through changes in wages and profits, on the economy. The Board's national forecasting model was used to obtain the additional induced impacts on the economy and thus estimate the total economic footprint of the mutual fund industry on the Canadian economy during the 2008–12 time frame.⁴ (See Appendix B for a description of the Conference Board's national forecasting model.)

RESULTS

Real GDP in the mutual fund industry totalled \$5.8 billion in 2012. This was the direct economic contribution from the sales, jobs, and taxes generated by firms

4 The real GDP data from Statistics Canada have a base year of 2007, which is also the base year of the Conference Board's national forecasting model. Therefore, unless otherwise stated, all data are presented in real (inflation-adjusted) terms with 2007 as the base year.

and sole proprietors operating in the industry. But the full economic benefit of the industry is much larger when accounting for the supply chain benefits (indirect impacts) and induced effects. Indirect benefits reflect the supply chain demand created by the mutual fund industry for goods and services required as inputs. Induced impacts are created when employees of the mutual fund industry, and those linked to it through its supply chain, spend the money they earn on goods and services. This spending creates additional economic benefit in the form of new jobs and activity generated in other sectors of the economy. The sum of the direct, indirect, and induced effects represents the sector's economic footprint or its overall contribution to our economy.

The Conference Board estimates that the total economic footprint of the mutual fund industry was \$17 billion or 1 per cent of total GDP (measured at market prices) in 2012.⁵ (See Table 3. For full economic footprint results from 2008 to 2012 for all variables, see Appendix C.) The industry has an economic multiplier of 2.9, which means that for every \$1-million increase in real GDP in the mutual fund industry, the total increase in real GDP would be \$2.9 million when accounting for the supply chain (indirect) and induced impacts.

The total increase in economic activity resulting from the mutual fund industry supported 192,600 jobs in 2012. Since wages in the mutual fund industry are higher than the average economy-wide wage, the existence of the mutual fund industry lifts the entire average weekly wage by 0.1 per cent.

Households and businesses are both beneficiaries of the mutual fund industry: The jobs it supports helped lift primary household income by \$12.6 billion in 2012, while the increase in economic activity boosted corporate profits by \$2.3 billion.

5 Statistics Canada uses two different types of prices to measure GDP: market prices and basic prices. Market prices are transaction prices and are used to measure income- and expenditure-based GDP. The GDP industry accounts are measured in basic prices, which is the amount the producer receives less taxes plus subsidies. Because the industry accounts use a different set of prices, the GDP estimates produced in those accounts differ from the GDP estimates measured with market prices.

Table 3

Mutual Fund Industry Economic Footprint: Key Indicators (total direct, indirect, and induced impacts)

	2012
Real GDP at market prices (2007 \$ millions)	17,035
Employment (000s)	192.6
Average weekly wages (percentage difference)	0.1
Primary household income (\$ millions)	12,596
Corporate profits before tax (\$ millions)	2,259
Personal income tax (\$ millions)	2,268
Corporate income tax (\$ millions)	714
Taxes on products (\$ millions)	2,094
<i>of which are provincial and federal general sales taxes</i>	1,502
Federal govt. balance (\$ millions)	3,880
Provincial govt. balance (\$ millions)	3,065

Sources: The Conference Board of Canada; Statistics Canada.

The income in the economy that is tied to the mutual fund industry is also a notable source of tax revenue for governments. In 2012 \$2.3 billion in personal income taxes and \$714 million in corporate taxes was collected thanks to the economic activity sustained by Canada's mutual fund industry. The industry also generated \$2.1 billion in taxes on products; of that, \$1.5 billion was attributable to general goods and services taxes collected federally and provincially. Government balances are up more than the increase in taxes collected, reflecting factors such as reduced employment insurance payments. Overall, federal government balances rose by \$3.9 billion in 2012 on account of Canada's mutual fund industry, while provincial government balances were up by \$3.1 billion.

Through its supply chain and induced impacts, the mutual fund industry creates activity in a wide range of industries. Table 4 shows the total economic footprint

(including direct, supply chain, and induced impacts) of the mutual fund industry on an industry basis. Each value in the table represents the amount of activity in that industry that was supported by Canada's mutual fund industry in 2012.

As Table 4 shows, the largest GDP increase in 2012 under "finance, insurance, and real estate" was in the "insurance carriers and related and financial investment services, funds, and other financial vehicles" category. The increase in this category was large because it includes the direct impact of the mutual fund industry as well as a large supply chain impact based on activities such as portfolio management and investment advice that supply services to the industry. Two other categories under "finance, insurance, and real estate" also showed large increases: "credit intermediation and monetary authorities" and "real estate and rental and leasing." The "professional, scientific, and technical services" category was lifted by \$916 million primarily because of increases in legal, accounting, and payroll services. The "other business services" category increased by \$1.1 billion because of demand for administrative and support services and accommodation and food services.

Federal government balances rose by \$3.9 billion in 2012 on account of Canada's mutual fund industry; provincial government balances were up by \$3.1 billion.

The 192,600 jobs sustained by the mutual fund industry in 2012 were mostly in the finance, insurance, and real estate industry, which—with its direct, supply chain, and induced impacts—supports just over 122,000 jobs. (See Chart 2.) Other notable job gains occurred in commercial services and wholesale and retail trade. (For detailed results on employment by industry, see Appendix C, Table 8.)

Table 4

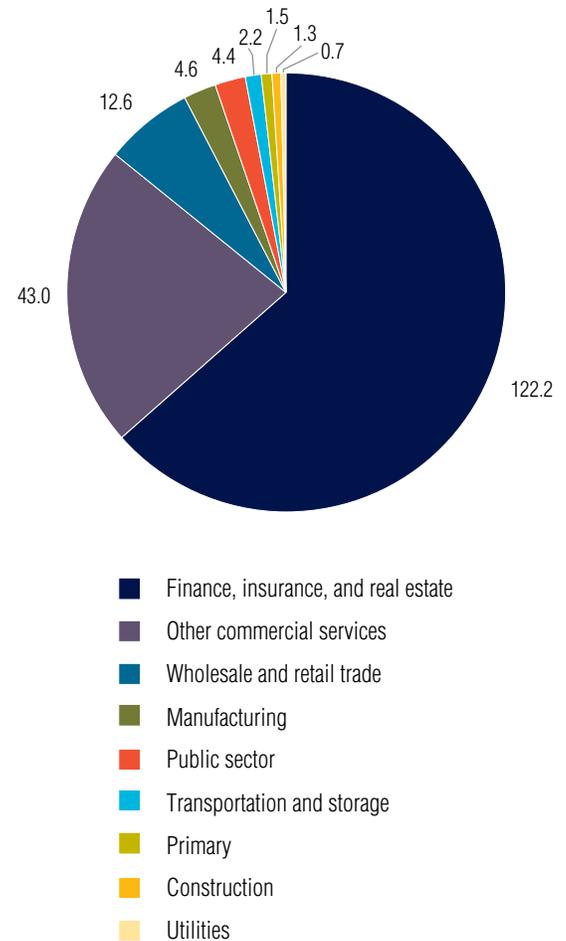
Mutual Fund Economic Footprint by Industry
(total direct, indirect, and induced impacts; 2007 \$ millions)

	2012
Total GDP	16,200
Total goods	1,039
◆ Agriculture, forestry, and fishing	57
◆ Mining	250
◆ Utilities	189
◆ Construction	110
◆ Manufacturing	433
Business services	14,787
◆ Wholesale and retail trade	793
– Wholesale trade	314
– Retail trade	478
◆ Transportation and warehousing	372
◆ Information and cultural services	590
◆ Finance, insurance, and real estate	10,989
– Credit intermediation and monetary authorities	1,468
– Insurance carriers and related and financial investment services, funds, and other financial vehicles	8,518
– Real estate and rental and leasing	1,003
◆ Professional, scientific, and technical	916
◆ Other business services	1,128
Public sector	374
Mutual fund direct GDP	5,817

Sources: The Conference Board of Canada; Statistics Canada.

Chart 2

2012 Employment Impacts by Industry
(total direct, indirect, and induced jobs supported; 000s)



Sources: The Conference Board of Canada; Statistics Canada.

SUMMARY

The mutual fund industry has grown substantially over the past two decades, with \$920 billion assets under management in May 2013. In addition to the benefit the industry provides by facilitating savings and investment, the mutual fund industry makes a direct contribution to the Canadian economy through activities related to the management of the funds, the distribution of the funds, and the funds themselves.

The Conference Board estimates that the mutual fund industry directly contributed \$5.8 billion to the national economy in 2012. When including its supply chain and induced impacts, the total economic footprint of the mutual fund industry was valued at \$17 billion in 2012. This increase in economic activity supported 192,600 jobs and generated a \$12.6-billion increase in primary household income and a \$2.3-billion increase in corporate profits. The economic activity supported by the mutual fund industry also results in a sizable

increase in tax collection, with the total increase in personal income taxes, corporate income taxes, and taxes on products summing to \$5.1 billion.

When looking at the impacts by industry, the majority of the supply chain and induced impacts occurred in the finance, insurance, and real estate industry. Nonetheless

there were notable benefits accruing to professional, scientific, and technical services; administrative support services; and food services and accommodation.

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Appendix A

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Appendix B

The Conference Board's National Forecasting Model

The national forecasting model, known as the “Medium-Term Forecasting Model (MTFM),” is a quarterly model of the Canadian economy. The model was originally designed for forecasting and simulations over the short to medium term. More recently, the notion of potential output was incorporated in the model enabling MTFM to be used for long-term analysis.

MTFM differs from many other quarterly macro-economic models in its emphasis on factors that are important for forecasting the medium-term prospects for the economy. These factors include a detailed consideration of the population and its age structure and a disaggregated modelling of prices, employment, and investment expenditures. The government sector is also treated in great detail in MTFM, which reflects the most recent institutional environment.

There are about 900 endogenous variables in the model, of which nearly 400 have stochastic equations. The endogenous variables refer to many of the variables in the National Income and Expenditure Accounts, as well as related indicators for productivity, wages, prices, financial markets, international capital flows, and exchange rates. Over 600 of these variables form a single, simultaneous block in the model, reflecting the

significant interdependence of its various sectors. The most important of the 1,000 exogenous variables in the model are foreign economic indicators and variables relating to government expenditures and revenues and demographic characteristics of the population.

Of the final demand categories, government expenditures are determined exogenously. Real disposable income, population, and real interest rates largely determine consumer spending on goods and services. Business investment is determined by the user cost of capital, corporate profits net of taxes, and overall economic activity. Real interest rates, income, and demographic factors affect investment in residential construction. Imports are largely driven by consumer spending, investment in machinery and equipment, and relative prices. Exports are driven by relative prices and U.S. demand.

The level of detail available in MTFM's final demand breakdown (roughly 50 categories) is key in determining production by industry through a detailed input-output block. MTFM incorporates Statistics Canada's most recent estimates of the industrial structure of the Canadian economy (2005 is currently available). The input-output block produces a breakdown of more than 60 industries.

Employment is modelled as a function of industrial output, labour productivity, and wages. In turn, wages are a function of employment, inflationary expectations, and lagged productivity.

In order to forecast prices, it is necessary to project potential output. In other words, it is essential to forecast the supply side. The behavioural equation for supply capacity takes the form of a Cobb-Douglas production function. Potential output depends on the factor inputs—labour, capital, and productivity—which are also determined endogenously. The labour input is a function of the natural rate of employment and the labour force. Capital stock is determined simply by the capital stock at the end of the last period plus new investment less depreciation.

Final demand prices, including consumer spending deflators, investment, and exports, are influenced by specific industry prices but also by the key price. The key price, represented in MTFM as the consumer price index, is driven largely by the economy's performance relative to potential: the output gap. The price block also contains a detailed bottom-up stage-of-processing price model. In this block, raw material prices feed industry prices, which in turn feed final demand deflators and other associated prices. The small size and openness of the Canadian economy is such that many prices are determined on world markets, and the prices of imported commodities feed into the price block at each of the three stages of processing.

Appendix C

Detailed Economic Footprint Results

Table 5

Mutual Fund Industry Economic Footprint: Key Indicators
(total direct, indirect, and induced impacts)

	2008	2009	2010	2011	2012
Real GDP (2007 \$ millions)	13,139	13,553	14,984	16,063	17,035
GDP (\$ millions)	13,284	13,814	15,501	16,592	17,769
Employment (000s)	164.9	181.4	187.5	186.6	192.6
Average weekly wages (percentage difference)	0.1	0.1	0.1	0.1	0.1
Unemployment rate (%)	-0.8	-0.9	-0.9	-0.9	-0.9
Primary household income (\$ millions)	9,983	10,465	10,965	11,367	12,596
Corporate profits before tax (\$ millions)	1,696	1,625	2,054	2,043	2,259
Personal income tax (\$ millions)	1,756	1,797	1,916	2,022	2,268
Corporate income tax (\$ millions)	433	435	568	651	714
Taxes on products (\$ millions)	1,538	1,711	1,876	2,000	2,094
<i>of which are provincial and federal general sales taxes</i>	1,186	1,196	1,326	1,427	1,502
Federal govt. balance (\$ millions)	3,122	3,443	3,581	3,664	3,880
Provincial govt. balance (\$ millions)	2,180	2,380	2,632	2,834	3,065

Sources: The Conference Board of Canada; Statistics Canada.

Table 6

Mutual Fund Industry Economic Footprint: GDP at Market Prices
(total direct, indirect and induced impacts; 2007 \$ millions)

	2008	2009	2010	2011	2012
Final consumption expenditure	12,804	13,457	15,009	16,111	17,060
Household consumption expenditure	12,802	13,453	15,018	16,132	17,095
Non-profit consumption expenditure	0	0	0	0	0
General govt. consumption expenditure	0	0	0	0	0
Investment	2,431	2,413	2,623	2,925	3,099
Business investment	2,427	2,412	2,624	2,928	3,106
Residential structures	804	973	1,050	1,138	1,235
Non-residential structures	216	207	201	226	227
Machinery and equipment	1,338	1,162	1,262	1,447	1,530
Intellectual property products	110	112	157	173	175
General government investment	0	0	0	0	0
Final domestic demand	15,234	15,847	17,607	19,010	20,132
Investment in inventories	24	24	27	28	29
Exports of goods and services	0	0	0	0	0
Less: imports of goods and services	2,010	2,155	2,481	2,813	2,958
Real net exports	-2,010	-2,155	-2,481	-2,813	-2,958
GDP at market prices	13,139	13,553	14,984	16,063	17,035

Sources: The Conference Board of Canada; Statistics Canada.

Table 7
Mutual Fund Economic Footprint by Industry
(total direct, indirect and induced impacts; 2007 \$ millions)

	2008	2009	2010	2011	2012
Total GDP	13,347	13,071	15,025	15,542	16,200
Total goods	852	838	968	995	1,039
♦ Agriculture, forestry, and fishing	47	46	53	54	57
♦ Mining	206	201	233	239	250
♦ Utilities	156	152	176	181	189
♦ Construction	91	89	103	106	110
♦ Manufacturing	353	351	404	414	433
Business services	12,187	11,933	13,709	14,189	14,787
♦ Wholesale and retail trade	652	637	738	759	793
– Wholesale trade	259	252	292	301	314
– Retail trade	394	384	445	458	478
♦ Transportation and warehousing	306	299	346	356	372
♦ Information and cultural services	485	474	549	565	590
♦ Finance, insurance, and real estate	9,064	8,876	10,183	10,546	10,989
– Credit intermediation and monetary authorities	1,208	1,180	1,366	1,406	1,468
– Insurance carriers and related and financial investment services, funds, and other financial vehicles	7,031	6,890	7,883	8,180	8,518
– Real estate and rental and leasing	826	806	934	961	1,003
♦ Professional, scientific, and technical	751	740	843	883	916
♦ Other business services	928	907	1,050	1,080	1,128
Public sector	308	301	348	358	374
Mutual fund direct GDP	4,788	4,675	5,415	5,571	5,817

Sources: The Conference Board of Canada; Statistics Canada.

Table 8
Mutual Fund Industry Economic Footprint: Employment
(total direct, indirect and induced impacts; 000s)

	2008	2009	2010	2011	2012
Total employment	164.9	181.4	187.5	186.6	192.6
Primary	1.2	1.2	1.4	1.4	1.5
Construction	1.1	1.1	1.2	1.3	1.3
Utilities	0.6	0.6	0.7	0.7	0.7
Manufacturing	3.7	4.0	4.3	4.4	4.6
Other commercial services	33.5	34.8	39.8	41.7	43.0
Wholesale and retail trade	10.8	11.0	12.3	12.4	12.6
Transportation and storage	2.2	1.9	2.1	2.2	2.2
Finance, insurance, and real estate	108.2	123.2	121.6	118.3	122.2
Public sector	3.5	3.6	4.1	4.3	4.4

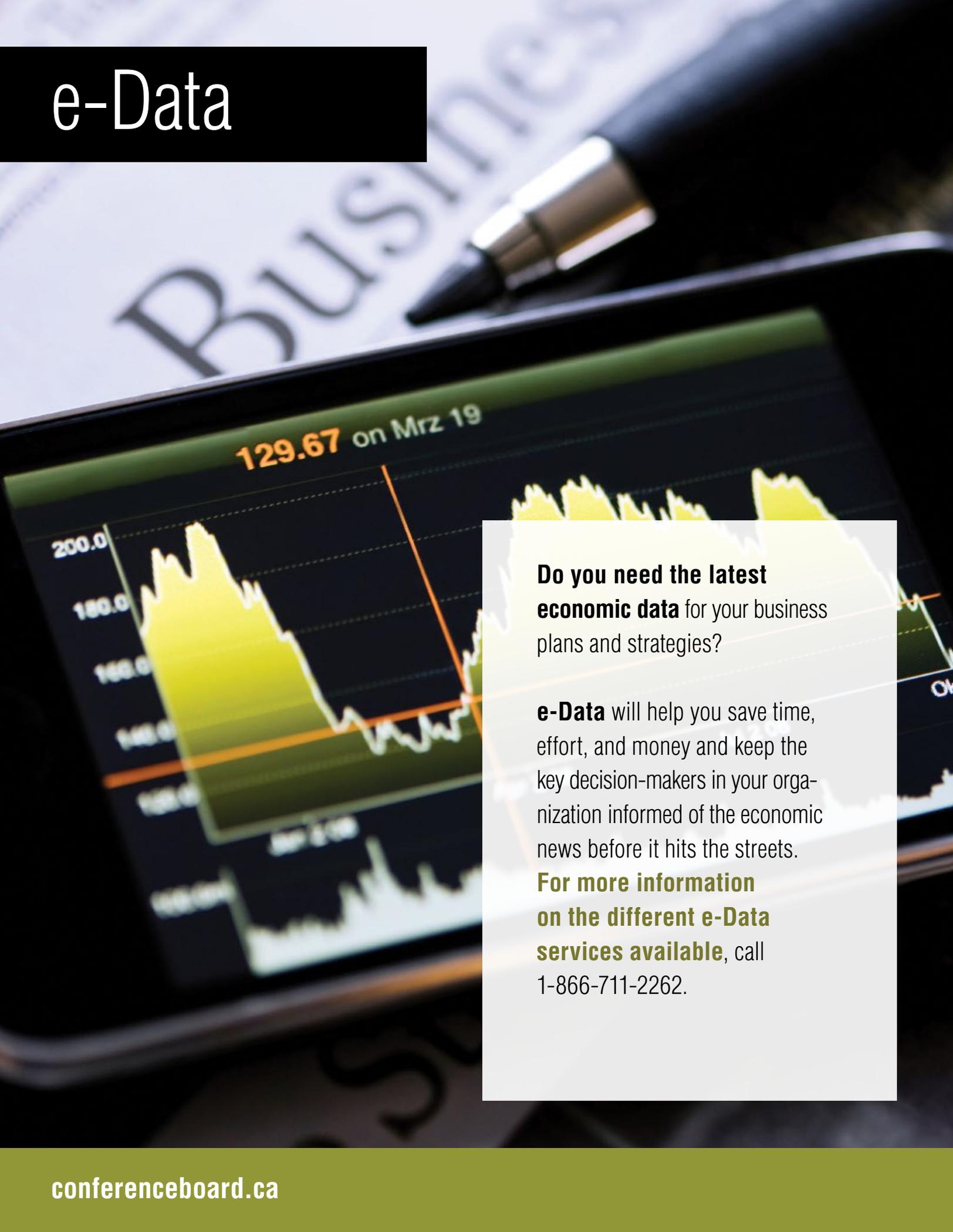
Sources: The Conference Board of Canada; Statistics Canada.

Acknowledgements

The research for this briefing was done by The Conference Board of Canada with funding and support from the Investment Funds Institute of Canada (IFIC). In keeping with Conference Board guidelines for financed research, the design and method of research, as well as the content of this study, were determined solely by the Conference Board.

The briefing was prepared by Pedro Antunes, Director of the Board's National and Provincial Forecast group, who also managed the research project. Alicia Macdonald, Senior Economist with the Board's Economic Forecasting and Analysis Division, was the lead researcher on the project. The Conference Board is grateful to Alykhan Surani from IFIC and Carlos Cardone from Investor Economics for their valuable comments and insights throughout the project.

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PUBLICATION 14-092
E-COPY: Complimentary

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