

This is saving, not investment. Get it right!

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[FT.com / Investments - Fund investment hits record levels.](#)

The FT notes:

Private investors bought into funds at [record levels](#) towards the end of 2009.

Figures released on Tuesday by the Investment Management Association (IMA) show that net retail fund sales in November 2009 rose, month-on-month, to £2.4bn — the eighth consecutive month in which inflows from private investors topped £2bn. T

Total funds under management reached £467.3bn, which was 38 per cent higher than the total at the end of November 2008 — due in part to the increased inflows, but also to the 20 per cent recovery in equity markets over the 12-month period. By the end of November 2009, the FTSE 100 had climbed to 5,191, from 4,288 a year previously.

But let's be clear: buying second hand equities is not investment. No new economic activity results (except a rake off for the City). No productivity is promoted, no new asset results.

This is saving.

Saving is not the same as investment.

Surely the FT should know that and stop promoting the lie that the City likes to promote - that what they do when promoting saving is useful for the greater economy - when too rarely that is the case.