

DANMARKS NATIONALBANK

30 OCTOBER 2019

INVESTMENT FUNDS, 3RD QUARTER 2019

Quintupled wealth in 20 years

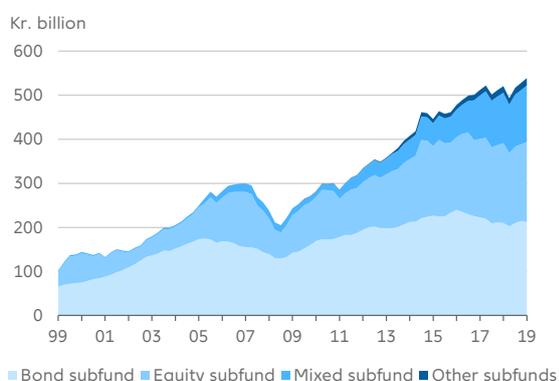
The market value of Danish households' investment fund shares is now 5.2 times what it was by the end of year 1999. By the end of 3rd quarter 2019 the value was kr. 539 billion. As a percentage of GDP this corresponds to 24 percent compared to 8 percent in 1999.

The wealth increase the last 20 years reflects the households' investment behavior which has been a result of changing market trends and therefore also varying returns on their investment fund shares.

A high return does not necessarily equal an increase in the households' investment fund wealth. If the households want to realize gains from their fund shares they can either sell their shares or not reinvest any received dividends. In contrast, however, they can also increase their assets in times where they receive low or negative returns from their shares.

The share of income funds has fallen from around 99 percent in 1999 to 76 percent in 2019 while accumulating funds have increased their market share correspondingly. In the last 10 years investment funds have paid out dividends of kr. 125 billion. In the same period households have had net purchases for around kr. 207 billion.

Households' assets in the Danish investment funds is close to kr. 540 billion



Anm.: Households are defined as employees etc., sole proprietors and unincorporated partnerships and non-profit institutions serving households. Investment funds cover both UCITS and AIF.

The market share of bond funds is decreasing

Bond funds represent around 39 percent of the households' assets in the investment funds which is less than what they have done historically. Over the last 10 years, however, households have bought more shares in mixed funds while equity funds have accumulated substantial returns.¹ In addition, households have had net sales in bond funds for around kr. 20 billion since 2016 when the bond funds' market value was at its highest compared with the last 20 years. This has contributed to bond funds making up a smaller proportion of households' total investment fund assets.

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¹ A subfund/unit class is classified as a mixed subfund if it invests in both equities and bonds and meets neither the criteria for an equity nor a bond subfund.