

DANMARKS NATIONALBANK

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PORTFOLIO INVESTMENTS, MARCH 2019

The Pension sector buys foreign shares

The insurance and pension sector, I&P, bought foreign portfolio shares and investment fund shares for kr. 2.9 billion in March. With almost 60 per cent, I&P own the majority of the Danes' total investments in foreign shares, etc., which amount to kr. 1,884 billion in total.

I&P has for some years now bought foreign shares and investment fund shares. Since 2015 alone, they have bought for kr. 254 billion.

I&P's ongoing purchase of foreign shares, etc. must be seen in the context of the fact that the Danes' pension assets are still under construction. This means that I&P regularly receives more pension

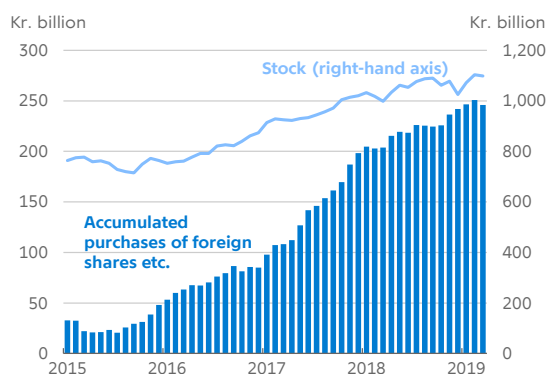
payments than it pays out, which gives I&P a placement need. The total net payments for pensions are now almost kr. 40 billion annually and are among other things placed in foreign shares.¹

Over a longer period of time, I&P has increased its portion of assets in foreign shares, etc., which at the beginning of 2015 amounted to 25 per cent of the total assets, compared with 29 per cent in March 2019.

The shift towards foreign shares also reflects the wider spread of pension schemes with market interest products, where the customer, unlike average interest products, is not promised a particular payment. A market interest product gives the opportunity to achieve a larger return by taking greater risk, for example through larger investments in shares rather than bonds, but the pensioner also bears any losses.

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The insurance and pension sector bought foreign shares and investments fund shares in March



Note: Accumulated purchases of foreign shares and investment fund shares since 2015 by the insurance and pension sector. The insurance and pension sector is compiled including the sector's investments through Danish investment funds.

¹ Net payments to pension are premium payments where pension payments are subtracted. They are positive as long as the Danish pension system is being built up. The system is expected to be fully built up by 2040 according to DREAM.