

DANMARKS NATIONALBANK

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INVESTMENT FUNDS, 4TH QUARTER 2021

28 per cent return on global equity funds

Private Danish investors received an average return of 28 per cent on their investments in global equity funds in 2021. For comparison, the return on the widely used benchmark MSCI World was 31 per cent.

Global funds are characterised by investing broadly in the world and typically have a benchmark for global equities such as MSCI World. The large holdings include the individual shares Microsoft, Apple and Alphabet. Global equity funds are the most purchased equity funds among private investors, and with kr. 126 billion they account for just over a quarter of the investors' total assets in funds of kr. 470 billion.

In addition to global equity funds, other equity funds

exist, which focus on individual countries (for example Danish equities), areas (such as Emerging Markets), industries and climate, but such funds together only make up a tenth of private Danes' investments in funds.

Less spread in the funds' returns than in 2020

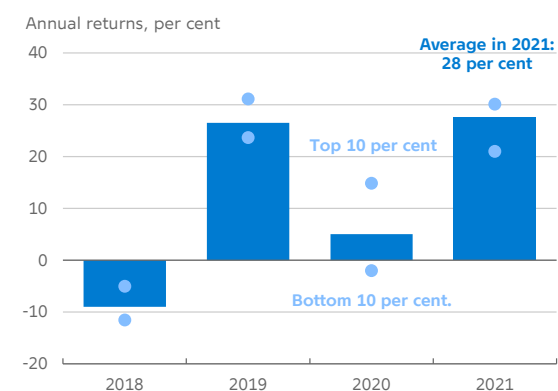
The past year has seen stock markets surging. The smaller fluctuations in the stock markets gave rise to a smaller spread in the equity funds' returns compared to 2020, for example. In 2020, the markets were characterised by uncertainty, and not all funds managed through the year with a positive return.

Investment strategy can affect the spread in return

The chart shows returns for both active and passive investment strategies. Of the private investors' wealth, 84 per cent follows an active investment strategy and 16 per cent a passive one. In funds with passive investment strategies, the investments are composed to track selected market indices, while active investment strategies, on the other hand, aim to provide higher returns than the selected benchmark, and the investments will therefore not be exactly similar to market indices.

Under passive management, investors can therefore expect the return to roughly follow the trends of the chosen market index, while one can expect the return from an active strategy to deviate from that of the index and be either higher or lower. Since 2018, the spread in returns under active management has been larger than under passive management.

Global equity funds yielded 28 per cent in return, and the spread in returns is smaller than last year



Note: Private Danish investors' (i.e. employees, pensioners etc.) returns before costs in equity funds with a minimum of 80 per cent exposure in global equities. Data covers Danish investment funds, regulated by the Danish Investment Associations etc. Act (i.e. UCITS). Find chart data here ([link](#)).

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