

DANMARKS NATIONALBANK

31. JULI 2018

INVESTMENT FUNDS, 2ND QUARTER 2018

Private investors own one third of the total UCITS market

By the end of June, Danish private investors held UCITS investment fund shares corresponding to kr. 338 billion, or one third of the total UCITS market value of kr. 958 billion.

Even though Danish private investors have had net purchases of kr. 8.6 billion since the beginning of 2018, the value of their shares has declined with kr. 7.4 billion. This is mainly due to large negative value adjustments which took place in the 1st quarter of 2018, cf. [Investment funds diminished in Q1 2018](#).

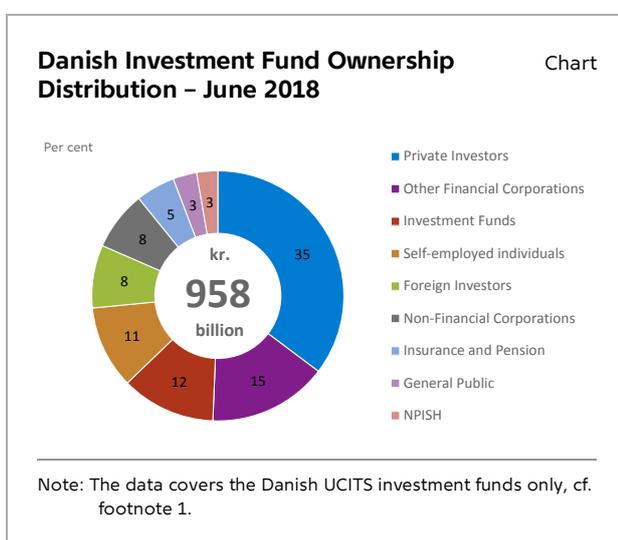
The investment fund sector is itself a large stakeholder in the UCITS fund market holding shares that

amount to 12 per cent of the total market value. There are several reasons why an investment fund may choose to hold investment fund shares in another fund with some being returns, risk diversification and costs.

The insurance and pension sector only holds UCITS shares for kr. 48 billion, or 5 per cent of the outstanding share value. However, in addition to UCITS investment funds the Danish investment fund market also consists of the so-called alternative investment funds, AIFs.¹ The market for the AIFs had a value of kr. 1,258 billion by the end of June, of which the insurance and pension sector owns 77 per cent. This also means that even though private investors have hardly invested in the AIF market, they have an indirect ownership through their pension wealth.

It is mostly Danish investors who own Danish UCITS investment fund shares. Foreign investors held shares corresponding to only 8 per cent of the total UCITS market value by the end of June.

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¹ UCITS investment funds are regulated by "Bekendtgørelse af lov om investeringsforeninger m.v." while the alternative investment funds, AIFs, are regulated by "Bekendtgørelse af lov om forvaltning af alternative investeringsfonde m.v.". One difference between the two fund types is that the AIFs can offer their investors a broader spectrum of investment strategies and are often targeted institutional investors.