

# DANMARKS NATIONALBANK

31 JANUARY 2019

## INVESTMENT FUNDS, 4RD QUARTER 2018

# Bad year for investors in investment funds

2018 has been a bad year for investors in Danish investment funds. The investment funds yielded a negative return of 5.7 per cent for their investors. The losses affected most investors and most of the types of investment funds, they have invested in.<sup>1</sup>

All investor sectors have incurred negative returns. Hence, households and non-financial corporations lost around 5-6 per cent on their investment fund shares. The insurance and pension sector and other

financial corporations lost around 6-7 per cent.

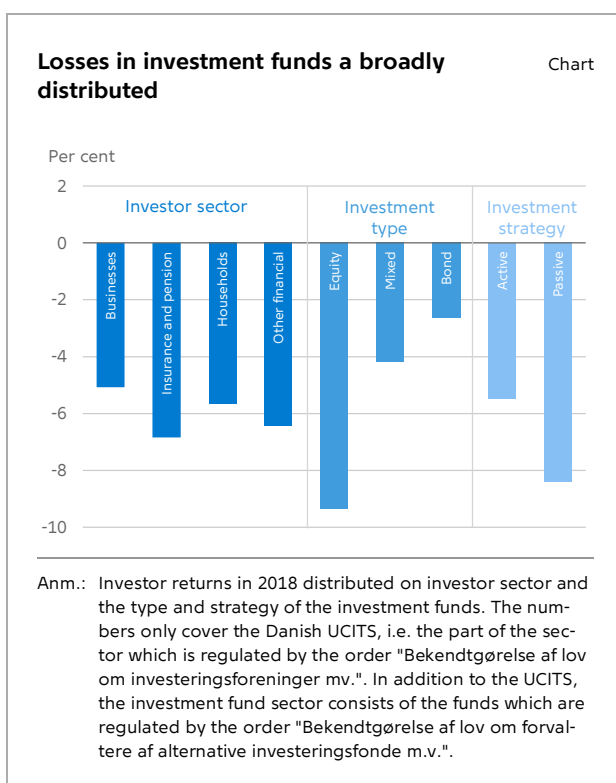
Also, the losses have been broadly distributed across the different types of investment funds. All of the most common types of investment funds had a negative return. Equity funds had the largest loss at 9.4 per cent. Mixed funds lost 4.2 per cent., while bond funds had a loss at 2.6 per cent.

The spread of returns varies widely between the different types of investment funds. The largest spread is for equity funds: The funds with both the largest and smallest returns are in this category. Bond funds have the second largest spread while the mixed funds have the most stable returns.

Furthermore, the losses have also affected investors in both actively and passively managed funds. In general, the funds with a passive strategy have yielded the worst results with a loss of 8.4 per cent, while the actively managed funds had a loss of 5.5 per cent. This is a consequence of the fact that most passive funds are also equity funds.<sup>2</sup>

Despite the negative returns, households still have a preference for investment funds and have bought investment fund shares for kr. 12 billion in 2018.

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<sup>1</sup> The returns presented in this Statistics deviates from the returns presented in Danmarks Nationalbank's Statbank, as these figures include a correction of the dividends in February 2018 that has not yet been implemented in the Statbank.

<sup>2</sup> In 2018, investments in investment funds with a passive strategy have increased, cf. Danmarks Nationalbank, Increase in passive investment funds, *Danmarks Nationalbank's Statistics (Investment funds, 3rd quarter 2018)*, 30 October 2018 ([link](#))