

DANMARKS NATIONALBANK

1 AUGUST 2019

INVESTMENT FUNDS, 2ND QUARTER 2019

Increasing assets in passive investment funds

In the first half of 2019, total assets in passively managed equity funds have grown. This is due to an increase of kr. 7.4 billion in the value of their investments. The increase in assets has occurred even though investors have sold investment fund certificates for kr. 1.9 billion. The selloff in certificates happens after a considerable purchase of kr. 21 billion in 2018.

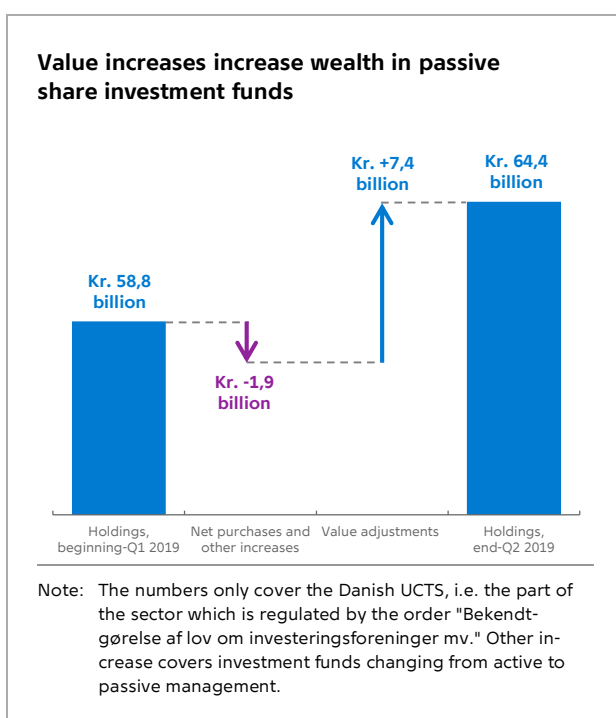
For comparison, investors have purchased active equity funds for kr. 1.6 billion in the first half of 2019. The value of the assets in the active funds increased by

just over kr. 31 billion as a result of the development in the stock market.

The vast majority of the passive investment funds are equity funds, but there are also passive bond funds and mixed funds. For these types, almost all of the assets are, however, placed in the active funds.

In 2018, which was a difficult year for the stock market, both active and passive equity funds delivered a return of around -9 per cent. The first half of 2019 has been considerably better and the active funds had a return of 14 per cent, while the passive funds have performed slightly better and had a return of 16 per cent. At the same time, the active funds have slightly higher costs than the passive funds.

The passive funds have historically only made up a small part of the Danish equity funds market, and with a capital of kr. 64 billion at the end of Q2 2019, the passive equity funds still only accounted for about 16 per cent of the market. By comparison, passive equity funds accounted for 11 per cent in early 2018.



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