

DANMARKS NATIONALBANK

30 JULY 2020

INVESTMENT FUNDS, 2ND QUARTER 2020

Net purchases for more than kr. 11 billion in 2020

Private investors have had net purchases of UCITS fund shares for more than kr. 11 billion. At the end of June 2020, the market value of households' UCITS fund shares amounted to kr. 346 billion.

The large purchases can in particular be explained by the fact that private investors have reinvested received dividends during Q1 of 2020. The greater prevalence of negative deposit rates which private individuals are faced with may also have encouraged the purchase of more UCITS fund shares.

Market value still below its 2019 level

Despite the fact that private investors have bought

UCITS fund shares for more than kr. 11 billion the market value of their outstanding shares is still below what it was by the end of 2019. This is mainly due to the large losses in the wake of the outbreak of corona virus in February and March. During 2020, private individuals have thus lost kr. 13 billion on their UCITS fund shares.¹ The losses across all sectors have been over kr. 49 billion. The majority of the total losses in Q1 2020 of kr. 139 billion were, however, regained in connection with favorable price adjustments in Q2.

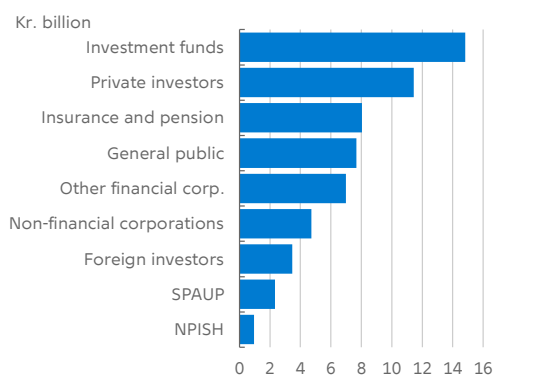
Investment funds continue to purchase

The Danish investment funds, which include both UCITS funds and the so-called alternative investment funds, continue to purchase UCITS fund shares. They have bought for almost kr. 15 billion in 2020. The market value of their UCITS fund shares was kr. 153 billion at the end of June. This corresponds to 14.3 per cent of the total issued shares.

The reasons why investment funds buy UCITS fund shares are mainly risk diversification, and for reducing risk and volatility. Another reason, which can go both ways however, is administration fees.

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Purchases of more than kr. 60 billion in 2020



Note: Net purchases in the first half of 2020. The figure covers Danish UCITS funds. NPISH stands for non-profit institutions serving households while SPAUP is short for sole proprietors and unincorporated partnerships. Investment funds cover both UCITS funds and AIF.

¹ Losses, or negative gains, are defined as market price adjustments plus exchange rate adjustments plus dividends paid.