

DANMARKS NATIONALBANK

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INVESTMENT FUNDS, 4TH QUARTER 2020

Increased appetite for investment funds in 2020

Danish private investors purchased UCITS fund shares worth kr. 21 billion in 2020, a significant increase on the previous two years and the largest purchase since 2015. At the end of December 2020, the market value of private investors' UCITS fund shares amounted to kr. 378 billion.¹ By way of comparison, their investment in listed stocks and bonds, primarily stocks, totalled kr. 326 billion.

Private investors had a particular appetite for UCITS fund shares that included equities, while they sold UCITS fund shares that included bonds. This may be due to the low return on bonds and the increased prevalence of negative deposit rates.

Private investors most interested in mixed funds

UCITS fund shares are divided into funds, depending on whether they invest in equities or bonds.

Private investors especially purchased mixed funds, investing in both equities and bonds, for kr. 23 billion in 2020.

Purchases in equity funds amounted to kr. 6 billion, with an overweight of passively managed funds, the investments of which track a benchmark index. However, actively managed funds account for most of the assets. At the end of 2020, private investors had invested kr. 133 billion in equity funds, kr. 22 billion of which passively managed.

Overall bond fund sales totalled kr. 8 billion in 2020. Private investors have been selling bond fund shares over the past four years, and the proportion of bond fund shares of private investors' assets has declined.

Investment funds continue purchases

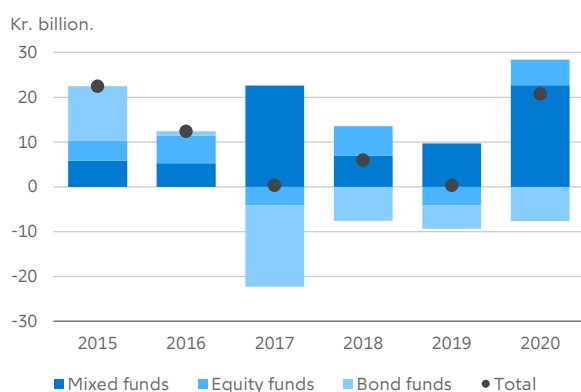
Danish private investors were not the only buyers – investment funds were also interested in UCITS fund shares. In 2020, Danish investment funds purchased UCITS fund shares worth kr. 21 billion. Diversification of investments is the main reason why investment funds purchase UCITS fund shares.

Positive returns in 2020

With a final sprint in the last two months of 2020, Danish investment funds delivered a total return of 5.2 per cent for the year. At 7.7 per cent, equity funds yielded the highest return, while bond funds delivered the lowest return, at 2.6 per cent.

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Danish private investors made massive purchases of Danish UCITS fund shares in 2020



Note: Danish private investors' accumulated annual transactions in Danish UCITS funds. Data is excl. hedge funds.

¹ Excl. hedgefond (kr. 6. billion)