

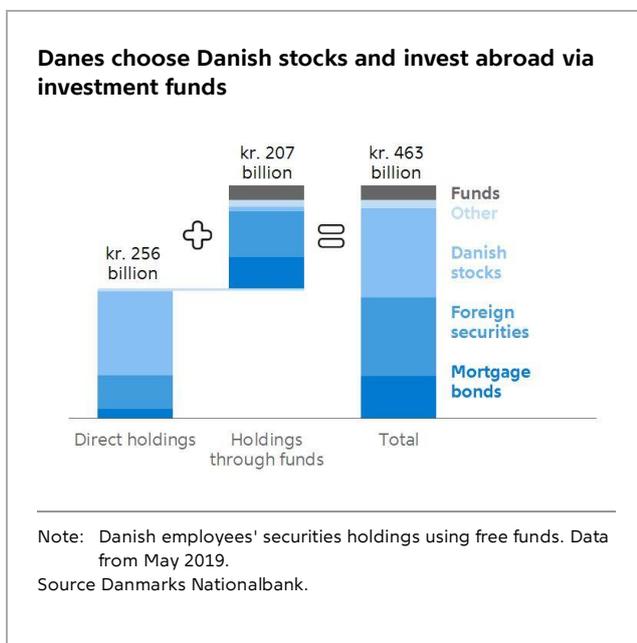
DANMARKS NATIONALBANK

9 JULY 2019

SECURITIES, MAY 2019

Danes invest abroad via investment funds

Private Danes had invested kr. 463 billion of their free funds in securities by end-May 2019.¹ Of these, kr. 207 billion is invested in investment funds. An investor buying a share in an investment fund owns a part of the fund's securities holdings. Going over securities owned *through* investment funds gives a more precise picture of their investments, cf. chart below.



Kr. 157 billion invested in foreign securities

Danes own foreign securities totalling kr. 157 billion. A large part (kr. 90 billion) is owned through investment funds. The reason could be that investment funds make it easy to obtain a broad portfolio of foreign securities without specific knowledge of the individual securities. Danes have invested a total of kr. 89 billion in foreign stocks. Of these, kr. 38 billion is invested in the US stock market, which by far is the Danes' preferred foreign market.

Danes choose Danish stocks

Danes have invested a total of kr. 177 billion in the Danish stock market. A preference for domestic stocks is quite common (so called *home bias*). Typically, investors have larger knowledge of domestic stocks than foreign. Danes have invested kr. 167 billion *directly* in the Danish stock market, while only kr. 10 billion is owned *through* investment funds. Conversely, Danes primarily own Danish mortgage bonds through investment funds.

Funds of funds

Some investment funds invest in other funds (*funds of funds*). The idea is to draw on the expertise of other investors, for instance from abroad. Besides, funds of funds can enhance risk diversion. On the other hand, costumers might face larger costs.

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¹ "Private Danes" cover employees. The phrase "free funds" are used, since security custodies used for pension savings are excluded.