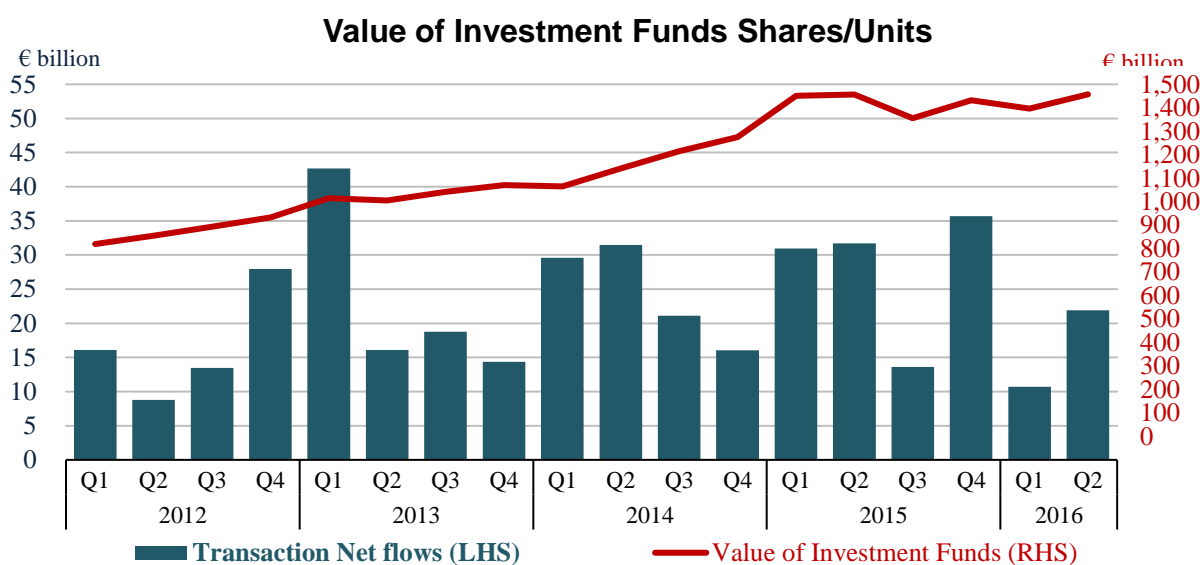


Investment Funds – Q2 2016

Key Points

- The net asset value of investment funds (IFs) resident in Ireland increased by 4.3 percent (€61 billion) over the second quarter of 2016, reaching €1,457 billion;
- The second quarter saw strong investor inflows to IFs, amounting to €22 billion, continuing the general trend of recent quarters. Portfolio revaluations were strongly positive, at €39 billion, reflected in both debt and equity holdings;
- The value of total assets held by IFs increased by €12 billion to €1,784 billion, amid strong inflows from investors and positive revaluations, although this was somewhat offset by the effect of a data reclassification;
- A strong second quarter for global equity markets saw positive revaluations of €11 billion in the equity holdings of IFs despite global equity and currency market fluctuations late in the quarter following the Brexit vote.

The net asset value of investment funds (IFs) resident in Ireland increased by 4.3 percent (€61 billion) over the second quarter of 2016 reaching €1,457 billion. This was due to positive revaluations of €39 billion, coupled with strong transactions of €22 billion during the quarter. Total asset figures include a correction in derivative reporting and increased by just €11.8 billion. Equity funds rebounded with positive net transactions of €3.8 billion during the quarter following a net transaction outflow in Q1 2016. IFs total assets stood at €1,784 million in Q2 2016.



Source: Investment Funds Statistics, Central Bank of Ireland.

Over the second quarter, IFs experienced a positive revaluation of 3 percent overall, although this was higher for bond funds at 6.8 per cent. Equity funds were broadly flat over the quarter with a positive revaluation of just 1 percent. Hedge funds in contrast reported a negative revaluation of 1.7 percent during the quarter.

Positive revaluations of €10.8 billion in equity holdings of IFs over the second quarter were reported despite global equity and currency market fluctuations towards the end of the quarter following the Brexit vote. Shares issued by US non-financial corporations experienced a positive revaluation of €8 billion. In contrast, holdings of shares issued by UK non-financial corporations recorded a negative revaluation of €667 million.

Overall debt holdings experienced a 9 percent increase over the quarter, driven by strong transaction inflows of €33.5 billion. IFs held €174 billion in UK government debt, accounting for 51 percent of total government debt holdings, at end-Q2 2016. Inflows into UK government bonds were €12 billion, continuing a positive trend from prior quarters.

Sterling denominated IFs account for 21 percent of the Irish domiciled IFs. Overall, net transactions of €7.3 billion flowed into these funds during the quarter. However, sterling denominated equity and hedge funds (28 percent of the total sterling denominated funds) reported a €974 million net transaction outflow during the quarter.

Q2 2016 - Investment Fund Shares/Units issued to: -		
	<i>Households and Non-</i>	
<i>€ million</i>	<i>Profit Institutions</i>	<i>Non-Financial</i>
	<i>Serving Households</i>	<i>Corporations</i>
Ireland	1,046	7,597
EU Countries	19,702	39,208
United Kingdom	2,872	29,963
United States	2,672	5,586
RoW	3,592	18,084
Total	29,884	100,438

As at end Q2 2016, holdings by households (including non-profit institutions) and non-financial corporations accounted for 9 per cent of the total net asset value of Irish domiciled IFs, of which just 1 per cent was reported on a first counterparty basis as been held by these entities in Ireland. Holders are reported on a first counterparty basis, therefore holdings by households may be higher as some are held in nominee accounts within banks and or other financial intermediaries.

The publication tables are published [here](#).

Further information

Investment funds statistics are collected on the basis of quarterly security by security reporting. The reporting population is comprised of those investment funds resident and authorised in Ireland. The reporting form and notes on compilation are also available on the website [here](#).

For queries contact: Central Bank, Press Office at press@centralbank.ie