



Investment Funds – Q3 2018

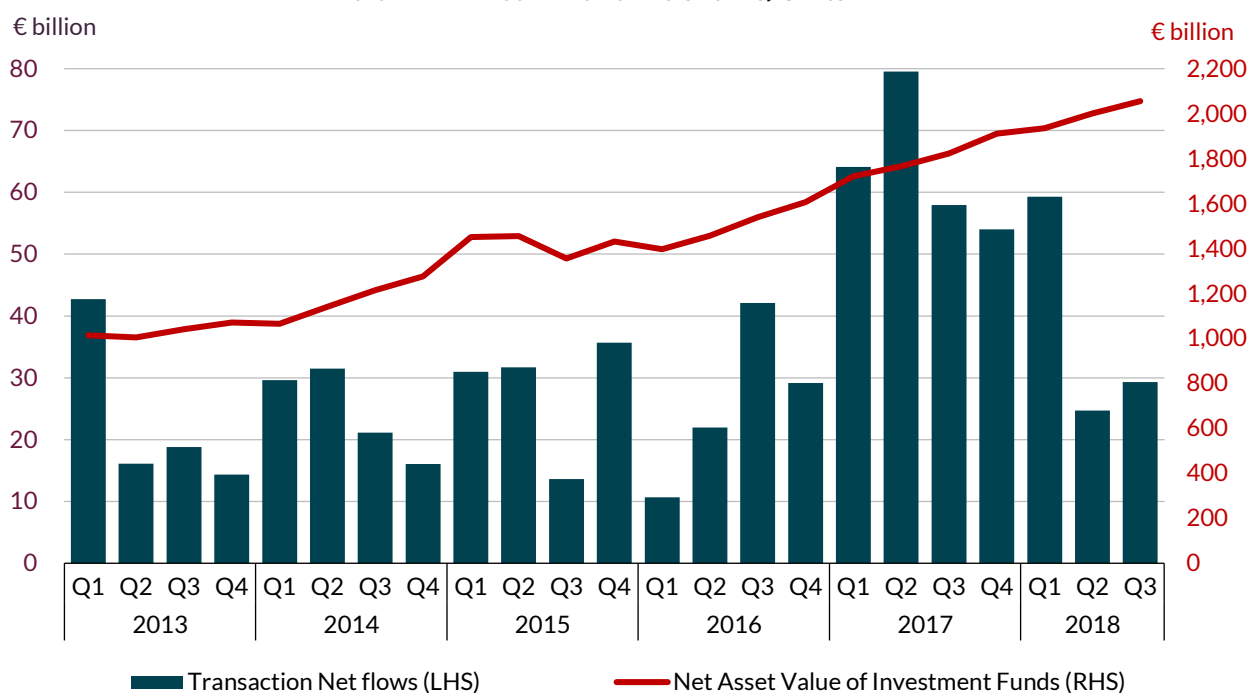
Key Points

- The Net Asset Value (NAV) of Investment Funds (IFs) resident in Ireland increased by 2.7 per cent to €2,055bn during Q3-2018. This increase was comprised of inflows of €29bn and valuation gains of €26bn. Total assets held by Irish IFs increased from €2,380bn in Q2-2018 to €2,444bn in Q3-2018.
- Equity holding (including shares/units of other funds) increased to €1,101bn in Q3-2018 from €1,058bn in Q2-2018. United States based Non-Financial Corporation equity contributed strongly to the growth, recording net purchases of €11bn and a valuation gain of €20bn.
- Leverage¹ has increases across all fund types except hedge funds since September 2014. The other fund category now has leverage equal to 37 per cent of their total assets.

¹ Measured as sum of loans, overdrafts, securities lending and margin as a percentage of total assets

The NAV of IFs resident in Ireland increased by 2.7 per cent (€55bn) to €2,055bn during Q2-2018 (Chart 1). This increase was comprised of inflows of €29bn and valuation gains of €26bn. All fund types saw positive investor inflows, with bond, hedge, equity and mixed funds accounting for the majority of investor inflows. Investor inflows during Q2 and Q3 suggest a return to a level more in line with their historical average, relative to the elevated level of inflows seen in 2017.

Chart 1: - Net Asset Value of Investment Funds Resident in Ireland
Value of Investment Funds Shares/Units



Source: Investment Funds Statistics, Central Bank of Ireland.

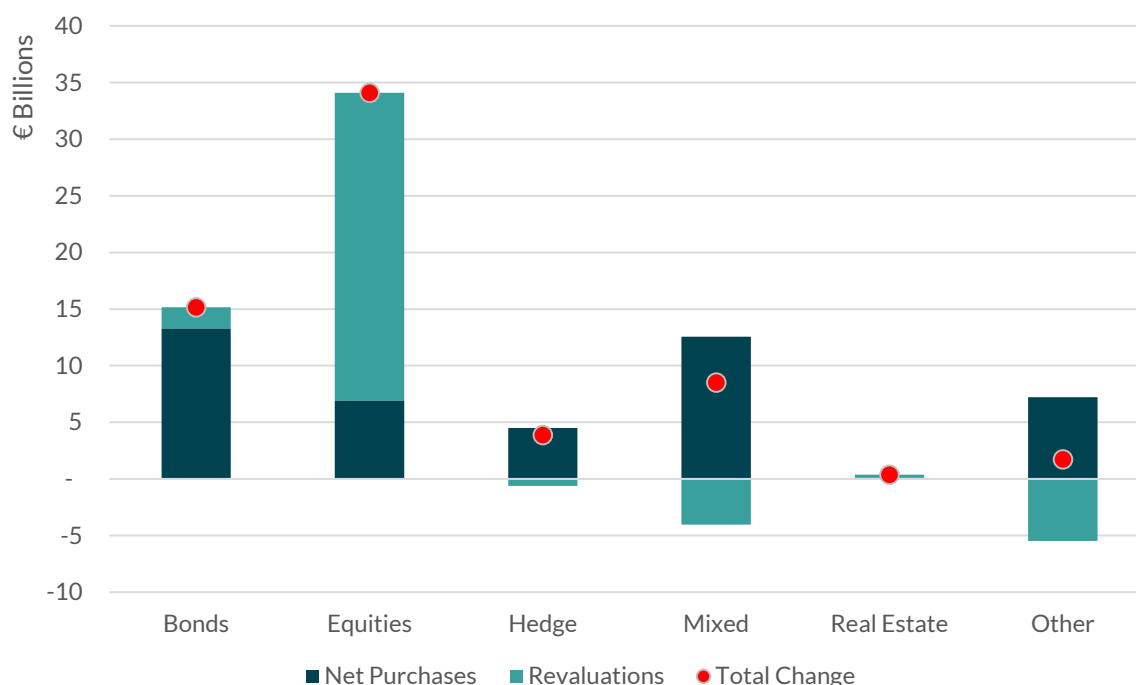
Note: In Q3 2015, there was a reclassification of funds from Bond to Money Market funds resulting in a decrease of €30 billion in

Total assets held by Irish IFs increased from €2,380bn to €2,444bn during Q3-2018. The increase was driven by net transactions of €45bn and valuation gains of €19bn. All fund types recorded net asset purchases during Q3-2018 with bond funds recording the largest net purchases (+€13.2bn) followed by mixed funds (+€12.5bn). Equity funds were the only fund

type which saw significant positive valuation gains of €27bn during Q3-2018. This was in line with gains in European and US equity markets. Bond funds and real estate funds saw more modest positive revaluations. In contrast, the other fund type category recorded valuation losses of €5.4bn with mixed funds seeing the largest losses of €4bn (Chart 2).

Chart 2: Growth in Assets by Fund Type Since end-Q2 2018

Breakdown of Revaluations and Net Purchases/Sales; € billions

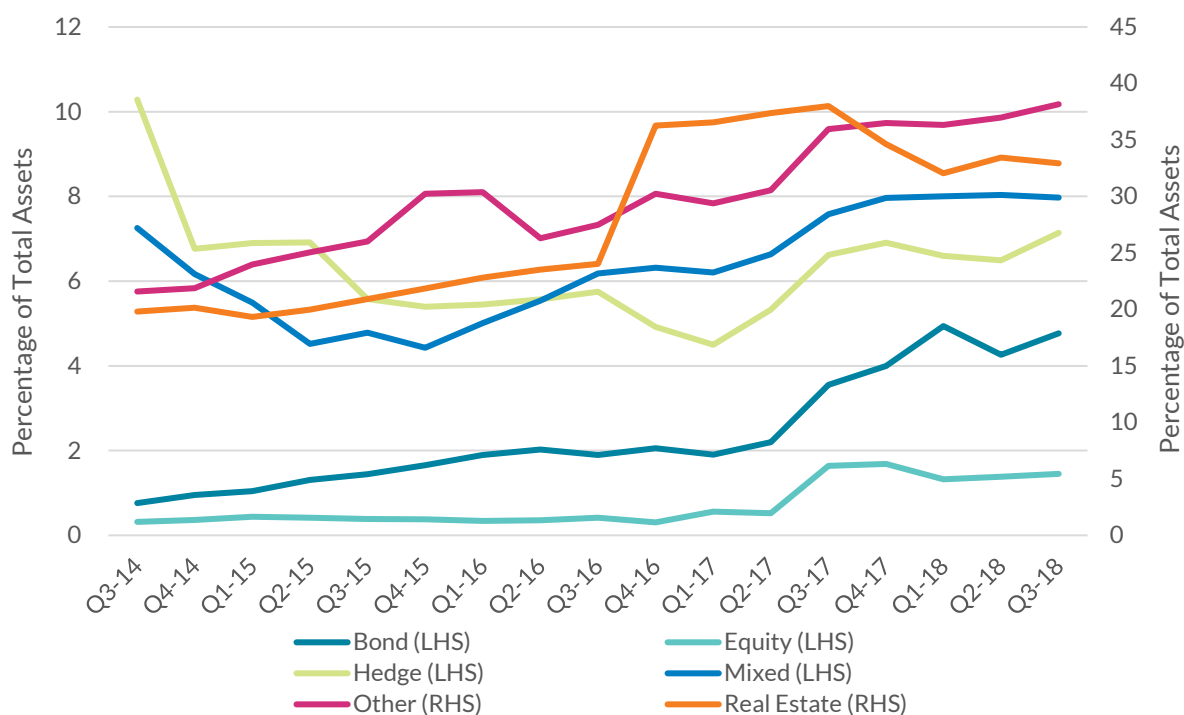


Equity holding of funds (including shares/units of other funds) increased to €1,101bn end-Q3 2018 from €1,058bn at end-Q2 2018. This increase in the value of equity holdings was underpinned by increases in the equity value of Non-Financial Corporations (NFCs), particularly those in the United States, which recorded net purchases of €11bn and a valuation gain of €20bn. Irish equity holdings are largely comprised of fund cross-shareholdings, and saw net purchases of €4bn and revaluations gains of €1bn in the quarter.

Irish resident investment funds holdings of bonds increased from €915bn in Q2-2018 to €929bn in Q3-2018. UK central government debt saw both the greatest net purchases by Irish resident investment funds, €6.4bn, and the largest negative revaluation of €7.7bn.

Since Q3-2014, all fund types except hedge funds have increased their leverage (sum of loans, overdrafts, securities lending and margin) as a percentage of total assets. Of all fund types, other funds are the most leveraged and have been so for most of the duration of the series. In addition to starting from a high base, 22 per cent, they have also seen the largest percentage point (p.p.) increase over the duration of the series, 17 p.p. Repurchase agreements account for nearly all of the leverage of other funds, with one umbrella group of funds being heavy users of repo agreements to fund themselves.

Chart 3: - Leverage as a Percentage of Total Assets - By Fund Type



Investment Fund Statistics – Q3 2018

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](#).

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