

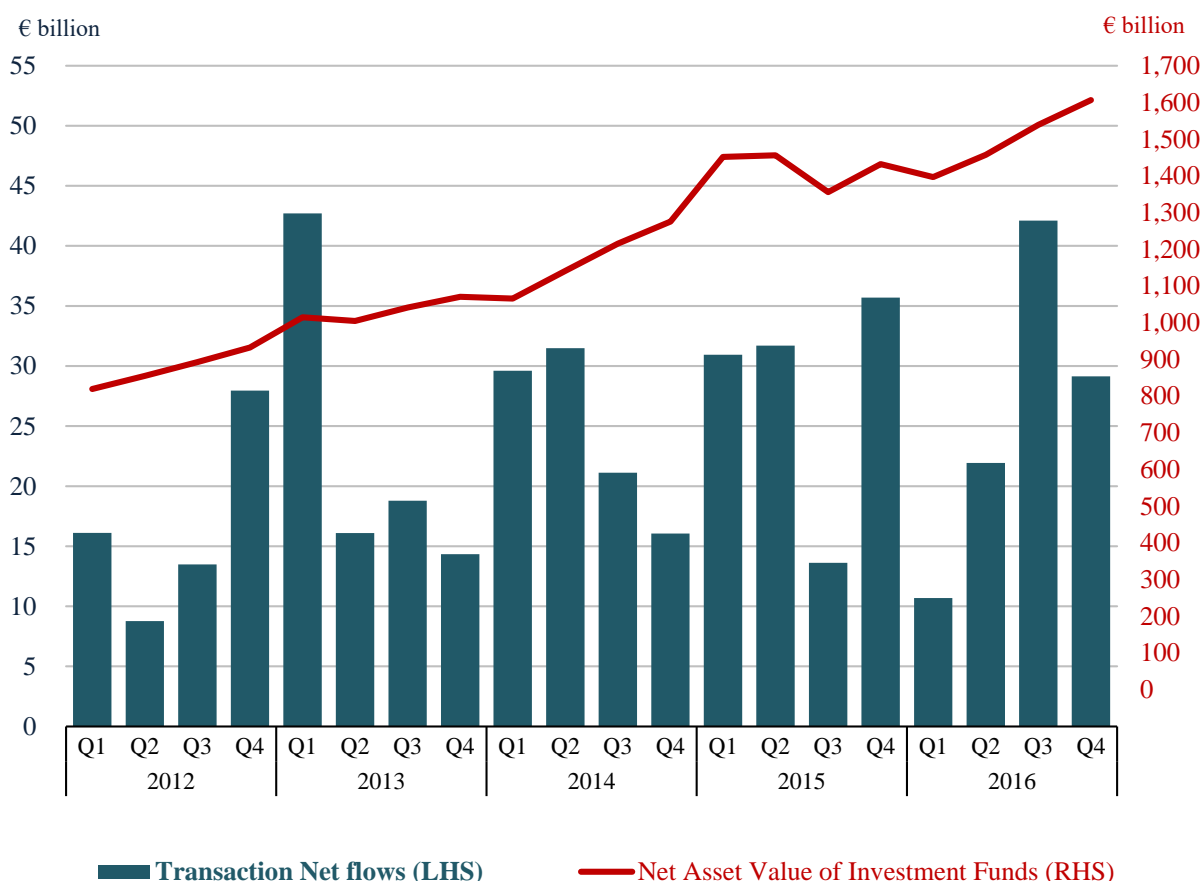
### *Investment Funds – Q4 2016*

#### **Key Points**

- The net asset value (NAV) of investment funds (IFs) resident in Ireland increased by 4.4 per cent (€68 billion) over Q4 2016, reaching €1,606 billion. The total value of assets held by IFs increased by €71 billion to €1,938 billion;
- Q4 2016 saw a reduction in net investor flows relative to Q3 2016, though inflows still amounted to €29 billion. Across fund types, bond funds were the primary driver accounting for 47 per cent of net inflows.
- The difference between the total assets of bond funds and equity funds narrowed to less than €20 million in Q4 2016.

The NAV of IFs resident in Ireland increased by 4.4 per cent (€68 billion) over the fourth quarter of 2016 reaching €1,606 billion (Chart 1). This was due to revaluations of €38.6 billion and inflows of €29 billion during the quarter. Bond funds had the largest transaction inflows, amounting to €13.5 billion.

**Chart 1: - Net Asset Value of Investment Funds Resident in Ireland**



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 bond funds total assets

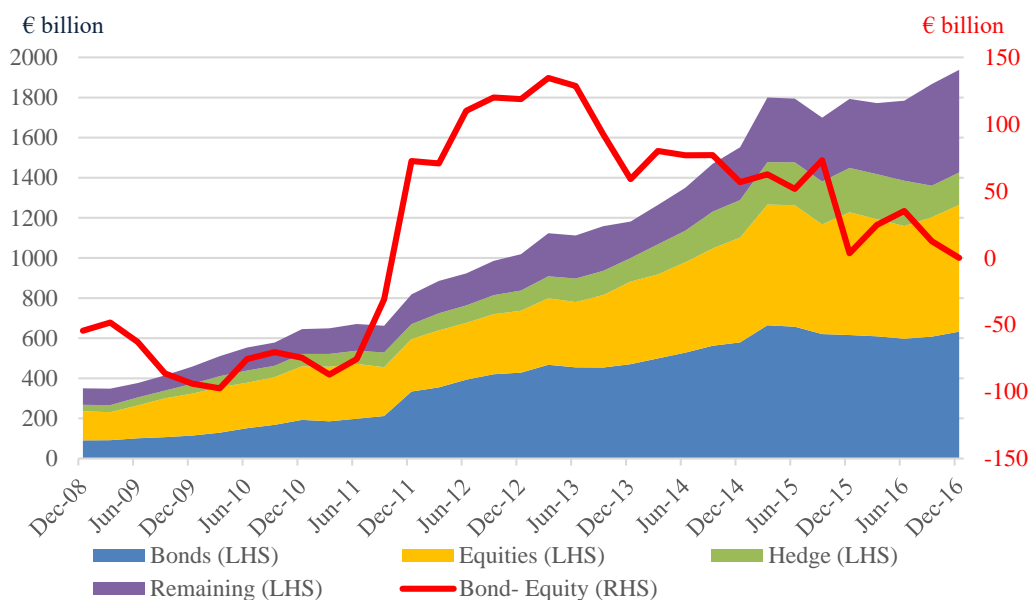
Overall, IFs experienced a positive revaluation in their total assets of 4 per cent over Q4, although magnitude and sign differed across fund types. Bond and equity funds saw the largest increases (5 and 6 per cent, respectively). Strong positive growth in the total assets of bond funds was mainly driven by revaluations of derivatives, which, if excluded, would have seen growth of 1 per cent. Hedge and other funds saw a 2 per cent and 5 per cent decrease, respectively; negative revaluations of derivatives were a common factor for both fund types. Revaluations for other fund types ranged between 0 per cent and a 2 per cent increase.

IF's equity holdings experienced strong positive revaluations of €37 billion between Q3 2016 and Q4 2016. US equity holdings witnessed the largest movement across country issuers, with a 10 per cent increase in value (€22 billion) over the quarter. Shares issued by US banks saw the largest positive revaluation in percentage terms, with US dollar appreciation and increases in bank share prices combining to register a 49 per cent increase (€5 billion) in value over the quarter.

While debt security holdings rose by €26 billion over the quarter, they also saw a €2 billion negative revaluation. The United Kingdom, Japan and France were the country issuers whose debt securities registered the largest negative revaluations. For each country the fall in value was driven by government debt securities. The UK witnessed the largest absolute decrease, with UK government bonds losing €8 billion in value over the quarter.

Total assets of resident IFs stood at €1,938 billion at Q4 2016, increasing by €145 billion from Q4 2015 (Chart 2). One notable trend is the continued narrowing of the difference in the total assets of bond and equity fund types, which stands at €20 million at end Q4 2016. This trend began in Q1 2013, prior to which bond funds had seen a large expansion in total assets relative to equity funds starting in Q1 2011. During this period, they replaced equity funds as the largest fund type by total assets. If current trends in investor inflows and revaluations continue, we could see equity funds surpassing bond funds as the fund type with the largest stock of assets in 2017.

**Chart 2: - Total Assets of Investment Funds Resident in Ireland by Fund Type**



Source: Investment Funds Statistics, Central Bank of Ireland

Note: Bond-Equity is defined as the difference between the total assets of bond funds and the total assets of equity funds. Remaining is the sum of other, mixed and real estate type funds.

Total assets in real estate funds increased to €18.6 billion by Q4 2016, with €0.4 billion being added to the stock of assets over the quarter. Property located in Ireland continues to constitute the large majority of total assets, accounting for approximately 66 per cent.

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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