

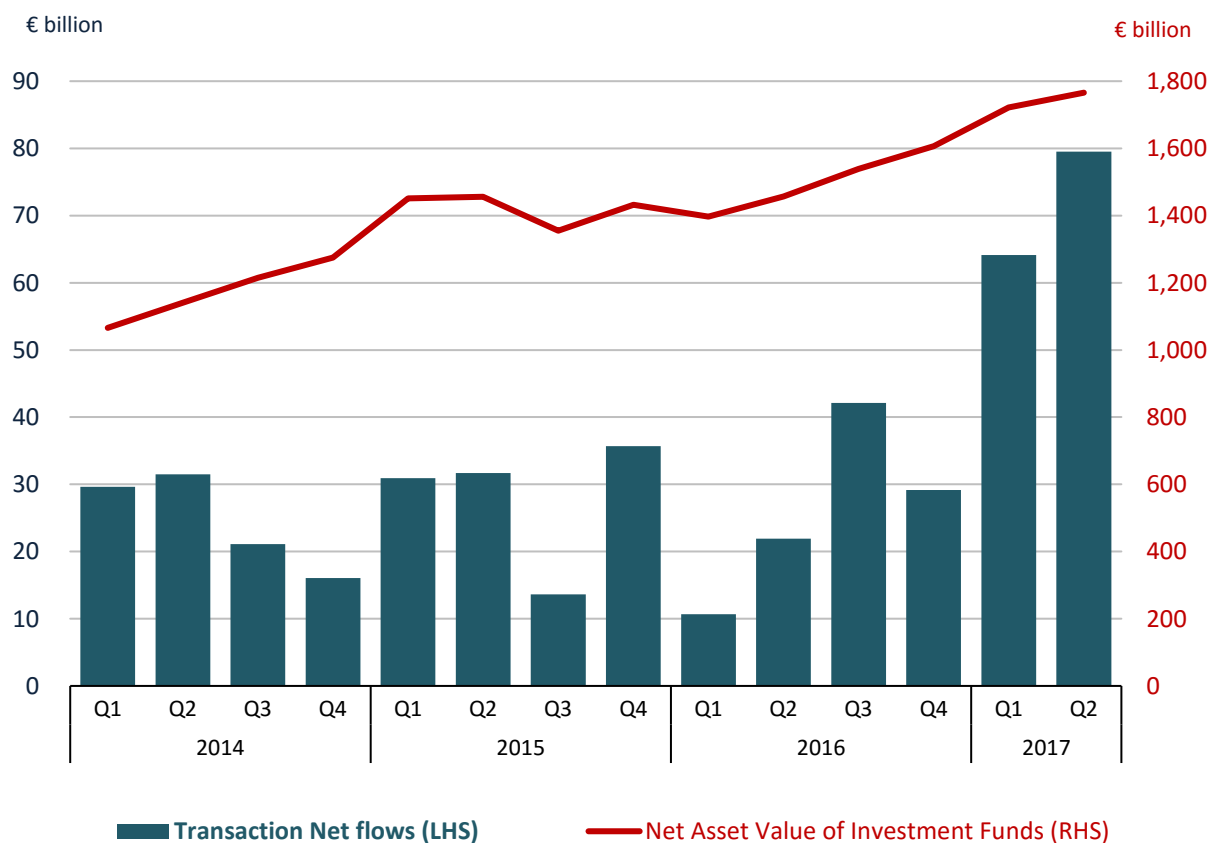
### *Investment Funds – Q2 2017*

#### **Key Points**

- The net asset value (NAV) of investment funds (IFs) resident in Ireland increased by 2.6 per cent (€44.3 billion) over Q2 2017, reaching €1,765.8 billion. The total value of assets held by IFs increased by €43.1 billion to €2,138.8 billion.
- Q2 2017 saw inflows of €79.5 billion, a 24.2 per cent increase relative to the previous quarter. Bond funds registered the largest net investor inflows, amounting to €40.1 billion.
- Total assets experienced a negative revaluation of €39.6 billion, the first negative revaluation since Q2 2016. Much of this is accounted for by dollar devaluation of 6.6% relative to euro over the quarter, as €905.4bn of total assets, or 42%, are denominated in dollars.

The NAV of IFs resident in Ireland increased by 2.6 per cent (€44.3 billion) over the Q2 2017, reaching €1,765.8 billion (Chart 1). Despite inflows some 24.2 per cent higher than the previous quarter, negative revaluations contributed relatively muted growth in NAV. Across fund types, bond funds registered the largest net investor inflows of €40.1 billion, and the largest negative revaluation of €14.7 billion. With the exception of mixed funds, all fund types saw negative revaluations of their NAV in Q2 2017.

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



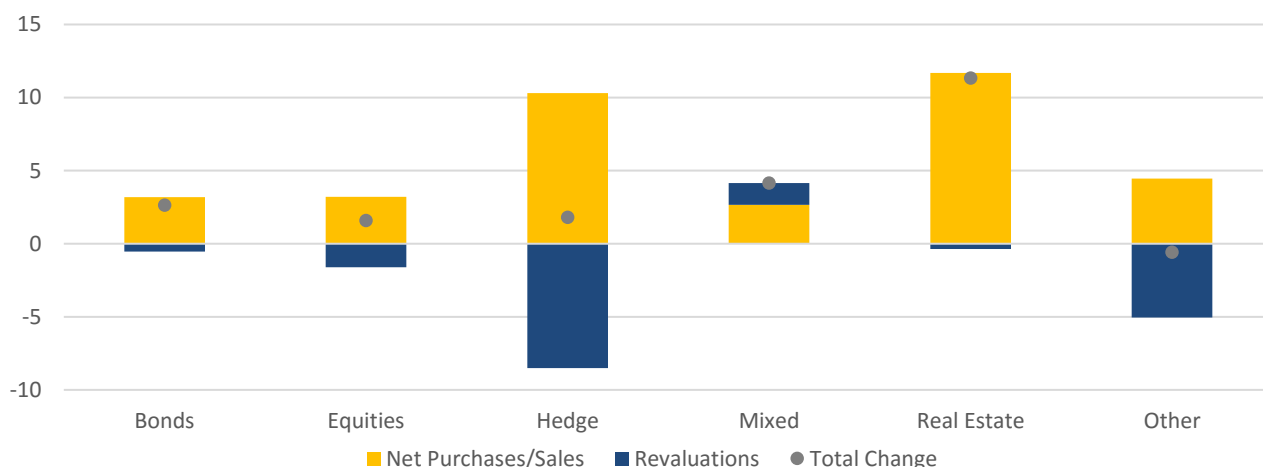
Source: Investment Funds Statistics, Central Bank of Ireland.

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

Total assets held by Irish IFs increased by €43.1 billion from Q1 2017, amounting to €2,138.8 billion at end-June. Total assets experienced a negative revaluation for the first time since Q2 2016, amounting to €39.6 billion. Much of this is accounted for by dollar devaluation of 6.6%

relative to euro over the quarter, as €905.4bn of total assets, or 42%, are denominated in dollars. Growth in total assets was generally low and positive across fund types, with the exception of real estate and other funds. Real estate funds saw 11.3 per cent growth in total assets, due to €2.4 billion in net purchases of property. Their negative revaluation is also attributable to movements of the euro against the foreign currency composition of their assets over the quarter. The other funds category saw negative revaluations that slightly exceeded net purchases of assets, leading to a 0.6 per cent reduction in their total assets. All fund types saw net purchases of assets, but only mixed funds experienced a positive revaluation. Hedge and other funds saw the largest negative revaluations in percentage terms (8.5 and 5 per cent, respectively) (Chart 2).

**Chart 2: - Percentage Growth in Total Assets by Fund Type Since Q1 2017 - With Breakdown of Revaluations and Net Purchases**



Source: Investment Fund Statistics, Central Bank of Ireland

The total amount of equity holdings of all funds amounted to €926.5 billion at end-June, increasing by €19.4 billion from Q1 2017. Equities experienced negative revaluations of €14.4 billion. This was concentrated in bank (€2.2 billion), investment fund (€4.6 billion) and corporate equity (€9.7 billion). The negative revaluations were mostly concentrated in US equities (€8 billion), which is partially explained by the weakening of the dollar against the euro.

Holdings of debt securities by all funds amounted to €818.7 billion at end-June, increasing by €22.4 billion due to net purchases of €47.4 billion and negative revaluations of €25.0 billion. The largest purchases and revaluations were concentrated in US and UK debt securities. For

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UK debt securities, transactions and revaluations were concentrated in government securities, accounting for €8 billion of €12.1 billion of transactions, and for €9.6 billion of €11.0 billion of negative revaluations. US debt purchases were spread more evenly across sectors, with government (€6.2 billion), corporate (€6.8 billion) and other financial institutions (€4.3 billion) making up most of the €19.8 billion in net purchases.

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, Media Relations at [media@centralbank.ie](mailto:media@centralbank.ie)