

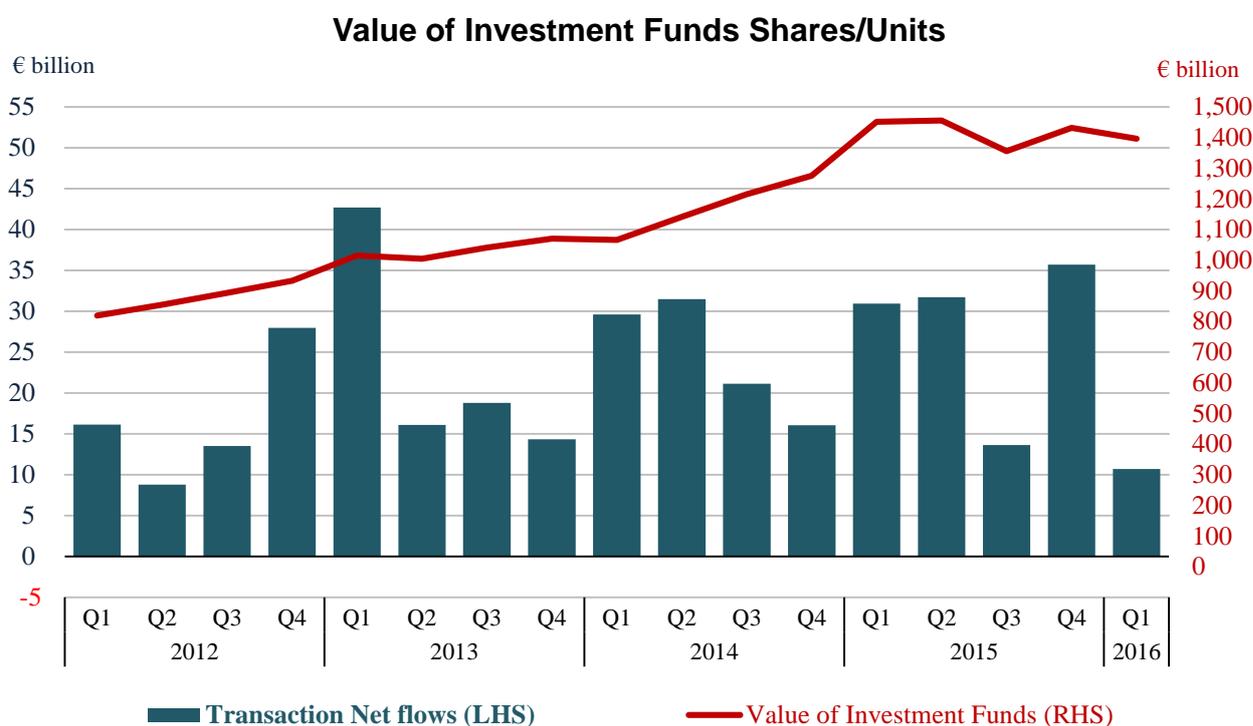


## Investment Funds – Q1 2016

### Key Points

- The net asset value of investment funds resident in Ireland (IFs) decreased by 2.5 per cent over the first quarter of 2016, to €1,397 billion from €1,432 billion in Q4 2015, with negative revaluations of €46 billion accounting for most of this fall.
- Over the quarter, IFs total assets experienced negative revaluations of 2 percent with equity funds recording the most pronounced fall of 5 percent.
- Equity markets suffered a reversal from the recovery of the prior quarter. This particularly impacted equity funds which suffered a €26 billion negative revaluation during the quarter.
- Holdings of government debt stood at €318 billion in Q1 2016, following €17 billion in transaction inflows. There were continued strong inflows (€13 billion) into higher yielding UK government debt, relative to similarly rated other European sovereign debt.

The net asset value of investment funds resident in Ireland (IFs) decreased by 2.5 percent (€35 billion) over the first quarter of 2016, to €1,397 billion from €1,432 billion in Q4 2015. This was due to large negative revaluation of €46 billion although this was somewhat offset by inflows of €11 billion over the quarter. Equity funds experienced outflows for the first time since Q2 2013, with €1.5 billion net redemptions indicating lower investor confidence in equity markets. The total assets held by IFs decreased in value by €29 billion, dragged down by equity funds exposed to the declines in the global stock markets over the quarter.



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 Net Asset Value

Negative revaluations were most pronounced for equity funds amounting to €30 billion over the quarter. Similarly, mixed and hedge suffered a 3 per cent negative revaluation dragged down by their exposures to equity markets. Bond fund revaluations were insignificant over the quarter with positive revaluations on derivatives offsetting negative movements in debt security values.

The decline in equity markets reversed gains made in the last quarter of 2015, as confidence in the health of the global economy deteriorated. Shares issued by US non-financial

corporations experienced a negative revaluation of €4.5 billion, and holdings of shares issued by Japanese non-financial corporations fell by €3.4 billion.

Overall debt holdings in bond funds experienced a 1 percent increase over the quarter experiencing strong transaction inflows of €8.5 billion, despite negative revaluations of €5 billion. Holdings of government debt stood at €318 billion in Q1 2016, with €17 billion in transaction inflows. In overall terms, IF's held €155 billion in UK government debt (49 percent of total government debt holdings). Inflows into UK government bonds of €13 billion, continues the trend from prior quarters. Sterling denominated mixed funds held €57 billion of UK government debt at the end of Q1 2016.

Sterling denominated IFs account for 20 percent of the Irish domiciled IFs. Overall net transactions into these funds have remained positive despite the ongoing debate over the Brexit referendum. However, sterling denominated bond funds (29 percent of the total sterling denominated funds) reported a €881 million net transaction outflow during the quarter. The net asset value of sterling investment funds fell by €4.2 billion over the quarter, with sterling depreciation against the euro the predominant factor.

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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