

**EURO AREA INVESTMENT FUND STATISTICS  
(OTHER THAN MONEY MARKET FUNDS)  
EXPLANATORY NOTES**

**Coverage of institutions and legal basis**

These statistics present the assets and liabilities of those investment funds (IFs) resident in the euro area which belong to the sub-sector “Other financial intermediaries, except insurance corporations and pension funds” (OFIs) in the European System of Accounts (ESA 95)<sup>1</sup>. The statistics are reported by the IFs to the national central banks (NCBs) in accordance with Regulation ECB/2007/8 concerning statistics on the assets and liabilities of investment funds<sup>2</sup>. The NCBs send the nationally aggregated statistics to the ECB in accordance with Guideline ECB/2007/9 on monetary, financial institutions and markets statistics<sup>3</sup>. The legal framework requires the collection and compilation of harmonised statistics across the euro area on all kinds of collective investment undertakings investing in financial and/or non-financial assets and belonging to the OFI sub-sector.

The statistics do not cover money market funds (MMFs), forming part of the sub-sector “Monetary financial institutions” (MFIs). Further information on the statistics on MMFs in the euro area, which are published alongside the IF statistics described in these explanatory notes, can be found on the ECB website<sup>4</sup>. Furthermore, the IFs, as defined by the ECB statistics, do not include pension funds, which form part of the sub-sector “Insurance corporations and pensions funds”.

The reporting population comprises IFs resident in the euro area, including the IFs managed from outside the euro area. Conversely, the statistics do not cover IFs established in offshore locations outside the euro area, even if the management companies of these IFs are resident in the euro area.

The list of individual IFs forming the reporting population is available on the ECB website.<sup>5</sup> More information on the elaboration of the statistics is available in the Manual on IF statistics.<sup>6</sup>

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<sup>1</sup> These statistics replace the non-harmonised investment fund statistics that the ECB published from January 2003 to October 2009 relating to December 1998 to June 2009.

<sup>2</sup> [http://www.ecb.europa.eu/ecb/legal/pdf/1\\_21120070811en00080029.pdf](http://www.ecb.europa.eu/ecb/legal/pdf/1_21120070811en00080029.pdf). Published in the Official Journal of the European Union: OJ L 211, 11.8.2007, pp.8 ff.

<sup>3</sup> [http://www.ecb.europa.eu/ecb/legal/pdf/1\\_05320090226en00760091.pdf](http://www.ecb.europa.eu/ecb/legal/pdf/1_05320090226en00760091.pdf). Published in the Official Journal of the European Union: OJ L 341, 27.12.2007, pp.1 ff.

<sup>4</sup> <http://www.ecb.europa.eu/stats/money/aggregates/bsheets/html/index.en.html>

<sup>5</sup> <http://www.ecb.europa.eu/stats/money/mfi/funds/html/index.en.html>

## Frequency and timeliness

Key variables are available at a monthly frequency, while more details are provided at a quarterly frequency. The following sections describe the types of data that are available at monthly and quarterly frequencies.

The statistics are made available with a time lag of around one and a half months after the end of the reference period. The time series date back to the reference period December 2008.

## Outstanding amounts and transactions

In addition to *outstanding amounts*, i.e. the value of the assets and liabilities at the end of the reference period, the data present *transactions* during the period. Transactions refer to the net acquisition of a given type of asset during the period, or the net incurrence of a given type of liability. In the case of investment fund shares/units issued, the transactions provide an approximation of the IFs' net sales of shares to investors during the reference period.

The changes in outstanding amounts between two periods can be due to transactions, price revaluations, exchange rate changes in the case of instruments denominated in currencies other than the euro, or statistical reclassifications.

Transactions data are available for all items in the quarterly data, while the monthly data covers only a limited number of time series on transactions.

## Balance sheet asset and liability categories

All balance sheet positions and transactions are shown on an aggregated basis, i.e. positions between IFs are not netted out.

The assets side represents the investment portfolio of IFs. Six categories are presented.

- *Deposits and loan claims* include all deposits the IFs have placed in other institutions, in particular in banks. These may be very liquid deposits representing the cash position of IFs, or deposits with longer maturities. The claims resulting from cash paid out in exchange for securities in reverse repo operations are also considered as a deposit and loan claim. This category includes any loans that the IFs may have granted or purchased from the secondary market.
- *Securities other than shares* include IFs' holdings of all negotiable debt securities, such as government and corporate bonds, treasury and local authority bills, commercial paper and certificates of deposit.

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<sup>6</sup> <http://www.ecb.europa.eu/pub/pdf/other/manualinvestmentfundstatistics200905en.pdf>

- *Shares and other equity* include IFs' holdings of all shares and other equity, with the exception of investment fund shares/units (included separately in the next asset category).
- *Investment fund shares/units* include IFs' holdings of shares/units issued by other IFs. This is the primary asset class of the so-called funds of funds, i.e. those IFs investing in shares/units issued by other IFs.
- *Non-financial assets* include IFs' holdings of all non-financial assets, such as real estate and commodities.
- *Remaining (or "other") assets* is a residual category and includes all assets which are not classified in one of the other categories listed above. In particular, interest accrued, but not yet paid, on the deposits and loan claims, as well as financial derivatives with a positive market value are included in this category.

On the liabilities side, three categories are presented.

- *Investment fund shares/units issued* include the shares or units the IFs have issued. This item indicates the net assets of the IFs and represents the value of the investors' holdings. This is by far the most important item on the liability side of the IF balance sheet.
- *Loans and deposits received* include any funds the IFs may have received in the form of deposits or loans. For instance, IFs may borrow money and invest it, in addition to the money received from the sales of shares/units, to create leveraged investments.
- *Remaining (or "other") liabilities* is a residual category and includes any liabilities which are not included in the two other liability categories. Interest accrued, but not yet paid, on the loans and deposits received, and financial derivatives with a negative market value are included in this category.

### **Further breakdowns of assets and liabilities**

A number of asset and liability items presented in the previous section are further broken down. The breakdowns presented in this section are typically included in the quarterly dataset only. For the holdings of securities by IFs further breakdowns are available also on a monthly basis.

The *geographical breakdown* indicates the residency of the counterpart of the IFs in a given asset or liability item. The breakdown at least consists of a split into domestic, other euro area Member States and non-euro area counterparts. For holdings of all types of securities, the breakdown is more detailed and allows for identification of counterparts resident in the euro area, in non-euro area EU countries, the United States and Japan.

On the assets side, all items except remaining assets include the geographical breakdown. For example, holdings of securities are broken down according to the geographical location of the issuer of the security. In the case of holdings of real

estate, recorded under non-financial assets, the breakdown shows the location of the real estate.

On the liabilities side, the breakdown of IF shares/units issued shows the residency of the holders of the shares/units, i.e. the residency of the investors in the IFs. The available breakdown allows a distinction to be made between domestic, other euro area Member States and non-euro area resident holders of the shares/units.

The *sectoral breakdown* indicates the economic sector of the counterpart. The available sectors consist of MFIs (which also include MMFs), general government, other financial institutions (which include, in addition to IFs, e.g. financial vehicle corporations), insurance corporations and pension funds, non-financial corporations and households. This breakdown is available if the counterpart of the financial assets on whom the IFs have a claim is resident in the euro area. This makes it possible, for example, to identify to what extent the IFs are investing in debt issued by euro area governments, non-financial corporations and financial institutions.

The *maturity breakdown* refers to the original maturity of securities other than shares held by the IFs. The three maturity bands are: up to one year, over one year and up to two years, and over two years. The breakdown is available for securities issued by euro area residents.

The *currency breakdown* indicates the currency in which the securities other than shares are denominated, and consists of a split into euro / other currencies. This breakdown is available for securities issued by euro area MFIs.

The table below summarises the data that are available on a monthly (M) and quarterly (Q) basis.

**Table: Summary of available data**

	Further breakdowns			
	Geographical	Sectoral	Maturity	Currency
<b>Assets</b>				
Deposits	Q	Q		
Securities other than shares	M	M	M	M
Shares and other equity	M	Q		
Investment fund shares/units	Q	Q		
Non-financial assets	Q			
Remaining assets				
<b>Liabilities</b>				
Investment fund shares/units	M			
Deposits				
Remaining liabilities				

### Breakdown of investment funds

In addition to statistics on the assets and liabilities of all IFs aggregated for the whole sector, various types of IFs can be distinguished. Two different breakdowns are available, by investment policy of the IF concerned and by type of fund:

- 1. By investment policy**
  - a. Equity funds
  - b. Bond funds
  - c. Mixed funds
  - d. Real estate funds
  - e. Hedge funds
  - f. Other funds
- 2. By type of fund**
  - a. Open-end funds
  - b. Closed-end funds

The classification by investment policy into equity, bond, mixed and real estate funds is, in principle, done on the basis of the types of asset in which the IF primarily invests. For example, if an IF primarily invests in shares and other equity then it should be classified in the equity funds category.

Funds are classified as mixed funds if they invest in both equity and bonds with no prevalent policy in favour of either of them.

Real estate funds typically have holdings of real estate as their main assets. They may also make these investments indirectly, through an intermediary holding the real estate; in this case, the primary assets of the real estate fund are shares/units issued by or loans granted to the intermediary.

In practice, the classification criteria differ across countries to some extent. In some countries, the investment policy is backed by specific regulatory provisions that allow an ex ante identification of IFs by the nature of their investment. In these cases, the classification of IFs is based on these national provisions. In countries where such provisions do not exist, the classification is undertaken on the basis of the prospectuses or other relevant documents which describe the investment policy of the IFs.

For the purpose of hedge funds, a definition for statistical purposes has been developed (included in the ECB Guideline) as follows: *“any collective investment undertaking, regardless of its legal structure under national laws, which applies relatively unconstrained investment strategies to achieve positive absolute returns, and whose managers, in addition to management fees, are remunerated in relation to the fund’s performance. For that purpose, hedge funds have few restrictions on the type of financial instrument in which they may invest and may therefore flexibly employ a wide variety of financial techniques, involving leverage, short-selling or any other techniques. This definition also covers funds that invest, in full or in part, in other hedge funds provided that they otherwise meet the definition. These criteria to identify hedge funds must be assessed against the public prospectus as well as fund rules, statutes or by-laws, subscription documents or investment contracts, marketing documents or any other statement with similar effect of the fund.”*

Funds of funds, i.e. IFs investing in shares/units issued by other IFs, are classified in the category of funds in which they primarily invest. The residual category “Other funds” consists of IFs which cannot be classified as equity, bond, mixed, real estate or

as hedge funds. For instance, IFs investing in commodities are classified “Other funds”.

The classification by type of fund consists of two categories, open-end and closed-end funds. Most IFs are open-end funds.

*Open-end funds* refer to IFs which sell new shares/units and redeem existing shares/units at the request of investors. The sale of new shares/units provides the IF with additional funds, while the IF pays the investor out of its assets in the event of a redemption.

*Closed-end funds*, on the other hand, refer to funds that have issued a fixed number of shares/units. After the inception of the IF, investors wanting to participate in the IF will have to buy existing shares/units on a secondary market. Conversely, leaving the IF requires the investor to sell the shares/units to another investor.

### **Dissemination of investment fund statistics**

The monthly release of the ECB IF statistics consists of a press release and the update of the statistics on the ECB website<sup>7</sup>, including the Statistical Data Warehouse. The updated statistics are also published in the ECB’s Monthly Bulletin, Tables 2.9 and 2.10.

In addition to the euro area aggregates, national data on investment fund shares/units issued broken down by investment policy and by type of fund are available on the ECB website.

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<sup>7</sup> <http://www.ecb.europa.eu/stats/money/funds/html/index.en.html>