

# Statistical release

STOCKHOLM 2017-01-16

## Bumpy 2016 became a record year for fund savings

**In 2016 a net total of SEK 53 billion was invested in investment funds. Together with an increase in value of nearly 270 billion, this means that the total net assets at the end of 2016 rose to a new all-time high level of 3 568 billion.**

**The largest part of the net inflow in 2016 was invested in equity funds with net deposits of nearly SEK 38 billion. Also balanced funds and bond funds had net inflows, whereas money market funds and hedge funds recorded net withdrawals during the year.**

**This is some of what is stated in the Swedish Investment Fund Association's annual report of fund savings in Sweden.**

*"2016 constitutes yet another strong year for investment funds. The total fund assets increased by over SEK 320 billion and exceeded, at year-end, for the first time ever SEK 3 500 billion. The AuM-increase was to about one sixth constituted by new savings and by five sixths increase in value", says Fredrik Pettersson, chief analyst at the Swedish Investment Fund Association.*

### 2016 in brief:

- **2016 represented another strong year for investment funds.** Yet the total net savings, deposits minus withdrawals, was slightly lower than the historical average and totaled just over SEK 53 billion in 2016. The largest net deposits were made in equity funds and balanced funds.
- **During 2016, total fund assets under management in Sweden increased with SEK 322 billion** to SEK 3 568 billion, which represents the highest AuM-figure ever recorded.
- **Most equity markets showed increases in value.** On average, equity funds (calculated in SEK) increased by nearly 13 percent in value. Sweden funds recorded an average increase in value of 9 percent and global funds rose in value by an average of 11 percent. The strongest performance in 2016 was

shown in Russia funds and Latin American funds, with Brazil leading the way. Also pure commodity funds performed very strongly in 2016.

- **Equity funds recorded a total net inflow of SEK 38 billion in 2016.** The largest deposits were made in global funds and Sweden funds, SEK 22.4 respectively 10.2 billion net. Also emerging market funds and US funds recorded net inflows. On the other hand, net withdrawals were made from European funds and the category Sweden & Global, which consists mainly of the old national savings funds (“Allemansfonderna”).
- **The interest for index funds remained very strong.** Out of the total net inflow into equity funds in 2016, over 70 percent (SEK 26.5 billion) was invested in index funds. At the end of 2016 index funds accounted for almost 15 percent of the total assets in equity funds.
- **Balanced funds had continued net deposits throughout 2016,** and recorded a total net inflow of SEK 27.9 billion.
- **Also bond funds recorded net deposits.** The total net inflow in 2016 amounted to SEK 12.7 billion, of which SEK 2.6 billion went to corporate bond funds.
- **Money market funds on the other hand had a net outflow** over the full year of SEK 22.6 billion.

## Yearly Report: Fund Saving 2016

December inflows boosted the full-year net sales

**In December, net sales of investment funds amounted to SEK 44.2 billion, of which around SEK 36 billion represented the annual allocation to the premium pension. Equity funds recorded a net inflow of SEK 28.2 billion and balanced funds had net inflows of SEK 10 billion. Also Bond funds recorded net deposits of SEK 7.9 billion during the month. Money market funds and hedge funds, on the other hand, had a net outflow of SEK 1.3 and 0.8 billion.**

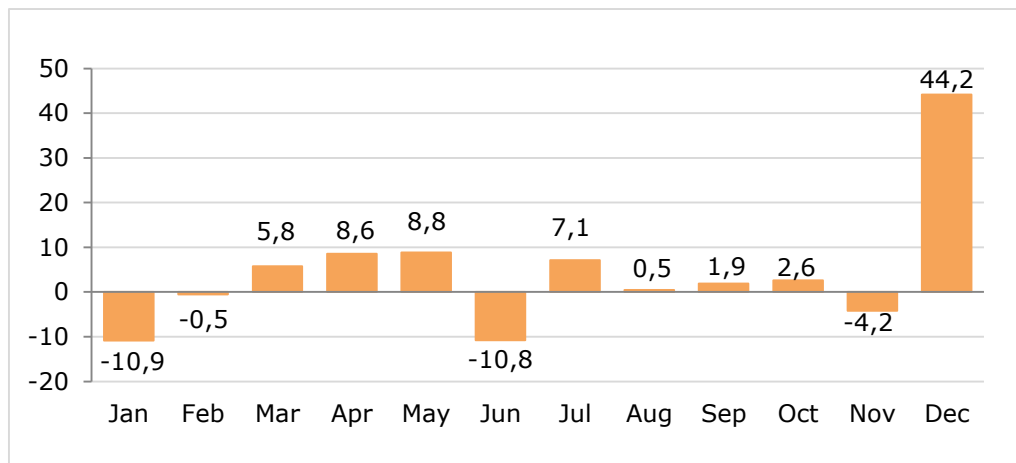
Excluding the premium pension provision made during the month, net sales in December amounted to a total of SEK 8.3 billion, of which the main part (SEK 7.8 billion) was invested in equity funds. Balanced funds had net inflows of SEK 2.1 billion and bond funds recorded net deposits of SEK 1.4 billion. Money market funds and hedge funds, on the contrary, saw net withdrawals of SEK 2.3 respectively 0.8 billion (with the premium pension excluded).

Net sales of funds, SEK Billion			
	Dec 2016	Dec 2016 excl. PPM	Total 2016
<b>Equity funds</b>	28,2	7,8	37,8
<b>Balanced funds</b>	10,0	2,1	27,9
<b>Bond funds</b>	7,9	1,4	12,7
<b>Money market funds</b>	-1,3	-2,3	-22,6
<b>Hedge funds</b>	-0,8	-0,8	-6,3
<b>Other funds</b>	0,2	0,2	3,7
<b>Total</b>	<b>44,2</b>	<b>8,3</b>	<b>53,2</b>

## Full year 2016

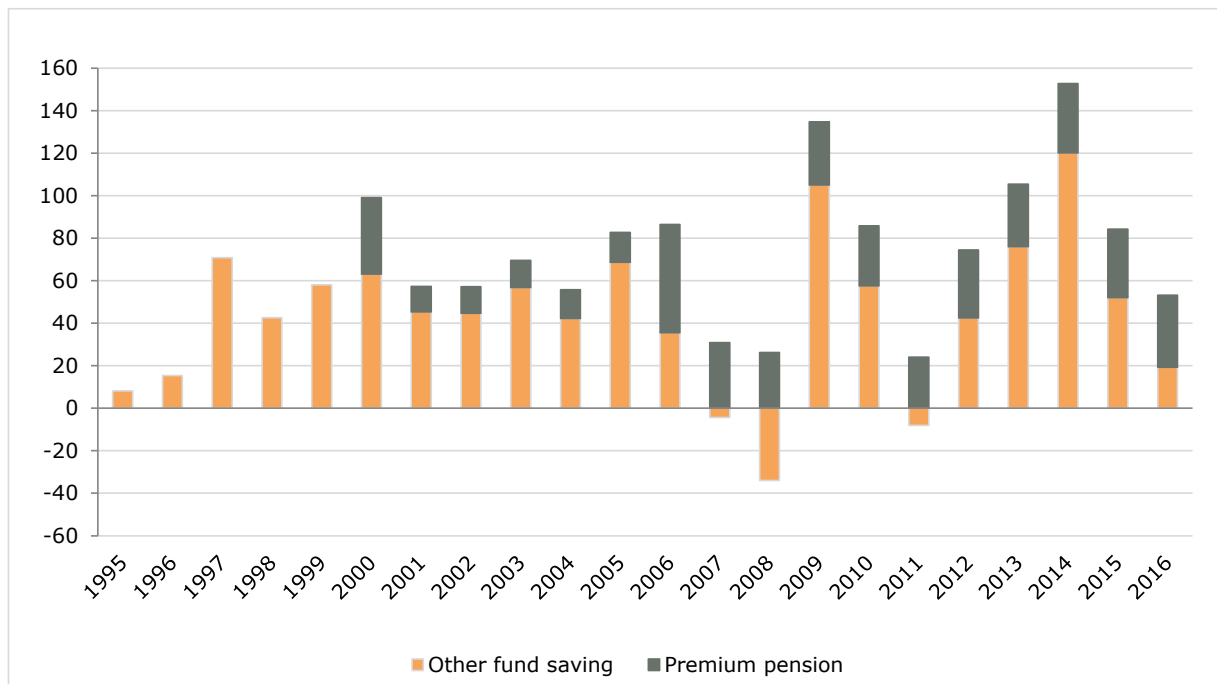
The net deposits made in December contributed to a total net sales of investment funds in 2016 of SEK 53.2 billion. Equity funds recorded net inflows of SEK 37.8 billion and balanced funds had net deposits of SEK 27.9 billion. Also bond funds had net inflows of SEK 12.7 billion, whereas money market funds and hedge funds recorded net withdrawals of SEK 22.6 and 6.3 billion during the full year 2016.

Net sales of investment funds in 2016, SEK billion



During the period 1994-2016, a yearly average of around SEK 62 billion have been net deposited in investment funds. In 2016, the total net sales was slightly lower than the average level, with just over SEK 53 billion deposited. Investors have instead chosen savings account to a large extent during the year. This can be seen in the light of the fact that 2016 was characterized by extremely low interest rates, making it very challenging for fixed income funds, as well as an increasing uncertainty in equity markets after a long period of sharply rising share prices.

Net sales of investment funds 1994-2016, SEK billion



## Continued financial uncertainty but rising equity prices in 2016

**Despite the fact that also 2016 were influenced by both financial and political concerns, the development of most of the world's equity markets was strong.**

The value of the Stockholm Stock Exchange, including dividends, increased in 2016 by nearly 10 percent and for investments in small and medium-sized companies the performance was even higher. Equity funds recorded a total net inflow of SEK 37.8 billion during the year.

The largest deposits were made in global funds and Sweden funds, SEK 22.4 respectively 10.2 billion net. Also emerging market funds and US funds recorded net inflows. On the other hand, net withdrawals were made from European funds and the category Sweden & Global, which consists mainly of the old national savings funds (“Allemansfonderna”).

Net sales and Net assets in equity funds 2016, SEK million				
	Net Sales		Net Assets 2016-12-31	Return 2016 (SEK), %
	December	Jan - Dec		
Sweden	5 357	10 214	569 699	9
Nordic	570	-314	70 713	9
Russia	1 510	4 895	24 439	67
Eastern Europe	334	333	13 561	34
Europe	839	-6 591	87 268	4
Global	14 439	22 418	718 644	11
Sweden & Global	488	-6 015	202 207	10
North America	2 890	7 050	105 899	17
India	-35	-2 209	6 606	9
China	-44	-411	8 727	6
Japan	752	-1 128	11 605	10
Asia	-6	884	37 341	11
Other markets	39	8 537	71 081	17
Sector	1 063	87	101 149	14
<b>Total equity funds</b>	<b>28 196</b>	<b>37 750</b>	<b>2 028 939</b>	<b>13</b>
of which index funds	6 951	26 535	296 573	

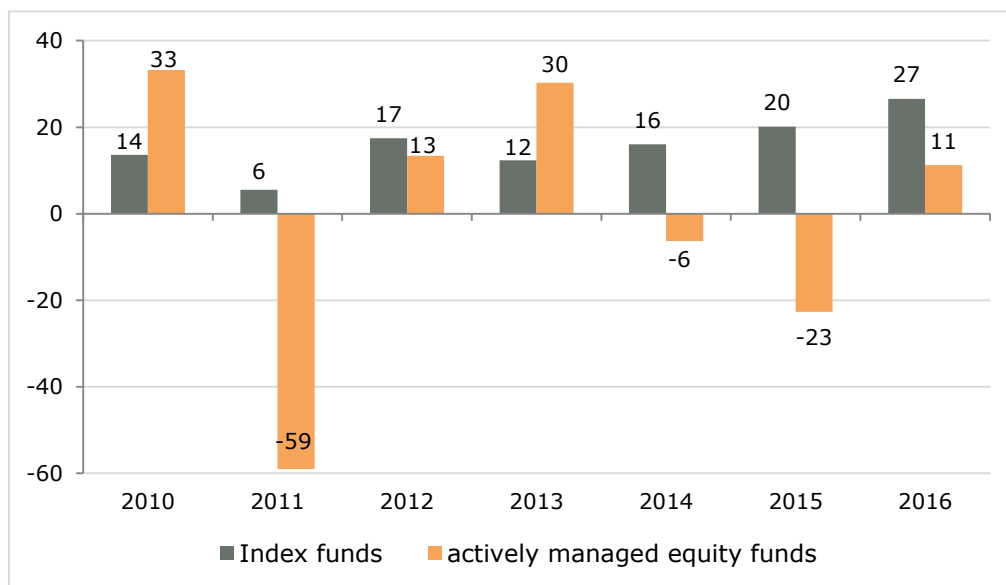
Source: SIFA and Morningstar fund index

## The interest for index funds continues to increase

**The interest for index funds has now been massive for several years. In 2016 net deposits in index funds amounted to 26.5 billion, equivalent to over 70 percent of the total net inflow into equity funds during the year.**

Since 2010, SEK 112 billion has been invested in index funds, while actively managed equity funds have had a net inflow close to zero during the same period. As a result, the index funds' share of the total assets in equity funds has increased from 6 percent 2010 to nearly 15 percent at the end of 2016.

*Net sales of actively managed equity funds and index funds 2010-2016, SEK billion*



## Net inflows into bond funds

Bond funds showed in 2016 again net deposits, after a weaker 2015. The total net inflow amounted to SEK 12.7 billion, of which SEK 2.6 billion comprised net deposits in corporate bond funds.

Net sales and Net assets in bond funds 2016, SEK million			
	Net Sales		Net Assets 2016-12-31
	December	Jan - Dec	
Corporate bond funds	-363	2 585	112 231
Other bond funds	8 264	10 143	248 372
<b>Total bond funds</b>	<b>7 901</b>	<b>12 728</b>	<b>360 603</b>

## Investment fund returns in 2016

In 2016, the development (calculated in SEK) of most equity markets were positive and the value of equity funds increased on average with 12.5 percent. Balanced funds increased in value with 6.2 percent on average and bond funds had an average appreciation of 2.7 percent. Money market funds, on the other hand, had an average return also in 2016 that was marginally negative.

Average return for different fund types (calculated in SEK), %				
	Equity funds	Balanced funds	Bond funds (SEK)	Money market funds (SEK)
2010	8	1	2,9	0,6
2011	-13	-5	7,5	2,1
2012	11	6	4,8	2,2
2013	17	9	0,9	1,4
2014	19	14	6,1	0,8
2015	5	3	-0,5	-0,2
2016	13	6	2,7	-0,2

Source: Morningstar fund index

## Equity funds: Emerging markets comeback

**Upturns were shown on most equity markets during 2016. Particularly significant was that many emerging markets, with a few weak years behind, showed substantial strength in 2016. Best performance had Russia funds, with an average appreciation of 67 percent.**

Also Brazil funds, and other commodity-heavy Latin American funds had a fantastic development in 2016. US funds and global funds also performed strongly seen from a Swedish perspective, partly thanks to the weakening of the krona against the dollar during the year. On the contrary, Biotechnology funds and funds with investments in certain European markets (such as the UK, Italy and Spain) showed the weakest returns in 2016. It is noteworthy that several of the equity fund categories that were among the losers in 2015, including the Brazil and Latin America funds, now were listed among the winners in 2016. The reverse applies to funds with investments in the UK, that after a very strong 2015 now, a year later, are among the fund categories with the weakest development.

Average return for different equity funds (calculated in SEK), %										
	Sweden	Nordic	Europe	Global	USA	Emerging markets	Asia	Latin-america	Eastern Europe	Russia
2010	25	18	0	4	7	12	12	11	13	24
2011	-16	-22	-13	-9	-1	-22	-19	-20	-29	-29
2012	15	17	16	9	6	14	15	6	17	7
2013	27	26	26	22	33	1	3	-15	-1	1
2014	16	15	12	23	32	14	28	4	-13	-36
2015	13	17	12	7	7	-3	2	-23	-1	11
2016	9	9	4	11	17	17	11	33	34	67

Source: Morningstar fund index

## Total fund assets in Sweden increased to a new record level

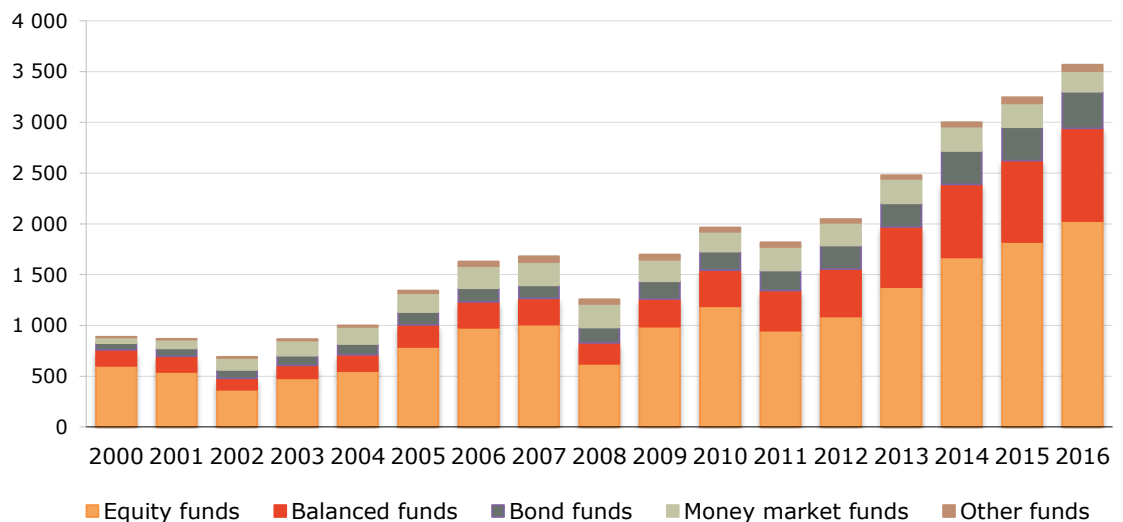
The total fund assets in Sweden increased in 2016 with SEK 322 billion and amounted at the end of the year to SEK 3 568 billion. This represents the highest AuM-figure ever recorded.

The asset growth in 2016 was predominantly comprised of value appreciation and by one sixth of net inflows during the year.

Of the total fund assets, SEK 2 029 billion (equivalent to 57 percent) are invested in equity funds.

Fund assets, SEK Billion	
	December 2016-12-31
<b>Equity funds</b>	2 029
<b>Balanced funds</b>	911
<b>Bond funds</b>	361
<b>Money market funds</b>	204
<b>Hedge funds</b>	44
<b>Other funds</b>	19
<b>Total</b>	<b>3 568</b>

*The development of total fund assets in Sweden 2000-2016, SEK billion*





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