

## Looking through households' investment in investment fund shares in the quarterly financial accounts

### 1. Introduction

The ECB has released new, more detailed data on household holdings via investment funds.<sup>1</sup> Investment in investment funds amounts to about one-tenth of total household financial assets and is the fourth-largest asset class after deposits, unlisted shares (for example ownership in private businesses) and insurance, and pension savings (life insurance and private pension savings). It can act as a longer-term, but still easily accessible, way to save compared with real estate or unlisted shares.

These new data are released as a part of the quarterly sector accounts (QSA), which include financial savings by investment type per institutional sectors, in particular by households. These experimental data can be used for analysing households' financial balance sheet and exposure to different asset classes held via investment funds. The methodology and results have been prepared in close collaboration with euro area national central banks.

### 2. Methodology

The calculation combines data from several datasets available at the ECB: securities holding statistics by sector (SHSS), investment fund statistics (IVF), and financial accounts (FA) data (see Chart 1).

SHSS data on household investment in investment fund shares are combined with SHSS and IVF data on investment fund assets to derive linkages between household and investment fund countries. The data are represented in separate two matrices for securities (debt securities and listed shares) and non-securities (deposits, loans, derivatives, and non-financial assets). This derivation considers the investment fund type (bond funds, equity funds, mixed funds, real estate funds and hedge funds) and includes an iterative algorithm to look through funds of funds.

As a result, it is possible to identify, for each individual euro area country, the shares of the household fund portfolio held in securities and non-securities, broken down by the fund's euro area issuer country.

Financial accounts data are used as a benchmark: for each euro area country, household holdings of investment fund shares (financial instrument F.522) are split, using the two matrices mentioned above as a distribution key, by issuer country of the investment fund, with a separate split for securities and non-securities. Quarterly financial accounts data on the assets of non-MMF investment funds (institutional sector S.124) are then used to derive the full instrument breakdown and the counterpart sector breakdown available for most financial instruments. The counterpart area split (domestic and for the rest of the world) is derived using financial accounts, SHSS, and some additional assumptions where no data are available.

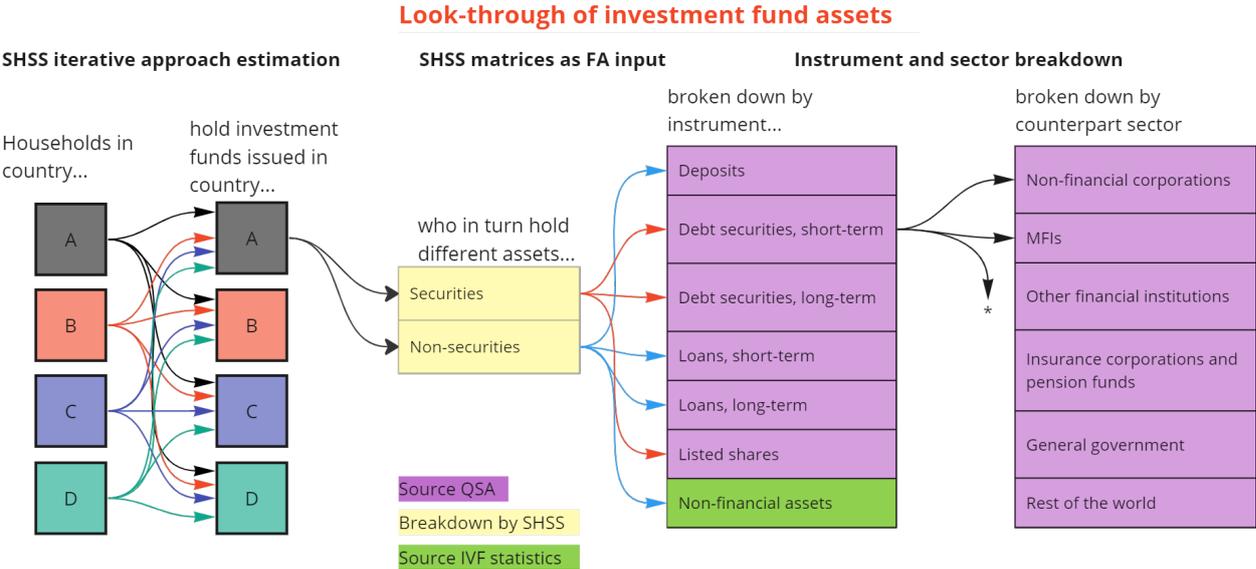
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<sup>1</sup> Look-through investment by euro area households in non-money market fund (MMF) investment fund shares. Households include non-profit institutions serving households.

Euro area aggregates are compiled using the sum of national aggregates benchmarked to euro area households' holdings of non-MMF investment fund shares. The necessary euro area/non-euro area split is derived using financial accounts and SHSS data, where available. Thus, the euro area aggregates are not necessarily equal to the sum of national data, as is also the case for existing euro area financial accounts aggregates.

For investment fund shares issued by non-euro area, non-MMF investment funds (around 0.1% of total euro area household holdings of investment fund shares), the average of the non-MMF investment fund sector (S.124) holdings of Ireland and Luxembourg was used<sup>2</sup>.

**Chart 1: Graphical view of look-through estimations**



\* Similarly for other combinations of instruments and counterpart sectors.

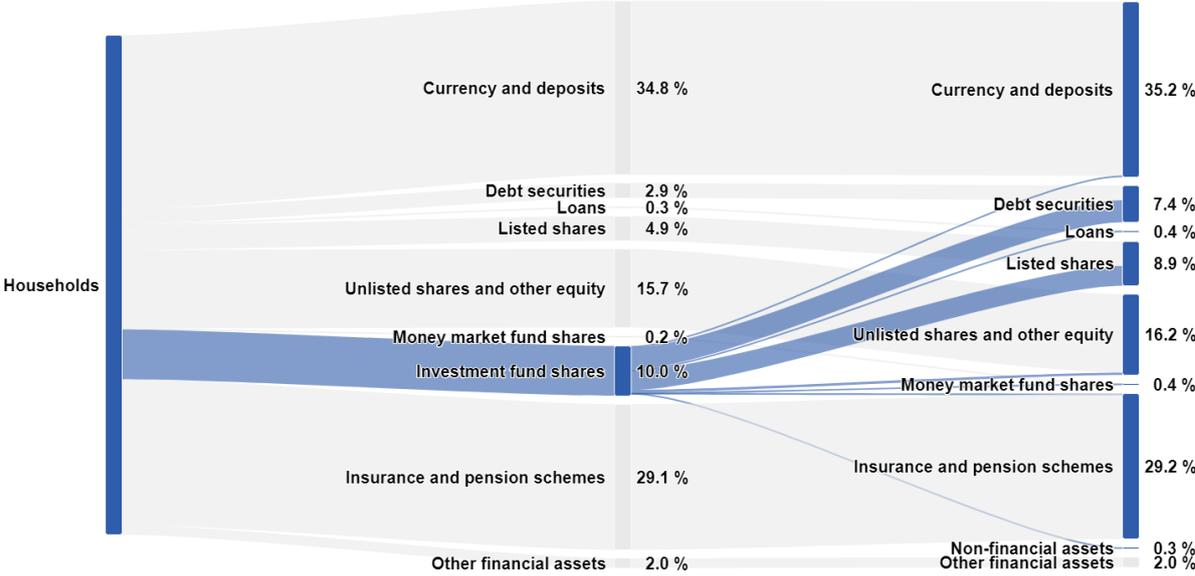
**3. Results**

Chart 2 presents household assets for the euro area as at the end of the fourth quarter of 2023 and the resulting distribution of investment fund shares held by households into the underlying fund investments broken down by financial instrument and non-financial assets. The look-through leads to higher estimates, especially for households' exposures to debt securities (F.3) and listed shares (F.511).

<sup>2</sup> For the method used, see the [Working Paper by Daniel Carvalho and Martin Schmitz](#).

### Chart 2: Household portfolios and look-through results for the euro area

(EUR billions, Q4 2023 end-of-period stocks)



Source: ECB.

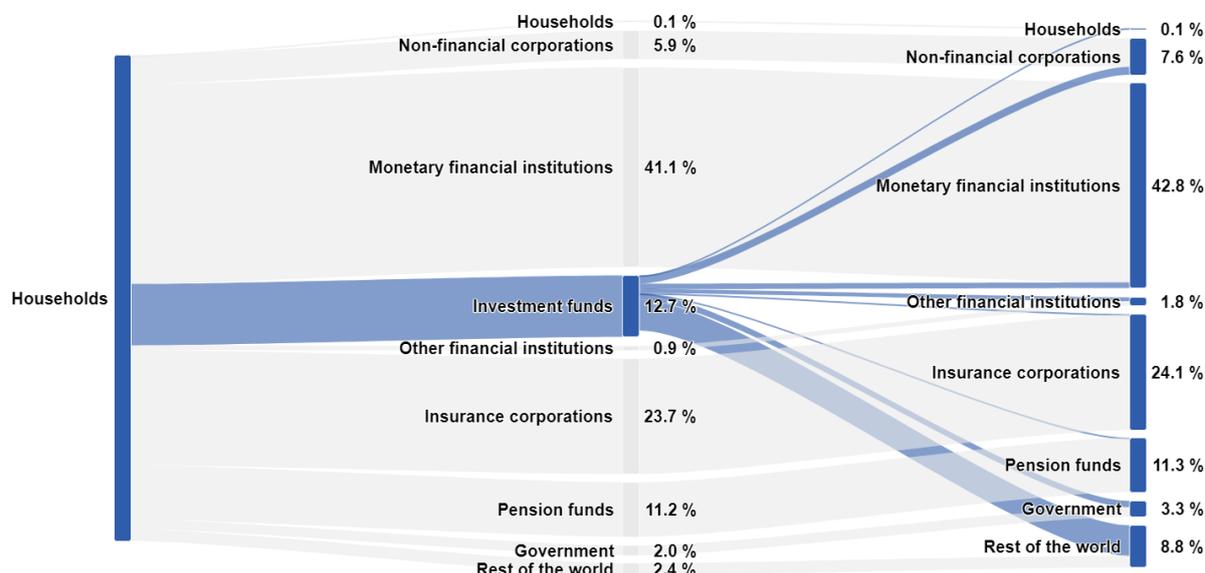
Notes: Discrepancies between totals and their components may arise from rounding. Other financial assets include other accounts receivable, trade credits and financial derivatives recorded on a net basis. Only indirectly held non-financial assets are shown.

Chart 3 shows the selected financial assets<sup>3</sup> directly held by households vis-à-vis counterpart sectors in the fourth quarter of 2023, and the resulting breakdown by issuing sectors after the look-through. Households prefer indirect exposures, especially for the rest of the world (i.e. where the issuers/debtors are non-residents of the euro area), with the share in total assets increasing from 2.4% before the look-through to 8.8% afterwards.

<sup>3</sup> Financial instruments for which the counterpart sector breakdown is available: deposits, loans, debt securities, listed shares and investment fund shares/units. In addition, in this chart the counterpart sector breakdown for insurance, pension and standardised guarantee schemes (F.6) is estimated.

**Chart 3: Household financial assets by counterpart sector and look-through results for the euro area**

(EUR billions, Q4 2023 end-of-period stocks)



Source: ECB.

Notes: Discrepancies between totals and their components may arise from rounding. This chart refers to financial instruments for which the counterpart sector breakdown is available: deposits, loans, debt securities, listed shares and investment fund shares/units. In addition, the counterpart sector breakdown for insurance, pension and standardised guarantee schemes (F.6) is an estimate. (See the methodological note on the ECB's website: [Extension of the who-to-whom presentation to insurance and pension assets](#)).

#### 4. How to access the data

The look-through data can be accessed via the ECB's external Data Portal.

The dataset covers data from the the fourth quarter of 2013 to the latest available quarter disseminated in the quarterly sector accounts (published around 115 days after the end of the quarter).

The data refer to stocks (outstanding amounts) and include the detailed from-who-to-whom breakdown by counterpart sector.

Available time series refer to indirectly held assets, i.e. the assets indirectly held via non-monetary investment fund shares, (custom breakdown dimension: **VIFI**, e.g. for listed shares held by euro area households [QSA.Q.N.I9.W0.S1M.S1.N.A.LE.F511. Z. Z.XDC. T.S.V.N.VIFI](#)). A full table of the available series for the euro area can be found [here](#).

The sum of direct and indirect assets, i.e. the total household holdings with non-money market investment fund shares distributed into other assets, (custom breakdown dimension: **VIFA**, e.g. for listed shares,

[QSA.Q.N.I9.W0.S1M.S1.N.A.LE.F511. Z. Z.XDC. T.S.V.N.VIFA](#)). A full table of the available series for the euro area can be found [here](#).

The counterpart sector breakdown for the Eurosystem/other monetary financial institutions breakdown is only available as from the first quarter of 2015.

In case of questions please contact the [ECB's statistics hotline](#).