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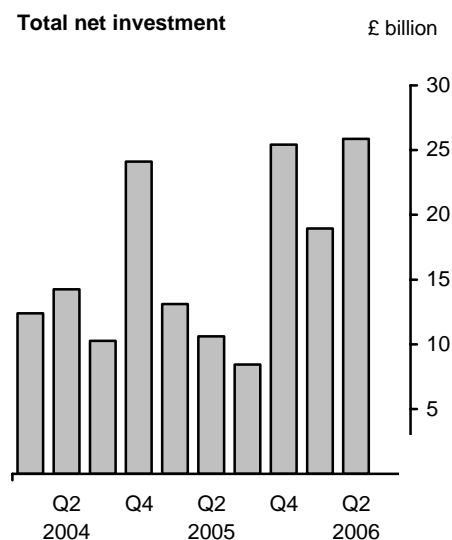
Coverage
United Kingdom
Theme
Commerce, Energy and Industry

Investment by insurance companies, pension funds and trusts

2nd quarter 2006

Total net investment by these institutions was £25.9 billion in the second quarter of 2006, £6.9 billion higher than the figure for the first quarter. An increase of £8.9 billion in net investment in short-term assets was the main factor in the rise with net investment in the other assets category also rising by £0.8 billion.

These increases were partly offset by falls in net investment of £0.3 billion and £1.4 billion in British government sterling securities and overseas securities, while net disinvestment in UK company securities of £2.0 billion in the second quarter compared with net disinvestment of £1.0 billion in the first quarter.



Total net investment by asset type¹

		Short-term assets	British government sterling securities	UK company securities	Overseas securities	Other assets	Total
<i>Not seasonally adjusted: £ billion</i>							
2004		12.4	16.6	-0.3	20.1	12.2	61.0
2005r		13.5	9.2	-6.1	21.5	19.5	57.6
2004	Q3	2.7	-1.1	0.3	3.0	5.4	10.3
2004	Q4	8.1	1.0	6.0	4.7	4.3	24.1
2005	Q1r	3.1	4.4	0.2	1.7	3.7	13.1
2005	Q2r	8.6	-5.2	-4.6	6.4	5.6	10.6
2005	Q3r	-0.5	2.9	-2.4	2.4	6.0	8.4
2005	Q4r	2.3	7.1	0.7	11.1	4.2	25.4
2006	Q1r	2.2	5.9	-1.0	8.2	3.7	18.9
2006	Q2p	11.2	5.5	-2.0	6.8	4.4	25.9

¹ Figures include Pension Fund survey data which are of lower quality than equivalent data from other institutional groups because of difficulties in constructing a suitable sampling frame of pension funds. *r* = revised *p* = provisional

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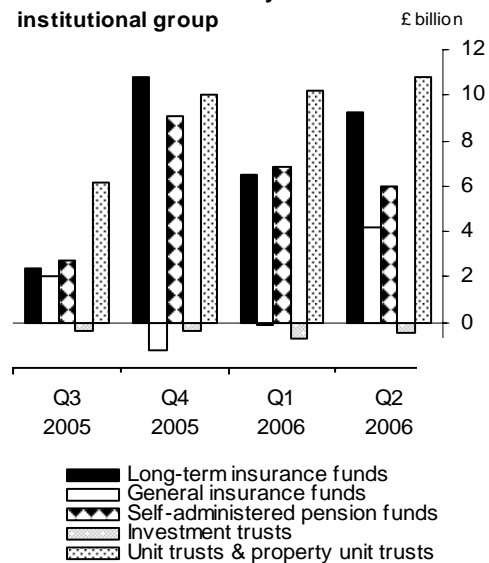
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Total net investment by institutional group (Table B)

In the second quarter of 2006 long-term insurance funds reported net investment of £9.2 billion, £2.7 billion higher than the figure for quarter one. General insurance funds showed a net investment of £4.2 billion compared with net disinvestment of £0.1 billion in the previous quarter, while net investment by self-administered pension funds fell by £0.9 billion to £6.0 billion. Investment trusts reported net disinvestment of £0.5 billion in the second quarter of 2006 compared with a net disinvestment of £0.7 billion in the first quarter, while net investment by unit trusts and property unit trusts increased by £0.6 billion from £10.2 billion in the first quarter to show a net investment of £10.8 billion in the second.

Total net investment by institutional group



Total net investment by institutional group

	Insurance funds		Trusts			Consolidation adjustment ²	Total ¹
	Long-term	General	Self-admin. pension funds ¹	Investment	Unit & property unit		
<i>Not seasonally adjusted: £ billion</i>							
2004	31.8	13.0	13.9	-2.3	17.7	-13.1	61.0
2005r	24.0	4.3	19.1	-2.4	28.7	-16.1	57.6
2004 Q3	7.2	2.7	2.2	-1.1	4.2	-4.9	10.3
2004 Q4	10.5	6.8	7.1	-0.6	5.5	-5.2	24.1
2005 Q1r	6.6	0.2	6.9	-0.7	2.4	-2.4	13.1
2005 Q2r	4.2	3.2	0.5	-1.0	10.1	-6.4	10.6
2005 Q3r	2.4	2.0	2.7	-0.4	6.2	-4.5	8.4
2005 Q4r	10.8	-1.2	9.0	-0.4	10.0	-2.8	25.4
2006 Q1r	6.5	-0.1	6.9	-0.7	10.2	-3.8	18.9
2006 Q2p	9.2	4.2	6.0	-0.5	10.8	-3.9	25.9

¹ Data from the Pension Funds surveys are of lower quality than equivalent data from other institutional groups because of the difficulties in constructing a suitable sampling frame of pension funds for the surveys.

² An adjustment to remove inter-sectoral flows between the different types of institution covered by this First Release. The adjustment includes (i) investment in authorised unit trust units and investment trust shares by insurance companies, pension funds and trusts and (ii) investment by pension funds in insurance managed funds.

r = revised
p = provisional

Total net investment of institutional groups by asset type (Table C)

Total net investment by institutions in quarter two 2006 was £25.9 billion, a rise of £6.9 billion on quarter one. This reflected increases in net investment by all but one sector. Long-term insurance funds', general insurance funds' and unit trusts' and property unit trusts' net investment rose by £2.7 billion, £4.3 billion and £0.6 billion respectively. Investment trusts' net investment rose by £0.3 billion, which represents a decrease in net disinvestment. These increases were offset slightly by a fall of £0.9 billion in net investment by self-administered pension funds.

There was total net investment in short-term assets of £11.2 billion in quarter two compared with £2.2 billion in the first quarter. This reflected increases in all sectors, the most notable of which were the rises of £3.9 billion, £2.6 billion and £1.5 billion by long-term insurance funds, general insurance funds and self-administered pension funds respectively.

There was net investment in British government sterling securities of £5.5 billion in quarter two compared with net investment of £5.9 billion in quarter one. This reflected falls in net investment of £1.1 billion and £1.2 billion by self-administered pension funds and unit trusts and property unit trusts offset principally by a rise in net investment of £1.3 billion by general insurance funds.

UK company securities showed a net disinvestment of £2.0 billion in the second quarter compared with a net disinvestment of £1.0 billion in the first. This reflected falls in net investment by long-term insurance funds and general insurance funds of £1.5 billion and £0.1 billion, offset principally by a decrease in net disinvestment of £0.5 billion by self-administered pension funds and an increase in net investment of £0.4 billion by unit trusts and property unit trusts.

There was net investment of £6.8 billion in overseas securities, a decrease of £1.4 billion on quarter one. This reflected a fall in net investment of £2.4 billion by long-term insurance funds partly offset by increases in net investment of £0.4 billion and £0.5 billion by general insurance funds and self-administered pension funds respectively.

The residual category, other assets, showed net investment of £4.4 billion in the quarter, a rise of £0.8 billion. An increase of £2.1 billion in net investment by long-term insurance funds was the most notable rise.

REVISIONS

Figures for all four quarters of 2005 and the first quarter of 2006 have been revised, partly as a result of late questionnaires being received and partly as a result of disaggregate data revisions. Net investment in the first quarter of 2005 has been revised from £13.5 billion to £13.1 billion, in the second quarter from £9.7 billion to £10.6 billion, in the third quarter from £8.2 billion to £8.4 billion and in the fourth quarter from £27.0 billion to £25.4 billion. Quarter one 2006 has been revised from £20.6 billion to £18.9 billion.

BACKGROUND NOTES

1. The First Release brings together information on the investments made by institutions whose primary business is the investment of funds in the financial markets. It draws on data compiled from a series of quarterly and annual sample surveys.
2. The consolidation adjustment is an adjustment to remove inter-sectoral flows between the different types of institution covered by this First Release. It has been calculated by identifying and calculating totals for net investment in mutual funds such as authorised unit trust units, investment trust shares and insurance managed funds by insurance companies, pension funds and trusts. In terms of asset types, the take-up of authorised unit trust units by institutions and the investment in insurance managed funds by pension funds have been removed from the "other assets" category where they were previously included; the take-up of investment trust shares by institutions has been removed from the "UK ordinary shares" category. These adjustments have been included for all periods.
3. Equitas, the reinsurance company established to reinsure the 1992 and prior liabilities of Lloyds names began trading in the third quarter of 1996 and is included in the estimates for general insurance funds from that period.
4. The definition of investment trusts used in this publication excludes the 3i Group plc. Although 3i is listed as an investment trust following its flotation, it is still classified as part of the banking sector for the purposes of the UK National Accounts.
5. Revisions to data provide one indication of the reliability of key indicators. The table below shows summary information on the size and direction of the revisions which have been made to the data covering a five year period. A statistical test has been applied to the average revision to find out if it is statistically significantly different from zero. An asterisk (*) shows that the test is significant. The table covers estimates of combined total net investment first published from December 1998 (for 1998 Q3) to September 2003 (2003 Q2).

	Value in latest period	Revisions between first publication and estimates three years later	
		Average over the last 5 years (mean revision)	Average over the last 5 years without regard to sign (average absolute revision)
<i>£ billion</i>			
Total net investment	25.9	-3.6*	4.0*

A spreadsheet giving a revisions triangle (real time database) of estimates from 1996 to date and the calculations behind the averages in the table is available on the National Statistics website at:

www.statistics.gov.uk/statbase/product.asp?vlnk=2351

The larger revisions occur when the results of the annual surveys to insurance companies and pension funds are introduced. New ways of investigating the consistency of quarterly data were set up during 2005 to try to identify and correct errors in quarterly survey contributor data which subsequently lead to those revisions.

More information about the revisions material in this Release can be found on the National Statistics website:

www.statistics.gov.uk/cci/article.asp?ID=793

Figures for the recent quarters are provisional and subject to revision in the light of late responses to the survey.

6. Figures marked † indicate that the data have been revised since the last edition; the period marked is the earliest in the table to have been revised.
7. More detailed information on net investment by insurance companies, pension funds, investment, unit and property unit trusts appears in *Business Monitor MQ5*. This will be available from the National Statistics website www.statistics.gov.uk/products/p502.asp on the 11 October 2006. Investment statistics are also published in Chapter 5 of the Financial Statistics publication.
8. Complete runs of series in this Release are available to download free of charge at www.statistics.gov.uk/timeseries. Alternatively, for low-cost tailored data call Online Services on 020 7533 5676 or email tailored@statistics.gov.uk.
9. Details of the policy governing the release of new data are available from the press office. Also available is a list of the names of those given pre-publication access to the contents of this release.
10. **National Statistics** are produced to high professional standards set out in the National Statistics Code of Practice. They undergo regular quality assurance reviews to ensure that they meet customer needs. They are produced free from any political interference. © Crown copyright 2006.

A TOTAL NET INVESTMENT BY ASSET TYPE - COMBINED¹ SUMMARY BALANCE SHEET AND NET INVESTMENT

£ million

Identified assets											
UK company securities											
Overseas securities											
Company securities											
Total identified assets	Short-term assets ²	British government sterling securities	Ordinary shares	Other ³	Ordinary shares	Other ⁴	Government securities	UK loans and mortgages	Other assets ⁵	UK land, property and ground rents	
Holdings at end of year: market values											
	RLJP	RLJQ	RLJR	RLJT	RLJU	RLJX	RLJY	RLJZ	RLKA	RLKC	RLKD
2003	1 811 081	115 726	260 795	558 469	222 338	300 247	61 096	45 010	12 467	140 658	94 275
2004	1 943 091	130 703	274 494	566 016	228 726	331 695	80 026	44 278	13 746	175 512	97 895
Net investment: cash values											
	RLKE	RLKF	RLKG	RLKH	RLKI	RLKJ	RLKK	RLKL	RLKM	RLKO	RLKP
2003	56 190	629	19 897	-5 171	25 778	3 694	6 969	-3 437	1 980	7 381	-1 530
2004	60 999	12 410	16 599	-20 834 [†]	20 505	14 377	9 741	-4 045	1 279	10 398	569
2005	57 550 [†]	13 507 [†]	9 184 [†]	-20 144 [†]	14 080 [†]	13 228 [†]	7 916 [†]	327 [†]	283 [†]	18 286 [†]	883 [†]
2004 Q3	10 262	2 682	-1 106	-2 300	2 569	1 942	2 710	-1 671	188	4 995	253
Q4	24 114	8 126	956	-3 545	9 557	4 320	1 639	-1 214	304	3 697	274
2005 Q1	13 096 [†]	3 115 [†]	4 418 [†]	-3 449	3 674 [†]	-652	1 737	595 [†]	-74 [†]	5 122	-1 390
Q2	10 602	8 556	-5 248	-5 484 [†]	851	4 711 [†]	1 421 [†]	220	25	4 291	1 259
Q3	8 424	-452	2 886	-5 492	3 103	3 325	-317	-636	553	4 702 [†]	752
Q4	25 428	2 288	7 128	-5 719	6 452	5 844	5 075	148	-221	4 171	262 [†]
2006 Q1	18 948	2 228	5 875	-6 746	5 748	3 519	5 348	-693	40	3 401	228
Q2	25 860	11 160	5 536	-7 524	5 484	-1 563	6 471	1 852	-39	3 082	1 401
Identified liabilities											
Residual											
Total identified liabilities	Total monetary borrowing ⁶	Unit trust units	Other UK liabilities	Overseas liabilities	Capital issues ⁷	Net inflow to life assurance and pension funds	Other residual ⁸	Consolidation adjustment ⁹			
Amounts outstanding: market values											
	RLLR	RLKQ	RLKR	RLKT	RLKU	RLKS	RLKV	RLKW	-AMRL		
2003	284 673	12 781	234 729	23 816	3 474	9 873	1 580 935	142 158	-196 685		
2004	321 552	17 455	269 336	23 256	3 295	8 210	1 713 369	158 086	-249 916		
Net transactions: cash values											
	RLLS	RLKX	RLKY	RLLA	RLLB	RLKZ	RLLQ	RLLD	-AMRU		
2003	13 739	592	7 679	4 357	-293	1 404	34 041	17 983	-9 573		
2004	9 619	4 674	3 640	-560	-179	2 044	43 265	21 204	-13 089		
2005	13 389 [†]	-164 [†]	9 850	1 716 [†]	492 [†]	1 495 [†]	40 581 [†]	19 667 [†]	-16 087 [†]		
2004 Q3	-1 540	-934	531	-386	-1 126	375	9 994	6 726	-4 918		
Q4	5 770	3 151	1 609	-436	-119	1 565	16 416	7 154	-5 226		
2005 Q1	-65 [†]	-1 320 [†]	910	151 [†]	10	184	12 009 [†]	3 545 [†]	-2 393 [†]		
Q2	908	774	1 224	-1 458	-592	960	6 252	9 821	-6 379		
Q3	6 450	434	4 115	1 437	203	261 [†]	3 295	3 150	-4 471		
Q4	6 096	-52	3 601	1 586	871 [†]	90	19 025	3 151	-2 844		
2006 Q1	4 567	-1 945	6 890 [†]	-997	665	-46	15 459	2 726	-3 804		
Q2	6 521	904	3 606	1 126	485	400	13 168	10 028	-3 857		

Sign convention : Liabilities increase + / decrease -

- The sum of self-administered pension funds, long-term and general insurance funds, investment, unit and property unit trusts. Data from the Pension Funds surveys are of lower quality than equivalent data from other institutional groups because of the difficulties in constructing a suitable sampling frame of pension funds for the surveys.
- Including net balances with stockbrokers.
- Including UK corporate bonds, debentures and preference shares.
- Including overseas debentures and preference shares.
- Including British government and government guaranteed securities denominated in foreign currency, UK local authority securities etc,

UK public corporation securities, overseas loans and mortgages, property unit trust units, other investments and changes in direct investment and balances of overseas branches.

- Including pension fund long-term borrowing for amounts outstanding.
- Relates to investment trusts only.
- Including reserves and provisions of investment, unit and property unit trusts and general insurance companies.
- An adjustment to remove inter-sectoral flows between the different types of institution covered by this First Release. The adjustment includes (i) investment in authorised unit trusts and investment trust shares by insurance companies, pension funds and trusts and (ii) investment by pension funds in insurance managed funds.

Source: National Statistics

B TOTAL NET INVESTMENT BY INSTITUTIONAL GROUP SUMMARY BALANCE SHEET AND NET INVESTMENT

£ million

	Total identified assets ³	Institutions					Unit and property unit trusts ¹	Consolidation adjustment ²
		Long-term insurance funds	General insurance funds	Self-administered pension funds ³	Investment trusts			
Holdings at end of year: market values								
	RLJP	RLDW	RLDY	RLDP	CBGW	CBHR	-AMRL	
2003	1 811 081	905 674	93 403	696 094	50 564	262 031	-196 685	
2004	1 943 091	969 381	119 695	766 657	50 312	286 962	-249 916	
Net investment: cash values								
	RLKE	RCAA	RFUC	RZNI	CBGB	CBHY	-AMRU	
2003	56 190	27 163	6 769	12 711	-426	19 546	-9 573	
2004	60 999	31 806	12 968	13 927	-2 311	17 698	-13 089	
2005	57 550 [†]	24 022 [†]	4 283 [†]	19 075 [†]	-2 431	28 688	-16 087 [†]	
2004 Q3	10 262	7 224	2 684	2 151	-1 128	4 249	-4 918	
Q4	24 114	10 508	6 798	7 106	-604	5 532	-5 226	
2005 Q1	13 096 [†]	6 640 [†]	199 [†]	6 886	-658	2 422	-2 393 [†]	
Q2	10 602	4 188	3 225	455	-976	10 089	-6 379	
Q3	8 424	2 363	2 047	2 696	-399	6 188	-4 471	
Q4	25 428	10 831	-1 188	9 038 [†]	-398	9 989	-2 844	
2006 Q1	18 948	6 506	-74	6 855	-749 [†]	10 214 [†]	-3 804	
Q2	25 860	9 212	4 219	5 957	-474	10 803	-3 857	

1 Including open ended investment companies (OEICs).

Source: National Statistics

2 An adjustment to remove inter-sectoral flows between the different types of institution covered by this First Release. The adjustment includes (i) investment in authorised unit trusts and investment trust shares by insurance companies, pension funds and trusts and (ii) investment by pension funds in insurance managed funds.

3 Data from the Pension Funds surveys are of lower quality than equivalent data from other institutional groups because of the difficulties in constructing a suitable sampling frame of pension funds for the surveys.



TOTAL NET INVESTMENT OF INSTITUTIONAL GROUPS BY ASSET TYPE

£ million

	Identified assets		Institutions				Consolidation adjustment ²
	Total identified assets ³	Long-term insurance funds	General insurance funds	Self-administered pension funds ³	Investment trusts	Unit trusts and property unit trusts ¹	
SHORT-TERM ASSETS							
	RLKF	RYFT	RYLQ	RYKP	CBGC	RLHL	
2004	12 410 ₊	4 889 ₊	9 222 ₊	-5 155 ₊	1 123	2 331	
2005	13 507 [†]	7 498 [†]	-3 956 [†]	3 898 [†]	-401	6 468	
2005 Q2	8 556 [†]	4 400 [†]	1 282 [†]	217	-398	3 055	
Q3	-452	-861	826	-1 813 ₊	-458	1 854	
Q4	2 288	307	-3 382	3 841 [†]	332	1 190	
2006 Q1	2 228	-1 531	-1 409	950	-102 [†]	4 320 [†]	
Q2	11 160	2 342	1 189	2 461	293	4 875	
BRITISH GOVERNMENT STERLING SECURITIES							
	RLKG	AHPJ	AHOJ	AHQX	RLLU	RLHM	
2004	16 599 ₊	15 447 ₊	-179 ₊	493 ₊	-78	916	
2005	9 184 [†]	1 076 [†]	1 784 [†]	1 400 [†]	255	4 669	
2005 Q2	-5 248 [†]	-4 285 [†]	-436 [†]	-1 067	152	388	
Q3	2 886	2 166	-120	538	110	192	
Q4	7 128	1 902	1 199	939 [†]	-47	3 135	
2006 Q1	5 875	1 249	-1 051	3 308	55 [†]	2 314 [†]	
Q2	5 536	1 805	231	2 225	115	1 160	
UK COMPANY SECURITIES							
	AMQS	HLTM	HLTS	GATO	AMQX	AMRA	-AMRK
2004	-329	3 320	2 084	-10 927 ₊	-2 493	7 638	49
2005	-6 064 [†]	-3 916 [†]	1 726 [†]	-8 760 [†]	-2 225	7 737	-626 [†]
2005 Q2	-4 633 [†]	-4 577 [†]	397	-3 329	-582	3 468	-10
Q3	-2 389	-1 867	469 [†]	-1 867 ₊	-437	1 750	-437 [†]
Q4	733	1 233	247	-1 696 [†]	-676	1 632	-7
2006 Q1	-998	1 092	1 533	-3 427	-539 [†]	450 [†]	-107
Q2	-2 040	-424	1 436	-2 960	-477	832	-447
OVERSEAS SECURITIES							
	AMQU	HLTN	HLTT	GAMV	AMQY	AMRH	
2004	20 073 ₊	6 689 ₊	949 ₊	9 730 ₊	-752	3 457	
2005	21 471 [†]	8 379 [†]	3 119 [†]	3 738 [†]	-106	6 341	
2005 Q2	6 352 [†]	1 860 [†]	648 [†]	1 634	-119	2 329	
Q3	2 372	385 [†]	769	-163 ₊	371	1 010	
Q4	11 067	4 668	935	2 109 [†]	-43	3 398	
2006 Q1	8 174	4 397	910	1 051	-166 [†]	1 982 [†]	
Q2	6 760	2 042	1 324	1 580	-452	2 266	
ALL OTHER ASSETS							
	AMQW	HLTO	HLTU	GALN	AMQZ	AMRI	-AMTO
2004	12 246 ₊	1 461 ₊	892 ₊	19 786 ₊	-111	3 356	-13 138
2005	19 452 [†]	10 985 [†]	1 610 [†]	18 799 [†]	46	3 473	-15 461 [†]
2005 Q2	5 575 [†]	6 790 [†]	1 334 [†]	3 000	-29	849	-6 369 [†]
Q3	6 007	2 540	103	6 001 ₊	15	1 382	-4 034
Q4	4 212	2 721	-187	3 845 [†]	36	634	-2 837
2006 Q1	3 669	1 299	-57	4 973	3 [†]	1 148 [†]	-3 697
Q2	4 444	3 447	39	2 651	47	1 670	-3 410
TOTAL IDENTIFIED ASSETS							
	RLKE	RCAA	RFUC	RZNI	CBGB	CBHY	-AMRU
2004	60 999 ₊	31 806 ₊	12 968 ₊	13 927 ₊	-2 311	17 698	-13 089
2005	57 550 [†]	24 022 [†]	4 283 [†]	19 075 [†]	-2 431	28 688	-16 087 [†]
2005 Q2	10 602 [†]	4 188 [†]	3 225 [†]	455	-976	10 089	-6 379 [†]
Q3	8 424	2 363	2 047	2 696 ₊	-399	6 188	-4 471
Q4	25 428	10 831	-1 188	9 038 [†]	-398	9 989	-2 844
2006 Q1	18 948	6 506	-74	6 855	-749 [†]	10 214 [†]	-3 804
Q2	25 860	9 212	4 219	5 957	-474	10 803	-3 857

1 Including open ended investment companies (OEICs)

Source: National Statistics

2 An adjustment to remove inter-sectoral flows between the different types of institution covered by this First Release. The adjustment includes (i) investment in authorised unit trusts and investment trust shares by insurance companies, pension funds and trusts and (ii) investment by pension funds in insurance managed funds.

3 Data from the Pension Funds surveys are of lower quality than equivalent data from other institutional groups because of the difficulties in constructing a suitable sampling frame of pension funds for the surveys.

R TOTAL NET INVESTMENT BY ASSET TYPE REVISIONS TO SERIES PREVIOUSLY PUBLISHED

£ million

	Short-term assets	British government sterling securities	UK company securities	Overseas securities	Other assets	Total
2005	-109	-100	278	-890	3	-818
2005 Q1	31	-21	5	-373	1	-357
Q2	979	63	4	-167	-1	878
Q3	339	-18	5	-135	-1	190
Q4	-1 458	-124	264	-215	4	-1 529
2006 Q1	-272	-1 137	-596	-1 392	1 769	-1 628

Source: National Statistics