

13 July 2007

Coverage
United Kingdom
Theme
The Economy

Foreign investors hold two-fifths of UK shares

Share Ownership 2006

Investors from outside the UK owned 40 per cent of UK shares listed on the UK Stock Exchange at the end of 2006, according to the Office for National Statistics report on share ownership published today. This was up from a 36 per cent share at end-2004.

At the end of 2006 the UK stock market was valued at £1,858 billion – an increase of £378 billion (26 per cent) since the end of 2004.

Rest of the world investors now hold £742 billion of UK shares – up from £538 billion at the end of 2004. Of this, £245 billion (33 per cent) was held by investors based in North America. The increase since 1994 (when foreign investors held 16 per cent of UK shares) partly reflects international mergers where new companies are listed in the UK, flotation of UK subsidiaries of foreign companies in which the parent has retained a significant stake, and companies moving their domicile to the UK.

Further analysis of the ownership of shares in the UK shows that:

- UK individuals owned £239 billion of shares (13 per cent) – down from 14 per cent in 2004.
- Insurance companies owned £273 billion (15 per cent) – down from 17 per cent in 2004. The percentage holdings of pension funds have also reduced to 13 per cent (£236 billion) from 16 per cent in 2004. Since 1999 there has been a trend for pension funds to move towards bond investment, and some pension funds have moved away from equities entirely.
- After a significant rise between 2000 and 2001 (3 per cent to 7 per cent), holdings of UK shares by 'other' financial institutions have gradually increased to 10 per cent (£179 billion) at the end of 2006.
- Banks own £63 billion (3 per cent) of UK shares – their highest proportion since the survey began in 1963.

Issued by
National Statistics
1 Drummond Gate
London SW1V 2QQ

Telephone
Press Office 020 7533 5714
Public Enquiries 0845 601 3034

Internet
www.statistics.gov.uk



FTSE 100 companies continue to dominate the UK stock market. The proportion of funds invested in these companies varies between 58 per cent for individuals and 83 per cent by overseas investors. Overall 76 per cent of equity investment is in FTSE 100 companies.

More generally the long term trend shows that the percentage of shares held by foreign investors and 'other' financial institutions continues to increase while the percentage holdings of individuals, insurance companies and pension funds is decreasing.

Total equity owned 31 December 2006	£ billion
Rest of the world	742.4
Insurance companies	272.8
Pension funds	235.8
Individuals	238.5
Unit trusts	30.0
Investment trusts	45.1
Other financial institutions	179.1
Charities	16.1
Private non-financial companies	33.5
Public sector	2.0
Banks	63.0
Total	1858.2

Unidentified holders have been allocated proportionately across all beneficial sectors

BACKGROUND NOTES

1. This is the latest survey in a series of ONS surveys into UK share ownership. The results of the survey are used to improve the classification of the ownership of shares in the National Accounts and to assign the dividends received to the correct sector of owner.
2. Further Information can be obtained from the publication *Share Ownership - A report on ownership of UK shares as at 31st December 2006* available free on the internet at:
<http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=930>
3. The 2006 survey used data from the CREST system. The survey looked at the registers of 199 companies (202 registers). The companies in the main sample represented approximately 85 per cent of the capitalisation of UK companies listed on the London Stock Exchange. ONS would like to thank CrestCo without whose assistance this survey would not have been possible.
4. The 2006 survey contains revisions to figures published in the 2004 survey. The revisions affect rest of the world, other financial institutions, investment trusts and unit trusts from 1997.
5. Complete runs of series in this Release are available to download free of charge at <http://www.statistics.gov.uk/timeseries>. Alternatively, for low-cost tailored data call Online Services on 020 7533 5675 or email tailored@statistics.gov.uk
6. **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 2007.