



Press release

Statistics Netherlands

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Since the published figures on institutional investors were incorrect, this press release is incorrect.

[The figures covering the period 2000-2002 have been revised recently.](#)

Institutional investors: disappointing 2000 after fall in share prices

The value of investments by Dutch institutional investors rose by 4% in 2000, to 707 billion euro. The disappointing results in the fourth quarter had a strong dampening effect on the results of the first three quarters, according to Statistics Netherlands' figures on investment by pension funds and insurance companies.

The negative result in the fourth quarter (-4%) was caused by strong falls in share prices (-33 billion euro). The share of bonds in investment portfolios increased to one third.

Only small increase in investment in 2000

Total institutional investments rose from 680 to 707 billion euro in 2000. At the end of the third quarter the total value of investment was as high as 733 billion euro. In the last quarter of 2000 the value dropped back by 26 billion euro (-4%). The 4% overall increase for 2000 is in sharp contrast with the results in preceding years, when growth rates of between ten and twenty per cent were reported.

Pension funds account for 444 billion euro of total institutional investment. Compared with the end of 1999 their investments have gained 2% in value. Insurance companies increased their investments by 8% to 263 billion euro.

Falling share prices lead to strong losses

Various share price indices reflect increases in share prices in the first three quarters of last year. However, in the fourth quarter they plunged to below the levels at the start of the year. Pension funds faced losses of nearly 23 billion euro (-10%) on their shares; insurance companies 10.5 billion euro (-11%). The results in the first three quarters were unable to compensate for these losses. For the whole year, institutional investors lost 9 billion euro on the value of their shares (-3%).

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Although the CBS share price index for bonds rose by less than 2% in 2000, insurance companies realised share price gains of 4 billion euro (+5.3%). Pension funds also realised a yield of 4 billion euro (+3%) on their bonds, although their portfolio was twice the size of that of insurance companies.

Last year was a profitable one for investment in real estate. Institutional investors realised value increases of 3.4 billion euro. The increase in value of real estate for insurance companies (+16.4%) amply exceeded the increase in the CBS share price index property investment funds (+5.5%) .

Transactions important for increase in investment

The total increase in investment in 2000 was nearly 27 billion euro. In contrast with recent years, new investments accounted for most of this increase (24.5 billion euro). The remainder is composed of share price profit.

Insurance companies invested nearly 14 billion euro; mostly in shares (+4.5 billion euro), mortgages (+4 billion euro) and bonds (over three billion euro more). They sold hardly any of their investments.

Pension funds on the other hand sold about one quarter of their private loans and one tenth of their real estate, replacing them with bonds (19.5 billion euro). The relative significance of bonds increased by 5 percentage points due to new acquisitions and profits.

Overseas investment did not fall in 2000

The turbulent growth in overseas investment by institutional investors, nearly all of which is in shares and bonds, was tempered by falls in share prices in the fourth quarter of 2000. For the whole year, overseas investment rose by 12%. The increase in overseas investment in bonds even rose by as much as 28%. Foreign share portfolios rose by 4% in 2000.

At the end of 2000 a total of 344 billion euro was invested abroad (48.7% of total investments). At the end of 1999 this was 45.2%, with a peak of 49.1% at the close of the third quarter of 2000. Nearly two-thirds of pension funds' assets are invested overseas, for insurance companies this is one quarter.

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