

Statistical bulletin

MQ5: Investment by insurance companies, pension funds and trusts: April to June 2017

Investment choices of financial institutions based on financial transactions (investments and disinvestments), including balance sheet data for short-term assets and liabilities, and income and expenditure data.



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1 . Main points

- Net investment of £36 billion was reported by insurance companies, pension funds and trusts in Quarter 2 (Apr to June) 2017; the five-year quarterly average for this series is net investment of £6 billion; this is the second consecutive quarter of net investment, following record net disinvestment during 2016 (provisional estimate).
- The Quarter 2 2017 estimate of net investment by unit trusts and property unit trusts (£22 billion) was the largest since the start of this series in 1987; this was mainly due to net investment in overseas securities (£13 billion).
- In Quarter 2 2017, the estimate of net investment by self-administered pension funds (£19 billion) was the largest since the start of this series in 1983; this was mainly due to net investment in other assets (£11 billion).
- The Quarter 2 2017 estimate of net investment in overseas government securities (£6 billion) was the largest since the start of this series in 1986.
- The 2016 provisional estimate of net disinvestment in overseas securities (£45 billion) was the largest and only the second occurrence of net disinvestment since the start of this series in 1986; this was mainly caused by net disinvestment by long-term insurance companies (£24 billion) and self-administered pension funds (£15 billion).

2 . Things you need to know about this release

This publication considers the investment choices of insurance companies, self-administered pension funds, investment trusts, unit trusts and property unit trusts. Before viewing the MQ5 publication, it is recommended that readers familiarise themselves with the [institutional groups](#) covered within.

These institutions control £4 trillion of assets and engage in considerable volumes of investment activity to fund their operations. An understanding of their investments and assets is important in order to monitor the stability of the financial sector and is used in the compilation of the UK National Accounts.

The MQ5 release includes quarterly net investment data arising from financial transactions (investments) made by these institutions. Also included are quarterly balance sheet data for short-term assets and liabilities, plus quarterly income and expenditure data for insurance companies and self-administered pension funds. All data are reported at current prices (effects of price changes included).

We make every effort to provide informative commentary on the data in this release. As part of the quality assurance process, individual businesses are contacted in an attempt to capture reasons for extreme period-on-period data movements. It can prove difficult to elicit detailed reasons from some businesses to help inform the commentary. Frequently, reasons given for data movements refer to a “change in investment strategy” or a “fund manager’s decision”. Consequently, it is not possible for all data movements to be fully explained.

Data for all quarters of 2016 remain provisional and subject to revision until the incorporation of the 2016 annual survey results in December 2017 (see section 7 “Revisions”).

It is sometimes necessary to suppress figures for certain items in order to avoid disclosing investment activity by individual institutions. In these cases the figures are usually combined with those for another item and this will be indicated in the tables by means of a footnote.

All estimates are reported on a current price basis.

A [Glossary](#) is available to assist your understanding of the terms used in this release.

3 . Net investment by asset type

The total assets of the businesses covered by this release (insurance companies, pension funds and trusts) were valued at £3,696 billion at the end of 2015, the latest period for which annual results are available. Annual balance sheet data for 2016 will be incorporated into these estimates in December 2017.

During 2015, these businesses acquired £1,586 billion and disposed of £1,545 billion longer-term financial instruments. Net investment is the difference between acquisitions and disposals of longer-term assets, as well as changes in holdings of short-term assets, and can therefore be volatile. Table 1 (at the end of this section) displays net investment data by asset type.

In Quarter 2 (Apr to June) 2017, there was net investment of £36 billion (Figure 1), the largest level of net investment since Quarter 2 2009 (£37 billion). This followed net investment of £10 billion in Quarter 1 (Jan to Mar) 2017. The five-year quarterly average for this series is net investment of £6 billion.

Net investment was reported in overseas securities, other assets, UK government sterling securities and short-term assets. This was partly offset by net disinvestment in UK corporate securities.

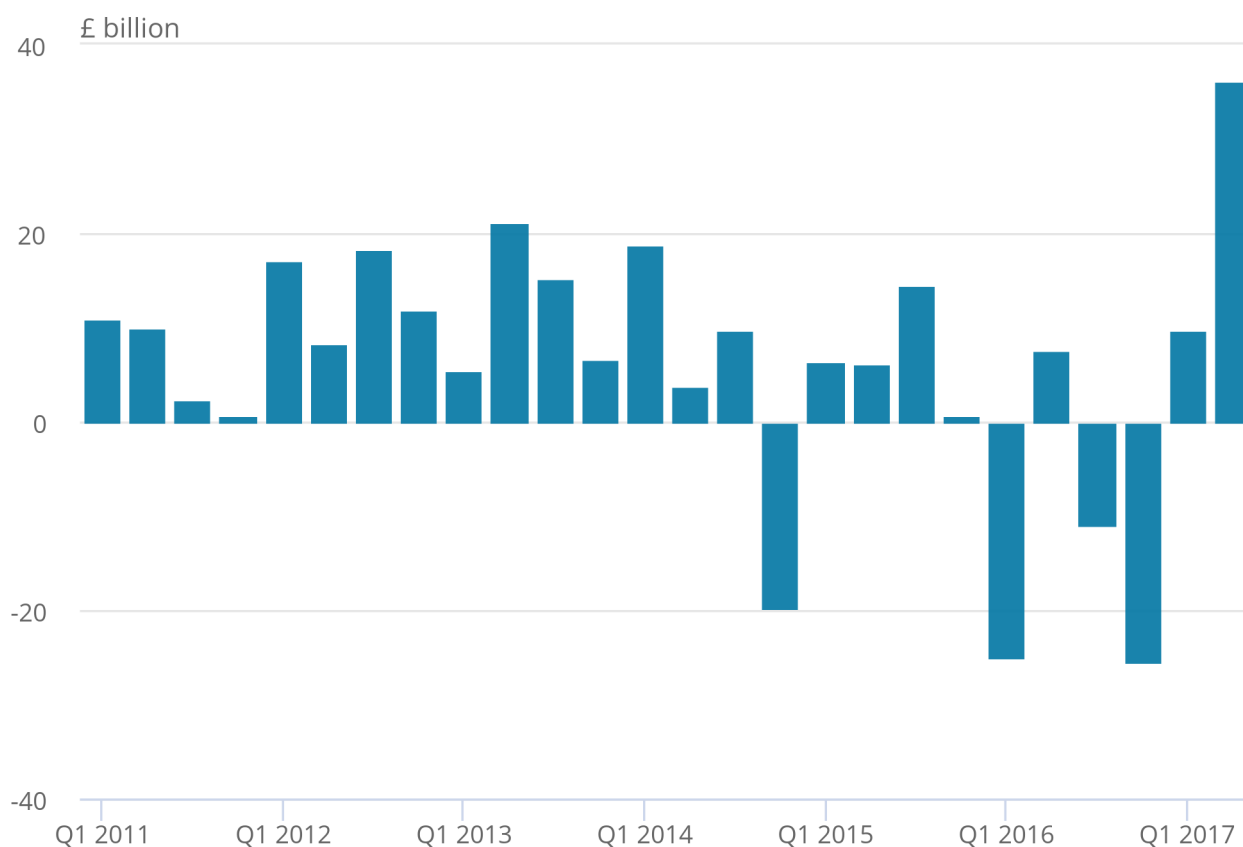
Net investment or net disinvestment varies across the quarters of a calendar year and so an increase or decrease in investment from one quarter to the next is not necessarily an indicator of improved or worsening economic activity. A better gauge of investor activity is the composition of investment between types of instruments over a number of quarters, which is more likely to reflect varying investment strategies.

Figure 1: Total net investment

UK, Quarter 1 (Jan to Mar) 2011 to Quarter 2 (Apr to June) 2017

Figure 1: Total net investment

UK, Quarter 1 (Jan to Mar) 2011 to Quarter 2 (Apr to June) 2017



Source: Office for National Statistics

Source: Office for National Statistics

Notes:

1. Q1 refers to Quarter 1 (Jan to Mar), Q2 refers to Quarter 2 (Apr to June), Q3 refers to Quarter 3 (July to Sept), Q4 refers to Quarter 4 (Oct to Dec).

Short-term assets

Investment in short-term assets (those maturing within one year of their originating date) can be affected by the level of the net inflows of funds into the businesses concerned (premiums or contributions, for example) and by the relative attractiveness of other investments, both in terms of their potential returns and risk.

In Quarter 2 2017, there was net investment of £8 billion in short-term assets (Figure 2). Net investment was evident across all institutional groups, apart from investment trusts and follows net investment of £17 billion in Quarter 1 2017. In terms of context, the five-year quarterly average for net investment in short-term assets is net investment of £3 billion.

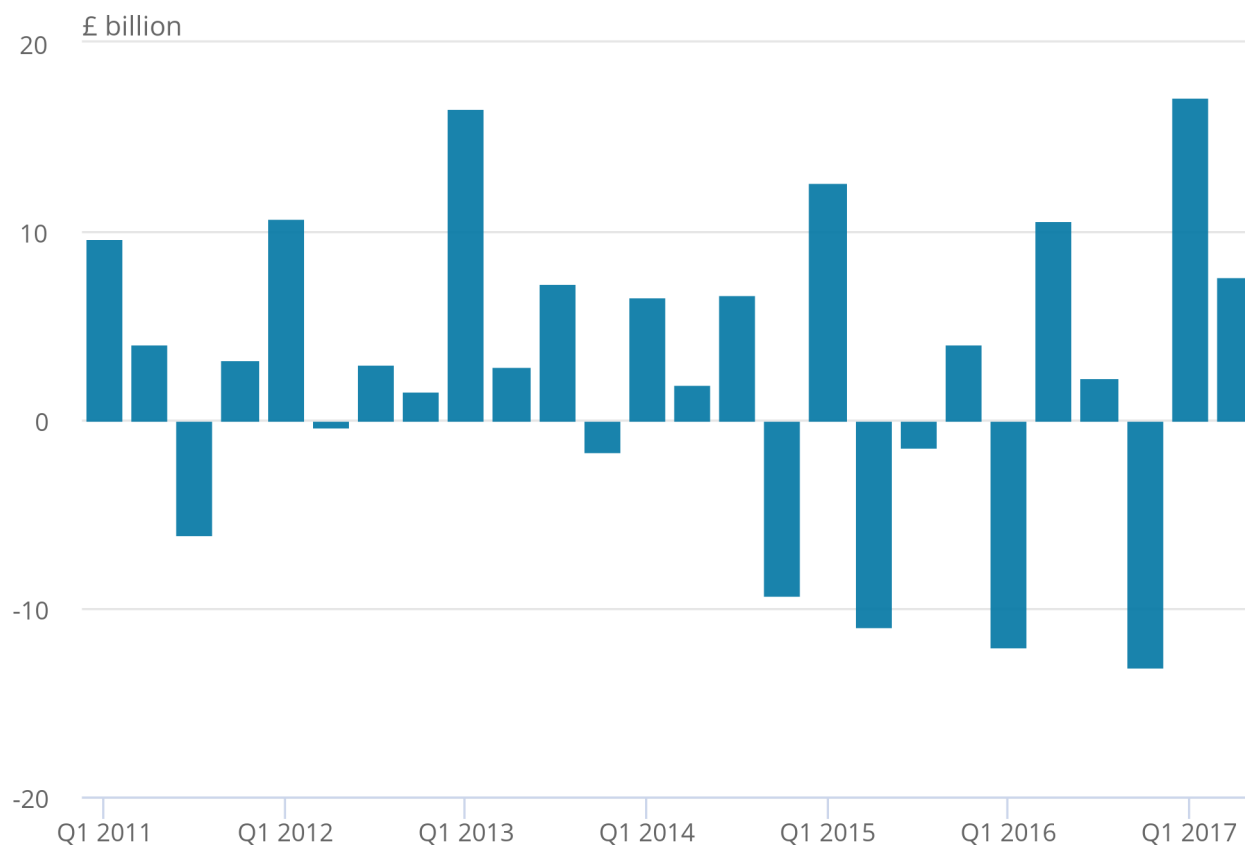
The relatively strong net investment in 2017 to date may reflect shifts in the balance of perceived risk among these institutional groups. Relatively liquid short-term assets are particularly attractive during periods of uncertainty, as they allow businesses to change their investment strategies as events unfold.

Figure 2: Net investment in short-term assets

UK, Quarter 1 (Jan to Mar) 2011 to Quarter 2 (Apr to June) 2017

Figure 2: Net investment in short-term assets

UK, Quarter 1 (Jan to Mar) 2011 to Quarter 2 (Apr to June) 2017



Source: Office for National Statistics

Source: Office for National Statistics

Notes:

1. Q1 refers to Quarter 1 (Jan to Mar), Q2 refers to Quarter 2 (Apr to June), Q3 refers to Quarter 3 (July to Sept), Q4 refers to Quarter 4 (Oct to Dec).

UK government sterling securities (gilts)

UK gilts (gilt-edged market securities) are fixed income or index-linked bonds issued by the UK government. On the primary gilt market, the purchaser of a gilt lends the government money in return for regular interest payments and the promise that the nominal value of the gilt will be repaid (redeemed) on a specified future date. These assets may then be bought and sold by investors in the secondary market. Gilts are very liquid assets, which offer virtually risk-free returns.

The institutions covered by this release reported net investment in gilts in Quarter 2 2017 of £10 billion (Figure 3), which is in keeping with the recent trend over the past year. In terms of context, the five-year quarterly average for this series is net investment of £3 billion. The relatively strong net investment in gilts corresponds with a general pattern this quarter of increasing net investment in fixed income assets.

Looking at the annual picture, the 2016 (provisional) estimate of net investment in gilts (£18 billion) was the fourth consecutive year of annual net investment in gilts. This was preceded by net disinvestment in 2011 and 2012, which may suggest that some market participants (particularly pension funds) have been switching back to gilts in recent years, possibly reluctant to commit to longer-term investments and preferring gilts as a relatively liquid, low-risk asset.

In recent times, the market for gilts has been notably influenced by the [Bank of England's Quantitative Easing \(QE\) programme](#). On 4 August 2016, the [Monetary Policy Committee](#) voted to extend the programme of quantitative easing to £435 billion and to make up to £10 billion of corporate bond purchases over an 18-month period. The gilt portion of this extension ended in January 2017 and it reinvested funds from maturing assets in February 2017. Generally, the additional demand for gilts from the Central Bank would likely result in net disinvestment by other institutions, notwithstanding issues of new gilts. These effects are not immediately apparent in the overall net investment data for this asset type.

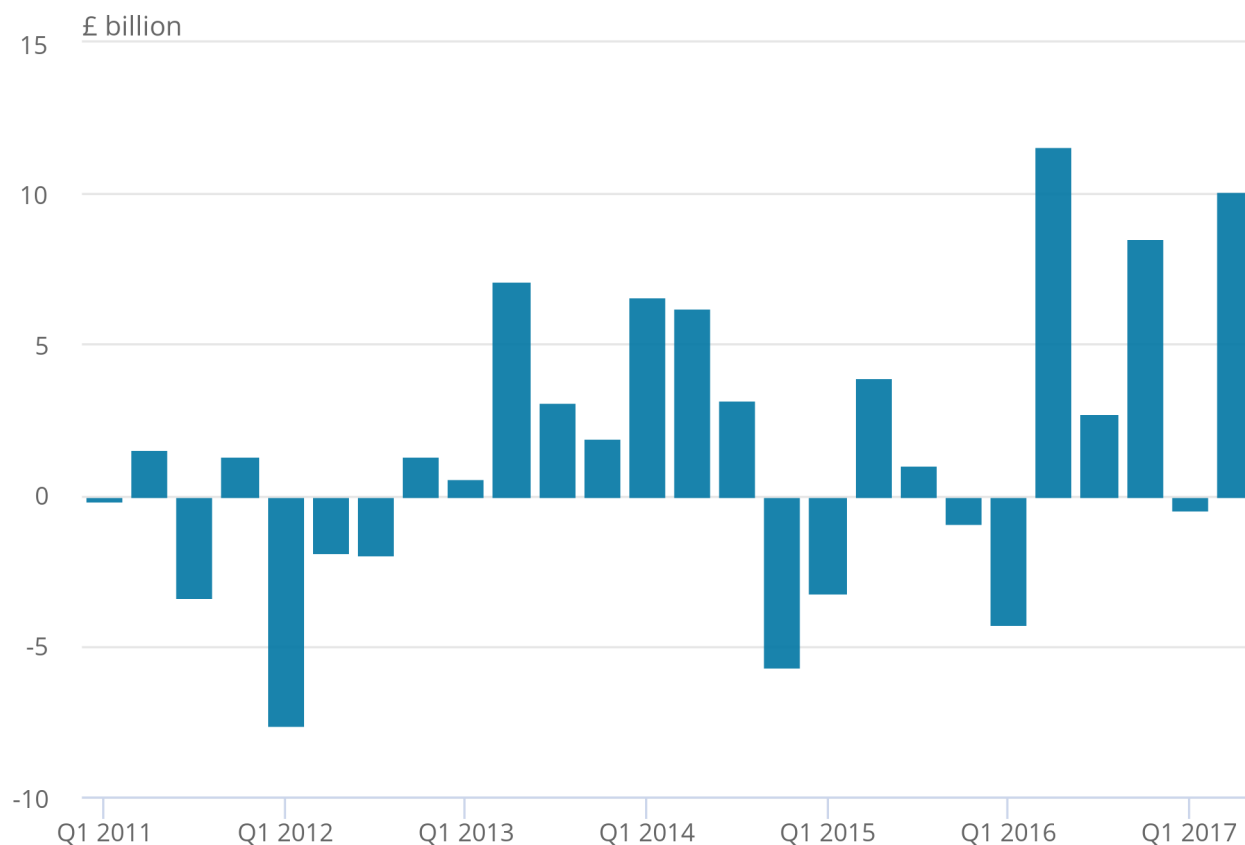
UK gilts can be an attractive investment option because they are very secure, reflecting the fact that the British government has never failed to make an interest or principal payment when they are due. The demand for government bonds can increase in periods of economic uncertainty and geopolitical risk, with the popularity of this investment leading to an increase in the price of gilts and a fall in their yields. The demand for gilts can also be driven by market expectations. For example, if the market anticipates that the central bank is going to announce expansionary monetary policy measures like quantitative easing, demand for these assets can grow, leading to an increase in the price of bonds and a fall in their yield. If you are interested in additional information about gilts that is not already covered in this release, please visit the [UK Debt Management Office](#) or [Bank of England](#).

Figure 3: Net investment in UK government sterling securities (gilts)

UK, Quarter 1 (Jan to Mar) 2011 to Quarter 2 (Apr to June) 2017

Figure 3: Net investment in UK government sterling securities (gilts)

UK, Quarter 1 (Jan to Mar) 2011 to Quarter 2 (Apr to June) 2017



Source: Office for National Statistics

Source: Office for National Statistics

Notes:

1. Q1 refers to Quarter 1 (Jan to Mar), Q2 refers to Quarter 2 (Apr to June), Q3 refers to Quarter 3 (July to Sept), Q4 refers to Quarter 4 (Oct to Dec).

UK corporate securities and overseas securities

These asset categories comprise ordinary shares, corporate bonds and preference shares. In addition, non-UK government securities are included as part of overseas securities.

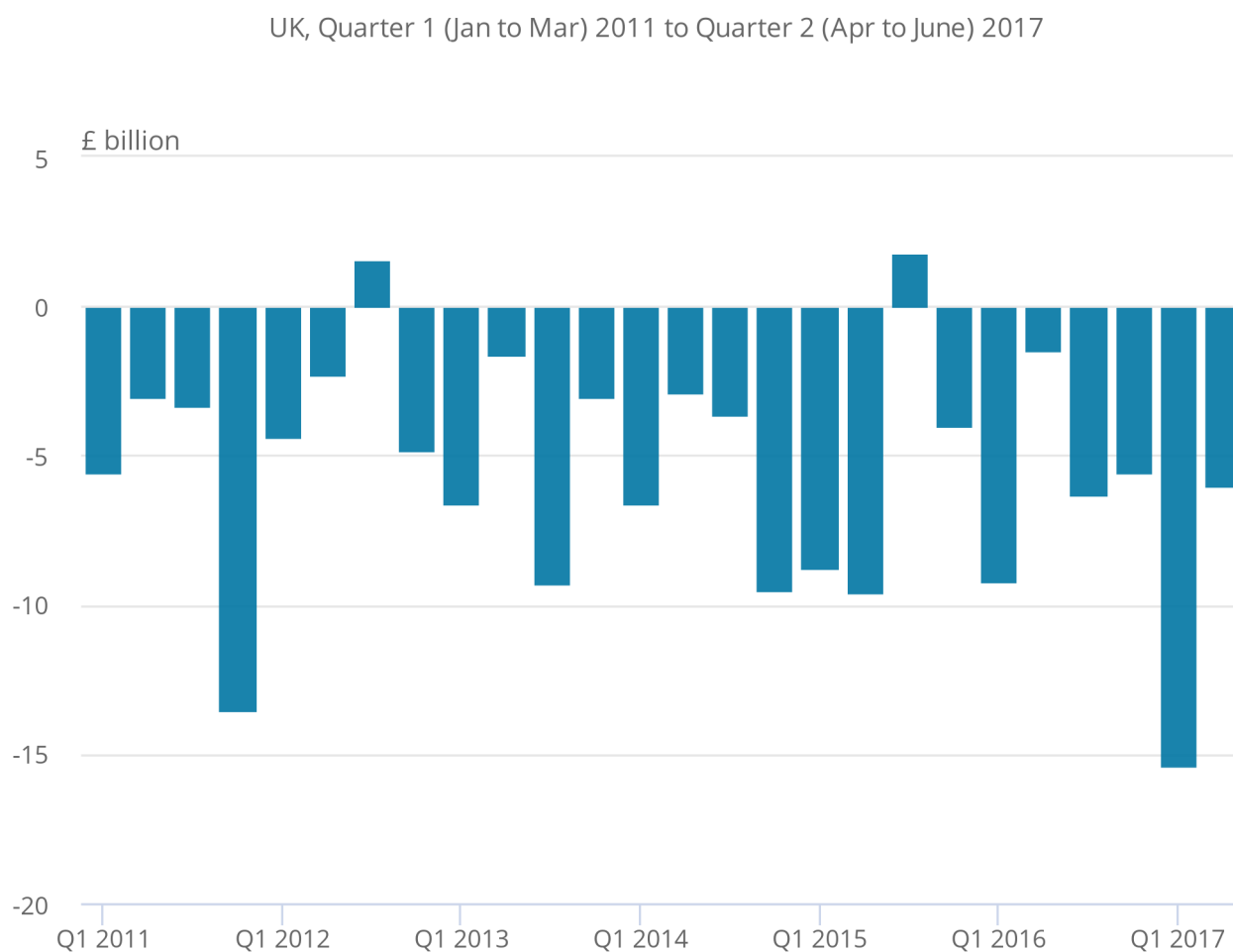
UK corporate securities

In Quarter 2 2017 there was net disinvestment of £6 billion in UK corporate securities (Figure 4). In terms of context, the five-year quarterly average for this series is net disinvestment of £6 billion. This was the seventh consecutive quarter of net disinvestment for this series.

Figure 4: Net investment in UK corporate securities

UK, Quarter 1 (Jan to Mar) 2011 to Quarter 2 (Apr to June) 2017

Figure 4: Net investment in UK corporate securities



Source: Office for National Statistics

Source: Office for National Statistics

Notes:

1. Q1 refers to Quarter 1 (Jan to Mar), Q2 refers to Quarter 2 (Apr to June), Q3 refers to Quarter 3 (July to Sept), Q4 refers to Quarter 4 (Oct to Dec).

Overseas securities

In Quarter 2 2017, there was net investment of £14 billion (Figure 5) in overseas securities, the largest since Quarter 2 2009 (£18 billion). This was caused mainly by net investment by unit trusts and property unit trusts (£13 billion).

In terms of context, the five-year quarterly average for this series is net investment of £1 billion. The net investment in overseas securities follows five consecutive quarters of net disinvestment for this series. This may indicate a change in investment strategy with relatively large levels of net investment reported in other overseas corporate securities (£9 billion) and overseas government securities (£6 billion), the largest since records began in 1986.

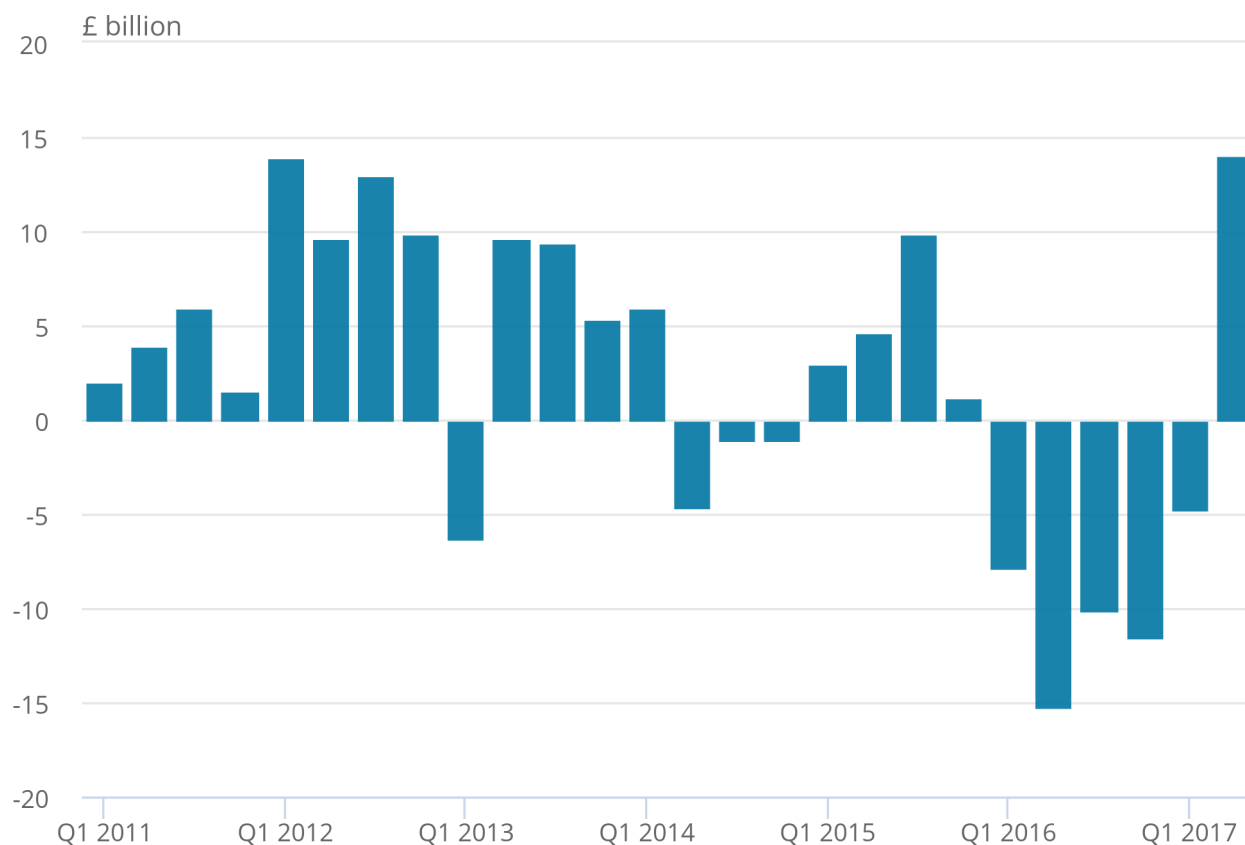
The 2016 provisional annual estimate of net disinvestment in overseas securities (£45 billion) was the largest since the start of this series in 1986. This was mainly due to net disinvestment in overseas ordinary shares (£35 billion), the largest since records began in 1986. The 2016 provisional annual estimate of net disinvestment in overseas securities (mainly corporate bonds and preference shares) of £6 billion is the first occurrence of net disinvestment since the start of this series in 1986.

Figure 5: Net investment in overseas securities

UK, Quarter 1 (Jan to Mar) 2011 to Quarter 2 (Apr to June) 2017

Figure 5: Net investment in overseas securities

UK, Quarter 1 (Jan to Mar) 2011 to Quarter 2 (Apr to June) 2017



Source: Office for National Statistics

Source: Office for National Statistics

Notes:

1. Q1 refers to Quarter 1 (Jan to Mar), Q2 refers to Quarter 2 (Apr to June), Q3 refers to Quarter 3 (July to Sept), Q4 refers to Quarter 4 (Oct to Dec).

Other assets

The category “other assets” covers UK and overseas investment in:

- mutual fund investments
- insurance-managed funds
- UK government securities denominated in foreign currency
- local authority and public corporation securities
- loans
- fixed assets
- insurance policies and annuities
- direct investment
- other assets not elsewhere classified

In Quarter 2 2017, there was net investment of £10 billion (Figure 6) in other assets (mainly mutual fund investments), following net investment of £13 billion in Quarter 1 2017. In terms of context, the five-year quarterly average for other assets is net investment of £5 billion.

The relatively strong net investment in other assets during the first half of 2017 follows a provisional annual estimate of net investment of £8 billion for the whole of 2016.

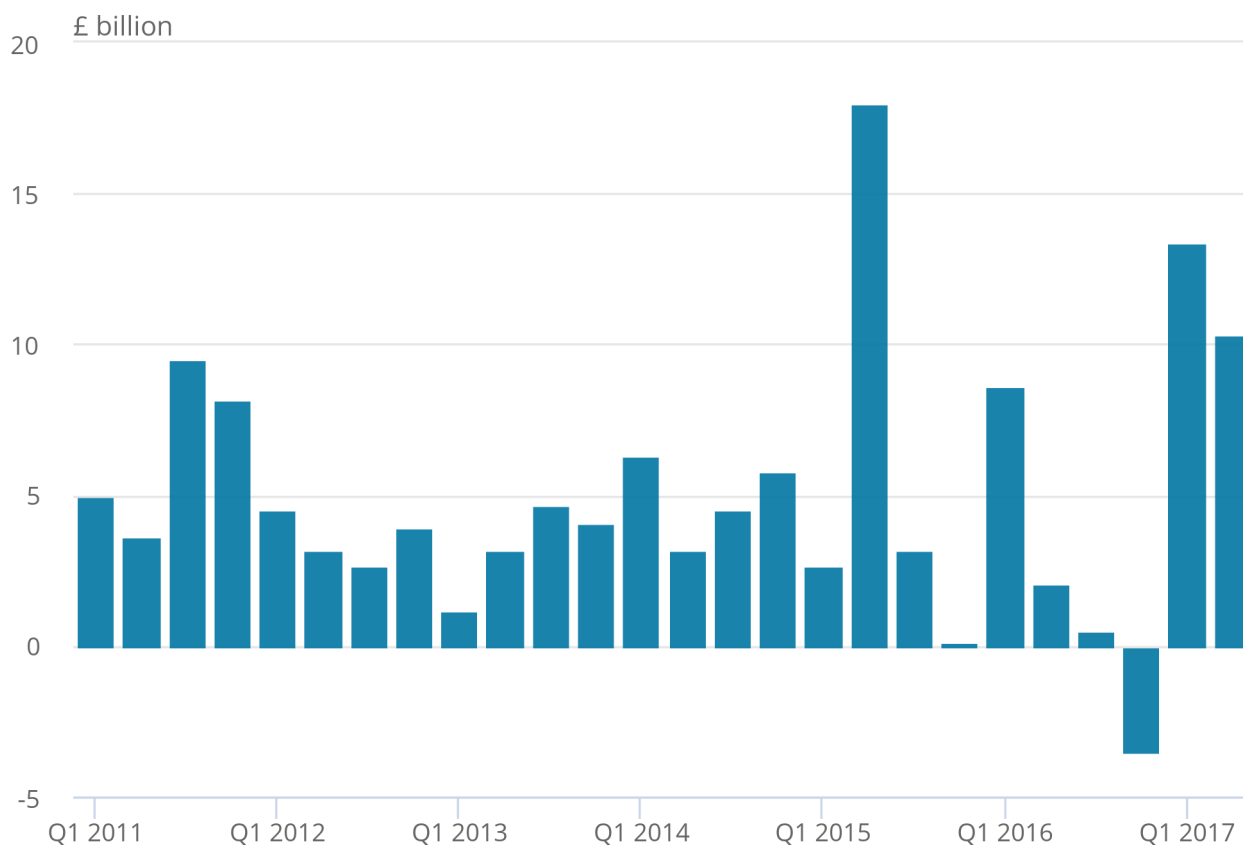
The net investment in other assets in Quarter 2 2017 was caused mainly by self-administered pension funds (£11 billion).

Figure 6: Net investment in other assets

UK, Quarter 1 (Jan to Mar) 2011 to Quarter 2 (Apr to June) 2017

Figure 6: Net investment in other assets

UK, Quarter 1 (Jan to Mar) 2011 to Quarter 2 (Apr to June) 2017



Source: Office for National Statistics

Source: Office for National Statistics

Notes:

1. Q1 refers to Quarter 1 (Jan to Mar), Q2 refers to Quarter 2 (Apr to June), Q3 refers to Quarter 3 (July to Sept), Q4 refers to Quarter 4 (Oct to Dec).

Table 1: Net investment by asset type

£ billion

	Total	Short-term assets	UK government sterling securities	UK corporate securities	Overseas securities	Other assets
2011	24.3	10.9	-0.8	-25.5	13.3	26.3
2012	55.6	15.0	-10.2	-10.0	46.5	14.3
2013	48.4	24.9	12.6	-20.4	18.1	13.3
2014	12.5	5.9	10.2	-22.6	-0.7	19.8
2015	27.6	4.5	0.8	-20.6	18.8	24.1
2016	-53.6	-12.3	18.5	-22.7	-44.8	7.7
2011 Q1	11.0	9.7	-0.2	-5.6	2.0	5.0
2011 Q2	10.1	4.1	1.5	-3.0	3.9	3.6
2011 Q3	2.5	-6.1	-3.4	-3.3	5.9	9.5
2011 Q4	0.7	3.2	1.3	-13.5	1.5	8.2
2012 Q1	17.1	10.7	-7.6	-4.4	13.9	4.5
2012 Q2	8.4	-0.3	-1.9	-2.3	9.7	3.2
2012 Q3	18.3	3.0	-2.0	1.6	13.0	2.7
2012 Q4	11.8	1.6	1.3	-4.8	9.9	3.9
2013 Q1	5.4	16.5	0.6	-6.6	-6.3	1.2
2013 Q2	21.1	2.8	7.1	-1.6	9.6	3.2
2013 Q3	15.2	7.3	3.1	-9.3	9.4	4.7
2013 Q4	6.7	-1.7	1.9	-3.0	5.3	4.1
2014 Q1	18.8	6.6	6.6	-6.6	6.0	6.3
2014 Q2	3.8	1.9	6.2	-2.9	-4.6	3.2
2014 Q3	9.8	6.7	3.2	-3.6	-1.1	4.5
2014 Q4	-19.8	-9.3	-5.7	-9.5	-1.1	5.8
2015 Q1	6.4	12.6	-3.2	-8.8	3.0	2.7

2015 Q2	6.1	-10.9	3.9	-9.6	4.7	18.0
2015 Q3	14.5	-1.4	1.0	1.8	9.9	3.2
2015 Q4	0.6	4.1	-0.9	-4.0	1.2	0.1
2016 Q1	-24.9	-12.0	-4.3	-9.2	-7.9	8.6
2016 Q2	7.6	10.6	11.6	-1.5	-15.2	2.1
2016 Q3	-10.9	2.3	2.7	-6.3	-10.1	0.5
2016 Q4	-25.4	-13.1	8.5	-5.6	-11.6	-3.5
2017 Q1	9.8	17.1	-0.5	-15.4	-4.8	13.4
2017 Q2	36.1	7.6	10.1	-6.0	14.0	10.3

Source: Office for National Statistics

Notes:

1. Components may not sum to totals due to rounding.
2. Data for all quarters of 2016 remain provisional and subject to revision until the incorporation of the 2016 annual survey results in December 2017.
3. Q1 is Quarter 1 (January to March), Q2 is Quarter 2 (April to June), Q3 is Quarter 3 (July to September) and Q4 is Quarter 4 (October to December).

4 . Net investment by institutional group

Net investment data for each of the institutional groups covered by this release are displayed in Table 2 (at the end of this section).

Long-term insurance companies

These are companies that provide either protection in the form of life assurance or critical illness policies, or investment in the form of pension provision.

Long-term insurance companies showed net investment of £2 billion in Quarter 2 (Apr to June) 2017 (Figure 7). The five-year quarterly average for this series is net disinvestment of £3 billion.

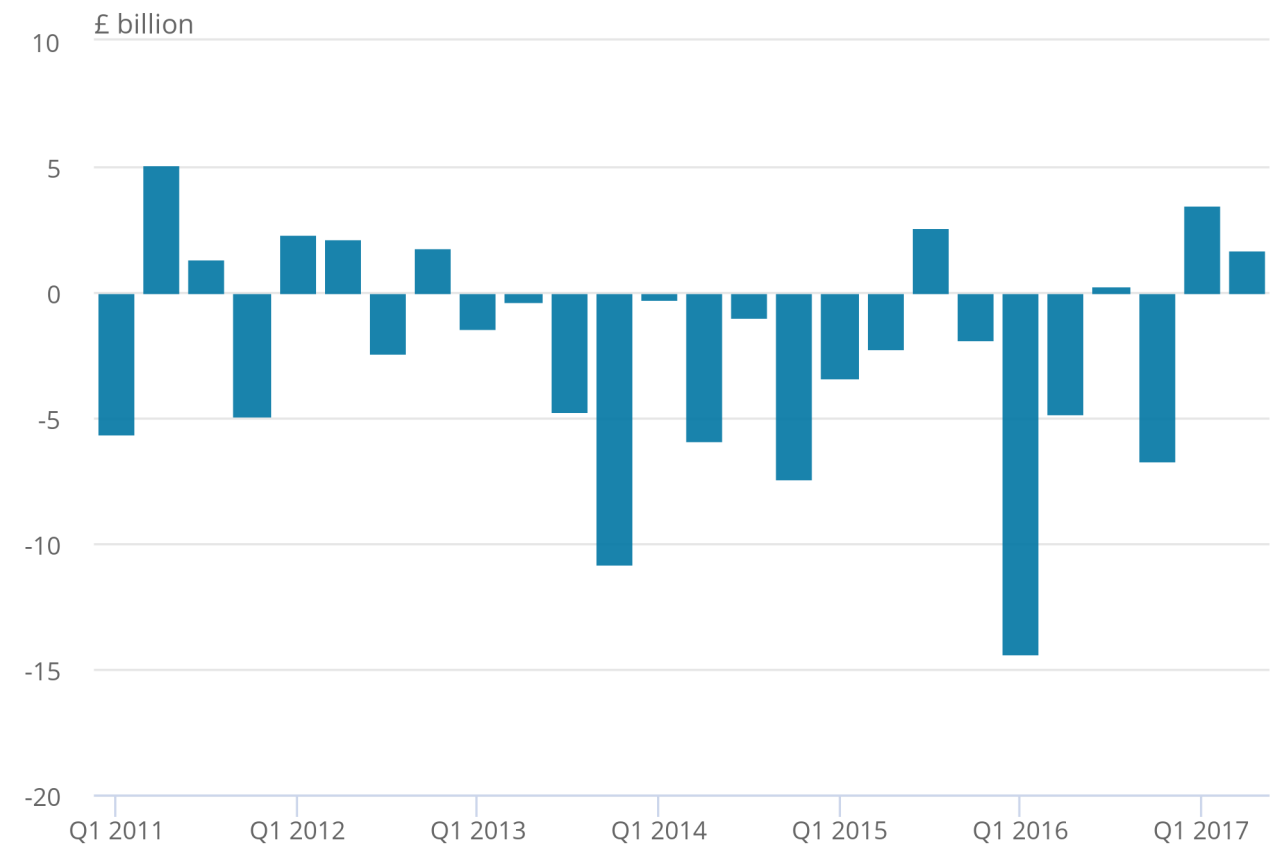
The net investment by long-term insurance companies (£1 billion) in UK government securities was the first by these businesses since Quarter 2 2013 (£1 billion).

Figure 7: Net investment by long-term insurance companies

UK, Quarter 1 (Jan to Mar) 2011 to Quarter 2 (Apr to June) 2017

Figure 7: Net investment by long-term insurance companies

UK, Quarter 1 (Jan to Mar) 2011 to Quarter 2 (Apr to June) 2017



Source: Office for National Statistics

Source: Office for National Statistics

Notes:

- 1. Q1 refers to Quarter 1 (Jan to Mar), Q2 refers to Quarter 2 (Apr to June), Q3 refers to Quarter 3 (July to Sept), Q4 refers to Quarter 4 (Oct to Dec).

General insurance companies

These are companies that undertake other types of insurance such as motor, home and travel. This type of insurance is usually over a shorter period, most commonly 12 months.

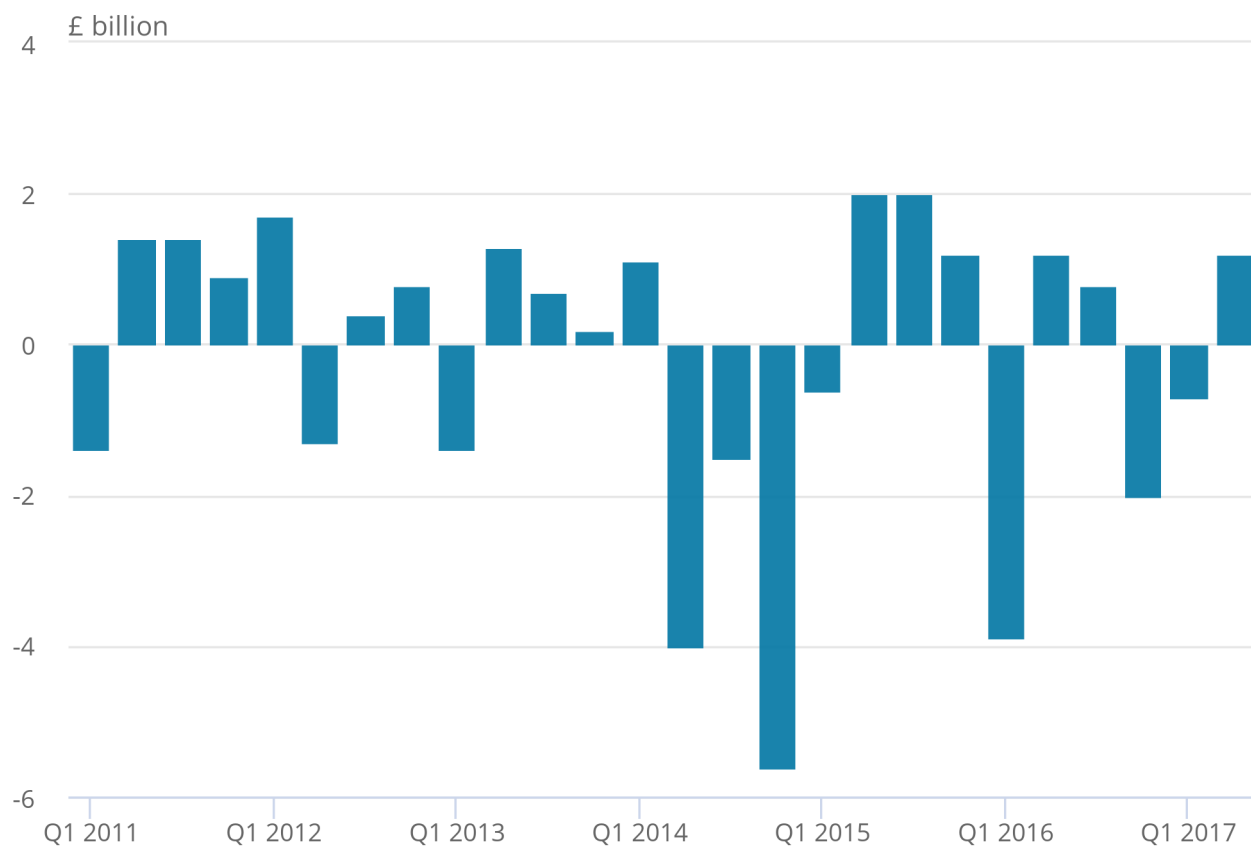
General insurance companies showed net investment in Quarter 2 2017 of £1 billion (Figure 8). The five-year quarterly average for this series is net disinvestment of £0.3 billion.

Figure 8: Net investment by general insurance companies

UK, Quarter 1 (Jan to Mar) 2011 to Quarter 2 (Apr to June) 2017

Figure 8: Net investment by general insurance companies

UK, Quarter 1 (Jan to Mar) 2011 to Quarter 2 (Apr to June) 2017



Source: Office for National Statistics

Source: Office for National Statistics

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Self-administered pension funds

These are funds established by pension scheme trustees to facilitate and organise the investment of employees' retirement funds.

Self-administered pension funds reported net investment in Quarter 2 2017 of £19 billion (Figure 9), the largest for this series since records began in 1983. In terms of context, the five-year quarterly average for this series is net investment of £4 billion.

In Quarter 2 2017, self-administered pension funds reported net investment of £11 billion in other assets (predominantly mutual funds), the largest by these businesses since records began in 1983.

The net investment of £2 billion in overseas securities by self-administered pension funds followed six quarters of net disinvestment. This was caused mainly by net investment of £4 billion in overseas corporate bonds and net investment of £3 billion in overseas government, provincial and municipal securities (the largest by these businesses since records began in 1963). The net investment was partly offset by net disinvestment in overseas ordinary shares (£4 billion).

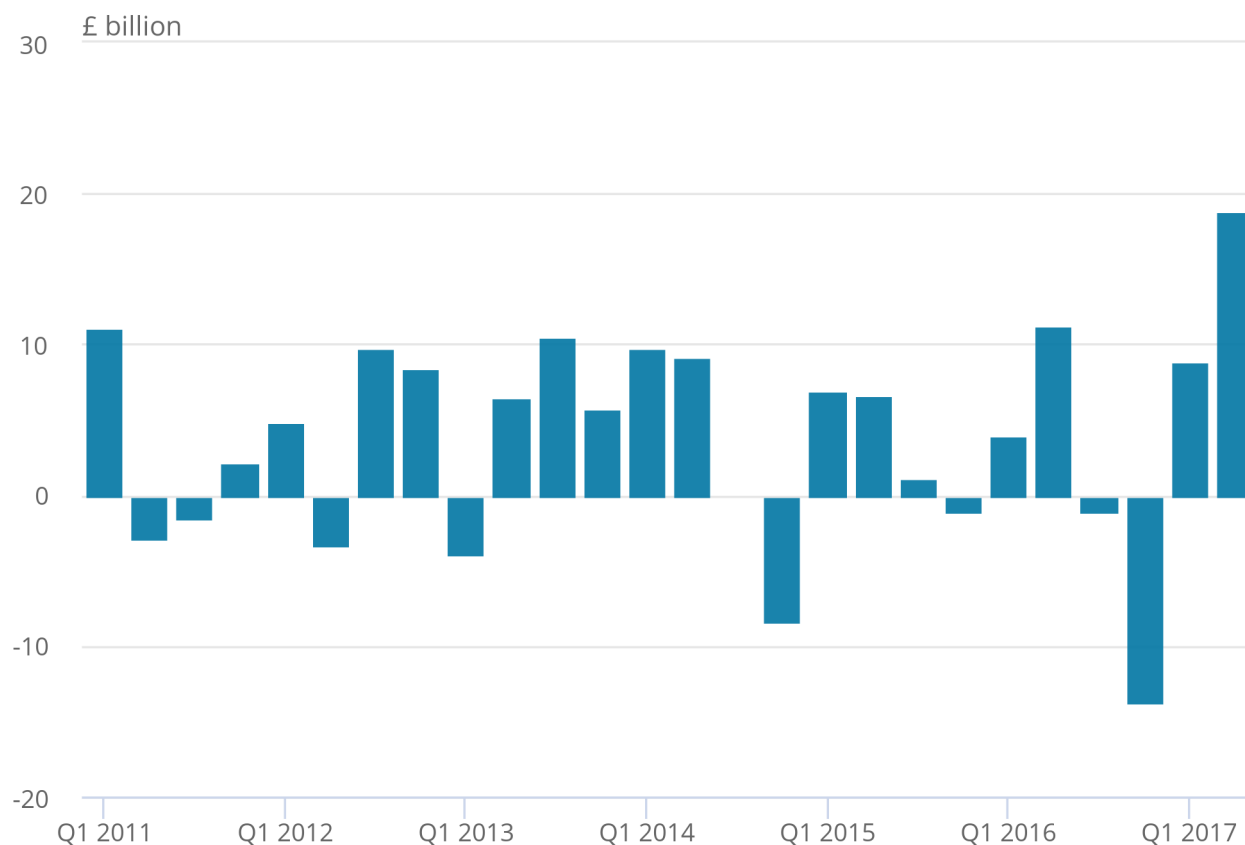
In 2016, the provisional estimate of net investment by self-administered pension funds in gilts (£32 billion) followed net investment of £20 billion in 2015. These were the highest levels of annual net investment in gilts by pension funds, since the time series began in 1963. By contrast, in 2016 the provisional estimates of net disinvestment by pension funds in overseas securities and UK corporate securities were £15 billion and £6 billion respectively. The move towards government gilts may be indicative of the extent to which these businesses are pursuing a relatively liquid investment portfolio.

Figure 9: Net investment by self-administered pension funds

UK, Quarter 1 (Jan to Mar) 2011 to Quarter 2 (Apr to June) 2017

Figure 9: Net investment by self-administered pension funds

UK, Quarter 1 (Jan to Mar) 2011 to Quarter 2 (Apr to June) 2017



Source: Office for National Statistics

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Investment trusts

Investment trusts acquire financial assets with money subscribed by shareholders or borrowed in the form of loan capital. Investment trusts are not trusts in the legal sense, but are limited companies with two special characteristics: their assets consist of securities and they are debarred by their articles of association from distributing capital gains as dividends. Shares of investment trusts are traded on the Stock Exchange and increasingly can be bought direct from the company.

In Quarter 2 2017, investment trusts reported net disinvestment of £1 billion. This was due mainly to net disinvestment in UK corporate securities (£1 billion) and short-term assets (£1 billion). These were partly offset by net investment in overseas securities (£1 billion).

Unit trusts and property unit trusts

Unit trusts include open-ended investment companies (OEICs) but do not cover other unitised collective investment schemes or those based offshore. They are set up under trust deeds, the trustee usually being a bank or insurance company. The funds in the trusts are managed not by the trustees, but by independent management companies. Units representing a share in the trusts' assets can be bought from the managers or resold to them at any time.

Property unit trusts invest predominantly in freehold or leasehold commercial property yet may hold a small proportion of their investments in the securities of property companies.

In Quarter 2 2017, unit trusts and property unit trusts reported net investment of £22 billion (Figure 10), the largest net investment for this series since records began in Quarter 1 (Jan to Mar) 1987. The five-year quarterly average for this series is net investment of £10 billion.

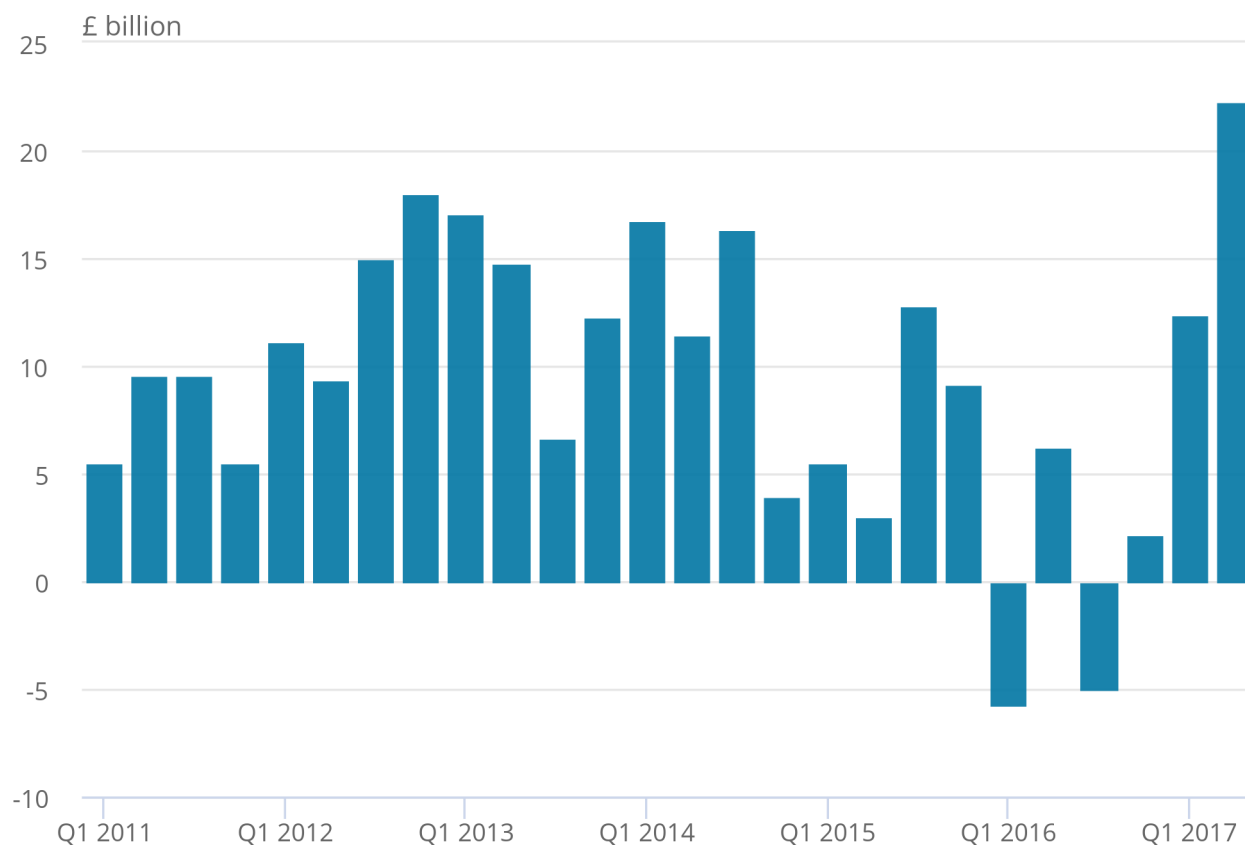
The net investment of £13 billion in overseas securities by unit trusts and property unit trusts was the largest by these businesses since records began in Quarter 1 1986. The net investment in other assets (mainly mutual funds) by these businesses in Quarter 2 2017 (£4 billion) was the largest since the start of this series in 1987.

Figure 10: Net investment by unit trusts and property unit trusts

UK, Quarter 1 (Jan to Mar) 2011 to Quarter 2 (Apr to June) 2017

Figure 10: Net investment by unit trusts and property unit trusts

UK, Quarter 1 (Jan to Mar) 2011 to Quarter 2 (Apr to June) 2017



Source: Office for National Statistics

Source: Office for National Statistics

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Table 2: Net Investment by institutional group

Institutional group		Net investment
Government		
Central government		
Ministry of Finance		
Ministry of Health		
Ministry of Education		
Ministry of Agriculture		
Ministry of Industry		
Ministry of Transport		
Ministry of Environment		
Ministry of Social Services		
Ministry of Labour		
Ministry of Justice		
Ministry of Defence		
Ministry of Foreign Affairs		
Ministry of Science		
Ministry of Culture		
Ministry of Tourism		
Ministry of Energy		
Ministry of Water		
Ministry of Housing		
Ministry of Urban Planning		
Ministry of Regional Development		
Ministry of Infrastructure		
Local government		
Municipalities		
Counties		
Regions		
Private sector		
Financial institutions		
Insurance companies		
Pension funds		
Venture capitalists		
Hedge funds		
Private equity		
Real estate		
Infrastructure		
Energy		
Water		
Transport		
Telecommunications		
Media		
Retail		
Food and beverage		
Pharmaceuticals		
Technology		
Automotive		
Aerospace		
Marine		
Agriculture		
Forestry		
Mining		
Manufacturing		
Construction		
Engineering		
Architecture		
Design		
Consulting		
Law		
Accounting		
Marketing		
Public relations		
Advertising		
Media		
Telecommunications		
Energy		
Water		
Transport		
Telecommunications		
Media		
Retail		
Food and beverage		
Pharmaceuticals		
Technology		
Automotive		
Aerospace		
Marine		
Agriculture		

							£ billion
	Total	Long-term insurance companies	General insurance companies	Self-administered pension funds	Investment trusts	Unit trusts and property unit trusts	Consolidation adjustment ¹
2011	24.3	-4.2	2.3	8.6	0.4	30.3	-13.0
2012	55.6	3.7	1.6	19.7	-0.2	53.5	-22.6
2013	48.4	-17.3	0.8	18.8	0.6	50.9	-5.4
2014	12.5	-14.6	-10.0	10.3	0.8	48.7	-22.7
2015	27.6	-5.0	4.6	13.6	0.2	30.5	-16.3
2016	-53.6	-25.6	-4.0	0.5	1.4	-2.2	-23.7
2011 Q1	11.0	-5.6	-1.4	11.1	0.6	5.5	0.7
2011 Q2	10.1	5.1	1.4	-2.9	0.3	9.6	-3.4
2011 Q3	2.5	1.3	1.4	-1.6	-0.1	9.6	-8.1
2011 Q4	0.7	-4.9	0.9	2.1	-0.5	5.5	-2.3
2012 Q1	17.1	2.3	1.7	4.9	0.1	11.1	-3.0
2012 Q2	8.4	2.1	-1.3	-3.4	0.1	9.4	1.6
2012 Q3	18.3	-2.4	0.4	9.8	-0.4	15.0	-4.0
2012 Q4	11.8	1.8	0.8	8.4	0.1	18.0	-17.2
2013 Q1	5.4	-1.4	-1.4	-4.0	0.5	17.1	-5.5
2013 Q2	21.1	-0.4	1.3	6.5	-0.2	14.8	-1.0
2013 Q3	15.2	-4.7	0.7	10.5	0.1	6.7	1.9
2013 Q4	6.7	-10.8	0.2	5.8	0.1	12.3	-0.8
2014 Q1	18.8	-0.3	1.1	9.7	0.1	16.8	-8.6
2014 Q2	3.8	-5.9	-4.0	9.2	0.3	11.5	-7.3
2014 Q3	9.8	-1.0	-1.5	-0.1	0.4	16.4	-4.4
2014 Q4	-19.8	-7.4	-5.6	-8.4	0.0	4.0	-2.4
2015 Q1	6.4	-3.4	-0.6	6.9	-0.9	5.5	-1.1

2015 Q2	6.1	-2.2	2.0	6.7	0.8	3.0	-4.1
2015 Q3	14.5	2.6	2.0	1.1	0.2	12.8	-4.3
2015 Q4	0.6	-1.9	1.2	-1.1	0.1	9.2	-6.8
2016 Q1	-24.9	-14.4	-3.9	4.0	0.5	-5.7	-5.5
2016 Q2	7.6	-4.8	1.2	11.3	1.1	6.3	-7.5
2016 Q3	-10.9	0.3	0.8	-1.1	-0.7	-5.0	-5.2
2016 Q4	-25.4	-6.7	-2.0	-13.7	0.5	2.2	-5.6
2017 Q1	9.8	3.5	-0.7	8.8	-1.7	12.4	-12.5
2017 Q2	36.1	1.7	1.2	18.8	-1.4	22.3	-6.4

Source: Office for National Statistics

Notes:

1. The consolidation adjustment is an adjustment to remove inter-sectoral flows between the different types of institution covered. The adjustment includes (i) investment in authorised unit trust units, open-ended investment companies and investment trust securities by insurance companies, pension funds and trusts and (ii) investment by pension funds in insurance managed funds and property unit trust units.

2. Components may not sum to totals due to rounding.

3. Data for all quarters of 2016 remain provisional and subject to revision until the incorporation of the 2016 annual survey results in December 2017.

4. Q1 is Quarter 1 (January to March), Q2 is Quarter 2 (April to June), Q3 is Quarter 3 (July to September) and Q4 is Quarter 4 (October to December).

5 . Income and expenditure by institutional group

Rather than provide analysis on total income and expenditure for the institutional groups, it is considered more beneficial to users, based on their feedback, if commentary is concentrated on particular components. For insurance companies, the focus is on premiums and claims, while contributions (net of refunds) and payments are the focus for self-administered pension funds (see Table 3, at the end of this section).

Long-term insurance companies

In Quarter 2 (Apr to June) 2017, the value of claims was £48 billion and the largest since the start of this series in 2003. In terms of context, the five-year quarterly average for this series is £40 billion.

The value of premiums in Quarter 2 2017 was £39 billion. The five-year quarterly average for this series is £31 billion.

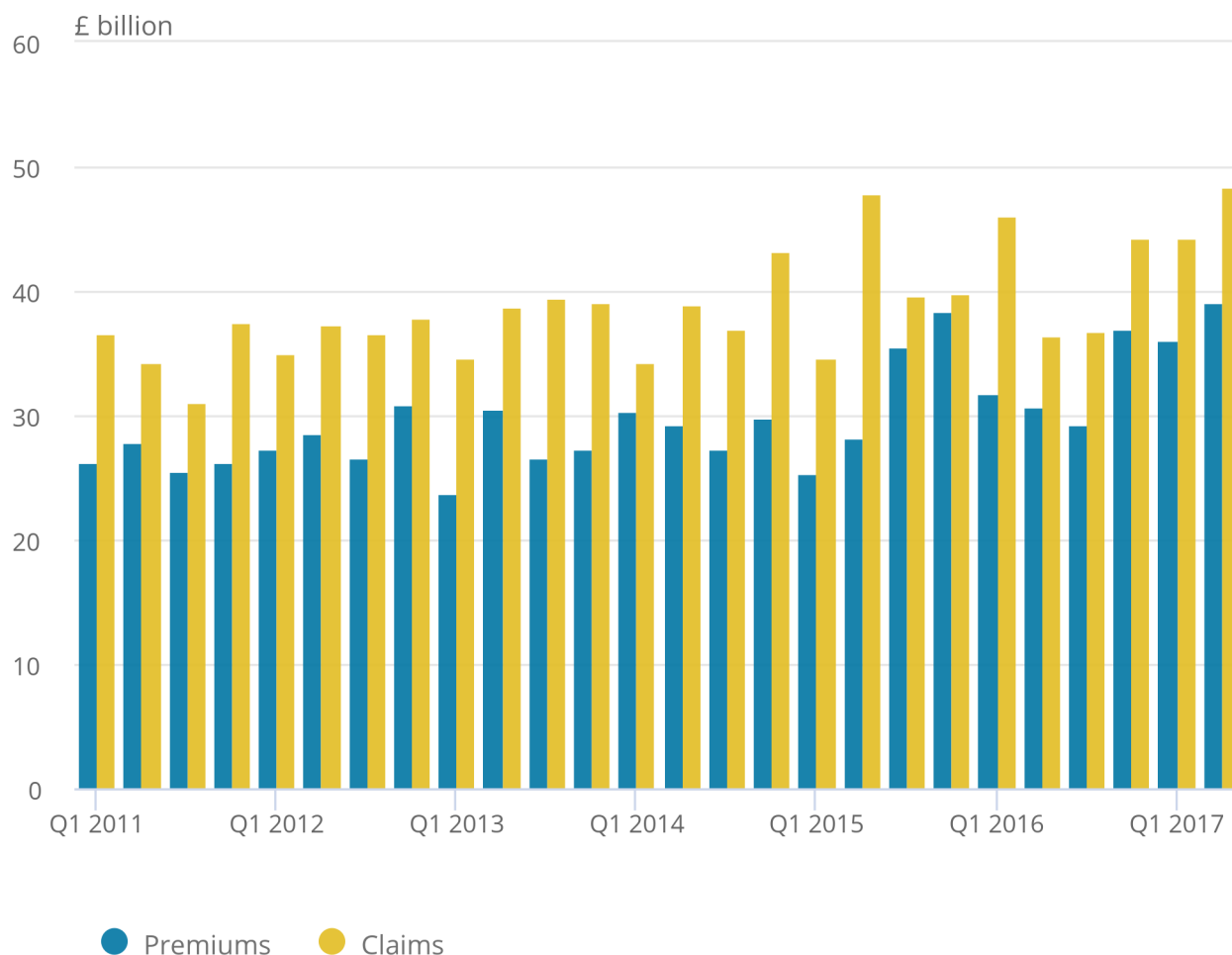
The value of claims exceeded the value of premiums in each of the years since 2008, reversing the trend of premiums exceeding the value of claims, evident between 2003 (when records for these series began) and 2007.

Figure 11: Long-term insurance companies' premiums and claims

UK, Quarter 1 (Jan to Mar) 2011 to Quarter 2 (Apr to June) 2017

Figure 11: Long-term insurance companies' premiums and claims

UK, Quarter 1 (Jan to Mar) 2011 to Quarter 2 (Apr to June) 2017



Source: Office for National Statistics

Source: Office for National Statistics

Notes:

1. Q1 refers to Quarter 1 (Jan to Mar), Q2 refers to Quarter 2 (Apr to June), Q3 refers to Quarter 3 (July to Sept), Q4 refers to Quarter 4 (Oct to Dec).

General insurance companies

In Quarter 2 2017, the value of premiums was £9 billion in keeping with the five-year quarterly average for this series.

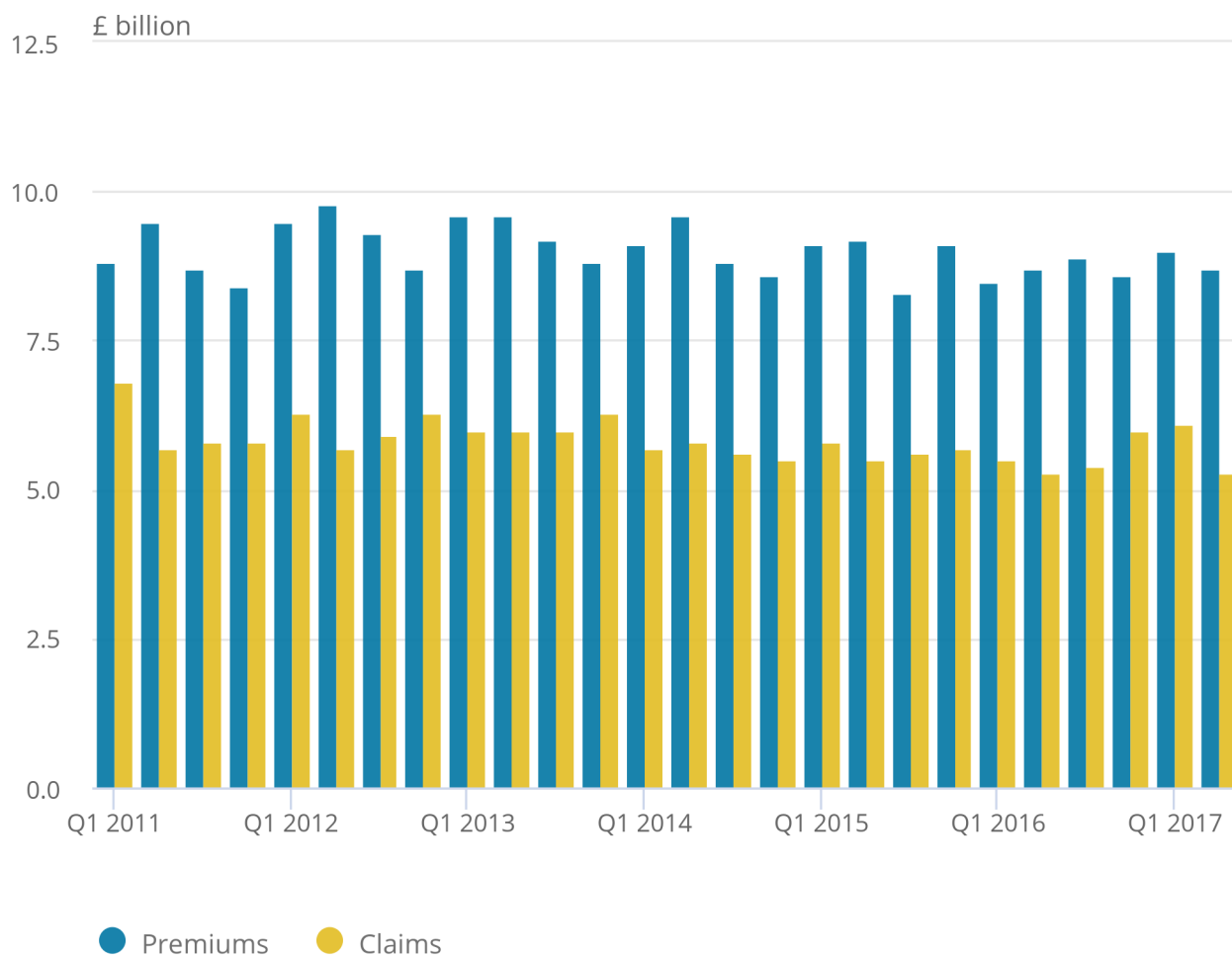
In Quarter 2 2017, the value of claims was £5 billion. The five-year quarterly average for this series is £6 billion.

Figure 12: General insurance companies' premiums and claims

UK, Quarter 1 (Jan to Mar) 2011 to Quarter 2 (Apr to June) 2017

Figure 12: General insurance companies' premiums and claims

UK, Quarter 1 (Jan to Mar) 2011 to Quarter 2 (Apr to June) 2017



Source: Office for National Statistics

Source: Office for National Statistics

Notes:

1. Q1 refers to Quarter 1 (Jan to Mar), Q2 refers to Quarter 2 (Apr to June), Q3 refers to Quarter 3 (July to Sept), Q4 refers to Quarter 4 (Oct to Dec).

Self-administered pension funds

Contributions to self-administered pension funds (net of refunds) in Quarter 2 2017 were £13 billion. The five-year quarterly average for this series is £11 billion.

In recent years there seems to be a pattern for pension managers to make one-off “special contributions” in Quarter 1 (Jan to Mar) of a given year, in order to reduce the deficits in their funds. This would lead to generally higher net contributions in this quarter compared with other quarters of the year (Figure 13). A possible explanation for this pattern is that companies with defined benefit schemes, while compiling their end of year accounts, are better placed to determine the level of additional input they are able to provide to address pension fund deficit. Estimates of these one-off employers' special contributions were relatively high in the first quarter of each year since 2012. In Quarter 1 2017, pension funds made special contributions of £5 billion.

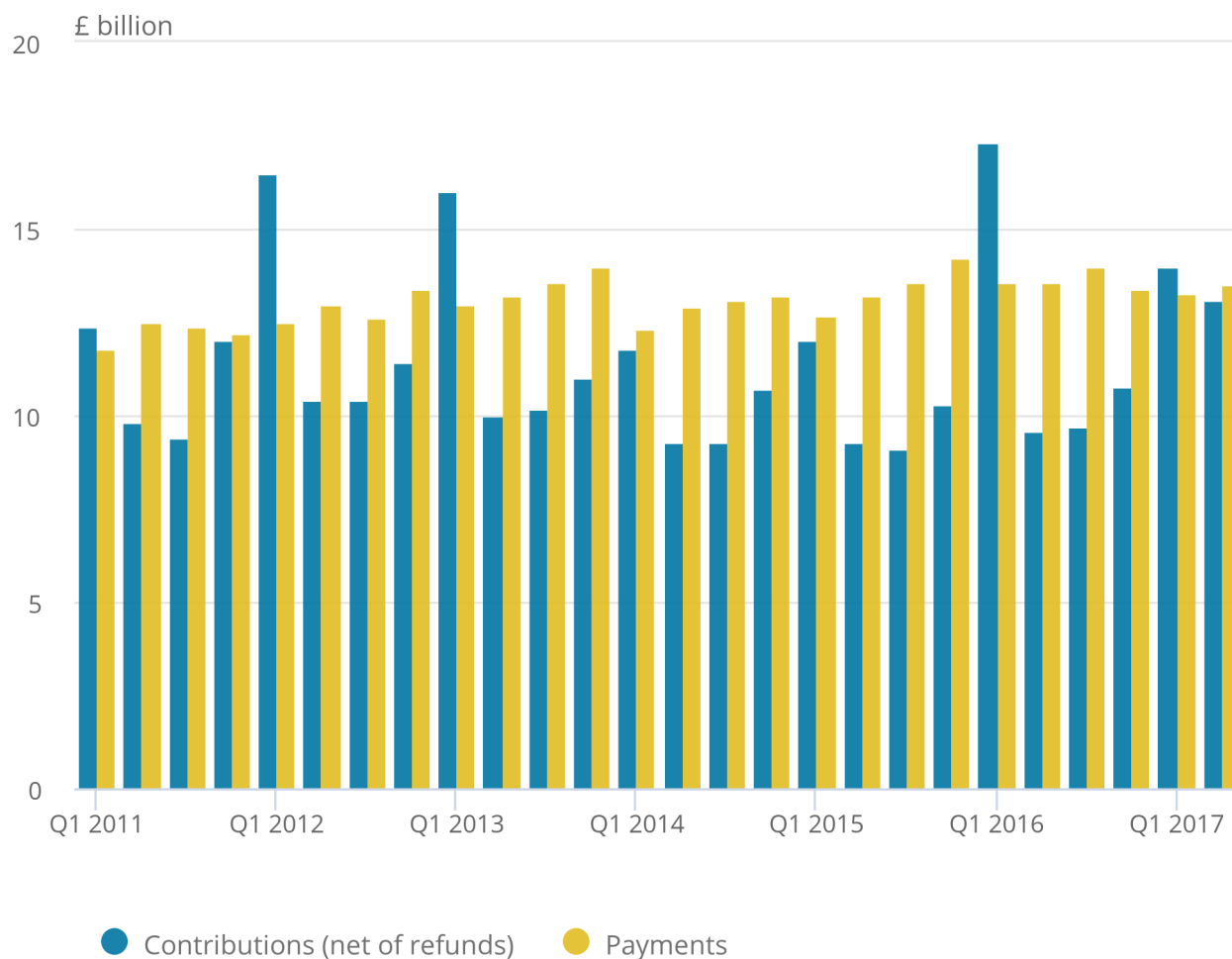
Payments (comprising pensions payable gross of Income Tax, lump sums payable on retirement and death benefits) by self-administered pension funds in Quarter 2 2017 were £14 billion. The five-year quarterly average for this series is £13 billion.

Figure 13: Self-administered pension funds' contributions (net of refunds) and payments

UK, Quarter 1 (Jan to Mar) 2011 to Quarter 2 (Apr to June) 2017

Figure 13: Self-administered pension funds' contributions (net of refunds) and payments

UK, Quarter 1 (Jan to Mar) 2011 to Quarter 2 (Apr to June) 2017



Source: Office for National Statistics

Source: Office for National Statistics

Notes:

1. Q1 refers to Quarter 1 (Jan to Mar), Q2 refers to Quarter 2 (Apr to June), Q3 refers to Quarter 3 (July to Sept), Q4 refers to Quarter 4 (Oct to Dec).

Table 3: Income and expenditure by institutional group

	Long-term insurance		General insurance		Self-administered pension funds	
	Premiums	Claims	Premiums	Claims	Contributions (net of refunds)	Payments
2011	106.1	139.5	35.4	24.1	43.6	48.8
2012	113.6	146.8	37.4	24.1	48.6	51.4
2013	108.2	152.0	37.3	24.2	47.3	53.9
2014	116.8	153.5	36.0	22.7	41.1	51.6
2015	127.5	161.9	35.6	22.5	40.6	53.6
2016	128.6	163.5	34.6	22.1	47.4	54.6
2011 Q1	26.3	36.6	8.8	6.8	12.4	11.8
2011 Q2	27.8	34.2	9.5	5.7	9.8	12.5
2011 Q3	25.6	31.1	8.7	5.8	9.4	12.4
2011 Q4	26.3	37.5	8.4	5.8	12.0	12.2
2012 Q1	27.4	35.0	9.5	6.3	16.5	12.5
2012 Q2	28.6	37.4	9.8	5.7	10.4	13.0
2012 Q3	26.6	36.6	9.3	5.9	10.4	12.6
2012 Q4	30.9	37.8	8.7	6.3	11.4	13.4
2013 Q1	23.7	34.7	9.6	6.0	16.0	13.0
2013 Q2	30.6	38.8	9.6	6.0	10.0	13.2
2013 Q3	26.6	39.4	9.2	6.0	10.2	13.6
2013 Q4	27.3	39.1	8.8	6.3	11.0	14.0
2014 Q1	30.4	34.3	9.1	5.7	11.8	12.3
2014 Q2	29.3	39.0	9.6	5.8	9.3	12.9
2014 Q3	27.3	36.9	8.8	5.6	9.3	13.1
2014 Q4	29.8	43.3	8.6	5.5	10.7	13.2
2015 Q1	25.3	34.6	9.1	5.8	12.0	12.7
2015 Q2	28.2	47.9	9.2	5.5	9.3	13.2
2015 Q3	35.5	39.6	8.3	5.6	9.1	13.6
2015 Q4	38.4	39.8	9.1	5.7	10.3	14.2
2016 Q1	31.8	46.1	8.5	5.5	17.3	13.6
2016 Q2	30.7	36.5	8.7	5.3	9.6	13.6
2016 Q3	29.3	36.7	8.9	5.4	9.7	14.0
2016 Q4	36.9	44.3	8.6	6.0	10.8	13.4
2017 Q1	36.1	44.3	9.0	6.1	14.0	13.3
2017 Q2	39.1	48.4	8.7	5.3	13.1	13.5

Source: Office for National Statistics

Notes:

1. Components may not sum to totals due to rounding.
2. Data for all quarters of 2016 remain provisional and subject to revision until the incorporation of the 2016 annual survey results in December 2017.
3. Q1 is Quarter 1 (January to March), Q2 is Quarter 2 (April to June), Q3 is Quarter 3 (July to September) and Q4 is Quarter 4 (October to December).

6 . Accessing MQ5 data

There are several ways to view the data underlying this release.

The [MQ5: Investment by insurance companies, pension funds and trusts dataset](#) shows data from both the quarterly and annual series:

- Tables A to D combine information from the different institutions
- Section 1 combines information from the long-term and general insurance surveys
- Section 2 covers information from the surveys of long-term insurance companies
- Section 3 covers information from the surveys of general insurance companies
- Section 4 covers information from the surveys of self-administered pension funds
- Section 5 covers information from the surveys of investment trusts
- Section 6 covers information from the surveys of unit trusts and property unit trusts

If you are interested in a particular series or groups of series covering a longer period of time (pre-2010), then you can access the investment by insurance companies, pension funds and trusts [time series dataset](#).

There is scope to expand coverage of these datasets and/or add further datasets. We are keen to hear your views – please email us: financial.inquiries@ons.gsi.gov.uk

7 . Revisions

A [revisions policy](#) is available to assist users with their understanding of the cycle and frequency of data revisions. You are strongly advised to read this policy before using these data for research or policy-related purposes.

Data for 2016 remain provisional and subject to revision, until the incorporation of the 2016 annual survey results in December 2017. Data for all four quarters of 2016 and Quarter 1 (Jan to Mar) of 2017 have been revised, partly as a result of late questionnaires being received and partly as a result of disaggregate data revisions. In Quarter 1 2017 the estimate of net investment has been revised, from £12 billion to £10 billion.

Revisions to data provide one indication of the reliability of main indicators. A spreadsheet is available giving a [revisions triangle](#) of estimates of net investment from 1996 to date. This also includes information on average revisions to other series contained in this publication.

8 . Response rates

The figures in this release are based on a system of quarterly and annual surveys collecting data on income and expenditure, transactions in financial assets and the balance sheet in separate surveys. Response rates in Quarter 2 (Apr to June) 2017 are broadly in line with previous quarters' response rates.

Table 4: Overall response rate by survey

UK, 2015 and Quarter 2 (Apr to June) 2017

Q2 2017	%
Transactions	
Long-term insurance companies	91
General insurance companies	94
Self-administered pension funds	85
Unit trusts	94
Investment trusts	86
Property unit trusts	75
Income and expenditure	
Long-term insurance companies	91
General insurance companies	89
Self-administered pension funds	87
2015 Annual	%
Balance sheet	
Long-term insurance companies	96
General insurance companies	93
Self-administered pension funds	93
Income and expenditure	
Long-term insurance companies	99
General insurance companies	93
Assets and liabilities	
Unit trusts	90
Investment trusts	87
Property unit trusts	90

Source: Office for National Statistics

9 . Quality and methodology

The [Investment by insurance companies, pension funds and trusts \(MQ5\) Quality and Methodology Information report](#) contains important information on:

- the strengths and limitations of the data and how it compares with related data
- uses and users of the data
- how the output was created
- the quality of the output including the accuracy of the data