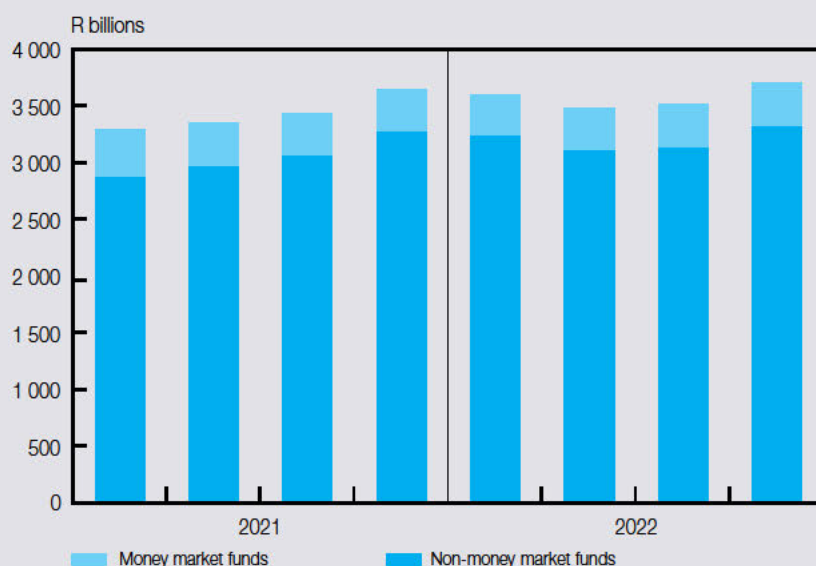


Box 2 The link between unit trust and integrated economic account statistics

This box contextualises the link between unit trust statistics¹ and financial sector² statistics in the experimental integrated economic accounts (IEA)³ as published in the South African Reserve Bank's (SARB) *Quarterly Bulletin* (QB). Unit trusts pool investor⁴ funds in either money market⁵ or non-money market⁶ funds. The unbalanced⁷ aggregated unit trust statistics serve as data inputs into the balanced financial balance sheet and accumulation accounts (FBSAA)⁸ of the IEA. However, these statistics are balanced in the FBSAA, thus introducing minor differences.

Unbalanced aggregated unit trust statistics indicate the dominance of non-money market funds at 89.6% of total assets⁹ as at 31 December 2022, while money market funds only accounted for 10.4%.

Total assets of unit trusts*



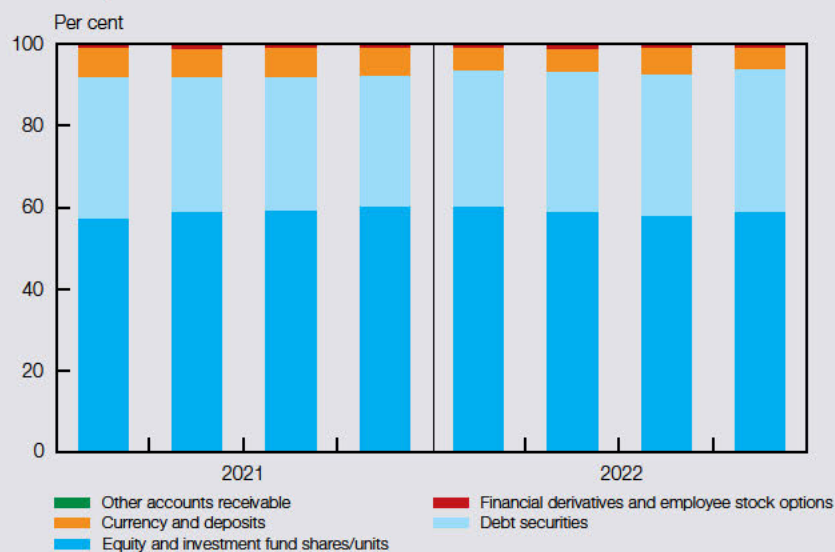
* Unbalanced aggregated statistics (including fund of funds); see page S-38 in this edition of the *Quarterly Bulletin*
Source: SARB

The composition of unit trust assets is dominated by equity and investment fund shares/units followed by debt securities, which accounted for 59.0% and 34.5% respectively of unbalanced aggregated total assets as at 31 December 2022, whereas currency and deposits only accounted for 5.2%.

- 1 These statistics are published on page S-38 in this edition of the *Quarterly Bulletin* (QB). Unit trusts are collective investment schemes established in terms of the Collective Investment Schemes Control Act 45 of 2002. Collective investment schemes also include participation bond schemes, hedge funds and other types of funds. See <https://www.gov.za/documents/collective-investment-schemes-control-act>.
- 2 The financial sector comprises all the resident corporations engaged in the provision of financial services as categorised into the institutional subsectors: the central bank, banks (deposit-taking corporations), money market and non-money market unit trusts, other financial intermediaries, financial auxiliaries, captive financial institutions and money lenders, insurance corporations and pension funds.
- 3 This refers to the experimental IEA statistics published on pages E-7 and E-8 in this edition of the QB.
- 4 For the compilation and analysis of statistics, investors in unit trusts are categorised into the following main institutional sectors: 'households', which includes individuals; 'financial corporations', comprising banks and non-bank financial institutions; 'non-financial corporations', comprising both public and private corporations; 'general government'; and 'the rest of the world', which includes all non-resident individuals and corporations.
- 5 Money market funds invest mostly in assets comprising money market instruments that have an original maturity of one year or less.
- 6 Non-money market funds comprise, among others, domestic equity funds, multi-asset funds, interest-bearing funds, worldwide funds, global funds, regional funds and foreign funds. The assets of non-money market funds comprise currency and deposits, debt securities, equity and investment fund shares/units as well as other assets such as accounts receivable, financial derivatives and employee stock options.
- 7 The unit trust statistics are unbalanced as they are only measured from the perspective of unit trusts and not integrated into the macroeconomic statistical framework.
- 8 The FBSAA component of the IEA comprises balance sheet stock positions as well as flows arising from transactions, revaluations and other volume changes. In the balanced version of these statistics, the FBSAA is horizontally balanced to ensure that institutional sector accounts are harmonised and integrated. The stock positions are balanced based on a hierarchy-of-sources matrix, which considers the coverage, the quality of source data and the compilation methodologies by type of financial instrument for each institutional sector vis-à-vis each counterparty institutional sector.
- 9 The total assets of unit trusts include fund of funds.



Composition of unit trust assets*



* Unbalanced aggregated statistics (including fund of funds); see page S-38 in this edition of the *Quarterly Bulletin*

The FBSAA in the IEA records the opening and closing financial asset and liability stock positions per financial instrument as well as the quarterly change between these positions, recorded in the accumulation accounts as transactions, valuations or other volume changes.

The balanced financial asset holdings of the total domestic economy increased by R1.6 trillion from 30 September 2022 to R46.7 trillion on 31 December 2022, with the financial sector holding most of the financial assets at 51.5%. The balanced financial assets of unit trusts increased by R170 billion to R3.6 trillion over the same period. As at 31 December 2022, equity and investment fund shares/units accounted for about 59.7% of unit trusts' financial assets and 32.8% of financial corporations' total financial assets.

The balanced liabilities of the total financial sector show that insurance, pension and standardised guarantee schemes as well as equity and investment fund shares/units accounted for 34.2% and 28.0% respectively of total liabilities as at 31 December 2022. At the same time, equity and investment fund shares/units represented 98.1% of unit trusts' total liabilities.

The link between the unit trust and IEA statistics is that the unbalanced aggregated unit trust statistics serve as data input into the FBSAA in the IEA. Through the balancing process, discrepancies or differences may arise, mainly at financial instrument level. Although money market and non-money market funds data are highly regarded in terms of coverage and accuracy, the difference between the balanced and unbalanced statistics can generally be attributed to its ranking in the hierarchy of sources vis-à-vis other counterparty institutional sectors in the balancing process.

**Financial assets and liabilities stock positions of financial corporations and unit trusts
as at 31 December 2022**

R millions

	Balanced integrated economic account statistics		Unbalanced unit trust statistics ¹	Balanced integrated economic account statistics ²	Balanced-unbalanced ratio
	Financial corporations ²	Money market and non-money market unit trusts ³	Money market and non-money market unit trusts ⁴	Total domestic economy	Money market and non-money market unit trusts
Monetary gold ⁵ and special drawing rights	224 431	-	-	224 431	-
Currency and deposits.....	1 982 886	145 888	194 658	5 897 762	74.9
Debt securities	5 866 164	1 256 202	1 279 382	6 108 575	98.2
Loans	5 323 559	5 629	-	5 978 130	-
Equity and Investment fund shares/units	7 888 646	2 152 413	2 186 759	16 844 627	98.4
Insurance, pension and standardised guarantee schemes.....	1 924 175	-	-	9 397 771	-
Financial derivatives and employee stock options.....	375 379	38 637	38 562	431 751	100.2
Other accounts receivable	492 182	9 119	8 606	1 863 829	106.0
Total financial assets	24 077 423	3 607 888	3 707 967	46 746 875	97.3
Special drawing rights	-	-	-	99 846	-
Currency and deposits.....	5 590 887	-	-	5 590 887	-
Debt securities	1 892 516	-	-	6 425 003	-
Loans	1 531 419	-	-	6 572 164	-
Equity and Investment fund shares/units.....	7 417 285	4 086 752	3 627 856	14 791 284	112.6
Insurance, pension and standardised guarantee schemes.....	9 076 189	-	-	9 317 868	-
Financial derivatives and employee stock options	409 825	44 175	44 656	429 510	98.9
Other accounts payable	599 209	34 567	35 455	1 901 523	97.5
Total liabilities	26 517 329	4 165 493	3 707 967	45 128 086	112.3

1 See the statistics on page S-38 in this edition of the *Quarterly Bulletin*

2 See the statistics on page E-7 in this edition of the *Quarterly Bulletin*

3 Including participation bond schemes

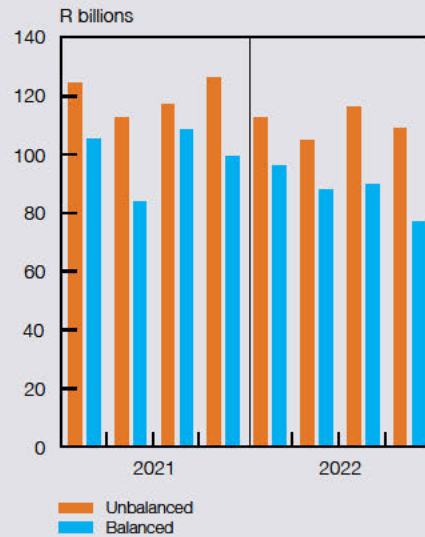
4 Excluding participation bond schemes

5 Monetary gold has no corresponding liability in the financial balance sheets, which results in the difference between the assets and liabilities.

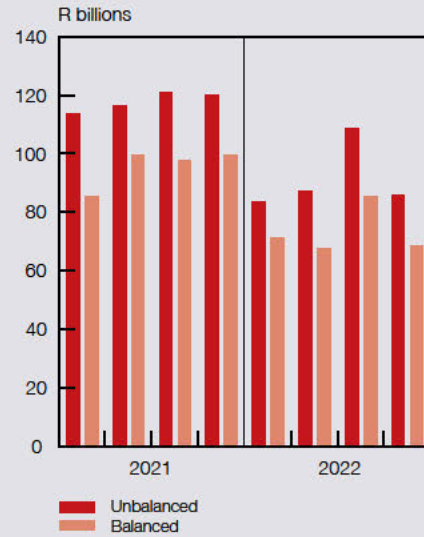
The unbalanced currency and deposit assets of both money market and non-money market funds are larger than the balanced statistics. This could be due to the higher ranking (in the hierarchy of sources) attributed to banking data and either the possible misclassification of unit trusts by banks or the possible misclassification of currency and deposits by unit trusts.

Assets of unit trusts: currency and deposits

Non-money market funds



Money market funds



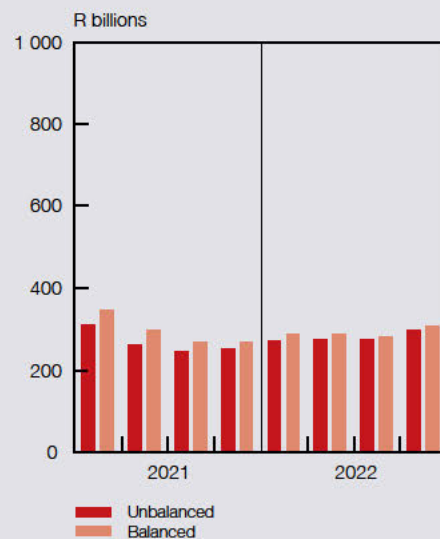
The balanced money market funds debt securities assets are slightly higher than indicated by the unbalanced statistics. However, for non-money market funds, the amounts indicated by the unbalanced statistics are generally slightly higher than the balanced statistics.

Assets of unit trusts: debt securities

Non-money market funds

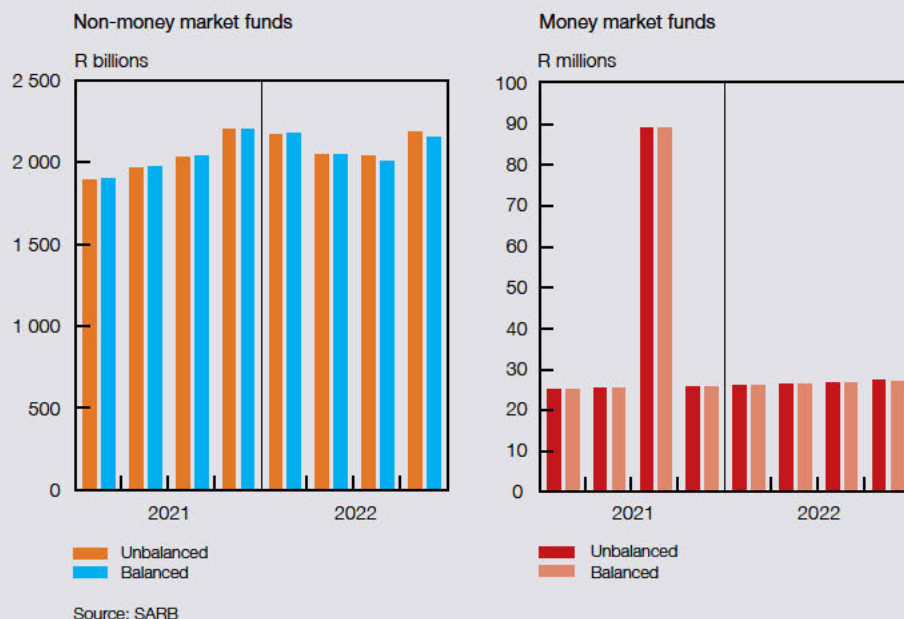


Money market funds

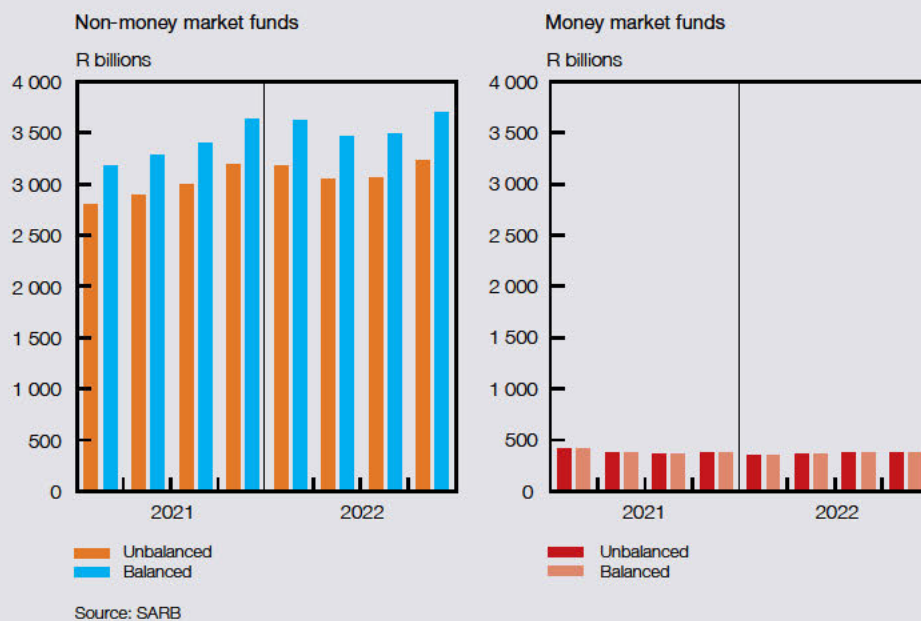


The balanced and unbalanced equity and investment fund shares/units asset amounts for non-money market funds almost match. Unit trust liabilities are dominated by equity and investment fund shares/units. In the case of non-money market funds, the balanced liability amounts are higher than the unbalanced amounts, whereas those of money market funds are closely matched.

Assets of unit trusts: equity and investment fund shares/units



Liabilities of unit trusts: equity and investment fund shares/units



The accumulation accounts for the fourth quarter of 2022 show how transactions, revaluations and other volume changes combined accounted for the difference between the opening and closing financial asset stock positions of financial corporations, unit trusts and the domestic economy between 30 September 2022 and 31 December 2022.



Balanced financial assets and accumulation accounts of financial corporations and unit trusts as at 31 December 2022

R millions

	Balanced integrated economic account statistics		
	Financial corporations ¹	Money market and non-money market unit trusts ²	Total domestic economy ¹
Monetary gold and special drawing rights	222 301	-	222 301
Currency and deposits.....	2 022 711	174 963	5 845 951
Debt securities	5 805 965	1 200 186	6 034 597
Loans	5 184 684	5 495	5 873 449
Equity and Investment fund shares/units	7 351 638	2 010 658	15 641 786
Insurance, pension and standardised guarantee schemes	1 911 196	-	8 936 502
Financial derivatives and employee stock options	482 535	32 788	563 050
Other accounts receivable	540 740	13 891	2 024 059
Closing balance sheet (as at 30 September 2022)	23 521 770	3 437 981	45 141 693
Monetary gold and special drawing rights.....	2 130	-	2 130
Currency and deposits.....	-39 825	-29 075	51 811
Debt securities	60 199	56 016	73 978
Loans	138 875	134	104 681
Equity and Investment fund shares/units	537 008	141 755	1 202 841
Insurance, pension and standardised guarantee schemes	12 979	-	461 269
Financial derivatives and employee stock options	-107 156	5 849	-131 299
Other accounts receivable	-48 558	-4 772	-160 230
Accumulation accounts (fourth quarter of 2022)	555 653	169 907	1 605 182
Monetary gold and special drawing rights	224 431	-	224 431
Currency and deposits.....	1 982 886	145 888	5 897 762
Debt securities	5 866 164	1 256 202	6 108 575
Loans	5 323 559	5 629	5 978 130
Equity and Investment fund shares/units	7 888 646	2 152 413	16 844 627
Insurance, pension and standardised guarantee schemes	1 924 175	-	9 397 771
Financial derivatives and employee stock options	375 379	38 637	431 751
Other accounts receivable	492 182	9 119	1 863 829
Closing balance sheet (as at 31 December 2022)	24 077 423	3 607 888	46 746 875

¹ See the statistics on page E-8 in this edition of the *Quarterly Bulletin*
² Including participation bond schemes

Changes in the financial assets of financial corporations and unit trusts (both money market and non-money market funds) in the accumulation accounts¹⁰, except for currency and deposits as well as loans, mostly reflect revaluations. The accumulation accounts reflected an increase of R556 billion in the financial assets of financial corporations in the final quarter of 2022 – with revaluations increasing by R719 billion and transactions declining by R163 billion.

¹⁰ The components of the accumulation accounts are not directly measured but estimated using predominantly an adaptation of the approach described in International statistical manuals for deriving transactions and valuation changes using exchange rates and other prices. See Annex 5.1 of the 2016 Monetary and Financial Statistics Manual and Compilation Guide, available at https://www.imf.org/-/media/Files/Data/Guides/mfsmcg_merged-web-pdf.ashx.

An increase of R170 billion in the financial assets of unit trusts over the same period reflected revaluations to the value of R173 billion, which were partly offset by a decrease in transactions of R3.3 billion.

