

Report S 1.6

Information on valuation effects on the balance sheet of investment funds

December 2024

Contents

1	Introduction	3
	1.1 Reporting population.....	3
	1.2 Frequency and reporting deadlines	3
2	Reporting of operations.....	3
3	Types of breakdowns	5
4	Flow statistics.....	5
	4.1 Basic principles.....	5
	4.2 Objective of report S 1.6 «Information on valuation effects on the balance sheet of non-MMF investment funds».....	7
	4.3 Reporting of information on the effects of valuation changes	9

1 Introduction

1.1 Reporting population

Report S 1.6 must be provided by non-monetary investment funds when the total amounts reported for one of the requested categories in the balance sheet report exceed 5% of total assets reported in the monthly or quarterly statistical balance sheet reports.

- The sum of the non-financial assets items (i.e. sum of the amounts reported under the items 1-006011 to 1-006999) exceeds 5% of total assets.
- The amount of the derivatives item on the asset side exceeds 5% of the total assets.
- The amount of the derivatives item on the liability side exceeds 5% of the total assets.

The BCL is in a position to check whether the sum of the amounts exceed 5% by using the monthly or quarterly statistical balance sheet reports.

1.2 Frequency and reporting deadlines

Report S 1.6 must be provided to the BCL on a monthly basis at the latest 20 working days following the end of the period to which it relates.

The BCL establishes and publishes, on its website, a calendar with the remittance dates for statistical reports.

2 Reporting of operations

Information on valuation effects must only be reported for the following items of the statistical balance sheet of investment funds.

Main category: Non-financial assets:

- 1-006011 «Non-financial assets - Real estate - Residential»
- 1-006012 «Non-financial assets - Real estate - Commercial»
- 1-006013 «Non-financial assets - Real estate - Industrial»

- 1-006014 «Non-financial assets - Real estate - Offices»
- 1-006015 «Non-financial assets - Real estate - Others»
- 1-006999 «Non-financial assets - Other non-financial assets»

Main category: Financial derivatives - Assets side:

- 1-007000 «Financial derivatives»

Main category: Financial derivatives - Liabilities side:

- 2-011000 «Financial derivatives»

In addition, it is important to mention that the reporting of information on valuation effects must be done if the amount reported for a main category exceeds 5% in terms of total assets.

Example:

Suppose an investment fund or a compartment of an investment fund whose assets and liabilities for a given period are characterised as follows:

- The sum of the amounts reported in the main category «Non-financial assets» represents **more than 5% of total assets**:
 - Sum of the amounts of the following items:
 - 1-006011 «Non-financial assets - Real estate - Residential»
 - 1-006012 «Non-financial assets - Real estate - Commercial»
 - 1-006013 «Non-financial assets - Real estate - Industrial»
 - 1-006014 «Non-financial assets - Real estate - Offices»
 - 1-006015 «Non-financial assets - Real estate - Others»
 - 1-006999 «Non-financial assets - Other non-financial assets»
- The amount reported in the main category «financial derivatives - Assets side» (item 1-007000) represents **less than 5% of total assets**.
- The amount reported in the main category «financial derivatives - Liabilities side» (item 2-011000) represents **less than 5% of total assets**.

In this example the investment fund or the compartment of an investment fund must only report information on the effects of valuation that affect items:

- 1-006011 «Non-financial assets - Real estate - Residential»
- 1-006012 «Non-financial assets - Real estate - Commercial»
- 1-006013 «Non-financial assets - Real estate - Industrial»
- 1-006014 «Non-financial assets - Real estate - Offices»
- 1-006015 «Non-financial assets - Real estate - Others»
- 1-006999 «Non-financial assets - Other non-financial assets»

3 Types of breakdowns

Assets and liabilities must not be split.

4 Flow statistics

4.1 Basic principles

The European Central Bank (ECB) compiles statistics on outstanding amounts at month-end as well as on transactions realised during the month in order to satisfy its analytical and research needs on developments in the field of monetary and financial statistics.

Financial transactions are identified as the difference between stock positions at month-end reporting dates, from which the effect of changes arising due to influences other than transactions is removed. Effects that do not result from transactions mainly take two forms:

- exchange rate changes that may impact on the accounting value of assets and liabilities that are not denominated in the accounting currency.
- price changes that may impact on the accounting value of assets and liabilities.

The identification of these effects can be made by the BCL for most of the balance sheet items.

1 Based on information provided within the framework of the security by security reporting, the BCL is in a position to estimate transactions for the securities portfolio.

The following balance sheet items are concerned:

- 1-003000 «Debts securities held»
- 1-005000 «Equity»
- 2-002050 « Borrowings - Short sales of securities»
- 2-003000 «Debt securities issued»
- 2-004000 «Shares / units issued»

2 In addition, for those items of the balance sheet for which adjustments not resulting from transactions are mainly, if not exclusively, due to exchange rate changes, the BCL can estimate transactions by eliminating variations due to exchange rate changes.

The following balance sheet items are concerned:

- 1-S02010 «Deposits and loan claims - Leveraged loan claims»
- 1-002999 «Deposits and other loan claims»
- 1-090010 «Remaining assets - Accrued interest»
- 1-099999 «Remaining assets - Other»
- 2-002010 «Borrowings - Overnight borrowings»
- 2-002020 «Borrowings - With agreed maturity»
- 2-002030 «Borrowings - Redeemable at notice»
- 2-002040 «Borrowings - Repurchase agreements»
- 2-002050 «Borrowings - Short sales of securities»
- 2-RD2000 «Borrowings - Revolving loans and overdrafts»
- 2-090010 «Remaining liabilities - Accrued interest»
- 2-099999 «Remaining liabilities - Other»

However, the BCL does not have the necessary basic information to estimate transactions and/or to neutralise the effects of adjustments not resulting from transactions for the following balance sheet categories.

Main category: Non-financial assets:

- 1-006011 «Non-financial assets - Real estate - Residential»
- 1-006012 «Non-financial assets - Real estate - Commercial»
- 1-006013 «Non-financial assets - Real estate - Industrial»
- 1-006014 «Non-financial assets - Real estate - Offices»
- 1-006015 «Non-financial assets - Real estate - Others»
- 1-006999 «Non-financial assets - Other non-financial assets»

Main category: Financial derivatives - Assets side:

- 1-007000 «Financial derivatives»

Main category: Financial derivatives - Liabilities side:

- 2-011000 «Financial derivatives»

In order to satisfy this need, report S 1.6 «Information on valuation effects on the balance sheet of IFs» must provide the information that BCL needs to compile transactions.

4.2 Objective of report S 1.6 «Information on valuation effects on the balance sheet of non-MMF investment funds»

The sole objective of data gathering based on report S 1.6 is to provide information on value adjustments for the three aforementioned items of the statistical balance of non-MMF investments funds.

The following simplified example for item 1-006011 «Non-financial assets - Real estate – Residential» demonstrates the objective of this report. It should however be noted that the reasoning also applies to the other items.

	Stock as at 31.01.2026	Stock as at 28.02.2026
Non-financial assets - Real estate - Residential	120	200

Real flows for February 2026 are compiled based on the following formula:

	S 1.6 «Information on valuation effects on the balance sheet of investment funds»	7 / 9
--	-----------------------------------------------------------------------------------	-------

Stock as at 28.02.2026 – Stock as at 31.01.2026

which corresponds to:

$$200 - 120 = 80$$

Hence, the real variation in stocks during February 2026 is 80.

This approach presents several drawbacks. Indeed, even without any transaction at all, the total amount of fixed assets may change simply because there has been a change of the value of the assets and/or because the currency in which these assets are denominated has been subject to exchange rate changes. Hence, the variation of stocks between 31 January 2026 and 28 February 2026 is explained as follows:

$$\text{Stock as at 31.01.2026} + \text{Net transactions} + \text{Net valuation effects} = \text{Stock as at 28.02.2026}$$

Therefore, the compilation of flows must be made based on the following formula:

$$\text{Net transactions} = \text{Stock as at 28.02.2026} - \text{Stock as at 31.01.2026} - \text{Net valuation effects}$$

Hence, the BCL is not in a position to properly execute the compilation of flows by simple difference between stocks and it is therefore important that the concerned investment funds or compartments of investment funds provide the BCL with information on the valuation effects that arose during the reference period.

It is precisely this valuation effect that the statistical report S 1.6 «Information on valuation effects on the balance sheet of non-MMF investment fund» is supposed to gather.

Considering once more our simplified example for item 1-006011 «Non-financial assets - Real estate - Residential»

	Stock as at 31.01.2026	Stock as at 28.02.2026
Non-financial assets - Real estate - Residential	120	200

In this example the variation of 80 of the amount of fixed assets is actually broken as follows:

- 50, which is the net balance of purchase and sale
- 30, which is net valuation effect

Hence, for February 2026 the amount to be reported on report S 1.6 is 30. This information allows to properly calculate the real flow:

$$200 - 120 - 30 = 50$$

In order to calculate the real flows as precisely as possible, the effect of net valuation reported in report S 1.6 must provide, on an aggregate basis, information on the two following effects:

- the impact of market valuation on assets and/or liabilities
- the impact of exchange rate variations on assets and/or liabilities

4.3 Reporting of information on the effects of valuation changes

Gathering of data that is necessary for the compilation of valuation effects can be done according to two different methods that provide an identical result:

- either identify specifically valuation effects, which may in certain cases prove difficult because it is necessary to identify the impact of price changes and/or exchange rate changes for each asset;
- or identify transactions which may in certain cases prove to be more simple.

It is left to the assessment of the investment funds and or compartments of investment funds to choose the method that fits better to their specific method.

However, regardless of the method chosen internally, it is important to report the effects of valuation changes that occurred during the reference period on report S 1.6 «Information on valuation effects on the balance sheet of non-MMF investment funds».