

Julius Bär

Investors can also exploit the benefits of stock exchange trading for investment funds

Bank Julius Baer & Co. Ltd., Funds Secondary Trading

Many investors are only familiar with the trading of traditional investment funds on the primary market. Here, units are issued and redeemed at their net asset value (NAV) via the fund company. The Sponsored Funds trading segment of SIX Swiss Exchange provides a much more flexible and transparent trading solution. It offers continual pricing with up-to-date prices in line with market conditions and continuous trading just like for equities and exchange traded funds (ETFs).

When trading via the primary market at NAV, various deadlines as well as the delayed calculation of the NAV and effective execution of the order make it difficult or impossible to ensure a prompt settlement for the investor. The investor thus bears the risk of market volatility during the period between the deadline and the time the NAV is calculated.

Changed investor requirements

The requirements of investors have, however, changed greatly in recent years. For example, fund investors also want to be able to respond quickly to a changed market environment. The Sponsored Funds segment generates the transparency and flexibility demanded here: An order can be processed at a current price or placed in the market with a price limit (and corresponding validity) within a matter of seconds. Fund investors thus also benefit from regulated stock exchange trading. This also does not contradict the trust placed in the fund management team to generate a good performance over the long term.

Optimal trading conditions

As is the case with ETF trading, the market makers calculate an indicative net asset value (iNAV) on the basis of the published information on the investment fund. This comprises individual positions valued at market prices and is calculated throughout the entire trading day. This ensures the provision of transparent bid and offer prices that can be traded at all times. With SIX Swiss Exchange, investors can put their faith in regulated and secure trading. The stock exchange ensures continuous trading, meaning that investors can respond flexibly and in real time to market developments. It also monitors that the market makers set buy and sell prices within a certain range and that each transaction is concluded at a fair price.

Broad range of products

Of the more than 8,600 funds authorised for distribution in and from Switzerland by the Swiss Financial Market Supervisory Authority (FINMA), 353 funds from more than 70 different renowned fund providers can currently be traded. With the growing interest in the trading segment, demand is also growing for a broad and expanded product universe.

Further information

All information (including price quotations) can be accessed at www.six-swiss-exchange.ch/sponsoredfunds at all times. As is the case with equities and other investment products, orders are processed via the principal bank.

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The Bank Julius Baer fund specialists are responsible for the market making of traditional investment funds.