

‘Funds in Focus’ Issue 2: fewer fees – more benefits

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

SIX Swiss Exchange’s Sponsored Funds trading segment provides continuous pricing information, delivering up-to-date mark-to-market prices for traditional investment funds and thus guaranteeing the same degree of ongoing tradability as for equities and exchange traded funds (ETFs).

This second issue in the ‘Funds in Focus’ series looks at following investment funds: When transacted in the traditional way on the primary market, these attract commission paid to the fund by the investor – fees that can be avoided by trading fund units on the stock exchange. This kind of transaction also brings the investor added benefits in terms of how his order is processed.

Issuing and/or redemption commission paid to an investment fund by the investor is charged in order to cover the transaction costs that the fund incurs, i.e. for buying and selling its actual investments. It is designed to protect the existing unit holders against dilution and only applies to orders on the primary market when fund units are subscribed for and/or redeemed at their net asset value (NAV). The relevant factsheets, prospectuses or information portals detail what investment funds apply what fees – usually between 0.01% and 0.50%.

No such fees are charged when those fund units are traded on the exchange, with the investor merely paying a brokerage fee or commission to their principal bank or to whichever institution is handling the transaction. Overall, the investor can benefit from some attractive trading conditions thanks to narrow bid/ask spreads. The stock exchange also boasts further advantages over the primary market as a channel for issuing and redeeming fund units.

Like equities and other financial products, investment fund orders can be traded on the stock exchange throughout the trading day, while price limits with fixed validity periods (end of trading day, end of month, etc.) can also be set. The Swiss stock exchange thus offers a flexible, transparent and efficient trading solution for investment funds that in no way undermines the belief that fund management will deliver a healthy performance in the long term. On the contrary, in fact: the sponsored funds segment combines the attractive product segment of traditional investment funds with one of the world’s leading exchange platforms and brings benefits to the investment process that an investor will no longer want to be without.

Below is a selection of investment funds that attract fees paid to the fund by the investor on the primary market and that are traded in the sponsored funds segment:

Security no.	ISIN	Product name	Fees paid to fund	
			Subscription	Redemption
832821	LI0008328218	Classic Global Equity Fund	0.30%	0.30%
1907790	LI0019077903	Classic Value Equity Fund	0.30%	0.30%
2378909	CH0023789099	JSS Commodity – Diversified (CHF) PD	0.30%	0.30%
123406	CH0001234068	SaraSelect PD	0.40%	0.40%
4534164	CH0045341648	zCapital Swiss Small & Mid Cap A	0.00%	0.40%

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The fund specialists at Bank Julius Baer handle the market making of traditional investment funds.