

‘Funds in Focus’ Issue 3: technology and funds

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 (ETF).

Cutting-edge technologies, automation and digitisation are leaving no sector untouched and are influencing our lives. Accordingly investment funds from the technology sector are asked by investors. This sector covers the category of companies that position themselves in the value chain of various technology segments, ranging from basic technologies to robotics. These companies offer technological advantages or allow for improvements to be made to products, processes or services.

Advancements in the technology sector are accelerating the digital revolution. New services and applications are changing existing business models and processes and creating new business opportunities as well as risks. Companies are being challenged and innovations are in great demand. In general, consumers are benefiting from better products, greater independence, a broader choice and lower costs.

Investment funds are a suitable and efficient vehicle for investing in a large number of technology themes and technology companies. These include themes such as software, electrical and electronic appliances, the Internet of Things, cloud computing, e-commerce, Internet security, robotics, communication services, IT services, artificial intelligence or fintech.

Financial technologies (or fintech for short) are cutting-edge IT technologies used for the provision of financial services. The sponsored funds trading segment of SIX Swiss Exchange is ideal for fintech. This trading segment combines cutting-edge trading technology with traditional investment funds and offers the same degree of ongoing tradability for traditional investment funds as for equities and ETF.

When placing orders conventionally (subscription and redemption) via the primary market, orders in traditional investment funds are settled on the next day at the earliest due to fund deadlines and the delayed calculation of the net asset value (NAV). This pricing method is based on the principle of forward pricing. Investors are subject to any market fluctuations that occur between the placement of an order (deadline) and the time at which the NAV is calculated. This can have a considerable impact on the execution price, as illustrated by the following chart of the Stoxx 600 Technology Price EUR Index in the final week of September 2017 (five trading days):



Source: Bloomberg

Within the Sponsored Funds segment investors can react at any time in the event of market movements and also benefit from additional advantages, such as the option to place orders with a price limit and corresponding validity periods.

The following traditional investment funds are a selection of possible products from the technology sector and can be traded via the SIX Swiss Exchange platform in the sponsored funds segment:

Product name	Security no.	ISIN	Currency
Fidelity Funds SICAV - Global Technology Fund AD	829206	LU0099574567	EUR
Henderson Horizon Fund SICAV - Global Technology Fund A2C	539377	LU0070992663	USD
Pictet SICAV - Robotics PC EUR	29266801	LU1279334210	EUR
Pictet SICAV - Robotics PC USD	29263787	LU1279333675	USD
Privilege SICAV - Fidelity Technology PUC	32030024	LU1390458310	USD

Authors: Beat Auerbach, Oliver Heusser, Thomas Kägi, Estelle Pool

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