

‘Funds in Focus’ Issue 4: Swiss small & mid cap funds

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

The Swiss equities market experienced two periods of weakness in February and in May/June 2018. Although small and mid caps turned in a varied performance in these periods, they were not entirely unscathed by the price turbulence. After such price losses, investors are prone to studying the market landscape as a whole and the different segments in detail. This also applies to the respective fund markets. Issue 4 of ‘Funds in Focus’ takes a closer look at Swiss small & mid cap investment funds.

The Swiss stock exchange distinguishes between blue chip stocks and mid and small cap stocks. In addition to the shares of bigger companies, trading is also done in shares of smaller and medium-sized companies. Securities with a high market capitalisation are traded as large caps (with cap referring to capitalisation), medium-sized companies as mid caps and small companies as small caps. Even though the financial world does not have a precise definition, the following bandwidths serve as a general guideline:

Large caps: market capitalisation of more than CHF 2 billion
Mid caps: market capitalisation between CHF 0.5 and 2 billion
Small caps: market capitalisation of up to CHF 0.5 billion

Many Swiss small & mid cap companies are leaders in their respective sectors. They often service growing niche markets and are world leaders in a very competitive environment thanks to their innovative strength and focus on product quality. Some companies are still being managed by their founders or founder families. As these smaller companies often have flatter hierarchies than their bigger competitors, they can react quickly to a change in market environment or technological advances and take pioneering decisions.

Small and medium-sized companies often have bigger potential for growth and a higher earnings yield than large corporations. As a result, these equities are mostly higher valued than large caps. There are many strong companies from different business sectors in the Swiss corporate landscape.

Many Swiss small & mid cap investment funds are trying to evaluate the sustainable prospects of small and mid cap companies and make them accessible to investors in a simple and secure investment format. Actively managed investments are made with a long-term focus and rest on fundamental company analyses, corporate governance and macroeconomic factors. Some of the Swiss small & mid cap investment funds can also be traded in the Sponsored Funds segment.

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).

The following selection of traditional Swiss small & mid cap investment funds can be traded via the SIX Swiss Exchange platform in the Sponsored Funds segment:

Product name	Security no.	ISIN	Currency
3V Invest Swiss Small & Mid Cap FCP AD	977433	LU0092739993	CHF
AMG Substanzwerte Schweiz	1959753	CH0019597530	CHF
BlackRock Global Funds SICAV - Swiss Small & Midcap Opportunities A2C	4424556	LU0376446257	CHF
Credit Suisse Fund 3 (CH) - Small & Mid Cap Switzerland Equity B	163214	CH0001632147	CHF
Credit Suisse Fund 3 (CH) - Small Cap Switzerland Equity A	564766	CH0005647661	CHF
GAM Multistock SICAV - Swiss Small & Mid Cap Equity BC	618151	LU0038279179	CHF
Lakefield UCITS SICAV - Swiss Mid & Small Cap Equity AC	33134041	LU1441977045	CHF
Mirabaud SICAV - Equities Swiss Small and Mid AC	13134666	LU0636969866	CHF
Pictet CH - Swiss Mid Small Cap PDY	329958	CH0003299580	CHF
Quaero Funds (CH) - Swiss Small & Mid Cap A	30728525	CH0307285251	CHF
RFP Small & Mid Caps Switzerland A	2095702	CH0020957020	CHF
SaraSelect PD	123406	CH0001234068	CHF
Schroder International Selection Fund SICAV - Swiss Small & Mid Cap AC	1440474	LU0149524034	CHF
Swisscanto (CH) Equity Fund Small & Mid Caps Switzerland (I) AA	277960	CH0002779608	CHF
Swisscanto (CH) Investment Fund IV - Small & Mid Caps Switzerland (II) AA	11668783	CH0116687838	CHF
Swisscanto (CH) Investment Fund V - Nachhaltigkeit Small & Mid Cap AA	3704810	CH0037048102	CHF
SYNCHRONY MARKET FUNDS - Small & Mid Caps CH A	2651796	CH0026517968	CHF
UBS (CH) Equity Fund - Mid Caps Switzerland P	111724	CH0001117248	CHF
UBS (CH) Equity Fund - Small Caps Switzerland P	431133	CH0004311335	CHF
Vontobel Fund SICAV - Swiss Mid and Small Cap Equity BC	1222576	LU0129602636	CHF
Vontobel Swiss Small Companies A	279572	CH0002795729	CHF
zCapital - Swiss Small & Mid Cap A	4534164	CH0045341648	CHF

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