



Fondbolagens förening

SWEDISH INVESTMENT FUND ASSOCIATION

Guidelines for key ratio accounting of Swedish UCITS and special funds

Adopted by the Board of Directors of the Swedish Investment Fund Association on
2nd December 2002 and most recently revised on 11th September 2023.

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The regulation FFFS 2013:9 issued by the Swedish Financial Supervisory Authority includes accounting directives for Swedish UCITS and special funds.

Chapt. 31, §50 of the regulation states that Swedish UCITS shall specify certain key ratios in the Directors' Report¹. The Swedish Investment Fund Association has complemented the regulation with guidelines relating to key ratios for Swedish UCITS and special funds.

The Swedish Investment Fund Association's guidelines for key ratio accounting are intended both to ensure that the information fulfils a given minimum standard and to enable investors to make comparisons between funds. The member companies are urged to state, in their comments to the annual report or half-yearly report, whether they have been obliged to deviate from the guidelines in one or more respects.

1. Key ratio

Key ratios under the following headings shall be provided for funds regardless of length of history:

Net fund assets, Unit value, Dividend, Total yield as a percentage, Details of performance in corresponding year for a relevant benchmark index, Duration, Spread exposure, Management fee, Purchase and redemption fees, and Transaction costs.

Additional key ratios shall also be presented for funds extant for at least 12 months under the heading of Costs.

Additional key ratios shall also be presented for funds extant for at least 24 months under the heading of Return to volatility.

¹ The regulation FFFS 2013:10 issued by the Swedish Financial Supervisory Authority on alternative investment funds states, in chapt. 12, §9, that this also applies to special funds.

The fund's performance over the past ten years².
To be included in both the annual report and the half-yearly report.

Net fund assets, SEK/SEK k/SEK m (may be rounded off)

Unit value, shown in SEK and 100th parts thereof

Dividend, shown in SEK and 100th parts thereof per unit

Total return as a percentage, calculated in accordance with the Swedish Investment Fund Association's Standard for calculating total return³

Details of performance in corresponding year for a relevant benchmark index, as a percentage

Risk and return ratios.

Not mandatory in half-yearly report) for the fund except for Duration and Spread exposure.

All risk and return calculations, with the exception of benchmark indices, are based on the month-end rates in accordance with the Swedish Investment Fund Association's Guidelines for determining month-end values for performance measurement. Standard deviation shall be reported at a yearly rate, i.e. the monthly standard deviation shall be multiplied by the root of 12.

Total risk (Total risk shall be shown as the standard deviation for variations in the fund's total yield). The information shall be based on monthly data and shall refer to the past 24 months.

Total risk for benchmark index (Total risk shall be shown as the standard deviation for variations in the yield of the index). The information shall be based on monthly data and shall refer to the past 24 months.

Active risk (Active risk shall be shown as the standard deviation for the variations in the difference in yield between the fund and its benchmark index). The information shall be based on monthly data and shall refer to the past 24 months.

Duration (Macaulay Duration, shall be shown for fixed income funds, as of the closing date). Measures interest rate risk. Shows average duration of the assets.

Spread exposure⁴ (shall be shown for fixed income funds, as of the closing date). Calculated as capital weighted average credit duration multiplied by the spread of the asset compared to government yield curve. Measures credit and liquidity risk. Shows how much the fund will depreciate, in per cent of the value of the fund, if the spread between the fund's assets and government debt is doubled.

Average annual yield, as a percentage, for the past two years, shown in accordance with the above-mentioned standard.

² If the fund was started during the past ten-year period, the key ratios from the starting date shall be shown instead.

³ See Appendix 1, Standard for calculating key ratios

⁴ See Appendix 1, Standard for calculating key ratios

Average annual yield, as a percentage, for the past five years⁵, shown in accordance with the above-mentioned standard.

Costs

Not mandatory in half-yearly report. If the information is provided in the half-yearly report, calculations shall be based on the past 12 months.

Management fee as a percentage of the average net asset value of the fund.

Transaction costs

These costs shall be shown in SEK and as a percentage of the value⁶ of the financial instruments traded. (Transaction costs according to the profit and loss account established in accordance with chapter 31 FFFS 2013:9. The transaction costs in SEK shall be stated here unless the information is stated separately in the Income Statement.)

*Management fees and other administrative or operating costs*⁷

This information shall be shown as a percentage of the net fund assets. Shall be calculated according to Annex IV p.67 of the delegated regulation (EU) 2017/653.

Purchase and redemption fees

The purchase and redemption fees that the fund management company charges unit holders in conjunction with the purchase and redemption of fund units shall be stated as a percentage.

Unit holders' standardised cost, calculated using the examples provided below:

Management cost for lump sum deposit of SEK 10,000

Management cost in SEK, as per the Income Statement, attributable during the year to a unit holding that totalled SEK 10,000 at the beginning of the year and that has been retained in the fund throughout the year. Reinvested dividends shall be taken into account.

Management cost for regular savings of SEK 100

The management cost, as described above, shall also be stated, where relevant, for monthly savings of SEK 100 over the course of a year. Any dividends paid shall be assumed to have been reinvested.

⁵ If the fund was launched during the last 5-year period, the yield since the launch should be used.

⁶ In general, market value, but regarding for example futures/forwards and future/forward like instruments, exposure value.

⁷ A shorter name can be used but if so is done an explanation/a reference shall be included stating that it refers to "Management fees and other administrative or operating costs".

Appendix 1. Standard for calculating key ratios

Total return

The following formulae should be used when calculating the fund's total return.

For funds that do not pay dividends:

$$A = K/K_1 - 1$$

For funds that pay dividends:

$$A = \frac{K * (1 + U/K_2)}{K_1} - 1$$

Explanations:

A = return during the selected period
K = price at the end of the period
K1 = price at the beginning of the period
K2 = price after deduction of dividend
U = dividend

If the calculation covers several years, all dividends during the period should be reinvested (added back in).

A geometric method should be used when presenting a fund's average annual percentage growth. Dividends paid during the period should be taken into account. The following formula is given as an example.

$$[(AV/K_1)^{(360/d)} - 1] * 100 = \% \text{ return per year}$$

$$AV = K * \prod [1 + (U_n / K_n)]$$

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|----|--|
| AV | = Unit price at the end of the period (incl. reinvested dividends) |
| K1 | = Unit price at the beginning of the period |
| d | = No. days in the period (always 30 per month) |
| K | = Unit price at the end of the period |
| Un | = Dividend number “n” |
| Kn | = Price after deduction of dividend number “n” |

If a fund does not pay a dividend, the accumulated dividend factor is

$$([1 + (U_n / K_n)]) = 1, \text{ i.e. unit value} = \text{unit price.}$$

Spread exposure

Spread exposure:

$$\sum_{i=1}^N (\text{Asset weight}_i * \text{Spread Duration}_i * \text{Spread}_i)$$

Spread: The difference between the “yield to maturity” of the asset at market value and the government yield curve.

Market Value: The value of the asset as calculated by the fund company for the yearly or half-yearly report. If more frequent calculations are made the value used for the NAV calculation on the corresponding day should be used.

Government yield curve: Yields on government debt denominated in the same currency (for Euro: issued by Germany).

Asset weight: The asset’s share of the total market value of the fund, including cash and other market values (for example derivatives). Derivative exposures in credit risk shall be included. Companies with suspension of payments are to be included but an explanation can be made in a footnote.