

UCITS Categories

Asset Class

Depending on your investor profile and risk appetite, there is a wide range of mutual funds you can invest in that fit your style. It's important to understand that each mutual fund is different in terms of investment objective, holdings and overall investment philosophy. The investment strategy and the financial vehicles chosen by the fund manager are an important prerequisite for the end investor so as to choose the appropriate mutual fund.

Based on the above, there is a categorization of the mutual funds based on the type of the investable securities and their investment strategy as defined by their investment objective:

1. Equity funds (stocks)
2. Fixed-income funds (including Money Market funds)
3. Absolute return funds
4. Alternative funds
5. Asset allocation funds

1. Equity Funds

Equity funds invest at least 70% of their total assets in stocks. Equity funds are based on the following categories:

- a) The geographical domicile of the companies they invest in (for example US, Europe, Asia, Emerging Markets, specific countries etc.)
- b) The capitalization of the underlying stocks (small, mid and large capitalization)
- c) The sector or theme (healthcare, utilities, energy, IT, financial etc.)
- d) The investment style (value, growth and blend)

2. Fixed Income Funds

Fixed Income funds invest at least 70% of their total assets in bonds and in fixed income securities in general. This category includes money market funds, which invest in short term deposits and bonds with high credit quality. Fixed income funds are based on the following categories:

- a) The credit quality of the underlying bonds (investment grade, high yield and mixed)
- b) The type of the issuer (government, corporate and total return)
- c) The geographical domicile of the bonds (for example US, Europe, Asia, Emerging Markets, specific countries etc.)
- d) The duration of the underlying bonds (short term bonds, duration range etc.)

3. Alternative Funds

Under this category the mutual funds invest in non-traditional asset classes such as commodities, property, volatility etc.



4.Asset Allocation Funds

Asset allocation funds invest in a diversified universe (equities, fixed income, cash etc.) and are usually categorized under their risk profile (conservative, balanced and high).

5.Absolute return Funds

The Absolute return funds aim at producing positive returns irrespectively of the market conditions and any benchmark. They usually set as a target certain volatility and in order to achieve total return they use derivatives. They can invest in one or more different asset classes.