



# ABI Sector Definitions

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### Definitions for funds in the ABI Sectors

Unit-linked life and pension funds are split into a total of 34 ABI Sectors. Funds in the same sector can be compared on a like-for-like basis as the underlying investments are grouped around similar definitions.

The ABI reserves the right in its sole and absolute discretion to change the ABI Sector Definitions at any time and without advance notice. Where the ABI does so, the ABI will use its best efforts to post an updated version of the ABI Sector Definitions on the ABI's website as soon as practicable.

The ABI Sector Definitions are published solely for informational purposes and are not intended to constitute, and should not be construed as, investment advice. Potential investors in any funds falling into one or more ABI fund sectors should seek their own independent financial advice before making any investment. The ABI shall not be liable for any loss or damage (including, without limitation, damage for loss of business or loss of profits) arising in contract, tort or otherwise from the use of the ABIFund Sector Definitions or from any act or omission taken as a result of the use of the ABI Fund Sector Definitions.

### Sector Monitoring

The ABI produces and updates the ABI Sector definitions and plays no further role in relation to the categorisation of funds into the sectors or the ongoing monitoring of the accuracy of these categorisations. An independent third party, Refinitiv, is responsible for these activities and carries out monitoring of a number of, but not all, ABI Sectors to assess whether the categorisation of the funds within the sector is accurate.

The sector definitions below highlight the sectors in relation to which the ABI understands that, as at the date of this document, no monitoring is carried out by Refinitiv. For up-to-date information on which sectors are and are not monitored, enquiries should be made directly of Refinitiv and the ABI accepts no responsibility for the accurateness of the monitoring status set out in this document.

## Mixed Investment Sectors

### Notes for consumers:

The following notes give some basic information about the Mixed Investment sectors. If you require information about your fund(s), contact the fund/product provider or a financial adviser. They can give you information about what the fund is invested in, the investment strategy and about how risky the fund is.

- The definition for each sector shows how much flexibility the fund manager has over the range of investments in a fund. Funds in these sectors can hold a mix of investments which typically include company shares, bonds, "cash" and commercial property. Managers may use a range of different investment strategies. The sectors are not designed to reflect the risk of individual funds.
- The names of the Mixed Investment sectors show the maximum and minimum amount that funds within each sector may invest in company shares. This includes investments that give an exposure to shares, for example, a derivative that gives exposure to any major established index provider.
- The sectors group together funds that are broadly similar, in line with the definitions. The criteria for the sectors overlap, to give managers flexibility. This means that a fund may sometimes meet the requirements of more than one of the sectors.

### 1. Mixed Investment 0-35% Shares

Funds in this sector are required to have a range of different investments. Up to 35% of the fund can be invested in company shares (equities). At least 45% of the fund must be in fixed income investments (for example, corporate and Government bonds) and/or "cash" investments. "Cash" can include investments such as current account cash, short-term fixed income investments and certificates of deposit.

- Maximum 35% equity exposure (including convertibles)
- No minimum equity requirement
- Minimum 45% investment grade fixed income and cash
- Minimum 80% investment in established market currencies (US Dollar, Sterling & Euro) of which 40% must be Sterling
- Sterling requirement includes assets hedged back to Sterling

### 2. Mixed Investment 20-60% Shares

Funds in this sector are required to have a range of different investments. The fund must have between 20% and 60% invested in company shares (equities). At least 30% of the fund must be in fixed income investments (for example, corporate and Government bonds) and/or "cash" investments "Cash" can include investments such as current account cash, short-term fixed income investments and certificates of deposit.

- Maximum 60% equity exposure (including convertibles)
- Minimum 20% equity exposure
- Minimum 30% fixed income and cash
- Minimum 60% investment in established market currencies (US Dollar, Sterling & Euro) of which 30% must be Sterling
- Sterling requirement includes assets hedged back to Sterling

### **3. Mixed Investment 40-85% Shares**

Funds in this sector are required to have a range of different investments. However, there is scope for funds to have a high proportion in company shares (equities). The fund must have between 40% and 85% invested in company shares.

- Maximum 85% equity exposure (including convertibles)
- Minimum 40% equity exposure
- No minimum fixed income or cash requirement
- Minimum 50% investment in established market currencies (US Dollar, Sterling & Euro) of which 25% must be Sterling
- Sterling requirement includes assets hedged back to Sterling

#### **Notes to definitions (Mixed Investment sectors)**

- At any one time the asset allocation of a fund in these sectors may mean that the fund meets the requirements of more than one sector. The fund would remain in the elected sector on these occasions, but subject to complying with these notes.
- The “look-through” principle will apply when considering securities that are structured with the legal form of an equity (such as a listed investment trust and some listed ETFs), but manage or invest in different underlying assets such as property, commodities, etc. Where the underlying entity itself invests in equities, the holdings are classified as equities. Further details may be obtained from the monitoring company. The monitoring company’s decision is final.
- Funds in the sectors which do not appear to comply with the “spirit” of a definition will be removed from the sector. Funds will be issued with a warning before they are removed. The “spirit” may be considered as being whether a fund’s investments or strategy tends towards the achievement of the overall sector scheme objective of allowing like-for-like comparisons to be made between funds. Managers should note that the user group for sectors should be assumed to be consumers and their advisers. Funds should not rely in making their case on applying a narrow, legalistic or unusual interpretation to what are in practice broad definitions. The monitoring company determines any action to be taken in relation to any non-compliant funds and will be accepted as a peer group decision by funds in the sectors.

### **4. Flexible Investment**

The funds in this sector are expected to have a range of different investments. However, the fund manager has significant flexibility over what to invest in. There is no minimum or maximum requirement for investment in company shares (equities) and there is scope for funds to have a high proportion of shares. The manager is accorded a significant degree of discretion over asset allocation and is allowed to invest up to 100% in equities at their discretion.

- No minimum equity requirement
- No minimum fixed income or cash requirement
- No minimum currency requirement
- Notes to definitions

#### **Notes to definitions (Flexible Investment sector)**

- At any one time the asset allocation of a fund in this sector may mean that the fund meets the requirements of more than one sector. The fund would remain in the elected sector on these occasions, but subject to complying with these notes.

- The “look-through” principle will apply when considering securities that are structured with the legal form of an equity (such as a listed investment trust and some listed ETFs), but manage or invest in different underlying assets such as property, commodities, etc. Where the underlying entity itself invests in equities, the holdings are classified as equities. Further details may be obtained from the monitoring company. The monitoring company’s decision is final.
- Funds in the sector which do not appear to comply with the “spirit” of a definition will be removed from the sector. Funds will be issued with a warning before they are removed. The “spirit” may be considered as being whether a fund’s investments or strategy tends towards the achievement of the overall sector scheme objective of allowing like-for-like comparisons to be made between funds. Managers should note that the user group for sectors should be assumed to be consumers and their advisers. Funds should not rely in making their case on applying a narrow, legalistic or unusual interpretation to what are in practice broad definitions.
- The monitoring company determines any actions to be taken in relation to any non-compliant funds and will be accepted as a peer group decision by funds in the sectors.

## **Distribution Funds Sector**

### **5. Distribution funds**

Funds in this sector must aim to generate or pay out income for investors.

- Maximum of 60% total equity (including Preference Shares, Permanent Interest-Bearing Shares and Convertibles).
- Minimum of 20% total equity.
- Minimum of 50% Sterling based assets (including fixed interest hedged back to Sterling).
- Fixed interest defined as Government Sovereign Bonds and Corporate Bonds.

## **UK Equity Sectors**

### **6. UK All Companies**

- Funds which invest at least 80% of their assets in equities quoted on the UK stock market.
- Funds have the primary objective of achieving capital growth or total return.

### **7. UK Smaller Companies**

- Funds which invest at least 80% of their assets in equities quoted on the UK stock market which form the bottom 10% by market capitalisation.

### **8. UK Equity Income**

- Funds which invest at least 80% of their assets in equities quoted on the UK stock market.
- Net of tax yield on the underlying portfolio of at least 100% of any major established UK index provider.

#### **Notes to definitions (UK Equity Income sector):**

- It is not normally possible to derive income from life and pension funds as they are not income generating assets. However, there is clearly a distinct style evident in funds invested in this way and the parameters for the UK Equity Income Sector aim to group these in a comparable way.
- The yield requirement is not monitored.

## Overseas Equities Sectors

### 9. Global Equities

- Funds which invest at least 80% of their assets in equities.
- Funds must be invested in more than one equity region.
- Not to include funds which would otherwise qualify for the Global Emerging Markets Equity sector.

### 10. Europe including UK Equities

- Funds which invest at least 80% of their assets in equities quoted on UK and European stock markets.
- Not to include funds which would otherwise qualify for a UK Equity sector.
- Europe includes all countries in the major established providers of European indices.

### 11. Europe excluding UK Equities

- Funds which invest at least 80% of their assets in equities quoted on European stock markets, but which normally hold no equities quoted on the UK stock market.
- Europe includes all countries in the major established providers of European indices.

### 12. North America Equities

- Funds which invest at least 80% of their assets in equities quoted on United States and Canadian stock markets.

### 13. Asia Pacific including Japan Equities

#### Note for consumers:

Funds in this sector can hold a high proportion of emerging market shares. If you require information about your fund(s), contact the fund/product provider or a financial adviser. They can give you information about what the fund is invested in, the investment strategy and about how risky the fund is.

- Funds which invest at least 80% of their assets in Asia Pacific equities and which include Japanese equities.
- Asia Pacific includes all countries in the major established providers of Asia Pacific indices.
- Not to include funds which would otherwise qualify for the Japan Equity sector.

### 14. Asia Pacific excluding Japan

#### Note for consumers:

Funds in this sector can hold a high proportion of emerging market shares. If you require information about your fund(s), contact the fund/product provider or a financial adviser. They can give you information about what the fund is invested in, the investment strategy and about how risky the fund is.

- Funds which invest at least 80% of their assets in Asia Pacific equities, but which normally hold no equities quoted on the Japanese stock market.
- Asia Pacific includes all countries in the major established providers of Asia Pacific indices.



## **15. Japan Equities**

- Funds which invest at least 80% of their assets in equities quoted on the Japanese stock market.

## **16. Global Emerging Markets Equities**

- Funds which invest at least 80% of their assets in equities from emerging markets, as defined by major established providers of global emerging market indices, without geographical restriction.

## Fixed Interest Sectors

### 17. UK Gilts

- Funds invest at least 95% of their assets in:
- UK Government securities (Gilts),
- UK Government backed securities
- Sterling denominated (or hedged back to Sterling) with a rating of at least that of the UK, overseas government backed securities.
- At least 80% of the fund must be invested in UK Government securities (Gilts).

### 18. UK Index-linked Gilts

- Funds which invest at least 95% of their assets in:
- UK Government Index Linked securities (Index Linked Gilts)
- UK Government backed Index Linked securities, or
- Sterling denominated (or hedged back to Sterling) with a rating of at least that of the UK, overseas government backed Index Linked securities.
- At least 80% of the fund must be invested in UK Index Linked Government securities (Index Linked Gilts).

### 19. Sterling Fixed Interest

- Funds which invest at least 80% of their assets in Sterling-denominated (or hedged back to Sterling) broad investment grade fixed interest securities.
- Fixed Interest securities defined as Government sovereign bonds, local authority bonds, supranational bonds and corporate bonds. Preference shares, permanent interest-bearing shares (PIBs) and convertibles are not treated as broad investment grade fixed interest investments.

#### Notes to definitions (UK Gilts, UK Index-linked Gilts and Sterling Fixed Interest sectors):

- Investment grade is established by the average of the ratings determined by Standard & Poor's, Moody's and Fitch. Broad investment grade is defined as (or equivalent to) BBB minus or above as measured by Standard & Poor's and by Fitch and Baa3 or above as measured by Moody's.
- Flags include; multi-manager, socially responsible, duration-long (life funds only) and duration short funds.

### 20. Sterling Strategic Bond

- Funds with investment policy permitting significant changes in asset allocation between broad investment grade fixed interest securities and sub-investment grade fixed interest securities, convertibles, preference shares and permanent interest-bearing shares (PIBs).
- Funds which invest at least 80% of their assets in Sterling-denominated (or hedged back to Sterling) fixed interest securities, convertibles, preference shares and PIBs.
- Fixed Interest securities defined as Government sovereign bonds, local authority bonds, supranational bonds and corporate bonds. Supranational bonds are treated as corporate bonds.

#### Notes to definitions (Sterling Strategic Bond sector):

- At any point in time the asset allocation of these funds could theoretically place the fund in one of the other Fixed Interest sectors. Funds will remain in this sector if it is the Manager's stated

intention to invest across permitted asset classes and the Sterling fixed interest credit risk spectrum.

- The use of convertibles, preference shares and PIBs is not inhibited and there may be considerable investment in them by higher risk/higher return funds.
- By including convertibles, preference shares and PIBs, the risk profiles of certain funds within the Sterling Strategic Bond sector could be significant. For example, funds holding convertibles expected to convert could exhibit characteristics more akin to equities than fixed interest. However, it is recognised that it is the responsibility of the providers to specify, monitor and convey the risk characteristics of an individual fund.
- Investment grade is established by the average of the ratings determined by Standard & Poor's, Moody's and Fitch. Sub-investment grade is defined as (or equivalent to) below BBB minus as measured by Standard & Poor's and by Fitch or below Baa3 as measured by Moody's.

## **21. Sterling Corporate Bond**

- Funds which invest at least 80% of their assets in sterling-denominated (or hedged back to sterling) broad investment grade corporate bond securities. This excludes Preference Shares, Permanent Interest-Bearing Shares and Convertible Securities.
- Investment in supranational debt and government-backed debt is counted towards the core 80% for "corporate" assets. Investment in Gilts and non-UK sovereign debt is not.

## **22. Sterling Long Bond**

- Funds (used in conjunction with pension plans) with a specific objective for the movement in the value of units in the fund to approximate to movements in annuity purchase prices.
- Funds which invest at least 80% of their assets in sterling-denominated (or hedged back to sterling) long duration (10 years or more) broad investment grade fixed interest securities.

## **23. Global Fixed Interest**

- Funds which invest at least 80% of their assets in non-UK broad investment grade fixed interest securities.
- Fixed interest defined as Government Sovereign Bonds and Corporate Bonds. Preference Shares, Permanent Interest-Bearing Shares and Convertibles are not treated as fixed interest investments.

## **24. Sterling High Yield**

- Funds which invest at least 80% of their assets in Sterling-denominated (or hedged back to Sterling) fixed interest securities.
- Funds which invest at least 50% of their assets in sub-investment grade fixed interest securities, convertibles, preference shares and permanent interest-bearing shares (PIBs).
- Fixed Interest securities defined as Government sovereign bonds, local authority bonds, supranational bonds and corporate bonds. Supranational bonds are treated as corporate bonds.

### **Notes to definitions (Sterling High Yield sector):**

- The usage of convertibles, preference shares and PIBs is not inhibited and there may be considerable investment in them for the higher risk/higher return funds.
- Investment grade is established by the average of the ratings determined by Standard & Poor's, Moody's and Fitch. Sub-investment grade is defined as (or equivalent to) below BBB minus as measured by Standard & Poor's and by Fitch or below Baa3 as measured by Moody's.
- By including convertibles, preference shares and PIBs, the risk profiles of certain funds within

the Sterling High Yield sector could be significant. For example, funds holding convertibles expected to convert could exhibit characteristics more akin to equities than fixed interest. However, it is recognised that it is the responsibility of the providers to specify, monitor and convey the risk characteristics of an individual fund.

## **25. Global High Yield**

### Notes for consumers

- Funds in this sector can hold a high proportion of emerging market securities. If you require information about your fund(s), contact the fund/product provider or a financial adviser. They can give you information about what the fund is invested in, the investment strategy and about how risky the fund is.
- Funds which invest at least 80% of their assets in non-UK fixed interest securities.
- Funds which invest at least 50% of their assets in sub investment grade and/or emerging market fixed interest securities, without geographical restriction.
- Fixed interest securities defined as Government sovereign bonds, local authority bonds, supranational bonds and corporate bonds, convertibles, preference shares and permanent interest-bearing shares.

### **Notes to definitions (Global High Yield sector):**

- Investment grade is established by the average of the ratings determined by Standard & Poor's, Moody's and Fitch. Sub-investment grade is defined as (or equivalent to) below BBB minus as measured by Standard & Poor's and by Fitch or below Baa3, as measured by Moody's.
- Emerging markets are defined as constituent countries of any one of the major established providers of emerging market indices.
- Flags include; multi-manager, socially responsible, duration-long and duration-short funds. Additional Flags for Single Country; Regional.

## Property Sectors

### 26. UK Direct Property

- Funds which invest an average of at least 70% of their assets directly in UK property over 5 year rolling periods.
- This sector is not monitored because universal methodologies to analyse the value or monitor the underlying assets are not available.

#### Notes to definitions (UK Direct Property):

- UK property is defined as real estate located within the UK.
- Funds investing directly in UK property should be balanced<sup>[1]</sup> funds which generally hold a wide mix of property assets, diversified by type and location. Specialist property funds which focus on specific types of property or on properties within particular geographic regions will be included in the Property Other sector.
- Investment in property bricks and mortar can be less liquid than in other asset classes. Investors should satisfy themselves that they understand what any given fund is doing and take account of any liquidity risks set out in a fund's literature.
- If regulation does not set out rules, the ABI expects that member firms will follow industry practice when using techniques to value property assets.
- Derivative usage should be within the spirit of the sector restrictions and not lead to the economic exposure of the fund being outside the set limits of its sector.
- The "spirit" of the sector restrictions may be considered as being whether a fund's investments or strategy tends towards the achievement of the overall sector scheme objective of allowing like-for-like comparisons to be made between funds. Managers should note that the user group for sectors should be assumed to be consumers and their advisers. Funds should not rely in making their case on applying a narrow, legalistic or unusual interpretation to what are, in practice, broad definitions.
- Newly launched property funds which are intending to invest directly in physical property will be permitted a period of 12 months to come into compliance with the sector definition. The funds will be asked to make an appropriate commitment at the outset to Refinitiv when asking to be classified.

[1] Funds are deemed to be either balanced or specialist depending mainly on their investor mandates but also with regard to the current composition of their portfolios. In general,

- a. funds will be deemed as balanced providing that their holdings of either office, retail, industrial or 'other property' account for no more than 70% of their portfolio, and
- b. they are also diversified geographically so that no more than 70% of their portfolio is located in any one of the following regions: Central London (comprising the City, midtown and the West End), Inner London, Outer London, South East, South West, Eastern, East Midlands, West Midlands, Yorkshire & Humberside, North East, North West, Scotland, Wales, Northern Ireland, Offshore UK (Channel Islands & Isle of Man).

"Portfolio" means the gross asset value of the fund, including cash and other investments.

### 27. Property Other

Funds which predominantly invest in property and do not meet the requirements of the UK Direct Property sector. To invest "predominantly" in property that is not UK direct property, funds must:

- invest an average of at least 70% of their assets directly in property over 5 year rolling periods but do not meet the requirements of the UK Direct Property sector; or
- invest at least 80% of their assets in property securities; or
- invest at least 80% in a mixture of direct property and property securities.
- This sector is not monitored because universal methodologies to analyse the value or monitor the underlying assets are not available.

**Notes to definitions (Property Other):**

- Direct property funds should invest 70% of their assets directly in property over rolling 5-year periods.
- Property securities are admissible assets within the investment limits indicated if included in an appropriate, independently constructed index.
- Property securities held within the 80% limit are intended to be equities, not property bonds (debt securities).
- Newly launched property funds which are intending to invest directly in physical property should come into compliance with the sector definition within 12 months. The funds will be asked to make an appropriate commitment at the outset to Refinitiv.
- The sector includes a wide range of funds which may be investing directly or indirectly in property. For this reason, performance comparisons across the whole sector are inappropriate.

## Other fund sectors

### 28. Deposit & Treasury

Funds in this sector must meet the following conditions:

- The primary investment objective of the fund is to maintain capital and aim to provide a return in line with money market rates, before charges.
- Invest 100% of the fund in Sterling denominated permitted instruments.
- Permitted instruments are:
  - Current account cash
  - Time Deposits (including call accounts)
  - Certificates of Deposit
  - UK Treasury Bill
  - UK Short Gilts
  - Reverse repurchase agreements (with collateral limited to Gilts\*)
- Comply with the following paragraphs of the ESMA guidelines on money market funds<sup>\*\*</sup>: 3, 4<sup>\*\*\*</sup>, 5, 6, 7, 8, 9, 10 and 11 of Box 2
  
- This sector is not monitored because universal methodologies to analyse the value or monitor the underlying assets are not available.

#### Notes to definitions (Deposit & Treasury sector)

\*Delivery by value “DBV” and Bilateral comprised of Unstripped British Government Stock, Treasury Bills and Bank of England Bills priced on a mark to market basis.

\*\* References to UCITS should be read as applying to Life and Pension funds for the purposes of these definitions.

\*\*\*Managers are expected to ensure that instruments have been awarded one of the two highest short-term credit ratings of the principal credit ratings agencies.

### 29. Money Market

Funds in this sector must meet the following conditions:

- The primary investment objective of the fund is to maintain capital and aim to provide a return in line with money market rates, before charges.
- Invest in permitted instruments with at least 95% of the fund in Sterling (or hedged back to Sterling) money market instruments.
- Permitted instruments are:
  - Current Account Cash
  - Time Deposits
  - Money Market instruments which meet the definition set out in Directive 2009/65/EC\*
  - Collective Investment undertakings which comply with the definition of Short Term Money Market fund or Money Market fund set out in the ESMA guidelines on money market funds.
  
- Comply with the following paragraphs of the ESMA guidelines on money market funds<sup>\*\*</sup>:  
3, 4<sup>\*\*\*</sup>, 6, 9, 10 and 11 of Box 2  
2, 4, 5, and 6 of Box 3

- This sector is not monitored because universal methodologies to analyse the value or monitor the underlying assets are not available.

#### **Notes to definitions (Money Market sector):**

\*Bonds with a maturity of less than three months are treated as cash.

\*\*References to UCITS should be read as applying to Life and Pension funds for the purposes of these definitions.

\*\*\*Managers are expected to ensure that instruments have been awarded one of the two highest short-term credit ratings of the principle credit ratings agencies.

### **30. Protected/Guaranteed Funds**

- Funds, other than money market funds, which principally aim to provide a return of a set amount of capital back to the investor (either explicitly guaranteed or via an investment strategy highly likely to achieve this objective) plus some market upside.
- This sector is not monitored because universal methodologies to analyse the value or monitor the underlying assets are not available.

### **31. Commodity/Energy**

- Funds that invest at least 80% of their assets in commodity and/or energy related securities.
- This sector is not monitored because universal methodologies to analyse the value or monitor the underlying assets are not available.

### **32. Specialist**

- Funds that have an investment universe that is not accommodated by any of the other ABI sectors.
- As funds in this sector do not meet any pre-set parameters, these should not be compared on a like-for-like basis.
- Performance ranking of funds within the sector as a whole is inappropriate given the diverse nature of its constituents.
- This sector is not monitored because universal methodologies to analyse the value or monitor the underlying assets are not available.

### **33. Unclassified**

- Funds that do not provide sufficient data to be monitored and consequently cannot be compared on a like for like basis. Funds may also have one or more of the following characteristics:
  - Funds that wish to be registered but uncategorised within the ABI Sector system
  - Funds that have been removed from other ABI Sectors due to non-compliance with sector monitoring requirements
  - Performance ranking of funds within the sector as a whole is inappropriate given the diverse nature of its constituents.
  - This sector is not monitored because universal methodologies to analyse the value or monitor the underlying assets are not available.



### 34. Volatility Managed

- Volatility Managed Funds whose objective is to manage their returns within specified volatility\* parameters.
- Outcomes are not guaranteed.
- Timeframes and methodologies for management of volatility may vary from fund to fund.
- This sector includes a wide range of funds with a variety of specified volatility parameters. For this reason, performance comparisons across the whole sector are inappropriate.
- This sector is not monitored because universal methodologies to analyse the value or monitor the underlying assets are not available.

**\*definition of volatility:** volatility is one type of risk. It is a measure of the ups and downs of performance of a fund. The higher the volatility, the more uncertainty there is in the returns.

#### Notes to definitions (Volatility Managed sector)

- The sector includes a wide range of funds managing their returns within specified volatility parameters.
- A fund may form part of a suite of other funds which operate across a risk spectrum set out in terms of volatility.
- Asset selection is at the discretion of the manager.
- Funds will employ diverse investment strategies designed to deliver a variety of outcomes and will often use derivatives within the investment process.
- Amongst other things funds may manage to different timeframes and present different risk characteristics.
- For these reasons, performance comparisons across the whole sector are invalid and it is recommended that these should not be made.
- Investors should satisfy themselves that they understand what any given fund is doing – and take advice if they are not sure.
- Funds in this sector are expected to disclose that the fund is managed with the intention to deliver a volatility/risk outcome.