

CHECKLIST FOR RETAIL INVESTORS WHO SEEK TO INVEST INTO ACTIVE EQUITY FUNDS:

1. Before you decide on a specific fund product read all information officially available such as the prospectus, the Key Information Document (KID) and all information on the website of the fund issuer.
2. Have a close look at the investment policy, the objective of the fund and the size of the funds volume. The experience shows that larger funds have a higher chance to “survive” on the long run.
3. The fund material should clearly indicate whether it is an active or passive fund.
4. In order to estimate the success of the funds there should be an indication on a benchmark as reference parameter. Be careful if the fund product does not include any benchmark in its documentation.
5. If the active fund you want to invest in refers to any benchmark in its documents, check whether the past performance of the fund (minimum 5 years, preferably 10 years) show that this benchmark has been beaten at least once or even several times by the management fund.
6. Compare the performance in the past with a comparable fund or even an ETF to find out how well the fund performed in the past. Be aware that past performance is not a guarantee for future performance but it can indicate to you whether the fund has a track record of being better than the benchmark referred to.
7. Be aware that the absolute performance of a fund indicated does not give a clear indication on the success of this fund compared to its peer group. Therefore check the relative and the absolute performance of the fund.
8. Compare the fees of such an active fund especially the management fee with those of a comparable fund. Higher fees in general require a higher performance, especially over the long term in order to reach the same results as funds with lower fees.

9. Compare the development of the inflation rate to the performance of the funds in the last 5 to 10 years to find out what the real return of the fund looks like.
10. Check whether the fund offered is a so called UCITS fund which has higher standards of transparency than other funds and need a “European passport” for its distribution.