

## Guidelines on the calculation and publication of performance data of collective investment schemes

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### I. Basic principles, aims and binding force

According to the Code of Conduct for the Swiss Fund Industry issued by the SFAMA, fund management companies pursuant to Art. 28 et seq. CISA, investment companies with variable capital (SICAVs) pursuant to Art. 36 et seq. CISA, investment companies with fixed capital (SICAFs) pursuant to Art. 110 et seq. CISA and representatives of foreign collective investment schemes pursuant to Art. 123 et seq. CISA (also referred to below as “licensees of collective investment schemes”) must observe internationally recognized standards when publishing performance data. 1

The present guidelines are intended to ensure that this provision is implemented consistently, and thus help achieve the following objectives: 2

- to ensure the greatest possible degree of transparency and comparability among the collective investment schemes offered to the public on the Swiss market, 3
- to ensure that investors receive objective, sound information, and 4
- to ensure that the information available on performance (information which is very important for market participants) is highly credible. 5

The guidelines apply to all collective investment schemes authorized in Switzerland. 6

The content of these guidelines is based on international standards (e.g. Global Investment Performance Standards, GIPS). 7

### II. Guidelines

#### Introduction

**The present guidelines are restricted to the most significant issues. Where no specific rules are laid down, licensees of collective investment schemes must present information in accordance with the spirit of the objectives underlying these guidelines.** 8

## A Calculating performance

### 1. Basic principle

With the exception of the cases specified in section 3 below, the performance of a collective investment scheme is defined as the total return of one unit over a specified period, expressed in the collective investment scheme's accounting currency. This figure is expressed as a percentage of the net asset value per unit at the beginning of the observation period, and is calculated as follows: 9

Collective investment scheme that pays no distribution during the observation period 10

- change in net asset value per unit 11

Collective investment scheme that pays a distribution during the observation period 12

- change in net asset value per unit, under the assumption that 13

the gross amount of income and/or capital gains distributed is immediately reinvested in the collective investment scheme without deductions (taxes, commissions, etc.). 14

Swiss collective investment schemes with reinvestment of income 15

- change in net asset value per unit, under the assumption that 16

the Swiss federal withholding tax delivered is immediately reinvested in the collective investment scheme without deductions (taxes, commissions, etc.). 17

### 2. General formula for calculations

$$\text{Performance \%} = \left\{ \frac{\text{NAV}_{\text{End P}} \times f_1, f_2, \dots, f_n}{\text{NAV}_{\text{Start P}}} - 1 \right\} \times 100 \quad 18$$

NAV<sub>End P</sub> Net asset value per unit at end of observation period 19

NAV<sub>Start P</sub> Net asset value per unit at start of observation period (i.e. the last figure for the preceding observation period)

f<sub>1</sub>, f<sub>2</sub>...f<sub>n</sub> Adjustment factors for distributions, where:

$$f = \frac{\text{NAV}_{\text{ex}} + \text{gross distribution}}{\text{NAV}_{\text{ex}}} \quad 20$$

NAV<sub>ex</sub> Net asset value per unit ex dividend 21

Gross distribution Gross amount of income and capital gains distributed per unit to investors in Switzerland (for Swiss collective investment schemes with affidavit)

Cumulative performance over a number of years is calculated by geometrically linking the performance recorded in each of the years or observation periods; the annual average of cumulative overall performance over a number of years corresponds to the geometric mean. 22

Performance must always be stated to at least one decimal place. 23

### 3. Exceptions

In the case of collective investment schemes whose units are not issued and redeemed on a daily basis, but which are traded regularly on a regulated market open to the public (e.g. Swiss real estate funds), the performance is to be calculated in accordance with the formula specified above using the prices at which units are traded on this regulated market open to the public. If reinvestment at the lower net asset value is possible, this must be taken into account in the calculation of the adjustment factor. 24

### 4. Conversion into other currencies

The performance can also be calculated on the basis of net asset values that are not denominated in the accounting currency of the collective investment scheme. In such cases, there must be an explanation to the effect that the stated figure has been converted from the specified currency. The currency in which the performance is calculated must be clearly visible. Furthermore, the conversion of the net asset value at the beginning and end of the observation period must be calculated at closing exchange rates published by a recognized price publication service for the days in question. 25

## B Publication of performance data

### 5. Time periods and frequency of calculation of data

Historical performance data must be published for the following observation periods at least: 26

- for the last calendar year separately, and 27
  - either
  - for the last three calendar years, or 28
  - for the last five calendar years, or 29
  - since the launch of the collective investment scheme 30
    - either
    - for each year separately, or 31
    - as a cumulative total figure for a number of calendar years, or 32
    - as an annual average for a number of calendar years. 33

In addition historical performance data for the current calendar year separately may be published. The performance for the current calendar year must be calculated to the end of a month no more than 60 days before the date the figure is published. It is not permissible to annualize the performance calculated for a period of less than one year. 34

In addition to figures for the previous calendar years, performance for rolling time periods to the most recent cut-off date (e.g. September to September) may be published. Only month-end figures may be used to calculate performance for rolling periods. 35

The currency in which the performance is calculated must be clearly visible. 36

## 6. Comparisons with indices

If a collective investment scheme's prospectus specifies a particular index that serves as a benchmark, only this index may be used for comparisons. If the prospectus does not specify a benchmark, an index (or another suitable reference value) may be used for purposes of comparison. This index must be specified in detail, and must reflect as far as possible the investment policy and investment character of the collective investment scheme. 37

A benchmark/index (or reference value) must be stated in the collective investment scheme's accounting currency and for the same observation period used to calculate the collective investment scheme's performance. If the benchmark/index (or reference value) is changed during the observation period, the following rules apply 38

- figures used previously must be kept unchanged; 39
- data series may be linked (linked benchmark); 40
- the date of the change must be specified; 41
- the name of the previously used benchmark/index (or reference value) must be specified (cf. example in the appendix). 42

If the benchmark/index (or reference value) is not a recognized or publicly accessible index for a specific investment market, the composition and the independent provider(s) must be disclosed in the annual and semi-annual reports of the collective investment scheme. In such cases, reference is to be made to this disclosure in the prospectus. Every publication of data must contain a note stating where investors can find information about the composition of the benchmark/index (or reference value). 43

Reasons must be given if no benchmark/index (or reference value) is stated. 44

## 7. Comparisons with peer group averages

Comparisons with peer group averages (e.g. collective investment schemes with a comparable investment policy) are permissible subject to the following requirements: 45

- the time periods of the comparative data must match exactly; 46
- the peer group must be a representative selection and must contain the collective investment scheme concerned as well as at least four other collective investment schemes that have a comparable investment policy (e.g. in the same category used by Swiss Fund Data AG); if there are fewer than four comparable collective investment schemes in a peer group, these may not be used for comparison purposes; 47
- the performance of the individual collective investment schemes must be calculated in the same way; 48
- the name or description of the peer group and the source of comparative data must 49

be specified.

## **8. Disclaimer**

Each time performance data are published, mention must be made of the fact that **50**

- past performance is no indication of current or future performance, and **51**
- the performance data do not take account of the commissions and costs incurred on the issue and redemption of units. **52**

This disclaimer must be clearly visible. **53**

## **9. Inadmissible promises of performance**

Promises of performance that are not guaranteed are not permitted. This does not apply to the publication of indicative minimum prices for collective investment schemes with limited price risks. **54**

## **10. Performance data for investment markets or other portfolios**

To give an indication of what the performance of a new collective investment scheme would have been in the past, the performance of the investment market corresponding to the collective investment scheme's investment policy or a comparable (real or simulated) portfolio may be used. Such data may be used for a maximum of two years only. **55**

If market indices, the data of the comparable portfolio or other data are used to illustrate hypothetical past performance, they must be clearly named in properly legible print. They must be presented separately from the collective investment scheme's performance, and must not under any circumstances be linked to the latter's performance in a way that gives the impression that this information constitutes its longer-term track record. A statement must also be included to the effect that these data are purely indicative and cannot serve as the basis for conclusions concerning the future performance of the collective investment scheme. **56**

The performance of other portfolios managed by the asset manager of a collective investment scheme may be stated in the publications of the collective investment scheme for information purposes, provided that this information is in line with international standards (like GIPS). This information must also be specified clearly in properly legible print. It must be presented separately from the collective investment scheme's performance, and must not under any circumstances be linked to the latter. **57**

## **11. Repositioning (change in investment policy)**

If a lasting change is made to the investment policy, thus significantly changing the investment character, this must be disclosed in a suitable manner. **58**

## **12. Restructuring / mergers of collective investment schemes**

If collective investment schemes are restructured, it is permissible to continue using past performance data only if the investment policy and investment character of the collective investment scheme remain very largely unchanged. **59**

In the case of a merger, a choice must be made whether to continue the track record of the “acquiring” collective investment scheme or that of the larger “acquired” collective investment scheme. This is only permissible if the merged collective investment scheme is still managed very largely in line with the same principles and style as before the merger, and the past performance to be taken over is also representative of the new collective investment scheme. **60**

Taking over the track record is also possible in the case of a repatriation (cross-border mergers). The above prerequisites apply *mutatis mutandis*. **61**

## **13. Collective investment schemes with several unit classes**

If collective investment schemes charge different costs and commissions to their assets for individual unit classes, the performance must be stated separately for each unit class. Advertising and marketing documentation must use data for the share class aimed at the audience the documentation is addressing. **62**

If collective investment schemes have currency unit classes whose reference currencies differ from the accounting currency of the collective investment scheme and/or its investment currency, the performance must at least be stated in the corresponding reference currency of the unit class. **63**

## **14. Publication of performance data in the simplified prospectus**

The publication of performance data in simplified prospectuses is subject to the provisions governing such prospectuses. **64**

## **15. Additional figures**

For certain individual collective investment schemes or types of collective investment scheme, additional information on yields and returns (e.g. dividend yield or return on capital) may be published. In these cases, any definitions and calculation formulae laid down by the SFA in its documentation on self-regulation will apply. **65**

If this type of information is published, it must be clearly separated from the performance data. **66**

# **III. Other provisions**

## **A Minimum standard**

The supervisory authority has recognized this guideline as a minimum standard (FINMA **67**

Circular 08/10 Self-Regulation as Minimum Standard).

## **B Entry into force**

These guidelines are approved by the Board of Directors of the Swiss Funds & Asset Management Association SFAMA on 16 May 2008 and enter into force on 1 July 2008. **68**

**Appendix:** Example of performance calculation and the presentation of performance data in publications **69**

# Appendix Guidelines on the calculation and publication of performance data of collective investment schemes

## A Example of performance calculation

### 1. Scenario

2003: Net asset value at year-end (NAV <sub>Start P</sub> )	350 CU	1
2004: Distributions of income and capital gains Net asset value at year-end	8 + 10 CU; NAV <sub>ex</sub> 348 CU 357 CU	2
2005: Distribution of income Net asset value at year-end	8 CU; NAV <sub>ex</sub> 335 CU 340 CU	3
2006: Unit split Distribution of income Net asset value at year-end	1 : 5 1.50 CU; NAV <sub>ex</sub> 77 CU 79 CU	4
2007: Net asset value on 30.06.	81 CU	5

### 2. Calculation of performance for individual years

2004:

$$\text{Performance } r_1 = \left\{ \frac{357 \text{ CU} \times 1.051724}{350 \text{ CU}} - 1 \right\} \times 100 = 7.2759\% \text{ or } 7.3\% \quad 6$$

Calculation of adjustment factor f  
(follow same procedure for subsequent years): 7

$$f = \frac{348 + 8 + 10 \text{ CU}}{348 \text{ CU}} = 1.051724$$

2005:

$$\text{Performance } r_2 = \left\{ \frac{340 \text{ CU} \times 1.023881}{357 \text{ CU}} - 1 \right\} \times 100 = -2.4875\% \text{ or } -2.5\% \quad 8$$

2006:

$$\text{Performance } r_3 = \left\{ \frac{79 \text{ CU} \times 5 \times 1.019481}{340 \text{ CU}} - 1 \right\} \times 100 = 18.4397\% \text{ or } 18.4\% \quad 9$$

2007 (to 30.06.):

$$\text{Performance } r_4 = \left\{ \frac{81 \text{ RE}}{79 \text{ RE}} - 1 \right\} \times 100 = 2.5316\% \text{ or } 2.5\% \quad 10$$



### 3. Calculation of cumulative performance for the years 2004-2006 (two alternatives)

a) using the general formula: 11

$$\text{Performance \%} = \left\{ \frac{\text{NAV}_{\text{End P}} \times f_1 \times f_2 \dots \times f_n}{\text{NAV}_{\text{Start P}}} - 1 \right\} \times 100 \quad 12$$

Calculation

$$r_{3 \text{ years}} = \left\{ \frac{79 \text{ CU} \times 1.051724 \times 1.023881 \times 5 \times 1.019481}{350 \text{ CU}} - 1 \right\} \times 100 = 23.8965\% \text{ or } 23.9\% \quad 13$$

b) geometrically linking performances in individual periods using the following formula: 14

$$r_{\text{cumul } n} \% = \left\{ \left( 1 + \frac{r_{P1}}{100} \right) \times \left( 1 + \frac{r_{P2}}{100} \right) \times \left( 1 + \frac{r_{Pn}}{100} \right) - 1 \right\} \times 100 \quad 15$$

$r_{\text{cumul } n}$  Cumulative performance for n periods 16

$r_{P1} \dots r_{Pn}$  Performance in individual observation periods 1....n 17

Calculation

$$r_{\text{years } 1-3} = \left\{ \left( 1 + \frac{7.2759}{100} \right) \times \left( 1 + \frac{-2.4875}{100} \right) \times \left( 1 + \frac{18.4397}{100} \right) - 1 \right\} \times 100 =$$

$$\left\{ 1.072759 \times 0.975125 \times 1.184397 - 1 \right\} \times 100 = 23.8967\% \text{ or } 23.9\% \quad 18$$

### 4. Calculation of the average annual performance

General formula: 19

$$\text{Average performance p.a. \%} = \left\{ \sqrt[n]{1 + \frac{r_{\text{cumul } n}}{100}} - 1 \right\} \times 100 \quad 20$$

Calculation

$$\text{Average performance p.a. \%} = \left\{ \sqrt[3]{1 + \frac{23.8966}{100}} - 1 \right\} \times 100 = 7.4038\% \text{ or } 7.4\% \quad 21$$

## **B Example of how to present performance data in publications**

### **1. 2007 and 2006 and for each subsequent calendar year individually**

<b>XYZ Fund - Performance</b>				
Calculated in CU	2007 01.01. - 30.06.	2006	2005	2004
XYZ Fund	2.5%	18.4%	- 2.5%	7.3%
Benchmark index	2.6%	18.9%	- 2.9%*	7.1%

**22**

\* to 30.06.2005 index ..... (name of benchmark index used previously)

### **2. 2007 and 2006 and the annual average for the last three and five years**

<b>XYZ Fund - Performance</b>				
Calculated in CU	2007 01.01. - 30.06.	2006	2004 – 2006 average p.a.	2002 – 2006 average p.a.
XYZ Fund	2.5%	18.4%	7.4% p.a.	10.6%*
Benchmark index		18.9%	7.3%*	9.9%

**23**

\* to 30.06.2005 index ..... (name of benchmark index used previously)

Past performance is no indication of current or future performance. These performance data do not take account of the commissions and costs incurred on the issue and redemption of units.

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