This information should be read together with general investment information.

If you invest in a fund, you buy into a pooled portfolio of securities. You own fund units representing your share of the pool. The fund is managed by a professional manager.

Simple funds are regulated by rules that protect you as an investor and impose requirements on diversification, risk management and the total risk the fund may take. This is the UCITS legislation.

The most common types of simple funds are mutual funds and ETFs.

1. Target group

A fund may suit you if you:
- want an easy way to diversify your investments
- want specialists to manage your investments

There are funds with both high and low risk. Whatever your appetite for investment risk, there are funds that match your needs.

If you have a long investment horizon, you can better tolerate fluctuations and may choose funds with higher risk - for example equity funds.

If you have a shorter investment horizon, lower risk may be better - for example bond funds or mixed funds.

2. Pros and cons

Pros	Cons
Easy access to investment - specialists manage your investments	You can lose all or part of your investment
Subject to rules that require protection and diversification (UCITS)	There are costs associated with investing in investment funds, management fees reduce returns
You get diversification even with small amounts	It can be difficult to see exactly what the fund invests in
Opportunity to access markets that you as a regular investor typically do not have access to	The tax treatment varies from fund to fund

3. Returns

The fund reflects the value of the securities it invests in. Returns may come from:
- price increases or decreases in the underlying investments
- dividends if the fund distributes profits
- changes in exchange rates

There are two types of funds:

- **Distributing funds** typically pay dividends once a year. When dividends are paid, the price falls accordingly.
- **Accumulating funds** do not pay dividends but instead reinvest the return in the fund. This is reflected in the price development, which is not affected by dividend payments.

4. Risk

When you invest in a fund, you take the same risk as if you bought the securities the fund owns yourself. So you can also lose money.

Risk depends on the fund's investment strategy.

Bond funds typically have lower risk

Equity funds have higher risk

Mixed funds are somewhere in between

You can see the risk for each fund in a document called the Key Information Document (KID). There you can compare different funds via a risk indicator.

Risk diversification: Simple funds are subject to requirements to diversify investments. If one security loses value, it only affects a small part of the fund. However, the risk also depends on whether the fund is broadly diversified across sectors and countries.

There are several different factors that affect risk when investing in funds:

Investment strategy
The risk depends on which securities the fund invests in.

Market risk
If the underlying securities rise or fall, the fund's value does the same.

Credit risk
If an issuer (e.g. a company behind a bond) cannot pay back interest or debt.

Default risk
If a company goes bankrupt, its shares or bonds invested by the fund may become worthless.

Currency risk
Changes in exchange rates can affect the fund's value - both through the underlying investments and if the fund itself is issued in a foreign currency.

Liquidity risk
It may become difficult to trade the fund if the underlying securities cannot be sold - for example during political turmoil.

Sustainability risk
Environmental, social or governance issues may affect companies and, in turn, influence the value of the investment fund.

- Investment funds that invest in companies are more exposed than investment funds based on governments
- Emerging market funds are believed to entail higher risk than investment funds in developed markets

5. Special circumstances

Information about the fund
The issuer of simple funds publishes the document Key Information Document (KID). It gives you a quick overview of the fund's risk, strategy, return and costs. In the prospectus you can read details about the strategy and, for example, how the fund handles sustainability.

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Active and passive management

A fund can be managed either actively or passively. Both are measured against selected benchmarks, which serve as a reference point for the return on the securities in which the fund invests.

- *Actively managed investment funds*: the manager actively selects securities to achieve a better return than the market (benchmark). Returns can be both higher and lower than the market, and the costs are usually higher due to the active management.
- *Passively managed investment funds*: invest in the securities included in the benchmark. Returns closely track the market minus costs. Costs are typically lower.

6. Useful information

Taxation

Tax rules depend on how you invest - for example, whether you invest as a private individual, through a pension scheme, or otherwise.

We only provide general information about taxation - for specific advice you should talk to an auditor.

Costs

You are always informed about the costs before you invest in simple funds. They may, for example, consist of:

- Brokerage fee: Paid to the bank when buying/selling
- Currency fee: For buying foreign funds
- Custody fee: Paid to the bank for safekeeping the units
- Ongoing management fees: Is included in the price and depends on the fund structure
- Brokerage commission: If the bank receives a commission from the fund for distributing the investment. The distribution commission is included in the price

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