



EFAMA



EFC

European Fund Classification

The European Fund Classification

EFC Categories

2nd edition

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EFAMA

EFAMA is the voice of the European investment management industry

Through our 28 national associations and 59 corporate members, we represent the rich diversity of market participants that characterises the European investment management industry. This sets us apart and makes us the natural interlocutors of European policymakers.

We can also rely on the expertise of our 23 associate members, mainly consultancies, asset servicing companies and law firms.

EFAMA's purpose is to:

- a. promote optimal conditions for the European fund and asset management industry in its efforts to create value for investors;
- b. influence and support the ongoing development of the regulatory environment including the European Single Market;
- c. promote the interests of its members among stakeholders;
- d. build confidence and trust in the industry;
- e. promote scientific research concerning the industry.

Preface

Since the first edition of the brochure 'The European Fund Classification – EFC Categories' was published in April 2012, the fund industry has had to adapt significantly in response to the evolving market environment. New global and regional regulations have been implemented in the interest of investor protection, and fund houses created, developed and launched new funds. Thus, the revision of the EFC brochure was a logical step to adapt the EFC categories to the evolution in the fund market.

The main advantages of the EFC, however, remain unchanged in this second edition. In a nutshell, the EFC is the only classification method that:

- Uses a proven, stable holdings-based classification method;
- Is reviewed on a quarterly basis to fully reflect ongoing fund repositioning activities; and
- Is free-of-charge and non-commercial.

Equally noteworthy, this is a classification whereby the results are:

- Retrievable via the EFAMA website (www.efama.org);
- Fully owned by the promoting fund house; and
- Reviewed each quarter between the classifier and the fund houses.

I am grateful to all those involved in compiling this new edition of the EFC brochure. My special thanks go to the EFAMA staff in Brussels for their expert input, and to FundConnect for its role as Classification Administrator for the EFC. Lastly, I want to thank all my fund industry colleagues and association representatives who are members of the European Fund Categorisation Forum (EFCF) for their professional and in-depth contributions.

Christopher Auden

Chairman of EFAMA EFC Task Force

Director UBS Fund Management Switzerland

Head of Data Dissemination and Vendor Management [FMS]

Table of Contents

Preface	2
Table of Contents	3
1. Introduction	4
2. Background	4
3. Overview of the European Fund Classification	6
4. EFC Categories	8
4.1 Equity Fund Categories	8
4.2 Bond Fund Categories	14
4.2.1 General Bond Fund Categories	14
4.2.2 Emerging Market Bond Fund Categories	21
4.2.3 Floating Rate Fund Categories	23
4.2.4 Inflation Linked Bond Fund Categories	23
4.2.5 Flexible Bond Fund Category	24
4.3 Multi-Asset Fund Categories	25
4.4 Money Market Fund Categories	31
4.5 ARIS Categories	33
4.6 Other Categories	36
Appendix 1: List and Composition of EFC Regions	37

1. Introduction

The European Fund Classification (EFC) is a pan-European classification system of investment funds which has been developed by the European Fund Categorisation Forum (EFCF) – a dedicated Task Force of the European Fund and Asset Management Association (EFAMA).

The EFC has created a single transparent pan-European methodology for comparing funds. Thanks to this categorisation investors know what they can expect when they invest in an EFC compliant fund. The categorisation is performed on a share class level.

A pan-European classification structure has never been more important. UCITS are recognized worldwide as highly regulated and transparent investment products, ideally suited for retail investors. Every effort that can be made to reinforce this core benefit will further strengthen the industry in its positioning within the savings arena.

The EFC system is different for the following reasons:

1. It is owned and managed by the whole industry without being altered by any particular singular commercial interest.
2. It involves regular monitoring of holdings by a neutral classification administrator to ensure that funds do not drift from their stated objectives.
3. It is built on well-defined criteria that permit simple comparison of like for like funds and ensures transparency for investors and fund management companies.

2. Background

The EFCF was formed by a group of fund management companies and data vendors for the specific purpose of defining the parameters for a pan-European classification system of investment funds.

By agreeing to work together, these firms recognised that they had a common goal – increasing transparency in fund comparison within a classification system that could be endorsed by a core group of cross-border firms and data vendors. By pooling their expertise, the EFCF members could reach mutual understanding of the difficulties involved in fund categorization and accelerate the convergence towards a common European standard.

This important goal convinced the EFCF to join forces with EFAMA to facilitate broad acceptance of the EFC across Europe.

The hiring of a classification administrator (CA) was another central decision in the activities of the EFCF. The CA collects and reviews the portfolio holdings of every fund management company interested in adopting the classification, and monitors, regularly and free of charge, individual fund adherence to the classification criteria. FundConnect has been hired as CA for the classification of all sectors.

EFAMA published in 2012 a report to present the structure of the EFC and provide the definition of each EFC category. This report is an updated version of the 2012 Report.

EFAMA and the CA publish on their websites the classification results using the EFC categories as defined in this report. Changes in the classification for the fund groups are reported on a continuous basis. Holdings verification is performed, and made available, on a quarterly basis. The classification results are provided online in Excel spreadsheets which allow each individual

user to regroup funds according to different combinations of criteria from those used in the EFC categories. For professional use a subscription for automatic data feeds in CSV is available.

In March 2018 the concept of an indicative classification was introduced after the CA had tested this concept for a period. The indicative classification serves as a preliminary step towards a verified classification and a way to allow for a broader coverage for the users of the classification. The indicative classification is not monitored as closely as the verified classification and is published without seeking the agreement of the fund companies concerned. It is made by the CA (FundConnect) and FE fundinfo, which focuses on the German and Swiss market.

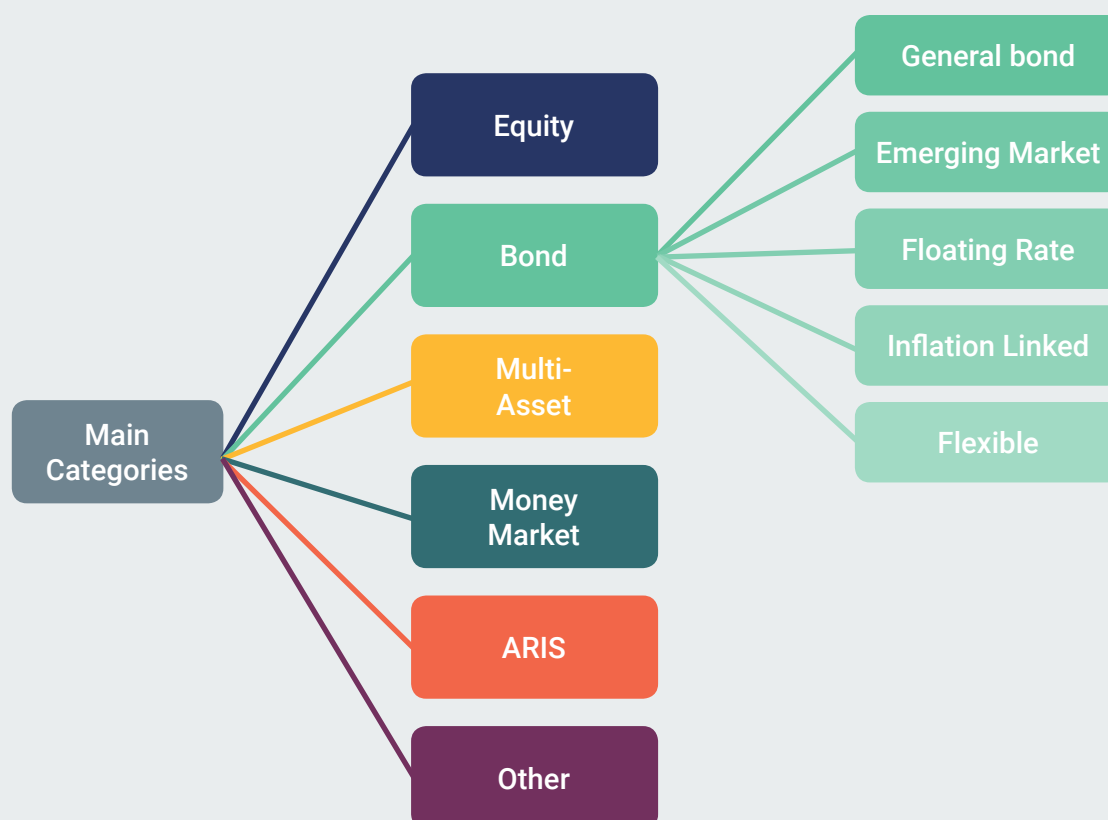
At the end of 2019, the verified classification covered 4,587 funds incorporating 29,713 share classes, which were managed by 154 fund groups. At the same time, the indicative classification covered 10,455 funds incorporating 48,779 share classes.¹

¹The latest figures are published on <https://www.efama.org/SitePages/EFCF.aspx>.

3. Overview of the European Fund Classification

The general rule applying to the classification structure is that one fund/share class can only be classified in one category according to the assets in which the fund invests.

According to this rule, the investment fund universe is split into six main categories: equity, bond, multi-asset, money market, "Absolute Return Innovative Strategies" (ARIS) and other funds.



The universe of equity, bond, multi-asset and money market funds is segmented according to nine criteria: country/region, sector, market capitalization, currency exposure, credit quality, interest rate exposure, emerging market exposure, asset allocation and structural characteristics.

Structural characteristics refer to features characterizing funds, such as funds of funds, ETF, ESG or style. To avoid extending excessively the range of potential fund categories and overcome difficulties in defining these features precisely, fund providers signal these characteristics at their discretion and the CA flag these characteristics separately in the presentation of the classification results.

In general equity, bond, multi-asset and money market funds are long-only funds that typically aim to achieve returns higher than a benchmark index. In contrast, ARIS funds are typically managed with the objective of generating a positive return over a cash benchmark, irrespective of market movements. In general, these funds make extensive use of derivatives to short/long securities or the market as a whole. A number of other funds fall outside the five broad categories because of their peculiar investment strategies.

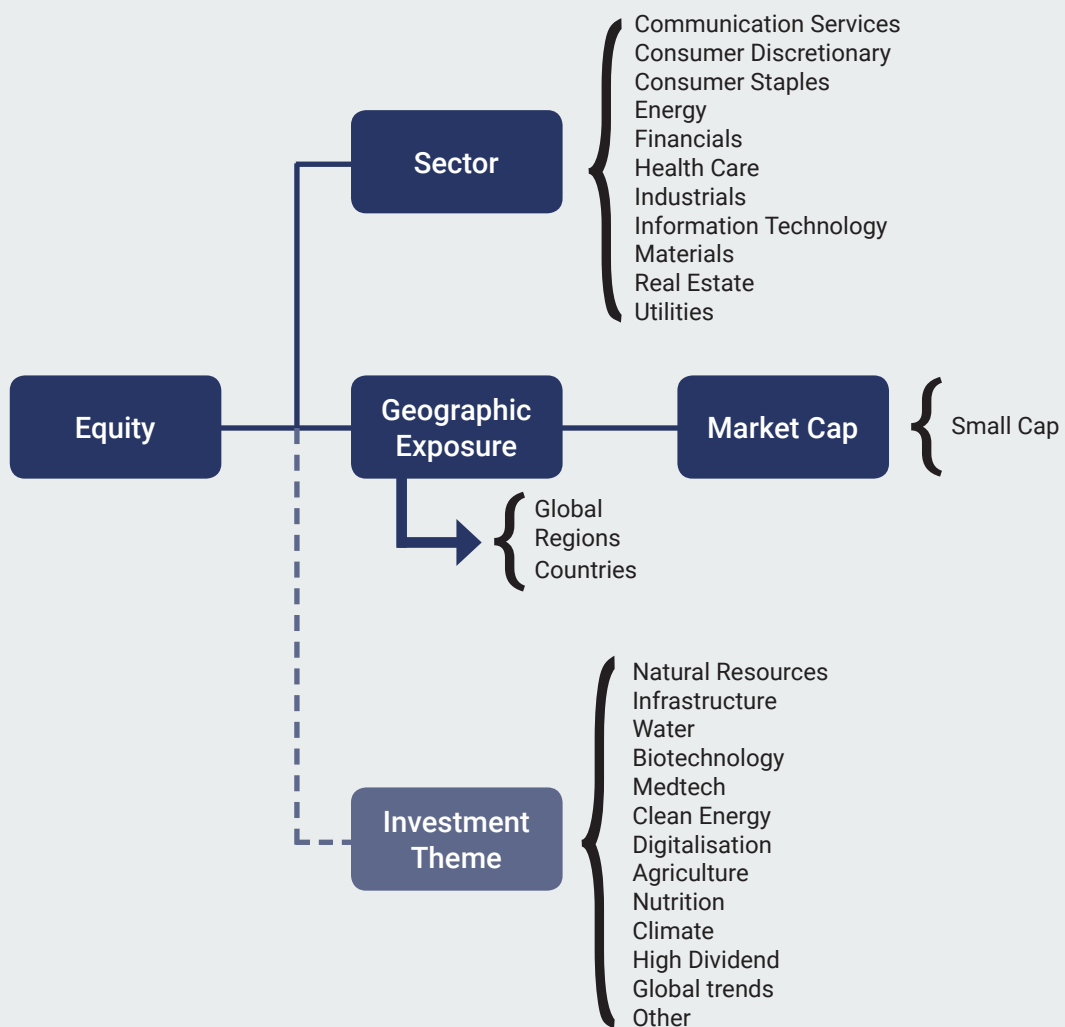
Asset Class Level				
Classification Criteria	Equity	General Bond	Multi-Asset	Money Market
Country/Region	X	X	X	
Sector	X			
Market Capitalization	X			
Currency Exposure		X	X	X
Credit Quality		X		X
Interest Rate Exposure		X		X
Emerging Market Exposure		X		
Asset Allocation			X	
Structural Characteristics	X	X	X	X

4. EFC Categories

4.1 Equity Fund Categories

Funds with more than 85% exposure to equity are classified as equity funds.

Equity funds can be differentiated according to three main classification criteria: sector, geographical exposure and market capitalization. Investment theme is added as a fourth classification criterion, in parallel with the three main criteria. The graph below illustrates how the categories for the equity universe have been defined.



Sector equity funds invest at least 80% of their assets in companies belonging to a specific economic sector.

The list of sectors is based on the Global Industry Classification Standard (GICS). The sector exposure covers the 11 GICS sectors: Communication Services, Consumer Discretionary, Consumer Staples, Energy, Financials, Health Care, Industrials, Information Technology, Materials, Real Estate and Utilities.

All sector equity funds are classified without geographical exposure being a part of their EFC category. An equity fund that invests 80% of its assets into a specific sector will always be classified as a sector fund, regardless of their geographical exposure. The geographical exposure is however added as a flag to the classification of sector equity funds.

The **Geographical Exposure** reflects the country or regional exposure of the funds' investments. As a general rule, a "Single Country/Region Fund" must invest at least 80% of its assets in shares of companies established in the country or region concerned. The domicile of a company is based on the company's primary listing or accepted country (region of operations). The list and composition of regions is provided in Appendix 1. Under certain circumstances some judgment must be used to ascertain a company's domicile, in particular when global firms have a main exchange on which their stocks are listed, whilst also operating in several main regions/countries.

Market Capitalization is used to classify equity funds investing at least 80% in small capitalization stocks. Small capitalization is defined with the following regional limits: United States US\$4bn; United Kingdom £1bn; Eurozone €3bn; Asia Pacific US\$1.5bn; Global US\$2.5bn.

Investment Theme is used to classify equity funds investing a large part of their assets in companies belonging to a specific investment theme.

Unlike for the three other classification criteria, the investment theme of a fund cannot be verified from the fund holdings. It is included in the classification results on the basis of a declaration of the fund group concerned. A fund group can declare whether a fund invests according to a specific investment theme. This investment theme may then be included into the classification as a flag. Investment themes are flagged alongside the verified EFC categories. A verified sector or regional equity fund can thus also have a specified investment theme.

Investment Themes

1. Natural Resources
2. Infrastructure
3. Climate
4. Agriculture
5. Water
6. Biotechnology
7. Medtech
8. Clean Energy
9. Digitalisation
10. Nutrition
11. Trends
12. High Dividend
99. Other

The number of specific investment themes included into the EFC structure will be updated whenever deemed necessary. The most current list of Investment Themes is available on <https://www.efama.org/SitePages/EFCF.aspx>.

The tables below shows and defines categories relating to the equity fund universe.

HIGH LEVEL CATEGORIES		EFC EQUITY CATEGORIES	
		Number	Category
Region	Global	1	Equity Global Funds that invest at least 80% of their assets in a diversified portfolio of shares of companies established in at least two regions, including at least 20% in Emerging Markets, without a single country or region focus.
		2	Equity Global Advanced Markets Funds that invest at least 80% of their assets in a diversified portfolio of shares of companies established in at least two advanced market regions without a single country or region focus.
	Americas	3	Equity Americas Funds that invest at least 80% of their assets in a diversified portfolio of shares of companies established in the Americas.
		4	Equity North America
	Asia Pacific	5	Equity Asia Pacific Funds that invest at least 80% of their assets in a diversified portfolio of shares of companies established in Asia Pacific countries.
		6	Equity Asia Pacific Ex Japan
		7	Equity Greater China
	Europe	8	Equity Europe Funds that invest at least 80% of their assets in a diversified portfolio of shares of companies established in Europe.
		9	Equity Advanced Europe
		10	Equity Eurozone
		11	Equity Europe Ex UK
		12	Equity Nordic
		13	Equity Iberia
	Emerging Markets	14	Equity Emerging Market Global Funds that invest at least 80% of their assets in a diversified portfolio of shares of companies from at least two emerging market sub-regions without a single country or region focus.
		15	Equity Emerging Latin America Funds that invest at least 80% of their assets in a diversified portfolio of shares of companies based across the emerging markets in Latin America.
		16	Equity Emerging Asia Pacific Funds that invest at least 80% of their assets in a diversified portfolio of shares of companies based across the emerging markets in Asia Pacific.
		17	Equity Emerging Asia Sub Continent Funds that invest at least 80% of their assets in a diversified portfolio of shares of companies based across the emerging markets in Asia Sub Continent countries.
		18	Equity Emerging Europe Funds that invest at least 80% of their assets in a diversified portfolio of shares of companies based across the emerging markets in Europe.
		19	Equity Emerging Middle East and North Africa Funds that invest at least 80% of their assets in a diversified portfolio of shares of companies based across the emerging markets in the Middle East and North
		20	Equity Emerging Africa Funds that invest at least 80% of their assets in a diversified portfolio of shares of companies based across the emerging markets in Africa.

HIGH LEVEL CATEGORIES		EFC EQUITY CATEGORIES ²	
		Number	Category
Country		21	Equity Australia Funds that invest at least 80% of their assets in a diversified portfolio of shares of companies based in Australia.
		22	Equity Austria
		23	Equity Belgium
		24	Equity Brazil
		25	Equity Canada
		26	Equity Chile
		27	Equity China
		28	Equity Colombia
		29	Equity Czech Republic
		30	Equity Denmark
		31	Equity Egypt
		32	Equity Finland
		33	Equity France
		34	Equity Germany
		35	Equity Greece
		36	Equity Hong Kong
		37	Equity India
		38	Equity Indonesia
		39	Equity Ireland
		40	Equity Israel
		41	Equity Italy
		42	Equity Japan
		43	Equity Malaysia
		44	Equity Mexico
		45	Equity Netherlands
		46	Equity Norway
		47	Equity Pakistan
		48	Equity Peru
		49	Equity Poland
		50	Equity Russia
		51	Equity Singapore
		52	Equity South Africa
		53	Equity South Korea
		54	Equity Spain
		55	Equity Sweden
		56	Equity Switzerland
		57	Equity Taiwan
		58	Equity Thailand
		59	Equity Turkey
		60	Equity United Kingdom
		61	Equity United States
	62	Equity Vietnam	

²The number of countries is not limited; it will increase with the number of funds classified under the EFC.

HIGH LEVEL CATEGORIES		EFC EQUITY CATEGORIES	
		Number	Category
Small Cap	Regions	71	Equity Global Small Cap Funds that invest at least 80% of their assets in a diversified portfolio of small cap companies from at least two regions without a single country or region focus.
		72	Equity Global Advanced Markets Small Cap
		73	Equity Europe Small Cap
		74	Equity Advanced Europe Small Cap
		75	Equity Eurozone Small Cap
		76	Equity Europe Ex UK Small Cap
		77	Equity Nordic Small Cap
		78	Equity Asia Pacific Ex Japan Small Cap
		79	Equity North America Small Cap
		80	Equity Emerging Market Global Small Cap
	Countries	81	Equity Australia Small Cap Funds that invest at least 80% of their assets in a diversified portfolio of shares of small cap companies based in Australia.
		82	Equity Canada Small Cap
		83	Equity China Small Cap
		84	Equity Denmark Small Cap
		85	Equity Finland Small Cap
		86	Equity France Small Cap
		87	Equity Germany Small Cap
		88	Equity Japan Small Cap
		89	Equity Norway Small Cap
		80	Equity Sweden Small Cap
		91	Equity Switzerland Small Cap
		92	Equity United Kingdom Small Cap
		93	Equity United States Small Cap ³

³ The number of countries is not limited; it will increase with the number of funds classified under the EFC.

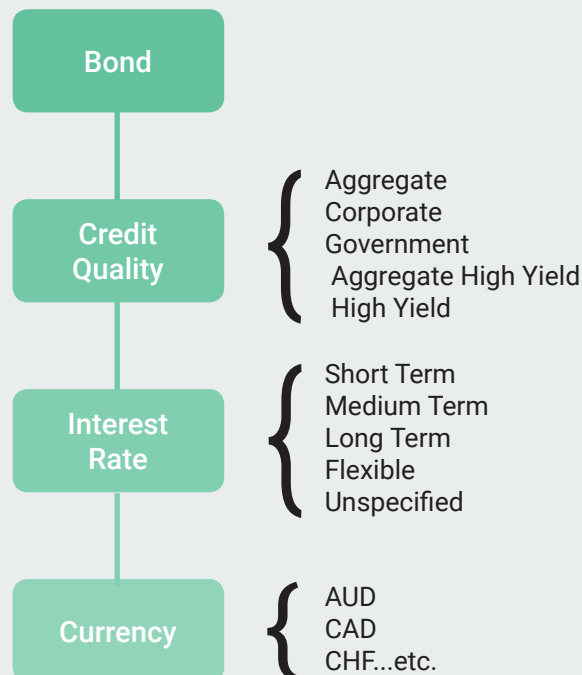
HIGH LEVEL CATEGORIES		EFC EQUITY CATEGORIES	
		Number	Category
Sector		101	Equity Communication Services Communication services funds invest at least 80% of their assets in shares of companies within telecommunication services and media & entertainment.
		102	Equity Consumer discretionary Consumer discretionary funds invest at least 80% of their assets in shares of companies manufacturing or providing consumer discretionary goods or services.
		103	Equity Consumer staples Consumer staples funds invest at least 80% of their assets in shares of companies that manufacture and/or sell food/beverages, tobacco, prescription drugs or household products
		104	Equity Energy Energy funds invest at least 80% of their assets in shares of companies in the energy sector.
		105	Equity Financials Financial funds invest at least 80% of their assets in shares of companies in the financial services sector.
		106	Equity Health Care Health care funds invest at least 80% of their assets in shares of companies of healthcare, medicine and/or biotechnology.
		107	Equity Industrials Industrial funds invest at least 80% of their assets in shares of companies that manufacture industrial-material goods.
		108	Equity Information Technology Information technology funds invest at least 80% of their assets in shares of companies operating within the technology software and hardware industry.
		109	Equity Materials Materials funds invest at least 80% of their assets in shares of companies involved in the production or manufacture of industrial materials.
		110	Equity Real Estate Real estate funds invest at least 80% of their assets in shares of real estate companies or companies supplying services to the real estate market.
		111	Equity Utilities Utilities funds invest at least 80% of their assets in shares of companies that provide utilities.

4.2 Bond Fund Categories

4.2.1 General Bond Fund Categories

Bond funds invest at least 80% of their assets in fixed income securities. Investment in cash should not exceed 20%. Investment in other assets should not exceed 10% and should be limited to ensure that the 80% minimum investment in fixed income securities is always respected. No equity exposure is allowed, whereas convertibles are permitted to a limit of 20% of assets. Asset backed/mortgage-backed securities are permitted fixed income securities and may be held up to a maximum of 20% of the whole portfolio.

Bond funds can be differentiated according to three classification criteria: credit quality, interest rate exposure and currency exposure.



The **Credit Quality** universe is split into five segments: Aggregate, Corporate, Government, Aggregate High Yield and High Yield.

- **Aggregate:** Aggregate Bond Funds invest in government and corporate bonds and in emerging market bonds (maximum 30%) with a maximum exposure of 30% to non-investment grade bonds of which a maximum 10% can be emerging market bonds.
- **Corporate:** Corporate Bond Funds invest a minimum of 70% of their portfolio in corporate bonds with a maximum exposure of 30% to non-investment grade bonds of which a maximum 10% can be emerging market bonds. The maximum exposure to emerging market debt is 30%.

- **Government:** Government Bond Funds invest at least 80% of their assets in government bonds (issued or explicitly guaranteed by a national government), and a maximum of 10% exposure to corporate bonds. The exposure to emerging market debt should be less than 30%. The maximum exposure to non-investment grade bonds is 30%, of which a maximum 10% can be emerging market bonds.
- **Aggregate High Yield:** Aggregate High Yield Bond Funds invest between 30% and 70% of their portfolios in non-investment grade bonds, with a maximum of 30% of the total exposure in emerging market bonds.
- **High Yield:** High Yield Bond Funds invest at least 70% of their assets in non-investment grade bonds. The exposure to emerging market bonds should be less than 30%.

The **Interest Rate** exposure is measured by the weighted average modified duration of the fund. Following this approach, bond funds can be classified as short, medium, long, flexible or unspecified duration. Because the term “duration” is not well known to many investors and rarely used in fund names, the EFC uses the following definitions:

- **Short Term (ST):** less than 3 years average modified duration.
- **Medium Term (MT):** between 3 and 7 years average modified duration.
- **Long Term (LT):** more than 7 years average modified duration.
- **Flexible (FD):** the modified duration does not fit the current duration bands or is defined by the fund group as flexible regardless of the current modified duration that can be deducted from the holdings.
- **Unspecified (UD):** the modified duration is not defined by the fund group and cannot be determined. In this case the fund will only receive an indicative classification.

The **Currency** exposure is referred in the name of the category when the fund has at least 70% exposure to a stated currency (with or without currency hedging). The EFC categories use the 3 letter ISO 4217 currency code to refer to the fund’s currency exposure. Those funds that don’t have an exposure of at least 70% to a single currency will be classified in a category that do not refer to any specific currency.

The tables below show and define categories relating to the general bond fund universe. Currencies in the list are only examples. Currencies are added to the classification when needed.

HIGH LEVEL CATEGORIES		EFC GENERAL BOND CATEGORIES ⁴	
		Number	Category
Aggregate	Short Term	1	Bond Aggregate ST EUR Funds that invest in a diversified portfolio of corporate, government, and other fixed income securities. At least 70% of the assets should be denominated or hedged in EUR, and the average modified duration of the portfolio should be less than 3 years.
		2	Bond Aggregate ST GBP
		3	Bond Aggregate ST USD
		4	Bond Aggregate ST Funds that invest in a diversified portfolio of corporate, government, and other fixed income securities. Assets should be denominated in different currencies, and the average modified duration of the portfolio should be less than 3 years.
	Medium Term	5	Bond Aggregate MT EUR Funds that invest in a diversified portfolio of corporate, government, and other fixed income securities. At least 70% of the assets should be denominated or hedged in EUR, and the average modified duration of the portfolio should be between 3 and 7 years.
		6	Bond Aggregate MT GBP
		7	Bond Aggregate MT USD
		8	Bond Aggregate MT Funds that invest in a diversified portfolio of corporate, government, and other fixed income securities. Assets should be denominated in different currencies, and the average modified duration of the portfolio should be between 3 and 7 years.
	Long Term	9	Bond Aggregate LT EUR Funds that invest in a diversified portfolio of corporate, government, and other fixed income securities. At least 70% of the assets should be denominated or hedged in EUR, and the average modified duration of the portfolio should be more than 7 years
		10	Bond Aggregate LT GBP
		11	Bond Aggregate LT USD
		12	Bond Aggregate LT Funds that invest in a diversified portfolio of corporate, government, and other fixed income securities. Assets should be denominated in different currencies, and the average modified duration of the portfolio should be more than 7 years
	Flexible	13	Bond Aggregate FD EUR Funds that invest in a diversified portfolio of corporate, government, and other fixed income securities. At least 70% of the assets should be denominated or hedged in EUR, and the average modified duration of the portfolio is flexible.
		14	Bond Aggregate FD GBP
		15	Bond Aggregate FD USD
		16	Bond Aggregate FD Funds that invest in a diversified portfolio of corporate, government, and other fixed income securities. Assets should be denominated in different currencies, and the average modified duration of the portfolio is flexible.
	Unspecified As the duration is unspecified the fund can only obtain an indicative classification.	17	Bond Aggregate UD EUR Funds that invest in a diversified portfolio of corporate, government, and other fixed income securities. At least 70% of the assets should be denominated or hedged in EUR, and the average modified duration of the portfolio is unspecified.
		18	Bond Aggregate UD GBP
		19	Bond Aggregate UD USD
		20	Bond Aggregate UD Funds that invest in a diversified portfolio of corporate, government, and other fixed income securities. Assets should be denominated in different currencies, and the average modified duration of the portfolio is unspecified.

⁴The EFC general bond categories should comply with the definitions given in section 4.2.1.

HIGH LEVEL CATEGORIES		EFC GENERAL BOND CATEGORIES	
		Number	Category
Corporate	Short Term	21	Bond Aggregate ST EUR Funds that invest in a diversified portfolio of corporate, government, and other fixed income securities. At least 70% of the assets should be denominated or hedged in EUR, and the average modified duration of the portfolio should be less than 3 years.
		22	Bond Corporate ST GBP
		23	Bond Corporate ST USD
		24	Bond Corporate ST Funds that invest at least 70% of their portfolio in corporate debt. At least 70% of the assets should be denominated in different currencies, and the average modified duration of the portfolio should be less than 3 years.
	Medium Term	25	Bond Corporate MT EUR Funds that invest at least 70% of their portfolio in corporate debt. At least 70% of the assets should be denominated or hedged in EUR, and the average modified duration of the portfolio should be between 3 and 7 years.
		26	Bond Corporate MT GBP
		27	Bond Corporate MT USD
		28	Bond Corporate MT Funds that invest at least 70% of their portfolio in corporate debt. Assets should be denominated in different currencies, and the average modified duration of the portfolio should be between 3 and 7 years.
	Long Term	29	Bond Corporate LT EUR Funds that invest at least 70% of their portfolio in corporate debt. At least 70% of the assets should be denominated or hedged in EUR, and the average modified duration of the portfolio should be more than 7 years.
		30	Bond Corporate LT GBP
		31	Bond Corporate LT USD
		34	Bond Corporate LT Funds that invest at least 70% of their portfolio in corporate debt. Assets should be denominated in different currencies, and the average modified duration of the portfolio should be more than 7 years.
	Flexible	35	Bond Corporate FD EUR Funds that invest at least 70% of their portfolio in corporate debt. At least 70% of the assets should be denominated or hedged in EUR, and the average modified duration of the portfolio is flexible.
		36	Bond Corporate FD GBP
		37	Bond Corporate FD USD
		38	Bond Corporate FD Funds that invest at least 70% of their portfolio in corporate debt. Assets should be denominated in different currencies, and the average modified duration of the portfolio is flexible.
	Unspecified As the duration is unspecified the fund can only obtain an indicative classification.	39	Bond Corporate UD EUR Funds that invest at least 70% of their portfolio in corporate debt. At least 70% of the assets should be denominated or hedged in EUR, and the average modified duration of the portfolio is unspecified.
		40	Bond Corporate UD GBP
		41	Bond Corporate UD USD
		42	Bond Corporate UD Funds that invest at least 70% of their portfolio in corporate debt. At least 70% of the assets should be denominated in different currencies, and the average modified duration of the portfolio is unspecified.

HIGH LEVEL CATEGORIES		EFC GENERAL BOND CATEGORIES	
		Number	Category
Government	Short Term	43	Bond Government ST EUR Funds that invest at least 80% of their portfolio in government bonds. At least 70% of the assets should be denominated or hedged in EUR, and the average modified duration of the portfolio should be less than 3 years.
		44	Bond Government ST GBP
		45	Bond Government ST USD
		46	Bond Government ST Funds that invest at least 80% of their portfolio in government bonds. Assets should be denominated in different currencies, and the average modified duration of the portfolio should be less than 3 years.
	Medium Term	47	Bond Government MT EUR Funds that invest at least 80% of their portfolio in government bonds. At least 70% of the assets should be denominated or hedged in EUR, and the average modified duration of the portfolio should be between 3 and 7 years.
		48	Bond Government MT GBP
		49	Bond Government MT USD
		50	Bond Government MT Funds that invest at least 80% of their portfolio in government bonds. Assets should be denominated in different currencies, and the average modified duration of the portfolio should be between 3 and 7 years.
	Long Term	51	Bond Government LT EUR Funds that invest at least 80% of their portfolio in government bonds. At least 70% of the assets should be denominated or hedged in EUR, and the average modified duration of the portfolio should be more than 7 years.
		52	Bond Government LT GBP
		53	Bond Government LT USD
		54	Bond Government LT Funds that invest at least 80% of their portfolio in government bonds. Assets should be denominated in different currencies, and the average modified duration of the portfolio should be more than 7 years.
	Flexible	55	Bond Government FD EUR Funds that invest at least 80% of their portfolio in government bonds. At least 70% of the assets should be denominated or hedged in EUR, and the average modified duration of the portfolio is flexible.
		56	Bond Government FD GBP
		57	Bond Government FD USD
		58	Bond Government FD Funds that invest at least 80% of their portfolio in government bonds. Assets should be denominated in different currencies, and the average modified duration of the portfolio is flexible.
	Unspecified As the duration is unspecified the fund can only obtain an indicative classification.	59	Bond Government UD EUR Funds that invest at least 80% of their portfolio in government bonds. At least 70% of the assets should be denominated or hedged in EUR, and the average modified duration of the portfolio is unspecified.
		60	Bond Government UD GBP
		61	Bond Government UD USD
		62	Bond Government UD Funds that invest at least 80% of their portfolio in government bonds. Assets should be denominated in different currencies, and the average modified duration of the portfolio is unspecified.

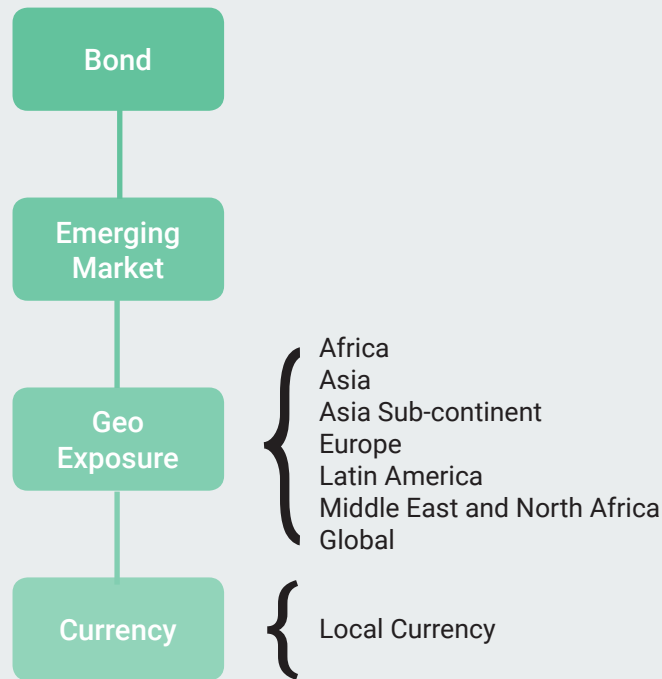
HIGH LEVEL CATEGORIES		EFC GENERAL BOND CATEGORIES	
		Number	Category
Aggregate High Yield	Short Term	63	Bond Aggregate High Yield ST EUR Funds that invest between 30% and 70% of their assets in a diversified portfolio of high yield securities denominated or hedged in EUR, and the average modified duration of the portfolio should be less than 3 years.
		64	Bond Aggregate High Yield ST GBP
		65	Bond Aggregate High Yield ST USD
		66	Bond Aggregate High Yield ST Funds that invest between 30% and 70% of their assets in a diversified portfolio of high yield securities denominated in different currencies, and the average modified duration of the portfolio should be less than 3 years.
	Medium Term	67	Bond Aggregate High Yield MT EUR Funds that invest between 30% and 70% of their assets in a diversified portfolio of high yield securities denominated or hedged in EUR, and the average modified duration of the portfolio should be between 3 and 7 years.
		68	Bond Aggregate High Yield MT GBP
		69	Bond Aggregate High Yield MT USD
		70	Bond Aggregate High Yield MT Funds that invest between 30% and 70% of their assets in a diversified portfolio of high yield securities denominated in different currencies, and the average modified duration of the portfolio should be between 3 and 7 years.
	Long Term	71	Bond Aggregate High Yield LT EUR Funds that invest between 30% and 70% of their assets in a diversified portfolio of high yield securities denominated or hedged in EUR, and the average modified duration of the portfolio should be more than 7 years.
		72	Bond Aggregate High Yield LT GBP
		73	Bond Aggregate High Yield LT USD
		74	Bond Aggregate High Yield LT Funds that invest between 30% and 70% of their assets in a diversified portfolio of high yield securities denominated in different currencies, and the average modified duration of the portfolio should be more than 7 years.
	Flexible	75	Bond Aggregate High Yield FD EUR Funds that invest between 30% and 70% of their assets in a diversified portfolio of high yield securities denominated or hedged in EUR, and the average modified duration of the portfolio is flexible.
		76	Bond Aggregate High Yield FD GBP
		77	Bond Aggregate High Yield FD USD
		78	Bond Aggregate High Yield FD Funds that invest between 30% and 70% of their assets in a diversified portfolio of high yield securities denominated in different currencies, and the average modified duration of the portfolio is flexible.
	Unspecified As the duration is unspecified the fund can only obtain an indicative classification.	79	Bond Aggregate High Yield UD EUR Funds that invest between 30% and 70% of their assets in a diversified portfolio of high yield securities denominated or hedged in EUR, and the average modified duration of the portfolio is unspecified.
		80	Bond Aggregate High Yield UD GBP
		81	Bond Aggregate High Yield UD USD
		82	Bond Aggregate High Yield UD Funds that invest between 30% and 70% of their assets in a diversified portfolio of high yield securities denominated in different currencies, and the average modified duration of the portfolio is unspecified.

HIGH LEVEL CATEGORIES		EFC GENERAL BOND CATEGORIES	
		Number	Category
High Yield	Short Term	83	Bond High Yield ST EUR Funds that invest a minimum of 70% of their assets in non-investment grade bonds with an average modified duration of less than 3 years of high yield securities denominated or hedged in EUR, irrespective of the debtor domiciles.
		84	Bond High Yield ST GBP
		85	Bond High Yield ST USD
		86	Bond High Yield ST Funds that invest a minimum of 70% of their assets in non-investment grade bonds with an average modified duration of less than 3 years of high yield securities denominated in different currencies.
	Medium Term	87	Bond High Yield MT EUR Funds that invest a minimum of 70% of their assets in non-investment grade bonds with an average modified duration between 3 and 7 years of high yield securities denominated or hedged in EUR, irrespective of the debtor domiciles.
		88	Bond High Yield MT GBP
		89	Bond High Yield MT USD
		90	Bond High Yield MT Funds that invest a minimum of 70% of their assets in non-investment grade bonds with an average modified duration between 3 and 7 years of high yield securities denominated in different currencies.
	Long Term	91	Bond High Yield LT EUR Funds that invest a minimum of 70% of their assets in non-investment grade bonds with an average modified duration of more than 7 years of high yield securities denominated or hedged in EUR, irrespective of the debtor domiciles.
		92	Bond High Yield LT GBP
		93	Bond High Yield LT USD
		94	Bond High Yield LT Funds that invest a minimum of 70% of their assets in non-investment grade bonds with an average modified duration of more than 7 years of high yield securities denominated in different currencies.
	Flexible	95	Bond High Yield FD EUR Funds that invest a minimum of 70% of their assets in non-investment grade bonds with a flexible average modified duration of high yield securities denominated or hedged in EUR, irrespective of the debtor domiciles.
		96	Bond High Yield FD GBP
		97	Bond High Yield FD USD
		98	Bond High Yield FD Funds that invest a minimum of 70% of their assets in non-investment grade bonds with a flexible average modified duration of high yield securities denominated in different currencies.
	Unspecified As the duration is unspecified the fund can only obtain an indicative classification.	99	Bond High Yield UD EUR Funds that invest a minimum of 70% of their assets in non-investment grade bonds with an unspecified average modified duration of high yield securities denominated or hedged in EUR, irrespective of the debtor domiciles.
		100	Bond High Yield UD GBP
		101	Bond High Yield UD USD
		102	Bond High Yield UD Funds that invest a minimum of 70% of their assets in non-investment grade bonds with an unspecified average modified duration of high yield securities denominated in different currencies.

4.2.2 Emerging Market Bond Fund Categories

Emerging market funds belong to the bond fund universe and invest in investment grade and non-investment grade debt issued by issuers in emerging countries with a minimum 60% exposure to these countries.

Emerging market bond funds can be differentiated according to two classification criteria: geographical exposure⁵ and currency.



The **Geographical Exposure** reflects the regional exposure of the fund investments. Funds with at least an 80% exposure to a specific emerging market region will be classified in one of the following 6 emerging sub-regions (Appendix 1): Emerging Africa, Emerging Asia Pacific, Emerging Asia Sub-continent, Emerging Europe, Emerging Latin America and Emerging Middle East and North Africa. Emerging Market Global funds are funds that invest in at least two emerging market sub-regions without a single sub-region focus.

The **Currency** criteria differentiates between the emerging market bond funds that have an exposure of at least 70% to a basket of local currencies from emerging markets, and other types of emerging market bond funds.

⁵ The list of countries that are considered as EM are listed in Appendix 1 under "Emerging Markets".

The table below shows and defines categories relating to the emerging market bond fund universe.

HIGH LEVEL CATEGORIES		EFC EMERGING MARKET BOND CATEGORIES	
		Number	Category
Emerging Markets	Africa	130	Bond Emerging Africa Funds that have a minimum 80% exposure to fixed income securities issued or guaranteed by issuers in Africa.
		131	Bond Emerging Africa Local Currency Funds that have a minimum 80% exposure to fixed income securities issued or guaranteed by issuers in Africa. At least 70% of the portfolio should have an exposure to a basket of local currencies from emerging markets.
	Asia	132	Bond Emerging Asia
		133	Bond Emerging Asia Local Currency
	Europe	134	Bond Emerging Europe
		135	Bond Emerging Europe Local Currency
	Latin America	136	Bond Emerging Latin America
		137	Bond Emerging Latin America Local Currency
	Middle East and North Africa	138	Bond Emerging Middle East and North Africa
		139	Bond Emerging Middle East and North Africa Local Currency
	Global	140	Bond Emerging Global Funds that have a minimum 80% exposure to fixed income securities issued or guaranteed in at least two emerging market regions.
		141	Bond Emerging Global Local Currency Funds that have an exposure to fixed income securities issued or guaranteed by issuers in at least two emerging market regions. At least 70% of the portfolio should have an exposure to a basket of local currencies from emerging markets.

4.2.3 Floating Rate Fund Categories

Floating rate funds invest a minimum of 70% in floating rate notes with no equity exposure. To be classified in this category, floating rate funds should have a weighted average maturity (WAM) of maximum six months and a weighted average life (WAL) of at least one year. Currencies in the list are only examples. Currencies are added to the classification when needed.

HIGH LEVEL CATEGORIES	EFC FLOATING RATE CATEGORIES	
	Number	Category
Floating Rate	142	Floating Rate DKK
	143	Floating Rate EUR Floating Rate EUR funds have as a primary objective to invest at least 70% of their assets in floating rates notes. 70% of their assets should be denominated or hedged in EUR.
	144	Floating Rate GBP
	145	Floating Rate USD
	146	Floating Rate Floating Rate funds have as a primary objective to invest at least 70% of their assets in floating rates notes in different currencies.

4.2.4 Inflation Linked Bond Fund Categories

Inflation linked bond funds have a minimum 70% exposure to inflation linked bonds. This category of funds can also be classified according to the currency (minimum 70% exposure). Currencies in the list are only examples. Currencies are added to the classification when needed.

HIGH LEVEL CATEGORIES	EFC INFLATION LINKED CATEGORIES	
	Number	Category
Inflation Linked	147	Inflation Linked DKK
	148	Inflation Linked EUR Inflation Linked Funds invest a minimum of 70% of their portfolio in government and corporate Inflation-Linked bonds. At least 70% of the assets should be denominated or hedged in EUR.
	149	Inflation Linked GBP
	150	Inflation Linked USD
	151	Inflation Linked Inflation Linked Funds invest a minimum of 70% of their portfolios in government and corporate Inflation-Linked bonds in various currencies.

4.2.5 Flexible Bond Fund Category

Bond funds that do not meet the thresholds associated with the classification criteria considered in the previous tables will be classified as “flexible” bond funds.

Currencies in the list are only examples. Currencies are added to the classification when needed.

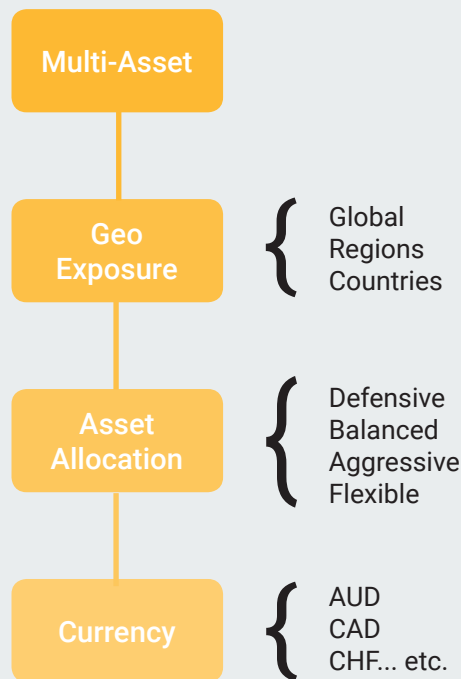
HIGH LEVEL CATEGORIES	EFC FLEXIBLE CATEGORIES	
	Number	Category
Flexible	152	Flexible DKK
	153	Flexible EUR Flexible Bond Funds invest their portfolio in a diversified basket of fixed income securities and can adjust their credit quality, emerging markets and interest rate exposure in a flexible manner. At least 70% of the assets should be denominated or hedged in EUR.
	154	Flexible GBP
	155	Flexible USD
	156	Flexible Flexible Bond Funds invest their portfolio in a diversified basket of fixed income securities and can adjust their credit quality, emerging markets, interest rate exposure and currency in a flexible manner.

4.3 Multi-Asset Fund Categories

Multi-Asset funds are funds that invest in variable income securities, mainly equities, and in debt securities, cash and cash equivalents. Debt securities include, among other things, floating rate notes, convertible bonds, high yield and corporate bonds. Real estate securities and commodity securities should be treated as variable income securities.

Multi-strategy funds do not belong to the Multi-Asset fund universe, but to the universe of “Absolute Return Innovative Strategies” funds (see section 4.5). Typically Multi-Asset funds aim to achieve relative return against a customized multi-asset benchmark as traditional long-only funds.

Multi-Asset funds can be differentiated according to three classification criteria: geographical exposure, asset allocation and currency.



The **Geographical Exposure** reflects the local, regional or global exposure of the funds’ investments. This breakdown is split into three groups: global, regions and countries. As a general rule, a “*Single Country Fund*” must invest at least 80% of its assets in securities of companies established in the country or region concerned. The domicile of a company is based on the company’s primary listing or accepted country (region of operations). The list of regions and sub-regions are provided in Appendix 1.

The **Asset Allocation** universe of Multi-Asset funds is divided into three categories that are defined in terms of their exposure:

- **Defensive:** less than 35% exposure to variable income securities.
- **Balanced:** between 35% and 65% exposure to variable income securities.
- **Aggressive:** more than 65% exposure to variable income securities.

A fourth "**Flexible**" category is added to regroup funds that can maintain a 100 percent exposure to any asset class for a certain period of time (in the context of an investment policy allowing investment up to 100 percent in any asset class).

The **Currency** exposure is referred in the category name when the fund has at least a 70% exposure to a stated currency (with or without currency hedging). Multi-Asset funds invested globally in equity or fixed income transferable securities issued in a variety of currencies will be classified without referring to a specific currency.

The tables below shows and defines categories relating to the multi-asset funds universe. Currencies in the list are only examples. Currencies are added to the classification when needed.

HIGH LEVEL CATEGORIES			EFC MULTI-ASSET CATEGORIES	
			Number	Category
Region	Global	Defensive	1	Multi-Asset Global Defensive Multi-Asset Global Defensive funds invest across the globe with a constraint of maximum 35% in variable income securities, with the rest of the portfolio invested in debt securities, cash and cash equivalents, and with no restriction to a specific country/region or currency.
			2	Multi-Asset Global Defensive EUR Multi-Asset Global Defensive EUR funds invest across the globe with a constraint of maximum 35% invested in variable income securities and the rest of the portfolio invested in debt securities, cash and cash equivalents, with a minimum of 70% of the assets denominated or hedged in EUR.
			3	Multi-Asset Global Defensive USD
		Balanced	4	Multi-Asset Global Balanced Multi-Asset Global Balanced funds invest across the globe between 35% and 65% of their portfolio in variable income securities and the rest of the portfolio invested in debt securities, cash and cash equivalents, and with no restrictions to a specific country/region or currency.
			5	Multi-Asset Global Balanced EUR Multi-Asset Global Balanced EUR funds invest across the globe between 35% and 65% of their portfolio in variable income securities and the rest of the portfolio invested in debt securities, cash and cash equivalents, with a minimum of 70% of the assets denominated or hedged in EUR.
			6	Multi-Asset Global Balanced USD
		Aggressive	7	Multi-Asset Global Aggressive Multi-Asset Global Aggressive funds invest across the globe a minimum 65% of their Assets in variable income securities and the rest of the portfolio invested in debt securities, cash and cash equivalents, and with no restriction to a specific country/region or currency.
			8	Multi-Asset Global Aggressive EUR Multi-Asset Global Aggressive EUR funds invest across the globe between 35% and 65% of their portfolio in variable income securities and the rest of the portfolio invested in debt securities, cash and cash equivalents, with a minimum of 70% of the assets denominated or hedged in EUR.
			9	Multi-Asset Global Aggressive USD
		Flexible	10	Multi-Asset Global Flexible Multi-Asset Global Flexible funds allocate their investments globally across a variety of variable income securities, debt securities, cash and cash equivalents issued in a range of currencies.
			11	Multi-Asset Global Flexible EUR Multi-Asset Global Flexible funds allocate their investments globally across a variety of variable income securities, debt securities, cash and cash equivalents, with a minimum of 70% of the assets denominated or hedged in EUR.

HIGH LEVEL CATEGORIES		EFC MULTI-ASSET CATEGORIES		
		Number	Category	
Region	Global	Defensive	12	Multi-Asset Global Advanced Markets Defensive Multi-Asset Global Defensive funds invest across the globe in developed markets with a constraint of maximum 35% in variable income securities, with the rest of the portfolio invested in debt securities, cash and cash equivalents, and with no restriction to a specific country/region or currency.
			13	Multi-Asset Global Advanced Markets Defensive EUR Multi-Asset Global Defensive EUR funds invest across the globe in developed markets with a constraint of maximum 35% invested in variable income securities and the rest of the portfolio invested in debt securities, cash and cash equivalents, with a minimum of 70% of the assets denominated or hedged in EUR.
			14	Multi-Asset Global Advanced Markets Defensive USD
		Balanced	15	Multi-Asset Global Advanced Markets Balanced Multi-Asset Global Balanced funds invest across the globe between 35% and 65% of their portfolio in variable income securities and the rest of the portfolio invested in debt securities, cash and cash equivalents, and with no restrictions to a specific country/region or currency.
			16	Multi-Asset Global Advanced Markets Balanced EUR Multi-Asset Global Balanced EUR funds invest across the globe between 35% and 65% of their portfolio in variable income securities and the rest of the portfolio invested in debt securities, cash and cash equivalents, with a minimum of 70% of the assets denominated or hedged in EUR.
			17	Multi-Asset Global Advanced Markets Balanced USD
		Aggressive	18	Multi-Asset Global Advanced Markets Aggressive Multi-Asset Global Aggressive funds invest across the globe in developed markets a minimum 65% of their Assets in variable income securities and the rest of the portfolio invested in debt securities, cash and cash equivalents, and with no restriction to a specific country/region or currency.
			19	Multi-Asset Global Advanced Markets Aggressive EUR Multi-Asset Global Balanced EUR funds invest across the globe in developed markets between 35% and 65% of their portfolio in variable income securities and the rest of the portfolio invested in debt securities, cash and cash equivalents, with a minimum of 70% of the assets denominated or hedged in EUR.
			20	Multi-Asset Global Aggressive USD
		Flexible	21	Multi-Asset Global Advanced Markets Flexible Multi-Asset Global Flexible funds allocate their investments globally in developed markets across a variety of variable income securities, debt securities, cash and cash equivalents issued in a range of currencies.
			22	Multi-Asset Global Advanced Markets Flexible EUR Multi-Asset Global Flexible funds allocate their investments globally in developed markets across a variety of variable income securities, debt securities, cash and cash equivalents, with a minimum of 70% of the assets denominated or hedged in EUR.

HIGH LEVEL CATEGORIES			EFC MULTI-ASSET CATEGORIES	
			Number	Category
Region	Americas	Defensive	23	Multi-Asset United States Defensive EUR Multi-Asset United States Defensive EUR funds invest with a constraint of maximum 35% in variable income securities, with the rest of their portfolio invested in debt securities, cash and cash equivalents with a minimum of 80% exposure to US issuances and 70% of the assets denominated or hedged in EUR.
			24	Multi-Asset United States Defensive USD Multi-Asset United States Defensive USD funds invest with a constraint of maximum 35% in variable income securities, with the rest of their portfolio invested in debt securities, cash and cash equivalents with a minimum of 80% exposure to US issuances and 70% of the assets denominated or hedged in USD.
		Balanced	25	Multi-Asset United States Balanced EUR Multi-Asset United States Balanced EUR funds invest between 35% and 65% in variable income securities and the rest of the portfolio invested in debt securities, cash and cash equivalents with a minimum of 80% exposure to US issuances and 70% of the assets denominated or hedged in EUR.
			26	Multi-Asset United States Balanced USD Multi-Asset United States Balanced USD funds invest between 35% and 65% in variable income securities and the rest of the portfolio invested in debt securities, cash and cash equivalents with a minimum of 80% exposure to US issuances and 70% of the assets denominated or hedged in USD.
	Asia Pacific	Balanced	27	Multi-Asset Asia Pacific Balanced Multi-Asset Asia Pacific Balanced funds invest between 35% and 65% in variable income securities and the rest of the portfolio invested in debt securities, cash and cash equivalents, with a minimum of 80% exposure to Asia Pacific issuances and with no restriction to a specific currency.
		Aggressive	28	Multi-Asset Asia Pacific Aggressive Multi-Asset Asia Pacific Aggressive funds invest a minimum 65% of their assets in variable income securities and the rest of their portfolio invested in debt securities, cash and cash equivalents, with a minimum of 80% exposure to Asia Pacific issuances and no restriction to a specific currency.

HIGH LEVEL CATEGORIES		EFC MULTI-ASSET CATEGORIES		
		Number	Category	
Region	Europe	Defensive	29	Multi-Asset Advanced Europe Defensive Multi-Asset Advanced Europe Defensive funds invest with a constraint of maximum 35% in variable income securities, with the rest of their portfolio invested in debt securities, cash and cash equivalents, with a minimum of 80% exposure to Advanced Europe issuances and with no restriction to a specific currency.
			30	Multi-Asset Advanced Europe Defensive EUR Multi-Asset Advanced Europe Defensive EUR funds invest with a constraint of maximum 35% in variable income securities, with the rest of their portfolio invested in debt securities, cash and cash equivalents with a minimum of 80% exposure to Advanced Europe issuances and 70% of the assets denominated or hedged in EUR..
			31	Multi-Asset Eurozone Defensive EUR
			32	Multi-Asset Denmark Defensive DKK
		Balanced	33	Multi-Asset Advanced Europe Balanced Multi-Asset Advanced Europe Balanced funds invest between 35% and 65% in variable income securities and the rest of the portfolio invested in debt securities, cash and cash equivalents, with a minimum of 80% exposure to Advanced Europe issuances and with no restriction to a specific currency.
			34	Multi-Asset Advanced Europe Balanced EUR Multi-Asset Advanced Europe Balanced EUR funds invest between 35% and 65% in variable income securities and the rest of the portfolio invested in debt securities, cash and cash equivalents with a minimum of 80% exposure to Advanced Europe issuances and 70% of the assets denominated or hedged in EUR.
			35	Multi-Asset Eurozone Balanced EUR
			36	Multi-Asset Denmark Balanced DKK
		Aggressive	37	Multi-Asset Advanced Europe Aggressive Multi-Asset Advanced Europe Aggressive funds invest a minimum 65% of their assets in variable income securities and the rest of the portfolio invested in debt securities, cash and cash equivalents, with a minimum of 80% exposure to Advance Europe issuances and no restriction to a specific currency.
			38	Multi-Asset Advanced Europe Aggressive EUR Multi-Asset Advanced Europe Aggressive funds invest a minimum 65% of their assets in variable income securities and the rest of the portfolio invested in debt securities, cash and cash equivalents with a minimum of 80% exposure to Advanced Europe issuances and 70% of the assets denominated or hedged in EUR.
			39	Multi-Asset Eurozone Aggressive EUR
			40	Multi-Asset United Kingdom Aggressive GBP
		Flexible	41	Multi-Asset Advanced Europe Flexible Multi-Asset Advanced Europe Flexible funds allocate their investments across a variety of variable income securities, debt securities, cash and cash equivalents with a minimum 80% exposure to Advanced Europe issuances and no restriction to a specific currency.
			42	Multi-Asset Advanced Europe Flexible EUR Multi-Asset Advanced Europe Flexible funds allocate their investments across a variety of variable income securities, debt securities, cash and cash equivalents with a minimum 80% exposure to Advanced Europe issuances and 70% of the assets denominated or hedged in EUR.

4.4 Money Market Fund Categories

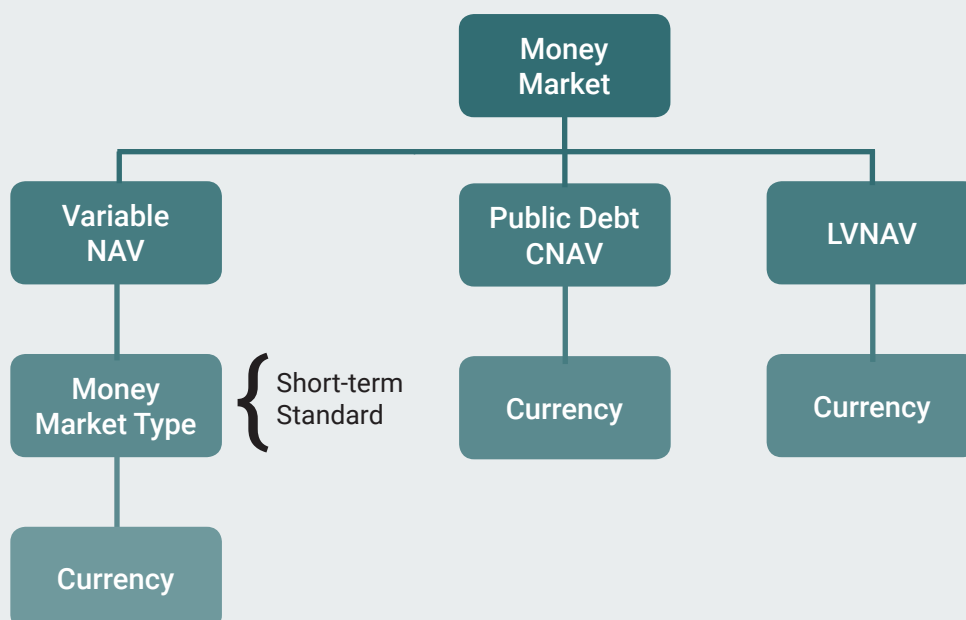
Money Market funds (MMFs) are classified under the EFC in line with the EU Regulation on MMFs⁶, which distinguishes between three main categories of MMFs:

1. Variable Net Asset Value (VNAV) MMF
 - a. Short-term VNAV MMF
 - b. Standard VNAV MMF
2. Public Debt Constant Asset value (CNAV) MMF
3. Low Volatility Net Asset Value (LVNAV) MMF

VNAV MMFs offer unit/share purchases and redemptions at a variable price, whereas CNAV and LVNAV MMFs offer unit/share purchases at a fixed price. CNAV MMFs must invest at least 99.5% of their assets in public debt. Units/shares in a LVNAV MMF can be purchased or redeemed at a constant price, as long as the value of the assets in the fund do not deviate by more than 0.2% from par.

The EU Regulation also distinguishes between Short-term and Standard MMF. Short-term MMF are required to adhere to tighter investment rules than Standard MMF. Three types of fund may be categorised as Short-term MMFs: Public Debt CNAV, LVNAV and Short-term VNAV. Standard MMFs must be variably priced, and are therefore all Standard VNAV funds by type.

The EFC also classifies MMFs according to their currency exposure.



The **Currency** exposure must be given in the name of the category. All types of funds should be fully exposed or hedged to a single currency.

⁶ See <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32017R1131>.

The table below shows and describes the EFC categories relating to the MMF universe. Currencies in the list are only examples. Currencies are added to the classification when needed.

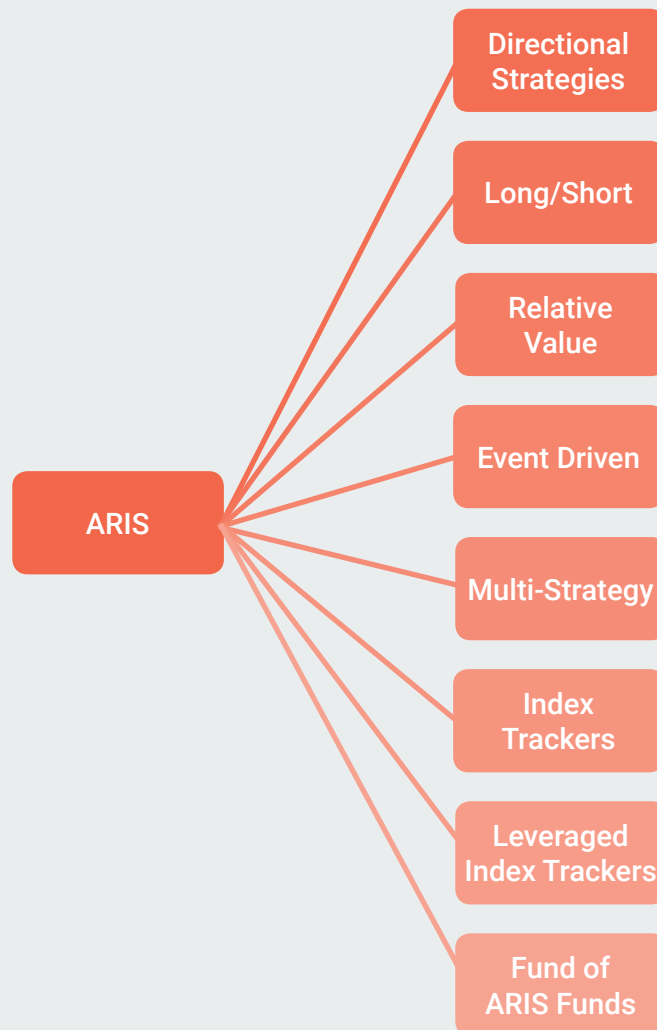
HIGH LEVEL CATEGORIES		EFC MONEY MARKET CATEGORIES	
		Number	Category
Money Market	Public Debt CNAV	1	Public Debt CNAV Money Market DKK
		2	Public Debt CNAV Money Market EUR A Public Debt CNAV MMF is set up and invests according to the provisions set up in the EU MMF Regulation.
		3	Public Debt CNAV Money Market GBP
		4	Public Debt CNAV Money Market USD
	Short-term VNAV	5	Short-term variable NAV Money Market DKK
		6	Short-term variable NAV Money Market EUR Short-term MMF is set up and invests according to the provisions set up in the EU MMF Regulation.
		7	Short-term variable NAV Money Market GBP
		8	Short-term variable NAV Money Market USD
	Standard VNAV	9	Standard variable NAV Money Market DKK
		10	Standard variable NAV Money Market EUR Standard MMF is set up and invests according to the provisions set up in the EU MMF Regulation.
		11	Standard variable NAV Money Market GBP
		12	Standard variable NAV Money Market USD
	LVNAV	13	Low volatility NAV Money Market DKK
		14	Low volatility NAV Money Market EUR A LVNAV MMF is set up and invests according to the provisions set up in the EU MMF Regulation.
		15	Low volatility NAV Money Market GBP
		16	Low volatility NAV Money Market USD

4.5 ARIS Categories

ARIS Funds are typically managed with the objective of generating a positive return over a cash benchmark, irrespective of market movements, and that are likely to make extensive use of derivatives to short/long securities or the market as a whole.

ARIS Funds are classified based on the strategy style of the funds. This means that the categories for ARIS funds are not defined on the basis of the funds' portfolio holdings. For this reason, the ARIS funds will be classified, at least initially, on the basis of the fund promoters' declaration.

The EFC divides the ARIS-fund universe in eight High Level categories: Directional, Long/Short, Relative Value, Event Driven, Multi-Strategy, Index Trackers, Leveraged Index Trackers and Fund of ARIS Funds.



- **Directional Strategy Funds:** Execute a broad range of strategies with a bias in a specific direction triggered by macro factors. Whilst directional strategies may employ relative value techniques, fund managers focus on profiting from trends in underlying assets, rather than the realization of valuation discrepancies. Strategies can follow a fundamental or behavioural / technical approach.
- **Long/Short:** Implement analytical techniques to capture the direction of price movement regardless of whether prices are rising or falling. This is distinguished from the dominant long focus of Directional Strategy funds. Strategies can follow a fundamental or behavioural/ technical approach.
- **Relative Value:** Use relative value techniques to exploit a valuation discrepancy in the relationship between multiple securities employing fundamental or quantitative techniques. These funds explicitly focus on price discrepancies between investments as arbitrage opportunities.
- **Event Driven:** Invest in securities of companies currently or prospectively involved in corporate transactions or subject to other corporate events.
- **Multi-Strategy Funds:** Follow different types of strategies (equity long/short, commodities, volatility arbitrage...etc.).
- **ARIS Index Trackers:** Try to replicate the performance of a particular index made by a minimum of five different ARIS funds. The replication can be done by direct or indirect exposure to the underlying funds.
- **Leveraged Index Trackers:** Try to replicate the performance multiplied by X of a particular index made by direct or indirect long or short exposure to the underlying securities. Conventional long index funds are classified as conventional funds.
- **Fund of ARIS Funds:** Invest in a portfolio of other ARIS funds rather than investing directly in securities.

The tables below shows and describes all categories relating to the ARIS funds universe.

HIGH LEVEL CATEGORIES	EFC ARIS CATEGORIES	
	Number	Category
Directional Strategies	1	ARIS Global Macro Funds that aim to generate returns from movements in the fixed income, derivative, equity, commodity...etc. markets by using macroeconomic fundamentals to identify dislocation in asset prices.
	2	ARIS Managed Futures/CTAs Funds invested in global futures and options markets to gain exposure to a broad variety of underlying asset classes using proprietary trading systems based on quantitative factors.
	3	ARIS Currencies Funds that develop fundamental or quantitative strategies in currency markets, and are influenced by top down analysis of macroeconomic variables in developed and emerging markets.
	4	ARIS Commodities Funds that invest in both Emerging and Advanced Markets commodities utilizing different analysis techniques (fundamental, systematic, behavioural...etc.).
	5	ARIS Emerging Markets Funds that invest in Emerging Market fixed income instruments influenced by top down analysis of macroeconomic variables.

HIGH LEVEL CATEGORIES	EFC ARIS CATEGORIES	
	Number	Category
Long/Short	6	ARIS Long/Short Equity Long Bias Strategy Funds that focus on individual security selection and tend to keep long exposure and expect to outperform traditional equity managers in growing equity markets.
	7	ARIS Long/Short Equity Variable Bias Strategy Funds that focus on individual security selection and do not stick to a constant specific long or short market exposure. These funds can alter their market exposure dramatically in response to perceived opportunities, moving from a large net long position to substantial net short within a short period of time.
	8	ARIS Long/Short Market Neutral Funds that use quantitative techniques to analyse price data to ascertain information about future price movements and relationships between securities, select securities for purchase and sale. Fund managers try to offset any correlation between the portfolio return and the overall market return; they are neutral in beta terms.
Relative Value	9	ARIS Fixed Income Arbitrage Funds playing the spread between related instruments in which one or multiple components of the spread is a fixed income instrument with a quantitative and fundamental discretionary approach (the most significant are top-down macro influenced).
	10	ARIS Credit Arbitrage Funds playing the spread between related instruments in which one or multiple components of the spread is a fixed income instrument, typically realizing an attractive spread between multiple issuers.
	11	ARIS Convertible Arbitrage Funds playing the spread between related instruments in which one or multiple components of the spread is a convertible fixed income instrument.
	12	ARIS Volatility Arbitrage Funds playing trade volatility strategies as an asset class: arbitrage, directional, market neutral or a mix of types of strategies. Exposures can be long, short, neutral or variable to the direction of implied volatility, and can include both listed and unlisted instruments.
Event Driven	13	ARIS Merger Arbitrage Funds that invest in equity and equity related instruments of companies which are engaged in corporate announced transactions.
	14	ARIS Corporate Events Funds that invest in equity and equity related instruments of companies involved in a corporate transaction, security issuance/repurchase, asset sales, division spin-off or other catalyst-oriented situation. They tend to invest primarily in equity (greater than 60%) but also in corporate debt exposure, in general focusing on post-bankruptcy equity exposure and exit of restructuring.
	15	ARIS Event Driven Funds that invest in securities of companies currently or prospectively involved in corporate transactions of a wide variety, typically mixing merger arbitrage and corporate events strategies.
Multi-Strategy	16	Multi-Strategy ARIS Funds Funds that follow different types of strategies (equity long/short, commodities, volatility arbitrage...etc.).
Index Trackers	17	ARIS Index Trackers Funds that try to replicate the performance of a particular index made by a minimum of five different ARIS funds. The replication can be done by direct or indirect exposure to the underlying funds.
Leveraged Index Trackers	18	Leveraged Index Trackers Funds that try to replicate the performance multiplied by X of a particular index made by direct or indirect long or short exposure to the underlying securities. Conventional long index funds are classified as conventional funds.
Fund of ARIS Funds	19	Fund of ARIS Funds Funds that invest in a portfolio of other ARIS funds rather than investing directly in securities.

4.6 Other Categories

A number of types of funds falling outside the five broad categories stated above have been defined by the EFCF. These funds are also classified on the basis of the declaration of their promoters.

HIGH LEVEL CATEGORIES	EFC OTHER CATEGORIES	
	Number	Category
Other Categories	1	Asset-backed Securities Funds that are investing at least 80% of the assets in financial securities backed by pools of underlying assets such as loans or other receivable, including leases, credit card debts and companies' receivables, will be categorized as ABS funds.
	2	Mortgage-backed Bonds Funds that invest at least 80% of their portfolio in mortgage-backed bonds.
	3	Capital Protected Funds that are designed to offer though their investments strategy some form of capital protection without any legal guarantee.
	4	Closed-ended Real Estate Funds - listed or not - that are regulated at national level, not necessarily by fund-specific regulation and that: • have a fixed number of shares outstanding • are allowed to invest directly or indirectly through participations in real estates
	5	Commodities Funds that are investing in commodities and commodity futures and options
	6	Convertibles Funds that invest at least 70% in convertible bonds and primarily equity linked notes, with less than 30% exposure to primarily equity linked notes.
	7	Guaranteed Funds that offer a formal, legally binding guarantee (of income or capital).
	8	Infrastructure Funds that invests financing, constructing, owning, operating and maintaining different infrastructure projects.
	9	Lifecycle/Target Maturity Funds that are managed toward significant withdrawals approaching a target date, with asset allocation becoming more defensive approaching the date.
	10	Open-ended Real Estate Funds that are regulated at national level by fund-specific regulation and that: • are redeemable at certain moments at the request of unit/ shareholder • are allowed to invest directly or indirectly through participations in real estates and/ or in shares/ units of other open-ended real estate funds • comply among others with well-defined rules concerning risk diversification, net asset value calculation and subscription and redemption rules.
	11	REITS Companies listed or not - that are regulated at national level by specific regulation and that • aim at buying, selling and managing real estate (directly or indirectly), • have a special tax status.

Appendix 1: List and Composition of EFC Regions

The EFC divides the world into four regions:

- **AMERICAS** covers all countries located in North, Central and Latin America.
- **ASIA PACIFIC** covers all countries located in Asia Pacific.
- **EUROPE** covers all European countries.
- **EMERGING MARKETS** include countries that are directly or indirectly referred to one of the Emerging Market sub-regions below. All other countries are defined as advanced countries.

Each of the above four regions is decomposed into sub-regions as follows:

AMERICAS

North America: USA and Canada

ASIA PACIFIC⁷

Asia Pacific Ex Japan: All countries located in Asia Pacific except Japan

Greater China: China, Taiwan, Hong Kong

EUROPE

Advanced Europe: Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Liechtenstein, Luxembourg, Malta, Netherlands, Norway, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland and UK

Eurozone: Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, Netherlands, Portugal, Slovak Republic, Slovenia and Spain

Europe Ex-UK: Advanced Europe excluding UK

Nordic: Denmark, Finland, Iceland, Norway, Sweden

Iberia: Spain and Portugal

EMERGING MARKETS

Emerging Latin America: Central and South America

Emerging Asia Pacific: All countries except Australia, Hong Kong, Japan, Korea, New Zealand, Singapore and Taiwan

Emerging Asia Sub Continent: India, Nepal, Pakistan, Sri Lanka, Bangladesh, Afghanistan

Emerging Europe: Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Georgia, Hungary, Kazakhstan, Kosovo, Kyrgyz Republic, Latvia, Lithuania, Former Yugoslav Republic of Macedonia, Moldova, Mongolia, Montenegro, Poland, Romania, Russia, Serbia, Tajikistan, Turkey⁷, Turkmenistan, Ukraine and Uzbekistan

Emerging Middle East and North Africa: Algeria, Bahrain, Djibouti, Egypt, Islamic Republic of Iran, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Qatar, Saudi Arabia, Sudan, Syrian Arab Republic, Tunisia, Turkey⁸, United Arab Emirates and Republic of Yemen

Emerging Africa: African countries

⁷ Funds with exposure to this region will be treated as emerging markets if they have a total exposure of less than 40% to Australia, Hong Kong, Japan, Korea, New Zealand, Singapore and Taiwan.

⁸ Turkey can be treated as belonging to either Emerging Europe or Middle East and North Africa.



EFAMA

European Fund and Asset Management Association

Address: 11 Rue Marie-Thérèse, B-1000 Brussels

Tel. +32 2 513 39 69

Fax +32 2 513 26 43

E. info@efama.org - www.efama.org