



SWEDEN: A GUIDE TO INTERNATIONAL FUND DISTRIBUTION

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ABOUT IRISH FUNDS

About Irish Funds

Established in 1991 the Irish Funds Industry Association (Irish Funds) is the representative body of the international investment fund community in Ireland. We represent the fund promoters / managers, administrators, custodians, transfer agents and professional advisory firms involved in the international funds industry in Ireland, with more than 14,000 funds and net assets of more than €4.5 trillion.

The objective of Irish Funds is to support and complement the development of the international funds industry in Ireland, ensuring it continues to be the location of choice for

the domiciling and servicing of investment funds. Through its work with governmental and industry committees and working groups, Irish Funds contributes to and influences the development of Ireland's regulatory and legislative framework. Irish Funds is also involved in defining market practice through the development of policy and guidance papers and the promotion of industry-specific training.

MARKET OVERVIEW & KEY DISTRIBUTION CHANNELS

The Swedish fund market is particularly dynamic and features an extremely high level of fund penetration.

- 80% of the population invested in funds directly for their pension or privately
 - 70% have monthly savings plans that are automatically transferred and invested in funds
 - 60% of children have savings in funds¹
- Sweden is the 7th largest market where Irish funds are distributed. As of Q2 2019, Swedish net fund assets totalled €406.32 billion. There are 744 active funds domiciled in Sweden.²
 - The largest net inflows into UCITS were recorded in Ireland (€53 billion), mainly due to strong inflows into bond funds (€36 billion). Sweden took second place (€5 billion), followed by Norway (€3 billion).³
 - Sweden accounts for approximately 2% of the overall total of European net assets under management (UCITS and AIFs).
 - Sweden has the third largest percentage of financial assets held in investment funds. Swedish citizens hold a large percentage of their financial assets in insurance and pension reserves.⁴
 - In 2018, there were 1,991 Irish Funds Registered for Sale in Sweden.⁵

7th

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3rd

Sweden has the third largest percentage of financial assets held in investment funds in Europe. Swedish citizens hold a large percentage of their financial assets in insurance and pension reserves.⁷

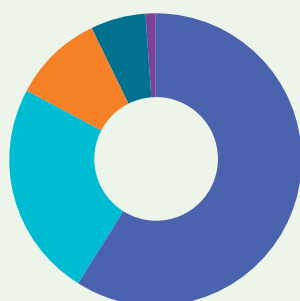
€406 Billion

As of Q2 2019, Swedish net fund assets totalled €406.32 billion.

744

There are 744 active funds domiciled in Sweden.⁸

Allocation of total fund assets in Sweden as at 30/09/2019 ⁶



- Equity funds: **59%**
- Balanced funds: **24%**
- Long term fixed income funds: **10%**
- Short term fixed income funds: **6%**
- Hedge funds: **1%**

Savers have become more cost-conscious and the use of index funds has increased substantially. Index funds' share of the total assets in equity funds has increased from 6 percent 2010 to nearly 17 percent at the end of 2018.⁹

Key distribution channels



FUND OF FUNDS



INVESTMENT
CONSULTANTS / PENSIONS



BANKS

Sustainable funds have gone from niche product to mainstream
- One in three Swedish savers (33%) stated in 2019 that they save in a fund with a sustainable focus, up from 24% in 2018.¹⁰

DISTRIBUTING UCITS IN SWEDEN

There are no private placement rules in Sweden. From 1 August 2011, any solicitation / marketing can no longer be conducted without first notifying the Finansinspektionen (SFSA). Only unsolicited sales may be conducted, i.e. the client contacts the fund on its own initiative, without any action whatsoever from the fund to solicit the contact.

In order to promote a UCITS to the general public in Sweden, it must be recognised by the SFSA through the Swedish Investment Funds Act 2004:46.

A foreign UCITS that wishes to distribute its shares / units to Swedish investors via public distribution must notify its home member state regulator and complete:

- A Notification Letter, in accordance with Part A of Annex I to Commission Regulation (EU) No 584/2010 of 1 July 2010;
- A UCITS Attestation in accordance with Annex II to Commission Regulation (EU) No 584/2010 of 1 July 2010;
- Details of the local Paying Agent / Information Agent.

The UCITS home member state regulator will review the notification file and verify whether the documentation submitted by the UCITS is complete before transmitting to the SFSA.

The home regulator has up to 10 working days from the receipt of the notification letter to notify the SFSA.

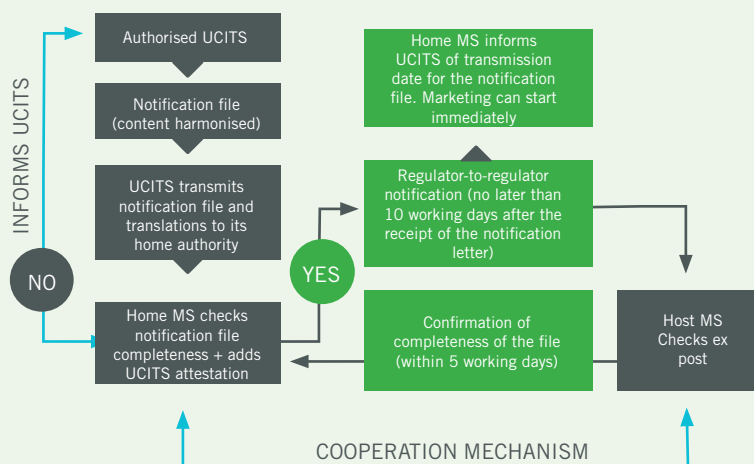
Upon transmission of the documentation, the UCITS home member state regulator shall immediately notify the UCITS about the transmission. The UCITS may then access the Swedish market from the date of that notification.

Chapter 1 article 5 of Regulation 584/2010 requires that the SFSA has up to 5 working days to confirm to the home regulator that the notification file has been received and the documents are printable and readable.

Sweden requires that the function of a paying and information agent is provided by a Swedish-based entity in the case of public distribution.

All documents – the prospectus, articles of association / management regulations of the fund, Key Investor Information Document (KIID) and financial reports - falling within the process of notification of the approval given in the home country and, further necessary to maintain such authorisation, must be in English and the KIID must be in Swedish.

UCITS Notification Process



DISTRIBUTING AIFS IN SWEDEN

Marketing of AIFs in Sweden can be undertaken through the AIFMD passport; or national private placement regime (NPPR).

AIFMD PASSPORT

In the case of a foreign EU Alternative Investment Fund (AIF) with an EU Alternative Investment Fund Manager (AIFM) targeting investors in Sweden, the foreign AIF has to go through the notification process with the Swedish competent supervisory authority which is the SFSA. The notification process includes the following required documentation and information:

- A notification letter, including a programme of operations identifying the AIFs the AIFM intends to market and information on where the AIFs are established;
- Identity of the depositary;
- Information on where the master AIF is established if the AIF is a feeder AIF;
- Any additional information for each AIF the AIFM intends to market;
- Certificate to be completed by the regulator of the home member state of the AIFM.

NPPR - MARKETING WITHOUT AIFMD PASSPORT

Foreign non-EU AIFs / AIFMs targeting investors in Sweden must complete the NPPR notification process with the SFSA. An AIFM must meet a number of conditions before making a notification:

EU AIFM:

Requirements for the marketing of non-EU AIFs to professional investors in Sweden by EU AIFMs are listed in Art. 36 Directive 2011/61/EU.

NON-EU AIFM:

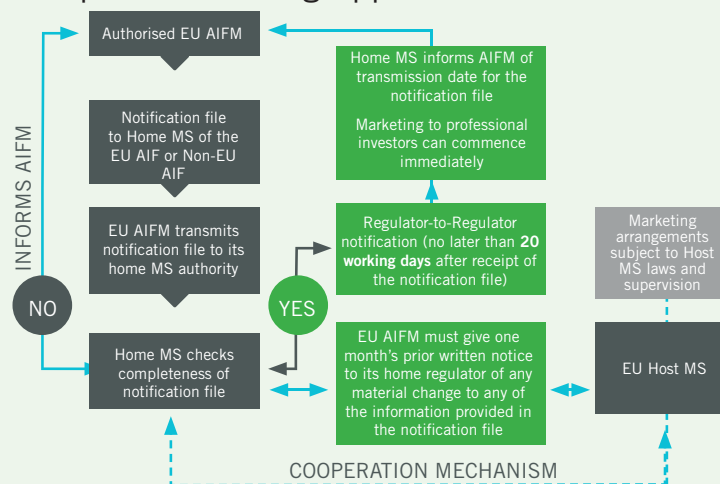
Requirements for the marketing of EU AIFs and non-EU AIFs to professional investors in Sweden by non-EU AIFMs are listed in Art. 42 Directive 2011/61/EU. Specific requirements necessary when marketing in Sweden under NPPR are:

- Confirmation that the AIFM will fulfil the various reporting requirements set out in the Swedish Alternative Investment Fund Managers Act "LAIF".
- Completed Article 23(1) AIFMD Checklist.

Sustainability Information

As of 2018, the disclosure of sustainability information is regulated by law in Sweden and requires information brochures on funds and annual reports to include such information where the funds consider Environmental, Social and Governance (ESG) aspects. This applies to Swedish investment funds (regardless of being managed by Swedish or foreign fund managers), and Swedish or foreign AIFs that are marketed in Sweden to non-professional investors.

Passport / Marketing Approval Process



REGULATORY AUTHORITIES & COSTS OF REGISTRATION

Finansinspektionen (SFSA) is the main regulatory body responsible for the authorisation and supervision of investment funds in Sweden.



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The key text regulating the distribution of foreign mutual funds is:



THE SWEDISH ALTERNATIVE INVESTMENT FUND MANAGERS ACT ("LAIF")

Regulatory levy (SFSA)

	UCITS PASSPORT	AIFMD PASSPORT	AIFMD NPPR
Initial Fees	N/A	<ul style="list-style-type: none"> General Case: N/A Special Case: SEK 16,000 	EU-AIFM: SEK 22,000
Annual Fees	N/A	<ul style="list-style-type: none"> General Case: SEK 5,000 Special Case: SEK 7,000 	EU-AIFM: N/A

Scale of required local agents and / or translation fees



SWEDISH PAYING AGENT (UCITS ONLY)

Annual fee = **minimum €6,000**.
Fees vary depending on scope of services and the number of funds.



TRANSLATION (UCITS ONLY)

Cost per KIID = **€150 - €200**
Fees vary depending on the word count of the document.

LOCAL TAXATION REQUIREMENTS

Foreign funds (both UCITS and AIFs) registered to publicly market in Sweden are required to submit statements of income for Swedish resident unit holders in the fund that are natural persons. Where the foreign fund has only institutional investors (i.e. individual investors invest through nominees), no reporting obligation arises. This is under the precondition that any dividends or gains, etc. are distributed to the individual through the institutional investor and not by the fund directly.

The SFSA will generally send out a letter to a foreign fund upon registration in Sweden, requiring the fund to undertake to file statements of earnings to the Swedish Tax Agency. The purpose of this is merely to ensure that the Swedish Tax Agency receives statements of earnings for natural persons who invest in foreign funds. Whether an undertaking is signed or not, the obligation to report earnings only first arises when natural persons invest directly in the funds, as explained above. The undertaking has no impact on the reporting obligation.

For a “natural person”, the fund is required to annually prepare a Statement of Income, due by 31 Jan of the following year.

Ireland has implemented the “Standard for Automatic Exchange of Financial Account Information”, also known as the Common Reporting Standard (“CRS”), into Irish law.

The CRS is a single global standard on Automatic Exchange of Information (“AEOI”) which was approved by the Council of the OECD in July 2014. It draws on earlier work of the OECD and the EU, global anti-money laundering standards and, in particular, the Model FATCA Intergovernmental Agreement. The CRS sets out details of the financial information to be exchanged, the financial institutions required to report, together with common due diligence standards to be followed by financial institutions.

Irish funds are required to disclose certain tax information to the Revenue Commissioners who may in turn exchange this information with the tax authorities in territories who are participating for the purpose of CRS. In order to comply with this requirement, the funds may require additional information from shareholders.



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