

Investment fund

What is an investment fund?

An investment fund is a portfolio of transferable securities managed on behalf of a client by a management company. Most funds are undertakings for collective investment (UCI) and are defined by the type of assets they contain. The most frequent ones are equity funds, bond funds and money market funds.

How does it work?

Equity funds invest principally in the shares of listed companies. When an investor buys units in a fund, he or she is subject to either capital gains or capital losses on the securities that make up the fund.

What rules apply?

Investment funds are managed by management companies. These are specialized and regulated structures. The applicable regulations impose certain obligations, in particular as regards the information to be provided to the client as regards the objectives, risks and costs associated with the funds.

What does the FSMA do?

The FSMA supervises management companies of undertakings for collective investment. UCI management companies must obtain an authorization from the FSMA in order to carry on their activities.

The FSMA also ensures that each fund publishes a Key Investor Information Document (KIID). The KIID provides information on the various characteristics of the fund, and must be given to each financial consumer before the investment is made. The KIID includes, in particular, the fund's investment strategy, its objectives, risks, costs, risk profile, etc.

During its on-site inspections, the FSMA verifies that the KIID has indeed been handed over to clients. Should that not be the case, the FSMA can prepare a report and demand that the UCI management company take the measures necessary to remedy the omissions identified.

Moreover, each fund must submit a prospectus to the FSMA with detailed legal information on the fund.

The FSMA also checks the quarterly or annual financial reports of the funds. It examines the information contained in the reports, ensuring that the applicable rules and investment limits are complied with. The FSMA also verifies the liquidity of the investments in the portfolio.

Where can I get more information?

More information is available on Wikifin.be ([French](#) - [Dutch](#)).

Consult the list of Undertakings for Collective Investment (UCI) ([French](#) - [Dutch](#)).

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