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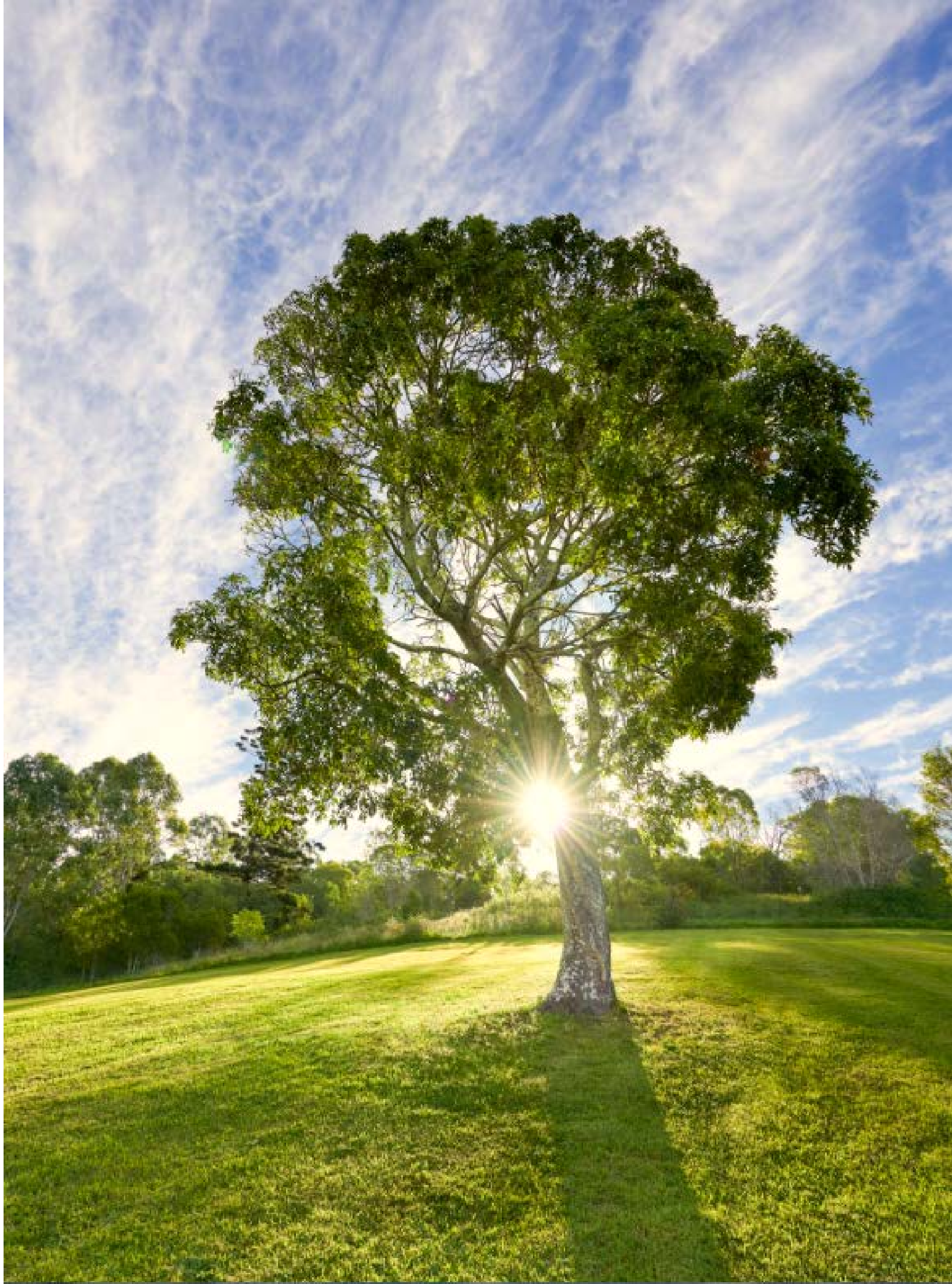
Deloitte PRIIPs KIDs
Looking ahead

February 2016



Agenda

- Setting the scene: PRIIPs summary
- Key Information Document
- UCITS – Lessons learned

Setting the scene: PRIIPs summary

Overview

What is the contribution of PRIIPs' Regulation ?

- PRIIPs, Packaged Retail and Insurance based Investment Products, is the first regulation on a European level to deal with pre contractual information

What are the objectives of PRIIPs' Regulation ?

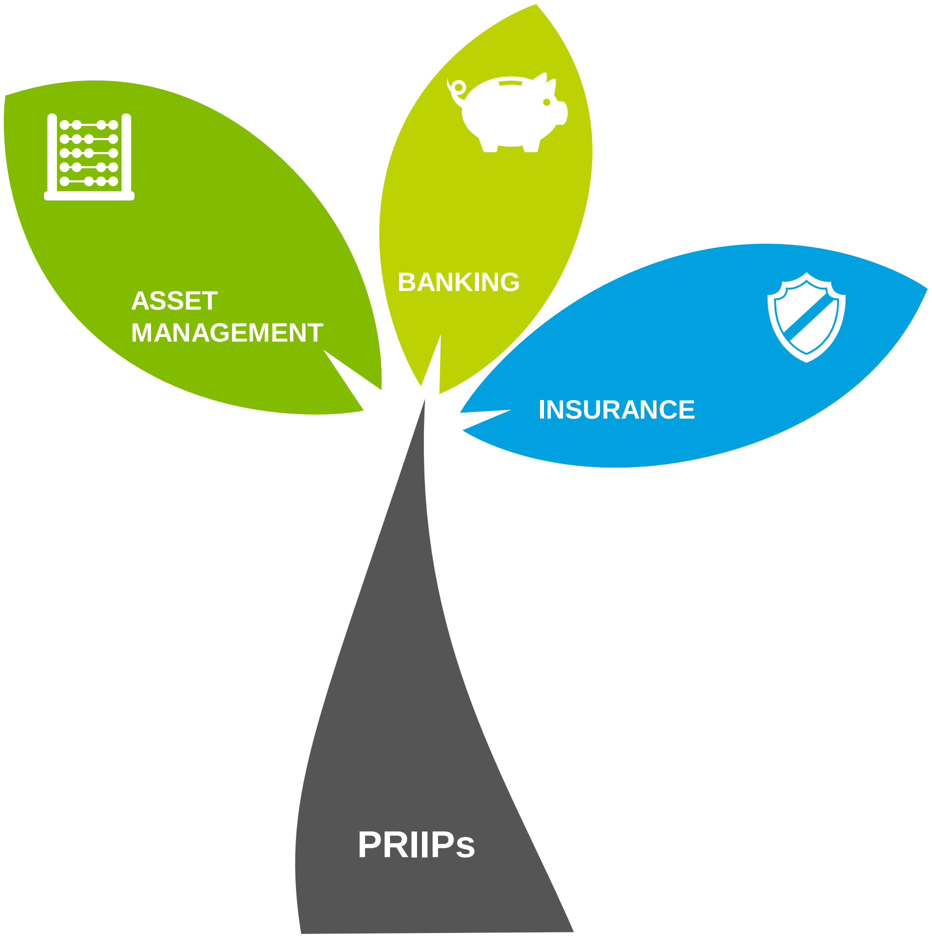
- Promote the emergence of a single European insurance market
- Ensure the comparability between similar products
- Improve transparency and increase investors confidence
- Harmonize the framework of administrative and financial penalties on a Europe-wide basis

How does PRIIPs' Regulation attempt to achieve these objectives?

- By defining a KID (Key Information Document) with standard format and content
- By making it compulsory to provide this KID prior to any proposal or a contract

Setting the scene: PRIIPs summary

Types of product in scope



ASSET MANAGEMENT

- ✓ UCITS
- ✓ Structured deposits (but not deposits linked solely to interest rates).
- ✓ Products with capital and/or return guarantees
- ✓ All investment funds, whether closed ended or open ended

BANKING

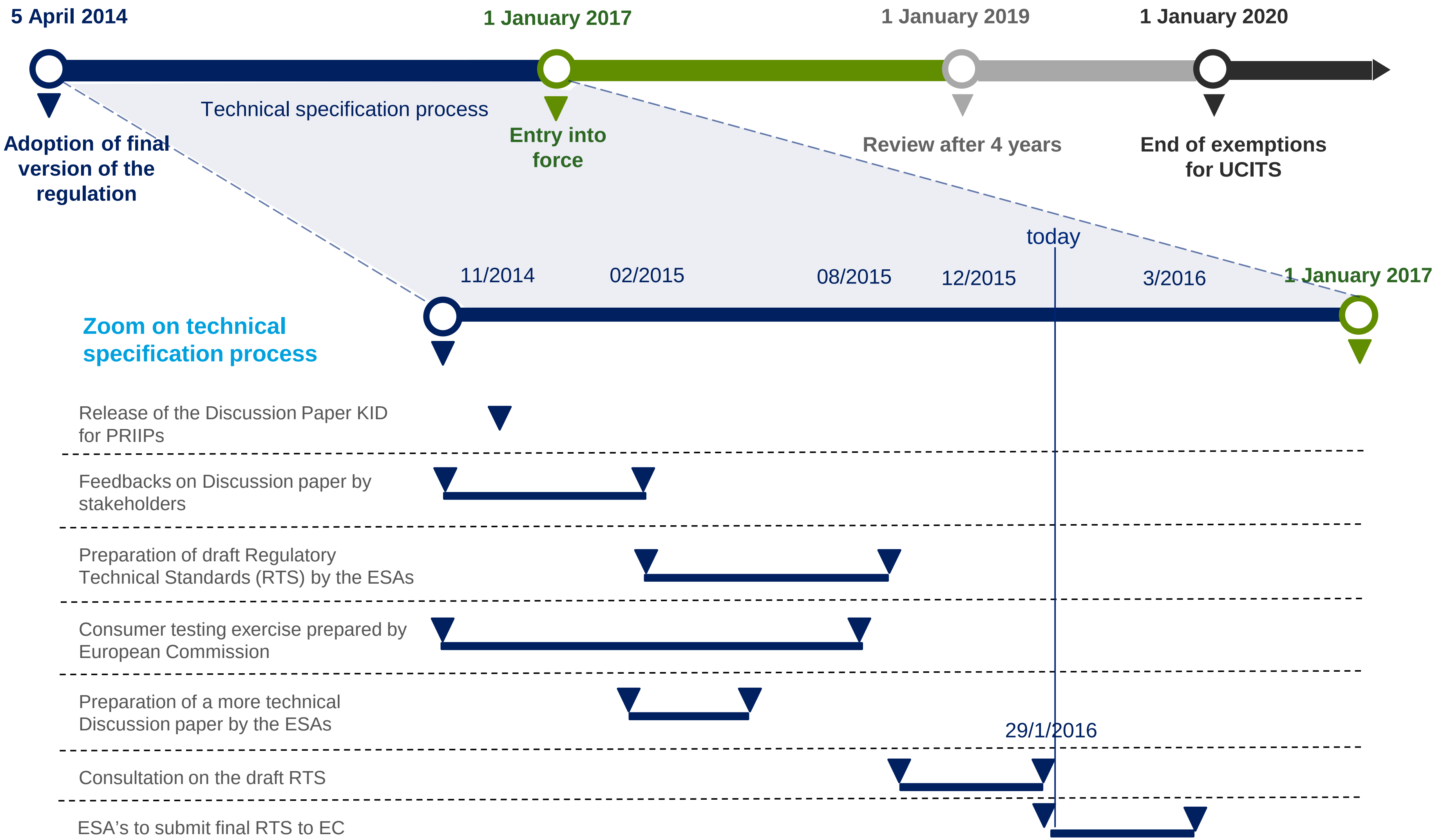
- ✓ SPVs, holding companies
- ✓ Structured deposits (but not deposits linked solely to interest rates).
- ✓ Products with capital and/or return guarantees
- ✓ Derivative instruments

INSURANCE

- ✓ Unit-linked life insurance
- ✓ Certain pension products

Setting the scene: PRIIPs summary

Timeline



Setting the scene: PRIIPs summary

Main information

A person advising on, or selling, a PRIIP shall provide retail investors with the KID in good time before those retail investors are bound by any contract or offer relating to that PRIIP

Maximum 3 A4 pages

Stand alone document

Consistent with marketing information

Easy to read, accurate and not misleading

Should be available in the language of the retail investor

Where applicable, a comprehension alert

Regular review of the content.

Revised version to be made available promptly.

Agenda

Setting the scene: PRIIPs summary

Key Information Document

UCITS – Lessons learned

Setting the scene: PRIIPs summary

Key Information Document - What next?

- Following the publication of PRIIPs Regulation (EU) 1286/2014 on 9 December 2014, the European Supervisory Authorities (ESAs) have been mandated to draft Regulatory Technical Standards (RTS) on the content and presentation of the related KIDs.
- As such, on the **11th November 2015** the ESA’s issued a joint consultation paper which already gives the industry a greater clarity on a number of key aspects of the regulation. In addition to the formulation of a draft of the first level 2 recommendations (RTS), certain key aspects, such as template design, clarification on the risk and performance sections are given.
- An important step towards understanding the final requirements. The consultation paper is part of a wider effort, on behalf of the ESA’s to solicit feedback from the industry, as they formulate and add greater detail to the RTS.
- ESAs should submit the RTS for endorsement to the European Commission by the end of March 2016.

New KID Content Dissected

9 overall sections

Deloitte. Key Information Document

1 This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.
Caution: You are about to purchase a product that is not simple and may be difficult to understand.

[Name of product]

2 **[Name of PRIIP manufacturer]**
[Website for PRIIP manufacturer]
[Call [telephone number] for more information]
[Regulator, Member State]
[Date of publication]

3 **What is this product?**

The **type of the PRIIP** shall be described by reference to the legal form taken by the PRIIP, and, as appropriate, may be supplemented by the classification of the PRIIP as may be commonly used by PRIIP manufacturers to group specific products.

The information about the **objectives of the PRIIP** as well as the **means of achieving them** shall contain a brief, clear and easy to understand summary of those objectives and the means for achieving them, providing the retail investor with an appropriate overview of the investment policy and strategy of the PRIIP.

In particular,
- the information shall identify the main factors upon which return depends, the underlying investment assets or reference values, and how the return is determined, as appropriate, and the relationship between the PRIIP's return and that of the underlying investment assets or reference values, and
- on underlying investment assets or reference values may only refer to market segments or instrument types where the number of specific investments is large.

The description shall reflect the **target market** identified by the PRIIP manufacturer's product oversight and governance processes, taking into account the financial interests, knowledge, objectives and characteristics of the types of retail investors for whom the PRIIP has been designed, including their ability to bear investment loss and their investment horizon.

The details of **insurance benefits** shall include on a generic basis a summary of information on the definition of each benefit, on the proportion of the overall PRIIP's premium to be used for these benefits, and on the duration of these premiums where they are to be paid on a regular basis.

The information about the **term of the PRIIP** shall include, where applicable:
- the maturity date of the PRIIP, or an indication that there is none;
- whether the PRIIP manufacturer is entitled to terminate the PRIIP unilaterally; and
- an explanation under which circumstances the PRIIP can be automatically terminated, and the corresponding dates, if known.

4 **What are the risks and what could I get in return?**

Risk Indicator

1 2 3 4 **5** 6 7

Lower Risk — Higher Risk

[The risk can be significantly different if you cash in at a time other than the end of the recommended holding period.] [It may not be possible for you to cash in early, or, if you do so, you may incur additional costs or losses.]

The summary risk indicator is a guide to the level of risk of this product. It helps you to assess it and compare it with other products. It takes into account how likely it is that you might lose money and whether the money you have invested has some form of protection.

Brief explanation of the classification of the product with a maximum of 300 characters in plain language.

[Where applicable:] The money you get back is in [insert currency], which means that the value of this product to you also depends on the exchange rate between [currency of product] and [currency of the country in which the product is offered].

The summary risk indicator shown assumes that you keep the product for the recommended holding period.

The risk score does NOT take into account whether you can take your money out early or the costs you might incur for doing so. *[Where applicable:]* Be aware that, if you cash in early, you may incur additional costs or losses.

[Where applicable:] Additionally, be aware that it may not be possible for you to cash in early, or, if you do so, you may incur additional costs and losses.

Other risks materially relevant to the PRIIP not included in the summary risk indicator to be explained with a maximum of 200 characters:

The value of your original investment is *[insert%]* protected against losses due to market events at maturity, though the returns are not guaranteed. *[Where applicable:]* However, this protection does not apply [...].

The amount that you have invested is not protected so in some unfavourable circumstances you could lose all of your investment.

In the event the manufacturer (we) is (are) not able to pay you what is owed, you could lose your entire investment.

You may be obliged to add to your initial investment and the total loss you incur may significantly exceed your total investment.

Investment €1000 Scenarios		1 year	[3] years	[5] years (Recommended holding period)
Unfavourable scenario	**What you might get back after costs**	**€920**	**€857**	**€951**
	Average return each year	-8%	-5%	-1%
Moderate scenario	**What you might get back after costs**	**€1,030**	**€1,093**	**€1,159**
	Average return each year	3%	3%	3%
Favourable scenario	**What you might get back after costs**	**€1,100**	**€1,225**	**€1,338**
	Average return each year	10%	7%	6%

[Note: all figures in the tables are for illustration purposes only.]

This table shows the money you could get back over the next [recommended holding period] years, under different scenarios, assuming that you invest €[...] [per year].

The scenarios shown are a simplified representation of possible outcomes. You can use these scenarios to compare with the scenarios of other products, because they are calculated under similar conditions.

The scenarios presented are not an exact indicator of future performance, but an estimation to that effect. What you get will vary depending on how the market performs and how long you keep the investment/product.

For the **favourable scenario** a rise in the market of [...]% is shown. So if the market goes up by [...]% the money you may get back will [not rise /equally with the market/ not rise any longer/be cancelled].

For the **moderate scenario** a [rise/drop] in the market of [... %] is shown. So if the market goes up/down by [...%] the money you get back will [not rise/ not rise equally with the market/ not rise any longer/ be cancelled].

And –for the **unfavourable scenario** a fall in the market of [...%] is shown. So if the market drops by [...]% the money you get back will [not drop any further/ not drop equally with the market price/ is cancelled].

This product cannot be [easily] cashed in, meaning it is very hard to estimate the money you would get back if you cash in before the recommended holding period/maturity. It may be that cashing in is not possible or, if possible, by incurring high costs or by making a large loss.

The figures shown take into account all costs associated with the product, but may not include all the costs that you pay to your advisor or distributor, and do not take into account your personal tax situation, which may also impact on what you get back.

For a more complete overview of the assumptions that were made in producing the performance scenarios, please see our website.

5 **What happens if XYZ is unable to pay out?**

State whether the retail investor is directly exposed to the default of an entity, whether the retail investor may face a financial loss with only partial or no capital reimbursement, and the identity of the entity where the entity is not the PRIIP manufacturer.

Information explaining clearly whether or not the default or loss under previous paragraph is covered by an investor compensation or guarantee scheme and whether there are any limitations or conditions to this cover.

6 **What are the costs?**

The RIY (Reduction in Yield) shows the impact total costs have on what you get back. The total costs take into account one-off, recurring and incidental costs.

The costs that are shown here are the costs of this product. There may be other costs charged to you by the person who is either selling this product to you or advising you on this product. They will provide you with information about these costs, and show you the impact that all costs will have on your investment over time.

The table shows what the costs, including potential exit penalties, could mean for different holding periods. The figures assume you invest €1 000. The figures shown are partially based on data from the past and therefore may change in the future.

Investment €1000	If you cash in after [1] year	If you cash in after [3] years	If you cash in after [5] years (recommended)
One-off costs	€20	€20	€20
+ Recurring costs	€27	€50	€85
+ Incidental costs	€5	€15	€20
= Total costs	€53	€85	€125
RIY	5.3%	2.8%	2.2%

The table shows how the impact the different types of costs have on what you get back at the recommended holding period and what the different cost categories mean.

One-off costs	Entry costs	2%	Impact of entry costs taken before investment. [This is the maximum, you could pay less]
	Exit costs	0%	Impact of exit costs taken when you exit the investment upon maturity
Recurring costs	Portfolio transaction costs per year	1%	Impact of recurring costs taken from your investment each year. The figures shown are based on our costs for last year. The figures cover all recurring costs, including annual management costs, operating expenses, and portfolio transaction costs.
	Other recurring costs per year	1.3%	
Incidental costs	Performance fees	1%	Impact of performance fees taken where the performance...[]

7 **How long should I hold it and can I take money out early?**

Recommended holding period: [5] years

For PRIIPs without a fixed maturity date, PRIIP manufacturers shall include in this section a brief explanation of the reasons for the selection of the recommended, and, where applicable, the required minimum holding period.

The information shall include a description of the main features of the disinvestment procedure and when it is possible. It shall include an indication of the impact of cashing-in early on the risk or performance profile of the PRIIP, namely in regards to capital guarantees, if applicable.

Where fees and penalties are charged for disinvestments prior to maturity, the information shall set out these fees and penalties, and include a cross reference to the information on costs stating that that information shows the impact these fees and penalties would have for different holding periods.

8 **How can I complain?**

The information set out in this section may be provided by the PRIIP manufacturer in a summary format, and shall give detailed directions on how and where to lodge a complaint about the PRIIP or the conduct of the PRIIP manufacturer or the person advising on, or selling, the PRIIP on the relevant website.

The information may refer to the relevant website in respect of complaints related to the person advising on, or selling, the PRIIP where that person is not the same as the PRIIP manufacturer.

The information shall also include an up-to-date postal address and/or email address to which complaints can be submitted.

9 **Other relevant information**

Indicate any additional documentation to be provided in relation to the PRIIP, and whether this documentation is only available on the request of the retail investor.

The information may be provided in a summary format, including a reference to a website where further details and links to documents are provided.

Without prejudice to ad hoc reviews, this key information document is updated at least every 12 months.

1. **Comprehension alert**
   Where relevant
2. **Identity information**
   Information about PRIIP manufacturer and its competent authority
3. **"What is this product?**
   Type of PRIIP, objectives, consumer type to whom PRIIP is intended to be marketed, information on insurance benefits, the term of the PRIIP
4. **"What are the risks and what could I get in return?"**
   Brief description of the risk-reward profile, containing: a summary risk indicator with supplementary explanations; possible maximum loss of invested capital; performance scenarios; conditions for returns or performance caps; impact of tax legislation
5. **"What happens if [name of the PRIIP manufacturer] is unable to pay out?"**
   Brief description of whether the related loss is covered by a compensation or guarantee scheme, if so , which risks are covered and which not
6. **"What are the costs?"**
   Costs associated with an investment in the PRIIP, comprising direct and indirect costs, one-off and recurring costs with summary cost indicators and aggregate costs; an indication of additional costs charged by advisors, distributors etc. must be included
7. **"How long should I hold it and can I take money out early?"**
   Applicable cooling off or cancellation period, minimum holding period, disinvestments before maturity, consequences of cashing in early
8. **"How can I complain?"**
   How and to whom complains can be made
9. **"Other relevant information"**
   Brief indication of any additional information documents, excluding marketing material

Source: KID PRIIPs Factory Platform

Key Information Document

Risk & reward section

This section deals with different methodological options to elaborate the risk and reward information in the KID and different risk and reward presentations:

Risk section

Three main types of risks:

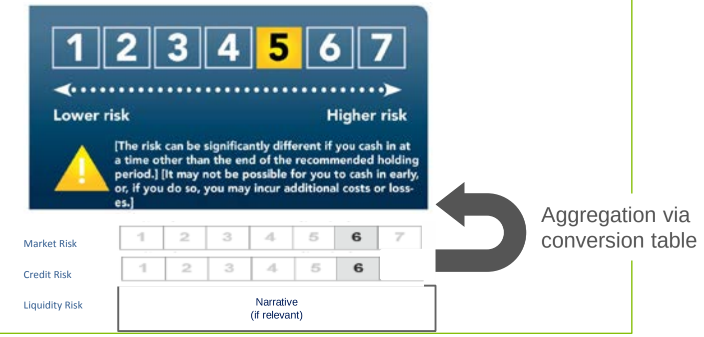
- **Market risk**
- **Credit risk**
- **Liquidity risk**

The proposed layout for the risk section entails:

- Two risks (market risk and credit risk) aggregated into an SRI
- Liquidity risk to be described in the risk narrative if relevant

Risk indicator

✓ Example



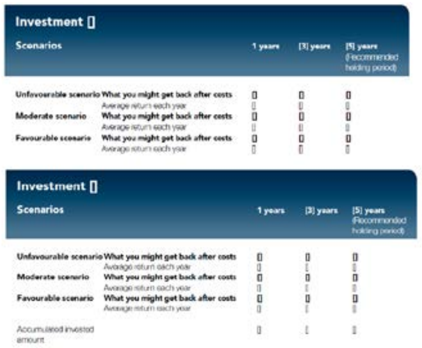
Reward section

Selection of scenarios and calculation of performance implies a choice on:

- the general approach and methodology
- the time frame and holding period
- the payment and payout structures
- the percentages and nominal value
- the cost information on the performance presentation

Performance scenarios

✓ Example



Summary Risk Indicator (SRI)

Market Risk Measure (MRM)

	Scope	Computation Methodology	MRM
Category I	Capital guaranteed products Leveraged products Derivative products qualifying as PRIIPs	The MRM takes the value 1 or 7 based on qualitative criteria: • If the product is has a guarantee on the invested capital: MRM=1 • If it is possible to lose more than the invested amount: MRM=7 • Derivative products qualifying for PRIIPS: MRM=7	**1 or 7**
Category II	**AIFs and UCITs** PRIIPs acting in a similar capacity as AIFs or UCITS	The methodology is based on the modified VaR of the historical returns • 2 years of daily prices or 4 years of weekly prices are retained • The modified (Cornish-Fisher) VaR@97,5% is computed on the historical returns • The equivalent "Gaussian" volatility is derived from the VaR figure • A MRM class is derived from the corresponding volatility bucket • Where the fund displays insufficient history, a natural benchmark shall be defined	**1 to 7**
Category III	Structured funds Structured products Insurance based investment products	The methodology is based on the simulated VaR at maturity of the product • 5 years of historical market data is considered • Perform 10.000 historical simulations of the value at maturity of the product • Deduce the VaR@97,5% at maturity of the product • The equivalent volatility is derived from the VaR figure, corresponding to a volatility bucket	**1 to 7**
Category IV	PRIIPs that would otherwise be classified as category II or III, but display no observable market factors that would permit the standard risk measurement as laid down in the RTS	"The MRM shall be based on an alternative methodology, set to capture on an equal basis compared to Categories II and III the risk of loss, but adjusted to the specificities of the PRIIP, so as to assess the risk on a relevant basis."	**1 to 7**
Category V	PRIIPs that would otherwise be classified as category II or III, but display an insufficient amount of data with regards to the MRM computation methods as laid down in the RTS	The MRM shall be determined based on qualitative criteria, e.g. • for PRIIPs with insufficient data, rating based on the nature of the product (Money market fund: MRM=2; Government bond funds: MRM=3; structured PRIIP:MRM=6 • For PRIIPs related to illiquid asset classes such as private equity funds, the MRM shall be determined based on the holdings of the fund, in particular the proportion of illiquid assets	**2 to 6**

Zoom on the SRI – UCITS & AIFs

For most CIUs, the MRM is the sole determinant of the SRI

MRM methodology is specific to the category the fund is assigned to.

The fund shall be classified as category II or V depending on the liquidity of its holdings and the availability of pricing data.

Category II

- Funds for which at least 2 years of historical daily prices or 4 years of historical weekly prices are available or where a natural benchmark or proxy can be identified to replace the missing period (relevant documentation on the benchmark/proxy is required)
- **MRM class can range from 1 to 7** and is positively related to annualized volatility

Annualized Volatility	MRM Class
< 0.5%	1
0.5% - 2.0%	2
2% - 5%	3
5% - 10%	4
10% - 15%	5
15% - 25%	6
> 25%	7

Category V

- Funds that hold illiquid assets or for which historical pricing data is insufficient
- **MRM class can range from 2 to 6**, based on the typology of UCITS to which it belongs

Category V Products	MRM Class
Money market funds	2
Government bond funds	3
Corporate bond funds	4
Broad based equity funds	5
PRIIPs not falling into Cat. II	6

CRM is assessed only for funds that face material counterparty risk or which must make predetermined payments to investors

“Materially” shall refer to a non-collateralised exposure on a counterparty, which shall account for 10% or more of the total assets/value of the fund

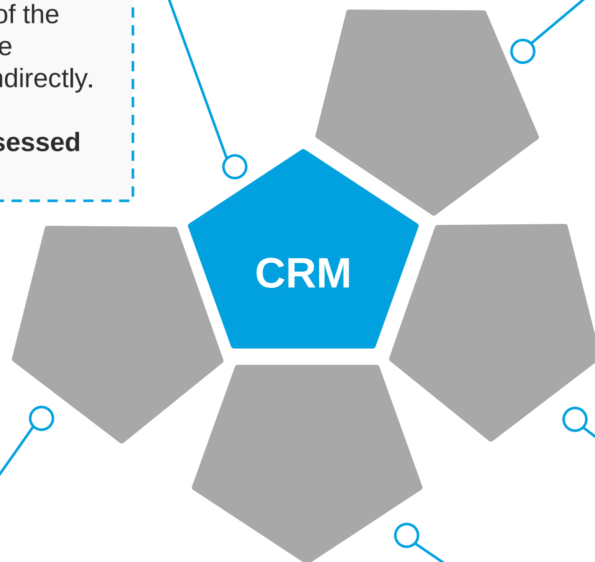
Synthetic Risk Indicator (SRI)

Credit Risk Measure (CRM)

For which PRIIPs?

Credit risk shall be assessed when the return of the investment depends on the creditworthiness of the manufacturer or such party bound to make the relevant payment to the investor, directly or indirectly.

On most cases, credit risk shall not be assessed on AIF or UCITS.



Whereby an entity directly engages to make a payment to the investor. If the PRIIP or a financial product is packaged into another PRIIP, it needs also to be assessed together with the latter PRIIP.

A PRIIP investing in underlying PRIIPs or other investment instruments with a similar payment obligation or mechanism. The credit risk shall be assessed in relation to both the PRIIP itself and the underlying investment(s).

A PRIIP which provides investors payoff linked to the performance or to the realisation of price changes or other conditions of financial assets.

A PRIIP entering into a financial derivatives or an efficient portfolio management, materially exposing the retail investor to the credit risk of such counterparty. Materially shall refers to a non-collateralised exposure on a counterparty.

Summary Risk Indicator (SRI)

Where is the product in terms of Market and Credit Risk

MRM + CRM = SRI

Market Risk Measure

- PRIIPs can be assigned to seven MRM classes and for this purpose they are divided into five categories
- Category I PRIIPs are assigned based on qualitative criteria, while for Category II, III, IV and V (only some) the basis for the MRM is the Value-at-Risk @ 2,5%

- Example of PRIIPs' classification according to the five categories (non exhaustive list):
- Category I : Derivatives
- **Category II : AIFs, UCITS**
- Category III : Structured funds
- Category IV : With-profit insurance products
- **Category V** : PRIIPs with <u>insufficient historical performance data or illiquid underlying assets</u>

Category V Products	MRM Class
Money market funds	2
Government bond funds	3
Corporate bond funds	4
Broad based equity funds	**5**
PRIIPs not falling into Cat. II	6

Credit Risk Measure

- Credit risk shall be assessed when the return on the investment depends on the creditworthiness of manufacturer or the party bound to make the relevant payment to the investor
- On AIFs and UCITS (net of exceptions) credit risk shall not be assessed

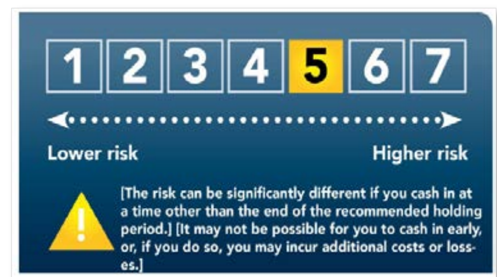
- PRIIP's manufacturer defines ex-ante one or more credit rating agencies, whose credit assessment constitutes the reference for the CRM assignment
- Credit risk level of each relevant obligor shall be assessed : in case of credit risk assessed at different layers, all exposures are separately evaluated, per layer, and the credit risk assigned is the highest one

Quality step	Credit Risk class	Default Probability	Rating Class	Solvency II Ratio
0	CR1	0,002%	AA / AAA	
1	CR1	0,01%	AA	>= 196%
2	CR2	0,05%	A	> 175%
3	**CR3**	**0,24%**	**BBB**	**> 122%**
4	CR4	1,20%	BB	> 100%
5	CR5	4,20%	B	< 95%
6	CR6	4,20%	CCC	< 75%

Aggregation to a single SRI

- SRI is a guide to the product's level of risk, helping the investor to assess it and compare it with other products
- It takes into account how likely the investor can lose money and the possibility to enter some form of protection

	Market Risk						
Credit Risk	**MR1**	**MR2**	**MR3**	**MR4**	**MR5**	**MR6**	**MR7**
CR1	1	2	3	4	5	6	7
CR2	1	2	3	4	5	6	7
CR3	3	3	3	4	**5**	6	7
CR4	5	5	5	5	5	6	7
CR5	5	5	5	5	5	6	7
CR6	6	6	6	6	6	6	7



- **Liquidity Risk** : for products tradable over their life but for which no regulated liquid market exists, a warning shall be included within the SRI, highlighting that selling the PRIIP before the RHP may not be possible and/or imply remarkable costs or losses.
- **Narrative explanation** : it shall accompany the SRI and briefly explain its purpose, as well as the underlying risks and, where applicable, all material risks not adequately captured by the indicator
- **Other warnings** : if issues on cashing-in before maturity or currency risks exist, they shall be properly mentioned and described

Performance Scenarios

Three circumstances: unfavourable, moderate and favourable

1 Unfavourable Scenario

Highlights the features of the product and the economic conditions which could give rise to an <u>unfavourable outcome for the retail investor</u>

2 Moderate Scenario

Highlights the features of the product and the economic conditions which could give rise to an <u>moderate outcome for the retail investor</u>

3 Favourable Scenario

Highlights the features of the product and the economic conditions which could give rise to an <u>favourable outcome for the retail investor</u>

Investment [ ]				
Scenarios		**[1] years**	**[3] years**	**[5] years (Recommended holding period)**
Unfavourable Scenario	**What you might get back after costs**	**[ ]**	**[ ]**	**[ ]**
	Average return each year	[ ]	[ ]	[ ]
Moderate Scenario	**What you might get back after costs**	**[ ]**	**[ ]**	**[ ]**
	Average return each year	[ ]	[ ]	[ ]
Favourable Scenario	**What you might get back after costs**	**[ ]**	**[ ]**	**[ ]**
	Average return each year	[ ]	[ ]	[ ]

- **Fair, accurate, clear and not misleading presentation** to enable the retail investor to understand possible outcomes under different market conditions
- **Each scenario accompanied by a narrative text** (indicating, where applicable, conditions for returns to retail investors or performance caps)
- **Information presented at the Recommended holding period** (and for two interim periods, unless the product is considered to be illiquid)
- **Information based on reasonable and conservative assumptions** on future market conditions and price movements (e.g. positive does not mean unreasonably optimistic)
- **Analysis of available market data** of the financial variables influencing the payoff (hypotheses depending on the Recommended holding period)
- **Performance calculated net of total costs** (included proper assumptions on performance fees)
- **Consistency with the information in other KID sections** (e.g. for future profit participation, assumptions coherent with the ones on the annual rates of return of the underlying assets)

- For **insurance-based PRIIPs**, the three scenarios shall be calculated considering that no payments resulting from insurance coverage occur during the holding period. Notwithstanding, an additional scenario shall be included for insurance-based investment products, presenting the return in case an insured event occurs.
- An **additional scenario** shall be also added to show significant downward impact features of the product whether they are not adequately covered within the three standard scenarios.

Key Information Document

Format and presentation of the Cost section

Reduction In Yield (RIY)

Investment [€1000]	If you cash in after [1] year	If you cash in after [3] years	If you cash in after [5] years (recommended)
One-off costs	[]	[]	[]
+ Recurring costs	[]	[]	[]
+ Incidental costs	[]	[]	[]
= Total costs	[]	[]	[]
RIY	[]%	[]%	[]%

- Based on "moderate" performance scenario
- Includes one-off, recurring and incidental costs, and, if relevant, exit penalties
- Incl. direct & indirect transaction costs

One-off costs	Entry costs	[]%	Impact of entry costs taken before investment. [This is the maximum, you could pay less].
	Exit costs	[]%	Impact of exit costs taken when you exit the investment upon maturity.
Recurring costs	Portfolio transaction costs per year	[]%	Impact of recurring costs taken from your investment each year. [The figures shown are based on our costs for last year.][The figures shown are an estimate of what the costs could be.] The figures cover all recurring costs, including annual management costs, operating expenses, and portfolio transaction costs.
	Other recurring costs per year	[]%	
Incidental costs	Performance fees	[]%	Impact of performance fees taken where the performance...[]

PRIIP's costs

Full breakdown: direct/indirect, one-off/recurring, incidental

One-off costs		Recurring costs		Incidental costs
% Entry costs	% Exit costs	% Portfolio transaction costs per year	% Other recurring costs per year	% Performance fees
Impact of entry costs taken before investment (maximum payable amount)	Impact of exit costs when exit the investment upon maturity	Impact of recurring costs taken each year from the investment, based on last year costs (best estimate). Figures cover all recurring costs, including management costs, operating expenses and portfolio transaction costs		Impact of performance fees taken where the performance… [*rule*]

Investment [€ 15000]	If you cash in after [1] years	If you cash in after [3] years	If you cash in after [5] years (recommended)
One-off costs	[ ]	[ ]	**[ ]**
+ Recurring costs	[ ]	[ ]	**[ ]**
+ Incidental costs	[ ]	[ ]	**[ ]**
= Total costs	[ ]	[ ]	**[ ]**
RIY (Reduction in Yield)	[ ] %	[ ] %	**[ ] %**

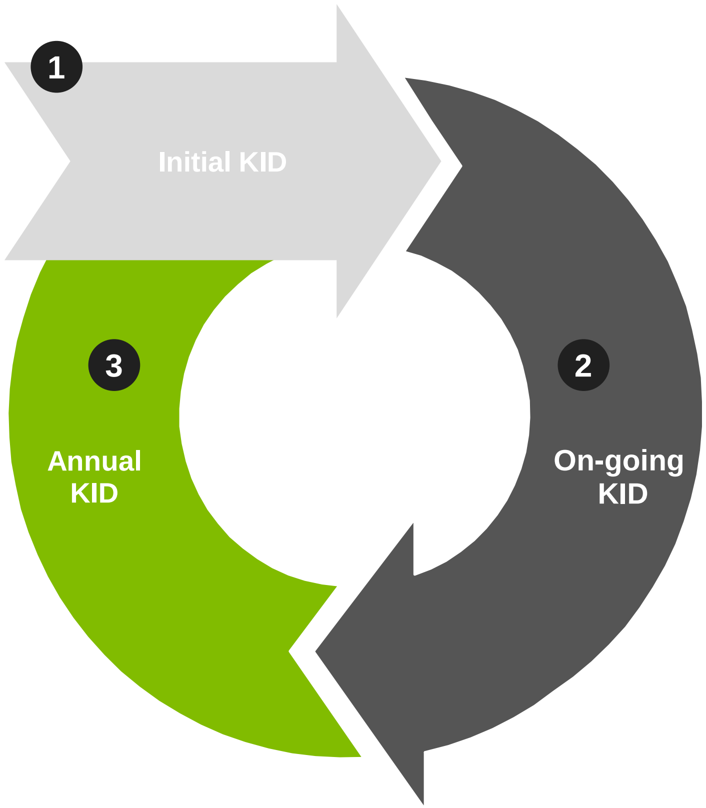
RIY is the Summary Cost Indicator and shall be calculated as the **difference between two percentages:**

- The annual internal rate of return related to gross payments made by the investor and the estimated payments to the investor during the RHP
- The annual internal rate of return for the respective cost-free scenario

- Costs are strictly related to the product in point; other costs charged by advising/selling persons are not shown
- Message to display: "figures are partially based on data from the past and thus may change in the future"

KID Annual update and other mandatory refreshes

KID Lifecycle overview



Key requirements

- Annual update – every 12 months (after initial publication and thereafter 12 months after latest review)
- Trigger management: Maintain process to identify “ad hoc reviews”
- Revision of the KID upon “trigger” detection (without undue delay)
- Web publication 5 BD after revision
- (Revision requirements not applicable if PRIIPs not available to retail investors)

Agenda

Setting the scene: PRIIPs summary

Key Information Document

UCITS – Lessons learned

Our experience with UCITS KIID

> 20 world class clients
> 240 000 KIIDs generated on an annual basis
> 130 000 SRRI calculations on an annual basis
> 2 500 000 KIIDs downloaded monthly from our platform

We provide our clients with a turn key solutions from A to Z

Content creation
(plain language, SRRI, charges)

Document Production
(assembly and air traffic controls)

Dissemination
(distributors, platforms)

Web publishing

The building blocks of our solution

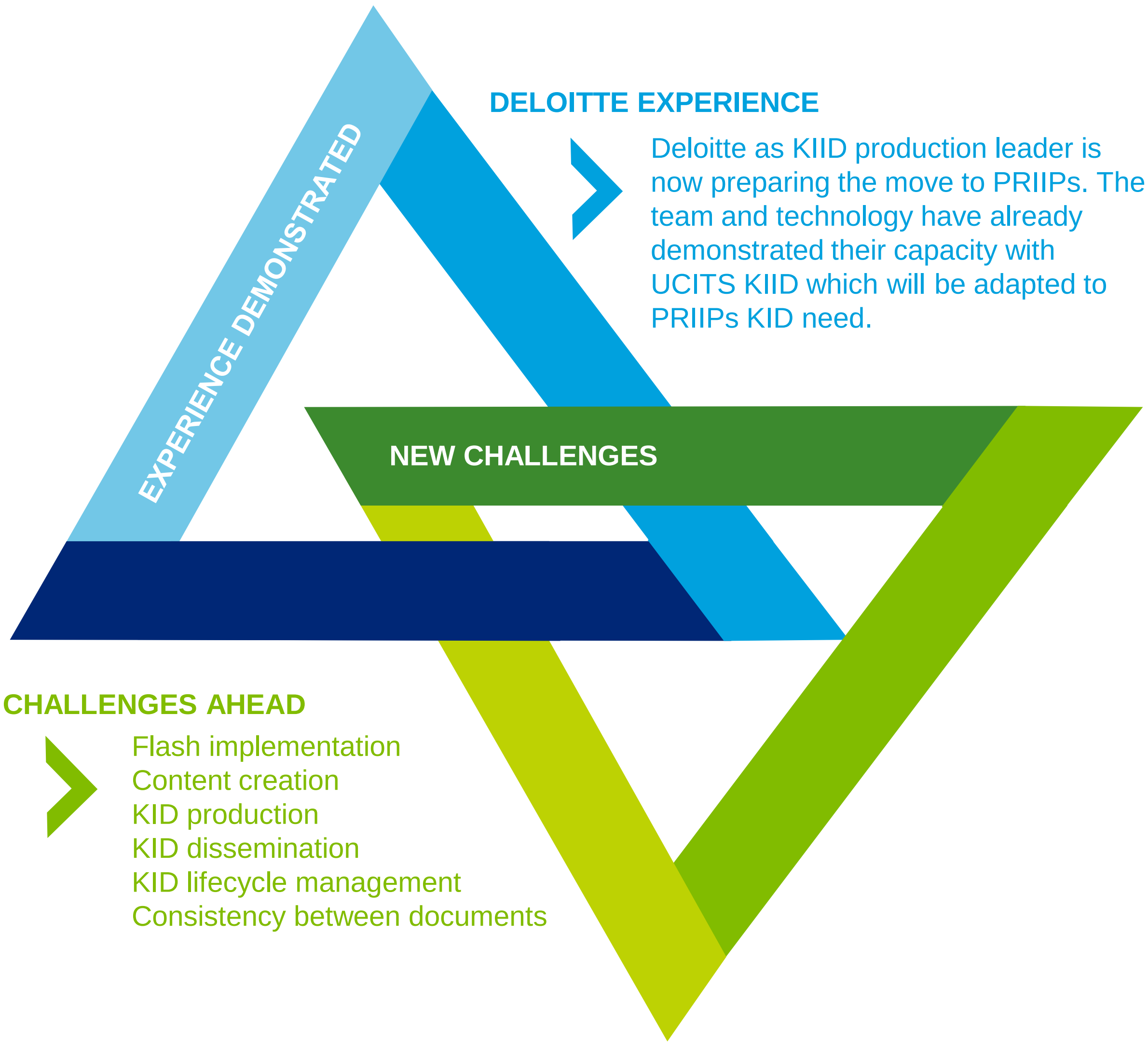
Multidisciplinary team
- Regulatory
- Risk management
- Reporting

Technology
- KID specific
- Integrated within the product production chain

Processes
- Heavy-duty quality checks on incoming data
- Systematic controls: completeness, accuracy, SRRI, reasonability, timeliness

Outcome

Deloitte solution



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