

A practical guide to KII

The CESR/10-794 consultation paper provides a template which proposes the contents and layout that UCITS and/or their management companies are expected to follow when drafting a KII:

Key Investor Information

This document provides you with key investor information about this fund. It is not marketing material. The information is required by law to help you understand the nature and the risks of investing in this fund. You are advised to read it so you can make an informed decision about whether to invest.

123 Fund, a sub-fund of ABC Fund SICAV (ISIN: 4321)
This fund is managed by ABC Fund Managers Ltd, part of the XYZ group of companies

Objectives and Investment Policy

Joint description of the objectives and policy of the UCITS in plain language (not copy-out of the prospectus)

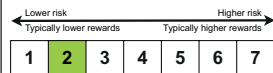
Essential features of the product which a typical investor should know:

- main categories of eligible financial instruments that are the object of investment
- a statement that the investor may redeem units on demand, and how frequently units are dealt in
- whether the UCITS has a particular target in relation to any industrial, geographic or other market sectors or specific classes of assets
- whether discretionary choices regarding particular investments are allowed, and whether the fund refers to a benchmark and if so which one
- a statement of whether any income arising from the fund is distributed or reinvested

Other information if relevant, such as:

- what type of debt securities the UCITS invests in
- information regarding any pre-determined pay off and the factors expected to determine performance
- if choice of assets is guided by growth, value or high dividends
- how use of hedging / arbitrage / leverage techniques may determine the fund's performance
- that portfolio transaction costs will have a material impact on performance
- minimum recommended holding term

Risk and Reward Profile



Narrative explanation of the indicator and its main limitations:

- Historical data may not be a reliable indication for the future
- Risk category shown is not guaranteed and may shift over time
- The lowest category does not mean 'risk free'
- Why the fund is in its specific category
- Details of nature, timing and extent of any capital guarantee or protection

Narrative presentation of risks materially relevant to the fund which are not adequately captured by the indicator:

- Credit risk, where a significant level of investment is made in debt securities
- Liquidity risk, where a significant level of investment is made in financial instruments that are likely to have a low level of liquidity in some circumstances
- Counterparty risk, where a fund is backed by a guarantee from, or has material investment exposure through contracts with, a third party
- Operational risks including safekeeping of assets
- Impact of any techniques such as derivative contracts

Title and identification of UCITS

- **Standardised** title with disclaimer on the nature of the KII
- Name of the sub-fund (or share class)
- Scheme name
- ISIN code
- Name and group of the portfolio manager(s)

Objectives and Investment Policy

- Description, in plain language, of key characteristics of the UCITS
- Cannot be a "copy/paste" of the prospectus

Risk & Reward Profile

- Synthetic Risk & Reward Indicator (SRRI) between 1 (low) and 7 (high)
- SRRI calculation method temporarily adopted; binding guidelines to be confirmed
- Must contain narrative explanation of the composition and limitations of the SRRI
- Will contain narrative presentation of the UCITS risks not captured by SRRI (e.g. credit, liquidity, counterparty and operational risk)

A challenging content in a mandatory and harmonised format

Charges for this Fund

- Charges used to pay UCITS running cost
 - one-off entry and exit charges (max. in %)
 - ongoing charges in %, excl. performance and transaction fees
 - conditional charges in %, incl. performance fee
- Must contain a reference to the fund prospectus for more information
- Ongoing charges figures require accurate data capture by fund administration

Past Performance

- Graphical representation of the UCITS' performance over ten years, including
 - warning guide on future performance
 - brief indication of included and excluded charges
 - year of inception of the UCITS
 - currency of past performance
- Must cover one complete calendar year, with annual update 35 days after 31 December regardless of UCITS' year-end date
- CESR has issued consultation paper 10-530 on the selection and presentation of performance scenarios

Practical Information

- Name of the depositary
- Where to obtain documents and NAV price
- Tax statement on the UCITS' home state
- Stipulate the management company's liability on the KII's content
- Information on umbrella funds' specificities
- If not based on a representative share class, include information on class of share
- Disclosure of the member state of domicile, supervisory authority and date of KII publication

Charges for this Fund	
The charges you pay are used to pay the costs of running the fund, including the costs of marketing and distributing it. These charges reduce the potential growth of your investment.	
One-off charges taken before or after you invest	
Entry charge	[]%
Exit charge	[]%
This is the maximum that might be taken out of your money [before it is invested][before the proceeds of your investment are paid out].	
Charges taken from the fund over a year	
Ongoing charges	[]%
Charges taken from the fund under certain specific conditions	
Performance fee	[]% a year of any returns the fund achieves above the benchmark for these fees, [insert name of benchmark].
<p>The entry and exit charges shown are maximum figures. In some cases you might pay less - you can find this out from your financial adviser.</p> <p>The ongoing charges figure is based on expenses for the year ending []. This figure may vary from year to year. It excludes:</p> <ul style="list-style-type: none"> Performance fees Portfolio transaction costs, except in the case of an entry/exit charge paid by the UCITS when buying or selling units in another collective investment undertaking <p>For more information about charges, please see pages x to x of the fund's prospectus, which is available at www.ucitsfund/</p>	
Past Performance	
	<p>The chart will be supplemented with prominent statements which:</p> <ul style="list-style-type: none"> warn about its limited value as a guide to future performance indicate briefly which charges have been included or excluded indicate the year in which the fund came into existence indicate the currency in which past performance has been calculated.
Practical Information	
<ul style="list-style-type: none"> Name of the depositary Where and how to obtain further information about the UCITS (prospectus, reports & accounts) Where and how to obtain other practical information (e.g. where to find latest unit prices) A statement that tax legislation of the fund's Home State may have an impact on the personal tax position of the investor A statement that "[Name of management company] may be held liable solely on the basis of any statement contained in this document that is misleading, inaccurate or inconsistent with the relevant parts of the prospectus for the fund" Specific information relating to umbrella funds (e.g. any switching rights between sub-funds) Information about other share classes, if applicable (KII may be based on a representative class) 	
<p>This fund is authorised in [name of Member State] and regulated by [identity of competent authority].</p> <p>Where relevant the statement that [Name of management company] is authorised in [name of Member state] and regulated by [identity of competent authority].</p> <p>This key investor information is accurate as at [the date of publication].</p>	