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Additional Information

Level 1 Regulation
Undertakings for Collective Investment in Transferable Securities Directive (UCITS) Directive 2009/65/EC

Topic
Disclosures

Subject Matter
Past performance - KIID

Question
Where a UCITS refers to an index in its investment objectives and policy as a benchmark and will measure the performance against that index, but does not intend to track it, is it necessary to show the performance of the benchmark index in the past performance section of the KIID?

ESMA Answer

01-03-2019

Original language

[ESMA 34-43-392 UCITS Q&A, section 2, Q&A 4b]

Yes, in accordance with Article 18(1) of Commission Regulation (EU) No 583/2010, a bar showing the performance of the benchmark index must be included in the bar chart alongside each bar showing the UCITS past performance. It should be made clear in the past performance section of the KIID that the performance is not tracking the index.

For additional clarity, the requirements of Article 18(1) apply to all UCITS, including total return/absolute return UCITS. For example, the requirement also applies to cases where:

The comparator is not named a ‘benchmark’, but the objectives and investment policy make it clear that it is a comparator the UCITS aims to outperform. For example, if the fund’s objectives and investment policy state it will seek to:

- outperform cash (for example, 3-month EURIBOR), the performance of the fund against the full target should be shown
- outperform a target ‘plus X%’, the performance of the fund against the enhanced target should be shown.

The UCITS targets outperformance of the benchmark index over a period of time, for example ‘X% per annum over four years’. In this case, annualised performance of the benchmark index should be shown alongside that of the UCITS, even if the target is to beat it over four years.

UCITS management companies should make any changes to the KIID in order to incorporate this additional guidance as soon as practicable, or by the next KIID update following the publication of this Q&A.

In accordance with Article 79(1) of the UCITS Directive and to ensure fair, clear and not misleading communications, the information disclosed in the UCITS KIID should be

consistent with the UCITS' Investment Objective in the Prospectus.