

CESR  
Committee of European Securities Regulators  
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Copenhagen, 19 May 2009

### **CESR consultation on KID disclosures for UCITS**

Consultation paper on technical issues relating to Key Information Document (KID) disclosures for UCITS. CESR/09-047 and Briefing for retail investors. CESR/09-299

Danish Shareholders Association, DAF, is the organisation representing private investors in Denmark.

DAF supports the idea of introducing a 2-page Key Information Document, KID, for UCITS that should be understandable for retail investors replacing the Simplified Prospectus.

DAF is of the opinion that a KID document could also be introduced for other investment objects.

### **Answers to the questions in CESR/09-299**

#### *Risk and reward*

- (1) DAF finds that the ex-post volatility of the fund's Net Asset Value should form the basis of the categorisation of funds using the indicator.
- (2) DAF finds that risk and reward should be signalled independent of each other. A combined indicator makes the message open for dreams, overselling, and misinterpretation.  
The combined indicator will work best for categories 1 and 7.  
Category 1: Low reward and low risk.  
Category 7: Possibility for high reward, but high risk and possibility for no reward at all.

The message becomes less understandable for the 5 categories in between. Consumers will have difficulties making distinctions between the categories.

- (3) DAF finds that if the model with 7 categories is chosen then the 7<sup>th</sup> category should be used for the most risky funds as well as for some funds with special features, e.g. as mentioned certain types of structured funds. If a model with 5 categories is chosen the 5<sup>th</sup> category should be used in the same way.
- (4) It is difficult to distinguish between the categories 2 – 6. 5 categories would probably suffice.
- (5) DAF agrees with the proposed disclaimers.

#### *Past performance*

- (6) DAF agrees that the past performance section should not take up more than half a page in the KID.
- (7) DAF agrees that funds with 5 or more years of past performance should use a presentation template showing slots for 10 years, and that funds with less than 5 years of past performance should use a presentation template showing slots for 5 years.
- (8) DAF prefers Good Practice 2 in situations with material changes. The bar chart should not show information covering a period that is not comparable with the newest information.
- (9) DAF would like that funds also shows a benchmark. It is beyond discussion that a benchmark should be showed alongside past performance information if the fund mentions a benchmark. DAF would like funds to show for comparison the performance of a relevant fund or index in other situations.
- (10) In relation to funds for which past performance information cannot be used, e.g. structured funds, DAF understands and accepts that CESR has ceased to consider the option of back-testing. DAF supports the use of “performance scenarios”. We prefer the prospective scenario to the probability table. As regards prospective scenarios DAF prefers the table presentation.

#### *Charges*

- (11) DAF finds that a single “summary” figure combining into a single figure both the charges borne directly by the investor and the ongoing fund charges would be helpful. DAF finds that a percentage figure would be the right way to present the information. We like to point at the

information calculated by the Danish UCITS as an example of how it can be done.

(12)DAF finds the disclosures should include an ex-post figure for the performance fee.

(13)DAF supports the proposal that new funds or funds with material changes in the charging structure should disclose an ex-ante figure for ongoing charges.

Kind regards

A handwritten signature in black ink, appearing to read 'Charlotte Lindholm', with a stylized, cursive script.

Charlotte Lindholm  
Director

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