

Chapter 1

Commission Delegated Regulation (EU) 2017/653

ANNEX 4A PERFORMANCE INFORMATION

(1) The section entitled ‘What are the risks and what could I get in return?’ of the PRIIP’s key information document must include appropriate performance information summarising, in narrative form, the main drivers of investment performance for the PRIIP.

(2) The PRIIP manufacturer must ensure the performance information is:

(a) accurate, fair, clear, non-misleading and likely to be understood by the retail investors to whom the PRIIP may be offered;

(b) compatible with the information stating the objectives of the PRIIP disclosed in accordance with article 2(2);

(c) likely to be useful to retail investors in assessing the prospects for future returns of investment in the PRIIP as well as comparing it with other PRIIPs; and

(d) supported by objective data.

(3) The information must, as a minimum, include the following elements:

(a) a description of the main factors likely to affect future returns for the investor, identifying those most likely to determine the outcome of the investment and other factors which could have a material impact on performance;

(b) identification of the most relevant index, benchmark, target, or proxy, as applicable, along with an explanation of how the PRIIP is likely to compare in terms of performance and volatility;

(c) under a sub-heading ‘what could affect my return positively?’, a brief explanation of the kinds of conditions that would be conducive to the PRIIP generating higher returns;

(d) under a sub-heading ‘what could affect my return negatively?’, a brief explanation of the kinds of conditions whereby the PRIIP is likely to generate lower returns or lead to investment loss; and

(e) a brief description of what outcome the investor may expect where the PRIIP matures or is redeemed or encashed under severely adverse market conditions.