K&L GATES

SUMMARY OF KEY DIFFERENCES BETWEEN THE PRIIPS KID, UCITS KIID, AND CCI PRODUCT SUMMARY

For ease of reference, the table below has followed the layout for the current UK UCITS KIID. Note that there are no layout/format requirements for the CCI Product Summary.

<table>
<tr><th></th><th>PRIIPs KID</th><th>UCITS KIID</th><th>CCI Product Summary</th></tr>
<tr><td colspan="4">Title</td></tr>
<tr><td></td><td>“Key investor information” must be prominently shown at the top.</td><td>“Key investor information” must be prominently shown at the top.</td><td>Must be titled “product summary.”</td></tr>
<tr><td></td><td>Prescribed statement below title:
“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.”</td><td>Prescribed statement below title:
“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.”</td><td>No prescribed statement.
Note there are general requirements to take reasonable care to ensure the Product Summary: meets retail investors’ information needs, likely be understood by retail investors and equips retail investors to make “effective, timely and properly informed” decision.</td></tr>
<tr><td></td><td>Must be “stand-alone document,” clearly separate from other marketing materials</td><td>Must ensure investors can distinguish it from other material.</td><td>Must be clearly separate from other marketing materials.</td></tr>
<tr><td colspan="4">Product Information</td></tr>
<tr><td></td><td>Prescribed information including:
• Name, ISIN or other identifier of the PRIIP.
• Name, website and telephone number of the manufacturer.
• Regulator of the manufacturer.
• Date of the KID.
• If applicable, prescribed alert—“You are about to purchase a product that is not simple and may be difficult to understand.”
• Prescribed section for “What is this product?”:
  ○ The type of the PRIIP;</td><td>Prescribed information including:
• Name and identifier of the UK UCITS, including share class and sub-fund.
• Name of the management company and (if applicable) name of the manager’s group “may” be included.
• Prescribed section for “Objectives and investment policy” covering (among others):
  ○ Investment strategy;
  ○ Main categories of eligible investments;
  ○ Possibility of redemption on demand and frequency of dealing;
  ○ Whether target for any sector or asset;</td><td>Reflect the “General product information” included in the Core Information Disclosure. This information includes:
• Name, ISIN or other identifier of the CCI.
• Name of the manufacturer.
• Date of the Product Summary.
• Information on the characteristics of the CCI, including:
  ○ Investment objectives and strategy;
  ○ Underlying assets or reference values;
  ○ Markets the CCI is materially exposed/sensitive to;</td></tr>
</table>

	PRIIPs KID	UCITS KIID	CCI Product Summary
	○ Objectives and the means for achieving them; ○ Main factors affecting returns; ○ Underlying assets or reference values; ○ Relationship between recommended holding period and risk/reward profile; ○ Type of target retail investors; and ○ If known, term of the PRIIP.	○ Whether use of a benchmark; ○ Whether dividend is distributed or reinvested; ○ Specific management techniques; ○ If minimum recommended holding period, state it in prescribed language; and ○ If transaction costs materially impact returns, statement must be included.	○ Investment term/maturity or recommended holding period (no prescribed language); and ○ Complaints information and availability of compensation scheme. • Additional information for funds, e.g. regulatory status (UK authorised, recognised or other) and (if a feeder) relevant details of the master fund.
Risk Indicator			
Presentation:			
	1 2 3 4 5 6 7 **Lower risk** **Higher risk** **The risk indicator assumes you keep the product [holding period]** [*where applicable*] **[The actual risk can vary significantly if you cash in at an early stage and you may get less]/[You cannot/may not be able to cash in early.]** [*If materially relevant liquidity risk*] **You may not be able to sell/end your product easily or you may have to sell/end at a price that significantly impacts on how much you get back.**	**Lower risk** **Higher risk** **Typically lower rewa** **Typically higher rewards** 1 2 3 4 5 6 7 No colours must be used to distinguish categories.	1 2 3 4 5 6 7 8 9 10 **Lower risk, potentially lower return** **Higher risk, potentially higher return** No prescribed requirement on the use of the template colours; it is understood the colours can be varied.
Calculation:			
	This covers: market risk and credit risk: • Market risk based on VaR.	Generally, based on volatility using standard deviation, with certain exceptions (see below).	Generally, based on volatility using standard deviation, with an exception for structured products (see below).

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	• Credit risk based on a mapping of credit ratings. • Risk score is a combination of both, per an assigning table (e.g. MR4+CR4=SRI5)		
	Market risk calculation varies depending on the PRIIP categorisation (see "Note" at end of table), as follows:	Calculations differ for certain funds, such as the absolute return fund, the total return fund and the structured fund. For example, for structured funds, use a reverse engineering of VaR calculations.	For structured products, use a VaR-equivalent volatility methodology.
	• For Category 2 PRIIP: – Cover five years of performance. – Use daily, weekly, monthly or bi-monthly returns, depending on the PRIIP.	Calculation must: • Cover five years of performance. • Use weekly or (if unavailable) monthly returns.	Calculation must: • Cover 10 years of performance, ending two months before the date of the Product Summary. • For structured products, use daily or (if unavailable) weekly or monthly returns. • For all others, use weekly or (if unavailable) monthly returns.
	• For Category 3 PRIIP: – Cover the recommended holding period. – Use simulated returns at end of that period.	No equivalent provision.	No equivalent provision.
	• For Category 4 PRIIP: – Method for Category 1, 2 or 3 may be used, depending on the PRIIP.	No equivalent provision.	No equivalent provision.
	Subject to exceptions, Category 1 PRIIP must have a market risk of 7 (no credit risk score needed).	No equivalent provision.	Certain CCIs must have an initial SRI of at least 9, including: • A derivative. • Any CCI with less than a five-year track record. • Any CCI with significant leverage.

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			• Any CCI where the assets are priced less frequently than monthly.
	For Category 2 and 3 PRIIP with only monthly data, market risk as calculated must add 1. Category 1 PRIIP includes those where investors could lose more than invested amount; SRI must be 7.	No equivalent provision.	After initial SRI is calculated, must assess whether adjustments are needed. For example: • Must add 1 if the CCI has low liquidity unless initial SRI is already 9 or 10. • Must be adjusted to 10 if investors could lose more than invested amount. * Downgrading is normally not allowed unless, e.g. the calculation period covers extreme market anomalies.
Required description:			
	Must include prescribed explanations, depending on the PRIIP, including (where applicable): • SRI is a guide. • Indication of maximum loss. • Additional investment payment may be required. • Risks materially relevant that could not be captured adequately by SRI.	Must include prescribed statements: • Historical data may not be reliable for future risk. • SRI is not guaranteed to remain unchanged. • The lowest SRI does not mean risk-free.	Should (i.e. “guidance” not “rule”) consider explanation that: • Historical data may not be reliable for future risk. • SRI is not guaranteed to remain unchanged. • A score of 1 may still involve risk to amount invested or return.
	No equivalent provision.	Must explain why the specific SRI was assigned.	No equivalent provision.
	Prescribed clarification of capital protection or capital guarantee.	Must explain any capital guarantee or protection.	Must explain whether there is capital protection.
	Prescribed warning on risks, depending on the PRIIP, including: • Currency risk. • Risk is significantly higher if the holding period is different. • Total loss may exceed invested amount.	Must explain the following risks where material: • Credit risk. • Counterparty risk. • Operational risk and custody risks.	Must include extensive risk information, including: • Explain the relationship between risk and performance. • Summarise main performance drivers. • Describe risk-increasing factors.

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	• Ongoing payments may fail to be made. Also a specific section for “What happens if [the manufacturer] is unable to pay out?”	• Impact of techniques, such as use of derivatives.	• Explain conditions for lower/higher return or loss/gains. • Give warning and explanation if material liquidity risk. • Describe impact of severely adverse market conditions on redemption, withdrawal, etc. • Give warning and explanation if exposed to issuer risk or counterparty risk. • Give warning and explanation if investors might lose more than invested amount. • Explain the use of gearing. • Explain any exchange rate risk. • Summarise conditions for early exit penalty or long disinvestment notice (if applicable).
Costs and Charges			
Presentation:			

	Presented in two items:
	• Costs over time.
	• Composition of costs covering (as relevant to funds):
	  ○ One-off costs (entry, exit, subscription fee, upfront distribution and marketing costs);
	  ○ Recurring/ongoing costs (various items including transaction costs); and
	  ○ Incidental costs (performance fee and carried interest).
		Must include following charges:
		• One-off charges:
		  ○ Entry charge; and
		  ○ Exit charge.
		• Ongoing charges.
		• Performance fee.
		
		Must be in the prescribed table format.
			Must include following charges:
			• One-off entry costs figure.
			• One-off exit costs figure.
			• Ongoing costs figure.
			• Transaction costs figure.
			• Performance fee or carried interest.
			
			No prescribed presentation format.

	No equivalent provision.	No equivalent provision.	No need to include if amount is zero.
	• “Costs over time”—one aggregate figure in monetary amount and percentage, based on an investment of €10,000 (or €1,000 for	Presented in percentage only.	• For one-off entry costs, one-off exit costs and ongoing costs, presented in both percentage and GBP£ amount (round to pound).

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	regular premium PRIIP) during three different holding periods. • "Composition of costs"—itemised figures in percentage only.		• For transaction costs, presented in percentage only of a £10,000 investment (£1,000 for regular premium CCIs). • For performance fee/carried interest, explanation of their operation, summary of terms and conditions (Ts&Cs) and at least one example amount based on a £10,000 investment.
Calculation:			
	For recurring/ongoing costs: • These cover various items including legal fees, fees to other third-party service providers and transaction costs. • Calculation of transaction costs is prescribed, but not for other cost items. • "All taxes" included in costs calculation.	For ongoing charges: • Based on previous year's expenses. • Gross value with all taxes included. • Covering preceding year.	For ongoing costs figure: • Use an "assumed investment amount" (£1,000 for regular premium CCIs and £10,000 for all others). • Cover the preceding 12 months. • On a gross basis including tax.
	Transaction costs: • Based on average costs over last three years on an annualised basis. • Detailed calculation methodology, e.g. calculation per asset class and transaction type (e.g. over the counter) and then aggregate.	See "Product Information" above on description of transaction costs. No detailed calculation methodology.	Transaction costs: • This includes tax and legal expenses. • Annualised over preceding 36 months. • No detailed calculation methodology.
	Performance fee/carried interest: • Based on data of last five years. • If carried interest taken on exit, then warning to clarify the percentage taken.	Performance fee: • Use amount charged in last financial year as a percentage.	Performance fee/carried interest: • Explain their operation and Ts&Cs (including calculation and time of payment). • No prescribed calculation method.
***Required description*:**			
	Each of the different costs included in the "Composition of costs" must be described,	• For entry and exit charges, must include prescribed statements about them being	Must contain explanation on:

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	specifying where and how they may differ from actual costs.	maximum and advisors or distributors have further information. • For ongoing charges, must include prescribed statement that it is based on the previous year's expenses, and charges are used to run the fund and reduce potential growth of the investment.	• Impact of costs and charges on growth of the investment. • Advisors/distributors may charge too. • Which costs and charges are estimates. • Describe nature/content of each cost figure.
	See "Other Information" regarding cross-reference.	Where relevant, must include cross-reference to prospectus regarding further information on charges.	Where relevant, must include cross-reference to prospectus regarding further information on charges.
	No equivalent provision.	No equivalent provision.	If the fund invests in associated funds, must explain benefits of such investment.
	No equivalent provision.	No equivalent provision.	"May" include additional information, such as breakdown of costs and charges.
Past Performance			
***Presentation*:**			
	Narrative explanation, including: • Main factors affecting future returns. • Identification of most relevant index, benchmark, target or proxy and explanation of how the PRIIP compares regarding performance and volatility. • Conditions conducive to higher returns. • Conditions likely leading to lower returns/loss. • Outcome when maturing, redeeming or cashing in under severely adverse market conditions.	Bar chart.	Line graph.
***Calculation*:**			
	No equivalent provision.	Cover 10 years, but must not include data for any part of the current calendar year.	Cover 10 years, ending two months before the date of the Product Summary.

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	No equivalent provision.	If less than one year, then state there is insufficient data.	If less than three months, may choose not to produce a graph but must state there is insufficient data.
	No equivalent provision.	No equivalent provision.	If one year or less, warning performance will not necessarily be representative of longer term performance.
	No equivalent provision.	If no data, must leave blank with no annotation.	If no data, explain factors affecting performance.
	No equivalent provision.	Must assume distributable income has been reinvested.	Must assume distributable income has been reinvested (for fund or insurance-based investment).
	No equivalent provision.	Explain which charges are included or excluded.	Must exclude costs and charges.
	No equivalent provision.	If "Objectives and investment policy" section references a "benchmark," must include a separate bar for it.	For UK UCITS/NURS: • If using target/constraining benchmark, must include a separate line for it. • If using comparator benchmark, "may" include a line for it. For recognised scheme (e.g. Overseas Fund Regime-recognised fund) or long-term asset funds: • If using target, constraining or comparator benchmark, must include a separate line for it.
	No equivalent provision.	No equivalent provision.	If a benchmark line is included, must explain why the benchmark was chosen. If no benchmark line, must state so and explain how performance can be assessed.
	No equivalent provision.	Warn chart's limited value as a guide for future performance.	Warn past performance is not a guide to future performance.
	No equivalent provision.	No equivalent provision.	Past performance must be based on an investment of £10,000 (if non-GBP, then use an

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			amount of a similar magnitude that is cleanly divisible by 1,000).
Other Information			
	Not prescribed, any additional information documents that may be provided.	Prescribed information includes: • Name of the depositary. • Where to find fund documentation. • Where to find information and price. • Tax disclaimer. • Prescribed statement on liability for accuracy. • Information on umbrella, such as switching.	Not prescribed, additional information may need to be included given the requirement to "convey as a minimum" the information in the Core Information Disclosure.
	See "Product Information" above.	Prescribed statement on fund's authorisation status.	No equivalent provision.
	See "Product information" above.	Prescribed statement on publication date.	No equivalent provision.
	May cross-reference other documents, including prospectus, only where it relates to information included in the KID.	Cross-references to prospectus and financial reports may be included, but KIID must contain all information fundamental to understanding.	Must not rely on cross-references with certain exceptions, including cross-reference to prospectus on costs/charges.
Format			
	Must use the prescribed template in FCA Technical Standards 2017/563.	CESR advisory template.	No template.
	Must not exceed three pages A4.	Must not exceed three pages A4.	No prescribed page limit, but must be "short and concise."

* *Note*. Summary of PRIIPs categories:

- Category 1 PRIIPs—those where investors could lose more than invested capital, or which are derivatives, or which are priced less frequently than monthly.
- Category 2 PRIIPs—those which offer leveraged or non leveraged exposure to underlying investments where certain price history conditions are met.
- Category 3 PRIIPs—those whose values reflect the prices of underlying investments where certain price history conditions are met.
- Category 4 PRIIPs—those whose values depend in part on factors not observed in the market.