

STUDY October 2019

UCITS Prospectuses: The State of Play in 2019

An assessment of cross-border UCITS
prospectuses, their usage, and industry trends





Contents

FOREWORD	3
PROJECT GOALS AND TEAM	4
<hr/>	
THE LEGISLATORS' VIEWPOINT	5
THE USERS' VIEWPOINT	7
THE ASSET MANAGERS' VIEWPOINT	12
<hr/>	
ASSESSMENT SAMPLE AND METHODOLOGY	16
QUANTITATIVE RESULTS	17
READABILITY AND FUNCTIONALITY RESULTS	18
<hr/>	
10 KEY TAKEAWAYS	21
CONCLUSION	22
<hr/>	
APPENDIX 1 – GENERAL USER SURVEY	23
APPENDIX 2 – ASSET MANAGER SURVEY	26
APPENDIX 3 – METHODOLOGY	27



FOREWORD

One might wonder what is to be gained by putting the spotlight on prospectuses, particularly at a time when the asset management industry is pressing ahead with the digitisation of customer relationships while also trying to address deep-rooted challenges. Indeed, anecdotal feedback is that many industry participants regard the prospectuses as necessary business overhead that is rarely referenced.

Yet while prospectuses do not attract the limelight, they are a requirement for anyone who wishes to market funds. Although the traditional approach has been to invest the least amount of effort in creating and maintaining prospectuses, they nevertheless demand significant resources from fund manufacturers, their service providers and regulators. It is only reasonable, then, for the industry to ask itself what these documents are aiming for, how they contribute to the industry's value proposition, and whether they live up to these expectations.

In addition, product communication has increasingly become more complex for fund manufacturers. In that regard, together with the introduction of the KIID, the 2008 financial crisis has proven to be a watershed moment in that it made regulators more attentive to product features and their suitability for investors. MiFID II, the Asset Management Market Study in the UK and the recent ESMA Q&A on UCITS are other examples of this trend towards more scrutiny.

Last but not least, we may also view the general lack of attention paid to prospectuses as a symptom of the difficulty for this industry of clearly articulating what it is actually doing and, ultimately, what it is selling.

In conducting this study, we have interviewed professionals across the industry who prepare, review or use prospectuses, such as law firms, asset service providers, distributors and regulators, and we have evaluated individual documents from the top 44 cross-border asset managers. We have also conducted surveys of these asset managers and of a broader population of prospectus users.

As a provider of document optimisation services, More Carrot has worked with several of the asset managers that are included in the study (Amundi, AXA, JPMorgan, Nordea and T. Rowe Price) in transforming their flagship prospectuses. Therefore, in order to maintain the necessary degree of objectivity, we set up an expert committee that had ultimate control of, and was closely involved in, defining both the overall design of the study and all operative details. The expert committee also helped identify a separate group of independent industry experts to conduct the readability evaluations. None of these experts has any business interest with More Carrot.

We hope you find this study to be of interest, and we wish to take this opportunity to thank the members of the expert committee and the many other industry professionals for their involvement and most valuable contributions to this study.

The More Carrot Team



PROJECT GOALS AND TEAM

Study Goals

- Establish an unbiased assessment of UCITS prospectuses (usage, ownership, management, economics, quantitative and qualitative document analysis, market practices).
- Understand the role(s) of the prospectus within the larger disclosure ecosystem, and related challenges and opportunities.
- Prompt forward-looking thinking, both theoretical and practical, on the role of compliance disclosure in general, from both an investor protection and business perspective.

Expert Committee

In order to ensure maximum objectivity, this study was conducted under the supervision of an expert committee that included:

- **Graham Goodhew**, Independent Director (Chair)
- **Josiah Fisk**, President, More Carrot LLC
- **Salla Komulainen**, Independent Director
- **Bernard Lambeau**, Managing Partner, More Carrot (Europe)
- **Sara McMahon**, Executive Director, Product Management, JPMorgan AM
- **Martial Mernier**, CEO, TalkFinance
- **Arnaud Peraire-Mananga**, Head of Legal, BNP Paribas AM
- **Christiaan Vriezen**, Head of Product Life Cycle, Schroders IM (Europe)

These members have been selected for their expertise and for their longtime interest in the challenges posed by investment disclosure. The committee has provided guidance to More Carrot in establishing the goals, criteria, methodology, metrics, analysis of results, and review of the final report. The committee was fully involved and its discussions were robust and encompassed many viewpoints.

Evaluator Team

The evaluator team's role was to conduct qualitative assessments of the same group of prospectuses, with the goal of understanding some of the key dimensions of usability that do not as readily lend themselves to objective metrics. The team was made up of industry professionals with a range of backgrounds:

- **Graham Goodhew**, Independent Director
- **Arnaud Houdmont**, Marketing Manager, Better Finance
- **Salla Komulainen**, Independent Director
- **Sarah Noville**, Lawyer, Zeidler Group
- **Seraina Roos**, Sales and Relationship Manager, Investment Navigator
- **Nathalie Wiss**, Senior Translator, TalkFinance



THE LEGISLATORS' VIEWPOINT

Relevant Requirements of the 2010 Law

Article	Language (emphasis added)
Recital (58)	Member States should make a clear distinction between marketing communications and obligatory investor disclosures provided for under this Directive. Obligatory investor disclosure includes key investor information, the prospectus and annual and half-yearly reports.
Article 69(1)	The prospectus shall include the information necessary for investors to be able to make an informed judgement of the investment proposed to them, and, in particular, of the risks attached thereto. The prospectus shall include, independent of the instruments invested in, a clear and easily understandable explanation of the fund's risk profile .
Article 69(2)	The prospectus shall contain at least the information provided for in Schedule A of Annex I, in so far as that information does not already appear in the fund rules or instruments of incorporation annexed to the prospectus in accordance with Article 71(1).
Article 70(1)	The prospectus shall indicate in which categories of assets a UCITS is authorised to invest. It shall mention if transactions in financial derivative instruments are authorised, in which case it shall include a prominent statement indicating whether those operations may be carried out for the purpose of hedging or with the aim of meeting investment goals, and the possible outcome of the use of financial derivative instruments on the risk profile.
Article 70(2)	Where a UCITS invests principally in any category of assets defined in Article 50 other than transferable securities or money market instruments , or where a UCITS replicates a stock or debt securities index in accordance with Article 53, its prospectus and, where necessary, marketing communications shall include a prominent statement drawing attention to the investment policy.
Article 70(3)	Where the net asset value of a UCITS is likely to have a high volatility due to its portfolio composition or the portfolio management techniques that may be used, its prospectus and, where necessary, marketing communications shall include a prominent statement drawing attention to that characteristic.
Article 72	The essential elements of the prospectus shall be kept up to date .
Article 77	All marketing communications to investors shall be clearly identifiable as such. They shall be fair, clear and not misleading. In particular, any marketing communication comprising an invitation to purchase units of UCITS that contains specific information about a UCITS shall make no statement that contradicts or diminishes the significance of the information contained in the prospectus and the key investor information referred to in Article 78. It shall indicate that a prospectus exists and that the key investor information referred to in Article 78 is available. It shall specify where and in which language such information or documents may be obtained by investors or potential investors or how they may obtain access to them.

Directive 2009/65 considers the prospectus a component of “obligatory investor disclosure” alongside the key investor information and statutory yearly and half-yearly reports. It must include the information necessary for investors to be able to make an informed judgement of the investment proposed to them and in particular the information requested in the Schedule A of Annex 1 of the same directive (provided that this information does not already appear in the articles of incorporation or fund rules).

At the same time, 2009/65 remains vague on how to achieve the goal of providing the information necessary for an informed investment decision. For example, the regulation does not require a prospectus to say anything about management process or techniques or about investment selection criteria — areas most investors (especially qualified ones) have long considered a key element of a sound process for identifying and evaluating funds. The impression is that lawmakers (and most control authorities) are in practice looking at the prospectus



as much as a compliance tool as an information tool for investors. The tendency to add new compliance requirements without reducing existing ones (for example, UCITS 5, SFTR, GDPR, and the money market fund and benchmark regulations) may increase investor protections, but also increases the size and complexity of prospectuses, thus making them even less palatable to investors. This trend is likely to continue in the future with, for instance, the coming EU disclosure requirements on sustainability investments and risks.



THE USERS' VIEWPOINT

These results and comments are based on both interviews with lawyers, custodians, transfer agents, fund selectors and financial advisors, and from an online survey of industry professionals. Note that since roughly half of survey respondents are involved in creating and maintaining prospectuses (as indicated in the responses to the first question), we break out the results for the subsequent questions into those who are and are not involved in creation/maintenance.

1. The survey sample

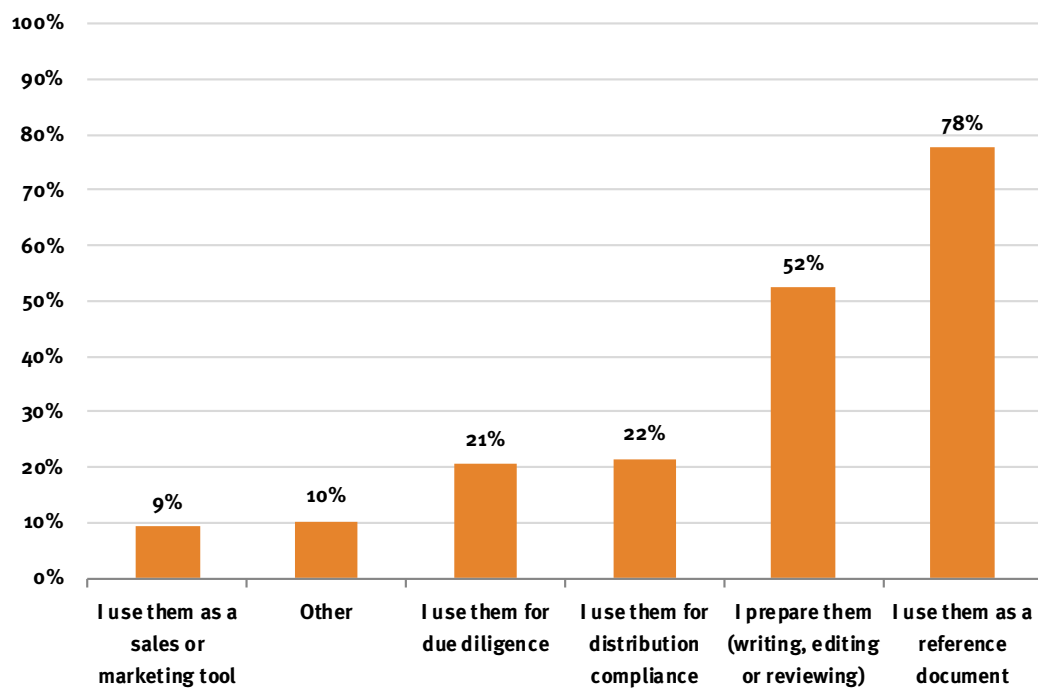
Number of respondents: 108.

Key characteristics of the sample:

- 55% and 17% of respondents work in Luxembourg and London, respectively.
- 62% work in asset management organisation.
- 29% and 22% have a role in legal or product department, respectively.
- 52% are involved in the writing or review of prospectuses.

For more on the sample, see appendix 1 on page 23.

2. How do the respondents use fund prospectuses?

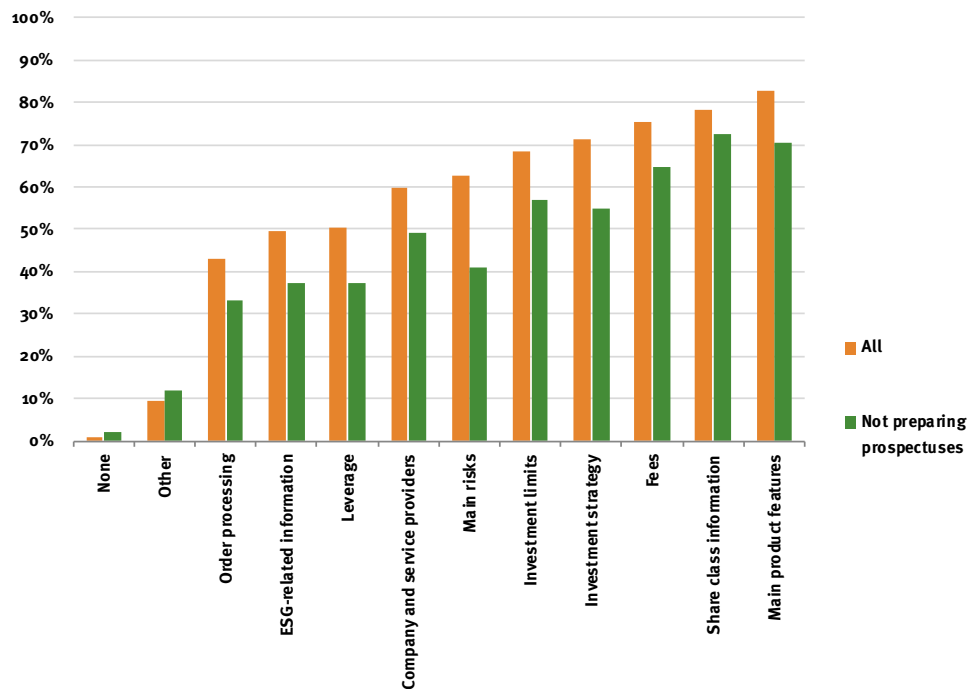


Main takeaways:

- The prospectus is mainly used as a reference tool.
- Only a small minority of respondents use the prospectus as a sales or marketing tool.



3. What information do the respondents look for in a prospectus?



Main takeaways:

- Most topics in prospectuses are of interest for respondents, with slightly higher scores for fund and share class features as well as fees.
- What the results do not tell is whether respondents always find the information to be as complete and comprehensible as they like. In particular, this might apply to topics such as the investment strategies and ESG information that have rather high scores.

4. If respondents can't find, or understand, the information they are looking for in the prospectus, what do they do?

Main takeaways:

- The majority of respondents (65%) try to find information in other sources or online. This raises the question about the quality and the consistency of the information that can be found in other channels as this information is not binding (as opposed to the prospectus) and might not be completely aligned with the prospectus.
- More than 50% (if we include answers from the "Other" category) ask a colleague or call client support or the management company. If extrapolated to the whole industry, this figure appears to represent a significant amount of extra work for management companies.
- 42% look at the KIID. This demonstrates that KIIDs can in fact be useful for a significant number of industry professionals and not just for retail investors.

For more on this topic, see chart on page 24.

5. How often do respondents consult or work with a prospectus?

Main takeaways:

- 41% of respondents consult or work with a prospectus every day (18% if we exclude those who prepare prospectuses).
- 70% of respondents consult or work with a prospectus at least once a week (54% if we exclude those who prepare prospectuses).
- These figures seem to confirm that prospectuses are an essential tool across the industry.

For more information on this topic, see chart on page 24.



6. What's the average time the respondents estimate they spend working with prospectuses?

Main takeaways:

- In addition to using them frequently, respondents seem to spend significant time with them: 64% spend either more than one hour per day or a couple of hours per week (40% if we exclude those who prepare prospectuses).

For more on this topic, see chart on page 24.

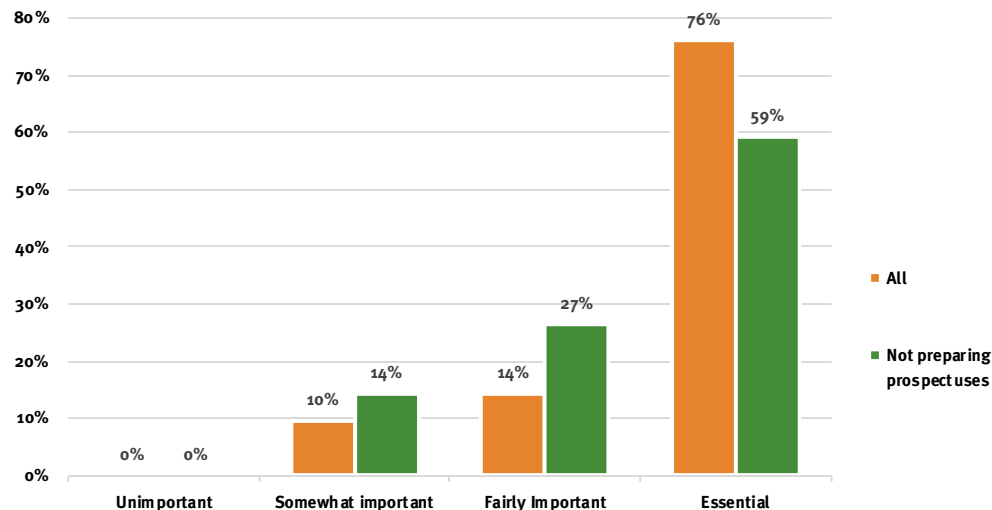
7. Do the respondents still print out prospectuses?

Main takeaways:

- 41% of respondents still use hard copies (29% if we exclude those who prepare prospectuses).
- A quarter of respondents print prospectuses either more than once a week or less than twice once a month (8% if we exclude those who prepare prospectuses).
- It seems that prospectuses are still significantly printed by participants, especially those who prepare these documents.

For more on this topic, see chart on page 24.

8. In general, how important are prospectuses to the respondents?

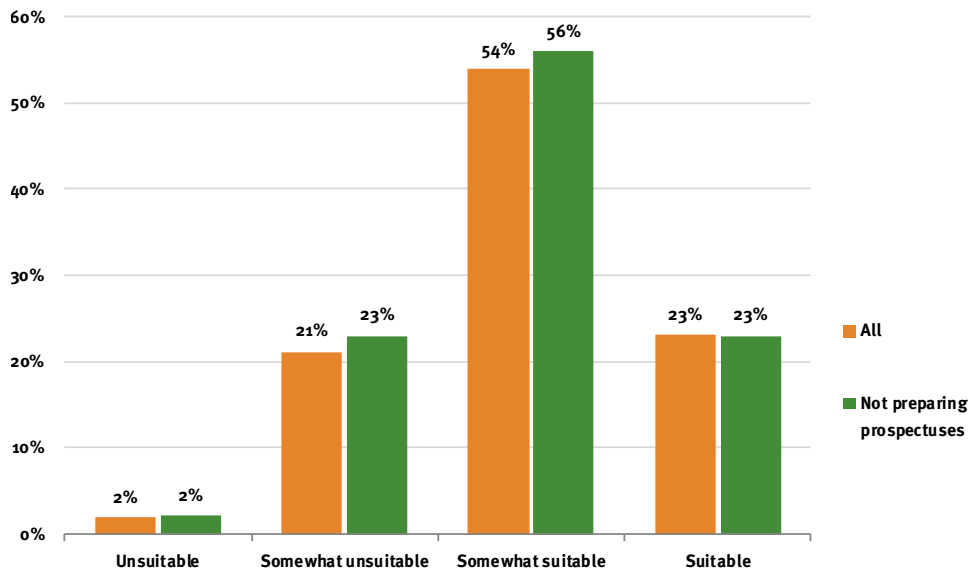


Main takeaways:

- 89% of respondents view prospectuses as essential or fairly important. None view it as unimportant.
- Although fewer non-preparer respondents consider the prospectus “essential”, the overall figure for the top two categories remains almost as high among non-preparers (86%) as among preparers, which speaks to the importance of these documents across the various activities of this industry.



9. How well suited are prospectuses to the respondents' needs?



Comments from respondents:

- *“My work would be much easier and quicker if all prospectuses were drafted in a clearer and more straightforward language.”*
- *“Many issues are in too legal terms, with broad interpretation.”*
- *“Prospectuses have become legalistic documents with more emphasis on encompassing as much as possible, rather than an ‘agreement’ that should focus on what we do, why and how.”*
- *“Too lengthy. Difficult to navigate.”*
- *“Very long and unwieldy.”*
- *“It is not always easy to find a balance when drafting a prospectus between being on the one hand concise and readable enough (with no jargon), and on the other hand comprehensive.”*
- *“Many prospectuses are too complicated.”*
- *“As a lawyer the prospectus covers the key information we need. However it is not investor friendly.”*
- *“Information is often time consuming to find.”*
- *“Information isn’t consistently displayed across funds and documents. Fund investment strategies are very woolly. [Some] risks are included that I don’t believe are risks and wording is very unfriendly to an end user. There seems to be a focus on being right rather than clear and helpful.”*

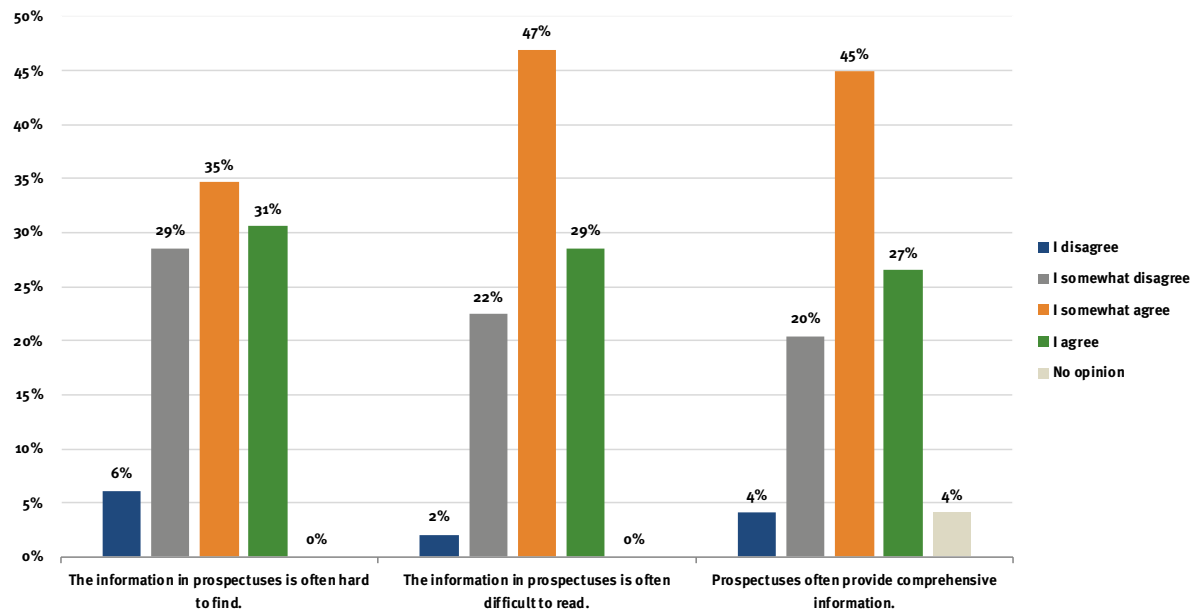
Main takeaways:

- 77% of respondents view prospectuses as somewhat suited or suited to their needs (the percentage remains almost exactly the same if we exclude those who prepare prospectuses).
- This result initially appears to be difficult to square with respondents’ comments. However, it would make sense if respondents construed suitability in terms of information ultimately located rather than in terms of user experience. This might not be unlikely among a population of users that over time has become familiar with prospectus structures and jargon and is thus able to extract information with relative efficiency yet still finds the experience frustrating and can easily imagine how it might be improved (and indeed the next question supports this theory).



10. How do the respondents see prospectus usability and comprehensiveness?

All respondents:



Main takeaways:

- Information searching seems to be a challenge for two-thirds of respondents.
- 72% of respondents are struggling a bit with readability of content (76% if we exclude those who prepare prospectuses).
- Prospectuses seem to offer comprehensive information for almost three-quarters of respondents.

For more on this topic, see chart on page 25.

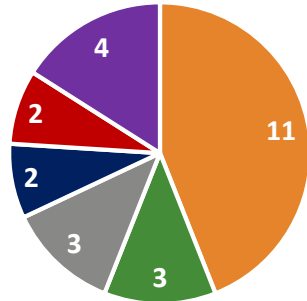


THE ASSET MANAGERS' VIEWPOINT

These results are based on an online survey aimed at the asset managers included in the prospectus sample.

1. The survey sample

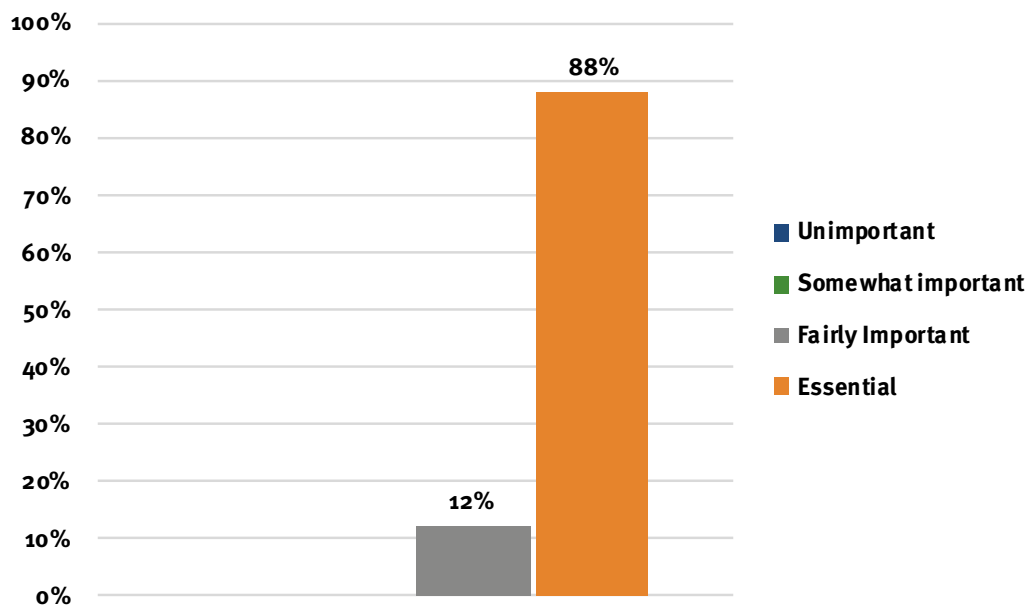
Number of respondents: 25 (out of 44 companies whose prospectuses were included in the assessment).



■ US ■ UK ■ Switzerland ■ France ■ The Netherlands ■ Other

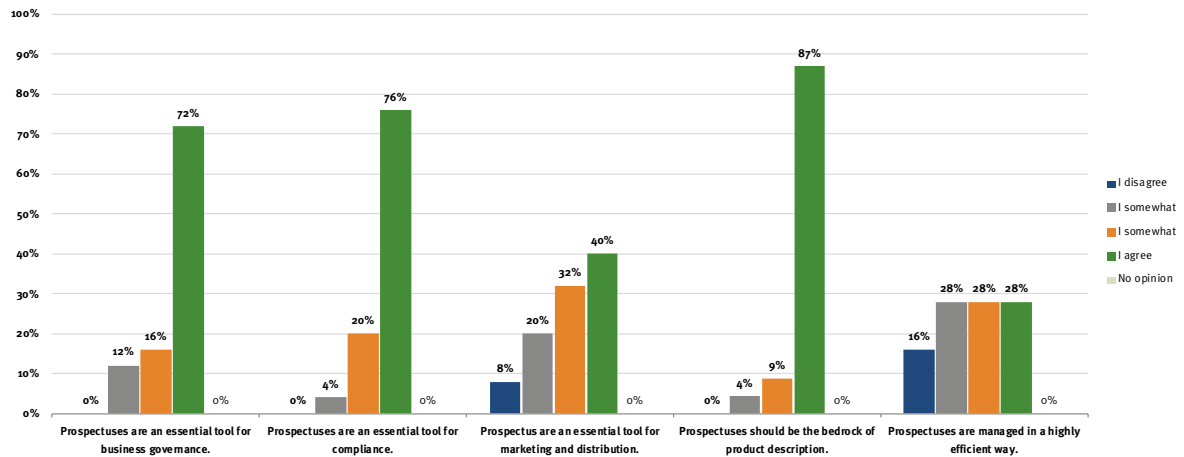
For the list of participating firms, see Appendix 2 on page 26.

2. Overall, how important are prospectuses for asset managers?





3. How do asset managers view specific functions of prospectuses?



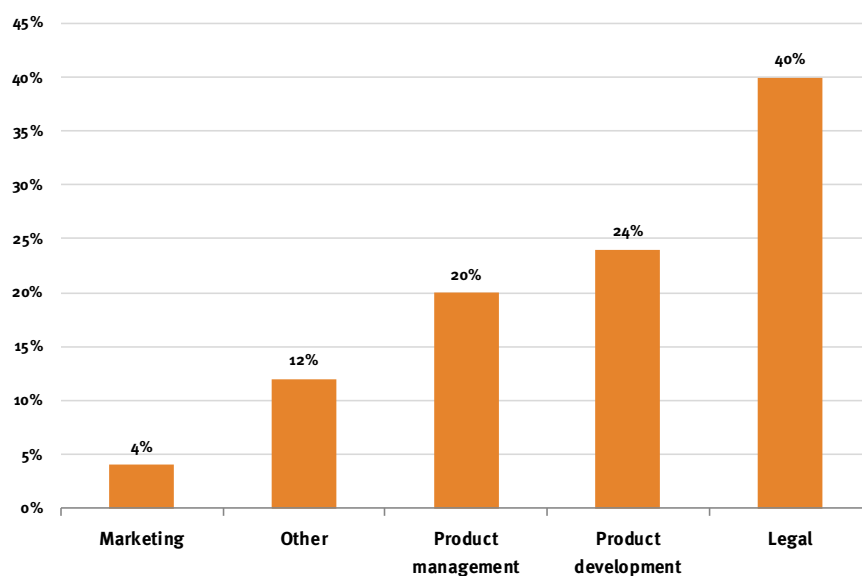
Comments from respondents:

- *“Principal reference document for investors and all of the company.”*
- *“Prospectuses determine to a large extent the lead time for launching/changing our products. Readability/acceptability by regulator as well transparency and simplification, flexibility and an efficient documentation management process are crucial to realize fastest lead times”.*
- *“The prospectus is the golden source for the operational structure of our regulated funds.”*
- *“We dedicate a lot of time and resource to make sure they are correct, but appreciate that few people – internal or external – look at them.”*

Main takeaways:

- Prospectuses are seen as essential by 88% of respondents, illustrating the strategic importance of these documents.
- Besides complying with regulations, the two main purposes of the prospectus are product description and business governance; all of these rank ahead of marketing/distribution.
- A majority of respondents agree or somewhat agree that prospectuses are managed in a highly efficient way, although overall the respondents were divided.

4. Who owns/manages the prospectuses?





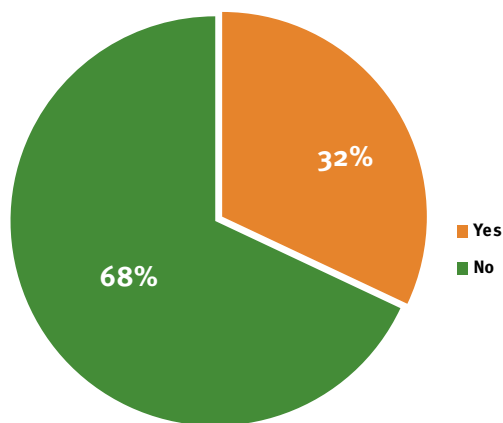
Breakdown of “Other” category (1 respondent for each):

- Jointly owned by Legal and Product Development (1 response)
- US funds prospectuses are owned by Legal, non-US by and Product Development/Management for non-US funds (1 respondent)
- Fund setup (1 response)

Main takeaways:

- Product (including Product Management and Product Development) and Legal are the two main owners, with scores of 44% and 40% respectively.
- Marketing manages the prospectuses in only one company.

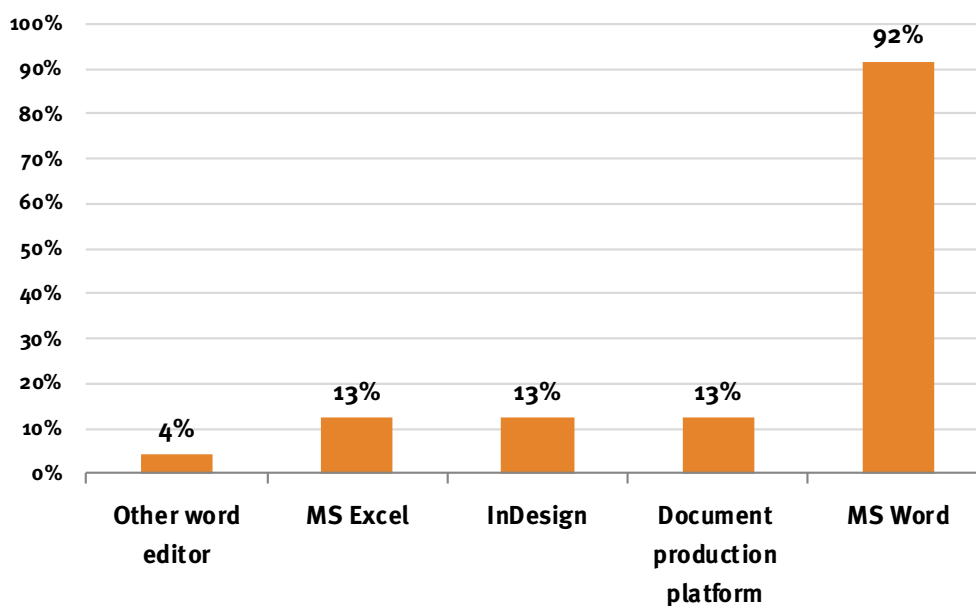
5. Do respondents outsource prospectus management to legal firms?



Main takeaways:

- By a wide majority, the firms that entrust prospectus ownership/management to Legal use outside counsel for that purpose (32% out of a total of 40% for Legal ownership).

6. Which tools to respondents use to maintain and publish their prospectuses?

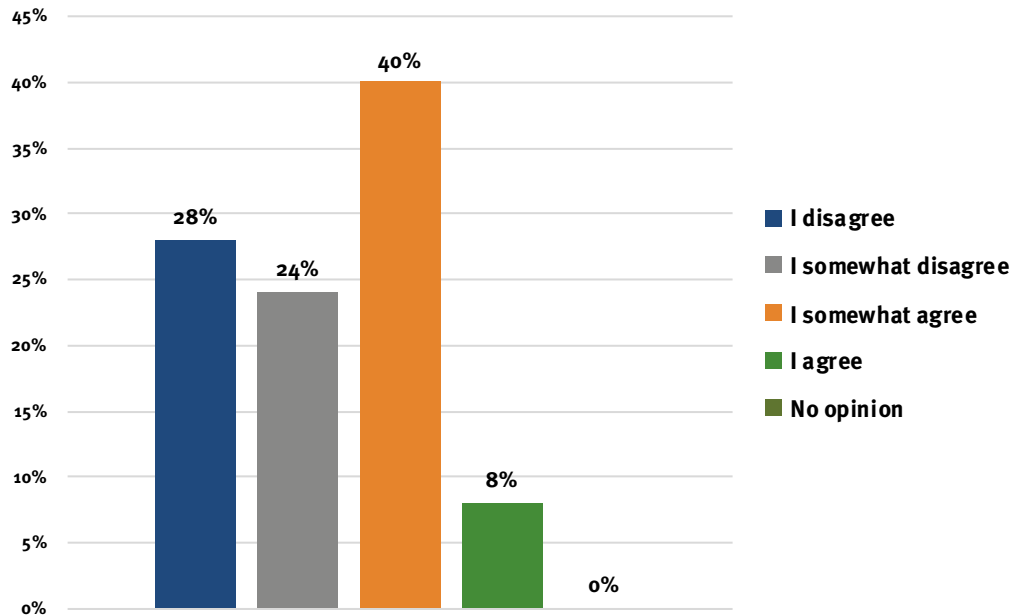




Main takeaways:

- Despite its limitations and instability, MS Word is still the primary tool for maintaining prospectuses.
- 3 companies have adopted an automated publishing tool.

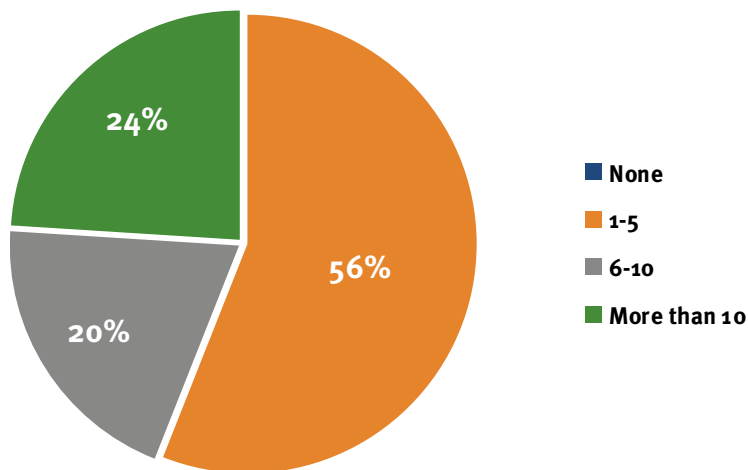
7. Do respondents see prospectuses as having high costs yet delivering low value?



Main takeaways:

- There is an even split between respondents who think that prospectuses entail high costs with no or few benefits and those who don't, although most only somewhat agree with this proposition.

8. How many languages do respondents translate their prospectuses into?



Main takeaways:

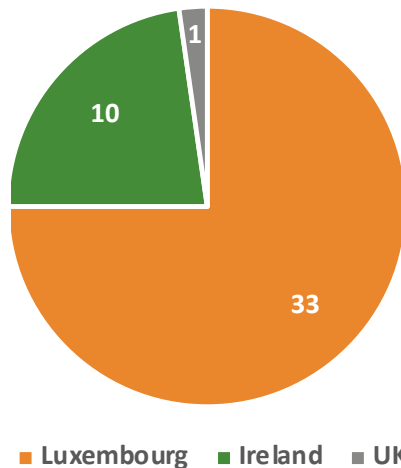
- Although translation of prospectuses is no longer required, all respondents translate their flagship prospectus.
- 44% of respondents translate it into more than 6 languages.



ASSESSMENT SAMPLE AND METHODOLOGY

The Assessment Sample

The sample includes one prospectus from each of the top 44 cross-border fund groups, as listed in the Global Fund Distribution poster issued by PricewaterhouseCoopers in March 2019. For each of these groups, we have selected the flagship UCITS of the actively managed fund range.



For more on the sample, see appendix 3 on page 27.

Methodology for Quantitative Measurements

Together with our expert committee, we have compiled a list of quantitative criteria such as page and word count, average word count for fund-specific information, and risk section word count. The aim was to measure and compare volumes of information across these UCITS. With Irish UCITS, we have only considered the relevant supplement and the main prospectus document.

Methodology for Qualitative Assessment

For each of the two types of assessment described below, the expert committee discussed how score attribution and weightings should be structured and provided specific rules for both factors.

The readability assessment We assembled a team of six independent industry professionals, all but one of whom work or consult with UCITS prospectuses in their job functions (see evaluator team composition on page 4). Note that the study did not assess the readability of prospectuses for end investors.

We then selected a particular type of strategy — emerging bond markets — that was present in all selected UCITS and selected one such fund in each prospectus to assess.

The brief for evaluators consisted of reading the investment policy of each selected fund and answering a series of comprehension questions on the fund, including the risk profile, as well as a series of questions about the readability of each investment policy.

For more on readability criteria, see page 28.

The general functionality assessment The scoring is based on seven criteria and weightings that were chosen by the study committee for their relevance for people who manage or consult this type of document.

For more on general functionality criteria, see page 28.

Score consolidation Both readability and general functionality scores were converted to percentages. The consolidated score for each prospectus was obtained by averaging the readability and general functionality assessment percentages.



QUANTITATIVE RESULTS

Quantitative Criteria	Average	Lowest	Highest
Number of funds ¹	72	23	169
Prospectus page count ¹	251	76	668
Prospectus word count ¹	144,929	47,247	420,041
Average word count per fund ²	2,455	562	7,110
General section ³ vs. prospectus word count ratio	51%	17%	88%
Average word count per fund module ⁴	1,331	165	5,786
Risk section word count	14,225	3,585	53,212

¹ Does not include 5 UCITS that had 20 sub-funds or less as we considered that they were not comparable in size with other flagship UCITS prospectuses and 10 Irish UCITS that have prospectuses with supplements for each sub-fund.

² Prospectus word count divided by the number of funds.

³ General section = all document content except fund descriptions.

⁴ Prospectus word count excluding the general section divided by number of funds.

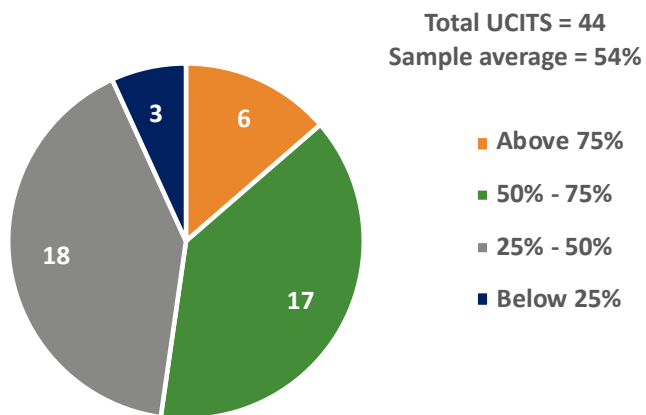
Main takeaways:

- There are marked differences between lowest and highest figures for the average word count per fund (almost 1300%), the average word count per fund module (3500%) and risk section word count (almost 1500%).
- The differences are largely explained by a combination of factors: different degrees of informational detail, different degrees of language repetition across fund descriptions, the use of legalistic language, and sub-optimal content organisation.

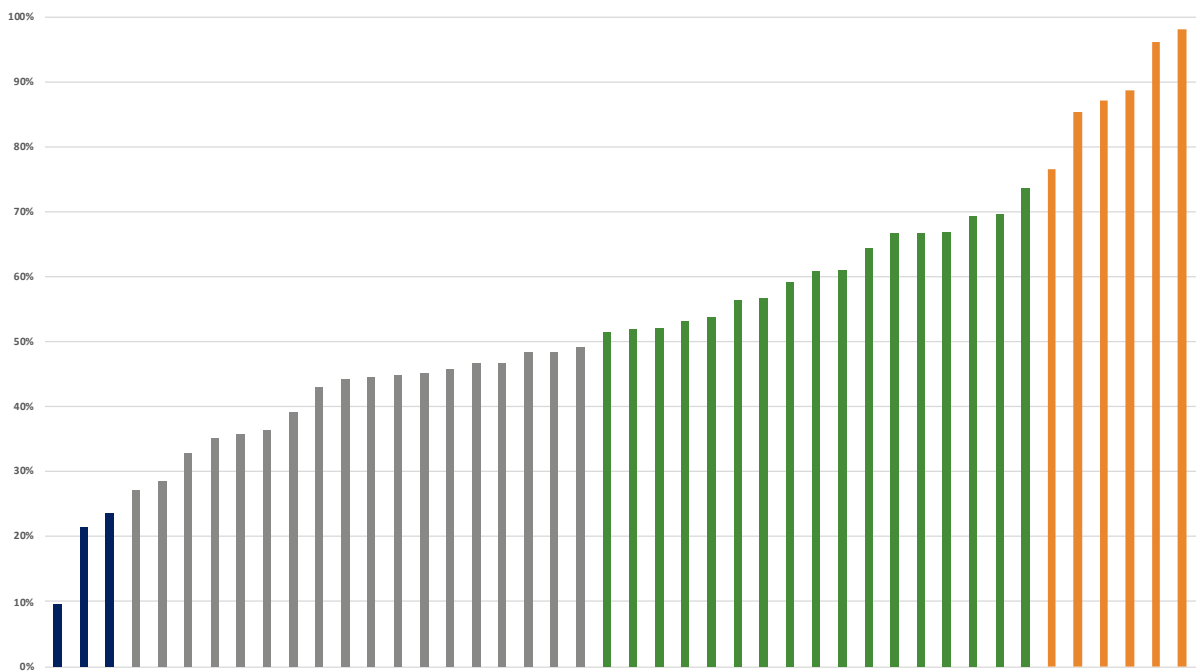


READABILITY AND FUNCTIONALITY RESULTS

Global Scores



Global Score Distribution





Top 10 Global Scores

	Fund Names	Individual Scores
1	Nordea 1, SICAV	98.0%
2	T.Rowe Price Funds SICAV	96.1%
3	M&G (Lux) Investment Funds 1 SICAV	88.7%
4	JPMorgan Funds SICAV	87.1%
5	Amundi Funds SICAV	85.2%
6	Schroder International Selection Fund SICAV	76.6%
7	AXA World Funds SICAV	73.7%
8	Robeco Capital Growth Funds SICAV	69.7%
9	Invesco Funds SICAV	69.3%
10	Pictet SICAV	67.0%
10	Aberdeen Standard SICAV I	67.0%
10	The Jupiter Global Fund SICAV	67.0%

Main takeaways:

- Respondents indicated a significant range between top and bottom scores (10% to 98%).
- Luxembourg prospectuses fill the top 10 positions. However, they also occupy 7 of the bottom 10 positions.
- The highest-ranked Irish fund prospectus is 19th from top (score: 54%).

Readability Criteria Results

Readability Criteria	Sample average scores
How clear is the objective?	79%
How clear is the investment policy?	59%
How easy was it to identify the fund's main risks?	55%
Overall, how easy was it to find the information?	56%
Overall, how easy was it to understand the information?	62%
The prospectus gives an impression of a well-organised and trustworthy company.	64%
The company seems to care that its clients have a good understanding of its products.	56%
The prospectus provides enough information to consider investing or making a recommendation.	53%

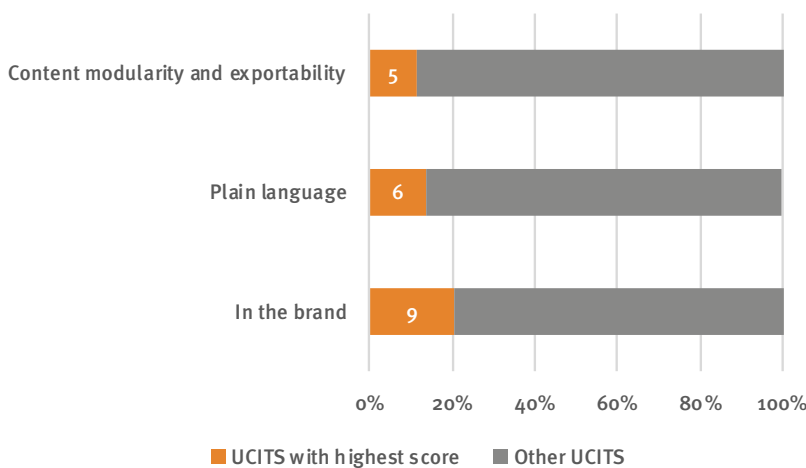


Main takeaways:

- Investment policies and the identification of main risks are the two areas that have created the main challenge to evaluators.
- The criterion for information searching is 56%. There are two caveats to this score:
 - evaluators were only asked to find the correct fund that is something that is relatively easy to find in such documents
 - some evaluators reported that over the course of the assessment exercise they learnt how to navigate faster
- Nearly half of prospectuses are failing to project an image of customer care/being customer-centric.
- Evaluators consider only half of prospectuses to provide enough information for an investment recommendation.

General Functionality Criteria Results

General Functionality Criteria		Sample average scores
Indexed fund list	The document includes a list of available funds with page numbers	64%
Clickable table of contents	The table of contents is clickable to access document sections	50%
Page number accuracy	The stated page numbers match the numbers shown in the PDF navigation	59%
Fund-specific information pages	The information that provides a picture of each fund is grouped together (also referred as fund modules)	89%
Content modularity and exportability	The fund-specific information can be exported to other communications with minimum or no adaptation	31%
Plain language	The narratives demonstrate an attempt to depart from legalistic syntax and to adopt plain language practices	26%



Main takeaways:

- Most prospectuses group specific product information by sub-fund.
- Nearly 90% of prospectuses are not ready to serve as a “golden source”, either for content organisation or for language.
- Only 20% of prospectuses use a professional layout in the company brand.



10 KEY TAKEAWAYS

Key study insights and business takeaways	
1	Prospectuses represent an essential reference tool for a wide and diverse audience, both internally in asset management businesses and externally, with the most sought-after information relating to product features, share classes and fees.
2	We understood from our conversations with regulators that prospectuses should not only be compliant in terms of the required information but should also be written in plain language and accessible to retail investors with less financial expertise.
3	Prospectuses remain sub-optimal as tools , with even seasoned professionals often finding them difficult to navigate and difficult to understand once the information has been located.
4	Less user-friendly prospectuses represent an ongoing inefficiency both as to time and costs , slowing internal usage and maintenance and generating additional calls to asset managers.
5	Half of surveyed asset managers do not believe their current prospectuses are adding business value.
6	There is a wide range document approaches (such as structure, level of detail, language, visual presentation) as well as a large degree of difference in the user friendliness of these documents.
7	Most prospectuses studied are not able to serve as a golden source for product description and disclosure, even though this function is considered one of the most important goals by asset managers.
8	Prospectuses are viewed by many as essential for marketing and distribution. The quality of the documentation is important for authorisation and may impact significantly the time-to-market.
9	Most prospectuses remain essentially unbranded, low-production-value documents maintained in Microsoft Word, a product not designed to support branding or full control of layout features.
10	Document ownership is evenly split between Legal and Product.



CONCLUSION

As a first attempt to understand the role of prospectuses in the asset management industry, this study has revealed a number of potentially useful — and sometimes unexpected — insights.

One surprise is that the prospectus does not truly deserve its long-established reputation of a document nobody really cares about. Through the study interviews and surveys, industry professionals were keen to provide their input. A majority of the participating asset managers have provided information on how they perceive and manage these documents within their organisation. Regulators for cross-border funds showed genuine interest in the study.

The study has also challenged the myth that no one really uses prospectuses. In fact, prospectuses are used by many people, internally and externally across the industry. These documents could be used more widely if their quality as tools could be improved.

Only a few of the prospectuses evaluated emerged as truly effective documents with an intuitive content organisation and accessible language. Asset managers themselves acknowledge that their documents are not as good as they wish they were. Several of those included in the study have already taken, or intend to take, measures to address this issue.

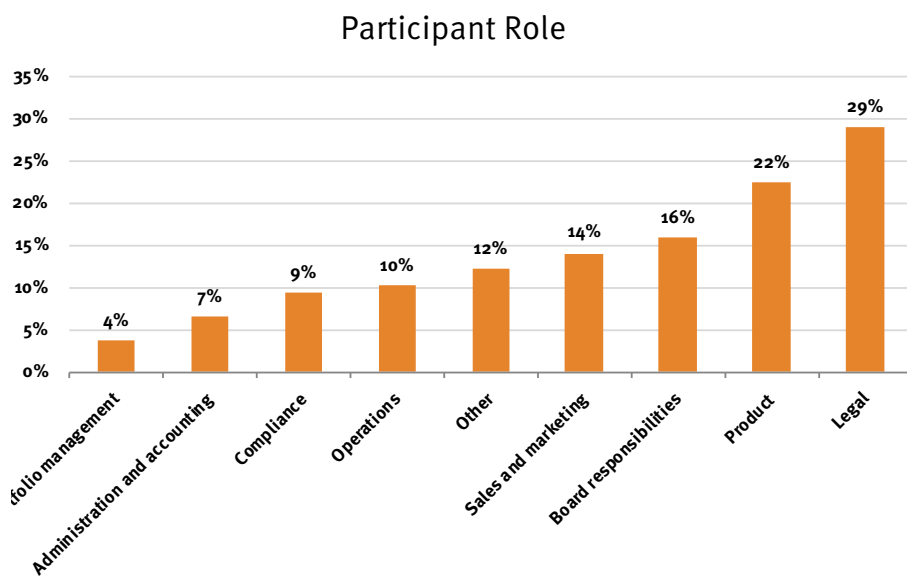
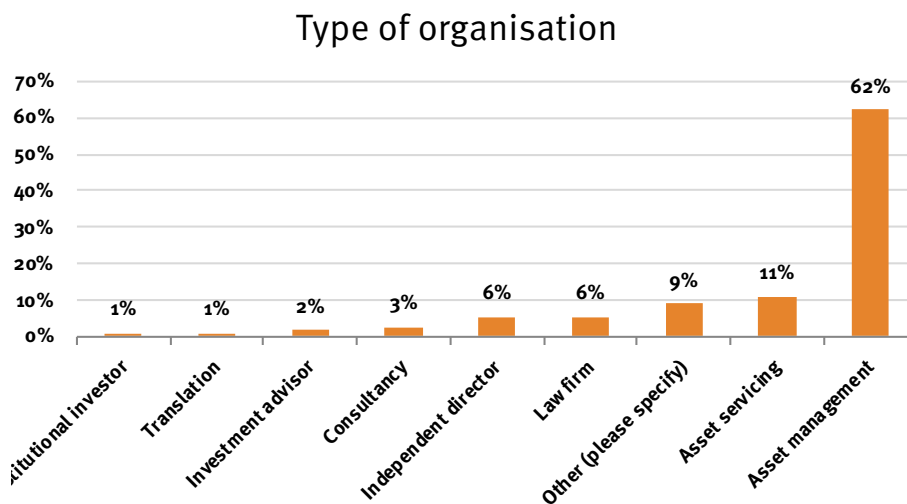
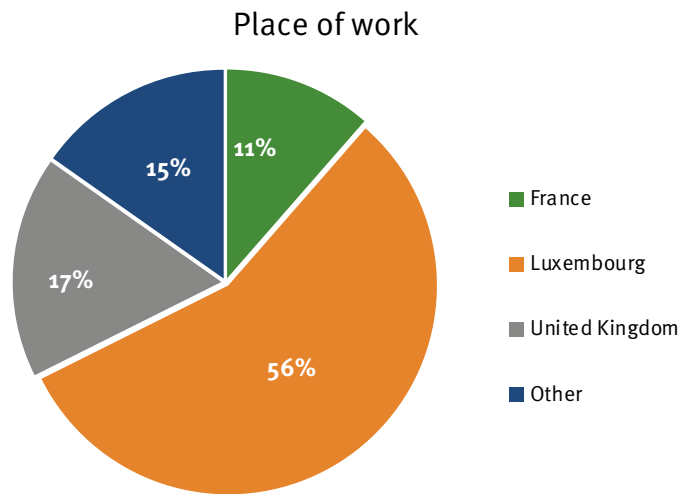
Finally, it is probably true to say that, as of today, the prospectus and the compliance disclosure ecosystem in general do not represent a business priority for most asset managers. We believe that this situation can and will improve, with asset managers searching for new ways to differentiate themselves and show value to investors while also trying to cope with increasingly complex information requirements.

For more information, please contact Bernard Lambeau at bernard@morecarrot.eu or +352 661 797 533.



APPENDIX 1 – GENERAL USER SURVEY

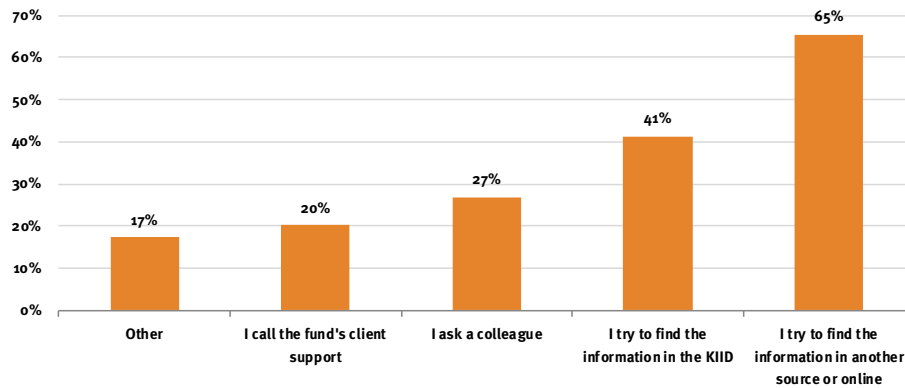
Sample characteristics



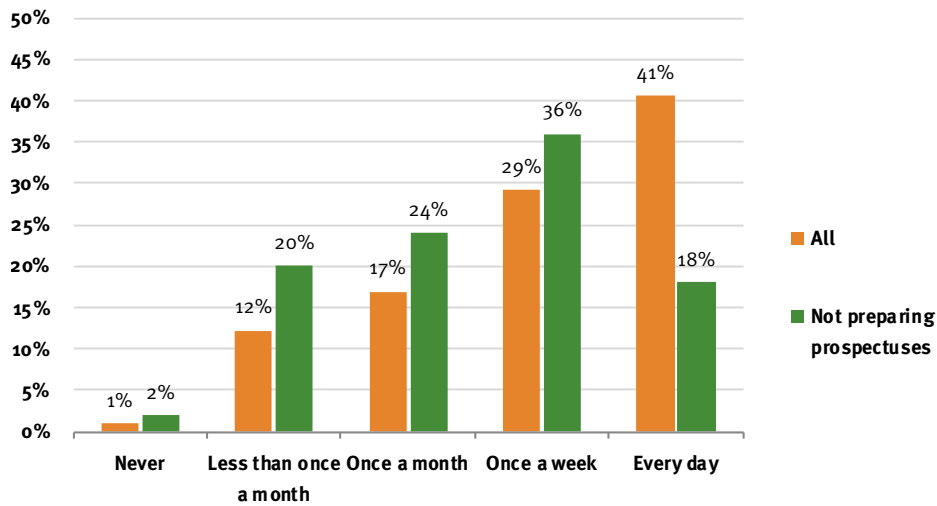


Additional information on survey questions

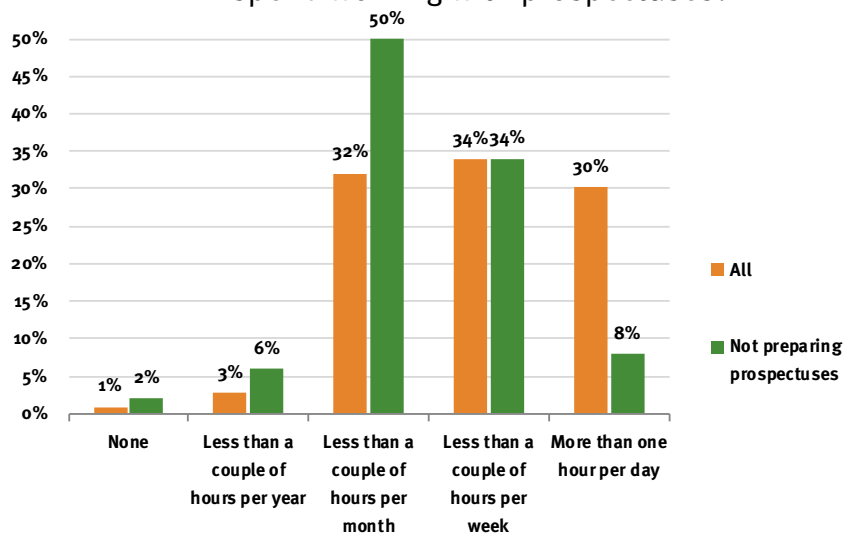
If you can't find information in the prospectus or you don't understand it, what do you usually do?



How often do you use or work with a prospectus?

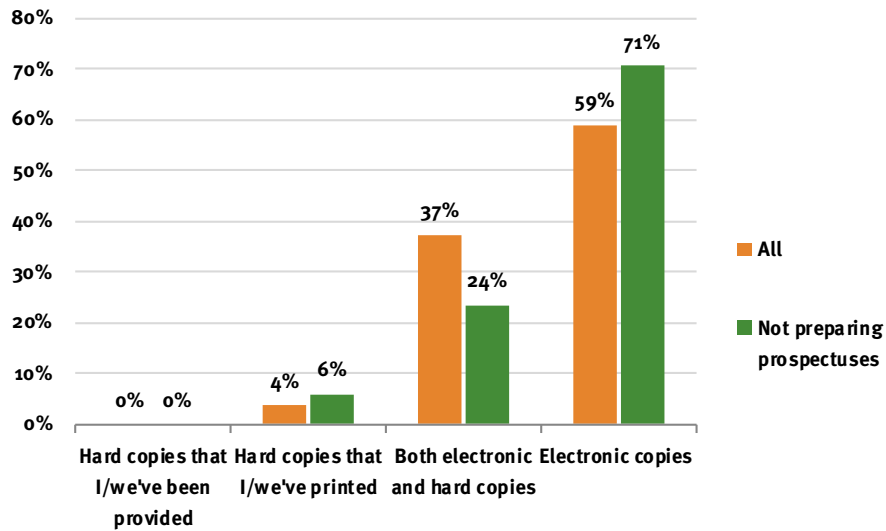


Could you estimate on average the time that you spend working with prospectuses?

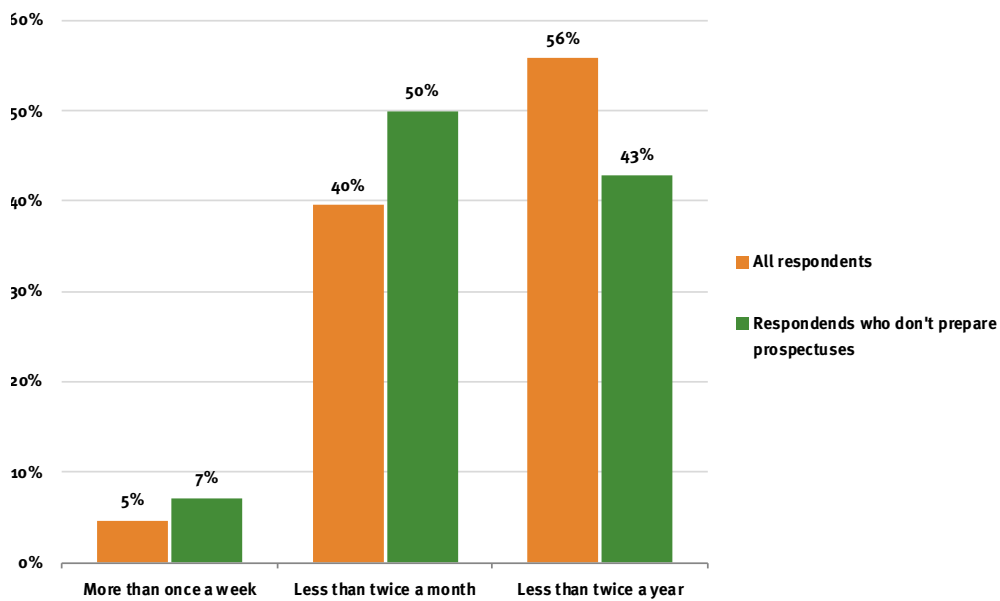




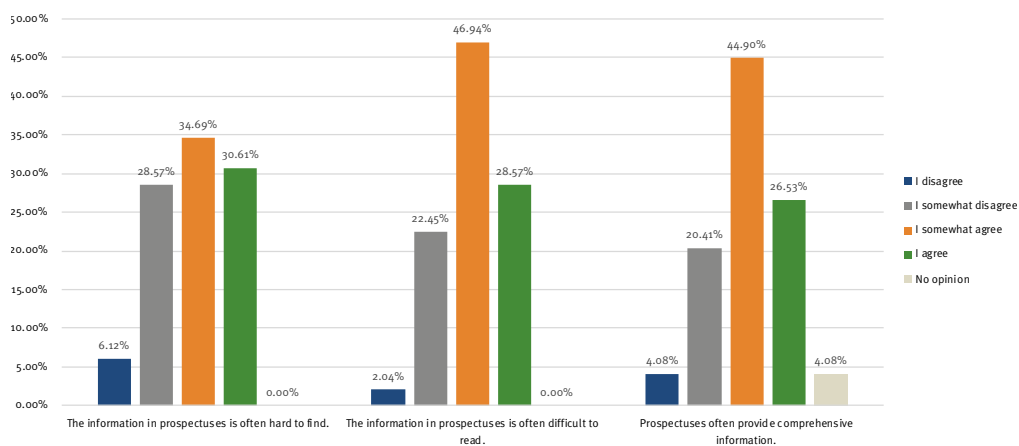
What do you typically use when you use or work with a prospectus?



How often do you print a prospectus?



Do you agree with the following statements? (Respondents who don't prepare prospectuses)



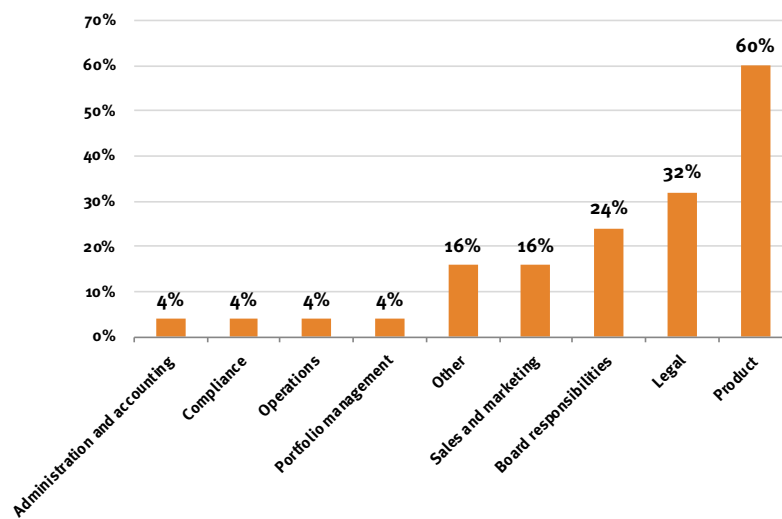


APPENDIX 2 — ASSET MANAGER SURVEY

Participating firms

AllianceBernstein	Credit Suisse AM	NN Investment Partners
Allianz Global Investors	Franklin Templeton	Nomura AM UK
Amundi Asset Management	Goldman Sachs AM	Nordea Investment Funds
AXA Investment Managers	HSBC AM	Pictet Asset Management
BlueBay Funds Management Company	Investec Asset Management	Robeco
BNY Mellon	Janus Henderson Investors	Schroders
Capital Group	J.P. Morgan AM	T. Rowe Price
Columbia Threadneedle	Legg Mason Global AM	Union Bancaire Privée
	Morgan Stanley	

Role of respondents





APPENDIX 3 — METHODOLOGY

UCITS names

AB SICAV I SICAV	Invesco Funds SICAV	Pictet SICAV
Aberdeen Standard SICAV I	Investec Global Strategy Fund	PIMCO Funds: Global Investors Series plc
Allianz Global Investors Fund	Janus Henderson Horizon Fund	PineBridge Global Funds
Amundi Funds SICAV	JPMorgan Funds SICAV	Robeco Capital Growth Funds SICAV
AXA World Funds SICAV	Legal & General SICAV	Russell Investments Company plc
Blackrock Global Funds	Legg Mason Global Funds plc	Schroder International Selection Fund SICAV
BlueBay Funds	M&G (Lux) Investment Funds 1 SICAV	State Street Global Advisors Luxembourg SICAV
BNY Mellon Global Funds plc	Merian Global Investors Series plc	T.Rowe Price Funds SICAV
Capital International Portfolios*	MFS Meridian Funds SICAV	The Jupiter Global Fund SICAV
CS Investment Funds 3	Morgan Stanley Investment Funds SICAV	Threadneedle Investment Funds ICVC
DWS Invest SICAV	Neuberger Berman Investment Funds plc	UBAM SICAV
Fidelity Funds	NN (L) SICAV	UBS (Lux) Bond SICAV
Franklin Templeton Investment Funds	Nomura Funds Ireland plc	Vontobel Fund SICAV
GAM Star Fund plc	Nordea 1, SICAV	
Goldman Sachs Funds SICAV	Parvest**	
HSBC Global Investment Funds		

* This UCITS was erroneously selected instead of the company's flagship SICAV. Unfortunately, this was only noticed late in the process. However, this prospectus has the same general features as the flagship prospectus.

** Renamed BNP Paribas Funds in August of this year.



Evaluation criteria

Readability criteria		Point range	Weighting	Maximum score
How clear is the objective?		0 to 3	3	9
How clear is the investment policy?		0 to 3	6	18
How easy was it to identify the fund's main risks?		0 to 3	5	15
Overall, how easy was it to find the information?		0 to 3	4	12
Overall, how easy was it to understand the information?		0 to 3	4	12
The prospectus gives an impression of a well-organised and trustworthy company.		0 to 3	1	3
The company seems to care that its clients have a good understanding of its products.		0 to 3	1	3
The prospectus provides enough information to consider investing or making a recommendation.		0 to 3	1	3
How much time did you need to complete this fund evaluation? (less than 20 min. = 2 pt; between 20 to 30 min. = 1 pt; more than 30 min. = 0 pt)		0 to 2	4	8

Total

83 points

General functionality criteria		Point range	Weighting	Maximum score
Indexed fund list	The document includes a list of available funds with page numbers	0 or 1	2	2
Clickable table of contents	The table of contents is clickable to access document sections	0 or 1	2	2
Page number accuracy	The stated page numbers match the numbers shown in the PDF navigation	0 or 1	1	1
Fund-specific information pages	The information that provides a picture of each fund is grouped together (also referred as fund modules)	0 or 1	3	3
Content modularity and exportability	The fund-specific information can be exported to other communications with minimum or no adaptation	0 to 3	2	6
Plain language	The narratives demonstrate an attempt to depart from legalistic syntax and to adopt plain language practices	0 to 2	3	6
Branding	The layout is set in a professional way and properly conveys the brand	0 to 3	2	6

Total

26 points

UCITS prospectus study – Qualitative assessment

Please open the relevant prospectus and answer the questions below.

Objective

1. What is the objective of the fund? (Check all that apply)

- Absolute return (a positive return regardless of market conditions)
- Benchmark outperformance
- Income generation
- Investment (capital) growth
- Market outperformance
- Targeted return
- Other
- I don't see any information on this
- I see information on this but it's not clear to me what it means

2. How clear is the objective?

Unclear	Somewhat unclear	Somewhat clear	Clear
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

3. What does the fund mainly invest in? (Check all that apply, but ONLY as main investments.)

- Bonds denominated in a local currency
- Convertible bonds/securities
- Corporate bonds
- Derivatives
- Government bonds including those issued by public companies and supra-national organisations
- High quality (investment grade) bonds
- Low quality (below investment grade/high yield) bonds
- Other funds (UCITS/UCIs including ETFs)
- Unrated bonds
- I don't see any information on this
- I see information on this but it's not clear to me what it means

4. Could the fund invest more than 10% of its assets in the following? (Check all that apply)

- Asset- and mortgage-backed securities (ABS and MBS)
- China onshore markets
- Contingent convertible bonds (CoCos)
- Convertible securities
- Distressed bonds
- None of the above instruments
- I don't see any information on this
- I see information on this but it's not clear to me what it means

5. What can the fund use derivatives for? (Check all that apply)

- To reduce costs by using a cost-effective substitute for direct investment
- To reduce market or currency risk (hedging)
- To seek additional gain or increase exposure (beyond what is possible by direct investment)
- To short securities
- For efficient portfolio management (i.e. any of the above answers)
- I don't see any information on this
- I see information on this but it's not clear to me what it means

6. How is the fund managed? (Check all that apply)

- Actively, using a bottom up and/or top down approach
- Actively, using a quantitative process
- Hybrid active/passive, using a modified index tracking approach (such as an approach that automatically modifies certain exposures based on market conditions)
- Passively, using an index tracking approach
- Using an ESG approach
- I don't see any information on this
- I see information on this but it's not clear to me what it means

7. What is the fund's base currency?

- EUR
- GBP
- USD
- Other
- I don't see any information on this
- I see information on this but it's not clear to me what it means

8. How clear is the investment policy?

Unclear	Somewhat unclear	Somewhat clear	Clear
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

9. What are the main risks of the fund? (Check all that apply)

- Below investment grade bond / high yield securities
- Convertible securities, including contingent convertibles
- Counterparty
- Credit
- Currency
- Derivatives
- Emerging markets
- Interest rate
- Leverage
- Liquidity
- Market
- I don't see any information on this
- I see information on this but it's not clear to me what it means

10. How easy was it to identify the fund's main risks?

Difficult	Somewhat difficult	Somewhat easy	Easy
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Summary questions

11. Overall, how easy was it to find the information?

Difficult	Somewhat difficult	Somewhat easy	Easy
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

12. Overall, how easy was it to understand the information?

Difficult	Somewhat difficult	Somewhat easy	Easy
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

How much do you agree with the following statements?

13. The prospectus gives an impression of a well-organised and trustworthy company.

I disagree	I somewhat disagree	I somewhat agree	I agree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

14. The company seems to care that its clients have a good understanding of its products.

I disagree I somewhat disagree I somewhat agree I agree

15. The prospectus provides enough information to consider investing or making a recommendation.

I disagree I somewhat disagree I somewhat agree I agree

16. Approximately, how much time did you need to complete this fund page?

- Less than 20 minutes
- Between 20 and 30 minutes

17. Would you like to make any comment on this fund description?



About More Carrot

More Carrot combines communication expertise with legal, regulatory and marketing knowledge to re-engineer compliance and client documents to benefit all users, internal and external. Through this unique optimisation process, documents that have been traditionally perceived as a cost and a liability become true business assets that support asset managers' goals.

More Carrot also offers maintenance services to manage investment documentation with a high degree of accuracy and efficiency while reducing internal workloads.

More information available at morecarrot.com.

More Carrot (Europe)

Mail: BP 69, L-4801 Rodange, Luxembourg
Office: 2, rue de l'Industrie, Rodange, Luxembourg
+661 797 533

More Carrot LLC

358 Essex Street
Salem, MA 01970, USA
978-498-4028

