



PRIIPs

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THIS DOCUMENT IS CLASSIFIED

RESTRICTED

PRIIPS: What is about?

- ▶ PRIIPs is an initiative of the European Commission for all non-professional investors (private investors) in relation to:
 - Transparency on financial products
 - Standardised data and financial information communications
 - Comparability of products
- ▶ The aim of PRIIPS is to simplify the information around financial products in which individuals invest.
- ▶ This regulatory requirement is in line with the MIFID 2 Directive, which has already been imposed on banks and credit institutions.

Which financial products apply to PRIIPS?

- ▶ Not all, but many, including:
 - Structured bonds
 - UCITS
 - Life insurance contracts and capitalisation contracts

- ▶ Among those excluded are:
 - Non-life insurance products
 - Professional and individual retirement contracts.

PRIIP starts on 1st January 2018

- ▶ The European Commission published the final RTS on March 8th, that have been validated by the Parlement
- ▶ The RTS introduce the possibility for the insurers to choose the type of document that they can give for UCITS funds
 - ▶ The UCITS KIDs until 31st December 2019
 - ▶ The PRIIPS KIDs
- ▶ The RTS introduce the possibility for the insurers to provide for MOPs:
 - ▶ All PRIIPs KIDs and/or UCITS KIDs
 - ▶ A generic KIDs, without any descriptive information

PRIIPS: What is the PRIIPs Document

- ▶ This document, the PRIIPs KID (Key Information Document), must in three pages allow easy comparison between products.
- ▶ Its content should be "accurate, loyal, clear" and give simple answers to the questions that a private investor poses during an investment process:
 - What is the product ?
 - What are the risks and what is the return that I could expect?
 - How much will this investment cost me?
 - How long do I have to keep this investment and can I withdraw money prematurely?
 - How and to whom can I make a claim?

PRIIPS KID: what does it look like?

KEY INFORMATION DOCUMENT

PURPOSE
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.

PRODUCT
European Growth Equities
a sub-fund of Euro Fund
Class: Euro Fund - European Growth Equities P Capitalisation USD (ISIN: LU25624665)
XYZ Fund Manager
Contact details: @ www.xyz.lu/contact - J +352 11 22 33 - 1
XYZ Fund Manager is authorised in Luxembourg and regulated by the Commission de Surveillance du Secteur Financier (CSSF).

What is this product?
Type
This product is an investment fund.
Objective
This product invests in European stock markets, concentrating on France, Germany and United Kingdom. We mostly invest in older more established companies, but include for 30% of our portfolio younger companies with more potential for growth. The balance is designed to reduce the risk of investing only in younger companies. The return you get will depend on how the value of these companies goes up and down; if the value goes down you could lose capital. We make also a small proportion of other investments, including in corporate bonds.
Intended retail investor
This product is intended for investors who plan to stay invested for at least 5 years and are prepared to take on a medium-high level of risk of loss to their original capital in order to get a higher potential return. It is designed to form part of a portfolio of investments.

What are the risks and what could I get in return?
Risks

Lower risk	Higher risk
1	2
3	4
5	6
7	

The risk indicator assumes you keep the product for 5 years. The actual risk can vary significantly if you cash in at an early stage and you may get back less.
You may not be able to sell your product easily or you may have to sell at a price that significantly impacts on how much you get back.

The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you.
We have classified this product as 5 out of 7, which is a medium-high risk class.
This rates the potential losses from future performance at a medium-high level, and poor market conditions will likely impact the capacity of XYZ Fund Manager to pay you.

Risks
Be aware of currency risk. You will receive payments in a different currency, so the final return you will get depend on the exchange rate between the two currencies. This risk is not considered in the indicator shown above.
In some circumstances, you may be required to make further payments to pay for losses. **The total loss you may incur may significantly exceed the amount invested.**
Besides the risks included in the risk indicator, other risks may affect the fund performance. Please refer to the fund prospectus, available free of charge at www.xyz.lu/risks.
You are entitled to receive back at least 5.00% of your capital. Any amount over this, and any additional return, depends on future market performance and is uncertain.
Other limitations...
This product does not include any protection from future market performance so you could lose some or all of your investment.
If XYZ Fund Manager is not able to pay you what is owed, you could lose your entire investment.
However, you may benefit from a consumer protection scheme (see the section "what happens if we are unable to pay you"). The indicator shown above does not consider this protection.

INVESTMENT MANAGERS

1/3

KEY INFORMATION DOCUMENT

Euro Fund – European Growth Equities

Performance Scenarios

Investment \$ 10,000	1 year	3 years	5 years (Recommended Holding Period)
Unfavourable Scenario What you might get back after costs Average return each year	\$ 8,900.00 -9.00%	\$ 8,900.00 -5.00%	\$ 8,900.00 -1.00%
Moderate Scenario What you might get back after costs Average return each year	\$ 10,820.00 3.00%	\$ 11,570.00 3.00%	\$ 12,820.00 3.00%
Favourable Scenario What you might get back after costs Average return each year	\$ 12,482.00 10.00%	\$ 16,480.00 7.00%	\$ 17,420.00 5.00%

This table shows the money you could get back over the next 5 years, under different scenarios, assuming that you invest 10,000 USD.
The scenarios shown illustrate how your investment could perform. You can compare them with the scenarios of other products.
The scenarios presented are an estimate of future performance based on evidence from the past, and are not an exact indicator.

What you get will vary depending on how the market performs and how long you keep the investment/product.
The figures shown include all the costs of the product itself and includes the costs on your advisor or distributor.
The figures do not take into account your personal tax situation, which may also affect how much you get back.

What happens if XYZ Fund Manager is unable to pay out?
If we are not able to pay you out what we owe you, you are not covered by any national compensation scheme. To protect you, the assets are held with a separate company, a depositary. Should we default, the depositary would liquidate the investments and distribute the proceeds to the investors. In the worst case, however, you could lose your entire investment.

What are the costs?
Costs over time
The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, ongoing and incidental costs.
The amounts shown here are the cumulative costs of the product itself, for three different holding periods. They include potential early exit penalties. The figures assume you invest 10,000 USD. The figures are estimates and may change in the future.

Investment \$ 10,000	if you cash in after 1 year	if you cash in after 3 years	if you cash in after 5 years (Recommended Holding Period)
Total Costs	\$ 630.00	\$ 680.00	\$ 680.00
Impact on Return (RIY) per year	4.20%	3.60%	2.70%

The person selling you or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs, and show you the impact that all costs will have on your investment over time.

INVESTMENT MANAGERS

2/3

KEY INFORMATION DOCUMENT

Euro Fund – European Growth Equities

Composition of costs
The table shows how the impact each year of the different types of costs on the investment return you might get at the end of the recommended holding period and the meaning of the different cost categories.

This table shows the impact on return per year		
One-off costs	Entry costs	2.30%
	Exit costs	1.60%
Ongoing costs	Portfolio transaction costs	0.90%
	Other ongoing costs	2.50%
Incidental costs	Performance fees	30.00%

The impact of the costs you pay when entering your investment.
The impact of the costs of exiting your investment when it matures.
The impact of the costs of us buying and selling underlying investments for the product.
The impact of the costs that we take each year for managing your investments.
The impact of the performance fee. We take these from your investment if the product outperforms its benchmark. Export US by 20.0%.


How long should I hold it and can I take money out early?
Recommended holding period: 5 years
This product is designed for longer term investments; you should be prepared to stay invested for at least 5 years. However, you can redeem your investment without penalty at any time during this period, or hold the investment longer. Redemptions are possible on every working day; it will take 2 working days for you to be paid. The price for the day, reflecting the actual value of the fund, is set each day at noon, and published on our website www.xyz.lu/funds.

How can I complain?
If you have any complaints, you can contact our complaints hotline on +352 11 22 33 - 44 who will explain what to do.
You can also send your complaint to the fund's management company at 1, route Europe, L-1234 Luxembourg, Luxembourg or by e-mail to complaints@xyz.lu.
If you have a complaint about the person that advised you about this product, or who sold it to you, they will tell you where to complain.

Other relevant information
You can get further information about this product, including the prospectus, latest annual report, any subsequent half-yearly report and the latest price of shares from the fund's management company at 1, route Europe, L-1234 Luxembourg, Luxembourg and from www.xyz.lu/investment. They are available free of charge in English, French and German.
You can find an explanation of some of the terms used in this document at www.xyz.lu/glossary.
We also review and republish this Key Information Document at least each year. You can find the latest version on our website www.xyz.lu/KID.

INVESTMENT MANAGERS

3/3

 **INVESTMENT MANAGERS**

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PURPOSE

PRODUCT

Accurate as of: 24/08/2016

XYZ Fund Manager

XYZ Fund Manager is authorised in Luxembourg and regulated by the Commission de Surveillance du Secteur Financier (CSSF).

Type

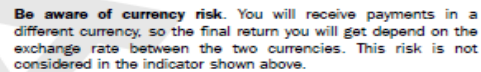
Objectives

these companies goes up and down; if the value goes down you could lose capital. We make also a small proportion of other investments, including in corporate bonds.

Intended retail investor

What are the risks and what could I get in return?

Risks



In some circumstances, you may be required to make further payments to pay for losses. The total loss you may incur may significantly exceed the amount invested.

Beside the risks included in the risk indicator, other risks may affect the fund performance. Please refer to the fund prospectus, available free of charge at www.xyz.lu/risks.

You are entitled to receive back at least 5.00% of your capital. Any amount over this, and any additional return, depends on future market performance and is uncertain.

Other limitations...

This product does not include any protection from future market performance so you could lose some or all of your investment.

If XYZ Fund Manager is not able to pay you what is owed, you could lose your entire investment.

However, you may benefit from a consumer protection scheme (see the section "what happens if we are unable to pay you"). The indicator shown above does not consider this protection.

- The management of the product must be described in a simple and comprehensive manner.
- A risk scale is used to determine the level of risk:
 - 1 for a money market fund,
 - 2 for a contract in euro,
 - ...
 - 4/5/6 for equity funds
- This page is similar to DICI / KIID
 - Caution: risk scales could differ!

KEY INFORMATION DOCUMENT				
Euro Fund – European Growth Equities				
Performance Scenarios				
Investment \$ 10,000				
Scenarios		1 year	3 years	5 years (Recommended Holding Period)
Unfavourable Scenario	What you might get back after costs Average return each year	\$ 8,900.00 -9.00%	\$ 9,500.00 -5.00%	\$ 9,900.00 -1.00%
Moderate Scenario	What you might get back after costs Average return each year	\$ 10,520.00 3.00%	\$ 11,570.00 3.00%	\$ 12,520.00 3.00%
Favourable Scenario	What you might get back after costs Average return each year	\$ 12,482.00 10.00%	\$ 14,680.00 7.00%	\$ 17,520.00 5.00%

This table shows the money you could get back over the next 5 years, under different scenarios, assuming that you invest 10,000 USD.

The scenarios shown illustrate how your investment could perform. You can compare them with the scenarios of other products.

The scenarios presented are an estimate of future performance based on evidence from the past, and are not an exact indicator.

What you get will vary depending on how the market performs and how long you keep the investment/product.

The figures shown include all the costs of the product itself and includes the costs of your advisor or distributor.

The figures do not take into account your personal tax situation, which may also affect how much you get back.

What happens if XYZ Fund Manager is unable to pay out?

If we are not able to pay you out what we owe you, you are not covered by any national compensation scheme. To protect you, the assets are held with a separate company, a depository. Should we default, the depository would liquidate the investments and distribute the proceeds to the investors. In the worst case, however, you could lose your entire investment.

What are the costs?

Costs over time

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, ongoing and incidental costs.

The amounts shown here are the cumulative costs of the product itself, for three different holding periods. They include potential early exit penalties. The figures assume you invest 10,000 USD. The figures are estimates and may change in the future.

Investment \$ 10,000		if you cash in after 1 year	if you cash in after 3 years	if you cash in after 5 years (Recommended Holding Period)
Total Costs		\$ 530.00	\$ 680.00	\$ 880.00
Impact on Return (RIY) per year		4.20%	3.60%	2.70%

The person selling you or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs, and show you the impact that all costs will have on your investment over time.

- Simulations of future performance are estimated:
 - over several periods
 - according to 3 or 4 scenarios
- The total fees are estimated:
 - over several periods
 - in Euro currency
 - in percentage impact on performance.
- Caution: the KIID communicates only past performance and fees in percentage!

KEY INFORMATION DOCUMENT

Euro Fund – European Growth Equities

Composition of costs

The table shows how the impact each year of the different types of costs on the investment return you might get at the end of the recommended holding period and the meaning of the different cost categories.

This table shows the impact on return per year			
One-off costs	Entry costs	2.30%	The Impact of the costs you pay when entering your Investment.
	Exit costs	1.60%	The Impact of the costs of exiting your investment when it matures.
Ongoing costs	Portfolio transaction costs	0.90%	The Impact of the costs of us buying and selling underlying Investments for the product.
	Other ongoing costs	2.30%	The Impact of the costs that we take each year for managing your Investments.
Incidental costs	Performance fees	20.00%	The Impact of the performance fee. We take these from your Investment if the product outperforms its benchmark Export US by 20.0%.

How long should I hold it and can I take money out early?

Recommended holding period: 5 years

This product is designed for longer term investments; you should be prepared to stay invested for at least 5 years. However, you can redeem your investment without penalty at any time during this period, or hold the investment longer. Redemptions are possible on every working day; it will take 2 working days for you to be paid. The price for the day, reflecting the actual value of the fund, is set each day at noon, and published on our website www.xyz.lu/funds.

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You can find an explanation of some of the terms used in this document at www.xyz.lu/glossary.

We also review and republish this Key Information Document at least each year. You can find the latest version on our website www.xyz.lu/KID.

- All fees charged are detailed in percentage
 - Costs of entry
 - Exit costs
 - Transaction fees
 - Management fees
 - Outperformance fees
- The document contains additional information to the DICI
 - Recommended investment horizon
 - Requirements and consequences of an early repayment
 - Consequences of the product designer failure
 - Terms of complaint

Distribution of PRIIPS documents

- The IFA must obtain from its suppliers (insurance etc.) the KIDs (Key Information Document) of PRIIPs products/funds in order to show to individual clients.
- The IFA must then communicate this list to clients on demand and in a paper format, by email, on an internet platform, or in durable format (CD, USB).
- The signature may be manual or electronic.
- PRIIP documents will be reviewed at least once a year, and whenever an event occurs in the products!

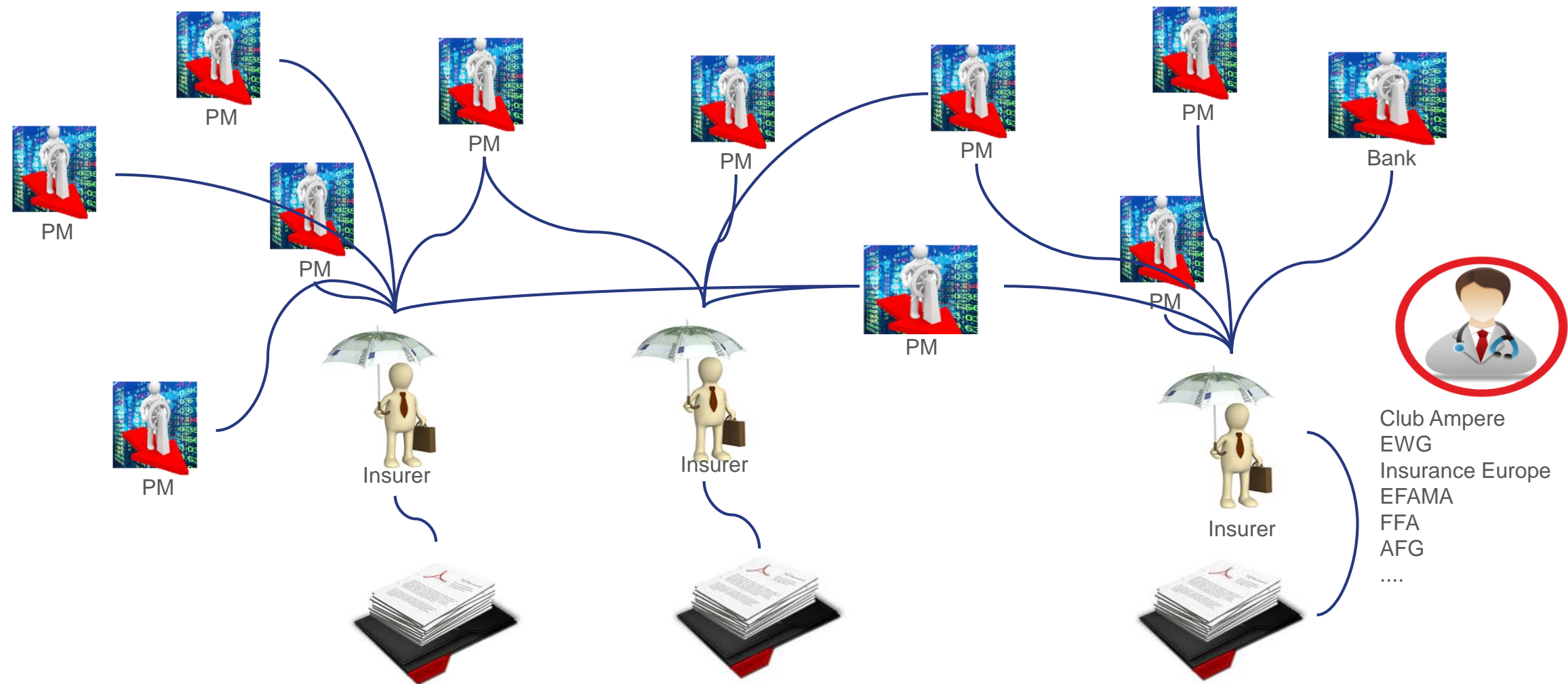
The Impact on the value chain

- Huge amount of work for insurers and asset managers:
 - production data by asset managers
 - collection of product/fund data from asset managers
 - Data aggregation and verification
 - The distribution of this data to the IFA and then to the end clients
- Greater responsibility in advice of:
 - asset managers
 - insurers
 - IFAs

Towards a European Standard to exchange the information

- Asset managers
 - must provide for each fund the EPT (European PRIIPS Template): this file contains for a fund all useful data to enable the insurer to make a PRIIPs KID
 - For lack of EPT, some funds will not be marketable
- Insurers
 - open architecture induces a huge amount of PRIIPS work: interaction with hundreds of asset managers
 - cost transparency with competing insurance products: insurers will tend to push more of their internal funds to be more competitive and to maintain margins
- IFAs
 - a great pedagogical implication, especially in relation to risks and the "transparency" of costs
 - a need to adapt to the new situation

The organisation of the exchange of information between banks, asset managers and insurers for PRIIPS is at stake



The EWG gathers most asset managers, banks and insurers...

Europe

Club AMPERE / European Working Group

Associations: EFAMA, AFG, BVI, Assogestioni, Insurance Europe, VOIG, The Investment Association, Association of British Insurers...

Asset Managers and financials: Nordea, State Street, Blackrock, Pioneer, Goldman Sachs, AXA IM, Jupiter AM, Schroders, BNPParibas IP, EdRAM, Banco Sabadel,, Vangard, HSBC, JP Morgan, La Banque Postale AM, Fidelity, Allianz GI, ABN Amro Union Investment Luxembourg, AXA IM, AMUNDI, Covea Finance, Aviva Investors france, BNPParibas IP, Candriam, Carmignac Risk manager, OFI AM, SwissLife AM, DNCA Finance, NAM, Lyxor, EdRAM....

Insurers: AXA, Covea, SOGAP, ACM, Generali France, AVIVA France, AG2R La Mondiale, Generali France et Europe, AXA Europe, Lombard International, Credem Vita, Standardlife, Swisslife, AG2R La mondiale, AVIVA Europe, Prudential, IrishLife, Aegon, Intesa San Paolo Vita, MetLife, La Mondiale Luxembourg,

150 participants

12 Countries

... to standardise exchanges between actors ...

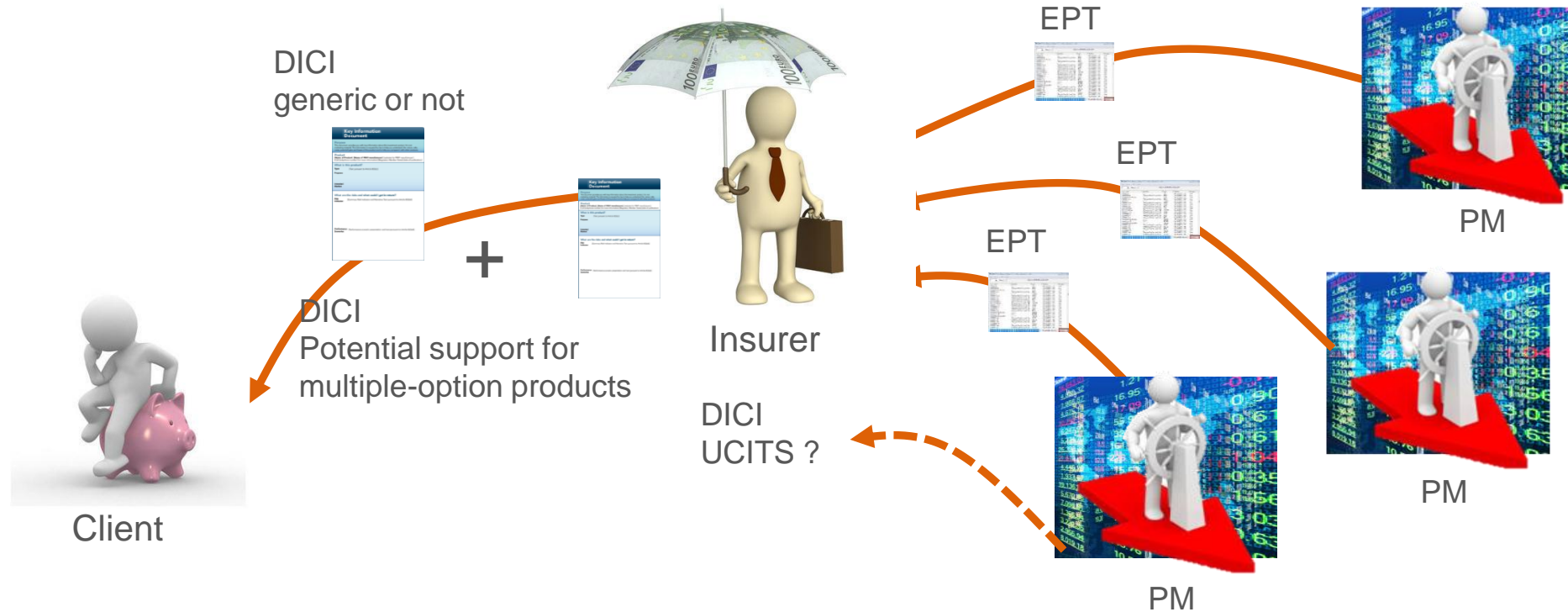
- ▶ by capitalising on the work already done on Solvency 2: "data model" common with the "TPT"
- ▶ by seeking simplicity: only the necessary and sufficient information, avoiding any risk of "over normalisation"
- ▶ considering a generic process for producing the document
- ▶ **free of intellectual property rights**
- ▶ **applicable on a European scale**

- ▶ An **information exchange platform, the European PRIIPS Template** which players can use to:

- **define their business model** or offer
- clarify the **division of responsibilities**
- identify the difficulties of **practical implementation**
- fully benefit from the "standardisation" effect or request additional information



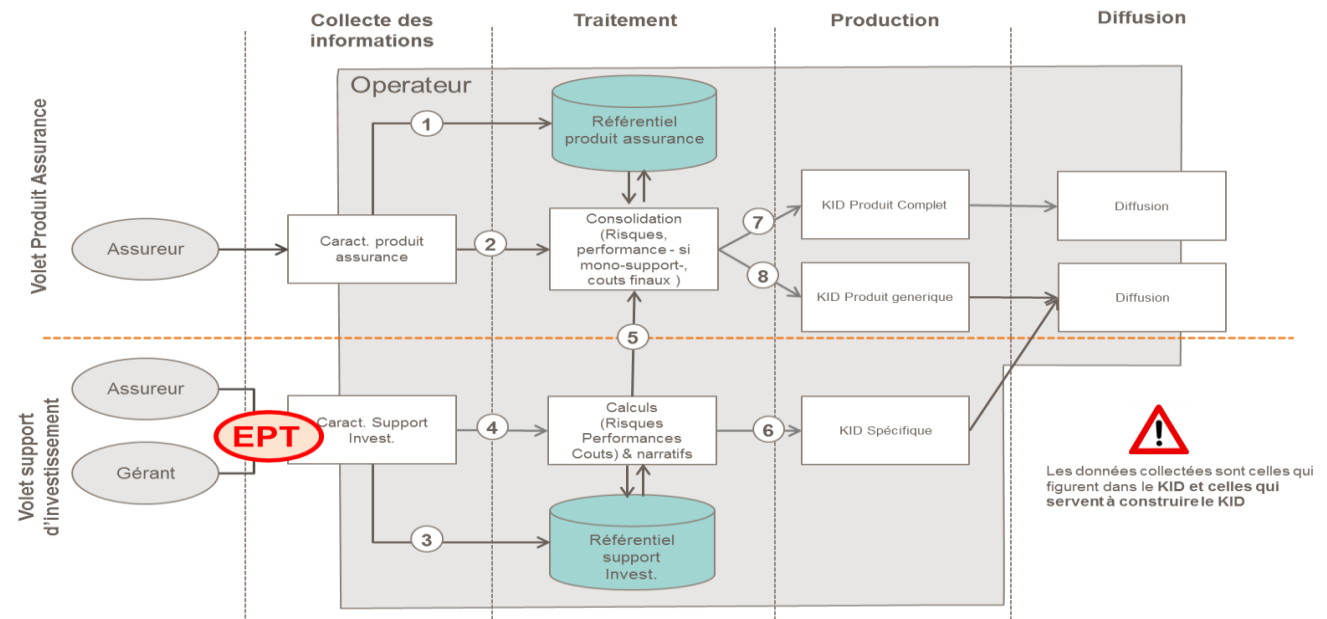
...and to order the exchange of information



1. The asset manager sends specific information to all its investment support in a file
2. The insurer (or its service provider) gathers the information: one file by asset manager
3. The insurer (or its service provider) produces the final pieces of information incorporating the features of the insurance product and the impacts of its business relationship with distributors, asset managers
4. The insurer (or its service provider) integrates the information delivery in its distribution process

Operational models still to be finalised

- ▶ How to model certain investment vehicles and what are the consequences on the treatments?
- ▶ One or more providers for:
 - The modelling of investment supports?
 - The information gathering?
 - Information consolidation by insurance product?
 - Document editing and production?
 - Documents distribution?
- ▶ What is the division of responsibilities between the provider(s), asset managers, distributors, insurers?
- ▶ How to ensure that sensitive information is not changed during processing?



The EPT is endorsed by EFAMA and Insurance Europe

This template does not represent any obligation of any kind regarding its usage.

It is free of use, intellectual property and copyright.

It has been designed by the European Working Group which includes members of Insurance Europe and EFAMA.

It has been endorsed by EFAMA and Insurance Europe.

This document is a functional description of the minimum set of data to be exchanged from asset managers and banks to insurers to help them fulfil their PRIIPs regulatory obligations.

This template could be exchanged in txt, csv, xml formats, such as Fundxml

Please note that the narratives section should contain a single language and separate files should be produced where additional languages are being provided.

The naming convention may requires an ISO code suffix (example 20170531_EquityFundXXX_FR)



EPT by the EWG: the European standard for PRIIPS