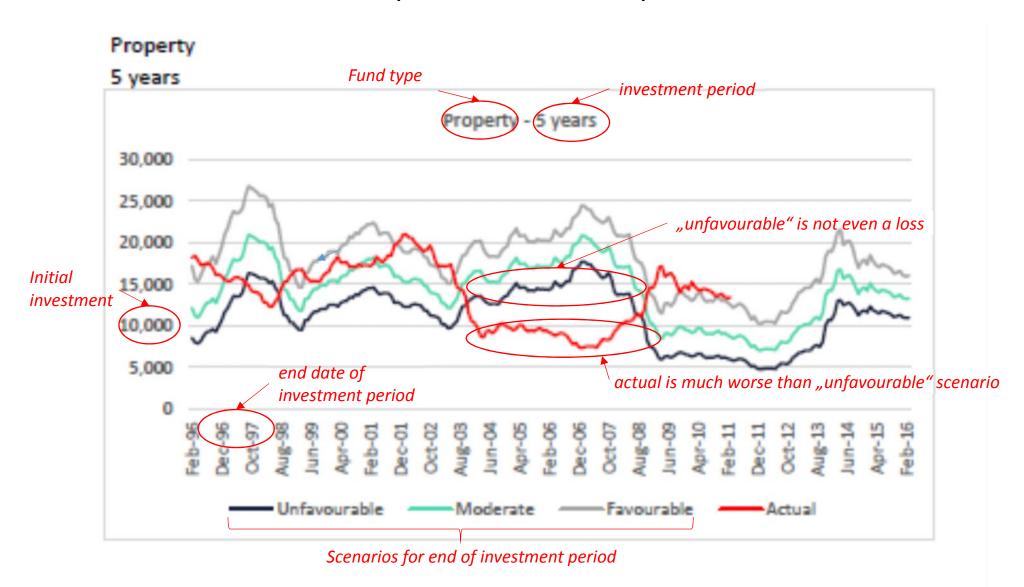
## **PRIIPs future performance scenarios: Graphical**



## **Additional explanation**

- The graphs shown were calculated using the methodology as currently proposed in the PRIIPs delegated regulation
- The dates on the horizontal axis represent dates at which a KID might have been prepared
- The KID projects 3 scenarios for the 5 years following the date of the KID preparation (grey, green, blue).
- The graph compares these projected scenarios with the actual outcome five years after the KID was prepared (red). Whenever the red line is the lowest line, the actual outcome after 5 years was worse than what the unfavourable scenario (blue) had projected.
- The data set runs out in March 2016. Therefore, the most recent actual 5 year return known is for £10,000 invested in March 2011 (so the red line stops)
- How example illustrates the shortcoming: If a KID was published in January 2004, it would have shown an unfavourable expectation that the value in January 2009 might be around £13.000 (blue). But, if an investor had invested £ 10.000 in January 2004, the actual value of that investment in January 2009 would have been around £8.000 (red).
- In other words: the unfavourable scenario in the KID would have shown a profit, whereas the actual value of the investment would have been a loss.
- This **shortcoming would have prevailed in this example from January 2004 till June 2008**, whenever the red line is the lowest line and is also below the initial investment of £10.000
- This shortcoming is not an isolated phenomenon: it has been detected for long time periods and several indices composed of investment funds.