

PRIIPS KIDs – Additional Information and background on data

The PRIIPS Regulation (“PRIIPs”) aims to align information towards the investor independent of the underlying product. That means that a life insurance and a UCITS fund will need to follow the same format and rules, while the nature of investment is different. This certainly increases the comparability of products, but such approach can naturally also not take into account all individual characteristics of a product. The following disclosure aims

- to guide you to better understand data displayed in our PRIIPS KIDs;
- to explain why numbers might seem off even if they have been calculated in line with the PRIIPS regulation;
- to raise awareness for discrepancies with data in other mandatory documentation.

Performance Scenarios

The concept of past performance scenarios can be a good fit for e.g. structured products. For other products, such as UCITS, the results can be overly optimistic – or overly pessimistic. Such results have been reduced by a change in the methodology introduced by amended regulatory technical standards (“RTS”) in 2021, but not fully mitigated. The correct use of the methodology can lead to odd results, e.g. positive numbers in an unfavourable scenario or stress scenario numbers that are actually better than the unfavourable scenarios. If the latter is the case, the RTS require asset managers to adjust the stress scenario to match the unfavourable scenario resulting in exactly the same numbers displayed for both scenarios.

Rounding mechanism

Unfortunately, costs shown in the PRIIPS KID are not always aligned with other documentation for UCITS. There is no doubt that it is industry standard to inform the investor in marketing communication and in the prospectus about the management fee using two decimals. Contradictive to that, the RTS require asset managers to display costs with only one decimal in the PRIIPS KID. For more accurate management fee numbers you have therefore to consult the sales prospectus and/or our website.

Negative Transaction Costs

There are instances where the transaction costs displayed in the “Composition of Costs” section show negative numbers. This is caused by the mandatory calculation methodology prescribed by PRIIPS and should not be interpreted in a way that the manager has made money for the fund from the transaction.

Negative transaction costs could occur for a number of reasons. For example, when the investment manager has acquired a financial instrument at a price which was lower than the arrival price on the day of the acquisition which needs to be considered according to PRIIPS .. Or the market might have moved between the decision to deal and the actual transaction.

Even before its implementation the above mentioned issues and also other aspects led to a wave of criticism of PRIIPS by the industry but also by regulators. A lot has been approved meanwhile by amending PRIIPS, but the fact that the UK decided to not adopt PRIIPS, but instead chose the path of establishing a separate UK PRIIPS regulation, shows that there is still room for improvement. Overall, VanEck is still convinced that PRIIPS KIDs can improve transparency and enhance comparability between products. We are closely monitoring the



European regulatory landscape and are looking forward to further improvements and amendments to be made to PRIIPS.

How can I contact VanEck?

If you have any queries concerning the matters outlined in this document, please contact your local agent, or (if none) VanEck at EMEAsales@vaneck.com.

With kind regards,

VanEck Asset Management B.V.

VanEck (Europe) GmbH