

UKLA Technical Note

Collective investment undertaking prospectuses – portfolio disclosure

Ref: UKLA / TN / 622.1

PR Appendix 3
Annex 15
item 8.2

Annex 15 item 8.2 of PR Appendix 3 requires collective investment undertakings to include a comprehensive and meaningful analysis of their portfolio in any prospectus. We often find that those investment funds that revalue their portfolios infrequently, and particularly those that only revalue at each balance sheet date, often wish to give their Annex 15 disclosure at the latest balance sheet date.

Annex 15 item 8.2 does not offer such discretion. The analysis should be provided at the date of the prospectus. This is important because balance sheet date portfolio information may not be up-to-date and new positions could have been entered into or old positions exited.

An objection to disclosure being given at the date of the document is that it is onerous for a fund to revalue its portfolio and misleading if it does not. We do not accept this argument. There is no obligation to revalue the portfolio. The reader of the document can reasonably expect any valuation data supplied in the analysis to be in accordance with the valuation policies the fund is obliged to set out under Annex 15 item 6.1. These should state when the portfolio is re-valued and, if there is still any doubt, then clear presentation (for example, labels, footnotes, cross-references, or the addition of a valuation date column in the table) can easily make it clear that the valuation data is a historic, balance sheet date figure.