European Commission

Consumer testing study of the possible new format and content for retail disclosures of packaged retail and insurance-based investment products

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Final Report

LE London Economics

Ipsos

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We advise clients in both the public and private sectors on economic and financial analysis, policy development and evaluation, business strategy, and regulatory and competition policy. Our consultants are highly-qualified economists with experience in applying a wide variety of analytical techniques to assist our work, including cost-benefit analysis, multi-criteria analysis, policy simulation, scenario building, statistical analysis and mathematical modelling. We are also experienced in using a wide range of data collection techniques including literature reviews, survey questionnaires, interviews and focus groups.

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Glossary

Terminology abbreviations

PRIIPs	Packaged Retail and Insurance-based Investment Products
UCITS	Undertakings for Collective Investment in Transferable Securities
ESA	European Supervisory Authority

Member State codes

CZ	Czech Republic	NL	Netherlands
DE	Germany	SI	Slovenia
ES	Spain	SK	Slovakia
FR	France	SE	Sweden
IT	Italy	UK	United Kingdom

Executive summary

Motivation of the study

On 26 November 2014, a Regulation[1] was adopted which requires a new form of short, standardised consumer-friendly information (a "Key Information Document" or KID) to be provided to retail investors when buying Packaged Retail and Insurance-based Investment Products (PRIIPs). The Regulation will apply from 31 December 2016.

Each product's KID will be drafted by its manufacturer but will adhere to a common format. Article 8 (3) of the PRIIPs Regulation sets out the main sections of the document which will provide answers to the following questions relevant to investors:

- "What is this investment?"
- "What are the risks and what could I get in return?"
- "What happens if the product manufacturer is unable to pay out?"
- "What are the costs?"
- "How long should I hold it and can I take money out early?"
- "How can I complain?"
- "Other relevant information"

The three European Supervisory Authorities (ESAs)[2] have been empowered to develop proposals for detailed rules on what the manufacturers must include in these areas. These proposals should ensure KIDs that are as helpful and meaningful for retail investors as possible. In this regard, the European Commission has initiated this consumer testing study so the particular format for presenting PRIIPs information will be truly helpful for consumers in comparing and selecting the best products for their investment needs. In addition to looking at the best format of the KID, the testing needed to identify how this could best work also for products that offer multiple investment options. This is particularly with regards to the provision of generic information about such products, where such information is provided separate from specific information on the details of each of the investment options offered.

Within the consumer testing study, the ESAs in collaboration with the European Commission prepared "variants" (i.e. different ways of presenting KID materials) for testing. The ESAs also identified the key policy questions they needed the consumer testing to clarify, and the key criteria by which the effectiveness of different variants could be assessed. London Economics and Ipsos designed and implemented fieldwork tools appropriate for answering these questions and assessing the variants against these criteria, and have reported the findings. The process was designed to offer as many opportunities as possible for iterative feedback to allow for subsequent improvements and refinements to the variants.

[11] http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32014R1286

[2] European Banking Authority (EBA), European Insurance and Occupational Pensions Authority (EIOPA) and European Securities and Markets Authority (ESMA)

Research methodology

Structure of the study

The study consisted of two phases of research:

- In Phase I, the main elements of the PRIIPs disclosure document (sections on risk, performance and cost) were tested separately.
- In Phase II, full documents (KIDs) were produced on the basis of the Phase I results, and tested.

The reason for structuring the study in two phases was so that Phase I could deliver detailed information about consumers' preferences and understanding regarding the main individual elements of the KID, prior to the design of the overall KID to be tested in Phase II. This allowed for an iterative improvement of the testing variants between the two phases. A wider range of variants were tested in Phase I than in Phase II, so that the number of combinations could be reduced already to those that performed the best – and these best performers could be further improved before the commencement of Phase II. Phase II focused on testing the overall KID so as to test the information on different elements in the context of the overall document and thereby represent more closely how consumers would interact with the document in real life.

Given the importance of the appropriate use of terminology and plain language, translations of all testing materials (questionnaires, discussion guides, variants and overall KIDs tested) were checked with native speakers, both in respect of the accuracy of financial terms and in respect of the use of plain and clear language**.** In addition, where amounts in currencies were shown, these were put in the official currency of the Member State where the testing took place to ensure that respondents were familiar with it.

Analytical methods

Both phases of research involved two analytical methods:

- Quantitative research, which took the form of a large scale online survey of EU consumers across 10 Member States; and,
- Qualitative research, which was implemented through focus groups in six EU Member States.

In both the quantitative and qualitative research, consumers saw different ways of presenting key information associated with PRIIPs and were asked a range of questions to elicit: (i) their engagement with the material, (ii) their understanding of the material, and (iii) their ability to use the material to make comparisons between products.

The main advantage of using quantitative analysis was that it could test each variant against these criteria in a controlled way and on a representative sample of European consumers. This allowed for easy comparison of each variant against the criteria. Equally, it allowed for statistical analysis to identify where variants performed well in improving the comprehension and the comparison of information for respondents. It was important that the design was precisely aimed to gather information on how well consumers understand and use the variants, and not only on consumer's subjective preferences, as sometimes these do not correlate (e.g. consumers prefer a presentation which they objectively do not understand well, or dislike a presentation which actually communicates better).

The main strength of the qualitative analysis was that it allowed for more in-depth examination of specific challenges that consumers might have had with certain variants. For instance, focus group facilitators can probe participants on why they find a certain aspect difficult to understand and ask what improvements they would suggest. However, such analysis of course tends to be limited to gathering stated preferences.

Participant selection

The target population for the research was potential investors who are typically in the market for PRIIPs and/or have recently purchased PRIIPs. The target population was selected in a controlled fashion, to ensure its representative nature against key demographic criteria, and so as to allow for higher and lower financial literacy subsamples. In order to target this group in the study, all participants included in the quantitative and qualitative research had to be either responsible or co-responsible for household financial decisions.

Research findings

Phase I results

Generally, the results of the quantitative research showed that simpler approaches were associated with better comprehension of key information than more complex approaches. There was support for more detailed information in the qualitative study among some participants. However, increased detail often meant poorer performance on the objective questions within the quantitative testing.

The Phase I results were used by the ESAs, in consultation with the Commission, in selecting the main variants to proceed with. In addition, the results highlighted ways in which the variants could be potentially improved.

For communicating the risk of a product, the best approach overall was a 7 point scale using a simple graphic layout (as shown in Figure 1). A variant showing a vertical scale presentation similar to an energy label did not perform as well. Consequently, the 7 point scale approach was used as the basis for the risk elements of all of the KIDs tested in Phase II. In addition, an alternative presentation of the risk information, which included a multi-dimensional indicator, was found helpful to consumers in Phase I when considering details on different types of risk, such as market risk, credit risk and liquidity risk, though the consumers found these specific forms of risk nonetheless difficult to understand and combine. As a result, there was an effort to improve the format of the multi-dimensional indicator for Phase II.

In the qualitative study, although some respondents suggested using colours (red, green) to indicate risk levels, other respondents indicated that using the red colour could be interpreted as a danger warning, yet a higher level of risk might sometimes be appropriate for the investor. Due to this, a neutral colour scheme was kept for the second phase of the research.

Figure 1: Example of the preferred approach for showing risk – Phase I

Simple risk indicator – horizontal presentation

- Graphic is a single scale showing overall risk.
- Information on market, credit and liquidity risks, guarantees and maximum loss in text

When different ways of presenting performance information were considered, more complex graphical designs (showing a “funnel of doubt” or a “probability histogram”) did not perform as well as simpler graphics which incorporated either a table or a line graph (as shown in Figure 2). Based on these findings, the more complex designs were dropped for Phase II and the simpler graphics were further developed.

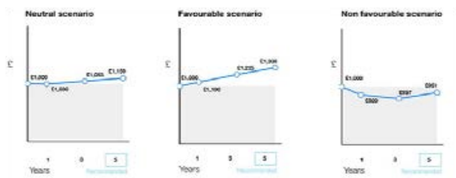
Figure 2: Example of the preferred approaches for showing performance – Phase I

Table with 3 periods

Investment = £1,000 Scenarios		1 years	3 years	Recommended (5 years holding period)
Non favourable scenario	Estimated return (net of costs) (£) Average annual return (%)	920 -8.00%	857 -5.00%	951 -1%
Neutral scenario	Estimated return (net of costs) (£) Average annual return (%)	1,030 3%	1,093 3%	1,159 3%
Favourable scenario	Estimated return (net of costs) (£) Average annual return (%)	1,100 10%	1,225 7%	1,338 6%

- Shows 3 performance scenarios over 3 periods.
- Longest period is the recommended holding period.

Line graphs



- Shows 3 performance scenarios over 3 periods.
- Longest period is the recommended holding period.

Table with 1 period

Investment £1,000 Scenarios		Recommended (5 years holding period)
Non favourable scenario	Estimated return (net of costs) (£) Average annual return (%)	951 -1%
Neutral scenario	Estimated return (net of costs) (£) Average annual return (%)	1,159 3%
Favourable scenario	Estimated return (net of costs) (£) Average annual return (%)	1,338 6%

- Shows 3 performance scenarios over 1 period (recommended holding period).
- Only the recommended holding period is shown.

For the cost section, a combination of a simple graphic plus a table (as shown in Figure 3) was associated with better results than the other approaches, which combined a table with either a bar chart or a more sophisticated graphic. As a result, this combination of graphic and table was used as the basis for the cost sections of all variants in Phase II.

Figure 3: Example of the preferred approach for showing cost – Phase I

Breakdown graphic and table

Investment £1,000 Assumed annual return 2%	Holding period 1 year	3 years	Recommended 5 years
Value excluding costs	£1,020	£1,061	£1,104
Value including costs	£975	£986	£999
Costs per year in %	4.5%	2.6%	2.2%
Costs per year in £	£45	£25	£22
Overall costs in £	**£45**	**£75**	**£105**

- Graphic highlights main costs (entry, ongoing and exit costs in this case).
- Table shows investment value and costs for 3 different time horizons.
- Assumes £1,000 investment and 2% annual return.

Phase II results

In both the qualitative research and subjective questions in the quantitative research, respondents' reactions in Phase II towards the KID were generally positive. Participants appreciated the document's structure, as well as the fact that it included images.

It was clear from the quantitative research that the KIDs tested varied in terms of which parts performed well or less well. This suggests that elements of the different KIDs could be combined to create the best overall format (as presented in the next section).

Between the quantitative and qualitative research, it was possible to identify a number of specific areas of continued confusion among participants:

- Understanding capital guarantees. In general, the concept of guarantees and at the same time the possibility that the guarantees might fail or have limits, was difficult for participants to grasp. Many participants who saw a product with a guaranteed return failed to understand fully what was guaranteed and what was not.
- Understanding the likelihood of performance scenarios. Respondents often wrongly assumed likelihoods when shown performance scenarios even where these purposefully did not include information on how probable they are, yet on the contrary respondents also made mistakes when provided with information on the probability of the scenarios. There appeared to be a clear motivation to find information on how probable the scenarios are, but some problems using the information where they were given it.
- Understanding that the cost figures were not exact. A minority of participants understood that the costs shown might not represent the actual costs an investor would have to pay.
- Understanding the cost figures in general. In general, there was poor performance on the questions relating to cost in the quantitative survey, compared to the questions on performance and risk. There were difficulties with many of the cost questions, including comparing overall costs and cost components between products, identifying the different cost components and how they apply, and estimating costs where there is an early exit.

When participants saw KIDs for products offering multiple investment options, they faced two additional challenges:

- Understanding the representation of multiple investment options. Two approaches were tested, in various combinations, for including information on the investment options in the generic KID for such products:
    - Showing the range of values (e.g. risk ratings) for the underlying options, from the lowest to the highest;
    - Showing the information for an example investment option (e.g. the "typical" underlying option most often chosen by investors), and noting that other options exist that are different.

  There was some evidence that participants who saw the values associated with a typical option tended not to understand that these would only apply for the option shown. For this reason, investor understanding may be improved if information in the generic KID focuses on showing the range of choices for multi-option products.
- Understanding the combination of the generic KID and more detailed information on the investment options. The generic KID for multi-option products would be accompanied by more detailed information on each of the different investment options offered. To gather feedback on this, a sample 'fund guide' which contained such detailed information was prepared for the qualitative testing. Most participants did not spontaneously understand how the two documents (KID and fund guide) worked together, though with some prompting the combination was found useful. However, focus group participants typically mentioned that they would have preferred having all the information in one document, rather than separately.

Conclusions and recommendations

Based on the results of the quantitative and qualitative testing in Phase II, it is recommended that the KID should ideally combine elements from a few variants tested in order to take advantage of the variants' relative strengths:

- A single 7 point scale risk graphic which uses a simple graphic layout, and without any explicit link between risk and reward.

Figure 4: Example of the preferred approach for showing risk – Phase II

Simple style, no explicit link between risk and reward.

- A performance graphic in the form of a single or multiple time horizon table (similar to the approaches in Figure 5 below).

Figure 5: Example of the preferred approaches for showing performance – Phase II

Investment €1000

Scenarios		1 years	3 years	5 years (Recommended holding period)
Negative scenario	**What you might get back after costs**	**€920**	**€857**	**€951**
	What you might get back before costs	€965	€940	€1,050
	Average return each year	-8%	-5%	-1%
Neutral scenario	**What you might get back after costs**	**€1,030**	**€1,093**	**€1,159**
	What you might get back before costs	€1,080	€1,180	€1,250
	Average return each year	3%	3%	3%
Positive scenario	**What you might get back after costs**	**€1,100**	**€1,225**	**€1,338**
	What you might get back before costs	€1,050	€1,310	€1,450
	Average return each year	10%	7%	6%

Multi time horizon table

Investment €1.000 for recommended five years

Scenarios	Chance of getting scenario	What you might get back Average return each year
Negative scenario	1 in 10 chance of getting less than this	€951 -1%
Neutral scenario	6 in 10 chance of getting less than this	€1,159 3%
Positive scenario	1 in 10 chance of getting more than this	€1,338 6%

Single time horizon table

- A cost graphic which highlights key information (one-off, ongoing and incidental cost) using a breakdown graphic and uses a table to show aggregate costs in percentage and money terms across three time periods (similar to below although improvements are needed).

Figure 6: Example of the preferred approaches for showing cost – Phase II

One-off cost	Ongoing costs	Incidental costs
€45	€30	€0
4.5%	3%	0%

How the costs add up if you invest €1000	After 1 year	After 5 year5	After 10 years (Recommended holding period)
Total Costs	€75	€170	€310
Total Cost Ratio	7.5%	3.3%	3.1%

Breakdown graphic and table showing aggregate costs and how these accumulate over time. The breakdown table includes a summary of the different types of costs. The aggregate cost table shows how these combine over time, in monetary and percentage terms.

For multi-option products, the findings suggested that the generic KID should be showing ranges of possible values, rather than the values associated with a typical option.

The findings also suggested some detailed improvements, such as:

- Only showing net returns in the performance scenarios, as including both gross and net figures confused participants;
- Simplifying the cost information as much as possible, for instance by including less information (as participants had difficulties with many of the cost questions);
- In relation to the costs, avoiding the use of acronyms or abbreviations as far as possible, and using clear and consistent terminology.

1 Introduction

This report presents the results of consumer testing of disclosure information for PRIIPs (Packaged Retail and Insurance-based Investment Products).

This chapter provides a general introduction to the study, describing the policy context and the structure of the study. Beyond this chapter, the report is split into two sections to represent the two phases of research, and two further subsections to describe the results of the qualitative and quantitative elements of research. Each subsection of the report contains a description of the methodology and a summary of the results. Chapters 2 to 12 cover the results of the Phase I research with some overall recommendations in Chapter 13. Chapters 14 to 25 describe the results of the Phase II research. In Chapter 26 of the report, the results of the quantitative and qualitative studies of Phase II are combined to draw out some overall recommendations. The materials used for testing in both phases are presented in full in the Annex.

1.1 Policy background

On 26 November 2014, a Regulation[3] was adopted which requires a new form of short, standardised consumer-friendly information (a “Key Information Document” or KID) to be provided to retail investors when buying Packaged Retail and Insurance-based Investment Products (PRIIPs). The regulation will apply from 31 December 2016.

Each product’s KID will be drafted by its manufacturer but will adhere to a common format. Article 8 (3) of the PRIIPs Regulation sets out the main sections of the document which will provide answers to the following questions relevant to investors:

- "What is this investment?"
- "What are the risks and what could I get in return?"
- "What happens if the product manufacturer is unable to pay out?"
- "What are the costs?"
- "How long should I hold it and can I take money out early?"
- "How can I complain?"
- "Other relevant information"

The three European Supervisory Authorities (ESAs)[4] have been empowered to develop proposals for detailed rules on what the manufacturers must include in these areas. These proposals should ensure KIDs that are as helpful and meaningful for retail investors as possible. In this regard, the European Commission has initiated this consumer testing study so the particular format for presenting PRIIPs information will be truly helpful for consumers in comparing and selecting the best products for their investment needs. In addition to looking at the best format of the KID, the testing needs to identify how this should best work also for products that offer multiple investment options, in particular with regards to the provision of generic information about such

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[4] European Banking Authority (EBA), European Insurance and Occupational Pensions Authority (EIOPA) and European Securities and Markets Authority (ESMA)

products (separate from specific information on the details of each of the investment options offered).

Within this consumer testing study, the ESAs in collaboration with the Commission prepared "variants" (i.e. different ways of presenting KID materials) for testing. The ESAs also identified the key policy questions they needed the consumer testing to clarify, and the key criteria by which the effectiveness of different variants should be assessed. London Economics and Ipsos have designed and implemented fieldwork tools appropriate for answering these questions and assessing the variants against these criteria, and reported the findings. The process was designed to offer as many opportunities as possible for iterative feedback to allow for subsequent improvements and refinements to the variants.

1.2 Overall methodology

1.2.1 Geographical coverage

The aim of the study was to draw conclusions for the PRIIPs market across the EU overall. However, consumer testing in all 28 Member States would not have been economical nor feasible in the time available. Instead, fieldwork was undertaken in a representative selection of Member States. Representativeness was ensured by selecting a large enough number of Member States (10 for the quantitative research and 6 for the qualitative research) and by the fact that the Member States within the sample were selected in view of achieving a balanced sample. The table below shows the Member States in which fieldwork was performed in both Phases I and II.

Table 1: Geographic coverage for Phases I and II

Member State	Quantitative research (online survey)	Qualitative research (focus groups)
Czech Republic	✓	✓
France	✓	✓
Germany	✓	✓
Italy	✓	
Netherlands	✓	
Slovakia	✓	✓
Slovenia	✓	
Spain	✓	✓
Sweden	✓	
UK	✓	✓

In order to achieve representativeness, the MS were selected using the following criteria:

1. Representation of countries within a variety of geographic regions within the EU;
2. Coverage of Member States with more developed and less developed PRIIPs markets (e.g. despite Czech Republic and Slovakia being close geographically, they have very different PRIIPs markets);
3. Representation of large countries and small countries;
4. Coverage of both newer and older Member States;
5. Inclusion of countries with a mix of scores for the investment product market in the 10th edition of Consumer Market Monitoring Survey;
6. Member States had to have a trusted survey panel for which key demographic information has already been collected.

The reason for limiting the qualitative research to six Member States was that this allowed for two focus groups per Member State; one focus group with people with high financial literacy, and one with people with low or medium financial literacy.[5]

Given the importance of the appropriate use of terminology and plain language, translations of the questionnaires and the KIDs were checked with native speakers, both in respect of the accuracy of financial terms and in respect of the use of plain and clear language**.** In addition, where amounts in currencies were shown, these were put in the official currency of the Member State where the testing took place to ensure that respondents were familiar with it.

1.2.2 Structure of the study

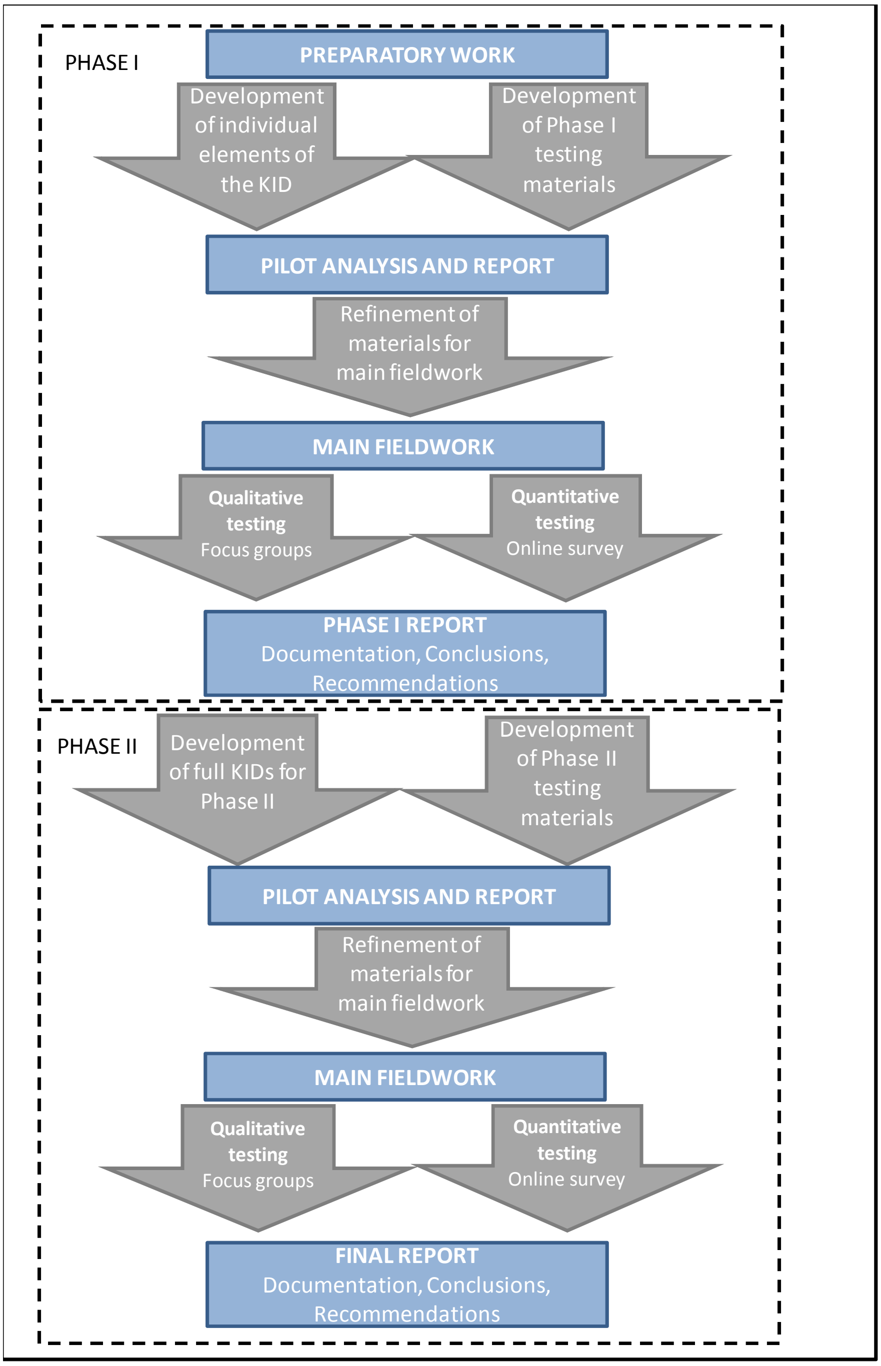
The structure of the study is presented in Figure 7. The study consisted of two phases of research:

- In Phase I, the main elements of the PRIIPs disclosure document (sections on risk, performance and cost) were tested separately.
- In Phase II, full documents were produced on the basis of the Phase I results, and tested.

The reason for structuring the study in two phases was so that Phase I could deliver detailed information about consumers' preferences regarding a range of ways of presenting the main individual elements of the KID. The observations from Phase I then informed the design of the full KIDs tested in Phase II. Methods of presenting information which did not perform well in Phase I were not carried through to Phase II. Methods which had performed were then fine-tuned for testing in Phase II. The Phase II testing facilitated the testing of the individual elements in the context of the overall KID and thereby represented more closely how consumers would interact with the document in real life.

[5] The focus groups were designed in this way so that a better discussion flow could be achieved with people of similar financial literacy in the same group. Otherwise, those with lower financial literacy may be less inclined to engage in discussion if the groups were mixed.

Figure 7: Structure of the study



Both phases of research involved two analytical methods:

- Quantitative research which took the form of a large scale online survey of EU consumers across 10 Member States; and,
- Qualitative research which was implemented through focus groups in six EU Member States.

In both the quantitative and qualitative research, consumers saw different ways of presenting key information associated with PRIIPs and were asked a range of questions to elicit: (i) their engagement with the material, (ii) their understanding of the material, and (iii) their ability to use the material to make comparisons between products.

Quantitative research

The main advantage of using quantitative analysis was that it could test each variant against these criteria in a controlled way and on a representative sample of European consumers. This allowed for easy comparison of each variant against the criteria. The research allows statistical analysis to identify where variants performed well in improving respondents' comprehension and comparison of information. It was important that the design was precisely aimed to gather information on how well consumers understand and use the variants, and not only consumers' subjective preferences (as gathered in the qualitative research), as sometimes these do not correlate (e.g. consumers prefer a presentation which they objectively do not understand well, or dislike a presentation which actually communicates information better).

In both phases, the quantitative research consisted of an online survey of 7,500 individuals. A large sample was not only more representative of the population (limiting the influence of outliers or extreme cases), but was also necessary to produce results that would allow for comparisons across countries and population subgroups, and between a number of different presentational options. 1,000 respondents were recruited in larger Member States and 500 in smaller Member States.

An online survey was chosen as the most appropriate quantitative research tool due to its considerable advantages in terms of:

- Ease of recruiting a large sample across 10 different Member States;
- Its ability to display graphics (in this case, the KIDs);
- Speed and cost-effectiveness of fieldwork.

Each questionnaire was designed so that it could be filled out within 20 minutes in order to avoid respondent fatigue which could encourage respondents to drop out and for the quality of responses to decline. As such, it was important to focus the questionnaire on the most relevant research questions.

There are disadvantages of online surveys in the form of non-coverage and selection bias. The sample of an online panel will consist of only those individuals who can be reached through the internet (coverage) and joined the online access panel (selectivity). In order to reduce any biasing effects, efforts are made to recruit online panel members in a variety of ways (e.g. website banner ads, emails, social media) and to ensure that all groups in the population are represented in the online panels (such as elderly consumers or those with a low level of education).

A previous study[6] relating to disclosure of information on UCITS (which form a part of PRIIPs) noted a good correlation between the investor community being targeted and internet users. As such, any non-coverage bias arising from the use of an online survey is likely to be small as the panel sample is similar to the targeted population (i.e. those typically in the market for PRIIPs).

[6] Workshop on Key Investor Information (KII): Summary Conclusions (2008). Available at: http://ec.europa.eu/internal_market/investment/docs/other_docs/keyinvestor_summary_en.pdf

Qualitative research

The main strength of the qualitative analysis was that it allowed for more in-depth examination of participants' interactions with the KID. The facilitator can generally ask more questions than could be answered in an online survey, and can use the answers to one question to guide further discussions. For instance, focus group facilitators can probe participants on why they find a certain aspect difficult to understand and ask an open question on what improvements the participants suggest. Qualitative testing is also more suited to the testing of small nuances such as testing preferences relating to the colour scheme of presentations.

Two focus groups were conducted in each of six Member States. A total of eight to ten participants took part in each session. The sessions were guided by a moderator whose role was to steer the discussion and followed a discussion guide in order to ensure consistency in testing. In order to obtain detailed information about the research topic, while avoiding respondent fatigue, each session lasted no longer than two hours.

Pilot study

In both phases, pilot studies were carried out for the qualitative and quantitative testing materials to assess whether they were suitable for the main fieldwork. The qualitative pilot took the form of six individual face-to-face in-depth interviews based on the discussion guide and undertaken in the UK.

The quantitative materials were piloted on a sample of 100 participants in both the UK and Czech Republic. The purpose of the pilot was to assess:

- Any comprehension problems for respondents;
- Questionnaire routing;
- Any anticipated sampling issues;
- Length of the questionnaire.

Following from the findings of the pilot stage, the testing materials were then fine-tuned in advance of the main fieldwork.

1.2.3 Respondent screening process

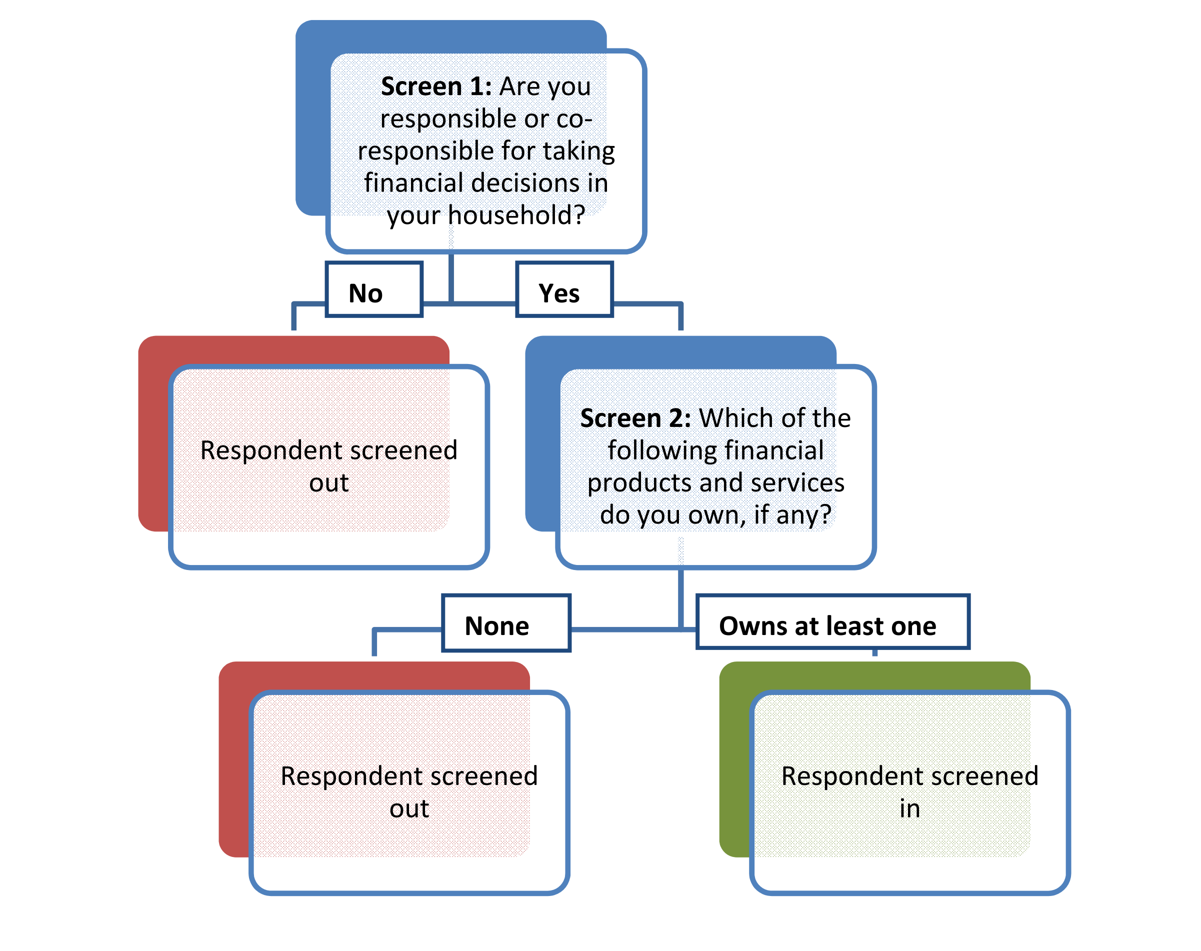
The target population for this study was investors who are typically in the market for PRIIPs and/or have recently purchased PRIIPs.

Quantitative research

A random sample of individuals was invited to participate in the quantitative survey. The sampling process was set up to ensure that the sample was representative of each Member State's overall population in terms of demographic factors such as gender, age, region and education. Then a screening process (as shown in the diagram below) was used to determine which of these individuals could be considered potential investors who are typically in the market for PRIIPs, and/or investors who have recently purchased PRIIPs.

Those screened in proceeded to the rest of the questionnaire. Those screened out were not asked to complete the rest of the questionnaire but were still asked to provide demographic information. The same approach was used for quantitative testing in both phases of the study.

Figure 8: Screening process for quantitative survey



Source: London Economics

All individuals screened into the questionnaire were responsible or co-responsible for household financial decisions and owned at least one financial product from the following list:

- Bank account
- Mortgage
- Credit card
- Personal loan
- Life insurance
- Other insurance products (e.g. home, health, car insurance)
- Shares or bonds
- Investment fund

Qualitative research

The target population for the qualitative research was the same as for the quantitative research, i.e. investors who are typically in the market for PRIIPs and/or have recently purchased PRIIPs. In the qualitative study, sampling of the target population was achieved by defining “actual investors” and “typical investors”, and then recruiting individuals who could be classified as such.

Typical investors were defined as people with the following characteristics:

- Tertiary education
- High income (household income above average household income in that Member State)
- Employed or self employed

Actual investors were defined in the same way as typical investors except that they also had to own at least one PRIIP.

As in the case of the screening process for the quantitative research, all respondents (typical and actual investors) were responsible or co-responsible for financial decisions in their household. Focus groups included a mix of both actual and typical investors.

In terms of socio-demographic criteria, we aimed to recruit a balanced mix of people, both men and women, aged 25-65, at different life stages (married, single, with children, etc.), from a variety of professional sectors. The KID material was tested on participants with different levels of financial literacy ranging from high to low. The exception was the multi-option product (also known as a wrapper). This product was only tested on high financial literacy participants in Phase II due to the complexity of the testing to be done on this product.

1.2.4 Financial literacy

In order to identify respondents with high, medium and low financial literacy, a measure of financial literacy was constructed. This measure was based on both tested and self-reported financial literacy questions.

Self-reported financial literacy was assessed by asking respondents how knowledgeable they felt about financial products on a scale from 1 to 7.

In order to test objective financial literacy, three questions were used across different knowledge areas: inflation, interest rates and diversification of risk. These questions were as follows:

1. Suppose you had €100 in a savings account and the interest rate was 2% per year. After 5 years, how much do you think you would have in the account if you left the money to grow?
    - More than €102 *(correct answer)*
    - Exactly €102
    - Less than €102
    - Do not know

2. Imagine that the interest rate on your savings account was 1% per year and inflation was 2% per year. After 1 year, how much would you be able to buy with the money in this account?
    - More than today
    - Exactly the same
    - Less than today *(correct answer)*
    - Do not know

3. Please tell me whether this statement is true or false. “Buying a single company’s stock usually provides a safer return than a stock mutual fund.”
    - True
    - False *(correct answer)*

- Do not know

High financial literacy in both the qualitative and quantitative testing was defined as providing a self-reported rating of 5 or above and correctly answering all three of the objective test questions.

In the quantitative testing, all other respondents were categorised as low or medium. The financial literacy measure was used to examine the difference in understanding between participants with high financial literacy and participants with low or medium financial literacy, and to highlight questions or KID variants which were relatively poorly answered or understood by participants with low or medium financial literacy.

In the qualitative testing in both phases, high financial literacy was defined in the same way as for the quantitative testing. However, there was a small difference in the way that low and medium financial literacy were defined. In the qualitative testing in both phases:

- Individuals who answered one or none of the 3 financial test questions correctly and who rated themselves 3 or below on the scale of 1 to 7 were recruited to the study and described as having low financial literacy.
- Individuals who answered two of the 3 financial test questions correctly and who rated themselves 3 or 4 on the scale of 1 to 7 were recruited to the study and described as having medium financial literacy.
- If an individual did not have high financial literacy and did not fall into either the low or medium financial literacy category (e.g. they rated themselves 2 in the self-reported financial literacy question but answered all three test questions correctly), were not invited to participate in the focus group.

PHASE I

2 Phase I - Introduction

In Phase I, the main elements of the PRIIPs disclosure document (sections on risk, performance and cost) were tested separately. The isolated testing of risk, performance and cost information meant that Phase I could deliver detailed information about consumers' preferences and ability to comprehend and compare a range of different options for the main individual elements of the KID. A 'funnelling' or 'filtering' approach combined with an iterative improvement of the better options was to be followed, where Phase I work would allow initial findings and input to be gathered so that the ESAs could remove the worst performing options and refine the better performing ones. This information could then inform the design of the overall KID to be tested in Phase II.

As outlined in the previous section, Phase I of the study consisted of two analytical methods:

- Quantitative research which took the form of a large scale online survey of EU consumers across 10 Member States; and,
- Qualitative research which was implemented through focus groups in six EU Member States.

During both the quantitative and qualitative research, consumers saw different ways of presenting key information associated with PRIIPs and were asked a range of questions to elicit: (i) their engagement with the material, (ii) their understanding of the material, and (iii) their ability to use the material to make comparisons between products.

Since it was an important aspect of the development of the KID that the format be suitable to represent the diverse features of a broad range of products, the variants were tested across four example products showing different characteristics. As well as ensuring that the variants would have to work well across a range of products rather than just one, this approach also allowed the survey to simulate a scenario in which the participant compared two products. The purpose was to assess how well the variants performed at facilitating comparisons between products based on provision of risk, performance or cost information. In order to get the most feedback from the testing, the sample products were selected to show both 'bigger' differences in their features (for instance, the existence of a capital guarantee versus no guarantee), and 'smaller' differences (for instance, variations in the level a specific cost). The products were not designed to be particularly representative of products within any particular member state, but to be rather 'generic' products.

PHASE I QUANTITATIVE RESEARCH

3 Respondent statistics

3.1 Sample sizes and geographic composition

In each of the larger countries in the selection, 1,000 participants were targeted for the initial sample while 500 participants were targeted in the smaller countries. Of the 7,558 total participants in the initial sample, 6,954 were ultimately screened in for testing.

The final selection of countries and their associated sample sizes were as follows:

Table 2: Sample size per country

Country	No. in initial sample	% screened in for testing	No. screened in for testing
Czech Republic	504	94.6	477
France	1,009	94.4	952
Germany	1,001	98.5	986
Italy	1,002	84.8	850
Netherlands	501	90.6	454
Slovakia	504	88.3	445
Slovenia	512	88.1	451
Spain	1,011	89.9	909
Sweden	501	94.6	474
UK	1,013	94.4	956
Total	**7,558**	**92.0**	**6,954**

Source: London Economics' analysis of Ipsos data.

The initial selection of respondents was based on quotas which were representative (in terms of age, gender and education level) of the populations of each of the selected countries. Any divergences from these quotas were mitigated using weighting on age, gender and education. The sample was also weighted by the population of each country in order to better represent the overall EU population. The table below shows the total weight assigned to the screened-in sample within each country once all weights have been applied.

Table 3: Country composition of those screened in

Country	Weighted %
Czech Republic	2.9
France	17.9
Germany	26.5
Italy	11.3
Netherlands	5.2
Slovakia	1.4
Slovenia	0.5
Spain	11.5
Sweden	3.2
UK	19.8
Total	**100**

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Source: London Economics' analysis of Ipsos data.

3.1.1 Demographic composition

The table below shows the weighted composition of the sample screened in for testing. Assuming the screening has successfully captured the set of individuals who are either owners of PRIIPs or could be considered potential investors in PRIIPs, the demographic composition should match that of this group in the wider population. A further breakdown by country is presented in Annex 4.

Table 4: Demographic composition of those screened in

	Weighted %	No.
Gender		
Male	50.0	3466
Female	50.0	3488
Age group		
18 - 24	10.8	630
25 - 34	19.8	1,388
35 - 44	22.9	1,683
45 - 54	24.2	1,612
55 – 64	18.1	1,344
65-74	3.6	257
75+	0.6	40
Highest level of educational attainment		
High level of educational attainment	25.2	1,562
Medium level of educational attainment	45.6	3,368
Low level of educational attainment	29.2	2,024
Labour market status		
Active labour status	73.3	5,135
Inactive labour status	26.7	1,819
Marital status		
Married/civil partnership	50.2	3600
Unmarried (included those divorced and widowed)	48.9	3288
Other marital status	0.9	66

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Source: London Economics' analysis of Ipsos data.

3.1.2 Financial literacy and attitudes

In order to differentiate between participants with high and low financial experience, the questionnaire contained questions on the following topics:

- Financial literacy – as well as testing respondents' financial literacy using questions on inflation, compounding of interest and diversification of risk, respondents were also asked how knowledgeable they felt about financial products on a scale from 1 to 7.
- Self-reported reliance on others for financial advice – respondents were asked whether they take advice from others on financial decisions or make decisions independently.
- Risk attitude – respondents were asked whether they were very, fairly, not very or not at all willing to take risks regarding financial matters.

The responses to the second two topics are shown in Annex 4. Financial literacy was deemed to be of most relevance for analysis of the results, since this is compatible with the sampling approach used in the qualitative analysis.

As explained in section 1.2.4, three questions tested respondents' financial knowledge across different areas: inflation, compounding of interest rates and diversification of risk. The table below shows the proportion of respondents that answered a stated amount of questions correctly.

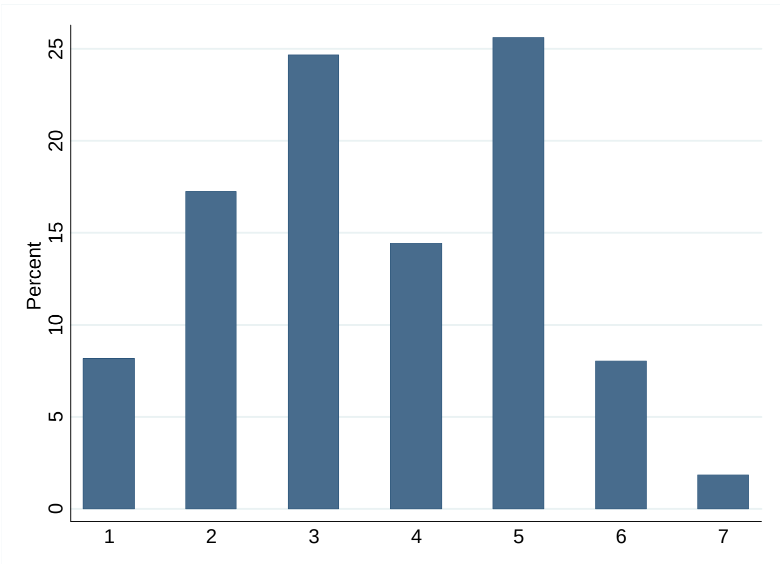
Table 5: Tested financial literacy by country

	0 or 1 question correct		2 questions correct		3 questions correct		Total
	%	No.	%	No.	%	No.	No.
Czech Republic	19.4	92	30.2	145	50.4	240	477
France	37.6	346	37.7	365	24.8	241	952
Germany	15.9	156	26.3	258	57.8	572	986
Italy	38.5	327	30.4	259	31.1	264	850
Netherlands	28.5	125	33.9	154	37.6	175	454
Slovakia	30.2	130	42.3	188	27.5	127	445
Slovenia	22.9	98	31.8	145	45.3	208	451
Spain	37.7	341	31.6	287	30.7	281	909
Sweden	33.5	139	32.6	158	33.9	177	474
UK	34.0	310	37.9	359	28.2	287	956
Total	**30.0**	**2,064**	**32.6**	**2,318**	**37.4**	**2,572**	**6,954**

Note: Proportions are weighted by age, gender and education using Eurostat 2013 data. Total proportions weighted by country population.
Source: London Economics' analysis of Ipsos data.

As well as using the three test questions, respondents were also asked how knowledgeable they felt about financial products on a scale from 1 to 7. The graph below shows the proportion that selected each value on the scale.

Figure 9: Self-reported financial literacy



On a scale from 1 to 7, where 1 means very low and 7 means very high, how knowledgeable do you feel about financial products?

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Source: London Economics' analysis of Ipsos data.

The two measures of financial literacy, tested and self-reported, were then combined to make an aggregate measure of financial literacy. High financial literacy was defined as getting all three test questions correct and rating yourself 5 or above on your knowledge of financial products. In the quantitative testing, all others were described as low or medium financial literacy. The distinction between high and low/medium financial literacy is made when analysing the results. The table below shows the proportions of participants with high and low/medium financial literacy in each country.

Table 6: Combined financial literacy measure by country

	Low/medium financial literacy		High financial literacy		Total
	%	No.	%	No.	No.
Czech Republic	71.8	344	28.2	133	477
France	92.5	879	7.5	73	952
Germany	73.1	719	26.9	267	986
Italy	86.5	733	13.6	117	850
Netherlands	79.9	361	20.1	93	454
Slovakia	87.6	390	12.4	55	445
Slovenia	82.1	369	17.9	82	451
Spain	83.8	760	16.2	149	909
Sweden	87.4	405	12.6	69	474
UK	85.2	803	14.8	153	956
Total	**82.7**	**5,763**	**17.3**	**1,191**	**6,954**

Note: Proportions are weighted by age, gender and education using Eurostat 2013 data. Total proportions weighted by country population.
Source: London Economics' analysis of Ipsos data.

3.1.3 PRIIP ownership

The following table shows the number and weighted proportion of screened-in individuals who own a PRIIP, and the number and weighted proportion of screened-in individuals who own a PRIIP or said that they have considered buying one. 47% of screened-in individuals owned a PRIIP and 57% either owned one or said that they had considered buying one.

Table 7: PRIIP ownership by country

	Own PRIIP product		Owned or considered buying PRIIP product	
	%	No.	%	No.
Czech Republic	60.9	301	76.0	370
France	55.4	534	60.4	582
Germany	52.1	511	61.4	602
Italy	57.4	490	67.4	575
Netherlands	37.7	169	43.7	196
Slovakia	63.3	292	74.9	350
Slovenia	56.7	256	77.0	348
Spain	38.6	355	54.4	495
Sweden	60.4	300	66.4	330
UK	29.9	295	41.3	403
Total	**47.3**	**3,503**	**57.0**	**4,251**

Note: Proportions are weighted by age, gender and education using Eurostat 2013 data. Total proportions weighted by country population.
Source: London Economics' analysis of Ipsos data.

Participants were also asked which category or type of products, if any, they owned. Table 8 shows the prevalence of each broad PRIIP category across countries, as reported by the respondents.

Where possible, the product categories were translated from English. Since the "tax wrapper" product is rare in Italy, Slovenia and Spain, this category was excluded from the lists used in these countries in order to avoid confusion.

Table 8: Owned PRIIP product types by country

Percentage of owners (%)	Funds	Insurance	Structured products	Exotic	Tax wrapper	None of these
Czech Republic	22.6	45.9	4.2	0.8	18.3	39.1
France	9.3	49.3	4.3	1.9	10.5	44.6
Germany	28.0	36.6	4.5	2.6	8.5	48.0
Italy	21.9	48.9	14.0	2.1		42.7
Netherlands	15.1	27.6	6.3	3.2	3.3	62.3
Slovakia	16.7	54.7	0.8	0.6	14.6	36.7
Slovenia	16.7	51.9	3.6	1.4		43.3
Spain	15.9	29.2	8.0	3.6		61.4
Sweden	52.0	35.7	7.2	1.9	2.7	40.0
UK	12.6	14.8	3.4	1.7	16.9	70.1

Note: While this table shows the names of financial products in English, survey participants saw translations of the product names in their national language. The names of the products in each national language are presented in Annex 12.

4 Products and variants tested

4.1 Variants tested

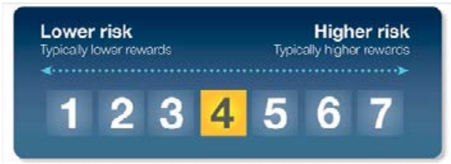
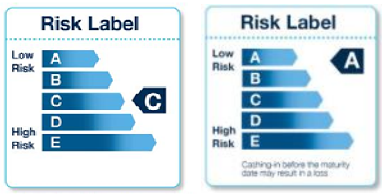
The ESAs developed the specific variants to be tested in collaboration with the European Commission. Each of the variants combined a graphic element, such as a table or graph, with explanatory text. There were three risk variants to be tested, five performance variants and four cost variants. Variants were labelled 1 to 5. Note that for testing each graphic was adapted for different products. The full set of products and variants tested (in English, for the UK) is shown in Annex 12.

The tables that follow summarise the main characteristics of each variant and present the associated graphics.

The main features that the research aimed to test for the risk section of the KID included:

- Whether a multidimensional risk measure (i.e. showing a breakdown of market, credit, and liquidity risk in addition to overall risk) or a single risk measure (i.e. showing market risk) should be shown;
- Whether a liquidity risk warning should be addressed in the graphic itself or rather in the accompanying narrative text;
- The number of points on the risk measure scale, and whether numbers or letters should be used;
- The overall style of the graphic (e.g. whether similar to existing presentations for UCITS or energy labels).

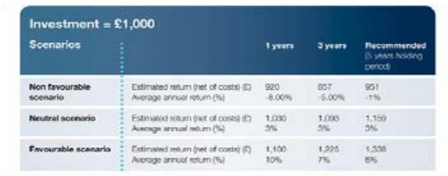
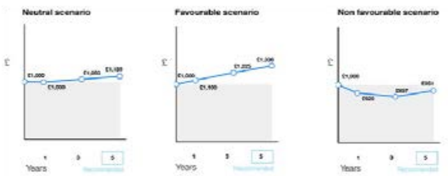
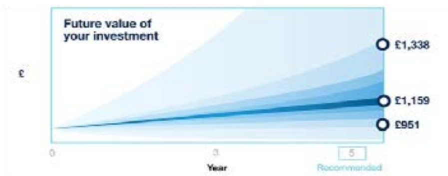
Table 9: Summary of risk variants tested

Variant	Short description	Graphic element	Features
1	Simple risk indicator – horizontal presentation (Based on UCITS graphic)		• Graphic is a single scale showing overall risk. • Information on market, credit and liquidity risk, guarantees and maximum loss in text.
2	Simple risk indicator – vertical presentation (Based on energy labels)		• Graphic is a single scale showing overall risk. • Liquidity risk warning in graphic (where applicable). • Information on guarantees and maximum loss in text.
3	Risk measure providing breakdown according to type of risk		• Graphic showing overall risk scale and breakdown in risk types in market, credit and liquidity risk measured by separate scales. • Information on guarantees and maximum loss in text.

The main features to be tested within the performance section included:

- Whether a table or graphic works better;
- Whether different performance scenarios should be linked graphically to probabilities;
- Whether to show expected returns for the product if held for periods shorter than the recommended holding period;
- The overall style of the graphic.

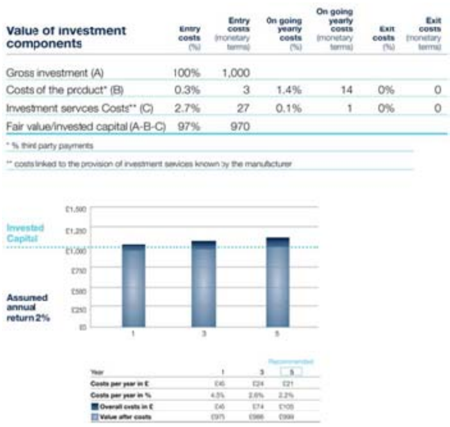
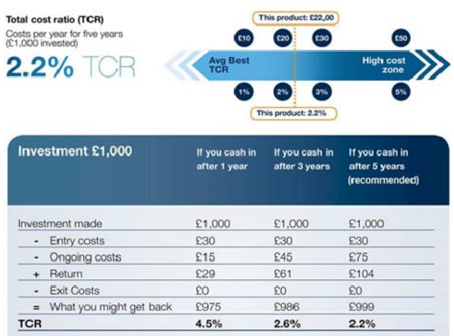
Table 10: Summary of performance variants tested

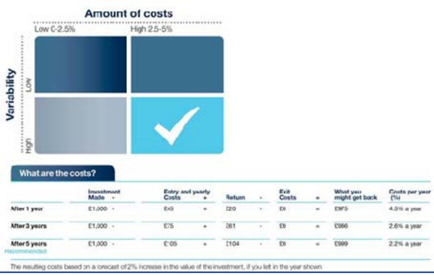
<table>
<tr><th>Variant</th><th>Short description</th><th>Graphic element</th><th>Features</th></tr>
<tr><td>1</td><td>Table with 3 periods</td><td>
Investment = £1,000
Scenarios | 1 years | 3 years | Recommended (5 years holding period)
Non favourable scenario | Estimated return (net of costs) (£) | 920 | 857 | 951
Average annual return (%) | -8.00% | -5.00% | -1%
Neutral scenario | Estimated return (net of costs) (£) | 1,030 | [illegible] | 1,159
Average annual return (%) | 3% | 3% | 3%
Favourable scenario | Estimated return (net of costs) (£) | 1,100 | 1,225 | 1,338
Average annual return (%) | 10% | 7% | 6%</td><td>• Shows 3 performance scenarios over 3 periods.
• Longest period is the recommended holding period.</td></tr>
<tr><td>2</td><td>Line graphs</td><td></td><td>• Shows 3 performance scenarios over 3 periods.
• Longest period is the recommended holding period.</td></tr>
<tr><td>3</td><td>Funnel of doubt</td><td></td><td>• Shows a range of scenarios with 3 scenarios highlighted.
• Shows all periods up to recommended holding period.
• Shows the probability of different outcomes (shape of funnel varies according to degree of risk over time)</td></tr>
<tr><td>4</td><td>Table with 1 period</td><td>
Investment £1,000
Scenarios | Recommended (5 years holding period)
Non favourable scenario | Estimated return (net of costs) (£) | 951
Average annual return (%) | -1%
Neutral scenario | Estimated return (net of costs) (£) | 1,159
Average annual return (%) | 3%
Favourable scenario | Estimated return (net of costs) (£) | 1,338
Average annual return (%) | 6%</td><td>• Shows 3 performance scenarios over 1 period (recommended holding period).
• Only the recommended holding period is shown.</td></tr>
<tr><td>5</td><td>Bar chart</td><td></td><td>• Shows a range of outcomes at the recommended holding period, according to their probability.
• Only the recommended holding period is shown.
• Highlights three different outcomes.</td></tr>
</table>

The main features to be tested within the cost section of the KID included:

- The level of detail to be provided both in the table and in the graphic;
- Whether the table or the chart should show costs across different time horizons;
- Whether it was helpful to see a graphic which highlighted key figures;
- The way in which a single overall summary figure (e.g. a Total Cost Ratio, but the technical nature of the figure was not being tested) should be shown;
- Whether benchmarking of costs can help;
- The overall style of the table and graphic.

Table 11: Summary of cost variants tested

<table>
<tr><th>Variant</th><th>Short description</th><th>Graphic element</th><th>Features</th></tr>
<tr><td>1</td><td>Breakdown graphic and table</td><td></td><td>• Graphic highlights main costs (entry, ongoing and exit costs in this case).
• Table shows investment value and costs for 3 different time horizons.
• Assumes £1,000 investment and 2% annual return.</td></tr>
<tr><td>2</td><td>Breakdown table and bar chart</td><td></td><td>• Table shows upfront, ongoing and exit costs, in £ and %.
• Chart shows possible returns and costs for 3 different time horizons.
• Assumes £1,000 investment and 2% annual return.</td></tr>
<tr><td>3</td><td>Sliding scale and table</td><td></td><td>• Scale shows a single scenario based summary figure (Total Cost Ratio).
• Scale offers some ‘benchmarking’ of the level of the costs
• Table similar to that in performance variant 1 but shows entry, ongoing and exit costs.
• Assumes £1,000 investment</td></tr>
</table>

			and 2% annual return.
4	Simple box chart and table		• Simple benchmarking through box chart. • Table shows costs for 3 different time horizons. • Table assumes £1,000 investment and 2% annual return.

4.2 Products tested

In order to explore how effective the variants are with products with differing features, they were tested across four pre-defined products, reflecting some of the main features of PRIIPs sold across the EU. The products used in the testing were therefore designed to exhibit a range of features, with larger and smaller differences between them, so as to be able to illuminate the effective discriminatory power of different variants for the KID. The names of the products were not specified in the variants seen by the participants and are added here only to give an idea of a possible product with the stated features. Some features of these example products used are summarised in Table 12.

Table 12: Main features of products tested

Country	Liquidity risk	Credit risk	Market risk	Potential return
A. Retail fund	Low liquidity risk	Low credit risk	Has market risk	Mixed return
B. Insurance	Has liquidity risk	Has credit risk	Has market risk but guaranteed capital	Relatively low return
C. Structured deposit	Some liquidity risk	Low credit risk	Guaranteed return at maturity	Relatively low return
D. Structured product	High liquidity risk	Has credit risk	Very high market risk. No guarantee.	Relatively high return

5 Testing approach

5.1 Tasks

The questionnaire was designed to contain three types of tasks within the quantitative testing. The tasks differed in the set of information that is shown to the participant on screen.

Task I: The participant saw only one variant for one product on their screen.

→ The participant was tested on understanding of the material (relating either to risks, costs or performance). By asking the same questions of participants who see different variants, it was possible to assess how well participants had understood each variant relative to the other variants.

Task II: The participant saw two variants on their screen side-by-side and the same product was shown on both sides.

→ The participant was asked more subjective questions to elicit their preferences, e.g. which variant was more engaging, informative in terms of explaining the cost, risk and performance features associated with the product.

Task III: The participant saw two different products on their screen side-by-side and both products had the same variant.

→ The participant was asked which product was associated with a particular feature in relation to cost, risk or performance (e.g. higher risk or higher costs). This tested which variants performed best at allowing participants to compare the features of two products.

Most of the questions in Task I and Task III tested the participant's comprehension of the information, and could be said to be objective, in that they had a "correct" answer. The questions in Task II were more subjective in that they asked the participant's opinion on which variant they thought better met particular criteria. Task III also permitted the participants' ability to compare products using a variant to be tested.

5.2 Allocation of products and variants

Participants were randomly and evenly allocated across the products and variants in each task in each section. A further restriction applied that required each participant to see the same product throughout testing, either alone or in the case of Task II side-by-side with another product. In addition, in cases where two variants (of the same product) were seen on screen, the order of the variants was evenly distributed to avoid bias.

5.3 Test questions

The testing consisted of a mix of subjective (e.g. which variant do you prefer?) and objective (e.g. which product is riskier?) questions. The results of both of these sets of questions are presented in the Chapter 6. The full questionnaire can be found in Annex 1.

5.3.1 Objective test questions

For objective questions, correct answers could be identified. In addition to answers that were *strictly correct*, we also allowed for *acceptable* answers which were not strictly incorrect. Specifically, where a certain combination of products and variants on screen could lead to the question becoming ambiguous[7], it was considered acceptable to respond “not clear from the information shown”. Incidences such as these are noted below.

For the assessment of the responses to the objective questions, a Chi-square test[8] was used to test for statistically significant links between the quality of the answer given (i.e. whether they got the answer right, wrong or chose not to provide an answer) and the variant seen. The reason for choosing the Chi-square test was that it allowed robust testing between more than two proportions (necessary because there were more than two variants). Where a dependency between the quality of the answers and the information seen could be established, figures in tables appear in bold.

5.3.2 Subjective test questions

The aim of the subjective questions is to establish how respondents feel about the variants and to identify the variants that respondents say they prefer. In Task I, when participants saw just one variant on screen, some subjective questions were used to extract participants’ views on their engagement with the information shown. In Task II, when participants were shown two different variants on screen each describing the same product, participants were asked which of the two variants they thought better met a certain criteria.

5.3.3 Question mix

The tables that follow show the mix of questions in the Phase I questionnaire. There were 71 test questions in total, 37 objective and 34 subjective. 29 of the questions related to the risk variants, 23 to the performance variants and 19 to the cost variants.

[7] In some cases (particularly in the context of risk), it was difficult to formulate a question which could be objectively and unambiguously answered for all variants and products, due to the complexity of the investments.

[8] Adjusted to account for the design effect of the weighting.

Table 13: Phase I questions		
	Objective	**Subjective**
Risk	Risk_Q1, Risk_Q2a, Risk_Q2b, Risk_Q2c, Risk_Q3a, Risk_Q3b, Risk_Q3c, Risk_Q6, Risk_Q9, Risk_Q14a(a), Risk_Q14a(b), Risk_Q14a(c), Risk_Q14b(a), Risk_Q14b(b), Risk_Q14b(c), Risk_Q14c(a), Risk_Q14c(b)	Risk_Q5, Risk_Q7, Risk_Q8, Risk_Q10a, Risk_Q10b, Risk_Q10c, Risk_Q10d, Risk_Q12, Risk_Q13, Risk_Q15a, Risk_Q15b, Risk_Q16
Performance	Perf_Q1, Perf_Q2, Perf_Q3, Perf_Q4, Perf_Q5, Perf_Q14, Perf_Q15, Perf_Q16a, Perf_Q16b	Perf_Q6, Perf_Q7, Perf_Q8, Perf_Q9a, Perf_Q9b, Perf_Q9c, Perf_Q9d, Perf_Q10a, Perf_Q10b, Perf_Q11, Perf_Q12, Perf_Q13, Perf_Q17a, Perf_Q17b
Cost	Cost_Q1, Cost_Q2, Cost_Q3, Cost_Q4, Cost_Q5, Cost_Q6, Cost_Q8a, Cost_Q11a, Cost_Q11b, Cost_Q11c, Cost_Q13	Cost_Q9a, Cost_Q9b, Cost_Q9c, Cost_Q9d, Cost_Q10a, Cost_Q10b, Cost_Q14a, Cost_Q14b

6 Testing results

6.1 Objective test questions

6.1.1 Risk questions - Task I

As Table 14 shows, the first question (Q1) was answered correctly by a majority of participants (69%). A Chi-square test showed that the quality of the answer (in terms of whether the participant answered correctly or incorrectly or did not provide an answer) was linked to the specific variant seen. Risk variants 1 and 2, which both show just one measure, produced similar proportions of correct answers (74% and 73%) while variant 3, showing multiple risk measures, was associated with fewer correct answers (58%).

Variant 3 was particularly problematic for individuals who saw product B with just 34% of this group answering the question correctly. The reason was variant 3 showed B with a risk level of 2 on a scale of 5 which many individuals classed as a medium risk level, when low risk was the correct answer. The other variants did not seem to confuse participants who saw product B to the same extent. The additional information in variant 3 might have confused participants when they saw a product whose risk level was at the margin of low and medium.

Owners of PRIIPs were slightly more likely to get this question right than non-owners (70% versus 67%). 78% of people with high financial literacy got the answer correct compared to 67% with low or medium financial literacy. These trends were consistent across all of the Task I question in the risk section.

Table 14: Risk Task I results – Q1						
Would you say that this product has a high/medium/low risk level?	**Correct**		**Incorrect**		**No answer**	
	%	**No.**	**%**	**No.**	**%**	**No.**
Risk variant 1 (Simple horizontal graphic)	**74.2**	**1,702**	**16.0**	**388**	**9.8**	**227**
Risk variant 2 (Simple vertical graphic)	**73.4**	**1,672**	**18.7**	**468**	**7.9**	**180**
Risk variant 3 (Multi-dimensional graphic)	**58.3**	**1,336**	**28.7**	**686**	**13.1**	**295**
Total	68.7	4,710	21.1	1,542	10.2	702

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics' analysis of Ipsos data.

Table 15 shows the performance of the variants in relation to questions (Q2) on different types of risk, specifically market risk, credit risk and liquidity risk – although these terms were not used in the question text.

There was a statistically significant link between the quality of the answer to the market risk question (a) and the variant that they saw. Participants were more likely to get this question right if they saw risk variant 3, which presents multiple risk measures in its graphic. Participants were more likely to get this question right if they saw products A and D, no matter which variant they saw. Some text is specific to these products ("you could lose 100% of your investment") which could be the reason why participants that saw these products identified that the information sheet included information on market risk. Owners of PRIIPs were more likely to get the market risk question right than non-owners (58% versus 50%). 60% of people with high financial literacy got the answer correct compared to 53% with low or medium financial literacy.

The quality of answers to the questions on credit risk (b) and liquidity risk (c) was found to be independent of the variant seen, as indicated by a Chi-square test.

Roughly 55% of participants answered the credit risk question (b) correctly, no matter which variant they saw – and despite the fact that only risk variant 3 includes a credit risk indicator in its graphic. On average, 44% of participants got the correct answer to the liquidity risk question (c).

Table 15: Risk Task I results – Q2						
Would you say this information sheet provides information on:	Correct		Incorrect		No answer	
	%	No.	%	No.	%	No.
(a) The risk of losing money due to price changes in the market (i.e. market risk)						
Risk variant 1 (Simple horizontal graphic)	**52.4**	**1,227**	**21.3**	**480**	**26.3**	**610**
Risk variant 2 (Simple vertical graphic)	**52.0**	**1,215**	**22.2**	**506**	**25.9**	**599**
Risk variant 3 (Multi-dimensional graphic)	**57.7**	**1,342**	**19.4**	**435**	**22.9**	**540**
Total	54.0	3,784	21.0	1,421	25.0	1,749
(b) The risk that the manufacturer of this product is unable to pay (i.e. credit risk)						
Risk variant 1	54.2	1,265	22.5	518	23.3	534
Risk variant 2	54.5	1,219	22.4	548	23.1	553
Risk variant 3	55.4	1,275	22.0	518	22.6	524
Total	54.7	3,759	22.3	1,584	23.0	1,611
(c) The risk of not being able to end an investment early in order to get money back (i.e. liquidity risk)						
Risk variant 1	41.8	959	27.2	650	31.0	708
Risk variant 2	45.5	1,026	25.6	623	28.9	671
Risk variant 3	45.1	1,031	25.2	582	29.7	704
Total	44.2	3,016	26.0	1,855	29.9	2,083

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics' analysis of Ipsos data.

As shown in Table 16, risk variant 2 was associated with the highest proportion of correct answers to questions (in Q3) about guaranteed return and potential loss at the recommended holding period. However, statistical tests showed that the answers to the parts (a) and (b) of the question (on the subject of guaranteed return) were not significantly related to the specific variant seen. The answer "not clear from the information shown" was accepted as correct for products B and C in the part (c). As the distribution of products across variants was even, this should not bias the results shown.

Answers to part (c) of the question, on whether an investor could lose money, were related to the variant seen. Variants 1 and 2 both outperformed variant 3 on this part.

In the third part of the question, participants who saw product A were least likely to get the answer right (that you could lose some of your investment) and participants who saw product C were most likely to get the answer right (that you couldn't lose some of your investment), no matter which variants they saw. This difference is likely attributable to the text of the variant.

Table 16: Risk Task I results – Q3						
Do you think that, if you keep the investment for the recommended holding period and the manufacturer is able to pay out...	**Correct**		**Incorrect**		**No answer**	
	%	**No.**	**%**	**No.**	**%**	**No.**
(a) You can be sure to get back the money you have invested						
Risk variant 1 (Simple horizontal graphic)	66.4	1,518	23.0	563	10.6	236
Risk variant 2 (Simple vertical graphic)	68.7	1,597	21.3	505	10.0	218
Risk variant 3 (Multi-dimensional graphic)	64.8	1,488	24.0	582	11.3	247
Total	66.7	4,603	22.7	1,650	10.6	701
(b) You can be sure to get back the money you have invested, plus a positive return						
Risk variant 1	56.2	1,281	20.2	494	23.7	542
Risk variant 2	56.2	1,311	20.9	489	22.8	520
Risk variant 3	53.9	1,247	21.5	509	24.6	561
Total	55.4	3,839	20.9	1,492	23.7	1,623
(c) It is possible that you could lose some or all of the money you have invested						
Risk variant 1	**56.4**	**1,287**	**24.7**	**602**	**18.9**	**428**
Risk variant 2	**56.5**	**1,313**	**25.6**	**597**	**17.9**	**410**
Risk variant 3	**51.3**	**1,187**	**28.4**	**671**	**20.3**	**459**
Total	54.8	3,787	26.2	1,870	19.0	1,297

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics' analysis of Ipsos data.

Question 6 in the risk section tested the participant's ability to link the risk level shown to likely return. Answers which linked high risk products to high potential return were considered correct. Since potential return was not explicitly shown on screen, an answer of "Not clear from the information shown" was also judged to be an acceptable answer.

As Table 17 shows, 53% of participants were able to provide an acceptable answer. There was a statistically significant link between the quality of the answer to the question and the variant that they saw. Participants were more likely to get this question right if they saw risk variant 1, which presents risk information in a similar way as in UCITS documentation. Variant 3 which presents the most information graphically, performed worst.

Participants who saw products B and D were a lot less likely to get the answer (high level of potential return) right if they saw variant 3, which may again relate to difficulties in classifying risk levels at the margins of low and medium, and medium and high.

Table 17: Risk Task I results – Q6				
Do you think that this product has a high/medium/low level of potential return?	**Correct (incl. "not clear")**		**Incorrect**	
	%	**No.**	**%**	**No.**
Risk variant 1 (Simple horizontal graphic)	**64.4**	**1,446**	**35.6**	**871**
Risk variant 2 (Simple vertical graphic)	**52.6**	**1,217**	**47.4**	**1,103**
Risk variant 3 (Multi-dimensional graphic)	**43.3**	**985**	**56.8**	**1,332**
Total	53.4	3,648	46.6	3,306

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics' analysis of Ipsos data.

Table 18 shows that all variants performed similarly when participants were asked (in Q9) to anticipate whether costs would have to be paid upon exiting the investment early. 45% of participants answered correctly and there was no statistically significant link between the quality of the answer and the variant seen. A third of participants chose not to provide an answer.

Only 15% of those who saw product A got the answer (i.e. no additional costs) correct, and this low rate was not related to the variant seen. This is likely related to the text, "You can cash in at a fair market price at any time" which only appears for product A.

Table 18: Risk Task I results – Q9

Do you think that, if you were to sell the product before the recommended holding period, you would face additional losses or costs?	Correct		Incorrect		No answer	
	%	No.	%	No.	%	No.
Risk variant 1 (Simple horizontal graphic)	45.1	1,077	19.9	467	35.0	773
Risk variant 2 (Simple vertical graphic)	47.3	1,110	20.7	487	32.0	723
Risk variant 3 (Multi-dimensional graphic)	43.1	1,022	20.5	447	36.3	848
Total	45.2	3,209	20.4	1,401	34.4	2,344

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics' analysis of Ipsos data.

6.1.2 Risk questions - Task III

In Task III of the risk section, participants were presented with two different products. Question 14a asked respondents to identify which product was associated with higher risks: general risk, credit risk and liquidity risk. Table 19 presents the results. When participants were asked about general risk in part (a) of the question, Variant 1, which uses a single 7-point scale, outperformed the two other variants, which use a single 5-point scale and multiple 5-point scales respectively. However variant 3 was more successful in communicating credit risk in part (b), with 45% of participants who saw this variant answering correctly, versus 36-39% for the other two variants. Variant 3 and variant 1 had similar rates of correct answers when participants were asked to identify the product with the higher liquidity risk in part (c).

It should be noted that more participants chose the wrong answer than the right answer for the questions on credit risk (46% versus 40%) and liquidity risk (45% versus 38%) regardless of which variant was shown (and whether this information was provided in the text only, or through additional graphical indicators, as in variant 3), indicating that participants had particular problems extracting and processing the relevant information.

For all parts of Q14a, people with high financial literacy outperformed those with low or medium financial literacy, and owners of PRIIPs outperformed non-owners. This was also the case for all of the other questions in Task III relating to the risk section.

Table 19: Risk Task III results – Q14a						
In your opinion, which of these two products…	Correct		Incorrect		No answer	
	%	No.	%	No.	%	No.
(a) Has, in general, the higher risk?						
Risk variant 1 (Simple horizontal graphic)	**74.2**	**1,720**	**18.1**	**426**	**7.7**	**172**
Risk variant 2 (Simple vertical graphic)	**66.4**	**1,559**	**25.0**	**568**	**8.7**	**191**
Risk variant 3 (Multi-dimensional graphic)	**63.2**	**1,495**	**28.5**	**635**	**8.3**	**188**
Total	67.9	4,774	23.9	1,629	8.2	551
(b) Has the higher risk of losing money due to the manufacturer not being able to pay?						
Risk variant 1	**39.1**	**921**	**46.2**	**1,069**	**14.8**	**328**
Risk variant 2	**35.7**	**857**	**49.6**	**1,135**	**14.8**	**326**
Risk variant 3	**45.4**	**1,083**	**42.3**	**968**	**12.3**	**267**
Total	40.1	2,861	46.0	3,172	13.9	921
(c) Has the higher risk of not being able to end an investment early in order to get money back?						
Risk variant 1	38.5	892	44.5	1,040	16.9	386
Risk variant 2	36.8	875	47.2	1,086	16.0	357
Risk variant 3	39.5	936	42.9	994	17.6	388
Total	38.3	2,703	44.9	3,120	16.8	1,131

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
An answer of “not clear” was accepted as correct where participants saw combinations of products B and C in the second part of the question, on credit risk. However, since products were evenly allocated across variants, this will not bias the results in the table.
Source: London Economics’ analysis of Ipsos data.

Question 14b (presented in Table 20) asked respondents to focus on any guarantees associated with the investment. The variants which presented single scales (variants 1 and 2) were most successful in helping participants to choose the products(s) with which investors were guaranteed to get their original investment back (in part (a)). However, when this question was reversed in part (c) – so that individuals were asked about potential loss – fewer people got this question right, and there was little difference between variants.

45% of individuals correctly identified that there was no guarantee of a positive return with the investments in part (b). The proportions were similar across all risk variants.

Table 20: Risk Task III results – Q14b						
If you keep the investment for the recommended holding period and the manufacturer is able to pay out, with which of these two products…	Correct		Incorrect		No answer	
	%	No.	%	No.	%	No.
(a) Could you be sure to get back at least the money you have invested?						
Risk variant 1 (Simple horizontal graphic)	**53.4**	**1,223**	**30.6**	**751**	**16.0**	**344**
Risk variant 2 (Simple vertical graphic)	**51.5**	**1,187**	**31.8**	**748**	**16.7**	**383**
Risk variant 3 (Multi-dimensional graphic)	**46.1**	**1,076**	**38.4**	**885**	**15.6**	**357**
Total	50.3	3,486	33.6	2,384	16.1	1,084
(b) Could you be sure to get back all the money you have invested, plus a positive return?						
Risk variant 1	45.5	1,015	34.0	860	20.6	443
Risk variant 2	43.9	1,025	35.0	814	21.1	479
Risk variant 3	44.3	1,011	34.7	842	21.0	465
Total	44.6	3,051	34.5	2,516	20.9	1,387
(c) It is possible that you could lose some or all of the money you invested?						
Risk variant 1	46.2	1,088	38.3	897	15.5	333
Risk variant 2	46.8	1,086	37.2	865	16.0	367
Risk variant 3	48.3	1,130	36.9	856	14.9	332
Total	47.1	3,304	37.5	2,618	15.4	1,032

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test. An answer of "not clear" was accepted as correct where participants saw combinations any products other than A and third part of the question. However, since products were evenly allocated across variants, this will not bias the results in the table.
Source: London Economics' analysis of Ipsos data.

Table 21 shows the results of question 14c which tested the participant's ability to make associations between risk and potential return. Answers which linked high risk products to high potential return were considered correct. Since potential return was not explicitly shown on screen, an answer of "Not clear from the information shown" was also judged to be an acceptable answer to either part of question 14c.

When participants were asked which product would likely be associated with the higher potential return in part (a), the responses show a statistically significant link between the quality of the answer to the question and the variant that was shown. Participants were more likely to get this question right if they saw risk variant 1, which also performed the best when participants were asked a similar question in Task I (Q6 as shown in Table 17). As in Q6 of Task I, variant 3 performed worst.

Participants were also asked to gauge which product would be more suitable for an investor who didn't mind taking a higher risk for a higher potential return in part (b). Variant 1 also performed best on this measure and variant 3 performed worst.

Table 21: Risk Task III results – Q14c				
In your opinion, which of these two products…	Correct (incl. "not clear")		Incorrect	
	%	No.	%	No.
(a) Has the higher potential return?				
Risk variant 1 (Simple horizontal graphic)	**70.0**	**1,573**	**30.0**	**745**
Risk variant 2 (Simple vertical graphic)	**60.7**	**1,379**	**39.3**	**939**
Risk variant 3 (Multi-dimensional graphic)	**59.6**	**1,365**	**40.5**	**953**
Total	63.4	4,317	36.6	2,637
(b) Is most suitable for an investor who prefers taking a higher risk for a higher potential return?				
Risk variant 1	**75.4**	**1,731**	**24.6**	**587**
Risk variant 2	**69.6**	**1,600**	**30.4**	**718**
Risk variant 3	**67.0**	**1,562**	**33.0**	**756**
Total	70.7	4,893	29.3	2,061

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics' analysis of Ipsos data.

6.1.3 Performance questions - Task I

Table 22 shows that half of respondents chose not to respond to question 1 in the performance section and only 26% of respondents chose the correct answer. Variants 1 and 4, which both showed 3 performance scenarios in a table, were associated with the highest proportion of respondents getting the answer correct and the highest proportion of respondents choosing to answer the question. All other variants performed similarly to one another.

Table 22: Performance Task I results – Q1						
Please select the statement which best describes the potential returns shown, i.e. costs less taxes already applied, costs less taxes will be applied, costs plus taxes will be applied.	Correct		Incorrect		No answer	
	%	No.	%	No.	%	No.
Performance variant 1 (3 period table)	**29.5**	**430**	**23.3**	**342**	**47.3**	**614**
Performance variant 2 (line graphs)	**24.9**	**361**	**24.3**	**345**	**50.8**	**686**
Performance variant 3 (funnel of doubt)	**23.3**	**351**	**23.2**	**330**	**53.5**	**711**
Performance variant 4 (1 period table)	**28.5**	**406**	**26.1**	**377**	**45.4**	**608**
Performance variant 5 (bar chart)	**24.4**	**346**	**22.8**	**326**	**52.8**	**721**
Total	26.1	1,894	24.0	1,720	49.9	3,340

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics' analysis of Ipsos data.

In question 2 (presented in Table 23), participants had to assess whether they would be guaranteed to get their investment back after the recommended holding period. 40% of participants answered correctly, with variants 1, 2 and 4 communicating the information most successfully.

Participants who saw products B and C were much less likely to provide the correct answer ("yes") however there was no relation with the variant shown.

Table 23: Performance Task I results – Q2						
Imagine you invested in the product and hold it for the recommended holding period. Are you guaranteed to get the money you invested back?	Correct		Incorrect		No answer	
	%	No.	%	No.	%	No.
Performance variant 1 (3 period table)	**42.8**	**607**	**26.9**	**380**	**30.3**	**399**
Performance variant 2 (line graphs)	**43.2**	**615**	**22.1**	**326**	**34.7**	**451**
Performance variant 3 (funnel of doubt)	**39.7**	**564**	**23.1**	**342**	**37.2**	**486**
Performance variant 4 (1 period table)	**43.4**	**624**	**20.8**	**294**	**35.8**	**473**
Performance variant 5 (bar chart)	**31.9**	**474**	**23.3**	**336**	**44.8**	**583**
Total	40.2	2,884	23.2	1,678	36.5	2,392

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics' analysis of Ipsos data.

Table 24 shows that just a third of participants in Q3 could identify whether they could lose all of their investment at the recommended holding period. Statistical significance testing showed that the quality of the answer was linked to the variant seen, with participants that saw variant 2, with the line graphs, performing best.

Participants who saw product B were a little less likely to provide the correct answer ("yes") than participants who saw another product. However, there was no relation with the variant shown.

Table 24: Performance Task I results – Q3						
Imagine you invested in the product and hold it for the recommended holding period. Is it possible that you could lose all the money you invested?	Correct		Incorrect		No answer	
	%	No.	%	No.	%	No.
Performance variant 1 (3 period table)	**32.2**	**469**	**28.0**	**420**	**39.8**	**497**
Performance variant 2 (line graphs)	**36.9**	**523**	**24.0**	**359**	**39.1**	**510**
Performance variant 3 (funnel of doubt)	**33.2**	**463**	**23.7**	**360**	**43.1**	**569**
Performance variant 4 (1 period table)	**32.9**	**491**	**26.4**	**370**	**40.8**	**530**
Performance variant 5 (bar chart)	**31.7**	**434**	**21.4**	**331**	**46.9**	**628**
Total	33.4	2,380	24.7	1,840	41.9	2,734

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics' analysis of Ipsos data.

Table 25 shows that participants also had difficulty answering question 4 correctly with roughly a quarter choosing the right answer. This question asked participants to assess the relative likelihood of each of the scenarios shown. Since the variants other that 3 and 5 the scenarios were not based on any specific probabilities, the correct answer for these was to say that it was "not clear from the information shown". The high proportion of incorrect answers suggests that participants were assigning probabilities to the scenarios in their interpretation of the performance information.

Variants 3 and 5, both of which showed a range of scenarios in relation to their probability, were least likely to confuse participants in this way. However it should be noted that due to a mistake in the construction of the testing, these variants were only tested on product D – whereas all other variants were tested on products A, B, C and D – which could be a source of bias. When we compare the performance of the variants among individuals who saw product D only (removing any bias), variant 5 still performs best in communicating the message but variant 3 is now third best (with 29% correct), behind variant 1 (30% correct).

Table 25: Performance Task I results – Q4				
In your opinion, which of the scenarios presented (favourable, neutral, non-favourable) is most likely?	Correct (i.e. "not clear")		Incorrect	
	%	No.	%	No.
Performance variant 1 (3 period table)	**25.3**	**314**	**74.7**	**1,072**
Performance variant 2 (line graphs)	**24.6**	**329**	**75.5**	**1,063**
Performance variant 3 (funnel of doubt)	**29.0**	**96**	**71.0**	**252**
Performance variant 4 (1 period table)	**25.5**	**334**	**74.5**	**1,057**
Performance variant 5 (bar chart)	**33.9**	**111**	**66.1**	**238**
Total	26.0	1,184	74.0	3,682

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Due to error, of participants that saw variants 3 and 5, this question was only asked for product D. As such, the percentages for variants 3 and 5 refer only to D3 and D5.
Source: London Economics' analysis of Ipsos data.

Question 5 sought to test participants' understanding of the favourable scenario presented. Table 26 presents the results for this question. Only 43% of participants identified that this scenario simply represented advantageous market conditions, rather than the best possible conditions for example. The three variants which presented such a scenario performed roughly equally on this measure.

Table 26: Performance Task I results – Q5				
Please select the statement which best describes the favourable scenario presented, i.e. best possible/ advantageous/ disadvantageous/ worst possible market conditions	Correct		Incorrect	
	%	No.	%	No.
Performance variant 1 (3 period table)	43.6	609	56.4	777
Performance variant 2 (line graphs)	41.1	586	58.9	806
Performance variant 4 (1 period table)	43.3	627	56.7	764
Total	42.6	1,822	57.4	2,347

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Participants that saw variants 3 and 5 were not asked this question because the question could not be answered with the information provided.
Source: London Economics' analysis of Ipsos data.

6.1.4 Performance questions - Task III

In Task III of the performance section, participants were shown two panels on screen, each presenting performance information for two products. For all questions in Task III of the performance section, people with high financial literacy outperformed those with low or medium financial literacy. For all except one part of a question, PRIIP owners outperformed non-owners in this section.

Question 14 asked participants to identify the product associated with more unpredictable returns. Table 27 presents the results. Variant 3, which showed a "funnel of doubt" was most successful at communicating the variable nature of returns, although relatively few selected the correct answer. Variants 2 and 4 also performed well relative to variants 1 and 5.

Table 27: Performance Task III results – Q14						
In your opinion which of these products has more unpredictable returns?	Correct		Incorrect		No answer	
	%	No.	%	No.	%	No.
Performance variant 1 (3 period table)	**22.4**	**316**	**52.8**	**746**	**24.8**	**329**
Performance variant 2 (line graphs)	**28.1**	**405**	**46.4**	**666**	**25.5**	**321**
Performance variant 3 (funnel of doubt)	**31.6**	**450**	**44.3**	**628**	**24.1**	**311**
Performance variant 4 (1 period table)	**29.0**	**424**	**47.9**	**666**	**23.1**	**301**
Performance variant 5 (bar chart)	**19.5**	**281**	**45.9**	**643**	**34.6**	**467**
Total	26.1	1,876	47.5	3,349	26.5	1,729

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics' analysis of Ipsos data.

Question 5 (shown in Table 28) asked participants to select the product with the higher potential returns after one year. Individuals who saw variants 4 and 5 were excluded from answering this question as the information required to answer was not clearly presented in these variants. The link between the information shown and the likelihood of selecting the right answer was found to be statistically significant. Those who saw the 3 period table in variant 1 were most able to answer the question correctly, with more than half doing so. This compared to a 38-40% rate for those that saw variant 2 or 3.

Table 28: Performance Task III results – Q15						
In your opinion, with which of these products could you have a higher potential return (earn more money) if you hold it for 1 year?	Correct		Incorrect		No answer	
	%	No.	%	No.	%	No.
Performance variant 1 (3 period table)	**53.4**	**751**	**33.8**	**459**	**12.8**	**181**
Performance variant 2 (line graphs)	**39.7**	**556**	**45.5**	**640**	**14.8**	**196**
Performance variant 3 (funnel of doubt)	**37.5**	**503**	**46.2**	**660**	**16.4**	**226**
Total	43.5	1,810	41.9	1,759	14.7	603

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Participants that saw variants 4 and 5 were not asked this question because the question could not be answered with the information provided.
Source: London Economics' analysis of Ipsos data.

Table 29 shows the results to Q16. Part (a) of the question asked participants to select the product which guaranteed a positive return – in reality, none of the products did this. A third of participants figured this out and selected the right answer, “neither product”. However, 46% of participants got the answer wrong and a further 20% said that it wasn’t clear from the information shown.

Participants who saw variants 1, with the 3 period table, were most likely to get the answer right. A quarter of participants who saw variant 5, with the bar chart, said that it was not clear from the information shown.

Unlike most other cases, for part (a) of question 16, a lower proportion of PRIIP owners got the question right (33%) than non-owners (34%). This difference is small but PRIIP owners were much more likely to get the question wrong (51%) than non-owners (42%), indicating that PRIIP owners were more likely to say that one product was guaranteed to give a positive return.

Just over a quarter of participants were able to identify which product(s) could guarantee the original investment, in part (b) of question 16. Variants 2 and 4 were most successful in communicating this information. Variant 5 was associated with the fewest correct answers and the most participants saying that the answer wasn’t clear from the information shown.

Table 29: Performance Task III results – Q16						
In your opinion with which product are you guaranteed…	Correct		Incorrect		No answer	
	%	No.	%	No.	%	No.
(a) To get a positive return?						
Performance variant 1 (3 period table)	**37.9**	**497**	**42.6**	**634**	**19.5**	**260**
Performance variant 2 (line graphs)	**30.6**	**409**	**50.2**	**735**	**19.2**	**248**
Performance variant 3 (funnel of doubt)	**34.5**	**461**	**46.5**	**680**	**19.1**	**248**
Performance variant 4 (1 period table)	**32.5**	**427**	**51.2**	**749**	**16.3**	**215**
Performance variant 5 (bar chart)	**33.5**	**454**	**40.6**	**593**	**25.9**	**344**
Total	33.8	2,248	46.2	3,391	20.0	1,315
(b) To get back the money you invested?						
Performance variant 1 (3 period table)	**24.3**	**326**	**52.2**	**749**	**23.5**	**316**
Performance variant 2 (line graphs)	**28.4**	**405**	**49.1**	**692**	**22.5**	**295**
Performance variant 3 (funnel of doubt)	**25.1**	**360**	**50.3**	**716**	**24.7**	**313**
Performance variant 4 (1 period table)	**31.4**	**447**	**48.2**	**677**	**20.4**	**267**
Performance variant 5 (bar chart)	**22.1**	**305**	**47.9**	**686**	**30.1**	**400**
Total	26.2	1,843	49.5	3,520	24.3	1,591

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics' analysis of Ipsos data.

6.1.5 Cost questions - Task I

The first question of the cost section (Q1 in Table 30) asked respondents to identify whether in their view the costs of the product were high, medium or low. For individuals who saw variant 1 or 2, the answer was not immediately clear from the variants (since no benchmark of what high or low might mean was provided) so answers of "not clear from the information shown" were accepted for these two variants. Variant 2, showing a table and bar chart, was more effective at communicating the overall costs of the product than variant 1 which showed a graphic and table. People with low or medium financial literacy and non-owners of PRIIPs actually performed better in this question than people with high financial literacy and owners of PRIIPs because they were more likely to choose the "not clear" option. For all other questions in the cost section, those with high literacy and PRIIP owners performed better.

Out of the other two variants (variant 3 and variant 4), variant 4, which showed a relatively simple cost indicator in a box chart, performed better on this question.

Table 30: Cost Task I results – Q1						
Would you say that the product has high/medium/low overall costs?	Correct (incl. "not clear")		Incorrect		No answer	
	%	No.	%	No.	%	No.
Cost variant 1 (breakdown graphic & table)	**23.8**	**376**	**76.3**	**1,362**	**0.0**	**0**
Cost variant 2 (breakdown table & bar chart)	**34.3**	**554**	**65.7**	**1,183**	**0.0**	**0**
Cost variant 3 (sliding scale & table)	**24.9**	**435**	**46.0**	**831**	**29.1**	**473**
Cost variant 4 (box chart & table)	**31.2**	**545**	**40.6**	**745**	**28.2**	**450**
Total	28.5	1,910	57.1	4,121	14.5	923

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics' analysis of Ipsos data.

The aim of question 2 was to judge whether the cost information might mistakenly give the impression of certainty to participants, when in reality costs often depend on performance and the amount of time for which the product is held.

Table 31 shows that 29% of participants correctly identified that the costs of the investment would not necessarily match the figures shown on screen (this information was contained in the text shown, but directly in the table or graphic). Participants who saw variant 3 with the sliding scale and table were least likely to identify this. Overall 40% of participants said that the answer was not clear from the information shown.

Table 31: Cost Task I results – Q2

Does the cost shown correspond to the exact amount of money you would need to pay if you invested in the product?	Correct		Incorrect		No answer	
	%	No.	%	No.	%	No.
Cost variant 1 (breakdown graphic & table)	**30.3**	**518**	**34.3**	**627**	**35.4**	**593**
Cost variant 2 (breakdown table & bar chart)	**29.3**	**501**	**28.9**	**546**	**41.8**	**690**
Cost variant 3 (sliding scale & table)	**25.7**	**449**	**34.5**	**622**	**39.8**	**668**
Cost variant 4 (box chart & table)	**30.9**	**526**	**27.9**	**540**	**41.2**	**674**
Total	29.0	1,994	31.4	2,335	39.6	2,625

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics' analysis of Ipsos data.

Question 3 (presented in Table 32) tested whether participants could understand how exit cost might apply to the investment if the product was sold before maturity. The quality of the answer provided for this question was found to be related to the information seen. Variants 1 and 3, which share a similar table, performed best in communicating this information.

Participants who saw product B were more likely to provide the correct answer to this question than any other group, regardless of the variant seen. This was the only product where the answer was "yes", i.e. an extra cost would have to be paid.

Table 32: Cost Task I results – Q3

Would you need to pay any extra cost for selling the product after one year?	Correct		Incorrect		No answer	
	%	No.	%	No.	%	No.
Cost variant 1 (breakdown graphic & table)	**38.9**	**681**	**28.5**	**503**	**32.6**	**554**
Cost variant 2 (breakdown table & bar chart)	**32.8**	**583**	**32.8**	**574**	**34.4**	**580**
Cost variant 3 (sliding scale & table)	**40.9**	**715**	**29.1**	**514**	**30.1**	**510**
Cost variant 4 (box chart & table)	**36.6**	**648**	**30.4**	**519**	**33.0**	**573**
Total	37.3	2,627	30.2	2,110	32.5	2,217

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics' analysis of Ipsos data.

Table 33 shows that variants 1 and 3 also performed best when it came to asking participants in Q4 which types of cost were associated with the product, if held for the recommended holding period.

Very few individuals (fewer than 11%) who saw product D with variant 3 or 4 were able to provide the correct answer, which indicates that these variants did not successfully communicate the fact that if an investor held product D for the recommended holding period, only entry costs would apply.

Table 33: Cost Task I results – Q4						
Which types of costs (entry/yearly/exit costs) do you think you will need to pay, if you hold the product for the full recommended holding period?	**Correct**		**Incorrect**		**No answer**	
	%	**No.**	**%**	**No.**	**%**	**No.**
Cost variant 1 (breakdown graphic & table)	**47.2**	**801**	**31.7**	**579**	**21.1**	**358**
Cost variant 2 (breakdown table & bar chart)	**35.7**	**614**	**39.5**	**705**	**24.8**	**418**
Cost variant 3 (sliding scale & table)	**46.2**	**802**	**31.8**	**572**	**22.0**	**365**
Cost variant 4 (box chart & table)	**32.9**	**593**	**43.7**	**762**	**23.4**	**385**
Total	40.6	2,810	36.6	2,618	22.8	1,526

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
An answer of "not clear" was accepted as correct where participants saw product B. However, since products were evenly allocated across variants, this will not bias the results in the table.
Source: London Economics' analysis of Ipsos data.

When the question was repeated for a product sold before the end of the recommended holding period (Q5, presented in Table 34), variants 1 and 3 were again associated with the highest proportion of correct responses. In this case, variant 1 was much more effective than any of the others (37% correct answers versus 29% overall).

Very few individuals who saw products C or D provided the correct answer ("entry costs"). Although this issue was common to all variants, it was pronounced among those who saw variants 3 and 4, with fewer than 10% of these answering correctly. This is likely attributable to confusion over the presentation of yearly or ongoing costs.

Table 34: Cost Task I results – Q5						
Which types of costs (entry/yearly/exit costs) do you think you will need to pay if you wanted to end your investment before the full recommended holding period?	**Correct**		**Incorrect**		**No answer**	
	%	**No.**	**%**	**No.**	**%**	**No.**
Cost variant 1 (breakdown graphic & table)	**37.1**	**607**	**30.4**	**576**	**32.5**	**555**
Cost variant 2 (breakdown table & bar chart)	**25.0**	**438**	**37.5**	**669**	**37.5**	**630**
Cost variant 3 (sliding scale & table)	**28.8**	**484**	**40.7**	**729**	**30.5**	**526**
Cost variant 4 (box chart & table)	**24.5**	**430**	**42.8**	**754**	**32.7**	**556**
Total	28.9	1,959	37.9	2,728	33.3	2,267

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics' analysis of Ipsos data.

Question 6 asked the participants to perform a calculation of the expected costs associated with the product, with a €1,000 investment and assuming that the product is held for the recommended holding period. Exact calculations matching the answer were considered correct although it was also considered acceptable to state that the costs were "not clear from the information shown" since costs of the investment in reality would vary, e.g. depending on performance[9]. However in practice, while looking at the group that chose this option, it is difficult to distinguish participants who have correctly taken this into account and participants who were not confident enough in their answer.

Table 35 shows that participants who saw variant 1 were far more likely to get the answer exactly than any other group, and least likely to answer incorrectly. When correct and quasi-correct

[9] The question was purposefully drafted in terms of costs you 'might' incur to recognise this uncertainty.

answers are both taken into account, the difference narrows – for instance, participants that saw variant 2 were more likely to report that the answer was not clear – although variant 1 is still considered to perform best.

Only six people (less than 1%) of those who saw product B with variant 3 provided the correct calculated answer of €600. Other combinations with product B and with variant 3 were roughly in line with the overall answers, which indicates something about this combination of product B and variant 3 which caused confusion.

Table 35: Cost Task I results – Q6

Imagine that you have invested €1,000 (per year for product B) in this product, and that you hold the product for the recommended holding period. What in your opinion might the cost of this product be?	Correct (exact answer given)		Quasi-correct (no answer given)		Incorrect	
	%	No.	%	No.	%	No.
Cost variant 1 (breakdown graphic & table)	**46.1**	**813**	**30.6**	**500**	**23.3**	**425**
Cost variant 2 (breakdown table & bar chart)	**25.5**	**452**	**42.8**	**718**	**31.7**	**567**
Cost variant 3 (sliding scale & table)	**21.7**	**395**	**35.3**	**599**	**43**	**745**
Cost variant 4 (box chart & table)	**26.4**	**459**	**38.3**	**642**	**35.3**	**639**
Total	29.9	2,119	36.7	2,459	33.4	2,376

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics' analysis of Ipsos data.

Question 8 mirrored question 6 in its format except that it focused on the money that an investor would get back, rather than the costs in isolation. This required participants to consider the interaction between performance and costs. Table 36 shows that variant 3 performed best in this regard with 39% of the group that saw this variant performing the correct calculation. In contrast to the preceding results, variant 1 was associated with the highest proportion of incorrect answers.

For this question, the "not clear from the information shown" response was considered acceptable for variant 3 but incorrect for the other variants.

Table 36: Cost Task I results – Q8

Imagine that you have invested €1,000 (per year for product B) in this product, and that you hold the product for the recommended holding period. How much money in total would you expect to get back at the end?	Correct (exact answer given)		Incorrect		"Not clear" answer	
	%	No.	%	No.	%	No.
Cost variant 1 (breakdown graphic & table)	**32.8**	**558**	**27.1**	**515**	**40.1**	**665**
Cost variant 2 (breakdown table & bar chart)	**26.4**	**444**	**22.9**	**430**	**50.7**	**863**
Cost variant 3 (sliding scale & table)	**39.4**	**686**	**20.7**	**384**	**39.9**	**669**
Cost variant 4 (box chart & table)	**33.3**	**611**	**24.7**	**435**	**42.0**	**694**
Total	33.0	2,299	23.9	1,764	43.1	2,891

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics' analysis of Ipsos data.

6.1.6 Cost questions - Task III

In Task III, participants were presented with two products shown side by side. Q11 (presented in Table 37) asked participants to identify which product had the higher overall cost if held for different time periods and the higher yearly cost.

Participants who saw variant 1 were most likely to get the answers on overall costs correct whether the product was held over one year (as in part (a)) or for the recommended holding period (as in part (b)). They were also most likely to answer part (c) on yearly costs correctly. A Chi-square test showed that there was a statistically significant link between the information seen and the quality of the answer provided for each part of question 11.

Table 37: Cost Task III results – Q11

In your opinion, which of these two products…	Correct		Incorrect		No answer	
	%	No.	%	No.	%	No.
(a) Has the highest overall costs, as a percentage, if held for one year?						
Cost variant 1 (breakdown graphic & table)	**53.5**	**914**	**24.1**	**436**	**22.5**	**390**
Cost variant 2 (breakdown table & bar chart)	**37.5**	**659**	**32.7**	**582**	**29.8**	**499**
Cost variant 3 (sliding scale & table)	**44.9**	**787**	**28.0**	**504**	**27.0**	**449**
Cost variant 4 (box chart & table)	**40.2**	**705**	**33.6**	**564**	**26.3**	**465**
Total	44.0	3,065	29.6	2,086	26.4	1,803
(b) Has the highest overall costs, as a percentage, if held for the recommended holding period?						
Cost variant 1	**31.6**	**552**	**44.7**	**772**	**23.7**	**416**
Cost variant 2	**26.1**	**460**	**41.0**	**726**	**32.9**	**554**
Cost variant 3	**27.5**	**491**	**43.2**	**756**	**29.3**	**493**
Cost variant 4	**24.2**	**441**	**47.7**	**807**	**28.1**	**486**
Total	27.4	1,944	44.1	3,061	28.5	1,949
(c) Has the highest yearly costs, as a percentage?						
Cost variant 1	**31.1**	**536**	**42.3**	**733**	**26.7**	**471**
Cost variant 2	**24.2**	**409**	**40.6**	**742**	**35.2**	**589**
Cost variant 3	**23.4**	**417**	**43.1**	**754**	**33.5**	**569**
Cost variant 4	**26.9**	**454**	**40.5**	**704**	**32.6**	**576**
Total	26.4	1,816	41.6	2,933	32.0	2,205

Participants were next asked (Q13 shown in Table 38) how the exit costs of the two products would compare if the products were cashed in early. Variant 3 appears to have performed worst. However, the information needed to answer the question was not completely clear in variant 3. For that reason, only the response “not clear from the information shown” was considered the only correct answer when this variant was seen. This answer was also acceptable for the other variants since it was not always clear from the text that exit costs would apply if the product was cashed in early. However, other correct answers were also accepted. Of variants 1, 2 and 4 which performed more strongly, variant 2 which includes a table and bar chart was most effective in communicating information about exit costs.

Table 38: Cost Task III results – Q13

In your opinion, which of these two products would have the highest exit cost if you cashed it in early, before the recommended holding period?	Correct (incl. “not clear”)		Incorrect	
	%	No.	%	No.
Cost variant 1 (breakdown graphic & table)	**52.0**	**925**	**48.1**	**815**
Cost variant 2 (breakdown table & bar chart)	**65.5**	**1,105**	**34.6**	**635**
Cost variant 3 (sliding scale & table)	**28.6**	**484**	**71.4**	**1,256**
Cost variant 4 (box chart & table)	**63.5**	**1,048**	**36.5**	**686**
Total	52.5	3,562	47.5	3,392

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics' analysis of Ipsos data.

6.1.7 Testing results across different categories of respondents

Although the focus of this study is on understanding the overall implications of how the variants perform relative to one another, in addition we seek to assess how the quality of the responses might differ according to demographic and other personal characteristics of respondents. The tables below show the proportion of correct answers in each section: risk, performance and cost provided in the objective testing. Only "strictly correct" answers have been counted (i.e. the 'acceptable' answers were not considered) so the measure should be treated as a rough indicator only.

Table 39: Proportion of questions answered correctly by personal characteristics

	Risk (%)	Performance (%)	Cost (%)
Gender			
Male	55.0	29.1	35.3
Female	53.1	27.7	33.3
Age group			
18 - 24	51.9	27.8	33.4
25 - 34	53.1	27.8	33.1
35 - 44	54.9	28.7	34.1
45 - 54	55.9	29.3	36.0
55+	53.2	27.9	34.3
Highest level of educational attainment			
High level of educational attainment	58.3	31.9	37.3
Medium level of educational attainment	53.7	28.2	34.5
Low level of educational attainment	49.8	24.7	30.6
PRIIP ownership			
Own a PRIIPs product	56.4	30.1	36.2
Don't own a PRIIPs product	52.0	26.8	32.6
Financial literacy			
High financial literacy	62.3	33.9	39.3
Low/medium financial literacy	52.4	27.2	33.3
Member State			
Czech Republic	53.7	31.9	35.1
France	52.5	26.6	32.5
Germany	55.1	30.1	37.2
Italy	52.1	26.2	31.8
Netherlands	53.5	29.1	34.6
Slovakia	50.5	28.9	32.9
Slovenia	54.2	31.2	36.1
Spain	50.0	25.6	29.2
Sweden	56.9	30.4	36.2
UK	57.7	29.7	36.0
Total	**54.1**	**28.4**	**34.3**

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Source: London Economics' analysis of Ipsos data.

6.2 Subjective tests

The aim of the subjective questions is to establish how respondents feel about the variants and to identify the variants that respondents say they prefer. This can provide an indication of how 'engaging' different variants are for respondents – how far respondents would feel motivated to use a specific variant.

6.2.1 Subjective risk questions - Task I

In Task I, participants saw just one variant on screen. Some subjective questions were used to extract participants' views on their engagement with the information shown. Participants found variant 2, which is based on energy label conventions, the easiest to understand and the most useful for comparing different risk levels. When asked how likely it was that they would read the information in full if they were considering investing, roughly 61% of participants said that it was very likely or extremely likely. This proportion was roughly the same no matter which variant was seen. Just 16% of participants said that it was not at all likely that they would read the information.

Table 40: Subjective risk questions – Task I

	Risk variant 1 (Simple horizontal graphic)		Risk variant 2 (Simple vertical graphic)		Risk variant 3 (Multi-dimensional graphic)	
	%	No.	%	No.	%	No.
Q5. Looking at the above information sheet, how difficult or easy would you say it is to understand?						
Very easy to understand	6.3	138	7.6	167	4.8	112
Easy to understand	29.9	699	35.7	815	29.1	645
Neither easy nor difficult to understand	41.2	949	37.4	881	38.4	930
Difficult to understand	17.9	420	15.4	363	21.6	478
Very difficult to understand	4.7	111	3.9	94	6.1	152
Q7. How useful do you think this information would be to help you compare this product with another financial product, e.g. comparing a high risk product and a low risk product?						
Extremely useful	6.7	152	8.7	200	6.3	147
Very useful	27.9	684	29.7	735	27.7	681
Somewhat useful	48.9	1099	48.2	1093	50.2	1138
Not at all useful	16.6	382	13.4	292	15.8	351
Q8. If you were considering buying this financial product, how likely is it that you would read the information shown in full?						
Extremely likely	35.1	832	34.2	801	33.5	760
Very likely	25.9	600	27.8	659	25.5	611
Somewhat likely	23.0	535	23.6	549	23.0	563
Not at all likely	16.0	350	14.4	311	18.1	383

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Source: London Economics' analysis of Ipsos data.

6.2.2 Subjective risk questions - Task II

In Task II, respondents were shown two different variants on screen each describing the same product. The figures in the table below represent the proportion of times a particular variant was chosen as the answer to the question out of the total times that that variant was shown. Respondents also had the option to say that both of the variants performed equally well although these responses are not included in the proportions.

Risk variant 1, which shows a graphic based on UCITS disclosure documents, performs the best out of any of the risk variants when participants are asked which they find easier to understand (Q10a) and which they would be more likely to read (Q10a). Risk variant 3, which shows multiple risk measures, does not perform as well as variant 1 on these two criteria but it outperforms the other variants when participants are asked which provides more information (Q10c) and which would be more useful for comparing the risk levels of different products (Q10d).

Respondents were also asked which variant made the product appear more risky (Q12) or to have the higher return (Q13) – in fact, it was the same information presented in two different ways. 38% of individuals identified the correct answer, "They both appear the same" for the first question and 53% picked the correct answer to the second. Of those that did not choose the correct answer, risk variant 3 was most likely to be selected as the variant that made the product appear riskier and variant 1 was most likely to be selected as the variant that made the product appear to have a higher return.

Table 41: Subjective risk questions – Task II

	Risk variant 1 (Simple horizontal graphic)		Risk variant 2 (Simple vertical graphic)		Risk variant 3 (Multi-dimensional graphic)	
Which variant...	%	No.	%	No.	%	No.
Q10a. Would you be more likely to read?	38.7	1,796	30.1	1,394	31.2	1,448
Q10b. Is easier to understand?	41.0	1,902	33.6	1,559	31.8	1,472
Q10c. Provides you with more information about the product's risks?	21.4	992	16.4	761	49.8	2,309
Q10d. Would be more useful for comparing different financial products by identifying which one has the highest/lowest risk?	26.4	1,222	21.4	992	44.0	2,038
Q12. Makes the product appear more risky?	30.4	1,409	26.7	1,236	36.1	1,674
Q13. Makes the product appear to have the higher level of potential return?	26.9	1,249	20.5	951	22.5	1,044

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Source: London Economics' analysis of Ipsos data.

6.2.3 Subjective performance questions - Task I

Some subjective questions were also asked when one performance variant was shown on screen. Similar to the questions in Task I of the risk section, the questions mostly related to the participants' views on their engagement with and understanding of the information shown.

Variant 5 performed badly when participants were asked how likely they were to read the information in full if they were considering investing (Q6). This question aimed to assess the engagement factor of the variant.

Participants found variants 2 and 4 the easiest to understand (in Q7) with over 30% of participants who saw one of these variants saying that the information was very easy or easy to understand. By contrast, over half of those who saw variant 5 (with the probability-based bar chart) said that it was difficult or very difficult to understand.

Variant 5 (and to a lesser extent, variant 3) also performed badly when participants were asked how useful the variant would be for comparing different products (Q8). Variants 1, 2 and 4 performed best in terms of the proportions that said it would be very useful or extremely useful.

Table 42: Subjective performance questions – Task I										
	Perf. variant 1 (3 period table)		Perf. variant 2 (line graphs)		Perf. variant 3 (funnel of doubt)		Perf. variant 4 (1 period table)		Perf. variant 5 (bar chart)	
	%	No.	%	No.	%	No.	%	No.	%	No.
Q6. If you were considering buying this financial product, how likely is it that you would read the information shown in full?										
Extremely likely	33.5	488	34.8	485	34.6	482	32.7	458	29.2	416
Very likely	24.6	354	25.2	358	22.3	329	25.5	362	22.2	315
Somewhat likely	23.5	321	21.9	307	22.3	316	24.3	342	24.6	344
Not at all likely	18.4	223	18.1	242	20.8	265	17.4	229	24.0	318
Q7. Looking at the above information sheet, how difficult or easy would you say it is to understand?										
Very easy	4.6	58	4.7	68	3.4	53	5.2	66	2.9	35
Easy	23.5	356	27.3	369	19.9	284	25.8	362	13.6	192
Neither easy nor difficult	37.2	520	36.7	524	40.5	565	39.8	557	32.3	470
Difficult	23.9	316	21.1	298	26.0	359	21.2	292	33.6	462
Very difficult	10.7	136	10.2	133	10.2	131	8.1	114	17.7	234
Q8. How useful do you think this information would be to help you compare this product with another financial product, e.g. a product with high potential returns and a product with low potential returns?										
Extremely useful	8.9	129	9.9	127	7.0	98	7.2	99	5.5	79
Very useful	27.6	438	27.1	403	22.5	339	30.8	444	18.8	290
Somewhat useful	45.4	596	44.2	616	48.0	656	45.8	625	44.3	621
Not at all useful	18.1	223	18.8	246	22.5	299	16.3	223	31.3	403

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.

Source: London Economics' analysis of Ipsos data.

6.2.4 Subjective performance questions - Task II

Table 43 shows the results of the questions in Task II of the performance section. Once again, the figures in the tables below represent the proportion of times a particular variant was chosen as the answer to the question out of the total times that that variant was shown.

When participants are asked which variant they find easier to understand (Q9a) and which they would be more likely to read (Q9b), variant 4 performs best. Variant 1, which shows the same table but over three periods rather than one, also performs strongly.

Of the participants that saw variant 5 (which shows the probability-based bar chart), only a small proportion selected this as the variant they would be more likely to read and which they find easier to understand. In fact, this variant stands out as performing relatively badly across all of the subjective preference questions.

Variant 1 has the best record with questions that ask which variant provides more information or understanding (Q10a, Q10b and Q11). Variant 4 also performs well on most of these questions although respondents that saw variant 4 were a lot less likely (26% versus 41% for variant 1) to say that that variant gives a better understanding of the relationship between return and the amount of time the product is held (Q11). Variant 2 which showed line graphs also performed well on most of the questions on information and understanding although it did not perform particularly well when respondents were asked which variant provided more information about potential return (28% versus 45% for variant 1 in Q9c).

Respondents were also asked which variant made the product appear to have a higher expected return or a greater likelihood of a positive return (Q12 and Q13) – in fact, it was the same information presented in two different ways. In each of the questions, roughly 47% of individuals identified the correct answer, "They both appear the same". Of those that did not choose the correct answer, variant 3 was most likely to be selected as the variant that made a positive return more likely and the expected return appear higher.

Table 43: Subjective performance questions – Task II

	Perf. variant 1 (3 period table)		Perf. variant 2 (line graphs)		Perf. variant 3 (funnel of doubt)		Perf. variant 4 (1 period table)		Perf. variant 5 (bar chart)	
Which variant...	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**
Q9a. Is easier to understand?	41.4	1,150	37.0	1,029	37.4	1,039	48.4	1,349	12.8	357
Q9b. Would you be more likely to read?	40.7	1,130	32.2	894	34.4	955	47.3	1,318	11.7	327
Q9c. Provides you with more information about the product's potential return?	45.3	1,259	28.4	788	21.3	590	35.6	992	14.4	401
Q9d. Could allow you to better compare financial products, by identifying which one has the lowest/highest potential return?	42.5	1,181	30.8	856	25.1	696	37.4	1,043	13.9	388
Q10a. Gives you a better understanding of the unpredictable nature of the returns of the product?	41.0	1,140	34.8	967	28.1	779	35.3	984	15.5	433
Q10b. Gives you a clearer view of the range of potential returns?	42.8	1,190	35.5	988	32.4	899	35.3	984	16.4	458
Q11. Gives you a better understanding of the relationship between the potential return of the product and the length of time it is held?	41.3	1,146	36.2	1,007	32.8	910	26.1	727	8.9	248
Q12. Makes a positive return appear more likely?	24.2	671	25.3	702	34.7	964	29.8	831	18.6	517
Q13. Makes the expected return appear higher?	21.5	597	23.8	662	35.5	986	26.7	745	24.8	692

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Source: London Economics' analysis of Ipsos data.

6.2.5 Subjective cost questions - Task II

There were no subjective questions in Task I of the cost section. However, there were some in Task II. When participants are asked to compare two cost variants in terms of which is easier to understand (Q9a) and which would encourage you to read the information more (Q9c), variant 1 is the most likely variant to be selected, with variant 3 coming second.

Variants 1 and 3 also perform strongest on the rest of the subjective questions in Task II of the cost section, which cover the amount of the information provided (Q9b), the clarity of information (Q10a and Q10b), and the ease of comparison (Q9d).

Table 44: Subjective cost questions – Task II

	Cost variant 1 (breakdown graphic & table)		Cost variant 2 (breakdown table & bar chart)		Cost variant 3 (sliding scale & table)		Cost variant 4 (box chart & table)	
Which variant...	%	No.	%	No.	%	No.	%	No.
Q9a. Is easiest to understand?	47.5	1,653	16.8	583	33.8	1,175	20.8	722
Q9b. Provides the most information about the product's costs?	31.2	1,085	23.5	816	29.2	1,015	14.3	498
Q9c. Encourages you to read the information more?	40.6	1,411	19.0	660	31.2	1,084	16.3	566
Q9d. Could allow you to better compare financial products, by identifying which one has the lowest/highest cost?	35.3	1,226	16.8	585	27.2	947	14.9	517
Q10a. Provides clearer information about the different types of costs associated with the product?	38.4	1,337	19.8	690	33.7	1,171	17.0	590
Q10b. Provides clearer information about the relationship between the costs of the product and the holding period?	35.3	1,226	15.0	523	30.6	1,065	16.3	565

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Source: London Economics' analysis of Ipsos data.

7 Summary and conclusions

The tables that follow summarise the performance of each of the variants across different areas of knowledge, as tested by the objective questions.

7.1 Testing of risk variants

Table 45: Performance of risk variants on objective questions

Question topic	Summary of performance
Understanding overall risk	
Identifying risk level (Task I)	**Variants 1 and 2** performed better than variant 3 (particularly for product B).
Identifying risk level (Task III)	**Variant 1** performed better than variants 2 and 3.
Understanding different types of risk	
Identifying market risk (Task I)	**Variant 3** performed better than the other variants.
Identifying credit risk (Task I)	All variants performed equally well.
Identifying credit risk (Task III)	**Variant 3** performed better than the other variants.
Identifying liquidity risk (tasks I and III)	All variants performed equally well.
Understanding guarantees & potential losses	
Understanding guaranteed investment (Task I)	All variants performed equally well.
Understanding guaranteed investment (Task III)	**Variant 1** performed better than variants 2 and 3.
Understanding guaranteed returns (tasks I and III)	All variants performed equally well.
Understanding potential losses (tasks I and III)	All variants performed equally well.
Understanding the link between risk and return	
Understanding the link between risk and return (Task I)	**Variant 1** performed better than variants 2 and 3. Variant 3 performed particularly badly for products B and D.
Understanding the link between risk and return (Task III)	**Variant 1** performed better than variants 2 and 3.
Understanding the link between risk and costs (Task I)	All variants performed equally well.

Source: London Economics' analysis of Ipsos data.

In terms of allowing respondents to identify and understand overall risk, variant 1 with the single 7 point scale presented in a horizontal manner performed best. This scale also appeared to perform best when respondents were asked about guarantees and the link between risk and reward. Variant 3 which showed multiple risk measures (each showing a different type of risk) was understandably the best performer when it came to communicating information about the different types of risk an investor might face.

Variant 2 did not perform as strongly as either of the other two risk variants in any of these areas. However, in the subjective questions of Task I, it was rated as easier to understand and more useful for comparing products. In Task II, when respondents saw two variants side by side and were asked which they found easier to understand and which they would be more likely to read, variant 1 performed the best out of any of the risk variants. Variant 3 outperformed the other variants when participants were asked which provides more information and which would be more useful for comparing the risk levels of different products.

7.2 Testing of performance variants

Table 46: Performance of performance variants on objective questions

Question topic	Summary of performance
Understanding predictability of returns (Task III)	**Variants 2, 3 and 4** performed better than variants 1 and 5.
Understanding potential return (Task III)	**Variant 1** performed better than variants 2 and 3. The question was not asked when variants 4 and 5 were seen.
Understanding guarantees & potential losses	
Understanding guaranteed investment (Task I)	**Variants 1, 2 and 4** performed better than variants 3 and 5.
Understanding guaranteed investment (Task III)	**Variants 2 and 4** performed better than variants 1, 3 and 5.
Understanding guaranteed returns (Task III)	**Variant 1** performed better than all other variants.
Understanding potential losses (Task I)	**Variant 2** performed better than all other variants.
Understanding the link between costs and taxes (Task I)	**Variants 1 and 4** performed better than variants 2, 3 and 5.
Understanding performance scenarios	
Understanding likelihood of scenarios (Task I)	**Variant 5** performed better than all other variants.
Understanding meaning of scenarios (Task I)	All variants performed equally well.

Source: London Economics' analysis of Ipsos data.

Among the performance variants, each appeared to have its own strengths and weaknesses. Although variants 1, 2 and 4 appeared to outperform variants 3 and 5 across most topics of interest, variants 3 and 5 performed best when it came to communicate the unpredictability of returns and the likelihood associated with the scenarios, respectively.

The subjective questions showed that variant 5 was not liked by respondents, with over half saying that it was difficult or very difficult to understand. Variants 2 and 4 appeared to perform best on the subjective questions.

7.3 Testing of cost variants

Table 47: Performance of cost variants on objective questions

Question topic	Summary of performance
Understanding overall costs	
Understanding overall costs (Task I)	**Variants 2 and 4** performed better than variants 1 and 3.
Understanding overall costs after 1 year (Task III)	**Variant 1** performed better than all other variants.
Understanding overall costs at maturity (Task III)	**Variant 1** performed better than all other variants.
Understanding that costs may vary (Task I)	**Variants 1, 2 and 4** performed better than variant 3.
Understanding different types of cost	
Understanding exit cost (Task I)	**Variants 1 and 3** performed better than variants 2 and 4.
Understanding exit cost (Task III)	**Variants 2 and 4** performed better than variants 1 and 3.
Understanding which types of costs apply at maturity (Task I)	**Variants 1 and 3** performed better than variants 2 and 4. Variants 3 and 4 did not perform well when product D was seen.
Understanding which types of costs apply when you sell the product before maturity (Task I)	**Variant 1** performed better than all other variants. No variants performed well when products C and D were shown, and variants 3 and 4 performed particularly badly in these cases.
Understanding yearly costs (Task III)	**Variant 1** performed better than all other variants.
Ability to calculate expected costs	
Ability to calculate expected costs (Task I)	**Variant 1** performed better than all other variants. Variant 3 performed particularly badly when product B was seen.
Ability to calculate expected return less costs	**Variant 3** performed better than all other variants.

Source: London Economics' analysis of Ipsos data.

Of the cost variants, variant 1 (consisting of a graphic and table) is the variant that performed best across the most areas. It performs best when respondents are asked to calculate the expected costs associated with the product at maturity whilst variant 3 performs best when respondents are asked to calculate expected return less costs. Variant 1 was also the preferred variant across all of the subjective questions, with variant 3 being second-most preferred.

However, when interpreting the results, it is not necessarily possible to ascertain precisely which aspects of the variants were most relevant in driving findings, as the variants each contained two parts, both of which varied.

7.4 Conclusion – Quantitative testing

The results were informative for deciding which variants should be used to compose the prospective disclosure documents for Phase II of the study. Generally, simpler approaches were associated with better comprehension of key information than more complex approaches.

For communicating the risk of a product, the best approach overall was a 7 point scale using a simple graphic layout similar to that used to disclose information for UCITS products. This approach was used as the basis for the risk elements of all of the KIDs tested in Phase II. In Phase I, an alternative presentation of the risk information, which included a multi-dimensional indicator, was helpful to consumers when considering details on different types of risk, such as market risk, credit risk and liquidity risk. As a result, there was an effort to improve the format of the multi-dimensional indicator for Phase II.

When different ways of presenting performance information were considered, the more complex graphical designs showing a “funnel of doubt” and a “probability histogram” did not perform as well as the simpler graphics which incorporated either a table or a line graph. Based on these findings, the more complex designs were dropped for Phase II and the simpler graphics were further developed.

For the cost section, a combination of a simple graphic plus a table was associated with better results than the other approaches, which combined a table with either a bar chart or a more sophisticated graphic. As a result, this combination of graphic and table was used as the basis for the cost sections of all variants in Phase II.

PHASE I QUALITATIVE RESEARCH

8 Phase I qualitative research - Introduction

The qualitative element of the research consisted of conducting focus groups in six Member States: Czech Republic, France, Germany, Slovakia, Spain and the UK.

Two focus groups were conducted in each of the six countries. A total of eight to ten participants took part in each group. In order to obtain detailed information about the research topic, while avoiding respondent fatigue, each session was scheduled to last two hours.

Prior to the focus groups, a pilot study was carried out, consisting of six in-depth individual interviews in the UK. The pilot exercise proved that it was not possible to address all research topics within the foreseen timeframe, given the complexity of the subject, and the number of materials which had to be tested. Therefore, in order to be able to cover all the materials, some of these had to be allocated differently across the six countries[10].

In each country, one focus group was conducted with people with high financial literacy, and one with low and medium financial literacy. Each focus group included both actual investors and potential investors as indicated below:

Table 48: Focus group composition

Target for Group 1	Target for Group 2
Low/medium financial literacy, mix of potential and actual investors	High financial literacy, mix of actual and potential investors

The aim was to test different ways of presenting financial products' risk, performance and costs. The focus groups therefore enabled us to test several ways of presenting the three topics, by exploring participants' understanding and preference regarding each of them.

Several ways to present each of the three topics (risks, performance and costs) were designed ('variants'). Each variant consisted of a visual element and an explanatory text. The variants were designed to include a wide range of different visual styles (simpler or more complex graphs, tables, different uses of colour). The group discussions enabled us to explore participants' understanding and attitudes about each of these, and to identify those which they considered to be most appropriate for presenting the products' main features. Furthermore, the groups provided an opportunity for participants to express their opinions about specific elements of the variants, as well as to point out possible improvements which would make the materials clearer and easier to understand.

During the focus groups, we have referred to two different financial products: a single option product (a fixed term investment product, or structured product, and a multi-option product (which we have also referred to as a 'wrapper'). This selection enabled us to test materials for the two different types of products. The main focus of this phase of the research was, however, to test the variants for the single option product.

The pilot study has shown that it was not possible to test materials for more than one single option product during one group session, due to the large number of variants to be tested, and to the fact that the duration of each session was not to go beyond two hours. Therefore, in each

[10] For more information, please consult Section 9 ("Overview and allocation of variants")

country, we have tested materials for one single option product, which was the same across all countries.

The materials tested for the single option products were similar to those tested for products D and C in the quantitative survey: the product description and the risk variants corresponded to those tested for product D in the survey, while the performance and costs variants corresponded to those tested for Product C in the quantitative part of the research[11].

9 Overview and allocation of variants

For the single option product, a total of 18 variants were tested during this phase of the research (5 variants presenting the product's risks, 5 presenting performance and 8 presenting the product's costs). These were similar to but not in all cases identical with the variants for the quantitative testing.

Given the complexity and the number of variants presenting performance and costs, and the fact that the maximum duration of each focus group session was two hours, these variants were allocated differently across the six countries.

The split allocation of performance and cost variant enabled testing of each variant in detail across the six countries, but also facilitated top level feedback in other countries to explore the extent to which views were shared across countries. For performance variants, in each country we tested a mix of more 'simple' and more 'complex' variants, presenting information either in a table (at least one in each country), or in a chart or other type of layout (at least one in each country). This was done to allow us to gain relevant feedback as to the preference for graphs/ tables/ other layout across all focus groups.

Each variant presenting the product's performance was tested in at least three countries, and each cost variant was tested in at least two countries.

One of the key differences between how the different cost presentations were tested in the quantitative and qualitative testing related to fact that, within the quantitative testing one cost variant consisted of a combination of two elements, while within the qualitative testing these were split to present two separate variants. This approach enabled us, on the one hand, to collect detailed feedback regarding participants' attitudes towards each individual graphical element shown in the cost variants (through a similar procedure as the one used for testing the risk and performance variants), and, on the other hand, to allow for a better understanding of the drivers. As a consequence of the fact that each of these variants were tested separately, the number of materials for the costs section was larger than the number of variants tested for the risk and performance sections.

To avoid any confusion, different numbering of the costs variants were used in the qualitative and the quantitative study (in the qualitative study the numbering contained a suffix "x") *(please see Table 49)*.

The focus groups enabled us to test nuances of some of the variants tested in the quantitative survey (for e.g. variant 2.2 and cost variant 2x).

[11] For more information, please consult Annex 6.

The qualitative study also allowed the testing of four risk variants of risk presentation for a multi-option product (which, during the focus groups, we referred to as a “wrapper”).

The following table presents the variants used for the qualitative testing, listed per research topic, along with a brief overview of the key features tested for each of them. For the performance and cost variants, the allocation of variants per country is also listed:

Table 49: Summary of risk variants tested in Phase I qualitative research

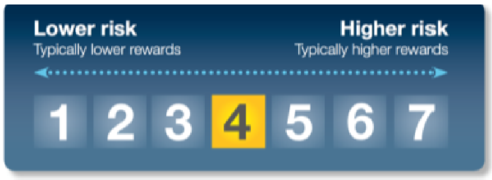
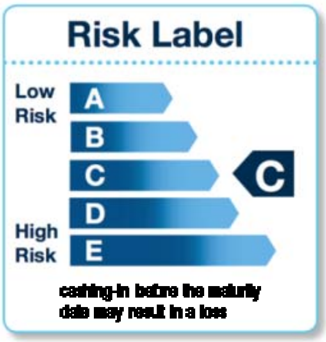
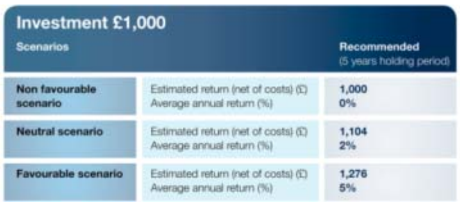
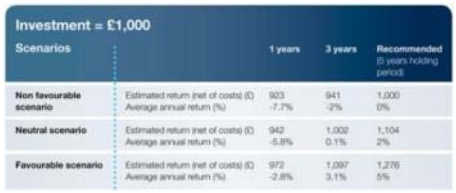
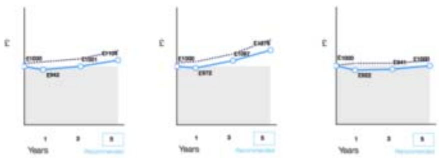
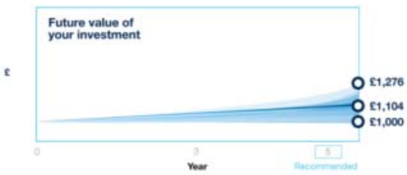
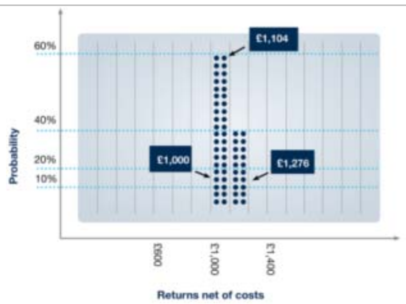
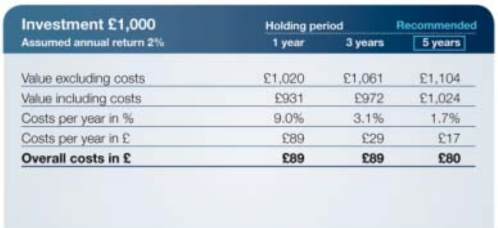
Variant	Graphic element	General elements tested	Specific elements tested	Country
Risk variants				
1.1		- clarity of the image, easiness to understand the products' risk level - scale (preference for 7 point scale, or other – e.g. 6, 5, 10?) - design	- reference to performance ("typically higher rewards"/"typically lower rewards"); -7-point scale	All
1.2			- 6-point scale (vs. 7 point scale)	All
2.1		- clarity of the image, ease of understanding the products' risk level - arrow (how clear is it that it indicates the risk level?) - design (similarity to energy label)	- use of letters instead of numbers - text "cashing-in before the maturity date may result in a loss"	All
2.2			- use of colours (similarity to the energy label)	All
3		- clarity of the image, ease of understanding the products' risk level - attitudes towards the amount of information (too much? useful?) - design, use of colours	- ease of identifying/ understanding the overall risk, the market risk and the liquidity risk	All

Table 50: Summary of performance variants tested in Phase I qualitative research

Variant	Graphic element	General elements tested	Specific elements tested	Country
Performance variants				
4		- clarity of the information (scenarios, recommended holding period, estimated return, average annual return) - design		SK, UK, FR, ES
1		- clarity of the information (scenarios, recommended holding period, estimated return, average annual return) - design	- attitudes towards the fact of having the information broken down by holding periods	CZ, UK, DE, FR
2		- clarity of the information (scenarios, recommended holding period, estimated return, average annual return) - design - preference for having the information presented in numbers (rather than percentages)	- preference for having the information as a chart/table - attitudes towards having the three scenarios presented separately	CZ, DE, ES
3		- clarity of the information what do the colours mean, what does the shape show -design - attitudes towards the amount of information (should there be more/less)?		CZ, SK, UK, FR
5		- clarity of the information - design - attitudes towards the amount of information (should there be more/less)?	- probability	SK, DE, ES

<table>
<tr><th colspan="5">Table 51: Summary of cost variants tested in Phase I qualitative research</th></tr>
<tr><th>Variant</th><th>Graphic element</th><th>General elements tested</th><th>Specific elements tested</th><th>Country</th></tr>
<tr><td colspan="5">Cost variants</td></tr>
<tr><td>1x</td><td>
</td><td rowspan="2">- clarity of the information (entry costs, yearly costs, exit costs; one-off, on-going; monetary and % data)
- amount of information (too much/insufficient?)
- design</td><td></td><td rowspan="2">CZ, UK, FR</td></tr>
<tr><td>2x</td><td>
</td><td>- use of colours (red/green)
- interpretation of the red colour</td></tr>
<tr><td>3x</td><td>
</td><td>- clarity of the information
- amount of information (too much/insufficient? Useful?)
- design (colours, use of table)</td><td>- usefulness of presenting the value excluding costs
- usefulness of presenting the information by holding period</td><td>UK, FR</td></tr>
<tr><td>4x</td><td>
</td><td>- clarity of the information
- amount of information (too much/insufficient? Useful?)
- design
- understanding of the image (easy? Difficult?)</td><td>- usefulness and understanding of TCR (total costs ratio)</td><td>CZ, ES</td></tr>
<tr><td>5x</td><td>
</td><td>- clarity of the information
- amount of information (too much/insufficient? Useful?)
- design
- understanding of the image (easy? Difficult?)</td><td></td><td>SK, ES</td></tr>
<tr><td>6x</td><td></td><td>- clarity of the information
- amount of</td><td></td><td>UK, FR</td></tr>
</table>

<table>
<tr>
<td></td>
<td>
<table>
<tr><th>Value of investment components</th><th>Entry costs (%)</th><th>Entry costs (monetary terms)</th><th>On going yearly costs (%)</th><th>On going yearly costs (monetary terms)</th><th>Exit costs (%)</th><th>Exit costs (monetary terms)</th></tr>
<tr><td>Gross investment (A)</td><td>100%</td><td>1,000</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Costs of the product* (B)</td><td>3.5%</td><td>35</td><td>0%</td><td>0</td><td>0%</td><td>0</td></tr>
<tr><td>Investment services Costs** (C)</td><td>4.5%</td><td>45</td><td>0%</td><td>0</td><td>0%</td><td>0</td></tr>
<tr><td>Fair value/invested capital (A-B-C)</td><td>92%</td><td>920</td><td></td><td></td><td></td><td></td></tr>
</table>
* % third party payments
** costs linked to the provision of investment services known by the manufacturer
</td>
<td>information (too much? Useful?)
- understanding of each of the different elements
- design (colours, use of table)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7x</td>
<td>
<table>
<tr><th>Investment £1,000</th><th>If you cash in after 1 year</th><th>If you cash in after 3 years</th><th>If you cash in after 5 years (recommended)</th></tr>
<tr><td>Investment made</td><td>£1,000</td><td>£1,000</td><td>£1,000</td></tr>
<tr><td>- Entry costs</td><td>£80</td><td>£80</td><td>£80</td></tr>
<tr><td>- Ongoing costs</td><td>£9</td><td>£9</td><td>£0</td></tr>
<tr><td>+ Return</td><td>£20</td><td>£61</td><td>£104</td></tr>
<tr><td>- Exit Costs</td><td>£0</td><td>£0</td><td>£0</td></tr>
<tr><td>= What you might get back</td><td>£931</td><td>£972</td><td>£1,024</td></tr>
<tr><td>TCR</td><td>9.0%</td><td>3.1%</td><td>1.7%</td></tr>
</table>
</td>
<td>- clarity of the information
- amount of information (too much? Useful?)
- design (colours, use of table)</td>
<td>- usefulness and understanding of TCR (total costs ratio)
- usefulness of presenting the information by holding period</td>
<td>SK, DE</td>
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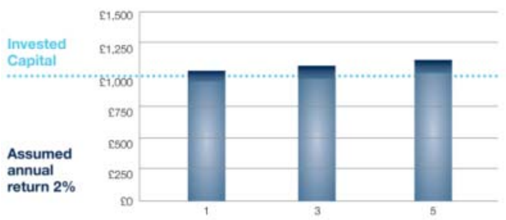


<table>
<tr><th>Year</th><th>1</th><th>3</th><th>5 (Recommended)</th></tr>
<tr><td>Costs per year in £</td><td>£89</td><td>£29</td><td>£16</td></tr>
<tr><td>Costs per year in %</td><td>9.0%</td><td>3.1%</td><td>1.7%</td></tr>
<tr><td>Overall costs in £</td><td>£89</td><td>£89</td><td>£80</td></tr>
<tr><td>Value after costs</td><td>£931</td><td>£972</td><td>£1,024</td></tr>
</table>
</td>
<td>- clarity of the information
- understanding of the different elements
- amount of information (too much? Useful?)
- design</td>
<td>- use of bar chart to represent costs</td>
<td>CZ, ES</td>
</tr>
</table>

Table 52: Summary of risk variants for the multi-option product tested in Phase I qualitative research

Variant	Graphic element	General elements tested	Specific elements tested	Country
Multi-option product risk variants				
Variant 1		- clarity of the information: are participants able to understand that the image presents risk ranges?	- use of text "the range of options we offer"	All
Variant 2			- use of arrow, instead of text "the range of options we offer"	All
Variant 3		- clarity of the information: are participants able to understand that the image presents an example, corresponding to one of the possible options an investor could choose from with this product?	- use of text "typical long-term option", "the range of options we offer"	All
Variant 4			- clarity of the image, if the text "typically long-term option", "the range of options we offer" is not used	All

As shown in the table, the qualitative part of the research enabled us to collect information not only regarding participants' preferences towards the different ways of presenting the information, but also on their attitudes and understanding regarding specific elements for each of the variants and the balance they achieve between different elements of information or messages for the respondent. Furthermore, participants were able to express their opinions regarding possible ways of improving the variants (as for example, the need for adding certain clarifications, or combining information from different variants).

During the focus groups, participants were prompted to state their preferences when discussing each of the variants, in terms of how the information is presented (charts, tables), amount of information (whether deemed too much or insufficient) and design (layout, use of colours).

The main aspects that were tested were:

For risk variants:

- Overall clarity (testing, for each variant, how easy or difficult it is for participants to identify the product's risk level)

- Type of scale (preferences towards numbers or letters, towards a 7-point scale or a 6-point scale, or other – e.g. 5 point scale, or 10 point scale, preference towards having an even or an uneven number of buckets)
- Design (use of colours, layout, attitudes towards using the colour red, attitudes towards presenting risks in a manner which is similar to the energy label – as on variants 2 and 2.2)
- Clarity and amount of information (use of having the information regarding market risks, credit risks and liquidity risks on the visual, as on variant 3; understanding of these elements).

For **performance variants:**

- Overall understanding, understanding of the different elements (scenarios, holding period, etc.)
- Preferences towards displaying the information in a table (as on variants 4 and 1) or in a graph (as on variants 2, 3 or 5)
- Preference towards having less information – as on variant 4, or more details – as on variants 1, 2 and 5).

For **costs** variants:

- Overall understanding, understanding of the different elements (entry costs, yearly costs, exit costs, one-off, ongoing, holding period etc.)
- Preference towards having the information displayed in a table (as on variants 3x, 7x, 6x, or in a different format, as on variants 4x, 8x, 5x)
- Understanding of "TCR" (total costs ratio) as presented on variants 4x and 7x
- Preference towards having less information – as on variant 2x and 1x, or more details – as on variants 3x, 7x, 6x and 8x.

For **multiple options product ("wrapper") risk** variants:

- Overall understanding of the variants;
- Participants' ability to understand the difference between the variants showing risk ranges (variants 1 and 2), and those illustrating an example corresponding to one of the possible options an investor may have with this product (variants 3 and 4);
- Preferences with regard to how ranges could be best presented and whether inclusion of examples is considered useful.

10 Testing approach

A detailed discussion guide capturing the structure of the discussion and providing detailed instructions and explanations to the focus group moderator was designed by Ipsos, with input from the European Commission, the European Supervisory Authorities and London Economics.

Prior to conducting the focus groups, the discussion guide was tested through six in-depth face-to-face interviews, carried out in the UK, and then improved following the feedback from these interviews. Notably, respondents faced difficulties in examining many different variants, so that the focus groups were designed to limit the number of variants shown to any single focus group, varying these between focus groups instead.

The document was structured around three main topics within the Key Information Document (risk, performance and cost). The main objective was to test different ways of presenting the information about these. We aimed to explore respondents' understanding and preferences regarding the different variants which were designed to present the KID (information relating to risk, performance and costs) as well as to how the presentation could be meaningfully adapted for multi-option products ("wrappers").

Each focus group session began with an introduction to the study, followed by a brief discussion about investment products in general. The aim was, one the one hand, to open the subject, and, on the other hand, to evaluate respondents' general awareness and experience with investment products. The moderator then provided a description of a product, which made the focus of the session, and explained the purpose of the research: finding out how to best present key information about the product, and, more specifically, about its risks, performance and costs. The interview then continued with detailed discussions about each of the different variants designed to present the three topics. Once this part was completed, the moderator provided a brief description of the "wrapper". The aim was to discuss four risk variants as these may be adapted for providing generic information about investment options available within the wrapper.

The different research topics were addressed in the order of the complexity of the presentations, starting with the simplest (risk) and continuing with the most complex (performance, cost, and, finally, wrapper). Similarly, the order in which the different variants were presented for each topic was also defined according to their complexity. Each time, we have started with the most simple variants (in terms of amount of information, layout), and then, progressively, we have presented the more complex ones.

This approach enabled us to collect detailed information about participants' understanding and attitudes regarding the different variants, and to identify those which were considered most appropriate for presenting the product's risks, performance and costs. This step allowed making a first selection of variants, which were then built into several versions of the Key Information Document, and further tested during the phase II of the research.

11 Testing outcomes

This section presents the findings of the qualitative research, based on the focus groups which were carried out in the six countries.

11.1.1 General awareness of investment products

Across the six countries, overall awareness and interest about investment products was lower among potential investors, and higher among actual investors. People were mainly familiar with investment funds, stocks, bonds and shares.

When asked how they first started to take interest in the topic, most actual investors mentioned having been advised by family members, friends, or professionals (financial advisors, brokers, banks, companies etc.). People tend to start investing in the context of making retirement plans, receiving an inheritance, having important savings, or planning to help their children in the future.

Among those who did not have any experience, the main reasons for not investing in financial products were related, on the one hand, to lack of awareness (some participants mentioned having no knowledge of financial products), and, on the other hand, to people's scepticism towards financial products, and towards banks or other companies selling these (some respondents mentioned being unwilling to take risks, and preferring to place their money in a saving account). Scepticism about banks and financial companies was high in Spain, as well as in other countries, such as France and the UK. Another reason for not taking interest in investing was related to people's insufficient financial resources. This factor was mainly brought up by participants from the younger age group, who felt that they should have a certain income or savings before considering investing in financial products.

Across the six countries, some participants believed that it was preferable to invest in real estate rather than in financial products.

Attitudes towards the single option product were generally sceptical, regardless of people's financial literacy or investment experience. When reading the product description document, people were mainly concerned about the possibility of losing their investment if the manufacturer went out of business, as well about the fact that it involved a five year investment – which they considered as long term. The possibility of losing the entire investment was the main source of confusion, as although this risk was mentioned in the descriptive text, it had not been specified as part of the performance scenarios[12]. Attitudes towards the product were negative across most countries, although slightly more nuanced in Germany, where participants considered that the product was worth investing in, provided there was no need for liquidity during a five-year period.

11.1.2 Risk

People's general attitude towards investing was mainly a 'cautious' one, as most declared spontaneously that they avoided taking risks. For some, this was due to previous negative experiences, while for others, to their lack of confidence in banks and financial companies given the economic crisis context. Therefore, safety comes across as the most important characteristic of a financial product.

Risk was the first topic of the KID discussed with the respondents. Despite the fact that they were generally able to make the connection between risk and rewards (knowing that, in the context of investing, "the higher the risk, the higher the rewards"), most participants described themselves as being 'conservative' when it came to risk taking, and associated risk with the danger of losing the entire investment. In countries such as Czech Republic and Spain, views were somewhat more nuanced, particularly among people with high financial literacy and investment experience, as some emphasised the fact that it was important to take risks in order to obtain higher gains.

When thinking about the product's risks, one of the aspects which was spontaneously brought up by some of the participants in the UK was the risk related to the company which is selling or manufacturing the product (so-called credit risk) (in the idea that purchasing the product from a bank or a "reliable" company would be less risky).

The narratives explaining the visuals raised some uncertainties (particularly the statement mentioning that one could lose 100% of their investment, which did not make the product look appealing).

Preferences regarding the best way of presenting a product's risk varied across countries:

[12] Please note that in the real KID all this information would be included in one section that has been split for testing purposes

- In Spain and Germany, people were inclined to consider variant 3 as most appropriate for presenting the product's risk
- In France and in the UK, some respondents preferred variant 1.1 (due to the fact that it was easy to understand, as well as to the design) , while others considered variant 3 to be the most appropriate (due to the fact that it presents more information)
- In Czech Republic, views were divided – as respondents with low financial literacy preferred variant 2.2 (colour), or variant 3, while those with high financial literacy were more inclined to select variant 2.1 (standard-blue), or variant 1.1, and disliked variant 3
- In Slovakia, people preferred variant 1.1 – on a seven point scale; variant 3 was considered as more appropriate for people with high financial literacy, provided that it comes with more detailed explanations; variants 2.1 and 2.2 were the least preferred
- In Germany, people showed a clear preference towards showing risks on an even scale, while those in Slovakia favoured an uneven scale

Across the six countries, respondents provided various suggestions for improving variant 3, such as:

- Adding an explanation to the terms 'market risk', 'credit risk' and 'liquidity risk'
- Changing the colour scheme, for example by adding contrast colours in order to make the risk more obvious, and the visual less monotonous (for example by using yellow to highlight risk as in variant 1)
- Adding the reference to performance
- Participants in Germany and Spain suggested using a 10 point scale.

Variant 1

Box 1: Risk variant 1

- Variant 1.1

This risk indicator helps you assess the risks with this product and compare them with other products. It takes into account the likelihood of possible losses, assuming you keep the product for the recommended holding period.

This product does not include any capital protection so in the worst case you could lose 100% of your investment.

In the event the manufacturer is not able to pay you what is owed, you could lose all your investment. The indicator assumes you keep the product for the recommended holding period. Be aware that cashing in early is only possible on a secondary market, where costs and prices vary.

- Variant 1.2

This risk indicator helps you assess the risks with this product and compare them with other products. It takes into account the likelihood of possible losses, assuming you keep the product for the recommended holding period.

This product does not include any capital protection so in the worst case you could lose 100% of your investment.

In the event the manufacturer is not able to pay you what is owed, you could lose all your investment. The indicator assumes you keep the product for the recommended holding period. Be aware that cashing in early is only possible on a secondary market, where costs and prices vary.

Across the six countries, participants considered this variant to be easy to understand. The products' risk was easy to spot as the number highlighted in yellow on the image, and the reference to performance was considered useful.

In some countries (particularly the UK, Spain, France and Germany) some of the participants felt however the need for more information, on aspects such as the criteria for evaluating a product's risk. Participants were particularly interested in knowing who would be in charge of rating the product's risk (whether seller, manufacturer etc.), and on which basis, emphasising the importance of these factors in the product's risk assessment.

Some of the participants from the low-financial literacy groups in Germany and in the UK questioned the meaning and necessity of the word 'typically' (from the 'typically higher rewards' statement). In Germany, the use of the word caused some confusion, as some participants raised questions about possible ‘non-typical’ cases.

Others (particularly in Czech Republic, Germany, France and in the UK) considered that the text paragraph below the image made the risk factor seem stronger, and that there was a lack of consistency between the risk described in the picture and the risk explained in the text: the text mentions a possible 100% loss, while the scale shows a ‘mid-level’ risk (meaning that the risk of a total loss is not reflected in the picture).

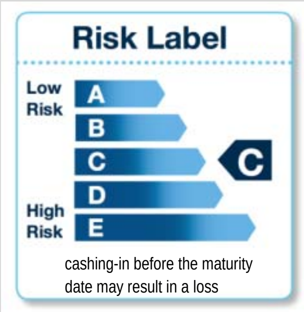
In terms of design, participants considered the image to be appealing. The choice of colours (blue and yellow) was deemed as appropriate for presenting this type of information. Some of the respondents suggested using colours also as a ‘warning’ (for instance, using red to emphasize the high risk levels, and/or green for lower risks), what is sometimes referred to as a ‘traffic light’ approach. However, when prompted, respondents tended to note that using red colour as a danger warning could put investors off taking higher levels of risk. Since products with higher levels of risk could be suitable for particular investors, a neutral colour scheme was kept for this variant during the second phase of the testing.

In terms of preference regarding the scale - whether six (variant 1.2) or seven point (variant 1.1) - in most countries, opinions were split, as some participants preferred the seven point scale (because it allowed rating the product as ‘medium’ risk) while others believed that the six point scale was clearer, as it provided a better understanding of which side of the risk scale the product is situated. Also, the six point scale made the product seem less ‘risky’. In Germany, participants preferred the six point scale, while in Slovakia, the seven point scale was considered most suitable as it contains a mean value and thus clearly indicated positive/neutral/negative (low-average-high). Other suggestions raised during the focus groups in Germany was to use a 10 point scale, as this would correspond better to the usual way of assessing products in the financial community. Respondents with high financial literacy in this country also proposed rating products’ risk using a scale from 0 to 100.

Variant 2

Box 2: Risk variant 2

- Variant 2.1



This risk indicator helps you assess the risks with this product and compare them with other products. It takes into account the likelihood of possible losses, assuming you keep the product for the recommended holding period.

This product does not include any capital protection so in the worst case you could lose 100% of your investment.

In the event the manufacturer is not able to pay you what is owed, you could lose all your investment. The indicator assumes you keep the product for the recommended holding period. Be aware that cashing in early is only possible on a secondary market, where costs and prices vary.

- Variant 2.2

This risk indicator helps you assess the risks with this product and compare them with other products. It takes into account the likelihood of possible losses, assuming you keep the product for the recommended holding period.

This product does not include any capital protection so in the worst case you could lose 100% of your investment.

In the event the manufacturer is not able to pay you what is owed, you could lose all your investment. The indicator assumes you keep the product for the recommended holding period. Be aware that cashing in early is only possible on a secondary market, where costs and prices vary.

Overall, across the different countries, this image was also clear and quite easy to understand. However, while the respondents appreciated the simplicity of this variant, their overall attitudes about this way of presenting the product's risk were rather critical.

The variant's strong similarity to an energy label or a food label makes people think that it is unsuitable for a financial product. In Slovakia the colours were found to be distracting the attention from the product risk indicator 'C' and also not suitable for financial decision making. The use of letters was also questioned, as in some countries people preferred the use of numbers instead of letters when speaking of financial products (this point was mainly made in the UK, France and Spain; however, in Czech Republic, the scale with letters was considered preferable).

Some commented on the fact that the variant encourages people to perceive the product as 'good' or 'bad', due to the vertical scale, as well as to the association with energy labels (this idea was emphasised in Germany and Czech Republic).

French and Slovak participants pointed out the fact that the variant lacked the reference to performance. The interdependency between risks and rewards was less obvious on this image than it was in variant 1.

Also, some of the French respondents would have preferred a six point scale (or an even number).

In the UK, some respondents questioned the necessity of having the letter 'C' in the arrow (in the idea that the image would have been clearer without this element). Some suggested having the letter 'R' in the arrow (for 'Risk'), while others believed that the arrow should be coloured in red. Other suggestions (in the UK, France and Czech Republic) were to colour the blue arrow corresponding to the product's risk level in a different colour (e.g. yellow).

The wording within the visual stating that 'cashing-in before the maturity date may result in a loss' generated different reactions. Some of the participants in the UK pointed out that the text could be misleading, as it highlights one aspect among many others which should be taken into account. In Slovakia participants found this wording too complex. On the other hand, in Czech Republic, respondents found the text useful, but also mention it could be rephrased to a simpler wording.

Regarding the narrative, some of the participants from the high financial literacy group in the UK questioned the use of the word 'manufacturer', suggesting that it should be replaced by the terms 'issuer', or 'company issuing the product'.

Preferences towards the 'standard' (blue) or the 'coloured' version of variant 2 varied, as some participants favoured the coloured version – due to its design, or its resemblance to an energy label, while others preferred the standard one due to its more 'formal' design, which was deemed as more appropriate for presenting financial products. The picture's resemblance to an energy label was seen as positive by some of the participants (as it was easy to understand, due to the fact that it is familiar), and negative by others (who considered the design unsuitable for the financial context).

Across the six countries, respondents (mostly with low financial literacy) agreed that the colour red represents a 'danger' warning, and that this could drive investors away from higher risk products. As products with higher levels of risk could be suitable for some investors, during the second phase of the research we focused on testing variants with a neutral colour scheme.

Variant 3

Box 3: Risk variant 3

This risk indicator helps you assess the risks with this product and compare them with other products. It takes into account the likelihood of possible losses, assuming you keep the product for the recommended holding period.

This product does not include any capital protection so in the worst case you could lose 100% of your investment.

In the event the manufacturer is not able to pay you what is owed, you could lose all your investment. The indicator assumes you keep the product for the recommended holding period. Be aware that cashing in early is only possible on a secondary market, where costs and prices vary.

Although this variant was somewhat more difficult to understand, as well as less visually appealing, many of the participants preferred it to the previous ones, due to the fact that it provided more information.

Most participants understood that the overall risk was calculated based on the rating of the three types of risk presented in the visual.

The main difficulty related to the understanding the meaning of the three types of risk ("market risk", "credit risk" and "liquidity risk"). Regardless of their financial literacy, respondents considered that information was missing and that these concepts should be explained, either on the picture, or somewhere near it. Across the six countries, the term 'market risk' was easiest to understand.

Participants in Slovakia and in France suggested that the image should be improved by adding the reference to performance, while those in Spain and Germany considered that a 10 point scale would have been more appropriate.

In terms of layout, most respondents suggested changing the colour scheme to add more contrast (rather than using various shades of blue), or using the same colour scheme as for variant 1.

11.1.3 Performance

Financial products' performance – in the way it was presented in the variants – was slightly more difficult to understand than risks. In general, performance of a product was considered less important by the participants, compared to the risk indicator.

Due to the number of variants, at least three variants were tested in detail in each country (as explained in section 10). In some of the countries, if time remained, other variants were also tested.

Across the different countries, the option considered most suitable for presenting financial products' performance was variant 1 (selected in all countries), followed by variant 4. Variant 5 was the least recommended. Participants appreciated that the variants showed three possible developments, including a negative one, as negative information is not available from companies.

As for the other variants, opinions varied from one country to another:

- In Czech Republic, although participants preferred variant 4 (followed by variant 1), some considered that variant 2 could also be a good option (provided it came with detailed explanations); variants 3 and 5 were considered least appropriate
- In Slovakia, respondents preferred variant 1, and disliked variant 3. Some mentioned that the ideal way of representing the product's performance would be a combination between variant 1 and variant 2 (provided they came with detailed explanations)
- In Germany, although people preferred graphs to tables for presenting performance, the selected option was variant 1. Variant 3 was another option, although the chart required a lot of explanation (scenarios were unclear, and the overall design was ambiguous as the lines were too close together). Variant 5 was least recommended: although it was the only one displaying probabilities, the graphic was unclear.

Variant 4

Box 4: Performance variant 4

Investment £1,000

Scenarios		Recommended (5 years holding period)
Non favourable scenario	Estimated return (net of costs) (£) Average annual return (%)	1,000 0%
Neutral scenario	Estimated return (net of costs) (£) Average annual return (%)	1,104 2%
Favourable scenario	Estimated return (net of costs) (£) Average annual return (%)	1,276 5%

The amount you will get back from this product is not fixed. What you get will vary depending on how the market performs and how long you keep the investment. This table shows some potential returns over the next 5 years, in different scenarios, based on an investment of £1,000.

However, there is no guarantee you will get any of these returns, and the returns shown are not equally likely. You can use this to compare this product with other products. The figures shown take into account all costs, but not your personal taxes.

Across the four countries where it was tested in detail (France, Spain, Slovakia and the UK), respondents found the variant easy to understand.

French and British participants made several suggestions for improving the variant, such as emphasising the fact that the product needs to be kept for five years, showing the 'worst case scenario' and the 'best case scenario', and specifying whether there is a fixed amount for the upper limit.

Respondents in the UK also felt the need for more information regarding what would happen if people didn't keep the product for five years, and mentioned the fact that it was not possible to tell whether a person could also lose money or not, and that this should be made clearer.

Some thought it was important to add more information, especially regarding the fact that there is no guarantee – as otherwise people might expect a certain amount back. These views were also shared by some of the Slovak respondents.

In Slovakia, one of the suggestions was to change the order of the scenarios as following: neutral, favourable, non-favourable, in the idea that starting with the favourable scenario might raise suspicions among more conservative investors.

Participants in France and the UK generally agreed that risks and performance should be shown together, and that the fact that one could lose all the money invested should be clearly specified.

Variant 1

Box 5: Performance variant 1

Investment = £1,000

Scenarios		1 years	3 years	Recommended (5 years holding period)
Non favourable scenario	Estimated return (net of costs) (£) Average annual return (%)	923 -7.7%	941 -2%	1,000 0%
Neutral scenario	Estimated return (net of costs) (£) Average annual return (%)	942 -5.8%	1,002 0.1%	1,104 2%
Favourable scenario	Estimated return (net of costs) (£) Average annual return (%)	972 -2.8%	1,097 3.1%	1,276 5%

The amount you will get back from this product is not fixed. What you get will vary depending on how the market performs and how long you keep the investment. This table shows some potential returns over the next 5 years, in different scenarios, based on an investment of £1,000.

However, there is no guarantee you will get any of these returns, and the returns shown are not equally likely. You can use this to compare this product with other products. The figures shown take into account all costs, but not your personal taxes.

This variant was generally well understood. In Germany and France, this variant was preferred to variant 4, participants in Germany explained they found the three periods more transparent regarding costs and performance of the product, especially when it comes to a negative performance.

In the UK, attitudes regarding this variant varied across groups. Participants from the low financial literacy group preferred this variant to the previous one (variant 4), considering that it is clearer, and that it presents more information. Views varied within the high-financial literacy group. Some participants preferred this version to the previous one (due to the fact that it presented more information), while others preferred the first one (in the idea that variant 1 could be 'misleading', as it could make people think that taking out the money after three years would imply a very low risk of losing money).

Some participants suggested that the 'worse case' scenario and the 'best case' scenario should be represented. This view was shared in all countries where the variant was tested in detail (Czech Republic, the UK, Germany, France). Others believed that the likelihood of the scenarios should also be represented (Germany).

French and British respondents felt that the fact that one could lose all the investment should be stated more clearly.

Czech Respondents considered that highlighting the product's performance after one year or three years is not necessary.

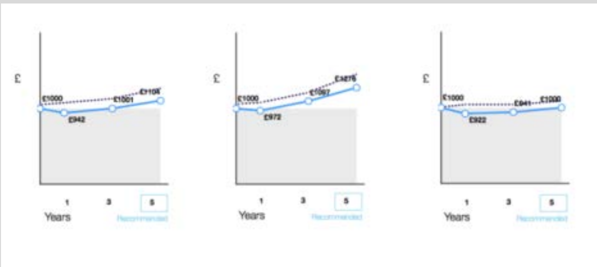
Overall, it was not clear whether one can make more money than in the favourable scenario, and less than in the unfavourable scenario.

Other respondents questioned whether the specified period was the 'minimum' one, or the typical recommended one, and whether the product could be held for longer (and with what consequences).

In terms of design, participants in the UK suggested using colour codes for the different scenarios (for example, having the unfavourable scenario in red, the neutral in yellow, and the favourable in green, or having the negative figures in red). German respondents also suggested using more colours, or highlighting the right column and suggested that wording could be re-drafted '5 years (recommended holding period)'.

Variant 2

Box 6: Performance variant 2



The amount you will get back from this product is not fixed. What you get will vary depending on how the market performs and how long you keep the investment. This table shows some potential returns over the next 5 years, in different scenarios, based on an investment of £1,000.

However, there is no guarantee you will get any of these returns, and the returns shown are not equally likely. You can use this to compare this product with other products. The figures shown take into account all costs, but not your personal taxes. The dotted line shows the value before the costs are taken into account.

Performance variant 2 was considered as being confusing in most countries. Respondents in Czech Republic considered that some information should be provided regarding the interpretation of the graph, while those in Spain pointed out that reading the chart required too much effort, especially for people who are not very experienced with financial issues.

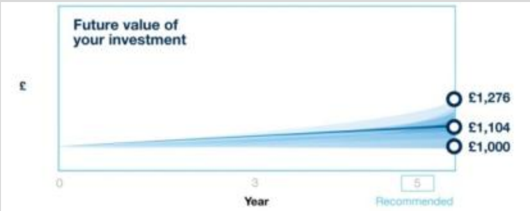
In Czech Republic, some respondents believed that the dotted line shows anticipated performance, while the blue line corresponds to the product's real performance, or that the dotted line shows minimum performance while the blue line - maximum performance. In Germany, the blue line was interpreted as describing the value of the investment, while the meaning of the dotted line was completely unclear (there were various assumptions about what it could represent: trend, average value, approximate value). In Slovakia, where this variant was tested as 'another idea', participants were seldom able to identify the meaning of the dotted line.

In the UK, some of the high financial literacy respondents considered that the variant was understandable – however, most were adverse to the layout. In Slovakia though, where participants generally preferred tables to charts, this version was considered best out of all designs evaluated in terms of performance. Participants in particular indicated that it is easy to see the return of investment.

In terms of design, the image was generally considered complicated and too technical.

Variant 3

Box 7: Performance variant 3



The amount you will get back from this product is not fixed. What you get will vary depending on how the market performs and how long you keep the investment. This graph shows some potential returns over the next 5 years, in different scenarios, based on an investment of £1,000.

However, there is no guarantee you will get any of these returns. The graph shows you how likely the different returns are. You can use this to compare this product with other products. The figures shown take into account all costs, but not your personal taxes.

In most countries, participants considered that performance was not clearly represented in this variant. Confusion was high regarding the interpretation of the chart, and about what the different shades of blue represented. Overall, the layout was considered unappealing, and the information unclear and incomplete.

In the UK and in France, participants highlighted the fact that without having seen the previous variants (1 and 4) they would not have been able to understand what was represented in the picture.

In Czech Republic, it was partly presumed that the dark colour represented the "most likely scenario" and lighter shades described the less likely scenarios. It was only due to the previously discussed variants that participants were able to think in terms of "favourable", "neutral" and "non-favourable" scenarios. Also, the light shades of the blue colour are too similar to distinguish.

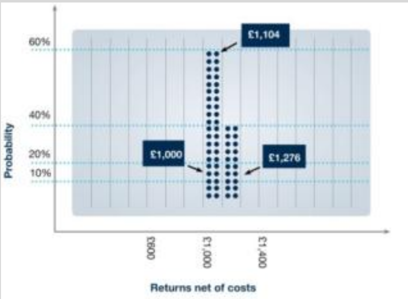
In Slovakia the variant was also considered too complicated. The 'Future value of your investment' information was perceived as incomplete, and was not understood. The absence of a starting investment of 1,000€ made the concept vague. It was therefore recommended to add this information (e.g. as a headline: 'Future value of your 1,000€ investment', or next to the lines - 'starting point '1,000€'). The best understood element were the numbers on the right hand side of the graph. In terms of design, participants recommended shortening the horizontal axis and prolonging the vertical one, so that a smaller proportion of the chart would be occupied by white (empty) zones.

In Germany, on the other hand, the graph was considered clear and comprehensible. The meaning of the axes was easy to understand, and the title was helpful in terms of clearly stating what the graph is about. In terms of the design however, the graph itself did not make it clear that the curves and the three amounts represent the scenarios. Also, the curves are very close to each other, and the year dates below are too bright to be recognised right away.

The main suggestions for improving the graph were to use more space on the y-axis to show the lines more clearly, to explain the meaning of the lines and of the amounts, to provide additional information about the probability of the scenarios and to show percentages rather than numbers.

Variant 5

Box 8: Risk variant 5



The amount you will get back from this product is not fixed. What you get will vary depending on how the market performs and how long you keep the investment. This graph shows some potential returns over the next 5 years, in different scenarios, based on an investment of £1,000.

However, there is no guarantee you will get any of these returns. The graph shows you how likely the different returns are. You can use this to compare this product with other products. The figures shown take into account all costs, but not your personal taxes.

Understanding was particularly low for this variant. Across the different countries, this variant was the least recommended for presenting performance. In the UK and in Spain, reactions to variant 5 were particularly negative, as participants found the visual difficult to understand and unappealing. Understanding was also low in Slovakia and Czech Republic, especially the dotted columns were found confusing and the chart was found to demand too much focus and attention. Despite the fact that the chart was considered as more ‘transparent’ (as it provided information regarding probability), reading it was too complicated even for high financial literacy respondents.

In Germany, the fact that this variant includes information about the probability of the scenarios was considered positive, as this type of information is important when making investment decisions. However, the likelihood of the scenarios remained unclear; the same for the meaning of the dotted lines. Participants also considered that information regarding the probability of losses would be useful. Possible improvements to the variant would involve changing the meaning of the two axes, not using dotted lines or double dotted lines but columns instead, and showing all three scenarios.

In Slovakia, participants had most problems with the design as the arrows connecting the boxes to the dots were pointed to almost identical locations and are perceived as very confusing as there no additional information to provide context, they only provoke misunderstanding. Furthermore, the fact that a higher value (1,276€) is shown by a shorter chart (compared to 1,104€) causes significant negative reactions.

11.1.4 Cost

Due to the numerous variants to be tested, materials had to be rotated across groups (variants were allocated as presented in section 2.2). In some of the countries, if time remained, other variants were also tested.

In Germany, Czech Republic, Spain and Slovakia, variants 3 and/or 7 (or a combination of the two) were seen as most appropriate for showing costs. Respondents in the UK preferred variants 6 and 8, while, in France, people from the low financial literacy group preferred variant 1, and those from the high financial literacy group thought that a mix of variant 3 and 6, or a mix of variant 1 and 3 were most appropriate. Across the different countries, variant 5 was considered as the least suitable.

The costs section was somewhat more difficult to understand than the previous sections. Interest and comprehension varied by country. For instance, the topic was less well understood in Spain, and better understood in Germany. In Germany, participants with both low and high financial literacy had different perceptions of how important it is to show costs: Among people with low financial literacy, there was a prevailing opinion that it is sufficient to display the deducted costs when showing the performance; people with high financial literacy were rather interested in specific information about specific costs.

Variant 1x

Box 9: Cost variant 1x

This section will help you understand the expected costs for this product (based on last year costs) and compare them to other investment products. The cost is displayed in a standardized way, assuming an initial investment of £1000 that grows at 2% each year, even if 2% may not be a good estimate for the return you might get back.

In the figure, the cost of this product are split into what you pay at the start of the investment period, what is taken from your investment each year, and what you pay when you cash in your investment. For costs at the start and the end of the investment, the maximum is shown; you could pay less.

This variant was among the easiest to understand. Respondents found the information clear and generally preferred this variant to variant 2x (Czech Republic, Slovakia). In the UK, variant 1x was somewhat easier to understand among people who were already experienced investors than by those who had no investment experience.

In Germany, the design was perceived as not being visual enough, since the content is not highlighted by using colours or by other means. In comparison to Variant 2x, Variant 1x was considered less judgemental. However, an illustration of the costs to provide some sense of their level (high or low) was appreciated, although preferably without the subjective indication of 'high' and 'low' (as was shown in variant 2x).

Some found the need for further information. In the UK, some suggested that the variant should also specify the taxes which people would pay on these types of investments. In France, people requested more information about possible exit costs if an investor decides to end the investment before the recommended holding period. Others were unclear about the meaning of the term 'on-going'.

Variant 2x

Box 10: Cost variant 2x

This section will help you understand the expected costs for this product (based on last year costs) and compare them to other investment products. The cost is displayed in a standardized way, assuming an initial investment of £1000 that grows at 2% each year, even if 2% may not be a good estimate for the return you might get back.

In the figure, the cost of this product are split into what you pay at the start of the investment period, what is taken from your investment each year, and what you pay when you cash in your investment. For costs at the start and the end of the investment, the maximum is shown; you could pay less.

Among the two variants (1x and 2x), participants preferred variant 1x as this variant has a transparent structure and all terms are easily understood by participants. In Germany, however, participants preferred this variant 2x, because the colours support the statement, with a clear warning function. All terms used in this variant were seen as understandable, and it was seen as transparent that entry costs, yearly costs, and exit costs are assessed separately. Participants highlighted that it is positive that in addition, values are shown in percentages.

In France and Czech Republic, participants stated that the design was unappealing due to the use of the red colour, which might discourage some of the investors. Some of the French respondents raised questions about whether there was a minimum amount that one could invest in this product, pointing out the fact that this should also be specified.

In Slovakia, participants preferred variant 1x, but identified variant 2x as the most attractive visual as it motivates one to read the information.

Variant 3x

Box 11: Cost variant 3x

This section will help you understand the expected costs for this product (based on last year costs) and compare them to other investment products. The cost is displayed in a standardized way, assuming an initial investment of £1000 that grows at 2% each year, even if 2% may not be a good estimate for the return you might get back.

Investment £1,000 Assumed annual return 2%	Holding period 1 year	3 years	Recommended 5 years
Value excluding costs	£1,020	£1,061	£1,104
Value including costs	£931	£972	£1,024
Costs per year in %	9.0%	3.1%	1.7%
Costs per year in £	£89	£29	£17
Overall costs in £	**£89**	**£89**	**£80**

The table shows how these costs will impact on your investment over different years.

Participants in the UK considered that this variant provided more information. In terms of layout, this variant was preferred to the previous two.

In France, participants from the low financial literacy group considered that, on the one hand, it is useful to have more information (compared to what was provided in variant 1x and 2x), but that the table in itself was difficult to read. Some pointed out that using this type of layout would make it difficult for investors to compare products. The table was rather difficult to interpret for the high financial literacy group as well, as some did not understand the way costs varied by holding period (89 euro, 80 euro). Others considered that the first two lines were useful, while the following two lines were not as relevant.

In Slovakia it was mentioned that this variant is preferred when compared with variant 7x as information is simpler and more user-friendly. Also, the fact that the TCR is not present in this variant was seen as an advantage. In Germany as well, the presentation is perceived as transparent as the different holding periods enhance comparability.

Variant 4x

Box 12: Cost variant 4x

This section will help you understand the expected costs for this product and compare them to other investment products. The cost is displayed in a standardized way, assuming an initial investment of £1000.

The TCR is the average overall costs per year, if you held the investment for the recommended 5 years. The amount is shown as a percentage and a monetary figure. The TCR could be higher if you cash in the investment early.

In Spain, participants did not understand the variant, and did not appreciate the layout, which was deemed too complicated.

Similarly, in Czech Republic, the visual was seen as too complex and difficult to understand, especially at a first glance. Some participants, after studying it for some time (also in Germany, the participants needed time to understand this presentation), understood that the presented product belongs to the 'lower cost' zone; however this was not clear to everyone. Some believed that the product was above average cost rate. The 'TCR' was quite well understood, however the "average TCR" was confusing, especially to respondents with low financial awareness. Whether or not costs were paid per year was also unclear from the visual. The information should be emphasised and placed under the chart.

The dotted line on the axis and the axis in general, caused some confusion among participants. German participants found it positive that the TCR is explained in this variant, but thought it would be too easy to overlook this information since the viewer tends to focus on the visual. The realisation of the lighter and darker colours of the arrow was not found to be convincing. The circled amounts were seen as not transparent.

In Slovakia, participants perceived the visual presentation as attractive, but when looking at it in more detail they found it too complicated and mentioning that it discourages them to be interested in this product.

Variant 5x

Box 13: Cost variant 5x

This section will help you understand the expected costs for this product and compare them to other investment products. The cost is displayed in a standardized way, assuming an initial investment of £1000.

The figure shows an estimate of the overall costs for this product, and how much these costs can vary. The estimate of the overall costs of the product is based on the assumption that you do not cash in your investment before 3 years.

Confusion was high regarding this variant. In Slovakia, only some of the participants understood that the ticked box represented costs. Regarding the use of colours, people understood that darker shades of blue represented higher costs, but expected the lower right corner to be totally dark. The information presented on the axes was misunderstood, and the 'variability' indicated on the vertical axes was unclear. In Spain, the variant was considered confusing and was difficult to understand, even within the high financial literacy group. In terms of the design, people did not consider that the visual was appropriate for presenting costs, as the layout was similar to that of a game. The variant was considered too complex for regular consumers' understanding.

In Germany, it was understood that the product had relatively low costs and low variability. The meaning of the colours was however not fully understood (particularly the darker colour from the bottom-right field). Also, the use of colours was considered unnecessary for this type of matrix, if a checkmark is used. Variability was not always understood, and was confusing for participants.

Also, participants questioned the relevance of variability for an investment decision. The chart provided insufficient information, particularly in terms of one-off costs, on-going cost, and holding period. Participants felt the need for an explanation regarding the ‘variability’.

Variant 6x

Box 14: Cost variant 6x

This section will help you understand the expected costs for this product and compare them to other investment products. The cost is displayed in a standardized way, assuming an initial investment of £1000.

Value of investment components	Entry costs (%)	Entry costs (monetary terms)	On going yearly costs (%)	On going yearly costs (monetary terms)	Exit costs (%)	Exit costs (monetary terms)
Gross investment (A)	100%	1,000				
Costs of the product* (B)	3.5%	35	0%	0	0%	0
Investment services Costs** (C)	4.5%	45	0%	0	0%	0
Fair value/invested capital (A-B-C)	92%	920				

* % third party payments

** costs linked to the provision of investment services known by the manufacturer

The table shows the costs of this product. It is calculated as the difference between how much you are paying for the product, and what the real value of the investment is. Additionally, it also shows ongoing costs which will be charged yearly and the exit costs that could apply if you decide to cash in the investment early. For the entry costs and the exit costs, the maximum is shown; you could pay less.

Understanding and attitudes regarding this variant varied across countries, as well as across profiles. In Slovakia, the variant was unclear to the low financial literacy group. Participants with higher financial literacy understood the amounts per cost type, and what amount is going to be invested after costs are deducted, but they sought information on what exactly the costs are for, e.g. who is meant by third party when referring to "third party payments".

Participants in France and in the UK were favourable to this variant. In France, the variant was considered clear and well structured. The notes (*, **) were considered useful. Some of the participants noted that information regarding the holding period should also have been added. The design of the picture was however not appreciated by some of those in the lower financial literacy group, who considered the colours too light.

Variant 7x

Box 15: Cost variant 7x

This section will help you understand the expected costs for this product and compare them to other investment products. The cost is displayed in a standardized way, assuming an initial investment of £1000.

Investment £1,000	If you cash in after 1 year	If you cash in after 3 years	If you cash in after 5 years (recommended)
Investment made	£1,000	£1,000	£1,000
- Entry costs	£80	£80	£80
- Ongoing costs	£9	£9	£0
+ Return	£20	£61	£104
- Exit Costs	£0	£0	£0
= What you might get back	£931	£972	£1,024
TCR	**9.0%**	**3.1%**	**1.7%**

The table shows the different costs and how these will impact on your investment over different years. The TCR (Total Costs Ratio) is the average overall costs per year, if you held the investment for the time shown.

Both German and Slovak respondents appreciated the fact that additions and deductions were clearly indicated using plus (+) and minus (-), with a layout in the form of a 'sum'.

Slovak respondents considered that the wording 'on-going costs' should be replaced with 'on-going yearly costs' for more clarity.

In Germany, attitudes varied according to the profile of the respondents: high-financial literacy respondents considered that the information was helpful for the investment decision, while low-financial literacy participants considered the information interesting, but unnecessary for investment decisions. Both groups found the overall summary cost indicator information helpful.

However, in both Slovakia and in Germany, there was some confusion among the groups due to the unfamiliarity of the specific term 'TCR' (which was made up for the testing). An explanation of the term was deemed necessary. German participants also suggested that the table should be divided into cost figures on the one hand and performance figures on the other hand. Also, an explanation regarding which scenario the table was based on was required. Showing multiple scenarios would be helpful, all while highlighting the recommended option.

Variant 8x

Box 16: Cost variant 8x

This section will help you understand the expected costs for this product and compare them to other investment products. The cost is displayed in a standardized way, assuming an initial investment of £1000.

Year	1	3	5
Costs per year in £	£89	£29	£16
Costs per year in %	9.0%	3.1%	1.7%
Overall costs in £	£89	£89	£80
Value after costs	£931	£972	£1,024

The graph shows how these costs impact your investment if you cashed in after the number of years shown.

Opinions varied by country on this variant. In Spain the variant was the least well understood, and some respondents were not able to identify (unprompted) that the three bars represented the years. Also, the fact that the three bars were at a similar level created some confusion, particularly within the low financial literacy group.

In Czech Republic, although the table was viewed as rather easy to understand, participants considered that the graph was not explained well. Respondents thought that the table clearly showed the amount of costs per year, overall costs for the entire time and the value after costs (which was of key importance). They were, however, confused about the possibility of having CZK 29 yearly costs, and overall costs for 3 years of CZK 89 (they assumed the numbers may be rounded up, or that there may have been a mistake).

In Germany, the structure of the variant was seen as easy to understand, and as providing a good overview of the possible development of costs. The variant was considered useful for comparing costs after the respective holding periods. The terms ‘value after costs’ were seen as easily understood. The years would have been clearer if the graphs had specified ‘after one year’, ‘after two years’ etc.

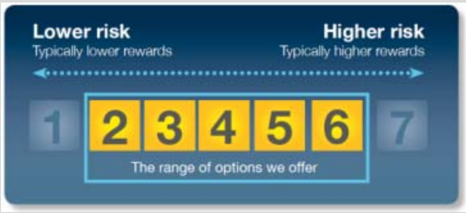
Participants however felt that there was a ‘gap’ between the chart and the table, and it was not easy to understand that both describe the same thing. The design places more importance on the graph. There were also some uncertainties: the difference between overall costs in € and costs per year in € was not understood right away. The dark blue overall costs field draws the attention to this line; a further look at the costs per year in € leads to confusion. It was also unclear which performance assumptions the figures are based on. The assumed annual return of 2% was not really noticed, as it was related to the y-axis.

11.1.5 Multi-option product ("wrapper")

Risk variants for multi-option product

Box 17: Risk variants – multi-option product

- Variant 1



This risk indicator helps you assess risks, and compare them between products. This product has different investment options. The risk you get will depend on the investment option you choose. The indicator shows the range of the risks for the options we offer.

The information takes into account the likelihood of possible losses for the different investment options, assuming you keep the product for the recommended holding period.

- Variant 2

This risk indicator helps you assess risks, and compare them between products. This product has different investment options. The risk you get will depend on the investment option you choose. The indicator shows the range of the risks for the options we offer.

The information takes into account the likelihood of possible losses for the different investment options, assuming you keep the product for the recommended holding period.

- Variant 3

This risk indicator helps you assess risks, and compare them between products. This product has different investment options. The risk you get will depend on the investment option you choose. The indicator shows the range of the risks for the options we offer. It also highlights the risk of the investment option that is typical for the long-term investor in this product.

The information takes into account the likelihood of possible losses for the different investment options, assuming

you keep the product for the recommended holding period.

- Variant 4

This risk indicator helps you assess risks, and compare them between products. This product has different investment options. The risk you get will depend on the investment option you choose. The indicator shows the range of the risks for the options we offer. It also highlights the risk of the investment option that is typical for the long-term investor in this product.

The information takes into account the likelihood of possible losses for the different investment options, assuming you keep the product for the recommended holding period.

Due to time constraints, this topic was more challenging to cover during the focus groups, particularly in the UK and in Germany.

The product was rather well understood in Czech Republic and in Slovakia. This was, however, less the case in other countries. In France, Germany and the UK, participants felt the need for more information about the product, in order to understand how it functions, as well as its risks, costs and performances. Similarly, in Spain, people did not recognise this type of product as it was described, and considered it ‘innovative’, but, at the same time, ‘ambiguous’. Several questions were raised, including how to select one investment option or another.

The only country where the visuals representing risk ranges were understood was Czech Republic. In Slovakia, respondents understood the yellow boxes (as representing the risk options), but found the scale (1-7) confusing. In France, Spain and the UK, the fact that the image represented risk ranges was only understood when explained to the respondents. In both France and the UK, participants considered that the image can serve as a ‘first page’, in order to open people’s interest towards the product, but that further information was needed. In Germany, the fact that the five fields inside the box represent a range of options was understood, and the graphical illustration was relatively clear. It was not clear, however, whether there were only 5 options within this product, which are represented by fields, or whether there are multiple options within the graphical range of 5 fields. It was unclear in which way the displayed range could support an investment decision, and what kind of investment product is described. In the context of complex insurance products, the range does not contain enough information. It is not clear what the figures 1 to 7 stand for, and participants felt that the scale should be explained. It was unclear which criteria the risk and range assessment was based on, and who is in charge of the assessment.

Among the two options for presenting risk ranges, participants preferred the first one, due to the text which helped understand the concept of risk ranges. The second version was least favoured, as participants considered that the use of the arrow was not an efficient way of showing risk ranges. For both variants however, participants considered that what was presented was not sufficiently clear, and that more information was needed.

Similarly, the variants presenting the risk examples were considered vague and lacking information when presented on their own. Across the different countries, participants preferred variant 3 to variant 4, as the option was made more explicit. However, they were confused about the meaning of the ‘typically long term option’. The variants were better understood in Czech Republic than they were in other countries.

12 Summary of the findings from the qualitative testing

General:

- Across the different countries, overall awareness about investment products was lower among potential investors, and higher among actual investors.

- Among the actual investors, most started investing in the context of making retirement plans, receiving an inheritance, having important savings, or planning to help their children in the future. Among the potential investors, the main reasons for not investing in financial products were related to people’s lack of awareness, general scepticism towards this type of products and the companies issuing it, and lack of financial resources.

- Attitudes regarding the sample product used for the testing (in this case, a 5-year structured product providing a capital guarantee at maturity) were generally sceptical. When reading the product description, people’s main concerns were the fact that (in the worst case, due to credit risk) they could still lose their entire investment, as well as the product’s holding period, which they considered too long.

- Risk presentation:

  Views regarding what would be the most appropriate way to present the product’s risk varied across the different countries:

  - **Variant 1** was favoured by respondents with high financial literacy, across countries, being considered as readily understandable and the most balanced in terms of visual attractiveness and depth of information provided. In Slovakia, for example, these respondents were able to read the visual almost immediately without the necessity to study the meaning for ‘too’ long.

  - Despite the fact that it was relatively easy to understand, **Variant 2**’s strong similarity to an energy label, along with the use of letters instead of numbers for the scale made most participants feel that it was unsuitable for presenting financial products. The variant was mainly appreciated by some of the respondents with low financial literacy.

  - **Variant 3** was also popular with many respondents with high financial literacy, especially those seeking depth of information as it was evaluated as the most informative option presented. Showing the three areas of risk, the respondents felt that it contained a lot more relevant information for an investment decision than other variants with only one scale.

  - Opinions differed from country to country on the details. In Germany, for example, respondents preferred a 10 point scale for a finer graduation and more precision, while in Slovakia they favoured a seven point scale with a mid-point –

and also recommended that the same standardised scale be used across all financial products.

    - In terms of design, respondents appreciated the colour scheme which was used for variant 1.1, considering it appropriate for presenting financial products. Some suggested using colours (red, green) to indicate risk levels. On the other hand, when prompted, respondents indicated that using the red colour could be interpreted as a danger warning, which could put investors off. Since products with higher levels of risk could be suitable for particular investors, a neutral colour scheme was kept for this variant during the second phase of the testing.

- Performance presentation:

    - Across the six countries, the option considered most suitable for presenting financial products' performance was variant 1 (selected in all countries and perceived as the option with the performance progression displayed in a transparent, easy to understand and familiar way), followed by variant 4. Variant 5 was the least favoured variant, seen as the most unclear, too complex and difficult to understand.

- Cost presentation:

    - Variant 5 was seen as the least preferred variant for presenting costs – a consistent finding across all six countries. This variant was considered far too simple and vague; the meaning of colours was not fully understood; the use of different colours was not seen as really necessary; also the specific term such as "variability" tended to confuse respondents.
    - Variant 3 – when combined with elements from variants 1, 6 or 7 (depending on the country), was considered as the most appropriate way for presenting costs. Respondents from Germany, Czech Republic and Slovakia favoured variant 3 and variant 7 while in France, high financial literacy respondents considered the most appropriate combination the mix between variant 3 and variant 6. (The mixture of variants is necessary, as none of the variants on its own provided all of the information that respondents might need on costs.).

- Multi-option product ("wrapper") presentations

    - The multi-option products were best understood as presented in the testing in Czech Republic and in Slovakia. In the other countries however (France, Germany, Spain, the UK) participants felt the need for more information about the product.
    - People preferred variant 1 for presenting the risk ranges, and variant 3 for presenting the example. Participants felt however the need for more information. The variants were better understood in Czech Republic than they were in other countries.

13 Phase I – overall conclusions and fine-tuning for Phase II

Generally, the results of the quantitative research showed that simpler approaches were associated with better comprehension of key information than more complex approaches. In the performance sections, tables or simple line graphs appeared to work better than bar charts and funnel graphs (which also attempted to communicate more complex messages). For the cost section, a combination of a simple graphic plus a table was associated with better results than a table plus a bar chart or a table plus a more sophisticated graphic.

There was support for more detailed information in the qualitative study among some participants. However, increased detail often meant poorer performance on the quantitative questions.

The Phase I results were provided as an input into the policy making process of the ESAs, to aid them in deciding how the variants might be modified, improved and combined for Phase II, and which variants might be dropped from further development.

13.1 Risk conclusions

When the risk variants were tested in the quantitative research, variant 1 (with the single 7 point scale) performed best when it came to communicating overall risk and facilitating understanding of guarantees, potential losses, and the link between risk and return. A 7-point scale seemed preferable to a 6-point one, while a vertical layout similar to energy labels raised greater problems than the 7 point horizontal layout. Variant 3 which showed in addition to the overall risk scale a breakdown in multiple risk measures (each showing a different type of risk), and while this did not do as well as variant 1, it was the best performer in so far as communicating more information on different types of risk an investor might face.

Although variant 1 was associated with the best overall results in the quantitative tests, it should be noted that this variant was not always subjectively preferred by all respondents. In the qualitative research, variant 1 was favoured by participants with high financial literacy (who considered it understandable and the most balanced in terms of visual attractiveness and depth of information provided). Variant 2 was favoured by those with low financial literacy (who considered it easiest to understand) although its strong similarity to an energy label, along with the use of letters instead of numbers for the scale made most participants feel that it was unsuitable for presenting financial products.

13.1.1 Fine-tuning of risk variants for Phase II

Variant 1 with a single 7 point scale performed best of the risk variants. Based on the strong performance of variant 1 in the quantitative tests, this variant was used as the basis for the risk elements of all of the KIDs tested in Phase II, and variant 2 was dropped. However, the multi-dimensional indicator for risk performed best when participants were asked questions about different types of risk. As a result, the idea of a multi-dimensional indicator was not dropped for Phase II – instead, there was an effort to improve the format of the multi-dimensional indicator (as seen in variant 4 in Phase II).

In the qualitative study, although some respondents suggested using colours (red, green) to indicate risk levels, other respondents indicated that using the red colour could be interpreted as a danger warning, even though for some investors higher risk might be suitable. Due in part to this reaction, the neutral colour scheme was kept for the second phase of the research.

13.2 Performance conclusions

The results for the rewards section in the quantitative testing were quite mixed. Variants 1, 2 and 4 generally outperformed 3 and 5. Variants 3 and 5 contained the more complex “funnel of doubt” and “probability histogram” graphics. The subjective questions showed that variant 5 was not liked by respondents, with over half saying that it was difficult or very difficult to understand. Variants 2 and 4 appeared to perform best on the subjective questions.

In the qualitative testing, variant 1 was considered most suitable for presenting financial products’ performance information in all countries, followed by variant 4. Participants said that variant 1 was displayed in a transparent, easy to understand and familiar way. Supporting the results of the subjective questions in the quantitative research, variant 5 was said to be the least clear, too complex and difficult to understand.

13.2.1 Fine-tuning of performance variants for Phase II

Based on the strong performance of variants 1 and 4 across the quantitative and qualitative research and the strong performance of variant 2 in the quantitative research, the decision was made to drop performance variants 3 and 5 when constructing the performance sections of the Phase II variants. The Phase II variants did however use the graphic elements from variants 1, 2 and 4 in Phase I.

Some small alterations were made to the performance variants in Phase II. For instance, the line graphs in the Phase I variant 2 were supplemented with a summary table (including percentage returns figures) which provided additional information. Gross costs were added to Phase I variants 2 and 4. Probabilities were also attached to the scenarios for Phase I variants 2 and 4.

13.3 Cost conclusions

When the cost sections of the variants were tested in the quantitative research, variant 1 performed best across the highest number of topics (e.g. understanding overall costs, understanding different types of costs, ability to calculate expected costs). Participants tended to have difficulties understanding that costs could vary no matter which variant was seen, although variants 1 and 4 did perform better than 2 and 3 on this measure.

The cost variants shown in the qualitative study consisted of components of variants in the quantitative study. Supporting the results of the quantitative research, the components that made up variant 1 in the quantitative study (variants 1 and 3 of the qualitative study) were considered the most appropriate graphics for presenting the costs (along with alternative presentations of the graphic).

13.3.1 Fine-tuning of cost variants for Phase II

Phase I research showed that cost variant 1 (consisting of a graphic and table) was the variant that performed best across the most areas in the quantitative research. It also performed well in the qualitative research. As a result, the combination of a graphic and table was used for the cost sections of all variants in Phase II. A similar graphic was used in Phase II variant 1. In the other

Phase II variants, this graphic was modified so that it resembled a summary table (but still providing a breakdown of the cost components). One change to the Phase II cost sections (and common to all variants) was that exit costs and performance fees were grouped together and called "incidental costs".

Most of the other graphic elements from the Phase I cost variants (i.e. the bar chart, the sliding scale, the box chart) were not brought forward for testing in Phase II. However the aggregate cost figure (in terms of Total Cost Ratio) which appeared in cost variant 3 was added to variants 2, 3 and 4 in Phase II in an adapted form.

PHASE II

14 Phase II - Introduction

In Phase II, elements which had performed well in Phase I were refined and combined to create full KIDs. Since full KIDs were tested in Phase II, this would represent more closely than in Phase I how consumers would interact with the document in real life.

As with Phase I of the study, Phase II consisted of quantitative and qualitative elements. The quantitative analysis tested each variant against these criteria in a controlled way and on a representative sample of European consumers which allowed for easy comparison of each variant against the main criteria. Qualitative analysis allowed for more in-depth probing of consumers' perceptions and potential issues.

The criteria for assessing the KIDs was the same for Phase II as for Phase I: (i) engagement with the material, (ii) understanding of the material, and (iii) ability to use the material to make comparisons between products.

14.1 KID variants tested in quantitative research

Since it was an important aspect of the development of the KID that the format be suitable to represent the features of a range of products, the variants were tested across four products with different characteristics in the quantitative survey. The four products were chosen on the basis that they were distinctive enough from one another to allow testing of a variety of specific hypotheses about how well or poorly variants might communicate certain features of investment products; the products were not designed to be 'representative' of actual products on the market, but to ensure that they had a combination of different features that allowed the clear testing of the effectiveness of different KIDs at communicating these features and helping consumers compare them.

To put this another way, as well as ensuring that the variants would have to work well across a range of products rather than just one, this approach also allowed the testing to simulate a scenario in which the participant compared two products. The purpose of the testing thereby was to assess how well the variants performed at facilitating comparisons between products.

To allow for questions which asked the participants to identify which product of two had the higher costs, risk or potential returns, or other specific features, the products in the testing were set up so that they had different cost, risk and return levels.

One of the products tested, product D, was a multi-option product, i.e. an investment product which offers access to a range of different investment options. Depending on the investment option chosen, the risk, performance or cost levels could vary. As such, a range of risk, performance and cost ratings could be associated with one multi-option product.

The added complexity associated with this product in this study is that the chosen KID format must be able to communicate the features of a multi-option product as well as being able to communicate the features of products which do not offer multiple underlying options (such as products A, B and C). The key question relating to multi-option products is how the chosen KID format should represent this kind of product.

Due to the specific features of product D, the questionnaire for the quantitative survey was adapted slightly when participants saw product D and different variants were developed. As different questions and different variants were used when participants saw product D, the analysis has been split so that the results to questions for products A, B and C are presented together in one section, and the results to questions for products D are presented together in another section.

14.2 Products tested in qualitative research

The focus groups in the qualitative element of the study focused just on product A and product D. It was important to show the focus groups product D so that any difficulties in understanding this product could be examined in detail. The reason why they did not see products B or C is that these products would have taken longer to explain than product A, and experience from the Phase I qualitative research suggested that addressing the many issues to be covered during the focus groups would be challenging, favouring the selection of a relatively simple product. It was also considered that the feedback was not likely to be strongly sensitive to the particular product being tested.

PHASE II QUANTITATIVE RESEARCH

15 Introduction

While Phase I tested the main elements of the PRIIPs disclosure document (sections on risk, performance and cost) separately, Phase II provided an opportunity to understand consumers' preferences and ability to comprehend and compare a range of different options when they saw the KID in full.

Phase II of the study also consisted of two analytical methods:

- Quantitative research which took the form of a large scale online survey of EU consumers across 10 Member States; and,
  Qualitative research which was implemented through focus groups in six EU Member States.

As in Phase I, during both the quantitative and qualitative research elements of Phase II, consumers saw different ways of presenting key information associated with PRIIPs and were asked a range of questions to elicit: (i) their engagement with the material, (ii) their understanding of the material, and (iii) their ability to use the material to make comparisons between products.

16 Respondent statistics

In each of the larger countries in the selection, 1,000 participants were targeted for the initial sample while 500 participants were targeted in the smaller countries. Of the 8,212 total participants in the initial sample, 7,532 were ultimately screened in for testing.

The final selection of countries and their associated sample sizes were as follows:

Table 53: Sample size per country

Country	No. in initial sample	% screened in for testing	No. screened in for testing
Czech Republic	568	88.2	501
France	1,055	94.8	1,000
Germany	1,022	98.7	1,009
Italy	1,143	87.8	1,004
Netherlands	553	91.0	503
Slovakia	546	91.8	501
Slovenia	582	86.1	501
Spain	1,116	90.8	1,013
Sweden	581	85.9	499
UK	1,052	95.2	1,001
Total	**8,218**	**93.7**	**7,532**

Source: London Economics' analysis of Ipsos data.

The initial selection of respondents was based on quotas which were representative (in terms of age, gender and education level) of the populations of each of the selected countries. Any divergences from these quotas were mitigated using weighting on age, gender and education. The sample was also weighted by the population of each country in order to better represent the overall EU population. The table below shows the total weight assigned to the screened-in sample within each country once all weights have been applied.

Table 54: Country composition of those screened in	
Country	**Weighted %**
Czech Republic	2.7
France	17.8
Germany	26.3
Italy	11.7
Netherlands	5.3
Slovakia	1.5
Slovenia	0.5
Spain	11.5
Sweden	2.8
UK	19.9
Total	**100**

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Source: London Economics' analysis of Ipsos data.

16.1.1 Demographic composition

The table below shows the weighted composition of the sample screened in for testing. Assuming the screening has successfully captured the set of individuals who are either owners of PRIIPs or could be considered potential investors in PRIIPs, the demographic composition should match that of this group in the wider population.

Table 55: Demographic composition of those screened in		
	Weighted %	**No.**
Gender		
Male	49.1	3,739
Female	50.9	3,793
Age group		
18 - 24	8.4	638
25 - 34	15.8	1,311
35 - 44	18.2	1,482
45 - 54	18.9	1,470
55 - 64	15.9	1,246
65-74	19.2	1,164
75+	3.6	221
Highest level of educational attainment		
High level of educational attainment	28.0	2,157
Medium level of educational attainment	46.0	3,706
Low level of educational attainment	26.0	1,669
Labour market status		
Active labour status	61.1	4,837
Inactive labour status	38.9	2,695
Marital status		
Married/civil partnership	52.1	3,920
Unmarried (included those divorced and widowed)	47.1	3,543
Other marital status	0.8	69

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Source: London Economics' analysis of Ipsos data.

16.1.2 Financial literacy and attitudes

As in Phase I, the Phase II questionnaire included questions on the following topics:

- Financial literacy – as well as testing respondents' financial literacy using questions on inflation, compounding of interest and diversification of risk, respondents were also asked how knowledgeable they felt about financial products on a scale from 1 to 7.
- Self-reported reliance on others for financial advice – respondents were asked whether they take advice from others on financial decisions or make decisions independently.
- Risk attitude – respondents were asked whether they were very, fairly, not very or not at all willing to take risks regarding financial matters.

The table below shows the proportion of respondents that answered questions on inflation, compounding of interest rates and diversification of risk correctly.

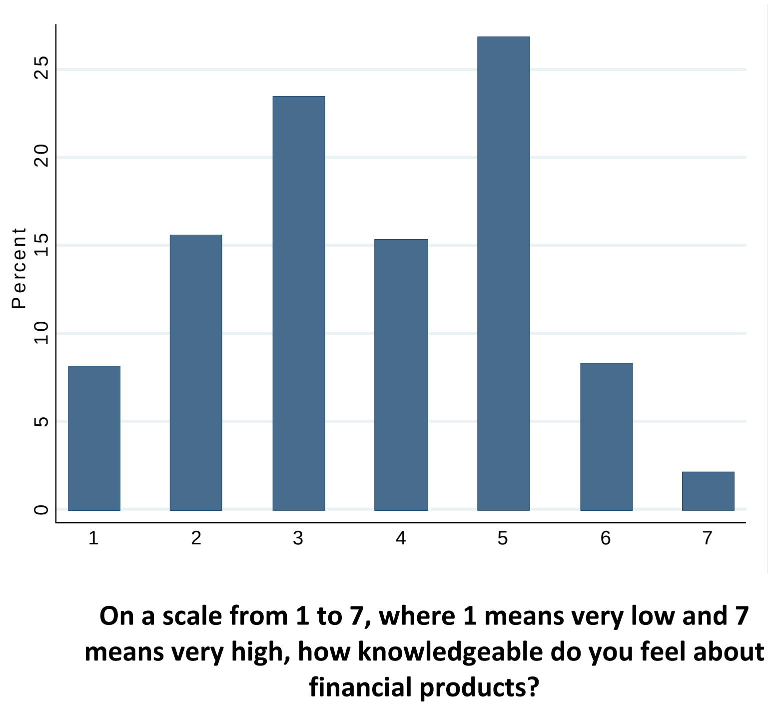
Table 56: Tested financial literacy by country

	0 or 1 question correct		2 questions correct		3 questions correct		Total
	%	No.	%	No.	%	No.	No.
Czech Republic	15.5	81	33.4	169	51.1	251	501
France	32.9	324	40.0	402	27.2	274	1,000
Germany	15.2	152	30.1	298	54.7	559	1,009
Italy	32.3	324	33.8	339	33.9	341	1,004
Netherlands	16.2	79	28.6	141	55.2	283	503
Slovakia	25.4	132	39.0	198	35.6	171	501
Slovenia	20.7	106	32.7	166	46.6	229	501
Spain	36.0	367	35.7	351	28.3	295	1,013
Sweden	20.2	99	32.2	159	47.6	241	499
UK	30.5	296	39.0	391	30.5	314	1,001
Total	26.2	1960	34.9	2,614	38.9	2,958	7,532

Note: Proportions are weighted by age, gender and education using Eurostat 2013 data. Total proportions weighted by country population.
Source: London Economics' analysis of Ipsos data.

As well as using the three test questions, respondents were also asked how knowledgeable they felt about financial products on a scale from 1 to 7. The graph overleaf shows the proportion that selected each value on the scale.

Figure 10:Self-reported financial literacy



Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Source: London Economics' analysis of Ipsos data.

The two measures of financial literacy, tested and self-reported, are positively correlated on average with a correlation coefficient of 0.2. The average rating of self-confidence was 3.4 for those that answered zero or one test questions correctly, 3.5 for those that answered two questions correctly, and 4.2 for those that answered all questions correctly.

As in Phase I, an overall measure of financial literacy was constructed using both tested and self-reported financial literacy measures. The table below shows the proportions of participants with high and low/medium financial literacy in each country.

Table 57: Combined financial literacy measure by country

	Low/medium financial literacy		High financial literacy		Total
	%	No.	%	No.	No.
Czech Republic	70.2	355	29.8	146	501
France	90.5	904	9.5	96	1,000
Germany	73.8	736	26.2	273	1,009
Italy	82.5	826	17.5	178	1,004
Netherlands	68.1	338	31.9	165	503
Slovakia	86.6	435	13.4	66	501
Slovenia	82.3	411	17.7	90	501
Spain	86.5	866	13.5	147	1,013
Sweden	77.4	386	22.6	113	499
UK	81.9	813	18.1	188	1,001
Total	80.8	6,070	19.2	1,462	7,532

Note: Proportions are weighted by age, gender and education using Eurostat 2013 data. Total proportions weighted by country population.
Source: London Economics' analysis of Ipsos data.

In addition, a measure of overconfidence was constructed in order to study how information in the KIDs would be understood by those who believed that they were knowledgeable about financial products (i.e. rated themselves 5 or above on the scale of 1 to 7) but who answered one or more of the financial literacy test questions incorrectly. 18% of survey participants fall into this category.

When analysing the results, we consider the differences in performance between those with high financial literacy versus those with low/medium financial literacy, and those who are overconfident in their knowledge of financial products versus those who are not overconfident.

16.1.3 PRIIP ownership

The following table shows the proportion of screened-in individuals who own a PRIIPs product, and the proportion that said that they have considered buying one. The total proportion of participants who either own a PRIIP product or would consider buying one in future was 66%.

Table 58: PRIIP ownership by country

	Own PRIIP product		Would consider purchasing PRIIP product	
	%	No.	%	No.
Czech Republic	68.6	345	64.9	327
France	54.7	549	39.7	403
Germany	48.4	500	49.9	514
Italy	58.3	588	56.1	572
Netherlands	35.4	182	30.5	158
Slovakia	62.1	308	60.3	310
Slovenia	62.2	312	51.8	274
Spain	43.0	440	48.2	497
Sweden	70.1	354	66.5	334
UK	42.7	434	44.8	458
Total	52.8	4,012	50.1	3,847

Note: Proportions are weighted by age, gender and education using Eurostat 2013 data. Total proportions weighted by country population.
Source: London Economics' analysis of Ipsos data.

Participants were also asked which, if any, products they owned. Table 59 shows the prevalence of PRIIPs products across countries. It also shows the proportion of participants that either own the product currently or would consider buying it in future. Where possible, the product categories were translated from English. Since the "tax wrapper" product is rare in Italy, Slovenia and Spain, this category was excluded from the lists used in these countries in order to avoid confusion.

Table 59: Owned PRIIP product types by country						
Percentage of owners (%)	**Funds**	**Insurance**	**Structured products**	**Exotic**	**Tax wrapper**	**None of these**
Czech Republic	35.3	35.6	7.8	6.7	39.6	31.4
France	9.3	47.7	4.3	1.2	11.9	45.3
Germany	27.9	32.6	4.0	2.3	7.7	51.6
Italy	24.4	48.1	16.7	2.7		41.7
Netherlands	19.1	22.8	7.3	3.1	3.9	64.6
Slovakia	19.0	53.9	1.6	0.2	11.6	37.9
Slovenia	16.9	56.7	4.7	1.8		37.8
Spain	17.4	31.7	8.5	2.9		57.0
Sweden	60.7	39.8	9.3	2.4	5.5	30.0
UK	14.4	25.9	6.1	0.6	16.6	57.3
Percentage that own or would consider buying (%)	**Funds**	**Insurance**	**Structured products**	**Exotic**	**Tax wrapper**	**None of these**
Czech Republic	41.3	41.6	11.4	7.6	44.4	25.7
France	14.5	56.2	8.0	3.7	16.6	37.2
Germany	41.1	38.6	13.2	6.6	18.4	39.3
Italy	38.4	58.5	28.2	8.0		30.5
Netherlands	23.7	27.7	12.9	6.3	11.8	55.0
Slovakia	37.0	69.5	9.2	2.6	20.4	18.6
Slovenia	28.0	65.9	10.6	10.1		27.1
Spain	31.2	46.2	16.6	8.9		40.1
Sweden	70.5	50.2	18.4	8.8	10.0	20.9
UK	26.0	37.6	15.4	6.3	32.4	41.6

Note: While this table shows the names of financial products in English, survey participants saw translations of the product names in their national language. The names of the products in each national language are presented in Annex 12.

17 Products and variants tested

17.1 Products tested

In order to explore how effective the variants are with products with differing features, they were tested across four pre-defined products, reflecting some of the main types of PRIIP sold across the EU:

A. Retail fund
B. With-profit insurance product
C. Structured product
D. Insurance-based multi-option product (or wrapper)

As in Phase I, the products used in the testing were solely designed for the purposes of the testing, and not to be representative of product types. They were designed, that is, to exhibit a range of features, with larger and smaller differences between them, so as to be able to illuminate the effective discriminatory power of different variants for the KID. The key differences between these products relate to the time horizon, lock-ins, guarantees, cost levels and risk and performance levels. To ensure that the format of the KID would work well also for the multi-option product ("wrappers") specific adaptations of the presentation variants were developed specifically for these types of products in order to allow us to test the suitability of the KID variants in presenting information about a product which includes a range of investment options.

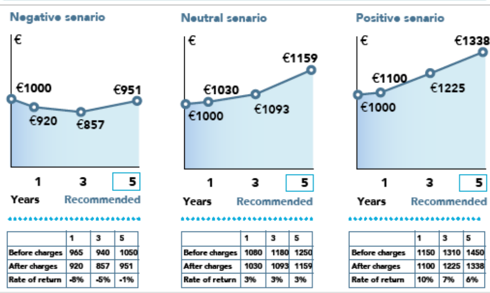
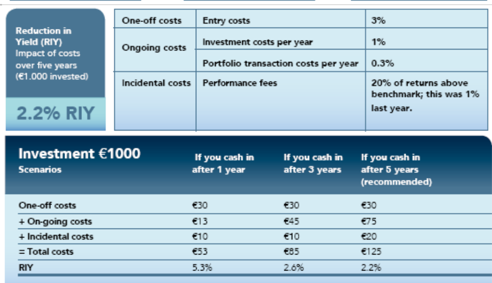
The overall KIDs adapted for each variant to the four different products can be found in Annex 10.

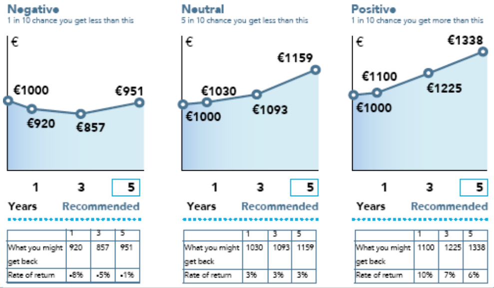
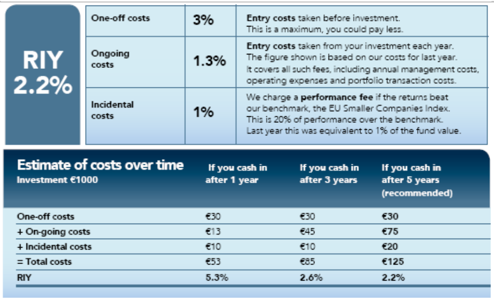
17.2 Variants tested for single option products (A, B and C)

The main elements of the design of each of the four KID variants are described in the table below.

Table 60: Summary of variants tested for products A, B and C

Variant	Information	Graphic element	Features
1	Risk		**Simple style with link between risk and rewards**. An exclamation mark beside the risk level provided for a warning where the risk could be higher if the product was not held until maturity (this was applicable for product C).
	Performance		**Multi time horizon table with net/gross** figures.
	Cost		**Breakdown graphic and aggregate cost table with 'total cost ratio' (TCR)**. The breakdown graphic shows a summary of the costs (one-off, ongoing and incidental) in percentage and money terms. The aggregate cost table shows total costs in percentage and money terms over three time periods.
2	Risk		**Simple** style, no explicit link between risk and reward.
	Performance		**Single time horizon table showing probabilities** associated with the scenarios and showing net figures.
	Cost		Total cost ratio **(TCR) graphic and detailed breakdown of costs and table showing costs over time** with breakdown by type of cost. The breakdown graphic shows a summary of the costs (aggregate, one-off, ongoing and incidental) in percentage terms as well as

<table>
<tr><td></td><td></td><td></td><td>providing a short description of these costs. Ongoing costs are split into investment and portfolio transaction costs. The table shows total costs in percentage and money terms across three time periods, as well as splitting the cost into its components. The table uses the term “entry costs” rather than “one-off costs”. The components sum horizontally to the total cost.</td></tr>
<tr><td rowspan="3">3</td><td>Risk</td><td>
</td><td>Simple style complemented by a graphical capital protection box.</td></tr>
<tr><td>Performance</td><td>
</td><td>Three line graphs + table showing net/gross figures.</td></tr>
<tr><td>Cost</td><td>
</td><td>Reduction in Yield (RIY) detailed breakdown graphic and table showing costs over time with breakdown by type of cost. The breakdown graphic shows a summary of the costs (aggregate one-off, ongoing and incidental) in percentage terms as well as providing a short description of these costs. The table shows total costs in percentage and money terms across three time periods, as well as splitting the cost into its components.</td></tr>
<tr><td>4</td><td>Risk</td><td>
</td><td>Simple style overall risk scale complemented by a breakdown in multiple risk measures (by type of risk, i.e. market credit risk.</td></tr>
</table>

<table>
<tr><td></td><td>Performance</td><td>
</td><td>Three line graphs with probability information + table showing net figures.</td></tr>
<tr><td></td><td>Cost</td><td>
</td><td>Reduction in Yield (RIY) breakdown graphic with explanation of costs and table showing costs over time with breakdown by type of cost. The breakdown graphic shows a summary of the costs (aggregate, one-off, ongoing and incidental) in percentage terms as well as providing a longer description of these costs. The table shows total costs in percentage and money terms across three time periods, as well as splitting the cost into its components.</td></tr>
</table>

17.2.1 Variations in presentation of risk

The graphical elements in the risk sections of all variants were based on a simple style risk indicator, similar to that used for UCITS currently. Variant 2 included the most basic risk indicator. Variant 1 provided in addition the reference to potential rewards and included a warning that would be included for products for which the risk could be higher, would the product holding period be shorter that the recommended holding period (this was applicable to Product C). Variant 3 supplemented the basic indicator with a box showing the level of capital protection inherent in the product. Variant 4 contained the most detail. In addition to showing the overall risk of the product, it also provided the level of the product related market risk and credit risk aiming to inform on which types of risk are the most important drivers of the overall risk.

17.2.2 Variations in presentation of performance

For each of the variants, the graphical elements in the performance sections show, at a minimum, the average net return each year (in percentage and money terms) associated with three different performance scenarios for a product held for the recommended holding period.

The performance figures were generated on the basis of a total investment of €1,000 for products A and C, and an annual investment of €1,000 for product B. For product B, all of the variants included an estimate of how much the investor's beneficiary would get if the investor died while holding the product.

The main difference between the graphical elements in the performance sections of the KIDs was that variants 1 and 2 presented large tables while variants 3 and 4 presented line graphs showing net returns over the various time periods with small summary tables underneath. The summary table in variant 3 included both net and gross return while the summary table for variant 4 only presented net figures. Since variants 1 and 3 presented gross figures in addition to net figures, variant 3 could be said to contain the more detailed of the performance sections including a line graph and variant 1 could be considered the more detailed of the performance sections without a line graph.

The scenarios in variants 2 and 4 were assigned probabilities (e.g. 1 in 10 of getting less than the negative scenario) whereas the scenarios in variants 1 and 3 were not.

Variant 2 contained the only graphic element which presented performance figures for a single time period, the recommended holding period. The other variants presented figures for two shorter time periods in addition.

17.2.3 Variations in presentation of cost

Each KID variant included two graphic elements in its cost section. The first was a graphic highlighting the different types of costs that could apply. The second was a table which estimated aggregate costs at the end of the recommended holding period and over two shorter time periods.

Variant 1 showed the costs in the graphic in the biggest font of all of the variants, and with little supporting information. It was the only graphic which did not show an aggregate cost figure in this graphic. Variants 2 and 3 provided a short description of the cost components while variant 4 provided a longer explanation of what the cost components were and when they would apply. Variants 2 and 3 had identical graphics apart from the term they used to present aggregate costs. While variants 1 and 2 presented an aggregate cost measure called “Total cost ratio”, variants 3 and 4 made reference to “Reduction in yield”.

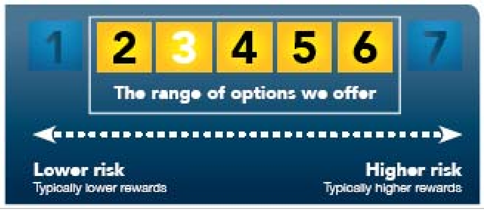
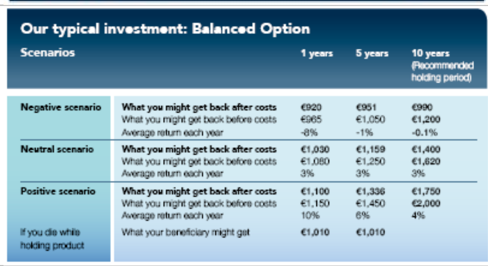
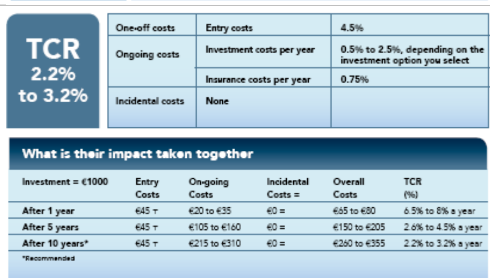
Variant 1 only presented an aggregate figure in the table while the other variants provided a breakdown of the costs into its components and over time. Variant 2 used the term “entry costs” rather than “one-off costs” in the table. Variants 3 and 4 showed very similar tables.

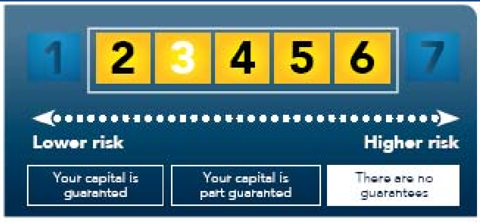
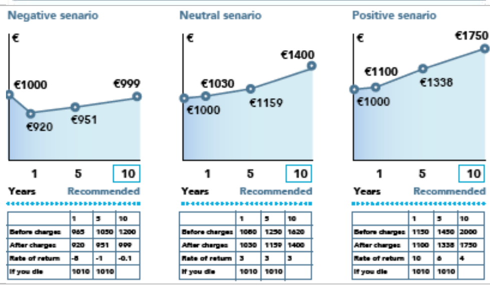
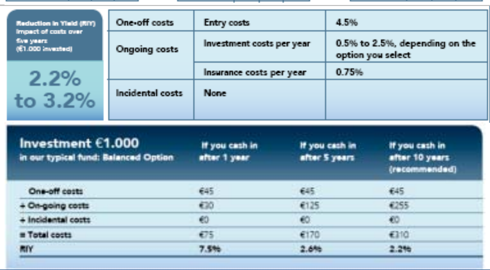
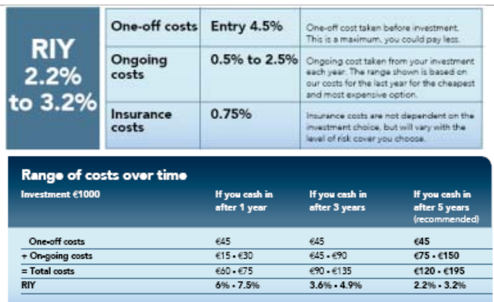
In variant 2, the cost components sum horizontally to the total cost, whereas they sum vertically in variant 3 and variant 4.

17.3 Specific variants tested for multi-option products (Product D)

While the intention to design the variants tested for the multi-option products as close as possible to the design of the general KID variants, specific adaptation were developed to allow for testing the specific feature of these kind of products; namely the fact that these products offer numerous underlying investment options, which cannot be described in detail in the KID itself, due to its space limitation (max 3 sides of A4). Consequently, the KID is to describe the underlying investment options in a generic form. The resulting level of risk, performance and costs varies dependent on the chosen underlying investment option. This means that the product as a whole (the multi-option product or "wrapper") provides for a range of possible outcomes for risk, performance and costs. To present this, the information can be presented in ranges and possibly explained further by examples. To be able to test these presentations the variants were adapted to test in particular the usefulness of using ranges and example ('a typical option') in this context. The variants tested for product D are explained in the table below.

Table 61: Summary of variants tested for product D

<table>
<tr><th>Variant</th><th>Short description</th><th>Graphic element</th><th>Features</th></tr>
<tr><td rowspan="3">1</td><td>Risk</td><td>
</td><td>Simple style with link between risk and rewards showing a range with a typical option highlighted.</td></tr>
<tr><td>Performance</td><td>
</td><td>Multi time horizon table with net/gross figures. Shows a typical option.</td></tr>
<tr><td>Cost</td><td>
</td><td>Total cost ratio (TCR) breakdown graphic and aggregate cost table. Shows a typical option.</td></tr>
<tr><td rowspan="3">2</td><td>Risk</td><td>
</td><td>Simple style with link between risk and rewards showing a range, but no example.</td></tr>
<tr><td>Performance</td><td>
</td><td>Single time horizon table with net figures and probabilities associated with the scenarios. Shows a range.</td></tr>
<tr><td>Cost</td><td>
</td><td>Total cost ratio (TCR) detailed breakdown graphic and table with breakdown by type of cost. Both showing a range of costs.</td></tr>
</table>

3	**Risk**		Simple style complemented by **graphical capital protection note**. Shows a range with a **typical option** highlighted.
	Performance		**Three line graphs + table showing net/gross** figures. Shows a **typical option**.
	Cost		Reduction in Yield **(RIY) detailed breakdown graphic** (shows a **range**) and table with breakdown by type of cost (shows a **typical option**).
4	**Risk**		Simple style overall risk scale complemented by breakdown in multiple risk measures by type of risk. Shows **ranges** only.
	Performance		**No graphical element** is shown, just text explaining that outcome varies dependant on chosen investment option
	Cost		Reduction in Yield **(RIY) breakdown graphic with explanation of costs** and table with breakdown by type of cost. Shows a **range**.

17.3.1 Variations in presentation of risk

The graphical elements in the risk sections of all variants were based on the simple style risk indicator (i.e. similar to the variants for products A, B and C). The main differences between the KID variants in terms of the risk sections were that variants 1 and 3 (in addition to showing the possible risk range) highlighted also the risk level associated with a typical option for product, while variants 2 and 4 did not. As with variants 3 and 4 for products A, B and C, variants 3 and 4 for product D contained more detail.

17.3.2 Variations in presentation of performance

For variants 1, 2 and 3, the graphical elements in the performance sections showed the average net return each year (in percentage and money terms) associated with three different performance scenarios for a product held for the recommended holding period. Variant 4 included no graphical element, just text.

The main difference between the graphical elements in the performance sections of the KIDs was that variants 1 and 2 presented tables and variant 3 presented graphs. Two further differences were the presentation of gross figures in addition to net figures for variants 1 and 3, and the assignment of probabilities to the scenarios for variant 2. In contrast to variants 1 and 3 which presented performance figures over multiple time periods, variant 2 contained the only graphic element which presented performance figures for a single time period.

Variants 1 and 3 presented performance figures for a typical option that could be chosen within product D while variant 2 presented a range of performance figures that could apply depending on options chosen within product D.

17.3.3 Variations in presentation of cost

The presentation of cost information within the KIDs for product D was similar to those for products A, B and C. The substantial difference was that variants 2 and 4 presented the range of costs that could apply, variant 1 presented the costs associated with a typical option, and variant 3 presented both.

18 Testing approach

18.1 Tasks

The questionnaire was designed to contain three types of tasks within the quantitative testing to be completed by each participant. The tasks differed in the set of information shown to the participant when they answered questions.

<u>Task I:</u> The participant was asked to open one KID.

- → The participant was tested on their understanding of the KID. By asking the same questions of participants who see different KID variants, it was possible to assess how well participants had understood each KID variant relative to the other variants.

<u>Task II:</u> The participant was asked to keep the Task I document open and to open another KID which showed a different product to the Task I document, using the same KID variant.

- → The participant was asked which product was associated with a particular feature in relation to cost, risk or performance (e.g. higher risk or higher costs). This tested which variants performed best at helping participants to compare the features of two products.

Task III: The participant was asked to close the Task II document and to keep the Task I document open. They were then asked to open another KID which used a different variant to the Task I document to show the same product.[13]

→ The participant was asked more subjective questions to elicit their preferences, e.g. which variant was more engaging, informative in terms of explaining the features associated with the product.

Most of the questions in Task I and Task II tested participants' comprehension of the information, and could be said to have a "correct" answer. The questions in Task III asked participants' opinion on which KID variant they thought better met particular criteria.

18.2 Allocation of products and variants

Participants were randomly and evenly allocated across 16 product combinations (four products by four KID variants) in Task I. The new document shown in Task II could show any of the other products with the exception of product D, the multi-option product. The reason for this exception was that product D was deemed to be too complicated to introduce in Task II. This is mainly because the relevant comparisons would require the respondent to have access to further documents on the different options offered in the multi-option product, such as through a separate fund guide (which would have too difficult to implement in an online survey setting due to the volume of information participants would required to read). The new document introduced in Task III could use any of the other three KID variants for the same product.

18.3 Accessing the KIDs

The KIDs, in PDF format, could be accessed by participants by clicking on a link. Participants were encouraged to print the KIDs although this was not mandated. 17% of participants in the survey reported that they printed the Task I document, 16% of participants reported that they printed the Task II document and 14% reported that they printed the Task III document. 78% of participants said that they did not print any of the documents.

Before permitting the participant to proceed to the test questions, participants had to correctly enter a code that appeared at the top of the KID. This question acted as a check that each participant had actually opened the correct document. The check operated successfully in that the test question questions were only asked to those that passed the check.

18.4 Test questions

As in Phase I, the questionnaire consisted of a mix of objective and subjective questions. The full questionnaire can be found in Annex 8.

18.4.1 Question mix

The tables that follow show the mix of questions in the Phase II questionnaire. Table 62 shows the questions asked when individuals saw a single option product. For these individuals, there were 35

[13] To ensure all respondents were viewing the correct KIID in phase II and III, each respondent was required to input a code shown at the top of the respective KID before proceeding to the questions

test questions in total, 25 objective and 10 subjective. 8 of the questions related to each of the risk, performance and cost sections, 4 related to other parts of the KID and 7 related to the overall KID.

Table 62: Phase II questions – single option products (products A, B, C)

	Objective	Subjective
Risk	TaskI_Q1, TaskI_Q2a, TaskI_Q2b, TaskI_Q2c, TaskII_Q1a, TaskII_Q3a, TaskII_Q3b, TaskII_Q3c	TaskIII_Q2a
Performance	TaskI_Q3, TaskI_Q4, TaskI_Q5, TaskI_Q9, TaskI_Q12, TaskII_Q1b, TaskII_Q1c, TaskII_Q1	TaskIII_Q2b
Cost	TaskI_Q6, TaskI_Q7, TaskI_Q8, TaskII_Q2a, TaskII_Q2b, TaskII_Q2c, TaskII_Q2d	TaskIII_Q2c
Other	TaskI_Q11, TaskII_Q2, TaskII_Q4, TaskII_Q5	
Overall KID		Sub_Q1, Sub_Q2, Sub_Q3, TaskIII_Q1a, TaskIII_Q1b, TaskIII_Q1c, TaskIII_Q1d

Due to the specific features of products offering numerous underlying investment options (i.e. product D), the questionnaire for the quantitative survey was adapted slightly where needed when participants saw product D compared to when they saw products A, B or C. Such amended questions can be easily recognized as they contain capital "D" in their numbering.

Due to the complexity and specificity of the testing for product D, it was deemed to be too complicated to introduce this product for the first time in Task II. This means that each time product D was tested, the respondent had to have seen product D previously in Task I.

Table 63 shows the questions asked when individuals saw the multi-option product. For these individuals, there were 32 test questions in total, 18 objective and 14 subjective. 8 of the questions related to the risk section, 5 to the performance section and 6 to the cost section. 2 related to other parts of the KID and 11 related to the overall KID.

Table 63: Phase II questions – multi-option product (product D)

	Objective	Subjective
Risk	TaskI_Q1D, TaskI_Q2a, TaskI_Q2b, TaskI_Q2c, TaskII_Q1D, TaskII_Q3a, TaskII_Q3b, TaskII_Q3c	TaskIII_Q2a
Performance	TaskI_Q3D, TaskI_Q4, TaskI_Q5, TaskI_Q12	TaskIII_Q2b
Cost	TaskI_Q6, TaskI_Q7, TaskI_Q8Da, TaskI_Q8Db, TaskII_Q2D	TaskIII_Q2c
Other	TaskI_Q11, TaskII_Q5	
Overall KID		Sub_Q1, Sub_Q2, Sub_Q3, TaskIII_Q1a, TaskIII_Q1b, TaskIII_Q1c, TaskIII_Q1d, TaskIII_Q3a, TaskIII_Q3b, TaskIII_Q3c, TaskIII_Q3d

18.5 Significance testing

For the objective questions, a Chi-square test[14] was used to test for statistically significant links between the quality of the answer given (i.e. whether respondents got the answer right, wrong or chose not to provide an answer) and the variant seen. The reason for choosing the Chi-square test is that it allows robust testing between more than two proportions (necessary because there were more than two variants).

The Chi-square test works by comparing the actual results for a question for each variant to the results that would be expected if each variant performed equally well (the null hypothesis). So, under the null hypothesis the proportion of correct responses would be the same whether variant 1, 2, 3 or 4 was seen. The same would be true for the proportions of incorrect and no answer responses. If the deviation between the null hypothesis and the actual results is large enough that it cannot be attributed to chance, then it can be said that there is a statistically significant relationship between the variant seen and the quality of the answer. Where a dependency between the quality of the answers and the information seen could be established at a 5% significance level, figures in tables appear in bold text.

A disadvantage of the Chi-square test is that it does not test which particular differences between variants are driving the overall Chi-square result. In order to be able to test whether one variant produces a statistically significantly higher proportion of correct answers than another, another test (the z-test) is used to supplement the Chi-square results and to test for statistically significant differences between *each pair of variants*. It should be noted that by running multiple z-tests for multiple questions, the likelihood of making Type I errors (i.e. false positives where a difference is identified as statistically significant where it has actually occurred by chance) has increased.

In the results reported in the next section, results of the z-tests (testing differences in the proportions of correct answers between pairs of variants) are only reported for questions for which the Chi-square test has shown a statistically significant link between the variant seen and the quality of the answer. Results are reported for both a 5% and 10% significance level.

A power analysis can be used to determine the minimum effect size that can be detected using a z-test with the given sample size. For example, for the questions in Task I which are asked to those that saw products A, B or C, approximately 1,412 participants saw each variant. A simple power analysis shows that a z-test of the difference between two proportions with 1,412 participants in each group will be able to detect (at a significance level of 5%) a minimum difference of approximately 6 to 6.7 percentage points when one of the proportions is between 30% and 70%. This suggests that for differences smaller than (roughly) 6 percentage points, the test will not have the power to identify them as statistically significant. In other words, a true difference may exist but the effect is small enough that the test cannot distinguish the effect from random chance.

19 Testing results

This chapter contains the results of the testing.

[14] Adjusted to account for the design effect of the weighting.

19.1 Testing results for single option products (Products A, B and C)

19.1.1 Objective questions for products A, B and C – Task I

Q1 (shown in Table 64) asked participants to categorise the risk level of the product. There was no statistically significant relationship between the variant seen in Task I and the answer to Q1. However, participants that saw variants 1 and 3 did perform worse on average than participants that saw the variants 2 and 4. Overall, 64% of participants were able to categorise the risk level of the product correctly.

Participants that saw product A selected the correct answer over 80% of the time, no matter which variant was shown. This high proportion was due to the fact that two answers, high and medium, were considered acceptable for product A which had a risk rating of five on a scale of one to seven. For individuals that saw product B or C, only one answer was accepted.

Table 64: Task I results – products A, B and C – Q1

Would you say that this product has a high/medium/low overall risk level?	Correct		Incorrect		No answer	
	%	No.	%	No.	%	No.
KID variant 1 (link between risk and reward)	62.4	891	23.7	346	14.0	175
KID variant 2 (simple)	66.3	931	21.6	321	12.1	160
KID variant 3 (capital protection indicator)	61.3	858	24.9	367	13.8	191
KID variant 4 (multidimensional)	64.1	913	22.7	326	13.3	169
Total	63.5	3,593	23.2	1,360	13.3	695

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics' analysis of Ipsos data.

Q2 consisted of three true or false questions probing the different types of risk that could apply: (a) market risk, (b) credit risk, and (c) liquidity risk. As shown in Table 65, part a) of the question on market risk was associated with a higher proportion of correct answers (75%) than part (b) on credit risk (64%) and part (c) on liquidity risk (70%).

Products A, B and C each incorporate all of these risks, although product B includes capital protection so that a positive return is guaranteed. Since the value of product B may fall but not to the extent that the positive return is eroded, when product B was seen, it was accepted as correct to say "true" or "false" for parts (a) and (b) of the question. The correct answer in part (c) of the question when a participant saw product B was "true" since an exit fee applied with this product.

Neither product A nor product C offered a similar guarantee. The correct answer to parts (a) and (b) of the question when participants saw either product A or product C was "true". An answer of "true" or "false" was accepted as correct in part (c) of the question when participants saw product A or C. "False" is accepted as a correct answer for product A and product C since neither product has an exit penalty. However, "true" is also accepted as a correct answer for the products since cashing in may require the investor to sell at an unfavourable moment when the value of the investment is very low.

The fact that variant 4 includes a multidimensional indicator of risk, showing a graphical risk rating associated with the "risk from fluctuating values" and "risk of default" did not appear to lead to greater understanding of the different types of risk. On the contrary, on parts (a) and (b), which ask about market risk and credit risk, the participants that saw variant 4 were more likely to get this question incorrect than participants that saw any other variant.

On part (b) of the question which covered credit risk, it is possible that participants misunderstood the rating for risk of default. In particular, when participants saw variant 4 for product A (which had a low risk of default), only 51% answered correctly (compared to an average of 61% for variant 4 overall). This suggests that participants may have misinterpreted the low risk of default as meaning that there was no risk of default.

On part (c) of the question which asked whether an investor in this product could lose money if they chose to end the investment early, the inclusion of an exclamation mark in variant 1 (applied for product C only), which warned that the risk would be higher if the product was not held to maturity, did not appear to help investors to select the correct answer. The results for product C for variant 1 were similar to the results achieved with variant 2.

Across each of the three parts of Q2, variant 4 was associated with fewer correct answers than other variants, and variant 2 was associated with the most correct answers. However, the difference between variants was only statistically significant for part (b) which covered capital risk. In this case, a participant who saw variant 2 (67% correct) was statistically significantly (at a 5% significance level) more likely to answer correctly than a participant who saw variant 4 (61% correct).

Table 65: Task I results – products A, B and C – Q2

Do you think the following statements are true or false?	Correct		Incorrect		No answer	
	%	No.	%	No.	%	No.
(a) An investor in this product could lose money due to fluctuations of the value of the investment.						
KID variant 1 (link between risk and reward)	74.4	1,045	4.2	83	21.4	284
KID variant 2 (simple)	76.3	1,047	3.5	69	20.2	296
KID variant 3 (capital protection indicator)	74.3	1,027	4.3	73	21.4	316
KID variant 4 (multidimensional)	73.7	1,022	5.8	101	20.5	285
Total	74.7	4,141	4.4	326	20.9	1,181
(b) An investor in this product could lose money if the manufacturer of the product was unable to pay out.						
KID variant 1	**65.5**	**934**	**9.6**	**148**	**24.9**	**330**
KID variant 2	**67.0**	**941**	**10.0**	**156**	**23.0**	**315**
KID variant 3	**64.0**	**900**	**10.4**	**150**	**25.6**	**366**
KID variant 4	**60.5**	**859**	**13.8**	**209**	**25.7**	**340**
Total	64.3	3,634	11.0	663	24.8	1,351
(c) An investor in this product could lose money if they chose to end the investment early.						
KID variant 1	69.5	991	5.8	86	24.7	335
KID variant 2	70.8	1,004	5.9	82	23.4	326
KID variant 3	70.7	994	5.5	77	23.8	345
KID variant 4	68.1	966	5.2	84	26.7	358
Total	69.8	3,955	5.6	329	24.6	1,364

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics' analysis of Ipsos data.

Table 66 shows that the majority of participants (57%) provided an incorrect response to Q3. There was a statistically significant link between the likelihood of getting this question right and the variant seen although this is largely due to the differences between the variants in the answers accepted as correct.

When participants saw variant 2 or 4, the correct response (i.e. that the neutral scenario was most likely) was provided 37-40% of the time. The correct answer to variants 1 and 3 was to say that it wasn't clear from the information provided since no probabilities were associated with the scenarios. Just 26% and 24% of respondents that saw variants 1 and 3 respectively provided this answer, with of the rest of respondents incorrectly assigning probabilities to the scenarios.

The differences in the proportions of correct answers were statistically significant at a 5% significance level for the following combinations of variants: variant 2 vs. variant 1, variant 2 vs. variant 3, variant 4 vs. variant 1, variant 4 vs. variant 3.

Table 66: Task I results – products A, B and C – Q3

The Key Information Document shows different performance scenarios. Which of the performance scenarios (positive, neutral, negative) do you think is most likely or are all equally likely?	Correct		Incorrect		No answer	
	%	No.	%	No.	%	No.
KID variant 1 (multi time horizon table, net/gross figures)*	**26.2**	**337**	**73.8**	**1,075**	**0.0**	**0**
KID variant 2 (single time horizon table with probability)	**40.2**	**559**	**39.8**	**573**	**20.0**	**280**
KID variant 3 (line graphs + table, net/gross figures)*	**23.7**	**322**	**76.3**	**1,094**	**0.0**	**0**
KID variant 4 (line graphs with probability + table)	**37.0**	**530**	**38.6**	**573**	**24.4**	**305**
Total	31.8	1,748	57.2	3,315	11.1	585

Note: * When either variant 1 or 3 was seen, “not clear” was accepted as the correct response.
Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics’ analysis of Ipsos data.

Table 67 shows a further test of participants’ understanding of the probabilities associated with the three scenarios under Q4 for the participants that saw either variant 2 or 4.

There was no significant difference in the likelihood of providing the correct answer between those that saw variant 2 and those that saw variant 4. 68% of participants identified that statement (a) was true. 74% identified that statement (b) was false.

A smaller majority (53%) selected the correct answer, “true”, for statement (c). This is a much smaller proportion than the proportion who said that statement (a), which is more or less equivalent to statement (c), was true. This suggests that while participants understood that a “1 in 10 chance you get less than this” means that there is a 10% probability of getting a worse scenario, they had difficulty considering the probability of the opposite scenario (i.e. getting more than this).

In relation to statement (d), 70% of participants identified that it was false to say that it was not possible to get a worse outcome than the negative scenario.

Table 67: Task I results – products A, B and C – Q4				
Beside the negative performance scenario, the document says "1 in 10 chance of getting less than this". Do you think the following statements are true or false?	**Correct**		**Incorrect**	
	%	**No.**	**%**	**No.**
(a) There is a 10% probability of getting a worse outcome than the negative scenario.				
KID variant 2 (single time horizon table with probability)	68.6	970	31.5	442
KID variant 4 (line graphs with probability + table)	66.3	942	33.7	466
Total	67.5	1,912	32.5	908
(b) There is a 90% probability of getting a worse outcome than the negative scenario.				
KID variant 2	73.5	1,058	26.5	354
KID variant 4	74.0	1,053	26.0	355
Total	73.7	2,111	26.3	709
(c) There is a 9 in 10 chance of getting a better outcome than the negative scenario.				
KID variant 2	53.7	770	46.3	642
KID variant 4	52.7	752	47.4	656
Total	53.2	1,522	46.8	1,298
(d) There is no chance of getting a worse outcome than the negative scenario.				
KID variant 2	69.3	978	30.7	434
KID variant 4	70.3	999	29.7	409
Total	69.8	1,977	30.2	843

Note: Only respondents that saw A2, B2, C2, A4, B4, or C4 answered Q4.
Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics' analysis of Ipsos data.

Q5 probes participants' understanding of the performance scenarios further, asking participants to assess what the positive scenario represents.

As shown in Table 68, fewer than half of participants identified that the positive scenario represented advantageous market conditions. Participants who saw variant 2 were least likely to answer the question correctly although the difference between variants was not statistically significant. The most common error by participants was to say that the positive scenario occurred in the best possible market conditions (reported by 25% of all participants) although a similar proportion of participants (21%) said that this scenario occurred in disadvantageous market conditions.

Table 68: Task I results – products A, B and C – Q5				
Please select the statement which best describes the positive scenario. This scenario represents [(i) the best possible market conditions, (ii) market conditions that would be advantageous, (iii) market conditions that would be disadvantageous, (iv) the worst possible market conditions] for the investor.	**Correct**		**Incorrect**	
	%	**No.**	**%**	**No.**
KID variant 1 (multi time horizon table, net/gross figures)	47.1	681	52.9	731
KID variant 2 (single time horizon table with probability)	43.5	634	56.5	778
KID variant 3 (line graphs + table, net/gross figures)	46.3	673	53.7	743
KID variant 4 (line graphs with probability + table)	46.1	667	53.9	741
Total	45.8	2,655	54.2	2,993

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics' analysis of Ipsos data.

In Q6 (shown in Table 69), participants' understanding of the cost information in the KIDs was tested. Just 26% of participants correctly identified that the cost figures shown in the KID did not exactly match the amount of money that an investor would have to pay over time. This indicates that participants put too much confidence in the information they are presented with, even when the text explains that costs could be higher or lower than the figures shown. The difference between variants was not statistically significant but those that saw variants 2 and 4 were more likely to answer correctly than those that saw variants 1 and 3.

Table 69: Task I results – products A, B and C – Q6

Please look at the cost figures presented in monetary terms. True or false? These cost figures match exactly the amounts of money an investor would have to pay over time.	Correct		Incorrect		No answer	
	%	No.	%	No.	%	No.
KID variant 1 (TCR breakdown graphic + aggregate cost table)	25.6	373	35.2	519	39.2	520
KID variant 2 (TCR breakdown graphic + table)	27.3	377	35.2	520	37.5	515
KID variant 3 (RIY breakdown graphic + table)	24.2	356	36.4	527	39.4	533
KID variant 4 (RIY breakdown graphic with explanation of costs + table)	27.0	393	34.9	508	38.0	507
Total	26.0	1,499	35.4	2,074	38.6	2,075

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics' analysis of Ipsos data.

Q7 required participants to correctly identify the set of costs they would have to pay if they bought the product and held it for one year. Products A, B and C all included a one-off cost, but products A and B also included ongoing costs and incidental costs. Results presented in Table 70 show, that participants that saw product C, with just one cost type, were more likely to answer the question correctly (38%) than participants that saw products A and B (25% on average), which had three cost types.

29% of participants were able to identify the correct set of relevant costs overall but there was a statistically significant relationship between the quality of the answer and the variant seen. On average participants who saw variant 4 were more likely to answer the question correctly than those who saw any of the other variants.

The difference in the proportion of correct answers between variant 4 and variant 2 was statistically significant at a 5% significance level. The relatively poor performance of variant 2 on this question could be related to any of the differences between this variant and the other variants, for example: 1) the use of a horizontal sum (rather than a vertical sum) in the table; 2) the explanatory text or the format of the breakdown graphic of variant 2 (although these are the same for variant 3 which had a higher proportion of correct answers); 3) the use of the term "entry costs" in the table in variant 2 which did not match the term used in the question, "one-off costs" (participants would have had to use the breakdown graphic to work out that these were equivalent).

When participants saw product C, variant 1 actually performed marginally better than variant 4. This variant with a TCR breakdown graphic and table showed the 0% figure for ongoing and incidental costs in the largest font of any of the variants.

When participants saw either product A or B, variant 1 performed worst and variant 4 performed best of all of the variants. The poor performance of variant 1 in these cases is likely because this is the only variant which does not present the one-off, ongoing and incidental costs that accumulate after one year in the table. Instead, it simply shows the TCR after one year in the table, and describes the incidence of the other costs across time in the text.

Table 70: Task I results – products A, B and C – Q7						
Imagine that you have invested in this product and assume that the manufacturer of the product is always able to pay out what it owes (in other words, the manufacturer does not default). Investing in a financial product may involve different types of costs. Which of the following types of costs do you think would apply should you acquire this product and end your investment exactly one year later? Please select all that apply [and assume that the product earns higher returns than the benchmark *for product A*].	Correct		Incorrect		No answer	
	%	No.	%	No.	%	No.
KID variant 1 (TCR breakdown graphic + aggregate cost table)	**30.0**	**423**	**46.7**	**690**	**23.3**	**299**
KID variant 2 (TCR breakdown graphic + table)	**26.0**	**391**	**52.4**	**731**	**21.6**	**290**
KID variant 3 (RIY breakdown graphic + table)	**29.0**	**414**	**47.8**	**686**	**23.2**	**316**
KID variant 4 (RIY breakdown graphic with explanation of costs + table)	**32.7**	**474**	**43.3**	**644**	**24.1**	**290**
Total	29.4	1,702	47.6	2,751	23.0	1,195

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics' analysis of Ipsos data.

In Q8, participants were asked to identify the total cost of the product after a year as a percentage of the original investment. As shown in Table 71, just 37% of participants answered the question correctly, with the quality of the answer having a statistically significant link to the variant shown. Variant 1 performed best on this measure, with 40% of participants selecting the correct answer. This may be due to the simplicity with which the information is presented in the cost table in variants 1, where TCR is presented without a breakdown into its component costs.

Although variant 1 performed best overall in Q8, for participants who saw product C (where there was just one type of cost), variant 4 actually performed better than variant 1.

The most common error by participants who answered incorrectly, no matter which variant they saw, was to select the answer that corresponded to the costs that applied after the recommended holding period.

Table 71: Task I results – products A, B and C – Q8						
Imagine that you invest in this product and that you end your investment exactly one year later. What is the estimated total cost of this product as a percentage of your original investment?	Correct		Incorrect		No answer	
	%	No.	%	No.	%	No.
KID variant 1 (TCR breakdown graphic + aggregate cost table)	**39.7**	**586**	**28.0**	**409**	**32.2**	**417**
KID variant 2 (TCR breakdown graphic + table)	**35.0**	**502**	**37.4**	**540**	**27.6**	**370**
KID variant 3 (RIY breakdown graphic + table)	**35.0**	**487**	**34.3**	**507**	**30.7**	**422**
KID variant 4 (RIY breakdown graphic with explanation of costs + table)	**37.7**	**538**	**33.4**	**494**	**28.9**	**376**
Total	36.8	2,113	33.3	1,950	29.8	1,585

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics' analysis of Ipsos data.

Q9 (shown in Table 72) asked participants to consider the costs of the product and its potential return in order to figure out how much an investor could expect to earn in the neutral performance scenario. Although this question referenced costs, the answer could be found in the performance section of the KID as this section includes performance figures which are net of costs.

The quality of the answer was found to be statistically significantly related to the variant shown. Participants who saw variant 3, which includes three line graphs and a table showing the value of the investment after costs, were most likely to answer correctly. The difference in the proportion of correct answers between variant 3 and variant 1 was statistically significant at a 5% significance level.

Variant 4 also showed similar line graphs and a similar table (but with less detail) but did not perform as strongly as variant 3. The difference between the two variants was statistically significant at a 10% significance level. The results could suggest that the combination of the line graphs and table support the comprehension of more detailed information (e.g. the more detailed variant 4 performing better than the less detailed variant 3) whereas participants prefer less detailed information if it is presented in one large table (e.g. the less detailed variant 2 performing better than more detailed variant 1).

The participants that answered incorrectly made a range of errors. For participants that saw variant 1, the most common error was to select the before costs figure. For all other variants, the most common error was to select the figure that would apply after one year, rather than the recommended holding period.

Table 72: Task I results – products A, B and C – Q9

Imagine that you have invested €1000 [per year *for product B*] in this product, and that you hold it for the recommended holding period. Taking into account the costs of the product and the potential return, how much money does the document estimate you would get back at the end (of the recommended holding period) in the neutral scenario?	**Correct**		**Incorrect**		**No answer**	
	%	**No.**	**%**	**No.**	**%**	**No.**
KID variant 1 (multi time horizon table, net/gross figures)	**41.1**	**598**	**32.8**	**479**	**26.1**	**335**
KID variant 2 (single time horizon table with probability)	**44.9**	**631**	**27.4**	**409**	**27.7**	**372**
KID variant 3 (line graphs + table, net/gross figures)	**47.5**	**680**	**23.4**	**346**	**29.1**	**390**
KID variant 4 (line graphs with probability + table)	**43.1**	**626**	**28.6**	**414**	**28.3**	**368**
Total	44.2	2,535	28.0	1,648	27.8	1,465

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics' analysis of Ipsos data.

In Q11, participants were asked how much money an investor could expect to get back in the worst case scenario in which the manufacturer defaults. Table 73 shows that over half (54%) of participants answered the question correctly. Despite the fact that the section titled "What happens if [product manufacturer] is unable to pay out" does not differ across variants (it does however differ across products), the quality of the responses was shown to have a statistically significant link to the variant shown. This may indicate that participants were using information in another section to help answer the question. Variants 1, 2 and 3 were the most successful at communicating the correct information and variant 4 was the least successful.

One possibility is that participants interpreted the "risk of default" indicator included in the risk section of variant 4 (but not included in any other variant) as meaning that the *impact* of default (rather than the *likelihood* of default) would be "low" or "medium". The difference in the proportion of correct answers between variant 2 and variant 4 was statistically significant at a 10% significance level.

The correct answer differed depending on which product was seen. For products A and C, the correct answer was that an investor was not guaranteed to get any money back. By contrast, product B included a guarantee which ensured that the majority of the investment would be protected. Participants who saw product B (50% correct) were on average less likely to answer correctly than participants who saw the other products (56% correct) no matter which variant they saw. This could indicate some scepticism among participants about the guarantees described. Variant 2 was associated with the highest proportion of correct answers for those that saw product B.

Table 73: Task I results – products A, B and C – Q11

Imagine that you have invested in this product and that, a year after your original investment, the manufacturer of the product announces that (s)he is not able to pay out what (s)he owes (in other words, s(he) defaults). In the worst case scenario, how much money, if any, can you expect to get back?	Correct		Incorrect		No answer	
	%	No.	%	No.	%	No.
KID variant 1	**54.6**	**801**	**23.1**	**334**	**22.3**	**277**
KID variant 2	**55.6**	**813**	**22.8**	**320**	**21.7**	**279**
KID variant 3	**55.3**	**798**	**21.1**	**307**	**23.7**	**311**
KID variant 4	**51.1**	**751**	**26.3**	**379**	**22.7**	**278**
Total	54.1	3,163	23.3	1,340	22.6	1,145

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics' analysis of Ipsos data.

For question 12 (shown in Table 74), only a minority of participants (32%) were able to correctly identify whether gross returns, net returns or both were shown in the KID. There is a statistically significant link between the quality of the answer and the variant shown with participants who saw variant 2 or variant 4 performing best. Variant 2 is associated with the highest proportion of correct answers of all the variants. The differences in the proportions of correct answers between variant 2 and each of the other variants were statistically significant at a 5% significance level. Variants 2 and 4 (which perform best) are the variants which show returns after costs only whilst variants 1 and 3 (which perform worst) show returns both before and after. The difference in performance between variants 2 and 4 (which both show returns after costs only) may be due to the fact that for products A and C, variant 4 only explains that returns are after costs in the text, and not in the graphic.

Table 74: Task I results – products A, B and C – Q12						
The Key Information Document contains information about performance scenarios and costs. Please select the statement which best describes the potential returns shown in the performance scenarios section. The potential returns shown are [(i) before costs, (ii) after costs, (iii) before and after costs] (except personal taxes) have been deducted.	**Correct**		**Incorrect**		**No answer**	
	%	**No.**	**%**	**No.**	**%**	**No.**
KID variant 1 (multi time horizon table, net/gross figures)	**29.2**	**430**	**39.9**	**586**	**30.9**	**396**
KID variant 2 (single time horizon table with probability)	**36.5**	**527**	**28.6**	**400**	**34.9**	**485**
KID variant 3 (line graphs + table, net/gross figures)	**28.7**	**407**	**38.9**	**564**	**32.4**	**445**
KID variant 4 (line graphs with probability + table)	**31.7**	**458**	**33.9**	**494**	**34.4**	**456**
Total	31.5	1,822	35.3	2,044	33.2	1,782

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics' analysis of Ipsos data.

19.1.2 Objective questions for products A, B and C – Task II

In Task II, participants saw two KIDs, each showing a different product using the same variant. The objective was to test participants' ability to compare the features of one product against another's.

Q1 asked participants to identify which product had the higher risk, more unpredictable returns and the higher potential return. As can be seen in Table 75, for each part of the question, variants 1 and 2 outperformed variants 3 and 4. The quality of the responses had a statistically significant relationship with the variant seen by the participant for the parts (a) and (b) of the question.

When participants were asked to identify the product with the higher risk in part (a), individuals who saw products A and C together performed worse (48% correct) than individuals who saw products B and C (63% correct) or A and B (58% correct). This is likely because the risk ratings of products A and C are close in value, i.e. 5 and 4 respectively. For each mix of products, variants 1 and 2 outperformed variants 3 and 4. Participants who saw variant 2 were statistically significantly (at a 5% significance level) more likely to answer correctly than participants who saw either variant 3 or variant 4. Those who saw variant 1, were statistically significantly more likely to answer correctly than those who saw variant 4 (at a 5% level) and variant 3 (at a 10% level).

In part (b) of the question, which asked participants to compare the unpredictability of returns, participants who saw products A and C were again less likely to answer correctly (28% versus 47-50% for the other product mixes). Again, this is likely due to the greater similarity of products A and C. However, when participants did see products A and C, variant 4 actually performed best of all of the variants.

Participants who saw products A and C had a higher proportion of correct responses than the participants who saw other product mixes when it came to part (c) of the question on comparing potential returns, although the difference was relatively small (42% versus 36-38% for the other product mixes). For each mix of products, variant 4 was associated with the lowest proportion of correct responses. Variant 2, which included the simplest presentation of performance information, was associated with highest proportion of correct answers.

The difference in the proportion of correct answers for variant 4 and variants 1 and 2 was statistically significant at a 5% significance level, and the difference between variant 4 and variant 3 was significant at a 10% level.

Table 75: Task II results – products A, B and C – Q1						
In your opinion, which of these two products…	Correct		Incorrect		No answer	
	%	No.	%	No.	%	No.
(a) Has, in general, the higher risk?						
KID variant 1 (link between risk and reward)	**59.3**	**848**	**24.9**	**371**	**15.8**	**193**
KID variant 2 (simple)	**60.6**	**867**	**24.3**	**358**	**15.1**	**187**
KID variant 3 (capital protection indicator)	**53.1**	**767**	**28.4**	**400**	**18.5**	**249**
KID variant 4 (multidimensional)	**51.9**	**769**	**30.4**	**420**	**17.7**	**219**
Total	56.3	3,251	27.0	1,549	16.8	848
(b) Has, in general, more unpredictable returns?						
KID variant 1 (multi time horizon table, net/gross figures)	43.4	643	36.6	523	20.0	246
KID variant 2 (single time horizon table with probability)	42.7	613	37.0	540	20.3	259
KID variant 3 (line graphs + table, net/gross figures)	40.4	591	37.0	521	22.7	304
KID variant 4 (line graphs with probability + table)	40.5	589	39.8	565	19.7	254
Total	41.7	2,436	37.6	2,149	20.7	1,063
(c) Has the higher potential return (that is, the amount of money you could earn by investing in this product)?						
KID variant 1 (multi time horizon table, net/gross figures)	**39.7**	**575**	**38.2**	**564**	**22.1**	**273**
KID variant 2 (single time horizon table with probability)	**41.6**	**598**	**35.1**	**515**	**23.4**	**299**
KID variant 3 (line graphs + table, net/gross figures)	**38.7**	**547**	**36.9**	**546**	**24.4**	**323**
KID variant 4 (line graphs with probability + table)	**34.3**	**493**	**42.4**	**617**	**23.4**	**298**
Total	38.6	2,213	38.1	2,242	23.3	1,193

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics' analysis of Ipsos data.

Q2 (see Table 76) asked participants to compare the costs of the two products. These questions were relatively poorly answered, with between 30% and 40% of participants able to correctly identify the product with the higher cost. This might suggest that participants have difficulties understanding costs information in general (relative to other sections of the KID, for example). Alternatively, it may suggest that the KIDs tested need significant changes in order to be understood.

In part (a) of the question, variants 1 and 2 were most successful in helping the participants compare overall costs if the product was held for one year although there was no statistically significant link between the variant seen and the quality of the answer.

For parts (b) and (c) of the question, the quality of responses was linked to the variant seen. Variant 2 performed best if the product was held for the recommended holding period (i.e. part (b)). The proportion of correct answers among those who saw variant 2 was statistically significantly higher (at a 5% significance level) than among those who saw either variant 1 or variant 4. The relatively strong performance of variant 2 could be due to its use of the term "overall costs" which matches the term used in the question, rather than the term "total costs" which is used in the other variants.

When participants were asked which product had the highest ongoing costs (i.e. part (c)), variant 1 was associated with the highest proportion of correct responses. Variant 1 was associated with a statistically significantly higher proportion of correct answers than variants 2 and 3 at a 5% level, and than variant 4 at a 10% level. Variants 1, 2 and 4 all performed similarly well when participants were asked to compare the products' exit penalties in part (d).

When participants were asked to compare the overall costs after a year in part (a), participants that saw products B and C performed worse (34% correct) than participants that saw the other products mixes (38-39% correct). This may be due to the fact that products B and C have costs that are more similar to one another than to product A. When products B and C were seen, variants 2 and 3 performed best. For the other product mixes, variants 1 and 2 outperformed variants 3 and 4.

However, when it came to comparing the overall costs at the end of the recommended holding period in part (b), participants who saw products B and C performed best. Variant 2 performed best when products B and C or products A and C were seen. Variant 3 performed better than the other variants when products A and B were seen.

When participants were asked to compare ongoing costs in part (c), variant 1 was associated with the highest proportion of correct responses no matter which mix of products was seen. Participants who were shown products A and B performed worse (33% correct) than the participants who saw the other product mixes (37% correct). However, among those that saw A and B with variant 1, the proportion of correct answers was very similar to those that saw the other product mixes with variant 1 (40% for all). It may be the breakdown of ongoing costs into insurance and transaction costs in the breakdown graphic in variants 2, 3 and 4 that caused confusion for these variants – and conversely the lack of this breakdown which caused variant 1 to perform best on this part of the question. When product C is shown, these variants just show a zero and do not attempt to break down the ongoing cost into components – hence the reason these variants did not cause as much trouble for comparisons with product C.

Participants who saw products A and C together seemed to have greater difficulty comparing exit penalties in part (d) of the question with just 26% of these participants answering correctly versus 34% for the participants who saw the other product mixes. This difficulty was common across all variants. The correct response when a participant saw products A and C was to say that both products had similar costs. However, the most common error among participants was to say that product C had the higher exit penalties. This error could be due to the content of the "How long should I hold it and can I take money out early?" section, which includes a warning for product C (but not for product A) that the price received in the case of early redemption may be lower than the original investment.

Table 76: Task II results – products A, B and C – Q2						
In your opinion, which of these two products…	Correct		Incorrect		No answer	
	%	No.	%	No.	%	No.
(a) Has the highest overall costs, as a percentage, if held for one year?						
KID variant 1 (TCR breakdown graphic + aggregate cost table)	38.8	585	40.5	572	20.6	255
KID variant 2 (TCR breakdown graphic + table)	39.9	575	39.6	575	20.4	262
KID variant 3 (RIY breakdown graphic + table)	36.2	526	40.0	585	23.8	305
KID variant 4 (RIY breakdown graphic with explanation of costs + table)	37.6	547	41.7	598	20.7	263
Total	38.1	2,233	40.5	2,330	21.4	1,085
(b) Has the highest overall costs, as a percentage, if held for the recommended holding period?						
KID variant 1	**31.6**	**465**	**45.9**	**665**	**22.5**	**282**
KID variant 2	**36.9**	**548**	**42.4**	**596**	**20.7**	**268**
KID variant 3	**34.7**	**509**	**40.5**	**583**	**24.7**	**324**
KID variant 4	**32.2**	**492**	**46.0**	**637**	**21.8**	**279**
Total	33.9	2,014	43.7	2,481	22.4	1,153
(c) Has the highest ongoing costs, as a percentage (that is, the amount an investor is charged each year they hold the product)?						
KID variant 1	**40.4**	**607**	**35.7**	**505**	**24.0**	**300**
KID variant 2	**33.8**	**498**	**43.1**	**614**	**23.1**	**300**
KID variant 3	**33.2**	**482**	**40.5**	**587**	**26.3**	**347**
KID variant 4	**36.2**	**531**	**40.3**	**570**	**23.5**	**307**
Total	35.9	2,118	39.9	2,276	24.3	1,254
(d) Has the highest exit penalties if sold before the recommended holding period?						
KID variant 1	31.9	467	36.0	519	32.1	426
KID variant 2	32.0	463	40.3	577	27.7	372
KID variant 3	28.9	421	39.3	567	31.8	428
KID variant 4	31.5	456	40.9	577	27.7	375
Total	31.1	1,807	39.1	2,240	29.8	1,601

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics' analysis of Ipsos data.

Q3 asked participants to compare the two products in terms of the extent to which returns are guaranteed. Table 77 shows the results. Across each part of the question, variant 2 was associated with a higher proportion of correct responses than the other variants. There was a statistically significant difference between the variants in parts (a) and (b) of the question.

In part (a), when participants were asked to identify the product with which an investor could be sure to get their investment back, variant 4 was associated with a statistically significantly lower proportion of correct answers than any of the other variants at a 5% significance level. The difference in the proportions of correct answers between variants 1 and 2 was also statistically significant at the same level. With this question, participants who saw products A and C performed better (45% correct) than participants who saw the other product mixes (34%). The correct answer in this case was to say an investor could expect to get at least the money they invested back with neither of the products. For participants that saw product B (which offers a guarantee of a positive return) with either A or C (which do not), the most common error for participants to make was to assume that neither product guaranteed that an investor would get their investment back.

Participants tended to make the same mistake with part (b) of Q3 which asked whether either product guaranteed a positive return. Again, participants who saw products A and C performed better (46% correct) than participants who saw the product mixes which included product B (28-

33%). Those who saw variant 2 were statistically significantly more likely to answer correctly than those who saw variant 4 (at a 5% significance level) and variant 1 (at a 10% level).

Participants who saw products A and C also performed best (45% correct versus 37-38%) on the part (c) of the question which asked the reverse of part (a), i.e. whether an investor could lose some or all of the money invested. As in parts (a) and (b), the most common error was to fail to acknowledge the guarantee associated with product B.

Table 77: Task II results – products A, B and C – Q3

If you keep the investment for the recommended holding period and the manufacturer is able to pay out, with which of these two products…	Correct		Incorrect		No answer	
	%	No.	%	No.	%	No.
(a) Could you be sure to get back at least the money you have invested?						
KID variant 1 (link between risk and reward)	**37.8**	**549**	**43.5**	**626**	**18.8**	**237**
KID variant 2 (simple)	**43.3**	**614**	**38.7**	**562**	**18.0**	**236**
KID variant 3 (capital protection indicator)	**39.7**	**553**	**39.7**	**592**	**20.7**	**271**
KID variant 4 (multidimensional)	**30.3**	**437**	**49.2**	**707**	**20.5**	**264**
Total	37.8	2,153	42.7	2,487	19.5	1,008
(b) Could you be sure to get back all the money you have invested, plus a positive return (i.e. an amount in addition to what you invested)?						
KID variant 1	**35.0**	**504**	**45.9**	**661**	**19.1**	**247**
KID variant 2	**39.1**	**551**	**41.4**	**599**	**19.5**	**262**
KID variant 3	**36.1**	**500**	**41.4**	**617**	**22.5**	**299**
KID variant 4	**33.2**	**474**	**44.4**	**647**	**22.4**	**287**
Total	35.9	2,029	43.3	2,524	20.9	1,095
(c) It is possible that you could lose some or all of the money you invested?						
KID variant 1	39.3	567	41.0	595	19.7	250
KID variant 2	43.7	614	38.1	556	18.2	242
KID variant 3	40.5	580	37.9	544	21.6	292
KID variant 4	36.9	531	41.1	600	22.1	277
Total	401	2,292	39.5	2,295	20.4	1,061

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics' analysis of Ipsos data.

Q4 (shown in Table 78) tested whether participants were able to use the information presented to assess the products' suitability for a particular investor type. Variants 1, 2 and 3 were associated with higher proportions of correct answers (48-51%) than variant 4 (44%) but the link between the correct answer and the variant seen was not statistically significant. Variants 1 and 2 may have performed best because of their presentation of the risk information, which was shown to be associated with better understanding when participants were asked to compare risk levels in Q1.

Participants who saw products A and C together were less likely to answer the question correctly (35% correct) than the participants who saw other mixes of products (54-57%). This may be linked to the difficulties that participants had in comparing risk level in Q1, when they saw products A and C.

Table 78: Task II results – products A, B and C – Q4						
Imagine that you are an investor who wants a low_risk investment and who will be able to hold the product for the recommended holding period. Which of the two products do you think is more suited to your needs?	**Correct**		**Incorrect**		**No answer**	
	%	**No.**	**%**	**No.**	**%**	**No.**
KID variant 1	49.5	745	26.2	377	24.3	290
KID variant 2	50.6	738	25.2	375	24.2	299
KID variant 3	48.2	697	25.7	381	26.2	338
KID variant 4	43.7	672	30.7	442	23.6	294
Total	48.5	2,852	26.9	1,575	24.6	1,221

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics' analysis of Ipsos data.

Q5 tested whether participants were able to use the information in the KIDs to judge the product's suitability for a particular type of investor. As can be seen in Table 79, just 25% of participants answered Q5 correctly. Variant 4 is associated with the highest proportion of correct answers. However, there is no statistically significant link between the quality of the answer provided for Q5 and the variant seen.

The correct responses for this question were to say that product A would be the most suitable product for this type of investor (despite it being associated with the highest risk level), followed by product C (despite it having the second highest risk level), followed by product B. The high proportion of incorrect responses across variants and across product mixes may indicate that participants put a large amount of weight on the products' suitability in terms of risk level, and were not able to successfully incorporate the information on the holding period into their decision.

Table 79: Task II results – products A, B and C – Q5						
Imagine that you are an investor who wants a low risk investment and who may need to exit the investment after a year. Which of the two products do you think is more suited to your needs?	**Correct**		**Incorrect**		**No answer**	
	%	**No.**	**%**	**No.**	**%**	**No.**
KID variant 1	24.1	368	46.3	686	29.6	358
KID variant 2	24.0	361	46.4	669	29.5	382
KID variant 3	23.4	351	44.9	658	31.7	407
KID variant 4	26.4	384	46.3	689	27.3	335
Total	24.5	1,464	46.0	2,702	29.5	1,482

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics' analysis of Ipsos data.

19.1.3 Subjective questions for products A, B and C

The aim of the subjective questions is to establish how participants felt about the KID variants and to identify the KID variants that participants said that they prefer. Table 80 shows the responses to the subjective questions in Task I, where the participant saw just one KID.

When participants were asked how difficult or easy they found the KID to understand (Sub_Q1), the most common response (37% of participants overall) across all variants was to report that they found the variant neither easy nor difficult. Just 2% of participants said that the KID was very easy to understand and 15% of participants said that it was very difficult to understand. Variant 4 was associated with the highest proportion of participants (46%) who said that the KID was either difficult or very difficult to understand. Variant 1 was associated with the lowest proportion (40%).

The most popular response (38% of participants overall) when participants were asked how useful the information (Sub_Q2) would be to help comparisons of products was “quite useful”. 11% of participants said that the KID would be very useful and 18% said that it would not be useful at all. There were relatively small differences between the variants. Variant 1 was associated with the highest proportion of participants saying that the document was “very useful” or “quite useful”.

Sub_Q3 asked participants how likely it was that they would read the KID if they were considering buying the product. The most common response was that participants would read the document in full with 42% providing this answer. 17% of participants said that this was not at all likely. There were relatively small differences between the variants. 66-67% of participants who saw variants 1 and 3 reported that it was either extremely or very likely that they would read the document versus 61% for variant 4.

Table 80: Responses to subjective questions – products A, B and C – Task I

	KID variant 1		KID variant 2		KID variant 3		KID variant 4	
	%	No.	%	No.	%	No.	%	No.
Sub_Q1. Looking at the Key Information Document in full, how difficult or easy would you say it is to understand?								
Very easy	2.8	49	1.5	26	2.2	37	2.5	35
Easy	18.2	282	17.7	254	16.8	244	16.6	235
Neither easy nor difficult	39.0	553	35.3	513	37.8	558	37.4	549
Difficult	25.2	343	31.1	427	28.6	386	27.4	375
Very difficult	14.7	185	14.4	192	14.7	191	16.1	214
Sub_Q2. How useful do you think this information would be to help you compare this product with another financial product?								
Very useful	11.7	174	11.5	583	11.9	435	10.3	220
Quite useful	38.9	163	37.1	535	36.6	477	38.3	237
Somewhat useful	31.3	170	33.1	543	36.0	502	33.0	201
Not at all useful	18.2	148	18.3	556	15.5	473	18.4	231
Sub_Q3. If you were considering buying this financial product, how likely is it that you would read the Key Information Document shown in full?								
Extremely likely	43.9	624	42.3	627	44.8	630	37.9	570
Very likely	22.0	331	21.5	304	21.8	307	22.9	318
Somewhat likely	17.2	243	19.5	266	16.9	254	21.7	300
Not at all likely	17.0	214	16.7	215	16.5	225	17.5	220

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Source: London Economics’ analysis of Ipsos data.

Table 81 shows how each of the KID variants performed in the subjective questions in Task III where the participant sees two KIDs. The figures represent the proportion of times a particular KID variant was chosen as the answer to the question out of the total times that that KID variant was shown. Participants also had the option to say that both of the variants performed equally well although these responses are not included in the proportions.

Variant 1 performs the best out of any of the variants when participants are asked which they find easier to understand (Q1b), which they would be more likely to read (Q1a), which would be more useful for comparing different financial product (Q1c) and which they prefer overall (Q1d). Variants 2 and 4 perform worst of all the variants across these questions.

When participants are asked about their preference when it comes to specific sections of the KID in Q2, variant 1 is the favourite for the costs section, variant 3 was the favourite for performance (and variant 1 was a close second), and variant 4 was the favourite for the risk section (with variant 1 again a close second).

Table 81: Responses to subjective questions – products A, B and C – Task III

	KID variant 1		KID variant 2		KID variant 3		KID variant 4	
Which variant...	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**
Q1a. Would you be more likely to read?	24.0	702	17.2	531	19.7	555	18.8	578
Q1b. Is easier to understand?	27.5	793	19.7	608	21.7	613	20.8	632
Q1c. Would be more useful for comparing different financial products?	21.6	633	15.3	491	20.7	580	19.7	610
Q1d. Do you prefer overall?	28.5	830	21.4	643	25.5	705	24.1	716
Q2a. Do you prefer in terms of the section on risk?	24.0	702	18.2	556	22.8	663	27.5	793
Q2b. Do you prefer in terms of the section on performance?	27.4	792	20.7	624	28.3	793	25.3	761
Q2c. Do you prefer in terms of the section on costs?	27.0	766	20.9	628	23.9	680	23.5	693

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Source: London Economics' analysis of Ipsos data.

19.1.4 Subgroup analysis for products A, B and C

Aggregate performance by personal characteristics

Although the focus of this study is on understanding the overall implications of how the variants perform relative to one another, in addition we seek to assess how the quality of the responses might differ according to demographic and other personal characteristics of respondents. The table below shows the proportion of correct answers across Task I and Task II. Only "strictly correct" answers have been counted (i.e. the 'acceptable' answers were not considered) so the measure should be treated as a rough indicator only.

Table 82: Proportion of questions answered correctly by personal characteristics – products A, B and C

	Task I (%)	Task II (%)	Overall (%)
Gender			
Male	52.0	40.4	46.7
Female	47.8	36.6	42.7
Age group			
18 - 24	51.3	40.1	46.2
25 - 34	50.0	38.3	44.7
35 - 44	51.7	40.8	46.7
45 - 54	51.0	40.1	46.0
55+	48.1	36.3	44.7
Highest level of educational attainment			
High level of educational attainment	55.7	45.3	50.9
Medium level of educational attainment	49.2	37.5	43.9
Low level of educational attainment	44.9	32.8	39.4
PRIIP ownership			
Own a PRIIPs product	53.3	41.8	48.1
Don't own a PRIIPs product	46.4	35.0	41.2
Overconfidence in financial knowledge			
Overconfident in financial knowledge	45.7	32.2	39.6
Not overconfident in financial knowledge	50.8	39.8	45.8
Financial literacy			
High financial literacy	58.9	50.1	55.0
Low/medium financial literacy	47.7	35.7	42.7
Member State			
Czech Republic	53.5	44.0	49.2
France	44.1	33.0	39.0
Germany	50.6	39.0	45.3
Italy	48.8	37.8	43.8
Netherlands	53.0	41.8	47.8
Slovakia	45.3	38.4	42.3
Slovenia	51.2	42.1	47.1
Spain	47.4	37.2	42.8
Sweden	56.8	45.8	51.7
UK	54.2	41.0	48.2
Total	**49.9**	**38.4**	**44.7**

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Source: London Economics' analysis of Ipsos data.

Performance by country

Table 82 shows that the proportion of questions answered correctly does vary substantially between countries. For instance, participants in Sweden have answered on average 52% of questions correctly while participants in France have answered 39% correctly. Slovakia, Spain, Italy and Germany are also associated with relatively low proportions of correctly answered questions (42-45%).

In examining the responses to each question in Task I and Task II by country, it is possible to see one general trend that explains much of this difference in performance. Specifically, participants in France were the most likely of any country to answer with the response "not clear from the information shown", followed by Spain, Slovakia, Italy and Germany. Participants in Sweden were least likely to provide this response.

While the response of "not clear from the information shown" was occasionally accepted as a correct answer, in most cases, it was interpreted that the participant did not feel confident enough to provide the answer, and was considered incorrect. The greater tendency to provide this answer in some countries may indicate a degree of extra caution among the consumers in those countries. As such, the lower proportion of correct answers in some countries does not necessarily indicate lower levels of comprehension in those countries.

Keeping in mind that this trend drives most of the differences between countries, we can still explore whether there are specific topics within each country for which participants are less likely or more likely to be able to provide correct answers relative to other topics.

In the Czech Republic, participants had difficulties with the first part of Task I Q2 (which asked participants whether an investor could lose money due to fluctuations of the value of the investment) and with Task I Q3 (which asked which of the performance scenarios was most likely). In Task II, they performed relatively poorly on the second part of Q3 (which asked with which of two products could an investor be sure to earn plus a positive return).

Participants in France were more likely to answer Task I Q3 (which asked which of the performance scenarios were most likely) correctly than participants in any other country. However, this is partly due to the fact that "not clear from the information provided" was accepted as correct whenever variants 2 or 4 were shown.

Participants in Germany also performed well on Q3 (for similar reasons) as well as on the last part of Task II Q3 (which asked with which of two products could an investor lose some or all of the money they invested).

Italian participants performed relatively well when it came to identifying the overall risk level of the product (Task I Q1) and in the first part of Task I Q4 (which asked whether there was a 10% probability of getting a worse outcome than the negative scenario).

Participants in the Netherlands had difficulties identifying which performance scenario was most likely (in Task I Q3) and identifying which of two products would be more suitable for an investor wanting a low risk investment but who may need to exit the investment after a year (Task II Q5).

Participants in Slovakia performed relatively well on Task I Q5 which asked participants how they interpreted the positive scenario.

Slovenian participants struggled with Task I Q3 (i.e. identifying which performance scenario was most likely) and the first part of Task I Q4 (which asked whether there was a 10% probability of getting a worse outcome than the negative scenario).

Participants in Spain performed relatively strongly on the second part of Task I Q4 (which asked whether there was a 90% probability of getting a worse outcome than the negative scenario) and on Task II Q5 (i.e. identifying which of two products would be more suitable for an investor wanting a low risk investment but who may need to exit the investment after a year).

Participants in Sweden had a relatively poor performance on the question which asked participants to interpret the positive scenario (Task I Q5).

UK participants performed relatively poorly on Task II Q4 and on Task II Q5 (both of which asked participants to choose the more suitable product for certain types of investors).

Performance by financial literacy and overconfidence

Focusing on the individual questions, the tables that follow in this section all aim to identify areas where groups of participants, which would have been expected to perform less well than average, have struggled. These groups are those with low or medium financial literacy (i.e. those who answered at least one financial literacy question wrong or rated themselves 4 or below on their knowledge of financial products), and those that are overconfident in their financial knowledge (i.e. those who rated themselves 5 or above on their knowledge of financial products but who also failed to answer all financial literacy question correctly).

Table 83 reports the proportion of participants in both financial literacy groups (high and low/medium) which answered the questions in Task I correctly, and the percentage point and percentage difference between groups. It is clear to see that the proportion of correct answers is lower for those with low or medium financial literacy than for those with high financial literacy, across almost all questions in Task I. The only exception is Q3 where those with low or medium financial literacy perform better. The biggest percentage differences can be seen in Q2 and in questions Q7 to Q12.

Table 83: Proportion of correct answers by financial literacy – products A, B and C – Task I				
Question	Low/ medium financial literacy	High financial literacy	Percentage point difference	Percentage difference (%)
Q1. Would you say that this product has a high/medium/low overall risk level?	61.6	71.6	-10.0	-14.0
Q2a. True or false? An investor in this product could lose money due to fluctuations of the value of the investment	68.7	85.9	-17.2	-20.0
Q2b. True or false? An investor in this product could lose money if the manufacturer of the product was unable to pay out	57.6	74.4	-16.8	-22.6
Q2c. True or false? An investor in this product could lose money if they chose to end the investment early.	63.7	82.7	-19.0	-23.0
Q3. Which of the performance scenarios (positive, neutral, negative, all equally likely) do you think is most likely?	32.2	30.1	2.1	7.0
Q4a. True or false? There is a 10% probability of getting a worse outcome than the negative scenario.	65.9	72.9	-7.0	-9.6
Q4b. True or false? There is a 90% probability of getting a worse outcome than the negative scenario.	73.7	77.4	-3.7	-4.8
Q4c. True or false? There is a 9 in 10 chance of getting a better outcome than the negative scenario.	50.7	61.8	-11.1	-18.0
Q4d. True or false? There is no chance of getting a worse outcome than the negative scenario.	69.8	73.4	-3.6	-4.9
Q5. Which best describes the positive scenario: best possible/advantageous/disadvantageous/worst possible market conditions?	44.3	49	-4.7	-9.6
Q6. True or false? These cost figures match exactly the amounts of money an investor would have to pay over time.	26	31.8	-5.8	-18.2
Q7. Which of the following types of costs do you think would apply should you acquire this product and end your investment exactly one year later?	24.5	41.4	-16.9	-40.8
Q8. Imagine that you invest in this product and end your investment exactly one year later. What is the estimated total cost of this product as a percentage of your original investment?	34.1	48.3	-14.2	-29.4
Q9. Taking into account the costs of the product and the potential return, how much money would you get back in the neutral scenario?	40.8	58.6	-17.8	-30.4
Q11. Imagine that the manufacturer of the product announces that it is not able to pay out what it owes. In the worst case scenario, how much money, if any, can you expect to get back?	51.1	67.8	-16.7	-24.6
Q12. Please select the statement (before costs/after costs/before and after costs) which best describes the potential returns shown in the performance scenarios section.	29.4	39.9	-10.5	-26.3

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Source: London Economics' analysis of Ipsos data.

The difference in performance between those with high financial literacy and those with low or medium financial literacy groups was even more pronounced in Task II. This may suggest that those with low or medium financial literacy found it particularly difficult to compare products.

Across almost all questions in Task II, the proportion of correct answers was over 20% lower for those with low or medium financial literacy. Some of the biggest percentage differences can be seen in Q2.

Table 84: Proportion of correct answers by financial literacy – products A, B and C – Task II

Question	Low/ medium financial literacy	High financial literacy	Percentage point difference	Percentage difference (%)
Q1a. Which of these two products has, in general, the higher risk?	53.4	68.1	-14.7	-21.6
Q1b. Which of these two products has, in general, more unpredictable returns?	38.9	53.5	-14.6	-27.3
Q1c. Which of these two products has the higher potential return?	35	53.4	-18.4	-34.5
Q2a. Which of these two products has the highest overall costs, as a percentage, if held for one year?	34.2	49.4	-15.2	-30.8
Q2b. Which of these two products has the highest overall costs, as a percentage, if held for the recommended holding period?	31.4	44.5	-13.1	-29.4
Q2c. Which of these two products has the highest ongoing costs, as a percentage?	32.8	48.8	-16.0	-32.8
Q2d. Which of these two products has the highest exit penalties if sold before the recommended holding period?	28.2	42.9	-14.7	-34.3
Q3a. With which of these two products could you be sure to get back at least the money you have invested?	36.2	48.1	-11.9	-24.7
Q3b. With which of these two products could you be sure to get back all the money you have invested, plus a positive return?	34	47.2	-13.2	-28.0
Q3c.With which of these two products is it possible that you could lose some or all of the money you invested?	36.2	50.5	-14.3	-28.3
Q4. Imagine that you are an investor who wants a low_risk investment and who will be able to hold the product for the recommended holding period. Which of the two products do you think is more suited to your needs?	45.3	61.9	-16.6	-26.8
Q5. Imagine that you are an investor who wants a low risk investment and who may need to exit the investment after a year. Which of the two products do you think is more suited to your needs?	27.3	33.4	-6.1	-18.3

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Source: London Economics' analysis of Ipsos data.

Table 85 shows the difference in performance according to whether the participant is overconfident in his or her financial knowledge, or not.

Again, those that are overconfident have performed worse in almost all questions. Some exceptions are Q4a and Q5. The biggest percentage differences can be seen in questions Q7 to Q11.

Table 85: Proportion of correct answers by overconfidence – products A, B and C – Task I

Question	Overconfident in financial knowledge	Not over-confident	Percentage point difference	Percentage difference (%)
Q1. Would you say that this product has a high/medium/low overall risk level?	62.6	63.7	-1.1	-1.8
Q2a. True or false? An investor in this product could lose money due to fluctuations of the value of the investment	69.1	72.6	-3.5	-5.1
Q2b. True or false? An investor in this product could lose money if the manufacturer of the product was unable to pay out	57.7	61.5	-3.8	-6.6
Q2c. True or false? An investor in this product could lose money if they chose to end the investment early.	63.6	68.2	-4.6	-7.2
Q3. Which of the performance scenarios (positive, neutral, negative, all equally likely) do you think is most likely?	30.2	32.2	-2.0	-6.6
Q4a. True or false? There is a 10% probability of getting a worse outcome than the negative scenario	68.0	67.0	1.0	1.5
Q4b. True or false? There is a 90% probability of getting a worse outcome than the negative scenario.	67.2	76.1	-8.9	-13.2
Q4c. True or false? There is a 9 in 10 chance of getting a better outcome than the negative scenario.	52.0	53.0	-1.0	-1.9
Q4d. True or false? There is no chance of getting a worse outcome than the negative scenario.	63.1	72.2	-9.1	-14.4
Q5. Which best describes the positive scenario: best possible/advantageous/disadvantageous/worst possible market conditions?	48.2	44.5	3.7	7.7
Q6. True or false? These cost figures match exactly the amounts of money an investor would have to pay over time.	25.2	27.5	-2.3	-9.1
Q7. Which of the following types of costs do you think would apply should you acquire this product and end your investment exactly one year later?	18.0	30.0	-12.0	-66.7
Q8. Imagine that you invest in this product and end your investment exactly one year later. What is the estimated total cost of this product as a percentage of your original investment?	29.5	38.5	-9.0	-30.5
Q9. Taking into account the costs of the product and the potential return, how much money would you get back in the neutral scenario?	34.8	46.3	-11.5	-33.0
Q11. Imagine that the manufacturer of the product announces that it is not able to pay out what it owes. In the worst case scenario, how much money, if any, can you expect to get back?	40.9	57.4	-16.5	-40.3
Q12. Please select the statement (before costs/after costs/before and after costs) which best describes the potential returns shown in the performance scenarios section.	29.2	31.9	-2.7	-9.2

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Source: London Economics' analysis of Ipsos data.

In Task II, all questions were less likely to be correctly answered by overconfident participants than by participants who were not overconfident. The biggest percentage differences between those overconfident and those not overconfident can be seen in questions Q2a, Q3c and Q4.

Table 86: Proportion of correct answers by overconfidence – products A, B and C – Task II

Question	Overconfident in financial knowledge	Not over-confident	Percentage point difference	Percentage difference (%)
Q1a. Which of these two products has, in general, the higher risk?	47.9	58.1	-10.2	-21.3
Q1b. Which of these two products has, in general, more unpredictable returns?	38.7	42.4	-3.7	-9.6
Q1c. Which of these two products has the higher potential return?	32.3	40.0	-7.7	-23.8
Q2a. Which of these two products has the highest overall costs, as a percentage, if held for one year?	29.4	38.9	-9.5	-32.3
Q2b. Which of these two products has the highest overall costs, as a percentage, if held for the recommended holding period?	30.8	34.6	-3.8	-12.3
Q2c. Which of these two products has the highest ongoing costs, as a percentage?	28.9	37.4	-8.5	-29.4
Q2d. Which of these two products has the highest exit penalties if sold before the recommended holding period?	26.4	32.1	-5.7	-21.6
Q3a. With which of these two products could you be sure to get back at least the money you have invested?	32.2	39.9	-7.7	-23.9
Q3b. With which of these two products could you be sure to get back all the money you have invested, plus a positive return?	31.2	37.7	-6.5	-20.8
Q3c.With which of these two products is it possible that you could lose some or all of the money you invested?	30.8	40.8	-10.0	-32.5
Q4. Imagine that you are an investor who wants a low risk investment and who will be able to hold the product for the recommended holding period. Which of the two products do you think is more suited to your needs?	37.9	50.9	-13.0	-34.3
Q5. Imagine that you are an investor who wants a low risk investment and who may need to exit the investment after a year. Which of the two products do you think is more suited to your needs?	25.3	29.2	-3.9	-15.4

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Source: London Economics' analysis of Ipsos data.

19.2 Multi-option products (Product D)

19.2.1 Objective questions for product D – Task I

Q1D (shown in Table 87) asked participants who saw product D in Task I questions about their understanding of the indicator. The complexity with product D is that the risk indicator showed a range of risk levels, rather than just one concrete risk level, as in the case of the other products.

In each part of the question, most participants were able to overcome this complexity to answer the question correctly. In part (a), 69% of participants identified that the risk level of the product was not 7. The difference between variants was not statistically significant. However, variant 4 was associated with the lowest proportion of correct answers.

In part (b) of the question, 61% of participants correctly identified that the risk of the product was in the range from 2 to 6. Participants who saw variants 1 and 2 were more likely to answer this part of the question correctly (64-65%) than participants who were shown variant 3 or 4 (56-57%). This may have been due to the fact that variants 3 and 4 contained more detailed information in the visuals than variants 1 and 2. It was shown that there was a statistically significant link between the variant seen and the quality of the answer provided. The difference in proportions of correct answers between variants 1 and 2 and variant 4 was statistically significant at a 5% significance level.

Variants 1 and 3 both highlight the risk level associated with a typical option for product D, as well as showing a range of risk level values. Part (c) of Q1D was designed to test if this misled participants to think that this was the risk level associated with product D in all cases. This appears to be the case since variants 1 and 3 are associated with lower proportions of correct responses (55-60%) than the other variants which do not contain a highlighted option (65-70%). The relationship between the variant shown and the likelihood of providing a correct answer was shown to be statistically significant. The difference in proportions of correct answers between variants 2 and 3 was statistically significant at a 5% significance level and the difference between variants 1 and 2 was significant at a 10% level.

Even though 62% of participants recognised that the risk level was not fixed at 3, a smaller proportion (51%) stated that the risk level of the product would depend on the option chosen, in part (d) of the question. Participants who saw variants 1 and 2 were most likely to be able to identify that the risk level would depend on the option chosen, although the link between the variant seen and the quality of the answer was not statistically significant.

Table 87: Task I results – product D – Q1D						
Do you think the following statements are true or false?	Correct		Incorrect		No answer	
	%	No.	%	No.	%	No.
(a) The risk level of the product is always 7.						
KID variant 1 (UCITs style, typical option highlighted)	69.4	337	5.1	26	25.5	108
KID variant 2 (UCITs style)	71.5	345	5.1	27	23.4	98
KID variant 3 (UCITs style with capital protection graphic, typical option highlighted)	70.4	325	7.9	38	21.7	109
KID variant 4 (multidimensional UCITs style)	63.4	316	6.5	36	30.1	119
Total	68.7	1,323	6.1	127	25.1	434
(b) The risk level of the product is in the range from 2 to 6.						
KID variant 1	**64.1**	**305**	**12.1**	**65**	**23.8**	**101**
KID variant 2	**64.7**	**316**	**14.0**	**63**	**21.3**	**91**
KID variant 3	**57.4**	**268**	**21.2**	**100**	**21.4**	**104**
KID variant 4	**55.5**	**279**	**17.3**	**79**	**27.2**	**113**
Total	60.5	1,168	16.1	307	23.4	409
(c) The risk level of the product is always 3.						
KID variant 1	**59.7**	**292**	**14.0**	**69**	**26.4**	**110**
KID variant 2	**70.2**	**336**	**5.3**	**30**	**24.5**	**104**
KID variant 3	**54.9**	**265**	**21.9**	**95**	**23.2**	**112**
KID variant 4	**64.7**	**321**	**3.3**	**22**	**32.0**	**128**
Total	62.4	1,214	11.1	216	26.5	454
(d) The risk level of the product depends on the investment option the investor chooses.						
KID variant 1	53.1	257	16.2	82	30.7	132
KID variant 2	53.5	256	19.8	98	26.7	116
KID variant 3	46.0	227	24.0	102	29.9	143
KID variant 4	49.3	240	19.1	100	31.6	131
Total	50.5	980	19.8	382	29.7	522

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics' analysis of Ipsos data.

Q2 consisted of three true or false questions concerning the different types of risk that could apply: market risk, credit risk, and liquidity risk. The results are shown in Table 87. Part (a) of the question on market risk was associated with a higher proportion of correct answers (64%) than part (b) of the question on credit risk (50%) and part (c) on liquidity risk (60%).

Even though variant 4 includes a multidimensional indicator of risk, showing a graphical risk rating associated with the "risk from fluctuating values" and "risk of default", this is not the variant which is associated with the best quality responses. Across each of the three parts of Q2, variant 2 was associated with a higher proportion of correct answers than the other variants, and variant 1 was associated with the lowest proportion of correct answers. However, the difference between variants was not statistically significant for any part of the question.

Table 88: Task I results – product D – Q2						
Do you think the following statements are true or false?	Correct		Incorrect		No answer	
	%	No.	%	No.	%	No.
(a) An investor in this product could lose money due to fluctuations of the value of the investment.						
KID variant 1 (UCITs style, typical option highlighted)	61.4	274	13.3	73	25.3	124
KID variant 2 (UCITs style)	65.5	302	12.0	64	22.5	104
KID variant 3 (UCITs style with capital protection graphic, typical option highlighted)	65.1	290	11.4	62	23.5	120
KID variant 4 (multidimensional UCITs style)	62.2	287	14.7	76	23.1	108
Total	63.6	1,153	12.8	275	23.6	456
(b) An investor in this product could lose money if the manufacturer of the product was unable to pay out.						
KID variant 1	47.9	227	19.8	101	32.3	143
KID variant 2	52.1	245	21.3	101	26.6	124
KID variant 3	50.3	229	21.3	104	28.5	139
KID variant 4	49.9	236	22.2	109	27.9	126
Total	50.0	937	21.1	415	28.8	532
(c) An investor in this product could lose money if they chose to end the investment early.						
KID variant 1	58.0	260	11.8	69	30.3	142
KID variant 2	63.5	281	11.9	69	24.5	120
KID variant 3	59.7	267	13.7	70	26.6	135
KID variant 4	58.7	269	15.8	87	25.5	115
Total	60.0	1,077	13.3	295	26.7	512

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics' analysis of Ipsos data.

Table 89 shows that 47% of participants who saw product D provided a correct response to Q3D. There was a statistically significant link between the likelihood of getting this question right and the variant seen although this is largely due to the differences between the variants in the answers accepted as correct. In all cases, "it depends on the investment option picked" was accepted as a correct answer. For variants 1 and 3, "not clear from the information provided" was another correct answer. For variant 2, the other correct answer was "the neutral scenario".

Table 89: Task II results – product D – Q3D						
Which of the performance scenarios (positive, neutral, negative) do you think is most likely? (i) Positive, (ii) Neutral, (iii) Negative, (iv) All equally likely, (v) It depends on the investment option picked (vi) Not clear from the information provided	Correct		Incorrect		No answer	
	%	No.	%	No.	%	No.
KID variant 1 (multi time horizon table, typical option, net/gross figures)*	**48.4**	**218**	**51.6**	**253**	**0.0**	**0**
KID variant 2 (single time horizon table, range)	**44.5**	**211**	**30.1**	**151**	**25.5**	**108**
KID variant 3 (line graphs plus table, typical option, net/gross figures)*	**48.6**	**223**	**51.4**	**249**	**0.0**	**0**
Total	47.1	652	44.3	653	8.6	108

Note: * When either variant 1 or 3 was seen, "not clear" was accepted as the correct response.
Participants who saw variant 4 were not asked this question since this variant did not include performance scenarios.
Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics' analysis of Ipsos data.

For the participants that saw variant 2 (KID D2), Q4 (shown in Table 90) provided a further test of participants' understanding of the probabilities associated with the three scenarios. 66% of participants identified that statement (a) was true. 78% identified that statement (b) was false.

A smaller majority (50%) selected the correct answer, “true”, for statement (c). This is a much smaller proportion than the proportion who said that the first statement, which is more or less equivalent to the third statement, was true. A similar result was found among those that saw the other products. Again, this suggests that while participants understood that a “1 in 10 chance you get less than this” means that there is a 10% probability of getting a worse scenario, they had difficulty considering the probability of the opposite scenario (i.e. getting more than this).

When presented with statement (d), 75% of participants identified that it was false to say that it was not possible to get a worse outcome than the negative scenario.

Table 90: Task I results – product D – Q4

Beside the negative performance scenario, the document says “1 in 10 chance of getting less than this”. Do you think the following statements are true or false?	Correct		Incorrect	
	%	No.	%	No.
(a) There is a 10% probability of getting a worse outcome than the negative scenario.				
KID variant 2	65.7	304	34.3	166
(b) There is a 90% probability of getting a worse outcome than the negative scenario.				
KID variant 2	78.5	370	21.5	100
(c) There is a 9 in 10 chance of getting a better outcome than the negative scenario.				
KID variant 2	50.4	246	49.7	224
(d) There is no chance of getting a worse outcome than the negative scenario.				
KID variant 2	74.5	355	25.5	115

Note: Only respondents that saw D2 answered Q4.
Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Source: London Economics’ analysis of Ipsos data.

Q5 probes participants’ understanding of the performance scenarios further, asking participants to assess what the positive scenario represents. Table 91 shows that fewer than half of participants that saw product D identified that the positive scenario represented advantageous market conditions. Similar to when the other products were shown, the most common error by participants was to say that the positive scenario occurred in the best possible market conditions (reported by 29% of all participants).

Participants who saw variant 4 were most likely to answer this question correctly (48% correct), despite the fact that variant 4 made no reference to the positive scenario. Variant 1 performed almost as well (46%).

Table 91: Task I results – product D – Q5

Please select the statement which best describes the positive scenario. This scenario represents [(i) the best possible market conditions, (ii) market conditions that would be advantageous, (iii) market conditions that would be disadvantageous, (iv) the worst possible market conditions] for the investor.	Correct		Incorrect	
	%	No.	%	No.
KID variant 1 (multi time horizon table, typical option, net/gross figures)	46.4	224	53.6	247
KID variant 2 (single time horizon table, range)	39.4	192	60.6	278
KID variant 3 (line graphs plus table, typical option, net/gross figures)	40.1	190	59.9	282
KID variant 4 (no graphic)	47.7	232	52.3	239
Total	43.4	838	56.6	1,046

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics’ analysis of Ipsos data.

Q6 (shown in Table 92) tested participants' understanding of the information on product D's costs. Just 30% of participants correctly identified that the cost figures shown in the KID did not exactly match the amount of money that an investor would have to pay over time. This is a similar proportion to the proportion of participants who saw the other products and provided the same response (26%). Again, this indicates that participants put too much confidence in the information they are presented with, even when the text explains that costs could be higher or lower than the figures shown. Variant 1 was associated with the highest proportion of correct answers. However, there was not a statistically significant difference between variants.

Table 92: Task I results – product D – Q6

Please look at the cost figures presented in monetary terms. True or false? These cost figures match exactly the amounts of money an investor would have to pay over time.	Correct		Incorrect		No answer	
	%	No.	%	No.	%	No.
KID variant 1 (TCR graphic + aggregate cost table, typical option)	35.2	168	29.6	141	35.2	162
KID variant 2 (TCR graphic + table, range)	27.5	129	33.8	161	38.8	180
KID variant 3 (RIY graphic showing range + table showing typical option)	26.5	136	35.6	160	37.9	176
KID variant 4 (RIY graphic with explanation of costs + table, range)	32.6	158	28.7	152	38.7	161
Total	30.4	591	31.9	614	37.6	679

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics' analysis of Ipsos data.

Q7 (shown in Table 93) required participants to correctly identify the set of costs they would have to pay if they bought the product and held it for one year. Just 23% of participants who saw product D answered this question correctly. This is a similar proportion as occurred among the participants who saw products A and B.

There was a statistically significant relationship between the quality of the answer and the variant seen. Participants who saw variant 3 were significantly (at a 5% level) more likely to answer the question correctly (31%) than those who saw any of the other variants. Just 18% of those who saw variant 1 answered correctly.

For product D, the correct set of costs included one-off costs and ongoing costs. Participants who saw variant 3 or 4 were more likely to identify these costs than those who saw variants 1 or 2. However, participants who saw variant 4 were more likely than those who saw variant 3 to make the mistake of saying that the product also included incidental costs. This could be because variant 4 refers to "insurance costs" which participants may have assumed counted as incidental costs.

Table 93: Task I results – product D – Q7				
Imagine that you have invested in this product and assume that the manufacturer of the product is always able to pay out what it owes (in other words, the manufacturer does not default). Investing in a financial product may involve different types of costs. Which of the following types of costs do you think would apply should you acquire this product and end your investment exactly one year later? Please select all that apply.	**Correct set of responses**		**Incorrect set of responses**	
	%	**No.**	**%**	**No.**
KID variant 1 (TCR graphic + aggregate cost table, typical option)	**17.6**	**87**	**82.4**	**384**
KID variant 2 (TCR graphic + table, range)	**20.8**	**111**	**79.2**	**359**
KID variant 3 (RIY graphic showing range + table showing typical option)	**31.1**	**133**	**68.9**	**339**
KID variant 4 (RIY graphic with explanation of costs + table, range)	**21.4**	**122**	**78.6**	**349**
Total	22.7	453	77.3	1,431

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics' analysis of Ipsos data.

The objective of Q8Da was to test whether participants understood the circumstances in which the cost figures provided might apply. The question was only asked when either variant 1 or 3, which show a typical option called the "balanced option" was seen. Table 94 shows that 33% of those asked were able to provide the correct answer, i.e. that the costs only applied when the balanced option was chosen. The proportion of participants who provided the correct response was similar across the two variants.

The most common mistake with this question was to say that the costs applied when a combination of options was chosen (14-16% of participants) compared to the other incorrect answer that the costs applied when any option was chosen (12-13% of participants). This trend was true no matter whether variant 1 or 3 was shown.

Table 94: Task I results – product D – Q8Da						
Please look at the section on costs over time. In which of the following situations would the figures in the table be a good estimate of costs? (i) When any investment option is chosen, (ii) When the Balanced Option is chosen, (iii) When a combination of investment options are chosen, (iv) Not clear from the information shown.	**Correct**		**Incorrect**		**No answer**	
	%	**No.**	**%**	**No.**	**%**	**No.**
KID variant 1 (TCR graphic + aggregate cost table, typical option)	33.8	163	29.3	140	37.0	168
KID variant 3 (RIY graphic showing range + table showing typical option)	32.5	155	25.5	127	42.0	190
Total	33.1	318	27.4	267	39.5	358

Note: Respondents that saw variants 2 or 4 did not answer Q8D1.
Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics' analysis of Ipsos data.

In Q8Db, participants were asked to identify the maximum cost of the product after a year as a percentage of the original investment. Table 95 shows the results. Participants who saw variant 1 did not answer this question as this variant did not show a range of possible costs, only the costs associated with a typical option.

30% of participants answered the question correctly, with the quality of the answer having a statistically significant link to the variant shown. Variant 4 was associated with the greatest proportion of correct answers (34%).

Although variant 3 shows a range of costs in the RIY graphic, it shows the costs associated with a typical option only in the table showing costs over time. As such, the maximum cost associated with product D after a year cannot be established using variant 3. An answer of “not clear from the information provided” was accepted as the correct response when this variant was seen.

The most common error by participants who saw variant 2 or 4 and who answered incorrectly was to select the answer that corresponded to the costs that applied after the recommended holding period. The most common mistake for those who saw variant 3 was to say that the maximum cost was equal to the relevant cost for the balanced option.

Table 95: Task I results – product D – Q8Db

Please look at the section on costs. Imagine that you invest and end your investment one year later. What is the estimated maximum overall cost of this product in percentage terms, according to the document?	Correct		Incorrect		No answer	
	%	No.	%	No.	%	No.
KID variant 2 (TCR graphic + table, range)	**26.5**	**131**	**38.1**	**182**	**35.4**	**157**
KID variant 3 (RIY graphic showing range + table showing typical option)*	**29.2**	**138**	**70.8**	**334**	**0.0**	**0**
KID variant 4 (RIY graphic with explanation of costs + table, range)	**33.8**	**178**	**38.1**	**174**	**28.1**	**119**
Total	29.8	447	49.0	690	21.3	276

Note: *When variant 3 was seen, “not clear from the information provided” was accepted as a correct response.
Respondents that saw variant 1 did not answer Q8D2.
Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics’ analysis of Ipsos data.

Q11 (shown in Table 96) asked participants how much money an investor could expect to get back in the worst case scenario in which the manufacturer defaults. For products A, C and D, an investor is not guaranteed to get any money back and could lose the majority of the investment. With product B, an investor can expect to get 100% of the investment back.

Over half (55%) of participants answered the question correctly. The quality of the responses was not shown to have a statistically significant link to the variant shown.

Table 96: Task I results – product D – Q11

Imagine that you have invested in this product and that, a year after your original investment, the manufacturer of the product announces that (s)he is not able to pay out what (s)he owes (in other words, s(he) defaults). In the worst case scenario, how much money, if any, can you expect to get back?	Correct		Incorrect		No answer	
	%	No.	%	No.	%	No.
KID variant 1	52.9	251	24.2	123	22.9	97
KID variant 2	55.2	273	21.9	95	22.9	102
KID variant 3	54.1	260	20.0	90	25.9	122
KID variant 4	57.5	276	19.9	94	22.7	101
Total	54.9	1,060	21.5	402	23.6	422

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics’ analysis of Ipsos data.

Q12 (shown in Table 97) looked at whether participants were able to identify whether gross, returns, net returns or both were shown in the performance section of the KID. A minority of participants (31%) were able to answer correctly. There is a statistically significant link between the proportion of correct answers and the variant shown with variant 4 associated with a statistically significantly (at a 5% level) higher proportion of correct answers than the other variants. However it should be noted that “not clear from the information provided” was accepted as a correct response for variant 4 but not for the other variants. As such the results associated with variant 4 may not be directly comparable with those associated with the other variants. Variants 1 and 2 both performed better (27-28% correct) than variant 3 (21% correct). The difference between variants 2 and 3 was statistically significant at a 5% level while the difference between variants 1 and 3 was significant at a 10% level.

Table 97: Task I results – product D – Q12

The Key Information Document contains information about performance scenarios and costs. Please select the statement which best describes the potential returns shown in the performance scenarios section. The potential returns shown are [(i) before costs, (ii) after costs, (iii) before and after costs] (except personal taxes) have been deducted.	**Correct**		**Incorrect**		**No answer**	
	%	**No.**	**%**	**No.**	**%**	**No.**
KID variant 1 (multi time horizon table, typical option, net/gross figures)	**27.2**	**132**	**41.9**	**200**	**30.9**	**139**
KID variant 2 (single time horizon table, range)	**27.6**	**130**	**36.5**	**171**	**35.9**	**169**
KID variant 3 (line graphs plus table, typical option, net/gross figures)	**21.1**	**108**	**41.6**	**188**	**37.3**	**176**
KID variant 4 (no graphic)*	**49.2**	**239**	**50.8**	**232**	**0.0**	**0**
Total	31.1	609	42.6	791	26.3	484

Note: For variant D4, “not clear” was accepted as a correct response.
Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics’ analysis of Ipsos data.

19.2.2 Objective questions - Task II

In Task II, participants saw two KIDs, each showing a different product using the same variant. The objective was to test participants’ ability to compare the features of one product against another’s. The results in this section relate to the participants who were asked to compare product D to another product. The complexity associated with product D is that depending on the investment option chosen, the risk, performance or cost levels could change.

One of the main objectives in this section was to test whether the variants helped the participants to understand that the risk, performance and costs of product D would depend on the option chosen. When participants were asked to compare the risk and costs of product D with another product which does not offer multiple underlying options, it was of interest to test whether the presentation of values associated with a typical option, rather than a range of values, might lead participants to think that they could easily compare the products, and disregard the fact the typical option was simply an example.

Q1D (shown in Table 98) asked participants to identify which product had the higher risk. 43% of participants correctly responded that the answer would depend on the investment option chosen for product D. The relationship between the quality of the response and the variant seen was found to be not statistically significant.

Table 98: Task II results – Product D – Q1D				
Which of the following statements is true? (i) Product D has higher risk than the other product, (ii) Product D has lower risk than the other product, (iii) Which of the two products is riskier depends on the underlying investment option chosen when investing in D.	**Correct**		**Incorrect**	
	%	**No.**	**%**	**No.**
KID variant 1 (UCITs style, typical option highlighted)*	44.0	201	56.0	270
KID variant 2 (UCITs style)*	43.4	197	56.6	273
KID variant 3 (UCITs style with capital protection graphic, typical option highlighted)*	39.5	185	60.5	287
KID variant 4 (multidimensional UCITs style)*	43.0	190	57.0	281
Total	42.5	773	57.5	1,111

Note: * When variant 2 or 4 was seen, only "not clear" was accepted as a correct response. When variant 1 or 3 was seen, "not clear" was accepted as a correct response as well as another answer; either "true" or "false" depending on the product.
Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics' analysis of Ipsos data.

Similarly, Q2D asked participants to identify which product had the higher cost. Again, the correct response was that the answer depended on the investment option chosen for product D. As shown in Table 99, 42% of participants selected the correct answer. The relationship between the quality of the response and the variant seen was found to be not statistically significant.

The relationship between the quality of the response and the variant seen was found to be not statistically significant. The combination of products D and A was associated with the lowest proportion of correct answers (37%). This difference was mainly seen in variants 2, 3 and 4. The confusion with products D and A is likely that when variants 2, 3 and 4 are shown, the percentage cost for A is 2.2% and the range of costs for D is 2.2% to 3.2%. So since the lower bound for the range of costs for product D is equal to the estimate of costs for product A, they say that the costs for product D are higher. By contrast, variant 1 just shows the costs of one option.

Table 99: Task II results – product D – Q2D				
Which of the following statements is true? (i) Product D has higher overall costs than the other product, (ii) Product D has lower higher overall costs than the other product, (iii) Which of the two products has higher overall costs depends on the underlying investment option chosen when investing in D	**Correct**		**Incorrect**	
	%	**No.**	**%**	**No.**
KID variant 1 (TCR graphic + aggregate cost table, typical option)	42.5	193	57.5	278
KID variant 2 (TCR graphic + table, range)	43.3	184	56.7	286
KID variant 3 (RIY graphic showing range + table showing typical option)	41.4	194	58.7	278
KID variant 4 (RIY graphic with explanation of costs + table, range)	41.6	179	58.4	292
Total	42.2	750	57.8	1,134

Note: * When products B and D were both seen, "not clear" was accepted as a correct response. When variants C1 and D1 were both seen, "not clear" was accepted as a correct response.
Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics' analysis of Ipsos data.

Q3D asked participants to compare the two products in terms of the extent to which returns were guaranteed. The results are shown in Table 100. The relationships between the proportion of correct responses and the variant seen were not statistically significant. When participants were asked whether an investor could lose some or all of the money invested, variants 1, 2 and 3 all performed better (36-38% correct) than variant 4 (29% correct).

In comparing product D to either product A or C, neither product offers any guarantee that you won't lose money. When comparing product D to product B, only product B offers a guarantee. As seen with the comparisons of products A, B and C, the most common error was to assume that there was no guarantee with any product.

Table 100: Task II results – product D – Q3						
If you keep the investment for the recommended holding period and the manufacturer is able to pay out, with which of these two products…	**Correct**		**Incorrect**		**No answer**	
	%	**No.**	**%**	**No.**	**%**	**No.**
(a) Could you be sure to get back at least the money you have invested?						
KID variant 1 (UCITs style, typical option highlighted)	41.0	189	36.0	182	23.0	100
KID variant 2 (UCITs style)	39.3	186	40.1	194	20.6	90
KID variant 3 (UCITs style with capital protection graphic, typical option highlighted)	41.6	182	36.7	188	21.7	102
KID variant 4 (multidimensional UCITs style)	39.8	191	39.2	196	21.0	84
Total	40.4	748	38.0	760	21.6	376
(b) Could you be sure to get back all the money you have invested, plus a positive return (i.e. an amount in addition to what you invested)?						
KID variant 1	37.9	172	37.1	195	25.0	104
KID variant 2	37.5	186	40.1	186	22.4	98
KID variant 3	39.4	171	36.7	186	23.9	115
KID variant 4	39.5	191	38.9	190	21.7	90
Total	38.5	720	38.2	757	23.3	407
(c) It is possible that you could lose some or all of the money you invested?						
KID variant 1	38.0	184	40.1	191	21.9	96
KID variant 2	36.1	180	42.8	196	21.2	94
KID variant 3	38.3	177	39.5	189	22.3	106
KID variant 4	28.5	139	49.5	240	22.0	92
Total	35.3	680	42.9	816	21.8	388

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics' analysis of Ipsos data.

Q5 tested whether participants were able to use the information presented to assess the products' suitability for a particular investor type. For all combinations of product D with another product, "not clear from the information provided" was accepted as a correct response. When product D was shown with product A, it was also considered correct to say that A was the more suitable product. Table 101 shows that 41% of participants answered Q5 correctly.

Variant 4 was associated with the lowest proportion of correct answers. However, there was no statistically significant link between the quality of the answer provided for Q5 and the variant seen.

Table 101: Task II results – product D – Q5				
Imagine that you are an investor who wants a low risk investment and who may need to exit the investment after a year. Which of the two products do you think is more suited to your needs?	Correct		Incorrect	
	%	No.	%	No.
KID variant 1	42.8	185	57.2	286
KID variant 2	39.6	184	60.4	286
KID variant 3	41.7	191	58.3	281
KID variant 4	38.8	176	61.2	295
Total	40.7	736	59.3	1,148

Note:* When product D was seen with either product B or product C, only "not clear" was accepted as a correct response. When product D was seen with product A, "not clear" was accepted as a correct response as well as the answer that product A was more suitable.
Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Bold figures indicate that there is some relation between the quality of the answer and the variant seen, according to a Chi-square test.
Source: London Economics' analysis of Ipsos data.

19.2.3 Subjective questions for product D

This section presents the results of the subjective questions when product D was shown.

When participants were asked how difficult or easy they found the KID to understand (Sub_Q1), *the most* common response (38% of participants overall) across all variants was to report that they found the variant neither easy nor difficult. This is a similar result to the result that occurred when the other products were shown. Just 2% of participants said that the KID was very easy to understand and 16% of participants said that it was very difficult to understand. 53% of participants who saw variant 4 said that it was either difficult or very difficult to understand. 48% of participants said the same for variant 3. Variants 1 and 2 were considered easier to understand with 43% describing them as difficult or very difficult.

The most popular response (40% of participants overall) when participants were asked how useful the information (Sub_Q2) would be to help comparisons of products was "somewhat useful". By comparison, the most popular response when the other products were shown was that the KIDs were "quite useful". Just 9% of participants said that the KID would be very useful and 18% said that it would not be useful at all. There were relatively small differences between the variants. 41% of participants who saw variant 1 and 2 rated the KID as very or quite useful compared to 38% for variant 4.

Q3 asked participants how likely it was that they would read the KID if they were considering buying the product (Sub_Q3) . The most common response was that participants would read the document in full with 39% providing this answer. 18% of participants said that this was not at all likely. 63% of participants who saw variant 4 reported that it was either extremely or very likely that they would read the document (variant 1 was a close second) versus 59% for variant 3.

Table 102: Responses to subjective questions – product D – Task I								
	KID variant 1		KID variant 2		KID variant 3		KID variant 4	
	%	No.	%	No.	%	No.	%	No.
Sub_Q1. Looking at the Key Information Document in full, how difficult or easy would you say it is to understand?								
Very easy	2.6	15	1.5	8	2.9	11	2.7	13
Easy	12.0	58	16.5	80	11.4	59	11.0	55
Neither easy nor difficult	42.5	196	38.8	182	38.0	184	33.5	170
Difficult	31.5	148	27.2	130	31.1	135	34.6	157
Very difficult	11.4	54	16.1	70	16.6	83	18.2	76
Sub_Q2. How useful do you think this information would be to help you compare this product with another financial product?								
Very useful	10.1	48	10.0	46	8.4	42	6.5	36
Quite useful	30.7	161	31.2	167	32.0	162	31.8	163
Somewhat useful	41.5	186	40.8	182	39.3	175	38.4	181
Not at all useful	17.7	76	18.1	75	20.4	93	23.3	91
Sub_Q3. If you were considering buying this financial product, how likely is it that you would read the information shown in full?								
Extremely likely	40.0	186	40.8	194	35.4	161	38.5	193
Very likely	22.1	111	19.2	102	23.1	118	24.6	117
Somewhat likely	21.3	102	21.5	98	21.9	98	17.9	83
Not at all likely	16.5	72	18.6	76	19.6	95	19.1	78

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Source: London Economics' analysis of Ipsos data.

Table 103 below shows how each of the KID variants performed in the subjective questions in Task III where the respondent sees two KIDs each showing product D. The figures represent the proportion of times a particular KID variant was chosen as the answer to the question out of the total times that that KID variant was shown. Participants also had the option to say that both of the variants performed equally well although these responses are not included in the proportions.

Variant 1 performs the best out of any of the variants when participants are asked which they find easier to understand (Q1b), which they would be more likely to read (Q1a), which would be more useful for comparing different financial products (Q1c) and which they prefer overall (Q1d). Variant 4 performs worst of all the variants across these questions.

When participants are asked about their preferences when it comes to specific sections of the KID in Q2, variant 1 is the favourite for risk and cost and variant 2 is the least favourite for these sections. Variant 3 is slightly preferred to variant 1 for the performance section and variant 4 is the least preferred.

Participants preferred variant 1 when they were asked about understanding of the range of options that were possible to choose (Q3b), and the costs associated with these options (Q3c). Variant 4 was the least favourite.

Table 103: Responses to subjective questions – product D – Task III								
	KID variant 1		KID variant 2		KID variant 3		KID variant 4	
Which variant...	%	No.	%	No.	%	No.	%	No.
Q1a. Would you be more likely to read?	24.3	237	17.7	171	20.7	214	13.8	152
Q1b. Is easier to understand?	29.4	274	20.7	209	20.6	207	15.7	160
Q1c. Would be more useful for comparing different financial products?	24.2	231	17.2	172	22.5	216	12.8	142
Q1d. Do you prefer overall?	31.6	290	21.4	213	26.8	267	17.1	183
Q2a. Do you prefer in terms of the section on risk?	29.3	273	20.2	199	23.7	232	21.6	223
Q2b. Do you prefer in terms of the section on performance?	31.1	296	24.9	238	31.4	305	17.2	172
Q2c. Do you prefer in terms of the section on costs?	31.3	284	20.8	196	21.8	213	21.5	221
Q3a. Helps you understand the main features of the product?	26.3	253	18.6	184	18.2	187	15.4	156
Q3b. Helps you understand the range of options you can choose?	25.1	243	17.3	180	19.8	202	15.5	157
Q3c. Helps you understand what the options might cost?	25.6	255	19.0	182	20.9	212	17.0	170
Q3d. Helps you compare the product with other products?	22.4	211	16.6	163	21.1	206	14.4	145

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Source: London Economics' analysis of Ipsos data.

19.2.4 Subgroup analysis for product D

Aggregate performance by personal characteristics

Although the focus of this study is on understanding the overall implications of how the variants perform relative to one another, in addition we seek to assess how the quality of the responses might differ according to demographic and other personal characteristics of respondents. The table below shows the proportion of correct answers across Task I and Task II. Only “strictly correct” answers have been counted (i.e. the 'acceptable' answers were not considered) so the measure should be treated as a rough indicator only.

Table 104: Proportion of questions answered correctly by characteristics – product D			
	Task I (%)	Task II (%)	Overall (%)
Gender			
Male	50.8	38.6	47.4
Female	48.9	41.2	46.7
Age group			
18 - 24	53.2	39.0	49.1
25 - 34	49.9	36.9	46.1
35 - 44	51.4	40.9	48.5
45 - 54	50.2	41.2	47.7
55+	48.1	40.2	45.8
Highest level of educational attainment			
High level of educational attainment	56.4	41.8	52.2
Medium level of educational attainment	48.8	39.3	46.1
Low level of educational attainment	44.5	39.2	43.0
PRIIP ownership			
Own a PRIIP	52.7	38.4	48.6
Don’t own a PRIIP	47.2	41.3	45.5
Overconfidence in financial knowledge			
Overconfident in financial knowledge	44.1	34.8	41.4
Not overconfident in financial knowledge	51.1	41.1	48.3
Financial literacy			
High financial literacy	61.8	40.5	55.7
Low/medium financial literacy	47.0	39.8	45.0
Member State			
Czech Republic	54.5	35.4	49.2
France	42.1	41.1	41.9
Germany	50.2	41.4	47.7
Italy	49.5	32.4	44.6
Netherlands	53.4	47.2	51.5
Slovakia	43.3	34.6	40.8
Slovenia	50.6	37.1	46.6
Spain	47.6	39.1	45.2
Sweden	57.2	42.8	53.0
UK	54.9	41.1	50.9
Total	**49.8**	**40.0**	**47.0**

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Source: London Economics’ analysis of Ipsos data.

Performance by country

Table 104 shows that the proportion of questions answered correctly does vary between countries. As when the other products were shown, participants in Sweden are associated with the highest average proportion of correct answers. Slovakia and France are associated with the lowest average proportions. As when the other products were shown, in both Slovakia and France, there was a greater tendency to answer with the response “not clear from the information shown”, followed by Spain, Slovenia, Italy and Germany. Participants in the Netherlands and Sweden were least likely to provide this response. Again this may indicate a degree of extra caution among the consumers in those countries and, as such, the lower proportion of correct answers in some countries may not necessarily indicate lower levels of comprehension in those countries.

Performance by financial literacy and overconfidence

Table 105 reports the proportion of participants in the low or medium financial literacy group and the proportion of participants in the high financial literacy group who answered the questions in Task I correctly, and the percentage point and percentage difference between groups. The proportion of correct answers is lower for those with low or medium financial literacy than for those with high financial literacy, across almost all questions in Task I. The only exceptions are Q3D and Q4b where those with low or medium financial literacy perform slightly better.

The differences between the groups when product D was seen appear to be greater than they were when products A, B and C, although it should be noted that the questions were slightly different. Even on relatively simple questions such as Q1Da to Q1Dd, participants with low or medium financial literacy are between 25% and 30% less likely to provide the correct answer than participants with high financial literacy. The largest gap between groups is seen in Q7 which asks participants to identify the exact set of costs that would apply to the product. Fewer than 1 in 5 participants with low or medium financial literacy answered this question correctly.

Table 105: Proportion of correct answers by financial literacy – product D – Task I

Question	Low/ medium financial literacy	High financial literacy	Percentage point difference	Percentage difference (%)
Q1Da. True or false? The risk level of the product is 7.	63.6	90.5	-26.9	-29.7
Q1Db. True or false? The risk level of the product is in the range from 2 to 6.	57.0	75.5	-18.5	-24.5
Q1Dc. True or false? The risk level of the product is 3.	57.6	82.8	-25.2	-30.4
Q1Dd. True or false? The risk level of the product depends on the investment option the investor chooses.	46.7	66.7	-20.0	-30.0
Q2a. True or false? An investor in this product could lose money due to fluctuations of the value of the investment.	60.1	78.5	-18.4	-23.4
Q2b. True or false? An investor in this product could lose money if the manufacturer of the product was unable to pay out.	45.9	67.7	-21.8	-32.2
Q2c. True or false? An investor in this product could lose money if they chose to end the investment early.	56.4	75.1	-18.7	-24.9
Q3D. Which of the performance scenarios (positive, neutral, negative, all equally likely, depends on the investment option picked) do you think is most likely?	47.9	44.1	3.8	8.6
Q4a. True or false? There is a 10% probability of getting a worse outcome than the negative scenario.	62.3	77.6	-15.3	-19.7
Q4b. True or false? There is a 90% probability of getting a worse outcome than the negative scenario.	78.9	77.0	1.9	2.5
Q4c. True or false? There is a 9 in 10 chance of getting a better outcome than the negative scenario.	47.6	60.2	-12.6	-20.9
Q4d. True or false? There is no chance of getting a worse outcome than the negative scenario.	73.2	78.9	-5.7	-7.2
Q5. Which best describes the positive scenario: best possible/advantageous/disadvantageous/worst possible market conditions?	42.6	46.4	-3.8	-8.2
Q6a. True or false? These cost figures match exactly the amounts of money an investor would have to pay over time.	28.9	36.8	-7.9	-21.5
Q7. Which of the following types of costs do you think would apply should you acquire this product and end your investment exactly one year later?	19.8	35.0	-15.2	-43.4
Q8Da. In which of the following situations (when any option/balanced option/combination of options chosen) would the figures in the table be a good estimate of costs?	30.9	43.0	-12.1	-28.1
Q8Db. Imagine that you invest and end your investment one year later. What is the estimated maximum cost of this product in percentage terms, according to the document?	41.5	49.2	-7.7	-15.7
Q11. Imagine that the manufacturer of the product announces that it is not able to pay out what it owes. In the worst case scenario, how much money, if any, can you expect to get back?	51.4	69.7	-18.3	-26.3
Q12. Please select the statement (before costs/after costs/before and after costs) which best describes the potential returns shown in the performance scenarios section.	30.4	34.0	-3.6	-10.6

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Source: London Economics' analysis of Ipsos data.

In some questions in Task II, Q1D, Q2D and Q5, participants with low or medium financial literacy performed substantially better than those with high financial literacy. Q1D and Q2D asked the participants to compare the risks and costs of product D with another product. Those with high financial literacy were less likely to recognise that the relative risk and cost depended on the particular investment option chosen within product D. In the case of Q5, it was considered correct to say that the answer was “not clear from the information provided”, which individuals with high financial literacy were less likely to say.

Across the rest of the questions in Task II, the proportion of correct answers was 26-34% lower for those with low or medium financial literacy.

Table 106: Proportion of correct answers by financial literacy – product D – Task II

Question	Low/ medium financial literacy	High financial literacy	Percentage point difference	Percentage difference (%)
Q1D. Which of the following statements is true? Product D has higher/lower risk than the other product, or it depends on the investment option chosen.	45.0	32.1	12.9	40.2
Q2D. Which of the following statements is true? Product D has higher/lower costs than the other product, or it depends on the investment option chosen.	44.8	31.1	13.7	44.1
Q3a. With which of these two products, could you be sure to get back at least the money you have invested?	37.9	51.2	-13.3	-26.0
Q3b. With which of these two products, could you be sure to get back all the money you have invested, plus a positive return?	35.1	53.2	-18.1	-34.0
Q3c. With which of these two products, is it possible that you could lose some or all of the money you invested?	32.9	45.4	-12.5	-27.5
Q5. Imagine that you are an investor who wants a low risk investment and who may need to exit the investment after a year. Which of the two products do you think is more suited to your needs?	43.4	29.7	13.7	46.1

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Source: London Economics' analysis of Ipsos data.

Table 107 shows the difference in performance according to whether the participant is overconfident in his or her financial knowledge, or not.

Again, those that are overconfident have performed worse in almost all questions. Q5 is the only exception and the difference is small. The biggest percentage differences can be seen in questions Q3D, Q7, Q8Db and Q11.

Table 107: Proportion of correct answers by overconfidence – product D – Task I

Question	Overconfident in financial knowledge	Not over-confident	Percentage point difference	Percentage difference (%)
Q1Da. True or false? The risk level of the product is 7.	57.3	71.3	-14.0	-19.6
Q1Db. True or false? The risk level of the product is in the range from 2 to 6.	51.7	62.5	-10.8	-17.3
Q1Dc. True or false? The risk level of the product is 3.	54.1	64.3	-10.2	-15.9

Q1Dd. True or false? The risk level of the product depends on the investment option the investor chooses.	49.1	50.9	-1.8	-3.5
Q2a. True or false? An investor in this product could lose money due to fluctuations of the value of the investment.	60.1	64.4	-4.3	-6.7
Q2b. True or false? An investor in this product could lose money if the manufacturer of the product was unable to pay out.	44.9	51.2	-6.3	-12.3
Q2c. True or false? An investor in this product could lose money if they chose to end the investment early.	53.9	61.4	-7.5	-12.2
Q3D. Which of the performance scenarios (positive, neutral, negative, all equally likely, depends on the investment option picked) do you think is most likely?	34.8	50.0	-15.2	-30.4
Q4a. True or false? There is a 10% probability of getting a worse outcome than the negative scenario.	53.5	68.6	-15.1	-22.0
Q4b. True or false? There is a 90% probability of getting a worse outcome than the negative scenario.	71.9	80.1	-8.2	-10.2
Q4c. True or false? There is a 9 in 10 chance of getting a better outcome than the negative scenario.	47.3	51.1	-3.8	-7.4
Q4d. True or false? There is no chance of getting a worse outcome than the negative scenario.	70.7	75.4	-4.7	-6.2
Q5. Which best describes the positive scenario: best possible/advantageous/disadvantageous/worst possible market conditions?	45.0	43.0	2.0	4.7
Q6a. True or false? These cost figures match exactly the amounts of money an investor would have to pay over time.	30.3	30.5	-0.2	-0.7
Q7. Which of the following types of costs do you think would apply should you acquire this product and end your investment exactly one year later?	15.3	24.4	-9.1	-37.3
Q8Da. In which of the following situations (when any option/balanced option/combination of options chosen) would the figures in the table be a good estimate of costs?	31.2	33.6	-2.4	-7.1
Q8Db. Imagine that you invest and end your investment one year later. What is the estimated maximum cost of this product in percentage terms, according to the document?	33.6	45.1	-11.5	-25.5
Q11. Imagine that the manufacturer of the product announces that it is not able to pay out what it owes. In the worst case scenario, how much money, if any, can you expect to get back?	41.0	58.0	-17.0	-29.3
Q12. Please select the statement (before costs/after costs/before and after costs) which best describes the potential returns shown in the performance scenarios section.	28.3	31.7	-3.4	-10.7

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Source: London Economics' analysis of Ipsos data.

In Task II, all questions were less likely to be correctly answered by overconfident participants than by participants who were not overconfident. Across all cases, the percentage difference was approximately 9% to 20%.

Table 108: Proportion of correct answers by overconfidence – product D – Task II

Question	Overconfident in financial knowledge	Not over-confident	Percentage point difference	Percentage difference (%)
Q1D. Which of the following statements is true? Product D has higher/lower risk than the other product, or it depends on the investment option chosen.	36.6	43.8	-7.2	-16.4
Q2D. Which of the following statements is true? Product D has higher/lower costs than the other product, or it depends on the investment option chosen.	37.5	43.3	-5.8	-13.4
Q3a. With which of these two products, could you be sure to get back at least the money you have invested?	33.7	42.0	-8.3	-19.8
Q3b. With which of these two products, could you be sure to get back all the money you have invested, plus a positive return?	33.9	39.6	-5.7	-14.4
Q3c. With which of these two products, is it possible that you could lose some or all of the money you invested?	29.4	36.6	-7.2	-19.7
Q5. Imagine that you are an investor who wants a low risk investment and who may need to exit the investment after a year. Which of the two products do you think is more suited to your needs?	37.6	41.4	-3.8	-9.2

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Source: London Economics' analysis of Ipsos data.

20 Summary of results and recommendations

The tables that follow summarise the performance of each of the variants across different areas of knowledge, as tested by the objective questions.

20.1 Products presenting single investment option (Products A, B, and C)

20.1.1 Risk section – products A, B and C

The differences between the KID variants in terms of the risk sections were minor compared to the differences between the performance and cost sections. The table below shows how the KID variants differed in the graphical presentation of the risk level.

Table 109: Comparison of risk sections for products A, B and C

Variant	Graphic element	Features
1		Simple style with **link between risk and rewards**. An exclamation mark beside the risk level provided for a warning where the risk could be higher if the product was not held until maturity (this was applicable for product C).
2		**Simple** style, no explicit link between risk and reward.
3		Simple style complemented by a **graphical capital protection box**.
4		Simple style overall risk scale complemented by breakdown in multiple risk measures (by type of risk, i.e. market credit risk.

Table 110 indicates that variant 2 performed best overall in communicating information about the products' risks. This variant included the most basic presentation of the risk level, without any additional reference to performance, capital protection, market risk or credit risk.

Although there was little difference between the variants when participants were asked to categorise the risk level, each variant 2 and 4 performed better than each variant 1 and 3. Each variant 1 and 2 outperformed each variant 3 and 4 when it came to comparing two products' risk levels. Variant 2 performed best when participants were asked about different types of risk and when participants were asked to compare the guarantees associated with two products.

Despite providing more information about different types of risk, variant 4 actually performed worse than the other variants when participants were asked questions about the different types of risks. In particular, participants who saw variant 4 with a product with a low risk of default, they may have misinterpreted the low risk of default as meaning that there was no risk of default.

When participants were asked which variant's risk section they preferred, variant 4 was associated with the highest scores and variant 2 was the least favourite. Although participants appear to have a preference for the variant with the most information, it is actually the simplest presentation (in variant 2) which appears to be of most assistance to consumers in understanding the risk level and comparing the risks associated with two products.

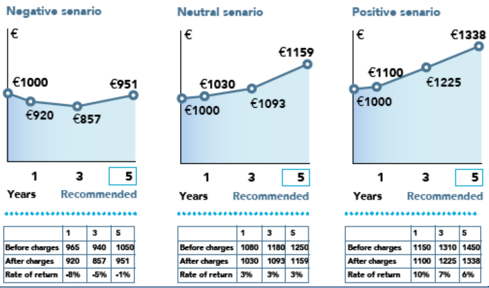
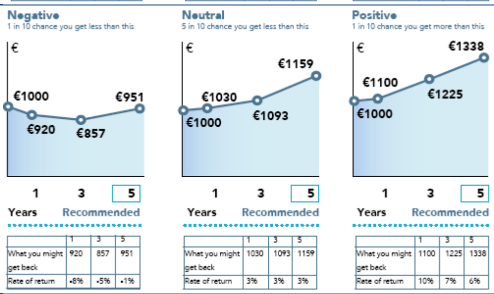
Table 110: Summary of results of risk questions – products A, B and C

Question topic	Summary of performance
Identifying risk level (Task I Q1)	Variants 2 and 4 performed better than variants 1 and 3 although there was **no statistically significant difference** between variants.
Comparing risk levels of two products (Task II Q1)	**Variants 1 and 2** performed better than variants 3 and 4.
Understanding different types of risk (Task I Q2)	**Variant 2** performed best out of all the variants and variant 4 performed worst, across all types of risk. The differences between variants were only statistically significant for credit risk.
Comparing two products' guarantees (Task II Q3)	**Variant 2** performed best. Variant 4 performed worst. An average of 36-38% answered correctly.
Subjective question (Task III Q1)	**Variants 4**'s risk section was preferred. Variant 2 had the least popular risk section.

Source: London Economics' analysis of Ipsos data.

20.1.2 Performance section – products A, B and C

The main difference between the graphical elements in the performance sections of the KIDs was that variants 1 and 2 presented tables while variants 3 and 4 presented graphs. Two further differences were the presentation of gross figures in addition to net figures for variants 1 and 3, and the assignment of probabilities to the scenarios for variants 2 and 4. Variant 2 contained the only graphic element which presented performance figures for a single time period.

<table>
<tr><th colspan="3">Table 111: Comparison of performance sections for products A, B and C</th></tr>
<tr><th>Variant</th><th>Graphic element</th><th>Features</th></tr>
<tr><td>1</td><td>
</td><td>Multi time horizon table with net/gross figures.</td></tr>
<tr><td>2</td><td>
</td><td>Single time horizon table showing probabilities associated with the scenarios and showing net figures.</td></tr>
<tr><td>3</td><td>
</td><td>Three line graphs + table showing net/gross figures.</td></tr>
<tr><td>4</td><td>
</td><td>Three line graphs with probability information + table showing net figures.</td></tr>
</table>

When participants were asked questions about their understanding of the scenarios, there was no statistically significant relationship between the quality of the answer given and the KID variant seen. Most participants were able to understand the meaning of the probabilities associated with the different scenarios where this information was included in the variant. However, where no information on the probabilities of the scenarios was provided – including where narrative text was included to underline that the scenarios had no implied probability – it appeared that respondents tended to assign an implied probability anyway.

Variants 1, 2 and 3 performed better in helping individuals to compare the performance of two products. Variant 3 performed best when participants were asked to identify the potential returns after a year.

Despite variant 4 showing a similar line graph and a similar table (but with less detail) as variant 3, variant 4 did not perform as strongly as variant 3. This result suggests that the additional detail in the table of variant 3 was helpful to participants.

Just 32% of participants were able to correctly state whether the KID showed returns before or costs, or both. When net and gross figures were shown (as in variants 1 and 3), participants were even less likely to understand the relationship between returns and costs. This suggests that the addition of gross returns is not helpful to participants in terms of their understanding. Additionally, there is support for explaining that returns are after costs in the graphic rather than just in the text since variant 2 (which showed this note in the graphic) performed better than variant 4 (which mentioned this in the text only).

Participants stated a preference for variants 1 and 3's performance sections in the subjective questions.

Table 112: Summary of results of performance questions – products A, B and C

Question topic	Summary of performance
Comparing potential return of two products (Task II Q1)	**Variants 1, 2 and 3** performed better than variant 4. 39% answered correctly.
Comparing unpredictability of two products' returns (Task II Q1)	Variants 1 and 2 performed better than variants 3 and 4 although the difference between variants was not statistically significant.
Comparing likelihood of the performance scenarios (Task I Q3)	**Variant 1** performed better than variant 3, and **variant 2** performed better than variant 4. Variants 1 and 2 cannot be directly compared.
Understanding probabilities of the performance scenarios (Task I Q4)	**Little difference** between the two variants tested.
Interpreting the positive performance scenario (Task I Q5)	Variants 1, 3 and 4 performed better than variant 2 although the difference between variants was **not statistically significant.**
Estimating net returns after a year (Task I Q9)	**Variant 3** performed best. Variant 1 performed worst.
Understanding interaction between returns and costs (Task I Q12)	**Variant 2** performed best. Just 32% answered correctly.
Subjective question (Task III Q1)	**Variants 1 and 3**'s performance sections were preferred.

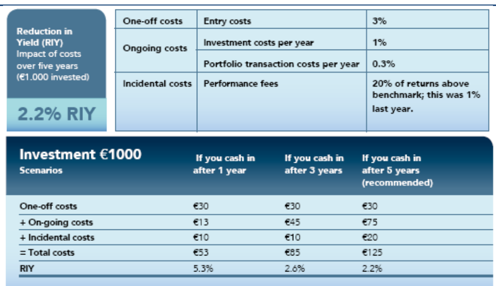
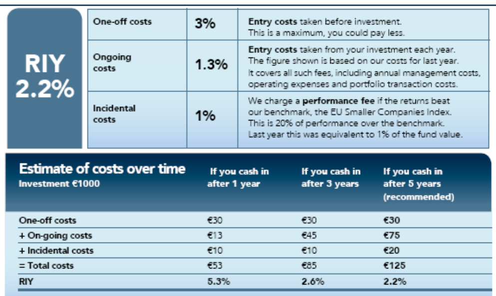
Source: London Economics' analysis of Ipsos data.

20.1.3 Cost section – products A, B and C

Each KID variant included two graphic elements in its cost section. The first was a graphic highlighting the different types of costs that could apply. Variant 1 showed these costs in the biggest font of all of the variants, and with little supporting information. Variants 2 and 3 provided a short description of the cost components while variant 4 provided a longer explanation of what the cost components were and when they would apply.

The second graphic was a table which showed costs over time. Variant 1 only presented this aggregate figure in the table while the other variants provided a breakdown of the costs into its components and over time.

While variants 1 and 2 presented an aggregate cost measure called "Total cost ratio", variants 3 and 4 made reference to a different way of showing aggregated costs, "Reduction in yield".

<table>
<tr><th colspan="3">Table 113: Comparison of cost sections for products A, B and C</th></tr>
<tr><th>Variant</th><th>Graphic element</th><th>Features</th></tr>
<tr><td>1</td><td>
</td><td>Breakdown graphic and aggregate cost table with 'total cost ratio' (TCR). The breakdown graphic shows a summary of the costs (one-off, ongoing and incidental) in percentage and money terms. The aggregate cost table shows total costs in percentage and money terms over three time periods.</td></tr>
<tr><td>2</td><td>
</td><td>Total cost ratio (TCR) graphic and detailed breakdown of costs and table showing costs over time with breakdown by type of cost. The breakdown graphic shows a summary of the costs (aggregate, one-off, ongoing and incidental) in percentage terms as well as providing a short description of these costs. Ongoing costs are split into investment and portfolio transaction costs. The table shows total costs in percentage and money terms across three time periods, as well as splitting the cost into its components. The table uses the term "entry costs" rather than "one-off costs". The components sum horizontally to the total cost.</td></tr>
<tr><td>3</td><td>
</td><td>Reduction in Yield (RIY) detailed breakdown graphic and table showing costs over time with breakdown by type of cost. The breakdown graphic shows a summary of the costs (aggregate one-off, ongoing and incidental) in percentage terms as well as providing a short description of these costs. The table shows total costs in percentage and money terms across three time periods, as well as splitting the cost into its components.</td></tr>
<tr><td>4</td><td>
</td><td>Reduction in Yield (RIY) detailed breakdown graphic and table showing costs over time with breakdown by type of cost. The breakdown graphic shows a summary of the costs (aggregate one-off, ongoing and incidental) in percentage terms as well as providing a short description of these costs. The table shows total costs in percentage and money terms across three time periods, as well as splitting the cost into its components.</td></tr>
</table>

There was a low proportion of correct answers for many of the questions in the cost section, suggesting that participants had difficulties understanding and using the information presented.

With a design which highlights key information, variant 1 performed relatively strongly across most areas. The relative strength of this variant suggests that a reduced set of information in the cost section works best. When participants were asked which KID variant's cost section they preferred, variant 1 was the favourite.

One case where variant 1 did not perform well relative to other variants was when participants were asked to compare costs of products held for the recommended holding period. Variants 2 and 3 performed better in this case.

Variant 1 was outperformed by variant 4 when participants were asked to identify the different types of costs that would apply to a product with multiple types of cost (such as products A and B). This may be because variant 1 is the only variant which does not present the one-off, ongoing and incidental costs that accumulate after one year in the table. Instead, it simply shows the TCR after one year in the table, and describes the incidence of the other costs across time in the text. When the product involved just had one type of cost (such as product C), variant 1 actually performed slightly better than variant 4.

In the Task I cost questions, variants 2 and 3 performed similarly to one another but variant 2 outperformed variant 3 in many of the Task II cost questions. Since the cost sections of these variants are similar to one another apart from the use of the TCR and RIY terms, this may suggest that the explanation of TCR was more easily understood, or that the explanation of RIY was not as clear. Most participants did not understand that the cost presented might not match exactly the costs an investor would have to pay. However, all variants performed badly at communicating this. Effective communication of this message may require a stronger warning.

Table 114: Summary of results of cost questions – products A, B and C

Question topic	Summary of performance
Comparing overall costs of two products (Task II Q2)	Variants 1 and 2 performed better than variants 3 and 4 in communicating the costs after a year although the difference was **not statistically significant**. **Variants 2 and 3** performed best in communicating the costs after the recommended holding period. 33-37% answered correctly.
Comparing ongoing costs of two products (Task II Q2)	**Variant 1** performed best and variants 2 and 3 performed worst. 36% answered correctly.
Understanding that the costs shown are not exact (Task I Q6)	Variants 2 and 4 performed better than variants 1 and 3 although the difference between variants was **not statistically significant**. Just 26% answered correctly.
Identifying the set of costs that apply (Task I Q7)	**Variant 4** performed best overall but variant 1 performed best when product C (with one cost) was shown. Variant 2 performed worst. Just 29% answered correctly. The average was lower (25%) when participants saw products with multiple costs.
Estimating costs after a year (Task I Q8)	**Variant 1** performed best overall but variant 4 performed best when product C was shown. 37% answered correctly.
Subjective question (Task III Q1)	**Variant 1**'s cost section was preferred. Variant 2's cost section was the least favourite.

Source: London Economics' analysis of Ipsos data.

20.1.4 Other topics – products A, B and C

Table 115 summarises how different variants performed on questions which did not relate directly to a single risk, performance or cost sections. Variants 1 and 2 performed relatively well across each of the questions. Variant 2 was associated with the highest proportion of correct answers for each question. The questions on exit penalties and the suitability of the product to an investor in terms of risk and holding period were generally poorly answered.

Despite the fact that the section titled "What happens if [product manufacturer] is unable to pay out" does not differ across variants, variant 4 performed worst when participants were asked how much money an investor could expect to get back in the worst case scenario in which the manufacturer defaults. It may be that participants interpreted the "risk of default" indicator included in the risk section of variant 4 (but not in any other variant) as meaning that the *impact* of default (rather than the *likelihood* of default) would be "low" or "medium".

Table 115: Summary of results of other questions – products A, B and C

Question topic	Summary of performance
Understanding what happens in a default scenario (Task I Q11)	**Variants 1, 2 and 3** performed better than variant 4.
Comparing exit penalties (Task II Q2)	**Variants 1, 2 and 4** performed better than variant 3. 31% answered correctly.
Comparing suitability of two products in terms of risk and holding period (Task II Q4 and Q5)	**Variants 1, 2 and 3** performed best when participants were asked to compare products held until the recommend holding period. **Variant 4** performed best when participants were asked to consider products held for one year although there was no statistically significant difference between variants. Just 25% answered Q5 correctly.

Source: London Economics' analysis of Ipsos data.

20.2 Subjective questions – products A, B and C

The subjective questions give an indication of how the KID variants are viewed in terms of comprehension, comparison between products, and engagement (in this case, the likelihood that a potential investor would read the KID in full). Participants are asked which KID they prefer in relation to these attributes. A clear trend across all these questions was that variant 1 was preferred to the other variants.

Table 116: Summary of results of subjective questions – products A, B and C

Question topic	Summary of performance
Overall preference (Task III Q1)	**Variant 1** performed best. Variants 2 and 4 performed worst.
Ease or difficulty of comprehension (Sub_Q1)	**Variant 1** performed best. Variant 2 performed worst.
Comparative ease or difficulty of comprehension (Task III Q1)	**Variant 1** performed best. Variants 2 and 4 performed worst.
Helpfulness for comparing products (Sub_Q2)	**Variant 1** performed best.
Comparative helpfulness for comparing products (Task III Q1)	**Variant 1** performed best. Variant 2 performed worst.
Likelihood that participant would read the KID in full (Sub_Q3)	**Variants 1 and 3** performed best. Variant 4 performed worst.
Comparative likelihood that participant would read the KID in full (Task III Q1)	**Variant 1** performed best. Variants 2 and 4 performed worst.

Source: London Economics' analysis of Ipsos data.

20.2.1 Recommendations – products A, B and C

The subjective questions give an indication that variant 1 is rated best by the participants in terms of comprehension, comparison between products, and engagement. However, this variant was not consistently the best performer across all questions. As a result, the final KID should combine elements from a few variants in order to take advantage of the variants' relative strengths.

In particular, the final KID might incorporate:

- The risk graphic of variant 2.
- The performance graphic of either variant 1, 2 or 3 (although without gross returns).
- The cost graphic of variant 1 (although improvements are needed).

The final KID should avoid:

- Complicating the risk measure with a capital protection note or a multidimensional measure.
- Showing gross returns in the performance graphic.
- Presenting too much information in the cost graphic.

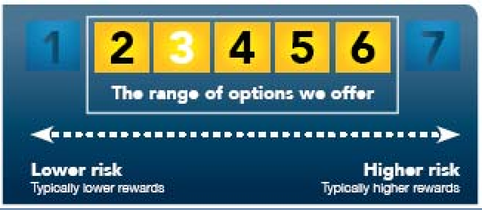
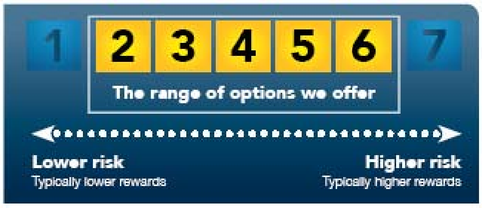
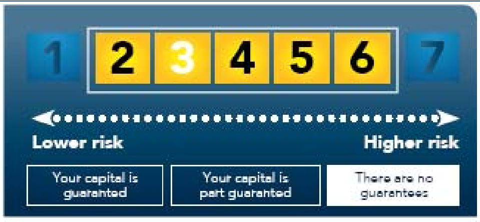
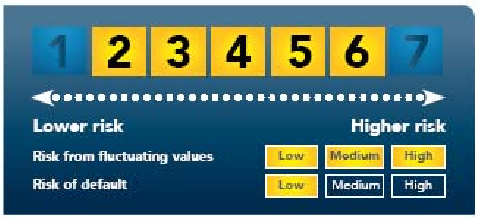
Some difficulties appeared to be common to all KID variants, for example:

- Where product B was seen, many participants did not understand that the product guaranteed a positive return. For products with such a guarantee, more emphasis could be given to this feature.
- Many participants failed to understand whether the returns shown were before or after costs, or both. Clearer text may be required to communicate this.
- On probabilities, it was interesting that most participants appeared able to understand the meaning of the probability information associated with the performance scenarios, where the information was provided. Further, where no information was provided on how probable the scenarios were – including where narrative text was included to underline that the scenarios had no implied probability – respondents tended to read an implied probability anyway. For this reason, if probabilities are not included or implied, clearer ways of ensuring consumers do not misread the information might be considered, and probabilities might not be excluded on the basis of consumer comprehension problems.
- There were difficulties with many of the cost questions (e.g. comparing overall costs and cost components associated with two products, identifying the cost components that apply, estimating costs after a year). Some simplification and streamlining of the information may help. An example explaining in words how different cost components would add up for an investor after a year and at the end of the recommended holding period could be considered.
- A minority of participants understood that the costs shown might not represent the actual costs an investor would have to pay. A stronger warning should be used to facilitate the understanding of this message.
- Participants had difficulties answering questions in Task II (on exit penalties and the suitability of products in terms of risk and holding period for an investor) required consideration of the information within the "how long should I hold it and can I take money out early" section. The text in this section could be amended to facilitate comparisons between products.

20.3 Multi-option products (Product D)

20.3.1 Risk section – product D

The main differences between the KID variants in terms of the risk sections were that variants 1 and 3 highlighted the risk level associated with a typical option for product, while variants 2 and 4 did not. As with products A, B and C, variants 3 and 4 contained more information.

Table 117:	Comparison of risk sections for product D	
Variant	**Graphic element**	**Features**
1		Simple style with link between risk and rewards showing a **range with a typical option** highlighted.
2		Simple style with link between risk and rewards showing a **range, but no example**.
3		Simple style complemented by **graphical capital protection note**. Shows a range with a **typical option** highlighted.
4		Simple style overall risk scale complemented by a breakdown of multiple risk measures by type of risk. Shows **ranges** only.

The simplest presentation, variant 2 was best at communicating the correct message about the risk of the product: the fact that the risk ranges from 2 to 6 dependent on the underlying investment option. The fact that no 'typical' option was highlighted within this variant seems to be helpful in understanding that "3" does not necessarily reflect the risk level of the product under any circumstances. In line with this, the results suggest that it is not helpful to highlight the risk level of a typical option. Across most of the other risk questions, there was little difference between the variants. Variant 1 was preferred by participants in the subjective questions.

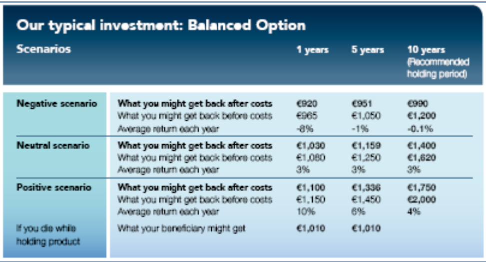
Table 118: Summary of results of risk questions – product D

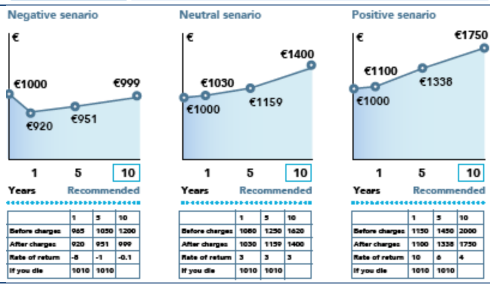
Question topic	Summary of performance
Understanding the risk range (Task I Q1D)	**Variant 2** performed best at communicating the risk range. Most (63%) realised that the risk level was not fixed at 3.
Comparing risk levels of two products (Task II Q1D)	Variants 1, 2 and 4 performed better than variant 3 but the difference between variants was **not statistically significant**.
Understanding different types of risk (Task I Q2)	Variants 2 and 3 performed better than variants 1 and 4. However, the difference between variants was **not statistically significant**.
Comparing two products' guarantees (Task II Q3)	The differences between variants were **not statistically significant**. Little difference between variants when participants were asked about return. When participants were asked about potential losses, variants 1, 2 and 3 performed better than variant 4.
Subjective question (Task III Q1)	**Variants 1**'s risk sections were preferred.

Source: London Economics' analysis of Ipsos data.

20.3.2 Performance section – product D

The main difference between the graphical elements in the performance sections of the KIDs was that variants 1 and 2 presented tables, variant 3 presented graphs and variant 4 included no graphical element. Two further differences were the presentation of gross figures in addition to net figures for variants 1 and 3, and the assignment of probabilities to the scenarios for variant 2. In contrast to variants 1 and 3 which presented performance figures over multiple time periods, variant 2 contained the only graphic element which presented performance figures for a single time period.

<table>
<tr><th colspan="3">Table 119: Comparison of performance sections for product D</th></tr>
<tr><th>Variant</th><th>Graphic element</th><th>Features</th></tr>
<tr><td>1</td><td>

<table>
<tr><th colspan="5">Our typical investment: Balanced Option</th></tr>
<tr><th>Scenarios</th><th></th><th>1 years</th><th>5 years</th><th>10 years (Recommended holding period)</th></tr>
<tr><td>Negative scenario</td><td>What you might get back after costs</td><td>€920</td><td>€951</td><td>€990</td></tr>
<tr><td></td><td>What you might get back before costs</td><td>€965</td><td>€1,050</td><td>€1,200</td></tr>
<tr><td></td><td>Average return each year</td><td>-8%</td><td>-1%</td><td>-0.1%</td></tr>
<tr><td>Neutral scenario</td><td>What you might get back after costs</td><td>€1,030</td><td>€1,159</td><td>€1,400</td></tr>
<tr><td></td><td>What you might get back before costs</td><td>€1,080</td><td>€1,250</td><td>€1,620</td></tr>
<tr><td></td><td>Average return each year</td><td>3%</td><td>3%</td><td>3%</td></tr>
<tr><td>Positive scenario</td><td>What you might get back after costs</td><td>€1,100</td><td>€1,336</td><td>€1,750</td></tr>
<tr><td></td><td>What you might get back before costs</td><td>€1,150</td><td>€1,450</td><td>€2,000</td></tr>
<tr><td></td><td>Average return each year</td><td>10%</td><td>6%</td><td>4%</td></tr>
<tr><td>If you die while holding product</td><td>What your beneficiary might get</td><td>€1,010</td><td>€1,010</td><td></td></tr>
</table>
</td><td>Multi time horizon table with net/gross figures. Shows a typical option.</td></tr>
<tr><td>2</td><td>

<table>
<tr><th colspan="3">Investment €1.000 for recommended ten years</th></tr>
<tr><th>Scenarios</th><th>Chance of getting scenario</th><th>What you might get back
Average return each year</th></tr>
<tr><td>Negative scenario
Lowest of our options</td><td>1 in 10 chance of getting less than this</td><td>€990
-1%</td></tr>
<tr><td>Neutral scenario
Our typical options</td><td>6 in 10 chance of getting less than this</td><td>€1,400
3%</td></tr>
<tr><td>Positive scenario
Highest of our options</td><td>1 in 10 chance of getting more than this</td><td>€1,750
4%</td></tr>
<tr><td>If you die before ten years</td><td></td><td>€1,010</td></tr>
</table>
</td><td>Single time horizon table with net figures and probabilities associated with the scenarios. Shows a range.</td></tr>
<tr><td>3</td><td>


<table>
<tr><th></th><th>1</th><th>5</th><th>10</th></tr>
<tr><td>Before charges</td><td>965</td><td>1050</td><td>1200</td></tr>
<tr><td>After charges</td><td>920</td><td>951</td><td>999</td></tr>
<tr><td>Rate of return</td><td>-8</td><td>-1</td><td>-0.1</td></tr>
<tr><td>If you die</td><td>1010</td><td>1010</td><td></td></tr>
</table>
<table>
<tr><th></th><th>1</th><th>5</th><th>10</th></tr>
<tr><td>Before charges</td><td>1080</td><td>1250</td><td>1620</td></tr>
<tr><td>After charges</td><td>1030</td><td>1159</td><td>1400</td></tr>
<tr><td>Rate of return</td><td>3</td><td>3</td><td>3</td></tr>
<tr><td>If you die</td><td>1010</td><td>1010</td><td></td></tr>
</table>
<table>
<tr><th></th><th>1</th><th>5</th><th>10</th></tr>
<tr><td>Before charges</td><td>1150</td><td>1450</td><td>2000</td></tr>
<tr><td>After charges</td><td>1100</td><td>1338</td><td>1750</td></tr>
<tr><td>Rate of return</td><td>10</td><td>6</td><td>4</td></tr>
<tr><td>If you die</td><td>1010</td><td>1010</td><td></td></tr>
</table>
</td><td>Three line graphs + table showing net/gross figures. Shows a typical option.</td></tr>
<tr><td>4</td><td></td><td>No graphical element is shown, just text explaining that outcome varies dependant on chosen investment option</td></tr>
</table>

When participants were asked questions about their understanding of the scenarios and the probabilities associated with them, there was no statistically significant relationship between the quality of the answer given and the variant seen. Most participants did correctly interpret the meaning of the probabilities. However, fewer than half were able to identify that the most likely scenario would depend on the option picked by the investor.

Variants 1 and 2 performed better than variant 3 in helping individuals to understand the relationship between returns and costs. This suggests that tables may be more effective than graphs or text when product D was seen. Since the same KID format must be able to represent the features of both multi-option and single option products, the relatively poor performance of variant 3 for multi-option products would imply that the ultimate KID format should use tables (as in variants 1 and 2) even though variant 3 performed equally well for single option products.

Since there was little difference between the variants for many of the questions, it is difficult to say whether the presentation of a range of values was any more or less effective than the presentation of a value associated with a typical option.

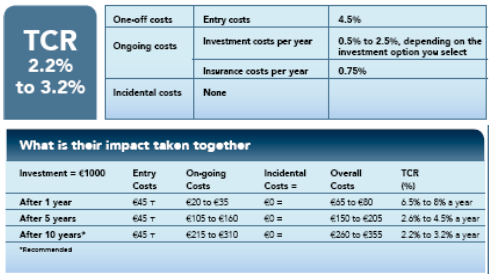
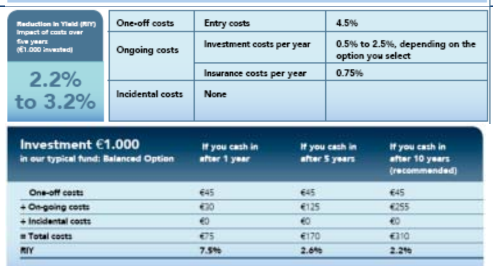
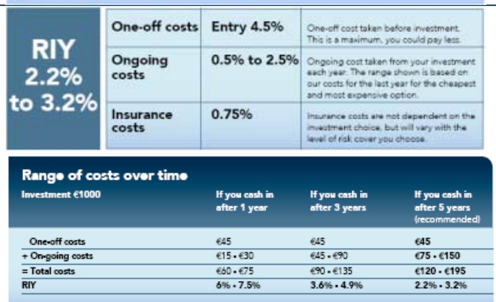
Participants did state a preference for variant 1's performance sections in the subjective questions.

Table 120: Summary of results of performance questions – product D	
Question topic	**Summary of performance**
Comparing likelihood of the performance scenarios (Task I Q3D)	**Little difference** between variants (apart from that caused by different answers).
Understanding probabilities of the performance scenarios (Task I Q4)	Only variant 2 was tested; good understanding of probabilities was observed.
Interpreting the positive performance scenario (Task I Q5)	Variants 1 and 4 performed better than variants 2 and 3. However, the difference between variants was **not statistically significant**.
Understanding interaction between returns and costs (Task I Q12)	**Variants 1 and 2** performed better than variant 3. **Variant 4** was not directly comparable. 32% answered correctly.
Subjective question (Task III Q1)	**Variant 1**'s performance sections were preferred.

Source: London Economics' analysis of Ipsos data.

20.3.3 Cost section – product D

The presentation of cost information within the KIDs for product D was similar to those for products A, B and C. One substantial difference was that variants 2 and 4 presented the range of costs that could apply, variant 1 presented the costs associated with a typical option, and variant 3 presented both.

Table 121:	Comparison of cost sections for product D	
Variant	**Graphic element**	**Features**
1		Total cost ratio **(TCR) breakdown graphic and aggregate cost table**. Shows a **typical option**.
2		Total cost ratio **(TCR) detailed breakdown graphic** and table with breakdown by type of cost. Both showing a **range** of costs.
3		Reduction in Yield **(RIY) detailed breakdown graphic** (shows a **range**) and table with breakdown by type of cost (shows a **typical option**).
4		Reduction in Yield **(RIY) breakdown graphic with explanation of costs** and table with breakdown by type of cost. Shows a **range**.

As with the cost questions when products A, B and C were shown, there were relatively low proportions of correct responses to the cost questions when product D was shown.

When product D was shown, no variant emerged clearly as the best in terms of cost. Variant 3 was associated with the highest proportion of correct responses when participants were asked to identify the cost components that applied. Variant 4 performed better than variant 2 when participants had to state the maximum cost of the product after a year. The simplest cost section (in variant 1) was the favourite in the subjective questions.

There was little difference between the variants when it came to comparing overall costs of products and understanding that cost figures are not exact. Just 34% of participants who saw product D were able to understand that the cost figures presented did not represent the exact amounts that an investor would pay over time.

There was no strong evidence that participants who saw a variant which presented the values associated with a typical option were more or less able to use this information to compare products than participants who saw a variant which presented a range of values (or vice versa). However, there was evidence that most participants who saw the values associated with a typical option did not understand that these would only apply for that option (Task I Q8D1). For this reason, it may be safer to present a range of options rather than a typical option for a multi-option product like product D.

Within the subjective questions, participants stated a preference for variant 1's cost section.

Table 122: Summary of results of cost questions – product D

Question topic	Summary of performance
Comparing overall costs of two products (Task II Q2)	**Little difference** between variants.
Understanding that the costs shown are not exact (Task I Q6)	Variant 1 performed best. However, there was no statistically significant difference between variants. Just 30% answered correctly.
Identifying the set of costs that apply (Task I Q7)	**Variant 3** performed best overall. Just 23% answered correctly.
Understanding that costs represent the balanced option only (Task I Q8Da)	**Little difference** between the two variants tested. 33% answered correctly.
Estimating the maximum cost after a year (Task I Q8Db)	**Variant 4** performed significantly better than variant 2. Participants who saw variant 1 were not asked this question.
Subjective question (Task III Q1)	**Variants 1**'s cost section was preferred.

Source: London Economics' analysis of Ipsos data.

20.4 Other topics – product D

Table 123 summarises how different variants performed on questions which did not relate directly to a single risk, performance or cost section. There was little difference between the variants in how well participants answered the questions.

Table 123: Summary of results of other questions – product D

Question topic	Summary of performance
Understanding what happens in a default scenario (Task I Q11)	Variant 4 performed best. However there was **no statistically significant difference** between variants.
Comparing suitability of two products in terms of risk and holding period (Task II Q5)	Variants 1 and 3 performed best. However there was **no statistically significant difference** between variants.

Source: London Economics' analysis of Ipsos data.

20.5 Subjective questions – product D

Most of the subjective questions asked participants which overall KID they preferred in relation to some attribute. Variant 1 was preferred to the other variants across most questions.

Table 124: Summary of results of subjective questions – product D	
Question topic	**Summary of performance**
Overall preference (Task III Q1)	**Variant 1** performed best. Variant 4 performed worst.
Ease or difficulty in understanding (Sub_Q1)	**Variants 1 and 2** performed best.
Comparative ease or difficulty in understanding (Task III Q1)	**Variant 1** performed best. Variant 4 performed worst.
Helpfulness for comparing products (Sub_Q2)	**Variants 1 and 2** performed best.
Comparative helpfulness for comparing products (Task III Q1)	**Variant 1** performed best. Variant 4 performed worst.
Likelihood that participant would read the KID in full (Sub_Q3)	**Variants 1 and 4** performed best.
Comparative likelihood that participant would read the KID in full (Task III Q1)	**Variant 1** performed best. Variant 4 performed worst.

Source: London Economics' analysis of Ipsos data.

20.5.1 Recommendations – product D

The analysis of product D aims to determine the best way to adapt the KID to represent a multi-option product. It should be noted that the KID for a multi-option product would always work in combination with other documents which would provide more detailed information on investment options.

On the risk questions, variant 2, which did not highlight the risk level of a typical option, performed best. The performance sections of variant 1 and variant 2, which included tables (rather than a line graph like variant 3, or nothing like variant 4), performed best.

There was evidence from the questions regarding cost and risk that most participants who saw the values associated with a typical option did not understand that these would only apply for that option. For this reason, it may be safer to present a range of options rather than a typical option for a multi-option product like product D.

Many of the difficulties that participants had when looking at product A, B and C also occurred when participants saw product D, for example:

- Failing to understand whether the returns shown were before or after costs, or both.
- Having difficulties identifying the cost components that apply.
- Understanding that the costs shown might not represent the actual costs an investor would have to pay.

In these cases, the same remedies suggested for the KID for products A, B and C would also apply for product D.

PHASE II QUALITATIVE RESEARCH

21 Phase II qualitative research - Introduction

This section describes the testing and the findings from the qualitative element of the phase II of this study, along with recommendations for improving the proposed materials. As with the quantitative study, the KID variants tested in the qualitative study were developed based on the findings of qualitative and quantitative research in Phase I.

Focus groups were carried out in six Member States: Czech Republic, France, Germany, Slovakia, Spain and the UK. Two focus groups were conducted in each country. A total of eight participants took part in each group. In order to obtain detailed information about the research topic, all while avoiding respondent fatigue, each session was scheduled to last two hours.

The target population varied: materials for Product A were tested with a mix of actual and potential investors, with different levels of financial literacy, while materials for Product D were only tested with people with high financial literacy, and who were actual investors. The allocation of the respondents was done as presented in the table below:

Table 125: Focus group composition

Country	Target for product A	Target for product D
ES	potential investors, medium/low financial literacy	actual investors, high financial literacy
CZ	actual investors, high financial literacy	actual investors, high financial literacy
UK	actual investors, high financial literacy	actual investors, high financial literacy
FR	potential investors, medium/low financial literacy	actual investors, high financial literacy
SK	potential investors, medium/low financial literacy	actual investors, high financial literacy
DE	actual investors, high financial literacy	actual investors, high financial literacy

‘Actual investors’ and ‘potential investors’ were defined in the same way as in Phase I of the study. Participants were also categorized as having high, medium or low financial literacy in the same way as in the Phase I qualitative research[15].

Four different versions of the Key Information Document were designed based on findings from the previous phase of the research. Each of the different versions presented financial products’ risk, performance and costs, through visual elements and supporting text. The focus groups enabled us to test each of these into detail, to identify participants’ attitudes and understanding regarding how the three topics (risk, performance and costs) were presented, and to identify what they consider to be the most appropriate way of presenting the information.

Throughout the focus groups, we have referred to two different financial products: an investment fund (which we will refer to as ‘product A’), and a multi-option product (which we will refer to as ‘product D’). These are the same products, A and D, which were tested in the quantitative part of Phase II of the study.

This selection enabled us to test materials for two different types of products: a single option product (Product A), and a product offering multiple investment options (Product D).

[15] For more information, please consult Section 1.2.4.

The main reason for selecting Product A for testing materials for single option products (rather than products B or C) was the fact that this product was less complex compared to the others, and therefore easier to understand by the respondents. The pilot exercise (six in-depth interviews in the UK) and Phase I of the research have shown that, when more complex products were referred to, participants tended to focus more on understanding the products than on the materials to be tested. Selecting a product which was less complex enabled the participants to put less time and effort in understanding the product itself, and to focus mainly on evaluating the materials.

Product D was selected for the qualitative study as it enabled us to test materials for multi-option products. With this type of product, an investor can choose from various investment options, ranging from low risk to more risky investment options. In most sales of such products, an investor will be provided with two or more documents before making an investment decision: a Key Information Document, and an additional document or documents presenting the details of the underlying investment options (we refer here to this kind of document as 'Fund Guide'). The Fund Guide presents more detailed information about the different options one could choose from with this product. Although the focus was on the Key Information Document, the qualitative element of the research enabled us to also show the participants the Fund Guide, and to test how the two documents worked together. This aspect could not be included in the quantitative survey, and was only tested through qualitative research.

The pilot exercise of the research has proven that it was not possible to test materials for both products A and D within one group session given the large number of materials to be tested, and the fact that the duration of each group session was not to go beyond two hours to avoid respondent fatigue. Therefore, in each country, we have conducted one group focusing on testing the materials for Product A, and one focused on materials for Product D.

Pilot findings have also shown that materials presenting Product D were a lot more difficult to understand for the respondents than those presenting information for Product A. Therefore, in order to maximise the value of the input on materials presenting Product D, it was decided to only test these with respondents with high financial literacy, and who already had investment experience. The screening process was therefore adapted, to make sure that all participants attending the focus groups for Product D were actual investors, with high financial literacy.

22 Overview and allocation of variants

22.1 Single investment option product (Product A)

Four variants of the Key Information Document were tested for Product A. The same materials were shown across the six countries (translated into native language). The table below provides an overview of the main testing goals with reference to the four different variants of presentation of risk, performance and costs[16].

[16] For a detailed description of the variants please refer to Section 18.

Table 126: Summary of risk variants tested in Phase II qualitative research for product A

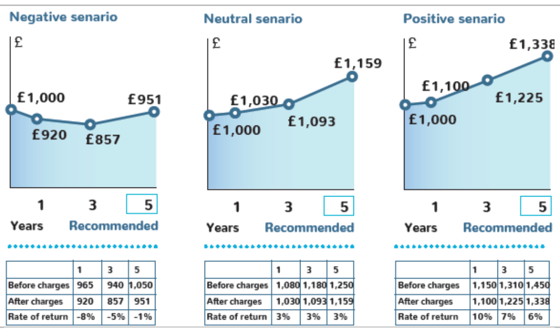
Variant	Graphic element	General elements tested	Specific elements tested
Risk variants			
1		- clarity of the image, easiness to understand the products' risk level - preference for more/less information	- reference to performance ("typically higher rewards"/"typically lower rewards");
2			- preference towards showing/not showing the reference to performance
3			- capital protection (is the information helpful? How well is it understood?)
4			- "risk of fluctuating values"/"risk of default" (is the information helpful? How well is it understood?)

<table>
<tr><th colspan="4">Table 127: Summary of performance variants tested in Phase II qualitative research for product A</th></tr>
<tr><th>Variant</th><th>Graphic element</th><th>General elements tested</th><th>Specific elements tested</th></tr>
<tr><td colspan="4">Performance variants</td></tr>
<tr><td>1</td><td>

Investment £1,000

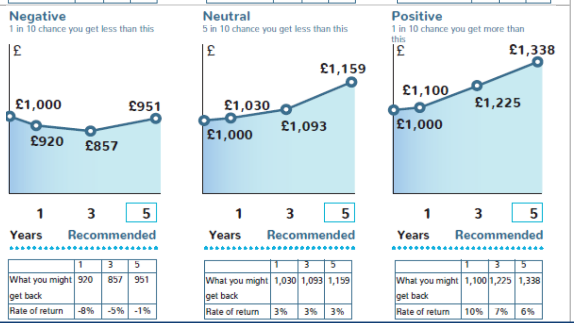
Scenarios		1 years	3 years	5 years (Recommended holding period)
Negative scenario	What you might get back after costs	£920	£857	£951
	What you might get back before costs	£965	£940	£1,050
	Average return each year	-8%	-5%	-1%
Neutral scenario	What you might get back after costs	£1,030	£1,093	£1,159
	What you might get back before costs	£1,080	£1,180	£1,250
	Average return each year	3%	3%	3%
Positive scenario	What you might get back after costs	£1,100	£1,225	£1,338
	What you might get back before costs	£1,150	£1,310	£1,450
	Average return each year	10%	7%	6%
</td><td rowspan="2">- clarity of the overall information
- clarity of the three scenarios
- design (attitudes towards having the information in a table)</td><td>- attitudes towards the fact of having the information broken down by holding period
- usefulness of having the information regarding what one might get back before/after costs</td></tr>
<tr><td>2</td><td>

Investment £1,000 for recommended five years

Scenarios	Chance of getting scenario	What you might get back Average return each year
Negative scenario	1 in 10 chance of getting less than this	£951 -1%
Neutral scenario	5 in 10 chance of getting less than this	£1,159 3%
Positive scenario	1 in 10 chance of getting more than this	£1,338 6%
</td><td>- usefulness of having the information regarding the likelihood of scenarios
- preferences towards how this information should be presented (e.g. percentages?)</td></tr>
<tr><td>3</td><td>

	1	3	5
Before charges	965	940	1,050
After charges	920	857	951
Rate of return	-8%	-5%	-1%

	1	3	5
Before charges	1,080	1,180	1,250
After charges	1,030	1,093	1,159
Rate of return	3%	3%	3%

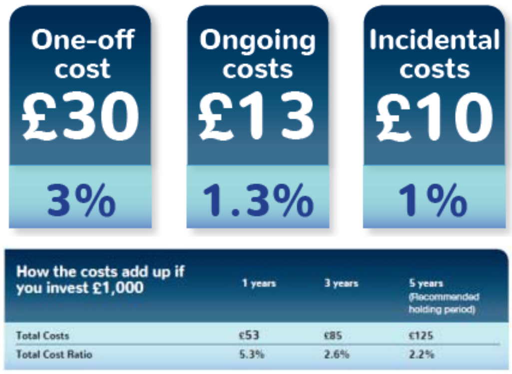
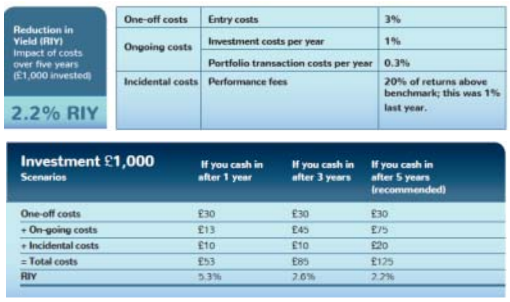
	1	3	5
Before charges	1,150	1,310	1,450
After charges	1,100	1,225	1,338
Rate of return	10%	7%	6%
</td><td rowspan="2">- clarity of the overall information
- clarity of the different elements (scenarios, holding period, etc.)
- design: attitudes towards having the information as a chart rather than a table
- preferences towards having the information presented in numbers or percentages or both</td><td>- usefulness of having the information regarding what one might get back before/after charges</td></tr>
<tr><td>4</td><td>

	1	3	5
What you might get back	920	857	951
Rate of return	-8%	-5%	-1%

	1	3	5
What you might get back	1,030	1,093	1,159
Rate of return	3%	3%	3%

	1	3	5
What you might get back	1,100	1,225	1,338
Rate of return	10%	7%	6%
</td><td>- usefulness of having the information regarding the likelihood of scenarios
- preferences towards how this information should be presented (e.g. percentages?)</td></tr>
</table>

Table 128: Summary of cost variants tested in Phase II qualitative research for product A

Variant	Graphic element	General elements tested	Specific elements tested
Cost variants			
1		- general understanding Preference for more or less information	- understanding of different elements (one-off costs, ongoing costs, incidental costs) - total costs - total costs ratio
2		- general understanding - preference for more or less information	- understanding/ usefulness of different elements (one-off costs, ongoing costs, incidental costs; investment costs per year, portfolio transaction costs per year) - TCR (total costs ratio)
3		-general understanding - preference for more or less information)	- understanding/ usefulness of different elements (one-off costs, ongoing costs, incidental costs; investment costs per year, portfolio transaction costs per year - RIY (Reduction in Yield)
4		- general understanding - understanding of the different elements Preference for more or less information	- usefulness of the information/explanations provided in the last column - RIY (Reduction in Yield)

During the focus group sessions, participants were prompted to state their preferences regarding which variants they considered most appropriate for presenting each topic, but also to express their opinions about specific elements for each of the variants.

For the **risk** section, the main features tested were:

- Overall understanding (testing, for each variant, how easy or difficult it is for participants to identify the product's risk level).
- Whether or not people found the reference to performance ("typically higher risks/typically lower risks", as presented on variant 1) useful.
- People's level of understanding of the information regarding capital protection (as presented on variant 3).
- People's level of understanding of the information regarding the risk of fluctuating values and the risk of default (as presented on variant 4).

For the **performance** section, some of the main aspects explored were:

- Understanding of the different elements (scenarios, holding period, average return each year etc.).
- Whether or not people found the information regarding the likelihood of each scenario useful (as presented on variants 2 and 4) – and possible alternative ways of presenting this (e.g. as percentages).
- Whether or not people found the information regarding what one might get back before/after costs useful (variants 1, 3).
- Preferences towards having the information displayed in a graph (variants 3, 4) or in a table (variants 1, 2).

Some of the key elements explored in the **costs** section were:

- Understanding of the different elements (one-off costs, incidental costs, ongoing costs etc.).
- Understanding and preferences regarding presenting information on "TCR" (total costs ratio) – as on variants 1 and 2, or "RIY" (reduction in yield) – as on variants 3 and 4.
- Preferences towards having less information (as on variant 1), or more detail (as on variant 4).

22.2 Multi-option product (Product D)

Five different versions of the Key Information Document were tested during each group session (we will refer to these as Variants 1, 2, 3, 4 and 5), each presenting information about the product's risks, performance and costs. Variants 1, 2, 3 and 4 presented the different features (risks, performance and costs) through images and supporting text. Variant 5 presented a simplified, shorter version, and included mainly text (without images).

The designs for product D were kept as close to those for the single option products. However, the key difference for product D was that the variants for this product needed to provide information on the range of options and choice between them offered in this product (the detail of the options would be provided in a separate document, the Fund Guide). In particular, the variants used different ways of presenting the ranges of choices and associated values (e.g. varying costs depending on the choice made) and in some instances, information on a typical investment option were provided to serve an example.

The pilot study has shown that going through the materials for Product D required a lot of time and effort from the respondents, due to the complexity of the product, the number of materials to be tested, and to the fact that the Key Information Document and the Fund Guide had to be used in parallel. Given the fact that each focus group was to last two hours, not all materials could be meaningfully covered during one session. Therefore, the testing approach had to be adapted, by allocating the variants differently across the six countries, and by limiting the number of materials which was shown during each session, ensuring that they could be meaningfully covered[17].

Given these constraints, it was decided to focus in greater detail on the cost section, which provided a good basis for a thorough discussion on preferences regarding presentation showing ranges or examples, and to address the risk and performance information in less detail.

The allocation of the variants was done as following:

- Each country was allocated one of the two versions of the KID which showed the information in the cost section as a range complemented by an as an example (variant 1 or variant 3).
- When discussing the costs section, in each country, one of the other variants were introduced (variant 2 or variant 4, which showed the information solely in terms of ranges). For the costs section, respondents had the opportunity to see both ways of showing the information, and to express their preferences.
- Variant 5 was shown in all group countries.

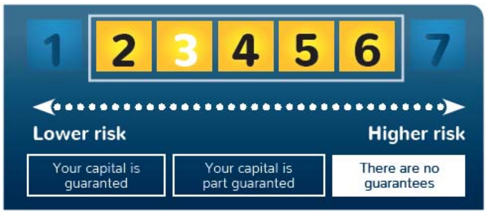
The table below presents the allocation of variants 1, 2, 3 and 4:

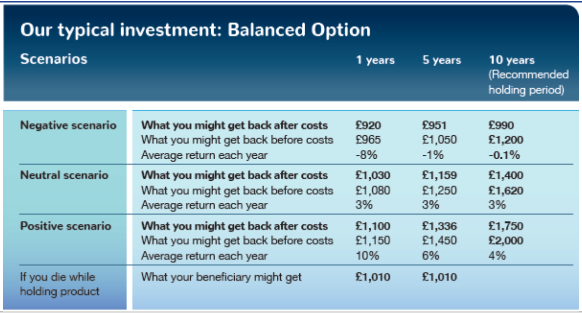
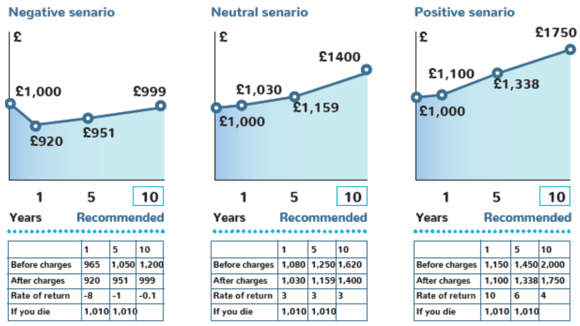
Table 129: Combinations of cost variants for product D

Country	Combinations of cost variants
ES	1-2
CZ	1-2
UK	1-4
FR	1-4
SK	3-2
DE	3-2

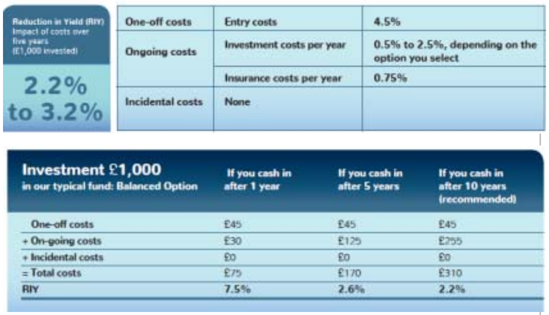
The following table presents an overview of the different elements tested for each topic (for the variants tested), as well as their allocation across the different countries:

[17] For more information on the testing approach, please consult section 24

<table>
<tr><th colspan="5">Table 130: Summary of risk variants tested in Phase II qualitative research for product D</th></tr>
<tr><th>Variant</th><th>Graphic element</th><th>General elements tested</th><th>Specific elements tested</th><th>Country</th></tr>
<tr><td colspan="5">Risk variants</td></tr>
<tr><td>1</td><td>
</td><td rowspan="2">- overall understanding
-understanding of the fact that numbers 2 to 6 represent a range of possible options, and that number 3 refers to an example (the balanced option)
- working between the two documents (KID/fund guide);
- being able to find the option in the fund guide</td><td>- text “the range of options we offer” – helpful? Easy to understand?
- reference to performance (“typically lower rewards”/”typically higher rewards”)</td><td>ES, CZ, UK, FR</td></tr>
<tr><td>3</td><td>
</td><td>- information on capital protection (helpful? Easy to understand?)</td><td>SK, DE</td></tr>
</table>

<table>
<tr><th colspan="5">Table 131: Summary of performance variants tested in Phase II qualitative research for product D</th></tr>
<tr><th>Variant</th><th>Graphic element</th><th>General elements tested</th><th>Specific elements tested</th><th>Country</th></tr>
<tr><td colspan="5">Performance variants</td></tr>
<tr><td>1</td><td>
<table>
<tr><th colspan="5">Our typical investment: Balanced Option</th></tr>
<tr><th>Scenarios</th><th></th><th>1 years</th><th>5 years</th><th>10 years (Recommended holding period)</th></tr>
<tr><td>Negative scenario</td><td>What you might get back after costs</td><td>£920</td><td>£951</td><td>£990</td></tr>
<tr><td></td><td>What you might get back before costs</td><td>£965</td><td>£1,050</td><td>£1,200</td></tr>
<tr><td></td><td>Average return each year</td><td>-8%</td><td>-1%</td><td>-0.1%</td></tr>
<tr><td>Neutral scenario</td><td>What you might get back after costs</td><td>£1,030</td><td>£1,159</td><td>£1,400</td></tr>
<tr><td></td><td>What you might get back before costs</td><td>£1,080</td><td>£1,250</td><td>£1,620</td></tr>
<tr><td></td><td>Average return each year</td><td>3%</td><td>3%</td><td>3%</td></tr>
<tr><td>Positive scenario</td><td>What you might get back after costs</td><td>£1,100</td><td>£1,336</td><td>£1,750</td></tr>
<tr><td></td><td>What you might get back before costs</td><td>£1,150</td><td>£1,450</td><td>£2,000</td></tr>
<tr><td></td><td>Average return each year</td><td>10%</td><td>6%</td><td>4%</td></tr>
<tr><td>If you die while holding product</td><td>What your beneficiary might get</td><td>£1,010</td><td>£1,010</td><td></td></tr>
</table></td><td rowspan="2">- overall understanding
- understanding of the different elements
- understanding of the fact the image shows an example -the performance the product would achieve if one was to go for one specific option (the balanced option)
- ability to work between the two documents (KID and fund guide) and to identify options in the fund guide</td><td>- attitudes towards the fact of having the information displayed as a table</td><td>ES, CZ, UK, FR</td></tr>
<tr><td>3</td><td>

<table>
<tr><th></th><th>1</th><th>5</th><th>10</th></tr>
<tr><td>Before charges</td><td>965</td><td>1,050</td><td>1,200</td></tr>
<tr><td>After charges</td><td>920</td><td>951</td><td>999</td></tr>
<tr><td>Rate of return</td><td>-8</td><td>-1</td><td>-0.1</td></tr>
<tr><td>If you die</td><td>1,010</td><td>1,010</td><td></td></tr>
</table>
<table>
<tr><th></th><th>1</th><th>5</th><th>10</th></tr>
<tr><td>Before charges</td><td>1,080</td><td>1,250</td><td>1,620</td></tr>
<tr><td>After charges</td><td>1,030</td><td>1,159</td><td>1,400</td></tr>
<tr><td>Rate of return</td><td>3</td><td>3</td><td>3</td></tr>
<tr><td>If you die</td><td>1,010</td><td>1,010</td><td></td></tr>
</table>
<table>
<tr><th></th><th>1</th><th>5</th><th>10</th></tr>
<tr><td>Before charges</td><td>1,150</td><td>1,450</td><td>2,000</td></tr>
<tr><td>After charges</td><td>1,100</td><td>1,338</td><td>1,750</td></tr>
<tr><td>Rate of return</td><td>10</td><td>6</td><td>4</td></tr>
<tr><td>If you die</td><td>1,010</td><td>1,010</td><td></td></tr>
</table></td><td>- attitudes towards the fact of having the information displayed as a chart</td><td>SK, DE</td></tr>
</table>

<table>
<tr><th colspan="5">Table 132: Summary of cost variants tested in Phase II qualitative research for product D</th></tr>
<tr><th>Variant</th><th>Graphic element</th><th>General elements tested</th><th>Specific elements tested</th><th>Country</th></tr>
<tr><td colspan="5">Cost variants</td></tr>
<tr><td>1</td><td>
</td><td rowspan="2">- overall understanding
- understanding of the different elements (one-off costs, ongoing costs, incidental costs)
- understanding of the fact the image shows an example – for a specific investment option (the balanced option).
- ability to work between the two documents (KID and fund guide) and to identify options in the fund guide</td><td>-TCR (total costs ratio)</td><td>ES, CZ, UK, FR</td></tr>
<tr><td>3</td><td>
</td><td>-RIY (reduction in yield)</td><td>SK, DE</td></tr>
<tr><td>2</td><td>
</td><td rowspan="2">- overall understanding
- understanding of the different elements (one-off costs, ongoing costs, incidental costs)
- understanding of the fact the image shows a range over time (rather than an example – as the previous one).
- ability to work between the two documents (KID and fund guide)
- preference towards seeing the information as range or as an example</td><td>-TCR (total costs ratio)</td><td>ES, CZ, SK, DE</td></tr>
<tr><td>4</td><td>
</td><td>-RIY (reduction in yield)</td><td>UK, FR</td></tr>
</table>

The aim of the focus groups was to explore participants' understanding of the different variants, and, more importantly, their ability to differentiate between materials presenting some of the cost information as an example, corresponding to the balanced option (variants 1 and 3), and those presenting ranges of costs (2 and 4), and to express their preference towards the two different ways of presenting the information.

Apart from the variants shown in the above table, an additional variant was tested (Variant 5). This variant presented the information in further simplified, more concise way, and included fewer visual elements, relying more on references to the detailed information in the Fund Guide. Similarly to the Fund Guide, Variant 5 was only tested in the qualitative part of the research, and was not included in the quantitative survey.

Another important aspect (also explored only through qualitative research) was respondents' understanding of the role and the interactions of the two different documents (the Key Information Document and the Fund Guide), and their ability to using these two documents in conjunction during the group sessions.

In addition of the main focus of testing: the understanding of the information presented as ranges or examples and the use of the Fund Guide (which were the key aspects of the focus groups), other elements we also aimed to test were:

→ For the **risk** section:
- The need for having the reference to performance (variant 1).
- The importance of the text "the range of options we offer" in the understanding of the image (variant 1).
- The importance/understanding of the information regarding capital protection, as presented on variant 3.

→ For the **performance** section:
- The understanding of the different scenarios.
- The preference towards seeing the information presented as a table (1) or as charts (3).
- The importance/understanding of the information regarding what one might get back before/after charges (variant 1).
- The understanding of the scenario where the investor dies while holding the product.

→ For the **costs** section:
- Understanding of the different elements and more specifically of the use of the terms "TCR" (total costs ratio) – presented on variants 1 and 2, and "RYI" (reduction in yield) – used on variants 3 and 4.

Throughout the session, participants were encouraged to also consult the Fund Guide for more information, and to express their opinions regarding how well the two documents work together.

During the last part of the focus group discussion, the participants were shown the Variant 5 of the KID in order to test their attitudes toward such simplified presentation of the generic "wrapper" KID.

23 Testing approach

The discussion guide for the focus groups was designed by Ipsos, with input from the European Commission and the European Supervisory Authorities, and was structured according to the main research objective: testing different versions of the Key Information Document, tailored to the variants tested in the different focus groups.

Prior to carrying out the focus groups, the discussion guide was tested through six in-depth individual pilot interviews, conducted in the UK. The pilot exercise has enabled us to refine the research materials, as well as the approach.

Given the number of materials to be tested, as well as the allocation of the two products across the six respondents, four different versions of the discussion guide were drafted: one version for product A (testing all four versions of the KID), and three versions for product D (designed according to how the different versions of the KID were allocated across the six countries).

23.1 Single option product (Product A)

The materials for Product A were tested through one focus group in each country. As for the quantitative testing, four different versions of the Key Information Document were tested during each group session (Variants 1-4), each presenting information about the product's risks, performance and costs. The main objective was to test different ways of presenting the information about each of these topics, as well as to identify participants' attitudes regarding the document as a whole.

In each country, group discussions were structured as follows:

- Introduction to the study: the overall topic and objective of the research were briefly explained to the participants.
- Brief discussion about investment products in general.
- Product A: at this stage, the moderator presented the product, and provided participants with a "product description" sheet (a half page document explaining the product).
- Key Information Document (variant 1): the moderator presented the participants with a copy of variant 1 of the Key Information Document, and prompted a general discussion about the document as a whole (structure, amount of text/images, overall design etc.).
- Risks: after a brief debate about attitudes towards risks in general, the discussion focused on how Product A's risks were presented on variant 1 of the Key Information Document. Afterwards, the moderator introduced the other versions of the document (variants 2, 3 and 4) – one at a time. The aim of this step was to discuss about how risks were presented on each variant, and to identify, for each, what was easiest/less easy to understand, which of the elements were considered most/least useful, what could be improved, and whether the design was appreciated. Once all variants were discussed in detail, participants were prompted to give their opinions about which variants they preferred most (as well as those they liked least) for presenting the product's risks, and why.
- Performance (similar approach): detailed discussions about how performance was presented on each of the variants (one at a time); once all variants were analysed, participants were asked to express their preferences regarding which variants were most/least appropriate for presenting the product's performance.
- Costs (similar approach): detailed discussions about how the product's costs were presented on each of variant (one at a time); once all variants were analysed, participants were asked to express their preferences regarding which variants were most/least appropriate for presenting the product's costs.

23.2 Multi-option product (Product D)

The materials for Product D were tested through one focus group in each country. For this part of the research, the main objectives of the focus groups were:

- To test the different ways of presenting the information about each of the three main topics of the Key Information Document (risks, performance and costs).
- To explore the respondents understanding and preferences regarding two possible ways of presenting the information (as an example, corresponding to a specific option one could select with the product or as ranges, showing how a product's features could vary according to the option selected by an investor).
- To identify how well the Key Information Document and the Fund Guide work together, and which version of the Key Information Document works best with the Fund Guide.
- To identify whether participants prefer seeing more detailed information, presented through images and text (as in variants 1, 2, 3 and 4), or more concise information, and less images (as in variant 5).

In each country, group discussions were structured as follows:

- Introduction to the study: during this part, the overall topic and objective of the research were briefly explained to the participants.
- Brief discussion about investment products in general.
- Product D: at this stage, the moderator presented the product, and provided participants with a "product description" sheet (a half page document explaining the product).
- Key Information Document (this was variant 1 in some of the countries, and variant 3 in others) and the Fund Guide: the moderator presented the participants with a copy of the Key Information Document, along with as a copy of the Fund Guide. This enabled for a general discussion about the key Information Document as a whole (structure, amount of text/images, overall design etc.), the role of the Fund Guide, and how well the two documents work together.
- Risks: after a brief introduction about attitudes towards risks in general, the discussion focused on how Product D's risks were presented in the Key Information Document. Respondents were prompted to also refer to the Fund Guide for further information. The aim was to identify whether or not respondents understand the fact that the variant presented an example (corresponding to one possible option – the balanced option), as well as their attitudes towards this way of presenting risks.
- Performance (similar approach): detailed discussions about how performance was presented on the variant. Respondents were prompted to also refer to the Fund Guide for further information.
- Costs: after a detailed discussion about how costs were presented on the first variant (either variant 1 or variant 3 dependent on the country), the moderator introduced the second variant (2 in some of the countries, and 4 in others). Apart from collecting detailed input about how costs are presented on this second variant, one of the main objectives was to identify whether or not participants understand the fact that this variant presents the information as a range of costs over time (as opposed to an example, as shown on the previous variant), and to explore their preferences regarding the two different ways of presenting the information.
- Variant 5 (shown in all countries): during the last part of the session, the moderator presented the participants with a copy of Variant 5. The aim was to identify whether or

not respondents prefer this way of showing the information (more concise, no images) to the previous more detailed variants.

24 Testing outcomes

24.1 Product A

24.1.1 General impressions of the Key Information Document

Generally, reactions to the Key Information Document were positive. Participants appreciated the document's structure, as well as the fact that it included images.

When asked which topic they would focus on first, participant in Czech Republic were more interested in risks, while those in France and Spain were more drawn to the performance and costs.

In Slovakia and in Germany, participants appreciated the layout (colours), while those in France and the UK would have preferred more visual elements (more images, more colour and more charts, more bolded text etc.).

In most countries, participants had negative reactions regarding the fact that the document mentioned the risk of losing the entire investment.

In terms of layout, some of the British respondents suggested that the text should be structured in bullet points, rather than paragraphs, and that the document should contain more visual elements (such as graphs and pie charts). Respondents in the UK also commented on the fact that the size of the text and that of the visuals was unbalanced (the text is very small, while the visuals are very large). German respondents felt that the sections could be more clearly separated.

As for the content, some suggested that the document should include contact details (Spain), while others believed it would be useful to include information about the procedure in case of complaints (Slovakia).

24.1.2 Risk

Risk was the first topic of the KID discussed into detail with the respondents.

Variant 1

Across the different countries, respondents found that variant 1 presented the product's risk in a clear and easy to understand manner. The reference to performance 'higher risks/typically higher rewards, lower risks/typically higher rewards' was considered helpful in most countries.

German respondents however questioned the use of the wording "typically higher rewards"/"typically lower rewards", as it made the image somewhat confusing. Also, the fact that the text specified that one could lose the entire investment, while the image indicated that the product's risk level was 5 was considered inconsistent (respondents believed that in this case, the risk level should have been 7).

Variant 2

Similarly to variant 1, variant 2 was also considered easy to understand. Respondents in France, the UK and Spain preferred having the information regarding the reference to performance (as in variant 1), while German respondents believed that it was more appropriate to not include this information.

Variant 3

Views regarding this way of presenting risks were mixed, mainly due to the reference to capital protection.

In most countries, there was some confusion about how the risk level and the capital protection box were related to one another. Respondents tended to assume that there was a direct link between the risk level and the capital protection box which was aligned directly underneath. As such, when participants saw that the risk level was 5, they assumed that this meant that the capital was partly protected since the box saying "your capital is partly protected" was directly underneath the risk level of 5. However, in the case of product A, there was no capital protection.

With this assumption and thinking that the capital was partly protected, participants then thought that this message was contradictory with the text underneath the image, which said "the product does not include any capital protection, so in the worst case you could lose your investment.

Also, it was not clear to participants how the capital could be "partly protected".

Another source of confusion (for respondents in France, Slovakia and the UK) was the fact that, due to the design of the image, the respondents stated that it was not clear which type of capital protection corresponded to each risk level.

Slovak respondents decoded this as following: with risk levels 1 and 2, the capital is protected, with levels 3, 4 and 5, the capital was partly protected, and finally with levels 6 and 7, the capital is not protected.

Finally, in France and Germany, there was some debate about the exact meaning of capital protection in this context ("My definition of capital protection would be that another institution covers the amount": Male, 45, actual investor, high financial literacy, Germany).

Variant 4

Reactions to this variant varied by country. In Czech Republic, France and the UK, the variant was considered confusing, as the new elements (risk from fluctuating values and risk of default) were not well understood, and the way these were represented on the overall scale was unclear.

Slovak respondents had a better understanding of the variant. However, in terms of the design, they pointed out the fact that the risk of fluctuating values and the risk of default (and the boxes representing these) were placed too high on the image (just under the "lower risk"/"higher risk" elements), which made the image more confusing.

Reactions were more positive in Germany and Spain. In Germany, this way of showing the risks was regarded as easily understandable and very clear, as it took away some of the uncertainty about what was meant by "risk": the terms were comprehensible, and the text below provided a clear definition of the risk types which was easily understandable by the consumers. "Splitting up the risks is much more meaningful than what we saw before." (Woman, 60, actual investor, high financial literacy, Germany). In Spain, the information provided by the variant was regarded as helpful in understanding the characteristics of the investment.

Summary

Across the six countries, the risk section was generally easy to understand.

Preferences were split, as **variant 4** was the most appreciated one in Germany and Spain.

Variant 1 was considered to be the most appropriate in Slovakia, Czech Republic and the UK. Some of the respondents in the UK would have preferred having a mix of **variant 1 and variant 3** (provided that the information on capital protection was clarified, and that the design enabled to clearly identify the correspondence between capital protection and the risk level).

French respondents preferred **variant 3** (provided that the design is amended as indicated above).

24.1.3 Performance

Variant 1

The variant was generally well understood by most participants. The clearest elements were the different scenarios, and the information regarding the holding period.

In Germany and in Czech Republic, respondents were confused about what the percentages from the “average return each year” corresponded to (and whether they referred to what one might get back before or after costs). In Germany, it was not clear whether the negative/positive scenario were actually the “best-case”/”worse-case” scenarios.

Confusion was highest in Czech Republic, where people found that the section had too much information (too much text and too many numbers). Furthermore, it was unclear to them why the average return per year decreased in the positive scenario.

In terms of design, respondents in the UK suggested using colour codes (traffic light colours), while those in Germany considered that there should be more space between columns/lines, so that the table doesn’t become confusing.

Variant 2

Although the variant was generally well understood, people’s attitudes towards it varied by country.

In most countries, respondents suggested presenting the information regarding the likelihood of each scenario in percentages (as in the current form, it can be associated with gambling).

Respondents in the UK and in Germany suggested that the wording should be consistent across the three scenarios ([…] chance of getting less than this/more than this –only one of the two forms should be used, otherwise it makes it hard for consumers to compare between scenarios).

The variant was appreciated mainly in Spain and in Czech Republic, where respondents found the information on likelihood useful.

Variant 3

Views regarding the variant were mixed, according to respondents' level of understanding, as well as their preference towards graphs or tables.

In the UK, the variant was unclear at first, due to the large amount of information, and respondents needed some time to go through it. Some suggested that the information should be represented in only one graph.

In France, although many of the reactions were negative at first, respondents preferred this variant to variants 2 and 4, as it included graphics, which were more visually appealing to some than tables. However, they did consider that the variant included a lot of information ("Too much information kills the information") – but found that after spending some time studying it, the content became clear.

In Czech Republic, opinions varied as some respondents preferred tables, while others liked graphs more. The variant was somewhat less clear than variants 1 and 2.

Views were more positive in Slovakia and in Germany. Slovak respondents suggested that the text on the chart should be "5 years – recommended holding period", as it would make the chart clearer than just having the word "recommended" as in the current variant.

German respondents found that the tables underneath the charts were particularly useful, and appreciated the fact that they presented the numbers "after costs" as well as "before costs". It is therefore suggested to highlight the figure "after costs" (by writing it in bold or larger font size), as this is the most interesting figure for investors.

Variant 4

In the UK, attitudes about this way of presenting performance were mixed, as some felt that they easily understood the information while others found it more difficult to understand. Opinions regarding the usefulness of the information regarding the likelihood of each scenario varied among respondents. Those who did find it useful thought that it should be presented in percentages. Also, some considered that it was very useful to have the information regarding what one might get back before costs, while others did not find this interesting.

British respondents also suggested that the variant should specify the pound sign and the word "years" after the numbers, as this would make it clearer.

In France, attitudes towards the information regarding the likelihood of each scenario were mainly negative, as participants considered that this was associated more to gambling than to investing. Similarly, in Slovakia, reactions to this element were also negative.

On the other hand, this type of information was valued in Spain, Germany and Czech Republic. Respondents in Germany and Czech Republic considered that it should be presented in percentages.

For Czech Respondents, this variant makes it less clear that the information presented corresponds to 1000 CZK.

Summary

Preferences towards the different variants differed across the six countries:

- Variant 1 was preferred in the UK and in Slovakia
- Variant 2 was preferred in Czech Republic
- Variant 3 was preferred in France and in Germany
- Variant 4 was preferred in Spain.

Slovak respondents preferred variant 1 (because it was simple and clear), and variant 3 (due to the use of the chart).

British respondents preferred variant 1, as it was simple and easy to understand. They particularly appreciated the fact that the information was broken down by holding period. Some considered that it would be useful for the variant to also include a chart, while others felt that the information was easy to understand as it was.

The performance section was more difficult to understand by respondents in Czech Republic. Participants in this country preferred variant 2, which they considered to be the most straightforward. Respondents also liked variants 3 and 4 – under the condition that they are reduced to showing only the tables rather than the charts (as they found these easier to read than the charts).

Spanish respondents preferred variant 4, which they considered to be the most appealing, as well as the most useful (particularly if comparing between products). They found the information regarding the likelihood of each scenario particularly useful.

German consumers preferred variant 3, followed by 4 as the second preferred one. Indicating the probability of the scenarios was also an important aspect. Although this information is included in variant 4, 3 is still preferred because the way of showing this (“1 in 10 chance” etc.) is strongly rejected as being unusual and confusing. This information should be included as percentages.

French respondents preferred variant 3, due to the fact that it was visually appealing, and to the information included. They rejected variants 2 and 4, due to the fact that they included information regarding the likelihood of the scenarios, which they didn’t consider appropriate.

24.1.4 Costs

One of the main comments regarding the design of the document was that the costs section should be all on the same page, rather than broken down across two pages, as this made the information confusing and difficult to read through.

Variant 1

This section was somewhat challenging for the respondents, as some of the elements presented were not well understood.

In terms of the design of the variant, one of the first comments made by the respondents in the UK was that the image presenting the costs (one-off, ongoing, incidental) was disproportionate compared to the rest of the document, and that its size should be reduced. In terms of content, the variant raised a lot of questions (particularly the incidental costs, as explained in the text. “I am sure the fund managers do this research before investments. If they keep the benchmark low, then they are always going to be able to take something. Put it at 6% if they know they will always do it”. Man, actual investor, high financial literacy, the UK).

Similarly, respondents in France found that the ongoing costs and the incidental costs were not very clear.

German respondents considered the image easy to understand; however, they did not appreciate its design, which they perceived as similar to an advertisement. In terms of content, it was not clear that the numbers correspond to an investment of 1000 EUR. As for the table, the respondents thought that this was missing information, and they thought it would have been useful to include a list of the different types of costs. The terms “total costs” and “total costs ratio” were clear. However, there was confusion about whether the total cost ratio referred to the 1000 EUR sum, or to a possible amount based on a performance scenario.

Uncertainty about the second table and what the numbers in the columns represented was also high in Czech Republic and in Slovakia.

Variant 2

In most countries, despite the fact that it was considered intimidating at first, the variant was relatively comprehensible once respondents went through it in more detail. This was mainly the case in the UK, France, Germany and Czech Republic (although not all the elements were fully clear). Understanding the variant was more challenging in Slovakia and in Spain.

Across the different countries, one of the main suggestions was to specify “total cost ratio” – and eventually the definition – on the image (rather than just the abbreviation – “TCR” – which causes confusion at first).

In some countries, respondents considered that the text was too long, and would not encourage people to read through. British respondents suggest structuring this as bullet points.

In the UK, although the variant was difficult to comprehend at first, after reading through it, respondents find it clearer than the previous one. The first question raised was about the abbreviation “TCR” (which stands for “total costs ratio”), which was not understood without reading the text. One suggestion would be to specify the full term on the image.

In terms of the design, in the table, the “plus” and the “equal” sign should be positioned differently (more towards the middle), as otherwise the fact that the numbers are added is not understood. The “plus” sign should also be added on the table heading. Opinions regarding the necessity of having the information broken down by holding period varied: on the one hand, this was considered important in order for people to know what happens in case they wanted to exit earlier, while on the other hand, some thought that it was not necessary, as the product was designed for five years.

Respondents in France also found this variant easier to understand than the first one (once the TCR was explained). Respondents here found it useful to have the information broken down by holding period. Respondents indicated that if they were comparing between products, they would be looking primarily at the total cost ratio (TCR).

Czech respondents also found this variant comprehensible. However, they found that the information regarding the investment (1000 CZK) was still not emphasised enough. Respondents considered that the text in this variant was too long, and were not inclined to read through it.

Feedback was mainly positive in Germany. However, there was some confusion over the incidental costs, which were interpreted as “20% of the return in case of return above benchmark”. The second table was considered transparent, and respondents appreciated the fact that the information was broken down by holding period.

The variant was somewhat less clear in Spain, particularly due to the fact that, in this country, the total costs ratio was not well understood.

In Slovakia, participants felt they were able to understand the TCR, although the term was unknown to them before. Respondents appreciated the level of detail. However, the incidental costs (last line from the first table) were not felt to be comprehensible. The second table was seen as overloaded with information, and respondents found it difficult to add numbers in line.

Variant 3

Opinions and understanding of the variant differed by country.

The variant was seen as relatively comprehensible for respondents in Czech Republic. The information is easy to read, and the second table specifies the initial investment of 1000 CZK (unlike the previous variants). The text however is seen as too long, and the abbreviation RIY ("reduction in yield") is confusing.

In Germany, in order to provide a better understanding, respondents felt the use of the English abbreviation "RIY" should be avoided and replaced by a corresponding German term. The information itself however was felt to be well understood, and preferred to the "total costs ratio". The second table was also comprehensible and clear.

The variant was also well understood in Spain. However, the text was considered too long, and respondents would have preferred seeing this as bullet points.

In Slovakia, the reduction in yield (RIY) was not understood. Also, due to its wording, it had a negative connotation, evoking the fact that profit might be lowered. The second table however was very well understood.

In the UK, the information regarding the reduction in yield was also unclear to some of the respondents (at least at first), and the TCR ("total costs ratio") was preferred. Feedback was similar in France, where respondents preferred having the TCR (as long as an explanation of the abbreviation is provided in the image).

Variant 4

In all six countries, variant 4 is preferred for presenting costs. The information on RIY ("reduction in yield") was considered confusing by some respondents, who suggested showing the TCR ("total costs ratio") instead.

Across the different countries, the variant was preferred due to the fact that the terms "one-off costs", "on-going costs" and "incidental costs" were clearly explained, and that the second table ("Estimate costs over time") was very clear, and had the information for the recommended period highlighted in bold. Czech respondents appreciated the fact that all the information was contained on one page, rather than broken down across two pages, as in the previous variants, and had less text, while the Spanish commented that the variant was clear even for less experienced investors.

Summary

Across the different countries, the costs section was more challenging for respondents compared to the previous ones.

For some of the variants, the section included a lot of text, which didn't encourage people to read the information. Some respondents suggest that this should be structured as bullet points.

The abbreviation "RIY" ("reduction in yield") raised a lot of confusion, although, after reading the information, some of the respondents then felt better able to understand it. The explanation of the "TCR" ("total costs ratio") was generally better understood than that of RIY ("reduction in yield"). However, it was considered that the image should include the entire expression, and not just the abbreviation.

In all countries, respondents preferred variant 4 for presenting the product's costs, mainly due to its clear structure and to the fact that it included an explanation for each of the different elements.

24.2 Multi-option products - Product D

24.2.1 General impressions of the Key Information Document

In Slovakia, where variant 3 was first shown, reactions to the document were mainly positive. Respondents appreciated the document's design (colours, font size, text etc.), which was deemed as "bank-like", and appropriate for financial products. The topics presented were considered relevant. Some of the respondents however felt that it covered basic information, and if they needed to learn more they would have to look up the information online.

In the UK, where variant 1 was first shown, respondents believed that the document was clearly presented.

In other countries, views with regards to the document varied. In terms of the design, German and Czech respondents find the overall graphic design appropriate, due to its conservativeness, and to the use of the blue colour which is seen as neutral (in Germany, variant 3 was shown first, while in Czech Republic, variant 1 was shown first). In Spain however (variant 1), some of the respondents mentioned that they would have preferred a "lighter" design, which would have made the document easier to read.

In Germany, the balance between the text and the images was considered appropriate. On the other hand, in most other countries, respondents felt that the document was too dense, and contained too much text.

In terms of layout, some of the British respondents felt that the document should contain more visual elements (graphs, pie charts). German respondents felt that the three parts (risk, performance and costs) were not sufficiently separated from one another, giving the document an unstructured appearance, and that there was too much information crowded on three pages. Across the different countries, respondents believed that the cost sections should be all on one page, rather than broken down on two pages.

When asked which part they considered most interesting, Slovak respondents mentioned that the section on performance was the most important one, while German respondents were more interested in the risks section. In France and the UK, some respondents focused on the fact that there was no capital protection with the product.

Spanish respondents felt that the document put too much emphasis on risks. Some commented on the fact that the language used was too negative, as it constantly reminded people that they could lose the entire investment.

In some of the countries (UK, Czech Republic), respondents questioned the fact that the KID focused on the "balanced option", in the idea that this might encourage consumers to select this option rather than one of the other options.

24.2.2 General impressions of the fund guide

Most respondents did not spontaneously understand how the two documents (KID and fund guide) work together. Once this was understood however, the document was generally found useful.

In most countries, respondents mentioned that they would have preferred having all the information in one document, rather than in two documents.

In Spain, respondents found the fund guide easy to understand, and considered that the information presented in this document was more useful than the content of the KID. It was only after spending enough time looking through the two documents that they understood that the KID and the fund guide complement each other.

In Czech Republic, as in most countries, respondents needed help in order to understand the role of the fund guide, and how the two documents worked together. Once this was understood, consumers thought that it was acceptable to have the information presented in two documents – but that it would have been preferable to have it all in one document. As for the content of the two documents, respondents found this to be very similar, and would prefer having more detailed text and figures in the fund guide, and more concise information in the KID. During the session, Czech respondents did not find the references to the fund guide useful.

German respondents found the fund guide to be clear and easy to understand. However, they found that the costs section was less clear, and thought that it would have been preferable to have this in only one table. Using both the KID and the fund guide was perceived as difficult in this country. The only section where there were fewer difficulties was risks. In Germany, the English abbreviation "RIY" was not understood, and it was felt to be advisable to replace it with the corresponding German term (without abbreviation). An explanation of the term should be given within the picture in order to make it clearer.

In France, the purpose of the fund guide was understood (once explained by the moderator). During the focus group session however, respondents were not inclined to look at the fund guide when discussing the different topics (unless prompted by the moderator). In the UK, the fund guide was not clear when first presented to the respondents (its purpose became more clear only later on during the discussion). The costs section was the least clear (particularly terms such as RIY). British respondents also made comments about the design of the document, some mentioning that the size of the font should be larger, and that the layout should be more in-line with that of the KID.

24.2.3 Risks

Variant 1 (tested in the UK, France, Czech Republic and Spain)

Across the four countries, respondents were generally able to identify the risk level of the option presented (3). Attitudes towards the design of the variant were mainly positive. Many of the elements were however not sufficiently clear. Most found it difficult to understand that numbers 2 to 6 represented the range of risk choices (unless this was explained by the moderator).

Numbers 1 and 7 raised a lot of questions in most countries ("I don't understand what the numbers 1-7 are actually…" female 41, actual investor, CZ; "Why are they telling us about 1 and 7 if they aren't offering them?" – woman, actual investor, UK; "Why are 1 and 7 excluded?" man, actual investor, France). There was also some confusion around the option's risk level ("4 is medium risk, so why is it not balanced? 3 is conservative" - man, actual investor, UK).

Respondents in Spain were spontaneously able to understand the fact that the variant presented an example, while this was somewhat less clear in the other countries. It is worth noting that respondents in this country relied mainly on the fund guide for understanding the product, as opposed to those in other countries who focused mostly on the KID.

Across the different countries, respondents questioned the fact that, on the one hand, on the visual, the risk level was 3 (therefore not expected to be very high), while, on the other hand, the text specified that one could lose the entire investment. The statement about the possibility of losing the entire investment raised a lot of scepticism among the participants.

The text which explained the visual was considered too dense, and respondents were inclined to pay more attention to the image. Participants suggested that using bullet points instead of a full paragraph would be very helpful.

Variant 3 (tested in Germany and Slovakia)

Respondents in both countries were able to identify the option's risk level (3). In Germany, the fact that this represented the "balanced option" from the fund guide was also easily understood by the respondents. This was less clear to the Slovak respondents.

In Slovakia, respondents preferred having the information as presented in the fund guide. The scale presented in the KID was confusing, as they missed the fact that the risk varied from 2 to 6. This was somewhat clearer to German respondents, although not all of them understood this spontaneously. Their suggestion was that this should be indicated through text ("the range of options we offer"), as on variant 2.

The information regarding capital protection was also unclear in the two countries. In Germany, the term itself is considered ambiguous, and is subjected to various interpretations (understood as a third party deposit guarantee, or as an investment insurance, or as a guaranteed 100% capital refund by the financial company). Participants also questioned the meaning of the statements "your capital is guaranteed"/"your capital is part guaranteed". The suggestion was therefore not to display this information.

Working between the two documents (KID and fund guide) was considered as being particularly challenging by the German participants.

Summary

The outcomes of the focus groups show that, despite the fact that the design of the variants was appealing, and respondents were generally able to identify the risk level of the option presented, many of the elements remained unclear. In most cases, respondents were not able to understand the range of risks without help from the moderator.

The scale, the perceived contradiction between the relatively low risk presented in the visual, and the text mentioning that one could lose the entire investment, along with the information about capital guarantees are some of the aspects which were less well understood. Working between the two documents and identifying the "balanced option" was also particularly challenging to some of the participants.

Respondents in Spain were more drawn to the fund guide, finding the information of more interest. On the other hand, they had a somewhat better understanding of the risks than those in other countries.

As for the text explaining the image, some suggested that it would be easier to understand if presented as bullet points, rather than as a full paragraph.

24.2.4 Performance

Variant 1 (tested in the UK, France, Czech Republic and Spain)

For most consumers, the table presenting the products' performance was relatively easy to understand. However, not all the elements were clear. Reading the text was also challenging, as was considered to be too long and repetitive.

The clearest elements from this section were the different scenarios, as presented in the table. Some of the respondents in the UK questioned the need to have the information regarding what one might get back before costs, while others found it useful. The information regarding the holding period was also well understood.

Other suggestions were to use colour codes for the different scenarios, and to mention the invested amount (1000 GBP) on the table.

Respondents in the UK and in Spain were easily able to find the option in the fund guide (after the experience from the previous section). Again, Spanish participants were more drawn to the fund guide, which, in their opinion, could function even without the KID. British respondents however had to be prompted to look at the fund guide. Some preferred the way performance was presented in the guide, as there were only two lines per scenario (what one might get back after costs/average return per year). Respondents believed that the way of presenting the information should be consistent between the KID and the fund guide.

The fund guide was less useful to Czech participants, who felt that the document did not include much more detailed information than what was already presented in the KID ("…when I look at it, there is the same information in the guide as in the other document, or even less…" woman, 44, actual investor, Czech Republic). Overall, understanding of the performance section was somewhat lower in this country, as some of the respondents were confused by the different scenarios.

In Czech Republic, some of the more experienced investors mentioned that they would have found it useful if the document included more detailed information regarding the investment policy, or about how the product performed in the past.

French respondents perceived the table as being transparent and easy to understand. Presenting the information by holding period helped understanding the scenarios. Like in the UK, some suggested not presenting the information on what one might get back before costs. There was some confusion about whether or not an investor could get more than what was presented in the positive scenario (as some believed this was not possible). Also, some questions were raised about what the costs involved, and whether or not taxes were also included in the estimation about what one might get back after costs.

Variant 3 (tested in Germany and Slovakia)

Reactions towards the variant were generally positive across the two countries. In Slovakia, respondents were satisfied with the fact that all three scenarios were presented ("'When I got my fund some years ago, they only showed me the positive scenario. I was delighted, but the reality was different afterwards…" man, 40, actual investor, Slovakia). Respondents in this country understood the different charts and scenarios, and were able to identify the possibility of getting more with the positive scenario and losing more with the negative one. At this stage, it was clear that the variant presented an example, and that the balanced option - along with the other options - are to be found in the fund guide. However, they pointed out the fact that the information was presented differently in the fund guide (different graphic design) and thought that this could cause confusion. On the other hand, they appreciated the fact that the fund guide presented more information broken down by holding period.

German respondents appreciated the fact that the KID presented the performance scenarios both as charts and tables, as well as the fact that the table showed both amounts – before and after costs. The text was useful in understanding that the picture presented the balanced option.

Across the two countries, respondents made several suggestions for improving the variant: specifying 1, 5 and 10 years on the table (rather than just the numbers); adding the signs for percentages ("%") and currency ("€")after the numbers, for more clarity; presenting the information consistently in the KID and in the fund guide (Slovakia); showing the image only once (either in the fund guide or in a tailored KID) (Germany).

Summary

In most countries, the performance section was relatively easy to understand (although not all elements were fully clear). At this stage (after having the experience from the risk exercise), in most countries, respondents find it somewhat easier to refer to the fund guide, and to understand that the KID shows an example (the balanced option), and that the other options can be found in the fund guide. However, not all have the tendency to consult the fund guide without being prompted by the moderator. The performance section was more difficult to understand in Czech Republic than in was in other countries.

Across the different countries, the main comments and suggestions regarding the performance topic can be summarised as following:

- While presenting gross performance ('what one might get back before costs') in addition to net performance was deemed useful in Germany, but questioned by some of the British and French respondents)
- The way the information is presented in the KID and in the Fund guide should be consistent regarding both the content as well as the presentation.
- For variant 1:

  - o The table should state the invested amount (“1000 GBP”) (the UK)
  - o Using colour codes for the different scenarios (the UK)
- For variant 3:
  - o The table should specify 1, 5 and 10 years (rather than just the numbers)
  - o Also, the signs for percentages (“%”) and currency (“€”) should be added after the numbers, for more clarity).

24.2.5 Costs

With regard to cost presentation, in each country, respondents were asked to evaluate the information presented in two variants (one showing an example, and one showing cost ranges).

In order to cover all the variants, and to make sure that, in each country, respondents are shown one presenting ranges, and one presenting an example, materials were allocated as following:

- Variant 1 and variant 4 – in the UK and in France
- Variant 1 and variant 2 – in Spain and Czech Republic
- Variant 3 and variant 2 – in Germany and in Slovakia

Variant 1 (tested in the UK, France, Spain and Czech Republic)

Understanding the costs section was challenging in all four countries. Respondents were confused about the meaning of the different elements (one-off costs, ongoing costs, incidental costs). It was not always clear that one-off costs are charged once and ongoing costs on a yearly basis. The terminology was also confusing (“...I don’t understand what one-off cost…neither do I…and what is the difference between costs and fees then? …” man, 39, actual investor, Czech Republic).

In the UK and in France, there was a lot of confusion regarding whether the costs presented were for an investment of 1000 EUR/GBP, and whether they would vary according to the invested amount (“Where does it say that these costs aren’t per £1,000? If I invested £10,000, then what would I be paying?” man, 66, actual investor, the UK). Also, respondents were confused about what the ongoing costs include (management fees? insurance fees?). In the UK, some wondered whether costs would vary according to the investors’ state of health.

In both Spain and the UK, costs are considered somewhat clearer as presented in the fund guide (although this is also not understood straight away, and it took the respondents some time to work through it).

Variant 4 (tested in the UK and in France)

In both countries, this variant is somewhat clearer than the one previously shown (1). The RIY is well explained; still some respondents consider that the explanation should be included on the picture. Some of the participants in the UK raised questions about how the insurance fees were included in the costs. Others thought that these were included in the ongoing costs.

In both France and the UK, respondents wondered whether the costs included taxes.

In both countries, respondents preferred variant 4 to variant 1, as costs were clearer and easier to understand.

Variant 3 (tested in Germany and in Slovakia)

Views towards the variant were relatively positive. Having the information broken down by holding period was considered useful in both countries. Respondents correctly understood the RIY.

In Germany, respondents mention that they would have preferred seeing the term explained in the picture, and not just in the text (or seeing the term, rather than the English abbreviation). The second table was considered clear and well structured. However, the fact that the variant referred to an example (corresponding to the balanced option) was not spontaneously understood. Therefore, it was not clear to the participants how the two documents should be used together.

In Slovakia, the only element which caused some confusion were the "yearly costs for insurance", as respondents did not understand whether this referred to the investment insurance, or life insurance as a product.

Variant 2 (tested in Spain, Germany and in Slovakia)

Reactions towards this variant were mainly positive. In Slovakia, respondents appreciated the information on TCR (total costs ratio), which they found useful (although the information was not clear at first, and had to be looked up in the text). This element was also considered useful in Germany. In this country however, respondents mention that they would have preferred seeing the term in German, rather than the English abbreviation.

In Spain, the content of the section was clear. Readers however found the amount of text excessive and repetitive.

In both Spain and Slovakia, respondents were able to understand that the variant presented ranges (as opposed to the one they had seen previously, which presented an example). This was however less clear in Germany, where the second table was less well understood. According to participants in this country, indicating ranges in the KID does not make the costs clear, as investors would need to look up the information on specific options in the fund guide (which should be sufficient).

Some of the German respondents suggested showing costs in percentages only, as showing these in euro, for an investment of 1000 EUR, may lead to confusion. Others believed that it would be useful to show costs as bar charts (after 1, 5 and 10 years).

In all three countries, variant 2 (showing ranges) was preferred to the other variants which presented examples (variant 1 in Spain and Czech Republic, and variant 3 in Germany).

Summary

Across the different countries, the costs section was slightly more difficult to understand than the sections presented previously.

In most cases, after thoroughly studying the documents, respondents are usually able to tell which variants present ranges, and which ones present examples, and how to find these in the fund guide. This aspect is however less clear in Czech Republic and in Germany.

Terms such as "RIY" (reduction in yield), and "TCR" (total costs ratio), although confusing at first, are generally well understood once respondents carefully read the text.

Respondents tend to prefer variants which present ranges (variant 2 and variant 4) to those presenting examples (variant 1 and variant 3). Variant 1 got the most negative reactions.

Variant 5

Variant 5 was tested in all six countries.

Only in Spain was this variant preferred to the ones seen previously. Respondents in this country found that this variant works best with the fund guide, particularly when it comes to the way of presenting risks and performance. The explanation for costs was however considered more complicated, and respondents believed that the section should be simplified.

Reactions to the variant were positive in Germany and Czech Republic, where respondents appreciated the fact that the information was more concise. However, the variant was not preferred to the previous ones. In Czech Republic this was mainly due to the large amount of text and lack of images. In Germany, participants would have preferred 5 if it had included the risk image on the first page.

In Slovakia, France and the UK, participants considered that the variant included too much text, and not enough images, which therefore made it unappealing.

25 Summary of the findings and recommendations

25.1 Single option products (Product A)

25.1.1 Summary of the findings

- Respondents' reactions towards the Key Information Document were generally positive. Participants appreciated the document's structure, as well as the fact that it included visuals.

- Some respondents appreciated the document's design, considering it appropriate for presenting financial products (due to its conservative design, and to the use of the blue colour which was considered neutral) while others would have preferred more visual elements (more images, more colour, pie charts etc.).

- One of the first things which drew respondents' attention and which raised concerns was the fact that the document mentioned that the product included no capital protection, and that one could lose one's entire investment.

- Respondents were generally easily able to express their preferences regarding the way in which the different topics were presented in the four versions of the KID. This also applied to people with lower financial literacy and less investment experience (despite the fact that not all the elements were fully understood).

- Across the six countries, the **risk** section was generally easiest to understand. Preferences regarding the different way of presenting this element varied by country:

    - Variant 1 was considered to be the most appropriate in Slovakia, Czech Republic and the UK
    - Variant 3 was preferred in France (provided that the information on capital protection was clarified, and that the design enabled to clearly identify which type of capital protection corresponds to each risk level)
    - Variant 4 was preferred in Germany and in Spain

- Respondents' attitudes towards the different ways of presenting the product's **performance** also varied from one country to another, according to factors such as:

    - Clarity/ease of understanding
    - Preference towards charts or tables
    - Attitudes towards the information regarding the likelihood of each scenario (some consumers found this useful, while others found it unnecessary)
    - Whether or not the information was broken down by holding period.

- Preferences towards the different variants presenting the product's performance were split:

    - Variant 1 was preferred in the UK and in Slovakia
    - Variant 2 was preferred in Czech Republic
    - Variant 3 was preferred in France and in Germany
    - Variant 4 was preferred in Spain.

- Across the six countries, views regarding the most appropriate way of showing **costs** were unanimous, as consumers had clear preferences for variant 4. The variant was preferred due to the following characteristics:
  - The terms “one-off costs”, “on-going costs” and “incidental costs” were clearly explained
  - The second table (“Estimate costs over time”) was very clear, and had the information for the recommended period highlighted in bold
  - The information was clear even for less experienced investors
  - All the information was contained on one page, rather than broken down across two pages, as in the previous variants
  - The variant included less text than the other variants.

25.1.2 Recommendations

The main comments and recommendations for presenting the Key Information Document can be summarized as following:

General comments

- Structuring the text in bullet points rather than full paragraphs.
- Having a clearer separation between the different sections.
- Including more visual elements (colours, text in bold, graphs etc.).
- Having a better balance between the size of the text and that of the visuals (at the moment, the text is perceived as very small, while the visuals very large).
- Including information such as contact details, and on how to proceed in case of complaints.

Risks

- Including a more clear explanation regarding capital protection, and the risks of losing the entire investment (as this raised a lot of concerns among consumers, which thought that it was inconsistent with the images presenting risks).
- Subheadings, if used, should relate back to the headings and to the content of the variants, so that the reader can always understand how everything fits together in a glance.
- Amending the image showing risk in variant 3, in order for consumers to be able to clearly identify the correspondence between capital protection and the risk level.

Performance

- Presenting the likelihood of the different scenarios in percentages.
- For the tables presenting performance in variants 3 and 4 adding the word “years” and the “€” sign after the numbers, in order to avoid confusion.

Costs

- Having the costs section all one page, rather than broken down on two pages.
- Specifying the words “total costs ratio” on the images (rather than just the abbreviation “TCR”); same comment for “RIY” (“reduction in yield”).
- In Germany, when presenting the total costs ratio and the reduction in yield, using the corresponding German words on the visuals, rather than the English abbreviation.

25.2 Multi-option products (Product D)

25.2.1 Summary of the findings

- General impressions of the Key Information Document were mainly positive, as most consumers appreciated the document’s design (structure, images, use of colours). Many respondents however considered that the document was too dense, and that it contained too much text.
- Some consumers focused on the fact that the product did not include capital protection.
- In some of the countries (UK, Czech Republic), respondents questioned the fact that the KID focused on the “balanced option”, in the idea that this might encourage consumers to select this option rather than one of the other options.
- Respondents found the fund guide useful (despite the fact that they did not spontaneously understand how the two documents worked together). However, many would have preferred having all the information in one document.
- During the focus groups, using the two documents (KID and fund guide together) was sometimes challenging. On the one hand, in some cases, respondents were not inclined to consult the fund guide when going through the different sections (unless prompted by the moderator). Some found that the fund guide did not provide much more information than the KID. On the other hand, others relied more on the fund guide than on the KID for understanding the product (this was mainly the case in Spain).
- When discussing variants 1 and 3, it was not always clear at first to the respondents that these presented an example, corresponding to the “balanced option” from the fund guide. In most countries, this became clear later on during the groups (e.g. when discussing the performance section).
- When discussing the costs section, where respondents had to compare between two variants (one presenting an example, and one presenting ranges), respondents preferred the variants which presented ranges (variant 2 and variant 4), to those presenting examples (variant 1 and variant 3). Variant 1 received the most negative feedback.
- Reactions to variant 5 were rather negative. While some respondents appreciated the fact that the information was more concise, most considered that the variant included too much text and not enough images, which made it less appealing. Spain was the only country where respondents preferred this variant to the ones previously presented.

25.2.2 Recommendations

General comments

- Having more clear separations between the different sections (in order to avoid an unstructured appearance).

- Using bullet points, rather than full paragraphs; including less text (the document is currently perceived as too dense, giving the impression that it includes too much information in three pages).

- The design of the fund guide should be consistent with that of the KID (using the same type of font, similar visuals, and presenting the information in a similar manner).

Risks

- Including a more clear explanation regarding capital protection, and the risks of losing the entire investment (as this raised a lot of concerns among consumers, which thought that it was inconsistent with the image presenting risks, which showed that the option's risk level was 3).

- Providing more explanations regarding the scale, which was not always understood (particularly numbers 1 and 7).

Performance

- Understanding performance as presented in variant 1 was challenging to many of the respondents. Some suggestions for improvement were:

    - Using colour codes for the different scenarios
    - Mentioning the invested amount (1000 GBP/EUR) on the table.

- Reactions towards variant 3 were more positive (although not all the elements were fully understood). Some suggestions for improvement were:

    - The table should specify 1, 5 and 10 "years" (rather than just the numbers)
    - Also, the signs for percentages ("%") and currency ("€") should be added after the numbers, for more clarity
    - The image should clearly specify "recommended holding period"
    - Having the information presented consistently in the KID and in the fund guide.

Costs

- Providing the full wording for "total costs ratio" and "reduction in yield" on the images, rather than just the abbreviations ("TCR" and "RIY").

- Some suggested showing costs in percentages only, or clearly specifying the investment amount these correspond to.

- Presenting the costs section on only one page, rather than broken down across two pages.

Variant 5

While some respondents appreciated the fact that the information was more concise, most considered that the variant included too much text and not enough images, which made it less appealing. Spain was the only country where respondents preferred this variant to the ones previously presented.

26 Overall recommendations - Phase II

The results from the qualitative and quantitative studies are combined in this section, to derive some overall recommendations.

26.1 Recommendations for the KID

26.1.1 Overall impressions

In the qualitative study, people's first reactions towards the Key Information Document were generally positive. Participants appreciated the document's structure, as well as the fact that it included images. Some respondents appreciated the document's design, considering it appropriate for presenting financial products (due to its conservative design, and to the use of the blue colour which was considered neutral) while others would have preferred more visual elements (more images, more colour, pie charts etc.).

26.1.2 Combining elements from different KID variants

The subjective questions in the quantitative study indicated that a particular variant, variant 1, was rated best by the participants in terms of comprehension, comparison between products, and engagement. However, this variant was not consistently the best performer across all questions, including the objective ones. As a result, a final KID might combine elements from a number of the variants in order to take advantage of their relative strengths. The quantitative research suggested a combination of the following tested sections of the KID:

- A single 7 point scale risk graphic which uses a simple graphic layout similar to that used to disclose information for UCITS products, and without any explicit link between risk and reward (as in variant 2);
- A performance graphic in the form of a single or multiple time horizon table (similar to what appears in variants 1 and 2 although without gross returns (only showing net returns) and with probabilities associated with the performance scenarios);
- A breakdown cost graphic which highlights key information on main types of costs together with a table showing aggregate costs in percentage and money terms across three time periods (similar to what is included in variant 1 although improvements are needed).

In the qualitative study, there were big differences between countries in opinions expressed regarding which KID variant contained the best risk and performance sections. However, it was agreed in all countries that variant 4 contained the best cost section.

26.1.3 Difficulties in comprehension

Between the quantitative and qualitative research, it was possible to identify a number of areas which caused confusion among participants:

- Understanding capital guarantees;
- Understanding performance scenarios;
- Understanding that the cost figures were not exact.

Understanding capital guarantees

Looking at the risk section, both the qualitative and quantitative studies highlighted difficulties with comprehension of capital protection. In the quantitative study, many participants who saw the with-profit insurance product (product B) did not understand that the product provided full capital protections and in addition guaranteed a positive return. In the qualitative study, participants were concerned about the risk level of a product without a guarantee, with which an investor could lose the entire investment. These two results suggest that participants may be very sensitive to the idea of losing part or all of their invested capital. A clearer explanation may be needed in cases where there is no capital protection. For products which offer a guarantee, the KID should give more emphasis to this feature.

Also related to this issue, in the qualitative study, participants struggled to understand the correspondence between capital protection and the graphical risk measure shown. It was suggested that participants might have expected a direct correspondence between the risk measure and the existence of a capital guarantee. For instance, Slovak participants thought that risk levels 1 and 2 meant that capital was protected. The graphic might be amended in order to represent more clearly the relationship between capital protection and risk.

Understanding performance scenarios

The quantitative study suggested that participants were able to translate “1 in 10 chance of getting less than this” into “10% chance of getting less than this”. However, participants did not find it easy to select the most likely scenario, where provided information on this (not all variants sought to communicate how likely the scenarios were). If it is important that consumers understand which scenario is most likely, it may be more effective to identify one scenario as “the most likely scenario”, with a note that the other scenarios could also occur. Additionally, the results of the qualitative study suggested that participants would prefer, where these likelihoods are included, for them to be presented in percentage form.

Understanding that costs figures were not exact

In the quantitative study, a minority of participants understood that the costs shown might not be identical to the actual costs an investor would have to pay, despite the fact that this information has been provided. A stronger warning might be used to highlight this important message.

26.1.4 Processing of information

The quantitative testing showed that presenting a lot of information could lead in some cases to worse comprehension, for example:

- Including a capital protection box or a providing additional break down in different risk types within the risk visual.
- Showing gross returns in the performance graphic (as many participants failed to understand whether the returns shown were before or after costs, or both).
- Presenting too much information in the cost graphic (as participants had difficulties with many of the cost questions).

In each of these cases, it was recommended that the KID streamline the information shown. An example explaining in words how different cost components would add up for an investor after a year and at the end of the recommended holding period could be considered.

In addition, some practical general suggestions emerged from the qualitative research, which could be used to improve the presentation of the information:

- Structuring the text in bullet points rather than full paragraphs.
- Having a clearer separation between the different sections.
- Including more visual elements (colours, text in bold, graphs etc.).
- Having a better balance between the size of the text and that of the visuals (the text was perceived as very small, while the visuals were very large).
- Including information such as contact details, and on how to proceed in case of complaints.

26.2 Additional recommendations for multi-option products (Product D)

Some findings emerged from the qualitative and quantitative studies which suggest the best ways by which the KID might be adapted for presenting the features of a multi-option product in general or generic terms, where detailed information on the options for such a product is provided separately.

26.2.1 Difficulties in comprehension

In the qualitative and quantitative studies, many of the difficulties faced by participants when they saw the multi-option product (product D) were common to the participants who saw the single option products (products A, B and C), for example:

- Understanding whether the returns shown were before or after costs, or both;
- Identifying the cost components that apply;
- Understanding that the cost figures were not exact.

Some additional issues arose for those who saw the multi-option product, specifically:

- The representation of multiple investment options;
- Using alongside a fund guide.

Representation of multiple investment options

A key challenge in developing a KID for multi-option products is how to communicate the range of options offered and how the product could work depending on the choices made. Ways of presenting information about ‘ranges’ (e.g. of risks or costs), and using examples (e.g. a typical or illustrative option) were tested.

There was some evidence from the risk and cost questions that participants who saw the values associated with a typical option did not understand that that these would only apply for that option.

Similarly, in the qualitative study, it was not always clear at first to the respondents that the cost figures associated with the typical option represented an example, corresponding to the “balanced option” from the fund guide. However, in most countries, this became clear later on during the groups (e.g. when discussing the performance section).

When discussing the costs section in the qualitative study, where respondents had to compare between two variants (one presenting an example, and one presenting ranges), respondents preferred the variants which presented ranges (variant D2 and variant D4), to those presenting examples (variant D1 and variant D3).

Given the evidence in the quantitative survey that most participants who saw the values associated with a typical option did not understand that that these would only apply for that option, and the preferences for showing ranges stated in the qualitative study, it is recommended to present a range of options rather than a typical option for a multi-option product like product D.

Use of KID alongside a fund guide

The qualitative study presented a fund guide in combination with the KIDs, as might be expected to happen in sales processes. Respondents found the fund guide useful (despite the fact that they did not spontaneously understand how the two documents worked together). However, many said that they would have preferred having all the information in one document.

During the focus groups, using the two documents together was sometimes challenging. On the one hand, in some cases, respondents were not inclined to consult the fund guide when going through the different sections (unless prompted by the moderator). Some found that the fund guide did not provide much more information than the KID. On the other hand, others relied more on the fund guide than on the KID for understanding the product (this was mainly the case in Spain).

This implies the purpose for the consumer of the two documents – when presented separately – might need to be made as clear as possible, and ways of helping the consumer see how they work together improved.

One recommendation was that the design of the fund guide should be consistent with that of the KID (using the same type of font, similar visuals, and presenting the information in a similar manner).

ANNEX

Annex 1 Quantitative testing questionnaire – Phase I

A1.1 Demographic questions

[PROG: QUESTIONS ASKED TO ALL UNLESS SPECIFIED]

[TIMER1: START]

[Qcountry: HIDDEN VARIABLE]

[PROG: HIDDEN. SINGLE ANSWER]

1. Czech Republic
2. France
3. Germany
4. Italy
5. Netherlands
6. Slovakia
7. Slovenia
8. Spain
9. Sweden
10. UK

[Qcurrency: HIDDEN VARIABLE]

Country	**Currency**	**Placement**
1. Czech republic	*Czech Koruna (CZK)*	*After*
2. Germany	*Euro (€)*	*After*
3. Spain	*Euro (€)*	*After*
4. France	*Euro (€)*	*After*
5. Italy	*Euro (€)*	*After*
6. Netherlands	*Euro (€)*	*Before*
7. Sweden	*Krona (SEK)*	*After*
8. Slovenia	*Euro (€)*	*Before*
9. Slovakia	*Euro (€)*	*After*
10. UK	*UK POUNDS (£)*	*Before*

[Q_stage: HIDDEN VARIABLE]

[PROG: HIDDEN. SINGLE ANSWER]

1. Phase 1*[Qcountry = 1 AND 10)*
2. Phase 2 *[Qcountry = 1 TO 10]*

D1_intro. Firstly please tell us a few details about yourself. This is to ensure we are including a wide range of people in this research.

[PROG: INFO TEXT]

D1. How old are you?

[PROG: NUMERIC ANSWER – 2 DIGITS RANGE 0- 99; IF D1 <18 END INTERVIEW]

[PROG: RECODE INTO: HIDDEN VARIABLE]

I__I__I years old

D 1_recode.

[PROG: HIDDEN. SINGLE ANSWER]

1. 18 - 24
2. 25 - 34
3. 35 - 44
4. 45 - 54
5. 55 – 64
6. 65-74
7. 75+

D2. Are you a...

[PROG: SINGLE ANSWER]

1. Woman
2. Man

D3. Please select the region where you live.

[PROG: SINGLE ANSWER]

[USE STANDARD REGION LIST FROM PANEL]

D4. Education

[PROG: INSERT education question from panel on the link]

[PROG: SINGLE ANSWER] [ASK ALL]

D5. Which of the following best describes your current work status?

[PROG: SINGLE ANSWER]

[RECODE INTO: HIDDEN VARIABLE: CODES 1-5 AS ACTIVE AND CODES 6-10 AS INACTIVE]

1. Employed full-time
2. Employed part-time
3. Self-employed full-time
4. Self-employed part-time
5. Unemployed but looking for a job
6. Unemployed and not looking for a job
7. Long-term sick or disabled
8. Housewife / Homemaker
9. Retired
10. Pupil / Student / In full time education

D6. Which of these categories best describes your current occupation? Some short descriptions have been provided to help you choose.

[PROG: SINGLE ANSWER] [ASK IF D5 = CODE 1-4]

1. Manager
   Managers coordinate the overall activities of organizations, or of teams within them.
2. Professional
   Professionals may work in any of the following fields: science, engineering, health, business, teaching, technology, law, social sciences.
3. Clerical support worker
   Clerical support workers may organise information, money-handling operations, travel arrangements, requests for information, and appointments.
4. Service and sales worker
   As well as including workers that sell goods and services, this includes workers that provide personal and protective services to others, e.g. police, fire services, paid carers.
5. Skilled agricultural, forestry and fishery worker
   Agricultural, forestry and fishery work where the work requires application of knowledge in a specific technical field.
6. Craft and related trades worker
   Craft and trade work where the work requires application of knowledge in a specific technical field.
7. Manual or physical worker
   Work involving manual tasks, for example, machine operators, drivers, labourers, cleaners, helpers, service assistants.
8. Armed forces occupations
   All jobs held by members of the armed forces.
9. Don’t know/prefer not to answer

D7. Which of the following best describes your situation?

[PROG: SINGLE ANSWER] [ASK ALL]

1. Married
2. Remarried
3. Civil partnership
4. Not married living with a partner
5. Single
6. Divorced or separated
7. Widowed
8. Other

[TIMER1: STOP]

A1.2 Screening questions

[TIMER2: START]

S1. Are you responsible or co-responsible for taking financial decisions in your household?

[PROG: SINGLE ANSWER]

1. Yes
2. No

[PROG: IF CODE 1 IN S1, GO TO S2. IF CODE 2 IN S1, THANK AND TERMINATE]

[PROG: SHOW AS A GRID]

S2. Do you currently own any of the following <u>financial products</u>? This can be either in your own name or jointly with someone else.

[PROG: STATEMENTS IN ROW]

1. Bank account
2. Mortgage
3. Credit card
4. Personal loan
5. Life insurance
6. Other insurance products (e.g. home, health, car insurance)
7. Shares or bonds
8. Investment fund

[PROG: RESPONSE SCALE IN COLUMNS (FROM LEFT TO RIGHT). SELECT ONE RESPONSE PER STATEMENT]

1. Yes
2. No

[PROG: IF "YES" TO AT LEAST ONE OF STATEMENTS, GO TO F1. IF "NO" TO ALL STATEMENTS THANK AND TERMINATE]

[PROG: IF ""NO" DO NOT SHOW SCREEN FOR FOLLOW UP INTERVIEW;]

[TIMER2: STOP]

A1.3 Financial questions

[TIMER3: START]

F1. Which of the following <u>financial products</u> do you currently own, if any? These can be either in your own name or jointly with someone else. Please tick all product categories that apply.

[PROG: SELECT ALL THAT APPLY]

[PROG: INSERT LIST PER COUNTRY]

F1_RECODE.

[PROG: HIDDEN. SINGLE ANSWER]

1. YES *[IF RESPONDENT SELECTED AT LEAST ONE PRODUCT IN F1]*
2. NO *[RESPONDENT DID NOT SELECT ANY PRODUCT AT F1]*

F1[X]. Within the [PLACE THE NAME OF EACH CATEGORY THAT THE RESPONDENT SAYS YES TO IN F1 HERE, E.G. "Funds". REPEAT QUESTION FOR ALL YES ANSWERS TO F1] product category, which of the following <u>financial products</u> do you currently own? These can be either in your own name or jointly with someone else. Please tick all that apply.

[PROG: SELECT ALL THAT APPLY]

[PROG: INSERT LIST OF PRODUCTS PER COUNTRY WITHIN THE PRODUCT CATEGORY MENTIONED IN THE TEXT OF THE QUESTION AND INCLUDE "None of these" OPTION, e.g. for funds, the list would include: Fund, Investment fund, Investment trust, Investment company, Unit trust, ETF, OEIC]

F2. Other than the financial product(s) that you currently own, have you <u>ever considered purchasing</u> any of the following financial products? This may have been either in your own name or jointly with someone else. Please tick all that apply.

[PROG: MULTIPLE ANSWERS]

[PROG: INSERT LIST PER COUNTRY]

F2_RECODE.

[PROG: HIDDEN. SINGLE ANSWER]

1. YES *[IF RESPONDENT SELECTED AT LEAST ONE PRODUCT IN F2]*
2. NO *[RESPONDENT DID NOT SELECT ANY PRODUCT AT F2]*

F3. On a scale from 1 to 7, where 1 means very low and 7 means very high, how knowledgeable do you feel about financial products?

[PROG: NUMERIC ANSWER – 1 DIGIT RANGE 1- 7] [ASK IF S_SCREEN = CODE 1]

[PROG: ADD A VISUAL SCALE HERE SHOWING 1 (VERY LOW) TO 7(VERY HIGH)]

1(very low), 2,3,4,5,6,7(very high)

F5. Which of the following statements best applies to you when making decisions about financial products?

[PROG: SELECT ONE]

1. When purchasing financial products, I like to make my own choices, and do not need any advice from others.
2. I consider the advice of financial advisors when choosing financial products, but like to make the decisions myself.

3. I generally rely on the advice of financial advisors about which financial products are best for me.
4. I generally rely on the advice of friends or relatives about which financial products and services are best for me.

F6. And how do you see yourself. When it comes to financial decisions, are you generally a person who is…

[PROG: SELECT ONE]

1. Not at all willing to take risks
2. Not very willing to take risks
3. Fairly willing to take risks
4. Very willing to take risks

[PROG: INFO TEXT]

F7_intro. We are going to ask you three brief questions on financial topics. Please try to answer them as accurately as you can.

F7. Suppose you had 100 *[PROG: INSERT NATIONAL CURRENCY SYMBOL]* **in a savings account and the interest rate was 2% per year. After 5 years, how much do you think you would have in the account if you left the money to grow?**

[PROG: SINGLE ANSWER]

1. More than 102 *[PROG: INSERT NATIONAL CURRENCY SYMBOL]*
2. Exactly 102 *[PROG: INSERT NATIONAL CURRENCY SYMBOL]*
3. Less than102 *[PROG: INSERT NATIONAL CURRENCY SYMBOL]*
4. Do not know

F7_RECODE.

[PROG: HIDDEN. SINGLE ANSWER]

1. CORRECT *[IF F7= CODE 1]*
2. INCORRECT *[IF F7 NOT = CODE 1]*

F8. Imagine that the interest rate on your savings account was 1% per year and inflation was 2% per year. After 1 year, how much would you be able to buy with the money in this account?

[PROG: SINGLE ANSWER]

1. More than today
2. Exactly the same
3. Less than today
4. Do not know

F8_RECODE.

[PROG: HIDDEN. SINGLE ANSWER]

1. CORRECT *[IF F8= CODE 3]*
2. INCORRECT *[IF F8 NOT = CODE 3]*

F9. Please tell me whether this statement is true or false.

"Buying a single company's stock usually provides a safer return than a stock mutual fund."

[PROG: SINGLE ANSWER]

1. True
2. False
3. Do not know

F9_RECODE.

[PROG: HIDDEN. SINGLE ANSWER]

1. CORRECT *[IF F9 = CODE 2]*
2. INCORRECT *[IF F9 = NOT CODE 2]*

F_LITTEST.

[PROG: HIDDEN. SINGLE ANSWER] [RECODE IF S_SCREEN = CODE 1]

CORRECT ANSWER = *(F7_RECODE = code 1 or F8_ RECODE =code 1 or F9_ RECODE =code 1)*

1. Low *[0 OR 1 CORRECT ANSWERS]*
2. Medium *[2 CORRECT ANSWERS]*
3. High *[3 CORRECT ANSWERS]*

[TIMER3: STOP]

A1.4 Experiment introduction

[PROG: INFO TEXT]

In this survey, we would like to show you some information about a financial product and ask you some questions about that product. We will call this product '*Product A*'. We are interested in finding out how helpful the information is in explaining the features of Product A. When you are ready to continue, please click "Next" to move to the next screen.

A1.5 Risk experiment

Task I

[PROG: INFO TEXT]

Purchasing financial products can involve certain risks. The information sheet below shows some information about the risks of Product A. We would like to know how useful this information is in terms of helping you understand the risks of the product.

[SHOW INFORMATION SHEET (PICTURE) CORRESONDING TO THE COMBINATION OF PRODUCT AND VARIANT RESONDENT WAS ALLOCATED TO]

[TIMER4: START]

[SHOW INFORMATION SHEETS (PICTURES) CORRESONDING TO THE COMBINATION OF PRODUCT AND VARIANT RESONDENT WAS ALLOCATED TO ABOVE EVERY QUESTION]

[PROG: INFO TEXT]

We will now ask you some short questions about the above information sheet~~s~~.

Risk_Q1. Looking at the above information sheet, would you say that this product

[PROG: SINGLE ANSWER]

1. Has a high risk level
2. Has a medium risk level
3. Has a low risk level
4. Not clear from the information shown what the level of risk is for this product

[PROG: SHOW AS A GRID]

Risk_Q2. A financial product may include several types of risk. Looking at the above information sheet, would you say it provides information on:

[PROG: STATEMENTS IN ROW]

a) The risk of losing money due to price changes in the market
b) The risk that the manufacturer of this product is unable to pay
c) The risk of not being able to end an investment early in order to get money back.

[PROG: RESPONSE SCALE IN COLUMNS (FROM LEFT TO RIGHT). SELECT ONE RESPONSE PER STATEMENT]

1. Yes
2. No
3. Not clear from the information shown

[PROG: SHOW AS A GRID]

Risk_Q3. Imagine you have personally purchased this product. Looking at the above information sheet, do you think that, if you keep the investment for the recommended holding period* and the manufacturer is able to pay out:

[PROG: STATEMENTS IN ROW]

a) You can be sure to get back the money you have invested
b) You can be sure to get back the money you have invested, plus a positive return (i.e. an amount in addition to what you invested)
c) It is possible that you could lose some or all of the money you have invested

[PROG: RESPONSE SCALE IN COLUMNS (FROM LEFT TO RIGHT). SELECT ONE RESPONSE PER STATEMENT]

1. Yes
2. No
3. Not clear from the information shown

***By holding period we mean the length of time a person keeps the product.**

[PROG: SHOW AS A GRID]

Risk_Q5. Looking at the above information sheet, how difficult or easy would you say it is to understand?

[PROG: SINGLE ANSWER]

1. Very easy to understand
2. Easy to understand
3. Neither easy nor difficult to understand
4. Difficult to understand
5. Very difficult to understand

Risk_Q6. Looking at the above information sheet, do you think this product...

[PROG: SINGLE ANSWER]

1. Has a high level of potential return*?
2. Has a medium level of potential return*?
3. Has a low level of potential return*?

***By 'potential return' we mean the amount of money you could earn by investing in this product.**

Risk_Q7. Looking at the above information sheet, how useful do you think this information would be to help you compare this product with another financial product, e.g. comparing a high risk product and a low risk product.

[PROG: SINGLE ANSWER]

1. Extremely useful
2. Very useful
3. Somewhat useful
4. Not at all useful

Risk_Q8. Looking at the above information sheet, if you were considering buying this financial product, how likely is it that you would read the information shown in full?

[PROG: SINGLE ANSWER]

1. Extremely likely
2. Very likely
3. Somewhat likely
4. Not at all likely

Risk_Q9. Do you think that, if you were to sell the product before the recommended holding period*, you would face additional losses or costs?

[PROG: SINGLE ANSWER]

1. Yes
2. No
3. Not clear from the information shown

By holding period we mean the length of time a person keeps the product.

[TIMER4: STOP]

Task II

[PROG: INFO TEXT]

The information sheets below show two different ways of explaining Product A's risk level. Each information sheet combines an image and some text.

Both information sheets describe the same financial product. We are interested in understanding which information sheet would be most helpful in providing you with information about Product A's risk.

[TIMER5: START]

[PROG: INFO TEXT]

[SHOW INFORMATION SHEETS (PICTURES) CORRESONDING TO THE COMBINATION OF PRODUCT AND VARIANT RESONDENT WAS ALLOCATED TO ABOVE EVERY QUESTION]

We will now ask you some short questions about the above information sheets.

[PROG: SHOW AS A GRID]

Risk_Q10. Please look carefully at the two information sheets. In your opinion, which of them:

[PROG: STATEMENTS IN ROW]

a) Would you be more likely to read
b) Is easier to understand
c) Provides you with more information about the product's risks

d) Would be more useful for comparing different financial products by identifying which one has the highest/lowest risk

[PROG: RESPONSE SCALE IN COLUMNS (FROM LEFT TO RIGHT). SELECT ONE RESPONSE PER STATEMENT]

1. Information sheet 1
2. Information sheet 2
3. Both the same

Risk_Q12. Looking at the two information sheets above, both sheets describe the same product, Product A. But they present the information about risk in different ways.
Which information sheet makes Product A <u>appear more risky</u>?

[PROG: SINGLE ANSWER]

1. Information sheet 1
2. Information sheet 2
3. They both appear the same

Risk_Q13.Looking at the two information sheets above, both sheets describe the same product, Product A. But they present the information about potential return* in different ways.

Which information sheet makes Product A appear to <u>have the higher level of potential return</u>?

[PROG: SINGLE ANSWER]

1. Information sheet 1
2. Information sheet 2
3. They both appear the same

**** By 'potential return' we mean the amount of money you could earn by investing in this product.***

[TIMER5: STOP]

Task III

[TIMER6: START]

[PROG: INFO TEXT]

Now the information sheets below show two different financial products, let's call these Product A and Product B and their level of risk. The next questions are about these two products.

[SHOW INFORMATION SHEETS (PICTURES) CORRESONDING TO THE COMBINATION OF PRODUCT AND VARIANT RESONDENT WAS ALLOCATED TO ABOVE EVERY QUESTION]

We will now ask you some short questions about the above information sheets.

[PROG: SHOW AS A GRID]

Risk_Q14a. Please look carefully at the above information sheets, representing the risks of Product A and Product B. In your opinion, which of these two products

[PROG: STATEMENTS IN ROW]

a) Has, in general, the higher risk?
b) Has the higher risk of losing money due to the manufacturer not being able to pay?
c) Has the higher risk of not being able to end an investment early in order to get money back?

[PROG: RESPONSE SCALE IN COLUMNS (FROM LEFT TO RIGHT). SELECT ONE RESPONSE PER STATEMENT]

1. Product A
2. Product B
3. Both products are similar
4. Not clear from the information shown

[PROG: SHOW AS A GRID]

Risk_Q14b. Please look carefully at the above information sheets, representing the risks of Product A and Product B. In your opinion, if you keep the investment for the recommended holding period* and the manufacturer is able to pay out, with which of these two products…

[PROG: STATEMENTS IN ROW]

a) Could you be sure to get back at least the money you have invested?
b) Could you be sure to get back all the money you have invested, plus a positive return (i.e. an amount in addition to what you invested)?
c) It is possible that you could lose some or all of the money you invested?

[PROG: RESPONSE SCALE IN COLUMNS (FROM LEFT TO RIGHT). SELECT ONE RESPONSE PER STATEMENT]

1. Product A
2. Product B
3. Neither product A nor product B
4. Both Product A and Product B
5. Not clear from the information shown

By holding period we mean the length of time a person keeps the product.

[PROG: SHOW AS A GRID]

Risk_Q14c. Please look carefully at the above information sheets, representing the risks of Product A and Product B. In your opinion, which of these two products

[PROG: STATEMENTS IN ROW]

a) Has the higher potential return (that is, the amount of money you could earn by investing in this product)?
b) Is most suitable for an investor who prefers taking a higher risk for a higher potential return?

[PROG: RESPONSE SCALE IN COLUMNS (FROM LEFT TO RIGHT). SELECT ONE RESPONSE PER STATEMENT]

1. Product A
2. Product B
3. Both products are similar
4. Not clear from the information shown

[PROG: SHOW AS A GRID]

Risk_Q15. The above information sheets show the risk levels of the two financial products (Product A and Product B). How useful would you say these information sheets are for:

[PROG: STATEMENTS IN ROW]

a) Allowing you to compare the risk levels of the two products
b) Allowing you to decide which financial product is more suitable for you, in terms of risk level

[PROG: RESPONSE SCALE IN COLUMNS (FROM LEFT TO RIGHT). SELECT ONE RESPONSE PER STATEMENT]

1. Extremely useful
2. Very useful
3. Somewhat useful
4. Not useful at all

Risk_Q16. Imagine that you want to invest in one of the two financial products presented above. Thinking of the risk level of each of the two products (as presented in the above information sheets), which of the two products would you consider investing in?

[PROG: SINGLE ANSWER]

1. Product A
2. Product B
3. Don't know
4. Not clear from the information shown

[TIMER6: STOP]

A1.6 Performance experiment

Task I

[PROG: INFO TEXT]

Each financial product has a potential return. The following questions will focus on ways of presenting financial products' potential return. *By 'potential return' we mean the amount of money one could earn by investing in this product.*

The information sheet below shows Product A's potential return. As you will notice, the information sheet consists of a picture and some text.

[SHOW INFORMATION SHEET (PICTURE) CORRESONDING TO THE COMBINATION OF PRODUCT AND VARIANT RESONDENT WAS ALLOCATED TO]

[TIMER7: START]

[SHOW INFORMATION SHEET (PICTURE) CORRESONDING TO THE COMBINATION OF PRODUCT AND VARIANT RESONDENT WAS ALLOCATED TO ABOVE EVERY QUESTION]

[PROG: INFO TEXT]

We will now ask you some short questions about the above information sheet~~s~~.

Perf_Q1. The information sheet above shows the potential returns you might get by investing in Product A. Product A also has costs. Please select the statement below which best describes the potential returns* shown above for Product A.

[PROG: SINGLE ANSWER]

1. The costs of investing in Product A (except personal taxes) have already been applied to the potential returns shown above
2. The costs of investing in Product A (except personal taxes) will be applied to the potential returns shown above
3. The costs of investing in Product A (including personal taxes) will be applied to the potential returns shown above
4. Not clear from the information shown

By 'potential return' we mean the amount of money you could earn by investing in this product

Perf_Q2. Imagine you invested in product A and hold the investment for the recommended holding period*, are you guaranteed to <u>get the money you invested back</u>?

[PROG: SINGLE ANSWER]

1. Yes
2. No
3. Not clear from the information shown

By holding period we mean the length of time a person keeps the product.*

Perf_Q3. Imagine you invested in product A and hold the investment for the recommended holding period*. Is it possible that you could <u>lose all the money you invested</u>?

[PROG: SINGLE ANSWER]

1. Yes
2. No
3. Not clear from the information shown

******By holding period we mean the length of time a person keeps the product.***

Perf_Q4. In your opinion, which of the scenarios presented above is most likely?

[PROG: SINGLE ANSWER]

1. Favourable
2. Neutral
3. Non favourable
4. All equally likely
5. Not clear from the information shown

Perf_Q5. Please select the statement below which best describes the favourable scenario presented above.

[PROG: SINGLE ANSWER]

[ASK ALL EXCEPT IF PERF_I = A3 OR B3 OR C3 OR A5 OR B5 OR C5]

1. This scenario represents the best possible market conditions for the investor
2. This scenario represents market conditions that would be advantageous for the investor
3. This scenario represents market conditions that would be disadvantageous for the investor
4. This scenario represents the worst possible market conditions for the investor

Perf_Q6. Looking at the above information sheet, if you were considering buying this product, how likely is it that you would read the information shown in full?

[PROG: SINGLE ANSWER]

1. Extremely likely
2. Very likely
3. Somewhat likely
4. Not at all likely

Perf_Q7. Looking at the above information sheet how difficult or easy would you say it is to understand?

[PROG: SINGLE ANSWER]

1. Very easy to understand
2. Easy to understand
3. Neither easy or difficult to understand
4. Difficult to understand
5. Very difficult to understand

Perf_Q8. Looking at the above information sheet, how useful do you think this information would be to help you compare this product with another financial product, e.g. a product with high potential returns and a product with low potential returns?

[PROG: SINGLE ANSWER]

1. Extremely useful
2. Very useful
3. Somewhat useful
4. Not at all useful

[TIMER7: STOP]

Task II

[PROG: INFO TEXT]

The information sheets below show two different ways of explaining Product A's potential return. Each information sheet contains an image and some text.

Both information sheets describe the same financial product (Product A). We are interested in understanding which information sheet would be most helpful in providing you with information about Product A's potential return.
By potential return we mean the amount of money one could earn by investing in this product.

[SHOW INFORMATION SHEETS (PICTURES) CORRESONDING TO THE COMBINATION OF PRODUCT AND VARIANT RESONDENT WAS ALLOCATED TO]

[TIMER8: START]

[SHOW INFORMATION SHEETS (PICTURES) CORRESONDING TO THE COMBINATION OF PRODUCT AND VARIANT RESONDENT WAS ALLOCATED TO ABOVE EVERY QUESTION]

[PROG: INFO TEXT]

We will now ask you some short questions about the above information sheets.

[PROG: SHOW AS A GRID]

Perf_Q9. Please look carefully at the two information sheets. In your opinion, which of them:

[PROG: STATEMENTS IN ROW]

a) Would you be more likely to read?
b) Is easier to understand?
c) Provides you with more information about the product's potential return (that is, the amount of money one could earn by investing in this product)?
d) Could allow you to better compare financial products, by identifying which one has the lowest/highest potential return?

[PROG: RESPONSE SCALE IN COLUMNS (FROM LEFT TO RIGHT). SELECT ONE RESPONSE PER STATEMENT]

1. Information sheet 1
2. Information sheet 2
3. Both the same

[PROG: SHOW AS A GRID]

Perf_Q10. The potential return of a financial product (the amount of money one could earn by investing in this product) cannot be completely predicted, and varies according to multiple factors. It is therefore not possible to predict in advance the amount of money one could earn by investing in a financial product.

Looking at the above information sheet, which of them:

[PROG: STATEMENTS IN ROW]

a) Gives you a better understanding of the unpredictable nature of the returns of Product A
b) Gives you a clearer view of the range of potential returns*

[PROG: RESPONSE SCALE IN COLUMNS (FROM LEFT TO RIGHT). SELECT ONE RESPONSE PER STATEMENT]

1. Information sheet 1
2. Information sheet 2
3. Both the same

By range of potential returns we mean how much the amount of money one could earn from investing in this product may vary

Perf_Q11. The potential return associated with a financial product may depend on how long a person holds the product.

In your opinion, which information sheet gives you a better understanding of the <u>relationship between the potential return of the product and the length of time it is held</u>?

[PROG: SINGLE ANSWER]

1. Information sheet 1
2. Information sheet 2
3. Both the same
4. Not clear from the information shown

Perf_Q12. Both information sheets above describe the same financial product, Product A.

In your view, which information sheet makes a <u>positive return*</u> <u>appear more likely</u>?

[PROG: SINGLE ANSWER]

1. Information sheet 1

2. Information sheet 2
3. They both appear the same

By positive return, we mean an amount in addition to what you invested.

Perf_Q13. Knowing that both information sheets represent the exact same financial product, Product A, which information sheet would you say makes the <u>expected return appear higher</u>?

[PROG: SINGLE ANSWER]

1. Information sheet A
2. Information sheet B
3. They both appear the same

[TIMER8: STOP]

Task III

[PROG: INFO TEXT]

Different financial products have different types of potential returns (by potential return, we mean the amount of money one could earn by investing in a product). The information sheets below show two different financial products (Product A and Product B), and their potential returns.

[SHOW INFORMATION SHEETS (PICTURES) CORRESONDING TO THE COMBINATION OF PRODUCT AND VARIANT RESONDENT WAS ALLOCATED TO]

The next questions are about these two products.

[TIMER9: START]

[PROG: INFO TEXT]

[SHOW INFORMATION SHEETS (PICTURES) CORRESONDING TO THE COMBINATION OF PRODUCT AND VARIANT RESONDENT WAS ALLOCATED TO ABOVE EVERY QUESTION]

We will now ask you some short questions about the above information sheets.

Perf_Q14. Please look carefully at the above information sheets, which represent the potential returns for Product A and Product B. In your opinion which of these products has more unpredictable returns*?

1. Product A
2. Product B
3. Both the same
4. Not clear from the information shown

By more unpredictable returns, we mean that the money one may earn by investing in this product is more uncertain.

[PROG: SHOW AS A GRID]

[ASK Perf_Q15 TO ALL EXCEPT IF (PERF_III_L OR PERF_III_R) = A4 OR B4 OR C4 OR D4 OR A5 OR B5 OR C5 OR D5]

Perf_Q15. A financial product's potential returns vary according to the holding period*.

Imagine you have invested in both products. Please look carefully at the above information sheets, which represent the potential returns for Product A and Product B. In your opinion, with which of these products could you have a higher potential return (earn more money) if you hold it for 1 year?

1. Product A
2. Product B
3. They are both the same
4. Don't know

By holding period we mean the length of time a person keeps the product.

[PROG: SHOW AS A GRID]

Perf_Q16. Looking at the information sheets above for product A and B, in your opinion with which product are you guaranteed

[PROG: STATEMENTS IN ROW]

a) To get a positive return (that is, an amount in addition to what you invested)
b) To get back the money you invested.

[PROG: RESPONSE SCALE IN COLUMNS (FROM LEFT TO RIGHT). SELECT ONE RESPONSE PER STATEMENT]

1. Product A
2. Product B
3. Both products
4. Neither product
5. Not clear from the information shown

[PROG: SHOW AS A GRID]

Perf_Q17. The above information sheets show the potential returns* of the two financial products (Product A and Product B).
How useful would you say these information sheets are for:

[PROG: STATEMENTS IN ROW]

a) Allowing you to compare the potential returns of the two products
b) Allowing you to decide which product is most suitable for you, in terms of potential returns

[PROG: RESPONSE SCALE IN COLUMNS (FROM LEFT TO RIGHT). SELECT ONE RESPONSE PER STATEMENT]

1. Very useful

2. Somewhat useful
3. Not very useful
4. Not useful at all
5. Don't know

By potential return, we mean the amount of money one could earn by investing in a product.

[TIMER9: STOP]

A1.7 Cost experiment

Task I

[PROG: INFO TEXT]

Purchasing financial products involves certain costs. The information sheet below shows the costs of Product A. We would like to know how useful this information is in terms of helping you understand the costs of this product.

[SHOW INFORMATION SHEETS (PICTURES) CORRESONDING TO THE COMBINATION OF PRODUCT AND VARIANT RESONDENT WAS ALLOCATED TO]

[TIMER10: START]

[PROG: INFO TEXT]

[SHOW INFORMATION SHEETS (PICTURES) CORRESONDING TO THE COMBINATION OF PRODUCT AND VARIANT RESONDENT WAS ALLOCATED TO ABOVE EVERY QUESTION]

We will now ask you some short questions about the above information sheet.

Costs_Q1. Looking at the above information sheet, would you say that Product A

[PROG: SINGLE ANSWER]

1. Has high overall costs
2. Has medium overall costs
3. Has low overall costs
4. Not clear from the information shown

Cost_Q2. Imagine you are investing in this product. Still looking at the above information sheet, in your opinion, does the cost indicated in the information sheet correspond to the exact amount of money you would need to pay if you invested in the product?

[PROG: SINGLE ANSWER]

1. Yes
2. No
3. Not clear from the information shown

Cost_Q3. Imagine you have invested in product A, and that you sell the product after a year. In your opinion, would you need to pay any extra cost for selling the product after one year?

[PROG: SINGLE ANSWER]

1. Yes
2. No
3. Not clear from the information shown

Cost_Q4. Investing in a financial product may involve different types of costs. Imagine you are investing in Product A.

Which of the following types of costs do you think you will need to pay, if you hold the product for the full recommended holding period?

[PROG: SINGLE ANSWER]

1. Entry cost, yearly cost and exit cost
2. Entry cost and yearly cost
3. Entry cost
4. Not clear from the information shown

Cost_Q5. Investing in a financial product may involve different types of costs. Imagine you are investing in Product A.

Which of the following types of costs do you think you will need to pay, if you wanted to end your investment before the full recommended holding period?

[PROG: SINGLE ANSWER]

1. Entry cost, yearly cost and exit cost
2. Entry cost and yearly cost
3. Entry cost
4. Not clear from the information shown

Cost_Q6. Imagine that you have invested 1000 *[PROG: INSERT NATIONAL CURRENCY SYMBOL]* **[ENTER TEXT "per year" HERE FOR PRODUCT B] in this product, and that you hold the product for** *[Insert number here]* **years. What in your opinion might the cost of this product be?**

[Insert number depending on what product is shown: insert"5" for Products A and C. Insert "12" for Product B. Insert "3" for Product D.]

[PROG: CODE 1 TAKES NUMERIC ANSWER – ~~4~~ 5 DIGITS RANGE 0-9999]

[PROG: SINGLE ANSWER]

[CODE 2 IS EXCLUSIVE]

1. /__/ *[PROG: INSERT NATIONAL CURRENCY SYMBOL]*
2. Not clear from the information shown

Cost_Q8a. Please look carefully at the above information sheet. Imagine that you are investing 1000 *[PROG: INSERT NATIONAL CURRENCY SYMBOL]* **[ENTER TEXT "per year" HERE FOR PRODUCT B] in this product, and that you hold it for [***[Insert number depending on what product is shown. X = 5 for Products A and C. X = 12 for Product B. X = 3 for Product D.]***] years. Taking into account the costs of the product and the potential return, as they are indicated on the information sheet, how much money in total would you expect to get back at the end of the [***[Insert number depending on what product is shown. X = 5 for Products A and C. X = 12 for Product B. X = 3 for Product D.]***] years?**

[PROG: CODE 1 TAKES NUMERIC ANSWER – ~~4~~ 5 DIGITS RANGE 0-9999]

[CODE 2 IS EXCLUSIVE]

1. ________________ *[PROG: INSERT NATIONAL CURRENCY SYMBOL]*
2. Not clear from the information shown

[TIMER10: STOP]

Task II

[PROG: INFO TEXT]

The information sheets below show two different ways of explaining Product A's costs. Each information sheet contains an image and some text. Both information sheets describe the same financial product (Product A).

We are interested in understanding which information sheet would be most helpful in providing you with information about Product A's costs.

[SHOW INFORMATION SHEETS (PICTURES) CORRESONDING TO THE COMBINATION OF PRODUCT AND VARIANT RESONDENT WAS ALLOCATED TO]

[TIMER11: START]

[PROG: INFO TEXT]

[SHOW INFORMATION SHEETS (PICTURES) CORRESONDING TO THE COMBINATION OF PRODUCT AND VARIANT RESONDENT WAS ALLOCATED TO ABOVE EVERY QUESTION]

We will now ask you some short questions about the above information sheets.

[PROG: SHOW AS A GRID]

Cost_Q9. Please look carefully at the two information sheets. In your opinion, which of them:

[PROG: STATEMENTS IN ROW]

a) Is easiest to understand
b) Provides the most information about the product's costs
c) Encourages you to read the information more

d) Could allow you to better compare financial products, by identifying which one has the lowest/highest cost.

[PROG: RESPONSE SCALE IN COLUMNS (FROM LEFT TO RIGHT). SELECT ONE RESPONSE PER STATEMENT]

1. Information sheet 1
2. Information sheet 2
3. They are both the same
4. Don't know

Cost_Q10a. When investing in a financial product, you may need to pay different types of costs at different times, for example:

- **When you first buy the financial product;**
- **For each year you hold the product; and,**
- **When you sell the product.**

Looking at the above two information sheets, in your opinion, which of them provides clearer information about the <u>different types of costs</u> associated with the product?

[PROG: SINGLE ANSWER]

1. Information sheet 1
2. Information sheet 2
3. They are both the same
4. Not clear from the information shown

Cost_Q10b. The costs of a financial product may depend on the holding period*. Looking at the above two information sheets, in your opinion, which of them provides clearer information about <u>the relationship between the costs of the product and the holding period</u>?

[PROG: SINGLE ANSWER]

1. Information sheet 1
2. Information sheet 2
3. They are both the same
4. Not clear from the information shown

***By holding period we mean the length of time a person keeps the product.**

[TIMER11: STOP]

Task III

[PROG: INFO TEXT]

Different financial products have different costs. The information sheets below show two different financial products (Product A and Product B), and their costs.

[SHOW INFORMATION SHEETS (PICTURES) CORRESONDING TO THE COMBINATION OF PRODUCT AND VARIANT RESONDENT WAS ALLOCATED TO]

[TIMER12: START]

[PROG: INFO TEXT]

[SHOW INFORMATION SHEETS (PICTURES) CORRESONDING TO THE COMBINATION OF PRODUCT AND VARIANT RESONDENT WAS ALLOCATED TO ABOVE EVERY QUESTION]

We will now ask you some short questions about the above information sheets.

[PROG: SHOW AS A GRID]

Cost_Q11. Please look carefully at the above information sheets, representing the costs of Product A and Product B. In your opinion, which of these two products…

[PROG: STATEMENTS IN ROW]

a) Has the highest overall costs, as a percentage, if held for one year?
b) Has the highest overall costs, as a percentage, if held for the recommended holding period*?
c) Has the highest yearly costs, as a percentage (that is, the amount an investor must pay each year they hold the product)?

By holding period we mean the length of time a person keeps the product.

[PROG: RESPONSE SCALE IN COLUMNS (FROM LEFT TO RIGHT). SELECT ONE RESPONSE PER STATEMENT]

1. Product 1
2. Product 2
3. They are both the same
4. Don't know

Cost_Q13. Please look carefully at the above information sheets, representing the costs of Product A and Product B. In your opinion, which of these two products would have the highest exit cost* if you cashed it in early, before the recommended holding period?
[PROG: SINGLE ANSWER]

1. Product 1
2. Product 2
3. They are both the same
4. Don't know

*By exit costs we mean the costs you need to pay when selling the product.

[PROG: SHOW AS A GRID]

Cost_Q14. The above information sheets show the costs of the two financial products (Product A and Product B). How useful would you say these information sheets are in:

[PROG: STATEMENTS IN ROW]

a) Allowing you to compare the costs of the two products
b) Allowing you to decide which financial product is more suitable for you, in terms of the costs of the product

[PROG: RESPONSE SCALE IN COLUMNS (FROM LEFT TO RIGHT). SELECT ONE RESPONSE PER STATEMENT]

1. Extremely useful
2. Very useful
3. Somewhat useful
4. Not at all useful

[TIMER12: STOP]

[PROG: INFO TEXT]

Thank you for taking part in this survey. There are a few more questions we would like to ask you.

[ASK IF Qcountry = 1]
E2. The information sheets you saw in this survey used the Czech Koruna (CZK), would it make more sense to you to use 10,000 CZK or 1,000 CZK in the information sheets?

[PROG: SINGLE ANSWER]

1. It would make more sense to use 10,000 CZK (Ten thousand CZK)
2. It would make more sense to use 1,000 CZK (One thousand CZK)

[PROG: ASK ONLY IF Qcountry = 7]

E2a. The information sheets you saw in this survey used the Swedish Krona (SEK), would it make more sense to you to use 10,000 SEK or 1,000 SEK in the information sheets?

[PROG: SINGLE ANSWER]

1. It would make more sense to use 10,000 SEK (Ten thousand SEK)
2. It would make more sense to use 1,000 SEK (One thousand SEK)

E3. Compared to other surveys you have completed, how difficult was this survey on a scale of 1 to 7 where 1 is very easy and 7 is very difficult?

[PROG: NUMERIC ANSWER – 1 DIGIT RANGE 1- 7]

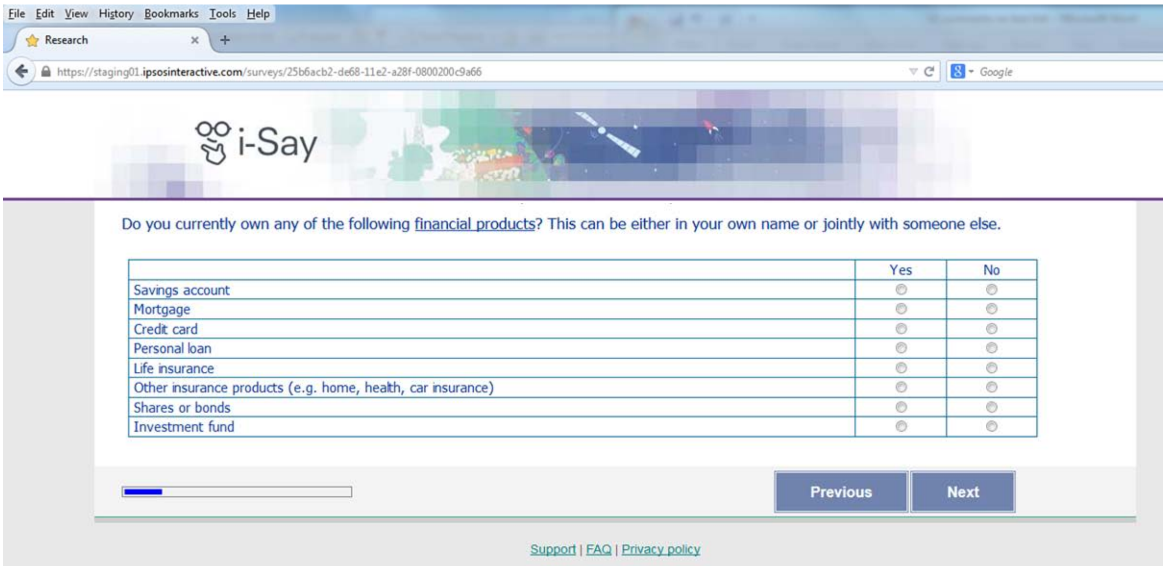
/__/

E4. Thinking of the past 6 months, can you please tell us what is your household's NET monthly income?
***By NET we mean, after deductions for taxes*.**

[PROG: SELECT ONE]
[INSERT RESPONSE LIST PER COUNTRY]

[PRG: END TEXT & THANKING]

Annex 2 Quantitative testing questionnaire screenshots – Phase I



File Edit View History Bookmarks Tools Help

Research

https://staging01.ipsosinteractive.com/surveys/25b6acb2-de68-11e2-a28f-0800200c9a66

i-Say

Do you currently own any of the following financial products? This can be either in your own name or jointly with someone else.

	Yes	No
Savings account	○	○
Mortgage	○	○
Credit card	○	○
Personal loan	○	○
Life insurance	○	○
Other insurance products (e.g. home, health, car insurance)	○	○
Shares or bonds	○	○
Investment fund	○	○

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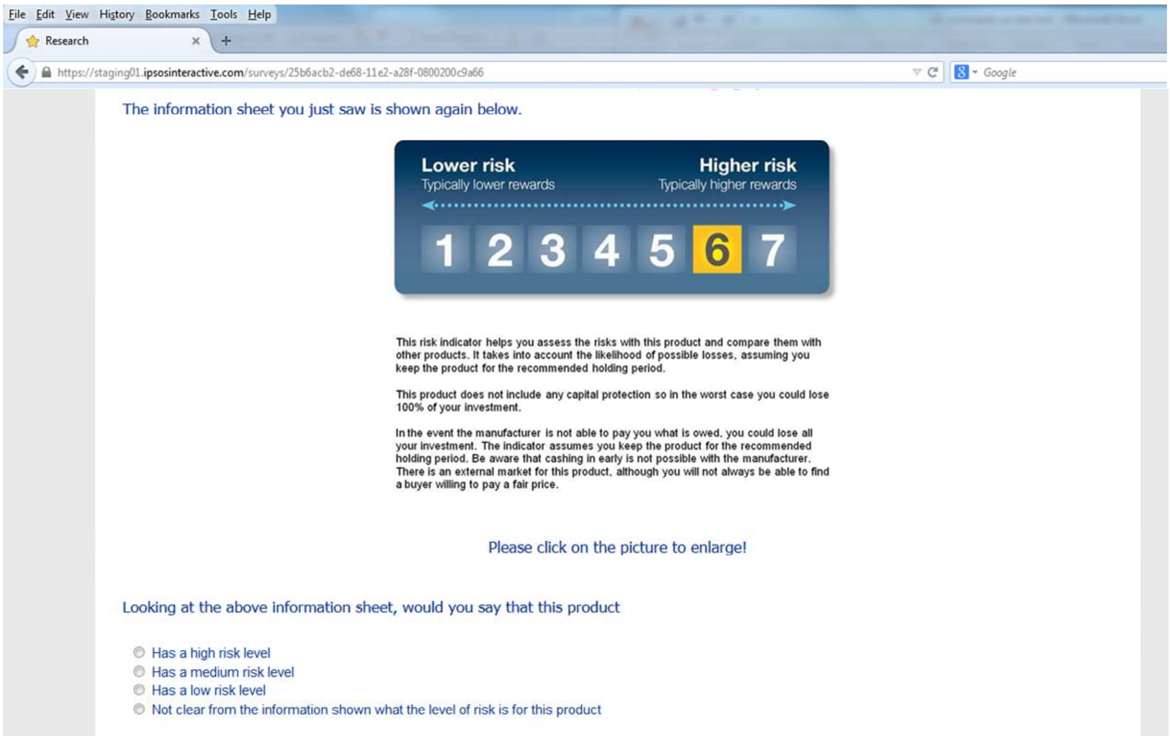

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Research

https://staging01.ipsosinteractive.com/surveys/25b6acb2-de68-11e2-a28f-0800200c9a66

The information sheet you just saw is shown again below.

Lower risk
Typically lower rewards

Higher risk
Typically higher rewards

1 2 3 4 5 6 7

This risk indicator helps you assess the risks with this product and compare them with other products. It takes into account the likelihood of possible losses, assuming you keep the product for the recommended holding period.

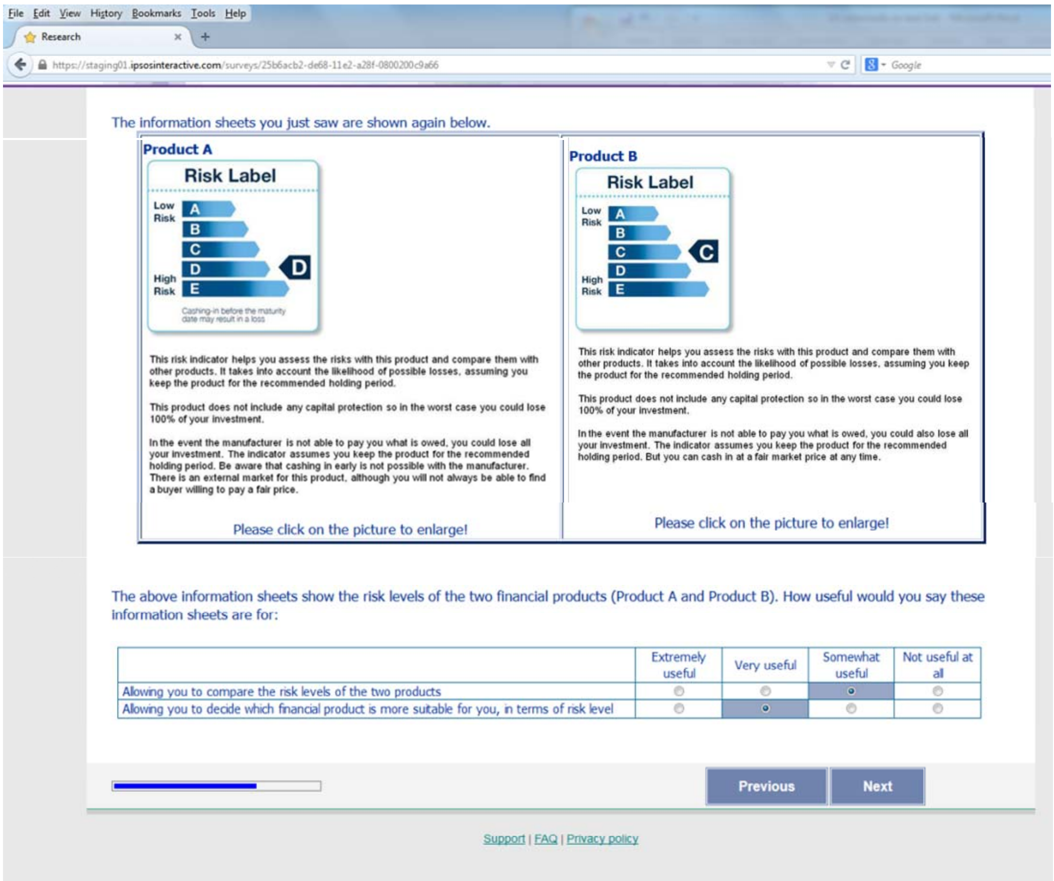
This product does not include any capital protection so in the worst case you could lose 100% of your investment.

In the event the manufacturer is not able to pay you what is owed, you could lose all your investment. The indicator assumes you keep the product for the recommended holding period. Be aware that cashing in early is not possible with the manufacturer. There is an external market for this product, although you will not always be able to find a buyer willing to pay a fair price.

Please click on the picture to enlarge!

Looking at the above information sheet, would you say that this product

- ○ Has a high risk level
- ○ Has a medium risk level
- ○ Has a low risk level
- ○ Not clear from the information shown what the level of risk is for this product



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Research

https://staging01.ipsosinteractive.com/surveys/25b6acb2-de68-11e2-a28f-0800200c9a66

The information sheets you just saw are shown again below.

Product A

Risk Label

Low Risk A B C D E High Risk — D

Cashing-in before the maturity date may result in a loss

This risk indicator helps you assess the risks with this product and compare them with other products. It takes into account the likelihood of possible losses, assuming you keep the product for the recommended holding period.

This product does not include any capital protection so in the worst case you could lose 100% of your investment.

In the event the manufacturer is not able to pay you what is owed, you could lose all your investment. The indicator assumes you keep the product for the recommended holding period. Be aware that cashing in early is not possible with the manufacturer. There is an external market for this product, although you will not always be able to find a buyer willing to pay a fair price.

Please click on the picture to enlarge!

Product B

Risk Label

Low Risk A B C D E High Risk — C

This risk indicator helps you assess the risks with this product and compare them with other products. It takes into account the likelihood of possible losses, assuming you keep the product for the recommended holding period.

This product does not include any capital protection so in the worst case you could lose 100% of your investment.

In the event the manufacturer is not able to pay you what is owed, you could also lose all your investment. The indicator assumes you keep the product for the recommended holding period. But you can cash in at a fair market price at any time.

Please click on the picture to enlarge!

The above information sheets show the risk levels of the two financial products (Product A and Product B). How useful would you say these information sheets are for:

	Extremely useful	Very useful	Somewhat useful	Not useful at all
Allowing you to compare the risk levels of the two products	○	○	●	○
Allowing you to decide which financial product is more suitable for you, in terms of risk level	○	●	○	○

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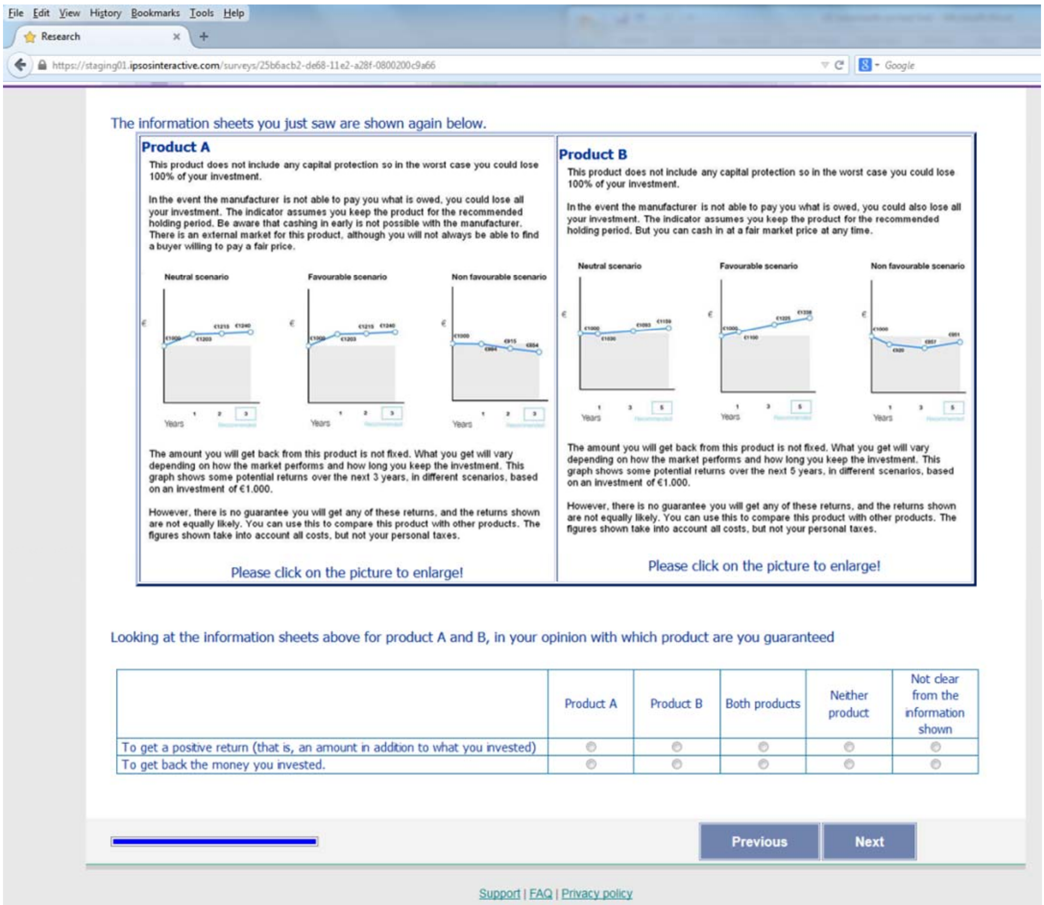

File Edit View History Bookmarks Tools Help

Research

https://staging01.ipsosinteractive.com/surveys/25b6acb2-de68-11e2-a28f-0800200c9a66

The information sheets you just saw are shown again below.

Product A

This product does not include any capital protection so in the worst case you could lose 100% of your investment.

In the event the manufacturer is not able to pay you what is owed, you could lose all your investment. The indicator assumes you keep the product for the recommended holding period. Be aware that cashing in early is not possible with the manufacturer. There is an external market for this product, although you will not always be able to find a buyer willing to pay a fair price.

Neutral scenario | Favourable scenario | Non favourable scenario

The amount you will get back from this product is not fixed. What you get will vary depending on how the market performs and how long you keep the investment. This graph shows some potential returns over the next 3 years, in different scenarios, based on an investment of €1.000.

However, there is no guarantee you will get any of these returns, and the returns shown are not equally likely. You can use this to compare this product with other products. The figures shown take into account all costs, but not your personal taxes.

Please click on the picture to enlarge!

Product B

This product does not include any capital protection so in the worst case you could lose 100% of your investment.

In the event the manufacturer is not able to pay you what is owed, you could also lose all your investment. The indicator assumes you keep the product for the recommended holding period. But you can cash in at a fair market price at any time.

Neutral scenario | Favourable scenario | Non favourable scenario

The amount you will get back from this product is not fixed. What you get will vary depending on how the market performs and how long you keep the investment. This graph shows some potential returns over the next 5 years, in different scenarios, based on an investment of €1.000.

However, there is no guarantee you will get any of these returns, and the returns shown are not equally likely. You can use this to compare this product with other products. The figures shown take into account all costs, but not your personal taxes.

Please click on the picture to enlarge!

Looking at the information sheets above for product A and B, in your opinion with which product are you guaranteed

	Product A	Product B	Both products	Neither product	Not clear from the information shown
To get a positive return (that is, an amount in addition to what you invested)	○	○	○	○	○
To get back the money you invested.	○	○	○	○	○

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Annex 3 Quantitative research variants – Phase I

A3.1 Risk variants

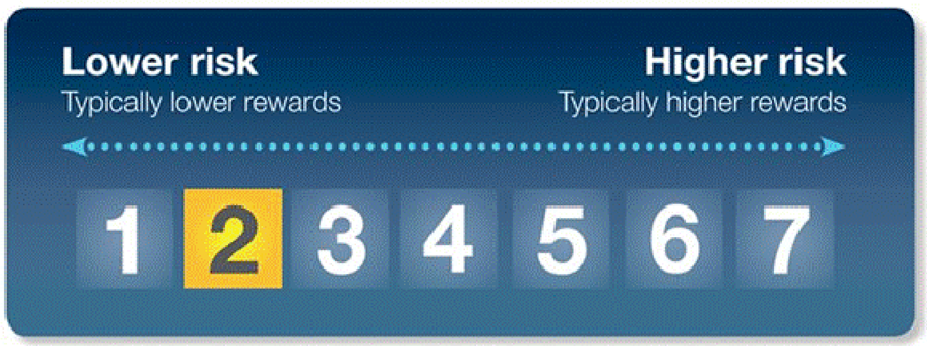
A1

This risk indicator helps you assess the risks with this product and compare them with other products. It takes into account the likelihood of possible losses, assuming you keep the product for the recommended holding period.

This product does not include any capital protection so in the worst case you could lose 100% of your investment.

In the event the manufacturer is not able to pay you what is owed, you could also lose all your investment. The indicator assumes you keep the product for the recommended holding period. But you can cash in at a fair market price at any time.

B1



This risk indicator helps you assess the risks with this product and compare them with other products. It takes into account the likelihood of possible losses, assuming you keep the product for the recommended holding period.

Your original investment is fully (100%) protected against losses at the recommended holding period, though the returns are not guaranteed.

However, in the event the manufacturer is not able to pay you what is owed, you could lose all your investment. The indicator assumes you keep the product for the recommended holding period. Be aware that cashing in early implies additional costs.

C1

This risk indicator helps you assess the risks with this product and compare them with other products. It takes into account the likelihood of possible losses, assuming you keep the product for the recommended holding period.

Your original investment is fully (100%) protected against losses at the recommended holding period, though the returns are not guaranteed.

In addition, this product is covered by a deposit scheme in case the manufacturer is not able to pay, so you can still recover up to £100.000. The indicator assumes you keep the product for the recommended holding period. Be aware that cashing in early is only possible with the manufacturer at a price that will be determined then.

D1

This risk indicator helps you assess the risks with this product and compare them with other products. It takes into account the likelihood of possible losses, assuming you keep the product for the recommended holding period.

This product does not include any capital protection so in the worst case you could lose 100% of your investment.

In the event the manufacturer is not able to pay you what is owed, you could lose all your investment. The indicator assumes you keep the product for the recommended holding period. Be aware that cashing in early is only possible on a secondary market, where costs and prices vary.

A2

This risk indicator helps you assess the risks with this product and compare them with other products. It takes into account the likelihood of possible losses, assuming you keep the product for the recommended holding period.

This product does not include any capital protection so in the worst case you could lose 100% of your investment.

In the event the manufacturer is not able to pay you what is owed, you could also lose all your investment. The indicator assumes you keep the product for the recommended holding period. But you can cash in at a fair market price at any time.

B2

This risk indicator helps you assess the risks with this product and compare them with other products. It takes into account the likelihood of possible losses, assuming you keep the product for the recommended holding period.

Your original investment is fully (100%) protected against losses at the recommended holding period, though the returns are not guaranteed.

However, in the event the manufacturer is not able to pay you what is owed, you could lose all your investment. The indicator assumes you keep the product for the recommended holding period. Be aware that cashing in early implies additional costs.

C2

This risk indicator helps you assess the risks with this product and compare them with other products. It takes into account the likelihood of possible losses, assuming you keep the product for the recommended holding period.

Your original investment is fully (100%) protected against losses at the recommended holding period, though the returns are not guaranteed.

In addition, this product is covered by a deposit scheme in case the manufacturer is not able to pay, so you can still recover up to £100.000. The indicator assumes you keep the product for the recommended holding period. Be aware that cashing in early is only possible with the manufacturer at a price that will be determined then.

D2

This risk indicator helps you assess the risks with this product and compare them with other products. It takes into account the likelihood of possible losses, assuming you keep the product for the recommended holding period.

This product does not include any capital protection so in the worst case you could lose 100% of your investment.

In the event the manufacturer is not able to pay you what is owed, you could lose all your investment. The indicator assumes you keep the product for the recommended holding period. Be aware that cashing in early is only possible on a secondary market, where costs and prices vary.

A3

This risk indicator helps you assess the risks with this product and compare them with other products. It takes into account the likelihood of possible losses, assuming you keep the product for the recommended holding period.

This product does not include any capital protection so in the worst case you could lose 100% of your investment.

In the event the manufacturer is not able to pay you what is owed, you could also lose all your investment. The indicator assumes you keep the product for the recommended holding period. But you can cash in at a fair market price at any time.

B3

This risk indicator helps you assess the risks with this product and compare them with other products. It takes into account the likelihood of possible losses, assuming you keep the product for the recommended holding period.

Your original investment is fully (100%) protected against losses at the recommended holding period, though the returns are not guaranteed.

However, in the event the manufacturer is not able to pay you what is owed, you could lose all your investment. The indicator assumes you keep the product for the recommended holding period. Be aware that cashing in early implies additional costs.

C3

This risk indicator helps you assess the risks with this product and compare them with other products. It takes into account the likelihood of possible losses, assuming you keep the product for the recommended holding period.

Your original investment is fully (100%) protected against losses at the recommended holding period, though the returns are not guaranteed.

In addition, this product is covered by a deposit scheme in case the manufacturer is not able to pay, so you can still recover up to £100.000. The indicator assumes you keep the product for the recommended holding period. Be aware that cashing in early is only possible with the manufacturer at a price that will be determined then.

D3

This risk indicator helps you assess the risks with this product and compare them with other products. It takes into account the likelihood of possible losses, assuming you keep the product for the recommended holding period.

This product does not include any capital protection so in the worst case you could lose 100% of your investment.

In the event the manufacturer is not able to pay you what is owed, you could lose all your investment. The indicator assumes you keep the product for the recommended holding period. Be aware that cashing in early is only possible on a secondary market, where costs and prices vary.

A3.2 Performance variants

A1

Investment = £1,000 Scenarios		1 years	3 years	Recommended (5 years holding period)
Non favourable scenario	Estimated return (net of costs) (£) Average annual return (%)	920 -8.00%	857 -5.00%	951 -1%
Neutral scenario	Estimated return (net of costs) (£) Average annual return (%)	1,030 3%	1,093 3%	1,159 3%
Favourable scenario	Estimated return (net of costs) (£) Average annual return (%)	1,100 10%	1,225 7%	1,338 6%

The amount you will get back from this product is not fixed. What you get will vary depending on how the market performs and how long you keep the investment. This table shows some potential returns over the next 5 years, in different scenarios, based on an investment of £1.000.

However, there is no guarantee you will get any of these returns, and the returns shown are not equally likely. You can use this to compare this product with other products. The figures shown take into account all costs, but not your personal taxes.

B1

Investment = £1,000 each year Scenarios		1 years	5 years	Recommended (12 years holding period)
Non favourable scenario	Estimated return (net of costs) (£) Average annual return (%)	921 -7.79%	4,904 -0.6%	12,996 1.2%
Neutral scenario	Estimated return (net of costs) (£) Average annual return (%)	930 -7%	5,080 0.8%	13,887 2.2%
Favourable scenario	Estimated return (net of costs) (£) Average annual return (%)	937 -6.1%	5,111 1.1%	14,845 3.2%

The amount you will get back from this product is not fixed. What you get will vary depending on how the market performs and how long you keep the investment. This table shows some potential returns over the next 12 years, in different scenarios, based on an investment of £1.000 per year.

However, there is no guarantee you will get any of these returns, and the returns shown are not equally likely. You can use this to compare this product with other products. The figures shown take into account all costs, but not your personal taxes.

C1

Investment = £1,000 Scenarios		1 years	3 years	Recommended (5 years holding period)
Non favourable scenario	Estimated return (net of costs) (£) Average annual return (%)	923 -7.7%	941 -2%	1,000 0%
Neutral scenario	Estimated return (net of costs) (£) Average annual return (%)	942 -5.8%	1,002 0.1%	1,104 2%
Favourable scenario	Estimated return (net of costs) (£) Average annual return (%)	972 -2.8%	1,097 3.1%	1,276 5%

The amount you will get back from this product is not fixed. What you get will vary depending on how the market performs and how long you keep the investment. This table shows some potential returns over the next 5 years, in different scenarios, based on an investment of £1.000.

However, there is no guarantee you will get any of these returns, and the returns shown are not equally likely. You can use this to compare this product with other products. The figures shown take into account all costs, but not your personal taxes.

D1

Investment = £1,000 Scenarios		1 years	2 years	Recommended (3 years holding period)
Non favourable scenario	Estimated return (net of costs) (£) Average annual return (%)	994 -0.6%	916 -4.3%	854 -5.1%
Neutral scenario	Estimated return (net of costs) (£) Average annual return (%)	1,203 20.3%	1,215 10.2%	1,240 7.4%
Favourable scenario	Estimated return (net of costs) (£) Average annual return (%)	1,203 20.3%	1,215 10.2%	1,240 7.4%

The amount you will get back from this product is not fixed. What you get will vary depending on how the market performs and how long you keep the investment. This table shows some potential returns over the next 3 years, in different scenarios, based on an investment of £1.000.

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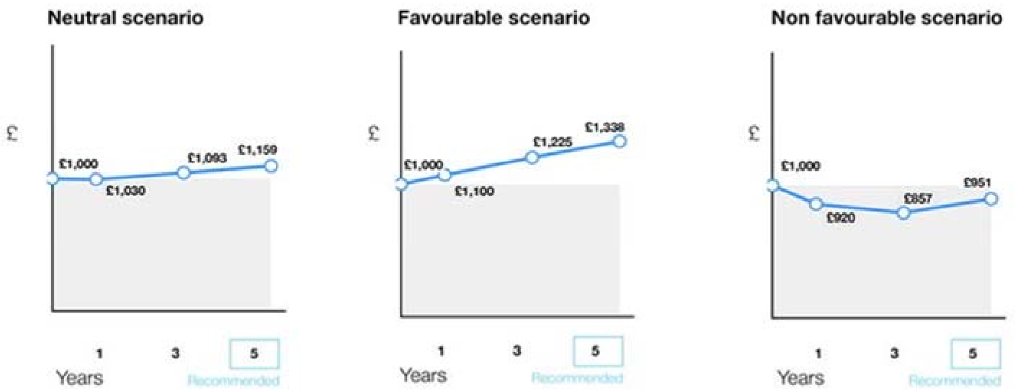
A2



The amount you will get back from this product is not fixed. What you get will vary depending on how the market performs and how long you keep the investment. This graph shows some potential returns over the next 5 years, in different scenarios, based on an investment of £1.000.

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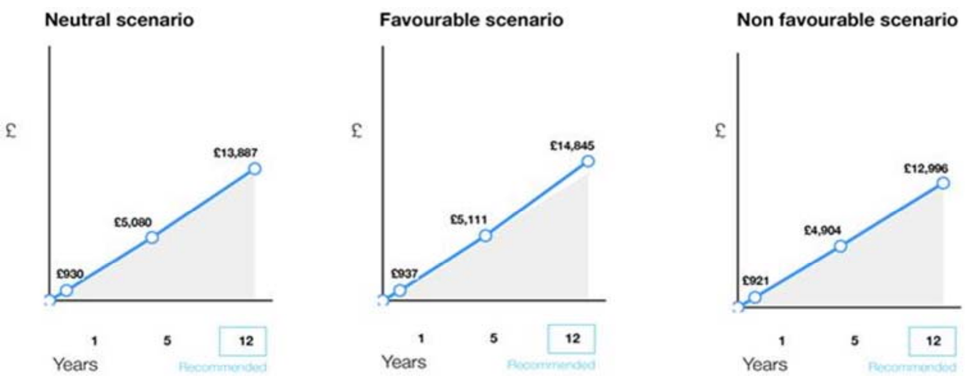
B2



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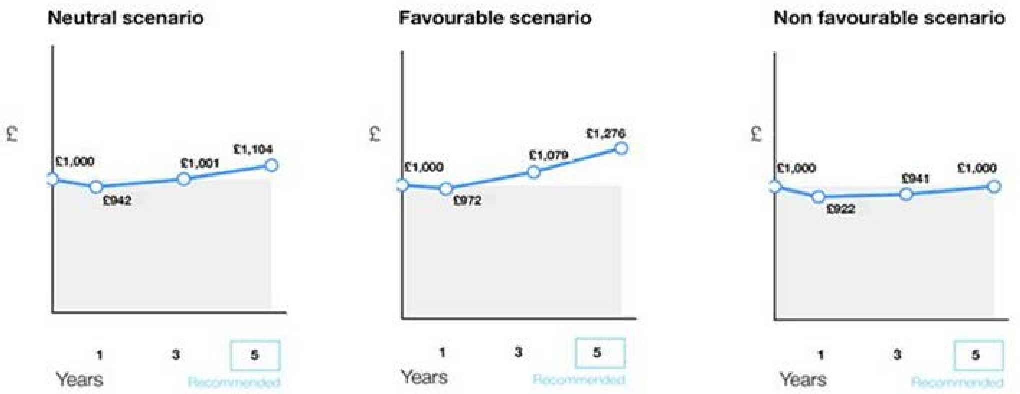
C2



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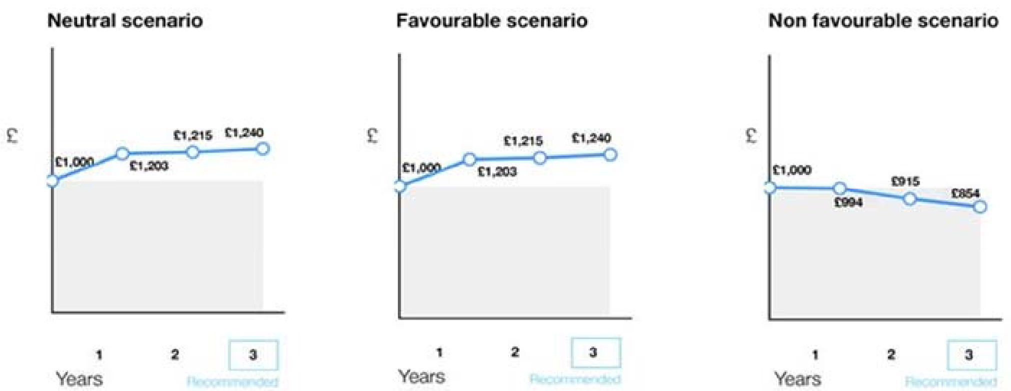
D2



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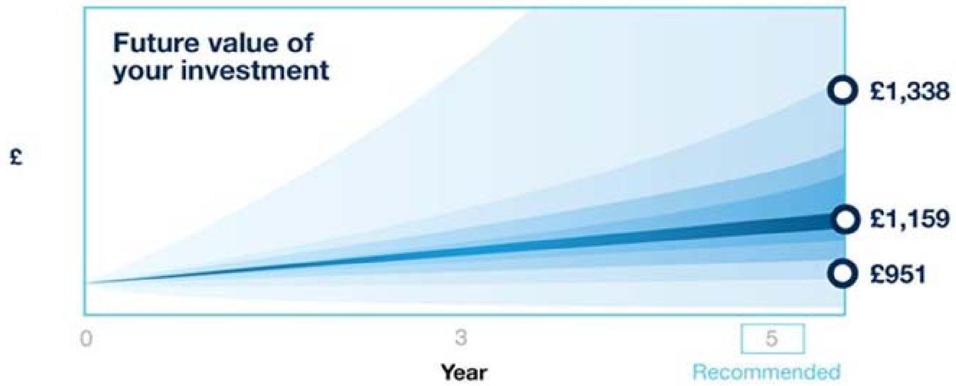
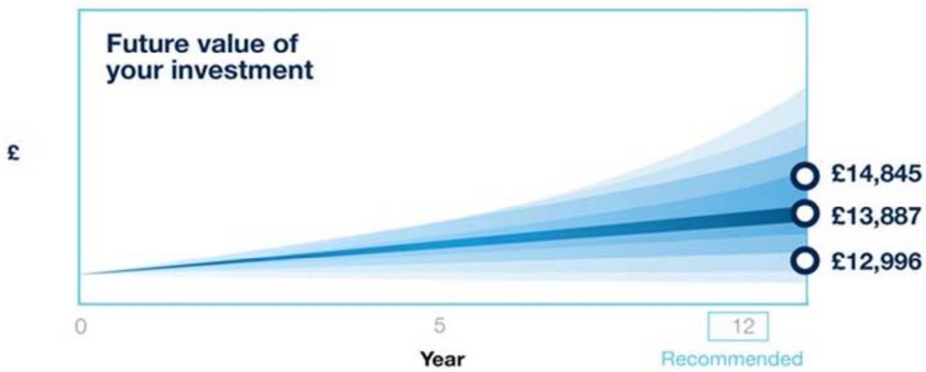
A3



The amount you will get back from this product is not fixed. What you get will vary depending on how the market performs and how long you keep the investment. This graph shows some potential returns over the next 5 years, in different scenarios, based on an investment of £1.000.

However, there is no guarantee you will get any of these returns. The graph shows you how likely the different returns are. You can use this to compare this product with other products. The figures shown take into account all costs, but not your personal taxes.

B3



The amount you will get back from this product is not fixed. What you get will vary depending on how the market performs and how long you keep the investment. This graph shows some potential returns over the next 12 years, in different scenarios, based on an investment of £1.000 per year.

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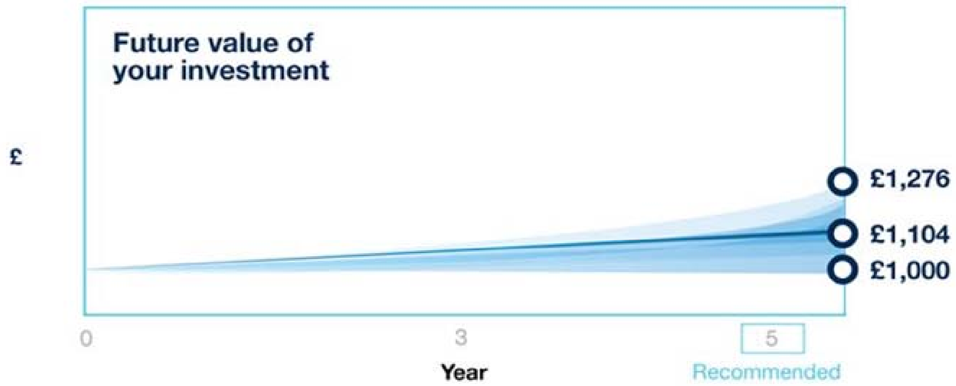
C3



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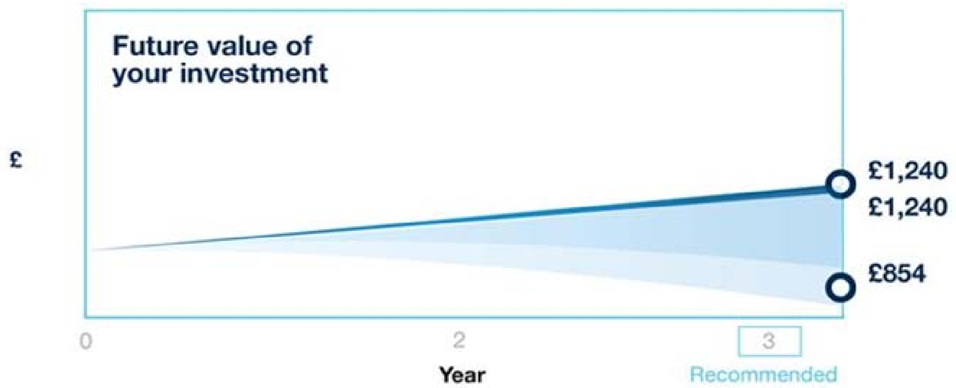
D3



The amount you will get back from this product is not fixed. What you get will vary depending on how the market performs and how long you keep the investment. This graph shows some potential returns over the next 3 years, in different scenarios, based on an investment of £1.000.

However, there is no guarantee you will get any of these returns. The graph shows you how likely the different returns are. You can use this to compare this product with other products. The figures shown take into account all costs, but not your personal taxes.

A4

Investment £1,000

Scenarios		Recommended (5 years holding period)
Non favourable scenario	Estimated return (net of costs) (£) Average annual return (%)	**951** **-1%**
Neutral scenario	Estimated return (net of costs) (£) Average annual return (%)	**1,159** **3%**
Favourable scenario	Estimated return (net of costs) (£) Average annual return (%)	**1,338** **6%**

The amount you will get back from this product is not fixed. What you get will vary depending on how the market performs and how long you keep the investment. This table shows some potential returns over the next 5 years, in different scenarios, based on an investment of £1.000.

However, there is no guarantee you will get any of these returns, and the returns shown are not equally likely. You can use this to compare this product with other products. The figures shown take into account all costs, but not your personal taxes.

B4

Investment £1,000 per year

Scenarios		Recommended (12 years holding period)
Non favourable scenario	Estimated return (net of costs) (£) Average annual return (%)	**12,996** **1.2%**
Neutral scenario	Estimated return (net of costs) (£) Average annual return (%)	**13,887** **2.2%**
Favourable scenario	Estimated return (net of costs) (£) Average annual return (%)	**14,845** **3.2%**

The amount you will get back from this product is not fixed. What you get will vary depending on how the market performs and how long you keep the investment. This table shows some potential returns over the next 12 years, in different scenarios, based on an investment of £1.000 per year.

However, there is no guarantee you will get any of these returns, and the returns shown are not equally likely. You can use this to compare this product with other products. The figures shown take into account all costs, but not your personal taxes.

C4

Investment £1,000 Scenarios		Recommended (5 years holding period)
Non favourable scenario	Estimated return (net of costs) (£) Average annual return (%)	**1,000** **0%**
Neutral scenario	Estimated return (net of costs) (£) Average annual return (%)	**1,104** **2%**
Favourable scenario	Estimated return (net of costs) (£) Average annual return (%)	**1,276** **5%**

The amount you will get back from this product is not fixed. What you get will vary depending on how the market performs and how long you keep the investment. This table shows some potential returns over the next 5 years, in different scenarios, based on an investment of £1.000.

However, there is no guarantee you will get any of these returns, and the returns shown are not equally likely. You can use this to compare this product with other products. The figures shown take into account all costs, but not your personal taxes.

D4

Investment £1,000 Scenarios		Recommended (3 years holding period)
Non favourable scenario	Estimated return (net of costs) (£) Average annual return (%)	**854** **-5%**
Neutral scenario	Estimated return (net of costs) (£) Average annual return (%)	**1,240** **7.4%**
Favourable scenario	Estimated return (net of costs) (£) Average annual return (%)	**1,240** **7.4%**

The amount you will get back from this product is not fixed. What you get will vary depending on how the market performs and how long you keep the investment. This table shows some potential returns over the next 3 years, in different scenarios, based on an investment of £1.000.

However, there is no guarantee you will get any of these returns, and the returns shown are not equally likely. You can use this to compare this product with other products. The figures shown take into account all costs, but not your personal taxes.

A5

The amount you will get back from this product is not fixed. What you get will vary depending on how the market performs and how long you keep the investment. This graph shows some potential returns over the next 5 years, in different scenarios, based on an investment of £1.000.

However, there is no guarantee you will get any of these returns. The graph shows you how likely the different returns are. You can use this to compare this product with other products. The figures shown take into account all costs, but not your personal taxes.

B5

The amount you will get back from this product is not fixed. What you get will vary depending on how the market performs and how long you keep the investment. This graph shows some potential returns over the next 12 years, in different scenarios, based on an investment of £1.000 per year.

However, there is no guarantee you will get any of these returns. The graph shows you how likely the different returns are. You can use this to compare this product with other products. The figures shown take into account all costs, but not your personal taxes.

C5

The amount you will get back from this product is not fixed. What you get will vary depending on how the market performs and how long you keep the investment. This graph shows some potential returns over the next 5 years, in different scenarios, based on an investment of £1.000.

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D5

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However, there is no guarantee you will get any of these returns. The graph shows you how likely the different returns are. You can use this to compare this product with other products. The figures shown take into account all costs, but not your personal taxes.

A3.3 Cost variants

A1

This section will help you understand the expected costs for this product (based on last year costs) and compare them to other investment products. The cost is displayed in a standardized way, assuming an initial investment of £1000 that grows at 2% each year, even if 2% may not be a good estimate for the return you might get back.

Per £1,000 investment

Investment £1,000 Assumed annual return 2%	Holding period 1 year	3 years	Recommended 5 years
Value excluding costs	£1,020	£1,061	£1,104
Value including costs	£975	£986	£999
Costs per year in %	4.5%	2.6%	2.2%
Costs per year in £	£45	£25	£22
Overall costs in £	**£45**	**£75**	**£105**

In the figure, the cost of this product are split into what you pay at the start of the investment period, what is taken from your investment each year, and what you pay when you cash in your investment. For costs at the start and the end of the investment, the maximum is shown; you could pay less. The table shows how these costs will impact on your investment over different years.

B1

This section will help you understand the expected costs for this product and compare them to other investment products. The cost is displayed in a standardized way, assuming an investment of £1000 each year that grows at 2% each year, even if 2% may not be a good estimate for the return you might get back.

Per £1,000 investment

Investment £1,000 each year Assumed annual return 2%	Holding period 1 year	 5 years	Recommended 12 years
Value excluding costs	£1,020	£5,204	£13,412
Value including costs	£922	£5,009	£13,080
Costs per year in %	9.8%	1.2%	0.5%
Costs per year in £	£98	£59	£50
Overall costs in £	**£98**	**£299**	**£600**

In the figure, the cost of this product are split into what you pay at the start of the investment period, what is taken from your investment each year, and what you pay when you cash in your investment. For costs at the start and the end of the investment, the maximum is shown; you could pay less. The table shows how these costs will impact on your investment over different years.

C1

This section will help you understand the expected costs for this product (based on last year costs) and compare them to other investment products. The cost is displayed in a standardized way, assuming an initial investment of £1000 that grows at 2% each year, even if 2% may not be a good estimate for the return you might get back.

Per £1,000 investment

Investment £1,000 Assumed annual return 2%	Holding period 1 year	 3 years	Recommended 5 years
Value excluding costs	£1,020	£1,061	£1,104
Value including costs	£931	£972	£1,024
Costs per year in %	9.0%	3.1%	1.7%
Costs per year in £	£89	£29	£17
Overall costs in £	**£89**	**£89**	**£80**

In the figure, the cost of this product are split into what you pay at the start of the investment period, what is taken from your investment each year, and what you pay when you cash in your investment. For costs at the start and the end of the investment, the maximum is shown; you could pay less. The table shows how these costs will impact on your investment over different years.

D1

This section will help you understand the expected costs for this product (based on last year costs) and compare them to other investment products. The cost is displayed in a standardized way, assuming an initial investment of £1000 that grows at 2% each year, even if 2% may not be a good estimate for the return you might get back.

Per £1,000 investment

Investment £1,000 Assumed annual return 2%	Holding period 1 year	 2 years	Recommended 3 years
Value excluding costs	£1,020	£1,040	£1,061
Value including costs	£928	£948	£981
Costs per year in %	9.2%	4.7%	2.6%
Costs per year in £	£92	£46	£26
Overall costs in £	**£92**	**£92**	**£80**

In the figure, the cost of this product are split into what you pay at the start of the investment period, what is taken from your investment each year, and what you pay when you cash in your investment. For costs at the start and the end of the investment, the maximum is shown; you could pay less. The table shows how these costs will impact on your investment over different years.

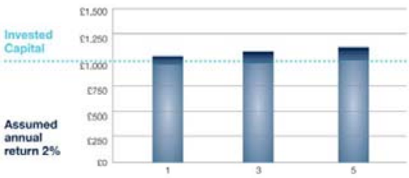
A2

This section will help you understand the expected costs for this product and compare them to other investment products. The cost is displayed in a standardized way, assuming an initial investment of £1000 that grows at 2% each year, even if 2% may not be a good estimate for the return you might get back.

Value of investment components	**Entry costs** (%)	**Entry costs** (monetary terms)	**On going yearly costs** (%)	**On going yearly costs** (monetary terms)	**Exit costs** (%)	**Exit costs** (monetary terms)
Gross investment (A)	100%	1,000				
Costs of the product* (B)	0.3%	3	1.4%	14	0%	0
Investment services Costs** (C)	2.7%	27	0.1%	1	0%	0
Fair value/invested capital (A-B-C)	97%	970				

* % third party payments

** costs linked to the provision of investment services known by the manufacturer



Year	1	3	Recommended 5
Costs per year in £	£45	£24	£21
Costs per year in %	4.5%	2.6%	2.2%
Overall costs in £	£45	£74	£105
Value after costs	£975	£986	£999

The table shows the costs of this product. It is calculated as the difference between how much you are paying for the product, and what the real value of the investment is. Additionally, it also shows ongoing costs which will be charged yearly and the exit costs that could apply if you decide to cash in the investment early. For the entry costs and the exit costs, the maximum is shown; you could pay less. The graph shows how these costs impact your investment if you cashed in after the number of years shown.

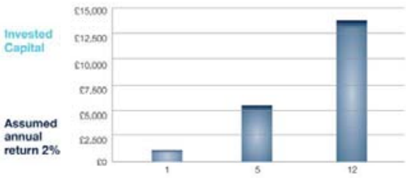
B2

This section will help you understand the expected costs for this product and compare them to other investment products. The cost is displayed in a standardized way, assuming an investment of £1000 each year that grows at 2% each year, even if 2% may not be a good estimate for the return you might get back.

Value of investment components	Entry costs (%)	Entry costs (monetary terms)	On going yearly costs (%)	On going yearly costs (monetary terms)	Exit costs (%)	Exit costs (monetary terms)
Gross investment (A)	100%	1,000				
Costs of the product* (B)	0.5%	5	1.3%	13	5%	50
Investment services Costs** (C)	4.5%	45	0.2%	2	0%	0
Fair value/invested capital (A-B-C)	95%	950				

* % third party payments

** costs linked to the provision of investment services known by the manufacturer



Year	1	5	12 (Recommended)
Costs per year in £	£98	£95	£50
Costs per year in %	9.2%	1.2%	0.5%
Overall costs in £	£98	£299	£600
Value after costs	£922	£5,009	£13,080

The table shows the costs of this product. It is calculated as the difference between how much you are paying for the product, and what the real value of the investment is. Additionally, it also shows ongoing costs which will be charged yearly and the exit costs that could apply if you decide to cash in the investment early. For the entry costs and the exit costs, the maximum is shown; you could pay less. The graph shows how these costs impact your investment if you cashed in after the number of years shown.

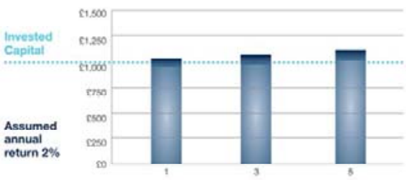
C2

This section will help you understand the expected costs for this product and compare them to other investment products. The cost is displayed in a standardized way, assuming an initial investment of £1000 that grows at 2% each year, even if 2% may not be a good estimate for the return you might get back.

Value of investment components	Entry costs (%)	Entry costs (monetary terms)	On going yearly costs (%)	On going yearly costs (monetary terms)	Exit costs (%)	Exit costs (monetary terms)
Gross investment (A)	100%	1,000				
Costs of the product* (B)	3.5%	35	0%	0	0%	0
Investment services Costs** (C)	4.5%	45	0%	0	0%	0
Fair value/invested capital (A-B-C)	92%	920				

* % third party payments

** costs linked to the provision of investment services known by the manufacturer



Year	1	3	5 (Recommended)
Costs per year in £	£89	£29	£16
Costs per year in %	9.0%	3.1%	1.7%
Overall costs in £	£89	£89	£80
Value after costs	£931	£972	£1,024

The table shows the costs of this product. It is calculated as the difference between how much you are paying for the product, and what the real value of the investment is. Additionally, it also shows ongoing costs which will be charged yearly and the exit costs that could apply if you decide to cash in the investment early. For the entry costs and the exit costs, the maximum is shown; you could pay less. The graph shows how these costs impact your investment if you cashed in after the number of years shown.

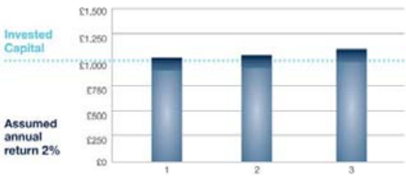
D2

This section will help you understand the expected costs for this product and compare them to other investment products. The cost is displayed in a standardized way, assuming an initial investment of £1000 that grows at 2% each year, even if 2% may not be a good estimate for the return you might get back.

Value of investment components	**Entry costs** (%)	**Entry costs** (monetary terms)	**On going yearly costs** (%)	**On going yearly costs** (monetary terms)	**Exit costs** (%)	**Exit costs** (monetary terms)
Gross investment (A)	100%	1,000				
Costs of the product* (B)	4.5%	45	0%	0	0%	0
Investment services Costs** (C)	3.5%	35	0%	0	0%	0
Fair value/invested capital (A-B-C)	92%	920				

* % third party payments

** costs linked to the provision of investment services known by the manufacturer



Year	1	2	3 (Recommended)
Costs per year in £	£92	£46	£26
Costs per year in %	9.2%	4.7%	2.6%
Overall costs in £	£92	£92	£80
Value after costs	£926	£946	£961

The table shows the costs of this product. It is calculated as the difference between how much you are paying for the product, and what the real value of the investment is. Additionally, it also shows ongoing costs which will be charged yearly and the exit costs that could apply if you decide to cash in the investment early. For the entry costs and the exit costs, the maximum is shown; you could pay less. The graph shows how these costs impact your investment if you cashed in after the number of years shown.

A3

This section will help you understand the expected costs for this product and compare them to other investment products. The cost is displayed in a standardized way, assuming an initial investment of £1000.

Total cost ratio (TCR)

Costs per year for five years (£1,000 invested)

2.2% TCR

Investment £1,000	**If you cash in after 1 year**	**If you cash in after 3 years**	**If you cash in after 5 years (recommended)**
Investment made	£1,000	£1,000	£1,000
- Entry costs	£30	£30	£30
- Ongoing costs	£15	£45	£75
+ Return	£29	£61	£104
- Exit Costs	£0	£0	£0
= What you might get back	£975	£986	£999
TCR	**4.5%**	**2.6%**	**2.2%**

The TCR is the average overall costs per year, if you held the investment for the recommended 5 years. The amount is shown as a percentage and a monetary figure. The TCR could be higher if you cash in the investment early. The table shows more detail on how the costs impact your investment if you cash in at different points of time.

B3

This section will help you understand the expected costs for this product and compare them to other investment products. The cost is displayed in a standardized way, assuming an investment of £1000 each year.

Total cost ratio (TCR)
Costs per year for twelve years
(£1,000 invested each year)

0.5% TCR

Investment £12,000	If you cash in after 1 year	If you cash in after 5 years	If you cash in after 12 years (recommended)
Investment made	£1,000	£5,000	£12,000
- Entry costs	£33	£174	£420
- Ongoing costs	£15	£75	£75
+ Return	£29	£61	£180
- Exit Costs	£50	£50	£0
= What you might get back	£922	£5,009	£13,060
TCR	**9.8%**	**1.2%**	**0.5%**

The TCR is the average overall costs per year, if you held the investment for the recommended 12 years. The amount is shown as a percentage and a monetary figure. The TCR could be higher if you cash in the investment early. The table shows more detail on how the costs impact your investment if you cash in at different points of time.

C3

This section will help you understand the expected costs for this product and compare them to other investment products. The cost is displayed in a standardized way, assuming an initial investment of £1000.

Total cost ratio (TCR)
Costs per year for five years
(£1,000 invested)

1.7% TCR

Investment £1,000	If you cash in after 1 year	If you cash in after 3 years	If you cash in after 5 years (recommended)
Investment made	£1,000	£1,000	£1,000
- Entry costs	£80	£80	£80
- Ongoing costs	£9	£9	£0
+ Return	£20	£61	£104
- Exit Costs	£0	£0	£0
= What you might get back	£931	£972	£1,024
TCR	**9.0%**	**3.1%**	**1.7%**

The TCR is the average overall costs per year, if you held the investment for the recommended 5 years. The amount is shown as a percentage and a monetary figure. The TCR could be higher if you cash in the investment early. The table shows more detail on how the costs impact your investment if you cash in at different points of time.

D3

This section will help you understand the expected costs for this product and compare them to other investment products. The cost is displayed in a standardized way, assuming an initial investment of £1000.

Investment £1,000	If you cash in after 1 year	If you cash in after 2 years	If you cash in after 3 years (recommended)
Investment made	£1,000	£1,000	£1,000
- Entry costs	£80	£80	£80
- Ongoing costs	£12	£12	£0
+ Return	£20	£41	£61
- Exit Costs	£0	£0	£0
= What you might get back	£928	£948	£981
TCR	**9.3%**	**4.7%**	**2.6%**

The TCR is the average overall costs per year, if you held the investment for the recommended 3 years. The amount is shown as a percentage and a monetary figure. The TCR could be higher if you cash in the investment early. The table shows more detail on how the costs impact your investment if you cash in at different points of time.

A4

This section will help you understand the expected costs for this product and compare them to other investment products. The cost is displayed in a standardized way, assuming an initial investment of £1000 that grows at 2% each year, even if 2% may not be a good estimate for the return you might get back.

What are the costs?

	Investment Made -	Entry and yearly Costs +	Return -	Exit Costs =	What you might get back	Costs per year (%)
After 1 year	£1,000 -	£45 +	£20 -	£0 =	£975	4.5% a year
After 3 years	£1,000 -	£75 +	£61 -	£0 =	£986	2.6% a year
After 5 years Recommended	£1,000 -	£105 +	£104 -	£0 =	£999	2.2% a year

The resulting costs based on a forecast of 2% increase in the value of the investment, if you left in the year shown

The figure shows an estimate of the overall costs for this product, and how much these costs can vary. The estimate of the overall costs of the product is based on the assumption that you do not cash in your investment before 5 years. The table shows how the costs impact your investment if you cashed in after the number of years shown.

B4

This section will help you understand the expected costs for this product and compare them to other investment products. The cost is displayed in a standardized way, assuming an investment of £1000 each year that grows at 2% each year, even if 2% may not be a good estimate for the return you might get back.

What are the costs?

	Investment Made -	Entry and yearly Costs +	Return -	Exit Costs =	What you might get back	Costs per year (%)
After 1 year	£1,000 -	£48 +	£20 -	£50 =	£922	9.8% a year
After 5 years	£5,000 -	£249 +	£204 -	£50 =	£5,009	1.2% a year
After 12 years Recommended	£12,000 -	£600 +	£1,412 -	£0 =	£13,080	0.5% a year

The resulting costs based on a forecast of 2% increase in the value of the investment, if you left in the year shown

In the figure, the cost of this product are split into what you pay at the start of the investment period, what is taken from your investment each year, and what you pay when you cash in your investment. For costs at the start and the end of the investment, the maximum is shown; you could pay less. The table shows how these costs will impact on your investment over different years.

C4

This section will help you understand the expected costs for this product and compare them to other investment products. The cost is displayed in a standardized way, assuming an initial investment of £1000 that grows at 2% each year, even if 2% may not be a good estimate for the return you might get back.

What are the costs?

	Investment Made -	Entry and yearly Costs +	Return -	Exit Costs =	What you might get back	Costs per year (%)
After 1 year	£1,000 -	£89 +	£20 -	£0 =	£931	9% a year
After 3 years	£1,000 -	£89 +	£61 -	£0 =	£972	3.1% a year
After 5 years Recommended	£1,000 -	£80 +	£104 -	£0 =	£1,024	1.7% a year

The resulting costs based on a forecast of 2% increase in the value of the investment, if you left in the year shown

The figure shows an estimate of the overall costs for this product, and how much these costs can vary. The estimate of the overall costs of the product is based on the assumption that you do not cash in your investment before 5 years. The table shows how the costs impact your investment if you cashed in after the number of years shown.

D4

This section will help you understand the expected costs for this product and compare them to other investment products. The cost is displayed in a standardized way, assuming an initial investment of £1000 that grows at 2% each year, even if 2% may not be a good estimate for the return you might get back.

What are the costs?

	Investment Made -	Entry and yearly Costs +	Return -	Exit Costs =	What you might get back	Costs per year (%)
After 1 year	£1,000 -	£92 +	£20 -	£0 =	£928	9.2% a year
After 2 years	£1,000 -	£92 +	£41 -	£0 =	£948	4.7% a year
After 3 years Recommended	£1,000 -	£80 +	£61 -	£0 =	£981	2.6% a year

The resulting costs based on a forecast of 2% increase in the value of the investment, if you left in the year shown

The figure shows an estimate of the overall costs for this product, and how much these costs can vary. The estimate of the overall costs of the product is based on the assumption that you do not cash in your investment before 3 years. The table shows how the costs impact your investment if you cashed in after the number of years shown.

Annex 4 Quantitative research additional tables – Phase I

A4.1 Demographic information by country

Table 133: Gender of those screened in by country

Country	Female		Male		Total No.
	%	No.	%	No.	
Czech Republic	49.5	228	50.5	249	477
France	50.0	475	50.1	477	952
Germany	49.4	486	50.6	500	986
Italy	50.7	429	49.3	421	850
Netherlands	50.3	225	49.7	229	454
Slovakia	51.7	232	48.3	213	445
Slovenia	48.6	214	51.4	237	451
Spain	49.6	450	50.4	459	909
Sweden	50.0	246	50.0	228	474
UK	50.7	481	49.3	475	956
Total	50.0	3,466	50.0	3,488	6,954

Note: Proportions are weighted by age, gender and education using Eurostat 2013 data.
Source: London Economics' analysis of Ipsos data.

Table 134: Age of those screened in by country

	18 - 24		25 - 34		35 - 44		45 - 54		55 - 64		65+		Total
	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	No.
Czech Republic	11.5	60	21.5	121	24.5	140	19.4	117	12.7	23	10.5	16	477
France	12.5	104	20.1	185	21.6	195	22.4	210	18.8	210	4.5	48	952
Germany	11.8	103	19.2	168	20.7	204	26.2	258	19.1	217	3.2	36	986
Italy	6.7	45	17.5	149	26.6	223	26.1	211	19.5	188	3.6	34	850
Netherlands	7.0	26	19.7	88	23.5	105	25.4	113	20.9	104	3.6	18	454
Slovakia	10.6	68	24.2	119	24.0	149	21.4	80	11.6	17	8.1	12	445
Slovenia	7.2	41	20.3	99	22.9	110	24.4	86	22.0	100	3.2	15	451
Spain	8.3	59	20.3	183	27.2	242	24.0	214	17.0	178	3.2	33	909
Sweden	12.8	43	19.9	78	22.3	108	22.3	110	17.5	110	5.3	25	474
UK	12.6	81	21.0	198	22.2	207	23.1	213	16.3	197	4.8	60	956
Total	10.8	630	19.8	1,388	22.9	1,683	24.2	1,612	18.1	1,344	4.2	297	6,954

Note: Proportions are weighted by age, gender and education using Eurostat 2013 data.
Source: London Economics' analysis of Ipsos data.

Table 135: Educational attainment of those screened in by country							
	Low		Medium		High		Total
	%	No.	%	No.	%	No.	No.
Czech Republic	7.8	34	73.2	346	18.9	97	477
France	26.2	220	43.0	430	30.8	302	952
Germany	15.7	162	58.6	570	25.7	254	986
Italy	41.5	342	42.6	371	15.9	137	850
Netherlands	26.2	113	41.2	193	32.6	148	454
Slovakia	6.3	12	74.0	329	19.8	104	445
Slovenia	13.8	45	59.6	276	26.6	130	451
Spain	43.2	383	23.6	224	33.3	302	909
Sweden	19.0	57	47.0	238	34.1	179	474
UK	22.2	194	39.4	391	38.3	371	956
Total	25.2	1,562	45.6	3,368	29.2	2,024	6,954

Note: Proportions are weighted by age, gender and education using Eurostat 2013 data.
Source: London Economics' analysis of Ipsos data.

Table 136: Labour status of those screened in by country					
Country	Active labour status		Inactive labour status		Total No.
	%	No.	%	No.	
Czech Republic	76.0	388	24.0	89	477
France	72.1	677	27.9	275	952
Germany	74.6	735	25.4	251	986
Italy	74.1	628	25.9	222	850
Netherlands	71.7	325	28.4	129	454
Slovakia	71.9	344	28.1	101	445
Slovenia	72.5	326	27.5	125	451
Spain	77.3	699	22.7	210	909
Sweden	74.1	363	25.9	111	474
UK	69.8	650	30.2	306	956
Total	73.3	5,135	26.7	1,819	6,954

Note: Proportions are weighted by age, gender and education using Eurostat 2013 data.
Active labour status includes those employed, self-employed and unemployed but looking for a job.
Source: London Economics' analysis of Ipsos data.

Table 137: Marital status of those screened in by country							
	Married/civil partnership		Unmarried		Other		Total
	%	No.	%	No.	%	No.	No.
Czech Republic	51.9	244	47.9	232	0.2	1	477
France	47.0	459	50.5	472	2.4	21	952
Germany	48.6	491	51.0	492	0.3	3	986
Italy	62.6	544	36.2	297	1.2	9	850
Netherlands	56.0	257	42.3	189	1.8	8	454
Slovakia	50.0	212	47.8	229	2.2	4	445
Slovenia	49.5	218	48.4	222	2.2	11	451
Spain	56.3	523	43.5	384	0.2	2	909
Sweden	40.2	199	58.6	271	1.2	4	474
UK	44.3	453	55.3	500	0.3	3	956
Total	50.2	3600	48.9	3288	0.9	66	6,954

Note: Proportions are weighted by age, gender and education using Eurostat 2013 data.
Source: London Economics' analysis of Ipsos data.

A4.2 Attitudes towards financial matters

A4.2.1 Self-reported reliance on others for financial advice

Table 138: Self-reported reliance on others for financial advice

Which of the following statements best applies to you when making decisions about financial products?	%	No.
When purchasing financial products, I like to make my own choices, and do not need any advice from others.	19.3	1,231
I consider the advice of financial advisors when choosing financial products, but like to make the decisions myself.	45.7	3,308
I generally rely on the advice of financial advisors about which financial products are best for me.	19.8	1,366
I generally rely on the advice of friends or relatives about which financial products and services are best for me.	15.3	1,049
Total	100	6,954

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Source: London Economics' analysis of Ipsos data.

A4.2.2 Risk attitude

Table 139: Self-reported risk attitudes

When it comes to financial decisions, are you generally a person who is…	%	No.
Not at all willing to take risks	29.2	1,867
Not very willing to take risks	51.1	3,642
Fairly willing to take risks	18.5	1,351
Very willing to take risks	1.3	94
Total	100	6,954

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Source: London Economics' analysis of Ipsos data.

Annex 5 Qualitative research discussion guide – Phase I

1	**Presentations and introduction to the study**	**Notes and prompts to moderator**
2 min	*Introduce self, Ipsos. Explain that the research is conducted on behalf of the European Commission. Present the research context: investment products.* *These are products designed by banks, insurers and other financial companies, so you make an investment, without having to buy and sell shares or other financial assets directly yourself.* *Explain the purpose of the research:* the European Commission is conducting a study in order to establish the new format and content of a Key Information Document which is provided to people when they purchase these types of investment products. The aim of the interview is therefore to discuss the different features of this document, in order to test which of these are preferable in terms of clarity, user-friendliness, design etc. *Confidentiality: reassure participants that they are not being judged and that any information provided will not be followed up with them in person in any way.* *Reassure that no previous knowledge is required, and no right or wrong answers – we want to understand participants' views and experiences.* *Get permission to record – transcribe for quotes, no detailed attribution.*	This section of the discussion sets the scene, reassures participants about the discussion and explains confidentiality.
2	**Investment products**	**Notes and prompts to moderator**
5 min	WARM UP: Would you describe yourself as a spender?/ a saver? / an investor? PROBE FOR: PAST/NOW/FUTURE. What are your attitudes towards saving and investing generally? Why do you do it now? What do you expect you will do in	The aim of this section is to establish respondent's level of

	the future? Why? What are the benefits of investing? Are there drawbacks to it? When investing, what is most important to you? Some people say that some of the most important aspects of investments are performance, risk and costs. What do you think? How important are these to you? Why? Are other things important too? Now, I'd like us to briefly talk about some investment products. Which of the following have you already heard of so far: investment fund? Investment bond (life insurance)? Structured product, e.g. a fixed-term equity investment? Structured deposit? **If 'yes'** – what do you know about this product/these products? Can you please describe this product/these products in your own words? And have you ever purchased any of these products yourself? **If 'has purchased'** - Can you tell me a little bit about this experience? - Where have you purchased this product? When? - How did you come across it? - How satisfied are you with this experience?	knowledge/awareness of PRIIPS
3	**Introducing Product 1**	**Notes and prompts to moderator**
3 min	For the following points of discussion, I would like us to focus on one investment product. I would first like to present to you a brief description of the product, and then we will be able to talk about this more in detail. *Provide the respondent with the product information card for the product.*	The aim of this section is to introduce the main investment product. The following discussion points (sections 4-7) will refer strictly to this

		product.
4	**Key Information Document**	**Notes and prompts to moderator**
3 min	People can purchase these products from banks, as well as other types of financial companies, such as insurance companies. When someone buys this type of product, they will receive a short two or three page document called a 'Key Information Document' (or KID), which explains the key features of the product. The KID will focus on three main topics: risks (presenting the main risks a person is taking when buying this product), performance (presenting the possible outcomes of the product) and costs (showing the costs someone is or could be paying when purchasing the product or afterwards). The aim of our research is to find out how to best present these topics (risks, performance and costs), and therefore how to design the KID in a way which is as understandable as possible for consumers, all while including the necessary information about the product. We will therefore go through each of these three KID topics one by one, in order to discuss about how each of them can best be presented. We will start by focusing on risks, afterwards we will discuss performance, and then move forward to the costs.	Through this section we aim to: - describe the KID and its purpose - explain the KID sections which will be discussed - explain the research objective: discussing the format and content of different sections of the KID
5	**Risks**	**Notes and prompts to moderator**
10 min	As mentioned previously, this investment product, like all financial products, has certain risks. I would like us to discuss about how these risks can be presented in the KID. But before that, I would like to ask you a few questions about your perceptions of risks in general.	We aim to test understanding, design and preference.

	In your own words, how would you define 'risk'? Would you define yourself as a person who takes risks? Or more as a person who avoids taking risks? Why is this? Can you give me some examples? **Is less risk always better?** Would you say that in order to gain something it is important to take risks? Now, getting back to the investment product, what do you think could be the risks of purchasing this product? Thinking of the Key Information Document (KID), I would like to show you several ways in which the investment product's risks can be presented. ***Introducing Variant 1.1*** What do you think this image represents? *Prompt for understanding of the different elements:* - What do you think of it overall? PROBE FOR POSITIVES AND NEGATIVES - Looking at this image, what do you think is the risk of the product? How can you tell? - What do you think is meant by lower risks/typically lower rewards – higher risks/typically higher rewards? Is it useful to have this specified? - **How easy/difficult is this picture to understand? What is easiest/most difficult?** What do you think of the design of the picture? - Are the risks clear on this picture? - What do you think about the colours which were used? Would you have preferred other colours? Which ones? Why? - Do you think that using this colour can make people take more risks? Fewer risks? What about if a different colour was used (green, red)?	

	How would you improve this image? Why? Do you think the picture should have more/fewer squares? *Show variant with 6 squares (1.2). Probe for preference*: which of these do you prefer? Why? Looking at this picture, would you personally buy this product? Why? Different financial products have different risk levels. If you were to buy this product, or a similar one, what would you like the risk level to be? (low, medium, high?) Please indicate on the chart where you would like the risk level to be, if you were to buy this product. And where would you not like it to be? And what do you think is the relation between risks and rewards, when it comes to financial products? Do you think high risks come with higher rewards, or the opposite? And what do you prefer? *Prompt*: high risk high rewards/low risk low rewards? ***Introducing Variant 2.1*** What do you think this image represents? *Prompt for understanding of the different elements:* - What can we say about the risk of this product, judging by the picture? - What do you think the small black arrow means? Why does it have the letter C? - How easy/difficult is this picture to understand? What is easiest/most difficult to understand a about this picture? What do you think of the design of the picture? - Are the risks clear on this picture? - Would you have preferred numbers instead of letters to show the risk level? - What do you think about the colour which was used? Would you have preferred another colour? Or more colours? Which ones? Why? What do you think is meant by the text ‘cashing-in before the maturity date may result in a loss’ (text within the image)? Does it make the image easier or more difficult to understand? Does it make the risk of the product easier to understand?	

	What is, in your opinion, the relation between the text below the image, and the risk of the product?*Introduce Variant 2.2* I will now show you another way of presenting risks. What can we say about this picture? What do you think shows the risk for this product? How easy/difficult is it to understand? What do you think the colours represent? *Probe for preference between version 2.1 and 2.2*: which of these do you prefer? Why? And what do you think the colour red represents here? What does this make you think of? Does the colour red make the product more/less appealing? Why? ***Introducing variant 3*** Here is another way of showing risk. What do you do you think about this image? *Prompt for understanding of the different elements:* - Judging from this picture, what can you tell me about the risk of this product? - How easy are the terms 'overall risk' 'market risk', 'credit risk' and 'liquidity risk' to understand? Would you be able to explain each of these in your own words? A financial product involves several types of risks: market risk (the risk of losing money due to changes in the market), credit risk (the risk that the manufacturer is unable to pay), and liquidity risk (the risk of not being able to end an investment early in order to get your money back). This image presents each of these three types of risk, as well as the overall risk. - What do you think the numbers represent? - How easy/difficult is this picture to understand? What is easiest/most difficult? What do you think of the design of the picture? - Are the risks clear on this picture? - What do you think about the colours? - How would you improve this image?	

	Show all variants for risk. Thinking of the images presented so far, which one do you prefer most for indicating the risk for the product? Why? And which one do you prefer the least? Why? And, of all these images, which of them would encourage you more to read the information? Why? And which of them would encourage you most to purchase the product? Why?	The text here is the paragraphs of text below the graphic, not the text in the image itself. Prompt to find out if red= high risk, or if red=avoid
6	**Performance**	**Notes and prompts to moderator**
15 min	We will now talk about a different topic of the KID, and more specifically, about the product's performance. What do you understand by 'performance' when discussing about this investment product? Each financial product can perform differently. By 'performance', in this context, we mean the amount of money one could potentially earn or lose by investing in this product. I will now show you several types of images presenting this product's performance, and I would like us to discuss each of them together *3 variants should be shown in each country. They should be allocated as specified in the table below. Please go through these one by one, as for the risk section. After discussing the 3 variants, please show all variants together (including the other 2 which were not discussed), and probe for understanding and preference (favorite/least favorite).*	We aim to test understanding, design and preference.

CZ	SK	UK	DE	FR	ES
1	4	4	1	4	4
2	3	1	2	1	2
3	5	3	5	3	5

Introducing variant 4

Let's have a look at this image. What do you think it represents? How can we read the table? *Probe for understanding of the different elements:*

- What do you think each of the following mean: 'non favorable scenario', 'neutral scenario', 'favorable scenario'? What can we say about each of these, for this product?
- Is the product's performance clearly represented here?
- What is easiest to understand? What is most difficult to understand?
- Is it clear what is meant by 'investment (net of costs)=1000 euro?
- If you had this product, where would you expect its performance level to be? Why?
- How easy are things like 'estimated return (net of costs) (euro)', and 'average annual return (%) to understand?
- How certain do you think these outcomes are?
- How would you improve this table? Would you find it useful to add any further information? If yes, what kind of information?
- What do you think of the design and colours?

Introducing variant 1

I will now show you another way of presenting the investment product's performance. What do you think this image represents? How can we read this table?

- What do you think each of the following mean: 'non favorable scenario', 'neutral scenario', 'favorable scenario'?
- What can we say about each of these, for this product?
- Is it clear what is meant by 'investment (net of costs)=1000 euro?

- How easy are things like ‘estimated return (net of costs) (euro)’, and ‘average annual return (%) to understand?
- Let’s have a look at the favorable scenario. Do you think it is possible to earn more money than indicated in the favorable scenario? How about the non-favorable scenario – do you think it is possible to earn less money than indicated here?
- What do you think is meant by ‘holding period’? how about ‘recommended holding period’?

By ‘holding period’ we mean the length of time during which you invest in the product.

Each product was designed to work best (have best potential performance) if you invest in it for a specific time period. This is what we mean by ‘recommended holding period’.

- Is it useful to have the information broken down by holding period? How easy/difficult is this image to understand? What is easiest/most difficult?

What do you think of the design of the picture?

- Is product performance clear on this picture? Is there anything missing?
- How would you improve this image?

UK, FR only: which of these two images do you prefer for presenting the product’s performance? Why? And which one is easiest to understand? Why? Is the additional information presented in the second image (*variant 1c*) useful? Why?

Introducing variant 2

Let’s now have a look at another way of presenting the product’s performance. What do you understand when looking at this image? *Probe for understanding of the different elements:*

- What do you think is represented by the 3 images?
- How easy is it to identify what is represented on horizontal/vertical axes? What do you think the numbers on the horizontal axis represent? How about the vertical?
- What do you think the blue line represents? How about the dotted line?
- How can we read these graphs?
- How easy/difficult is this picture to understand? What is easiest/most difficult?

	- Would it be helpful to have % (percentages) on the chart? - What do you think of the design of the picture? - Is the performance clearly represented? Is there anything that can help you understand the picture better? - Would you prefer seeing all scenarios in one picture? Why? ***Introducing variant 3*** Let's now look at another way to present this product's performance. What do you think of this image? *Probe for understanding of the different elements:* - What do you think is represented in this image? - How easy is it to understand what is represented on horizontal/vertical? What do you think the numbers on the horizontal/vertical axis represent? - What do you think the different shades of blue mean? - What do you understand by 'future value of your investment'? - What do you think is the most likely (probable) scenario of return for this product? - How easy/difficult is this picture to understand? What is easiest/most difficult? What do you think of the design of the picture? - Is the performance clearly represented? Is there anything missing from this picture? What? ***Introducing variant 5*** I will now present you another image representing the product's performance. What do you think of this image? *Probe for understanding of the different elements:* - How easy is it to understand what is represented (horizontal/vertical axis)? How can we read this chart? What do	

you understand by ‘probability’/’net of costs’?
- How clear is the meaning of the numbers and % on the axis?
- How easy/difficult is this picture to understand? What is easiest/most difficult?

What do you think of the design of the picture?

- Is the product’s future performance clear in this picture?
- How would you improve this image?

After discussing the 3 variants one by one in detail, please show all variants together (including the 2 which had not been discussed).

Thank you very much for your input so far. I would like us to look at all images we’ve seen so far, as well as two more.

Regarding the two additional variants: What do you think of these two other images? Is the performance clearly represented? Is it easy/difficult to understand these? What is easiest/most difficult?

Showing all variants together: Looking at all these images, which one would you say is your favorite? How about your least favorite? Why?

And which one makes the product look more appealing? Why?

And which of these encourages you more to read the information? Why?

		The shades represent different degrees of likelihood – darker blue is more likely
7	**Costs**	**Notes and prompts to moderator**
15 min	I would now like us to discuss another topic presented in the KID: the cost of the investment product. As for previous topics, we will be looking at different ways of showing the cost of the product on the KID. Thinking of this investment product, what comes to mind when we talk about the product's costs? *4 variants should be shown in each country (variant 1x and 2x always shown together, first v1x, than v2x). They should be allocated as specified in the table below. Please go through these one by one. After discussing the 3 variants, please show all variants together (including those which were not discussed), and probe for understanding and preference (favorite/least favorite).*	We aim to test understanding, design and preference.

CZ	SK	UK	DE	FR	ES
1x/2x	6x	1x/2x	5x	1x/2x	5x
4x	5x	3x	7x	3x	4x
8x	7x	6x	8x	6x	8x

	Introducing variant 1x This image is one of the ways of presenting the costs. Let's look at it together. What do you understand when looking at this image? *Probe for understanding of the different elements.* - How could we read this image? What do you think each of these columns represent? - How easy are terms such as entry costs, ongoing costs, exit costs to understand? How about one-off, on-going? What do you understand by these terms? - What do you think is meant by 'per 1000 Euro investment?' - **How easy/difficult is this image to understand? What is easiest/most difficult?** By 'entry costs' we mean the cost you pay when first buying the product. By 'yearly costs' we mean the costs you pay for each year you hold the product. By 'exit costs' we mean the cost you pay when selling the product. Entry costs and exit costs are also called "one-off". Yearly costs are also called "on-going". What do you think of the design of the picture? - Does it make the costs seem clear? - How would you improve it? Is there anything missing? ***Introducing variant 2x*** Let's now look at another way of presenting the products costs. What do you understand when looking at this image? *Probe for understanding of the different elements.* - How easy are terms like 'HIGH', 'MED' and 'LOW' to understand? What do you think these mean? - What do you think the colours represent (yellow columns? Green column? Red?)? - **How easy/difficult is this picture to understand? What is easiest/most difficult?** What do you think of the design of the picture? Is it a good way of showing this? - Does it make the costs seem clear? How would you improve it?	

	Show variant 1 and 2 (1x, 2x): Which of these two images to you prefer, for showing costs? Why? Which one do you find easiest to understand? Why? If you were to purchase this product, which of these images would you prefer, for showing the costs? Which one makes the product more appealing, in your opinion? And which one would encourage you more to read the information? ***Introducing variant 3x*** I'll now show you another way of presenting the product's costs. What do you understand when looking at this image? *Probe for understanding of the different elements*. - How easy is it to read this table? How could we read it? - how clear are terms like: 'value excluding costs', 'value including costs', 'costs per year in %', 'costs per year in euro', 'overall costs in euro'? What do you think these mean? - How useful is it to have the costs broken down by holding period? Is it helpful? - - What do you think is on the last line? - Why do you think there is a square around the last column? Is it helpful? - **How easy/difficult is this picture to understand? What is easiest/most difficult?** What do you think of the design of the picture? - Does it make the costs seem clear? Is this a good way of showing the costs? - What would you improve about it?	

<table>
<tr>
<td></td>
<td>
Introducing variant 4x
Now, let’s take a look at another image. What do you think of this image? Probe for understanding of the different elements.

Are the costs clear on this picture? How easy/difficult is this picture to understand? What is easiest/most difficult?
How clear are the terms: TCR, avg. best TCR? What do you think these mean? What do you think the arrows represent? What do the arrow directions mean? What does the line mean?

What do you think of the design of the picture?

Does it make the costs seem clear? Is there anything missing? How would you improve it?
Is using the arrow useful?

Introducing variant 5x
Let’s now look at another image. What can we say about this image? Probe for understanding of the different elements.

What do you think is represented on horizontal/vertical? What do you understand by ‘variability’/’amount of costs’? how easy are these terms to understand?
How important is it to always show costs variability?
What do you think is represented by the ticked box?
How easy/difficult is this picture to understand? What is easiest/most difficult?

What do you think of the design of the image?

Does it make the costs seem clear? Is there anything missing? How would you improve it?
What do you think about the colours used for the boxes? What do you think each colour represents?

Introducing variant 6x
</td>
<td>Variability refers to products where the actual level of the costs is difficult to forecast, so it could, depending on what happens, be higher or lower.</td>
</tr>
</table>

	I will now show you another way of presenting costs. What can we say about this image? *Probe for understanding of the different elements.* - How could we read this? What do you think each of the lines of the table represent? What do you understand by 'value of investment components'? What do you understand by 'investment components'? - What do you understand by [read out the text on each line]? How clear are these? - Why do you think there is a *, and **? - how easy is it to understand terms like 'entry costs', 'ongoing yearly costs', 'exit costs'? - What do you think the numbers represent? And the percentages? - How easy/difficult is this picture to understand? What is easiest/most difficult? What do you think of the design of the picture? - Does it make the costs seem clear? How would you improve it? ***Introducing variant 7x*** Let's have a look at another image. How can we read this table? *Probe for understanding of the different elements.* - How easy is it to understand what is in the columns? How about what is on the lines? - What do you think is meant by 'entry costs', 'ongoing costs', 'return', 'exit costs'? - How easy is TCR to understand? How useful is it to have this information in the table? - Do you think that this image is clear? How could it be made clearer? What do you think of the design of the image? - Does it make the costs seem clear? Is it a good way of presenting costs, in your opinion? ***Introducing variant 8x***	

	Let's have a look at another image. What can we say about this image? *Probe for understanding of the different elements.* - How easy is it to read this chart? What do you think is on the horizontal/vertical axis? - What do you understand by 'assumed annual return 2%'? - What do you think the blue dotted line is? How about 'invested capital'? How useful is it? - What do you think the three columns are? What do you think the numbers on the horizontal axis represent? - Table: what do you think this table represents? (prompt on each element) - How easy/difficult is this image to understand? What is easiest/most difficult? - What do you think of the design of the image? Does it make the costs seem clear? How would you improve it? *After discussing the 3 variants one by one in detail, please show all variants together (including those which had not been discussed).* Thank you very much for your input so far. I would like us to look at all images we've seen so far, as well some others. *Showing all variants together*: Looking at all these images, which one would you say is your favorite? How about your least favorite? Why? And which one makes the product look more appealing? Why? And which of these encourages you more to read the information? Why? And, among all these images, which one do you find easiest to understand? Why? And which one do you find most difficult to understand? Why? And which of these make the product look more appealing? Why ? And which of them would encourage you more to read the information? Why? So far, we have discussed about different ways to present the risks, performance and costs of [Product 1]. Do you think that you would buy this product yourself? Why ?	

8	Wrapper	Notes for moderator
10 min	*Introduce the wrapper.* For the following points of discussion, I would like us to focus on another product. *Provide the product information card.* Have you ever heard of this type of product before? An example would be a life-insurance investment bond. As mentioned, for this product the investor is provided with different investment options, and the risk, the performance (potential benefits) and the cost are different, depending on the investment options chosen. This product therefore comes with a **range** of risks, performance and costs, depending on whether the investor picks a lower risk investment option or a higher risk one. For this product, you would also receive more detailed information about each of investment options being offered. Today we will discuss some different ways of presenting the product's **range** of options without going into the details of each and every option. We will focus in particular on the information about risks. I will show you some images which will be similar to some of those which we have already seen, but adapted to this type of product. ***Introducing risks ranges - Variant 1*** Let's look at the first image together. What do you think this image represents? What do you think the yellow squares represent? What do you think is meant by 'the range of options we offer' on this picture? How useful is it to have this text? What can we say about the risk range here? Is this image easy or difficult to understand? How could it be improved?	The aim of this section is to introduce the 'wrapper' and go through the different elements of the risk section

	Introducing risks ranges - Variant 2 Let's now look at another image. What do you think this image represents? What do you think is represented by the blue arrow? What can we say about the risk ranges here? How easy or difficult is this image to understand? How could it be improved? *Show variant 1 and 2 together* These two images represent the same thing – the risk ranges of the product. What can we say about each of these? Looking at the two images, which one do you prefer for presenting the products' risk ranges? Why? And which one is, in your opinion the clearest? Why? ***Introducing risks example – variant 3*** Now, let's look at another image. What do you think is represented here? What do you think the yellow boxes represent? What do you think is meant by 'typical long-term option'? how useful is it to have this wording here? What about the arrow, pointing at the number 3 – what do you think is represented here? How useful is this? How easy is this image to understand? Why? What is easiest/most difficult to understand about it? Is it a good way of presenting risk? Why?	

	Introducing risks example – variant 4 Let's now look at another image. What do you think is represented here? What do you think the yellow boxes represent? The number 3 is in a different colour. Why do you think this is? How easy is this to understand? How easy is this image to understand? Why? What is easiest/most difficult to understand about it? Is it a good way of presenting risk? Why? *Show variant 3 and 4 together* The two images represent the same thing – they highlight in the range of risks [shown in the risk ranges variants] an example of a typical investment option you could chose if you were to purchase this product. What can we say about each of these? Looking at the two images, which one do you prefer for presenting the products' risk? Why? And which one is, in your opinion the clearest? Why?	
10	**Conclusion and thanks**	**Notes for moderator**
1 min	*Thank the respondent for his/her participation. Reassure them of confidentiality*	Close the session

Annex 6 Qualitative research variants – Phase I

Product D

Fixed term investment product (Structured product)

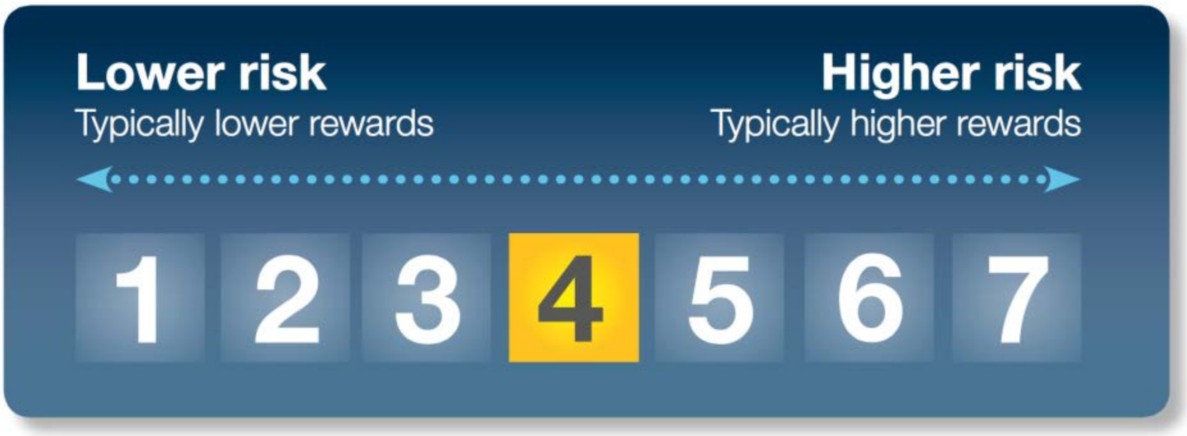
Description

This product has a duration of five years. If the stock markets do well, you could get back more than you would get from a savings account, but there is a limit on how much you can get back, so you might not get back as much as you could if you invested in the stock markets directly. However, the product also limits the amount you might lose if the stock markets do badly; in this case you would get your original investment back, but only if you hold the product for 5 years. However, you are not protected if the manufacturer of the product goes out of business. If this happens you could in the worst case lose everything. There is a market so you can sell the product during the five years, but the amount you get back depends on what others are prepared to pay for the product during this time, and you might not find someone willing to buy the product from you.

Product D

Risk

Variant 1.1



This risk indicator helps you assess the risks with this product and compare them with other products. It takes into account the likelihood of possible losses, assuming you keep the product for the recommended holding period.

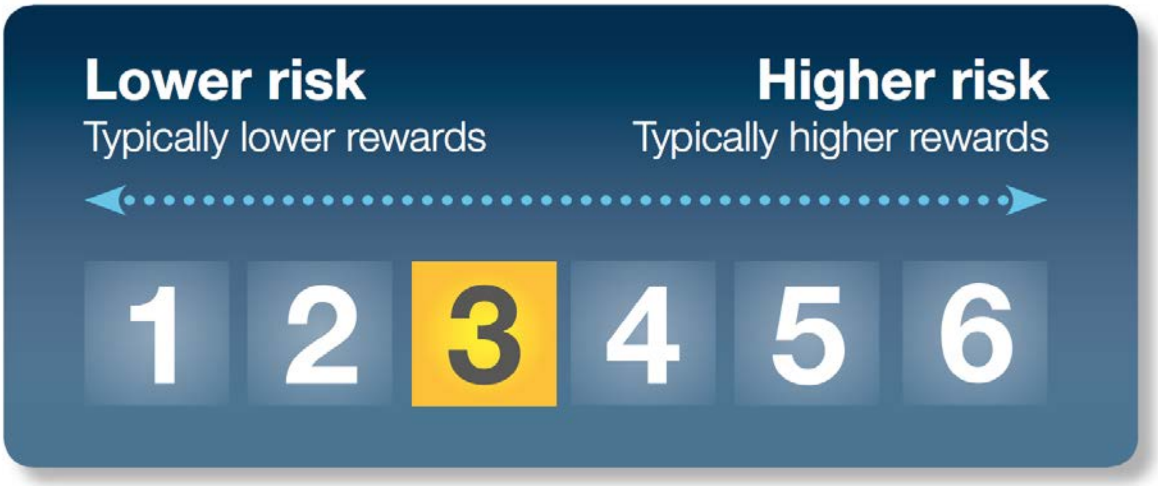
This product does not include any capital protection so in the worst case you could lose 100% of your investment.

In the event the manufacturer is not able to pay you what is owed, you could lose all your investment. The indicator assumes you keep the product for the recommended holding period. Be aware that cashing in early is only possible on a secondary market, where costs and prices vary.

Product D

Risk

Variant 1.2



This risk indicator helps you assess the risks with this product and compare them with other products. It takes into account the likelihood of possible losses, assuming you keep the product for the recommended holding period.

This product does not include any capital protection so in the worst case you could lose 100% of your investment.

In the event the manufacturer is not able to pay you what is owed, you could lose all your investment. The indicator assumes you keep the product for the recommended holding period. Be aware that cashing in early is only possible on a secondary market, where costs and prices vary.

Product D

Risk

Variant 2.1

(D2)

This risk indicator helps you assess the risks with this product and compare them with other products. It takes into account the likelihood of possible losses, assuming you keep the product for the recommended holding period.

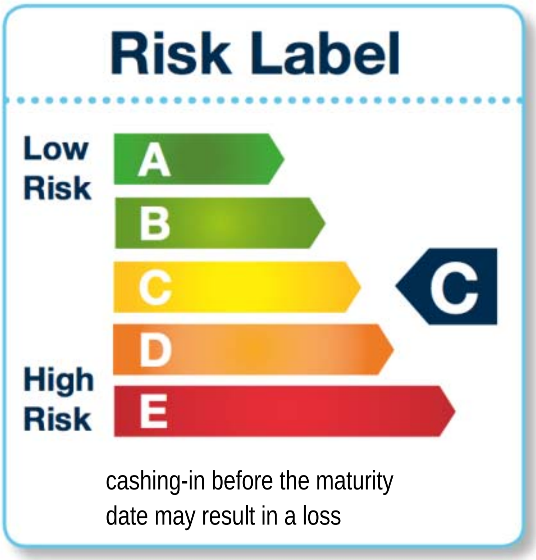
This product does not include any capital protection so in the worst case you could lose 100% of your investment.

In the event the manufacturer is not able to pay you what is owed, you could lose all your investment. The indicator assumes you keep the product for the recommended holding period. Be aware that cashing in early is only possible on a secondary market, where costs and prices vary.

Product D

Risk

Variant 2.2



This risk indicator helps you assess the risks with this product and compare them with other products. It takes into account the likelihood of possible losses, assuming you keep the product for the recommended holding period.

This product does not include any capital protection so in the worst case you could lose 100% of your investment.

In the event the manufacturer is not able to pay you what is owed, you could lose all your investment. The indicator assumes you keep the product for the recommended holding period. Be aware that cashing in early is only possible on a secondary market, where costs and prices vary.

Product D

Risk

Variant 3

This risk indicator helps you assess the risks with this product and compare them with other products. It takes into account the likelihood of possible losses, assuming you keep the product for the recommended holding period.

This product does not include any capital protection so in the worst case you could lose 100% of your investment.

In the event the manufacturer is not able to pay you what is owed, you could lose all your investment. The indicator assumes you keep the product for the recommended holding period. Be aware that cashing in early is only possible on a secondary market, where costs and prices vary.

Product C

Performance

Variant 4

Investment £1,000 Scenarios		Recommended (5 years holding period)
Non favourable scenario	Estimated return (net of costs) (£) Average annual return (%)	**1,000** **0%**
Neutral scenario	Estimated return (net of costs) (£) Average annual return (%)	**1,104** **2%**
Favourable scenario	Estimated return (net of costs) (£) Average annual return (%)	**1,276** **5%**

The amount you will get back from this product is not fixed. What you get will vary depending on how the market performs and how long you keep the investment. This table shows some potential returns over the next 5 years, in different scenarios, based on an investment of £1,000.

However, there is no guarantee you will get any of these returns, and the returns shown are not equally likely. You can use this to compare this product with other products. The figures shown take into account all costs, but not your personal taxes.

Product C

Performance

Variant 1

Investment = £1,000

Scenarios		1 years	3 years	Recommended (5 years holding period)
Non favourable scenario	Estimated return (net of costs) (£) Average annual return (%)	923 -7.7%	941 -2%	1,000 0%
Neutral scenario	Estimated return (net of costs) (£) Average annual return (%)	942 -5.8%	1,002 0.1%	1,104 2%
Favourable scenario	Estimated return (net of costs) (£) Average annual return (%)	972 -2.8%	1,097 3.1%	1,276 5%

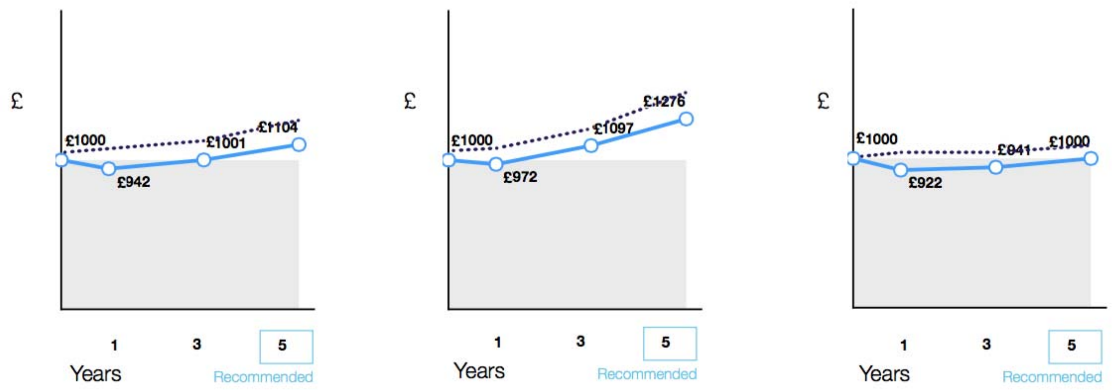
The amount you will get back from this product is not fixed. What you get will vary depending on how the market performs and how long you keep the investment. This table shows some potential returns over the next 5 years, in different scenarios, based on an investment of £1,000.

However, there is no guarantee you will get any of these returns, and the returns shown are not equally likely. You can use this to compare this product with other products. The figures shown take into account all costs, but not your personal taxes.

Product C

Performance

Variant 2



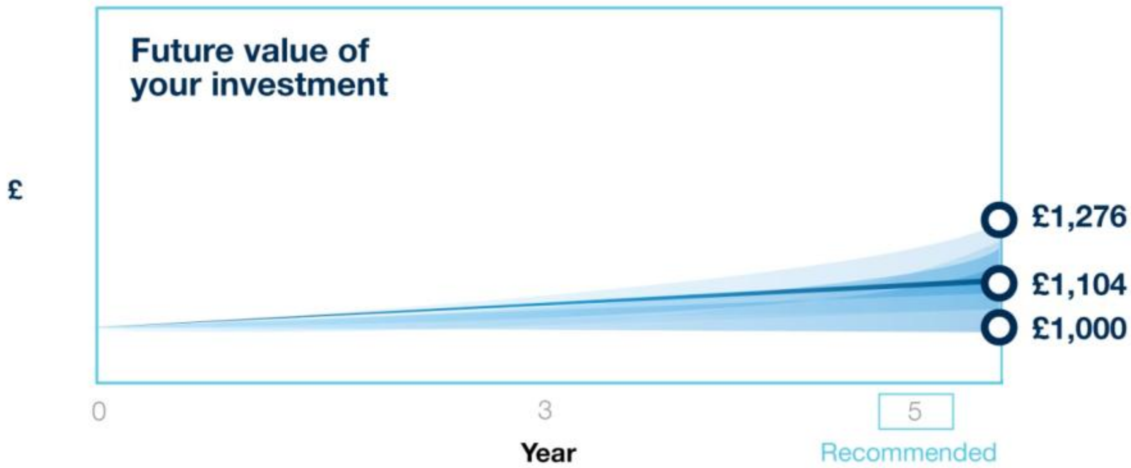
The amount you will get back from this product is not fixed. What you get will vary depending on how the market performs and how long you keep the investment. This table shows some potential returns over the next 5 years, in different scenarios, based on an investment of £1,000.

However, there is no guarantee you will get any of these returns, and the returns shown are not equally likely. You can use this to compare this product with other products. The figures shown take into account all costs, but not your personal taxes. The dotted line shows the value before the costs are taken into account.

Product C

Performance

Variant 3



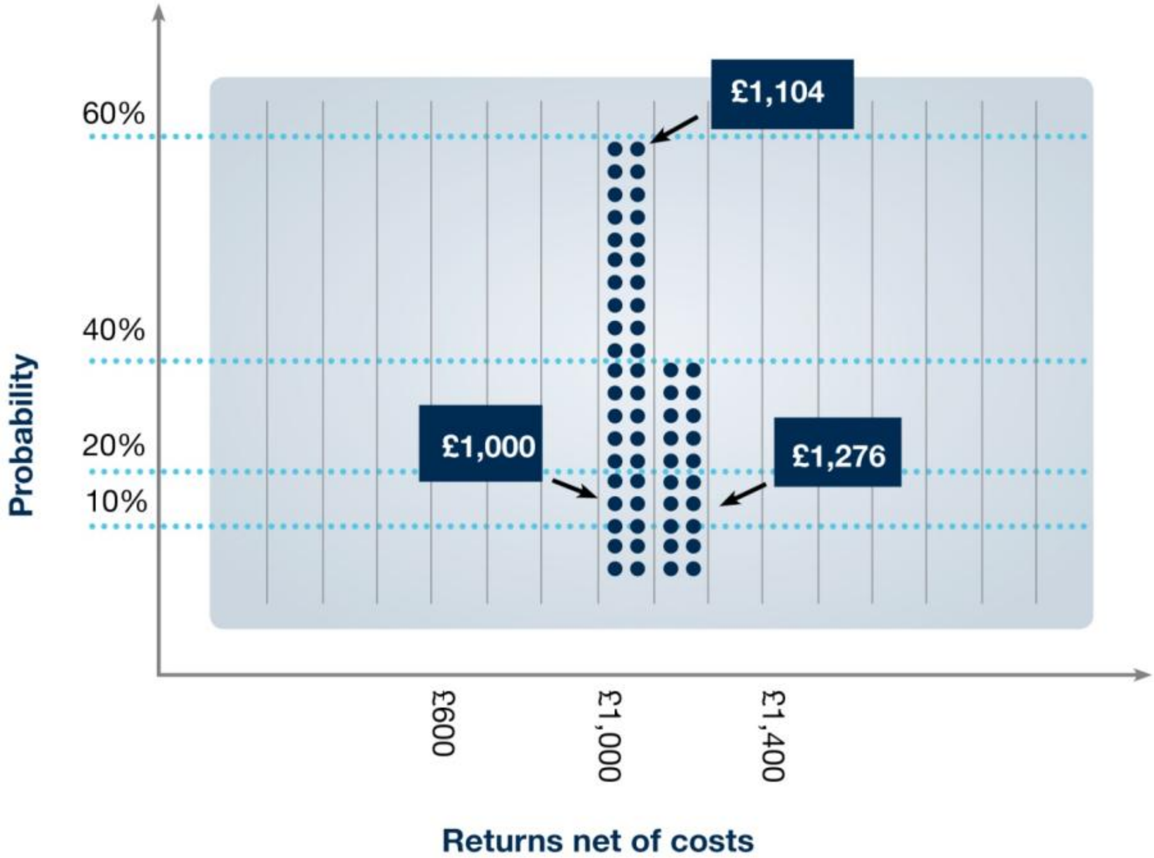
The amount you will get back from this product is not fixed. What you get will vary depending on how the market performs and how long you keep the investment. This graph shows some potential returns over the next 5 years, in different scenarios, based on an investment of £1,000.

However, there is no guarantee you will get any of these returns. The graph shows you how likely the different returns are. You can use this to compare this product with other products. The figures shown take into account all costs, but not your personal taxes.

Product C

Performance

Variant 5



The amount you will get back from this product is not fixed. What you get will vary depending on how the market performs and how long you keep the investment. This graph shows some potential returns over the next 5 years, in different scenarios, based on an investment of £1,000.

However, there is no guarantee you will get any of these returns. The graph shows you how likely the different returns are. You can use this to compare this product with other products. The figures shown take into account all costs, but not your personal taxes.

Product C

Costs

Variant 1x

This section will help you understand the expected costs for this product (based on last year costs) and compare them to other investment products. The cost is displayed in a standardized way, assuming an initial investment of £1000 that grows at 2% each year, even if 2% may not be a good estimate for the return you might get back.

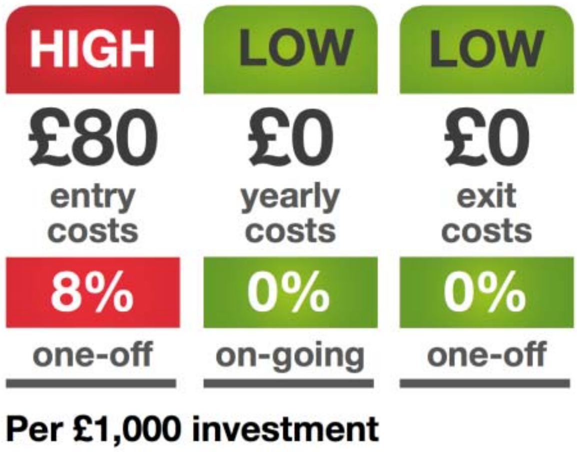
In the figure, the cost of this product are split into what you pay at the start of the investment period, what is taken from your investment each year, and what you pay when you cash in your investment. For costs at the start and the end of the investment, the maximum is shown; you could pay less.

Product C

Costs

Variant 2x

This section will help you understand the expected costs for this product (based on last year costs) and compare them to other investment products. The cost is displayed in a standardized way, assuming an initial investment of £1000 that grows at 2% each year, even if 2% may not be a good estimate for the return you might get back.



In the figure, the cost of this product are split into what you pay at the start of the investment period, what is taken from your investment each year, and what you pay when you cash in your investment. For costs at the start and the end of the investment, the maximum is shown; you could pay less.

Product C

Costs

Variant 3x

This section will help you understand the expected costs for this product (based on last year costs) and compare them to other investment products. The cost is displayed in a standardized way, assuming an initial investment of £1000 that grows at 2% each year, even if 2% may not be a good estimate for the return you might get back.

Investment £1,000 Assumed annual return 2%	Holding period 1 year	 3 years	Recommended 5 years
Value excluding costs	£1,020	£1,061	£1,104
Value including costs	£931	£972	£1,024
Costs per year in %	9.0%	3.1%	1.7%
Costs per year in £	£89	£29	£17
Overall costs in £	**£89**	**£89**	**£80**

The table shows how these costs will impact on your investment over different years.

Product C

Costs

Variant 4x

This section will help you understand the expected costs for this product and compare them to other investment products. The cost is displayed in a standardized way, assuming an initial investment of £1000.

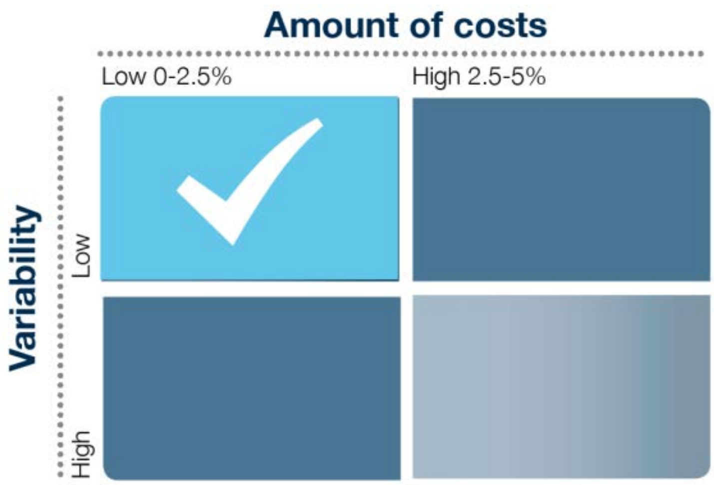
The TCR is the average overall costs per year, if you held the investment for the recommended 5 years. The amount is shown as a percentage and a monetary figure. The TCR could be higher if you cash in the investment early.

Product C

Costs

Variant 5x

This section will help you understand the expected costs for this product and compare them to other investment products. The cost is displayed in a standardized way, assuming an initial investment of £1000.



The figure shows an estimate of the overall costs for this product, and how much these costs can vary. The estimate of the overall costs of the product is based on the assumption that you do not cash in your investment before 3 years.

Product C

Costs

Variant 6x

This section will help you understand the expected costs for this product and compare them to other investment products. The cost is displayed in a standardized way, assuming an initial investment of £1000.

Value of investment components	Entry costs (%)	Entry costs (monetary terms)	On going yearly costs (%)	On going yearly costs (monetary terms)	Exit costs (%)	Exit costs (monetary terms)
Gross investment (A)	100%	1,000				
Costs of the product* (B)	3.5%	35	0%	0	0%	0
Investment services Costs** (C)	4.5%	45	0%	0	0%	0
Fair value/invested capital (A-B-C)	92%	920				

* % third party payments

** costs linked to the provision of investment services known by the manufacturer

The table shows the costs of this product. It is calculated as the difference between how much you are paying for the product, and what the real value of the investment is. Additionally, it also shows ongoing costs which will be charged yearly and the exit costs that could apply if you decide to cash in the investment early. For the entry costs and the exit costs, the maximum is shown; you could pay less.

Product C

Costs

Variant 7x

This section will help you understand the expected costs for this product and compare them to other investment products. The cost is displayed in a standardized way, assuming an initial investment of £1000.

Investment £1,000		If you cash in after 1 year	If you cash in after 3 years	If you cash in after 5 years (recommended)
Investment made		£1,000	£1,000	£1,000
-	Entry costs	£80	£80	£80
-	Ongoing costs	£9	£9	£0
+	Return	£20	£61	£104
-	Exit Costs	£0	£0	£0
=	What you might get back	£931	£972	£1,024
TCR		**9.0%**	**3.1%**	**1.7%**

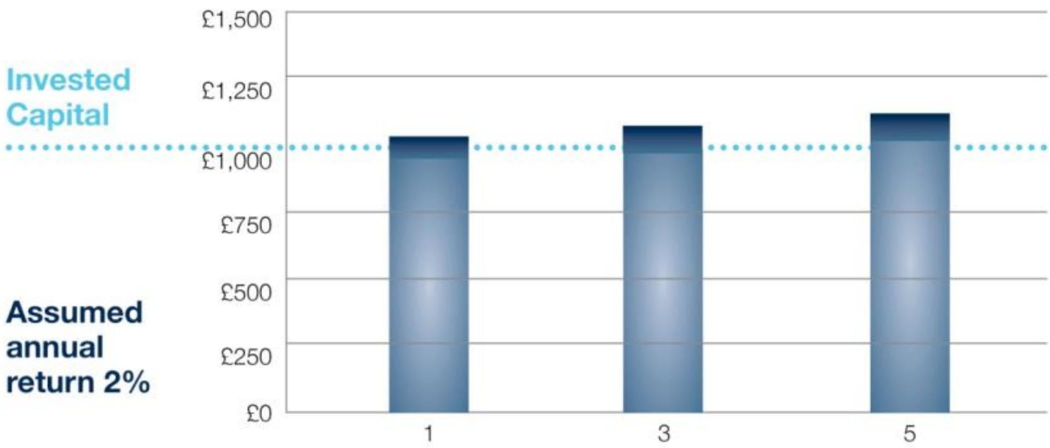
The table shows the different costs and how these will impact on your investment over different years. The TCR (Total Costs Ratio) is the average overall costs per year, if you held the investment for the time shown.

Product C

Costs

Variant 8x

This section will help you understand the expected costs for this product and compare them to other investment products. The cost is displayed in a standardized way, assuming an initial investment of £1000.



Year	1	3	Recommended 5
Costs per year in £	£89	£29	£16
Costs per year in %	9.0%	3.1%	1.7%
Overall costs in £	£89	£89	£80
Value after costs	£931	£972	£1,024

The graph shows how these costs impact your investment if you cashed in after the number of years shown.

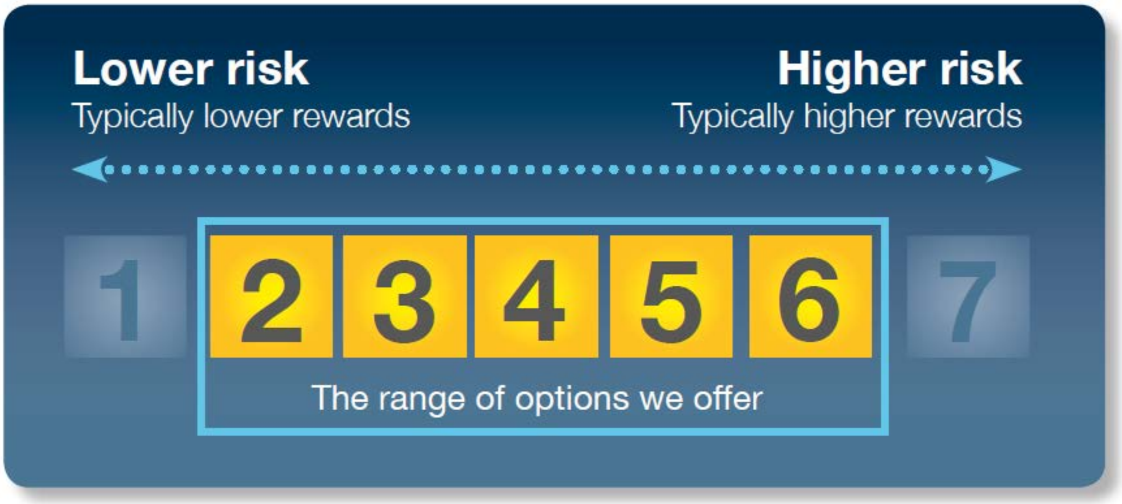
Wrapper

Investments with many options – Description

This product is an insurance product designed for longer term investments which offers you a choice between a wide range of investment options. The options offered vary from very low risk ones like investments into government bonds, to much higher risk ones such as investing in foreign stock markets. The risk you take, the possible returns you might get, and the costs you have to pay will depend on the choice of investment option that you make. The costs you will need to pay also vary from low to high, depending on what investment option you choose.

Wrapper

Risk ranges (variant 1)

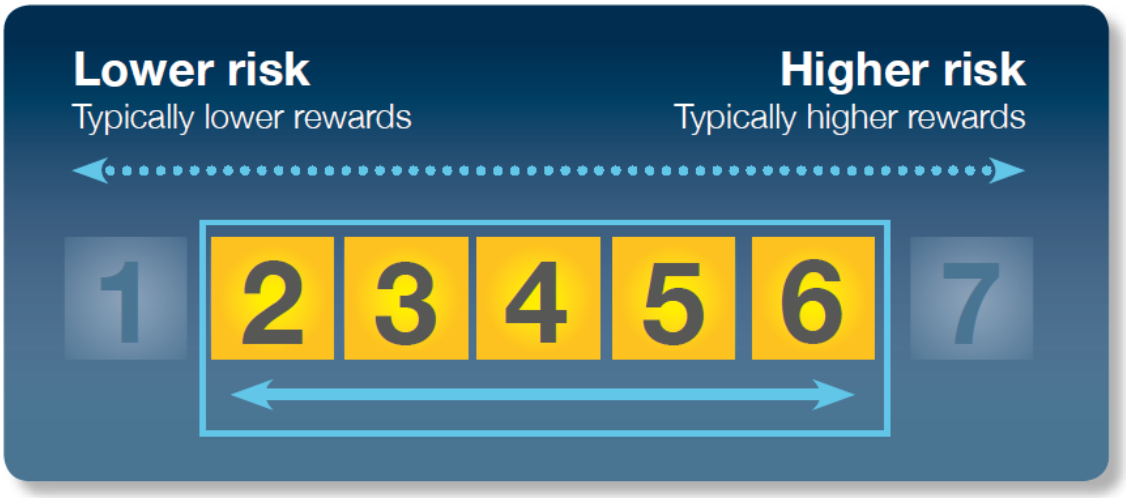


This risk indicator helps you assess risks, and compare them between products. This product has different investment options. The risk you get will depend on the investment option you choose. The indicator shows the range of the risks for the options we offer.

The information takes into account the likelihood of possible losses for the different investment options, assuming you keep the product for the recommended holding period.

Wrapper

Risk ranges (variant 2)



This risk indicator helps you assess risks, and compare them between products. This product has different investment options. The risk you get will depend on the investment option you choose. The indicator shows the range of the risks for the options we offer.

The information takes into account the likelihood of possible losses for the different investment options, assuming you keep the product for the recommended holding period.

Wrapper

Risk example (variant 3)

This risk indicator helps you assess risks, and compare them between products. This product has different investment options. The risk you get will depend on the investment option you choose. The indicator shows the range of the risks for the options we offer. It also highlights the risk of the investment option that is typical for the long-term investor in this product.

The information takes into account the likelihood of possible losses for the different investment options, assuming you keep the product for the recommended holding period.

Wrapper

Risk example (variant 4)

This risk indicator helps you assess risks, and compare them between products. This product has different investment options. The risk you get will depend on the investment option you choose. The indicator shows the range of the risks for the options we offer. It also highlights the risk of the investment option that is typical for the long-term investor in this product.

The information takes into account the likelihood of possible losses for the different investment options, assuming you keep the product for the recommended holding period.

Annex 7 Qualitative research glossary – Phase I

Product A	This is a fund product. It is a mixed fund, designed to follow the stock markets, but also to invest in some assets that are less risky. In this case it invests in European equities and some corporate and government bonds. You can leave cash in the product whenever you want, but it is best for a fund like this to stay invested for five years as this reduces the effect on your investment of short term ups and downs in the stock markets.
Product B	This is an insurance-based investment product, offered by an insurance company. You commit to invest a certain amount every year, and they will protect you from losses and offer some additional returns. The returns depend on how well the insurance company does, so are not guaranteed. While you can cash-in the product at any point, you have to pay additional costs in the first five years. It is designed as a long term product, to save for over 10 years.
Product C	This is structured deposit. Most of your investment is put into a deposit, which is protected if the bank goes bankrupt, and the remainder is invested. Money on deposit will earn enough interest so that after five years you are guaranteed to get your original money back. The money that is invested offers an opportunity – if the investment does well – to get earn a little more, but this is not guaranteed. For this product, the investment follows how the European stock markets do, but if the markets do really well you will never get more than 5% extra. You can leave the product early, but you could lose money through extra costs, so you should only use this product if you are prepared to lock your money away for five years.
Product D	This is structured product. It's for three years, and there is a limit to what you can earn from it. It has no guarantee, so you can lose part or all of your invested capital. The product will be bought and sold on a market during the three years, but this market could dry up so that you would not be able to leave the product until the three years are over.

Glossary

Deposit scheme	This is a safety net backed by the government, so if the bank that has your deposit goes bankrupt you can get your deposit back, so long as it is under 100 000 EUR.
Holding period	The length of time you put your money in the product.
Recommended holding period	The length of time that you should think about keeping your money in the product. The product has been designed to normally work best if you keep your money in it for this length of time.

Capital protection	This means you will always get back the original money you put in.
Market risk	The price on a market for the investments (e.g. stock exchange) can go up and down. This is called market risk.
Credit risk	Sometimes the return you get on an investment could be reduced because a company gets into trouble and cannot pay out. This is called credit risk. (also called: counterparty risk)
Liquidity risk	Sometimes it can be difficult or impossible to get your money out of an investment early or at a fair price. This is called liquidity risk.
Scenarios	These are examples of what could happen. They are not promises, and better or worse outcomes could happen.
Returns	These are the payments you could get on top of your original investment when you cash the investment in. Sometimes for products that are more risky, you could lose some of what you put in. Normally, the products that offer the greatest possible returns are also products that have more risks that if things do not work well you could lose some of what you put in.
Estimated return (net of costs)	This is an estimate of what you might get back (after an estimate of all the costs are taken out).
Average annual return	This shows what the possible growth or loss is as a % change each year. The gain (or loss) on a product can vary more than this from year to year, but the gains and losses average out over time.
Costs	For every investment product, there are costs that are paid. Some are paid when you buy the product or sell it. Some occur while you are invested in the product, these are taken out of the product and reduce what it is worth, which is shown in the price of the product. The costs normally are a proportion of what you invest, though some costs can be fixed amounts.
Exit costs	These are paid when you cash-in your investment. Parts of the proceeds of the investment are taken before you get your capital and returns back. These can be described as 'one-off' costs, because they do not happen every year.
Entry costs	These are paid before your investment is made. They can be taken out directly, or through the price you have to pay for the investment. These can be described as 'one-off' costs, because they do not happen every year.
Yearly costs	These costs are taken out of the investment directly each year, reducing its value. They may be taken all at once, or sometimes at different points in the year. The figure you see in the document sums up all these costs into one figure for the year.

	The costs normally can vary year to year; the figures in the document reflect how they were previously. These costs can also be described as 'ongoing' because they happen every year.
Annual costs percentage rate	(ACPR) This combines all the different costs for the product into a single figure. This is the level the costs would be if they were taken out of your investment each year through a single payment. Given that some costs only occur once (entry or exit costs), or might vary depending on how much you invest or for how long, the combined figure can only be produced if we assume you invest for the recommended holding period, and if we also assume a fixed amount for the investment (1000 EUR). These assumptions are chosen so that you can compare the costs of different products.
Average Best ACPR	This shows the ACPRs that are on the average best (lowest) across all the different types of investment product. Low costs might not always mean the best investment for you however.
Costs per year in EUR	This combines all the different costs for the product into a single figure, and calculates what this would be if it was paid every year for the time shown. It is shown in terms of EUR, assuming you invested 1000 EUR. Typically, the longer you keep you investment the lower this gets, as the costs are spread out over more and more years.
Costs per year in %	This combines all the different costs for the product into a single figure, and calculates what this would be if it was paid every year for the time shown as a percentage what you invest. Typically, the longer you are invested the lower this gets, as the costs are spread out over more and more years.
Variability [Costs]	Costs can vary for products. This could be because there are costs that vary depending on when you want to leave the product (for instance, costs that are higher if you want to leave early). Or they could be costs that cannot be known fully beforehand, because they depend on the expenses that arise in operating the product. This can include costs for the product where it changes the underlying investments.

Annex 8 Quantitative testing questionnaire – Phase II

A8.1 Demographic questions

[PROG: QUESTIONS ASKED TO ALL UNLESS SPECIFIED]

[TIMER1: START]

[Qcountry: HIDDEN VARIABLE]

[PROG: HIDDEN. SINGLE ANSWER]

1. Czech Republic
2. France
3. Germany
4. Italy
5. Netherlands
6. Slovakia
7. Slovenia
8. Spain
9. Sweden
10. UK

[Qcurrency: HIDDEN VARIABLE]

Country	Currency	Placement
1. Czech republic	*Euro (€)*	*Before*
2. Germany	*Euro (€)*	*After*
3. Spain	*Euro (€)*	*After*
4. France	*Euro (€)*	*After*
5. Italy	*Euro (€)*	*After*
6. Netherlands	*Euro (€)*	*Before*
7. Sweden	*Euro (€)*	*After*
8. Slovenia	*Euro (€)*	*Before*
9. Slovakia	*Euro (€)*	*After*
10. UK	*Euro (€)*	*Before*

[Q_stage: HIDDEN VARIABLE]

[PROG: HIDDEN. SINGLE ANSWER]

1. Phase 1*[Qcountry = 1 AND 10)*
2. Phase 2 *[Qcountry = 1 TO 10]*

D1_intro. Firstly please tell us a few details about yourself. This is to ensure we are including a wide range of people in this research.

[PROG: INFO TEXT]

D1. How old are you?

[PROG: NUMERIC ANSWER – 2 DIGITS RANGE 0- 99; IF D1 <18 END INTERVIEW]

[PROG: RECODE INTO: HIDDEN VARIABLE]

I__I__I years old

D1_recode.

[PROG: HIDDEN. SINGLE ANSWER]

1. 18 - 24
2. 25 - 34
3. 35 - 44
4. 45 - 54
5. 55 – 64
6. 65-74
7. 75+

D2. Are you a...

[PROG: SINGLE ANSWER]

1. Woman
2. Man

D3. Please select the region where you live.

[PROG: SINGLE ANSWER]

[USE STANDARD REGION LIST FROM PANEL]

D4. Education

[PROG: INSERT education question from panel on the link]

[PROG: SINGLE ANSWER] [ASK ALL]

D5. Which of the following best describes your current work status?

[PROG: SINGLE ANSWER]

[RECODE INTO: HIDDEN VARIABLE: CODES 1-5 AS ACTIVE AND CODES 6-10 AS INACTIVE]

1. Employed full-time
2. Employed part-time
3. Self-employed full-time
4. Self-employed part-time
5. Unemployed but looking for a job
6. Unemployed and not looking for a job
7. Long-term sick or disabled
8. Housewife / Homemaker
9. Retired
10. Pupil / Student / In full time education

D6. Which of the following best describes your situation?

[PROG: SINGLE ANSWER] [ASK ALL]

1. Married
2. Remarried
3. Civil partnership
4. Not married living with a partner
5. Single
6. Divorced or separated
7. Widowed
8. Other

[TIMER1: STOP]

A8.2 Screening questions

[TIMER2: START]

S1. Are you responsible or co-responsible for taking financial decisions in your household?

[PROG: SINGLE ANSWER]

1. Yes
2. No

[PROG: IF CODE 1 IN S1, GO TO S2. IF CODE 2 IN S1, THANK AND TERMINATE]

[PROG: SHOW AS A GRID]

S2. Do you currently own any of the following <u>financial products</u>? This can be either in your own name or jointly with someone else.

[PROG: STATEMENTS IN ROW]

1. Bank account
2. Mortgage
3. Credit card
4. Personal loan
5. Life insurance
6. Other insurance products (e.g. home, health, car insurance)
7. Shares or bonds
8. Investment fund

[PROG: RESPONSE SCALE IN COLUMNS (FROM LEFT TO RIGHT). SELECT ONE RESPONSE PER STATEMENT]

1. Yes
2. No

[PROG: IF "YES" TO AT LEAST ONE OF STATEMENTS, GO TO F1. IF "NO" TO ALL STATEMENTS THANK AND TERMINATE]

[TIMER2: STOP]

A8.3 Financial questions

[TIMER3: START]

F1. Which of the following <u>financial products</u> do you currently own, if any? These can be either in your own name or jointly with someone else. Please tick all product categories that apply.

[PROG: SELECT ALL THAT APPLY]

[PROG: INSERT LIST PER COUNTRY]

F1_RECODE.

[PROG: HIDDEN. SINGLE ANSWER]

1. YES *[IF RESPONDENT SELECTED AT LEAST ONE PRODUCT IN F1]*
2. NO *[RESPONDENT DID NOT SELECT ANY PRODUCT AT F1]*

F2. Which of the following financial products would you <u>consider purchasing in the future</u>, if any? The answer may include the type of financial products which you already own and would consider purchasing again. Please tick all product categories that apply.

[PROG: MULTIPLE ANSWERS]

[PROG: INSERT LIST PER COUNTRY]

F2_RECODE.

[PROG: HIDDEN. SINGLE ANSWER]

1. YES *[IF RESPONDENT SELECTED AT LEAST ONE PRODUCT IN F2]*
2. NO *[RESPONDENT DID NOT SELECT ANY PRODUCT AT F2]*

F3. On a scale from 1 to 7, where 1 means very low and 7 means very high, how knowledgeable do you feel about financial products?

[PROG: NUMERIC ANSWER – 1 DIGIT RANGE 1- 7] [ASK IF S_SCREEN = CODE 1]

[PROG: ADD A VISUAL SCALE HERE SHOWING 1 (VERY LOW) TO 7(VERY HIGH)]

1(very low), 2,3,4,5,6,7(very high)

F4. Which of the following statements best applies to you when making decisions about financial products?

[PROG: SELECT ONE]

1. When purchasing financial products, I like to make my own choices, and do not need any advice from others.
2. I consider the advice of financial advisors when choosing financial products, but like to make the decisions myself.
3. I generally rely on the advice of financial advisors about which financial products are best for me.
4. I generally rely on the advice of friends or relatives about which financial products and services are best for me.

F5. And how do you see yourself. When it comes to financial decisions, are you generally a person who is…

[PROG: SELECT ONE]

1. Not willing to take any risks at all
2. Willing to take a small amount of risks
3. Willing to take a medium amount of risks
4. Willing to take a large amount of risks

[PROG: INFO TEXT]

F6_intro. We are going to ask you three brief questions on financial topics. Please try to answer them as accurately as you can.

F6. Suppose you had 100 *[PROG: INSERT NATIONAL CURRENCY SYMBOL]* **in a savings account and the interest rate was 2% per year. After 5 years, how much do you think you would have in the account if you left the money to grow?**

[PROG: SINGLE ANSWER]

1. More than 102 *[PROG: INSERT NATIONAL CURRENCY SYMBOL]*
2. Exactly 102 *[PROG: INSERT NATIONAL CURRENCY SYMBOL]*
3. Less than102 *[PROG: INSERT NATIONAL CURRENCY SYMBOL]*
4. Do not know

F6_RECODE.

[PROG: HIDDEN. SINGLE ANSWER]

1. CORRECT *[IF F6= CODE 1]*
2. INCORRECT *[IF F6 NOT = CODE 1]*

F7. Imagine that the interest rate on your savings account was 1% per year and inflation was 2% per year. After 1 year, how much would you be able to buy with the money in this account?

[PROG: SINGLE ANSWER]

1. More than today
2. Exactly the same
3. Less than today
4. Do not know

F7_RECODE.

[PROG: HIDDEN. SINGLE ANSWER]

1. CORRECT *[IF F7= CODE 3]*
2. INCORRECT *[IF F7 NOT = CODE 3]*

F8. Please tell me whether this statement is true or false.

"Buying a single company's stock usually provides a safer return than a stock mutual fund."

[PROG: SINGLE ANSWER]

1. True
2. False
3. Do not know

F8_RECODE.

[PROG: HIDDEN. SINGLE ANSWER]

1. CORRECT *[IF F8 = CODE 2]*
2. INCORRECT *[IF F8 = NOT CODE 2]*

F_LITTEST.

[PROG: HIDDEN. SINGLE ANSWER] [RECODE IF S_SCREEN = CODE 1]

CORRECT ANSWER = *(F6_RECODE = code 1 or F7_ RECODE =code 1 or F8_ RECODE =code 1)*

1. Low *[0 OR 1 CORRECT ANSWERS]*
2. Medium *[2 CORRECT ANSWERS]*
3. High *[3 CORRECT ANSWERS]*

[TIMER3: STOP]

A8.4 Allocation

[PROG: SEE SEPARATE EXCEL FILE FOR ALLOCATION LOGIC]

A8.5 Task I

[PROG: INFO TEXT]

Part I

In order to complete the survey, you will need to click on the icon below. This icon will open a Key Information Document (KID) which summarises the main features of a financial product.

[ICON WITH TEXT "KID 1" LINKS TO DOCUMENT CORRESONDING TO THE COMBINATION OF PRODUCT AND VARIANT RESONDENT WAS ALLOCATED TO IN TASK I]

Should you need to reopen the document, this icon appears on every screen that follows.

Tip: Given the length of the document, it may be easier to complete the survey if you print out the document. We would recommend that you do so, if you have the ability to print.

For all of the questions that follow, please use the document provided as the basis for your answers. If you think that the document does not provide the information necessary to answer a question correctly, please select the last option ("not clear from the information provided").

When you are ready to continue, please enter the code that appears at the top left of the document in the box below and click "Next" to move to the next screen. Note: The code is one letter and one number.

[_|_]

[PROG: 1ST CHARACTER IS A LETTER IN RANGE A-D OR a-d. 2^{ND} CHARACTER IS A NUMBER IN RANGE 1-4]

[PROG: IF CODE MATCHES ALLOCATION CODE, GO TO TaskI_Q1*]*

[Show questions TaskI_Q1 – TaskI_Q2 on same screen]

[PROG: Don't ask TaskI_Q1 if respondent allocated to Product D]

ON EACH SCREEN FROM TaskI_Q1 TO Sub_Q3 PLEASE INCLUDE HYPERLINK TO THE DOCUMENT

TaskI_Q1. Q. Looking at the Key Information Document, would you say that this product...

[PROG: SINGLE ANSWER]

1. Has a high overall risk level
2. Has a medium overall risk level
3. Has a low overall risk level
4. Not clear from the information provided

[PROG: SHOW AS A GRID]

[PROG: Only ask TaskI_Q1_D if respondent allocated to Product D]

TaskI_Q1_D. Q. Looking at the Key Information Document, do you think the following statements are true or false?

[MULTIPLE ANSWERS]

1. The risk level of the product is always 7.
2. The risk level of the product is in the range from 2 to 6.
3. The risk level of the product is always 3.
4. The risk level of the product depends on the investment option the investor chooses.

[PROG: RESPONSE SCALE IN COLUMNS (FROM LEFT TO RIGHT). SELECT ONE RESPONSE PER STATEMENT]

1. True
2. False
3. Not clear from the information provided

[PROG: SHOW AS A GRID]

TaskI_Q2. Q. Do you think the following statements are true or false?

[PROG: STATEMENTS IN ROW]

a) An investor in this product could lose money due to fluctuations of the value of the investment.
b) An investor in this product could lose money if the manufacturer of the product was unable to pay out.
c) An investor in this product could lose money if they chose to end the investment early.

[PROG: RESPONSE SCALE IN COLUMNS (FROM LEFT TO RIGHT). SELECT ONE RESPONSE PER STATEMENT]

1. True
2. False
3. Not clear from the information provided

[PROG: SHOW AS A GRID]

[Show questions TaskI_Q3 – TaskI_Q6 on same screen]

[PROG: Don't ask TaskI_Q3 if respondent allocated to Product D]

TaskI_Q3. Q. The Key Information Document shows different performance scenarios. Which of the performance scenarios (positive, neutral, negative) do you think is most likely?

If you think that the document does not provide the information necessary to answer correctly, please select the last option.

[PROG: SINGLE ANSWER]

1. Positive
2. Neutral
3. Negative
4. All equally likely
5. Not clear from the information provided

[PROG: SHOW AS A GRID]

[PROG: Only ask TaskI_Q3_D if respondent allocated to D1, D2 or D3]

TaskI_Q3_D. Q. The Key Information Document shows different performance scenarios. Which of the performance scenarios (positive, neutral, negative) do you think is most likely?

If you think that the document does not provide the information necessary to answer correctly, please select the last option.

[PROG: SINGLE ANSWER]

1. Positive
2. Neutral
3. Negative
4. All equally likely
5. It depends on the investment option picked
6. Not clear from the information provided

[PROG: SHOW AS A GRID]

[PROG: Only ask TaskI_Q4 if respondent allocated to A2, B2, C2, D2, A4, B4, or C4]

TaskI_Q4. Q. Beside the negative performance scenario, the document says "1 in 10 chance of getting less than this". Do you think the following statements are true or false?

[PROG: SINGLE ANSWER]

a) There is a 10% probability of getting a worse outcome than the negative scenario.
b) There is a 90% probability of getting a worse outcome than the negative scenario.
c) There is a 9 in 10 chance of getting a better outcome than the negative scenario.
d) There is no chance of getting a worse outcome than the negative scenario.

[PROG: RESPONSE SCALE IN COLUMNS (FROM LEFT TO RIGHT). SELECT ONE RESPONSE PER STATEMENT]

1. True
2. False

TaskI_Q5. Q. Please select the statement below which best describes the positive scenario.

[PROG: SINGLE ANSWER]

1. This scenario represents the best possible market conditions for the investor
2. This scenario represents market conditions that would be advantageous for the investor
3. This scenario represents market conditions that would be disadvantageous for the investor
4. This scenario represents the worst possible market conditions for the investor.

[PROG: SHOW AS A GRID]

TaskI_Q6. Q. Please look at the cost figures presented in monetary terms (in *[PROG: add currency here]***). Do you think the following statement is true or false?**

[PROG: SINGLE ANSWER]

These cost figures match exactly the amounts of money an investor would have to pay over time.

[PROG: RESPONSE SCALE IN COLUMNS (FROM LEFT TO RIGHT). SELECT ONE RESPONSE PER STATEMENT]

1. True
2. False
3. Not clear from the information provided

[Show questions TaskI_Q7– TaskI_Q9 on same screen]

[PROG: INFO TEXT]

Imagine that you have invested in this product and assume that the manufacturer of the product is always able to pay out what it owes (in other words, the manufacturer does not default).

TaskI_Q7. Q. Investing in a financial product may involve different types of costs. Which of the following types of costs do you think would apply should you acquire this product and end your investment exactly one year later? Please select all that apply *[PROG: for product A, enter text* **"and assume that the product earns higher returns than the benchmark"]**.

[PROG: MULTIPLE ANSWERS. ANSWERS 4 AND 5 ARE EXCLUSIVE]

1. One-off cost
2. Ongoing cost
3. Incidental cost
4. No costs
5. Not clear from the information provided

[PROG: SHOW AS A GRID]

[PROG: Don't ask TaskI_Q8 if respondent allocated to product D]

TaskI_Q8. Q. Imagine that you invest in this product, and that you end your investment exactly one year later.

What is the estimated total cost of this product as a percentage of your original investment, according to the document?

[PROG: SINGLE ANSWER]

[Depending on which product is shown, show the four potential answers listed beneath the product in the table below plus the fifth option "Not clear from the information provided". For example, for product A in the UK, the possible answers are 2.2%, 5.3%, 6.5%, 7.5% or "Not clear from the information provided".]

	PRODUCT A	PRODUCT B	PRODUCT C
1.	2.2%	1.8%	2.7%
2.	5.3%	9.7%	5%

3.	6.5%	9.8%	8%
4.	7.5%	11.5%	10.7%

5. Not clear from the information provided

[PROG: Only ask TaskI_Q8_Da if respondent allocated to D1 or D3]

TaskI_Q8_Da. Q. Please look at the section on costs over time. In which of the following situations would the figures in the table be a good estimate of costs?

[PROG: SINGLE ANSWER]

1. When any investment option is chosen
2. When the Balanced Option is chosen
3. When a combination of investment options are chosen
4. Not clear from the information provided

[PROG: Only ask TaskI_Q8_Db if respondent allocated to D2, D3 or D4]

TaskI_Q8_Db. Q. Please look at the section on costs. Imagine you invest in this product, and that you end your investment exactly one year later.

What is the estimated <u>maximum overall cost</u> of this product in percentage terms, according to the document?

[PROG: SINGLE ANSWER]

1. 2.2%
2. 3.2%
3. 7.5%
4. 8%
5. 10.95%
6. Not clear from the information provided

[PROG: Don't ask TaskI_Q9 if respondent allocated to product D]

TaskI_Q9. Q. Imagine that you have invested 1000 *[PROG: INSERT NATIONAL CURRENCY SYMBOL]* [ENTER TEXT "**per year**" HERE FOR PRODUCT B] **in this product, and that you hold it for** *[Insert number depending on what product is shown: insert "5" for Product A. Insert "10" for Product B. Insert "3" for Product C]* **years.**

Taking into account the costs of the product and the potential return, <u>how much money</u> does the document estimate you would <u>get back</u> at the end of the *[Insert number depending on what product is shown: insert "5" for Product A. Insert "10" for Product B. Insert "3" for Product C]* **years in the <u>neutral scenario</u>?**

[PROG: SINGLE ANSWER]

[Depending on which product is shown, show the four potential answers listed beneath the product in the table below plus the fifth option "Not clear from the information provided". And insert national currency symbol before/after numbers. For example, for product A in the UK, the possible answers are £951, £1,031, £1,159 and £1,250 or "Not clear from the information provided".]

	PRODUCT A	PRODUCT B	PRODUCT C
1.	951	1030	942
2.	1030	10996	1002
3.	1159	11887	1104
4.	1250	12530	1184

5. Not clear from the information provided

[Show questions TaskI_Q11 – TaskI_Q12 on same screen]

TaskI_Q11. Q. Imagine that you have invested in this product and that, a year after your original investment, the manufacturer of the product announces that (s)he is not able to pay out what (s)he owes (in other words, s(he) defaults). In the worst case scenario, how much money, if any, can you expect to get back?

[PROG: SINGLE ANSWER]

1. You are not guaranteed to get any money back and you will possibly lose the majority of your original investment.
2. You can expect to get 100% of your original investment back.
3. You can expect to get the majority of your original investment back.
4. Not clear from the information provided.

[PROG: SHOW AS A GRID]

TaskI_Q12. Q. The Key Information Document contains information about performance scenarios and costs. Please select the statement below which best describes the potential returns* (in *[PROG: add currency here])* **shown in the performance scenarios section.**

[PROG: SINGLE ANSWER]

1. The potential returns shown are before costs (except personal taxes) have been deducted.
2. The potential returns shown are after costs (except personal taxes) have been deducted.
3. The potential returns are shown both before and after costs (except personal taxes) have been deducted.
4. Not clear from the information provided.

[PROG: SHOW AS A GRID]

***By 'potential return' we mean the amount of money you could earn by investing in this product.**

[Show questions Sub_Q1-Q3 on same screen]

Sub_Q1. Q. Looking at the Key Information Document in full, how difficult or easy would you say it is to understand?

[PROG: SINGLE ANSWER]

1. Very easy to understand

2. Easy to understand
3. Neither easy nor difficult to understand
4. Difficult to understand
5. Very difficult to understand

[PROG: SHOW AS A GRID]

Sub_Q2. Q. How useful do you think this information would be to help you compare this product with another financial product?

[PROG: SINGLE ANSWER]

1. Very useful
2. Quite useful
3. Somewhat useful
4. Not at all useful

[PROG: SHOW AS A GRID]

Sub_Q3. Q. If you were considering buying this financial product, how likely is it that you would read the Key Information Document in full?

[PROG: SINGLE ANSWER]

1. Extremely likely
2. Very likely
3. Somewhat likely
4. Not at all likely

[PROG: SHOW AS A GRID]

A8.6 Task II

[PROG: INFO TEXT]

Part II

Part II of the survey will require you to compare this product with another product. In order to do this, you will need to click on the icon below to open a new Key Information Document.

[ICON WITH TEXT "KID 2" LINKS TO DOCUMENT CORRESONDING TO THE COMBINATION OF PRODUCT AND VARIANT RESONDENT WAS ALLOCATED TO IN TASK II]

Tip: Given the length of the document, it may be easier to complete the survey if you print out the document. We would recommend that you do so, if you have the ability to print.

You will need to view both KID 1 and KID 2 in order to answer the questions that follow. KID 1 shows Product *[PROG: enter letter of first product allocated here]* **and KID 2 shows Product** *[PROG: enter letter of first product allocated here]***.**

[ICON WITH TEXT "KID 1" LINKs TO DOCUMENT CORRESONDING TO THE COMBINATION OF PRODUCT AND VARIANT RESONDENT WAS ALLOCATED TO IN TASK I]

Should you need to reopen these documents, the icons appear on every screen that follows.

[THESE LINKS SHOULD APPEAR ON EVERY SUBSEQUENT SCREEN IN TASK II]

When you are ready to continue, please enter the codes that appear at the top left of the two documents in the boxes below and click "Next" to move to the next screen. Note. Each code is one letter and one number.

[_|_] [_|_]

[PROG: 1ST CHARACTER IN EACH BOX IS A LETTER IN RANGE A-D OR a-d. 2ND CHARACTER IS A NUMBER IN RANGE 1-4]

[PROG: IF THE TWO CODES MATCH THE TWO ALLOCATION CODES FOR TASK II, GO TO TaskII_Q1*]*

[Show questions TaskII_Q1 - TaskII_Q2_D on same screen]

[PROG: Don't ask TaskII_Q1 if respondent sees product D]

TaskII_Q1. Q. In your opinion, which of these two products...

[PROG: STATEMENTS IN ROW]

a) Has, in general, the higher risk?
b) Has, in general, more unpredictable returns*?
c) Has the higher potential return (that is, the amount of money you could earn by investing in this product)?

[PROG: RESPONSE SCALE IN COLUMNS (FROM LEFT TO RIGHT). SELECT ONE RESPONSE PER STATEMENT]

1. Product *[PROG: enter letter of first product allocated here]*
2. Product *[PROG: enter letter of second product allocated here]*
3. Both products are similar
4. Not clear from the information provided

***By more unpredictable returns, we mean that the money one may earn by investing in this product is more uncertain.**

[PROG: Only ask TaskII_Q1_D if respondent sees product D]

TaskII_Q1_D. Q. Looking at the Key Information Documents, which of the following statements do you think is true?

[PROG: SINGLE ANSWER]

1. Product D has higher risk than Product *[PROG: enter letter of second product allocated here].*
2. Product D has lower risk than Product *[PROG: enter letter of second product allocated here].*

3. Which of the two products is riskier depends on the underlying investment option chosen when investing in D.

[PROG: Don't ask TaskII_Q2 if respondent sees product D]

TaskII_Q2. Q. In your opinion, which of these two products...

[PROG: STATEMENTS IN ROW]

a) Has the highest overall costs, as a percentage, if held for one year?
b) Has the highest overall costs, as a percentage, if held for the recommended holding period?
c) Has the highest ongoing costs, as a percentage (that is, the amount an investor is charged each year they hold the product)?
d) Has the highest exit penalties* if sold before the recommended holding period?

[PROG: RESPONSE SCALE IN COLUMNS (FROM LEFT TO RIGHT). SELECT ONE RESPONSE PER STATEMENT]

1. Product *[PROG: enter letter of first product allocated here]*
2. Product *[PROG: enter letter of second product allocated here]*
3. Both products are similar
4. Not clear from the information provided

***By exit penalties, we mean the costs you need to pay when selling the product.**

[PROG: Only ask TaskII_Q2_D if respondent sees product D]

TaskII_Q2_D. Q. Looking at the Key Information Documents, which of the following statements do you think is true?

[PROG: SINGLE ANSWER]

1. Product D has higher overall costs than Product *[PROG: enter letter of second product allocated here].*
2. Product D has lower overall costs than Product *[PROG: enter letter of second product allocated here].*
3. Which of the two products has higher overall costs depends on the underlying investment option chosen when investing in D.

[Show questions TaskII_Q3 - TaskII_Q5 on same screen]

TaskII_Q3. Q. If you keep the investment for the recommended holding period and the manufacturer is able to pay out, with which of these two products…

[PROG: STATEMENTS IN ROW]

a) Could you be sure to get back at least the money you have invested?
b) Could you be sure to get back all the money you have invested, plus a positive return (i.e. an amount in addition to what you invested)?

c) It is possible that you could lose some or all of the money you invested?

[PROG: RESPONSE SCALE IN COLUMNS (FROM LEFT TO RIGHT). SELECT ONE RESPONSE PER STATEMENT]

1. Product *[PROG: enter letter of first product allocated here]*
2. Product *[PROG: enter letter of second product allocated here]*
3. Neither product
4. Both products
5. Not clear from the information provided

[PROG: Don't ask TaskII_Q4 if respondent sees product D]

TaskII_Q4. Q. Imagine that you are an investor who wants a <u>low risk</u> investment and who will be able to hold the product for the <u>recommended holding period</u>. Which of the two products do you think is more suited to your needs?

[PROG: SINGLE ANSWER]

1. Product *[PROG: enter letter of first product allocated here]*
2. Product *[PROG: enter letter of second product allocated here]*
3. Both suited to the same extent
4. Not clear from the information provided

[PROG: SHOW AS A GRID]

TaskII_Q5. Q. Imagine that you are an investor who wants a <u>low risk</u> investment and who may need to <u>exit the investment after a year</u>. Which of the two products do you think is more suited to your needs?

[PROG: SINGLE ANSWER]

1. Product *[PROG: enter letter of first product allocated here]*
2. Product *[PROG: enter letter of second product allocated here]*
3. Both suited to the same extent
4. Not clear from the information provided

[PROG: SHOW AS A GRID]

A8.7 Task III

[PROG: INFO TEXT]

<u>Part III</u>

<u>Please close the Key Information Document which you were given in Part II of the survey.</u> This is the document with the code <u>*[PROG: enter Task II allocation code here]*</u> on the top left of the document. If you have printed out the documents, please put this document to one side.

Part III of the survey will require you to compare a <u>new version of the Key Information Document</u> with the Key Information Document you were given in Part I.

In order to do this, you will need to click on the icon to open a new Key Information Document.

[ICON WITH TEXT "KID 3" LINKS TO DOCUMENT CORRESONDING TO THE COMBINATION OF PRODUCT AND VARIANT RESONDENT WAS ALLOCATED TO IN TASK III]

Tip: Given the length of the document, it may be easier to complete the survey if you print out the document. We would recommend that you do so, if you have the ability to print.

You will need to view both Key Information Documents in order to answer the questions that follow. Both documents describe the same financial product, Product *[PROG: enter letter of first product allocated here]*, **but they present the information in different ways.**

[ICON WITH TEXT "KID 1" LINKS TO DOCUMENT CORRESONDING TO THE COMBINATION OF PRODUCT AND VARIANT RESONDENT WAS ALLOCATED TO IN TASK I]

Should you need to reopen these documents, the icons appear on the screen that follows.

[THESE LINKS SHOULD APPEAR ON EVERY SUBSEQUENT SCREEN IN TASK III]

When you are ready to continue, please enter the codes that appear at the top left of the two documents in the boxes below and click "Next" to move to the next screen. Note. Each code is one letter and one number.

[_|_] [_|_]

[PROG: 1ST CHARACTER IN EACH BOX IS A LETTER IN RANGE A-D OR a-d. 2ND CHARACTER IS A NUMBER IN RANGE 1-4]

[PROG: IF THE TWO CODES MATCH THE TWO ALLOCATION CODES FOR TASK II, GO TO TaskIII_Q1*]*

TaskIII_Q1. Q. Please look carefully at the Key Information Documents. In your opinion, which of them:

[PROG: STATEMENTS IN ROW]

a) Would you be more likely to read?
b) Is easier to understand?
c) Would be more useful for comparing different financial products?
d) Do you prefer overall?

[PROG: RESPONSE SCALE IN COLUMNS (FROM LEFT TO RIGHT). SELECT ONE RESPONSE PER STATEMENT]

1. Key Information Document with code *[PROG: insert code of first variant in Part III]*
2. Key Information Document with code *[PROG: insert code of second variant in Part III]*
3. Both the same

[PROG: SHOW AS A GRID]

TaskIII_Q2. Q. Please look carefully at the Key Information Documents. In your opinion, which of them do you prefer in terms of:

[PROG: STATEMENTS IN ROW]

a) The section on risk?
b) The section on performance?
c) The section on costs?

[PROG: RESPONSE SCALE IN COLUMNS (FROM LEFT TO RIGHT). SELECT ONE RESPONSE PER STATEMENT]

1. Key Information Document with code *[PROG: insert code of first variant in Part III]*
2. Key Information Document with code *[PROG: insert code of second variant in Part III]*
3. Both the same

[PROG: SHOW AS A GRID]

[PROG: Ask TaskIII_Q3 only for respondents allocated to product D]

TaskIII_Q3: Q. Please look carefully at the Key Information Documents. In your opinion, which of them:

[PROG: STATEMENTS IN ROW]

a) Helps you understand the main features of the product?
b) Helps you understand the range of options you can choose?
c) Helps you understand what the options might cost?
d) Helps you compare the product with other products?

[PROG: RESPONSE SCALE IN COLUMNS (FROM LEFT TO RIGHT). SELECT ONE RESPONSE PER STATEMENT]

1. Key Information Document with code *[PROG: insert code of first variant in Part III]*
2. Key Information Document with code *[PROG: insert code of second variant in Part III]*
3. Both the same

[PROG: SHOW AS A GRID]

[PROG: INFO TEXT]

Thank you for taking part in this survey. There are a few more questions we would like to ask you.

[TIMER4: START]

E1. Q. Compared to other surveys you have completed, how difficult was this survey on a scale of 1 to 7 where 1 is very easy and 7 is very difficult?

[PROG: NUMERIC ANSWER – 1 DIGIT RANGE 1- 7]

/__/

[ASK IF CODED "YES" TO AT LEAST ONE IN IN S2]

E2. Q. Which of the documents provided, if any, did you print out? Please select all that apply.

[PROG: MULTIPLE ANSWERS]

1. The document provided in Part I, with code *[PROG: insert code of variant in Part I]*
2. The document provided in Part II, with code *[PROG: insert code of second product in Part II]*
3. The document provided in Part III, with code *[PROG: insert code of second variant in Part III]*
4. None of the documents

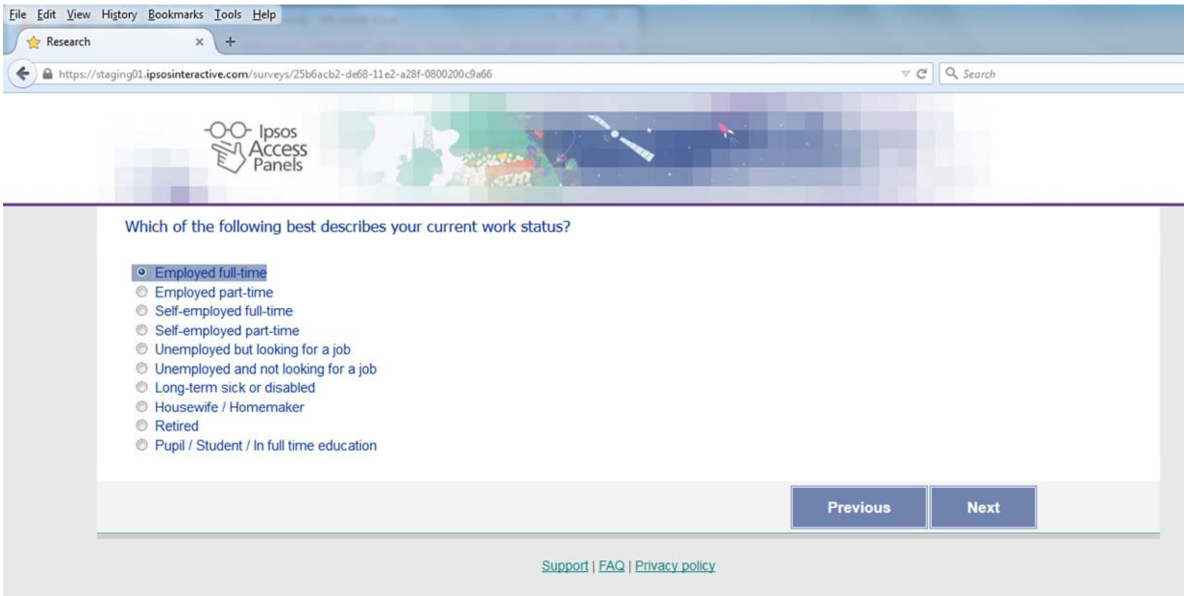
[PROG: SHOW AS A GRID]

E3. Q. Thinking of the past 6 months, can you please tell us what is your household's NET monthly income?
***By NET we mean, after deductions for taxes*.**
[PROG: SELECT ONE]
[INSERT RESPONSE LIST PER COUNTRY]

[TIMER4: STOP]

[PRG: END TEXT & THANKING]

Annex 9 Quantitative testing questionnaire screenshots – Phase II



Which of the following best describes your current work status?

- Employed full-time
- Employed part-time
- Self-employed full-time
- Self-employed part-time
- Unemployed but looking for a job
- Unemployed and not looking for a job
- Long-term sick or disabled
- Housewife / Homemaker
- Retired
- Pupil / Student / In full time education

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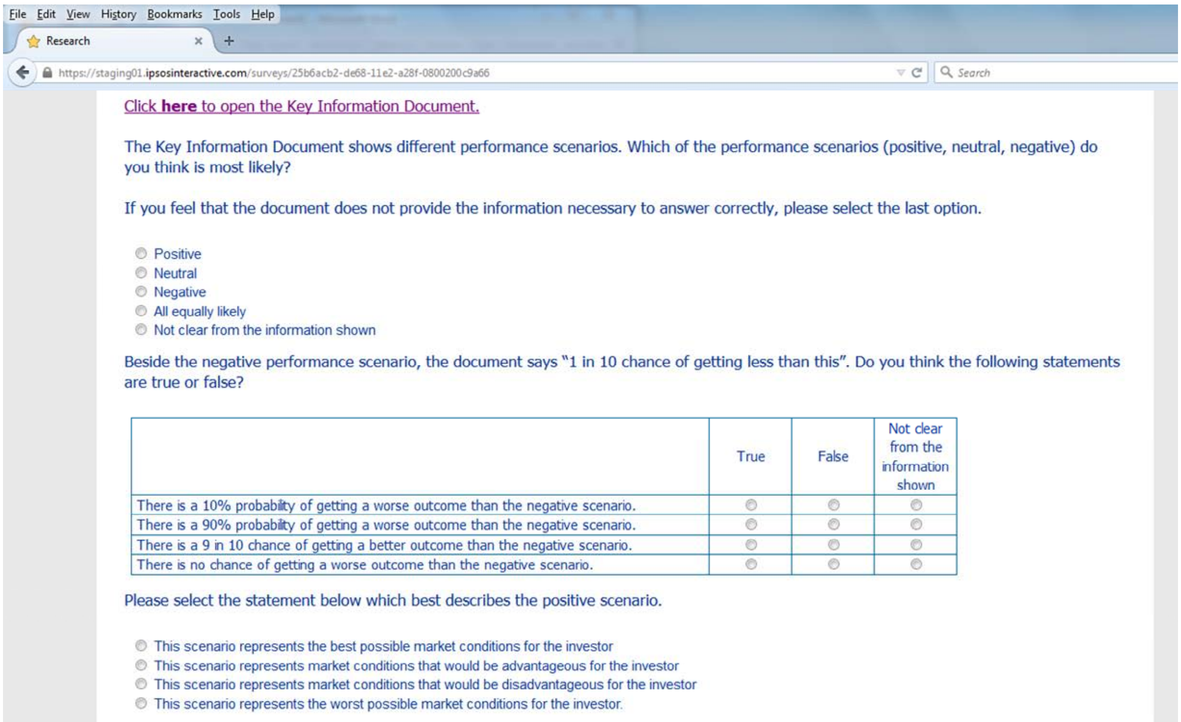


Click **here** to open the Key Information Document.

The Key Information Document shows different performance scenarios. Which of the performance scenarios (positive, neutral, negative) do you think is most likely?

If you feel that the document does not provide the information necessary to answer correctly, please select the last option.

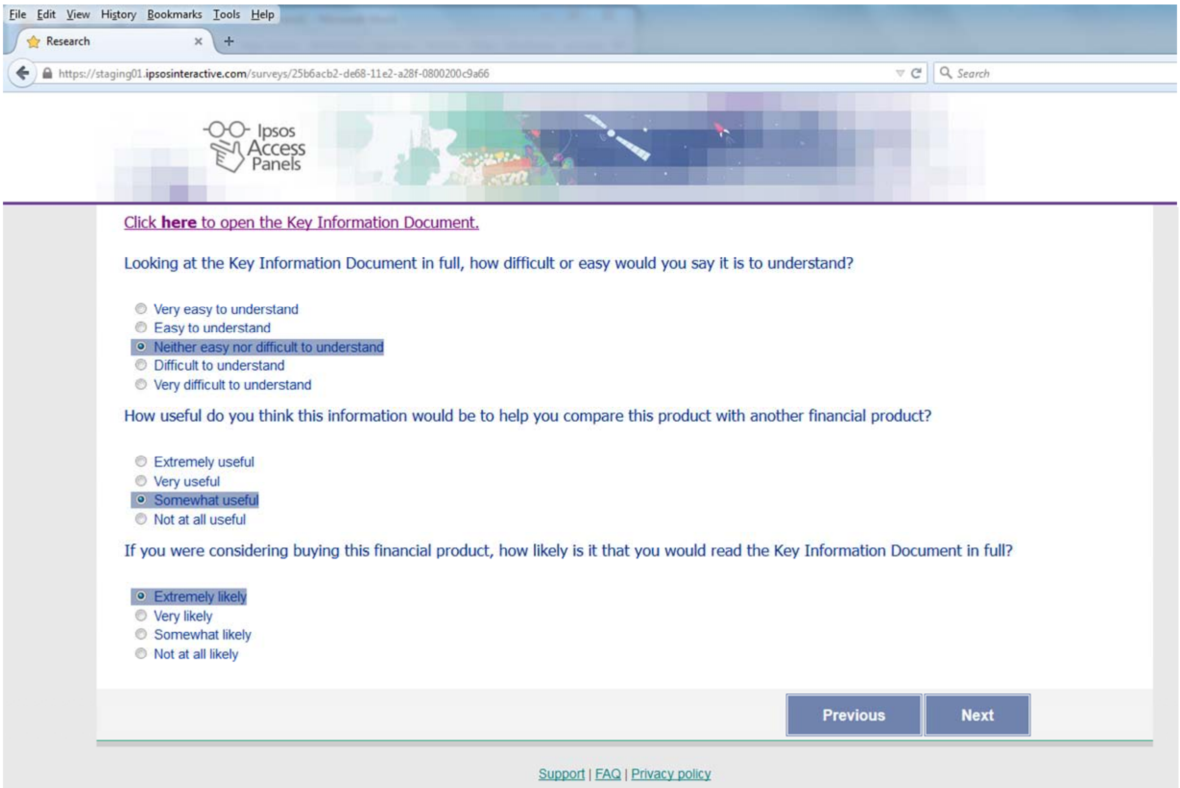
- Positive
- Neutral
- Negative
- All equally likely
- Not clear from the information shown

Beside the negative performance scenario, the document says "1 in 10 chance of getting less than this". Do you think the following statements are true or false?

	True	False	Not clear from the information shown
There is a 10% probability of getting a worse outcome than the negative scenario.	◎	◎	◎
There is a 90% probability of getting a worse outcome than the negative scenario.	◎	◎	◎
There is a 9 in 10 chance of getting a better outcome than the negative scenario.	◎	◎	◎
There is no chance of getting a worse outcome than the negative scenario.	◎	◎	◎

Please select the statement below which best describes the positive scenario.

- This scenario represents the best possible market conditions for the investor
- This scenario represents market conditions that would be advantageous for the investor
- This scenario represents market conditions that would be disadvantageous for the investor
- This scenario represents the worst possible market conditions for the investor.



File Edit View History Bookmarks Tools Help

Research

https://staging01.ipsosinteractive.com/surveys/25b6acb2-de68-11e2-a28f-0800200c9a66

Ipsos Access Panels

Click **here** to open the Key Information Document.

Looking at the Key Information Document in full, how difficult or easy would you say it is to understand?

- Very easy to understand
- Easy to understand
- Neither easy nor difficult to understand
- Difficult to understand
- Very difficult to understand

How useful do you think this information would be to help you compare this product with another financial product?

- Extremely useful
- Very useful
- Somewhat useful
- Not at all useful

If you were considering buying this financial product, how likely is it that you would read the Key Information Document in full?

- Extremely likely
- Very likely
- Somewhat likely
- Not at all likely

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Annex 10 Quantitative research variants – Phase II

A1 | 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 Fund **XYZ Fund Managers**
www.ourhompage.eu
Call [telephone number] for more information Regulated by ABC Published X

What is this product?

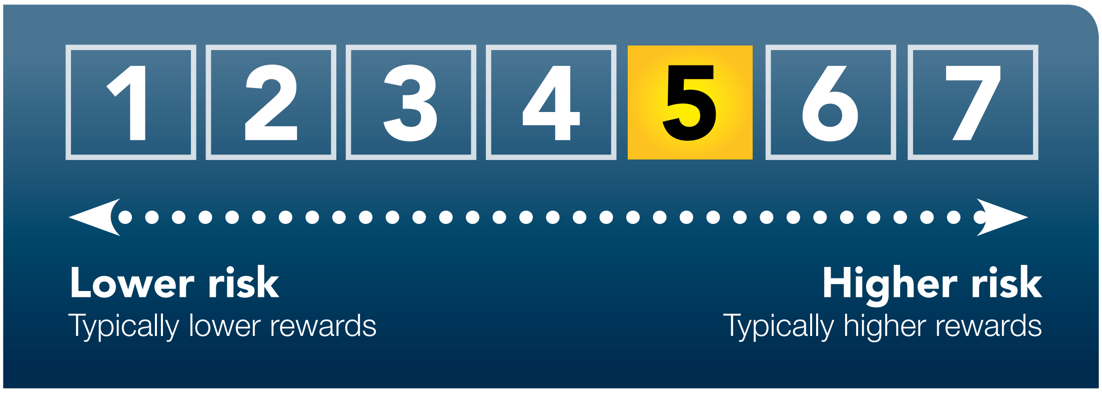
Type This product is an investment fund.

Strategy This product invests in European stock markets, concentrating on France and Germany. We mostly invest in older more established companies, but 35% of our portfolio is in 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 a small proportion of other investments, including in corporate bonds.

Intended Market This product is intended for investors who are prepared to take on a relatively high level of risk of loss to their original capital in order to get a higher potential return, and who plan to stay invested for at least 5 years. It is designed to form part of a portfolio of investments.

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

Risk Indicator



This risk indicator helps you assess the risks with this product and compare them with other products. It takes into account the likelihood of possible losses. It reflects the different factors that determine what you will get back, in particular how much you could lose due to fluctuations in the value of the fund's investments.
The product does not include any capital protection, so in the worst case you could lose your investment.

Performance scenarios

Investment €1000

Scenarios		1 years	3 years	5 years (Recommended holding period)
Negative scenario	**What you might get back after costs**	**€920**	**€857**	**€951**
	What you might get back before costs	€965	€940	€1,050
	Average return each year	-8%	-5%	-1%
Neutral scenario	**What you might get back after costs**	**€1,030**	**€1,093**	**€1,159**
	What you might get back before costs	€1,080	€1,180	€1,250
	Average return each year	3%	3%	3%
Positive scenario	**What you might get back after costs**	**€1,100**	**€1,225**	**€1,338**
	What you might get back before costs	€1,050	€1,310	€1,450
	Average return each year	10%	7%	6%

The amount you get back from this product is not fixed. What you get will vary depending on how our investments do and how long you keep the product. This table shows potential returns over the next 5 years, in different scenarios, based on an investment of €1.000. There is no guarantee you will get any of these returns, and the returns shown are not equally likely. The figures after costs have all costs you would pay deducted, but not your personal taxes, which may impact on what you get back. We also show the figures before the costs are taken.

What happens if XYZ Asset Management 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?

Summary of costs

One-off cost	Ongoing costs	Incidental costs
€30	€13	€10
3%	1.3%	1%

What are the costs?

The graphics show the different costs for this product. The one-off cost is charged once, when you enter the investment. The ongoing costs are charged each year. We show the figure for last year, but this can vary. The incidental costs are only charged where we beat the returns of our benchmark, the 'EU Smaller Companies Index'. When this happens, we take 20% of the growth exceeding the benchmark. Last year this amounted in total to 3% extra costs. Should we do even better, in the future this could be higher.

How the costs add up if you invest €1000	1 years	3 years	5 years (Recommended holding period)
Total Costs	**€53**	**€85**	**€125**
Total Cost Ratio	**5.3%**	**2.6%**	**2.2%**

Costs over time

The table shows what all the costs above together could mean for different holding periods, and as you can see the total costs in % go down the longer you hold the product. The figures assume you invest €1 000. We have estimated the costs which could be higher or lower in the future, and the total

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 five years. However, you can redeem your investment without penalty at any time during this time, 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.

How can I complain?

If you have any complaints, you can contact our complaints hotline on [telephone number] who will explain what to do. 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

Our depositary is ABC Bank based in France.
We publish a full prospectus that contains more information on this product; you can find it at www.ourhomepage.eu/prospectus. Each year we also publish a report with more information on how this product is doing at www.ourhompage.eu/report.
We also review and republish this Key Information Document each year; you can find the new version on www.ourhomepage.eu/KIDs after 31 January.

B1 | 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

With-profit life insurance savings plan **EFG Insurance**
www.ourhompage.eu
Call [telephone number] for more information Regulated by ABC Published X

What is this product?

Type This product is an insurance-based investment product.

Strategy This product allows you to save each month, and offers you a guaranteed return on your savings of 2% each year. It also offers bonus payments each year. These bonus payments are not guaranteed. We set them according to different factors, including how well our company is doing, and how well our investments on financial markets are doing. We invest in different kinds of assets, but focus mostly on those that are lower in risk.

Intended Market This product is intended for investors who want to accumulate savings, with a guaranteed return on these savings but would also like the opportunity for some additional returns while avoiding significant risks from the financial markets. It is designed for investors willing to stay invested for ten years or longer, and could be used on its own for accumulating savings.

Insurance benefit This product includes a life insurance benefit, so if the insured person (normally you) died during the contract, a beneficiary would receive a payout of 130% of what has been paid in.

Term The term of this investment is a minimum 10 years, but can be extended.

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

Risk Indicator

1	**2**	3	4	5	6	7

Lower risk
Typically lower rewards

Higher risk
Typically higher rewards

This risk indicator helps you assess the risks with this product and compare them with other products. It takes into account the likelihood of possible losses. It reflects the different factors that determine what you will get back, including how well we do as a company and with our investments.
This product includes a guaranteed return on your investment, so you will get at least 2% growth each year.

Performance scenarios

Investment €1000 / year

Scenarios		€1,000 **1 years**	€5,000 **5 years**	€10,000 **10 years** (Recommended holding period)
Negative scenario	**What you might get back after costs**	**€921**	**€4,904**	**€10,996**
	What you might get back before costs	€1,020	€5,204	€11,412
	Average return each year	-7.8%	-0.6%	1.2%
Neutral scenario	**What you might get back after costs**	**€1,030**	**€5,080**	**€11,887**
	What you might get back before costs	€1,150	€5,310	€12,530
	Average return each year	-7%	0.8%	2.2%
Positive scenario	**What you might get back after costs**	**€1,100**	**€5,111**	**€14,845**
	What you might get back before costs	€1,240	€5,345	€15,600
	Average return each year	-6.2%	1.1%	3.2%
If you die while holding product	**What your beneficiary might get**	**€1,300**	**€6,500**	

The amount you get back from this product is not fixed. What you get will vary depending on how our investments do and how long you keep the product. This table shows potential returns over the next 10 years, in different scenarios, based on an investment of €1.000 each year, meaning an overall investment of €10.000.
There is no guarantee you will get any of these returns, and the returns shown are not equally likely. The figures after costs have all costs you would pay deducted, but not your personal taxes, which may impact on what you get back. We also show the figures before the costs are taken. In addition, we show what your beneficiary would get if you died before maturity.

What happens if EFG Insurance is unable to pay out?

If we are not able to pay out what we owe you, you are covered by a national compensation scheme, which is funded by the insurers. This will pay back 90% of what we owe you, with no limit on the total payment. To find out more about when this applies, visit www.investorcompensationscheme.eu.

What are the costs?

Summary of costs

One-off cost	Ongoing costs	Incidental costs
€30	€17	€50
3%	1.7%	5%

What are the costs?

The graphics show the different costs for this product. The one-off cost is charged once each time you invest. The ongoing costs are charged each year, and are taken from your investment with us. We show the figure for last year, but this can vary. This includes both investment and insurance cover costs. We also show the maximum incidental costs -- exit penalties if you leave before the ten years has passed. These are explained below in the section on early exit, and reduce each year.

How the costs add up if you invest €1000 each year	1 years	5 years	10 years (Recommended holding period)
Total Costs	**€98**	**€299**	**€600**
Total Cost Ratio	**9.8%**	**3.6%**	**1.8%**

Costs over time

The table shows what the costs above could mean for different holding periods, and as you can see the total costs in % go down the longer you hold the product. The figures assume you invest €1 000 each year. They take into account exit penalty for early exit, shown below. We have estimated the costs which could be higher or lower in the future, and the total costs vary according to how well your investment does.

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

Recommended holding period: 10 years

This product is designed for longer-term investment through regular monthly savings. You should be prepared to keep your money in this product for at least ten years. You can cash-in the product earlier; however, you will have to pay an exit fee if you do this. This starts out at 5% in the first year, 4% in the second, 3% in the third, 2% in the fourth and 1% in the fifth. After five years there will be no exit fee. The amount you get back will depend on the guaranteed returns and bonuses that you have been provided.

How can I complain?

If you have any complaints, you can contact our complaints hotline on [telephone number] who will explain what to do. 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 obtain further contractual information about us and this product at www.ourhomepage.eu/ourproduct

We also review and republish this Key Information Document each year; you can find the new version on our www.ourhompage.eu/ourkids after 31 January each year.

C1 | 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

Optimal Performance Note **BCD Bank** www.ourhompage.eu
Call [telephone number] for more information Regulated by ABC Published X

Warning

You are about to purchase a product that is not simple and may be difficult to understand.

What is this product?

Type This product is a structured security.

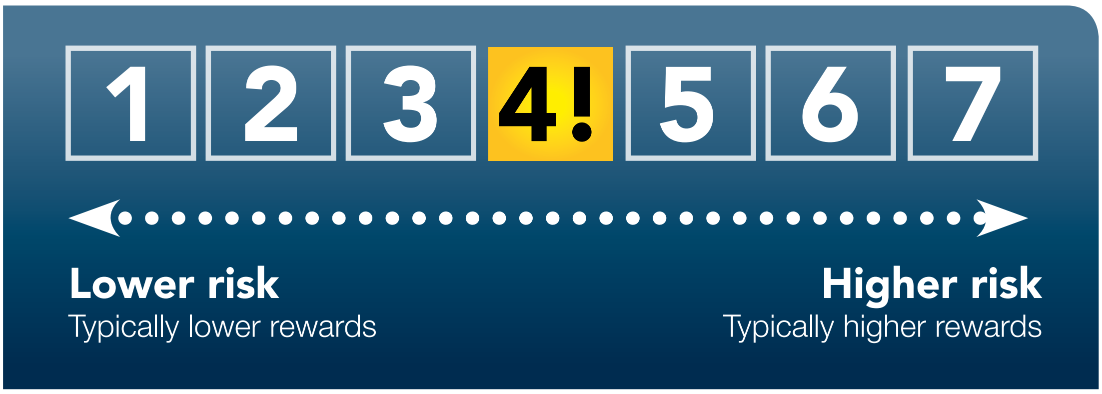
Strategy Through investment in this product you lend money to us (BANK BCD). We commit to repay after 3 years an amount depending on the evolution of a selection of 20 shares. These shares serve as a reference value but we do not buy them. The return at maturity will depend on the performance of this basket of 20 shares. The basket comprises a selection of shares of companies that are expected to benefit from the forecast economic growth in the European Union. Each year the best performing share is dropped from the basket. The return at maturity will be calculated as the mean of the individual performances of the 17 remaining shares, provided that the positive performance of each share is capped at +20% and the negative performance of the basket is floored at -20%. This means the BANK BCD guarantees to repay you at least 80% of your original investment after 3 years.

Intended Market This product is intended for investors who are prepared to stay invested for 3 years and who are prepared to take on a considerable 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.

Term The term of this investment is 3 years.

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

Risk Indicator



This risk indicator helps you assess the risks with this product and compare them with other products. It takes into account the likelihood of possible losses. It reflects the different factors that determine what you will get back, including how well the stocks in the basket perform. We show a '!' because the risk indictor gives you the risk for the recommended holding period of 3 years; the risk could be higher if you hold it for shorter time.
The product is designed in such way that you do not lose more than 20% of your investment as a consequence of unfavourable market movements. However, this protection does not apply should you cash-in before the 3 years.

Performance scenarios

Investment €1000

Scenarios		1 years	2 years	3 years (Recommended holding period)
Negative scenario	**What you might get back after costs**	**€923**	**€750**	**€800**
	What you might get back before costs	€1000	€830	€880
	Average return each year	-8%	-12%	-6%
Neutral scenario	**What you might get back after costs**	**€942**	**€1,002**	**€1,104**
	What you might get back before costs	€1,018	€1,082	€1,184
	Average return each year	-5.8%	0.1%	2%
Positive scenario	**What you might get back after costs**	**€972**	**€1,097**	**€1,276**
	What you might get back before costs	€1,050	€1,177	€1,356
	Average return each year	-2.8%	3.1%	5%

The amount you get back from this product is not fixed. What you get will vary depending on how our investments do and how long you keep the product. This table shows potential returns over the next 3 years, in different scenarios, based on an investment of €1.000.
There is no guarantee you will get any of these returns, and the returns shown are not equally likely. The figures shown take into account all costs, but not your personal taxes, which could have an impact on what you get back. To show you the impact of costs, we also show the figures before the costs are taken.

What happens if BCD Bank is unable to pay out?

If we are not able to pay out what we owe you, you are not covered by a national compensation scheme. In the worst case you may lose the entire investment.

What are the costs?

Summary of costs

One-off cost	Ongoing costs	Incidental costs
€80	€0	€0
8%	0%	0%

What are the costs?

The graphics show the different costs for this product. The one-off costs are taken before you invest, and include both direct and indirect costs. Direct costs are the charges you pay. The indirect costs are an estimate of the difference between what the product costs for us to produce it, and the price at which we are offering it to you.

How the costs add up if you invest €1000	1 years	2 years	3 years (Recommended holding period)
Total Costs	**€80**	**€80**	**€80**
Total Cost Ratio	**8%**	**5.6%**	**2.7%**

Costs over time

The table shows what the costs above could mean for different holding periods, and as you can see the total costs in % go down the longer you hold the product. The figures assume you invest €1 000

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

Recommended holding period: 3 years

This product is designed for a 3 year investment; you should be prepared to stay invested for this term. However, you can ask us for the redemption of your investment without penalty at any time during this time. We undertake to offer daily redemption opportunity at market price in normal market conditions. The price you may receive in case of early redemption may however be considerably lower than the original investment amount; also, the partial capital protection against market risk only holds at maturity, so your loss could amount to more than 20%. For further information, please contact us.

How can I complain?

If you have any complaints, you can contact our complaints hotline on [telephone number] who will explain what to do. 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

We publish a full prospectus which you can find at www.ourhomepage.eu/ourproduct.
We also review and republish this Key Information Document each year; you can find the new version on our www.ourhompage.eu/ourkids after 31 January each year.

D1 | 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

Futureplan Investment **EFG Insurance** www.ourhompage.eu

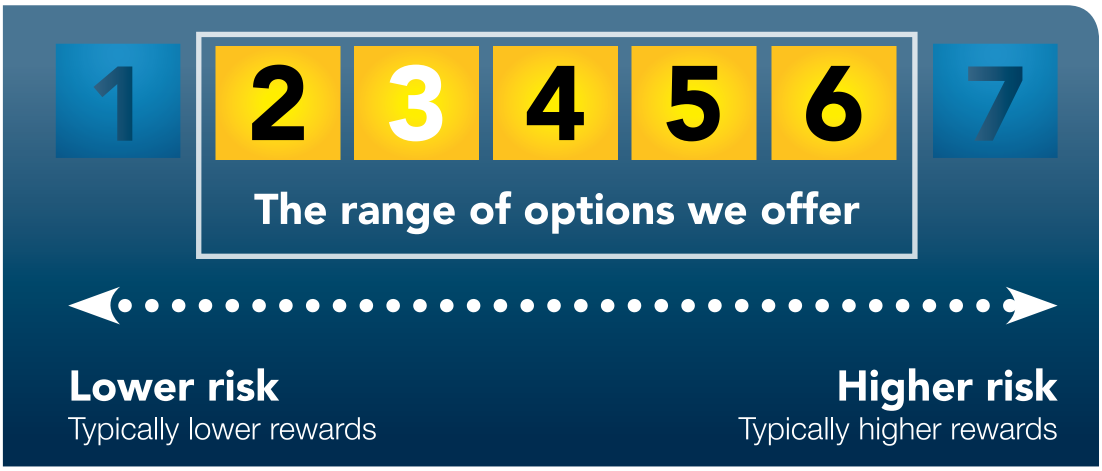
Call [telephone number] for more information Regulated by ABC Published X

What is this product?

Type	This product is an insurance-based investment product.
Strategy	For the investment part we offer a large number of investment funds to choose from. These funds range from low risk investments in government bonds, to adventurous and more risky investments in emerging market equities
Intended Market	This product is intended for investors who want to accumulate savings, with This product is intended for people who want to accumulate amounts of money for a longer period and combine this with some insurance cover. It is meant for people that plan to stay invested for at least 10 years. If you leave early you may have to pay additional tax on what you get back.
Insurance benefit	This product includes a life insurance benefit, so if the insured person were to die during the life of the contract, the beneficiary would receive a payout of 101% of what has been paid in.
Term	The term of this investment is a minimum 10 years, but can be extended.

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

Risk Indicator



This risk indicator helps you assess the risks with this product and compare them with other products assuming you keep the product for the recommended holding period. It takes into account the likelihood of possible losses (not only the worst case) due to different risk factors such as changes in the market and how well we do as a company. The many investment options we offer in this product have different risk profiles. They range from 2 to 6 on the risk indicator above. The risk of the Balanced Option (the typical choice most policy holders make is) 3. The product does not include any capital protection, so in the worst case you could lose your investment

Performance scenarios

Our typical investment: Balanced Option

Scenarios		1 years	5 years	10 years (Recommended holding period)
Negative scenario	**What you might get back after costs**	**€920**	**€951**	**€990**
	What you might get back before costs	€965	€1,050	**€1,200**
	Average return each year	-8%	-1%	**-0.1%**
Neutral scenario	**What you might get back after costs**	**€1,030**	**€1,159**	**€1,400**
	What you might get back before costs	€1,080	€1,250	**€1,620**
	Average return each year	3%	3%	3%
Positive scenario	**What you might get back after costs**	**€1,100**	**€1,336**	**€1,750**
	What you might get back before costs	€1,150	€1,450	**€2,000**
	Average return each year	10%	6%	4%
If you die while holding product	What your beneficiary might get	**€1,010**	**€1,010**	

The amount you get back from this product is not fixed. What you get will vary depending on which investment fund you chose, how this fund performs and how long you keep the investment. For example, if you chose to invest in the Balanced Option, the potential returns over the next 10 years based on an investment of €1.000 could be as presented in the table. The scenarios have been chosen to illustrate how the product performs in different market conditions (not the worst or the best ones). There is no guarantee you will get any of these returns or which of them is more likely. The figures shown take into account all costs, but not your personal taxes, which may have an impact on what you get back. We also show you what the beneficiary would get if the insured person were to die while holding the product.

What happens if XYZ Insurance is unable to pay out?

If we are not able to pay out what we owe you, you are not covered by a national compensation scheme. In the worst case you may lose the entire investment.

What are the costs?

Summary of costs

Important: To give you an idea of the costs, we show here the costs for the Balanced Option, but the costs you pay could be higher or lower depending on the investment option or combination of these you select.

One-off cost	Ongoing costs	Incidental costs
€45	€30	€0
4.5%	3%	0%

What are the costs?

The graphics show the different costs for an example of an investment choice in this product. The one-off cost is charged once, when you invest. This is the same for all the investment options we offer. The ongoing costs are charged each year, and are taken from your investment with us. We show here the costs for the Balanced Option, as an example, but these costs will vary depending on the option you choose. The costs include both investment and insurance cover costs. We show the figure for last year, but this can vary.

How the costs add up if you invest €1000	After 1 year	After 5 year5	After 10 years (Recommended holding period)
Total Costs	**€75**	**€170**	**€310**
Total Cost Ratio	**7.5%**	**3.3%**	**3.1%**

Costs over time

he table shows what the costs above could mean for different holding periods, and as you can see the total costs in % go down the longer you hold the product. The figures assume you invest €1 000. The costs could be higher or lower depending on how well your investment does.

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

Recommended holding period: 10 years

This product is designed for longer term investments; you should be prepared to stay invested for at least ten years. Termination of the product may have tax consequences.

How can I complain?

If you have any complaints, you can contact our complaints hotline on [telephone number] who will explain what to do. 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

We publish further information on this product; you can find it at www.ourhompage.eu/products. Each year we also publish a report where you can find more information on how the product is doing, which you will be able to find at www.ourhomepage.eu/reports.
We also review and republish this Key Information Document each year; you can find new versions on www.ourhomepage.eu/KIDs after 31 January.

A2 | 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 Fund **XYZ Fund Managers**
www.ourhompage.eu
Call [telephone number] for more information Regulated by ABC Published X

What is this product?

Type This product is an investment fund.

Strategy This product invests in European stock markets, concentrating on France and Germany. We mostly invest in older more established companies, but include for 35% 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 Market This product is intended for investors who are prepared to take on a relatively high level of risk of loss to their original capital in order to get a higher potential return, and who plan to stay invested for at least 5 years. It is designed to form part of a portfolio of investments.

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

Risk Indicator

This risk indicator helps you assess the risks with this product and compare them with other products. It takes into account the likelihood of possible losses. It reflects the different factors that determine what you will get back, in particular how much you could lose due to fluctuations in the value of the fund’s investments.
The product does not include any capital protection, so in the worst case you could lose your investment.

Performance scenarios

Investment €1.000 for recommended five years Scenarios	Chance of getting scenario	What you might get back Average return each year
Negative scenario	1 in 10 chance of getting less than this	€951 -1%
Neutral scenario	6 in 10 chance of getting less than this	€1,159 3%
Positive scenario	1 in 10 chance of getting more than this	€1,338 6%

All figures are after costs

The amount you get back from this product is not fixed. What you get will vary depending on how our investments do and how long you keep the product. This table shows potential returns if you held it for the recommended holding period of 5 years, based on an investment of €1.000.

We also show you how likely the scenarios are. The likelihoods shown are estimated based on financial modelling. We have had to make some careful assumptions, but there is no guarantee you will get any of these returns. The figures after costs have all costs you would pay deducted, but not your personal taxes, which may impact on what you get back.

What happens if XYZ Asset Management 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. In the worst case you may lose the entire investment, though 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 across the investors. In the worst case, however, you could lose your entire investment.

What are the costs?

TCR 2.2%

One-off costs	**Entry costs**	**3%**
Ongoing costs	**Investment costs per year**	**1%**
	Portfolio transaction costs per year	**0.3%**
Incidental costs	**Performance fees**	**20% of returns above benchmark:** **this was 1% last year**

What are the costs?

The TCR (total costs ratio) combines the one-off, ongoing and incidental costs together, to show their overall level as a proportion of your original investment. It shows the average amount you would pay each year. If you invested €1000, then this would be an average of €22 each year if you kept the investment for five years, the recommended holding period.

The one-off cost is charged once, when you invest. The ongoing costs are charged each year. We show here the figure for last year, but this can vary. The incidental costs are only charged where we beat the returns of our benchmark, the 'EU Smaller Companies Index'. When this happens, we take 20% of the growth exceeding the benchmark. Last year this amounted in total to 3% extra costs. Should we do even better, this cost would be higher.

What is their impact taken together

Investment = €1000	Entry Costs	On-going Costs	Incidental Costs =	Overall Costs	TCR (%)
After 1 year	€30 +	€13 +	€10 =	€53	5.3% a year
After 3 years	€30 +	€45 +	€20 =	€85	2.6% a year
After 5 years*	€30 +	€75 +	€20 =	€125	2.2% a year

*Recommended

Costs over time

The table shows what the costs above could mean for different holding periods, and as you can see the total costs in % (TCR) goes down the longer you hold the product. The figures assume you invest €1 000. We have estimated the costs which could be higher or lower in the future, and the total costs vary according to how well your investment does.

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 five years. However, you can redeem your investment without penalty at any time during this time, 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.

How can I complain?

If you have any complaints, you can contact our complaints hotline on [telephone number] who will explain what to do. 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

Our depositary is ABC Bank based in France.

We publish a full prospectus that contains more information on this product; you can find it at www.ourhomepage.eu/prospectus. Each year we also publish a report with more information on how this product is doing at www.ourhompage.eu/report.

We also review and republish this Key Information Document each year; you can find the new version on www.ourhomepage.eu/KIDs after 31 January.

B2 | 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

With-profit life insurance savings plan **EFG Insurance**
www.ourhompage.eu
Call [telephone number] for more information Regulated by ABC Published X

What is this product?

Type This product is an insurance-based investment product.

Strategy This product allows you to save each month, and offers you a guaranteed return on your savings of 2% each year. It also offers bonus payments each year. These bonus payments are not guaranteed. We set them according to different factors, including how well our company is doing, and how well our investments on financial markets are doing. We invest in different kinds of assets, but focus mostly on those that are lower in risk.

Intended Market This product is intended for investors who want to accumulate savings, with a guaranteed return on these savings but would also like the opportunity for some additional returns while avoiding significant risks from the financial markets. It is designed for investors willing to stay invested for ten years or longer, and could be used on its own for accumulating savings.

Insurance benefit This product includes a life insurance benefit, so if the insured person (normally you) died during the contract, a beneficiary would receive a payout of 130% of what has been paid in.

Term The term of this investment is a minimum 10 years, but can be extended.

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

Risk Indicator

This risk indicator helps you assess the risks with this product and compare them with other products. It takes into account the likelihood of possible losses. It reflects the different factors that determine what you will get back, including how well we do as a company and with our investments.
This product includes a guaranteed return on your investment, so you will get at least 2% growth each year.

Performance scenarios

Investment €1.000 a year for ten years = €10.000 Scenarios	Chance of getting scenario	What you might get back after 10 years Average return each year
Negative scenario	1 in 10 chance of getting less than this	€10,996 1.2%
Neutral scenario	5 in 10 chance of getting less than this	€11,887 2.2%
Positive scenario	1 in 10 chance of getting more than this	€14,845 3.2%
If you die before ten years	If you die after five years (you pay in €5.000)	€6,500

All figures are after costs

The amount you get back from this product is not fixed. What you get will vary depending on how our investments do and how long you keep the product. This table shows potential returns if you held it for the recommended holding period, based on an investment of €1.000 each year, meaning an overall investment of €10.000.

We also show you how likely the scenarios are. The likelihoods shown are estimated based on financial modelling. We have had to make some careful assumptions, but there is no guarantee you will get any of these returns. The figures have all costs you would pay deducted, but not your personal taxes, which may impact on what you get back.
We also show you what would happen if you die before the contract matures.

What happens if EFG Insurance is unable to pay out?

If we are not able to pay out what we owe you, you are covered by a national compensation scheme, which is funded by the insurers. This will pay back 90% of what we owe you, with no limit on the total payment.
To find out more about when this applies, visit www.investorcompensationscheme.eu.

What are the costs?

TCR 1.8%

One-off costs	**Entry costs**	**3%**
Ongoing costs	**Investment costs per year**	**1.5%**
	Insurance costs per year	**0.2%**
Incidental costs	**Exit penalty**	**An exit penality will apply if you leave early. The maximum is 5% if you leave during the first year**

What are the costs?

The TCR (total costs ratio) combines the one-off and ongoing costs together, to show their overall level as a proportion of your original investment. It shows the average amount you would pay each year. If you invested €1000 each year, then this would be an average of €18 each year if you kept saving for ten years, the recommended holding period. The one-off cost is charged once each time you invest. The ongoing costs for investment are charged each year. We show the figure for last year, but this can vary. We also show the ongoing costs for insurance cover, which are also charged each year; we show the average of the costs if you held the product for ten years. If you leave the product early you can be charged an exit penalty. The maximum would be 5% if you leave in the first year.

What is their impact taken together

Investment = €1000	Entry Costs	On-going Costs	Incidental Costs =	Overall Costs	TCR (%)
After 1 year	€30 +	€19 +	€50 =	€98	9.8% a year
After 5 years	€150 +	€79 +	€70 =	€299	3.6% a year
After 10 years*	€300 +	€300 +	€0 =	€600	1.8% a year

*Recommended

Costs over time

The table shows what the costs above could mean for different holding periods, and as you can see the total costs in % (TCR) goes down the longer you hold the product. The figures assume you invest €1 000 each year. They take into account exit penalty for early exit, shown below. We have estimated the costs which could be higher or lower in the future, and the total costs vary according to how well your investment does.

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

Recommended holding period: 10 years

This product is designed for longer-term investment through regular monthly savings. You should be prepared to keep your money in this product for at least ten years. You can cash-in the product earlier; however, you will have to pay an exit fee if you do this. This starts out at 5% in the first year, 4% in the second, 3% in the third, 2% in the fourth and 1% in the fifth. After five years there will be no exit fee. The amount you get back will depend on the guaranteed returns and bonuses that you have been provided.

How can I complain?

If you have any complaints, you can contact our complaints hotline on [telephone number] who will explain what to do. 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 obtain further contractual information about us and this product at www.ourhomepage.eu/ourproduct

We also review and republish this Key Information Document each year; you can find the new version on our www.ourhompage.eu/ourkids after 31 January each year.

C2 | 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

Optimal Performance Note **BCD Bank** www.ourhompage.eu
Call [telephone number] for more information Regulated by ABC Published X

Warning

You are about to purchase a product that is not simple and may be difficult to understand.

What is this product?

Type This product is a structured security.

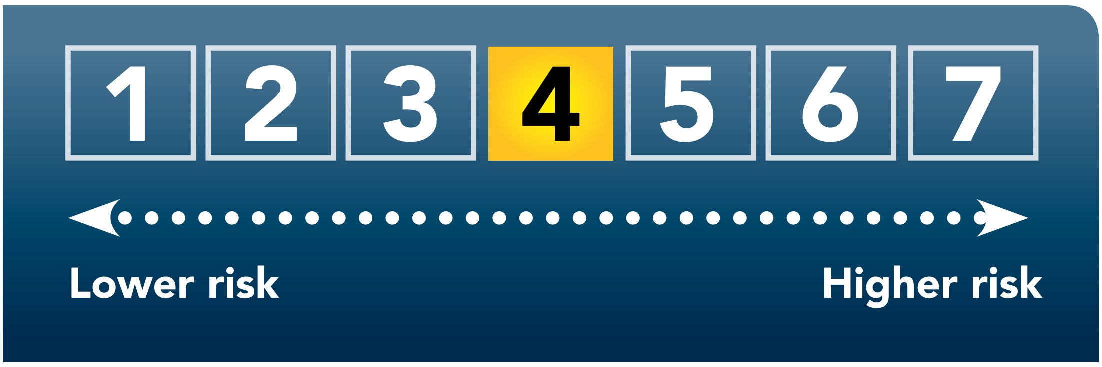
Strategy Through investment in this product you lend money to us (BANK BCD). We commit to repay after 3 years an amount depending on the evolution of a selection of 20 shares. These shares serve as a reference value but we do not buy them. The return at maturity will depend on the performance of this basket of 20 shares. The basket comprises a selection of shares of companies that are expected to benefit from the forecast economic growth in the European Union. Each year the best performing share is dropped from the basket. The return at maturity will be calculated as the mean of the individual performances of the 17 remaining shares, provided that the positive performance of each share is capped at +20% and the negative performance of the basket is floored at -20%. This means the BANK BCD guarantees to repay you at least 80% of your original investment after 3 years.

Intended Market This product is intended for investors who are prepared to stay invested for 3 years and who are prepared to take on a considerable 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.

Term The term of this investment is 3 years.

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

Risk Indicator



This risk indicator helps you assess the risks with this product and compare them with other products. It takes into account the likelihood of possible losses. It reflects the different factors that determine what you will get back, including how well the stocks in the basket perform. The risk shown is for the recommended holding period. For this product, the risk if you hold the product for a shorter time would be higher.
The product is designed in such way that you do not lose more than 20% of your investment as a consequence of unfavourable market movements. However, this protection does not apply should you cash-in before the 3 years.

Performance scenarios

Investment €1.000 for recommended three years

Scenarios	Chance of getting scenario	What you might get back Average return each year
Negative scenario	1 in 10 chance of getting less than this	€800 -6%
Neutral scenario	6 in 10 chance of getting less than this	€1,104 2%
Positive scenario	1 in 10 chance of getting more than this	€1,276 5%

All figures are after costs

The amount you get back from this product is not fixed. What you get will vary depending on how the basket of shares does and how long you keep the product. This table shows potential returns if you held it for the recommended holding period of 3 years, based on an investment of €1.000. We also show you how likely the scenarios are. The likelihoods shown are estimated based on financial modelling. We have had to make some careful assumptions, but there is no guarantee you will get any of these returns. The figures shown take into account all costs, but not your personal taxes, which could have an impact on what you get back.

What happens if BCD Bank is unable to pay out?

If we are not able to pay out what we owe you, you are not covered by a national compensation scheme. In the worst case you may lose the entire investment.

What are the costs?

TCR 2.7%

One-off costs	**Direct costs**	**5%**
	Indirect costs	**3%**
Ongoing costs	**Investment costs per year**	**0%**
Incidental costs	**None**	

What are the costs?

The TCR (total costs ratio) combines the one-off costs together, to show their overall level as a proportion of your original investment. It shows the average amount of the costs, if you were paying them each year. If you invested €1000, then this would be an average of €27 each year if you kept the investment for three years, the recommended holding period. The one-off cost includes both direct costs you have to pay when you invest and indirect costs that are reflected in the price.

What is their impact taken together

Investment = €1000	Entry Costs	On-going Costs	Incidental Costs =	Overall Costs	TCR (%)
After 1 year	€80 +	€0 +	€0 =	€80	8% a year
After 2 years	€80 +	€0 +	€0 =	€80	5.6% a year
After 3 years*	€80 +	€0 +	€0 =	€80	2.7% a year

*Recommended

Costs over time

The table shows what the costs above could mean for different holding periods, and as you can see the total costs in % (TCR) goes down the longer you hold the product. The figures assume you invest €1 000. We have estimated the costs which could be higher or lower in the future, and the total costs vary according to how well your investment does.

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

Recommended holding period: 3 years

This product is designed for a 3 year investment; you should be prepared to stay invested for this term. However, you can ask us for the redemption of your investment without penalty at any time during this time. We undertake to offer daily redemption opportunity at market price in normal market conditions. The price you may receive in case of early redemption may however be considerably lower than the original investment amount; also, the partial capital protection against market risk only holds at maturity, so your loss could amount to more than 20%. For further information, please contact us.

How can I complain?

If you have any complaints, you can contact our complaints hotline on [telephone number] who will explain what to do. 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

We publish a full prospectus which you can find at www.ourhomepage.eu/ourproduct.
We also review and republish this Key Information Document each year; you can find the new version on our www.ourhompage.eu/ourkids after 31 January each year.

D2 | Key Information Document

Purpose

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Product

Futureplan Investment **EFG Insurance** www.ourhompage.eu
Call [telephone number] for more information Regulated by ABC Published X

What is this product?

Type This product is an insurance-based investment product.

Strategy For the investment part we offer a large number of investment funds to choose from. These funds range from low risk investments in government bonds, to adventurous and more risky investments in emerging market equities

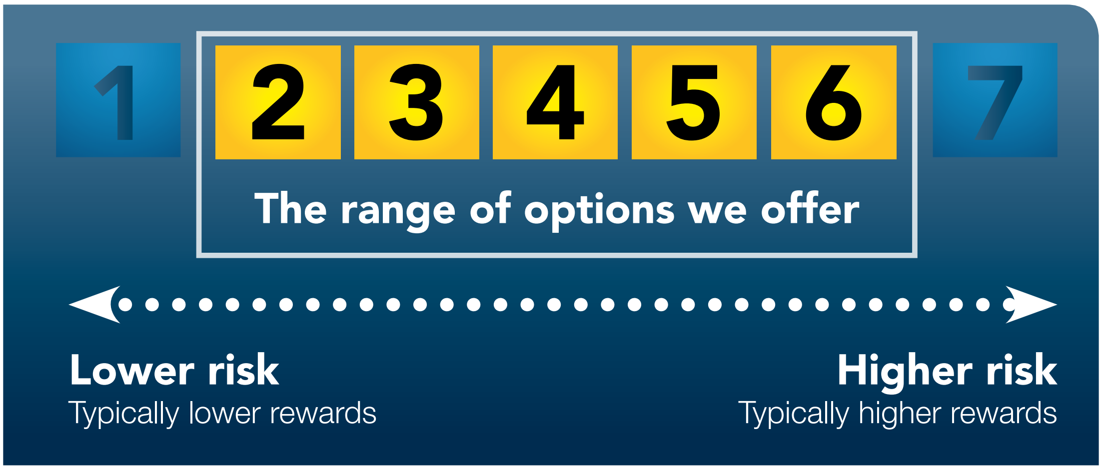
Intended Market This product is intended for investors who want to accumulate savings, with This product is intended for people who want to accumulate amounts of money for a longer period and combine this with some insurance cover. It is meant for people that plan to stay invested for at least 10 years. If you leave early you may have to pay additional tax on what you get back.

Insurance benefit This product includes a life insurance benefit, so if the insured person were to die during the life of the contract, a beneficiary would receive a payout of 101% of what has been paid in.

Term The term of this investment is a minimum 10 years, but can be extended.

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

Risk Indicator



This risk indicator helps you assess the risks with this product and compare them with other products assuming you keep the product for the recommended holding period. It takes into account the likelihood of possible losses (not only the worst case) due to different risk factors such as changes in the market and solvency problems of the issuer. The many investment options we offer in this product have different risk profiles. They range from 2 to 6 on the risk indicator above. The risk to you would depend on the option you choose. The product does not include any capital protection, so in the worst case you could lose your investment with any of the options

Performance scenarios

Investment €1.000 for recommended ten years		
Scenarios	**Chance of getting scenario**	**What you might get back** **Average return each year**
Negative scenario Lowest of our options	1 in 10 chance of getting less than this	**€990** **-1%**
Neutral scenario Our typical options	6 in 10 chance of getting less than this	**€1,400** **3%**
Positive scenario Highest of our options	1 in 10 chance of getting more than this	**€1,750** **4%**
If you die before ten years		**€1,010**

All figures are after costs

The amount you get back from this product is not fixed. What you get will vary depending on the investments you choose, how the market performs, and how long you keep the investment. This table shows a potential range of returns if you held it for the recommended holding period, based on an investment of €1.000. We used financial modelling to assess the possible scenarios for all the investment options we offer. Here we show for the negative scenario our option that had the lowest results, for the neutral scenario a typical option, and for the favourable scenario our option that had the highest results. The scenarios belong to different investment options. We show them to give you an impression of the broad range of results. There is no guarantee you will get any of these returns, and you could do worse than the figures shown. The figures shown take into account all costs, but not your personal taxes, which could have an impact on what you get back. We also show you what the beneficary would get if the insured person were to die while holding the product.

What happens if XYZ Insurance is unable to pay out?

If we are not able to pay out what we owe you, you are not covered by a national compensation scheme. In the worst case you may lose the entire investment.

What are the costs?

Summary of costs

TCR 2.2% to 3.2%

One-off costs	**Entry costs**	**4.5%**
Ongoing costs	**Investment costs per year**	**0.5% to 2.5%, depending on the investment option you select**
	Insurance costs per year	**0.75%**
Incidental costs	**None**	

What are the costs?

The table shows the different costs for this product, which vary according to the investment options you choose. The TCR (total costs ratio) combines the one-off, ongoing and incidental costs together, to show their overall level as a proportion of your original investment. It shows the average amount you would pay each year. If you invested €1000, then if you held the investment for ten years this would be an average of €22 to €32 each year. Where the costs are in this range depends on the investment options you chose. The one-off cost is charged once, when you invest. The ongoing costs are charged each year. We show here the figure for last year, but this can vary.

What is their impact taken together

Investment = €1000	Entry Costs	On-going Costs	Incidental Costs =	Overall Costs	TCR (%)
After 1 year	€45 +	€20 to €35	€0 =	€65 to €80	6.5% to 8% a year
After 5 years	€45 +	€105 to €160	€0 =	€150 to €205	2.6% to 4.5% a year
After 10 years*	€45 +	€215 to €310	€0 =	€260 to €355	2.2% to 3.2% a year

*Recommended

Costs over time

The table shows what the costs could mean for different times, and as you can see the total costs in % (TCR) goes down the longer you hold the product. You can use it make easier comparisons between products. These figures assume you put in €1 000. The costs could also be more or less depending on how well your investment does and depend on the options you choose.

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

Recommended holding period: 10 years

This product is designed for longer term investments; you should be prepared to stay invested for at least ten years. Termination of the product may have tax consequences.

How can I complain?

If you have any complaints, you can contact our complaints hotline on [telephone number] who will explain what to do. 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

We publish further information on this product; you can find it at www.ourhompage.eu/products. Each year we also publish a report where you can find more information on how the product is doing, which you will be able to find at www.ourhomepage.eu/reports.
We also review and republish this Key Information Document each year; you can find new versions on www.ourhomepage.eu/KIDs after 31 January.

A3 | 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 Fund **XYZ Fund Managers**
http://ourhompage.eu/
Call [telephone number] for more information Regulated by ABC Published X

What is this product?

Type This product is an investment fund.

Strategy This product invests in European stock markets, concentrating on France and Germany. We mostly invest in older more established companies, but include for 35% 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 Market This product is intended for investors who are prepared to take on a relatively high level of risk of loss to their original capital in order to get a higher potential return, and who plan to stay invested for at least 5 years. It is designed to form part of a portfolio of investments.

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

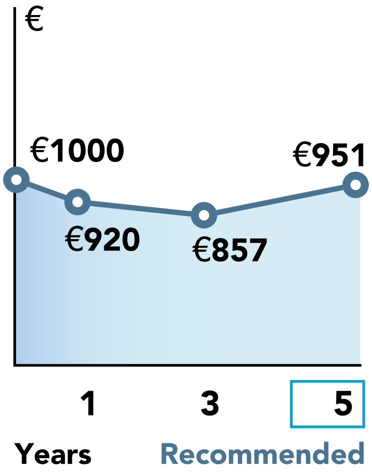
Risk Indicator

This risk indicator helps you assess the risks with this product and compare them with other products. It takes into account the likelihood of possible losses and whether your capital is guaranteed. It reflects the different factors that determine what you will get back, in particular how much you could lose due to fluctuations in the value of the fund's investments.

The product does not include any capital protection, so in the worst case you could lose your investment.

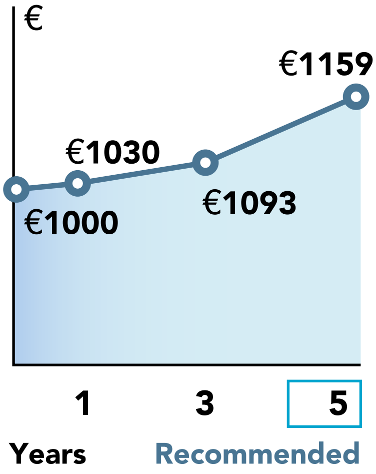
Performance scenarios

Negative senario



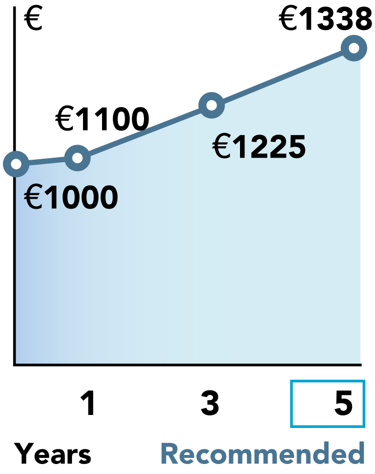
	1	3	5
Before charges	965	940	1050
After charges	920	857	951
Rate of return	-8%	-5%	-1%

Neutral senario



	1	3	5
Before charges	1080	1180	1250
After charges	1030	1093	1159
Rate of return	3%	3%	3%

Positive senario



	1	3	5
Before charges	1150	1310	1450
After charges	1100	1225	1338
Rate of return	10%	7%	6%

The amount you get back from this product is not fixed. What you get will vary depending on how our investments do and how long you keep the product. The graphs and tables show the potential returns over the next 5 years, in different scenarios, based on an investment of €1.000. There is no guarantee you will get any of these returns, and the returns shown are not equally likely. The figures after costs have all costs you would pay deducted, but not your personal taxes, which may impact on what you get back. We also show the figures before the costs are taken.

What happens if XYZ Asset Management 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?

Reduction in Yield (RIY)
Impact of costs over five years (€1.000 invested)

2.2% RIY

One-off costs	**Entry costs**	**3%**
Ongoing costs	**Investment costs per year**	**1%**
	Portfolio transaction costs per year	**0.3%**
Incidental costs	**Performance fees**	**20% of returns above benchmark; this was 1% last year.**

What are the costs?

The RIY (reduction in yield) shows the impact costs have on what you get back. The figure takes into account one-off, ongoing and incidental costs. For this product, if you held for 5 years it would be 2.2%; this means for a €1000 investment, the costs are equivalent to a reduction in what you get back by €22 per year.
The one-off cost is charged once, when you invest. The ongoing costs are charged each year. We show the figure for last year, but this can vary. The incidental costs are only charged where we beat the returns of our benchmark, the ‘EU Smaller Companies Index’. When this happens, we take 20% of the growth exceeding the benchmark. Last year this amounted in total to 3% extra costs. Should we do even better, in the future this could be higher

Investment €1000 Scenarios	If you cash in after 1 year	If you cash in after 3 years	If you cash in after 5 years (recommended)
One-off costs	€30	€30	€30
+ On-going costs	€13	€45	€75
+ Incidental costs	€10	€10	€20
= Total costs	€53	€85	€125
RIY	5.3%	2.6%	2.2%

Costs over time

The table shows what the costs above could mean for different holding periods, and as you can see the total costs in % (RIY) goes down the longer you hold the product. The figures assume you invest €1 000. We have estimated the costs which could be higher or lower in the future, and the total costs vary according to how well your investment does.

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 five years. However, you can redeem your investment without penalty at any time during this time, 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.

How can I complain?

If you have any complaints, you can contact our complaints hotline on [telephone number] who will explain what to do. 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

Our depositary is ABC Bank based in France.

We publish a full prospectus that contains more information on this product; you can find it at www.ourhomepage.eu/prospectus. Each year we also publish a report with more information on how this product is doing at www.ourhompage.eu/report.

We also review and republish this Key Information Document each year; you can find the new version on www.ourhomepage.eu/KIDs after 31 January

B3 | 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

With-profit life insurance savings plan — **EFG Insurance**

www.ourhompage.eu

Call [telephone number] for more information — Regulated by ABC — Published X

What is this product?

Type This product is an insurance-based investment product.

Strategy This product allows you to save each month, and offers you a guaranteed return on your savings of 2% each year. It also offers bonus payments each year. These bonus payments are not guaranteed. We set them according to different factors, including how well our company is doing, and how well our investments on financial markets are doing. We invest in different kinds of assets, but focus mostly on those that are lower in risk.

Intended Market This product is intended for investors who want to accumulate savings, with a guaranteed return on these savings but would also like the opportunity for some additional returns while avoiding significant risks from the financial markets. It is designed for investors willing to stay invested for ten years or longer, and could be used on its own for accumulating savings.

Insurance benefit This product includes a life insurance benefit, so if the insured person (normally you) died during the contract, a beneficiary would receive a payout of 130% of what has been paid in.

Term The term of this investment is a minimum 10 years, but can be extended.

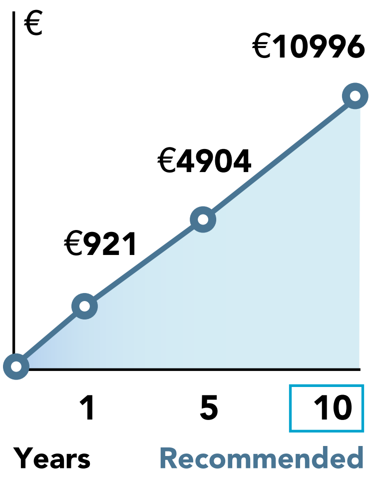
What are the risks and what could I get in return?

Risk Indicator

This risk indicator helps you assess the risks with this product and compare them with other products. It takes into account the likelihood of possible losses and whether your capital is guaranteed. It reflects the different factors that determine what you will get back, including how well we do as a company and with our investments. This product includes a guaranteed return on your investment, so you will get at least 2% growth each year.

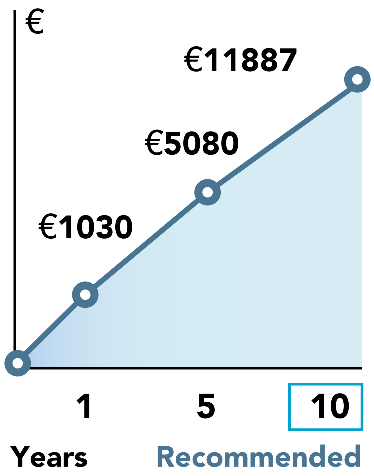
Performance scenarios

Negative senario



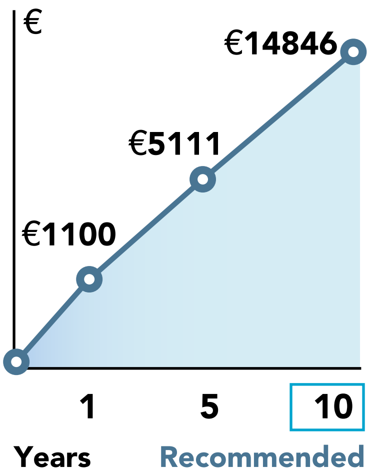
Year	1	5	10
Invested	1000	5000	10000
Before charges	1020	5204	11412
After charges	921	4904	10996
Rate of return	-7.9%	-0.6%	1.2%
If you die	1300	6500	

Neutral senario



Year	1	5	10
Invested	1000	5000	10000
Before charges	1150	5310	12530
After charges	1030	5080	11887
Rate of return	-7%	0.8%	2.2%
If you die	1300	6500	

Positive senario



Year	1	5	10
Invested	1000	5000	10000
Before charges	1240	5345	15600
After charges	1100	5111	14846
Rate of return	-6.2%	1.1%	3.2%
If you die	1300	6500	

The amount you get back from this product is not fixed. What you get will vary depending on how our investments do and how long you keep the product. The graphs and tables show the potential returns over the next 10 years, in different scenarios, based on an investment of €1.000 each year, meaning an overall investment of €10.000.
There is no guarantee you will get any of these returns, and the returns shown are not equally likely. The figures after costs have all costs you would pay deducted, but not your personal taxes, which may impact on what you get back. We also show the figures before the costs are taken. In addition, we show what your beneficiary would get if you died before maturity.

What happens if EFG Insurance is unable to pay out?

If we are not able to pay out what we owe you, you are covered by a national compensation scheme, which is funded by the insurers. This will pay back 90% of what we owe you, with no limit on the total payment.
To find out more about when this applies, visit www.investorcompensationscheme.eu.

What are the costs?

Reduction in Yield (RIY)
Impact of costs over ten years (€10.000 invested)

1.8% RIY

One-off costs	**Entry costs**	**3%**
Ongoing costs	**Investment costs per year**	**1.5%**
	Insurance cover costs per year	**0.2%**
Incidental costs	**Exit penalty**	**An exit penalty will apply if you leave early. The maximum is 5% if you leave in the first year**

What are the costs?

he RIY (reduction in yield) shows the impact costs have on what you get back. The figure takes into account one-off, ongoing and incidental costs. For this product, if you saved €1000 each year for 10 years the overall costs would amount to 1.8%; the costs are equivalent to a reduction in what you get back by 1.8%. The one-off cost is charged once, when you invest. The ongoing costs are charged each year, and are taken from your investment with us. We show the figure for last year, but this can vary. This includes both investment and insurance cover costs. We also show the maximum incidental costs -- exit penalties if you leave before the ten years has passed. These are explained below in the section on early exit, and reduce each year.

Investment €1000 / year Scenarios	If you cash in after 1 year	If you cash in after 5 years	Recommended If you cash in after 10 years
Amount invested	€1000	€5000	€10000
One-off costs	€30	€150	€300
+ On-going costs	€19	€79	€300
+ Incidental costs	€50	€70	€0
= Total costs	€98	€299	€600
RIY	9.8%	3.6%	1.8%

Costs over time

The table shows what the costs above could mean for different holding periods, and as you can see the total costs in % (RIY) goes down the longer you hold the product. The figures assume you invest €1 000 each year. They take into account exit penalty for early exit, shown below. We have estimated the costs which could be higher or lower in the future, and the total costs vary according to how well your investment does.

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

Recommended holding period: 10 years

This product is designed for longer-term investment through regular monthly savings. You should be prepared to keep your money in this product for at least ten years. You can cash-in the product earlier; however, you will have to pay an exit fee if you do this. This starts out at 5% in the first year, 4% in the second, 3% in the third, 2% in the fourth and 1% in the fifth. After five years there will be no exit fee. The amount you get back will depend on the guaranteed returns and bonuses that you have been provided.

How can I complain?

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Other relevant information

You can obtain further contractual information about us and this product at www.ourhomepage.eu/ourproduct

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C3 | Key Information Document

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Product
Optimal Performance Note **BCD Bank** www.ourhompage.eu
Call [telephone number] for more information Regulated by ABC Published X

Warning
You are about to purchase a product that is not simple and may be difficult to understand.

What is this product?

Type This product is a structured security.

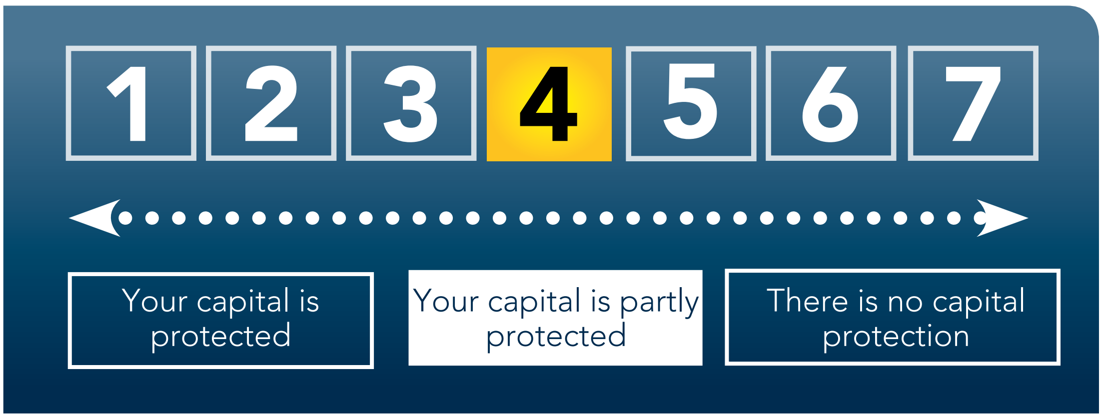
Strategy Through investment in this product you lend money to us (BANK BCD). We commit to repay after 3 years an amount depending on the evolution of a selection of 20 shares. These shares serve as a reference value but we do not buy them. The return at maturity will depend on the performance of this basket of 20 shares. The basket comprises a selection of shares of companies that are expected to benefit from the forecast economic growth in the European Union. Each year the best performing share is dropped from the basket. The return at maturity will be calculated as the mean of the individual performances of the 17 remaining shares, provided that the positive performance of each share is capped at +20% and the negative performance of the basket is floored at -20%. This means the BANK BCD guarantees to repay you at least 80% of your original investment after 3 years.

Intended Market This product is intended for investors who are prepared to stay invested for 3 years and who are prepared to take on a considerable 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.

Term The term of this investment is 3 years.

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

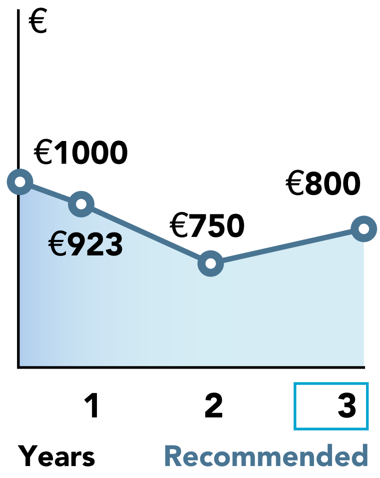
Risk Indicator



This risk indicator helps you assess the risks with this product and compare them with other products. It takes into account the likelihood of possible losses and whether your capital is guaranteed. It reflects the different factors that determine what you will get back, including how well the stocks in the basket perform.
The product is designed in such way that you do not lose more than 20% of your investment as a consequence of unfavourable market movements. However, this protection does not apply should you cash-in before the 3 years.

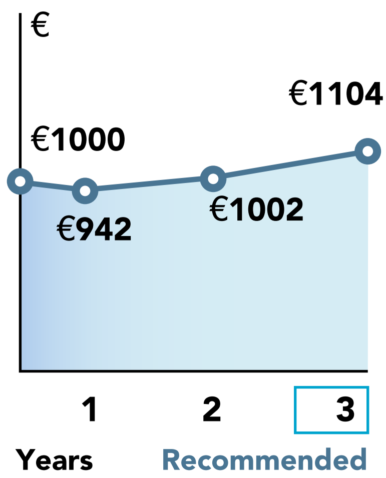
Performance scenarios

Negative senario



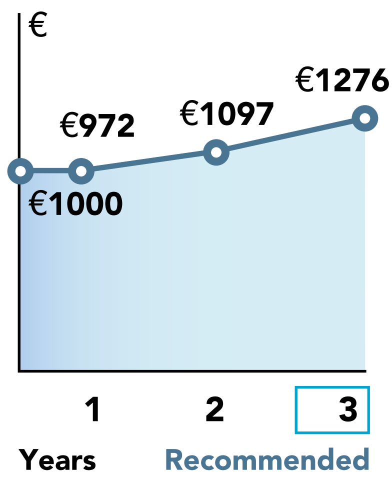
	1	2	3
Before charges	1000	830	880
After charges	923	750	800
Rate of return	-8%	-12%	-6%

Neutral senario



	1	2	3
Before charges	1018	1082	1184
After charges	942	1002	1104
Rate of return	-5.8%	0.1%	2%

Positive senario



	1	2	3
Before charges	1052	1177	1356
After charges	972	1097	1276
Rate of return	-2.8%	3.1%	5%

The amount you get back from this product is not fixed. What you get will vary depending on how our investments do and how long you keep the product. The graphs and tables show the potential returns over the next 3 years, in different scenarios, based on an investment of €1.000.
There is no guarantee you will get any of these returns, and the returns shown are not equally likely. The figures shown take into account all costs, but not your personal taxes, which could have an impact on what you get back. We also show the figures before the costs are taken.

What happens if BCD Bank is unable to pay out?

If we are not able to pay out what we owe you, you are not covered by a national compensation scheme. In the worst case you may lose the entire investment.

What are the costs?

Reduction in Yield (RIY)
Impact of costs over three years (€1.000 invested)

2.7% RIY

One-off costs	**Direct costs**	**5%**
	Indirect costs	**3%**
Ongoing costs	**Investment costs each year**	**0%**
Incidental costs	**None**	

What are the costs?

The RIY (reduction in yield) shows the impact costs have on what you get back. The figure takes into account all of the one-off costs. For this product, if you held for 3 years it would be 2.7%; this means for a €1000 investment, the costs are equivalent to a reduction in what you get back by €27 each year. The one-off costs are charged once, when you invest. It shows direct and indirect costs. The direct costs are paid by you when you invest. The indirect costs reflect the difference between what it costs us to produce the product, and the price we sell it at.

Investment €1000 Scenarios	If you cash in after 1 year	If you cash in after 2 years	If you cash in after 3 years (recommended)
One-off costs	€80	€80	€80
+ On-going costs	€0	€0	€0
+ Incidental costs	€0	€0	€0
= Total costs	€80	€80	€80
RIY	8%	5.6%	2.7%

Costs over time

The table shows what the costs above could mean for different holding periods, and as you can see the total costs in % (RIY) goes down the longer you hold the product. The figures assume you invest €1 000. We have estimated the costs which could be higher or lower in the future, and the total costs vary according to how well your investment does.

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

Recommended holding period: 3 years

This product is designed for a 3 year investment; you should be prepared to stay invested for this term. However, you can ask us for the redemption of your investment without penalty at any time during this time. We undertake to offer daily redemption opportunity at market price in normal market conditions. The price you may receive in case of early redemption may however be considerably lower than the original investment amount; also, the partial capital protection against market risk only holds at maturity, so your loss could amount to more than 20%. For further information, please contact us.

How can I complain?

If you have any complaints, you can contact our complaints hotline on [telephone number] who will explain what to do. 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

We publish a full prospectus which you can find at www.ourhomepage.eu/ourproduct.
We also review and republish this Key Information Document each year; you can find the new version on our www.ourhompage.eu/ourkids after 31 January each year.

D3 | 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

Futureplan Investment **EFG Insurance** www.ourhompage.eu
Call [telephone number] for more information Regulated by ABC Published X

What is this product?

Type This product is an insurance-based investment product.

Strategy For the investment part we offer a large number of investment funds to choose from. These funds range from low risk investments in government bonds, to adventurous and more risky investments in emerging market equities

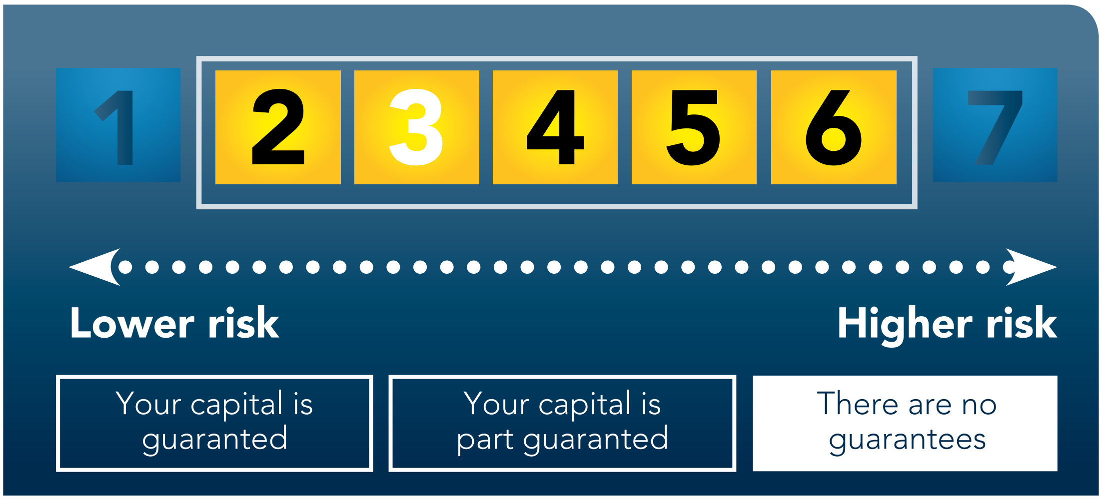
Intended Market This product is intended for investors who want to accumulate savings, with This product is intended for people who want to accumulate amounts of money for a longer period and combine this with some insurance cover. It is meant for people that plan to stay invested for at least 10 years. If you leave early you may have to pay additional tax on what you get back.

Insurance benefit This product includes a life insurance benefit, so if the insured person were to die during the life of the contract, a beneficiary would receive a payout of 101% of what has been paid in.

Term The term of this investment is a minimum 10 years, but can be extended.

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

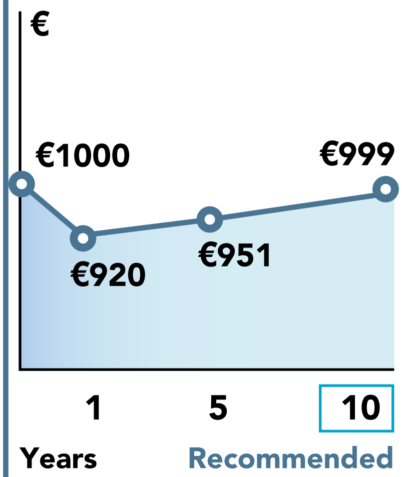
Risk Indicator



This risk indicator helps you assess the risks with this product and compare them with other products assuming you keep the product for the recommended holding period. We offer a range of investment options in this product which have different risks. They range from 2 to 6 on the risk indicator above. The indicator takes into account the likelihood of possible losses (not only the worst case) due to different risk factors, such as changes in the market and how well we do as a company. Highlighted is the risk for an example of our options: our Balanced Option.The bottom part of the indicator shows that this product does not include any capital protection, so in the worst case you could lose your investment.

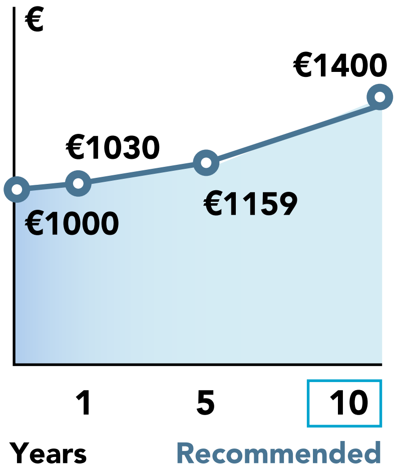
Performance scenarios

Negative senario



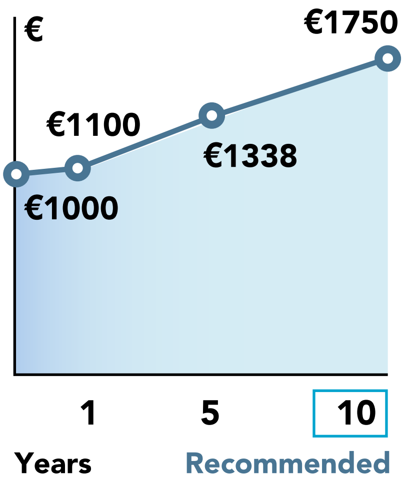
	1	5	10
Before charges	965	1050	1200
After charges	920	951	999
Rate of return	-8	-1	-0.1
If you die	1010	1010	

Neutral senario



	1	5	10
Before charges	1080	1250	1620
After charges	1030	1159	1400
Rate of return	3	3	3
If you die	1010	1010	

Positive senario



	1	5	10
Before charges	1150	1450	2000
After charges	1100	1338	1750
Rate of return	10	6	4
If you die	1010	1010	

The amount you get back from this product is not fixed. What you get will vary depending on what investment options you choose, how the market performs and how long you keep the investment. This graphs show potential returns over the next 10 years, in different scenarios, based on an investment of €1.000 in a typical investment choice: Balanced Option.
There is no guarantee you will get any of these returns, and the returns shown are not equally likely. The figures shown take into account all costs, but not your personal taxes, which could have an impact on what you get back. We also show you what the beneficiary would get if the insured person were to die while holding the product.

What happens if XYZ Insurance is unable to pay out?

If we are not able to pay out what we owe you, you are not covered by a national compensation scheme. In the worst case you may lose the entire investment.

What are the costs?

Summary of costs

Reduction in Yield (RIY)
Impact of costs over five years
(€1.000 invested)

2.2% to 3.2%

One-off costs	**Entry costs**	**4.5%**
Ongoing costs	**Investment costs per year**	**0.5% to 2.5%, depending on the option you select**
	Insurance costs per year	**0.75%**
Incidental costs	**None**	

What are the costs?

The RIY (reduction in yield) shows the impact costs have on what you get back if you held the product for the recommended period (10 years). The figure takes into account one-off, and ongoing costs, for both managing the investment and for the insurance cover. For this product, it would vary between 2.2% and 3.2%, depending on the investment option you pick; this means for a €1000 investment, the costs are equivalent to a reduction in what you get back by €22 to €32 each year.

Investment €1.000 in our typical fund: Balanced Option	If you cash in after 1 year	If you cash in after 5 years	If you cash in after 10 years (recommended)
One-off costs	€45	€45	€45
+ On-going costs	€30	€125	€255
+ Incidental costs	€0	€0	€0
= Total costs	€75	€170	€310
RIY	**7.5%**	**2.6%**	**2.2%**

Costs over time

These figures in the table assume you put in €1 000 in the typical investment choice: Balanced Option. As you can see, the overall cost per year in percentage (RIY) goes down the longer you keep your investment. This is likely to be true also for the other options. The costs could be more or less depending on how well your investment does and the choice for an investment option.

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

Recommended holding period: 10 years

This product is designed for longer term investments; you should be prepared to stay invested for at least ten years. Termination of the product may have tax consequences.

How can I complain?

If you have any complaints, you can contact our complaints hotline on [telephone number] who will explain what to do. 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

We publish further information on this product; you can find it at www.ourhompage.eu/products.
Each year we also publish a report where you can find more information on how the product is doing, which you will be able to find at www.ourhomepage.eu/reports.
We also review and republish this Key Information Document each year; you can find new versions on www.ourhomepage.eu/KIDs after 31 January.

A4 | 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 Fund **XYZ Fund Managers**
www.ourhompage.eu
Call [telephone number] for more information Regulated by ABC Published X

What is this product?

Type This product is an investment fund.

Strategy This product invests in European stock markets, concentrating on France and Germany. We mostly invest in older more established companies, but include for 35% 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 Market This product is intended for investors who are prepared to take on a relatively high level of risk of loss to their original capital in order to get a higher potential return, and who plan to stay invested for at least 5 years. It is designed to form part of a portfolio of investments.

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

Risk Indicator

1	2	3	4	**5**	6	7

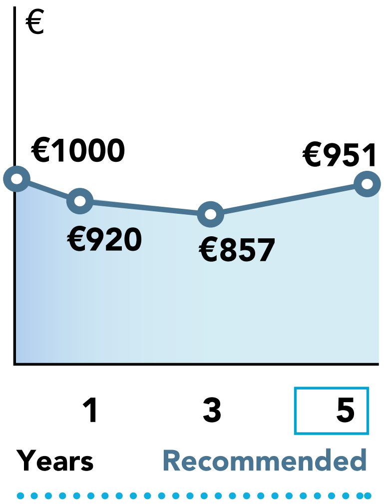
Lower risk ← → Higher risk

Risk from fluctuating values	Low	Medium	**High**
Risk of default	**Low**	Medium	High

This risk indicator helps you assess the risks with this product and compare them with other products. It takes into account the likelihood of possible losses.
The risk of fluctuating values is that the value of the investments can go up and down, while the risk of default is the chance that we go into default – as you can see, the risk of fluctuating values has the most impact for this product.
The product does not include any capital protection, so in the worst case you could lose your investment.

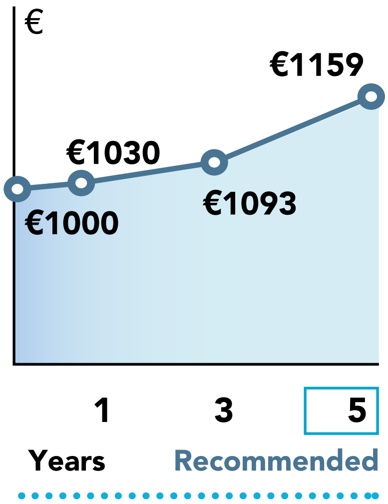
Performance scenarios

Negative
1 in 10 chance you get less than this



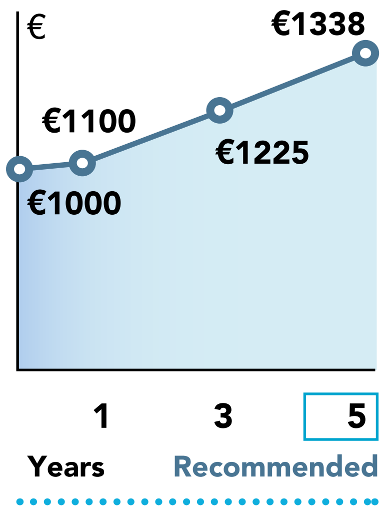
	1	3	5
What you might get back	920	857	951
Rate of return	-8%	-5%	-1%

Neutral
5 in 10 chance you get less than this



	1	3	5
What you might get back	1030	1093	1159
Rate of return	3%	3%	3%

Positive
1 in 10 chance you get more than this



	1	3	5
What you might get back	1100	1225	1338
Rate of return	10%	7%	6%

The amount you get back from this product is not fixed. What you get will vary depending on how our investments do and how long you keep the product. These graphs and tables show potential returns if you held it for the recommended holding period, based on an investment of €1.000.
We also show you how likely the scenarios are. The likelihoods shown are estimated based on financial modelling. We have had to make some careful assumptions, but there is no guarantee you will get any of these returns. The figures are after all costs you would pay have been deducted, but not your personal taxes, which may impact on what you get back.

What happens if XYZ Asset Management 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?

RIY 2.2%			
	One-off costs	**3%**	**Entry costs** taken before investment. This is a maximum, you could pay less.
	Ongoing costs	**1.3%**	**Entry costs** taken from your investment each year. The figure shown is based on our costs for last year. It covers all such fees, including annual management costs, operating expenses and portfolio transaction costs.
	Incidental costs	**1%**	We charge a **performance fee** if the returns beat our benchmark, the EU Smaller Companies Index. This is 20% of performance over the benchmark. Last year this was equivalent to 1% of the fund value.

The RIY (reduction in yield) shows the impact costs have on what you get back. The figure takes into account one-off, ongoing and incidental costs. For this product, if you held for 5 years it would be 2.2%; this means for a €1000 investment, the costs are equivalent to a reduction in what you get back by €22

Estimate of costs over time **Investment €1000**	**If you cash in after 1 year**	**If you cash in after 3 years**	**If you cash in after 5 years (recommended)**
One-off costs	€30	€30	**€30**
+ On-going costs	€13	€45	**€75**
+ Incidental costs	€10	€10	**€20**
= Total costs	€53	€85	**€125**
RIY	**5.3%**	**2.6%**	**2.2%**

Costs over time

The table shows what the costs above could mean for different holding periods, and as you can see the total costs in % (RIY) goes down the longer you hold the product. The figures assume you invest €1 000. We have estimated the costs which could be higher or lower in the future, and the total costs vary according to how well your investment does.

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 five years. However, you can redeem your investment without penalty at any time during this time, 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.

How can I complain?

If you have any complaints, you can contact our complaints hotline on [telephone number] who will explain what to do. 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

Our depositary is ABC Bank based in France.

We publish a full prospectus that contains more information on this product; you can find it at www.ourhomepage.eu/prospectus. Each year we also publish a report with more information on how this product is doing at www.ourhompage.eu/report.

B4 | 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

With-profit life insurance savings plan
Call [telephone number] for more information

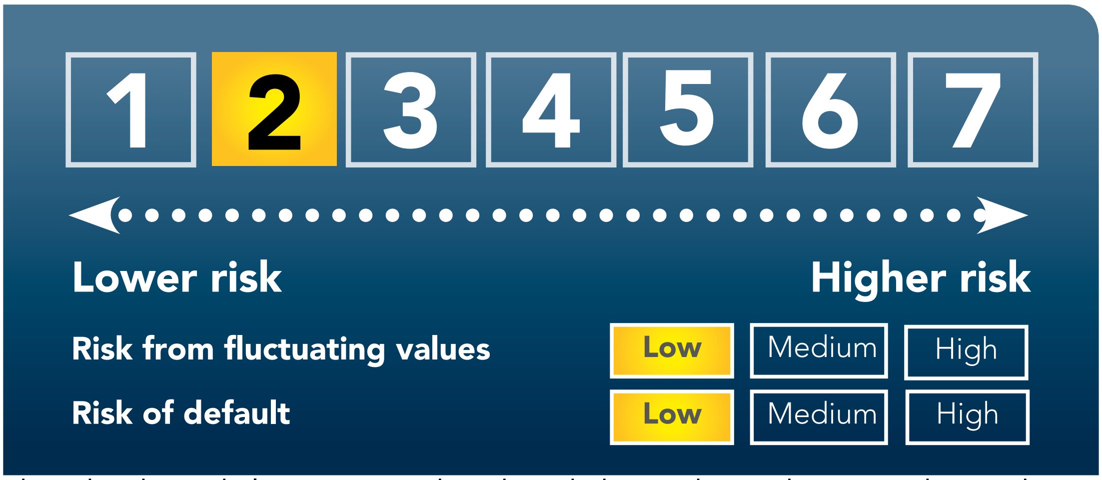
EFG Insurance www.ourhompage.eu
Regulated by ABC Published X

What is this product?

Type	This product is an insurance-based investment product.
Strategy	This product allows you to save each month, and offers you a guaranteed return on your savings of 2% each year. It also offers bonus payments each year. These bonus payments are not guaranteed. We set them according to different factors, including how well our company is doing, and how well our investments on financial markets are doing. We invest in different kinds of assets, but focus mostly on those that are lower in risk.
Intended Market	This product is intended for investors who want to accumulate savings, with a guaranteed return on these savings but would also like the opportunity for some additional returns while avoiding significant risks from the financial markets. It is designed for investors willing to stay invested for ten years or longer, and could be used on its own for accumulating savings.
Insurance benefit	This product includes a life insurance benefit, so if the insured person (normally you) died during the contract, a beneficiary would receive a payout of 130% of what has been paid in.
Term	The term of this investment is a minimum 10 years, but can be extended.

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

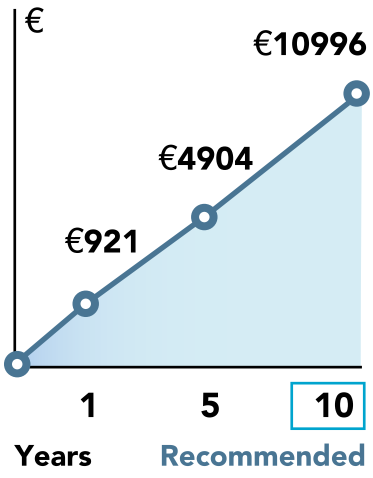
Risk Indicator



This risk indicator helps you assess the risks with this product and compare them with other products. It takes into account the likelihood of possible losses.
The risk of fluctuating values is that the value of the investments can go up and down, and that other factors will fluctuate, such as our performance as a company, while the risk of default is the chance that we go into default –for this product both risks are low.
This product includes a guaranteed return on your investment, so you will get at least 2% growth each year.

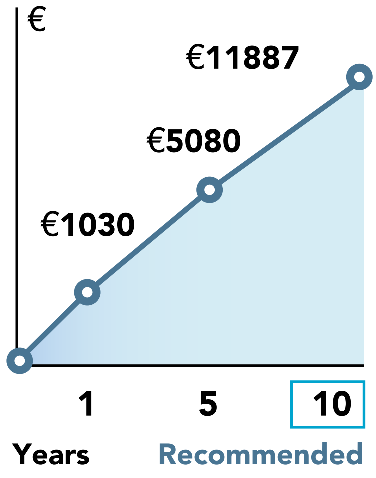
Performance scenarios

Negative
1 in 10 chance you get less than this



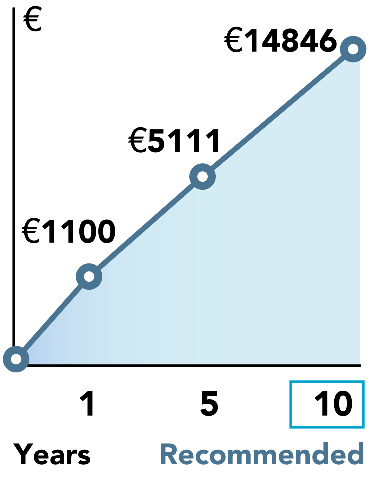
Year	1	5	10
Amount invested	1000	5000	10000
After charges	**921**	**4904**	**10996**
Rate of return	**-7.9%**	**-0.6%**	**1.2%**
If you die	**1300**	**6500**	

Neutral
5 in 10 chance you get less than this



Year	1	5	10
Amount invested	1000	5000	10000
After charges	**1030**	**5080**	**11887**
Rate of return	**-7%**	**0.8%**	**2.2%**
If you die	**1300**	**6500**	

Positive
1 in 10 chance you get more than this



Year	1	5	10
Amount invested	1000	5000	10000
After charges	**1100**	**5111**	**14846**
Rate of return	**-6.2%**	**1.1%**	**3.2%**
If you die	**1300**	**6500**	

The amount you get back from this product is not fixed. What you get will vary depending on how our investments do and how long you keep the product. These graphs and tables show potential returns if you held it for the recommended holding period, based on an investment of €1.000 each year, meaning an overall investment of €10.000.
We also show you how likely the scenarios are. The likelihoods shown are estimated based on financial modelling. We have had to make some careful assumptions, but there is no guarantee you will get any of these returns. The figures have all costs you would pay deducted, but not your personal taxes, which may impact on what you get back. In addition, we show what your beneficiary would get if you died before maturity.

What happens if EFG Insurance is unable to pay out?

If we are not able to pay out what we owe you, you are covered by a national compensation scheme, which is funded by the insurers. This will pay back 90% of what we owe you, with no limit on the total payment.
To find out more about when this applies, visit www.investorcompensationscheme.eu.

What are the costs?

RIY 1.8%

One-off costs	**3%**	**Entry costs** taken before investment. This is a maximum, you could pay less.
Ongoing costs	**1.7%**	**Ongoing cost** taken from your investment each year. The figure shown is based on our costs for last year. It covers all such fees, including annual management costs, operating expenses, portfolio transaction costs, and also the cost of insurance cover
Incidental costs	**5%**	This is the maximum **Incidental costs** for early exit that you might need to pay, as set out below in the section on early exit. If you stay to maturity you would not pay any such cost.

What are the costs?

The RIY (reduction in yield) shows the impact costs have on what you get back. The figure takes into account one-off, and ongoing costs, for both managing the investment and for the insurance cover. For this product, if you held for 10 years it would be 1.8%; this means for a €1000 investment each year, the costs are equivalent to a reduction in what you get back by €18 each year.

Investment €1000 / year **Scenarios** **Amount invested**	**If you cash in after 1 year** **€1000**	**If you cash in after 5 years** **€5000**	Recommended **If you cash in after 10 years** **€10000**
One-off costs	€30	€150	€300
+ On-going costs	€10	€65	€200
+ On-going costs for insurance	€9	€14	€100
+ Incidental costs	€50	€70	€0
= Total costs	€98	€299	€600
RIY	9.8%	3.6%	1.8%

Costs over time

The table shows what the costs above could mean for different holding periods, and as you can see the total costs in % (RIY) goes down the longer you hold the product. The figures assume you invest €1 000 each year. They take into account exit penalty for early exit, shown below. We have estimated the costs which could be higher or lower in the future, and the total costs vary according to how well your investment does.

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

Recommended holding period: 10 years

This product is designed for longer-term investment through regular monthly savings. You should be prepared to keep your money in this product for at least ten years. You can cash-in the product earlier; however, you will have to pay an exit fee if you do this. This starts out at 5% in the first year, 4% in the second, 3% in the third, 2% in the fourth and 1% in the fifth. After five years there will be no exit fee. The amount you get back will depend on the guaranteed returns and bonuses that you have been provided.

How can I complain?

If you have any complaints, you can contact our complaints hotline on [telephone number] who will explain what to do. 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 obtain further contractual information about us and this product at www.ourhomepage.eu/ourproduct

We also review and republish this Key Information Document each year; you can find the new version on our www.ourhompage.eu/ourkids after 31 January each year.

C4 | 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

Optimal Performance Note **BCD Bank** www.ourhompage.eu

Call [telephone number] for more information Regulated by ABC Published X

Warning

You are about to purchase a product that is not simple and may be difficult to understand.

What is this product?

Type This product is a structured security.

Strategy Through investment in this product you lend money to us (BANK BCD). We commit to repay after 3 years an amount depending on the evolution of a selection of 20 shares. These shares serve as a reference value but we do not buy them. The return at maturity will depend on the performance of this basket of 20 shares. The basket comprises a selection of shares of companies that are expected to benefit from the forecast economic growth in the European Union. Each year the best performing share is dropped from the basket. The return at maturity will be calculated as the mean of the individual performances of the 17 remaining shares, provided that the positive performance of each share is capped at +20% and the negative performance of the basket is floored at -20%. This means the BANK BCD guarantees to repay you at least 80% of your original investment after 3 years.

Intended Market This product is intended for investors who are prepared to stay invested for 3 years and who are prepared to take on a considerable 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.

Term The term of this investment is 3 years.

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

Risk Indicator

1	2	3	**4**	5	6	7

Lower risk ← → **Higher risk**

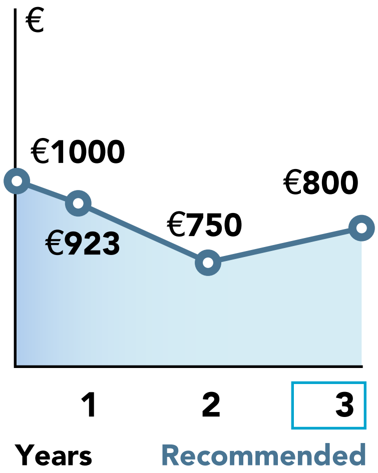
Risk from fluctuating values	Low	**Medium**	High
Risk of default	Low	**Medium**	High

This risk indicator helps you assess the risks with this product and compare them with other products. It takes into account the likelihood of possible losses. It reflects the different factors that determine what you will get back, including how well the stocks in the basket perform. The risk of fluctuating values is that the value of the investments can go up and down, while the risk of default is the chance that we go into default – for this product, risk from the changing value of the stocks and the risk of default are both important.
The product is designed in such way that you do not lose more than 20% of your investment as a consequence of unfavourable market movements. However, this protection does not apply should you cash-in before the 3 years.

Performance scenarios

Negative

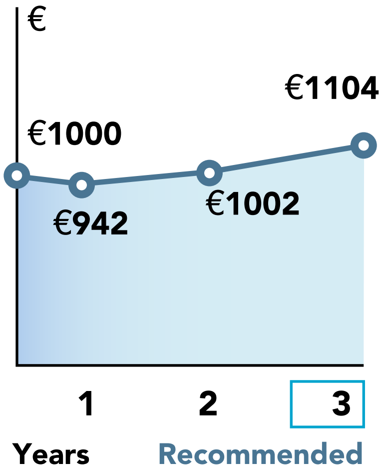
1 in 10 chance you get less than this



	1	2	3
What you might get back	923	750	800
Rate of return	-8%	-12%	-6%

Neutral

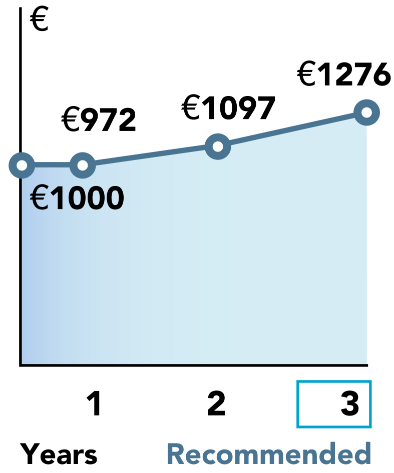
5 in 10 chance you get less than this



	1	2	3
What you might get back	942	1002	1104
Rate of return	-5.8%	0.1%	2%

Positive

1 in 10 chance you get more than this



	1	2	3
What you might get back	972	1097	1276
Rate of return	-2.8%	3.1%	5%

The amount you get back from this product is not fixed. What you get will vary depending on how our investments do and how long you keep the product. These graphs and tables show potential returns if you held it for the recommended holding period, based on an investment of €1.000. We also show you how likely the scenarios are. The likelihoods shown are estimated based on financial modelling. We have had to make some careful assumptions, but there is no guarantee you will get any of these returns. In particular, the risk could be higher than shown here if you do not hold the product for the recommended holding period of three years. The figures shown take into account all costs, but not your personal taxes, which could have an impact on what you get back.

What happens if BCD Bank is unable to pay out?

If we are not able to pay out what we owe you, you are not covered by a national compensation scheme. In the worst case you may lose the entire investment.

What are the costs?

RIY 2.7%

One-off costs	**8%**	**Entry costs** taken before investment. This is a maximum, you could pay less.
Ongoing costs	**0%**	These are taken from your investment each year. There are none for this product.

What are the costs?

The RIY (reduction in yield) shows the impact costs have on what you get back. The figure takes into account one-off costs. For this product, if you held for 3 years it would be 2.7%; this means for a €1000 investment, the costs are equivalent to a reduction in what you get back by €27 each year.

Investment €1000 **Scenarios**	**If you cash in after 1 year**	**If you cash in after 2 years**	**If you cash in after 3 years (recommended)**
One-off costs	€80	€80	€80
+ On-going costs	€0	€0	€0
+ Incidental costs	€0	€0	€0
= Total costs	€80	€80	€80
RIY	8%	5.6%	2.7%

Costs over time

The table shows what the costs above could mean for different holding periods, and as you can see the total costs in % (RIY) goes down the longer you hold the product. The figures assume you invest €1 000. We have estimated the costs which could be higher or lower in the future, and the total costs vary according to how well your investment does.

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

Recommended holding period: 3 years

This product is designed for a 3 year investment; you should be prepared to stay invested for this term. However, you can ask us for the redemption of your investment without penalty at any time during this time. We undertake to offer daily redemption opportunity at market price in normal market conditions. The price you may receive in case of early redemption may however be considerably lower than the original investment amount; also, the partial capital protection against market risk only holds at maturity, so your loss could amount to more than 20%. For further information, please contact us.

How can I complain?

If you have any complaints, you can contact our complaints hotline on [telephone number] who will explain what to do. 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

We publish a full prospectus which you can find at www.ourhomepage.eu/ourproduct.
We also review and republish this Key Information Document each year; you can find the new version on our www.ourhompage.eu/ourkids after 31 January each year.

D4 | 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.

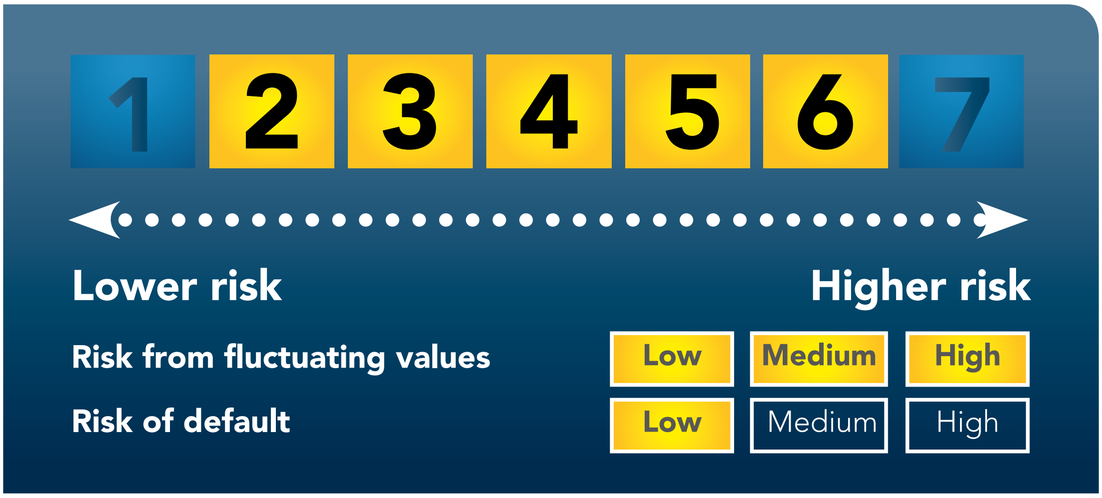
Product
Futureplan Investment **EFG Insurance** www.ourhompage.eu
Call [telephone number] for more information Regulated by ABC Published X

What is this product?

Type	This product is an insurance-based investment product.
Strategy	For the investment part we offer a large number of investment funds to choose from. These funds range from low risk investments in government bonds, to adventurous and more risky investments in emerging market equities
Intended Market	This product is intended for investors who want to accumulate savings, with This product is intended for people who want to accumulate amounts of money for a longer period and combine this with some insurance cover. It is meant for people that plan to stay invested for at least 10 years. If you leave early you may have to pay additional tax on what you get back.
Insurance benefit	This product includes a life insurance benefit, so if the insured person were to die during the life of the contract, a beneficiary would receive a payout of 101% of what has been paid in.
Term	The term of this investment is a minimum 10 years, but can be extended.

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

Risk Indicator



This risk indicator helps you assess the risks with this product and compare them with other products assuming you keep the product for the recommended holding period. It takes into account the likelihood of possible losses (not only the worst case) due to different risk factors such as changes in the market and how well we do as a company. The many investment options we offer in this product have different risk profiles. They range from 2 to 6 on the risk indicator above. The indicator shows you that these differences are because of the different risks from fluctuating values for the different options. The risk of default is the same whatever option you pick. The product does not include any capital protection, so in the worst case you could lose your investment.

Performance scenarios

The amount you get back from this product is not fixed. What you get back will vary depending on the investment choice you make, how the market performs and how long you keep the investment. Different investment choices will offer different possibilities in terms of the potential losses or gains. Also your tax situation could have an impact on what you get back.

What happens if XYZ Insurance is unable to pay out?

If we are not able to pay out what we owe you, you are not covered by a national compensation scheme. In the worst case you may lose the entire investment.

What are the costs?

Summary of costs

RIY 2.2% to 3.2%

One-off costs	**Entry 4.5%**	One-off cost taken before investment. This is a maximum, you could pay less.
Ongoing costs	**0.5% to 2.5%**	Ongoing cost taken from your investment each year. The range shown is based on our costs for the last year for the cheapest and most expensive option.
Insurance costs	**0.75%**	Insurance costs are not dependent on the investment choice, but will vary with the level of risk cover you choose.

What are the costs?

The RIY (reduction in yield) shows the impact costs have on what you get back if you held the product for the recommended period (10 years). The figure takes into account one-off, and ongoing costs, for both managing the investment and for the insurance cover. For this product, it would vary between 2.2% and 3.2%, depending on the investment option you pick; this means for a €1000 investment, the costs are equivalent to a reduction in what you get back by €22 to €32 each year.

Range of costs over time

Investment €1000	If you cash in after 1 year	If you cash in after 3 years	If you cash in after 5 years (recommended)
One-off costs	€45	€45	**€45**
+ On-going costs	€15 - €30	€45 - €90	**€75 - €150**
= Total costs	€60 - €75	€90 - €135	**€120 - €195**
RIY	**6% - 7.5%**	**3.6% - 4.9%**	**2.2% - 3.2%**

Costs over time

These figures in the table assume you put in €1 000. The costs could be more or less depending on how well your investment does and the choice for an investment option. The RIY figures show the range of overall costs for this investment option in % for each holding period, and can also be used to compare with other products.

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

Recommended holding period: 10 years

This product is designed for longer term investments; you should be prepared to stay invested for at least ten years. Termination of the product may have tax consequences.

How can I complain?

If you have any complaints, you can contact our complaints hotline on [telephone number] who will explain what to do. 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

We publish further information on this product; you can find it at www.ourhompage.eu/products. Each year we also publish a report where you can find more information on how the product is doing, which you will be able to find at www.ourhomepage.eu/reports.
We also review and republish this Key Information Document each year; you can find new versions on www.ourhomepage.eu/KIDs after 31 January.

Annex 11 Quantitative research additional tables – Phase II

A11.1 Demographic information by country

Table 140: Gender of those screened in by country

Country	Female		Male		Total No.
	%	No.	%	No.	
Czech Republic	51.0	255	49.1	246	501
France	51.9	501	48.1	499	1,000
Germany	51.0	486	49.0	523	1,009
Italy	50.8	530	49.2	474	1,004
Netherlands	50.0	240	50.0	263	503
Slovakia	52.0	258	48.0	243	501
Slovenia	50.2	248	49.8	253	501
Spain	50.0	527	50.1	486	1,013
Sweden	47.0	244	53.0	255	499
UK	51.3	504	48.7	497	1,001
Total	50.9	3,793	49.1	3,739	7,532

Note: Proportions are weighted by age, gender and education using Eurostat 2013 data.
Source: London Economics' analysis of Ipsos data.

Table 141: Age of those screened in by country

	18 - 24		25 - 34		35 - 44		45 - 54		55 - 64		65+		Total No.
	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	
Czech Republic	8.5	50	16.8	89	19.7	97	15.5	78	18.6	85	20.9	102	501
France	9.3	99	16.3	166	17.9	176	17.4	183	16.3	171	22.7	205	1,000
Germany	9.3	97	14.8	162	15.9	175	20.3	221	15.8	172	23.9	182	1,009
Italy	6.0	58	12.6	154	19.3	209	19.5	201	16.3	165	26.3	217	1,004
Netherlands	7.4	45	14.7	83	18.4	91	20.4	104	17.1	85	22.2	95	503
Slovakia	8.5	66	20.8	113	19.5	100	17.5	93	17.1	85	16.6	44	501
Slovenia	6.1	53	16.2	95	18.7	101	19.8	103	18.7	93	20.5	56	501
Spain	6.4	50	17.1	203	21.9	246	18.8	209	14.6	152	21.2	153	1,013
Sweden	6.2	24	15.2	65	18.3	101	18.3	93	16.4	81	25.7	135	499
UK	9.4	96	17.7	181	18.3	186	18.5	185	15.3	157	20.8	196	1,001
Total	8.4	638	15.8	1,311	18.2	1,482	18.9	1,470	15.9	1,246	22.8	1385	7,532

Note: Proportions are weighted by age, gender and education using Eurostat 2013 data.
Source: London Economics' analysis of Ipsos data.

Table 142: Educational attainment of those screened in by country

	Low		Medium		High		Total
	%	No.	%	No.	%	No.	No.
Czech Republic	7.9	50	73.4	362	18.7	89	501
France	26.9	237	44.1	465	29.0	298	1,000
Germany	15.9	156	58.9	580	25.2	273	1,009
Italy	45.8	405	39.7	441	14.5	158	1,004
Netherlands	24.7	102	43.9	237	31.4	164	503
Slovakia	3.6	22	78.9	384	17.5	95	501
Slovenia	16.0	76	58.4	292	25.6	133	501
Spain	47.2	391	22.4	249	30.5	373	1,013
Sweden	16.6	63	46.9	252	36.5	184	499
UK	20.8	167	41.9	444	37.3	390	1,001
Total	26.0	1,669	46.0	3,706	28.0	2,157	7,532

Note: Proportions are weighted by age, gender and education using Eurostat 2013 data.
Source: London Economics' analysis of Ipsos data.

Table 143: Labour status of those screened in by country

Country	Active labour status		Inactive labour status		Total No.
	%	No.	%	No.	
Czech Republic	65.7	328	34.3	173	501
France	60.1	617	39.9	383	1,000
Germany	61.3	663	38.7	346	1,009
Italy	54.5	587	45.5	417	1,004
Netherlands	62.6	327	37.5	176	503
Slovakia	62.0	332	38.0	169	501
Slovenia	59.2	324	40.8	177	501
Spain	65.3	720	34.7	293	1,013
Sweden	61.6	307	38.4	192	499
UK	62.2	632	37.8	369	1,001
Total	61.1	4,837	38.9	2,695	7,532

Note: Proportions are weighted by age, gender and education using Eurostat 2013 data.
Active labour status includes those employed, self-employed and unemployed but looking for a job.
Source: London Economics' analysis of Ipsos data.

Table 144: Marital status of those screened in by country

	Married/civil partnership		Unmarried		Other		Total No.
	%	No.	%	No.	%	No.	
Czech Republic	53.9	265	45.9	235	0.17	1	501
France	40.6	398	57.1	578	2.34	24	1,000
Germany	50.0	492	49.9	515	0.19	2	1,009
Italy	64.8	637	34.4	358	0.83	9	1,004
Netherlands	61.1	298	37.7	198	1.18	7	503
Slovakia	52.9	253	46.4	244	0.69	4	501
Slovenia	51.5	243	46.4	247	2.09	11	501
Spain	55.5	560	44.3	451	0.28	2	1,013
Sweden	46.2	235	52.7	259	1.07	5	499
UK	54.0	539	45.7	458	0.39	4	1,001
Total	52.1	3920	47.1	3543	0.79	69	7,532

Note: Proportions are weighted by age, gender and education using Eurostat 2013 data.
Source: London Economics' analysis of Ipsos data.

A11.2 Attitudes towards financial matters

A11.2.1 Self-reported reliance on others for financial advice

Table 145: Self-reported reliance on others for financial advice

Which of the following statements best applies to you when making decisions about financial products?	%	No.
When purchasing financial products, I like to make my own choices, and do not need any advice from others.	20.6	1,424
I consider the advice of financial advisors when choosing financial products, but like to make the decisions myself.	48.3	3,752
I generally rely on the advice of financial advisors about which financial products are best for me.	17.8	1,358
I generally rely on the advice of friends or relatives about which financial products and services are best for me.	13.4	998
Total	100	7,532

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Source: London Economics' analysis of Ipsos data.

A11.2.2 Risk attitude

Table 146: Self-reported risk attitudes

When it comes to financial decisions, are you generally a person who is…	%	No.
Not at all willing to take risks	40.9	2,716
Not very willing to take risks	43.8	3,512
Fairly willing to take risks	14.2	1,221
Very willing to take risks	1.1	83
Total	100	7,532

Note: Proportions are weighted by age, gender, education and country population using Eurostat 2013 data.
Source: London Economics' analysis of Ipsos data.

Annex 12 Translated PRIIPs product names

Table 147: Translated PRIIPs product names

UK	Funds	Life insurance	Structured products	Exotic financial products	Tax wrapper
Czech Republic	Fondy	Životní Pojištění	Strukturované produkty	Exotické finanční produkty	Daňově zvýhodněné produkty
France	Fonds	Assurance	Produits structurés	Exotiques	Enveloppe fiscale
Germany	Fonds	Versicherung	Strukturierte Finanzprodukte	Exotische Finanzprodukte	Steuersparprodukte
Italy	Fondi	Assicurazione	Prodotti Strutturati	Esotico	
Netherlands	Fondsen	Verzekering	Gestructureerde producten	Exotische producten	Beleggingsdepot met belastingvoordeel
Slovakia	Fondy	Životné Poistenie	Štruktúrované produkty	Exotické finančné produkty	Tax Wrapper
Slovenia	Skladi	Zavarovanje	Strukturirani produkti	Eksotični finančni produkti	
Spain	Fondo	Seguro	Producto estructurados	Derivados	
Sweden	Fonder	Försäkring	Strukturerade produkter	"Exotiska" finansprodukter	Ramavtal av skatteskäl

Annex 13 Qualitative research discussion guides – Phase II

A13.1 Discussion guide for product A

1	**Presentations and introduction to the study**	**Notes and prompts to moderator**
5 min	*Introduce self, Ipsos. Explain that the research is conducted on behalf of the European Commission. Present the research context: investment products.* *These are products designed by banks, insurers and other financial companies, so you make an investment, without having to buy and sell shares or other financial assets directly yourself.* *Explain the purpose of the research:* the European Commission is conducting a study in order to establish the new format and content of a Key Information Document which is provided to people when they purchase these types of investment products. The aim of the interview is therefore to discuss this document, in order to test which of these are preferable in terms of clarity, user-friendliness, design etc. *Confidentiality: reassure participants that they are not being judged and that any information provided will not be followed up with them in person in any way.* *Reassure that no previous knowledge is required, and no right or wrong answers – we want to understand participants' views and experiences.* *Get permission to record – transcribe for quotes, no detailed attribution.*	This section of the discussion sets the scene, reassures participants about the discussion and explains confidentiality.
2	**Investment products**	**Notes and prompts to moderator**

10 min	WARM UP: Would you describe yourself as a spender?/ a saver? / an investor? PROBE FOR: PAST/NOW/FUTURE. What are your attitudes towards saving and investing generally? Why do you do it now? What do you expect you will do in the future? Why? What are the benefits of investing? Are there drawbacks to it? When investing, what is most important to you? Some people say that some of the most important aspects of investments are performance, risk and costs. What do you think? How important are these to you? Why? Are other things important too? Now, I'd like us to briefly talk about some investment products. Which of the following have you already heard of so far: investment fund? Investment bond (life insurance)? Structured product, e.g. a fixed-term equity investment? Structured deposit? **If 'yes'** – what do you know about this product/these products? Can you please describe this product/these products in your own words? And have you ever purchased any of these products yourself? **If 'has purchased'** - Can you tell me a little bit about this experience? - Where have you purchased this product? When? - How did you come across it? - How satisfied are you with this experience?	The aim of this section is to establish respondent's level of knowledge/awareness of PRIIPS
3	**Introducing Product**	**Notes and prompts to**

		moderator
10 min	For the following points of discussion, I would like us to focus on one investment product. I would first like to present to you a brief description of the product, and then we will be able to talk about this more in detail. *Provide the respondent with the product information card for the product.*	The aim of this section is to introduce the main investment product. The following discussion points (sections 4-7) will refer strictly to this product.
4	**Key Information Document**	**Notes and prompts to moderator**
15 min	People can purchase these products from banks, as well as other types of financial companies. When someone buys this type of product, they will receive a short two or three page document called a 'Key Information Document' (or KID), which explains the key features of the product. The KID will describe the investment product and how it works, and focus on three main topics: risks (presenting the main risks a person is taking when buying this product), performance (presenting the possible outcomes of the product) and costs (showing the costs someone is or could be paying when purchasing the product or afterwards). The aim of our research is to find out how to best present these topics, and therefore how to design the KID in a way which is as understandable as possible for consumers. We will therefore discuss four versions of the KID, in order to identify which is the most appropriate for presenting the product. To start with, I will show you one version of the KID. You can have a look at it, and then we can	Through this section we aim to: - describe the KID and its purpose - explain the research objective: discussing the format and content of different sections of the KID - introduce the KID (variant 1), and ask some general questions about it

	discuss together. ***Introducing first KID (Variant 1):*** I would first like to ask you a few general questions about the document, and then we can go through it section by section. The document is focused on three topics, which present information about the product's risk, performance and cost. **Which of part of the document would you read first?** Which of these interest you the most? Why? **What do you think about the overall design of the document?** Is it appealing? What is most/least appealing about it? Do you think it has enough detail? Too much detail? Do you think there is too much text, or not enough? Would you prefer more graphics and tables, rather than text? I would now like us to discuss three of the main sections in more detail one by one. We will start by focusing on risks, afterwards we will discuss performance, and then move forward to the costs.	*Introduce the KID; enable the respondent to briefly read through it* *General discussion about the KID, without getting into the details of each section.*

		Prompt on: *-design* *-main focus (which of the three topics – risk, performance, costs- interest the respondent most)*
5	**Risks**	**Notes and prompts to moderator**
15 min	As mentioned previously, this investment product, like all financial products, has certain risks. I would like us to discuss about how these risks can be presented in the KID. But before that, I would like to ask you a few questions about your perceptions of risks in general. In your own words, how would you define 'risk'? Would you define yourself as a person who takes risks? Or more as a person who avoids taking risks? Why is this? Can you give me some examples? **Is less risk always better?** Would you say that in order to gain something it is important to take risks? Now, getting back to the investment product, what do you think could be the risks of	The aim of the section is to test the risk section. During this section, we will also introduce the other variants of the KID

	purchasing this product? ***Referring to Variant 1*** Looking at the Key Information Document (KID), I would like us to discuss the way the product's risk is presented here. What do you think this image represents? *Prompt for understanding of the different elements:* - **What do you think of it overall? PROBE FOR POSITIVES AND NEGATIVES** - Looking at this image, what do you think is the risk of the product? How can you tell? - **What do you think is meant by lower risks/typically lower rewards – higher risks/typically higher rewards? Is it useful to have this specified?** - Is there anything missing from the picture? - **How easy/difficult is this picture to understand? What is easiest/most difficult?** **Are the risks clear on this picture?** Different financial products have different risk levels. If you were to buy this product, or a similar one, what would you like the risk level to be? (low, medium, high?) **Would you prefer a product with higher risks and higher rewards, or a product with lower risks and lower rewards?** ***Introducing Variant 2*** I would now like to show you another version of the KID. The text is mostly the same, and it refers to the same product as the document we've already got. Some of the three topics are however presented differently. Let's look at how the risks are presented in this version of the document. **What is the main difference between this version and the previous one?**	*Probe for understanding of the different elements*

	As you may have noticed, the text 'typically lower/higher rewards' does not appear here. **How useful is this text? Do you prefer having this text on the image? Why?** ***Introducing variant 3*** Let's now look at a different version of the KID. What do you think about how the risks are presented here? **What do you think about the information presented at the bottom of the image? What do you think this means?** **How easy is this to understand? How useful is it? why?** ***Introducing Variant 4*** Let's have a look at the fourth document. I would like us to focus on how the risks are presented in this document. **What do you think about this image?** - What do you think of it overall? PROBE FOR POSITIVES AND NEGATIVES - What can you tell me about the risks of the product based on this picture? - **How easy are terms like 'risk from fluctuating values' and 'risk of default' to understand?** What do you think they mean? **How useful is it to have this information here?** Would you prefer a different term? - Is there anything missing from this picture? What? **Are the risks clear on this picture?** How would you improve it?	*Probe for preference for different types of risk*

	Compare risks from the four variants **Looking at these four images, which one do you prefer most for indicating the risk for the product? Why?** Which of them is clearer? Why? And which of them would encourage you more to read the information? Why? Do you think any other information should be included on the images? What kind of information? **And what about the information regarding market/credit risk – would it be useful to have this also in the image? Why?** And which of the four images would be more useful for comparing between different products?	*Introduce second KID (Variant 2)* *Probe for understanding of the different elements* The risk from fluctuating values and risk of default show why the product has the overall risk rating -- these are two different risk factors: market risk (that the valuation of the products' investments goes up or down on the stock markets) and credit risk (the danger that the product

		provider goes bankrupt, for whatever reason). For this product, the risk comes from the former, not the latter. *Probe for preference*
6	**Performance**	**Notes and prompts to moderator**

<table>
<tr>
<td>20 min</td>
<td>We will now talk about a different topic of the KID, and more specifically, about the product's performance.

What do you understand by 'performance' when talking about investment products?

Each financial product can perform differently. By 'performance', in this context, we mean the amount of money one could potentially earn or lose by investing in this product.

The four versions of the KID present information about the product's performance. I would like us to look at how the performance is presented on each of these documents.

Let's start with the first document.

Variant 1

What do you think this image represents? How would you read this table?

- What do you think each of the following mean: 'negative scenario', 'neutral scenario', 'positive scenario'?
- What do you think each of these means, for this product?
- Is it clear what is meant by 'investment (net of costs)=1000 euro?
- How easy are things like 'what you might get back before costs' and 'average return each year' to understand?
- Let's have a look at the positive scenario. Do you think it is possible to earn more money than indicated here? How about the negative scenario – do you think it is possible to earn less money than indicated here?
- What do you think is meant by 'holding period'? how about 'recommended holding period'? How clear is this?

By 'holding period' we mean the length of time during which you invest in the product. Each product was designed to work best (have best potential performance) if you invest in it for a</td>
<td>The aim is to test performance

If needed, ensure that the respondent is reminded that the four documents present the same product.

Probe for understanding of the different elements</td>
</tr>
</table>

specific time period. This is what we mean by ‘recommended holding period’.

- **Is it useful to have the information broken down by holding period? How easy/difficult is this image to understand? What is easiest/most difficult?**

- **Is product performance clear on this picture?** Is there anything missing?
- How would you improve this image?

Variant 2

Let’s now have a look at the second document. What do you understand when looking at this image? *Probe for understanding of the different elements:*

- **How can we read this table?**
- How easy are the negative/neutral/positive scenarios to understand?
- **Let’s have a look at the information in the second column ‘chance of getting scenario’ – what do you think is represented here? What do you think it means, for each scenario? What do you think is most likely?**
- **How easy is this information to understand? How useful is this information?**
- **What do you think about the way it is presented – would you have preferred it presented otherwise (e.g. percentages)?**

- Is the performance clearly represented? Is there anything that can help you understand the picture better? Is there anything missing?

Variant 3

Now let’s have a look at the third document. What do you think about this way of presenting

	performance? - **What do you think is represented in the three charts?** (probe: horizontal/vertical axes?) - How clear is this? - What about the information presented in the tables underneath each chart? How clear is it? how useful is it? - **Would you prefer having the information in charts, or do you prefer this in tables (as seen in the previous versions?) why?** - **How clear/easy is this image to understand? Why?** - **Is there anything missing?** ***Variant 4*** Let's now have a look at the fourth document. What do you understand when looking at this image? *Probe for understanding of the different elements:* - What do you think is represented by the 3 images? - How easy is it to identify what is represented on horizontal/vertical axes? What do you think the numbers on the horizontal axis represent? How about the vertical? - How can we read these graphs? - And what do you think the tables underneath the charts represent? How easy or difficult are these to understand? Are they helpful? **Similarly to the second document, this one offers information about how likely different outcomes are. What do you think is most likely? Is this information helpful? Do you think this is clearly explained?** - Is the performance clearly represented? Is there anything that can help you understand the picture better? - Would you prefer seeing all scenarios in one picture? Why?	*Probe for understanding of the different elements*

	Compare performance as presented in the four variants Thank you very much for your input so far. I would like us to look at the four images we've seen. Which one do you prefer most for indicating the product's performance? Why? Which of them is clearer? Why? And which of them would encourage you more to read the information? Why? And which of the four images would be more useful for comparing between different products? **Do you prefer having the information presented as charts rather than tables? Why?** **The second and the fourth versions of the document present information on the 'chance of getting scenario'. How easy is this to understand? How useful is it? do you prefer having this type of information here?**	*Probe for preference*

7	**Costs**	**Notes and prompts to moderator**
25 min	I would now like us to discuss another topic presented in the KID: the cost of the investment product. As for previous topics, we will be looking at different ways of showing the cost of the product on the KID. Thinking of this investment product, what comes to mind when we talk about the product's costs? ***Variant 1*** Let's look at how costs are presented in the first document. What do you think this image	The aim is to test the costs section *Probe for understanding of the different elements*

	represents? - How easy are things like 'one-off costs' 'on-going costs' and 'incidental costs' to understand? - How easy is the table underneath the picture to understand? How helpful is this? **How easy are things like 'total costs' and 'total cost ratio' to understand?** What do you think these include? - Overall, what do you think of this way of presenting costs? Are the costs clearly presented here? What is most/least clear? - **And if you were to compare between several products, what information (from this cost part) would you mainly be looking at?** - Is there anything missing? ***Variant 2*** Now, let's look at the second document. What do you think about the way costs are represented here? - Looking at the first table, how easy is the TCR to understand? - **And how easy are things like 'entry costs', 'investment costs per year', 'portfolio transaction costs per year', and 'performance fees' to understand? How useful are these?** - How about the information on the last line? - **And looking at the second table, how can we read this? Is it useful to have the information broken down by holding period?** - Overall, what do you think of this way of presenting costs? Are the costs clearly presented here? What is most/least clear? - **And if you were to compare between several products, what information (from this**	*Probe for understanding of the different elements* *For information of interviewer: the 'Total Cost Ratio' combines all the costs, so is best for comparing different products. It (or a similar figure, the 'Reduction in Yield') is highlighted in the other variants (2-4), but less emphasis in 1.*

	cost part) would you mainly be looking at? - Is there anything missing? ***Variant 3*** Let's now have a look at the third document. What do you think about the way costs are represented here? - What do you think RIY is? How easy is it to understand? - What about the last table? How can we read this? How easy is it to understand? What is easiest/most difficult? - Overall, what do you think of this way of presenting costs? Are the costs clearly presented here? What is most/least clear? - **And if you were to compare between several products, what information (from this cost part) would you mainly be looking at?** - Is there anything missing? ***Variant 4*** Now I'd like us to look at how the costs are presented in the second document. What do you think of this way of presenting the costs? - Is the information helpful? - How helpful is the text? - Looking at the second table, ('estimate costs over time') how clear is this information? Is it useful? Why? - Overall, what do you think of this way of presenting costs? Are the costs clearly presented here? What is most/least clear?	*Probe for preference*

	- **And if you were to compare between several products, what information (from this cost part) would you mainly be looking at?** - Is there anything missing? ***Compare costs as presented in the four variants*** Thank you very much for your input so far. I would like us to look at the images we've seen. Looking at these images, which one do you prefer most for indicating the product's costs? Why? Which of them is clearer? Why? And which of them would encourage you more to read the information? Why? **And which of them would be more useful for comparing between different products? Why?**	
10 min	***General discussion*** Are these documents appropriate for presenting information about the product? **Which one is the most appropriate? Why? Which one is easiest to understand?** **In your opinion, would there be a better way of presenting this information, by using elements from the four documents (e.g. the risk section from one document, but performance and costs from the other etc.)**	*Probe for preference*
10	**Conclusion and thanks**	**Notes for moderator**

5 min	*Thank the respondent for his/her participation. Reassure them of confidentiality*	Close the session

A13.2 Discussion guide for 1-4 combination

1	**Presentations and introduction to the study**	**Notes and prompts to moderator**
2 min	*Introduce self, Ipsos. Explain that the research is conducted on behalf of the European Commission. Present the research context: investment products.* *These are products designed by banks, insurers and other financial companies, so you make an investment, without having to buy and sell shares or other financial assets directly yourself.* *Explain the purpose of the research:* the European Commission is conducting a study in order to establish the new format and content of a Key Information Document which is provided to people when they purchase these types of investment products. The aim of the interview is therefore to discuss this document, in order to test which of these are preferable in terms of clarity, user-friendliness, design etc. *Confidentiality: reassure participants that they are not being judged and that any information provided will not be followed up with them in person in any way.* *Reassure that no previous knowledge is required, and no right or wrong answers – we want to understand participants' views and experiences.* *Get permission to record – transcribe for quotes, no detailed attribution.*	This section of the discussion sets the scene, reassures participants about the discussion and explains confidentiality.
2	**Investment products**	**Notes and prompts to moderator**
5 min	WARM UP: Would you describe yourself as a spender?/ a saver? / an investor? PROBE FOR: PAST/NOW/FUTURE.	The aim of this section is to establish respondent's level of

	What are your attitudes towards saving and investing generally? Why do you do it now? What do you expect you will do in the future? Why? What are the benefits of investing? Are there drawbacks to it? When investing, what is most important to you? Some people say that some of the most important aspects of investments are performance, risk and costs. What do you think? How important are these to you? Why? Are other things important too? Now, I'd like us to briefly talk about some investment products. Which of the following have you already heard of so far: investment fund? Investment bond (life insurance)? Structured product, e.g. a fixed-term equity investment? Structured deposit? **If 'yes'** – what do you know about this product/these products? Can you please describe this product/these products in your own words? And have you ever purchased any of these products yourself? **If 'has purchased'** - Can you tell me a little bit about this experience? - Where have you purchased this product? When? - How did you come across it? - How satisfied are you with this experience?	knowledge/awareness of PRIIPS
3	**Introducing Product**	**Notes and prompts to moderator**
5 min	For the following points of discussion, I would like us to focus on one type of financial product – one that gives you some life insurance cover, and also allows you to make an investment. For the investment, the product has several options you can chose from, depending on how	The aim of this section is to introduce the MOP. The following discussion points (sections 4-7) will refer strictly

	much risk you are willing to take. I would first like to present to you a brief description of the product, and then we will be able to talk about this more in detail. *Provide the respondent with the product information card. Allow the respondent to read it.* As you can see, with this product, a person can choose from various investment options. These options range from low risk, to adventurous and more risky investment options. The product is designed for people who are interested in making a long-term investment (at least 10 years). Ending the investment earlier may lead to paying additional fees.	to this product.
4	**Key Information Document/Fund guide**	**Notes and prompts to moderator**
5 min	People can purchase these products from insurance companies. When someone buys this type of product, they will receive a short two or three page document called a 'Key Information Document' (or KID), which explains the key general features of the product. As mentioned, an investor has several options to choose from with this product, depending on how much risk he/she is willing to take. There could be hundreds of options with this product. Therefore, before buying this product, an investor would also receive some more detailed information regarding these different options. This information is presented in a document called 'fund guide'. We will be looking at both these documents. The aim is to see how useful these are in presenting the product, how easy or difficult they are to understand, and how well the two	The respondent will see both a KID about the product in general, and a more specific information document about the different investment options (a 'Fund Guide'). The general KID would be provided at the same time as the Fund Guide in most sales of such products. The focus today is on the general KID, not the Fund Guide, but we include the Fund Guide to make the information a bit more realistic.

	documents work together. ***Introduce KID (1) and Fund Guide*** Before we look at these two documents I would like to briefly explain each of them. The KID focuses on the product as a whole and the insurance cover it gives you. It also aims to provide some general information about the different investment options available. The information is focused on three important areas: risks (the risks with the investment), rewards (the chances of getting a good return on the investments) and costs (different investment options can cost more or less, and these costs get subtracted from the amount you get back at the end). The KID gives you some information about the different options, but does not tell you all the detail on each option. For the detail of each option, the KID will be accompanied by a separate document (the Fund Guide), telling you more about each of these different investment options, to aid in choosing between them. This document is separate, because there could be hundreds of options with this product. Here we only show three. These documents will be provided to you before you make a decision about what investment to make with this product. The aim of our research is to find out how to best design the general document, the KID. We are interested in all the different aspects of how it is designed, how it looks, how much detail it contains. The KID also presents information regarding the product's risks, the rewards and costs, through different graphics, pictures or text, and we are interested in how easy or difficult you find these to understand.	Through this section we aim to: - describe the KID and its purpose - explain the research objectives: ▪ presenting several variants of the KID, discussing them and selecting the most appropriate ▪ presenting the fund guide and discussing what the KID should contain, if the Fund Guide is used for the details of the different investment options. We are also interested in views on whether the general and the specific information could be combined into one document or divided up

	We will therefore discuss several versions of the KID, alongside the 'Fund Guide', so we can explore with you which of these versions of the KID works best. To start with, please have a look at this version of the KID, and then we can discuss together The KID makes reference to the Fund Guide, so please consult the Fund Guide as well when needed. *Allow the respondent a few minutes to go through the KID and the Fund Guide* I would first like to ask you a few general questions about the document, and then we can go through it section by section. The document describes the key features of the product in general, and gives you some important information on how it works, and, as we explained, covers important areas, such as risks, performance and costs. **Which of these topics encourages you to read the information most?** Which of these interest you the most? Why? **And what do you think about the overall design of the document?** Is it appealing? What is most/least appealing about it? **Do you think it provides enough detail? Too much?** **Do you think there is enough text? Too much text?** **Would you prefer seeing more graphics/tables, rather than text?** Let's now look at the Fund Guide. What do you think is presented here? How clear is this? The fund guide presents different options an investor may choose from with this product. When looking at the KID alongside this fund guide, what do you think about the combination of	differently. Introduce the KID (1) and the Fund Guide together; enable the respondent to briefly read through the documents Regarding the Fund Guide: do not focus on this at this point – respondent can read it, but flag to them that we will be focusing in particular today on the KID document and how to improve this and what it should contain, so it is makes the right kind of general/ summary information alongside the Fund Guide for the more detailed information. General discussion about the

	these two documents? - How clear is this document? What is most/least clear about it? - **How helpful is it in understanding the product?** Why? What is most helpful about it? - What do you think about the way the different options are presented? Can you think of other ways of presenting it? - What do you think about the fact of having the information about the options in this separate document? - Looking at the KID and the fund guide, would you change what is in each of these two documents, e.g. moving some of the details to the KID or vice versa…	KID, without getting into the details of each section.Prompt on: -overall design -main focus (which of the three topics – risk, performance, costs- interest the respondent most)
5	**Risks**	**Notes and prompts to moderator**
5 min	As discussed, these documents present key information about the product's risk, performance and costs. I would now like us to discuss each of the three sections one by one. We will start by focusing on risks, afterwards we will discuss performance, and then move forward to the costs. As mentioned previously, this investment product, like all financial products, has certain risks. This product lets you choose between different levels of risks – what you get depends on the choice of investment option. I would like us to discuss about how the different risks and the choice between them can be presented in the KID. But before that, I would like to ask you a few questions about your perceptions of risks in general.	The aim of the section is to test the risk section. *Probe for attitudes towards risk*

	In your own words, how would you define 'risk'? Would you define yourself as a person who takes risks? Or more as a person who avoids taking risks? Why is this? Can you give me some examples? **Is less risk always better?** Would you say that in order to gain something it is important to take risks? Now, getting back to the investment product, what do you think could be the risks of purchasing this product? ***Referring to Variant 1*** Looking at the Key Information Document (KID), I would like us to discuss the way risks are presented here. Let's therefore focus on this section. **The KID makes reference to the fund guide, so please consult the fund guide as well when needed.** What do you think this image represents? *Prompt for understanding of the different elements:* - **How easy is it to understand what is presented here?** - **What do you think of it overall? PROBE FOR POSITIVES AND NEGATIVES** - What do you think the numbers in the yellow boxes represent? Why do you think that one of the numbers is in white colour? What do you think this represents? How clear is this? - As explained in the text/picture, the number 2 to 6 represent the range of possible options you can choose from, where the fund guide explains the specific options in more detail. The number 3 highlighted here refers to an example: a specific option (the balanced option). How clear is this, from the picture/text? How helpful is it to	Probe for: -understanding of KID -usefulness/understanding of fund guide *The KID is designed here to show how the amount of risk you get will vary depending on the option you choose. The highlighted risk number is for*

	summarise the range of risks of the options in the fund guide in this way? How helpful is the fund guide in understanding this? - **And how helpful is it to have this example? What do you think of this way of presenting the information? Would you have preferred it being presented in another way? What?** - What do you think is the risk of this option? How can you tell? How easy is it to tell? - **How helpful is the fund guide? How easy is it to find the option presented in the KID on the fund guide? How clear is this?** - Is there anything missing from the picture or from the text? - **How easy/difficult is this picture to understand? What is easiest/most difficult?** **Are the risks clear on this picture?** How would you improve this image? Why?	
6	**Performance**	**Notes and prompts to moderator**
10 min	We will now talk about a different topic of the KID, and more specifically, about the product's performance. What do you understand by 'performance' when talking about investment products? Each financial product can perform differently. By 'performance', in this context, we mean the amount of money one could potentially earn or lose by investing in this product. The KID presents information about the product's performance. For this product, performance would vary according to which of the three investment options you were to choose. I would like	The aim is to test how well the KID explains how the performance will vary according to the investment options chosen. The KID is also trying to communicate that for all of the investment options, the actual performance that the consumer could get is

	us to look at how the performance is presented. The KID sets out some information on performance in general, and the fund guide looks at the detail for each of the different options offered for this product. Let's start by looking at the KID. Please note that the document makes reference to the fund guide – so please consult the fund guide when necessary. ***Version 1*** What do you think this image represents? How can we read this table? - What do you think each of the following mean: 'negative scenario', 'neutral scenario', 'positive scenario'? - What can we say about each of these? - How easy are things like 'what you might get back before costs', 'what you might get back after costs' and 'average return each year' to understand? - Let's have a look at the positive scenario. Do you think it is possible to earn more money than indicated here? How about the negative scenario – do you think it is possible to earn less money than indicated here? - What do you think is meant by 'holding period'? how about 'recommended holding period'? How clear is this? By 'holding period' we mean the length of time during which you invest in the product. Each product was designed to work best (have best potential performance) if you invest in it for a specific time period. This is what we mean by 'recommended holding period'. - How easy/difficult is this image to understand? What is easiest/most difficult? - How clear is the last scenario (if you die while holding the product')? **This image shows an example – the performance the product would achieve if you were to go**	uncertain – there are risks. Note: the performance information in this KID (1) is for one of the options only, to show an example of how the performance looks. We are interested in whether respondents understand that this is an example, and whether they find it useful to see an example. More or less the same information is in the Fund Guide for the 'balanced' option (the option used for the example). The difference in presentation between the fund guide and the KID is not important.

<table>
<tr><td></td><td>for one specific option (the balanced option). For the other options, you would need to look at the fund guide.

How clear is this? And how useful is it to have this example?

Would other type of information be more useful? What?

- How helpful is the fund guide for understanding this picture? How easy is it to find the option presented in the KID on the fund guide? How clear is this?
- Would you have preferred having this information in the fund guide, rather than in the KID? Why?</td><td>Probe for:

-understanding of KID

-usefulness/understanding of fund guide</td></tr>
<tr><td>7</td><td>Costs</td><td>Notes and prompts to moderator</td></tr>
<tr><td>10 min</td><td>I would now like us to discuss another topic presented in the KID, which is costs.

As for previous topics, we will be looking at different ways of showing the overall costs for this product in the KID. The specific levels of the costs can vary depending on the investment option, so more information for each option on costs is contained in the fund guide.

Variant 1

Let's look at how costs are presented in the KID (D1). What do you think this image represents? How clear is it?

- How easy are things like 'one-off costs' 'on-going costs' and 'incidental costs' to understand?</td><td>The aim is to test the costs section, and how well the KID shows that the costs could vary according to the investment option picked, and the range of these costs for different options.

Probe for:

-understanding of KID</td></tr>
</table>

	- What can we say about the table underneath the picture? How helpful is this? How easy are things like 'total costs' and 'total cost ratio' to understand? - Overall, what do you think of this way of presenting costs? Are the costs clearly presented here? What is most/least clear? - Is there anything missing? - How helpful is the fund guide for understanding this part? How easy is it to find the option presented in the KID on the fund guide? How clear is this? **The document presents an example – for a specific investment option (the balanced option). How clear is this? And how helpful is it?** **For the other options, you would need to look at the fund guide. The cost of the product could differ, according to the option you choose. How clear is this?** **What do you think of this way of presenting the information on costs? Is it clear? Would you have preferred a different way of showing costs? Which one?** ***Variant 4*** We are looking at different ways of showing costs in the KID. I would now like you to look at a different version of the KID. This version shows information about the same product. The information is however presented differently. I would like you to look at this second KID, and, more specifically, at the way costs are presented here. What do you think of this way of presenting the costs?	-usefulness/understanding of fund guide Probe for: -understanding of KID -usefulness/understanding of fund guide

	- Is the information helpful? - How easy is RIY to understand? - How helpful is the text in the table? - Looking at the second table, ('ranges of costs over time') how clear is this information? Is it useful? Why? - Are the costs clearly presented here? What is most/least clear? - Is it helpful to have the information broken down by number of years? - Is there anything missing? - How helpful is the fund guide for understanding this picture? How easy is it to find the option presented in the KID on the fund guide? How clear is this? ***Compare costs as presented in Variant 1 and Variant 4*** Thank you very much for your input so far. I would like us to look at the two images we've seen. **What do you think is the main difference between the two ways of showing costs?** **The second document shows the range of costs over time, while the first one shows an example, for a specific option (the balanced option). How clear is this?** **In order to see the costs of each option, you would need to look at the fund guide. How clear is this?** **And which of these two ways of presenting costs is clearer/easier to understand? Why?** **Which of them do you prefer? Why?** **Or would you prefer having both information (ranges plus example) in one document? If so, should this be in the KID or in the fund guide? Why?**	*Probe for preference: Variant 1 or Variant 4?* *The main difference we are interested in is that 4 shows how the costs for the product could vary depending on the investment options you pick – from the cheapest to the most expensive. This aims to underline for the customer that the costs they have to pay could be higher or lower depending on the option they pick.*

<table>
<tr><td></td><td>And which of them would encourage you more to read the information? Why?

And which of the two documents works best with the fund guide (e.g. in terms of finding the relevant information in the fund guide)? Why?</td><td></td></tr>
<tr><td>3 min</td><td>Other sections

The following sections (‘holding period and early exit’, ‘complaints’, and ‘other info’) are presented in an identical way in both documents.

Let’s quickly go through these.

How useful are these?

PROBE for each:
- Holding period and early exit?
- complaints?
- Other info?

And how easy are these to understand?
- PROBE for each
- What is easiest/most difficult to understand?</td><td>Questions in this subsection should only be asked if there is enough time for the following sections.

This section is not essential to our findings. However if there is enough time, it may prove useful to ask these, as they allow the respondent to also focus on ‘easier’ topics, before moving on to more complex questions.</td></tr>
<tr><td>5 min</td><td>General discussion

Looking at the two documents, what can we say about these? Are these documents appropriate for presenting information about the product? Which one is the most appropriate? Why? Which one is easiest to understand?

In your opinion, would there be a better way of presenting this information, by using elements</td><td>Probe for preference of the two KID s: Variant 1 or 4?</td></tr>
</table>

	from the two documents (e.g. the risk section from one document, but performance and costs from the other etc.)? And how helpful is the fund guide in understanding this type of product? How easy is it to understand? What is easiest/most difficult? Do you think it is more appropriate to have the information presented like this (in two documents: KID + fund guide) – or should it be contained all in one document?	
8	**Variant 5**	**Notes for moderator**
5 min	Thank you very much for your input so far. I would now like us to look at another version of the KID. As the previous ones, it would be used together with the fund guide. It presents information about the same product, only in a simplified way. ***Introduce Variant 5*** As you may have noticed most sections are similar to those presented in the previous two documents. The only difference is that the risk/rewards section is presented in a simplified manner. I would like you to tell me what you think about this way of presenting the product. PROBE FOR POSITIVES AND NEGATIVES	Introduce Variant 5 Probe for: -understanding of the variant -usefulness/understanding of fund guide -preference between the three variants

	How understandable is it? Do you think that this document provides sufficient information? Or is there any information missing/should be added? What do you think should have been included? **How easy would this document be to understand, had you not seen the first two?** And how well does the document work with the fund guide? **And is this format preferable to the first two versions of the KID which we had discussed? Why?**	
9	**Conclusion and thanks**	**Notes for moderator**
1 min	*Thank the respondent for his/her participation. Reassure them of confidentiality*	Close the session

A13.3 Discussion guide for 1-2 combination

1	**Presentations and introduction to the study**	**Notes and prompts to moderator**
2 min	*Introduce self, Ipsos. Explain that the research is conducted on behalf of the European Commission. Present the research context: investment products.* *These are products designed by banks, insurers and other financial companies, so you make an investment, without having to buy and sell shares or other financial assets directly yourself.* *Explain the purpose of the research:* the European Commission is conducting a study in order to establish the new format and content of a Key Information Document which is provided to people when they purchase these types of investment products. The aim of the interview is therefore to discuss this document, in order to test which of these are preferable in terms of clarity, user-friendliness, design etc. *Confidentiality: reassure participants that they are not being judged and that any information provided will not be followed up with them in person in any way.* *Reassure that no previous knowledge is required, and no right or wrong answers – we want to understand participants' views and experiences.* *Get permission to record – transcribe for quotes, no detailed attribution.*	This section of the discussion sets the scene, reassures participants about the discussion and explains confidentiality.
2	**Investment products**	**Notes and prompts to moderator**
5 min	WARM UP: Would you describe yourself as a spender?/ a saver? / an investor? PROBE FOR: PAST/NOW/FUTURE.	The aim of this section is to establish respondent's level of

	What are your attitudes towards saving and investing generally? Why do you do it now? What do you expect you will do in the future? Why? What are the benefits of investing? Are there drawbacks to it? When investing, what is most important to you? Some people say that some of the most important aspects of investments are performance, risk and costs. What do you think? How important are these to you? Why? Are other things important too? Now, I'd like us to briefly talk about some investment products. Which of the following have you already heard of so far: investment fund? Investment bond (life insurance)? Structured product, e.g. a fixed-term equity investment? Structured deposit? **If 'yes'** – what do you know about this product/these products? Can you please describe this product/these products in your own words? And have you ever purchased any of these products yourself? **If 'has purchased'** - Can you tell me a little bit about this experience? - Where have you purchased this product? When? - How did you come across it? - How satisfied are you with this experience?	knowledge/awareness of PRIIPS
3	**Introducing Product**	**Notes and prompts to moderator**
5 min	For the following points of discussion, I would like us to focus on one type of financial product –	The aim of this section is to introduce the MOP. The

	one that gives you some life insurance cover, and also allows you to make an investment. For the investment, the product has several options you can chose from, depending on how much risk you are willing to take. I would first like to present to you a brief description of the product, and then we will be able to talk about this more in detail. *Provide the respondent with the product information card. Allow the respondent to read it.* As you can see, with this product, a person can choose from various investment options. These options range from low risk, to adventurous and more risky investment options. The product is designed for people who are interested in making a long-term investment (at least 10 years). Ending the investment earlier may lead to paying additional fees.	following discussion points (sections 4-7) will refer strictly to this product.
4	**Key Information Document/Fund guide**	**Notes and prompts to moderator**
5 min	People can purchase these products from insurance companies. When someone buys this type of product, they will receive a short two or three page document called a 'Key Information Document' (or KID), which explains the key general features of the product. As mentioned, an investor has several options to choose from with this product, depending on how much risk he/she is willing to take. There could be hundreds of options with this product. Therefore, before buying this product, an investor would also receive some more detailed information regarding these different options. This information is presented in a document called 'fund guide'.	The respondent will see both a KID about the product in general, and a more specific information document about the different investment options (a 'Fund Guide'). The general KID would be provided at the same time as the Fund Guide in most sales of such products. The focus today is on the general KID, not the Fund Guide, but we include

	We will be looking at both these documents. The aim is to see how useful these are in presenting the product, how easy or difficult they are to understand, and how well the two documents work together. ***Introduce KID (1) and Fund Guide*** Before we look at these two documents I would like to briefly explain each of them. The KID focuses on the product as a whole and the insurance cover it gives you. It also aims to provide some general information about the different investment options available. The information is focused on three important areas: risks (the risks with the investment), rewards (the chances of getting a good return on the investments) and costs (different investment options can cost more or less, and these costs get subtracted from the amount you get back at the end). The KID gives you some information about the different options, but does not tell you all the detail on each option. For the detail of each option, the KID will be accompanied by a separate document (the Fund Guide), telling you more about each of these different investment options, to aid in choosing between them. This document is separate, because there could be hundreds of options with this product. Here we only show three. These documents will be provided to you before you make a decision about what investment to make with this product. The aim of our research is to find out how to best design the general document, the KID. We are interested in all the different aspects of how it is designed, how it looks, how much detail it contains. The KID also presents information regarding the product's risks, the rewards and costs, through different graphics, pictures or text, and we are interested in how easy or difficult you find these	the Fund Guide to make the information a bit more realistic. Through this section we aim to: - describe the KID and its purpose - explain the research objectives: ▪ presenting several variants of the KID, discussing them and selecting the most appropriate ▪ presenting the fund guide and discussing what the KID should contain, if the Fund Guide is used for the details of the different investment options. We are also interested in views on whether the general and the specific

	to understand. We will therefore discuss several versions of the KID, alongside the 'Fund Guide', so we can explore with you which of these versions of the KID works best. To start with, please have a look at this version of the KID, and then we can discuss together The KID makes reference to the Fund Guide, so please consult the Fund Guide as well when needed. *Allow the respondent a few minutes to go through the KID and the Fund Guide* I would first like to ask you a few general questions about the document, and then we can go through it section by section. The document describes the key features of the product in general, and gives you some important information on how it works, and, as we explained, covers important areas, such as risks, performance and costs. **Which of these topics encourages you to read the information most?** Which of these interest you the most? Why? **And what do you think about the overall design of the document?** Is it appealing? What is most/least appealing about it? **Do you think it provides enough detail? Too much?** **Do you think there is enough text? Too much text?** **Would you prefer seeing more graphics/tables, rather than text?** Let's now look at the Fund Guide. What do you think is presented here? How clear is this?	information could be combined into one document or divided up differently. Introduce the KID (1) and the Fund Guide together; enable the respondent to briefly read through the documents Regarding the Fund Guide: do not focus on this at this point – respondent can read it, but flag to them that we will be focusing in particular today on the KID document and how to improve this and what it should contain, so it is makes the right kind of general/ summary information alongside the Fund Guide for the more detailed information.

	The fund guide presents different options an investor may choose from with this product. When looking at the KID alongside this fund guide, what do you think about the combination of these two documents? - How clear is this document? What is most/least clear about it? - **How helpful is it in understanding the product?** Why? What is most helpful about it? - What do you think about the way the different options are presented? Can you think of other ways of presenting it? - What do you think about the fact of having the information about the options in this separate document? - Looking at the KID and the fund guide, would you change what is in each of these two documents, e.g. moving some of the details to the KID or vice versa…	General discussion about the KID, without getting into the details of each section. Prompt on: -overall design -main focus (which of the three topics – risk, performance, costs- interest the respondent most)
5	**Risks**	**Notes and prompts to moderator**
5 min	As discussed, these documents present key information about the product's risk, performance and costs. I would now like us to discuss each of the three sections one by one. We will start by focusing on risks, afterwards we will discuss performance, and then move forward to the costs. As mentioned previously, this investment product, like all financial products, has certain risks. This product lets you choose between different levels of risks – what you get depends on the choice of investment option. I would like us to discuss about how the different risks and the choice between them can be	The aim of the section is to test the risk section.

	presented in the KID. But before that, I would like to ask you a few questions about your perceptions of risks in general. In your own words, how would you define ‘risk’? Would you define yourself as a person who takes risks? Or more as a person who avoids taking risks? Why is this? Can you give me some examples? **Is less risk always better?** Would you say that in order to gain something it is important to take risks? Now, getting back to the investment product, what do you think could be the risks of purchasing this product? ***Referring to Variant 1*** Looking at the Key Information Document (KID), I would like us to discuss the way risks are presented here. Let’s therefore focus on this section. **The KID makes reference to the fund guide, so please consult the fund guide as well when needed.** What do you think this image represents? *Prompt for understanding of the different elements:* - **How easy is it to understand what is presented here?** - **What do you think of it overall? PROBE FOR POSITIVES AND NEGATIVES** - What do you think the numbers in the yellow boxes represent? Why do you think that one of the numbers is in white colour? What do you think this represents? How clear is this?	*Probe for attitudes towards risk* Probe for: -understanding of KID -usefulness/understanding of fund guide *The KID is designed here to show how the amount of risk*

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- As explained in the text/picture, the number 2 to 6 represent the range of possible options you can choose from, where the fund guide explains the specific options in more detail. The number 3 highlighted here refers to an example: a specific option (the balanced option). How clear is this, from the picture/text? How helpful is it to summarise the range of risks of the options in the fund guide in this way? How helpful is the fund guide in understanding this?

- **And how helpful is it to have this example? What do you think of this way of presenting the information? Would you have preferred it being presented in another way? What?**

- What do you think is the risk of this option? How can you tell? How easy is it to tell?
- **How helpful is the fund guide? How easy is it to find the option presented in the KID on the fund guide? How clear is this?**
- Is there anything missing from the picture or from the text?
- **How easy/difficult is this picture to understand? What is easiest/most difficult?**

Are the risks clear on this picture?

How would you improve this image? Why?
</td><td>*you get will vary depending on the option you choose. The highlighted risk number is for*</td></tr>
<tr><td>**6**</td><td>**Performance**</td><td>**Notes and prompts to moderator**</td></tr>
<tr><td>10 min</td><td>We will now talk about a different topic of the KID, and more specifically, about the product's performance.

What do you understand by 'performance' when talking about investment products?</td><td>The aim is to test how well the KID explains how the performance will vary according to the investment options chosen. The KID is also</td></tr>
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Each financial product can perform differently. By ‘performance’, in this context, we mean the amount of money one could potentially earn or lose by investing in this product.
The KID presents information about the product’s performance. For this product, performance would vary according to which of the three investment options you were to choose. I would like us to look at how the performance is presented. The KID sets out some information on performance in general, and the fund guide looks at the detail for each of the different options offered for this product.
Let’s start by looking at the KID. Please note that the document makes reference to the fund guide – so please consult the fund guide when necessary.
Version 1
What do you think this image represents? How can we read this table?

What do you think each of the following mean: ‘negative scenario’, ‘neutral scenario’, ‘positive scenario’?
What can we say about each of these?
How easy are things like ‘what you might get back before costs’, ‘what you might get back after costs’ and ‘average return each year’ to understand?
Let’s have a look at the positive scenario. Do you think it is possible to earn more money than indicated here? How about the negative scenario – do you think it is possible to earn less money than indicated here?
What do you think is meant by ‘holding period’? how about ‘recommended holding period’? How clear is this?

By ‘holding period’ we mean the length of time during which you invest in the product.
Each product was designed to work best (have best potential performance) if you invest in it for a specific time period. This is what we mean by ‘recommended holding period’.
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trying to communicate that for all of the investment options, the actual performance that the consumer could get is uncertain – there are risks.
Note: the performance information in this KID (1) is for one of the options only, to show an example of how the performance looks. We are interested in whether respondents understand that this is an example, and whether they find it useful to see an example. More or less the same information is in the Fund Guide for the ‘balanced’ option (the option used for the example). The difference in presentation between the fund guide and the KID is not important.
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	- How easy/difficult is this image to understand? What is easiest/most difficult? - How clear is the last scenario (if you die while holding the product')? **This image shows an example – the performance the product would achieve if you were to go for one specific option (the balanced option). For the other options, you would need to look at the fund guide.** **How clear is this? And how useful is it to have this example?** **Would other type of information be more useful? What?** - How helpful is the fund guide for understanding this picture? How easy is it to find the option presented in the KID on the fund guide? How clear is this? - **Would you have preferred having this information in the fund guide, rather than in the KID? Why?**	Probe for: -understanding of KID -usefulness/understanding of fund guide
7	**Costs**	**Notes and prompts to moderator**
10 min	I would now like us to discuss another topic presented in the KID, which is costs. As for previous topics, we will be looking at different ways of showing the overall costs for this product in the KID. The specific levels of the costs can vary depending on the investment option, so more information for each option on costs is contained in the fund guide. ***Variant 1***	The aim is to test the costs section, and how well the KID shows that the costs could vary according to the investment option picked, and the range of these costs for different options.

	Let's look at how costs are presented in the KID (1). What do you think this image represents? How clear is it? - How easy are things like 'one-off costs' 'on-going costs' and 'incidental costs' to understand? - What can we say about the table underneath the picture? How helpful is this? How easy are things like 'total costs' and 'total cost ratio' to understand? - Overall, what do you think of this way of presenting costs? Are the costs clearly presented here? What is most/least clear? - Is there anything missing? - How helpful is the fund guide for understanding this part? How easy is it to find the option presented in the KID on the fund guide? How clear is this? **The document presents an example – for a specific investment option (the balanced option). How clear is this? And how helpful is it?** **For the other options, you would need to look at the fund guide. The cost of the product could differ, according to the option you choose. How clear is this?** **What do you think of this way of presenting the information on costs? Is it clear? Would you have preferred a different way of showing costs? Which one?** ***Variant 2*** We are looking at different ways of showing costs in the KID. I would now like you to look at a different version of the KID. This version shows information about the same product. The information is however presented differently.	Probe for: -understanding of KID -usefulness/understanding of fund guide Probe for: -understanding of KID -usefulness/understanding of fund guide

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I would like you to look at this second KID, and, more specifically, at the way costs are presented here.

What do you think of this way of presenting the costs?

- Is the information helpful?
- How easy is TCR to understand?
- How helpful is the text in the table? Probe for understanding: one-off costs, ongoing costs, incidental costs? Entry costs, investment costs per year, insurance costs per year?
- Looking at the second table, how clear is this information? Is it useful? Why?
- Are the costs clearly presented here? What is most/least clear?
- Is it helpful to have the information broken down by number of years?

- Is there anything missing?

- How helpful is the fund guide for understanding this picture? How easy is it to find the option presented in the KID on the fund guide? How clear is this?

Compare costs as presented in Variant 1 and Variant 2

Thank you very much for your input so far. I would like us to look at the two images we've seen.

What do you think is the main difference between the two ways of showing costs?

The second document shows the range of costs over time, while the first one shows an example, for a specific option (the balanced option). How clear is this?

In order to see the costs of each option, you would need to look at the fund guide. How clear is this?

And which of these two ways of presenting costs is clearer/easier to understand? Why?
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Probe for preference: Variant 1 or Variant 2?

The main difference we are interested in is that 2 shows how the costs for the product could vary depending on the investment options you pick – from the cheapest to the most expensive. This aims to underline for the customer that the costs they have to pay could be higher or lower depending on the option they pick.
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	Which of them do you prefer? Why? **Or would you prefer having both information (ranges plus example) in one document? If so, should this be in the KID or in the fund guide? Why?** And which of them would encourage you more to read the information? Why? And which of the two documents works best with the fund guide (e.g. in terms of finding the relevant information in the fund guide)? Why?	
3 min	***Other sections*** The following sections ('holding period and early exit', 'complaints', and 'other info') are presented in an identical way in both documents. Let's quickly go through these. How useful are these? PROBE for each: - Holding period and early exit? - complaints? - Other info? And how easy are these to understand? - PROBE for each - What is easiest/most difficult to understand?	**Questions in this subsection should only be asked if there is enough time for the following sections.** This section is not essential to our findings. However if there is enough time, it may prove useful to ask these, as they allow the respondent to also focus on 'easier' topics, before moving on to more complex questions.
5 min	***General discussion***	*Probe for preference of the two KID s: Variant 1 or 2?*

	Looking at the two documents, what can we say about these? Are these documents appropriate for presenting information about the product? Which one is the most appropriate? Why? Which one is easiest to understand? In your opinion, would there be a better way of presenting this information, by using elements from the two documents (e.g. the risk section from one document, but performance and costs from the other etc.)? And how helpful is the fund guide in understanding this type of product? How easy is it to understand? What is easiest/most difficult? Do you think it is more appropriate to have the information presented like this (in two documents: KID + fund guide) – or should it be contained all in one document?	
8	**Variant 5**	**Notes for moderator**
5 min	Thank you very much for your input so far. I would now like us to look at another version of the KID. As the previous ones, it would be used together with the fund guide. It presents information about the same product, only in a simplified way. ***Introduce Variant 5*** As you may have noticed most sections are similar to those presented in the previous two	Introduce Variant 5D Probe for: -understanding of the variant -usefulness/understanding of fund guide -preference between the three variants

	documents. The only difference is that the risk/rewards section is presented in a simplified manner. I would like you to tell me what you think about this way of presenting the product. PROBE FOR POSITIVES AND NEGATIVES How understandable is it? Do you think that this document provides sufficient information? Or is there any information missing/should be added? What do you think should have been included? **How easy would this document be to understand, had you not seen the first two?** And how well does the document work with the fund guide? **And is this format preferable to the first two versions of the KID which we had discussed? Why?**	
9	**Conclusion and thanks**	**Notes for moderator**
1 min	*Thank the respondent for his/her participation. Reassure them of confidentiality*	Close the session

A13.4 Discussion guide for 3-2 combination

1	**Presentations and introduction to the study**	**Notes and prompts to moderator**
2 min	*Introduce self, Ipsos. Explain that the research is conducted on behalf of the European Commission. Present the research context: investment products.* *These are products designed by banks, insurers and other financial companies, so you make an investment, without having to buy and sell shares or other financial assets directly yourself.* *Explain the purpose of the research:* the European Commission is conducting a study in order to establish the new format and content of a Key Information Document which is provided to people when they purchase these types of investment products. The aim of the interview is therefore to discuss this document, in order to test which of these are preferable in terms of clarity, user-friendliness, design etc. *Confidentiality: reassure participants that they are not being judged and that any information provided will not be followed up with them in person in any way.* *Reassure that no previous knowledge is required, and no right or wrong answers – we want to understand participants' views and experiences.* *Get permission to record – transcribe for quotes, no detailed attribution.*	This section of the discussion sets the scene, reassures participants about the discussion and explains confidentiality.
2	**Investment products**	**Notes and prompts to moderator**
5 min	WARM UP: Would you describe yourself as a spender?/ a saver? / an investor? PROBE FOR:	The aim of this section is to

	PAST/NOW/FUTURE. What are your attitudes towards saving and investing generally? Why do you do it now? What do you expect you will do in the future? Why? What are the benefits of investing? Are there drawbacks to it? When investing, what is most important to you? Some people say that some of the most important aspects of investments are performance, risk and costs. What do you think? How important are these to you? Why? Are other things important too? Now, I'd like us to briefly talk about some investment products. Which of the following have you already heard of so far: investment fund? Investment bond (life insurance)? Structured product, e.g. a fixed-term equity investment? Structured deposit? **If 'yes'** – what do you know about this product/these products? Can you please describe this product/these products in your own words? And have you ever purchased any of these products yourself? **If 'has purchased'** - Can you tell me a little bit about this experience? - Where have you purchased this product? When? - How did you come across it? - How satisfied are you with this experience?	establish respondent's level of knowledge/awareness of PRIIPS
3	**Introducing Product**	**Notes and prompts to moderator**
5 min	For the following points of discussion, I would like us to focus on one type of financial product – one that gives you some life insurance cover, and also allows you to make an investment.	The aim of this section is to introduce the MOP. The

	For the investment, the product has several options you can chose from, depending on how much risk you are willing to take. I would first like to present to you a brief description of the product, and then we will be able to talk about this more in detail. *Provide the respondent with the product information card. Allow the respondent to read it.* As you can see, with this product, a person can choose from various investment options. These options range from low risk, to adventurous and more risky investment options. The product is designed for people who are interested in making a long-term investment (at least 10 years). Ending the investment earlier may lead to paying additional fees.	following discussion points (sections 4-7) will refer strictly to this product.
4	**Key Information Document/Fund guide**	**Notes and prompts to moderator**
5 min	People can purchase these products from insurance companies. When someone buys this type of product, they will receive a short two or three page document called a 'Key Information Document' (or KID), which explains the key general features of the product. As mentioned, an investor has several options to choose from with this product, depending on how much risk he/she is willing to take. There could be hundreds of options with this product. Therefore, before buying this product, an investor would also receive some more detailed information regarding these different options. This information is presented in a document called 'fund guide'. We will be looking at both these documents. The aim is to see how useful these are in presenting the product, how easy or difficult they are to understand, and how well the two	The respondent will see both a KID about the product in general, and a more specific information document about the different investment options (a 'Fund Guide'). The general KID would be provided at the same time as the Fund Guide in most sales of such products. The focus today is on the general KID, not the Fund Guide, but we include the Fund Guide to make the

	documents work together. ***Introduce KID (3) and Fund Guide*** Before we look at these two documents I would like to briefly explain each of them. The KID focuses on the product as a whole and the insurance cover it gives you. It also aims to provide some general information about the different investment options available. The information is focused on three important areas: risks (the risks with the investment), rewards (the chances of getting a good return on the investments) and costs (different investment options can cost more or less, and these costs get subtracted from the amount you get back at the end). The KID gives you some information about the different options, but does not tell you all the detail on each option. For the detail of each option, the KID will be accompanied by a separate document (the Fund Guide), telling you more about each of these different investment options, to aid in choosing between them. This document is separate, because there could be hundreds of options with this product. Here we only show three. These documents will be provided to you before you make a decision about what investment to make with this product. The aim of our research is to find out how to best design the general document, the KID. We are interested in all the different aspects of how it is designed, how it looks, how much detail it contains. The KID also presents information regarding the product's risks, the rewards and costs, through different graphics, pictures or text, and we are interested in how easy or difficult you find these to understand.	information a bit more realistic. Through this section we aim to: - describe the KID and its purpose - explain the research objectives: ▪ presenting several variants of the KID, discussing them and selecting the most appropriate ▪ presenting the fund guide and discussing what the KID should contain, if the Fund Guide is used for the details of the different investment options. We are also interested in views on whether the general and the specific information could be

	We will therefore discuss several versions of the KID, alongside the 'Fund Guide', so we can explore with you which of these versions of the KID works best. To start with, please have a look at this version of the KID, and then we can discuss together The KID makes reference to the Fund Guide, so please consult the Fund Guide as well when needed. *Allow the respondent a few minutes to go through the KID and the Fund Guide* I would first like to ask you a few general questions about the document, and then we can go through it section by section. The document describes the key features of the product in general, and gives you some important information on how it works, and, as we explained, covers important areas, such as risks, performance and costs. **Which of these topics encourages you to read the information most?** Which of these interest you the most? Why? **And what do you think about the overall design of the document?** Is it appealing? What is most/least appealing about it? **Do you think it provides enough detail? Too much?** **Do you think there is enough text? Too much text?** **Would you prefer seeing more graphics/tables, rather than text?** Let's now look at the Fund Guide. What do you think is presented here? How clear is this? The fund guide presents different options an investor may choose from with this product. When looking at the KID alongside this fund guide, what do you think about the combination of	combined into one document or divided up differently. Introduce the KID (3) and the Fund Guide together; enable the respondent to briefly read through the documents Regarding the Fund Guide: do not focus on this at this point – respondent can read it, but flag to them that we will be focusing in particular today on the KID document and how to improve this and what it should contain, so it is makes the right kind of general/ summary information alongside the Fund Guide for the more detailed information.

	these two documents? - How clear is this document? What is most/least clear about it? - **How helpful is it in understanding the product?** Why? What is most helpful about it? - What do you think about the way the different options are presented? Can you think of other ways of presenting it? - What do you think about the fact of having the information about the options in this separate document? - Looking at the KID and the fund guide, would you change what is in each of these two documents, e.g. moving some of the details to the KID or vice versa…	General discussion about the KID, without getting into the details of each section. Prompt on: -overall design -main focus (which of the three topics – risk, performance, costs- interest the respondent most)
5	**Risks**	**Notes and prompts to moderator**
5 min	As discussed, these documents present key information about the product's risk, performance and costs. I would now like us to discuss each of the three sections one by one. We will start by focusing on risks, afterwards we will discuss performance, and then move forward to the costs. As mentioned previously, this investment product, like all financial products, has certain risks. This product lets you choose between different levels of risks – what you get depends on the choice of investment option. I would like us to discuss about how the different risks and the choice between them can be presented in the KID.	The aim of the section is to test the risk section.

	But before that, I would like to ask you a few questions about your perceptions of risks in general. In your own words, how would you define 'risk'? Would you define yourself as a person who takes risks? Or more as a person who avoids taking risks? Why is this? Can you give me some examples? **Is less risk always better?** Would you say that in order to gain something it is important to take risks? Now, getting back to the investment product, what do you think could be the risks of purchasing this product? ***Referring to Variant 3*** Looking at the Key Information Document (KID), I would like us to discuss the way risks are presented here. Let's therefore focus on this section. **The KID makes reference to the fund guide, so please consult the fund guide as well when needed.** What do you think this image represents? *Prompt for understanding of the different elements:* - **How easy is it to understand what is presented here?** - **What do you think of it overall? PROBE FOR POSITIVES AND NEGATIVES** - What do you think the numbers in the yellow boxes represent? Why do you think that one of the numbers is in white colour? What do you think this represents? How clear is this? - As explained in the text/picture, the number 2 to 6 represent the range of possible	*Probe for attitudes towards risk* Probe for: -understanding of KID -usefulness/understanding of fund guide *The KID is designed here to show how the amount of risk you get will vary depending on the option you choose. The*

	options you can choose from, where the fund guide explains the specific options in more detail. The number 3 highlighted here refers to an example: a specific option (the balanced option). How clear is this, from the picture/text? How helpful is it to summarise the range of risks of the options in the fund guide in this way? How helpful is the fund guide in understanding this? - **And how helpful is it to have this example? What do you think of this way of presenting the information? Would you have preferred it being presented in another way? What?** - And what about the information presented in the boxes below the arrow? What do you think it represents? How easy/difficult is it to understand ? and how helpful is it? - What do you think is the risk of this option? How can you tell? How easy is it to tell? - **How helpful is the fund guide? How easy is it to find the option presented in the KID on the fund guide? How clear is this?** - Is there anything missing from the picture or from the text? - **How easy/difficult is this picture to understand? What is easiest/most difficult?** **Are the risks clear on this picture?** How would you improve this image? Why?	*highlighted risk number is for*
6	**Performance**	**Notes and prompts to moderator**
10 min	We will now talk about a different topic of the KID, and more specifically, about the product's performance.	The aim is to test how well the KID explains how the performance will vary according to the investment

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What do you understand by ‘performance’ when talking about investment products?
Each financial product can perform differently. By ‘performance’, in this context, we mean the amount of money one could potentially earn or lose by investing in this product.
The KID presents information about the product’s performance. For this product, performance would vary according to which of the three investment options you were to choose. I would like us to look at how the performance is presented. The KID sets out some information on performance in general, and the fund guide looks at the detail for each of the different options offered for this product.
Let’s start by looking at the KID. Please note that the document makes reference to the fund guide – so please consult the fund guide when necessary.
Version 3
What do you think this image represents? How can we read this?

What do you think each of the following mean: ‘negative scenario’, ‘neutral scenario’, ‘positive scenario’?
How can we read these charts?

What do you think about the tables ? is it clear what they are referring to?

What do you think the numbers on top of the columns (1, 5, 10) represent? How clear is this?
And what do you think is meant by ‘before charges’ ‘after charges’ ‘rate of return’? how clear is this? how useful is it?
Let’s have a look at the positive scenario. Do you think it is possible to earn more money than indicated here? How about the negative scenario – do you think it is possible to earn less money than indicated here?

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options chosen. The KID is also trying to communicate that for all of the investment options, the actual performance that the consumer could get is uncertain – there are risks.
Note: the performance information in this KID (3) is for one of the options only, to show an example of how the performance looks. We are interested in whether respondents understand that this is an example, and whether they find it useful to see an example. More or less the same information is in the Fund Guide for the ‘balanced’ option (the option used for the example). The difference in presentation between the fund guide and the KID is not important.
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	By 'holding period' we mean the length of time during which you invest in the product. Each product was designed to work best (have best potential performance) if you invest in it for a specific time period. This is what we mean by 'recommended holding period'. - How easy/difficult is this image to understand? What is easiest/most difficult? - How clear is the last scenario (if you die while holding the product')? **This image shows an example – the performance the product would achieve if you were to go for one specific option (the balanced option). For the other options, you would need to look at the fund guide.** **How clear is this? And how useful is it to have this example?** **Would other type of information be more useful? What?** - How helpful is the fund guide for understanding this picture? How easy is it to find the option presented in the KID on the fund guide? How clear is this? - **Would you have preferred having this information in the fund guide, rather than in the KID? Why?**	Probe for: -understanding of KID -usefulness/understanding of fund guide
7	**Costs**	**Notes and prompts to moderator**
10	I would now like us to discuss another topic presented in the KID, which is costs. As for previous topics, we will be looking at different ways of showing the overall costs for this	The aim is to test the costs section, and how well the KID shows that the costs could

min	product in the KID. The specific levels of the costs can vary depending on the investment option, so more information for each option on costs is contained in the fund guide. ***Variant 3*** Let's look at how costs are presented in the KID (3). What do you think this image represents? How clear is it? - How easy are things like 'one-off costs' 'on-going costs' and 'incidental costs' to understand? - How about RYI? How easy is this to understand? How useful is it? - How helpful is the text in the table? *Probe for understanding*: one-off costs, ongoing costs, incidental costs? Entry costs, investment costs per year, insurance costs per year? - - What can we say about the table underneath the picture? How helpful is this? How easy are things like 'total costs' and 'total cost ratio' to understand? - Overall, what do you think of this way of presenting costs? Are the costs clearly presented here? What is most/least clear? - Is there anything missing? - How helpful is the fund guide for understanding this part? How easy is it to find the option presented in the KID on the fund guide? How clear is this? **The document presents an example – for a specific investment option (the balanced option). How clear is this? And how helpful is it?** **For the other options, you would need to look at the fund guide. The cost of the product**	vary according to the investment option picked, and the range of these costs for different options. Probe for: -understanding of KID -usefulness/understanding of fund guide Probe for: -understanding of KID -usefulness/understanding of

	could differ, according to the option you choose. How clear is this? **What do you think of this way of presenting the information on costs? Is it clear? Would you have preferred a different way of showing costs? Which one?** ***Variant 2*** We are looking at different ways of showing costs in the KID. I would now like you to look at a different version of the KID. This version shows information about the same product. The information is however presented differently. I would like you to look at this second KID, and, more specifically, at the way costs are presented here. What do you think of this way of presenting the costs? - Is the information helpful? - How easy is TCR to understand? - How helpful is the text in the table? *Probe for understanding*: one-off costs, ongoing costs, incidental costs? Entry costs, investment costs per year, insurance costs per year? - Looking at the second table, how clear is this information? Is it useful? Why? - Are the costs clearly presented here? What is most/least clear? - Is it helpful to have the information broken down by number of years? - Is there anything missing? - How helpful is the fund guide for understanding this picture? How easy is it to find the option presented in the KID on the fund guide? How clear is this? ***Compare costs as presented in Variant 3 and Variant 2***	fund guide *Probe for preference: Variant 3 or Variant 2?* *The main difference we are interested in is that 2 shows how the costs for the product could vary depending on the investment options you pick – from the cheapest to the most expensive. This aims to underline for the customer*

	Thank you very much for your input so far. I would like us to look at the two images we've seen. **What do you think is the main difference between the two ways of showing costs?** **The second document shows the range of costs over time, while the first one shows an example, for a specific option (the balanced option). How clear is this?** **In order to see the costs of each option, you would need to look at the fund guide. How clear is this?** **And which of these two ways of presenting costs is clearer/easier to understand? Why?** **Which of them do you prefer? Why?** **Or would you prefer having both information (ranges plus example) in one document? If so, should this be in the KID or in the fund guide? Why?** And which of them would encourage you more to read the information? Why? And which of the two documents works best with the fund guide (e.g. in terms of finding the relevant information in the fund guide)? Why?	*that the costs they have to pay could be higher or lower depending on the option they pick.*
3 min	***Other sections*** The following sections ('holding period and early exit', 'complaints', and 'other info') are presented in an identical way in both documents. Let's quickly go through these. How useful are these? PROBE for each:	**Questions in this subsection should only be asked if there is enough time for the following sections.** This section is not essential to our findings. However if there is enough time, it may prove useful to ask these, as they allow the respondent to also

	- Holding period and early exit? - complaints? - Other info? And how easy are these to understand? - PROBE for each - What is easiest/most difficult to understand?	focus on 'easier' topics, before moving on to more complex questions.
5 min	***General discussion*** Looking at the two documents, what can we say about these? Are these documents appropriate for presenting information about the product? Which one is the most appropriate? Why? Which one is easiest to understand? In your opinion, would there be a better way of presenting this information, by using elements from the two documents (e.g. the risk section from one document, but performance and costs from the other etc.)? And how helpful is the fund guide in understanding this type of product? How easy is it to understand? What is easiest/most difficult? Do you think it is more appropriate to have the information presented like this (in two documents: KID + fund guide) – or should it be contained all in one document?	*Probe for preference of the two KIDs: Variant 3 or 2?*
8	**Variant 5**	**Notes for moderator**
5 min	Thank you very much for your input so far.	Introduce Variant 5

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I would now like us to look at another version of the KID. As the previous ones, it would be used together with the fund guide.
It presents information about the same product, only in a simplified way.
Introduce Variant 5
As you may have noticed most sections are similar to those presented in the previous two documents.
The only difference is that the risk/rewards section is presented in a simplified manner.
I would like you to tell me what you think about this way of presenting the product.
PROBE FOR POSITIVES AND NEGATIVES
How understandable is it?
Do you think that this document provides sufficient information? Or is there any information missing/should be added?
What do you think should have been included?
How easy would this document be to understand, had you not seen the first two?
And how well does the document work with the fund guide?
And is this format preferable to the first two versions of the KID which we had discussed? Why?
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Probe for:
-understanding of the variant
-usefulness/understanding of fund guide
-preference between the three variants
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9	**Conclusion and thanks**	**Notes for moderator**
1 min	*Thank the respondent for his/her participation. Reassure them of confidentiality*	Close the session

Annex 14 Qualitative research variants – Phase II

A1 | 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 Fund **XYZ Fund Managers**
www.ourhompage.eu
Call [telephone number] for more information Regulated by ABC Published X

What is this product?

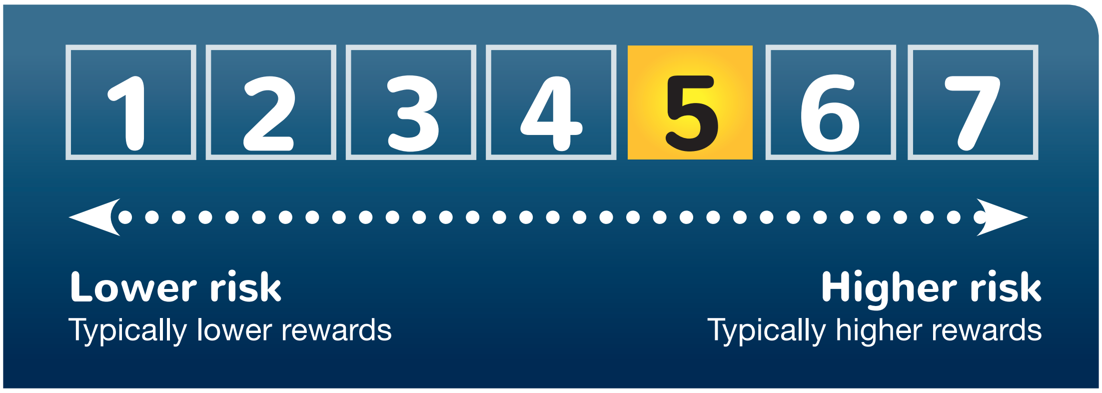
Type This product is an investment fund.

Strategy This product invests in European stock markets, concentrating on France and Germany. We mostly invest in older more established companies, but 35% of our portfolio is in 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 a small proportion of other investments, including in corporate bonds.

Intended Market This product is intended for investors who are prepared to take on a relatively high level of risk of loss to their original capital in order to get a higher potential return, and who plan to stay invested for at least 5 years. It is designed to form part of a portfolio of investments.
It is designed to form part of a portfolio of investments.

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

Risk Indicator



This risk indicator helps you assess the risks with this product and compare them with other products. It takes into account the likelihood of possible losses. It reflects the different factors that determine what you will get back, in particular how much you could lose due to fluctuations in the value of the fund's investments.
The product does not include any capital protection, so in the worst case you could lose your investment.

Performance scenarios

Investment £1,000				
Scenarios		**1 years**	**3 years**	**5 years** (Recommended holding period)
Negative scenario	**What you might get back after costs**	**£920**	**£857**	**£951**
	What you might get back before costs	£965	£940	£1,050
	Average return each year	-8%	-5%	-1%
Neutral scenario	**What you might get back after costs**	**£1,030**	**£1,093**	**£1,159**
	What you might get back before costs	£1,080	£1,180	£1,250
	Average return each year	3%	3%	3%
Positive scenario	**What you might get back after costs**	**£1,100**	**£1,225**	**£1,338**
	What you might get back before costs	£1,150	£1,310	£1,450
	Average return each year	10%	7%	6%

The amount you get back from this product is not fixed. What you get will vary depending on how our investments do and how long you keep the product. This table shows potential returns over the next 5 years, in different scenarios, based on an investment of £1,000. There is no guarantee you will get any of these returns, and the returns shown are not equally likely. The figures after costs have all costs you would pay deducted, but not your personal taxes, which may impact on what you get back. We also show the figures before the costs are taken.

What happens if XYZ Asset Management 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?

Summary of costs

One-off cost	Ongoing costs	Incidental costs
£30	£13	£10
3%	1.3%	1%

What are the costs?

The graphics show the different costs for this product. The one-off cost is charged once, when you enter the investment. The ongoing costs are charged each year. We show the figure for last year, but this can vary. The incidental costs are only charged where we beat the returns of our benchmark, the ‘EU Smaller Companies Index’. When this happens, we take 20% of the growth exceeding the benchmark. Last year this amounted in total to 1% extra costs. Should we do even better, in the future this could be higher.

How the costs add up if you invest £1,000	1 years	3 years	5 years (Recommended holding period)
Total Costs	**£53**	**£85**	**£125**
Total Cost Ratio	**5.3%**	**2.6%**	**2.2%**

Costs over time

The table shows what all the costs above together could mean for different holding periods, and as you can see the total costs in % go down the longer you hold the product. The figures assume you invest £1,000. We have estimated the costs which could be higher or lower in the future, and the total costs vary according to how well your investment does.

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 five years. However, you can redeem your investment without penalty at any time during this time, 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.

How can I complain?

If you have any complaints, you can contact our complaints hotline on [telephone number] who will explain what to do. 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

Our depositary is ABC Bank based in France.
We publish a full prospectus that contains more information on this product; you can find it at www.ourhomepage.eu/prospectus. Each year we also publish a report with more information on how this product is doing at www.ourhompage.eu/report.
We also review and republish this Key Information Document each year; you can find the new version on www.ourhomepage.eu/KIDs after 31 January.

D1 | 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

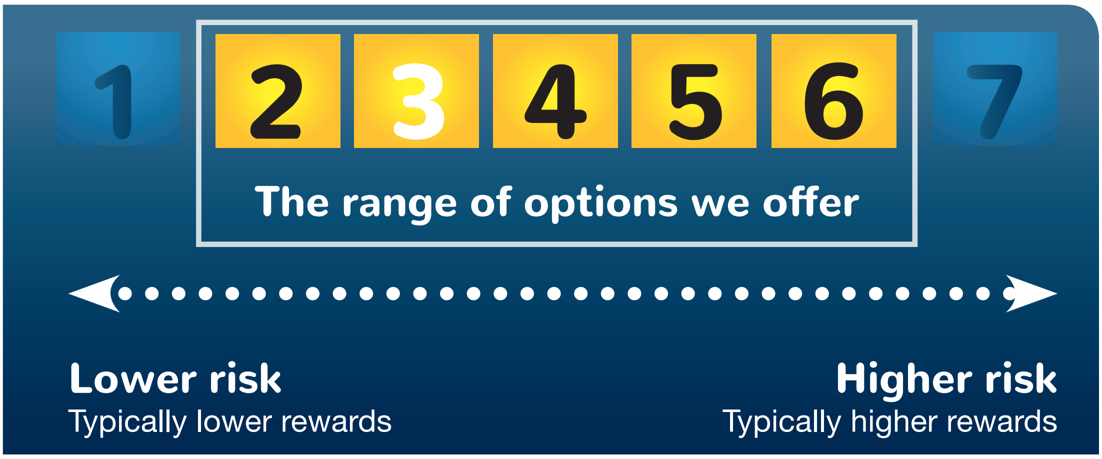
Futureplan Investment **EFG Insurance** www.ourhompage.eu
Call [telephone number] for more information Regulated by ABC Published X

What is this product?

Type	This product is an insurance-based investment product.
Strategy	For the investment part we offer a large number of investment funds to choose from. These funds range from low risk investments in government bonds, to adventurous and more risky investments in emerging market equities
Intended Market	This product is intended for investors who want to accumulate savings, with This product is intended for people who want to accumulate amounts of money for a longer period and combine this with some insurance cover. It is meant for people that plan to stay invested for at least 10 years. If you leave early you may have to pay additional tax on what you get back.
Insurance benefit	This product includes a life insurance benefit, so if the insured person were to die during the life of the contract, the beneficiary would receive a payout of 101% of what has been paid in.
Term	The term of this investment is a minimum 10 years, but can be extended.

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

Risk Indicator



This risk indicator helps you assess the risks with this product and compare them with other products assuming you keep the product for the recommended holding period. It takes into account the likelihood of possible losses (not only the worst case) due to different risk factors such as changes in the market and how well we do as a company. Read our Fund Guide to see the specific risks for the different options we offer in this product. They range from 2 to 6 on the risk indicator above. The risk of the Balanced Option (the typical choice most policy holders make is) 3. The product does not include any capital protection, so in the worst case you could lose your investment

Performance scenarios

Our typical investment: Balanced Option

Scenarios		1 years	5 years	10 years (Recommended holding period)
Negative scenario	**What you might get back after costs**	**£920**	**£951**	**£990**
	What you might get back before costs	£965	£1,050	**£1,200**
	Average return each year	-8%	-1%	**-0.1%**
Neutral scenario	**What you might get back after costs**	**£1,030**	**£1,159**	**£1,400**
	What you might get back before costs	£1,080	£1,250	**£1,620**
	Average return each year	3%	3%	3%
Positive scenario	**What you might get back after costs**	**£1,100**	**£1,336**	**£1,750**
	What you might get back before costs	£1,150	£1,450	**£2,000**
	Average return each year	10%	6%	4%
If you die while holding product	What your beneficiary might get	**£1,010**	**£1,010**	

The amount you get back from this product is not fixed. What you get will vary depending on which investment fund you chose, how this fund performs and how long you keep the investment. See our Fund Guide for specific information for each option. For example, if you chose to invest in the Balanced Option, the potential returns over the next 10 years based on an investment of £1,000 could be as presented in the table. The scenarios have been chosen to illustrate how the product performs in different market conditions (not the worst or the best ones). There is no guarantee you will get any of these returns or which of them is more likely. The figures shown take into account all costs, but not your personal taxes, which may have an impact on what you get back. We also show you what the beneficiary would get if the insured person were to die while holding the product.

What happens if XYZ Insurance is unable to pay out?

If we are not able to pay out what we owe you, you are not covered by a national compensation scheme. In the worst case you may lose the entire investment.

What are the costs?

Summary of costs

Important: To give you an idea of the costs, we show here the costs for the Balanced Option, but the costs you pay could be higher or lower depending on the investment option or combination of these you select. Please read our Fund Guide to see the specific costs of each option.

One-off cost	Ongoing costs	Incidental costs
£45	£30	£0
4.5%	3%	0%

What are the costs?

The graphics show the different costs for an example of an investment choice in this product. The one-off cost is charged once, when you invest. This is the same for all the investment options we offer. The ongoing costs are charged each year, and are taken from your investment with us. We show here the costs for the Balanced Option, as an example, but these costs will vary depending on the option you choose. The costs include both investment and insurance cover costs. We show the figure for last year, but this can vary.

How the costs add up if you invest £1,000	After 1 year	After 5 year5	After 10 years (Recommended holding period)
Total Costs	**£75**	**£170**	**£310**
Total Cost Ratio	**7.5%**	**3.3%**	**3.1%**

Costs over time

he table shows what the costs above could mean for different holding periods, and as you can see the total costs in % go down the longer you hold the product. The figures assume you invest £1,000. The costs could be higher or lower depending on how well your investment does.

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

Recommended holding period: 10 years

This product is designed for longer term investments; you should be prepared to stay invested for at least ten years. Termination of the product may have tax consequences.

How can I complain?

If you have any complaints, you can contact our complaints hotline on [telephone number] who will explain what to do. 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

We publish further information on this product; you can find it at www.ourhompage.eu/products. Each year we also publish a report where you can find more information on how the product is doing, which you will be able to find at www.ourhomepage.eu/reports.
We also review and republish this Key Information Document each year; you can find new versions on www.ourhomepage.eu/KIDs after 31 January.

A2 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 Fund
www.ourhompage.eu
Call [telephone number] for more information

XYZ Fund Managers
Regulated by ABC

Published X

What is this product?

Type

This product is an investment fund.

Strategy

This product invests in European stock markets, concentrating on France and Germany. We mostly invest in older more established companies, but include for 35% 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 Market

This product is intended for investors who are prepared to take on a relatively high level of risk of loss to their original capital in order to get a higher potential return, and who plan to stay invested for at least 5 years. It is designed to form part of a portfolio of investments.

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

Risk Indicator

This risk indicator helps you assess the risks with this product and compare them with other products. It takes into account the likelihood of possible losses. It reflects the different factors that determine what you will get back, in particular how much you could lose due to fluctuations in the value of the fund's investments.
The product does not include any capital protection, so in the worst case you could lose your investment.

Performance scenarios

Investment £1,000 for recommended five years		
Scenarios	**Chance of getting scenario**	**What you might get back** **Average return each year**
Negative scenario	1 in 10 chance of getting less than this	£951 -1%
Neutral scenario	5 in 10 chance of getting less than this	£1,159 3%
Positive scenario	1 in 10 chance of getting more than this	£1,338 6%

All figures are after costs

The amount you get back from this product is not fixed. What you get will vary depending on how our investments do and how long you keep the product. This table shows potential returns if you held it for the recommended holding period of 5 years, based on an investment of £1,000.

We also show you how likely the scenarios are. The likelihoods shown are estimated based on financial modelling. We have had to make some careful assumptions, but there is no guarantee you will get any of these returns. The figures after costs have all costs you would pay deducted, but not your personal taxes, which may impact on what you get back.

What happens if XYZ Asset Management 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. In the worst case you may lose the entire investment, though 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 across the investors. In the worst case, however, you could lose your entire investment.

What are the costs?

TCR 2.2%

One-off costs	**Entry costs**	**3%**
Ongoing costs	**Investment costs per year**	**1%**
	Portfolio transaction costs per year	**0.3%**
Incidental costs	**Performance fees**	**20% of returns above benchmark:** **this was 1% last year**

What are the costs?

The TCR (total costs ratio) combines the one-off, ongoing and incidental costs together, to show their overall level as a proportion of your original investment. It shows the average amount you would pay each year. If you invested £1,000, then this would be an average of £22 each year if you kept the investment for five years, the recommended holding period.

The one-off cost is charged once, when you invest. The ongoing costs are charged each year. We show here the figure for last year, but this can vary. The incidental costs are only charged where we beat the returns of our benchmark, the 'EU Smaller Companies Index'. When this happens, we take 20% of the growth exceeding the benchmark. Last year this amounted in total to 1% extra costs. Should we do even better, this cost would be higher.

What is their impact taken together

Investment = £1,000	Entry Costs	On-going Costs	Incidental Costs =	Overall Costs	TCR (%)
After 1 year	£30 +	£13 +	£10 =	£53	5.3% a year
After 3 years	£30 +	£45 +	£20 =	£85	2.6% a year
After 5 years*	£30 +	£75 +	£20 =	£125	2.2% a year

*Recommended

Costs over time

The table shows what the costs above could mean for different holding periods, and as you can see the total costs in % (TCR) goes down the longer you hold the product. The figures assume you invest £1,000. We have estimated the costs which could be higher or lower in the future, and the total costs vary according to how well your investment does.

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 five years. However, you can redeem your investment without penalty at any time during this time, 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.

How can I complain?

If you have any complaints, you can contact our complaints hotline on [telephone number] who will explain what to do. 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

Our depositary is ABC Bank based in France.

We publish a full prospectus that contains more information on this product; you can find it at www.ourhomepage.eu/prospectus. Each year we also publish a report with more information on how this product is doing at www.ourhompage.eu/report.

We also review and republish this Key Information Document each year; you can find the new version on www.ourhomepage.eu/KIDs after 31 January.

D2 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

Futureplan Investment **EFG Insurance** www.ourhompage.eu

Call [telephone number] for more information Regulated by ABC Published X

What is this product?

Type This product is an insurance-based investment product.

Strategy For the investment part we offer a large number of investment funds to choose from. These funds range from low risk investments in government bonds, to adventurous and more risky investments in emerging market equities

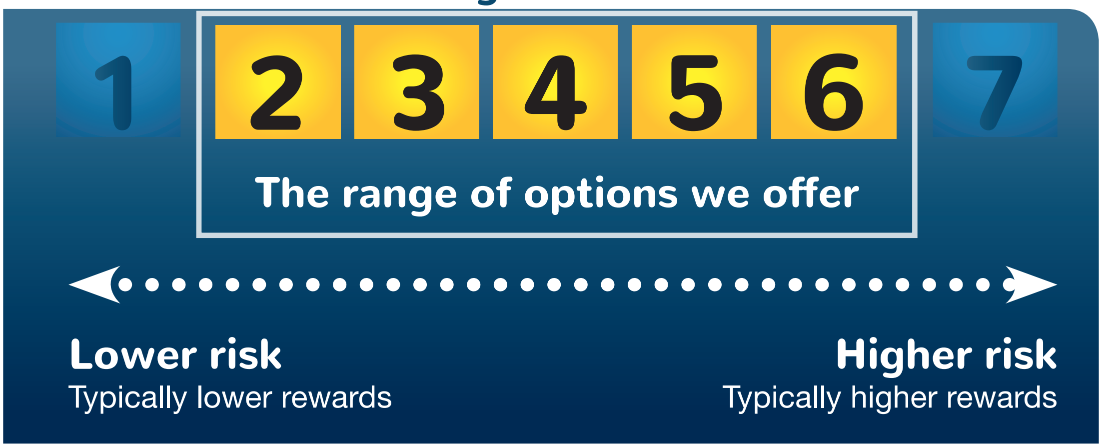
Intended Market This product is intended for investors who want to accumulate savings, with This product is intended for people who want to accumulate amounts of money for a longer period and combine this with some insurance cover. It is meant for people that plan to stay invested for at least 10 years. If you leave early you may have to pay additional tax on what you get back.

Insurance benefit This product includes a life insurance benefit, so if the insured person were to die during the life of the contract, a beneficiary would receive a payout of 101% of what has been paid in.

Term The term of this investment is a minimum 10 years, but can be extended.

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

Risk Indicator



This risk indicator helps you assess the risks with this product and compare them with other products assuming you keep the product for the recommended holding period. It takes into account the likelihood of possible losses (not only the worst case) due to different risk factors such as changes in the market and solvency problems of the issuer. Read our Fund Guide to see the specific risks for the different options we offer in this product. They range from 2 to 6 on the risk indicator above. The risk to you would depend on the option you choose. The product does not include any capital protection, so in the worst case you could lose your investment with any of the options.

Performance scenarios

Investment £1,000 for recommended ten years Scenarios	Chance of getting scenario	What you might get back Average return each year
Negative scenario Lowest of our options	1 in 10 chance of getting less than this	**£990** **-1%**
Neutral scenario Our typical options	5 in 10 chance of getting less than this	**£1,400** **3%**
Positive scenario Highest of our options	1 in 10 chance of getting more than this	**£1,750** **4%**
If you die before ten years		**£1,010**

All figures are after costs

The amount you get back from this product is not fixed. What you get will vary depending on the investments you choose, how the market performs, and how long you keep the investment. See our Fund Guide for specific information for each option. This table shows a potential range of returns if you held it for the recommended holding period, based on an investment of £1,000. We used financial modelling to assess the possible scenarios for all the investment options we offer. Here we show for the negative scenario our option that had the lowest results, for the neutral scenario a typical option, and for the favourable scenario our option that had the highest results. The scenarios belong to different investment options. We show them to give you an impression of the broad range of results. There is no guarantee you will get any of these returns, and you could do worse than the figures shown. The figures shown take into account all costs, but not your personal taxes, which could have an impact on what you get back. We also show you what the beneficary would get if the insured person were to die while holding the product.

What happens if XYZ Insurance is unable to pay out?

If we are not able to pay out what we owe you, you are not covered by a national compensation scheme. In the worst case you may lose the entire investment.

What are the costs?

Summary of costs

TCR
2.2% to 3.2%

One-off costs	**Entry costs**	**4.5%**
Ongoing costs	**Investment costs per year**	**0.5% to 2.5%, depending on the investment option you select**
	Insurance costs per year	**0.75%**
Incidental costs	**None**	

What are the costs?

The table shows the different costs for this product, which vary according to the investment options you choose. See our Fund Guide for specific information for each option. The TCR (total costs ratio) combines the one-off, ongoing and incidental costs together, to show their overall level as a proportion of your original investment. It shows the average amount you would pay each year. If you invested £1,000, then if you held the investment for ten years this would be an average of £22 to £32 each year. Where the costs are in this range depends on the investment options you chose. The one-off cost is charged once, when you invest. The ongoing costs are charged each year. We show here the figure for last year, but this can vary.

What is their impact taken together

Investment = £1,000	Entry Costs	On-going Costs	Incidental Costs =	Overall Costs	TCR (%)
After 1 year	£45 +	£20 to £35	£0 =	£65 to £80	6.5% to 8% a year
After 5 years	£45 +	£105 to £160	£0 =	£150 to £205	2.6% to 4.5% a year
After 10 years*	£45 +	£215 to £310	£0 =	£260 to £355	2.2% to 3.2% a year

*Recommended

Costs over time

The table shows what the costs could mean for different times, and as you can see the total costs in % (TCR) goes down the longer you hold the product. You can use it make easier comparisons between products. These figures assume you put in £1,000. The costs could also be more or less depending on how well your investment does and depend on the options you choose. See our Fund Guide for more details.

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

Recommended holding period: 10 years

This product is designed for longer term investments; you should be prepared to stay invested for at least ten years. Termination of the product may have tax consequences.

How can I complain?

If you have any complaints, you can contact our complaints hotline on [telephone number] who will explain what to do. 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

We publish further information on this product; you can find it at www.ourhompage.eu/products. Each year we also publish a report where you can find more information on how the product is doing, which you will be able to find at www.ourhomepage.eu/reports.
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A3 Key Information Document

Purpose

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Product

European Growth Equities Fund
http://ourhompage.eu/
Call [telephone number] for more information

XYZ Fund Managers
Regulated by ABC

Published X

What is this product?

Type This product is an investment fund.

Strategy This product invests in European stock markets, concentrating on France and Germany. We mostly invest in older more established companies, but include for 35% 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 Market This product is intended for investors who are prepared to take on a relatively high level of risk of loss to their original capital in order to get a higher potential return, and who plan to stay invested for at least 5 years. It is designed to form part of a portfolio of investments.

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

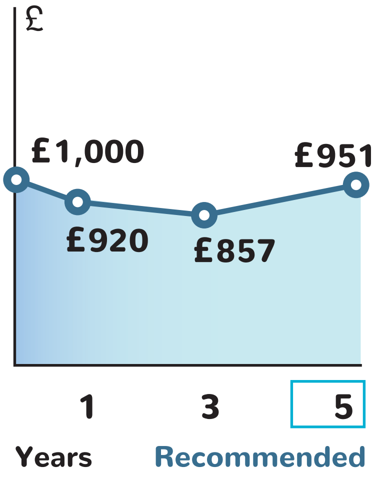
Risk Indicator

This risk indicator helps you assess the risks with this product and compare them with other products. It takes into account the likelihood of possible losses and whether your capital is guaranteed. It reflects the different factors that determine what you will get back, in particular how much you could lose due to fluctuations in the value of the fund's investments.

The product does not include any capital protection, so in the worst case you could lose your investment.

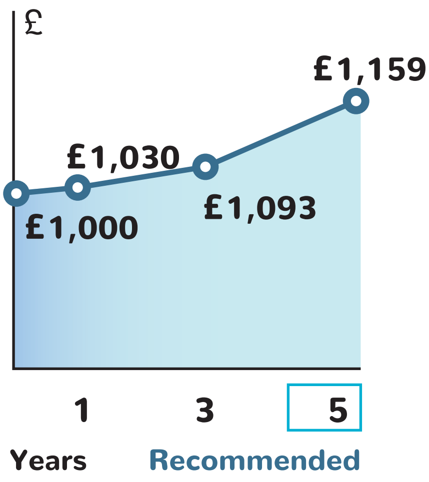
Performance scenarios

Negative senario



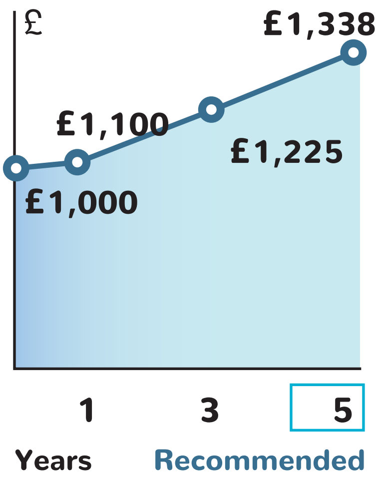
	1	3	5
Before charges	965	940	1,050
After charges	920	857	951
Rate of return	-8%	-5%	-1%

Neutral senario



	1	3	5
Before charges	1,080	1,180	1,250
After charges	1,030	1,093	1,159
Rate of return	3%	3%	3%

Positive senario



	1	3	5
Before charges	1,150	1,310	1,450
After charges	1,100	1,225	1,338
Rate of return	10%	7%	6%

The amount you get back from this product is not fixed. What you get will vary depending on how our investments do and how long you keep the product. The graphs and tables show the potential returns over the next 5 years, in different scenarios, based on an investment of £1,000. There is no guarantee you will get any of these returns, and the returns shown are not equally likely. The figures after costs have all costs you would pay deducted, but not your personal taxes, which may impact on what you get back. We also show the figures before the costs are taken.

What happens if XYZ Asset Management 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?

Reduction in Yield (RIY)
Impact of costs over five years (£1,000 invested)

2.2% RIY

One-off costs	**Entry costs**	**3%**
Ongoing costs	**Investment costs per year**	**1%**
	Portfolio transaction costs per year	**0.3%**
Incidental costs	**Performance fees**	**20% of returns above benchmark; this was 1% last year.**

What are the costs?

The RIY (reduction in yield) shows the impact costs have on what you get back. The figure takes into account one-off, ongoing and incidental costs. For this product, if you held for 5 years it would be 2.2%; this means for a £1,000 investment, the costs are equivalent to a reduction in what you get back by £22 per year.

The one-off cost is charged once, when you invest. The ongoing costs are charged each year. We show the figure for last year, but this can vary. The incidental costs are only charged where we beat the returns of our benchmark, the 'EU Smaller Companies Index'. When this happens, we take 20% of the growth exceeding the benchmark. Last year this amounted in total to 1% extra costs. Should we do even better, in the future this could be higher.

Investment £1,000 Scenarios	If you cash in after 1 year	If you cash in after 3 years	If you cash in after 5 years (recommended)
One-off costs	£30	£30	£30
+ On-going costs	£13	£45	£75
+ Incidental costs	£10	£10	£20
= Total costs	£53	£85	£125
RIY	5.3%	2.6%	2.2%

Costs over time

The table shows what the costs above could mean for different holding periods, and as you can see the total costs in % (RIY) goes down the longer you hold the product. The figures assume you invest £1,000. We have estimated the costs which could be higher or lower in the future, and the total costs vary according to how well your investment does.

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 five years. However, you can redeem your investment without penalty at any time during this time, 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.

How can I complain?

If you have any complaints, you can contact our complaints hotline on [telephone number] who will explain what to do. 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

Our depositary is ABC Bank based in France.

We publish a full prospectus that contains more information on this product; you can find it at www.ourhomepage.eu/prospectus. Each year we also publish a report with more information on how this product is doing at www.ourhompage.eu/report.

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D3 | Key Information Document

Purpose

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Product

Futureplan Investment **EFG Insurance** www.ourhompage.eu

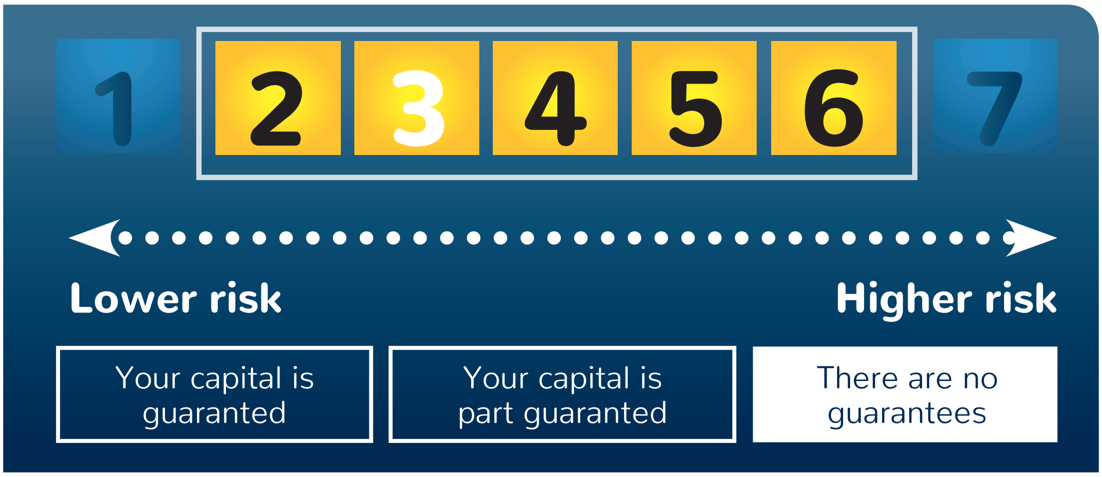
Call [telephone number] for more information Regulated by ABC Published X

What is this product?

Type	This product is an insurance-based investment product.
Strategy	For the investment part we offer a large number of investment funds to choose from. These funds range from low risk investments in government bonds, to adventurous and more risky investments in emerging market equities
Intended Market	This product is intended for investors who want to accumulate savings, with This product is intended for people who want to accumulate amounts of money for a longer period and combine this with some insurance cover. It is meant for people that plan to stay invested for at least 10 years. If you leave early you may have to pay additional tax on what you get back.
Insurance benefit	This product includes a life insurance benefit, so if the insured person were to die during the life of the contract, a beneficiary would receive a payout of 101% of what has been paid in.
Term	The term of this investment is a minimum 10 years, but can be extended.

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

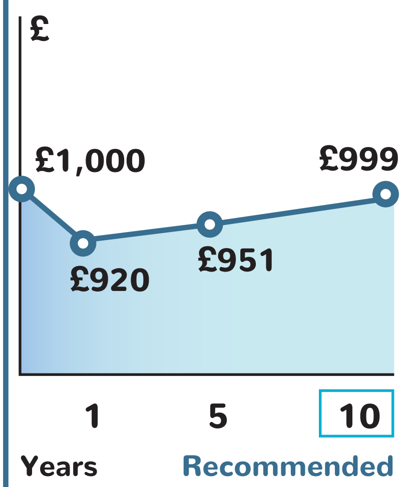
Risk Indicator



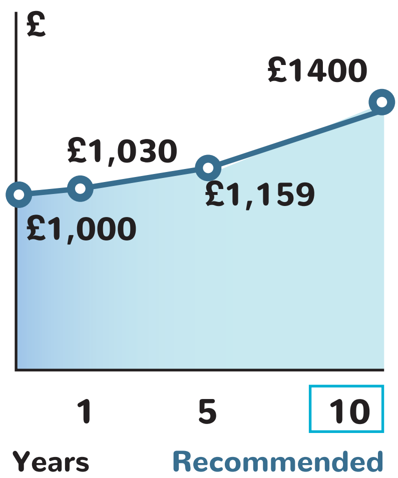
This risk indicator helps you assess the risks with this product and compare them with other products assuming you keep the product for the recommended holding period. Read our Fund Guide to see the specific risks for the different options we offer in this product. They range from 2 to 6 on the risk indicator above. The indicator takes into account the likelihood of possible losses (not only the worst case) due to different risk factors, such as changes in the market and how well we do as a company. Highlighted is the risk for an example of our options: our Balanced Option.The bottom part of the indicator shows that this product does not include any capital protection, so in the worst case you could lose your investment.

Performance scenarios

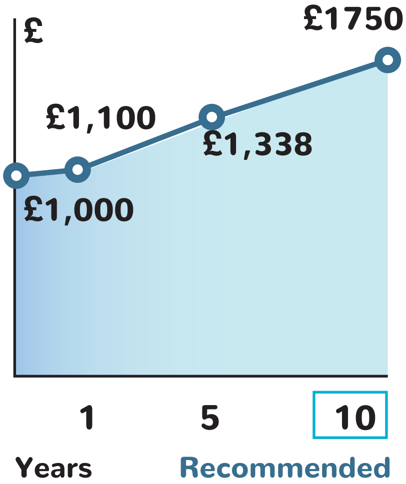
Negative senario



Neutral senario



Positive senario



	1	5	10
Before charges	965	1,050	1,200
After charges	920	951	999
Rate of return	-8	-1	-0.1
If you die	1,010	1,010	

	1	5	10
Before charges	1,080	1,250	1,620
After charges	1,030	1,159	1,400
Rate of return	3	3	3
If you die	1,010	1,010	

	1	5	10
Before charges	1,150	1,450	2,000
After charges	1,100	1,338	1,750
Rate of return	10	6	4
If you die	1,010	1,010	

The amount you get back from this product is not fixed. What you get will vary depending on what investment options you choose, how the market performs and how long you keep the investment. See our Fund Guide for specific information for each option. This graphs show potential returns over the next 10 years, in different scenarios, based on an investment of £1,000 in a typical investment choice: Balanced Option.
There is no guarantee you will get any of these returns, and the returns shown are not equally likely. The figures shown take into account all costs, but not your personal taxes, which could have an impact on what you get back. We also show you what the beneficiary would get if the insured person were to die while holding the product.

What happens if XYZ Insurance is unable to pay out?

If we are not able to pay out what we owe you, you are not covered by a national compensation scheme. In the worst case you may lose the entire investment.

What are the costs?

Summary of costs

Reduction in Yield (RIY)
Impact of costs over five years
(£1,000 invested)

2.2% to 3.2%

One-off costs	**Entry costs**	**4.5%**
Ongoing costs	**Investment costs per year**	**0.5% to 2.5%, depending on the option you select**
	Insurance costs per year	**0.75%**
Incidental costs	**None**	

What are the costs?

The RIY (reduction in yield) shows the impact costs have on what you get back if you held the product for the recommended period (10 years). The figure takes into account one-off, and ongoing costs, for both managing the investment and for the insurance cover. For this product, it would vary between 2.2% and 3.2%, depending on the investment option you pick; this means for a £1,000 investment, the costs are equivalent to a reduction in what you get back by £22 to £32 each year. See our Fund Guide for specific information for the costs of each option.

Investment £1,000 in our typical fund: Balanced Option	If you cash in after 1 year	If you cash in after 5 years	If you cash in after 10 years (recommended)
One-off costs	£45	£45	£45
+ On-going costs	£30	£125	£255
+ Incidental costs	£0	£0	£0
= Total costs	£75	£170	£310
RIY	**7.5%**	**2.6%**	**2.2%**

Costs over time

These figures in the table assume you put in £1,000 in the typical investment choice: Balanced Option. As you can see, the overall cost per year in percentage (RIY) goes down the longer you keep your investment. This is likely to be true also for the other options. The costs could be more or less depending on how well your investment does and the choice for an investment option. See our Fund Guide for more details.

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

Recommended holding period: 10 years

This product is designed for longer term investments; you should be prepared to stay invested for at least ten years. Termination of the product may have tax consequences.

How can I complain?

If you have any complaints, you can contact our complaints hotline on [telephone number] who will explain what to do. 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

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A4 | Key Information Document

Purpose

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Product

European Growth Equities Fund | **XYZ Fund Managers**

www.ourhompage.eu

Call [telephone number] for more information | Regulated by ABC | Published X

What is this product?

Type This product is an investment fund.

Strategy This product invests in European stock markets, concentrating on France and Germany. We mostly invest in older more established companies, but include for 35% 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 Market This product is intended for investors who are prepared to take on a relatively high level of risk of loss to their original capital in order to get a higher potential return, and who plan to stay invested for at least 5 years. It is designed to form part of a portfolio of investments.

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

Risk Indicator

1	2	3	4	**5**	6	7

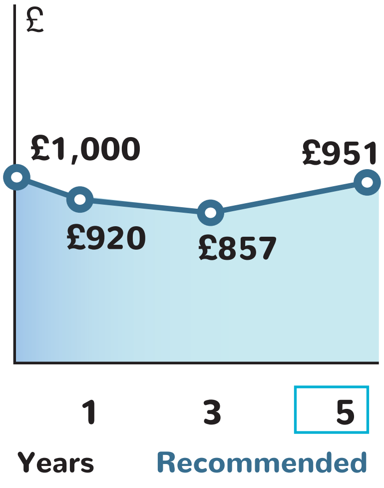
Lower risk ← → **Higher risk**

Risk from fluctuating values	Low	Medium	**High**
Risk of default	**Low**	Medium	High

This risk indicator helps you assess the risks with this product and compare them with other products. It takes into account the likelihood of possible losses.
The risk of fluctuating values is that the value of the investments can go up and down, while the risk of default is the chance that we go into default – as you can see, the risk of fluctuating values has the most impact for this product.
The product does not include any capital protection, so in the worst case you could lose your investment.

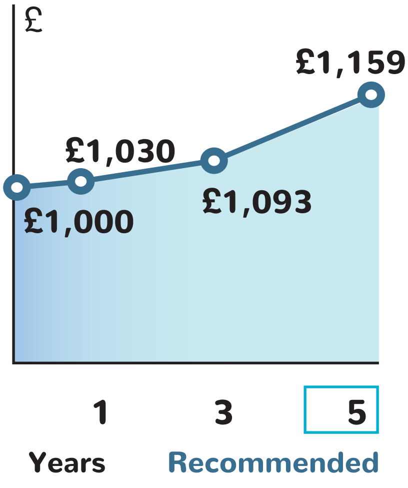
Performance scenarios

Negative
1 in 10 chance you get less than this



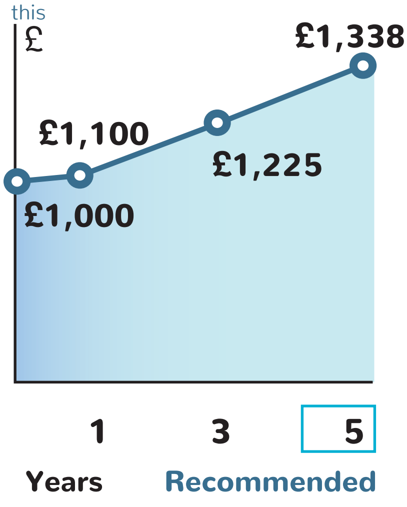
	1	3	5
What you might get back	920	857	951
Rate of return	-8%	-5%	-1%

Neutral
5 in 10 chance you get less than this



	1	3	5
What you might get back	1,030	1,093	1,159
Rate of return	3%	3%	3%

Positive
1 in 10 chance you get more than this



	1	3	5
What you might get back	1,100	1,225	1,338
Rate of return	10%	7%	6%

The amount you get back from this product is not fixed. What you get will vary depending on how our investments do and how long you keep the product. These graphs and tables show potential returns if you held it for the recommended holding period, based on an investment of £1,000.
We also show you how likely the scenarios are. The likelihoods shown are estimated based on financial modelling. We have had to make some careful assumptions, but there is no guarantee you will get any of these returns. The figures are after all costs you would pay have been deducted, but not your personal taxes, which may impact on what you get back.

What happens if XYZ Asset Management 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?

RIY 2.2%			
	One-off costs	3%	**Entry costs** taken before investment. This is a maximum, you could pay less.
	Ongoing costs	1.3%	**Entry costs** taken from your investment each year. The figure shown is based on our costs for last year. It covers all such fees, including annual management costs, operating expenses and portfolio transaction costs.
	Incidental costs	1%	We charge a **performance fee** if the returns beat our benchmark, the EU Smaller Companies Index. This is 20% of performance over the benchmark. Last year this was equivalent to 1% of the fund value.

The RIY (reduction in yield) shows the impact costs have on what you get back. The figure takes into account one-off, ongoing and incidental costs. For this product, if you held for 5 years it would be 2.2%; this means for a £1,000 investment, the costs are equivalent to a reduction in what you get back by £22 each year.

Estimate of costs over time Investment £1,000	If you cash in after 1 year	If you cash in after 3 years	If you cash in after 5 years (recommended)
One-off costs	£30	£30	**£30**
+ On-going costs	£13	£45	**£75**
+ Incidental costs	£10	£10	**£20**
= Total costs	£53	£85	**£125**
RIY	**5.3%**	**2.6%**	**2.2%**

Costs over time

The table shows what the costs above could mean for different holding periods, and as you can see the total costs in % (RIY) goes down the longer you hold the product. The figures assume you invest £1,000. We have estimated the costs which could be higher or lower in the future, and the total costs vary according to how well your investment does.

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 five years. However, you can redeem your investment without penalty at any time during this time, 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.

How can I complain?

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Other relevant information

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D4 Key Information Document

Purpose

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Product

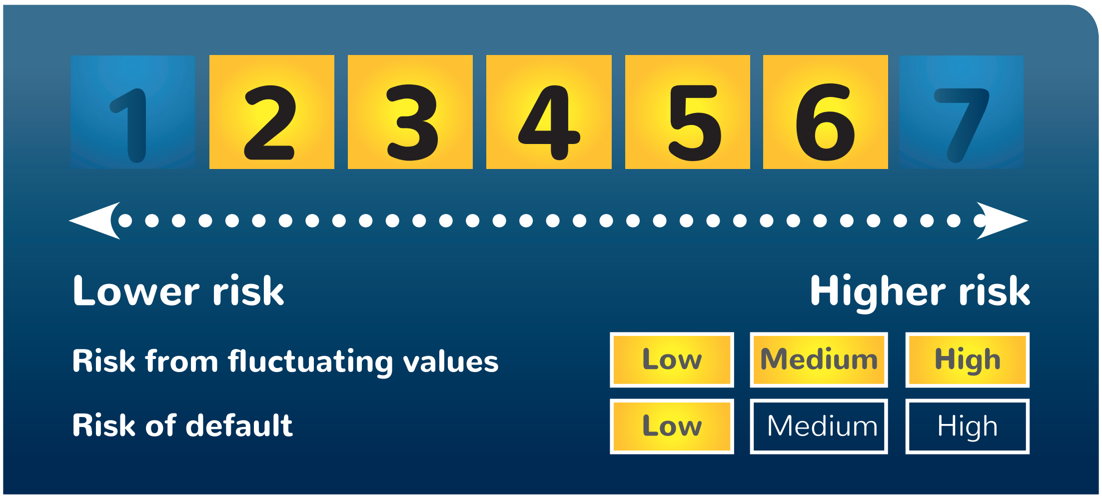
Futureplan Investment **EFG Insurance** www.ourhompage.eu
Call [telephone number] for more information Regulated by ABC Published X

What is this product?

Type	This product is an insurance-based investment product.
Strategy	For the investment part we offer a large number of investment funds to choose from. These funds range from low risk investments in government bonds, to adventurous and more risky investments in emerging market equities
Intended Market	This product is intended for investors who want to accumulate savings, with This product is intended for people who want to accumulate amounts of money for a longer period and combine this with some insurance cover. It is meant for people that plan to stay invested for at least 10 years. If you leave early you may have to pay additional tax on what you get back.
Insurance benefit	This product includes a life insurance benefit, so if the insured person were to die during the life of the contract, a beneficiary would receive a payout of 101% of what has been paid in.
Term	The term of this investment is a minimum 10 years, but can be extended.

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

Risk Indicator



This risk indicator helps you assess the risks with this product and compare them with other products assuming you keep the product for the recommended holding period. It takes into account the likelihood of possible losses (not only the worst case) due to different risk factors such as changes in the market and how well we do as a company. Read our Fund Guide to see the specific risks for the different options we offer in this product. They range from 2 to 6 on the risk indicator above. The indicator shows you that these differences are because of the different risks from fluctuating values for the different options. The risk of default is the same whatever option you pick. The product does not include any capital protection, so in the worst case you could lose your investment.

Performance scenarios

The amount you get back from this product is not fixed. What you get back will vary depending on the investment choice you make, how the market performs and how long you keep the investment. Different investment choices will offer different possibilities in terms of the potential losses or gains. See our Fund Guide for specific information for each option. Also your tax situation could have an impact on what you get back.

What happens if XYZ Insurance is unable to pay out?

If we are not able to pay out what we owe you, you are not covered by a national compensation scheme. In the worst case you may lose the entire investment.

What are the costs?

Summary of costs

RIY 2.2% to 3.2%

One-off costs	**Entry 4.5%**	One-off cost taken before investment. This is a maximum, you could pay less.
Ongoing costs	**0.5% to 2.5%**	Ongoing cost taken from your investment each year. The range shown is based on our costs for the last year for the cheapest and most expensive option.
Insurance costs	**0.75%**	Insurance costs are not dependent on the investment choice, but will vary with the level of risk cover you choose.

What are the costs?

The RIY (reduction in yield) shows the impact costs have on what you get back if you held the product for the recommended period (10 years). The figure takes into account one-off, and ongoing costs, for both managing the investment and for the insurance cover. For this product, it would vary between 2.2% and 3.2%, depending on the investment option you pick; this means for a £1,000 investment, the costs are equivalent to a reduction in what you get back by £22 to £32 each year. See our Fund Guide for specific information on the costs for each option.

Range of costs over time

Investment £1,000	If you cash in after 1 year	If you cash in after 3 years	If you cash in after 5 years (recommended)
One-off costs	£45	£45	**£45**
+ On-going costs	£15 - £30	£45 - £90	**£75 - £150**
= Total costs	£60 - £75	£90 - £135	**£120 - £195**
RIY	**6% - 7.5%**	**3.6% - 4.9%**	**2.2% - 3.2%**

Costs over time

These figures in the table assume you put in £1,000. The costs could be more or less depending on how well your investment does and the choice for an investment option. The RIY figures show the range of overall costs for this investment option in % for each holding period, and can also be used to compare with other products. See our Fund Guide for more information.

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

Recommended holding period: 10 years

This product is designed for longer term investments; you should be prepared to stay invested for at least ten years. Termination of the product may have tax consequences.

How can I complain?

If you have any complaints, you can contact our complaints hotline on [telephone number] who will explain what to do. 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

We publish further information on this product; you can find it at www.ourhompage.eu/products. Each year we also publish a report where you can find more information on how the product is doing, which you will be able to find at www.ourhomepage.eu/reports.
We also review and republish this Key Information Document each year; you can find new versions on www.ourhomepage.eu/KIDs after 31 January.

D5 | 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

Futureplan Investment **XYZ Insurance** www.ourhompage.eu
Call [telephone number] for more information Regulated by ABC Published X

What is this product?

Type	This product is an insurance-based investment product.
Strategy	For the investment part we offer a large number of investment funds to choose from. These funds range from low risk investments in government bonds, to adventurous and more risky investments in emerging market equities.
Intended Market	This product is intended for people who want to accumulate amounts of money for a longer period and combine this with some insurance cover in case you were to die. It is meant for people that plan to stay invested for at least 10 years. If you leave early this could have to pay additional tax on what you get back.
Insurance benefit	This product includes a life insurance benefit, so if the insured person (normally you) were to die during the life of the contract, a beneficiary would receive a payout of 101% of what has been paid in.
Term	The term of this investment is a minimum 10 years, but can be extended.

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

Risk Indicator	The risk of this product depends on the options you choose. Read our Fund Guide to see the specific risks for each of the different options we offer. The options go from lower to higher risk. Please note that the product does not include any capital protection, so in the worst case you could lose your investment.
Performance Scenarios	The amount you get back from this product depends on the investment options you choose from the Fund Guide, and each of these options will vary according to how the markets perform and how long you keep the investment. In general, our lower risk investment options offer lower potential rewards, and our higher risk options higher potential rewards. Our Fund Guide includes specific performance scenario information on the possible rewards of each of the options we offer, which you can use to compare them and also compare this product with other products. You should take into account that your tax situation could have an impact on what you get back

What happens if XYZ Insurance is unable to pay out?

If we are not able to pay out what we owe you, you are not covered by a national compensation scheme. In the worst case you may lose the entire investment.

What are the costs?

Summary of costs

RIY 2.2% to 3.2%

One-off costs	**Entry 4.5%**	One-off cost taken before investment. This is a maximum, you could pay less.
Ongoing costs	**0.5% to 2.5%**	Ongoing cost taken from your investment each year; see our Fund Guide for details. The range shown is based on our costs for the last year for the cheapest and most expensive option.
Insurance costs	**0.75%**	Insurance costs are not dependent on the investment choice, but will vary with the level of risk cover you choose.

The RIY (reduction in yield) shows the impact costs have on what you get back if you held the product for the recommended period (10 years). For this product, it would vary between 2.2% and 3.2%, depending on the investment option you pick. For a £1,000 investment, the range of costs is equivalent to a reduction in what you get back by £22 to £32 each year. The figure takes into account one-off and ongoing costs, for both managing the different investment options and for the insurance cover. The figure varies depending on the investment options you pick, as it also includes the costs for these options. See our Fund Guide for specific information for what the costs overall would be if you picked a particular option.

Range of costs over time

Investment £1,000	If you cash in after 1 year	If you cash in after 3 years	If you cash in after 5 years (recommended)
One-off costs	£45	£45	**£45**
+ On-going costs	£15 - £30	£45 - £90	**£75 - £150**
= Total costs	£60 - £75	£90 - £135	**£120 - £195**
RIY	**6% - 7.5%**	**3.6% - 4.9%**	**2.2% - 3.2%**

Costs over time

These figures in the table assume you put in £1,000. As you can see, the RIY gets lower the longer you hold the investment. The costs are different for each of our options, so see our Fund Guide for the specific costs over time for the product for each option.

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

Recommended holding period: 10 years

This product is designed for longer term investments; you should be prepared to stay invested for at least ten years. Termination of the product may have tax consequences.

How can I complain?

If you have any complaints, you can contact our complaints hotline on [telephone number] who will explain what to do. 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

We publish further information on this product; you can find it at www.ourhompage.eu/products. Each year we also publish a report where you can find more information on how the product is doing, which you will be able to find at www.ourhomepage.eu/reports.
We also review and republish this Key Information Document each year; you can find new versions on www.ourhomepage.eu/KIDs after 31 January.

Option 1: Conservative Option

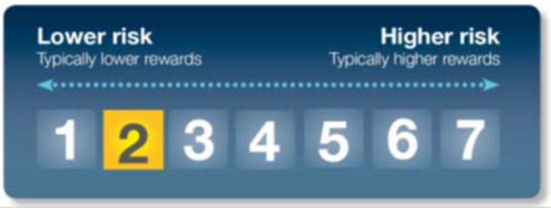
Strategy

This option is designed to avoid significant fluctuations in the value of the investment. Most of the investment is made in government and corporate bonds, across the EU. We also make some investments in money market instruments –investments that can be sold easily and are similar to holding cash in a bank deposit.

Risks and rewards

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

Risk indicator



This risk indicator helps you assess the risks with this product and compare them with other products. It takes into account the likelihood of possible losses. It reflects the different factors that determine what you will get back, in particular how much you could lose due to fluctuations in the value of the fund's investments.

Performance scenarios

Investment = € 1000

Scenarios		1 years	5 years	10 years Recommended holding period
Negative scenario	What you might get back after costs	€ 921	€ 960	€ 1 120
	Average return each year	-7.79%	-0.6%	1.2%
Neutral scenario	What you might get back after costs	€ 923	€ 1 080	€ 1 350
	Average return each year	-7%	0.8%	2.2%
Positive scenario	What you might get back after costs	€ 930	€ 1 110	€ 1 485
	Average return each year	-6.2%	1.1%	3.2%

This table shows potential returns if you held this option for ten years, in different scenarios, based on an investment of €1.000. There is no guarantee you will get any of these returns, and the returns shown are not equally likely. The figures are after all costs you would pay have been deducted, but not your personal taxes, which are may impact on what you get back.

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Costs What are the costs?

RIY and summary of costs

Summary of Costs for this option			
RIY 2.2%	**Ongoing Costs**	**1.7%**	**Ongoing cost** taken from your investment each year. The figure shown is based on our costs for last year. It covers all such fees, including annual management costs, operating expenses and portfolio transaction costs, and also the cost of insurance cover.

The RIY figure takes into account the costs of the Futureplan investment product as a whole. See the KID for the Futureplan investment for details of the costs.

Costs over time

Estimate of costs over time			
Investment €1000 / year	**If you cash in after 1 year**	**If you cash in after 5 year**	**If you cash in after 10 year (recommended)**
Total Costs	€65	€150	**€260**
RIY	**6.5%**	**2.6%**	**2.2%**

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Option 2: Balanced Option

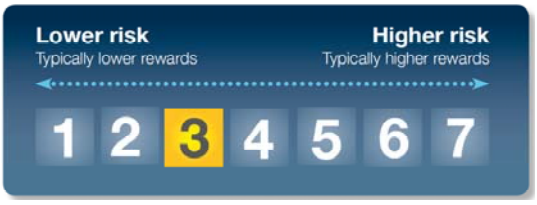
Strategy

This option is designed to offer a balance between investment assets which fluctuate less in value, but have a lower potential return, such as government and corporate bonds, and investment assets that fluctuate more, such as equities. It invests across the EU. No less than 70% of the fund is invested in government and corporate bonds, while 30% is invested in equities.

Risks and rewards

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

Risk indicator



This risk indicator helps you assess the risks with this product and compare them with other products. It takes into account the likelihood of possible losses. It reflects the different factors that determine what you will get back, in particular how much you could lose due to fluctuations in the value of the fund's investments.

Performance scenarios

Investment €1 000

Scenarios		1 years	5 years	10 years (Recommended holding period)
Negative scenario	What you might get back after costs	€ 920	€ 951	**€ 990**
	Average return each year	-8%	-1%	**-0.1%**
Neutral scenario	What you might get back after costs	€ 1,030	€ 1,159	**€ 1,400**
	Average return each year	3%	3%	**3%**
Positive scenario	What you might get back after costs	€ 1,100	€ 1,338	**€ 1,750**
	Average return each year	10%	6%	**4%**

This table shows potential returns over the next 10 years, in different scenarios, based on an investment of €1.000. There is no guarantee you will get any of these returns, and the returns shown are not equally likely. The figures after costs have all costs you would pay deducted, but not your personal taxes, which are may impact on what you get back. We also show the figures before the costs are taken.

Costs

What are the costs?

RIY and summary of costs

Summary of Costs for this option			
RIY 2.2%	**Ongoing Costs**	**1.5%**	**Ongoing cost** taken from your investment each year. The figure shown is based on our costs for last year. It covers all such fees, including annual management costs, operating expenses and portfolio transaction costs, and also the cost of insurance cover.

The RIY figure takes into account the costs of the Futureplan investment product as a whole. See the KID for the Futureplan investment for details of the costs.

Costs over time

Estimate of costs over time			
Investment €1000	**If you cash in after 1 year**	**If you cash in after 5 year**	**If you cash in after 10 year (recommended)**
Total Costs	€70	€175	**€260**
RIY	**7%**	**3.6%**	**2.2%**

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Option 3: Adventurous Option

Strategy

This option is designed to offer a balance between investment assets which fluctuate less in value, but have a lower potential return, such as government and corporate bonds, and investment assets that fluctuate more, such as equities. It invests across the EU. No less than 70% of the fund is invested in government and corporate bonds, while 30% is invested in equities.

Risks and rewards

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

Risk indicator

This risk indicator helps you assess the risks with this product and compare them with other products. It takes into account the likelihood of possible losses. It reflects the different factors that determine what you will get back, in particular how much you could lose due to fluctuations in the value of the fund's investments.

Performance scenarios

Investment €1 000

Scenarios		1 years	5 years	10 years (Recommended holding period)
Negative scenario	What you might get back after costs Average return each year	€ 920 -8%	€ 820 -5%	€ 700 -3%
Neutral scenario	What you might get back after costs Average return each year	€ 1,070 5%	€ 1,200 3.5%	€ 1,500 3.2%
Positive scenario	What you might get back after costs Average return each year	€ 1,100 11%	€ 1,360 8%	€ 1,850 7%

This table shows potential returns over the next 10 years, in different scenarios, based on an investment of €1.000. There is no guarantee you will get any of these returns, and the returns shown are not equally likely. The figures after costs have all costs you would pay deducted, but not your personal taxes, which are may impact on what you get back. We also show the figures before the costs are taken.

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Costs What are the costs?

RIY and summary of costs

Summary of Costs for this option			
RIY 3.2%	**Ongoing Costs**	**2.5%**	**Ongoing cost** taken from your investment each year. The figure shown is based on our costs for last year. It covers all such fees, including annual management costs, operating expenses and portfolio transaction costs, and also the cost of insurance cover.

The RIY figure takes into account the costs of the Futureplan investment product as a whole. See the KID for the Futureplan investment for details of the costs.

Costs over time

Estimate of costs over time			
Investment €1000	**If you cash in after 1 year**	**If you cash in after 5 year**	**If you cash in after 10 year (recommended)**
Total Costs	€80	€205	**€130**
RIY	**8%**	**4.5%**	**3.2%**

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