

Primary Market Technical Note

Collective investment undertaking prospectuses – portfolio disclosure

The information in this note is designed to help issuers and practitioners interpret our Listing Rules, Prospectus Regulation Rules, Disclosure Guidance and Transparency Rules, and related legislation. The guidance notes provide answers to the most common queries we receive and represent FCA guidance as defined in section 139A FSMA.

PR Regulation
Annex 4 item 8.2

Annex 4 item 8.2 of the PR Regulation requires collective investment undertakings to include a comprehensive and meaningful analysis of their portfolio in any prospectus. We often find that those investment funds that revalue their portfolios infrequently, and particularly those that only revalue at each balance sheet date, often wish to give their Annex 4 disclosure at the latest balance sheet date.

Annex 4 item 8.2 does not offer such discretion. The analysis should be provided at the date of the prospectus. This is important because balance sheet date portfolio information may not be up-to-date and new positions could have been entered into or old positions exited.

An objection to disclosure being given at the date of the document is that it is onerous for a fund to revalue its portfolio and misleading if it does not. We do not accept this argument. There is no obligation to revalue the portfolio. The reader of the document can reasonably expect any valuation data supplied in the analysis to be in accordance with the valuation policies the fund is obliged to set out under Annex 4 item 6.1. These should state when the portfolio is re-valued and, if there is still any doubt, then clear presentation (for example, labels, footnotes, cross-references, or the addition of a valuation date column in the table) can easily make it clear that the valuation data is a historic, balance sheet date figure.