



TRINIDAD AND TOBAGO
SECURITIES AND EXCHANGE COMMISSION

MARKET GUIDANCE II

PROMOTION AND
PRESENTATION STANDARDS FOR
COLLECTIVE INVESTMENT SCHEMES

6th DECEMBER 2023

MARKET GUIDANCE II

PROMOTION AND PRESENTATION STANDARDS

For the purposes of Bye-law 41 of the Collective Investment Schemes Bye-laws, 2023, a Collective Investment Scheme (CIS) shall comply with the following promotion and presentation standards.

For the purposes of these standards:

“**Promotions**” include, but is not limited to, media releases, advertisements and promotional and offering material.

“**Promoter**” means, a person who is responsible for the marketing activities of a CIS and includes parties related to the CIS, where applicable.

Application

Standard 1: General Principles

- 1.1 Promoters of a CIS shall not, whether via promotion or otherwise, make or cause to be made any misrepresentation of fact or an omission that can mislead or create a biased picture of the investment performance or any other aspect of the CIS.
- 1.2 In all promotions, promoters of CIS shall have regard to the investment experience of the target audience, and the suitability of the promotion for that audience.
- 1.3 Promoters shall make reasonable effort to ensure that the representations contained in media releases, advertisements and promotional material are fair, accurate and complete.
- 1.4 Where a statement is made based on assumptions or on other conditions first occurring, the assumptions or conditions necessary to prevent the statement from being misleading shall be stated.
- 1.5 No information presented in promotions shall be inconsistent with or contrary to the informational disclosures contained in the prospectus that has been filed with the Commission.
- 1.6 All promotions for a CIS shall include the inception date of the CIS.
- 1.7 All promotions for a CIS shall include the full name of the CIS manager, except as permitted in Standards 3.4 and 3.5 below.
- 1.8 Any advertisement or promotional material that includes performance information must include a warning statement that the manner in which the CIS has performed in the past does not necessarily indicate the manner in which it will perform in the future.

Standard 2: Language and Graphics

- 2.1. CIS promotions shall not contain words or phrases that may give investors the impression that they cannot lose money or that profits are guaranteed unless the CIS has a legally enforceable guarantee in place.
- 2.2. CIS promotions shall not focus on returns without a concurrent reference to risks.
- 2.3. CIS promotions shall not denigrate a CIS's competitors in such a way as might lower the reputation of the industry, or use language or artwork that would be considered by a reasonable person to be in poor taste.

Standard 3: Disclaimers/Warning Statements / Notes to Prospective Investors

- 3.1
 - A. All CIS promotions shall include disclaimers/warning statements/notes:
 - a) to the effect that investment in a CIS involves risk;
 - b) the prospectus and the Key Facts Statement should be read carefully for further details including the investment goals, risks, charges and expenses;
 - c) if performance data is presented, that performance is likely to change over time and past performance should not be treated as an indicator of future performance; and
 - d) if a CIS is described as having been authorised by the Trinidad and Tobago Securities and Exchange Commission within media releases, advertisements, promotional and offering material, to the effect that the Trinidad and Tobago Securities and Exchange Commission has not in any way evaluated the merits of the CIS.
 - B. The text of the disclaimers/warning statements/notes may be varied but the message should be clear and open and unambiguous.
- 3.2 All CIS promotions (excluding the prospectus and the Key Facts Statement) shall include a statement containing information as to where a copy of the prospectus and the Key Facts Statement can be obtained.
- 3.3 For printed promotions, the font size and style of all disclaimers/warnings statements/notes shall be legible and well positioned (e.g. at the first point of access of a website, or in properly referenced footnotes or endnotes).
- 3.4 For audio promotions with no visual display, the disclaimers/warnings and statements/notes referred to in Item 3.1(A) should be audibly and clearly read out in a voice-over at the end of each broadcast. The broadcast of the full name of the CIS manager under standard 1.7 is optional for such audio advertisement.
- 3.5 For visual advertisements and promotional material, the disclaimers/warnings statements/notes referred to in Item 3.1(A) and the full name of the CIS manager referred to in standard 1.7 should

be displayed for such time as to be sufficiently prominent to allow the viewer to read the entire text of the disclosure with reasonable ease.

Standard 4: Fees and Expenses

CIS performance information shall be net of all fees and expenses that are directly or indirectly paid by each CIS investor, such as management fees incurred by the CIS.

Standard 5: Calculation of Returns

General - Consistency of Promotions

- 5.1 Performance returns of a CIS may be presented only if it has an investment track record of not less than six (6) months.
- 5.2 Where an advertisement contains performance returns, the actual returns of the CIS over the 1-year, three (3) year and five (5) year performance periods shall be included.
- 5.3 If the CIS has been in existence for a period of less than five (5) years, the CIS manager shall present the actual return since inception.
- 5.4 Where non-TTD denominated returns are shown, the advertisement should also show the returns in TTD terms. Alternatively, the advertisement or promotion should include a statement to alert investors to the effect that the investment returns are denominated in [foreign currency] and therefore subject to fluctuations in the [foreign currency] exchange rate.
- 5.5 Performance returns should be calculated using the last business day of each month as the reference date. The computation basis should be stated.
- 5.6 All performance information, including awards and rankings, should be referenced to the sources and dated. For peer group comparisons, only one source should be used and a clear description of the peer group should be included in the advertisement.

Annualized Returns

- 5.7 Returns for periods of less than one year should not be annualized.
- 5.8 The practice of projecting a return in a promotion is prohibited unless the projected return is clearly labelled as “Estimated Annualized Return” or “Forecasted Return”. The disclosure shall be in the same text, and font size as the text stating the percentage return.

Total Cumulative Returns

- 5.9 Total Cumulative Return data presented in media releases, advertisements or promotional material for a CIS shall be calculated from inception of the scheme.
- 5.10 An advertisement presenting the total cumulative return on an investment shall be accompanied by a disclaimer stating the following in either the same text or with substantially the same meaning: *“The calculation of Total Cumulative Returns assumes the reinvestment of all interest or other income at the Unit Price immediately after the distribution of this income.”*

Consistency of Calculation of Net Asset Value

- 5.11 The Net Asset Value per unit of a CIS shall be calculated as required by the CIS Bye-laws as set out in the prospectus. It shall be calculated in accordance with the methodology set out in the prospectus.
- 5.12 A CIS manager shall consistently use the same accounting principles when determining asset and liability values in the calculation of Net Asset Values.
- 5.13 If there is a change in accounting principles that affects or causes to be affected the calculation of Net Asset Value, the change and its full effects shall be disclosed to investors. The disclosure shall also present the return that would have been realized had there been no change in accounting principle.

Use of Standardized Formulas

- 5.14 Returns shall be calculated using the methodology set out in the prospectus that has been receipted by the Commission.
- 5.15 If the methodology used in the calculation of the return has changed, the promotion shall prominently disclose the nature of the change and the impact thereof on the calculation of the scheme's return.
- 5.16 All return calculations presented in media releases, advertisements and promotional material should assume the complete redemption of the investment at the end of the performance period.
- 5.17 If calculations do not assume the complete redemption of the CIS investment at the end of the performance period, this fact shall be disclosed in performance presentations.

Standard 6: Relevance of Performance Data

- 6.1 Where advertisements and promotional material present performance information, the CIS manager shall include performance information as at the end of its most recently completed calendar quarter.
- 6.2 Promotions shall provide information directing users to either an internet website or telephone number which provides up to date performance information.
- 6.3 Subject to there being a change in the operations of a CIS, (e.g. change in investment objectives, change in CIS manager, a merger or restructuring), where such a change has a significant impact on the CIS's performance (or its presentation), any presentation of performance that includes information from prior to such a change should be accompanied by a prominent explanation in the disclosure that is appropriate in the context of the advertisement to ensure such presentation is not misleading.

Standard 7: Testimonials

- 7.1 Where a media release, advertisement, promotional and offering material contain any testimonial concerning a technical aspect of investing in a CIS, the person making the testimonial shall have the knowledge and experience to form a valid opinion.
- 7.2 Where a media release, advertisement, promotional and offering material contain any testimonial concerning a CIS's performance returns or that of the CIS's manager, the following disclosures shall be made:
 - (a) The fact that the testimonial may not be representative of the experience of other customers;
 - (b) The fact that the testimonial is no guarantee of future performance or success; and
 - (c) If the testimonial is a paid testimonial, the fact that it is a paid testimonial.

Standard 8: Benchmarking

If performance information is presented in the promotion, information should be included that allows potential investors to evaluate the performance and risks of the CIS. This information should be in the form of a benchmark market index that is consistent with the scheme's investment policies and objectives. If no benchmark market index is available, the advertisement may include information on the performance on the market sector that is consistent with the CIS's investment policies and objectives.

Trinidad and Tobago Securities and Exchange Commission
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