

Submission Date

02/02/2023

ESMA_QA_672

Status: Answer Published

Additional Information

Level 1 Regulation

Alternative Investment Fund Managers Directive (AIFMD) Directive 2011/61/EU

Topic

Costs and fees

Additional Legal Reference

Section XV: ESMA's guidelines on performance fees in UCITS and certain types of AIFs

Subject Matter

Performance fees

Question

Question 7 [last update 16 July 2021]: In case the authorised AIFM has delegated the portfolio management function to different delegated portfolio managers, would it be

admissible to pay a performance fee to those delegated portfolio managers who have overperformed during the performance reference period, despite a global underperformance of the fund during the same performance reference period?

ESMA Answer

16-07-2021

Original language

No. Based on paragraph 37 of the guidelines, performance fees:

- should be paid only where positive performance has been accrued during the performance reference period
- could be paid in case the fund has overperformed the reference benchmark but had a negative performance.

The above also applies in case of delegation by the authorised AIFM to different delegated portfolio managers. Therefore, in case of a global underperformance of the fund, performance fees should not be paid to those delegated portfolio managers who have overperformed.