ESMA
European Securities and Markets Authority

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Additional Information

Level 1 Regulation
Undertakings for Collective Investment in Transferable Securities Directive (UCITS) Directive 2009/65/EC

Topic
Costs and fees

Subject Matter
Performance reference period in case of funds’ mergers

Question
How should the performance reference period be set in case of a merger where the receiving UCITS is a newly established fund with no performance history and it is in effect a continuation of the merging UCITS?

ESMA Answer

01-05-2021

Original language

[ESMA 34-43-392 UCITS Q&A, Section 11, 4a]

In order to ensure that the merger is not conducted with the aim of resetting the performance reference period[1], in the case of a merger where the receiving UCITS is a newly established fund with no performance history and the competent authority of the receiving UCITS assesses that the merger does not substantially change the UCITS' investment policy, the performance reference period of the merging UCITS should continue applying in the receiving UCITS.

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[1] This is defined as "the time horizon over which the performance is measured and compared with that of the reference indicator, at the end of which the mechanism for the compensation for past underperformance (or negative performance) can be reset".