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16/07/2021

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Additional Information

Level 1 Regulation

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

Topic

Costs and fees

Subject Matter

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

Question

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

[ESMA 34-32-352 AIFMD Q&A, Section 15, 7]

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.