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Additional Information

Level 1 Regulation
Alternative Investment Fund Managers Directive (AIFMD) Directive 2011/61/EU

Topic
Costs and fees

Additional Legal Reference
ESMA guidelines on performance fees in UCITS and certain types of AIFs

Subject Matter
Performance fees

Question
Where a manager applies an additional reference indicator to the performance fee model (e.g.: a hurdle rate on top of the High-Water Mark model or the benchmark model), should

the minimum performance reference period be applied to the additional reference indicator?

ESMA Answer

24-05-2024

Original language

The minimum performance reference period in accordance with paragraph 40-42 of the Guidelines should be applied to the performance fee model. However, the manager is not required to apply the minimum performance reference period to the additional reference indicator, considering that (a) the final combination (i.e.: the performance fee model plus the additional reference indicator) does not result in increased fees for investors compared to the use of the performance fee model alone and (b) the performance fee model (excluding the additional reference indicator) is consistent with the fund’s investment objectives, strategy and policy, in line with Guideline 2. In line with paragraph 46 of guidelines, appropriate disclosure should be provided in the prospectus.