

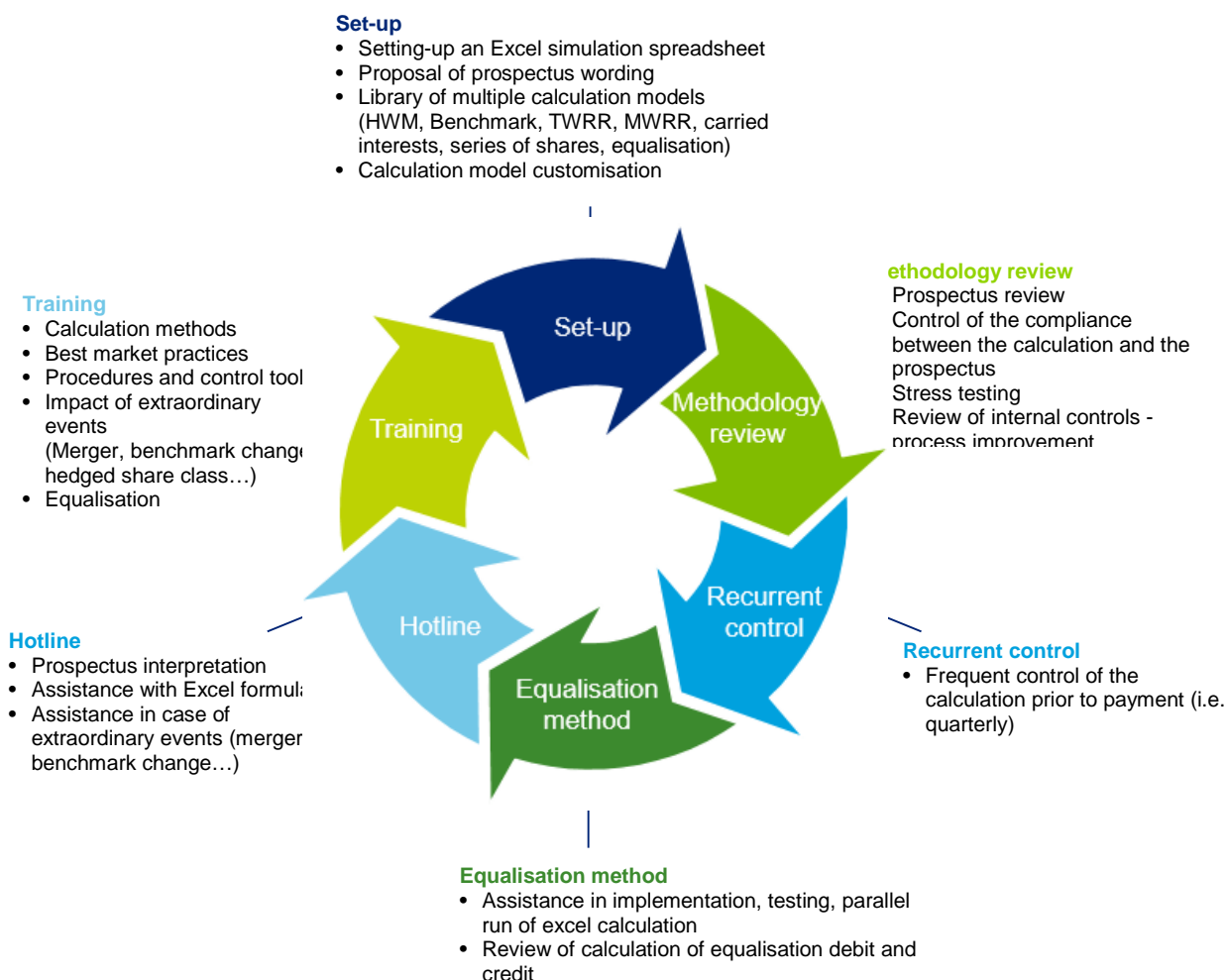
Performance Fees Focusing on best market practices



Choose the right calculation model and control your performance fees.

- The **choice of calculation model** is critical. The model must enable the investors and the portfolio manager to align their interests.
- Dozens of different performance fee calculation models are currently in use in the investment funds & hedge funds industry. This **diversity** may lead to several concerns for the stakeholders.
- Indeed, the performance fee has to be a right incentive for the investment manager, while being fair to investors, without adding excessive operational risks to the fund administrator. Therefore, the chosen model will have to be in line with **best market practices**.
- Once the model is picked up, the calculation itself will have to be **set-up**, either using a calculation spreadsheet or an automated software linked to the accounting system.
- Performance fees calculation errors can impact significantly NAV calculated. These errors can potentially lead to a compensation payment to the investors or a loss to the portfolio manager. **Operational risk** must be mitigated with appropriate monitoring.
- Consequently, the ability to **control** the performance fee calculated is a crucial requirement during the set-up phase, large market variation or prior to performance fee payments.

Our services



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