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## European Parliament vote on UCITS V

The European Parliament votes on Undertakings for Collective Investment in Transferable Securities (UCITS V – rules on EU financial investment funds) this Wednesday 3 July, shaping performance fee rates for management companies.

The Economic and Monetary committee responsible decided earlier this year that these fees have to be calculated on a fair basis – if outperformance is rewarded, so too underperformance must come at a cost.

However, this positive approach is at risk at Wednesday's plenary vote.

Monique Goyens, Director General of The European Consumer Organisation (BEUC) comments:

“These opaque fees reduce investors' funds income unfairly. Performance fees essentially reward management companies at the investor's expense when the fund outperforms its expectations.

“There is no reason why investors should hand over extra profits to management companies instead of retaining the benefit.

“MEPs should stick to the original plans which rightfully demand that fees reflect under performance because fund managers should not just benefit on the back of good runs of fortune, but also charge less if the performance is inadequate.”