



Performance Fee Calculation

Performance fee is the fee paid by investor to the Fund Manager for profitable returns generated by master on behalf of investor's fund.

Performance fee can be calculated in below mentioned ways depending on strategy's settlement period selection.

PF Chargeable on = Net PL - Last Statement HWM

Performance fee calculation is done using net profit, HWM at investor level.

Net Profit: is the overall profit & loss made on all trades in the current settlement period.

HWM (High water mark): Maximum profit which is the last net profit on which performance fee was calculated.

It ensures the manager does not get paid large sums for poor performance.

Performance fee will get generated if current settlement period net profit > previous HWM.

Settlement on MonthEnd

Performance fee is calculated at the end of month after the investor has subscribed to the strategy, all the open & closed trades up to last day of the month[12:00AM] is considered and settlement is done on the first day of next month.

Example: Investor 1 subscribes to strategy on 15 Sept 2020 with Investment amount = \$1000.
Performance Fee = 5%

Performance fee settlement Month	Raw Profit	Net Profit	PF paid on profit	HWM	PF to pay by investor
September	100	100	100	100	5
October	20	120	20	120	1
November	-50	70	0	120	0
December	-40	30	0	120	0
January	100	130	10	130	0.5

Raw Profit: sum of profit & loss made on all trades in the settlement month.

Net Profit: overall profit & loss made on all trade up to the settlement month.

PF Paid on profit: Net profit – HWM. If the result is <0 then no PF are paid.

HWM: Highest value of profit on which pf is generated.

PF to pay by investor: performance fee % of (pf paid on profit)