

"A man is
great by
deeds, not by
birth"

-Chanakya

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INDIAN INSTITUTE OF MANAGEMENT KOZHIKODE



Case Study

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**Buffet Partnership Fees Structure: Is it ideal fee structure for fund
management?**

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ABSTRACT

The case focus on the impact on fixed plus performance based fees structure and performance only fee structure model on the long term wealth creation. For fixed plus performance based model, the case uses the fees structure of existing PMSs and mutual funds in India. For performance only based model, the case uses renowned 1960s Buffet partnership fees structure. The case shows that Buffet partnership fees structure can be a very effective fee structure for fund houses in the long run. The case shows that the fees structure is beneficial to investors in since there is no fees charged in case of downside movement or return till a particular point. The case shows that Buffet partnership fees structure can be beneficial both for investors as well as customers. The case shows that under this fees structure, the fund house may have to forego revenue in the short run but definitely beneficial in the long run.

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