

IAPF ANNUAL INVESTMENT CONFERENCE 2019 'Evolution'



IAPF Investment Conference 2019







Evolution of Fiduciary: Fiduciary Management in the UK after the CMA Review

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Fiduciary Management in the UK after the CMA Review Rikhav Shah, EY LLP



Evolution of fiduciary management

	Before 2000	2000 - 2010	2010 - 2015	Now
	Increase in more directive consulting approaches	Increase in delegation of manager selection decisions FM specialists enter the market	Increase in number of FM offerings Governance decision influenced largely by existing consultants	FM is very common Tendering for FMs is the norm
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working world

What did the CMA investigate?

	Trustees		
Concentration	Conflicts of interest	Information on fees and performance	Trustee engagement
Number of providers	Marketing practices	Comparable information	Testing for value for money



Key recommendations



What does tendering achieve?



Better fees and terms



Understanding of proposition, total costs, portfolio



Bespoke portfolio or reporting requirements





Understanding of internal control environment

How do FMs differ?

Investment structure

- ► Investment philosophy
- Investment approach
- Investment risk management

Controls and processes

- ► Tools and systems
- Operational risk management
- ► Reporting
- Management of conflicts of interest

Cost structure

- ► Ongoing fee levels
- ► Fee structure
- ► Transition costs
- ► Other costs

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The real value of tendering

Trustees can define **their** requirements more clearly

Ask the **right** questions of fiduciary managers

Promotes development of solutions in the industry



What do we look forward to?

- More innovative and transparent fee structures
- Clearer reporting... of risk and return
- Integration of ESG



Generally, more scrutiny on FMs

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THANK YOU

Rikhav Shah



