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CMA findings will mean fiduciary managers having to work harder to justify fees, says CEM Benchmarking

CEM Benchmarking Inc. (CEM), the world's leading provider of benchmarking information on pension scheme costs and performance, has responded to the Competition and Markets Authority's (CMA) proposed reforms to pension investment.

Tej Dosanjh, Director at CEM Benchmarking commented: "We are now seeing a clear market for the kinds of comparisons on cost, performance and cost effectiveness being suggested by the CMA, so we were very pleased with their recommendations on consistent reporting.

"We have worked with fiduciary managers who have submitted cost and performance data to CEM on behalf of clients and received a benchmarking reports for each client. This proves that the comparisons implied by the CMA are possible, we foresee a big demand for this kind of reporting from more fiduciary managers in future.

"Trustees need to know whether paying more is actually getting them more. Gaining a strong handle on costs is no mean feat for any Board, and fiduciary management adds another layer of fees making it even more difficult to get a clear picture of the total cost. Each fund's situation is different - so context is always key. Ultimately, trustees need to know if fees are justified in terms of improved returns and, in the case of DB schemes, improved funding."

Dosanjh added: "In our experience, paying more does not necessarily lead to improved outcomes. In fact, the schemes that are most likely to succeed implement their strategies at a lower cost by eliminating cost layers. This raises significant questions over whether the fiduciary model can actually generate long term value for clients, and will certainly see fiduciary managers having to work harder to justify their fees."

Note to Editors:

CEM Benchmarking Inc. is an independent company, founded in 1992 and headquartered in Toronto, Canada. CEM produces detailed benchmarking reports for pension funds and institutional investors that compare costs and performance in the areas of administration and investment. CEM's motto is "Measure what matters because what gets measured gets managed".

CEM has clients in the US, Canada, Australia and throughout Europe. Those clients include half of the world's largest schemes and many of the UK's largest schemes.

Clients submit administration and / or investment data to CEM and receive detailed reports that compare the client's cost and performance with both a peer group of similar funds and the universe of CEM clients.

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