

PIA SEPTEMBER 2020

Fees, Cost and Transparency – Latest Developments & Practical Considerations

PENSION FUND SURVEY RESULTS AS OF 29/09/2020

Has your scheme used the Cost Transparency Initiative (CTI) Template to calculate your fees, costs and charges?

Yes	50%
No	50%

Have you had any issues with managers in getting the data you need to calculate the costs, fees and charges?

Yes, significant issues – Largely from our Equity/Fixed Income Managers	10%
Yes, significant issues – Largely from our Private Markets Managers (ie Infrastructure, Private Debt, Private Equity etc)	50%
Very Few Issues	40%
No Issues	0%

Do you see the charge cap within DC Schemes for Default Funds as a significant barrier to investing in Private Market Assets?

Yes	80%
No	20%

Comments:

- we are DB
- Our DC plan is quite small, so to make it worthwhile to have private market assets we would need to have it in the default - and consequently the charge cap becomes an issue.
- Another barrier is the potential for redemption discounts. Secondary valuations are often 15-20% below quarterly valuations.
- We have been involved with the British Business Bank Patient Capital initiative which has recommended lifting the charge cap to permit private market assets be accessed by DC schemes
- My DC plan is not looking to invest in private market assets in any event

How would you define good value for money?

Comments:

- never anticipated CTI would provide VFM. As long as it provides consistency in reporting to provide a comparison and a discussion . Change a provider because of the results - very unlikely.
- less than half per cent per annum charges (at most), but high levels of service are also expected, along (in our case with mostly tracker funds) close attention to planning and matching indices, stock lending profits being shared appropriately and ESC considerations.
- Combination of keen price with good returns
- would i personally pay that much for it?
- Net liquid returns in excess of inflation.
- Payment for genuine value-add/non-market beta
- It's a function of return achieved per unit of cost
- evidencing continuing efforts to identify, understand and manage costs