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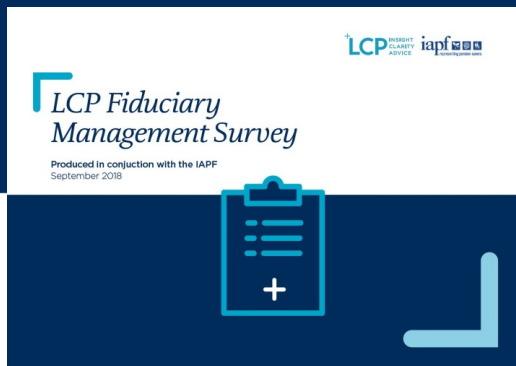
Fiduciary Management in Ireland

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Background

- As the fiduciary management market in Ireland is still developing, these surveys were conducted to get some specifics on the Irish market. We will repeat the exercise biennially in order to track the market's growth and evolution.
- We conduct ongoing research on all the major fiduciary managers. We took this opportunity to gain a specific insight into the Irish market from both market participants and clients perspective.
- The survey was filled out online, using the Survey Monkey platform.
- In future we believe conducting a phone interview with Trustees/Sponsoring employers may yield more in-depth results.



Note: All of the questions in this survey were optional, and as such not all respondents opted to answer every question. We have accounted for this in our analysis as appropriate.

An introduction to the fiduciary market



LCP estimates that the size of the DB fiduciary market in Ireland is around €10-12bn. Total DB market <€60bn



In contrast, KPMG estimates that the size of the market in the UK is around £135bn

(Source: KPMG Fiduciary Management Survey 2017)



LCP expects the market to continue to grow in size over the coming years



There are few active market participants at present, but as fiduciary management becomes more popular we expect others to expand into the market in due course. DC auto enrolment opportunities may help.

Which fiduciary managers did we ask?

We monitor

15 fiduciary managers active in the UK

+1 Indigenous fiduciary manager

Of those,

8 were currently offering fiduciary management in Ireland, and the rest had “plans” to expand into the Irish market in the future.

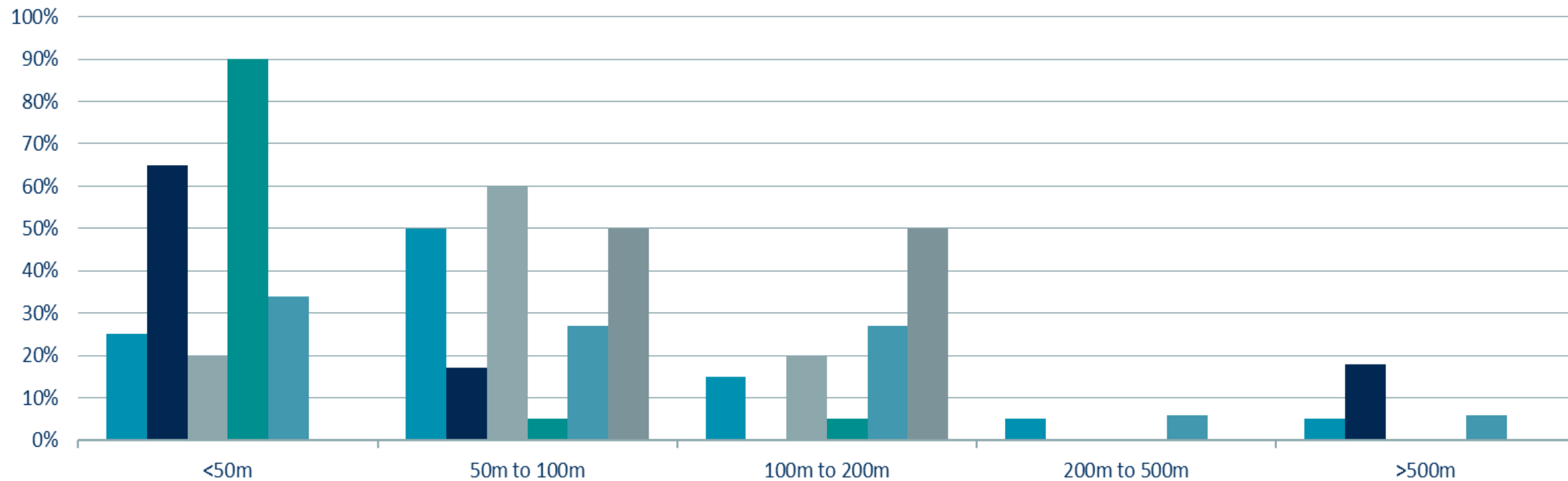


● Fully mandated 72%
● Partially mandated 28%

Of those,

6 Currently enjoy Irish client appointments.

Sizes of schemes currently under fiduciary management



Employment of a fiduciary manager

49

New mandates were won over the 12 month period to 1 September 2018

9

Schemes moved from partial to full delegation of fiduciary services

3

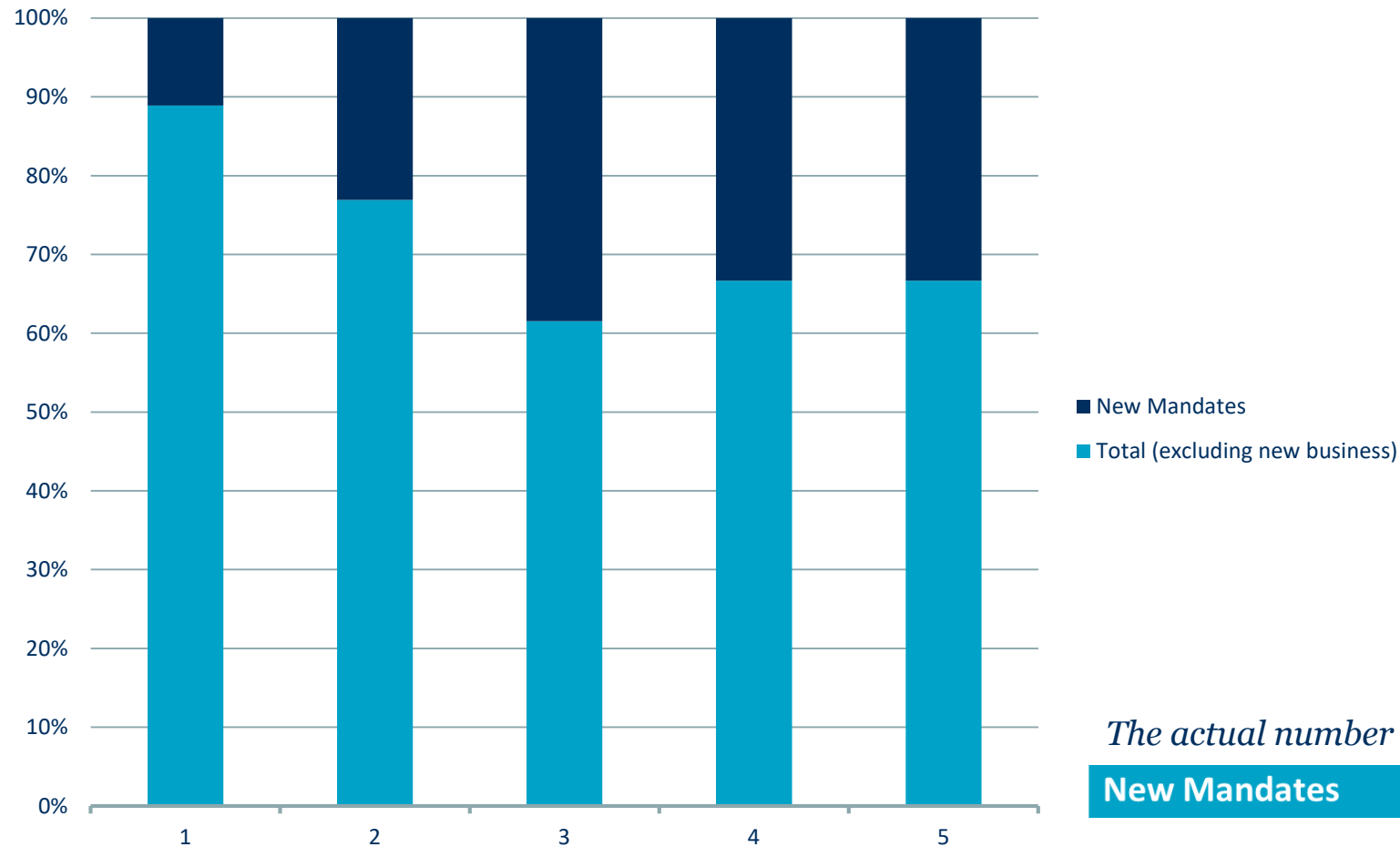
Mandates were won from another fiduciary manager



Important Point

Fiduciary managers are appointed with a view to a long term relationship – once mandated it is very rare for a scheme to change its fiduciary manager

Growth in the market – new mandates as a percentage of total schemes under management¹



The actual number of new mandates achieved over the last year

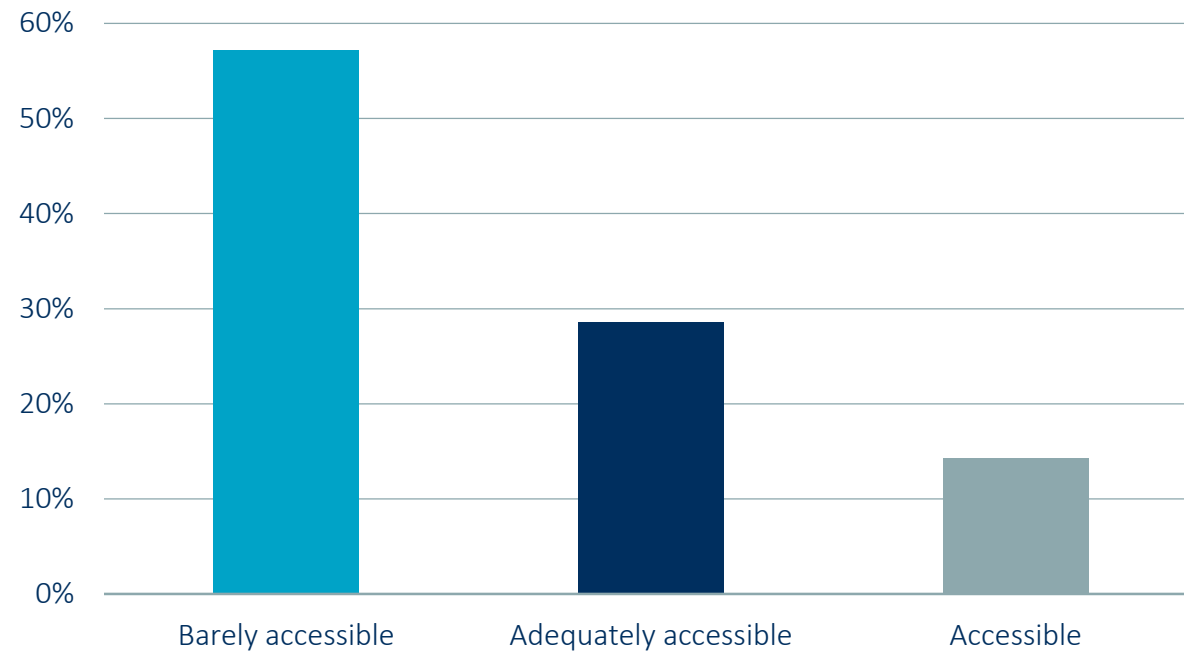
New Mandates	25	3	15	5	1
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¹ excludes managers that did not gain any new business

Appointment of fiduciary managers



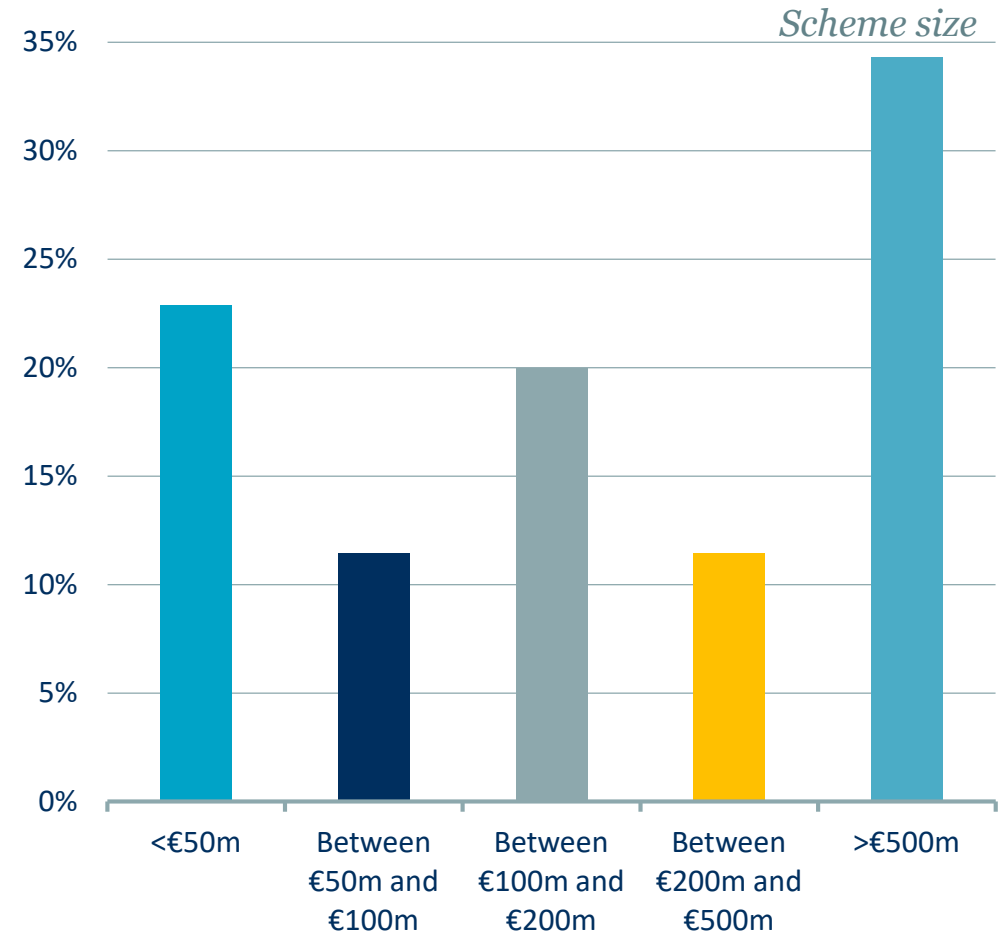
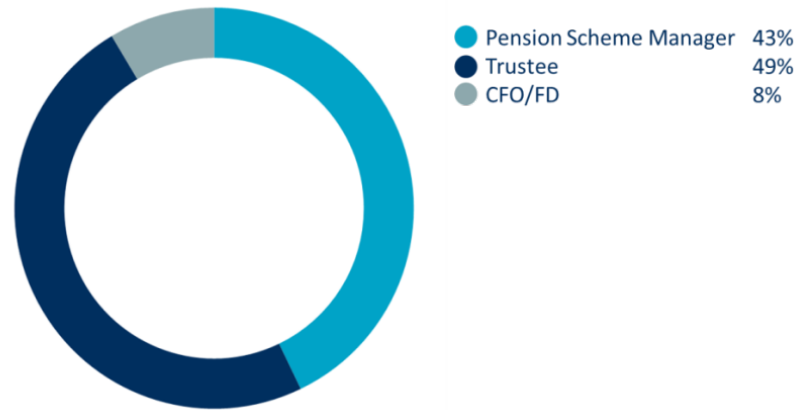
How accessible is the market?



Overall the accessibility of the market is rated as low

Which pension schemes did we survey?

In conjunction with the IAPF, we sent a survey to members. The characteristics of the respondents are illustrated below.



Why appoint a fiduciary manager?

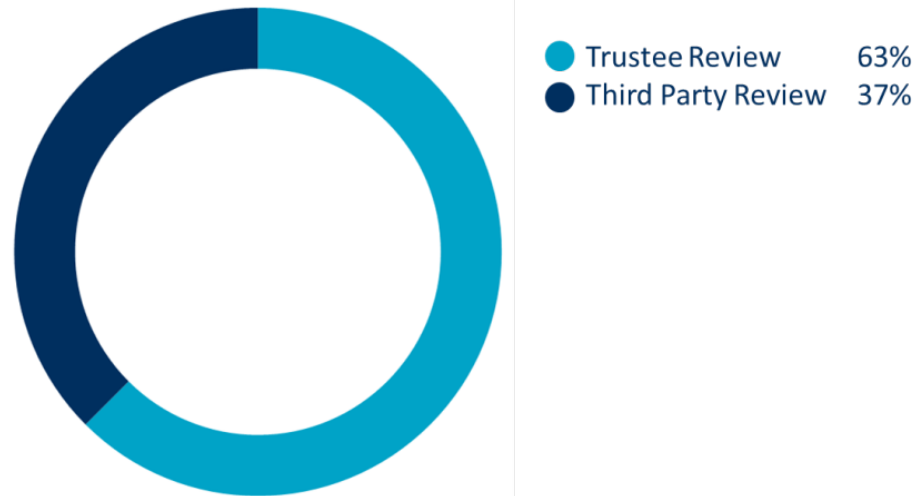
1. Expertise
2. Trustee governance time constraints
3. Diversification
4. De-risking challenges
5. Speed of implementation
6. Managing scheme funding levels

The most important factors in appointing a particular manager?

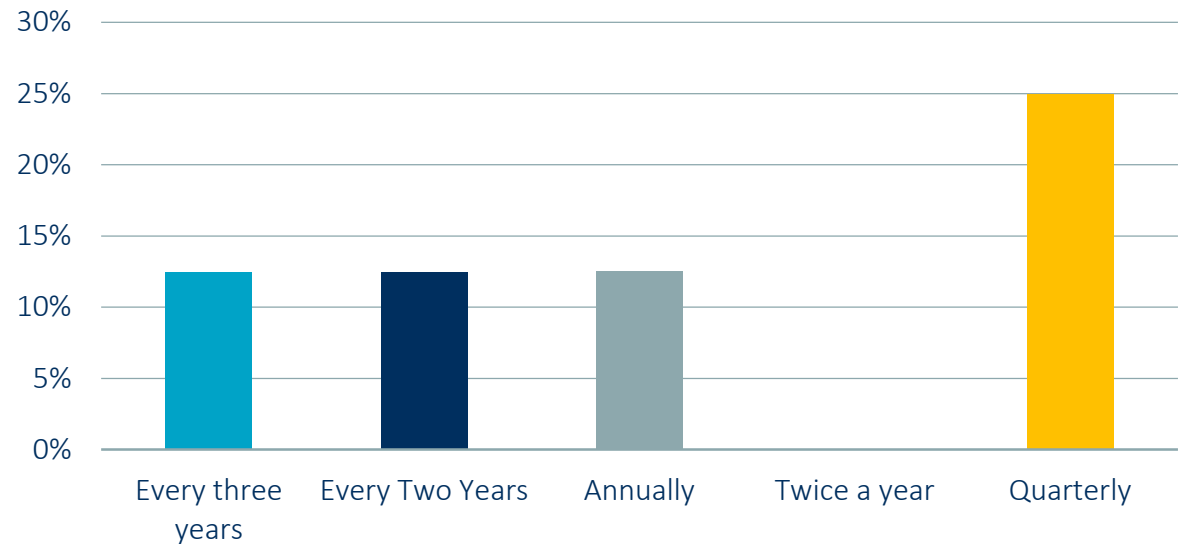
1. Transparency of costs and fees
2. Dedicated expertise
3. Transparency of performance and risk
4. Cost
5. Access to active management

Oversight and ongoing review of fiduciary managers

How do you review your fiduciary manager?



How often performance is reviewed

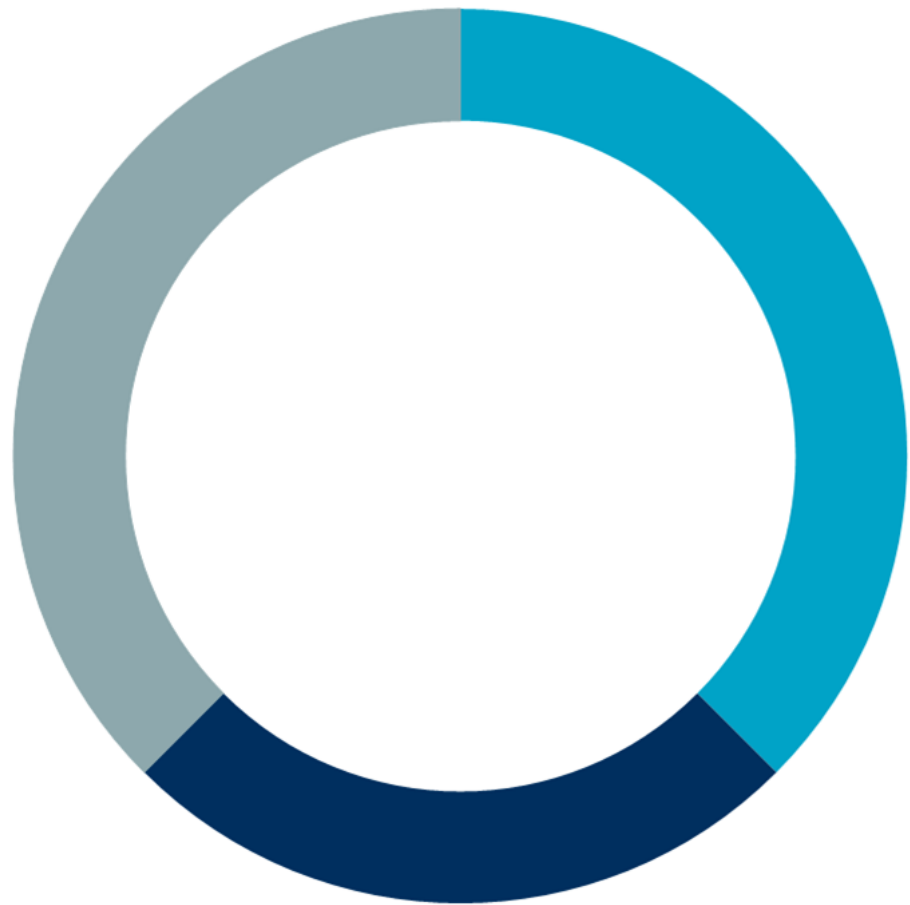




Both trustees and fiduciary managers find third party input beneficial



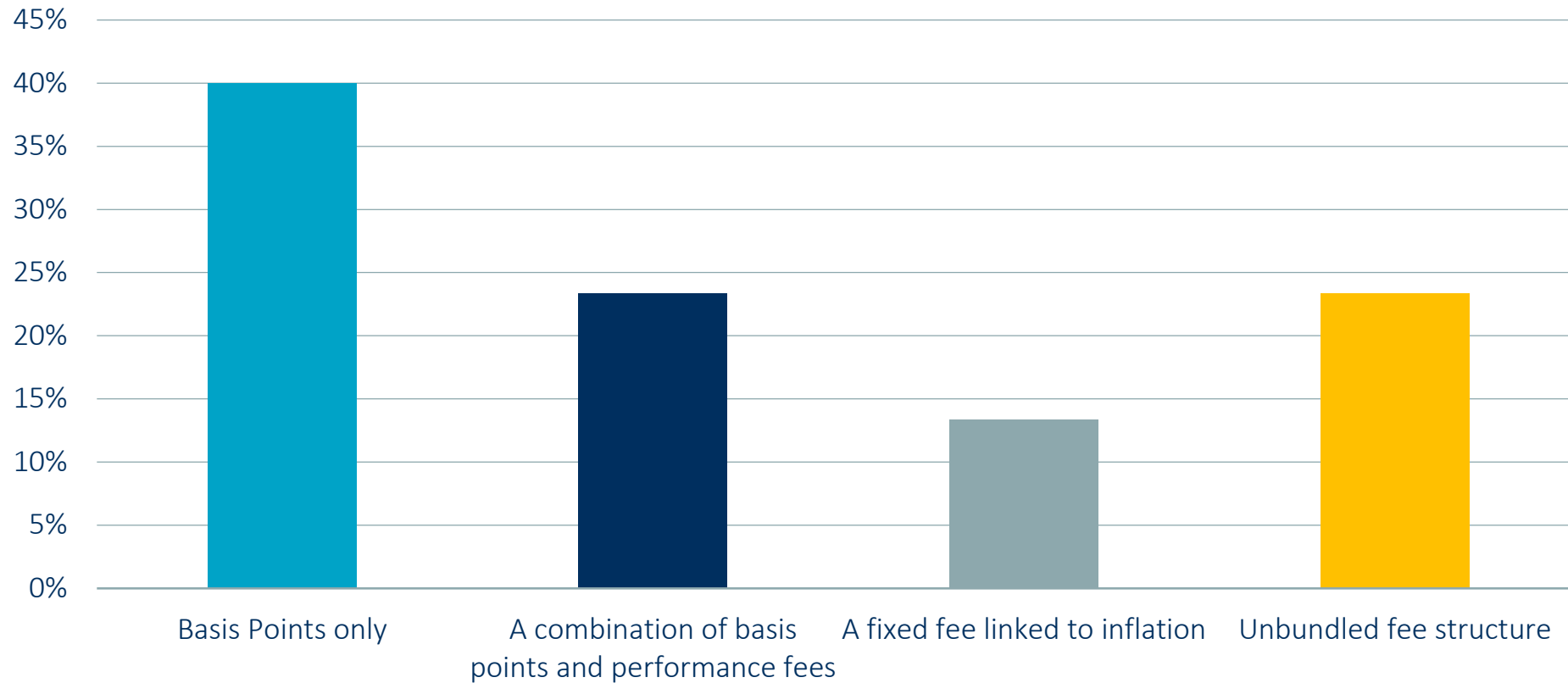
The type and depth of review should also be considered. Fees, strategy and potential conflicts of interest.

Independently tracking buyout costs?

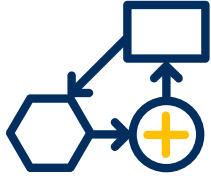


 Yes	37.5%
 No	25%
 Not interested in buyout	37.5%

Fee structure



Comments



Fiduciary Management is a potentially attractive option for Trustees who do not have the time or experience to deal with the complex investment needs of a pension scheme



The implications of this approach are far-reaching, and as such it is the Trustees responsibility to ensure that they are reviewing the performance of any manager appointed appropriately. The strategy may change and potential for conflicts of interest may arise.



Trustees and the industry have a responsibility to promote competition between providers of fiduciary management services to ensure value for money and ongoing evolution of managers proposition.

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