

Peter Swan  
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10 May 2018

Dear Peter

**RESPONSE TO WORKING PAPER: COMPETITIVE LANDSCAPE DATED 26 APRIL 2018 IN RELATION TO  
THE CMA'S MARKET INVESTIGATION INTO INVESTMENT CONSULTANCY AND FIDUCIARY  
MANAGEMENT SERVICES**

We welcome the opportunity to comment on the CMA's working paper on the competitive landscape dated 26 April 2018. We have considered the contents of the paper carefully and set out our thoughts below.

**Historical evolution: Combined share of the Fiduciary Management market**

The working paper highlights the considerable upward trend of the three largest Investment Consultant – Fiduciary Management providers' share of the Fiduciary Management market. The analysis shown is for 2007 to 2016, and some comments are made for the expected future trend of the Fiduciary Management market, with the paper concluding that there is a possibility that this concentration may increase.

Having identified this trend, we would like the CMA to clarify whether it will continue to explore if this trend (and the possibility for increased concentration) continues in the future. If the CMA is to continue collecting revenue data in order to update its time series analysis for future years, we ask the CMA to confirm its revenue calculation and framework in determining the concentration metric.

We suggest the CMA "looks through" the various layers of fees that an investment consultant or fiduciary manager could charge when determining its concentration metrics. For those providers who make extensive use of external managers, the total revenue may include fees that will be passed through to underlying investment managers, thus overstating the revenue for the services the fiduciary manager provides. Similarly, for those providers who manage the assets internally, the costs of doing so should be stripped out to allow proper comparison. This should allow the CMA to isolate the revenue for the services directly related to the provision of Fiduciary Management services.

We note that EY's 2017 Fiduciary Management fees survey described the various layers of fees that can be charged to a Fiduciary Management client, and we have copied below the working definition of Fiduciary Management fees below. We suggest that the revenue for the provision of the services listed below would best assess concentration in the Fiduciary Management market.

*"This represents the fee paid directly to the fiduciary manager for strategic advice; including modelling and setting the investment strategy, and implementation of the investment strategy; including manager selection, tactical asset allocation and implementing hedges."*

We would be happy to discuss our comments in further detail.

Yours sincerely

**Charles Prideaux**  
Global Head of Product and Solutions