



Changing the fiduciary management landscape

By Craig Brown, Institutional Distribution Director, Mobius Life

The Competition & Markets Authority's (CMA) plans to increase competition for fiduciary management contracts could fundamentally change the market. The CMA wants to make it mandatory for pension schemes appointing a fiduciary manager to run a tender. Schemes which already use a fiduciary manager but did not tender the business will also need to do so in the next five years.

'Independent' fiduciary managers must be rubbing their hands with glee at the prospect of winning business from the big investment consultants. It may also be good news too for pension platforms as an alternative implementation strategy to fiduciary management.

The CMA's proposals have been published in a 330-page provisional decision following its investigation into competition in the investment consulting market. It was concerned that around half of pension schemes choose the same provider for fiduciary management as their existing investment consultant. The CMA also found that many trustees have low levels of engagement when choosing a fiduciary manager.

So, what could the fiduciary management market look like in a few years if the CMA's plans come into force?

Because trustees will need to tender their fiduciary management contracts, can we expect a flood of business to hit the market? The big three investment consultants all have a fiduciary management offering – but will they want to recommend their main competitors offering to their clients – or see a wider pitch list? This could give second tier and aspirant fiduciary managers a real chance to pick up more business.

The move should also be good news for independent investment platforms. As an independent platform, Mobius Life has no conflicts of interest associated with proprietary fund providers. Platforms owned by asset managers ("proprietary fund providers") are potentially conflicted over choice of funds. Other platforms are consultant-owned, but again will one consultant want to advise their clients to administer their scheme on a platform owned and controlled by their competitors?

The fiduciary management landscape will change if the CMA's recommendations are implemented. The big winners will be pension schemes, who will benefit from more choice and greater competition for their business. Independent fiduciary managers may also be winners as more business is tendered. And so too an 'independent' investment platform, such as Mobius Life.

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