

## ANNEX A

### PROPOSED UNDERTAKINGS IN LIEU OF A MARKET INVESTIGATION REFERENCE GIVEN TO THE FCA BY EACH OF AON HEWITT, MERCER AND WILLIS TOWERS WATSON

#### PARTIES:

These undertakings in lieu are given by:

Aon Hewitt Limited and Hewitt Risk Management Services Limited ("**Aon Hewitt**");

Mercer Limited ("**Mercer**"); and

Towers Watson Limited ("**Willis Towers Watson**"),

together the "**Parties**".

#### WHEREAS:

- (a) The Financial Conduct Authority ("**FCA**") has published a provisional decision to make a market investigation reference on investment consultancy services under section 131 of the Enterprise Act 2002;
- (b) Each of the Parties has offered undertakings to the FCA in accordance with section 154 of the Enterprise Act 2002; and
- (c) The FCA has decided to accept the Parties' undertakings in lieu of making a market investigation reference to the Competition and Markets Authority.

#### NOW THEREFORE:

Each of the Parties hereby gives the FCA the undertakings below (these "**Undertakings**") and shall act in the manner set out in this document.

#### 1 Scope

- 1.1 These Undertakings shall be binding on each of the Parties in the United Kingdom and apply in respect of matters in the United Kingdom.

#### 2 Definitions and interpretation

- 2.1 In these Undertakings:

"**Actuarial Valuations**" means the same as within section 224 of the Pensions Act 2004, namely a written report, prepared and signed by the actuary, valuing the scheme's assets and calculating its technical provisions.

"**Advisory Services**" means the provision of investment advice to a Client in relation to Asset Allocation and Manager Selection.

<p><b>“Advisory Services Consultant”</b> means a Party that provides Advisory Services.</p>
<p><b>“Advisory Services Contract”</b> means a contract relating to the provision of Advisory Services.</p>
<p><b>“Annual Disclosure Statement”</b> means a statement in the format prescribed at Annex 4.</p>
<p><b>“Asset Allocation”</b> means the strategic setting of target allocations by asset class, including asset liability modelling and dynamic asset allocation.</p>
<p><b>“Client”</b> means a trustee of a third party occupational pensions scheme which has renewed or continued with an Investment Services Contract with a Consultant pursuant to a Consultant Appointment.</p>
<p><b>“Commencement Date”</b> means [TO BE INSERTED] 2017.</p>
<p><b>“Competitive Tender Process”</b> means a process by which an existing Client acting independently of the incumbent Consultant invites bids from at least two Consultants for an Investment Services Contract and evaluates any bids received independently in good faith. Completion of a Competitive Tender Process shall be construed as having occurred either on the effective date of the Consultant Appointment or upon confirmation of the reappointment of the Consultant should the pre-existing Investment Services Contract remain in force following a Competitive Tender Process.</p>
<p><b>“Composite”</b> means a selection of individual performance return streams combined into one performance return stream.</p>
<p><b>“Consultant”</b> means an Advisory Services Consultant and/or a Fiduciary Manager.</p>
<p><b>“Consultant Appointment”</b> means the appointment of a Consultant as established by the effective date of the Investment Services Contract.</p>
<p><b>“Fee Disclosure Statement”</b> means the information regarding fees and other cost structures in relation to Fiduciary Management Services which is presented in the format set out in Annex 3.</p>
<p><b>“Fiduciary Manager”</b> means a Party that provides Fiduciary Management Services.</p>
<p><b>“Fiduciary Management Contract”</b> means a contract relating to the provision of Fiduciary Management Services.</p>
<p><b>“Fiduciary Management Services”</b> means the provision of services where a Client has delegated responsibility for making investments in respect to some or all of their assets to the Consultant.</p>
<p><b>“Highly-rated Investment Manager Strategies”</b> means the investment manager strategies that are ranked the highest by a Consultant in making recommendations to Clients as to which investment manager strategy to use in relation to a particular asset class.</p>

**“Investment Consultants’ Code of Conduct”** means a code of conduct applicable to Consultants as defined in Clause 10.1.

**“Investment Services”** means the provision by a Consultant to a Client of Advisory Services and/or Fiduciary Management Services.

**“Investment Services Contract”** means a contract relating to the provision of Investment Services. Where a Client: (i) enters into a contract with a Consultant for the provision of Fiduciary Management Services; or (ii) extends an existing Fiduciary Management Services Contract to include the provision of additional Fiduciary Management Services, any such additional contract or contract amendment shall not be considered to be a separate Investment Services Contract for the purposes of Clause 3.

**“Longstop Date”** means the day before the expiry of ten consecutive years from the later of (a) the date on which the Client has entered into a Consultant Appointment or (b) the date on which the latest Competitive Tender Process took place.

**“Manager Selection”** means the evaluation and research leading to the selection of an investment manager strategy and/or the structuring of a portfolio of investment manager strategies.

**“Standards”** means a performance measure based on the Client’s investment objectives and any relevant benchmark which is expressly agreed with the Client in writing prior to the provision of Investment Services.

**“Services Disclosure Statement”** means the clarification of the services under a Fiduciary Management Contract in the prescribed form set out under the heading “activities” in Annex 3.

**“Total Liability Benchmark”** means the total liability benchmark as set out in Annex 2.

- 2.1 Words or expressions shall have the meaning assigned to them in these Undertakings and references to sections and Annexes shall mean sections of, and Annexes of, these Undertakings, unless otherwise stated.
- 2.2 The Interpretation Act 1978 shall apply as if these Undertakings were an Act of Parliament.
- 2.3 Headings and titles shall be disregarded.
- 2.4 The Annexes shall form part of these Undertakings.

### 3 Tender regime (UIL 1)

Outline commitment
The Parties undertake to encourage regular tendering of Investment Services Contracts in relation to which they act as Consultant to address the FCA's concerns about the levels of switching of contracts for Advisory Services and/or Fiduciary Management Services.

3.1 For any Investment Services Contract that entered into force: (i) on or after the Commencement Date; or (ii) fewer than eight (8) consecutive years before the Commencement Date:

- (a) The Parties undertake that they will not continue to give effect to an Investment Services Contract with a Client unless that Client has, in relation to such Investment Services Contract, made a Consultant Appointment pursuant to a Competitive Tender Process in one of the preceding ten consecutive years.
- (b) Where a Client has not completed a Competitive Tender Process for a Consultant Appointment by the end of the fifth consecutive year following the Consultant Appointment, the Parties undertake that they will inform the Client that it should review the provision of services under the relevant Investment Services Contract. The Parties undertake that, until notice is given pursuant to Clause 3.1(c) or completion of a Competitive Tender Process (whichever is earlier), they will continue to inform the Client on an annual basis that it should review the provision of services under the Investment Services Contract.
- (c) If, twelve (12) months before the Longstop Date, a Client has not given a Party notice of commencement of a Competitive Tender Process in relation to an Investment Services Contract, the Party shall, to the extent it has not already done so, serve a notice on the Client stating that, unless the Party is re-appointed following a Competitive Tender Process, the Consultant shall cease to act in accordance with the terms of the Investment Services Contract on the Longstop Date.

**To illustrate the application of Clause 3.1:**

**Example 1**

*If a Party enters into an Investment Services Contract with a Client on 1 January 2020:*

1. *On 1 January 2025 (and subsequently on 1 January 2026, 1 January 2027 and 1 January 2028) – if the Client has not carried out a Competitive Tender Process since the Investment Services Contract was entered into – the Party will inform the Client that it should review the provision of services in line with clause 3.1(b)*
2. *On 1 January 2029 – if the Client has not carried out a Competitive Tender Process since the Investment Services Contract was entered into – the Party will serve a notice on the Client stating that it will cease to act on 1 January 2030 unless the Client carries out a Competitive Tender Process and the Party*

*is reappointed.*

3. *On 1 January 2030 – if the Client has not carried out a Competitive Tender Process since the Investment Services Contract was entered into – the Party will cease to act for that Client.*

**Example 2**

*Assuming the Commencement Date is 1 June 2017, this clause will apply to Investment Services Contracts entered into before 1 June 2017 but after 1 June 2009.*

*For example, assuming an Investment Services Contract entered into on 1 June 2016:*

1. *On 1 June 2021 (and subsequently on 1 June 2022, 1 June 2023 and 1 June 2024) – if the Client has not carried out a Competitive Tender Process since the Investment Services Contract was entered into – the Party will inform the Client that it should review the provision of services in line with clause 3.1(b)*
2. *On 1 June 2025 – if the Client has not carried out a Competitive Tender Process since the Investment Services Contract was entered into – the Party will serve a notice on the Client stating that it will cease to act on 1 June 2026 unless the Client carries out a Competitive Tender Process and the Party is reappointed.*
3. *On 1 June 2026 – if the Client has not carried out a Competitive Tender Process since the Investment Services Contract was entered into – the Party will cease to act for that Client.*

- 3.2 For any Investment Services Contract that entered into force more than or equal to twenty (20) consecutive years before the Commencement Date:

- (a) The Parties shall not continue to give effect to such an Investment Services Contract from the third anniversary of the Commencement Date unless that Client has, in relation to such Investment Services Contract, made a Consultant Appointment pursuant to a Competitive Tender Process by the third anniversary of the Commencement Date.
- (b) If, by [two years after the Commencement Date], the Client has not given a Party notice of commencement of a Competitive Tender Process in relation to an Investment Services Contract, the Party shall, to the extent it has not already done so, serve a notice on the Client stating that, unless the Party is re-appointed following a Competitive Tender Process by [three years after the Commencement Date], the Consultant shall cease to act in accordance with the terms of the Investment Services Contract [three years after the Commencement Date].

**Example – to illustrate the application of Clause 3.2**

*Assuming the Commencement Date is 1 June 2017, if a Party entered into an Investment Services Contract with a Client on or before 1 June 1997, the Party will not renew or give effect to that Investment Services Contract from 1 June 2020 unless the Party is reappointed pursuant to a Competitive Tender Process between 1 June 2017 and 1 June 2020. On 1 June 2019, the Party will give notice of its intention to terminate on 1 June 2020 if a Competitive Tender Process has not taken place in the meantime.*

- 3.3 For any Investment Services Contract that entered into force more than or equal to eight (8) years before the Commencement Date but fewer than twenty (20) years before the Commencement Date:
- (a) The Parties shall not continue to give effect to such an Investment Services Contract from the fifth anniversary of the Commencement Date unless that Client has, in relation to such Investment Services Contract, made a Consultant Appointment pursuant to a Competitive Tender Process by the fifth anniversary of the Commencement Date.
  - (b) If, by [four years after the Commencement Date], the Client has not given a Party notice of commencement of a Competitive Tender Process in relation to an Investment Services Contract, the Party shall, to the extent it has not already done so, serve a notice on the Client stating that, unless the Party is re-appointed following a Competitive Tender Process by [five years after the Commencement Date], the Consultant shall cease to act in accordance with the terms of the Investment Services Contract [five years after the Commencement Date].

**Example – to illustrate the application of clause 3.3**

*Assuming the Commencement Date is 1 June 2017, if a Party entered into an Investment Services Contract with a Client on or before 1 June 2009 but after 1 June 1997, the Party will not renew or give effect to that Investment Services Contract from 1 June 2022 unless the Party is reappointed pursuant to a Competitive Tender Process between 1 June 2017 and 1 June 2022. On 1 June 2021, the Party will give notice of its intention to terminate on 1 June 2022 if a competitive tender process has not taken place in the meantime.*

- 3.4 For the purposes of Clauses 3.1 to 3.3, an Investment Services Contract shall be deemed to have entered into force on the later of:
- (a) the effective date of the Investment Services Contract; and
  - (b) the date on which the latest Competitive Tender Process in respect of that Investment Services Contract took place.
- 3.5 For the avoidance of doubt, for the purposes of this Clause 3:
- (a) before continuing to give effect to an Investment Services Contract, the incumbent Consultant must use all reasonable efforts to confirm that the Consultant Appointment was made pursuant to a Competitive Tender Process; and
  - (b) an Investment Services Contract that was entered into subsequent to any previous Investment Services Contract for the same services with the same Client without a Competitive Tender Process will be deemed to have entered into force on the date that the first Investment Services Contract with the Client was entered into.

#### **4 Industry standards for the public disclosure of performance in relation to Manager Selection within active management (UIL 2)**

<b>Outline commitment</b>
To demonstrate their commitment to improving transparency and comparability of active asset manager performance, the Parties will provide Clients with detailed information which will allow them to assess the performance of Highly-rated Investment Manager Strategies over consistent time periods and over comparable mandates. A standardised set of Composites will be published on the Parties' websites as a representation of the performance of Highly-rated Investment Manager Strategies.

- 4.1 The Parties will provide on a quarterly basis, on a public and readily available basis on each of the Parties' websites, information regarding the performance of Manager Selection within active asset management to Clients in accordance with the prescribed format and methodology set out in Annex 1.
- 4.2 Calculations and backing data shall be retained on file by each Party and made available to the FCA on request.

#### **5 Industry standards for the public disclosure of performance in relation to Fiduciary Management solutions of whole-funds (UIL 3)**

<b>Outline commitment</b>
To enhance transparency and allow better Client assessment of capability, the Parties undertake to adopt standards to present and calculate the performance of Fiduciary Management whole-fund solutions. A standardised set of Composites will be published on the Parties' websites as a representation of the Parties' unconstrained performance. This will allow direct comparison of different Fiduciary Managers' track records against overall objectives over consistent time periods and comparable mandates.

- 5.1 Each of the Parties will provide on a quarterly basis, on a public and readily available basis on each of the Parties' websites, information regarding the performance of Fiduciary Management whole-fund solutions to Clients in accordance with the prescribed format and methodology set out in Annex 2.
- 5.2 Each of the Parties will inform their Advisory Services Clients, in writing, which composite is, in the relevant Party's reasonable view, most suitable to compare against their investment strategy.

## **6 Industry standards on disclosure of fee and other cost structures in relation to Fiduciary Management Services to prospective clients (UIL 4)**

<b>Outline commitment</b>
To allow Clients to compare overall fees charged and other fees charged by third parties across Fiduciary Managers, the Parties undertake to provide fee structures in relation to Fiduciary Management Services, including during Competitive Tender Processes, in a specified format. This will equip Clients with the information necessary to compare what services are provided under the charges quoted and provide full transparency on fee structures for Fiduciary Management Services.

- 6.1 On the request of a prospective Fiduciary Management Services Client, and during a Competitive Tender Process relating to the provision of Fiduciary Management Services, each of the Parties will provide to Clients:
- (a) the Fee Disclosure Statement;
  - (b) the Services Disclosure Statement; and
  - (c) where relevant, an Annual Disclosure Statement.

## **7 Industry standards on disclosure of fee and other cost structures in relation to Fiduciary Management Services for incumbent Clients (UIL 5)**

<b>Outline commitment</b>
To demonstrate their commitment to enhancing transparency of fees charged to Clients receiving Fiduciary Management Services, the Parties will provide an Annual Disclosure Statement, covering all costs, comparing directly with costs stated during the Competitive Tender Process (or more recently if subsequently updated).

- 7.1 The Parties shall provide an Annual Disclosure Statement to Clients receiving Fiduciary Management Services in the format prescribed in Annex 4.
- 7.2 The costs data shall be directly comparable with the costs stated by the Party during the Client's previous Competitive Tender Process pursuant to Clause 6.1, or more recently if the Party has subsequently provided updated costs information to the Client.



## 8 Conflicts of interest (UIL 6)

### *Gifts, hospitality and entertainment*

Outline commitment
The Parties undertake to maintain a gifts, hospitality and entertainment policy and to refuse any gifts, hospitality and entertainment that would reasonably be expected to give rise to a conflict of interest, in connection with their provision of Investment Services, and to make their policies in this respect public.

- 8.1 A Party cannot receive any non-monetary benefit that would reasonably be expected to give rise to a conflict of interest in connection with their provision of Investment Services.
- 8.2 A Party must have, and make public (as well as make known to their Clients upon request and at the outset of their relationship) a gifts, hospitality and entertainments policy.
- 8.3 Low-value gifts, hospitality and entertainment may be received by the Parties in connection with their provision of Investment Services if such gift, hospitality and entertainment is below a level specified in the Party's gifts, hospitality and entertainments policy.

### *Fiduciary Management*

Outline commitment
For existing Clients taking Advisory Services or new Clients exploring a mix of Advisory Services and Fiduciary Management Services, the Parties undertake to provide the information below to Clients.

- 8.4 Prior to entering into a Fiduciary Management Contract with a Client (including with a Client who is, or will also be, a party to an Advisory Services Contract) a Party must notify the Client in writing of the key features of its Fiduciary Management service, such notification shall include:
- (a) If applicable, an explanation of the difference between the Client's previous Advisory Services Contract and its proposed Fiduciary Management Contract.
  - (b) A statement that a Party acting in its capacity as an Advisory Services Consultant may introduce but not recommend its own Fiduciary Management Services to an Advisory Services Client.
  - (c) A statement that other entities also provide Fiduciary Management Services; and
  - (d) A statement that it would be best practice for the Client to conduct a Competitive Tender Process before entering into a Fiduciary Management Contract.

### ***Tender management***

<b>Outline commitment</b>
To protect against conflicts of interest that may arise during the Competitive Tender Process where a Party is the incumbent Consultant.

- 8.5 Where a Party is the incumbent Consultant, that Party shall not manage a Competitive Tender Process in which it is a candidate.

### **Master trusts**

<b>Outline commitment</b>
To protect against conflicts of interest that may arise from a Party recommending its own Master Trust to a client.

- 8.6 A Party acting in its capacity as a Consultant may introduce but not recommend its own Master Trust to a client.

## **9 Redress mechanism (UIL 7)**

<b>Outline commitment</b>
The Parties undertake to formalise, and review periodically, complaints and redress procedures.

- 9.1 Where a Client makes a complaint about a Party's Investment Services, the Party must handle the complaint in accordance with its internal complaints policy referred to at Clause 9.2 below.

- 9.2 A Party must maintain a complaints handling policy. Such policy shall include:

- (a) Procedures for the prompt handling of complaints; and
- (b) Where a complaint remains unresolved for more than 28 days (or such period as the context demands) provision for escalation of that complaint to the Chief Executive Officer of the Party.

- 9.3 The complaints handling policy referred to at Clause 9.2 above shall be disclosed to Clients:

- (a) at the time a Client first enters into an Investment Services Contract with a Party; and
- (b) any time thereafter upon request by the Client.

## **10 Adherence to a Code of Conduct (UIL 8)**

<b>Outline commitment</b>
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The Parties undertake to abide by the Investment Consultants' Code of Conduct. This will be based on six principles.

10.1 The Parties undertake to implement within six weeks of the Commencement Date and then comply with a code of conduct based on the following principles:

- (a) DUTY TO CLIENT: When providing services to a client, a Consultant must act in accordance with its duty of care to its clients, in the best interests of its clients and honestly, fairly and professionally;
- (b) INFORMATION: A Consultant must pay due regard to the information needs of its clients, and communicate information to clients in a way which is clear, fair and not misleading;
- (c) CONFLICTS OF INTEREST: A Consultant must have documented controls in place to identify, manage and record conflicts of interest fairly, both between itself and its clients and between a client and another client;
- (d) GIFTS: A Consultant must conduct business with integrity by, amongst other actions, refusing any gift, hospitality or entertainment that would reasonably be expected to give rise to a conflict of interest;
- (e) REDRESS: A Consultant must take reasonable care to organise and control its affairs responsibly and effectively, including having appropriate complaints and redress procedures; and
- (f) REVIEW AND TENDER: A Consultant must recommend that their Clients carry out a review of their Investment Services at least every five years and require their Clients to carry out a Competitive Tender Process at least every 10 years.

(the "Investment Consultants' Code of Conduct")

## 11 Effective date and on-going monitoring of these Undertakings

11.1 These Undertakings take effect on the Commencement Date.

11.2 The Parties undertake to provide the FCA on request, and within 15 working days of a request, reasonable information regarding their implementation of these Undertakings.

Signed for and on behalf of **Aon Hewitt Limited**:

Signature: -----

Name: -----

Position: -----

Date: -----

Signed for and on behalf of **Hewitt Risk Management Services Limited:**

Signature: -----

Name: -----

Position: -----

Date: -----

Signed for and on behalf of **Mercer Limited:**

Signature: -----

Name: -----

Position: -----

Date: -----

Signed for and on behalf of **Towers Watson Limited:**

Signature: -----

Name: -----

Position: -----

Date: -----

Accepted for and on behalf of the **Financial Conduct Authority:**

Signature: -----

Name: -----

Position: -----

Date: -----

## Annex 1.

### Industry standards for the public disclosure of performance of Manager Selection within active management

**Prescribed Format:**

Highly rated Investment Manager Strategies	Performance of managers (net of fees)	Benchmark	Relative return	Risk (tracking error /volatility)	Median management fee paid	Turnover within sample
3 years	X% pa	X% pa	X% pa	X% pa	X % pa	X%
5 years	X% pa	X% pa	X% pa	X% pa	X % pa	X%
10 years	X% pa	X% pa	X% pa	X% pa	X % pa	X%

Highly rated Investment Manager Strategies	Returns over calendar year (%)					
	YTD	2016	2015	2014	2013	2012
Performance of managers (net of fees)	X	X	X	X	X	X
Benchmark	X	X	X	X	X	X
Relative return	X	X	X	X	X	X
Number of manager strategies	X	X	X	X	X	X

**Explanatory Note:**

The information above shall be produced on a quarterly basis using the following methodology:

- (a) Composites of Highly-rated Investment Manager Strategies shall be provided by each of the Parties against benchmarks including appropriate risk measures (volatility and/or tracking error measures). The Parties shall submit a list of benchmarks to the FCA for approval by [X] and thereafter by [Y] in each subsequent year;
- (b) Equal weighted Composite returns shall be used;
- (c) Composites shall be split by the following asset classes: [relevant asset classes to be listed below];
- (d) The median fee paid to investment managers within the Composites shall be used where relevant;
- (e) All Highly-rated Investment Manager Strategies shall be included under each Composite;

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- (f) Composites shall be updated quarterly;
- (g) Composites shall be provided net of all management fees; and
- (h) Upgrades and downgrades shall be reflected at the end of each quarter; performance prior to the relevant upgrade shall not be included; performance prior to the relevant downgrade shall be included.

## Annex 2.

### Industry standards for the public disclosure of performance of Fiduciary Management Services for whole-funds

**Prescribed Format:**

	Net relative returns over Liability Benchmark measured on either a gilts flat or swaps flat basis					
Composite	YTD	2016	2015	2014	2013	2012
0%< Return target over liabilities ≤ 1%	X	X	X	X	X	X
1%< Return target over liabilities ≤ 2%	X	X	X	X	X	X
2%< Return target over liabilities ≤ 3%	X	X	X	X	X	X
3%< Return target over liabilities	X	X	X	X	X	X

Composite	3 year (% pa)		5 year (% pa)	
	Net Return	Tracking error relative to Liability Benchmark	Net Return	Tracking error relative to Liability Benchmark
0%< Return target over liabilities ≤ 1%	X	X	X	X
1%< Return target over liabilities ≤ 2%	X	X	X	X
2%< Return target over liabilities ≤ 3%	X	X	X	X
3%< Return target over liabilities	X	X	X	X

*Number of Clients in each Composite:*

Composite	Clients as at latest quarter end
0%< Return target over liabilities ≤ 1%	x
1%< Return target over liabilities ≤ 2%	x
2%< Return target over liabilities ≤ 3%	x
3%< Return target over liabilities	x

**Explanatory Note:**

The information above shall be produced on a quarterly basis using the following methodology:

- (a) Composites shall be put together by each of the Parties, each such Composites shall aggregate Clients with similar return objectives and service provided and shall be equally weighted.

- (b) Composites shall include:
  - (i) Clients under a Fiduciary Management Contract;
  - (ii) Clients that have delegated whole-fund portfolio management to a Fiduciary Manager; and
  - (iii) Clients that have minimal or no constraints.
- (c) Composites shall comprise clients with similar return targets per annum relative to a Total Liability Benchmark per annum. The Composites to be reported are as follows:
  - (i)  $0% < \text{Return target} \leq 1\%$
  - (ii)  $1\% < \text{Return target} \leq 2\%$
  - (iii)  $2\% < \text{Return target} \leq 3\%$
  - (iv)  $3\% < \text{Return target}$ ;
- (d) The Total Liability Benchmark shall be calculated as follows:
  - (i) Client specific cashflow information shall be used;
  - (ii) All non-market related impacts (i.e. actuarial assumption changes, Actuarial Valuations) shall be removed; and
  - (iii) Discounting shall be on a gilts flat or swaps flat basis.
- (e) Each Composite shall comprise of equally weighted Client performance data for both assets and Total Liability Benchmark using monthly data.
- (f) Relative returns and risk net of all costs shall be reported.
- (g) Risk shall be presented as tracking error, namely the standard deviation of net relative returns over stated period using monthly data.
- (h) The number of clients within each Composite shall be stated.
- (i) Clients shall be included in each Composite the month following the transition to their initial portfolio.



### Annex 3.

#### Industry standards on disclosure of fee and other cost structures in relation to Fiduciary Management Services during Competitive Tender Process exercises

**Prescribed Format:**

Fees charged by fiduciary manager (including all in-house products)	X% pa	£XXX
Underlying asset management fees	X% pa	£XXX
Additional expenses (e.g. custody, pooled fund admin costs, admin expected performance fees)	X% pa	£XXX
Expected ongoing transaction costs within underlying asset managers and within Fiduciary Management	X% pa	£XXX
Total cost	X% pa (sum of above)	£XXX (sum of above)
Expected one off transition costs	X% pa	£XXX

**Services provided in proposal:**

Advise on funding objectives	<input type="checkbox"/>
Advise on time horizon and journey	<input type="checkbox"/>
Advise on risk and return targets	<input type="checkbox"/>
Advise on asset allocation parameters (if appropriate)	<input type="checkbox"/>
Advise on de-risking triggers	<input type="checkbox"/>
Design and implement bespoke liability hedging	<input type="checkbox"/>
Monitor triggers	<input type="checkbox"/>
Implement de-risking	<input type="checkbox"/>
Asset adjustments	<input type="checkbox"/>
Rebalancing	<input type="checkbox"/>
Dynamic risk management	<input type="checkbox"/>
Hire/fire managers	<input type="checkbox"/>
Obtain legal review	<input type="checkbox"/>
Negotiate fees	<input type="checkbox"/>
Monitor custodian	<input type="checkbox"/>
Manage all asset transactions	<input type="checkbox"/>
Manage cashflows	<input type="checkbox"/>
Daily funding level monitoring	<input type="checkbox"/>
Quarterly reporting	<input type="checkbox"/>
Regulatory including SIP and accounts	<input type="checkbox"/>
Assistance on PPF Levy	<input type="checkbox"/>

## Annex 4.

### Industry standards on disclosure of Fiduciary Management Services fees for Clients in the form of an Annual Disclosure Statement

#### Prescribed Format:

			Fee estimate provided in previous year's disclosure
Fees charged by Fiduciary Manager (including all in-house products)	X% pa	£XXX	X% pa / £XXX
Underlying asset management fees	X% pa	£XXX	X% pa / £XXX
Additional expenses (eg. custody, pooled fund admin costs, admin expected performance fees)	X% pa	£XXX	X% pa / £XXX
Transaction costs within underlying asset managers and within Fiduciary Management*	X% pa	£XXX	X% pa / £XXX
Total cost	X% pa (sum of above)	£XXX (sum of above)	X% pa / £XXX

#### Services provided in Investment Services Contract:

Advise on funding objectives	<input type="checkbox"/>
Advise on time horizon and journey	<input type="checkbox"/>
Advise on risk and return targets	<input type="checkbox"/>
Advise on asset allocation parameters (if appropriate)	<input type="checkbox"/>
Advise on de-risking triggers	<input type="checkbox"/>
Design and implement bespoke liability hedging	<input type="checkbox"/>
Monitor triggers	<input type="checkbox"/>
Implement de-risking	<input type="checkbox"/>
Asset adjustments	<input type="checkbox"/>
Rebalancing	<input type="checkbox"/>
Dynamic risk management	<input type="checkbox"/>
Hire/fire managers	<input type="checkbox"/>
Obtain legal review	<input type="checkbox"/>
Negotiate fees	<input type="checkbox"/>
Monitor custodian	<input type="checkbox"/>
Manage all asset transactions	<input type="checkbox"/>
Manage cashflows	<input type="checkbox"/>

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Daily funding level monitoring	<input type="checkbox"/>
Quarterly reporting	<input type="checkbox"/>
Regulatory including SIP and accounts	<input type="checkbox"/>
Assistance on PPF Levy	<input type="checkbox"/>