Fiduciary Management

The cons

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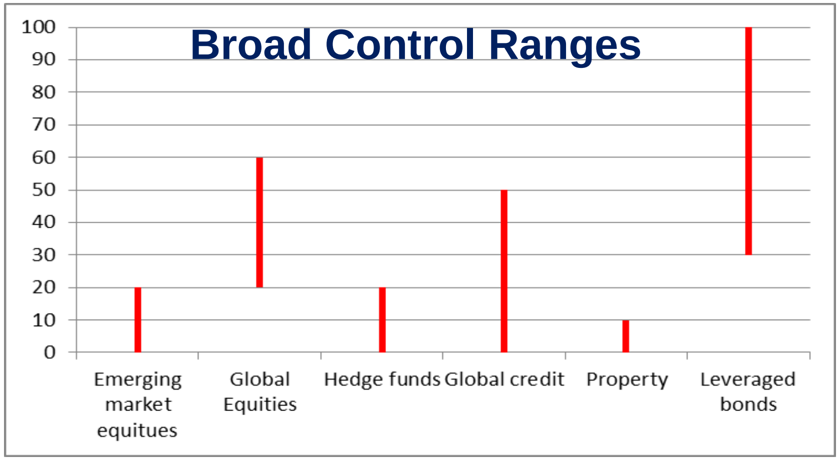
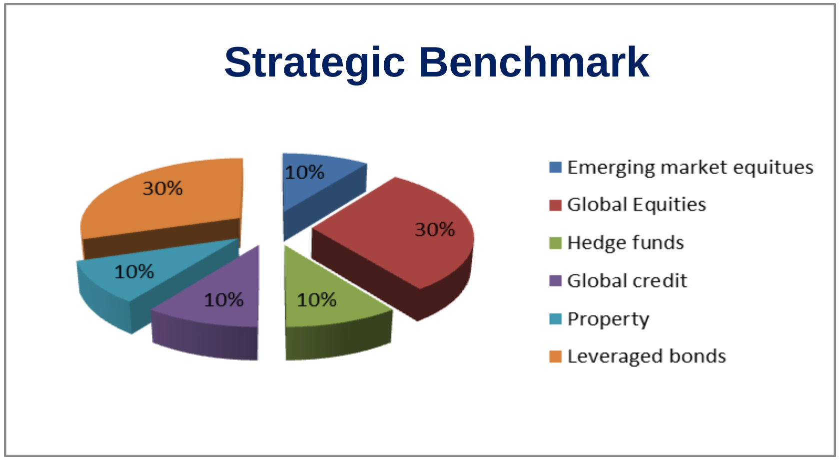
What is “fiduciary” management?

Full discretion



Broad guidelines



Multi-manager

The issues

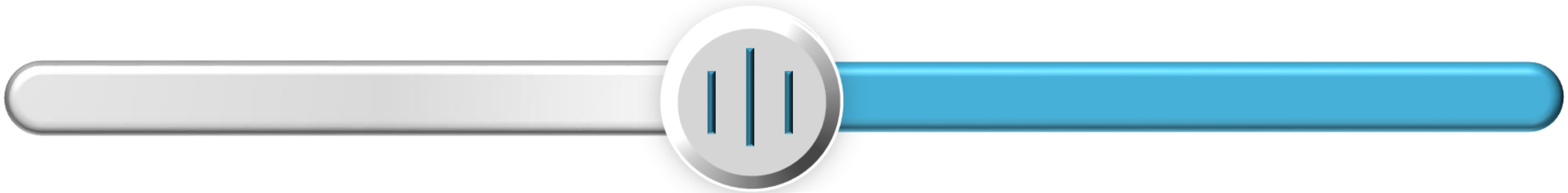
- Responsibility
- The key differences
- Conflicts of interest
- Behavioural biases
- Control
- Costs

Why fiduciary is not the answer

- Responsibility – not delegated, trustees retain it
- The key differences –
  - asset management - history of multi-manager not great
  - delegation of decisions – but need intellectual skin in the game
- Conflicts - why introduce them when not necessary?
- Behavioural biases –
  - incentive to retain AUM eg buy-in means losing AUM
  - passive not attractive as fees lower
- Control – ability to step in and question thesis
- Costs –
  - revenues are 5-10 times higher, profits 3 times higher
  - whose interests does this serve?

The best model - flexible advisory

Advisory | **Directive**



Strategic focus	**Asset allocation**	Market focus
Rigid framework	**Liability hedging**	Flexible framework
Beauty parade	**Managers**	Single recommendation

Thank you