



GLOSSARY OF TERMS: FIDUCIARY MANAGEMENT



This document provides a glossary of terms used
in the **FIDUCIARY MANAGEMENT TEMPLATE** for
investors and their advisers.

INTRODUCTION

The CTI provides the new industry standard for institutional investment cost data. The CTI templates and tools are a framework for investors to receive detailed, consistent and standardised cost and charges information from asset managers and other service providers. This information can be used to help assess the value for money of investments

The **FIDUCIARY MANAGEMENT TEMPLATE** ‘cuts’ and aggregates the entry fields in a way that is intended to be reflective of fiduciary management arrangements.

We have released this template to assist fiduciary managers to comply with Article 8 of the **CMA Order**¹.

The **ACCOUNT TEMPLATE** covers most product types and captures relevant data all in one place. Some of this information is populated directly into this template, whereas some specialist costs have relevant sub-templates which map across to the cells. You should expect to receive cost information presented in a standard format, irrespective of asset class, asset manager or mandate structure (e.g. pooled/segregated).

The **ACCOUNT TEMPLATE** also contains non-cost information including asset values, sales, purchases and performance figures.

HOW INFORMATION IS PROVIDED

You can request the **FIDUCIARY MANAGEMENT TEMPLATE** either:

- ▶ Independently; By asking asset managers(s) to complete the **FIDUCIARY MANAGEMENT TEMPLATE** and relevant sub-templates.
- ▶ By using a third party; This could include an adviser, data vendor or other third party to collect the data across all your asset managers and consolidate/ aggregate the responses. The **USER SUMMARY** represents an aggregation of more detailed underlying cost data which has been compiled in a standard format **ACCOUNT TEMPLATE** by the asset manager. For further information on how to construct and interpret a **USER SUMMARY** see the relevant guidance.

1. Investment Consultancy and Fiduciary Management Market Investigation Order 2019.

SCOPE AND COVERAGE

The **FIDUCIARY MANAGEMENT TEMPLATE** is designed to capture costs of managing investments by relevant fiduciary managers. It therefore can be used as part of a wider exercise seeking to understand the total cost of ownership which encompasses all costs, both direct and indirect, of running a pension scheme or investment vehicle.

OTHER INVESTMENT COSTS

It is important to remember that there are several other components of costs of investment outside of fiduciary management costs. These could include investment consultancy costs, performance measurement, investment administration, risk reporting and investment committee expenses. For further information on custody costs particularly, see the 'Basic notes on interpretation' below.

DEFINITION OF DATA ITEMS

The below guidance should be taken as exceptions or additions to existing **CTI** guidance.

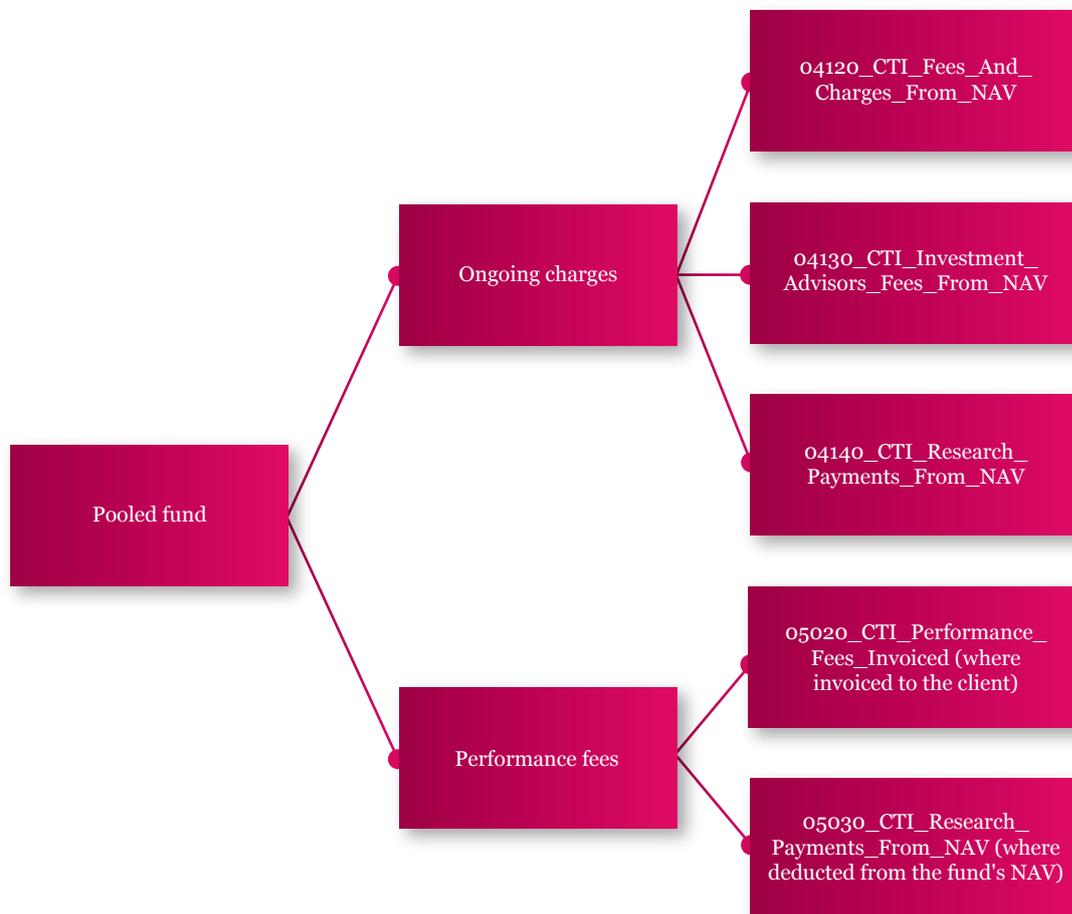
Section	Item name	Approach
FIDUCIARY MANAGEMENT COSTS	Transaction costs	Includes any one-off charges (entry or exit fees) for buying, selling third-party funds, advice and implementation on both a one-off and ongoing basis during the period in question
ASSET MANAGEMENT	All	One-off charges for buying and selling funds should be included in section 2) as part of Core fiduciary management fees (please note this is a phrase used in the CMA Order) in the case of in-house funds and as transaction costs in the case of third-party funds.
ANCILLARY SERVICES	All	In accordance with the CMA Order, these may be disaggregated or bundled in one single fee item.
ANNEX	Net return	Defined by change in price
	Gross return	

MAPPING NOTES TO THE MACHINE READABLE FORMAT

References are to the CTI Main Account Template – Machine Readable format.

‘Core fiduciary management fees’ (please note this is a term used in the CMA Order) could be mapped to 04110_CTII_Invoiced_Fees.

Pooled fund fees could be mapped back to the CTI’s machine-readable Institutional Cost Template. See the illustration below for further detail.



We have included the average value of client holding for consistency with the rest of the CTI framework, though we understand that this field could be redundant in some fiduciary management contexts. We have considered annualised cost reporting, though we believe that the approach we have taken in the CTI framework generally for mandates – reporting on a shorter period to reflect the lifespan on the relationship – may be more appropriate.

INTERPRETATION OF THE CMA ORDER

- ▶ We have interpreted the CMA Order to require the disaggregation of incidental costs at the fund level, and for the fiduciary management costs. We have understood that the overall purpose of the analysis is to establish who is getting paid for which service, splitting out the overall costs and charges paid for the fiduciary management services provided, and the costs and charges paid for the key distinct underlying elements². However, we note the CMA Order suggests different approaches to disaggregation of incidental costs in different circumstances. We have interpreted the wording to mean that the disaggregation of incidental fiduciary management costs is explicitly permitted. However, it is unclear as to whether an equivalent disaggregation at individual fund level is permitted. We have proposed to include such a disaggregation in the interests of transparency given the goals of the CTI framework and to provide a consistent approach.
- ▶ Despite some interest in doing so we have not included transaction costs in the disaggregation of fund-by-fund costs because we understand the intent of the CMA order to be disaggregation of asset management costs in order to show clearly who is getting paid. We have therefore created and integrated the *Annex – Fund by fund disclosure*, as this approach supports our aim to provide automatic computation within the template. We welcome views on the approach we have taken.
- ▶ The CTI framework is intended for ex-post disclosure. One-off costs are mentioned in the CMA Order for ex-ante disclosures but not ex-post. We have therefore not included these in the CTI framework.

2. See paragraph 60 of the Explanatory Note to the CMA Order.

FURTHER INFORMATION AND GUIDANCE

Further information and guidance can be found on the CTI website. You are able to access:

- ▶ **USER SUMMARY** PDF
- ▶ **USER SUMMARY** Excel
- ▶ **ACCOUNT TEMPLATE** ‘machine readable’ Excel
- ▶ **ACCOUNT TEMPLATE** PDF
- ▶ **ACCOUNT TEMPLATE** Excel
- ▶ **PRIVATE MARKETS TEMPLATE** PDF
- ▶ **PRIVATE MARKETS TEMPLATE** Excel

- ▶ Investor’s ‘How to’ Guide
- ▶ Investor’s Glossary of Terms
- ▶ Investor’s Private Equity Glossary of Terms
- ▶ FAQs

You will also find web-links to other organisations and other useful information.

FEEDBACK

The CTI relies on your feedback to improve and update guidance, templates and other tools.

If you have any feedback or questions, please contact:

Krista.Dalessandro@plsa.co.uk