

# Taking a fresh look at your investment consultant

July 2018

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The volume and pace of activity underway for most schemes means that the need to review the performance of the Investment Consultant is often overlooked.

However, as a key advisory relationship underpinning the achievement of a scheme's strategy, and one where trust and confidence are fundamental, it's essential that the effectiveness of this relationship is reviewed at appropriate intervals. The recent 21st Century Trusteeship guidance issued by tPR has described the selection of the right advisers to provide advice and manage certain aspects of a scheme as a 'vital part of governance', and states that trustees should retain sufficient oversight of the tasks delegated to others and regularly review and manage their performance.

It's also worth noting that as increasing numbers of schemes approach the 'end game' in terms of journey planning, new skills and approaches may be needed, and trustees should understand whether an existing adviser continues to be fit for purpose.

The process for reviewing your Investment Consultant should consider the following:

- The first step is to be clear about the Scheme's objectives and strategy - only then can the trustees define what role they want their Investment Consultant to play and determine how performance will be measured.
- The trustees should also look at the different service models available in the market, and how they fit with the scheme's current and evolving needs. Consider whether potential providers have experience of working with similar schemes and take soundings about their reputation from reliable sources.
- The trustees also need to think about how much they are prepared to pay and look at both qualitative and quantitative factors when determining value for money.
- Be clear about the levels of service and advice expected and define standards against which a provider's performance can be measured as objectively as possible.
- The pros and cons of using fiduciary management services from the same firm as the investment consultant should also be carefully considered.

Using an experienced independent evaluator will help trustees navigate the broad range of suppliers operating in the market, and ensure consideration of an appropriate shortlist of potential suppliers. An independent evaluator can also work with the bidders to ensure they understand the requirements and provide an appropriately tailored rather than a standard marketing pitch.

And before signing on the dotted line, it's important that trustees understand the key contractual terms and conditions. However, putting a contract in place does not need to be tortuous - again the right independent support can range from a light touch 'sounding board' through to taking ownership of the contract management.

In our view, trustees' obligations in relation to costs and performance are also clear; they can act now to address these issues and ensure an appropriate framework is in place.