



Part of **HOWDEN**

5th edition

# Fiduciary Management Investment Performance Review

2024 in review



# Introduction

In this fifth edition of our annual *Fiduciary Management Investment Performance Review*, we investigate how fiduciary managers (FMs) have performed to understand:

- Did they take advantage of the positive market environment and produce the required level of return?
- Were they rewarded for taking on additional levels of risk?
- Do any FMs perform strongly year-on-year?

Over 2024, growth assets had another strong year in the face of heightened geopolitical uncertainty. FMs should be well placed to take advantage, but evidence suggests they have struggled to make back the losses from 2022.

“BW’s report is a great help to trustees who may only see their own provider’s performance. It allows analysis and comparison against peers and across different risk return targets - enabling us to ask the right questions of our FM provider and ensure they remain fit for purpose.”

**Paul Watson,  
Capital Cranfield**



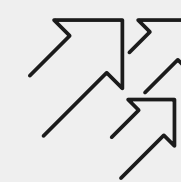
## Review highlights



Positive performance over 2024



Concentration of mandates



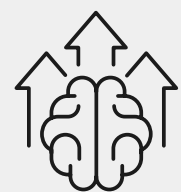
Outputs are increasingly clustered



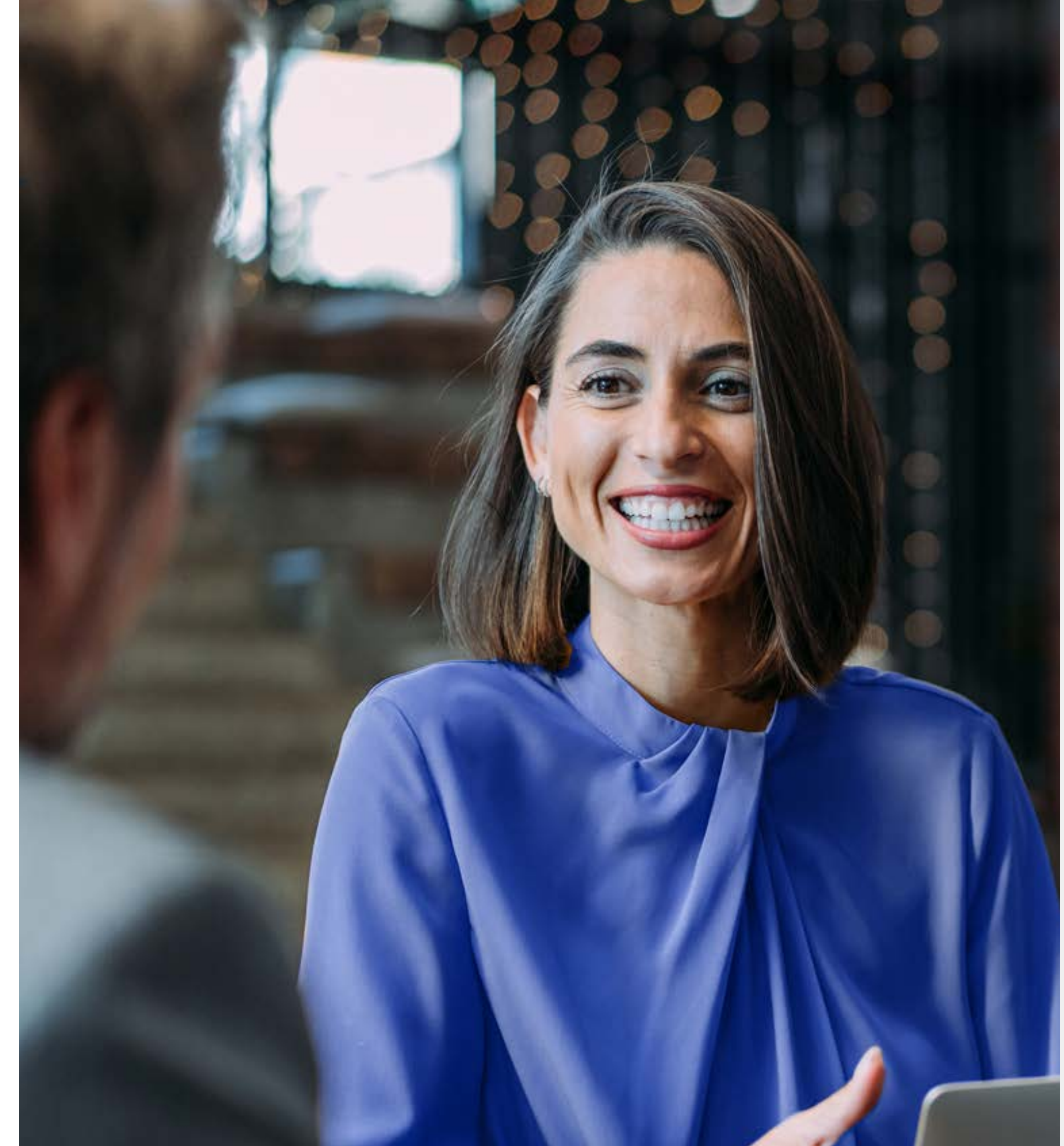
Dispersion of client experience continues



Emerging winner and losers



Key challenges for 2025 and beyond



"Barnett Waddingham's expertise and analysis is extremely valuable in assisting trustees to have a more robust oversight and can help deepen the trustees' conversations with their fiduciary manager."

**Louisa Harrold,**  
**Zedra**

## Strong growth performance over 2024



Positive performance over 2024

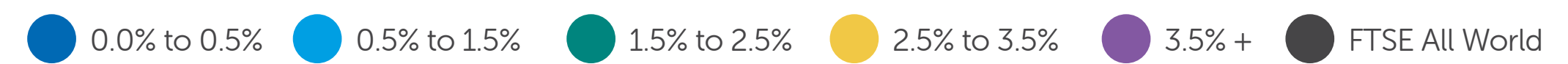


Higher returning composites lag over the longer-term





[Click here to switch years](#)







## FM-specific dispersion remains high

As with previous years, we have tested the FMs' consistency across clients, by looking at the level of client dispersion. On the surface, it appears FMs are still experiencing high degrees of dispersion, with double digit differences for two of the composites.

Given this chart considers the net return relative to liabilities, this means two mandates with the same FM, and with similar return targets experienced a > 10% difference in funding level over 2024.

This trend of dispersion has continued for a number of years, and so it begs the question; are there any FMs with consistently high dispersion in returns among their clients? Click the icons to read more.



# Key challenges for 2025 and beyond

We asked each of the FMs what they see as a key challenge for UK defined benefit pension schemes over 2025 and the next three-five years.

2025  NEXT 3-5 YEARS

## Other factors to consider

Market dynamics

Two-thirds of schemes using an FM have an independent trustee

Buyout vs run-on





# Using the data

## EXPLAINED: FM investment mandate categorisation

The GIPS® for FMPs methodology categorises each FM mandate into a ‘composite’:

- Firstly, by its target investment return relative to a pension fund’s liabilities; and
- Secondly, by any liability hedge restrictions<sup>1</sup> and, at each manager’s discretion, any other asset restrictions.

### Target investment return composite:

- A. Liabilities +  $0\% < x \leq 0.5\%$
- B. Liabilities +  $0.5\% < x \leq 1.5\%$
- C. Liabilities +  $1.5\% < x \leq 2.5\%$
- D. Liabilities +  $2.5\% < x \leq 3.5\%$
- E. Liabilities +  $x > 3.5\%$

### Liability hedge restriction composite:

- 1. Unconstrained hedging
- 2. Hedge restriction  $0\% \leq x < 40\%$
- 3. Hedge restriction  $40\% \leq x < 60\%$
- 4. Hedge restriction  $60\% \leq x < 80\%$
- 5. Hedge restriction  $80\% \leq x \leq 100\%$
- 6. Hedge restriction  $x > 100\%$

This survey focuses on the year ending December 2024 and includes data from over circa £60bn of assets under management<sup>2</sup>. We are grateful to the FMs who have provided GIPS® data for inclusion in our 2024 FM Investment Performance Review.

<sup>1</sup> Hedge restrictions are expressed as a percentage of funded liabilities

<sup>2</sup> This includes data provided by FMs who account for over 95% of UK fiduciary management assets under management in respect of full FM mandates, as defined by GIPS®. The figure may differ materially from FM AUM figures quoted in other market studies that include mandates not subject to the GIPS® methodology.

## Using the data for analysing FM performance

While this framework helps trustees identify which composites are relevant to them, the GIPS® for Fiduciary Management Providers (FMPs) does not limit FMs to only show these composites.

Some FMs have been voluntarily providing additional composites, for example within different or wider return target bandwidths.

This additional data provides another lens to evaluate the performance data, but also adds to the complexity for trustees. Therefore, **it is vital for trustees to be aware of what data is being provided, and what limitations there are in the data.**

We would also encourage users of the data to be cautious in how this performance information is used to evaluate FMs, or when directly comparing their own pension scheme’s performance against an individual manager data.





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Please contact your Barnett Waddingham consultant if you would like to discuss any of the above topics in more detail. Alternatively get in touch via the following:



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We thank the following organisations who have taken part in this year's review:

- Aon
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- Mercer
- Russell Investments
- Schroders Solutions
- SEI
- TPT
- Van Lanschot Kempen
- Willis Towers Watson

and the Trustee companies that have been quoted throughout the report:

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- Pi Partnership Group
- Vidett
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