

Costs, Fees and Trustee Decision-Making

Research partnership between Aon and Leeds Business School

DB trustees responsible for circa £1.5 trillion of pension scheme assets in UK



A trustee's primary focus is **investment strategy, and asset allocation**
Costs and fees are a secondary concern



“Costs and fees are a second order concern and strategy comes first”

**Chair of Investment Committee,
LARGE DEFINED BENEFIT SCHEME**



“Our focus is net of fees not gross fees. Fees are the remit of the consultant as part of their due diligence”

**Independent Trustee,
SMALL TO MID-SIZE SCHEME**



“Costs and fees are clearly important but they are not the be all and end all of this”

**CIO
LARGE PENSION FUND**

For more information and analysis, read our full report ‘Costs, Fees, and Trustee Decision-Making’, developed in partnership with Leeds University Business School, at aonhewitt.com/investment or contact your Aon consultant.

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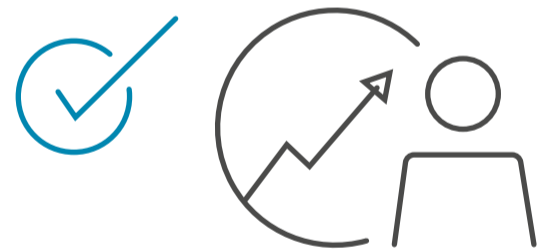
“CHOOSE THE BEST EQUITY FUND ON A RETURNS BASIS...*”

59% of trustees chose best 5 year performance

22% chose the most stable performance

*When presented with performance data over 1, 3 and 5 years

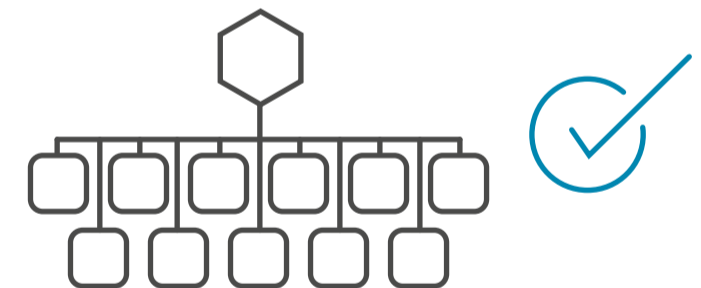
WHEN CHOOSING THE BEST FUND...



Nearly 50% of trustees pick an actively-managed fund over a passive or balanced portfolio



Investment consultant recommendation did not sway large numbers of respondents



Majority chose a fund with more assets under management over a similarly performing emerging fund

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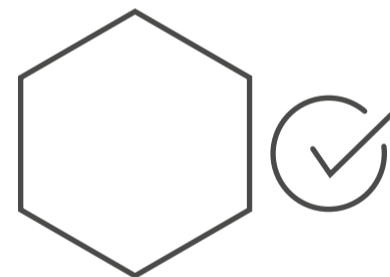
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32 out of 197 trustees did not correctly answer the basic net calculation for explicit fees
18 of which, had less than £500m AUM



Trustees are more familiar with explicit fees than implicit fees



Small schemes are less familiar with explicit and implicit fees than large scheme trustees



Securities lending, market-impact costs and single swinging price are the least familiar fees

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Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance.

For further information on our capabilities and to learn how we empower results for clients, please visit <http://aon.mediaroom.com>.

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