

# 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”

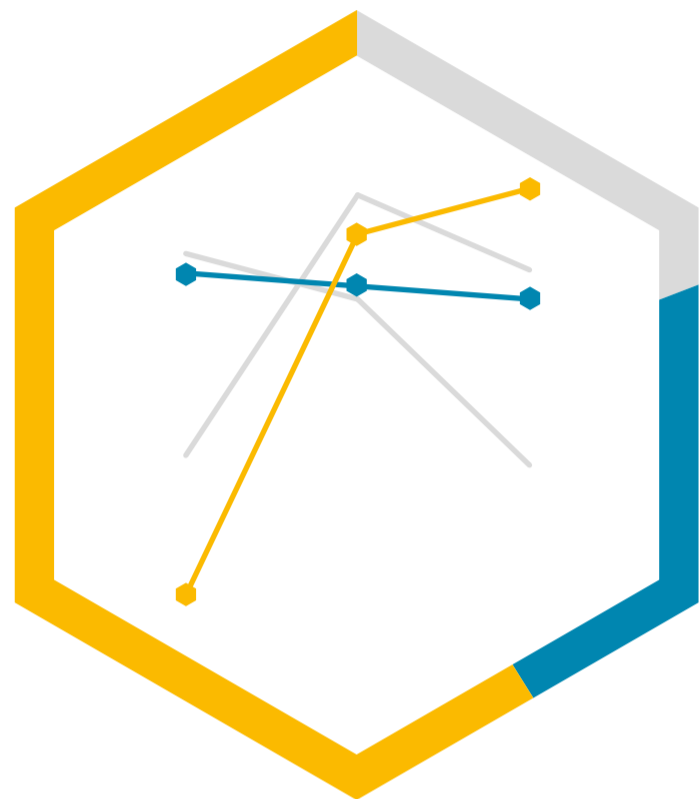
**CIO  
LARGE PENSION FUND**

For more information and analysis, read our full report ‘Costs, Fees, and Trustee Decision-Making’, developed in partnership with Leeds University Business School, at [aon.com/investmentuk](http://aon.com/investmentuk) or contact your Aon consultant.

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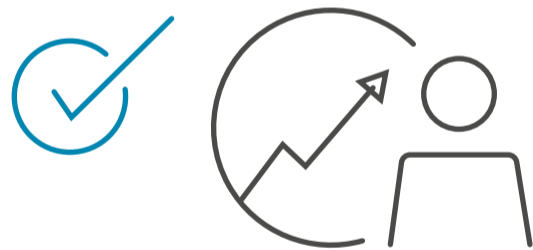
“CHOOSE THE BEST EQUITY FUND ON A RETURNS BASIS...\*”

**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

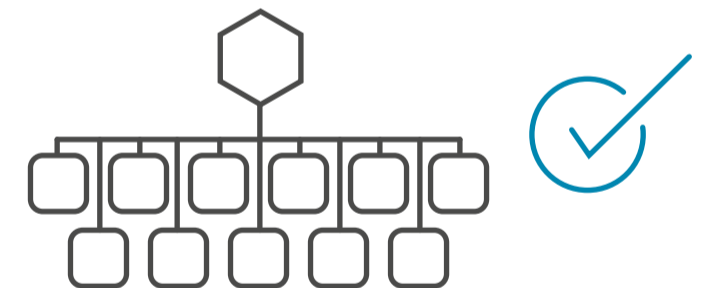
## WHEN CHOOSING THE BEST FUND...



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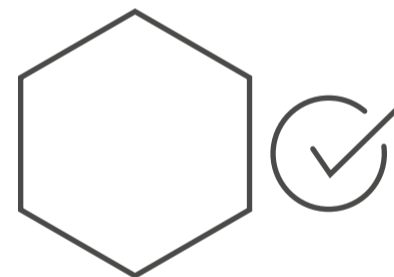
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**32 out of 197** trustees did not correctly answer the basic net calculation for explicit fees  
**18 of which**, had less than £500m AUM



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.

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