Immediate Release – 6 October 2015

Big Brand UK Fund Companies Show Their True Anti-Consumer Colours

Rebellion by members of the Investment Association (IA) began yesterday even though the measures proposed by the IA on increased transparency and improved consumer protection have been half-hearted.

- Two large well-known consumer brands, M&G and Schroders are set to leave UK trade body in 2016. As at August 2015, these two companies represented 11% of UK retail investors' funds.[1]

- Three more well-known consumer brands, Aberdeen (includes Scottish Widows), Invesco Perpetual and Fidelity also reported[2] to be considering leaving the same UK trade body. These companies represent a further 18% of UK retail investors' funds as at August 2015. [1]

- Reported reason for departures are:
  i) UK trade body had become "far too aggressive over reforms on the transparency of fund performance fees and transaction costs." [3]
  ii) Dissatisfaction over UK trade body Statement of Principles, which outlined "behavioural standards such as the need for fund managers to put clients' interests ahead of their own."[4]

It is an astonishing indictment of the UK fund management industry that even half way measures aimed at bringing in genuine transparency that would vastly improve consumer protection by investors knowing exactly what they are paying and where they are invested, are seemingly met with complete refusal by the big guns in this shoddy industry.

As an example, the recent voluntary "improvement" to fund cost disclosure was set to be a number of different items, not even added up, shown within an annual statement few ever open, and completely missing key elements of cost.

---

[1] http://www.theinvestmentassociation.org/investment-industry-information/fund-statistics/monthly-company-rankings.html?year=2015&type=retail10&date=082015&submit=
[2] http://www.fundweb.co.uk/news-and-analysis/fidelity-aberdeen-and-invesco-could-join-investment-association-exodus/2023998.article
[3] http://www.ft.com/cms/s/0/21eaa072-6b5c-11e5-aca9-d87542bf8673.html#axzz3ngipkVzy
[4] http://news.sky.com/story/1564323/investor-body-fights-to-avoid-member-exodus

Even the Statement of Principles, recently put out by the Investment Association which aimed to relieve growing consumer criticism to the industry excesses was not supported, with some of the largest UK asset managers not signing up - Fidelity, Invesco Perpetual, Schroders and M&G.[5] Initially just 12.5% (25 out of 200) of the Investment Association's members signed to this code.

Gina Miller founder of the True and Fair Campaign and challenger brand SCM Direct said' "*It beggars belief that a non-legally binding statement of principles which simply contain practises which every other reputable non-investment firm carries out without hesitation, should be considered contentious"'*

It is clear that many in the traditional UK fund management industry are not interested in promoting the best outcomes for its clients or putting customers first. These reported departures and associated explanations reveal a complete lack of any willingness to be opaque, let alone transparent.

"In the past we have argued that the UK investment industry acts like a cartel and these moves add further weight to our argument."

"This should act as a final wake up call to the UK Regulator and the Treasury that they need to urgently act to reform this industry's anti-consumer practises."

Ends

Contact details:

Gina Miller
Founder - True and Fair Campaign – www.trueandfaircampaign.com
Telephone: 0207 838 8650
Email: gina@trueandfaircampaign.com

[5] http://www.ftadviser.com/2015/08/12/investments/uk/fidelity-rejects-ia-s-statement-of-principles-sNKvDtHmJHbkDem9gsH9jN/article.html