

Asset managers push back against activist pension funds – FT.com

The article published on 25.7.16 referred to the Prime Minister Theresa May, shining a spotlight on corporate governance, promising changes to boards and pay in an attempt to encourage responsible capitalism. However, pension funds are saying that asset managers are thwarting our Red Line initiative.

The article quotes Janice Turner, Co Chair of the AMNT “We have quite a few pension schemes that want to adopt (the initiative) but fund managers have been very resistant to them adopting it.” “This is an absolutely huge problem.”

Jonathan Hoare from ShareAction is also quoted, saying it was “troubling” that asset managers were pushing back against the red lines.

The article explained that pension funds, can adopt some or all of the red lines and relies on the asset managers to implement their views on ESG issues when voting at company meetings.

The FT contacted several asset managers for the article, and said that voting the way that pension funds want was “logistically challenging and potentially expensive if the scheme’s money was invested alongside other investors’ assets in so called pooled funds. In cases like this, asset managers typically vote one way on behalf of all the investors in the fund.

Laurent Ramsey, chief executive of Pictet Asset Management, said that “its pooled vehicles abided by the rule of managing assets on behalf of a pool of clients collectively”, and is quoted as saying “Voting is an act of management and it is, therefore, done uniformly for all clients invested in pooled vehicles so far – so, no split votes on pooled funds.” He also stated “So far we have had very little, if any request to do so from our client base.”

Janice went on to explain in light of the Law Commission’s review “It is simply unacceptable for the trustees to be put in a position that much of the funds they oversee are in pooled funds, but they can have no influence on the vote.”

If you would like to read the full article, please follow the link below.

<https://next.ft.com/content/369b9ada-55a3-11e6-9664-e0bdc13c3bef>