

Fitz Partners Portfolio Management Fees Benchmarks & Fund Regulations

Benchmarking Investment Advisory Fees, the pure cost of Portfolio Management in Europe.

Fitz Partners provides a unique benchmarking analysis, isolating and clearly defining the part of the management fee that is actually paying for the pure investment advisory function of investment funds in Europe. This report represents an essential benchmarking tool for Fund Expense Committees and Transfer Pricing professionals.

Our unrivalled research establishes the true level of investment advisory fees, defined as the cost of all functions relating specifically to a fund's portfolio management. Based on asset managers' confidential fee schedules, this unique resource presents the pure cost of the investment advisory function paid out of a fund's quoted management fee. Our report offers exclusive access to detailed advisory fee benchmarks broken down by asset class, investment area and fund size built from a universe made of over \$1tn in assets belonging to funds domiciled in Luxembourg, Dublin, and the UK. In doing so, this report aims to be the leading source of data enabling fund promoters and transfer pricing experts to access robust market intelligence and accurately justify any portfolio management expenses in financial reviews.

**Read on to find out how Fitz Partners is
making a difference with this report**

Why is it needed?

There is increasing pressure in Europe and the UK to justify fund costs, ensure profitability, and provide value for money to investors. However, the current information and data available in fund documents and listings is often not granular enough to provide accurate insights into the intricacies of portfolio management costs. As portfolio management accounts for a significant portion of a fund's management fee, which in itself remains the largest contributor to total fund costs, the consideration of investment advisory fees has become essential to any fund benchmarking analysis.

ESMA's recent supervisory briefing encapsulates the need for a periodic review of funds pricing process in Europe as per regulation; it highlights the importance of avoiding undue costs and in turn requests for a quantitative review to confirm that asset managers are implicitly providing value for money. Similarly, in the UK, the FCA's introduction of Assessment of Value Reports shows the importance now

being placed on value, which has also initiated discussions surrounding asset managers assessing their levels of profitability. On profitability, [Ed Moisson for Ignites Europe](#) writes that some fund boards have recently been criticised by the FCA "for failing to carry out value assessments that meets its rules", and there are even warnings of a "potential intervention after a damning review of fund value assessments" writes [Mike Sheen for Investment Week](#). In July 2021, [the FCA stated that](#) they were to "expect more rigour from AFMs when assessing value in funds", something that could be rectified in part by accessing superior granular industry data covering portfolio management or investment advisory fees. Without visibility on all the components of a fund's total costs, it remains difficult to determine if fees are being set in the best interest of both funds and unitholders. This is where our experienced Fitz Investment Advisory Fees Benchmarking Report can help.

How the Fitz Investment Advisory Fees Benchmarking Report is helping

This report isolates and clearly defines the cost of the investment advisory fees, part of the quoted management fee, paid by UK and European funds. As the investment advisory functions are directly linked to fund performance, the benchmarks in this report can act as a reliable value metric to support positive value claims from asset managers regarding their funds during their reviews. Knowing what portion of management fees pays for portfolio management services is critical as it exposes a clearer definition of the remaining costs, too. These ancillary costs can then be accounted for separately and justified depending on the nature and usefulness of the services charged to the fund, paid directly by the asset manager. In this specific area, having professional Fitz Partners' robust, data-driven benchmarks as a foundation would ensure that the process of verifying value and profitability is made clearer since any ambiguity linked to the opacity of investment advisory fee costs would be greatly reduced.

Furthermore, our report remains a unique means of comparison for asset managers and transfer pricing experts to measure the cross-border investment management service fee levels to that of the European fund industry's. It offers a "market price" based on robust and precise actual fee data to support transfer pricing reviews and asset managers' revenue optimisation as well as in their fiduciary duties.

Fitz Partners, [across its suite of quality professional products](#) and services, helps asset managers benchmark their costs. By providing accurate quantitative data, we support our clients with their need to satisfy regulatory requirements such as the FCA and ESMA's previously mentioned concerns, and demonstrate their fund value in existence. Our Investment Advisory Fees Benchmarking Report allows relative fund value to be more accurately and effectively measured for the benefit of both asset managers and investors. With an impressive and growing client base, Fitz Partners is proud to be able to play such a vital role in eliminating uncertainty around profitability and value for money in the fund industry.

To find out more about the Fitz Investment Advisory Fees Benchmarking Report [click here](#).

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