McLagan Pension Benchmark Reports

Put pension fund costs in context

To increase cost transparency in the UK pension industry, pension funds can now ask their asset managers to complete an industry standard cost collection template. This collects comparable cost, performance, and asset allocation data on each pension scheme mandate, and has been developed as part of the Cost Transparency Initiative.

The data collected provides trustees with a detailed picture of their own mandates, but it does not allow them to compare their costs against comparable mandates and investment strategies in the market.

Compare mandates for greater insight

McLagan benchmark reports will give pension funds the ability to compare cost and performance data with comparable mandates in the market.

This helps to give trustees the bigger picture and is a simple yet powerful tool for managing their scheme.

How to use the benchmark report

Assess fees and expenses paid against comparable mandates in the market

Monitor costs and performance trends

Review key costs

Compare fees paid vs AUM and performance. Overall costs split by key categories including:

- Portfolio transaction costs – assess spend suitability
- Investment management fees – paying for performance
- Other costs – across admin, governance, ancillary service fees

Enhance pension scheme governance

Answer key cost questions

Is there a correlation between fees and performance?

Which mandates are under / over performing – what is driving the difference?

Which mandates / strategies need adjusting?

Are the components of the fee arrangements I have in line with those in the market?

What are the trends in my mandate costs and performance vs the market?
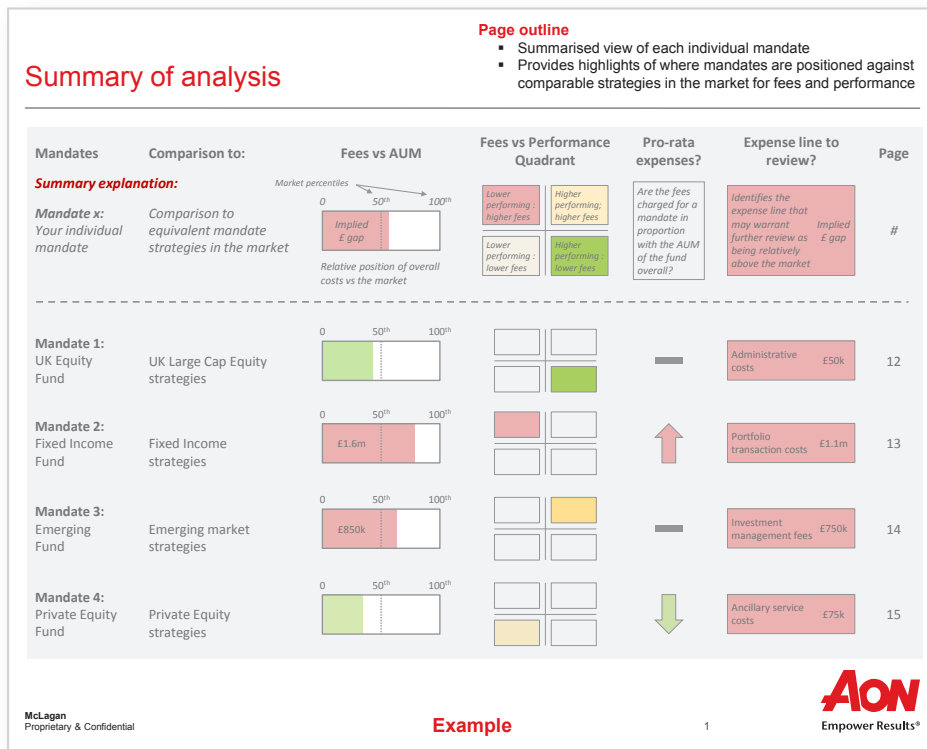
If you have any questions or require further information, please contact

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Example benchmark report

The report will show pension data in different ways. Here is a summary view of the pension scheme mandates giving easy to identify key areas for focus.

Summary of analysis

Mandates	Comparison to:	Fees vs AUM	Fees vs Performance Quadrant	Pro-rata expenses?	Expense line to review?	Page
Summary explanation:		Market percentiles	Lower performing: higher fees / Higher performing; higher fees	Are the fees charged for a mandate in proportion with the AUM of the fund overall?	Identifies the expense line that may warrant further review as being relatively above the market	
Mandate x: Your individual mandate	Comparison to equivalent mandate strategies in the market	Implied £ gap — Relative position of overall costs vs the market	Lower performing: lower fees / Higher performing: lower fees		Implied £ gap	#
Mandate 1: UK Equity Fund	UK Large Cap Equity strategies	0 50th 100th		—	Administrative costs £50k	12
Mandate 2: Fixed Income Fund	Fixed Income strategies	0 50th 100th £1.6m		↑	Portfolio transaction costs £1.1m	13
Mandate 3: Emerging Fund	Emerging market strategies	0 50th 100th £850k		—	Investment management fees £750k	14
Mandate 4: Private Equity Fund	Private Equity strategies	0 50th 100th		↓	Ancillary service costs £75k	15

Example

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McLagan: data-driven analytics

McLagan, an Aon company, is a market-leading data & analytics provider and advisor, specialising in the financial services industry and benchmark reporting.

200+ professionals

3,000+ clients globally

45+ years of experience

Data-driven analysis

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