

# The NED

## Risk and Governance

Independent intelligence on fund governance issues

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## The lessons of Woodford

There are a number of lessons to be learnt from the Woodford affair. In particular, Woodford's troubles illustrate the difficulties of providing effective independent oversight of head-strong and well-known managers. But there are other lessons too.

Over the last few weeks there has been a considerable amount of coverage of Woodford Investment Management in the UK press. An article in The Sunday Times suggested that governance at this firm was particularly weak. The article said that Woodford's 'tendency to push the boundaries' goes back to his time at Invesco. The Sunday Times reported that Invesco received a record £18.6 million fine because of breaches at three of its funds, two of which were run by Woodford. These funds also used leverage, without proper disclosure to investors, and made losses of £5.3 million.

The Sunday Times' article went on to claim that, after he left Invesco, Woodford 'was allowed to create his own governance structure' and that things went from bad to worse as a result. What can those that want to improve standards of fund governance, in the belief that this is the best way to protect investors, learn from the Woodford affair? [Continued on page 5 >>](#)

## News from The NED

The NED is consulting on the introduction of Director Ratings. It welcomes input from all its subscribers. The Ratings will differentiate directors by experience (both areas of expertise and length of time), capacity, degree of independence and so forth. Please contact Simon Osborn (osborn@ifiglobal.com) if you would like to provide your views on this initiative.

The NED is also launching DirectorSearch. DirectorSearch is for managers and their advisors looking for confidential advice on the selection of independent directors to fund boards in the era of BEPS and new substance rules in offshore jurisdictions.

DirectorSearch provides its users with a short list of well-qualified candidates, tailored to meet their search requirements. Short lists by skills, experience and/or geography are provided. Short lists typically comprise three to five candidates that meet the search requirement.

Use of DirectorSearch is confidential. Names of those using this service are not revealed, unless those making the selection decision would like this information to be made public. For more information please contact Tamara Sims [sims@ifiglobal.com](mailto:sims@ifiglobal.com).

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