

# The NED

## Risk and Governance

Independent intelligence on fund governance issues

Issue 120 • August 2021

## Board composition: whose funds are best?

From this autumn asset managers whose funds meet the criteria laid out on page 12 will be listed in The NED as being top rated category for fund composition. We believe that those asset managers who have made the effort to put together really competent, well-above average, fund boards deserve recognition, especially as there can be a wide gap between the best and the worst fund boards. (Please see pages 13 to 15 for examples of the variability.)

Many fund boards look alike but there are also a lot of unexplained, and probably unacceptable, differences too – including from funds in the same strategy and jurisdiction. The NED hopes that by recognising the best it will encourage others to gravitate up towards a higher standard of board composition.

As well as seeking to improve managers' fund board composition standards, The NED is doing this for investors. Not once in the last 10 years has The NED ever spoken with an investor, including those with a real interest in fund governance, that has a clue where the funds that they are allocating to rank in terms of fund board composition, vis-a-vis their peers. [Continued on page 11>>](#)

## Does fund governance matter?

How much fund governance matters depends on the category that the fund is in and also on the jurisdiction it is domiciled in. Some jurisdictions take fund governance more seriously than others. Those that take it seriously believe that competent boards give credibility to their funds and to their jurisdiction. Others take a different point of view.

As The NED develops its analysis of fund boards and independent directors it has found itself being drawn into discussions with individuals and associations in a number of jurisdictions on the views that they have on the role of fund governance in the industry. Back in the spring a good number of these conversations were with associations and individuals in Guernsey and Jersey. Then in the summer similar discussions have been held with people in the Cayman fund industry.

In the Channel Islands there seems to be a consensus that fund governance really does matter. And, if anything, it is going to become more important in future years. However, the view from Cayman can be somewhat different.

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10<sup>th</sup> anniversary year

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IFI Global Ltd.  
10 Arthur Street  
London EC4R 9AY

For additional information please contact Tamara Sims at [sims@ifiglobal.com](mailto:sims@ifiglobal.com)  
IFI Global Ltd, 10 Arthur Street, London EC4R 9AY Tel: +44 (0) 207 220 9077

The NED is published by IFI Global Ltd, 10 Arthur Street, London EC4R 9AY Tel: +44(0)207 220 9077

Editorial & research enquiries:  
**Simon Osborn** e-mail: [osborn@ifiglobal.com](mailto:osborn@ifiglobal.com)

Directory, event & subscription enquiries:  
**Tamara Sims** e-mail: [sims@ifiglobal.com](mailto:sims@ifiglobal.com)