

The NED

Risk and Governance

Independent intelligence on fund governance issues

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Managers with the best fund boards

Asset managers that have made the effort to put together really competent, well-above average, fund boards are to be recognised by The NED. They deserve recognition, especially as there can be a wide gap between the best and the worst fund boards.

Managers with fund boards who meet the capability criteria laid out on page 12 will be recognised in a number of ways. This includes being given a logo that they can use in their marketing and promotional material stating that their fund boards are highly competent, and above the industry average.

The NED is also starting a new listings section, both in the publication and on our website, where asset managers with competent fund boards will be highlighted. That is expected to start in October.

Many fund boards do 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.

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Ignorance is bliss

It is generally easier to identify the managers who have not put together competent fund boards than those who have. This is because poor fund boards are often small in size. And they usually comprise just a few executive directors. Independents, even if there are any at all, will be in the minority.

However, it is also possible to come across fund boards, that The NED would consider to be well below average, that are large in size. And in one or two cases it is also possible to find fund boards that are majority independent which are also below what should be a requisite standard. (That is because there are question marks over the competency or the 'independence' of independents.)

There are many managers whose boards are made up entirely of independents but there are others with no independents on them at all, even though their funds are being marketed to third-party investors. In this category are a few of the very largest asset managers in the global fund industry.

Equally some managers will have boards with six people or more on them. And there are others that will get by with just two.

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10th anniversary year

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