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Euraplan Launches Best Execution Monitoring And Measurement Tool For UK Pension Funds

UK-based pension fund software and services house Euraplan has launched TradeShare, which it describes as "a low-cost web tool aimed at the needs of institutional investors, helping them monitor and compare best trade execution of fund managers against other schemes."

Despite calls for greater transaction cost transparency from industry recommendations and watchdogs such as the Myners report, Financial Services Authority, Investment Management Association and the NAPF, Euraplan argues that very few changes have been made by industry representatives, fund managers and pension schemes.

Nick Watts, European Head of Investment Consulting, Watson Wyatt commented recently in the Financial Times that in the past transaction costs have been seen as part and parcel of performance. "However," he wrote, "there are some large elements of trading costs that have been overlooked and are only now beginning to be properly measured. More transparency is required to enable trustees to satisfy themselves that they are receiving value for money."

Similarly Christina Sinclair, Head of Institutional Business Policy at The Financial Services Authority (FSA) has stipulated that the softing and bundling of non-execution goods and services are not in the interests of investors. "We are giving the industry space to develop a transparent mechanism for identifying the price of investment research included in commissions," she said. "These measures will together help strengthen fund managers' accountability to their clients."

The TradeShare application from Euraplan aims to highlight trading anomalies in dealer best execution through transactional comparison. Investors can therefore be satisfied that fund managers are actively managing their transaction costs and utilising the best value method of execution. Euraplan says that "TradeShare provides clarity, verification, analysis and reporting of trade activity which complies with FSA's CP154 & CP176 recommendations."

Combining transactional information with individual scheme details enables TradeShare to uniquely produce various reports, league tables and comparisons of various types including:

- * Micro and macro analysis of transactions execution.
- * Investors receiving best trade value from fund managers.
- * Fund managers giving the best trade value.
- * Cost per member.
- * Asset allocation analysis.
- * Fund manager and custodian rating.

Essentially, TradeShare endeavours to provide a forum for pension schemes to interact and collectively monitor costs associated with running a pension scheme.

"The online service will be able to provide the answer to one critical question 'How do we compare against other investors?'" says Euraplan. Ken Bumpus, Pensions Officer at London Borough of Camden Pension Scheme says that the tool means that pensions schemes will now be able to compare on a like-for-like basis with other schemes and discover if they are obtaining the best execution of their trade activity. "Such information is a very powerful tool for both schemes and trustees," he says.

TradeShare says users can access this information and run reports as and when they wish. "The system will dramatically cut scheme costs and general turnaround time for obtaining bespoke information," it claims. It emphasises that information derived from TradeShare is entirely factual and is not reliant on opinions.

"TradeShare will bring significant benefit to any organisation with assets under investment," says Andrew Caird, Associate Director Sales and Marketing at Euraplan. "It empowers users to have a greater understanding and clarity of transactional activity, thus enabling them to ask more specific and accurate questions of fund managers. Conversely, because it is simple to use and reports are easy to understand, there should be no overstepping the rights of fund managers to determine how, where, what and when to trade. TradeShare will simply measure the effect of decisions made by fund managers and create a league table as to who is giving and who is receiving best trade execution. This information will help investors evaluate and compare the quality of service available from fund managers."

Beta sites such as London Borough of Camden, Somerset County Council, Merseyside Pension Fund, London Borough of Hammersmith and Fulham and London Borough of Lambeth have all contributed to the development of TradeShare. Furthermore, Euraplan's 100 plus strong customers, whom use Shareholder or OpenAIR Investments, have also been invaluable in developing the features for this transparency web service.

TradeShare launches at an introductory annual subscription of just £3,950 plus a transaction fee of 50p per trade. Early subscribers will benefit from a reduced price and an extended annual subscription offer.

A full demonstration of TradeShare and further information is available at www.tradeshare.co.uk or simply call TradeShare direct on 020-7963-4080.

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