

14 August 2023

Dear FMP TC,

This is the response of Van Lanschot Kempen to the draft guidance statement on composites for fiduciary management providers to UK pension schemes.

Composite Assignment

Question:

Do you agree with the guidance above? **Yes**

Are there any scenarios that you do not agree with or that you think require additional guidance? **No**

Are there any scenarios that should be added? Please provide comments on any specific scenarios. **None**

Liability Benchmark

Question:

Does the guidance on liability benchmark clarify what is meant by liability benchmark? **Yes**

If not, please let us know where further guidance is needed **n/a**

Effective Date and Application of Guidance Statement

Question: Do you agree that FMs should be required to make changes only on a prospective basis, or do you think FMs should be required to make any changes retroactively? **It would make more sense for any misinterpretations to be resolved retrospectively to ensure the historical performance is reflective of the intentions of the original guidance. This would then allow for more useful comparisons between FMs historical performance up to this point.**

Other

Question: Given the changes in the liability-driven investing (LDI) market and collateral requirements, are there any additional situations that we should address? **We do not believe so – these ‘structural’ changes will mean that some strategies need to be adjusted to be consistent with the new conditions – such a change in strategy should simply be reflected by a switch into the relevant composite at the necessary time.**

Kind regards,

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