Viewpoints

The Driving Force Behind Our Fund Solutions



Willis Towers Watson has been offering delegated, fiduciary and fund solutions to clients in EMEA and the US. Paul Berriman, Global Head of Funds, talks about Towers Watson Investment Management, the UK-based **Portfolio Management Group** behind the firm's fund solutions.

Paul Berriman

Tell me about your background and your role at Willis Towers Watson?

PAUL: I've spent over 26 years working in institutional asset management – the first 17 years for Morgan Grenfell / Deutsche Bank Asset Management, where I was many things including Global Head of Fixed Income and the Chief Executive for the UK business. Following this, I was one of the founding members of Oxford Investment Partners (OXIP) in 2005.

OXIP was very much a collaborative effort with legacy Towers Watson in the UK, who had seats on the investment committee and was the sole investment consultant. It was a natural fit for OXIP to fall under the legacy Towers Watson umbrella in 2012 and start to build what is today Towers Watson Investment Management. Today I am Global Head of Funds for Willis Towers Watson and also act as Portfolio Manager for two of Willis Towers Watson's pooled strategies.

Overview of Towers Watson Investment Management

Towers Watson Investment Management Limited (TWIM), formerly Oxford Investment Partners Limited, has been providing institutional investors with asset management services in the United Kingdom since 2006. Assets under management are approximately US\$87 billion as at December 2016.

TWIM operates a number of multi-manager portfolios via a discretionary pooled fund of funds approach. The group utilises Willis Towers Watson's best ideas in smart beta, manager research and portfolio construction as a base, to package niche solutions for its clients.

You mentioned Towers Watson Investment Management (TWIM). What does TWIM offer Willis Towers Watson's clients?

PAUL: Put simply, TWIM's job is to package Willis Towers Watson's best investment ideas into pooled solutions to help clients access investments and strategies which may be difficult to implement. Our scale brings lower fees and improved terms for our clients. We are not in this to grow our assets under management as high as possible and we are not trying to launch as many products as possible. We offer implementation solutions to parts of portfolios which many of our clients, even the largest ones, find difficult to implement themselves.

The growth of delegated and fiduciary mandates is a clear trend, perhaps clearer and more rapid in some markets such as the UK. We believe that this is a societal good which will benefit all industry participants, most importantly asset owners. We believe that TWIM's solutions will meet the needs of many of our clients, regardless of where they may be in the world, whether they are delegated or advisory, and regardless of their level of governance.

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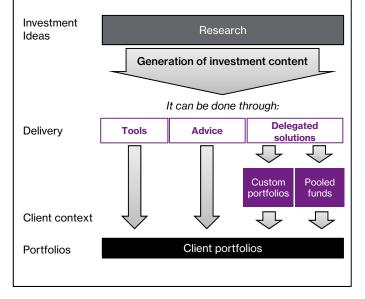
Willis Towers Watson's core purpose for Investments is "Changing Investment for the Better". How does this core purpose drive what you do?

PAUL: What my team does is a perfect example of how Willis Towers Watson is changing investment for the better. The primary reason being that a number of clients weren't able to access many of our best ideas, and now they can (see *Figure 1 below*). A key benefit that comes with the scale of Willis Towers Watson and its client base is the ability to engage with asset managers in two main areas.

- 1. Mandate design: We have worked with asset managers to build new products which better fit the needs of our clients and have been doing so for over 10 years. We think a lot about the best way to access different asset classes, where we think skill (active management) is rewarded or where a passive or systematic approach is more appropriate.
- Fees and terms: Over the past six years we have been active and vocal in our efforts to reduce investment manager fees. Within some of our solutions, our negotiated fees are, on average, 30% cheaper than standard fees paid on the underlying investments.

Figure 1. Getting our best ideas into client portfolios

Willis Towers Watson's fund solutions are a pooled version of what we do and how we manage complexity for clients, who have delegated responsibility for decision-making and implementation to us. Our pooled fund solutions allow less-resourced, smaller clients to act quickly to get our best ideas into their portfolios.



What are your views on the asset consulting landscape in Asia Pacific at the moment?

PAUL: We consider the Asia-Pacific region to be an extremely important part of the world with many large and sophisticated asset owners. We see clients in this region, and all over the world in fact, struggling with the gover nance required to implement best in class portfolios, as well as the governance required to be adequately diversified.

We believe that at this stage in the cycle, with low returns expected from both equity and credit markets, diversifying a portfolio using new sources of return is key. We see that governance requirements are on the rise with more implementation options, an increasing number of markets and asset classes, and ever changing government policy and regulation.

I think for many clients in Asia Pacific asset consultants have, historically, largely assisted with manager selection and monitoring, whereas there is clear growth in, and need for, the use of asset consultants for governance enhancing roles such as delegated or fiduciary management and other fund-based solutions.

We think clients should spend more time focusing on the most important decisions such as high-level strategy and asset allocation, and seek efficient and cost-effective implementation routes to carry this out. To me it is clear that both asset managers and asset consultants are competing to provide these services, and given the history, access and market coverage of the consultants – we feel that they are well placed to do so.

This article is written by: **Kevin Jeffrey** Portfolio Specialist, Asia Willis Towers Watson



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This article was originally published in the August 2015 issue of *Vista*, our legacy e-newsletter for institutional asset owners and professional investors in Asia. Since 2016 we have been distributing periodic e-news under **Asian Investor Digest**, instead of *Vista*, which highlights the latest investment publications and insights from Willis Towers Watson.

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