



PRESS RELEASE

Fund oversight rises to the top of the agenda for the fund management community

London - 11th April 2018.
Milestone Group survey uncovers insights into how firms are planning for Brexit.

Milestone Group, the pioneers of oversight technology for the fund management community, has released research into how the industry is addressing outsourcing and oversight, in the context of Brexit preparations.

There was a resounding message of uncertainty about the impact of Brexit. 96% of respondents indicated it was a key issue for them and less than 30% were confident that there would be no negative impact on UK financial services.

Deeper analysis into how Brexit is affecting fund oversight and outsourcing shows that:

78% of fund managers agree or strongly agree that it is important to demonstrate independent oversight of any outsourced service providers.

64% of the fund management community is re-evaluating its fund operating model in light of Brexit, with consistent results across UK and European-headquartered firms.

Almost half of the respondents are looking to review or upgrade their oversight of outsourced processes or IT systems due to Brexit.

Oversight is increasingly being recognised as a core retained process with almost 80% of respondents having upgraded their oversight process or planning to, as the result of a review.

While Brexit is high on the agenda, it is only one of a number of drivers for enhanced oversight.

Paul Roberts, CEO of Milestone Group commented,

“There is no question that Brexit is causing a lot of uncertainty not only for UK firms but the broader European fund management community. What is interesting though, is that while the results show that Brexit is an important trigger, it's not the only factor. Regulatory pressure, Fund Board and broader Target Operating Model reviews are providing the impetus to review oversight processes in many cases. Indeed, the issue was highlighted in the FCA's 2018/19 Business Plan, published earlier this week. Ultimately, the resounding message is that the industry sees a clear need to demonstrate independent oversight of outsourced processes to both regulators and investors.

We have been pioneering the automation of this area for seven years, and the sense that oversight is increasingly being seen as a core process is reflective of what we're seeing within our client base. All of this fits with the results of our survey, suggesting that a majority of firms are re-evaluating their approach in this area. While most are confident they have the right team and service providers, there is a focus on getting the right tools in place to industrialise the process for scale and efficiency.”

Notes to editors

This survey was run in conjunction with Funds Europe in Q1 of 2018. There were a total of 62 participants, including asset managers asset servicers, consultants and technology providers.

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