

VFM Policy Team
Financial Conduct Authority
12 Endeavour Square
London E20 1JN

Response by email to vfmconsultationpaper@fca.org.uk

6 March 2026

Response to FCA CP26/1 The Value for Money Framework

We, the Association of Real Estate Funds¹ (AREF), welcome the opportunity to respond to this latest FCA consultation on the Value for Money Framework ('Framework'). As we mentioned in our response to CP24/16, we support a Framework that enables industry stakeholders to assess and compare the value for money pension schemes are providing. We are pleased to see the FCA, DWP and TPR are working closely together in developing the Framework and the time is being taken to consult further to ensure the Framework meets its aims.

We have not responded to individual questions in the consultation paper. Instead, we have commented, in relation to real estate, on the investment charges provisions in Chapter 6. These are points that we mentioned in our response to CP24/16, but we feel these are important to reiterate.

Chapter 6: Costs and charges

In Chapter 6 you state:

We do not plan to make any changes to our definitions of investment charges or service costs proposed in CP24/16:

- *Investment charges – fees and charges in relation to the investments of an in-scope arrangement, including any performance-based fees but excluding transaction costs.*
- *Service costs – total costs and charges less investment charges (and excluding transaction costs). This proposed definition therefore includes the cost of member administration, communications, governance costs etc.*

We ask you to reconsider your position to not redefine 'investment charges'.

Including performance fees in investment charges is out of line with industry best practice. Also, it is not consistent with the Government's intent to exclude performance fees in calculating amounts for the purposes of the charge cap. Therefore, we believe that performance fees and carried interest should be disclosed separately from investment costs and charges.

Also, for investment in real estate as an asset class, property level costs should not be regarded as an investment charge. There are two existing and very similar definitions that can be used for this that are set out in the charge cap provisions and in the Pensions UK CTI templates.

¹ The Association of Real Estate Funds represents the UK real estate funds industry and has around 50 member funds with a collective net asset value of around £50 billion under management on behalf of their investors. The Association is committed to promoting transparency in performance measurement and fund reporting through the AREF Code of Practice, the MSCI/AREF UK Quarterly Property Funds Index and the AREF Property Fund Vision Handbook.

If you would like to discuss any aspect of our response please contact either myself (prichards@aref.org.uk) or Jacqui Bungay (jbungay@aref.org.uk), Head of Policy at AREF..

Yours sincerely



Paul Richards

CEO, The Association of Real Estate Funds