

Value for Money Team, DC Policy
Department for Work and Pensions
By email: pensions.vfmframework@dw.gov.uk

24 March 2023

Value for Money: A framework on metrics standards, and disclosures (FCA CP23/4)

We, the Association of Real Estate Funds¹ (AREF), have read with interest the joint consultation on Value for Money from DWP, the FCA and TPR. We have not responded to the individual questions in the consultation as others are better placed to do so. However, we would like to give our support to the proposals to require trustees and managers of DC pension schemes to disclose, assess and compare the value for money their pension schemes provide.

AREF is pleased to see the proposals encourage greater transparency and standardisation of reporting by DC pension schemes. The proposals are consistent with the direction of travel set out previously by Government and the regulators. As we have outlined before, in responses to related consultations from DWP and FCA, we believe strongly in the overarching aims of facilitating investment by DC pension schemes in a wider range of asset classes, including less liquid assets, and increasing focus on value for money rather than cost. We agree that both of these aims have the potential to provide higher investment returns for the members of the pension schemes.

We believe that the investment performance of DC pension schemes should be evaluated over a number of years. We agree, as stated in paragraph 68 of the consultation, that short-term performance data may reflect market volatility rather than the quality of a firm's investment strategy.

If you would like to follow up on our response, please contact either myself (prichards@aref.org.uk) or Jacqui Bungay (jbungay@aref.org.uk), Policy Secretariat at AREF. Also, as our members invest in real estate and other real assets for various types of open-ended and closed-ended funds, in the UK and in other jurisdictions, we are always willing to assist the Government and regulators by sharing this wealth of knowledge and expertise.

Yours sincerely



Paul Richards
Managing Director, The Association of Real Estate Funds

¹ The Association of Real Estate Funds represents the UK real estate funds industry and has around 60 member funds with a collective net asset value of more than £72 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.