

THE PENSIONS MANAGEMENT INSTITUTE

QUALIFYING EXAMINATION 2018

PROFESSIONALISM AND GOVERNANCE

Notes: Three hours are allowed for this paper. Answer all parts of all questions. In a multi-part question when the marks are not equally divided a guide to the available marks for each part is shown. For Question 1, 20% of the total marks for that question will be based on format/communications/presentation elements and the remainder will be based on technical content.

1. You are the Secretary to the Trustees of the ABC Pension Scheme who have recently appointed XYZ Fund Management (“XYZ”) as the Scheme’s active Global Equity investment manager. You have been asked by the Chairman of the Trustees to draft a letter to XYZ which would be suitable to be retained as part of the ongoing agreement. This letter will set out the information the Trustees will expect to receive from XYZ and why they should receive it, so as to enable the Trustees to monitor XYZ’s contribution to the Scheme’s investment performance.

The letter should include:

- A brief summary of why the Trustees have appointed XYZ as an active manager and their expectations
- The information they will expect to see in XYZ’s portfolio valuations.
- The information they will expect to see and reasons for their inclusion in XYZ’s performance reports.
- The ways in which the Trustees will measure XYZ’s performance.
- Your letter should be sent to the Trustees for their review with a covering email. Your email should include a note of why it is important the Trustees monitor XYZ’s performance and the issues the Trustees should take into account when considering the level of fees they may be charged.

Draft the letter and covering email. (60 marks)

2. Why do professional bodies, such as the PMI, have a Code of Conduct for members? What are the main aims and objectives of the PMI Code of Conduct? (10 marks)

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3. You volunteer for an industry body and have been asked to make an independent presentation at a conference run by this industry body on an area in which your firm would like to deliver services. It has been stressed that this conference is not a sales situation, but your employer wants you to push their company as an expert in this field. You know your company is not yet an expert. How should you respond?
(15 marks)
4. Your employer has announced it will be making budget cuts to training and exam support across all areas of the business. However your line manager has told you that your employer will continue to support you to complete your professional qualifications. As employee representative, you have been asked to respond to the proposed budget cuts. Does it matter that others will be affected when you won't and what professional basis do you have for negotiating a reversal of the budget cuts?
(15 marks)

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