Core Unit 4

Financing and Investing for Retirement Provision

Assignment 4

*(Part 5 – Regulation and Administration and Part 6 – Investment Management)*

*Recommended Time: 1 hour*

1. **Investment managers will hold a scheme’s assets on a segregated fund or pooled fund basis, often using a combination of both approaches. Compare the fee structure used for each approach.**

**10 marks**

Relevant section of the manual is Part 6 Chapter 1.2.

Format: comparative/description

Answer should cover. For each approach:

* Type of fee
* Worked example demonstrating how the fee operates
* The method by which the investment manager is paid

1. **A SIP must specify the trustees’ policy with regard to ESG.**
2. **Explain what ESG stands for**
3. **Describe the difference between positive screening and negative screening**

**10 marks**

Relevant section of the manual is Part 5 Chapter 3.3.

Format: descriptive/comparative

Answer should cover:

* What E, S and G stand for and a short definition of each
* Compare – actively focussing on socially responsible investment versus avoiding investments which are not viewed as socially responsible

1. **Outline The Pensions Regulator’s requirements for a scheme that meets the definition of a master trust.**

**15 marks**

Relevant section of the manual is Part 5 Chapter 2.6.

Format: informal prose, use of bulleting acceptable

Answer should cover:

* Governing legislation and code of practice
* TPR’s authorisation criteria and a brief description of each

1. **List 5 of the sections typically included in an Investment Management Agreement.**

**5 marks**

Relevant section of the manual is Part 6 Chapter 2.2.

Format: list

Answer should 5 of the 9 sections listed on page 98 of the study manual.

1. **Write brief notes on:**
2. **The statutory objectives of the FSMA**
3. **Why defining “regulated activity” is important.**

**10 marks**

Relevant section of the manual is Part 5 Chapters 1.1 and 1.2.

Format: note form/bulleted

Answer should cover:

* What FSMA stands for
* Governing legislation
* Details of the FSMA’s 4 statutory objectives
* Definition of regulated activity
* Importance of authorisation