

PiRho Investment Consulting have formed a joint venture with Trust Associates to provide Investment Advisory Services to Closed-Ended Investment Companies

PiRho Investment Consulting and Trust Associates have announced that they have formed a joint venture to provide investment advisory services to investment companies. Trust Associates has, in the past, undertaken manager appraisals on its own, but have now decided that because of the rapidly changing investment management landscape they should now provide a Manager Appraisal service via a specialist firm.

PiRho Investment Consulting offers independent investment advice to all types of institutions. PiRho was co-founded by Nicola Ralston and Phil Irvine who have held senior positions with both asset management companies and investment consultancies. Nicola has been an analyst, portfolio manager, Head of Investment (at Schroders) and investment consultant, the latter as Head of Global Investment Consulting at Hewitt. Phil has been Chief Investment Officer of both TriAlpha and Colonial Mutual. They each have over thirty years' investment experience.

Trust Associates provides independent, objective and specialised advice and support on a practical and economical basis to everyone involved in the governance and management of investment trusts or pension funds

Rod Birkett of Trust Associates "We believe that combining the specialist investment consultancy expertise of PiRho and the investment company expertise of Trust Associates provides a combination of skills to help the boards of investment companies to satisfy better the requirements of the AIC Code of Corporate Governance."

Nicola Ralston of PiRho Investment Consulting "We are delighted for the opportunity to work with Trust Associates, which is the leading consultant in the investment trust arena. We feel that the combined resources of both groups can best assist investment companies with the challenges that they currently face".

Background Information

The AIC (trade organisation for the closed-ended investment companies) Code of Corporate Governance states that it should become best practice for the management engagement committee of the board of an investment company to review annually the performance of their [investment] manager, with its decisions and rationale described in the annual report. The Code goes on to state that the issues include monitoring and evaluating the fund manager's investment performance and, if necessary, providing appropriate guidance. The Code then goes further, suggesting that the board should consider the merit of obtaining, on a regular basis, an independent appraisal of the manager's services.

The Code notes that the long-term nature of the business of investment companies means that frequent changes in management arrangements would be undesirable. However, when an investment manager goes through a period of poor performance it can sometimes be better to initiate an independent appraisal of the manager, well before the tension of underperformance leads to relations between the board and the manager becoming strained. Early independent analysis, in line with the requirements of the Code, can often be beneficial for the relationship between the board and their investment manager, and may help to prevent it reaching the point where the only solution is to make a change.

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