Index

2-and-20 fee model 334, 362

accountability 7, 33, 74, 95–9
  consequences of 97–8
accumulation of capital 26
activism 6, 7, 58, 60, 85–6, 132, 156–7
  see also hedge fund activism;
  shareholder behaviour
defensive 133–5, 138, 139–40
hedge fund 59, 84, 86, 143, 147–8, 302–3, 309–10
indirect 427–8
incentivized capital, as 13
offensive 143–51, 311
retreats 345
socially responsible investing 118
voting 224
vulnerability to 312
agency capitalism 15, 72
  see also intermediary capitalism;
  money manager capitalism
fiduciary capitalism as 14
agency problem 7, 15, 85–7, 217
active management 85–6
addressing 28
churning 85
passive management 88–90
rent-seeking 85
AIF see alternative investment funds
Alternative Investment Fund
  Managers (AIFM) Directive
  Article 12 360
  Article 16 333–4
Commission Delegated Regulation
  (2013) 360
Remuneration Code 334

alternative investment funds 8, 10, 19, 86
  global assets 17–18
  hedge see hedge funds
  not regulated under Directive 2011/61/EU 73
  private equity see private equity funds
  annuities 199–200, 224, 225
  see also insurance companies;
  pension funds
  regulation 227
  arbitrage 32, 69
  merger 148, 312–13, 318, 319–20
  regulatory 62
  value 6, 37, 43
asset classes 37–8, 55
alternative 202, 204, 209, 219, 225, 233
corporate bonds 55
equity see equity
exotic 39, 55, 91, 272, 273
illiquid 91, 92, 272
infrastructure 38, 55, 119, 202, 209
publicly traded corporate equity see equity
  securitized 55
asset management 78–9, 93
agency problem see agency
  problem
  asset managers 78, 85
  expertise 29
  professional 17, 18, 120, 397
  reluctance to engage in corporate
  governance 222
  short-termism 79–80, 97–8
  constraints on 244, 252
  collective engagement forums 246, 302
Corporate governance and investment management

disclosure obligations 180–81, 184
exchange-traded funds see exchange-traded funds
fees/charges 86–7, 104–5
dealing commissions 103–4
soft dollars 103
investment engineering 83–4
securities lending 84–5
Investor Forum 175, 246
passive 88–90, 209, 222, 234
short-termism 79–83, 219
Association of British Insurers 175, 227
Independent Project Board 232
Investment Management
Association merger 228
Investor Exchange 228
atomisation 42
processes 21
beneficial ownership 15
block holdings 54, 57, 237, 242
buy-out funds 351, 355–7
corporate governance behaviour 374–5
leverage levels 368–9, 370–71
management buy-outs, and 369–70
minimising risk 372–3
opportunistic behaviour 371
regulation 375–7
secondaries 373–4
value extraction 371–2
venture capital and 367
buybacks 178, 253–4
hedge fund 313–14, 248
rights 148–9
cheap money 19, 28, 38
Coasean organisation 76
collective investment management 19, 23, 261
see also savings, collective pooling
business models 8, 16, 42–3
adapting for compliance 62
affecting shareholder behaviour 61
coupon pool capitalism, as 25
decentralisation of power 191
discretionary power of 71–2, 130
financialisation see financialisation
global phenomenon 11, 18
growth of 17–20
legal basis for 63–7
high net worth individuals, for 19
marketised model of 101
partial intermediation, as 18, 20
professionalised 28–32, 61, 70
regulation see regulation
short-termism in 50–51, 79–83
strategies 10–11
structures 16

collective investment schemes see also mutual funds; UCITs
borderline 259
broad definition of 259
characteristics 258–9
Ireland, in 264
management see collective
investment management
regulation 258, 259, 270–71
regulatory competition 263–6
retail see collective retail investment
funds
trusts 262–3
UCITs funds 259–60, 266
fund/management company
relationship 266–9
non-UCITs 262
regulation 270–71
collective retail investment funds
70–71, 257, 307–8
corporate governance roles 297–8
collective engagement 301–3
exit 306–7
individual informal dialogue 301
voting at general meetings 298–300
securities/derivative litigation 303–4
socially responsible 304–6
enhanced investor protection, and 276, 279
fund/manager separation 261, 269
investors 291–3
prudent person rule, and 98–9
Index

regulatory reforms 276–80
charges and fees 285–8
conduct of business obligations and duties 280–82, 283–5
corporate governance roles 280, 282–3
exchange-traded funds 289–91
passive investing 289
structures 261–3
competition 26–7, 200, 225
global 56, 60
impact of 34, 61, 86
increasing 228
price 104
regulatory 263–6
conflicts of interest 47, 62, 63, 178, 281–2
see also fiduciary law; regulation
fiduciary law and 64–5
management of 65–6, 107, 172, 232, 291
pension funds, in 223, 234–5
proxy advisors, of 189–90
consumer protection see investor protection
corporate equity
fiduciary capitalism, as 14, 122–3
ownership 2, 122–6
good 3, 129, 137–8, 178
regulation 130–31
significance of 126–31
structures 129–30
corporate governance
see also regulation; shareholders
conduct of business 280–85
convergence of standards 222
democratisation 14
disempowerment of investors 74
governance entrepreneurs 146
institutional 123
instrumental approach to 58–9, 60
internal 6, 12, 16
investment funds
capabilities 3–4
roles 10–12, 13, 16
investment management, and 4, 8
investor protection see investor protection
pension funds see pension fund
corporate governance
regulatory 4, 31–2, 188
accountability 33, 49–50, 74, 95–9
financial consultants, for 188
investment chains, for 188–9
proscriptive duties 188–9
proxy advisory agencies, for 189–91, 222
public-interest oriented 6, 186
reporting 241–2, 243
rights
private litigation, and 151–7
shareholders, of 12
corporate ownership see ownership
corporate social responsibility 110
ESG factors 110–11, 248–50
integration 112–13
legitimacy of 113
socially responsible investing see socially responsible investing
UN Principles of Responsible Investment 113
Cowan v Scargill 214, 249
defined benefit pension schemes 199
defined contribution shift 43–4
de-risking 203
liability driven management 203–4
private sector schemes see private sector defined benefit schemes
unfunded 200, 201
defined contribution pension schemes
199, 228, 229–30
asset allocation 233
auto-enrolment 204, 230
cap on management charges 232, 233
corporate governance 233–5
governance deficit 231–2
growth of 204–5
Independent Governance Committees 232
NEST 199, 235
enrolment in 230
regulation 231–3

Roger M. Barker and Iris H.-Y. Chiu - 9781784713522
Downloaded from Elgar Online at 04/26/2019 03:30:27PM
via free access
epistemic authority 28–30
equity 53–60
corporate ownership see ownership
cross-border raising 56
dispersal of 58
finance 54
ownership see ownership
premium 53
favoured asset class, as 53
increasing supply 54
ownership 58–9
private 10, 54
publicly traded corporate 37, 39–40,
54, 55–6
assets as investments 58
short-term holdings 53
European Securities and Markets
Authority 103–4, 190, 278–9
exchange-traded funds 86, 90–93
growth of 92
UK Listing Rules, and 90–91
executive remuneration 240
corporate governance issue, as 135,
136, 301
shareholder say on pay 135–40, 241
EU regulation
see also corporate governance;
regulation
Alternative Investment Fund
Managers (AIFM) Directive
(2011/61/EU) 72–3, 331,
332–3
Article 12 360
Article 16 333–4
Commission Delegated
Regulation (2013) 360
Remuneration Code 334
corporate governance of collective
retail investment funds 280
European Securities and Markets
Authority 103–4, 278–9
code of best practices 190
harmonisation 50, 52, 55–6, 164
Key Investor Information Document
(KIID) 285–6
Lisbon Treaty, Article 50 260
prudential 186

Efficient Capital Markets Hypothesis
39
engagement 7, 59, 138–9
asset manager 222
collective 175–6, 301–3, 346–7,
426–7
environmental, social and
governance issues, over 248–50
EU 158–9
least-cost 222, 246
not unequivocal good 142, 157
private corporate governance, as
184
UK
stewardship standards 157–8
US comparison 142
voting see voting
Index

Shareholder Rights Directive (2014) 165, 179, 291, 337
disclosure obligations 180–81
engagement policy 180
limitations 183–5
objectives 182–3
reforms 179–80
soft law approach 181–2
transparency obligations 181
soft law approach 181–2, 197
standardised duties 186–7
European System of Financial Supervision
European Banking Authority 278
European Insurance and Occupational Pensions Authority 279
European Securities and Markets Authority 103–4, 190, 278–9
European Systemic Risk Board 279
Joint Committee of the European Supervisory Authorities 279

fiduciary capitalism 5, 14–15, 122, 254, 437
see also investor capitalism
agency capitalism, as 14
corporate equity ownership as 14
intermediary capitalism, as 14
money manager capitalism, as 14–15
fiduciary law 63
see also regulation
conflicts of interest, and 64
liability 64–5
limitation of application 64, 66
proscriptive duty, as 63–4
finance, increasing importance of 22
Financial Conduct Authority 83, 87, 103
audits 107–8
powers 224, 259, 231, 247, 258, 259, 375
financial elite 31
financialisation 2, 5, 8, 15–16, 22
see also financier capitalism
affecting strategic behaviour 41
concerns over 185–6
defining 21–2
financier capitalism as
manifestation of 21
legitimation of 46
norms 22–3
acceptance of risk-bearing by individuals 43–6
commoditisation 37–42
detachment of investment returns from real activity 37–42
efficiency through collective pooled investment 25–8
making investment intermediation a business 32–6
professionalisation of collective management 28–32
social importance of investment by private individuals 23–5
private savings, of 66
transactionalisation of relationships 25
financial sector
activity/corporate real productivity balance 25
exclusive jurisdiction 64
output 22
financial stability 19, 102, 389
Financial Stability Board 101–2, 109, 337
financier capitalism 2, 7, 16, 20–23
see also financialisation;
shareholder
global phenomenon, as 20
increasing social importance of 25
influence of 22
manifestation of financialisation, as 21
rise of 22
social trust in 24–5, 29
flotation 54–5, 56, 356, 366, 377
foreign exchange market, alleged manipulation in 1
France 130
policy-making 101, 168
protectionism in 418
Strategic Fund 388, 401–2
free market 24
wisdom 130
Freshfields Report 112, 113, 214, 249
fund management sector
see also corporate governance, internal; investment funds
agent of capitalist transformation, as 5
corporate governance role of see corporate governance
epistemic authority of 29
global growth 1, 5
incentives 62
internal governance 6
influences on 16
investment intermediary, as 1–2, 5, 8
key source of systemic risk, as 1
managers see fund managers
oversight position of 2
structures 62
intermediary chains see investment intermediaries
transactionalisation 6, 74
fund managers 14
discretionary powers of 71–2,
130
duties 296
separation from funds 66, 67–72,
73
asset managers see asset management
efficiency justifications 69–70
governance deficits of 71
intermediary chains and 69,
75–7
investor exit rights and 73
regulatory support for 72–5
funds see investment funds
GDP increases 22
Germany
class actions in 252
policy-making 101
protectionism in 418
wolf pack behaviour against stock exchange 346
global financial crisis (2007–09) 1,
22, 34, 39, 67
conduct of business reforms, post-102–3
good corporate owner 3, 129, 137–8
golden share 129–30
governance entrepreneurs 146
governance nexus 4–5, 7–8, 9, 61,
62
definition 11
Great Depression 48
hedge fund activism 59, 84, 86, 143,
147–8, 302–3, 309–10, 314–16,
350
buybacks 313–14
corporate governance, and 145–7,
342
collective engagement 346–7
derivative litigation 347–9
exit 349
general meetings 342–4
individual informal dialogue 345
securities litigation 347–9
defining 310–17
dividends 313, 314
drivers of 317
corporate law framework 325,
326–7
firm characteristics 317–21
internal governance 321–5
investment fund regulation 331–7
securities regulation 329–31
shareholder friendliness 325,
327–9
Index

evaluating 337
  distribution of wealth 339
exit 340–41
improved market valuation 337–8
long-term performance 338–9
price of 339
shareholder democracy 339–40
shareholder interests 341–2
financial innovation, as 148
merger arbitrage 312–13
minority strategy 310
offensive shareholder activism, as 311
performance 316
retreats 345
short-termist, as 149
UK/US differentiation 311–12, 317
vulnerability to 312
hedge funds 70–71
  2-and-20 fee model 334, 362
activism see hedge fund activism
corporate governance actors, as 309, 314
publicisation of 59
regulation 150
Hutton Report 206
Hymans Robertson Report 207
incentives 7, 60, 62, 72, 87, 140
see also voting
adverse 105
AIFMD, in 73, 334–5
direct duties 296
dis- 156, 275, 362, 422
misaligned 75, 329
perverse 75–6, 78, 83, 107, 110, 149, 269
  reducing 184–8
regulatory enforcement 283, 336
rent-seeking 104
short-termist 99
voting rights 166–8
income
  finance-generated/non-finance generated differentiation 24
wealth disparity 25
Independent Governance Committees (IGC) 232, 234, 235
institutionalisation of savings 18
insurance companies
  annuities, and 199–200, 224, 225, 227
Association of British Insurers see
  Association of British Insurers
asset management 225–6
in-house 227
Equitable Life scandal 225
investor protection 226
regulation 224–5, 226–7
interbank market
  alleged manipulation in 1
intermediary capitalism 15, 20–21
see also agency capitalism; money manager capitalism
fiduciary capitalism as 14
investment
  enterprise nature of 33, 36
  ramifications 34–5
socially responsible investing see
  socially responsible investing
investment capitalism 123
investment funds
see also fund management sector;
  fund managers
alternative see alternative
close-ended 96, 101
collective retail see collective retail investment funds
corporate governance capacities see
corporate governance
  factors shaping 7
hedge see hedge funds
intermediary owners, as 13
management see collective investment management
mutual see mutual funds
open-ended 96, 97, 186, 260, 261
pension see pension funds
private equity see private equity funds
separation from managers 67–72, 73

Roger M. Barker and Iris H.-Y. Chiu - 9781784713522
Downloaded from Elgar Online at 04/26/2019 03:30:27PM
via free access
intermediary chains see investment intermediaries
efficiency justifications 69–70
investor exit rights and 73
governance deficits of 71
regulatory support for 72–5
sovereign wealth see sovereign
wealth funds
investment intermediaries 25–6
intermediary chains 27, 69, 221
adverse incentives in 105
growth of 74, 75–7
regulatory governance 188–92
savers disparity of power 26, 28–9, 30–31
investment intermediation
business, not service 32–6
dominant structure of 25
expansion of 66
investment management see collective
investment management
Investment Management Association
Association of British Insurers
merger 228
Investor Forum 175, 246
survey 301–2
investor capitalism 5
see also fiduciary capitalism
agency capitalism, as 14
democratic capitalism, as 14
institutional 59–60
intermediary capitalism, as 14
money manager capitalism, as 14–15
shareholder activism as 13
investor protection 11, 12, 50, 57, 226
see also fiduciary law; regulation
against exploitation 103–5
dilemma of 67
enhanced 276, 279
third party depositaries 294–6
voting rights as 159–60
investors
see also shareholders
disempowerment of 74
exit rights 73, 101
institutional 123–5
corporate governance role 125–6
myopia 82–3, 141
prudent 98–9, 111
rights see rights
varying perception of 124, 125
Ireland 263, 291
Corporate Governance Code 264, 292
Irish Funds Industry Association 264
Kay Review 5, 76, 93, 216
de Larosière Report 287
law and finance thesis 12
Law Commission 105
LGPS see Local Government
Pensions Scheme
limited partnerships
light governance of 357
white list 357–8
liquidity 7, 51–2
ill- 91, 92, 272
investor 51–2, 100–102
markets, in 40, 55, 90, 92, 101, 266
litigation 252–3
derivative see derivative litigation
private 151–7
rights 293–4
securities/derivative 303–4
Local Government Pensions Scheme
200–201, 206
amalgamation of funds 210
asset allocation 202
corporate governance, and 211–14
cost concerns 206, 207, 211
in-house investment management 207
London Pension Fund Authority 207
Pensions Regulator, and 209–10
performance pressures 207, 209
regulatory governance, and 209, 210–11
Index

restructuring 202–3, 206–7
shift towards passive investing 208–9
Stewardship Code signatories 211
long-term
corporate wealth creation 8, 11, 36, 50, 60, 72
passive investing and 90
hedge fund performance 338–9
investment discretion 95
objectives 7, 63, 120–21, 129, 168
short-termism obscuring 140–41
public interest 107, 123, 186–7
savings 2, 82, 99, 125, 184, 197
stewardship see stewardship
value creation 5, 6, 110, 119, 128, 129, 246, 254, 390
long-termism 52, 82, 93, 119, 409, 415, 433, 445
compromised 254
stewardship ethos 341, 347
looking forward 445–6
Luxembourg 264, 265,
Corporate Governance Code 291–2
modern portfolio management theory 6
portfolio diversification 94
money manager capitalism 15
see also agency capitalism;
intermediary capitalism
fiduciary capitalism as 14
Morningstar ratings 80
mutual funds 8
see also collective investment
schemes; UCITS
charges and fees regulatory reforms 285–8
corporate governance actors, as 257–61
global assets 257–8
non-UCIT 257, 260
UCIT 257, 259–60
UK growth in 258
Myners Report 165
New Finance 44–5
objectives
business 35, 36, 178
collective investment management, of 32, 47
European Shareholder Rights Directive 182–3
funding 96, 217
investor protection 48, 74, 110, 184, 307
long-term 7, 63, 120–21, 129, 168
short-termism obscuring 140–41
prudential regulatory 94
public interest 102, 157, 182, 185
short-termist 7, 140
social 126
sovereign wealth funds 385–90
OECD 17, 44, 61, 131, 422
Guidelines for Pension Fund Governance (2009) 223
Pension Regulator’s Code 223
ownership
beneficial 15
concentrated 143–4
corporate equity 122–6

fiduciary capitalism, as 14
revolution in 2
equity 58–9
shareholder 127–8
universal 10, 14
packaged retail and insurance-based products 271, 279
regulation 286
passivity
fund management 88–90, 209, 222, 234
investment 86, 88–90, 208–9
shareholder 10, 88–90, 132–3, 415–16
Pensions Act (1995)
Statement of Principles 70
pension fund capitalism 198
pension fund corporate governance actors 198–200
collective engagement 246–8
engagement for environmental, social and governance issues 248–50
exit 253–4
individual engagement 250–52
litigation 252–3
roles 202, 236–7
voting 237, 241, 243
activism 244
conflicts of interest, and 244
code-driven 238–9
levels 237–8
proxy advisors’ recommendations 239–40
Red Lines initiative 243
pension funds 2, 8, 99, 254–5
annuities, and 199–200, 224, 225
asset management 246–7
stewardship, and 247
CalPERS 59, 250
Co-investment Roundtable of Sovereign and Pension Funds 426
conflicts of interest 223
corporate governance see pension fund corporate governance
cost concerns 206, 207, 211, 243, 244
defined benefit see defined benefit pension schemes
defined contribution see defined contribution pension schemes
diminishing influence of 200, 205
ESG factors, and 110, 111
funded public sector 199
LGPS see Local Government Pensions Scheme
global investment 17, 18
insurance companies see insurance companies
management as partial intermediation 18
National Employment Savings Trust (NEST) 199, 235
National Pension Funds’ Association 246
occupational 198–9
outsourcing investment management 68, 70
Pensions Policy Institute 201
personal 226
prudent person rule, and 98–9
public sector 59
reform 199–200
source of investment capital, as 198
stakeholder 199, 226
stress testing balance sheets 217
trends in 202–6
trustees
Association of Member-Nominated Trustees 243
duty of care 70
unfunded defined benefit 200, 201
policy 16
changes 19
EU 158–9
fixation 11
initiatives 3
UK 157–8
Polygon Master Global Opportunities Fund 348
PricewaterhouseCoopers 19
Asset Management survey 17–18, 20
PRIIPS see packaged retail and insurance-based products
private equity funds 70–71, 86, 351, 378–9
AIFM Directive regulatory impact 358–9
business models 351–2
buy-out funds see buy-out funds
conduct of business duties 359–62
corporate governance roles 143–5, 364, 377–8
buy-out funds see buy-out funds
concentrated ownership 143–4
fund managers 364–6
offensive activism 143
venture capital funds 366–7
emergence of 352–3
expansion of 353
fees and remuneration 362–4
2-and-20 fee model 334, 362
investor relationships 357–62
limited partnerships 357–8
ownership approach 352
venture capital funds 353–5
private sector defined benefit schemes
201, 203–4, 214
asset allocation to equity 219–20
asset allocation to alternative
classes 224
asset managers 220–21
conflicts of interest 223
deficits 214–15, 217
liability-driven strategies 215
regulation 215–17
compliance 218, 221
mark-to-market accounting 215
short-termist approaches of 216
trustee risk-taking 217, 218–19
trusts, as 220
privatisation 56, 345
profit disjunction 42
profit-seeking 33
ramifications of 34–5
proxy advisory agencies 180
concerns over 190
International Shareholders Services
426
regulatory corporate governance
189–91, 222
regulatory governance, and 189–90
transparency obligation 181
voluntary code of conduct 181,
190
voting recommendations 222,
239–40, 243, 256
reliance on 228, 268, 299
prudent person rule 98–9
public interest 2, 6, 143, 168, 194,
251
concerns 182–3, 184
corporate equity, and 437–8
corporate governance 123, 125
hedge funds, and 332
investment chains, and 188, 197
long-term 107, 123, 186–7
objectives 102, 157, 182, 185
shaping regulatory duties 192
regulation 8, 11, 31–2, 93–4
see also corporate governance
affecting shareholder behaviour
61–2
conduct of business 62
reforms 102–3
conflicts of interest see conflicts of
interest
developments 108–10, 185–8
disclosure-based 45
entrenching financialisation 46–7
EU see EU regulation
fiduciary law see fiduciary law
impact of fund manager duties
106–8
importance of 62
increase in 47–8
intermediary chains, and 75–7,
188–92
investor liquidity see liquidity
investor protection see investor
protection
Irish see Ireland
limitation of remedies 64, 68
long-term public interest, and
186–7
Luxembourg see Luxembourg
periodic accountability 95–9
portfolio diversification 94–5
prudential 186
reform 105
securities lending see securities
lending
separation structure, and 72–5
single regulator 192
shortcomings in 187–8
standardisation effects 48–9, 50, 62
UK see UK regulation
US see US regulation
regulation theory 123–4
regulatory competition 263–6
rent-seeking 75, 85
incentives 104
retail collective investment funds see collective retail investment funds
returns
absolute 32, 209, 309, 323, 324, 349, 387
generation through trading 32
rights
exit 306–7
governance 57, 59
private litigation and 151–7
sidelining of 58
litigation 293–4
of recourse 293–7
proprietary 57, 58
shareholder 162
quasi-proprietary nature of 13, 127
reserve power, as 57
buybacks 148–9
stakeholder 57–8
voting see voting
rising asset prices 19
risk
-bearing by individuals 43–6
legal 64
management 33–4
systemic 1, 26–7, 28
-taking, excessive 141

Santiago Principles 420–24
soft law in 389, 421–2, 423
saving 23–5
see also collective investment management
collective pooling 23, 25–8
social nature of 33
through investment 24
savings
institutionalisation of 18
securities lending 84–5
regulation of 192–6
self-interest 129, 130, 156, 166, 253, 341
commercial 143
shadow banking 36
shareholder
see also financier capitalism;
investors capitalism
activism see activism
behaviour see shareholder behaviour
empowerment 4
engagement see engagement institutional 123
passivity see passivity
power 162
primacy 140–42, 178–9
failures of 441–4
protection 12
rights see rights
stewardship see stewardship value ideology 35–6, 40–41
shareholder behaviour 131
see also engagement
activism see activism
genagement 7, 59, 138–9
not unequivocal good 142
US/UK comparison 142
individual 250–52
passivity see passivity
shareholder spring 138, 240–41
shareholders 3–4
see also investors
corporate governance role of 12
minority protection 12
rights see rights
say on pay 135–40
short termism 7, 34, 140–41
asset management, in 79–83
collective investment management, in 50–51
equity holdings, in 53
hedge fund 149
private sector DB schemes, of 216
sovereign wealth funds, of 99
sin stocks 117
smart beta investment 86
socially responsible investing 114, 248
activism 118
negative screening 115
Index

performance 116, 117–18
positive screening 116
second-generation 116
third-generation 116–17
fourth-generation 118–19
social trust 24–5, 29
sovereign wealth funds 8, 19, 433–5
Australian Future Fund 391–2
behaviour 381–2
central bank distinction 381
Chinese Investment Corporation 393, 394
Co-investment Roundtable of Sovereign and Pension Funds 426
corporate governance roles 150–51, 380, 424
collective engagement 426–7
drivers 401
exit 429–31
host countries, and 414–20
indirect activism 427–8
informal influence 428–9
voting 425–6
corporate equity-owning 384–5
definition 381
French Strategic Fund 401–2
global presence 382–4
governance 391–5
substantive independence 393–4
Government of Singapore Corporation 393
investment
behaviour 405–6
foreign corporate equity, in 404–5
strategic 401–4, 406–10
voting 417
Korean Investment Corporation 393, 428
Norwegian Global Pension Fund 392–3, 430–31
strategic investing by 410–14
objectives 385–90
passive shareholders, as 415–16
professional management 395–9
professionalisation 400
prudent person rule, and 98–9
Qatar Holding 419
Santiago Principles 420–24
short-termism, and 99
state-owned enterprises distinction 381
structures 391–5
masking nature of investments 394–5
typologies of 391, 392
UK, in 431–3
stakeholders rights see rights
stewardship 7, 10, 16, 128–9, 436–41
see also UK regulation
ambivalent nature of 171
Code see Stewardship Code
drawbacks of 176–9
shareholder primacy, and 178–9
achievements of 173–6
classification of institutional
signatories 177–8
comply-or-explain 169, 171
defining 170
key notions of 170
Principles 172–3
Principle 3 250, 355
Principle 4 250, 255, 350
Principle 5 173, 174–5, 222–3, 355–6
Principle 6 336
Principle 7 336
Shareholders’ Rights Directive (2017), and 179–82
standards 3, 7, 139, 157
stock exchanges
cross-listing 55–6
foreign listing 55, 56
second tier markets 55
structures 62
collective investment management 16
collective retail investment funds 261–3
corporate equity 129–30
investment intermediation 25
separation 72–5
sovereign wealth funds 391–5
sub-optimal decisions 34–5, 38–9
systemic risk 26–7, 28
see also risk
third stage of capitalism 21
time horizons 10
transactionalisation of relationships 25
transparency 185, 235, 307, 376
see also disclosure
hedge fund 332, 336
mandatory corporate 249, 300
obligations in EU law 181
pricing, in 282, 285
Walker Guidelines 359–60
trusts 262–3
collective retail investment schemes as 261
private sector defined benefit schemes 220
trust-based DC pension schemes 231
trustees
Association of Member-Nominated Trustees 243
duty of care 70
UCITs 259–60, 266, 268
Directives 72–3, 100–101, 272–6
1985 272
2001 266, 272–4
2009 100
exit rights 73
legislative legacy of 270
exchange-traded funds and 97
fund/management company relationship 261, 266–9
funds in Europe 257–8
non- 260, 262
trusts see trusts
regulation 87, 96, 270–71
short-termism of 265
simplified prospectus 274
voting duties 298, 306
UK banking crisis (2007–9) 169
UK regulation 46–7, 48, 57–8, 168–9
see also corporate governance;
regulation; stewardship;
Stewardship Code
Cadbury Code 238
Companies Act (1981) 352
Companies Act (2006) 96, 151
Section 414A 375
(Stategic Report and Directors’ Report) Regulations (2013) 241
Corporate Governance Code 165–6
soft law, as 264, 335
Directors’ Remuneration Report
Regulations (2002) 136
enhanced protection of minority shareholders 242
Enterprise and Regulatory Reform
Act (2013) 137
Financial Conduct Authority 83, 87, 103
audits 107–8
powers 224, 259, 231, 247, 258, 259, 375
Financial Reporting Council 337
Financial Services and Markets Act 293
governance reforms 293
Greenbury Committee 136
Hedge Fund Standards Board 332
Listing Rules 90–91, 130, 156, 238–9
reforms 242–3, 299–300
Ownership Commission 125, 128
Pensions Act (1995) 70
Public Service Sector Pensions Act (2013) 209–10
soft law approach 171, 173, 176, 211, 221, 227, 238, 359–60
Strategic Report 241–2
Trustees Act (2000) 215, 262
Index

unicorn companies 367
universal ownership 10, 14
UN Principles of Responsible Investment (UNPRI 2005) 113, 248
US regulation 47, 48
see also corporate governance; regulation
Dodd-Franck Act (2010) 137
Private Securities Litigation Reform Act (1995) 252
Securities Exchange Commission 137, 241
Valeant Pharmaceuticals 149–50
value arbitrage 6, 37
value creation, long-term 6
vote buying 194
see also pension fund corporate governance
compliance based 166
defensive concerns, and 240–41
developments 165–6
EU harmonisation 164
Her Majesty’s Commissioners of Inland Revenue v Laird Group Plc 159
incentivising 166–7
institutional rights 159–60
reviewing 161–3
levels 160–61, 164–5
pension fund see pension fund corporate governance
proxy 160
rights
dual class 167–8
duty to exercise 293
investor protection, as 159–60
legal duty, as 163–4
sovereign wealth funds 425–6
see also private equity funds
Walker Review (2009) 169
wealth disparities, increasing 25
wealth generation
rentier income, as 38
wolf packs 174, 346
zero sum games 32–3, 34