

Press release

## AMX and DWS develop new pooled funds service that allows pension schemes to express stewardship preferences

- *The Asset Management Exchange and asset manager DWS, in conjunction with Minerva Analytics and Northern Trust develop a pooled funds service that lets pension schemes actively engage in stewardship*
- *The new investment solution comes as the UK government legislated trustee reporting requirements on voting policies and launched a task force on pension scheme voting implementation*
- *New pooled funds will be supplied on demand with the first solution expected to be a low-carbon equity offering*

**London, 1 February 2021** – The Asset Management Exchange (AMX) and asset manager DWS, working in partnership with Minerva Analytics and Northern Trust, have developed an investment solution that allows pension schemes to express their stewardship preferences in pooled funds.

The new pooled fund service aggregates investor stewardship preferences and seeks to execute votes in alignment with their expressions of wish. Where aggregate investor preferences conflict within a pooled fund, voting instructions can be split accordingly.

Institutional investors in pooled funds have historically relied on the investment manager to execute a voting policy for the pooled fund. However, when investor preferences have diverged from the manager's policy, they have been forced to accept the votes placed by the manager. With this new *Investor Stewardship Service*, companies across the world can now receive proxy votes from the AMX DWS pooled funds aligned with investor preferences where possible on key topics such as climate change, executive compensation, and board diversity.

The launch of the new service follows the UK Government announcing in December 2020 the establishment of the Taskforce on Pension Scheme Voting Implementation to encourage industry solutions linking investor preferences to corporate voting actions (see notes to editors).

**Guy Opperman, Minister for Pensions and Financial Inclusion, said:** "I'm delighted to see AMX and DWS launch a product allowing trustees to choose a voting policy, which provides the same benefits of scale and efficiency offered by pooled funds. This will tackle, head-on, the industry practice of 'invest in my fund, accept my voting policy'.

"I strongly hope this prompts other pension scheme trustees to challenge their fund managers about plans to offer this service and drives engagement with other key issues such as how their managers are engaging and voting on pressing issues such as climate change."

**Simon Howard, Chair of Voting Implementation Taskforce, said:** "Voting is a key tool which allows pension funds to better meet their broader stewardship obligations, but pension funds have faced difficulties in getting their wishes reflected in the votes cast in their name. This makes no sense – none of the problems are insuperable. This new product from AMX and DWS shows the issues can be overcome and will allow funds to express views and get them implemented. The Taskforce on Pension Scheme Voting Implementation very much welcomes it. The UK needs to lead in stewardship and responsible investing, and innovative products like this – along with changes in attitudes – will be key."

**Christopher Head, Head of Business Development at AMX, said:** "This is another step on our journey at AMX to provide institutional investors with best-in-class fund structures which disrupt the traditional and outdated ways of doing business. It is a paradigm shift which will begin the transition of voting power from investment managers to the rightful institutional asset owners and will increase the speed by which important climate change and governance issues are addressed by corporate stewards across the globe."

**Fiona Bassett, Global Head of Systematic Investment Solutions at DWS**, said: "Providers of index solutions can no longer be facilitators of passive ownership of assets, so I am pleased that DWS and our partners are innovating in this space to move the market forward and bring about the reform that is now generally accepted is much needed. DWS's index tracking expertise goes back decades, and we also have substantial resources committed to putting us at the forefront of ESG advances, so we have the capability to not only bring this solution to market but to make it a success."

**Clive Bellows, Head of Global Fund Services – Europe, Middle East and Africa at Northern Trust**, said: "Northern Trust is delighted to support AMX and its clients in the creation of its investor stewardship offering. By combining our tax transparent fund expertise with experience of delivering asset servicing solutions to support corporate governance alongside our strategic voting partner Broadridge Financial Solutions, we aim to help significantly amplify investors' voices. This innovative solution is a key step in fostering greater shareholder engagement and ethical investment for institutional investors."

**Sarah Wilson, Chief Executive at Minerva**, said: "Pooled fund index strategies are an extremely cost-effective proposition for long-term investors. For too long, however, that has meant compromising on stewardship and voting issues. We've always believed that the application of smart technology can offer investors the best of both worlds: cost effective asset management with active ownership. We are therefore delighted to partner with AMX and DWS on this important and timely initiative."

**Ends**

#### **Notes to Editors:**

The UK Government announced the launch of the Taskforce on Pension Scheme Voting Implementation on December 1, 2020. Speaking at the time, Minister for Pensions, Guy Opperman, said: "When trustees invest, too often they are being asked to select funds in advance on vague or sometimes non-committal voting policies and historic voting records which are opaque, inconsistent and sometimes incomplete."

The full speech can be accessed here: <https://www.gov.uk/government/speeches/minister-for-pensions-guy-oppermans-speech-on-a-new-direction-for-trustee-stewardship>

#### **About The Asset Management Exchange**

AMX centralises, standardises and streamlines the process of investing, making implementation and monitoring more efficient through:

- Reduced duplication of cost, resource and time
- Economies of scale in relationships with other service providers, such as market counterparties, custodians, clearers and prime brokers
- Standardised legal documentation
- Timelier and more accurate reporting through centralised data
- Reduced complexity via standardised infrastructure and a centralised back office.

AMX secures better pricing because of the buying power of the exchange by centralising operating costs, such as custody and administration at the exchange, thereby lowering operating expenses.

AMX also offers enhanced control for investors via an independent risk oversight function and single portfolio interface to centralise and standardise compliance, minimising distractions from the core investment function while providing greater investor confidence.

The Asset Management Exchange (“AMX”) is an institutional platform that gives investors and asset managers a way to do business with each other. Built with a fund infrastructure that’s designed for the needs of institutional investors, AMX standardises, centralises and streamlines the entire process of investing so it works better for everyone.

Established by Willis Towers Watson in 2017, AMX negotiates with managers, transitions assets, provides reporting and adds an extra layer of oversight. The platform is open to all investors and managers across the investment industry.

For more information go to [theAMX.com](https://theamx.com) or [@TheAMXchange](https://twitter.com/TheAMXchange).

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#### **About DWS Group**

DWS Group (DWS) is one of the world's leading asset managers with EUR 759bn of assets under management (as of 30 September 2020). Building on more than 60 years of experience, it has a reputation for excellence in Germany, Europe, the Americas and Asia. DWS is recognized by clients globally as a trusted source for integrated investment solutions, stability and innovation across a full spectrum of investment disciplines.

We offer individuals and institutions access to our strong investment capabilities across all major asset classes and solutions aligned to growth trends. Our diverse expertise in Active, Passive and Alternatives asset management – as well as our deep environmental, social and governance focus – complement each other when creating targeted solutions for our clients. Our expertise and on-the-ground-knowledge of our economists, research analysts and investment professionals are brought together in one consistent global CIO View, which guides our investment approach strategically.

DWS wants to innovate and shape the future of investing: with approximately 3,400 employees in offices all over the world, we are local while being one global team. We are investors – entrusted to build the best foundation for our clients’ future.

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#### **About Northern Trust**

Northern Trust Corporation (Nasdaq: NTRS) is a leading provider of wealth management, asset servicing, asset management and banking to corporations, institutions, affluent families and individuals. Founded in Chicago in 1889, Northern Trust has a global presence with offices in 22 U.S. states and Washington, D.C., and across 22 locations in Canada, Europe, the Middle East and the Asia-Pacific region. As of March 31, 2020, Northern Trust had assets under custody/administration of US \$10.9 trillion, and assets under management of US \$1.1 trillion. For more than 130 years, Northern Trust has earned distinction as an industry leader for exceptional service, financial expertise, integrity and innovation. Visit [northerntrust.com](https://www.northerntrust.com) or follow us on Twitter [@NorthernTrust](https://twitter.com/NorthernTrust).

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**About Minerva**

Minerva, through its subsidiary The Manifest Voting Agency Ltd, has over 25 years' experience of supporting asset owners and managers with innovative stewardship support solutions including proxy vote agency, custom voting policies, sustainable stock lending, SDG mapping and ESG data projects. Minerva continues to innovate and now, as part of the Solactive family, is at the forefront of ESG-centric stewardship for global investors.