



## The Time Has Come For Standardized Total Cost Disclosure For Private Equity

By: Andrea Dang, CFA, Senior Analyst, David Dupont, CFA, Senior Analyst



Given the level of detail and timing of private equity manager reports, can pension funds disclose investment costs in a consistent manner across the industry? What would full cost disclosure require of a pension fund? We found a good example of this in one of our benchmarking clients. In 2013, the South Carolina Retirement System Investment Commission (SCRSIC) retained CEM Benchmarking Inc. (CEM) to perform an independent review of South Carolina Retirement Systems' (South Carolina) investment costs and performance. SCRSIC naturally assumed that the costs benchmarked by CEM would match the investment costs that are reported in South Carolina's Comprehensive Annual Financial Report (CAFR). To their surprise, CEM could only benchmark about 50% of the investment costs reported in South Carolina's CAFR.

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## PE costs not fully disclosed in pension funds

By: Nick Thornton



Less than one-half of the "very substantial" private equity costs to public pension funds are being disclosed, according to new data from CEM Benchmarking.

The consultancy, which benchmarks and runs cost comparisons to 350 public and corporate pension funds, published its report in light of the work it did for South Carolina's retirement pension fund in 2013, when the state's investment commission retained the firm to see how much investment managers were charging the plan relative to other pensions.

What CEM found then caught the attention of many, and made **South Carolina** exhibit A in the mounting debate over the high fees pension plans are paying to alternative investment managers.

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