

Global Investor

BAM appoints Barclays

Baring Asset Management (BAM), the UK fund manager which manages over £25 billion (\$38 billion) of client assets worldwide, *has chosen Barclays Global Securities Services*, also UK-based, as its preferred custodian for assets of £10 billion. The assets were previously in custody at Baring Brothers in London. The appointment follows a six-month review, by BAM and UK consultants Thomas Murray, of 10 global custodians, which were later short listed to three.

Kevin Lee, director at BAM, explains why BAM chose Barclays: "It impressed us with commitments to our clients, a product range which ensures current service levels can be matched, and its investment in technology and security."

BAM had talks with Barclays in February last year, during Baring's collapse. But no decision was made on the appointment until after the review with Thomas Murray. Simon Thomas, director at Thomas Murray, explains the reasoning behind the decision by BAM to outsource custody: "Many merchant banks took custody in house when it was a messy, paper-centred business. But custody will become fully automated with the introduction of Crest this July. That will raise costs."

Another reason why costs would probably have increased at Baring Brothers is that the Securities and Investments Board is expected to tighten regulations controlling due diligence.

After the deal is completed in July, BAM's clients, which now pay a bundled fee for custody and fund management, will have contracts directly with Barclays. BAM has negotiated a fee for them for the first three years, after which clients will negotiate for themselves. According to Thomas, Barclays did not set minimum fees or asset sizes, unlike some other custodians, which suited BAM's smaller clients. ■

