



CFA INSTITUTE

ETHICS IN PRACTICE:

Different Service for Different Clients?

CASE STUDY

Korloff is a money manager for several clients. One of the clients, a pension fund, accounts for 35% of the assets under management at Korloff's firm. The fund pays more management fees to the firm than any other client. The executive director of the pension fund has made it clear that, because of this dominant position, she expects Korloff to give the pension fund "enhanced service" service in the form of advance information on investment recommendations, priority position for initial public offerings, supplemental research reports on potential investments, and daily personal contact. Korloff should

- A. refuse to comply with the request.
- B. comply with the request only if his preferential treatment does not disadvantage other clients.
- C. comply with the request because the fund is such a large and important client.
- D. comply with the request because the fund is paying for the preferential treatment with the higher fees.

