

## Tender of two indexed global equity portfolio mandates (MSCI World)

### Tender

The Board of Directors of the Danish National Research Foundation has decided to put the management of two portfolios out to tender to external asset managers, who are hereby invited to submit a bid.

The purpose of the tender is to conclude an investment agreement regarding the following two portfolios with the same mandate:

1. Global indexed equity mandate (MSCI World) of approx. DKK 620 million, corresponding to 10% of the Danish National Research Foundation's assets.
2. Global indexed equity mandate (MSCI World) of approx. DKK 620 million, corresponding to 10% of the Danish National Research Foundation's assets.

The mandates are awarded separately for each portfolio, but can be awarded to the same manager in two legally separate investment vehicles. Due to regulatory placement limitations, the mandates cannot be aggregated in one legal entity, and cannot in aggregate constitute one exposure against any one group of affiliated entities.

### Background

The Danish National Research Foundation is an independent foundation established by statute in 1991. Reference is made to the most recent annual report (2014) as well as the applicable legal framework ([www.dg.dk](http://www.dg.dk)), including Danish Executive Order no. 154 of 10 February 2010 on the management of the Danish National Research Foundation's funds. The Danish National Research Foundation is non-taxable.

### Selection criteria

The mandates will be awarded based on an overall assessment of the following criteria:

- Documented experience and qualifications
- Portfolio construction process
- Historical performance
- Ethics: Policy and procedure for social responsible investments
- Costs
- Draft investment agreement.

The criteria are not listed accordingly to priority.

### Requirements for the contents of bids

The following general requirements apply to the mandates:

1. Based on the bid received, an investment agreement regarding investment in a UCITS, a capital association (in Danish: Kapitalforening) or similar legal
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entity which fulfils the requirements set out in Sections 162 a and 162 b of the Danish Financial Business Act (Lov om finansiel virksomhed) will be concluded.

2. The proposed strategy must have a track record of minimum three years.
3. The proposed strategy must have a policy for social responsible investments or have the ability to implementing a restricted list, which the Danish National Research Foundation may update from time to time.
4. Portfolio management may only be delegated to sub-contractors to the extent that this does not affect the quality of the delivered services, and the manager retains full responsibility for the delivered services as if the manager had delivered the services himself.
5. The bid must be accompanied by a draft investment agreement, which the manager is willing to enter into without any changes in content if he is awarded the mandate. The Danish National Research Foundation must be allowed to terminate the agreement without notice and without any costs. If, after the award of one or more mandates, the Danish National Research Foundation assesses that the manager is not willing or able to enter into the proposed investment agreement on unchanged terms, the Danish National Research Foundation reserves the right to reject the manager without liability of any kind.

### **Detailed tender requirements**

Each bid must contain the following information in the stated order of priority.

#### **1. Company**

- 1.1 Legal name of the asset management company
- 1.2 The formal name of the product/strategy
- 1.3 Description of the legal entity through which the investment is made, which must be a capital association or similar legal entity fulfilling the requirements set out in Sections 162 a and 162 b of the Danish Financial Business Act.
- 1.4 Description of (i) the manager that delivers all management services (except discretionary portfolio management), unless it is the same as the bidder, and (ii) the depositary for the legal entity.
- 1.5 Ownership, capital base, organization and the proposed team's place in the organization.
- 1.6 Client base and distribution within the management of global indexed equities

#### **2. Portfolio construction**

- 2.1 Please describe portfolio construction method (optimization, full replication, derivatives etc.)
- 2.2 Do you use derivatives in the portfolio?
- 2.3 Please indicate the expected tracking error
- 2.4 Is stock lending used and if so, what is the expected value added and which counterparty risk is there
- 2.5 Indicate, if applicable, any areas where the portfolio manager may seek to add value other than stock lending and the expected value added

### **3. Performance**

- 3.1 Monthly return data before costs (in Excel) until October 2015 for the proposed product as well as the sub points below, including:
  - 3.1.1. Inception date
  - 3.1.2. Denomination currency
  - 3.1.3. Whether the strategy is hedged and, if so, to what currency
  - 3.1.4. Benchmark return and the full name of the benchmark.
- 3.2 Please provide the ex-post tracking error for the last five years on a calendar year basis

### **4. Social responsible investments (SRI)**

- 4.1 Please describe (if any) the SRI policy or SRI screening
- 4.2 How is SRI incorporated in the portfolio?
- 4.3 Are any companies excluded from the portfolio – if yes, which companies?
- 4.4 Can you implement a restricted list (updated at least once a year)?
- 4.5 Is your company an UN Global Compact participant, PRI signatory or complying to other verifiably similar ethical standards?

### **5. Fees, cost reporting etc.**

- 5.1 Please specify the investment management fee structure
- 5.2 Please specify the administrative, operational and trading costs
- 5.3 Please provide the historical and expected TER of the fund.
- 5.4 Can you provide a weekly report (email) with the fund's return in percent and DKK (month and YTD)?
- 5.5 Please provide a sample of the reports made available to clients, including performance and risk reports.

**Questions**

Written questions concerning the tender may be directed to Investment consultant Steen Marcus (sm@dg.dk) up to and including 15 December 2015 at 12.00 (CET).

Replies to any questions will be posted continuously on the Danish National Research Foundation's website (without revealing the identity of the asker) as a supplement to the text already posted. The Danish National Research Foundation reserves the right to contact the asker for clarification of questions, without this constituting discrimination of the applicants.

To ensure equal treatment of the applicants, it will not be possible to discuss any matters other than the actual question, nor will the Danish National Research Foundation discuss its preferences for the content of bids.

**Documentation**

The bid must be submitted by completing the attached application form. An application form must be submitted for each mandate applied for.

The bid must be prepared in Danish or English and must be valid for at least four months from the date of submission.

The bid must reach the Danish National Research Foundation by Monday 11 January 2016 at 16.00, electronically at dg@dg.dk, or by post to Danmarks Grundforskningsfond, Holbergsgade 14, 1., DK-1057 Copenhagen K, Denmark, attn: Steen Marcus. Bids submitted after this time will be rejected without further review.

The Danish National Research Foundation reserves the right to reject all bids received if they are not deemed to be sufficiently advantageous, and accepts no liability for costs incurred by the applicants in relation to the preparation of bids or otherwise.

By submitting a bid, an applicant is deemed to have accepted all the terms and conditions of these tender documents, including all limitations of the Danish National Research Foundation's liability.

**Processing and application – expected timeline**

During the week of 8 to 12 February 2016, the Danish National Research Foundation expects to hold meetings with selected managers at the Danish National Research Foundation's office.