

Mandate specification

This tender is for the management of investments held by Abertay University (Scottish Registered Charity, SC016040).

The purpose of this tender is to assess the suitability of the invited submissions in respect of the University's mandate. The procurement of these services will be via a public tender process. The process will be overseen by Abertay University Procurement.

Minimum standards

All submissions must initially meet the following criteria. **Submissions which fail to meet the below criteria will not be considered further.**

Regulated in the UK by the FCA or equivalent (please provide registration number);	Yes No Registration Number:
Assets under management of at least £1bn, of which at least £250m should be with UK based charitable institutions;	Yes No
Published a statement of commitment to the UK Stewardship Code;	Yes No
Signatories to the United Nations Principles of Responsible Investment	Yes No
Please provide names of referees from 3 similar funds with assets of over £25m in size that can be contacted to provide a reference if the candidate reaches the final stages of selection.	

Background

The Trustees of Abertay University wish to re-tender the role of Investment Manager for the University's investment assets with a view to having the new manager in place by [date].

The Trustees' preferred approach would be to have a single investment manager implement the entire mandate, albeit the Trustees retain the right to appoint more than one manager should they agree that this structure be optimal for the University.

Mandate Summary

The mandate size is c. £10 million.

The portfolio has a long term investment objective of achieving a level of return consistent with CPI +3-4% per annum.

Having taken advice on how to achieve this objective, the Trustees have agreed that the assets should be invested in such a way as to achieve a return, net of fees of CPI +3-4% per annum, measured over rolling three year periods. The implementation of this strategy would be delegated to the investment manager, however it is expected that the approach would be diversified across many different asset classes and return sources.

Within your response you should provide a detailed outline of your proposal to manage the portfolio against this target, and reasons for your selection.

Responsible Investment Criteria

The University requires the investment manager to take into account environmental, social, and governance factors into consideration when considering any investment within the portfolio. It is also expected that the investment manager is a signatory to the UN Principles for Responsible Investment (UNPRI) and the UK Stewardship Code in this regard.

In addition to the above considerations, the University also has a number of investment restrictions in place, including:

- No direct investment in companies involved in tobacco production
- No direct investment in alcohol producers (ie exclude brewers and distillers sectors)
- No direct investment in companies involved in the production of weapons

The University is also considering implementing a fossil fuel exclusion and would appreciate an overview of what your organisation is doing this in area, and whether such an exclusion could be implemented for the University.

Responsible Investment is a key requirement of this mandate and hence should form a key part of your response.

The objective of this ITT is to establish whether managers are qualified to manage the University’s assets and to rank managers by assessing their responses to the ITT based upon their ability to demonstrate standards of economic and financial standing and technical capacity.

ITTs will be assessed by Abertay University’s Procurement and the Trustees.

Scoring

ITTs received after the Deadline will be rejected and returned.

Evaluations will be scored to determine the most economically advantageous tender in terms of price, commercial/legal merit, technical merit and other criteria as specified below.

The evaluation and award process is designed to be demonstrably objective and transparent, based solely on the published award criteria as shown below (the ‘University Requirement’):

Award Criteria	Weight (% allocation)
A. Mandate Solution	30%
B. Investment Process	20%
C. Firm Background and Business Management	10%

D. Key decision makers and personnel	15%
E. Investment performance	5%
F. Fee Structure	20%

Score	Meaning
1	Unacceptable as determined by:- <ul style="list-style-type: none"> No response to the University Requirement where there is a requirement to provide a response; or A response which demonstrates a significant misunderstanding of the question/University Requirement; and/or A response which does not meet the University Requirement even to a minimum extent.
2	Weak as determined by:- <ul style="list-style-type: none"> A response which meets certain aspects of the University Requirement at least to a minimum extent but fails to meet the University Requirement in other aspects; and/or Little evidence of ability to meet University Requirement has been provided in the response where requested in the University Requirement.
3	Fair as determined by:- <ul style="list-style-type: none"> A response which meets the majority but not all aspects of the University Requirement; and Adequate and complete evidence of ability to meet the University Requirement as indicated in the response, has been provided where requested in the University Requirement.
4	Good as determined by:- <ul style="list-style-type: none"> A response which meets all aspects of the University Requirement; and A response which is comprehensive, unambiguous and demonstrates a good understanding of the University Requirement, and Adequate and complete evidence of ability to meet the University Requirement has been provided in the response where requested in the University Requirement.
5	Exceeds University Requirement as determined by the following:- <ul style="list-style-type: none"> A response which materially exceeds the University Requirement in a way which is relevant to the University Requirement. This may be achieved by providing a creative or innovative response to the University Requirement or one where additional 'added value' areas have been identified; and A response which is comprehensive, unambiguous and demonstrates a good understanding of the University Requirement; and Adequate and complete evidence of ability to so exceed the University Requirement has been provided where requested in the University Requirement.

The respondent(s) with the highest scores in these criteria will be appointed, subject to contract terms.

Expected Timetable

Activity	Target Date
Invitation to Tender (ITT) issued	tbc
Deadline for clarification questions	
Tender return date	
Scoring completed	
Contact unsuccessful bidders with scoring	
<i>Standstill Period 10 Days Ends</i>	
Successful candidates notified	
Target date for mandate funding	

Questions:

Mandate Solution:

1. Please detail your proposed approach for the portfolio, including how it would be implemented and which products or strategies you are proposing for the mandate.
2. Describe the proposed product(s) to be used, highlighting the suitability of the product to the specific mandate.
3. Comment on the suitability of the approach proposed given the investment restrictions set out in the responsible investment section above – note that although the restrictions refer to “direct” holdings, the Trustees would prefer to keep to the spirit of these restrictions and implement them on a “look through” basis where possible.
4. Would you implement this mandate via a pooled or segregated mandate given the investment restrictions?
5. Do you foresee any practical constraints in running this mandate given the size of assets?
6. Please outline income expectations and the frequency of payments for each asset class. Is there flexibility to deliver a monthly cash flow to the University?

B Investment Process:

1. Please set out in detail your investment process, including your investment philosophy and research capabilities in each area.
2. Please describe your risk management processes in terms of risk measurement software/analysis, other internal processes e.g. peer review and quality standards, and appropriate regulatory administration.

C Firm background and business management

1. Please state your office location (s), clearly indicating those that would be involved in day to day investment management for the mandate.
2. Detail contingency arrangements to ensure continuity of service delivery.
3. Please indicate the size of the assets under management (as at 30 September 2016) for your proposed products/strategies indicating the split between charities, pension funds and private clients.

D Key decision makers and personnel

1. Please state the number of investment professionals employed by your organisation (worldwide, in the UK and directly involved with managing your proposed products/strategies).
2. Please provide details of the organisational structure of your investment personnel including how research/portfolio management/administration responsibilities etc are split.
3. Please state the size of the teams and research resources that would be directly involved in this mandate.
4. Please provide details of the individuals who would be specifically responsible for the University's investments, including reference to names, the specific roles they would fulfil, and industry experience and professional qualifications.
5. Within the teams that would be directly involved in this mandate, please state any key staff turnover over in the last three years, the reasons why and how the team is structured for the future.

E Investment Performance

1. Please detail past performance for comparable funds. The information should include a split showing performance of the proposed products/strategies with the relevant benchmark, measured over rolling 3 year periods.

F Fee Structure

1. Please detail the fee you propose to charge for this mandate, on both a pooled and segregated basis if applicable. Please quote the fee as a % of assets and in £ terms given the assumed mandate size ensure that the fee quoted is your best offer.
2. Please confirm whether you would be prepared to offer a performance related fee, and if so on what basis.
3. Please outline the expected transaction costs (i.e. bid/offer spreads) associated with investing in your proposed strategy.
4. Detail all other associated fees including transaction and administration charges, and include the "total expense ratios" for any pooled funds being proposed.

5. Please confirm the bid offer spreads of any funds being proposed, and confirm the pricing basis of these funds
6. Please confirm that no other fees would be payable.