

Denmark-Frederiksberg: Portfolio management services

OJ S 52/2020 13/03/2020

Contract notice**Services****Legal Basis:**

Directive 2014/24/EU

Section I: Contracting authority

I.1. Name and addresses

Official name: Lønmodtagernes Dyrtidsfond ('LD Pensions')

National registration number: 61552812

Postal address: Dirch Passers Alle 27

Town: Frederiksberg

NUTS code: DK0 Danmark

Postal code: 2000

Country: Denmark

Contact person: Kristoffer Fabricius Birch

E-mail: kfb@ld.dk

Telephone: +45 33368951

Internet address(es):Main address: <https://www.ld.dk/>Address of the buyer profile: <https://eu.eu-supply.com/ctm/Company/CompanyInformation/Index/352919>**I.3. Communication**The procurement documents are available for unrestricted and full direct access, free of charge, at: http://eu.eu-supply.com/app/rfq/rwlenrance_s.asp?PID=263067&B=KROMANNREUMERT[PID=263067&B=KROMANNREUMERT](http://eu.eu-supply.com/app/rfq/rwlenrance_s.asp?PID=263067&B=KROMANNREUMERT)

Additional information can be obtained from the abovementioned address

Tenders or requests to participate must be submitted electronically via: http://eu.eu-supply.com/app/rfq/rwlenrance_s.asp?PID=263067&B=KROMANNREUMERT

Tenders or requests to participate must be submitted to the abovementioned address

I.4. Type of the contracting authority

Body governed by public law

I.5. Main activity

Economic and financial affairs

Section II: Object

II.1. Scope of the procurement**II.1.1. Title**

LD Pensions' Tender for an Agreement Concerning Global High Conviction Equities

II.1.2. Main CPV code

66140000 Portfolio management services

II.1.3. Type of contract

Services

II.1.4. Short description

The object of the tender is to select an investment manager to manage LD Pensions' assets within global developed markets high conviction equities. The investment approach must be long term, fundamental stock picking based on a deep understanding of companies in the portfolio and the investment universe. The intention is to generate alpha, adjusted for academically tested factors such as value, size, momentum, low-volatility and quality. The mandate is long only.

The size of the mandate covered by this contract notice is indicative due to LD Pensions' inability to determine the volume in advance. The value of the contract is therefore LD Pensions' best estimate.

II.1.5. Estimated total value

Value excluding VAT: 9 000 000,00 EUR

II.1.6. Information about lots

This contract is divided into lots: no

II.2. Description

II.2.2. Additional CPV code(s)

66140000 Portfolio management services

II.2.3. Place of performance

NUTS code: DK0 Danmark

II.2.4. Description of the procurement

LD Pensions is selecting one investment manager to provide investment management services for the following mandate: global developed markets high conviction equities (expected size DKK 3 000 million, approx. EUR 400 million). The size of the mandate is indicative due to LD Pensions' inability to determine the volume in advance. It is important that the product have available capacity of minimum EUR 500 million at the time of signing the agreement.

The mandate is a segregated account, long-only, and the investment approach is active fundamental stock selection, with a long investment horizon. The objective is to generate robust alpha, adjusted for academically tested factors such as value, size, momentum, low-volatility and quality, by investing in listed global developed markets equities. The portfolio is concentrated, and consist of equities of all sizes, relatively beta-neutral, with no extreme biases to e.g. momentum, deep value, small cap, high growth or low volatility. ESG should be fully integrated in the investment process, and LD Pensions' exclusion list must be incorporated in the investment restrictions.

A more detailed description of the characteristics of the mandate can be found in the investment guidelines (Investment guidelines can be found in Schedule 1 of the Agreement, section 1 of Appendix 5a, or section 1 of Appendix 6a).

II.2.5. Award criteria

Price is not the only award criterion and all criteria are stated only in the procurement documents

II.2.6. Estimated value

Value excluding VAT: 9 000 000,00 EUR

II.2.7. Duration of the contract, framework agreement or dynamic purchasing system

Duration in months: 48

This contract is subject to renewal: yes

Description of renewals:

The contract can be renewed by 12 months, up to three times.

II.2.9. Information about the limits on the number of candidates to be invited

Envisaged number of candidates: 6 Objective criteria for choosing the limited number of candidates:

Each applicant is required to submit one relevant client reference. LD Pensions recommends all applicants to use appendix 5a/5b to ensure that the applicant provides the needed information and complies with the formal requirements.

A reference is a description of a current or recent client mandate, which is relevant to, and demonstrates the applicant's ability to fulfil the requirements of, this global developed markets high conviction equities tender. To be Relevant the reference client's investment guidelines are comparable to those of LD Pensions', and in particular:

- the process is fundamental, high conviction, stock selection, with integrated ESG analysis. Portfolio construction is benchmark agnostic, and there are no extreme biases. References which do not match this are not considered relevant;
- the geographical scope: in order to be relevant, the geographical scope of the reference must be global developed markets (with a maximum of 10 % invested in countries outside of MSCI global developed markets countries). All other strategies, such as regional, or all-country strategies are not considered relevant;
- references where the number of stocks was above 60 on average for the last 3 calendar years are not considered relevant. References where the number of stocks at any point in time during the last 3 calendar years was above 65, are not considered relevant;
- tracking error and active share must be as described in the investment guidelines for the reference to be relevant;
- the size scope is all cap. Pure small-midcap references are not considered relevant;
- the mandate is long only. A reference which does not concern a long-only strategy is not considered relevant;
- the mandate is a fully invested mandate. References with materially higher cash weights than the restriction in the investment guidelines, are not considered relevant;
- the mandate is long-term. References for strategies with short investment horizons, and/or a high turnover (high being an average turnover for the last 3 calendar years of above 50 %), are not considered relevant.

The reference description should also include a description of the strategy (philosophy, process, objectives) and guidelines (incl. client directed policies, such as an ESG exclusion list).

In order to be relevant, the reference clients' track record must be included in the applicant's composite for the global developed markets high conviction strategy, in its entirety (since 2014 or inception if later). Furthermore, the applicant must have at least a 5-year composite for the strategy as of 31 December 2019 and the track record must represent current team capabilities and strategy.

Please pay close attention to relevance as references, which are not considered relevant, will receive a score of zero for the entire Reference. Furthermore, references, which do not address and describe the criteria for relevance, are not considered relevant.

The structure of the reference is as follows:

Part 1

- 1) Client resemblance to LD Pensions;

- 2) Project characteristics resemblance to LD Pensions;
- 3) Firm capabilities and experience; A detailed description in essay form (max 500 words), of the services delivered to the Reference client, which reflects the Applicant's capabilities and experience managing a mandate Relevant to LD Pensions' Investment Guidelines.

Part 2

Evaluation of results, defined as the monthly live 5-year composite returns of a global developed markets high conviction equities strategy (as of December 31, 2019).

A score will be given for long-term positive robust alpha generation, adjusted for style betas. This score will be adjusted if the composite characteristics are not of sufficient quality or representative.

Part 3

Reference client anonymity or affiliation.

Please find a more detailed description of the above, as well as LD Pensions' preferences, in Section VI (3), and a complete description in the Tender Specifications.

II.2.10. Information about variants

Variants will be accepted: no

II.2.11. Information about options

Options: no

II.2.13. Information about European Union funds

The procurement is related to a project and/or programme financed by European Union funds:
no

II.2.14. Additional information

Both mandatory and voluntary grounds for exclusion apply in this tender procedure.

Each applicant must provide exactly one reference. If more than one reference is included, LD Pensions will only consider the first Reference of the application.

Please note that one applicant can submit only one application for pre-qualification, and once pre-qualified, tenderers can submit only one tender.

Section III: Legal, economic, financial and technical information

III.1. Conditions for participation

III.1.2. Economic and financial standing

Minimum level(s) of standards possibly required:

- company assets under management in global high conviction equity products (global developed + global all-countries products combined, not including regional or country products) as of 31 December 2019 was above USD 1.5 billion or EUR 1.3 billion;
 - institutional assets under management (company-wide) as a % of total assets under management (company-wide), as of 31 December 2019, was above 50 %;
 - number of segregated accounts (company-wide), with assets under management above USD 30.0 million or EUR 27.8 million, as of 31 December 2019, was 2 or above;
 - positive shareholders equity as of 31 December 2019;
 - average net income after tax for the calendar years 2017, 2018 and 2019 above 0
- or

A ratio of [shareholders equity as of year-end 2019] to [the absolute value of the most negative yearly net income after tax for the calendar years 2017, 2018 and 2019] of at least 5.0x.

When submitting the application for pre-qualification, authorized signatories of the applicant must solemnly declare that the replies concerning fulfillment of the minimum requirements are correct and truthful.

III.1.3. Technical and professional ability

List and brief description of selection criteria:

Each applicant is required to submit one relevant reference.

A reference is a description of a current or recent client mandate, which is relevant to, and demonstrates the applicant's ability to fulfil, the requirements of this global developed markets high conviction equities tender.

The reference clients' track record must be included in the applicant's composite for the global developed markets high conviction strategy, in its entirety (since 2014 or inception if later), the applicant must have at least a 5 year composite for the strategy as of 31 December 2019, and the track record must represent current capabilities and strategy.

Minimum level(s) of standards possibly required:

— a minimum of three full-time employees dedicated to investment management on average for the past three years as of 31 December 2019 (only counting fundamental analysts and/or portfolio managers, not counting staff working on reporting, compliance, performance calculation, or client portfolio managers);

— a minimum of one full-time employee on average for the past 3 years as of 31 December 2019, not involved with investments, dedicated to operational management such as compliance and reporting.

When submitting the application for pre-qualification, authorized signatories of the applicant must solemnly declare that the replies concerning fulfillment of the minimum requirements are correct and truthful.

Section IV: Procedure

IV.1. Description

IV.1.1. Type of procedure

Restricted procedure

IV.1.3. Information about a framework agreement or a dynamic purchasing system

IV.1.8. Information about the Government Procurement Agreement (GPA)

The procurement is covered by the Government Procurement Agreement: yes

IV.2. Administrative information

IV.2.2. Time limit for receipt of tenders or requests to participate

Date: 14/04/2020 Local time: 23:59

IV.2.3. Estimated date of dispatch of invitations to tender or to participate to selected candidates

Date: 04/05/2020

IV.2.4. Languages in which tenders or requests to participate may be submitted

Danish, English

IV.2.6. Minimum time frame during which the tenderer must maintain the tender

Duration in months: 6 (from the date stated for receipt of tender)

Section VI: Complementary information

VI.1. Information about recurrence

This is a recurrent procurement: no

VI.3. Additional information

Below please find a description of LD Pensions' criteria and preferences for pre-qualification selection.

Part 1

1) References regarding clients resembling LD Pensions (institutional investor, same size or larger), are preferred;

2) References concerning long duration relationship, regarding the reference mandate, are preferred. Reference mandates which have not been terminated are preferred, as are references regarding clients with volume similar to or larger than LD Pensions' tendered mandate;

(3) Firm capabilities and experience; the description should address all matters described as Relevant, to enable an evaluation of Relevance.

LD Pension prefers:

- long investment horizon; low turnover and name-turnover are preferred;
- concentrated, high conviction portfolios are preferred;
- a strong, deeply rooted, sensible and long-lived Investment philosophy is preferred;
- a relatively beta-neutral portfolio, with no extreme biases is preferred;
- all cap is preferred to large/mega-cap;
- a thorough investment process with a robust valuation framework, which has existed and proven to be repeatable over a long period of time is preferred over a less thorough investment process which has existed over a shorter period of time;
- ESG Integration in the investment process will be evaluated very positively and no ESG integration in the investment process will be evaluated very negatively;
- gradual changes to investment process and/or philosophy are preferred over massive changes;
- benchmark agnostic, conviction based portfolio construction with attention to diversification is preferred over 'benchmark hugging';
- high active share and tracking error is preferred;
- experience in handling client directed investment policy is preferred (handling of an exclusion list is a minimum requirement for the tender);
- a highly skilled portfolio manager and team with a long experience with, and focus on, investing fundamentally and globally in equities is preferred;
- continuity i.e. unchanged portfolio manager is preferred;
- a well-resourced, stable and experienced team, dedicated to the global high conviction equity investment philosophy and process, are preferred over a less well-resourced, less experienced team, with a high team-turnover, accommodating more than one investment philosophy and process;
- a high degree of alignment of long-term interests between the portfolio manager/team and the clients are preferred (such as co-investment or ownership of the company).

(Max score 30 for Part 1)

Part 2

Results are defined as the monthly 5-year returns of a global developed markets high conviction equities composite track record (as of 31 December 2019) for a composite that includes the reference client's track record.

The applicant's submitted composite will be evaluated with respect to quality (GIPS® status of applicant and composite examination), and representativeness of reference clients' returns (inclusion and tracking error).

References where the composite shows long-term positive robust alpha generation, adjusted for style betas vs. the relevant benchmark are preferred. LD Pensions' external advisor will perform style beta adjustments along the lines of Fama French's factor framework, although the number of factors and factor definitions may differ from Fama French. Data will be sent to the advisor anonymized.

The most significantly positive and robust alpha will be assigned the highest score of 70. The most significantly negative and robustly low alpha will be assigned a score of zero. The score will be adjusted if the composite characteristics are not of sufficient quality or representative (as previously described).

(Max score 70 for Part 2)

Part 3

A reference where the client is anonymous and/or related/affiliated to the applicant (family relationships, as well as direct and indirect corporate relationships), will be given half the total score it would otherwise have been given for Part 1, and Part 2.

VI.4. Procedures for review

VI.4.1. Review body

Official name: Klagenævnet for Udbud

Postal address: Nævnenes Hus, Toldboden 2

Town: Viborg

Postal code: 8800

Country: Denmark

E-mail: klfu@naevneneshus.dk

Telephone: +45 72405600

Internet address: <https://erhvervsstyrelsen.dk/klagevejledning-0>

VI.4.3. Review procedure

Precise information on deadline(s) for review procedures:

In accordance with Act No 953 2.6.2016 (Lov om klagenævnet for Udbud m.v.), the deadlines for submitting a complaint are the following:

Complaints about a candidate not being selected must be filed within 20 calendar days starting the day after the contracting authority sent notification to the candidates involved, cf. section 171 of the Danish Public Procurement Act, provided that the notification includes a short account of the relevant reasons of the decision.

Complaints about the award procedure must be lodged with the Danish Complaints Board for Public Procurement before the expiry of:

- 1) 45 calendar days after the contracting authority has published a notice in the official Journal of the European Union (with effect from the day following the publication date);
- 2) 30 calendar days from the day following the day on which the contracting authority has informed the tenderers that the contracting authority have entered into a contract based on a framework agreement with reopening of competition or a dynamic purchasing system if the notification includes a short account of the relevant reasons for the decision;
- 3) 6 months after the contracting authority has signed a framework agreement from the day following the day that the contracting authority has notified the tenderers, cf. section 2, 2) of the Act or section 171, 4) of the Danish Public Procurement Act;
- 4) 20 calendar days from the day after the day the contracting authority has announced its decision see section 185, 2) of the Danish Public Procurement Act.

The complainant must inform the contracting authority of the complaint in writing and not later than simultaneously with the lodging of the complaint to the Danish Board of Public Procurement. The complaint must state whether the complaint was lodged in the stand still period. If the complaint has not been lodged in the stand still period, the complaint must also state whether the complaint is requested to be given suspensive effect.

VI.4.4. Service from which information about the review procedure may be obtained

Official name: Klagenævnet for Udbud

Postal address: Nævnenes Hus, Toldboden 2

Town: Viborg

Postal code: 8800

Country: Denmark

E-mail: kfu@naevneneshus.dk

Telephone: +45 72405600

Internet address: <https://naevneneshus.dk/start-din-klage/klagenaevnet-for-udbud/>

VI.5. Date of dispatch of this notice

09/03/2020