



NOTIFICATION OF SEARCH FOR AN ACTIVE EMERGING MARKETS EQUITY MANAGER BY LGPS CENTRAL LIMITED

LGPS Central has been established to manage the pooled assets of eight Local Government Pension Scheme (“**LGPS**”) administering authorities across the Midlands (Cheshire, Derbyshire, Leicestershire, Nottinghamshire, Shropshire, Staffordshire, West Midlands, and Worcestershire). It is jointly owned on an equal-shares basis by those eight authorities (the “**Partner Funds**”). LGPS Central is an Alternative Investment Fund Manager (“**AIFM**”) authorised and regulated by the Financial Conduct Authority (“**FCA**”). LGPS Central currently has approximately £55bn of Partner Fund assets under management, including around £23bn under LGPSC stewardship. For more information, please see www.lgpscentral.co.uk.

A need for a new Emerging Market Equity Manager with focus on relative company valuations has arisen for the LGPS Central Emerging Markets Equity Active Multi-Manager Fund. The successful strategy will be added to the existing sub-fund of the ACS (“Sub-fund”),

It is expected that the new manager will be funded in early 2023 with a total value expected to be more than £100m.

LGPS Central is looking for an Active Emerging Market equity manager that already have a minimum of £250m of external client money invested at 30th September 2022 with a three-year track record (to the same date) in managing the emerging market equity strategy submitted for this procurement. LGPSC is looking for active managers, which use a fundamental rather than quantitative approach, with evidence of robust performance in this style of investing.

It is envisaged (though subject to change) the selected strategy will align to the requirements below. These requirements should be considered when selecting your strategy for this bid process:

- Take a fundamental approach to investing in Emerging Markets with a value approach or demonstrate flexibility and a proven track record in incorporating this style of investment;
- be benchmarked against FTSE Emerging Index (GBP) (or equivalent);
- be expected to return performance (net of all fees) above the benchmark of 2.0% per annum
- predominantly invest in global emerging markets or equity style instruments across markets;
- have certain exposure limits, of which the main ones are listed below:
 - No single investment above 10% of the Sub-fund.
 - No single investment to be more than 5% of the company’s shares in issue.
 - + / - 25% of FTSE Industry Classifications.
 - + / - 30% of Regional Classifications.
 - Up to 40% including cash (limited to 5%) off benchmark investments
- be a high conviction portfolio with a reasonable level of diversification;
- have no leverage taken at the portfolio/fund level;
- may use derivatives for hedging and efficient portfolio management;
- have a predominantly liquid portfolio; and
- have no specific exclusions on investments held within portfolios.

Successful bidders will need to be able to demonstrate:

- a consistent, robust, repeatable investment process;
- low cost, full transparency, value for money;
- responsible investment integration and sustainability as part of their investment process;
- a strong governance and oversight of their process and investments;
- an actively managed portfolio; and
- full transparency (look through) with the ACS custodian.

The tendering process for this procurement is a three-stage process that will be fair, transparent, and non-discriminatory. The procurements will be managed electronically by LGPS Central's Active Equity Team via the Company's e-procurement platform system, In-tend.

To participate in the procurement, candidates must first be registered as a supplier in the In-tend system at:

<https://in-tendhost.co.uk/lgpscentral>

Once registered, candidates will be able to see the Projects under the 'tenders' section and 'express an interest' to view the documentation (Title: "LGPS Central Emerging Market Active Equity Multi-Manager Fund - Manager Procurement" with In-Tend reference of SYSTEM00000022).

For any technical difficulties whilst using the system, tenderers are advised to contact the In-tend support team by phoning +44 8442728810 or emailing support@in-tend.co.uk. All communications in relation to the procurements must be carried out via In-tend. No communication, written or verbal, will be entered into except through In-tend.

The Selection Questionnaire(s) (SQ(s)) must be submitted via the In-tend portal before midday on **13th January 2023**. Late submissions will not be accepted.

Any clarifications in relation to the SQ(s) should be submitted on the In-tend procurement portal by midday on **6th January 2023**. An answers log in relation to each procurement will be maintained on the portal and supplied to all bidders at intervals prior to the SQ submission date.

Successful applicants will then be invited to complete a Request for Proposal (RFP) before a competitive dialogue and due diligence stage, which will include final interviews prior to selection.

LGPS Central reserves the right to cancel the procurement processes at any stage for any reason; to amend the terms and conditions; and/or to vary the scope of the services required and it shall not be liable to any bidder as a result of this action. All bidders are solely responsible for their costs and expenses incurred in connection with the preparation and submission of their proposal.

Any agreement entered will be governed by English and Welsh law and will be subject to the exclusive jurisdiction of the English Courts.

Important Please Note

LGPS Central Limited ("**LGPS Central**") is a contracting authority within the meaning of the Public Contracts Regulations 2015 (as amended) (the "**PCR**"). However, the PCR will not apply to this procurement for an external investment manager because the services fall within the 'financial services exemption,' as set out in Regulation 10(1)(e) of the PCR and are therefore excluded.

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