



PERENNium

Request for Proposal

Hedge Funds Mandate for the FTNS Trust Fund

on behalf of



**FONDATION
POUR LE
TRI-NATIONAL
DE LA
SANGHA**

January 2019

Introduction

This RFP is issued by the Sangha Tri-National Trust Fund (Fondation pour le Tri-National de la Sangha), referred to henceforth as “FTNS” or “The Foundation”. Perennium SA is the Financial Advisor to the Foundation.

The FTNS

The Sangha Tri-National Trust Fund Limited (aka FTNS) is a Conservation Trust Fund which was established under UK Companies Act as a mechanism to provide long-term financial support to a trans-boundary forest complex called Sangha Tri-National (Tri-national de la Sangha - TNS). The TNS is located in the northwestern Congolian Lowland Forest ecoregion and covers a total surface area of some 28'000 km², including the three contiguous National Parks of Lobeke (2'100 km²) in Cameroon, Dzanga-Ndoki (1'220 km²) in the Central African Republic and Nouabale-Ndoki (4'000 km²) in Congo, and their buffer zones. The entire TNS landscape was recognised as a World Heritage Site in 2012.

The FTNS was officially registered as Company N° 6193079 on March 29, 2007 and as Charity 1123276 on March 20, 2008 by the Charity Commission for England and Wales. It has a mixed Board of Directors with a majority of representatives from the private sector. The first seven Members were appointed by each of the following founder organizations: Government of the Republic of Cameroon, Government of the Central African Republic, Government of the Republic of Congo, WCS, WWF, Regenwald Stiftung (“Rainforest Foundation”), Kreditanstalt für Wiederaufbau (German Bank for Reconstruction “KfW”). Agence Française de Développement (French Development Agency “AFD”) is also appointing a Member of the Board since June 2008. Three nongovernmental Board Members from the TNS countries, who have widely recognized expertise in either biodiversity conservation, law, business, non-profit grant management or fundraising were also selected to join the Board. The Executive Director is responsible for the implementation of the Board’s decisions, and daily management and the Executive Office is currently established in Yaoundé, Cameroon, following a Board’s decision.

The FTNS has currently received endowment commitments for a total amount of €48.6 million. It will invest those funds to generate income to support nature conservation activities in the region.

For more information, please visit <http://www.fondationtns.org/>

Perennium

Perennium SA is a Swiss financial advisory firm dedicated to the non-profit world (foundations, endowments...), providing a full service from investment strategy to portfolio management implementation and oversight.

Search for a financial institution to manage an Absolute Return discretionary mandate: key points

Key features of the mandate

The key features of this mandate are:

- Size: **EUR 7.5 million** at inception (June 2019)
- Investment universe: absolute return strategies
- Reference currency: EUR
- Currency hedging policy: full hedging (minimum: 95%)
- Constraints: no vehicle can represent more than 20% of the portfolio, no leverage at the portfolio level, maximum ratio of internal or affiliated funds = 20%
- **Main objectives: EONIA+4% target return, low correlation to Equities and Fixed Income**

Queries

All queries must be submitted by email to RFP@perennium.com with copy to fourmanne@afd.fr.

Answers will be provided by email. All relevant answers will be communicated to known contestants.

Responses and timelines

Investment managers should submit their response to the RfP by e-mail addressed to secretariatftns@fondationtns.org and RFP@perennium.com, with copy to fourmanne@afd.fr, before **5pm CET on February 15th, 2019**. The Foundation will acknowledge reception through a response e-mail.

Process

There will be no formal interview process, but investment managers may be called for additional information or clarifications. The Investment Committee of FTNS will make a recommendation in April and a Board Meeting scheduled to take place mid-May will formally decide.

Validity

Your proposal, and in particular your fees, must be valid for acceptance for 120 days from the due date for responses to this RfP.

Search for a bank or asset manager for an Absolute Return discretionary mandate: questionnaire

Please kindly answer the questions with detailed information and descriptions rather than standard responses. We greatly appreciate your interest in working with us and look forward to reviewing your proposal.

Contact details

- 1- Please provide the contact details of the people who are responsible for this RfP.
- 2- Who would be responsible for managing this relationship? Please attach a brief CV or short bio.
- 3- Clearly identify which office / branch would be the primary interface with us.

Organization

- 4- Please provide a brief description of your firm and its core business.
- 5- Please quantify the financial solidity of your firm: rating and CET1 ratio ideally. If not available, please show alternative measures (financial statements...).
- 6- Please identify the area of your firm which would be dealing with this advisory mandate and how it is related to the other key functional areas.
- 7- How long has your firm provided services such as those described in this RfP?
- 8- Will your firm accept compensation from any source other than FTNS as a result of providing to us the services described herein? If yes, please detail (retrocessions, etc.). If no, please explicitly commit not to do so.
- 9- Please mention any references you would have in the field of Conservation Trust Funds or environment-focused Funds such as FTNS (clients, studies, referrals...)¹.

Assets under management

10- Please complete the following table:

	31 Dec 2018	31 Dec 2017	31 Dec 2016
Total AuM (specify currency)			
AuM in Absolute Return discretionary mandates			
AuM in Absolute Return advisory mandates			

Staffing for the proposed mandate

- 11- How many professionals (FTE) are dedicated to Absolute Return funds research & selection? Detail positions and geographic locations. Provide short bio for the key person(s), including tenure in the investment industry and with your firm.

¹ Replies such as « For reasons of confidentiality, we cannot disclose any names » are unhelpful and discouraged. Clients in the non-profit sector generally agree for their name to be used as reference, one simply needs to ask.

- 12- How many professionals (FTE) are dedicated to Absolute Return portfolio management? Detail positions and geographic locations. Provide short bio for the key person(s), including tenure in the investment industry and with your firm.
- 13- Please add any other staffing dedicated to & related to Absolute Return mandates, both discretionary and advisory (e.g. Risk Management, ODD...). Provide short bio for the key person(s), including tenure in the investment industry and with your firm.
- 14- Identify the people in your organization who would be working on the present engagement.

Content for the proposed mandate

- 15- Please detail your fund selection process including input (the number of funds screened), output (the number of funds currently on your list), methodology, relevant bodies / committees.
- 16- What is the best illustration of your past investment performance when it comes to Absolute Return mandates?
- 17- Please detail your portfolio construction approach for this engagement: how would you build a portfolio given the objectives and constraints?
- 18- You may use UCITS vehicles, offshore vehicles or a combination. Please justify the choices you have made in that regard.
- 19- Please detail your proposed portfolio in an XLS spreadsheet (with quantities and ISINs). Add the Fact Sheets of all funds.
- 20- Please assess the portfolio correlation & beta with traditional asset classes (equities and bonds).
- 21- How would you manage the currency exposure (method, instrument, frequency, cost)?
- 22- Please quantify the overall liquidity of the portfolio.

Operational set-up

- 23- If needed, would you be able to operate without having the custody of the assets? Please specify any constraints in this respect. For your information, custody would then be with Crédit Agricole Indosuez (Switzerland).
- 24- Please confirm that you have cleared pre-compliance or compliance.
- 25- Please provide an example of the type of monthly Reporting you would provide to FTNS.
- 26- Would you be able to provide Perennium with online access to the portfolio and a copy (electronic or paper) of trade tickets each time a transaction is done? (purchase/sale, income/fees, etc).

Fees and taxes

FTNS is seeking a transparent and simple fee structure, with a strong preference for an “all-in” approach.

- 27- Assuming you have the custody of the assets, please identify all fees that you would charge for the management and custody of this mandate.
- 28- Assuming you do not have the custody of the assets (Cf. Q23), please identify all fees that you would charge for the management of this advisory mandate.
- 29- Please indicate the foreign exchange fees you would apply on currency transactions (spot and forward).

As a complement to the answers to the questions above (**but not as a substitute**), you may provide any material you deem relevant (pitch book, etc.).