

Pension Fund Committee

5 June 2014



Change in Pension Fund Investment Adviser - River and Mercantile Group

Don McLure, Corporate Director Resources

Purpose of the Report

- 1 To inform Members of a merger between one of our investment advisers 'P-Solve Limited' and River and Mercantile Asset Management LLP.

Background

- 2 P-Solve are one of the Pension Fund's investment advisers. Originally appointed in 2004, P-Solve provide investment advice to Officers and Members of the Pension Fund Committee.
- 3 P-Solve Limited and River and Mercantile Asset Management LLP have announced a merger of the two businesses to form the River and Mercantile Group.

The Merger

- 4 The Financial Conduct Authority granted regulatory approval to the merger of P-Solve Limited and River and Mercantile Asset Management LLP on 28 March 2014.
- 5 River and Mercantile Asset Management LLP is a leading equity management business, based in London and established in 2006. It currently specialises in managing specialist UK and Global equity portfolios for institutional and other professional investors and manages assets in excess of £2.2bn as at January 2014, including assets in transition.
- 6 P-Solve is one of the leading investment consultancies and investment solutions providers in the UK and has a long track record in providing high quality investment consulting services to clients. It was founded in 2001 and provides advice to over 130 clients including leading pension funds and Lloyds of London firms.
- 7 Both businesses will continue to operate within the River and Mercantile Group as they have to date, and intend to build on their individual strengths.
- 8 River and Mercantile Group anticipate that the merger will benefit both businesses:

- For River and Mercantile Asset Management it creates the natural extension to its business beyond equities which has been part of its stated strategy, whilst also being able to offer multi-asset class and derivatives capabilities;
 - For P-Solve it provides greater ability to develop new solutions for institutional clients, including leveraging River and Mercantile Asset Management's execution platform to support the delivery of solutions, where this is appropriate.
- 9 The merger will bring together complementary investment skills which will benefit research and investment decision making, which it is believed will lead to improved outcomes for clients.
- 10 The merger also aims to develop new outcome-oriented products and services.
- 11 The focus of the new River and Mercantile Group will be growth and they do not expect any need for redundancies on either side.

Implications of the Merger for the Pension Fund Committee

- 12 The team that advise the Pension Fund Committee is not expected to change as a result of the merger. It is expected that the way that the River and Mercantile Group work with the Pension Fund will not change either, although there may be additional opportunities that can be offered.

Recommendations and Reasons

- 13 Members are asked to note the contents of this report.

Background papers

- (a) River and Mercantile Group Press releases

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