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## Merseyside explain why they utilised Euraplan's Transition Monitoring Service

<b>Euraplan Products and Services:</b>	IMAS Outsourcing Service
<b>Effective Date:</b>	July 2002
<b>Merseyside Representative:</b>	Paddy Dowdall, Investment Monitoring Officer
<b>Business Activity:</b>	Local Government
<b>Pension Fund Size:</b>	£2.9 billion
<b>Web Site:</b>	<a href="http://www.mersey-pens-fund.demon.co.uk">www.mersey-pens-fund.demon.co.uk</a>

### Background

- Merseyside pension fund is the 5<sup>th</sup> largest Local Government Pension Scheme, around £2.9 billion total assets with 97,000 members.
- Merseyside have been customers of Euraplan since 1989 using Shareholder and upgraded to Shareholder II for Windows in 2002.
- Due to a best value review and staff retention issues there was a strategic move encompassing elements of externalisation and passive management, which resulted in a new portfolio structure.
- A very large transition of £1.8 billion was required and there are only a small number of transition managers suitable for a transition of this size.

### Business Problem

- Merseyside needed to track the movements of funds and independently monitor the significant transition process.
- Not feasible to internally monitor the transition, due to the vast volume of transactions, lack of internal resources and appropriate expertise.

### Business Challenge

- Require transition-specific software and/or outsourcing resource to carry out the independent verification of the transition.
- Need to have measures in place to assure that all funds have correctly moved from old structure to new structure and any differences or errors are identified.

- Outsourcing resource would have to import and load historic data from previous investment and accounting applications.
- To maintain accurate accounting and performance records throughout the transition period.

## **Solution**

- Merseyside decided to select Legal and General to carry out their transition process.
- Based on the long-established relationship, Merseyside recognised Euraplan as an independent provider of transition monitoring services (offered by the IMAS Department) and utilising this service would be key in a successful transition.
- The specialist service tracks the movement of assets and their value during a fund manager transition.
- Merseyside's rationale for using Euraplan's transition monitoring service was due to the sheer scale of transactions involved within the transition and based on Euraplan's experience in dealing with investment managers.
- Merseyside naturally do not expect to lose, mislay assets or income during a transition process but the only way to completely guarantee this is to comprehensively account for and monitor at the transaction level.

## **Benefits**

- IMAS established a good working relationship with the transition manager.
- IMAS set-up appropriate automated interfaces for information flows from fund managers and completed valuation flows for four months.
- Provided Merseyside with a comprehensive and complete reconciliation report at the end of the transition.
- Transparency of activity identifies and reports any discrepancies in book cost, market values or cash positions.
- Freed internal resources for other work required during the period.
- IMAS services provided excellent client service and accurate reconciliations.

## **Outcome**

Paddy Dowdall, Investment Monitoring Officer comments:

'A transition is an extremely difficult and volatile time for a scheme of any size. In order for the process to be completed successful planning is key. There is a need to manage relationships with fund managers and suppliers, internal resources should be carefully considered whilst external resources can be utilised to manage peaks in activity as required.

At Merseyside Pension Fund we decided to use Euraplan's transition monitoring service for our £1.8 billion transition as we felt that their specialist assistance in developing relationships with a number of new investment managers was beneficial and the detailed reconciled accounts supplied were also helpful for audit purposes.

Using Euraplan would reduce the risk of not keeping track of the transactions and to ensure that internal systems were kept up-to-date. No doubt internal resources would have struggled significantly with the concentrated volume of work to be completed in such a short period.

The transition progressed successfully and Euraplan provided valuable assistance in establishing the new structure.'

## **Further Information**

For further information about IMAS services offered by Euraplan please contact Andrew Caird on 020-7963-4080 or [a.caird@euraplan.co.uk](mailto:a.caird@euraplan.co.uk)

