

i- CALL FOR TENDERS

Call for Tenders No.: ECTL_SRC_230125

Title: Senior Private Debt Funds

General: Contract relating to investments in senior private debt funds for the EUROCONTROL Pension Fund

Technical subject matter:

The objective is to invest in two complementary strategies that will give access to different risk and reward exposures:

- **Strategy #1** of Syndicated Loans / Senior Leveraged Loans to Large companies (the investment vehicle would be an open-ended fund);
- **Strategy #2** of Direct Lending to Small-Medium Enterprises (SME) and Mid-Market companies (the investment vehicle would be a close-ended fund).

As a result, the procurement process consists of launching one single call for tenders which comprises two lots:

- **LOT 1** aims at choosing an open-ended fund of leveraged loans to large companies (for Strategy #1); and
- **LOT 2** aims at choosing a close-ended fund of direct lending to SMEs (for Strategy #2)

Main selection, assessment and award criteria:

LOT 1 – PASS/FAIL TECHNICAL CAPACITY CRITERIA

1	The asset manager shall have a proven experience in managing private debt strategies since at least 8 years.
2	Fund investment structure of the type: Undertakings for collective investments in transferable securities (UCITS) or similar.

LOT 1 – PASS/FAIL TECHNICAL ASSESSMENT CRITERIA

1	Asset class: Mandatory to have the strategy of syndicated loans (senior)
2	Fund structure: Mandatory to have an open-ended fund
3	Type of exposure: Mandatory to have a direct exposure
4	Leverage (at fund level): Mandatory to have no leverage at fund level
5	Currency risk: Non-Euro exposure or non-Euro hedged exposure limited to 10%

SUPPORTING EUROPEAN AVIATION

Member States: Albania, Armenia, Austria, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Monaco, Montenegro, Netherlands, North Macedonia, Norway, Poland, Portugal, Republic of Moldova, Romania, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Türkiye, Ukraine, United Kingdom.

Comprehensive Agreement States: Israel, Morocco.

6	Fund domiciliation: Luxembourg or equivalent Euro-zone area
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LOT 1 – SCORING TECHNICAL ASSESSMENT CRITERIA

1	<p>Suitability with the EUROCONTROL requirements expressed in Table 1 of the technical specifications and requirements document in terms of:</p> <ul style="list-style-type: none"> • Capital structure positioning: percentage of senior debt at minimum 80%. • Sector diversification: largest sector to be below 50% • Geographic exposure: minimum of 50% exposure to European companies. • Fund size: minimum 300 M€. • Approach regarding ESG criteria, with a minimum of Article 6 classification.
2	<p>Depth of Resources and experience of the team.</p> <ul style="list-style-type: none"> • Number of people dedicated to the senior private debt strategy (minimum of 5 professionals such as portfolio managers, credit sector specialists, etc.) • Cumulative years of experience in the senior private debt strategy (minimum of 25 years). • Experience in monitoring the underlying assets. • Experience in credit incident and recovery.
3	<p>3 Fund past performance (track record and level of returns) for LOT 1 (Open-ended strategy)</p> <ul style="list-style-type: none"> • How much is the deviation compared to own target, considering that an outperformance of greater than 0.5% since inception will be considered as an advantage. • How much is the deviation compared to benchmark, considering that an outperformance of greater than +0.5% since inception will be considered as an advantage. Comparison of risk-adjusted return over 3 and 5 years amongst industry peers/bidders, higher risk-adjusted return will be considered as an advantage.
4	<p>Risk management evidence (at both the loan and fund levels)</p> <ul style="list-style-type: none"> • Transparency of the indicators used to measure the credit risk. • A track record of loss rate lower than 1% for the proposed strategy will be considered as an advantage. • What is the weighted average interest coverage considering that a ratio above 1.6x will be considered as an advantage. • Requirements/quality in terms of covenants considering that a ratio of total debt to EBITDA lower than 3x will be considered as an advantage. • Statistics in terms of default and recovery rates. • Statistics on the credit rating of the portfolio (average rating, weight of BBB and weight of below B). Lower weight of below B rating would be considered as an advantage. • Number of issuers, and top 10 holdings as a % of the NAV. Larger number of issuers would be considered as an advantage.
5	<p>Quality of the presentation and responses provided in the DD questionnaire:</p> <ul style="list-style-type: none"> • Conciseness and focus of the answers. • Clarity of concepts and processes described. • Completeness with respect to all the elements of the questionnaire
6	<p>Client Servicing and reporting:</p> <ul style="list-style-type: none"> • Frequency of quarterly reporting. Monthly reporting would be considered as an advantage.

	<ul style="list-style-type: none"> Quality of quarterly reporting with a detailed breakdown of the portfolio (sectors, geography, level of seniority, gross IRR, etc) would be considered as an advantage. Availability/location of client servicing,
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LOT 2 – PASS/FAIL TECHNICAL CAPACITY CRITERIA

1	The asset manager shall have a proven experience in managing private debt strategies since at least 8 years.
2	Fund investment structure of the type: Undertakings for collective investments in transferable securities (UCITS) or similar.

LOT 2 - PASS/FAIL TECHNICAL ASSESSMENT CRITERIA

1	Asset class: Mandatory to have the strategy of direct lending to SMSs and mid-market companies (senior)
2	Fund structure: Mandatory to have a close-ended fund
3	Leverage (at fund level): Mandatory to have no leverage at fund level
4	Currency risk: Non-Euro exposure or non-Euro hedged exposure limited to 10%
5	Fund domiciliation: Luxembourg or equivalent Euro-zone area

LOT 2 – SCORING TECHNICAL ASSESSMENT CRITERIA

1	<p>Suitability with the EUROCONTROL requirements expressed in Table 1 of the technical specifications and requirements document in terms of:</p> <ul style="list-style-type: none"> Capital structure positioning: percentage of senior debt at minimum 80%. Sector diversification: largest sector to be below 50% Extent of exposure to European companies Fund size: minimum 500 M€ Approach regarding ESG criteria with a minimum of Article 6 classification.
2	<p>Depth of Resources and experience of the team.</p> <ul style="list-style-type: none"> Number of people dedicated to the senior private debt strategy (minimum of 5 professionals such as portfolio managers, credit sector specialists, etc.) Cumulative years of experience in the senior private debt strategy with a minimum of 25 years. Experience in monitoring the underlying assets Experience in credit incident and recovery
3	<p>Fund past performance for comparable previous vintages for LOT 2 (close-ended funds)</p> <ul style="list-style-type: none"> How much is the deviation compared to own target for previous vintage funds, considering that an outperformance of greater than +0.5% over the vintage period would be considered as an advantage. What is the ex-post volatility for previous vintage fund(s). Comparison of risk-adjusted return over 3 and 5 years amongst industry peers/bidders, higher risk-adjusted return will be considered as an advantage.
4	<p>Risk management evidence (at both the loan and fund levels)</p> <ul style="list-style-type: none"> Transparency of the indicators used to measure the credit risk

	<ul style="list-style-type: none"> • A track record of loss rate lower than 1% for the previous vintage will be considered as an advantage • What is the weighted average interest coverage for the previous vintage considering that a ratio above 1.6x will be considered as an advantage. • Requirements/quality in terms of covenants for the proposed vintage, considering that a ratio of total debt to EBITDA lower than 3x will be considered as an advantage • Statistics in terms of default and recovery rates. • Statistics on the credit rating of the proposed vintage (average rating, weight of BBB and weight of below B). Lower weight of below B rating would be considered as an advantage • Number of issuers of the proposed vintage, and top 10 holdings as a % of the target fund size. Larger number of issuers would be considered as an advantage.
5	<p>Quality of the presentation and responses provided in the DD questionnaire:</p> <ul style="list-style-type: none"> • Conciseness and focus of the answers • Clarity of concepts and processes described • Completeness with respect to all the elements of the questionnaire
6	<p>Client Servicing and reporting</p> <ul style="list-style-type: none"> • Frequency of reporting (quarterly). Monthly reporting would be considered as an advantage. • Quality of quarterly reporting with a detailed breakdown of the portfolio (sectors, geography, level of seniority, gross IRR, etc) would be considered as an advantage. • Availability/location of client servicing.

The economically most advantageous offer will be established in accordance with the following:

For the Technical tender, a weighting of 60% is applied, for the Financial tender, a weighting of 40%.

Tender closing date: 29 February 2024 15:00 CET

Point of Contact: Please see the “Important Notice” below and if you have any other related questions, please contact:

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DCF/AFS/PROC

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If this Call for Tenders should interest you, please read the important information below:

IMPORTANT NOTICE

The full i-Call for Tenders documentation is in electronic format (.pdf).

If you wish to obtain the i-Call for Tenders documentation, please read and follow carefully the instructions below:

1. If you are already registered in the EUROCONTROL Supplier Portal, you can search for this Call for Tenders, and its relevant documentation, in the “*View Active Negotiations*” section of the Supplier Portal.
2. If you are not yet registered as a EUROCONTROL supplier, please follow the process described on the following link: <https://www.eurocontrol.int/portal/new-supplier-portal>.
3. EUROCONTROL accepts no responsibility whatsoever for the completeness, accuracy and/or timeliness of the transmission of the electronic documents (nor for the electronic documents themselves).
4. Submission of tenders shall be made electronically and shall be exclusively made in strict accordance with the instructions given in the tendering documentation.
5. You may:
 - a) print out the documents;
 - b) forward the documents further on a strictly need to know basis (always fully acknowledging the source, i.e. EUROCONTROL), and
 - c) use print-outs of the electronic i-Call for Tenders documents for the submission of tenders (especially the Price Offer Form ref: I-TSF-E).
6. You may not:
 - a) modify, edit and/or change the electronic documents other than to submit the required info and to sign/stamp where required;
 - b) transmit such documents to any third person who has no need to know them;
 - c) post such documents on any private or public website;
 - d) alter the originating source (EUROCONTROL) and or copyright signs etc., and
 - e) transmit the documents without indication of the source.

An environmental notice:

With a view to reduce the exponential growth of paper consumption, we would invite you only to print out electronic documents received and/or request paper copies of the price enquiry documentation if you are actually considering submitting a tender.