

Chase snares £30bn custody mandate

Juliette Pearse - 12 Oct 2000

Chase Manhattan Bank has beaten eight rival banks to win a £30bn (£50bn) mandate of UK pension fund assets.

The significant win sees Chase strengthening its relationship with Hermes Investment Management and two of the UK's largest pension funds. The £30bn is assets managed by Hermes on behalf of the £25bn-plus BT pension scheme and the £18bn-plus Post Office pension plan.

Chase now acts as custodian to four of the five largest pension funds in the UK, including the £23bn British Coal schemes run by CMT Pension Trustee Services.

The appointment is a significant blow to Bank of New York (BNY) which was previously custodian to the bulk of the £30bn. Chase was the other incumbent, handling the custody of £5bn in Far East assets managed by Hermes for the two funds.

The trustees drew up an initial list of nine houses, which included BNY and Chase, following advice from Hermes Administration Services and Thomas Murray, a custody rating and securities market information specialist. Chase was chosen as global custodian in a final shortlist of four.

Adrian White, joint deputy chief executive and chief operating officer of Hermes, said: "As you would expect with a mandate of this size, we conducted an extremely thorough review of our global custody arrangements. During the selection process the virtues of Chase became increasingly apparent. Their net assets, credit rating, client base and senior management commitment all contributed to our decision to recommend them to the trustees."

The mandate does not include assets managed by BT and the Post Office funds' other investment managers, which have their own custody arrangements.