

**MEMORANDUM**

**To:** Banking Committee  
**From:** Board Office  
**Subject:** Selection of Short Duration Fixed Income Manager  
**Date:** March 3, 2003

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**Recommended Action:**

Recommend the Board approve the selection of Wellington Management Company as a new short duration fixed income manager for optional use by the Regent institutions for the operating portfolios.

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**Executive Summary:**

As discussed at the January 2003 Banking Committee meeting, the Regent institutions requested permission to begin a process for evaluating options for moving more of the operating portfolios to professional external fund managers.

Wilshire Associates was requested to identify three short duration fixed income manager candidates to begin the selection process.

On February 13, 2003, the selection committee interviewed three candidate firms.

**Managers  
Interviewed**

The short duration bond fund managers interviewed included:

- Wellington Management Company
- Fidelity Management Trust Company
- BlackRock

**Recommended  
Selection**

The selection committee recommends that Wellington Management Company be approved as a new short duration fixed income manager for operating funds.

The utilization of this new fund manager by the Regent institutions for the operating portfolios is intended to provide an option, not a mandate for the institutions.

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**Background:**

Since December 1996, the institutions have invested a portion of their unrestricted operating portfolios with BlackRock, an external fund manager. The institutions manage the remaining operating funds utilizing banks and brokers services.

At the January 2003 meeting, university officials expressed a desire to consider options for moving additional operating funds from institutional management to professional external management, as is currently done with BlackRock.

Because of the difficulty of managing investments in the current market, the institutions believe that external managers could improve investment returns. The institutional personnel who now perform investment tasks could be redeployed to other responsibilities.

**Selection**

Wilshire Associates, the Board's investment advisor, evaluated Merrill 1-3 Year Treasury index fund managers and solicited fee quotes from top index managers that met the Regent investment policy.

The selection committee, which consisted of three Banking Committee members, and representatives of the universities, the Board Office, and Wilshire Associates, interviewed Wilshire's top three recommended candidates on February 13, 2003.

The selection committee recommends that Wellington Management Company be approved as the new short duration fixed income manager.

The utilization of this new fund manager by the Regent institutions for the operating portfolios is intended to provide an option, not a mandate for the institutions.