

MEMORANDUM

To: **Board of Trustees, Fresno County Employees' Retirement Association**
From: **Manager Research Group**
CC: **Jeffrey MacLean, CEO and Senior Consultant**
Date: **June 27, 2014**
RE: **Wellington Management Company – Corporate Structure Change & Succession Planning Update**

Corporate Structure Change

Wellington recently announced plans to modernize their corporate structure in an effort to operate more efficiently as they grow their global business. They intend to convert their existing parent company (Wellington Management Company, LLP) into a holding company (Wellington Management Group, LLP) and create new operating entities in North America and Asia, where clients in each locale will register directly with the local operating entity. The firm currently has offices in 12 countries around the globe and registering new clients outside of their country of origin was becoming an administrative challenge.

We are comfortable with this transition as the firm will remain a Partnership owned by existing employees of the firm. No changes in individual ownership are expected from this change. Clients that have a separate account will receive notices to assign their accounts to the newly created contracting entity, Wellington Management Group. Clients in commingled funds will not have any changes required in their documents.

The structural change is expected to be completed by January 1, 2015. Wellington has contacted their separate account clients directly to give them notice of this change and will be contacting them later in the year with new documents. The deadline for signing the new documents will be October 31, 2014. We see no reasons for concern on this change and recommend separate account clients comply with the document changes at that time.

Succession Planning Update

Jean Hynes has been named one of firm's three Managing Partners, replacing Perry Traquina, who as previously announced, will step down as CEO on June 30, 2014. Perry had announced his intentions to retire last year and Brendan Swords will assume the CEO responsibilities. Brendan has been one of three Managing Partners since 2008 and is currently the firm's President. Neither Perry, nor Brendan have any investment team responsibilities. Jean Hynes has been a Global Industry Analyst and Portfolio Manager on the Global Health Care Team. She

has been with the firm for 22 years. Wurts & Associates has no immediate concerns regarding this transition.