**Westfield Retirement System**

**Request for Proposal**

**Unconstrained/Opportunistic Fixed Income Investment Manager Services**

**Notice to Prospective Respondents**

The Westfield (MA) Retirement Board is seeking proposals from qualified investment managers specializing in dedicated unconstrained/opportunistic and flexible duration fixed income strategies with a return objective of positive absolute return in a variety of market conditions.  The proposed strategy should have a focus on investing broadly across the public global fixed income markets. The mandate may have broad investment guidelines pertaining to sector allocations, and the duration profile should be actively managed. The objective of the strategy should generally target positive absolute returns regardless of the interest rate environment with the expectation of a low correlation to the Bloomberg Barclays Aggregate Index. The Retirement Board will not accept proposals for core plus, multi-sector strategies, hedge funds or illiquid strategies. The Board expects to make an allocation of $5.0-10.0 million to the mandate.

All investments made by the Westfield Retirement Board are subject to the provisions of the Massachusetts General Laws, Chapter 32, as amended by Chapter 176 of the Acts of 2011, and the rules and regulations of the Public Employees Retirement Administration Commission (PERAC), 840 CMR. The selected investment manager(s) must have familiarity and agree to comply with all applicable laws and PERAC regulations. Additional information on applicable laws and investment regulations may be found on PERAC’s website at [www.mass.gov/perac](http://www.mass.gov/perac).

The Board reserves the right to cancel or reject in whole or part any or all proposals in the best interest of the Retirement System.

The RFP is available up to the proposal deadline by visiting <https://www.fiducientadvisors.com/client-rfps>.

Proposal deadline is Friday April 23, 2021 at 4:00 PM EDT. Late proposals will not be accepted.

**GENERAL INFORMATION AND INSTRUCTIONS**

Please carefully review the terms and conditions outlined in the following sections of the RFP prior to submitting a proposal.

* General Information and Instructions
* Mandatory Terms and Conditions per MGL Ch. 32, s.23B, as amended by Ch. 176 of the Acts of 2011.
* Required PERAC Disclosures – Vendor Contact Form, Vendor Certification, Vendor Disclosures (Compensation Paid, Compensation Received and Conflict of Interest) and Placement Agent Statement
* Evaluation Criteria
* Minimum Criteria Certification
* Executive Summary and Investment Manager Questionnaire

Please direct any questions pertaining to this RFP via e-mail to:

Maura Goulart

Fiducient Advisors

100 Northfield Drive

Windsor, CT 06095

E-Mail: [mgoulart@fiducient.com](mailto:mgoulart@fiducient.com)

**Availability of RFP:**

The RFP is available up to the proposal deadline by visiting <http://www.fiducientadvisors.com/client-rfps>.

**Proposal deadline:** Proposal deadline is Friday April 23, 2021 at 4:00 PM EDT. Late proposals will not be accepted.

**Opening of Proposals:** Monday April 26, 2021 at 9:00 am EDT

A register of proposals will be maintained for public inspection.

**GENERAL INFORMATION AND INSTRUCTIONS, cont.**

**Expected Timing of Award**

Manager selection is expected to take place within 180 days of the RFP’s submission deadline. The timing of the award of the contract may be extended at the Board’s discretion upon agreement between the Board and bidder(s).

The Board reserves the right to make an award without interviews of the bidders. A bidder should submit a proposal on its most favorable terms considering both services and price. The Board shall have sole discretion in deciding which bidders, if any, will be considered following the initial evaluations and/or interviews.

**Rejection of Proposals**

The Retirement Board may, at its discretion, cancel a request for proposals or may reject in whole or in part any or all proposals in the best interest of the Retirement System.

**Modification of Proposals**

A bidder may correct, modify or withdraw a proposal by written notice to both the Retirement Board and Fiducient Advisors, the Board’s Investment Consultant assisting with this search, prior to the deadline set forth in the proposal.

The Retirement Board reserves the right to waive minor informalities and/or allow the bidder to correct them.

**Submission of RFP: due on Friday April 23, 2021 at 4:00 PM EDT. Proposals received after the deadline will not be evaluated.**

**Submit one complete electronic zip file via email to:**

Maura Goulart

[mgoulart@fiducient.com](mailto:mgoulart@fiducient.com)

with cc to:

Liam Browne

Retirement Administrator

Retirement Administrator, Westfield Retirement Board

[liam.browne@cityofwestfield.org](mailto:liam.browne@cityofwestfield.org)

**Please note in subject line: Westfield Retirement – (Manager) RFP response**

All respondents **must include** the following with its proposal:

* Signed Cover Page - On the Cover Page, please note your firm name, the RFP for which you are responding to, and the proposed strategy. The proposal must be signed by an official authorized to bind the firm, and it shall contain a statement to the effect that the proposal is firm offer for acceptance by the Retirement Board for 180 days from the date of submission.
* Required PERAC forms and disclosures
* Certified Minimum Criteria Response
* Investment Manager Questionnaire
* Form ADV
* Other attachments as may be specified in the manager questionnaire

**Required Vendor and Certification Forms**

**(as required by amended M.G.L. Ch. 32 s.23B)**

**Please note: Submit one set of completed and signed** required PERAC forms below with your submission to the Board's Investment Consultant. The forms have been included with the RFP documents for your convenience. They may also be found on PERAC's website at <http://www.mass.gov/perac/compliance-investments/compliance-forms/>.

1. Vendor Contact Information
2. Vendor Certification of Good Faith
3. Vendor Disclosures (Compensation Paid, Compensation Received and Conflict of Interest)
4. Placement Agent Statement (See Placement Agent Policy under mandatory contract terms and conditions)

**Failure to complete and submit signed disclosures will result in rejection of the proposal.**

**EVALUATION CRITERIA**

**Evaluation Criteria**

Each proposal that satisfies the minimum criteria will be evaluated initially through due diligence in the following areas. Each evaluation criteria will be assigned a rating of Highly Advantageous, Advantageous, Not Advantageous, or Not Acceptable. Each proposal will receive a composite rating taking into consideration the collective ratings of the individual criteria.

* Organization
* Assets Under Management
* Investment Team
* Investment Philosophy & Process
* Investment Performance
* Investment Fees

The Retirement Board reserves the right to waive certain minimum requirements or other provisions if deemed by the Board to be in the best interest of the Retirement System to do so.

**MANDATORY CONTRACTUAL TERMS AND CONDITIONS**

Chapter 176 of the Acts of 2011, through the addition of Section 23B to Chapter 32 of M.G. L., expanded the mandatory contract provisions for the procurement of investment related services for Massachusetts Public Retirement Systems. The legislation may be found through the accessing the following link: <http://www.malegislature.gov/Laws/SessionLaws/Acts/2011/Chapter176>

The following mandatory contractual terms and conditions must be incorporated into the final written contract with the selected contractor (“Manager”). If terms and conditions cannot be met within a prospective fund’s offering and subscription documents, then the selected manager(s) will be expected to agree to the terms via side letter/agreement. Exceptions for closed-end investment vehicles are noted.

* The Retirement Board (“Board”) has advised the Manager that the Retirement System is subject to Investment Regulations (hereinafter the “Regulations”) promulgated by the Commonwealth of Massachusetts, Public Employee Retirement Administration Commission (“PERAC”), as set forth in 840 CMR, pursuant to Chapter 7, section 50 and is subject to Chapter 32, sections 21 and 23, and Chapter 176 of the Acts of 2011, of the Massachusetts General Laws.
  + The selected Manager(s) will be expected to acknowledge their ability and willingness to comply with all applicable laws and PERAC regulations.
* The contract shall not exceed a term of seven years, including any renewal, extension or option;
* The contract must contain a termination clause by which the contract may be terminated by 30 days written notice of either party to the other;
* Statement that the Manager is a fiduciary with respect to the funds which the Manager invests on behalf of the Retirement Board;
* Statement that the Manager will not delegate its fiduciary responsibility to the Board under the contract;
* Statement that the Manager shall not be indemnified by the Retirement Board;
* Acknowledgment that the Manager is required to annually inform the Retirement Board and PERAC of any arrangements in oral or in writing, for compensation or other benefit received or expected to be received by the contractor or a related person from others in connection with the manager’s services to the Retirement Board or any other client;
* Acknowledgement that the Manager is required to annually disclose to the Retirement Board and PERAC compensation, in whatever form, paid or expected to be paid, directly or indirectly, by the Manager or a related person to others in relation to the Manager’s services to the Retirement Board or any other client;

**MANDATORY CONTRACTUAL TERMS AND CONDITIONS, cont.**

* Acknowledgement that the Manager is required to annually disclose to the Retirement Board and PERAC in writing any conflict of interest the contractor may have that could reasonably be expected to impair the Manager’s ability to render unbiased and objective services to the Retirement Board;
* Placement Agent Policy – Each contract and amendment to an existing contract as of January 1, 2012 shall secure the agreement of the Manager in the final written agreement between the Retirement Board and the Manager to provide the board with the following remedies in the event the Manager knew or should have known of any material inaccuracy or omission in the placement agent information disclosure or any other violation of this policy:
  + The reimbursement of any management or advisory fees paid by the Board for the prior two years or an amount equal to the amounts paid or promised to be paid to the placement agent as a result of the Board investment, whichever is greater.
  + The authority to immediately terminate the investment management contract or other agreement with the Manager without penalty, to withdraw without penalty from a limited partnership, limited liability company or other investment vehicle, or to cease making further capital contributions (an paying any fees on these recalled commitments) to the limited partnership, limited liability company or other investment vehicle without penalty.
  + Each contract and amendment to an existing contract as of January 1, 2012 shall secure the agreement of the Manager in the final written agreement between the board and the manager that the manager shall be solely responsible for, and the board shall not pay (directly or indirectly), any fees, compensation or expenses for any placement agent used by the manager.

**MINIMUM CRITERIA RESPONSE**

Firms must meet all of the following minimum criteria. If your firm does not meet the minimum criteria, please do not submit a proposal. Failure to meet minimum qualifications will disqualify the bidder.

|  |  |
| --- | --- |
|  | **Yes/No** |
| 1. The firm is a registered investment advisor with the SEC or, if exempt, is registered with the Massachusetts Office of the Secretary of State. | |  |
| 1. The firm has been in operation as an investment management organization for at least five years and has at least three years of experience in managing dedicated Unconstrained/Opportunistic Fixed Income portfolios. | |  |
| 1. The firm has at least $1 Billion in fixed income assets under management and at least $500 Million in the proposed strategy as of December 31, 2020. | |  |
| 1. The composite or performance record of the proposed product must have a minimum five-year track record as of December 31, 2020 | |  |
| 1. The composite or performance record of the proposed product exceeds the Bloomberg Barclays U.S. Aggregate Index over the trailing three and/or five-year period(s) ending December 31, 2020. | |  |
| 1. The firm has completed, signed and submitted the PERAC Vendor Certification, Disclosures, and Placement Agent Statement as required by PERAC. Failure to submit these forms will result in disqualification. | |  |
| 1. If selected, the bidder acknowledges that the firm is willing to represent that it will act as a fiduciary as set forth in Section 23(3) of M.G.L Ch. 32, will not require indemnification from the Retirement Board and that it will comply with additional mandatory contractual terms and conditions set forth in M.G.L. Ch. 32, Section 23(B) as amended by Chapter 176 of the Acts of 2011.   **Important Notice:** If your firm is proposing a commingled fund or a mutual fund vehicle, as is with the case of a separate account, your firm will be required to address areas of non-compliance through representations via side letter agreement, regardless of the investment vehicle being proposed. Please email the Board’s consultant if you require a sample side letter. | |  |

Certified by: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name Date

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Authorized Signature/Title

**EXECUTIVE SUMMARY**

**(Please keep your response to under three pages)**

**Provide all information as of December 31, 2020**

1. Full name of firm and main location – also note the location of the proposed product’s investment team and where these investment management services are carried out:
2. Primary contact information for this search - please include all contact information including email and phone:
3. Name of proposed investment strategy and proposed vehicle(s):
4. Month and year firm began managing proposed strategy. If the strategy was managed at a prior firm, please explain and include all relevant dates with key investment personnel information.
5. Firm-wide assets under management (total):
6. Total Fixed Income assets under management:
7. Total assets and number of accounts managed in proposed strategy:
8. Please list the proposed strategy assets and number of accounts across all investment vehicles (i.e., separate account, commingled fund, and/or mutual fund).
9. Please note the investment vehicle you are proposing to the Retirement Board based on a potential allocation of $5-10 Million.
10. ***Briefly*** describe your investment philosophy and process and note how your firm intends to add value for clients invested in the proposed product. Please explain how you differentiate your firm and investment strategy from your competitors. Note any unique characteristics of your research and/or investment process.
11. List the key members of the investment team. For each, please provide the years of investment experience, years in current role and years at the firm. Note the lead decision maker(s) or team leader(s). Are team members responsible for other investment strategies at the firm?
12. Please list the name of the strategy and/or composite profile for the proposed product as provided in the eVestment database. Please ensure data for the firm and proposed product is fully updated through December 31, 2020.

**INVESTMENT MANAGER QUESTIONNAIRE**

**I. GENERAL BACKGROUND INFORMATION**

1. Name and Full Address of Firm
2. Please check appropriate fiduciary classification for your firm:

\_\_\_\_\_Bank/Trust Company

\_\_\_\_\_Insurance Company

\_\_\_\_\_Registered Investment Advisor (Investment Advisors Act of 1940)

\_\_\_\_\_Registered with Massachusetts Office of Secretary of State

\_\_\_\_\_Affiliate of Fiduciary (Name Classification)

\_\_\_\_\_Other (explain)

1. Company Contacts

Primary Client Service/Relationship Manager: Title:

Phone:

E-Mail:

Portfolio Management:

Title:

Phone:

RFP/Data Contact:

Title:

Phone:

E-Mail:

1. Ownership & Affiliates
2. Briefly describe the organizational structure of the firm.
3. Please list all owners of firm include breakdown of internal and external ownership.
4. List all companies affiliated with the firm.
5. Please provide a brief history of your firm. Provide a timeline of key dates and events.
6. Offices and their Functions:

Please list primary locations and functions where the firm has offices and provide number of personnel at each location. Highlight the location of where the investment and service capabilities for the proposed product are carried out.

Location Function # Personnel

1. Please indicate month and year any external assets were first managed by the firm.
2. Please indicate the strategy name and inception date of the proposed product.
3. Insurance/Legal/Compliance
4. Please indicate the name of carrier, dollar amount of coverage and note any deductible.

|  |  |  |  |
| --- | --- | --- | --- |
| Type | Carrier | Aggregate Coverage | Deductible |
| Errors & Omissions |  |  |  |
| Fiduciary Liability |  |  |  |
| Fidelity Bonding |  |  |  |
| Other (please explain) |  |  |  |

1. Is there current or pending business litigation or legal proceedings against your firm? If yes, please describe.
2. Has there been any business litigation, legal proceedings or regulatory action against the firm during the previous ten years? If yes, please describe.
3. Indicate the date of your most recent SEC examination. Were there any major deficiencies? If yes, please explain the findings and the firm’s resolution to such deficiencies.
4. Is there a dedicated compliance officer? Who is primarily responsible for developing policies and procedures to ensure firmwide compliance with applicable state and federal law?
5. Has your firm adopted the CFA Institute’s Asset Manager Code of Professional Conduct? If not please attach a copy of the firm’s code of ethics and/or professional conduct.
6. Do you have a written Anti-Money Lending (“AML”) or Know-Your-Client (“KYC”) policies and procedures? If yes, please provide. If no, please explain how you guard against money laundering and, if applicable, how do you comply with the Patriot Act?
7. Please describe your policies and procedures as they relate to personal trading for your employees.
8. Describe your policies and procedures on eliminating potential conflicts of interest.
9. What systems are in place for ensuring that portfolio managers comply with client guidelines?
10. Please describe the firm’s disaster recovery plan. Indicate if it has ever been implemented and provide the date of the most recent test.

I. Personnel:

1. Please indicate the number of people that have the following titles or perform the following roles as their primary responsibility (Please do not double count).

|  |  |  |
| --- | --- | --- |
|  | Firm-wide | Proposed Product |
| Chief Investment Officer |  |  |
| Portfolio Managers |  |  |
| Research Analysts |  |  |
| Economist |  |  |
| Traders |  |  |
| Portfolio Administration |  |  |
| Marketing |  |  |
| Client Service |  |  |
| Compliance |  |  |
| Administrative |  |  |
| Executive |  |  |
| Other (specify) |  |  |
| Total Employees |  |  |

2. Please note the key investment personnel of proposed product (*key personnel include all individuals directly involved in the investment management process of the product described in this questionnaire*). Please provide biographies as an attachment to the RFP.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Name/Title | Yrs in Industry | Yrs with Firm | Yrs  in Role | Equity  Owner? |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |

1. What measures are taken to increase retention of key investment professionals?
2. Describe the compensation structure for your firm's key investment professionals (portfolio managers, research analysts, etc.) including incentives, bonuses, performance based compensation, and equity ownership.
3. Describe firm’s succession plan relative to the departure of key investment professionals.
4. Please list personnel changes over the last five years for the key executives of the firm *and* key investment personnel as it relates to the *proposed product*:

*Key Executives of the Firm*

*Departures*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Name | Position | Start  Date | Departure Date | Reason for Leaving |
|  |  |  |  |  |
|  |  |  |  |  |

*Additions*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Name | Position | Start  Date | Departure Date | Comments |
|  |  |  |  |  |
|  |  |  |  |  |

*Key Investment Personnel for Proposed Product*

*Departures*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Name | Position | Start  Date | Departure Date | Reason for Leaving |
|  |  |  |  |  |
|  |  |  |  |  |

*Additions*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Name | Position | Start  Date | Departure Date | Comments |
|  |  |  |  |  |
|  |  |  |  |  |

**II. ASSETS UNDER MANAGEMENT**

1. Please provide your assets under management as of December 31, 2020.

|  |  |  |
| --- | --- | --- |
|  | Total Firm | |
|  | Assets ($Mil) | Clients |
| Total Firmwide Assets |  |  |
| Total Tax-Exempt Assets |  |  |
| Total Fixed Income AUM |  |  |
| Total **dedicated** Proposed Product AUM |  |  |

**By Client Type**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Total Firm | | Proposed Product | |
|  | Assets ($Mil) | # of  Accounts | Assets  ($Mil) | # of  Accounts |
| Corporate |  |  |  |  |
| Taft Hartley |  |  |  |  |
| Public Fund |  |  |  |  |
| Endowment/Foundation |  |  |  |  |
| Individuals |  |  |  |  |
| Other (Specify) |  |  |  |  |
| Total |  |  |  |  |

1. Please list total assets under management (including asset flows) for the most recent quarter end and the last 5 calendar years:

**Firm Wide**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Market Value ($Mil) | Assets Gained  ($Mil) | # of Accts Gained | Assets  Lost ($Mil) | # of Accts Lost |
| 2020 |  |  |  |  |  |
| 2019 |  |  |  |  |  |
| 2018 |  |  |  |  |  |
| 2017 |  |  |  |  |  |
| 2016 |  |  |  |  |  |

**Proposed Product**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Market Value ($Mil) | Assets Gained ($Mil) | # of Accts Gained | Assets  Lost ($Mil) | # of Accts Lost |
| 2020 |  |  |  |  |  |
| 2019 |  |  |  |  |  |
| 2018 |  |  |  |  |  |
| 2017 |  |  |  |  |  |
| 2016 |  |  |  |  |  |

1. Please list the number of Massachusetts public fund clients you have on a firm wide basis and also for the proposed product as of December 31, 2020.

|  |  |  |
| --- | --- | --- |
| **Massachusetts Public Fund Clients** | Market Value ($Mil) | Number of Clients |
| Firm wide |  |  |
| Proposed Product |  |  |

1. Please note any Massachusetts Public Fund Clients Gained or Lost over the past five years ending December 31, 2020, firm wide and for the proposed product.
2. Are you comfortable with the size of the asset base in the product? Please describe any capacity constraints if strategy assets were to grow considerably. At what level are you planning to close the strategy/fund?

**III. CLIENT SERVICE**

1. Indicate the key personnel involved in client service and their years of experience. Please highlight the client service professional/relationship manager that would be assigned to this account.
2. Indicate the frequency for various forms of communications:

Portfolio Review:\_\_\_\_ Market Letter:\_\_\_\_

Conference Calls:\_\_\_\_ Whitepapers:\_\_\_\_

1. What size account is required to merit participation by the senior portfolio managers in finals presentations to potential clients? For accounts that are below this cutoff, who would attend the finals presentations?
2. Are portfolio managers otherwise accessible to clients?
3. Do you copy the consultant on all correspondence to clients?
4. Please provide a description of the reports you typically provide to clients. Is your firm able and willing to comply with special reporting requirements as required by PERAC and/or the Board’s consultant?

**IV. INVESTMENT PHILOSOPHY**

1. Briefly describe your investment philosophy specifically as it pertains to unconstrained or flexible duration fixed income investing.
2. Please describe similarities and differences to your firm’s more traditional strategies
3. Briefly describe this product’s return and risk objectives.
4. What do you consider to be this product’s most appropriate comparative benchmark?

**V. INVESTMENT PROCESS and PORTFOLIO CONSTRUCTION**

1. Describe the investment approach (top down/bottom-up) and how you expect to add value in Unconstrained/Flexible Fixed Income investing.
2. Please describe your security screening and selection process (Please include: the universe from which securities are selected, exclusionary or prudence screens applied and the level of quantitative vs. qualitative research). Include a description of any models used in security selection and/or portfolio construction.
3. Briefly describe your approach to analyzing interest rates.
4. Describe your approach to duration management, yield curve position, sector allocation, and maturity decisions.
5. Describe the credit quality criteria and due diligence process employed in security selection across sectors including corporate bonds – both investment grade and high yield, mortgage-backed and asset-backed securities.
6. Describe the firm’s internal resources in terms of credit research.
7. Please list, as of December 31, 2020, the portfolio characteristics.

|  |  |  |
| --- | --- | --- |
| **Characteristic** | **Strategy** | **Benchmark** |
| Effective Duration |  |  |
| Average Credit Quality |  |  |
| Average Maturity |  |  |
| Yield to Maturity |  |  |
| Number of Holdings |  |  |

1. Please list, as of December 31, 2020, the breakdown of the portfolio by credit quality.

|  |  |
| --- | --- |
|  | % Portfolio |
| Treasury |  |
| Government Agency |  |
| AAA |  |
| AA |  |
| A |  |
| BBB |  |
| Below BBB |  |
| BB |  |
| B |  |
| CCC |  |
| CC |  |
| C |  |
| Not Rated |  |

1. Please list all sectors of the bond market in which you invest for the proposed product, along with the most recent quarter-end allocation and the maximum allocation allowed for each sector.

|  |  |  |  |
| --- | --- | --- | --- |
|  | % Portfolio | Min. Alloc. (Policy) | Max. Alloc. (Policy) |
| Treasury excl. TIPS |  |  |  |
| TIPS |  |  |  |
| Investment Grade Credit |  |  |  |
| Government Agency MBS |  |  |  |
| Non-Agency MBS |  |  |  |
| CMBS |  |  |  |
| ABS |  |  |  |
| CMO |  |  |  |
| Municipals |  |  |  |
| Bank Loans |  |  |  |
| High Yield |  |  |  |
| Private Placement |  |  |  |
| Yankee/USD Denominated Bonds |  |  |  |
| Non-USD Denominated Bonds |  |  |  |
| Other (specify) |  |  |  |

1. Describe the level of discretion and flexibility you have in allocation decisions to value-add sectors. Describe the decision-making process and the use of tactical shifts among sectors, if applicable. Has the recent market environment precipitated any changes to your sector allocation decision making process? If so, please explain.
2. What is the permissible duration range for the strategy? What has the actual duration range been since the product’s inception?
3. How many issues are contained in a typical portfolio?
4. Do you typically avoid or over/under weight certain industries or sectors?
5. How, on average, do your sector weightings typically compare to the most appropriate comparative index’s sector weightings?
6. Will you avoid certain sectors/countries?
7. How does your firm implement its buy-sell decisions? Under what circumstances would your firm deviate from its disciplines?
8. What is your investment time horizon; typical holding period for a security?
9. Please describe the use of derivative securities. To what extent are they used and for what purposes?
10. Do you include new issues in the product under review? If so, how are new issues allocated amongst client portfolios?
11. What has been the average annual portfolio turnover for each of the last 5 years? (Turnover is defined as the lesser of purchases or sales divided by average market value).
12. What is the maximum percentage that would be committed to cash? Please provide the average cash position for portfolios.
13. How long does it take to fully invest a new account?
14. How do you limit dispersion between client accounts?
15. Are you comfortable with the size of the asset base? If assets grew considerably would you close the strategy/fund? How would you change the way the fund is managed?
16. What do you consider to be unique about your investment process relative to your competitors?
17. **RISK CONTROL PROCEDURES**
18. Please describe your upside sell discipline.
19. Please describe your downside sell discipline.
20. What strategies do you employ to limit the portfolio’s downside risk and loss potential?
21. What miscellaneous control procedures (both quantitative and qualitative) / software products do you employ?
22. Who is responsible for the product's risk management?
23. Does the strategy target a specific risk level or tracking error?
24. How is risk budgeted across the portfolio?
25. **PORTFOLIO MANAGEMENT**

A. Please describe your decision-making process. Answer the following questions in your response:

1. How much discretion is given to individual portfolio managers?
2. Are decisions made by committees or by the manager?
3. Do you employ a team approach?
4. What is the average number of portfolios per manager?
5. **RESEARCH**

A. Please attach a short resume of the senior-most employee charged with your research activities:

B. Please indicate what percentage of the research effort comes from various sources (must add up to 100%):

|  |  |
| --- | --- |
|  | % |
| Wall Street research |  |
| Research vendors |  |
| Regional brokerage research |  |
| Security databases |  |
| Annual reports, 10k, etc. |  |
| Internal/Original |  |
| Online sources (please list) |  |
| Company Visits |  |
| Other (explain) |  |

C. If you have an internal research capability, state the location(s) where such research is carried out and what specific research is conducted at each location.

D. What securities databases are used by your firm? What pricing source is used for securities in the data base?

E. Provide any commentary you feel would communicate the uniqueness of your firm's research efforts.

**IX. TRADING**

1. Please discuss execution and allocation of shares across accounts. How do you ensure fairness?
2. How do you monitor trading costs (market impact plus commissions)? How are transaction costs managed to reduce their negative impact on performance?
3. Is your firm or its parent or affiliate a broker/dealer? Does your firm trade for client accounts through this broker/dealer? If so, state how much trading and the reason for trading with this related party? How is the inherent conflict of interest addressed?
4. Do you use discount or commission recapture brokers? Discuss your policy regarding the use of soft dollars and directed trades.
5. List the brokers/dealers your firm uses. How are broker/dealers selected, monitored and evaluated?
6. What percent of the dollar volume of trades executed in the last two years was directed to each dealer listed above?
7. How do you monitor the personal trading of your employees for compliance purposes and to avoid front running?
8. What portfolio accounting system does your firm use?

**X. PERFORMANCE**

1. The eVestment database will be used to evaluate historical performance. Please ensure that the performance track record, both gross and net of fees, is updated in the database through the most recent quarter end for the proposed product’s composite and applicable investment vehicle being proposed to the Board, if different. **Please attach a page with all composite disclosures and notes.** **If your composite is not in compliance with GIPS® standards, please provide an explanation of the differences. If your firm is proposing an institutional mutual fund, please include the mutual fund’s return history and attach a prospectus.**
2. What efforts are made to control the dispersion of returns among accounts within the composite?
3. Is the performance data history submitted compliant with GIPS® standards? If yes, please indicate the effective date of compliance. If not, please explain.
4. Has the performance history been certified by an independent auditor? Please provide a copy of the audit results. If no, please explain.
5. Has the composite been verified for compliance with GIPS® by an independent verifier? If so, please attach a copy of the latest verification report.
6. Is the current investment team responsible for the historical performance record? If not, please explain.
7. Was the entire historical performance record generated at this firm? If not, please explain.

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**XI. INVESTMENT MANAGEMENT FEES**

**Investment manager fee proposals should reflect the respondent’s most advantageous terms.**

1. Please state the fee schedule for the proposed product for all available investment vehicles, assuming an allocation of $5-10 million (to include separate account, commingled fund and/or mutual fund, if applicable). Note that a commingled fund or mutual fund vehicle is preferred given the expected allocation.
   1. Highlight specifically the vehicle you are proposing to the Retirement Board
   2. Please include all breakpoints
   3. Note availability of waivers to the minimum account size, if applicable
   4. For commingled and/or mutual funds, provide the net expense ratio or ‘all in’ fee, breaking out the management fee from the fund related fees and expenses
2. If the proposed product is offered through a commingled vehicle, does the fee schedule include custody and other applicable administrative expenses? If not, please disclose any additional expenses in addition to the investment management fee applicable for the commingled fund. Please note any caps to these expenses, if applicable.
3. Will your fee be applicable for the duration of the client assignment? Please note that the expected initial term of the award is for a period of seven years.
4. Is your proposed fee schedule negotiable? Please describe to the extent your firm is willing to negotiate its fee for the proposed mandate.
5. Please provide the following investment vehicle information for all investment vehicles available to the Retirement Board.
   1. Separate Account
      1. Minimum Account Size
      2. Minimum Annual Fee
   2. Commingled Fund
      1. Fund Name
      2. Fund Structure (Group Trust, CIT, 3C7, LP, LLC etc.)
      3. Fund Minimum Account Size
      4. Liquidity (Daily, Monthly)
      5. Minimum Annual Fee
   3. Institutional Mutual Fund (note share class)
      1. Fund Name
      2. Fund Ticker and Cusip
      3. Fund Minimum Account Size
      4. Please attach a prospectus