**Watertown Retirement System**

**Request for Proposals**

**Dedicated High Yield Fixed Income Investment Manager Services**

**Notice to Prospective Respondents**

The Watertown (MA) Retirement Board is seeking proposals from qualified investment managers to provide **active high yield fixed income** investment management services for the Retirement System’s $256 million investment portfolio. The Board expects to allocate $3-6 million to the mandate.

All investments made by the Watertown 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.mas.gov/perac](http://www.mas.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

<http://www.fiducientadvisors.com/client-rfps>.

Proposal deadline is Tuesday July 2nd 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 Certification, Compensation Paid, Compensation Received and Conflict of Interest, 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:

Richard Carey

Fiducient Advisors

100 Northfield Drive

Windsor, CT 06095

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

**Availability of RFP:**

The RFP is available up to the proposal deadline by visiting

<http://www.fiducientadvisors.com/client-rfps>

**Proposal deadline:** Tuesday July 2nd at 4:00 PM EDT. Late proposals will not be accepted.

**Opening of Proposals:** Wednesday July 3rd, 2024 at 9:00 am EDT

A register of proposals will be maintained for public inspection.

**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 mutual 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 the Retirement Board and Fiduciary Investment Advisors, the Board’s Investment Consultant, prior to the time and date set for the opening of proposals.

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

**Submission of RFP: due on Tuesday July 2nd at 4:00 PM EDT. Late proposals will not be accepted.**

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

Richard Carey

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

**Please also cc Kayla Sheehan, Watertown Retirement System’s Executive Director at** [**ksheehan@watertownretirement.com**](mailto:ksheehan@watertownretirement.com)

**Please note in the subject line: Watertown Retirement – (“Manager Name”) 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 product. 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 & Certifications – see below
* 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/forms-pubs/compliance-and-investment-gen.html>.

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 all required disclosures will result in rejection of bidder's 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 Unacceptable. Each proposal will receive a composite rating taking into consideration the collective ratings of the individual criteria.

* Organization, including Financial Strength and Stability
* 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 five years of experience in managing dedicated High Yield Bond portfolios. | |  |
| 1. The firm has at least $5 Billion in U.S. oriented fixed income assets under management and at least $1 Billion in the proposed High Yield Bond strategy as of March 31, 2024. | |  |
| 1. The composite or performance record of the proposed product must have a minimum five-year track record as of the most recent quarter end. | |  |
| 1. The firm has completed and submitted the requisite forms, specified above, 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**

**(Maximum of three pages)**

**Provide all information as of March 31, 2024**

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 with complete contact information.
3. Name of Proposed Investment Strategy
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 High Yield Fixed Income Assets Under Management
8. Total assets and number of accounts managed in proposed strategy
9. Please list the proposed strategy’s assets and number of accounts by all available investment vehicles (i.e., separate account, commingled fund, and/or mutual fund.).
10. Please note theinvestment vehicle(s) you are proposing to the Retirement Board based on a potential allocation of $3-6 Million.
11. ***Briefly*** describe your investment philosophy and process and describe 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.
12. 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?
13. Please list the name of the strategy and/or composite profile for the proposed product as provided in the eVestment Alliance database. Please ensure data for the firm and proposed product is fully updated through 3/31/2024.

**INVESTMENT MANAGER QUESTIONNAIRE**

1. **GENERAL BACKGROUND INFORMATION**

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

\_\_\_\_\_Bank

\_\_\_\_\_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 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 are in compliance 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 |
|  |  |  |  |  |
|  |  |  |  |  |

1. **ASSETS UNDER MANAGEMENT**
2. Please provide your assets under management as of the most recent quarter end.

|  |  |  |
| --- | --- | --- |
|  | Total Firm | |
|  | Assets ($Mil) | Clients |
| Total Firmwide Assets |  |  |
| Total Tax-Exempt Assets |  |  |
| Total U.S. Fixed Income AUM |  |  |
| Total **proposed strategy** AUM |  |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Total Firm | | Proposed Strategy | |
| **By Client Type** | 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) year to date through the most recent quarter end and the last 5 calendar years:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Firm Wide** | Market Value ($Mil) | Assets Gained  ($Mil) | # of Accts Gained | Assets  Lost ($Mil) | # of Accts Lost |
| 2023 |  |  |  |  |  |
| 2022 |  |  |  |  |  |
| 2021 |  |  |  |  |  |
| 2020 |  |  |  |  |  |
| 2019 |  |  |  |  |  |
| **Proposed Strategy** | Market Value ($Mil) | Assets Gained ($Mil) | # of Accts Gained | Assets  Lost ($Mil) | # of Accts Lost |
| 2023 |  |  |  |  |  |
| 2022 |  |  |  |  |  |
| 2021 |  |  |  |  |  |
| 2020 |  |  |  |  |  |
| 2019 |  |  |  |  |  |
| **Proposed Vehicle** | Market Value ($Mil) | Assets Gained ($Mil) | # of Accts Gained | Assets  Lost ($Mil) | # of Accts Lost |
| 2023 |  |  |  |  |  |
| 2022 |  |  |  |  |  |
| 2021 |  |  |  |  |  |
| 2020 |  |  |  |  |  |
| 2019 |  |  |  |  |  |

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 the most recent quarter end.

|  |  |  |
| --- | --- | --- |
| **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 as of the most recent quarter end, firm wide and for the proposed product.
2. Are you comfortable with the size of the asset base in the proposed product? Please describe any capacity constraints if strategy assets were to grow considerably. At what level are you planning to close the strategy/fund?
3. **CLIENT SERVICE**
4. 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.
5. 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 of PERAC including furnishing a copy of client reports and special commingled fund reporting (if applicable).
5. **INVESTMENT PHILOSOPHY**
6. Briefly describe your investment philosophy.
7. Briefly describe this strategy’s return and risk objectives.
8. What do you consider to be this product’s most appropriate comparative benchmark?
9. **FIXED INCOME INVESTMENT PROCESS**
10. Describe the investment approach (top down/bottom-up) and how you expect to add value in High Yield Fixed Income investing.
11. 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.
12. Briefly describe your approach to analyzing interest rates.
13. Describe your approach to duration management, yield curve position, and maturity decisions.
14. Describe the credit quality criteria and due diligence process employed in security selection across sectors.
15. Describe the firm’s internal resources in terms of credit research.
16. Please describe your approach to tactical allocation decisions across different areas of the fixed income markets.
17. Please describe the extent of any provisions in your strategy’s standard set of guidelines that allow you to invest in sectors outside of the traditional high yield credit market, i.e., in bank loans, high yield municipals, convertibles, equities and /or other (specify other).
18. Please provide a breakdown of the portfolio’s distribution by credit quality as of 3/31/24. Please attach a page noting the historical distribution by quality over the past twelve quarters for a representative portfolio.

|  |  |
| --- | --- |
|  | % of Portfolio MV |
| AAA |  |
| AA |  |
| A |  |
| BBB |  |
| BB |  |
| B |  |
| CCC |  |
| CC |  |
| C |  |
| Default |  |
| Not Rated |  |

1. Do you use derivative securities? If so when, to what extent, and how?
2. How does your firm implement its buy and sell decisions? Be specific. Under what circumstances would your firm deviate from its disciplines?
3. What is your investment time horizon/typical holding period for a security?
4. Do you include new issues in the product under review? If so, how are new issues allocated among client portfolios?
5. What are the unique attributes of your investment process that differentiate your proposed product from competitors?
6. **RISK CONTROL PROCEDURES**
7. Please describe your sell discipline.
8. How does your firm address the risks inherent in high yield securities? What strategies do you employ to limit the portfolio’s downside risk and loss potential?
9. What miscellaneous risk control procedures, both quantitative and qualitative do you employ?
10. Who is responsible for the product's risk management?
11. **PORTFOLIO CONSTRUCTION**
12. Do you place a limit as a percentage of the portfolio on any of the following? If so, please specify the limits.

Limit

1. A security at cost Yes No \_\_\_\_\_\_\_\_\_\_%

2. A security at market value Yes No \_\_\_\_\_\_\_\_\_\_%

4. An issuer at market value Yes No \_\_\_\_\_\_\_\_\_\_%

3. A sector at market value Yes No \_\_\_\_\_\_\_\_\_\_%

4. An industry at market value Yes No \_\_\_\_\_\_\_\_\_\_%

4. Non-USD denominated at market value Yes No \_\_\_\_\_\_\_\_\_\_%

1. How many securities are in a typical portfolio?
2. Are positions equal-weighted? If not, describe how you determine position sizes.
3. How do you limit dispersion in position sizes across similarly managed client accounts?
4. Please describe the portfolio’s diversification procedures and allocation decisions by country, region, currency, yield, duration, maturity and/or sector, if applicable.
5. Describe the use of cash in the portfolio. What is the maximum percentage that would be allocated to cash?

Provide the year-end cash position for your High Yield Bond portfolios:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 2023 | 2022 | 2021 | 2020 | 2019 |
|  |  |  |  |  |

1. What has been the average portfolio turnover for the last 5 years? (Turnover is defined as the lesser of purchases or sales divided by average value).

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 2023 | 2022 | 2021 | 2020 | 2019 |
|  |  |  |  |  |

1. Please note the following characteristics of a representative account as of 3/31/2024. Provide weighted averages of the portfolio where applicable.

|  |  |
| --- | --- |
| Number of Holdings |  |
| Credit Quality |  |
| Effective Duration |  |
| Maturity |  |
| Coupon |  |
| Yield to Maturity |  |

1. **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 an investment committee, or by a lead manager? If a lead manager, please list his/her name and provide a biography. If a committee, please describe the process for making an investment decision.
3. If a team approach is used, please describe the dynamics and interaction between team managers, including analysts. Describe who is responsible for generating ideas, monitoring investments, and note who has ultimate responsibility for investment decisions.
4. What is the average number of portfolios assigned to each manager?
5. **RESEARCH**
   1. Please attach a short resume of the senior-most employee charged with your research activities:
   2. 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 ( )%

Annual Reports 10K, etc. ( )%

Internal/Original ( )%

On Line Sources ( )%

(IBES, Bloomberg, etc.)

Company Visits ( )%

Other (please explain) ( )%

1. 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.
2. What securities databases are used by your firm?
3. Provide any commentary you feel would communicate the uniqueness of your firm's research efforts.
4. **TRADING**
5. Please discuss execution and allocation of shares across accounts. How do you ensure fairness?
6. How do you monitor trading costs. How does your firm manage transaction costs to reduce their negative impact on performance?
7. 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?
8. Do you use discount or commission recapture brokers? Discuss your policy regarding the use of soft dollars and directed trades.
9. List the brokers/dealers your firm uses. How are broker/dealers selected, monitored and evaluated?
10. What portfolio accounting system does your firm use?
11. **PERFORMANCE**
12. The eVestment Alliance database will be used to evaluate historical performance for your proposed product. 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. Name of Product Performance Composite or Fund as noted in eVestment Alliance:**
13. What efforts are made to control the dispersion of returns among accounts within the composite?
14. Is the performance data history submitted compliant with GIPS® standards? If yes, please indicate the effective date of compliance. If not, please explain.
15. Has the performance history been certified by an independent auditor? Please provide a copy of the audit results. If no, please explain.
16. Has the composite been verified for compliance with GIPS® by an independent verifier? If so, please attach a copy of the latest verification report.
17. Is the current investment team responsible for the historical performance record? If not, please explain.
18. Was the entire historical performance record generated at this firm? If not, please explain.

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1. **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 open to the client, assuming an allocation of $10 Million (separate account, commingled fund and/or mutual fund if applicable) and highlight specifically the vehicle you are proposing to the Retirement Board. Please include all breakpoints.
2. If the proposed product is offered through a commingled vehicle, does the fee schedule include custody and other applicable expenses? If not, please disclose any additional expenses expected 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 the initial term is for a maximum 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 where applicable.
   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 Fee
   3. Institutional Mutual Fund
      1. Fund Name
      2. Fund Ticker and Cusip
      3. Fund Minimum Account Size
      4. Please attach a prospectus