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**Request for Information –Manager of Emerging Managers**

**I. Firm**

1. Please provide the year your firm was established and give a brief history of your firm and the year the firm began acting as a manager-of-managers for U.S. tax-exempt plan sponsors.

1. Please provide details regarding the nature of the firm’s ownership, minority ownership, and specific details with regard to any affiliated companies or joint ventures. If the firm has less than five years of history, please detail prior relevant experience.
2. Please provide the organization’s name, and the name, title, address, phone number, fax number, and email address of the individual who will be our primary contact.
3. Please provide the address and website of the firm’s headquarters and all branch offices.

**II. Personnel/Ownership**

1. Are you a registered minority (at least 51% minority owned) or female owned investment manager? If so, please attach state or local registration.
2. Please provide a current organizational chart for the firm.
3. Please list all principal officers, portfolio managers and client service officers. Please highlight and provide detailed biographical information of the person who would be responsible for this account.
4. Discuss all turnovers of investment professionals (analysts / portfolio managers / marketers / etc) in the firm during the last three years. Highlight departure/addition of any senior personnel and please provide in detail of their responsibilities at the firm.
5. Please discuss the compensation package available to your firm’s professional staff, including any incentive plans, specifying how and for what they are rewarded. Please be detailed and specific.
6. Please provide a brief description of your firm’s plans for growth, such as asset growth, personnel growth, succession planning, over the next 3-5 years.

**III. Business Organization**

1. Please list your firm’s lines of business and approximate contributions of each business to your organization’s total revenue. If you are an affiliate or subsidiary of an organization, what percentage of the parent firm’s revenue does your subsidiary or affiliate generate?
2. Describe the firm’s business plan and any anticipated changes. Do you plan to limit the growth of the firm? In what manner? Please be specific as to your asset growth, preferred client type, and employee goals over the next 5 years.
3. Please provide details on the financial condition of the firm. Most recent annual reports filed with the SEC will be acceptable, but any recent material changes should be included.
4. Over the past five years, has your organization or any officer or principal been involved in any business litigation or other legal proceedings related to your investment activities? If so, provide a brief explanation and indicate the current status.
5. Over the past five years, has any manager in which you have invested funds with (or any officer or principal employed by them) been involved in any business litigation or other legal proceedings related to your investment activities? If so, provide a brief explanation and indicate the current status.

**IV. Client Breakdown**

1. List the firm’s manager-of-managers assignments, as of Q4 2019, using the following format. Please also specify the scope of the assignment and whether the assignment was specific to emerging investment managers.

|  |  |  |  |
| --- | --- | --- | --- |
| Client Type | Number | % of AUM | Assignment |
| Public Pension Funds |  |  |  |
| Corporate Pension Funds |  |  |  |
| Endowments |  |  |  |
| Other |  |  |  |
| Total |  |  |  |

1. Identify the firm’s three (3) largest manager-of-managers institutional investor clients with contact person, total client assets, assets advised for client, length of relationship, services provided.
2. Identify the firm’s three (3) largest public fund clients with contact person, total client assets, assets advised for client, length of relationship, and services provided.
3. Please provide three manager references. Please include at least one emerging manager who has graduated while on your platform.
4. Please provide the approximate client turnover in the firm using the format below.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 2014 | 2015 | 2016 | 2017 | 2018 |
| # of Clients Gained |  |  |  |  |  |
| Assets Gained ($) |  |  |  |  |  |
| # of Clients Lost |  |  |  |  |  |
| Assets Lost ($) |  |  |  |  |  |

**V. Investment Process**

1. Provide an organizational chart for the firm’s manager research department, and include brief biographies of the five most senior members who focus on emerging managers.
2. List your firm’s total technology expenditures for each of the past three years. Include all investment-related (not administrative) software and hardware.
3. Describe the firm’s database of emerging managers, including how many managers are in the database. Identify the managers by type of assets managed, style, market cap size, performance record, and ownership. Please identify managers that qualify under Illinois Statute 40 ILCS 5/1-109.1. How often is the database updated? Identify the qualifications or process for gaining access to the database.
4. Describe the manager research and selection process in detail. Including the following:
   1. adherence to style
   2. performance versus benchmark
   3. trading practices, including executions, commissions, soft dollar usage
   4. marketing to prospective clients
   5. business plan, financial condition, soundness of operations

Please include a sample due diligence report.

1. Does your process differ for emerging investment managers? Describe your firm’s competitive advantage over other firms with respect to selecting investment firms and constructing fund-of-fund portfolios.
2. Describe your firm’s monitoring process including the tools used to monitor and measure investment risk? How are these tools used?
3. Describe the process by which portfolio managers are supervised.

1. How often and for what reasons would you conduct an on-site visit to a manager? Provide an example of a report following such a visit.
2. How do you ensure that a manager is complying with the client’s guidelines? What compliance software is used?
3. What sources are used to obtain manager performance data?
4. Describe the firm’s policies and procedures for placing a manager on a watch list and on probation.
5. Describe the firm’s policies and procedures for terminating a manager.
6. How do you stay abreast of developing trends in the emerging manager sector? Are these resources available to clients?
7. Please provide a list of managers you have funded or are currently funding. Please list the turnover of managers (number and percentage) for each of your manager-of-managers product(s)?
8. How many and what percentage of your firms’ managers have “graduated” from the emerging space in the past three years? Do you consider graduation an important part or goal of your program?
9. What are your criteria for graduating a manager? It is purely asset growth?
10. Please list all of the managers terminated in your portfolios over the past five years and indicate the reason for the termination.
11. Please list your firm’s experience in customizing portfolios for your clients?
12. Describe the portfolio construction process.
13. What risk parameters are crucial in evaluating the portfolio?
14. List the person responsible for the product’s risk management.
15. Describe the process by which portfolio managers are supervised.
16. Can you provide a sample (model portfolio) of what you think the portfolio would look like if your firm was retained today? See attached Sample Portfolio Guidelines for details.
17. Please identify, in detail, the type of partnership and support that is provided to the emerging managers (i.e. product development, manager summit, talent acquisition, and etc.).

**VI. Performance**

1. Please list your three best and three worst manager selections (based on performance relative to an appropriate benchmark) over the last five years. Please include performance results for each, as well as an explanation as to why you feel these selections were your best/worst, and lessons learned.
2. Provide annual performance on a total return basis NET OF ALL FEES AND MANAGEMENT COSTS for the past five calendar years, including year-to-date through September 30, 2019, for all potentially applicable (for U.S. tax exempt accounts) firm product composites compared to an appropriate benchmark.

**VII. Client Service**

1. How often would the portfolio manager, chief investment officer, and/or firm president be available for client meetings?
2. Provide samples of client reports and indicate their frequency.
3. What other communications are provided to clients (include a description and/or samples of newsletters, seminars, etc.)? Are you willing to share internal research with clients?

**VIII. Fees**

1. For this assignment, what is your proposed fee structure?
2. On average, what percentage of your fees are paid to underlying managers?

**IX. Compliance / Conflicts of Interest**

1. Provide a copy of your Code of Ethics. Do the firm and its employees comply with the Code of Ethics and Standards of Professional Conduct of the CFA Institute?
2. How are potential conflicts of interest managed and disclosed?
3. Does the firm or any affiliate act as a money manager or broker/dealer?
4. Is your firm being represented by a third party firm, an outside individual(s) whose purpose is marketing and/or gathering assets for the firm, or an introducing agent compensated for marketing and/or gathering assets for this submission? If so, list all relationships and compensation structure.
5. Are you a registered investment advisor? Please attach a copy of your ADV Part II.
6. Are you compliant with GIPS® Standards?
7. Have you contracted with an outside firm to conduct a GIPS® verification? If yes, please indicate the last verification year and name of outside firm. If yes, please provide the most recent verification letter.
8. How are conflicts of interest managed, disclosed or prevented if the firm or its affiliates provides investment management services or brokerage to investment managers?
9. Has the firm or any affiliate received any type of compensation from an investment manager in the last three years? Please identify any managers from whom any type of compensation has been received, the amount of the compensation, and the services provided to the manager.
10. Does a manager pay a fee to be included in your database? If so, provide an explanation.
11. Does the firm hold investment manager and client conferences? If so, briefly describe the events and whether the costs of the event are paid by the firm or the attendees.
12. In the last five years, has the firm, the client contact, or any other officer or principal been involved in any business litigation, regulatory or other legal proceedings or government investigation involving allegations of fraud, negligence, criminal activity or breach of fiduciary duty relating to investment management activities? If so, provide a description, explanation, and indicate the current status.
13. Would there be any potential conflicts of interest if the firm was selected as the program manager to manage a manager-of-managers program for the Fund? If so, describe and explain.
14. Please describe the levels (dollar amounts) of coverage for SEC required (17g-1) fidelity bonds, errors and omissions coverage, and any other fiduciary coverage, which your firm carries. List the insurance carriers supplying the coverage.
15. Please provide a copy of your firm’s disaster recovery and business continuity plans and procedures.

**X. Sustainability Investing**

1. Address the extent to which you consider sustainability factors, within the bounds of financial and fiduciary prudence, in evaluating investment decisions. The Illinois Sustainable Investing Act (Public Act 101-0473) defines "sustainability factors" as “factors that may have a material and relevant financial impact on the safety or performance of an investment and which are complementary to financial factors and financial accounting.” Such factors include, but are not limited to:

* Corporate governance and leadership factors, such as the independence of boards and auditors, the expertise and competence of corporate boards and executives, systemic risk management practices, executive compensation structures, transparency and reporting, leadership diversity, regulatory and legal compliance, shareholder rights, and ethical conduct.
* Environmental factors that may have an adverse or positive financial impact on investment performance, such as greenhouse gas emissions, air quality, energy management, water and wastewater management, waste and hazardous materials management, and ecological impacts.
* Social capital factors that impact relationships with key outside parties, such as customers, local communities, the public, and the government, which may impact investment performance. Social capital factors include human rights, customer welfare, customer privacy, data security, access and affordability, selling practices and product labeling, community reinvestment, and community relations.
* Human capital factors that recognize that the workforce is an important asset to delivering long-term value, including factors such as labor practices, responsible contractor and responsible bidder policies, employee health and safety, employee engagement, diversity and inclusion, and incentives and compensation.
* Business model and innovation factors that reflect an ability to plan and forecast opportunities and risks, and whether a company can create long-term shareholder value, including factors such as supply chain management, materials sourcing and efficiency, business model resilience, product design and life cycle management, and physical impacts of climate change.

Additionally, please provide any sustainability initiatives/policies that your firm has implemented or plans to implement in the future.