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**Index Strategy Manager Request for Information**

**I. Firm**

1. Please provide the year your firm was established and give a brief history of your firm.
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.

1. Please provide the address and website of the firm’s headquarters and all branch offices.
2. Please comment on the financial solvency of your firm.
3. Do you have any firm debt?
4. What is the amount of firm debt?
5. What are the plans, with timeframe described, to pay off the firm debt?
6. What is the minimum asset level required for your firm to remain profitable? Please be specific.
7. 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.
8. Please give succession plans for key employees if retirements are planned within 5 years.

**II. Ownership**

1. Please discuss your general ownership structure, including what percentage of your firm is owned by current active employees.
2. Have there been any changes in the ownership structure of your firm in the past five years? If yes, please explain in detail.
3. Please explain any known or potential changes in firm ownership or personnel.

**III. Client Breakdown**

1. Please provide the firm’s and index products’ breakdown by clients as of the current date (as measured by % of assets under management) using the following format. Please provide a brief explanation as to the contents of “other.”

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Corporate** | **Foundation/**  **Endowment** | **HNW/**  **Family** | **Insurance/**  **Financial** | **Mutual Fund** | **Public** |
| **Firm** |  |  |  |  |  |  |
| **Index Products** |  |  |  |  |  |  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Religious** | **Taft-Hartley** | **Sub-Advisory** | **Wrap\*** | **Other** |
| **Firm** |  |  |  |  |  |
| **Index Products** |  |  |  |  |  |

1. Please provide the firm’s and index products’ breakdown by clients as of the current date (as measure by # of clients under management) using the following format. Please provide a brief explanation as to the contents of “other.”

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Corporate** | **Foundation/**  **Endowment** | **HNW/**  **Family** | **Insurance/**  **Financial** | **Mutual Fund** | **Public** |
| **Firm** |  |  |  |  |  |  |
| **Index Products** |  |  |  |  |  |  |

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|  | **Religious** | **Taft-Hartley** | **Sub-Advisory** | **Wrap\*** | **Other** |
| **Firm** |  |  |  |  |  |
| **Index Products** |  |  |  |  |  |

1. Please provide the approximate client turnover in the *firm* using the format below.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** | **YTD** |
| **# of Clients Gained** |  |  |  |  |  |  |  |
| **Assets ($MM) Gained** |  |  |  |  |  |  |  |
| **# of Clients Lost** |  |  |  |  |  |  |  |
| **Assets ($MM) Lost** |  |  |  |  |  |  |  |

1. Please provide the approximate client turnover in *index products* using the format below.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** | **YTD** |
| **# of Clients Gained** |  |  |  |  |  |  |  |
| **Assets ($MM) Gained** |  |  |  |  |  |  |  |
| **# of Clients Lost** |  |  |  |  |  |  |  |
| **Assets ($MM) Lost** |  |  |  |  |  |  |  |

1. Please provide the following information on index products’ client breakdown:

|  |  |
| --- | --- |
|  | **Assets (in Millions)** |
| **Average Client Size:** |  |
| **Largest:** |  |
| **Smallest:** |  |

**IV. Investment Professionals**

*Firm Specific:*

1. Please provide brief biographies of the investment professionals (analysts/portfolio managers/traders) in the firm.
2. List ownership and % held by the investment professionals of your firm.
3. List directorships or board positions held by investment professionals at other firms.
4. Please discuss the compensation plan of the investment professionals. Please distinguish the differences between the portfolio manager’s compensation and analyst compensation.
5. Please specifically describe whether the bonus plans are based on asset growth, investment performance, or some combination. If any or part of the compensation is based on investment performance, please specifically cite the performance measurement (performance vs. peers, vs. benchmark) and the time period involved (1 year, 3 years, or a weighted measurement).
6. Are the investment professionals under employment contracts with the firm?
7. What are the terms of the employment contracts, including non compete clauses?
8. Discuss all turnover of investment professionals (analysts/portfolio managers/traders/ marketers) in the firm during the last three years.
9. Is your firm represented by any third party firm or individual whose purpose is marketing and/or gathering assets for the firm? If so, list all relationships and compensation structure.
10. Are you a registered minority (at least 51% minority owned) investment manager? If so, please attach state or local registration.

*Index Product Specific:*

1. Please provide brief biographies of the investment professionals (analysts/portfolio managers/traders/operational due-diligence personnel) on index products.
2. What is the estimated percentage of time each professional devotes solely to index products?
3. Please describe the typical working hours of the portfolio manager(s) and investment analyst(s).
4. Are your portfolio manager(s) and investment analyst(s) expected to be present prior to each day’s market open?
5. Do your investment professionals invest their own assets in the firm’s index products?
6. Does the day-to-day portfolio manager have more than one-third of his or her liquid net worth invested in the firm’s index products?

**V. Products Offered**

1. What are the total assets for the various investment products offered by your firm using the following table:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Assets Under Management (in millions)** | | | | |  |
| **Product** | **2013** | **2014** | **2015** | **2016** | **YTD** | **Availability: CF, SA, or MF** |
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1. What is the minimum account size for a separately-managed portfolio for all your products? Please specify by product.

**VI. Compliance**

1. Please attach a copy of your firm’s Code of Ethics.
2. Is your firm affiliated with a broker dealer?
3. Are you compliant with GIPS® Standards?
4. If no to #39, please explain why.
5. 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.
6. Are you a registered investment advisor? Please attach a copy of your ADV Part II.
7. Please provide a brief description of any past or pending regulatory action, litigation, or other legal proceedings involving the firm or any registered employees and/or principals as defendants in the last 5 years.
8. Are you currently or have you been in the last 5 years out of compliance with the DOL? If yes, please explain thoroughly.
9. Are you currently or have you been in the last 5 years out of compliance with the SEC? If yes, please explain thoroughly.
10. Are you currently or have you been in the last 5 years out of compliance with any regulatory agency? If yes, please explain thoroughly.
11. Has your firm been audited by the SEC, DOL, or any regulatory agency in the past 5 years?
12. What is your firm’s Errors & Omissions (E&O) Insurance policy limit in millions? Please attach proof of E&O Insurance coverage.
13. When was your last audit, please be specific by month and year, by the SEC, DOL or any regulatory agency?
14. Please explain any and all findings on your most recent SEC audit, including minor deficiencies. Please attach a copy of the SEC Review findings and firm responses.
15. Do you have a dedicated compliance officer?
16. Does your compliance officer serve other roles within the firm? If so, please describe.
17. Who is the firm’s independent auditor?
18. How long has the firm’s independent auditor been serving in this capacity?
19. Who is the firm’s legal counsel or do you use an in-house legal team?
20. Please provide brief biographies for your legal counsel, indicating how long they have been serving in this capacity.
21. Please describe your firm’s disaster recovery and business continuity plans.
22. Please address the most recent dates and the numbers of times you have practiced and tested your disaster recovery procedures in the past 5 years, and the results of those exercises.
23. Please provide a copy of your firm’s disaster recovery and business continuity procedures.
24. Please address your back-up capabilities and/or offsite location, particularly related to your trading desk, in the event your primary office location was inaccessible.
25. What is your firm’s personal trading policy?
26. What are your procedures for personal trading policy violations?
27. How many violations of your personal trading policy have occurred in the past 12 months? Please describe the nature of each violation.
28. What software, systems and/or processes ensure client-specific guidelines and regulations are adhered to?

**VII. Trading and Soft Dollars**

1. Please describe your firm’s policy on soft dollar trading.
2. If your firm utilizes soft dollar, please list the top five brokers utilized in the **last calendar year**:

|  |
| --- |
| **Broker** |
| **1)** |
| **2)** |
| **3)** |
| **4)** |
| **5)** |

1. If your firm utilizes soft dollars, please rank by dollar value, in descending order, your top-five soft dollar relationships within the last year:

|  |  |
| --- | --- |
| **Item/Vendor** | **Dollar Value ($)** |
| **1)** |  |
| **2)** |  |
| **3)** |  |
| **4)** |  |
| **5)** |  |

1. If a client requests no soft dollars be used in the construction of their separate account, can you comply?

1. If you didn’t use soft dollars, what impact would that have on portfolio performance and trading costs?
2. Please describe the trading platforms utilized by your firm’s trading desk.
3. Do you utilize minority-owned brokerage firms for trades?
4. Please provide a list of the minority-owned brokerage firms you utilize.
5. Are you conducting step-outs or direct trades with minority-brokerage firms? Please indicate the breakout of step-outs to direct trades.
6. What percentage of your firm’s actual trades are with minority-owned brokerage firms?
7. Please discuss your portfolio manager’s interaction with your trading desk.
8. How are orders communicated, does the portfolio manager specify price, etc.

**VIII. Product Investment Process**

1. What distinguishes your firm from other investment managers with respect to index products?
2. How does your firm replicate the index – full replication or sampling?
3. If the answer is “sampling,” please provide a detailed explanation of the process.
4. What is the expected active risk, i.e. tracking error, of the index product options?
5. How are trading and transaction costs minimized?
6. How do the product options manage index reconstitution (if applicable)?
7. Has performance of the product options been impacted positively or negatively by index reconstitution (if applicable)?
8. Has there been a time when any product options have either underperformed or outperformed the relevant index by more than 0.05% for a month? Please detail all periods.
9. How is liquidity managed for the product options? If cash is held, how is equity exposure maintained?

**IX. Fees and Other**

1. What are your standard fee schedules for available products?
2. What are your proposed fee schedules for this mandate specifically?
3. What is the current Most Favored Nations Policy?
4. How do you ensure compliance with this policy?
5. Please provide three references, including contact phone number and email address. Please include, at least, one current and one former client in your references.

**X. Attachments and Disclosure**

Please check off items included as attachments. If any **required** items are excluded, please indicate an alternate means for our review of requested items.

**Required Included?**

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ADV Part II

SEC Review Findings Letter

Disaster Recovery and Business Continuity Plans

Code of Ethics

Proof of E&O Insurance Coverage

Historical Monthly Returns for available products in excel

Completed Employee Diversity Table

**Include, if Applicable Included?**

|  |
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|  |

State or Local Registration for M/WBE

GIPS Verification Letter

**Chief Compliance Officer Signature**

I, chief compliance officer of , have reviewed all of the aforementioned statements and documents. To the best of our ability, we believe all statements and documents to be accurate, truthful and timely.

Signature

Print Name