**March 5, 2020**

**REQUEST FOR PROPOSAL:**

**CORE FIXED INCOME MANAGER SEARCH**

Meketa Investment Group is in the process of identifying qualified investment management organizations to manage a Core fixed Income mandate on behalf of the City of Oakland Police and Fire Retirement System (OPFRS). The size of the mandate is expected to be approximately $25-30 million but could vary depending on several factors yet to be determined.

To streamline the process, Meketa Investment Group requests the completion (or update) of the following through 12/31/2019:

1. the eVestment Alliance (“eA”) eASE Database firm and appropriate product questionnaires,
2. the questions contained in this document, and
3. certification that minimum qualifications have been met.

It is imperative that all data fields in the eA questionnaires be updated through 12/31/2019, including those areas that in the past your firm may have excluded. Please include all explanatory notes requested by eA such as “what is included in Other Assets.” Failure to do so may result in the immediate rejection of your response.

We request that the update of the eA databases and the completion and return of this RFP to Meketa Investment Group be no later than **5:00 pm pacific time on** **March 24, 2020**. If interested, please send an electronic copy of your firm’s response by email to: [RFPresponse@meketa.com](mailto:RFPresponse@meketa.com)

Please note, as of **March 5, 2020**, the Client Board/Staff entered into a "quiet period", during which time no Board/Staff member may knowingly have any communication with any actual or potential candidate for this mandate, unless authorized by the Board in connection with the due diligence process in selecting managers. The quiet period shall cease upon the Board's entering into a contract for the investment manager(s) selected for the mandate. By participating in this RFP you acknowledge and agree to adhere to the Board’s “quiet period” policy. The “quiet period” restricts representatives from your firm from having any communication with the Client Board/Staff members. A violation of the quiet period rule may result in disqualification of the candidate or other appropriate Board action.

**Emerging Investment Managers**

The City of Oakland Police and Fire Retirement System (OPFRS) has introduced language to define the minimum size of eligible managers for possible inclusion into the OPFRS portfolio. Generally, OPFRS defines eligible managers as those firms where the proposed OPFRS mandate size would constitute no more than 10% of the managers overall AUM. The percentage would also differ based on the asset class of the proposed mandate. An eligible prospective manager should have a track record of at least one year, and Firms that satisfy these preferred requirements will be evaluated based the same criteria as non‑emerging managers, as identified in each RFP. This size minimum will be included as Preferred Criteria, and is intended to help quantify the search criteria for OPFRS.

Confidential or Proprietary Information

The information provided within the RFP are subject to the Sunshine Laws and Brown act, which are U.S. federal and state laws requiring regulatory authorities’ meetings, decisions and records to be made available to the public.

The offeror shall designate those portions of the RFP that contains trade secrets or other proprietary data/information that the offeror wishes to remain confidential. This information must be clearly marked on each page and readily separable from the proposal to facilitate public inspection of the non-confidential portions. The entire proposal CANNOT be considered confidential. The fee proposal CANNOT be considered confidential.

**MINIMUM QUALIFICATIONS**

All proposals will be evaluated in two areas: 1) the *Required Minimum Qualifications* and   
2) the *Preferred Criteria*, as specified below.

1. **Required Minimum Qualifications (RMQ)**

The Proposer must meet all of the following RMQs; otherwise its proposal will be rejected. **For each RMQ, the Proposer must provide a detailed response (one sentence or more) stating how the Proposer complies, indicating that the Proposer has met the RMQ as of December 31, 2019. A response that is limited to a mere reference to other sections of the RFP will be insufficient. Any known deviations from the RMQs below must be disclosed in detail on this form**.

* The Proposer firm must have been in existence for at least five (5) full years. \_\_\_\_(Initial)
* It must be registered with the Securities and Exchange Commission (SEC), a Bank, or a licensed Insurance Company Affiliate. \_\_\_\_(Initial)
* It must not have been censured by the SEC, CFTC, or subject to regulatory action for events that occurred within the last three (3) years. \_\_\_\_(Initial)
* Proposer will complete the RFP questionnaire in its entirety. \_\_\_\_(Initial)
* The Proposer must be directly responsible for the management of the account, and all personnel responsible for the account must be employees of the firm. \_\_\_\_(Initial)
* There must be at least three investment professionals dedicated full time to the proposed strategy. \_\_\_\_(Initial)
* There must be at least six professional employees within the firm. \_\_\_\_(Initial)
* The firm must agree to consider the BB Aggregate Index to be a reasonable benchmark for the mandate over a typical market cycle. \_\_\_\_(Initial)

1. **Preferred Criteria (PC)**

The following PCs are strongly desired by the Plan. Although failure to meet one or more of the PCs may not necessarily result in disqualification, Proposers who fail to meet one or more of the PCs will still be considered in the selection process. **Please provide a detailed answer for each of the PCs (one sentence or more). Please do not only refer to other sections of the RFP. Any known deviations from the PCs below must be disclosed in detail on this form.**

* The Proposer should not have been involved in any material litigation in the past five (5) years, or since firm inception if less than five (5) years. \_\_\_\_(Initial)
  + The Proposer should be able to adhere to client-specified portfolio constraints. \_\_\_\_(Initial)
  + Total firm assets should *preferably* be at least $300 million. \_\_\_\_(Initial)
  + The firm should *preferably* manage at least $150 million dedicated to the proposed strategy. \_\_\_\_(Initial)
* The firm should *preferably* have (i) at least two existing U.S. based, institutional clients utilizing the proposed strategy and (ii) at least one existing client in the strategy with over $10 million. \_\_\_\_(Initial)
* The firm should have at least a three-year live (i.e., not simulated or back tested), Global Investment Performance Standards (GIPS) compliant performance history for the period ending 12/31/19 in the proposed strategy. \_\_\_\_(Initial)

By signing below, an authorized representative of the Proposer warrants that the Proposer meets all the Minimum Qualifications as detailed above. This page must be signed and returned with the completed RFP.

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|  |  |  |
| **Authorized Signature** |  | **Print Name** |
|  |  |  |
| **Title** |  | **Date** |
|  |  |  |
| **Company** |  |  |

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*Unless stated otherwise, please answer each question in the field provided.*

# General Information

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| --- | --- | --- | --- | --- | --- | --- | --- |
| Firm Name: |  | | | | | | |
| Address: |  | | | | | | |
| City: |  | | State: |  | | Zip: |  |
| Contact Name: |  | | | Phone: |  | | |
| Title: |  | | | Fax: |  | | |
| E-mail: |  | | | | | | |
| Strategy under Consideration: | |  | | | | | |

# Firm Information

1. Please provide a brief firm history.

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1. Where is the firm located (include headquarters and satellite offices)?

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| 1. Is the Firm a Registered SEC Investment Advisor? | | Yes: |  | No: |  |

If ***yes***, please complete the following:

* 1. Name of Firm (as registered with the SEC):

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* 1. SEC File Number:

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1. Do you qualify as an Investment Manager pursuant to ERISA Section 3(38), 29 U.S.C. Section 1002(38)?

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1. Will your firm act as an ERISA fiduciary for our clients?

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1. What is the firm’s ownership structure? Note any recent (within the last five years) or pending changes in ownership structure.

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1. What is your firm’s minority status, if any? A minority, woman, or disabled-owned firm is defined as a sole proprietorship, partnership, or corporation owned, operated and controlled by minority group members who have at least 51% ownership.

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| **Owner Name** | **Ownership %** | **Race/Ethnicity/Gender** |
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1. Please provide details on the composition of your firm at the firm level and on the investment team.

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|  | **Percentage of Firm  (Entire Staff)** | **Percentage of Firm  (Investment Professionals Only)** |
| **Race and Ethnicity\*** |  |  |
| African American/Black |  |  |
| Asian/Hawaiian/Pacific Islander |  |  |
| Latino/Hispanic |  |  |
| White |  |  |
| American Indian/Alaska Native |  |  |
| Other |  |  |
| **Gender** |  |  |
| Male |  |  |
| Female |  |  |
| Non-Identified/Other |  |  |

\**Racial/ethnic categories appear as defined by* [*EEOC guidance*](https://www.eeoc.gov/eeoc/statistics/census/race_ethnic_data.html)*.*

1. Do the firm have a diversity statement? If so, please provide as an attachment.

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1. Please describe your firm’s own ESG and diversity efforts.

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1. Does the firm own or have any affiliation with a broker/dealer? If yes, please describe the relationship between the firm and its broker/dealer and whether the firm would utilize the services of the broker/dealer for this mandate.

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1. What procedures does the firm employ to comply with ERISA’s prohibited transaction restrictions? Is the firm a Qualified Professional Asset Manager (QPAM)?

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1. Please discuss the firm’s process in hiring and evaluating service providers (e.g. auditors, legal counsel, insurance providers).

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1. Who is the firm’s current auditor? Has the firm changed auditors in the past five years? If so, please explain why.

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1. Does your firm have in-house counsel? If not, do you retain outside counsel to address legal and regulatory matters? What is the name of this firm and who is your attorney?

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1. 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. How were these issues resolved?

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1. What types of liability insurance (e.g. Errors and Omissions) and other forms of coverage does your firm carry to protect your clients? Please provide dollar amounts and proof of coverage.

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1. ERISA Section 412 requires plan fiduciaries and other persons who “handle” assets of employee benefit plans to be bonded against losses to the plan from acts of fraud or dishonesty. Please provide bond dollar amounts and proof of bonding.

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1. Please provide an organization chart that includes all senior management and all investment professionals. (In the Investment Team section we will ask for an organization chart of all the investment professionals who work on the investment product under consideration in this RFP.)

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1. Are any investment professionals under employment contracts? If so, please discuss the nature of the contracts.

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1. Please complete the following table:

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| --- | --- | --- | --- | --- | --- | --- |
|  | **As of: 12/31/19** | **As of: 12/31/18** | **As of: 12/31/17** | **As of: 12/31/16** | **As of: 12/31/15** | **As of: 12/31/14** |
| Total Firm Assets |  |  |  |  |  |  |
| Total No. of Clients |  |  |  |  |  |  |

1. Please provide a list of all the investment strategies offered by the firm. Include the total amount of assets managed under each strategy, whether the strategy is open or closed, and, if applicable, the amount of capacity currently available in each strategy.

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1. Please list any products the firm has completely liquidated or merged with an existing product. Briefly explain why the product was liquidated or merged.

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1. What percentage of the firm’s assets under management are institutional and retail?

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1. What is the asset breakdown by separate accounts, commingled funds, mutual funds, and high net worth individuals?

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1. If selected as a finalist candidate to present to the client, will you provide a complete copy of your form ADV and a statement of your financial condition?

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1. Please provide Meketa Investment Group with your firm’s most recent 408(b)(2) filing.

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1. Is your firm represented by any third party firm or individual whose purpose is marketing, and/or gathering assets for the firm and are compensated as such? If so, list all relationships and their nature.

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1. Will any third party organization or individual be compensated if your firm were to be hired for this mandate?

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1. Is your firm a United Nations Principles for Responsible Investing (UNPRI) signatory? If your firm is a UNPRI signatory, please provide a copy of the latest Transparency Report.

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1. Please provide your firm’s mission statement as it applies to Environmental, Social, and Governance factors (ESG).

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# Compliance and Operational Information

1. Does the firm have a Chief Compliance Officer (CCO)? Who is that individual? Do they have legal training? Please attach a copy of his/her biography and a copy of your compliance manual. (The manual should be attached in a separate file.)

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1. What are the CCO’s responsibilities? Is compliance their sole function or do they have other responsibilities? Approximately what portion of their time is spent on compliance issues?

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1. Please state your firm’s ethics policy. Does the firm have a Code of Ethics? If so, please include this document as an attachment.

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1. How do you ensure that employees follow this ethics policy?

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1. Has your firm ever experienced a significant violation of your compliance or ethics policy? If a violation has occurred, please explain what happened, how the violation of the firm’s policies was handled, and how the issue was resolved.

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1. How does your firm monitor employee investment and trading?

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1. How often are employees trained in compliance policies?

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1. What systems are in place for ensuring that portfolios are in compliance with client guidelines? Does the firm use any outside firms to help with compliance issues?

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1. What is the firm’s policy regarding the use of soft dollars? Are all soft dollars used strictly for the benefit of clients? Please provide the absolute level of soft dollars generated and the percentage of commissions this represented over each of the last three years.

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1. Please explain how brokers are approved and briefly explain why you have selected these brokers. List the top five brokerage firms with whom you have conducted trades in the last year. Provide the percentage of your total trading volume that each firm accounted for, along with the average commission for each.

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1. Has the firm recently ended any brokerage relationships? If so, why?

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1. What systems and tools do you use for order entry (trading), portfolio accounting, and portfolio analysis?

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1. Please describe how trade orders are created, submitted, and executed.

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1. How much of the trading process is automated vs. manual?

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1. What percentage of trades are executed through ECNs?

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1. How are trades allocated between client accounts? Does the firm have a written allocation policy?

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1. How are client investment restrictions incorporated into the order and trading process?

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1. How are trade confirmations tracked?

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1. How does the firm handle trading errors?

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1. Does the firm track broker best execution? If so, how is this tracking performed? Can you provide a recent Trading Cost Analysis (TCA) report for the portfolio?

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1. How does the firm monitor best execution on foreign currency transactions, if any?

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1. Describe the firm’s settlement process and what software is used.

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1. Describe the firm’s valuation process and procedures for securities. Does the firm use an independent pricing service? If so, what is the name of the service? How long does it take from month end for clients to receive estimate, final, and administrator values in accounts?

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1. Describe the reconciliation process for equity, cash, dividend receivables, and other transactions.

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1. Describe how the firm receives corporate action information. How do corporate actions elections take place?

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1. Which individuals at the firm are authorized to place trades with broker-dealers, and issue trade settlement, corporate action and proxy statement instructions to custodian banks, and perform portfolio accounting functions?

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1. How does your firm back up computer files and systems? Do you have a disaster recovery plan in place? Please explain your plan, in the event of a disaster, how long would it take to become fully functional?

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1. What security measures does your firm have in place to ensure the protection of firm and client assets?

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1. Please attach a sample of a quarterly report.

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1. How do you ensure that your clients adhere to policies set forth for the protection of the firm’s other clients (e.g., prevention of market timing)?

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# Product Information

1. What is the inception date of this product? When did the current portfolio manager or investment committee start managing this product? If there has been a portfolio manager change, please show the periods when each portfolio manager managed the product.

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1. Please complete the following table:

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| --- | --- | --- | --- | --- | --- | --- |
|  | **As of:  12/31/19** | **As of: 12/31/18** | **As of: 12/31/17** | **As of: 12/31/16** | **As of: 12/31/15** | **As of: 12/31/14** |
| Assets Managed in «Product\_Name» |  |  |  |  |  |  |
| No. of Clients in «Product\_Name» |  |  |  |  |  |  |

1. Please provide the number of clients in this strategy that have been gained and lost, and the respective amounts, during the past five years.

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1. For your three largest client relationships in «Product\_Name», please provide the size of the mandate and the inception date for each account/relationship.

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1. Does the firm have a policy limiting assets under management for this strategy? If so, what is the stated level and what is the product’s remaining capacity? How did you determine this amount?

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1. Please list other products that overlap with this strategy. How much in AUM do you manage in each of these products, and what percentage of the portfolios overlap?

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1. Please provide two client references for the «Product\_Name» strategy. Include the name and phone number of contact person, the type and size of the account and the inception date of the account.

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1. Please provide the names of the portfolio manager(s) and client service personnel who will be assigned to this account.

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1. Do you offer (or sub-advise) a mutual fund for this strategy? If so, what is its name and symbol?

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1. Do you offer commingled portfolios for this strategy? Separate Accounts?

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# Investment Team

1. If it is different than the organization chart requested earlier, please provide an organization chart with all the investment professionals involved in the Fixed Income strategy and the bios of these individuals. We would like as much detail as possible. This information can be included separately. In addition, please complete the following tables:

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| --- | --- | --- | --- | --- | --- | --- |
| **Name** | **Tenure at Company** | **Tenure with Strategy** | **Industry Experience** | **Education/Credentials** | **Areas of Specialization** | **Other Products Supported** |
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For the team that manages the strategy under consideration in this RFP, please complete the table below.

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|  | **Percentage of Team** |
| **Race and Ethnicity\*** |  |
| African American/Black |  |
| Asian/Hawaiian/Pacific Islander |  |
| Latino/Hispanic |  |
| White |  |
| American Indian/Alaska Native |  |
| Other |  |
| **Gender** |  |
| Male |  |
| Female |  |
| Non-Identified/Other |  |

1. Where is the individual/team that runs this strategy located?

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1. How was the investment team built and how long has the current team been working together?

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1. In addition to the proposed strategy, what other portfolio management responsibilities do the portfolio managers/research analysts have?

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1. Please list additions and departures to the management and research team(s) responsible for the Fixed Income strategy in the last five years, including their responsibilities. Provide a brief explanation for each departure, and list any replacement for these vacancies.

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| **Additions: Name** | **Title** | **Coverage Responsibilities** | **Product Responsibilities** | **Date of Hire** |
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| **Departures: Name** | **Title** | **Coverage Responsibilities** | **Product Responsibilities** | **Reason for Departure** |
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1. Please list the portfolio manager and analysts responsible for this product who invest their own assets in this product. What percentage of their assets does each invest in this product? What percentage does each invest in the firm’s other products?

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1. Explain your approach to bringing new analysts/portfolio managers onto the team. Do you prefer to bring in seasoned/experienced individuals or do you hire younger investment professionals and train them? Why do you take this approach?

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1. Do you believe analysts should specialize and cover specific industries or is it preferable to be a generalist? Why?

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1. How does the firm address staff turnover, especially in the research area?

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1. What qualities make a good analyst and what do you do to try to develop their talent? Is there a mentoring process at your firm?

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1. How do you evaluate your analysts and portfolio managers? Describe the compensation structure for portfolio managers and research analysts. What kind of behaviors are you trying to encourage?

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1. What external research sources do you use in the Fixed Income process? Please approximate annual expenditures for third-party research (and associated technology) in each of the past three years.

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# Investment Philosophy And Strategy

1. Please describe the investment philosophy for the Fixed Income portfolio.

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1. Within your investment discipline, how would you describe your investment style? Why have you gravitated toward this style and why have you chosen to manage money this way?

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1. What is the benchmark for the Fixed Income portfolio? Does this benchmark include all of the securities you would consider investing in?

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1. Are macroeconomic assumptions incorporated into the investment process? If so, how?

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1. Are portfolios managed around a duration target? If so, what has the range been over the past five years? Does this target vary depending on forecasts? How far from the target can portfolios move? Describe this process.

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1. What role do yield curve strategies play in your fixed income management process?

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1. Are sector, industry, and geographic weightings explicitly targeted, or are they the result of other strategy decisions?

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1. How are assets allocated among rating categories and between investment grade and below-investment grade securities? If the portfolio does not purchase below-investment-grade securities, does it hold on to the bonds that are downgraded below investment-grade status? What is the limit to how much the portfolio will hold in below investment-grade securities?

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1. Are “traditional” private placements purchased, meaning that there is no subsequent registration of the securities? Is there a limit to how much of the portfolio they may comprise?

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1. Discuss the firm’s investment strategy with respect to mortgage-backed securities and CMOs.

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1. How often are the duration calculations of mortgage-backed securities updated? How are prepayment assumptions evaluated?

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1. Discuss the investment strategy with respect to asset-backed securities.

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1. Describe the use of futures or other derivative strategies to manage duration or to achieve other portfolio objectives.

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1. Is leverage incorporated into your strategy? If so, explain.

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1. How is cash utilized in your strategy? What is the maximum amount of cash a portfolio manager may raise in a portfolio? What is the typical range of cash allocation? How long may a portion of the portfolio remain uninvested?

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1. Describe in detail any changes or refinements made to the firm’s security selection process over the past five years.

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1. What is the firm’s policy toward split ratings? Discuss the use of internal ratings, if any.

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1. Do you incorporate non-dollar and other non-U.S. bonds (including emerging markets debt) in your strategy? If so, what is your policy on hedging currency exposure? Please detail currency hedging activity, including extent and frequency, over the past five years.

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1. What pricing services do you use? Are any securities in the portfolio “hand-priced,” meaning that a price other than one provided by the pricing service is used? Please discuss procedures for and frequency of hand-pricing.

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1. How many bonds are held in a typical portfolio? How many issuers? What is the maximum holding (at market value) in any one (non-U.S. government) issuer?

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1. If a holding exceeds the firm’s stated limit, what is the process for paring this holding?

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1. Detail how portfolio risks are identified, monitored, and controlled. How are event and default risks controlled?

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1. What has been the portfolio’s annual turnover rate in each of the past five years?

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| **Year** | **Turnover (%)** |
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1. What elements of your strategy have had the greatest influence on returns relative to the benchmark?

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1. Please explain in no more than one page what your competitive advantage is and why your firm should be hired for this mandate.

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# Investment Process & Portfolio Construction

1. Please describe the investment process for the Fixed Income strategy.

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1. Who is the decision-making body that has final authority for the Fixed Income strategy? Does it take the form of an investment policy committee, a team of portfolio managers and/or research analysts, or some other form? Who comprises this group?

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1. What are the responsibilities of the decision-making body and of individual portfolio managers? What latitude do portfolio managers have to override investment committee and/or research recommendations?

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1. Describe your research process, including the security universe covered by your research.

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1. How are research ideas communicated to portfolio managers?

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1. Are portfolio managers/analysts industry specialists or are they generalists?

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1. What factors trigger a sell recommendation?

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1. Do you incorporate ESG (environmental, social, and governance) principles into your research process or the management of portfolios? If so, why do you incorporate them? How are they incorporated and to what degree?

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1. Is evaluation of a company’s ESG factors a standard part of your research process? Do you have any dedicated ESG investment professionals?

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1. Do you engage with company management and try to influence a company’s ESG factors? If so, to what extent?

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1. Do you subscribe to any external service that provides information on ESG factors?

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1. What is your policy on proxy voting, specifically as it relates to ESG? What percentage of time does your firm vote proxies against the management recommendation and can you provide a recent proxy voting report or summary?

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1. What percentage of your firm assets incorporates ESG principles?

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# Portfolio Performance and Characteristics

1. Please provide monthly performance history since inception for the Fixed Income strategy and its stated benchmark. Include a discussion of the performance calculation methodology and whether it is GIPS compliant. If possible, please provide information both gross and net of fees.

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1. Please provide annual return attribution analysis information, if available. Please include attribution analysis by sector/industry and issue selection. Please include a discussion of methodology, including whether analysis was performed internally or by an external company. If your firm does not produce or receive return attribution analysis, please state this.

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1. Has the product performance been audited and verified by a third party? If so, by whom and for what period?

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# Fees & Related Management Costs

Please list all available investment vehicles related to the proposed product in the table below. Clearly specify all operating expenses in column (4). If exact operating expenses are unavailable, please provide an estimate.

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| --- | --- | --- | --- | --- | --- | --- |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** |
|  | **Vehicle Type** | **Fee Schedule (%)** | **Operating Expenses** | **Same Fee Across All Clients?** | **Account Minimum ($)** | **Minimum Fee  ($)** |
| 1 |  |  |  |  |  |  |
| 2 |  |  |  |  |  |  |
| 3 |  |  |  |  |  |  |
| Add as Needed |  |  |  |  |  |  |

1. Identify the specific vehicle that you would propose for this mandate.

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1. Please explain any fee differences as specified in your response in column (5) above.

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1. Do you offer a performance-based fee? If so, please provide a performance-based fee schedule. Over what period is performance evaluated and against what benchmark? What is the base fee? Is there a maximum fee (a cap)?

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1. Does your performance fee have a high water mark? If so, when does this high water mark crystallize; monthly, quarterly, annually, etc.?

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1. Is your high water mark a standard high water mark or a modified high water mark?

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1. Do you offer a Most Favored Nations (MFN) clause? If so, would you be willing to provide this client an MFN?

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1. Does this product have any liquidity constraints? Discuss in detail your policy on subscriptions and redemptions for all vehicles specified in Question 1. What special provisions (i.e., lock-ups, reserves, in‑kind payments, exit fees, delayed payments, queues, etc.) if any, exist?

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1. Is the proposed investment vehicle limited to a certain type of investor or plan (e.g. ERISA only, no health plans)? Does the proposed investment vehicle have any other unique features that Meketa should be aware of?

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