

Firefighters' Retirement System of Louisiana - RFI Questions & Responses

Question 1: With respect to the Louisiana Firefighters' Retirement System RFP for a global equity manager search, can you please elaborate whether the disclosure request below is meant to exclude managers who have their ultimate parent and investment team based outside the United States, even if the manager has a QPAM status?

"Please disclose immediately below if the investment management firm of the proposed strategy or the ultimate parent of the investment management firm of the proposed strategy is a foreign (non- US domiciled and/or headquartered) entity."

Response 1: **The disclosure is not intended to exclude managers, but rather to provide additional clarity related to the ownership structure of respondents.**

Question 2: Is this an active or passive search?

Response 2: **This is a search for an active Global Equity manager.**

Question 3: Would we be able to count our global equity MSCI World AUM toward this mandate? The listed benchmark is the MSCI ACWI index.

Response 3: **Please count only the AUM of the exact strategy being proposed. For purposes of this search, the preferred benchmark for candidates is the MSCI ACWI, but MSCI World benchmarked strategies will be considered.**

Question 4: The ABC Global Equity strategy returns are based on a Canadian Segregated Fund (Insurance vehicle) which has a daily NAV and the year end NAV is audited by an EY. ABC are not GIPS compliant, but we wondered would the track record of the daily NAV of the Canadian Segregated Fund which is audited at the end of the year meet your requirements for this RFP?

Response 4: **Composite performance for any and all strategies must be in USD terms and must be GIPS compliant. Performance for a 40 Act Mutual Fund will also be accepted as meeting the minimum criterion. Please footnote in your cover letter response that you are submitting for a 40 Act Mutual Fund.**

Question 5: This email is to inquire about the minimum eligibility requirements relating to the Global Equity (long only) Strategy, Firefighters' Retirement System (Louisiana) RFP. Specifically, Criteria #2 which reads, "As of September 30, 2024, no individual client makes up more than 50% of the assets of the total strategy being proposed."

The Global Growth strategy that we would like to propose for this mandate is comprised of two vehicles. One vehicle is a retail mutual fund. While the total assets in this vehicle make up 65% of assets in the Global Growth strategy, there are several underlying clients in the vehicle, none of which hold more than 50% of the fund. Based on this description, can you confirm that we meet the minimum eligibility requirements?

Response 5: **This strategy would meet the minimum criterion related to client concentration. Commingled and mutual funds should not be counted as a single client.**

Question 6: The search appears to be active. Any guidance you can provide on the benchmark would be great.

Response 6: **The preferred benchmark for this mandate will be the MSCI ACWI, as stated in Section 1: Overview of the RFP.**

Question 7: ABC manages \$5B in its Dynamic Global Equity strategy, which has an inception date of 10/1/1999. Most of the assets in ABC's Dynamic Global Equity strategy consist of client accounts benchmarked to the MSCI World Index or customized versions of the MSCI World Index. However, ABC does manage a Dynamic All Country World Equity strategy benchmarked to MSCI ACWI. The strategy is an incubated portfolio with \$2m as of 9/30/2024, but it has a 5+ year track record and is managed by the same investment team and utilizes the same alpha model as the Dynamic Global Equity strategy. ABC has previously managed sizable client accounts within the Dynamic All Country World Equity strategy. Would FRS be willing to consider the assets ABC has in its Dynamic Global Equity strategy benchmarked to MSCI World towards an ACWI mandate?

Response 7: **Please count only the AUM of the exact strategy being proposed. For purposes of this search, the preferred benchmark for candidates is the MSCI ACWI, but MSCI World benchmarked strategies will be considered.**

Question 8: Would the Fund consider an Emerging Manager of Managers for this mandate?

Response 8: **FRS is not seeking a manager of managers for this mandate.**

Question 9: I was hoping to just get a little clarity on style preference for the ongoing Louisiana Firefighters Global Equity search. Public information shows State Street manages a passive Core allocation and Boston Partners manages a Value for the pension fund....can I assume that this search will seek to fulfill a Growth mandate?

Response 9: **The objective of the search is to replace the passive State Street mandate and complement Boston Partners. Any strategy that FRS deems an appropriate complement will be considered, growth or otherwise.**

Question 10: Additionally, is there any preference or aversion to broad or concentrated strategies (i.e. 80-100 name portfolios vs. focused portfolios of 30-50 names)?

Response 10: **FRS is willing to consider both diversified and more concentrated options. If you have both, you may want to submit a response for both.**

Question 11: Our firm runs a 1940 Mutual Fund, Cayman-Domiciled Private Fund and Institutional Separately Managed Accounts. We are not GIPS compliant as each Separate Account is bespoke as determined by our clients' Investment Policy Statement. They each adhere to our investment philosophy and process, however clients have individual limits – on country exposure, EM exposure, capitalization exposure, on the number of names, etc. We meet all other requirements, except GIPS compliance. Does lack of GIPS Compliance disqualify us from participating in this search?

Response 11: **Composite performance for any and all strategies must be in USD terms and must be GIPS compliant. Performance for a 40 Act Mutual Fund will also be accepted as meeting the minimum criterion. Please footnote in your cover letter response that you are submitting for a 40 Act Mutual Fund.**

Question 12: At ABC Asset Management our fiscal year ends on 3/31/24 so the data that we input into eVestment will only be through Q1 2024. We do not typically post our non-fiscal year end results. With this, Q3 24 data will be blank – is this still acceptable per the parameters of the search?

Response 12: **Respondents are only required to complete all relevant and available data fields in eVestment for the strategy which you intend to submit for this RFP. We reserve the right to request additional financial and other information regarding responding firms at a later date.**

Question 13: We plan to submit a specific fee proposal for this mandate, which will differ from the standard fees listed in eVestment. We plan to include this within the cover letter. Would this be an acceptable form of submission?

Response 13: **Any fee proposal specific to this mandate should be included as an appendix to the cover letter response.**

Question 14: Our legal team had the following question: With respect to governing law, can you please confirm if there is any flexibility on that point?

Response 14: **If your firm is not able to agree to the terms related to Governing Law and Jurisdiction as stated in the RFP Minimum Criteria, you will need to select "No" as your response.**

Question 15: Given that our firm is a publicly traded company, our Firm & Strategy AUM, as well as Personnel Count are not typically made available until our earnings call and the release of our company's quarterly financial results. We are scheduled to release 3rd Quarter results on October 31st. Given proximity to the RFP Due Date on November 1st, there is the potential that these specific figures may be delayed in being uploaded to eVestment.

Given this timing, would 6/30 data be acceptable for just these specific items? We can follow up with the updated statistics once available, in case of delay. To confirm: all other data, including performance, would be as of 9/30.

Response 15: Respondents are only required to complete all relevant and available data fields in eVestment for the strategy which you intend to submit for this RFP. We reserve the right to request additional financial and other information regarding responding firms at a later date.

Question 16: Are the fees listed on eVestment expected to be the best and final for this specific FRS proposal? We list our standardized fee schedule, but would be happy to have a negotiated fee for this specific mandate. Should we include our best and final fee proposal for this mandate in addition to the cover letter upon submission?

Response 16: Any fee proposal specific to this mandate should be included as an appendix to the cover letter response.

Question 17: We have read the System's Request for Proposals and Investment Policy Statement to manage a global equity mandate for the System and have a couple of clarifying questions regarding the Investment Policy Statement: Investment Practices – Domestic and Non-U.S. Equity Managers: #5 The purchase of stocks in foreign companies which are publicly traded securities may be held by each domestic equity investment manager in proportions which each manager shall deem appropriate, up to 10% of the investment manager's portfolio at market value. The 'up to 10% in foreign companies' restriction does not apply to the global equity mandate, correct?

Response 17: Correct. The "up to 10% in foreign companies" restriction you reference in the IPS only applies to Domestic (US) equity managers.

Question 18: We have read the System's Request for Proposals and Investment Policy Statement to manage a global equity mandate for the System and have a couple of clarifying questions regarding the Investment Policy Statement: Investment Practices – Each actively managed equity manager may hold some investment reserves of cash but with the understanding that performance will be measured against its fully invested equity benchmark. It is expected that each manager will remain essentially fully invested at all times. For purposes of this IPS, the term "essentially fully invested" means no more than 5% of the investment manager's portfolio shall be held in cash. It shall be the responsibility of each manager, however, to notify the Board in writing of any intention to raise its allocation to cash above 10% prior to implementing the allocation, should it believe that market conditions warrant such action. Our proposed strategy has typically held some cash and cash equivalents (e.g., commercial paper, short term government bonds) beyond the levels stated above. Typically, between 5% - 15%. When the Team has been unable to find attractive valuations in the market, the portfolio's cash position has been higher. Is this permitted?

Response 18: The allocation to cash and cash equivalents reserves is at the discretion of the manager. However, performance will be measured against a fully invested equity benchmark. As stated in the IPS, managers are required to notify the Board in writing of any intention to raise its allocation to cash above 10% prior to implementing the allocation, should it believe that market conditions warrant such action. It is also noted in

the IPS, "Given that the investments may be made via commingled vehicles, the Plan recognizes that the commingled portfolio holdings cannot be customized or altered for any one investor. Accordingly, investments in each commingled fund will be governed by terms of the manager's IMA and the spirit and intent of guidelines contained in this Policy."

Question 19: We do not post our SOC1 in any database as a policy. Please kindly advise if the SOC1 report should be sent in a separate email along with the cover letter or will this be requested separately upon the selection of a manager for due diligence purposes?

Response 19: FRS may request additional reports (such as SOC reports) at a later date but is not required to be uploaded to the eVestment database at this time.

Question 20: The RFP notes that the passive benchmark for the new global equity mandate will be MSCI ACWI. Will global equity strategies that invest primarily in companies listed in developed countries (and provide exposure to emerging markets indirectly via underlying portfolio companies' revenues) also be considered? If so, will the FRS Board consider MSCI World Index as the applicable passive benchmark for such a strategy when evaluating long-term relative performance?

Response 20: For purposes of this search, the preferred benchmark for candidates is the MSCI ACWI, but MSCI World benchmarked strategies will be considered.

Question 21: Will downside market capture and rankings vs. universe peers be reviewed in eVestment as part of the NEPC's and FRS Louisiana's due diligence and decision?

Response 21: NEPC and FRS will consider performance analytics from many perspectives, including downside capture.

Question 22: Is there a defined threshold for "significant account losses or growth of new business" that would trigger the "no later than 1 business day following the event" communication? Especially in the context of a commingled vehicle for which the manager will be responsible for communicating with all investors at the same time.

Response 22: No threshold has been established.

Question 23: Are there additional criteria FRS and NEPC will apply when evaluating non-US headquartered managers vs. US-headquartered managers? If so, please are you able to elaborate?

Response 23: There have been no additional criteria established at this time.

Question 24: Is there a requirement for asset managers headquartered outside of the US to have a US corporate entity to be appointed?

Response 24: There is no such requirement at this time.

Question 25: The ABC Global Equity Strategy does not meet the definition of an alternative investment manager nor are the ABC Funds collective investment funds that are bank administered trusts. However, there is an opportunity to answer Yes to the firm's exemption status in Question 5 of the minimum criteria response sheet.

Response 25: The FRS Investment Policy Statement states that "All Investment Managers ("Managers") retained by the Plan will be recognized by the United States Securities and Exchange Commission (SEC) with two exceptions: 1) the exception of those alternative investment managers, which may be exempt from SEC registration requirements according to the Investment Advisers Act of 1940 and 2) the exception of collective investment funds that are bank administered trusts, which are also exempt from SEC registration (as the federal regulatory and supervisory responsibilities for fiduciary activities of national banks is the responsibility of the Office of the Comptroller of the Currency)."

Therefore, bank administered collective investment funds that are bank administered trusts are exempt from SEC registration.

Question 26: Section IV: Proposal Content lists the data fields to be included in the eVestment database. However, it appears that several of these requests (for example #19-#20, #33-#37) are not listed fields in the eVestment database and there is no way to add this information. Can we get clarification on which datapoints you'd like us to answer in the proposal versus eVestment?

Response 26: The data fields listed in Section IV of the RFP are meant to serve as a general example of the types of data fields included in the eVestment database, and are not intended to represent an exact list of the data fields required for this mandate. Respondents are only required to complete all relevant and available data fields in eVestment for the strategy which you intend to submit for this RFP.

Question 27: On page 13 of FRS IPS, in Subsection (A)(1) of the "Additional Restricted Transactions" section, can you please confirm if "any person acting in any capacity on behalf of an entity" is limited to the portfolio managers and research analysts responsible for investing the account?

Response 27: The restriction refers to "any person acting in any capacity on behalf of an entity" and is not limited to only certain positions acting on behalf of FRS.

Question 28: On page 13 of the FRS IPS, in the "Additional Restricted Transactions" section it states that "A(2) It is hereby prohibited for any person acting in any capacity on behalf of an entity referenced in Subsection (A)(1) hereof to invest in any entity of which FRS invests at that same period of time. The prohibition shall apply to immediate family members of any such person." ABC's Personal Trading Policy restricts all portfolio managers and their immediate family members to sell a security in a client account for as long as that security is held by any of their clients but they are not prohibited to purchase

these securities. Would the Board be willing to waive the provisions of Subsection A as noted based on what our Policy allows?

Response 28: The IPS states that “The provisions of Subsection (A) may be waived as to any requesting party by affirmative action of the FRS Board of Trustees, provided a record vote of such action is promptly recorded in the FRS minutes.” If selected as a finalist, your firm may make a formal request for waiver at that time.

Question 29: On page 14 of the FRS IPS, under “Investment Practices”, there is not a dedicated section for Global Equity managers. Can we assume that this Global Equity mandate is not subject to the limits noted under “Domestic and Non-U.S. Equity Managers”, including the 10% U.S. company limit for non-U.S. equity managers?

Response 29: The “up to 10% in foreign companies” restriction you reference in the IPS applies to Domestic (US) equity managers.

Question 30: Will the FRS System be willing to accept our Auditors Opinion Letter regarding ABC’s financial standing rather than the balance sheet and income data in the Evestment application. As a private company, we have never disclosed this information publicly, and have always used our Auditors Opinion letter for all past RFP submissions.

Response 30: Yes, but we reserve the right to request additional financial and other information regarding responding firms at a later date. Non-disclosure agreements may be considered at that time.

Question 31: The RFP states that all firms selected as finalists will be required to appear at the “September 7 board meeting” for oral interviews. I believe that date should be listed as March 12 or 13, 2025 in line with the table in Section III: timeline and Selection Process.

Response 31: The timeline in the table is correct. The “September 7 board meeting” language was an oversight in the RFP.