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| Request for Proposals |
| Emerging Market Debt – blended local/hard currency (long only) Strategy |
| **Firefighters’ Retirement System** |

**Blackout Period: Other than the RFP response itself and questions allowed according to the RFP document, any further marketing communication related to this search with FRS board members or FRS staff is strictly prohibited from September 16, 2019 until after selection of the finalist. Any violation of this standard may be grounds for elimination from the search.**

2019

**SECTION I: OVERVIEW**

The Firefighters’ Retirement System (“FRS” or “System”) is soliciting proposals from Emerging Market Debt – blended local/hard currency (long only) managers. The System’s total allocation to the selected manager will be approximately $85 million.

A. Overview of the Funds

FRS is a public agency that provides retirement, disability, and survivor benefits for over 6,000 members employed by 125 different cities, parishes, and fire protection districts. Created on January 1, 1980, the System now has over $1.7 billion in assets, receives approximately $110 million in contributions from state appropriations, employees and employers annually, and pays approximately $110 million in benefits.

B. Scope of Services

FRS is seeking one firm to provide investment management services in an Emerging Market Debt – blended local/hard currency (long only) Strategy. The services sought include:

1. Discretionary investment of plan assets

2. Discharge of duties solely in the interest of the plan’s participants and beneficiaries

3. Compliance with all board policies including the investment policy statement (IPS) as adopted.

4. Attend board meetings if requested by the FRS Board of Trustees

5. Provide on-going education to trustees and staff if requested.

**Firefighters’ Retirement System hereby reserves the right to: 1) Discontinue the RFP in whole or in part, 2) Reject any and all proposals, 3) Waive minor irregularities in any proposal, 4) Request clarification of information submitted, and 5) Request additional information from any proposer.**

**SECTION II: MINIMUM ELIGIBILITY REQUIREMENTS**

At the time of submission of the proposal, the submitting proposer must provide a written cover letter (a template for which is provided in Section V) from its presiding officer confirming that the respondent meets all of the minimum criteria set forth below. If your firm does not meet all of the criteria, the proposal may not be considered.

In order to be considered as a candidate in this search process, please provide by email a signed copy of the cover letter (a template for which is provided in Section V) to Michael Becker (FRS CIO), Shalini Brown, and David Barnes at the email addresses listed below. Cover letters must be received by the deadline established in Section III. Any letters received after the deadline may have their responses eliminated from consideration.

Michael Becker Shalini Brown and David Barnes

Subject: FRS EMD-blended Search Subject: FRS EMD-blended Search

Email: [mbecker@ffret.com](mailto:mbecker@ffret.com) Email: [sbrown@nepc.com](mailto:sbrown@nepc.com)

Phone: (225) 925-4060 Email: [dbarnes@nepc.com](mailto:dbarnes@nepc.com)

Phone: (678) 433-4412

The following criteria are the minimum qualifications.

1. The firm offers a U.S. domiciled commingled fund investment vehicle available for qualified public defined benefit plan investments.
2. As of September 30, 2019, the named firm has, at a minimum, $350 million of invested capital for the specific Emerging Markets Debt – blended local/hard currency (long-only) strategy you are proposing.
3. As of September 30, 2019, no individual account makes up more than 50% of the total assets of the strategy being proposed.
4. As of September 30, 2019, the named firm has a minimum three-year performance record for the specific strategy that you are proposing. The track record must be calculated in full compliance with the CFA Institute’s Global Investment Performance Standards (GIPS). Simulated or back-tested returns of any kind will not be accepted.
5. Liquidity for the product being proposed should be at least monthly.
6. Your organization is a Registered Investment Advisor with the SEC or is an exempt entity as indicated in the FRS IPS.
7. **Regardless of investment vehicle, the named firm must agree to be governed by the Fiduciary standards set forth in the Louisiana Revised Statutes, Title 11, Sections 264, 264.7, and 269.**
8. Regardless of investment vehicle, the named firm must agree to comply with all board policies including the FRS IPS which is available on the FRS website <http://www.ffret.com/investment>.
9. Regardless of investment vehicle, the named firm must agree to the following terms regarding governing law and jurisdiction:

Governing Law

This Request for Proposal ("RFP") and any communications relative thereto shall be governed by the laws of the State of Louisiana, notwithstanding the principles of conflicts of laws or the place where any such Agreement is executed by any party or location of any office relative thereto.

In matters solely between RFP respondent or entity represented by RFP respondent and FRS, any Agreement entered between FRS and RFP respondent or any entity represented by RFP respondent, including but not limited to any Investment Management Agreement, Limited Partnership Agreement, LLC Membership Agreement, or Trust Agreement, shall be governed by the laws of the State of Louisiana, notwithstanding the principles of conflicts of laws or the place where any such Agreement is executed by any party or location of any office relative thereto.

Jurisdiction

RFP respondent agrees that the exclusive jurisdiction for any dispute regarding this Request for Proposal ("RFP") shall be the 19th Judicial District Court, East Baton Rouge Parish, Louisiana, or the United States District Court, Middle District of Louisiana, whichever is appropriate as determined by the foregoing named court or courts. For avoidance of doubt, RFP respondent understands and agrees that the provisions of this term excludes jurisdiction by any other court in this world.

The exclusive jurisdiction regarding any dispute relative to any Agreement entered between FRS and RFP respondent or any entity represented by RFP respondent in which FRS and RFP respondent or entity represented by RFP respondent are the sole initial parties, shall be the 19th Judicial District Court, East Baton Rouge Parish, Louisiana, or the United States District Court, Middle District of Louisiana, whichever is appropriate as determined by the foregoing named court or courts. For avoidance of doubt, RFP respondent understands and agrees that the provisions of this term excludes jurisdiction by any other court in this world.

**Note: Terms in this RFP regarding fiduciary duty, governing law, and jurisdiction are in accordance with Louisiana Revised Statutes, Title 11, Section 2261.1. Firefighters’ Retirement System shall not accept any other contractual language. This language may be incorporated into any contract by a side letter agreement.**

**SECTION III: TIMELINE AND SELECTION PROCESS**

The following schedule has been established by the FRS Board and may be changed by the Board if necessary. If the schedule changes, all changes will be reflected on the NEPC search website at <http://www.nepc.com/investment_managers/advertised_searches>.

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| *Action* | *Date* |
| RFP issuance and advertisement period | September 16 – October 18, 2019 |
| Deadline for submission of written questions | October 4, 2019 |
| Responses to RFP questions posted | October 11, 2019 |
| Deadline for submission of cover letter | October 18, 2019 |
| Finalists selected for board interview | December 12, 2019 |
| FRS staff interviews | Month of January 2020 |
| FRS board interviews | February 12, 2020 |
| Contract awarded | As soon as practical following finalist selection and completion of contract negotiation |

A. Question and Answers

In an effort to clarify any issues in this RFP, FRS or NEPC will only respond to questions that are presented and received by e-mail. Questions should be addressed to Michael Becker and David Barnes at the contact information provided above. All questions and answers will be consolidated into a single document and posted on the NEPC search website (<http://www.nepc.com/investment_managers/advertised_searches>). The source of questions will not be disclosed in the document.

**Blackout Period: Other than the other RFP response itself and questions allowed according to the RFP document, any further marketing communication related to this search with FRS board members or FRS staff is strictly prohibited from September 16, 2019 until after selection of the finalist. Any violation of this standard may be grounds for elimination from the search.**

B. Proposal Submission

Respondent’s firm, strategy, product and performance will be analyzed through the use of a third-party database. The database is provided by *eVestment* and is located on the internet at [www.eVestment](http://www.eVestment). As such, all fields must be updated in the *eVestment* database to be considered for this RFP.

Populating the *eVestment* database with firm and product information is essential to the completion of the RFP process. If the database is not fully populated, responses may be considered incomplete and may be grounds for discontinuing consideration of proposals and products for this search. Data fields should not be left blank, and should not contain *0, none, or N/A* unless necessary. Respondents will not be contacted by FRS’ consultant or any FRS representative to fill in missing data fields. Respondents should use additional comment fields provided to make qualifying notes as applicable.

If your firm does not already utilize the *eVestment* database, you can participate by sending an email with your contact information to: [getmanager@evestment.com](mailto:getmanager@evestment.com). A representative from eVestment will call you to establish the firm in the database. There is no charge for supplying data to the database. **All data must be as of September 30, 2019 and must be entered by October 31, 2019**. Data submitted after this date may not be considered.

C. Evaluation and Selection Process

Proposals will be evaluated by the FRS staff, the FRS investment consultant, and the FRS Board of Trustees. All firms selected as finalists will be required to appear at the February 12, 2020 board meeting for oral interviews. No additional material will be allowed to be provided during interviews. Interviews will be strictly based on RFP responses.

**SECTION IV: PROPOSAL CONTENT**

The proposal will consist of the cover letter as described in Section II and the data submitted to the *eVestment* database as described in Section III. The database is located on the internet at: [www.eVestment.com](http://www.eVestment.com).

The data fields include but are not limited to the following:

1. Firm name, address, and year founded
2. Firm ownership structure including percentage employee owned, publicly held, parent owned
3. Are there any pending changes in firm ownership?
4. Is the firm a registered SEC advisor
5. GIPS compliance
6. List prior or pending litigation
7. Total firm assets values and number of accounts by type (separate, commingled) and by class (equities: active, bonds: active)
8. Asset value and number of accounts by client type
9. Asset value and number of accounts by geographic region
10. Number of accounts and dollars gained and lost for previous five years
11. Product team description including number of portfolio managers, research analysts, traders and average years of experience
12. Employee turnover for previous 5 years
13. Product name, description, inception date, asset class, investment focus, preferred benchmark, investment approach, style emphasis, primary duration emphasis, and fund structure
14. Product assets under management and number of accounts broken down by client type
15. Product assets value and number of accounts by type (separate, commingled, mutual fund)
16. Country and currency allocations
17. Number of issues in the portfolio, number of countries, annual turnover, and yield to maturity for the portfolio
18. Performance for trailing YTD, 1 year, 3 year, 5 year, 7 year, 10 year, since inception compared to the benchmark
19. Annual returns for each of the previous 10 calendar years
20. Risk and Regression measures including: Standard deviation, correlation coefficient, R-squared, alpha, and max drawdown for trailing 1 year, 3 year, 5 year, 7 year, 10 year, since inception in addition to the calendar year for the previous 10 years
21. Efficiency measures including: Sharpe Ratio, Treynor Ratio, Sortino Ratio, Tracking Error, Information Ratio, upside and downside market capture for trailing 1 year, 3 year, 5 year, 7 year, 10 year, since inception in addition to the calendar year for the previous 10 years
22. Average quality issue and minimum quality issue
23. Breakdown of current portfolio by credit rating along with 3 year average and 3 year high
24. Maturity and duration measures including: Average Duration, Modified Duration, Effective Duration, and Covexity
25. Currency hedging exposure
26. Breakdown of portfolio by security type (governments, corporates, municipals, non-agency ABS, etc.)
27. Policy limits for maximum cash position, issuer exposure, sector exposure, industry exposure, country, and regional exposure
28. Policy limits for security types
29. Description of research and screening process
30. Description of portfolio construction and risk control methodology
31. Description of buy/sell discipline
32. Description of trading strategy
33. Description of investment summary and philosophy
34. Use of derivatives
35. Redemption terms for separate accounts, commingled accounts, and mutual funds
36. Firm financial information including balance sheet and income statement information
37. Firm’s corporate governance policies
38. Firm internal control systems and disaster recovery
39. Listing of third party relationships
40. Insurance coverage
41. Fee schedule and relevant fee disclosures

Responses should be direct and clear.

**SECTION V: Cover Letter**

Firefighters’ Retirement System of Louisiana (FRS)

Emerging Markets Debt – blended local/hard currency (long only) Manager Search

The Firefighters’ Retirement System (“FRS” or “System”) is soliciting proposals from Emerging Market Debt – blended local/hard currency (long only) managers. The System’s total allocation to the selected manager will be approximately $85 million.

[Insert firm name] is hereby submitting notification to participate in the above stated proposal process. [Insert firm name] is submitting information for its proposed product - [insert specific fund name – as it appears in the eVestment database] - for the purposes of this Request for Proposal.

[Insert firm name] has read, understands, and agrees to abide by the proposal process as outlined in the complete Request for Proposal document.

Please disclose below any conflicts of interest or potential conflicts of interest that the submitting firm or its principals may have with NEPC, LLC or its principals.

Conflict of interest with NEPC, LLC disclosure:

Please disclose below any campaign contributions and/or any contractual business with any Firefighters’ Retirement System of Louisiana trustee or staff member. If you have nothing to disclose, please state so below:

Campaign contribution/contractual business disclosure: ­­­­­­­­­­­­­­­­

Please disclose 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.

Ownership disclosure:

**MINIMUM CRITERIA**

1. [Insert firm name] offers a commingled fund investment vehicle available for qualified public defined benefit plan investments.

YES \_\_\_\_\_ NO\_\_\_\_\_

1. As of September 30, 2019, [insert firm name] has, at minimum, $350 million of invested capital for the specific Emerging Markets Debt –blended local/hard currency (long only) strategy proposed. For the purpose of calculating strategy assets, please use the cumulative total of all investment vehicles available for the strategy.

YES \_\_\_\_\_ NO\_\_\_\_\_

1. As of September 30, 2019, no individual account makes up more than 50% of the total assets of the strategy being proposed. For the purpose of calculating strategy assets, please use the cumulative total of all investment vehicles available for the strategy.

YES \_\_\_\_\_ NO\_\_\_\_\_

1. As of September 30, 2019, [insert firm name] has a minimum three-year performance record for the specific strategy proposed in this search. The track record must be calculated in full compliance with the CFA Institute’s Global Investment Performance Standards (GIPS®). Simulated or back-tested returns of any kind will not be accepted.

YES \_\_\_\_\_ NO\_\_\_\_\_

1. Liquidity for the product being proposed should be at least monthly.

YES \_\_\_\_\_ NO\_\_\_\_\_

1. As of September 30, 2019, [insert firm name] is a Registered Investment Advisor with the SEC or is an exempt entity as indicated in the FRS IPS

YES \_\_\_\_\_ NO\_\_\_\_\_

1. Regardless of investment vehicle (i.e., separate account, commingled fund, or mutual fund), [Insert firm name] agrees to the be governed by the Fiduciary standards set forth in the Louisiana Revised Statutes, Title 11:264, 264.7, and 269.

YES\_\_\_\_\_ NO\_\_\_\_\_\_

1. Regardless of investment vehicle (i.e., separate account, commingled fund, or mutual fund), [Insert firm name] agrees to comply with all board policies including the FRS IPS which is available on the FRS website http://www.ffret.com/investment.

YES\_\_\_\_\_ NO\_\_\_\_\_\_

1. Regardless of investment vehicle (i.e., separate account, commingled fund, or mutual fund), [Insert firm name] agrees to the following terms regarding governing law and jurisdiction:

Governing Law

This Request for Proposal ("RFP") and any communications relative thereto shall be governed by the laws of the State of Louisiana, notwithstanding the principles of conflicts of laws or the place where any such Agreement is executed by any party or location of any office relative thereto.

In matters solely between RFP respondent or entity represented by RFP respondent and FRS, any Agreement entered between FRS and RFP respondent or any entity represented by RFP respondent, including but not limited to any Investment Management Agreement, Limited Partnership Agreement, LLC Membership Agreement, or Trust Agreement, shall be governed by the laws of the State of Louisiana, notwithstanding the principles of conflicts of laws or the place where any such Agreement is executed by any party or location of any office relative thereto.

YES\_\_\_\_\_ NO\_\_\_\_\_\_

Jurisdiction

RFP respondent agrees that the exclusive jurisdiction for any dispute regarding this Request for Proposal ("RFP") shall be the 19th Judicial District Court, East Baton Rouge Parish, Louisiana, or the United States District Court, Middle District of Louisiana, whichever is appropriate as determined by the foregoing named court or courts. For avoidance of doubt, RFP respondent understands and agrees that the provisions of this term excludes jurisdiction by any other court in this world.

The exclusive jurisdiction regarding any dispute relative to any Agreement entered between FRS and RFP respondent or any entity represented by RFP respondent in which FRS and RFP respondent or entity represented by RFP respondent are the sole initial parties, shall be the 19th Judicial District Court, East Baton Rouge Parish, Louisiana, or the United States District Court, Middle District of Louisiana, whichever is appropriate as determined by the foregoing named court or courts. For avoidance of doubt, RFP respondent understands and agrees that the provisions of this term excludes jurisdiction by any other court in this world.

YES\_\_\_\_\_ NO\_\_\_\_\_\_

**Note: Terms in this RFP regarding fiduciary duty, governing law, and jurisdiction are in accordance with Louisiana Revised Statutes, Title 11, Section 2261.1. Firefighters’ Retirement System shall not accept any other contractual language. This language may be incorporated into any contract by a side letter agreement.**

A principal of the firm must acknowledge by signature that the contractual language above shall be binding as a requirement for participation in this search process. The undersigned certifies that above statements are true and correct.

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Signature Date

[Insert Principal’s title]

Primary RFP Contact Information

[Insert primary RFP contact name]

[Insert primary RFP contact mailing address]

[Insert primary RFP contact email address]

[Insert primary RFP contact phone number]