Q1) Our High Yield strategy has a total of $692mn in AUM as of March 31, 2018. We have a sub-advisory relationship with a client whose assets make up roughly 65% of those underlying strategy assets. As of 4/30/2018, this percentage is reduced to roughly 55% of total strategy assets. We have been notified of a new business win that has not yet funded, but is expected to diversify our client mix further, to the point where no one client would make up greater than 50% of the strategy assets once funded. The funding is expected within the next quarter. In this context, would NEPC and Louisiana MPERS be willing to consider our strategy for this RFP despite the current shortfall on requirement #3?

A1) A fund vehicle is not considered a single account for the strategy, unless that fund vehicle is in the form of a sub-advisory client relationship. For purposes of this RFP, a sub-advisory relationship with a client is considered an individual account. For purposes of this search, minimum criterion #3 requires that, as of March 31, 2018, no individual account makes up more than 50% of the assets of the strategy being proposed.

Q2) The strategy is currently offered only in SMA.  Is that something your client would consider?

A2) If the only account vehicle offered in the strategy is an SMA in the form of a “wrap fee” or “dual contract” account sold through a brokerage entity, the strategy would not be given further consideration. If the only account vehicle offered in the strategy is an institutional separate account, the strategy would be considered for the mandate.

Q3) What time frame should we disclose any campaign contributions and/or contractual business the firm or any employee has with MPERS trustee or staff member? Is 1/1/2016 sufficient?

A3) No time limit is placed on the requirement to disclose any campaign contributions and/or contractual business with any Louisiana Municipal Police Employees’ Retirement System trustee or staff member.

Q4) On the cover letter, can we provide more than one contact? Our authorized personnel for the signature is not the same as the RFP contact. We would like to provide contact details for both the signer and contact.

A4) Yes. Feel free to provide information for more than one (1) contact for your organization (e.g., the client service representative assigned to the search opportunity and the signer of the cover letter).

Q5) Minimum qualification #3 requires that no individual account makes up more than 50% of the assets of the strategy proposed.  Our GIPS composite, which dates back to April of 2012, reflects a single fund that has over 100 investors — including institutions.  Therefore, while the composite reflects a single account (fund), no investor in that fund is more than 8% of the total assets.  Is this acceptable?

A5) A fund vehicle is not considered a single account for the strategy, unless that fund vehicle is in the form of a sub-advisory client relationship. See A1) for additional details related to how sub-advisory relationships will be categorized for purposes of this search.

Q6) Minimum qualification #7 requires that the firm agree to be a fiduciary to the plan.  Does this requirement relate to any specific statute or regulation (such as Louisiana code) or is it a general reference to an investment adviser’s fiduciary duty under the Investment Advisors Act?

A6) MPERS of Louisiana is governed by the fiduciary standards set forth in the Louisiana Revised Statutes, Title 11, Sections 264 - 264.7, and 269.

Q7) Q6: Pending litigation – may we respond that explanation of prior or pending litigation is available upon request?

Q34: Firm financial information – may we respond that firm balance sheet and income statements are available upon request?

Q35: Firm corporate governance policies – may we provide a brief summary of the auditor’s report on internal controls and state that the full report is available upon request?

Q38: Insurance coverage – may we provide specific insurance coverage amounts upon request?

A7) Section IV: Proposal Content indicates that the *eVestment* database will serve as the RFP questionnaire. All data fields should be completed fully. The list of data fields provided in Section IV were intended to serve as an example of eVestment data fields, not as the actual RFP questionnaire. If any of the examples are not available for completion in the eVestment database, please disregard them. MPERS reserves the right to request additional information from the candidates at any time during the search process.

Q8) Per Section I in the RFP Document, the listed benchmark is the Barclays Capital High Yield Index. The typical benchmark for Neuberger Berman’s High Yield strategy is the ICE BofA Merrill Lynch U.S. High Yield Master II Constrained Index. We believe the benchmarks are quite similar and would not materially impact the management of the strategy relative to the investment objectives. As such, we would be very comfortable managing against the Barclays Capital Index. Given that the benchmark shown for our strategy within the eVestment database is the ICE BofA Merrill Lynch U.S. High Yield Master, we would like to present a supplemental performance file that illustrates the strategy performance against both benchmarks. Please confirm this would be acceptable for our final submission.

A8) The passive benchmark for this mandate will be the Barclays Capital High Yield Index. The *eVestment* database provides the ability to compare performance against various benchmarks. As such, there is no need to submit supplemental performance.

Q9) For response items that are not delivered through eVestment, how do you want those responses delivered? I am referring specifically to items 33 – 39

A9) See Response A7.

Q10) As the submission is made through Evestment database, the submission will contain our standard fee structure. Can we include a preferred proposed fee structure in the Cover letter and mention that we are open to negotiation if successful in our proposal?

A10) Yes. Please include in the cover letter any preferred proposed fee schedule that your firm will make available to MPERS through this search.

Q11) Under Scope of Services the RFP mentions compliance with all board policies including the investment policy statement – can you please provide a copy of those policies?

A11) A copy of the MPERS Investment Policy Statement has been attached to the NEPC search website within the MPERS High Yield Bond search profile.

Q12) Is this an existing allocation (i.e. manager replacement) or a new (or increase) in allocation to high yield?  Is there anything that can be shared about their existing high yield exposure?

A12) The MPERS High Yield Bond search is a replacement search for an existing allocation.

Q13) What is LA MPERS’ experience with ESG/sustainable strategies?  Do they currently have exposure to any dedicated ESG managers or strategies in their portfolio?

A13) MPERS does not currently have exposure to a dedicated ESG manager or strategy.

Q14) How much (if any) opportunistic/non-benchmark sector latitude would be permissible (Bank Loans, EMD Credit, CLOs, etc.)?

A14) A copy of the MPERS Investment Policy Statement has been attached to the NEPC search website within the MPERS High Yield Bond search profile.

Q15) Are you able to disclose the current fee schedule for this mandate?

A15) The MPERS High Yield Bond search is a replacement search for an existing allocation. The terminated manager’s strategy charged a commingled fund management fee of 0.50%.

Q16) As of March 31, 2018, no individual account makes up more than 50% of the assets of the strategy being proposed. Would the mutual fund be excluded from the above requirement?  As it is a commingled account, several shareholders comprise the 1 account.

A16) A fund vehicle (e.g., a mutual fund or commingled fund) is not considered a single account for the strategy, unless that fund vehicle is in the form of a sub-advisory client relationship. See A1) for additional details related to how sub-advisory relationships will be categorized for purposes of this search.