

**REQUEST FOR PROPOSAL  
POLICEMEN’S ANNUITY AND BENEFIT FUND OF CHICAGO, ILLINOIS**

***Global Multi-Sector Fixed Income (“GMSFI”)***

The Retirement Board (“the Board”) of the Policemen’s Annuity and Benefit Fund of Chicago (“the Fund”) is requesting proposals from qualified firms interested in providing ***Global Multi-Sector Fixed Income Investment Management*** (“Offerors”). Please refer to the *Scope of Proposed Global Multi-Sector Fixed Income Search Memorandum* for details about the parameters of the search. All forms needed for submitting a Request for Proposal (“RFP”) is available on the Fund’s website at: [www.chipabf.org](http://www.chipabf.org).

Information regarding the RFP may not be available in any other form or location. Bidders are responsible for monitoring the website. Bidders are also responsible for reviewing and completing the required documents under the Investment/Search/Documents portion of the website.

The Fund is a pension trust fund of the City of Chicago established in 1887. The Board is made up of eight members. Decisions in regards to awarding mandates shall be at the sole discretion of the Board in exercising their investment authority to ensure the prudent investment of Fund assets. To learn more about the Fund you may visit our website at: [www.chipabf.org](http://www.chipabf.org).

The Fund is governed by Illinois Compiled Statutes, which can be viewed at: [www.ilga.gov](http://www.ilga.gov), specifically 40 ILCS 5/11 et seq.

**PROPOSAL SUBMISSION**

The Board’s investment consultant, NEPC (“the Consultant”) shall oversee the RFP process. If you are interested, you must submit an original hardcopy and electronic copy of the complete Proposal by August 5, 2013 to:

**SEARCH CONTACT**

NEPC

**Attn.: Angela Dawson**

One Main Street

Cambridge, MA 02142-1517

[ADawson@nepc.com](mailto:ADawson@nepc.com)

**QUESTIONS**

Questions concerning the RFP must be submitted in writing via e-mail to the Search Contact ten business days before the Proposal submission date deadline. Responses to properly submitted questions will be consolidated in a single Q&A document and posted on the Fund’s website on or about five business days before the Submission date deadline.

Thank you for your interest in this RFP and we look forward to your response.

## **REQUEST FOR PROPOSAL**

### **SUBMISSION OF PROPOSALS:**

The Board's investment consultant, NEPC ("the Consultant") shall oversee the RFP process. If you are interested, you must submit an original hardcopy and electronic copy of the complete Proposal by August 5, 2013 to:

NEPC

**Attn.: Angela Dawson**

One Main Street

Cambridge, MA 02142-1517

[ADawson@nepc.com](mailto:ADawson@nepc.com)

### **AND SUBMIT ELECTRONIC ONLY Copy to:**

Policemen's Annuity and Benefit Fund of Chicago

**Attn: Sam Kunz, Chief Investment Officer**

[skunz@chipabf.org](mailto:skunz@chipabf.org)

### **SERVICES TO BE PROVIDED**

The Chicago Police Annuity and Benefit Fund ("Chicago PABF") is seeking proposals from qualified firms to provide GMSFI investment management services. The purpose of employing a GMSFI manager (or multiples thereof) is to provide exposure across the entire spectrum of global fixed income markets, including but not limited to global government bonds, global credit, and global currencies. The return goal of these portfolios should be to outperform a global benchmark such as the Barclays Global Aggregate Index or the Barclays Global Multiverse Index.

The Chicago PABF's hiring of any and all GMSFI investment managers will require the execution of a management service contract.

The Chicago PABF is not obligated to award a contract to any of the respondents to this RFP.

Chicago PABF's goal for the GMSFI portion of the overall plan is to achieve a higher level of return (net of fees) with a similar level of volatility as the benchmark listed above.

### **MINIMUM QUALIFICATIONS**

*Please provide a cover letter with your response in which an authorized person initials the firm's ability to meet the below minimum requirements. A failure to do so will constitute an incomplete response resulting in automatic elimination.*

MWDBE qualified managers are exempt from the minimum qualifications listed below.

To be considered for appointment as a GMSFI investment manager pursuant to this proposal,

investment management firms shall have not less than:

- a) The key decision makers must each possess more than 5 years investment experience and a minimum of 3 years verifiable investment experience in the specific strategy;
- b) A 3 year (the most recent three year period ending March 31, 2013) verifiable GIPS compliant investment performance record;
- c) Proposed investment strategy must have at least \$250 million in assets and total fixed income assets under management of a minimum of \$1 billion;
- d) If proposing a pooled fund/mutual fund, liquidity should be at least monthly;
- e) The investment manager must demonstrate having provided investment management services for active global government bonds, high yield bonds, and U.S. core fixed income for a minimum of 3 years;
- f) This search is limited to traditional long only investment managers. Hedge Fund products will not be considered for this mandate;
- g) The investment manager must be able to provide historical allocation data;
- h) Acknowledge in writing that you would be a fiduciary on behalf of the Policemen's Annuity and Benefit Fund of Chicago in accordance with the Illinois Pension Code, 40 ILCS 5/1-109;
- i) Acknowledge in writing that you will comply with all the provisions relating to the Article 1 and 5 of the Illinois Pension Code, specifically Sections, 1-101.2 to 1-101.5, 1-109 and 1-109.1, 1-110, 1-113 to 1-113.10, and 5-187 to 5-187.1;
- j) Comfortable with the FOIA (Freedom of Information Act) that the Fund adheres to, which includes the requirements from **IL PA 96-0006**. This includes all documents and responses submitted by the proposer, including fee schedules;
- k) Confirm your ability to comply with **IL PA 96-0006** relating to ***Placement Agents and Third Party Marketers***. Specifically Section 145 prohibits contingent and placement fees, no third party marketers can be used for gaining a fund investment. A side letter or other form of agreement will be required confirming that the investment manager or general partner has not and will not retain a person or entity to attempt to influence the outcome of an investment decision of the investor for compensation, contingent in whole or in part upon the decision of the investor.

## **QUIET PERIOD**

The quiet period begins when the RFP is issued and ends when a manager is selected by the Board or the process is declared to be complete. Managers will not contact Board members

during the quiet period. A manager will be disqualified from the selection process for violating the quiet period. **The Quiet Period for this RFP begins July 1, 2013.**

Questions concerning the RFP must be submitted in writing via e-mail to the investment consultant search contact ten (10) business days before the Proposal submission date deadline.

**EVALUATION AND SELECTION**

Proposals will be evaluated and subsequent judgments made taking into account the following criteria:

- Performance – Return and volatility expectations. While each manager will be evaluated on its relative investment merits, the aggregate allocation will be measured against the Barclays Aggregate Index;
- Expertise – (a) Similar work performed for other institutions, with references of such funds to be specified in the proposal; (b) Assets under management; and (c) Investment experience broadly defined and experience in GMSFI investments specifically;
- Key Personnel – Personnel to be assigned to this account, including key professionals, applicable portfolio managers, back-up and other staff assistance, and education and experience of all such key personnel;
- Fees – Reasonableness and competitiveness of fees;
- RFP Proposal – Clarity and responsiveness to requirements as requested in the RFP;
- Philosophy and Style – The extent to which the proposed philosophy and style best complement existing philosophies and styles and meet the requirements and expectations as presented in this RFP.

**Selection Process:**

- All RFP’s will be reviewed with respect to the evaluation of the proposal by the Chicago Police Annuity Benefit Fund’s staff and the Board’s investment consulting firm, NEPC, LLC. The Chicago PABF Board of Trustees will be responsible for the final selection of the firm(s) hired.

**PRICE SHEET**

The undersigned agrees to provide GMSFI investment management services to the Chicago Police Annuity Benefit Fund in accordance with the Request for Proposal and Proposal Price Sheet.

Global Multi-Sector Fixed Income Investment Management Services:

|       | <b>Base Fee</b> | <b>Break Point #1</b> | <b>Break Point #2</b> | <b>Break Point #3</b> | <b>Break Point #4</b> | <b>Incentive Fee</b> | <b>Other Fees</b> |
|-------|-----------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|-------------------|
| GMSFI |                 |                       |                       |                       |                       |                      |                   |

1. BY SUBMISSION OF A PROPOSAL, THE PROPOSER CERTIFIES:

- a) Fees in this proposal have been arrived at independently, without consultation, communication or agreement for the purpose of restricting competition;
- b) No attempt has been made nor will be by the proposer to induce any other person or firm to submit a proposal for the purpose of restricting competition;
- c) The person signing this proposal certifies that he/she is authorized to represent the company and is legally responsible for the decision as to the fee and supporting documentation provided as a result of this advertisement;
- d) Proposer will comply with all Federal regulations, policies, guidelines and requirements;
- e) Fees in this proposal have not been knowingly disclosed by the proposer to any other proposer and will not be so disclosed prior to award.

2. GENERAL INFORMATION:

Proposer Name:

Phone:

Fax:

Email:

Mailing Address:

Employer Identification Number:

3. OWNERSHIP AND CONTROL:

Proposer's Legal Structure:

\_\_\_\_\_ Sole Proprietorship

\_\_\_\_\_ General Partnership

\_\_\_\_\_ Corporation

\_\_\_\_\_ Limited Partnership

\_\_\_\_\_ Limited Liability

\_\_\_\_\_ Other

If Proposer is a sole proprietorship, list:

Owner Name:

Phone:

Fax:

Email:

Mailing Address:

Employer Identification Number:

Beginning date as owner of sole proprietorship:

4. VERIFICATION

I certify under penalty of perjury, that I am a responsible official (as identified above) for the business entity described above as Proposer, that I have personally examined and am familiar with the information submitted in this disclosure and all attachments, and that the information is true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including criminal sanctions which can lead to imposition of a fine and/or imprisonment.

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(Signature)

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(Date)

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(Name and Title)

# GLOBAL MULTI-SECTOR FIXED INCOME INVESTMENT MANAGEMENT QUESTIONNAIRE

## **OFFEROR MUST COMPLETE A SEPARATE QUESTIONNAIRE FOR EACH PROPOSED PRODUCT**

**Instructions: Offerors must complete all questions.**

### **Part I. eVESTMENT ALLIANCE DATABASE**

In addition to the Offeror's responses to the questions that follow, the Offeror's product and performance data will be analyzed through the use of a third party database currently utilized by our Investment Consultant, NEPC, LLC. The database is provided by eVestment Alliance, which can be located on the web at: [www.eVestmentalliance.com](http://www.eVestmentalliance.com).

Populating the eVestment Alliance database with your firm and product information is essential to the completion of the RFP process. If the database is not fully populated, your firm's response will be considered incomplete and could be grounds for discontinuing consideration of your firm's product for this search.

The eVestment Alliance database gathers firm and product data including but not limited to:

- Assets under management
- Qualitative description of firm and product
- Investment professionals gained and lost
- Investment professional tenure, work experience and education
- Product characteristics
- Holdings
- Performance for vehicle recommended
- Composite description AIMR disclosures

Please be sure to not leave fields blank. Respond as 0, none, or N/A only when necessary. You will not be contacted by our consultant to fill in missing fields. Use additional comment fields provided to make qualifying notes as applicable.

In the space provided below, please list the name of the product, as it will appear in your entry in the eVestment Alliance database.

Product Name:

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If your firm does not already utilize the eVestment Alliance database, you can participate by sending an email with your contact information to: [getmanager@evestmentalliance.com](mailto:getmanager@evestmentalliance.com).

A representative from eVestment Alliance will contact you shortly after to establish the firm in the database. There is no charge for supplying data to eVestment Alliance.



After you have provided the information to eVestment Alliance, please print off a copy of the information you have provided and return with your response to the RFP.

## **Part II. QUESTIONS**

### **A. COMPANY AND PERSONNEL QUESTIONS**

1. If your firm is not a Registered Investment Advisor under the Securities Act of 1940, please explain why your firm is exempt.
2. Give a brief history of the firm, including but not limited to:
  - a) The date of SEC 1940 Act registration
  - b) The date the firm began managing GMSFI accounts for U.S. tax-exempt clients
  - c) The date the proposed product was introduced
  - d) Does your firm maintain a code of ethics and what does it include?
3. Please describe the ownership of the firm, including but not limited to:
  - a) If an affiliate, designate percent of parent firm's total revenue generated by your organization. Elaborate on affiliations with any brokerages and/or broker-dealers
  - b) If the firm is a joint venture partner, identify the percentage of ownership and revenues recognized by each partner to the combined association
4. Provide an organizational chart diagramming the relationships between the professional staff as well as the parent-subsidiary, affiliate, or joint venture entities.
  - a) How many offices does your firm have? Include the number of investment professionals in each office
  - b) Describe in which office investment decisions are made for GMSFI and where the offices are located
5. In the following chart, list the total number of persons employed by discipline, and also provide a separate breakdown of the number of persons involved in managing the proposed product.

|               | AUM | AUM for Tax-Exempt Clients only | Number of Clients | Portfolio Managers | Research Analysts | Trading |
|---------------|-----|---------------------------------|-------------------|--------------------|-------------------|---------|
| Total Company |     |                                 |                   |                    |                   |         |
| GMSFI only    |     |                                 |                   |                    |                   |         |

|               | Economist | Marketing | Admin | Client Service | Other (specify) | Total |
|---------------|-----------|-----------|-------|----------------|-----------------|-------|
| Total Company |           |           |       |                |                 |       |
| GMSFI Only    |           |           |       |                |                 |       |

6. Please provide details on the financial condition of your firm. Most recent annual reports filed with the SEC will be acceptable; recent material changes should be included. This is not a minimum requirement, but preference will be given to managers that include this information.
  
7. List the insurance carriers supplying the coverage for SEC-required (17g-1) fidelity bonds, errors and omissions coverage and any other fiduciary coverage which your firm carries.
  
8. Discuss the overall business objectives of your firm with respect to future growth. Comment on any present or planned areas of emphasis over the near future. Be sure to include in your response by product (including the proposed product):
  - a) Total number of separate accounts that will be accepted
  - b) Total number of clients which will be accepted
  - c) Total assets that will be accepted
  - d) Future staffing requirements as it relates to growth in number of accounts by product
  
9. Please specify whether your firm is proposing a separate account or a pooled fund / mutual fund vehicle.
  
10. Over the past five years, has your organization or any of its affiliates or parent, or any officer

or principal been involved in any business litigation, regulatory or legal proceedings? If so, provide an explanation and indicate the current status. Finalists will be required to provide a complete Form ADV (Parts I and II).

11. Describe any potential conflicts of interest your firm may have in the management of this account.
12. List all principal officers, portfolio managers, research analysts and client service officers (involved with the proposed product) by name, providing appropriate professional and biographical information. **Highlight the person(s) who would be responsible for this account.** This information must be provided in the following format:

| <b>PROFESSIONAL INFORMATION</b> |       |                                |                             |                        |                 |
|---------------------------------|-------|--------------------------------|-----------------------------|------------------------|-----------------|
| Name                            | Title | Total Company Responsibilities | GMSFI only Responsibilities | Total Years Experience | Years With Firm |
|                                 |       |                                |                             |                        |                 |
|                                 |       |                                |                             |                        |                 |
|                                 |       |                                |                             |                        |                 |

| <b>BIOGRAPHICAL INFORMATION</b> |       |        |        |      |
|---------------------------------|-------|--------|--------|------|
| Name                            | Title | School | Degree | Year |
|                                 |       |        |        |      |
|                                 |       |        |        |      |
|                                 |       |        |        |      |

13. Provide no more than a one paragraph biographical summary on each of the key professionals in the proposed product.
14. Indicate when and why any senior personnel left or joined the firm in the last five years. In which products were they involved? (For personnel who have left indicate job titles and years with the firm and who replaced them).
15. Describe your firm's backup procedures in the event the key investment professional assigned to this account should leave the firm or be transferred to other accounts or duties.
16. Please describe your hiring and internal retention procedures for portfolio managers, traders,

and research analysts.

17. What specific incentives are employed to ensure key professionals do not leave the firm either as a group or individually?

18. Fill in the following table with the amounts of all assets under management by your firm.

a) List the assets under management for those clients having \$3 billion or greater in total plan assets (preferably, but not necessarily in the proposed product). AUM is as of March 31<sup>st</sup> of each year.

|                | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|----------------|------|------|------|------|------|------|
| Total AUM      |      |      |      |      |      |      |
| GMSFI Only AUM |      |      |      |      |      |      |

b) Please list an example of a client that has total plan assets \$3 billion or greater:

Mandate and Date of Inception  
Address  
Contact Person and Title  
Phone Number

c) References, at least three or more, invested in the Offeror's proposed product:

- 1) Name of Client and Date of Inception  
Address  
Contact Person and Title  
Phone Number
- 2) Name of Client and Date of Inception  
Address  
Contact Person and Title  
Phone Number
- 3) Name of Client and Date of Inception  
Address  
Contact Person and Title  
Phone Number

19. Please indicate whether the firm is certified as a Minority, Women, or Disabled Business Enterprise (MWDDBE) as defined by IL PA 96-0006. If so, please provide a copy of the firm's certification.

20. If applicable, provide a copy of the firms EEOC disclosure statement and description of any initiatives or guidelines your firm has on the inclusion of women and minorities. Whether you have an EEOC disclosure statement or not, each offeror must fill out and provide the chart below.

**Employee Diversity**

| <b>[Firm]</b>                 |                     |                    |                           |   |       |                                  |             |                        |                    |                           | <b>[Date]</b>                             |       |                                  |             |       |  |  |
|-------------------------------|---------------------|--------------------|---------------------------|---|-------|----------------------------------|-------------|------------------------|--------------------|---------------------------|---|-------|----------------------------------|-------------|-------|--|--|
| Job Categories                | Number of Employees |                    |                           |   |       |                                  |             |                        |                    |                           |   |       |                                  |             | Total |  |  |
|                               | Male                |                    |                           |   |       |                                  |             | Female                 |                    |                           |   |       |                                  |             |       |  |  |
|                               | White               | Hispanic or Latino | Black or African American | Native Hawaiian or Other Pacific Islander | Asian | American Indian or Alaska Native | No Response | White                  | Hispanic or Latino | Black or African American | Native Hawaiian or Other Pacific Islander | Asian | American Indian or Alaska Native | No Response |       |  |  |
| Executive/Sr Officials & Mgrs |                     |                    |                           |   |       |                                  |             |                        |                    |                           |   |       |                                  |             |       |  |  |
| First/Mid Officials & Mgrs    |                     |                    |                           |   |       |                                  |             |                        |                    |                           |   |       |                                  |             |       |  |  |
| Professionals                 |                     |                    |                           |   |       |                                  |             |                        |                    |                           |   |       |                                  |             |       |  |  |
| Technicians                   |                     |                    |                           |   |       |                                  |             |                        |                    |                           |   |       |                                  |             |       |  |  |
| Sales Workers                 |                     |                    |                           |   |       |                                  |             |                        |                    |                           |   |       |                                  |             |       |  |  |
| Craft Workers                 |                     |                    |                           |   |       |                                  |             |                        |                    |                           |   |       |                                  |             |       |  |  |
| Operatives                    |                     |                    |                           |   |       |                                  |             |                        |                    |                           |   |       |                                  |             |       |  |  |
| Laborers & Helpers            |                     |                    |                           |   |       |                                  |             |                        |                    |                           |   |       |                                  |             |       |  |  |
| Service Workers               |                     |                    |                           |   |       |                                  |             |                        |                    |                           |   |       |                                  |             |       |  |  |
| Other                         |                     |                    |                           |   |       |                                  |             |                        |                    |                           |   |       |                                  |             |       |  |  |
| <b>Total # of Employees</b>   |                     |                    |                           |   |       |                                  |             |                        |                    |                           |   |       |                                  |             |       |  |  |
| <b>Total % of Employees</b>   |                     |                    |                           |   |       |                                  |             |                        |                    |                           |   |       |                                  |             |       |  |  |
| Female to Male                |                     |                    |                           |   |       |                                  | #N/A        | MWDBE to Total         |                    |                           |   |       |                                  |             | #N/A  |  |  |
| MWDBE Male to Male            |                     |                    |                           |   |       |                                  | #N/A        | MWDBE Female to Female |                    |                           |   |       |                                  |             | #N/A  |  |  |

\*Employees are not legally required to self-identify their race or ethnicity. The information contained in this chart is only an estimate of the race and ethnicity of the firm's employees. Accordingly, this chart may not be used for any purpose other than to provide a basic overview of the current gender/race/ethnicity of our employees.

21. Please give details on the number, name and asset value of the terminated tax-exempt institutional client relationships in the past three years with reasons for the termination. Please provide the name, contact, title, and telephone number of three clients that have terminated your firm's services in the last three years.
22. Please advise whether your portfolio's investment policy allows for investments in companies that do business in Iran, Sudan or any other terrorist supported countries. If so, what percentage of your portfolio do such companies typically represent?
23. Please discuss the liquidity of your strategy? Include whether the portfolio is subject to a redemption notice period, restrictions (contractual and / or others) and redemption cycle.
24. Please discuss the investment process and philosophy of your strategy.
25. Has your firm filled a Claim of Compliance Acknowledgement with the CFA Institute Asset Manager Code of Professional Conduct? If not, why?

## B. ADDITIONAL QUESTIONS

We have provided link(s) to the sections of Illinois code, where appropriate, and an explanation for your information.

1. Is your firm willing to adhere to the Illinois Sudan Act as defined under Illinois code?
  - a. **Citation:** 40 ILCS 5/1-110.6
  - b. **Link:**  
<http://ilga.gov/legislation/ilcs/ilcs4.asp?DocName=004000050HArt%2E+1&ActID=638&ChapterID=9&SeqStart=100000&SeqEnd=670000>
  - c. **Impact:** While PABF is not subject to this prohibition on certain investments, PABF's Board wishes to comply with "the spirit of the law" and to limit investments made within the Republic of Sudan.
  
2. Is your firm willing to adhere to the Investment Transparency section of Illinois code?
  - a. **Citation:** 40 ILCS 5/1-113.14(g); 40 ILCS 5/1-113.16(d) [Website postings]
  - b. **Link:**  
<http://ilga.gov/legislation/ilcs/ilcs4.asp?DocName=004000050HArt%2E+1&ActID=638&ChapterID=9&SeqStart=100000&SeqEnd=670000>
  - c. **Impact:** PABF is required to maintain a web site and make available a list of all investment advisers and a brief description of every contract for investment services.
  
3. Is your firm willing to negotiate fees if selected as a finalist to present before the Board of Trustees?
  
4. For separate account vehicles, if applicable, is your firm willing to adhere to the Policemen's Annuity and Benefit Fund of Chicago brokerage policy?
  
5. Please confirm your ability to comply with the Fund's brokerage requirements. The requirements can be found within the investment policy manual. The manual is available on the Fund's website at [www.chipabf.org](http://www.chipabf.org).
  
6. Please confirm your ability to comply with the Fund's restrictions on investments. The restrictions can be found within the investment policy manual. The manual is available on the Fund's website at [www.chipabf.org](http://www.chipabf.org).
  
7. Please provide an affirmative answer that you have reviewed and understand the requirements of the Fund's Statement of Investment Policy, Guidelines for Administering the Fund's Investment Policy, Asset Strategy Statements (those applicable to this RFP), and Investment Manager Administration. These can all be found within the investment policy manual. The manual is available on the Fund's website at [www.chipabf.org](http://www.chipabf.org).