

Request for Proposals

Q&A

Multisector Fixed Income Strategy

Firefighters' Retirement System (Louisiana)

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 May 22, 2023 until after selection of the finalist. Any violation of this standard may be grounds for elimination from the search.

1) Does a domestic Fixed Income Multi-sector strategy fit this mandate?

Response: **For the purposes of this search, a Multisector Fixed Income strategy is defined as primarily long-only investments across the global fixed income opportunity set.**

2) Pertaining to the first minimum qualification, “The firm offers a U.S. domiciled commingled fund investment vehicle available for qualified public defined benefit plan investments”:

a. Does the vehicle have to be funded, or is a vehicle that is “on the shelf” but not yet funded acceptable? For background, we already work with a CIT provider and have several CITs up and running with them; one in this strategy has not yet been funded, but it is ready to launch at any point.

Response: **If the commingled vehicle is available but not yet funded, FRS would be willing to consider the strategy, so long as all the minimum qualifications are met.**

b. Does a mutual fund fulfill this qualification?

Response: **A mutual fund is considered a type of commingled fund vehicle for the purposes of this search.**

3) I see that All data must be as of March 31, 2023 and must be entered by July 7, 2023. All data entered in the database must be updated as of June 30, 2023 by July 31, 2023.”

a. Would it be possible to get a one-day extension for the 6/30 deadline? XYZ 2Q earnings call is not until 8/1 so we wouldn’t be able to update the firmwide 6/30 data until then. Thank you for your attention and we look forward to participating in this search.

Response: **A one day extension is permissible.**

4) Would non-U.S. domiciled commingled vehicles that are available for qualified public defined benefit plan investments be considered?

Response: **Non-U.S. domiciled commingled vehicles will not be considered.**

5) Would the client be open to a non-U.S. domiciled commingled fund if a Delaware LP feeder fund could be established for them to invest prior to the investment period launch?

Response: **The Delaware LP feeder would be considered a U.S. domiciled commingled fund.**

- 6) Item 7 of the Cover Letter requires prospective managers to “agree[] . . . to be governed by the Fiduciary standards set forth in the Louisiana Revised Statutes, Title 11:264, 264.7 and 269.” We note that Section 264.7 provides that “[a] member, beneficiary, or survivor who can demonstrate a personal interest in a retirement plan may bring a civil action to enforce the provisions of this Subpart.” Does this mean that, effectively, any individual participant in the Firefighters Retirement System (“FRS”) would be able to bring suit for breach of fiduciary duty against a manager of a mutual fund in which FRS invests pursuant to this RFP?

Response: **Firefighters’ Retirement System does not provide outside parties with legal interpretation of Louisiana statutes.**

- 7) Is there a preference for an Investment Grade or Below Investment Grade rated strategy?

Response: **For the purposes of this search, a Multisector Fixed Income strategy is defined as primarily long-only investments across global fixed income sectors designed to express the investment managers’ best ideas across the global fixed income opportunity set. The System will view the multisector fixed income allocation as a “return seeking” component of its fixed income portfolio and a complement to its core fixed income allocation. As stated in the FRS Investment Policy Statement, “Multisector fixed income investments may include debt securities of the U.S. government, U.S. non-government, non-U.S. governments, and non-U.S. non-government entities, including but not limited to US Treasuries, non-US sovereign debt and currency, high yield corporate bonds, bank loans, CLOs emerging markets debt, preferred stock, and other issued fixed income instruments, including fixed income-related derivatives, deemed prudent by the investment managers (within established commingled fund guidelines).”**

- 8) Will two or more strategy proposals from the same manager be accepted?

Response: **Yes.**

Regarding the Firefighters’ Retirement System (Louisiana) Multisector Fixed Income Strategy search:

- 9) Your organization is a Registered Investment Advisor with the SEC or is an exempt entity as indicated in the FRS IPS. – The XYZ Company (which is where the XYZ Multi Sector Trust resides) is not subject to OCC oversight/regulation but rather we are subject to State oversight/regulation. Is the Global Multisector Trust eligible since our Trust Company is not subject to OCC oversight but rather state oversight?

Response: **The Trust described above would be eligible for consideration.**

10) 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. - Would FRS accept ERISA fiduciary standard as an alternative to meet the fiduciary standards set forth in the Louisiana Revised Statutes, Title 11, Sections 264, 264.7, and 269.?

Response: **FRS does not have authority to substitute fiduciary standards required in Louisiana statutes.**

11) Jurisdiction: As a commingled vehicle, XYZ Trust cannot agree to a specific governing law of venue for one investor that applies in all situations. However, in the past XYZ has agreed with other governmental entities, including Louisiana public DB plans, that to the extent not inconsistent with the Trust's governing documents any dispute between the parties may be governed by specific laws of a state to the extent such laws do not conflict with the laws to which the Trust and the Trust Company are subject and are consistent with the Trust Company's fiduciary duties owed to all unitholders in the Trust.

Response: **The respondent must agree that 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. Additionally, FRS will not comment on the affairs of other Louisiana defined benefit plans.**

12) Is our understanding above, and how we have approached this before with other Louisiana public DB plans, consistent with the requirement under this RFP?

Response: **See the above response.**

13) Is NEPC/Louisiana Firefighters' Retirement System willing to accept the guidelines for our XYZ Unconstrained Collective Investment Trust (CIT) below. We have provided a comparison between the Firefighters' Retirement System Investment Policy Statement and the XYZ Unconstrained Bond Fund – Collective Investment Trust (CIT) and wanted to know if the differences are acceptable for the System.

Response: **There is no minimum requirements related to portfolio guidelines, so long as the strategy fits the characteristics described in the RFP.**

14) What sort of policies/documents are you looking for in terms of 'Corporate Governance Policies?' Just not seeing that clearly in the eVestment Database.

Response: The list provided provided in the RFP is a representative list of the database fields. We strongly encourage participants to complete the database questionnaire in its entirety. eVestment provides investment managers the ability to upload firm-related documents into the organization's firm and product profiles. For any questions related to the completion of the firm and product profiles, please contact eVestment directly.

15) Would it be acceptable to provide a hard copy of the firm's audited Financial Statements in lieu of adding our financial information to eVestment?

Response: Yes.

16) Are U.S. Agency Guaranteed MBS allowed in the portfolio?

Response: Yes. See response to Question #7.

17) Will you provide the benchmark the System's funds are currently managed against?

Response: The multisector fixed income mandate is a new allocation for the portfolio and, therefore, does not have a benchmark. The appropriate benchmark will be selected at the time of manager selection.

18) Will you provide a list of the current holdings in the portfolio?

Response: The multisector fixed income mandate is a new allocation for the portfolio and, therefore, does not have current portfolio holdings.

19) Can you provide the name of the current investment manager?

Response: The multisector fixed income mandate is a new allocation for the portfolio.

20) Can you provide the current fees that are being charged for this mandate?

Response: The multisector fixed income mandate is a new allocation for the portfolio.