



# INVESTMENT CONSULTANT | QUESTIONNAIRE

(12/2019)

## INVESTMENT CONSULTANT INFORMATION:

Company Name:			
RFP Contact Person:			
CRD Number:		Phone:	
Street Address:			
City/Town:		State:	Zip Code:
Email:			
Retirement Board:			

## I. GENERAL INFORMATION

**A.** Provide a brief history of your firm and its operation:

Year Company Formed:	
Ownership:	
Structure:	
Biographies of Principals (attach extra sheet, if necessary):	
Affiliations:	
Ownership Changes : (past 5 years)	
Firm's Growth Objectives/Plans for Managing Projected Growth (attach extra sheet, if necessary):	

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## I. GENERAL INFORMATION (Continued)

**B.** Explain how the firm controls the quality of service provided to the clients:

**Number of Consultants in Firm:**

**Average Number  
of Clients Assigned  
Per Consultant:**

**Maximum Number of Clients Per Consultant You Maintain?**

**C. Information on Client Base Using Services For Full Service Consulting (attach extra sheet, if necessary):**

[illegible]

#### D. Personnel Experience at Firm:

- How many personnel in your firm are CFAs?
- How many personnel in your firm have at least one year of:
  - institutional experience in public funds administration
  - active equity management
  - fixed income management
  - cash management
  - equities trading
  - bond trading
  - real estate management
  - alternative investment
  - private equity
  - hedge funds

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I. GENERAL INFORMATION (Continued)

- E. Assuming your firm is selected, provide biographical information on the individual proposed to serve as the **Primary Consultant**; provide names of all clients and nature of their relationships (attach extra sheet, if necessary).

List Principal Assistant to Primary Consultant (and any Other Key Members)	List Anticipated Role/ Scope of Involvement of Assistant/ Key Members	List Names of All Clients/ Nature of Relationships

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I. GENERAL INFORMATION (Continued)

F. List clients lost or gained during the past 5 years, along with size of fund and reason(s) for ending the relationship(s) (attach extra sheet, if necessary):

Clients Gained (in past 5 years)	Clients Lost (in past 5 years)	Size of Fund	If Lost, List Reason(s) for Ending Relationship

G. Describe your firms' commitment to research and systems enhancement. What, if any, expansions do you anticipate in your technical and systems capabilities? (attach extra sheet, if necessary)

H. Has there been any litigation or regulatory action against your firm or its principal/owners/officers in the last five (5) years? ☐ YES ☐ NO (attach extra sheet, if necessary)

If YES, please explain:

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## I. GENERAL INFORMATION (Continued)

- I. Does your firm, its principals and affiliates subscribe to the CFA Code of Ethics? ☐ YES ☐ NO
- J. Describe the levels of coverage for errors and omissions insurance and any fiduciary or professional liability insurance your firm carries (attach extra sheet, if necessary).

List the Insurance Carriers:


## II. PERFORMANCE, PERFORMANCE MEASUREMENT AND PORTFOLIO ANALYTICS

- A. Describe the content and format of all performance reports (attach extra sheet, if necessary).

- B. Are all performance reports compliant with AIMR Performance Presentation Standards? ☐ YES ☐ NO
- C. What is the anticipated availability of dates for each report in terms of the number of calendar days after quarter end?

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## II. PERFORMANCE, PERFORMANCE MEASUREMENT AND PORTFOLIO ANALYTICS (Continued)

**D.** How much flexibility is there in your reporting format?

Can reports be customized at our request? ☐ **YES** ☐ **NO**

Within what time can requested changes in reporting be made?

(i.e., at beginning of the relationship only or anytime changes are needed?)

**E.** Please provide samples of your performance reports (please attach to this questionnaire).

**F.** Briefly describe your firm's database(s). Include size, composition, % public funds, % private funds, etc. If proprietary, how is the data compiled (attach extra sheet, if necessary)?

**G.** Describe your firm's capabilities to evaluate securities lending programs (attach extra sheet, if necessary).

**H.** Describe your firm's capabilities to perform trading cost evaluations (attach extra sheet, if necessary).

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II. PERFORMANCE, PERFORMANCE MEASUREMENT AND PORTFOLIO ANALYTICS (Continued)

- I. Provide the investment returns for the three **best** performing full service clients over the last 3-year period, the last 5-year period and the last 10-year period.

Investment Returns/3 BEST Performing Full-Service Clients (Last 3-Year Period)
1.
2.
3.
Investment Returns/3 BEST Performing Full-Service Clients (Last 5-Year Period)
1.
2.
3.
Investment Returns/3 BEST Performing Full-Service Clients (Last 10-Year Period)
1.
2.
3.

- J. Provide the investment returns for the three **worst** performing full service clients over the last 3-year period, the last 5-year period and the last 10-year period.

Investment Returns/3 WORST Performing Full-Service Clients (Last 3-Year Period)
1.
2.
3.
Investment Returns/3 WORST Performing Full-Service Clients (Last 5-Year Period)
1.
2.
3.
Investment Returns/3 WORST Performing Full-Service Clients (Last 10-Year Period)
1.
2.
3.

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### III. ASSET ALLOCATION MODEL

- A.** Describe how your firm is prepared to consult with and make presentations to the Board on asset allocation changes and other asset allocation issues related to total portfolio (attach extra sheet, if necessary).

- B.** Address the ability of your process to work within existing, long-term policy guidelines. How are investment objectives and range constraints factored into the optimization process (attach extra sheet, if necessary)?

- C.** What is your commitment to internal research into the construction and assumptions used in your asset allocation model(s) (attach extra sheet, if necessary)?

- D.** To what extent do you rely on static model and/or inputs and construction process of an outside vendor's model (attach extra sheet, if necessary)?



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### III. ASSET ALLOCATION MODEL (Continued)

- E.** To what extent would you involve  Retirement Board fiduciaries and staff in discussing the economic climate and asset return assumptions that form the basis of your asset allocation model (attach extra sheet, if necessary)?

- F.** What strategy or evaluation process does your firm employ to measure the risk tolerance of your client fiduciaries (attach extra sheet, if necessary)?

- G.** How do you address those fiduciaries' biases that may adversely affect the outcome of the asset allocation model or manager selection processes (attach extra sheet, if necessary)?

- H.** What time frame does your asset allocation model use?

- I.** Describe the models or process used for optimizing strategic asset allocation in changing economic circumstances (attach extra sheet, if necessary).

- J.** How often do you recommend a formal review of asset allocation policies?

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#### IV. MANAGER SEARCH PROCESS AND ASSET ALLOCATION IMPLEMENTATION

- A.** Describe in detail your manager database and search process (attach extra sheet, if necessary).

- B.** Explain how firms enter your search universe. How do they "get a foot in the door" of your database (attach extra sheet, if necessary)?

- C.** Describe the frequency and magnitude of manager turnover from performance reports, portfolio reviews or asset allocation changes resulting from the optimization strategy provided to your clients (attach extra sheet, if necessary).

- D.** Has your manager evaluation process resulted in the recommendation of the same equity and fixed income managers consistently over several searches? ☐ **YES** ☐ **NO**

Please explain and provide examples of recent studies (attach extra sheet, if necessary).

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#### IV. MANAGER SEARCH PROCESS AND ASSET ALLOCATION IMPLEMENTATION (Continued)

**E.** Have you ever assisted any clients in the development and/or evaluation of:

☐

Social or country screens such as evaluating a portfolio for holdings in tobacco companies OR

☐

Economically targeted investments or other "social" programs

Provide a brief outline of your experiences, if any, and your general view of the role of such screens and programs in pension plans like the Retirement System (attach extra sheet, if necessary).

**F.** Describe your role in implementing manager transitions and/or rebuilding strategic asset allocation targets (attach extra sheet, if necessary).

**G.** Explain how due diligence reviews are performed and at what point such reviews would be initiated. Do you initiate or do you wait for instructions from your client to do so (attach extra sheet, if necessary)?

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#### IV. MANAGER SEARCH PROCESS AND ASSET ALLOCATION IMPLEMENTATION (Continued)

**H.** Discuss the role of alternative investments within a pension portfolio.

Do you have clients using alternative investments? ☐ **YES** ☐ **NO**

If **YES**, what form of alternatives?

How does your firm assist in the design, implementation and monitoring of such an investment program?

Do you have staff dedicated to researching this asset class? ☐ **YES** ☐ **NO**

**I.** Discuss the role of real estate investments within a pension portfolio.

Do you have clients using real estate investments? ☐ **YES** ☐ **NO**

If **YES**, what form of real estate?

How does your firm assist in the design, implementation and monitoring of such an investment program?

Do you have staff dedicated to researching this asset class? ☐ **YES** ☐ **NO**

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#### IV. MANAGER SEARCH PROCESS AND ASSET ALLOCATION IMPLEMENTATION (Continued)

- J.** Discuss your approach to passive investment management.

How many active managers are retained by clients with a similiar level of assets as the

Retirement System?

To what styles and market cap ranges are they assigned (attach extra sheet, if necessary)?

#### V. GENERAL DISCLOSURES

- A.** Please list all services your firm, its principals or any affiliate provides that generate revenue for the firm and indicate the applicable percent of your firm's total revenue during the past three years. These should include consulting services for Plan Sponsors, money management activities, and services to money managers (attach extra sheet, if necessary).

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V. GENERAL DISCLOSURES (Continued)

B. Does your firm, its principals, or any affiliate, own any part of a money management firm, broker-dealer or other organization that sells services to institutional investors and/or SEC registered investment advisors?

☐ YES

☐ NO

C. Has your firm, its principals or any affiliate ever:

- Been the focus of a non-routine Securities and Exchange Commission (SEC) inquiry or investigation or a simliar inquiry or investigation from any similar federal, state, or self-regulatory body or organization?
- Been a party to any litigation concerning fiduciary responsibility or other investment related matters?
- Had a claim submitted to your errors and omissions, fiduciary liability, and/or fidelity bond insurance carrier(s)?

YES	NO
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>

If **YES** to any, please provide details (attach extra sheet, if necessary):

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V. GENERAL DISCLOSURES (Continued)

- D. List all money management firms which your firm, its principals, or any affiliates receive compensation. Please identify these revenue sources as client directed, payment for services , and/or revenues not related to a letter of direction or specific services.

MONEY MANAGEMENT FIRM NAME	REVENUE SOURCES		
	Client Directed	Payment For Services	Revenues Not Related

For the calendar year ended  , please provide specific information related to amounts your firm, its principals, or any affiliate received from each of  Retirement System money managers (listed in PERAC's most recent **Annual Report** (<https://www.mass.gov/perac-annual-reports>) identifying all revenues resulting from direct payments and gross directed brokerage (attach extra sheet, if necessary).

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## VI. FEE SCHEDULE

- A.** Please specify price in hard dollars for full service consulting in year one of the contract:
- B.** Please specify price in hard dollars for full service consulting for five years of the contract:
- C.** Please specify price in hard dollars for full service consulting for seven years of the contract:
- D.** Please indicate whether over the term of the contract the respondent will lower the price charged to the  Retirement Board in the event a client receiving the same services as outlined herein is charged a lower price than that charged to the  Retirement Board.



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EXTRA SPACE

If you need extra space for any of the previous sections, please use the space provided below. Indicate the Section and Subsection that you are writing about (**EXAMPLE—** Section III: Asset Allocation Model/Subsection B.)