

ATTACHMENT 3 – FOR INVESTMENT CONSULTANT SERVICES
PROPOSAL QUESTIONNAIRE

BOSTON RETIREMENT SYSTEM

Investment Consulting Services
Request for Proposals

INSTRUCTIONS

BRS is considering Proposals for a General Investment Services Consultant, which encompasses Public Markets, Private Markets, Hedge Funds and Real Estate Investment Consulting Services as outlined in this Request for Proposals. All Prospective Consultants shall complete all sections of this questionnaire.

Responses should be clear, concise and must be complete. Identify the organization responding on all pages submitted.

FIRM NAME: _____

MAIN ADDRESS: _____

CONTACT: _____

Name: _____

Title: _____

Phone: _____

Email: _____

This questionnaire is intended to provide BRS with specific information concerning your ability to provide General, Public and Private Markets Investment Consulting services as described in this Request for Proposals. Please try to limit your responses to no more than one (1) page per question and provide each response in the same order as in this questionnaire.

PROPOSAL QUESTIONS

A. Stability and Experience of the Firm

1. Please provide the following information with respect to the firm.
 - (a) a brief history of the firm, including its year of organization.
 - (b) the location of your headquarters and branch offices; and
 - (c) the ownership structure of the firm, including any parents, affiliated companies or joint ventures.
2. How many years has the firm been providing pension consulting services to pension funds? To tax exempt clients? To public pension fund clients? Please include the categories of consulting services available to clients during this period.
3. Please note that all firms selected as finalists will be required to submit three (3) years of the firm's financial statements for the preceding three-year period.
4. Please describe any significant developments in your organization which have occurred since January 1, 2019 (changes in ownership, personnel reorganization, etc.).
5. Please describe any anticipated near-term changes in your organization's basic ownership Structure or any other significant changes in our organization.
6. Is your firm, its parent or affiliate a registered investment advisor with the SEC under the Investment Advisers Act of 1940? If not, what is your fiduciary classification? Please state whether your Firm is or is not a fiduciary (as the term is defined by the Employee Retirement Income Security Act of 1974 [ERISA])
7. Since January 1, 2017 has the firm, the Primary Consultant(s), or another officer or principal been involved in any litigation or other legal proceedings or government investigation involving allegations of fraud, negligence, criminal activity or breach of fiduciary duty relating to services provided to pension funds? If so, provide an explanation for each and indicate the current status.
8. Please describe the levels of coverage for errors and omissions insurance and any other fiduciary or professional liability insurance your firm carries. List the insurance carriers supplying the coverage. Please provide an explanation as to why you believe this is sufficient coverage.
9. Describe all of your firm's lines of business and the approximate contribution of each to the total revenue. What percent of revenues are reinvested in research functions (provide detail)? If your firm is an affiliate or subsidiary of an organization, state percent of the parent firm's total revenue generated by your firm.
10. State what you believe distinguishes your consulting services from your competitors. Describe any services of your organization that may not be offered by other consultants.

B. Quality, Stability, Depth and Experience of Personnel

1. How many investment consultants does your firm have? In addition, please provide an organizational chart showing functions, positions, and titles of all personnel involved in providing consulting services to pension funds.
2. Please name and include a brief resume of the person(s) you propose to be Primary Consultant(s).
3. Please identify all principals of the firm and designate which individuals will be committed to the BRS account. Include their home office location, length of experience in advising pension funds, and specialty expertise they possess, and the highest education degree or professional designation (e.g. C.F.A.) they have attained.

<u>Name</u>	<u>Title</u>	<u>Years With Firm</u>	<u>Consulting Experience</u>	<u>Designation/ Education</u>
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4. Please explain how the team dedicated to the BRS account would function including Primary Consultant(s), back-up, quality control and support services.
5. What are the procedures for addressing the BRS account when the Primary Consultant(s), or other assigned personnel are traveling or unavailable?
6. How many client relationships will the Primary Consultant(s) have other than BRS and what are the corresponding asset values of those relationships? What are the firm's ratios of clients to (a) consultant; (b) personnel dedicated to consulting services; and (c) overall personnel of the firm?
7. Please indicate the percentage of the Primary Consultant(s)' time, as well as the time of other dedicated professionals, your firm anticipates will be expended on the BRS account.
8. Please describe your firm's back up procedures in the event the key personnel assigned to BRS should leave the firm. If applicable, give an example of a situation where this procedure has been utilized.
9. Please indicate the turnover of professional staff (senior management, consultants and personnel dedicated to consulting services) since January 1, 2020, as follows:

<u>Person</u>	<u>Position</u>	<u>Date Left</u>	<u>Reason For Leaving</u>	<u>Replaced By</u>
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10. Give a brief description of your firm's compensation arrangements for senior management, including any incentive and other bonuses and how and for what they are awarded. Does staff participate in equity ownership? If ownership is not available, is there a specific arrangement for sharing in the profits earned by the enterprise? What specific incentives are employed to ensure key professionals do not leave the firm either as a group or individually?

C. Research Capabilities

1. Describe your firm’s philosophy and resources, including history of experience in the following areas:
 - Performance Evaluation and Reporting;
 - Marketing;
 - Research (by areas);
 - Asset Allocation;
 - Investment Policy;
 - Manager Search (by asset class).
2. Describe the internal structure and organization of your research department (if no separate department exists, describe how this function is performed).
3. Describe the manner in which internal and external resources and sources of information are used in the research process. How does your firm integrate internal and external research?
4. Outline your process for monitoring and reporting on market trends. Describe your capabilities for reporting and tracking international trends and influences.
5. Describe your computer capabilities and relate them to your consulting services or products. Do you provide any customized computer based analytical tools to your clients? If so, please include in your description the computer language in which the programs are written.

D. Client Relations and Reference

1. Please indicate in the chart below the composition of your client base.

Size	Public Funds	Private Funds (Corporate and Taft-Hartley)	Endowments, Foundation, etc.
Less \$100 M			
\$100 M - \$500 M			
\$500 M - \$1 B			
\$1 B - \$10 B			
Greater than \$10 B			

Year	Number of Accounts	Total Assets Under Management	Total Assets of Public Funds
2021			
2020			
2019			
2018			
2017			

2. Provide a list of up to 10 current public fund clients with assets greater than \$1 billion for whom work similar to that requested in this RFP has been performed by your firm. Please include name, contact, telephone number, asset values, number of years the client has retained your firm and the product or service that the client uses. BRS may contact any of these clients as references.
3. Please give details on the number, name(s) and asset values of any client relationships that were either terminated or not renewed since January 1, 2020 with reasons for the termination or non-renewal.

E. Conflicts of Interest and Standards of Conduct

1. Please list your firm's lines of business and the appropriate contribution of each business to your firm's total revenue and profits. If your firm is an affiliate or subsidiary of an organization, what percentage of the parent firm's total revenue and profits does your subsidiary or affiliate generate? What percentage of your parent firm's revenues and profits is a result of consulting services? What other services or products are offered by your parent firm?
2. Does your firm manage money for clients? Does your parent firm manage money for clients?
3. Is your firm or its parent or affiliate a broker /dealer? Does your firm trade for client accounts through this broker/dealer? Does your firm accept soft dollars as a method of payment for services provided?
4. Explain in detail any potential for conflict of interest which would be created by your firm's representation of BRS. Please include any activities of your parent firm as well as other client relationships which may inhibit services to BRS.
5. Please describe any circumstances under which your firm receives fees or other compensation from investment managers, such as membership in organizations that your firm serves as sponsor.
6. Please describe how your firm addresses actual and potential conflicts of interest between your firm and your pension fund clients.
7. Does your firm have a written code of conduct or a set of standards for professional behavior? If so, how are they monitored and enforced?
8. Has your firm adopted the Code of Ethics and The Standards of Professional Conduct of the CFA Institute? If so, how is employee compliance monitored?
9. How are consultants' recommendations to clients reviewed and monitored by your organization? Does your firm adhere to a level of consistency in consultant recommendations, and if so, how is it monitored?
10. Describe your firm's quality control procedures established to ensure that you would be able to successfully carry out the requirements of the proposed investment consultant mandate.
11. Describe your expertise in assisting clients in developing their own risk management procedures. Please include names of clients and briefly describe the projects for which you have provided these services.

12. Has your firm ever been censured by any regulatory body? If so, please describe the situation.

F. General Consulting Services

1. Describe your philosophy and process for development of: overall investment policy as well as investment policy for specific asset classes; and client investment objectives, especially public pension clients.
2. Outline your process for analyzing a client's investment portfolio structure.
3. Describe your approach to the analysis of applicable legal parameters/restrictions under which BRS must operate (e.g., statutory target allocations to fixed income investments and equity investments, limitations on asset classes, etc.).
4. Describe your process for setting benchmarks for the total fund as well as for each manager and asset class.
5. Provide your firm's philosophy on risk. How do you define risk, i.e., standard deviation, negative returns, etc.? How do you help clients define risk? How is risk measured?
6. What does your firm consider to be the most crucial issues regarding an investment policy for a public pension plan?
7. Describe your capabilities in the development of appropriate shareholder responsibility and proxy voting policies and procedures in consultation with client staff.
8. Outline your firm's process for maintaining and providing a continuous review of your client's investment policies, objectives and criteria.
9. Describe your methodology and sources of data for analyzing and evaluating your clients overall portfolio performance, including the incorporation of illiquid assets such as real estate and private markets investments.
10. Discuss the theory, methodology, and process your firm uses in determining the investment strategy and asset allocation. Please include information about the asset allocation models your firm employs and a brief explanation of how you develop asset class assumptions.
11. Please indicate the asset categories in which your firm has experience and expertise.
12. What variables would your firm consider essential in reviewing and developing long range strategies for BRS? Are there particular actuarial results or calculations that you consider critical to the process?
13. Describe your policy for changes to a pension system's asset allocation with changes in the market environment.
14. Does your firm have a process to allow BRS to make assumptions and review private markets conditions that could affect the financial security of the plan? If so, briefly describe.
15. Describe your firm's philosophy regarding strategic versus tactical asset allocation.

16. Explain your firm's position/approach on the use of active versus passive management in the major asset classes.
17. Describe your methodology for identifying and evaluating new investment opportunities.

G. Public Markets

1. Describe how benchmarks are chosen or developed and how performance is compared to similar portfolios. Can your firm provide customized benchmarks? Please indicate whether your firm has ever developed benchmarks and, if so, provide a description of the benchmarks developed. What benchmarks would you recommend for BRS' Public Equity and Fixed Income Portfolios ("Public Market Portfolios")?
2. Describe your firm's process for the evaluation and selection of public market investment managers for a client. Include how the firm evaluates a manager's personnel and organization, investment philosophy, investment style(s) and products, research and/or modeling capabilities, financial condition, assets under management, type of clients, client service, and fees. Relate the process to a client's goals, objectives, investment policy and fiduciary responsibility.
3. Describe your firm's methodology and sources of data for analyzing and evaluating a potential public market manager's performance. Discuss how your firm verifies the accuracy and appropriateness of a manager's performance history submitted by a manager in a response to a request for proposal.
4. Does your firm maintain, or can it otherwise provide, access to a database of investment managers and advisors? How many managers and advisors are contained in the database? Please separate the managers and advisers by portfolio, style, capitalization and any other specialty designation (e.g. domestic equity, large capitalization, growth, etc.).
5. Describe how your firm gathers, verifies, updates, maintains and analyzes the data collected on managers for the database, including international and currency overlay managers. Describe the screening variables and capabilities of the database. Describe the capability of providing custom client reports. How are minority-owned, woman-owned, and disabled veteran-owned firms incorporated in the database.
6. Please discuss your views on performance-based fees, asset-based fees, flat fees with or without performance bonuses, or any other fee structures you may recommend.
7. Please describe your firm's process for providing oversight for public market managers for a client. Relate the process to a client's goals, objectives, and investment policy. Specifically, include the monitoring of performance, risk, style integrity, contract compliance, account restrictions, activities creating potential conflicts of interest, reporting requirements and trading costs (including foreign exchange).
8. Describe the experience and capabilities of your firm and the Primary Consultant in analyzing and monitoring international portfolios and managers, including currency overlay managers, the use of hedging, authorized countries, emerging markets, and appropriate benchmarks.

9. Describe the experience and capabilities of your firm and the Primary Consultant in analyzing and monitoring small and emerging managers, including women, minority and disabled veteran-owned investment management firms and brokerage firms.
10. Describe your firm's criteria for recommending that a manager be placed on probation, removed from probation, or terminated. Describe your firm's process form transitioning or liquidating the assets of a terminated manager.
11. Describe how you would advise a client regarding minimizing trading costs (including foreign exchange) both on an ongoing basis and during a manager transition. What is your firm's position on the use of a client's commission dollars to purchase research of services for the use of the money manager?

H. Hedge Funds

- a) What are the key factors you rely on in assessing hedge fund manager skill?
- b) Explain your firm's unique competitive advantages for identifying superior hedge fund managers.
- c) Describe your hedge fund manager database including number of managers, types of information included, and how the system is used by your staff. Is your database a proprietary system or obtained from a third-party vendor? How is the information on your database delivered to clients?
- d) Please describe how potential managers and strategies are identified including the use of proprietary and third-party databases. How many new managers do you evaluate per year?
- e) Describe any minimum qualifications for underlying hedge funds.
- f) Please describe in detail the investment due diligence performed on hedge fund managers, including key decision points and timelines.
- g) Describe how BRS Staff would work with your research analysts during the manager due diligence process.
- h) What systems and tools are used for evaluating risk in hedge fund portfolios? Describe how this information delivered to clients.
- i) Describe the transparency you receive from the hedge funds you recommend. What is your minimum requirement for transparency?
- j) How is your manager research team organized? Are they generalist or specialized by underlying investment strategy? Why did you decide to organize your analysts in this manner? What is your ratio of approved/recommended hedge fund of fund managers to hedge fund of fund research analysts?
- k) Please describe the firm's internal manager ranking system and describe how the ranking system weighs quantitative and qualitative inputs.

- l) Are formal reports written as part of manager due diligence process? If so, please provide a sample manager report. How is manager research delivered to clients?
- m) Explain your process for ongoing monitoring of hedge fund managers on your approved/recommended list.
- n) How have hedge fund managers on your approved/recommended list performed relative to their peers? Please provide supporting data.
- o) Please provide two recent examples where the manager research team recommended a client redeem from a manager.
- p) Disclose any hedge funds on your approved/recommend list that experienced significant drawdowns, imposed gates, suspended redemptions, or created side pockets in the last five years. Describe how you assisted your clients in handling these situations.

I. Private Markets

1. Private Equity

- a) Please describe your private equity investment philosophy and process. Include the approach to formulating goals and objectives, and a description of the modeling concepts and related methodology used to perform asset allocation modeling. Also, address the decision-making process and the titles and responsibilities of the various individuals involved in each step of the process.
- b) What is the range of private equity target allocations which you are currently recommending to your clients? How and why have you revised these recommended ranges over time?
- c) What expected risk and return assumptions are you currently recommending clients use in their private market's investments allocation? How and why have these assumption recommendations changed over time?
- d) List all standard services provided in a typical private equity full service consulting and performance monitoring relationship. List the special services that you have provided to meet additional client needs.
- e) Briefly summarize your philosophy relating to the consultant's relationship with clients and private equity managers.
- f) Please describe your firm's experience in analyzing and recommending the following types of private equity: buyout funds, credit funds, distressed debt funds, mezzanine funds, venture capital funds, international private equity funds (including emerging market funds) and any other classification (if applicable). Please note whether this experience was as a consultant, a discretionary manager, or both. Also, please note if there is any specific asset class you do not cover.
- g) Please list your firm's historical recommendations and your clients' commitments to buyout, credit, distressed debt, mezzanine, venture capital, international and other private equity funds.

- h) Please describe your firm's process and sources of data for providing analysis, valuation and oversight of the BRS Private Equity Portfolio.
- i) Please describe how benchmarks are chosen or developed for private equity and how performance is compared to similar portfolios. Can your firm provide customized benchmarks? Please indicate whether your firm has ever developed a benchmark for private equity and, if so, provide a description of the benchmark developed. What benchmarks would your firm recommend for the BRS Private Equity Portfolio?
- j) Please describe your firm's process for the evaluation and selection of private equity opportunities for BRS. Include how your firm evaluates a manager's personnel and organization, investment philosophy, investment style(s) and products, research capabilities, financial condition, assets under management, type of clients, client service, back office capabilities, management fees and carried interest.
- k) How many investment opportunities did your firm review, meet with, conduct due diligence on, and ultimately recommend in 2020 and 2021? Provide a table on the number of funds reviewed per year for each of the following categories (buyout, credit, distressed debt, mezzanine, venture capital, international and other private equity funds). Also, please identify if it was a broad recommendation or a specific investor recommendation.
- l) How many of the following are tracked on your performance database?
 - 1. managers/advisors
 - 2. direct investments
 - 3. commingled funds
 - 4. specialized, non-traditional funds
- m) How frequently is the investment manager information updated? What are the sources of data?
- n) How does your firm monitor partnerships that are winding down?
- o) How does your firm monitor general partner adherence to the limited partnership agreement?
- p) Please describe your firm's process for providing oversight for the BRS private equity managers, including, but not limited to, overseeing performance, risk, investment objective, integrity, contract compliance, and account restrictions, activities creating potential conflicts of interest and reporting requirements.
- q) How is the manager categorized into a specific style? How do you monitor consistency of style? How often? Do you monitor manager compliance with policy objectives and guidelines?
- r) How many managers have you met with annually in each of the last three years?
- s) Briefly describe the due diligence process on managers during searches. How does on-site due diligence fit into the search process?
- t) Describe steps you have taken on behalf of your clients who have investments in poorly performing: commingled funds; separate accounts or direct investments

- u) Please provide a list of the private equity funds in which your firm currently holds an advisory board seat, and the name of the Consultant(s) that holds such seat.
- v) Provide, as an exhibit, an example of reviews conducted of General Partner relationships following advisory board or annual meetings.
- w) Please describe how investment opportunities are allocated among clients and whether any clients or funds have preference or priority. If any clients or funds have similar or overlapping investment strategies, please indicate specifically how any allocation issues have been resolved. In addition, please indicate:

If the firm currently reports to clients the results of the firm's allocation process, on an annual or other periodic basis.

If the firm would be willing to provide such allocation reports to BRS on a periodic basis.

2. Real Estate

- a) Please describe your real estate investment philosophy and process. Include the approach to formulating goals and objectives, and a description of the modeling concepts and related methodology used to perform asset allocation modeling. Also, address the decision-making process and the titles and responsibilities of the various individuals involved in each step of the process.
- b) What is the range of real estate target allocations which you are currently recommending to your clients? How and why have you revised these recommendations over time?
- c) What expected risk and return assumptions are you currently recommending clients use in their real estate portfolio asset allocation modeling? How and why have these assumption recommendations changed over time?
- d) List all standard services provided in a typical real estate full service consulting and performance monitoring relationship. List the special services that you have provided to meet additional client needs.
- e) Briefly summarize your philosophy relating to the consultant's relationship with clients and real estate managers.
- f) Do you attend partnership meetings on behalf of your clients? If not, will you participate at a specific client's request and will there be an additional charge for this service?
- g) How many of the following are tracked on your performance database?
 1. managers/advisors
 2. direct investments
 3. commingled funds
 4. specialized, non-traditional funds
- h) Discuss the number of individuals assigned to monitoring investment products and frequency of both their internal and external manager visits.
- i) How frequently is the investment manager information updated? What are the sources of data?

- j) How is the manager categorized into a specific style? How do you monitor consistency of style? How often? Do you monitor manager compliance with policy objectives and guidelines?
- k) How many managers have you met with annually in each of the last three years?
- l) Describe your experience and capabilities in conducting searches for debt and equity real estate investment advisors. How many different managers were recommended by you in each of the last two (2) years for each of the four major property types (office, apartment, industrial, retail)? How many different managers for specialized, non-traditional real estate investments?
- m) Briefly describe the due diligence process on managers during searches. How does on-site due diligence fit into the search process?
- n) Describe steps you have taken on behalf of your clients who have investments in poorly performing: commingled funds; separate accounts or direct investments.

J. FEE PROPOSAL

Prospective Consultants must submit their proposed fees in the format prescribed below. The proposed fees shall include all costs payable to BRS for providing General and Public Market Consultant and Private Markets Consulting services to BRS as described in Section III (Scope of Services). Please clearly detail any additional or optional fees that would be payable along with the services they cover. Once the Consultant(s) are selected, the fee may be further revised depending on factors that may affect the proposed fee. In no case will the revised fee be higher than the fee contained in the Proposal.

The length of the Agreement(s) will be five (5) years with two (2) one-year extension options.

	Fee
Year 1	\$
Year 2	\$
Year 3	\$
Year 4	\$
Year 5	\$
First One-Year Extension	\$
Second One-Year Extension	\$

SUBMIT FEE SCHEDULE BY ITSELF IN A LARGE SEPARATE SEALED ENVELOPE. IT SHOULD BE CLEARLY MARKED “INVESTMENT CONSULTANT SERVICES FEE SCHEDULE FOR (NAME OF YOUR FIRM)” AND THE ENVELOPE SHOULD BE INCLUDED WITH OTHER MATERIALS IN YOUR RFP RESPONSE.