

Model Request for Proposal

A Template for Institutional Investors

Presented by:

Asia Pacific Association for Fiduciary Studies

REQUEST FOR PROPOSALS

RFP- _____

INVESTMENT RELATED SERVICES

The _____ Fund (Fund) is soliciting proposals to perform investment consulting, asset custody, brokerage, performance reporting and other related services, as more fully described in the following scope of services, from qualified registered investment advisers, financial services firms, research firms, etc. Responders to this RFP may submit a proposal for a specific portion of the scope of services, or for the entire scope of services in the form of a “wrapped-fee”. All proposals will be evaluated based upon the solution, which is best suited for the Fund. A single proposal may be selected that “wrapped or bundled” the services, or several proposals may be selected in combination that covers the total scope of services. For example, a firm may only wish to propose on specific elements of the scope of services, e.g., asset custody and performance reporting, while another firm may only propose brokerage services. In all cases, the proposer must clearly identify the scope of services being addressed and the related fee. Proposals for traditional consulting only must include one fee for all the services listed below with no limit on the number of asset allocation studies, manager searches, etc. Additionally, proposals for traditional consulting services must include a separate inclusive fee for all the services excluding performance reporting. In this manner, the traditional consulting services proposal will include two fees; one for each of the alternatives thus giving the Fund a basis for comparison to proposals received covering individual items from the scope of services. We expect to receive proposals for performance reporting along with other services such as asset custody. The Fund reserves the right to select which combination of proposal(s) best meets its needs and to discuss each proposal with its proposer to negotiate any of the terms and conditions therein.

Scope of Services

1. Traditional Consulting Services
 - Investment Policy Review & Development
 - Asset Allocation Analysis
 - Manager Search, Due-Diligence and Selection
 - Performance – Compliance Monitoring and Evaluation
 - General Consulting
 - Strategic and Tactical Planning
 - Investment Education and Communication
 - Special Projects
2. Asset Custody Services and Related Reporting
3. Investment Brokerage Execution
4. Research Analysis & Subadvising on Asset Allocation

Proposal Outline

Proposals must have at least the following Information for the traditional consulting services. Other scopes of service, proposed upon individually, should include all pertinent information:

I. Identity and Address of Principals

- ❖ Name of Firm
- ❖ Name, address, and telephone numbers of key contact
- ❖ Ownership structure of firm
- ❖ Brief biographies of individuals to be assigned and professional credentials
- ❖ Copy of ADV Parts I and II. If part of a larger financial institution, the Schedule or Supplement dealing specifically with offeror, will be acceptable.
- ❖ Business focus/client base
 - Describe the primary business focus of your firm. Describe your firm's affiliations with any organizations, specifically a brokerage firm; describe any such relationships in full.
 - Describe your firm's targeted market in terms of plan size.
 - Identify how many consulting clients you currently have and the dollar amount your firm has under consultancy management.

- Identify your client turnover (gains and losses) for your firm over the last three years.
- Describe how many full-time staff your firm employs.

II. Investment Management Process

❖ Asset allocation methodology

- Describe in detail how your capital markets projections are derived.
- Describe your asset allocation software. Is it developed in-house? If purchased externally, who is the vendor?
- Describe your full-time staff committed to the development of your modeling capabilities. Briefly describe their qualifications.

❖ Investment Policy Statement

- Describe in detail the process you go through to prepare an investment policy statement.
- Include a copy of an investment policy statement that would be appropriate for a plan of this size.

❖ Money Manager Structure and Search Process

- Describe your database of money management organizations. Is the database compiled internally or purchased from an outside source? If purchased externally, who is the vendor?
- Identify how many money managers you currently track.
- Describe the method for gathering information on the investment managers. How often is the data updated?
- Are managers required to pay a fee for inclusion in your database?
- Describe, in step-by-step detail, your due diligence/search process for selecting managers.

- Describe the guidelines you give a client with respect to the possible termination of a money manager.
- Identify the number of full-time staff you employ who are professionally trained in due diligence.
- Describe the frequency of your staff visits with money managers, both in-house and on-site.

❖ Performance Measurement

- Describe your firm's process of monitoring money managers for a client. Relate the process to a client's goals, objectives, and investment policy.
- List comparisons, including databases, used to analyze the performance of portfolios. If a firm's own database is utilized, describe its derivation.
- Describe the various databases your firm uses including those developed in-house or purchased from another source. If purchased, please provide the source of the database and describe your ability to monitor and/or control the contents of the database and any alternative resources if the database was no longer available to you.
- If your firm maintains style groups for comparative purposes, briefly describe how the style groups are derived.
- Can your firm provide monthly "flash" performance reporting of basic data? If so, how soon after the end of the month would such reports be available. Will it include aggregate and per manager indices comparisons?

- Relating to quarterly performance reporting, can your firm provide a "flash" report of the money managers' performance compared to benchmarks? Such "flash" report would be followed up with a comprehensive performance report as compared to

appropriate indices, peer groups, IPS objectives, etc.? How soon after the quarter-end would these two types of reports be available?

- Please provide a sample performance measurement report.

III. Trustee Training

- ❖ Describe the training your firm offers to trustees as it relates to their fiduciary responsibilities.
- ❖ Describe the materials available to facilitate the training.
- ❖ Describe the qualifications of the individuals assigned to conduct the training.

IV. Fee Schedule

- ❖ Please outline your fee structure for the proposal services. Please indicate all services you propose to provide and their associated fees. Specifically, detail in terms of retainer, manager searches, performance monitoring on a quarterly basis, and other functions.
- ❖ The stated fee schedule must include all charges associated with your service provisions; the above fees must reflect your costs in their entirety.
- ❖ Does your firm accept soft dollar as a method of payment for services provided? If so, how do you prevent conflicts of interest? Please list the advantages and disadvantages you see in the use of soft dollars.
- ❖ If hired, will your firm receive any form of compensation from working with this account that has not yet been revealed? If yes, what is the form of compensation?

Proposal Evaluation Criteria

Proposals will be evaluated based upon the following criteria and scoring:

- ❖ Services Proposal (30%)

- Responsiveness of the proposal to a clear understanding and description of the services to be rendered.
- Ability to routinely complete the services in a timely manner and present deliverables by their due dates.
- ❖ Firm Qualifications and Experience (35%)
 - Experience, depth and structure of the firm.
 - Firm's scale of operations.
 - Firm's focus and general resources.
- ❖ Management and Staff Qualifications (35%)
 - Resumes and professional designations of individuals to be assigned and responsible for rendering the services.
 - Firm employee turnover.
 - Firm's ability to provide continuity of services.

Responsibility of Offerors

- ❖ Awards shall be made only to responsible contractors. To be determined responsible, a prospective contractor must:
 - Have adequate financial resources to perform the contract.
 - Be able to comply with the required delivery or performance schedule.
 - Have a satisfactory performance record.
 - Have a satisfactory record of integrity and business ethics.
 - Have the necessary organization, experience and skills required to successfully perform the contract.
 - Have the necessary production, construction and technical equipment and facilities.
 - Be otherwise qualified and eligible to receive an award under applicable laws.
- ❖ Obtaining Information. Prior to award, the Fund Administrator shall obtain information from the offeror necessary to make a determination of responsibility using the factors listed

above. The unreasonable failure of an offeror to promptly supply information in connection with an inquiry with respect to responsibility may be grounds for determination of nonresponsibility with respect to that offeror.

- ❖ Right of non-disclosure. Information furnished by an offeror pursuant to obtaining information may not be disclosed outside of the office of the Fund Administrator, or any other governmental official involved without prior consent by the offeror.
- ❖ Nonresponsibility determination. When a proposal on which a contract award would otherwise be made is rejected because the prospective contractor is found to be nonresponsible, a written determination shall be signed by the Fund Administrator and approved by the Board stating the basis for the determination and this shall be placed in the solicitation file.

Cost Proposal

Price will be a factor for evaluation after the merits of the proposal have been evaluated. Merits of the proposal are more important than price. As the proposals become more equal as to their overall evaluation, price will become more important. The Fund expressly reserves the right to award to other than the lowest priced proposer.

Other Proposal Requirements and Notices

The successful proposer(s) will be required to include in their inclusive fee the cost of traveling to the _____ for quarterly performance reviews.

Eight (*) copies of the sealed proposal marked RFP-_____ must be submitted to the Fund Administrators Office, _____, no later than _____ P.M., local time, _____. Failure to submit the required number of copies may be cause for rejection. No additional time will be accorded to such bidders beyond this date.

All responses to this RFP should take into account any and all taxes, including excise tax, which will become the obligation of the firm awarded a contract.

The _____ reserves the right to reject any and all proposals and to waive any imperfection in a proposal in the best interest of the Fund. All proposals shall become the property of Fund.

All inquiries may be directed to _____, Fund Administrator, at telephone number _____, or facsimile number _____, or email address _____.