

## REQUEST FOR INFORMATION: PASSIVE MANAGEMENT – BUNDLED/PLATFORM PROVIDER MANAGER SEARCH

Meketa and the Missouri State Employees' Retirement System ("MOSERS") are in the process of identifying investment management organizations who could offer bundled/platform passive management services. This approach would allow MOSERS to retain one or more passive investment managers who could implement various passive portfolios across a variety of potential mandates (e.g., large cap public equity, small cap public equity, global equity ex-China, core fixed income, U.S. high yield, etc.). The engagement is likely to consist of zero-to-several funded strategies at any given time. It is expected that funding amounts will range from roughly \$100 million to upwards of \$500 million per mandate/strategy. Management fee schedules for each of these potential indices/mandates would be preapproved and maintained/updated throughout the relationship.

The subsequent questionnaire is meant to serve as a preliminary data gathering exercise and to begin the initial discussions with a handful of potential providers. The questionnaire contains two sections: 1) a "basic questionnaire" that addresses the most pertinent information, and 2) a "detailed questionnaire" that examines more granular information. There is overlap between these two sections, and as such, redundant answers may be appropriate.

If you wish to respond to this RFI, please complete and submit (via e-mail only) the questionnaire by 5:00pm PT on January 19, 2024 to the following individuals.

Colin Bebee, CFA ([cbebee@meketa.com](mailto:cbebee@meketa.com))

MOSERS CONTACT ([arminb@mosers.org](mailto:arminb@mosers.org))



### Confidential or Proprietary Information

As an instrumentality of the State of Missouri, MOSERS is subject to the Missouri Open Records Act, Chapter 610 RSMo. Accordingly, MOSERS may be required to release to third parties all information an offeror provides in response to this RFI, regardless of whether the offeror labeled such information “confidential” or “proprietary” or intended that the information not be released to third parties. MOSERS may be required to release the information without providing advance notice or without requesting permission to release such information.

By submitting a proposal, an offeror—

- 1) Acknowledges and agrees that MOSERS, its officers, agents, and employees shall have no liability to the offeror or to any other person or entity for disclosing information in accordance with the Missouri Open Records Act, as interpreted by MOSERS; and
- 2) Waives any and all claims or causes of actions against MOSERS, its officers, agents, and employees for compensation or any damages incurred by the offeror in connection with MOSERS’, its officers’, agents’ or employees’ compliance with the Missouri Open Records Act.

Copyrighted proposals are unacceptable and will be disqualified as non-responsive. Following the award of a contract, responses to this RFI are subject to release as public information unless the response or specific parts of the response can be clearly shown to be subject to closure under the Missouri Open Records Act. MOSERS assumes no obligation or responsibility for asserting legal arguments on behalf of any interested party or offeror to this RFI to maintain any portion of a record relating to this RFI, including any proposal, as a closed record under the Missouri Open Records Act.



**INTRODUCTION TO PROPOSAL**

Please describe how you would approach this engagement and why your firm represents the best option for MOSERS. Please indicate if you are currently or have ever historically managed a similar bundled/platform passive service.

**BASIC QUESTIONNAIRE**

1. Please complete the following table that outlines your passive management product offerings (add rows when necessary)

Index	12/31/23 AUM	Strategy Inception Date	Investment Team Location

2. Please provide 12/31/23 or most recent (e.g., 11/30 or 9/30) factsheets (if available) for each of the above highlighted products as appendix/attachment items.
3. Have you closed any passive funds/strategies since 2015? If so, why?
4. Please provide monthly returns (gross of fees) for each of the above highlighted products in an Excel spreadsheet. Please include historical securities lending revenue/returns (separate column) where applicable as well. Please provide a breakdown of fund operating costs. Please include the products benchmark return and tracking error to the benchmark.
5. What vehicle types (CIT, LP, SMA, other) are available for each of the above highlighted products. Securities lending vs non-lending? Please identify which products are for tax exempt entities that reclaim taxes for investors.

Index	CIT?	Lending?	LP	Lending?	SMA?	Other?
Ex. Russell 1000 Index	Yes	Both	Yes	No	No	UCITS
Ex. MSCI U.S. REIT Index	No	---	No	---	Yes	---
Ex. MSCI EAFE Index	Yes	Yes	No	---	No	Mutual Fund

6. Are you open to creating new products/funds at the request of MOSERS if you do not currently offer an index that they would like to replicate? How would you approach this endeavor (e.g., lockup, minimum AUM, fund operating costs, etc.)?
7. Do you currently have passive global/regional funds that are ex-China? If so, do you use MSCI’s classification for what constitutes a China holding (if not, please describe how this is determined)? Please list all passive public equity offerings that are ex-China (this will contain redundancies with question #5 above) as well as

their inception dates and 12/31/23 AUM. Please be sure to include the information requested in #4 for these products.

8. Within fixed income, discuss your capabilities to provide a fund that tracks the Bloomberg US Aggregate sectors. For example, do you offer funds that provide exposure to the government, credit, and securitized sectors of the index separately?
9. Please discuss how ESG factors are incorporated into the investment decision making process.
10. How is proxy voting handled for each fund? Does it vary based on region? How are proxy voting results reported to fund investors? Please provide all relevant proxy voting policies for the funds.
11. What customized proxy voting processes are available? What are your plans for the evolution of proxy voting over the next 1-3 years?
  - a. Can MOSERS select a custom or third-party (i.e. Egan-Jones Wealth-Focused) proxy voting policy for commingled funds? If so, describe how this works and if there are any additional costs.
  - b. Can MOSERS vote their own individual pro-rata proxies within commingled funds? Is this an all or nothing option (i.e., required to vote all proxies or none at all)? If so, describe how this works and if there are any additional costs.
12. Please describe the investment team(s) that manage passive mandates at your firm. How are they organized? Are there separate teams for different asset classes or strategies and, if so, how are they integrated?
13. How do you measure success of your passive product/strategy offerings?
14. Provide a detailed description of the portfolio construction processes that would be implemented across different strategies/asset classes.
15. Describe the use of computer software and/or quantitative tools that are utilized in the investment process (e.g., statistical/portfolio research, portfolio construction, risk models, etc.) across the various strategies/products.
16. Please provide two references/contact information for large-scale investors in which you manage either: a) a material amount of passive management assets or b) a similar bundled/platform passive management offering. **We will not contact these references prior to contacting you first.**
17. Provide proposed fee schedules for all indices that you would offer to MOSERS. Please indicate vehicle type, lending vs. non-lending, minimum asset requirements, and fund operating costs. For fund operating costs, please indicate an expected annual cost and an expense cap (if applicable). Please provide a breakdown of these operating costs. Please include trade notification deadlines (e.g., T-2 by 12:00PM PT). Please include forward-looking securities lending revenue estimates (if applicable) in basis points.
18. Please detail any funds/indices that you would not offer daily liquidity for.

## DETAILED QUESTIONNAIRE



I. General Information

Firm Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Contact Name: \_\_\_\_\_ Phone: \_\_\_\_\_

Title: \_\_\_\_\_ Fax: \_\_\_\_\_

E-mail: \_\_\_\_\_

II. Firm Information

1. Please provide a brief firm history.
2. Where is the firm located (include headquarters and satellite offices)?
3. Is the Firm a Registered SEC Investment Advisor? Yes: \_\_\_\_\_ No: \_\_\_\_\_  
 If **yes**, please complete the following:
  - a. Name of Firm (as registered with the SEC):
  - b. SEC File Number:
4. What is the firm’s ownership structure? Note any recent (within the last five years) or pending changes in ownership structure.
5. Does the firm have any broker/dealer affiliations? If yes, please describe the relationship between the firm and its broker/dealer and whether the firm would utilize its services for potential passive mandates under consideration.
6. Please discuss the firm’s process in hiring and evaluating service providers (e.g., auditors, legal counsel, insurance providers) as it pertains to passive funds.
7. Who is the firm’s current auditor? Has the firm changed auditors in the past five years? If so, please explain why. Do all the passive funds use the same auditor? If not, please explain.



8. Does your firm have in-house counsel? Do you retain outside counsel to address legal and regulatory matters? What is the name of this firm and who is your attorney? Do all the passive funds use the same counsel? If not, please explain.

9. Please provide a brief description of any past (last five years) or pending regulatory action, litigation, or other legal proceedings involving the firm or any registered employees and/or principals. How were these issues resolved?

10. What types of liability insurance (e.g., Errors and Omissions) and other forms of coverage does your firm carry to protect your clients? Please provide dollar amounts and proof of coverage.

11. Please provide an organization chart that includes all senior management and all investment professionals.

12. Are any investment professionals (relevant to passive strategies) under employment contracts? If so, please discuss the nature of the contracts.

13. Please complete the following table:

	As of: 12/31/23*	As of: 12/31/22	As of: 12/31/21	As of: 12/31/20	As of: 12/31/19	As of: 12/31/18
Total Firm Assets						
Total No. of Clients						

\*For 12/31/23 data, you may use estimated figures.

14. Please list any passive products the firm has completely liquidated or merged with an existing product since 2015. Briefly explain why the product was liquidated or merged.

15. What percentage of the firm’s assets under management are institutional and retail?

16. What is the asset breakdown by separate accounts, commingled funds, mutual funds, and other?

17. Is your firm represented by any third party firm or individual whose purpose is marketing, and/or gathering assets for the firm and are compensated as such? If so, list all relationships and their nature.

18. Will any third party organization or individual be compensated if your firm were to be hired for this mandate?



### III. Compliance and Operational Information

1. Does the firm have a Chief Compliance Officer (CCO)? Who is that individual? Do they have legal training? Please attach a copy of his/her biography and a copy of your compliance manual. (The manual should be attached in a separate file.) Do all the passive funds use this COO? If not, please explain.

2. What are the CCO's responsibilities? Is compliance their sole function or do they have other responsibilities? Approximately what portion of their time is spent on compliance issues?

3. Does the firm have a Code of Ethics? If so, please include this document as an attachment. If not or if you cannot provide, please discuss your firm's ethics policy and practices.

4. How do you ensure that employees follow this ethics policy?

5. Has your firm ever experienced a significant violation of your compliance or ethics policy? If a violation has occurred, please explain what happened, how the violation of the firm's policies was handled, and how the issue was resolved.

6. How does your firm monitor employee investment and trading?

7. How often are employees trained in compliance policies?

8. What systems are in place for ensuring that portfolios are in compliance with client/fund guidelines? Does the firm use any outside firms to help with compliance issues?

9. What is the firm's policy regarding the use of soft dollars? Are all soft dollars used strictly for the benefit of clients? Please provide the absolute level of soft dollars generated and the percentage of commissions this represented over each of the last three years.

10. Please explain how brokers are approved and briefly explain why you have selected these brokers. List the top five brokerage firms with whom you have conducted trades in the last year for passive strategies. Provide the percentage of your total trading volume that each firm accounted for.

11. Has the firm recently ended any brokerage relationships? If so, why?



- 12. What systems and tools do you use for order entry (trading), portfolio accounting, and portfolio analysis?
- 13. Please describe how trade orders are created, submitted, and executed.
- 14. How much of the trading process is automated vs. manual?
- 15. How are trades allocated between client accounts and fund vehicles? Does the firm have a written allocation policy? If so, please provide or discuss.
- 16. How are trade confirmations tracked?
- 17. How does the firm handle trading errors?
- 18. Does the firm track broker best execution? If so, how is this tracking performed? Can you provide a recent Trading Cost Analysis (TCA) report for the portfolio?
- 19. How does the firm monitor best execution on foreign currency transactions, if any?
- 20. Describe the firm’s settlement process and what software is used.
- 21. Describe the firm’s valuation process and procedures for securities. Does the firm use an independent pricing service? If so, what is the name of the service? How long does it take from month end for clients to receive estimate, final, and administrator values in accounts?
- 22. Describe the reconciliation process for public equity, fixed income, cash, dividend and interest receivables, and other transactions.
- 23. Describe how the firm receives corporate action information. How do corporate actions elections take place?
- 24. Which individuals at the firm are authorized to place trades with broker-dealers, and issue trade settlement, corporate action and proxy statement instructions to custodian banks, and perform portfolio accounting functions?
- 25. How does your firm back up computer files and systems? Do you have a disaster recovery plan in place? Please explain your plan, in the event of a disaster, how long would it take to become fully functional?





26. What security measures does your firm have in place to ensure the protection of firm and client assets?

27. Please attach a sample of a quarterly report for both an Equity and Fixed Income passive fund.

#### IV. Product Information

1. Please describe any significant team (e.g., portfolio manager) changes that have occurred across your passive strategies over the last five years.

2. Please complete the following table for the products that you stated in the “basic questionnaire” section (please add rows for multiple products):

	As of: 12/31/23	As of: 12/31/22	As of: 12/31/21	As of: 12/31/20	As of: 12/31/19	As of: 12/31/18
Assets Managed in Strategy XYZ						
No. of Clients in Strategy XYZ						

3. For your three largest indexing client relationships, please provide the size of the mandate and the inception date for each account/relationship.

4. Do you sub-advise for any passive strategy offerings (e.g., mutual funds)? If so, what are their names and symbols?

#### V. Investment Team

1. Please provide an organization chart with all the investment professionals involved in Equity and Fixed Income passive management and the bios of these individuals. We would like as much detail as possible. If the passive strategies are managed by a different team construct/segmentation, please provide detail. In addition, please complete the following tables:

Name	Tenure at Company	Tenure with Strategy	Industry Experience	Education/Credentials	Areas of Specialization	Other Products Supported



2. Where are the individuals/teams that run the strategies located?

3. How was the investment team built and how long have the current teams been working together?

4. In addition to the proposed strategies, what other portfolio management responsibilities do the portfolio managers/research analysts have?

5. Please list additions and departures to the management and research team(s) responsible for the passive Equity and Fixed Income strategies in the last five years, including their responsibilities. Provide a brief explanation for each departure and list any replacement for these vacancies.

Additions: Name	Title	Coverage Responsibilities	Product Responsibilities	Date of Hire
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Departures: Name	Title	Coverage Responsibilities	Product Responsibilities	Reason for Departure
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6. Explain your approach to bringing new analysts/portfolio managers onto the teams. Do you prefer to bring in seasoned/experienced individuals or do you hire younger investment professionals and train them? Why do you take this approach?

7. How does the firm address staff turnover?

8. How do you evaluate your analysts and portfolio managers? Describe the compensation structure for portfolio managers and research analysts. What kind of behavior are you trying to encourage?



## VI. Investment Philosophy and Process

1. Explain in detail the method used to select and weight holdings in the passive portfolios, explaining the rationale for the approach. You may attach separate methodology documents if relevant (e.g., in the case of replicating a third-party index provider’s approach, equity vs. fixed income, etc.).

2. How do you approach the potential tradeoff between tracking error and trading costs to track a relevant index or target portfolio? What are your expectations for tracking error versus reference benchmarks?

3. For commingled vehicles that utilize securities lending, please describe the parameters of the securities lending program(s).

4. What portions of the investment process (if any) are performed by outside firms (i.e., services that are “outsourced”). Please explain your rationale for outsourcing any investment tasks and to what outside firm they are delegated to.