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**Park Employees' and Retirement Board Employees' Annuity and Benefit Fund of Chicago Request for Competitive Proposal: Domestic Mid-Cap Growth Equity**

**Overview**

The Board of Trustees (“Board”) of the Park Employees' and Retirement Board Employees' Annuity and Benefit Fund of Chicago (the “Fund”) hereby issues a request for competitive proposals (“RFP”) from Investment Advisory firms interested in providing a Domestic Mid-Cap Growth equity strategy (the “Respondents”). All forms needed for submitting a response to this RFP are available on the Fund’s website at <https://www.chicagoparkpension.org/news-events/> and the consultant’s website at <https://meketa.com/manager-center/request-for-proposal/>. **Respondents to this RFP are responsible for monitoring the Fund’s website for information pertaining to the RFP, while the RFP is outstanding.**

It is the public policy of the State of Illinois to encourage the Board to increase the racial, ethnic, and gender diversity of its fiduciaries to the greatest extent feasible within the bounds of financial and fiduciary prudence. In furtherance of this public policy and the requirements of the Illinois Pension Code, it is the Board’s goal to use its best efforts to increase the racial, ethnic, and gender diversity of its fiduciaries, including its external investment managers (4 ILCS 5/1-109.1). Consistent with that goal, the Board will actively consider emerging investment managers and investment managers that are minority-owned businesses, women-owned businesses and businesses owned by a person with a disability (“MWDBE”) that meet the required capabilities for this RFP. If a Respondent is an emerging investment manager or an MWDBE investment manager and meets the criteria in the RFP, then that Respondent shall receive an invitation by the Board to present as a finalist. If there are multiple emerging or MWDBE Respondents that meet the criteria set forth in the RFP, then the Board may choose the most qualified firm or firms to present.

**RFP Timeline and Mandate Size**

- A. Date of Issue: September 12, 2023
- B. RFP Submission Due Date: October 12, 2023
- C. Mandate Size: Approximately \$12 million

**Quiet Period**

As set forth in Section C(11) of the Fund’s Procurement Policy for Investment Advisers, dated April 16, 2020 (“Procurement Policy”), which can be found on the Fund’s website (<https://www.chicagoparkpension.org/about-us/policies/>), there shall be a quiet period to ensure that the selection process is efficient and fair. During the quiet period, all Board members and Fund Staff, to the extent practical, shall refrain from communicating with Respondents regarding any product or service offered by the candidate that is related to the search. During the quiet period, no fiduciary or Fund Staff, including the Fund’s Consultant Meketa Investment Group, Inc. (“Consultant”), shall accept meals, travel, lodging, entertainment, or any other good or service of value from any candidate or from any firm that is reasonably known to be interested in being a candidate. If any Board member or Fund Staff member is contacted by a candidate during the quiet period about a matter relating to the pending selection, the Board member or Fund Staff member shall refer the candidate to the Consultant or to the Executive Director. All authority related to the search and selection process shall be exercised solely by the Board

as a whole and not by individual Board members. While the quiet period does not prevent Board approved meetings, conference attendance, or communications with an existing service provider that is a candidate, discussion related to the pending selection shall be avoided during those activities. Candidates may be disqualified from a search process for a willful violation of this quiet period.

Notwithstanding the foregoing, the Consultant, counsel for the Fund, and the Fund's Staff may conduct discussions with candidates to: (A) Determine in greater detail a Respondent's qualifications and clarify any responses; and (B) Negotiate the various terms of the contract, including fees.

### **RFP Procedures**

The Fund will post the RFP and all related materials on the Fund's website (<https://www.chicagoparkpension.org/request-for-proposal/>) at least 30 days before the response to the RFP is due. Qualified candidates that do not receive an RFP from the Fund or the Fund's Consultant are encouraged to compete and may obtain the RFP document from the Fund's website. Neither this RFP nor any response to this RFP should be construed as a legal offer.

All interested candidates must submit their responses in accordance with the proposal submission instructions below. The Fund reserves the right to reject any or all proposals submitted and to solicit additional proposals. All material submitted in response to the RFP will become the property of the Fund. The Fund is not responsible for any costs incurred by the Respondents in responding to this RFP.

The Board of Trustees' designee and the Fund's Consultant will review each response for content, quality and compliance with the RFP's requirements. The Fund will compile a list of all Respondents to the RFP, identifying which responses are complete and incomplete.

If it becomes necessary to revise any part of the RFP, or if additional information is necessary for a clarification of provisions within this RFP, prior to the due date for proposals, a supplement will be provided to all known Respondents and posted on the Fund's website. If a supplement is necessary, the Fund may extend the due date and time of the proposals to accommodate any additional information requirements.

Respondents are advised that the Fund is a public body subject to, and proposal materials are subject to, the Illinois Freedom of Information Act (5 ILCS 140). After completion of the RFP, selection by the Fund and successful negotiation of a contract, if any, all proposals may be viewed and copied by any member of the public, including news agencies and competitors. Respondents claiming a statutory exception to the Illinois Freedom of Information Act for information within the Respondents' proposals must identify relevant language as confidential and identify in the email transmission of the proposal whether confidential information is included. Further, each page of confidential documentation must be labeled as such. The Respondent must also specify which statutory exemption applies for each piece of confidential information. The Freedom of Information Act can be found at the Illinois General Assembly's website (<http://www.ilga.gov/>).

The Fund reserves the right to make determinations of confidentiality. If the Fund disagrees with a Respondent's confidential designation, it may either reject the proposal or discuss its interpretation of the exemptions with the Respondent. If agreement can be reached, the proposal will be considered. If agreement cannot be reached, the Fund will remove the proposal from consideration.

Candidates will be evaluated pursuant to the evaluation factors set forth in Section C(9) of the Fund's Procurement Policy. Following review and evaluation of complete responses from interested Respondents, the field of candidates will be narrowed to a smaller list of the most highly qualified Respondents. The Board's designee and Consultant may conduct discussions with candidates to determine in greater detail a candidate's qualifications and clarify any responses.

Following any discussions with the selected Respondents, the Board's designee and Consultant will prepare Respondent recommendations for approval by the Board. The finalists may appear before the Board of Trustees to present their firms' qualifications. The Board, in its sole discretion, may accept or modify the recommendation and may select one or more firms, or no firms, to provide the services.

The Fund will conduct the RFP process in accordance with applicable provisions of the Illinois Pension Code, the applicable portions of the State Officials and Employees Ethics Act, and the Fund's Procurement Policy.

No Respondent shall retain a person or entity to influence (i) the outcome of an investment decision or (ii) the procurement of investment advice or services of the Fund for compensation, contingent in whole or in part upon the decision or procurement.

### **Proposal Submission**

The Fund's Consultant shall oversee the RFP process. If a Respondent is interested in submitting a proposal, the Respondent must submit an electronic copy of the complete proposal by 5:00 PM CT, October 12, 2023 to:

Meketa Investment Group, Inc. E-mail: [rfpresponse@meketa.com](mailto:rfpresponse@meketa.com)

If Staff and/or Consultant has/have a question(s) regarding how to interpret a Respondent's proposal, Staff and/or Consultant is/are authorized to request additional information from that Respondent.

**ANY PROPOSAL RECEIVED AFTER THE DUE DATE AND TIME WILL NOT BE CONSIDERED.**

### **PROPOSALS MUST CONTAIN THE FOLLOWING DOCUMENTS:**

- A. Transmittal Letter. A transmittal letter must be submitted on the Respondent's official business letterhead. The letter must identify all documents provided collectively as a response to the RFP and must be signed by an individual authorized to bind the Respondent contractually. An unsigned proposal will be rejected. The letter must also contain the following:
- Statement that the proposal is being made without fraud or collusion; that the Respondent has not offered or received any finder's fees, inducements or any other form of remuneration, monetary or non-monetary, from any individual or entity relating to the RFP or the Respondent's proposal, or the selection of a finalist.
  - Statement that discloses any current business relationship or any current negotiations for prospective business with the Fund or any Fund Trustee or Fund Staff. Trustees and Staff are listed on the Fund's website (<https://www.chicagoparkpension.org/about-us/trustees-administrative-staff/>).



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- B. Minimum Qualification Certification. The Respondent must complete the certification and provide all supporting documentation, including but not limited to the completed Exhibit 1 disclosures and diversity table.
  - C. Contracting.
    - 1. If proposing a separately managed account, Respondent must agree to the Fund's Investment Manager Agreement, which is attached as Exhibit 2A. Amendments to the Template Investment Manager Agreement are disfavored and any and all objections or proposed amendments to the Investment Manager Agreement shall be redlined in the Respondent's response to the RFP.
    - 2. If proposing a commingled product, Respondent must agree to the Fund's Side Letter for Commingled Products, which is attached as Exhibit 2B. Amendments to the Fund's Side Letter are disfavored and any and all objections or proposed amendments to the Fund's Side Letter shall be redlined in the Respondent's response to the RFP.
  - D. Investment Management Questionnaire. The Respondent must address the questionnaire items in the RFP in the order in which they appear in the RFP. Further, each question number and question in the RFP shall be repeated in its entirety before stating the answer. The Respondent should fully answer each question or, if unable to do so, the Respondent should provide a detailed explanation as to the reason that it is unable to fully answer; the failure to fully answer any question will be considered as part of the Candidate review process. Please note that certain questions require supporting documentation. This additional documentation should be submitted as attachments to the questionnaire.

### Scope of Services

The Respondent(s) will be qualified firm(s) that will provide a mid-cap growth equity strategy. The Fund will consider the following in making its decision:

- •Organization
- •Resources
- •Experience
- •Investment Team
- •Investment Philosophy
- •Investment Process
- •Commitment to Diversity
- •Investment Performance
- •Fees
- •Level of detail provided in the RFP response

If incorporated into the Fund's portfolio at the conclusion of this search, the strategy would fall within the Domestic Equity asset class as part of the Growth Assets composite.



**Post Performance Review**

Any Respondent retained by the Fund will undergo quarterly performance reviews. Evidence of material non-compliance will be reviewed by the Fund’s Staff and Consultant, as well as the Board of Trustees, if necessary.

**Minimum Qualification Requirements and Certification**

**Respondents must satisfy each of the following minimum qualifications for this RFP, in order to be given further consideration by the Fund. Failure to satisfy each of the requirements will result in the immediate rejection of the proposal. Failure to provide complete information will result in the rejection of the proposal.**

**Please mark “YES” or “NO” where indicated. If evidence is requested, please provide complete documentation.**

1. Respondent is an investment adviser registered with the Securities and Exchange Commission under the federal Investment Advisers Act of 1940 or the Illinois Securities Law of 1953, a bank as defined in the Investment Advisers Act of 1940, or an insurance company authorized to transact business in Illinois. (Yes/No):\_\_\_\_\_ If yes, please provide appropriate evidence, such as ADV Forms I and II.

2. Respondent and its proposed team have all authorizations, permits, licenses and certifications required by federal and state laws and regulations to perform the services specified in this RFP at the time Respondent submits a response to the RFP.

(Yes/No):\_\_\_\_\_

3. Respondent has cyber liability insurance of at least **\$1 million**, a blanket fidelity bond or bonds of at least **\$500,000**, and Errors & Omissions Insurance of at least **\$2 million**. (Yes/No):\_\_\_\_\_ If yes, please provide proof of coverage levels.

4. If retained for investment management services, Respondent must agree in writing to serve as a fiduciary as defined by the Illinois Pension Code. (Yes/No):\_\_\_\_\_

5. Respondent must agree to comply at all times with the Fund’s Ethics Policy, which can be found on the Fund’s website (<https://www.chicagoparkpension.org/about-us/policies/>). (Yes/No):\_\_\_\_\_

6. Respondent acknowledges that this RFP is being conducted pursuant to the Fund’s Procurement Policy and Respondent agrees to comply with the Procurement Policy. (Yes/No):\_\_\_\_\_

7. Respondent shall comply with the “quiet period” guidelines designated in Section D (11) of the Fund’s Procurement Policy. (Yes/No): \_\_\_\_\_

8. Respondent shall provide in its response to this RFP the required disclosures by completing Exhibit 1 to this RFP. (Yes/No): \_\_\_\_\_

9. Respondent has reviewed the Fund’s Investment Policy, which is subject to change and which can be found on the Fund’s website (<https://www.chicagoparkpension.org/about-us/policies/>), and agrees



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that, if retained, Respondent can provide a Domestic Mid-Cap Growth Equity strategy in furtherance of the Investment Policy. (Yes/No): \_\_\_\_\_

10. Respondent must comply with the Fund’s Broker/Dealer Trading Policy set forth in the Fund’s Investment Policy. (Yes/No): \_\_\_\_\_

11. Respondent agrees to provide the services as detailed in this RFP. (Yes/No): \_\_\_\_\_

12. Respondent’s information technology systems meet or exceed industry best practices related to cyber-security, including but not limited to maintaining business contingency and disaster recovery plans sufficient to ensure the timely and accurate backup and full recovery for all computers and other data storage systems. If an incident compromises the security, confidentiality, or integrity of Fund data, Respondent shall immediately contain and remedy any such breach at its own expense. (Yes/No): \_\_\_\_\_

If yes, please provide a complete description of these procedures and capabilities, including your firm’s disaster recovery and business continuity plan.

13. The Fund requires that its investment managers indemnify and hold harmless the Fund for the investment manager’s own misconduct. (Yes/No): \_\_\_\_\_

14. The Fund’s practice is to reserve all rights to seek all remedies in court (the Fund does not consent to arbitration), including the right to a jury trial, and Fund’s further practice is that venue for any litigation shall be, and third parties shall submit to the jurisdiction of, the Circuit Court of Cook County or the U.S. District Court for the Northern District of Illinois. (Yes/No): \_\_\_\_\_

15. Respondent must provide the most favorable fee agreement. The Fund requires a “most favored nations” provision regarding all rights provided to similarly situated investors, including but not limited to management fees, expenses, withdrawals, and reporting. (Yes/No): \_\_\_\_\_

16. Respondent must agree that the Fund is subject to the Illinois Freedom of Information Act, 5 ILCS 140, et seq., and that any information provided by Respondent to the Fund, unless exempted from production, is subject to public inspection, including but not limited to investment documents, contracts, and fee schedules. (Yes/No): \_\_\_\_\_

17. If Respondent is providing a combined management fee / incentive fee, it must also provide a management fee only option, free of incentive fee. (Yes/No): \_\_\_\_\_

18. The Respondent must have a minimum five-year GIPS compliant performance history managing the proposed Mid Cap Growth strategy as of 06/30/2023 (experience at prior organizations related to the subject product is applicable). The majority of Portfolio Managers must have at least five years’ experience. (Yes/No): \_\_\_\_\_

19. The Respondent must have at least five years’ experience in managing investments for institutional investors, such as tax- exempt defined benefit plans or state, municipal, or other governmental defined benefit plans. (Yes/No): \_\_\_\_\_

20. The Respondent’s firm must have minimum assets under management of \$1 billion total and minimum strategy assets of \$250 million as of 6/30/2023. (Yes/No): \_\_\_\_\_



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IF RESPONDENT PROVIDED A “NO” RESPONSE TO ANY OF THE MINIMUM QUALIFICATION REQUIREMENTS ABOVE RESPONDENT SHOULD NOT SUBMIT A PROPOSAL TO THE FUND.

PLEASE CERTIFY THE RESPONDENT’S SATISFACTION OF THE MINIMUM QUALIFICATIONS BY PROVIDING THE RESPONDENT’S AUTHORIZED SIGNATURE BELOW.

*Authorized Signer Name:* \_\_\_\_\_

*Title:* \_\_\_\_\_

*Respondent Firm:* \_\_\_\_\_

*Signature:* \_\_\_\_\_

*Date:* \_\_\_\_\_



### **Request for Proposal**

This RFP is organized into 11 sections. These sections are:

- I) Summary Information
- II) General Information
- III) Firm Information
- IV) Compliance and Operational Information
- V) Product Information
- VI) Investment Team
- VII) Investment Philosophy & Strategy
- VIII) Investment Process & Portfolio Construction
- IX) Portfolio Performance and Characteristics
- X) Fees and Related Management Costs
- XI) IT and Cybersecurity

Unless stated otherwise, please answer each question in the field provided. Portfolio attribution information, a current sample portfolio, and quarterly portfolio holdings should be included as separate Excel files.

We appreciate your taking the time to complete this document. Thank you.



**I. Summary Information Organization**

1. Where is the firm located (include headquarters and satellite offices) and what year was the firm founded?
2. What is the firm's ownership structure? Is the firm partially or wholly employee-owned and at what percentages? Who are the major shareholders? If the firm is public, what percentage is publicly traded? Have there been any significant changes in the ownership structure during the last three years?
3. What were the firm's total assets and assets in the strategy as of June 30, 2023?
4. What is the inception date (month/year) of the strategy under consideration?
5. Does the investment team that manages the strategy manage any other products at the firm? What is the asset level in those products and what percentage of the holdings in these other products overlap with the strategy?

**Investment Team**

6. Who is the portfolio manager(s) on this strategy? How long has the portfolio manager(s) managed this portfolio, how many years of industry experience does he/she have and how many years has the portfolio manager(s) been at your firm?
7. Briefly describe the investment team structure. How many analysts *directly* support this product and are they generalists or sector specialists? What is the team's average industry experience and years at the firm? If the firm has a central research group, does the dedicated investment team utilize this group? Has there been any turnover on the investment team during the last five years?

**Investment Philosophy**

8. How would you characterize your investment style (e.g. GARP)? What kinds of stocks do you hold in the portfolio (e.g. steady growth, broken growth, rapid growth, etc.)?
  9. What factors do you believe determine the value of a stock and drive stock prices and why do stocks become mispriced? Do you believe a company must always exceed expectations for the stock to "work"? Are you a "second derivative" thinker (i.e. do you believe the change in the rate of change in revenue/earnings growth must accelerate for the stock to be a successful investment?) *Why* do you hold these beliefs?
  10. Are you biased toward owning "high quality" companies? If so, define what you mean by "high quality"?
  11. What do you believe your edge is vs. your peer group and how do you think you add value?
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**Investment Process**

12. Please summarize your investment process in three or four bullet points. Specifically, what is your investable universe and how are investment ideas generated (e.g. screens, analyst knowledge, etc.). Briefly outline your due diligence process and the kind of work you do when you are researching a stock. How do stocks get into the portfolio? Does the PM decide, the analysts, the entire investment team?
13. How do you think about valuation (e.g. relative to peers, the market, a stock's own trading history, the company's growth rate, etc.)?
14. Is the portfolio bottom-up driven? Is there a top-down element to portfolio construction and to what extent do you incorporate macro thoughts about the economy or stock market into the decision-making process? Do you look for investment themes?
15. How do you think about the benchmark when constructing the portfolio?
16. How do you define "risk" and how do you control it in the portfolio?
17. How many stocks does the final portfolio typically hold and what is the normal annual portfolio turnover?

**Fees**

18. What investment vehicle and fee schedule are you proposing for this mandate? For commingled funds, please provide a management fee *and* estimated operating expenses, if fees provided are not inclusive of operating expenses. Please provide annual operating expenses for the last five calendar years, if available, or as many years as possible if the vehicle was launched more recently. If operating expense are formally capped, please specify the cap.



**II. General Information**

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

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

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

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

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

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

Strategy under Consideration: \_\_\_\_\_

Projected Allocation Amount: \$12 million Date RFP Completed: \_\_\_\_\_

Notes: \_\_\_\_\_

**III. Firm Information**

19. Please provide a brief firm history.

20. Where is the firm located (include headquarters and satellite offices)?

21. 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:

22. Do you qualify as an Investment Manager pursuant to ERISA Section 3(38), 29 U.S.C. Section 1002(38)?

23. Will your firm act as an ERISA fiduciary for our clients?

24. What is the firm's ownership structure? Have there been any ownership changes within the last five years or are any changes pending? If so, please explain briefly.

25. What is your firm's status as a business owned by "minority person", "women", "person with a disability", "minority-owned business", "women-owned business", and "business owned by a person with a disability" (as defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act 30 ILCS 575) or a "veteran owned small business" as defined in 30 ILCS 500/45-57, if any?



Owner Name	Ownership (%)	Race/Ethnicity/Gender

26. Please provide details on the composition of your firm at the firm level and on the investment team.

	Percentage of the Firm (Entire Staff)	Percentage of the Firm (Investment Professionals Only)
Race and Ethnicity*		
African American/Black		
Asian/Hawaiian/Pacific Islander		
Latino/Hispanic		
White		
American Indian/Alaska Native		
Other		
Male		
Female		
Non-Identified/Other		
Disabled		
Veteran		

\*Racial/ethnic categories appear as defined by [EEOC guidance](#).

27. Do the firm have a diversity statement? If so, please provide as an attachment.

28. Please describe your firm’s own ESG and diversity efforts.

29. Does the firm own or have any affiliation with a broker/dealer? If yes, please describe the relationship between the firm and its broker/dealer and whether the firm would utilize the services of the broker/dealer for this mandate.

30. What procedures does the firm employ to comply with ERISA’s prohibited transaction restrictions? Is the firm a Qualified Professional Asset Manager (QPAM)?

31. Please discuss the firm’s process in hiring and evaluating service providers (e.g. auditors, legal counsel, insurance providers).

32. Who is the firm’s current auditor? Has the firm changed auditors in the past five years? If so, please explain why.



- 33. Has an audit firm ever issued a "qualified opinion" for any financial statements of the firm? If so, please explain.
- 34. Does your firm have in-house counsel? If not, do you retain outside counsel to address legal and regulatory matters? What is the name of this firm and who is your attorney?
- 35. Please provide a detailed description of any past or pending regulatory investigation, regulatory action, litigation or other proceedings involving the firm or any registered employees and/or principals. How were these issues resolved? If still open and active, please include any anticipated disposition information.
- 36. Has any registered employee and/or principal been charged with or convicted of a felony crime, including but not limited to fraud, by the Securities and Exchange Commission, or any other criminal or regulatory agency?
- 37. Has the firm or any registered employee or principal ever filed for any form of bankruptcy protection? Does firm or any registered employee or principal expect to file for any form of bankruptcy protection during the next 12 months? Please provide details for any such filings.
- 38. Has the firm been involved in any labor action or labor dispute within the last five years? If yes, please provide details and relevant factors. If still open and active, please include any anticipated disposition information.
- 39. 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.
- 40. ERISA Section 412 requires plan fiduciaries and other persons who "handle" assets of employee benefit plans to be bonded against losses to the plan from acts of fraud or dishonesty. Please provide bond dollar amounts and proof of bonding.
- 41. Please provide an organization chart that includes all senior management and all investment professionals. (In the Investment Team section we will ask for an organization chart of all the investment professionals who work on the investment product under consideration in this RFP.)
- 42. Are any investment professionals under employment contracts? If so, please discuss the nature of the contracts.
- 43. Please complete the following table:

	As of: 6/30/23	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 Number of Clients						

44. Please provide a list of all the investment strategies offered by the firm. Include the total amount of assets managed under each strategy, whether the strategy is open or closed, and, if applicable, the amount of capacity currently available in each strategy.
45. Please list any products the firm has completely liquidated or merged with an existing product. Briefly explain why the product was liquidated or merged.
46. What percentage of the firm's assets under management are institutional and retail?
47. What is the asset breakdown by separate accounts, commingled funds, mutual funds, and high net worth individuals?
48. If selected as a finalist candidate to present to the client, will you provide a complete copy of your form ADV and a statement of your financial condition?
49. Please provide Meketa Investment Group with your firm's most recent 408(b)(2) filing.
50. 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.
51. Will any third party organization or individual be compensated if your firm were to be hired for this mandate?
52. Is your firm a United Nations Principles for Responsible Investing (UNPRI) signatory? If your firm is a UNPRI signatory, please provide a copy of the latest Transparency Report.
53. Please provide your firm's mission statement as it applies to Environmental, Social, and Governance factors (ESG).

#### **IV. Compliance and Operational Information**

54. 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.)
  55. 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?
  56. Please state your firm's ethics policy. Does the firm have a Code of Ethics? If so, please include this document as an attachment.
  57. How do you ensure that employees follow this ethics policy?
  58. 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.
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59. How does your firm monitor employee investment and trading?
  60. How often are employees trained in compliance policies?
  61. What systems are in place for ensuring that portfolios are in compliance with client guidelines? Does the firm use any outside firms to help with compliance issues?
  62. 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.
  63. 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. Provide the percentage of your total trading volume that each firm accounted for, along with the average commission for each.
  64. Has the firm recently ended any brokerage relationships? If so, why?
  65. What systems and tools do you use for order entry (trading), portfolio accounting, and portfolio analysis?
  66. Please describe how trade orders are created, submitted, and executed.
  67. How much of the trading process is automated vs. manual?
  68. What percentage of trades are executed through ECNs?
  69. How are trades allocated between client accounts? Does the firm have a written allocation policy?
  70. How are client investment restrictions incorporated into the order and trading process?
  71. How are trade confirmations tracked?
  72. How does the firm handle trading errors?
  73. 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?
  74. How does the firm monitor best execution on foreign currency transactions, if any?
  75. Describe the firm's settlement process and what software is used.
  76. 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?
  77. Describe the reconciliation process for equity, cash, dividend receivables, and other transactions.
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- 78. Describe how the firm receives corporate action information. How do corporate actions elections take place?
- 79. 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?
- 80. 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?
- 81. What security measures does your firm have in place to ensure the protection of firm and client assets?
- 82. Please attach a sample of a quarterly report.
- 83. How do you ensure that your clients adhere to policies set forth for the protection of the firm's other clients (e.g., prevention of market timing)?

**V. Product Information**

- 84. What is the inception date of this product? When did the current portfolio manager or investment committee start managing this product? If there has been a portfolio manager change, please show the periods when each portfolio manager managed the product.
- 85. Please complete the following table:

	As of: 6/30/23	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 Mid Cap						
Number of Clients in Mid Cap						

- 86. Please provide the number of clients in this strategy that have been gained and lost, and the respective amounts, during the past five years. For clients lost, please state the reason.
- 87. For your three largest current client relationships in the strategy, please provide the size of the mandate and the inception date for each account/relationship.
- 88. Does the firm have a policy limiting assets under management for this strategy? If so, what is the stated level and what is the product's remaining capacity? How did you determine this amount?
- 89. Please list other products that overlap with this strategy. How much in AUM do you manage in each of these products, and what percentage of the portfolios overlap?
- 90. Please provide two client references for the strategy. Include name and phone number of contact person, the type and size of the account and the inception date of the account.





- 91. Please provide the names of the portfolio manager(s) and client service personnel who will be assigned to this account.
- 92. Do you offer (or sub-advise) a mutual fund for this strategy? If so, what is its name and symbol?
- 93. Do you offer commingled portfolios for this strategy? Separate accounts?

**VI. Investment Team**

94. If it is different than the organization chart requested earlier, please provide an organization chart with all the investment professionals involved in the Domestic Mid Cap Growth Equity strategy and the bios of these individuals. We would like as much detail as possible. This information can be included separately. In addition, please complete the following tables:

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

For the team that manages the strategy under consideration in this RFP, please complete the table below.

	Percentage of Team
Race and Ethnicity*	
African American/Black	
Asian/Hawaiian/Pacific Islander	
Latino/Hispanic	
White	
American Indian/Alaska Native	
Other	
Gender	
Male	
Female	
Non-Identified/Other	
Disabled	
Veteran	

\*Racial/ethnic categories appear as defined by [EEOC guidance](#).

- 95. Where is the individual/team that runs this strategy located?
- 96. How was the investment team built and how long has the current team been working together?



97. In addition to the proposed strategy, what other product responsibilities do the portfolio managers/ research analysts have?

98. Please list additions and departures to the management and research team(s) responsible for the strategy 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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Empty table row

Empty table row

Departures: Name	Title	Coverage Responsibilities	Product Responsibilities	Date of Hire
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Empty table row

Empty table row

99. Please list the portfolio manager and analysts responsible for this product who invest their own assets in this product. What percentage of their assets does each invest in this product? What percentage does each invest in the firm’s other products?

100. Explain your approach to bringing new analysts/portfolio managers onto the team. 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?

101. Do you believe analysts should specialize and cover specific industries or is it preferable to be a generalist? Why?

102. How does the firm address staff turnover, especially in the research area?

103. What qualities make a good analyst and what do you do to try to develop their talent? Is there a mentoring process at your firm?

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

105. What external research sources do you use in the investment process? Please approximate annual expenditures for third-party research (and associated technology) in each of the past three years.

## **VII. Investment Philosophy and Strategy**

106. Please describe your investment philosophy. When we refer to “philosophy,” we want to know what factors you believe determine the value of a stock and drive stock prices. For example, is it earnings, cash flow, tangible book value, changes in ROIC, EVA creation, etc.? In addition, why do you think stocks become mispriced? Where did your investment philosophy come from and how has it evolved? Lastly, we want to know how you believe your firm can add value through active management. (The reason we are asking these questions is to understand the foundation for your investment process.)
107. Within your investment discipline, how would you describe your investment style? Why have you gravitated toward this style and why have you chosen to manage money this way?
108. If you characterize yourself as a value investor, are you just expecting mean reversion or do you expect the value of the business to grow as well?
109. What differentiates your investment approach from your peers and what gives you an edge versus the firms you compete with? Do you believe that an investment approach that worked in the past may not work in the future and, therefore, that you need to change or modify your investment approach over time?
110. Does your strategy have a high-quality bias? Define what you mean by “quality”.

## **VIII. Investment Process & Portfolio Construction**

111. Is the portfolio bottom-up driven? Is there a top-down element to it? To what extent do you incorporate macro thoughts about the economy into the decision-making process?
112. Do you try to identify investment themes and express them in the portfolio? If so, provide an example.
113. Do you use technical analysis at all to support your fundamental research?
114. Please describe your investment process for the strategy. Do you use screens or quantitative tools at the front-end of the process? Are they proprietary? Are they industry specific?
115. If applicable, explain how the portfolio manager works with the analysts. Are the analysts the primary generators of new ideas? Is there give-and-take between the analysts and portfolio managers?
116. How does an analyst establish credibility with a portfolio manager?
117. To what extent do the portfolio managers get involved in the due diligence process? Do you have multiple people analyzing the same company?
118. Who is the final decision-maker(s) on the portfolio? How are disagreements resolved?

119. Must the analysts or PMs have a clearly articulated investment thesis for every stock in the portfolio? Provide an example.
120. If applicable, do you look for catalysts to realize value?
121. We view your research due diligence process as one component of your overall investment process. Please give us a general overview of how you analyze a company and what you are trying to accomplish. What factors are most important to you in your analysis? What attributes do you look for in a company? Why these attributes? Are there certain kinds of companies/business models that you like to own?
122. Based on your experiences, have you developed any investment “rules of thumb” in terms of what you look for and what you try to avoid? What are the important criteria you consider before purchasing a stock?
123. Do all portfolio managers/analysts on the investment team that is responsible for managing this product look at companies the same way and adhere to the same approach? Do you use a standardized analytical template that everyone must complete? Please include a sample research report in a separate file.
124. How well do you try to know your portfolio companies? Is your goal to know them as well as anyone else on the buy side? How much time do you spend with management and visiting companies?
125. To what extent do you do grass roots research and go outside the company looking for information? Do you do this kind of work when you are researching every company? If so, why do you do this and is it really beneficial? What outside resources do you use? Give examples of grass roots research you have performed, why you decided to do this work, and the benefits derived.
126. How important is the balance sheet in your analysis? Has it always been important? Do you use fixed income markets as another source of information when evaluating a stock? Why or why not?
127. What do you believe is distinctive about your research process relative to other investment managers and what do you believe distinguishes your research work from others? What do you think your research “edge” is compared to other investors?
128. Do you have a specific required rate of return hurdle for each stock that is purchased in the portfolio? Do you establish price targets for each security in the portfolio? If so, how are they determined? How do you think about downside risk when you are analyzing a stock? Do you like to see a minimum upside/downside relationship?
129. How do you determine equity weights in your portfolio and what number of stocks have you tended to hold in the portfolio? What factors influence position size?
130. How do you think about the benchmark? Are there some market sectors you do not pay attention to and intentionally avoid? Conversely, are there certain sectors that you have historically emphasized?
131. What is your investment horizon and how long do you typically own a stock? What has been the annual portfolio turnover rate in each of the last five years? How is this calculated?
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132. Explain your sell discipline. Do you let your winners run? Will you automatically reduce a weighting when it reaches a certain percentage of the portfolio? Do you believe in selling disappointment quickly or waiting?
133. How do you define “risk” and how do you control it in the portfolio? Do you think about risk in relative terms or do you think of risk as the absolute loss of capital?
134. What tools do you use to measure risk? What are the most significant risks the portfolio is currently exposed to? Do you look across the portfolio for common risk exposures?
135. How is cash utilized in your strategy? Is it a residual of your investment process? If you were given the flexibility to not be fully invested, would you be comfortable using cash tactically?
136. Do you continually evaluate the investment process and the results it produces? How do you go about this process? Do you continually evaluate the portfolio and think about what you did right and wrong? Give an example of a winner and a loser and explain what you learned from the two experiences. How did you incorporate those lessons into your management of the portfolio subsequently?
137. What lessons did you learn from the 2008 market turmoil and the 2009 market rebound?
138. Is there an optimal environment for your investment approach? What kinds of markets would you perform best in? Worst in? Do you believe there are any weaknesses in your investment process?
139. Are you a UNPRI (United Nations Principles for Responsible Investing) signatory?
140. Do you incorporate ESG (environmental, social, and governance) principles into your research process or the management of portfolios? If so, why do you incorporate them? How are they incorporated and to what degree?
141. Is evaluation of a company’s ESG factors a standard part of your research process?
142. Do you engage management and try to influence a company’s ESG factors? If so, how often and to what extent?
143. How do you determine the ESG factors you adhere to?
144. Do you subscribe to any external services that provide information on ESG factors?
145. What percentage of your firm assets incorporates ESG principles?
146. How do you ensure compliance with ESG policies in client portfolios?

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## **IX. Portfolio Performance and Characteristics**



147. Please provide monthly performance history since inception up to the most recent month available (through June 30, 2023) for the strategy and its stated benchmark. Include a discussion of the performance calculation methodology and whether it is GIPS compliant.

If possible, please provide information both gross and net of fees. This information should be in an Excel spreadsheet, formatted as follows:

A	B	C	D
1	«Product Name» Gross	«Product Name» Net	Benchmark
2			
3			
4			
5			
6			

- a. Cell (A1) must be empty.
- b. The first row, starting with the second column (B1) must contain the firm and product name, up to 40 characters (spaces count as characters).
- c. Dates in column A must be in either mmm-yy (Jan-10) or mmm-yyyy (Jan-2010) format.
- d. Numbers can be in percent or decimal format.
- e. Data must start from earliest and end with latest.
- f. Empty cells for which there is no return should have a N/A entered, otherwise a zero will be read.

Note: Please detail the dollar amount of assets in the performance composite annually, as well as the number of accounts. Note what percentage of strategy assets managed is represented by the composite. Include all other composite footnotes.

148. Has the product performance been audited and verified by a third party? If so, by whom and for what period?

149. In a separate Excel file, please provide portfolio attribution at the stock level, organized by sector, for each of the last five calendar years.

150. In a separate Excel file, please provide a sample client portfolio as of March 31, 2023 detailing individual holdings (including security name, CUSIP, # of shares, price, and % of the portfolio). Also, please include historical quarterly portfolio holdings using this same format since the portfolio's inception.



151. Please complete the following table for the portfolio:

	6/30/23	6/30/22	12/31/21	6/30/20
Price-Earnings Ratio				
Price-Book Value Ratio				
Historical Earnings Growth Rate				
Projected Earnings Growth				
Weighted Average Market Cap				
Median Market Cap				
Number of Holdings				
Industry/Sector Weightings: (show % and in parentheses show % for benchmark)				
1) Three largest weightings				
2) Three largest overweights				
3) Three largest underweights				
Percent Portfolio in Top 5/ Top 10 Holdings				
Active Share				

**X. Fees & Related Management Costs**

152. Please explain what investment vehicles you offer for this strategy. Provide the fee schedule for the strategy, for a separate account, a commingled account, and mutual fund (if available). For commingled funds, specify whether operating expenses are included in this fee schedule. If they are not, please provide operating expenses for the past five calendar years (if inception is more recent, provide for as many calendar years as are applicable). If operating expenses are capped, please provide details on the cap. For mutual funds, please break out management and other fees (front/back-end loads, contribution/withdrawal fees, management or custody expenses, etc.).
153. Do all clients pay the same fee? Please explain any discrepancies.
154. What is your account minimum for a separately managed portfolio? Commingled vehicle? Mutual fund?
155. Is there a minimum fee associated with any of these vehicles?
156. Please detail liquidity profiles (daily, weekly, quarterly, etc.) for every vehicle presented. Discuss in detail your policy on subscriptions and redemptions for all applicable vehicles, and any associated fees. What special provisions (i.e., lock-ups, reserves, in-kind payments, exit fees, delayed payments, queues, etc.) if any, exist?
157. Do you offer a performance-based fee? If so, please provide a performance-based fee schedule. Over what period is performance evaluated and against what benchmark? What is the base fee? Is there a maximum fee (a cap)?

**XI. IT & Cybersecurity**

158. Describe the firm's disaster recovery and business continuity plans.
159. Provide the most recent date and the numbers of times the firm has practiced and tested disaster recovery procedures in the past five (5) years, and the results of those exercises.
160. Describe the firm's back-up capabilities and/or offsite location, in the event the primary office location was inaccessible.
161. Describe the firm's security environment. Specifically cover the physical, digital security, and policy measure safeguards that are in place to control access to portfolio reporting systems and client account information.
162. Do the firm's information technology systems meet or exceed industry best practices related to cybersecurity, including but not limited to the U.S. Department of Labor's Cybersecurity Program Best Practices and the requirements of the State of Illinois Cybersecurity Strategy and the NIST Cybersecurity Framework? If no, please explain why.
163. Describe the firm's approach to securing email and web communications.





164. How does the firm defend against cyber-attacks?

165. How does the firm secure mobile devices such as phones, tablets, and laptops?

166. Has the firm's cybersecurity been assessed by a third party? If so, when was this last completed and by which provider?

167. Has the firm ever had a data security breach? If so, describe the incident as well as the corrective actions.

168. Has the firm had a cybersecurity audit? If so, provide a copy of the most recent AICPA Service Organization Control 1 and/or 2 reports.



## Exhibits

**Exhibit 1**

**Required Disclosures**

Respondents are required to provide complete disclosure of each of the following. For purposes of these required disclosures, a Respondent must undertake an affirmative effort to determine the appropriate responses to the required disclosures as part of the response to the RFP. A response that the Respondent has a “pay to play” or a political donation policy is not responsive. The Respondent is expected to inquire of each individual subject to these disclosures as to the individual’s answers. The representations are considered material.

1. Pursuant to Section 1-113.14(c)(3) and (12) of the Illinois Pension Code, the method for charging and measuring fees, including disclosure of the direct and indirect fees, commissions, penalties, and other compensation, including reimbursement for expenses, that may be paid by or on behalf of the Respondent in connection with the provision of Investment Services to the Fund.

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2. Pursuant to Section 1-113.14(c)(5) of the Illinois Pension Code, the names and addresses of: (A) the Respondent; (B) any entity that is a parent of, or owns a controlling interest in, the Respondent; (C) any entity that is a subsidiary of, or in which a controlling interest is owned by, the Respondent; (D) any persons who have an ownership or distributive income share in the Respondent that is in excess of 7.5%; or (D) any persons who serve as an executive officer of the Respondent. An “executive officer” shall mean any president, director, vice-president in charge of a principal business unit, division, or function (such as investment consulting, marketing, or administration), and any other employee who performs a policy-making role, regardless of the title given to their position.

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3. A statement that contingent and placement fees are prohibited by Section 1-145 of the Illinois Pension Code.

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4. Pursuant to 30 ILCS 238/20(e), a description of any process through which the Respondent prudently integrates the following sustainability factors into their investment decision-making, investment analysis, portfolio construction, due diligence, and investment ownership in order to maximize anticipated risk-adjusted financial returns, identify projected risk, and execute the Respondent’s fiduciary duties:

A. Corporate governance and leadership factors, such as the independence of boards and auditors, the expertise and competence of corporate boards and executives, systemic risk management practices, executive compensation structures, transparency and reporting, leadership diversity, regulatory and legal compliance, shareholder rights, and ethical conduct.

B. Environmental factors that may have an adverse or positive financial impact on investment performance, such as greenhouse gas emissions, air quality, energy management, water and wastewater management, waste and hazardous materials management, and ecological impacts.

C. Social capital factors that impact relationships with key outside parties, such as customers, local communities, the public, and the government, which may impact investment performance. Social capital factors include human rights, customer welfare, customer privacy, data security, access and affordability, selling practices, and product labeling, community reinvestment, and community relations.

D. Human capital factors that recognize that the workforce is an important asset to delivering long-term value, including factors such as labor practices, responsible contractor and responsible bidder policies, employee health and safety, employee engagement, diversity and inclusion, and incentives and compensation.

E. Business model and innovation factors that reflect an ability to plan and forecast opportunities and risks, and whether a company can create long-term shareholder value, including factors such as supply chain management, materials sourcing and efficiency, business model resilience, product design and life cycle management, and physical impacts of climate change.

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5. Pursuant to Section 1-113.14(c)(6) of the Illinois Pension Code, the names and addresses of all subcontractors, if any, and the expected amount of money each will receive under the contract. For purposes of this section, "subcontractor" does not include non-investment related professionals or professionals offering services that are not directly related to the investment of assets, such as legal counsel, actuary, proxy voting services and services used to track compliance with legal standards.

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6. Pursuant to Section 1-113.21 of the Illinois Pension Code, a disclosure of:

- A. the number of the Respondent’s investment and senior staff and the percentage of that staff who are a minority person, a women, a veteran, or a person with a disability;

***Number and Percentage of Investment and Senior Staff***

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Number of Minorities / Percent	Number of Women / Percent	Number of Veterans / Percent	Number of Persons with Disabilities / Percent

*Positions included in Investment and Senior Staff figures:*

- B. the number of contracts for investment, consulting, professional, and artistic services the Respondent has with a minority or women-owned business, a veteran owned small business, or a business owned by a person with a disability; and

***Number of Contracts***

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Number of Minorities	Number of Women	Number of Veterans	Number of Persons with Disabilities

- C. the number of contracts for investment, consulting, professional, and artistic services which the Respondent has with a business other than a minority or women-owned

business, a veteran owned small business, or a business owned by a person with a disability, if more than 50% of the services performed pursuant to that contract are performed by a minority person, a women, a veteran, or a person with a disability.

*Contracts in Excess of 50%*

Number of Minorities	Number of Women	Number of Veterans	Number of Persons with Disabilities

For the purposes of this subsection, the terms “minority person”, “women”, “person with a disability”, “minority-owned business”, “women-owned business”, and “business owned by a person with a disability” have the same meaning as those terms have in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act. For the purposes of this subsection, the terms “veteran” and “veteran owned small business” have the same meaning as those terms have in 30 ILCS 500/45-57. For the purposes of this subsection, the terms “professional service” and “artistic service” have the same meanings as those terms have in 30 ILCS 500/1-15.60.

7. Respondent shall disclose any compensation or economic opportunity paid to PEABF’s Investment Consultant within the last 24 months. “Compensation” means any money, thing of value, or economic benefit conferred on, or received by, the Respondent in return for services rendered, or to be rendered, by himself, herself, or another. "Economic opportunity" means any purchase, sale, lease, contract, option, or other transaction or arrangement involving property or services wherein the Respondent may gain an economic benefit.

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8. Disclosure by the Respondent, by any executive officer (as defined in item 2, above) or shareholder of the Respondent, by any parent entity, by any executive officers of any entity that is a parent of, or owns a controlling interest in, the Respondent, or by the entity itself of any financial support of \$1,000 or more in a calendar year within the prior five (5) calendar years and/or formal involvement with any community or not-for-profit organization with a central purpose of influencing public policy related to budgetary and fiscal policy which directly or indirectly relates to the continued availability and long-term viability of defined benefit pensions in the public sector, education policy, and retirement security policy.

For the purposes of this disclosure, an organization has the “central purpose” of influencing policy if it is understood with the exercise of reasonable due diligence, including but not limited to the examination of the organization’s IRS filings and other publicly- available statements of purpose, that the organization intends to affect policy or engage in lobbying



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or other advocacy activity. A Respondent is not required to disclose contributions to organizations that engage in such activities in furtherance of providing medical research, aid to the poor, disaster relief, or other such tangible goods or service. The organizations listed in Exhibit A to the Fund’s Procurement Policy presently fall under this required disclosure policy.

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- 9. Provide an employee diversity table by completing the attached Excel file.

### Employee Diversity Table

“name of Firm”

Job Categories	Number of Employees														
	Race/Ethnicity														
	Male							Female							
	White/ Non-Minority	Hispanic or Latino	Black or African American	Native Hawaiian or Other Pacific Islander	Asian	American Indian or Alaskan Native	More than one Race	White/ Non-Minority	Hispanic or Latino	Black or African American	Native Hawaiian or Other Pacific Islander	Asian	American Indian or Alaskan Native	More than one Race	
Executive															0
Investment Professionals															0
Trading Professionals															0
Legal/Compliance															0
Marketing/Client Services															0
Finance / Operations / IT															0
Other Professionals															0
Administrative / Other															0
<b>Total # of Employees</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total % of Employees</b>	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	#DIV/0!							#DIV/0!							

Persons with Disability (#):

Veterans (#):

Non-Minority Females (%)	#DIV/0!
Minority Females (%)	#DIV/0!
Non-Minority Males (%)	#DIV/0!
Minority Males (%)	#DIV/0!
Persons with Disabilities (%)	#DIV/0!