

**CAMBRIDGE CONTRIBUTORY RETIREMENT BOARD  
REQUEST FOR PROPOSAL**

**EMERGING MARKETS EQUITY  
INVESTMENT MANAGEMENT SERVICES**

**I. INTRODUCTION**

The Cambridge Contributory Retirement Board (“Board”) is considering an allocation to Emerging Markets Equity (“Proposed Product”). The mandate will be for a commingled fund only for approximately \$70 million. Individual contracts will be awarded and stated in accordance with M.G.L. Ch. 32 and all applicable investment guidelines administered by the Public Employee Retirement Administration Commission (“PERAC”). The Board reserves the right to reject any and all proposals at its discretion or to select more than one manager and to determine the amount of assets each will manage. **MBE and WMBE are strongly encouraged to participate.**

Please direct questions pertaining to the Request for Proposal via email only to [bostonrfp@segalmarco.com](mailto:bostonrfp@segalmarco.com) no later than April 9, 2022.

**II. SCOPE OF SERVICES**

The successful respondent will be expected to invest the assets under his or her care in accordance with the dictates of M.G.L. Ch. 32 and the rules and regulations set forth by the PERAC as well as the professional standards of a fiduciary.

The investment manager's primary responsibility, however, will be to serve the Board in its fiduciary capacity regarding these funds. The investment manager will be expected to meet with the Board at regular intervals and to report to the Board at least quarterly on the portfolio. The investment manager will be expected to invest in accordance with the goals and objectives of the Board and within the tolerance for risk established therein.

Should the respondent ultimately be selected to manage the assets on behalf of the Board, under the requirements of M.G.L. Ch. 32, Section 23B, the contract must state that the manager is a fiduciary with respect to the Board’s funds and that the investment manager shall not be indemnified by the Board. Additionally, the contractual commitment cannot exceed 7 years.

**III. SUBMISSION OF PROPOSALS**

1. Please email a copy of the Service and Price Proposal along with all attachments (not to exceed 10MB) to Ellen Philbin at [ephilbin@cambridgeretirementma.gov](mailto:ephilbin@cambridgeretirementma.gov) and Carol Loi at [bostonrfp@segalmarco.com](mailto:bostonrfp@segalmarco.com) with the email subject “Cambridge Emerging Markets Equity Search”.
2. Proposals shall be signed by an official with power to bind the proposers, and it shall contain a statement that the proposal is firm through December 31, 2022.
3. Proposal must be received prior to 3:00 p.m. EST on Monday, April 25, 2022. Proposals will not be accepted after the closing date and time.

4. The Board reserves the right to accept or reject any or all proposals or any parts thereof, and to waive any formalities in the submission of proposals if it is deemed in the best interests of the Board to do so.

#### **IV. ACCEPTANCE AND AWARD**

The Board may elect to schedule an interview process with respondents based upon the proposals' relative merits and relative prices. The Board reserves the right to reject any or all proposals at its sole discretion whether prior to or after the interview. The Board shall also have sole discretion in deciding which respondents will be considered/interviewed.

The respondents are hereby advised that any proposal selected shall be subject to (a) approval of the Board, (b) a written contract, and (c) approval by PERAC. Failure of the parties to agree on mutually acceptable contract language will void the award of the proposed engagement to the selected candidate. The Board shall have sole discretion in determining whether the parties are unable to reach agreement on the language of the written contract. The Board may require that the contract contain mandatory contractual terms and language.

#### **V. MINIMUM CRITERIA**

The successful respondent will be expected to meet the standards necessary in order to satisfy the demands placed on the Board under Section II (SCOPE). Respondents are expected to fill out the Request for Proposal which can be found on Segal Marco Advisors' website <http://segalmarco.com/about-us/client-rfps>. The Minimum Criteria Response Sheet and Fee Proposal along with the RFP will be used by the Board to establish eligibility. The Board, in evaluating manager qualifications, will use this information and any other promotional materials, reports, or documents that the respondent may wish to submit. Performance data for the proposed strategy must be updated as of March 31, 2022 in eVestment Alliance ([www.evestment.com](http://www.evestment.com)).

The respondent must submit the following documents, which are available through the PERAC website <https://www.mass.gov/lists/perac-compliance-investments-forms>:

- Vendor Contact Information
- Vendor Disclosures
- Vendor Certification
- Placement Agent Statement for Investment Management

Additionally, please include the following:

- Copy of your firm's Form ADV Part II
- Copy of the Firm's Code of Ethics Policy
- Documentation providing proof of insurance coverage levels
- Independent audit certification of submitted performance results, if available

Failure to meet any of these criteria, or to provide information in the attached form that is deemed unsuitable to the requirements of the Board, may lead to disqualification.

## **VI. SEARCH EVALUATION CRITERIA**

- The capability to manage the portfolio in accordance with requirements and restrictions mandated by M.G.L. c. 32 and PERAC.
- The ability to analyze and monitor financial markets.
- Proven track record of success in managing emerging markets equity portfolios.
- Clear and demonstrable buy and sell disciplines, security selection processes, and execution procedures.
- The ability to keep the execution and transaction costs down to competitive levels.
- The financial strength and stability of the organization.
- The ability to provide these services at competitive rates.
- The ability to achieve superior investment returns for the portfolio.

## FEE PROPOSAL

**The pricing proposal must be submitted separately from service proposal.** Fee proposals should be based on initial assets of approximately \$70 million. Please note that Massachusetts State Law requires payment in arrears.

1. Name of Firm.
2. Name of Proposed Product.
3. Please list ALL of the investment vehicle(s) that are available for the **PROPOSED PRODUCT** (e.g., mutual fund, commingled fund, or separately managed account). If there are any vehicles that are currently closed, soft-closed, or in the process of closing to new investors, please list and indicate those as well.
4. Please list the minimum account size and supply the “complete” fee schedule for the proposed commingled fund, stated as a percentage of assets under management and showing all "fee breakpoints."
5. Please list the minimum account size and supply the “complete” fee schedule for other vehicles available for this product, stated as a percentage of assets under management and showing all "fee breakpoints."
6. For the proposed commingled fund, please provide a brief overview of the legal structure of the fund. Please specify if the fund is a private placement, collective investment trust, etc.
7. Will your fee be held constant for the duration of the contract?
8. Does the fee stated above include all charges or expenses associated with the "Proposed Product" and all services required to be performed as described in this Request for Proposal?
9. Please describe your billing policy, including frequency.
10. At what level of assets do you plan on closing this product? Please explain any differences in expected closing levels between the various vehicles available for this product.

## MINIMUM CRITERIA RESPONSE SHEET

Bidders must meet all of the following minimum criteria. Failure to satisfy any of the minimum criteria may result in the disqualification of the bidder. Please acknowledge that the following criteria are satisfied by initialing the "Yes" response to certify that you meet the minimum criteria.

1. The firm is a registered investment advisor pursuant to the Investment Advisors Act of 1940 or is exempt from registration. If exempt please explain:  
Yes \_\_\_\_\_ No \_\_\_\_\_
2. The firm has experience managing investments for institutional, tax-exempt or state, municipal, or other governmental defined benefit plans:  
Yes \_\_\_\_\_ No \_\_\_\_\_
3. The firm has been in operation for at least seven years as of March 31, 2022:  
Yes \_\_\_\_\_ No \_\_\_\_\_
4. The firm has at least \$3.0 billion of assets under management and at least \$1.0 billion in assets under management in the "Proposed Product":  
Yes \_\_\_\_\_ No \_\_\_\_\_
5. The firm has at least 7 years of GIPS compliant investment performance in the "Proposed Product":  
Yes \_\_\_\_\_ No \_\_\_\_\_
6. The proposed strategy is benchmarked to the MSCI Emerging Markets Index:  
Yes \_\_\_\_\_ No \_\_\_\_\_
7. Majority of the portfolio managers for the "Proposed Product" have at least seven years of experience in managing the proposed product:  
Yes \_\_\_\_\_ No \_\_\_\_\_
8. The firm agrees to maintain an adequate errors and omissions insurance policy if selected:  
Yes \_\_\_\_\_ No \_\_\_\_\_
9. The firm agrees to comply with and adhere to M.G.L. Ch. 32 and those regulations established by the Public Employee Retirement Administration Commission (PERAC), to the extent necessary, if selected:  
Yes \_\_\_\_\_ No \_\_\_\_\_

10. The firm has completed the required PERAC forms (See page 2 for instructions):

Yes \_\_\_\_\_ No \_\_\_\_\_

11. The firm has updated the performance section of Evestment for the proposed strategy as of March 31, 2022.

Yes \_\_\_\_\_ No \_\_\_\_\_

**Due Diligence:  
Investment Advisor Questionnaire (Emerging Markets Equity)**

The following questionnaire requests information about your organization, employees, investment philosophy, investment process and performance. Please provide responses as of **March 31, 2022**, unless otherwise requested.

**I. Organizational Background**

1. Firm Identification
  - a. Name of Firm
  - b. Headquarters Address
  
2. Relationship Manager/Client Service Contact
  - a. Name
  - b. Address
  - c. Telephone Number:
  - d. Email Address
  
3. History and Structure
  - a. Year founded
  - b. Please describe your organizational structure
  - c. Number of owners and distribution of ownership
  - d. Relationship of owners to firm
  - e. Please describe the history of your firm (including any prior working experiences the founders and/or key investment personnel may have had together).
  - f. Please explain any previous changes to your organizational structure and/or distribution of ownership.
  - g. Please describe any anticipated changes to your organizational structure and the reason(s) for those changes.
  - h. If your organization has multiple office locations, please describe the general role and functionality of those offices.
  - i. Please describe any major business affiliations and/or joint ventures that your organization participates in.
  
4. Personnel

Firmwide:

- a. Number of Equity PM's
- b. Number of Equity Analysts not included as PM's
- c. Please list the number of marketing & sales employees and, if a separate group, the number of dedicated client service employees
- d. Number of traders
- e. Total number of employees

Product Specific:

- f. Number of PM's dedicated to this product
- g. Number of Analysts not included as PM's dedicated to this product

STAFFING									
	1Q2022			2021			2020		
	Total	Gained	Lost	Total	Gained	Lost	Total	Gained	Lost
PM's - Equity									
Analysts – Equity									
Marketing/Sales									
Client Service									
<u>Proposed Product:</u>									
- PM's									
- Analysts									

STAFFING									
	2019			2018			2017		
	Total	Gained	Lost	Total	Gained	Lost	Total	Gained	Lost
PM's - Equity									
Analysts – Equity									
Marketing/Sales									
Client Service									
<u>Proposed Product:</u>									
- PM's									
- Analysts									

5. Has the firm, its parent organization, subsidiaries, affiliates or any key personnel been subject to any litigation or legal proceedings related to investment operations during the past five years? If yes, please explain.
6. Has the firm or any senior member of the firm been reported to or investigated by any regulatory authority within the past ten years? If yes, provide full, detailed explanation, including outcome, and a copy of regulatory body report.
7. Is the firm registered as an investment advisor with the SEC?
8. Will the firm accept fiduciary responsibility for the assets committed to its discretion?
9. Please indicate the face amount of insurance that the firm carries with respect to each of the following:
  - i) Errors and omissions:
  - ii) Fiduciary liability:
  - iii) Fidelity bonding:
10. Is your firm related by ownership or formal business agreement to any provider of brokerage, consulting and/or research services? If so, please explain.
11. Are there any potential conflicts of interest that may be created by awarding the investment management contract to your firm? If yes, please explain.
12. Are any arrangements maintained whereby your firm or any individual within the firm pays referral fees, finder's fees, soft dollars or other similar consideration or benefits to consultants, brokers or any other third party? If yes, please explain. Is your firm in compliance with CFA Institute Soft Dollar Standards?



13. How does your firm select brokers and insure best execution?
14. Please explain your firm's policy with regard to proxy voting. Do you always vote the full number of shares owned? What is your process for deciding how to vote shares? How and how often do you report on your proxy voting activities? (Please provide a sample report).
15. Please state your firm's ethic's policy.
16. How are violations of the firm's ethic's policy handled?
17. What is your firm's plan regarding the backup of computer files and systems? In the event of a disaster, how long would it take to become fully functional?
18. Is the firm minority or women owned? If yes, please state the percentage of women and/or minority owned.

## II. Breakdown of Assets and Accounts

1. Please provide the following information on the **TOTAL** assets under management (\$) for your organization:

Category	Q1 2022 (\$)	2021 (\$)	2020 (\$)	2019 (\$)	2018 (\$)	2017 (\$)
Tax-Exempt						
Taxable						
Other						
<b>Total</b>						

2. Please provide the following information on the **TAXABLE** and **TAX-EXEMPT** assets under management (\$):

**Table A**

Asset Class	Q1 2022 (\$)	2021 (\$)	2020 (\$)	2019 (\$)	2018 (\$)	2017 (\$)
Equity						
Fixed Income						
Other						
<b>Total</b>						

**Table B**

Asset Class	Q1 2022 (\$)	2021 (\$)	2020 (\$)	2019 (\$)	2018 (\$)	2017 (\$)
International Equity						
Emerging Mkts Eq						
Global Equity						
<b>Total</b>						

3. For **TAX-EXEMPT** assets **ONLY**, please provide the following information on the number of accounts (#) and assets under management (\$):

**Table A**

Asset Class	Q1 2022		2021		2020		2019		2018		2017	
	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$
Equity												
Fixed Income												
Other												
<b>Total</b>												

**Table B**

Asset Class	Q1 2022		2021		2020		2019		2018		2017	
	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$
International Eq												
Emerging Mkts Eq												
Global Equity												
<b>Total</b>												

**Table C**

Asset Class	Q1 2022		2021		2020		2019		2018		2017	
	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$
Taft Hartley												
Public												
Corporate												
Endowments												
Other												
<b>Total</b>												

4. Please list the number of **TAX-EXEMPT** accounts (#) and assets (\$) gained/lost over the following periods for the **PROPOSED PRODUCT**:

	Gained		Lost	
	#	\$	#	\$
Q1 2022				
2021				
2020				
2019				
2018				
2017				

5. For the **PROPOSED PRODUCT**, please provide the following breakdown:

Proposed Product	Q1 2022 (\$)	2021 (\$)	2020 (\$)	2019 (\$)	2018 (\$)	2017 (\$)
Separately Managed						
Commingled						
Mutual Fund						
Other						
<b>Total</b>						

6. Are there any Massachusetts Public Pension Funds invested in the **PROPOSED STRATEGY**?

### III. Investment Philosophy and Process

- Name of proposed strategy?
- Please complete the table below for **all** investment professionals responsible for managing the proposed product:

Name	Current Title, Role (PM/Analyst)	Years in current role	Years working on product	Years with firm	Sole product worked on? (Y/N)	Other products worked on	Role in other products worked on

- For the investment professionals listed above, please provide short biographies, including past work experience, years of total investment experience, and degrees and professional designations. Who is the person heading the team, or portfolio manager primarily responsible for the proposed product?
- For the proposed product, please list any investment professionals who have joined or left the firm during the last 5 years. Please **describe** the circumstances for their departure and the individual who took over their responsibilities. What percentage of your entire staff does this represent?
- Who is responsible for generating new ideas? Who is responsible for monitoring current names in the portfolio? If an investment professional(s) does both, approximately what percentage of his/her time is spent on each?
- Are responsibilities broken down by sector, industry, market cap, fundamental/quantitative analysis, etc.? If so, list each investment professional's main area of responsibility.
- Who is ultimately responsible for buy decisions? If team based, do certain members have "veto power"?
- Who is ultimately responsible for sell decisions? If team based, do certain members have "veto power"?

9. Who is responsible for ensuring that the portfolio is in compliance with internal and client guidelines?
10. Has your firm experienced a significant violation of your compliance policy? If this has occurred, please explain.
11. To what extent are the investment professionals listed in question 2 investing personal wealth in the proposed product. Please describe whether these investments are voluntary or involuntary and how the **frequency** and **amount** of contributions are determined.
12. Please describe the firm's policy regarding personal trading in securities currently on the product's working list (buy list, sell list, list of securities currently being researched).
13. Please describe your investment philosophy and process. Please describe whether your investment process is top-down (determined by country/regional/macro decisions) or bottom up (company specific).
14. Please describe the universe from which you select securities.
15. Please describe your methodology for creating a subset or "working list" from your universe of eligible securities.
16. Please describe your research capabilities, including the function and location of internal research operations and the sources of external research.
17. Please describe your portfolio construction process. Please describe your purchase and sale criteria.
18. Please explain any individual security, industry, sector, country or other constraints (minimums and maximums) utilized in the portfolio construction process.
19. Does the portfolio have any regional or country biases? If yes, please explain.
20. Please describe what you believe to be your firm's competitive advantage with respect to managing the proposed product.
21. Does your firm employ fair market value pricing techniques for foreign or other types of securities? If so, please describe those techniques and explain what types of securities they would apply to and when.
22. Through whom would you execute your trades for the proposed product?
23. Does your investment product employ currency, or other hedging techniques? If yes, please explain.
24. Do you use derivative financial instruments in the portfolio? If so, please indicate which ones, how they are used, and the percentages used.
25. Does the portfolio purchase private/direct investments, fixed income securities, convertible securities, U.S. securities and/or ADR's? If yes, please explain.

26. Does the portfolio have the capability to invest in emerging equities on either an opportunistic or strategic basis? If yes, please describe this process, and any limits that may apply.
27. Does the portfolio invest in securities/countries outside of the appropriate benchmark? If yes, please explain.
28. What Index represents the best performance benchmark for your style? Why?
29. Where do you believe your expected value added will come from (i.e., sources of value added)? Please quantify, if possible.
30. Please explain any significant changes in investment style, process, philosophy, team and/or focus for the proposed product since its inception.
31. Please explain any historical or expected “style drift” for the proposed product relative to the appropriate benchmark/index.

#### IV. Portfolio Characteristics

1. Please list the number of securities:
 

In your universe: \_\_\_\_\_

Closely followed: \_\_\_\_\_

In a typical portfolio: \_\_\_\_\_
2. Typical annual turnover rate: \_\_\_\_\_%
3. For the stocks **actually held** in the portfolio as of March 31, 2022, please state the market capitalization range:
 

Minimum	\$ _____
Weighted Average	\$ _____
Maximum	\$ _____
4. Please provide 1 year forward P/E, P/B and dividend yield for the proposed product as of March 31, 2022.
5. What is the proposed strategy’s equity style?z
6. Please provide the following information regarding your risk controls:
 

Initial Security Weighting \_\_\_\_\_

Maximum Security Weighting \_\_\_\_\_

Maximum Country Weighting \_\_\_\_\_

Maximum Emerging Markets Weighting \_\_\_\_\_

Sector Weighting Limits \_\_\_\_\_

Industry Weighting Limits \_\_\_\_\_

Cash Allocation Limits \_\_\_\_\_

Target Tracking Error \_\_\_\_\_

7. Please provide the sector distribution of the proposed product as of March 31, 2022 for the following calendar years:

	Calendar Year							
	Q1 2022		2021		2020		2019	
	Portfolio	Index	Portfolio	Index	Portfolio	Index	Portfolio	Index
	%	%	%	%	%	%	%	%
Consumer Staples								
Consumer Discretionary								
Materials								
Industrials								
Telecom								
Energy								
Information Technology								
Utilities								
Financial								
Healthcare								
Cash								

8. Please provide the market capitalization distribution and country allocations for the proposed product portfolio for the following periods (on a dollar weighted basis, not percentage of names/stocks). **Please do not change breakpoints or country/region categories, as these tables are used for comparative purposes between candidates.**

	Equity Market Cap Distribution							
	Q1 2022		2021		2020		2019	
	Portfolio	Index	Portfolio	Index	Portfolio	Index	Portfolio	Index
	%	%	%	%	%	%	%	%
Above \$50B								
\$25B to \$50B								
\$10B to \$25B								
\$5B to \$10B								
\$2B to \$5B								
\$1B to \$2B								
\$500M to \$1B								
\$250M to \$500M								
Under \$250M								
Cash								

	Country Allocation							
	Q1 2022		2021		2020		2019	
	Portfolio	Index	Portfolio	Index	Portfolio	Index	Portfolio	Index
	%	%	%	%	%	%	%	%
<b>European Union</b>								
France								
Germany								
Netherland								
Italy								
Spain								
Finland								
Belgium								
Ireland								
Greece								
Portugal								
Austria								
<b>Other Europe</b>								
UK								
Switzerland								
Sweden								
Denmark								
Norway								
<b>Pacific Basin</b>								
Japan								
Australia								
Hong Kong								
Singapore								
New Zealand								
<b>North America</b>								
Canada								
US								
<b>Emerging Markets</b>								
Brazil								
China								
Korea								
Mexico								
Russian Federation								
South Africa								
Taiwan								
Turkey								
Poland								
Czech Republic								
Hungary								
Other								

**V. Investment Performance**

1. Please provide **gross** of fees, time-weighted quarterly rates of return for the proposed product. (Note: We will run performance analysis using Evestment and please make sure that the performance in Evestment is the same as the data provided below. If the returns are different please state the reason).

	Quarter ending				
	3/31	6/30	9/30	12/31	Annual
2022					
2021					
2020					
2019					
2018					
2017					
2016					
2005					
2004					
2003					
2002					

What is the proposed strategy name listed in Evestment?

2. Provide annualized, time weighted returns for the 1, 3, 5, 7 and 10 year periods ended March 31, 2022. Please include the risk, as measured by standard deviation, measure for the respective time periods.
3. Please explain the reasons for underperformance (if any) relative to the benchmark as indicated by the metrics in question 2.
4. Please supply the following information with respect to the performance figures supplied above:
  - a. What percentage of the total assets in the product does the composite represent?
  - b. What was the performance of the best and worst performing accounts in the composite over 1, 3, 5 and 10 years?

	Best	Worst
1 year	%	%
3 years	%	%
5 years	%	%
10 years	%	%

**VI. References**

1. Please provide three references (Massachusetts public funds if available):
  - a. Name
  - b. Organization
  - c. Telephone Number