Dahab Associates, Inc.

Request for Proposal – 2023

**Investment Manager for PBGC Special Financing Assistance**

**Unidentified Taft-Hartley Pension Plan in the Mid Atlantic**

**Introduction**

An Unidentified Taft-Hartley Plan in the Mid Atlantic is conducting a search for an investment manager for an SFA portfolio under the guidance of its investment consultant, Barry Bryant. The amount to be managed in this request is $35-40 million. All proposals will be evaluated by the investment consultant and recommendations will be made to the Plan. The final decision will be made by the Board of Trustees.

An investment manager shall have the authority and discretion to manage and control the assets of the Plan assigned to it by the Board of Trustees, in accordance with the agreement between the investment manager and the Board of Trustees. The Board of Trustees shall not be obligated to invest or otherwise manage any assets of the Plan so assigned to an investment manager, nor shall the Board of Trustees be liable for the acts or omissions of such an investment manager.

Acceptable strategies will be Public Fixed Income, LDI, and Balanced Funds. Public Equity strategies will be accepted if they are submitted with a Public Fixed Income strategy. All strategies must be acceptable under 29 CFR Part 4262.

**Timetable**

Proposals are due: **November 8, 2023 at 5:00 pm EST**

Formats Required: Email Only

**Additional Information**

Any addenda or corrections to this RFP will be posted at http://www.dahab.com/searches/

While Dahab Associates does not usually make submissions public on a proactive basis, our clients retain the right to use and/or make publicly available any and all submissions, for searches done on their behalf, as they see fit or as required by law or regulation. Such rights are retained by our clients and by Dahab Associates irrespective of requests for confidentiality from submitting firms.

The client and Dahab Associates reserve the right to accept or reject any proposals, or any parts thereof, and to waive any formalities in the proposal, constrained by any applicable laws and guidelines, if it is deemed in our client’s best interests to do so.

**Formatting Guidelines for filling out this RFP**

Dahab Associates, Inc. electronically processes all RFP submissions. We require that your responses adhere to the following guidelines. All instructions given throughout this RFP must be followed, and all responses must be received on time. Failure to comply with these requirements may lead to disqualification in accordance with applicable laws and/or client’s guidelines.

Note: This individual document must be renamed in accordance with the “Submission Guidelines” section, reflecting the firm name, submitting product, and asset class.

* Save this RFP document as a Microsoft Word Document (.doc, .docx or .docm are acceptable).
  + - Do not save as an Adobe PDF file.
    - Do not compress this document, password protect it, or set it to read-only.
* Do not put disclaimers or clarifications into your answer boxes, or superscripts referring to footnotes, especially after statistics.
  + - Do not indicate that your provided statistics differ from what those requested. Simply leave the entire box cell blank if you are unable to provide the statistic.
    - Any compliance related disclosures may be placed in the footer of the page, but without superscripts.
* If statistical information for a given question is unavailable (e.g. short life of fund or too close to quarter end), leave the cell blank only.
  + - Do not provide similar but unrequested information, even if you wish to clarify how the data differ from the requested information
* General non-statistical data may be presented as of the most recent available information, and may be more current than the statistical data (for example, team or client departures/additions should reflect the most current available information).
* Do not change the formatting, markup or overall appearance of this RFP to match the aesthetics of your firm’s presentational material. Minor changes are allowable, such as changing font sizes or the font face, if required by your compliance department.
* Preferred format for monetary denominations (as a guideline to maintain consistency among submissions):
  + - To one decimal place for billions and trillions
    - No decimal places for thousands or millions.
    - mm for millions, k for thousands, B for billions and T for trillions.
    - Correct examples would be $434mm, $500k and$8.2B
    - Incorrect examples (we’d have to change these by hand) would be $434,234,495.33, $20.5mm or $8,212mm.
* Always answer questions fully in the space provided, or below the question. Never reference another document or another question in this RFP in lieu of answering the question asked.
  + - Specifically, never refer to other documents for fee schedules, performance numbers, or attached organization charts, regardless of whether that document is included with your submission.

**Email Submission Instructions:**

Electronic submission of the RFP must follow the guidelines below for proper recognition of the submission.

* Attach your full response in an email submission. Include this RFP and the additional required documents as outlined in the General Submission Guidelines below. All files should be provided as separate files attached to the same email, but may be made in separate emails so long as they have the \*exact\* same subject line.
* Do not submit your RFP via a download service, secure email attachment, nor password-protection. Such services require a login to a secure site to retrieve submissions and cannot meet our requirement that the email submission in its exact form remain accessible. This is to ensure access to the exact email submission remains accessible for at least 7 years (most third-party services require passwords and expire after a short period of time).
* **Do not zip the files.**
* **While this RFP document must be in .docx or .doc format, all other documents may be in the format of your choosing (.xlsx, .pdf, etc). However, it is critical that this RFP \*not\* be in PDF format.**
* Please ensure you name the RFP file accordingly, and if this file is reviewed by your firm’s compliance, make sure that they know to maintain the title and that the subject email is important as well. Do not add additional portions to the name (i.e. do not add a section number)
  + - Email to rfp@dahab.com only.
      * Subject: RFP: TH-SFA-[firm name]-[product name]
      * Filename: TH-SFA-[firm name]-[product name].doc
* Submission emails should only contain the electronic document being submitted, with no questions or important content referenced within the body of the email itself. Text included in submission emails will likely not be read.

**General Submission Guidelines**

* Include a cover letter that binds the firm contractually. This letter must have the consent of an individual authorized to approve this document and must indicate the individual advising this. A digital signature is welcome, but not necessary.
  + - The cover letter should be named “Cover Letter-[firm name]-[product name]” in your choice of format, PDF or Word Document both acceptable
    - The letter should be brief and indicate the specific search for which the proposal is intended and any and all investment vehicles for which this search is being offered (and for which any minimums fees/account sizes are waived, if applicable).
    - Any major changes within the last year or contemplated within the next year with respect to the firm, the ownership structure, or personnel should be explained in the letter.
    - State that the proposal is irrevocable for 120 days.
* Submit one (1) email proposal, in accordance with the electronic submission instructions outlined above.
* Unless specifically requested, no paper copies should be sent with this submission.

**Asking Questions**

* Questions about the search should go to Kevin Condy (kevin@dahab.com) or Chris Mills ([chris@dahab.com](mailto:chris@dahab.com))

**General Information:**

|  |  |
| --- | --- |
| Firm Name |  |
| Product Name |  |
| Location of Headquarters |  |
| Location of Investment Team |  |
| State the Parent Company or if Independent |  |
| Tax-Exempt Assets Under Management |  |
| Total Assets Under Management |  |
| Total Equity Assets Under Management |  |
| Total Fixed Income Assets Under Management |  |
| Total Taft-Hartley Assets |  |
| Total Assets – Special Financial Assistance Program |  |
| Current # of Taft Hartley Clients |  |
| Year Founded |  |
| Year Registered |  |
| Contact Name |  |
| Contact Number |  |
| Contact Email |  |

1. Is the firm Independent?
2. Is the firm registered under the Investment Advisors Act of 1940?
3. When was the firm registered as an investment advisor?
4. Is the firm a subsidiary of, or related in any way to, another firm? If so, please name the firm.
5. If the firm is related in any fashion (financially or otherwise) to any other entity, explain.
6. Please provide details on the financial performance and financial condition of your firm (e.g., most recent annual report).

**Background Information:**

1. Please give a brief history of the firm.
2. Please provide the location and function of each of the firm’s offices.
3. Please provide the location and function of each of the firm’s offices.
4. When did the firm begin managing assets for institutional clients?
5. When did the firm begin to manage tax-exempt accounts?
6. What is the typical investment vehicle used by your institutional clients?
7. Does the provided vehicle limit investors’ liability?
8. Is the firm the subject of a SEC or other regulatory body sanction? If so, explain.
9. Has the firm ever been subject to a SEC or other regulatory body sanction? If so, explain.
10. Discuss, in detail, any litigation brought against the firm in the last five years.
11. Describe the level of error and omission insurance coverage the firm carries.
12. What effect has the current economic environment had on the firm?
13. Provide a breakdown of assets by type of Investment Strategy:

|  |  |  |
| --- | --- | --- |
| **Investment Strategy** | **# of Accounts** | **$ Value** |
|  |  |  |
|  |  |  |
|  |  |  |
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1. State the size of the firm’s 5 largest Taft-Hartley funds.
2. Please discuss any unusually large number of accounts or assets lost over the last 3 years.

**Fixed Income Product Information (if Applicable):**

Statistics should be calculated against the Bloomberg Capital Aggregate

|  |  |  |
| --- | --- | --- |
| Product Name |  | |
| Typical Number of Issues Held |  | |
|  | **3-Year** | **5-Year** |
| Batting Average  (% of quarters beating benchmark) |  |  |
| Alpha |  |  |
| Standard Deviation |  |  |
| Portfolio Turnover, 12-month Rolling, (%) | % | % |
|  | **5-year Average** | **Current** |
| Quality |  |  |
| Maturity |  |  |
| Duration |  |  |
| Coupon |  |  |
| % U.S. Government | % | % |
| % AAA (Non-USGov) | % | % |
| % AA (Non-USGov) | % | % |
| % A | % | % |
| % BBB | % | % |
| % Non-Investment Grade | % | % |
| % Domestic Bonds | % | % |
| % Developed International | % | % |
| # Developed International Countries |  |  |
| % Emerging Markets |  |  |
| # Emerging Markets Countries |  |  |
| Hedging (%) |  | |
| Product Inception |  | |
| Preferred benchmark for this product |  | |
| Total Assets in Composite |  | |
| Total Assets in Strategy |  | |

**Equity Product Information (if Applicable):**

|  |  |
| --- | --- |
| Product Name |  |
| Style (Core, Growth, Value) Please answer as to your firm’s specific classification of this product. |  |
| Typical Number of Securities Held |  |
| Portfolio Turnover, 12-month rolling (%) | % |
| P/E of typical portfolio- Estimate | x |
| P/E of typical portfolio- Trailing | x |
| 5-year Information Ratio |  |
| 5-year Tracking Error |  |
| 5-year Upside Capture Ratio |  |
| 5-year Downside Capture Ratio |  |
| Strategy Inception |  |
| Benchmark Used for Above and Below Statistics (Must be the required benchmark as indicated) |  |
| Benchmark for the Product |  |
| Total Assets in this Strategy |  |

|  |  |  |
| --- | --- | --- |
|  | **3-Year** | **5-Year** |
| Alpha |  |  |
| Batting Average  (% of quarters beating benchmark) |  |  |
| Standard Deviation |  |  |
| Beta |  |  |

**Balanced Product Information (if Applicable):**

|  |  |
| --- | --- |
| Product Name |  |
| Benchmark for the Product |  |
| Typical Number of Stocks Held |  |
| Typical Number of Bonds Held |  |
| Portfolio Turnover, 12-month rolling (%) | % |
| P/E of typical portfolio- Estimate | x |
| P/E of typical portfolio- Trailing | x |
| Quality |  |
| Maturity |  |
| Duration |  |
| Coupon |  |
| 5-year Information Ratio |  |
| 5-year Tracking Error |  |
| 5-year Upside Capture Ratio |  |
| 5-year Downside Capture Ratio |  |
| Strategy Inception |  |
| Total Assets in this Strategy |  |

|  |  |  |
| --- | --- | --- |
|  | **3-Year** | **5-Year** |
| Alpha |  |  |
| Batting Average  (% of quarters beating benchmark) |  |  |
| Standard Deviation |  |  |
| Beta |  |  |

**Investment Team, Philosophy, & Research Information:**

**Team:**

1. Describe the structure of the portfolio management team(s), including how many members the team has and the responsibilities of each member. Include an organizational chart which details the flow of information used in the decision-making process.
2. Do the same groups manage equity, fixed income, & balanced portfolios at the firm?
3. What is the # of accounts and account volume (in $) that is currently handled by this team?
4. Have there been additions or departures in the last 3 years for the team(s) that would be managing this portfolio? Please explain.
5. Please provide a brief history of the investment team(s) including any previous firms this team has worked at together.
6. Does the firm employ a central trading desk?
7. If yes, describe the trading operation & the traders’ qualifications.
8. In the table below, indicate the appropriate number of employees employed in each category.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **2020** | **2021** | **2022** | **2023** |
| **Equity portfolio managers** |  |  |  |  |
| **Bond portfolio managers** |  |  |  |  |
| **Balanced fund managers** |  |  |  |  |
| **Equity research analysts** |  |  |  |  |
| **Bond research analysts** |  |  |  |  |
| **Economists** |  |  |  |  |
| **Management and Administrative (Compliance, Operations)** |  |  |  |  |
| **Computer professionals** |  |  |  |  |
| **Clerical** |  |  |  |  |
| **Other (Marketing, Client**  **Service, Trading)** |  |  |  |  |
| **Total** |  |  |  |  |
|  |  |  |  |  |

1. Please provide biographical information on all key members of the asset management team, including years of experience with this asset class & years with the firm.
2. What qualifications are typical of the PMs? Include number of years with the firm, $ under management & # of accounts.
3. Please describe the method of compensation employed for portfolio managers.
4. Please describe the method of compensation employed for research analysts.

**Philosophy:**

1. Based on the current rule issued by the Pension Benefit Guaranty Corporation (PBGC), what investment strategy/strategies would you suggest for investment of Special Financial Assistance (“SFA”) Assets?
2. What are the benefits and drawbacks of a separately managed account versus a fund approach for SFA assets?
3. In one or two brief sentences, please state your firm’s investment philosophy.
4. When was the investment philosophy established? Are the creators of the previous philosophy still with the firm?
5. For your fixed income investments, please the investment process in detail, including how buy and sell decisions are made.
6. Please describe your philosophy as it relates to the duration of the portfolio? How will you be expected to manage duration risk?
7. For your equity investments (if applicable), please the investment process in detail, including how buy and sell decisions are made.
8. Describe your portfolio construction philosophy? How would Special Financial Assistance Program rules affect this philosophy?
9. What information will be needed from the client to properly manage these assets?
10. In what market environments will your portfolio be expected to outperform/underperform?
11. How will you ensure compliance with Federal rules and regulations in regards to SFA assets?
12. If applicable, describe your hedging strategy.
13. For hedging, how do you manage counter-party risk?

**Research:**

1. What percentage of research is generated internally?
2. What percentage of research is obtained from outside sources?
3. Please describe how the research operation within your firm works.
4. Please describe how your firm obtains and pays for outside research reports.
5. Please name the three primary sources of data and/or analyses upon which your firm relies.
6. Who coordinates the firm’s research effort & what are their qualifications for that position.

**For LDI Managers:**

1. What is your investment philosophy regarding the creation of custom LDI solutions?
2. When was the investment philosophy established?
3. Has this philosophy been implemented for the last five years? If not, are the creators of the previous philosophy still with the firm?
4. Describe your investment process for constructing LDI portfolios?
5. What changes have been made to the investment process in the past 5 years?
6. Please describe your investment experience managing LDI portfolios?
7. What are the key strengths and differentiators of your firm in providing portfolio management and LDI services?
8. Describe the types of securities used to create LDI portfolios.

**Vehicle Types and Fees:**

1. Describe the recommended vehicle(s) for management of these assets. Why is this vehicle more advantageous than other vehicle types for the client?
2. Fee Structure(s) for proposed investment strategy:
3. State the fees and how they will be calculated. Will they be based on total assets? Will they be based on % in different vehicles?
4. State any legal restrictions for clients (e.g. only open to Qualified Investors, ERISA, Pension plans, etc.)