



Illinois Firefighters' Pension Investment Fund
Responses to Submitted Questions: Emerging Market Debt Fixed Income

This document serves as a formal response to the questions submitted through the process established by the Illinois Firefighters' Pension Investment Fund ("FPIF") in its Request for Competitive Proposal ("RFP") for Emerging Market Debt Fixed Income. As stated in the RFP, questions concerning the RFP had to be submitted in writing via e-mail to the Procurement Contact by **12:00 PM Central Time on Friday, November 10, 2023**. Responses to questions properly submitted are consolidated into a single Q & A document as detailed below and posted on FPIF's website on **Friday, November 17, 2023**. The Q & A document does not identify the source of the query.

AUM

1. AUM:
 - a. Is there an exemption for the AUM qualification for MWBE managers? We currently manage \$249 million in EMD hard currency assets. However, we manage approximately \$62 million in the composite.
 - b. We have less than \$225 million in total assets under management in the proposed product/strategy at this time. Would Firefighters' Pension Investment Fund consider us as an emerging and diverse manager?
 - c. Related to Exhibit C: Minimum Qualifications Certification #6, would FPIF consider a strategy with less than \$225 million if the broader firm's emerging markets debt AUM was greater than \$225 million?
 - d. Could you please confirm if a strategy would be considered for this search if it falls below the minimum AUM qualification for the proposed blended EM Debt strategy but the team manages approximately \$3bn in EM Debt across hard and local currency strategies? The referenced strategy would meet the 3 year minimum performance history requirement.

No. The AUM requirements for this RFP are a minimum of \$225 million in total assets under management in the proposed product/strategy as of September 30, 2023.

Strategy

2. For the hard currency component of the search, would you consider EM Corporate Debt strategies, or are you only considering hard currency sovereign strategies?
All strategies that meet the minimum qualifications will be considered. FPIF is focused on sovereign strategies and blended strategies that are benchmarked to the JP Morgan EMBI Global Diversified.
3. For the blended debt strategy, is there discretion on the benchmark/strategy allocation?

All blended strategies that meet the minimum qualifications will be considered. FPIF's Policy benchmark is the JP Morgan EMBI Global Diversified and managers will be measured against that benchmark, even if they traditionally use a different benchmark (e.g, Bloomberg Barclays USD Emerging Market Debt Index, 50% JP Morgan GBI EM Global Diversified Index / 50% JP Morgan EMBI Global Diversified Index, etc.)

4. Are total return strategies permitted for the blended debt strategy submission?
Yes. All blended strategies that meet the minimum qualifications will be considered.
5. As it relates to Section 1.2 Background of this RFP, is FPIF willing to consider two hard currency strategies from the same manager?
Yes.
6. For a blended strategy allocation, does IFPIF and Marquette have a preference on exposure across local vs. hard vs. corporates asset classes?
While there is no official preference, FPIF's Policy benchmark is the JP Morgan EMBI Global Diversified.

Track Record/History

7. Track Record
 - a. Regarding the RFP you recently published for EM Debt, we have an EM debt strategy which satisfies the criteria but the track record (GIPS compliant) is only since June 2021. However the predecessor strategy has a GIPS compliant track record back to 2009. Would this be sufficient to meet the minimum requirements for this RFP?
 - b. We would like to submit a blended sovereign and corporate EM strategy. The blended strategy would meet a AUM requirement, and Sovereign sleeve would meet a 3-year GIPS track record requirement. However, the corporate sleeve would not meet a 3-year track record requirement. Would the strategy itself meet the criteria to qualify based on a 3-year GIPS track record requirement?
No. The requirement for this RFP is a minimum three-years of GIPS compliant performance history in the proposed product/strategy as of September 30, 2023.
8. Our Emerging Markets Debt team has been managing this strategy for over 13 years (including 11 at a prior firm) and joined our firm in 2022 in a full team lift out. Their previous organization and strategy publicly reports GIPS compliance and we have created a strategy composite that we intend to submit for independent GIPS verification in line with our firm's policies and procedures. Although at two different firms, the entire team and investment strategy has remained the same. In this case, can you please confirm that we are eligible to submit for this opportunity as we meet all other criteria?
See minimum qualification #5. If the proposed strategy has a minimum of three-years of GIPS compliant performance history as of September 30, 2023, then it is

eligible for this search. The prior firm name and track record firm must be submitted in order for FPIF to evaluate three full years of performance history at minimum.

9. Our firm has been in existence since 2015, slightly less than ten years. Would Firefighters' Pension Investment Fund still consider us for this mandate?

No. The minimum requirement for this RFP requires the respondent to be in operation for at least ten years as of September 30, 2023, as an investment management organization as determined by the firm's SEC 1940 registration.

Vehicle

10. Vehicle:

- a. Will the FPIF consider commingled investment vehicles, such as a Collective Investment Trust, for this mandate?
- b. We understand that IL Firefighters preference is for a separate account. Would you consider a commingled pool, or is a separate account the only viable vehicle?
- c. Is there a preference in vehicle type?
- d. Will the client consider a commingled vehicle for this mandate or only a separate account? We have seen many of our institutional clients prefer to use our commingled.

Yes. FPIF prefers to invest in manager flagship strategies with minimal customization in a separate account structure. However, commingled vehicles will be considered.

Benchmark

11. Benchmark:

- a. I have a quick question about the preferred benchmark for the Firefighters EMD RFP: do you prefer the Blend strategy (50% JPM EMBI Global Diversified/50% GBI-EM Global Diversified) or the standard benchmark (50% JPM Government Bond Emerging Markets (GBI-EM) Global Diversified; 25% JPM Emerging Market Bond (EMBI) Global Diversified; and 25% JPM Corporate Emerging Market Bond (CEMBI) Broad Diversified)? Any kind of information on this would be greatly appreciated.
- b. Does IFPIF and Marquette have a preferred benchmark for a blended and hard currency allocation?

FPIF's Policy benchmark is the JPMorgan EMBI Global Diversified. FPIF will consider blended strategies, though will evaluate performance against the JP Morgan EMBI Global Diversified.

Data Sheet

12. Under the statistics tab on the excel file, you request information relative to the JPM EMBI Global Diversified bm, would this be applicable for blend strategies? Our hard currency debt strategy is managed against JPM EMBI Global Diversified and we take off-benchmark positions in local/corporates but we also have run blended strategies against a blended benchmark so it would be helpful to know what was most appropriate for this search.

There are two tables provided on the statistics tab of the excel file. The first table should be completed based off the strategy's preferred/stated benchmark. The second table should be relative to the JPMorgan EMBI Global Diversified.

Questionnaire

13. Questionnaire submission:

- a. If submitting two strategies is there a preference regarding having answers for both in one proposal document or can we submit two separate proposals?
- b. We are submitting two EMD strategies. We will complete a separate Excel file for each strategy as requested. For the proposal submitted in PDF format, do you have a preference whether each product is submitted in a separate document or should we combine both strategies into the same document?
- c. If a respondent is proposing two strategies, should they complete two questionnaires or is it preferred to submit one questionnaire with separate responses for each strategy below each question?

Please submit one questionnaire with clear separate responses for each strategy where applicable. Please submit separate excel files for each strategy.

14. Question #69:

- a. We are working on the FPIF RFP and would like clarity on the following question: Please provide a detailed performance attribution as of 9/30/2023. Could you please clarify the time period you would like attribution for, as well as what grouping you would like to see the attribution broken down by (i.e. sector, country, factor contribution)?
- b. Question #69 – What time periods for performance attribution as of 9/30/2023 would you like us to provide?

Please provide as detailed attribution as possible across 1 year, 3 years, 5 years, 10 years and since inception time periods.

15. As it relates to questions #82 and #83 – How does IL FPIF define “Structured Product”?

Structured fixed income includes investments in asset-backed securities, commercial mortgage-backed securities, agency mortgage-backed securities, secured corporate debt, and select collateralized loan obligations.

Sample IMA/Guidelines

16. Sample IMA/Guidelines

- a. Do you have a sample IMA or investment guidelines to review at this stage?
- b. Would you be able to provide us with a Sample IMA? In addition, could you please let us know whether respondents can submit alternative contract language as part of the RFP submission?

FPIF's Investment Management Agreement Template is located here:

<https://ifpif.org/investments/contract-descriptions/>

FPIF's Investment Policy is located here:

<https://ifpif.org/investments/investment-policy/>

References

17. References:

- a. Is it mandatory to have the client references invested in the proposed strategy? If you are proposing more than one strategy, do you need two sets of 4 references?
- b. If proposing two strategies, is a respondent required to provide four references for each respective strategy (8 total) or four in total representing the manager's EMD platform?

No. It is not mandatory that the client references be invested in the proposed strategy. However, FPIF would prefer that to be the case. Please provide four references total, if responding for two strategies please submit two references for each strategy. Please indicate which strategy the reference is familiar with if you are proposing multiple strategies.

Other

18. Exhibit A: 1. Item 6. Environmental Protection – does “executing broker” here mean any broker involved in trades for the account or does it mean something else?

Yes, “executing broker” is in reference to a broker executing trades for the account. Note that this section is applicable to subcontractors of investment management services, which may not include brokers.

19. Exhibit A: 2. Item 21. Record Retention – in the IMA, can we make it clear that such books and records will be available for review during normal business hours upon reasonable notice and that no information concerning the Respondent's other clients will be required to be disclosed?

This requirement will be expanded in greater detail in the IMA with the selected manager. The access provisions can be reasonably defined, including hours and notice of access. The requirement is intended to apply only to those records pertaining to FPIF's investments, not the Respondent's other clients.

20. Exhibit A: 3. Item 27. Disclosure of Subcontractors and Placement Agents. We will need to delegate investment management services to an affiliate entity, who will be mentioned in the RFP response. Will that entity need to be disclosed elsewhere? “Respondent Disclosures” is not defined.

Please include the identity of any subcontractors, including affiliates to which you would delegate investment management services, in response to Section 2.4 of the RFP.

21. How is the IL FPIF classified as tax-exempt under the Internal Revenue Code?

FPIF is tax-exempt pursuant to Internal Revenue Code Section 115.

22. I am having a problem downloading the RFP as a Word document. Is this something you could share in advance of the question response period?

No. The RFP has been provided in PDF format.

23. ESG considerations are integrated across our investment process but would IFPIF and Marquette have interest or preference for a sustainable focused strategy?

Sustainability factors will be considered in the evaluation process, though are not a requirement. FPIF will consider all strategies that meet the minimum requirements.