



**Illinois Firefighters' Pension Investment Fund**  
**Responses to Submitted Questions: Emerging Markets Small Cap Equity**

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 Markets Small Cap Equity. 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, July 12, 2024**. Responses to questions properly submitted are consolidated into a single Q & A document as detailed below and posted on FPIF's website on **Friday, July 19, 2024**. The Q & A document does not identify the source of the query.

**AUM**

1. AUM:

- a. I reviewed the minimum qualifications criteria for this search opportunity and was wondering if there was any potential flexibility/ exceptions possible related to the minimum strategy asset size of \$200 million. I ask because while our team is currently managing ~\$6.5 Billion in emerging markets equity assets more broadly, our EM Small-cap strategy AUM is currently at a smaller level of ~\$120 million. All other minimum criteria are met and the Marquette research team knows our EM team well. Most recent factsheets of our flagship EM Growth and EM Small-cap strategies are attached here for your reference. Both strategies utilize the same team, process and philosophy. Also worth noting, we intend to soft close the EM Small-cap strategy at \$750 million in size.
- b. This is in reference to the search by the Illinois Firefighters' Pension Plan for an EM Small Cap. EM Small Cap is the focus of our strategy as our weighted average market cap is under \$1b. We have a 6 ½ year track record of outperforming the EM Small Cap Benchmark by 470 bps/yr (net) and the broader EM Benchmark by 850 bps/yr (net) as of 6/30/24. In looking through the RFP it appears we fall just short on asset size and number of years in business. Could you help us determine if these are deal killers for being considered or if we should still consider applying.
- c. In Exhibit C "Minimum Qualifications," item 6 states a minimum of \$200mm in total assets under management in the proposed product/strategy. Our team utilizes an identical philosophy and process to manage a total of \$1.2 billion across four emerging markets composites. Of that total, \$220mm is invested in small cap EM companies (market caps below \$2 billion). However, the Emerging Markets Small Cap composite that we would propose for this search currently stands at \$97mm in AUM. Would our total EM small cap AUM of \$220mm at the team level qualify us for participation in this search?

- d. Our firm meets all the Minimum Qualifications to submit for this search, other than #6; "The respondent has a minimum of \$200 million in total assets in the proposed strategy as of June 30, 2024." We have \$88 million in EMSC strategy assets as of June 30, with a stated capacity of only \$1.5 billion. How would we go about getting an exception to participate in this search, given this is such a capacity constrained asset class?

**All products/strategies that meet the minimum qualifications will be considered.**

2. We are considering proposing two strategies for this opportunity. We have a fundamental strategy that meets all minimum requirements which we will be submitting. We also have a new emerging markets small cap quantitative solution launched by one of our portfolio management teams that manages as of 3/31/2024, \$21.4 billion in AUM across its platform which includes emerging markets and non-US equities. This team manages seven small cap equity portfolios including the Emerging Markets Equity Small Cap Advantage portfolio. As of March 31, 2024, the combined assets under management of these seven small cap strategies was \$408 million. However, the Emerging Markets Equity Small Cap Advantage strategy we would propose does not meet the GIPS or AUM requirements. Given our portfolio team's experience managing small cap companies in their other portfolios would this quantitative strategy be considered?

**All products/strategies that meet the minimum qualifications will be considered. Each firm can submit one emerging markets small cap strategy. You may also provide data on an emerging markets small cap ex-China strategy as stated in the RFP.**

3. Will there be any consideration for MWBE firms regarding the minimum of \$200MM in the proposed strategy as of June 30, 2024, but have total firm assets of \$2B or more?

**No. All products/strategies that meet the minimum qualifications will be considered.**

4. For the Emerging Markets Small Cap RFP, we would like to ask if aggregating all of our firm's emerging markets small cap managed assets from various strategies is fine for getting to the \$200 million in assets level.

**No. All individual products/strategies that meet the minimum qualifications will be considered.**

### **Strategy/Submissions**

5. Is the search specific to only Emerging Markets Small-cap strategies or is it open to any Emerging Markets Equity strategy?

**This search is specific to only emerging markets small cap strategies.**

6. Will multiple managers be considered for the Emerging Markets Small Cap mandate? Or will only one mandate be awarded?

**FPIF may consider awarding multiple mandates.**

7. Can we submit two proposals for this opportunity?

**Each firm can submit one emerging markets small cap strategy. You may also provide additional data on an emerging markets small cap ex-China strategy as stated in the RFP.**

### **Track Record/History**

8. Does the minimum of 3-year GIPS compliance performance history in the proposed product strategy as of June 30, 2024, a firm requirement or will the team's performance history suffice? For example, respondent's team was recently acquired and now has 1-year of performance history at current firm, but over 20 years of performance history from prior firm that is accessible via eVestment.

**If the proposed strategy has a minimum of three-years of GIPS compliant performance history as of June 30, 2024, then it is eligible for this search.**

### **Vehicle**

9. Vehicle:
- Is there a preference for a separate account vs fund?
  - Will a commingled fund be considered?

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

### **Questionnaire**

10. Exhibits:
- Under the Proposal content, 2.4 Description of Respondents experience and Qualifications and 2.5 References, should these be added as separate Exhibits, F and G, respectively? Please advise.
  - Please confirm that answers to Sections 2.4 and 2.5 need to be submitted as separate Exhibits in addition to Exhibits A-E included in the RFP template.

**Yes, please include additional exhibits for sections 2.4 and 2.5.**

11. Is question 84 only relevant if there is an EM SC x China composite or account? The question asks for "the holdings overlap (number and % of assets) between your various products", but Section 3.2 states bidders can only submit one EM SC strategy. Can you please clarify?

**The answer to this question should compare all emerging market small cap strategies that your firm manages. Each firm can submit one emerging markets small cap strategy. You may also provide additional data on an emerging markets small cap ex-China strategy as stated in the RFP.**

12. Directed Brokerage

- a. We were reviewing your recent announcement for the Emerging Market Small Cap search and noticed the mentioning of directed brokerage. Can you please confirm if this would be a hard requirement?
- b. Will directed brokerage be considered a minimum requirement?

**No, directed brokerage is not a minimum/hard requirement.**

**References**

13. Would it be acceptable to use 2-3 clients references that are invested in our Emerging Markets strategy suite (not specifically in our Emerging Markets Small Cap strategy) that all have the same investment team, process and philosophy?

**It is not mandatory that the client references be invested in the proposed strategy. However, FPIF would prefer that to be the case.**

**Other**

14. Is it possible to provide in a word format so that we can complete the questionnaire on our end? We are unable to copy and paste the questions as it is a scanned document. I checked the website site and could only source a PDF version. Please let us know if this is doable.

**No. The RFP has been provided in PDF format.**

15. The links listed in the RFP, the pages are not found. Please advise, as we will not be able to see the posted Q&A.

<https://ifpif.org/employment-procurement/>

<https://ifpif.org/policies-publications/>

**Updated links below:**

**Section 1:** <https://ifpif.org/investments/investment-procurement/>

**Section 4.1:** <https://ifpif.org/publications/fpif-policies/>

16. Your RFP states that the Firefighters' Pension Investment Fund is subject to the Illinois Pension Code. Although you do not specifically mention this restriction, we are aware from other searches that the Illinois Code requires that any potential disputes be subject Illinois law and jurisdiction. Our fund is subject to Delaware law. Can you confirm that this Illinois jurisdictional requirement applies to the FPIF?

**FPIF anticipates that its allocation to the selected manager will be governed by an investment management agreement between the manager and FPIF. That agreement would be governed by Illinois law and subject to the jurisdiction of Illinois courts. Investments by the manager for the benefit of FPIF do not need to be governed by Illinois law.**

17. Your RFP says that preference will be given to diverse businesses. We are a significantly women-owned business (50%). Can you clarify if your definition of a WBE is simply a significant ownership, or a majority ownership, such as 51%?

**Emerging Investment Managers and Minority Investment Managers must provide documentation of a current State of Illinois certification, documentation of a current state issued certification, or documentation of certification issued by a unit of local government. For Emerging Investment Managers and/or Minority Investment Managers without a government issued certification, the FPIF will require an attestation by the investment manager or General Partner stating that the investment manager or adviser is a "minority owned business," "female owned business," or "business owned by a person with a disability," as those terms are defined by the Business Enterprise for Minorities, Females and Persons with Disabilities Act. The Emerging Investment Manager or Minority Investment Manager is required to immediately notify FPIF as to any change in the matters covered by any such attestation. In the event it is discovered that an investment manager has misrepresented information to FPIF, such misrepresentation will be grounds for termination of the relationship. Minority Investment Managers may represent any asset class within FPIF's asset allocation. Allocations to Minority Investment Managers will be made in accordance with the fiduciary standards under which all FPIF investment advisers operate.**