

Questions and Answers

Questions relating to the Core Fixed Income Fund strategy:

Q: Will the RFP be to add additional core fixed income managers, or replace an existing manager(s) of the portfolio?

A: Possibly both. The result will be dependent on responses.

Q: Will the RFP prefer an active or passive approach to core fixed income investment management services?

A: As a result of the Passive Panel RFP, the State is not actively seeking pure passive management at this time.

Q: Will the RFP consider strategies that are part of commingled fund/vehicle?

A: Yes

Q: Will the RFP have preference towards a strategy that incorporates the broad Core Fixed Income Index or strategies used to disaggregate the Index?

A: We are seeking both.

Q: Are there any sectors or securities that are restricted – i.e. derivatives, fallen angels, split-rated, etc.?

A: Restrictions around derivatives, fallen angels, and split-rated securities can be negotiated in guidelines. That said, because this is a Core Fixed Income Fund, the focus is on investment grade debt instruments.

Q: Would the State of Connecticut consider Credit specific strategies – benchmarked to the Bloomberg Barclays US Credit Index or Long Credit Bond Index?

A: Yes

Q: Will the State consider a Strategy that is benchmarked against the Bloomberg Barclays Intermediate U.S. Aggregate Index?

A: Yes

Q: Would the State of Connecticut have interest in a strategy that utilizes Private Placements?

A: Yes

Q: Is there any latitude to use below investment-grade debt? Will core plus mandates be considered?

A: Because there is a designated High Yield Debt Fund, we are focused on Investment Grade Debt for this fund.

Q: Is "mortgage and asset-backed securities" defined as including CMBS and CLO's?

A: Yes

Q: Are investment grade floating rate corporate notes that meet all issuer restrictions an allowable investment?

A: Yes

Q: Will the mandate permit out of benchmark securities whether the mandate is maintained as core fixed or disaggregated? If so, is there a limit and or flexibility depending on the manager's product?

A: Out of benchmark securities can be permitted. Negotiated guidelines will indicate flexibility.

Q: Are we able to submit more than one RFP if we have two strategies that would work for your solution?

A: Yes, although we ask that you send them under separate covers to aid us in our review process.

Q: Is there an expected alpha target in mind?

A: No

[Questions relating to the main body of the RFP:](#)

Q: Per the RFP, one of the minimum qualifications is to have in excess of \$500 million in Core Fixed Income or equivalent firm-wide assets. We satisfy the qualification if we combine similarly managed strategies, such as Core Plus. Does this meet the definition of "equivalent firm-wide assets?"

A: We will review all responses received; however, this may impact sizing of the strategy.

Q: We understand that Steven Meier, Interim CIO, will be leaving the CRPTF in the near future. Should proposal responses continue to be addressed to his attention, or is there a new "Official Agency Contact" that proposals should be addressed to?

A: Proposal responses may be addressed to Lyndsey Farris, Principal Investment Officer. We will not be disqualifying RFP responses based on who they are addressed to.

Q: Will an electronic signature and certificate of completion via DocuSign in lieu of a notary be accepted?

A: Yes

Q: Would being registered with the U.S. Securities and Exchange Commission as an investment company under the Investment Company Act of 1940 fall within the parameters?

A: Yes

Q: Section II, Part B, Item 1, please clarify what is entailed by the "written reports" requirement? Is this reporting in lieu of or in addition to the online reporting?

A: In practice, reporting is shared online or through email. Occasionally we may require a hard copy of a report by request.

Q: The RFP in Section VIII - A. Instructions:- 10. Style Requirements does not state we are unable use our own template. Can we use our template if all style requirements are met?

A: Yes, but please keep in mind we prefer consistency across responses.

Q: As per section VIII.B.1.g of the RFR, the Cover Letter requires a statement that “the Respondent has read and accepts the State’s contract compliance requirements.” Can you confirm that the Compliance Reporting (found at <https://portal.ct.gov/OTT/Doing-Business/Compliance-Reporting>) is an exhaustive list?

A: The most recent compliance reporting requirements can be found here:

<https://portal.ct.gov/OTT/Doing-Business/Compliance-Reporting>

Q: Section VIII. Part B.2, (pg. 9), the section references potential investments ranging from US\$100m up to US\$1 billion. Should managers provide pricing that extends beyond a US\$1billion mandate to allow flexibility of asset/mandate growth over time?

A: If applicable

Q: In Question 1.b, Performance History (pg. 14), please confirm the desired performance requests should be provided as of 31 March 2021.

A: The March 31st date was to give managers adequate time to complete their GIPS audited performance in order to be considered for this mandate. However, firms are welcome to provide second quarter performance in addition to the time frame we requested.

Q: Performance attribution data for our composite does not go back to inception, would you accept data from the past five years in place of since inception?

A: This is acceptable as long as it is noted.

Q: For questions #23 and #24, the RFP asks for derivatives and leverage usage in 2019. Please confirm that this is the desired time period, or if the intention is for managers to provide 2020 data.

A: The question is designed to provide an understanding of derivative and leverage used by the manager within the strategy. As a result, 2020 data can certainly be used.

Q: Can you please clarify whether you would like expected excess returns for the strategy we are submitting versus a wider subset of fixed income strategies?

A: We are looking for excess return targets for those strategies that you are submitting.

Q: Is the 3-year track record requirement for the proposed strategy for the period ended 6/30/2021 or 3/31/2021?

A: 3/31/2021

Questions relating to Broker Dealer guidance:

Q: Would it be possible to receive a list of the broker-dealers registered with the State of Connecticut’s Department of Banking as referenced on page 103 of the RFP in 6.ii. defining Qualified

Broker-Dealers? Do such broker dealers need to be registered with the State of Connecticut or is it sufficient that such broker-dealers be registered with FINRA

A: The priority here is to direct commissions through Connecticut brokerage offices so the language is flexible to accommodate. We purposefully do not provide lists of brokers as the purpose of this program is to encourage our partners to consider new broker-dealer relationships, not direct trades.

Q: We aspire to use diverse broker-dealers, but we are only beginning to develop the capabilities to increase such use and track that usage. Will these limitations be an obstacle for considering our services for this opportunity?

A: While best execution should remain the priority, the purpose of this program is to encourage our partners to find and develop relationships with broker-dealers which may have been otherwise overlooked. While understanding not everyone will immediately be able to get to target, we would like to see efforts being made.

Q: Can you please clarify if the selected firm(s) as a provider of investment services to the CRPTF are encouraged “to utilize broker-dealers that are owned and actively managed by minorities, women, veterans, or persons with disabilities as well as Connecticut-based or emerging broker-dealers in the trading of securities within the CRPTF” – OR if the investment manager is obligated by contract to achieve “specific targets for the procurement of brokerage services from diverse firms” (e.g. “at least twenty (20) percent of securities trading volumes shall be directed to Qualified Broker-Dealers as measured on a combined basis”)?

A: There is no contractual obligation. These are targets to encourage our partners to utilize often overlooked broker-dealers.

Q: Could you clarify how the requirement of being registered for less than five years as noted would be determined?

A: We ask our managers to determine this when engaging with an emerging broker.

Questions related to the Investment Manager Agreement (“IMA”):

Q: The terms “convertible bond strategy” and “convertible bond portfolio management” are used on Page 54 and Page 55. Can the Treasurer confirm that this would be changed to “core fixed income strategy” and “core fixed income portfolio management” or similar in the IMA that the respondent would be acknowledging, accepting, and signing if selected for this mandate?

A: Yes. This is a sample IMA. A new IMA specific to proposed strategy will be drawn up with the chosen vendors.

Q: Section 6. Representations and Warranties of Manager, Letter R. references “any and all requisite bonds or surety agreements as may be required by law and has furnished a copy of such to the Treasurer”. Can the Treasurer provide clarification and/or example of requisite bonds or surety agreements it is referencing?

A: This is standard language in our IMA, but most likely not applicable to this mandate. Bonds or surety agreements are more common in construction contracts.

Q: Regarding Exhibit E. Security Addendum, Letter J. Security Certification, our firm selects a third party vendor to provide an annual security assessment. The vendor reviews firewall configurations, network/system policies, and IT policies to provide email/report detailing their assessment of our security program. Would this report/assessment meet the security certification requirements of the State for this RFP and future Investment Management Agreement?

A: Although we prefer a security certification of ISO 27001 or 27018, we will work with firms. We would need to review the vendor's report/assessment before making a determination.

Q: Exhibit 1 (Investment Management Agreement), Section 23 "Code of Ethics": Would you kindly please provide "the summary of State ethics laws developed by the State Ethics Commission", as referenced?

A: <https://portal.ct.gov/Ethics/Statutes-and-Regulations/Statutes-and-Regulations/Plain-Language-Summary-of-State-Ethics-Laws-for-Current-and-Potential-State-Contractors>

Q: Exhibit 1 (Investment Management Agreement), Section 37 "Applicable Executive Order of the Governor": Will Executive Order 61 be applicable to this contract? The italicized font states that it may be applicable.

A: Executive Order 61 is not listed in Section 37. We believe you may have been referring to Executive Order No. 14, which is not applicable to this contract.

Q: Regarding Investment Management Agreement, do respondents reserve the right to negotiate the Investment Management Agreement at a later date in your search process, or shall respondents provide a list of specific issues/questions related to Exhibit 1 documents as part of their response to the RFP on August 27th?

A: We prefer a list of specific issues/questions related to Exhibit 1 by August 27th to determine if there are any deal breakers – areas where a respondent cannot agree to the State's terms.

Q: If the bidding firm were to submit proposed revisions, would a list of the IMA provisions that the bidding firm proposes to discuss/negotiate be sufficient or does the State of Connecticut require more specificity at this stage?

A: This would be sufficient

Q: Can the State of Connecticut confirm that if a bidding firm proposes revisions to the IMA, that such proposals are an acceptable qualification to the blanket statement of acceptance set forth in Section IX.13 of the RFP?

A: We suggest that the bidding firm provide the statement and qualify it by stating that there are certain proposed revisions. Then, please provide the proposed revisions.

Questions relating to Affirmative action:

Q: Is a contract awarded pursuant to this RFP considered a "public works contract, municipal public works contract or contract for a quasi-public agency project" for purposes of Connecticut General Statutes Sec. 4a-60 and the associated regulations and the Section 15.B of the IMA? If not, it is this firm's understanding that it would not be required to file a written affirmative action plan with the

Commission. Can you confirm? If an affirmative action plan would be required, can the State of Connecticut please provide an example of what type of document(s) would be sufficient for this purpose?

A: Correct, this mandate is not considered a public works contract, municipal public works contract or contract for a quasi-public agency project

Q: The “Contract Compliance Requirements” of the RFP (p. 8) notes that the Treasurer “is required to consider the following factors in considering the Respondent’s qualifications: (a) success in implementing an “affirmative action plan;” (b) promise to develop and implement a successful affirmative action plan; (c) submission of bidder employment information indicating that the composition of the Respondent’s workforce is at or near parity in the relevant labor market area; or (d) promise to set aside a portion of the contract for legitimate minority business enterprises. What constitutes an “affirmative action plan” for these purposes? Do you have guidance on the minimum requirements for these plans or how they are evaluated? Is it correct that if a manager has a successful plan or promises to develop and implement a successful plan, then they would not need to submit employment information indicating workforce parity or promise to set aside a portion of the contract to legitimate minority business enterprises?

A: The OTT will take into account these factors in considering Respondents’ submissions. Employment information/workforce diversity statistics are required in Respondents’ responses, see Legal and Policy Compliance Attachments.

Q: Standard Investment Management Agreement (“Standard IMA”) Sections 15.A. and 26 as well as numerous other parts of the Connecticut Treasurer’s Office Core Fixed Income RFP (the “Conn. RFP”) state that the Contractor must comply with Conn. General Statutes Section 4a-60(a)(1), entitled: Nondiscrimination and affirmative action provisions in awarding agency, municipal public works and quasi-public agency project contracts. Section 4a-60(a)(1) requires the Contractor to engage in both non-discriminatory employment activities as well as to engage in what is generally viewed as Affirmative Action activities. In this area of law, jurisdictions use differing nomenclature and the term Affirmative Action and the requirements of an Affirmative Action Plan can vary by jurisdiction.

- a. Please confirm whether Standard IMA Sections 15.A. and 26 as well as numerous other parts of the Conn. RFP require what is commonly referred to as an Affirmative Action plan containing a Utilization Analysis. Please see Connecticut General Statutes, Section 4a-60, and 46a-68c for more information concerning the requirements.**
- b. If the answer to (a) above is Yes, please advise if the requirement for an Affirmative Action plan containing a Utilization Analysis is an unconditional requirement or whether there is any flexibility on that issue. See response to subsection (a) above.**
- c. Please advise if an Equal Opportunity in Employment Plan, that does not contain what is commonly referred to as an Affirmative Action plan containing a Utilization Analysis, would satisfy the requirements of Standard IMA Sections 15.A. and 26 as well as numerous other parts of the Conn. RFP. The OTT would need to review such Employment Plan to be able to provide guidance on this point.**

Questions relating to Most Favored Nations:

Q: Section 6.K of the Standard Investment Management Agreement in the Connecticut Treasurer's Office Core Fixed Income RFP (the "Conn. RFP") includes what is commonly referred to as a Most Favored Nation Fee Provision ("MFN Fee Provision"). Section 6.K states, in relevant part that: "The Manager represents and warrants that the fee arrangement contained within Exhibit D is the lowest fee arrangement offered to any of its clients for services that are similar to the services provided under this Agreement. For so long as this Agreement remains effective, in the event that the Manager reduces or agrees to fees which are more favorable than the fees stated in the then-current Exhibit D for any of its clients, the Manager agrees, represents and warrants that it shall immediately offer in writing the same fee arrangement to the Treasurer, and shall agree to amend Exhibit D to this Agreement to reflect such more favorable fee schedule as of the date such fee arrangement was offered to the Manager's other client(s)." Please confirm that the scope of the referenced MFN Fee Provision only applies to other accounts managed in the Core Fixed Income investment strategy.

A: The MFN would be negotiated in connection with contract negotiations

Questions relating to Legal and Policy attachments:

Q: Regarding Attachment A, Part V, the "% of applicants provided by source," do you require exact percentages or are estimated percentages sufficient?

A: Our preference is for exact percentages. If only estimated percentages are available, that should be noted and a justification provided.

Q: Do we need to complete "Attachment M - Real Estate"? It does not seem applicable as we are bidding on the investment management services. If we are not required to complete it, do we still need to submit it with a statement stating "not applicable" or can we simply omit it from our formal response?

A: Attachment M - Evaluation and Implementation of Sustainable Principles was included in the RFP and should be submitted. Attachment M - Real Estate that is included on https://www.ott.ct.gov/business_compliancereporting.html can be omitted from your response.

Q: In the "Notice of Legal Proceedings" included as Attachment G of the RFP (pp. 38-39), the Office of the Treasurer requires a signed affidavit disclosing Supplemental Information of "any and all ongoing internal investigations of any of Respondent's officers, directors or employees, giving specific attention to those persons who would be closely responsible for the products or services sought by the Office of the Treasurer" (see section 2.c. of the Notice). Is this and other language in the affidavit subject to negotiation?

A: Legal and Policy Disclosures are not negotiated.

Q: If the respondent submitted a full set of Legal and Policy Attachments in February 2021 and reconfirmed compliance with these attachments in July 2021, is the respondent required to submit a newly executed set of attachments as part of the RFP response?

A: The manager may reuse the July 2021 attachments, so long as there are no material changes. For ease of our review, please provide a letter with a statement to that effect.

Q: Should all of the Legal and Policy Attachments (A-N) are required to be completed and signed at the time of the RFP submission or only when awarded the mandate?

A: All attachments should be completed and signed at the time of the RFP submission.

Other questions:

Q: Can the State provide a current holdings report(s) for the portfolio?

A: We do not disclose current holdings during the RFP process. Some of this data can be found here:
<https://portal.ct.gov/OTT/Newsroom/Reports/Annual-Reports-of-the-Treasurer>

Q: Can the State provide the fees/fee schedule paid to the current investment manager(s) to manage the Core Fixed Income Fund?

A: We do not disclose this information during the RFP process. Some of this data can be found here:
<https://portal.ct.gov/OTT/Newsroom/Reports/Annual-Reports-of-the-Treasurer>

Q: What is the State's current Custodian bank?

A: We cannot disclose that information at this point of the process.