



Request for Proposals

Investment Consultant Services

2018

**Investment Consultant
Request for Proposals (RFP)
2018**

I. **Introduction**

The Public Employees' Retirement System of Mississippi (PERS) administers an investment portfolio of approximately \$27.6 billion in assets. Currently the assets are invested as follows: 64% in public equities; 18% in fixed income; 1% in cash; 10% in public and private real estate, and timber; and 7% in private equity fund of funds. With the exception of a short-term cash program managed in-house, the portfolio is managed externally.

PERS also administers the Mississippi Government Employees' Deferred Compensation Plan and Trust (MDC) a \$1.7 billion 457 plan, which currently offers 16 investment options comprised of separate accounts, comingled trusts, and mutual funds. Additionally, PERS administers a 401(a) defined contribution Optional Retirement Plan (ORP) available to higher education faculty members. This plan has three providers TIAA, VALIC, and ING. These firms offer a total of 50 mutual funds and 53 annuity options, which PERS is responsible for monitoring.

PERS is seeking investment consulting services to assist staff and the Board of Trustees (Board) in making prudent management decisions related to the PERS, MDC, and ORP investment programs.

II. **Scope of Services**

The services to be provided by the investment consulting firm shall include, but are not limited to, the following:

A. **General**

1. Assist in the development of policies, procedures, and guidelines for the various investment programs.
2. Provide prompt response to staff requests.
3. Attendance at the meetings of the Investment Committee of the PERS Board and other meetings as required.
4. Appear before legislative bodies as requested by PERS.

B. **Asset Allocation**

1. Provide periodic reviews of portfolio structure and investment strategies used relative to changes in the capital markets.
2. Conduct periodic asset/liability modelling analysis to assist in determining appropriate asset structure.
3. Provide analysis of portfolio structure of each major asset class within the PERS portfolio.
4. Research and make recommendations for use of alternative investment strategies as directed.

C. **Manager Search and Selection**

1. Maintain a broad database of investment managers, including their philosophies, styles, fee schedules, portfolio characteristics, firm characteristics, performance, and client base. The information should be available for a wide range of investment manager types including, but not limited to all categories of traditional domestic, international, and global managers, as well as, currency specialists, real estate, natural resources and private equity fund-of-one managers.

2. Provide analysis of potential search candidates and assist in identification of finalist candidate during the due diligence process.

D. Performance Measurement and Reporting

1. Prepare monthly flash reports on the performance of PERS' portfolio and investment managers, including a comparison with the performance of passive benchmarks.
2. Provide PERS with quarterly performance reports that include market overviews, manager and portfolio performance comparisons relative to appropriate market indices, benchmarks and composite fund portfolios, and peer universes. These reports should also include performance attribution detail and analysis.
3. Prepare quarterly performance reports for funds in the 457 and 401(a) defined contribution plans, including rankings relative to similar funds.

E. Research and Analysis

1. Prepare comprehensive analysis and advice on specific pension issues (both DB & DC plan issues) as requested by the Board.
2. Provide investment staff with access to all white papers and investment related research on both defined benefit and defined contribution topics.

F. Staffing

The firm will be responsible for providing the necessary numbers and types of staff required to carry out successfully the responsibilities set forth in the Scope of Services (Appendix E). In addition, the firm must ensure the following:

1. The Primary Consultant assigned to serve PERS, should not have more than seven clients during the term of the Consulting Services Agreement (the Agreement). The term "Primary Consultant" should refer to the most experienced consultant assigned to the relationship.
2. In addition to the Primary Consultant, one additional consultant with at least five years of defined benefit consulting experience must be assigned to the PERS relationship under the Agreement. This person must be fully capable of handling all aspects of the Agreement in the absence of the Primary Consultant.

G. Investment Training

1. Provide training to the PERS Board and staff on investment topics as requested.
2. Participate in educational workshops on specific issues designated by the Board and staff.
3. Participate in annual planning session for investment staff

H. Evaluation of Hardware and Software

The firm should be able to assist PERS' staff in the analysis and evaluation of software to aid in internal analysis of portfolio performance, structure, and risk.

I. Conflict of Interest

The investment consulting firm must agree to disclose all potential, current conflicts of interest, as well as potential conflicts as they might occur, and be willing annually to disclose all sources of revenue and all affiliations.

III. **Mandatory Qualifications**

A. **The proposer must meet all of the following qualifications to be given further consideration. Failure to satisfy each of the qualifications will result in the immediate rejection of the proposal.**

1. The firm must provide investment defined benefit investment consulting services to public plan clients with assets totaling at least \$75 billion.
2. The firm must currently have at least three public defined benefit pension fund clients, each with assets of \$10 billion or greater.
3. The Primary Consultant assigned to the PERS account must have a minimum of ten years of experience serving as the lead consultant for at least one public defined benefit plan relationship.
4. The Primary Consultant must have had at least five years of experience as the Primary Consultant to at least one public defined benefit pension fund with at least \$10 billion assets.
5. Firm must be contractually willing to serve as a fiduciary to all the investment programs administered by PERS.

IV. **Information to be provided by Proposer**

Following is a list of the required information to be provided by the proposer. A proposer that does not provide the information requested below may, at the sole discretion of PERS, be rejected. Please provide the information in the same order in which it is requested.

A. **Intent to Respond Notification**

The Intent to Respond Notice found in Appendix A must be returned by 5 p.m. CT November 14, 2017. This notice should be emailed to investments@pers.ms.gov.

B. **Cover Letter**

A cover letter, which will be considered an integral part of the proposal package, shall be signed by the individual(s) who is(are) authorized to bind the proposer contractually. This cover letter must indicate the signer is so authorized and must indicate the title or position the signatory holds in the proposing firm. An unsigned proposal may be rejected. The letter shall also contain the following:

1. The firm name, address, and primary telephone number.
2. A statement to the effect that the proposal is a firm and irrevocable offer good for one year.
3. A statement expressing the proposer's willingness to perform the services as described in this RFP.
4. A statement as to the availability of staff and other required resources for performing all services as described in this RFP.
5. Name, title, telephone number, and email address of the proposer's RFP contact person.
6. The name, title or position, and telephone number of the individual signing the cover letter, and a statement indicating that the signer is authorized to bind the company contractually.
7. The proposer's Federal Employer Identification Number and web address.

C. Statement of Mandatory Qualifications

Proposers must complete the Statement of Mandatory Qualifications contained in Appendix B, substantiating that your firm can satisfy each of the qualifications. The statement must contain sufficient information as prescribed to assure PERS of its accuracy. Failure to provide complete information may, in the sole discretion of PERS, result in the rejection of the proposal.

D. Proposal Questionnaire

Proposers must complete and return the Proposal Questionnaire contained in Appendix C. The information requested must be provided in the prescribed format. Responses which, in the opinion of PERS, materially deviate from the prescribed format may be rejected. All responses to the questionnaire will be subject to verification for accuracy. Proposals containing false or misleading information may, at the discretion of PERS, be rejected.

E. Fee Proposal

Proposers must submit their fee in the format prescribed in Appendix D. Any deviation from the prescribed format, which in the opinion of PERS is material, may result in the rejection of the proposal. The proposed fee shall include all costs and expenses for providing the services to PERS as described in this RFP, and shall be guaranteed for the term of the contract up to five years with one three year renewal option. Once the winning consulting firm is selected, the fee may be further refined depending on factors that may affect the proposed fee. In no case will the refined fee be higher than the fee contained in the proposal.

V. Submission of Written Questions

Questions proposers may have regarding the information presented in this Request for Proposals must be received via email. All questions should be sent to investments@pers.ms.gov.

Questions must be received no later than November 7, 2017. All questions received by this date will be answered by PERS in writing, without divulging the source of the query. Copies of all questions and PERS' responses will be sent to all parties who indicate the intent to respond to the RFP.

VI. Timetable

Board approves RFP timeline	October 24, 2017
RFP available on PERS website	November 1, 2017
Deadline for questions	November 7, 2017
Intent to Respond Notice	November 14, 2017
Deadline for RFP response submission	November 21, 2017
Semi-finalist interviews	December 11-13, 2017
Board approval of finalist firms	December 19, 2017
Finalists' interviews	January 22, 2018
Finalist firm approval by Board	February 26, 2018
Agreement begins	April 2, 2018

VII. Addenda: Errors and Omissions

PERS may modify any part of the RFP in writing by issuance of an addendum. Addenda issued prior to the final filing date for submission of proposals will be sent to all parties who indicate the intent to respond to the Request for Proposals. Addenda issued after the final filing date will be sent to all proposers as appropriate.

If a proposer discovers any ambiguity, conflict, discrepancy, omission, or other error in this Request for Proposals, (s)he shall immediately notify PERS of such error in writing and request clarification or modification of the document. Notice shall be given prior to the final filing date for submission of proposals. Modifications by PERS shall be made by addenda. Such clarifications shall be given by written notice to all parties who have been furnished a Request for Proposals. If a proposer fails to notify PERS of a known error prior to the final filing date for submission, or an error that reasonably should have been known, s(he) shall not be entitled to additional compensation or time by reason of the error or its late correction.

The provisions of any written amendment or clarification issued by PERS pursuant to this section shall be deemed incorporated by reference, and made a part of the contract awarded as a result of this Request for Proposals.

VIII. **Submission of Information**

- A. Five copies of your technical proposal together with a single sealed envelope containing five copies of your Fee Proposal in a sealed package should be delivered to:

PERS of Mississippi
Attn: Investment Dept.
429 Mississippi Street
Jackson, MS 39201-1005

Clearly identify the outside of the sealed proposal package with the proposer's name and return address and the statement "**Response to RFP Investment Consultant, 2018**". **Failure to clearly identify the outside of the proposal package may result in the rejection of the proposal.** PERS is not responsible for receipt of any proposal that is improperly labeled.

A soft copy of each document submitted should be emailed to investments@pers.ms.gov.

- B. Should your proposal contain information designated as confidential, a statement to that effect must be included in the cover letter. (Please mark any pages designated as confidential in the upper right-hand corner.) PERS will use reasonable efforts to exempt such pages or items from public disclosure, but makes no representations or warranties that such efforts will be successful. Please note that the entire proposal cannot be considered confidential.
- C. Except as specifically requested by PERS, submission of proposals or any portion thereof via facsimile transmission or email shall not be allowed. PERS shall not accept or consider any proposal material submitted in this manner.
- D. If, prior to the final filing date for submission of proposals, a proposer discovers an error or omission in a proposal already submitted to PERS, the only method of correcting, modifying, or completing the proposal is to withdraw the proposal in its entirety prior to the final filing date and time by written notification to PERS. A complete, corrected proposal package may be resubmitted, but not after the final filing date and time. Modification offered in any other manner, oral, written, or facsimile transmission, will not be considered.
- E. The proposals become the property of PERS upon submission. All costs for developing proposals and attending interviews are entirely the responsibility of the proposer and shall not be chargeable to PERS. PERS accepts no responsibility for lost and/or late delivery of proposals.

IX. Standards for Evaluating Proposals

The purpose of the proposal evaluation process is threefold: (1) to assess the responses for compliance with minimum qualifications, content, and format requirements; (2) to identify the proposers that have the highest probability of satisfactorily performing the services as described herein; and (3) overall cost. The evaluation process will be conducted in a comprehensive and impartial manner.

PERS may reject any or all proposals and may or may not waive any immaterial deviation or defect in a proposal. PERS' waiver of an immaterial deviation or defect shall in no way modify the Request for Proposals documents or excuse the proposer from full compliance with the Request for Proposals requirements.

Proposals that contain false or misleading statements, or that provide references that do not support an attribute or condition claimed by the proposer, shall be rejected.

Any attempt by a proposer to initiate contact with any member of the proposal evaluation team, the PERS' Board members, or PERS staff (other than the designated contacts) may disqualify the proposer from further consideration.

A. Pre-Evaluation Review

1. Each proposal package will be date- and time-stamped when received. Proposals received after the final filing deadline will not be considered.
2. Each proposal package will be inspected to ascertain that it is properly sealed and labeled. Proposals not passing this inspection may not be accepted.
3. All proposals will be reviewed to determine if they satisfy the mandatory qualifications specified in Section III and contain all the required submittals specified in Section IV. Those not satisfying the Mandatory Qualifications or not submitting all the information to be provided by proposers may be rejected.

B. Written Proposal Evaluation

Proposals that pass the pre-evaluation review will undergo an evaluation process conducted by the PERS' Investment Staff.

C. Clarification

Proposers may be requested to provide additional information and/or clarify contents of their proposal package. Other than information requested by PERS, no proposer will be allowed to alter the proposal or add new information after the final filing date.

D. Semi-Finalist Interviews

Up to five of the highest scoring proposers after the written proposal and fee evaluation will be considered semi-finalists and will have an oral interview with PERS' staff. The semi-finalists will be notified of the date and time of the interview to be held at the PERS Building in Jackson, Mississippi.

E. Finalists Selections

After completion of all evaluations, up to three finalists will be recommended for interviews with the PERS Board.

F. **Reference Checks and On-Site Inspections**

Reference checks will be conducted for each finalist. On-site inspections of offices may be conducted for any or all finalist at the option of PERS.

G. **Finalist Interviews**

The finalists will have an interview with the PERS Board or its Investment Committee.

XI. **Awarding of the Contract**

Based upon the overall scoring together with the finalists' presentations before the PERS Board or Investment Committee the contract will be awarded on or before March 1, 2018.

XII. **Commencement Date**

The Agreement shall be effective April 2, 2018.

XIII. **Term**

The Agreement will be for a five-year period with one three-year renewal option.

Appendix A

Intent to Respond

(Firm Name)_____ has received the Public Employees' Retirement System of Mississippi's Investment Consultant RFP, and ___ does or ___ does not intend to respond to the request.

Signed _____
Title _____
Date _____
Phone _____
Email _____

In order to participate in the RFP process this completed document must be emailed to investments@pers.ms.gov on or before 5 p.m. CT November 14, 2017.

Appendix B

Statement of Mandatory Qualifications

(Firm Name)_____ certifies that it meets the following mandatory qualifications.

Please initial each as applicable.

1. _____ Currently providing investment consulting services to defined benefit clients with assets totaling at least \$75 billion.
2. _____ As of November 1, 2017, this firm has at least three public defined benefit pension fund clients each with assets of at least \$10 billion.
3. _____ Primary Consultant proposed to be assigned to the PERS account has a minimum of 10 years' experience providing investment consulting services to public defined benefit plans.
4. _____ Primary Consultant proposed has at least five years of experience as the primary consultant for at least one public defined benefit pension fund with at least \$10 billion in assets.
5. _____ Firm is willing to contractually serve as a fiduciary with respect to all investments programs administered by PERS.

Signed: _____

Date: _____

Title: _____

Appendix C

2018 MSPERS Investment Consulting Services RFP Technical Proposal

Please provide the name, title, address, and telephone numbers of the person to be contacted regarding the responses to all of the following questions. Each item must be addressed. Responses should include the original question and as well as your response. Failure to follow this format will eliminate your responses from consideration. Any questions should be sent to investments@pers.ms.gov.

I. Firm Qualities

The following five traits have been identified as “Best-in-Class” qualities for a top-tier consulting firm. Please address each of the characteristics identified and how your firm fits the stated criteria:

A. Excellent Communication with Clients

Best-in-Class firms are proactive in communicating with clients about what is going on within their firms. They also keep clients abreast of what is happening in the global markets, with the investment managers a client utilizes, and of any issues that might affect the client’s investment portfolios.

B. Transparency with Respect to All Firm Activities

Best-in-Class firms are open and upfront with clients about all aspects of their business, including potential conflicts of interest. As such, they proactively provide clients with complete disclosure about possible conflicts of interest and do not shy away from such openness.

C. Employee Retention Mechanisms

Best-in-Class firms recognize that barriers to entry in consulting are virtually non-existent and that any of their employees could leave at any time and go into business for themselves. Consequently, the best consulting firms work hard to decentralize ownership and create other retention incentives that allow employees to participate as “owners” in the business. In the process, these firms create a culture that sells employees on staying with “their” business each day.

D. Buy, Hold, and Sell Analysis of Managers

Best-in-Class firms have strong, well-reasoned convictions about investment managers in the same way that an outstanding portfolio manager has thoughtful buy, hold and sell opinions about the securities in their portfolio.

E. A Focus on Strengths and Understanding Organizational Limitations

Best-in-Class firms do not try to be all things to all people. These firms have a clear understanding of what they do well and, as importantly, what they do not have the capacity to handle. With this self-insight, Best-in-Class firms only pursue assignments where they will excel and are upfront with clients about work they can’t handle.

II. Consulting Service Information

Location and History

1. Provide your firm's complete name, street address, and web address. Include the name and title of the proposed primary and secondary consultants and the location from which they will work and, if different, the main location from which consultant support work will be conducted.
2. Provide a brief history, from inception, of your firm and any parent organization. Within the past three years, have there been any significant developments in your organization such as changes in ownership, restructuring, mergers, or personnel reorganizations? If so please describe. Do you anticipate future significant changes in your organization's ownership structure? If yes, please describe.

Organization, Ownership, and Independence

3. Describe the current ownership structure of your organization giving specific details with regard to any parent or affiliates. Include an organizational charts for (1) the firm executive management team, (2) each regional office, (3) manager research staff, and (4) investment research and asset allocation modeling staff.
4. Describe the line(s) of business of your firm, any parent organization, and any affiliated companies. How many employees are involved in each line of business?
5. What is the percentage breakdown of revenues from each line of business? What percentage of total revenue is from public defined benefit fund consulting?
6. Is your firm, any parent or any affiliate, a registered investment advisor with the SEC under the Investment Advisors Act of 1940? If yes, please provide copies of all financial statements, including those for any affiliates, as required for filing with the SEC. If not, what is your fiduciary classification?
7. Within the last five years, has your organization, its parent, any affiliate, or an officer or principal been involved in any litigation or other legal proceedings? If so, provide an explanation and indicate the current status or disposition.
8. Please describe the level of coverage for errors and omissions insurance and any fiduciary or professional liability insurance your firm carries. List the insurance carrier(s) supplying the coverage.
9. Are there any circumstances specifically related to investment consulting activities under which your firm, its officers or employees receive direct or indirect compensation from investment managers? If so, describe in detail.
10. Disclose any other affiliations, strategic alliances, joint ventures, and referral arrangements, if not previously disclosed in this RFP.
11. Has your firm adopted the Code of Ethics and Standards of Professional Conduct of the CFA Institute (CFAI)?

12. Provide a copy of your firm's code of ethics and conflicts-of-interest policies. If none exist, explain how you manage potential conflicts of interest.
13. Exhibit I contains a listing of investment managers currently retained by PERS. Please disclose in detail all business of any kind that your firm or any affiliate of your firm does with any of the listed investment managers. If retained by the PERS, will you agree to disclose this information on an ongoing basis?
14. Provide a complete explanation of any direct contractual relationships that your firm or any affiliate of your firm, has with any investment management firm not currently retained by PERS.
15. Are you aware of any situation regarding your firm that may be considered a potential conflict of interest with PERS, its staff, or trustees? If so, describe in detail.
16. Please disclose any notices or letters received from regulatory agencies, such as the Securities and Exchange Commission, regarding perceived conflicts of interest in your business.
17. Describe your firm's commitment to public fund consulting over the next ten years. If you expect your commitment to diminish or otherwise change please explain why.
18. Describe your firm's security policy to protect client information and confidential data.
19. From a budgeting perspective over the next five years in what area(s) of investment consulting services does your firm plan focus the most resources developing/expanding?

Employees

20. Provide biographies of the primary and secondary consultants who would be assigned to our account. Please include their location, a list of current clients and if they have written any white papers in the past three years please include a copy with your response.
21. Describe how the consultants dedicated to PERS would function and the distribution of client responsibilities.
22. List senior staff hires and departures over the last three years.
23. Provide data relating to turnover ratios of your investment management research staff over the last three years.
24. Do any of your investment consultants have portfolio management or defined benefit plan sponsor experience? Please give details and identify such individuals.
25. Explain how the firm controls the quality of service provided to the clients, the number of consultants in the firm, and the average number of clients assigned per consultant. What is the maximum number of clients per consultant you maintain?
26. Describe your firm's compensation arrangement for professional staff. How does this arrangement encourage the retention of key individuals?

Asset Allocation & Investment Policy Analysis

27. Discuss in detail the theory and methodology of the asset allocation models you employ. Provide a sample asset allocation report including current capital market return assumptions.
28. How do you factor in the characteristics of plan liabilities in your asset allocation process?
29. Describe your view on portfolio rebalancing and market timing.
30. Outline your internal process for providing periodic reviews of investment policy, asset allocation, and portfolio structure and how this is communicated to clients.
31. What is your firm's views on the role of passive management?
33. What is your commitment to internal research for the development of the assumptions used in your asset allocation model(s)?
34. What strategy or evaluation process does your firm employ to measure the risk tolerance of a client?
35. How do you address client biases that may adversely affect the outcome of the asset allocation model or manager selection processes?
36. What time frame does your asset allocation model use?
37. How often do you recommend a formal review of asset allocation policies?
38. Describe your firm's philosophy and methodology for identifying and evaluating new investment opportunities. Is the recommendation of new opportunities proactive or is this strictly client-driven?
39. Describe how your firm thinks about portfolio risk. How is it factored into your portfolio construction recommendations?
40. How do you measure risk at the total fund, asset class, and investment manager level?
41. Describe your process for benchmark selection for individual managers, asset classes, and total fund.
42. Discuss your firm's view on currency management and experience in evaluating currency management strategies.

Performance Measurement and Portfolio Analytics

43. Is the performance you report calculated independently? Are performance reports reconciled with the custodian before they are provided to clients?

44. Please provide a copy of a quarterly performance report that includes any attribution/portfolio analysis data available to clients for both public market and private market portfolio strategies.
45. Are all performance reports compliant with GIPS® performance presentation standards?
46. How quickly after a quarter end are client performance reports available?
47. How much flexibility is there in your reporting format? Can reports be customized?
48. Briefly describe your firm's peer universe database(s) (include size, composition, percent public funds, percent private funds, etc.). Is it proprietary or purchased from an independent source? If proprietary, how is the data compiled?
49. Describe the quality control process for your quarterly performance reports. Who reviews the materials to insure the information is correct and consistent?
50. What is your view on traditional asset/liability modeling vs. risk-based portfolio construction?
51. Describe your firm's commitment to research and systems enhancements. What, if any, expansions do you anticipate in your technical and systems capabilities?
52. Do you provide access to any web-based analytical software to your clients? If yes, please describe.

Manager Search Process and Asset Allocation Implementation

53. Explain how firms enter your manager/fund search universe database.
54. Describe your investment manager research.
 - a. Does your firm maintain an in-house database of investment managers?
 - b. If not, what vendor(s) provide(s) this information to you?
 - c. How many managers by asset class and subcategory are contained in your database?
55. What is your investment manager research process? Describe how your firm or your vendor gathers, verifies, updates, and maintains the data collected on managers for the database.
56. How are new, prospective managers included in the database?
57. Do you—or does your vendor—charge direct or indirect fees for investment managers to be included in your firm's database?
58. If you have an in-house database, do you sell this information to third parties?
59. Do you have individuals dedicated to manager research within your firm? If so, describe their qualifications, area of expertise, number, and location.

60. Describe your firm's policy regarding frequency of on-site manager visits. Describe their role in the manager search process.
61. How many manager searches have you completed within the last 12 months?
62. Describe in detail your firm's process for evaluation and selection of investment managers. Detail some of the key issues you would examine in the process. Include an actual manager research report with your response. What role does the client play in the search process?
63. What do you believe sets your manager search services apart from others?
64. Do you charge investment managers any direct or indirect fees when they are successful in manager searches that you conduct on behalf of your clients?
65. There appears to be a low correlation between managers' historic performance and the ability to maintain superior performance. Do you agree or disagree? Discuss findings that support your views.
66. Has your manager evaluation process resulted in the recommendation of the investment managers consistently over several searches? If yes, please explain why.
67. Have you ever assisted any clients in the development and/or evaluation of: (a) internal asset management programs, or (b) economically targeted investments or other "social" programs? If so, provide a brief outline of your experiences. If not do you have the capability to do so?
68. Explain how manager due diligence reviews are performed and at what point such reviews would be initiated. Do you initiate or do you wait for instructions from your client to do so?
69. Describe the firm's process and criteria for recommending a manager be placed or removed from probation, or replaced.
70. Describe your abilities to evaluate specialty asset managers (i.e., currency overlay programs, hedge funds, commodity managers). Are there any manager types that you have difficulty evaluating? If so, why and what plans are there for alleviating the problem?
71. Describe your firm's view on allocations to cash and the capabilities in evaluating cash management programs, including short term investment funds (STIF).

Investment Research

72. Describe the internal structure and organization of your research department. If no separate department exists, describe how this function is performed.
73. Describe the manner in which external resources and sources of information are used in the research process. How does your firm integrate internal and external research? Outline your process for monitoring and reporting on market trends.

74. Please describe in detail the type and frequency of research that would be provided to PERS.
75. Include in your response three, recent research reports on special topics generated by your firm.
76. Describe the educational opportunities your firm offers your client's trustees and staff. Give details on whether one-on-one, classroom or seminar environments are available. Is your internal staff or are external resources used for this training? Is this training typically included as part of your standard consulting services or is it offered as a separate (fee paid) service?
77. Does your firm conduct research in both defined benefit and defined contribution areas of interest? If so, please provide a copy of recent defined contribution related research piece.

Defined Contribution Plan Experience

78. Describe your firm's experience in working with defined contribution plan sponsors.
79. What are your capabilities in the area providing performance monitoring and evaluation of mutual funds and annuity products?
80. Have you any experience in evaluating third party administrator services? If yes, describe.
81. Do you have resources dedicated to defined contribution consulting and/or research? If yes, please describe and provide organizational charts and bios as appropriate.

General Alternative Investment Experience & Expertise

82. Do you have clients using alternative investments? If so, what form of alternatives primarily? How does your firm assist in the design, implementation, and monitoring of such an investment program?
83. What resources (both staffing and technology) do you have dedicated to working specifically in the area of alternative investing (i.e. real estate, private equity, hedge funds, etc.)?
84. How many clients do you currently provide consulting services for in the area of alternative investments? With respect to those clients does your firm serve as the general consultant and also cover alternatives or were you hired solely to consult on alternatives?
85. What sets your firm apart from other consultants regarding your skills at alternative investment consulting?
86. What factors do you consider in designing and recommending an alternative investments program for a client?

87. Does your firm develop alternative asset class return assumptions? If so, what are your current risk and return assumptions for private real estate, REITS, timber, hedge funds, and private equity.
88. Describe your process for providing a review of your client's alternative investment policy and portfolio structure.
89. How often do you recommend a formal review of an alternative investment policy?
90. Has your firm recommended investing in any hedge fund opportunity that later was discovered to have been involved in fraudulent activities. If so, describe any enhancements to your diligence process to better detect such problems.
91. Describe your firm's philosophy and methodology for identifying and evaluating new alternative investment opportunities. Is the recommendation of new opportunities proactive or is this strictly client driven?

Private Equity Investment Experience & Expertise

92. To how many clients do you provide private equity investing advice and consulting services?
93. Do your clients invest directly in private equity or do they use a fully discretionary manager to service and manage a portfolio on their behalf? Which method do you most often recommend and why?
94. Do you have staff devoted solely to private equity investment work? If so, please provide bios for that team. If not, who handles client searches in this area?
95. Describe your due diligence process for screening private equity partnerships and private equity fund-of-funds managers.
96. Do you provide assistance in reviewing partnership terms?
97. Can you provide memorandums for pacing analysis, fee analysis, and overall recommendations on fund-of-one private equity investment managers?
98. Describe your private equity GP database.
99. If required, are you able to maintain a database of historical cash flows, NAVs, unfunded commitments by partnership fee payments, cost basis, and return on each partnership investment?
100. Can you provide both time-weighted returns and IRRs, as well as appropriate benchmark measures, for all private equity investments?
101. What are your views on appropriate benchmarks for private equity? How do you determine or develop benchmarks?
102. How do you gather and verify data on private equity managers?

103. What is your firm's competitive advantage in providing private equity consulting services?
104. Describe the staff resources dedicated to private equity.
105. What provider do you utilize to provide clients with private equity comparative universe data?

Real Estate Investment Experience & Expertise

106. Please discuss your ability to provide current and ongoing assessments of the U.S. and global commercial real estate markets.
107. Describe your firm's expertise in the area of real estate. How many professionals, if any, are dedicated to your real estate research team? Please provide bios for all members of that team.
108. How many clients do you have who currently invest in real estate? Do they use your firm as their sole consultant for real estate or do they also use a dedicated real estate consultant?
109. Describe your real estate fund database. How do you find out about new funds being brought to market?
110. Can you provide assistance to a client's legal counsel in negotiating real estate partnership agreements?
111. Describe your process for providing analysis of and recommendations for private real estate partnership investments? Please provide a sample analysis report for a non-core real estate partnership opportunity.
112. Can you provide both time-weighted returns as well as IRRs on real estate fund investments?
113. Explain your firm's philosophy on the role of real estate within a large institutional public plan portfolio.
114. Do you have clients who currently invest in timber? In agriculture? What in-house expertise do you offer in these areas?
115. What competitive advantage do you have in the area of real estate consulting?

Hedge Fund and Absolute Return Investment Experience & Expertise

116. Do you currently provide consulting services for clients who invest in hedge funds?
117. Do you have staff devoted solely to hedge fund investment work? If so, please provide bios for the members of that team. If not, who handles client searches in this area?
118. What is your philosophy on hedge fund investing?
119. What do you see as the greatest risk facing hedge fund investors?

120. Describe your research capabilities in the area of hedge funds.
121. Describe how you conduct a typical hedge fund search. What level of due diligence do you conduct? Is your due diligence ongoing once a fund is hired?
122. How would you benchmark hedge fund returns?
123. What are your current risk and return assumptions for absolute return investments?
124. What is your firm's competitive advantage in providing hedge fund/absolute return consulting?

General Investment Consulting Services

125. If requested, could your firm provide on-site training sessions for trustees and staff?
126. Does your firm have in-house expertise in evaluating custodial bank service and fees? If so, please describe.
127. Does your firm have in-house expertise in structuring/evaluating securities lending and collateral management for securities lending? If yes, please describe.
128. Describe what you see as your role in the area of general guidance and direction to staff and the Board of Trustees. Do you consider your role to be that of an advisor or a consultant? How do you define each?
129. Do you consider the services and advice you provide clients to be proactive or reactive? If asked, would your current clients describe your efforts as proactive or reactive?
130. Does your firm benchmark its own performance? If yes, please describe the process used. If no, how do you identify areas for improvement?
131. Do you currently offer OCIO services? If yes, how much of your current revenue is generated from that line of business? Please provide a list of all OCIO relationships. If you do not currently offer the service, do you plan to do so over the next five years?
132. What are the greatest strengths of your firm?

Reference Information

133. Please supply a list of your five largest clients, and include size of their fund and the type of relationship (e.g. full retainer, general consultant, special project, etc.).
134. Please list all public fund clients. Include the size of each fund and length of the relationship and type of consulting services provided.
135. Please provide four references including at least three public defined benefit and one defined contribution client. Include a contact name, title, fund, email address, and phone number for each.

136. Please provide the number of all clients who terminated your firm's services in the past three years. In each case, detail the reason for the termination and the services that were being provided.

Appendix D

Fee Proposal

The term of the contract is to be five (5) years with one three (3) year extension option. The fee proposal should be guaranteed for a period of up to eight (8) years. Proposer should submit an all-inclusive annual fee for services listed in Appendix E. This fee should represent the only compensation received by the consultant for investment consulting services provided PERS.

Fee proposal: Year 1 _____

Year 2 _____

Year 3 _____

Year 4 _____

Year 5 _____

If required: Year 6 _____

Year 7 _____

Year 8 _____

Appendix E

Scope of Services

The consulting relationship with shall include any services that would normally be provided under a full-service consulting retainer agreement. Specific services that may be requested by the Board or staff shall include, but not be limited to:

- monitoring of investment program, and making recommendations for improvements as appropriate;
- providing annual formal written review and analysis of adopted asset allocation targets;
- providing written quarterly performance reports
 - quantitative portfolio analysis
 - benchmark comparisons
 - qualitative observations
- performing asset allocation studies and asset liability modeling as requested;
- attending all Defined Contribution Committee and Investment Committee meetings, and any other meetings staff views as necessary to properly provide the services detailed herein;
- assisting in all public market manager/fund searches and assisting in the evaluation of private market investment opportunities;
- participating in educational workshops for trustees and staff;
- assisting in the analysis of investment related statutes and policies;
- reviewing Mississippi Deferred Compensation Plan and the Optional Retirement Plan including production of quarterly performance evaluation of investment options offered in each plan;
- assisting as requested with custodial bank, securities lending agents, and or/third party administrators evaluations and selection;
- providing access to all studies and reports that may be developed by your firm;
- producing a customized *Executive Summary* as part of the quarterly reporting package;
- providing comparisons of PERS performance versus a public plan universe acceptable to PERS
- provide investment-related fee (i.e. investment management, TPA, custodial bank, etc.) comparisons as requested;
- any other services that may reasonably be expected under a full-service investment consulting agreement.

Exhibit 1
PERS Investment Managers
9/30/2017

Northern Trust	S&P 500 Index
Eagle Capital	US LCC
Wedgewood	US LCG
SSgA	R1000V Index
Boston Company	US MCC
Wellington Management	US MCV
Artisan Partners	US MCG
Dimensional	US SCV
Wellington Management	US SCC
Riverbridge	US SCG
BlackRock	EAFE Index
Arrowstreet	ACWI x-US
Baillie Gifford	ACWI x-US
Marathon	ACWI x-US
Mondrian	Intl SC
Pyramis	Global SC
Lazard	EM
Fisher Investments	EM
Acadian	Global Equity
Epoch	Global Equity
Harding Loevner	Global Equity
Longview Partners	Global Equity
BlackRock	BB Agg Index
PIMCO	US Core FI
Manulife	US Core FI
Loomis Sayles	Core Plus FI
Prudential	Core Plus FI
PIMCO	Global FI
AB	Global FI
Wellington Management	EMD
CenterSquare	US REIT
Cohen & Steers	Global REIT
Principal	Core RE
UBS	Core & Core Plus RE
JP Morgan	Core RE
Hancock	Timber
AEW	VA RE
Heitman	VA RE
Angelo Gordon	VA RE
Invesco	VA RE
TA Realty	VA RE
Westbrook	VA RE
Pathway Capital	Private Equity FoF
Grosvenor Capital	Private Equity FoF

Exhibit 2

PERS of Mississippi Asset Allocation

	Current 9/30/2017	Policy
Public Equity		
Domestic	29%	27%
Non-US Developed	18%	18%
Global	12%	12%
Emerging	<u>5%</u>	<u>4%</u>
	64%	61%
Fixed Income	18%	20%
Real Estate	10%	10%
Private Equity	7%	8%
Cash	<u>1%</u>	<u>1%</u>
	100%	100%