



## Request for Proposals Global Equity RFP

### Background

The Highway Patrol Retirement System (HPRS) was created in 1941 to provide pension benefits for uniformed members of the Ohio State Highway Patrol. The system provides age and service, disability, survivor, and death benefits, as well as health care coverage, for benefit recipients and their eligible dependents. At June 30, 2020, HPRS had assets of approximately \$880 million.

### Request for Proposal

HPRS is considering modifications to its investment portfolio through the selection of a **Global Equity strategy** which may include a blend of public equities listed in the U.S., non-U.S. developed markets, and emerging markets. As such, HPRS is seeking to identify candidates that may complement its existing investments which, in the aggregate, are structured with the goal of meeting or exceeding the System's 7.25% actuarial rate of return without taking undue risks.

The system is interested in evaluating managers that are qualified to operate a commingled investment fund that will absorb an investment by HPRS of up to \$100,000,000.

### Proposal Requirements/Process

The strategy of interest should invest in public markets with the goal of providing diversification, income and return enhancement to a portfolio.

A candidate must --

- 1) be an SEC-registered investment adviser,
- 2) have at least \$5 billion in firm assets under management
- 3) have at least 5 years in operation as a firm,
- 4) agree to operate as a fiduciary of HPRS,
- 5) agree to an MFN clause that recognizes the combined invested assets of all Ohio public plans,
- 6) agree to comply with Ohio ethics laws, and
- 7) be bonded or insured to an amount of not less than one million dollars for loss by reason of acts of fraud or dishonesty.

If it qualifies, please indicate your firm's status as Ohio-Qualified and/or minority/female-owned pursuant to Ohio law.

Please submit your proposal **electronically** no later than **September 18, 2020**. Proposals must present the information in the order of the questions listed below. Responses longer than thirty (30) pages will not be considered. Supporting materials may accompany the RFP as attached exhibits **in a separate file**.

Please complete and submit the Excel file, “HPRS Global Equity RFP.xls,” with the RFP. Do not change the name or format of the file.

Please submit your electronic files with the subject “**HPRS Global Equity RFP Submission**” to the following address:

Clearstead Advisors  
[hprs@clearstead.com](mailto:hprs@clearstead.com)

**Please do not submit hard copies.**

**A quiet period will be in effect from the time the RFP is issued until a decision is made. Clarifying questions may be sent to Aneet Deshpande at [adeshpande@clearstead.com](mailto:adeshpande@clearstead.com).**

Part I: Organization and Background

1. Please provide the following information:
  - a. Company Name
  - b. Product/Fund Name and Fund Legal Structure
  - c. Portfolio Manager Name(s)
  - d. Primary Contact Name(s)
  - e. Firm Address, Phone Number, Email Address
  
2. Briefly describe the origins and history of the company. Who were the founders of the company and are they still active? Are there any new principals? Please summarize the key events within the last three years (e.g., changes in personnel, ownership, structure, etc.).
  
3. Describe the ownership structure of the company and any affiliated companies. Please detail all lines of business and provide the approximate contribution of each business to the firm's total revenue.
  
4. Please provide an organizational chart and a description of the division of authority among the principals and officers of the firm. Please provide the total number of persons employed by your firm and how they are assigned as categorized in the following table:

<b>Personnel</b>	<b>Jun. 30, 2020</b>	<b>Dec. 31, 2019</b>	<b>Dec. 31, 2018</b>
Management/Admin			
Portfolio Managers			
Research Analysts			
Operations/Compliance			
Marketing/Client Service			
Other (please specify)			
Totals			

5. Please provide biographies of the principals and key employees.
  
6. Has your firm lost any key personnel over the last three years? If so, what were the circumstances behind these departures? Please generally describe your firm's succession plans.
  
7. Do all professionals have an exclusive contract with the firm? If not, what measures are in place to prevent key professionals from leaving the firm?

8. Please describe the general structure of compensation of key professionals within your firm.
9. Who are the professionals dedicated to the global equity strategy? Please list the names, titles, and the function, and describe how they work together. Name additional resources of the firm, not specifically dedicated to the global equity strategy, but available to the fund.
10. What are the assets under management for your firm?
11. What is your firm's current client mix?

<b>Client Type</b>	<b>Number of Clients</b>	<b>Percentage of AUM</b>	<b># Clients Gained/Lost in Last 3 years</b>
Corporate			
Public Fund			
Union/Taft-Hartley			
Foundation/Endowment			
Health Care			
High Net Worth			

12. What are your current plans for asset growth, new strategies, or products? How do you plan to implement these plans, and who is responsible for implementation?
13. Provide a list of all professional counterparties/service providers with which the firm maintains a significant or noteworthy business relationship, and state the length of the relationship.

## Part II: Strategy, Philosophy and Process

1. How long has the firm been investing in global equities?
2. Describe the current market opportunity for global equities. Where is the team finding its best ideas?
3. In detail please describe your investment philosophy, strategy, and process for the fund you are proposing.
4. What is the structure of the fund and the rationale behind the structure?
5. Please describe the portfolio construction process, including the parameters and constraints that you use when constructing a portfolio, and who is responsible for portfolio composition?
6. Please describe how you handle poorly performing investments?
7. What distinguishes your approach from that of your competitors? What are your competitive advantages?
8. Describe any changes you have made to your approach over time.
9. Describe the depth and capabilities of your research team.
10. How many languages are spoken amongst your investment / research teams? Please provide detail?
11. How do you achieve adequate diversification? How many holdings are typically in the portfolio?
12. What risk factors do you target and monitor?
13. In a normal environment, do you visit with company management on-site? How has your team adjusted its due diligence process based on the pandemic?
14. Describe the geographies and sectors in which the strategy principally invests. Are there certain areas where your firm has more expertise or comfort?
15. How do you safeguard against fraud or misrepresentation of financial data by any publicly traded firm?

### Part III: Performance

1. Please state the return and volatility targets—as applicable.
2. What is the primary benchmark? Please identify any change in the benchmark over the life of the strategy.
3. To what do you attribute variations in performance? How do you distinguish among the factors of general market conditions, returns specific to sectors/securities, and your own skill? Please include an example of your attribution analytics for the twelve months ending 6/30/20, indicating the contributions from sector weightings, security selection, country/region selection and currency management.
4. Under what conditions would you expect to out/underperform?
5. Since the product's inception, describe the three largest drawdowns, the recovery periods, and reason for each drawdown.
6. Please provide detail about sources of alpha for the portfolio. How much of portfolio alpha is based on:
  - a. Country / region selection
  - b. Sector selection
  - c. Security selection
  - d. Currency management
  - e. Other sources

#### Part IV: Risk Management and Operations

1. How do you identify and measure risk?
2. How do you control and manage risk?
3. Who is the Administrator/Custodian, and how long have they served in this capacity? Please provide contact information.
4. Who is the Auditor, and how long have they served in this capacity? Please provide contact information, and describe internal audit function you may have in place.
5. Please describe your trading process and your trading system.
6. How do you assure that all accounts are traded on an equal basis? Does the firm or any principal trade for its own account?
7. Who prices your portfolio, and how is the valuation/pricing done? Is there objective pricing for illiquid or thinly-traded securities? Describe how securities in your portfolio are valued.
8. List and provide samples of all reports and regular correspondence sent to your investors and the frequency with which they are sent.

#### Part IV: Compliance

1. Who handles compliance issues for your firm? Do you have an internal compliance officer?
2. With which regulatory and/or supervisory bodies is your firm registered? State the date of the last inspection by the regulators and any major findings that were identified.
3. Have there ever been any complaints, proceedings, disciplinary actions or litigation against the firm, its advisor, its principals, associated persons, employees, or any firm managed by the advisor or its principals?
4. Explain circumstances surrounding any pending or threatened litigation or unresolved customer complaint of any nature against the firm or any of its principals.
5. What relationships do you have that could be perceived as having the potential for a conflict of interest (investment managers, brokers, accounting, auditors, sales reps, or others)? Does the firm maintain a Code of Ethics?
6. Has the firm, general partner, any affiliate, or any other entity managed by one or more of the senior executives filed for bankruptcy within the last 5 years?
7. Summarize your various insurance policies.
8. Describe your disaster recovery plan.
9. What measures have you taken and what procedures do you have in place regarding cybersecurity?

Part VI: Fees and Terms

1. Please provide the fee schedule for your proposed product.
2. Do you offer a performance-based fee structure? If so, please describe it.
3. Subscription Policy: What are your minimum initial and additional investment requirements? How frequently may investments be made?
4. How frequently are redemptions allowed, and what kind of notice is required? Under what conditions do terms differ, if any?