



Public Request for Proposal

Multi-Asset

Blackout Period: Other than the RFP response itself and questions allowed according to the RFP document, any further marketing communication related to this search with PRT Trustees or staff is strictly prohibited from January 26th, 2024, until after selection of the finalist. Any violation of this standard are grounds for elimination from the search.

SECTION I: OVERVIEW

The Commonwealth Plan of Adjustment Pension Reserve Trust (“PRT”) is soliciting proposals from: Multi-Asset managers.

PRT anticipates qualifying a group of managers, and then allocating all or part of an asset allocation to one or more qualified managers.

A. Overview of PRT

PRT was established through the execution of a Public Deed of Trust (the “Deed of Trust”) in accordance with the Order and Judgement confirming Modified Eight Amended Title III Joint Plan of Adjustment of the Commonwealth of Puerto Rico, The Employees Retirement System of the Government of the Commonwealth of Puerto Rico, and the Puerto Rico Public Buildings Authority. The Plan of Adjustment incorporates as a Plan Supplement the "Guidelines for the Governance and Administration of the Puerto Rico Plan of Adjustment Pension Reserve Trust and Monitoring of Plan of Adjustment Pension Benefits" (the “Guidelines”) and the Deed of Trust incorporates the terms of the Guidelines. These Guidelines establish a means of governing the Trust as long as it exists.

As outlined in the Deed of Trust and Guidelines, PRT functions independently from the Government. The Government’s collaboration and involvement with PRT is established in its financial contributions (based on the Government surplus) while the Government of Puerto Rico remains responsible for all pension payments, current and future. PRT is meant to provide a means to help fund pension obligations if the Government of Puerto Rico does not have sufficient funds to satisfy the obligation.

B. Scope of Services

PRT is seeking at least one manager(s) firm to provide investment management services in a Multi-Asset strategy. The services sought include:

1. Discretionary investment of plan assets
2. Discharge of duties solely in the interest of PRT
3. Compliance with all board policies including the investment policy statement (IPS) as adopted and the Guidelines.
4. Attend board meetings at most annually if requested by the PRT Trustees
5. Provide ongoing education to trustees and staff if requested

PRT hereby reserves the right to: 1) Discontinue the RFP in whole or in part, 2) Reject any and all proposals, 3) Waive minor irregularities in any proposal, 4) Request clarification of information submitted, 5) Request additional information from any proposer, and 6) Deviate from proposed timeline.

SECTION II: MINIMUM ELIGIBILITY REQUIREMENTS

At the time of submission of the proposal, the submitting respondent must provide a written cover letter (a template for which is provided in Section V) from its presiding officer confirming that the respondent meets all the minimum criteria set forth below. If your firm does not meet all the criteria, the proposal may not be considered. All respondents must also provide portfolio constraints and guidelines indicating all minimum and maximum portfolio allocations for the vehicle that is appropriate for this mandate. Respondents must also indicate the stated/preferred benchmark for the vehicle that is appropriate for this mandate.

To be considered as a candidate in this search process, please provide by email a signed copy of the cover letter (a template for which is provided in Section V) and the requested portfolio constraints and guidelines to Maria del Carmen Lopez Executive Director, and NEPC, LLC at the email addresses listed below. Cover letters must be received by the deadline established in Section III. Any letters received after the deadline may have their responses eliminated from consideration.

Maria del Carmen Lopez
Subject: PRT – Multi-Asset Search
Email: rfp@prtpr.org

Rhett Humphreys
Subject: PRT –Multi-Asset Search
Email: rhumphreys@nepc.com

Keith Stronkowsky
Subject: PRT – Multi-Asset Search
Email: kstronkowsky@nepc.com

The following criteria are the minimum qualifications.

1. The firm offers a U.S. domiciled commingled fund investment vehicle available for qualified institutional clients.
2. As of July 31, 2023, the firm has at a minimum \$500 million of invested capital for the specific strategy you are proposing (calculated as the total of all strategy vehicles).
3. As of July 31, 2023, the firm has a minimum five-year performance record for the specific strategy that you are proposing. The track record must be calculated in full compliance with the CFA Institute’s Global Investment Performance Standards (GIPS). Simulated or back-tested returns of any kind will not be accepted.

4. As of July 31, 2023, no individual client makes up more than 50% of the assets of the total strategy being proposed.
5. The firm has at least three institutional clients, each with no less than \$1 billion in total plan assets.
6. The proposed investment professional must have at least three years with the firm and at least five years of experience providing investment management to institutional clients.
7. Liquidity for the product being proposed should be at least monthly.
8. Your organization is a Registered Investment Advisor with the SEC
9. **The firm agrees that it shall comply with all applicable provisions of the Guidelines. For more information, please refer to the Public Request for Proposal (RFP) for investment managers Review process.**
10. Regardless of investment vehicle, the firm must agree to comply with all board policies including [the Code of Conduct and Ethics Policy](#), the [IPS](#), and the [Conflict of Interest Policy](#) which are available on the PRT website www.prtpr.org.
11. The exclusive jurisdiction regarding any dispute relative to any Agreement entered between PRT and the firm or any entity represented by the firm, shall be any United States District Court sitting in the Commonwealth of Puerto Rico; provided that such parties agree that jury trial shall be waived. For avoidance of doubt, the firm understands and agrees that the provision of this term excludes jurisdiction by any other court in this world.
12. The terms of this RFP shall be subject to the Guidelines.

SECTION III: TIMELINE AND SELECTION PROCESS

The following schedule has been established by the PRT Board and may be changed by the Board if necessary. If the schedule changes, all changes will be reflected on the PRT website at www.prtpr.org.

<i>Action</i>	<i>Date</i>
RFP issuance and advertisement period	January 26, 2024
Deadline for submission of written questions	February 16, 2024
Responses to RFP questions posted	February 23, 2024
Deadline for submission of cover letter/guidelines	March 1, 2024
Finalists selected for board interview	March 29, 2024

Finalists' interviews	TBD
Contract awarded	As soon as practical following finalist selection and completion of contract negotiation

A. Question and Answers

In an effort to clarify any issues in this RFP, PRT or NEPC will only respond to questions that are presented and received by e-mail. Questions should be addressed to rfp@prtpr.org. All questions and answers will be consolidated into a single document and posted on the PRT website <http://www.prtpr.org/>. The source of the questions will not be disclosed in the document.

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B. Proposal Submission

Respondent's firm, strategy, product and performance will be analyzed through the use of a third-party database. The database is provided by *eVestment* and is located on the web at www.eVestment.com. As such, all fields must be updated in the *eVestment* database to be considered for this RFP.

Populating the *eVestment* database with firm and product information is essential to the completion of the RFP process. If the database is not fully populated, responses may be considered incomplete and will be grounds for discontinuing consideration of proposals and products for this search. Fields must not be left blank, and must not contain *0*, *none*, or *N/A* unless necessary. Respondents will not be contacted by PRT's consultant or any PRT representative to fill in missing fields. Respondents should use additional comment fields provided to make qualifying notes applicable.

If your firm does not already utilize the *eVestment* database, you can participate by sending an email with your contact information to: getmanager@evestment.com. A representative from *eVestment* will call you to establish the firm in the database. There is no charge for supplying data to the database.

C. Evaluation and Selection Process

Proposals will be evaluated by the PRT investment consultant, and the PRT Board of Trustees. All firms selected as finalists will be required to appear at a subsequent PRT board meeting for oral interviews. No additional material will be allowed to be provided during interviews. Interviews will be strictly based on RFP responses.

SECTION IV: PROPOSAL CONTENT

The proposal will consist of the cover letter as described in Section II and the data submitted to the *eVestment* database as described in Section III. The database is located on the web at: www.eVestment.com.

The data fields include but are not limited to the following:

1. Firm name, address, and year founded
2. Firm ownership structure including percentage employee owned, publicly held, parent owned
3. Are there any pending changes in firm ownership?
4. Confirmation that the firm is a registered SEC advisor
5. GIPS compliance
6. List prior or pending litigation
7. Total firm assets values and number of accounts by type (separate, commingled) and by class (equities: active, bonds: active)
8. Asset value and number of accounts by client type
9. Asset value and number of accounts by geographic region
10. Number of accounts and dollars gained and lost for previous five years
11. Product team description including number of portfolio managers, research analysts, traders and average years of experience
12. Employee turnover for previous 5 years
13. Product name, description, inception date, asset class, investment focus, preferred benchmark, investment approach, style emphasis, primary duration emphasis, and fund structure
14. Product assets under management and number of accounts broken down by client type
15. Product assets value and number of accounts by type (separate, commingled, mutual fund)
16. Country and currency allocations
17. Number of issues in the portfolio, number of countries, annual turnover, and yield to maturity for the portfolio
18. Performance for trailing YTD, 1 year, 3 year, 5 year, 7 year, 10 year, since inception compared to the benchmark
19. Annual returns for each of the previous 10 calendar years
20. Risk and Regression measures including: Standard deviation, correlation coefficient, R-squared, alpha, and max drawdown for trailing 1 year, 3 year, 5 year, 7 year, 10 year, since inception in addition to the calendar year for the previous 10 years
21. Efficiency measures including: Sharpe Ratio, Treynor Ratio, Sortino Ratio, Tracking Error, Information Ratio, upside and downside market capture for trailing 1 year, 3 year, 5 year, 7 year, 10 year, since inception in addition to the calendar year for the previous 10 years
22. Average quality issue and minimum quality issue
23. Breakdown of current portfolio by credit rating along with 3-year average and 3 year high

24. Maturity and duration measures including: Average Duration, Modified Duration, Effective Duration, and Convexity
25. Currency hedging exposure
26. Breakdown of portfolio by security type (governments, corporates, municipals, non-agency ABS, etc.)
27. Policy limits for maximum cash position, issuer exposure, sector exposure, industry exposure, country, and regional exposure
28. Policy limits for security types
29. Description of research and screening process
30. Description of portfolio construction and risk control methodology
31. Description of buy/sell discipline.
32. Description of trading strategy
33. Description of investment summary and philosophy
34. Use of derivatives
35. Redemption terms for separate accounts, commingled accounts, and mutual funds
36. Firm financial information including balance sheet and income statement information.
37. Firm's corporate governance policies
38. Firm internal control systems and disaster recovery
39. Listing of third-party relationships
40. Insurance coverage
41. Fee schedule and relevant fee disclosures

Respondents should use additional comment fields provided to make qualifying notes applicable. All responses should be direct and clear.

SECTION V: Cover Letter

Commonwealth of Puerto Rico Plan of Adjustment Pension Reserve Trust (PRT) Multi-Asset Manager Search

PRT is soliciting proposals from Multi-Asset managers, the benchmark for which is 60% MSCI ACWI/40% Bloomberg Global Aggregate. The PRT's total allocation to the selected manager(s) will be approximately \$130 million. PRT anticipates qualifying a group of managers, and then allocating all or part of an asset allocation to one or more qualified managers and will be benchmarked against 60% MSCI ACWI/40% Bloomberg Global Aggregate.

[Insert firm name] is hereby submitting notification to participate in the above stated proposal process. [Insert firm name] is submitting information for its proposed product - [insert specific fund name – exactly as it appears in the eVestment database] - for the purposes of this Request for Proposal.

[Insert firm name] has read, understands, and agrees to abide by the proposal process as outlined in the complete Request for Proposal document.

Section 7.2 of the Guidelines forbids the placement of PRT assets for investment with any advisor, or the use of a placement agent or similar service provide, who at the individual or entity level has contributed to a political candidate for any elected office of the Commonwealth government during the preceding five (5) years or contributed towards a Commonwealth plebiscite during the previous five (5) years. Such contributions are prohibited when providing such services to the Board. Please confirm that no placement agent or similar service provider has been used and no political contributions have been made as described in Section 7.2 of the Guidelines.

Respondent's organization is responsible for any taxes that may be assessed on the respondent as a result of providing the requested services in the Commonwealth of Puerto Rico. Respondents are strongly encouraged to clarify their current understanding, if any, of whether any such taxes would be applicable to them.

Please disclose below any conflicts of interest or potential conflicts of interest that the submitting firm or its principals may have with the Pension Reserve Board, PRT, NEPC, LLC or its principals. If you have nothing to disclose, please disregard this Section and proceed to sign the attached disclosure that your entity and as individual do not have a conflict.

Under penalty of perjury, I certify that the party submitting this RFP and their principals abide by all of the terms, requirements, and obligations required of investment managers as set forth in the Guidelines, including section 7.2.

SECTION VI: Additional Information

Firm Certification Requirement

1. The expected firm manager(s) in connection with the proposed contract¹ is (are) the following:

(Name of individual or firm, including names of principals, principal stakeholders, and owners of the latter)

(Principal terms and conditions of the contractual relation and role of the subcontractor, if any)

(Amount of proposed contract payable to each subcontractor, if any)

2. Neither the contractor nor any of its owners², partners, directors, officials, or employees, has agreed to share or give a percentage of the contractor's compensation under the contract to, or otherwise compensate, any third party, whether directly or indirectly, in connection with the procurement, negotiation, execution or performance of the contract, except as follows:

(Name of individual or firm, including names of principals, principal stakeholders, and owners of the latter)

(Principal terms and conditions of the compensation sharing arrangement and consideration for such benefit)

3. To the best knowledge of the signatory (after due investigation), no person has unduly intervened in the procurement, negotiation or execution of the contract, for its own benefit or that of a third person, in contravention of applicable law.

4. To the best knowledge of the signatory (after due investigation), no person has: (i) offered, paid, or promised to pay money to; (ii) offered, given, or promised to give anything

¹ As used herein, the term "contract" is inclusive of any amendments, modifications, or extensions. The term contract does not guarantee acceptance of RFP or the contract. This schedule is a compliance requirement under the Guidelines.

² For purposes of this certification, a contractor's "owner" shall mean any person or entity with more than a ten percent (10%) ownership interest in the contractor.

of value to; or (iii) otherwise influenced any public official or employee with the purpose of securing any advantages, privileges or favors for the benefit of such person in connection with the contract (such as the execution of a subcontract with contractor, beneficial treatment under the contract, or the written or unwritten promise of a gift, favor, or other monetary or non-monetary benefit).

5. Neither the contractor, nor any of its owners, partners, directors, officials or employees or, to the best of its knowledge (after due investigation), its representatives or sub-contractors, has required, directly or indirectly, from third persons to take any action with the purpose of influencing any public official or employee in connection with the procurement, negotiation or execution of the contract, in contravention of applicable law.

6. Any incorrect, incomplete, or false statement made by the contractor's representative as part of this certification shall cause the nullity of the proposed contract and the contractor must reimburse immediately to the Commonwealth any amounts, payments or benefits received from the Commonwealth under the proposed contract.

The above certifications shall be signed under penalty of perjury by the Chief Executive Officer (or equivalent highest rank officer) in the following form:

"I hereby certify under penalty of perjury that the foregoing is complete, true and correct."

By:

Date:

Signature:

MINIMUM CRITERIA

1. [Insert firm name] offers a commingled fund investment vehicle for the proposed strategy that is available for qualified public defined benefit plan investments.

YES _____ NO _____

The constraints for the commingled fund investment vehicle are as follows:

[Insert the portfolio construction constraints and guidelines indicating any and all minimum and maximum portfolio allocations for the commingled vehicle that is appropriate for this mandate, or you may include as an appendix.]

The stated benchmark for the commingled fund investment vehicle is:

[Insert stated/preferred benchmark]

2. As of July 31, 2023, [insert firm name] has, at minimum, \$500 million of invested capital for the specific strategy proposed. For the purpose of calculating strategy assets, please use the cumulative total of all investment vehicles available for the strategy.

YES _____ NO _____

3. As of July 31, 2023, does any individual client make up more than 50% of the assets of the specific strategy being proposed. For the purpose of calculating strategy assets, please use the cumulative total of all investment vehicles available for the strategy.

YES _____ NO _____

4. As of July 31, 2023, [insert firm name] has a minimum five-year performance record for the specific strategy being proposed. The track record must be calculated in full compliance with the CFA Institute's Global Investment Performance Standards (GIPS). Simulated or back-tested returns of any kind will not be accepted.

YES _____ NO _____

5. As of July 31, 2023, you have at least three institutional clients, each with no less than \$1 billion in plan assets.

YES _____ NO _____

6. As of July 31, 2023, the proposed investment professional has at least three years with the firm, and at least five years of experience providing investment management to institutional clients.

YES _____ NO _____

7. Liquidity for the product being proposed is at least monthly.

YES _____ NO _____

8. As of July 31, 2023, [insert firm name] is a Registered Investment Advisor with the SEC or is an exempt entity as indicated in the PRT IPS.

YES _____ NO _____

9. [Insert firm name] acknowledges that it is receipt of the standard contract that it shall enter into with PRT, attached hereto as Appendix A, and agrees to the be governed by the fiduciary standards set forth in such standard contract, in each case if selected.

YES _____ NO _____

10. Regardless of investment vehicle, [Insert firm name] agrees to comply with all PRT policies including the PRT IPS, [Code of Conduct and Ethics Policy](#) and [Conflict of Interest Policy](#) which are available on this link: www.prtpr.org.

YES _____ NO _____

11. [Insert firm name] agrees to the following terms regarding governing law and jurisdiction:

Governing Law

This Request for Proposal ("RFP") and any communications relative thereto shall be governed by the laws of the Commonwealth of Puerto Rico, notwithstanding the principles of conflicts of laws or the place where any such Agreement is executed by any party or location of any office relative thereto.

Any Agreement entered between PRT and the firm or any entity represented by the firm, including but not limited to any Investment Management Agreement, Limited Partnership Agreement, LLC Membership Agreement, or Trust Agreement, shall be governed by the laws of the Commonwealth of Puerto Rico, notwithstanding the principles of conflicts of laws or the place where any such Agreement is executed by any party or location of any office relative thereto.

YES _____ NO _____

Jurisdiction

The exclusive jurisdiction regarding any dispute relative to any Agreement entered between PRT and the firm or any entity represented by the firm, shall be any United States District Court sitting in the Commonwealth of Puerto Rico; provided that such parties agree that jury trial shall be waived. For avoidance of doubt, the firm understands and agrees that the provision of this term excludes jurisdiction by any other court in this world.

YES_____ NO_____

Note: The terms in this RFP shall be subject to the Guidelines.

A principal of the firm must acknowledge by signature that the contractual language above shall be binding as a requirement for participation in this search process. The undersigned certifies that above statements are true and correct.

Signature

Date

[Insert Principal's title]

Primary RFP Contact Information

[Insert primary RFP contact name]

[Insert primary RFP contact mailing address]

[Insert primary RFP contact email address]

[Insert primary RFP contact phone number]