



Commonwealth of Puerto Rico Plan of Adjustment Pension Reserve Trust

Q&A

The information provided herein is to provide interested parties with information that may be useful for them in the formulation of their proposals pursuant to the RFP. The answers provided are based on our best interpretation of the questions received. Each Applicant should, therefore, continue to conduct its own analysis.

Both Mandates

1. Whilst registered with SEC, we have yet to launch a U.S. domiciled commingled vehicle available for qualified institutional investors - **would the PRT consider seeding such a vehicle? We are looking for US and existing funds as the preference is not to be seed capital.**
2. Would like to ask if a commingled fund structure is the only structure that is acceptable? Will a SMA be acceptable? We qualify for all the other requirements, other than a commingled structure. **Preference is to invest into an existing commingled fund.**
3. Does the pension prefer to invest in a commingled vehicle, or would they consider a separate account? If you prefer a commingled fund, would you be willing to invest in a mutual fund vehicle? **Preference is to invest into an existing commingled fund.**
4. We are willing to launch a new commingled vehicle based on our US Credit strategy that would be benchmarked to the Intermediate Credit Index. Would a new vehicle for an existing strategy be considered? **We are looking for US and existing funds as the preference is not to be seed capital.**
5. Would the Pension Reserve Trust will accept a response from a manager who is willing to launch a CIT? **Preference is to invest into an existing commingled fund.**
6. Our firm doesn't have a U.S. domiciled commingled fund investment vehicle, stated in the minimum requirement; can we still be considered for this RFP? **Preference is to invest into an existing commingled fund.**
7. However, we do not have a commingled fund for the strategy we are proposing but we can build one as a CIT if selected as a finalist. Will we be considered for this mandate? **We are looking for existing funds as the preference is not to be seed capital.**

8. Further to the minimum qualification, noted below, will the PRT only consider such commingled vehicles – or would a separately managed account (SMA) be acceptable? **Preference is to invest into an existing commingled fund.**
9. Is the Commonwealth of Puerto Rico considering both separate account and commingled fund vehicles for this search? **Preference is to invest into an existing commingled fund.**
10. If only commingled vehicles were allowed, would the PRT consider being the initial / seed investor in such a vehicle? For context, XYZ offers a similar strategy in SMA and Mutual Fund – with the ability to launch a commingled fund on investor demand. The firm offers a U.S. domiciled commingled fund investment vehicle available for qualified institutional clients. **We are looking for existing funds as the preference is not to be seed capital.**
11. As a firm, we do not currently offer a commingled fund for Investment Grade Credit as benchmarked to Bloomberg U.S. Intermediate Credit. Should we advance in this process, would PRT and NEPC consider seeding a commingled fund or investing via a separate account vehicle? **Preference is a commingled fund, and we are looking for existing funds as the preference is not to be seed capital.**
12. What is PRT’s preferred vehicle type? The minimum qualifications mention a US domiciled commingled fund for qualified institutional clients – is this what PRT is looking to invest in, or would you prefer an SMA? **Preference is to invest into an existing commingled fund.**
13. We note the deadline to submit a Cover Letter and guidelines by 1st of March 2024. Can you confirm that this submission by email entails the 1) Section V: Cover Letter 2) Section VI: Additional Information and 3) the Minimum Criteria? Could you confirm whether you would like all these three sections responded to and sent as three different attachments, each with a signature? **Three different attachments only.**
14. Could we consolidate all three documents (Section V: Cover Letter, Section VI: Additional Information, and Minimum Criteria) into one PDF for the submission of the cover letter/guidelines by March 1st? **Three different attachments only.**
15. Throughout the RFP, you refer to the “Guidelines” as the means of governing the Trust and something we need to adhere to. Is it possible to read these Guidelines somewhere? [Guidelines&DeedofTrust](#) **If you have problems with opening the document through this link, please visit www.prtpo.org tab documents under resources the guidelines are located there.**
16. I am having trouble locating “Appendix A” as mentioned in the “Public Request for Proposal, Investment Grade Corporate Credit” document. Appendix A can be found here. **The standard contract will be shared with the finalists once they are selected.**
17. If the Commonwealth of Puerto Rico is considering separate account management for this search, can you please provide Appendix A, standard contract? **The standard contract will be shared with the finalists once they are selected.**

18. Multi Asset question: The Minimum Criteria exhibit of the RFP references receipt of a standard contract attached as "Appendix A." Can you provide Appendix A exhibit? **The standard contract will be shared with the finalists once they are selected.**
19. The minimum criteria letter #9 refers to a sample contract attached to the Request for Proposal as Appendix A. Since Appendix A is missing from the document, could you please provide it for our review? **The standard contract will be shared with the finalists once they are selected.**
20. #9 of the minimum criteria references' acknowledgement of receipt of the standard contract that shall be entered into with PRT, but we're not able to locate the contract. Can you specify where that contract can be found, and if we would be able to negotiate edits to it if selected? **The standard contract will be shared with the finalists once they are selected.**
21. Can you please provide a copy of the Guidelines referenced in the sample cover letter – specifically section 7.2? [Guidelines&DeedofTrust](#) **If you have problems with opening the document through this link, please visit www.prtp.org tab documents under resources; the guidelines are located there.**
22. If you are offering a discounted fee structure for the Pension Reserve Trust, which differ from our public fees noted in eVestment. We would like to know how we can communicate this information to the PRT and NEPC teams. Given we cannot include within the eVestment platform, is there a way to submit our customized fees directly to them via email? **Submit customized fees via email to: Maria del Carmen Lopez (maria.lopez@prtp.org), Rhett Humphreys (rhumphreys@nepc.com), and (Keith Stronkowsky (kstronkowsky@nepc.com))**
23. Would you please confirm that submission of these questions notes our desire to submit a proposal for this business? **To be considered for this RFP, the manager must submit 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 (maria.lopez@prtp.org), Rhett Humphreys (rhumphreys@nepc.com), and (Keith Stronkowsky (kstronkowsky@nepc.com)) at the email addresses listed below by March 1, 2024.**
24. Are there any additional steps that managers need to take to express their interest in this mandate, apart from submitting the cover letter & minimum criteria, updating the eVestment data and providing the commingled vehicle guidelines by March 1? **No additional steps necessary.**
25. We are updating data in eVestment until March 1. Would you please confirm that you will take data from eVestment on or after March 1? **All data must be submitted in eVestment by March 1st.**
26. Besides filling out Section V, signing Section VI and meeting the Minimum Criteria, does the manager have an additional written response for the RFP submission? **No. Submissions must be made via email by March 1st.**
27. Do you need the following information in the cover letter: eVestment Fund ID and Fund name? **Yes, please include the specific fund name, exactly as it appears in the eVestment database, in the cover letter. The eVestment Fund ID is not required but would be helpful if included.**

28. Are we required to show holdings for the fund in eVestment? **Preferred but not necessary.**
29. Should the eVestment data be as of December 2023? **Yes.**
30. Is the PR Pension Reserve Trust qualified under Section 401(a) of the US Internal Revenue Code, or as a Puerto Rico Plan under Section 1022(i)(1) ERISA? **No.** For more information on who we are please visit [Guidelines&DeedofTrust](#) **If you have problems with opening the document through this link, please visit www.prtpr.org tab documents under resources; the guidelines are located there.**
31. Is there an expectation of when the asset transfer from the existing manager(s) to the newly selected manager under the RFP will occur? **Asset transfer from the existing to the newly selected manager will be dependent upon when the finalist interviews are completed and contracts are negotiated.**
32. In **Section VI: Additional Information**, Question 1 – you note “Principal terms and conditions of the contractual relation.” Are you looking for a sample IMA here? **No, is a certification requirement signed where the proposed compensation structure is described.**
33. As noted in the RFP, the proposal will consist of **Section V: Cover Letter** and data submitted to the eVestment database. Are sections VI: Additional Information and the Minimum Criteria form required to be completed in this stage of the search? **Yes, Sections VI: Additional Information and the Minimum Criteria form are required to be completed by March 1st.**
34. If yes, does the certification for VI: Additional Information require a signature from the CEO, or can the certification come from our Head of Marketing who is the highest-ranking officer overseeing the proposal? **CEO or equivalent highest-ranking officer.**
35. Is the PRT eligible to invest in a collective investment trust? **Yes**
36. We noticed one of the minimum requirements includes at least monthly liquidity. Are you all open to considering vehicles with quarterly liquidity? **IG Corp monthly liquidity, Multi asset monthly liquidity preferred however, quarterly liquidity will be considered.**
37. May we designate an officer from our attached list to sign Section VI: Additional Information and the Minimum Criteria, rather than the CEO? **CEO or equivalent highest-ranking officer only.**
38. Can the same person sign both the Cover Letter/Additional Information and the Minimum Criteria? **Yes.**
39. Are there any expectations of alpha or tracking error targets? **Each product will be evaluated on its own merits. No expectations of alpha or tracking error targets.**
40. Regarding minimum requirement #10, could you please specify which policies would you expect us to comply with? [Guidelines&DeedofTrust](#) **If you have problems with opening the document through this link, please visit www.prtpr.org tab documents under resources the guidelines are located there. The investment policy is available here [PRT_IPS](#).** 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 <https://www.prtpr.org/>

Investment Grade Corporate Credit:

1. Would the investment grade credit mandate allow for the manager to own any Non-Investment Grade rated securities? **The mandate will only allow for the purchase of investment grade securities.**
2. For the US Corporate Bond mandate – the Bloomberg US Intermediate Credit index is mentioned in “Section 5: Cover Letter” – is this the preferred benchmark for PRT? **Yes.**
3. We note that the stated benchmark is the Bloomberg U.S. Intermediate Credit. Is PRT looking for an Investment Grade Credit mandate or an Investment Grade Corporate Credit mandate? **Bloomberg Intermediate Credit Index.**
4. Is the Pension Reserve Trust willing to be a seed investor for a US domiciled commingled vehicle benchmarked against the Bloomberg US Intermediate Credit Index? We manage multiple portfolios against the Bloomberg US Intermediate Credit Index, but do not currently have a US domiciled commingled vehicle in place. **We are looking for US and existing funds as the preference is not to be seed capital.**
5. Is the Pension Reserve Trust willing to accept a proposal for a US domiciled commingled vehicle that is not benchmarked against the Bloomberg US Intermediate Credit Index (i.e. a US domiciled commingled vehicle benchmarked against the Bloomberg US Investment Grade Corporate Index?) **No, we will accept proposals benchmarked against other indexes. We will only benchmark against Bloomberg US Intermediate Credit Index.**

Multi-Asset Mandate:

1. Section VI of the PRT Investment Policy Statement states there should be no use of commodities. Our Multi-Asset Strategy typically would have a 10-15% allocation to physical gold (via physically backed ETFs) – would the PRT grant prior approval to such an allocation or is this type of asset strictly prohibited? **Exposure to commodities via ETFs is acceptable given multi asset is part of the alternative investments.**
2. Is the benchmark against 60% MSCI ACWI/40% Bloomberg Global Aggregate a hard requirement, can other benchmarks such as 100% MSCI ACWI be considered? **Other benchmarks may be considered, but the policy benchmark going forward will be 60% MSCI ACWI/40% Bloomberg Global Aggregate. However, an all-equity benchmark will not be considered in the spirit of a multi asset class mandate.**

3. Multi Asset question: For the first minimum requirement – are 40 act mutual funds acceptable as a commingled fund vehicle? **Yes, if it meets the minimum criteria of assets under management.**
4. Is the Multi Strategy benchmark fixed or is there any flexibility to adjust/change the benchmark? **Fixed. 60% MSCI ACWI/40% Bloomberg Global Aggregate**
5. Is PRT looking for a simple passive index 60/40 strategy and are you willing to pair the index funds (with 2 separate commingled funds of ACWI Index and BBG Global Agg Index) and rebalance monthly to benchmark or are you looking for something on the active side? **No, we are not.**
6. Our firm currently has an Institutional product offering - a series trust where new LLCs can be launched in approximately 8-12 weeks. This U.S. domiciled commingled fund investment vehicle would require 8-12 weeks for initial set up. Is this acceptable if the manager selected? **No.**
7. Multi Asset RFP Does the submitting firm need to have \$500 million invested capital for the specific vehicle being proposed, or overall strategy (e.g. Balanced, 60/40 portfolio) is sufficient? (Example: submitting firm proposing a Collective Inv. Trust with \$50 million in AUM, but also has over \$11 billion assets in 60/40 portfolios in U.S. domiciled mutual fund assets). **We would prefer vehicles with more than \$500 million in AUM.**
8. Does the submitting firm need to have a minimum five-year performance track record for the specific vehicle being proposed (e.g. CIT Balanced, 60/40 portfolio)? (Example, submitting firm proposing a Collective Inv. Trust with less than 5-year record, but has a 20+ year record of managing 60/40 portfolio in U.S. domiciled mutual fund). **We would prefer a minimum five-year performance at the vehicle level.**
9. Does the Pension Reserve Trust have documentation (i.e., trust deed, Internal Revenue Code letter) that indicates if the plan is either:
 - a. Dual Qualified: Tax exempt under both (i) Puerto Rico Code Section 1165 and all of the participants are residents of Puerto Rico and (ii) US Internal Revenue Code Section 501(a) as if it were part of a qualified plan under US Internal Revenue Code Section 401(a); or
 - b. PR Qualified Only: Tax exempt under the PR tax code but has made an irrevocable election for the plan to comply with all of the US Internal Revenue Code's qualification provisions except for the requirement for the trust to be located in the US.

We are not a pension plan. However, our investments are tax exempt under PR tax code and US IRC.

10. We are a long-only fund manager focused on global equity markets; can our strategies be considered “a multi-asset strategy” since the definition is as “long-only (non-hedge fund structure) investments across liquid, global investable markets designed to express the investment managers’ best ideas across the global opportunity set”? **An all-equity benchmark will not be considered in the spirit of a multi asset class mandate.**