

New York State Deferred Compensation Plan Multi-Asset Credit Fund Management Services Search

RFP Questions and Answers

- 1. Would NYSDC be willing to consider a fund with non T+1 liquidity? Is daily liquidity a prerequisite or would monthly liquidity be considered?**

Per the minimum requirements listed on pages 10 and 11 of the RFP, “The proposed pooled vehicle must have daily liquidity and daily valuation.”

- 2. We are planning to respond to the RFP and wanted to understand if strategies with exposure to global fixed income would be considered. I didn't see any language in the RFP focused on global fixed income exposure (included or excluded) other than language around a preference for “predominately US-dollar denominated” fixed income. Our strategy actively invests across the US and International FI markets (Q2 Exposure: ~17% international developed and ~13% emerging markets) and we wanted to confirm that a strategy that included global exposure would be considered prior to responding to the RFP.**

This RFP is focusing on products with USD exposure so if the 30% international developed and emerging markets exposure is in non-dollar (or most if it), the strategy will not be a good fit for this RFP.

- 3. Is the search strictly for Core Plus strategies or will other credit oriented options be considered?**

NYSDC's Multi-Asset Credit RFP is seeking other credit-oriented options. The RFP is not for Core Plus. The RFP's Product Design Requirements can be found on the bottom of page 5 of the RFP (see below):

III. PRODUCT DESIGN REQUIREMENTS

The Board is seeking proposals from financial organizations to provide Multi-Asset Credit Fund Management Services as detailed below. The Core Plus option in the Plan will be removed from the Plan lineup.

1. Product Design for Multi-Asset Credit Funds: Responding multi-asset credit funds should offer exposure to predominantly US-dollar denominated investment grade fixed income credit securities, such as corporate bonds and securitized products (mortgage-backed securities, asset-backed securities, commercial mortgage-backed securities, CLOs, etc.), with an average portfolio credit rating of investment grade. Products that will be considered should be benchmarked to the Bloomberg Aggregate, Bloomberg Universal, or a cash + benchmark such as the 90-Day Treasury Bill + 3%.

This RFP does not seek responses from Core Plus funds or from leveraged finance-focused funds that have an average credit rating of below investment grade.

The process is open to evaluating mutual funds, CIT's, or other daily valued pooled vehicles, but is not open to separate accounts. In your response, please be clear as to which collective vehicle your firm can make available, the assets under management by each vehicle, and the management fees associated with each.

4. **We are considering a response with a strategy we feel fits well. It has both a mutual fund and CIT available, with the mutual fund (\$5B+) well in excess of the vehicle minimum. The CIT, which is the vehicle with institutional pricing, is newly launched with \$20mm. Would this pass the vehicle requirement?**

A mutual fund vehicle of that size would be considered appropriate, while a CIT with \$20 MM would not be considered appropriately sized.

5. **Is the Plan open to considering core fixed income strategies that invest in securitized products (mortgage-backed securities, asset-backed securities & commercial mortgage-backed securities)?**

No, this is a search for Multi-Asset Credit Funds as described in the RFP, not a Core Fixed Income RFP.

6. **For the submission, I see that one PDF document is preferred. Is it acceptable for any Excel files to be excluded from the PDF and included separately if needed?**

The preference is for one PDF document including putting an Excel in PDF format. If not possible, yes, multiple files can be submitted.

7. **Can you confirm if the NYSDCB is looking for a product in this space that has tangible exposure to “plus” sectors (i.e., something in the 10+% range)? Or are they open to any product that benchmarks to the US Agg like our Core Bond Fund?**

NYSDC’s Multi-Asset Credit RFP is not for Core Bond or Core Plus strategies. It is also not for leveraged finance-focused funds that have an average credit rating of below investment grade.

The RFP is seeking Multi-Asset Credit strategies with a portfolio credit rating of investment grade.

8. **The body of the RFP requests data using 9/30/24, while page 27, section VI Fees reflects AUM as of 6/30/24. Could you confirm whether this is intentional, and if not, the date we should use.**

This is not intentional. In your response to *Section VIII. Fees*, please include AUM data as of 9/30/24. Should 6/30/24 AUM data be submitted in response to *Section VIII. Fees*, we will pull AUM data from your response to question 28 (which requests product and vehicle AUM data as of 9/30/24).

9. **Are there maximum limits for holdings outside the US, below investment grade, etc.?**

We have not stated formal maximum limits for holdings outside the U.S. or below investment grade. Please find the product design requirements below:

1. Product Design for Multi-Asset Credit Funds: Responding multi-asset credit funds should offer exposure to predominantly US-dollar denominated investment grade fixed income credit securities, such

as corporate bonds and securitized products (mortgage-backed securities, asset-backed securities, commercial mortgage-backed securities, CLOs, etc.), with an average portfolio credit rating of investment grade. Products that will be considered should be benchmarked to the Bloomberg Aggregate, Bloomberg Universal, or a cash + benchmark such as the 90-Day Treasury Bill + 3%.

10. Will NYSDCP consider vehicles below \$500M if strategy assets are above \$1B?

No. Please see the RFP: The proposing Multi-Asset Credit Fund strategy must have a minimum of \$1.0 billion in product assets under management and \$500 million in vehicle assets under management.

11. Are shorting cash bonds and/or derivative indices permissible?

Borrowing/naked shorting is not permitted. Buying protection to hedge existing positions may be permitted.

12. Our proposed vehicle (a mutual fund) only has approximately 2.2 years of performance but is included in an institutional composite which has actual performance (not simulated) dating back to 2018 in a substantially similar strategy that is already listed in the Callan database. Would the proposed fund's actual performance over the last 2.2 years plus the composite performance be acceptable to meet the minimum requirement (vii) b. which states that the proposing firm must possess a strategy track record of at least 3 years as of 9/30/2024?

Yes, if the mutual fund is part of the institutional composite that has a more than three-year track record it would be acceptable.

13. In the case of a mutual fund submission, is the contracting party expected to be the asset manager or the mutual fund itself?

For a mutual fund submission, the contracting party will be the asset manager offering the mutual fund. The asset manager would need to submit the vendor paperwork and other exhibits and agree to comply with the Standard Clauses for New York State Contract.

14. Do you have a sample contract you can share?

No, but standard clauses for New York State contracts are outlined in Exhibit A of the RFP (starting on page 44).

15. In Appendix A I.12 is the reference to fiduciary liability insurance intended to cover Directors and Officers or an ERISA bond?

Please provide information regarding insurance policies your firm holds that you believe are applicable/relevant to the question posed and services requested.

16. In Appendix A IV – because our proposed vehicle is a mutual fund distributed through financial intermediaries who hold client accounts in an omnibus environment, we will not know the exact number of clients and may not be able to fully respond to all the questions in this section. Is it permissible to explain this in text instead of completing the tables?

Yes, in *Appendix A, Section IV. Clients*, it is permissible to explain any blank table responses with text. However, please fill out the tables with any information that is available. For example, you may have access to strategy market values or be aware of some of your larger strategy clients through client servicing.

17. We are an investment adviser whose investment management employees are located in Massachusetts and North Carolina. We have reviewed the New York State Deferred Compensation RFP (“NYS DC RFP”) and are submitting this question to request clarification and interpretation of certain references to Affirmative Action in the NYS DC RFP, specifically Section 12 of Exhibit A (Standard Clauses for all New York State Contracts) and Exhibit B (Affirmative Action / Equal Employment Opportunity / Non-Discrimination). In this area of law, various jurisdictions use differing terminology.

- (a) Please clarify whether the NYS DC RFP -- including Section 12 of Exhibit A and Exhibit B, and the various regulations cited therein -- require what is commonly referred to as an Affirmative Action plan containing a Utilization Analysis.**
- (b) If the answer to (a) above is Yes, please advise if the requirement for an Affirmative Action plan containing a Utilization Analysis is an unconditional requirement or whether there is any flexibility on that issue.**
- (c) Please advise if an Equal Opportunity in Employment Plan, that does not contain what is commonly referred to as an Affirmative Action plan containing a Utilization Analysis, would satisfy the requirements of the NYS DC RFP -- including Section 12 of Exhibit A and Exhibit B, and the various regulations cited therein.**

This RFP does not require an Affirmative Action plan. An Equal Employment Opportunity/Non-Discrimination policy would satisfy the requirements of the RFP.

18. If we are proposing both a mutual fund and a CIT vehicle, should we be filling out two separate Vendor Responsibility Questionnaires or one?

The Investment Manager and Trustee for the CIT would be considered separate vendors, and both are required to complete the Vendor Responsibility Questionnaire.

19. Clarification of third paragraph in Exhibit B – Should we be submitting an Equal Employment Opportunity Policy Statement along with RFP exhibits?

Yes, please include an Equal Employment Opportunity/Non-Discrimination policy with your RFP response.

20. As it pertains to question 36 in the RFP “Provide a current list of the firm’s five largest product/strategy clients, including name, contact, telephone number, asset values, length of relationship, and the services provided. After informing you of our intentions, the Board may contact any of these clients as references.”

Given certain clients’ preference to remain confidential, would it be acceptable to provide a mix of client references - some top 5 as well as other clients who are comfortable with us sharing their names/contact information?

Yes. Please share your five largest strategy clients that are comfortable being references.