**Instructions:**

**Please return this questionnaire in Word format (i.e. not in pdf).**

**Please do not alter the format of this template.**

**Please do not change or modify text in Green or Blue shaded boxes.**

**Please provide answers white boxes only.**

**Please provide any legal disclaimers as a separate attachment (i.e. do not include as part of this document).**

**Muni Asset Manager**

**General Questionnaire**

**[Investment Firm Name]**

**Information requested as of 09/30/2023 (unless otherwise stated)**

|  |
| --- |
| **General Firm and AUM Information** |
| **Product Name(s) in eVestment** | [Please enter] |
| **Firm Name** | [Please enter] |
| **Website** | [Please enter] |
| **Office Locations** | **City** | **State / Province** | **Country** | **Number of Employees** | **Year Founded** |
| **Main Office** | [Please enter] | [Please enter] | [Please enter] | [Please enter] | [Please enter] |
| **Servicing Office(s)** | [Please enter] | [Please enter] | [Please enter] | [Please enter] | [Please enter] |
| [Please enter] | [Please enter] | [Please enter] | [Please enter] | [Please enter] |
| **Firm History / Description** | [Please describe the Firm’s origins, evolution and current structure. Please list any predecessor organizations or ownership or subsidiary relationships with other organizations. Please provide the name of your parent firm (if any) and the name of any insurance affiliates or subsidiaries (if any).]  |
| **Ownership Structure** | [Please describe the Firm’s ownership structure. What percentage of your firm is owned by employees? Describe any affiliate relationships and any expected changes in ownership.]  |
| **Firm Assets Under Management** | [Please add the value of assets under management for the Firm as of 09/30/2023.] |
| **Investment Strategy Assets Under Management** | [Please fill out the below table with the value of currently managed assets by CLIENT MANDATE (irrespective of ratings) to the nearest million as of 09/30/2023.] |
|  | **Amount** |
| SMAs |  |
| Closed-End Fund |  |
| Open-End Fund |  |
| Other Commingled |  |
| Sub-advisory |  |
| Private Funds |  |
| Other (describe) |  |
| **Total** |  |
| **Insurance** | [Describe the firm’s insurance coverage outlining types and coverage limits. List SEC-required fidelity bonds, errors and omissions insurance, and any other fiduciary liability coverage your firm carries.] |
| **Technology** | [Describe the firm’s technology infrastructure and integration across investment management, accounting, risk management, performance measurement and reporting. Has your firm been subject to any data breaches resulting from illegal or unknown sources accessing the firm’s information systems? Describe the firm’s disaster recovery strategy; outlining the firm’s strategy around natural disasters and other events that would cause your systems to shut down.]  |
| **Performance** | [Describe the methodology used to calculate performance history in the materials your firm has provided. Is performance GIPS compliant (please attach the most recent GIPS certification). If not compliant, please provide a reason for non-compliance. Does any part of the composite history include results of a past firm or affiliation? If so, provide a reason for inclusion. What percentage of total product assets is included in the composite? Were any accounts managed to the benchmark excluded from the composite? If so, why? Please note that GIPS compliant performance is strongly preferred.]  |
| **Fees** | [Do you offer a Most Favored Nations (MFN) clause? If so, would you be willing to provide NYSIF with an MFN?] |

|  |
| --- |
| **Team Information, Muni Investment Process and Custom Mandates** |
| **Team Overview** | [Please provide an overview of the Muni portfolio management team(s). How many investment professionals are involved with the portfolios? Where are they located? How long has the team worked together? Did the team work together prior to the Firm? If so, where? Are any of the senior professionals related? Please discuss any relevant items not captured in the questions below.] |
| **Structure** | [Please describe how the firm’s investment team is organized. (E.g. Do analysts work as generalist or are they specialized by geographic region, security type, sector, etc.? Is the product run as a single portfolio or as a siloed structure? Does the Firm’s investment team have the ability to leverage different research areas of the Firm? Are the portfolios individually or team managed? ] |
| **Experience**  | [Please discuss Average experience (number of years) in their roles and the Muni Products industry for both Portfolio Managers and Dedicated Credit Research Analysts. What is the average tenure in the firm for both Portfolio Managers and Credit Analysts? |
| **Portfolio Manager** | [Who would likely be our portfolio manager? Please provide a bio, including years of experience managing taxable Muni portfolios both in general and for insurance company clients.] |
| **Changes** | [Please list all investment professionals that have joined or left your Muni bond team over the past five years. Please include the following:a. Former/New Member;b. Former/New Member’s role;c. Reason for their departure (or hire);d. Who replaced them?] |
| **Decision-making** | [Address the decision-making process and titles and responsibilities of the various individuals involved at each stage of the process. Be sure to address who ultimately controls the final decision in such matters as a change in model parameters or in resolving deadlocks among the investment staff. If is a Committee, who is on the Committee and how often do they meet to discuss portfolio-related issues?]Please describe how the portfolio is managed when the Portfolio Manager is out of the office and list other individuals capable of managing the portfolio.] |
| **Compensation** | [Describe the compensation and incentive program for professionals directly involved in third-party Muni portfolio management. a. How are they evaluated and rewarded? What incentives are provided to attract and retain superior individuals? b. Specifically, for portfolio managers - what % of their compensation is tied to performance? Is performance measured relative to an index or peer group or both?] |
| **Client Specification** | [Does your firm have portfolio management groups dedicated to specific client types?] |
| **Broad Market Integration** | [What additional resources are available to be leveraged across the firm (i.e. equity, investment grade, EMD) to support the analysis for the Muni asset class with additional perspective where asset classes, trends and issues may converge?] |
| **Investment Overview** | [Provide an outline of the investment framework and how it integrates the investment philosophy. Why do you believe your process will be successful in the future?] |
| **Criteria** | [Describe what circumstances or market conditions would favor your investment strategy? When can it expect to be out of phase or to be unrewarded vs. the expressed benchmark? Can you provide details on how you have navigated challenging market environments in the past?] |
| **Investment Restrictions**  | [What has the average annual portfolio turnover been in each of the last five years? What has been the source of turnover? (i.e. valuation, asset flows, etc.)] |
| **Liquidity** | [Trace and describe the investment process by using the example of purchasing and selling an individual security in the portfolio.] |
| **Performance** | [Show the best and worst relative calendar performance periods for this strategy. Explain the reasons behind the performance and whether the process was changed to accommodate the findings.] |
| **Investment Philosophy** | [Please describe your investment philosophy for your Muni strategy. How does your insurance mandate for Taxable Muni differ from a non-insurance mandate for the same? Please limit answer to 1 page.] |
| **Portfolio Construction**  | [Please describe your portfolio construction process. Do managers follow a “model” portfolio, and if so, to what extent is management permitted to deviate from such a model portfolio? Please limit answer to 1 page.] |
| **Research** | [Please describe your Muni investment and research process. Are decisions made by a committee, by individual portfolio managers, or by some other professional or combination thereof?] |
| **Security Selection** | [Describe the firm’s process for specific security selection in Taxable Muni bond market. If processes differ by sector, please be specific. Who is responsible and what parties participate in the process and how?] |
| **Strategies** | [What strategies would you consider employing or prefer to employ to add value/alpha relative to the benchmark?] |
| **Expected Performance** | [Describe any environments in which your strategy’s performance can be expected to deviate from the benchmark. a. Underperform;b. Outperform.] |
| **Sell Discipline** | [Please describe your general sell discipline for taxable Muni bonds.] |
| **Ramp up** | [Over what period would you expect to fully fund (ramp up) a $200 million portfolio? A $500 million portfolio? How would you propose to handle portfolio benchmarking and performance for the interim period?] |
| **Change: Security Selection** | [Have there been any major changes to your security selection approach in the past 5 years. If yes, please briefly explain the rationale behind them.] |
| **Change: Research** | [Have there been any major changes to your investment and research process in the past 5 years. If yes, please briefly explain the rationale behind them.] |
| **Institutional Process** | [Describe the portfolio construction/implementation processes as they relate to institutional Muni strategies and distinguish these processes from your other fixed-income processes.] |
| **Value Add** | [What elements of your Muni process might distinguish you from peers?] |
| **Outlook** | [Please provide your expectations and trends for 2024 and 2025 below:a. Net and gross issuance for taxable Munib. Loss expectation if any (for credit rating of this mandate)c. Return expectations. Split between Income return and price returnCan you describe portfolio actions taken by your team to take advantage of / mitigate risk from recent volatility and changes in rates, i.e., what types of trades were you making in insurance client portfolios to prepare for and react to the shift upward in interest rates?] |
| **Internal Research** | [Describe the credit analysis process as it pertains to the Muni strategy:a. By what criteria are analysts assigned coverage?b. What analytical tools and models do you use?c. Internal research resources, models, and ratingsd. External research resources and tools utilizede. Do you mostly rely on agency ratings, your internal ratings or both?f. What is your process for monitoring credit risk in the portfolio?g. How often is the firm outlook/capital market assumptions refreshed?] |
| **Clients** | [How many insurance clients does the firm have in the Taxable Muni strategy? 1. Please provide the breakdown between Life, P&C, and Health?
2. What is your client retention rate?
3. Within insurance, what is the largest, average, and median client account size ($)?
4. Within insurance, what is the largest, average, and median client tenure (Years)?]
 |
| **Criteria** | [Provide the approximate percentage of the firm’s AUM that is derived from mandates serving the insurance industry.] |
| **AUM** | [What percentage of the firm’s taxable Muni assets under management are:a. Institutional (separate) accounts;b. Commingled funds;c. Mutual funds;d. High net worth individuals;e. Other.] |
| **Largest Accounts**  | [For your three largest Taxable Muni focused client relationships, please provide the client name, size of the mandate and the inception date for each account/relationship.] |
| **Insurance Customization** | [How do you adapt your investment process to insurance mandates? Please outline your experience and how you incorporate the following considerations into your investment process:a. Book yield targets;b. Realized gain/loss limitations;c. Risk limits;d. State or government regulations (please note specific jurisdictions);e. Existing client issuer or sector concentrations;f. Performance Measurement.] |
| **Insurance regulations** | [Describe the firm’s expertise in insurance industry business models, regulation, and allocation. Include details on insurance expertise of investment professionals, actuarial staff, insurance analytical model capabilities.] |
| **Benchmarks** | [What percentage of Taxable Muni insurance mandates have customized benchmarks?] |
| **Guidelines** | [Describe your approach to managing a portfolio with custom portfolio guidelines. Discuss your ability to manage to and maintain custom benchmarks.] |
| **Sample** | [Please provide four sample credit write-ups written by your research analysts (2 for GO and 2 for Revenue excluding Water and Sewer). If write-ups on taxables aren’t available, please provide tax-exempt write-ups] |

|  |
| --- |
|  **Performance and Portfolio Characteristics** |
| **Track Record** | Please use the Template Provided (TRACK RECORD.XLSX) to send the below information in Excel.[Monthly Tab: Gross product returns on a monthly basis from inception to 09/30/2023][Summary tab: Summary risk and performance data (e.g. tracking error, Sharpe ratio)] |
| **eVestment** | [At a minimum, please include the data for the same track record you submitted via eVestment. You may also submit (in addition) separate performance history that is a collection of one or more illustrative accounts if you believe the generic composite does not align with the mandate that NYSIF has described. If you choose to submit additional data, please provide some details in the space below.]  |
| **Attribution** | [Please provide detailed attribution reports for the one-year (calendar 2022) and 5-year periods (2017-2022).]  |
| **Detailed Attribution** | [Please be sure to include detailed attribution tables that demonstrate the contribution to absolute and relative performance by rating, duration buckets and sectors. Each table should show the performance attributable to asset allocation vs. security selection.] |
| **Coupon vs. Principal** | [Also include a summary of absolute performance broken down by coupon return vs. principal return for 2022 and the 5-year period (2017 – 2022).] |
| **Note** | [The 5-year reports noted above should have cumulative or annualized figures instead of separate annual reports (even if only estimated combined data is available). An average of the five years would also be accepted. Please note the basis for which you are providing the data (cumulative, geometric average, arithmetic average). If the performance history is less than five years, then the since-inception performance is acceptable. Excel is highly preferred for this data.] |
| **Defaults and Distressed** | [How are defaults and/or distressed situations treated? What processes are in place to handle such events?Please provide the following information on defaults/distressed exchanges and/or distressed sales (credit related) in the portfolio over the last 15 years. a. Describe your actions and approach in case of a severe credit related eventb. Number of issues involved and the impact on the portfolioc. What valuation approaches are used in evaluating such securities?] |
| **Downside** | [Can you please discuss how your portfolio performed during the below three specified time periods? Did the portfolio demonstrate downside protection? If not, why not?a) 10/1/2007 – 3/31/2009: Global Financial Crisisb) 1/1/2015 – 1/31/2016: Energy Crisisc) 1/1/2020 – 3/31/2020: Covid-19d) 1/1/2022-12/31/2022: Rate Hikes] |

|  |
| --- |
| **Client Service, Technology and Reporting****Firms should address the following questions. Responses to this section should be limited to a total of three pages (excluding requested samples).** |
| **Relationship Manager**  | [Who would be responsible for Client Service and Relationship Management? Describe the function and detail the client engagement. How often would he/she be available for client meetings?] |
| **Research** | [Describe your firm’s ability to supply industry research or educational material on issues affecting the Muni sector and the insurance industry in general. Please provide relevant examples of white papers published by your firm.] |
| **Compliance** | [Describe the Firm’s delivery and reporting processes. Specifically: 1. Describe the Firm’s security practices for its information reporting system. Discuss your policies and procedures for safeguarding client data from unauthorized access, data corruption or loss.
2. Discuss your reporting capabilities on individual portfolios to produce performance, transaction, income, and other reports. Describe your ability to individually process investment transactions and maintain independent asset holdings and activity.
3. Are your performance and accounting systems able to interface with external systems? What level of support does the firm provide in building and maintaining these interfaces?]
 |
| **Reporting** | [Are your reporting capabilities online? Detail timing of month-end, quarter-end reports.Are you able to provide daily trading and position files to support our Aladdin specific reporting and portfolio management requirements?Please provide a sample of client reports for taxable Muni mandate.] |
| **OOTI** | [Describe your firm’s capabilities for providing information for statutory or GAAP investment accounting, including Other Than Temporary Impairment (“OTTI”) reviews] |
| **SEC Investigation** | [Is any employee of your firm under investigation by the SEC, have a pending criminal or civil matter? Or has been convicted of a misdemeanor or felony in the past 10 years? If yes, please explain.] |
| **Valuation** | [Describe your firm’s process for evaluating security prices. Do you have a process in place for valuing illiquid investment instruments?] |
| **Quality Control** | [Describe the Firm’s quality control program and how it ensures that the client will receive the highest quality professional service. Describe additional services you provide specifically for insurance assets, including but not limited to: a. Dealing with various state regulations] |

|  |
| --- |
| **Risk Management and Compliance – Also contains references** |
| **Risk Management Overview** | [Please describe your Risk Management function. a. How do the Risk professionals interact with the Portfolio Management team? b. Please describe the duties encompassed in the function, the function’s relationship to the portfolio-management team and the resources dedicated to the function firm-wide.c. How are portfolio risks identified, measured and monitored? What systems are used?d. Does your firm maintain a written risk management policy? If possible, please include it as a separate attachment.] |
| **Criteria** | [Is there a minimum size, liquidity or other criteria for a bond to be included in a mandate sizes of $400MM-$600MM ? How is that determined?] |
| **Analysis** | [What internal measures of performance risk does your firm use? (tracking error, VAR, etc.)] |
| **Investment Restrictions**  | [Do you have position limits on any given bond, issuer, and/or industry? If yes, how are these limits monitored? How were the limits determined? Does the firm have model(s) to capture credit/counterparty exposure? If so, briefly describe.?] |
| **Liquidity** | [Is liquidity risk addressed? If so, how? Are there circumstances under which the account would hold cash in excess of 5% of the portfolio value?] |
| **Trading** | [What policy do you have in place to select and monitor your brokers and trading partners?] |
| **Compliance Overview** | [Does your firm have an independent compliance function to ensure your firm’s compliance with governance, regulatory, industry, and values/ethical obligations? 1. How many employees does it consist of?
2. Does your firm have a personal trading policy in place? If no, please provide the explanation.]
 |
| **Compliance Processes** | [What processes do you have in place for ensuring pre and post-trade compliance with portfolio guidelines? a. What functions are automated?b. What tools are utilized?c. How frequently are compliance checks performed?d. What process do you have in place for human verification?e. Who signs off on final trading?] |
| **Compliance Remedies** | [If a client investment policy is violated, describe the mechanisms your firm uses to become compliant. If losses occur during any period of non-compliance, what are your firm’s remedies?] |
| **Investigations, Litigation, Claims** | [Please provide a brief description of any past or pending regulatory action, litigation or other legal proceedings involving the firm or any registered employees and/or principals.]  |
| **Planning** | [Has the firm adopted the following for its employees?a. Disaster recovery plan?b. Formal compliance policy?c. A code of ethics?d. Firm’s Current Succession PlansIf yes, please provide a copy of such policies] |
| **References** | [Please provide two client references for the taxable Muni strategy. Include the following:a. Name and Title;b. Firm;c. Phone number of contact person;d. The type and size of the account;e. Inception date of the account.] |

|  |
| --- |
| **Diversity, Inclusion and ESG** |
| **WMBE Status** | [Is the firm a minority, woman, or service-disabled veteran owned business (SDVOB)? Include the percent ownership.] |
| **Diversity/Inclusion** | [Are diversity and inclusion goals integrated into the performance assessment process and determination of compensation for senior officials? How are diversity and inclusion goals incorporated into the retention and promotion processes?] |
| **Compensation** | [Does the firm examine compensation for racial/ethnic or gender-based disparities? If so, what is the policy and framework for addressing racial/ethnic and gender-based disparities?] |
| **Recruiting** | [Does the firm conduct targeted recruiting for women, minorities, or service-disabled veterans? Please provide us with a list of organizations that you engage with to broaden outreach for women, minorities, or service-disabled veterans.] |
| **Policy Strategy** | [Does the firm have a written Diversity and Inclusion Recruiting Program/Strategy? (i.e. outreach, hiring, mentoring and/or scholarship programs designed to create a pipeline of minority and women professional talent to the firm).] |
| **Policy Program** | [Does the firm have a written Diversity and Inclusion Policy/Program? (i.e. business policy that encourages the inclusion of minorities, women or service-disabled veterans in its workforce and as business partners). If yes, do one or more members of the firm’s management/executive committee (or equivalent) have primary responsibility for leading the Diversity and Inclusion Policy/Program? If no to the previous question, does the firm have plans to create a Diversity and Inclusion Policy/Program within the next 12 months?] |
| **Diversity Committee** | [Does the firm have a Diversity and Inclusion Committee or equivalent? Please provide the charter of governance framework.] |
| **Brokerage** | [Percentage of annual trading US Dollar volumes for each of the past 5 years within the following categories:1. MWBE owned firms
2. Service-Disabled Veteran Owned Firms
3. Other firms (i.e. not MWBE or Veteran)]
 |
| **ESG Policy** | [Do you have a firm-level ESG policy? If so, please provide and let us know when it was established.] |
| **ESG Research** | [Does your firm produce research, risk analysis, and capital market assumptions regarding climate factors and investments of the Muni issuers?] |
| **ESG Metrics** | [Please list all tools the firm will use to score, analyze, and report ESG metrics and their applicability to the Muni issuers.] |
| **NYSIF ESG Priorities** | Please provide details of the following:1. What is the firm / fund’s current carbon intensity as defined as GHG emissions (MT) / Revenue ($M)? How has the firm / fund’s carbon intensity changed over the last 5 years? What are the strategies to reduce this? 2. Please provide details of all ESG or Climate Reporting and Disclosures?3. How is ESG integrated into the investment research, risk analysis, and execution process?4. How does the firm / fund consider it’s broader impact on climate (beyond it’s own portfolio), on labor, and on small business?  |