



**Municipal Finance
Authority of BC**

Request for Proposals:

Outsourced Chief Investment Officer and Asset Management services for the establishment and management of a multi-asset class pooled investment fund

RFP #: 2021-05-AA

Issue Date: May 3, 2021

Closing Time: Proposals must be received before 2:00 PM PT on June 11, 2021.

Delivery of Proposals

Proposals must be in English and must be submitted by email to rfp@mfa.bc.ca. Proposals must either:

- (1) include a copy of this cover page that is signed by an authorized representative of the Proponent or
- (2) otherwise identify the RFP, identify the Proponent and include the signature of an authorized representative of the Proponent that confirms the Proponent’s intent to be bound.

Proposals must be received before Closing Time to be considered.

A proposal is deemed to incorporate the Confirmation of Proponent’s Intent to Be Bound, without alteration.

Confirmation of Proponent’s Intent to Be Bound

The enclosed proposal is submitted in response to the Municipal Finance Authority of British Columbia’s Request for Proposals # 2021-05-AA, including any Addenda. By submitting a proposal a Proponent agrees to all the terms and conditions of the RFP including the following:

- a. The Proponent has carefully read and examined the entire Request for Proposals;
- b. The Proponent has conducted such other investigations as were prudent and reasonable in preparing the proposal; and
- c. The Proponent agrees to be bound by the statements and representations made in its proposal.

Proponent Name (please print): _____

Name of Authorized Representative (please print): _____

Signature of Authorized Representative: _____

Date: _____

Identification of Proponents, Questions and Clarification about this Request for Proposals

MFABC requests all Proponents who intend to submit a Proposal to send an email to rfp@mfa.bc.ca with the subject line "RFP Intention to Respond – MFA DMAC Pooled Fund – *Proponent Name*". Within the body of that email, please provide the email address, telephone number and name of the Authorized Representative. Intentions to Respond are due by 4:30 PM Pacific Time on May 14, 2021. The submission of this information may be used by MFABC to contact Proponents throughout the RFP process and does not bind the Proponent to make a final proposal.

Enquiries related to this RFP, including any requests for information or clarification must be made in writing and directed to rfp@mfa.bc.ca with a subject line of "RFP Question/Enquiry – MFA DMAC Pooled Fund – *Proponent Name*". The cut-off time to submit questions is May 14, 2021 at 4:30 PM Pacific Time. MFABC may, if time permits before Closing Time, provide a response. MFABC responses which provide new information will be recorded and posted to BC Bid or otherwise distributed to known Proponents. Information obtained from any other source is not official and should not be relied upon.

Summary of Key Dates

Action	Date
RFP #2021-05-AA Posted on BC Bid	May 3, 2021 8:00am PT
Cut-off for Proponents to Indicate Intent to Respond	May 14, 2021 4:30pm PT
Cut-off for Proponent Questions	May 14, 2021 4:30pm PT
RFP #2021-05-AA Submission Close	June 11, 2021 2:00pm PT
MFABC to Contact Short-list for further dialogue	Approx. 3-5 weeks after Submission Close

Submission Length

While MFABC has determined not to dictate a maximum page count for submissions, we strongly suggest Respondents keep answers succinct. Some components of the RFP such as the "Recommended Portfolio" should be of adequate detail and afforded reasonable page count, other sections/questions, where possible, should be kept compact. MFABC suggests making use of appendices to ensure the main and key points of a submission are easily found/visible.

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Summary of the Opportunity

The Municipal Finance Authority of B.C. (“MFABC”) is requesting Proposals from qualified institutional investment management firms or investment consulting firms for its new pooled fund. The MFABC Diversified Multi-Asset Class Fund (“DMAC” or “Fund”) will be a growth-oriented global multi-asset pooled fund that will be offered to British Columbia based local government investors in a unitized form. Assets will come from long-term reserves owned by B.C. local governments that have a time horizon of 10 years or more. At inception, we expect approximately \$300 million CDN of investments into the DMAC, with the potential of additional investments of \$250 million to \$1 billion or more over the first 5 years of operation.

The DMAC will integrate Environmental, Social, and Governance (ESG) factors into the investment process. Asset classes and asset mix are intentionally not prescribed at present. Proponents are asked to provide recommendations on these areas as they design a portfolio to achieve the DMAC objectives. The successful proponent will also have a subsequent opportunity to refine the recommended portfolio in discussions with MFABC and provide input in the writing of the DMAC Statement of Investment Policy.

The Municipal Finance Authority of British Columbia (MFABC) was created in 1970 to contribute to the financial well-being of local governments throughout BC. MFABC is independent from the Province of British Columbia and operates under the governance of a Board of Members appointed from the various Regional Districts within the province. In addition to other activities, MFABC offers a number of pooled investment funds to assist local governments in BC in managing their investable assets. Existing pooled funds offered by MFABC total approximately \$4 billion.

RFP Process Rules

Definitions

Throughout this Request for Proposals, the following definitions apply:

“**Addenda**” means all additional information regarding this RFP including amendments to the RFP;

“**BC Bid**” means the BC Bid website located at www.bcbid.ca;

“**Closing Location**” is the email address for submissions indicated on the cover page of this RFP;

“**Closing Time**” means the closing time and date for this RFP as set out on the cover page of this RFP;

“**Contract**” means the written agreement resulting from the RFP executed by the MFABC and the successful Proponent;

“**Contractor**” means the successful Proponent to the RFP who enters into a Contract with MFABC;

“**Fund**” means MFA Diversified Multi-Asset Class Fund (DMAC);

“**MFABC**” means the Municipal Finance Authority of British Columbia;

“**must**”, or “**mandatory**” means a requirement that must be met in order for a proposal to receive consideration;

“**Proponent**” means a person or entity (excluding its parent, subsidiaries or other affiliates) with the legal capacity to contract, who submits a proposal in response to the RFP;

“**proposal**” means a written response to the RFP that is submitted by a Proponent;

“**Province**” means Her Majesty the Queen in Right of the Province of British Columbia;

“**Request for Proposals**” or “**RFP**” means the solicitation described in this document, including any attached or referenced appendices, schedules or exhibits and as may be modified in writing from time to time by MFABC;

“**should**”, “**may**” or “**weighted**” means a requirement having a significant degree of importance to the objectives of the Request for Proposals.

Acceptance of Terms and Conditions

Submitting a proposal indicates acceptance of all the terms and conditions set out in the RFP, including those that follow and that are included in all appendices and any Addenda.

A proposal must be signed by a person authorized to sign on behalf of the Proponent with the intent to bind the Proponent to the RFP and to the statements and representations in the Proponent’s proposal. A scanned copy of the signed cover page of this RFP is acceptable as is a cover letter identifying the Proponent, identifying the RFP and including a signature of an authorized representative of the Proponent that confirms the Proponent’s intent to be bound.

Submission of Proposals

- a) Proposals must be submitted before Closing Time to the Closing Location using the submission method set out on the cover page of this RFP. Proposals must not be sent by fax. The Proponent is solely responsible for ensuring MFABC receives a complete Proposal, including all attachments or enclosures, before the Closing Time.
- b) The following applies to all submissions:
 - (i) The Proponent is solely responsible for ensuring that the complete electronic Proposal, including all attachments, is received before Closing Time;
 - (ii) Proponents should submit email proposal submissions in a single email and avoid sending multiple email submissions for the same opportunity; and
 - (iii) Attachments must not be compressed, must not contain a virus or malware, must not be corrupted and must be able to be opened. Proponents submitting by electronic submission are solely responsible for ensuring that any emails or attachments are not corrupted. MFABC may reject proposals that are compressed, cannot be opened or that contain viruses or malware or corrupted attachments.
- c) For email proposal submissions, including any notices of amendment or withdrawal, the subject line of the email should indicate "RFP Submission – MFA DMAC Pooled Fund – *Proponent Name*". Any attachment should be clearly marked with the name of the Proponent.

The Proponent bears all risk associated with delivering its Proposal including but not limited to delays in transmission between the Proponent's computer and MFABC's Mail System. The proponent is solely responsible for ensuring that its complete email proposal submission and all attachments have been received before Closing Time.

Additional Information

If necessary to provide additional information, MFABC will post materials to BC Bid or otherwise distribute these materials to known Proponents.

Late Proposals

Proposals will be marked with their receipt time at the Closing Location. Only complete proposals received and marked before the Closing Time will be considered to have been received on time. Proposals received late will be marked late and not considered or evaluated. In case of a dispute, the proposal receipt time as recorded by MFABC at the Closing Location will prevail whether accurate or not.

Minimum Qualification Requirements

The Proponent firm must be a Canadian-domiciled institutional asset manager or consulting firm with in-house expertise in a variety of asset class categories. The Proponent firm must be a UN PRI Signatory and fully comply to the Global Investment Performance Standards (GIPS). The Proponent must have expertise in creating pooled funds or other unitized fund products and have experience in providing O-CIO services for large scale funds. Only institutional asset management firms with a full complement of dedicated portfolio managers and in-house research teams supporting the institutional fund business will be eligible to manage the Fund. The Proponent must manage in-house, or otherwise have a fiduciary responsibility to manage, total assets of at least \$10 billion CAD.

Completeness of Proposal

By submitting a proposal the Proponent warrants that all components required to design, create and manage the DMAC have been identified in the proposal or will be provided by the Contractor at no additional charge.

The Proponent may amend or withdraw its proposal before the Closing Time. Unless the RFP otherwise provides, Proponents should use a consistent submission method for submitting proposals and any amendments or withdrawals. Upon Closing Time, all proposals become irrevocable. The Proponent will not change any part of its proposal after the Closing Time unless requested by MFABC for purposes of clarification.

Subcontractors

- a) Unless the RFP states otherwise, MFABC will accept proposals where more than one organization or individual is proposed to deliver the services described in the RFP, so long as the proposal identifies the lead entity that will be the Proponent and that will have sole responsibility to deliver the services under the Contract. MFABC will enter into a Contract with the Proponent only. The evaluation of the Proponent will include evaluation of the resources and experience of proposed sub-contractors, if applicable.
- b) All subcontractors, including affiliates of the Proponent, should be clearly identified in the proposal.
- c) Where applicable, the names of approved subcontractors listed in the proposal will be included in the Contract. No additional subcontractors will be added nor other changes made to this list in the Contract without the written consent of MFABC.

Evaluation

MFABC will be under no obligation to receive further information, whether written or oral, from any Proponent. MFABC is under no obligation to perform any investigations or to otherwise verify any statements or representations made in a proposal.

Contract

- a) By submitting a proposal, the Proponent agrees that should its proposal be successful the Proponent will enter into a Contract with MFABC which will include terms and conditions to be finalized to the satisfaction of MFABC.
- b) Written notice to a Proponent that it has been identified as the successful Proponent and the subsequent full execution of a written Contract will constitute a Contract for the goods or services, and no Proponent will acquire any legal or equitable rights or privileges relative to the goods or services until the occurrence of both such events.

Contract Finalization Delay

If a written Contract cannot be finalized with provisions satisfactory to MFABC within thirty days of notification of the successful Proponent, MFABC may, at its sole discretion at any time thereafter, terminate discussions with that Proponent and either commence finalization of a Contract with the another qualified Proponent or choose to terminate the RFP process and not enter into a Contract with any of the Proponents.

Notification

At the conclusion of the RFP process, MFA will only notify a short list of qualified Proponents about their proposal.

Proponents' Expenses

Proponents are solely responsible for their own expenses in participating in the RFP process, including costs in preparing a proposal and for subsequent discussions with MFABC, if any. MFABC will not be liable to any Proponent for any claims, whether for costs, expenses, damages or losses incurred by the Proponent in preparing its proposal, loss of anticipated profit in connection with any final Contract, or any other matter whatsoever.

Limitation of Damages

By submitting a proposal, the Proponent agrees that it will not claim damages, for whatever reason, relating to the Contract or in respect of the competitive process.

Liability for Errors

While MFABC has used considerable efforts to ensure information in the RFP is accurate, the information contained in the RFP is supplied solely as a guideline for Proponents. The information is not guaranteed nor warranted to be accurate by MFABC, nor is it necessarily comprehensive or exhaustive. Nothing in the RFP is intended to relieve Proponents from forming their own opinions and conclusions with respect to the matters addressed in the RFP.

No Commitment to Award

The RFP should not be construed as an agreement to purchase goods or services. The lowest priced or any proposal will not necessarily be accepted. The RFP does not commit MFABC in any way to award a Contract.

No Implied Approvals

Neither acceptance of a proposal nor execution of a Contract will constitute approval of any activity or development contemplated in any proposal that requires any approval, permit or license pursuant to any federal, provincial, regional district or municipal statute, regulation or by-law.

Legal Entities

MFABC reserves the right in its sole discretion to:

- a) disqualify a proposal if MFABC is not satisfied that the Proponent is clearly identified;
- b) prior to entering into a Contract with a Proponent, request that the Proponent provide confirmation of the Proponent's legal status (or in the case of a sole proprietorship, the Proponent's legal name and identification) and certification in a form satisfactory to MFABC that the Proponent has the power and capacity to enter into the Contract;

Reservation of Rights

In addition to any other reservation of rights set out in the RFP, MFABC reserves the right, in its sole discretion:

- a) to modify the terms of the RFP at any time prior to the Closing Time, including the right to cancel the RFP at any time prior to entering into a Contract with a Proponent;
- b) in accordance with the terms of the RFP, to accept the proposal or proposals that it deems most advantageous to itself;
- c) to waive any non-material irregularity, defect or deficiency in a proposal;
- d) to request clarifications from a Proponent with respect to its proposal, including clarifications as to provisions in its proposal that are conditional or that may be inconsistent with the terms and conditions of the RFP, without any obligation to make such a request to all Proponents, and consider such clarifications in evaluating the proposal;
- e) to reject any proposal due to unsatisfactory references or unsatisfactory past performance under contracts with the Province, or any material error, omission or misrepresentation in the proposal;
- f) at any time, to reject any or all proposals; and
- g) at any time, to terminate the competition without award and obtain the goods and services described in the RFP by other means or do nothing.

Ownership of Proposals

All proposals and other records submitted to MFABC in relation to the RFP become the property of MFABC.

Confidentiality Agreement

The Proponent acknowledges that prior to the Closing Time it may be required to enter into a confidentiality agreement with MFABC in order to obtain access to confidential materials relevant to preparing a proposal.

Alternative Solutions

If more than one approach to deliver the services described in the RFP are offered, Proponents should submit the alternative approach in a separate proposal.

Collection and Use of Personal Information

Proponents are solely responsible for familiarizing themselves, and ensuring that they comply, with the laws applicable to the collection and dissemination of information, including resumes and other personal information concerning employees and employees of any subcontractors. If the RFP requires Proponents to provide MFABC with personal information of employees who have been included as resources in response to the RFP, Proponents will ensure that they have obtained written consent from each of those employees before forwarding such personal information to MFABC. Such written consents should specify that the personal information may be forwarded to MFABC for the purposes of responding to the RFP and used by the MFABC for the purposes set out in the RFP. MFABC may, at any time, request the original consents or copies of the original consents from Proponents, and upon such request being made, Proponents will immediately supply such originals or copies to MFABC.

Organizational History, Structure, and Expertise

1. Please provide the legal name and address of your firm.
2. Please provide the name and contact information of the primary contact for this RFP.
3. Please fill-in the table below to confirm your organization meets the Minimum Qualification Requirements, provide additional details if necessary.

	Qualification Requirement	Y/N	Additional Detail (if any)
1	Canadian-domiciled institutional asset manager or consulting firm.		
2	In-house expertise in a variety of asset class categories.		
3	UN PRI Signatory.		
4	Global Investment Performance Standards (GIPS) compliant.		
4	Expertise in creating unitized pooled funds.		
5	Full complement of dedicated portfolio managers.		
6	In-house research team.		
7	Manage in-house or otherwise have fiduciary duty to manage assets of at least \$10 billion CAD.		

4. Please provide a brief history of your firm and ownership structure, including any significant organizational changes that affected your firm during the past 3 years. Please note any significant changes to the above planned for the coming 2 years.
5. Please provide a history of your firm's fiduciary solutions (Outsourced CIO) business.
6. Please provide an organizational chart of your firm and an overview of the investment expertise of your team.
7. Please list all employees who will be assigned to the MFABC DMAC account if your firm is selected. Include biographies for those employees, location, what types of clients they service (line of business), and how many other clients they currently service. Further, please identify which employee will be the primary account contact.
8. Please provide overall staff size and experience, including average tenure with the firm and years of industry experience.
9. Please provide details of your OCIO professionals located in Canada or the United States – please provide office location(s).
10. Please provide a list of asset classes (and subcategories) managed directly by your firm that you will be recommending for the DMAC. Please provide a list of asset classes (and subcategories) to be outsourced that you will be recommending for the DMAC.
11. Please provide an overview of the culture of your firm. What is it that makes your firm's culture a unique fit for our organization?

Services Provided

1. Please describe the services you would offer our organization. Specifically, explain the services provided within your OCIO/Fiduciary Management model.
2. Are there any distinguishing characteristics of your OCIO/Fiduciary Management model which differentiates it from your competitors'? If so, please elaborate.
3. How long have you been providing those services?
4. What (approximate) proportion of your firm's revenues are attributable to the services described above?
5. How does the provision of OCIO/Fiduciary Management services fit in with your firm's overall business strategy both now and in the future?
6. If your proposal will not be based on the OCIO model as described above, please describe the approach your firm will take and the advantages of your approach.
7. Do you offer an open architecture solution (i.e., use of external investment managers)? Does this change your fee structure?
8. If you use open architecture solutions, how do you manage any conflicts of interests between your internal fund management business and your OCIO business?
9. Provide details of the AUM split of your client allocation between your in-house solutions and open architecture options.
10. What other relevant services does your firm offer?

Clients Served by the Firm

1. Please fill out the following table detailing your total number of clients, including type (non profit, corporate, public, etc.) Assets under management (AUM), services provided, and average length of client relationship:

Total Number of Clients	Type	AUM	Services Provided	Avg. Length of Relationship
	Non-Profit Organizations			
	Corporate Defined Benefit			
	Public Defined Benefit			
	Union/Multi-employer Plans			
	Other			

Other
Includes:

2. How is your firm positioned for growth?

Strategic Advice, Asset Allocation and Investment Philosophy

1. Describe your firm's asset allocation process.
2. Please outline your firm's asset modeling capabilities and experience.
3. What changes have you made to your firm's approach to asset allocation in the past 5 years? Why?
4. Please describe how your firm selects, uses and/or develops benchmarks and how those benchmarks would be used to assess progress toward DMAC's goals.
5. What strategies has your firm recommended to help clients mitigate volatility in their investment portfolios?
6. How does your firm intend to add value to our organization's investment portfolio?
7. Is your firm willing to assume discretion for the portfolio-level asset allocation decisions within clearly defined limits?
8. Please highlight several historical instances where your outlook on the markets has translated into asset allocation decisions within balanced mandates.

Recommended Portfolio

- Please consider the following when developing your recommendations:
 - The DMAC *Statement of Investment Beliefs and Principles*, provided in Appendix A.
 - The DMAC will be unitized pooled fund for use by BC local governments to invest long-term reserves (funds not needed for 10 years or longer).
 - The Fund should be designed with a “perpetual” 10-year investment horizon (i.e. this is not a “target date” fund).
 - All asset classes and strategies will be considered by MFABC.
 - Passive and active strategies will be considered, either for the entire Fund or for specific components of the Fund.
 - Your firm will act as OCIO and/or asset manager for the entire Fund. We recognize that even the largest of Canadian institutional multi-asset class asset managers may have partnerships with specialty asset managers and we urge you to include those in your model portfolio, where appropriate.

- 1. Please provide a recommended strategic asset allocation, and appropriate range of exposures for those allocations, by asset class/strategy that provide optimal risk-adjusted real returns of 3.5% over the long-term (10 years or longer). Expressed differently, if a 2% rate of inflation is assumed, design an optimal portfolio to achieve nominal returns of 5.5%.
 - In a table, please provide the metrics listed in **A, B, C, & D** below for:
 - The recommended real return portfolio (3.5%)
 - A baseline passive portfolio
 - 20% FTSE Canada Universe Bonds,
 - 25% S&P/TSX, and
 - 55% MSCI World (CAD)
 - Each asset class/strategy included in the recommended portfolio.

A - Index-independent (i.e. absolute) **risk measures**, calculated in compliance with Global Investment Performance Standards (GIPS), **using historical data** over the last 1, 3, 5, 10 years (or a shorter period if unavailable):

- a. Long-Term Return;
- b. Annual Volatility (standard deviation of returns);
- c. 1-year 95% Value at Risk (VaR);
- d. 1-year 95% Conditional Value at Risk (CVaR);
- e. Sharpe Ratio;
- f. Expected maximum drawdown and drawdown duration

B - Index-dependent (i.e. relative) **risk measures** against the relevant benchmarks for your recommended portfolio and asset classes/strategies, calculated in compliance with Global

Investment Performance Standards (GIPS), **using historical data** over the last 1, 3, 5, 10 years (or a shorter period if unavailable):

- a. Beta;
- b. Upside/Downside capture ratios.

C - Index-independent risk measures, using forward-looking expectations, over 10 years:

- a. Long-Term Expected Return;
- b. Annual Volatility (standard deviation of returns);
- c. 1-year 95% Value at Risk (VaR);
- d. 1-year 95% Conditional Value at Risk (CVaR);
- e. Sharpe Ratio;
- f. Expected maximum drawdown and drawdown duration

D - Index-dependent risk measures against the relevant benchmarks for your recommended portfolio and asset classes/strategies, calculated in compliance with Global Investment Performance Standards (GIPS), **using forward-looking expectations**.

- a. Beta;
- b. Upside/Downside capture ratios.

2. Describe your asset allocation approach and modeling for the recommended portfolio. Describe that process and inclusion of major variables (i.e. risk tolerance).
3. Describe the tools and resources used by your firm to create the recommended asset allocation.
4. Please outline the investment strategy you are proposing for the DMAC, given the information shared in this RFP. How have you developed this strategy?
5. How would you initially position the portfolio given present market conditions? Provide some insight as to why you would position the portfolio in the above manner.
6. Please provide a strategy overview for each of the asset classes/strategies you are suggesting be used in the recommended portfolio.
7. Do you foresee any challenges in achieving the DMAC's objectives given its constraints?
8. How are Environmental, Social and Governance (ESG) factors considered in the investment management of the recommended asset classes/strategies?
9. While the DMAC will be a unitized Fund with a daily net asset value, it does not necessarily need to have daily liquidity. How would you incorporate the use of less liquid strategies in your solution and what benefits or challenges would that include? What recommendations would you have for MFABC on how the DMAC is structured with respect to its provision of liquidity? Address specifically the handling of material subscriptions and redemptions in a unitized Fund with more than one unitholder.
10. If MFABC wanted to offer a Fossil Fuel Free or Low Carbon DMAC to its local government clients, either incorporated into this Fund or as a second Fund, can such a strategy be implemented through your recommended portfolio? Would implementing such strategies possibly detract from expected returns? How would this impact your recommended portfolio and asset classes/strategies above?

Portfolio Construction and Manager Research Process

1. If you have an open architecture approach or you have more than one internal manager overseeing an asset class, please describe your firm's manager research capabilities. Include information on how you evaluate, rank, and monitor investment managers.
2. What changes have you made to your portfolio construction and manager research processes over the past 5 years. Why?
3. Describe the circumstances that would force the termination of an investment manager / sub-adviser.
4. Describe the type of investment vehicles used in the construction of the proposed portfolio (for e.g. segregated, pooled, passive).
5. Describe how DMAC's investment goals, risk tolerance and time horizon are factored into your process.
6. Please describe your views on the inclusion of active and passive investments in an institutional investment portfolio.
7. Please describe how your firm undergoes research, monitors and recommends allocations to alternative investments.
8. Describe your firm's ability, experience and competitive advantage in gaining access to high-quality alternative managers. Explain how access to capacity-constrained alternative managers is allocated amongst clients.
9. Describe your firm's view of tactical/dynamic portfolio management.
10. What is your firm's approach to multi-asset investing? How does it differ from the approach other firms use?
11. In addition to the questions listed above, are there any other details about the working relationship between MFABC, its stakeholders, and the OCIO you would like to highlight? If so, please detail.

Risk Management

1. Please describe your firm's approach to managing risk in the asset allocation, portfolio construction and manager selection process. Who is responsible for managing and monitoring this approach?
2. Describe the process and tools you use to monitor and manage risk both across the investment portfolio, as well as within specific asset classes.
3. Please describe your firm's risk reporting process and provide a sample of the reports you provide to clients.

Client Service Philosophy and Team

The chosen proponent will be required to provide education and advice both to MFA and its Members on the use of the new DMAC fund.

1. Please describe your firm's philosophy on client service. Include details around how often you meet with clients, the depth of the team our organization would have access to and a description of a typical client meeting.
2. Please list the specific members of the team who would be working on our relationship, including name, title and a brief bio outlining their experience, tenure and capabilities.
3. Please outline your firm's succession plan in the event of staff turnover.
4. Please describe the on-going education and training you make available to clients.
5. How does your firm monitor client satisfaction?
6. How should we, as a client, measure our joint success?

Reports, Performance and Systems

The chosen proponent will be required to provide monthly, quarterly and annual reporting on performance and the markets.

1. Please provide a sample of your monthly and quarterly reports, as well as a sample of educational materials prepared to assist client knowledge.
2. Please outline the various ways MFABC could access their reports.

Fees

The Company expects a clear and fully transparent fee disclosure for all services provided by the OCIO and/or asset manager and will not entertain any additional fee beyond the stated contract.

1. Provide a comprehensive fee proposal for all the services outlined in this Request for Proposal.
2. Please provide any other embedded fees and costs in the pooled funds you are suggesting
3. Include information for additional fees and expenses (i.e., travel and other out-of-pocket expenses) that will be required in any resulting contract.
4. Provide estimates for investment management fees using the asset mixes of the proposed portfolio.
5. Include the specific period your firm will guarantee the proposed fee.
6. Distinguish clearly any separation between advisory and investment management fees.
7. Does your firm receive any revenue from sources other than clients for whom you provide investment management or OCIO services? Clearly identify any other streams of revenue or other benefits that your firm will receive from providing the OCIO services set out herein.

Conflicts

1. Detail any financial relationships which exist with affiliated or other organizations, brokerage firms, insurance companies, commercial banks, investment banking firms, investment management firms, mutual fund companies, etc.
2. Describe any circumstances under which your firm receives fees or other compensation from investment managers.
3. Do you commit to never taking opposing positions or being in a position to profit from opposing positions to any holding in the Company's portfolio?

Compliance and Legal

1. Please confirm the regulatory bodies with which your firm is registered.
2. Has your firm been involved in any business litigation or proceedings related to management of investment funds over the past 5 years? If so, please describe the case, provide an explanation and indicate the current status.
3. Does your firm have written policies governing employee code of conduct, ethics, and/or conflict of interest? Please provide an overview of each applicable policy.
4. Please describe any potential conflicts of interest your firm, affiliates or parent may have which would impact the management of our organization's investments. If potential (or real) conflicts exist, please describe how these issues will be managed.

Have there been any complaints filed against your firm with any governmental body or industry regulator during the last two years? If so, provide a brief explanation, dates of complaints and indicate the current status.

MFA Diversified Multi Asset Class Fund
Statement of Investment Beliefs and Principles
(Version: March 29, 2021)

The following set of beliefs and principles (“B&P”) provide a broad guide in making decisions with respect to the MFA Diversified Multi Asset Class Fund (the “Fund” or the “DMAC Fund”). The B&P provide a broad paradigm that help ensure a congruent development of an effective investment process, which includes selecting asset manager(s), structuring and implementing the Fund, and more generally discussing ideas and strategies in an efficient manner.

This Statement of Investment Beliefs and Principles has been reviewed and approved by the MFA pooled fund Trustees and will be reviewed periodically to take into account experiential, statistical, research-related or other developments.

Description

The DMAC Fund is an investment vehicle that allows MFA Members to invest in a diversified portfolio of global financial asset classes and is structured to provide long-term asset growth over a 10-year or longer time horizon.

Objective of the MFA DMAC Fund

The primary purpose of the Fund is to invest capital over the long-term to grow at a rate that exceeds inflation, while minimizing risk through asset class selection and diversification.

Effective governance is necessary to meet objectives

Trustees of the DMAC Fund act as fiduciaries representing the combined best interests of all local governments in British Columbia. Strong governance manages principal-agent issues, increasing the likelihood that the Fund will perform well from a risk and return perspective over the long term. Consistently applying investment beliefs and principles across the Fund will enhance alignment between the Trustees and the fund administrators and external manager(s) and will assist in providing efficient management of the fund and ensure the best interests of the local government system in British Columbia are being met.

Suitability

MFA pooled funds are designed to be broadly suitable for a large number of MFA Members. However, not all pooled funds are suitable for all Members, or under all circumstances. Members with a demonstrated long-term investment horizon for this allocation, low liquidity needs, and intermediate or higher risk tolerance and risk capacity may invest in the DMAC Fund.

The Fund itself will perpetually have a long-term investment horizon and is managed with a long-term view. Long-term refers to a horizon of 10 years or longer. It is expected that Members that might invest in this fund option have other material assets of a much higher liquidity level and of much lower volatility compared to this fund.

Policy asset mix is a critical component to the long-term performance of the Fund

In a multi-asset class fund, decisions regarding what asset classes to select and the mix of those asset classes generally have a greater impact than individual security selection on the overall return of the fund. The policy asset mix (the strategic asset allocation of the Fund) will reflect long-term capital markets expectations and the Trustee's assessment of long-term risk and return appetite of Local Governments throughout British Columbia. Data to support asset mix choices may be determined by a combination of historical results and forward-looking estimates, based on advice from a broad array of investment professionals. To increase the probability of achieving positive active returns, the Manager of the Fund will have leeway to both tilt the allocations based on ranges approved by the Trustees and temporarily deviate from the policy asset mix for short periods of time (tactical asset allocation of the fund). Policy asset mix should be reviewed annually but may remain static for long periods of time.

Efficiency, costs and complexity matter to the performance of the Fund

Costs have significant impact on returns in the long run. Managing costs is an important part of the implementation of the investment policy asset mix and underlying investment strategies. Larger pools allow for sharing and therefore reduction of certain costs.

When choosing and evaluating investment managers and strategies, the decision must strike a balance between costs, the ability to generate consistent and strong returns while controlling volatility. We believe that capital markets are informationally efficient in the long-run, supporting low-cost passive investment approaches. However, short-run market inefficiencies can create opportunities for outperformance by skillful professional fund managers. MFA believes that active managers exist that can outperform passive benchmarks over long periods, and improve the profile of the future return stream, such as downside protection. However, active managers must demonstrate expected long-term outperformance in excess of the fees they earn.

Bundling of services by service providers can have many benefits in terms of managing costs and complexity. Coordinating data, information flow between service providers (data providers, consultants, lawyers, administrators, custodians) can be daunting and lead to operational inefficiencies. Single (or minimizing) service providers that can bundle needed services allows for more seamless communication, data and information sharing while leveraging capabilities and scalability that can ultimately lead to costs savings, less errors and better returns. However, it is also recognized that minimizing the number of asset managers involved in a multi-asset class fund requires partnering with an asset manager with sufficient scale and expertise to offer a

broad array of asset classes. As part of the decision on asset classes to include, retaining a simple portfolio structure is preferred over complexity, unless there are clear and material advantages to risk or reward of adding more elements.

Diversification matters

Well diversified portfolios are critical to managing risks. Broad portfolios manage concentration risk and reduce volatility. Different categories of securities outperform at different times and no investment style or class of security is permanently superior. Global diversification is especially important to maximize risk-adjusted returns in growth portfolios. The Canadian capital markets are very concentrated. A global approach is more diversified and less risky than a narrow or country-specific one. A global approach accounts for performance rotation, with sectors exhibiting differing growth opportunities over time and uncorrelated country-specific economic cycle. No region or asset class is inherently superior and leadership rotates frequently. A global approach increases opportunities to outperform and mitigates country-specific risk factors, like political, economic or legislative risks.

Risk is required to generate superior long-term returns

Utilizing broad global asset classes to help achieve superior long-term returns, even if properly diversified within a portfolio, is likely to produce short-term volatility in returns - including periods of negative returns. One goal is to reduce, but not eliminate, short term volatility through investment strategies that produce downside protection in declining markets and capture upside performance in strong up markets. Exposures to foreign currencies is a product of holding non-Canadian investments – the benefits of a currency overlay program needs to be evaluated once the Fund asset mix is developed. Management of qualitative risks, such as operational risks or re-balancing risks, can be as important as managing quantitative risks such as investment return volatility. An Outsourced Chief Investment Officer (O-CIO) model, with broad operational oversight provided to a professional leading investment and operations teams, can be very useful in helping MFA and its Trustees manage those qualitative risks. Under that model, the Chief Investment Officer also acts as a fiduciary **adviser** with legal accountability to protect assets of the Fund and advise objectively about inherent opportunities and risks associated with various investment options

ESG and Socially Responsible Investing

We believe companies with strong environmental, social and governance (ESG) profiles are typically better managed for the long term and are often positioned to outperform their peers from a long-term profitability perspective. This belief is true regardless of specific moral imperatives, values or social stance of users of the Fund. As such, manager(s) of BC MFA DMAC Fund assets shall incorporate a broad set of general Environment, Social and Governance (ESG) factors into their investment decision making process. The managers of BC MFA DMAC Fund

assets shall be signatories of the United Nations Principals for Responsible Investment (UNPRI), which calls for socially responsible investment based on its six principals.

We believe that carbon emissions and climate change are among the most pressing societal risks. Many local governments in British Columbia have declared Climate Emergencies. As such, we believe that Socially Responsible Investment strategies targeting carbon emissions, that do not detract significantly from expected risk-adjusted returns, will be considered in the Fund. Those considered strategies can be broad exclusionary strategies (such as Fossil Fuel Free investing) or other targeted carbon mitigation strategies (Impact Investing or Low Carbon Investing or other such strategies).