



REQUEST FOR PROPOSALS

# Investment Management Search

August 12, 2022



## **REQUEST FOR PROPOSAL (RFP) GUIDELINES, TERMS AND CONDITIONS**

In this document, "CPSA" refers to the College of Physicians & Surgeons of Alberta, and "you" or "your" refers to any potential supplier who submits a response to this RFP.

CPSA has retained Mercer (Canada) Limited ("Mercer") to assist in a Request For Proposal (RFP) for the reviewing of Investment Managers and associated fees for their Retained Surplus Funds. These are non-pension assets.

Any and all questions pertaining to this RFP, at any stage of its process, shall be directed to Mercer and its representatives:

Luis Ramirez  
403-837-1060  
[luis.ramirez@mercer.com](mailto:luis.ramirez@mercer.com)

Neil Lloyd  
778-558-6334  
[neil.lloyd@mercer.com](mailto:neil.lloyd@mercer.com)

**All proposals must be completed, covering all questions included in this RFP. Electronic copies of the RFP and applicable fee quotes must be received by Friday September 9, 2022 before 12:00 pm MT. Failure to comply, including submitting an incomplete proposal, will result in disqualification.**

CPSA shall have no obligation to accept the lowest priced proposal or any proposal submitted in connection herewith. No submission of any proposal will create, or be deemed to create, any contractual relationship of any nature with CPSA or to impose any obligation upon CPSA whatsoever.

This RFP, any information contained herein, and any information later disclosed by CPSA, shall be confidential information belonging to CPSA and Mercer, and is, and will be, submitted on the understanding that each of the recipients will maintain same in the strictest confidence and will not disclose any of such information to any other person or body, and will use such information solely and exclusively for the purpose of responding to this RFP and any subsequent negotiations in connection therewith. All proposals shall be firm for the life of the project.

Any proposal items to be considered confidential or proprietary must be clearly identified as such.

Cost for preparation of the Proposals and all other costs and expenses incurred by candidates relating to the Proposals will be borne by the candidates. CPSA is not liable to pay all or any portion of such costs and expenses or to reimburse or compensate the candidates in any manner whatsoever or under any circumstances, including, without limitation, in the event of rejection of any or all Proposals or cancellation of the project.

CPSA will not be responsible for any oral explanations or instructions. CPSA reserves the right to distribute copies of any or all questions and responses to all candidates.

Any responses with deviations from scope specifications or different pricing models must be clearly defined and approved by Mercer on behalf of CPSA.

Any possible conflict of interest must be disclosed. Failure to do so may result in elimination.

Notwithstanding the above, CPSA reserves the right to include or exclude any candidate for any reason outside of the above criteria.



## ABOUT THE COLLEGE OF PHYSICIANS & SURGEONS OF ALBERTA

The College of Physicians & Surgeons of Alberta (CPSA) is Alberta's regulator for physicians and physician assistants, and is responsible for overseeing the practice of medicine in Alberta. Alberta's *Health Professions Act* (HPA) grants the privilege of profession-led regulation, which is carried out by CPSA.

CPSA has been around for over 100 years, and, through the many changes that come with time, our priority has remained the same: to protect Albertans by guiding the medical profession.

For more information, please see [www.cpsa.ca](http://www.cpsa.ca)

## PURPOSE OF THE RFP

The purpose of this RFP is to solicit proposals from prospective investment managers for institutional pooled funds in order to conduct a review of required investment mandates, fees and services. CPSA reserves the right to select a new investment manager(s), or remain with their incumbent providers. A successful RFP for CPSA will have the following elements:

- Fulfillment of the required strategic asset allocation
- Assurance that reasonable fees are being paid
- Comfort with the client service team
- Highly rated investment strategies
- Well thought out and proven investment process and risk management
- Confidence in the due diligence process

## SELECTION PROCESS AND TIMELINES

Task	Timeline	Responsible Parties
Request For Proposal (RFP) Issued	August 12, 2022	Mercer/CPSA
Deadline for RFP submissions	Sept. 9, 2022, 12:00 pm MT	Investment Managers send soft copy of their response to Mercer
Review of RFP responses	September 2022	Mercer/CPSA
Managers are notified if they are required for interviews	October 2022	Mercer

Task	Timeline	Responsible Parties
Short list presentations (as required)	November 2022	Mercer/CPSA
Effective Date*	January 2023	Selected provider(s)

\* Contract to be effective for up to 7 years, but may be cancelled by either party with 90-days notice.

### RETAINED SURPLUS FUNDS OVERVIEW

CPSA's Retained Surplus has approximately \$30 million in assets as at June 30, 2022.

- Currently invested by two balanced fund managers (50% equity/50% fixed income)
- Desired level of risk: "low to medium"
- Desired level of liquidity: "medium"
- No new contributions into this Fund
- Distributions are irregular and fund various unplanned items/activities
- Non-taxable account

In April 2022, CPSA undertook a strategic asset allocation review and decided upon the following preferred asset mix.

Asset Classes	Target Weight
<b>Bonds</b>	<b>26%</b>
Treasury Bills	1%
Short-Term Bonds	15%
Universe Bonds	10%
<b>Equity</b>	<b>39%</b>
Canadian Equity (Large Cap)	11%
Global Equity (Large Cap)	16%
Global Low Volatility Equity	4%
Global Equity (Small Cap)	4%
Emerging Equity	4%

<b>Other Fixed Income</b>	<b>25%</b>
Commercial Mortgages	15%
Multi-asset credit	7%
Emerging Debt (local currency)	3%
<b>Alternatives</b>	<b>10%</b>
Core Real Estate (target 30% leverage)	10%
<b>Total</b>	<b>100%</b>

## INSTRUCTIONS AND QUESTIONS

Candidates may submit proposals for all asset classes in a single balanced fund, or only certain asset classes. CPSA reserves the right to combine managers as required to fulfill the strategic asset allocation as best possible.

- 1. Please provide us with your proposal for the strategic asset allocation<sup>1</sup> which includes an overview of your firm, size and experience with similar mandates.**
- 2. Where possible please ensure that all general firm and strategy information is accurate and complete in Mercer’s Global Information Manager Database (“GIMD”) as at March 31, 2022. This includes but is not limited to the following:**
  - **Assets under management (firm, strategy, and vehicle)**
  - **Client gains and losses (firm, strategy, and vehicle)**
  - **Sector allocation ranges (risk controls)**
  - **Country allocation ranges**
  - **Team member information**
  - **Sources of value added**
  - **Fee schedule**
  - **Monthly performance returns**

**As part of your RFP submission, please confirm that Mercer GIMD has been updated.**  
[www.mercergimd.com](http://www.mercergimd.com)

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<sup>1</sup> While a preferred asset allocation was set out earlier, it is understood that managers may not be able to exactly reproduce the strategic asset allocation preferred asset mix. In which case please indicate the strategic asset allocation you propose that best aligns with the CPSA preferred asset mix.

3. **How many Canadian clients are currently invested in this investment strategy? Please provide current AUM, client type and inception dates.**
4. **Please complete the following table with the strategy's AUM by asset class and total product AUM: Please provide CAD if possible.**

Dec 2017	Dec 2018	Dec 2019	Dec 2020	Dec 2021	Jun 2022

5. **Accounts and assets gained and lost over the past 4 years.**
6. **By investment mandate, confirm the number of investment professionals on each team (split PMs and analysts if applicable). Please list the key investment professionals, their title, year they joined the firm and year they joined the industry. Please provide a list of additions and departures from the investment team(s) over the last 5-year period.**
7. **Please describe the style of the investment process for the strategy/strategies and summarize why you believe the style and process will outperform in future.**
8. **Please provide historical monthly performance returns since inception for the strategy/strategies under consideration, if not previously entered in GIMD.**
9. **Please describe the role that quantitative modeling and/or fundamental research have in the investment process (i.e., initial screening, buy/sell practices, establishing views on individual holdings).**
10. **Please describe the role that ESG factors have in the investment process (i.e., initial screening, buy/sell practices, establishing views on individual holdings).**
11. **Which benchmark do you believe is most appropriate for the strategy? Why?**
12. **Can you confirm your expected value add target and time horizon and tracking error target (or expected estimate)?**

- 13. Please describe the circumstances in which you expect the fund to outperform in the future and why.**
- 14. Please describe the circumstances in which you expect the fund to underperform in the future and why.**
- 15. Please describe the extent to which the strategy under consideration relies on the use of derivatives, and if so, please specify the permitted use(s).**
- 16. Please describe the extent to which you manage currency within the strategy/strategies.**
- 17. Please describe the incentive compensation structure for team members on the strategy/strategies, including the extent to which compensation is tied to performance.**
- 18. Please disclose and describe any material outstanding legal or regulatory issues relating to the firm or its personnel.**
- 19. Please summarize investment vehicles available (pooled vehicles, segregated accounts, etc.) and propose the best available fee schedule applicable to each for this mandate.**
- 20. If pooled funds are available, please summarize operating expenses charged to the fund over the last 3 years as well as any maximum fee levels which may apply.**
- 21. Please specify your proposed fee schedule assuming a mandate size of approximately \$15M, and \$30M and compute total annual fees in CAD and basis points, on pooled fund, if applicable, and segregated bases. Are fees negotiable at the given account size? Would any other fees apply? In particular, provide details of indicative pooled fund operating costs and transactional fees.**
- 22. Please specify if custodial is required and/or can be provided. Please provide fees for custodial.**
- 23. Please confirm your service standards and reporting standards (monthly reporting preferred).**



**24. Can you share any investment policy guidelines? Specifically, market cap minimum, maximum/minimum constraints for sector/industry/country/region/position, as well as maximum cash allowable.**

**25. Based on the information presented in the RFP, do you foresee any complications in managing this mandate?**



## **CONTACT**

### **Mercer (Canada) Limited**

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Calgary, AB T2P 0B4  
[www.mercer.ca](http://www.mercer.ca)