

Request for Proposal
Domestic Core Fixed Income Manager

July 19, 2017

Chicago Teachers' Pension Fund
203 North LaSalle Street, Suite 2600
Chicago, IL 60601

Purpose

The Request for Proposal (RFP) has been issued by the Board of Trustees of the Public School Teachers' Pension and Retirement Fund of Chicago ("CTPF" or "Chicago Teachers' Pension Fund"). The Board solicits proposals from all qualified professional firms interested in providing **Domestic Core Fixed Income Investment Management Services ("Investment Manager")**. This RFP does not offer a contract, but seeks the submission of proposals from qualified, professional firms. Chicago Teachers' Pension Fund reserves the right to reject any or all proposals and to solicit additional proposals if that is determined to be in the best interest of CTPF. The Fund's Investment Consultant, Callan Associates, Inc. will be receiving and analyzing all responses along with CTPF investment staff from this investment manager search. **All candidate firms must submit their fund information to the Callan database (including any previous fund performance data, where applicable); there is no charge for this process. CTPF's Investment Policy, Procurement Policy, Administration Rules and Regulations and Code of Ethics, all of which are posted on CTPF's website (www.ctpf.org) and subject to change, are adopted and incorporated by reference.**

Scope of Services

The Investment Manager(s) selected will perform the following services:

1. The Investment Manager will provide CTPF with a domestic core fixed income portfolio with a mandate size of approximately \$200 million measured against the Bloomberg Barclays Aggregate Bond Index.
2. The Investment Manager will have independent discretionary authority with respect to the investment of that portion of assets managed by Investment Manager.

3. The Investment Manager shall provide monthly, quarterly and annual performance (gross and net of fees) and portfolio valuation reports to CTPF and Callan.
4. The Investment Manager shall adhere to the due diligence responsibilities as detailed in the Investment Management Agreement and Investment Guidelines.
5. The Investment Manager shall abide by performance standards and criteria.
6. The Investment Manager will document all investment activity with CTPF's master custodian in accordance with the usual and customary standards of practice and confirm all executed transactions from custodial account records; CTPF's current master custodian is Bank of New York Mellon.

Minimum Qualifications

In order to be considered for selection as an Investment Manager, the Investment Manager must provide documented proof that the following minimum qualifications listed below are met. Please certify, as Appendix J to the Proposal Questionnaire, that your firm meets the minimum qualifications for this RFP.

1. The Investment Manager shall qualify as: a) an Investment Manager duly registered with the Securities and Exchange Commission (SEC) pursuant to the Investment Advisors Act of 1940; or b) a bank, as defined by the Investment Advisors Act of 1940 (40 ILCS 5/1-113.14(b)).
2. The Investment Manager or team must have a fully documented three year track record of managing a core fixed income portfolio on behalf of institutional investors.
3. The Investment Manager must be well capitalized and stable.
4. The Investment Manager must have sufficient assets under management to support the professional staff required to successfully manage the strategy. A minimum of \$1

billion in firm assets under management is preferred, however, smaller firms may be considered.

5. The Investment Manager and its personnel must have all authorizations, permits, licenses and certifications required by federal, state and/or local law.
6. The Investment Manager shall carry errors and omissions insurance or comparable instruments as determined by CTPF to cover negligent acts or omissions.
7. The Investment Manager must maintain sufficient procedures and capabilities to ensure the timely and accurate backup and full recovery for all computers and other data storage systems.
8. The Investment Manager must have a company policy and practice of equal employment opportunity and non-discrimination.
9. The Investment Manager must comply with the Fund's MWDBE brokerage policy.
10. All candidate firms must complete the Callan manager questionnaire to submit their fund performance information to the Callan database in addition to submitting a response to this RFP. This must be done prior to or in conjunction with submitting responses to this RFP.
11. Investment services provided by an Investment Manager shall be rendered pursuant to a written contract between the Investment Manager and the Board. The Illinois Pension Code Section 1-113.14 (c) requires that the contract include all of the following:
 - (1) Acknowledgement in writing by the Investment Manager that it is a fiduciary with respect to the pension fund or retirement system.
 - (2) The description of the Board's investment policy and notice that the policy is subject to change.

- (3) (i) Full disclosure of direct and indirect fees, commissions, penalties, and other compensation, including reimbursement for expenses, that may be paid by or on behalf of the Investment Manager in connection with the provision of services to the pension fund or retirement system and (ii) a requirement that the Investment Manager update the disclosure promptly after a modification of those payments or an additional payment.
- (4) A requirement that the Investment Manager, in conjunction with the Board's Staff, submit periodic written reports, on at least a quarterly basis, for the Board's review at its regularly scheduled meetings. All returns on investment shall be reported as both gross and net returns after payment of all fees, commissions, and any other compensation.
- (5) Disclosure of the names and addresses of (i) the Investment Manager; (ii) any entity that is a parent of, or owns a controlling interest in, the Investment Manager; (iii) any entity that is a subsidiary of, or in which a controlling interest is owned by, the Investment Manager; (iv) any persons who have an ownership or distributive income share in the Investment Manager that is in excess of 7.5%; or (v) serves as an executive officer of the Investment Manager.
- (6) A disclosure of the names and addresses of all subcontractors, if applicable, and the expected amount of money each will receive under the contract, including an acknowledgment that the contractor must promptly make notification, in writing, if at any time during the term of the contract a contractor adds or changes any subcontractors. For purposes of this subparagraph (6), "subcontractor" does not include non-investment related professionals or professionals offering services that are not directly related to the investment of assets, such as legal counsel, actuary, proxy-voting services, services used to track compliance with legal standards, and investment fund of funds where the Board has no direct contractual relationship with the Investment Managers or partnerships.
- (7) A description of service to be performed.

- (8) A description of the need for the service.
- (9) A description of the plan for the post-performance review.
- (10) A description of the qualifications necessary.
- (11) The duration of the contract.
- (12) The method for charging and measuring cost.

Specifications for the Assignment

At the point of contract, a final detailed agreement concerning services, investment guidelines, and performance expectations will be agreed upon between CTPF and the successful firm(s). A sample of CTPF’s standard Investment Management Agreement is attached on CTPF’s website to the RFP. The terms of the final contract between CTPF and the successful firm(s) will be binding and supersede this RFP. The following completed certifications and/or disclosures will also be required:

- A. Exhibit A: High Risk Home Loan Act Certification
- B. Exhibit B: Illinois Governmental Ethics Act Certification
- C. Exhibit C: Sudan Investment Restriction

Submission of Proposal

This RFP is available in the Current RFPs link of the General Information tab on the CTPF website at www.ctpf.org and by using the “Search” function on the Callan website at www.callan.com.

Proposal must be received electronically by Callan Associates and CTPF Staff at the following addresses no later than the close of business (4:30 pm CST) on:

Monday, August 21, 2017

Attention: Brianne Weymouth, Weymouth@callan.com

John Freihammer, freihammerj@ctpf.org

Angela Miller-May, millermaya@ctpf.org

rfp.invest@ctpf.org

In addition, three hardcopies of the proposal must be received by CTPF at the following address no later than close of business on **Monday, August 21, 2017.**

***Chicago Teachers' Pension Fund
203 North LaSalle Street
Suite 2600
Chicago, Illinois 60601
Attn: Angela Miller-May, Director of Investments***

It is the responsibility of the Investment Manager to ensure that its Proposal is delivered in a timely manner and received via email and in the proper office on or before the deadline for responding to this RFP. All proposals must be complete in every respect and must answer concisely and clearly all questions asked in this RFP. Incomplete proposals will be disqualified. Late proposals will not be accepted. All Proposals received will be subject to public disclosures (see below for additional information on disclosure). Proposals may not be modified or withdrawn after the deadline for Proposals has passed. Modifications or a withdrawal of a Proposal after the specified receipt date will not be considered. If it becomes necessary to revise any part of this RFP or if any additional data is necessary for an exact interpretation of the provisions of this RFP prior to the due date for Proposals, a supplement will be posted by Chicago Teachers' Pension Fund on its website www.ctpf.org. In such an event, Chicago Teachers' Pension Fund reserves the right to extend the deadline date of Proposals to accommodate such interpretations or additional requirements.

All questions regarding this RFP should be submitted via email only to the following addresses no later than the close of business (4:30 pm CST) on:

Wednesday, July 26, 2017

Brianne Weymouth: Weymouth@callan.com

CC: Angela Miller-May: MillerMayA@ctpf.org

CC: John Freihammer: freihammerj@ctpf.org

CC: rfp.invest@ctpf.org

(In all cases, written communications will override verbal communications)

Evaluation and Selection

All Proposals received by the requested deadline will be reviewed and evaluated. Staff and Consultant shall objectively review the proposals to identify qualified candidates based on the criteria presented in the RFP as supplemented by material provided by the Consultant. Staff and Consultant and members of the Board may interview all, some or none of the RFP respondents, undertake site visits to respondent offices, and conduct such other due diligence as is prudent under the circumstances. Staff and Consultant will prepare a report and present the report to the Board of Trustees during a public meeting of the Board of Trustees.

The Investment Committee may review finalists in preparation for interviews with the Board of Trustees. Interviews and recommendation for the award of a contract will be made to the Board of Trustees. The Board shall then act on the recommendation of Staff, Consultant and the Investment Committee.

During the selection process all respondents to the RFP will be evaluated and ranked on four primary factors:

People - stability of the organization, ownership structure, documented experience in the management of institutional portfolios, reputation of key professionals, manager tenure, depth of portfolio team and research team and length of team cohesiveness, record of integrity and business ethics.

Process - clearly defined, reasonable, and repeatable investment strategy, consistency of application, risk controls and uniqueness of the process.

Performance - documented ability to meet investment long-term performance relative benchmarks, risk compared to benchmarks, consistency of performance relative to peers.

Pricing - fee schedule and associated costs

Staff is required to identify all minority and female-owned firms and firms owned by persons with a disability in the report presented to the Board of Trustees. Staff must specify the reasons when these firms are not brought forward as finalists.

The Board will select the manager(s) they determine, in their sole discretions, to be fully qualified and best suited among those submitting proposals on the basis of the evaluations. Once the Board has selected an Investment Manager, negotiations for contract terms and conditions will be finalized. The Board may also reject all candidates and begin a new search or seek other candidates from the respondents of the original RFP.

Timeline

- A. Requests for Proposal will be publicized by CTPF on www.ctpf.org (under General Information tab, Current RFP link) and can be found on the Callan website www.callan.com by using the “Search” function on **July 19, 2017**.
- B. Inquiries for interpretation must be received by **July 26, 2017**.
- C. Responses to inquiries will be posted to www.ctpf.org (under General Information tab, Current RFP link) website by **August 2, 2017**.
- D. Proposals must be received by close of business day (4:30 pm CST) on **August 21, 2017**.

While there is no fixed date for the selection of a domestic core fixed income management firm(s), it is anticipated that the finalist presentations will occur on **November 16, 2017**. Following selection, it is expected that contract negotiations will be completed by **December 31, 2017**.

Disclosure of Proposal Content

The laws of Illinois require that at the conclusion of the selection process, the contents of all proposals be placed in the public domain and be open to inspection by interested

parties. Trade secrets or proprietary information must be clearly identified as such in the proposal and will not be released to the extent permitted by law.

Disposition of Proposals

All proposals become the property of CTPF and will not be returned to the respondent. CTPF reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance of the conditions contained in this RFP, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between CTPF and the firm selected.

Signature of Respondent Agent

The tendered proposal, and any clarifications to the proposal, shall be signed by an officer of the responding firm or a designated agent empowered to bind the firm in a contract. All proposals submitted electronically must be submitted by an officer of the responding firm.

Quiet Period

The following guidelines shall apply during the RFP process. A “quiet period” will commence as of **July 19, 2017**, and end when a contract is executed with the Investment Manager. The objectives of the quiet period policy are to ensure that:

- Prospective investment managers have equal access to information regarding the search parameters;
- Communications related to the selection are consistent and accurate;
- The process of selecting the investment manager is efficient, diligent, and fair.
- The initiation, continuation and conclusion of the quiet period shall be publicly communicated to prevent inadvertent violations.

Policy Guidelines

The following guidelines and CTPF’s Code of Ethics shall apply to the Board, to the Consultant, to CTPF’s staff, and to the candidates during a search for an investment manager:

- Except as provided in the Procurement Policy, all Board members and Staff shall refrain from communicating with candidates regarding any product or service related to the search offered by the candidate throughout the quiet period;
- Board members, CTPF's staff, and the Consultant shall refrain from accepting meals, travel, lodging, entertainment or any other good or service of value from the candidates;
- Throughout the quiet period, if any Board member or staff member is contacted by a candidate, the Board member or staff member shall refer the candidate to Callan Associates, CTPF's Director of Investments, Angela Miller-May or CTPF's Executive Director, Charles A. Burbridge;
- All authority related to the search process shall be exercised solely by the Board as a whole and not by individual Board Members;
- All information related to the search process shall be communicated by CTPF's Consultant and Staff to the relevant Committee or Board as a whole, and not to individual Board Members; and
- The quiet period does not prevent Board approved due diligence, client conference attendance or communications with an existing investment manager that happens to be a candidate in the ordinary course of services provided by such investment manager; however, discussions related to the pending selection shall be avoided during those activities.

The provisions of this policy will apply to investment manager candidates throughout the quiet period and are hereby communicated to candidates in conjunction with this Request for Proposal.

A candidate may be disqualified from a search process for a willful material violation of this policy.

Firm Name

Firm Primary Location

Primary Contact Name

Contact Number/Email Address

Product Name

Strategy Description

Total Assets in this strategy as of 06/30/2017

\$ _____

Is your firm a certified MWDBE firm? (If you mark yes please provide certification)

Yes

No

Request for Information

Firm Information:

Please provide an overview of your firm including the following:

- a. EEOC Chart (please use template available on CTPF website)
- b. Vendor EEOC Chart (please use template available on CTPF website)
- c. Ownership Structure, per certifications below
- d. All related and affiliated firms, per certifications below
- e. Organizational chart, with brief biographies of all key personnel
- f. Number of institutional clients
- g. Number of public plan clients

Fees and Disclosure Information:

Please provide a detailed description of:

- a. The method for charging and measuring any fees;
- b. The direct and indirect fees including commissions, penalties, and other compensation, including reimbursement for expenses, that may be paid by or on behalf of the candidate Investment Manager in connection with the provision of Investment services to the Fund;
- c. The names and addresses of any subcontractors, including third party marketers or individuals that an Investment Manager uses to market its products,, if applicable, and the expected amount of money each will receive under the contract. The term subcontractor, as used herein, does not include non-investment related professionals or professionals offering services that are not directly related to the investment of assets, such as

legal counsel, actuary, proxy-voting services, and services used to track compliance with legal standards;

- d. The names and addresses of any entity that is a parent of, or owns a controlling interest in, the candidate; any entity that is a subsidiary of, or in which a controlling interest is owned by, the candidate; any persons who have an ownership or distributive income share in the candidate that is in excess of 7.5%; or serves as an executive officer of the candidate;
- e. Any direct or indirect payments made by the candidate, any executive officer of the candidate, any parent entity, the executive officers of any entity that is a parent of, or owns a controlling interest in, the candidate, and any Shareholder of candidate, in excess of \$1,000 per calendar year within the prior five (5) calendar years and/or formal involvement with any Illinois-based community or not-for-profit organization relating to public education; and any involvement by candidate, any executive officer of the candidate, or by any executive officer of any entity that is a parent of, or owns a controlling interest in, the candidate, and any Shareholder as a member or director of a charter school that contributes to the Fund. For purposes of this Section (e) and (f), "Shareholder" shall mean any person who has an ownership or distributive income share in the candidate;
- f. Any direct or indirect financial support made by the candidate, any parent entity, the executive officers of any entity that is a parent of, or owns a controlling interest in, the candidate, and any Shareholder of candidate, in excess of \$1,000 per calendar year within the prior five (5) calendar years and/or formal involvement with any community or not-for-profit organization with a central purpose of influencing public policy related to budgetary and fiscal policy which directly or indirectly relates to the continued availability and long-term viability of defined benefit pensions in the public sector, education policy, and retirement security policy. For

purposes hereof, an organizations has a “central purposes” of influencing policy if it is understood with the exercise of reasonable due diligence, including but not limited to the examination of the organization’s IRS filing and other publicly-available statements of purpose, that the organization intends to affect policy or engage in lobbying or other advocacy activity. A candidate is not required to disclose conditions to organizations that engage in such activities in furtherance of providing medical research, aid to the poor, disaster relief, or other such tangible goods and service. The Trustees have determined that the organizations listed in Exhibit A to the Fund’s Procurement Policy presently fall under this required disclosure policy;

- g. The candidate and any parent, controlling entity, subsidiary, or affiliate have disclosed any direct or indirect financial relationships, transactions, investments, investment related agreements, or investment related contracts with the Board of Education of the City of Chicago entered into within the five (5) year period prior to the execution of this Agreement. Any such direct or indirect financial relationships, transactions, investments, investment related agreements, or investment related contracts with the Board of Education of the City of Chicago entered into on or after the execution of this Agreement shall be identified in an amended candidate disclosure pursuant to (i) below within thirty (30) days of any new relationship, transaction, investment, agreement, or contract with the Board of Education of the City of Chicago;

- h. Pursuant to Section 1-113.21 of the Illinois Pension Code, the candidate shall annually disclose on or about each September 1st, the number of its investment and senior staff and the percentage of that staff that are a minority person, a female, a veteran, and a person with a disability. Further, the candidate shall disclose the number of contracts for investment, consulting, professional, and artistic services the candidate has

with a minority or female owned business, a veteran owned small business, or a business owned by a person with a disability. The candidate shall also disclose the number of contracts for investment, consulting, professional, and artistic services which the candidate has with a business other than a minority or female owned business, a veteran owned small business, or a business owned by a person with a disability, if more than 50% of the services performed pursuant to that contract are performed by a minority person, a female, a veteran, or a person with a disability. For the purposes of this subsection, the terms “minority person”, “female”, “person with a disability”, “minority owned business”, “female owned business”, and “business owned by a person with a disability” have the same meaning as those terms have in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act. For the purposes of this subsection, the terms “veteran” and “veteran owned small business” shall have the same meanings as those terms have in 30 ILCS 500/45-57. For the purposes of this subsection, the terms “professional service” and “artistic service” have the same meanings as those terms have in 30 ILCS 500/1-15.60; (See Appendix A)

- i. All Fund required disclosures and representations made by the candidate during the procurement and selection process are affirmed and adopted and incorporated herein by reference (the “Disclosures”; attached as Exhibit B.) The candidate further agrees that it will promptly notify the Fund, in writing, if at any time the information contained in the candidate Disclosures changes in a material way.

Please note that contingent and placement fees are prohibited.

Request for Proposal Questionnaire

Please complete the components of the RFP Questionnaire which is included in this Request for Proposal.

All Documents must be returned electronically to CTPF and Callan at the following addresses no later than the close of business (4:30 CST) on:

Monday, August 21, 2017

Attention: Brianne Weymouth, Weymouth@callan.com

John Freihammer, freihammerj@ctpf.org

Angela Miller-May, millermaya@ctpf.org

rfp.invest@ctpf.org

All documents submitted as part of this RFP, including the responses by prospective Investment Managers, shall be considered public records and shall be made available for inspection and copying as provided in Section 3 of the Illinois Freedom of Information Act, 5 ILCS 140/1, et seq.

QUESTIONNAIRE FOR CORE FIXED INCOME MANAGER

ORGANIZATION SUMMARY

1. Please indicate your firm's fiduciary classification:

 Bank
 Insurance Company
 Registered Investment Advisor (Investment Advisers Act of 1940)
 Affiliate of Fiduciary
 Other: _____

2. If you have not registered as an investment advisor or are exempt, please describe the exemption. Do you plan to register?

3. Please acknowledge that your firm, if chosen, will act as a fiduciary with respect to the Fund.

 Yes No

4. Does your firm qualify as a minority-owned business, a female-owned business, or as a business owned by a person with a disability as these terms are defined in the Illinois Business Enterprise for Minorities, Females, and Persons with Disabilities Act? If so, please provide a copy of the firm's certification. (Attach as Appendix A.)

 Yes No

5. Please describe the history of the firm, and if appropriate, the history of the parent organization including:
 - i. Year the firm was founded and/or year the parent was founded.
 - ii. Ownership percentages and names.
 - iii. Year the firm began providing fixed income investment management service to U.S. tax-exempt clients, and the nature of the firm's ownership and specific details with regard to any affiliated companies or joint ventures.
 - iv. Whether investment management capabilities were developed in-house or derived through acquisition of talent from another firm. If the latter, indicate when this occurred.
 - v. Any material changes in your organization (including personnel changes) in the past five years. Please include prior names and the length of time your organization has been in business under its present name and ownership.

6. Please provide the latest organization chart which diagrams the ownership structure and interrelationships between the parent-subsidary, affiliate, or joint venture entities. (Attach as Appendix B.)
7. Please provide the location, function, and number of professionals in each of your firm's offices as follows:

Headquarters or Regional Office	Location	Function	No. of Professionals

8. Which of your firm's offices would service this account? Which specific services would be provided by which offices? Describe in which office investment decisions are made for the proposed product and where the offices are located.
9. Please list your firm's lines of business and the approximate contributions of each business to your organization's total revenue. If you are an affiliate or subsidiary of an organization, what percentage of the parent firm's total revenue does your subsidiary or affiliate generate?
10. What is the role of your parent firm in resource allocation and investment decisions? Please describe other relationships or affiliated transactions.
11. Please discuss the overall business objectives of your firm with respect to future growth. Comment on any present or planned areas of emphasis over the near future. Be sure to include in your response:
 - i. Total assets or client relationships that will be accepted.
 - ii. Maximum amount of clients or assets per portfolio manager.
 - iii. Plans to develop and expand resources.
12. Does your firm provide investment management services to U.S. tax-exempt investors? If so, to what extent?
13. Please discuss the breakeven assets under management and fee revenue that is required for your firm or business line to be profitable. Is your firm currently profitable and if not, what is required to reach profitability? Has your firm been unprofitable in any prior year in the past 10 years? If so, please provide details.

FIRM PERSONNEL

14. Please fill out the following table listing the number of individuals in each job function based on the most recent data available. If individuals hold multiple job functions or responsibilities, only count them once under their main responsibility and please detail this in the “Notes” section at the bottom of the table.

Job Function	Number of Employees
Portfolio Management	
Compliance	
Research Analysts	
Economists	
Client Service	
Senior Management	
Sales/IR	
Legal/Compliance	
Accounting/Reporting	
Operations	
Trading	
System/IT	
Other (Add rows to list categories)	
Total Firm Employees	

Notes: _____

15. Please list all principal officers, portfolio managers, analysts, and client service personnel in the table format below. Highlight the person(s) who would be responsible for the Fund account. Provide a biographical summary profile including their related experience and academic background. (Attach as Appendix C.) Describe their functional responsibility (including title) for this program using the following table:

Name	Office Location	Title	Duties	Yr. Started in Industry	Yr. Started with Firm	Education Degree/ College¹	Percentage of Firm Ownership	Minority Classification

¹ Most advanced degree only.

16. Please provide personnel additions, terminations, and departures over the past five years. Please note which personnel are related to this product.

17. Describe the succession plan for key investment professionals and the firm’s senior leadership.

CLIENT SERVICE

- 18. Please indicate the scope of services that will be provided for this account. Please include a description of how client servicing/communication responsibilities are divided between portfolio managers and client service/marketing personnel and how often portfolio managers meet with clients to review the portfolio.
- 19. How often would the primary contact for the Fund account be available for client meetings?
- 20. Please describe the client reporting process. How frequently are reports made available? What other communications, materials, reports, and resources are made available to clients? Please describe and provide samples. (Attach as Appendix D.)
- 21. Please discuss any annual investor conferences, seminars, institutional events, or email/conference call communications that your firm makes available for market updates and educational opportunities.

PRODUCT PERSONNEL

- 22. Please provide a list of all key personnel involved in the management of this product (i.e., dedicated to the product), including the lead portfolio manager, client service, investment committee, and research analysts. For each individual, please answer in the format below and attach biographies as part of Appendix B.

Name	Title	Education	Role at Firm	Yr. Started in Industry	Yr. Started with Firm	% Time Dedicated to this Product

PROPOSED PRODUCT

- 23. Please provide the specific name and the inception date of the product under consideration.
- 24. What is the investment objective of this product?
- 25. What benchmark is most appropriate for this product and why?
- 26. What is the capacity for this product?
- 27. Specify the product's:

- a. Expected volatility range
- b. Excess return range over a full market cycle
- c. Expected or targeted tracking error range
- d. Expected or targeted information ratio

28. Please fill out the following table for this product, if applicable:

Country/Market	% Weight
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	

SPECIFIC QUESTIONS FOR FIXED INCOME

29. Please fill out the following tables:

Representative Account Fundamental Characteristics

Annual turnover (by weight)	
Turnover range for this product	
Current weighted average coupon	
Yield to maturity	
Yield to worst	
Current team structure	
Average quality	
Effective duration	
Average maturity	
Average cash position	
Historical range in cash for this product	

Current Portfolio Distribution

Number of Years	Avg. Maturity (%)	Avg. Duration (%)
<1		
1-3		
3-5		
5-7		
7-10		
>20		
Total		

Portfolio Quality Breakdowns

Investment Type	% of Portfolio
Treasury/Gov't	
AAA/Aaa	
AA/Aa	
A	
BBB/Baa	
BB/Ba	
B	
CCC/Caa	
CC/Ca	
C	
Distressed debt	
Other	
Total	

Domestic Portfolio Sector Allocations

Investment Type	% of Portfolio
Domestic govt's/agencies	
Domestic investment-grade corporate	
Domestic high-yield corporate	
Domestic mortgage-backed securities (MBS)	
Mortgage passthroughs (TBA mkt)	
Commercial mortgage-backed securities (CMBS)	
Asset-backed securities (ABS)	
Private placements/144s	
Municipals	
Convertibles	
Sovereigns and supranationals	
Domestic currency bonds issued by nondomestic banks and corporations	
Emerging market debt	
Other	
Total	

Non-Domestic Portfolio Sector Allocations (if applicable)

Investment Type	% of Portfolio
Govts/agencies	
Investment-grade corporate	
High-yield corporate	
MBS/ABS	
Developed mkt ex sovereigns	
Emerging mkt external sovereigns	
Emerging mkt local sovereigns	
Developed mkt ex corporate	
Emerging mkt corporate	
Developed mkt ex MBS/ABS	
Other	
Total	

30. To what extent do you use hedging strategies for this product, including currency and/or any leverage?

INVESTMENT PHILOSOPHY AND PROCESS

31. Please briefly describe your firm’s investment philosophy.

i) How has it changed since the inception of this product?

ii) How does your process add value?

iii) Explain what makes your philosophy and process unique.

Please describe the role of top-down economic, thematic, and/or sector allocation decisions in your investment process, and how these decisions are made and implemented.

iv) Please discuss your firm’s investment strategy, screening process, research process, and portfolio construction methodology. Please be specific in your discussion of your research process, including the use of fundamental, technical, and quantitative analysis. Please provide any additional comments that are unique to your firm.

32. How do you decide to buy or sell a security?

33. Are portfolios managed by individual managers or teams?

34. How frequently are investment policy or strategy meetings held?

35. For the subject product, provide approximate percentages of expected value added versus the appropriate benchmark for the following factors:

Description	Weight (%)
Asset Allocation	
Industry/Sector Allocation	
Risk Control	
Theme Selection	
Security Selection	
Trading	
Total	

36. Specify the portfolio guidelines, such as the maximum issuer, issue, and sector weights. Describe any quantitative techniques or optimization tools used to construct portfolios.

37. Please describe the portfolio manager’s ability to invest in any out-of-benchmark securities.

38. Please describe how your firm measures portfolio risk. How is it monitored and controlled? State whether it is on an absolute or relative basis.
39. How does your firm currently measure/track risk for this product (e.g., standard deviation, other?)
40. Do you stress test your portfolios? If so, how do you stress test your portfolios?
41. Describe under what market conditions you expect your product to do well and to do poorly. Describe what, if any, exposure you have to momentum.
42. Please discuss if you have other public plan clients who require your firm to trade with MWDBE broker dealers. If so, please provide detail on the targets/level of trading such clients require. Are these targets or levels required to be met annually?
43. Please discuss how your firm plans to meet the Fund's MWDBE broker dealer fixed income target of 25% on an annual basis.
44. Please provide a list of MWDBE broker dealer firms that you have traded with over the past 3 years for your core product using the table below. For each MWDBE broker dealer, please provide the total par value amount traded by year.

MWDBE Broker Name	Par Value Amount Traded		
	2014	2015	2016

ASSETS UNDER MANAGEMENT

45. Please fill out the following tables for the proposed product:

Account Type	Asset in Millions as of 6/30/17	Number of Accounts as of 6/30/17
Corporate		
Public fund		
Union/multi-employer		
Foundation and endowment		
Insurance		
High-net-worth individuals		
Wrap accounts		
Sub-advised assets		
Other, please explain		
Total		

Vehicle Type	Assets in Millions as of 6/30/17	Number of Accounts as of 6/30/17
Separate account		
Commingled fund		
Mutual fund: institutional class		
Mutual fund: retail class		

	Accounts Gained			Accounts Lost		
	# of Accounts	Assets in Millions	% of Product Assets	# of Accounts	Assets in Millions	% of Product Assets
2016						
2015						
2014						
2013						
2012						
2011						
....						
....						
2006						

46. Please discuss the reasons for the lost accounts indicated in the table above (please indicate plan terminations).
47. Please provide a representative client list for this product. (Attach as Appendix E.)
48. Please list major U.S. tax-exempt plan sponsors currently managed, including all public and ERISA fund clients, in the core fixed income product.
49. Please identify any and all Illinois-based public plan clients of your firm and the proposed product, including AUM.
50. Please provide three U.S. tax-exempt plan sponsors invested in the core fixed income product available for reference checks. Please provide the names, addresses, telephone numbers, size of the accounts, and dates the accounts commenced. (Attach as Appendix F.)
51. Please provide three U.S. tax-exempt plan sponsors that terminated your firm's core fixed income product. Please provide the names, addresses, telephone numbers, size of the accounts, and dates the accounts commenced and ended. (Attach as Appendix G.)

COMPLIANCE

52. List the insurance carriers supplying the coverage for Securities and Exchange Commission (SEC) required (17g-1) fidelity bonds, errors and omissions coverage, and any other fiduciary coverage which your firm carries. Please describe the coverage amounts and attach evidence of coverage. (Attach as Appendix H.)

53. Does your firm have a Chief Compliance Officer? If not, who is responsible for compliance?
54. Please describe the compliance assessment process, including the time period covered, testing methods, and frequency. When was the last compliance assessment?
55. Please provide a short biography of the person(s) who is (are) responsible for the overall risk management of your firm and describe their individual functions.
56. Is your firm registered as an investment advisor under the Investment Advisors Act of 1940? If so, please provide a copy (electronic only) of your most recent ADV Part 1, Part 2, and 2B. If you have not registered as an investment advisor or are exempt, please describe the exemption. Do you plan to register? If your firm is domiciled outside of the U.S. please describe the regulatory authorities governing your activities and your registration status.
57. Has your firm ever been audited by the Securities and Exchange Commission (SEC) or by any regulatory agency in the last ten years? Has any regulatory body or market authority issued any orders or other sanctions against your firm in the last five years? If yes, please provide a description or summary of findings.
58. Is your firm or any affiliate the focus of any pending or ongoing litigation, formal investigation, or administrative proceedings related to money management activities? If yes, please describe.
59. Have the principals of your firm been under investigation related to money management activities in the last five years? If yes, please explain.
60. Please disclose all direct and indirect fees, commissions, penalties, and other compensation paid by or on behalf of your firm in connection with the provision for services rendered to the Fund. If selected, your firm will be required to sign a disclosure form which shall include the date and amount of each payment and the name and address of each recipient of a payment. Your firm must also promptly update this disclosure after any modification of these payments or after making additional payments or new payments not previously reported.
61. Does your firm or parent company run or have an interest in a securities brokerage firm? Does your firm trade for client accounts through this broker/dealer? If so, to what extent?

62. Describe internal controls for risk management and portfolio compliance. Be sure to include the firm’s policy on portfolio managers trading for their own accounts.

GOVERNANCE

- 63. Please provide a summary of your firm’s governance or internal control structure.
- 64. Please provide your firm’s Conflict of Interest Policy and a description of policy enforcement procedures. (Attach as Appendix I.)
- 65. Please describe any potential conflicts of interest your firm and/or any individuals may have in the management of this account. If there are conflicts, please describe how they are addressed.

FEES AND ACCOUNT MINIMUMS

66. Please list your fee schedule for this product. The following table may be used to indicate break points and other fees:

	Base Fee	Break Pt. 1	Break Pt. 2	Break Pt. 3	Incentive Fee	Other Fees (describe)
Product						

- 67. What is your billing frequency?
- 68. What is the minimum account your firm will accept? Does your firm charge a minimum annual fee? If so, what is that fee? Will it stay the same or change in the future based on some set formula?
- 69. What would be your “all-in” fee proposal for a separately managed \$200 million account?

APPENDIX TO QUESTIONNAIRE

- Appendix A – MWDBE Certification (if available)
- Appendix B – Organizational Charts
- Appendix C – Biographies/Resumes
- Appendix D – Sample Client Reports
- Appendix E – Representative Client List
- Appendix F – References – Current Clients (3)

Appendix G – References – Past Clients (3)

Appendix H – Proof of Insurance

Appendix I – Conflict of Interest Policy / Enforcement Procedures

Appendix J - Minimum Qualifications Certification

Exhibit A

High Risk Home Loan Act Certification

Under Public Act 095-0521, for an Illinois finance entity to be eligible to invest or deposit CTPF funds, it must annually certify that it complies with the High Risk Home Loan Act.

An Illinois financial entity is defined in Public Act 095-0521 as any entity chartered under the Illinois Banking Act, the Savings Bank Act, the Illinois Credit Union Act or the Illinois Savings and Loan Act of 1985, and any person or entity licensed under the Residential Mortgage License Act of 1987, the Consumer Installment Loan Act or the Sales Finance Agency Act.

Using the definition of an Illinois financial entity given above, please advise us of your status by checking the appropriate box on the certification page.

High Risk Home Loan Act Certification

- Yes, we are an Illinois finance entity** as defined in Public Act 095-0521.
(Please complete the Certification of Compliance *Illinois High Risk Home Loan Act* form below.)

- No, we are not an Illinois finance entity** as defined in Public Act 095-0521.
(Please skip the Certification of Compliance *Illinois High Risk Home Loan Act* form below.)

INVESTMENT MANAGER / CONSULTANT:
Company Name:
Signature:
Printed Name
Title:
Dated:

Public Act 095-0521

Chicago Teachers Pension Fund

Certification of Compliance *Illinois High Risk Home Loan Act*

I, _____, serving in the capacity of _____, on this ____ day of _____, 20 ____, being duly sworn and having knowledge of all matters set forth herein, state, affirm and certify as follows:

1. I represent _____, and I am duly authorized to provide this certificate on its behalf.
2. I am aware of the requirements of Section 1-110.10 of the Illinois Pension Code (40 ILCS 5/1-110.10), as well as the requirements of the High Risk Home Loan Act, (Act), and any rules adopted pursuant thereto.
3. Under the terms of the Illinois Pension Code, _____ is deemed an Illinois Finance Entity.
4. I am aware that no pension fund assets may be handled by the Illinois Finance Entity if it is not in compliance with the provisions of the High Risk Home Loan Act, including the filing of a completed certification with the Chicago Teachers Pension Fund.
5. I certify that _____ is in compliance with all the requirements of the High Risk Loan Act and the rules adopted pursuant to the Act.

(Firm)

(Signature)

(Name of Officer)

(Title)

Subscribed and sworn before me by _____ on this ____ day of _____, 2014.

Notary

My Commission Expires: _____

(Seal)

(Firm)

State of _____

County of _____

Exhibit B

The Illinois Governmental Ethics Act Certification

Disclosure Pursuant to Public Act 96-0006

40 ILCS 5/1-113.14(e), enacted by the General Assembly as part of Public Act 96-0006 and effective as of January 1, 2010, provides as follows:

(e)... each investment adviser or consultant currently providing services or subject to an existing contract for the provision of services must disclose to the board of trustees all direct and indirect fees, commissions, penalties, and other compensation paid by or on behalf of the investment adviser or consultant in connection with the provision of those services and shall update that disclosure promptly after a modification of those payments or an additional payment. The person shall update the disclosure promptly after a modification of those payments or an additional payment. The disclosures required by this subsection (e) shall be in writing and shall include the date and amount of each payment and the name and address of each recipient of a payment.

Pursuant to the foregoing, the undersigned (“Investment Manager or Consultant”) covenants, warrants and represents to the Trustees of the Chicago Teachers Pension Fund (“CTPF”) as follows:

1. Investment Manager and CTPF are parties to a Fourth Amended and Restated Agreement of Limited Partnership of Cornerstone Patriot Fund LP dated as of January 1, 2010 and that certain Subscription Agreement among the Fund and CTPF, pursuant to which CTPF became a unit holder in Cornerstone Patriot Fund LP.

2. There have been no direct or indirect fees, commissions, penalties, or other compensation, including reimbursement for expenses, paid by or on behalf of your firm in connection with the provision of services to CTPF pursuant to the Agreement, except as follows (*If none, state “none”; otherwise state the date and amount of each payment and the name and address of each recipient of a payment*):

Investment Manager shall update the above disclosure promptly after a modification of those payments or an additional payment.

INVESTMENT MANAGER:
Company Name:
Signature:
Printed Name
Title:
Dated:

Public Act 096-0006
Certification – 2017

Exhibit C

Summary of SB23 Investments in Sudan

June 27, 2005 – Signed by Governor Blagojevich

January 27, 2006 – Effective Date

40 ILCS 5/1-110.5

A fiduciary of a pension fund shall not invest in, acquire bonds, deposit into, or transfer funds to any entity unless the company certifies that:

1. The company has not invested in, loaned to, or transferred any of the pension fund's assets to a forbidden entity any time after the effective date of this Act (1/27/06);
2. Within 12 months (before 1/27/07) at least 60% of the pension fund's assets are not invested in forbidden entities;
3. Within 18 months (before 7/27/07) 100% of the pension fund's assets are not invested in forbidden entities.

Definition of "forbidden entity":

1. The Government of Sudan, any of its agencies or subdivisions;
2. Any company wholly or partially managed or controlled by the government of Sudan;
3. Any company established or organized under the laws of Sudan or whose principal place of business is Sudan;
4. Any company identified or sanctioned by the Office of Foreign Assets Control in the US Department of the Treasury as sponsoring terrorism or violating any US restriction relating to Sudan that occurred after the effective date of this Act;
5. Any publicly traded company identified by an independent research firm that specializes in global security risk as being a company that owns or controls property or assets located in, has employees or facilities located in, provides goods or services to, obtain goods or services from, has distribution agreements with, issue credits or loans to, purchase bonds or commercial paper issued by, or invests in Sudan or any company domiciled in Sudan;
6. Any non publicly-traded company that fails to submit an affidavit that the company does not own or control any property or assets located in Sudan and did not transact business in Sudan.

Exceptions to Forbidden Entities:

1. Companies certified as a Non-Government Organization by the United Nation, except agencies of Sudan;
2. Companies who solely engage in the provision of goods and services intended to relieve human suffering or to promote welfare, health, religious and spiritual activities, and education for humanitarian purposes;
3. Companies who solely engage in journalistic activities.

Penalties:

1. In addition to any other penalties under the law of Illinois and the United States, any transaction that violates the provisions of this Act shall be void or voidable, at the sole discretion of the fiduciary.

Summary of SB23 Investments in Sudan

- continued

Interpretation:

- Beginning January 27, 2006, Trustees, acting as fiduciaries, cannot invest with a new or current manager unless the manager certifies they do not have any assets or investments in forbidden entities.
- Beginning January 27, 2006, Investment Managers, acting as fiduciaries, cannot invest with a company unless the company certifies they do not have any assets or investments in forbidden entities.
- Before January 27, 2007 the Pension Fund must have certification from our managers that at least 60% of our portfolio is not invested in forbidden entities.
- Before July 27, 2007 the Pension Fund must have certification from our managers that 100% of our portfolio is not invested in forbidden entities.
- Forbidden Entity #5 may include most multi-national companies including financial institutions, oil and gas companies and consumer goods companies. Examples include:
 - Coca Cola if they sell coke to consumers in Sudan;
 - GM if they sell cars to consumers in Sudan;
 - Shell if they have a gas station in Sudan;
 - Citigroup if they provide loans to consumers in Sudan.
- Forbidden Entity #6 means that the Pension Fund will not be allowed to invest in new or current Real Estate or Private Equity partnerships unless we receive an affidavit from the partnership that they do not have any assets or investments, or hold any company that has underlying assets or investments in Sudan.

By submitting this proposal, I certify that the following statements and the information and representations submitted by the candidate are true

Regarding: _____
(Investment Manager Name)

The product that I am submitting for review is a domestic core fixed income product in which the management team has a three year track record of investing under the proposed strategy for this mandate

All of the firms' personnel have all the authorizations, permits, licenses and certifications required by federal, state and local law

The firm that I represent is duly registered with the Securities and Exchange Commission (SEC) pursuant to the Investment Advisors Act of 1940 or is otherwise qualified to manage assets on behalf of Chicago Teachers' Pension Fund

The firm carries errors and omissions insurance to cover negligent acts or omissions

The firm has a company policy and practice of equal employment opportunity and non-discrimination

The firm hereby warrants and attests that no finder's fee was paid, or will be paid, to any outside entity or person *or* any persons employed or affiliated with CTPF

The firm will act as a fiduciary to the pension fund or retirement system

All requested information, including the Callan Database Requirements has been completed and submitted to Callan and Chicago Teachers' Pension Fund's staff

The firm understands and will be able to comply with the Chicago Teachers' Pension Fund quarterly and annual reporting requirements

The firm understands and will comply with the Chicago Teachers' Pension Fund Procurement Policy and Code of Ethics.

The firm understands that Chicago Teachers' Pension Fund accepts no obligation for costs incurred by the candidate in anticipation of being awarded a contract

The firm understands that Chicago Teachers' Pension Fund is exempt from federal, state and local taxes and will not be responsible for any taxes levied on the Invest Manager as a result of any contract resulting from this RFP

Signature

Name

Date

Title