

South Carolina Retirement System Investment Commission (“RSIC”)
General Investment Consulting Services
Request for Proposals (“RFP”)

Responses to Written Questions from Potential Offerors

Question: Can you please provide the schedule of Investment Commission meetings in FY 2017-18?

Answer: *Commission meetings are scheduled on a calendar-year basis. The 2017 meeting dates have not been finalized at this time. The 2017 meeting schedule is expected to be approved at the November 17, 2016 Commission meeting, and the dates will be available on RSIC’s website soon after that meeting.*

Question: What are the expectations for the optimal structure of the working relationship between the Investment Commission, the general investment consultant, and the Fund's internal staff members?

Answer: *The selected firm will act as the strategy and advisory consultant to the Commission, and as such, the firm will need to foster effective communication and a strong working relationship with the Commissioners. The selected firm will also be expected to maintain a strong and collaborative working relationship with the Chief Investment Officer. As part of their responses to the RFP, prospective offerors are asked to propose arrangements that will address these issues.*

Question: With regard to the potential inclusion of public market advisory services, how do you anticipate the Investment Commission will interact/make decisions in this regard? Will the general investment consultant make manager/strategy recommendations directly to the Investment Commission or will it solely provide opinions on the public market recommendations made by the Fund’s internal staff?

Answer: *Please see RFP Section 3.1.6 for an explanation of the services that will be required should the Commission decide to use the selected firm’s public market advisory services. With regard to RFP Section 3.1.6(a), RSIC Staff would likely require a separate, additional point of contact on the consultant’s research team, who would work directly with RSIC Staff to provide these services. The point of contact would not interact with the Commission on a regular basis. However, the consultant’s research and other work product would be made available to Commissioners and would be included in manager recommendations that are presented to the Commission.*

Question: Can you please confirm the annual fee currently being paid to the incumbent consultant?

Answer: *RSIC declines to provide this information on the grounds that it is irrelevant. The contract in place with the current service provider is substantially different from the mandate described in the RFP.*

Question: Can you please provide a copy of the Commission's most recent performance report?

Answer: *Quarterly performance reports are available on the RSIC's website via the following link: <http://rsic.sc.gov/Reporting/QuarterlyReports/default.htm>.*

Question: What are the top two most important investment issues facing the System with which the Investment Consultant will be expected to help with or advise on?

Answer: *The most important investment issue facing the Investment Commission is refining the overall asset allocation as a means to improve both actual and relative returns in order to help the South Carolina Retirement Systems meet their benefit obligations.*

Question: Can you please share the impetus behind the issuance of this RFP?

Answer: *RSIC's current consulting services contract expires in the third quarter of 2017. Prior to issuing an RFP, RSIC evaluated the Commission's investment consulting needs. As part of this evaluation, the Commission reviewed various consulting service models. As a result of this review, the Commission concluded that needs had changed and determined to retain service provider(s) for the role(s) of:*

- 1) A general investment consultant that will serve as the Commission's policy and strategy consultant; and*
- 2) One or more specialty consultant(s) that will assist RSIC Staff with implementation of the private markets portfolio.*

Question: Can you please provide your current consultant's fee and the length of time they have been retained?

Answer: *RSIC declines to provide this information on the grounds that it is irrelevant. The contract in place with the current service provider is substantially different than the mandate described in the RFP.*

Question: Has the current investment consultant been invited to rebid?

Answer: *Yes, RSIC's current investment consultant has been invited to respond to this RFP.*

Question: Is the scope of work outlined in the RFP consistent with the current investment consultant's contracted services? If not, what services are different?

Answer: *The mandate described in the RFP is substantially different from the mandate that is currently in place. RSIC currently utilizes a full-service investment consultant that provides coverage for the entire portfolio. The Commission is moving to a strategy and advisory consulting model. Under this model, the consultant retained for this RFP will focus on strategic portfolio initiatives, including asset allocation, risk budgeting, asset liability modeling, policy review, benchmarking, and performance reporting. The Commission will retain a private markets specialty consultant(s) to assist RSIC Staff with implementation of RSIC's private markets portfolio.*

Question: How does the current consultant interact with the Strategic Partnerships that manage the Alternatives component (e.g. private equity, private debt and real assets) of the RSIC?

Answer: *The current consultant provides an opinion on the prudence of investment decisions made within strategic partnerships, as well as periodic reviews of the partnerships. The firm selected would not be required to provide these services.*

Question: How many onsite manager research meetings did the investment consultant attend in 2014, 2015, and year-to-date?

Answer: *RSIC estimates that the current consultant made fewer than five onsite manager meetings on the Commission's behalf each year over 2014, 2015, and year-to-date.*

Question: How many onsite manager due diligence visits is the investment consultant expected to attend on an annual basis?

Answer: *Should the Commission decide that public market advisory services are necessary, RSIC estimates that the consultant would attend approximately five or fewer onsite investment manager meetings per year on average.*

Question: When was the last asset liability study conducted?

Answer: *The last asset liability study was conducted in March of 2014.*

Question: When was the last custodian search conducted for the plan? Is it anticipated that a custodian search will need to be conducted in the next 12 – 18 months?

Answer: *The custodial relationship for the South Carolina Retirement Systems is managed by the South Carolina State Treasurer's Office. Any custodian search would fall outside the scope of this mandate.*

Question: Are there any major initiatives underway or about to be launched from the Annual Investment Plan?

Answer: *The initiatives in the Annual Investment Plan are set on a fiscal year basis. This document has not been drafted for the 2017-18 fiscal year, and currently, there are no ongoing initiatives that are omitted from the current Annual Investment Plan located on RSIC's website.*

Question: Are there any initiatives the Commission would like to address in the next couple of years, which are not outlined in the Scope?

Answer: *RSIC Staff made every effort to address all initiatives that the Commission plans to address over the course of the mandate in the RFP. However, the issues faced by the Commission are subject to change over time, and RSIC will review those changes with the selected consultant as they occur.*

Question: Is the secondary consultant required to attend every meeting?

Answer: *No, the Commission expects the primary and secondary consultants to act in a collaborative manner in providing services, and consequently, both consultants will not be required to attend each meeting. The Commission expects both consultants to (i) maintain a seamless continuity of knowledge and (ii) have adequate information to effectively participate in Commission meetings as required.*