

**REQUEST FOR PROPOSAL (RFP)
INVESTMENT MANAGEMENT SERVICES
2014**

I INTRODUCTION

St. Thomas More (STM) College is a Catholic liberal arts college federated with the University of Saskatchewan in Saskatoon, Saskatchewan, Canada. STM teaches courses in the liberal arts with all courses being accredited for a University of Saskatchewan degree. STM currently gives out approximately \$200,000 in scholarships and bursaries to students annually. These scholarships and bursaries are generated by investment returns on the STM investment account. Unencumbered funds and other restricted funds are also pooled with endowed funds to form the STM investment account. STM currently does not rely on any cash flow from the investment account and reinvests all investment income back into the investment account.

STM is requesting proposals from qualified investment management firms. The objective of the firm will be to assist the STM Board of Governors and staff in carrying out STM's investment policies and guidelines (see Part II below) that are designed to ensure that sufficient assets are available to meet current and future obligations. STM's investment fund contains all pooled invested funds of the College including endowments, restricted funds, and other net assets. These funds are currently being invested using a pooled approach and are not segregated for investment purposes based on the type of internal intended use.

II BACKGROUND

DESCRIPTIONS OF CURRENT INVESTMENTS:

As of April 30, 2014, investment assets totaled approximately \$ 15.4 million and were allocated as follows:

- a. CDN Equities (29%)
- b. US Equities (21%)
- c. International Equities (15%)
- d. Bonds and Fixed Income (30%)
- e. Cash and Cash Equivalents (5%)

STM Investment Policy and Guidelines

- The investment portfolio asset mix shall stay within the range of:
 - Equities 50% - 70%
 - Bonds and Fixed Income 30% - 40%
 - Cash and Cash Equivalents 0% - 10%
- Investments are normally restricted to publicly traded securities or funds however, upon approval of the Board of Governors on recommendation from the STM Finance and Investment Committee; other types of investments can be purchased.
- Investments are to be made through a professional investment firm designated by the STM Board of Governors based on a recommendation by the STM Finance and Investment Committee after completion of the approved tendering process.
- The investments are to be administered by the STM CFO based on a long-term plan established by the Board of Governors using the services of the investment manager.
- The investment manager shall meet semi-annually with the STM Finance and Investment Committee to review the performance of the STM investment portfolio. The investment manager must also provide monthly STM investment account performance reports to the STM CFO within two weeks of the end of the reporting period.
- The interest, dividends and capital gains earned from the portfolio are to be re-invested in the STM investment account unless otherwise directed by the STM CFO.
- All bonds purchased inside the portfolio shall be at or above grade A bond rating.
- The investment portfolio is expected to be based on long-term value and should meet at least a long-term real rate of return of four (4) percent (net of all fees).
- The investment manager will seek to ensure as much as possible that the investments are based in socially responsible investments.
- This policy shall be reviewed and altered by the STM Finance and Investment Committee from time to time as necessary.

III SCOPE OF SERVICES

St. Thomas More College is soliciting proposals from:

- a) Investment consultant firms who provide broad investment expertise, and
 - i. Can provide St. Thomas More College access to publicly-traded asset classes and specialty investments which would otherwise not be available and
 - ii. Can provide St. Thomas More College with a full range of administrative and investment services.

St. Thomas More College is seeking the services for a range of administrative and investment services related to its investment funds. St. Thomas More College will continue to fulfill its fiduciary responsibilities regarding the setting of investment policies and guidelines as well as the endowment spending rate. Given today's complex and fast-paced market economy, STM requires significant expertise to obtain the best investment return with the least amount of risk. Therefore, St. Thomas More College would seek services which will include but are not limited to the following:

- a) Investment policy and procedures – reviewing investment-related policies and guidelines and making appropriate recommendations for changes.
- b) Portfolio analysis – reviewing asset allocations and structures and making recommendations for appropriate changes.
- c) Reporting – provide quarterly performance reports, including but not limited to, performance data and analysis for the total fund, individual asset classes; detailed analysis, including return attribution analysis, portfolio characteristics, style and risk analysis, peer universe comparisons with funds that have similar objectives including other university endowment and pension funds; and holdings analysis relative to benchmarks.
- d) Manager research and analysis – having access to a wide range of investment fund managers and to manage the selection, retention, and dismissal of these investment managers, performing the necessary due diligence and providing summary reporting.
- e) Research – to perform research on investment markets with the necessary due diligence to ensure optimal performance, including monitoring, rebalancing and reporting
- f) Training, development, and reporting – to provide broad investment fund management training for new Board and/or Committee members as well as periodic reporting to the STM Finance and Investment Committee as necessary.
- g) Recommending suitable alternative and/or socially responsible investments.

IV PROPOSAL SPECIFICATIONS

a) Response Deadline

Completed responses must be received at St. Thomas More College 1437 College Drive, Saskatoon, Saskatchewan S7N 0W6, c/o Derrin Raffey, CFO and Director of Administration Office 3005 by **Friday August 22, 2014 4:30 p.m., Central Standard Time**. Any response received after the response deadline will not be considered. Faxed or emailed bid submissions are not acceptable.

Candidate firms submitting responses to this RFP must submit 6 bound copies of their total submission response by the deadline date noted above.

The questions and/or requests made in this RFP shall be duplicated in their entirety in the response with each question and/or request repeated before the response. The response must be accompanied by a cover letter that should be signed by at least one individual who is authorized to bind the firm contractually. The cover letter must include: a) the firm name, address, E-mail address and telephone/fax numbers; b) the client contact; c) the title or position which the signer of the cover letter holds in the firm; and d) a statement to the effect that the response is a firm and irrevocable offer of the firm. The representations and warranties contained in Section VIII of this RFP, signed by an authorized officer of the firm, must be included as an attachment to the cover letter previously referenced.

b. Communications with St. Thomas More College

Other than questions related to this RFP as provided for in Section c. below, firms which intend to submit a response should not contact any member of the St. Thomas More College staff or faculty, as well as any member of the Board of Governors, without the express approval of the STM Chief Financial Officer and Director of Administration. An exception applies to any firm currently doing business with St. Thomas More College, but any contact should be limited to that business, and should not relate to this RFP.

c. Questions relating to this RFP

All questions concerning this RFP must be received in writing via email by **August 15, 2014 at 4:30 p.m., Central Standard Time**. Questions can be submitted to Derrin Raffey at draffey@stmcollege.ca . One email per bid submission will be accepted and answered. Therefore, firms should amalgamate any questions they have into one email by the question deadline date. Emails and corresponding questions received after the deadline will not be considered. Questions by telephone and/or letter will not be accepted.

d. Selection Process

i) Non-Qualifying Responses

St. Thomas More College will evaluate each response to determine if it was submitted in accordance with the requirements set forth in this RFP, including whether the proposing firm meets the minimum criteria. Non-qualifying responses will be notified immediately.

ii) Selection of Investment Consultant Firm

St. Thomas More College staff will evaluate all responses having met established criteria. Based upon this review, staff will present the responses most closely meeting the requirements of the RFP to the STM Finance and Investment Committee. **The STM Finance and Investment Committee will invite at least two candidate firms to make a presentation at St. Thomas More College in Saskatoon, Saskatchewan on September 17, 2014 between 3 pm and 7 pm Central Standard Time.** The STM Finance and Investment Committee may join in discussions with the finalist firms to clarify issues, the scope of services and fees. The Board of Governors will approve the selection of the consultant firm. The successful candidate firm and the non-successful candidate firm(s) who make presentations on September 17, 2014 will be notified of the STM Board's decision by September 30, 2014. All other candidate firms who submit responses to this RFP and pass all the submission requirements will not be notified.

V Tentative time table

St. Thomas More College reserves the right to reject any and all responses if it so chooses. The following is only a tentative time schedule for St. Thomas More College's search for a firm to provide investment management services. All dates are subject to modification by St. Thomas More College.

- Issuance of RFP July 7, 2014 at 10:00 am Central Standard Time
- Questions deadline August 15, 2014 at 4:30 p.m. Central Standard Time
- RFP response submission deadline August 22, 2014 4:30 p.m. Central Standard Time
- Candidate firm interviews September 17, 2014 between 3 and 7 pm Central Standard Time at St. Thomas More College in Saskatoon, Saskatchewan.
- Projected service commencement date November 1, 2014

VI CRITERIA

a. Minimum Qualifications

All firms submitting responses must meet the following minimum criteria:

1. Be a registered investment advisor
2. Agree to act as a “fiduciary” with respect to St. Thomas More College
3. Have been in business for a minimum of ten (10) years; if the firm has not been in business for at least ten (10) years, the senior principals of the firm must have at least ten (10) years experience with institutional clients at an investment consulting or investment management firm.
4. Have provided similar investment management services to other educational institutions of similar asset size as St. Thomas More College;
5. Employ a professional team or department dedicated to investment manager research and analysis;
6. Have individuals assigned to St. Thomas More College with a minimum of five (5) years professional experience in the investment consulting and investment management fields; and
7. Disclose all conflicts of interest, all sources of revenue and all affiliations especially, but not limited to, investment managers contracted by the firm.
8. Have at least one representative permanently located in the City of Saskatoon who will be the main contact on the STM file.

b. Selection Criteria

The criteria for selection will include, but are not limited to the following:

1. Stability and experience of investment consulting firm
2. Stability and experience of the personnel assigned to St. Thomas More College.
3. Depth of knowledge, experience and resources to provide required services.
4. Independence of judgment and avoidance of conflicts of interest in providing services.
5. Proposed fee structure and full transparency of total fee structure.
6. Produce examples of client fund performance reporting including comparisons with other funds that have similar investment objectives.

7. Demonstrated examples and testimonials from previous and current clients on firm performance in the investment of that firm's funds compared to appropriate benchmarks.
8. The capability to contract with a wide and diverse selection of fund managers to obtain the best possible investment returns given the risk profile of the client.

VII REPRESENTATIONS AND WARRANTIES

All respondents are required to submit an executed copy of the following representations and warranties as an attachment to the cover letter described in Section III of this RFP:

- a. Respondent warrants that it will not delegate its fiduciary responsibilities.
- b. Respondent warrants that it has completed, obtained, and performed all registrations, filings, approvals, authorizations, consents or examinations required by government or Governmental authorities.
- c. Respondent warrants that it meets all of the minimum qualifications applicable to the firm under Section VII. a. of this RFP as follows (list each and specifically describe how your firm meets each item):
 1. Be a registered investment advisor;
 2. Agree to act as a "fiduciary" with respect to St. Thomas More College;
 3. Have been in business for minimum of ten (10) years; if the firm has not been in business for at least ten (10) years, the senior principals of the firm must have at least ten (10) years of experience with institutional clients at an investment consulting or investment management firm;
 4. Have provided similar investment consulting services to other non-profit or educational institutions of similar asset size to St. Thomas More College;
 5. Employ a professional team or department dedicated to investment manager research and analysis;
 6. Have individuals assigned to St. Thomas More College with a minimum of five (5) years professional experience in the investment consulting or investment management fields; and disclose all conflicts of interest, all sources of revenue and all affiliation.
- d. Respondent warrants that it has not paid and will not pay, has not given and will not give, any remuneration or thing of value directly or indirectly to St. Thomas More College or any of its board members, officers, employees, or agents, or any third party except as disclosed to St. Thomas More College with its response to this RFP or otherwise, including, but not limited to, a finder's fee, cash solicitation fee, or a fee for consulting, lobbying or otherwise.
- e. Respondent warrants that it has established ethics and conflicts of interest policies and procedures, and proper internal compliance controls are in place.

VIII QUESTIONNAIRE

Responses to the following questions should repeat the question and be answered in order. Limit responses to no more than one-half page if possible. If you have preprinted material that answers the question, it may be submitted.

a. Firm

1. Provide a description of your firm's endowment management organization including history, ownership, and percentage of revenues derived from investment consulting/endowment management to non-profit organizations.
2. List the names, experience, academic credentials, and background of your endowment management personnel who would be responsible for the STM investment account.
3. Please provide examples of your firm's (i.e., your clients') record of endowment management performance for similar institutions as STM with respect to total asset size. Please indicate whether results are net or gross of investment management fees.
4. What are your firm's key strengths, competitive advantages, and weaknesses?
5. Indicate whether your firm is registered with the federal and/or provincial regulators and, if so, please provide documentation to support this.
6. Has your firm, its principals or affiliates ever (a) been the focus of an inquiry by a federal, provincial or self regulatory organization, or (b) been a party to any litigation concerning fiduciary responsibility or other investment related matters? If yes to any of the above, please provide details.
7. What is the client turnover (gains and losses) of your firm in the past three years, with reasons for termination of relationships?
8. Provide three current client contacts as references for which similar investment management services are being performed, preferably with educational institutions similar in investment asset size to St. Thomas More College.
9. Will your firm accept fiduciary responsibility relative to the services in this RFP?
10. Describe the firm's knowledge and experience in specific asset class(s) or strategy including private equity, real estate and alternative investments.

b. Services

1. List all of the firm's standard services provided in a typical investment management relationship, including the firm's endowment management philosophy and what approach would be utilized for St. Thomas More College in fulfilling this RFP.
2. Describe the firm's process for analyzing a client's existing Investment Policy and Asset Mix Guidelines. Describe the firm's method for recommending modifications and monitoring the Investment Policy and Asset Mix Guidelines.

3. Describe the firm's asset/liability modeling capability, and portfolio structure analysis. Describe the manner in which the firm would assist St. Thomas More College in recommending changes and monitoring asset mix.
4. Describe the firm's process for evaluating a client's investment performance and how this is communicated to the client.
5. Describe the types of qualitative and quantitative factors you use in evaluating a portfolio manager.
6. How many investment managers do you currently track and describe the steps in your due diligence/search for manager selection.
7. Provide samples of client investment performance reports.
8. Can you offer training of the STM Finance and Investment Committee members as it relates to their fiduciary responsibilities?
9. Does your firm engage in large investment opportunities as a participant and provide access to your clients?
10. Does your firm offer consulting services on socially responsible investments? Please address both the financial markets and alternative markets. Also, include a discussion of your additional fees, if any, for this service.

IX. HYPOTHETICAL PORTFOLIO

St. Thomas More College requests that all responses include a hypothetical portfolio based on the current St. Thomas More College's current long-term investment policy and asset mix guidelines. Please include in detail how your firm would propose to use this hypothetical portfolio to meet St. Thomas More College's objectives as stated in the Section I. How would these returns compare to the appropriate benchmarks (e.g. TSX, DOW, S&P 500, Russell 2000, etc.). In this portfolio, the respondent should include recommendations regarding long-term policy goals (net return after fees and inflation), risk controls (to mitigate down periods), diversification controls, and illiquidity controls.

X. ENGAGEMENT PERIOD AND FEES

The quote should assume a five-year relationship. You should include the basis you would propose for calculating all fees to be paid by St. Thomas More College for service you described in this RFP and fully disclose all hidden fees within all funds that your organization currently has a business relationship with.

XI. TERMS AND CONDITIONS

St. Thomas More College makes no representations or warranties, expressed or implied, as to the accuracy or completeness of the information in the RFP and nothing contained herein is or shall be relied upon as a promise or representation, whether as to the past or the future. The RFP does not purport to contain all of the information that may be required to evaluate the RFP and any recipient hereof should conduct its own independent analysis of St. Thomas More College and the data contained or referenced herein. St. Thomas More College does not anticipate updating or otherwise revising the RFP. However, this RFP may be withdrawn, modified, or re-circulated at any time at the sole discretion of St. Thomas More College. St. Thomas More College reserves the right, at its sole discretion and without giving reasons or notice, at any time and in any respect, to alter these procedures, to change and alter any and all criteria, to terminate discussions, to accept or reject any response, in whole or in part, to negotiate modifications or revisions to a response and to negotiate with any one or more respondents to the RFP. St. Thomas More College is not and will not be under any obligation to accept, review or consider any response to the RFP, and is not and will not be under any obligation to accept the lowest offer submitted or any offer at all. St. Thomas More College is not and will not be under any obligation to any recipient of, or any respondent to, the RFP except as expressly stated in any binding agreement ultimately entered into with one or more parties, either as part of this RFP process, or otherwise. This RFP is not an offer but a tender to receive submissions. St. Thomas More College will consider a response as an offer to develop an agreement based upon the contents of the offer. Respondents agree that the contents of their Responses are valid for one year from the date of submission. St. Thomas More College will not be liable for any cost incurred in the preparation of a response (including all costs related to potential interviews on September 17th, 2014) and will not reimburse any respondents for their submission. Expenses related to the production of a response are the sole responsibility of the respondent. St. Thomas More College reserves the right to retain all responses submitted, and to use any information contained in a response except as otherwise prohibited by law. All proprietary information, "trade secret", if clearly marked as such, will not be disclosed except as required by law.