



RESPONSES TO SFERS GENERAL CONSULTANT RFP QUESTIONS

November 22, 2022

Could you provide the fee paid to your current general consultant?

What is the fee paid to the current investment consultant?

Can you please provide the current fee being paid for investment consulting services?

How much are current fees for these consultant services?

For the 12 months ended September 30, 2022, SFERS paid our current consultant \$1,067,235.

Can you please provide the following most recent reports assuming they are in the public domain?

- Detailed performance report
- Quarterly Plan Total Leverage report

Please refer to the report linked below which provides performance and leverage information:

<https://mysfers.org/wp-content/uploads/2022/09/091522-11-Investment-Performance-of-the-Retirement-Fund.pdf>

- Annual Plan Co-Investment and Direct Investments report

Please refer to the report linked below:

<https://mysfers.org/wp-content/uploads/2021/09/091521-07-NEPC-Co-Investments.pdf>

In terms of access to analytical software and tools, can you please provide examples of such software and tools your access currently from your current General Consultant as well as software and tools you ideally would like access to?

Monte-Carlo simulations of expected liabilities, economic stress scenarios connecting both liabilities and assets, efficient frontier optimization, risk and performance attribution, factor analysis, stochastic analysis of multi-year liquidity, stochastic analysis of cashflows and pacing for private asset classes, tail risk assessments.

Do you currently receive an ESG report from your current General Consultant? If so, can you please provide a copy (to the extent it's a public document)?

SFERS does not currently receive an ESG report from our current General Consultant.

Although there are monthly meetings, is the general consultant expected to attend all monthly Board *and* Investment Committee meetings or are there specific meetings to deliver performance reporting, etc.?

Yes, the General Consultant is expected to attend all monthly Board meetings. Attendance at Investment Committee meetings will depend on the topics covered.

Are all of the services within the proposed scope included in the current consulting agreement?

Yes.

The RFP gives the impression that tactical asset allocation advice is expected as part of the scope of service. If our consulting firm does not believe tactical asset allocation is an efficient use of active risk, how should we respond to these questions?

How important is providing tactical insights to the Plan?

SFERS currently does not employ tactical asset allocation and is not looking for tactical asset allocation advice. Rather, the General Consultant will assist Staff with the assessment and implementation of tactical asset allocation using an external manager, total Fund overlay solutions, and use of leverage. It is also important to have governance for implementing rebalancing as well as for monitoring, measuring and attributing their performance.

Can you please advise how many full-time employees are dedicated to working on the Fund's investments?

SFERS currently employs 22 full-time investment staff.

Is the San Francisco Employees' Retirement System Investment Committee meeting schedule for 2023 available? If so, can you please provide it?

The Board currently meets on the third Thursday of each month, starting at 11am. All investment decisions, including asset allocation, risk management and individual investment recommendations (action items), occur at the Board Level. Investment Committee meetings are in the process of being scheduled and are expected to take place quarterly. Required attendance by the General Consultant at Investment Committee meetings will be dependent on the topics discussed.

Would the Board and Investment Committee be willing to consider virtual attendance for meetings (or a combination of in-person and virtual)?

The expectation is that the General Consultant typically will attend meetings in-person.

What is the biggest investment-related issue the Board is currently facing?

Generating the assumed long-term return (currently 7.2%) while taking appropriate risk and meeting the liquidity needs of a maturing plan.

Is the scope outlined in the RFP consistent with the current consultant's contract? If not, what items are different?

Yes, for the General Consultant's RFP.

For the second listed question 14 in Section H.b. on page 24 of the RFP, is it acceptable by SFERS to insert our firm's 2022 Capital Markets Assumptions table—which includes all requested sub-asset classes—or is it preferred to use the table provided in the RFP?

Yes, this is acceptable.

When are you scheduled to go through a new asset allocation study?

In 2023.