

WSIB Global Equity Manager Search – Q&A

IMPORTANT NOTE: The WSIB will not be providing details on specific style or quantitative targets for the end portfolio, the number of managers to be selected, allocation sizing, or reasons behind the search beyond what is already summarized in the Active Global Equity Management Search Document. These areas will be determined by the WSIB over the course of the search process. Final selection, if any, will be the candidate(s) that in the opinion of the WSIB best meet the requirements and whose selection is in the best interest of the WSIB, the Commingled Trust Fund, and the state of Washington.

ELIGIBILITY

Question: Will a daily commingled Collective Investment Trust be considered an eligible vehicle?

- **Answer:** Yes.

Question: Our fund doesn't meet the \$500M under management desirable qualification, but should reach that threshold by June 2021. Can we compete in this search?

- **Answer:** Yes. Desirable qualifications are *desirable*; only minimum qualifications A-J are *required* for consideration.

Question: What do you mean by "history of significant client or investment professional turnover"? Are there any specific cutoffs for either?

- **Answer:** There are no specific cutoffs or definitions for client or investment professional turnover.

Question: Will the WSIB consider global low volatility, smart beta, or factor-based equity index strategies for this mandate? If we propose an index that doesn't have three years of performance, will WSIB consider a back test? If not, will it consider a similar benchmark that does have a three-year track record?

- **Answer:** This is a search for **active** global equity products. WSIB acknowledges that there is no universally accepted definition of what is active and what is passive. That said, it is not the intent of the search to consider indices rather than actively managed products in this particular search. Individual products will be evaluated as part of the search. All managers are encouraged to participate and if a product meets all the minimum qualifications, then it will be considered. As for length of track record, as noted above, desirable qualifications are *desirable*; only minimum qualifications A-J are *required* for consideration.

WSIB Global Equity Manager Search – Q&A

Question: What other benchmarks would the WSIB consider for this mandate? Would the MSCI All Country World Index, an ESG global factor/smart beta index, or a global low volatility benchmark be considered?

- **Answer:** The product should provide broad exposure to global equities and we have provided the MSCI ACWI IMI index as an example of one such index. Candidates may view their strategy as best benchmarked against another index, but should your strategy be awarded a mandate, the WSIB and the manager will negotiate the agreed-upon benchmark(s) during contract negotiations, with the understanding that all managers will be part of a composite for which the overall benchmark is the MSCI ACWI IMI. We are seeking managers that will add value within that context.

Question: Will WSIB consider single-country, yen-denominated investments as part of this search?

- **Answer:** No. Minimum Qualification A in the Active Global Equity Management Search Document states that the candidate firm must currently provide a global equity product. A single-country strategy would not meet this criterion.

Question: Will WSIB split the mandate between a developed manager and an emerging markets manager or will it be selecting one global manager?

- **Answer:** As stated in the minimum qualifications, candidate firms must currently provide a global equity product in order to be considered for selection to this mandate. Staff has the discretion to consider ACWI or World strategies. Emerging markets strategies will not be considered. Any manager that has a product that meets minimum requirements is encouraged to apply.

Question: Do we need to fill out an AON database?

- **Answer:** Completed submission of the candidate's information to the eVestment database will fulfill Aon's data requirements. Aon may request additional data or information from candidates as necessary.

EVALUATION CRITERIA

Question: Is there an RFP document that needs to be filled out?

- **Answer:** No.

WSIB Global Equity Manager Search – Q&A

Question: We don't have an SSAE 16 in place. Are we still eligible to participate in this search?

- **Answer:** Candidate firms are required to conduct an annual SSAE16 audit or have in place an appropriate operational control structure that will be evaluated by WSIB and judged to be a reasonable alternative.

Question: If you consider strategies with less than \$500M AUM, what factors would lead you to select them over a strategy with a higher AUM?

- **Answer:** Please review the 'Description of Evaluation Process' and 'Evaluation Criteria' sections of the Active Global Equity Management Search Document posted to our website for information on how the WSIB evaluates and selects investment strategies. The evaluation process is both detailed and holistic, so a candidate that is weaker on some criteria and stronger on others may be considered. Candidates should also note that it is part of the WSIB Board's Investment Beliefs that active management will only be used when candidates "with skill, persistent performance, and sufficient capacity to meet the WSIB's needs" can be identified. Whether a product can offer sufficient capacity to meet the WSIB's needs over the long term may be a criterion in the evaluation.

Question: How important is the composition in the AUM by client type (i.e. institutional vs. retail)? Is downside capture/risk an important consideration for this search?

- **Answer:** The WSIB will consider a wide variety of factors when evaluating global equity strategies. Please review the 'Description of Evaluation Process' and 'Evaluation Criteria' sections of the Active Global Equity Management Search Document posted to our website for information. WSIB has publicly stated that downside protection is an important criterion for its public equity program. WSIB also states in the search document that fit and ability to meet the WSIB's needs are important criteria. Candidates with institutional clients and experience and candidates with primarily retail clients and experience will be evaluated based on these and other evaluation criteria.

Question: How important are the ESG considerations for WSIB and how do you approach them?

- **Answer:** The mission of the WSIB is to maximize investment returns at a prudent level of risk. The candidate's methodology, including how they include or do not include ESG considerations, will be evaluated within that context. Please review the 'Description of Evaluation Process' and 'Evaluation Criteria' sections of the Active Global Equity Management Search Document posted to our website for more information on how the WSIB evaluates and selects investment strategies.

WSIB Global Equity Manager Search – Q&A

Question: Do you prefer either fundamental or quantitative approaches?

- **Answer:** If the product meets all the minimum qualifications, then it will be considered. Please review the 'Description of Evaluation Process' and 'Evaluation Criteria' sections of the Active Global Equity Management Search Document posted to our website for information on how the WSIB evaluates and selects investment strategies.

Question: Do you prefer managers that invest across the cap spectrum?

- **Answer:** The product should provide broad exposure to global equities. As noted in another answer, any active global manager hired will be part of a composite benchmarked to the MSCI ACWI IMI and should add value to the program in that context. Managers that invest across the cap spectrum may be preferred, but all strategies that meet the minimum qualifications will be considered.

POST-AWARD QUESTIONS

Question: Do you want managers to reserve capacity, and if so, how much?

- **Answer:** No decision on investment allocations is pre-determined prior to the completion of the search process which includes Board approval of recommended investment managers. Please refer to the language provided at the beginning of this document regarding the approach of this search process.

Question: How often would you anticipate client service meetings with a Portfolio Manager?

- **Answer:** Our goal is to hold two client service meetings per year with key investment personnel/decision makers.

Question: When you state that you want managers "Willing to provide WSIB staff transparency into all material aspects of the investment process." Are there additional specific legal requirements around reporting and transparency?

- **Answer:** The WSIB takes its fiduciary duty very seriously. Staff will not recommend an investment without sufficient transparency such that staff has been able to evaluate and understand the strategy, and has confidence that staff will be able to monitor, evaluate, and understand the strategy on an on-going basis. This includes, at least twice a year, access to the PMs who make the investment decisions in your global equity product. In addition, candidates are advised that the WSIB is a public agency of the state of Washington, and is subject to the Washington Public Records Act, RCW 42.56. Records provided directly to the WSIB may be subject to public disclosure, though WSIB has limited, strictly construed exemptions from such disclosure. Please consult the 'Public Disclosure' section of the Active Global Equity Management Search Document posted to our website for more information.