

**Introduction:**

The Chicago Transit Authority Retiree Health Care Trust (“Trust”), a Section 115 Trust, is requesting proposals from investment management firms interested in providing Core Plus Fixed Income investment management services to the Trust.

**Purpose:**

The Board of Trustees is soliciting firms to provide Core Plus Fixed Income investment management services for approximately \$50-75 million. This Request for Proposal (RFP) is not an offer to contract but seeks the submission of proposals from qualified professional firms. The Trust reserves the right to reject any or all proposals and to solicit additional proposals if that is determined to be in the best interests of the Trust.

The following documents are available on the Trust’s website at [www.ctaretirement.org](http://www.ctaretirement.org): the RFP, the Investment Policy, the Procurement Policy for Investment Advisors, and a sample of the Investment Management Agreement (“IMA”) for separate accounts.

**Timeline:**

RFP Date of Issue:	May 12, 2025
RFP Due Date:	June 12, 2025, before 5 pm CST
Proposal Evaluation (Tentative):	June 2025
Finalists Notification (Tentative):	June 2025
Finalists Presentations (Tentative):	June/July 2025

**Submission Process:**

The RFP process will be overseen by the Plan’s investment consultant, Marquette Associates. Questions concerning the RFP and final submissions must be submitted via email to [cta\\_rfp@marquetteassociates.com](mailto:cta_rfp@marquetteassociates.com) . Any responses received after 5:00 pm CST on the due date will not be considered for this search.

**Background:**

The Trust is interested in evaluating core plus fixed income investment managers to either complement or replace current fixed income managers. The benchmark for the desired mandate is the Bloomberg U.S. Aggregate Bond Index. Specific tracking error and/or excess return targets are not established; however, the core plus strategy should invest no more than 35% in high yield bonds or other “plus” sectors.

The Trust will consider strategies with a variety of investment approaches. The Trust prefers to invest in managers’ flagship strategies.

**Scope of Services:**

The manager shall serve as a fiduciary to the Trust and have independent discretionary authority with respect to the management of the portfolio. The portfolio objectives and guidelines will be illustrated in the IMA, once agreed upon by the Trust and the investment manager. The Respondent, a qualified investment adviser, will directly manage assets for a Core Plus Fixed Income portfolio mandate in a separate account or a fund structure.

**Diversity and Inclusion:**

Public Act 96-0006 encourages the Trust to increase the racial, ethnic, and gender diversity of its fiduciaries, to the greatest extent feasible within the bounds of financial and fiduciary prudence. In furtherance of this Act, it is the goal of Trust to use its best efforts to increase the racial, ethnic, and gender diversity of its fiduciaries, including its investment vendors.

**Evaluation Criteria:**

1. Investment Philosophy and Methodology
2. Firm Background, Experience and Reputation
3. Portfolio Management and Client Services
4. Reasonableness of Fees
5. Fit with the Plan's Overall Investment Policy and Allocations Among Existing Investment Advisers
6. Performance

The Trust will select the Managers(s) it determines to be fully qualified and best suited among those submitting proposals. ***All proposals received in response to this RFP may be rejected and the Trust may seek new or additional proposals or may decline to select any Manager(s).***

The consultant, with the guidance of the Trust's staff, shall determine how well the proposal meets the evaluation criteria and shall present a list of qualified candidates to the Board of Trustees.

**Quiet Period:**

According to the Trust's Procurement Policy for Investment Advisers, the Quiet Period shall begin as of the publication date of this RFP and end when the selection has been made by the Board. The Quiet Period prohibits respondents from communicating with the Board or staff regarding any product related to this search. During the Quiet Period, the Board, staff and consultants cannot accept meals, travel, lodging or any other goods or service of value from the respondents. A respondent will be disqualified for violating the Quiet Period. Questions regarding the search shall be forwarded to the consultant.

**Post Performance Review Process:**

Post performance review, including termination, shall be conducted in accordance with the Trust's Investment Policy.

**Disclosure of Proposal Content:**

Respondents are advised that proposal materials are subject to the Illinois Freedom of Information Act, 5 ILCS 140. The law requires 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, confidential 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 the Plan and will not be returned to the respondent. The Plan 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.

## Questionnaire:

The following questionnaire must be completed and included with the proposal. Type responses in the same order as the questionnaire, listing the question first followed by the answer.

### Contact and Company Information

Name of Company: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

Company Website: \_\_\_\_\_

Under penalties of perjury, the Respondent certifies that its correct Federal Employer Identification Number is \_\_\_\_\_.

The Contractor is doing business as a(n) (please check applicable entity):

☐ Individual

☐ Sole Proprietorship

☐ Med./Health Care Svcs. Prov. Corp.

☐ Corporation

☐ Limited Liability Company

☐ Limited Liability

Partnership ☐ Not-for-Profit Corporation

☐ Governmental Entity ☐

Trust or Estate

☐ Other: \_\_\_\_\_

### Contact Person(s)

Name of Contact Person: \_\_\_\_\_

Title: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

E-mail: \_\_\_\_\_

### Ownership

As required by Section 1-113.14(c) of the Pension Code, identify the names and addresses of the following persons or entities: (i) any entity that is a parent of, or owns a controlling interest in, the Respondent, (ii) any entity that is a subsidiary of, or in which a controlling interest is owned by, the Respondent, (iii) any persons who have an ownership or distributive income share in the Respondent that is in excess of seven and one-half percent (7.5%), or (iv) serves as an executive officer of the Respondent.

## Organization

1. What is the full name of the entity with which the Trust would contract for this proposal?
2. Please provide the address of the firm's headquarters. Additionally, please list firm offices with addresses and the number of personnel at each location. Which offices house the client service team assigned to the Trust and from which offices are the proposed strategies managed?
3. Is the firm an SEC-Registered Investment Advisor? If so, provide the name of the firm as registered with the SEC and the SEC file number. Please attach a copy of the firm's ADV part II.
4. When was the firm founded? Please provide a comprehensive history of the firm and detail key organizational events such as mergers or acquisitions.
5. Are there any significant firm-wide changes expected or under consideration within the next five years?
6. What are the firm's total assets under management as of March 31, 2025? Please provide the firm's total assets under management as of December 31<sup>st</sup> for each of the last 5 years. Please complete the table below since inception.

Period	Total Firm Assets (\$)	Total Number of Clients (#)
3/31/2025		
12/31/2024		
12/31/2023		
12/31/2022		
12/31/2021		
12/31/2020		

7. Please provide the percentage of assets under management at the firm by client type using the table below as of March 31, 2025. Additionally, please provide a brief explanation as to the contents of "other."

Client Type	Firm Client Count	Firm AUM	Client Count	Strategy AUM
Corporate				
Endowment/Foundation				
High Net Worth/Family Office				
Insurance/Financial				
Mutual Fund				
Public				
Religious				
Taft-Hartley				
Other				

8. What percentage of the firm's assets under management are institutional?

9. Please indicate how the firm's assets under management are divided by asset class and by strategy. Please provide the AUM as of March 31, 2025 of the proposed strategy and the inception date of the strategy.
10. Is the firm represented by any third-party firm or individual whose purpose is marketing, and/or gathering assets for the firm and are compensated as such? If so, list all relationships and their nature. Will any third-party organization or individual be compensated if the firm is selected for a mandate?
11. Does the firm have any other lines of business in addition to investment management? Please list the firm's lines of business.
12. Please describe the firm's ownership structure. Please indicate who the owners are and the percent ownership held by all individuals and/or entities. Is the firm 100% employee owned? If not, please indicate all internal and external owners, their ownership percentages, and whether the company is publicly traded. Are any changes the firm's ownership structure anticipated? Have there been any changes in the ownership structure of the firm in the last 5 years?
13. What percent of the firm is owned by minorities, women, or persons with a disability? Please list the minorities, women, and persons with a disability who are owners, indicate their ownership percentage, and indicate their race, ethnicity, or gender. Is the firm MWDBE certified in Illinois or elsewhere? Please provide details on the composition of the firm at the firm level and on the investment team. Please complete the table below.

Classification	% of Firm (Entire Staff)	% of Firm (Investment Professionals Only)	% of Investment Professionals Involved in the Proposed Strategy	% of Investment Professionals Involved in the Proposed Strategy 2 (if applicable)
<b>Race and Ethnicity*</b>				
African American/Black				
Asian/Hawaiian/Pacific Islander				
Latino/Hispanic				
White				
American Indian/Alaska Native				
Other				
<b>Gender</b>				
Male				
Female				
Non-identified/Other				
Persons with a Disability				

\*Racial/ethnic categories appear as defined by [EEOC guidance](#)

14. Does the firm have a formal diversity and inclusion policy or initiative? Does this policy extend to subcontractors? Please provide a copy of the policy.

15. Does the firm have business continuation and disaster recovery plans? Please describe the key features of the plans, including frequency of testing and latest test results. In the event of a disaster, how long would it take to become fully functional? Please provide a copy of these plans.
16. What security measures does the firm have in place to ensure the protection of firm and client assets? Please describe the Respondent's security environment. Specifically, cover the physical, digital security, and policy measure safeguards in place to control access to portfolio reporting systems and client account information. How does the firm defend against cyber attacks?
17. Has the Respondent ever experienced a data security breach? If so, please describe the incident as well as the corrective actions.
18. Has the Respondent had its security assessed by a third party? If so, when was this last completed?
19. Describe the levels of coverage for errors and omissions insurance and any other fiduciary or professional liability insurance the firm carries. List the insurance carriers supplying the coverage and supply certifications evidencing the coverage.
20. Is the Respondent aware of any current or potential conflict of interest if it were awarded this mandate?
21. Does the firm have a Sustainability Policy or equivalent ESG/SRI Policy? Please summarize its key attributes.
22. Does the firm have a Corporate Social Responsibility Policy? Please summarize its key attributes.
23. Please provide a brief description of any past or pending regulatory action, litigation, or other legal proceedings involving the firm, any registered employees or principals, or any other related individuals compensated by the firm? How were these issues resolved?
24. In the last ten years, has the Respondent been disciplined, barred, censured, sanctioned or suspended by the SEC, FINRA, or subject to any regulatory action by any federal or state agency? If so, please explain thoroughly.
25. When was the Respondent's last audit by the SEC, DOL, or any regulatory agency? Please include the month and year.
26. Please explain any and all findings on the firm's most recent SEC audit, including minor deficiencies. Please attach a copy of the SEC Review findings and firm responses.
27. Is the firm currently or has the firm in the last 10 years been out of compliance with the DOL, SEC, or any regulatory agency? If so, please explain thoroughly.
28. Who is the firm's current auditor? When was the last time the firm changed its auditor?

#### Team

29. Please provide the total number of employees that work for the firm. How many investment professionals are employed by the firm?
30. How many investment professionals support the proposed fixed income strategy? Additionally, please describe the investment team structure.
31. Who are the lead portfolio managers responsible for the management of the proposed mandate(s)? When did the current portfolio manager(s) start managing the proposed strategy? Please provide biographies that include years of experience in fixed income and tenure with the firm.
32. How does the firm ensure stability of the investment management team for the proposed strategies?
33. How are analysts and portfolio managers evaluated? Describe the compensation structure for portfolio managers and research analysts. Is employee compensation tied to investment results? If so, based on what metrics and what time period(s)?
34. Do the portfolio managers and/or analysts invest in the proposed strategies? How is alignment of interests ensured?
35. Have any portfolio managers on the proposed strategy left the firm in the last ten years? If so, who were the portfolio managers and when did they leave the firm? Please explain circumstances around the departures. Have any portfolio managers been added to the proposed teams in the last ten years? Are any departures planned? Please complete the table below.

Additions: Name	Title	Coverage Responsibilities	Product Responsibilities	Date of Hire

Departures: Name	Title	Coverage Responsibilities	Product Responsibilities	Date of Hire

36. What succession plans are in-place for the lead portfolio managers and investment professionals? Are any retirements planned for the next 5 years?
37. Does the firm have a Chief Compliance Officer? Who is that individual? Please attach a copy of his/her biography.
38. Does the firm have an in-house legal team or utilize external legal counsel? If external legal counsel is used, which firm(s)?

#### Strategy and Process

39. Please provide the name of the strategy proposed.
40. What are the firm's total assets under management for the proposed strategy as of March 31, 2025? Please provide the total assets under management and the number of clients invested in the proposed strategy as

of December 31st for each of the last 5 years. Additionally, please provide the number of clients gained and lost in each calendar year. Please complete the table below since inception.

Date	Strategy AUM	Strategy Client Count	# of Clients Gained	# of Clients Lost	Strategy Assets Gained (\$)	Strategy Assets Lost (\$)
3/31/2025						
12/31/2024						
12/31/2023						
12/31/2022						

41. What is the benchmark of the proposed strategy?
42. What is the objective of the proposed strategy?
43. What is the inception date of the proposed strategy?
44. Please describe the investment philosophy of the proposed strategy.
45. What are the general guidelines of the proposed strategy? Please specify limitations that pertain to credit quality, duration, issue size, individual positions weights, individual issuer weights, sector weights, industry weights, tracking error, yield, and any other guidelines pertinent to each strategy.
46. Does the proposed strategy have the flexibility to invest in off-benchmark securities? What types of assets? Please disclose all permitted asset types that are excluded from the benchmark such as 144a bonds, high yield bonds, emerging market debt, non-USD denominated bonds, bank loans, municipal bonds, private placements, preferred shares, or other opportunistic income sectors. What sectors are considered "plus" sectors and what limitations exist around such sectors?
47. Please describe the investment process. How are investment ideas generated, evaluated, and decided upon? Does the portfolio manager decide, the analysts, or the entire investment team?
48. Please provide a detailed explanation of how the strategies generate returns in excess of the benchmark. What are the primary sources of returns (sector rotation, duration, yield curve, security selection, or other).
49. Please provide YTD, one, three, five, seven, and ten year attribution by sector or in a format that best represents each strategy's investment approach as of March 31, 2025.
50. Is there a top-down element to portfolio construction? To what extent does the strategy incorporate macroeconomic assumptions into the investment process? Which macroeconomic factors are assessed and how are they combined into portfolio weighting decisions?
51. Do the strategies target a specific tracking error or tracking error range? What is the expected tracking error of the products versus the benchmark?
52. Please describe the use of futures or other derivative strategies to manage duration or to achieve other portfolio objectives.
53. Are traditional private placements purchased, meaning that there is no subsequent registration of the securities? Is there a limit to how much of the portfolio they may comprise?
54. Is leverage incorporated into the proposed strategies? If so, please explain.
55. How is cash utilized in the strategy? What is the maximum amount of cash a portfolio manager may raise in a portfolio? What is the typical range of cash allocation?
56. What is the policy on hedging currency exposure? Please detail currency hedging activity, including extent and frequency.
57. Please describe how portfolio risks are identified, monitored, and controlled. What is the primary source of risk in the proposed strategy? What risk factors and risk metrics are most closely monitored?
58. How, if at all, do you prudently integrate sustainability factors into your due diligence and investment analysis in order to maximize anticipated risk-adjusted financial returns, identify projected risk, and execute your fiduciary duties? For example, provide insights into the type of information your team collects regarding sustainability factors outlined within the Illinois Sustainable Investing Act for potential investments and how it is used to evaluate the strength of a potential investment. If relevant, please provide an example.



59. How, if at all, do you integrate sustainability factors into the investment decision-making process in order to maximize anticipated risk-adjusted financial returns, identify projected risk, and execute your fiduciary duties? For example, detail how sustainability factors influence actual investment decisions, including their impact on sizing, valuation, or buy/sell discipline; specify the individual or team responsible for these decisions and share an example of how your team addressed a material sustainability risk in the past.
60. How, if at all, do you integrate sustainability factors into your overall portfolio construction in order to maximize anticipated risk-adjusted financial returns, identify projected risk, and execute your fiduciary duties? For example, provide information on any top-down sustainability requirements, such as exclusions, adherence to a carbon intensity benchmark, or overweighting to specific ESG ratings thresholds.
61. Describe your firm's approach to investment ownership and how, if at all, sustainability factors are integrated in order to maximize anticipated risk-adjusted financial returns, identify projected risk, and execute your fiduciary duties. For example, explain how your in-house stewardship and engagement team collaborates with investment professionals to prioritize engagements, their escalation policy, and whether they communicate with management teams before or after voting proxies.
62. Who is the decision-making body that has final authority for the fixed income strategy? Does it take the form of an investment policy committee, a team of portfolio managers, or another form? Who comprises this group? Do portfolio managers have latitude to override investment committee or research team recommendations?

#### Performance

63. Please provide calendar year returns of the proposed strategy since inception on a gross- of-fee and net-of-fee basis. Please show the benchmark return. Attach a separate exhibit if necessary.
64. Please provide annualized returns for the proposed strategy as of March 31, 2025 for 1-year, 3-year, 5-year, 7-year, 10-year, and since-inception time periods on a gross-of-fee and net-of-fee basis. Please show the benchmark return. Attach a separate exhibit if necessary.
65. Is performance of the proposed strategy reported in a manner compliant with GIPS® Standards?
66. Has the product performance been audited and verified by a third party? If so, by whom and for what period?
67. Are there any periods or economic environments in which the proposed strategies are expected to underperform?
68. Please provide commentary on past performance. During what periods did the strategies underperform expectations or exceed expectations? Why? Please provide detailed explanations related to periods of underperformance and lessons learned.

#### Portfolio

69. What types of instruments are eligible for inclusion in the proposed strategies?
70. How many bonds are held in a typical portfolio?
71. Please comment on the liquidity of the portfolio. What components of the portfolio are less liquid or illiquid? Are all portfolio assets priced daily?
72. What is the average annual portfolio turnover? What has been the portfolio's annual turnover rate in each of the past five years?

#### Operations

1. What vehicles (separate account, commingled fund) are you proposing for this strategy? Please describe any fund structure.
2. Does a minimum account size exist for the fund or separately managed account?
3. How are brokers selected and how is best execution ensured? List the top five brokerage firms with whom you have conducted trades in the last year.
4. Does the firm own or have any affiliation with a broker/dealer? If so, please describe the relationship between the firm and its broker/dealer. If the Respondent is affiliated with a broker/dealer, what percentage

- of trades are executed through the affiliate?
5. What is the firm's policy regarding the use of soft dollars? If the firm utilizes soft dollar arrangements, please list the top five brokers utilized. If the Trust requests that no soft dollars be used in the construction of a separate account, can the firm comply?
  6. Please discuss the firm's history with diverse-owned brokerage firms. What percent of trades has been executed by female, minority, disabled, or veteran-owned brokerage firms in the last year? List the top five MWDBE brokerage firms with who you have conducted trades in the last year.
  7. Has the firm ever experienced a significant violation of its compliance or ethics policy? If a violation has occurred, please explain what happened, how the violation of the firm's policies was handled, and how the issue was resolved.
  8. How does the firm monitor employee investment and trading?
  9. What systems are in place to ensure that portfolios are in compliance with client guidelines?
  10. What pricing services are used?
  11. Do you offer a Most Favored Nations (MFN) clause?
  12. Please explain the competitive advantages of the firm's proposal, what distinguishes the firm from other investment managers with respect to this product, and why the firm should be selected for this mandate.

### Minimum Qualifications Certification

The following form should be completed, signed, and included with the proposal.

[Insert name of company] represents to the Retiree Health Care Trust that:

1. The Respondent is a Registered Investment Advisor pursuant to the Investment Advisors Act of 1940 or is exempt from registration (with the nature of the exemption provided).
2. If retained, the Respondent agrees to serve as a Fiduciary as defined by the Illinois Pension Code.
3. The Respondent and its proposed team have all authorizations, permits, licenses, and certifications required by federal, state, and local laws and regulations to perform the services specified in this RFP at the time the Respondent submits a response to the RFP.
4. The Respondent has a lead portfolio manager assigned to the account with at least ten (10) years in the industry as of March 31, 2025.
5. The Respondent has a minimum of \$5 billion in total assets under management and five-years of GIPS compliant performance history in the proposed product/strategy as of March 31, 2025.
6. The Respondent has experience managing investments for tax-exempt or state, municipal, or other governmental defined benefit plans.
7. The Respondent has been in operation for at least ten years as of March 31, 2025 as an investment management organization as determined by the firm's SEC 1940 Registration.

By: \_\_\_\_\_

Name: [Insert name of authorized signer]

Title: [Insert title of authorized signer]

Date: \_\_\_\_\_

**If the Respondent does not meet all of the minimum qualification requirements above, the Respondent should not submit a proposal to Trust.**

**Fee Proposal**

Please provide a vehicle(s) and fee proposal for the proposed mandate. Please indicate any additional operating expenses that may apply, whether any account minimums apply, and if a minimum fee applies.

### **Additional Documentation**

Please attach all documents requested. Additionally, please populate eVestment with monthly returns since inception for the proposed strategies through March 31, 2025 by the Proposal Due Date. If a Respondent does not utilize eVestment, please visit:

<https://www.evestment.com/submit-my-data/>

Respondent must provide the following documentation:

- ADV Part II
- Chief Compliance Officer Biography
- Code of Ethics and/or Professional Conduct
- Disaster Recovery and Business Continuity Plans
- Diversity Policy
- Proof of E&O, Professional Liability, Fiduciary, and other Insurance Coverage
- SEC Review Findings Letter
- State of Local Minority Certification/Registration (If Applicable)
- GIPS Verification Letter (If Applicable)