

## Global Low Volatility RFP Questions

1. For the Met Water Global Low Vol RFP, will option-based strategies be considered, or is the focus on traditional equity portfolios?
  - a. No, the focus is on a long only strategy.
2. Is tracking error relative to the defined benchmark index one of the primary sources of risk to be evaluated?
  - a. Yes, tracking error will be evaluated.
3. What is the fund's primary objective in making a 5% allocation to global defensive equities?
  - a. The objective is to lower equity market volatility in the portfolio.
4. Is emerging market exposure required as part of a proposed solution?
  - a. We will review appropriate global low volatility strategies in our selection process.
5. Is dedicating trades to a minority brokerage firm required and, if yes, what percentage is required?
  - a. Managers utilized by the Retirement Board are evaluated by the performance goals of the Board identified within their Investment Policies, which can be found on the Fund's website, [www.mwrdrf.org](http://www.mwrdrf.org).
6. To what extent do the trustees require the proposed solution to have ESG considerations as part of the portfolio construction process?
  - a. We will review appropriate global low volatility strategies in our selection process.
7. Does Metropolitan Water Reclamation District Retirement Fund have a specific preference for a pooled vehicle vs. a separately managed account?
  - a. We will review appropriate global low volatility strategies in our selection process.
8. Are you able to share any guidance on fees that Metropolitan Water Reclamation District Retirement Fund would consider for this mandate?
  - a. Fees will be an important part of the review process.
9. What are the MWDBE brokerage requirement for this mandate?
  - a. The Investment Policies of the Retirement Board can be found on the Fund's website, [www.mwrdrf.org](http://www.mwrdrf.org).
10. Will you consider managers who exhibit low volatility/ attractive downside capture as an outcome of their process rather than low vol/ min variance strategies that target a lower vol that explicitly target broad market benchmarks?
  - a. This search is specifically for a global low volatility strategy that is managed against the appropriate low volatility benchmark.
11. Will you consider managers who embed ESG factors in their process, but who are not explicitly managing an ESG strategy?
  - a. We will review appropriate global low volatility strategies in our selection process.
12. With regard to the search for the Metropolitan Water Reclamation District Retirement Fund (Fund) for actively managed Global Low Volatility Equity investment management services, can you please advise if the Fund would consider Mondrian Global Equity? As a value and defensive active manager, Mondrian's strategy is quite low volatility. Would the Fund be open to other benchmarks or are they strict on their requirement to benchmark to the MSCI ACWI Minimum Volatility Index or S&P Global Low Volatility

Index? We look forward to hearing back from you and to potentially participating in this search.

- a. This is an open RFP process, all strategies that meet the minimum qualifications will be considered.
13. We would like to propose our Developed World Low Volatility strategy. If this meets the "Minimum Qualifications" stated in the RFP, will this strategy be considered?
    - a. All strategies that meet the minimum qualifications will be considered.
  14. If Emerging Markets (EM) is required in addition to Developed World, would back test data for the EM performance be acceptable?
    - a. We encourage all managers with strategies that meet the minimum qualifications to apply.
  15. Are long only convertibles being considered as part of this global low volatility equity search?
    - a. We are looking for long only equity managers in this global low volatility equity search.
  16. Upon completion of the hiring of a Global LV Equity manager, will the Investment Policy Statement be amended to include a dedicated global allocation/policy or will this mandate fall under the International Equity policy stipulations?
    - a. That will be considered at the pleasure of the Retirement Board.
  17. To what extent is the manager allowed to have off benchmark holdings (relative to the ACWI Min Vol Index)? Has there been a limit established for EM for example at this point?
    - a. We will review appropriate global low volatility strategies in our selection process.
  18. With regard to the MWBE brokerage policy – presume the global manager(s) will follow the non-U.S equity manager requirements for % of trading with MWBE broker?
    - a. That is what will be proposed to the Retirement Board for their consideration.
  19. Is Met Water open to utilizing a collective vehicle such as a Group Trust or 3c7 and would they consider being the seed investor (with founders/seed pricing structure)?
    - a. We encourage all managers with strategies that meet the minimum qualifications to apply.