

REQUEST FOR INFORMATION MARKET/INVESTMENT RESEARCH

Introduction and Purpose

The Maryland State Retirement Agency (the “Agency”) is distributing this Request For Information (“RFI”) to firms wishing to provide the Maryland State Retirement and Pension System (the “System”) with independent credit analysis and research for corporate bonds as well as research and analytics on a range of credit-related topics of interest to institutional investors.

The Agency intends to choose one or more firms from this process to provide research support covering corporate bonds, with a primary focus on US-based issuers. However, the Agency may determine not to choose any firm to provide the services described in this RFI.

The Board of Trustees for the System manages a diversified investment portfolio valued at approximately \$62.5 billion as of December 31, 2020 for the exclusive benefit of participants of the several retirement and pension systems for state employees, teachers and employees of participating municipalities. The System’s asset allocation is available on the Agency’s website: https://sra.maryland.gov/sites/main/files/file-attachments/2020-12-31_qtrly_update_for_web.pdf?1613160560.

Further information regarding the System is set forth in the System’s Comprehensive Annual Financial Report, a copy of which is available on the Agency’s website: https://sra.maryland.gov/sites/main/files/file-attachments/2020_msrrs_cafr-web_final.pdf?1609769114

Timeline and Submission Details

Date	Action
3/5/2021	RFI is issued.
3/12/2021	Due date for questions relating to the RFI. All questions relating to the RFI must be submitted via e-mail to CreditResearchAnalyticsRFI@sra.state.md.us
3/22/2021	Answers to questions will be posted to the Agency’s website www.sra.state.md.us
4/5/2021	Responses to RFI must be submitted in electronic copy to CreditResearchAnalyticsRFI@sra.state.md.us

Staff will review submissions and contact those firms, if any, from which it desires additional information and/or to contract for the firms to provide the services described herein.

If your firm wishes to respond to this RFI, please return one electronic copy of the firm’s response to the attached questionnaire (**Attachment 1**) by 4:00 pm EST, April 5, 2021 to the email address written below. Firms that respond to the RFI by submitting a proposal to provide one or more of

the requested services are referenced in this RFI as “Offerors”. The term “Contractor” as used in this RFI refers to the Offeror who enters into a contract with the System pursuant to this RFI. Please note that the fee schedule should be sent in a separate email with subject title “**Credit Research and Analytics Service – Fee Schedule**” to the email address below.

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120 E. Baltimore Street, 12th Floor
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On the submission’s cover page, please provide the firm’s name, primary contact person’s name, phone and fax numbers, email address and mailing address.

This RFI, all responses, and resulting agreements are subject to Maryland’s Public Information Act, Md. Code Ann., General Provisions Article (“GP”) §4-101 et. seq. In the response, Offerors must specifically identify those portions of their proposals, if any, which they deem to include confidential commercial or financial information or trade secrets under GP § 4-335, and must provide justification why such material should not, upon request, be disclosed by the System. A blanket statement declaring that the entire response is confidential is not sufficient and will not be honored. Upon request for this information from a third party, the Agency will make an independent determination whether the information is disclosable.

All questions relating to the RFI should be submitted via e-mail to CreditResearchAnalyticsRFI@sra.state.md.us. Firms should not contact the System’s Chief Investment Officer, Investment Division Staff, Board of Trustees, System’s consultants or other Agency personnel to gain additional information regarding this RFI. Attempting to do so may result in the firm’s disqualification.

Please note that the System will not be liable for any costs incurred with responding to this RFI. Also, the Agency reserves the right to evaluate submissions in its discretion. The Agency may decide to cancel the RFI at any time and reissue this or a similar request at a later date.

As part of the Questionnaire review process, the Agency has requested copies of the Offeror’s standard form of service contract. Notwithstanding this request, the Agency expects any resulting contract to address any state law and policy limitations or requirements of the Agency, some of which are summarized on **Exhibit A** attached hereto. An Offeror must be willing to revise its standard form of contract (if needed) to reflect, at a minimum, the terms summarized on Exhibit A. Please note that this Exhibit A is attached for informational purposes only at this time and does not reflect all possible contract terms or requests by the Agency.

Minority Business Enterprises (MBEs) are encouraged to respond to this RFI. Offerors who consider themselves to be minority contractors are encouraged to obtain certification from the

Maryland Department of Transportation. A minimum certified Minority Business Enterprise subcontract participation goal has not been established for this RFI, but certified MBE subcontract participation may be considered in evaluating proposals under certain circumstances. Offerors are encouraged to utilize MBEs for any subcontracting opportunities that may arise. The Agency also encourages Offerors to include socially and economically disadvantaged individuals on the team responding to this solicitation, if applicable.

POTENTIAL SCOPE OF SERVICES

The Agency is seeking information from firms regarding their capabilities related to corporate bond analysis and research services as a service.

A. CREDIT ANALYSIS AND RESEARCH FOR INVESTMENT-GRADE AND HIGH-YIELD BONDS

1. The Agency is seeking a firm that provides research to institutional investors and similar capital markets participants whose research products and services include at least some of the following features and characteristics:
 - a. Provide independent and objective credit research and analysis for bond issuers;
 - b. Provide proprietary institutional research and analysis on credit-sensitive fixed income portfolio strategy on a timely basis;
 - c. Provide fundamental or quantitative analysis on top-down credit analysis and strategy and/or bottom-up single name fixed-income securities;
 - d. Analytic and data charts which are available to be downloaded into Excel, Power Point, and similar software programs;
 - e. Data evaluating the history of downgrades, upgrades, probability of default and recovery rate by rating, geography, sector and industry;
 - f. Model portfolios based on proprietary econometric, fundamental, quantitative and other models; and
 - g. Direct access to economists, strategists, analysts in a timely fashion including in person visits our office to provide market views or offer webinars (in each case upon request).
2. If qualifier provides some on-going data management, manage security, portfolio, and benchmark data required for the above services, including gathering indicative security information; modeling securities; creating data input formats; importing securities and portfolios.
3. The Agency is seeking a research provider whose products and services can be utilized on an as-needed basis. For example, research could be offered in modules (regional, etc.) or a similar approach that permits the Agency to add or subtract from the subscribed

services as its needs change, provided that those services come within the scope of services of this RFI and as agreed in the resulting contract.

B. ACCOUNT SET UP, SOFTWARE INSTALLATION, AND DATA/REPORT USAGE TRAINING

1. In connection with its research provides and services, a firm should provide initial user support with the following features (in each case as applicable):
 - a. Assist in deployment of services through email distribution, website access activation, Excel Add-ins/API and software (if applicable) in the Agency's environment;
 - b. Provide implementation services according to a mutually agreed upon work plan;
 - c. Provide hands-on on-site training including training materials, reference guides and operations manuals;
 - d. Provide web-based self-paced training.

C. ONGOING SUPPORT AND MAINTENANCE

1. In connection with its research products and services, a firm should provide on-going user support with the following features (in each case as applicable):
 - a. Direct access to qualifier's staff for market color, security credit rating research and proprietary data;
 - b. Direct access to support staff for the website or software (if any);
 - c. Timely problem resolution of reported concerns;
 - d. Regular conference calls or webinars on the macroeconomy, portfolio strategy and capital market developments;
 - e. On-site visits to inform the Agency of the latest developments (upon request).

ATTACHMENT 1

MARKET/INVESTMENT RESEARCH

QUESTIONNAIRE

If the firm is offering its services jointly with another firm or firms, please so indicate, and provide the information requested for all parties.

A. ORGANIZATIONAL BACKGROUND

1. Provide the following information with respect to the firm:
 - a. A brief history of the firm, including its year of organization, the ownership structure of the firm, including any parent, affiliated companies or joint ventures, the percentage owned by current employees; and a list of the owners of at least 5% of the firm including individuals and all other entities.
 - b. The location of the firm's headquarters and any branch offices.
2. Describe any significant developments in the firm that have occurred in the last five (5) years (changes in ownership, personnel reorganization, etc.).
3. Describe any anticipated changes in the firm's basic ownership structure or any other significant changes in the organization.
4. How many years has the firm been providing research services to investors? Please list each type of service and its inception date.
5. Does the firm provide services other than research services to any clients? If so, please list each type of service, its inception date, and a brief description.
6. Provide a breakdown of the firm's revenues by source of business activity.
7. In the last five (5) years, has the firm, or any officer or principal been involved in any business litigation, regulatory or other legal proceedings or government investigation involving allegations of fraud, negligence, criminal activity or breach of contract? If so, provide a description, explanation, and indicate the current status.
8. How are conflicts of interest managed, disclosed or prevented?
9. How do you maintain the confidentiality of and protect user data from unauthorized use and disclosure?

10. Describe the levels of coverage for any professional liability insurance the firm carries. List the insurance carriers supplying the coverage, and supply certificates evidencing the coverage.

B. DEPTH AND EXPERIENCE OF PERSONNEL

1. Provide an organizational chart showing titles, functions, years of industry experience, years with the firm, and location of all personnel in the firm providing the proposed services.
2. What is the turnover of staff for the past five years?
3. Please describe what policies and procedures your firm have in place to encourage diverse opinions and thoughts and how your firm measures diversity. Please provide a copy of any diversity policy your firm has in place.

C. CLIENT COVERAGE AND REFERENCES

1. What is the composition of the firm's client base, including non-investor clients? Provide the number and percentage of clients for the client types listed below. If the firm's investor client base is heavily weighted toward any particular type of investor, please provide an explanation.

Client Type

Public Pension Funds

Taft-Hartley Funds

Corporate Pension Funds

Endowments & Foundations

Non-Investors

Other (Specify)

2. Provide a current list of five (5) clients for research subscribers similar to those requested by this solicitation, including client name, contact name, telephone number, number of years the client has retained the firm, the types of services provided, countries covered by the provided services, and the client's total assets. This list should include at least three (3) public fund clients whose assets are greater than \$15 billion. The Agency reserves the right to contact any of the clients named to request references.

D. SERVICES REQUESTED

Provide a detailed description of the research being offered as follows:

1. Please include a detailed description of the way your firm would provide each of the services outlined in the “Potential Scope of Services”. Please provide samples where appropriate.
2. What types of research offering do you currently provide to similar public pension plans?
3. Do you incorporate Environmental, Social and Governance (ESG) factors into your research? Please provide any applicable ESG Policies including identifying any dedicated staff.
 - a. Do you provide separate ESG ratings for the issuers you cover?
4. Using a format substantially similar to the charts below, please indicate the products or services and frequency for which you provide research coverage. Each box must be filled with (Y)es or (N)o. If “Y” please specify the frequency of research publication, for e.g., Y(Monthly). **Do not leave any box blank.**

Macroeconomics and Asset Allocation

<i>Economics</i>	<i>Fed/Policy Research</i>	<i>US Asset Allocation</i>	<i>Global Asset Allocation</i>

Bond Markets – Rate Sensitive

<i>Yield Curve & Duration Positioning</i>	<i>Commercial Paper</i>	<i>Agency Mortgage Backed securities credit risk transfer</i>	<i>Emerging Markets Local Currency Sovereign</i>		

Bond Markets – Credit Sensitive

<i>Credit Sensitive Investment Grade Corp</i>	<i>High yield Corp</i>	<i>Corporate Leveraged Loans</i>	<i>ABS/CMBS/CLO</i>	<i>Emerging Markets Hard Currency Sovereign</i>	<i>Emerging Markets Hard Currency Corporates</i>

5. Please describe the ability to build model portfolios within your platform by individual security, index or region.

6. What is the delivery platform for your research? How well integrated is your platform with Bloomberg?
7. What kind of interactive / charting capabilities do you provide? Can historical data be accessed through APIs?
8. Please list 3 securities or themes in calendar year 2020 where your research was accurate and would have led to sizeable gains within a 12-month period.
9. Please list 3 securities or themes in calendar year 2020 where your research recommendations were incorrect and would have led to losses within a 12-month period.
10. Is your firm owned by a registered broker/dealer or does it provide brokerage and trading services? If yes, please answer the below questions:
 - a. Please state the name of your broker/dealer parent or affiliate and the sectors in which it makes markets?
 - b. Are your firms' research reports available free of cost or through soft dollar arrangement through your broker/dealer parent or affiliate?
 - c. Is your firm's research independent of influence from your broker/dealer affiliate?
11. If additional resources are provided and made available to clients by the firm, please describe them and provide samples.
12. Asset Class Coverage
 - a. Corporate Bonds
 - b. Asset Backed
 - c. CMBS
 - d. Yankee/sovereign /supra
 - e. Non dollar issuers

For each indicate the number of analysts and total number of rated entities

 - f. Other asset classes

- i. Please provide a description of any other research or asset classes that may not have been covered in preceding sections.

E. FEES

Provide a fee schedule for all services requested and describe how the fees are calculated. Consistent with the Agency's desire for products and services on an as-needed basis described in part A.3 above, please detail the pricing of all products and services offered as well as bundled rates (if available). As noted in part D.6, please include an estimate of any pass-through costs for third-party data if applicable.

Please note that the fee schedule should be sent in a separate email with subject title "**Credit Analysis and Research Service – Fee Schedule**" to the email address: CreditResearchAnalyticsRFI@sra.state.md.us

G. OTHER

1. Do the firm and its employees comply with a code of ethics or standards of a professional association? If so, which professional association? Please provide a copy of any relevant code or standards.
2. Please provide a copy of the firm's standard contract for the services being offered. Is your firm willing to revise its form of contract (if needed) to reflect the System's state law and policy requirements, including those summarized on Exhibit A attached hereto?

Exhibit A

SUMMARY OF CERTAIN STATE LAW AND POLICY REQUIREMENTS AND LIMITATIONS

1. Governing/Applicable Law: Governing law or applicable law concepts in a contract must include appropriate references to Maryland law, regulations, rules, interpretations and directives of the Maryland Office of the Attorney General.
2. Confidentiality. Pursuant to the Maryland Public Information Act, Annotated Code of Maryland, General Provisions Article, Section 4-101 to 4-601 ("PIA"), any information contained in the System's public records may be subject to disclosure under the PIA unless the System concludes, upon receipt of a PIA request for certain information or records, that a specific exemption applies to the information or records requested. Nothing in a contract may conflict with the System's obligations under the PIA or be construed as a prospective agreement by the System that any information in the System's public records is exempt from disclosure under the PIA.

3. Indemnification. As a unit of state government subject to the laws of the State of Maryland, the System may not enter into an indemnification agreement that potentially provides for unlimited liability, but may enter into an indemnification agreement to the extent that a source of funds exists and is appropriate to satisfy any payments that may become due and payable under such agreement. Any indemnification payable by the System pursuant a contract must be subject to Maryland law and available appropriation.
4. No Waiver of Jury Trial. As a unit of state government subject to the laws of the State of Maryland, the System has limitations on its ability to waive its right to trial by jury in advance of a legal dispute. Nothing contained in a contract may be construed as prospective a waiver of the System's right to a trial by jury.
5. Jurisdiction, Venue and Arbitration. As a unit of state government subject to the laws of the State of Maryland, the System has no authority to prospectively consent to jurisdiction, venue, or arbitration with respect to any legal dispute. Nothing contained in a contract may be construed as a prospective consent by the System to jurisdiction, venue, or arbitration.
6. Sovereignty. As a unit of state government subject to the laws of the State of Maryland, the System reserves all immunities, defenses, rights or actions arising out of its status as a sovereign state or entity, including those under the Eleventh Amendment to the United States Constitution. Subject to Section 12-201, State Government Article, Annotated Code of Maryland, no provision of a contract may be construed as a waiver or limitation of such immunities, defenses, rights or actions.
7. Election Law. In light of the Investor's status as a governmental entity within the meaning of Election Law Article, Title 14 of the Annotated Code of Maryland, a contract must include an agreement by the contractor to comply with the provisions of Election Law Article, Title 14 of the Annotated Code of Maryland (to the extent such compliance is required by that law).