



# Request for Proposal

## Outsourced Chief Investment Officer (CIO) Services

### TERMS OF REFERENCE FOR PROVIDER

5 JULY 2021

#### 1. BACKGROUND

The Global Crop Diversity Trust (the “Crop Trust”) was founded in 2004 by the Food and Agriculture Organization of the United Nations and Biodiversity International – on behalf of CGIAR - and is recognized as an essential element of the funding strategy of the International Treaty on Plant Genetic Resources for Food and Agriculture (the Plant Treaty). It provides sustainable, long-term funding for a rational, effective and efficient global system that can secure crop diversity forever.

To achieve these aims, the core activities of the Crop Trust are funded through sustainable investment income generated from an endowment fund which currently stands at approximately USD 380 million (including a concessional loan of Eur 50 million) and has a fundraising target of USD 850 million. Unrestricted grant contributions to this endowment fund will always be the preferred means of funding the global system of ex situ conservation. However, due to the slow growth of official development assistance and declining grants from governments, it is necessary and urgent for the Crop Trust to explore new, diverse and innovative funding channels to raise the endowment fund to USD 850 million in the short to medium term. The Crop Trust is currently exploring issuing a longer-duration “Food Security Bond” for USD 500 million.

The Crop Trust, as a responsible asset owner, considers environmental, social and governance (ESG) integration into its investment process to be an important component of its investment strategy and support for the broader mission and objectives of the Crop Trust. The Crop Trust is a signatory to the United Nations Principles of Responsible Investment (PRI).

The Finance & Investment Committee (“FIC”) of the Executive Board of the Crop Trust shall be responsible for all matters relating to the financial affairs of the organization encompassing the areas of strategic financial planning, resource management, treasury management, investment and financial risk management, financial monitoring and policy related issues, and to provide timely advice to the Executive Board on areas within its remit. The responsibility for investment strategy and the strategic asset allocation will remain with the Crop Trust’s FIC and the Executive Board.

For further information on the Crop Trust please visit our website at [www.croptrust.org](http://www.croptrust.org). Specifically, please find links below to the following documents:

- [Annual Report 2020](#)
- [Investment Policy Statement of the Crop Trust](#)
- [The Ten Principles of the UN Global Compact](#)



## **2. PURPOSE OF THE RFP**

The Crop Trust is looking to select an Outsourced CIO provider (“the Provider”) to put in place the appropriate investment strategy, policies, governance and structures that is best practice for an endowment fund of between USD 500 million to USD 1 billion. The purpose of this request for proposal (RfP) is to solicit competitive proposals for these services.

## **3. SCOPE OF WORK**

The scope of this agreement will include and not be limited to the following elements of the activities:

### **3.1 Investment Policy, Asset Allocation, and Risk**

- Conduct a comprehensive study, typically referred to as a strategic asset allocation study (the “Study”) at the outset of the engagement, and at least every three years thereafter, which shall include, but is not limited to, recommending methodologies, assumptions, asset classes for consideration, and alternative asset allocations.
- Upon engagement, and at least annually thereafter, conduct a review and analysis of the Crop Trust’s investment policies, recommending changes, if appropriate.
- Conduct a comprehensive review, at the outset of the engagement, of the Crop Trust’s current Statement of Responsible Investment Beliefs and develop, in full consultation with the FIC and the Executive Board, an appropriate ESG Strategy, given the size and nature of the Crop Trust, to be implemented in Year 1 of the engagement.
- Provide advice and recommendations on various other investment policy issues (e.g. whether to hedge currency exposure in foreign equities, most appropriate risk measures, rebalancing ranges etc.).
- Provide advice on the management of liquidity with respect to illiquid investments and also the repayment of debt financing within the portfolio.
- Monitor changes in capital markets, economic conditions, and other relevant factors on an ongoing basis to assess their impact on the Fund and advise the FIC accordingly.

### **3.2 Investment Manager Search, Selection, and Review**

The Provider shall exercise discretion with regards to manager selection, including but not limited to:

- Determining the investment manager structure for the Fund, and the associated manager mandates.
- For public/private market asset classes, conducting investment manager/partner searches and hire or terminate managers/partners in accordance with the Investment Policy Statement, other applicable policies of the Fund, and generally accepted industry standards and practices.
- Conducting investment and operational due diligence on prospective investment managers/partners.
- Developing a pacing schedule(s) for private markets.
- Conducting periodic on-site due diligence visits of the Crop Trust’s investment managers and investment partners.
- Advise the Crop Trust on the appropriate stewardship guidelines to be implemented.
- Negotiating investment management and partnership agreements.



### **3.3 Investment Implementation and Operations**

The Provider shall exercise discretion in carrying out the day-to-day operational investment activities of the Fund including, but not limited to:

- Managing overall portfolio risk, including active risk (“tracking error”), as may be specified in the Crop Trust’s investment policies; and counterparty risks associated with any derivative positions.
- Rebalancing and portfolio transitions.
- Fee payments and wire transfers to investment managers.
- Tactical portfolio adjustments around the strategic asset allocation, as appropriate.
- Implementing, as appropriate, currency management programs, derivatives for hedging or other appropriate purposes, securities lending program, and proxy voting policies.
- All other day-to-day operational investment activities necessary to prudently administer the Fund.

### **3.4 Performance Monitoring and Reporting**

- Monitor the performance of the total fund, each asset class, and investment manager relative to appropriate benchmarks.
- Provide ongoing monitoring and oversight of investment managers and partners to ensure compliance with laws and regulations, investment policies, and manager mandates, and assess organizational stability.
- Monitor and evaluate investment costs including, but not limited to, manager trading and transaction costs.
- Prepare and present performance reports to the FIC, including monthly flash reports and regular quarterly reports/presentations.
- Prepare an annual certification of compliance to the Investment Policy.

### **3.5 Client Service and Education**

- Attend a minimum of five FIC meetings annually, one each quarter by videoconference and one annually in person.
- Attend video meetings, as requested by the FIC or management.
- Coordinate effectively with the FIC, management and the custodian bank.
- Respond to enquiries by the FIC and management between meetings in a timely manner.
- Report significant changes in the Provider’s ownership, organizational structure, personnel, and other areas that may be relevant to the Crop Trust on a timely basis.
- Obtain information from investment managers and partners in order for the Fund to comply with regulatory and/or other requirements.
- Provide education to the FIC and management, as required.
- Provide the FIC or management access to research, including proprietary research.

### **3.6 Administrative Services**

- Provide an experienced investment management team and maintain consistency with respect to the team assigned to the Crop Trust.
- Lead documentation preparation and review and legal negotiations with managers, negotiating fees etc.
- Prepare the Crop Trust’s annual UN PRI Transparency Report and review of the annual UNPRI Assessment Report and advise the Crop Trust on where appropriate improvements could be made going forward.
- Co-ordinate Anti Money Laundering requirements with managers.



- Provide audit support.
- Monitor cash flows into the fund.
- Monitor manager liquidity.
- Respond to manager notifications.

### **3.7 Other Services**

- Propose appropriate custodial arrangements and assist with searches for custodians and other vendors, as required.
- Provide other services typically provided in discretionary management relationships for institutions of a similar size and complexity to the Crop Trust.
- Carry out any other duties or provide any other services that may be specified in, or required by, the Crop Trust's Investment Policy Statement.

The exact scope, deliverables and technical specifications for this engagement are to be agreed upon in writing and signed by both parties after a contract is signed and by an agreed-upon deadline.



## **4. INFORMATION REQUESTED**

### **A. FIRM PROFILE**

1. Describe your firm's core mission, vision and values.
2. Please provide a summary of your firm. Include the location of your firm's offices, the year formed, number of employees, and ownership structure. Provide the contact information for the primary RFP contact's name, phone number and email address.
3. Provide a synopsis description, by client type, of the assets and number of clients that are under your discretionary management.
4. Provide information on how many clients the firm has lost or gained in the past two years. Provide reasons for losses.
5. Provide biographies of the individuals in your firm who will be responsible for providing services. Include information on their current responsibilities, experience, education, professional designations, and number of years with the firm. Detail their roles and the scope of their involvement with this assignment.
6. Identify your firm's compensation arrangement for staff who will be assigned to this account. Describe any circumstances under which your firm or any consultant in your firm receives compensation or finder's fees from investment managers.
7. Please describe the financial condition of your firm, parent, or affiliate. Within the past two years, have there been any changes in ownership or restructuring?
8. If anticipated, describe any future, significant changes in your firm.
9. Please describe under what jurisdiction your firm is regulated.
10. If your firm provides advisory services for clients, how does it separate its advisory work from its asset management?
11. Within the past five years, has your organization or an officer or principal been involved with any business litigation or other legal proceedings relating to your consulting activities? Please provide details with respect to the current status or disposition?
12. Please elaborate on how your firm addresses issues related to Diversity, Equity and Inclusion, and provide relevant documentation including policies and guidelines, as available.

### **B. INVESTMENT MANAGEMENT SERVICES**

1. Describe the process you will use to help the Crop Trust management team achieve the following:
  - a) Appropriate policy statements and objectives
  - b) ESG Strategy development that is appropriate for the Crop Trust's nature and size and is in line with its mission
  - c) Asset allocation
  - d) Disciplined rebalancing
  - e) Tactical asset allocation changes
  - f) Manage the liquidity profile of the endowment in order to meet its financial and operational liabilities
2. Outline the process for how you would guide the Crop Trust through the ESG process and demonstrate your ambition and expertise in this area
3. Describe what your firm would consider to be a successful performance outcome and how you would like to be evaluated and what metrics will be used.
4. Explain your philosophy toward utilizing index funds / ETFs.



5. What is your process for assessing risk in any portfolio?
6. If your firm has its own investment funds, how are they evaluated and are they given any preference in manager selection? Please also describe these investment funds and the process for avoiding any actual or perceived conflict of interest and describe under what circumstances your firm will recommend use of your own (or affiliate's) products.
7. Describe how you assist your clients that are signatories to the UN Principles of Responsible Investment to integrate ESG factors in their investment processes.
8. As the Crop Trust is a financially transparent organization, is your firm open to having the quarterly reports prepared for the Crop Trust posted in the financial reports section of our website?

### **C. RESEARCH / DATABASE / MANAGER SEARCH**

1. Provide a general description of your research department. If no separate department exists, describe how this function is performed.
2. Describe your investment manager database. Provide a detailed description of your firm's investment manager evaluation process. How many investment managers do you actively track?
3. Describe the process you will use to conduct manager searches for our organization.
4. Describe your monitoring process.
5. Describe the circumstances under which you would terminate an investment manager.
6. Describe how you would advise the Crop Trust with respect to stewardship considerations.
7. Describe your firm's experience with socially responsible investing for all asset classes.

### **D. MEASUREMENT AND PERFORMANCE**

1. Describe your firm's philosophy and approach regarding the use of benchmarks i.e. How do you determine the appropriate benchmark? How do you ensure that there is no mismatch between this benchmark and the client's policy benchmark?
2. Describe the performance measurement software your firm uses.
  - a) Is this software proprietary, or does your firm utilize the software of an outside vendor?
  - b) If your firm uses nonproprietary software, do you have the ability to influence changes to the software to meet the demands of the marketplace?
3. With respect to risk management capabilities, how does your firm measure and manage the risks on the overall portfolio and at the manager level?
4. How soon after the quarter-end are your reports typically available?
5. Please provide a sample of a comprehensive client quarterly report.

### **E. CROP TRUST INVESTMENT POLICY & STRATEGY**

1. With respect to the Crop Trust's Investment Policy Statement provided as Annex A, please provide commentary on the current investment strategy and asset allocation of the Crop Trust.



2. Describe the process involved in recommending a new investment strategy for the Crop Trust.
3. Provide details of investment opportunities not currently in the Crop Trust's investment strategy that your organization believes is appropriate and can make available to the Crop Trust.

## F. MISCELLANEOUS

1. Describe the aspects of your firm that distinguish it from competitors.
2. Provide a representative client list.
3. Do you have any restrictions on working with Crop Trust management (i.e. Director of Finance) instead of an investment committee?

## G. FEE STRUCTURE

1. Please outline your fee structure and provide a breakdown of fees for Year 1 and on an ongoing basis.
2. If hired, will your firm receive any other form of compensation, including soft dollars, from working with this account that has not yet been revealed? If so, what is the form of compensation?

## 5. PROPOSALS SUBMISSION AND EVALUATION

### 5.1 Proposal Submission Overview

Tender documentation should demonstrate that the interested supplier satisfies all of the requirements stated throughout and is capable of meeting the specifications and timeframes listed in this call for tender. Documentations must also include supporting examples to address the evaluation criteria listed below. The document should not exceed 40 pages in length; however, additional information can be included as appendices.

Interested applicants are requested to submit their proposals based on the requirements outlined above to the Crop Trust procurement office no later than 12:00 CET on 6 August 2021. Proposals are due via email as a PDF file to [procurement@croptrust.org](mailto:procurement@croptrust.org)

**Please note, any proposals sent (even in copy) to individual members of the Crop Trust, will be automatically excluded from the tender process.**

Questions on the RFP can be sent to Janet Muir, Director of Finance at [janet.muir@croptrust.org](mailto:janet.muir@croptrust.org) prior to 30 July 2021. Shortlisted candidates will be asked to present their proposals and answer questions, either at their offices, virtually or at the offices of the Crop Trust at the discretion of the Crop Trust. It is proposed that a firm will be selected by the end October 2021; however please note that the Crop Trust is not obliged to complete this process during this timeframe.

### 5.2 Proposal Evaluation Criteria

Providing the following documents is mandatory.

- Corporate Sustainability Policy
- Certification in accordance with ISO 9001 QM
- Conflict of Interest and Code of Conduct Policies
- Investment Philosophy



**Please be aware that if you do not provide these documents we cannot consider your proposal beyond this step, and it will not be evaluated.**

Proposals will be evaluated on the basis of the following general criteria:

- Alignment with the Crop Trust's values and objectives
- Cost effectiveness and price
- Experience and quality/success of previous work
- Technical capabilities & variety of services offered
- Creativity demonstrated in portfolio/previous work
- Implementation methodology
- Availability

For the above-mentioned items a series of quantifiers shall be used to objectively evaluate and compare bidder proposals.

### **5.3 Proposal Submission Instructions**

Please submit all documents via email to: [procurement@croptrust.org](mailto:procurement@croptrust.org) without CCing any other Crop Trust addresses or team members.

**Please note, any proposals sent (even in copy) to individual members of the Crop Trust, will be automatically excluded from the tender process.**

Again, proposals must be received by the Crop Trust procurement office no later than 12:00 CET on 6 August 2021.

Please note also that this Request for Proposal is not an offer and that the Crop Trust is under no obligation to accept any proposal submitted under this RFP nor is it obliged to select any candidate or appoint any Investment Advisor pursuant to this RFP. All costs and expenses associated with or incurred in responding to this RFP shall be borne by the Bidder. The Crop Trust shall not be liable for any such costs or expenses or any claim for reimbursement of such costs or expenses.

### **5.4 Overview of documents requested**

- Complete finance and technical proposal
- All information about your firm mentioned under section 4.
- Signed Supplier self assessment
- Signed Declaration of Understanding
- Latest available Annual Report including latest audited Financial Statements
- Corporate Sustainability Policy
- Certification in accordance with ISO 9001 QM
- Conflict of Interest and Code of Conduct Policies
- Copy of your investment philosophy