

Questions asked regarding the procurement of Global Emerging Markets Equities

Q: Our strategy does not have a GIPS compliant track record. Current reporting for the strategy is transparent and based on the xxx system and we have a track record in the strategy going back to 2009. Is this a deal breaker?

A: No, it is not a deal breaker. We will evaluate the strategy but we will ask you to provide more in-depth information about current reporting and the system it is based upon.

Q: Can you please respond if AP1 also considers a multi-manager for this allocation?

A: No, we are not considering fund-of-fund structures in this procurement process, but seek to invest directly with the underlying managers.

Q: The details state that the manager must reserve capacity in the submitted strategy of at least 300 000 000 USD. We were wondering how long this reservation would be for?

A: We endeavor to have an approved list of managers by the end of this year. Of this list, we will fund a smaller number of managers and thus we need to secure enough capacity for us to do so.

Q: Within EM equities we do not actually have a track record as all the strategies are Global, US or European. However as the process is the same for all strategies I was wondering if we should put forward xxx for this and either use a simulated track record or a track record for another strategy that will show and prove the process itself.

A: You are welcome to submit a RfP if you want to, but please be aware of that the bar to be accepted is much higher for a strategy without live track record than for a strategy with an established track record.

Q: Is it possible to elaborate over whether it is an absolute return or relative return focused mandate? If the latter (ie. – relative) does AP 1 have a preference for a specific benchmark (for example MSCI Emerging Markets Index – net of dividends) or?

A: Our focus will be on relative mandates in this procurement and we have a preference for the MSCI Emerging Markets Index. (Total return and net of dividends). We can however tolerate tracking error.

Q: Can we put forward a listed infrastructure fund within emerging markets?

A: The aim of this tender process is not to find thematic, niche strategies within EM but to find strategies that will deliver on our return expectations for Global Emerging Markets.

Q: Would you be able to provide further clarity regarding how you define the buckets active, passive and semi-passive?

A: We have chosen not to provide applicants with definitions, but want them to define and choose themselves which bucket they want to be compared within.

Q: You have a paragraph focusing on compliance with the Global Compact – just to ensure we answer the questions correctly, could you please confirm whether this is in relation to – us the manager being compliant, or whether it is in relation to the underlying investments within the fund being compliant?

A: As stated, we have a minimum requirement that the companies we invest in comply with the Global Compact's ten principles for corporate sustainability. As we don't invest in yourselves, but only appoint you to manage assets on our behalf it is naturally the underlying investments that need to be compliant.

Q: Regarding your criteria for a GIPS-compliant track record of at least 12 months, do you require that the track record represent strategies that include ESG factors? While we have recently developed a framework that integrates ESG factors in our investment process, we do not currently manage assets in this strategy. May we provide the GIPS-compliant track record of our current Emerging Markets strategy and also provide backtested performance of our Emerging Markets strategy that incorporates ESG factors?

A: You are welcome to submit a RfP if you want to, but please be aware of that the bar to be accepted is much higher for a strategy without live track record (including integrating ESG) than for a strategy with an established track record.

Q: Before submitting an RFP I wanted to confirm that you would consider ETFs?

A: No, we will *not* consider ETFs in this procurement.

Q: Is there a minimum asset size in the emerging markets strategy required to be considered for your mandate?

A: No, we have not stated any minimum asset size for strategies, but do note that the investment company must be able to document experience in management of institutional accounts.

Q: In relation to the Dynamic fee – If the evaluation period is 5 years, what happens before the fund is 5 years old? Would you use since inception performance until it has 5 years of history?

A: We would use the since inception data and weigh that year by year with the annualized returns. As example, after the first year we would use the since inception data and weigh that 80% and use the past year's return with a 20% weight. Next year we would use the annualized since inception weight by 60% and the past two years' annualized returns weight by 40% and so on.

Q: Can you provide more detail around how the dynamic fee is reduced pro-rata to the floor fee? Referencing your example, if the manager has alpha of 1% over the evaluation period, would they earn half of the performance element for that year?

A: If the target is 2% and you perform 1%, then you have achieved 50% of the target. Assuming a fee of 50 Bps and minimum fee at 20Bps you would get 35 Bps.

Q: Would AP1 be open to an absolute return comparison for performance calculation purposes - something like global CPI + x% rather than a traditional EM market index?

A: We are open to discuss that if the level is appropriate.

Q: Will AP1 be using a consultant on their search for Emerging Market Equity managers?

A: No, we will not use consultants in this search.

Q: Are AP1 looking for an Emerging Markets Equity strategy with a base currency of US dollars, or Swedish krona?

A: US dollars