

QUESTIONS ASKED REGARDING THE PROCUREMENT OF HIGH YIELD CREDITS

Q: We would very much like to participate. Do we need to confirm this anywhere or is registration on the website sufficient?

A: You need to register at the website and complete the complete RFP electronically before the set deadline. All applicants fulfilling these requirements will be allowed to participate.

Q: I guess we can submit several different HY strategies (US/Europe/Global)?

A: If you want to apply for all three different strategies, you have to submit three applications, one for each strategy.

Q: Can you confirm if AP1 has a preference for pooled fund or segregated solutions, or is open to either?

A: We are considering both pooled funds and segregated solutions in this procurement and do not prefer one over the other.

Q: The value of the high yield assets to be run?

A: The allocation to High Yield is approximately 4% of AP1's AuM (as per June 30, 2016). This allocation will naturally change over time as our view of the market changes.

Q: Is it correct to assume that you are more interested in US and Global HY, given your existing US HY exposure?

A: The aim of our procurement is to have building blocks ready for all of the three segments. These building blocks will then be used according to our prevailing market views, which of course changes over time.

Q: When you define HY, can we assume that you are not interested to have any emerging market exposure?

A: Depends on your definition of emerging markets. We are not looking for specific emerging market HY mandates e.g. Asian High Yield. Some global HY indices do however have exposure to EM, which is ok.

Q: The notice states that high yield or similar investments will qualify. Just to be clear, does high yield refer to bond investments only? And then similar investments, would that include Asian High Yield, Nordic High Yield, leverage loans, senior secured loans, direct lending strategies or alternative credit convertibles strategies ?

A: For this particular procurement it is only high yield corporate bond managers we are looking for. We will thus not award any mandates what comes to the other strategies mentioned in the question.

Q: Would you consider a High Yield strategy ex CCC and below?

A: A High Yield strategy ex. CCC and below might be considered

Q: Would you consider managers investing in CDS's only or is investments in cash bonds preferred ?

A: We have no intention of awarding mandates focusing on CDS investments only.

Q: Would Opportunistic High Yield Strategies be considered ? In this strategy a maximum of 15 % publicly listed stocks of those companies we own the bonds in could be included. The whole portfolio (incl. equity portfolio) is managed by the High Yield bond team.

A: High yield strategies with an equity element will not be considered as part of this procurement.

Q: Do you prefer the currency exposure to be hedged or unhedged?

A: Unhedged is preferred as we hedge our currency exposure on an aggregate level ourselves.

Q: Will the current 4% allocation for high yield increase?

A: The allocation to High Yield will change over time depending on our market view. The funding decision will be taken separately once we have appointed the managers for this search.

Q: Who will these managers be replacing?

A: As a part of our investment process, we re-tender all external mandates at regular intervals. Now when we have decided to broaden our High Yield exposure from US High Yield only to global High Yield it is natural to launch a new tender process. Our existing managers are thus challenged, but are welcome to submit an application and participate in this new tender.

Q: How many managers are you looking for?

A: We have not decided yet on the number of mandates to award. Our aim is to build a diversified portfolio of High Yield managers of high quality, which as a combination fulfils our risk and return expectations in a cost-efficient manner taking our sustainability vision and strategy into consideration.

Q: When do you expect to make a decision?

A: The deadline for the procurement is January 31, 2017 after which we will review all applications. We expect to take a decision during H1 2017.

Q: I am not able to find in the documents if there is a specific date where AP1 would like to have funded its selected managers. Could you indicate when that would be? And should we reserve an extra \$300 mio capacity on top of a potential allocation, as mentioned in the OJEU?

A: The funding decision will be taken separately once we have appointed the managers for this search. It is to be expected during H1 2017. If you participate in the tender you must guarantee us a capacity of 300\$ at the time of submission and six months forward.

Q: As our company does not work along an own sustainability process we are used to work with exclusion lists. Is the lack of a dedicated sustainability process a hurdle?

A: You are welcome to participate, but please be advised that lacking a sustainability process will be a hurdle. If you choose to participate, please make sure to describe how you work with sustainability issues in detail so that we can evaluate this properly.

Q: Our company has not yet signed the UN PRI, but will do so in the future. Is this something negative in the evaluation process?

A: The important thing for us is that the managers truly integrate sustainability issues into their decision making and not whether they are signatories or not. Please make sure to describe how you work with sustainability issues in detail so that we can evaluate this properly.

Q: Do you apply metrics to the sustainability of the HY portfolio? (E.g. carbon footprint)?

A: For us sustainability is all about integrating it into the investment process. This is what we evaluate and expect from the applicants. What comes to our own sustainability vision and strategy, please see our website www.ap1.se

Q: Will you accept a track record that is a carve-out which is GIPS compliant ?

A: You are welcome to submit an application, but please be aware of that the threshold we apply in selecting managers is much higher for managers showing a track record that is a carve-out than it is for managers that can show a live track record.

Q: Do you consider both short and long duration managers?

A: Both are welcome to participate, but we are primarily looking for long duration managers

Q: Are there specific investment objectives or guidelines for this search? "Global, US, or European HY" is a broad range and clarification on the investment objectives would be helpful in knowing which product to submit.

A: Our investment objective is to outperform a global HY index net after fees. This we will achieve by combining a number of managers of high quality. The guidelines for the appointed managers will be set later on in the process.

Q: Do we also have to provide the GIPS Composite performances in USD or can it be provided in EUR if we only apply for European High Yield?

A: If you only apply for EU HY, you can send the excel template for the GIPS Composite performance in EUR. For the other strategies (global and US) we like to have the numbers in USD. Please be sure to include what currency you are reporting in, so that we know when we evaluate the application.

Q: For some questions you state “as of 2016.09.30” (example Q.27), and for other you don’t (example Q.26). For questions where you don’t state “as of date 2016.09.30”, can we enter numbers as of 2016.12.31, or should all information be as of 2016.09.30?

A: You can enter numbers as at December 31, 2016 where it is not explicitly stated that the numbers should be as at September 30, 2016. Please let us know as of which date the numbers are, so that we know when we evaluate the applications.

Q: For Q.104, are you looking for a marginal fee scale or the average fee at each given mandate size?

A: We are looking for the average fee for the given mandate sizes. You can provide us with a marginal fee scale as well. Please use the field under #122 for this purpose.

Q: For question 105 (fee structure) You are requesting fee’s at different mandate sizes. Shall we quote for example the fee’s for a segregated account here and then include the breakdown for a pooled account in an email ?

A: Please do. Alternatively you can provide the fee structure for a pooled vehicle under # 122 in the RFP. Please note which fee structure is which so that we know when we evaluate the RFP’s.

Q: How important is it that the strategies we offer are registered in Mercer’s database?

A: We encourage all applicants to populate the database of Mercer in order to enhance efficiency for all parties. The database facilitates amongst other things comparisons between different managers. It is not a requirement to register with Mercer, but it helps us in our work.

Q: What is the survey id for this procurement in the web-tool?

A: l6K1nn6

Q: We keep getting error messages when logging into the web-tool. What can we do?

A: Please note that your user-id cannot contain special characters like %, @ etc. Please contact us if this is the case so that we can reset your user-id and password.