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**FAQ for Request for proposals**

**November 2018**

|  |  |
| --- | --- |
| **Management company** |  |
| **Sales contact** |  |
| Title |  |
| Email |  |
| Telephone number |  |
| Fax |  |
| Address |  |
| Website |  |

**I - General information about the company**

1. **Company description**
2. Overview

|  |  |
| --- | --- |
| Name |  |
| Legal form |  |
| Foundation Date |  |
| Registration number (RCS) |  |
| Main location |  |
| Other locations |  |
| Regulator : registration number and date |  |
| FATCA : registration number and date |  |
| AIFM : registration number and date |  |
| Other registration numbers and dates |  |
| Company VAT taxation? (Y/N) |  |

1. Present the licensed activities of the company.
2. **Governance / capital structure of the company / financial data**
3. Indicate the list of shareholders holding more than 10% of the capital as well as the percentage held by each of them.
4. Describe any significant changes in the capital structure over the past 5 years.
5. Indicate whether the company (or the group) is listed. If yes, specify where and the ticker.
6. Describe the company’s governance. Provide the list of governance board members.
7. Do you have independent administrators within your company boards?
8. Description of financial data or business development plan if the asset management company has existed for less than 3 years.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Shareholders equity** | **Long term financial debt** | **Turnover** | **Net income** | **Assets under management** | **Total employees** |
| Year N (Q-1) |  |  |  |  |  |  |
| Year N-1 |  |  |  |  |  |  |
| Year N-2 |  |  |  |  |  |  |

1. **Positioning and strategy of the management company**
2. Provide a brief history of the company.
3. Present the company’s specialisations/ expertise/ flagship strategies.
4. Describe the company’s strengths.
5. Present your subsidiaries (more than 5% of consolidated revenue).
6. Present any significant commercial and management partnerships
7. What impacts if any might Brexit have on your company and any delegates?

Do you have any plans to relocate to the EU?

What solutions do you have in place or planned?

1. **Assets under management**
2. Breakdown of AUM by asset class:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | N (Q-1) | | **N-1** | | **N-2** | | **N-3** |
|  | AUM (million euros) | AUM (million euros) | | AUM (million euros) | | AUM (million euros) | |
| Equity |  |  | |  | |  | |
| Fixed income |  |  | |  | |  | |
| Money market |  |  | |  | |  | |
| Multi-Asset |  |  | |  | |  | |
| Alternative |  |  | |  | |  | |
| Others (provide details) |  |  | |  | |  | |
| Others (provide details) |  |  | |  | |  | |
| Others (provide details) |  |  | |  | |  | |
| **Total (million euros)** |  |  | |  | |  | |
| *Of which specialised management\** |  |  | |  | |  | |
| *Of which foreign funds* |  |  | |  | |  | |

*\*Optional field, e.g.: convertible bonds, insurance management, SRI, overlay, etc.*

1. Breakdown of AUM by product types:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **N (Q-1)** | **N-1** | **N-2** | **N-3** |
| Open-ended UCITS  Of which UCITS |  |  |  |  | |
| Of which French AIF  Of which foreign AIF |  |  |  |  | |
| Dedicated funds  Mandates |  |  |  |  | |
| Others (e.g: *advisory management, etc.*) |  |  |  |  | |
| TOTAL |  |  |  |  | |
| Of which funds with management delegation |  |  |  |  | |

1. Breakdown of AUM by type of client:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Investor type** | **N (Q-1)** | **N-1** | **N-2** | **N-3** |
| Companies (corporate) |  |  |  |  |
| Multi-managers |  |  |  |  |
| Institutions (insurance, pension funds, foundations, associations, sovereign funds, etc) |  |  |  |  |
| Distribution and networks / financial advisors / private and retail banks / platforms |  |  |  |  |
| Others (provide details) |  |  |  |  |
| **AUM Total** (millions euros) |  |  |  |  |

1. Breakdown of AUM by geographic area[[1]](#footnote-2):

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Portfolio investment strategy** | **N (Q-1)** | **N-1** | **N-2** | **N-3** |
| Europe |  |  |  |  |
| *Euro zone* |  |  |  |  |
| *France* |  |  |  |  |
| USA / Canada |  |  |  |  |
| Asia/Pacific |  |  |  |  |
| Global |  |  |  |  |
| Emerging markets |  |  |  |  |
| Others (specify) |  |  |  |  |
| **Total AUM** (million euros) |  |  |  |  |
|  |  |  |  |  |

1. **Rating and certification**
2. Provide the credit rating of the parent company (if applicable).
3. Specify the asset management company’s rating given by a specialized rating agency. Present the certifications obtained by the asset management company (GIPS, ISAE3402, etc.).
4. **Insurance**
5. Provide the insurance company name(s), the type of insurance contracts/coverage (professional liability, fraud etc.), and the expiry dates.
6. **Certification of accounts**
7. Provide the name(s) of the asset management company’s auditor(s) and since how many years.
8. Specify if the company has changed auditors over the past 3 years and if so, explain why.
9. List the different auditors of the open-ended and segregated funds of the asset management company.
10. **Human resources**
11. Present the organisation chart of the management company and identify senior managers.
12. Total staff at 31/12/xxxx by functions (if available):

|  |  |  |  |
| --- | --- | --- | --- |
| **Position** | **Management company employees** | | |
|  | Year N-1 | Year N-2 | Year N-3 |
| **Total[[2]](#footnote-3) :** |  |  |  |
| Portfolio managers |  |  |  |
| Research and analysts |  |  |  |
| Traders |  |  |  |
| *Sub-total:*  *Investment professionals* |  |  |  |
| Risk control |  |  |  |
| Compliance / Ethics / Internal Control |  |  |  |
| Legal |  |  |  |
| Middle Office (transaction processing and book keeping) |  |  |  |
| Reporting and Performance |  |  |  |
| Back Office |  |  |  |
| Marketing and Development / Sales / Client service / Communication |  |  |  |
| IT and Organisation |  |  |  |
| Human Resources / Facilities |  |  |  |
| Finance (accounting and management reporting) |  |  |  |
| Internal audit |  |  |  |
| Others (please specify) |  |  |  |

1. Remuneration policy:Describe the remuneration policy, and in particular, the compensation structure for fund managers and analysts.
2. Employee retention policy:Describe the policy in place for retaining key people within the company.
3. IT system architecture and Business Continuity plan (BCP)
4. Briefly describe IT organisation and security.
5. Briefly describe your Business Continuity Plan.
6. Specify how frequently it is tested and the date of the most recent test.
7. **Main services providers (excluding custodian / administrator)**
8. List any outsourced functions / services (IT, reporting, financial services intermediary, research, lending / borrowing agent, etc.). Since when?
9. Describe the process for monitoring service providers.
10. **Regulatory monitoring**
11. Describe the organisation in place for monitoring regulation.
12. **ESG and Engagement policy**
13. Is the asset management company a signatory of any charters and engagement initiatives? If yes, which ones and since when?
14. Present your ESG policy. Especially specify if you use best-in-class, normative exclusion or any other approaches.
15. Are some of your funds labelled (for instance ISR, TEEC, CIES, Finansol) and if yes which ones?
16. Describe your approach with regard to energy transition. Have you published a specific report as specified by Article 173 of the French Energy Transition Law? (article 173)
17. Describe your engagement policy including the voting policy at shareholder meetings. Provide, if applicable, the link to the report on your website.
18. Indicate the % of AUM:
    * Specify the criteria that governed your vote at AGMs where you voted in the last year.
    * Indicate the total number of resolutions voted. Of these, what % were votes against the resolution and how many votes cast were not in accord with the voting policy.
19. Organisation and management process for AGM votes: do you use proxy voting? If yes, in which cases?
20. Do you apply your AGM voting policy to French companies and foreign companies?
21. Do you take part in class actions or collective recourse against listed companies in the event of damages or losses on equities?

**II – Investment activity organisation and resources**

1. **Investment teams**
2. Present the investment professionals (organisation chart, headcount, experience, seniority in the company etc.).
3. Provide details of the main changes over the last 3 years (change of CIO, recruitment / creation of new teams, turnover of management teams ...).
4. **Management organisation**
5. Provide the name and the role of the Chief Investment Officer (CIO).
6. Describe the organisation and role of investment committees, if they are in place.
7. **Organisation of research department(s)**
8. Describe the tasks carried out by the research department.
9. Outline the technical and human resources in place.
10. Describe your budgetary policy related to research and means of financing it (Robotic Process Automation, RPA ; Commission Sharing agreement , CSA, direct financing on equity, others).
11. **Trading Organisation**
12. Describe the organisation and systems for order execution and trading (commentated scheme with tools, scope, teams, flows content description).
13. Describe your best execution and fair allocation procedures. Organisation, internal/external resources, tools, data sources, regular controls.
14. Describe controls made for order transmission and best execution.
15. Indicate the criteria used in counterparty selection (brokers, dealers, intermediaries etc.). Do you use brokers belonging to you Group?
16. Specify for the last financial year the distribution by trading volume per asset class between organised markets, MTFs and OTC.
17. Specify conditions of use for order internalization and dark pools. Do you use order internalization and if yes under what conditions? If need be do you participate directly in dark pools? If you use an intermediary, do you authorize it to participate in dark pools?

**III – Risk control, compliance and internal control / audit**

1. **Organisation**
2. Please provide the organisation chart for the risk and compliance departments. How independent are they from portfolio management teams?
3. Provide an overall presentation of the company’s risk management and compliance framework, including any committees. Are some control activities outsourced?
4. **Risk management**
5. Describe the risk management department’s roles and tasks (by type of risk).
6. Present the main tools used for risk monitoring and their functions.
7. Describe the interaction between risk management and portfolio managers.
8. How do you ensure pre-trade and post-trade compliance (regarding statutory, regulatory, internal and client guidelines).
9. Present your escalation procedure.
10. **Compliance, internal control and internal audit**
11. Describe organisation and roles of compliance, internal control and the internal audit teams.
12. Describe your procedures to ensure compliance with the rules of professional conduct by employees (monitoring, statement control, personal transactions follow-up).
13. Indicate whether the company organises regular compliance training for employees (resources in place, procedures for evaluating the penetration of the process and level of knowledge of employees, traceability of training courses taken).
14. Does the company have a code of ethics?
15. Describe conflict of interest policy (department in charge, mapping, mitigating measures…).
16. Describe the rules concerning anti-money laundering and their application.
17. Describe the rules concerning late trading and market timing.
18. Indicate whether over the past three years the company has been subject to any disciplinary sanctions by regulatory authorities, or legal actions by any legal entity which have led to a conviction.
19. **Monitoring and control of liquidity risk**
20. Present the main principles of your liquidity management policy and specify if mechanisms such as gates, swing prices or any other mechanism for regulating fund subscriptions and redemptions have been put in place.

**IV - Administration and Middle Office**

Specify any and all capital relationships between sub-contracting entities and the asset management company.

1. Describe your middle-office and back-office organisation, tasks and systems.
2. Please provide the name of your administrator(s). Specify the length of the relationship.
3. Provide the name(s) of the custodian(s) with whom the asset management company works with regard to open-ended and dedicated funds. Specify the length of the relationship.
4. Please provide a flow chart showing relations between the asset management company, the custodian and the administrator.
5. Describe control procedures for outsourced services (i.e. administrators / custodians / etc.).
6. Present the main principles of your valuation policy for the asset class concerned.

**V - Reporting and client service**

1. Describe the organisation, the resources and the teams in charge of reporting and client service.
2. Explain your capacity to customise reporting documents (according to Solvency II, client constraints, transparency etc.).
3. Describe the different types of reporting documents available (financial, performance attribution, risk reports, regulatory documents) and their formats (pdf, Excel, XML, etc.) and means of communication.

**VI - Detailed characteristics of the reference portfolio**

1. Present the characteristics of the reference portfolio and any divergences from the requested strategy: investment universe, performance target (absolute/relative performance, benchmark, performance target over what duration, tracking error target, max drawdown, VAR, etc.), investment management framework, etc.
2. Provide gross monthly performance and AUM of the portfolio and its benchmark over the longest available track record (Excel file).
3. Provide the following breakdowns for periods N (Q-1), N-1, N-2, N-3 and a detailed inventory:

* Of the sector distribution of the fund and benchmark, if applicable,
* Of the geographical distribution (country, based on country of risk, USA, Europe/euro zone, Japan, Asia/Pacific, Middle East, etc.) of the fund and benchmark, if applicable,
* Of the distribution by market capitalisation (large caps greater than EUR 15 billion, mid-caps EUR 2-15 billion, small caps less than EUR 2 billion) of the fund and benchmark,
* % of assets held in cash, in UCITS by UCITS type.
* List of and gross and net positions in derivative instruments.
* For money market funds provide breakdowns by rating (specify the sources of ratings used), by maturity, by WAL and by WAM.
* For bond funds provide breakdowns by rating (specify the sources of ratings used), by maturity, interest rate sensitivity evolution and, if possible by duration times spread (DTS).

1. Complete the tables below:

|  |  |  |  |
| --- | --- | --- | --- |
| **Turnover ratio:**  *(AMF Formula)\** | | **Number of positions in portfolio:** | |
| **N** |  | **Date:** |  |
| **N-1** |  |  |  |
| **N-2** |  |  |  |

\* AMF calculation formula: [((bought+ sold) – (subscriptions + redemptions)) / fund’s average net assets]

Comment

|  |  |  |
| --- | --- | --- |
|  | **Number of securities entering portfolio** | **Number of securities exiting portfolio** |
| **N** |  |  |
| **N-1** |  |  |
| **N-2** |  |  |
| **N-3** |  |  |

Comment

**VII - AUM**

1. What volume of assets are managed in the portfolio presented and under the same strategy? Specify the track record of AUM for the fund and the strategy since inception.
2. How representative is the portfolio within the strategy?
3. Indicate the maximum capacity of the strategy.
4. What actions have been put in place to protect existing investors in the fund in the event of strong inflows or outflows? Specifically, when the maximum capacity indicated above is reached?
5. Present your references for this investment strategy.
6. Present the breakdown of the fund’s AUM by client type. Present the breakdown of the strategy’s AUM by client type.

|  |  |  |
| --- | --- | --- |
| **Investor type** | **% of fund AUM** | **% of strategy AUM** |
| Companies (corporate) |  |  |
| Internal funds of funds |  |  |
| Multi-managers |  |  |
| Institutions (insurance, pension funds, foundations, associations, sovereign funds) |  |  |
| Distribution and networks / financial advisors / private and retail banks / platforms |  |  |
| Others (provide details) |  |  |

1. What percentage of the fund’s AUM is held by the five largest clients? And what percentage of the strategy's AUM?
2. Breakdown of investors in the fund:
   * Percentage of fund held by the largest single investor. Profile of this investor. Since when? Does their investment in this fund constitute a tactical allocation or core position?
   * Percentage held by clients of the biggest external distributor.
   * Weighting and detail of positions in the fund held by other funds managed by the asset management company (and/or affiliated companies). If any of these funds hold more than 10% of fund AUM, specify their AUM details in the same way.
3. Breakdown of investors in the strategy.
4. Show the three periods of heaviest outflows (by number of shares redeemed) from the fund since inception (% and number of shares). Specify if the fund was able to recover or exceed the original AUM. Specify the performance of the fund and its benchmark during these periods of outflows.

**VIII - Portfolio management team**

1. Describe the portfolio management team and its organisation. Where is the team based?
2. Is there a back-up portfolio manager in the event that the main manager leaves?
3. Specify the experience of the management team:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Name** | **Role (lead manager, back-up…)** | **Experience in number of years** | | |
| **In the position** | **In the company** | **In the industry** |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |

1. Attach relevant CVs (managers involved in the fund management, head of the team, CIO in charge of the strategy / asset class).

Indicate any significant changes that have taken place within the fund management team over the past 5 years.

1. Present any synergies with other investment teams within the management company.
2. Present the list of portfolios under the responsibilities of the fund manager/fund management team.

|  |  |  |  |
| --- | --- | --- | --- |
| **Type of funds (UCITS, AIF, mandate, open-ended, dedicated)** | **Fund name** | **Strategy type** | **AUM** |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

**IX – Research**

1. Describe the research teams involved in the management of the fund (organisation, experience, responsibilities). Provide CVs of Heads of relevant research and analysis teams.
2. Describe the research process relevant to this fund (countries sector, securities, evaluation criteria, implemented analysis methods, tools, etc.).
3. Specify the research sources (internal/external) and tools used.
4. Specify if the asset management company has any internal research capacity. What is the investment universe covered by internal research?
5. Explain the interactions between the research team and fund management team.

**X -** **Investment and portfolio construction process**

1. Present the philosophy, investment style and the sources of added value of the   
   proposed management approach.
2. Briefly describe your investment management approach. Does this correspond to an identifiable investment style?

Examples for equities: growth, GARP, blend, relative value, deep value, opportunist, factor investing, minimum variance, etc.

1. Specify the fund’s performance objective
2. Specify the investment and risk framework of the portfolio.
3. Present the fund’s investment universe (geographic, market and sector) along with the instruments used, particularly the use of derivatives (use of leverage, if applicable).
4. Explain the investment and portfolio construction process implemented by the asset management company.
5. What are the main stages of your investment process?
6. What, in your view, does each contribute to the value added by your management?
7. According to the fund’s investment process, explain, if applicable:
   * Decision making:
     + The role of any investment committees
     + Analysts’ role and responsibilities
     + Fund manager’s role, responsibilities and degree of autonomy
   * The buy and sell discipline (e.g. stop-loss)
   * Currency and hedging policy
   * SRI methodology and ESG considerations
8. Indicate the management tools and models used. Specify the tools and models used in the management of the fund. Describe what is matter of internal / external, who are the users, for which purposes (systematic / from time to time).
9. Specify the tools for portfolio and performance analysis.
10. Describe your policy for managing liquidity.
11. Use of securities lending/borrowing, repos/reverse repos: do you use such transactions?
12. Identify any significant changes to the strategy’s investment process over recent years (change of benchmark, strategy, investment process, investment guidelines, etc.).
13. Provide details of the strengths and competitive advantages of the fund.
14. Specify which market configurations would be favourable/unfavourable for your investment management style. Illustrate each with an example, specifying the period concerned, relative performance achieved and the effect on the positions held of the favourable or unfavourable configuration concerned.
15. Do you have any suggestions to make regarding the investment universe set out in the specifications? Why?

* **Governance of the fund:**

1. Explain the approach to decision making: role, responsibility, autonomy of the manager and of any investment committees within the asset management company. What decisions are left to the fund managers? To the analysts? To the CIO or other level?

* **Fund valuation procedure**

1. Describe the valuation procedures. Specify the sources of security prices, any models used and how any illiquid securities are treated. What valuation methods are used for instruments held in the portfolio (on and off balance sheet)? Specify the listed prices, contributed prices and others as a % and number within the fund. Policy on forced pricing, if applicable.) Are certain asset types ever valued using a smoothing method (linear or actuarial)? Or a marked-to-model method? In what circumstances? Describe the methods used.
2. Control of compliance with valuation guidelines: which entity (reporting to whom), regularity, methods, recording, handling and traceability of anomalies.

* **Currency policy and risk hedging if applicable**

1. Use of forwards, futures and/or options: what types of instrument? What type of strategy (hedging, arbitrage, exposure, others)? In the case of OTC derivatives, how are counterparties selected? How is counterparty risk managed? And how are these instruments valued?

* **Policy for efficient management techniques if any.**

1. Use of securities lending/borrowing, repos/reverse repos: do you use such transactions? If yes, describe those involved in managing these transactions (lending agent) and the process for counterparty selection and management of counterparty risk (collateralisation rules) as well as rules for allocating gains between the asset management company (or lending agent) and the fund.

# **XI – Trade execution**

1. Describe the organisation and systems for order execution and trading (commentated scheme with tools, scope, teams, flows content description).
2. Describe your best execution and fair allocation procedures.

# **XII – Risk Management and Control**

* **Monitoring investment constraints**

1. How do you ensure pre-trade and post-trade compliance (regarding statutory, regulatory, internal and client guidelines)?
2. List the management constraints applicable to the fund and investment strategy, specifying which are pre-trade and which are post-trade.
3. Minimum and maximum number of positions.
4. Position as minimum/maximum % of AUM/strategy.
5. industry or sector distribution and maximum deviation.
6. market cap breakdown and maximum deviation .
7. country weights breakdown and maximum deviation.
8. For a bond fund, specify constraints on maturity, duration, types of issuer, credit risk and rating, etc.
9. Present your escalation procedure.

* **Monitoring risks associated with the portfolio**

1. What is your risk management policy? For example, what are the measures used (volatility, TE, VaR, max drawdown, etc.) and targets for risk management.
2. Indicate the main risks associated with the portfolio.

Explain the risk monitoring (including liquidity risk) and indicators used by:

* + The fund management team;

1. The risk department.Briefly describe the tools used.
2. Provide a table of portfolio liquidation times: number of trading days required to liquidate x% of assets, specifying the methodology applied.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| %  of the portfolio that can be liquidated | Within 1 day | Within 3 days | Within one week | … |  | … |
|  |  |  |  |  |  | 100% |

1. Specify the frequency with which portfolios are reviewed by risk managers and the scope of their reviews: indicators, existence of internal limits/alert thresholds on these indicators, handling of breaches and alerts. How is the fund controlled to ensure fund risk is consistent with its “profile”? What form do such controls take? How are they reviewed with portfolio management team / management? What resources (employees involved) and tools are deployed for this purpose?
2. Provide details of the interactions between risk managers and portfolio managers (for instance Risk committee).

# **XIII References**

1. If the portfolio manager’s track record with the fund is relatively short (less than five years): provide references and performance track records for a strategy or fund indicative of his/her investment management (preferably weekly, at least monthly). If the track record is a composite, specify the changes in its composition, the characteristics (including fees, exclusions) that define its different constituent parts. References (Bloomberg, RIC, ISIN codes) of the funds where available. Historical data for each component.
2. Provide annual performance attributions for the last five years, using criteria relevant to the characteristics of the strategy (allocation criteria by country/sector or other, criteria for selection or selection of analysts/selection of portfolio manager or risk factors/security selection).

1. Asset classes/geographic areas are determined based on the geographic zones of the portfolios. Please avoid double counting for master and feeder funds. [↑](#footnote-ref-2)
2. Specify type of contract if necessary. [↑](#footnote-ref-3)