



REQUEST FOR PROPOSAL

Urban Edge Fund for Future

Company	Urban Edge
Address	1542 Columbus Avenue, Roxbury, MA 02119
Telephone Number	617-989-9300
Website URL	www.urbanedge.org

About Urban Edge

Urban Edge is dedicated to strengthening communities and families. Together, we build affordable housing and vibrant, prosperous neighborhoods.

Urban Edge is a national leader in the community development field, known for innovation and excellence. With its heart in Egleston and Jackson Squares, a vibrant, inclusive and culturally and economically diverse area of Boston, Urban Edge works with others across the City of Boston and region to promote high quality, sustainable and affordable communities. Public, private and non-profit entities turn to Urban Edge for its advice and expertise, and as a partner in undertaking complex and transformative urban projects.

Urban Edge Investment Committee

The Investment Committee (“Committee”) is a committee of Urban Edge Housing Corporation (“Urban Edge”). The Committee is responsible for oversight of the investment of the Urban Edge Fund for the Future (the “Fund”) and other funds that the Board may choose to set aside from time to time for investment by the Committee, and those investments shall collectively be referred to as the “Portfolio”.

The Committee has the overall responsibility for the operating and administration of the Portfolio in accordance with the Investment Policy as approved by the Board. The members of the Committee are fiduciaries of the Portfolio with respect to all responsibilities allocated to them. The members will discharge their duties solely on behalf of Urban Edge’s mission in accordance with its specific terms.

Introduction and Goal of the RFP

The Investment Committee at Urban Edge is requesting proposals from investment management firms to provide investment management services with a preference for a manager with Environmental, Social and Governance (ESG) capabilities. The intent of the contractual relationship will be to establish an ongoing relationship between Urban Edge and the selected firm(s) for the purpose of providing Urban Edge with investment management services while managing approximately \$7 million in assets.



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The Committee reserves the right to reject any or all proposals submitted. All proposals submitted will be evaluated by members of the Investment Committee at Urban Edge. Firms will be asked to make formal presentations of their proposals to the Urban Edge Investment Committee and/or the Urban Edge Board of Directors (“Board”). Selection of the investment manager(s) is subject to final approval by the Board.

RFP Due Date & Timeline

Electronic submission of the proposal is preferred and should be sent to: investment-committee-2019-2021@urbanedge.org. The proposal must be received via email no later than 12:00 noon on June 26th, 2020.

All proposals must be complete in every respect and must answer concisely and clearly all questions proposed by this RFP. Incomplete proposals will be disqualified.

Investment Goals, Objectives and Guidelines

The Fund will be diversified across multiple asset classes and expected to outperform an appropriate benchmark (net of fees) over a long-term period.

Investment Objectives: The primary investment objectives of the Fund are to:

- Maintain the real purchasing power, net of fees, of the funds being retained for the future use of Urban Edge.
- Provide a stable source of liquidity and financial support for the mission of Urban Edge.

Investment Policies & Guidelines:

Asset Allocation Guidelines

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>
Equities	40%	70%
Fixed Income including Cash and Equivalents	30%	60%

Diversification

The Investment Committee believes it is necessary and desirable to maintain a prudent level of portfolio diversification. At the time of purchase, investment of the equity portion in any one individual security shall not exceed 1 percentage point above the weighting of the largest security in the S&P 500 at the time of purchase. Investment in any particular sector as defined by a



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manager's relevant benchmark shall not exceed 10 percentage points above the sector weight in that index. No more than 10% of the total fixed income investments (including cash) shall be invested in any one non-government issuer. To avoid excessive concentration of the Fund's investments, the total weighting of the five largest holdings of individual securities in the portfolio shall not exceed 25%. There is no limitation on investment in direct obligations of the US Treasury or US Government Agency debt.

Allowable Assets

1. Cash Equivalents

- Certificates of Deposit
- Treasury Bills
- Money Market Funds

2. Fixed Income Securities

- U.S. Government and Agency Securities
- Corporate Notes and Bonds
- Mortgage Backed Bonds
- Preferred Stock
- Investment Grade Fixed Income Securities of Foreign Governments and Corporations, denominated in US Dollars or with foreign currency exposure hedged into US Dollars.
- Municipal Bonds (with consideration that this portfolio is not subject to taxes)

3. Equity Securities

- Common Stocks
- American Depository Receipts (ADRs) of Non-U.S. Companies
- Stocks of Non-U.S. Companies (Ordinary Shares)
- Convertible Notes and Bonds
- Convertible Preferred Stocks

4. Mutual Funds and Exchange Traded Funds

- Mutual Funds and Exchange Traded Funds that invest in securities as allowed in this statement.

5. Mission Related Investments

- Mission Related Notes

Rebalancing

In the event that the Investment Manager's(s') portfolio is in violation of its specific guidelines, for reasons including but not limited to market price fluctuations, they are expected to bring the



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portfolio into compliance with these guidelines as promptly and prudently as possible. At a minimum, the fund should be rebalanced on an annual basis.

Rebalancing strategies provide a systematic way to keep asset class weights near long-term strategic targets and serve as the primary means of maintaining the desired long-term risk and return characteristics of the Fund. The rebalancing process should:

1. Provide a systematic and easily repeatable process for maintaining strategic asset allocation
2. Prevent the portfolio from moving too far from strategic targets, while also avoiding excessive rebalancing
3. Where possible, make use of cash inflows and outflows, to rebalance portfolio

Prohibited Investments

- **Derivatives.** Derivative securities are defined as synthetic securities whose price and cash flow characteristics are based on the cash flows and price movements of other underlying securities. Since it is anticipated that new derivative products will be created each year, it is not the intention of this document to list specific derivatives that are prohibited from investment, rather it will form a general policy on derivatives. The Investment Manager(s) may not invest directly in derivative securities unless specifically approved by the Investment Committee.
- **Illiquid Investments exceeding 5% of the total portfolio. All illiquid investments must be approved by the Board of Directors.**
- **Speculative Investments.**



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FIRM

1. Provide an overview and brief history of your firm.
2. Please comment on the financial solvency of your firm.
3. Please describe the firm's client base. Does the team have experience working with non-profit organizations? What is the percentage AUM breakdown by client type (foundations/endowments, high net worth, and pension plans)?
4. What is the percentage AUM breakdown by asset class including equity, fixed income, etc.?
5. What is the Firm's median and mean account size?
6. Please describe the impact of the current COVID-19 crisis and how is the Firm coping and managing the situation?
7. Please provide the firm's diversity and inclusion policy.
8. Please provide a brief description of your firm's plans for growth, such as asset growth, personnel growth, succession planning, over the next 3-5 years.

OWNERSHIP

9. Please describe your general ownership structure, including what percentage of your firm is owned by current active employees.
10. Have there been any changes in the ownership structure of your firm in the past five years? If yes, please explain in detail.
11. Please explain any known or potential changes in firm ownership or personnel.
12. What percentage of the Firm is owned by women and people of color?

INVESTMENT PROFESSIONALS

13. Describe the structure of the investment team.
14. Please provide biographies of the firm's leadership team and that of the individual(s) who will be representing the Firm to the Investment Committee. Also provide biographies of



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key investment team members (analysts/portfolio managers/traders) including number of years with the firm and number of years of investment experience.

15. How many women and people of color are voting members of the Investment Committee and/or make investment decisions for the portfolio?
16. Describe the team's efforts to transition women and people of color to more senior roles?
17. Please give succession plans for key employees in the event that a key member of the team does leave the firm.

PHILOSOPHY/PROCESS

18. Please describe the team's asset allocation process and describe the types of securities and asset classes that are used to build portfolios. How does the team allocate towards those asset classes?
19. Please list the team's general investment philosophy/approach to investing across multiple asset classes including fixed income and equity. How do you differentiate yourself from other fixed income and equity managers?
20. Describe the investment process across equity and fixed income. Your comments should include answers to the following questions:
 - What is the relative importance of internal and external research?
 - How are analysts' ideas and research integrated into the investment process and
 - final portfolio construction?
21. Please provide a description of your investable universe and the screens used to build it/reduce it.
22. What is the team's policy on holding cash? Do you impose limits on how much can be held in cash?
23. Please describe the economic and market environments in which you expect your investment style to outperform/underperform the market?
24. Describe the team's buy and sell discipline.
25. Describe the process you use to monitor and rebalance portfolios.
26. Describe the control and review procedures used to ensure that your portfolios conforms with stated policy.
27. What is the team's policy around turnover?



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28. Please address any issues you feel are pertinent to the investment process which are not included in the above questions.

ESG

29. What is the total AUM for the firm's dedicated ESG strategies? Please provide ESG fixed income and equity AUM.
30. How is ESG incorporated in your investment process? What third party data sources does the team rely on for ESG analysis and why?
31. How does ESG analysis fit into the team's buy and sell decisions? Does it impact valuation estimates?
32. How does the team define the materiality of ESG factors? Please give 2-3 examples of ESG factors that you have identified as material to portfolio companies.
33. What is your philosophy on shareholder engagement?

PERFORMANCE

34. Please provide audited performance track record for the strategy you are proposing (net of asset management fees and custodial fees) compared to a relevant benchmark. Please provide calendar year returns and trailing 3, 5 & 7 year returns through 03/31/2020.
35. Please provide proposed fee structure.

RISK MANAGEMENT

36. How does the team view and manage portfolio risk? Specifically, what attributes or factors do you analyze to assess risk?
- Please explain how risk management is embedded in the investment process and discuss the specific role of the portfolio managers in the risk management process and what, if any, risk factor guidelines are they expected to adhere to (tracking error, sector over/under weights, individual position sizes, etc)
37. Who is responsible for risk management at your firm?
38. How often are risk management reports reviewed and what does the review process entail? Are risk factors explicitly identified and reviewed?



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39. Who is the team's preferred custodian? Please describe the team's oversight process for the custodian and the system for oversight of the custodian's cybersecurity and the team's reconciliation of asset prices.

40. Please describe how you think about liquidity and how is it monitored? Discuss how liquidity could be impacted under certain scenarios such as large redemption activity or unusual market events?