(No.2018-130)

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| **Korea Post Insurance** **Request for Proposal: China Equity Manager** |

 Korea Post Insurance hereby issues a request for competitive proposals (“RFP”) from qualified investment managers as stated below. Those wishing to participate in this RFP are recommended to carefully read the following contents and apply accordingly.

November 9th, 2018

President of Korea Post

**1. Introduction**

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|  | **Details** |
| Selection of Manager(s) | 3 managers |
| Respondent RFP Submission Due | From Nov 9th, 2018 to Nov 16th, 2018 at 18:00(Korea Standard Time) |
| Final Selection Notified by | Jan 31st, 2019 |
| Investment pool termination date | Investment pool shall be valid for 2 years |

**2. Mandate Overview and Benchmark**

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| --- | --- | --- | --- | --- |
| **Mandate** | **Number of managers** | **Benchmark for evaluation** | **Currency** | **Bloomberg ticker** |
| China Equity Strategy | 3 | MSCI China NRUSD Index | USD Unhedged | NDEUCHF |

**3. Investment Vehicle**

 Selected equity fund managers shall set up a managed account with Korea Post Insurances’ overseas-equity investment advisor; Korea Investments Management Co., Ltd.(“KIM”)

KIM shall be responsible for the following tasks: portfolio advisory, fund setup, fund administrative work, currency hedging, fund monitoring, etc.

**4. Qualifications and General Instruction**

**A. Common qualifications**

- Local equity fund managers that meet the following conditions:

 All candidates must comply with Article 42.4 of the Financial Investment Services and Capital Market Act and Article 47.1.3 Enforcement Decree of the Act governed by Republic of Korea and its related regulations; they have obtained authorization from or completed a registration in the local authority for carrying out collective investments, including but not limited to, exercising voting rights for stocks which are part of the collective investment property.

- Overseas equity fund managers that meet the following conditions:

 All candidates must comply with Article 4-4.2.9 of the Enforcement Rule of the Financial Investment Services and Capital Market Act governed by Republic of Korea and its related regulations; the Financial Service Supervisory of Republic of Korea or relevant authorities may ask for documents or materials relating to the Services in respect of inspection, and all candidates, if finally selected, shall comply with the FSS’s inspection subject to the applicable regulations. They are also required to have obtained authorization from or completed a registration in the authority at which their place of investment business locates for carrying out collective investments as described in the qualifications for local equity fund managers above.

- Local and overseas equity fund managers with a minimum track record of 5 years in **active strategy**(Passive/Quant strategy is not eligible to apply) and **AUM of USD 1 billion** in proposing composite as of December 31, 2017. Both of track records and AUM must be GIPS-compliant.

- Local and overseas equity fund managers currently not included in the list of restrictive in trade with Korea Post Insurance.

**B. General Instruction**

- The composite submitted must include the actual fund managed by the applicant and a composite managed by other firms in the form of fund of funds are restricted.

- Global asset management companies who are in joint venture with a Korean firm shall be regarded as one applicant.

- The counterparty between the selected applicant and the overseas-equity investment advisor (KIM) shall be the actual company under which the portfolio manager belongs.

- Must be able to submit monthly/quarterly/annual performance analysis and market outlook reports in English.

- Quantitative evaluation will proceed only with the mandated benchmark for evaluation. After the final selection, it is anticipated that investment manager will manage a portfolio against the mandated benchmark.

- During the 2 year pool effective period, even if a fund soft closing occurs, the fund shall be guaranteed a maximum investment of USD 50 million.

**5. Evaluation Criteria**

**A. 1st Quantitative Evaluation**

- Evaluation period: From November 1st, 2015 to October 31st, 2018

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| **Evaluation Criteria** | **Points** | **Assessment** |
| **I. Performance** | **80** |  |
|  1. Excess return | 30 | Relative to the corresponding benchmark. |
|  2. Risk-adjusted return | 40 | Information ratio (IR) |
| 3. Maximum Draw Down | 10 | Maximum Draw Down  |
| **II. AUM and Investment period** | **20** |  |
|  1. AUM  | 10 | AUM of the proposing composite |
|  2. Management period | 10 | Management period of the proposing composite |
| **Total** | **100** |  |

**B. 2nd Qualitative Evaluation**

- Those applicants who have passed the 1st evaluation. (2x of the final selection)

- 2nd Evaluation: Presentation material and presentation prepared in Korean.

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| **Evaluation Criteria** | **Points** | **Assessment** |
| **I. Governance** | **10** |   |
| 1.CorporateGovernance | 10 | Company profile, Characteristics, Corporate governance |
| **II. Investment Strategy** | **30** |   |
| 1. Investment Philosophy | 10 | Investment Philosophy, Ethics code, Reputation |
| 2. Investment Process | 10 | Investment process: Portfolio construction process |
| 3. Portfolio Strategy | 10 | Investment strategy and Feasibility |
| **III. Fund Management Team** | **20** |   |
| 1. Portfolio Manager  | 10 | Managers’ experience, tenure, reputation  |
| 2. Research  | 10 | Research capability, process |
| **IV. Risk and Compliance** | **20** |   |
| 1. Risk Management | 10 | Risk management process and system |
| 2. Compliance | 10 | Compliance monitoring system and code of conduct |
| **V. Fees & Client servicing** | **20** |   |
| 1. Management Fee | 10 | Proposed fee level |
| 2. Client Servicing | 10 | Level of Client service, Training programs, Branches in Korea |
| **Total** | **100** |   |

**C. Candidate evaluation and on-site due diligence**

- Applicants will be prioritized and will be a preferred bidder based on 1st and 2nd evaluation results.(Quantitative 50% + Qualitative 50%)

- The information that candidates submitted will be reviewed during on-site due diligence.

6. **RFP Timeline**

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| --- | --- |
| **Scheduled Date** | **Detail** |
| Nov 9th, 2018～Nov 16th, 2018 |  Release of RFP & Proposal Submission |
| Nov 19th, 2018～Nov 23rd, 2018 |  Quantitative Evaluation |
| Dec 6th, 2018 |  Qualitative Evaluation : Presentation  |
| Jan 20th, 2019 ~ Jan 25th, 2019 |  On-site Due Diligence |
| Jan 31st, 2019 |  Final Selection and Notification |

    ※ Schedules are subject to change.

7. **Proposal Contents Requirements**

**A. Submission Due:** 18:00, November 16th, 2018 (Korea Standard Time)

※For hardcopy submission, documents with postage date within the deadline will be accepted.

**B. Documents for submission:**

**1) Proposal (Microsoft Power Point format or PDF, should be prepared in Korean)**

- File Name: Company Name\_FundName\_KPRFP\_2018ChinaEquity

-The proposal needs to be written approximately 30 pages in accordance with the guidelines below.

【Proposal Detail】

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| --- | --- |
| **Category** | **Information that should be included in Presentation** |
| Summary of 1st Evaluation | - Performance, performance relative to benchmark, IR, AUM, MDD, Management period |
| General info | - Initial minimum investment, Fund name, ISIN, Inception date, Manager, Location, TE, IR, Turnover ratio etc.,    |
| Corporate Governance | - Company overview, Corporate governance structure (changes), Global network |
| Investment Strategy | - Investment philosophy, Strength- Investment process(Asset Allocation, Stock Selection, etc)- Market outlook and Strategy |
| Investment Team | - Experience and Career of PM- Research capability |
| Risk Management | - Risk management process and system - Compliance guidelines |
| Fee and Service | - Fee Proposal- Client servicing capabilities, Contact point, Branches in Korea |

**2) Excel file for 1st stage(Quantitative) evaluation (Use attached excel format)**

- File name: Company Name\_FundName\_Data\_China

- Composite should be GIPS-compliant and submitted based on net of fees

**3) Other GIPS related documents (GIPS Verification Report, Composite Report)**

- File name: Company Name\_FundName\_GIPS\_China

※ 2017 GIPS Verification Report must be submitted. Composite Report as of Oct 31st, 2018 must be submitted

**C. Proposal Submission - One Electronic copy and One Hard copy**

**1) Electronic copy:** via E-mail to

 Sanguk Lee at : supost@korea.kr

 AND

 Sanghi Han at : macroteam@kim.co.kr

\* Email should include the following subject line: [KPRFP]

**2) Hard Copy:** via mail or office visit to

Sanguk Lee, Postal Insurance Securities Investment Division, Korea Post, 8th Building, Sejong Government Complex, Sejong, Republic of Korea (Zip code: 30114)

**D. Important Notice**

- If there is false information or the erroneous information submitted, the candidate will be removed from the selection process, even after the selection process has been completed.

- Submitted documents are not returned.

**E. Inquiries**

- Inquires should be submitted via e-mail to

Sanguk Lee at : supost@korea.kr

 AND

 Sanghi Han at : macroteam@kim.co.kr

 \* E-mail should include the following subject line: [KPRFP]