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## **REQUEST FOR PROPOSAL FOR THE SERVICES OF AN INVESTMENT CONSULTANT WITH INVESTMENT IMPLEMENTATION CAPABILITIES**

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### **1. Introduction**

The Municipal Councillors Pension Fund (MCPF) ("the Fund") hereby invites proposals from suitably qualified service providers to provide Investment Consulting Services to the Fund. A service provider will be selected under the procedures described in this Request for Proposal (RFP) document.

The Fund is committed to good governance practices and ensuring that all service providers maintain the highest standards of professionalism, integrity, and service excellence.

Through this RFP process, the Fund seeks to appoint a provider who will assist the Board and Investment Committee in fulfilling their fiduciary responsibilities and ensuring that the Fund's investment strategy and investment portfolio remains appropriate for meeting the long-term needs of its members.

### **2. Background of the Fund (MCPF)**

Municipal Councillors Pension Fund (MCPF) is a defined contribution Umbrella retirement fund registered with the Financial Sector Conduct Authority (FSCA) and was established on the 1<sup>st</sup> May 1988 in terms of the Pension Benefits for Local Authorities Act 105, 1987 and caters for only the retirement needs of the Municipal Councillors. It has a national footprint in that it is associated with almost all the Municipalities in the

nine (9) Provinces of South Africa. It is managed by its members, Trustees elected from among themselves within the 9 Provinces.

The Board of Trustees comprises employer, member representatives and independent trustees who are responsible for the management, control, and administration of the Fund. The Board operates with various sub-committees, including an Investment Committee that oversees the Fund's investment strategy and performance.

The Fund invests across various asset classes to ensure appropriate diversification and risk management. The Fund's asset Investment strategy (IPS) is bound by the limits of Regulation 28 of the Pensions Fund Act 24 of 1956 as amended. The latest confirmed Fund asset size is **R 2.2 billion**.

The Fund endorses and supports Black Economic Empowerment and Sustainable Investment principles, which is reflected in its Investment Policy Statement. It also awards contracts for services in accordance with a system that is fair, equitable, transparent, competitive and cost-effective.

### **3. Description of the services required**

The Fund seeks an investment consultant who can provide objective investment advice in the best interests of the Fund and its Members, but that can also efficiently and cost-effectively implement the preferred investment strategy with the Fund's preferred asset managers. The preferred service provider will have to perform the following functions for the Fund.

#### **3.1. INVESTMENT CONSULTING SERVICES**

##### **3.1.1. Investment Strategy determination**

- Investment strategy formulation and review
- Strategic asset allocation (SAA) development
- Investment policy statement (IPS) development and review

##### **3.1.2. Manager Research & Selection**

- Asset manager research and due diligence
- Manager selection and implementation
- Manager monitoring and ongoing evaluation
- Fee negotiation with asset managers

### 3.1.3. Performance & Risk Reporting

- Quarterly performance reporting
- Risk and compliance monitoring
- Benchmark development and performance measurement

### 3.1.4. Governance & Regulatory Support

- Regulation 28 compliance monitoring and reporting
- Regulatory updates and compliance support
- Trustee training and education (at least 2x per year)
- Integration of sustainable investment practices and reporting thereon
- Disclosure and quarterly reporting of all investment fees

### 3.1.5. Meetings and reports

- Report back and consultation with Investment Committee as and when required.
- Report back to the Full Board as and when required.

## 3.2. **INVESTMENT STRATEGY (IPS) IMPLEMENTATION AND ADMINISTRATION SERVICES**

### 3.2.1. Implementation of the investment strategy and managers and the administration thereof:

- Implementation of desired investment strategy
- Ongoing monitoring of the portfolio against key strategic objectives
- Implementation of preferred investment managers
- Cash flow management and rebalancing of the portfolio
- Provision of daily unit prices
- Monthly Fund Fact sheets
- Reporting for administrative and audit purposes

## 4. **Submission Requirements**

All proposals in response to this RFP must be submitted by no later than **13<sup>th</sup> June 2025 at 16:00**. Submissions received after this deadline will not be considered.

Kindly note that:

- The Fund reserves the right to reject any or all proposals without providing reasons.
- The Fund is not bound to accept the lowest priced proposal or any of the proposals.
- All information provided in this RFP must be treated as confidential.
- Bidders may be required to make presentations to the Board of Trustees as part of the evaluation process.

Proposals must be submitted electronically in PDF format to:

**Contact Person:** Elias Madige Msiza

**Email Address:** [elias@mcpf.co.za](mailto:elias@mcpf.co.za)

**Subject Line:** "RFP Response - Investment Consulting Services"

All queries regarding this RFP should be directed in writing to the above email address by no later than **20<sup>th</sup> May 2025**.

Responses to queries will be shared with all bidders where appropriate.

Your proposal must include **ALL four** of the following four (4) items. Each of the four items must be in a **separate file** and each of those files must **include the item title in the filename**.

1. **Cover Letter**
2. **Technical Proposal**
3. **Fee Proposal**
4. **Required Attachments**

The requirements for each of these four (4) items are set out in the following sections:

### 1. Cover Letter

The cover letter should briefly introduce the bidding entity or entities,

### 2. Technical Proposal

Please write up responses to all questions or prompts contained under each of the ten sections set out in Appendix A: Technical Proposal requirements.

The Maximum technical proposal length: 25 pages size 11 Arial font.

### 3. Fee Proposal

Provide a breakdown of your fee structure in the following tabular format. Assume AUM to be **R 2.2 billion** for the purposes of calculating the Fees in Rands.:

Service Component	Fees as percentage of AUM (%)	Fees in Rands
<b>A. For Investment consulting services</b>		
<b>B. For Investment implementation and administration services</b>		
Underlying manager fees *		
Any other fees and costs **		

\* Please indicate an estimated range (as final managers may vary) and include an explanation for how you came to this range.

\*\* For this item, please specify as follows:

1. Specify what these fees and costs are,
2. Indicate the basis on which you would charge such fees; and
3. provide an estimate of what these fees and costs would amount to annually in the table above.

Note that the Fund reserves the right to request further information on fees in order to ensure transparency and clarity and to negotiate fees for the purposes of concluding a contract with the preferred bidder.

#### **4. Required Attachments**

Please include the following eight (8) documents into **one pdf** document labelled “Required Attachments”:

1. FSCA license details of bidding party
2. Tax clearance certificate
3. A letter from your insurer confirming details of insurance
4. Valid B-BBEE certificate
5. Three reference letters from current clients of similar size and complexity
6. A sample fund fact sheet
7. A draft service level agreement for the services required.
8. A copy of your Conflict-of-Interest policy and Company code of ethics

## **5. ANNEXURE A: TECHNICAL PROPOSAL REQUIREMENTS**

### **5.1. Company Background and Structure**

- Provide details of your company's ownership structure, including any parent companies, subsidiaries, or affiliated entities
- Describe your firm's history, including when it was established, significant milestones, and any material changes in ownership or structure in the past five years.
- What is your current assets under consultation/advice figure, and how has this changed over the past three years? Please provide a breakdown by client type.
- Detail your professional indemnity insurance coverage, including the type and amount of coverage maintained.
- What is your firm's current B-BBEE status level, and what initiatives do you have in place to improve transformation within your organization?

### **5.2. Track record and Experience**

- Provide a client list summary by number of different types of clients, numbers of different sizes of clients by (AUM) and the numbers by duration of relationship.
- List at least 3 clients of similar size with their contact details
- Provide a case study of a similar client to the MCPF, how it was implemented and how it has performed.
- Describe your top 3 value added services provided to clients

### **5.3. Investment Philosophy and Process**

- Describe your investment philosophy and approach to asset allocation, including your views on strategic versus tactical asset allocation.
- How do you go about determining the investment strategy for a client?
- How do you incorporate a client's specific risk tolerance and investment objectives in your portfolios?

- Explain your approach to active versus passive management across different asset classes and market conditions.
- How do you incorporate ESG factors into your investment process and recommendations?
- Describe your process for developing an Investment Policy Statement and how you ensure it aligns with a client's specific needs and objectives.

#### **5.4. Team Composition and Experience**

- Provide the professional backgrounds, qualifications, and years of experience of the team that would be assigned to our account including brief CVs of each individual.
- What is your consultant-to-client ratio, and how many clients does the lead consultant proposed for our account currently service?
- Describe your approach to staff retention and succession planning for key personnel.
- How do you ensure knowledge transfer and continuity of service if there are changes to our service team?
- How does your team organize itself to be able to provide the breadth of services required under this RFP?

#### **5.5. Manager Research and Selection**

- Describe your manager research process, including the criteria used to evaluate and select investment managers.
- How many investment managers do you currently research, and what is your coverage across different asset classes and geographies?
- What is your approach to conducting and documenting due diligence on investment managers?
- How do you monitor and evaluate manager performance on an ongoing basis, and what would trigger a recommendation to terminate a manager?
- What is your approach to fee negotiation with investment managers, and how successful have you been in securing preferential terms for clients?



## **5.6. Performance Reporting and Risk Management**

- Describe your performance reporting capabilities, including frequency, customization options, and delivery timeframes.
- How do you measure and attribute performance at both the total portfolio and individual manager levels?
- What risk metrics do you include in your reporting, and how do you help clients understand and interpret these metrics?
- How do you monitor and report on compliance with investment guidelines and regulatory requirements (e.g., Regulation 28)?
- Provide examples of how your risk management approach has helped clients navigate market volatility or avoid significant losses.

## **5.7. Investment Implementation Capabilities**

- Describe your approach to implementing asset allocation decisions, including the transition of assets between managers.
- What manager fund legal structures are you able to implement (e.g., segregated mandates, pooled funds, multi-manager solutions, unlisted, derivatives)?
- How do you minimize transaction costs and market impact during implementation?
- What is your process for rebalancing portfolios, and how do you determine appropriate rebalancing triggers and ranges?
- How do you handle liquidity management during implementation, particularly for clients with regular cash flow needs?
- What are your standard administrative reporting capabilities for the purposes of Fund audit and financial statement compilation
- Are your systems able to provide a daily unit price for use by the investment administrator? If so, how do you do this?

- Please provide details of any subcontracting arrangements you may employ in order to fulfil the duties required under this Section 7. As part of the detail please indicate the nature of any fee rebates or commission structures contained in such arrangements if any.

#### **5.8. Fees and Costs**

- How do you ensure transparency in all costs associated with your service, including any indirect costs?
- Do you receive any compensation, revenue sharing, or other benefits from investment managers you recommend? If so, how do you manage these conflicts?
- What is your policy on performance-based fees, and under what circumstances would you consider such an arrangement?
- How do your fees compare to industry standards, and what additional value do you provide to justify your fee level?

#### **5.9. Service Standards and Client Communication**

- What is your standard meeting frequency with clients, and how do you structure these interactions?
- Describe your approach to client education and trustee training.
- How do you ensure consistent service quality for all clients over time and during busy periods?
- How do you communicate investment strategy changes or market developments that may impact the portfolio?
- What technology platforms do you use to facilitate client communication and information sharing?

#### **5.10. Governance, Compliance and Regulation**

- Describe your firm's compliance and internal control structure, including the role of your compliance team and how they interact with investment consultants.
- What processes do you have in place to ensure compliance with relevant regulations such as FAIS, POPIA, and other applicable financial services legislation?

- Has your firm been subject to any regulatory investigations, fines, or sanctions in the past five years? If so, please provide details and explain how these issues were addressed.
- Describe your business continuity and disaster recovery plans, including how you would maintain service delivery during disruptions.
- How do you ensure that your advice and recommendations comply with Regulation 28 and other regulatory requirements applicable to retirement funds?
- How does your firm identify, monitor, and manage potential conflicts of interest in your investment consulting business?
- How do you ensure objectivity in your manager research and selection process, particularly when evaluating affiliated investment managers or those with whom you have business relationships?

Completed applications must be sent by email to the Office of Principal Officer for the attention of Elias Madige Msiza at [elias@mcpf.co.za](mailto:elias@mcpf.co.za)

**CLOSING DATE OF APPLICATIONS: 13 JUNE 2025**

**SIGNATURE:**  5/14/2025