



NEPC, LLC

**To:** Delaware Cash Management Policy Board – Investment Subcommittee  
**From:** John Krimmel, CPA, CFA Partner  
**Date:** May 6, 2020  
**Subject:** Endowment Fund Manager RFP Recommendations

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The Request for Proposals (RFP) for Endowment Fund Investment Management Services has been issued, written responses have been evaluated, oral presentations have been heard, and manager recommendations have been formulated by the RFP Evaluation Team. A summary of the RFP process and recommendations follow.

### **RFP Process Summary**

The RFP for Endowment Fund Investment Management Services was issued on February 4, 2020. A total of eleven responses for twelve strategies were received by the RFP deadline. One respondent proposed two strategies, one active and one passive.

The Evaluation Team, consisting of Liza Davis, Fiah Kwesseu, Steve McVay, Greg Abbott (DNREC), Robert (Bob) Ehemann (DNREC), and John Krimmel, met on April 9, 2020, to evaluate the written responses. A follow up meeting was held on April 14, 2020 and three firms were selected as finalists to make oral presentations.

Those firms were:

Vanguard Institutional Advisory Services  
PFM Asset Management  
SEI Institutional Group

Oral presentations were heard by the Evaluation Team via videoconferencing on Wednesday, April 29, 2020. Immediately following the presentations, the Evaluation Team met and commenced deliberations. Following the discussion, members of the Evaluation Team agreed to recommend that two firms be selected to manage the Endowment Fund Portfolio and that the Cash Management Policy Board (CMPB) enter negotiations with **Vanguard Institutional Advisory Services** and **SEI Institutional Group**.

The Evaluation Team noted that all three firms interviewed offered very broad-based investment strategies and any selected combination of the finalists would provide adequate diversification of the Endowment Fund. However the group concluded that an appropriate level of diversification could be achieved with just two firms, given their investment philosophy and portfolio construction methodology.

The Evaluation Team also concluded that the two preferred managers and strategies were Vanguard Institutional Advisory Services (passive option preferred) and SEI Institutional Group. Further the Evaluation Team agreed that if the CMPB desired two active strategies, that the Team recommends that the Vanguard Institutional Advisory Services active option replace the passive option.

The Evaluation Team looks forward to discussing these recommendations with the Investment Subcommittee on May 6<sup>th</sup>.