**Q&A #2**

**RFP #677329**

**Investment Advisory Services**

1. Question:

Will this be a portfolio that inherits securities in kind or cash only?

Answer:

Cash.

1. Question:

Can maximum maturity of CP be updated to 397 days to be more in line with current market convention?

Answer:

That truly depends on the liquidity needs since safety and liquidity are defining needs.

1. Question:

Corporate bonds are missing from the Portfolio Diversification (even ones with ratings that are similar to other investments with a minimum of A3/A-) but allowable by the overall University investment policy and seems inconsistent with the spirit of the mandate. The policy will allow a Bank CD out to 5 years, but not a same name Bank as a Corporate Bond.  Could this be adjusted?

Answer:

We will look at that option, but with a 2-year max investment period that did not seem to be appropriate.

1. Question:

With regard to investable instruments, are both domestic and international investments allowed (in USD) or only domestic? The Specific Investment Guidelines pg 3 of Appendix III allow for “U.S. dollar denominated commercial paper issued or guaranteed by a domestic or foreign corporation, company, financial institution, trust or other entity.”  However, the Investment Objectives on pg 2 of Appendix III state “The portfolio shall be limited to domestic fixed income only and shall be well diversified as to issuer and maturity within the scope of permitted investments.”  Can you please clarify?

Answer:

We believe that domestic would be a better fit for us, so we will adjust the wording on the Specific Investment Guidelines.

1. Question:

Please confirm if the guidelines provided in Appendix III – Portfolio Diversification, are the only guidelines to be used, and that those provided via the following link to the Investment Policy- Operations Funds on your website are NOT to be incorporated.  *From Investment Policy - Operations Funds* [*https://vcfa.uark.edu/policies/fayetteville/avcf/3140.php*](https://vcfa.uark.edu/policies/fayetteville/avcf/3140.php)

Answer:

That is a policy for the Fayetteville campus only, not the System.

1. Question:

May we suggest an alternative benchmark index more in line with a conservative approach?

Answer:

Certainly, you can suggest one, I used either the current one used by UAF or by another SEC university.

1. Question:

Do you have a custodian?

Answer:

We do not since we currently do not hold securities at the System level except for some funds for our insurance fund.