



Request For Proposal

Investment Management Services

BANK OF NAMIBIA

Financial Markets Department

P O Box 2882

71 Robert Mugabe Avenue

Windhoek

Namibia

10005

Closing Date: 19 July 2024

Closing Time: 23:59 CAT

DISCLAIMER

This Request For Proposal (RFP) is addressed solely to Asset Manager. The receipt of this RFP should in no way be construed as an implied agreement on the part of Bank of Namibia (herein referred to as “the Bank”) to proceed with any contractual agreement with the Provider.

If the Bank decides to award a Mandate to Asset Manager, the Bank will then begin contractual discussions with Asset Manager and, contingent upon the outcome of these contractual discussions, the Bank may or may not proceed with this Project.

The RFP and the Intellectual Property contained therein are the sole property of the Bank. The RFP and/or its Contents may not be copied, distributed, or used in any way without prior written consent. The response to the RFP will become the sole property of the bank and will not be returned.

Asset Manager and their Employees, Subcontractors and Agents, must keep confidential the information provided by the Bank in this RFP and during the contractual process. The Information provided herein must not be used for any purpose other than for its response. The Providers must ensure that all safeguards and proper procedures are implemented to protect the confidentiality of the Information.

1. INTRODUCTION

The Bank is soliciting proposals from qualified and experienced asset managers to provide fixed-income investment management services to manage on a discretionary basis, a portion of Namibia's foreign reserve assets on behalf of the Bank.

This RFP contains background information about the Bank and specific information that must be included in the proposals to be submitted by all participants. The proposals must be emailed to reserves.rfp@bon.com.na by no later than 19 July 024 at 23:59 Namibian time (GMT +2).

All enquiries should be directed to the following individuals:

Elwis Katuwo (elwis.katuwo@bon.com.na)

Sesilia Nambambi (sesilia.nambambi@bon.com.na , Tel: +264 61 283 5141)

Veisiua Karuuombe (veisiua.karuuombe@bon.com.na)

Vernon Louw (vernon.louw@bon.com.na)

Submissions to: reserves.rfp@bon.com.na

Attention: Mr. Nicholas Mukasa

Director: Financial Markets Department

Subject Matter: Investment Management Services RFP

2. BACKGROUND

The Bank of Namibia is the central bank of the Republic of Namibia created under Article 128(1) of the Namibian Constitution. The Constitution mandates the Bank to serve as the State's principal to control the money supply, the currency and the institutions of finance. As outlined in the Bank of Namibia Act 1 of 2020, the Bank is also responsible for managing the foreign exchange reserves of the Republic of Namibia. The Bank accumulates and manages foreign reserves for several reasons that are of strategic importance to the Republic of Namibia. These reasons include the following:

- Protecting the Namibia Dollar (NAD) peg to the South African Rand (ZAR),
- Providing liquidity to local commercial banks,
- Acting as a store of national wealth,
- Facilitating the payment of government's foreign-denominated obligations,
- Boosting confidence among foreign investors and credit rating agencies alike, that Namibia is financially sound and able to meet its foreign-denominated obligations,
- Funding the Bank's operational requirements.

Given a low-to-moderate risk appetite as prescribed in the Bank's investment guidelines, the makeup of the reserve pool is predominantly comprised of investment grade bonds (developed and emerging markets), high credit quality financial instruments as well as a small allocation to developed market equities. The Bank is constantly seeking to

diversify its foreign reserve base by cautiously seeking investment opportunities in new markets and eligible financial instruments in accordance with the Bank's risk management principles.

In this regard, the portfolio that will be outsourced will need to meet certain liquidity criteria while also earning a competitive return above the benchmark (90% JPM Morgan Global Bond Index 1-10 Year + 10% JPM Morgan Emerging Markets 3-5 Years hedged USD) within the specified allowable risk limits. In the event of a balance of payments crises, the Bank may need to draw from this portfolio to meet its operational needs. Given these constraints, the portfolio requires investments made in highly liquid instruments.

3. OBJECTIVE AND SCOPE OF THE REQUEST FOR PROPOSAL

The Bank is requesting a Proposal for the management of a portion of its Foreign Exchange Reserves (base currency USD) with the objective of maximizing returns relative to a benchmark and subject to risk parameters that would also be agreed in the enabling Investment Guidelines. This should be a discretionary mandate with an approximate mandate size of USD140 million.

The Asset Manager is invited to submit a proposal demonstrating its capabilities to manage a fixed income portfolio benchmarked against the JPM Index: 90% JPM Morgan Global Bond Index 1-10 Year + 10% JPM Morgan Emerging Markets 3-5 Years. The Asset Manager is also required to provide evidence of its track record in managing similar portfolios within a controlled risk and compliance framework.

4. PROCEDURES FOR SUBMISSION OF PROPOSAL

The proposal in response to this request should comply with the following procedures:

- 4.1 Please complete the following RFP questionnaire by supplying answers and additional backup material and information, if necessary.
- 4.2 The response to this RFP should be provided in electronic format to facilitate the preparation and review of the Proposals.
- 4.3 Each Response should consist of clear, concise, and complete answers to all questions included in the RFP. Where a question does not apply, please indicate "N/A". Do not delete, modify, or substitute any of the questions.
- 4.4 The Asset Manager shall bear all costs associated with the preparation and submission of its Proposal.
- 4.5 The Bank reserves the right to contact all or some of the preferences provided in the RFP.
- 4.6 The RFP received from the Asset Manager does not obligate the Bank in any manner. The right to accept or reject the services solicited under this RFP shall be retained by the Bank.
- 4.7 The Bank may, after the receipt of the Proposal, undertake a due diligence visit to Asset Manager for an on-site assessment of submissions made in the proposal. The Asset Manager should be willing to provide the Bank with the necessary information and demonstration required to make its decision.

5. PROPOSAL REQUIREMENTS

The following items should be specifically addressed in the proposal and must reference the item number as outlined in this proposal:

Request for Proposal Questionnaire

A. GENERAL INFORMATION

I. Contact Data

1. Contact Name:
2. Address:
3. Telephone:
4. Fax:
5. Email:

II. Firm Data

1. Name of the Firm
2. Domicile of the Firm
3. Number of clients
4. Type of clientele (defined by industry and size of portfolio). Firms must illustrate their history in dealing with official institutions, particularly central banks.
5. Number of staff (Investment Professionals, Legal and Compliance).
6. History of the firm and years of experience in managing fixed income mandates.
7. Ownership structure of the Investment Management Company, stating the percentage of voting rights held by the different partners/shareholders.
8. Describe any changes in the ownership structure over the past five years and detail any anticipated changes.
9. Detail the long-term business objectives of the firm. This should include anticipated changes in ownership or capital structure and actions envisaged to meet long-term objectives.
10. List any fund closure or liquidation during the past five years and explain the reasons.

III. Organization/Infrastructure

1. Provide a detailed Organization Chart showing Affiliated Entities within the overall holding structure and Chief Executives in charge of each one of the entities.
2. Provide an Organization Chart of the Firm itself showing Departmental Structure, Responsibilities, and Senior Management for each one of the Departments.

3. Provide an Organization Chart of the Investment area showing the functions of each team member.
4. Please indicate which of your Office locations will be responsible for providing client services.
5. What are your Backup Procedures for the Operations?
6. How often do you backup Trading Information, Client Accounts and Research Data?
7. Does the firm have offsite trading ability?
8. Does the firm incorporate Artificial Intelligence into its investment management framework? If so, briefly describe.

IV. Accounts and Assets Under Management

	Firm	Subsidiary
1. Number of Accounts Under Management in (AUM): Total Segregated Managed Accounts		
2. Assets Under Management in US\$ (AUM): Total Segregated Managed Accounts		
3. Number of Accounts gained (last 5 years, by year): Total Segregated Managed Accounts		
4. Number of Accounts lost (last 5 years, by year): Total Segregated Managed Accounts		
5. AUM gained (last 5 years, by year): Total Segregated Managed Accounts		
6. AUM lost (last 5 years, by year): Total Segregated Managed Accounts		
7. Institutional Clients for USD managed assets: Number Average Value per account		
8. Proportion of AUM as of 31st December 2023 Fixed Income (%) Equity (%)		
9. Specify the investors profile by type:	Firm	Subsidiary
Institutional		
Central Banks		

Others		
Retail		
TOTAL	100%	100%
10. How many Central Bank Clients do you currently service globally and in Africa?		
11. Include three specific references that we may contact. (Clients similar to the Bank in type and size of business and similar services provided are recommended).		
12. Working relationship or partnership with Namibian asset manage		

V. Personnel

1. Total Number of Employees	Firm	Fixed Income
Portfolio Managers		
Analysts		
Traders		

2. Qualifications of principals and professional staff to be responsible for this account. Years with the Firm, Years Managing Fixed Income Portfolios, and previous experience.

3. Describe your Client Service team and availability i.e. technical support staff, information system staff, etc. used to communicate systems issues and problems as well as resolve client questions and concerns (customer service philosophy).

4. Using the following Table, list the Staff who have left and joined the Firm in the past five years:

No longer at Firm	Name	Title	Departure Date	Reason for Leaving
Investment Professionals:				
Portfolio Managers:				
Analysts:				
Operating Professionals:				
Administrative Staff:				
Recruited	Name	Title	Recruitment Date	Previous Employer
Investment Professionals:				
Portfolio Managers:				

Analysts:				
Operating Professionals:				
Administrative Staff:				

5. How would you notify the Bank of changes to your team?

6. How has your Firm dealt with the issue of succession planning? Describe your Plans in the event that one or more of the key professionals are no longer willing or able to continue with the firm or strategy.

7. Specify who is responsible for the following functions:

	Name	Since
Chief Investment Officer		
Chief Operating Officer		
Chief Financial Officer		
Research		
Trading		
Risk Management		
IT/systems/Programming		
Operations/back office/audit		
Compliance		
Legal		
Marketing/Investor relations		

B. STRATEGY/PORTFOLIO CONSTRUCTION

I. Investment Philosophy and Opportunity Set

1. Describe your Investment Philosophy.
2. Provide an outline of the Investment Process and how it integrates with the Investment Philosophy.
3. Describe your opportunity set and the Investment Strategy to capitalize on it.
4. What features differentiate your Firm and Investment process?
5. Describe any changes made to the Investment Process in recent years.
6. How are changes to the Process considered and implemented?
7. What inputs are used to derive trade ideas/investment positions?
8. Identify sources of sustainable competitive advantages over your competitors and any distinguishing features, including your source(s) of value added.

9. How frequently are Investment or Strategy Meetings held?
10. What market environment do you consider as best (or worst) for your investment strategy?
11. How would the portfolio adjust to changing market conditions?
12. Describe in detail the Investment and Research Capability of your Investment Team or Firm in Fixed Income Markets.
13. Does your Investment Philosophy and Process take account of Environmental, Social and Governance (ESG) factors? If so, please describe how this is done.

II. Capital/Asset Allocation & Portfolio Construction

1. How do you typically allocate capital to investment strategies/trades? Please describe the process.
2. Identify Portfolio Construction Techniques (optimization techniques, top-down or bottom-up approaches) and describe any quantitative or qualitative tools embedded in the process, if any.
3. Where does the responsibility for final decisions on purchases and sales lie?
4. Give an indication of the number of Issuers covered by each Analyst, if appropriate.
5. How do you mitigate against credit and liquidity risks.
6. Describe the process of rebalancing the Portfolio.
7. How are changes to the process considered and implemented? Describe any changes made to the investment process in recent years.
8. Describe the Models and Tools that support the decision-making process with regards to the following investment strategies:
 - a. Duration Management
 - b. Credit Spread Management
 - c. Currency Management
 - d. Country allocation

C. RISK MANAGEMENT, PERFORMANCE & COMPLIANCE

- I. Describe your overall Risk Management Process, including reporting lines of compliance function.
- II. How does the Firm quantify and monitor risk exposures?
- III. How is risk management integrated to your Investment Process?
- IV. Which sensitivity measures do you employ for Risk Management?
- V. Is your Risk Management approach supported by external software or internal developed software? Please provide a full description in each case.
- VI. Provide a copy of a Risk Management Report used by Portfolio Managers and Risk Control Officers.
- VII. Describe the transaction process of Derivatives, list the types of Derivatives you expect to use, and describe any risk controls in place for their use.
- VIII. Explain the Internal Control and Internal Audit mechanisms put in place for the use of Derivatives.

- IX. Does your Firm have the capacity to calculate Performance and Risk Attribution? If so, please describe the level of attribution. Please, describe how performance attribution validates the Investment Process and provide a sample report of a fixed income portfolio.
- X. Do you have a Chief Compliance Officer (CCO)? If yes, please provide a description of his/her responsibilities.
- XI. Describe your Investment Guideline compliance procedures.
- XII. Is your Compliance procedure automated? Describe which parts of the Compliance Procedure are pre-trade and which are post-trade (including the time lag from trade execution).
- XIII. Describe the Company's existing insurance coverage and coverage limits, e.g. professional indemnity, fidelity guarantee, computer crime, etc.
- XIV. What restrictions are imposed on the Portfolio Managers and Analysts on trading for their own account?
- XV. How do you deal with public and non-public information?
- XVI. If you receive non-public information, what processes do you have in place to ensure it is not misused or inappropriately disclosed?

D. OPERATIONS AND CONTROLS

I. Procedures

- I. How are Trades entered, Confirmed, and Settled? Please describe the life cycle of a trade.
- II. How often is the portfolio reconciled with the custodian? Describe your formal reconciliation Process and confirm that you will reconcile NAV positions, prices, and MTD/YTD gross of fees returns.
- III. How are portfolio decisions communicated to the Execution Team? Are they given broad latitude? Does the Execution Team have authority to trade around core positions?
- IV. How are trades allocated to different funds and managed accounts?
- V. Provide the counterparty list for Derivatives transactions, including Swaps, OTC Options and Forwards.

II. Operational Capabilities

- 1. In a Flow Chart describe briefly your operational procedures including trade confirmation, settlements, accounting, and client reporting procedures.
- 2. In which way and at what time do you report daily trades to the Custodian?
- 3. What trading system (or systems) is in use?
- 4. How are client Guidelines monitored?
- 5. Are there automatic alerts if limits are exceeded?
- 6. Does your System perform pre-trade compliance checks?
- 7. Who authorizes the Trades?

8. Do you have a proprietary system to report daily trade information and portfolio holdings daily to the Client? If so, at what time?
9. Do you have an on-line reporting capability? Please describe this functionality.
10. Please describe in detail Reconciliation Procedures for both Cash and Securities maintained at the Custodian including periodicity.
11. In cases where the cost of an operational error is disputed between the custodian and your Firm, what is the procedure you apply to resolve the dispute?
12. Sample and frequency of reporting to clients: Is your Firm able to provide Accounting Reports by the 5th business day after the month-end and the Investment and Attribution Reports by the 8th business day after the month-end? If not, kindly state reasons and timeframe.
13. Can you provide a Daily Cash Reconciliation Report and a Monthly Securities Reconciliation Report to your Clients? Please provide a copy of each of both Reports.
14. Please provide a copy of the Monthly Reports available to your clients, including the Holdings Report and the Investment Activity Report that should include Performance Indicators.
15. Provide a Chart of the Technology Infrastructure used to support Investment Operations from Trade Entry by the Portfolio Manager, to Compliance, Risk control, Settlements, Confirmation, and Reconciliation with the Custodian. Please describe any manual processes that may be used.
16. Can you provide an SOC 1 Report or its equivalent on an annual basis?
17. Does your Firm adhere to the ISO Standards in the Industry?

E. LEGAL AND ADMINISTRATIVE

I. Litigation

1. Has the Firm, its Management, the Advisor(s) or any of their respective Principals been subject to any past or present litigation or regulatory actions against the investment firm? If the answer to the question is "yes," supply details, including the nature of the allegation, a detailed description of the current status of the proceedings and any resulting penalty or dispositive ruling.
2. Are these Legal Proceedings and/or Investigations expected to have a material adverse impact on the Firm's financial condition or its ability to perform the service proposed?
3. Has the firm received any Subpoenas or Wells Notices from Regulators? If so, describe the matter(s) and the Status.

II. Legal Contacts

1. Names of Legal Counsel (in-house and outside).
2. Please specify any Agreements or Documents that the client (investor) may be required to enter into with regard to:
 - i. Trading by the Manager of particular types of Instruments and
 - ii. Particular requirements of various Jurisdictions in which the Manager may trade.

III. **Audited Financial Statements**

Please provide Audited Annual Financial Statements of the Firm for the last three (5) years.

IV. **Regulatory/Governance**

Describe the regulatory environment applicable to your Firm.

V. **Anti-Money Laundering and Counter-Terrorist Financing (“AML/CFT”) Compliance**

1. Has your Firm adopted, implemented, and regularly review an internal AML/CFT program?
2. Has your Firm appointed an AML/CFT Chief Compliance Officer (CCO)?
3. Please describe the internal AML/CFT control and functions and responsibilities of the AML/CFT Officer.
4. If you are not subject to any laws in this area, please specify.

F. **ADDITIONAL SERVICES**

1. Please describe your Standard Arrangements for (a) On-site portfolio review, (b) Seminars, (c) Training and (d) Research.
2. In the case of training, are you in a position to make a contractual commitment within the normal fee charged for the Mandate for internships, on-site training or customized training on topics relating to investment management? If so, please describe the length of time per year and the conditions.
3. In addition to the training mentioned in above, do you provide your Clients with attachment programs? If so, what is the duration of the attachment programs available?
4. In the case of Research, are you in a position to make a contractual commitment within the normal fee charged for the mandate for applied research papers on topics relating to investment management?
5. Please provide a model of the Investment Contract that you would propose for this account, taking into consideration that the Bank of Namibia, being a Central Bank, will insist on a Sovereign Immunity Clause. Furthermore, the rights and obligations of the parties hereto shall be determined in accordance with the laws of the Republic of Namibia.

G. **REFERENCES AND HISTORICAL PERFORMANCE**

1. Please provide Audited figures for the last five years in respect of the Return of a Global Developed Market Fixed Income Portfolio (hedged to USD) relative to any Global Government Composite Index, according to an independent provider who is in compliance with Global Investment Performance Standards (GIPS).
2. Provide a List of awards, if any, earned in the last five years by your Firm or Asset Management Staff.
3. Provide any third-party Survey in which your Firm’s asset Management capabilities are highlighted.

H. **SUBSCRIPTION TERMS, FEES AND EXPENSES**

1. What is your Standard Fee Structure for Asset Management?
2. Are there any special Fee Arrangements (incentive based, etc.)

I. **OTHER**

Please provide any other information that the Firm considers important but is not included in this Questionnaire.

6. **MINIMUM CRITERIA TO APPLY**

Upon submission of the proposal, the applicant must certify that the firm is capable of performing all the tasks and activities associated with the requirements of this RFP and its attachments, including specific warranties as provided therein. In addition, the following minimum criteria must be met and only firms that meet these requirements are encouraged to submit a proposal to that effect:

1. The firm must have been in business for at least ten (10) years.
2. The firm must be legally registered and licensed to do investment management business.
3. The firm must have US\$1 billion assets under management.
4. The firm must have managed Central Bank reserves, sovereign wealth or deposit guarantee funds for at least 5 years

7. **PREPARATION/ SUBMISSION/ EVALUATION OF PROPOSALS**

1. The evaluation will be based on a review of the proposals submitted whereupon selected bidders may be invited to a formal presentation proposal.
2. The written proposal should be as detailed, clear, and concise as possible. The Bank reserves the right to reject all proposals if that action is deemed to be in the best interest of the Bank. Should the Bank fail to negotiate a contract with the successful bidder, it may elect to negotiate and contract with the next most qualified bidder.
3. All costs related to the preparation, submission, and presentation of the proposal shall solely be borne by the bidder.
4. All proposals and accompanying documentation become the property of the Bank and will not be returned. Proposals will remain confidential until the contract is awarded to the successful bidder, after which an announcement to the public shall follow.
5. Responses to this proposal are requested to be submitted to the Bank of Namibia by no later than, **19 July 024 at 23:59 Namibian time (GMT +2)**. No proposal will be accepted after the deadline.
6. Each proposal must certify compliance with **Section 5, Minimum Criteria To Apply**, and must respond to the required information as outlined in **Sections A to I**.
7. The selected Asset Manager(s) must be available to begin work immediately upon notification of the award of the contract(s).