

16 January 2024

Re: Invitation to submit a proposal to manage a portion of GIF's assets

With this notice we are pleased to invite you to participate in a tender process for the provision of asset management services for the German Israeli Foundation for Scientific Research and Development (GIF), a statutory entity operating in Israel.

Introduction:

GIF was established in 1986 by an agreement between the Ministries of Science of the Federal Republic of Germany and the State of Israel, as an instrument to strengthen the scientific and technological cooperation between the two countries. GIF's objective is to promote and fund basic and applied scientific research projects in both countries, conducted jointly by teams of scientists.

GIF has a capital base of EUR 204 million, currently managed, since 2015, by two investment houses. This capital is managed in two buckets in each investment house:

- the "Safe" account, which consists of at least 60% fixed - income assets.
- the "Risk" account, which allows for up to 40% investment in equities.

GIF is seeking to diversify its portfolio and minimize risk exposure by possibly adding a new asset manager.

The new asset manager will be tasked with overseeing a portion of assets, valued at approximately 50 million EUR. However, this figure is not a strict obligation from GIF, but rather an indicative reference point.

Objectives and Guidelines:

1. We invite you to submit to us a proposal, based on the following objectives and guidelines:
 - a. Maintain the foundation's capital amount in principle on its nominal value.
 - b. Our benchmark for the portfolio will be:
 - i. 40% MSCI-Ac (50% EUR, 50% USD)
 - ii. 60% Barclays Euro-Agg Corp.
 - c. According to current bonds' yields and long-term equity markets' performance, the 40%-60% policy should maintain an average long-term annual target yield within the range of 5-6%.
 - d. The performance will be measured in EUR.

- e. Some or all of the annual return might be withdrawn.
 - f. Maintain efficient Risks/Return values, measured by acceptable measures and ratios.
 - g. Diversification will be practiced in several means.
2. The portfolio will be divided between two accounts: "Safe" – Bonds and Fixed income assets and "Risk" – Equities.
 3. The "Safe" account funds will be invested in low-risk assets to assure capital preservation with fixed income and low volatility. These securities, will:
 - a. Be dominated in EUR or fully hedged to the EUR. No currency risks should be taken within the "Safe" account (100% EUR).
 - b. Have a remaining maturity of max. 10 years.
 - c. Rated by recognized Credit rating agencies.
 - d. Rated no lower than BBB- (or equivalent), i.e., Investment-Grade range.
 - e. In case of a split rating (different official ratings between S&P, Moody's, and Fitch), the worst rating will be applied (minimum convention).
 - f. In case of a credit downgrade to sub-investment grade (BB+ or lower), the portfolio manager can hold the bond for a time period up to one year.
 - g. Up to 15 % of the investments in fixed-income securities may have a duration of more than 10 years.
 4. The "Risk" account will be invested as a riskier portfolio for income generation, and will:
 - a. Include equities, equity vehicles (with no double management charges) and up to 10% in commodities and higher volatility assets.
 - b. No more than 4% of the total amount of capital assets in a single issuer.
 5. Cash and Liquidity:
 - a. Will be invested efficiently.
 - b. Will be made in money market funds, short-term or time deposits.
 6. Asset management fee will be an **all-in-all fee not to exceed 0.23%**, which includes all costs associated with the management of assets and the execution of transactions. This includes but is not limited to, fees related to portfolio management, trading, administration, custodianship, and any other expenses directly associated with the asset management services.

Proposal Submission:

7. We kindly request you to submit a proposal based on the above objectives and guidelines. Your proposal should include the following information:

a. **Eligibility Criteria and Requirements (Threshold conditions):**

- i. The bidder must be a licensed financial institution, and submit Certification of registration of the corporation from the relevant registry, as well as a valid and current license to trade in securities (or their equivalents) from the relevant regulatory authorities
- ii. The bidder holds all regulatory approvals in order to offer asset management services to Israeli and/or German funds.
- iii. The bidder is required to possess a minimum of 20 years of experience in asset management.
- iv. The bidder must provide a CPA's approval which demonstrates a proven track record of managing assets exceeding €10 billion.
- v. The bidder must provide a CPA's approval which demonstrates experience in managing a minimum of 30 large portfolios, each valued above €50 million EUR.

b. **Pricing and Fee Structure (Threshold condition):**

Please provide a detailed breakdown of proposed investment management fees, related bank fees, administrative fees, custodian fees, and any other applicable charges. Your proposal should clearly demonstrate **that the all-inclusive asset management fee does not exceed 0.23%**, as specified in item 6. Please be advised that any deviation from the specified fee structure, exceeding 0.23%, will result in the immediate dismissal of the proposal.

Bidders unable to meet any of the requirements mentioned in paragraphs 7a & 7b will be disqualified from consideration.

Bidders must submit GIF with an original affidavit, in the format set forth in Appendix A of this Invitation as part of their proposal. The affidavit will be approved by notaries or by attorneys that are authorized to approve such documents according to the laws of the state in which the Respondent is incorporated.

c. **Proof of Experience and Track Record:** Bidders must have a proven track record in managing similar portfolios, with a demonstrated history of achieving target yields, preserving capital, and managing risk effectively. Please provide performance data and references for similar clients or portfolios with 3%, 4%, 5%, etc. target yields.

d. Your principal proposal for implementation of the policy, including:

- i. Potential performance analysis

- ii. Historical performance analysis (vs. the above reference indices)
 - iii. Historical KPI's for the proposed portfolio
 - iv. VAR (95% conf.) + CvaR target (5% + 10%)
- e. Detailed description of each of the professional staff members who will manage the portfolio. Bidders must have a team of qualified and experienced professionals who will be responsible for managing GIF's portfolio. Please provide detailed information about the professional qualifications, relevant experience, years of experience, and roles of the proposed portfolio management team members.
 - f. Description of the current assets managed by your firm.
 - g. Your firm's policy regarding potential conflict of interest (this should include managing trust funds, ETFs', Hedge Funds, own products, nostro management, etc.)
 - h. Full details of the suggested preform of the investment portfolio (Assets allocation) recommended to the GIF for each of the portfolio targets (see item Objectives and Guidelines no. 1 above)
 - i. A description of the uniqueness of your firm, your special area of expertise and the firm expertness.
8. Kindly include an executive summary in your proposal.
- 9. Proposals must be submitted in a sealed envelope without any identifying marks, no later than 1700 local time, Monday 4 March 2024 in the tender box located at the offices of Naschitz, Brandes, Amir & Co. lawfirm, Tuval St. 5, Tel Aviv, Israel. On the envelope, please indicate: "GIF Tender". The bids may not be submitted by electronic mail or facsimile.**

Tender Provisions:

10. Submission of Proposals: Bidders shall submit their proposals in accordance with the aforementioned instructions. The proposals should be complete, accurate, and submitted by the deadline specified above. Late submissions may not be considered. GIF reserves the right to request additional information or clarification from bidders during the evaluation process.
11. Accuracy of Information: Bidders shall ensure that all information provided in their proposals is accurate, complete, and not misleading. GIF reserves the right to request additional information or clarification from bidders during the evaluation process. Bidders should promptly provide any requested information or clarification to facilitate the evaluation process.
12. Amendment or Cancellation of the Tender: GIF reserves the right to amend, cancel, or suspend the tender process at any time without incurring any liability towards the bidders. In such cases, bidders shall have no claim for any compensation or damages. GIF will promptly communicate any changes or updates to the bidders, if applicable.

13. Intellectual Property Rights: By submitting a proposal, bidders warrant that they have the necessary rights and permissions to use any intellectual property included in their proposal. GIF shall not be held liable for any intellectual property infringement arising from the use of such materials.
14. Costs and Expenses: All costs and expenses incurred by bidders in the preparation, submission, and participation in the tender process shall be solely borne by the bidders. GIF shall not be liable for any costs, expenses, or damages incurred by bidders, regardless of the outcome of the tender process.
15. Conflict of Interest: Bidders shall disclose any actual or potential conflict of interest that may arise from their participation in the tender process or from the provision of asset management services to GIF. GIF reserves the right to disqualify any bidder if a conflict of interest is identified or if there is a perceived risk of such conflict affecting the impartiality of the selection process.
16. Compliance with Laws and Regulations: Bidders shall comply with all applicable laws, regulations, and ethical standards during the tender process and in the provision of asset management services. Bidders shall indemnify and hold GIF harmless against any
17. Claims, liabilities, losses, or damages arising from their non-compliance.
18. Governing Law and Jurisdiction: The RFT document and any resulting contract shall be governed by and interpreted in accordance with the laws of the state of Israel. Any disputes arising out of or in connection with the tender process or contract shall be subject to the exclusive jurisdiction of the courts of the state of Israel.
19. No Binding Agreement: This RFT document does not constitute a legally binding agreement or commitment by GIF to enter into any contract with the selected bidder(s). GIF reserves the right to negotiate and finalize the terms and conditions of the contract separately with the selected bidder(s). Bidders shall not rely on the RFT document as creating any contractual or legal rights.
20. Communication and Inquiries: All communication and inquiries related to this tender process shall be made in writing and directed to Dr. Eric Zimmerman via Email. Bidders shall refrain from making phone inquiries and ensure that all inquiries are submitted **no later than 4 March 2024**. GIF will make reasonable efforts to provide timely and accurate responses to all inquiries.
21. Non-Disclosure: Bidders shall maintain strict confidentiality regarding the RFT document, its contents, and any information obtained during the tender process. Bidders shall not disclose any confidential information to third parties without the prior written consent of GIF, unless required by applicable laws or regulations.
22. No Obligation: GIF is under no obligation to award a contract because of this tender process. GIF reserves the right to accept or reject any proposal received, in part or in whole, and is not bound to accept the highest-scoring proposal or any other proposal.

Selection Process Overview:

23. Initial Review:

Upon the receipt of proposals, the GIF will perform an initial review to verify compliance with the eligibility criteria and requirements outlined in Section 7a and 7b of this tender document.

24. Relative Scoring and Ranking (maximum score of 65%):

- a. During the evaluation phase, GIF will assess each proposal using a standardized scoring equation:

$$\text{Score} = (\text{Proposal Value} / \text{Maximum Proposed Value}) * \text{Weight}$$

- b. The evaluation criteria (their associated weights) and their corresponding maximum values, are as follows:
- i. Price (35%): Evaluation is determined by the reduction from the cap of 0.23% annum all-in fee.
 - ii. Assets Under Management (10%): Evaluation is based on the numerical value in billion Euros (B€).
 - iii. Experience of the 2 Persons in the Direct Management Team (10%): Evaluation is grounded in cumulative years of experience.
 - iv. Number of Portfolios of Above €50 Million Each (10%): Evaluation is contingent on the quantity of portfolios in this category.
- c. The maximum achievable score for each criterion corresponds to the weight assigned to it (e.g., 35% for Price). Subsequently, all proposals will be ranked within each criterion based on their relative scores.

25. Invitations to Interviews:

- a. Proposals achieving the highest cumulative scores, as determined from the criteria above, will receive invitations to participate in interviews with GIF.
- b. GIF maintains full discretion in determining the number of interview invitations extended. It should be emphasized that GIF is under no obligation to conduct interviews with all bidders.

26. Interview Assessment (maximum score of 35%):

- a. Throughout the interview process, the GIF Investment Advisory Council will conduct a comprehensive evaluation of the proposals.
- b. This assessment will consider a wide range of factors, including, but not limited to, the overall impression conveyed by the proposed managing team, their expertise and professionalism, and the articulated asset management strategy and risk attitude of the bidder, as well as the bidder's reactivity.
- c. The interview scoring, which constitutes 35% of the overall assessment, will be entirely based on the holistic impression formed by the interviewing committee.

- d. This committee, composed of experts in the field, will exercise its discretion to assess proposals in the manner it deems most suitable for the GIF's interests.

27. Final All-Inclusive Score:

The final comprehensive score for each proposal will be calculated by combining the scores from both the relative scoring and the interview assessment. These components are assigned respective weights of 65% and 35%.

28. Selection of the Asset Manager:

- a. The ultimate decision concerning the selection of the asset manager will be made by the GIF Board of Governors. This decision will be supported by the final all-inclusive scores and other relevant considerations.
- b. It is crucial to emphasize that GIF retains the right to assess and potentially reject proposals at any stage of the selection process without the obligation to provide reasons for such rejection.

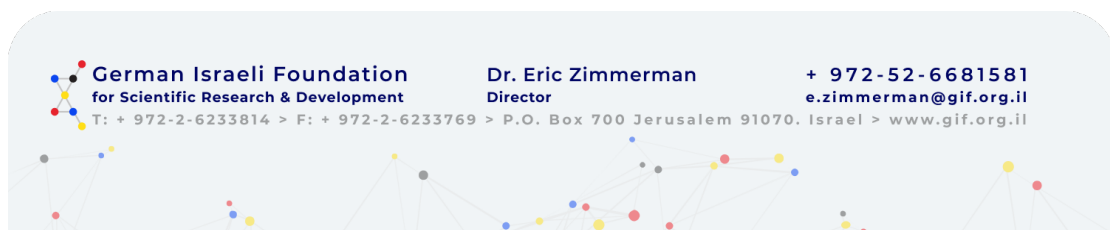
We appreciate your attention to detail and compliance with the stipulated procedures.

Thank you for your efforts!

Best wishes,



Eric Zimmerman



Copies:

GIF Investment Advisory Council, GIF Assets Controller, GIF Board of Governors Representative, GIF Legal Counsel

Appendix A

Affidavit Pursuant to Section 7 of the Invitation

I, [Your Full Name], the undersigned, bearer of identity/passport number [*Your Identity/Passport Number*], am making this affidavit with respect to the Invitation to submit a proposal to manage a portion of the German Israeli Foundation for Scientific Research and Development ("**GIF**") assets ("**Invitation**") On Behalf of [*Bank's Name*] (the "**Bidder**"):

1. The Bidder is a licensed financial institution duly incorporated, duly organized, and validly existing under the laws of [*Country*], and its identifying number is [*Identifying Number*].
2. I work for the Bidder in the position of [*Your Position*]. I am an authorized signatory for the Bidder, and my signature when given, binds the Bidder with respect to the Invitation.
3. I have read the invitation document and understood it. The Bidder unconditionally accepts the terms of the Invitation.
4. I hereby declare that the Bidder is not aware of any held positions or matters (such as providing counsel to certain entities, membership on boards, ownership of assets and businesses, etc.) that might place the Bidder or its authorized signatories in a situation of a possible conflict of interest while providing asset management services for the German Israeli Foundation for Scientific Research and Development (GIF).
5. I attest that the Bidder has met the following precondition requirements outlined in items 7a and 7b of the Invitation.
6. The Bidder is a licensed financial institution, holding a valid and current license to trade in securities (or their equivalents) by the appropriate regulatory authorities.
7. The bidder holds all regulatory approvals in order to offer asset management services to Israeli and/or German funds.
8. The Bidder possesses over 20 years of experience in asset management.
9. The Bidder has a proven track record of managing assets exceeding €10 billion and has experience in managing a minimum of 30 large portfolios, each valued above €50 million EUR. Attached to this affidavit is a CPA's approval which demonstrates the bidders meets these requirements.

10. Attached to this affidavit is a comprehensive breakdown of the proposed investment management fees, related bank fees, administrative fees, custodian fees, and all other applicable charges, in full compliance with item 7b of the tender document. The proposed all-inclusive asset management fee does not exceed 0.23%, as stipulated in the Invitation document.

I affirm that this information is accurate and complete to the best of my knowledge and belief. I understand the legal consequences of making a false statement in this affidavit, including potential penalties under applicable laws.

Executed on [Date].

Sincerely,

[Your Full Name] [Your Signature]

Affidavit of Compliance with Precondition Requirements (7a and 7b)

I, the undersigned, hereby certify that on the date of _____, Mr./Ms. _____ bearer of identity number _____, appeared before me _____, Attorney-at-Law, and after having been cautioned to state the truth or otherwise be subject to penalties prescribed by law if he/she fails to do so, affirmed the accuracy of his/her declaration above and signed upon it in my presence.

I hereby confirm that Mr./Ms. _____ is authorized to sign on behalf of _____, and to commit it for purposes of the RFT Process, for all purposes and intents.

Attorney-at-Law