Broad Agency Announcement

OFFICE OF THE TREASURER OF STATE
AS TRUSTEE FOR
INDIANA STATE POLICE PENSION TRUST

Solicitation for
INVESTMENT MANAGEMENT SERVICES
of the
Indiana State Police Pension Trust

PRODUCT TYPE: Conservative Hedge Fund of Funds

BAA Due Date: March 2, 2012
Question Submission Due Date: February 24, 2012

Broad Agency Announcement

This is a Broad Agency Announcement (BAA) issued by the Treasurer of State of Indiana (Treasurer), in his capacity as Trustee for the Indiana State Police Pension Trust, soliciting expressions of interest, product information and ideas from the marketplace interested in providing investment management services to the Indiana State Police Pension Trust ("Trust").

This BAA is intended to publicize the availability of contracting opportunities for the services described herein. This is not an Invitation for Bid, nor is it a Request for Proposal under Indiana Code (IC) 5-22-9 et seq. The Treasurer creates no obligation, expressed or implied, by issuing this BAA or by receipt of any responses submitted pursuant hereto. The award of any contract(s) or agreement(s) as a result of this BAA shall be at the discretion of the Treasurer. Multiple contracts may be awarded to obtain all the necessary services; however, the Treasurer reserves the right to not award any contracts for the services reviewed. Neither this BAA, nor any proposal submitted in response hereto, is to be considered as a legal offer.

CONFIDENTIAL INFORMATION

Respondents are advised that materials contained in responses are subject to the Access Public Records Act (APRA), IC 5-14-3 et sec., and, after the award of the contract(s), if any, may be viewed and/or copied by any member of the public, including media and other vendors. Respondents claiming a statutory exception to the APRA must clearly mark "Confidential" on their electronic submission and must indicate under separate cover, also submitted electronically, that confidential materials are included and specify which statutory exception provision the respondent believes applies. The Treasurer reserves the right to make determinations of confidentiality. If the Treasurer does not agree that the information so designated is, in fact, confidential under APRA disclosure exception claimed, it may either reject the proposal or discuss its interpretation of the allowable exceptions with the respondent. If an agreement is reached, the response will be considered. If agreement cannot be reached, the Treasurer will remove the response from consideration for award and return the response to the respondent. The price or compensation arrangement included in a response is not considered by the Treasurer to be confidential.

RESPONSE PROCESS

Firms interested in responding to this BAA should submit their response by e-mail to Mike Frick, Chief Deputy Treasurer, at mfrick@tos.IN.gov.

Responses must be received no later than **5:00 PM Eastern on March 2, 2012**. Responses received after 5:00 PM, as indicated by the electronic time/date stamp of the Treasurers' mail server, will not be considered. The subject of the response should be titled:

"[Manager Name] – Conservative Hedge Fund of Funds"

Any questions regarding this BAA must be submitted **by e-mail only** to mfrick@tos.IN.gov no later than 5:00 PM Eastern, February 24, 2012. Responses to all questions will be posted at www.in.gov/tos on or before February 28, 2012.

ALL INQUIRIES MUST BE SUBMITTED AS DESCRIBED ABOVE. ANY DIRECT SOLICITATIONS OF THE TREASURER OR OTHER STATE PERSONNEL WILL BE VIEWED UNFAVORABLY AND MAY DISQUALIFY RESPONDENT FROM FURTHER CONSIDERATION FOR A CONTRACT AS A RESULT OF THIS BAA.

MINIMUM QUALIFICATIONS AND SCOPE OF WORK

The Trust is seeking a Conservative Hedge Fund of Funds manager(s) to diversify the portfolio's current portfolio structure. Approximately $50 million may be allocated and may represent more than one mandate.

Firms must be registered as investment advisors with the Securities and Exchange Commission under the Investment Advisors Act of 1940. Candidates should be able to demonstrate they have an investment team with significant experience and industry training in hedge fund investments. Managers must have an understandable process of selecting and constructing portfolios. Managers must demonstrate a thorough due diligence process and operational risk assessment on all underlying funds.

Managers will be required to have a level of transparency that at a minimum will provide disclosure of the underlying hedge fund managers and should not have investments in affiliated hedge fund managers. Managers will have an investable fund that is well diversified, having defined maximum manager limits, and a diligent manager monitoring system. Firms should be able to demonstrate performance that shows diversification from traditional stock and bond portfolios and positive real returns. Firms with less than $100 million in fund assets are eligible provided all other minimum qualifications are met. Firms will be considered on a case-by-case basis.

Upon final selection, each service provider to the Trust shall be required to sign a statement of receipt and agree to abide by the terms of the Investment Policy Statement governing the Trust.

SECRETARY OF STATE REGISTRATION

In accordance with IC 5-22-16-4, before an out-of-state corporation can do business with the State, it must be registered with the Indiana Secretary of State. If an out-of-state corporation does not have such registration at present, please request the necessary application form from the following:

Secretary of State of Indiana
Corporation Division
402 West Washington Street, E018
Indianapolis, IN 46204
(317) 232-6576

It is each respondent's responsibility to register as required **prior to the initiation of any contract discussions**.

QUESTIONNAIRE

Indiana State Police Pension Trust
Conservative Hedge Fund of Funds

IMPORTANT NOTES:

- State the question in **bold** type with your answers stated in regular type. Responses should be thorough and answer the specific question asked (including the issues addressed in the bullet points).
- Throughout the survey keep the following guidelines in mind:
  - **Respond to each question entirely**. Please remember, the information the applicant provides in this survey and appendices is heavily utilized to analyze the candidate firm. Remember to completely answer each question and **only** answer that question.
  - **Respond to each question sensibly**. Professionals performing the review of your response have strong financial backgrounds. Please keep this in mind while responding by avoiding responses that take a marketing tone with over explanation of commonly understood indicators, ratios, and statistics. This type of response distracts from an effective review of the candidate firm.
  - **Respond to each question concisely.** Please remember to keep the firm's replies as brief as possible without sacrificing the integrity of the response.
  - **Focus on points of differentiation.** Just as you look for funds with edge, we are attempting to identify edge across the firms we review, so respond to questions in a way that gives the reader a sense for why your product is different.

In addition to completing this questionnaire, please provide the following:

- All offering memoranda for the fund described herein
- Form ADV Part I and Part II

I. PEOPLE AND ORGANIZATION

- ❑ A. Name of firm(s).

- ❑ B. Name, address, telephone number, and email address of key contact.

- ❑ C. Is your firm: (1) Independently owned and operated; (2) Limited or master partnership; (3) Part of a publicly traded company; (4) Affiliated with an insurance company; (5) Affiliated with a bank; or, (6) Affiliated with a brokerage firm?

- ❑ D. Have any lawsuits or regulatory actions been taken against the firm, its executives or its principals in the last three years?

- ❑ E. Is your firm designated an "Indiana business" by the State of Indiana pursuant to the "Buy Indiana" language found at http://www.in.gov/idoa/2467.htm?

- ❑ F. Describe the structure of the product's investment team and provide the qualifications/experience of the members.

- ❑ G. Has the firm lost any key personnel over the last five years? If so, what were the circumstances behind these departures? Key personnel includes but is not limited to firm principals, investment professionals, and business development and investor relations professionals.

- ❑ H. What especially would you like us to know about your firm?

II. DUE DILIGENCE

- ❑ A. Describe the firm's investment due diligence process.

- ❑ B. Describe your firm's operational due diligence process and how it addresses the potential for fraud and other unethical activities at a hedge fund.

- ❑ C. Provide the names of the following third party service providers:

  - o Custodian
  - o Administrator
  - o Auditor

III. PRODUCT AND PERFORMANCE

❑ A. Describe the objective of your fund.

❑ B. Describe how your fund will complement a traditional portfolio that is well diversified.

❑ C. Please provide the fund's performance since January 1, 2002 or since inception as outlined in the table below.

Monthly Performance														
		January	February	March	April	May	June	July	August	September	October	November	December	Year
2011	Fund													
	S&P 500	2.37	3.43	0.04	2.96	(1.13)	(1.67)	(2.03)	(5.43)	(7.03)	10.93	(0.22)	1.02	2.11
	BC Agg Bond	0.12	0.25	0.06	1.27	1.31	(0.29)	1.59	1.46	0.73	0.11	(0.09)	1.10	7.84
	90 Day T-Bill	0.01	0.02	0.03	0.02	0.01	0.01	(0.01)	0.02	0.00	0.00	(0.00)	(0.00)	0.10
2010	Fund													
	S&P 500	(3.60)	3.10	6.03	1.58	(7.99)	(5.24)	7.01	(4.51)	8.92	3.81	0.01	6.68	15.06
	BC Agg Bond	1.53	0.37	(0.12)	1.04	0.84	1.57	1.07	1.29	0.11	0.36	(0.57)	(1.08)	6.54
	90 Day T-Bill	0.01	0.00	0.00	0.01	0.02	0.01	0.02	0.01	0.01	0.02	0.01	0.02	0.13
2009	Fund													
	S&P 500	(8.43)	(10.65)	8.76	9.57	5.59	0.20	7.56	3.61	3.73	(1.86)	6.00	1.93	26.47
	BC Agg Bond	(0.88)	(0.38)	1.39	0.48	0.73	0.57	1.61	1.04	1.05	0.49	1.29	(1.56)	5.93
	90 Day T-Bill	(0.01)	0.02	0.04	0.03	0.01	0.01	0.02	0.03	0.02	0.02	0.01	0.01	0.21
2008	Fund													
	S&P 500	(6.00)	(3.25)	(0.43)	4.87	1.30	(8.43)	(0.84)	1.45	(8.91)	(16.79)	(7.18)	1.06	(37.00)
	BC Agg Bond	1.68	0.14	0.34	(0.21)	(0.73)	(0.08)	(0.08)	0.95	(1.34)	(2.36)	3.25	3.73	5.24
	90 Day T-Bill	0.50	0.15	0.23	0.11	0.03	0.18	0.18	0.16	0.30	0.11	0.10	0.01	2.06
2007	Fund													
	S&P 500	1.51	(1.96)	1.12	4.43	3.49	(1.66)	(3.10)	1.50	3.74	1.59	(4.18)	(0.69)	5.49
	BC Agg Bond	(0.04)	1.54	0.00	0.54	(0.76)	(0.30)	0.83	1.23	0.76	0.90	1.80	0.28	6.97
	90 Day T-Bill	0.41	0.38	0.45	0.44	0.44	0.39	0.39	0.56	0.38	0.30	0.47	0.28	5.00
2006	Fund													
	S&P 500	2.65	0.27	1.24	1.34	(2.88)	0.14	0.62	2.38	2.58	3.26	1.90	1.40	15.79
	BC Agg Bond	0.01	0.33	(0.98)	(0.18)	(0.11)	0.21	1.35	1.53	0.88	0.66	1.16	(0.58)	4.33
	90 Day T-Bill	0.31	0.33	0.39	0.37	0.40	0.38	0.42	0.44	0.46	0.38	0.43	0.44	4.85
2005	Fund													
	S&P 500	(2.44)	2.10	(1.77)	(1.90)	3.18	0.14	3.72	(0.91)	0.81	(1.67)	3.78	0.03	4.91
	BC Agg Bond	0.63	(0.59)	(0.51)	1.35	1.08	0.55	(0.91)	1.28	(1.03)	(0.79)	0.44	0.95	2.43
	90 Day T-Bill	0.17	0.16	0.24	0.23	0.26	0.23	0.24	0.29	0.30	0.26	0.33	0.32	3.07
2004	Fund													
	S&P 500	1.84	1.39	(1.51)	(1.57)	1.37	1.94	(3.31)	0.40	1.08	1.53	4.05	3.40	10.88
	BC Agg Bond	0.80	1.08	0.75	(2.60)	(0.40)	0.57	0.99	1.91	0.27	0.84	(0.80)	0.92	4.34
	90 Day T-Bill	0.08	0.07	0.08	0.08	0.09	0.07	0.12	0.12	0.13	0.13	0.14	0.21	1.33
2003	Fund													
	S&P 500	(2.62)	(1.50)	0.97	8.24	5.27	1.28	1.76	1.95	(1.06)	5.66	0.88	5.24	28.68
	BC Agg Bond	0.09	1.38	(0.08)	0.83	1.86	(0.20)	(3.36)	0.66	2.65	(0.93)	0.24	1.02	4.10
	90 Day T-Bill	0.10	0.09	0.12	0.09	0.10	0.14	0.07	0.08	0.10	0.08	0.08	0.10	1.15
2002	Fund													
	S&P 500	(1.46)	(1.93)	3.76	(6.06)	(0.74)	(7.12)	(7.80)	0.66	(10.87)	8.80	5.89	(5.88)	(22.10)
	BC Agg Bond	0.81	0.97	(1.66)	1.94	0.85	0.87	1.21	1.69	1.62	(0.46)	(0.03)	2.07	10.26
	90 Day T-Bill	0.15	0.13	0.15	0.16	0.16	0.15	0.15	0.14	0.16	0.15	0.16	0.12	1.78

❑ D. What is the fund's primary benchmark?

IV. FEES AND TERMS

- ❑ A. What is the minimum investment you would require from this client and what is the price you will charge for your services?

- ❑ D. Subscription Policy: What are your minimum initial and additional investment requirements? How frequently may investments be made?

- ❑ E. How frequently are redemptions allowed and what kind of notice is required? What kind of lock-up period do you apply? Under what conditions do terms differ, if any?

SELECTION PROCESS AND CRITERIA

All proposals will be reviewed and evaluated to determine whether the proposer can satisfy the requirements and expectations of the announcement in a cost-effective manner that is in the best interest of the Trust.

The following criteria are considered to be very important in our review and evaluation:

1. Investment philosophy/objective of your fund
2. How your fund complements a well-diversified traditional portfolio
3. Proposed fees
4. Customer service focus

It is anticipated that the mandate shall be awarded by the first of April, 2012. However, through the selection process, the Treasurer reserves, at his discretion, the right to not select any proposal.

EQUAL OPPORTUNITY COMMITMENT

It is the public policy of the State of Indiana, at all levels of state government, to promote equal opportunity in employment and in contracting opportunities, and to promote and encourage the participation of minority, small, and other disadvantaged business entities in employment and contracting opportunities involving the State of Indiana as fully as possible. The State of Indiana is, therefore, committed to pursue such avenues in its employment and contracting activities which will further the goals of this public policy. Similarly, a demonstrated commitment consistent with the goals of this public policy by those whom the State of Indiana does business, including those offerors responding to the solicitation, is highly desirable by the State of Indiana.