

Questions and Answers: BAA for Conservative HFOF

1. Do you have a Word version of the RFP and an excel version of the data spreadsheet that you can forward?

Please see our website at www.in.gov/tos for the WORD version and on the performance table within this document you can double click to open the table in EXCEL.

2. Will the Trust's assets be considered ERISA Plan Assets?

No

3. Are there particular risk, return or correlation objectives for the mandate?

No, there are no particular risk, return, or correlation objectives for this mandate.

4. Is there a minimum live performance track record the Hedge Fund of Fund must have for it to be considered, even if it is run by an experienced team?

As stated in the BAA under the Minimum Qualifications and Scope of Work section, firms will be considered on a case by case basis provided minimum qualifications are met.

5. Would you consider seeding a new Hedge Fund of Fund if it met your objectives and which is run by an experienced team?

As stated in the BAA under the Minimum Qualifications and Scope of Work section, firms with less than \$100MM in fund assets are eligible provided all other minimum qualifications are met and will be considered on a case by case basis.

6. Please could you clarify the statement: "Approximately \$50mm may be allocated and may represent more than one mandate". For example, does it mean more than one provider may be hired; or there is more than one objective for the \$50mm allocation; or the same provider might be hired to implement more than one Hedge Fund of Fund solution with different objectives?

We are looking at the possibility that approximately \$50MM may be allocated to more than one manager and more than one mandate.

7. For Section III, Question B, is it correct to assume this is for the 70% of your portfolio that is not in alternatives, or should the response assume a 100% traditional portfolio?

We are looking for funds that will complement the other 70% of the portfolio that is considered traditional.

8. Will preference be given to Hedge Fund of Funds offered in a separate account structure rather than a co-mingled vehicle?

We are open to all responses and the Trust does not require separate accounts, so all structures/responses will be considered.

9. Since Dodd-Frank was enacted, the SEC raised the minimum qualifying amount for SEC registration from \$25 million to \$100 million in assets under management, prohibiting our firm from registering. Given that firms with less than \$100 million cannot register with the SEC, and that the Broad Agency Announcement Solicitation for Investment Management Services of the Indiana State Police Pension Trust states, "Firms with less than \$100 million in fund assets are eligible provided all other minimum qualifications are met," are said firms still eligible to manage the Indiana State Police Pension Trust? We would register with the State of Indiana immediately, and intend to register with the SEC once we reach the \$100 million mark.

We were unaware that the minimum threshold for registering with the SEC had changed from \$25MM to \$100MM, so any funds under that threshold would not be required to be first registered with the SEC prior to responding to this BAA.

10. Can you tell me if the Trust would consider a directional equity long/short manager in their search?

I would have to see the response and more specifics to see if it would fit in this search. Firms will be considered on a case by case basis.

11. Please can you outline the expected evaluation process subsequent to the BAA submission?

See the Selection Process and Criteria section in the BAA.

12. Are you working with an investment consultant to evaluate proposals; and, if so, which consultant?

We are doing this search internally without the help from our advisor.

13. Are there any hard / threshold criteria being employed (e.g., minimum fee levels) beyond the four qualitative selection criteria discussed in the BAA?

The four qualitative selection criteria listed in the BAA are the most important.

14. Is it possible to provide a link to a copy of the Trust's most recent Investment Policy Statement?

You can find it on the Treasurer's website. However, we are in the process of amending it to reflect changes to the new asset allocations and manager structures.

15. Can you tell me your current allocation mix?

60% Equities, 40% Fixed

16. How is "conservative" defined for the Conservative Hedge Fund of Funds strategy? Are there any specific target risks or return metrics that are implied for the desired strategy?

There are no specific target risks or return metrics implied for this strategy.

17. In Section IV Fees and Terms, the underlying questions are labeled letters A,D, and E, leaving out letters B and C. Were there any questions accidentally left out in this section?

There were no questions left out. This was an error while editing and drafting this BAA.

18. What is the composition of the Indiana State Police Pension Trust's investment portfolio? Please include categories and underlying securities if possible.

60% Equities, 40% Fixed Income

19. We are interested in applying for your BAA soliciting Investment Management Services in a Conservative Hedge Fund of Funds strategy. Although the principals of our firm have extensive experience in the industry, our fund is young and we have less than \$100 million under management. Therefore, as advisers to private funds with less than \$150 million under management, we are considered Exempt Reporting Advisors (ERA's) under the Dodd Frank regulations. We have prepared our ADVs Part 1 and Part 2 (which we will be filing on March 31, 2012 as required) and would be happy to include them in our application. Would our status as Exempt Reporting Advisors qualify to apply for this role?

You may apply.

20. We are not currently registered with the SEC since we are under \$100M. Nevertheless, our firm would be more than happy to register with the SEC if we

got the mandate. With that in-mind is it worth applying or is it a non-started since we are currently not registered? I have also attached a copy of our tear sheet. Thank you in advance for you time.

See answer to question # 9 above.

21. In reviewing the BAA, it is my understanding that an out of state corporation must be registered with the Indiana Secretary of State before the corporation can do business with the state and that it is each respondent's responsibility to register *prior to the initiation of any contract discussions*. My inquiry concerns whether a registration with the Secretary of State of Indiana is required at the time of submitting our response to the BAA or whether we may register at a later point in time when it appears likely that we will have the opportunity to engage in contract negotiations concerning investment management services, which presumably will be after all responses have been considered and potential candidates have been selected.

After further review of the statute governing registration with the Indiana Secretary of State, it has been determined that investment managers are exempt from this registration requirement according to IC 5-22-1-3.