Indiana Teachers' Retirement Fund
Request for Indications of Interest (RFI)

I. *Introduction*

The Indiana State Teachers' Retirement Fund (herinafter known as TRF) is searching for an investment manager to manage a global tactical asset allocation (GTAA) portfolio, pursuant to TRF's investment policy and the investment guidelines of the selected manager. It is the intent of TRF to solicit indications of interest from potential GTAA managers and make clear our search process with this Request for Indications of Interest.

II. *General Search Process*

TRF announces a search for investment management services by advertising in Pensions & Investments and at least one other local publication. Callan Associates assists with the search. All potential investment managers are encouraged to indicate their interest in the search by contacting Callan Associates. If the interested firm is not currently in Callan's Investment Manager Database, the firm must complete and return Callan's Investment Manager questionnaire. TRF creates a database of potential managers from those investment managers already in Callan's database and any new managers who indicate their interest and complete the questionnaire. All potential managers are then evaluated by the investment committees of TRF and Callan, based on criteria outlined in Section IV. *Evaluation Criteria*. Candidates chosen through this evaluation process are then sent Requests for Proposals, which must be completed and returned to TRF. Finalists who meet all requirement of the RFP are visited by TRF staff and interviewed by TRF's investment committee. The TRF Board of Directors makes all final decisions on the selection of qualified investment managers.

III. *GTAA Manager Search Timeline*

The following timeline is the expected timeline for this search. It is subject to change at the discretion of the Board of Directors and/or Staff.

Activity	Completion Date
RFI advertised	February 7, 2005
Respondents Indications of Interest due*	February 25, 2005
Callan Questionnaire submitted if needed	March 11, 2005
Semifinalists sent RFP	April 26, 2005
Proposal Submission Date	May 10, 2005
Due Diligence Visits	May 12-19, 2005
Interviews	May 23, 2005
Notify Selected Candidate	June 24, 2005
Contract execution by TRF	June
Manager is funded	July

*Investment managers indicating interest in this search or not currently in Callan's database should contact Robert Shaw at Callan at Shaw@callan.com or (415) 274-3095.

IV. *Evaluation Criteria*

All potential candidates for the GTAA search will be evaluated using the following criteria:

A. **Organization**

1. **Firm Size** – Preference is for candidates managing at least $5 billion or more in total firm assets and a minimum of $500 million in this strategy. Potentially strong candidates managing less will be considered on a case by case basis. Firms must be Registered Investment Advisors.

2. **Organizational Stability and Depth** – Eligible managers must exhibit organizational depth and reasonable employee attrition. Ideally, candidates will have sufficient staff depth and expertise that they would be seriously considered for management of each underlying component of their process. Impact from turnover should be minimized through the firm's organizational structure and compensation practices.

3. **Key Personnel** – Ideally, the investment team will have worked together for at least 5 years and a minimum of 3 years. Experience gained at another firm is permissible as long as the track-record is directly attributable to the investment team. A majority of the key decision-makers must have a minimum of 10 years experience managing global assets.

4. **Client Base** – Preference will be given to firms managing money for large institutional clients.

5. **Client Service and Reporting** – Preference will be given to firms with dedicated client servicing staff. Eligible firms must be able to provide monthly reports in a timely fashion in accordance with TRF's specified reporting standards.

B. **Investment Management and Performance**

1. **Investment Style** – TRF is open to a wide variety of approaches. Managers may make frequent significant shifts in asset allocation or may make longer-term evolutionary shifts. Managers may utilize passive underlying portfolios, traditional stock and bond portfolios and may also utilize derivatives or swaps on an unleveraged basis to achieve desired country, asset class and currency exposures. Managers may implement their strategies using long-only or long-short positions. Extensive use of financial leverage is discouraged. Each candidate must be able to demonstrate willingness to structure a portfolio that accepts TRF's absolute performance targets.

2. **Investment Vehicle** – TRF is open to different approaches or combinations. It is preferred that candidates control all aspects of the investment process and manage any underlying commingled vehicles used. In all cases, indirect costs as well as direct costs will be evaluated and candidates must be willing to disclose all, including indirect compensation.

3. **Performance** – The benchmark will be an absolute return benchmark, CPI plus, depending on the risk level desired. Historical performance will be considered on a case by case basis. However, each candidate will be evaluated on a consistent basis by considering total performance against an appropriate market related benchmark over multiple periods. To the extent possible, performance will be considered over cumulative 4, 5 and 7 year periods and also over rolling 3-year periods using quarterly data. In addition, performance will be evaluated at the component level as appropriate.

4. **Risk** – Candidates should have a risk level, as measured by historical standard deviation, that is at least commensurate with the return achieved. Candidates should demonstrate risk-adjusted performance, as measured by a Sharpe Ratio, that compares favorably to appropriate market benchmarks.

C. **Fees** – Candidates should propose reasonable fees as determined by an evaluation of all candidates and preferably be willing to accept a performance based fee arrangement.

V. *Inquiries about the RFI and Contact*

All inquiries should preferable by directed to Callan Associates' Robert Shaw at Shaw@callan.com or (415) 274-3095 or to:

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It is TRF's policy that no member of the Board, employee of the Fund, or consultant or advisor to the Fund shall be contacted by interested firms once Indications of Interest are due or a completed questionnaire is submitted (for those firms not currently in Callan's database). However, TRF does reserve the right to initiate discussions with firms to make clarifications and resolve minor issues.

The solicitation of Indications of Interest in no way obligates TRF to ultimately hire any investment manager.