Responses to Inquiries
RFP 25-03
Active Diversified Commodities Investment Management

April 17, 2025

1. Is it acceptable for the proposed strategy to include non-USD denominated commodities exposure?

   Answer: Yes, within reason. The account will still be benchmarked against a USD denominated BCOM return.

2. Is it acceptable for the proposed strategy to include commodities that are traded on exchanges regulated by regulators other than U.S. and U.K. regulators?

   Answer: Yes. However, it is expected that the manager review the associated counterparty risks of such regulators.

3. If a manager has previously agreed to modifications to the IMA for earlier mandates, is it necessary to request the same changes as part of this RFP?

   Answer: Yes, both current/former INPRS managers and future prospective managers should request any IMA modifications to the template IMA in their RFP proposal.

4. Is the submission of more than one fee proposal acceptable in a single RFP submission?

   Answer: Yes.

5. Regarding question 29 on page 59, is the question asking about reconciling to the FCMs?

   Answer: Trades should be reconciled with the appropriate party based on the asset type. For futures, yes, the manager should reconcile with the FCM.

6. Regarding question 9 on page 53, does “position” refer to a distinct commodity (for example: COMEX Gold or COMEX Copper) or does it refer to a distinct contract (for example: COMEX Gold June Contract or COMEX Gold December Contract)?

   Answer: Please indicate the amount of portfolio activity that does not include the normal rolling of futures positions through time designed to maintain the same exposure.

7. Is there a tracking error constraint?

   Answer: No, there is no explicit tracking error constraint. However, INPRS staff will consider both total tracking error and the risk-adjusted net-of-fees excess returns of a strategy relative to the BCOM.

8. We have traded active diversified commodity portfolios as part of multi-asset managed futures strategies and have developed a commodity only long-neutral strategy that meets the mandate objectives. The strategy is not yet live.

   a) Will INPRS consider simulated (i.e., backtested) returns?

   b) Will INPRS consider non-GIPS compliant track records for this submission?

   c) If the answer to b, is "no", will INPRS consider a non-GIPS compliant track record for this submission provided we are able to arrange for the actual strategy to be GIPS compliant from the point of INPRS' investment into it?

   Answer: INPRS will consider a simulated and non-GIPS compliant track record if within an actual and GIPS compliant multi-asset strategy, assuming such strategy on its own conforms to the RFP's requirements. In such a situation, the RFP respondent shall include both the non-GIPS compliant track record of the isolated commodities strategy and the GIPS compliant aggregated multi-asset strategy. It is expected that the actual strategy will be GIPS compliant if invested by INPRS on its own.

9. Item 3 states – The Firm must have a minimum track record of ten years acting as a manager of active diversified commodities. RFP, however, does state the INPRS will consider active and enhanced passive strategies. Though It says "active" specifically for the track record, can you confirm that enhanced passive managers with the right AUM, track record, etc. would be acceptable?

   Answer: Yes, correct. INPRS will consider both active and enhanced passive strategies with managers having a minimum track record of 10 years acting as a manager of active and/or enhanced diversified commodities, respectively.

10. For Question 16 (noted below), is INPRS looking to understand if a manager can hold a sizeable level of discretionary/unallocated cash?

    Can the strategy proactively add and/or reduce net exposure to commodities vs. the client's target exposure? If so, please provide the strategy's % of target exposure for the past 10 years.

    1. *If applicable, what is the max addition allowed?*

    2. *If applicable, what is the max reduction allowed?*

    Answer: Question 16 refers to the strategy's ability to reduce commodity exposure vs. INPRS's stated target. This could be implemented through merely reducing commodity exposure and/or allocating to cash. However, given partial funding of 25%, it is likely for such a strategy to only mechanically be able to reduce commodity exposure.

For instance, assume INPRS asks a manager to deploy $100m of commodity exposure with $25m of collateral (i.e., 25% funded). Ignoring market movement, INPRS seeks to know if the strategy can proactively adjust exposure (i.e., add past $100m or reduce from $100m). If so, please indicate the historical movements in % terms. Note that INPRS constraints are between 90% and 110% of target so with a $100m scenario, INPRS would constrain a strategy to $90m to $110m of exposure ignoring market movement.