



**\*\*\* 3/31/25 - INPRS corrected a typo in Section 4.2 Evaluation Criteria #4. \*\*\***

**REQUEST FOR PROPOSALS (“RFP”) for  
ACTIVE DIVERSIFIED COMMODITIES INVESTMENT MANAGEMENT**

**RFP NUMBER 25-03**

**RELEASE DATE: MARCH 28, 2025**

**DEADLINE FOR INQUIRIES: APRIL 11, 2025 BY 3:00 PM EDT**

**DEADLINE FOR SUBMISSION: MAY 9, 2025 BY 3:00 PM EDT**

## Table of Contents

<b>SECTION 1 – INTRODUCTION.....</b>	<b>3</b>
1.1 Title.....	3
1.2 Overview of Request for Active Diversified Commodities Investment Management.....	3
1.3 INPRS Background.....	3
1.4 Issuer.....	4
1.5 Contacts.....	4
1.6 Inquiries about the RFP for INPRS.....	5
1.7 Invitation to Submit Proposals.....	5
1.8 Modification or Withdrawal of Offers.....	5
1.9 Confidential Information.....	6
1.10 RFP Response Costs.....	6
1.11 Proposal Life.....	6
1.12 Taxes.....	6
1.13 Secretary of State Registration.....	6
1.14 Discussion Format.....	7
1.15 Compliance Certification.....	7
1.16 Summary of Milestones.....	7
<b>SECTION 2 – PROPOSAL CONTENT REQUIREMENTS.....</b>	<b>8</b>
2.1 General Instructions.....	8
2.2 Transmittal Letter.....	8
2.3 Business Proposal.....	9
2.4 Fee Proposal.....	10
<b>SECTION 3 – SCOPE OF SERVICES.....</b>	<b>11</b>
<b>SECTION 4 – CONTRACT AWARD.....</b>	<b>12</b>
4.1 Length of Contract.....	13
4.2 Evaluation Criteria.....	13
<b>APPENDIX A – SAMPLE INVESTMENT MANAGEMENT AGREEMENT.....</b>	<b>14</b>
A.1 Appendix– ESSENTIAL CLAUSES.....	15
A.2 Appendix - SAMPLE INVESTMENT MANAGEMENT AGREEMENT .....	17
<b>APPENDIX B – MANDATORY RESPONDENT FORMS.....</b>	<b>46</b>
B.1 Taxpayer Identification Number Request.....	46
B.2 Foreign Registration Statement.....	46
<b>APPENDIX C – QUESTIONNAIRE.....</b>	<b>47</b>

# SECTION 1 – INTRODUCTION

## 1.1 Title

Request for Proposals (“RFP”) for active diversified commodities investment management services for the Indiana Public Retirement System (“INPRS” or the “System”)

## 1.2 Overview of Request for Active Diversified Commodities Investment Management

INPRS is soliciting proposals from all qualified investment firms who wish to be considered as an investment manager to provide portfolio management services for INPRS’ strategic allocation to active Diversified Commodities.

## 1.3 INPRS Background

### 1.3.1 History

INPRS was established by statute in 2011 as an independent body corporate and politic. The system is not a department or agency of the state but is an independent instrumentality exercising essential government functions. INPRS was established by legislation to manage the retirement funds of certain public employees throughout the State of Indiana. INPRS administers 16 funds including:

#### Defined Benefit DB Fund

- Public Employees’ Defined Benefit Account (PERF DB)
- Teachers’ Pre-1996 Defined Benefit Account (TRF Pre-’96 DB)
- Teachers’ 1996 Defined Benefit Account (TRF ’96 DB)
- 1977 Police Officers’ and Firefighters’ Retirement Fund (’77 Fund)
- Judges’ Retirement System (JRS)
- Excise, Gaming and Conservation Officers’ Retirement Fund (EG&C)
- Prosecuting Attorneys’ Retirement Fund (PARF)
- Legislators’ Defined Benefit Fund (LE DB)

#### Defined Contribution DC Fund

- Public Employees’ Defined Contribution Account (PERF DC)
- My Choice: Retirement Savings Plan for Public Employees (PERF MC DC)
- Teachers’ Defined Contribution Account (TRF DC)
- My Choice: Retirement Savings Plan for Teachers (TRF MC DC)
- Legislators’ Defined Contribution Fund (LE DC)

#### Other Postemployment Benefit / OPEB Fund

- Special Death Benefit Fund (SDBF)
- Retirement Medical Benefits Account Plan (RMBA)

#### Custodial Fund

- Local Public Safety Pension Relief Fund (LPSPR)

For additional information regarding INPRS and the funds detailed above, please access:

<http://www.in.gov/inprs/>.

A copy of INPRS's most recent Annual Report may be reviewed at  
<http://www.in.gov/inprs/annualreports.htm>

### 1.3.2 Investments

INPRS manages approximately \$53.0 billion across its defined benefit, defined contribution, and other plans. For its defined benefit plan, INPRS has an assumed rate of return on invested assets of 6.25%. INPRS's defined benefit investment portfolio currently consists of:

Asset Class	Target Allocation	Target Range
Public Equity	20.0%	17.0% to 23.0%
Private Markets	15.0%	10.0% to 20.0%
Fixed Income – Ex Inflation-Linked	20.0%	17.0% to 23.0%
Fixed Income – Inflation –Linked	15.0%	12.0% to 18.0%
Commodities	10.0%	7.0% to 13.0%
Real Assets	10.0%	5.0% to 15.0%
Absolute Return	5.0%	0.0% to 10.0%
Risk Parity	20.0%	15.0% to 25.0%
<b>Total Exposure</b>	<b>115%</b>	<b>Max = 120%</b>

INPRS's defined contribution plan consists of 7 core menu options and a target date fund family totaling approximately \$7.7 billion. More information regarding INPR's defined contribution plan investments can be reviewed at <https://www.in.gov/inprs/publications/investment-fact-sheets/>.

## 1.4 Issuer

INPRS is issuing this RFP in accordance with Indiana statutes governing the procurement of services and certain administrative policies of INPRS. Verus is INPRS's defined benefit and general System consulting firm. Verus assisted INPRS staff in the preparation of this RFP and will consult on the evaluation of responses.

## 1.5 Contacts

Inquiries from Respondents are not to be directed to any staff or member of the Board of Trustees of INPRS, except as outlined in *Section 1.6* of this RFP. Such unauthorized communication(s) may disqualify Respondent from further consideration. INPRS reserves the right to discuss any part of any response for the purpose of clarification. Respondents will be given equal access to any communications about the RFP between INPRS and other Respondents.

## **1.6 Inquiries about the RFP for INPRS**

All communication related to this RFP will be conducted through InHub's online investment RFP management platform. In order to respond to the RFP, please provide basic information about your firm and request access at <https://www.erfp.us/inhub-verus-inprs-active-commodities-rfp/>. All inquiries related to the RFP will be facilitated through InHub; questions can be asked on the Communications tab, no later than due dates outlined in *Section 1.16* of this RFP.

INPRS reserves the right to judge whether any questions should be answered in writing and INPRS's responses to inquiries will be posted to InHub.

If it becomes necessary to revise any part of this RFP or provide additional interpretation of a provision, an addendum will be posted to InHub prior to the due date for proposals. If such addendum issuance is necessary, the Manager of Vendor Management and Procurement may extend the due date and time of the proposals to accommodate such additional information requirements, if necessary.

## **1.7 Invitation to Submit Proposals**

All proposals must be submitted to the Manager of Vendor Management and Procurement through InHub's online investment RFP management platform, **no later than May 9, 2025 at 3:00 PM EDT**. To request access to respond to the RFP, submit the online form at <https://www.erfp.us/inhub-verus-inprs-active-commodities-rfp/>, no later than due dates outlined in *Section 1.16* of this RFP.

Any proposal received after the due date will not be considered. Delays due to the instrumentalities used to transmit the proposal will be the responsibility of the Respondents. Allow sufficient time to upload all documents to InHub. **Late, faxed, or e-mailed proposals directly to the Manager of Vendor Management and Procurement will not be accepted.**

The Manager of Vendor Management and Procurement reserves the right to request a written proposal.

## **1.8 Modification or Withdrawal of Offers**

Responses to this RFP may be modified or withdrawn in writing by email to [support@theinhub.com](mailto:support@theinhub.com) if modifications are received prior to the date specified for receipt of proposals. Modification to or withdrawal of a proposal received after the date specified for receipt of proposals will not be considered.

INPRS may, at its option, allow all Respondents a five-calendar-day period to correct errors or omissions to their proposals. Should this necessity arise, INPRS will contact each Respondent affected. Each Respondent must submit written corrections to the proposal within five calendar days of notification. The intent of this option is to allow proposals with only minor errors or omissions to be corrected as deemed necessary by INPRS. Major errors or omissions, such as the failure to include prices, will not be considered by INPRS as a minor error or omission and may result in disqualification of the proposal from further evaluation.

## **1.9 Confidential Information**

Respondents are advised that materials contained in proposals are subject to Indiana's Access to Public Records Act ("APRA"), IC 5-14-3 *et seq.*, and, after the contract award, the entire RFP file may be viewed and copied by any member of the public, including news agencies and competitors. The responses are deemed to be "public records" unless a specific provision of IC 5-14-3 protects it from disclosure.

Respondents claiming a statutory exception to the APRA **must indicate so in the Transmittal Letter.** (See Section 2.2.5 for instructions.) Documents containing confidential information must be labelled as such in the filename. The Respondent **must provide a separate redacted (for public release) version of the document.**

INPRS reserves the right to make determinations of confidentiality. Any objection to INPRS's confidentiality determination may be raised with the Indiana Public Access Counselor (PAC). The Public Access Counselor provides guidance on APRA. Respondents are encouraged to read guidance from the PAC on this topic as this is the guidance INPRS follows:

### [\*\*18-INF-06; Redaction of Public Procurement Documents Informal Inquiry\*\*](#)

INPRS also reserves the right to seek the opinion of the PAC for guidance if INPRS doubts the cited exception is applicable.

## **1.10 RFP Response Costs**

INPRS accepts no obligation for costs incurred by Respondents in preparation of a proposal or any other costs incurred in anticipation of being awarded a contract.

## **1.11 Proposal Life**

All proposals made in response to this RFP must remain open and in effect for a period of not less than 180 days after the due date specified above. Any proposal accepted by INPRS for the purpose of contract negotiations shall remain valid until superseded by a contract or until rejected by INPRS.

## **1.12 Taxes**

INPRS is exempt from federal, state, and local taxes. INPRS will not be responsible for any taxes levied on the Respondent as a result of any contract resulting from this RFP.

## **1.13 Secretary of State Registration**

Before an out-of-state corporate Respondent can do business with INPRS, the Respondent must be registered with the Indiana Secretary of State. If an out-of-state corporate Respondent does not have such registration at present, the Respondent should contact:

Secretary of State of Indiana  
Corporations Division

302 West Washington Street, E018  
Indianapolis, IN 46204  
(317) 232-6576

For the necessary registration application form, or it can be accessed via the internet at the web address provided in Appendix B.2. It is each Respondent's responsibility to register prior to the initiation of any contract discussions, but registration is not a requirement to submit a response.

## **1.14 Discussion Format**

INPRS reserves the right to conduct discussions, either oral or written, with those Respondents determined by INPRS to be reasonably viable to being selected for award. INPRS also reserves the right to seek clarification to resolve issues as deemed necessary by INPRS.

## **1.15 Compliance Certification**

Responses to this RFP serve as a representation that the Respondent and its principals, have no current or outstanding criminal, civil, or enforcement actions initiated by the State of Indiana, and Respondent agrees that it will immediately notify INPRS of such actions should they arise. The Respondent also certifies that neither it nor its principals are presently in arrears in payment of its taxes, permit fees, or other statutory, regulatory, or judicially required payments to the State of Indiana. The Respondent agrees that INPRS may initiate a background check on the Respondent and/or its principals in order to confirm, at any time, that no such liabilities exist, and, if such liabilities are discovered, that INPRS may bar the Respondent from contracting with INPRS, cancel existing contracts, withhold payments to set off such obligations, and withhold further payments or purchases until the entity is current in its liability to the State of Indiana and has submitted proof of such payment to INPRS.

## **1.16 Summary of Milestones**

The following is the expected timeline for this solicitation:

<b>ACTIVITY</b>	<b>EXPECTED DATE</b>
<b>Release of RFP</b>	<b>March 28, 2025</b>
<b>Respondent's Inquiry Period Ends</b>	<b>April 11, 2025, 3:00 P.M. (EDT)</b>
<b>Answers to Inquiries Published to InHub</b>	<b>April 17, 2025</b>
<b>Respondent RFP Submissions Due in InHub</b>	<b>May 9, 2025 3:00 P.M. (EDT)</b>
<b>Finalist Presentations at INPRS / Onsite Visits</b>	<b>July 2025</b>
<b>Selection of Manager(s)</b>	<b>August 2025</b>
<b>Contract Negotiation</b>	<b>August 2025</b>

## SECTION 2 – PROPOSAL CONTENT REQUIREMENTS

### 2.1 General Instructions

To facilitate the timely evaluation of proposals, a standard format for proposal submission has been developed and is documented in this section. All Respondents are required to format their proposals in a manner consistent with the guidelines described below.

A complete proposal must be submitted electronically per the guidelines in *Section 1.7* of this RFP and must include the following:

- A transmittal letter (with the information in *Section 2.2* of this RFP).
- A business proposal (with the information and attachments described in *Section 2.3* of this RFP).
- A fee proposal (with the information in *Section 2.4* of this RFP).
- A Form W-9 (see *Appendix B.1*).

### 2.2 Transmittal Letter

The transmittal letter must be in the form of a letter and address the following topics:

#### 2.2.1 Identification of RFP

The transmittal letter must first identify the RFP title and number.

#### 2.2.2 Identification of Manager

The transmittal letter must identify the following information:

- Respondent Name
- Street Address
- City
- State
- ZIP
- Contact Name
- Phone
- Email

#### 2.2.3 Summary of Ability and Desire to Supply the Required Services

The transmittal letter must briefly summarize the Respondent's ability to supply the requested services. The letter must also contain a statement indicating the Respondent's willingness to provide the requested services subject to the terms and conditions set forth in the RFP, including INPRS' standard contract clauses and INPRS's Investment Policy Statement [including the requirements of IC 5-10.2-14-9(a) as implemented in IPS Section 8.2.6 regarding the use of non-financial factors].

#### **2.2.4   Signature of Authorized Representative**

An authorized representative of the Respondent must sign the transmittal letter. Respondent personnel signing the transmittal letter of the proposal must be legally authorized by the organization to commit the organization contractually. This section must contain proof of such authority. A copy of corporate bylaws or a corporate resolution adopted by the board of directors indicating this authority will fulfill this requirement.

#### **2.2.5   Confidential Information**

Respondents are advised that materials contained in proposals are subject to the Access to Public Records Act (APRA), IC 5-14-3 *et seq.* (See **Section 1.9 of this RFP.**)

Provide the following information. If the Respondent does not provide this information, INPRS will NOT consider the submission confidential.

- List all documents, or sections of documents, for which statutory exemption to the APRA is being claimed. INPRS does NOT accept blanket confidentiality exceptions for the totality of the proposal.
- Specify which statutory exception of APRA applies for each document, or section of the document.
- Provide a description explaining the manner in which the statutory exception to the APRA applies for each document or section of the document.
- Provide a separate redacted (for public release) version of the document.

#### **2.2.6   Other Information**

Any other information the Respondent may wish to briefly summarize will be acceptable.

### **2.3   Business Proposal**

The business proposal must contain the required information and be organized under the specific section titles as listed below.

#### **2.3.1   Executive Summary**

Provide a high-level description of the proposed scope of services.

#### **2.3.2   Relevant Experience**

See Appendix C Questionnaire.

#### **2.3.3   Organizational Capability**

Describe the Respondent's organizational capability to provide the scope of work described in *Section 3* of this RFP. To demonstrate organizational capability, provide the following:

##### **i.   Personnel**

See Appendix C Questionnaire

**ii. Registration to do Business**

Respondents proposing to provide services required by this RFP are required to be registered to do business within the state with the Indiana Secretary of State. The contact information for this office may be found in *Section 1.13* of this RFP. This process must be concluded prior to contract negotiations with INPRS. It is the Respondent's responsibility to successfully complete the required registration with the Secretary of State. The Respondent must indicate the status of registration, if applicable, in this section of the proposal.

**iii. Financial Statements**

This section must include the Respondent's financial statements, including an income statement and balance sheet for each of the two most recently completed fiscal years. In addition, please provide a copy of the Respondent's most recent financial statement audit report.

**2.3.4 Required Questionnaire, Appendix C**

Complete the questionnaire, Appendix C

**2.3.5 Investment Management Agreement**

*Appendix A.2* of this RFP is the base investment management agreement that will be used if an award is made. Any or all portions of this document are incorporated by reference as an addendum to the final contract. The Respondent is required to clearly identify and explain any exception that it desires to take to any of the terms and conditions of this RFP in this section. Additionally, if the Respondent wishes to include or change any language in the base agreement being submitted, proposed language should be included in this section in the form of an amendment to the base investment management agreement. It should be noted that *Appendix A.1* of this RFP includes the essential clauses that are non-negotiable.

**2.3.6 Assumptions**

List any assumptions made by the Respondent in developing the response to this RFP, including INPRS responsibilities.

**2.4 Fee Proposal**

Please provide a detailed fee proposal. Fee calculations/formulas shall assume U.S. dollars. The Services and asset thresholds detailed in SECTION 3 – SCOPE OF SERVICES of this RFP are the basis for the proposed fees. The proposed fees shall include all costs for providing Services to INPRS as described and shall be guaranteed through the contract term. In no case will the final fee be higher than the fee contained in the Proposal. Payment of fees shall be quarterly in arrears. Please answer the "Investment Vehicles, Fees, & Terms" portion of the Questionnaire.

**FAILURE TO SUBMIT A DETAILED FEE PROPOSAL MAY ELIMINATE A RESPONDENT'S ORGANIZATION FROM CONSIDERATION.**

## SECTION 3 – SCOPE OF SERVICES

The Indiana Public Retirement System (“INPRS”) Defined Benefit (“DB”) Plan is soliciting proposals from all qualified firms for active Diversified Commodities mandates. INPRS anticipates hiring 2-3 active Diversified Commodities managers, with a combined mandate size of approximately \$2.0 billion. It is expected that the chosen strategies will be benchmarked against the Bloomberg Commodities Index (Excess Return). The mandates must meet guidelines outlined in INPRS’ Investment Policy Statement ([https://www.in.gov/inprs/files/INPRS\\_IPS.pdf](https://www.in.gov/inprs/files/INPRS_IPS.pdf)).

The objective of this RFP is to identify those respondents with the expertise, track record, and resources to invest in the mandate described above.

Required characteristics of the firm and/or portfolio managers:

1. Must be an investment advisor registered with the SEC.
2. Have existing Firm AUM of at least \$2 billion.
3. The Firm must have a minimum track record of ten years acting as a manager of active diversified commodities.
4. The Firm and senior team must have a performance track record for managing active diversified commodities in compliance with Global Investment Performance Standards (“GIPS”) that extends at least seven years.
5. Have ability to offer a separate account structure or collective investment trust. All vehicle types will be considered; however, separate account mandates are generally preferred given partial collateralization requirements.
  - a. Mandates that utilize a separate account structure will also require a Sudan and Terror States compliance screen as defined in IC 5-10.2-9 and IC 5-10.2-10, a Divestment Related to Boycott of, Divestment from, or Sanctions of Israel compliance screen as defined in IC 5-10.2-11-1, and Divestment From Chinese Companies compliance screen as defined in IC 5-10.2-13 and performed by a vendor on INPRS’ behalf.
  - b. Mandates that utilize a separate account structure must agree to the use of INPRS’s forms and contracts for proposed separate accounts.
6. Utilize an active long-biased futures management strategy that seeks to achieve higher risk-adjusted returns, net of fees, than the benchmark.
7. Have a minimum of at least \$500 million in assets under management within the strategy.
8. Have a capacity of at least \$1 billion within the strategy.
9. Agree to comply with INPRS’ Investment Policy Statement, effective September 6, 2024, and as may be amended from time to time, and specifically Section 8.2.6 thereto.

### Background:

The INPRS DB Plan allocates 10% to commodity futures, of which 50% (5% of DB) is currently allocated passively to the BCOM Gold Subindex and 50% (5% of DB) is allocated actively to the BCOM Index. This RFP is limited to the active allocation benchmarked against the BCOM.

#### Additional Information:

INPRS will consider active and enhanced passive strategies for its 5% BCOM allocation. INPRS will also consider strategies that are benchmarked against other benchmarks, granted that such a strategy clearly supports an advantageous strategic and long-term allocation to such alternative benchmark and/or the active management thereof.

To meet the total DB's allocation of 115%, INPRS's 10% allocation to commodities (5% gold and 5% BCOM) is partially funded at 25% collateralization. All proposals are expected to be able to accommodate partial funding and report performance on an excess return basis (i.e., stripping out cash collateral) to be benchmarked against the BCOM (excess return) index. Strategies that seek to add value through enhanced collateral management should both 1) clearly delineate the strategy's value-add through futures selection and collateral management, and 2) still operate a strategy with a targeted 25% of collateralization. INPRS historically keeps commodities collateralization between 15-35% as markets fluctuate. However, while performance fee arrangements will be considered, it is expected that such performance fees will be calculated against the excess return benchmark and must strip out general cash collateralization impacts. INPRS's custodian, BNY, will report performance to INPRS Staff on an excess return basis by stripping out cash collateral returns and vendors are expected to reconcile at least monthly to BNY to validate general performance and specific performance fee arrangements.

Commodities strategies must be futures-based. While INPRS will consider strategies that employ additional forms of commodity exposure (e.g., ETFs, CITs, other commodity-linked derivatives, equities), such exposures must still be able to accommodate a strategy with an overall 25% collateralization target.

Commodities strategies must be long-biased. While INPRS will consider strategies that employ additional gross long and gross short exposures:

- Total net exposure shall not be lesser than 90% or greater than 110% of INPRS's targeted notional exposure. If a proposed strategy can deviate from INPRS's target notional exposure (not including general market movements), vendors must be able to provide detailed performance reporting to attribute excess returns relative to INPRS's target notional exposure.
- Total gross long shall not be greater than 125% and total gross short shall not be greater than 25%, for a total max absolute value of all gross exposure of 150%.

## **SECTION 4 – CONTRACT AWARD**

Based on the results of this process, the qualifying proposal(s) determined to be the most advantageous to INPRS, considering all of the evaluation factors, may be selected by INPRS for contract award. If, however, INPRS decides that no proposal is sufficiently advantageous, INPRS may take whatever further action is deemed best in its sole discretion, including making no contract award. If, for any reason, a proposal is selected and it is not possible to consummate a contract with the Respondent, INPRS may begin contract preparation with the next qualified Respondent or determine that it does not wish to award a contract pursuant to this RFP.

INPRS reserves the right to discuss and further clarify proposals with any or all respondents. Additionally,

INPRS may reject any or all proposals received or to award, without discussions or clarifications, a contract based on proposals received. Therefore, each proposal should contain the Respondent's best terms from a price and technical standpoint. INPRS also reserves the right to divide the investment contract to two (2) or more respondents, in its sole discretion, in all respects.

The Executive Director or his designee(s) will, in the exercise of his/her discretion, determine which proposal(s) offer the best means of servicing the interests of INPRS. The exercise of this discretion will be final.

#### **4.1 Length of Contract**

The term of the contract entered under this RFP shall be for an initial period of five (5) years, beginning from the date of final execution of contract. There may be one (1) or more renewals under the same terms and conditions at INPRS' option up to the length of the original term. Total contract period shall not exceed ten (10) years.

#### **4.2 Evaluation Criteria**

INPRS has selected a group of qualified personnel to act as an evaluation team. The procedure for evaluating the responses against the evaluation criteria will be as follows:

- Each response will be evaluated based on the criteria listed below.
- Based on the results of the evaluation, the Proposal or Proposals determined to be most advantageous to INPRS, considering all of the evaluation factors, may be selected by INPRS for further action.
- In addition, the evaluation team will consider other factors they believe to be material for this selection.

Proposals will be evaluated based upon the proven ability of the Respondent to satisfy the requirements in an efficient, cost-effective manner, considering quality of service with minimal tolerance for error.

Specific criteria include:

1. Background and General Information
  - Ownership structure
  - Short-term and long-term business strategy
2. Investment Team
  - Integrity, depth, experience, and stability of the responsible investment team
3. Investment Strategy
  - Well defined and consistent process
4. Performance and Portfolio Composition
  - Returns and tracking error
  - Portfolio characteristics
5. Risk Management
  - Risk controls, resources, and oversight
6. Investment Vehicle & Fees
  - Competitive fee structure
7. Trading & Operations
8. Legal, Regulatory, & Compliance
  - Appropriate framework regarding use of non-financial factors and industry signatories
9. Reporting & Client Service
  - Experience with providing service to public plans

## APPENDIX A – SAMPLE INVESTMENT MANAGEMENT AGREEMENT

The following sample contract is the base investment management agreement that will be used if an award is made. It is the expectation of INPRS that the Respondent will review the sample agreement and provide desired changes to INPRS at the time of submittal of a proposal. Desired changes are unlikely to be added unless INPRS determines in its sole discretion that the performance of services under the agreement is dependent upon such changes.

If Respondent wishes to amend any term or change any language in the base agreement being submitted, proposed language should be included in the business proposal in the form of an amendment to the base agreement. See *paragraph 2.3.5* of this RFP for the applicable section of the business proposal. For each proposed revision, the Respondent should indicate that the change is required by the Respondent in any contract resulting from this RFP and why it is required or indicate that the change is desired (but not required) by the Respondent in any contract resulting from this RFP.

If a required change is unacceptable to INPRS, the Respondent's proposal may be considered unacceptable. It should be noted that *Appendix A.1* of this RFP includes the essential clauses that are non-negotiable.

The Respondent is required to clearly identify and explain any exception that it desires to take to any of the terms and conditions of this Solicitation in the business proposal. The evaluation of a proposal may be negatively affected by exception taken by the Respondent to any part of this Solicitation, and INPRS reserves the right, in its sole discretion, to refuse to consider any exception that is not so identified in the Respondent's proposal.

## APPENDIX A.1 – ESSENTIAL CLAUSES

### **Essential Clauses in the System’s Investment Management Agreement**

As part of the Request for Proposal (RFP) process, you are required to review the Indiana Public Retirement System’s (the “System”) boilerplate investment management agreement and submit comments with your proposal. The following clauses are non-negotiable. If you believe that a clause will affect your risk of liability, you should adjust your bid price accordingly.

#### **Section 9(F) Obligation to System Members and Beneficiaries**

The System will not agree to any modification that undermines the obligations of the Board to manage the System’s assets for the sole and exclusive benefit of the System’s members and beneficiaries as required by IC 5-10.2-14-9(a).

#### **(Section 17) Indemnification**

The System will not agree to any modification that limits Manager’s responsibility to indemnify the System as described in this Section. The Indiana Attorney General has opined that any agreement requiring the System to indemnify Manager is a violation of the Indiana Constitution and against public policy. In addition, the System will not agree to any modification that limits the System’s ability to recover damages or limits Manager’s liability as described in the contract.

#### **(Section 18 (H)) Investigations and Complaints**

As part of the System’s fiduciary and due diligence obligations, this is an essential clause in the System’s contracts. The System will not accept material changes to this provision.

#### **(Section 21) Record Retention and Inspection**

The System will not agree to any provision eliminating this requirement or requiring the System records to be retained for less than applicable law, including Indiana’s public records retention schedule.

#### **(Section 22) Confidentiality**

Although the System is subject to Indiana’s public records laws, many of the System records are confidential public records that cannot be disclosed. In addition, the Indiana Attorney General requires the Social Security disclosure clause in all State of Indiana contracts.

#### **(Section 25) Nondiscrimination**

The Indiana Attorney General requires this provision in all State of Indiana contracts. The System will not agree to limit Manager’s liability under this provision, nor will the System agree to substitute Manager’s discrimination policy for the requirements under this Section.

#### **(Section 26(B)) Laws and Ethics**

The Indiana Attorney General requires this provision in all State of Indiana contracts. Manager and its agents must abide by the ethical requirements set forth in Indiana Code, including provisions regarding the telephone solicitation of customers. As the System is subject to the jurisdiction of the State Ethics Commission and State ethics rules, the System will not agree to delete these provisions.

#### **(Section 28) Governing Laws**

The contract must be governed by the laws of the State of Indiana, and suit, if any, must be brought in a state court of jurisdiction in the State of Indiana. As a quasi-governmental agency, the System is protected by the Eleventh Amendment of the United States Constitution, which guarantees that state governments hold sovereign immunity and are immune from federal lawsuits initiated by citizens of another state. The System will not agree to any provision that can be construed as waiving the System’s Eleventh Amendment rights.

#### (Section 29) Disputes

The System will not agree in advance to any binding resolution clauses, except those of the State of Indiana courts; however, the System may agree to alternative dispute resolution options, should a dispute arise.

#### (Section 38) Maintaining a Drug-Free Workplace; Drug-Free Workplace Certification

To ensure compliance with the Governor of Indiana's executive order on drug-free workplaces, these provisions are required in all the System contracts. The System will not accept any modifications of the language under this Section.

#### (Section 39) Audit

The System is subject to audits by the Indiana State Board of Accounts. Therefore, the System will not accept any substantive modifications to the language under this Section.

#### (Section 44) Minority and Women's Business Enterprise Compliance

Indiana law requires this provision in all System contracts. In the event Manager uses a subcontractor to complete services pursuant to this contract, Manager must visit the Indiana Department of Administration's Web site, which contains a list of subcontractors registered as Minority Business Enterprises and/or Women's Business Enterprises. If a subcontractor who performs services required under the contract is listed on the Web site, Manager must give that subcontractor the opportunity to bid. If Manager does not use a subcontractor to complete services pursuant to this contract, Manager will be unaffected by this provision.

### **Additional contract provisions to which the System will not agree:**

- Any provision requiring the System to provide insurance or an indemnity;
- Any provision requiring the contract to be construed in accordance with the laws of any state other than Indiana;
- Any provision requiring suit to be brought in any state other than Indiana;
- Any mandatory dispute resolution other than the courts;
- Any provision requiring the System to pay taxes;
- Any provision requiring the System to pay penalties, liquidated damages, interest, or attorney fees;
- Any provision modifying the statute of limitations;
- Any provision relating to a time in which the System must make a claim;
- Any provision requiring payment in advance, except for rent; and
- Any provision limiting disclosure of information in contravention of the Indiana Access to Public Records Act

### **Acknowledgement**

We have reviewed and agree to the System's mandatory contract provisions.

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Company: «Company\_Name»

Date: \_\_\_\_\_

## **APPENDIX A.2 - INVESTMENT MANAGEMENT AGREEMENT**

**THIS INVESTMENT MANAGEMENT AGREEMENT** (“Management Agreement”) is effective as of \_\_\_\_\_ (the “Effective Date”) by and between **Indiana Public Retirement System**, a public pension fund organized under Indiana law (the “System”), and \_\_\_\_\_ (“Manager”).

**WHEREAS**, the System has determined that it is in the best interests of the System, its members and beneficiaries to form an agreement with Manager to invest and manage certain assets administered by the System; and

**WHEREAS**, Manager desires to provide such investment and management services to the System;

**NOW, THEREFORE**, in consideration of the above-stated recitals, the mutual promises, covenants, representations, and conditions contained herein, and the mutual benefits to be derived therefrom, the System and Manager agree as follows.

### **1. Term**

This Management Agreement shall be for a period of \_\_\_\_\_ ( ) years. It shall commence as of the date the last party executes this Management Agreement, and shall continue in full force and effect for \_\_\_\_\_ ( ) years from the Effective Date. Notwithstanding Section 16 of this Management Agreement, unless otherwise terminated, modified, or renewed in writing by the parties, this Management Agreement will automatically renew on a month-to-month basis after the termination date for a period not to exceed \_\_\_\_\_ ( ) months.

### **2. Definitions, Gender and Number**

For purposes of this Management Agreement, capitalized terms shall have the meanings set forth in this Section. In this Management Agreement, unless the context otherwise requires, the masculine, feminine, and neuter genders and the singular and plural include one another.

- A. Agents.** “Agents” means any of Manager’s employees, agents, or representatives providing services in connection with this Management Agreement. “Agents” does not include independent service providers, including, but not limited to, broker/dealers and securities pricing services.
- B. Authorized Instructions.** “Authorized Instructions” means all the directions and instructions to Manager from any Authorized Person.
- C. Authorized Persons.** “Authorized Persons” means the personnel named in writing by the System who have the authority to advise, inform, and direct Manager on the System’s behalf.
- D. Board.** “Board” means the Board of Trustees of the System.
- E. Claims.** “Claims” means any and all claims, damages, losses, liabilities, suits, costs, charges, expenses (including, but not limited to, attorneys’ fees and costs), judgments, fines, and penalties of any nature whatsoever that may be brought against the System in connection with the performance of this Management Agreement.

- F. Custodian.** “Custodian” means the System’s designated custodian bank, at which the System shall establish a Sub-Account pursuant to Section 8, for transactions involving the Managed Assets allocated to Manager by the Board for investment and management.
- G. Disclosure Statement.** “Disclosure Statement” means Manager’s Securities and Exchange Commission Form ADV, Part II.
- H. Effective Termination Date.** “Effective Termination Date” means the date on which work under this Management Agreement will formally cease, as specified in any notice of termination delivered by the System to Manager.
- I. Investment Guidelines.** “Investment Guidelines” means the investment policies, guidelines, standards, and objectives set forth in the System’s current Investment Policy Statement (“IPS”), a copy of which is attached hereto as Exhibit E and incorporated herein in its entirety, and the scope of services enumerated within this Management Agreement.
- J. Legal Requirements.** “Legal Requirements” means all foreign, international, federal, state, county, and local laws, and regulations, ordinances, registrations, filings, approvals, authorizations, consents and examinations which may apply to the System or Manager in relation to their performance under this Management Agreement.
- K. Managed Assets.** “Managed Assets” means those securities, bonds, instruments, documents, Agreements and cash owned by the System that the Board, in its sole discretion, may from time to time allocate to Manager and that Manager manages and invests for the System’s benefit pursuant to the terms of this Management Agreement, together with all interest, earnings, accruals, capital growth, and any and all other additions, substitutions, and alterations thereon or thereto.
- L. Standard of Care.** “Standard of Care” refers to the standard governing Manager’s performance as a fiduciary of the System under this Management Agreement and requires Manager to discharge each of its duties and exercise each of its powers under this Management Agreement with the care, skill, prudence, and diligence that an expert acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims.
- M. Sub-Account.** “Sub-Account” means the custody account that the System shall establish with its Custodian referencing Manager’s name for the deposit of the Managed Assets, and the accounting of transactions related thereto, separately from the System’s other assets.
- N. System Records.** “System Records” means all records related to the Managed Assets, including, but not limited to, any pertinent transaction, activity, time sheets, cost, billing, accounting and financial records, proprietary data, electronic recordings, and any other records created by Manager or its Agents in connection with this Management Agreement.

### **3. Appointment of Manager and Acceptance of Appointment**

The System hereby appoints Manager as a fiduciary of the System and authorizes Manager to invest and manage the Managed Assets using a mandate, with the benchmark Index as the performance benchmark. Manager hereby accepts such appointment, assumes full responsibility for the investment and management of the Managed Assets, and agrees to execute its duties according to the terms, conditions, and standards set forth in this Management Agreement. Manager’s specific investment mandate and

benchmark shall be determined in accordance with Exhibit A attached hereto and incorporated by reference herein.

#### **4. Standard of Care**

Manager acknowledges that this Management Agreement places it in a fiduciary relationship with the System. As such, Manager is held to the Standard of Care, as defined in Section 2 of this Management Agreement. Manager shall cause any and all of its Agents to exercise the same Standard of Care. Manager shall be liable to the System for any Claim that arises from or relates to any failure by Manager or any of its Agents to exercise this Standard of Care.

#### **5. Limited Status as Agent**

Manager shall be deemed the agent of the System for the sole and limited purpose of managing the Managed Assets. This Management Agreement is not intended and shall not be construed to create the relationship of servant, employee, partnership, joint venture, or association as between the System and Manager. For all purposes, including, but not limited to, workers' compensation and unemployment liability, Manager understands and agrees that all persons furnishing services pursuant to this Management Agreement are deemed employees solely of Manager and not of the System.

#### **6. Authorized System Personnel**

Upon execution of this Management Agreement, the System shall provide Manager with a list of Authorized Persons who will be permitted to advise, inform, and direct Manager on the System's behalf, together with signature specimens of certain Authorized Persons who may execute specific tasks under this Agreement, attached hereto as Exhibit D and incorporated herein in its entirety. The list of Authorized Persons and any changes to such list shall be made in writing to Manager and signed by the System's Director or the Director's designee. Until notified of any such change and subject to the provisions of Section 7 below, Manager may rely on and act upon instructions and notices received from an Authorized Person identified on the then-current list furnished by the System. In the event the System fails to designate an Authorized Person, Manager shall take direction solely from the System's Executive Director.

#### **7. Authorized Instructions**

All Authorized Instructions shall be in writing and transmitted by first class mail, private express courier, facsimile, or other authenticated electronic transmissions; provided, however, that Manager may, in its discretion, accept verbal Authorized Instructions subject to written confirmation of same from such Authorized Person. Such Authorized Instructions shall bind Manager upon receipt. If Manager receives instructions or notices from a source other than an Authorized Person, Manager shall not comply with them and shall immediately notify the System's Chief Investment Officer in writing of such unauthorized instructions or notices. Manager is authorized and shall exercise its discretion in extraordinary situations when communications with an Authorized Person cannot be achieved to proceed with the disposal of securities to prevent exceptional loss of value to the System.

#### **8. Custody of Managed Assets**

The System shall instruct Custodian to establish a separate Sub-Account and maintain the Sub- Account in a manner that enables Custodian to account for the Managed Assets, and transactions with respect thereto, separately from the System's other assets. Ownership of the Managed Assets shall remain with the System. Manager shall not, under any circumstances, take possession, custody, title, or ownership of any Managed Assets. Manager shall not have the right to have securities in the Sub-Account

registered in its own name or in the name of its nominee, nor shall Manager in any manner acquire or become possessed of any income or proceeds distributable by reason of selling, holding, or controlling any Managed Assets in the Sub-Account. Accordingly, Manager shall have no responsibility with respect to the collection of income, physical acquisition, or the safekeeping of the Managed Assets. All such duties of collection, physical acquisition, or safekeeping shall be the sole obligation of Custodian.

## **9. Investment Duties of Manager**

As a fiduciary, Manager shall have discretion to manage, invest, and reinvest the Managed Assets in the Sub-Account according to the terms of this Management Agreement, the IPS, the Investment Guidelines, and all applicable laws, rules, and regulations governing the investment of such assets.

- A. Investment Guidelines.** Manager shall have the authority to make such purchases, sales, exchanges, and/or deliveries, or to direct Custodian to make such purchases, sales, exchanges, and/or deliveries of securities or other property or interests or part-interests therein, as Manager may deem appropriate, subject to the Investment Guidelines and written modifications to the Investment Guidelines. See Exhibit E, attached hereto and incorporated by reference herein. Manager hereby acknowledges that it has reviewed and is familiar with the Investment Guidelines. Manager further acknowledges and understands that the System may periodically revise the Investment Guidelines and, in such event, Manager agrees to be bound by any such revisions upon receipt of written notice from the System.
- B. Trading Procedures.** All transactions authorized by this Management Agreement shall be settled through Custodian, which shall retain sole possession of and have complete custodial responsibility for the Managed Assets. Manager shall be the sole entity to notify and instruct Custodian on orders that Manager places for the sale or purchase of any Managed Assets and the management or disposition of such Managed Assets, and on the purchase or acquisition of other securities or property for the Sub-Account. Manager shall provide Custodian with such trade information as Custodian may require to effect settlement, within the time frames as Custodian may designate. The System shall provide Manager with Custodian's detailed procedures and settlement instructions upon execution of this Management Agreement.
- C. Broker/Dealers.** Manager shall have complete authority and discretion to establish accounts with one or more duly registered broker/dealers. Consistent with ensuring the safety of the Managed Assets, Manager shall engage in a prudent and diligent broker/dealer selection process. Manager shall ensure that all orders are placed with only reputable, qualified, and financially-sound broker/dealers. Manager's primary objective shall be to select broker/dealers that will provide the most favorable net price and execution for the Sub-Account, but this requirement shall not obligate Manager to recommend any broker/dealer solely on the basis of obtaining the lowest commission rate if the other standards set forth herein are satisfied. Notwithstanding the foregoing, Manager shall not place orders with any broker/dealer which: (i) the System has by written notice to Manager deemed unsuitable for the System trades; (ii) is affiliated with an investment consultant that provides non-brokerage related services to the System; or (iii) is affiliated with Manager. Manager acknowledges that it has received a list of such broker/dealers from the System as of the effective date of this Management Agreement. Manager agrees to be bound by any subsequent changes to such list upon receipt of written notice from the System. See Exhibit C, attached hereto and incorporated by reference herein.
- D. Trade Confirmation and Settlement.** Manager shall instruct all broker/dealers executing orders to forward to Custodian copies of all brokerage confirmations promptly after execution of transactions. Where a transaction is eligible for settlement through the Depository Trust

Company's Institutional Delivery System, Manager shall use such Institutional Delivery System for trade confirmation and settlement. Manager shall cooperate with Custodian and other parties to the trade to promptly resolve any trade settlement discrepancies or disputes.

**E. Discretionary Rights and Powers Affecting the Managed Assets.** The Board and Authorized Persons agree that they shall, or shall instruct Custodian to, promptly transmit to Manager all written information Custodian receives concerning the Managed Assets held in the Sub-Account, including without limitation, conversion rights, subscription rights, warrants, options, pendency of calls, maturities of securities, expirations of rights, tender and exchange offers, and any other right or power requiring a discretionary decision by Manager. Manager shall be responsible for timely directing Custodian with respect to the exercise of such rights and/or powers where Manager has actual knowledge of same, whether by written notice or otherwise. The Board and Authorized Persons shall also instruct Custodian to place and hold all securities in good deliverable form to facilitate transfer upon sale.

**F. Fiduciary Duty.** Manager agrees to act consistently with the requirements of Indiana law regarding the obligation of the Board to manage the System's assets for the sole and exclusive benefit of the System's members and beneficiaries pursuant to IC 5-10.2-14-9(a). Manager agrees to honor these obligations and the requirements of the IPS, including obligations regarding the use of non-financial factors in Section 8.2.6.

## **10. Sub-Account Reconciliation**

Upon request and to the extent possible, Custodian shall provide Manager with on-line access to the Sub-Account. In addition, Custodian shall provide Manager with periodic financial statements of the Sub-Account as Manager may reasonably request. The System acknowledges that Manager does not assume any responsibility for the accuracy of any information furnished by the System or Custodian. Manager shall, however, cooperate with the System and Custodian to reconcile the Sub-Account each month.

## **11. Written Reports**

Manager shall provide the System with the periodic written reports described in this Section in a form or forms to be mutually agreed upon by the System and Manager. In all accounting reports, Manager shall present such reports on a trade date basis and, where available, present dividend and income items on an accrual basis. An authorized officer of Manager shall sign all reports and shall certify that such reports are accurate and consistent with all applicable Investment Guidelines. The System agrees that Manager, in the maintenance of its records and preparation of its reports, does not assume responsibility for the accuracy of any information furnished by the System, Custodian, or any other person or firm.

**Monthly Reports.** By no later than the end of each month, Manager shall report to the System on the investment status and performance of the Managed Assets in the Sub-Account during the preceding month. The monthly report shall include, without limitation, the following information:

- A.** Statement of asset performance and portfolio characteristics versus the respective index, including sector and country weights versus the benchmark; and
- B.** Statement of Performance Attributes.

**Requested Reports.** Manager agrees to provide all statements, responses, and filings made with federal or State of Indiana regulatory bodies within thirty (30) days of request by the System. These may be related to such topics as current or proposed industry regulations, proposed statutory changes, or any

other topics affecting the System or the financial sector.

## **12. Meetings**

At the System's request and at mutually agreed upon times, Manager shall meet with the System to review Manager's performance and to discuss Manager's present and future investment strategy. Manager shall be available upon reasonable notice to answer questions by the System staff and Board members from time to time as needed, without additional charge.

## **13. Compensation for Services**

The System agrees to pay Manager, and Manager agrees to accept as full compensation for all services rendered, a fee calculated at a rate and upon such terms as may from time to time be determined by the mutual agreement of the System and Manager and, initially, in accordance with Exhibit B, Fee Schedule, attached hereto and incorporated by reference herein.

## **14. Invoices for Compensation**

Manager agrees to execute such payment or invoice forms as are required by the System. Manager shall submit to the System a quarterly invoice within thirty (30) calendar days of the close of the quarter for which services were provided. Each invoice shall include the quarterly share of Manager's fee (prorated for any partial quarter) as set forth in the then-current Fee Schedule. Invoices shall only cover work already performed because no compensation shall be paid to Manager in advance of services rendered. All payment obligations shall be made in arrears in accordance with Indiana law and the System policies and procedures.

## **15. Seminars and Training Programs**

Subject to and in accordance with all applicable State of Indiana and System ethics rules and regulations, in the event Manager conducts seminars, training sessions, or similar events that are generally made available to Manager's clients, the System shall be invited to attend upon the same terms and conditions as such other clients.

## **16. Termination; Rights, Remedies, and Responsibilities upon Termination; Termination for Convenience**

Notwithstanding anything to the contrary, this Management Agreement may be terminated by the System, in whole or in part, for any reason, by delivery of a notice of termination to the Manager (such date of notice, the "Effective Termination Date"). Upon termination of this contract, Manager shall retain all System Records in accordance with the record retention provisions set forth in the Record Retention and Inspection section of this Management Agreement.

Manager shall be compensated for services rendered prior to the Effective Termination Date.

Following the Effective Termination Date, Manager shall submit to the System, in the form and with any reasonable certifications as may be prescribed by the System, Manager's final invoice ("Termination Invoice"). The Termination Invoice shall prorate Manager's quarterly fees, on a daily basis, for work already performed but for which Manager has not been compensated through the Effective Termination Date, in accordance with Manager's then-current compensation level. Manager shall submit such Termination Invoice no later than thirty (30) days after the Effective Termination Date. Upon Manager's failure to submit its Termination Invoice within the time allowed, the System may determine, on the basis of information available to it, the amount, if any, due to Manager and such determination shall be deemed

final. After the System has made such determination, or after Manager has submitted its Termination Invoice, the System shall authorize payment to Manager.

The System will not be liable for services performed after the Effective Termination Date. Manager shall be compensated for services herein provided, but in no case shall total payment made to Manager exceed the original contract price plus changes approved or directed in writing by the System. In no event shall the System's termination of the Management Agreement under this Section be deemed a waiver of either party's right to make a claim against the other party for damages resulting from any default by such other party that occurred prior to the Effective Termination Date. Additionally, the System may terminate this contract immediately in the event that the System, in its sole discretion, considers such action necessary to protect the plan or assets in the trust.

In the event of any termination of this Management Agreement, unless otherwise expressly directed by the System, Manager shall take all necessary steps to stop services under this Management Agreement on the Effective Termination Date. All terms and conditions set forth herein shall continue to apply through the period following the Effective Termination Date ("Transition Period"), during which Manager shall continue to serve as Manager hereunder at the then-existing compensation level for the duration of the Transition Period. Such Transition Period shall not exceed three (3) months after the Effective Termination Date. Manager shall perform services required under this Management Agreement that are necessary to complete any transactions pending on the Effective Termination Date. Manager shall cooperate with the System in good faith to affect an orderly transfer of such services and all applicable records to a successor manager by the Effective Termination Date. After the additional services have been performed and the Transition Period is complete, Manager, subject to the terms and conditions of this Management Agreement, shall be compensated for the Transition Period at its then-existing compensation level.

The rights and remedies provided by this Section are not exclusive, but cumulative, and in addition to any other rights and remedies provided by law, in equity, or under any provisions of this Management Agreement.

## **17. Indemnification**

Manager shall indemnify, defend, and hold harmless the State of Indiana and the System, its officers, fiduciaries (excluding Manager), employees, and agents, from and against any and all Claims arising from or relating to any bad faith, negligence, willful misconduct, improper or unethical practice, infringement of intellectual property rights, breach of fiduciary duty, breach of trust, breach of confidentiality, breach of Agreement, violation of any Legal Requirement, or any other act or omission of or by Manager or any of its Agents acting in connection with this Management Agreement. This indemnification shall survive any termination of this Management Agreement. The System shall not provide such indemnification to Manager.

## **18. Manager's Representations, Warranties, and Covenants**

Manager acknowledges, represents, warrants, covenants, and agrees to the following provisions:

- A. Authorization.** Manager has duly authorized, executed, and delivered this Management Agreement, and this Management Agreement constitutes the legal, valid, and binding agreements and obligations of Manager, enforceable against Manager in accordance with its terms, except insofar as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar limitations on creditors' rights generally and general principles of equity. Manager is not subject to or obligated under any law, rule, or

regulation of any governmental authority, or any order, injunction, or decree, or any agreement that would be breached or violated by Manager's execution, delivery, or performance of this Management Agreement.

- B. Quality of Services.** All services that Manager provides hereunder shall meet the requirements and standards set forth in the body of this Management Agreement and any exhibits, schedules, and appendices attached hereto. At the System's request, Manager shall promptly correct any errors or omissions in the provision of such services.
- C. Contingent Fees.** Manager has not employed or retained any person or selling agency to solicit or secure this Management Agreement under any agreement or understanding for a commission, percentage, brokerage, or contingent fee, except for bona fide employees of Manager and Manager's affiliates or bona fide established commercial or selling agencies maintained by Manager for the purpose of securing business. If Manager in any way breaches or violates this warranty, the System shall have the right to immediately terminate this Management Agreement for default and, in the System's sole discretion, to deduct from Manager's compensation under this Management Agreement, or to otherwise recover the full amount of such commission, percentage, brokerage, or contingent fee.
- D. Gratuities.** Manager has not offered or given any gratuities in the form of gifts, entertainment or otherwise, to any officer, fiduciary, or employee of the System or the State of Indiana with a view toward securing this Management Agreement or securing any favorable determination made concerning the award of this Management Agreement. Manager covenants that no such gratuities will be given to any such person with a view toward securing any favorable treatment concerning the performance and/or continuation of this Management Agreement. If it is found that Manager has offered or given such gratuities, the System may terminate this Management Agreement upon one (1) calendar day's written notice.
- E. Intellectual Property.** In connection with its performance under this Management Agreement, Manager shall not knowingly develop, provide, or use any program, process, composition, writing, equipment, appliance, or device, or any trademark, service mark, logo, idea, or any other work or invention of any nature, or any other tangible or intangible assets that infringe or will infringe on any patent, copyright, or trademark of any other person or entity, or is or will be a trade secret of any other person or entity.
- F. Annual Documents.** Annually, Manager shall provide the System with copies of its opinion letter from its auditor and its ADV Part II.
- G. Changes.** Manager shall notify the System in writing within three (3) business days of any of the following changes:
  - i.** Manager becomes aware that any of its representations, warranties, and covenants set forth herein cease to be materially true at any time during the term of this Management Agreement;
  - ii.** There is any material change in Manager's senior personnel assigned to perform services under this Management Agreement;
  - iii.** There is any change in control of Manager; or

- iv. Manager becomes aware of any other material change in its portfolio management structure or its business organization, including without limitation the filing for bankruptcy relief.

**H. Investigations and Complaints.** To the extent permitted by applicable law, Manager shall promptly advise the System in writing of any ordinary investigation, examination, complaint, disciplinary action, or other proceeding relating to or affecting Manager's ability to perform its duties under this Management Agreement that is commenced by any of the following:

- i. The Securities and Exchange Commission of the United States (the "SEC");
- ii. The New York Stock Exchange;
- iii. The American Stock Exchange;
- iv. The National Association of Securities Dealers;
- v. Any Attorney General or any regulatory agency of any state of the United States;
- vi. Any U. S. Government department or agency; or
- vii. Any governmental agency regulating securities of any country in which Manager is doing business. Except as otherwise required by law, the System shall maintain the confidentiality of all such information until the investigating entity makes the information public.

**I. Registered Investment Advisor.** Manager hereby represents that it is registered as an investment advisor with the SEC under the Investment Advisers Act of 1940, as amended ("Advisers Act"), unless exempted from registration by the SEC. Manager shall immediately notify the System if at any time during the term of this Management Agreement it is not so registered or if its registration is suspended.

**J. Investment Manager.** Manager hereby represents that it is an "Investment Manager" as that term is defined in Section 3(38) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), for the System with respect to the Managed Assets allocated to Manager for investment, and that Manager will maintain that status as long as this Management Agreement is in effect, it being understood that, for the avoidance of doubt, the Management Assets are not "plan assets" subject to ERISA.

**K. Manager's Agents.** The Agents of Manager who will be responsible for performing under this Management Agreement are individuals experienced in the performance of the various functions contemplated by this Management Agreement and have not been convicted of any felony, found liable in any civil or administrative proceeding, or pleaded no contest or agreed to any consent decree with respect to any matter involving breach of trust, breach of fiduciary duty, fraud, securities law violations, or bankruptcy law violations.

**L. Placement Agents.** Manager confirms that no placement agent fees have been paid in connection with the investment by the System, except as disclosed in writing in the Placement Agent Disclosure Letter attached hereto as Exhibit F.

**M. Disclosure Statement.** Manager warrants that it has delivered to the System its Disclosure Statement. The System acknowledges that it has received such Disclosure Statement.

Manager understands and agrees that the System has relied upon the foregoing acknowledgments, representations, warranties, covenants, and agreements and that the same constitute a material inducement to the System's decision to enter into this Management Agreement.

## **19. Liability Insurance**

Manager shall provide proof of insurance coverage as set out in this Section. The intent of the required insurance is to protect the System and the State of Indiana from any claims, suits, actions, costs, damages, or expenses arising from any negligent or intentional act or omission of Manager or subcontractor, or their Agents, while performing under the terms of this Management Agreement.

Manager shall provide proof of insurance coverage, and such insurance coverage shall be maintained in full force and effect during the term of this Management Agreement, as follows:

**A. Commercial General Liability Insurance Policy.** Commercial General Liability Insurance Policy, including contractual liability, in adequate quantity to protect against legal liability arising out of contract activity, but in no event less than \$5 million per occurrence and \$25 million general aggregate limit. Additionally, Manager is responsible for ensuring that any subcontractors obtain adequate insurance coverage for the activities arising out of subcontracts. All insurance shall cover liability arising out of premises, operations, independent contractors, personal injury, and liability assumed under a contract.

**B. Professional Liability Insurance.** Such coverage shall cover loss resulting from Manager's rendering or failing to render professional services. Manager shall maintain this coverage with minimum limits of no less than \$5 million per claim, as applicable. If this policy is a "claims made" policy, Manager shall purchase a "tail" that extends the coverage for at least one year from the expiration of this Management Agreement. If defense costs are paid within the limit of liability, Manager shall maintain limits of \$5 million per incident, loss, or person, as applicable. If the policy contains a general aggregate or policy limit, then it shall be at least two (2) times the incident, loss, or personal limit.

**C. Financial Institutions Blanket Fidelity Bond.** Provide a fidelity bond(s) or insurance policy(ies) in adequate quantity to protect against legal liability arising out of Management Agreement activity, but no less than \$3 million per occurrence and an aggregate limit, if any, of not less than \$3 million for the following circumstances:

- i. Fidelity Loss.** Loss resulting directly from dishonest or fraudulent acts committed by an employee of the Contractor acting alone or in collusion with others.
- ii. Physical Loss.** Loss by reason of the physical loss of, or damage to, or unexplained disappearance of the System funds, assets, or other property under the control of Manager within any premises, wherever located, or while in transit.

- iii. Forged Instruments. Loss by reason of forgery or alteration of negotiable instruments, certificates of deposit, or letters of credit.
- iv. Computer Manipulation. Loss by reason of a dishonest or fraudulent act or computer manipulation that was committed by any employee of Manager.

The insurance coverage required shall be issued by an insurance company or companies authorized to do business within the State of Indiana, and shall name the State of Indiana and its agents and employees, as well as the System and its agents and employees as additional insureds, where appropriate. All policies shall be primary to any other valid and collectable insurance. Manager shall instruct the insurers to give the System thirty (30) days advance notice of any insurance cancellation.

Manager shall submit to the System fifteen (15) days prior to the Management Agreement's effective date certificates of insurance that outline the coverage and limits defined in this Section and demonstrate that such limits and coverage have been met or exceeded. Certificates of insurance that are accepted by the System shall be incorporated as part of this Management Agreement. Manager shall submit renewal certificates as appropriate during the term of the Management Agreement or as requested by the System. Manager shall promptly give the System notice of the cancellation of any policy for which a certificate of insurance or renewal certificate has been submitted to the System. Such notice of cancellation shall be as far in advance of such cancellation as possible.

By requiring insurance coverage, the System does not represent that coverage and limits will be adequate to protect Manager or the System, and such coverage and limits shall not limit Manager's liability under this Management Agreement.

Failure of Manager to obtain and maintain the required insurance is a material breach of this Management Agreement, which may result in termination of this Management Agreement for cause, at the System's option.

## **20. Replacement of Manager's Agents**

Upon demand by the System, Manager shall replace any Agent assigned to perform services under this Management Agreement who the System determines is unable to effectively execute the responsibilities required by this Management Agreement.

## **21. Record Retention and Inspection**

- A. Record Maintenance.** Manager and its sub-Managers, if any, shall keep and maintain all records related to the Managed Assets, including, but not limited to, any System Records, according to Manager's record retention standards. Manager shall keep and maintain System Records according to Manager's record retention schedule in accordance with applicable law, including Indiana's public records retention schedule.
- B. Record Review and Audit.** Manager agrees that the System, or any duly authorized representative of the System, shall have access to and the right to examine, audit, excerpt, copy, or transcribe any System Records at any time during the term of this Management Agreement or at any time in accordance with applicable law, including Indiana's public records retention schedule. Upon the System's request and on reasonable notice, Manager

shall make such records available for review during normal business hours at Manager's business office. Manager shall make the persons responsible for creating and maintaining System Records available to the System during such review for the purpose of responding to the System's reasonable inquiries. If the System requests copies of System Records, copies shall be furnished by Manager, at no cost to the System.

## **22. Confidentiality**

Manager understands and agrees that information, data, and materials disclosed to Manager by or on behalf of the System or any of its members, participants, employees, customers, or third party service providers may contain confidential and protected information; therefore, Manager promises and assures that data, materials, and information gathered, based upon, or disclosed to Manager for the purpose of this Management Agreement will be treated as confidential and will not be disclosed to or discussed with other parties without the prior written consent of the System.

The parties acknowledge that the services to be performed by Manager for the System under this Management Agreement may require or allow access to data, materials, and information containing Social Security numbers or other personal information maintained by the System in its computer system or other records. In addition to the covenant made above in this section and pursuant to 10 IAC 5-3-1(4), Manager and the System agree to comply with the provisions of IC § 4-1-10 *et seq.* and IC § 4-1-11 *et seq.* If any Social Security number(s) or personal information (as defined in IC § 4-1-11-3) is/are disclosed by Manager as a result of Manager's error, Manager agrees to pay all commercially-reasonable costs associated with the disclosure, including, but not limited to, any costs associated with distributing a notice of disclosure of a breach of the security of the system, in addition to any other claim and expenses for which it is liable under the terms of the Management Agreement.

## **23. Force Majeure; Suspension and Termination**

In the event that either party is unable to perform any of its obligations under this Management Agreement or to enjoy any of its benefits because of natural disaster, actions, or decrees of governmental bodies, or communication line failure not the fault of the affected party ("Force Majeure Event"), the party who has been so affected shall immediately give notice to the other party and shall do everything possible to resume performance.

## **24. Renewal Option**

This Management Agreement may be renewed by the System in any manner authorized by law.

## **25. Nondiscrimination**

Pursuant to IC § 22-9-1-10 and the Civil Rights Act of 1964, Manager and its Agents, if any, shall not discriminate against any employee or applicant for employment in the performance of this Management Agreement. Manager shall not discriminate with respect to the hire, tenure, terms, conditions, or privileges of employment or any matter directly or indirectly related to employment, because of race, color, religion, sex, disability, national origin, or ancestry. Breach of this covenant may be regarded as a material breach of Agreement. Acceptance of this Management Agreement also signifies compliance with applicable federal laws, regulations, and executive orders prohibiting discrimination in the provision of services based on race, color, national origin, age, sex, disability, or status as a veteran.

## **26. Conflict of Interest, Compliance with Laws, and Ethics**

## **A. Conflict of Interest**

1. As used in this section:
  - a. "Immediate family" means the spouse and the unemancipated children of an individual.
  - b. "Interested party" means:
    - i. The individual executing this Management Agreement;
    - ii. An individual who has an interest of three percent (3%) or more in Manager, if Manager is not an individual; or
    - iii. Any member of the immediate family of an individual specified under subdivision (i) or (ii).
  - c. "Department" means the Indiana Department of Administration.
  - d. "Commission" means the Indiana State Ethics Commission.
2. The System may cancel this Management Agreement without recourse by Manager if any interested party is an employee of the System.
3. The System will not exercise its right of cancellation under subsection 2 above if Manager gives the System an opinion by the Commission indicating that the existence of this Management Agreement and the employment by the System of the interested party does not violate any statute or rule relating to ethical conduct of the System employees. The System may take action, including cancellation of this Management Agreement, consistent with an opinion of the Commission obtained under this section.
4. Manager has an affirmative obligation under this Management Agreement to disclose to the System when an interested party is or becomes an employee of the System. The obligation under this section extends only to those facts that Manager knows or reasonably could know.

## **B. Laws and Ethics**

1. Manager shall comply with all applicable federal, state, and local laws, and rules, regulations, and ordinances, and all provisions required thereby to be included herein are hereby incorporated by reference. The enactment of any state or federal statute or the promulgation of rules or regulations thereunder after execution of this Management Agreement shall be reviewed by the System and Manager to determine whether the provisions of this Management Agreement require formal modification.
2. Manager and its agents shall abide by all ethical requirements that apply to persons who have a business relationship with the System as set forth in IC § 4-2-6 *et seq.*, IC § 4-2-7, *et seq.*, the regulations promulgated thereunder, and Executive Order 04-08, dated April 27, 2004, and reaffirmed under Executive Order 05-12, dated January 10, 2005. If Manager is not familiar with these ethical requirements, Manager should refer any questions to the Indiana State Ethics Commission, or visit the Indiana State Ethics Commission Web site at <http://www.in.gov/ethics/>. If Manager or its Agents violate any applicable ethical standards, the System may, in its sole

discretion, terminate this Management Agreement immediately upon notice to Manager. In addition, Manager may be subject to penalties under IC §§ 4-2-6 and 4-2-7. Manager has an affirmative obligation under this Management Agreement to disclose to the System when any System employee, their spouse or dependent children has a pecuniary interest in or derives a profit from this Management Agreement. The obligation under this section extends only to those facts that Manager knows or reasonably could know.

3. Manager certifies by entering into this Management Agreement that neither it nor its principal(s) is presently in arrears in payment of taxes, permit fees, or other statutory, regulatory, or judicially-required payments to the State of Indiana. Manager agrees that any payments currently due to the State may be withheld from payments due to Manager. Additionally, further work or payments may be withheld, delayed, or denied and/or this Management Agreement suspended until Manager is current in its payments and has submitted proof of such payment to the State.

4. Manager warrants that it has no current, pending, or outstanding criminal, civil, or enforcement actions initiated by the State, and agrees that it will immediately notify the System of any such actions. During the term of such actions, Manager agrees that the System may delay, withhold, or deny work under any supplement, amendment, change order, or other contractual device issued pursuant to this Management Agreement.

5. If a valid dispute exists as to Manager's liability or guilt in any action initiated by the State or its agencies, and the System decides to delay, withhold, or deny work to Manager, Manager may request that it be allowed to continue, or receive work, without delay. Manager must submit, in writing, a request for review to the System. A determination by the System shall be binding.

6. Any payments that the System may delay, withhold, deny, or apply under this section shall not be subject to penalty or interest under IC § 5-17-5.

7. Manager warrants that Manager and its sub-Managers, if any, shall obtain and maintain all required permits, licenses, registrations, and approvals, as well as comply with all health, safety, and environmental statutes, rules, or regulations in the performance of work activities for the System. Failure to do so may be deemed a material breach of this Management Agreement and grounds for immediate termination and denial of further work with the System.

8. Manager affirms that, if it is an entity described in IC Title 23, it is properly registered and owes no outstanding reports to the Indiana Secretary of State.

9. As required by IC § 5-22-3-7:

a. Manager and any principals of Manager certify that

i. Manager, except for de minimis and nonsystematic violations, has not violated the terms of IC § 24-4.7 [Telephone Solicitation Of Consumers], IC § 24-5-12 [Telephone Solicitations], or IC 24-5-14 [Regulation of Automatic Dialing Machines] in the previous three hundred sixty-five (365) days, even if IC § 24-4.7 is preempted by federal law; and

ii. Manager will not violate the terms of IC § 24-4.7 for the duration of the Management Agreement, even if IC § 24-4.7 is preempted by federal law.

**b.** Manager and any principals of Manager certify that an affiliate or principal of Manager and any agent acting on behalf of Manager or on behalf of an affiliate or principal of Manager:

- i.** Except for de minimis and nonsystematic violations, has not violated the terms of IC § 24-4.7 in the previous three hundred sixty-five (365) days, even if IC § 24-4.7 is preempted by federal law; and
- ii.** Will not violate the terms of IC § 24-4.7 for the duration of the Management Agreement, even if IC § 24-4.7 is preempted by federal law.

## **27. Taxes**

The System is exempt from state, federal, and local taxes. The System does not agree and will not be responsible for any taxes levied on Manager as a result of this Management Agreement.

## **28. Governing Laws**

This Management Agreement shall be construed in accordance with and governed by the laws of the State of Indiana and suit, if any, must be brought in a state court of jurisdiction in the State of Indiana.

## **29. Disputes**

- A.** Should any disputes arise with respect to this Management Agreement, Manager and the System agree to act immediately to resolve any such disputes. Time is of the essence in the resolution of disputes.
- B.** Manager agrees that, the existence of a dispute notwithstanding, it will continue without delay to carry out all its responsibilities under this Management Agreement which are not affected by the dispute. Should Manager fail to continue without delay to perform its responsibilities under this Management Agreement in the accomplishment of all non-disputed work, any additional costs incurred by Manager or the System as a result of such failure to proceed shall be borne by Manager, and Manager shall make no claim against the State of Indiana for such costs. If Manager and the System cannot resolve a dispute, the parties may mutually agree to submit the dispute to arbitration for a determination, or otherwise the dispute shall be submitted to an Indiana court of competent jurisdiction.
- C.** The System may withhold payments on disputed items pending resolution of the dispute. The unintentional nonpayment by the System to Manager of up to three invoices not in dispute in accordance with the terms of this Management Agreement will not be cause for Manager to terminate this Management Agreement, and Manager may bring suit to collect without following the disputes procedure contained herein.

## **30. Notices**

All notices, requests, demands, or other communications required or desired to be given hereunder or under any law now or hereafter in effect shall be in writing. Such notices shall be deemed to have been given if delivered by facsimile with telephone confirmation of receipt, or by overnight courier, or if mailed by first class registered or certified mail, postage prepaid, and addressed as follows (or to such other address as Manager, Custodian, or the System from time to time may specify in writing to the others in accordance with this notice provision):

**Notices to the System shall be sent to:**

ATTN: Chief Investment Officer  
Indiana Public Retirement System  
1 North Capitol Ave, Suite 001  
Indianapolis, IN 46204-2908

**With a copy to:**

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Company: \_\_\_\_\_  
Address: \_\_\_\_\_  
City, \_\_\_\_\_  
State, Zip: \_\_\_\_\_

**Notices to the Manager shall be sent to:**

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Company: \_\_\_\_\_  
Address: \_\_\_\_\_  
City, State, Zip: \_\_\_\_\_

**With a copy to:**

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Company: \_\_\_\_\_  
Address: \_\_\_\_\_  
City, \_\_\_\_\_  
State, Zip: \_\_\_\_\_

**31. Funding Cancellation**

When the Board of Trustees makes a written determination that funds are not appropriated or otherwise available to support continuation of performance of this Management Agreement, this Management Agreement shall be canceled. A determination by the Board that funds are not appropriated or otherwise available to support continuation of performance shall be final and conclusive.

**32. Section Headings; Interpretation**

Caption and Section headings used in this Management Agreement are for convenience and reference only and shall not affect in any way the meaning, construction, or interpretation of this Management Agreement. Each party hereto and its counsel have participated fully and equally in the review and negotiation of this Management Agreement. The language in all parts of this Management Agreement shall in all cases be construed according to its fair meaning and not strictly for or against any party hereto.

**33. Entire Agreement; Exhibits, Schedules, and Appendices**

This Management Agreement, together with any and all exhibits, schedules, and appendices attached hereto, contains the entire and exclusive Management Agreement between the parties hereto and

supersedes all previous oral and written agreements or understandings, and all contemporaneous oral and written negotiations, commitments, understandings, and communications between the parties, relating to the subject matter of the Management Agreement. The exhibits, schedules, and appendices attached hereto are incorporated in and made a part of this Management Agreement by reference.

#### **34. Severability**

If any provision of this Management Agreement is held by any court to be invalid, void, or unenforceable, in whole or in part, the other provisions shall remain unaffected and shall continue in full force and effect.

#### **35. Waiver**

The waiver of any breach of any provision of this Management Agreement by either party shall not constitute a waiver of any preceding or subsequent breach of such provision or of any other provision of this Management Agreement. The failure or delay of either party to exercise any right given to the party under this Management Agreement shall not constitute a waiver of such right, nor shall any partial exercise of any right given hereunder preclude further exercise of such right. No right conferred on either party shall be deemed waived and no breach of this Management Agreement excused unless such waiver or excuse shall be in writing and signed by the party claimed to have waived such right.

#### **36. Assignment and Delegation**

This Management Agreement and any of the rights or duties hereunder may not be assigned or delegated by Manager without the prior written consent of the System, consent which may be granted or withheld in the System's sole discretion. Any assignment of rights or delegation of duties under this Management Agreement, to which the parties hereto agree in writing, shall bind and inure to the benefit of the successors in interest of the System and Manager.

#### **37. Maintaining a Drug-Free Workplace**

- A.** Manager hereby covenants and agrees to make a good faith effort to provide and maintain during the term of this Management Agreement a drug-free workplace. Manager will give written notice to the System within ten (10) days after receiving actual notice that an employee of Manager has been convicted of a criminal drug violation occurring in Manager's workplace.
- B.** In addition to the provisions of subsection (a) above, if the total Management Agreement amount set forth in this Management Agreement is in excess of \$25,000, Manager hereby further agrees that this Management Agreement is expressly subject to the terms, conditions, and representations contained in the Drug-Free Workplace Certification ("Certification"). The Certification is hereby executed by Manager in conjunction with this Management Agreement and is set forth in the Drug-Free Workplace Certification section of this Management Agreement.
- C.** It is expressly agreed that the falsification or violation of terms of the Certification referenced in Subsection (b) above, or the failure of Manager to comply with the terms of Subsection (a) above, shall constitute a material breach of this Management Agreement and shall entitle the System to impose sanctions against Manager including, but not limited to, suspension of Management Agreement payments, termination of this Management Agreement, and/or debarment of Manager from doing further business with the System for up to three (3) years.

#### **38. Drug-Free Workplace Certification**

This Certification is required by Executive Order No. 90-5, April 12, 1990, issued by the Governor of Indiana. No award of an Agreement shall be made, and no Agreement, purchase order or agreement, the total amount of which exceeds \$25,000, shall be valid, unless and until this Certification has been fully executed by Manager and made a part of the Agreement or agreement as part of the Agreement documents. False certification or violation of the Certification may result in sanctions, including, but not limited to, suspension of Agreement payments, termination of the Agreement or agreement and/or debarment of contracting opportunities with the State for up to three (3) years.

Manager certifies and agrees that it will provide a drug-free workplace by:

- A.** Publishing and providing to all of its employees a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in Manager's workplace and specifying the actions that will be taken against employees for violations of such prohibition; and
- B.** Establishing a drug-free awareness program to inform employees of
  - i.** The dangers of drug abuse in the workplace;
  - ii.** Manager's policy of maintaining a drug-free workplace;
  - iii.** Any available drug counseling, rehabilitation, and employee assistance programs; and
  - iv.** The penalties that may be imposed upon an employee for drug abuse violations occurring in the workplace.
- C.** Notifying all employees in the statement required by subparagraph (a) above, that as a condition of continued employment, the employee will
  - i.** Abide by the terms of the statement; and
  - ii.** Notify the employer of any criminal drug statute conviction for a violation occurring in the workplace no later than five (5) days after such conviction;
- D.** Notifying the System in writing within ten (10) days after receiving notice from an employee under subdivision (c)(2) above or otherwise receiving actual notice of such conviction;
- E.** Within thirty (30) days after receiving notice under subdivision (c)(2) above of a conviction, imposing the following sanctions or remedial measures on any employee who is convicted of drug abuse violations occurring in the workplace:
  - i.** Take appropriate personnel action against the employee, up to and including termination; or
  - ii.** Require such employee to satisfactorily participate in a drug abuse assistance or rehabilitation program approved for such purposes by a federal, state, or local health, law enforcement, or other appropriate agency; and

F. Making a good faith effort to maintain a drug-free workplace through the implementation of subparagraphs (a) through (e) above.

### **39. Audits**

Manager acknowledges that it may be required to submit to an audit of funds paid through this Management Agreement. Any such audit shall be conducted in accordance with IC 5-11-1, *et seq.* and audit guidelines specified by the System. If an error is discovered as a result of an audit performed by Manager or the System, or if Manager becomes aware of any error through any other means, Manager shall use commercially-reasonable efforts to promptly correct such error or to cause the appropriate party to correct such error.

### **40. Authority to Bind Manager**

The signatory for Manager represents that he/she has been duly authorized to execute this Management Agreement on behalf of Manager and has obtained all necessary or applicable approvals to make this Management Agreement fully binding upon Manager when his/her signature is affixed, and certifies that this Management Agreement is not subject to further acceptance by Manager when accepted by the System.

### **41. Changes in Work**

Manager shall not commence any additional work or change the scope of the work until authorized in writing by the System. No claim for additional compensation shall be made in the absence of a prior written approval executed by all signatories hereto.

### **42. Debarment and Suspension**

A. Manager certifies by entering into this Management Agreement that neither it nor its principals nor any of its subcontractors are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from entering into this Management Agreement by any federal agency, or by any department, agency or political subdivision of the State. The term “principal” for purposes of this Management Agreement means an officer, director, owner, partner, key employee, attorney, or paralegal providing services to the System, or other person with primary management or supervisory responsibilities, or a person who has a critical influence on or substantive control over the operations of Manager.

B. Manager certifies that it has verified the state and federal suspension and debarment status for all lawyers receiving funds under this Management Agreement and shall be solely responsible for any recoupment, penalties, or costs that might arise from use of a suspended or debarred subcontractor. Manager shall immediately notify the System if any lawyer providing services under this contract becomes debarred or suspended, and shall, at the System’s request, take all steps required to terminate work to be performed by such person under this Management Agreement.

### **43. Penalties/Interest/Attorney’s Fees**

The System will in good faith perform its required obligations hereunder and does not agree to pay any penalties, liquidated damages, interest, or attorney’s fees, except as permitted by Indiana law, in part, IC § 5-17-5, IC § 34-54-8, and IC § 34-13-1.

Notwithstanding the provisions contained in IC § 5-17-5, any liability resulting from the System's failure to make prompt payment shall be based solely on the amount of funding originating from the System and shall not be based on funding from federal or other sources.

**44. Minority and Women's Business Enterprise Compliance**

Manager agrees to comply fully with the provisions of Manager's Minority and Women's Business Enterprise ("MBE/WBE") participation plans, and agrees to comply with all MBE/WBE statutory and administrative code requirements and obligations, including IC § 4-13-16.5 and 25 IAC 5. Manager further agrees to cooperate fully with the MBE/WBE division to facilitate the promotion, monitoring, and enforcement of the policies and goals of MBE/WBE programs, including any and all assessments, compliance reviews, and audits that may be required.

**45. Non-Collusion and Acceptance**

The undersigned attests, subject to the penalties for perjury, that he is the contracting party, or that he is the representative, agent, member, or officer of the contracting party, that he has not, nor has any other member, employee, representative, agent, or officer of the firm, company, corporation, or partnership represented by him, directly or indirectly, to the best of his knowledge, entered into or offered to enter into any combination, collusion, or agreement to receive or pay, and that he has not received or paid any sum of money or other consideration for the execution of this Management Agreement other than that which appears upon the face of the Management Agreement.

The parties having read and understood the foregoing terms of this Management Agreement do by their respective signatures dated below hereby agree to the terms hereof.

**<<Manager>>**

By:

Printed Name:

Title:

Date:

**Indiana Public Retirement System**

By:

Printed Name: Steve Russo

Title: Executive Director

Date:

**EXHIBIT A**

**SPECIFIC MANDATE AND BENCHMARK**

(Intentionally left blank)

## **EXHIBIT B**

### **FEE SCHEDULE**

Manager shall be paid an annual fee on the value of the Managed Assets in accordance with the following schedule:

<b>Assets Under Management</b>	<b>Annual Fee (bps)</b>

The fee shall accrue monthly based on the ending value of the Managed Assets for such month, and be calculated and paid quarterly in arrears, based on one-quarter of the applicable annual rate, on the value of the Managed Assets, as determined by INPRS' Custodian, adjusted for any cash flows.

Any changes in this Fee Schedule must be mutually agreed upon, as provided in the Investment Management Agreement.

Manager agrees that it will not enter into a fee arrangement which grants another investor with an investment of equal or lesser size (“Comparable Investor”) more favorable fees before, on or after the date hereof, unless, in any such case within 30 days of entering into such arrangement, the Manager shall offer to the System in writing the opportunity to receive the same fee arrangement. Manager agrees to certify to an annual acknowledgement that no other Comparable Investor has a more favorable fee schedule. Manager and its affiliates will not be considered Comparable Investors.

**EXHIBIT C**

**PROHIBITED BROKER/DEALER LIST**

No broker/dealers are deemed unsuitable for the System trades as of the date of execution of this Management Agreement.

**EXHIBIT D**

**SYSTEM LIST OF AUTHORIZED PERSONS**

(Intentionally left blank)

**EXHIBIT E**

**INVESTMENT POLICY STATEMENT**

**[http://www.in.gov/inprs/files/INPRS\\_IPS.pdf](http://www.in.gov/inprs/files/INPRS_IPS.pdf)**

## EXHIBIT F

### PLACEMENT AGENT DISCLOSURE LETTER<sup>1</sup>

Investment Manager Name: \_\_\_\_\_

1. Have you used a Placement Agent in connection with the Investment or in obtaining, or seeking to obtain, a business relationship with the System?

YES \_\_\_\_\_ NO \_\_\_\_\_

If "No", please review the representations below and sign and date this Disclosure Letter.  
If "Yes", please continue to #2 below:

2. Identify the Placement Agent and of all natural persons employed, hired, engaged or retained by, or otherwise affiliated (including, but not limited to, third party contractors, advisors and consultants) with, the Placement Agent, who provided services in connection with the Investment

---

---

3. Describe the services to be performed, or that are currently being performed by, the Placement Agent, and state whether the Placement Agent is utilized with all prospective investors or with a subset of prospective investors (e.g., public pension funds, pension funds within a certain geographic area, etc.)

---

---

4. Describe the value, timing, and nature of any compensation or other Benefits provided or to be provided either directly or indirectly to the Placement Agent by the Investment Manager in connection with the Investment

---

---

5. Is the Placement Agent, or any of its affiliates, required to be registered or is in fact registered (i) with one or more regulatory or self-regulatory bodies and/or (ii) as a lobbyist with any state or federal governmental body Yes \_No. If yes, please list where registered and provide confirmation of such registration

---

<sup>1</sup> Capitalized terms not otherwise defined herein are defined in the Placement Agent Disclosure Policy and Procedures set forth in Addendum 10 of INPRS' Investment Policy Statement.

6. Has the Placement Agent (or any of its affiliates, if applicable) been subject to any disciplinary actions, fines, suspensions of registration, or other material investigations or sanctions by one or more regulatory or self-regulatory bodies (e.g., SEC, FINRA, or state regulators) or by any state or federal governmental body and, if so, a statement providing details of such events.

\_\_\_\_ Yes \_\_\_\_ No. If yes, please describe \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

By signing below, I hereby represent and warrant that:

- A. I have read and agree to comply with the System's Placement Agent Disclosure Policy and Procedures.
- B. This Disclosure Letter does not contain any material inaccuracies or omissions.

I acknowledge and agree that the System may publicly disclose any information contained in this Disclosure Letter as may be required under the Indiana Access to Public Records Act (IC 5-14-3 *et. seq.*).

I further agree to comply with the Policy including, but not limited to, the System's exercise of the remedies described therein and to provide any further information or documents as may be requested by the System in connection with such Policy.

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## **APPENDIX B – MANDATORY RESPONDENT FORMS**

### **B.1 Taxpayer Identification Number Request**

<https://www.irs.gov/pub/irs-pdf/fw9.pdf>

### **B.2 Foreign Registration Statement**

<https://forms.in.gov/Download.aspx?id=13562>

## APPENDIX C – QUESTIONNAIRE

### Indiana Public Retirement System

### Active Diversified Commodities Investment Management

#### Background and General Information

1. Complete:

Firm	
Name:	
Main Address:	
Telephone Number:	
Fax Number:	
Website:	
Additional Office Locations:	
Primary Contact Person	
Name:	
Title:	
Telephone Number:	
Email Address:	
Location (city/state):	

2. Provide an overview of the firm including, but not limited to, its history, its subsidiaries and affiliates, asset class and investment strategy focus, corporate strategy, etc.
3. Briefly describe your investment platform and product lineup, including its historical development and any plans to introduce new mandates in the future. Please include AUM for each product.
4. Characterize your commodity platform's and proposed product's client & AUM base in USD millions as of 12/31/2024.

- a. What is the mix of clients and AUM by location?

Geographic Region	Commodities Platform		Proposed Product	
	# of Accounts	\$ Assets	# of Accounts	\$ Assets
United States				
Canada				
Europe				
Asia/Australia				
Africa/Middle East				
Latin/South America				

b. What is the mix of clients and AUM by account type?

YR	Account Type	Commodities Platform				Proposed Product			
		# Accts	\$ Assets	\$ Gained	\$ Lost	# Accts	\$ Assets	\$ Gained	\$ Lost
2024	Mutual Fund								
	Collective Investment Trust								
	Non-US Sep Act.								
	US Tax-exempt Sep Act.								
	US Taxable Sep Act.								
	<b>TOTAL</b>								
2023	Mutual Fund								
	Collective Investment Trust								
	Non-US Sep Act.								
	US Tax-exempt Sep Act.								
	US Taxable Sep Act.								
	<b>TOTAL</b>								
2022	Mutual Fund								
	Collective Investment Trust								
	Non-US Sep Act.								
	US Tax-exempt Sep Act.								
	US Taxable Sep Act.								
	<b>TOTAL</b>								

c. What is the mix of clients and AUM by client type?

Client Type	Commodities Platform		Proposed Product	
	# of Clients	\$ Assets	# of Clients	\$ Assets
Corporate				
Public Fund				
Union/Taft-Hartley				
Foundation/Endowment				
Insurance				
Sub-Advisor Assets				
High Net Worth				
Other				

5. Has your firm ever liquidated, dissolved, or otherwise terminated any similar strategy or product? If so, please provide details.
6. Describe the ownership structure of your firm. Detail any changes to your ownership structure in the last 5 years.
7. List all individuals or entities that hold a 5% or greater stake in the firm along with their respective ownership percentage, the total number of active employee owners, and their aggregate level of ownership. Please distinguish between “full” ownership and non-voting, economic participation-only interests if applicable.
8. Please address any organizational changes your firm has experienced within the last 5 years. Are there any anticipated organizational changes for the next year? Also please speak to any significant personnel changes over the last 5 years.
9. Describe your succession and continuity plans for management of the firm.
10. Provide the total number of firm employees, investment staff, research staff, total clients, and total firm-wide AUM for each year-end for the past 10 years.

11. List the firm's office locations, the main functional responsibilities of each, and the number of staff at each location. In addition, indicate the location(s) of the investment team responsible for managing the proposed product covered by the RFP.
12. Does the firm (or its principals individually) have any loans or other debt outstanding that may be convertible into equity, or whose interest/principal payments are pegged to firm revenues or profits? If so, please describe.
13. List any subsidiaries, affiliates or joint ventures and briefly describe the nature of each relationship, respective ownership structure and any revenue/profit sharing arrangements between your firm and all relevant entities.
14. If applicable, how are revenues or profits shared between the proposed product group and the parent firm, other parts of the organization, affiliates or any third-party that has a claim on your product's economics? What percentage of the profits generated by your product are retained by the actual manager(s) of the product group?
15. Does your firm legally qualify as a majority women-owned firm? A majority disabled-owned firm? A majority minority-owned firm? A majority minority- and women-owned firm?

#### **Investment Team**

1. Provide an organizational chart that depicts the different functions performed by the professionals involved in this mandate. Additionally, please include within **an Appendix** the educational background, industry experience, tenure with firm, tenure with product, a description of their roles and responsibilities and geographic location for all key team members.
2. Has the structure of the proposed mandate team changed materially at any point in time? If so, describe the changes as well as the timing and reasons.
3. Who has ultimate decision-making authority on the account? Who has veto authority?
4. Do you maintain an Investment Committee, Risk Committee or other formal decision-making body? If so, provide the name, purpose, participants and meeting frequency of any standing committees. Please detail whether or not any individual (e.g., PM) or group can override the decisions made by the committee, or if any members of the committee have the ability to override the votes of other members.
5. If your firm has a Chief Investment Officer, characterize that person's role between personnel/resource management and direct investment duties. What investment products is that person ultimately responsible for with respect to execution and performance?
6. Do you believe analysts and portfolio managers should specialize on specific sectors, contracts, exchanges, global regions, or remain generalists?
7. Do any of the key individuals involved in the mandate have responsibilities for other investment strategies or additional duties within the firm? If so, please comment and provide an estimate of the percentage of time each spends on the investment activities of the proposed mandate, as well as the AUM of the other investment strategies that they manage.

8. Discuss your succession and continuity plans for the management of the proposed mandate should any of the key individuals managing the strategy leave the firm or be internally redeployed in some fashion.
9. Provide an overview of your approach to personnel management (e.g., determining staffing needs, recruiting, training, and performance evaluation). Does the firm prefer to hire experienced analysts or develop younger investment professionals?
10. Describe any aspects (tangible or intangible) of your compensation program that allow your firm to be competitive with respect to recruitment and retention of investment talent. How does your compensation structure compare with other firms in the industry? How has the firm's compensation system changed within the past five years?
11. Provide an overview of the incentive compensation structure for the investment professionals involved in managing the proposed mandate. Discuss in detail how bonuses are determined (e.g., are they based on firm-wide AUM, strategy AUM, short-term strategy performance, long-term strategy performance, etc.).
12. What has been the professional turnover rate in the last five years for the firm and specifically the proposed product? Please provide details for any portfolio managers, analysts or traders who have left or joined the product in the past 5 years (include product responsibility and reason for departure).
13. Are any of the investment activities associated with the proposed mandate fully or partially outsourced to third-party service providers? If so, please list each firm and describe their respective roles. Are any of these firms considered affiliates of your firm?

### **Investment Strategy**

1. Provide a description of your firm's overall investment philosophy and approach as it relates to managing the proposed strategy, including its theoretical basis, market anomalies or inefficiencies the process attempts to exploit and a summary of any supporting academic research or empirical evidence. What differentiates your approach compared to other managers in the space?
2. If applicable, what other commodity strategies are managed at your firm and how are they managed relative to the proposed product? If applicable, where else is this commodity strategy used elsewhere in the firm (e.g., a multi-asset strategy, a real return strategy, a risk parity strategy, etc.). Discuss overlap between other commodities strategies and the proposed product.
3. Provide an overview of your research capabilities, including the use of fundamental, technical, and quantitative analyses. Describe how portfolio manager(s) interact with analysts in the investment process and the role of research as well as a discussion of the research process. Provide any additional comments that are unique to your firm.
4. Characterize the style of your approach and the degree to which this style can change in response to market conditions (e.g., US Dollar, interest rates, global economic growth, global inflation, geopolitical instability, etc.).
5. What percentage of resources are dedicated to top-down versus bottom-up analysis? How much of your portfolio construction process is driven by top-down allocation decisions and what provides the basis for such decisions? How much of your portfolio construction is driven by bottom-up security/contract selection and what provides the basis for such decisions?

6. What portion of your research is generated in-house versus purchased from other sources? What are your external sources of research?
7. Are there any inherent biases (e.g., roll yield, sector-based, contract-based, exchange-based, term structure, etc.) embedded into the strategy?
8. Which individual(s) and/or group(s) have primary responsibility for researching new investments, strategies, portfolio processes or other relevant long-term projects? How are new components researched and evaluated for potential inclusion in the portfolio? Are there any areas that you are currently examining and foresee introducing into the portfolio?
9. Discuss the factors you believe are the most important in evaluating your strategy's mandate. Describe the last time there was a material shift in investment philosophy or process. What prompted this change? How often is the process reviewed to determine if changes are warranted?
10. How do you define risk in the context of this mandate? How important is benchmark tracking error in portfolio construction? Please comment on whether the team utilizes a risk budget to manage risk.
11. Please describe the process you would go through in selecting securities for the portfolio. Explain the logic behind the strategy. What evidence supports the strategy?
12. Describe your rebalancing framework, including any key metrics, analytics or tools (e.g., active risk budgeting, optimization routines).
13. Describe your sell discipline, including any specific criteria or triggers. Under what circumstances would you deviate from your sell discipline? Have you ever deviated? If so, please describe.
14. Describe your methodology for analyzing existing individual holdings in detail, including any key metrics or areas of focus that drive the process.
15. How do you address term structure issues in futures market? Explain how your strategy changes depending on whether futures are trading in contango or backwardation.
16. 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.
  - a. If applicable, what is the max addition allowed?
  - b. If applicable, what is the max reduction allowed?
17. To what extent does the product utilize gross long and/or short positioning relative to the client's target exposure. Please explain how these capabilities have added value in the portfolio if utilized.
  - a. In particular, discuss whether shorting is used to implement a hedge or is used in a more speculative nature.
  - b. If gross long and short positioning are used, what is the typical net exposure? What has been the strategy's net exposure relative to target for the past 10 years?
  - c. What are the relative strategy constraints for such positioning? E.g., max gross long, max gross short?

18. How do you manage cash collateral?
  - a. Assuming INPRS provides partial funding of 25%, please itemize how you would invest collateral including futures margin (e.g., FCM), INPRS's custodian money market fund, short-term debt securities (e.g., T-Bills), and/or other investments.
  - b. Does the product seek to add value through cash collateral management? If so, please explain the degree of impact and historical value-add over the past 10 years.
19. Discuss the strategy's inclusion or non-inclusion of ESG factors or other non-financial factors. If utilized, please discuss the pecuniary purpose of implementing any ESG or non-financial considerations within the investment process, as well as how this is consistent with the IPS, including Section 8.2.6 thereto. Please provide your firm's ESG policy if available and explain the role ESG and other non-financial factors play in your investment activities.
  - a. If applicable, please provide specific security examples and/or a sample of the framework or template utilized by investment analysts.
20. If you incorporate environmental and social considerations in the investment process, what anomaly / inefficiency is the investment team looking to exploit to generate superior benchmark- or peer-relative returns?
21. Does the product adhere to any exclusionary screening? Why or why not?
22. Please explain whether you underweight or avoid investment in certain sectors for non-financial reasons.
23. What stewardship codes or ESG related initiatives and pledges has your firm adopted (e.g., UNPRI, Net Zero Asset Managers Initiative, CDP Investor Signatory, Climate Action 100+, Coalition for Climate Resilient Investment, etc.)? Do you have any firm-specific or mandate-specific caveats when adopting such codes? Please explain how adhering to these commitments has impacted your investment process.

### **Performance and Portfolio Composition**

1. What is your preferred benchmark to measure performance for this product? If different than the BCOM (excess return) index, please explain the rationale for your strategy's primary benchmark. How does this benchmark compare to the BCOM? Will the manager be willing to accept the BCOM as the primary benchmark for the strategy (e.g., INPRS Watch List, performance fees if applicable, etc.)?
2. What is the universe of securities or investments considered for this portfolio and to what extent are they included or not included in the benchmark?
3. How many commodities are included in your strategy currently? Do you include commodities outside of the BCOM (and the product's specified benchmark if different than the BCOM)? What are the inclusion rules to include non-benchmark commodities?
4. Does the proposed strategy utilize public equities (e.g., commodity producers)? If so, discuss the role of public equities, typical amounts, limits, etc., and provide justification for their inclusion.
5. Does the proposed strategy utilize non-futures derivatives (e.g., options)? If so, discuss the

role of non-futures derivatives, typical amounts, limits, etc., and provide justification for their inclusion.

6. How do you address contract selection in the futures market across different exchanges? Do you invest in contracts of the same underlying commodity that are traded on an exchange not officially held by the BCOM?
7. How do you approach sizing different positions within the portfolio? Is there a general target for the number of securities in the portfolio, and how has that evolved over time?
  - a. What is the average position size (absolute and/or relative to the benchmark)?
  - b. What is the maximum size of any single contract in the portfolio in % absolute terms? Is the maximum relative to the benchmark's weighting in % relative terms?
  - c. What percentage of the portfolio is typically represented by the top ten contracts? How does this differ to the benchmark's weighting?
  - d. Also specify any cap on individual contract liquidity, including but not limited to % of daily volume?
8. List applicable portfolio constraints or guidelines (e.g., target exposures and allowable ranges, either benchmark-relative or absolute) and describe any quantitative or qualitative risk controls.
  - a. What are the guidelines on sector/contract deviation from the benchmark? How do you derive the sector/contract relative weights?
  - b. What are the guidelines on term structure deviation from the benchmark? What amount of the portfolio is typically deferred past the active (BCOM) contract?
9. Provide the level of portfolio turnover over each of the last five calendar years ending with 2024, excluding the natural rolling of contracts. What proportion of portfolio turnover is related to new positions rather than trading of existing holdings?
10. How do you evaluate your performance internally? Provide the following information regarding your composite versus its benchmark for the 5 years ending December 2024. Please indicate whether gross or net of fees for each metric. Please discuss any additional stated objectives not included in the table below.

Characteristic	Composite (Excess Return Basis)
Alpha	
Sharpe Ratio	
Portfolio Beta (5 years)	
Tracking Error (target)	
Tracking Error (5 years)	
Information Ratio (target)	
Information Ratio (5 years)	
11. During what types of markets does your product tend to perform well (i.e., have positive alpha)? Discuss any periods during which the proposed strategy experienced exceptionally high positive alpha.
12. During what types of markets does your product tend to perform poorly (i.e., have negative alpha)? Discuss any periods during which the proposed strategy experienced exceptionally high negative alpha.
13. During what types of markets does your product tend to have high volatility and/or high tracking error? Discuss any periods during which the proposed strategy experienced exceptionally high volatility and/or tracking error.

14. During what types of markets does your product tend to have low volatility and/or low tracking error? Discuss any periods during which the proposed strategy experienced exceptionally low volatility and/or tracking error.

15. What has your management team learned in the past from these different environments (i.e., positive alpha, negative alpha, high volatility/tracking error, low volatility/tracking error)? Please provide the original thesis for the trades, the market environment for the periods, and the subsequent trades for each.

16. Please attach an Excel spreadsheet (not Adobe or read only) with returns for the proposed product for the last 120 calendar months or since inception (whichever is shorter). Please include both gross and net monthly results on both an excess return and total return basis. If using a benchmark other than the BCOM, please also provide that benchmark's excess and total returns for the past 120 calendar months or since inception (whichever is shorter).

17. How do you allocate total and active risk within the portfolio (i.e., sector, contract, term structure, etc.)?

18. In the table below, provide the expected contribution to return vs. the benchmark from each of the following factors. The totals should add to 100%.

Factor	% Return Contribution
Commodity selection/relative weightings to benchmark	
Term structure management	
Trading	
Collateral management	
Shorting or hedging activity	
Non-benchmark exposure	
Other (please specify)	
<b>Total</b>	<b>100%</b>

19. Estimate the proportion of past returns directly attributable to positive roll yield from markets in backwardation. What are your return expectations if markets move towards contango?

20. Attach an Excel file showing quarterly portfolio exposures (absolute and relative to the benchmark) for the past 10 years quarters ending 12/31/24 (or since inception if live track record is less than 10 years) as **an Appendix**.

- Sector allocation
- Contract selection
- Term structure (i.e., deferrals from active contract)
- Net target exposure, gross long exposure, gross short exposure (if applicable)
- Non-benchmark positions (if applicable)
- If using a different primary benchmark than the BCOM, please provide historical exposure detail for the alternative benchmark.

21. Attach an Excel file with the most detailed available performance attribution (absolute and relative to the benchmark) for the past 10 years (or since inception if live track record is less than 10 years) as **an Appendix**. Key metrics to potentially consider include:

- Sector allocation
- Contract selection
- Term structure (i.e., deferrals from active contract)
- Net target exposure, gross long exposure, gross short exposure (if applicable)
- Non-benchmark positions (if applicable)

f. If using a different benchmark than the BCOM, please provide historical performance attribution between the alternative benchmark and the BCOM.

22. Please provide commentary on your benchmark-relative return in 2024. What headwinds and tailwinds exist for your current positioning in 2025? If using an alternative benchmark to the BCOM, please discuss both your benchmark's performance and your strategy's relative return vs. that benchmark in 2024 and looking ahead through 2025.

23. Is any portion of the performance record carried over from another firm? If acquired: (1) Indicate the date of acquisition and the name of prior firm. (2) If the firm started after separating from a prior organization, please describe the separation process. (3) How many of the original team members went to your firm? (4) Are all team members from the prior firm currently in place?

24. Regarding performance composite quality:

- Is the composite for the proposed strategy calculated in compliance with CFA Institute GIPS? If so, what is the initial date of compliance? If not, explain.
- Has it been your firm's policy to include all fully discretionary portfolios in the composite since its inception? If not, please explain.
- Are there currently any fully discretionary portfolios excluded from the composite? If so, provide an explanation for each instance.
- Are terminated portfolios included in the composite? If not, please explain.
- When are new portfolios included in the composite? Has this policy been consistently applied since inception of the composite?
- How are portfolios in the composite weighted? Has this policy been consistently applied since inception of the composite?
- Are cash returns mixed with asset returns? Has this policy been consistently applied since inception of the composite?
- Are accounts ever switched from one composite to another? What determines the appropriateness of any such changes?
- For the calendar year ending 12/31/2024, provide the number of accounts and assets for both the investment style of the proposed strategy and the composite itself.
- Provide the performance dispersion (high, low, and median returns) of the accounts in the composite for each of the past five calendar years ending 12/31/2024.

Year	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024
Highest					
Lowest					
Median					
Number of portfolios					

## Risk Management

- Regarding risk management:
  - List the main risks associated with the proposed strategy and describe how each is explicitly measured and managed at both the individual security and aggregate portfolio level.
  - Identify the person(s) or group primarily responsible for the risk management function.
  - Discuss how risk management both interacts with and maintains independence from the other aspects of the investment process.
  - Describe the escalation process (e.g., when a specific risk metric is outside of the target level)

2. Describe any hedging activities pursued in the proposed strategy, including what risks/exposures are typically hedged, instruments used and how your hedging activities add value.
3. Please describe how the portfolio is monitored on a day-to-day basis. What risk parameters are critical in evaluating the portfolio?
4. What is the aggregate investment in this strategy by individuals within your firm? The portfolio manager(s)? Are investment professionals allowed to invest in strategies not managed by your firm? Are these investments made on the same terms as other investors?
5. What safeguards are in place to monitor compliance with investment guidelines?
6. Has your risk management and portfolio monitoring process changed materially at any point in time? If so, describe the changes as well as the timing and reasons.
7. How do you define risk in the context of this mandate? How important is benchmark tracking error in portfolio construction? Does the strategy have a targeted tracking error? Please comment on whether the team utilizes a risk budget to manage risk.
8. Please describe how the portfolio is monitored on a day-to-day basis. What risk parameters are critical in evaluating the portfolio?
9. To what degree does ESG analysis impact the magnitude and type of investment risk you are willing to accept for this product?

#### **Investment Vehicles, Fees & Terms**

1. What is the legal structure for the strategy being proposed (e.g., separate account, collective fund, limited partnership, etc.)? If applicable, what is the minimum SMA size?
2. Provide the proposed fee schedule for the management of the proposed mandate. Are you willing to accept a performance-based fee arrangement? Does your proposed fee include other mandates you manage for INPRS? If yes, please describe. Please include any other additional information that may assist us in more clearly understanding your fee proposal (e.g., minimum asset size).
3. Discuss any liquidity restrictions on the proposed product.
4. Considering platform and/or product AUM...
  - a. What is your philosophy regarding when or if to close the strategy to new investors? Do you anticipate closing this product in the future? Has the product been closed to new investors in the past?
  - b. Please discuss any capacity considerations with respect to the mandate under consideration. Any hard or soft close AUM capacity limits? If so, how were such AUM levels chosen?
5. Provide the top 1, 5, 10 clients' asset as % of the strategy's AUM.
6. Specifically regarding a commingled vehicle, if applicable:
  - a. How are inflows and outflows handled within the commingled fund? Discuss any unique trading considerations (e.g., in-kind transfers) as opposed to separate accounts.
  - b. Describe the structure of your commingled investment vehicle(s), including type (e.g., LLC, L.P.) and domicile.

- c. Aside from the stated management and incentive fees, what additional fees or expenses are borne by the commingled vehicle? Please provide annual estimates in bps for these fees/expenses and state the cap, if any.
- d. How often may an investor withdraw funds? What is the notice period? Are there any lockups or gates associated with this fund? Are investors paid with cash or distribution in kind? Are there any fees or penalties associated with withdrawals?

### **Operations, Trading, and Internal Controls**

1. Describe the organizational structure and main functional roles of your middle/back office and identify all relevant key individuals responsible for executing transactions.
2. Does your firm have written policies and procedures to ensure best execution? If yes, either provide a copy of the policies and procedures or summarize them here.
3. Provide an overview of your trade allocation protocols and procedures for controlling performance dispersion between accounts with substantially the same guidelines.
4. Provide an overview of your pre- and post-trade investment guideline monitoring practices. Is a separate, independent group responsible for ensuring guideline compliance?
5. Describe members of the trade execution group, their functions and experience.
6. Is there a trade error policy? Describe the process for correcting and communicating, internally as well as externally a trade error.
7. Describe the trading capabilities for the proposed product. Are trades in different markets routed to different offices (if applicable)? How does the team address the challenges associated with differing time zones for different markets?
8. What were total trading costs for this portfolio (bps and dollars) for the most recent calendar year? Please break down the applicable fixed and variable trading costs.
9. How often do you employ trading at settlement?
10. Discuss procedures used to prevent and detect rogue/unauthorized trading in client or firm accounts.
11. Provide an overview of your policies and monitoring procedures regarding employees' personal trading activities.
12. Are any senior members of your operations staff or compliance group directly or indirectly related to any other employees of the firm? If so, what controls are in place to mitigate potential conflicts of interest?
13. Does the firm or any director, officer, principal or employee have an ownership interest, economic arrangement or other affiliation with any organization other than the firm? If so, identify the relevant entities and describe the nature of each arrangement.
14. Is your firm or its parent or affiliate a broker/dealer? Does your firm or parent firm have an interest in a securities brokerage firm? Does your firm trade for client accounts through this broker/dealer?

15. Discuss any other potential conflicts of interest related to the proposed mandate and indicate how each is addressed through internal controls.
16. Provide an overview of your procedures and controls for transferring money, including the names and authorization levels of all approved signatories.
17. Provide a list of professional counterparts the company maintains a business relationship with and for how long:
  - i. Legal advisors:
  - ii. Auditors:
  - iii. Banks:
  - iv. External Marketers:
  - v. Administrators:
  - vi. Prime Brokers:
  - vii. Other:
18. List and briefly describe any internally managed strategies, funds, separate accounts, etc., that have the potential to invest in the same or similar securities as those held in the proposed strategy. Comment on the potential conflicts of interest these strategies pose and how they are addressed by internal controls or guidelines.
19. What are the main non-investment risks associated with the proposed mandate? What controls are in place to monitor and mitigate these risks?
20. List the counterparties associated with the proposed mandate, describe the types of associated transactions, and discuss your procedures for monitoring and managing counterparty risk.
21. What investments has the Firm made in technology? Describe the tools available for portfolio construction, research, trading, information systems, administration, accounting, and compliance. What enhancements are being contemplated? Please describe any process enhancements the team has made over the past five years.
22. Do you use commissions (soft dollars) to acquire independent third-party research or other services? If so, identify the vendor and services purchased.
23. Regarding valuation practices:
  - a. Provide an overview of pricing procedures for securities in the proposed strategy, including sources and frequency of marks
  - b. Do you currently contract with outside pricing services? If so, provide a list of the firms and indicate the general types of securities each prices on your behalf.
  - c. Do you maintain a formal valuation committee or other entity that provides oversight for security/portfolio valuation?
  - d. Regarding distressed and defaulted securities: In the event of default, is your firm actively involved in the workout process? Describe your typical approach to these types of situations.
24. Does the firm have any dedicated ESG oversight function? If so, please describe this function, its structure, and resources. How does such oversight interact with investment teams?
  - a. Are there senior-level staff accountability mechanisms for the ESG investment implementation?
  - b. Are the portfolio managers incentivized to consider ESG risks within their portfolio?

- c. Are the research analysts incentivized to consider ESG risks within their recommended securities?

25. Describe your process for calculating monthly and year-end NAV including the parties involved, systems utilized, data exchanged between the firm, administrator, prime broker, custodian or any other outside party. How does your firm internally calculate and reconcile with these independent parties?

26. Has your firm ever had to change or restate a previously reported final NAV as a result of an audit? Please explain.

27. Describe how your firm can calculate the excess return of the portfolio by stripping out cash collateral impacts given partial funding (i.e. reconcile to the BCOM excess return index or other applicable index). If applicable, please describe how your firm can calculate excess return if the strategy can add and/or reduce exposure relative to INPRS's target notional.

28. Provide an overview of your operational risk monitoring and management practices. If available, provide your auditor's opinion on whether controls are adequate to achieve specified objectives and whether controls were operating effectively at the time of audit.

29. Are trades reconciled to broker confirmations? How often?

30. Are cash positions reconciled? How often?

31. When selecting futures contracts, what are the limits to how far out on the curve can you go? Does this vary by commodity type?

#### **Regulatory, Legal, and Compliance**

1. Has your firm or any current/prior director, officer, principal or employee ever been the subject of a non-routine investigation or inquiry by a regulatory agency or self-regulatory body regarding fiduciary responsibilities or other investment-related matters? If so, describe each instance, regardless of materiality, and indicate if any directives, letters or opinions were issued concerning said inquiry.
2. Has your firm or any officer, director, partner, principal or employee ever been involved in any past or pending civil or criminal litigation or legal proceeding concerning the management of client assets? If so, describe each instance, regardless of materiality.
3. Has any current/prior director, officer, principal or employee ever been convicted of, pled guilty to, or pled nolo contendere to a felony? If so, describe each instance.
4. Are employees governed by non-compete, non-solicit agreements or employment contracts? If so, please provide details.
5. Is your firm registered as an investment advisor under the Investment Advisors Act of 1940? If so, please attach your firm's ADV Part II in **an Appendix**. If exempt, please describe the exemption.
6. Please state whether, during the last 10 years, any regulatory agency has conducted an audit or review of the firm. If so, what was the outcome? Discuss any significant findings and how they were remedied. (Include the name of the regulatory agency)

7. List all registrations with regulatory agencies or self-regulatory bodies. Has a registration ever been denied?
8. List the amount and respective carriers of the errors and omissions, professional liability, fiduciary insurance or fidelity bonds held by your firm.
  - a. Has your firm ever submitted a claim to your errors and omissions, professional liability, fiduciary insurance or fidelity bond carrier(s)? If so, describe each instance.
  - b. Has your firm or any affiliated individual ever been denied coverage for errors and omissions, professional liability, fiduciary insurance or fidelity bond? If so, describe each instance and provide the reason cited by the carrier.
9. Does your firm maintain a written compliance manual? How do you ensure/verify that the firm and its employees follow stated procedures?
10. Identify your Chief Compliance Officer and describe the responsibilities, reporting structure and compensation scheme of your compliance group.
11. Does your firm maintain a written ethics or standards of conduct policy? If so, what steps are taken to ensure that employees are in compliance?
12. What is your process for escalating and resolving compliance violations?
13. Describe your Anti-Money Laundering (AML) procedures and identify the designated Money Laundering Reporting Officer (MLRO).
14. Has your firm ever filed, voluntarily or involuntarily, for bankruptcy protection or otherwise been subject to the appointment of a receiver, trustee, or assignee for the benefit of creditors? If so, describe each instance.

### **Reporting and Client Service**

1. What type of standard reporting package do you provide to clients for the proposed strategy? Please attach a sample client report package including, but not limited to performance, exposures, risk, etc.
2. Can investors receive custom reports? If so, discuss the range of customization available.
3. Describe how your Firm conducts performance attribution analysis, indicating any models or tools used. How does your Firm incorporate the results of the performance attribution analysis in the management for the proposed mandate? Please provide the most detailed client-facing performance attribution report(s) regarding the strategy's excess return (excluding cash) for 2024 on absolute and benchmark-relative basis.
4. How soon following month-end and/or quarter-end will performance information, manager commentary, and market commentary be made available?
5. Describe the level of access clients have to your portfolio managers, research analysts, and other investment professionals.
6. In addition to standard reporting and communications, describe any other elements of client service (e.g., white papers, educational seminars, annual meetings, seminars, or workshops on public pension plans) that you believe add value to the client-manager relationship.

7. Provide references for three current institutional clients invested in the proposed strategy.
8. Provide references for three prior institutional clients that have terminated their mandates with your firm during the past two years.

**Miscellaneous**

1. Is there anything else you would like us to know about your firm or the proposed strategy that was not covered in the previous questions? (One page limit)