



**Responses to Inquiries
RFP 24-01
US Small Cap Investment Management Services**

March 2, 2024

1. My firm manages a SMID Growth portfolio and wondering if that would be eligible for this search. The weighted average market cap for our portfolio is below the stated goal of the search criteria. We only look to the small cap market for new purchases.

Answer: All submissions must be for US Small-Cap assets to be considered for selection.

2. Our inquiry is in reference to Section 3 – Scope of Services, Required characteristics of the firm and/or portfolio managers, specifically item #7: Have a minimum of at least \$1 billion in assets under management within US Small Cap.

As of Jan. 31st, 2024 our US Small Cap strategy AUM was \$637.2 million and our US Micro Cap strategy was \$441.1 million, for a total of \$1.08 billion. These two strategies are managed by the same investment team and utilize the same process and philosophy. Moreover, we are growing the AUM levels of both strategies and believe that the US Small Cap strategy will continue to grow beyond \$1 billion over the course of this year, 2024.

As such, would you consider the total AUM of our US Small/Micro Cap team as meeting the required minimum of at least \$1 billion in assets under management? Your guidance and consideration in this regard is appreciated.

Answer: No, all submissions must have at least \$1 billion in US Small-Cap assets to be considered for selection.

3. I was sent an invitation to participate in the Indiana RFP. Although we have a strong 8-year record validated by eVestment, our current AUM of 168mm is below the minimum criteria. We are a single strategy firm managing small cap value. We do have a favorable rating with Verus, and our 12/31/2023 eVestment ranking since inception has us in the 13th percentile. Please let us know.

Answer: No, all submissions must have at least \$2 billion in Firm AUM and \$1 billion in US Small-Cap assets to be considered for selection.

4. Since all styles (growth, core, or value) will be considered we would like to submit a response for each of these styles if allowed. That said, would you prefer one response with three strategies or three separate responses? If the latter, how can we manage this in the InHub portal?

Answer: So long as each style meets the required criteria, each may be submitted. Responses will need to be submitted separately within InHub, please request access for an additional InHub invitation through the link located in section 1.6 of the RFP. Enter your company name as “Firm Name – Style” when submitting this request.

5. My firm can meet the \$1B in small cap if we aggregate the small cap overlap in other strategies. It does not meet the minimum on a standalone basis. Can we aggregate the assets?

Answer: No, all submissions must have at least \$1 billion in US Small-Cap assets to be considered for selection.

6. Our firm is a dedicated small-cap manager running \$500 million across our two products (small-cap long/short equity and an active long-only small-cap strategy). Our long-only strategy is \$400 million with capacity up to \$1.5 billion. We did receive an automated email inviting us to participate which we accepted but I do want to confirm that we are eligible to be considered.

Answer: No, all submissions must have at least \$1 billion in US Small-Cap assets to be considered for selection.

7. The US Small Cap strategy our firm intends to submit an RFP for has roughly \$700 million in assets. We also manage US Small Cap assets that are part of a Global Small Cap strategy. When taking the aggregate US Small Cap assets managed between the two, we satisfy the qualification requiring \$1 billion in assets under management within US Small Cap. Would our firm qualify in the above scenario?

Answer: No, all submissions must have at least \$1 billion in US Small-Cap assets to be considered for selection.

8. Our firm's U.S. Small Cap Equity strategy currently meets all the criteria with the exception of product AUM. We are looking for a foundational client for the strategy, which to date has been seeded with internal capital.

The strategy has a strong 5-year track record, and we will be providing attractive fees for the foundational investor. Is this something you are able to consider?

Answer: No, all submissions must have at least \$1 billion in US Small-Cap assets to be considered for selection.

9. For characteristics 3 and 4 regarding a five-year track record, we have over a decade of experience managing a Global Small Cap Strategy with nearly 3 years of GIPS track record managing our US Small Cap Strategy. Considering the crossover of holdings is very high between these strategies, we could provide 5 years of performance track record using a combination of delivered performance and by using a US carve out of our Global Strategy before 2021. Would this be acceptable for submission?

Answer: No, all submissions must have a minimum 5-year GIPS track record.

10. For characteristic 7 regarding a minimum of \$1bn in assets under management within the strategy, we have well over \$1bn in assets under management across our Global and US Small Cap Strategies, but not within US Small Cap alone. Would this be acceptable for submission?

Answer: No, all submissions must have at least \$1 billion in US Small-Cap assets to be considered for selection.

11. Please kindly advise regarding style and file type:

- Formatting: It is acceptable to use our firm's standard formatting for RFPs (certain margins, fonts, colors, styles, etc.)? Or shall we keep it to the "plain vanilla" text-based style of the RFP itself? (We do see that Question 20 states, "In your own formatting...")
- File type: is there a preference for Word or PDF?

Answer: Submissions may be in formatting that is different than that found in the RFP so long as text is searchable. Please provide submissions in PDF format whenever possible.

12. We are looking forward to submitting both our Small Cap Value and Small Cap Growth strategies. Our aum and performance track record for each strategy meet the stated minimum requirements, in compliance with GIPS.

For our Small Cap Value strategy which was inceptioned in 2011 and has over \$3B in aum, the Portfolio Manager has been on this specific strategy for a little over 4 years (December 2019). Would this restrict us from being considered given he does not have five years as the named PM?

Answer: This will not restrict if a senior member of the team meets experience requirements of the RFP.

13. Would it be acceptable to use client references that are invested in our strategy suite (not specifically in our US Small strategy we are proposing) that all have the same investment process? For example, we have client references invested in our International, Emerging Markets, Global, and Global ex-US strategies that have the same stock picking process as that of our US Small strategy.

Answer: This is acceptable.

14. Regarding the \$2B minimum firm AUM and \$1B minimum strategy AUM, how firm are those requirements? We are a single-strategy firm investing in small-caps with \$450M in AUM (same AUM for firm and strategy). Would we be considered? We've outperformed the Russell 2000 on a 1-, 3-, 5-, 7-year and since inception basis?

Answer: No, all submissions must have at least \$1 billion in US Small-Cap assets to be considered for selection.

15. After carefully reading through the details of the US Small Cap RFP for INPRS, I wanted to clarify the definition of the small cap universe to understand if both our Small Cap and Small-Mid Cap strategies would be eligible for this search.

Along those lines, I would like to know if it's possible to combine the assets of our Small Cap and Small-Mid Cap strategies to meet the minimum AUM requirement for this search. Our Small Cap strategy has an AUM of \$254m as of 12/31/23, which is below the \$1B minimum. However, our Small-Mid Cap strategy has \$2.59B in assets as of the same date, which would exceed the minimum AUM requirement when combined with our Small Cap strategy. I mention this because our Small-Mid Cap strategy has a weighted-average market cap of \$7.9B, through 12/31/23, which is below the weighted-average market cap of \$8 Billion that is noted in the RFP to define the US small cap universe.

Based on that, if it's possible to combine the assets of the two strategies, I will be formally submitting our completed RFP for consideration. However, I wanted to confirm our eligibility based on the combined AUM of our Small Cap and Small-Mid Cap strategies before doing so.

Answer: Only US Small-Cap strategies will be considered. For clarification the reference to Small/Mid Equity Fund found in SECTION 3 – SCOPE OF SERVICES, refers to INPRS's DC white-labeled Small/Mid Equity Fund. Any US Small-Cap mandate selected may be a component within this multi-mandate white label fund.

All submissions must have at least \$1 billion in US Small-Cap assets to be considered for selection and not a combination of Small- Mid-Cap and Small-Cap.

16. Our equity team manages both Small and Small-Mid Cap strategies with total assets over \$1.1 billion as of 12/31/23. The weighted median market capitalization of the Small Cap and Small-Mid Cap strategies was \$4.7 billion and \$6.8 billion, respectively, as of 12/31/23.

Can you please confirm if including assets managed by the team in the Small Cap and Small-Mid Cap strategies would meet the minimum requirements?

Answer: No, all submissions must have at least \$1 billion in US Small-Cap assets to be considered for selection.

17. Will the strategy and firm AUM requirement be waived for Minority Owned firms?

Answer: No, all submissions must have at least \$2 billion in Firm AUM and \$1 billion in US Small-Cap assets to be considered for selection.

18. Will there be any consideration given for emerging and/or diverse firms? If so, will there be any leeway given to the minimums of \$1 bil firm AUM and \$1 bil product AUM?

Answer: No, all submissions must have at least \$2 billion in Firm AUM and \$1 billion in US Small-Cap assets to be considered for selection.

19. As it pertains to Question #34 in the Operations, Trading, and Internal Controls section, can you please confirm the 'as of' date is 12/31/21?

Answer: Please provide all requested data as of 12/31/2023.

20. As it pertains to Question #34b in the Operations, Trading, and Internal Controls section of the Questionnaire, can you please confirm where VI.M.1 can be found?

Answer: Please refer to the wording in question 34.a.

21. Question #34b in the Operations, Trading, and Internal Controls section of the Questionnaire references “VI.M.1 over the year ending 12/31/21”. First, I can’t find “VI.M.1” anywhere in the RFP. Second, do you mean 12/31/23?

Answer: Please refer to the wording in question 34.a and provide all requested data as of 12/31/2023.

22. We are hoping to submit two strategies in response to this RFP; however, we can't figure out how to submit multiple strategies through the portal. For now, we are working on both strategies in separate word documents; but when we try to upload both word documents back into the portal, one word document simply overrides the other. Thanks in advance for your guidance on this!

Answer: So long as each style meets the required criteria, each may be submitted. Responses will need to be submitted separately within InHub, please request access for an additional InHub invitation through the link located in section 1.6 of the RFP. Enter your company name as “Firm Name – Style” when submitting this request.

23. Please confirm the "as of date" in Question #11 in the Performance and Portfolio Composition section of the Questionnaire should be calendar year 2023 (not 2013 as listed).

Answer: Please provide requested information as of 12/31/2023.

24. In the questionnaire under the section Investment Vehicles, Fees, and Terms, Question 5. I see Exhibit A as the Placement Agent Agreement. I do not see an Exhibit that refers to record keeping.

1. *Provide the product name, ticker (if applicable), and inception date for **each** of the vehicle types (e.g., different share classes of mutual funds, commingled trusts, separate account, etc.) available for this particular product/strategy. Does the product meet the **record keeping requirements as set forth in Exhibit A?***

Answer: Investment Vehicles, Fees & Terms Question 5. should state “APPENDIX A – SAMPLE INVESTMENT MANAGEMENT AGREEMENT”, not “Exhibit A”.

25. Regarding "required characteristics" #2 on pg. 11: “have existing Firm AUM of at least \$2 billion” - if Total Assets (Assets Under Management + Assets Under Advisement) were \$1.995 billion on 12/31/23, does that meet the criteria? The Strategy AUM exceeds the \$1 billion AUM requirement in #7.

Answer: Firm AUM needs to be at least \$2 billion at the time of RFP submission.

26. Regarding "required characteristics" #2 on pg. 11: “have existing Firm AUM of at least \$2 billion” - if Total Assets (Assets Under Management + Assets Under Advisement) are above \$2 billion on 2/29/24, does that meet the criteria? The Strategy AUM exceeds the \$1 billion AUM requirement in #7.

Answer: Firm AUM needs to be at least \$2 billion at the time of RFP submission.

27. Is the \$2 billion in firm assets and \$1 billion in Small Cap product assets a hard requirement or is there flexibility on those? We manage roughly \$1.7 billion as a firm and \$900 million in Small Cap.

Answer: No, all submissions must have at least \$2 billion in Firm AUM and \$1 billion in US Small-Cap assets to be considered for selection.

28. Can you clarify the requirements regarding the two forms provided in Appendix B: Taxpayer Identification Number Request and Foreign Registration Statement? Are these required to be submitted during this initial RFP phase? Or can we agree to submit should we advance in the search process? These two documents are not listed in Section 2 - Proposal Content Requirements. Additionally, in Section 1.13 it is indicated that registration with the secretary of state "is not a requirement to submit a response".

Answer: It is each Respondent's responsibility to register with the Indiana Secretary of State prior to the initiation of any contract discussions, but registration is not a requirement to submit a response. The Form W-9 should also be submitted to INPRS prior to the initiation of any contract discussions.

29. How can I submit multiple products through this portal?

Answer: So long as each style meets the required criteria, each may be submitted. Responses will need to be submitted separately within InHub, please request access for an additional InHub invitation through the link located in section 1.6 of the RFP. Enter your company name as "Firm Name – Product Style" when submitting this request.

30. Regarding "1.16 Summary of Milestones", please confirm that the Saturday dates in Schedule are correct. March 2; March 16.

Answer: Yes, these are correct.

31. Regarding Q# 6.8 in "Investment Vehicles, Fees & Terms", our firm does not disclose client names with asset figures to protect the privacy of our clients' information. Please confirm that it will be acceptable to indicate a "client type" in lieu of actual client names.

Answer: This is acceptable.

32. Regarding Q# 9.7-9.8 in "Reporting and Client Service", please advise if it will be acceptable to provide the requested current and terminated client references at a later date if our firm should progress to the next stage of the RFP process.

Answer: Yes, that will be acceptable.

33. We see where to upload the required Transmittal Letter within InHub, but please advise where to upload the required Executive Summary, Financial Statements, and other elements as required in Section 2.3 Business Proposal.

Answer: Please upload any documents without a dedicated submission box to Section 10, Question 1 within InHub titled "Miscellaneous."

34. For the Fee Proposal referenced in Section 2.1 General Instructions, please confirm that it is sufficient to merely answer the questions posed in “Investment Vehicles, Fees & Terms” of Appendix C Questionnaire and that will constitute the required Fee Proposal.

Answer: This is acceptable.

35. For 7.34. Regarding counterparties, please advise if these questions only apply to derivatives trading or if questions also apply to brokers used for long-only equity trades.

Answer: Please provide for all counterparties (including brokers used for long-only equity trades) over the year ending 12/31/23.

36. Our Integrated Small-Cap Growth Strategy utilizes the MSCI US Small Cap Growth Index as its primary benchmark. Would you consider this strategy if we were able to utilize the Russell 2000 Growth Benchmark as a secondary benchmark in tandem with the MSCI US Small Cap Growth Index?

Answer: This is acceptable but please note the strategy may be benchmarked to the Russell 2000 Growth Index by INPRS.

37. Our Small-Cap Growth Strategy has a weighted market-cap above the suggested maximum of ~\$8B, as an outcome of some positions that grow successfully out of conventional small market capitalization ranges. Would you consider our Small-Cap Growth strategy despite having a higher market cap than the ~\$8B threshold?

Answer: No, all submissions must have a weighted-average market capitalization of \$8 billion or less.