



**Responses to Inquiries
RFP 23-02
Investment Management Services for ACWI ex-US ex-China Mandate**

August 14, 2023

Revised on August 18, 2023 to add Question #45

1. Could you please confirm if only actively managed strategies will be considered?

Answer: That is correct, only actively managed strategies will be considered here.

2. Would you consider strategies benchmarked to other indexes, such as the MSCI World ex-US, ex-China, or the MSCI EM ex-China?

Answer: No, we will not consider strategies with a history of being benchmarked to anything other than MSCI ACWI ex-US or MSCI ACWI ex-US ex-China. Any selected strategy will be benchmarked to MSCI ACWI ex-US ex-China.

3. Would the client and consultant consider a strategy that reports its performance without GIPS; even if the performance is reported and managed in the spirit of GIPS compliance standards, meeting all other track record and AUM requirements?

Answer: No, we will only consider strategies that report performance in accordance to GIPS.

4. My firm does not currently have a MSCI ex-US ex-China Strategy. We do have a MSCI Ex- US Strategy and meet all of the requirements stated in the RFP. Would you consider managers that don't currently manage a MSCI ex-US ex-China Strategy but have the capabilities to launch one?

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Answer: We will consider strategies that meet the requirements of managing to a MSCI ACWI ex-US or a MSCI ACWI ex-US ex-China benchmark. A separately managed account can be utilized to manage a portfolio benchmarked to the MSCI ex-US ex-China index.

5. Would INPRS be willing to entertain an EAFE strategy, with no emerging markets exposure that meets all the requirements detailed in your RFP?

Answer: No. We will consider strategies that either meet the requirements managing a strategy benchmarked to either the MSCI ex-US or a MSCI ex-US ex-China. Any selected strategy will be benchmarked to the MSCI ACWI ex-US ex-China index.

6. In Section 2, the RFP provides detailed instructions about the provision of transmittal letter and contents of the business proposal and fees to be included as part of a proposal. It is clear that the question set per Appendix C should be completed per the Questionnaire section of the InHub portal – in line with Section 1.7 of the RFP. Could you please confirm how you would like us to present the other items requested in Section 2? There does not appear to be an option to upload these.

Answer: Please attach the Transmittal Letter, Business Proposal, and Fee Proposal requested in section 2.1 of the RFP to the “Miscellaneous” field in section 10 question 1 of the InHub questionnaire.

7. IMA Question: With reference to Clause 46.A - Commercial General Liability Insurance, we have group umbrella policies in line with industry standards which we believe provides adequate aggregate cover. Are the per occurrence insurance levels negotiable?

Answer: Yes, however any proposal will be reviewed to confirm that the insurance coverage is reasonable

8. We manage over US\$15 billion in AUM across ACWI, World, and EM mandates, including numerous bespoke solutions (i.e., ex-my country, etc.). We do not have more than US\$1 billion in an ACWI ex-US, or ACWI ex-US ex-China strategy. Will you consider managers that have, and can demonstrate the investment capabilities, but fall short on the AUM requirement?

Answer: The required \$1 billion in required AUM must be either in mandates benchmarked to the ACWI ex-US, the ACWI ex-US ex-China, or a summation of all mandates benchmarked to ACWI ex-US and ACWI ex-US ex-China mandates managed by the firm.

9. Are international small cap growth strategies being considered for this search?

Answer: No

10. With respect to the requirement to have a minimum of at least \$1 billion in assets under management within an ACWI ex-US or ACWI ex-US ex-China strategy, while we do not meet this requirement for the specific ACWI ex-US or ACWI ex-US ex-China strategy, the firm currently manages \$8.9 billion across its various ACWI ex-US Equity strategies. In addition, the portfolio management team, which manages the proposed ACWI ex-US Advantage strategy, currently has \$19.7 billion in total platform assets. Would this satisfy your AUM requirement?

Answer: If the summation of AUM for all mandates benchmarked to the ACWI ex-US and ACWI ex-US ex-China managed by the firm is at least \$1 billion that would satisfy the requirement.

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11. Can you please share your prohibited list of securities issued, domiciled, incorporated, or listed in People's Republic of China (mainland), or denominated in Chinese currency, of which all separate accounts cannot hold?

Answer: Within InHub INPRS will provide a list of all restricted securities as part of the RFP response to questions.

12. The track record for our International equities mandate dates back to 1985 and we have included Emerging Markets as part of our International portfolios for over 30 years. In 2018, we launched subsidiary vehicles benchmarked against the ACWI ex-US. Would our International track record qualify us for “3.3 The Firm must have a minimum track record of seven years acting as a manager of ACWI ex-US or ACWI ex-US ex-China equity”?

Answer: The required seven years must be either in a mandate historically benchmarked to the ACWI ex-US or the ACWI ex-US ex-China.

13. If you can please confirm that providing data for our proposed strategy against its ACWI ex-US benchmark will be acceptable (unless specifically stated for requests involving carving out China exposure)?

Answer: Providing performance data solely against the ACWI ex-US benchmark is acceptable. If available, please provide both sets of performance data.

14. Unless stated otherwise, all data should be provided through 6/30/23?

Answer: Yes, please provide through 6/30/23 if available.

15. **Investment Strategy, Question 10:** Please confirm you are looking for 6/30/22, 6/30/21, 6/30/20 dates (question states last three years – would you like 6/30/23 data, as well?).

Answer: Yes, please provide as of trailing 6/30 dates if available.

16. **Performance and Portfolio Composition, Question 12:** Looking to confirm the reporting dates - are you looking for the previous 12 quarters ending 6/30/23 (i.e., quarter-end information from 9/30/20 through 6/30/23)?

Answer: Yes, as of 6/30/23 if available.

17. **Performance and Portfolio Composition, Question 14:** If 6/30/23 characteristic data is available, is that preferred? Or specifically 3/31/23?

Answer: Yes, 6/30/23 characteristic data is preferred if available.

18. **IMA - 9. Investment Duties of Manager, A. Investment Guidelines:** (While we do not anticipate any issues) what if the manager cannot accommodate the revision of the Investment Guideline?

Answer: Any revision to the Investment Management Agreement (“IMA”) would be agreed upon by both INPRS and the manager and result in an amendment to the IMA. If the manager could not

accommodate the revision of the Investment Guideline it could result in the termination of the IMA between INPRS and the manager.

19. IMA – 21. Record Retention and Inspection, A. Record Maintenance: Can we please request your public retention schedule?

Answer: The State of Indiana's General Retention Schedule is here: <https://www.in.gov/iara/files/gr.pdf>. INPRS's agency-specific retention schedule is here: [https://researchindiana.iara.in.gov/cgi-bin/appx.sh?ACTIONS_NAME=scheduleReport\(SCH\)&SCHEDULE_RECORD_ID=1174](https://researchindiana.iara.in.gov/cgi-bin/appx.sh?ACTIONS_NAME=scheduleReport(SCH)&SCHEDULE_RECORD_ID=1174).

20. Could you please confirm the preferred 'as at' or end dates for the following questions: Question 9, page 30, Question 6, page 54, Question 16, page 55, and Question 6 and Question 8 on page 57?

Answer: All figures should reflect 6/30 as the ending date, however we will accept 3/31 data if it is the latest available.

21. Could we also please confirm that Question 20, page 30 are the correct dates starting at June 2022?

Answer: All figures should reflect 6/30 as the ending date, however we will accept 3/31 data if it is the latest available.

22. Could we check that on Question 34, page 60 the dates given are December 2021- should this be December 2022?

Answer: Yes, this data should be 12/31/2022.

23. Can you please confirm the preferred end date for Question 16, page 54?

Answer: All figures should reflect 6/30 as the ending date, however we will accept 3/31 data if it is the latest available.

24. For Question 5, page 81 would you prefer we provide details for all our ACWI ex- US ex-China and our ACWI ex-US products or just ex-China?

Answer: We would prefer details for the ACWI ex-US ex-China strategy if available.

25. For any question that does not have specified end dates, can you please confirm the date you would prefer us to use?

Answer: We would prefer that all performance figures are as of 6/30.

26. Can firms submit more than one proposal?

Answer: Yes.

27. Would INPRS be interested in seeing a quantitative international equity strategy?

Answer: Yes.

28. Is there an existing benchmark provider and/or specific benchmark you plan to use for this mandate?

Answer: MSCI ACWI ex-US ex-China. MSCI Index Code: 753456.

29. In addition to submitting our response through InHub, can we also submit our response in a PDF over email?

Answer: No. All responses must be submitted through InHub .

30. **IMA - Section 9(C) – Broker/Dealers.** Will the Manager be authorized to execute trading agreements (for example ISDA Agreements or Futures Account Agreements), on behalf of the Portfolio if needed, and if so, can language be added to the agreement specifically authorizing the Manager to enter into these agreements?

Answer: Yes, the contract can provide guidance and a mechanism for managers handling of derivatives on behalf of INPRS.

31. **IMA - Section 18(H) – Investigations and Complaints:** This section requires the Manager to “promptly” advise the System in writing of any ordinary investigation, examination, etc., relating to or affecting the Manager’s ability to perform its duties under the IMA. Could the prospect *define* “promptly”?

Answer: INPRS would invite the bidder to propose a reasonable time period if “promptly” is a concern.

32. **IMA - Section 44 – Minority and Women’s Business Enterprise (MBE/WBE) Compliance.** This section requires the Manager to comply with the provisions of the Manager’s MBE/WBE participation plans. What MBE/WBE participation plan, if any, will apply to the Manager?

Answer: To the extent applicable, regardless of whether Manager is a Minority or Women’s Business Enterprise, if the Manager uses a subcontractor to complete services pursuant to the 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.

33. We interpret Section 1.2 as the System allowing companies domiciled in Hong Kong or Taiwan. To further clarify, would Hong Kong or Taiwan-domiciled companies that derive significant revenue or have a certain percentage of employees in China be allowed?

Answer: Yes, so long as they are not included in the list of prohibited securities.

34. Can the System please advise on the approximate minimum mandate size per manager?

Answer: While this is subject to change, the approximate minimum mandate size per manager would be \$250 million.

35. Regarding Section 1.9, the RFP states the ability to submit confidential information in a separate redacted version of the document. Can the System provide further instruction/clarity on **how** to submit it in a separate folder within the same (one) submission? Or are managers able to submit the redacted version in a second, separate submission?

Answer: Redacted documents should be labeled as such in the document file name, but redacted documents do not need to be in a separate folder. When attaching a proposal document in InHub, please also attach the redacted version of the document, if applicable.

36. As described in Section 2.2.5, can the System please advise on **how** to submit the transmittal letter?

Answer: Please attach the Transmittal Letter, Business Proposal, and Fee Proposal requested in section 2.1 of the RFP to the "Miscellaneous" field in section 10 question 1 of the InHub questionnaire.

37. Are you willing to consider investment strategies that employ a growth-oriented investment approach?

Answer: Yes.

38. Would our drug-free awareness program would only be required to inform employees, or whether mandatory training would be required?

Answer: The Drug-Free Workplace requirements in the IMA only apply to the manager's employees *within the State of Indiana*. If the manager doesn't have any employees in Indiana, the requirements don't apply .

39. Is there scope to own some Hong Kong or Taiwan listed securities or are those countries also hard exclusions? If so, is there a list of permissible holdings publicly available?

Answer: Yes, so long as they are not included in the list of prohibited securities. Within InHub INPRS will provide a list of all restricted securities as part of the RFP response to questions.

40. As this is an ex-US mandate, is there still scope to hold a small percentage of US listed stocks opportunistically that may derive the bulk of their revenues and operations from overseas? If so, what is the cap limit on such holdings?

Answer: Yes, we would prefer to cap US based exposures at 5%, but would evaluate on a case-by-case basis

41. We received the RFP from both INPRS and Verus and the versions are slightly different. Can you please confirm which version we should use for our submission?

Answer: This issue was isolated to one respondent, was resolved, and should not impact any other RFP respondents.

42. Can you please confirm that if we were to be awarded the mandate, INPRS will provide a list of the restricted securities as noted in 5a in “Section 3 – Scope of Services” to comply with the 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.

Answer: INPRS will provide comprehensive lists of all restricted securities, including Chinese, to the managers that are awarded mandates. Within InHub INPRS will provide a current list of all restricted securities as part of the RFP response to questions.

43. Can you please confirm if you have a preference between SMA or collective trust?

Answer: The preference is for a SMA, however INPRS will accept bids for existing collective trusts that are benchmarked to MSCI ACWI ex-US ex-China.

44. Could you please confirm if Appendix B needs to be filled out and returned as part of the tender exercise? We are unclear if this is for us to complete or if this is for the client to complete themselves?

Answer: For Appendix B-1, U.S. entities should include a current Form W-9 with their proposal. Foreign entities should include a current Form W-8, available here: <https://www.irs.gov/forms-pubs/about-form-w-8-ben> . Appendix B-2, Foreign Registration Statement, should not be included with the proposal. It should be submitted to the Indiana Secretary of State’s office, if your firm has not already done so. See Sections 1.13 and 2.3.3.ii of the RFP.

45. Our firm performs initial background checks on all employees and ongoing for where its warranted. Section 1.15 stipulates 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.” Is the aforementioned process sufficient for INPRS to forgo having background checks done on principals of the firm and instead have them done for the firm itself or does INPRS intend to run background checks on both?

Answer: INPRS reserves the right to conduct our own background check on both the Respondent and its principals.