



RFP 20-24-01 Equity Short Extension Strategies
Questions & Answers

1. The submission instructions indicate that each firm should submit only one proposal. Is a manager able to submit one proposal document that covers two equity short extension strategies (two different benchmarks, both meeting the minimum requirements)?

Yes, this is acceptable.

2. Can we propose more than one active extension strategy within one submission given the broad remit of the search?

Yes, this is acceptable.

3. Is directed brokerage a hard requirement?

Yes, for separately managed accounts. Commingled funds are exempt but usage of minority, women, or disabled owned brokers is encouraged and preferred.

4. Based on the preferences outlined in the RFP, which investment vehicle – Trust or Separate Account – would be preferred for the mandate?

Separate Account is preferred but not required.

5. Will the MWDBE brokerage utilization participation levels be required for commingled/pooled investment vehicles, L.P. or other non-separately managed account mandates?

No, but usage of minority, women, or disabled owned brokers is encouraged and preferred.

6. We are a global quantitative investment manager, and collectively manage approximately \$9B in AUM as a firm as of June 20, 2024. As part of this RFP process, would Illinois SURS be willing to consider our product and make an exception for the \$10B AUM minimum requirement?

No, the \$10 billion AUM is the minimum requirement.

7. Our Equity Extension fund product that we are hoping to submit has a leverage level slightly above the 150/50 limit. Would Illinois SURS be willing to consider a product with leverage levels slightly above 150/50?

Yes, we will consider products above 150/50 leverage.

8. Will the MWDBE brokerage utilization participation levels be required for commingled/pooled investment vehicles, L.P. or other non-separately managed account mandates?

No, but usage of minority, women, or disabled owned brokers is encouraged and preferred.

9. We note that managers can submit U.S. equity strategies for consideration. Does that indicate that SURS is considering those strategies for its U.S. allocation that appears to be 100% passive today?

Yes, SURS is considering U.S. strategies.

10. Is there a specific benchmark or target tracking error in which SURS is particularly interested or is the RFP intentionally broad such that it can consider options for the breadth of its portfolio?

The RFP is intentionally broad.

11. If we want to propose more than one strategy (e.g., a U.S. and a global variant) is it preferable to submit two RFPs or combine both into one?

It is preferable to combine both into one.

12. The required minimum qualifications include a requirement that the responder agree to an MFN clause on fees, covering clients “for the same or similar level of services.” Could you please confirm that an MFN could be specific as to (i) asset size (i.e., same/similar AUM or smaller) and (ii) investment strategy (e.g., benchmark, tracking error)?

SURS expects to be able to receive “MFN” rights with respect to any arrangement a responder has or enters into with other clients of substantially the same or lesser amount of assets in substantially the same investment strategy.

13. One of the vehicles we intend to propose for this mandate is a commingled fund. In that context, would a representation that the manager of the fund is subject to/complies with Advisers Act fiduciary duties suffice for required minimum qualifications #7? More generally, would SURS expect to negotiate a side letter reflecting applicable portions of the terms in Appendix D?

Responder will need to make a general representation that it will comply with all legislation, applicable federal and state fiduciary, ethics, and diversity laws, including any additional disclosure requirements; a representation that the manager of the fund is subject to/complies with the Advisers Act fiduciary duties is too limited to satisfy minimum qualification #7.

SURS expects the provisions contained in Appendix D to appear either in the definitive agreement that SURS enters into with the manager or in a side letter.

14. Question 98 describes an expectation for MWDBE brokerage participation. Is that measured in any particular way (e.g., number of trades, dollar volume, measured quarterly, annually, or otherwise), and are the particulars of this expectation expected to be part of the investment contract?

This expectation will be part of the investment contract. MWDBE brokerage is measured by percentage of dollar volume measured quarterly with an annual minimum.

15. In regards to the Diversity Disclosures, there are a number of legal and jurisdictional considerations that limit our ability to require employees to disclose information that would be included in the quantitative measures requested. Can we submit the RFP with the more limited data that we're able to provide?

Please provide as much information as possible and SURS will evaluate accordingly.

16. We understand that, in accordance with a determination of the Illinois Investment Policy Board, SURS is no longer required to abide by 40 ILCS 5/1-110.16 with respect to Sudan-restricted companies. Are the Sudan-related prohibitions under 40 ILCS 5/1-110.6 applicable to SURS?

The Sudan restrictions no longer apply to the restricted security list.

17. We note item 9 in the statement of minimum qualifications requires registration with the Illinois State Board of Elections. We are not currently registered and believe some retirement systems are comfortable accepting a covenant from an investment manager to register if SURS awards that manager a mandate. Would SURS be comfortable with such a covenant in lieu of the registration certificate?

Pursuant to 30 ILCS 500/20-160, **any business bidding on contracts, or whose bids or offerors on State contracts exceed \$50,000 annually**, must electronically register with the Illinois State Board of Elections. This document provides necessary assurance of a firm's eligibility to participate in our procurement activities. Bidders are strongly encouraged to register with the Illinois State Board of Elections prior to submitting an RFP response to SURS. All finalists will be required to provide proof of registration prior to SURS' selection of the winning bidder(s). Finalists that fail to provide proof of this required registration will be disqualified from further consideration.

For assistance or questions, please email Procurement_Officer@surs.org. To register, please visit: <https://berep.elections.il.gov/login.aspx?ReturnUrl=%2f>.

18. If submitting three strategies, is it acceptable to submit them in one RFP or should we submit three separate RFPs?

It is acceptable to submit them in one RFP, if they individually meet the minimum qualifications.

19. If we are submitting multiple strategies, do we need three client references per strategy?

No, three client references for the firm are acceptable.

20. Our firm's Investors manages \$4.3 billion and is part Generali Investments Holdings, a \$740 billion asset management company. Does this satisfy the \$10 billion Firm AUM requirement?

The phrase "is part" is unclear. If Generali is part owner of the strategy, then we will consider it.

21. Our firm's European Equity team manages a Beta 1.0 equity short extension strategy that was launched in December 2019. The strategy will achieve its 5-year track record prior to year-end. Would this be acceptable?

No, a 5-year track record by the indicated date in the RFP is the minimum requirement.