



REQUEST FOR PROPOSAL

Long Volatility / Tail Risk
[ID: RFP-20-22-01](#)

Issued Nov. 1, 2021

Responses due via email

by 4:30 pm CT on Dec. 16, 2021

Please include RFP ID on all correspondence

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I. Introduction

The State Universities Retirement System (“SURS” or the “System”) is soliciting proposals from qualified firms to provide Long Volatility or Tail Risk Strategies (“Strategies”).

All forms/required documents needed for submitting a Request for Proposal (“RFP”) are available on the SURS website at www.surs.org.

A proposer’s preparation and submittal of a proposal or subsequent participation in presentations or contract negotiations creates no obligation on the System to award a contract or to pay any associated costs. All proposals and related materials will be retained by the System and will be subject to disclosure as required in accordance with the Illinois Freedom of Information Act.

II. Description of SURS

SURS is the administrator of a cost-sharing, multiple-employer, public employee retirement system that provides retirement, survivor, disability and death benefits to employees of Illinois state universities, community colleges, and certain other affiliated organizations and agencies. SURS was created in 1941, by an act of the Illinois General Assembly, and is governed by the Illinois Pension Code (40 ILCS 5/15-101 et seq.). SURS provides benefit services to over 240,000 members who work for 61 employers. SURS is responsible for investing assets of more than \$23 billion in a diversified portfolio of U.S. and foreign stocks, bonds, real estate and alternative investments. SURS

also administers a defined contribution plan, the Retirement Savings Plan, which currently has assets of approximately \$4 billion.

An elected and appointed, eleven-person, board of trustees governs SURS. Five members of the board are appointed by the governor of the state of Illinois (one of whom is the chairperson of the Illinois Board of Higher Education). The remaining six members of the board are elected by participating members (four individuals) and annuitants (two individuals). The governor designates the chairperson of SURS from among the eleven trustees. Trustees serve six-year terms. SURS is funded by participant payroll deductions and annual employer contributions provided by the state of Illinois. By statute, SURS is defined as a "body politic and corporate" created by Article 15 of the Illinois Pension Code.

SURS currently employs approximately 161 staff, located in offices in Champaign and Naperville, Illinois. Two SURS employees are in the Naperville office. The remaining SURS employees are currently situated in the Champaign offices at 1901 Fox Drive and 1801 Fox Drive.

A copy of SURS' most recent annual comprehensive financial report is available for review, or to download, at www.surs.org.

The Illinois Governmental Ethics Act, 40 ILCS 420, provides guidelines for ethical practices concerning state and local pension plans. Respondent providers should be familiar with the provisions of this Act.

Section 1-109.1(6) of the Illinois Pension Code (40 ILCS 5/1-109.1(6)) encourages Illinois public pension systems like SURS to utilize businesses owned by "minorities," "women," and "persons with disabilities" for all contracts and services, as those terms are defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act ("BEMWPD," 30 ILCS 575). Additionally, Section 1-109.1(10) of the Illinois Pension Code (40 ILCS 5/1-109.1(10)) sets an aspirational goal of not less than 20 percent of contracts awarded to such businesses for "information technology services," "accounting services," "insurance brokers," "architectural and engineering services," and "legal services" as defined by the BEMWPD. Accordingly, businesses that meet these definitions are strongly encouraged to submit responses to this RFP.

A section of the Illinois Procurement Code concerning prohibitions of political contributions for vendors, 30 ILCS 500/50-37, may or may not apply to SURS service providers. However, each service provider should be familiar with the provisions of this section and comply with this section if the service provider deems it appropriate.

SURS is subject to its own procurement statutes and rules. Responders should be familiar with those procurement requirements as well. The selected responder will be paid by SURS directly.

Additional legal requirements that vendors should be familiar with are contained in the Addendum to Contract under Appendix D.

III. Services Required

SURS is soliciting proposals from qualified firms to provide Long Volatility / Tail Risk Strategies. These strategies, if incorporated into SURS' portfolio at the conclusion of this search would fall within the Crisis Risk Offset (CRO) asset class. Currently, CRO is comprised of Long Duration, Systematic Trend Following, and Alternative Risk Premia strategies.

IV. Minimum Qualifications

- **Required Minimum Qualifications (RMQs)**

Failure to satisfy each of the minimum qualifications will result in the immediate rejection of the proposal. The responder must address each of the qualifications substantiating how the responder satisfies each of the minimum qualifications. The responses must contain sufficient information as prescribed to assure SURS of its accuracy. Failure to provide complete information will result in rejection of the proposal. The proposer must certify in writing on the Minimum Qualifications Certification (Appendix A) that it meets all of the minimum qualifications and must be signed by an individual who is authorized to bind the proposer contractually.

1. The proposing firm must have a minimum firm-level long volatility or tail risk product (all products in these two areas combined) assets-under-management of \$400 million or protection on a notional basis of total public equity assets of \$2 billion or more as of 9/30/2021. Qualified Women-, Minority-, or Disabled-Owned Businesses are exempt and will be evaluated for further consideration at SURS' discretion.

2. The responder must be willing to enter into a most favored nation clause certifying that the fees, costs, or pricing charged to SURS do not exceed the fees, costs, or pricing charged by the responder to any of its clients for the same or similar level of services.

3. The responder must present a fee proposal that includes an option for a fee schedule free of performance fees. Proposed solutions only available with performance fees will not be considered by SURS.

4. Proposing firm must be either a) registered as an investment adviser under the Investment Advisers Act of 1940 or b) a "bank" as defined in the Investment Advisers Act of 1940. If not, the firm must factually explain how and why they claim to be exempt from registration. The firm will promptly advise SURS if it, at any time, is not so registered. The firm must submit its full Form ADV (Parts I and II) and complete the required certifications contained in Appendix A.

5. The proposing firm must have an established (live) track record of at least 12 months managing the proposed (or similar strategy if a custom solution is being proposed) long volatility and/or tail risk strategy as of 09/30/2021. Qualified Women-, Minority-, or Disabled-Owned Businesses are exempt and will be evaluated for further consideration at SURS' discretion.

6. Responder and its proposed team must have all authorizations, permits, licenses and certifications required by federal and state laws and regulations to perform the services specified in this RFP at the time responder submits a response to the RFP. Responder's audited financial statements must be made available for review.

7. Responder will comply with all legislation, applicable state fiduciary, ethics, and diversity laws, including any additional disclosure requirements.

8. The responder's key professionals and/or organization must have no material conflicts with SURS or the SURS board.

- **Preferred Criteria (PC)**

1. The proposer has not been involved in any material litigation in the past five (5) years, or since firm inception if less than five (5) years.

2. The proposing firm has assets under management of at least \$2 billion.

3. The firm has an established (live) track record of at least three years managing the proposed strategy as of 09/30/2021.

4. The firm has at least two existing U.S. public pension fund clients with over \$1 billion in total plan assets, or at least one existing public plan as a client with over \$10 billion in total plan assets.

SURS retains the sole right to decide whether any responder is qualified to bid, including determining whether any responder's qualifications are sufficiently comparable to satisfy all of the above minimum and preferred qualifications.

V. Proposal Content

At a minimum, the proposal must include the following information to be considered for the engagement. For ease of review, each requirement should be addressed separately. ***All communications regarding this RFP must include the RFP ID shown on the title page.***

Indexed Table of Contents

The proposal package must include an indexed table of contents to facilitate the review process.

Cover Letter

A cover letter, which will be considered an integral part of the proposal package, in the form of a standard business letter, must be signed by an individual authorized to bind the proposer contractually. This cover letter must indicate the signer is so authorized and must indicate the signer's title or position. An unsigned proposal will be rejected. The cover letter must also include:

- a. A statement that the proposal meets all requirements of this RFP, and that the offer tendered by the proposal will remain in full force and effect until and may be accepted by SURS at any time prior to 30 days beyond the deadline for submittal.

- b. A disclosure of any current business relationship or any current negotiations for prospective business with SURS, or with any member of the SURS Board of Trustees or SURS staff, or any party currently rendering services to SURS.
- c. A statement that the proposer acknowledges that all documents submitted in response to this RFP may be subject to disclosure under the Illinois Freedom of Information Act and/or the Illinois Open Meetings Act.

Statement of Minimum Qualifications

Proposers must complete and return the Minimum Qualifications Certification in the form contained in Appendix A.

Reference Checks

Reference checks will be conducted for each finalist.

Company Organization and Diversity Disclosure

The Questionnaire (Appendix C) and Diversity Disclosure (Appendix B) to this RFP must be completed and returned as part of the proposal.

Contract

This request for proposal is neither a contract nor meant to serve as a contract. It is anticipated that one of the proposals submitted in response to this RFP may be selected as the basis for negotiation of a contract with the proposer. Such a contract is presently contemplated to contain, at a minimum, the terms of the proposal submitted, as finally negotiated and approved by the System. SURS reserves the right to negotiate additions, deletions, or modifications to the terms of any proposals submitted under this RFP.

The terms contained in Appendix D, Addendum to Contract, must be agreed to and accepted by the candidate or organization selected to perform the work contemplated by this RFP, unless exceptions are noted as part of the proposer's response. Any questions or exceptions to the terms and conditions included in Appendix D must be outlined as part of the proposer's response. However, SURS is not required to accept the responder's exceptions. Any exceptions noted in the proposer's response will be addressed and discussed during the review process, but no changes will be made to the terms contained in the Addendum to Contract attached hereto unless the proposer and SURS both agree to include said changes in the final contract awarded under this RFP.

VI. Submission of Proposals

All proposals must be received no later than the deadline stated in the Anticipated Timeline and Contact Information section. Submissions must be made via email to the identified contact person by the stated deadline. ***Only email submissions will be accepted.***

The proposals become the property of SURS upon submission. All costs for developing proposals and attending presentations and/or interviews are entirely the responsibility of the proposer and shall not be chargeable to SURS.

Only one proposal from an individual, firm, partnership, corporation, or combination thereof, will be considered for this assignment.

VII. Evaluation Process

Pre-Evaluation Review

All proposals will be reviewed to determine if they contain all the required submittals specified in this RFP. Those not submitting all required information in the prescribed format will be rejected.

Proposal Evaluation

All proposals received by the SURS representative on or before the deadline listed above will be reviewed to determine whether they meet the minimum requirements of this RFP.

All proposals received by deadline and that pass the pre-evaluation review will undergo an evaluation process conducted by SURS staff and SURS general consultant, Meketa. They will be reviewed to determine whether they meet the requirements of this RFP. SURS will consider the following factors in the evaluation process, ranked in no specific order, and will render a decision based on the perceived best fit and best value for the engagement. Fees will be one of the determining factors in this decision but will not be the primary determinative. Proposals will be evaluated based on criteria including:

- Organization
- Resources
- Experience
- Investment team
- Commitment to diversity
- Performance
- Fees
- Fit of strategy within SURS overall portfolio
- Level of detail provided in the RFP response

Proposals that contain false or misleading statements or that provide references which do not support an attribute or condition claimed by the proposer will be rejected. Issuance of the request for proposal creates no obligation to award a contract or to pay any costs incurred in the preparation of a proposal. Nothing in this RFP or any resulting contract shall preclude SURS from procuring services similar to those described herein from other sources.

During the evaluation process, proposers may be requested to provide additional information and/or clarify contents of their proposal. Other than information requested by SURS, no proposer will be allowed to alter the proposal or add new information after the filing date.

Once finalists are selected, fees may be subject to a “best and final” offer process to be determined at the discretion of the System.

VIII. Anticipated Timeline and Contact Information

<u>Schedule</u>	<u>Dates</u>
Quiet Period Begins	Nov. 1, 2021
RFP Issued	Nov. 1, 2021
Responder Questions Due	Nov. 18, 2021, 4:30 p.m. CT
Responses to Questions	Nov. 30, 2021, 4:30 p.m. CT
RFP Responses Due on or Before	Dec. 16, 2021 4:30 p.m. CT
Evaluations	Dec/Jan 2021/22
Interviews	Feb. 2022
Selection by SURS	March 10, 2022

SURS may extend these deadlines at its discretion. Any such extensions will be posted to the SURS website.

SURS RFP Contact Information

Procurement Officer

Procurement_Officer@surs.org

SURS

1901 Fox Drive

Champaign, IL 61820

IX. Submission Process

Deadline

To be considered for selection, proposals **must be received via email in Adobe Acrobat format** at Procurement_Officer@surs.org **no later than 4:30 p.m. CT, Dec. 16, 2021**. Please reference "RFP-20-22-01 - Long Volatility & Tail Risk RFP Response" with name of responder in the subject line of your communications. An email confirmation will be sent confirming receipt of the proposal.

In addition, please email a copy of your proposal to Colin Bebee (cbebee@meketa.com) at Meketa Investment Group.

Withdrawal

A proposal may be withdrawn any time prior to the deadline by written notification signed by the individual applicant or authorized agent of the firm and received at Procurement_Officer@surs.org no later than the deadline of 4:30 p.m. CT, Dec. 16, 2021. Please reference "RFP-20-22-01 - Long Volatility & Tail Risk RFP Response" with name of responder in the subject line of your communications. An email confirmation will be sent confirming withdrawal of the proposal. The proposal may be resubmitted with any modifications no later than the deadline. Modifications offered in any other manner will not be considered.

Questions

To clarify any issues in this request for proposal, SURS will respond only to questions that are presented in writing via email to Procurement_Officer@surs.org. All questions should be submitted to SURS by 4:30 p.m. CT, Nov. 18, 2021. Please reference "RFP-20-22-01 - Long Volatility & Tail Risk RFP Response" with name of responder in the subject line of your communications. These questions will be consolidated into a single Q&A document and responded to by SURS on or about, Nov. 30, 2021, by 4:30 p.m. CT. The Q&A document will be posted on the SURS web site at www.surs.org/rfp-investment. This document will include all questions received and SURS' answers to the same without indicating the source of the query.

X. General Conditions

Freedom of Information Act Disclosure and Redacted RFP Response Requirement

All materials submitted in response to the RFP become property of SURS. Proposals remain confidential during the selection process. However, upon completion of the selection process, all responses, including that of the individual, vendor or firm selected, will be a matter of public information and will be open to public inspection in accordance with the state of Illinois Freedom of Information Act (FOIA).

If, in response to this RFP, trade secrets or commercial or financial information are furnished under a claim that they are proprietary, privileged or confidential and that disclosure of the trade secrets or commercial or financial information would cause competitive harm to the person or business responding to this RFP, such claim must be clearly made, and such information must be clearly identified. (5 ILCS 140/7 and 7.5) **Responses to this RFP with every page marked as proprietary, privileged or confidential will not satisfy this requirement.** Bidders are required to make a good faith attempt to properly identify only those portions of the response that are truly furnished under a claim that they are proprietary, privileged or confidential and that disclosure of the trade secrets or commercial or financial information would cause competitive harm to the person or business responding to this RFP.

Redacted Version of RFP Response

In the event the responder believes and claims that certain materials or information contained in the submitted response are exempt from public disclosure under the Illinois FOIA, the responder is required to provide a redacted version of the response it believes will be suitable for release under the Illinois Freedom of Information Act. (5 ILCS 140/7 and 7.5) *Note: Pricing and fee structures are generally disclosable under FOIA. If the responder claims that any fee or pricing information qualifies for an exemption under FOIA, the responder must submit its legal analysis with the redacted version of its RFP response.*

A RESPONDER'S FAILURE TO PROVIDE A REDACTED VERSION OF THE RFP WILL RESULT IN SURS DISCLOSING THE RESPONDER'S ENTIRE RFP RESPONSE IF THE SAME IS REQUESTED UNDER THE ILLINOIS FREEDOM OF INFORMATION ACT AND NEITHER THE RESPONDER NOR ANY THIRD PARTIES SHALL HAVE ANY RECOURSE AGAINST SURS FOR ITS DISCLOSURE OF THE NON-REDACTED RFP RESPONSE.

However, any claim of privilege from disclosure is not definitive. SURS has the right and legal obligation to determine whether such information is exempt from disclosure under the Illinois Freedom

of Information Act and no information will be considered or determined by SURS to be proprietary, privileged or confidential unless it is identified and separated as indicated herein. (5 ILCS 140/7 and 7.5)

Ordinary Course of Business Communications Allowed

Other than existing normal business matters, respondents, potential respondents, or their representatives should not contact anyone at SURS (including SURS staff, members of the SURS advisory committees and members of the SURS board) other than the listed RFP contact. In addition, respondents must not discuss this RFP with any employee of SURS, trustee of SURS, employee of SURS' custodian, managers, legal counsel, or other advisors or persons/entities having contracts or other affiliations with SURS.

SURS Quiet Period Policy

Please note the following Quiet Period Policy establishing guidelines by which the SURS Board of Trustees and SURS staff will communicate with prospective vendors or service providers during a search process. **The quiet period for this RFP began on the date the RFP was issued: November 1, 2021.**

1. A quiet period will commence upon issuance of an RFP and end once a selection has been made by the board and the completion of successful contract negotiations with a respondent;
2. Initiation, continuation and conclusion of the quiet period shall be publicly communicated to prevent inadvertent violations;
3. All board members, and staff other than those directly involved in the search or the Chief Procurement Officer or their designee, shall refrain from communicating with respondents regarding any product or service related to the search in process. All board members and staff shall refrain from accepting meals, travel, hotel, or other value from such respondents;
4. Throughout the quiet period, if any board member is contacted by a respondent, the board member shall refer such party to the Chief Procurement Officer;
5. All authority related to the search process shall be exercised solely by the Investment Committee or board as a whole or its designee(s), and not by individual board members;
6. The quiet period does not prevent board approved due diligence, client conference attendance or communications with an existing vendor; provided, however, that discussions related to the procurement and pending selection shall be avoided during those activities;
7. The provisions of this policy shall apply throughout the quiet period and shall be communicated to respondents in conjunction with any search; and
8. A respondent may be disqualified from a search process for a violation of the quiet period or any portion of this policy.

Rights Reserved

SURS reserves the right to amend any segment of the RFP prior to the announcement of a selected vendor/contractor. In such an event, all respondents will be afforded the opportunity to revise their proposals to accommodate the RFP amendment.

SURS reserves the right to remove any or all services from consideration for this contract. At its discretion, SURS may issue a separate contract for any service or groups of services included in this RFP. SURS may negotiate additional provisions to the contract awarded pursuant to this RFP.

SURS may request additional information from any or all bidders to assist in the evaluation of proposals, and SURS reserves the right to conduct background investigations of selected individuals or firms prior to awarding a contract under this RFP.

SURS does not bear any obligation to complete the RFP process or to select any individual(s) or firm(s). SURS also reserves the right without prejudice to reject any or all proposals submitted.

SURS will NOT reimburse any expenses incurred in responding to this RFP.

Equal Opportunity

SURS does not discriminate because of race, color, religion, creed, sex, sexual orientation, age, marital status, military status, certain unfavorable discharges from military service, political affiliation, citizenship, ancestry, national origin, physical or mental handicap or disability or any other characteristic protected by law. It is the System's intent to comply with all state, federal, and local equal employment and opportunity laws and public policies.

Terms and Conditions

Following a review of submitted materials, if requested, selected individuals or organizations must be prepared to make a presentation or otherwise participate in an in-person interview in Champaign, IL or in Chicago, IL with SURS staff members and/or members of the SURS Board of Trustees at a date and location to be determined by SURS. SURS will not provide reimbursement for any costs incurred by the individuals or organizations associated with this presentation. Prior to the award of a contract pursuant to this RFP, selected individuals or firms must provide all requested documentation.

Appendix A: Statement of Minimum Qualifications

(Firm Name) _____ certifies that it meets the following minimum qualifications.

Please initial each as applicable.

1. _____ The proposing firm must have a minimum firm-level long volatility or tail risk product (all products in these two areas combines) assets-under-management of \$400 million or protection on a notional basis of total public equity assets of \$2 billion or more as of 9/30/2021. Qualified Women-, Minority-, or Disabled-Owned Businesses are exempt and will be evaluated for further consideration at SURS' discretion.
2. _____ The responder must be willing to enter into a most favored nation clause certifying that the fees, costs, or pricing charged to SURS do not exceed the fees, costs, or pricing charged by the responder to any of its clients for the same or similar level of services.
3. _____ The responder must present a fee proposal that includes an option for a fee schedule free of performance fees. Proposed solutions only available with performance fees will not be considered by SURS.
4. _____ Proposing firm must be either a) registered as an investment adviser under the Investment Advisers Act of 1940 or b) a "bank" as defined in the Investment Advisers Act of 1940. If not, the firm must factually explain how and why they claim to be exempt from registration. The firm will promptly advise SURS if it, at any time, is not so registered. The firm must submit its full Form ADV (Parts I and II) and complete the required certifications contained in Appendix A.
5. _____ The proposing firm must have an established (live) track record of at least 12 months managing the proposed (or similar strategy if a custom solution is being proposed) long volatility and/or tail risk strategy as of 09/30/2021. Qualified Women-, Minority-, or Disabled-Owned Businesses are exempt and will be evaluated for further consideration at SURS' discretion.
6. _____ Responder and its proposed team must have all authorizations, permits, licenses and certifications required by federal and state laws and regulations to perform the services specified in this RFP at the time responder submits a response to the RFP. Responder's audited financial statements must be made available for review.
7. _____ Responder will comply with all legislation, applicable state fiduciary, ethics, and diversity laws, including any additional disclosure requirements.
8. _____ The responder's key professionals and/or organization has no material conflicts with SURS or the SURS board.

Signed: _____ Date: _____

Title: _____

Appendix B: S U R S Diversity Disclosure Form, DEI Questionnaire, and Morningstar Diversity Data

Please download, complete, and include with the response, the “SURS Diversity Disclosure” form (appendix E) and “SURS DEI Questionnaire” (appendix F) linked to this RFP on the SURS website:

<https://surs.org/rfp/rfp-investment/>

In addition, please submit firm diversity data to Morningstar via <https://idm.morningstar.com>. Further information on Morningstar DEI Data can be found in the Morningstar Diversity Data Toolkit document (appendix G).

Appendix C: Questionnaire

The following questionnaire must be completed and included with your response to this RFP. Type your responses in the same order as the questionnaire, listing the question first followed by your answer.

Contact and Company Information:

Name of Individual / Organization: _____

Mailing Address: _____

City: _____ State: _____ Zip Code: _____ Phone: _____

Fax: _____

Federal Employer Identification Number: _____

Contact Person(s):

Name: _____ Phone: _____

Title: _____

Fax: _____ Email: _____

Website: _____

Organization Background

1. Please provide the following information:

Specific (proper) name of organization	
Company's address	
Specific (proper) name of product	
Inception date of product	
Suggested benchmark	

Common vehicle type (i.e., separate account, retail mutual fund, institutional mutual fund, commingled trust)	
Strategy category/type	

2. Describe the ownership structure of your firm. Describe the percentage owned by employees and non-employees and its distribution. What percentage does the majority owner hold? Please provide the name, relationship, and percentage of:
 - Each parent organization
 - Other affiliated organizations
3. Describe the material developments in your organization (changes in ownership, personnel, business, etc.) over the past three years in detail. Are there any changes anticipated in the coming year?
4. Please provide an overview of your firm’s asset management capabilities and product offerings, including Long Volatility/Tail Risk strategies.
5. Provide a brief history of your firm’s involvement in the management of Long Volatility/Tail Risk strategies. How many years has your firm provided this type of management to public plans? Other institutional investors? What percentage of your firm’s business is dedicated to these strategy types?
6. Provide an organizational chart diagramming the relationships between the professional staff as well as the parent-subsidary, affiliate, or joint venture entities.
7. Describe the levels (U.S. dollar amounts) of coverage for SEC-required (17g-1) fidelity bonds, errors and omissions coverage and any other fiduciary coverage which your firm carries. List the insurance carriers supplying the coverage.
8. Is the organization involved in any other business other than asset management? If yes, please explain.
9. Please indicate whether the firm is certified as a Minority, Women, or Disabled Business Enterprise (MWDBE) as defined by the [Illinois Business Enterprise for Minorities, Females, and Persons with Disabilities Act](#). If so, please provide a copy of the firm’s certification.

10. Over the past five years, has your organization or any of its affiliates or parent, or any officer or principal been involved in any business litigation, regulatory or legal proceedings? If so, provide a detailed explanation and indicate the current status.
11. Based on your firm's legal structure, asset management and trading activities please provide a summary of which regulatory bodies you are required to be registered with.
12. Has your firm been the subject of an audit, censure (fine), inquiry or administrative action by the SEC, IRS, CFTC, DOL or other regulatory agencies in the past seven years? If so, explain findings and provide a copy, as well as evidence of any changes in procedures implemented as a result of such audit.
13. Discuss your organization's compensation and incentive program. How are professionals evaluated and rewarded? What incentives are provided to attract and retain superior individuals? If equity ownership is possible, on what basis is it determined and distributed? How is the departure of a shareholder treated?
14. Provide information regarding the expiration date of current employment contracts with key personnel. Please include discussion of long-term incentives, options or performance clauses.
15. Please provide details on the financial condition of the firm (i.e., most recent annual report filed with the SEC).
16. When was your firm's last external audit? Identify the firm that conducted the audit. Please discuss any material findings. Has the firm changed auditors in the past three years? If so, explain.

Staffing

17. Who should SURS or Meketa contact regarding any questions about the information contained in your response to this RFP?

	Name/Title/address	Phone	Email
RFP Contact			
Portfolio Manager			
Client Service			

18. Please provide an overview of your firm's overall staff and break-down of the number of individuals by role, including overall firm management, marketing, client service, portfolio

management, research, risk management, trading and back-office functions (accounting, reporting, administrative).

19. How does the firm seek diversity with respect to employees/teams? With respect to ownership? How has this evolved over time?

20. How would you describe the team structure? How many portfolio managers (or equivalent) and analysts (or equivalent) would you consider (i) dedicated to and (ii) involved in the strategy? Where are the different team members located?

21. Complete the following table with information for key personnel associated with the strategy. Please order the individuals in terms of product-specific relevance (most important decision makers). If titles are different than portfolio manager or analyst, please indicate which individuals are functionally portfolio managers and which are functionally analysts.

Name (include designations)	Title	Highest level of Education	Institution	Years with Firm	Years involved with Product	Years in Current Capacity	Years of Investment Experience

22. For investment professionals contributing to the strategy, please answer the following:

- a. What other duties do the portfolio managers/research analysts have? Do the analysts provide inputs used in any other strategy? If so, please explain.
- b. Describe your firm’s backup procedures in the event a key investment professional assigned to this account/product should leave the firm.
- c. Who will serve as the client service officer for the account? How often will the person be available for client meetings?
- d. Please provide a list of key investment professionals who have joined or departed over the past five years.

23. Provide biographies and/or résumés of all personnel associated with the product.

24. Are the portfolio managers or investment professionals responsible for building the track record still managing the strategy?

25. Indicate the number of product-related personnel changes for the past three years ending 12/31 and 9/30 YTD as designated below. For each individual counted in the table, please provide the reasons for the change. If changes are due to promotions or transfers, please specify.

Product Related Personnel	12/2018		12/2019		12/2020		9/2021	
	Gain	Loss	Gain	Loss	Gain	Loss	Gain	Loss
Strategic/Exec. Advisors								
Portfolio Managers								
Analysts								
Traders								
Client Servicing/Marketing								

26. Has any employee associated with this product offering been party to any investigations, litigation (including any settled out of court), or regulatory action during the past five years (ending 9/30/21) while at this or any other firm? If so, please provide (i) a brief synopsis, (ii) the current status, and (iii) a comment on the action’s merits.

27. Explain any legal judgments within the last five years (ending 9/30/21) pertaining to any current or former employee associated with this product while at this or any other firm. Specify whether the employee is involved in any pending litigation or investigations. If so, please provide a brief synopsis of the case.

Investment Strategy

28. Provide a one paragraph “elevator pitch” for the proposed product / strategy.

29. Describe the investment philosophy. Specify objective, approach, and strategy.

30. How is the strategy/portfolio optimized? Does the strategy assume a negative expected return?

31. How do you balance carry/expected return, convexity, and protection reliability (as it relates to ACWI drawdowns)?
32. Are there any periods where the strategy might be expected to have a positive correlation to public equity markets? If so, when and why?
33. In what sort of equity drawdown would your strategy perform the best? In what sort of equity drawdown would you expect performance to be poor or below expectations?
34. Describe how your approach to this product differentiates your philosophy and process from your competitors. What are specific differentiating characteristics?
35. Do you take a top-down or bottom-up approach to implementation? Is the strategy built in a discretionary or systematic fashion?
36. Provide a description of the portfolio construction process for the strategy. Are there tactical and strategic elements? How do you manage basis risk relative to global equity (i.e., ACWI)?
37. How does the portfolio management team approach monetization? Is it discretionary or systematic?
38. Please describe the ability of this strategy to manage through a crisis using specific live trading examples. Were you able to monetize at the desired time(s) and at the desired price(s)?
39. What is the most appropriate benchmark for your product?
40. What markets and instruments does the strategy trade? How has this varied over time, and do you have allocation range expectations for each type? How is collateral treated?
41. Does the firm have model(s) to manage credit/counterparty exposure? Briefly describe.
42. How much leverage does your approach incorporate? What types of leverage are used? Are there limits to the amount of leverage that can be used? How is leverage managed?
43. Are there any current issues within the portfolio (e.g., illiquidity, impairment, etc.) or has there been at any time in the past? Explain.
44. Describe the use of computer software and/or quantitative tools that are utilized in the research, investment and trading processes.

45. Have there been any changes to the investment process/rules since the inception of the strategy? If so, please describe.
46. Have you encountered problems at the position level (e.g., unable to execute a buy/sell)?

Risk Control

47. What are the internal investment guidelines for the proposed strategy?
48. How do you define risk?
49. Describe your risk control process in detail? Describe the risk models/systems/software used in portfolio construction.
50. Is investment risk monitored by an independent team? If so, who does this team report to? How often does the investment team and the risk team meet/discuss?
51. How do you monitor the product's adherence to its investment style and process? Specify who is responsible.
52. Describe how you evaluate and monitor liquidity risk, specifically commenting on how you would handle an "illiquidity event."
53. How do you monitor portfolio parameters with respect to investment guidelines? Do you maintain a front-end and/or back-end compliance system for investment guideline monitoring? What compliance systems/tools are used?
54. Do you maintain an in-house Compliance Department?
55. Describe how your internal control procedures effectively prevent conflicts of interest in employee, proprietary and client discretionary trading.
56. Describe how your organization communicates compliance and regulatory policies/procedures.

Clients and Services

57. What is the capacity for this product and how did you arrive at this amount?

58. Describe your expectations for soft and hard closes (\$ amounts, timeline, etc.).

59. Provide the following as of 9/30/21.

	Firm		Product	
	Assets (\$mil)	# of Accounts	Assets (\$mil)	# of Accounts
Total Assets				
Total Institutional Assets				
Tax Exempt				
Taxable				
By Client Type				
Corporate				
Superannuation				
Public Fund				
Union/Multi-Employer				
Foundation & Endowment				
Health Care				
Insurance				
High Net Worth				
Wrap Accounts				
Sub-advised				
Supranational				
Sovereign Wealth Funds				
Other				
Mutual Fund				

60. List your 10 largest clients in the product in order of Assets under Management (AUM) with the following information as of 9/30/21. If you are unable to provide both client name and AUM, please provide AUM (and client type).

	Name	Client Type	Date Retained	AUA (\$mil)	US Tax Exempt Client (Yes or No)	Non US Tax Exempt (Yes or No)
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						

61. Please provide the names, addresses, phone numbers, contacts, email addresses, and 9/30/21 market values of the three largest U.S. public pension plans (or most equivalent) for which you manage this product. SURS and/or Meketa will reach out to you (to secure permission) prior to contacting any listed clients.

62. Complete the following tables indicating accounts and market values of assets gained and lost for each of the last three years ending 12/31 and 9/30 YTD. Where applicable, please provide reasons for product client losses and meaningful changes in firm wide and/or product assets.

Firm Wide

	12/2018		12/2019		12/2020		9/2021	
	Gain	Loss	Gain	Loss	Gain	Loss	Gain	Loss
Total # of Accounts								
Total Assets Under Advisement								
# of Public Fund Accounts								
Public Fund Assets								

Product

	12/2018		12/2019		12/2020		9/2021	
	Gain	Loss	Gain	Loss	Gain	Loss	Gain	Loss
Total # of Accounts								
Total Assets Under Advisement								
# of Public Fund Accounts								
Public Fund Assets								

63. Please provide the following product information for the last six years ending 12/31 and 9/30 YTD or since inception if less than five and a half years. Please provide reasons for any meaningful changes in total assets and/or clients.

Assets under Management

	12/2016	12/2017	12/2018	12/2019	12/2020	9/2021
Total Firm-wide assets						
Total Firm-wide public fund assets						
Total Product assets						
# of Total firm-wide clients						
# of Public fund clients						
# of Product clients						

Performance

64. Provide monthly rates of return (one NET of fees and one GROSS of fees) since inception, ending September 30, 2021. Please submit an Excel spreadsheet as part of your response to this question. Performance for each should be monthly, in chronological order, and in one column, with no spaces or separations for aggregation (such as each quarter or by calendar year). Label each column by specific (proper) name, vehicle type, and NET or GROSS of fees.

65. Are the provided returns GIPS compliant?

66. Describe how you analyze and evaluate the performance of the product. Include a discussion of your performance attribution analysis and any models or tools used. How do you incorporate the results of the performance attribution analysis in the management of the product?

67. Please provide portfolio allocation graphics and tables that detail how the strategy has been allocated since inception. Rolling area charts (and quarterly tables) that detail the instruments and/or asset allocation are the most relevant. *(This is a fairly open question, so please put forth your best solution).*

Fees

Please note that SURS will not be considering proposed solutions containing a performance fee, so be sure to keep that in mind when responding to question #69 below.

68. What is your standard fee schedule for all vehicles offered for this product?

	Separate Account	Institutional Commingled Fund	Institutional Mutual Fund	Other
Product Name				
Vehicle Entity Type (e.g., LP, CIT, 40-act, etc.)				
Minimum Initial Investment				
Minimum Subsequent Investment				
Minimum Asset Level				
Subscription Frequency (when)				
Redemption Frequency (when)				
Redemption Notice Period (if any)				
Redemption Cash Proceeds Period				
Minimum Fee				
Fee Schedule and Calculation				
Estimated annual fund operating expenses (e.g., administration, audit, custody, etc.) (bps)				
Operating Expense Cap (bps)				

Redemption Penalty Fees (if any)				
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69. Please provide a proposed fee structure or schedule for the strategy under consideration, including any breakpoints. Are these fees negotiable?

70. Please provide an overview of all other fees and expenses that would be incurred by SURS if it was to invest in the proposed product.

71. Would you be willing to include a “Most Favored Nations” clause in your contract? If not, please provide an explanation of why not.

72. The following table relates only to commingled fund offerings:

Fund Administrator	
Name:	
Address:	
Name of Contact:	
Telephone of contact:	
Email of contact:	
Duration of your professional relationship?	
Auditor	
Name:	
Duration of your professional relationship?	
Since inception of your firm, have you ever had a qualified audit opinion? If so, please discuss:	
Custodian	
Name:	
Duration of your professional relationship?	
LEGAL ADVISER	

Name:	
Duration of your professional relationship?	
Banks and Prime Broker	
Please list the banks used by the fund:	
Please list the prime brokers used by the fund, as well as the duration of your professional relationship:	
Are you willing to share their contact information?	
DIRECTORS OF FUND	
Please list the number of directors, their names and the degree of relationship with manager and service providers?	
Duration of your professional relationship?	

Trading Practices/Internal Control

73. What compliance system does your firm employ? How is compliance implemented in your firm's operations?
74. Provide a detailed summary of your firm's internal control structure. Who serves as your firm's compliance officer? Does the firm conduct periodic risk assessment?
75. Please describe the trading professionals of the firm. Does this strategy utilize the entire trading desk or a subset thereof? How many traders does the firm employ and where are they located? Where are the traders for this strategy located and how long have they been at the firm?
76. Please describe the systems/methods/venues/brokers that are utilized for trading this strategy

77. Have you ever violated a client guideline in the proposed strategy? If so, please describe the violation and the resolution.
78. Does the firm use electronic trading systems to monitor trading? If so, please describe.
79. How are trading costs monitored? How are costs minimized?
80. SURS encourages its investment managers to utilize the services of brokerage firms owned by minorities, women, and persons with a disability (MFDB). Please comment as to your ability to execute and monitor usage of MFDB brokerage firms. What do you believe is a realistic minimum level that you would be likely to achieve?
81. Please provide a copy of your firm's personal trading policy and procedures document.

Other

82. Please provide an electronic copy of your organizations Code of Ethics and SEC Form ADV (Parts I and II) as an attachment to your response.
83. Please discuss your firm's business continuity/disaster recovery practices.
84. Has your firm adopted the Principles for Responsible Investment? If so, when? If not, has there been any discussion regarding the Principles? If so, what were the key issues or concerns surrounding the PRI?
85. Please provide information on the type of reporting provided to clients, including timing of reports and details included. Provide a sample reporting package.
86. Briefly discuss the transparency of underlying information. Will SURS have online access to the underlying holdings?
87. Do you offer monthly or quarterly calls to review the overall portfolio? Do you hold annual investor meetings/conferences, etc.? Do you provide an annual strategic overview of the portfolio/market?
88. Does your firm have an environmental, social, and governance (ESG) investment policy? Please provide a copy

89. Describe how ESG factors are integrated into your investment strategy/process.
90. Do you maintain an in-house legal staff? If yes, describe its role, staff profile, and the number of employees assigned to the department. If not, list the names of the external firms you use.
91. Provide a recent pitchbook (required) and monthly/quarterly factsheet (if applicable).

Appendix D: Addendum to Contract

ADDENDUM TO CONTRACT

In consideration of SURS entering into such contract, the vendor/contractor also agrees to the following:

- 1) If the contractor is an individual, he or she certifies that he or she is not in default on an educational loan as provided in Section 3 of the Educational Loan Default Act, 5 ILCS 385/3.
- 2) The contractor certifies that it is not barred from being awarded a contract or subcontract because of a conviction or admission of guilt for bribery or for bribing an officer or employee of the state of Illinois or any other state in that officer or employee's official capacity as provided in Section 50-5 of the Illinois Procurement Code, 30 ILCS 500/50-5 and further certifies that it is in compliance with Section 50-37 of the Illinois Procurement Code, 30 ILCS 500/50-37.
- 3) The contractor certifies that it will provide a drug free workplace by engaging in the conduct prescribed in Section 3 of the Drug Free Workplace Act, 30 ILCS 580/3.
- 4) The contractor certifies that it is not barred from contracting with SURS because of a violation of either Section 33E-3 (bid-rigging) or 33E-4 (bid rotating) of Article 33E of the Criminal Code of 1961, 720 ILCS 5/33E.
- 5) The contractor certifies that neither it nor any substantially owned affiliated company is participating or shall participate in an international boycott in violation of the provisions of the U.S. Export Administration Act of 1979 or the regulations of the U.S. Department of Commerce promulgated under that Act.
- 6) The contractor certifies that no fees, commissions, or payments of any type have been or will be paid to any third party in connection with the contract to which this is an addendum, except as disclosed in the contract or an exhibit thereto as provided in 30 ILCS 500/50-25 and in 40 ILCS 5/1-145. The contractor shall promptly notify SURS if it ever has reason to believe that this certification is no longer accurate.
- 7) To the extent Illinois law is applicable to the contractor, pursuant to 775 ILCS 5/2-105, the contractor agrees to:
 - a) Refrain from unlawful discrimination and discrimination based on citizenship status in employment and undertake affirmative action to assure equality of employment opportunity and eliminate the effects of past discrimination;
 - b) Comply with the procedures and requirements of the Illinois Department of Human Rights' regulations concerning equal employment opportunities and affirmative action;
 - c) Provide such information, with respect to its employees and applications for employment, and assistance as the Illinois Department of Human Rights may reasonably request; and
 - d) Have written sexual harassment policies that shall include, at a minimum, the following information:
 - i) The illegality of sexual harassment;
 - ii) The definition of sexual harassment under state law;

- iii) A description of sexual harassment, utilizing examples;
 - iv) Contractor's internal complaint process including penalties;
 - v) The legal recourse, investigative and complaint process available through the Illinois Department of Human Rights and the Illinois Human Rights Commission;
 - vi) Directions on how to contact the Illinois Department of Human Rights and the Illinois Human Rights Commission; and
 - vii) Protection against retaliation as provided by Section 6-101 of the Illinois Human Rights Act. A copy of the policies shall be provided to the Illinois Department of Human Rights upon request.
- 8) To the extent it applies to the contractor and this contract, the contractor agrees to comply with the Illinois Prevailing Wage Act, 820 ILCS 130/1, *et seq.*
- 9) The contractor shall maintain, for a minimum of five (5) years after the completion of the contract, adequate books, records, and supporting documents to verify the amounts, recipients, and uses of all disbursements of funds passing in conjunction with the contract. The contractor shall further make all such books, records, and supporting documents related to the contract available for review and audit by the internal auditor of SURS and by the Illinois Auditor General and shall cooperate fully with any audit conducted by the internal auditor of SURS and the Illinois Auditor General and will further provide the internal auditor of SURS and the Illinois Auditor General full access to all relevant materials.
- 10) The contractor agrees to notify the SURS Ethics Officer if it solicits or intends to solicit for employment any of the employees of SURS during the term of the contract.
- 11) The contractor understands that SURS and this contract are subject to the provisions of the Illinois Open Meetings Act (5 ILCS 120/1, *et seq*) and the Illinois Freedom of Information Act (5 ILCS 140/1, *et seq*).
- 12) Counterparts. This Agreement and Addendum may be executed in counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same agreement. The counterparts of this Agreement and Addendum may be executed and delivered by facsimile or other electronic signature by any of the parties to any other party and the receiving party may rely on the receipt of such document so executed and delivered by facsimile or other electronic means as if the original had been received.

Under penalties of perjury, the contractor certifies that _____ is its correct Federal Taxpayer Identification Number.

Contractor is doing business as a(n) (please circle applicable entity):

- Individual
- Corporation
- Real Estate Agent
- Trust or Estate
- Sole Proprietorship
- Not-for-Profit Corporation
- Governmental Entity
- Other: _____
- Partnership
- Medical and Health Care Services Provider Corporation
- Tax Exempt Organization (IRC 501(a) only)