



RFP 20-26-02 Long Volatility Strategies

1. Are you open to considering managed volatility strategies for this search, or are you solely focused on long volatility strategies?

This search is for a long volatility strategy. The strategy should have negative correlation to the equity markets during periods of crisis (significant downturns in the equity market).

2. Is SURS open to a custom solution for this mandate?

Yes, SURS will be open to a custom strategy. However, the firm should have a track record in a similar strategy.

3. Would SURS consider a custom multi-manager solution for this mandate?

Yes, SURS will be open to a custom multi-manager solution. However, the firm should have a track record in a similar strategy.

4. Will Qualified WBE firms receive exemptions from Required Minimum Qualifications (RMQs) other than just for the Firm/Strategy AUM requirement, or is that the only eligible exemption?

Qualified WBE firms may receive exemptions from the minimum AUM and track records RMQs at SURS discretion.

5. Will this search consider, and encourage the submission of, a proposal for a hedge fund strategy that's open-ended, primarily investing in US and European junior CLO tranches (e.g. equity and mezzanine debt) of 3rd party CLO managers, the majority of which have been acquired in the secondary, and that uses credit index and currency hedges?

This search is for a long volatility strategy. The strategy should have negative correlation to the equity markets during periods of crisis (significant downturns in the equity market).

Diversifying strategies are not appropriate for this search.

6. We believe we have a unique long volatility fund that exactly fits the desired exposure. Since its inception in April 2021, our long volatility fund has consistently delivered positive returns during periods of market stress, including the rapid Fed tightening cycle in 2022 and the tariff-related volatility in Q1 2025. The fund has been tested with 19 negative months for the S&P 500 and 26 negative months for the Bloomberg Agg since inception. Our thematic, research intensive fund makes selective investments in specific themes and structures each investment with an asymmetric return profile. As a result, the fund tends to do well in stressed environments but can perform in normal markets when idiosyncratic trades prove true.
- a. The fund meets all Required Minimum Qualifications except for item #5—we are currently three quarters short of the five-year track record requirement, with a 51-month live track record.
 - b. Given this, would it still be worthwhile to respond to the RFP, or would we be automatically disqualified based on the length of track record criterion?

The track record requirement is five years. Please note that a carve out of live performance of different strategy is acceptable. Please also see responses to custom strategies questions.

7. Would a customized portfolio solution (available via commingled fund or customizable via SMA) meet the standard criteria if, while it has a 2-year live track record as a stand-alone offering, its underlying alpha strategies each have live track records exceeding 10 years?

Yes, SURS will be open to a custom proposal. The firm should have a track record in a similar strategy such as that noted in the question or be a carve out of a longer tenured strategy.

8. Are all asset managers who respond to this RFP required to register with the Illinois State Board of Elections prior to submitting a response?

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>.