



**PENSION RESERVES
INVESTMENT
MANAGEMENT BOARD**

January 7, 2019

Dear Potential Provider:

The Massachusetts Pension Reserves Investment Management Board ("PRIM") is requesting proposals from firms interested in providing **Portfolio Completion Strategies Advisory Services and/or Portfolio Completion Strategies Managed Account Platform Services**.

The Procurement Officer for this Request for Proposals (RFP) is Matthew H. Liposky. In order for proposals to be considered for selection, each proposal, including all attachments, must be sent electronically to the Procurement Officer via e-mail to rfpresponses@mapension.com and must be received by 3:00 p.m. EDT on February 8, 2019, the RFP Response Deadline (see TIME TABLE in Section VI).

Further instructions for response submission are included in the RFP. Questions concerning the RFP must be submitted to and received by the Procurement Officer at rfpresponses@mapension.com by 3:00 p.m. EDT on January 25, 2019, the RFP Question Deadline (see TIME TABLE in Section VI).

We appreciate the time and effort required to respond to this RFP. Each firm submitting a proposal to the PRIM Board can be assured that the same time and effort will be expended in evaluating each proposal. We look forward to your response.

Sincerely,

Michael G. Trotsky, CFA
Executive Director and Chief Investment Officer

REQUEST FOR PROPOSALS (RFP)

***Portfolio Completion Strategies Advisory Services
and Portfolio Completion Strategies Managed Account Platform Services***

January 7, 2019



**PENSION RESERVES
INVESTMENT
MANAGEMENT BOARD**

Table of Contents

	Description	Page
I.	Scope of Services	4
II.	General Information	8
III.	Selection Process and Selection Criteria	10
IV.	Minimum Qualifications	11
V.	RFP Specifications	11
VI.	Time Table	14
VII.	Questionnaire – Portfolio Completion Strategies Advisory Services	15
VIII	Questionnaire – Portfolio Completion Strategies Managed Account Platform Services	23
IX.	Fee Proposal	36
X.	Representations and Warranties	37

Exhibits

	Description	Page
A	PRIM's Strategic Asset Allocation and Current Investment Managers	41
B	PRIM Disclosure Statement	46
C	Sample Investment Advisory Agreement	50
D	PRIM Investment Policy	58

The purpose of this Request for Proposals (RFP) is to solicit proposals from qualified firms to provide Portfolio Completion Strategies Advisory Services and/or Portfolio Completion Strategies Managed Account Platform Services. PRIM invites qualified firms to submit proposals to provide one or both of these services. PRIM may select one or more service providers based on PRIM's evaluation of the Proposals in accordance with the Selection Criteria contained in Section III of this Request for Proposals. Firms applying for both of these services will be evaluated independently and jointly.

I. SCOPE OF SERVICES

SCOPE OF SERVICES – PORTFOLIO COMPLETION STRATEGIES ADVISORY SERVICES

Please note that this RFP seeks **direct** hedge fund advisory services. **Fund of fund submissions will be automatically disqualified.** Strong preference will be given to proposals that demonstrate strength in a broad spectrum of unconstrained investing strategies. Portfolio Completion Strategies advisory service providers selected will provide services for PRIM that could include, but are not limited to, the following:

Portfolio Completion Strategies Advisory Services

1. **Portfolio Completion Strategies.** This could include, but may not be limited to, the following considerations:
 - a. Manager Sourcing
 - b. Investment Due Diligence
 - c. Operational Due Diligence
 - d. Risk Analysis
 - e. Portfolio Construction
 - f. Legal Support
 - g. Benchmarking and Monitoring
 - h. Performance Reporting

2. **Portfolio Completion Strategies Investment Manager Oversight.** This could include, but may not be limited to, the following considerations:
 - a. Monthly and Quarterly performance analysis, including both quantitative and qualitative analysis, of each manager. The quantitative analysis should include performance evaluation against the appropriate benchmarks, manager medians, and investment objectives, as well as

return attribution characteristics, style analysis and risk analysis. The qualitative analysis should include a review of the manager's performance relative to its peers, strategy allocations, etc.

- b. Analysis and advice around questions or issues that arise in the course of overseeing the Portfolio Completion Strategies investment managers. For example, advise on appropriate benchmarks, calculate custom benchmarks if necessary and advise on investment guidelines or fee structures.
- c. Proactive communication with PRIM staff on Portfolio Completion Strategies issues.
- d. Advice and recommendations concerning manager termination.

3. Portfolio Completion Strategies Investment Search and Selection. For PRIM's Portfolio Completion Strategies program, this could include providing:

- a. Investment Screening: development of a structured process to analyze the full universe of available investments, and efficiently identify those most appropriate for PRIM investment. This includes a detailed analysis of prospective investments identified by PRIM or an advisor or advisors.
- b. Identification of New Opportunities: development of a proactive program to identify new or limited-access investments and to make them available to PRIM.
- c. Database Access: access to a database of hedge fund investment managers, including their philosophies, organizations, performance and clients. Manager information should be available for a broad range of investment managers and strategies.
- d. Assistance with Due Diligence: Assist PRIM staff with due diligence visits, both investment and operational.
- e. Recommendations: Present recommendations to the PRIM staff, Investment Committee and Board. This will include substantive written recommendations that will present the full results of the due diligence, strategic considerations and fit within the PRIM portfolio.

4. Proactive Monitoring of Portfolios. The advisor will be responsible for maintaining a proactive program of overseeing PRIM's Portfolio Completion Strategies investments. This will include but is not limited to:

- a. General Monitoring: The advisor will take responsibility for the timely reporting of key events that may affect the portfolio's value. This could include market changes, changes in management or substantial reductions in portfolio value. This will be conducted through monitoring of the media, personal contacts, regular interaction with Managers, and systematic review of Managers' reports. The advisor will provide written documentation of all monthly or quarterly update calls or meetings that the advisor will have with PRIM's Portfolio Completion Strategies Managers.
- b. Involvement with Managers: where necessary, assisting in actions to protect the interests of PRIM as an investor, and to ensure compliance by Managers with the terms of their contracts.

- c. Portfolio Monitoring: where necessary, accompany staff on manager due diligence visits and participate in quarterly calls or meetings.
 - d. Review and recommend course of action on all agreement amendments.
- 5. Portfolio Completion Strategies Portfolio Analysis. For PRIM's Portfolio Completion Strategies program, this could include providing:**
- a. Annual Review: On no less than an annual basis, the advisor will conduct a full review of the Portfolio Completion Strategies portfolio. This will include a performance review and a qualitative assessment of each individual manager, strategies and the portfolio as a whole. This will also include an assessment of compliance with the Strategic Plan, and recommendations for future investments consistent with PRIM objectives.
 - b. Monthly and Quarterly Performance Review: Provide monthly and quarterly performance analysis for PRIM's Portfolio Completion Strategies portfolio. The monthly and quarterly analysis should have both a qualitative and quantitative component. The performance analysis should include but is not limited to top positions, net/gross positions, leverage, exposure by strategy, sector diversification, return attribution characteristics, style analysis, risk analysis, peer universe comparison, holdings analysis, trading efficiency and compliance with violation reports. This will include measurement against appropriate benchmarks and investment objectives.
- 6. Database.** The advisor will develop and maintain a database of hedge fund managers including their philosophies, organizations, performance and clients and includes, but is not limited to, the following information:
- a. Historical Data: all historical information on net asset values.
 - b. Performance Data: including return calculations and measures against performance benchmarks.
 - c. Portfolio Characteristics and Risk Analysis: an ability to run portfolio analyses by individual investment manager, strategy and the aggregate portfolio.
- 7. Special Projects and Services.** PRIM may require the advisor's assistance, advice, research and analysis in other matters that fall outside of the routine Investment and Monitoring Programs. This also includes providing PRIM with advice on appropriate benchmarks, investment guidelines and fee calculations.
- 8. Attendance at PRIM Board and Investment Committee Meetings.** Attend regular meetings of the PRIM Board and the Investment Committee in Boston, Massachusetts. There are four meetings of each, annually.
- 9. General Hedge Fund Research and Analysis.** Provide ongoing research, analysis and advice on specific investment-related issues upon the request of PRIM staff.

SCOPE OF SERVICES – PORTFOLIO COMPLETION STRATEGIES MANAGED ACCOUNT PLATFORM

Portfolio Completion Strategies Managed Account Service providers selected to perform these services will provide services for PRIM that include, but are not limited to, the following:

1. Portfolio Completion Strategies Managed Account Platform Services

- a. Identification of and negotiation with Prime Brokers, Administrators, etc.
- b. Operational Due Diligence on potential Investment Managers
- c. Continued Operational Due Diligence on existing Investment Managers
- d. Negotiation of Investment Manager Agreements
- e. Risk and Transparency reporting
- f. Legal Support
- g. Compliance Monitoring and Reporting
- h. Tax Reporting
- i. Coordination of Annual Audits

II. GENERAL INFORMATION.

A. Organization of the PRIM Board and PRIT Fund.

1. Legal Structure of PRIM

PRIM was created in 1983 by the Commonwealth of Massachusetts through legislation (Chapter 661 of the Acts of 1983, as amended by Chapter 315 of the Acts of 1996) to provide general supervision of the investments and management of the Pension Reserves Investment Trust (PRIT) Fund. The PRIT Fund was created by the same legislation and is the investment portfolio for the assets of the State Employees' and State Teachers' Retirement Systems, as well as local retirement systems that choose to invest in the PRIT Fund.

PRIM is governed by a nine member board of trustees (the "Board"). The trustees include: (1) the Governor, *ex officio*, or his designee; (2) the State Treasurer, *ex officio*, or her designee, who shall serve as Chair of the PRIM Board; (3) a private citizen, experienced in the field of financial management, appointed by the State Treasurer; (4) an employee or retiree, who is a member of the State Teachers' Retirement System, elected by the members of such system, for a term of three years; (5) an employee or retiree, who is a member of the State Employees' Retirement System, elected by the members of such system for a term of three years; (6) the elected member of the State Retirement Board; (7) one of the elected members of the Teachers' Retirement Board chosen by the members of the Teachers' Retirement Board; (8) a person who is not an employee or official of the Commonwealth appointed by the Governor; and (9) a representative of a public safety union appointed by the Governor. Appointed members serve for a term of four years.

The mission of the PRIT Fund is to ensure that current and future pension benefit obligations are adequately funded in a cost effective manner. PRIM therefore seeks to maximize the total return on investments within acceptable levels of risk for a public pension fund. Under current law (as amended by Section 45 of Chapter 68 of the Acts of 2011), by the year 2040, the PRIT Fund will have grown, through annual payments in accordance with a legislatively approved funding schedule and through total investment return of the PRIT Fund, to an amount sufficient to meet the then existing pension obligations of the Commonwealth. The Commonwealth has adopted a schedule of state pension appropriations that assumes a long term actuarial rate of return for the PRIT Fund of 7.5%. The current asset allocation targets are described in **Exhibit A**.

The nine member board of trustees, as trustees for each retirement system that invests in the PRIT Fund, has the authority: to employ an Executive Director, outside investment managers, custodians, legal counsel, consultants and others as it deems necessary; to formulate policies and procedures; and to take such other actions as necessary and appropriate to manage the assets of the PRIT Fund.

PRIM is the legal custodian of the PRIT Fund and has fiduciary responsibility for the assets transferred to the PRIT Fund by state and local retirement systems. PRIM selects the PRIT Fund's investment managers and advisors, reviews and evaluates total PRIT Fund and individual investment manager performance, and performs various other activities in the daily management of the PRIT Fund. As of December 31, 2018, the PRIT Fund had net assets totaling approximately \$73.8 billion.

PRIM is governed by Massachusetts General Laws, Chapter 32 and oversees the PRIT Fund under the terms of its Operating Trust dated July 15, 1988 and amended on September 22, 1998. The

members of the Board, in conjunction with the Executive Director, who serves at the pleasure of the Board, determine policies and make decisions concerning the administrative and investment operations of the PRIT Fund.

PRIM has established advisory committees (Investment, Administration & Audit, Real Estate & Timber and Compensation) to provide a broad range of input to the Board. These committees are generally composed of several Board members and several non-Board members having investment and/or business and/or other relevant expertise. A listing of the members of the PRIM Board and Committees can be found on the PRIM Board website at www.mapension.com. All significant policies and investments are ultimately approved by the Board.

2. MGL Chapter 268A

The Massachusetts Conflict of Interest Law (MGL Chapter 268A, web link: <http://www.mass.gov/ethics/laws-and-regulations-/conflict-of-interest-information/conflict-of-interest-law.html>) applies to PRIM and can have application to persons performing services to PRIM by contract.

3. Chapter 30A, Sections 18-25

The Massachusetts Open Meeting Law (MGL Chapter 30A, Sections 18-25, web link: <http://www.mass.gov/ago/government-resources/open-meeting-law/>) is designed to ensure transparency in public policy deliberations. The Open Meeting Law requires, with some exceptions, that meetings of public bodies such as PRIM be open to the public.

4. Tobacco, Sudan and Iran Divestiture

On October 7, 1997, the Massachusetts Legislature enacted, and the Governor signed into law, Chapter 199 of the Acts of 1997, which forbids the PRIT Fund from purchasing securities “of any company which derives more than 15 percent of its revenues from the sale of tobacco products.” The legislation also required that the PRIT Fund divest itself of all such securities within three years. PRIM provides investment managers with a quarterly listing of these restricted securities.

On November 2, 2007, the Massachusetts legislature enacted, and the Governor signed into law, Chapter 151 of the Acts of 2007, which forbids the PRIT Fund from purchasing the securities of companies determined to be doing business in what then was the Sudan. The legislation required that the PRIT Fund divest itself of all such securities within 12 months. PRIM provides investment managers with a quarterly listing of these restricted securities.

On August 4, 2010, the Massachusetts legislature enacted, and the Governor signed into law, Chapter 232 of the Acts of 2010, which forbids the PRIT Fund from purchasing the securities of companies determined to be doing business in Iran. The legislation required the PRIT Fund to divest itself of all such securities within 12 months. PRIM provides investment managers with a quarterly listing of these restricted securities.

5. PRIM’s Advisors.

Outside advisors and managers (many of whom are identified in **Exhibit A**) are engaged for their particular expertise and retained to assist PRIM in the areas of general portfolio strategy and investments and related services. BNY Mellon is the PRIT Fund's custodian and is responsible for providing record-keeping and analytic performance valuations for the PRIT Fund.

III. SELECTION PROCESS AND SELECTION CRITERIA.

The Selection Process under this RFP will be as follows:

PRIM will evaluate each Response to determine if it was submitted in accordance with the requirements set forth in this RFP, including whether the proposing firm meets the Minimum Qualifications of Section VI.

Proposals will be evaluated by an evaluation committee which may include members of the PRIM Board, its advisory committees, and staff. If helpful to PRIM's evaluation, the evaluation committee *may* invite one or more Respondents to PRIM for an interview.

The committee will evaluate the respondent's qualifications based on the following criteria:

1. Stability and experience of the firm
2. Experience and stability of the proposed team dedicated to PRIM
3. Investment philosophy and process
4. Client references
5. Fee proposal

The evaluation committee will then submit its results and make its recommendation to the PRIM Investment Committee, which will in turn make a recommendation to the PRIM Board. The Investment Committee may accept the recommendations of the evaluation committee, and/or may recommend other or additional respondent(s) to the PRIM Board. The selection(s) will ultimately be made by the PRIM Board.

IV. MINIMUM QUALIFICATIONS

A Proposer must meet the following minimum qualifications to be given further consideration in PRIM's search for a Portfolio Completion Strategies advisor(s) and Portfolio Completion Strategies managed account service provider(s). Failure of a firm to meet the minimum qualifications applicable to the services for which it is submitting a Proposal will result in the Proposal's immediate rejection.

Minimum Qualifications – Portfolio Completion Strategies Advisory Services.

Please provide a detailed response to the following:

1. As of December 31, 2018, the firm must have provided Portfolio Completion Strategies advisory services for a minimum of three (3) years.
2. The proposing firm must provide Portfolio Completion Strategies advisory services as a fiduciary for at least one (1) institutional client.
3. The firm or its proposed advisors must maintain or have access to a database of Portfolio Completion Strategies.
4. Strong preference will be given for proposals that demonstrate strength in a broad spectrum of unconstrained investing strategies.
5. Proposals must be made for advisory services only; **all fund of fund submissions will be disqualified.**

Minimum Qualifications – Portfolio Completion Strategies Managed Account Services

Please provide a detailed response to the following:

6. As of December 31, 2018, the firm must provide hedge fund managed account services to existing clients whose assets aggregate to at least \$2 billion.
7. The provider must have at least three (3) years experience in serving as hedge fund managed account provider.

V. RESPONSE SPECIFICATIONS

1. Deadline for Proposals

Proposals, including all attachments, must be delivered electronically via e-mail to rfpresponses@mapension.com and received by 3:00 p.m. EDT on the RFP Response Deadline (see TIME TABLE in Section VI). The e-mail subject header must be in the following format: "**PRIM Portfolio Completion Strategies Advisory and Direct Managed Account Services RFP Response – Name of Responding Firm.**"

All electronic (email) documents submitted must be 10MB or smaller in size. If necessary, the respondent should separate the RFP submission into multiple emails to ensure that the 10MB size requirement is met. The respondent is responsible for ensuring that a complete electronic (email) RFP response is received prior to the Proposal Deadline.

The questions and/or requests made in this RFP should be duplicated in their entirety in the respondent's proposal, with each question and/or request repeated before the answer or response.

Copies of this RFP can be obtained electronically on the PRIM Board website at www.mapension.com.

2. Required Enclosures and Attachments

A. Cover Letter

The Response must be accompanied by a cover letter, which will be considered an important part of the Response, and which shall be signed by at least one individual authorized to bind the Respondent contractually. This cover letter must include: (a) an executive summary of the Respondent's proposal; (b) the Respondent's name and address; (c) name, phone number, and email address of the person proposed to be the principal client contact; (d) the title or position which the signer of the cover letter holds in the firm; and (e) a statement to the effect that the Response is a firm and irrevocable offer of the Respondent. The executive summary shall not be more than 2 pages single-spaced in length, and shall be suitable for distribution to PRIM Board and Committee Members; please be sure that your executive summary identifies the relevant connections between the description of your firm and its personnel provided in the executive summary, and should discuss your firm, its history, capabilities, competitive advantages, personnel, and understanding of PRIM's needs.

B. Responses to Minimum Qualifications (Section VI)

The respondent must describe in sufficient detail how the firm meets the minimum qualifications.

C. Responses to Questions (Section VIII)

The respondent must provide complete response to the questions contained within this RFP.

D. Representations and Warranties

The Representations and Warranties contained in Section X hereof, signed by an authorized officer of the Respondent, must be included as an attachment to the cover letter referenced in Section IV.B.1 above.

E. Disclosure Statement

Attached to this RFP as **Exhibit B** is a PRIM Disclosure Statement. Each firm submitting a response must complete the PRIM Disclosure Statement and submit it as an attachment to the cover letter referenced in Section IV.B.1 above. **YOU MUST COMPLETE THE PRIM DISCLOSURE STATEMENT OR YOUR SUBMISSION MAY NOT BE CONSIDERED.**

F. Fee Proposal

The fee proposal of the proposing firm must be submitted on the form contained in Section IX hereof (the Fee Proposal).

G. Form ADV

The firm must submit to PRIM in electronic form its full Form ADV (Parts I and II).

3. Public Record and Website Posting

In accordance with Chapter 66, Section 10 and Chapter 4, Section 7(26) of the Massachusetts General Laws, upon the expiration of the Response Deadline, Responses to this RFP could be deemed to be public records, and as such could be subject to requests for public disclosure. Additionally, in accordance with Chapter 66, Section 19(b)(v) of the Massachusetts General Laws, the RFP Response that is submitted by the Respondent(s) selected to provide services to PRIM may be posted on PRIM's website (www.mapension.com).

4. Waiver/Cure of Minor Informalities, Errors and Omissions

PRIM reserves the right to waive or permit cure of minor informalities, errors or omissions prior to the selection of finalists, and to conduct discussions with any qualified proposers and to take any other measures with respect to this RFP in any manner necessary to serve the best interest of PRIM and its beneficiaries.

5. Communications with PRIM

The Procurement Officer for this RFP is:

Matthew H. Liposky
Chief Investment Operating Officer
Pension Reserves Investment Management Board
84 State Street
Boston, Massachusetts 02109
rfpresponses@mapension.com
Telephone: (617) 946-8401

As of **January 7, 2019**, firms that intend to submit a proposal shall not contact PRIM staff, members of advisory committees of the PRIM Board, members of the PRIM Board or employees of the Massachusetts Treasury, other than the Procurement Officer. An exception to this rule applies to firms which currently do business with the PRIM Board, but any contact made by such firms with persons other than the Procurement Officer must be limited to that business and must not relate to this RFP. In addition, firms that intend to submit a proposal should not discuss this RFP with any employee of the existing custodian, investment managers, consultants, legal counsel or other PRIM advisors.

Failure to observe this rule is grounds for disqualification.

6. Questions Regarding this RFP.

All questions concerning this RFP must be received by the Procurement Officer by 3:00 p.m., EDT, January 25, 2019 (the "Question Deadline"), in writing, via e-mail sent to rfpresponses@mapension.com. Questions received before the deadline will be answered and circulated by e-mail to all Respondents who have proposed a question. Respondents that have requested prior to the deadline, in writing, a copy of the questions and the responses will also

receive them. Questions, or requests for a copy of the questions and the responses, that are received after the Question Deadline will not be considered.

7. Incurring Costs

PRIM will not be liable for any costs incurred prior to entering a contract with the selected proposer or proposers.

8. Withdrawal/Irrevocability of Responses

Respondents may withdraw and resubmit Proposals prior to the Response Deadline. No withdrawals or re-submissions will be allowed after the Proposal Deadline.

9. Rejection of Responses; Cancellation

PRIM reserves the right in its sole discretion to reject any Response, as well as the right to reject all Responses submitted in response to this RFP, and to cancel and rescind the procurement at any time, for any reason or for no reason.

VI. TIME TABLE.

PRIM Reserves the right to modify the following time table:

Issuance of RFP:	January 7, 2019
RFP Question Deadline:	January 25, 2019; 3:00 p.m. EDT
RFP Response Deadline:	February 8, 2019; 3:00 p.m. EDT
Notification of Finalists (Tentative):	Week of March 4, 2019
Evaluation committee Interviews: (Tentative)**	Week of March 18, 2019
PRIM Investment Committee Meeting: (Tentative)**	April 30, 2019
PRIM Board Meeting:	May 14, 2019
Projected Commencement Date:	July 1, 2019

** Interviews, if necessary, are to be held in Boston at PRIM's offices.

VII. QUESTIONNAIRE – Portfolio Completion Strategies Advisory Services

RESPONDENT: _____

ADDRESS: _____

TELEPHONE #: _____

FACSIMILE #: _____

E-MAIL ADDRESS: _____

CLIENT CONTACT: _____

SIGNED: _____

Name (print): _____

Title: _____

Date: _____

Please indicate clearly which product your firm is submitting:

_____ Portfolio Completion Strategies Advisory Services

_____ Both Portfolio Completion Strategies Advisory and Direct

Hedge Fund Managed Account Platform Services

Go to section VIII for the Questionnaire for Portfolio Completion Strategies Managed Account Platform Services.

A. Organizational Overview

1) Please complete the following table:

Firm Information	
Country and state of incorporation	
Date firm founded	
Legal entities	
Principal place of business with headcount	
Additional branches with headcount	
Fiduciary classification	
Date and current registration with any regulatory agency (SEC, FSA) and licenses with any authorities	

2) Provide a breakdown of the assets as a percentage and dollar amount the firm advises by activity:

	2018	2017	2016
Consulting / advisory services			
Structured products			
Discretionary asset management (i.e., FoF)			
Other (add rows to explain)			
Total			

3) What percentage of firm revenues were derived from the following activities:

Revenue Source	2018	2017	2016
Managed account services			
Structured products			
Discretionary asset management (i.e., FoF)			
Other (add rows to explain)			
Total			

4) If your organization is an affiliate or subsidiary of an organization, what percentage of the parent firm's total revenue does your organization generate?

5) Please detail the ownership structure of the firm:

Ownership	
Form of organization (corporation, partnership, LLC, etc.)	
Ownership % of each principal (list names)	

6) Please describe:

- a) A brief history of the firm. If your Portfolio Completion Strategies advisory services organization is a subsidiary, describe the history of the business unit and the services provided.
- b) Any material developments in your organization (acquisitions, divestitures, reorganizations, changes in ownership, personnel, business, etc.) over the past three years in detail.
- c) Any joint ventures or affiliations including any ownership the firm or any entity under its control may hold in other investment firms.
- d) Any planned changes in terms of ownership structure, resources or staffing, including any succession planning for potential retirements of key individuals.

7) Is your firm registered as an investment adviser with the Securities and Exchange Commission under the Investment Advisers Act of 1940? If so, please provide a copy of your Form ADV (Parts I & II).

8) Please disclose and describe:

- a) Date of last SEC audit (routine or otherwise)
- b) Any material findings by any audit firm or regulatory agency that conducted an audit or review of the firm within the last three years
- c) Any deficiency letter or similar report by any audit firm or regulatory agency regarding an audit or review of the firm within the last three years
- d) Any investigation or litigation involving the firm or any of its officers or principals during the last three years, including the nature of the litigation, the parties and the status of the litigation

9) Describe any significant operations or technology initiatives you plan in the next three years. How do you think they will enhance your operations going forward?

10) List the individuals who would be responsible for this account. Please provide detailed biographical information for each in an appendix, including at a minimum location, title, PRIM-related responsibilities, other responsibilities, years of experience, years with organization, education (degree and year), and whether the person is an owner of the organization. Include references to any articles authored by these individuals on topics related to the subject service.

- 11) List number of employees in each job function dedicated to Portfolio Completion Strategies advisory services. If persons are included in more than one category, please explain in detail the reason for inclusion in such categories.

	December 31, 2018
Operations/Accounting & Finance	
Compliance and Legal	
IT	
Risk Management	
Manager Operational Due Diligence	
Client Service/Marketing	
Investment Professionals	
Other	

Also provide the historical total employees dedicated to Portfolio Completion Strategies advisory services.

	2018	2017	2016
Total employees dedicated to hedge fund advisory servicing			

- 12) Please list all personnel who joined the firm in the past three years.

Name	Year Joined	Title/Job Function

- 13) Please list key personnel who left the firm in the past three years. Please include all departures, regardless of seniority.

Name	Year Left	Title/Job Function	Years with Firm

- 14) How does the organization attract and retain new employees? Discuss your Portfolio Completion Strategies advisory service employee compensation and incentive program and whether this aligns interests with clients. Will the compensation of the individuals responsible for this relationship be directly affected by the success of the relationship?
- 15) Please state whether any of the organization's senior professionals have other business responsibilities outside of their employment with the firm and, if applicable, describe the other business responsibilities, including how many hours each week (on average) are allocated to those outside efforts.
- 16) Is your organization a Women Owned (WBE), Minority Owned (MBE) or Minority and Women Owned (M/WBE) Business Enterprise certified by the MA State Office of Minority and Women Business Assistance (SOMWBA) or any other state? If not certified, is your organization majority owned by women or minorities?
- 17) The PRIM Board believes that diversity of thought leads to better decision making. With that in mind, please describe how your organization has worked to foster diversity of thought. Please describe ways your firm seeks out diverse employees, ensures wage-equality within your organization and the diversity of your top management or, if applicable, your board. Please limit your response to no more than 1 page.
- 18) Please provide the following information on historical Portfolio Completion Strategies advisory assets under management:

	2018	2017	2016
Total AUM			
Total # of accounts			
# of accounts gained			
Value of accounts gained			
# of accounts lost			
Value of accounts lost			
Commingled managed account AUM			
# of commingled managed account clients			
Dedicated managed account AUM			
# of dedicated managed account clients			
Discretionary managed account AUM			
Non-discretionary managed account AUM			

- 19) Please list your organization's five largest clients.

Name of Client	Inception Date	Total Assets	Client Type	% of Organization's Total Assets

20) Please list your organization’s five largest public fund clients in the Portfolio Completion Strategies advisory service.

Name of Client	Inception Date	Total Assets	% of Organization’s Total Assets

21) How does your organization evaluate the quality of its services? Describe any benchmarks the firm has developed to evaluate its service levels and the service levels of its professionals.

22) Please describe the insurance coverage for your firm, including coverage amount, deductibles and A.M. Best rating of insurance carrier. Be sure to include general errors and omissions liability insurance coverage and fiduciary liability insurance coverage against acts of fraud and dishonesty.

23) Provide the client name, address, phone number, contact name, title and account type (e.g., defined benefit, defined contribution, endowment) of three clients currently using your firm for Portfolio Completion Strategies advisory services that can be contacted as references. Also indicate the length of your relationship and the dollar amount that you oversee for each reference.

B. Hedge Fund Advisory

- 1) Please describe the sourcing, diligence and approval process of an investment.
- 2) Do you maintain an “approved” list of Portfolio Completion Strategies for investment?
- 3) How many funds have been on this “approved” list at the end of each quarter for the last five years?
- 4) Complete the table listing the number of Portfolio Completion Strategies on your “approved” list, by strategy, if applicable.

Strategy	2018	2017	2016

--	--	--	--

- 5) Will you accept requests from clients to perform investment and operational due diligence on client directed managers? Given your fee proposal, what is the maximum number of client initialized requests for due diligence?
- 6) How many requests from clients have you received, by quarter, over the last three years, to perform investment due diligence on hedge funds? Please provide the size of distribution of those funds at the time of request.
- 7) In CY2016, for how many of the funds did you perform investment due diligence? Operational due diligence?
- 8) How many funds were brought to your investment committee for approval in CY2018?
- 9) How many were approved in CY2018?
- 10) How many of your approved funds originated from client requests in 2018?
- 11) Describe specific instances where you have negotiated advantageous fee terms for your clients. How do you envision improving PRIM's current fee structures?
- 12) How many fund meetings did you have in the last year?
 - a) In person, on site
 - b) In person, at your office
 - c) In person, elsewhere
 - d) By telephone/video conference
- 13) Please break this down further by:
 - a) Initial meeting
 - b) "Approved" list
 - c) Covered universe
- 14) For initial meetings, provide:
 - a) Geography
 - b) Strategy
 - c) Firm/fund size distribution
 - d) Women/Minority owned firms
- 15) What meeting notes/reports are available to your clients and how are they made available?
- 16) Describe your risk management process, including internal/external systems, organizational structure and aggregation provided different levels of transparency.
- 17) Identify and describe any actual or potential conflicts of interest (including but not limited to fees, compensation, and any other benefits) that exist between the firm, clients, hedge fund managers, affiliates, service providers, intermediaries, prime brokers and other entities and how they are mitigated.

- 18) Does your firm have any affiliated asset management, clearing or structured product businesses? Do these businesses have any preferred treatment over external investors?
- 19) Describe any education programs your organization has conducted or makes available to clients on an ongoing basis.
- 20) Provide a copy of any recent research papers your organization has produced.

C. Managed Accounts

- 1) How many managed accounts have you set up for clients?
- 2) How many funds of ones?
- 3) Please describe specific examples of assisting clients in establishing managed accounts. Explain whether you were responsible for the managed account setup (ISDAs, legal, etc.) or whether this was outsourced to a managed account service provider. List the service providers with which you have worked.

VIII. QUESTIONNAIRE – Portfolio Completion Strategies Managed Account Platform Services

RESPONDENT: _____

ADDRESS: _____

TELEPHONE #: _____

FACSIMILE #: _____

E-MAIL ADDRESS: _____

CLIENT CONTACT: _____

SIGNED: _____

Name (print): _____

Title: _____

Date: _____

Please indicate clearly which mandate your firm is submitting:

_____ Portfolio Completion Strategies Managed Account Platform Services

_____ Both Portfolio Completion Strategies Advisory and Direct

Hedge Fund Managed Account Platform Services

E. Organizational Overview

1) Please complete the following table:

Firm Information	
Country and state of incorporation	
Date firm founded	
Legal entities	
Launch date of managed account services	
Principal place of business with headcount	
Additional branches with headcount	
Fiduciary classification	
Date and current registration with any regulatory agency (SEC, FSA) and licenses with any authorities	

2) If your organization is an affiliate or subsidiary of an organization, what percentage of the parent firm’s total revenues does your organization generate?

3) Please detail the ownership structure of the firm:

Ownership	
Form of organization (corporation, partnership, LLC, etc.)	
Ownership % of each principal (list names)	

4) Please describe:

- a) A brief history of the firm. If your Portfolio Completion Strategies managed account services organization is a subsidiary, describe the history of the business unit and the services provided.
- b) Any material developments in your organization (acquisitions, divestitures, reorganizations, changes in ownership, personnel, business, etc.) over the past three years in detail.
- c) Any joint ventures or affiliations including any ownership the firm or any entity under its control may hold in other investment firms.
- d) Any planned changes in terms of ownership structure, resources or staffing, including any succession planning for potential retirements of key individuals.

5) Is your firm registered as an investment adviser with the Securities and Exchange Commission under the Investment Advisers Act of 1940? If so, please provide a copy of your Form ADV (Parts I & II).

- 6) Please disclose and describe:
 - a) Date of last SEC audit (routine or otherwise)
 - b) Any material findings by any audit firm or regulatory agency that conducted an audit or review of the firm within the last three years
 - c) Any deficiency letter or similar report by any audit firm or regulatory agency regarding an audit or review of the firm within the last three years
 - d) Any investigation or litigation involving the firm or any of its officers or principals during the last three years, including the nature of the litigation, the parties and the status of the litigation
- 7) Describe your organization’s major operations and technology initiatives in the past three years. How did these expenditures enhance your organization’s capabilities?
- 8) Describe any significant operations or technology initiatives you plan in the next three years. How do you feel they will enhance your operations going forward?
- 9) Please provide an organizational chart of your firm as a whole. Also provide a detailed organizational chart of your Portfolio Completion Strategies managed account service by function (e.g. operations, on-boarding, accounting and finance, compliance and legal, IT, risk management, research, client service/marketing, other). Indicate which employees are dedicated to the platform and which are internal shared resources. Provide biographies in an appendix for key employees.
- 10) List the individuals who would be responsible for PRIM’s account. Please provide detailed biographical information for each in an appendix, including at a minimum location, title, PRIM related responsibilities, other responsibilities, years of experience, years with organization, education (degree and year), and whether the person is an owner of the organization. Include references to any articles authored by these individuals on topics related to the subject service.
- 11) Please state whether any of the organization’s senior professionals have other business responsibilities outside of their employment with the firm and, if applicable, describe the other business responsibilities, including how many hours each week (on average) are allocated to those outside efforts.
- 12) Is your organization a Women Owned (WBE), Minority Owned (MBE) or Minority and Women Owned (M/WBE) Business Enterprise certified by the MA State Office of Minority and Women Business Assistance (SOMWBA) or any other state? If not certified, is your organization majority owned by women or minorities?
- 13) List number of employees in each job function dedicated to Portfolio Completion Strategies managed account servicing. If persons are included in more than one category, please explain in detail the reason for inclusion in such categories.

	<u>December 31, 2018</u>
Operations	

On-boarding	
Accounting and Finance	
Compliance and Legal	
IT	
Risk Management	
Manager Due Diligence/Research	
Client Service/Marketing	
Other	

Also provide the historical total employees dedicated to managed account servicing.

	2018	2017	2016
Total employees dedicated to managed account servicing			

14) Please list key personnel who joined the firm in the past three years.

Name	Year Joined	Title/Job Function

15) Please list key personnel who left the firm in the past three years.

Name	Year Left	Title/Job Function	Years with Firm

16) How does the organization attract and retain new employees? Discuss your Portfolio Completion Strategies managed account service’s employee compensation and incentive program and whether this aligns interests with clients. Will the compensation of the individuals responsible for this relationship be directly affected by the success of the relationship?

17) Please state whether any of the organization’s senior professionals have other business responsibilities outside of their employment with the firm and, if applicable, describe the other business responsibilities, including how many hours each week (on average) are allocated to those outside efforts.

18) Please provide the following information on historical Portfolio Completion Strategies managed account assets under management:

	2018	2017	2016
Total AUM			
Total # of accounts			
# of accounts gained			
Value of accounts gained			
# of accounts lost			
Value of accounts lost			
Commingled managed account AUM			
# of commingled managed account clients			
Dedicated managed account AUM			
# of dedicated managed account clients			
Discretionary managed account AUM			
Non-discretionary managed account AUM			

19) Please list your organization's three largest clients and any public fund clients in the dedicated managed account service.

Name of Client	Inception Date	Total Assets	Client Type	% of Organization's Total Assets

20) What is the minimum account size your firm will accept in the subject service?

21) Please complete the following table relating to managed accounts as of 12/31/2018:

Strategy/Firm Size	# of Funds with Commingled Managed Accounts	AUM of Commingled Managed Accounts (\$mil)	# of Funds with Separately Managed Accounts	AUM of Separately Managed Accounts (\$mil)
Multi-Strategies				
Equity long/short				
Macro/CTA				
Event driven				
Relative value				
Credit strategies				
Commodities strategies				
Alternative Risk Premia				
Explicit Risk Mitigation/Hedging Overlay				
Firm AUM >\$2bn				
Firm AUM \$0.5-2bn				
Firm AUM <\$0.5bn				

22) How does your organization evaluate the quality of its services? Describe any benchmarks the firm has developed to evaluate its service levels and the service levels of its professionals.

23) Please describe the insurance coverage for your firm including coverage amount, deductibles, and A.M. Best rating of insurance carrier. Be sure to include general errors and omissions liability insurance coverage and fiduciary liability insurance coverage against acts of fraud and dishonesty.

F. Portfolio Completion Strategies Managed Account Platform Services

1) Please describe the scope of services that you would incorporate into a dedicated Portfolio Completion Strategies managed account relationship with PRIM.

2) Describe the key performance indicators and service level agreements that you would recommend for an Portfolio Completion Strategies managed account relationship with PRIM.

3) Is there any activity listed in the scope of services which would require your organization to utilize a third-party provider? If so, please describe in detail.

4) Describe the access and interaction PRIM staff would have with your organization’s staff. Please include the geographic location of key staff.

- 5) What would the proposed roles and responsibilities be for PRIM and for your organization? Please be very clear about the functions that PRIM would be expected to perform in the set-up and operations of the managed account platform as well as the specific functions that you would perform as the platform provider.
- 6) Describe two examples where you have provided these services to a client. Exclude the client name and be specific about the nature of the relationship.
- 7) What are your organization's key strengths, competitive advantages and weaknesses? Describe the factors you believe are important for managing a successful dedicated Portfolio Completion Strategies managed account mandate.
- 8) What is your organization's current capacity in terms of assets under management and number of dedicated Portfolio Completion Strategies managed accounts for an Portfolio Completion Strategies managed account relationship?
- 9) List the types of strategies that your firm can handle in a managed account. List all the strategies or types of hedge funds that your firm is not designed to manage – either from a technology, philosophy or experience perspective. Please specify which strategies are live on your platform currently vs. the strategies that you are capable of handling.
- 10) Please provide the names of your current Portfolio Completion Strategies managed accounts by manager/fund in an appendix. Identify which are commingled managed accounts vs. dedicated managed accounts.
- 11) Describe your experience working with clients that use a hedge fund advisor. Please provide specific examples.

G. Structure

- 1) Describe the platform legal structure including the domiciles/jurisdictions and structures that are available for Portfolio Completion Strategies managed accounts as well as your thoughts on the overall pros and cons of the varying structures.
- 2) Please provide details of your Portfolio Completion Strategies managed account governance model. How much flexibility is there to change this to accommodate client control or influence requirements? Please give examples. Does the platform use independent directors or trustees?
- 3) Discuss the range of legal support that you provide to clients with respect to Portfolio Completion Strategies managed accounts (including IMA responsibility and negotiating contracts with fund managers and counterparties). Describe the resources dedicated to legal matters.
- 4) Describe the on-boarding process for new Portfolio Completion Strategies managed accounts in detail.

- 5) Describe in detail the separately managed account structures that took the shortest amount of time and the longest amount of time to on-board.
- 6) Who would be responsible for legal and operational set up of all accounts, vehicles, documents and counterparty agreements as the setup would relate to the PRIM relationship? To what extent can you assist with legal documentation, including fund formation documents and negotiation of investment management agreements and counterparty agreements? Please include a detailed description of the team and key personnel involved in this process.
- 7) Please provide a contact person at 3 different prime brokers who can discuss his or her experience with your firm with respect to document negotiation and account set-up.

H. Operations

- 1) Using the below chart, please describe the specific roles and tasks performed by members of your operations and accounting teams for the listed key managed account processes. If there is a process that your firm does not directly perform, please indicate who would perform that function in your service model. Please include a flowchart of your key processes and controls.

Processes	Platform Provider Roles and Tasks
Trading/Trade Reporting	
Reconciliation	
Collateral Management (OTC Relationships)	
Collateral Management (Clearing Brokers)	
Cash Management/Cash Movements/OTC Trade Settlement	
OTC Trade Confirmations	
Position valuations	
Daily NAV Estimates	
Final NAV Process	
Audit	
Tax	
Data Enrichment	
Risk Analytics and Performance Reporting	
Investment Guideline Monitoring	

- 2) What service do you provide for trade settlement, cash, margin and collateral management and oversight? Where is excess cash/collateral held? Who can move collateral and who signs off on cash movements? Can the underlying trading advisor move any collateral? Please specify your process for margin calls and notifications oversight. Further, please indicate whether these processes are automated. If you are outsourcing this service to a service provider, please explain which provider and specify the additional costs associated with this service that are not included in your bid.
- 3) Describe any cross-margining or cash netting facilities.
- 4) Who is responsible for implementing the operational risk framework? Are there clear lines of responsibility across senior management?
- 5) Please provide your most recent SSAE16 or similar internal control review. Please give details of any other relevant certifications and list the key weaknesses identified in the last three years.
- 6) Please describe your trade and position reconciliation process addressing frequency and listing types of positions/instruments (including OTC) that are reconciled. Please indicate whether these processes are automated.
- 7) How frequently is NAV calculated and estimated?
- 8) Describe your reconciliation process with your administrator. Have you experienced any material discrepancy between your administrator's and your own internal estimate on NAV calculation? If so, please describe.
- 9) Please describe your valuation procedures addressing frequency, source of price data and approval process. Describe the roles played by the platform, the fund manager and the administrator or valuation agent. Please provide your valuation policy. What percentage of positions is marked by third parties? What is your policy with regards to pricing of illiquid positions?
- 10) What were your biggest errors (if any) in 2018 and past years? What have you changed since then in order to improve your process?
- 11) Has a manager of one of the organization's Portfolio Completion Strategies managed accounts ever gone out of business or suffered significant drawdown or fraud? Have any of your separately managed accounts gated or side pocketed, or delayed/suspended redemptions in any way? If yes, please explain how you dealt with it, the lessons learned from that experience, and how they have been applied to your business.
- 12) Please describe how you ensure that client data is safe and secure and kept confidential.
- 13) Who has access to client data and investment details?

I. Service Providers

- 1) Provide a list of all service providers/counterparties the organization maintains business relationships with. Identify any of these service providers that are affiliated with your organization. Please highlight your preferred providers, if any.
 - a) Prime brokers, FCM, clearer, banks:
 - b) Legal advisors:
 - c) Auditors:
 - d) External marketers:
 - e) Fund Administrator:
- 2) Are you entitled to any fees, rebates or commissions when directing clients to any of these service providers? If so, please provide details.
- 3) Is the client able to choose which service providers to use?
- 4) What due diligence process does the organization perform prior to the appointment of a contracted service provider? Please specify whether this process differs for different service providers (e.g., custodian and administrators).
- 5) Are service-level agreements in place between the organization and its contracted service providers? If so, how does the organization monitor services against the prescribed standards?
- 6) Have there been any changes in service providers (including administrators) for your commingled managed accounts in the last three years? If so, please explain.
- 7) What is the approach to counterparty risk management, asset custody and Prime Brokerage/ISDA relationships? Is there an approved list and how does platform establish this?

J. Technology

- 1) Are your IT systems developed in-house or does the organization use standard off-the-shelf products? Which IT suite do you use and provide? (Please provide name and specifications.)
- 2) Does your IT system provide secure client access and simultaneous multiple access? How is it licensed (one license per user)? Are certain areas restricted to client access?
- 3) How many user licenses would a client have for any online services?
- 4) Do you provide full daily portfolio access?
- 5) Does your system allow portfolio consolidation views, sample portfolio construction and back-testing?

- 6) Does the system allow users to track/input notes and documents?
- 7) Please describe your on-boarding process in terms of data feeds from managers, prime brokers, administrators and investors.
- 8) Describe the organization's business continuity management plan. How often is the plan reviewed and updated? When was the plan last tested, and what were the results?
- 9) Have you already encountered system failures that have affected client use? If so, please indicate the time to resolution and possible compensation.
- 10) Has your disaster recovery plan ever been utilized under actual conditions? If so, what were the conditions and results?

K. Risk Management

- 1) Please give details of the risk management functions of your system in terms of:
 - a) investment restriction controls
 - b) quantitative risk management metrics
- 2) Please describe your process for monitoring, highlighting and addressing investment guideline violations. What is the remedy for breaches?
- 3) Can the platform directly intervene in a managed account to manage risks and deal with extreme scenarios (e.g., catastrophic failure of the trading advisor's systems and operating platform)? Please indicate what typical termination clauses are required by the platform. Describe the process for liquidating accounts. Do you provide assistance to liquidate the book (for listed and unlisted securities)?
- 4) Please outline methodologies for monitoring and assessing counterparty exposure.

L. Manager Due Diligence

- 1) What is the due diligence approach and frequency on the underlying managers? Is the due diligence undertaken available to investors?
- 2) Do you have a dedicated operational due diligence team? What are the size and qualifications of the team? Provide biographical information in an appendix for key members of the team.

M. Portfolio Reporting

- 1) Describe your approach to preparing periodic performance and risk reports for hedge fund managed accounts. Discuss the frequency of these reports (e.g. T, T+1, weekly, monthly, on request) and how they are made available to clients.
- 2) Please describe the system and tools that your firm uses to consolidate and produce risk and exposure reporting. Please indicate whether your system is proprietary. If you are outsourcing this service to a service provider, please explain which provider and specify any additional costs associated with this service that are not included in your bid.
- 3) Does your system provide real-time reporting?
- 4) Provide sample reports similar to what PRIM would receive given the nature of the relationship.
- 5) Please discuss the organization's ability to produce customized and/or ad hoc reporting.

N. Conflicts of Interest

- 1) Identify and describe any actual or potential conflicts of interest (including but not limited to fees, compensation and any other benefits) that exist between the firm, clients, hedge fund managers, affiliates, service providers, intermediaries, prime brokers and other entities and how they are mitigated.
- 2) Does your firm have any affiliated asset management, clearing or structured product businesses? Do these businesses have any preferred treatment over external investors?

O. Other

- 1) Describe any education programs your organization has conducted or makes available to clients on an ongoing basis.
- 2) Provide a copy of any recent research papers your organization has produced relating to managed accounts.
- 3) What additional services, if any, does your firm make available to Portfolio Completion Strategies managed account service clients?
- 4) Identify any clients that have terminated the relationship in the past three years that can be contacted as references. Provide the firm name, contact person and title, address, telephone number, email address and reason for termination.
- 5) Identify three hedge fund managers that have Portfolio Completion Strategies managed accounts with you that can be contacted as references with respect to your capabilities. Provide the firm name, contact person and title, address, telephone number and email address.
- 6) Other than the fees described in your fee proposal, what additional costs must the investor bear in dedicated managed accounts (e.g., administration, directors, audit, middle office, risk management, due diligence)?
- 7) Other than the fees described in your fee proposal, please identify any sources of compensation, revenue or other remuneration that your organization will receive in connection with the existence and operation of PRIM managed account(s) or a PRIM managed account platform.
- 8) Please provide a comprehensive list of services or functions within the Scope of Services in Section I, hereof, for which your organization will cause remuneration to be paid from PRIT assets to third parties.
- 9) What are the policies relating to soft dollars and trade errors?

IX. FEE PROPOSAL

Please describe your fee proposal for this engagement. Indicate clearly for which products your fee submissions are applicable:

_____ Portfolio Completion Strategies Advisory Services

_____ Portfolio Completion Strategies Managed Account Platform Services

_____ Both Portfolio Completion Strategies Advisory and Portfolio Completion Strategies
Managed Account Platform Services

Proposals with fixed fee components will be preferred.

X. REPRESENTATIONS AND WARRANTIES

All respondents are required to submit an executed copy of the following Representations and Warranties.

- A. The respondent warrants that, if engaged by PRIM, it will not delegate, without prior approval by PRIM, its responsibilities to a third party.
- B. Respondent warrants that it has completed, obtained and performed all registrations, filings, approvals, authorizations, consents or examinations required by any government or governmental authority for acts to be performed in providing to PRIM the services sought by this RFP.
- C. Respondent warrants that it will agree to the provisions of the Agreement set forth in **Exhibit D** to this RFP. If there are provisions of the agreement that are of concern, please highlight those areas for further discussion.
- A. Respondent warrants that it meets all of the Minimum Qualifications stated in Section IV of this RFP.

Signature

Print Name

Title

(This page intentionally left blank.)

EXHIBITS

(This page intentionally left blank.)

EXHIBIT A

PRIM's Strategic Asset Allocation and Current Investment Managers

(This page intentionally left blank.)

1. PRIM's Strategic Asset Allocation

Pension Reserves Investment Management Board

Target Asset Allocation

Asset Class	Long Term Target Allocation
Global Equity	39%
Portfolio Completion Strategies	13%
Core Fixed Income	12%
Value-Added Fixed Income	10%
Private Equity	12%
Real Estate	10%
Timberland	4%

2. Current Investment Managers

<http://www.mapension.com/investments/prit-fund-service-providers/>

PRIM's Advisors

<http://www.mapension.com/investments/prit-fund-service-providers/vendors/consultants-custodian-and-independent-accountant/>

EXHIBIT B

PRIM Disclosure Statement

**COMMONWEALTH OF MASSACHUSETTS
PENSION RESERVES INVESTMENT MANAGEMENT BOARD**

DISCLOSURE STATEMENT

FIRM: _____
ADDRESS: _____

Firms seeking to provide investment management, consulting, custody, recordkeeping, auditing, and other professional services (the “engagement”) to the Commonwealth of Massachusetts Pension Reserves Investment Management (“PRIM”) Board and/or the Pension Reserves Investment Trust (“PRIT”) Fund must complete a disclosure statement providing complete and accurate responses to the questions below. Firms selected to provide such services to the PRIM Board and/or the PRIT Fund have a continuing obligation to update responses to these questions, in writing, immediately upon any change to such responses. The questions in this Disclosure Statement should be read broadly, and any perceived ambiguity should be resolved in favor of disclosure. Any questions concerning the disclosures required should be directed to the PRIM Board.

1. Provide a general description of your firm’s organizational structure, identify any managing partner(s), members of the management committee, officers and/or directors, and, for any affiliate entities, the managing partners, officers, and directors (all such individuals or entities hereinafter collectively referred to as the “Firm”).

[Insert response here.]

2. Identify any relationship of the firm, its joint ventures, consultants, lobbyists, subcontractors or third-party contractors that relate in any way to the engagement.

[Insert response here.]

3. Aside from the engagement, describe any services provided by the Firm to the PRIM Board and/or the PRIT Fund.

[Insert response here.]

4. Aside from the services described in response to Question 3, above, describe any services and/or donations provided by the Firm to the Office of the State Treasurer and Receiver General or any trust, board, commission or authority of which the State Treasurer and Receiver-General is a member or trustee by virtue of her office. (A list of such entities is attached.)

[Insert response here.]

5. Aside from the services and/or donations described in responses to Questions 3 and 4, above, describe any services provided by the Firm to any of the political subdivisions of the Commonwealth.

[Insert response here.]

6. Did or will the Firm provide or share, agree to provide or share, or arrange to provide or share any compensation or benefit, direct or indirect, to any individual or entity for assisting the Firm in:
- a) Obtaining the engagement; or,
 - b) Performing the services required by the engagement.

If the answer to Question 6 is “yes,” provide for each the individual or entity

- a) The name and address of such individual or entity;
- b) A description of the assistance provided; and
- c) The compensation or benefit.

[Insert response here.]

7. Does the Firm have any ongoing relationship, arrangement or agreement with any individual or entity with respect to sharing compensation for services to:
- a) The PRIM Board and/or the PRIT Fund;
 - b) Any trust, board, commission, or authority of which the Treasurer is a member or trustee by virtue of her office; or
 - c) The Commonwealth of Massachusetts or its political subdivisions?

If the answer to Question 7 is “yes,” provide for each such individual or entity

- a) The name and address of such individual or entity;
- b) A description of the relationship, arrangement or agreement; and,
- c) The compensation shared.

[Insert response here.]

Signed under the penalties of perjury this _____ day of _____, 2019.

Name: _____
(Print)

Signature: _____

Title: _____



**PENSION RESERVES
INVESTMENT
MANAGEMENT BOARD**

TREASURER'S PRINCIPAL BOARDS, COMMISSIONS AND AUTHORITIES*

1. Advisory Board to the Comptroller – M.G.L. c. 7A, § 2
2. State Retirement Board – M.G.L. c. 10, § 18
3. State Lottery Commission – M.G.L. c. 10, § 23
4. Board of Bank Incorporation – M.G.L. c. 26, § 5 (Division of Banks and Loan Agencies)
5. Water Pollution Abatement Trust (now known as the Clean Water Trust) – M.G.L. c. 29C, § 2
6. Pension Reserves Investment Management Board – M.G.L. c. 32, § 23(2A)
7. Massachusetts Convention Center Authority – Chapter 190 of the Acts of 1982 §§ 31-48
8. Massachusetts School Building Authority – M.G.L. c. 70B, §§ 1A & 3A; *see also* M.G.L. c. 10, § 35BB
9. Teachers' Retirement Board – M.G.L. c. 15, § 16
10. Alcoholic Beverages Control Commission – M.G.L. c. 10, § 70
11. Health Care Security Trust – M.G.L. c. 29D, § 4
12. Commissioners on Fireman's Relief – M.G.L. c. 10, § 21
13. Economic Empowerment Trust Fund – M.G.L. c. 10, §35QQ

* The above-listed Boards, Commissions or Authorities are any which are a Treasury Department, Division or Affiliated Entity or by statute have a position which may be held by the State Treasurer and Receiver General or her designee.

EXHIBIT C

Sample Investment Advisory Agreement

**COMMONWEALTH OF MASSACHUSETTS
PENSION RESERVES INVESTMENT MANAGEMENT BOARD**

**INVESTMENT ADVISORY AGREEMENT
(Non-Discretionary)**

THIS INVESTMENT ADVISORY AGREEMENT, dated as -----, (as amended and supplemented from time to time, the "Agreement"), is made by and between the Pension Reserves Investment Management Board ("PRIM"), as trustee of the Pension Reserves Investment Trust ("PRIT"), and ----- (the "Advisor").

Introduction. Under Massachusetts General Laws, Chapter 32, Section 23, PRIM has general supervision of the investment and reinvestment of the PRIT Fund created by Chapter 32, Section 22 of such laws. PRIT has been established for the purpose of depositing, investing and disbursing amounts set aside to meet further liabilities of various public retirement systems in Massachusetts. PRIM is responsible for the administration of PRIT and enters into this Agreement pursuant to its authority under Massachusetts General Laws, Chapter 32, Section 23, subdivision (2A), paragraph (e), clause (iii).

1. **Appointment of the Advisor.** PRIM hereby appoints and retains the Advisor, and the Advisor agrees to provide non-discretionary advisory services, upon and subject to the terms hereof, beginning at the opening of business on-----, (the "Effective Date") and continuing until this Agreement is terminated in accordance with the terms hereof. The Advisor agrees to provide services in accordance with (a) this Agreement, and (b) the "Scope of Services" set forth in Schedule A hereto (the "Engagement"). In providing its services, the Advisor shall cooperate with PRIT's custodian, PRIM's outside counsel and other advisors or representatives upon PRIM's reasonable request to the extent that PRIM deems appropriate. Notwithstanding anything herein to the contrary, the parties agree that the Advisor shall not be providing legal, tax, or accounting advice as part of the Engagement.

2. **Confidentiality.** The Advisor shall maintain in strictest confidence the investment advice and information it furnishes to or receives from PRIM or from PRIT's custodian bank or investment managers (including without limitation the general partners or investment managers of any investment funds in which PRIT invests) in connection with this Agreement and the Engagement; provided, however, that the Advisor shall be permitted to disclose or communicate to a proper party any information received from PRIM or from PRIT's custodian bank or investment managers or developed by the Advisor under the terms of this Agreement, if such disclosure or communication is necessary to carry out the purposes of this Agreement or is required by law. Before such disclosure or communication, the Advisor, unless such disclosure or communication is prohibited by law, shall notify PRIM of the information to be disclosed or communicated and the party to whom that information shall be disclosed or communicated. The terms of this paragraph shall not be interpreted so as to prevent the Advisor from providing investment advice to other clients who share comparable investment objectives with PRIM, or to prohibit the Advisor from utilizing the Advisor's investment experience with respect to the Engagement on an undisclosed basis for use in composite presentations.

The Advisor hereby approves of periodic reports by PRIM and its staff regarding the results of the Engagement, recognizing that such reports may be public records available to the media and the public. The Advisor shall not use the name of PRIM or PRIT, or otherwise disclose the existence of this Agreement

or the relationship contemplated herein, in any documents, marketing materials or other communications, reports or statements without PRIM's prior written consent, unless otherwise required by law. Upon termination of this Agreement, the Advisor shall promptly return to PRIM all confidential material relating to PRIM or the Engagement and any copies thereof, except that the Advisor may retain copies of such material to the extent required by law. The Advisor's obligations with respect to confidentiality of data received from PRIM or the Custodian shall survive the termination of this Agreement.

3. **Personnel.** The Advisor shall allocate such personnel and devote such efforts as are necessary for it to carry out its duties under this Agreement. The Advisor shall at all times maintain not less than two individuals to act as primary advisors to the PRIM account (each, a "Primary Advisor"), and shall not change any Primary Advisor without the prior written consent of PRIM.

4. **Reports.** The Advisor shall promptly notify PRIM in writing (1) of any change in the Advisor's representations in this Agreement during the term of this Agreement; (2) of any change in the senior management or key professionals, or material changes in ownership of the Advisor's organization; (3) of any change in the Primary Advisors assigned to PRIM; (4) of any other material change in the Advisor's business activities or circumstances; (5) of any action taken by the Advisor that is contrary to or inconsistent with this Agreement; and (6) of the commencement by any governmental regulatory or law enforcement agency of any investigation, examination or other proceeding directly involving the Advisor, its owners, or any Primary Advisor, except such investigations, examinations or other proceedings as are routinely conducted in the ordinary course of the Advisor's business.

5. **Fees and Expenses.** The Advisor shall be entitled to receive from PRIM as complete compensation for services rendered hereunder the fees set forth in Schedule B hereto. The Advisor shall not be paid or reimbursed for any expenses except to the extent authorized by PRIM in advance and in writing.

6. **Services Not Exclusive.** The services of the Advisor and its personnel to be provided under this Agreement are not exclusive, and the Advisor may provide services to others and engage in other activities, but the Advisor shall allocate such personnel and devote such efforts as are necessary for it to carry out its duties under this Agreement. The Advisor may give advice and take action in the performance of its duties with respect to any of its clients which may differ from the advice given, or the timing or nature of action taken, in connection with the Engagement, so long as the Advisor adheres to its internal code of ethics and a policy of allocating investment opportunities to PRIM pursuant to the Engagement over a period of time on a fair and equitable basis relative to other clients.

7. **Certain Representations and Covenants of the Advisor.** The Advisor represents, warrants and covenants to PRIM that:

- (a) the Advisor has completed, obtained or performed all registrations, filings, approvals, authorizations, consents or examinations required by any government or governmental authority (including without limitation the Securities and Exchange Commission ("SEC") and the Commodity Futures Trading Commission, if applicable) for the performance of the acts contemplated by this Agreement, and shall deliver documentation of such compliance annually or as PRIM may reasonably request;

- (b) the Advisor's statements in its response to PRIM's Request for Proposals were complete and correct in all material respects as of the time of such response and remain so as of the date hereof, with the exception of changes arising in the ordinary course of the Advisor's business, and such statements, subject to changes arising in the ordinary course of the Advisor's business, are incorporated herein by reference as representations, warranties and covenants of the Advisor hereunder;
- (c) the Advisor's performance of its obligation under this Agreement shall not constitute a breach or violation of any law, rule or regulation applicable to it, or of its obligations under any other agreement to which it is a party or by which it is bound, and the Advisor is not otherwise in breach or violation of any such law, rule, regulation or agreement;
- (d) without limitation of the foregoing, the Advisor is, and at all times during the term hereof shall remain, in compliance with all applicable state and federal laws, including the Foreign Corrupt Practices Act of 1977, as amended, (15 U.S.C. §§ 78dd-1, et seq.), and the Bank Secrecy Act of 1970, as amended ((31 U.S.C. 5311, et seq.);
- (e) there is no pending litigation, investigation or proceeding of or before any arbitrator or governmental or regulatory authority or, to the knowledge of the Advisor, threatened by or against the Advisor or any of its employees which reasonably may have an effect on the Advisor's ability to perform its obligations under this Agreement;
- (f) the Advisor shall comply with all applicable statutes and regulations in its performance of its duties and obligations under this Agreement; and
- (g) the Advisor has all requisite power to carry on its business as it is being conducted and to carry out its duties and obligations hereunder and holds all licenses, registrations, franchises, approvals, authorizations or permits material to its business including performance of its duties and obligations hereunder.
- (h) If the Advisor is required to be registered as an investment adviser under the Advisers Act, the Advisor represents and warrants that it has provided PRIM with a true and complete copy of Parts IA and II of the Advisor's most recent Form ADV, and, to the extent applicable, the Advisor's Disclosure Statement. If the Advisor prepares a report in connection with the annual assessment of its policies and procedures ("Compliance Annual Assessment") in accordance with Rule 206(4)-7 of the Advisers Act, the report, along with any remediation plan, shall be provided to PRIM upon its completion.

8. **Termination.** The term of this Agreement shall be five (5) year[s] from July 1, 2019, to June 30, 2022; provided, however, that the term may be extended for an additional period of up to one (1) year by written agreement of the parties at least 180 days prior to the expiration of the initial five (5)-year term. Notwithstanding the foregoing, this Agreement may be terminated by PRIM for any reason upon not less than thirty (30) days' written notice to the Advisor, and by the Advisor for any reason upon not less than ninety (90) days' written notice to PRIM. In addition, PRIM may terminate this Agreement immediately upon notice to the Advisor (i) upon any material breach by the Advisor of its obligations hereunder; (ii) if the Advisor files for bankruptcy or state law receivership; (iii) if in the reasonable judgment of PRIM, the Advisor becomes financially unstable so as to jeopardize its ability to perform the services required under this Agreement; (iv) if the Advisor is the subject of criminal investigation,

indictment or conviction, when in PRIM's sole judgment such action jeopardizes the Advisor's ability to perform the services required under this Agreement; or (v) in the event of any material change in the control of the Advisor or a change in or departure of any Primary Advisor. Upon termination of this Agreement, the Advisor shall immediately and in all cases within ten (10) business days, deliver to PRIM all property and documents pertaining to PRIM then in the custody of the Advisor, including PRIM's portfolio status on a disk that may be retained by PRIM or transferred to another monitoring agent. Notwithstanding the foregoing, PRIM acknowledges and agrees that copies of information used to support the Advisor's investment advisory business may be maintained by the Advisor as required by SEC rules and regulations relating to books and records for registered advisers. A pro rata determination of fees, if appropriate, shall be made for any quarter in which this Agreement has been terminated.

9. **Fiduciary Status of the Advisor; Chapter 268A.** With respect to the performance of its duties and responsibilities hereunder for the Account, the Advisor acknowledges that it is a "fiduciary" within the meaning of Chapter 32 of the Massachusetts General Laws. Without limitation of the foregoing, the Advisor shall comply with all applicable laws and regulations and shall discharge its duties hereunder (i) solely in the interest of PRIM; (ii) with the skill, prudence and diligence under the circumstances then prevailing that a prudent expert acting in the like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. The Advisor is advised of the existence of Massachusetts General Laws, Chapter 268A (the Massachusetts "Conflict of Interest" statute), and is expected to act and perform its duties in accordance with such provisions. The Advisor is solely responsible for compliance with such statute.

10. **Disclosure Statements and Conflicts.** The Advisor shall advise the Executive Director of PRIM of any arrangements with third party individuals, brokers, or money management firms who may have received or shared in the payment of fees for services provided to the Advisor in connection with securing or continuing this Agreement. The Advisor shall not directly or indirectly receive any benefit from recommendations or advice made to PRIM and shall disclose to PRIM any Advisor investment or economic interest which may be enhanced by the recommendations made to PRIM. In any situation in which the interests of PRIM may be in material conflict with the interests of the Advisor or with those of other clients of the Advisor, the Advisor shall immediately inform PRIM of these conflicts. At the request of PRIM, by January 1st of each year of this contract, the Advisor shall provide a report of its business relationships with PRIM's investment service and custodian banking providers. Without limitation of the foregoing, the Advisor shall promptly advise PRIM if any other client of the Advisor or its affiliates is an investor in any existing or proposed investment of PRIM as to which the Advisor is providing advice pursuant to this Agreement. Where the Advisor is participating in a request for proposal process with PRIM, it shall disclose its business relationships with all of the responding firms at the commencement of the process. Further, at the request of PRIM, the Advisor shall provide a description of its soft dollar business and policies to PRIM by January 1st of each year of the contract.

11. **Liability.** The Advisor shall not be responsible for guaranteeing the financial success of any investment or investment strategy. While the Advisor shall make recommendations to PRIM regarding investments, nothing in this Agreement shall delegate to the Advisor any investment decision, any authority to bind or subject PRIM to any obligations or liabilities, or any of PRIM's duties and responsibilities under applicable law. Nothing herein shall be construed to waive any obligation or liability that the Advisor has under applicable law, including without limitation federal or state securities laws, or ERISA.

12. **Authority.** Each of the parties to this Agreement represents that it is duly authorized

and empowered to execute, deliver and perform this Agreement, that such action does not materially conflict with or violate any provision of law, rule or regulation, contract, deed of trust, or other instrument to which it is a party or to which any of its property is subject, and that this Agreement is a valid and binding obligation, enforceable against such party in accordance with its terms.

13. Independent Contractor. The Advisor shall for all purposes of this Agreement be deemed to be an independent contractor and, except as otherwise expressly provided herein, shall have no authority to act for or represent PRIM or PRIT, otherwise be deemed an agent of either of them.

14. Insurance. At all times during the term of this Agreement the Advisor shall carry with companies which are rated by A.M. Best Company with at least an A minus rating, professional errors and omissions liability with a combined single limit of not less than \$5,000,000 per claim and \$10,000,000 in the aggregate annually.

15. Communication. Any approvals, instructions, directions, notices or other communications pursuant to this Agreement shall be mailed or delivered:

a) to PRIM at:

Pension Reserves Investment Management Board
84 State Street, 2nd Floor
Boston, Massachusetts 02109
Attention: Michael G. Trotsky, CFA, Executive Director

b) to the Advisor at:

[ADVISOR]
[ADDRESS]
Attention: [_____]

Either party may change the address for notices or other communications to it by written notice to the other stating the new address. Notices from either party to the other shall be effective when received by the addressee.

16. Assignment; Amendment. The Advisor shall not assign this Agreement (including, without limitation, any "assignment" within the meaning of the Advisers Act) without the prior written consent of PRIM. This Agreement constitutes the entire Agreement of the parties with respect to its subject matter and may only be amended by a written amendment signed by the authorized representatives of both parties.

17. Headings: Attachments. Headings are for convenience only, and the text of this Agreement shall govern the rights and obligations of the parties. Each of the Attachments hereto is incorporated herein by reference. Capitalized items used therein have the same meanings as in this Agreement.

18. Disputed Matters. With respect to any controversy or dispute arising out of this

Agreement, interpretation of any of the provisions hereof, or the actions of the Advisor or PRIM hereunder, each of the parties consents to the non-exclusive jurisdiction of all of the federal and state courts in the Commonwealth of Massachusetts, agrees that venue with respect to any action in such Commonwealth shall lie exclusively in Suffolk County, Massachusetts, and waives any defense of forum non conveniens; provided, however, that at the sole election of PRIM, any such controversy or dispute shall be submitted to arbitration before the American Arbitration Association under the Commercial Arbitration Rules then obtaining of said Association, such arbitration to be held in Boston, Massachusetts, and judgment upon any award thus obtained may be entered in any court having jurisdiction thereof.

In any such arbitration each party to the arbitration shall bear its own expenses, including expenses of attorneys, financial experts and other witnesses; any arbitration fees and expenses of the arbitrators shall be divided equally between the disputing parties. Service of process on either party shall be deemed effective if made in the manner prescribed for the giving of notice in Section 15.

19. **Massachusetts Law.** This Agreement shall be considered to be an instrument made under seal in the Commonwealth of Massachusetts and it shall be construed and the rights and obligations of the parties determined in accordance with the laws of said Commonwealth, without giving effect to conflicts of laws principles.

20. **General.** Only the authorized representatives of the parties hereto may waive the terms of this Agreement and any such waiver shall be in writing. If either party fails to enforce any terms of this Agreement, failure to enforce on that occasion shall not prevent enforcement on any other occasion.

All rights and remedies conferred by this Agreement, by any other instrument, or by law are cumulative and may be exercised either singularly or concurrently. If any provision of this Agreement is held invalid by any law or regulation of any government or by any court, such invalidity shall not affect the enforceability of any other provision hereof. The Advisor's obligations with respect to confidentiality of data received from PRIM or the Custodian shall survive the termination of this Agreement.

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement supersedes all prior agreements between the parties hereto relating to the matters contained herein, except with respect to obligations thereunder that accrued prior to the date hereof.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Advisor and PRIM have executed this Agreement as of the date first above written.

PENSION RESERVES INVESTMENT MANAGEMENT BOARD

BY: _____

Date Signed _____

[ADVISOR]

BY: _____

Print Name:

Title:

Date Signed _____

EXHIBIT D

PRIM Investment Policy

Please go to the link below to see the Investment Policy:

<http://www.mapension.com/investments>