

Dear Candidate Manager:

The Oklahoma Police Pension and Retirement System ("OPPRS") is conducting a search for a Long Only or Long Biased Commodities Manager.

For this particular mandate the strategy must be long-only or long-biased (historical net exposure must be greater than 50% net long). Commodity strategies which utilize equities will not be considered. It is desirable, but not a minimum requirement, that the investment firm or its principals have been in the pension investment management business for at least three years; have \$100 million in assets under management in a commodities allocation; and have three year GIPS compliant track record through December 31, 2013. It is a requirement, that the investment firm or its principals have a Current Form ADV as filed with the Securities and Exchange Commission.

OPPRS is a \$2.1 billion governmental tax-exempt pension fund. The fund currently has a target asset allocation of 60% equities, 25% fixed income and 15% to real assets. It is expected that this assignment will initially be in the range of \$60 million - \$70 million.

In order to monitor the timeliness of your response and maintain confidentiality, it will be necessary for you to respond in writing as follows:

**Please submit an electronic copy of your RFP response and all accompanying documents on a compact disc (CD) to the address listed below. Please send one (1) copy of the CD. The CDs must be received no later than 4:00 p.m. CT on April 16, 2014. Proposals received after the specified date and time will be rejected. Please send your response to the following address:**

OPPRS Commodities Proposal  
c/o Finley & Cook, PLLC  
1421 E. 45<sup>th</sup> Street  
Shawnee, OK 74804

Finley & Cook will provide a certified list of vendors who responded in a timely manner. This list will be used by OPPRS and Asset Consulting Group to evaluate your response.

In addition, please submit **one (1) email copy of the RFP and all accompanying documents to opprscurrencysearch2014@acgnet.com** by April 16, 2014.

**Please note that your RFP response must be received by Finley and Cook at the address above no later than 4:00 p.m. CT on Wednesday, April 16, 2014 for your proposal to be considered. An e-mail version alone is not sufficient.**

Any questions regarding this assignment should be directed to Mike Hotz at Asset Consulting Group at (314) 862-4848. We look forward to your submittals.

# OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM

## REQUEST FOR PROPOSALS LONG ONLY/LONG BIASED COMMODITIES MANAGER

The Oklahoma Police Pension and Retirement System (“OPPRS” or “the System”), located in Oklahoma City, Oklahoma, is an agency of the State of Oklahoma which is governed by a Board of Trustees (“the Board”). The Board administers a cost sharing multiple-employer defined benefit pension plan for municipal police officers of 135 participating municipalities in Oklahoma, which shall be referred to in this Request for Proposals as the OPPRS Plan. OPPRS is soliciting proposals from qualified firms to provide long only/long biased commodities management services in accordance with the specifications, terms and conditions contained herein. OPPRS is a \$2.1 billion public tax-exempt fund. It is expected that this assignment will initially be in the range of \$60 million to \$70 million. This Request for Proposal (RFP) establishes the specifications and requirements for submitting proposals, and provides information about the proposal evaluation process. The term “Vendor” as used in this RFP shall mean the company, firm, or person submitting a proposal for consideration.

OPPRS reserves the right without prejudice to reject any or all proposals submitted. There is no express or implied obligation for OPPRS to reimburse vendors for any expenses incurred in preparing proposals in response to this RFP. In the event that none of the proposals are satisfactory to OPPRS, no selection will be made. Proposals submitted in response to this RFP become the property of OPPRS and are subject to public inspection. OPPRS reserves the right to modify the RFP contents and requirements at any time prior to the submission deadline.

This RFP is comprised of eight (8) sections, which contains seventeen (15) pages total, as follows:

Section		Page #
I.	Proposal Cover Sheet (to be returned with Proposal)	3
II.	Mandatory Requirements for Submitting a Proposal	4
III.	Background	5
IV.	Timeline	6
V.	Communication with OPPRS	6
VI.	Proposal Preparation and Submission Requirements	6
VII.	General Terms and Conditions	7
VIII.	Questionnaire	9

This RFP can be found on the OPPRS website at [www.opprs.ok.gov](http://www.opprs.ok.gov). If you are unable to download the document from the website, you can obtain an electronic copy of this RFP through e-mail. Send your request to: [darci.gordon@opprs.ok.gov](mailto:darci.gordon@opprs.ok.gov). All responses to this RFP must be submitted in accordance with the instructions contained in the RFP. Responses to this RFP via email only will **NOT** be considered.

Regardless of the manner in which the RFP document is received by the vendor, the contents of the RFP may not be altered in any way. The Vendor’s Affidavit and all questions must be identically reproduced in the submitted proposal. Any alterations to the contents of the RFP document will be grounds for rejection from consideration or termination of a resulting contract. By submitting an RFP, it is agreed by the vendor that any misleading or false information given may be grounds for rejection from consideration, or termination of any resulting contract whenever and however discovered.

**I. PROPOSAL COVER SHEET**  
 (Must be signed, notarized and returned.)

Proposal Name	Proposal Deadline
Long Only/Long Biased Commodities Manager	must be received by <b>4:00 p.m. CT</b> <b>Wednesday, April 16, 2014</b>

Vendor Identification:

Name of Firm:	_____
Product name:	_____
FEI #	_____
Address:	_____
City/State/Zip Code:	_____
Contact Name:	_____
Telephone Number:	_____
Facsimile Number:	_____
Contact E-mail:	_____

**VENDOR'S AFFIDAVIT**

STATE OF \_\_\_\_\_ )  
 ) SS:  
 COUNTY OF \_\_\_\_\_ )

\_\_\_\_\_ (Print Name), of lawful age, being first duly sworn, on oath says that:

- (S)he is the duly authorized agent of \_\_\_\_\_, the vendor submitting this proposal which is attached to this statement for the purpose of certifying the facts pertaining to the existence of collusion among vendors and between vendors and state officials or employees, as well as facts pertaining to the giving or offering of things of value to government personnel in return for special consideration in the letting of any contract pursuant to the proposal to which this statement is attached;
- (S)he is fully aware of the facts and circumstances surrounding the making and submitting of this proposal and has been personally and directly involved in the proceedings leading to the submission of such proposals; and
- Neither the vendor nor anyone subject to the vendor's direction or control has been a party: a) to any collusion among vendors in restraint of freedom of competition by agreement to propose a fixed price or to refrain from submitting a proposal; b) to any collusion with any state official or employee as to quantity, quality or price in the prospective contract, or as to any other term of such prospective contract; nor, c) in any discussions between vendors and any state official concerning exchange of money or any other thing of value for special consideration in the award of this prospective contract; d) to paying, giving or donating or agreeing to pay, give or donate to any officer or employee of the State of Oklahoma, any money or other thing of value, either directly or indirectly, in procuring this prospective contract.
- The information contained in this proposal is true, correct and accurate as presented.

\_\_\_\_\_  
 Name/Title

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

\_\_\_\_\_  
 Notary Public

(seal)

My commission expires: \_\_\_\_\_

Commission No.: \_\_\_\_\_

## II. MANDATORY REQUIREMENTS FOR SUBMITTING A PROPOSAL

- A. Proposals must be received by the deadline only at the following addresses:

**Via U.S. Mail / Hand-Delivery to:**

OPPRS Long Only/Long Biased Commodities Proposal  
c/o Finley & Cook, PLLC  
1421 E. 45<sup>th</sup> Street  
Shawnee, OK 74804

- B. The deadline for receipt of complete proposals is **4:00 p.m.** Central Time, on **Wednesday, April 16, 2014**. Proposals submitted to an incorrect address or location or received after this date and time will be rejected and will not be considered.
- C. The response must contain the Proposal Cover Sheet, fully completed, signed and notarized. Proposals should be formatted in substantial compliance with Section VI, *Proposal Preparation and Submission Requirements*. The vendor shall submit one (1) copy of the RFP and all accompanying documents on a compact disk (CD). Vendor shall also submit one (1) email copy of the RFP and all accompanying documents to [opprscommoditysearch2014@acgnet.com](mailto:opprscommoditysearch2014@acgnet.com) by **Wednesday, April 16, 2014**. Packages must be labeled as indicated in Section VI, *Proposal Preparation and Submission Requirements*. The Proposal Cover Sheet must be on the compact disk (CD) and must be submitted in a completely sealed package, box or envelope. It must be clearly marked "OPPRS Long Only/Long Biased Commodities Proposal" on the outside face of the package containing the proposal in order that the receiving agent (see paragraph A above) can see and identify it without opening the package. The sealed package must also show the vendor's name and address on the outside of the sealed container so that the receiving agent can provide a certified list of vendor's who responded in a timely manner without opening the package.
- D. Proposals may be mailed either by U.S. mail, express courier, or hand-delivered. The vendor shall be responsible for actual delivery of the proposal to the proper address before the deadline regardless of the delivery method used. All proposals become the property of OPPRS.
- E. All proposals are considered to be public record after they are opened and initially processed, and shall be available for viewing and reproduction by any person.
- F. In submitting this proposal, the vendor must agree to an audit which provides that books, records, documents, accounting procedures, practices or any other items of the service provider relevant to the proposal are subject to examination by OPPRS and the Oklahoma State Auditor and Inspector.
- G. It is the responsibility of the vendor to ensure compliance with all requirements and deadlines. Proposals which are not in compliance with each and every requirement contained in this RFP may be rejected.
- H. All costs of preparation and presentation associated with your response to this RFP will be the responsibility of the vendor. Vendors may be asked to make a presentation before the Board if selected as a finalist. None of the costs associated with this presentation will be reimbursed by OPPRS.

- I.** The selection of investment managers for the state retirement systems is specifically exempt from the competitive bidding procedures established by Oklahoma Statutes (see 74 Oklahoma Statutes § 85.7). OPPRS reserves the right to request additional information from any vendor and to accept or reject any proposal without specifying the reason for its actions. The Board reserves the right to request additional proposals. Further, the Board specifically reserves the right to renegotiate for lower fees at any time with any vendor.
- J.** The Board also reserves the right to award all, part, or none of this contract. The Board reserves the right to award contracts to more than one vendor if deemed appropriate and desirable.
- K.** The vendor shall be bound by the information and representations contained in any proposal submitted. Said proposal is deemed to be a binding offer on the part of the vendor. Vendor agrees that Oklahoma law will govern.
- L.** Submission of a proposal in response to this RFP evidences the vendor's acceptance of the terms and conditions within the RFP.
- M.** The vendor shall respond fully and completely to all requested information contained in this RFP in good faith and to the best of its abilities.
- N.** The vendor must fully disclose any proposed subcontracting of any of the required services.
- O.** All vendors must agree that any resulting contract and services will be subject to and interpreted by Oklahoma law, and agree that this RFP and the vendor's response will be incorporated by reference to any resulting emerging market equity management agreement.

### **III. BACKGROUND**

#### **A. Legal Authorization**

The Board is charged with the administration and investment of retirement funds for municipal police officers. The Board is authorized to select qualified investment managers pursuant to 11 Oklahoma Statutes § 50-105.4.

#### **B. Board Composition**

The System is administered by a Board of Trustees composed of 13 members.

#### **C. Support Services**

The System currently has 10 employees, and has an authorized staff of 12 employees. The Executive Director is the Chief Investment Officer of the System.

#### **D. The OPPRS Plan**

The OPPRS Plan is a qualified governmental defined benefit plan established under I.R.C. Section 401(a) and 11 Oklahoma Statutes §§ 50-101 et seq.

#### IV. TIMELINE

The following timeline is an estimate and may be adjusted at OPPRS' discretion any time during this procurement process.

TASK	DATE
Distribution of RFP/Posting of RFP on OPPRS Website	March 26, 2014
Proposals due (no later than 4:00 p.m. Central Time)	April 16, 2014
Finalist presentations	June 18, 2014
Award business (date contingent upon final negotiations)	June 19, 2014
Estimated contract start date	August 1, 2014

All proposals submitted in response to this RFP must be delivered to Finley & Cook, PLLC, OPPRS' external auditor, no later than **4:00 p.m.** Central Time on Wednesday, **April 16, 2014**.

#### V. COMMUNICATION WITH OPPRS

Direct contact between prospective service providers and OPPRS Board members during this RFP process is prohibited. Violation of this provision of the RFP may result in rejection of a bidder's proposal.

#### VI. PROPOSAL PREPARATION AND SUBMISSION REQUIREMENTS

Proposals submitted in response to this RFP should be prepared simply and economically, avoiding the use of elaborate promotional materials beyond those sufficient to provide a complete, accurate and reliable presentation. Each page of the proposal should be consecutively numbered. OPPRS assumes no financial responsibility for any costs incurred in responding to this RFP. All materials submitted in response to this RFP become the property of OPPRS and are subject to public inspection.

##### A. Proposal Packages

In addition to the submission requirements contained in paragraph *C* of Section II, *Mandatory Requirements for Submitting a Proposal*, vendors should properly identify on the exterior of the packages containing their proposals the firm name, street address or P.O. Box, City, State and Zip Code. As indicated above, the RFP title should be visible on the outside face of the package.

##### B. Proposal Preparation

Proposals should be prepared simply and economically, providing a straightforward, concise description of capabilities to satisfy the requirements of the RFP. Emphasis should be placed on completeness and clarity of content.

Proposals should be organized in the order listed in paragraph *C* below, *Proposal Contents*. All pages of the proposal should be consecutively numbered. All documentation submitted with the proposal should be contained in that single volume.

Ownership of all data, materials and documentation originated and prepared for OPPRS pursuant to the RFP shall belong exclusively to OPPRS and be subject to public inspection in accordance with the Oklahoma Open Records Act, 51 Oklahoma Statutes §§24A.1 et seq.

### **C. Proposal Contents**

Proposals submitted in response to this RFP must include, at a minimum, the information and documents outlined below.

#### **1. Signed Proposal Cover Sheet** (see Section I).

The signed and notarized proposal cover sheet must be submitted on the compact disk.

#### **2. Response to RFP Questionnaire**

Vendors must complete and return the RFP Questionnaire and Exhibits to the Questionnaire as described within this RFP. It is important that each question be completed as instructed. Any alternative or creative responses may be attached separately, but may not be used in lieu of answering or completing any questions. Failure to complete this questionnaire in the format provided may result in rejection of the proposal. Proposals containing false or misleading information may be rejected.

#### **3. Fee Proposal**

The Vendor's fee proposal must include the total fee.

## **VII. GENERAL TERMS AND CONDITIONS**

### **A. Applicable Laws and Courts**

This solicitation and any resulting contract shall be governed in all respects by the laws of the State of Oklahoma, and any litigation with respect thereto shall be brought in the District Court of Oklahoma County, Oklahoma. The vendor shall comply with all applicable federal, state and local laws, rules and regulations.

### **B. Ethics in Public Contracting**

By submitting their bids or proposals, vendors certify that their bids/proposals are made without collusion or fraud and that they have not offered or received any kickbacks or inducements from any other vendor, supplier, manufacturer or subcontractor in connection with their bid/proposal, and that they have not conferred on any public employee having official responsibility for this procurement transaction any payment, loan, subscription, advance, deposit of money, services or anything of value, in exchange for procuring this contract.

### **C. Qualifications of Vendors**

OPPRS may make such reasonable investigations as deemed proper and necessary to determine the ability of the vendor to perform the services and the vendor shall furnish to OPPRS all such information and data for this purpose as may be requested. OPPRS reserves the right to inspect the vendor's physical facilities prior to award to satisfy questions regarding the vendor's capabilities. OPPRS further reserves the right to reject any proposal if the evidence submitted by, or investigations of, such vendor show that the vendor is not properly qualified to carry out the obligations of the contract and to provide the services contemplated therein.

**D. Business Continuity**

The vendor must indicate any recent or anticipated changes in its corporate structure such as mergers, acquisitions, new venture capital, stock issue, etc. The vendor agrees to present to OPPRS a business continuation plan for this program in the event of natural or other disaster.

**E. Assignment of Contract**

A contract shall not be assignable by the vendor in whole or in part without the written consent of OPPRS.

**F. Period of Contract**

It is anticipated that the initial contract shall be for an eleven-month period commencing on approximately August 1, 2014 through June 30, 2015. Thereafter, the contract may be renewed by the Board annually. The Board reserves the right to terminate the contract upon 30 days notice, with or without cause.

The process of evaluating the proposals and conducting any subsequent interviews may extend two to three months following the proposal deadline, and possibly into the anticipated contract period. All vendors who have submitted a proposal will be notified of the Board's decision in writing after the final selection has been made. This notice of final selection may be the only communication between OPPRS and the vendors.

**G. Limitation of Liability, Hold Harmless Clauses & Indemnity**

The State of Oklahoma and its agencies are constitutionally barred from limiting the liability of a private vendor. Agencies are similarly prohibited from holding a private entity harmless from liability or providing indemnity to a private entity. The contract between the successful vendor and OPPRS will not have any such terms.

**ASSET CONSULTING GROUP**

231 SOUTH BEMISTON AVENUE  
14<sup>TH</sup> FLOOR  
ST. LOUIS, MISSOURI 63105  
TEL 314.862.4848  
FAX 314.862.5967  
WWW.ACGNET.COM

**Strategy Questionnaire  
Long-Only or Long-Biased  
Commodities Manager**

**Company Name:** \_\_\_\_\_

**Product Name:** \_\_\_\_\_

**Strategy:** Long-Only \_\_\_ Long-Biased \_\_\_ (check one)

**Contact:** \_\_\_\_\_

**Telephone:** \_\_\_\_\_

**Fax:** \_\_\_\_\_

**E-mail Address:** \_\_\_\_\_

**Please provide answers to all of the questions.**

**If you are proposing more than one product please complete a separate response for each product.**

**Please complete each tab in the RFI spreadsheet and submit in Excel format.**

**A copy of the following items should also be included in your response:**

**ADV (Parts 1 and 2)**

**Most recent flash report for the proposed product**

**Most recent quarterly report for the proposed product**

**Most recent audited financial statement for the proposed product**

**Valuation Policy**

**Organization and Investment Team**

1. Please provide a brief history of your organization. Include the month and year of SEC registration, and the month and year the firm began managing Commodities portfolios.
2. Describe any changes in the structure of the firm over the past five years.
  - a. Are there any structural changes contemplated?
  - b. Briefly outline your business plans including succession plans.

3. How many offices does your firm have where investment decisions are made and where are they located? *In which office are investment decisions for this product made?* Please indicate the purpose of each office and include the number of investment professionals in each office.
4. What is the ownership structure of your firm? Please identify any ownership stakes in excess of 5%.
4. Please list the total employee count and investment professional count as of 12/31 for the past 4 years.
5. How are Portfolio Managers and Analysts compensated? What steps are taken to ensure retention of individuals?
6. Do team members have personal assets invested in the strategy? Please elaborate and include percent of fund assets and type of vehicle.
7. Please list all individuals responsible for the investment management process (include portfolio managers, analysts, etc.) for this product only. Indicate their name, title, start month and year with the company, number of years in current position, total number of years in the investment management industry and degrees and designations (such as the CFA designation). Also include a brief biography for the portfolio managers (in an appendix).
8. How many employees do you have dedicated solely to each of these areas that contribute to the management of this product (*please exclude individuals that do not contribute to this product*)? If an employee has dual responsibilities, please note the breakdown of responsibilities below the following table.

Function	# Of Employees Dedicated Solely to Function
Portfolio Management	
Research	
Trading	
Risk/Quantitative Analysis	
Other (please describe)	

\*Please include notes on employees with dual responsibilities here.

9. Who would be the portfolio manager(s) for this product? Please provide information on their background, years with your organization, number and size of portfolios he/she currently manages, and responsibilities other than portfolio management.
10. Describe your training procedures for Portfolio Managers, Traders, and Research Analysts. What types of ongoing education programs do you encourage?
11. How many staff members do you have dedicated *solely to commodities research*? (Please include their names and attach biographies in an appendix).

12. How is research coverage assigned? Are the researcher's market generalists or organized by commodity type? Why is the research function structured in this way?
13. Is there a dedicated Trader associated with this strategy? Do any of the Portfolio Managers or Analysts have trading responsibilities? Do any of the Traders have portfolio management or analyst responsibilities?
14. What is the size and extent of your operations department? Please note if it is in-house or out-sourced.
15. Please provide a recent marketing presentation which includes firm and strategy information. If an organizational chart with named personnel is not included in the presentation, please provide it separately.
16. Please provide a sample client report.
  - a. Do you provide monthly fact sheets?
  - b. Do you provide quarterly reports?

### **Regulatory/Compliance**

17. Is the firm registered with any regulatory agency, such as the SEC, CFTC, or any state agencies?
  - a. Provide a copy of the most recent disclosure statement (e.g. ADV Parts I & II) required by any regulatory agency (or agencies) with which the firm is registered.
  - b. Please explain any regulatory issue, investigation, prosecution, sanction, discipline, subpoena, indictment or similar matter the firm or its principals had during the last 10 years.
  - c. State whether, during the last 10 years, any regulatory agency has conducted an audit or review of the firm.
  - d. If such an audit or review was conducted, discuss any significant findings by the regulator.
  - e. Provide a copy of any deficiency letter or similar letter or report regarding such a regulatory audit or review.
  - f. Provide a description of any material litigation involving the firm or any of its principals during the last 10 years, including the nature of the litigation, the parties, the court, case number, and the current status.
18. Is your firm or any subsidiary, affiliate or related entity of your firm the subject of an investigation being conducted by the SEC, or are you in receipt of a subpoena from the Attorney General of any State?
19. Please describe the levels of coverage for SEC-required fidelity bonds, errors and omissions insurance, and any other fiduciary liability coverage your firm carries.
20. Does your firm manage or act as a sub-adviser for any mutual funds?

21. Describe in detail, your firm's mutual fund trading policies as they relate to late trading and market timing for any fund your firm sub-advises, specifically addressing those policies intended to prevent illegal or improper trading activity.
22. What is your firm's policy on personal trading as it relates to shares of any fund for which your firm serves as sub-adviser?
23. Has your firm conducted an internal investigation of its employees trading activities?
24. Has the firm adopted a disaster recovery plan, formal compliance policy and a code of ethics for employees? If yes, please provide a copy of such policies.
25. Please provide a copy of the valuation policy for the strategy.
26. Describe your firm's policies addressing counterparty risk, securities held by prime brokers and how foreign securities are held.
27. Does your firm have any soft-dollar arrangements related to the trading desk or trading activity? If so, please disclose the nature of such arrangements and your firm's procedures and guidelines regarding such arrangements.
28. List service providers and any changes to service providers since inception.
29. What software systems are used for front office and back office operations?
30. Please describe any instances of client redemption requests not being met in the manner and timeliness expected by clients (delays, suspension of redemptions, side pocketing, restructuring).
31. Please provide the client name, account type, contact name, address and phone number of three accounts that have invested and three accounts that have terminated their commodities investment over the past three years.
32. Does any consultant, advisor, or single account represent more than 25% of this strategy's assets?
33. Does any consultant, advisor, or single account represent more than 25% of the firm's assets?

### **Investment Process**

34. Briefly describe your proposed style or philosophy for your product. Is the proposed product long-only or long-biased?
35. Please describe your commodity selection process; at a minimum, outline the universe of commodities from which selections are made, how many sectors are followed closely, who is involved in each step and who makes the final decision. How has it changed over the past five years?
36. Does the proposed strategy employ short positions? If so, discuss the role of short positions, typical amounts, limits, etc., and provide justification for their inclusion.
37. Discuss the process your firm follows to discover, evaluate, and select a long or short commodities investment.

38. Explain the process surrounding the termination of a commodities investment and how your firm manages the dissolution of investments.
39. How liquid are the commodities in which the proposed strategy invests?
40. Does the proposed strategy employ leverage? If so, discuss how leverage is used, typical amounts, limits, etc., and provide justification for its use. In addition, describe the leverage facility including providers, structure, terms, cost, etc.
41. Describe how the strategy addresses roll yield. Explain how your strategy changes depending on whether futures are trading in contango or backwardation.
42. Explain how collateral is managed in this strategy. Is it used as a source of alpha? What types of assets are invested in as collateral? How has this changed over time?
43. Describe how much commodities research is generated internally vs. research obtained from outside the firm. What external sources do you use for research?
44. Describe the fund's use of technical experts (both internal and external) in the investment process. Are any technical experts dedicated to the strategy (i.e. geologists, engineers, etc.)? If so, please describe.
45. Does your strategy incorporate any top-down or macro analysis into the process? Please describe how sector selection is utilized in the investment process. Can you quantify how much value this top-down analysis has added over time?
46. Does the strategy incorporate commodity price forecasts in the investment process? If so, how are the forecasts developed? Describe how the forecasts are used to help with buy/sell decisions.
47. What competitive advantages does your firm possess as it relates to this mandate?
48. What types of derivative financial instruments are used in the portfolio? Please describe the types and usage.
49. Explain how the strategy addresses counterparty risk, if applicable.
50. Does this strategy utilize hedges (i.e. currency, commodity, etc)? If so, please describe your hedging policy/strategy, risks/exposures that are typically hedged, and current hedges in place. How does the hedging program add value to the strategy?
51. Describe your portfolio construction parameters, including sector and position size. Include constraints on minimum/maximum percentage allocations (or over- or under-weightings versus the most appropriate index). Please specifically address the strategy's target diversification by Commodity Type.
  - (a) Who makes these policies?
  - (b) How is the policy implemented?
  - (c) How is the portfolio monitored
52. List applicable portfolio constraints or guidelines (e.g., target exposures and allowable ranges, either benchmark-relative or absolute) and describe any other quantitative or qualitative risk controls.
  - a. List the main risks associated with the proposed strategy and describe how each is explicitly measured and managed at both the individual security and aggregate portfolio level.
53. Please describe your general sell discipline.

54. How are portfolios usually constructed in relation to the benchmark (once a benchmark is established): generally indexed, moderate deviation, substantial deviation?
55. Describe how your style seeks to add value relative to an appropriate benchmark. What is your targeted performance/tracking error goal for this strategy? Please provide quantitative metrics. Describe any environments in which your strategy's performance can be expected to deviate from this goal (underperform/outperform).
56. What are your expectations on how the strategy would perform in the following environments:
  - (a) Rising Interest Rates
  - (b) High Inflation
  - (c) Stagflation
  - (d) Deleveraging
  - (e) Strong Economic Recovery
57. Is there a size (number of clients or asset level) at which the firm might find it difficult to pursue its current investment strategy? Please address when the strategy will close and how this will be determined.
58. Describe any optimization or risk control techniques used in the portfolio construction and portfolio monitoring process. Specifically, please identify the frequency that risk reports are created, the systems used to manage risk, and whether scenario analysis or stress testing is done on the portfolios.
59. Is your overall process more qualitative or quantitative? Is the process more top-down or bottom-up? If a combination, please provide percentages.
60. Does this strategy's commingled or mutual fund(s) participate in securities lending? If so, please describe any securities lending issues that may have impacted any of this strategy's vehicles (liquidity constraints, performance issues, etc.) over the past three years. Also, please explain any changes made to your securities lending policies over the past three years.
61. Discuss quantitative analysis as it relates to your investment process? What tools and systems are utilized for quantitative analysis?
62. Describe any potential or actual conflicts of interest that exist with respect to the proposed strategy and how each is addressed through internal controls or guidelines.
63. Discuss any material changes that have been made to the investment process or risk management techniques since inception of the proposed strategy. Were these changes considered normal enhancements, or were they made in response to the macroeconomic environment and/or specific market events?

### **Performance**

64. What are the primary and secondary benchmarks and the rationale for the selection of these specified benchmarks?
65. What is the inception date of each of the vehicles in the strategy?
66. What is the expected return and volatility for each of your Commodities strategies and specifically this product? What time frame is built into your investment philosophy?
67. Discuss any periods during which the proposed strategy experienced exceptionally good/bad performance and high/low volatility. Please provide an explanation for any periods that would be considered abnormal.

- 68. Approximately how long would it take your firm to fully invest a cash portfolio of \$25 million?
- 69. Has the composite or another similar vehicle (mutual fund or commingled fund) been audited by a public accounting firm?
- 70. Does your composite contain back-tested or simulated returns? If yes, please explain.
- 71. Is the firm GIPS compliant? If so, please provide GIPS-compliant performance. If not, please explain.
- 72. Do you utilize any internal or third-party performance attribution software/system? If yes, please provide a list of the systems used and their purposes and an example of an attribution analysis your firm completed for the most recent quarter end.

**Fees**

73. In the table below, please list the type of separate account and commingled products you have available for this product. (Please footnote any restrictions that may apply):

Name & Type of Vehicle	Minimum Size	Number of Accounts	Total Assets In Vehicle	Domicile	Open to U.S. Investors?

74. Provide a fee schedule for the vehicles above. Indicate whether you have a performance based fee mechanism. To what degree are fees negotiable?