

# **NEW MEXICO STATE INVESTMENT COUNCIL**



## **REQUEST FOR PROPOSAL**

### **INTERNATIONAL MSCI ACWI ex-US MANAGER (Large-Cap Core and Small-Cap Core)**

### **PUBLIC EQUITY MANAGER**

RFP No. 23-337-0001

*April 3, 2023*

41 Plaza La Prensa · Santa Fe, New Mexico 87507  
Phone: (505) 476-9500 · Fax: (505) 424-2510

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## **I. BACKGROUND OF NEW MEXICO FUNDS**

The New Mexico State Investment Council (“SIC”) manages the assets of seven funds (collectively, the “NM Funds”), as well as long-term assets of a number of New Mexico state agencies and municipalities. As of December 31, 2022, the two largest funds, the Land Grant Permanent Fund and Severance Tax Permanent Fund, had market values of approximately \$25.9 billion and \$6.5 billion, respectively.

The NM State Legislature tasked the SIC with preserving and enhancing the principal of the NM Funds over the long term, while they operate under the Uniform Prudent Investor Act. Investments of the NM Funds are diversified to minimize the risk of significant losses. Total return, which includes realized and unrealized gains, plus income and less expenses, is the primary goal of the NM Funds.

## **II. PURPOSE OF REQUEST FOR PROPOSAL**

The purpose of this Request for Proposal (“RFP”) is to solicit proposals from qualified investment managers to manage an equity portfolio within a separate account focused on International Large-Capitalization Core (Benchmark: MSCI ACWI ex-US – ND) and International Small-Capitalization Core (Benchmark: MSCI ACWI ex-US Small Cap – ND).

## **III. STATE INVESTMENT COUNCIL POLICIES**

The selected Offeror(s) must adhere to the broad guidelines set forth on the SIC’s website (collectively, the “Policies”) and any specific policies developed for the Contractor(s). The Policies may be accessed at: <http://www.sic.state.nm.us/policies-and-procedures.aspx>.

#### IV. DEFINITIONS

Terms that have specific meaning when used within this document are noted below. Should any conflict exist between these definitions and the draft contract attached to this RFP, the draft contract shall control.

1. “Contractor” (or “Manager”) shall mean the portfolio investment manager, the investing expert, as well as the fiduciary to the SIC.
2. “Prohibited Practice” shall mean the offering, giving, receiving, or soliciting of anything of value to influence the action of an SIC member or a New Mexico state or federal public official, or the threatening of injury to person, property or reputation, in connection with the procurement process or in the contracting process in order to obtain or retain business or other improper advantage in the conduct of business.
3. “Evaluation Committee” shall mean the group of individuals responsible for evaluating the proposals. The Evaluation Committee, in its sole discretion, shall determine which proposals are most advantageous to the SIC.
4. “Fraudulent Practice” shall include a misrepresentation or omission of facts in order to influence a procurement process or the execution of a contract to the detriment of the State of New Mexico, the SIC, its clients and/or its beneficiaries, and includes collusive practices among RFP Offerors (prior to or after submission) designed to establish prices (or other terms) at artificial, non-competitive levels and/or to deprive the State of New Mexico, the SIC, its clients or beneficiaries of the benefits of free and open competition.
5. “Must,” “shall,” “will,” “is required,” “will be” and “are required” refer to items that are mandatory.
6. “Offeror” shall mean a person, corporation, partnership or other professional entity recognized under the laws of the State of New Mexico that is authorized to conduct business within the State.
7. “Policies” shall include, but are not limited to, the SIC General Investment Policy, Code of Conduct, ESG Policy, and the Transparency & Disclosure Policy found at: <http://www.sic.state.nm.us/policies-and-procedures.aspx>.
8. “SIC” shall mean the State Investment Council.
9. “SIO” shall mean the State Investment Office. The SIO is the administrative arm of the SIC, and is responsible for implementing investment and portfolio mandates.

## V. SCOPE OF WORK

The selected Offeror(s), upon execution of the contract, shall perform and provide the following, as requested by the SIC and subject to New Mexico law and policies:

1. Manage an equity portfolio focused on international large-cap core and small-cap core equity investment strategies;
2. Read, understand and act in full accordance with the SIC's investment policies and guidelines;
3. Assist in the creation and be responsible, in a fiduciary capacity, for the management of a separate account invested in equity securities;
4. Conduct in-depth analyses, with expert due care, of securities prior to inclusion in the portfolio;
5. Use prudent, fiduciary best efforts to outperform the benchmark for the international equity separate account;
6. Advise the SIC and/or SIO staff on equity-related issues, including but not limited to, matters which represent significant changes in economic forecasts, investment outlook and industry emphasis;
7. Develop and implement governance, portfolio and other best-in-class risk management practices to ensure that risks are managed and measured as appropriate for the SIC;
8. Advise the SIC and/or SIO staff when specific segments of the equity markets are particularly attractive and as necessary, prudently manage an opportunistic portfolio in those segments;
9. Reconcile to the SIC's custodial bank, at least monthly, and provide the reconciliation to SIO staff (a letter or other certification confirming this action shall be provided by the Offeror/Manager);
10. Meet SIC and SIO reporting and communication requirements, including delivering monthly investment management statements which show any and all investments, receipts, disbursements, other transactions and reconciled month-end valuation with the SIC's custodial bank as of the close of business on the last business day of each month, with copies of such statements delivered to both the SIC's custodial bank and SIO by the fourth business day of the beginning of each month;
11. Provide the SIC, SIO staff and the SIC's consultants with other reports and/or statements in a format as reasonably requested;

12. Produce current, applicable SIC portfolio information (e.g., most recent month-end, quarterly and year-end), including account summary, performance analysis, transaction history, fee/cost/expense, and portfolio characteristic reports;
13. Respond promptly and substantively to periodic equity-related questions from the SIC, SIO and/or their designees or consultants;
14. Meet, in-person, video conference or telephonically, at the reasonable request of the SIC, SIO staff, or SIC consultant;
15. Fully comply with all of the Agreement's investment guidelines and also with New Mexico and federal law and regulations;
16. Vote proxies in the best economic interest of the SIC, keep accurate records of any such votes, and, at the SIC's or SIO's request, provide a listing of all proxies voted on behalf of the SIC (which shall include the company name, shares voted, date, proxy issue, and the vote, and whether the vote was in favor of or against management); and
17. Prepare investment management analyses, memoranda and reports as requested by the SIC and/or SIO, and perform all other reasonable actions requested relating to Council investment management services/portfolio management.

## VI. MINIMUM QUALIFICATIONS

An invitation to participate in this RFP has been sent to all active international large-cap core (Benchmark: MSCI ACWI ex-US – ND) and international small-cap core (Benchmark: MSCI ACWI ex-US Small Cap – ND) equity participants of the eVestment database. Your firm may or may not meet the minimum qualifications necessary for this RFP. It is critical that potential offerors read the RFP in its entirety. Questions about minimum qualifications and other RFP questions will only be answered during the question and answer period.

Managers can present more than one product. Each presented product has to comply with the stated minimum qualifications. A separate email with a separate RFP response is required for each product presented. In order to be awarded this contract, Offerors must meet the minimum qualifications noted below and must agree to the terms outlined in this RFP, specifically the terms outlined in Section X. Any and all proposals shall be evaluated by the same criteria as outlined in this RFP in Section IX.

Any proposal that does not meet the minimum qualifications by the stated deadlines noted in Section VII (A) 4 and subject to change will be rejected. For all of the below, the minimum qualifications must be met by the entity that will be charged with management of the fund, not by the parent company. The Offeror must:

1. Be an investment advisor registered with the SEC or otherwise exempt from registration. If exempt, the Offeror must explain the nature of their exemption from registration;
2. Be prepared to submit Form ADV, Parts I and II, as requested;
3. Update all eVestment data through December 31, 2022 for all the products for which the Offeror is submitting proposals. If an Offeror does not already utilize the eVestment database, they must participate by establishing their firm in the database. eVestment does not charge investment managers for participating in the database;
4. Firm-wide Assets Under Management, as of December 31, 2022: the Offeror must have at least \$25 billion in total firm assets under management as of December 31, 2022;
5. Product Assets Under Management, as of December 31, 2022:
  - a. International Large-Cap Core: the Offeror must have at least \$4.0 billion assets under management in the proposed product(s) as of December 31, 2022;
  - b. International Small-Cap Core: the Offeror must have at least \$1.0 billion assets under management in the proposed product(s) as of December 31, 2022;

5. Have at least five major U.S. tax-exempt clients (public or corporate) that have \$2.0 billion or more in total plan assets as of December 31, 2022. This requirement is firm-wide and does not necessarily apply to the proposed product;
6. Have at least five separate accounts of at least \$250 million of assets under management, preferably, though not necessarily, in the proposed product, as of December 31, 2022;
7. Agree to accept a possible allocation between \$200 to \$500 million (MSCI ACWI ex-US Small-cap Core) and \$500 million to \$1.0 billion (MSCI ACWI ex-US Large-cap Core) within a separate account – strategies currently closed to new accounts may respond if future capacity for this mandate is potentially available within one year;
8. Agree to keep the proposal open for a period of not less than one year, beginning April 3, 2023;
9. Performance Track Record: The product must have at least a continuous ten-year performance track record actively managing the product you are presenting for consideration in compliance with GIPS performance presentation standards as of December 31, 2022.
11. Agree to comply with all terms outlined in this RFP, including but not limited to, the terms outlined in Section X that will be incorporated into any investment management agreement entered into by the SIC and the Offeror;
12. Offeror must submit Appendixes A, B, and C from this RFP by the submission deadline in order to be considered a complete proposal. Those failing to do so will be considered non-responsive and will be removed from the RFP process;
13. Offeror must be in compliance with the requirements set forth in Appendix D; and
14. Offeror must be willing to sign Appendix E from this RFP with no (or minimal) changes.

## **VII. THE PROCUREMENT PROCESS**

This RFP is investment-related and may be cancelled or modified, and any and all proposals may be rejected in whole or in part, at the sole discretion of the SIC, operating through the SIO.

This RFP shall not be modified in any way by the Offeror; the SIC may modify the RFP by written amendment. Offerors shall acknowledge receipt of any amendments in writing. In no event shall any entity or individual of the State of New Mexico, specifically the SIC, SIO, and their members or employees, be responsible for any claims, costs, outlays,



expenditures, expenses, damages, or other monies of any Offeror incurred in, or related to, the preparation, submission, evaluation, or revision of a proposal.

Offerors with disabilities who may need auxiliary aids, services, and/or special modifications to submit a proposal or complete the evaluation process should contact, via e-mail, [nmsic\\_rfp.nmsic\\_rfp@sic.nm.gov](mailto:nmsic_rfp.nmsic_rfp@sic.nm.gov) no later than April 10, 2023 to make any necessary arrangements.

**A. Proposed Sequence of Events** (subject to change at the sole discretion of the SIC):

<b>ACTION</b>	<b>RESPONSIBILITY</b>	<b>DATE &amp; TIME</b>
1. Release of RFP	SIC	4/3/23
2. Deadline to submit written questions	OFFEROR	4/11/23, 5:00pm MST
3. Responses to written questions	SIC/SIC Consultant	4/19/23, 5:00pm MST
4. Deadline to submit proposals	OFFEROR	4/28/23, 5:00pm MST
5. Evaluation of proposals	SIC	5/1 to 11/30/23
a. RFP Response Review	SIC	
b. Further information or data requests	SIC	
c. Selective Virtual Meetings	SIC	
d. On-site due diligence of finalists	SIC	
7. Recommendation to SIC for approval	SIC	1/23/24
8. Contract execution/Effective date	SIC	4/1/24

**B. Explanation of Events**

*1. Release of the RFP*

The RFP will be released on April 3, 2023. At such time, no contact by Offerors, or potential Offerors, or their representatives may be initiated by Offerors with the SIC, SIO personnel, or SIC consultant's (e.g., RVK) personnel related to this search until contracts have been awarded and the protest period has expired with the exception of the normal course of business. An Offeror's failure to comply with this restriction may result in full disqualification of the Offeror. Both the SIC, SIO and SIC's consultant retain the right to contact Offerors as necessary.

*2. Deadline to Submit Written Questions*

Offerors may submit questions by email, inquiring only to the intent or clarity of this RFP, by 5:00 p.m. Mountain Standard Time (MST), April 11, 2023. Offerors must address all written questions to the RFP Administrator e-mail address: [NMSIC.2023.IE@RVKInc.com](mailto:NMSIC.2023.IE@RVKInc.com). Offerors should not use the question process to negotiate contract terms or requirements.

The email subject line should include the RFP number, page, and question number. For example: "Question-RFP 23-337-0001, B-1, B.1.a". Inquiries not submitted via email in accordance with these requirements will not be considered. No telephone inquiries or other non-written inquiries will be accepted.

### *3. Response to Written Questions*

Written responses to appropriate and reasonable Offeror written questions may be posted at <http://www.sic.state.nm.us/request-for-proposal.aspx> by 5:00 p.m. MST, Wednesday, April 19, 2023, or otherwise transmitted in a reasonable manner.

### *4. Submission of Proposals*

One (1) electronic copy of the proposal shall be delivered by each Offeror via email, in PDF to [NMSIC.2023.IE@RVKInc.com](mailto:NMSIC.2023.IE@RVKInc.com). The subject line and the file name should include the RFP number, the name of the firm, and the asset class of the product. For example: "RFP 23-337-0001 ABC Company-International Large Cap Equity Core."

Proposals must be signed by an individual with the authority to bind the Offeror and Offeror's organization, and the authority of the individual signing should be stated with the signature. Failure to submit a signed proposal may result in rejection of the proposal at the sole discretion of the SIC.

Deadline for receipt of the proposal is 5:00 p.m. MST, April 28, 2023. The date on the email header will control whether a submission was made in a timely fashion. Failure to comply with any of the submission requirements may result in rejection of the proposal at the sole discretion of the SIC.

### *5. Evaluation of Proposals*

The SIC, SIO and/or RVK may initiate discussions with Offerors who submit proposals, but proposals may be considered without it. Discussion shall not be initiated by Offerors. Each proposal must include written acknowledgment of the terms and conditions of this RFP.

Proposals that are non-responsive because they fail to meet the minimum qualifications (See Section VI), or other material conditions, shall be eliminated from further consideration. The Evaluation Committee shall endeavor to rank the proposals for each evaluation factor in accordance with the evaluation criteria, and to select firms for further due diligence.

Also, at its sole discretion, the Evaluation Committee may at any time during the evaluation process eliminate from further consideration proposals whose performance does not compare favorably relative to others responding to the RFP.

Offerors may be asked to engage in one or more virtual meetings at the discretion of the Evaluation Committee. Additionally, SIO staff, consultants, or comparable representatives may make on-site due diligence visits to the offices of finalist Offerors.

6. *Selection of Offeror(s)*

The Evaluation Committee shall rank the proposals for each evaluation factor and recommend to the Board (via SIO staff) the Offeror(s) to be awarded a potential contract. Offeror(s) who are recommended to the Board may be requested to make a public presentation to the Board followed by a question and answer period.

7. *Recommendation to SIC for Approval*

The final contract award(s) shall be subject to such conditions as the Board and SIO deem appropriate.

8. *Contract Execution/Effective Date*

The SIC may award the contract subject to finalizing all terms and conditions. The contract only will take effect upon the execution by the State Investment Officer. The SIC is not obligated to award any contract, or to otherwise fund or implement, any mandate or portfolio described in this RFP.

**C. General/Other Requirements**

Submission of a proposal constitutes an acceptance of the evaluation process outlined in Section IX, and specifically the SIC's draft contract terms. In addition, the Offeror-proposal submission acknowledges and accepts the requirements listed below.

1. *RFP Termination:*

This RFP does not obligate the State of New Mexico, SIC, SIO or any of its members, officers or employees in any manner to the procurement of the services described, implied or which may be proposed, until confirmed and executed by written contract. Progress toward this end is solely, at the discretion of the SIC, subject to final SIC terms and conditions, and the procurement may be terminated at any time prior to the signing of the contract.

The SIC reserves the right to cancel or modify this RFP at any time, and to reject any and all proposals submitted in response to this RFP.

Any contract awarded as result of this RFP may be terminated, at any time, if sufficient appropriations or authorizations are not available. The SIC's decision as

to whether sufficient appropriations or authorizations are available will be final and non-appealable.

2. *Legal Review*

The State of New Mexico expects that all Offerors will agree to be bound by the terms and conditions, including Section X and Appendix E, articulated in this RFP. For this reason, it is strongly recommended that Offerors have the terms and conditions contained herein reviewed by legal counsel, and that any material Offeror concerns be brought to the attention of the SIC prior to submission. Appendix D, in particular, should be non-negotiable.

3. *Governing Law*

The laws and jurisdiction of the State of New Mexico shall govern this procurement and, to the fullest extent permitted by applicable law and regulation, any contract subsequently entered.

4. *Issuing Office*

The SIO has issued this RFP on behalf of the SIC. Questions concerning the RFP may be submitted as specified in Section VII (B) 2. Questions should not seek to indirectly amend Appendices D and E.

5. *Proposal Costs*

Any and all costs and/or expenses incurred by the Offeror in responding to this RFP shall be borne solely by the Offeror; this includes, but is not limited to:

- a) time and effort on the part of the Offeror, Offeror-agent, or affiliate, lawyer or third-party, in responding to the RFP, including through the evaluation process, and
- b) costs and expenses, including attorney's fees, incurred by the Offeror or on the Offeror's behalf, in responding to the RFP, likewise up and through the evaluation process.

6. *Public Records*

The Offeror hereby acknowledges that the SIC (including the SIO) is a public agency subject to state laws, including, without limitation, (i) the Inspection of Public Records Act, Section 14-2-1 through 14-2-12 NMSA 1978, which provides generally that all non-privileged records relating to a public agency's business are open to public inspection, and (ii) the Open Meetings Act, Section 10-15-1 through 10-15-4 NMSA 1978, which provides generally for open meetings for public

deliberative bodies. Neither the Offeror nor any related entity shall make any claim against the SIC if it makes available to the public any report, notice or other information received from the Offeror or any related entity or person which was made public by the SIC pursuant to the Inspection of Public Records Act or the Open Meetings Act, or as otherwise required by law. In no event will the SIC be under any obligation to either contact any party or refuse to disclose information permitted to be disclosed by New Mexico law. In addition, the Offeror agrees to fully release, waive and hold the SIC, SIO and their employees and officers harmless from any and all liability or costs associated with the release of any information whatsoever.

#### *7. Agreement Terms and Conditions*

The contractual agreement between the SIC and the Offeror resulting from this procurement includes all the terms and conditions outlined in Section X. Submission of proposal by an Offeror shall constitute acceptance of these terms and conditions.

#### *8. Offeror Qualifications*

The SIC may make such inquiries or investigations as necessary to determine the ability of the Offeror to qualify under this RFP. The SIC reserves the right to reject the proposal of any Offeror who, in the SIC's or SIO's judgment, is not a responsible Offeror, at any time and for any reason in the SIC's or SIO's sole discretion.

#### *9. Fraud, Corruption and Questionable Conduct*

The SIC, in respect of the procurement of services:

- a. will reject a proposal if it believes for any reason that the Offeror recommended for award has engaged in Prohibited or Fraudulent Practices in competing for the contract in question;
- b. will terminate and cancel any corresponding contract for services if at any time the SIC determines that Prohibited or Fraudulent Practices were engaged in by an Offeror during the procurement or the execution of a contract, without having taken timely and all appropriate action satisfactory to the SIC, in the SIC's sole discretion, to fully remedy the situation;
- c. will declare an Offeror ineligible, either indefinitely or for a stated period of time, if at any time the SIC determines that the Offeror has engaged in Prohibited or Fraudulent Practices in competing for, or in executing, an SIC contract or any contract with another State agency;

- d. reserves the right, where an Offeror has been found by a judicial process or other regulatory inquiry to have engaged in Prohibited or Fraudulent Practices, to:
  - i. cancel all or part of the contractual commitments to such Offeror;
  - ii. declare that such Offeror is ineligible, either indefinitely or for a stated period of time;
  - iii. require that, in contracts with the SIC, a provision be included requiring service provider(s) to permit the SIC or its designee to inspect their accounts and records relating to the performance of the contract and to have them audited by auditors appointed by the SIC; and/or
  - iv. be entitled to such other relief and remedies as the SIC deems appropriate.

#### *10. Equal Opportunity Employer*

The Offeror agrees to abide by all applicable federal and state laws, rules and regulations and executive orders of the Governor of the State of New Mexico, pertaining to Equal Employment Opportunity. In accordance with all such laws of the State of New Mexico, the Offeror agrees to assure that no person in the United States shall, on the grounds of race, religion, color, national origin, ancestry, sex, age, sexual orientation or handicap, be excluded from employment with or participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity performed as a result of this RFP. If the Offeror is found not to be in compliance with these requirements during the life of the proposal or any agreement or contract with the SIC, the Offeror agrees to take appropriate steps to correct these deficiencies. Submission of proposal by an Offeror shall constitute acceptance of these terms and conditions.

#### *11. Americans with Disabilities Act*

By submission of a proposal an Offeror certifies that it complies with the Americans with Disabilities Act of 1990 and the regulations issued there under by the federal government, and certifies that programs, services and activities provided to the general public on behalf of the SIC under any contract resulting from this RFP comply with the Americans with Disabilities Act.

### **D. Protest Procedure**

An Offeror who believes that they have been aggrieved through the procurement process of this RFP shall follow the procedure below. Only those Offerors who respond to this RFP and follow the procedures below may have standing to protest.

1. A protest must be filed within five (5) business days of the date of the award by the SIC.
2. The protest must be submitted via email to [nmsic\\_rfp.nmsic\\_rfp@sic.nm.gov](mailto:nmsic_rfp.nmsic_rfp@sic.nm.gov). The protest must include the following information:
  - a. The name and contact information (including email address) of the Offeror;
  - b. Detailed grounds relied upon for submitting the protest;
  - c. All supporting evidence; and
  - d. An unqualified statement, signed by an authorized agent of the Offeror, certifying that all information included in the protest is true and correct.
3. Commencing upon the date the protest is received, the SIC will have at least thirty (30) days to respond to the protest. The SIC may in its sole discretion deny the protest, request additional information or re-evaluate the award.
4. If the protest is denied, the Offeror will have three (3) business days from the date of the denial to appeal. Appeals shall be made to the State Investment Officer. The State Investment Officer may convene a panel made up of at least one member from the SIC to assist with a determination of the merits of the appeal.
5. The SIO (and/or panel) may, at the sole discretion of the SIO (or panel), hear arguments from the protestor.
6. The SIO or panel (by majority vote, if the latter) will use reasonable commercial efforts to reach a final decision within twenty (20) days of the hearing of arguments of the protestor.
7. The decision of the SIO or panel is final and may not be appealed, administratively or otherwise.

## VIII. RESPONSE FORMAT AND ORGANIZATION

### A. Proposal Format (click [here](#) for RFP Word document)

Any proposal that does not strictly adhere to the format noted below, and does not address each specification and requirement within the RFP and the applicable forms may be deemed non-responsive and rejected at the sole discretion of the SIC.

Completeness, clarity and brevity are important. Please refer to Section VII (B) 4 above for the method for submission of proposals. Proposals consisting solely of marketing material will not be accepted.

#### Tab Element

##### *I. Primary Proposal Material*

###### *a. Cover Letter (Appendix A).*

A cover letter, which shall be considered an integral part of the proposal, shall be signed by the responsible individual(s) who is (are) authorized to bind the respondent contractually. The Offeror shall utilize the cover letter template, Appendix A, for completion of this requirement.

This cover letter also contains:

- i. a statement to the effect that the proposal is a firm and irrevocable offer for one year
- ii. the Offeror's name, address and telephone number
- iii. the Offeror's Federal Employer Identification number
- iv. a statement expressing the Offeror's willingness to perform the services as described in this RFP
- v. a statement as to the availability of staff to perform all services described
- vi. if applicable, identification of any confidential information contained in the RFP



- b. Investment Manager Questionnaire:* This must be completed in its entirety by the Offeror (Appendix B).
  - c. Fee Proposal* (Appendix C).
2. *Supplementary Materials (as desired, labeled as an Exhibit)*

Offerors may attach other supportive material that they feel may improve the quality of their response.

## **IX. PROPOSAL EVALUATION PROCESS**

### **A. Evaluation Summary**

The SIC may award multiple contracts under this RFP for active ACWI ex-US Large-cap Core and ACWI ex-US Small-cap Core investment services as described in Part V, Scope of Work. The SIC Evaluation Committee will determine which proposal(s) are most advantageous to the SIC, taking into consideration, but not limited to, the evaluation factors set forth below. The following process will be followed:

1. All proposals will be reviewed for compliance with the minimum qualifications as specified in this RFP, Section VI. Proposals that are found not to be in compliance will be rejected.
2. Proposals not rejected will then be evaluated on the factors listed in Section IX (B) below. A serious deficiency in any single criteria may be grounds for rejection. The SIC Evaluation Committee shall have the option to contact the Offeror for clarification of any portion of any proposal. The SIC Evaluation Committee also may use sources other than the information supplied by the Offeror to verify compliance with requirements of the RFP.
3. SIC representatives will conduct on-site due diligence visits of finalists. Recommendations will be made to the Board for Offeror(s) to be awarded the contract. Recommendations will be determined on the basis of on-site due diligence, presentations, interviews, the information presented in the response to the RFP, references, and evaluations by the SIC Evaluation Committee.
4. The final contract award(s) shall be made by the Board and the selection of the winning Offeror(s) is subject to execution of the contract in agreement to all terms as outlined in this RFP. If the above does not occur, the SIC Evaluation Committee may select an alternate Offeror for the winning Offeror in the order the finalists finish in the evaluations. The SIC will not be required to initiate another formal RFP process, although a new RFP may be issued if the SIC considers it the most advantageous course of action.

## **B. Evaluation Factors**

The award shall be made to the responsible Offeror(s) whose proposal is most advantageous to the SIC, taking into consideration the evaluation factors noted below. Please be aware that a serious deficiency in any one criterion may be grounds for rejection.

### *1. Organization:*

- a. Ownership structure
- b. Organizational structure
- c. Compliance policies and procedures
- d. Absence of conflicts of interest
- e. Accommodation for growth
- f. Succession plan

### *2. Professional Staff:*

- a. Qualifications of key personnel's background and experience on the product
- b. Results of background and reference checks
- c. Depth of team; adequacy of staffing
- d. Turnover
- e. Compensation plan
- f. Experience working with or representing public institutional investors in investment and advisement matters

### *3. Philosophy and Process:*

- a. Portfolio construction method
- b. Strength and consistency of process
- c. Idea generation and research capabilities
- d. Portfolio consistency with process
- e. Trading process and costs

### *4. Performance and Complimentary Effect on Asset Class:*

- a. Performance History: Periods to be evaluated will include the 1, 3, 5, 7, and 10-year annualized periods and rolling 3-year periods for periods up to a minimum of 10 years (more if available). Other periods, if information is available, may be evaluated solely at the SIC's discretion.
- b. Other performance criteria, including but not limited to, various return and risk ratios based on other time periods, may be evaluated.
- c. The Offeror's proposed product alignment with the RFP scope and its complimentary effect on the sub-asset class composite.

5. *Portfolio Risk Management:*
  - a. Diversification
  - b. Sector, industry, and position-size constraints
  - c. Liquidity
  - d. Standard deviation
  - e. Capacity
  - f. Sell discipline
6. *Operations:*
  - a. Quality and quantity of people
  - b. Segregation of duties
  - c. Computer systems
  - d. Backup and recovery
  - e. Reconciliation and administration
  - f. Reporting
  - g. Client services
7. *Fees:*
  - a. Within the SIC fee guidelines
  - b. Note: the SIC reserves the right to negotiate all fees

## **X. CERTAIN MATERIAL CONTRACT TERMS AND CONDITIONS**

In addition to the Scope of Work as described in Section V and Appendix E, and a compensation paragraph, any investment agreement between the SIC and the selected Offeror shall generally contain the terms noted below. Such terms are non-negotiable. The following is provided as a summary; Offeror should consult Appendix E in detail. Any differences between this Section X and Appendix E shall be resolved in favor of Appendix E, which shall govern.

- |  |   |
|--|---|
| A. Fiduciary<br>Expert Standard<br>of Care | Contractor represents that it is an expert in the field of fiduciary investment management. Therefore, over and above, and in addition to, its fiduciary status/obligations as an investment adviser under applicable federal and state law, Contractor agrees that it shall at all times exercise the highest degree of, expertise, due care and competence as would a professional expert and prudent investor with superior and specialized skills in the field of investment management. Therefore, Contractor is under a duty to conduct its activities and provide professional services under this Agreement with the heightened care, skill, expertise, prudence and diligence that a prudent investor and fiduciary would use. Contractor further represents that, in addition to its fiduciary duty of care, Contractor has absolute fiduciary duties of loyalty and fair dealing to the SIC and SIO. |
| B. Soft Dollars                            | All redemption proceeds in respect of SIC's investments in the fund shall be made only in United States dollars. Notwithstanding anything to the contrary in Contractor documents or policies, any soft dollar transactions in respect of the SIC Funds shall comply with the requirements of the safe harbor of Section 28(e) of the Securities Exchange Act of 1934, as amended.  |
| C. Contractor<br>Legal<br>Disclosure       | Contractor represents that it is not aware of any regulatory or self-regulatory investigation or legal or arbitration proceeding against Contractor, and, if after the date hereof, Contractor should become aware of any regulatory or self-regulatory investigation or notice (other than information requests by the U.S. Securities Exchange Commission or other similar regulatory requests that Contractor reasonably believes are not confined only to Contractor, immaterial and in the ordinary course) or any legal or arbitration  |



benefits conferred, to or on any members (including former members) of the SIC or any of its committees.

J. New Mexico  
Jurisdiction and  
Venue

New Mexico law shall govern, without regard to conflict of laws principles or rules of New Mexico or any other jurisdiction. Offeror/Contractor irrevocably consents and submits to the jurisdiction of the courts in the State of New Mexico and of the federal courts located in New Mexico in connection with any actions or proceedings to which SIO is a party arising out of or relating to the Agreement; and in any such action or proceeding, the Offeror/Contractor absolutely and irrevocably (i) waives any objection to jurisdiction or venue, (ii) waives personal service of any summons, complaint, declaration or other process, and (iii) agrees that the service thereof may be made by certified or registered first class mail.

K. Termination by  
SIC

Except as otherwise set forth in the written contract, the SIC shall be able to terminate the Manager upon thirty (30) calendar days' written notice to the Manager. Manager shall be able to terminate the relationship with the SIC upon ninety (90) calendar days' written notice to SIC. Upon termination, the Manager, shall liquidate all assets of the Fund or transfer the management of the fund to the SIC or another Manager approved by SIC, as determined by the SIC.

**APPENDIX A***Cover Letter*

Please affirm or answer *every* question below in an unqualified manner. Completion of the following constitutes the requested cover letter.

1. Name of Offeror:
2. Exact product name as it appears in the eVestment database:
3. Address of Offeror (including for service purposes):
4. Phone number:
5. Primary contact:
6. E-Mail address:
7. Federal employer ID#:
8. This Proposal is a firm and irrevocable offer for a period of one year, beginning April 3, 2023.
9. The Offeror is willing to perform all of the services as outlined in the RFP.
10. The Offeror accepts all terms and conditions as outlined in the RFP.
11. The Offeror is able to provide all of the services as outlined in the RFP beginning on: \_\_\_\_\_
12. The following material is considered by the Offeror to be trade secret information:  
\_\_\_\_\_  
\_\_\_\_\_
13. The Offeror hereby acknowledges that the SIC is subject to the Inspection of Public Records Act, (NMSA 1978 Ch. 14, Article 2) and the Open Meetings Act, NMSA 1978, Chapter 10, Article 15, and may become subject to subpoenas as well as questioning and informational demands by the governor, legislature and other instrumentalities of the State of New Mexico. Consequently, the Offeror hereby agrees to indemnify and hold the SIC harmless for the SIC's, SIO's or State of New Mexico's release of any information, including information deemed confidential or trade secret information by the Offeror.
14. The Offeror hereby certifies that the undersigned is authorized to contractually bind the Offeror:

By submission of this cover letter, the Offeror hereby certifies that all of the above are true and correct statements.

**Name:** \_\_\_\_\_ **Title:** \_\_\_\_\_

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_



**APPENDIX B***Investment Manager Questionnaire*

**A.** Please describe in sufficient detail how the **Scope of Work** in Section V above will be accomplished.

**B. Organization**

1. Please provide the following information about your firm:
  - a. Firm name
  - b. Firm headquarters address
  - c. Firm headquarters telephone number
  - d. Month and year firm was founded
2. Please provide the following information regarding your primary contact person for the product under consideration:
  - a. Contact name
  - b. Address
  - c. Telephone number
  - d. Email address
3. Is the proposed product in eVestment?
  - a. If so, please indicate the exact name of the product.
  - b. Indicate below that all data has been entered into eVestment through December 31, 2022, as that information will be used to supplement this questionnaire and will be considered official record for this search.
  - c. Indicate the inception date for this product.
4. Are you registered under the SEC Investment Advisory Act of 1940?
  - a. If so, what is the month and year of registration? If not, please explain why your firm is exempt.
  - b. Are you prepared to submit form ADV (Parts I and II) if selected as a semi-finalist?
5. Firm Background and Direction:
  - a. Provide a short history of the company, highlighting your most important milestones.
  - b. Describe your future growth plans.

- c. Briefly outline your succession plans for key executives and senior investment personnel, if any.
- 6. What is your firm’s top competitive advantage? Is it sustainable? Why or why not?
- 7. Firm Structure:
  - a. What is your firm’s legal business structure?
    - i. If owned by another firm, what percentage of the parent company’s revenue does your firm contribute? Indicate how the percentage of revenue has changed over the life of the arrangement or the last 10 years.
    - ii. Include any affiliated companies, joint ventures, and other entities that contribute in some way to your firm’s investment and operational management.
    - iii. List all firm owners, whether they are individuals, employees, or partnerships and percentage ownership held by each.

Equity Owners ( <b>don’t incl. name</b> )	Owner since (Date)	Current Economic %	Current Voting %
Largest Equity Owner			
2 <sup>nd</sup> Largest Equity Owner			
3 <sup>rd</sup> Largest Equity Owner			

- iv. For any large ownership concentrations among shareholders (above 10%), please provide detail on transition plans for those ownership shares should owner depart the firm on short notice.
  - b. Describe any material developments in your organization (changes in ownership, personnel, business, etc.) over the past five years in detail.
  - c. Are there any structural or financial engineering changes contemplated in the next year (e.g., ownership, merger and acquisitions, products, etc.)? If yes, please explain.
- 8. Governance and Leadership:
  - a. What is the name of the board/group that governs the firm?
    - i. What are the rules for voting and making decisions (one final decision maker, majority decides, or all votes are equal)?
    - ii. What are the three primary responsibilities of the Board (a few words each)?
    - iii. Please provide the following information for each of the members:
      - 1. Member name
      - 2. Internal / External

3. Title (e.g. Chairman)
  4. Current Employer & Title
  5. Member of Governing Board since (date)
  6. Years at Firm
  7. Years in Industry
- b. What is the name of the group that manages the firm?
- i. What are the rules for voting and making decisions (one final decision maker, majority decides, or all votes are equal)?
  - ii. What are the three primary responsibilities of the management group (a few words each)?
  - iii. Please provide the following information for each of the members:
    1. Member name
    2. Title (eg, CEO)
    3. Member of Management Group since (date)
    4. Years at Firm
    5. Years in Industry
- c. What is the name of the group that oversees investments (what is the structure for overseeing philosophy and process of investments)?
- i. What are the rules for voting and making decisions (one final decision maker, majority decides, or all votes are equal)?
  - ii. What are the three primary responsibilities of the investment oversight group (a few words each)?
  - iii. Please provide the following information for each of the members:
    1. Member name
    2. Title (eg, CIO)
    3. Member of the Investment Oversight Group since (date)
    4. Years at Firm
    5. Years in Industry
- d. Provide an organizational chart.
9. Is the firm registered with any regulatory agency, such as the SEC, CFTC or any state agencies?

- a. State whether, during the last ten years, any regulatory agency has conducted an audit or review of the firm.
  - b. If such an audit or review was conducted, what were the findings?
  - c. Is there any pending or threatened litigation against the firm or any of its officers, directors, principles or investment personnel? If so, please explain.
  - d. Is there any pending or threatened regulatory action, or any past regulatory action, against the firm or any of its officers, directors, principles or investment personnel? If so, please explain.
  - e. Have any of your firm's officers, directors, principles or investment personnel ever been convicted of a felony?
10. Does your firm have errors and omissions, fiduciary liability, or any other relevant insurance?
- a. If yes, please list the names of the insurance companies, the dollar amount of the coverage, and the coverage period. If no, explain why not.
  - b. Has your firm ever made a claim against its fiduciary liability or errors and omissions or similar insurance policy? If so, explain.
  - c. Has the firm or any of the key principals, including any board or Manager members, ever been denied coverage for errors and omissions, directors and officers, or fiduciary liability insurance? If so, please provide a detailed explanation of the reasons given by the carrier(s) for such denial.
11. Does your firm have a current SSAE 16 audit (or similar)?
- a. If no, when was the last SSAE 16 (or similar) audit conducted?
  - b. Please provide the latest SSAE 16 (or similar) audit results.
12. Other revenue, fees, loans/borrowings:
- a. Do you derive revenue from any other line of business not directly associated with the Advisor business?
  - b. Describe your anti-money laundering policy and who has ultimate responsibility.
  - c. Does the Firm or any of its employees have any contractual or business arrangements with any other securities, brokerage, custodial, auditing or investment management firms that may lead to a conflict of interest? How do you handle any potential conflicts of interest?
13. Office Locations
- a. How many offices does your firm maintain?
  - b. If more than one office, identify the locations, number of employees, and describe the functions performed at each location.

- c. What is the primary location(s) for the investment team, client service and operations of the proposed strategy?
14. Do you have at least five U.S. tax-exempt clients (public or corporate) that have \$2.0 billion or more in total assets? This does not necessarily apply to the proposed product (minimum qualification Section VI (5)). Provide a confirmation that you have at least five.
15. Do you have at least five separate accounts with at least \$250 million of assets under management, preferably, though not necessarily, in the proposed product as of December 31, 2022?
16. Do you intend to close any of your products to new investors? If so, for what reasons (e.g., upon attaining a certain number of clients, level of assets, liquidity)? If capacity constraints are relevant for this strategy, please disclose a dollar amount total capacity estimate as well as an explanation for that number.
17. Describe your firm's compliance procedures / legal oversight structure including but not limited to the following:
  - a. Who is responsible for checking that compliance procedures are met?
  - b. What measures does your firm take to ensure compliance? Please provide details if you use any external compliance managers, including names and roles.
  - c. Provide a copy of your firm's written compliance procedures, code of ethics, personal trading policy and employee manual.
  - d. What is the frequency of the compliance checks?
  - e. What systems are in place for ensuring that portfolio managers are within client guidelines?
    - i. Has a client guideline ever been violated?
    - ii. If so, please describe the violation and the resolution.
  - f. Has your firm ever found any violations of internal compliance procedures? If so, what were they and what steps were taken to remedy the situation?
  - g. Does the compliance department sign off on all marketing documentation?
18. Has the firm adopted the CFA Code of Ethics and Standards of Professional Conduct, or does it have a written code of conduct or set of standards for professional behavior? If so, how is employee compliance monitored?
19. References (minimum of three (3))

Provide a list of three (3) references from clients of this strategy. In providing this information, each Offeror thereby grants permission to the SIC to contact any or all such

references. The minimum information that must be provided for each reference is the following:

- a. Name of organization
- b. Address of organization
- c. Name of contact
- d. Telephone number
- e. Email address of contact

The evaluation team also reserves the right to, and by submission of a proposal the Offeror consents to, contact additional individuals other than those references provided.

### **C. Professional Staff**

1. List the total number of employees in your organization by department.
2. Provide biographies of all key investment professionals at your firm and an organizational chart showing functions and reporting lines.
3. Is there a minimum time required for senior personnel to provide notice of an upcoming retirement?
4. Is there a succession plan in place for key professionals? If so, how often are these plans revisited and reviewed? Please provide named successors for key professionals on the proposed strategy, if possible.
5. Describe the structure of the investment management team and provide the information noted below for the personnel that contribute to the proposed product other than the dedicated investment team (economists, portfolio managers, researchers, fundamental analysts, quantitative analysts, traders).
  - a. Name
  - b. Title
  - c. Product responsibility
  - d. Years working in industry
  - e. Years working at firm
  - f. Years working on product
  - g. Other products on which the individual works
  - h. Other responsibilities
  - i. Education

- j. Professional experience
6. Provide the information noted below for the personnel dedicated to the proposed product. Be specific regarding the lead portfolio manager and the portfolio manager's backup.
  - a. Name
  - b. Title
  - c. Product responsibility
  - d. Years working in industry
  - e. Years working at firm
  - f. Years working on product
  - g. Other products on which the individual works
  - h. Other responsibilities
  - i. Education
  - j. Professional experience
7. Related to the presented product, provide the names of all investment professionals who have resigned, been terminated, or transferred/rotated to another department within the past five years. Provide a brief explanation for each departure. List any replacement for these vacancies. Please include:
  - a. Employee name and title
  - b. Resignation / Termination / Rotation
  - c. Years working in industry
  - d. Years working at firm
  - e. Years working on product
  - f. Name of replacement
8. Describe the compensation structure for your firm's portfolio managers and research analysts, including incentives, bonuses, performance-based compensation, and equity ownership.
  - a. Describe any non-compete/non-solicit provisions with key investment personnel.
  - b. What are the criteria for an employee to become an owner?
9. What is your philosophy and policy for investment professionals working remotely versus in the office? Are any changes to this policy being contemplated? How does this policy differ for non-investment personnel?

**D. Product Information and Investment Philosophy (use the MSCI ACWI ex-US – ND or MSCI ACWI ex-US Small Cap – ND indexes, whichever is most appropriate, for benchmark relative questions)**

1. Provide the following information regarding product/strategy client gains and losses for the past five calendar years.

Year	Assets Gained (\$)	Accounts Gained (#)	Assets Lost (\$)	Accounts Lost (#)
2022				
2021				
2020				
2019				
2018				

2. Briefly describe your investment philosophy for the proposed strategy and how that has evolved.
- What market anomaly or inefficiency are you trying to capture?
  - Why do you believe this philosophy will be successful in the future?
  - How do you expect it to evolve in the future?
  - Provide any evidence or research that supports this belief?
  - How has it changed since the inception of the product?
  - Under what, if any, circumstances would you deviate from the disciplines associated with this philosophy?
  - Describe the investment environments in which you expect your strategy to:
    - Outperform the benchmark/style peers.
    - Underperform the benchmark/style peers.
3. What timeframe is built into your investment philosophy? Over what time horizon would you expect your strategy to meet performance objectives?
4. Describe the strategy's sector and regional constraints?
- Is there a sector or industry in which you believe your firm has a particular edge? If yes, please elaborate.
  - Are there any sectors or industries in which you strategically choose not to invest? If so, please describe why.
  - Are there any countries or regions in which you believe your firm has a particular edge? If yes, please elaborate.



- d. Are there any countries or regions in which you strategically choose not to invest? If so, please describe why.
5. List any other portfolio constraints with regard to geography, emerging markets, industry, market cap, liquidity, percent ownership of a company, ADRs/foreign stocks, etc.
6. How many stocks are typically represented in your portfolio?
  - a. Do you have a minimum/maximum number of holdings?
  - b. What were the fewest/most holdings ever held in the portfolio? Indicate the appropriate dates.
  - c. How are individual position weights determined?
  - d. What is the maximum position size at cost and at market value for any individual position? Have you ever violated this constraint?
7. What is the annual turnover rate for this strategy? In what environment would you expect this to change? Provide the annual turnover for each calendar year since inception, commenting on any outliers within that period.
8. How do you view market timing? Cash holdings? How is cash used in the portfolio? Provide the year-end cash levels for the portfolio since inception of the strategy.
9. Over the last three years, what percent of your performance attribution would you attribute to the following?
  - a. Stock Selection
  - b. Sector Allocation
  - c. Interaction Effect
  - d. Country Allocation
  - e. Market Cap. If market cap is one of the contributing factors to alpha generation, please provide attribution by market cap.
  - f. Momentum
  - g. Beta
  - h. Cash
  - i. Other (please describe)

#### **E. Investment Process**

Provide a (detailed) description of your investment decision process including but not limited to the following:

1. What is the initial universe?
2. Describe any systematic ranks/filters to narrow the universe. List and describe the common characteristics of purchase candidates.
3. Please explain your firm's research process.
  - a. Provide a description of any fundamental security analysis and the members of the team responsible.
    - i. How important are company visits in this process?
    - ii. Where do meetings with companies primarily take place? (virtually/call, investment firm offices, company headquarters, company regional offices, conferences, etc.)
    - iii. Please provide a description of sources of information used to conduct fundamental research, including sell side analysts, company visits, financial statements etc.
  - b. Provide a description of your top-down process and the members of the team responsible for this. Please discuss the sources of information used.
  - c. Provide a description of any quantitative security analysis and the members of the team responsible.
  - d. Provide a description of all the alpha sources besides stock selection, such as top down or macro, size, style, momentum, beta etc., and those who are responsible for these decisions.
  - e. State the location(s) where such research is carried out and what specific research is conducted at each location.
  - f. Please provide an example of a research report.
4. Describe the composition of the investment team and their responsibilities, and how they fit into the process.
  - a. Who is ultimately responsible for implementing the investment process?
  - b. Describe the mechanics of the decision-making process for buy decisions.
    - i. If team-based, please describe how the team makes decisions.
    - ii. Do any members have veto power?
    - iii. Who has ultimate responsibility for all buy/sell decisions?
  - c. Describe the decision-making process for sell decisions.
    - i. Do you have stop-loss procedures in place? If yes, describe the details. If no, explain your methodology regarding stocks that drop significantly in price.
    - ii. List the three largest percentage losers (since initial purchase) currently in the portfolio and explain the investment thesis for each.

- iii. When would your firm deviate from its sell disciplines?
5. Do you set price targets for all purchases? If yes, do you ever hold a security beyond the initial price target? Explain.
6. What unique features of your investment process do you feel add the most value over time?
7. Is the investment process consistent from account to account (i.e., model portfolio)? Describe how individual accounts are managed (by individual portfolio managers, by a team or by a committee). Do account/portfolio managers have discretion to invest outside of the model portfolio? Please detail this discretion.
8. Have you made any meaningful permanent or temporary changes to your investment process in the strategy you are proposing?
9. Provide a complete list and a brief description of both internal and external systems/data sources used by your firm in each of the following: database/screening, research, portfolio management, and compliance.
  - a. Please provide percentage of total research obtained from each outside vendor. How is this research incorporated into your investment process?
  - b. How long has each system been in place?
10. Indicate whether your firm's investment capabilities were developed in-house or derived through acquisition of investment talent from another firm. If the latter, indicate when this occurred.

**F. Performance Data (use the MSCI ACWI ex-US – ND or the MSCI ACWI ex-US Small Cap – ND Indexes, as appropriate, for benchmark relative questions)**

1. Please carefully review and update all eVestment composite data.
2. Please provide the following data requests in the “*NMSIC RFP#23-337-0001 Data Request*” spreadsheet. **Complete the appropriate Tab and do not make any format changes to the spreadsheet.**
  - a. For each month beginning 4/30/2008 or inception, if incepted after 4/30/2008, provide monthly gross of fees returns for the proposed portfolio and its respective benchmark (MSCI ACWI ex-US-ND or MSCI ACWI ex-US Small Cap-ND). **Complete table provided in Data Request spreadsheet (Tab 1).**
  - b. Provide the year-end sector allocations for the past 10 calendar years ending 12/31/2022. **Complete table provided in Data Request spreadsheet (Tab 2).**
  - c. Provide the year-end country allocations for the past 10 calendar years ending 12/31/2022. **Complete table provided in Data Request spreadsheet (Tab 3).**

- d. Based on MSCI Country Classifications in Tab 0, provide the year-end regional allocations for the past 10 calendar years ending 12/31/2022. **Complete table provided in Data Request spreadsheet (Tab 4).**
- e. Provide an annual sector performance attribution analysis for the past 10 calendar years ending 12/31/2022. Please, include a separate column for interaction effect and a separate row for cash as shown in the spreadsheet. There should be 10 separate tables for each calendar year. **Complete tables provided in Data Request spreadsheet (Tab 5).**
- Please include reasons in this document (not in the spreadsheet) for significant out-/under-performance, and please be thorough.
- f. Provide an annual country performance attribution analysis for the past 10 calendar years ending 12/31/2022. Please, include a separate column for interaction effect and a separate row for cash as shown in the spreadsheet. There should be 10 separate tables for each calendar year. **Complete tables provided in Data Request spreadsheet (Tab 6).**
- Please include reasons in this document (not in the spreadsheet) for significant out-/under-performance, and please be thorough.
- g. Based on MSCI Country Classifications in Tab 0, provide an annual regional performance attribution analysis for the past 10 calendar years ending 12/31/2022. Please, include a separate column for interaction effect and a separate row for cash as shown in the spreadsheet. There should be 10 separate tables for each calendar year. **Complete tables provided in Data Request spreadsheet (Tab 7).**
- Please include reasons in this document (not in the spreadsheet) for significant out-/under-performance, and please be thorough.
- h. For each of the past 10 calendar years ending 12/31/2022, please provide the end-of-year (12/31) annual characteristics for the proposed portfolio and its respective benchmark (MSCI ACWI ex-US-ND or MSCI ACWI ex-US Small Cap-ND) as shown in the spreadsheet. There should be 10 separate annual datapoints for each characteristic and two separate tables, one for the product and one for the benchmark. **Complete table provided in Data Request spreadsheet (Tab 8).**
- i. For each of the past 10 calendar years ending 12/31/2022 please provide the end-of-year (12/31) annual free float market-cap quintile percentages for the proposed portfolio relative to its respective benchmark (MSCI ACWI ex-US-ND or MSCI ACWI ex-US Small Cap-ND). Free float market-cap range for each quintile each year (\$M) are provided. Please add the portfolio weight in each market-cap quintile range. There should be 10 separate annual tables. **Complete table provided in Data Request spreadsheet (Tab 9a).**
- j. For each of the past 10 calendar years ending 12/31/2022, please provide the end-of-year (12/31) annual free float market-cap quintile percentages for the proposed portfolio relative to the MSCI ACWI ex-US IM Index. Free float market-cap range for each quintile each

year (\$M) are provided. Please add the portfolio weight in each Market-cap quintile range. There should be 10 separate annual tables. **Complete table provided in Data Request spreadsheet (Tab 9b).**

3. Provide the primary benchmark for this strategy. Are there any other benchmarks that you think are appropriate to use? Has the primary benchmark been used since the inception of the strategy? If not, please explain.
4. For the proposed product, do you have a maximum percentage allowed in emerging markets? Please, explain.
5. For the proposed product, are you allowed to invest in frontier markets? If so, do you have a maximum percentage allowed? Please, comment.
6. Please provide a sample of your normal reports (monthly/quarterly regularly created portfolio holdings and performance reports).
7. Do you utilize any internal or third-party performance and/or attribution software/systems? If yes, please provide a list of the systems used and their purposes.

#### **G. Trading & Liquidation**

1. In the following table, please provide the estimated number of days necessary to liquidate the following percentages of the portfolio under normal market conditions and targeting minimization of market impact (assume \$500 million account for ACWI ex-US Large Cap Core, \$200 million account for ACWI ex-US Small Cap):

% of Portfolio Liquidated	# of Days
10%	
25%	
50%	
75%	
100%	

2. In the following table, please provide the estimated combined explicit and implicit costs (in basis points) for full liquidation of the proposed portfolio under normal market conditions (assume \$500 million account for ACWI ex-US Large Cap Core, \$200 million account for ACWI ex-US Small Cap):

# of Days for Liquidation	Estimated Cost (bps)
3	
7	

15	
30	

3. What percentage of holdings would take longer than 30 days to liquidate under normal market conditions with the target of market impact minimization (assume \$500 million account for ACWI ex-US Large Cap Core, \$200 million account for ACWI ex-US Small Cap)?
4. Please list any products related to the strategy you are presenting that your firm has completely liquidated or merged with existing products. Include the reason(s) why the product was liquidated and/or merged with another product.
5. Describe how your product would assimilate a new allocation. Please provide detail on the number of days needed to fully invest the proposed portfolio (assuming potential mandate size of \$200 to \$500 million (International Small-cap Core) and \$500 million to \$1.0 billion (International Large-cap Core).
6. Are portfolio managers responsible for their own trading or is there a dedicated trader associated with the group?
7. What is the size of your trading department and the experience of each trader?
8. What is the average cost per share traded for the trailing 3-year period?
9. Discuss your trading process. What aspects do you feel are unique? Do you employ an internal cost monitoring system?
10. Please list your trading systems and the percentage of trades completed through each.
11. Have there been significant changes or updates to the trading systems over the past 3-year period? If so, please detail the rationale for the systems change or update.
12. Do clients direct trades? If so, what percentages of trades are directed by clients?
13. Once a trade is made, how are trades allocated amongst accounts?
14. How are account restrictions addressed?
15. Does your firm have an affiliated brokerage firm? If so, would your firm ever direct trades through the affiliated brokerage firm? Under what circumstances and for what reasons would your firm do so?
16. Does your firm engage in soft dollar arrangements? If so please describe your firm's soft dollar policies and the services currently provided by soft dollars.
17. Please provide a copy of your firm's proxy voting policy.

**H. Portfolio Risk Management (use the MSCI ACWI ex-US -ND or MSCI ACWI ex-US Small Cap -ND for benchmark relative questions)**

1. Who is responsible for portfolio risk management, and to whom do they report?
2. Describe your firm's risk management controls and procedures.
  - a. What (if any) systems do you have in place to help manage risk?
  - b. Do you employ any third-party software or another team within the firm to conduct regular or periodic risk analysis or generate risk reports? If yes, please describe. With what frequency are risk management reports created and evaluated by the appropriate personnel?
  - c. Have there been major enhancements or changes to the risk management software used in the past 3-year period?
  - d. Please attach as an exhibit an example of your risk reporting providing the name of the software and risk model used.
3. Describe the risks inherent in your model portfolio
  - a. Identify the major factors to which the fund is exposed, and how that exposure has changed over time.
  - b. Please discuss tracking error as it relates to this portfolio, and how it has evolved over time.
  - c. Describe any optimization or risk control techniques used in the portfolio construction process.
4. What is your expected 10-year annualized tracking error range and annualized performance goal (in basis points) above your benchmark? What is the historical, realized 10-year tracking error for the portfolio (versus the MSCI ACWI ex-US-ND or MSCI ACWI ex-US Small Cap-ND, whichever is most appropriate). Please explain any deviations from past periods and from realized actual tracking error.
5. What is your predicted beta or market risk? What is the historical, realized 10-year beta for the portfolio (versus the MSCI ACWI ex-US-ND or MSCI ACWI ex-US Small Cap-ND, as appropriate). Please explain any deviations from past periods and from realized actual beta.
6. What active risk factor exposures (i.e. momentum, value, quality, low volatility, size, etc.) should be expected from this strategy?

**I. Operations**

1. Who is responsible for your back office operations, and to whom do they report?
2. Who has access to back office systems within the firm, and how is access controlled?
3. Who has overall responsibility for information technology, and to whom do they report? What are their general duties and how many people are in this group?

4. Please list all major software systems used in your accounting or back office operations and their purpose. Please indicate whether the maintenance of these programs is done internally or outsourced.
5. What is your annual budget for technology research and development? Of that total, what percentage is hard dollar based and what percentage is soft dollar budgeted?
6. What is your firm's plan regarding the backup of computer files and systems? Please provide a copy of your firm's written backup plan, if available. Please include the following information.
  - a. How often do you perform a complete backup of all files?
  - b. Who is responsible for the process?
  - c. In the event that the primary files and systems are unavailable, how long would it take the firm to transition and be fully functional on backed-up data and secondary systems?
  - d. What is your procedure for archiving paper files?
7. Please describe where your primary network resides and the physical security surrounding it.
8. Describe any electronic interfaces with clients, brokers, and custodians.
9. Provide a detailed description of the infrastructure, capabilities, and safeguards you have built to handle separate accounts.
10. How quickly are you able to provide accurate, audited asset and transaction statements after month-end?
11. Reports
  - a. Provide copies of any monthly and quarterly portfolio/market/economic reports that your firm has prepared. Include copies of all relevant monthly and quarterly reports for the last 12 months.
  - b. Will your firm provide customized monthly and quarterly performance and holdings summary reports?
12. Please provide, as an exhibit, a list of all regulatory filings you are required to make.
13. Client Services
  - a. Please indicate how you intend to service this account and the scope of that service. Describe how client servicing / communication responsibilities are divided between portfolio managers and client service / marketing personnel.
  - b. How often will the portfolio manager meet with the client to review the portfolio?
  - c. How much access and interaction would we have with your firm's staff economists, research analysts, portfolio managers, traders and chief investment officer?



14. Provide a representative client list and the five largest clients for this strategy. Include contact, length of relationship, email address, and phone number for the proposed product.

**APPENDIX C***Binding Fee Proposal*

SIC will consider only asset-based fees for the proposed mandate(s). Once the manager has been selected, refinements to the fee may be necessary to determine the size of the funding increments and the timing of the funding. In no case will the refinement result in a fee that is higher than the fee contained in the proposal.

1. Include your best and final offer for an asset-based fee. Include the total basis points charged for a \$200 to \$500 million (MSCI ACWI ex-US Small-cap) and \$500 million to \$1.0 billion (MSCI ACWI ex-US Large-cap) separate account in \$100 million increments, as well as the tiered fee structure.
2. Indicate if this is reduced from your standard pricing listed in eVestment.
3. Do you currently offer the same product to any entity based on a reduced fee scale? If yes, explain.

**APPENDIX D***Transparency & Disclosure Policy/No Pay-to-Play*

No placement agents or third-party marketers have been, or will be, paid with respect to the SIC, or otherwise in relation to the SIC, at any time. No SIC funds, capital or monies will be used for the payment or reimbursement of placement fees, third-party marketing fees and/or related-expenses directly, indirectly or otherwise, including through an offset to a management fee or any other fee or expense. In addition, no political or charitable contributions have been or will be made, or any other monetary or other benefits conferred, to or on any members (including former members) of the SIC or any of its committees.

**APPENDIX E***New Mexico State Investment Office Standard Contract*STATE OF NEW MEXICO  
STATE INVESTMENT COUNCIL  
PROFESSIONAL SERVICES CONTRACT

SIO PSC # 23-337-[\_\_\_\_\_]

THIS AGREEMENT (the “Agreement” or “Contract”) is made and entered into by and between the New Mexico State Investment Office, (“SIO”), pursuant to authority delegated by the State of New Mexico State Investment Council (“SIC,” “Council” or “Agency”), and [\_\_\_\_\_] (the “Contractor” or “Manager”). This investment-related Contract is for investment advisory services and investment management services entered into by the SIO, and exempt from the New Mexico Procurement Code pursuant to NMSA § 13-1-99-A.

## IT IS MUTUALLY AGREED BETWEEN THE PARTIES:

**I. SCOPE OF WORK:**

Subject to New Mexico law and Policies (as defined in Section VIII), and consistent with the prudent investor and fiduciary standard of expert due care, loyalty and fair dealing described in Section V, Contractor, upon execution of this Agreement, shall, in connection with the SIC’s management of the assets of New Mexico’s Permanent Funds (collectively, the “Funds”) as well as long-term assets of a number of New Mexico state affiliated clients, perform and provide expert-level, fiduciary investment management and advisory services work (and related performance measures), including the following:

1. Manage an equity portfolio focused on international (large-cap core or small-cap core) equity investment strategies;
2. Read, understand and act in full accordance with the SIC’s investment policies and guidelines;
3. Assist in the creation and be responsible, in a fiduciary capacity, for the management of a separate account invested in equity securities;
4. Conduct in-depth analyses, with expert due care, of securities prior to inclusion in the portfolio;
5. Use prudent, fiduciary best efforts to outperform the benchmark for the international equity separate account;
6. Advise the SIC and/or SIO staff on equity-related issues, including but not limited to matters which represent significant changes in economic forecasts, investment outlook and industry emphasis;

7. Develop and implement governance, portfolio and other best-in-class risk management practices to ensure that risks are managed and measured as appropriate for the SIC;
8. Advise the SIC and/or SIO staff when specific segments of the equity markets are particularly attractive and, as necessary, prudently manage an opportunistic portfolio in those segments;
9. Reconcile to the SIC's custodial bank at least monthly, and provide the reconciliation to SIO staff (a letter or other certification confirming this action shall be provided by the Offeror/Manager);
10. Meet SIC and SIO reporting and communication requirements, including delivering monthly investment management statements which show any and all investments, receipts, disbursements, other transactions and reconciled month-end valuation with the SIC's custodial bank as of the close of business on the last business day of each month, with copies of such statements delivered to both the SIC's custodial bank and SIO by the fourth business day of the beginning of each/the next month;
11. Provide the SIC, SIO staff and the SIC's consultants with other reports and/or statements in a format as reasonably requested;
12. Produce current, applicable SIC portfolio information (e.g., most recent month-end, quarterly and year-end), including account summary, performance analysis, transaction history, fee/cost/expense, and portfolio characteristic reports;
13. Respond promptly and substantively to periodic equity-related questions from the SIC, SIO and/or their designees or consultants;
14. Meet, in-person, video conference or telephonically, at the reasonable request of the SIC, SIO staff, or SIC consultant;
15. Fully comply with all of the Agreement's investment guidelines and also with New Mexico and federal law and regulations;
16. Vote proxies in the best economic interest of the SIC, keep accurate records of any such votes, and, at the SIC's or SIO's request, provide a listing of all proxies voted on behalf of the SIC (which shall include the company name, shares voted, date, proxy issue, and the vote, and whether the vote was in favor of or against management); and
17. Prepare investment management analyses, memoranda and reporting as requested by the SIC and/or SIO, and perform all other reasonable actions requested relating to Council investment management services/portfolio management.

The receipt of the fiduciary work/deliverables contemplated under this Agreement shall assist the SIC in obtaining its goal(s) to protect and grow the State's permanent endowment funds for current and future generations, through prudent, professional investment management.

Contractor/Manager shall promptly provide the SIC with the work/deliverables set forth above respecting the equity securities and any other assets held in the separate, assigned account of Manager (the "Assigned Account"), and all other assets that may be added thereto from time to time. Manager

custody of the assets is not permitted under this Agreement, absent specific written authorization from the SIO.

Manager's Assigned Account includes those specific assets allocated by the SIC/SIO at the SIC's/SIO's sole discretion when this Contract commences with Manager, and assets that accrue from the activity of those assets initially allocated and the acquisition of others. The SIC or SIO may, at any time, for any reason, transfer or remove assets from Manager's Assigned Account or augment Manager's Assigned Account with additional assets. Following such transfer or removal, Manager shall have no authority to act with respect to assets transferred or removed.

II. COMPENSATION:

*Please see attached Appendix 2 – Fee Agreement between the New Mexico State Investment Office and [\_\_\_\_\_]*

### III. TERM:

THIS AGREEMENT SHALL NOT BECOME EFFECTIVE UNTIL SIGNED BY THE SIO and shall run through June 30, 2027, unless (i) extended by mutual written agreement, or (ii) terminated pursuant to Section IV, IX, XXII or XXXI, or another provision of this Agreement. This Agreement is investment-related and falls under an exemption to the New Mexico procurement code's general four-year guidance.

### IV. TERMINATION:

- A. Termination. Except as otherwise set forth herein, this Agreement may be terminated by either of the parties hereto following written notice delivered (i) by the SIO to Contractor at least thirty (30) days prior to the intended date of termination, or (ii) by Contractor to the SIO at least ninety (90) days prior to the intended date of termination. The SIC or SIO may terminate this Agreement for any reason or none at all. Except as otherwise allowed or provided under this Agreement, the SIO's sole liability upon such termination shall be to pay for acceptable work performed prior to Contractor's receipt of the notice of termination, if the SIO is the terminating party, or Contractor's sending of the notice of termination, if Contractor is the terminating party; provided, however, that notice of termination shall not nullify or otherwise affect either party's liability for pre-termination defaults under or breaches of this Agreement. Contractor shall submit an invoice for any such work within thirty (30) days of receiving or sending the notice of termination. Notwithstanding the foregoing, this Agreement may be terminated immediately upon written notice to Contractor, if Contractor becomes unable to perform the contracted services, as determined by the SIO or if, during the term of this Agreement, Contractor or any of its officers, employees or agents engages in fraud, embezzlement, negligence, willful misconduct or any crime, or due to the Appropriations section herein.

THIS PROVISION IS NOT EXCLUSIVE AND DOES NOT WAIVE THE STATE OF NEW MEXICO'S OTHER LEGAL RIGHTS AND REMEDIES CAUSED BY CONTRACTOR'S DEFAULT/BREACH OF THIS AGREEMENT.

- B. Termination Management. Immediately upon receipt by either the SIO or Contractor of notice of termination of this Agreement, Contractor shall: 1) not incur any further obligations for fees, expenses, salaries, services or any other expenditure of funds under this Agreement without written approval of the SIO; 2) comply with all directives issued by the SIO in the notice of termination as to the performance of work under this Agreement; and 3) promptly take such action as the SIO shall direct for the protection, preservation, retention or transfer of all property titled to the SIO and records generated under this Agreement.

Upon termination, at the direction of the SIC or SIO staff, Contractor, shall liquidate all assets in the portfolio or transfer the portfolio in-kind to the SIC/SIO or another manager approved by SIC/SIO.

- C. Key Person(s). If [\_\_\_\_\_] should be released from employment by Contractor, or for any reason terminates their investment responsibilities to the SIC on behalf of Contractor, or becomes unable to maintain his/her investment responsibilities, (a) Contractor shall notify the SIC/SIO within three (3) calendar days from the date of such release, termination or inability, and (b) the SIC/SIO shall have the right to terminate this Agreement and to redeem all of its investment as promptly as reasonably possible without any payment of penalty.

V. FIDUCIARY EXPERT STANDARD OF CARE:

Contractor represents that it is an expert in the field of fiduciary investment management. Therefore, over and above, and in addition to, its fiduciary status/obligations as an investment adviser under applicable federal and state law, Contractor agrees that it shall at all times exercise the highest degree of expertise, due care and competence as would a professional expert and prudent investor with superior and specialized skills in the field of investment management. Therefore, Contractor is under a duty to conduct its activities and provide professional services under this Agreement with the heightened care, skill, expertise, prudence and diligence that a prudent investor and fiduciary would use. Contractor further represents that, in addition to its fiduciary duty of care, Contractor has absolute fiduciary duties of loyalty and fair dealing to the SIC and SIO.

VI. INDEMNIFICATION:

Contractor shall wholly and fully indemnify the State of New Mexico, SIC, SIO and/or SIO staff against any and all losses, damages, costs, expenses, legal fees, and/or liability resulting from advice and/or any other services provided under this Agreement that is not made in accordance with the provisions contained herein, advice not made in accordance with applicable law, and/or advice not made in accordance with the standard of care set forth in Section V. In the event that any action, suit or proceeding related to the services performed by Contractor or any officer, agent, employee, servant or subcontractor under this Agreement or under any similar agreement with Contractor's other clients providing for services similar to those provided to the SIC under this Agreement is brought against Contractor, Contractor, shall as soon as practicable but no later than three (3) calendar days after it receives notice thereof, notify the SIO in writing. The State, SIC, SIO and/or SIO staff shall not be subject to any obligation to directly or indirectly indemnify Contractor, Contractor affiliates, Contractor employees or agents, or any subcontractors or other third-parties.

VII. MOST FAVORED NATION:

Contractor will not enter into a side letter or similar agreement or arrangement, whether written or oral, with any other investor or Contractor client whose size, complexity or service level is equal to or less than the SIC that provides more favorable economic/fee terms than the terms which apply to the SIC, unless the opportunity to receive the favorable terms offered to such other investor also has been offered to SIC.



**VIII. STATE INVESTMENT COUNCIL POLICIES:**

Contractor must adhere to the broad guidelines and restrictions as set forth in the New Mexico State Investment Council's Transparency and Disclosure Policy and all additional policies applicable to Contractor, which may be accessed via the SIC's website at:

<http://www.sic.state.nm.us/policies-and-procedures.aspx>.

And Furthermore, Contractor must adhere to any specific policies developed for Contractor and any future policies adopted by the SIC that apply to persons doing business with or for the SIC.

**IX. NO CONFLICT OF INTEREST;  
GOVERNMENTAL CONDUCT ACT COMPLIANCE:**

- A. Contractor represents and warrants that it has no interest and, during the term of this Agreement, shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance or services required under the Agreement.
- B. Contractor further represents and warrants that it has complied with, and, during the term of this Agreement, will continue to comply with, and that this Agreement complies with all applicable provisions of the New Mexico Governmental Conduct Act, Chapter 10, Article 16 NMSA 1978. Without in anyway limiting the generality of the foregoing, Contractor specifically represents and warrants that:
- 1) in accordance with Section 10-16-4.3 NMSA 1978, Contractor does not employ, has not employed, and will not employ during the term of this Agreement any Agency employee while such employee was or is employed by the Agency and participating directly or indirectly in the Agency's contracting process;
  - 2) this Agreement complies with Section 10-16-7(A) NMSA 1978 because (i) Contractor is not a public officer or employee of the State; (ii) Contractor is not a member of the family of a public officer or employee of the State; or (iii) Contractor is not a business in which a public officer or employee or the family of a public officer or employee has a substantial interest;
  - 3) in accordance with Section 10-16-8(A) NMSA 1978, (i) Contractor is not, and has not been represented by, a person who has been a public officer or employee of the State within the preceding year and whose official act directly resulted in this Agreement and (ii) Contractor is not, and has not been assisted in any way regarding this transaction by, a former public officer or employee of the State whose official act, while in State employment, directly resulted in the Agency's making this Agreement;
  - 4) this Agreement complies with Section 10-16-9(A) NMSA 1978 because (i) Contractor is not a legislator; (ii) Contractor is not a member of a legislator's family; (iii) Contractor is not a business in which a legislator or a legislator's family has a substantial interest;
  - 5) in accordance with Section 10-16-13 NMSA 1978, Contractor has not participated in the preparation of specifications, qualifications or evaluation criteria for this Agreement; and
  - 6) in accordance with Section 10-16-3 and Section 10-16-13.3 NMSA 1978, Contractor has not contributed anything of value to a public officer or employee of the Agency.

- C. Contractor's representations and warranties in Paragraphs A and B of this Section IX are material representations of fact upon which the Agency relied when this Agreement was entered into by the parties. Contractor shall provide immediate written notice to the Agency if, at any time during the term of this Agreement, Contractor learns that Contractor's representations and warranties in Paragraphs A and B of this Section IX were erroneous on the effective date of this Agreement or have become erroneous by reason of new or changed circumstances. If it is later determined that Contractor's representations and warranties in Paragraphs A and B of this Section IX were erroneous on the effective date of this Agreement or have become erroneous by reason of new or changed circumstances, in addition to other remedies available to the Agency and notwithstanding anything in the Agreement to the contrary, the Agency may immediately terminate the Agreement.
- D. All terms defined in the New Mexico Governmental Conduct Act have the same meaning in this section.

X. INDEPENDENT CONTRACTOR STATUS:

Contractor and its agents and employees are independent contractors performing fiduciary professional services for the SIO, and are not employees of the State of New Mexico. Contractor and its agents and employees shall not accrue leave, retirement, insurance, use of state vehicles, or any other benefits afforded to employees of the State of New Mexico as a result of this Agreement. Contractor acknowledges that all sums received hereunder are reportable by Contractor for tax purposes, including without limitation, business income tax. Contractor agrees not to purport to bind the State of New Mexico unless Contractor has express written authority to do so, and then only within the strict limits of any such limited authority.

XI. CONTRACTOR ADVISERS ACT MATTERS:

Contractor represents to the SIC and SIO as follows:

- (a) it is registered with the Securities and Exchange Commission (the "SEC") as a fiduciary investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), and to the extent such registration is required, it will maintain such registration throughout the term of this Agreement;
- (b) each of Contractor's agents and employees that is required under the Advisers Act to be registered as an "Investment Adviser Representative" is registered as such with the SEC, and to the extent such registration is required, it will maintain such registration throughout the term of this Agreement;
- (c) it has made, or will make in compliance with the Advisers Act, a notice filing with the appropriate State of New Mexico securities regulatory authority; and
- (d) as of the date of this Agreement, and during the two-year period prior to such date, neither it nor any of its covered associates has made any contribution to, nor has it or any of its covered associates coordinated or solicited any person or political action committee to make any contribution to, the following Officials (or candidates for such office):

- A. Governor of the State of New Mexico;
- B. Treasurer of the State of New Mexico; or
- C. The Land Commissioner of the State of New Mexico.

Contractor covenants and agrees that it will re-make the above representation in writing on at least an annual basis upon the SIO's request.

In the event that Contractor or any of its Covered Associates makes or has made a Contribution that would cause the above representation to be untrue in any respect, Contractor shall promptly notify the SIO in writing.

**XII. NO ASSIGNMENT:**

Contractor shall not assign or transfer any interest in this Agreement or assign any claims for money due or to become due under this Agreement without prior written approval of the SIO.

**XIII. SUBCONTRACTING:**

Contractor shall not subcontract or delegate any portion of the services to be performed under this Agreement to any person or entity without the prior written approval of the SIO. No such subcontract shall relieve the primary Contractor from its duties, obligations and liabilities under this Agreement, nor shall any subcontract obligate direct payment from the SIC, SIO or State of New Mexico.

**XIV. RECORDS AND FINANCIAL AUDIT:**

Contractor shall maintain detailed investment and billing records during the Agreement's term and effect and retain them for a period of three (3) years from the date of final payment under this Agreement. The records shall be subject to inspection by the SIO, the New Mexico Department of Finance and Administration, New Mexico's Regulation and Licensing Department, and/or the State Auditor. These entities shall have the right to audit billings both before and after payment. Payment under this Agreement shall not foreclose the right of the SIO and the State of New Mexico to recover excessive or illegal payments.

XV. RELEASE:

Final payment of the amounts due under this Agreement shall operate as a full and complete release of the SIC, SIO and its officers and employees, as well as the State of New Mexico from any and all liabilities, claims and/or obligations whatsoever related to or arising from or under this Agreement.

XVI. CONFIDENTIALITY:

Any confidential information provided to or developed by Contractor in the performance of this Agreement shall be kept confidential and shall not be made available to any individual or organization by Contractor without written approval of the SIC or SIO.

Contractor shall wholly and fully indemnify the State of New Mexico against any and all losses, damages, costs, expenses, legal fees and liability resulting or arising from the release of information in violation of this section by Contractor, its officers, employees, subcontractors, affiliates or anyone under the control of Contractor.

XVII. AMENDMENT:

This Agreement shall not be altered, changed or amended except by an amendment in writing, executed by the parties hereto with duly authorized signatories.

If the SIC proposes an amendment to this Agreement to unilaterally reduce funding due to budget or other considerations, Contractor shall, within thirty (30) days of receipt of the proposed Amendment, have the option to terminate the Agreement, pursuant to the termination provisions as set forth herein, or to agree to the reduced funding.

XVIII. MERGER:

This Agreement (including Appendices 1 & 2) incorporates all the agreements, covenants, conditions, and understandings between the parties hereto concerning the subject matter hereto, and all such covenants, agreements, conditions, and understandings have been merged into this written Agreement. No prior agreement, covenant, condition, or understanding, oral or otherwise, of the parties or their agents shall be valid or enforceable unless specifically embodied in the Agreement.

XIX. NEW MEXICO APPLICABLE LAW AND JURISDICTION/SERVICE OF PROCESS:

The laws of the State of New Mexico shall govern this Agreement without regard to conflict of laws principles or rules of New Mexico or any other jurisdiction.

Contractor (i) irrevocably submits to the jurisdiction of the state courts of the State of New Mexico and to the jurisdiction of the United States District Court for the District of New Mexico, for the purpose of any suit, action or other proceeding arising out of or based upon this Agreement, (ii) waives, and agrees not to assert, by way of motion, a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named New Mexico courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue

of the suit, action or proceeding is improper or that the Agreement or the subject matter hereof may not be enforced in or by such New Mexico court, and (iii) waives any offsets or counterclaims in any such action, suit, or proceeding (other than compulsory counterclaims). Contractor consents to service of process by certified or registered mail at the address to which notices are to be given. Contractor agrees that its submission to New Mexico jurisdiction and its consent to service of process by mail are made for the express benefit of the SIC, SIO and the State of New Mexico. Final judgment against Contractor in any such action, suit or proceeding shall be conclusive, and may be enforced in other jurisdictions (a) by suit, action or proceeding on the judgment, a certified or true copy of which shall be conclusive evidence of the fact and of the amount of any liability of Contractor therein described or (b) in any other manner provided by or pursuant to the laws of such other jurisdiction; provided, however, that SIC, SIO or their designees may bring suit, or institute other judicial proceedings against Contractor or any of its assets in any state or Federal court of the United States or of any country or place where Contractor or such assets may be found. Contractor further covenants and agrees that it shall maintain a duly appointed agent for the receipt and acceptance on its behalf of service of summons and other legal processes, and upon failure to do so the Clerk of each court to whose jurisdiction it has submitted shall be deemed to be its designated agent upon whom such process may be served on its behalf, and notification by the attorney for plaintiff, complainant or petitioner therein by mail or facsimile to Contractor of the filing of such suit, action or proceeding shall be deemed sufficient notice thereof.

**XX. NO WAIVER:**

No waiver of any breach of this Agreement or any of the terms or conditions thereof shall be held to be a waiver of any other subsequent breach; nor shall any waiver be valid or alleged or binding unless the same shall be in writing and signed by the party alleged to have granted the waiver.

**XXI. APPROPRIATIONS:**

The terms of this Agreement are contingent upon sufficient appropriations and authorization being made by the Legislature of New Mexico for the performance of this Agreement. If sufficient appropriations and authorization are not made by the Legislature, this Agreement shall terminate with written notice being given by the SIO to Contractor. The SIC's or SIO's decision as to whether sufficient appropriations are available shall be accepted by Contractor and shall be final.

**XXII. REPORTS AND MEETINGS:**

Contractor and its principals shall be available on short notice to meet with the SIC, SIO and/or third-parties such as SIC consultants and advisors at such times and with such frequency as the SIO may reasonably require to discuss matters covered by this Agreement. Such meetings may take place at the SIO's office or elsewhere as reasonably designated by the SIO.

**XXIII. DISCLOSURE AND INQUIRIES:**

The SIO will have no liability for making any disclosure it believes, in reliance on New Mexico or federal law or regulation, it is allowed to make under applicable law. If the SIO receives an inquiry from regulators or overseers concerning any work performed by Contractor or their respective affiliates, and if the SIO contacts Contractor seeking information to respond to such

inquiry, Contractor shall promptly respond to the SIO with such information as may reasonably be necessary to respond to the inquiry.

**XXIV. EQUAL OPPORTUNITY COMPLIANCE:**

Contractor agrees to abide by all federal and state laws and rules and regulations, and executive orders of the State of New Mexico, pertaining to equal employment opportunity. Contractor assures that no person in the United States shall, on the grounds of race, religion, color, national origin, ancestry, sex, age, physical or mental handicap, or serious medical condition, spousal affiliation, sexual orientation or gender identity, be excluded from employment with or participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity performed under this Agreement. If Contractor is found not to be in compliance with these requirements during the life of this Agreement, Contractor agrees to take appropriate steps to correct any such deficiencies.

**XXV. AMERICANS WITH DISABILITIES:**

Contractor certifies that it complies with the American with Disabilities Act of 1990 and the regulations issued hereunder by the federal government, and that programs, services and activities provided to the general public on behalf of the SIO under a contract resulting from this Agreement comply with the Americans with Disabilities Act of 1990, 28 CFR, Part 35, Subpart B 35.130.

**XXVI. NO PAY-TO-PLAY/TRANSPARENCY & DISCLOSURE:**

Notwithstanding and in addition to Section XI of this Agreement, Contractor represents, covenants and warrants that: (1) No placement agents or third-party marketers have been, or will be, paid with respect to the SIC, or otherwise in relation to the SIC, at any time. (2) No SIC funds, capital or monies will be used for the payment or reimbursement of placement fees, third-party marketing fees and/or related-expenses directly, indirectly or otherwise, including through an offset to a management fee or any other fee or expense. And (3) no political or charitable contributions have been or will be made, or any other monetary or other benefits conferred, to or on any members (including former members) of the SIC or any of its committees.

**XXVII CONTRACTOR LEGAL DISCLOSURE:**

Contractor represents that it is not aware of any regulatory or self-regulatory investigation or legal or arbitration proceeding against Contractor, and, if after the date hereof, Contractor should become aware of any regulatory or self-regulatory investigation or notice (other than information requests by the U.S. Securities Exchange Commission or other similar regulatory requests that Contractor reasonably believes are not confined only to Contractor, immaterial and in the ordinary course) or any legal or arbitration proceeding filed against Contractor, Contractor shall inform the SIO of such investigation or lawsuit promptly, and in any event within three (3) business days after learning of such investigation or lawsuit.

**XXVIII. INSURANCE:**

Contractor maintains, and shall continue to maintain, insurance providing coverage for Contractor against all risks normally insured or bonded against by entities in similar lines of business. In the

event that any such coverage should lapse for any length of time, the SIO shall be promptly notified of such lapse. Contractor agrees to provide the SIO with prompt written notice of any material claim under such insurance policy.

**XXIX. PUBLIC RECORDS TRANSPARENCY:**

Contractor hereby acknowledges that the SIC/SIO is a public agency subject to New Mexico laws, including, without limitation, the New Mexico Inspection of Public Records Act, Section 14-2-1 through 14-2-12 NMSA 1978, which provides generally that records relating to a public agency's business are open to public inspection and copying, and the Open Meetings Act, Section 10-15-1 through 10-15-4 NMSA 1978, which provides generally for open meetings of public deliberative bodies.

Contractor agrees not to make any claim against the State, SIC, SIO or staff if any of them makes available to the public any report, notice or other information received from Contractor or any related entity which was permitted to be made public pursuant to the Inspection of Public Records Act or the Open Meetings Act. The SIO acknowledges Contractor's position that trade secret commercial information may be protected from disclosure under state public record acts and other similar laws pursuant to certain case law and public policy exemptions. In the event that a third-party seeks disclosure of trade secret information, the SIO will endeavor to contact Contractor before releasing any information, but in no event will the State be under any obligation to either contact Contractor or refuse to disclose information permitted to be disclosed by New Mexico law. In addition, Contractor agrees to fully release, waive and hold the State, SIC, SIO and staff harmless from any liability or costs associated with the release of any information.

**XXX. NO FRAUD, CORRUPTION OR QUESTIONABLE CONDUCT:**

During the Term of this Agreement, Contractor agrees to observe the highest fiduciary standards and ethics. In adherence of this obligation, the parties to this Agreement define, for purposes of this provision, the terms set forth below:

- i. "corrupt practice" means the offering, giving, receiving, or soliciting of anything of value to influence the action of a public official, the SIC or SIO, or the threatening of injury to person, property or reputation, in connection with the procurement process or in contract execution in order to obtain or retain business or other improper advantage in the conduct of business.
- ii. "fraudulent practice" means a misrepresentation or omission of facts in order to influence a procurement process or the execution of a contract to the detriment of the State of New Mexico, the SIC or SIO, or SIC clients and/or beneficiaries, and includes collusive, unfair or corrupt practices which deprive the State of New Mexico, the SIC or SIO, or SIC clients and/or its beneficiaries of the benefits of fair, free or open competition, consideration or analysis.

Contractor understands and agrees that the SIO may, in addition to any other remedy available to it under law:

- i. immediately cancel this Agreement if the SIC or SIO at any time determines in its sole discretion that corrupt, questionable or fraudulent practices were engaged in by Contractor or its affiliates during the procurement or the execution of this Agreement; and
- ii. declare a Contractor or its affiliates ineligible, either indefinitely or for a stated period of time, if the SIC or SIO at any time determines in its sole discretion that Contractor or its affiliates have engaged in corrupt, questionable or fraudulent practices in competing for, or in executing this Agreement.

XXXI. NOTICES:

Any notice required to be given to either party by this Agreement shall be in writing and shall be delivered in person, by courier service or by U.S. mail, either first class or certified, return receipt requested, postage prepaid, as follows:

To the SIO:

Deputy State Investment Officer  
Director of Public Equity  
State Investment Office  
41 Plaza La Prensa  
Santa Fe, NM 87507

To Contractor:

[\_\_\_\_\_]

XXXII. REDEMPTION AND SOFT DOLLARS:



All redemption proceeds in respect of SIC's investments shall be made in United States dollars. Notwithstanding anything to the contrary in Contractor documents or policies, all soft dollar transactions relating to the SIC shall comply with the requirements of the safe harbor of Section 28(e) of the Securities Exchange Act of 1934, as amended, and be pre-approved by the SIO.

XXXIII. NO NEGATIVE CONSENTS/NO DEEMED CONSENT:

Notwithstanding anything to the contrary in Contractor documents or policies, neither the SIC nor SIO shall not be deemed to have consented to any action by Contractor requiring the specific consent, unless such consent is obtained from the SIO in writing.

XXXIV. AUTHORITY:

The individual signing this Agreement on behalf of Contractor represents and warrants that he or she has the power and authority to bind Contractor, and that no further action, resolution, or approval from Contractor is necessary to enter into a binding contract.

XXXV. INVALID TERM OR CONDITION:

If any term or condition of this Agreement shall be held invalid or unenforceable, the remainder of this Agreement shall not be affected and shall be valid and enforceable.

XXXVI. ENFORCEMENT OF AGREEMENT:

A party's failure to require strict performance of any provision of this Agreement shall not waive or diminish that party's right thereafter to demand strict compliance with that or any other provision. No waiver by a party of any of its rights under this Agreement shall be effective unless express and in writing, and no effective waiver by a party of any of its rights shall be effective to waive any other rights. This Agreement has been fully accepted by the parties and their legal counsel, and any ambiguity in this Agreement shall not be construed against any particular party as a result of the drafting hereof.

[SIGNATURE PAGE TO FOLLOW]

**IN WITNESS WHEREOF**, the parties have executed this Agreement (SIO PSC # 23-337-[\_\_\_\_]).

**New Mexico State Investment Office  
Upon Delegated Authority Pursuant to Resolution of the State Investment Council**

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Steven K. Moise  
State Investment Officer

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Robert Vince Smith  
Deputy SIO, CIO

This Agreement has been approved for legal sufficiency.

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Bruce A. Brown  
Deputy General Counsel

This Agreement has been approved for budget sufficiency.

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Brent H. Shipp  
Chief Financial Officer

[\_\_\_\_\_]

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

APPENDIX 1

INVESTMENT GUIDELINES  
FOR  
[\_\_\_\_\_]

\*TO BE PROVIDED\*

APPENDIX 2

FEE AGREEMENT BETWEEN THE  
NEW MEXICO STATE INVESTMENT OFFICE  
AND  
[\_\_\_\_\_]

This Fee Agreement/Appendix is part of the Professional Services Agreement (SIO PSC #23-337-0100- [\_\_\_\_]) (the “Agreement”) between the New Mexico State Investment Office (“SIO”) and [\_\_\_\_\_]. (“Contractor”). Contractor shall be paid as follows:

- (a) For the services specified in the Agreement, the SIO agrees to pay [\_\_\_\_\_]. This fee covers all services, including but not limited to travel and expenses and every other duty within the purview of the Agreement.
- (b) The fees for services rendered will be payable in arrears in quarterly installments, upon invoicing by Contractor. Contractor shall submit to the SIC a certified bill for payment describing the assets in Contractor’s assigned account and setting forth the market value of those assets. If services are provided during a partial calendar quarter (*i.e.*, at the commencement or termination of this Agreement), the fee will be prorated for the period that services are provided. Invoices will be directed to New Mexico State Investment Office, ATTN: Chief Financial Officer, 41 Plaza La Prensa, Santa Fe, New Mexico, 87507.
- (c) Contractor shall pay all taxes assessed on the compensation received under this Agreement, and shall identify and pay those taxes under Contractor’s federal and state identification number(s).