Minimum Qualifications #3

**When must eVestment data for the proposed Short Duration High Yield strategy be populated by?**

*Product profile should be completed at the time of submission. Late, incomplete, out of date, or inaccurate data may negatively influence the product evaluation.*

Minimum Qualifications #4

**Is there flexibility with regard to the $10 billion firm AUM threshold?**

*No, qualifying firms must meet the $10 billion AUM minimum.*

Minimum Qualifications #5

**Can high yield bonds with less than five years to maturity across firm strategies be counted toward the AUM requirement?**

*Candidates can meet the strategy AUM requirement through managing $1.5 billion or more across short duration high yield bonds with a remaining term to maturity of five years or less, but preference will be given to dedicated products meeting the requirement.*

**Would products that allow maturities longer than five years count towards the eligibility requirements for $1.5 billion in AUM?**

*Yes. There is no stated maximum maturity for any individual security, but products should maintain a WAM of five years or less.*

**Would products that have an average portfolio duration of under five years, while holding bonds with maturities beyond five years, be acceptable?**

*Products should have an inherent bias to short duration and be predominantly invested in bonds with a remaining term to maturity of five years or less. Although candidates may qualify through total assets managed across short duration high yields bonds, preference will be given to dedicated products with objectives that match the stated preferred profile of the mandate.*

**Would products that allow investment grade credit and/or CCC or below-rated bonds count towards the eligibility requirements for $1.5 billion in AUM?**

*Yes, so long as the product maintains a weighted average credit rating that resembles the* *ICE BofA 0-2 Year Duration BB-B US High Yield Constrained Index.*

**Could you provide further detail on how the Short Duration High Yield scope is defined (geography, benchmarks used, etc.) as it relates to meeting the strategy AUM threshold?**

*Preference is for US-focused strategies but is not required as a minimum qualification. Candidates can meet the strategy AUM requirement through managing $1.5 billion or more across short duration high yield bonds with a remaining term to maturity of five years or less, but preference will be given to dedicated products meeting the requirement.*

Minimum Qualifications #6

**Does this require having at least five US tax-exempt clients that each have $5 billion or more in total assets at the plan level, or total US tax-exempt asset managed by the firm?**

*Each US tax-exempt client having at least $5 billion in total plan assets.*

Section X, Part F

**Regarding “No Indemnification of Contractor,” is NMSIC willing to negotiate this point? Can language be added around gross negligence?**

*No.*

Section H, Questions 2 a-e and Data Request Spreadsheet

**Is attribution in any other format other than that requested in Tab 5 of the Data Request form acceptable?**

*Preference will be given to candidates providing attribution as requested.*

**Should performance and attribution for the Data Request form Tabs 2-6 be presented against the ICE BofA 0-2 Year Duration BB-B US High Yield Constrained Index or against the composite index (if different)?**

*ICE BofA 0-2 Year Duration BB-B US High Yield Constrained Index should be used for all benchmark-related questions unless otherwise noted. Preference will be given to candidates providing performance and attribution as requested.*

**May we insert footnotes at the bottom of each Tab of the Data Request spreadsheet?**

*Yes.*

Appendix A #11

**Is the question asking for the page # in the submission where the Scope of Work is described, or should it be the earliest date that we could commence management of the portfolio after the proposed contract execution/effective date of 10/31/23 as listed in the Proposed Sequence of Events?**

*Earliest date.*

Appendix B, Part J, Question #14

**Is your preference to see the five largest clients in the strategy, or five clients that are willing to serve as references?**

*The five largest clients in the strategy.*

Appendix D

**Can you provide a list of all members (including former members) of the SIC or any of its committees that shall be considered?**

*All members and committee members are listed on SIC’s website. We suggest that you disclose any contributions made into New Mexico or to citizens of New Mexico.*

Other

**Can you confirm the intended benchmark (ICE BofA 0-2 Year Duration BB-B US High Yield Constrained Index) is ticker H42C?**

*Confirmed.*

**Will strategies managed against a different benchmark other than the ICE BofA 0-2 Year Duration BB-B US High Yield Constrained Index be considered?**

*Yes, but candidates must be willing to manage against the chosen index unless another is mutually agreed on.*

**Will there be ratings limitations for eligible investments?**

*The mandate will be focused on BB-B securities, and the weighted average rating of the portfolio will be expected to resemble the index. Limited investment grade or CCC/below-rated securities may be allowed, but specific limitations have not yet been determined.*

**Will there be limitations on average or maximum maturity or duration either at the security level, the portfolio level, or both?**

*There is no stated maximum maturity for any individual security. However, the portfolio WAM must be less than five years at all times. Any duration limitations will be determined at a future date. Securities that have a material adverse impact on the liquidity profile of the portfolio will not be permitted.*

**Will there be a limit on out-of-benchmark securities?**

*Some allowance will be provided for non-index eligible securities; individual limits will be determined at a future date. However, this strategy is intended to be biased towards greater relative liquidity within the U.S. short duration high yield universe (maturities inside of 5 years). Permitted investments for the mandate will reflect this prioritization of liquidity.*

**Is there an excess return target for the portfolio?**

*No.*

**What is the ideal liquidity profile of the mandate? To be able to liquidate the portfolio in 3 days? 5 days? 10 days?**

*Preference is for a liquidity profile where the vast majority of holdings can be liquidated within 3 days.*

**How much fluctuation should we expect in daily/monthly balances if the allocation is designed as a cash enhancement?**

*Please refer to Section VI. Minimum Qualifications (#9).*

**Can the contract for this mandate be substantially similar to existing contracts between investment managers and NMSIC, to be updated due to regulatory and market-based developments?**

*Yes, it can be similar.*