

TITLE: Vermont Manager Program

VPIC will consider utilizing the services of Vermont based investment managers when such relationships support economic and employment benefits within the State of Vermont and are consistent with VPIC obligations to the members and beneficiaries of its participating retirement systems and with the standard of care established by the prudent investor rule under chapter 147 of Title 9 of Vermont law.

The **Vermont Manager Program** may involve the procurement of locally provided investment management services for any or all of the asset classes in order to generate rates of return commensurate with the overall risk, liquidity, security and structure of comparable investments while providing economic benefits (benefits that enhance quality of life and promote economic benefits and, employment) to the targeted area (Vermont).

Such Vermont Managers must meet the following criteria:

1. A manager must be registered as an Investment Adviser with the U.S. Securities and Exchange Commission or must operate within the Trust division of a Vermont or federally chartered bank.
2. A manager must have investment operations located within Vermont which will manage the VPIC funds. Firms with only back office, brokerage, or marketing operations in Vermont will not be considered.
3. A manager must have a minimum of \$100 million in assets under management and must have been in continuous operation for at least five years.
4. VPIC funds must be directly invested by the manager and may not be reallocated to another investment manager, mutual fund or other co-mingled investment vehicle without VPIC approval. VPIC funds placed with Vermont Managers may only be invested in publicly traded securities. Private Placements may only be permitted with specific VPIC approval
5. Prior to being considered, a manager must undergo due diligence examination by VPIC's Investment Consultant. Managers must be willing to provide the VPIC's Investment Consultant data with respect to their firms, and on an ongoing basis so the Manager can be evaluated using the same criteria used to evaluate all other VPIC investment managers.
6. The maximum investment by the VPIC to a qualified Vermont manager shall not exceed more than 10% of the Vermont manager's total assets under management.

7. Investments must target risk-adjusted, with returns equivalent to or higher than other available investments. The Vermont manager fees must be found competitive to other managers with similar actively managed accounts of equivalent size.

8. Investments shall be reviewed and monitored by the VPIC's Investment Consultant. The performance of each investment shall be measured against an appropriate benchmark to provide a suitable measurement of performance relative to investments with similar levels of risk, liquidity, security and structure, and measured alongside the anticipated goal of the investment.

9. VPIC's assets invested by a Vermont manager shall be held by the VPIC's custodian.

Implementation

Investments shall only be placed with an experienced and capable manager through an objective and transparent process. Vermont managers will be prequalified for purposes of this policy and selected through a formal VPIC manager search, when determined appropriate and authorized by the VPIC.

- From time-to-time, as the VPIC deems it necessary or appropriate, the VPIC shall conduct a request for information (RFI), seeking Vermont Manager interest and for the purpose of gathering data.
- The VPIC shall direct the Investment Consultant (IC) to conduct a database search and present the results to the VPIC for the purpose of pre-qualifying managers.
- The VPIC and the IC will use the data gathered to assist the VPIC in manager selections.