

Request for Information
Vermont Pension Investment Committee
Portfolio Risk Management Services

I. Summary:

The Vermont Pension Investment Committee (VPIC) oversees the investments and portfolio assets totaling approximately \$2 billion for the Vermont State Employees', State Teachers', and Municipal Employees' public pension funds, and one large Vermont municipal entity.

Please see VPIC's website for additional information:

<http://www.vermonttreasurer.gov/retirement/vpic.html>

VPIC is seeking, through this RFI, information regarding on-going **portfolio** risk management services, which would include risk assessments across multiple asset classes, externally managed separate accounts and commingled funds, and VPIC's securities lending program.

II. Scope of Services:

The Committee's goal is to:

1. Better understand and manage the potential loss of market value inherent in its asset allocation
2. Better understand and manage portfolio, asset class and investment manager volatility relative to market benchmarks and peer universes
3. Assure that VPIC's portfolio diversification will be effective in moderating market risk

Portfolio Risk Management Services could include:

- Assessment of exposure to various market and economic factors, such as inflation, economic growth, interest rates and market liquidity across asset classes, managers, and the securities lending program
- Identification of material changes in correlations among asset class and managers relative to assumptions used in establishing VPIC's long-term asset allocation
- Analysis of actual versus expected volatility for the portfolio, asset class and investment managers relative to assumptions used in establishing VPIC's long-term asset allocation
- Assessment of leverage in the portfolio and implications for portfolio risk – leverage would include direct borrowing as well as leverage created through use of derivative contracts
- Identification of possible event risk exposures
- Evaluation of the adequacy of expected return in light of risk exposures for the portfolio, asset classes and individual investment managers
- Identification of any uncompensated risks
- Evaluation of the role risk played in generating investment manager alpha
- Other risk assessments that the service provider recommends to VPIC

Risk assessments are to be furnished quarterly and as requested. The portfolio risk management services provider will be afforded access to the VPIC's custodian online holdings data and to month-end statements reflecting monthly asset prices.

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III. Proposal Format

A. Cover Letter

The proposer must include a cover letter, including complete contact information and signed by an individual authorized to bind the firm, partnership, etc.

B. Contents of the Proposal

Proposals must be clearly marked, and should include:

1. Experience and Past Performance
2. Qualifications and Key Personnel
3. Cost
4. Capacity, Organization and Management Approach
5. Technical Approach

Proposals must be received in the State of Vermont Treasurer's office at the following address no later than **2:00 p.m., on Friday, September 4, 2009.**

Vermont Pension Investment Committee
Attn: Donna Holden
Office of the Vermont State Treasurer
109 State Street, 4th Floor
Montpelier, VT 05609-6200

Submittal packages should be marked: **PORTFOLIO RISK MANAGEMENT RFI**

IV. Single Point of Contact and Further Information

No further information concerning this project is available at this time.

Questions about this Request for Information should be made in writing by: Wednesday, August 19, 2009 and directed to the sole point of contact for questions and all other contractual matters relating to this RFI:

Name: Ms. Donna Holden
Title: Contract Administrator
Vermont State Treasurer's Office
109 State Street, 4th Floor
Montpelier, Vermont 05609-6200
Telephone: 802-828-3708
FAX: 802-828-2772
E-Mail: Donna.Holden@state.vt.us

All questions and answers will be posted to the Treasurer's Web site at: www.vermonttreasurer.gov by Monday, August 24, 2009.

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All e-mail communication with Ms. Holden must include the words "Portfolio Risk RFI" in the subject line.

Attempts by bidders to contact any other party may result in the rejection of their proposal.