

**TITLE:        VPIC Watch List Policy**

**Policy:**

Subject to its responsibilities under 3 V.S.A § 523, the Vermont Pension Investment Committee (“VPIC”) has established the following policy to be overseen by the Treasurer’s Office Staff (“Staff”):

- 1) Subject to criteria described below, an investment manager or an investment vehicle may be placed on a VPIC Watch List while its continued suitability for the VPIC portfolio is assessed. The VPIC watch list is meant to complement and not supplant the watch list of the Pension Consultant (“Consultant”).
- 2) In placing a manager or vehicle on the VPIC Watch List, VPIC shall determine whether and what constraints shall be made on placement of funds with the manager or in the vehicle while on the Watch List. Such determination may include (a) a constraint on placement of funds that have been previously allocated or approved for the manager or vehicle, (b) a constraint on the placement of additional funds, or (c) any other constraint or requirement as directed by the Committee.
- 3) This policy does not require exit from an investment manager or vehicle, or breach of a current contractual commitment.

**Procedures:**

- A) Any existing manager placed on the Consultant’s watch list is automatically brought before the Committee for placement on VPIC’s watch list.
- B) On the basis of considerations the Staff may deem to be material to the suitability of a manager’s role in the VPIC portfolio (such as significant management turnover, changes in strategy, unusual performance, significant operational changes as understood by periodic manager interviews, etc.), Staff will bring to the VPIC a request for a vote for such firm to be placed on the VPIC Watch List.
- C) Staff will commit to monitoring the firm closely for a period of ninety-days, with the goal of gathering information to be used in assessing the need for a replacement.
- D) Staff will collaborate with the Consultant to develop a comparative analysis of the strategy versus other peers to inform the ninety-day review.
- E) At the conclusion of the ninety-day review process, Staff will collaborate with the Consultant on a recommendation as to whether or not relevant issues have been resolved or if a formal search for a replacement should be undertaken and brought before the Committee for consideration.
- F) This policy will remain in effect unless amended or abolished by the VPIC.