



**Delaware State Treasury (“DST” or “Treasury”) Investment Management Services
Request for Proposal (“RFP”)**

Summary of Questions and Answers (“FAQs”)
Released December 11, 2012

Preface:

The State of Delaware Cash Management Policy Board (the “Board” or “CMPB”) is responsible to establish policies for the investment of all money belonging to the State of Delaware or on deposit from its political subdivisions, notwithstanding certain exemptions, and to determine the terms, conditions, and other matters relating to those investments, including the designation of permissible investments. Accordingly, the Board created the Statement of Objectives and Guidelines for the Investment of State of Delaware Funds (the “Guidelines”). The most current version of the Guidelines document was published on May 4, 2010, and can be found here: <http://treasury.delaware.gov/wp-content/uploads/CMPB-Investment-Guidelines-for-web-as-of-Mar-2012.pdf>. The Guidelines are subject to change at any time. Throughout this FAQs document, the “Board,” “CMPB” and the “Guidelines” will have the above- referenced meanings.

Please note:

The questions contained within this document are reported directly as received from prospective firms with any specific firm or group names redacted accordingly.

1. (Redacted) is a Registered Investment Advisor with the SEC and is legally incorporated as a Delaware, LLC. For purposes of participating in this particular manager search, are interested firms required to apply to the State of Delaware to do business within the state separately? If so, which specific business license is required?

A current Certificate of Good Standing filed with Delaware Secretary of State and compliance with the registration requirements of the Delaware Securities Act and the securities laws of your home state jurisdiction are required.

2. In regards to the recent RFP issued by the Delaware State Treasurer’s office, is the state looking to invest in mutual funds or separate, fixed income accounts?

The preference would be for separately managed fixed income accounts, customized to our Guidelines, rather than mutual funds.

3. We read recently the Delaware State Treasury has issued an RFP for its intermediate accounts. We manage a fixed income product that utilizes both investment grade and high yield securities. For the intermediate search, is below investment grade debt an available asset class?

Please refer to the current investment Guidelines from the Cash Management Policy Board which were included with the RFP. They are available here: <http://treasury.delaware.gov/wp-content/uploads/CMPB-Investment-Guidelines-for-web-as-of-Mar-2012.pdf>.

4. I am curious to know if the Delaware Treasury has any intended MWBE allocations as it pertains to this mandate. My firm is 80% woman owned and has a 9 year track record for a strategy that would likely be a good fit based upon my read of the RFP. Please let me know if you have any available information regarding the topic. Thank you for your time.

Please refer to the following language regarding a recently issued Treasury Directive: Simultaneously with issuing the RFP, Treasurer Flowers signed Directive #121126-01, strengthening the Treasury's rules relating to the selection process. Under the terms of the Directive, the RFP selection committee would be prohibited from disqualifying small and medium- sized investment banks by requiring such banks to have the ability to hold large allocations of state funds. (Typically, such requirements also have a disproportionate effect on women- and minority-owned financial institutions.) Rather, the RFP selection committee can recommend that the Treasury qualify small and medium-sized investment banks to hold a smaller allocation as long as the state does not incur an additional cost.

5. Is there a preferred benchmark or Duration target for this intermediate mandate? We run both duration neutral Core Plus and Core Plus Total Return strategies at (redacted) that are benchmarked against the Barclay's Aggregate but allow anywhere from 20% max to 50% max tactical credit allocations to HY/BL/EMD and EMLC – would either of these be deemed appropriate to present?

Please refer to the current investment Guidelines from the Cash Management Policy Board which were included with the RFP. Currently, the Treasury uses the following benchmarks for the mandates:

Liquidity: 25% Bank of America Merrill Lynch 1-3 Year Govt/Corp A+ or better & 75% 6 Month US Treasury Bill

Intermediate (Reserve): 75% Bank of America Merrill Lynch 1-5 year Government/Corporate A+ Index and 25% 6 Month US Treasury Bill Index

At present, there is no specific duration target.

6. On page two it states that BNY Mellon serves as custodian for all accounts. Is that still the case? Just so that I am clear, all portfolios, even the Liquidity accounts, would be custodied there? Is there any way that (redacted) could provide the custody for any accounts for which we were awarded the management?

Bank of New York Mellon is the custodian for the Delaware State Treasury. Custody services are not within the scope of this RFP and it is expected that any manager awarded a mandate will custody securities for the Treasury's portfolio at Bank of New York Mellon.

7. (Redacted) currently manages the mandates referenced in the RFP for non-governmental clients, except for a non-US governmental entity. It would take some doing for this entity to allow us to publish their contact information as reference. Can we list non-governmental references and go back to our client to ask for permission to cite them if we move to the next round in your process?

We understand the need for client confidentiality. Contacting references will provide the RFP committee valuable insight into the level of expertise a particular manager has exhibited. Please make every effort to include the most relevant client references. Investment Managers advancing to the final interview stage will need to provide specific references.

8. We have reviewed the Delaware Treasury's investment guidelines for intermediate accounts and noted your high quality rating, and we are preparing to propose an investment grade strategy which we believe will meet your overall investment objectives. Will you permit a manager to invest in individual investment grade securities that are rated below AA, but as part of an overall portfolio that maintains an average credit rating of AA? We believe that this flexibility would allow us to provide the diversification that you are seeking and would be an effective way to meet your investment goals.

At present, the CMPB and Treasury have agreed to adjust the investment Guidelines to include A (excluding A-) or better securities. However, that change is subject to a public review process which is not yet underway. Until the public review process is complete and the investment Guidelines document is updated accordingly, all securities must be rated AA or better – not just the average of all securities.

9. Are you amenable to modifying your intermediate accounts investment guidelines in any way?

The Treasury and CMPB, together with the Investment Consultant, are continually evaluating the appropriateness of the investment Guidelines. Any changes will be immediately communicated to the investment managers.

10. As the Delaware Treasury's investment guidelines for intermediate accounts are unique to the Delaware Treasury, we may ultimately propose a customized portfolio in accordance with such. As a means of providing you with a sense of our capabilities, we would like to provide you with information pertaining to our Core fixed income capabilities which include each of the permissible investments albeit perhaps in different weights than your existing guidelines permit. Would this be permissible?

We are interested in learning about your broad based fixed income capabilities and expertise across fixed income sectors, but any mandate awarded will need to follow the Guidelines.

11. (Redacted) is an alternative, absolute return fund of hedge fund asset manager. (Redacted) funds invest in a portfolio of hedge funds that primarily pursue credit-related, non-directional arbitrage and relative value strategies and selected directional strategies. Our low volatility funds of funds are structured to offer investors either quarterly liquidity or a two year lock up period. (Redacted) currently manages approximately \$125 million.

Please advise, at your earliest convenience, if our asset class and general credit-centric strategies are within the scope of the above referenced OFST manager search.

Hedge funds are not currently permissible investments and not a focus of this RFP.

12. Is maturity defined as legal/stated or effective maturity?

Effective maturity is the desired metric.

13. What is the current benchmark of the Intermediate pool?

Intermediate (Reserve): 75% Bank of America Merrill Lynch 1-5 year Government/Corporate A+ Index and 25% 6 Month US Treasury Bill Index

14. What is the historical performance versus the benchmark for that pool?

Please see the Independent Report on the Treasury Portfolio issued by our Consultant. It is available here: <http://treasury.delaware.gov/wp-content/uploads/Delaware-State-Treasury-Initial-Report.pdf>

15. What is the current fee arrangement for the intermediate pool?

The fees are based upon a basis point schedule provided by each manager which is calculated depending on the assets under management.

16. We are willing to provide indemnification; however, the RFP language does not limit our risk to errors caused by our firm. Would the State be willing to consider standard of care language?

Yes, the Treasury would be willing to consider standard of care language.

17. Our proposed portfolio will be comprised of corporate debt, including first lien senior secured floating rate loans, second lien loans, and high yield bonds. Are these permissible assets for DST?

Please refer to the investment Guidelines. No securities rated below AA are allowed.

18. Does DST allow the use of leverage in either the liquidity or the intermediate accounts?

Leverage is not permitted.

19. Does DST have a return target for either the liquidity or the intermediate accounts?

There is not a target return. However, there are benchmarks as previously detailed in the document.

20. Is the manager required to be GIPS compliant?

This is not required; however, if not GIPS compliant, please explain why you are not.

21. Is the manager required to propose a benchmark?

The DST and Investment Consultant will provide benchmarks for the investment portfolio. Respondents should include the benchmarks they have employed for the portfolios they have managed.

22. Where do GNMA mortgage-backed securities fall? We believe that GNMA MBS should be categorized as U.S. Government because they enjoy the 100% full faith and credit of the US government.

Mortgage Backed Securities

23. I was wondering what you mean by intermediate accounts. Would you consider passive fixed income strategies like Barclays Agg, US Tips Index or Barclays Intermediate Gove Credit Index?

Please refer to the RFP. It defines both Liquidity and Intermediate (Reserve) accounts. Passive strategies are not excluded from consideration.

24. Are the Cash Management Policy Board investment guidelines revised May 4th, 2010 the guidelines managers will be required to use for the proposed mandates?

These are the required Guidelines, pending changes mentioned previously

25. If multiple managers are hired to manage Liquidity and/or Intermediate accounts, will each individual manager's portfolio be required to meet all diversification criteria described in the Cash Management Policy Board investment guidelines, or are the diversification criteria used only to ensure that all mandates cumulatively have appropriate diversification? For example, corporate debt must be limited to 50% maximum. If one manager is managing less than one-half of the total Intermediate assets, can that manager's portfolio be 100% corporates?

Currently, the Guidelines are such that each manager needs to adhere to the diversification Guidelines.

26. Do you happen to have a word document handy of the RFP so that we can get to work on it?

We will not provide an MS Word document. We would suggest you cut and paste or convert the existing document if an MS Word format is desired.

27. Could you please clarify your definition of "book" rate of return? Does this refer to book yield?

Market Value minus Net Unrealized Gains/ Losses

28. Could you please provide additional clarity on what type of investment strategies would qualify as benefiting the State? (Redacted) may purchase for inclusion in our portfolios municipal securities backed by the State of Delaware. Would this be considered something that would benefit the State?

The RFP is asking the bidder to provide the direct and indirect benefits of the investment strategy to the State of Delaware (which may include, but is not limited to, investments in securities issued by the entities located in the State).

29. In reading the guidelines, it appears that nothing is allowed below AA, does it have to be exactly AA, could it be AA-? Is there any flexibility in this area of the guidelines?

The Guidelines state AA or better. This currently would not include AA-.

30. Are there any specific guidelines or restrictions for either of the 2 mandates (Liquidity accounts and Intermediate accounts)? Could you send us the guidelines referenced in the passage?

The Guidelines can be accessed here: <http://treasury.delaware.gov/wp-content/uploads/CMPB-Investment-Guidelines-for-web-as-of-Mar-2012.pdf>.

31. Is the State asking if the investment strategy we propose has direct or indirect benefits, or is it asking if we manage any strategies that benefit the State? Is it seeking whether our proposed strategy (or other strategies) invest in securities issued by entities located in the State?

The RFP is asking the bidder to provide the direct and indirect benefits of the investment strategy to the State of Delaware (which may include, but is not limited to, investments in securities issued by the entities located in the State).

32. The average life of U.S. Government Agency variable mortgage-backed securities depends on prepayment speeds and can shorten or lengthen after purchase. Is the limitation determined at the time of purchase and what happens if the average life of a security exceeds 2 years after purchase? May we treat the effective duration/average life of these securities the same as final maturity date since the liquidity and return characteristics of such securities are consistent with the primary investment objectives of maximizing yield and maintaining safety of principal?

The Guidelines currently allow for "time of purchase" to govern the average life measurement of these securities. In addition, the Guidelines allow for effective maturity to govern the maturity limitation.

33. Given current investment guidelines permit up to 50% of the Liquidity Account to be invested in U.S. Government Agencies, may the portfolio hold up to 50% in GNMA, FNMA, and FHLMC mortgage-backed pass-through securities?

For the purposes of this mandate, Agency Mortgage Backed Securities are counted under the allocation to Mortgage Backed Securities, which currently has a limit of 10%.

34. One of the minimum RFP requirements is that we have or will apply for a Delaware business license. We are a bank and as such we have a problem getting licenses in certain states because we generally have to deal with the particular state's banking department, if we don't have branches there and/or don't intend to open them it tends to be an issue. Will this rule apply to us and if so, is there an easy way to be licensed as an Investment Manager even though we are a bank who right now does not intend on opening a branch in the State of Delaware?

The bank should ensure that it is in compliance with Delaware's securities laws as they relate to the registration of investment advisers. Please contact the Bank Commissioner's Office for clarification on this question at (302) 739-4235.

35. Is the State able to disclose the current fee schedules of the existing managers?

Fees are negotiated with each manager and are based upon tiered levels of assets under management.

36. Is the State willing to amend the guidelines for the Liquidity and/or Intermediate account?

The Treasury, Board and Investment Consultant are continually evaluating the appropriateness of the investment Guidelines. Any changes will be immediately communicated to the investment managers.

37. DST's investment policy for the liquidity accounts states that the maximum maturity for any investment at the time of purchase shall be two years. Some of our potential portfolio solutions contain government-backed MBS with maturities greater than two years but with shorter reset dates and within a 0-1 year duration range. Would the DST allow securities in the liquidity account with longer maturities but within a 0-2 year duration? Are there any formal duration guidelines – either relative to the benchmark(s) or absolute – for either portfolio?

Please refer to the specific language relative to the MBS allocation, which reads as follows:

H. Mortgage-Backed Securities. The Cash Reserve (Intermediate) Account, Endowment Account, and Liquidity Account may invest in AAA-rated Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Association (FHLMC) mortgage-backed securities in the form of pass-throughs. The average life of these securities in the Liquidity Account is not to exceed two years.

Duration is not specifically targeted in the Guidelines.

38. We have extensive experience working with BNY Mellon for custodial services. Would the DST also be open to providing a list of additional vendors involved in the management of the accounts, including sub-accounting services, recordkeeping, etc.?

There are no additional vendors beyond the current managers; the custodian, Bank of New York Mellon; and the investment consultant, Credit Suisse Securities (USA) LLC.

39. To confirm, are either the liquidity or intermediate accounts priced daily?

Both accounts are priced daily.

40. With regard to Mortgage-Backed Securities in the Cash Reserve (Intermediate) Account, is it permissible to use a maximum average life of ten years? The maximum maturity of ten years is stated in the "Investment Objectives and Maturity Restrictions" on page 4 Section II.B.3.

For the purpose of the Intermediate (Reserve) account, an effective maturity measurement is used and subject to the same ten year limit.

41. Will the DST please confirm that this is the most recent revision to the guidelines and that no revisions have been made since May 4, 2010?

Confirmed

42. Does "up to ten years" mean that the DST will not own any securities with maturities longer than ten (10) years, or is duration (interest rate sensitivity), the object of this limitation? Would the DST potentially invest

in a portfolio which holds some securities with maturities longer than ten (10) years, as long as average maturity and effective duration were kept below ten (10)?

For the purpose of the Intermediate (Reserve) account, an effective maturity measurement is used and subject to the same ten year limit.

43. Please confirm that the Liquidity Account's primary objectives are:

To maximize yield and to maintain safety of principal and that no pre-specified liquidity targets have been established. The Scope of Service document lists liquidity and safety of principal as the chief investment objectives. If liquidity targets are desired please define the state's expectations in terms of daily or weekly liquidity.

Confirmed – Within the liquidity account it is expected that liquidity is available to meet the regular operating needs of the State of Delaware. This is achieved through direct communication between the Treasury Staff, Investment Consultant and Investment Managers.

44. Is the State willing to consider the performance of a fund that does not comply with the mandate's stated investment guidelines?

While the performance of a strategy that is outside the current Guidelines may prove instructive in the RFP process, successful responders will have the capability to manage a strategy pursuant to the Guidelines.

45. In the overview section you state we must attest to the fact that no activity related to the investment management services will take place outside the United States. Does this include credit research personnel who are located offshore to provide better coverage of international credits or does just pertain to the portfolio management activities?

The core portfolio management activities must be housed within the United States, but other activities, such as international credit research, may be undertaken at satellite locations outside the United States. Any activities taking place outside the United States must be listed as an exception in the bidder's response to the RFP.

46. You state the liquidity account will range from \$100-\$300M and Intermediate accounts will range from \$250-\$500M. Based on your policy are there any state limitations on the cash limits for each manager?

No, there are no limits.

47. Is the minimum asset size for the liquidity pool \$100 million for a single manager and \$250 million for the Intermediate pool?

No, there are no specified minimums.

48. Do you have a preference for a fixed asset based fee or a variable fee based on the assets under management?

The RFP requires that respondents propose a variable fee, expressed in basis points, based on assets under management. In addition, the RFP opens the possibility for respondents to propose an additional alternative fee structure arrangement, such as a fixed fee or fixed plus variable.

49. Our firm maintains gross market returns. If we were able to obtain custodian bank supplied book values and calculate historic gross book returns, does this satisfy your requirement? Is there a stated performance benchmark?

Yes, this would satisfy our requirement. The Treasury uses the following benchmarks for the mandates:

Liquidity: 25% Bank of America Merrill Lynch 1-3 Year Govt/Corp A+ or better & 75% 6 Month US Treasury Bill

Intermediate (Reserve): 75% Bank of America Merrill Lynch 1-5 year Government/Corporate A+ Index and 25% 6 Month US Treasury Bill Index

50. In the case of mortgage-backed securities does this maturity restriction mean weighted average life rather than the final maturity?

The Treasury uses effective maturity.

51. Is the State of Delaware Reserve Cash (Intermediate) Account considered a Qualified Institutional buyer (QIB) and can it buy 144A securities?

Yes

52. Does “AA” by S&P include “AA-“or just “AA” and “AA+”? Does “Aa” by Moodys include “Aa3” or just “Aa2” and “Aa1”? Does “AA” by Fitch include “AA-“or just “AA” and “AA+”?

AA is the limit. Investments rated AA- by S&P and Fitch or Aa3 by Moody’s are not currently permissible.

53. Would a firm with a global footprint with offices and operations outside of the United States be eliminated from consideration?

No

54. Would DST consider index management for the intermediate fixed income mandate? What about investment into a collective trust?

The Treasury has a preference for separate account management given the scope of the State’s portfolio and specific accounting requirements. Index strategies that can be accessed using the current permissible investments are not precluded from consideration.

55. Are the Permissible Investments in Section IV to be used for both the Liquidity Account and the Reserve Cash (Intermediate) Account?

Yes – For greater detail on the permissible investments, please refer to the Initial Report issued by the Consultant here: <http://treasury.delaware.gov/wp-content/uploads/Delaware-State-Treasury-Initial-Report.pdf>.

56. For the intermediate-term account, are there any projected cash flows in or out of the portfolio that need to be considered during the management of the account? If so, can you please elaborate on the frequency and size of the cash flows?

The Treasury intends to manage all cyclical and other cash flow needs through the Liquidity account(s) and to maintain stability in the Intermediate (Reserve) account(s). However, if cash flows to or from the Intermediate (Reserve) account(s) are required, such movements will be coordinated as far in advance as possible between the Treasury, the Investment Consultant and the Investment Manager(s).

57. For the intermediate-term account, does the portfolio have any constraints regarding the size and magnitude of realized gains/losses in the normal course of managing the account? If so, can you please identify the time period (monthly, quarterly, annually) and the projected size of these constraints?

The Treasury does not foresee constraints on the size and magnitude of realized gains or losses from an accounting perspective, although managers are expected to consider the performance implications of selling securities prior to maturity.

58. The investment guidelines for the liquidity and intermediate portfolios do not appear to address an allocation, or minimum quality, limit for the municipal asset class, only that it is permitted. Can you confirm such limits? Is there a minimum quality rating of "AA" similar to the Credit sector minimum?

There are no specific limitations beyond the 5% issuer concentration limit. The Treasury is exempt from federal and state taxes. Further, it is expected that the municipal securities purchased are high quality in nature, given the overall mission of the Guidelines.

59. Section IV, Sub Section C.1, Bullet Point #2, Pg 6 – "The banking institution is rated not lower than "B" by Fitch, Inc. (formerly Thompson's BankWatch Service).

Question: Are you referring to the Bank Financial Strength rating?

Yes

60. Section IV, Sub Section C. 2, Bullet Point #2, Pg. 6 – "The banking institution has a Fitch, Inc. (formerly Thomson's BankWatch Service) "Peer Group Rating" not lower than II."

Question: Please clarify what the Peer Group Rating of "II" means?

Please assume the same AA rating minimum for any non-domestic institutions' Certificates of Deposits.

61. Industry Diversification - Pg. 13 - "Repurchase Agreements" & "Reverse Repurchase Agreements"

Question: Is there any flexibility regarding collateral used in repos counting toward sector limits? Would that mean Agency Repo would count toward the 50% maximum limit, and 20% in one agency limit?

At present, the Guidelines must be followed.

62. Is there any flexibility to the 25% industry limit since financials currently make up a large part of the opportunity set?

We are aware that the current limitations may force overweights into financials. Adjustments to the Guidelines should be expected. At present, both the CMPB and Treasury intend to adjust the investment Guidelines to include A (excluding A-) or better securities. This process is subject to public approval, and may or may not come to govern the portfolio. At present, the Guidelines limit managers to AA (excluding AA-) or better securities.

63. Why is this search being done? To add or replace managers?

The contracts are expiring. Managers may or may not be added and/or replaced.

64. What are the fees paid, in terms of basis points, to the current liquidity and intermediate managers?

Fees are not disclosed.

65. How would the new portfolio be funded? Cash or securities in kind?

We would expect to fund with a combination thereof, and efficiently transition the portfolio to the new desired exposures.

66. Can we see the current portfolio?

Please refer to the Initial Report issued by the Consultant here: <http://treasury.delaware.gov/wp-content/uploads/Delaware-State-Treasury-Initial-Report.pdf>.

67. Can you provide an outline on the decision making process - performance/credit infrastructure/investment process/location of manager/fees?

The RFP committee will use a combination of quantitative and qualitative measures to determine which investment managers can provide the best overall service for the People of the State of Delaware. Please refer to the evaluation criteria within the RFP.

68. What are your fee expectations?

The Treasury expects to gain access to high quality investment management firms at a fee structure indicative of the size and scope of the portfolio mandates to be awarded.

69. In regards to the of corporate bond rating minimum of AA or Aa, does this include more granular ratings of AA- & Aa3?

AA- and Aa3 are currently not permissible under the Guidelines.

70. What benchmark(s) do you currently use to evaluate the current managers of the Liquidity accounts?

Liquidity: 25% Bank of America Merrill Lynch 1-3 Year Govt/Corp A+ or better & 75% 6 Month US Treasury Bill

71. Do you have any plans or intentions to change the benchmark(s) for the Liquidity accounts? If so, what benchmark for the Liquidity accounts would you suggest we consider in our response?

There are no plans to change the benchmark(s).

72. What is your current target duration for the Liquidity accounts?

There is no target duration, only maturity limitations.

73. Will the target duration for the Liquidity accounts be consistent across managers retained through this RFP process? If not, what target duration for the Liquidity accounts do you suggest we consider in our response?

N/A, see above.

74. As a federally registered investment adviser, our firm makes notice filings via the Investment Adviser Registration Depository (IARD) in all 50 states. This notice filing allows us to conduct investment advisory business in Delaware. Would the federal registration and Delaware notice filing fulfill this requirement?

Yes, as long as the firm is in compliance with the Delaware Securities Act as it relates to the registration of investment advisers and investment adviser representatives.

75. Our firm's standard practice is to attain any business registration required after the firm is awarded an account. Would that practice, as it relates to this requirement, be acceptable?

Yes, provided that such registration will not cause a delay in the potential award of a contract. We would strongly encourage any bidders that do not have the applicable registration requirements to begin such process if selected for an interview.

76. Our firm is an investment management firm. What activity would we fall into in Delaware's License Fees structure?

For specific classification, please contact the Delaware Securities Commissioner at the Department of Justice at (302) 577-8424.

77. Would you please describe the reporting requirements that may be imposed by the custodian?

As master custodian for all securities held by the Delaware State Treasury, Bank of New York Mellon would require specific reporting by investment managers surrounding the purchase and sale of securities, as well as the necessary data connectivity to allow investment managers to produce their own reports.

78. I didn't see any minimum requirements regarding AUM whether it be within the strategy, in fixed income or as a whole. Are there some stipulations?

There are no stipulations beyond an institution's ability to handle the size and scope of asset management that the Treasury mandate requires.

79. In addition to the maturity constraints provided, are there established benchmarks for the Cash & Liquidity account and the Intermediate account that the State has used historically?

In October of 2012, the State adopted the following benchmarks:

Liquidity: 25% Bank of America Merrill Lynch 1-3 Year Govt/Corp A+ or better & 75% 6 Month US Treasury Bill

Intermediate (Reserve): 75% Bank of America Merrill Lynch 1-5 year Government/Corporate A+ Index and 25% 6 Month US Treasury Bill Index

80. Noting the State's request for performance numbers as of June 30th, may we submit asset information for other responses in the questionnaire (questions 6, 7, 8, and 11) as of September 2012 and returns as of November 2012 (question 15)?

Yes, that is acceptable.

81. (Redacted) Group is the parent organization for a number of entities, including (redacted) Fixed Income. (Redacted) Group holds a license to do business in the State of Delaware. Is it acceptable that our license is at our parent company level, rather than our entity or advisor level? Is this adequate for the purpose of submitting the RFP?

The license and any registrations under federal or state securities laws should be at the entity or advisor level.

82. Section III (B)

Paragraph 6

Page 5

"Please provide the following information as it relates to the firm's total investment management business:"

This is followed by a table listing: Assets Gained; Assets Lost; Accounts Gained; Accounts Lost for the range of 2008 through YTD.

Section III (B)

Paragraph 11

Page 6

“Please provide the following information as it relates to this RFP:”

This is followed by a table listing: Assets Gained; Assets Lost; Accounts Gained; Accounts Lost for the range of 2008 through YTD.

For clarification purposes, what is the difference between these two questions? Is the second question for our company as a whole whereas the first is exclusively for investment management business?

The first question addresses your firm's investment management business as a whole while the second question addresses the strategy you are proposing for this RFP.