New York State Insurance Fund

MUNI ASSET MANAGER

RFP # 2023-40-INV

11/30/23

1. Description of Services:

The New York State Insurance Fund ("NYSIF") is seeking asset manager(s) to manage a portfolio of taxable municipal bonds.

NYSIF reserves the right to contract with one or multiple Muni asset managers ("Managers") for the mandate or none. Should NYSIF make multiple awards, accounts will be assigned at NYSIF's discretion and will be based on factors including, but not limited to:

- Manager performance track record in taxable and tax-exempt municipals;
- Taxable municipal investment process and strategy;
- Organizational expertise (including Compliance framework), ability to manage insurance mandates, and ability to manage customized mandates.

NYSIF anticipates awarding seven (7) year contracts covering the services detailed in this solicitation.

2. Mandate Description:

1. Portfolio of US Taxable Municipal Bonds;

2. Weighted average credit rating of no lower than A+;

3. To be managed under guidelines and parameters stated in the accompanying document.

Benchmark: The bidder should submit data against the benchmark to which the product is managed.

3. Mandatory Requirements:

Please complete Attachment 1: Mandatory Requirements Affirmation

If selected for a contract award, the external asset manager must:

- Enter into NYSIF's standard External Asset Manager Service Contract;
- Acknowledge receipt of and maintain compliance with NYSIF's Asset Manager Guidelines.

4. **Questionnaire:**
Please complete Attachment 2, Muni Asset Manager Questionnaire. All bidders must complete the entire general section of the questionnaire.

5. Inquiries:
All questions related to this RFP procurement or the contract process must be submitted in writing using "Attachment 4 Question Submission Form" to contracts@nysif.com by 12/21/23, 2PM (Eastern), citing the particular bid section and paragraph number. **No telephone questions will be answered.**

Only questions received by 12/21/23, 2PM (Eastern) will be addressed. **Official answers to the questions will be posted on NYSIF's website, on 1/8/24.**

Prospective Bidders should note that all clarifications and exceptions are to be resolved prior to the submission of a bid. Answers may be included in a bid addendum.

All amendments, clarifications and any announcements related to this procurement will be posted on NYSIF's website. It is the sole responsibility of the bidders to check the website for any amendments, clarifications or updates. All applicable amendment information must be incorporated into the firm's proposal. Failure to include this information in your proposal may result in the proposal being deemed non-responsive.

6. Dates and Submission Requirements:
Interested firms can find search details on the NYSIF website at: www.nysif.com/procurement beginning on 11/30/23. Candidates should check this website frequently. Addenda, and/or any other information relative to this search, will be posted to the NYSIF procurement webpage.

All firms must fulfill the minimum qualification affirmation requirements as outlined in Attachment 1, Mandatory Requirement Affirmation. Failure to satisfy each of the minimum qualifications may result in the immediate rejection of the proposal. A completed Attachment 1, Mandatory Requirement Affirmation as well as Attachment 2, Questionnaire and Attachment 3, NYSIF Appendices and Insurance Requirements must be returned to via email by 2pm (Eastern) on **1/31/24** to contracts@NYSIF.com and MercerNYSIFInvestmentManagerSearch@mercer.com. Please reference 2023-40-INV in the subject line.

In addition, firms must complete Appendix Z, Fee Schedule. This must be returned to via email by 2pm (Eastern) on **1/31/24** to contracts@NYSIF.com. Note: Appendix Z should **NOT** be sent to MercerNYSIFInvestmentManagerSearch@mercer.com. Please reference 2023-40-INV in the subject line. NYSIF's Exhibit A, B, and C are hereby incorporated into this solicitation by reference. Bidders do not need to return Exhibit A, B and C.

7. Evaluation Requirements: The proposals will be evaluated in a two-step process.

Step 1 Criteria Points (100 points)
Step One will consist of a scored process based on the submitted proposals as described below.

- Responses to Questions in Attachment 1, Minimum Qualification Affirmation and Attachment 2, Questionnaire - **95**
- MWBE, SBE or SDVOB Status – **5**
    - **Total Points** – **100**

From Step One, the top bidders will advance to Step 2 (finalists). All bidders who receive a minimum score of 70 points or more will advance to Step Two, interviews/fees/MWBE, SBE, SDVOB status. Any proposals scored 69.99 or lower will be automatically disqualified from further evaluation. Points from Step One will not be added to points for Step Two. Award(s) will be based solely on the scores received in Step Two.

Step 2 Criteria Points (100 points)

- Strength/experience of proposed team and dedicated resources - **20**
- Investment process and philosophy - **20**
- Performance track record - **20**
- Risk management systems, tools, and controls - **15**
- Fees - **20**
- MWBE, SBE, or SDVOB Status - **5**
    - **Total Points** - **100**

NYSIF will provide a list of subjects to be covered in the presentation/interview and questions to be addressed. Contributions of the proposed lead personnel should be included. Presentations may be up to 90 minutes. Questions may be asked by the evaluation committee based on material covered in the presentation/interview and/or in the proposal.

Presentation/interviews will be conducted virtually or in NYC. It will be the responsibility of the Bidder to present the proposed staff at the scheduled time. Bidders will be responsible for any and all costs associated with the presentation. Appointments will be made at least one week prior to the scheduled presentation/interview date.

8. Participation of NYS Business Enterprises (MWBE):

It is the policy of NYSIF to encourage the greatest possible participation by Minority and Women-Owned Business Enterprises (MWBE) as Bidders, subcontractors and suppliers on its procurement contracts, consistent with New York State laws. NYSIF has established a goal of 35% MWBE participation for the externally managed asset.

Bidders are required to submit the completed forms within Appendix M, contained in Attachment 2, by 2pm (Eastern) on 1/31/24 to contracts@nysif.com. Please see Appendix M for further information.

9. Participation of Service-Disabled Veteran Owned Business (SDVOB):

Article 3 of the New York State Veterans' Services Law provides for more participation in public procurement by certified Service-Disabled Veteran-Owned Businesses ("SDVOBs"). For purposes of this procurement, NYSIF conducted a comprehensive search and determined that the Contract does not offer sufficient opportunities to set specific goals for participation by SDVOBs. Nevertheless, Bidders are encouraged to make good faith efforts to promote and assist in the participation of SDVOBs on the Contract. The directory of New York State Certified SDVOBs can be viewed at: https://ogs.ny.gov/veterans/.

10. Insurance Requirements:

Prior to the commencement of the work to be performed by the successful Bidder, the Bidder shall file with NYSIF Certificates of Insurance evidencing compliance with all requirements contained in this RFP. Acceptance and/or approval by NYSIF does not and shall not be construed to relieve Bidder of any obligations, responsibilities or liabilities under the contract awarded by this RFP.

All insurance required by the RFP shall be obtained at the sole cost and expense of the Bidder, shall be maintained with insurance carriers licensed to do business in New York State and acceptable to NYSIF, shall be primary and non-contributing to any insurance or self-insurance maintained by NYSIF, shall be endorsed to provide written notice be given to NYSIF at least thirty (30) days prior to the cancellation, non-renewal, or material alteration of such policies, which notice, evidenced by return receipt of United States Certified Mail, and shall be sent in accordance to the 'Notice' provision of the Agreement.

The Contractor shall cause to be included in each of the liability policies required below, here the Commercial General Liability, the Comprehensive Business Automobile Liability, coverage for on-going and completed operations naming as additional insured on a primary and non-contributory basis (via ISO coverage forms CG 20 10 11 85 or the combination of CG 20 10 04 13 or 20 38 04 13 and CG 20 37 04 13 and form CA 20 48 10 13, or a form or forms that provide equivalent coverage) NYSIF, its officers, agents, and employees. An Additional Insured Endorsement evidencing such coverage shall be provided to NYSIF after renewal and/or upon request. For Contractors who are self-insured, the Contractor shall be obligated to defend and indemnify the above-named additional insureds with respect to Commercial General Liability and Business Automobile Liability, in the same manner that the Contractor would have been required had the Contractor obtained such insurance policies.

The Bidder shall be solely responsible for the payment of all deductibles and self-insured retentions to which such policies are subject. Deductibles and self-insured retentions must be approved by NYSIF. Such approval shall not be unreasonably withheld.

If NYSIF allows subcontracting, the Bidder shall require that any subcontractors hired carry insurance with the same limits and provisions provided herein.

Each insurance carrier must be rated at least "A-" Class "VII" in the most recently published Best's Insurance Report. If, during the term of the policy, a carrier's rating falls below "A-" Class "VII", the insurance must be replaced no later than the renewal date of the policy with an insurer acceptable to NYSIF and rated at least "A-" Class "VII" in the most recently published Best's Insurance Report.

The Bidder shall cause all insurance to be in full force and effect as of the commencement date of the contract awarded as a result of this RFP, and to remain in full force and effect throughout the term of the contract and as further required by this RFP. The Bidder shall not take any action, or omit to take any action that would suspend or invalidate any of the required coverages during the period of time such coverages are required to be in effect.

Not less than thirty (30) days prior to the expiration date or renewal date, the Bidder shall supply NYSIF with updated replacement Certificates of Insurance, and amendatory endorsements.

The Bidder, throughout the term of the contract, or as otherwise required by this RFP, shall obtain and maintain in full force and effect, the following insurance with limits not less than those described below and as required by the terms of this RFP, or as required by law, whichever is greater (limits may be provided through a combination of primary and umbrella/excess policies):

1. Workers Compensation and NYS Disability Benefits, as required by New York State. Visit the Workers' Compensation Coverage website and the Disability Benefits Coverage website for further information.
    a. Proof of Compliance with Workers' Compensation Coverage Requirements:
        i. Form CE-200, *Certificate of Attestation for New York Entities With No Employees and Certain Out of State Entities*, That New York State Workers' Compensation and/or Disability Benefits Insurance Coverage is Not Required,

which is available on the [New York State Workers' Compensation Board's website]();

ii. Form C-105.2 (9/17 or most current version), *Certificate of Workers' Compensation Insurance*, sent to NYSIF by the Contractor's insurance carrier upon request, or if coverage is provided by the New York State Insurance Fund, they will provide Form U-26.3 to NYSIF upon request from the Contractor; or

iii. Form SI-12, *Certificate of Workers' Compensation Self-Insurance*, available from the New York State Workers' Compensation Board's Self-Insurance Office, or Form SIG-105.2, *Certificate of Participation in Workers' Compensation Group Self-Insurance*, available from the Contractor's Group Self-Insurance Administrator.

b. Proof of Compliance with Disability Benefits Coverage Requirements:

i. Form CE-200, *Certificate of Attestation for New York Entities With No Employees and Certain Out of State Entities*, That New York State Workers' Compensation and/or Disability Benefits Insurance Coverage is Not Required, which is available on the New York State Workers' Compensation Board's website;

ii. Form DB-120.1, *Certificate of Disability Benefits Insurance*, sent to NYSIF by the Contractor's insurance carrier upon request; or

iii. Form DB-155, *Certificate of Disability Benefits Self-Insurance*, available from the New York State Workers' Compensation Board's Self-Insurance Office.

2. Commercial General Liability Insurance with a limit of not less than $2,000,000 each occurrence, with a limit of not less than $2,000,000 aggregate. Such liability shall be written on the ISO occurrence form CG 00 01, or a substitute form providing equivalent coverages and shall cover liability arising from premises operations, independent contractors, products-completed operations, broad form property damage, personal & advertising injury, cross liability coverage, liability assumed in a contract (including the tort liability of another assumed in a contract) and explosion, collapse & underground coverage.

3. Comprehensive Business Automobile Liability Insurance with a limit of not less than $1,000,000 each accident. Such insurance shall cover liability arising out of any automobile used in connection with performance under the Contract resulting from this RFP, including owned, leased, hired and non-owned automobiles bearing or, under the circumstances under which they are being used, required by the Motor Vehicle Laws of the State of New York to bear, license plates.

   In the event that the Contractor does not own, lease or hire any automobiles used in connection with performance under the Contract resulting from this RFP, the Contractor does not need to obtain Business Automobile Liability Insurance, but must attest to the fact that the Contractor does not own, lease or hire any automobiles used in connection with performance under any Contract resulting from this RFP on a form provided by NYSIF. If, however, during the term of the Contract resulting from this RFP, the Contractor acquires, leases or hires any automobiles that will be used in connection with performance under the Contract resulting from this RFP, the Contractor must obtain Business Automobile Liability Insurance that meets all of the requirements of this section and provide proof of such coverage to NYSIF.

   In the event that the Contractor does not own or lease any automobiles used in connection with performance under the Contract resulting from this RFP, but the Contractor does hire and/or utilize non-owned automobiles in connection with performance under the Contract resulting from this RFP, the Contractor must: (i) obtain Business Automobile Liability Insurance as required by this RFP, except that such insurance may be limited to liability arising out of hired and/or non-owned automobiles, as applicable; and (ii) attest to the fact that the Contractor does not own or lease any automobiles used in connection with performance under the Contract resulting from this RFP, on a form provided by NYSIF. If, however, during the term of the Contract resulting from this RFP, the Contractor acquires or leases any automobiles that will be used in connection with performance under the Contract resulting from this RFP, the Contractor must obtain Business Automobile Liability Insurance that meets all of the requirements of this section and provide proof of such coverage to NYSIF.

4. Professional Liability Insurance, covering actual or alleged negligent acts, errors or omissions committed by the Contractor, its agents or employees, arising out of the work performed under this Agreement. The policy coverage shall extend to include bodily injury and property damage from negligent performance of professional services and personal injury liability coverage for claims arising out of performance of services. The policy shall have limits of liability of not less than $2,000,000 each occurrence, with a limit not less than $2,000,000 aggregate. The Contractor shall be responsible for payment of all claim expenses and loss payments with the deductible.

Waiver of Subrogation. Bidder shall cause to be included in each of its policies insuring against loss, damage or destruction by fire or other insured casualty a waiver of the insurer's right of subrogation against NYSIF, or, if such waiver is unobtainable (i) an express agreement that such policy shall not be invalidated if Bidder waives or has waived before the casualty, the right of recovery against NYSIF or (ii) any other form of permission for the release of NYSIF.

Awarded Bidder shall furnish evidence of all policies to NYSIF, before any work is started. Certificates of Insurance may be supplied as evidence of such aforementioned policies; however, if requested by the Agency, the Bidder shall deliver to NYSIF within forty-five (45) days of the request a copy of such policies, certified by the insurance carrier as being true and complete. If a Certificate of Insurance is submitted it must: (1) be signed by an authorized representative of the insurance carrier or producer and notarized; (2) disclose any deductible, self-insured retention, aggregate limit or any exclusions to the policy that materially change the coverage; (3) indicate the Additional Insureds and Named Insureds as required herein; (4) reference the Agreement by number on the face of the certificate; and (5) expressly reference the inclusion of all required endorsements.

If, at any time during the term of the resulting contract, insurance as required is not in effect, or proof thereof is not provided to NYSIF, NYSIF shall have the option to: (i) direct the Contractor to suspend work with no additional cost or extension of time due on account thereof, or (ii) treat such failure as a breach in contract.

11. Designated Contacts:

Until a candidate(s) is selected, and the selection is announced by NYSIF via its webpage, candidates are only allowed to communicate with NYSIF via the designated email contracts@nysif.com. Any unauthorized contact may disqualify the candidate from further consideration (NY State Finance Law Sections 139-j and 139-k). Do not contact eVestment Alliance for specific details of the search.

12. Attachments:

The following documents are included within this RFP:

- Attachment 1 – Mandatory Requirement Affirmation
- Attachment 2 - Muni Asset Manager Questionnaire
- Attachment 3 – NYSIF Appendices including Appendix Z, Fee Schedule
- Attachment 4 – Questions Submission Form (Excel)
- Attachment 5 – Appendix M, Form 102 Workforce Utilization Form (Excel)
- Attachment 6 – Track Record (Excel)

- Attachment A – NYSIF Investment Policy Statement (Nov 2023)
- Attachment B – Custodian Set-Up and Documentation
- Attachment C – NDA
- Attachment D – Investment Accounting General Data Requirements
- Attachment E – Manager Investment Specification Guidelines

New York State Insurance Fund

Investment Policy Statement

As Amended by the NYSIF Board of Commissioners on November 15, 2023

TABLE OF CONTENTS

About NYSIF

The New York State Insurance Fund ("NYSIF") was established in 1914 as part of the original enactment of the New York State Workers' Compensation Law. NYSIF's mission is to guarantee the availability of workers' compensation insurance at the lowest possible cost to New York employers and to provide timely, appropriate indemnity and medical payments to injured workers, while maintaining a solvent fund.

Since inception, NYSIF has fulfilled the dual roles for which it was created: to compete with other carriers to ensure a fair marketplace, and to be a guaranteed source of coverage for employers who cannot secure coverage elsewhere. In fulfilling its dual roles, NYSIF is charged with:

- Achieving the best health outcomes for injured workers by paying indemnity and medical benefits in a timely manner, and facilitating appropriate medical care
- Ensuring that all New York businesses have a market for workers' compensation and disability benefits insurance available to them at a fair price
- Maintaining a solvent state insurance fund that is always available to New York businesses
- Being a competitive force in the marketplace and an industry leader in price, quality, and service

NYSIF consists of two separate "Funds": the Workers' Compensation Fund ("WCF"), insuring employers against occupational injury and disease suffered by their employees; and the Disability Benefits Fund ("DBF"), established in 1949, which insures against disabling off-the-job sickness or injury sustained by employees.

New York voters approved the Workers' Compensation Act of 1914 by referendum. The law was spurred by two significant events in American history: the 1909 Wainwright Commission that reported on the woeful labor conditions and treatment of injured workers, and the Triangle Shirtwaist factory fire of 1911, among the deadliest in New York City history.

NYSIF is a self-supporting insurance carrier that competes with private insurers in the workers' compensation and disability benefits markets. Operating income is derived solely from insurance premiums and investments. NYSIF is the largest provider of workers' compensation insurance in New York State.

Pursuant to the laws of the State of New York, NYSIF has the authority and responsibility to provide workers' compensation insurance to New York employers at the lowest possible cost consistent with maintaining a solvent fund and a reasonable net asset position, as well as to provide appropriate indemnity and medical payments to injured workers of its insureds, as well as to provide disability insurance.

Pursuant to § 87 of the Workers' Compensation Law, NYSIF has the authority to invest any of its reserve and surplus funds. NYSIF's portfolios of investments are the WCF and the DBF. Pursuant to § 27(6) of the Workers' Compensation Law, NYSIF is also responsible for the investment of the assets of the Aggregate Trust Fund ("ATF").

NYSIF's Board of Commissioners (the "Board") is responsible for establishing NYSIF's investment policy and objectives, as well as exercising oversight of the investment management for both Funds and for the ATF.

Statement of Purpose

NYSIF's Investment Policy Statement (the "IPS") defines the framework by which NYSIF manages the assets of NYSIF in order to fulfill its mission. The document provides the primary guidance for NYSIF's investment activities by outlining the philosophy and structure of NYSIF's investment program, describing the general process by which assets are managed, and defining the key roles and responsibilities in NYSIF's investment program.

In formulating this policy, the Board has sought to allow sufficient flexibility to capture investment opportunities as they occur, while establishing reasonable parameters to ensure that prudence and care are exercised in the execution of NYSIF's investment program. The intent is for the IPS to be a dynamic document, which will be reviewed regularly and at a minimum annually. The investment policy may be modified periodically to reflect any material changes to NYSIF's assets and liabilities, NYSIF's investment program and/or economic conditions.

Legal Authority

The State of New York Workers Compensation Law (the "WCL"), directives and other compulsory measures from the executive and legislative branches of the New York State government, and NYSIF's governing statutes create a legal framework within which this IPS must be interpreted and implemented by the Board in approaching its decisions. The Board is independent and has sole and exclusive legal responsibility over investment of the Funds' assets.

A. Fiduciary Duty

The Board and its members are public officers and fiduciaries, making decisions for the sole benefit of the Funds as a whole without other concerns or outside influence. Specifically, § 82 of the WCL obligates NYSIF Commissioners to "consider at all times the condition of the fund and examine into its reserves, investments and all other matters related to its administration." The Board's obligation to NYSIF, as a state agency, is to ensure that the Workers' Compensation Fund and the Disability Benefits Fund are properly administered and remain solvent.

The Workers' Compensation Law and NYSIF's role as a state agency provide a structure for NYSIF and the Board to establish a decision-making process to allow the Board to execute its oversight and its fiduciary obligations over investments of the Funds' assets.

All Board members have the same fiduciary duty. This fiduciary duty has two components:

- ***Duty of Loyalty.*** Under the Duty of Loyalty, Board members are required to discharge their duties with respect to the Funds' investments solely in the interest and for the exclusive purpose of providing benefits and meeting obligations to policyholders, claimants, and other stakeholders, and defraying reasonable expenses of the Funds' plan(s).

- ***Duty of Prudence.*** As a matter of policy, in analyzing investments, NYSIF primarily looks for guidance, and may draw upon common-law principles or trust and similar language describing fiduciary-duty standards, in § 404(a)(1) of the Employee Retirement Income Security Act of 1974 ("ERISA"), as well as current best practice in institutional fund management. Under the Duty of Prudence, NYSIF Board members shall make such investments with the care, skill, prudence, and diligence that a prudent fiduciary acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims. The Board must diversify the Funds' investments so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so. The Board may invest or delegate the authority to invest the Funds' assets through the purchase, holding, or sale of any form or type of investment, financial instrument, or financial transaction to the extent permitted by law and when prudent in the informed opinion of the Board.

B. Code of Ethics

NYSIF Officers and Employees, including those involved with NYSIF's investments, must refrain from having any interest, or engaging in any business or transaction, which conflicts, or has the appearance to conflict, with their NYSIF duties. All Officers and Employees are subject to, and shall comply with, New York's ethics laws (including, without limitation, Public Officers Law Article 4) and NYSIF's Employee Vendor Policy, Code of Ethics and Commissioners Code of Ethics, as applicable.

Investment Policy

I. Investment Philosophy and Strategy

A. Investment Objectives

NYSIF's primary investment objective is to manage assets to maintain a sound net asset position so that the Funds can meet their liabilities to policyholders and to others, as they come due. This level of net assets will be achieved using a diversified investment strategy that assumes a prudent level of risk to generate returns sufficient to maintain or improve the amount of net assets over time, while keeping premium payments reasonable and predictable for the benefit of the injured workers and their employers in the State of New York.

To support this objective, NYSIF will:

- Invest assets to safeguard the preservation of capital in the overall portfolio
- Generate income and growth within the parameters of prudent risk management and approved benchmarks
- Ensure adequate liquidity to meet all operating requirements that may be reasonably anticipated

B. Investment Tenets

The Board has adopted the following investment tenets ("Investment Tenets") to describe its core values and underlying assumptions about how capital markets operate. Collectively, the Investment Tenets provide a framework to guide investment decisions in a manner consistent with NYSIF's nature as an institutional investor with a long-term investment perspective in order to achieve the investment objectives defined above.

i. **Capital Preservation**
NYSIF seeks to contain the aggregate volatility of the portfolio and guard against the long-term erosion of each Fund's net asset position by preserving capital.

ii. **Strategic Asset Allocation**
Strategic asset allocation is a significant factor influencing long-term investment performance and asset volatility. NYSIF's asset-allocation process uses quantitative modeling to consider the long-term asset volatility, correlation of returns between asset classes and liability cash flows.

iii. **Diversification**
Diversification results in a more efficient portfolio by adding various sources of risk and return, since various asset classes may behave differently under different economic regimes and market environments. A well-diversified asset mix is instrumental in meeting the Funds' long-term objectives.

iv. **Long-term Perspective**
Adopting a long-term, strategic perspective in formulating investment policy can be advantageous to overall portfolio returns, because individual components of an investment plan may not always appear to add value over

shorter time frames.

v. **Asset-Liability Management**
By matching assets against liabilities dynamically, the Funds can minimize overall portfolio volatility and preserve claims-paying ability.

vi. **In-House Investing**
Maintaining an internal team of investment professionals is an appropriate strategy to control costs and retain optimal control of the assets. Managing NYSIF's largest asset exposures internally allows the Funds to maintain agility in responding to shifts in markets or the Funds' liabilities.

vii. **Risk**
Risk management and performance benchmarking are integral to the entire investment process. Since no single metric adequately conveys risk, NYSIF will evaluate risk holistically, incorporating quantitative and qualitative assessments into management of the portfolio.

viii. **Governance**
A well-articulated governance structure allows decision-makers to work together effectively, ensures long-term success, and encourages constructive dialogue. Sound investment policies, controls, accountability, oversight and reporting are critical to NYSIF's long-term investment performance.

ix. **Process**
A robust, well-documented, consistent process overseen by a team of well-resourced, diverse investment professionals is required to realize NYSIF's investment objectives. Diversity of thought at all levels of the decision-making process is critical.

x. **Costs and Fees**
Costs and fees impact investment returns, and are optimized through internal management, external-manager fee negotiations, and a focus on net performance.

C. Asset Allocation

NYSIF fundamentally believes that long-term, strategic asset allocation will be the primary determinant of risk/return outcomes, and therefore establishes a strategic asset allocation to meet its mission and investment objectives.

NYSIF's strategic asset allocation categorizes capital outlays into two primary groups, defined by the function each allocation is intended to serve in the portfolio: (1) Core Assets and (2) Risk Assets, each of which includes additional functional categories with asset classes having their own risk/return characteristics.

NYSIF expects the various asset- class categories to diversify the Funds, mitigate downside risk and optimize growth. The asset allocation determines what proportion of each Fund is allocated to each functional category and underlying asset class, including target weights and allowable ranges as a percentage of the Funds.

In order to determine its strategic asset allocation, NYSIF conducts a comprehensive asset allocation study every three to five years, or at the Board's request.

NYSIF's approved asset-allocation and benchmark tables are detailed in the Appendix.

D. Overview of Strategic Asset Allocation

NYSIF groups asset classes into the following functional categories:

i. **Core Assets**
NYSIF's exposure to "Core" assets is primarily to investment-grade fixed-income instruments. The objective of NYSIF's core-asset portfolio is to provide diversification, capital preservation, liquidity, competitive relative returns and deflation protection. The portfolio will primarily be managed by members of the Investment Department ("**Staff**").

ii. **Risk Assets**
Risk assets are sub-divided into below-investment-grade fixed-income instruments, public equity, inflation-sensitive assets and alternative investments.

The objective of NYSIF's below-investment-grade fixed-income portfolio is to gain exposure to higher-yielding investments that generate greater income for the portfolio and produce a higher expected rate of return than that of the investment-grade fixed-income portfolio. Compared to the investment-grade fixed-income portfolio, this portfolio is expected to have a higher level of risk/volatility. The below-investment-grade fixed-income portfolio is also expected to produce, over time, total risk-adjusted returns greater than a below-investment-grade fixed-income benchmark.

The objective of NYSIF's public equity portfolio is to provide exposure to economic growth and to capture the equity risk premium. The public equity portfolio consists of mostly domestic large-, medium- and small-capitalization stocks that will be invested in both actively and passively managed investment strategies with the goal of exceeding the return of an appropriate public-equity benchmark on a risk-adjusted and net-of-fees basis, with medium to low tracking error (*i.e.*, the standard deviation of the difference between the returns of an investment portfolio and the underlying benchmark). The objective of NYSIF's inflation-sensitive asset portfolio is to improve the portfolio's overall resilience to above-trend inflation. Inflation-sensitive assets may include funds or other investment vehicles with exposure to infrastructure that benefits from scarcity or from long-term arrangements either to fix costs or to adjust permitted/contracted revenues upward in line with inflation.

Depending on then-prevailing market conditions, inflation-sensitive assets may also include Treasury Inflation-Protected Securities and funds with exposure to commodities.

Alternative investments consist of investments in relatively illiquid assets (*i.e.*, equity, credit, real estate), which, by virtue of their illiquidity, command a premium return over comparable publicly traded securities.

- *The objective of the Private Equity* portion of the alternative portfolio is to provide superior risk-adjusted returns and/or to exhibit low correlation relative to the traditional assets portion of the investment portfolio. The Private Equity portfolio will be diversified and consist of investments in a variety of private-equity funds and strategies (*e.g.*, buyouts, growth equity, venture capital, special situations, and co-investments). It shall be invested in actively managed investment strategies with the goal of exceeding an appropriate benchmark to be chosen closer to the time that this portion of the portfolio is actually funded. Because the Private Equity portfolio will take time to get invested, its early performance may differ materially from that of a mature private-equity benchmark. For this reason, the Private Equity benchmark will be used primarily as a long-term performance-measurement tool.

- *The objective of the Private Credit* portion of the alternative portfolio is to provide superior risk-adjusted returns, income, and/or to exhibit low correlation relative to the traditional assets portion of the investment portfolio. The Private Credit portfolio will be diversified and consist of investments in a variety of private-credit funds and strategies. It shall be invested in actively managed investment strategies with the goal of exceeding an appropriate benchmark to be chosen closer to the time that this portion of the portfolio is actually funded. Because the Private Credit portfolio will take time to get invested, its early performance may differ materially from that of a mature private-credit benchmark. For this reason, the Private Credit benchmark will be used primarily as a long-term performance-measurement tool.
- *The objective of the Real Estate* portion of the alternative portfolio is to provide superior risk-adjusted returns, income, and/or to exhibit low correlation relative to the traditional assets portion of the investment portfolio. The Real Estate portfolio will be diversified and consist of investments in a variety of debt and equity real-estate funds and strategies. It shall be invested in actively managed investment strategies with the goal of exceeding an appropriate benchmark to be chosen closer to the time that this portion of the portfolio is actually funded. Because the Real Estate portfolio will take time to get invested, its early performance may differ materially from that of a mature private-equity benchmark. For this reason, the Real Estate benchmark will be used primarily as a long-term performance-measurement tool.

E. Performance Objectives

Performance objectives are multi-faceted and account for asset quality, risk tolerance, credit upgrades and downgrades, ALM considerations, actual performance versus appropriately tailored benchmarks, as well as anticipated performance under a variety of stress tests. The long-term performance objective of the Funds is to generate risk-adjusted returns that meet or exceed their policy benchmarks, net-of-fees, over the Funds' designated investment time horizon, taking into account the conservative profile of internally managed assets and of NYSIF's risk parameters. It is expected that any active external management of individual asset classes will provide an investment return in excess of the index, net of expenses, on a consistent basis. NYSIF's policy benchmarks at the total Fund level, the functional category level, and the asset class level can be found in the Appendix.

F. Portfolio Rebalancing

Staff, in consultation with the investment consultant, will review the actual asset-allocation percentages at each regularly scheduled convening of the Investment Committee. If an asset allocation falls outside of the Board-approved range(s) limits set forth above, Staff will notify the Executive Director and the Investment Committee. If appropriate, Staff will rebalance the portfolio back to within the strategic asset allocation's policy ranges as promptly as would be prudent considering market conditions, transaction costs, and any other relevant factors. Upon determining the appropriate course of action, Staff will inform the Executive Director and the Investment Committee of the plan to adjust the portfolio back to within the Board-approved range(s).

An exception to the rebalancing procedure may apply to liquidity-constrained assets, such as alternative investments. In such instances, the Chief Investment Officer ("CIO") will develop a plan for an orderly rebalancing, recognizing that the Board does not wish to force illiquid asset purchases or sales which could adversely impact the relevant Fund. The Board acknowledges that liquidity-constrained asset rebalancing could require an extended period of months or even years before it is possible to prudently return to the policy ranges specified for the relevant asset class.

G. Diversity and Inclusion

The Board values diversity and inclusion and is committed to providing ongoing opportunities for minority- and women-owned investment-management firms to manage assets on behalf of NYSIF. As such, it shall be the policy of NYSIF to ensure that no barrier exists to the full participation of external investment managers that are MWBEs in the investment opportunities afforded by NYSIF. (Please refer to the Attachments for the MWBE Policy Statement.) NYSIF believes that effectively accessing and managing MWBE talent—inclusive of varied backgrounds, age, experience, race, gender, ethnicity, and culture—leads to improved outcomes.

NYSIF expects all its external investment managers and investment consultants to respect NYSIF's values of diversity and inclusion, reflect them in their own organizations, and strive to establish similar MWBE goals as defined within the MWBE Policy for their external service providers.

Also, where there are opportunities within the approved strategic asset allocation, and in compliance with the IPS, the Board desires to do business with service-disabled veteran- owned external investment managers ("SDVOM"). An SDVOM is an investment manager where at least 51% of the firm is owned by one or more service-disabled veterans with a service-connected disability rating of 10% or more from the US Department of Veterans Affairs.

H. ESG Considerations

The Board recognizes that environmental, social and governance ("ESG") factors may influence the risk-return profile and financial performance of investments. ESG factors may vary for any potential investment according to industry, geographic exposure, business strategy, investment time horizon and other variables. As part of fulfilling its mission and fiduciary duty, NYSIF aims to identify, assess and monitor relevant ESG factors, and then to incorporate these insights into investment decisions, in order to generate sustainable returns. The Board intends for the Funds to achieve "net-zero" status in their investment portfolios by 2040.

NYSIF also assesses and monitors external investment managers with respect to their capacity for, and skill in, embedding ESG considerations into their own investment processes in respect of outsourced NYSIF portfolios. Accordingly, NYSIF Staff and/or external investment managers will (1) vote the Funds' shareholder proxies and maintain an active corporate-governance program for the Funds' publicly traded equity with due consideration of ESG factors, and (2) incorporate relevant ESG issues into the Funds' investment analyses and decision-making processes within investment programs. Investment recommendations in all asset classes will include information on, and consideration of, managements' ESG policies and practices, focusing on the risks and standards relevant to the investment under consideration.

I. Responsible Contracting

NYSIF supports responsible contracting, fair wages, and fair benefits for workers who are employed by its contractors and subcontractors. In its investment portfolios, NYSIF encourages the performance of investment managers, advisors, contractors, and subcontractors that upholds fiduciary principles related to the duty of loyalty and the duty of prudence. The construction and management of an investment portfolio intended to achieve a competitive risk-adjusted return complies with these duties.

Responsible contracting also includes contractors' demonstrated compliance with local, state, and federal laws and payment of prevailing wages. Furthermore, NYSIF supports labor unions and promotes the use of union labor in the development of its real estate and infrastructure investment objectives. Additionally, NYSIF encourages contractors to disclose climate-related business risks as part of the procurement process.

II. Investment Process

NYSIF may utilize internal resources or externally managed portfolios implemented by investment management firms and service providers to effectuate NYSIF's investment program. In determining whether to use internal or external resources to implement a specific investment mandate, strategy, or investment- related service, NYSIF takes into consideration numerous factors, including, but not limited to, return expectations, associated risks, compliance requirements, and expenses related to the specific strategy or service.

The following sections articulate the general parameters and processes by which NYSIF executes its investment strategy, in adherence to established policies and procedures.

A. Outsourced Investment Management

i. Selection and Monitoring

If the CIO, in consultation with the investment consultant, determines that NYSIF lacks the necessary expertise to manage a specific asset allocation internally, or that certain assets would be more effectively managed by a third party, the CIO may recommend the hiring of one or more external investment managers.

External investment managers will have discretionary authority over day-to-day management of NYSIF assets consistent with this IPS and all statutory and regulatory requirements applicable to NYSIF. External investment managers will enter into an Investment Manager Agreement with NYSIF which sets out duties and responsibilities of an external investment manager.

External investment managers will report directly to Staff.

NYSIF has formal procedures to guide the selection, appointment, and monitoring of external investment managers and service providers. NYSIF expects any external investment manager acting on behalf of NYSIF to serve as a fiduciary.

ii. Investment Manager Agreements

Board-approved investment recommendations are subject to negotiation and execution of an agreement that, in the judgment of NYSIF's CIO and NYSIF's General Attorney, includes all terms necessary to provide adequate protection for NYSIF's interests under the circumstances of the transaction, including but not limited to an appropriate standard of care on the part of the investment manager.

iii. Manager Retention

Manager-retention decisions have a potential impact on returns that is comparable to the selection of external investment managers in the first place. A disciplined process for assessing each external investment manager, particularly one that has underperformed its benchmark, may avoid the risk of retaining such a manager for too long or, alternatively, terminating a manager at a time that in hindsight might prove too hasty.

The Board may exercise its discretion, based on any applicable criterion or standard, in the overall manager-retention decision-making process, including but not limited to the following:

- Performance relative to appropriate market indices and peers on both a nominal and a risk-adjusted basis
- Adherence to, and compliance with, NYSIF's IPS, the manager-specific Investment Manager Agreement and any other established policy, rule, guideline or parameter
- Material changes or revisions to the external investment manager's business plan, investment philosophy, staff composition, ownership, ratings by investment consultants or assets under management, whether or not any of these directly involve NYSIF assets
- Evidence of material client-servicing problems; legal, regulatory or compliance breaches or other compliance issues; or involvement in litigation, fraud or conflicts of interest; whether or not any of these directly involve NYSIF assets

iv. Costs and Fees

NYSIF considers the costs and fees related to executing its investment program to be a crucial component of its fiduciary duty and an important element in determining its strategic asset allocation. In all aspects and functions of its investment program, NYSIF seeks to actively identify, assess, and monitor costs and fees to ensure their reasonableness. NYSIF expects that the economic terms and conditions by which any external party is compensated for investment-related services should promote an alignment of interests between NYSIF and the external party in fulfilling NYSIF's mission and investment objectives. Accordingly, NYSIF diligently attends to and negotiates the economic terms of investment services rendered to the Funds.

B. Liquidity Management and Other Investment Functions

The following sections provide the general guiding principles and parameters for ancillary components of NYSIF's investment process, including liquidity management, the use of derivative instruments, proxy voting, brokerage and securities lending.

i. Liquidity Management

Effective liquidity management is integral to NYSIF's investment process. NYSIF strives to maintain appropriate levels of liquidity—*i.e.*, the ability to convert investments into cash—in order to meet immediate or short-term obligations and liabilities. NYSIF monitors each Fund's liquidity in the context of its liabilities.

ii. Derivatives Management

When utilized prudently, derivatives can be a useful tool in portfolio management.

A derivative instrument is defined as an "agreement, option, instrument or a series or combination thereof: (A) to make or take delivery of, or assume or relinquish, a specified amount of one or more underlying interests, or to make cash settlement in lieu thereof; or (B) that has a price, performance, value or cash flow based primarily upon the actual or expected price, level, performance, value or cash flow of one or more underlying interests." (Insurance Law § 1401(7))

NYSIF may invest surplus funds in derivative instruments as permitted under Workers' Compensation Law § 87.

iii. Proxy Voting

For externally managed equities, the voting of proxies will be delegated to the investment managers. Staff will ensure that the external investment managers have appropriate policies for proxy voting and that, at a minimum, those policies meet industry standards and respect all components of the Investment Philosophy and Strategy section of this IPS. Staff will oversee the voting of proxies for any incidental equity holdings, if any, in NYSIF's internally managed accounts. NYSIF will retain the right to direct the voting of any proxy as NYSIF determines in its absolute discretion to be appropriate.

The external investment managers will advise Staff annually on how proxies have been voted on behalf of NYSIF.

iv. Brokerage

In executing trades as part of fulfilling asset-management mandates, Staff and any external investment managers shall attempt to obtain the best net price for each purchase or sale. In selecting a broker-dealer for a particular transaction, Staff and any external investment manager shall consider the broker-dealer's fitness in terms of the execution capabilities required by the transaction, the cost, the speed or efficiency of transacting, the ability to transact confidentially, and other factors, including any relevant factors identified in or consistent with WCL § 87-i, which provides for an MWBE asset management and financial institution strategy.

NYSIF has established relationships with portfolio transition managers to assist in the liquidation of manager portfolios and the transition of affected assets. In all cases, transition managers shall have individual transition management agreements in place that specify their obligation to act as a fiduciary to the Fund and that specify their role in executing transactions on behalf of the Fund (*i.e.*, agent or principal).

v. Securities Lending

WCL § 87(4) permits NYSIF to lend its securities under a security-lending agreement, by order of the Board and approved by the New York State Superintendent of Financial Services. Staff will oversee NYSIF's securities-lending program which will be administered by one or more chosen lending agents. Every security loan under the program will be overcollateralized, with collateral delivered to NYSIF's account(s) at the custodian. The portfolio of collateral invested for NYSIF's benefit will be marked to market daily, and the borrower will be required to deliver additional collateral when necessary. The program for securities lending will be reviewed annually.

III. Risk Management

NYSIF assumes certain risks to achieve sufficient returns to meet the Funds' financial obligations and investment objectives, including the primary objective of maintaining a sound net-asset position. Through the strategic asset allocation, NYSIF attempts to position each Fund to mitigate large drawdowns while meeting growth and income targets. NYSIF's investment strategy is designed to take risk to achieve commensurate investment results.

Investment risk at NYSIF pertains primarily to a Fund's inability to meet liabilities to policyholders and to others as they come due. This may follow from the permanent loss of capital on an investment due to bankruptcy or insolvency, but may also arise from deficient internal controls, cyber-security, or climate-risk mitigation among those investments.

In managing investment risk, NYSIF measures, analyzes, and monitors risks in the context of guidelines, expectations, constraints and market environments. NYSIF seeks to mitigate the impact of a drawdown on the Funds in order to accomplish its investment objectives and to reduce volatility, in service of NYSIF's mission to provide the lowest possible cost to policyholders while maintaining a solvent fund.

A. Philosophy and Objectives

NYSIF considers risk multi-faceted and, therefore, views risk from multiple perspectives.

Risks may vary and evolve over time, and across sectors, investments and investment strategies. Risk may be systematic (*i.e.*, present across the market) or unsystematic (*i.e.*, specific to a particular investment or strategy). A risk may pertain to and potentially impact a Fund overall, a functional asset category, or individual underlying asset classes.

NYSIF seeks to diligently identify, assess, and monitor relevant investment risks throughout the investment process, from formulating its strategic asset allocation to evaluating and monitoring the Fund's results relative to strategic objectives. This helps to ensure that risks assumed by a Fund are intentional and adequately compensated.

B. Approach

NYSIF's risk-management approach starts with a risk-management framework and strategic asset allocation that the Board will adopt formally every three to five years. The allocation will embed risk thresholds for each asset category. As with the asset allocation itself, these thresholds will also be approved by the Board, and subject to ongoing measurement and review. The Board will develop a risk-tolerance framework for each functional asset category and underlying asset class, and for the overall portfolio.

Fundamental risk-management principle and practice call for, at a minimum, establishing investment guidelines and pursuing multiple approaches to diversification beyond asset category alone (such as asset class, duration, liquidity and degree of active management). Another basic tenet of risk management is portfolio rebalancing, to minimize unintended risk caused by asset-allocation drift. NYSIF will formulate investment guidelines for both internal and external investment managers, regularly monitor compliance therewith, and amend as warranted. NYSIF will also implement or oversee appropriate portfolio diversification and rebalancing events.

NYSIF seeks to identify and acknowledge the sources and types of risk inherent in each investment strategy. To that end, NYSIF will measure value-at-risk ("VaR") in both absolute and relative terms, conduct stress-testing the portfolio's performance under both actual historical and forecasted future scenarios, and execute other salient analyses. (These efforts are sometimes described as "risk modeling.")

Risk management also includes selecting appropriate benchmarks, and measuring performance against those benchmarks, to assess whether risks taken by a Fund are suited to that Fund's objectives and appropriately rewarded. NYSIF will adopt benchmarks for each component of the strategic asset allocation.

Stress-testing is of particular importance to NYSIF as the Funds' asset allocations increasingly include risk assets. In that context, even sophisticated risk-measurement techniques may inadequately capture the effect of certain risks, including extreme market events. Because some risk models may provide only limited predictive capability, NYSIF will test and challenge investment strategies and assumptions prior to a capital outlay as well as conduct ongoing monitoring.

NYSIF will substantiate its risk-management process through deliverables such as weekly dashboards and more formal monthly and quarterly reports. Beyond the day-to-day process, NYSIF believes that periodic higher-level reviews of the risk framework (and the deliverables themselves) support the goal of meeting income and growth objectives for a given level of risk assumed, while also minimizing the risk of large losses. For this reason, Staff will regularly evaluate the various components of NYSIF's risk-management approach. For example, at least annually, the Board will review the portfolio's actual risk performance.

In summary, NYSIF's risk management process is a daily discipline, evidenced by frequent risk-metric reporting on both internally and externally managed portfolios. At the same time, the robustness of the overall risk-management regime is supported by periodic top- down and bottom-up reviews of the framework, of tolerances, of processes and performance, and of deliverables. Finally, NYSIF recognizes that risk management, as a field, is constantly evolving in response to developments in financial markets, in technology and in methodology. NYSIF's risk-management process strives to adapt to these changes.

C. Portfolio Risk Management

Staff will manage overall portfolio risk, which is materially affected by key drivers of "market risk," such as economic-growth outlooks, inflation forecasts and credit fundamentals. NYSIF's risk management practices seek to (1) maintain asset allocations within specified ranges, (2) manage portfolio interest-rate risk, (3) mitigate credit-related losses, and (4) ensure adequate liquidity to meet liabilities, among other objectives.

i. **Interest-Rate Risk**
   To minimize interest-rate risk, Staff will ensure that adequate resources are devoted to measuring and monitoring asset cash flows so that they closely match anticipated liabilities.
ii. **Credit Risk**
   To limit the risk of loss stemming from credit impairment, NYSIF's fixed-income portfolio shall be diversified and have a minimum weighted average credit rating of mid-single A.
iii. **Liquidity Risk**
   NYSIF shall maintain sufficient liquidity to fund near-term liabilities as they come due, including investing a substantial proportion of each Fund in securities with active secondary or resale markets.

IV. Roles and Responsibilities

NYSIF has established the following roles and responsibilities to implement its investment program. The duties explained below apply to the Board, the Investment Committee, the Investment Department, and various external parties who collectively oversee and administer the functions necessary for NYSIF to accomplish its investment objectives.

A. Board of Commissioners

The Board is charged as a fiduciary for NYSIF in setting policy for NYSIF's investments, and is responsible for the prudent oversight, governance, and management of NYSIF's assets. The Board may obtain expert advice, from both internal and external sources, as needed. The Board may delegate functions that a prudent entity acting in a like capacity and familiar with those matters could properly delegate under the circumstances. However, the power to delegate does not relieve the Board of its fiduciary duty; it may instead be seen as a tool to ensure that expert advice may be solicited in order to facilitate the most informed decisions to be made by and on behalf of the Board.

The general responsibilities of the Board related to investments include the following:

- Approve investment objectives consistent with each Fund's projected liabilities and other obligations
- Approve a strategic asset allocation (including appropriate benchmarks) and investment policy for each Fund, and periodically review the same in light of any changes to actuarial inputs, market conditions, or other evolving facts/situations relevant to the appropriate character of those policies
- Approve overall risk-tolerance framework, and risk limits/thresholds for both internally and externally managed investment portfolios
- On an annual basis, approve the IPS, amending as warranted
- Approve and terminate investment consultant(s) who advise the Board
- Approve selection and retention of external investment managers whose philosophy and approach support their intended role in each Fund's overall investment objectives
- Approve selection and retention of custodial bank and other third-party service providers
- Approve certain investment-related contracts
- In consultation with the CIO and investment consultant(s), review results of the internally and externally managed investment portfolios

B. Investment Committee

The Investment Committee is a standing committee of the Board created to assist the Board in discharging its responsibilities relating to NYSIF's investments.

The Investment Committee will meet, at a minimum, once each calendar month in which there is a meeting of the Board. Reporting to the Board, the Investment Committee shall:

- Monitor adherence to the IPS
- Review the strategic asset allocation and investment policy for each Fund
- Monitor portfolio results versus goals and objectives
- Monitor performance of internally and externally managed assets, including on an individual-manager basis, and review asset-class benchmarks used in this task
- Review recommended plans for any portfolio adjustment necessitated by portfolio rebalancing or terminations of external investment managers
- Monitor compliance with statutory and regulatory restrictions, and with Board rules and resolutions relating to investments
- Review overall risk-tolerance framework, and risk limits/thresholds for both internally and externally managed investment portfolios
- Review the IPS periodically
- Review the selection and oversight of external investment managers

- Review the selection and oversight of investment consultant, custodian bank, and other third-party relationships
- Monitor and, at least annually, review securities-lending arrangements
- Provide investment-related information and recommendations to the Board as required

C. Investment Department

The Investment Department is managed and led by the CIO who reports to the Executive Director and the Board.

Staff provides analysis and recommendations to the Board, and seeks approval from the Board, on a wide variety of investment-related matters. Additionally, Staff oversees and directs the implementation of Board policy and manages the Funds on a day-to-day basis. Staff shall:

- Propose and implement a Board-approved strategic asset allocation, including appropriate benchmarks
- Invest each Fund's assets as set forth in the IPS and in a manner consistent with each Fund's strategic asset allocation, overall risk tolerance, statutory requirements, and liquidity needs
- Monitor external investment managers for adherence to appropriate investment policies, guidelines and contractual terms
- Evaluate external investment managers for results and performance, including ensuring that performance-monitoring systems are sufficient to provide the most timely, accurate and useful information as possible
- Manage relationships with broker-dealers, investment consultant(s), the custodian bank and any other third-party service providers
- Conduct a process for hiring and retaining external investment managers and advisors, as appropriate and with assistance from the investment consultant(s) and, as needed, other parties
- Manage any portfolio adjustment necessitated by portfolio rebalancing or terminations of external investment managers
- Consult with legal counsel regarding documents, policy, securities litigation and other legal matters
- Report to the Executive Director on all matters, not limited to asset allocation, investment results, portfolio performance, risk management and metrics, liquidity, ESG, securities lending and, if applicable, derivatives use
- Advise and apprise the Board of any other events of investment significance
- Acquire sufficient internal staff and resources to meet objectives and fiduciary duties
- Conduct business in an ethical manner

D. Third Party Service Providers

NYSIF may engage external service providers, as described below, to implement its investment program. All service providers, unless otherwise not applicable, are expected to serve as fiduciaries to the Fund in fulfilling their contracted services. Third party service providers must refrain from gift-giving or other efforts that may jeopardize the impartiality, or appearance thereof, of NYSIF's Board and Staff.

i. Investment Consultants

An investment consultant works for the Board in the oversight and implementation of investment objectives. An investment consultant provides to the Board and Staff an independent perspective on the objectives, structure, performance and management of NYSIF's assets. In pursuing the Board's objectives, an investment consultant may work with Staff and external investment managers. An investment consultant shall:

- Acknowledge and agree to accept a fiduciary duty to NYSIF
- Regularly review and make recommendations to the Board, in collaboration with Staff, regarding investment policies and procedures, and strategic and tactical asset-allocation matters
- Provide research, information and education on investment matters as required or requested by the Board or Staff
- Prepare monthly reports and a quarterly performance report assessing the performance of each Fund, its asset classes, and its external investment managers in relation to relevant performance benchmarks, and peer funds
- Provide any other advice or services that the Board or Staff determine from time to time is necessary, useful or appropriate to achieve the objectives of, or adherence to, this IPS, in accordance with their agreement with NYSIF

The Board may contract with specialist investment consultants to focus on particular areas of interest (*e.g.*, emerging and minority managers).

ii. Custodian Bank

The Board recognizes that accurate and timely completion of custodial functions is necessary for effective investment management and accurate recordkeeping. The custodian is a fiduciary as to the assets placed with them by NYSIF. The custodian shall:

- Provide complete custody and depository services for designated accounts
- Provide for suitable and legally/regulatorily compliant investment or deposit vehicle for any cash left uninvested overnight in designated accounts
- Implement in a timely and effective manner the investment actions as directed by Staff and any external investment manager(s)
- Collect and receive all income and principal realizable and properly report transactions in periodic statements
- Provide monthly and annual accounting statements as well as on-line access to accounting for NYSIF, including all transactions
- Report to Staff situations where security pricing is either not possible or subject to considerable uncertainty
- Assist the Board and Staff in completing such activities as the annual audit, transaction verification and other issues
- As requested by Board or Staff, provide performance measurement and portfolio analytics for the Funds

  When directed by the Board, and pursuant to a separate, written agreement for securities-lending service, implement, in a fair and equitable manner, a securities-lending program for NYSIF, and report fully on all aspects of its operation and returns

iii. External Investment Managers

The primary responsibility of each external investment manager is to invest in accordance with the Investment Manager Agreement that governs the assets being invested for NYSIF's benefit. In particular, external investment managers shall:

- Acknowledge and agree to accept a fiduciary duty to NYSIF
- Manage NYSIF's assets under its control in accordance with the IPS and any goals, objectives, guidelines and/or risk-tolerance framework approved by the Board or articulated in statute or regulation
- Provide Staff with periodic reports on portfolio activity, performance and compliance with the IPS and other requirements
- Meet in person with Staff and any other NYSIF invitee on at least an annual basis
- Provide copies of policies on ethics, employee personal trading, brokerage, "soft dollars," trade execution, proxy voting and any other topic relevant to compliance with statute, regulation and/or market convention related to the fulfillment of fiduciary duty
- Inform Staff of all changes of a material nature to the firm's organization and professional staff
- Vote all proxies and related actions consistent with NYSIF's interests, as authorized by NYSIF

iv. Placement Agents

NYSIF does not hire, engage, employ, or otherwise retain placement agents (sometimes known as third-party marketers) and does not use the services of placement agents. No external investment manager (including general partners of partnerships in which NYSIF may participate) or other third party retained by NYSIF shall hire, engage, employ, or otherwise retain the services of any placement agent for the purpose of securing or maintaining the management of NYSIF investment assets.

v. Other Third-Party Service Providers

Additional third-party service providers may be retained, subject to the terms and conditions of NYSIF's established policies and procedures, in order to perform other duties to assist in the administration of the Funds.

Appendix

Table 1: WCF Approved Asset Allocation

Asset Class	Minimum	Policy Target	Maximum
Investment Grade Fixed Income	78%	83%	100%
High Yield	0%	4%	7%
Public Equities	0%	5%	8%
Inflation-Sensitive Assets	0%	2%	4%
Alternative Assets	0%	4%	7%
Cash	0%	2%	5%

Table 2: ATF Approved Asset Allocation

Asset Class	Minimum	Policy Target	Maximum
Investment Grade Fixed Income	95%	100%	100%
Cash	0%	0%	5%

Table 3: DBF Approved Asset Allocation

Asset Class	Minimum	Policy Target	Maximum
Investment Grade Fixed Income	85%	90%	100%
Public Equities	0%	10%	15%
Cash	0%	0%	5%

Table 4: Benchmark Table for WCF

Asset Class	Benchmark
Public Equity Portfolio	Russell 3000 Index
Large Cap	Russell 1000 Index
Small Cap	Russell 2000 Index
Fixed Income Portfolio	Custom Blend of all WCF Fixed Income Benchmarks
Investment Grade (Internal)	Custom Blend
Investment Grade (External)	Custom Blend
Below Investment Grade	Custom Blend
Inflation-Sensitive Asset Portfolio	"Core" CPI, plus 300 bp
Alternative Asset Portfolio	Custom Blend
Private Equity	Cambridge Associates US All PE (3-month lag)
Private Credit	ICE-BofAML High Yield Index
Real Estate	NFI ODCE (3-month lag), plus 50 bp
Cash	ICE BofAML 3-Month T-Bill Index
TOTAL FUND	Custom Blended Policy Benchmark

Table 5: Benchmark Table for ATF

Asset Class	Benchmark
Investment Grade Fixed Income	Custom Blend
Cash	ICE-BofAML 3-Month T-Bill Index
TOTAL FUND	Custom Blended Policy Benchmark

Table 6: Benchmark Table for DBF

Asset Class	Benchmark
Investment Grade Fixed Income	Custom Blend
Public Equity Portfolio	Russell 3000 Index
Cash	ICE-BofAML 3-Month T-Bill Index
TOTAL FUND	Custom Blended Policy Benchmark

Attachment A: MWBE Investment Manager Policy

Addendum to IPS - as adopted by the Board on November 17, 2021

Purpose

The Board of Commissioners (“Board”) of the New York State Insurance Fund (“NYSIF”) values diversity and inclusion and is committed to providing ongoing opportunities for minority and women owned investment management firms to manage assets on behalf of NYSIF. As such, it shall be the policy of NYSIF to ensure that no barrier exists to the full participation of MWBE managers in the investment opportunities afforded by the NYSIF. NYSIF believes that effectively accessing and managing MWBE talent, inclusive of varied backgrounds, age, experience, race, gender, ethnicity, and culture, leads to improved outcomes. NYSIF expects all its external investment managers and investment consultants to respect NYSIF’s values of diversity and inclusion, reflect them in their own organizations and strive to establish similar MWBE goals as defined within this Policy for their external service providers.

This MWBE Policy is intended to be an addendum to the Investment Policy Statement (“IPS”) and, therefore shall be subject to all provisions of applicable law and the applicable limitations and requirements of the NYSIF IPS. The Board of Commissioners may amend, supplement or rescind this MWBE Policy at any time.

Definition of Minority and Women Owned Business Enterprises (“MWBE”)

NYSIF defines MWBE owned firms and women owned firms using the following definitions:

Minority-Owned

A business enterprise in which at least fifty-one percent (51%) is owned, operated and controlled by person(s) of color that identify as one (or more) of the following ethnic categories:

- Black: Persons having origins from any of the Black African racial groups
- Hispanic: Persons of Mexican, Puerto Rican, Dominican, Cuban, Central or South American descent of either Native American or Latin American origin, regardless of race
- Asian-Pacific: Persons having origins from the Far East, Southeast Asia or the Pacific Islands
- Asian-Indian Subcontinent: Persons having origins from the Indian subcontinent
- Native American or Alaskan Native: Persons having origins in any of the original peoples of North America

Woman-Owned

A business enterprise in which at least fifty-one percent (51%) is owned, operated, and controlled by a person(s) who is/are a woman.

Although this Policy is not limited to Empire State Development (“ESD”) Certified MWBE managers, it is the preference of the Board to retain managers that are ESD-certified or are willing to undergo the process of certification.

Goals for MWBE Manager Utilization

The goals defined below are established by reviewing the universe of MWBE managers based on, but not limited to, the investment consultant's internal and external databases, as well as NYSIF Staff's and the investment consultant's collective knowledge of the MWBE manager space.

The percentages established below are defined as a percentage of externally managed assets:

Equities – 55%
Fixed Income – 30%
Alternative Investments – 30%

By utilizing the established asset class goals defined above, the goal for the total externally managed assets is set at 35%.

Emerging Managers

Many MWBE investment management firms are also considered emerging investment management firms. Emerging investment managers are firms that have less substantial assets under management or in the case of alternative investments may be a first-time fund. NYSIF is interested in emerging managers that have strong alignment of interest with their investors and expects principals of the firm to hold substantial majority of the ownership interest of the company.

The primary goals for retaining emerging managers are to:

- Identify and gain early access to talented asset managers in their early business stages
- Generate strong absolute and risk adjusted returns on an after-fee basis

NYSIF defines emerging investment managers as follows:

- *Public Markets Equity and Fixed Income* – Investment managers that are limited to under $2 billion of firm-wide assets under management and must have at least $25 million of assets under management in the same investment style to be managed for NYSIF at the time of initial funding.
- *Private Equity/Debt* – Investment managers currently raising a first, second, or third fund and targeting a fund size up to $1 billion with an institutional client base.
- *Real Estate* – Investment managers currently raising a first, second, or third fund, and are targeting a fund size of less than $500 million with an institutional client base.

Structure/Procurement

NYSIF may retain MWBE managers either through direct relationships or by employing a fund-of-funds/ manager of managers program(s) that are skilled at sourcing MWBE managers. Either type of mandate must adhere to NYSIF's defined procurement procedures. Investment strategies managed by MWBE managers must be suitable for NYSIF's portfolio and fit within the approved strategic asset allocation and asset class structure, as well as the portfolio's risk and liquidity constraints.

When procuring for investment management services:

- NYSIF Staff and NYSIF's investment consultant will establish minimum criteria that will be inclusive for emerging mangers.
- NYSIF Staff and NYSIF's investment consultant will proactively identify qualified

MWBE managers and notify them of pending/published request for proposals

Reporting Guidelines

On an annual basis, Staff and NYSIF's investment consultant will review this policy and provide a report to the Board of Commissioner detailing the Fund's progress towards meeting the goals set in this policy, as well as providing a review of all MWBE investment managers as it relates to performance and any issues/significant developments.

Attachment B: Private Markets and Real Estate External Investment Manager and Portfolio Guidelines

Addendum to IPS - as adopted by the Board on April 20, 2022

These guidelines outline NYSIF's approach to investment programs relating to private equity, private credit and real estate. The three asset classes discussed below are a subset of "alternative investments" within the broader concept of "Risk Assets" as those terms are used in NYSIF's Investment Policy Statement.

A. Private Markets Portfolio Investment Guidelines

The purpose of the Private Markets Program ("PM Program") is to earn risk-adjusted returns in excess of typical risk-adjusted returns on public-market assets, as has been the case historically. The PM Program is also expected to decrease the volatility of NYSIF's assets because private-market asset classes often have lower correlations with public-market asset classes. For the purposes of this section, “private markets” refers to private equity and private credit.

The private markets generally consist of investment vehicles structured as commingled, blind-pool, investment partnerships in which NYSIF would have a passive role as a limited partner investor. Investment commitments under the PM Program will be governed by long-term contracts that provide the general partner or sponsor a reasonable time horizon to invest capital, add value through intensive operational management, and realize the proceeds of each investment. Contractual terms are proposed by the general partner and are critical to the economic incentives and ultimate net performance of the partnerships.

To strengthen the diversification benefits of the PM Program, the following guidelines will be utilized in Staff’s and the investment consultant’s formulation of an annual investment strategy and pacing plan for the PM Program. Because PM Program investments will likely be intermittent, any diversification targets or limits referenced below may not be achieved until a material proportion of the intended allocation of NYSIF’s assets to the PM Program has been invested.

- Investment Structure: Staff may utilize the following investment vehicles within the PM Program: private limited partnerships, group trusts, limited liability companies, separate accounts, funds-of-one, secondary investments, and co-investments alongside general partners. Co-investments entail providing additional funding to specific investments being made by limited partnerships, typically at better economic terms for participating co-investors than the regular general/limited partner relationship.
- Investment Timing Risks: Building private-equity and private-credit portfolios that are broadly diversified across multiple “vintage” years should allow the PM Program to participate in the best investments at different stages of a typical business cycle.
  Staff may also consider purchasing partnership interests in the secondary market to shorten the effective life and to optimize the current and long-term net return of the PM Program.
- Industry Diversification: Given the blind-pool nature of most private-market investments, it is generally not feasible to target specific industry exposures. Nevertheless, Staff should generally seek to diversify the PM Program across industries by investing in multi-sector funds, sector-specific funds where warranted, and targeted co-investments as appropriate. For venture capital (and, at times, other sub-strategies), it is recognized that the best opportunities may involve a relatively small number of industries.
- Geographic and Economic Location Diversification: The PM program should seek to diversify investments across locations with different economic exposures. The PM Program will be monitored regularly to maintain prudent levels of diversification, as determined by the Staff and the investment consultant.
- General Partner Diversification: Staff will seek to work with a variety of general partners due to their specialized expertise in particular segments of the private markets and deal-flow sources. No more than 15% of the PM Program’s commitments shall be invested with any individual sponsor organization without Board approval. The PM Program is permitted to own up to 100% of any particular separate account, fund-of-one, co-investment fund, co- investment

vehicle, or parallel partnership, subject to the sponsor limitation above. Meanwhile, unless Board approval has been obtained, the following constraints shall apply. First, the PM Program's combined commitment to any partnership and any parallel partnership shall not represent more than 25% of the total combined target capital commitments to the partnership and any parallel partnership. In addition, at any applicable closing, the PM Program's combined commitment to any partnership and any parallel partnership shall not represent more than 50% of the total combined cumulative capital commitments to the partnership and any parallel partnership. Finally, in the event that a partnership and parallel partnership raise more capital than the target amount, NYSIF's combined commitment to the partnership and parallel partnership shall not represent more than 25% of the total combined cumulative capital commitments to the partnership and parallel partnership.

- Alignment of Interests: Staff shall actively negotiate partnership agreements on behalf of NYSIF with a prime directive to ensure that interests of the general partner are aligned with NYSIF's and supported by all other similarly positioned limited partners. This should include a competitive fee structure and a participating interest in the investment commensurate with the risk being taken.
- Responsible Lending Principles: Staff shall establish safeguards to ensure that investments under the PM Program are made in accordance with NYSIF's responsible lending principles.
- Special Services: Staff or the investment consultant may also be required from time to time to engage specialized firms to conduct due diligence with respect to general partners or sponsors, and to manage non-cash distributions from affected investments under the PM Program.
- Legal Confirmation: For each commitment under the PM Program, Staff may retain outside legal counsel or otherwise procure expert legal advice. No commitment under the PM Program shall close without written confirmation from appropriate counsel that any documentation negotiated specifically by or on behalf of NYSIF has been satisfactorily completed.

B. Private Real Estate Portfolio Investment Guidelines

The purpose of the Real Estate Program ("RE Program") is to earn attractive risk-adjusted returns by providing stable current income and preserving investment capital. The RE Program is also expected to provide protection against unanticipated inflation and decrease the volatility of NYSIF's assets, because private real-estate investments have historically demonstrated lower correlations with other asset classes. Real estate includes property consisting of land, buildings, and property rights.

The private real-estate market generally consists of investment vehicles structured as commingled, blind-pool, investment partnerships in which NYSIF would have a passive role as a limited partner investor. Investment commitments under the RE Program will be governed by long-term contracts that provide the general partner or sponsor a reasonable time horizon to invest capital, add value through intensive operational management, and realize the proceeds of each investment. Contractual terms are proposed by the general partner and are critical to the economic incentives and ultimate net performance of the partnerships.

To strengthen the diversification benefits of the RE Program, the following guidelines will be utilized in Staff's and the investment consultant's formulation of an annual investment strategy and pacing plan for the RE Program. Because RE Program investments will likely be intermittent, any diversification targets or limits referenced below may not be achieved until a material proportion of the intended allocation of NYSIF's assets to the RE Program has been invested.

- Investment Structure: Staff may utilize the following investment vehicles within the RE program: private limited partnerships, group trusts, limited liability companies, direct and joint ventures, and co-investments alongside general partners. Co- investments entail providing additional funding to specific investments being made by limited partnerships, typically at better economic terms for participating co- investors than the regular general/limited partner relationships.
- Investment Timing Risks: Building a real-estate portfolio that is broadly diversified across multiple "vintage" years should allow the RE Program to participate in the best investments at different stages of a typical business cycle. Staff may also consider purchasing partnership interests in the secondary market to shorten the effective life and to optimize the current and long-term net return of the RE Program.
- Sector and Property Type Diversification: The RE Program shall seek diversification through investments in core, value-added, opportunistic and debt sectors. The RE portfolio may also seek diversification by property type, not limited to investments in office, retail, multi-family, industrial and non-traditional categories such as hotels, self-storage, senior housing, and land.
- Geographic and Economic Location Diversification: The RE Program shall seek to diversify investments across locations with different economic exposures. The RE Program will be monitored regularly to maintain prudent levels of diversification, as determined by the Staff and the investment consultant.
- General Partner Diversification: Staff will seek to work with a variety of general partners due to their specialized expertise in particular segments of the real-estate markets and deal-flow sources. No more than 15% of the RE Program's commitments shall be invested with any individual sponsor organization without Board approval. The RE Program is permitted to own up to 100% of any particular separate account, fund-of-one, co-investment fund, co- investment vehicle, or parallel partnership, subject to the sponsor limitation above. Meanwhile, unless Board approval has been obtained, the following constraints shall apply. First, the RE Program's combined commitment to any partnership and any parallel partnership shall not represent more than 25% of the total combined target capital commitments to the partnership and any parallel partnership. In addition, at any applicable closing, the RE Program's combined commitment to any partnership and any parallel partnership shall not represent more than 50% of the total combined cumulative capital commitments to the partnership and any parallel partnership. Finally, in the event that a partnership and parallel partnership raise more capital than the target amount, NYSIF's combined commitment to the partnership and parallel partnership shall not represent more than 25% of the total combined cumulative capital commitments to the partnership and parallel partnership.
- Alignment of Interests: Staff shall actively negotiate partnership agreements on

behalf of NYSIF with a prime directive to ensure that interests of the general partners are aligned with NYSIF's and supported by all other similarly positioned limited partners. This should include a competitive fee structure and a participating interest in the investment commensurate with the risk being taken.

- Special Services: The Staff or the investment consultant may be required from time to time to engage specialized firms to conduct due diligence with respect to general partners or sponsors, and to manage non-cash distributions from affected investments under the RE Program.
- Legal Confirmation: For each commitment under the RE Program, Staff may retain outside legal counsel or otherwise procure expert legal advice.
  No commitment under the RE Program shall close without written confirmation from appropriate counsel that any documentation negotiated specifically by or on behalf of NYSIF has been satisfactorily completed.

C. Considerations, Criteria and Process for Selection of Private Markets Program

For alternative investments made under the PM Program, the Chief Investment Officer shall consider the strategic objectives of the Board as set forth in the Investment Policy Statement (including objectives relating to diversity and inclusion, ESG and responsible contracting), NYSIF's Board-approved strategic asset allocation, and the legal and economic terms of such investments.

In addition, for each prospective investment to be made under the PM Program, NYSIF Staff, in consultation with its Investment Consultant, will manage an operational and investment due-diligence review that includes, but is not limited to, the following considerations:

- the sufficiency of the legal and economic terms and of the fiduciary duty governing the investment;
- the overall portfolio needs, including the diversification benefits to the overall portfolio of the investment;
- the organization and organizational stability of the entity sponsoring, managing and/or otherwise affiliated with the investment;
- the timing and structure of potential capital calls and distributions, fees and total costs of the investment.

The Chief Investment Officer will advise and apprise the Investment Committee on the results of the review and on funding commitments. NYSIF Legal will review investment materials and information and advise the Chief Investment Officer about the favorability, legal risks, and sufficiency of the terms and provisions of an investment in accordance with the Investment Policy Statement, applicable law, and generally accepted legal standards for alternative investments.

ATTACHMENT B
Custodian Set-up and Documentation

1. New Account Set-up Information

   DDA Linked Custody Account

2. Securities Delivery Instructions

   JP Morgan Chase Bank

3. Money Market Fund Sweep Account

   TBD

MUTUAL NONDISCLOSURE ACCORD BETWEEN
NYSIF and ____________________

WHEREAS, _________________________('MANAGER') is a certified and registered investment manager; and

WHEREAS each party desires to maintain and not misuse any Confidential Information contained in such files and materials;

NOW, THEREFORE, the parties agree as follows:

1. NYSIF grants MANAGER authority and discretion to direct the investment and reinvestment of assets in that portion of NYSIF Permissible Securities and cash.

2. All files and data are provided for the sole purposes of performing the above service. All files and data provided will be considered Confidential Information; the confidential nature survives termination of the Investment Manager contract and shall last for a period of six (6) years after termination. Confidential Information may only be used by MANAGER. MANAGER may not, without NYSIF's written consent, copy or store any portion of said data in any written or electronic format other than as necessary to comply with the agreed service(s). In the event that the copying of Confidential Information to MANAGER's equipment is necessary to provide the service, then such copying will be performed in a manner that permits permanent deletion from MANAGER's equipment and networks. No permanent copy of the Confidential Information will be made by MANAGER. NYSIF may request return of the Confidential Information and copies sooner than the conclusion of the contract.

3. Confidential Information will be disclosed only to those MANAGER's employees who are necessary to create and/or participate in the service. Each such employee will be instructed in the confidential nature of the data. MANAGER will take all necessary safeguards and actions to prevent the unauthorized copying or use of the Confidential Information or the information contained therein. MANAGER will notify NYSIF immediately of any loss, accidental or otherwise, of the Confidential Information thereof or of any unauthorized disclosure of the Confidential Information.

4. Upon completion of the service, any Confidential Information provided by NYSIF will be returned to NYSIF in a secure manner. At such time, all Confidential Information shall be permanently deleted from MANAGER's equipment and networks (if any such data or information remains) in a manner that will not permit recall of the data. MANAGER may (1) retain copies of Confidential Information that is required to be retained by law or regulation and (2) in accordance with legal records retention requirements, store such copies and derivative works in an archival format which cannot be returned or destroyed.

5. MANAGER shall maintain accurate records and accounts of services performed and money expended under this Accord and shall furnish or make available such supplemental accounts, records or other information as are required in the event of a security breach and/or to substantiate any expenditure or report to NYSIF, or as may be necessary for auditing purposes or to verify that expenditures were made and/or proper non-disclosure procedures were implemented as required by this Accord. Such records, accounts and all supportive

documentation shall be kept for the balance of the calendar year in which they were made and six (6) years subsequent to the date of conclusion of the Investment Manager contract.

6. In the event of a Breach of Security involving NYSIF supplied Nonpublic Information from systems owned, operated, sub-contracted or otherwise routed through MANAGER's systems or networks, MANAGER shall notify NYSIF immediately, without unreasonable delay. "Breach of Security" shall mean the unauthorized acquisition or acquisition without valid authorization of computerized data that compromises the security, confidentiality, or integrity of personal information maintained by a business. "Nonpublic Information" shall mean all electronic information that is not publicly available information and is: (1) business related information of NYSIF the tampering with which, or unauthorized disclosure, access, or use of which, would cause a material adverse impact to the business, operations or security of NYSIF; (2) any information concerning an individual which because of name, number, personal mark, or other identifier can be used to identify such individual, in combination with any one or more of the following data elements: (i) social security number; (ii) drivers' license number or non-driver identification card number; (iii) account number, credit or debit card number; any security code, access code or password that would permit access to an individual's financial account; or (iv) biometric records; (3) any information or data, except age or gender, in any form or medium created by or derived from a health care provider or an individual and that related to: (i) the past, present or future physical, mental or behavioral health or condition of any individual or a member of the individual's family; (ii) the provision of health care to any individual; or (iii) payment for the provision of health care to any individual.

7. No license or additional rights of any kind to NYSIF data is granted to MANAGER by this Accord. The obligations hereunder will bind MANAGER's successors and assigns.

8. This Accord will be governed by the laws of the State of New York without regard to the principles of conflict or choice of laws. Jurisdiction for all purposes shall be in the State of New York.

9. The parties agree that the Standard Clauses, attached as Exhibit A to the Investment Manager contract, shall be incorporated by reference into this Accord and that in the event of a conflict between any term or condition in the text of this Accord and Exhibit A, that the terms of Exhibit A shall govern and control.

10. This Accord shall be binding upon the parties hereto and inure to the benefit of the parties hereto, their respective successors and permitted assigns upon execution of the Investment Manager Contract.

ATTACHMENT D

Investment Accounting General Data Requirements

- For investment accounting purposes:
  - If NYSIF internally performs recording of investment transactions for accounting purposes, which is the case at present, then MANAGER shall provide over FTP:
    - By 8:00 A.M. Eastern Standard Time (EST) each weekday, in the format (e.g., field ordering and formatting) NYSIF's vendor-provided investment accounting system accepts, and with all data the investment accounting system requires:
      - A trade file containing, for activity from the previous weekday, one record for each buy trade, sell trade, and trade cancel.
        - Note: "Cancel / corrects" (i.e., trades cancelled and then corrected) require two records: one for the cancel, and one for the new ("corrected") trade.
        - Note: For securities for which outstanding principal decreases over their lives – thereby involving "factors" (a number between [and inclusive of] zero and one representing percentage of outstanding principal remaining) – "factor updates" require two records: a "cancel" record for the original trade with the original factor, and a "new" record for the trade with the updated factor. This requirement pertains only to factor updates before or at trade settlements, not after settlements. A non-exhaustive list of examples of security types involving factors is: mortgage-backed, asset-backed, and sinking fund securities.
      - The following items, for all securities for which both of the following are true: (i) the security was traded for NYSIF's portfolio for the first time, and (ii) security master data is not available to regular subscribers to the Bloomberg Professional service (i.e., the Bloomberg Terminal):
        - A security master file.
        - A security attribute file, which contains the following information, as applicable: floating rate schedules, sinking schedules, and stepped rate schedules.
    - By 12:00 P.M. EST the third business day of each month, a single file, in NYSIF's preferred format, that contains:
      - Prior month-end market prices for any securities for which NYSIF's custodian does not have prior month-end market prices it is able to supply NYSIF under NYSIF's standard custodial agreement.
      - Credit ratings for any securities for which the Bloomberg Professional service does not contain at least one credit rating from a Nationally Recognized Statistical Ratings Organization (NRSRO) whose ratings are accepted by the National Association of Insurance Commissioners (NAIC) for Statutory Accounting purposes. This list can be found in the latest available "Purposes & Procedures Manual of the NAIC Investment Analysis Office." As of December 2021, acceptable NRSROs included:
        - Moody's Investors Service, Inc.
        - S&P Global Ratings

    - Fitch Ratings, Inc.
    - A.M. Best Rating Services, Inc.
    - DBRS, Inc. (DBRS Morningstar)
    - Kroll Bond Rating Agency, LLC.
    - Egan-Jones Ratings Co.
    - HR Ratings de Mexico, S.A. de C.V.
- If NYSIF engages an external service provider to perform recording of investment transactions for accounting purposes, which is anticipated to occur in the future, then MANAGER shall work in good faith with such service provider to accommodate reasonable timelines, methods, data sets, and formats set forth by such service provider to enable timely recording of transactions.

ATTACHMENT E
Manager's Investment Specifications
Municipal Bond Portfolio, Taxable Municipal Fixed-Income Securities

1. INVESTMENT OBJECTIVE

The investment objective of the portfolio is to generate long-term performance and stable income by investing in taxable municipal fixed-income securities. The taxable municipal fixed-income Manager ("Manager") shall invest and reinvest the cash and securities allocated to them and deposited in their account in a prudent manner. Manager shall not make a distinction between principal and income and shall prioritize preservation of capital.

The assets in the Account shall be at least 95% invested in U.S. taxable municipal fixed-income securities, unless Manager has received prior written approval from NYSIF for an allocation below that level. Amounts not invested in taxable municipal fixed-income securities shall be invested in accordance with the terms of this Attachment B.

2. PERFORMANCE BENCHMARK(S)

The total return of the portfolio will be compared to the total return of the ICE BofAML Broad US Taxable Municipal Securities Custom Screened Index (Ticker: Q87A).

3. REALIZED CAPITAL GAIN AND LOSS ANNUAL AUTHORITY

With respect to trading activity, if any proposed transaction would result in a gain or loss in excess of $1mm on a single portfolio position, Manager shall notify NYSIF and obtain approval from NYSIF prior to the execution of the trade. This is not intended to exclude trade activity, although turnover is expected to generally be low, subject to Manager's discretion. Manager shall also provide a quarterly opinion on any Other than Temporary Impairment (OTTI) on holdings in the portfolio, as applicable.

4. NEGATIVE CREDIT EVENTS

If, after purchase by Manager, the rating of a holding falls below A-/A3 (by any of Moody's, S&P, or Fitch), Manager shall provide NYSIF with a detailed credit opinion, including a recommendation to hold or dispose of the security, with any sale requiring NYSIF approval. Regardless of rating level, Manager shall report on any security that drops by 3 or more rating notches (by any of Moody's, S&P, or Fitch) since purchase within 10 days of the rating action triggering such condition.

5. PERMISSIBLE INVESTMENTS

Account may invest in any or all the following:

U.S. Taxable Municipal Bonds:

Taxable Bonds issued by a U.S. State, Municipality, County, Territory, or Quasi-Municipal Corporation (including Colleges, Universities, and Hospitals; Corporate Obligors are not permitted); and Taxable Variable Rate Demand Notes (VRDNs)

For Amounts Not Invested in U.S. Taxable Municipal Bonds

- Cash
- Cash Equivalents, subject to the following restrictions. Any money-market instrument must have no fewer than two short-term ratings from the following list: P-1 or MIG1 or VMIG1 (Moody's) / A-1 or SP-1 (S & P) /F1 (Fitch).
    - If all three ratings are not in the top category (e.g. Moody's P-2), then the lowest rating must have a stable outlook.
- Money-market funds, provided that any such fund shall have no fewer than two mutual-fund ratings from the following list: Aaa-mf (Moody's) / AAAm (S & P) / AAAmmf (Fitch).
- Direct obligations of the United States Treasury
- Excess cash will be swept overnight by the Designated Agent Bank and interest will be credited to the Manager's Account and performance (as noted in Section 9 of the Agreement for Muni Asset Investment Manager State of New York State Insurance Fund Contract). Manager has discretion (but no obligation) to invest cash in other cash equivalents that offer a higher interest rate than the Designated Agent Bank has agreed to provide NYSIF, as deemed appropriate and in the best interest of the portfolio objectives.

6. Prohibited Investments

- CUSIPs where the underlying obligor (whether or not the obligor is the nominal issuer of such CUSIP) owns or operates hospitals or other health-care facilities, and where the majority of revenue derived from those activities comes from facilities situated in New York City. The obligation of any bond insurer with respect to any CUSIP shall be ignored in making this determination.
- Zero Coupon Bonds and/or Capital Appreciation Bonds (CABs)
- Tax exempt bonds <u>without prior NYSIF approval</u>
- Non-USD denominated debt

7. CREDIT QUALITY

Short term securities must meet the ratings criteria noted in Section 5, above.

Long term securities must have at least one rating of A3 or A- at time of purchase by any of Moody's, S & P, or Fitch.

A provisional rating (as assigned by a rating agency) or an expected rating (as described by a lead underwriter in the marketing materials for a new issue or a remarketing issue) shall qualify as an actual rating.

The weighted average credit rating (weighted by market value) of the portfolio shall be maintained at A+/A1 or higher. The ratings agencies shall be Moody's Investor Service, S&P and Fitch Investor Service. If a security is rated by all three rating agencies, the middle rating shall apply. If a security is rated by two rating agencies, the lower rating shall apply. If only one rating exists, that rating shall be used.

8. TARGET DURATION

The portfolio shall have a duration that is within +/- 0.5 year of the benchmark.

9. TRACKING ERROR

Manager shall target an ex-ante and ex-post tracking error of 1.0% per annum over a market cycle. NYSIF will consider the ex-post tracking error to be a "soft limit". If Manager believes there is justification for exceeding this limit, Manager may request that NYSIF agree to increase the target. However, NYSIF expects that Manager will remain under the 1.0% limit over the long-term (i.e., a multi-year horizon).

Manager shall include the ex-ante and ex-post tracking error of the portfolio in each of its quarterly reports. Any quarter that has an ex-ante and/or ex-post tracking error greater than 1.0% shall be discussed with NYSIF and explained.

10. LIMITS ON CATEGORIES AND ISSUERS

Manager may request approval from NYSIF to exceed the limits shown below on a case-by-case basis. Unless NYSIF grants approval, Manager must follow these limits throughout the holding period.

The ratings agencies shall be Moody's Investor Service, S& P and Fitch. If a security is rated by all three rating agencies, the middle rating shall apply. If a security is rated by two rating agencies, the lower rating shall apply. If only one rating exists, that rating shall be used.

Limits by Issuer	
Categories	**Per Issuer**
Cash and Cash Equivalents	5%
Pre-Refunded (by US Full Faith and Credit Bonds)	5%
AAA Rated	5%
AA Rated	5%
A Rated	3%
BBB Rated and below	1%

Additionally, BBB Rated securities, as a category, shall not exceed 3% of the portfolio at all times.

11. COMMUNICATIONS AND REPORTING

Portfolio Reporting

Manager shall provide NYSIF with a reporting package quarterly that contains: performance statistics, transaction details including realized gains and losses, and portfolio appraisals detailing cost, market value, and accrued interest of securities held. Additionally, Manager shall provide NYSIF with an overview and commentary of the muni market.

Meetings

- Manager shall review the portfolio(s) with NYSIF Investments Department Staff quarterly.
- Manager shall have bi-weekly muni market calls with NYSIF Investment Department Staff to discuss market color. The calls may be changed to be less frequent at NYSIF's discretion.

Performance Measurement

Manager shall measure and compare Portfolio performance to Benchmark noted in Section 2. Manager shall also produce quarterly attribution reports showing relative performance against the stated benchmark.

Guideline Changes

Any amendments to these guidelines shall become effective only upon agreement between NYSIF and Manager. NYSIF shall deliver proposed amendments to Manager in writing no less than 10 business days prior to the effective date.

12. APPLICATION OF GUIDELINES

Unless otherwise stated, investment guidelines are to be applied to the portfolio at the end of the invest-up period. The invest-up period will end at the end of the calendar month when the account is fully invested. Securities contributed by NYSIF into the account shall be considered Permissible Investments until liquidation by the Manager.