WASHINGTON STATE INVESTMENT BOARD (WSIB)
EMERGING MARKETS EQUITY MANAGEMENT
SEARCH DOCUMENT

Search Objective:
The WSIB is seeking firms to actively manage emerging markets equity portfolios in the
Commingled Trust Fund (CTF). WSIB prefers candidate firms with the ability to manage
portfolios against a broad benchmark such as the MSCI Emerging Markets Investable Market
Index (MSCI EM IMI). Other mutually agreed upon benchmarks may be acceptable. The WSIB
will also consider mandates focused on China with access to China A shares. For these mandates
a benchmark will be mutually agreed upon. Throughout the remainder of this document, broad
emerging markets equity portfolios and mandates focused on China (as described above) will be
referred to as ‘emerging markets equity product(s)’. The average annualized total return of the
portfolio (net of all fees) is expected to exceed the benchmark by 200 to 300 basis points or more
over a full market cycle.

Potential candidates should review the minimum, desirable and undesirable qualifications set
forth. Interested candidates who meet the minimum qualifications may participate in this search
process by following these steps:

1. If a potential candidate’s emerging markets equity product(s) are not yet in each of the
   following consultant databases, please contact each of the following people to obtain the
   necessary questionnaire/requirements for the submission of information into the
   respective consultant’s database.

   - Callan LLC (Callan) database, Marina van Steen, at 415-274-3024;
     vansteen@callan.com

   - Meketa Investment Group (Meketa) database, David Hetzer, at 781-471-3628;
     dhetzer@meketagroup.com

2. If a potential candidate’s emerging markets equity product(s) are currently in both
   Consultants’ databases, the candidate must ensure that all information is current and
   accurate. Information should be submitted in the manner each consultant requires and
   should be provided in the manner the offering firm desires it to be seen and evaluated.

3. In addition, candidates will need to ensure that the eVestment database is up to date
   with complete data as of September 30, 2018 and updated each quarter subsequently.

   - eVestment database, Paul Louden, at 678.569.1465, paul@evestment.com

To be clear, relevant and current data must be in the Callan LLC database, the Meketa
Investment Group database and the eVestment database no later than January 14, 2019, at
4:30pm PST, with data updated quarterly throughout the search.
Background

The Washington State Investment Board (WSIB), with assets of more than $120 billion, manages globally diversified portfolios with long-term investment strategies that serve 17 public employee retirement plans, 18 other public trust funds and more than 500,000 public employee beneficiaries. The CTF represents the assets covering all of the defined benefit obligations of the state. In the CTF, public equity is the largest targeted allocation and is a mix of passive and active mandates. Reference links are provided below for more information:

- Information on the WSIB and its investments can be found on this website: http://www.sib.wa.gov/
- Information on the Public Equity program of WSIB can be found here: http://www.sib.wa.gov/financial/pdfs/pue_op.pdf

Selection Criteria/Minimum Qualifications

As of September 30, 2018 candidate firms must satisfy the minimum requirements as outlined below in order to be considered for selection to this mandate:

A. Must currently provide an emerging markets equity product (as previously defined).
B. The product must be long only and retain daily liquidity (no lock-ups or gates of any kind will be considered).
C. Must act as a fiduciary when performing these services and certify in writing to that fact.
D. Must be a U.S Securities and Exchange Commission (SEC)-registered investment advisor, an advisor exempt from registration (Form ADV, Parts 1 and 2, or disclosure of the exemption must be submitted), or registered with the appropriate foreign regulatory body.
E. Must be GIPS Compliant for the investment product/s being offered. Firms that are not currently GIPS Compliant may submit a written commitment that should they be awarded a mandate, they will become GIPS compliant within twelve months of contract signature.
F. Employees and/or the organization must not have, nor could they potentially have, a material conflict with the WSIB or the consultants hired for this search.
G. Must be willing to provide WSIB staff transparency into all material aspects of the investment process.
H. Must have adequate fiduciary insurance coverage. At a minimum, each Candidate must provide proof of Errors and Omissions/Professional Liability Insurance.
I. Must conduct an annual SSAE16 audit or have in place an appropriate operational control structure that will be evaluated by WSIB and judged to be a reasonable alternative.
J. Must be able to contract, communicate, and provide all materials and reporting requirements in English.
Desirable Qualifications

The following characteristics are desirable (measured as of September 30, 2018):

A. Have a total of at least $500 million in emerging market equity product(s) managed for pension funds, endowments and/or foundations.

B. Have at least three (3) years of actual performance history (not combined or simulated) for the investment product/team.

C. Have consistently added value over appropriate benchmarks for the product over full market cycles.

D. Able to offer a separate account; although commingled vehicles will be considered.

Undesirable Qualifications

The following characteristics are undesirable (measured as of September 30, 2018):

A. A history (particularly in recent years) of significant client or investment professional turnover.

B. Organizational instability, including but not limited to any financial distress.

C. Any evidence of legal or regulatory issues.

D. A material change in the past three years to the investment process, which would alter future expectations for the return potential of the portfolio.

Contract

The terms, conditions and approach to the contract will be based on the sample contract that will be provided during due diligence to candidates who reach a final stage.

Candidates for this mandate will be expected to perform duties under a contract with the care, skill, prudence, and diligence under the circumstances then prevailing that an ordinary prudent investor, acting in like capacity and familiar with such matters, would use in the performance of similar services, all in accordance with the applicable federal and state laws as well as WSIB policies, guidelines, and procedures. The candidates will not: (a) deal with WSIB assets in candidate’s own interests or for its own account, or the account of its principals or affiliates; (b) act in any transaction involving WSIB assets on behalf of a party, or represent a party, whose interests are known to candidate to be adverse to the interest of the WSIB; (c) take any action or render any services when candidate’s independence of judgment on behalf of the WSIB is or could reasonably be affected; or (d) receive any consideration for its own account, or for the account of any of its principals or affiliates, from any third party that candidate knows or should know is being offered or given with the intention to influence the advice or services required or rendered under an Agreement with the WSIB.
**Search Modification**
The WSIB reserves the right to change the search schedule or to modify any part of the search by issuance of an addendum which will be posted to the WSIB website. Candidates are advised to check the site regularly prior to the due dates.

**Description of Evaluation Process**
The WSIB will use any and all information that is gathered from any source in selecting the successful candidate(s). Sources of information include but are not limited to: electronic submittals; consultant candidate material; subsequently requested written materials; site visits; in-person, telephone, and/or video interviews; oral presentations and any other relevant material.

Material will be evaluated by WSIB staff who will make a set of recommendations to the WSIB Board of Trustees. During the evaluation process, WSIB reserves the right to request additional information or clarification from candidates. At the discretion of the WSIB, either telephonic/video, in-person, or on-site interviews may be requested of candidates. The candidate(s) selected may be required to make a presentation to the WSIB Public Markets Committee.

Further, the WSIB reserves the right, at its sole discretion, to reject, without penalty, any and all candidates. The final selection, if any, will be the candidate(s) that in the opinion of the WSIB best meet requirements and whose selection is in the best interest of the WSIB and the state of Washington.

In the selection process, WSIB will at its sole discretion select the candidate(s) that are the best fit in awarding the contract. WSIB reserves the right: (i) not to select any candidate; (ii) to select any particular product for further consideration; (iii) to accept a candidate other than the lowest cost provider; (iv) to remove a candidate from consideration at any time for criteria that is judged not in the best interest of the WSIB; or (v) to reject any and all candidates if such action is considered by WSIB in its sole discretion to be in the best interests of WSIB.

**Evaluation Criteria**
The following criteria may be used by the evaluators to assess each candidate firm’s appropriateness for selection to present to the Public Markets Committee.

<table>
<thead>
<tr>
<th>Candidate Evaluation Criteria</th>
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<tbody>
<tr>
<td>Organizational Review (i.e., ownership, firm structure, stability, resource allocation, etc.)</td>
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<tr>
<td>People (i.e., qualifications, experience, roles, responsibilities, and skills, etc.)</td>
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<tr>
<td>Business Profile (i.e., assets, existing and potential products, clients, business plan, financial and operating strength, alignment of interests, etc.)</td>
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<tr>
<td>Philosophy and Process (i.e., clarity, flexibility, competitive advantages, buy/sell discipline, resources, etc.)</td>
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<tr>
<td>Portfolio Construction (decision process, weighting methodology, risk management, etc.)</td>
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<tr>
<td>Portfolio Characteristics (risk exposures, allocations, etc.)</td>
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<tr>
<td>Performance profile and characteristics (up/down market analyses, attribution, style analyses, stress tests, diversification benefits and/or correlation with other managers, etc.)</td>
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<tr>
<td>Client Communication and Services</td>
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<tr>
<td>References</td>
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<tr>
<td>Other relevant factors</td>
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Compensation and Payment

The compensation for providing services and advice under this search shall be subject to negotiation based on the firm’s fee proposal. Once the successful firm(s) is selected, the fee may be further negotiated. In no event shall the fee exceed that set forth in the firm’s fee proposal.

Eligibility to Compete

WSIB generally does not permit firms to provide both investment and consulting services at the same time. Any firm(s) that, either as a parent company, subsidiary, or affiliate, is currently performing consulting services for the WSIB may not compete in this procurement. The firm(s), or any subsidiary, affiliate, or parent company thereof, selected as a result of this procurement may not compete, during the term of the resulting contract and any extensions thereto, in any subsequent WSIB procurement the main purpose of which is to hire a firm or firms for consulting purposes.

Timelines

The search period has begun and is expected to last through September 19, 2019. All candidates should be familiar with this schedule to track the progress of the search. Successful manager(s) will be expected to start their duties on or before December 31, 2019, when the assets are transferred or invested. Dates are subject to change.

SEARCH SCHEDULE

<table>
<thead>
<tr>
<th>EVENT</th>
<th>DATE (ALL DATES ARE ESTIMATES &amp; SUBJECT TO CHANGE)</th>
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<tbody>
<tr>
<td>Search Instructions Posted on WSIB Website</td>
<td>4:30 PM PST Friday, December 21, 2018</td>
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<tr>
<td>Advertise Search</td>
<td>Monday, December 24, 2018</td>
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<tr>
<td>Candidate Questions Due to Search Coordinator</td>
<td>4:30 PM PST Thursday January 3, 2019</td>
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<tr>
<td>Responses Posted for Candidate Questions</td>
<td>Wednesday January 9, 2019</td>
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<tr>
<td>Information Due into Consultants’ and EVestment Databases</td>
<td>4:30 PM PST Monday, January 14, 2019</td>
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<tr>
<td>Due Diligence of Candidate Firms by WSIB Staff</td>
<td>Ongoing during 2019</td>
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CANDIDATE FIRMS TRAVEL TO OLYMPIA, WA TO PRESENT TO WSIB STAFF

WSIB STAFF TRAVEL TO CANDIDATE FIRM LOCATIONS FOR DILIGENCE

PRESENTATIONS TO THE WSIB PUBLIC MARKETS COMMITTEE

Estimated to be March-April 2019

Estimated to be May-June 2019

September 10, 2019

Protest Process

WSIB is committed to ensuring a fair and open competitive process through this search. To that end, it will accept protests at two stages in the process—the first after candidates are selected to have a meeting with WSIB staff either in Olympia or by teleconference or videoconference and the second after announcement of the selection of the successful candidates but before contracts with those firms are executed by the candidate and the WSIB. The first protest process is limited to complaints asserting that the search unnecessarily restricted competition, the process was unfair or flawed, or the search requirements as stated prevented preparation of a meaningful response. The second protest process is limited to managers that are invited to meet with WSIB staff and undergo additional due diligence but that are not selected to advance. Any such managers will be provided with additional information about that process at the appropriate time.

Public Disclosure

Candidates are advised that the WSIB is a public agency of the state of Washington, and thus subject to the Washington Public Records Act, RCW 42.56. Records provided directly to the WSIB may be subject to public disclosure, though WSIB has limited, strictly construed exemptions from such disclosure. Candidates wishing to claim portions of any materials submitted to the WSIB as confidential and exempt from public disclosure are advised to carefully mark such portions; however, only truly proprietary and confidential sections or portions should be marked as such. Materials marked entirely as confidential containing clearly non-proprietary information, will not be treated as confidential by the WSIB.

WSIB BOARD CONTACT

The Search Coordinator is the sole point of contact for this procurement. Throughout the duration of this search, all communications are to be directed, in writing, to the contacts listed below.

WASHINGTON STATE INVESTMENT BOARD
2100 EVERGREEN PARK SW, P.O. BOX 40916
OLYMPIA, WA 98504-0916
ATTN.: Phil Brady, SEARCH COORDINATOR
TELEPHONE: (360) 956-4748
E-MAIL: phil.brady@sib.wa.gov

Alternatively

Christopher Fournier, ASSISTANT SEARCH COORDINATOR
TELEPHONE: (360) 956-4742
E-MAIL: christopher.fournier@sib.wa.gov
Contact by candidate’s staff or by anyone on behalf of the candidate with WSIB staff, Board members, or consultant(s) regarding this search after issuance of this search and not previously authorized by the Search Coordinator, will disqualify the candidate. However, contact with the consultant(s) is expressly authorized to coordinate the delivery of data into the database and to facilitate review and discussion with the consultant(s) as they gather information.