ILLINOIS STATE BOARD OF INVESTMENT
Responses to Submitted Questions: Defined Contribution Master/Trust Custody

This document serves as a formal response to the questions submitted through the process established by the Illinois State Board of Investment ("ISBI" or the "Board"). As stated in the Request for Competitive Proposals ("RFP"), questions concerning the RFP had to be submitted in writing via e-mail to the Search Contact by **12:00 PM, CDT, July 6, 2016**. Responses to questions properly submitted are consolidated into a single Q & A document as detailed below and posted on the Board's website on or about **July 15, 2016**. The Q & A document does not identify the source of the query.

1. Is there a file for the DC plan similar to the DB Custody/Master Trust Spreadsheet found on the ISBI website?

   Please refer to page one of the RFP.

2. Would ISBI please provide a list of accounts and type (commingled fund, mutual fund, cash, target date, collective trust, etc.) in addition to the three separate accounts listed in the RFP?

   The RFP apply only to the three separate accounts listed on page one of the RFP.

3. Would ISBI please provide holdings information – including: - Estimated market value by account - Estimated number of holdings by account for separate accounts?

   Please refer to page one of the RFP and the list provided below.

   MCV – 40 holdings

   LCV – 144 holdings

   Stable Value – 3,231 holdings

4. Would ISBI please provide the estimated number of trades for the separate accounts?

   Total annual buy and sell: 790

5. Would ISBI please provide the estimated transaction volumes for foreign exchange (custodian vs. 3rd party)?

   None. All three SMA's are 100% domestic - US domiciled.

6. Would ISBI please provide the estimated number of wires in and out?

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7. Is look through requested for any commingled funds or mutual funds?

   Not by the Custodian at this time.

8. Regarding the requirement "Must prepare monthly analytic reports in formats acceptable to ISBI", can ISBI please share an acceptable format?

   ISBI will not provide acceptable formats.

9. Are you contemplating having your custodial hold line item assets in addition to the

actively managed portfolios?

No, not at this time

10. Is the scope of this RFP for custody of the 3 separately managed accounts with a value of ~$728.5M?

Yes.

11. Notwithstanding the reference to "Master Trust", does the RFP contemplate Trust services or simply Custody Services?

No, the RFP contemplates simply Custody Services.

12. If the services are Custody only, must the respondent meet Minimum Qualification No 2 (authorization to conduct trust business in Illinois)?

Yes, the Respondent must be authorized to conduct a trust business in the State of Illinois. As stated in the RFP, Respondents must satisfy each of the following minimum qualifications for this RFP, in order to be given further consideration by ISBI. Failure to satisfy each of the requirements will result in the immediate rejection of the proposal. Failure to provide complete information will result in the rejection of the proposal.

13. Notwithstanding the Minimum Qualification No 1, will ISBI permit/consider proposals of a US domiciled, State-chartered, Federal Reserve member bank meeting the other minimum qualifications?

No, the Respondent must meet the requirements of Minimum Qualification No. 1 and all other Minimum Qualifications. As stated in the RFP, Respondents must satisfy each of the following minimum qualifications for this RFP, in order to be given further consideration by ISBI. Failure to satisfy each of the requirements will result in the immediate rejection of the proposal. Failure to provide complete information will result in the rejection of the proposal.

14. The scope of services section, A. Accounting, #7 asks to make a confirmation that we meet the requirement. How would you like us to do so? Is it expected that the entire scope should be included with the RFP response?

Please answer with yes or no.

15. Scope services section G. Reporting Requirements, #3. Would you please supply what you receive today so that we can confirm that we can supply in the format that is acceptable to ISBI?

ISBI will not supply what we currently receive. Please provide us with sample options.

16. Scope services section J. Fund Accounting, #1: Does Share Accounting refer to a Stable Value portfolio? Please share the current DC structure and/or schematic.

Accounts refer to the three individual accounts on the aggregate level, including composite of the three accounts.

17. Accounts and Market Value

Please see question #3.

18. Please provide the following information: Total number of positions/holdings held by country-

Please see question #3. All accounts and holdings are US domiciled.

19. Transactions Please provide the following information:

   A. Number of US buy/sell trades per annum- **please see question #4.**

   B. Number of Non-US buy/sell trades by country per annum –**please see question #4.**

   C. Number of Income and Dividends received per annum **-695 for the period 7/1/15 through 6/30/2016**

   D. Number of wires –**Please see question #6.**

   E. Number of Derivative transactions (Swaps, Options, Futures)- **N/A**

   F. Numbers of annual vendor checks – **Vendors are not paid by ISBI.**

20. Cash Management:

   A. What is your estimated average daily cash balance held in your current custodians sweep vehicle?- **the average from 4/1/2016-6/30/2016 was $35,753,751**

21. Performance Measurement and related services:

   A. How many composites are used? – **one composite is used**

22. Please indicate if you require or are interested in the following services. If so are the services needed on all account or only separately managed accounts?

   A. Custom Benchmark Performance: **Custom Benchmark calculation is not required.**

   B. If yes, how many custom benchmarks? –**Please see question #22 A.**

   C. Monthly Attribution –**Monthly attribution is not required.**

   D. Portfolio and Security Analytics- **Portfolio and Security Analytics are not required.**

   E. Monthly or daily? **N/A**

   F. Universe Comparison (Peer and Manager Universes)- **Universe comparison is not required.**

   G. Board Reporting- **Board reporting might be asked of you on occasion.**

   H. Are fund fact sheets required for the DC plan? **Yes, fact sheets are required.**

23. In addition to the information in the RFP, are there any areas of focus that may be of particular concern for ISBI, or that have prompted the request for proposal, that would assist us in customizing our RFP response?

   No, but ISBI is receptive to considering suggestions presented by qualified Respondents.