**Section 1650.3030 Private Market and Commingled Fund Searches**

a) Funds and managers are opportunistically reviewed as they are available in the market based on the System's tactical plans and quality of the fund's or manager's team, process and strategy.

b) Each year, staff, working with the consultants, prepare tactical plans for private market investments to the Investment Committee. The annual tactical plans establish allocation targets for opportunistic investments within the private equity, real estate, and diversifying strategies asset classes for the upcoming year. Tactical plans also establish investment guidance for segments of the System's real assets and income asset classes.

c) Summaries of the System's annual tactical plans are posted on the TRS website (https://www.trsil.org) following Board approval. Investment focus for the fiscal year is specified in the annual tactical plan summaries for all interested funds and managers to review.

d) Funds and managers interested in participating in the System's alternative investment program and meeting the investment focus specified in the annual tactical plans may identify themselves to the System or its consultants via email, as instructed on the TRS website.

e) Over the course of the tactical plan period, staff reviews all information received from funds and managers that best position the System's investment portfolio for its intended strategic allocation targets.

f) Staff eliminates any investment opportunities that fail to meet the System's qualitative requirements and/or do not fit into a strategic allocation defined in the annual tactical plans.

g) Any fund or manager meeting the criteria set forth in the annual tactical plan and deemed to be a complementary fit to the portfolio may be invited to interview with staff in person or via conference call.

h) Following favorable interview results and staff research into the fund offering or manager, the fund or manager may be asked to complete the System's standardized comprehensive due diligence questionnaire.

i) Following continued favorable review, staff proceeds with formal due diligence meetings, typically at the candidate firm's offices. Any recommendation for due diligence meetings must be approved by the applicable staff Oversight Committee.

j) After due diligence is completed, staff initiates fee and contract negotiations with the finalist firm. All contracts and related documentation relative to hiring a fund or manager, including any open items relating to fee or contract terms, must be disclosed and negotiated in final form prior to final commitment.

k) Any finalist firm that successfully passes due diligence review and fee and contract negotiations is presented to the applicable Oversight Committee. With applicable Oversight Committee approval, staff is authorized to implement the recommendation.

l) At the next scheduled meeting of the Investment Committee following the commitment, staff will provide the Committee a report of commitment activity.

(Source: Amended at 42 Ill. Reg. 13666, effective June 29, 2018)