

COMMONWEALTH OF PENNSYLVANIA
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

Placement Agent Policy



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Revision History

Placement Agent Policy
Established
Policy Revised

March 6, 2020
June 12, 2020



I. SCOPE

This Policy applies to all investments made by the Pennsylvania Public School Employees' Retirement System ("PSERS") through external Investment Managers that manage assets of PSERS' Defined Benefit Fund ("DB Fund") for transactions entered into after the effective date of this Policy.

II. PURPOSE

As fiduciaries, the members of the Board and IOP must act solely in the interests of the members of the System and for the exclusive benefit of the System's members. The purpose of this Policy is to bring transparency to placement agent activity to ensure the integrity of the Board's decision-making process, to avoid any potential conflicts of interest (or the appearance of the same), and to help ensure that all investment decisions are made solely on their merits and in a manner consistent with the fiduciary duties of the Board. For purposes of this Policy, "Board" and "Board member(s)" include designee(s).

III. POLICY

No Placement Agents shall be used and no payments from or on behalf of PSERS to Placement Agents shall be made in connection with PSERS' investments in or through Investment Managers, including without limitation any and all third party sponsors of general partners and/or managers of hedge funds, private equity funds, private credit funds, real estate funds, infrastructure funds, and public securities transactions. In addition, PSERS shall not bear any portion of placement agent fees incurred by Investment Managers or funds for the solicitation of third-party investors in connection with such investments.

This Policy shall be applied in a manner consistent with PSERS' fiduciary duty, demonstrating prudence and observing best practices. All investment decisions and recommendations must be free of impropriety or improper influence and the appearance of either.



IV. DEFINITIONS

A. Covered Associate: Any (i) partner, managing member or executive officer, or other individual with a similar status or function; (ii) employee who solicits a government entity for the investment manager and any person who supervises, directly or indirectly, such employee; and (iii) political action committee controlled by the investment manager or by any person described in (i) or (ii).

B. Investment Consultant: Person(s) or firm(s), including key personnel of such firm(s), who are contractually retained by PSERS to provide advice to PSERS on investments, Investment Manager selection, and other matters, but who do not exercise investment discretion.

C. Investment Fund: A private equity fund, private credit fund, public equity fund, venture capital fund, hedge fund, fixed income fund, real estate fund, infrastructure fund, or similar pooled investment entity that is, or holds itself out as being, engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting, owning, holding, or trading securities or other assets.

D. Investment Manager: An asset management entity that is seeking to be, or is, retained by PSERS to manage a portfolio of securities or other assets for compensation, or a person who manages an Investment Fund and who offers or sells, or has offered or sold, an ownership interest in an Investment Fund to PSERS. The Investment Manager may have full discretion to manage PSERS' assets, consistent with investment management guidelines provided by PSERS and fiduciary responsibility.

E. Person: An individual, corporation, partnership, limited partnership, limited liability company, or association, either domestic or foreign.

F. Placement Agent: Any Person directly or indirectly hired, engaged, or retained by, or serving for the benefit of or on behalf of, an Investment Manager or an Investment Fund managed by an Investment Manager, who acts or has acted for compensation as a finder, solicitor, marketer, consultant, broker, lobbyist, or other intermediary in connection with the offer or sale of (i) the investment management services of the Investment Manager or (ii) an ownership interest in an Investment Fund managed by the Investment Manager. Employees of an Investment Manager, including its registered broker dealer affiliate, are excluded from this definition provided they are not employed principally for the purpose of securing, or influencing the decision to secure, a particular investment transaction or investment by PSERS.



G. Placement Agent Fee: Any compensation or payment of a commission, finder's fee, bonus or any other benefit to be paid to a Placement Agent to perform sponsoring and/or brokering services on behalf of an Investment Manager, whether paid directly or indirectly, in connection with the placement/investment of specific investors (i.e. a third party investor, or group of third party investors).

H. Third Party Marketer: Any third party that performs general marketing services for an Investment Manager. If the marketer of an Investment Manager receives a Placement Agent Fee in exchange for its services, such marketer shall be considered a Placement Agent (and not a third-party marketer) for purposes of this Policy.

V. ROLES AND RESPONSIBILITIES

A. PSERS Board

The Board is responsible for reviewing and approving this Policy and any changes to it.

B. Chief Investment Officer ("CIO")

The CIO is responsible for implementing this Policy and suggesting revisions to this Policy.

C. Investment Office Professionals ("IOP")

IOP are responsible for monitoring compliance with the Policy and recommending to the CIO changes to this Policy. IOP are also responsible for ensuring that Investment Management agreements, guidelines, and implementation procedures associated herewith are consistent with this Policy.

D. PSERS Office of Chief Counsel and Fiduciary Counsel

The Office of Chief Counsel and fiduciary counsel are responsible for advising the CIO and the Board regarding legal compliance and fiduciary duties with respect to this Policy.



VI. PROCESS

A. Prior to any recommendation to proceed with the engagement of an Investment Manager, each Investment Manager is required to:

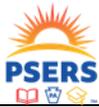
1. Provide a statement confirming that neither the Investment Manager, nor any of its principals, employees, agents or affiliates has compensated or agreed to compensate, directly or indirectly, any Person or entity to act as a Placement Agent in connection with any investment by PSERS.
2. Provide a statement whether the Investment Manager, or any of its principals, employees, agents or affiliates has compensated or agreed to compensate, directly or indirectly, any Person or entity to act as a Placement Agent in connection with raising the Investment Fund.

If the answer to VI., A, 2, is that the Investment Manager has compensated or has agreed to compensate a Placement Agent,

3. Provide the following information ("Placement Agent Information Disclosure") in writing to PSERS IOP and Office of Chief Counsel:
 - a. The name of the Placement Agent(s) and the relationship between the Investment Manager and the Placement Agent(s).
 - b. A resume for each officer, partner or principal of the Placement Agent (and any employee providing similar services) detailing the person's education, professional designations, regulatory licenses and investment and work experience. If any such person is a current or former PSERS Board member, employee or Investment Consultant or a member of the immediate family of any such person, this fact shall be specifically noted.
 - c. A description of compensation of any kind provided or agreed to be provided to a Placement Agent, including the nature, timing and value thereof.
 - d. A description of the services to be performed by the Placement Agent.
 - e. A copy of all agreements between the Investment Manager and the Placement Agent.
 - f. The names of any current or former PSERS Board members, employees, or Investment Consultants who suggested the retention of the Placement Agent.
 - g. The names of any current or former PSERS Board members or employees that are either employed or receiving compensation of any kind provided, or agreed to be provided, directly or indirectly by the Placement Agent.
 - h. A statement whether the Placement Agent or any of its affiliates are registered with the Securities and Exchange Commission or



- the Financial Industry Regulatory Association or any similar regulatory agent in a country other than the United States and the details of such registration or explanation of why no registration is required.
- i. A statement whether the Placement Agent or any of its affiliates are registered (or are required to be registered as of a date certain) as lobbyists with any state or national government.
4. Provide an update to PSERS of any changes to any of the information included in the Placement Agent Information Disclosure within ten (10) business days of the occurrence of the change in information.
 5. Represent, warrant, and certify to PSERS the accuracy of the information provided in accordance with this Policy, with a continuing obligation to update any such information within ten (10) business days of any change in such information.
 6. Disclose to PSERS any political contribution, gift or other item of value made or given to candidates for Pennsylvania office by the Investment Manager or any of its Covered Associates during the prior thirty-six-month period.
 7. Disclose to PSERS any political contribution, gift or other item of value made or given to any member of PSERS' Board, IOP, or Investment Consultant.
 8. Cause its engaged Placement Agent to disclose to PSERS any political contribution, gift or other item of value made or given to any member of the PSERS Board, IOP, or Investment Consultant, during the prior thirty-six-month period.
 9. Represent, warrant, and certify to PSERS that neither the Investment Manager nor any of its Covered Associates has made, coordinated or solicited a political contribution to an incumbent or candidate in violation of SEC Rule 206(4)-5 or any other applicable state or federal law.
 10. Acknowledge and agree to PSERS that any material omission or inaccuracy in information submitted by the Investment Manager pursuant to this Policy, including failure to properly disclose, misrepresenting, misstating, or omitting a relationship between the Investment Manager and a Placement Agent, may result in any or all of the following:
 - a. Payment to PSERS by the Investment Manager an amount at least equal to the greater of the management fees paid to the Investment Manager by PSERS for the previous two years and an amount equal to the amounts paid or promised to be paid to the Placement Agent by the Investment Manager.



- b. Immediate termination by PSERS of its agreement with the Investment Manager without penalty to PSERS.
- c. Prohibition of the Investment Manager and/or Placement Agent from soliciting new investments from PSERS for five years following violation of this Policy.

B. PSERS IOP are responsible for the following:

1. Providing Investment Managers with a copy of this Policy at the time that due diligence in connection with a prospective investment or engagement begins.
2. Confirming that the Placement Agent Information Disclosure has been received prior to any recommendation to proceed with the engagement of the Investment Manager.
3. Confirming that the final written agreement between PSERS and the Investment Manager provides that the Investment Manager shall comply with this Policy and be solely responsible for, and PSERS shall not pay (directly or indirectly), any fees, compensation or expenses for any Placement Agent used by the Investment Manager in connection with an investment by PSERS. A provision that allows the Investment Manager to pay Placement Agent Fees or compensation in connection with an investment by any third party investor in an Investment Fund from capital contributed by PSERS with a corresponding reduction in the management fee payable with respect to PSERS' investment in such Investment Fund shall not be regarded as a payment of the Placement Agent Fee or compensation by PSERS for purposes of this Policy.

C. Prior to any recommendation to proceed with the engagement of the Investment Manager, the Office of Chief Counsel is responsible for the following:

1. Reviewing the Placement Agent Information Disclosure and determining whether the Placement Agent Information Disclosure is in compliance with this Policy.
2. Providing the Placement Agent Information Disclosure and a no objection opinion to the Board and the CIO.
3. Notifying the IOP and the attorney assigned to the transaction of their determination.