



# Commonwealth of Pennsylvania Public School Employees' Retirement Board

<b>Policy Name:</b>	<b>Investment Due Diligence Package Policy</b>
<b>Policy Number:</b>	2025-POL-BD-01
<b>Effective Date:</b>	March 21, 2025
<b>Last Reviewed Date:</b>	March 21, 2025
<b>Executive Staff Contact:</b>	PSERS Executive Director and Chief Investment Officer

## I. Purpose

This policy's purpose is to identify due diligence information related to proposed investments that will be made available to the members of the Commonwealth of Pennsylvania, Public School Employees' Retirement Board ("Board") and their designees (herein referred to collectively as a "Board Trustee"), and how such information will be disseminated, thereby enhancing transparency and consistency of the same.

## II. Policy

### A. Investment Due Diligence Package

The documentation listed in Appendix "A" (referred to in the aggregate as the "Investment Due Diligence Package") shall be provided to the Investment Committee members no later than 14 days before the initial Investment Committee meeting addressing the proposed investment (the "Initial IC Meeting").

### B. Supplemental Due Diligence Package

1. The Investment Due Diligence Package provides the information necessary for Board Trustees to exercise, review, and fulfill their fiduciary obligations, but these materials shall be supplemented by the following documents listed in in this Section B (referred to in the aggregate as the "Supplemental Due Diligence Package") and shall be made available to Board Trustees who desire to request access. Such access requests shall be made pursuant to a standard request for supplemental material made in January or July of the current calendar year or made on an ad hoc basis at least 10 business days prior to the Initial IC Meeting addressing the investment or consistent with required notification of a commitment proposed pursuant to delegated authorization as described within Section IV. A of the External Manager Due Diligence and Monitoring Policy. All requests shall be made in writing, which may be made via electronic mail, to the Chief Investment Officer and the Executive Director. The Executive Director shall ensure that the Supplemental Due Diligence Package materials shall be made available within 8 business days prior to the Initial IC Meeting or within five business days following any ad hoc request related to a proposed commitment proposed pursuant to delegated authorization as described within Section IV. A of the External Manager Due Diligence and Monitoring Policy and in the manner described in Section C.

2. The following shall be the materials to be included in the Supplemental Due Diligence Package:
  - i. Private Placement Memorandum (when applicable);
  - ii. Institutional Limited Partners Association (ILPA) Standard Due Diligence Questionnaire (when applicable);
  - iii. PSERS Supplemental Due Diligence Questionnaire (when applicable).

### **C. Transmission Method of Supplemental Due Diligence Package**

1. Once PSERS procures or determines that PSERS current technology meets the needs described in Subsection C2 (the “Data Room Technology”), the Executive Director shall ensure that those Board Trustees who request the Supplemental Due Diligence Package materials are provided access to this material via the Data Room Technology.
2. The Data Room Technology shall include term search capabilities to the extent feasible and meet the data protection requirements satisfactory to the Investment Office, the Executive Director, and the Office of Chief Counsel.
3. Materials in the Data Room Technology are highly confidentiality and those with access shall be subject to confidentiality requirements generally applicable to employees and Board Trustees.
4. If current technology does not meet the needs described above, the Data Room Technology shall be procured within 90 days of the effective date of this policy and if this is not possible, the Executive Director, Chief Investment Office, and Chief Counsel shall jointly report to the Board every 14 days on the status of the procurement.
5. Prior to the implementation of the Data Room Technology, those Board Trustees who request the Supplemental Due Diligence Material shall receive access to the material through the Diligent Platform.

## **III. Related Policies/Issuances**

[External Manager Due Diligence and Monitoring Policy.](#)

## **IV. Compliance**

Where a Board Trustee or PSERS staff member learns or has actual knowledge of any material matter of non-compliance with this policy, such individual shall report the matter to the Chief Compliance Officer as soon as practicable. All reported instances on non-compliance will be investigated.

## **V. Responsible Committee and Frequency of Review**

1. The Responsible Committee for this policy is the Investment Committee.

2. This policy shall be reviewed by the Investment Committee every three years and when there are changes in the Board's strategic priorities and initiatives, risks or performance factors, legislation or regulation, actual or potential litigation, or recommendations from studies or audits that may impact the efficacy of the policy. The Investment Committee shall report the results of this review to the Board.

# Policy History:

## Summary of Changes:

Date	Version	Summary
03/21/2025	1.0	NEW Policy Adopted by Board Resolution 2025-16

# Appendix

## Exhibit 1 Investment Due Diligence Package List

1. In this Investment Due Diligence Package Policy, it is noted that documents made available to the public are designated as “public” and documents that are to remain confidential and not provided to the public are designated as “confidential”.
2. IO Staff’s Presentation for public session review describing important aspects of the proposed investment that can be disclosed publicly. Sections to include at minimum:
  - i. *Asset Class Considerations* (describes the investment amount in relation to the targeted allocation for the relevant asset class)
  - ii. *Recommendation Overview* (targeted return, fund size, commitment size, etc.)
  - iii. Strategy and Experience overview (describes the nature of the strategy employed by the organization)
  - iv. *Investment Considerations* (describes the key risks to the strategy and factors we believe help mitigate those risk.)
  - v. *Investment Highlights* (describes the key attributes making the investment opportunity particularly compelling)
  - vi. *Appendix Items*
    - a. *Investment Committee Disclosures*
      1. IF ANY: relationships, conflicts, contributions, related costs reimbursement, PA presence
      2. placement agent policy compliance
    - b. Asset Class Dashboard (present allocation, recent commitments, performance)
3. IO Staff’s Confidential Investment Memorandum Sections shall include at minimum:
  - i. Executive Summary of Recommendation, Strategy and Key Contract Provisions
  - ii. Overview of Firm and Investment Team
  - iii. Strategy Overview
  - iv. Investment Highlights
  - v. Investment Risks
  - vi. Track Record
  - vii. Additional Investment Committee disclosures (e.g. economics / fees)
  - viii. Detail on Pennsylvania presence

- ix. Summary of risk considerations relating to relevant legal, regulatory, compliance, background investigation, or other matters reasonably discoverable within the public domain that would most likely present significant pecuniary and/or reputational risk to PSERS.
  - x. A list of any Supplemental Due Diligence Material that is available for review. If a Supplemental Due Diligence Material item is not available or applicable, this will be noted.
4. Investment consultant's **publicly disclosed** memo shall include at minimum: recommending the investment opportunity and describing the steps they took to arrive at such recommendation (No proposal would reach the board without such independent assessment.)
5. Investment Consultant's **confidential** Investment Due Diligence summary, sections shall include at minimum:
- i. Executive Summary
  - ii. Review of Management Company
  - iii. Review of Investment Team
  - iv. Review of Strategy and Risk
  - v. Review of Track Record
6. Investment Consultant's **confidential** Operational Due Diligence summary. Sections shall include at minimum:
- i. Executive Summary
  - ii. Review of Operations and Infrastructure
  - iii. Review of Regulatory and Compliance Matters
  - iv. Review of Background Investigations
  - v. Review of Private Placement Memorandum and the proposed Limited Partnership Agreement provisions.
7. OCC's **confidential** "No-Objection Letter" in relation to placement agent information disclosure
8. **Confidential** Placement Agent Due Diligent Questionnaire
9. Investment Manager's **confidential** presentation addressing the fund investment under consideration.