

Sample Side Letter – Massachusetts Retirement System
(Mutual and/or Commingled Funds)

Date

Address to Chair and Members of the Retirement Board

Retirement Board
Street
City, State Zip

Re: Manager – name of fund

Dear Mr. Chairman and Members of the Board:

This letter is being written in connection with the XYZ Retirement Board’s (the “Investor” or “Board”) investment in the Fund (“Fund”), pursuant to the Fund Prospectus dated January 31, 2017 (“Prospectus”) with Supplement, the Fund Statement of Additional Information dated January 31, 2017 (“SAI”) with Supplement, and the Fund Application (“Application”). Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Fund.

1. Fiduciary Duties. The Manager (or “Investment Manager”) hereby acknowledge that it will act as a fiduciary with respect to the funds which the Investor invests within the Fund.

2. Indemnification. Notwithstanding any Fund Documents to the contrary, the Manager hereby acknowledges that the provisions of Massachusetts General Laws (M.G.L.), Chapter 32, Section 23B(k)(1)(b) prohibits the Board from directly indemnifying the Manager as well as any of the Manager’s agents or affiliates as it relates to the Board’s investment in the Fund. Accordingly, the Manager agrees that the Board’s participation in the Fund shall not impose any indemnification obligations on the Board, either as an Investor or individually as Board members.

3. Financial Reporting. In addition to the information required to be provided to Investors as set forth in the Fund Documents, the Manager agrees to furnish to the Board (1) a comprehensive written quarterly report which includes a review of investment performance, including the Fund’s relative performance, a review of any investments made with Board funds, a report on the Manager’s current investment outlook/forecast, and a strategy for the future (840 CMR 16.07(2)(a)); and (2) provide a copy of one such report to the Public Employee Retirement Administration Commission (“PERAC”) each year (840 CMR 16.07(2)(c)) the information set forth in 840 CMR 16.07.

4. Excuse from Certain Investments. The Investor has advised the Manager that the Investor, pursuant to M.G.L. c. 32, § 23(2)(b) and M.G.L. c. 32, § 23(2)(h), is limited in its ability to invest in Restricted Investments. For purposes of this paragraph, “Restricted Investment” shall mean an investment (i) in a bank or financial institution which directly or through any subsidiary has outstanding

loans to any individual corporation engaged in the manufacture, distribution or sale of firearms, munitions, including rubber or plastic bullets, tear gas, armored vehicles, or military aircraft for use or development in any activity in South Africa or Northern Ireland or (ii) in the securities of an entity which derives more than 15% of its revenues from the sale of tobacco products. Notwithstanding the foregoing, the parties acknowledge that PERAC has opined that by purchasing an interest in a fund, the Board is investing in the fund and not in any of the underlying investments. The parties further agree and acknowledge that nothing in this letter agreement shall prohibit, restrict or otherwise limit the Manager from making any investment consistent with the Fund objectives.

5. Disclosures. The Manager acknowledges the disclosure requirements set forth in M.G.L. c. 32, § 23B(k)(1)(c), (d) and (e) and specifically incorporates by reference the *New Vendor Disclosures Form* and the *Placement Agent Statement for Investment Managers* filed with PERAC and attached hereto as Exhibits A and B.

6. Severability. Every term and provision of this side letter agreement is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such term or provision shall be enforced to the maximum extent permitted by law and, in any event, such illegality or invalidity shall not affect the validity of the remainder of this side letter agreement.

[Remainder of page intentionally left blank]

All other terms and conditions and all other offering documents related to the Fund remain unchanged by this letter and in full force and effect.

If the above correctly reflects our understanding and agreement with respect to the foregoing matters, please so confirm by signing and returning the enclosed copy of this letter agreement.

THE FUND

By: THE MANAGER

Investment Manager

By: _____
Name:
Title:

Agreed to and acknowledged as of this
_____ day of April, 2017:

XYZ RETIREMENT BOARD

By: _____
Name:
Title: Chairman