

December XXXX

Dear Employee Retirement System and Fixed Income Investment Officer:

Thank you for including ABC ASSET MANAGER in the Employee Retirement System's ("ERS") search for a senior bank loan and short duration high yield investment manager. We sincerely appreciate being selected for evaluation in these asset classes and feel confident that ABC ASSET MANAGER not only meets, but exceeds every requirement set forth in the RFP as well as the *factors* for which ERS evaluates candidates. More importantly, ABC ASSET MANAGER is a leader in these two asset classes and brings a team of seasoned investment professionals with deep expertise to ERS and a clear strategic advantage.

Examining the fit of our two organizations, it is significant to note that the six core values which guide ERS are identical to those ABC ASSET MANAGER embraces for managing assets and the Firm — *service, integrity, respect, accountability, innovation and teamwork* — truly, these are ABC ASSET MANAGER's principles, the Firm's hallmark and foundation for conducting business across all areas of the organization. These values are elaborated upon in detail throughout the attached RFP responses.

The ABC ASSET MANAGER Professional Staff — Experience and Qualifications

The ERS separate account would be managed jointly by three of ABC ASSET MANAGER'S most experienced portfolio managers providing exceptional senior management of the assets for both high yield bonds and for the senior loan allocations. The combined years of investment experience for the three is more than a half century. LEADER, CIO/CEO, will act as a Joint Portfolio Manager with PORTFOLIO MANAGER ONE covering high yield and PORTFOLIO MANAGER TWO managing senior loans. LEADER has spent his entire career working in a variety of disciplines within the credit space, more than 25 years of investment experience.

PORTFOLIO MANAGER ONE is the Lead Portfolio Manager for the Long-Short Credit and Long-Only High Yield strategies in collaboration with a team of 15 research analysts. She began her tenure with the firm in 20XX as an analyst, focusing on bank loans, high yield bonds and distressed/reorganization equities. Within one year, PORTFOLIO MANAGER ONE was promoted, actively trading high yield instruments alongside the Portfolio Manager at the time. In 20XX, PORTFOLIO MANAGER ONE became the Lead Portfolio Manager for the Long-Short Credit Strategy. Under her guidance, the Strategy has consistently outperformed the benchmark, even during severe market environments. PORTFOLIO MANAGER TWO, Lead Portfolio Manager and trader for ABC ASSET MANAGER'S loan strategies, has more than XX years of investment management experience. He joined ABC ASSET MANAGER in 20XX as an associate portfolio manager for loan strategies and began in his current position in 20XX.

Consider this — when ERS reads the word, "team," remember that the CIO/CEO and five of the Credit Portfolio Managers have worked together for more than a decade, and the entire credit research team has been together seven years. ABC ASSET MANAGER'S investment professionals are in fact, a TEAM, agnostic to asset class and supported within the organization in every manner, from an open, trading floor configuration seating arrangement of all of the investment professionals to performance reviews which include mentorship and contribution to the team.

Risk Management Philosophy and Practices

ABC ASSET MANAGER'S philosophy maintains that successful asset management demands ongoing vigilance with respect to risk, not only throughout the entire investment process but built into the Firm's infrastructure, as well. Risk management begins with deep-dive fundamental research, including understanding the downside risk of every prospective investment. ABC ASSET MANAGER then employs disciplined portfolio construction focused on relatively liquid names to optimize the portfolio's risk profile and conducts ongoing active risk management daily to reinforce strategy objectives. Based upon deep individual sector knowledge, ABC ASSET MANAGER'S in-house credit analysts and PM's have a keen understanding of relative value and ability to price risk; when combined with years of hedging experience and the daily macroeconomic updates, the team knows when to put risk on or take risk off the portfolio to generate alpha while managing downside risk for our clients.

While risk management begins with the portfolio team's understanding of the market and their companies, the firm also has an independent Analytic Solutions Group which provides a comprehensive check and balance system to ABC ASSET MANAGER'S risk management process. Additionally, ABC ASSET MANAGER'S Risk Committee is responsible for overseeing business risks and determining the firm's risk policy. These include: market risk, issuer risk, counterparty liquidity risk, operational, regulatory and compliance risk.

Performance

In the nearly 1X years managing the Long-Short Credit Strategy and 1X years within the senior bank loan market, ABC ASSET MANAGER has developed a definitive strategic advantage; its foundation is the firm's repeatable research and investment process along with our proven investment philosophy. The twice daily scheduled team meetings, seating arrangement facilitating discussions and real-time knowledge transfer of macroeconomic news provides an information edge. Combine these factors with active portfolio management for seamless execution of ideas. The end result — ABC ASSET MANAGER is an agile, responsive, investment manager with the information and speed to take advantage of relative value opportunities, mispriced issues and market inefficiencies driving alpha for investors, superior returns, and consistent outperformance versus the benchmarks.

ABC ASSET MANAGER has extensive experience for a diverse investor base, including large public pensions, managing portfolios similar to the one under review for ERS. The primary objective for ERS' separate account portfolio of high yield bonds and senior bank loans is to outperform the respective relevant indices. Our success year after year since 199X, when the Long-Short Credit Strategy launched and from 200X for senior bank loans, clearly demonstrates ABC ASSET MANAGER'S expertise in these asset classes.

Performance Over a Full Market Cycle

The long and short sides of the Long-Short Credit Strategy, in a gross unlevered comparison to the Merrill Lynch High Yield Master II Index, have produced significant alpha versus the index. The gross long unlevered portfolio has outperformed the market every year since inception, while the short portfolio has outperformed in 1X of strategy's 1X full calendar periods. The performance of the short portfolio in particular, compares favorably to competitors who typically gain short exposure via index shorts rather than the use of single name bonds. Furthermore, the strategy is market-agnostic; our peers typically have a long or short bias. The ABC ASSET MANAGER Long-Short Credit strategy adjusts exposure to be net long or net short depending upon market conditions and the team's risk appetite.

ABC ASSET MANAGER'S edge is also evident in the fund's historical results, with an annualized return of X.X% net of all fees¹, a standard deviation of Y.Y% and Sharpe Ratio of Z.Z (measured versus US T-bills as the risk-free rate) since inception on DATE. The firm's decade-plus history managing the strategy illustrates our ability to navigate various market cycles and opportunistically devote capital to the most attractive investment opportunities over these cycles.

As of DATE, ABC ASSET MANAGER'S average annual net excess return since 200X of the Senior Loan Composite versus the Credit Suisse Leveraged Loan Index was X.X%. Therefore, an excess return of 150-200 basis points over a complete market cycle is a reasonable target for the senior loan allocation of ERS's portfolio. The target annualized tracking error versus the Credit Suisse Leveraged Loan Index is 4% or less. The ABC ASSET MANAGER Senior Loan Composite has produced a net annualized return of X.X% since inception in DATE.

¹ Performance figures exclude the returns on a pool of assets held by the FUND in a side pocket from DATE to DATE.

Annualized Returns			
As of DATE	YTD	1 Year	3 Years
FUND	X.X%	X.X%	X.X%
Merrill Lynch High Yield Index	Y.Y%	Y.Y%	Y.Y%
Credit Suisse Leveraged Loan Index	Z.Z%	Z.Z%	Z.Z%

Competitive Advantage

Founded as a market neutral hedge fund, ABC ASSET MANAGER excels at investing in single name high yield bonds. The Long-Short Credit strategy is ABC ASSET MANAGER’S core product, the engine powering the firm’s short and long market views for the credit platform. With XX years of managing this strategy, ABC ASSET MANAGER is highly skilled at generating and executing ideas via individual name bonds to drive returns as well as to mitigate overall portfolio volatility, acting as protection during market downturns. ABC ASSET MANAGER’S hedge fund shorting expertise provides a significant competitive edge not only for the Long-Short Credit Strategy but also for our Senior Bank Loan portfolios. The team’s long and short perspective and shorting skill provide insights to identify "problem" credits and industries to proactively avoid underperforming names. The proof is our average default rate of X.X% from DATE-to-DATE across ABC ASSET MANAGER’S loan strategies which is lower than the market default rate of Y.Y% over the same period.

Pricing

ABC ASSET MANAGER’S fee schedule and associated costs are comparable to our peers. A fee schedule is attached as Appendix I to the RFP.

Please find attached the completed responses to ERS’s RFP.

The ABC ASSET MANAGER team is available to answer any additional questions you may have with respect to the attached RFP or clarify the information we have provided. Please do not hesitate to reach-out to me initially at: SALESPERSON@ASSETMANAGER.com or 555-555-5555.

The professionals of ABC ASSET MANAGER welcome the opportunity to work with ERS and hope to be selected as your investment manager for high yield bonds and senior bank loans. We look forward to creating a successful long-term relationship with the Employees Retirement System, acting as a trusted advisor and valued partner with your governing Board of Trustees, administrative employees, and your constituents in the state of NAME.

Kind regards,

LEADER NAME, President
 ABC ASSET MANAGER
 ADDRESS
 PRESIDENT@ASSETMANAGER.com
 555-555-5555

SALESPERSON NAME, Head of US Institutional Marketing
 ABC ASSET MANAGER
 ADDRESS
 SALESPERSON@ASSETMANAGER.com
 555-555-5555