**Oklahoma Tobacco Settlement Endowment Trust (TSET)**

**Direct Lending RFP Questions and Answers**

1. **Cover letter: eVestment Alliance. Do you need to have your information listed in eVestment Alliance?**

No, if you fully complete the spreadsheets, that is sufficient. Use the full strategy name in your marketing materials.

1. **Do you need to have at least 2 US tax-exempt public funds?**

Yes

1. **Equity value/commitment clarification:**
2. **Fund Target Raise:**
   1. Answer with the equity capital you are raising exclusive of leverage.
3. **Equity Value of Competing Funds (page 3-4):**
   1. State the equity value, do not include leverage in your answer.
4. **As noted in questions #1 and #2 below, those sections are not applicable to a direct lending manager.  There is no need to fill them out. A revised RFI without those sections has been posted on our website.**
5. **Fund Strategy (page 5):** In the average deal size questions it says equity value and gross value…how do you define these given this is a debt fund? Are you looking for average check size?
   1. **This would be the average amount the fund will be investing per transaction**
   2. For Direct Funds: Existing or Pre-Specified Fund Investments (page 9)
      1. “Aggregate Value” – How should we calculate “Aggregate Value?”
      2. “Equity Value” – How should we calculate “Equity Value?”
      3. “Fund Equity Value” – How should we calculate “Fund Equity Value” and should the Fund Equity Value include or exclude fund-level leverage?
6. **Leverage Strategy – Fund Investments (page 10)**
   1. Is leverage referring to the amount of leverage at the portfolio company or leverage we apply to the investment?
      1. If the former, how should we calculate “leverage” if the fund is focused on senior debt, but there is junior debt in the borrower’s capital structure?  For example, if the transaction is 4.0x first lien leverage, 1.5x of second lien debt (5.5x total leverage), and total capitalization of 10.0x, would loan-to-cost be calculated as 40% (only through the fund’s investment) or 55% (total leverage through all facilities)?
7. **% of Last Three Funds should not be included if the current fund is still open fundraising.**
8. **Do you prefer levered or unlevered funds?**

The board will consider both levered and unlevered funds. Historically, there has been a preference for lower leverage, all things considered.

1. **Do you have a preference for separate or commingled accounts?**

We fully expect that this will be a commingled vehicle based on the size of the account.

1. **Will TSET sign a non-disclosure agreement?**

No, their legal counsel is not prepared to sign a non-disclosure agreement. We would suggest that if you are unwilling to share information with TSET without an NDA that you seriously consider not bidding.

1. **Does TSET have a preference for onshore or offshore vehicles?**

They have historically primarily invested in onshore vehicles

1. **Does TSET have a target return?**

While OK TSET does not have a specific target return by asset class, it is our belief that a conservative US direct lending strategy can reasonably target a high single digit return.

1. **Are we to use the “Competing Funds / Vehicles” section to list all SMAs with the same/similar strategy or just those vehicles that would directly compete for investments?**

Please list all SMAs with the same/similar strategy.

1. **Would a representative track record satisfy the minimum 5-year requirement?**

No, that would not be sufficient.