

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

**REQUEST FOR PROPOSAL (RFP)
FOR
INTERNATIONAL EMERGING MARKETS EQUITY MANAGER**

TIMELINE

Date of RFP issuance	May 31, 2017
Deadline for written questions to ACERA	June 14, 2017
Deadline for submission of Proposals	5:00 pm PT, July 7, 2017

Delivery of Proposals

The proposing Firm must submit one (1) complete electronic copy and one (1) paper copy of the Proposal to both of the following parties:

Emerging Markets RFP Working Group
ACERA
475 14th Street, Suite 1000
Oakland, CA 94612
Phone: (510) 628-3029
E-mail: EM-RFP@acera.org

Mr. Stephen Quirk
Verus Advisory, Inc.
333 Bush Street, Suite 2000
San Francisco, California 94104
Phone: (415) 362-3484
E-mail: squirk@verusinvestments.com

Note that both the electronic copy and the paper copy shall include the signatures as required by this RFP. The electronic copy shall be included on a CD or a memory stick and included with the hard copy. In addition to the above delivery requirements, your Firm may also submit an electronic copy of the Proposal to the e-mail addresses shown above.

TABLE OF CONTENTS

SECTION I: BACKGROUND & NATURE OF SERVICES REQUIRED	3
A. Introduction	3
B. Alameda County Employees’ Retirement Association (ACERA)	3
C. Investment Program	3
D. Scope of Services	4
E. Minimum Qualifications for Proposal	5
F. Selection Criteria	6
G. Frequently Asked Questions (FAQ)	7
SECTION II: PROCESS FOR SUBMITTING PROPOSAL	8
A. Submission of Proposal	8
B. Timeline for Search and Selection Process	8
C. Intent to Respond (Optional)	9
D. Quiet Period, Questions and Communication Regarding the RFP	9
E. Addenda to Request for Proposals	9
F. Ambiguity and Omissions in RFP	9
G. Preparation of the Proposal	10
H. Reservation of Rights	12
SECTION III: INFORMATION TO BE PROVIDED	14
Part A: Letter of Transmittal	14
Part B: Questionnaire	15
Part C: Additional Materials and Documents	26
Part D: References	27
Part E: Fee Proposal	28
Exceptions to ACERA’s Standard Investment Management Agreement	29
SIGNATURE BY AUTHORIZED OFFICER	29
APPENDIX I: ACERA’S GENERAL INVESTMENT GUIDELINES, POLICIES, AND PROCEDURES ..	30
APPENDIX II: ACERA STANDARD INVESTMENT MANAGEMENT AGREEMENT	31

SECTION I: BACKGROUND & NATURE OF SERVICES REQUIRED

A. Introduction

The Alameda County Employees' Retirement Association (ACERA) is soliciting proposals from qualified investment firms to manage ACERA's investment allocation to active International Emerging Markets Equity.

B. Alameda County Employees' Retirement Association (ACERA)

ACERA was established by the Alameda County Board of Supervisors under Ordinance No. 446, dated October 21, 1947, operative January 1, 1948. ACERA is a defined benefit pension plan that provides retirement, disability, and death benefits to the General and Safety members employed by Alameda County and other Participating Employers.

ACERA is specifically governed by the County Employees' Retirement Law of 1937 (CERL), contained in CA Government Code §§ 31450 – 31899.10, the California Pension Protection Act of 1992 contained in Article XVI, Section 17 of the California Constitution and the California Public Employees' Pension Reform Act of 2013 (PEPRA), contained in CA Government Code §§ 7522 – 7522.74 as well as relevant state and federal laws.

C. Investment Program

Plenary authority and fiduciary responsibility for the investment of monies and administration of the pension plan is vested in the ACERA Board of Retirement (Board) by, Article XVI, Section 17 of the California Constitution. Management of the pension plan is vested with the Board pursuant to CA Government Code §§ 31520.

As of December 31, 2016, the fund had an approximate market value of \$7.0 billion and was managed by outside investment managers. The current asset allocation is shown below.

As of December 31, 2016	Actual	Target
Asset Class	Allocation	Allocation
Domestic Equity	33.3%	28%
International Equity	27.8%	26%
Fixed Income	16.1%	15%
Private Equity and Alternatives	10.8%	18%
Real Assets	4.1%	5%
Real Estate	7.1%	8%
Cash/Other	0.7%	0%

The Board has approved a target allocation to active International Emerging Markets Equity of 10% within the International Equity asset class. The target allocation is shown below.

International Equity Asset Class	
Style	Target Allocation
Core Non-US Equity (Emerging Markets)*	10%
Core Non-US Equity Index (MSCI World Ex-US Index)	20%
Core Non-US Equity (Growth)*	20%
Core Non-US Equity (Value)*	20%
Core Non-US Equity (Quantitative)*	20%
Core Non-US Equity (Small Cap)*	10%

*Actively Managed

Note: A copy of ACERA's General Investment Guidelines, Policies, and Procedures has been included in Appendix 1 and can be found at <http://www.acera.org/download/general-investment-guidelines-policies-and-procedures>.

D. Scope of Services

ACERA is seeking a qualified Firm(s) to serve as a fiduciary to the Board and manage ACERA's allocation to active international emerging markets equity in accordance with the Minimum Qualifications approved by the Board (see Section E. below) The services to be provided by the Firm(s) shall include, but not be limited to, the following:

1. Investment Management

- 1.1 Management of ACERA's allocation to active international emerging markets equity in an institutional commingled product or separate account. A commingled product is preferred, with other terms being equal.
- 1.2 Adhere to ACERA's guidelines, policies and procedures set forth in the ACERA's General Investment Guidelines, Policies and Procedures (see Appendix 1) and ACERA's Standard Investment Management Agreement (see Sample Contract in Appendix II.)

2. Reporting

- 2.1. Provide weekly, monthly and quarterly reporting to ACERA, its Investment Custodian, and its Investment Consultant. Weekly reporting will include the units of the commingled product held by ACERA, the value per unit, total market value of ACERA's share of the commingled fund, and any transfer activity. (If a separate account is selected, weekly reporting will not be required.) Monthly reporting will include monthly compliance certification (including changes to the organization and key personnel, client turnover, material changes in holdings, and future anticipated changes in these items), monthly performance, soft dollar commission report, minority broker commission report, derivatives holdings report, reconciliation with custodian report, and Firm AUM report. Quarterly reporting will include quarterly summary

report, quarterly investment management fee calculation, and quarterly commentary.

- 2.2. Present performance review materials to ACERA's Investment Committee and Board on an annual basis or as needed.

3. Client Support

- 3.1. Attend ACERA's Investment Committee and Board Meetings as needed.
- 3.2. Participate in meetings or conference calls as needed.
- 3.3. Complete quarterly, monthly or ad hoc requests for information from ACERA, its Investment Consultant, and its Investment Custodian.
- 3.4. Provide assistance with appropriate information to satisfy public information requests or public reporting requirements.

E. Minimum Qualifications for Proposal

1. The Firm must agree to act as a fiduciary to ACERA.
2. The Firm must be registered as an investment adviser under the Investment Advisers Act of 1940, a bank (as defined in that Act) or an insurance company qualified to perform investment management services under state law in more than one state, including the State of California.
3. Separate or commingled account for the active emerging markets equity are acceptable; however, commingled account is preferred as long as other terms are equal.
4. The Firm should have \$1 billion or more in total AUM firm wide.
5. ACERA's investment portfolio (or account) should not comprise more than 25% of the Firm's total assets under management at any time in accordance with the General Investment Guidelines, Policies and Procedures.
6. The Firm must be directly responsible for the management of the account, and all personnel responsible for the account must be employees of the Firm or a legal joint venture partner.
7. The Firm must have a minimum five-year, continuous performance history managing the international emerging markets equity fund product for institutional investors by the existing portfolio manager or portfolio manager team. The performance history must be real time (i.e. not simulated or back-tested) and in compliance with CFA Institute (CFAI) Global Investment Performance Standards (GIPS).
8. The international emerging markets equity fund product must be benchmarked against the MSCI Emerging Markets Index.
9. The Firm must be able to provide monthly GIPS-compliant performance reports to ACERA, its General Consultant, and its Custodian Bank.
10. The Firm must be able to provide a minimum of monthly liquidity.

11. The Firm should carry the following minimum insurance coverage or should apply for it by contract execution¹:
- Commercial General Liability – \$4,000,000
 - Crime Coverage
 - i. Employee Dishonesty Coverage - \$10,000,000
 - ii. Computer Theft Coverage - \$1,000,000
 - Error and Omissions (Professional Liability) - \$10,000,000
 - Fiduciary Liability - \$25,000,000, or 10% of the total assets managed in the ACERA account, whichever is higher, unless the proposed contract specifies otherwise
 - Workers' Compensation and Employer's Liability - \$1,000,000
12. Attend ACERA's Investment Committee Meetings as needed.
13. The Firm must be willing to allow ACERA to review the latest 3-5 years of the firm's audited financial statements. In-office reviews are acceptable.
14. Once selected by ACERA as the finalist Firm, the Firm must consent to a background investigation.

F. Selection Criteria

ACERA will evaluate the Proposals relative to each other generally in accordance with the criteria and weighting percentages itemized below.

A. Organization	25 Points
1. History	
2. Ownership, Organization, Staffing	
3. Compliance	
4. Client Service	
B. Investment Team	30 Points
1. Strategy (e.g. Philosophy & Process)	
2. Experience	
3. Research Capabilities	
4. Other Resources	
5. Trading/Operations	
C. Performance & Risk	35 Points
1. Consistency Beating Benchmark	
2. Peer Group Ranking	
3. Risk (to benchmark/tracking error, upside/downside)	
4. Risk-Adjusted Returns	
5. Risk Management	
D. Proposed Fee Schedule/Structure	10 Points

¹ Subject to change upon final contract negotiation.

G. Frequently Asked Questions (FAQ)

1. Why is ACERA seeking an active international emerging markets equity manager?

ACERA recently adopted a new manager structure for the International Equity asset class, introducing an actively-managed emerging markets component to the target exposure for the asset class.

2. Will ACERA accept a proxy index for the MSCI Emerging Markets Index?

No. ACERA's asset allocation is modeled using the MSCI Emerging Markets Index, therefore, ACERA is not looking to deviate from that for this allocation.

3. Will a proposal of a separately managed account be acceptable versus a commingled fund?

Yes. However, ACERA's preference is for a commingled fund if terms are equal.

4. Will ACERA consider proposals to alternative settlements dates other than T+3?

Our preference is T+3 or better.

5. Is email an acceptable form of electronic submission?

Yes, however, we ask that a CD or thumb drive be delivered with the hardcopy proposal.

SECTION II: PROCESS FOR SUBMITTING PROPOSAL

A. Submission of Proposal

The deadline for submission of the Proposal is **5:00 pm PST, July 7, 2017**. The proposing Firm must submit one (1) complete electronic copy and one (1) paper copy of the Proposal to both of the following parties:

Emerging Markets RFP Working Group
ACERA
475 14th Street, Suite 1000
Oakland, CA 94612
Phone: (510) 628-3029
E-mail: EM-RFP@acera.org

Mr. Stephen Quirk
Verus Advisory, Inc.
333 Bush Street, Suite 2000
San Francisco, California 94104
Phone: (415) 362-3484
E-mail: squirk@verusinvestments.com

Note that both the electronic copy and the paper copy shall include the signatures as required by this RFP. The electronic copy shall be included on a CD or a memory stick and included with the hard copy. In addition to the above delivery requirements, your Firm may also submit an electronic copy of the Proposal to the e-mail addresses shown above.

B. Timeline² for Search and Selection Process

May 31, 2017	RFP published and posted on website
June 14, 2017	Deadline for submission of questions concerning the RFP
July 7, 2017	Deadline for submission of Proposals
September 13, 2017	Board of Trustees to approve qualified list of finalists for interviews
By October 18, 2017	Site visits of finalists
November 8, 2017	Finalist interviews with the Investment Committee

² Subject to change.

ACERA will make best efforts to follow the above timeline but reserves the right to amend it as necessary.

C. Intent to Respond (Optional)

Firms intending to respond to this RFP are asked to send an e-mail to EM-RFP@acera.org by June 30, 2017. Failure to do so shall not preclude Firms from submitting a Proposal.

D. Quiet Period, Questions and Communication Regarding the RFP

The Board has designated a “quiet period” for the duration of the International Emerging Markets Equity Manager search and selection process, during which time ACERA representatives may not knowingly communicate with Firm candidates, with the exception of official search-related interviews and due diligence and ongoing business with the existing manager Firms.

To assist the Board and ACERA Staff in implementing this quiet period, all questions regarding the content of this RFP or the proposal process must be directed in writing by e-mail to EM-RFP@acera.org on or before June 14, 2017.

E. Addenda to Request for Proposals

ACERA may modify this RFP prior to the Proposal due date by issuing written addenda. Addenda will be posted on ACERA’s website at www.ACERA.org. The Proposer shall be responsible for ensuring that its Proposal reflects any and all addenda issued by ACERA prior to the proposal due date regardless of when the Proposal is submitted. Therefore, ACERA recommends that Proposers consult the ACERA website frequently, including shortly before the proposal due date, to determine if they have received all addenda.

F. Ambiguity and Omissions in RFP

Proposers are responsible for reviewing all portions of this RFP. Proposers are to promptly notify ACERA, in writing, if the Proposer discovers any ambiguity, discrepancy, omission, or other errors in this RFP. Any such notification should be directed to ACERA promptly after discovery, but in no event later than five working days prior to the date for Proposal submission deadline.

G. Preparation of the Proposal

1. Format of Proposal

The Proposal must be sequentially page numbered, organized and indexed in the following format:

- (a) Letter of Transmittal
- (b) Response to Questionnaire
- (c) Additional Documents and Materials
- (d) References
- (e) Fee Proposal

Please note: Signatures of principals or officers authorized to bind the Proposer are required in the Letter of Transmittal and the Fee Proposal.

2. Response to Questions and Requests for Information

Respond to all questions and requests for information, in the order that they are presented in Section III of this RFP. Documents and materials requested in Section III Part C, shall be included as Exhibits to the Proposal, as specified therein.

Be clear and succinct in all responses. Ensure that each response is specific to the question asked or information requested. Unnecessary or superfluous information will be disregarded. Incomplete or misleading responses may lead to the rejection of the Proposal and elimination of the Firm from the search process.

At any time during the Proposal evaluation process, ACERA may require a Proposer to provide oral or written clarification of its Proposal. ACERA reserves the right to select a Firm without further clarifications of Proposals received.

3. Revision of Proposal

A Proposer may revise a Proposal on the Proposer's own initiative at any time before the deadline for submission of Proposals. The Proposer must submit the revised Proposal in the same manner as the original. A revised Proposal must be received on or before the deadline for submission of the Proposal due date.

In no case will a statement of intent to submit a revised Proposal, or a commencement of a revision process, extend the Proposal due date for any Proposer.

4. Errors and Omissions in Proposal

Failure by ACERA to object to an error, omission, or deviation in the Proposal will in no way modify this RFP or excuse the Proposer from full compliance with the specifications of this RFP or any contract awarded pursuant to this RFP.

ACERA reserves the right to waive or permit correction of any minor inconsistencies, errors, or omissions prior to the final evaluation of the Proposal, and to ask for clarification on any issues, or to take any other measures with respect to this RFP in any manner necessary to serve the best interests of ACERA and its beneficiaries.

5. Financial Responsibility and Ownership of Documents

Any cost incurred in the preparation, submission or presentation of the Proposal shall be borne solely by the Proposer. Proposals and associated materials will become the property of ACERA and may be returned only at ACERA's option.

6. California Public Records Act and Open Meeting Laws

Materials contained in Proposals and all correspondence and written questions submitted during the Request for Proposal process may be subject to public disclosure pursuant to the California Public Records Act (PRA) (Cal. Gov. Code sec. 6250 et seq.).

The PRA provides generally that all records relating to a public agency's business are open to public inspection and copying, unless specifically exempted under one of several exemptions set forth in the PRA. In addition, if ACERA brings its selection to the Board, such selection will appear on a publicly posted agenda for a public meeting of the Board, in accordance with the Ralph M. Brown Act (Cal. Gov. Code sec. 54950 et seq.)

Except as otherwise required by law, ACERA will not disclose trade secrets or proprietary financial information submitted in response to the Request for Proposal. Any such trade secrets or proprietary information, which you believe should be exempted from disclosure, shall be specifically identified and marked as such. Blanket-type identification by

designating whole pages or sections shall not be permitted and shall be invalid. The specific information must be clearly identified as such. However, such designations shall not be conclusive. You may be required to justify in writing why such material should not, upon request, be disclosed by ACERA.

Upon a request for records regarding a submitted proposal, ACERA will notify the proposer involved of a specific time at which the records will be made available for inspection. If the proposer, in a timely manner, identifies any proprietary, trade secret, or confidential information which the Firm determines is not subject to public disclosure, the Firm will be required fully to intervene, justify such an exemption, and secure appropriate injunctive orders to exempt such records from disclosure. ACERA reserves the right to independently determine whether any document is subject to disclosure and make such information available to the extent required by applicable law without any restriction.

H. Reservation of Rights

ACERA reserves the right to pursue any or all of the following actions concerning this RFP:

1. Request additional information and/or clarification from the Proposers, and
2. Issue addenda to the RFP via supplements, amendments, or modifications prior to the due date of the Proposal, and
3. Reject any or all Proposals, and
4. Permit the timely correction of errors, or waive minor deviations, and
5. To cancel this RFP in whole or in part with or without substitution of another RFP if such cancellation is determined to be in the best interest of ACERA, and
6. Extend the deadline for submittal, and
7. Assess any or all Proposals and schedule presentations by the Proposers, and
8. To waive any defect or technicality in any Proposal received, and
9. To eliminate any Proposer that submits a non-conforming, non-responsive, incomplete, inadequate, or conditional Proposal, and
10. To take any action affecting the RFP process, or the project subject to this RFP, that would be in the best interest of ACERA, and
11. Take whatever other action it deems in its interest, and

12. Negotiate a contract based solely on the original Proposal, and
13. Conduct all investigations with respect to the qualifications and experience of each Proposer and background checks, and
14. Negotiate best and final offers with Proposers, and
15. Right to include Proposals in a qualified list of candidates.

SECTION III: INFORMATION TO BE PROVIDED

Part A: Letter of Transmittal

The Proposal must include a Letter of Transmittal or cover letter signed by one or more individuals who are authorized to bind the Firm contractually (include an incumbency certificate for each signer). The Letter of Transmittal shall be considered an integral part of the Proposal and must contain the following:

1. The Proposer's name, address, and telephone and fax numbers.
2. The name, title or position, telephone number and email address of the individual signing the cover letter.
3. A statement indicating the signature is authorized to bind the Proposer contractually.
4. The name, title or position, and telephone number of the primary contact for the Proposal, if different from the individual signing the cover letter.
5. A statement to the effect that the Proposal is a firm and irrevocable offer good for one (1) year.
6. A statement expressing the Proposer's availability of staff and other required resources for performing all services and providing all deliverables specified within.
7. A statement that the Proposer meets the Minimum Qualifications for the Proposal set out in Section I.E of this RFP.
8. A statement confirming, that if selected, the Firm is prepared to meet all applicable fiduciary obligations in providing investment management services to ACERA.
9. By submitting a Proposal, the Proposer represents that it is familiar with California Government Code section 1090 and section 87100 et seq. and that it does not know of any facts that constitute a violation of said sections in connection with its Proposal. Proposer also represents that its Proposal has completely disclosed to ACERA all facts bearing upon any possible interests, direct or indirect, which Proposer believes any member of ACERA, or other officer, agent or employee of ACERA or any department presently has, or will have, in this Agreement, or in the performance thereof, or in any portion of the profits thereunder. Willful failure to make such disclosure, if any, shall constitute ground for rejection of the Proposal or termination of any Agreement by ACERA for cause. Proposer agrees that if it enters into a contract with ACERA, it will comply with all applicable conflict of interest codes and policies adopted by the ACERA and their reporting requirements. A statement acknowledging the above shall be included in the Letter of Transmittal.

Part B: Questionnaire

Please respond to all questions below, in the order that they are presented in this section of the RFP. Indicate the question number and restate it prior to providing your response or answer. Any additional comments or information may be provided as Exhibits to the Proposal.

Name and Contact Information

1. What is the current name of the Firm?
 - (a) If the name has changed, what was the previous name?
 - (b) What was the original name of the Firm when it was founded?

2. Please use the following information for the primary RFP contact within your Firm:

	Primary Contact Within Your Firm
Name	
Title	
Name of Firm	
Telephone Number	
E-mail Address	
Website Address	

3. Please use the following information for the secondary RFP contact within your Firm:

	Second Contact Within Your Firm
Name	
Title	
Telephone Number	
E-mail Address	

Qualifications

4. Does your Firm acknowledge that, should it be retained as an international emerging markets equity fund manager, it will agree to the following conditions?
 - (a) The Firm will serve as a fiduciary to ACERA. (Indicate Yes or No)
 - (b) The Firm will be directly responsible for the management of ACERA's account and all personnel responsible for ACERA's account must be employees of the Firm or a legal joint venture partner. (Indicate Yes or No)
 - (c) The Firm will provide monthly performance reports (and weekly reports if a commingled product is proposed) to ACERA, its General Consultant, and its Custodian Bank. (Indicate Yes or No)

5. Is your Firm registered as an investment advisor under the Investment Advisors Act of 1940, a bank (as defined by that Act) or an insurance company qualified to perform investment management services under state law in more than one state, including the State of California? (Indicate Yes or No)
6. Indicate the aggregate dollar amount of assets under advisement by your Firm for the last 10 years, or life of firm, if less than 10 years; only include assets for institutional clients (e.g., pension plans, endowments and foundations).
7. Does your Firm have a minimum five-year, continuous performance history managing the international emerging markets equity fund product for institutional investors by the existing portfolio manager or portfolio manager team? (Indicate Yes or No)
 - (a) Is the performance history in real time (i.e. not simulated or back-tested) and in compliance with the CFA Institute (CFAI) Global Investment Performance Standards (GIPS)? (Indicate Yes or No)
8. Can your Firm provide a minimum of monthly liquidity? (Indicate Yes or No)
9. Indicate the amount of insurance coverage that your Firm has in place for the following categories:
 - (a) Commercial General Liability
 - (b) Crime Coverage
 - i. Employee Dishonesty Coverage
 - ii. Computer Theft Coverage
 - (c) Error and Omissions (Professional Liability)
 - (d) Fiduciary Liability
 - (e) Workers' Compensation and Employer's Liability
10. Does your Firm agree to the following two (2) conditions?
 - (a) The Firm must be willing to allow ACERA to review the latest 3-5 years of the Firm's audited financial statements. In-office reviews are acceptable. (Indicate Yes or No)
 - (b) If selected by ACERA as the finalist Firm, the Firm must consent to a background investigation. (Indicate Yes or No)

Organization

11. Provide a brief history of your Firm including the year of organization. If applicable, what is the name of the Firm's parent company?
12. Describe the ownership structure, including affiliations, subsidiaries and employee ownership. Has your Firm undergone ownership structure changes in the past five years, or are ownership changes planned or anticipated within the next 2 years?

13. Describe the succession plans for senior management and investment professionals. Further, what are the Firm's back-up procedures in the event that the key personnel assigned to this account suddenly leave the Firm?

14. What percentage of the Firm's revenues are derived from managing the active international emerging markets equity product? Please list out for each of the last five years.

15. Provide a breakdown of firm wide managed assets by type of investment strategy. Please list out for each of the last five years. (Add rows if necessary)

Investment Strategy	# of Accounts	\$ Value	Date of Inception

16. Provide a breakdown of the type of clients in the international emerging markets equity strategy (i.e. what is the mix of public/private pensions, foundations, high net worth individuals, Firm employees etc). Please list out for each of the last five years.

17. Indicate the name of your insurance carrier(s) and the dollar amounts in the table below.

Type	Carrier	Coverage Amount

Professional Staff and Proposed Investment Team

18. List the locations of all the Firm's offices and the total number of employees in each office.

19. In column 2 below, indicate the number of professional staff the Firm currently employs in each of the categories listed in column 1. (Each person should be assigned to only one category). In column 3, indicate the number of professional staff that are largely dedicated to investment management (>50% of their time).

1) Category of Staff	(2) Number of Staff	(3) No. of Professional Staff Largely Dedicated to investment management (>50% of their time)
Senior Investment Professionals (Managers)		
Investment Professionals (Product Specialists, Analysts)		
Research Staff		
Other Non-Investment Professionals		
Total Staff		

20. Do your senior employees have an ownership interest in the Firm? What is your long-term growth strategy in terms of professional staffing?

21. How does the Firm manage the risk that key professionals leave the Firm either as a group or individually?

22. Using the following table, please indicate the turnover of senior professional staff directly responsible for managing the proposed international emerging markets equity product over the past five years:

Name	Position	Years with the Firm	Date of Departure	Reason for Leaving

23. Describe the structure of the group which manages the proposed product.

(a) Role of portfolio managers, research analysts, traders, etc.

(b) Who is responsible for portfolio construction, alpha generation, and risk management; trading; etc.?

24. In the following tables, list the professionals directly involved in the active international emerging markets equity product. Describe their responsibilities.

Name	Title/ Responsibilities	Yrs Exp	Yrs @ Firm	Degrees/ Designations	School/Sponsoring Body

25. Briefly describe the Firm's approach to bringing new analysts/portfolio managers onto the team. Do you tend to hire experienced people or promote younger professionals from within? Why?

26. Describe your philosophy on developing the talent of Investment staff? Is there a mentoring process at your Firm?

27. How are analysts' and portfolio managers' performance evaluated and by whom? Which behaviors are being incentivized and how?

28. Is analyst coverage based on geographic region or industry? Approximately how many companies does each analyst follow?

29. Identify all members of the primary team from your Firm that would be proposed to potentially service our account, using the format in the following table.

Investment Professional Information
Name:
Title:
Role and/or Function:
Number of years of experience in institutional investments:
Number of years of experience in product:
Number of years with the Firm:
Educational degrees:
Professional designations:

30. Provide a short bio of the proposed portfolio manager and client service person who would

be assigned to ACERA's account.

31. Describe your Firm's approach to client service. What reports does your Firm provide? What is the frequency? How soon are they available after month-end or quarter-end?

Regulatory Matters, Litigation, and Independence

32. Has the Firm, or any officer, principal, or employee of the Firm or an affiliated company, ever been investigated and/or charged by the Securities and Exchange Commission (SEC), the U.S. Department of Labor (DOL), or any other regulatory authority for violation of applicable laws? (Indicate Yes or No) If you answered "Yes", provide details.
33. Has any self-regulatory organization, professional organization or associations (e.g., NFA or FINRA) taken action against your Firm, or any of your Firm's owners, principals or personnel within the last five years? If you answered "Yes", provide details.
34. When did the SEC, DOL or the FINRA last audit or examine your Firm? (Indicate year for each, if applicable) Note any material findings or recommendations. Are there any current or pending actions or investigations?
35. Has the Firm, or any officer, principal, or employee of the Firm, ever been involved in any business litigation or other legal proceeding? (Indicate Yes or No) If you answered "Yes", explain and indicate the current status of the litigation.
36. Does the Firm, or any officer or principal of the Firm, have any lawsuits and/or regulatory enforcement actions pending against it? If you answered "Yes", explain.
37. Has the Firm or anyone in the Firm, or any affiliate, had any professional relationship (e.g., investment banking, brokerage, custodial, insurance, or actuarial) with ACERA's plan sponsor, Board Members or staff of ACERA, or legislative bodies during the past three years? (Indicate Yes or No) If you answered "Yes", describe the nature of the relationship.
38. Has the Firm or anyone in the Firm provided any gifts (behest or otherwise) or other remuneration, or paid any expenses for travel, hotel, meals or entertainment for or on behalf of a Board member or staff of ACERA during the past twelve months. (Indicate Yes or No) If you answered "Yes", indicate the amount, recipient, and purpose of the payments.

39. Describe all arrangements or understandings (written or oral) between your Firm and any advisor, placement agent, broker, law firm or other individual or entity in connection with the solicitation or referral of clients.
40. Disclose any other actual or potential conflicts of interest that may arise from the Firm's representation of ACERA, including the activities of any affiliated companies that have not been disclosed above.
41. Indicate the name and title of the staff person responsible for compliance (e.g., the individual who will communicate compliance expectations related to conduct, monitoring compliance, and determining courses of action in the event of a breach of the policy). Is there a Compliance Policy? (If yes, please provide.)

Investment Management (Performance and Risk)

42. Please describe your investment philosophy and strategy as a firm and as it relates to managing the international emerging markets equity product. Who makes the decisions to implement and/or change the named strategy?
43. What does your Firm do to add value through active management, and how has this evolved over time?
44. Describe your investment process for managing the international emerging markets equity product including:
 - (a) The quantitative and qualitative aspects (i.e. macroeconomic, capital market, country, and company-specific) of the decision-making process
 - (b) Your securities selection, buying, sizing, and selling process
 - (c) Portfolio constraints (i.e. maximum/minimum position sizes, maximum allowable % deviations from benchmark, country, currency, sector, and position weightings)
 - (d) Your post-trade review of stock selection and disposition
45. Discuss the factors you believe are the most important in valuing companies and stocks in Emerging Markets countries. How were the factors developed and how have they evolved over time?
46. How do you ensure the integrity of the investment process and guideline compliance? How often is this done? Who does it?
47. Describe the last time there was a material shift in the investment philosophy, strategy, or

process.

48. How do you measure risk in the portfolio?
49. How is portfolio risk managed and monitored? Describe all risk management functions and tools utilized. Please provide name and contact of person(s) responsible for each of these functions and tools.
50. How do you allocate risk within the portfolio (i.e. country, currency, sector, industry and stock-specific on an absolute basis and/or relative to the benchmark)?
51. What is your approach to currency hedging?
52. What differentiates your approach to currency hedging versus other managers in the space?
53. What would need to happen in order for you to consider the proposed international emerging markets equity product “successful” in the short term (1 Year) and long term (5 Year)?
54. Conversely to the above question, what would need to happen to consider the proposed international emerging markets equity product “unsuccessful”, short term (1 Year) and long term (5 Year)?
55. Describe any enhancements you have made to the proposed international emerging markets equity product over the last three years and the rationale for the changes.
56. Describe the separation of duties between portfolio management, trading and operations for the proposed product.
57. Does the Firm have a proxy voting policy? If yes, does the Firm vote its own proxies, or does a third party provider? Who at the Firm is responsible for proxy voting?
58. Describe the process for client capital withdrawals out of and infusions into the proposed international emerging markets product. What are the charges for capital withdrawals, if any?
59. How long does it take to process withdrawals and infusions?
60. Describe your Firm’s ability in accommodating large and/or frequent cash redemptions and contributions.
61. Describe how you evaluate and monitor liquidity risk, specifically commenting on how you handle an “illiquidity event” in the proposed product.
62. How long would it take to fully invest ACERA’s capital into the product your firm is proposing?
63. What resources have you allocated to your Firm’s technology? Describe the tools you have available for portfolio construction, research, trading, information systems, administration, accounting and compliance. What enhancements are contemplated?

64. Describe the trading capabilities for the proposed product: This description should include trading systems and strategies the Firm uses, as well as, any enhancements your Firm is contemplating.
65. Does your Firm or its affiliates have broker/dealer affiliations? Are trades for the proposed product executed with that broker/dealer? If so, what percentage of these trades is executed with your affiliates?
66. Does your Firm have written policies and procedures to ensure best execution? If yes, please provide a copy of the policies and procedures.
67. Does the Firm, as a discretionary investment manager, obtain any product or service from a broker-dealer or other third-party provider pursuant to a soft dollar arrangement? If so, what percent of firm-wide trades are executed pursuant to a soft dollar arrangement? What percent of trades for the proposed product?
68. Do you have plans/arrangements in place for an alternative work site should your facilities become inoperative because of fire, earthquake, etc.? Describe your emergency and disaster recovery plans.

Performance and Risk

69. Provide the following quarterly and annual gross of fees performance data in the table below for the proposed product.

Product Name:										
Product Benchmark:										
Securities Lending (Yes/No)										
Returns (as of 12/31/2016):							Assets & Accounts in Product**			
Year	1Q	2Q	3Q	4Q	Annual	Tracking Error*	Contributions/Withdrawals	Assets (\$)	Accounts (#)	
2006										
2007										
2008										
2009										
2010										
2011										
2012										
2013										
2014										
2015										
2016										

*Measured with monthly dispersion

** At year-end

70. Provide monthly returns for the proposed international emerging markets equity product from inception through December 31, 2016 in an Excel spreadsheet.

Provide quarterly “active share” data for the proposed international emerging markets equity product from inception through December 31, 2016 in the same Excel spreadsheet. Also provide portfolio holdings in the proposed product as of December 31, 2016 in the same Excel spreadsheet.

Label the Excel spreadsheet with this data as “[Insert Firm Name] Performance and Holdings for ACERA Int’l Emerging Markets RFP”. Email the spreadsheet to:

Emerging Markets RFP Working Group at EM-RFP@acera.org and

Mr. Stephen Quirk at squirk@verusinvestments.com

71. Describe how and to what extent derivatives are used, including what controls and guidelines are in place regarding use of derivatives for the product that produced the

performance numbers in questions #69 and #70. Describe, if applicable, how the investment process uses an optimizer, including how often the portfolio is optimized and rebalanced.

72. Describe your Firm's process to identify and manage sources of dispersion and tracking error.
73. Describe the process your Firm uses to analyze and evaluate the performance of the proposed product.
 - a. Describe how your Firm conducts performance attribution analysis, indicating any models or tools used.
 - b. Provide a return attribution for each of the past five calendar years (2012, 2013, 2014, 2015, 2016).
 - c. How does your Firm incorporate the results of the performance attribution analysis in the management for the proposed product?
74. Is the performance data provided audited? If so, by whom? When was the last audit? Is it GIPS compliant?

Part C: Additional Materials and Documents

In addition to the information requested in the RFP, please submit a copy of the following additional materials and documents:

1. Enclose samples of weekly, monthly, and quarterly performance measurement and monitoring reports for a pension fund client or other institutional investor invested in the proposed international emerging markets equity product. (Identify as Exhibit #1)
2. An organizational chart of the Firm. (Identify as Exhibit #2)
3. The most recently filed SEC Form ADV, Parts I and II. (Identify as Exhibit #3)
4. Biographies of the Firm's professional staff to be assigned to this account. (Identify as Exhibit #4)
5. A copy of the Firm's policies and procedures relating to Conflict of Interest and/or Code of Ethics. (Identify as Exhibit #5)
6. The Firm's standard marketing brochure that describes the Firm's products and services. (Identify as Exhibit #6)
7. A copy of the Firm's asset valuation policy. (Identify as Exhibit #7)

Part D: References

Please identify three (3) clients as references that have invested in the proposed international emerging markets equity product. Each reference must be an institutional investor (e.g., public retirement plan, corporate pension plan, investment board, endowment fund, etc.). For each reference provide the following details:

- a) Name of institution
- b) Institution's approximate assets under management currently, and at inception
- c) Name and title of contact person
- d) Phone number of contact person
- e) e-mail address of contact person

Part E: Fee Proposal

The services listed in Section I of the RFP under “Scope of Services” should form the basis for the proposed management fees for the international emerging markets equity product.

The method of payment will be set forth in a service agreement, to be entered into with the selected Firm. Once the Firm is selected, the fees may be negotiated further depending on the variance from the other Proposals. In no case will the negotiated fees be higher than the fees contained in this Proposal, provided the scope of services or other material issues concerning the services remain unchanged.

1. Specify the fees for the international emerging markets equity product, including any fee breakpoints, as a percentage of assets under management for the delivery of services listed in Section I of this RFP under “Scope of Services”.
2. Please confirm whether the Firm can and will provide all of the services listed in Section I of the RFP under “Scope of Services” for the fees set out above. If not, specify any services from that list that the Firm cannot or will not provide, and what, if any, are the additional cost for such services.
3. Please provide any additional information that may assist us in more clearly understanding your fee Proposal.

Exceptions to ACERA's Standard Investment Management Agreement

Submission of a Proposal will confirm that the Proposer fully understands the provisions of the Standard Investment Management Agreement (Agreement) template included in this Request for Proposal at Appendix II.

To the extent that the Proposer takes exception to any part of the Agreement, all such objections shall be stated in the Proposal, specifically identifying the objectionable section, and including any of the Proposer's proposed amendments to the Agreement.

ACERA may reject all Proposals without further discussion or commence negotiations with the most qualified Proposer to establish the final terms and conditions for the Agreement. If ACERA is unable to negotiate acceptable contract terms with the Proposer determined to be most qualified, ACERA may formally terminate negotiations with that Proposer and commence negotiations with the next most qualified Proposer with the Board's approval. This process shall be followed until negotiations are successfully concluded or ACERA, at any time, rejects all Proposals.

SIGNATURE BY AUTHORIZED OFFICER

Name of Firm

By

Title

Signature

Date

APPENDIX I: ACERA'S GENERAL INVESTMENT GUIDELINES, POLICIES, AND PROCEDURES

Go to: <http://www.acera.org/download/general-investment-guidelines-policies-and-procedures>

APPENDIX II: ACERA STANDARD INVESTMENT MANAGEMENT AGREEMENT

Go to: www.acera.org/rfp