

Questions & Answers for ACERA's Passive Index Manager Search – 2016|2017

<u>QUESTION:</u>	<u>ANSWER:</u>
Where do I find the Passive Index Management RFP for ACERA?	http://www.acera.org/sites/main/files/file-attachments/passive_indices_rfp_-_final_approved_-_2016.12.12.pdf
With regards to ACERA's Passive Index Management Search/RFP, is there a minority mandate?	No. The Passive RFP does not have a minority mandate. No currently issued searches by ACERA has a minority mandate.
Could we propose to manage the Russell 1000 allocation and not the MSCI World? Is this an all or nothing deal?	ACERA will accept bids for either the R1000 or MSCI World ex-U.S. indices, <u>or</u> both combined.
Will ACERA consider separately managed accounts?	No.
As a new commingled fund (similar to a separately managed account), is ACERA comfortable being the only client within a newly created commingled account?	No. We will be looking at commingled accounts with 5-year track records.
Will ACERA accept proxy indices?	No. We will not accept proxies, e.g., the R1000 Value + R1000 Growth combined to be the R1000 (Core). A second example would be to combine MSCI EAFE and MSCI Canada EAFE for the MSCI World ex-U.S.
Would a separate account be considered for the International piece?	No. ACERA is looking for a commingled account structure.
Must the Firm be registered as an investment adviser under the Investment Advisers Act of 1940?	No. Per ACERA's investment policy, Firms can be affiliated with a bank or insurance company, as well. The policy specifically reads: "Managers must be registered as investment advisers under the Investment Adviser's 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...."
Is ACERA comfortable investing in institutional commingled products that are not registered under the Investment Company Act of 1940?	Yes.
Are there any restrictions on the types of commingled products in which ACERA may be willing to invest?	No.
Does ACERA intend to waive compliance with any incompatible elements?	We do not anticipate the need to waive any compliance requirements. (All final contracts are subject to negotiation.)

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<p>What is meant by “custody of ACERA’s assets”?</p>	<p>All assets must be held in custody either with ACERA’s custody bank or otherwise, and not in a separately managed account of the investment managers?</p>
<p>Minimum Qualification 8 (page 6) indicates that the proposed investment vehicles must have no gates or lock-ups. Would ACERA consider a commingled investment vehicle that, under certain circumstances in accordance with the commingled funds’ Plan Document (which we shall provide with the RFP submission) and applicable law, the manager may choose to suspend valuation and/or the right to make contributions to and/or withdrawals from a collective fund? Such circumstances include, but are not limited to, actual or anticipated Fund closure, restriction or suspension of trading in any markets or exchanges where the Fund’s investments are traded and such other circumstances as would, in the manager’s judgment, make the purchase or sale of the Fund’s investments, or the pricing of the Fund’s investments, not reasonably practicable or inadvisable, or where the manager has determined that suspending contributions or withdrawals would be in the best interests of the Fund or its participants.</p>	<p>Yes. External factors that affect the financial markets would be considered an exception.</p>
<p>Our standard policy is to require two days notification to process partial withdrawal or liquidity requests and T+3 and T+5 settlement for domestic portfolios and non-US portfolios, respectively. Would you consider a manager with this policy?</p>	<p>Yes. As long as it is consistent with a T+3 or T+5 settlement for domestic or non-U.S. portfolios, respectively.</p>
<p>Could you please provide the specific requirements and expectations of the background investigation? We have previously met this requirement with other counties and would rely on that language here.</p>	<p>We implement a standard background check (legal/media/regulatory/DMV/work history and education) on key individuals and the management company.</p>
<p>We do not have a 10 year track record for the R1000 (we have an 8 year track record for R1000 Value and R1000 Growth), but we do have this performance history for the S&P 500 products, which are very similar to the Russell 1000 products for institutional investors?</p>	<p>We have amended the RFP and ask for a 5-year track record (versus a 10-year).</p> <p>We will look at track records for the R1000 and the MSCI World ex-U.S. indices.</p>