

2021 LACERS Passive U.S., Non-U.S., and Global Index Strategies RFP
Questions & Answers

1) Question: [REDACTED] is an SEC-registered investment adviser and an indirect wholly owned subsidiary of [REDACTED], a *European** asset manager managing *over \$2 trillion** globally. [REDACTED] globally has extensive expertise in passive management. [REDACTED] wishes to respond to the RFP by presenting a structure where [REDACTED] would be the investment adviser to the mandate and would utilize *Europe**-based employees of [REDACTED] to provide many of the day-to-day investment management services for the mandate under the direct supervision of [REDACTED] pursuant to a participating affiliate agreement. Participating affiliate arrangements are structured to meet express SEC requirements to allow U.S. based investment managers to use the resources and personnel of foreign unregistered affiliates in providing investment management services to U.S. persons. All such personnel are treated as supervised/associated persons of [REDACTED] for purposes of this structure. Our participating affiliate arrangement is documented to meet all current SEC requirements. We believe [REDACTED] meets the standards of the Minimum Qualification section through the use of a participating affiliate arrangement, but please confirm that this proposed arrangement meets the standards set forth in such section.
**modified for anonymity*

Answer : LACERS is unable to evaluate whether firms meet the minimum qualifications prior to submission of proposals. It would be a business decision by your firm to determine if a proposal is to be submitted.

2) Question : Is LACERS open to participating in securities lending within the scope of commingled fund strategies or are non-lending strategies preferred where available?

Answer: LACERS will consider both lending and non-lending commingled fund strategies.

3) Question: As you know, LACERS and [REDACTED] currently have an Investment Management Agreement (IMA) in place. If [REDACTED] is chosen as investment manager for this new mandate, would it be acceptable to LACERS to amend the existing IMA to add investment guidelines and fees for the new mandate? Alternatively, would it be an acceptable answer to this RFP to state that if [REDACTED] is chosen as investment manager for this new mandate, [REDACTED] is willing to enter into the Sample LACERS IMA set forth in Appendix D of the RFP, subject to the incorporation of the same changes previously agreed to between LACERS and [REDACTED] in the current IMA?

Answer: The contract template provided in Appendix D is a sample only. Specific contracts will be negotiated upon contract awards by the LACERS Board of Administration.

4) Question: Some of the composite data shown in the eVestment Alliance database include funds that utilize a fund of fund structure, which can lead to tracking error in our US benchmark composites if there is a significant difference between growth and value performance in a given time period. In addition, we utilize fair value adjustments that can create performance deviations relative to the benchmark on a month to month basis in collective and common international funds that are included in the composite. Can we submit representative separately managed account (SMA) performance track records to show expected tracking error in addition to updating eVestment Alliance?

Answer: The use of eVestment as the source for performance is preferred. However, you may submit a GIPS compliant track record for any strategy you are proposing as long as it is submitted in an excel spreadsheet. An excel spreadsheet with a sample format is attached for reference.

5) Question: Is there a preference for Collective Funds or SMAs?

Answer: LACERS will consider collective funds and SMAs.

6) Question: Is there a preference for Collective Funds with Securities Lending income or Non-Lending vehicles?

Answer: LACERS will consider both collective funds that engage in securities lending and non-lending vehicles.

7) Question: If we manage certain indexes in the same/similar manner would you like a response for each index (with the response being identical) or can we provide a response for index groupings and list the indexes for each grouping?

Answer: Yes, providing a response for index groupings and listing the indexes for each grouping would be acceptable.