

LACERA Responses to  
Dedicated Managed Account Services  
RFP Questions

January 8, 2020

1. What is the size of the mandate?
2. Could you please clarify the total AUM for this project, including the approximate AUM to be deployed in the 1<sup>st</sup> year?
3. Does LACERA have any guidance regarding the anticipated number of managers and AUM that would be launched or reallocated to the platform over the first couple of years?
4. What is the anticipated number of funds at launch and then at year 1 and 3?
5. Please identify the managers, strategies and AUM amounts for the existing LACERA investments that will be transitioned to the dedicated managed account platform.
6. Could you please confirm the expected AUM for the mandate?
7. Is there a target total number of managed accounts expected to be launched?
8. What is LACERA's timeline for implementing the DMA platform once the provider is selected?
9. Could you please specify the number of managers to be onboarded on LACERA DMA, including the split between the number of current and new managers?
10. Will the current hedge fund allocation to managed accounts be transitioned to the DMA platform in full or is this a targeted build out for a portion of the HF allocation?

**Response to questions #1-10: LACERA intends to utilize the DMA platform for existing and future investments across numerous investment categories that include but are not limited to hedge funds and credit strategies. Utilization of the DMA platform will depend on the benefits and tradeoffs associated with a DMA structure compared to commingled or other structures. Refer to Attachment A of the RFP for LACERA's target allocations to hedge funds, credit strategies, and other strategies across the total portfolio.**

11. Are emerging manager platform services covered in the scope of services for this mandate? How will the emerging manager program be incorporated into the DMA platform?
12. Is the dedicated managed account provider search related to the anticipated emerging manager hedge fund program RFP?

**Response to questions #11-12: LACERA will consider the use of the DMA platform for numerous asset categories and strategies, including emerging manager programs and hedge funds.**

13. What are LACERA's most important objectives in the creation of the platform? (i.e. transparency, control of assets, cost control, improved governance, risk management etc.)
14. Is your objective risk mitigation or alpha generation?

**Response to questions #13-14: Transparency, control of assets, cost control, improved governance, and risk management are all important objectives to LACERA.**

15. Does the RFP need to cover both hedge funds and alternative investment strategies or can we submit a proposal for just the alternatives piece?

**Response: This is an open RFP process and responses that propose to cover a subset of asset categories or investment strategies would be reviewed and considered.**

16. Q34. Does “newly launching investment management firm” refer to emerging managers?  
**Response: Yes. For question #34 of the questionnaire (Attachment E), newly “launching investment management firm” refers to an emerging manager.**
17. Does LACERA have a preference for domiciliation of the managed account structure?  
**Response: LACERA’s preference is for domestic domiciliation.**
18. If we are providing attachments to the RFP (i.e. bios) are those attachments considered a part of the 60 page limit?  
**Response: Exhibits do not contribute to the Questionnaire page limit; however, please do not include additional Exhibits or Attachments in your response beyond what is requested in the Questionnaire, as they will not be considered in this evaluation.**
19. You provided a copy of your IMA (attachment G), which we will review. To clarify, should we provide a copy of our template agreement (as requested in the RFP – Exhibit C)?  
**Response: Yes. In question #28 of the questionnaire (Attachment E), we requested that the responding firms provide their template agreement for DMA platform services and attach as Exhibit C.**
20. May a submitting firm utilize any of its service provider's assets under management, resources, or capabilities to meet the minimum qualifications?  
**Response: Yes, to the extent the responding firm and the underlying service provider are both a solutions provider for a DMA platform.**
21. Assuming the existing hedge fund managers will become subadvisors for the dedicated managed accounts, please identify the entity that will act as Investment Manager for each managed account.  
**Response: LACERA will evaluate the optimal structure given the capabilities of the respondents based on this search. Furthermore, LACERA is seeking views on an optimal structure(s). The firm’s views can be expressed in the executive summary and response to question #31 of the questionnaire (Attachment E).**
22. Is it a requirement for the platform provider to perform operational due diligence services?  
**Response: Providing ODD services is not a minimum qualification for this RFP. LACERA will evaluate each firm’s capabilities with regards to their proposed DMA services.**
23. Q100. While we have our own annual IT Security Controls self-assessment documentation, we would appreciate if you could provide us with your template.  
**Response: LACERA is working to finalize the template and can provide it later in the RFP process.**
24. Does your placement agent policy only include disclosure requirements or are there any additional requirements with which we will need to comply?  
**Response: The LACERA Placement Agent Policy only includes disclosure requirements, but there may be other laws and regulations relevant to placement agents that impose additional requirements with which external managers/firms must comply.**
25. Are you looking for a platform service or an asset management service?  
**Response: Platform services.**

26. What is your definition of a hedge fund? Does it include credit and equity?

**Response: Examples of a hedge fund include but are not limited to active investment strategies that can be described as equity long/short, relative value fixed income, macro, CTA, long/short credit, and merger arbitrage. These strategies can include shorting securities, using leverage, and investing across asset categories. LACERA will also consider utilizing the DMA platform for credit and other strategies that are currently invested/offered in a fund structure.**

27. What is your target return?

**Response: LACERA's hedge fund portfolio return benchmark is the FTSE 3-Month U.S. T-bill Index plus 250 bps.**