

Investment Fund Risk Management System

Request for Proposal – Questions & Answers

March, 2020



Orange County Employees Retirement System (OCERS)

2223 E Wellington Avenue Suite 100

Santa Ana, CA 92701 USA

1-(714)-558-6200

<http://www.ocers.org>

OCERS Risk Management System RFP
Q&A

| Q# | Questions | Responses |
|----|--|--|
| 0 | Can you please extend the deadline for RFP submission? | Yes, the current deadline for RFP submission is April 10th, OCERS is extending the deadline by two weeks; the new submission deadline is April 24. |
| 1 | Whether companies from Outside USA can apply for this? | Yes, companies domiciled outside the United States can apply. |
| 2 | Whether we need to come over there for meetings? | We require high levels of interaction and communication between OCERS team and your firm during the implementation stage and also require support during our office hours post implementation. Please describe how you would handle such requirements. |
| 3 | Can we perform the tasks (related to RFP) outside USA? | We believe so, as long as you can meet the Minimum requirements and our expectations in terms of communication. |
| 4 | Can we submit the proposals via email? | Yes, the proposals can be submitted via email, please check with us on the file size before submission. |
| 5 | How many users will need access to the Risk Management System? | We expect the entire Investment team to access the Risk system, currently we have 8 members on the team. |
| 6 | When will you be implementing the Risk Management System? | We are projecting to implement the system in the latter half of 2020. |
| 7 | What is your preferred way of consuming the reports? Do you require automation of reports? | Our preference is electronic or accessing reports via a portal. Yes, automation is critical. |
| 8 | Will the custodian provide holdings look-through on all your accounts? Do you require ancillary services to obtain holistic look-through? | OCERS is looking for a multi-asset total fund risk system; in some cases the holdings are readily available and in other instances, we need the risk system to proxy holdings to allow OCERS to have a holistic picture of the risk at the total plan level. |
| 9 | Do you have an in-house or 3rd party solution for alternative asset classes? If not, do you plan to subscribe to a service for alternative asset classes alongside or after implementing a Risk Management System? | OCERS is looking for a multi-asset total fund risk system. Please propose your solutions for traditional and alternative asset classes. |
| 10 | Please clarify whether monthly or daily reporting is required. | No decision has been made yet, so please discuss all alternatives available. |
| 11 | Does OCERS have a current risk system in place today? If yes, who is the incumbent? | No, OCERS does not have a risk system. |
| 12 | Does OCERS use a private capital vendor for transparency for their drawdown funds? If yes, who is the vendor? | No, we don't have a third-party for transparency. |
| 13 | Does OCERS use a hedge fund vendor for transparency for these fund structures? If yes, who is the vendor? | No, we don't have a third-party for transparency. |
| 14 | If the answer to either of the above questions is yes will/do said vendors provide necessary content to the incumbent or future state risk provider? | N/A |
| 15 | Can you elaborate on the fund structures for the OCERS fund a. How many separately managed accounts? b. How many commingled/mutual funds? c. How many hedge funds? d. How many private capital funds? | OCERS has approximately 18-20 separately managed accounts (SMAs), 95 - 100 commingled/mutual funds, 10 hedge funds, and 40 private capital funds. Please note that total counts are overlapped because some hedge funds are also considered SMAs and most private capital funds are considered commingled funds. |
| 16 | In Exhibit C (#7) - "Except as specifically noted in the proposal, respondent agrees to all of the terms and conditions included in OCERS Services Agreement". Will OCERS provide a Services Agreement for review? | OCERS does not currently have a Service agreement, so this language is not applicable. |
| 17 | How many instruments in total does OCERS have in its universe today? "Financial Instrument" means the net holding of each unique contract or transaction between two or more entities which defines the exchange of financial or physical assets including but not limited to: • A traded security identifiable by a unique security identifier (for example, CUSIP, SEDOL, ISIN) • Commercial-banking products (including corporate, SME and retail) • OTC or exchange-traded derivatives (whether defined by ISDA definition or by a customized contract) • Repos and securities lending • Commodities or other physical assets" | Please note these are approximates 1900 listed securities, 600 synthetic instruments, 400 other securities. |

OCERS Risk Management System RFP
Q&A

| Q# | Questions | Responses |
|----|--|--|
| 18 | How many unique users of the system do OCERS anticipate to have, from both a functional and technical standpoint. | OCERS currently has 8 members on the Investment team and access will be required for all. |
| 19 | Could OCERS share an architectural diagram of your current environment/solutions and how they interact with each other? | Currently, OCERS relies on its custodian, investment managers and investment consultants for all data, as a result this information is independent of one another. |
| 20 | Could OCERS share the solutions that you are using for Accounting, Fund Accounting and Front Office today? | Currently, OCERS relies on its custodian, investment managers and investment consultants for all data. |
| 21 | Is OCERS looking for a managed services on cloud, hosted, or on premise solution? | OCERS is looking for a managed services on cloud. |
| 22 | Could OCERS provide an example of the desired analysis for Real Assets, specifically: Natural Resources. | Please propose the solutions your firm provides as OCERS does not have a template. |
| 23 | Could OCERS elaborate more on the required functionality for updating managers risk exposures monthly. | Please propose both daily and monthly options. |
| 24 | Can OCERS please elaborate on what licenses they expect would be required for their requested services? | Any licenses that your firm believes is necessary to deliver the services requested. |
| 25 | Regarding the reports provided at the end of the RFP, would OCERS like similar reports provided in our final submission? | Yes |
| 26 | What performance measurement and attribution calculations and reporting are required by OCERS? Our solution supports multiple methodologies but the pricing will depend on what is required. | Please provide all options available to allow OCERS to make the most optimal decision. |
| 27 | What performance and attribution results are currently being produced? | OCERS relies on its custodian for time weighted and IRR performance. |
| 28 | Can OCERS provide benchmark and peer group source data or is it expected that the vendor provides the data? | Please provide pricing with and without index data provided by OCERS. |
| 29 | What data is OCERS able to provide for performance calculations. Can OCERS provide positions (market values and accruals) and transactions for all positions in each of the underlying portfolios? | OCERS can provide such data only for portfolios which are custodied at our custodian. |
| 30 | The following two questions in the RFP reference compliance. We would like to know if OCERS is looking for daily compliance testing or if this would be on a monthly basis? We look forward to sharing our solution for your risk management needs! What processes do you have in place for ensuring pre- and post-trade guideline compliance? Can the trade system also perform what-if and pre-trade portfolio analysis? Does your system have the ability to run compliance reports, for monitoring positions relative to portfolio guidelines? | For the present time, we are looking for monthly compliance, but please provide details if you have daily compliance capabilities. |
| 31 | In Section 7: Proposal Requirements, where should the Questionnaire responses go? | Investmentsrfp@ocers.org |
| 32 | What is the current Risk Management System in place (if any)? | OCERS does not have a risk system. |
| 33 | For public assets, what is the approximate manager count of SMAs and Commingled Funds? | For public assets, OCERS has approximately 17-20 separately managed accounts (SMAs), 55 - 60 Commingled Funds. |
| 34 | Does OCERS subscribe to a data aggregation or transparency service such as Solovis, Burgiss, etc.? | No |
| 35 | Does OCERS currently use any systems for look-through transparency, on either the public or private side? | OCERS does not have any dedicated systems that provide the look-through transparency, we rely on our custodian, investment managers and investment consultants to provide the necessary information. |