DISCUSSION SHEET

Employees' Retirement Fund
Board of Trustees Meeting

April 12, 2016

Issue: Request for Proposals ("RFP") Next Generation Investment Manager - Small Cap Growth Equity

Attachment: None

Discussion: ERF staff and Wilshire have developed a Next Generation Manager Small Cap Growth Equity RFP. The minimum qualifications are: total firm assets less than $15B; product AUM of at least $25M; a product track record of at least three years; and a minimum information ratio of .24 over a three year period. Staff has identified seven investment managers in Wilshire's database that meet the minimum qualifications. Any investment manager that meets the minimum qualifications is invited to apply. The proposed allocation is 2.0% and the assets are currently held in an index fund. This RFP process will help fulfill the ten percent allocation approved by the Board in December, 2012 to Next Generation Investment Managers.

The seven managers who will be invited to respond to the RFP are:

1. Apex Capital Management, LLC
2. GlobeFlex Capital LP
3. Lebenthal Lisanti Capital Growth, LLC
4. Nicholas Investment Partners, LLC
5. Pillar Pacific Capital Management
6. Redwood Investments, LLC
7. Rice Hall James & Associates, LLC

Proposed timeline:

- With Board approval today, the RFP would be issued by Friday, April 15th with responses due back in four weeks on Friday, May 13th;
- Tuesday, June 14th – Present the Board with three to four managers for on-site due diligence; pending Board approval, complete due diligence during the months of June and July, schedules permitting;
- Tuesday, August 9th – Present the Board with list of proposed managers to give final presentations on Tuesday, September 13th
- Tuesday, September 13th – Final presentations and manager selection

Recommendation: Approve the issuance of the Next Generation Investment Manager - Small Cap Growth Equity.