

1. Can you please clarify, with regard to the Minimum Qualifications for RFP No. 002-FY16, we wanted to confirm that the requirement in the performance history section 1 (b) refers to gross return, not net return. As of 12/31/15, the 5-year gross return for the XYZ FIRM representative separately managed account (“SMA”) exceeds the Barclays Global High Yield index. As of 12/31/15, the 5-year net return for the XYZ FIRM representative SMA does not exceed the Barclays Global High Yield index. We believe that the gross performance is the more relevant comparison versus the benchmark (which does not have fees). Can you please confirm that we should be using gross for the comparison?

Gross returns are acceptable for purposes of the Minimum Qualifications. For all performance related questions in the Questionnaire, please report both Gross and Net returns.

2. XYZ FIRM is interested in submitting a proposal for the Public Employees Retirement Association of New Mexico’s (“NM PERA”) RFP No. NM INV-002-FY16 for Global Multi-Strategy Fixed Income investment management services. Given that the template for our intended RFP submission is a Managed Account with 4 years and 1 month of performance history and not 5 years as prescribed by the RFP Minimum Qualifications, we hope that NM PERA and Wilshire are willing to accept a signed Acknowledgment Form (Appendix A) with a caveat to the second bullet, “It meets all of the minimum qualifications stated above (in PART IV) as of December 31, 2015.”

For purposes of the Minimum Qualifications, submit a strategy that has 5 year track record, and is both similar to the managed account strategy you are proposing and substantively managed by the same team who would manage the managed account strategy you are proposing.

3. We have received the link to the Wilshire/New Mexico PERA RFP, but were wondering if there was a word version of the Questionnaire (Appendix C) that we could use to respond to the request.

The Word version of the Questionnaire can be considered embedded in the Word version of the RFP. Feel free to cut, paste, copy, etc. any relevant sections for the RFP that will aid in the submission of your proposal.

4. With regards to Part III “Scope of Work”, can the proposed SMA include CLO equity and debt? Additionally, can it include stressed and distressed credit? We would typically define stressed credits as those with spread to worst of 600-1,000bps and distressed as a spread to worst greater than 1,000bps.

The proposed SMA can include CLO equity and debt, and can include stressed and distressed credit.

5. Before going too far, how firm is PERA regarding a \$5B AUM minimum.
Total firm AUM at XYZ Investments is a tick under \$3B; Within credit, we're ~\$2B.
In credit, we're experts in Contingent Convertible Bonds, ('Cocos'), a form of regulatory capital issued by G-Sifi Global Banks (Prefs in the States). Over the last 3 and 5 years, we've far outperformed HY.

Firm AUM must be \$5 billion.

6. For this mandate, do you prefer one type of fee arrangement over another (i.e. asset-based versus performance-based)?

NM PERA considers fee arrangements holistically, that is, within the context of the strategy, vehicle, liquidity, return and volatility targets, etc.

7. With regard to Part IV. Minimum Qualifications, Our high yield strategy complies with all of NMPERA's minimum requirements and would serve as a complement to your existing exposure to high yield investments. Would NMPERA consider such a product for submission?

Yes. NM PERA does seek an asset manager, however, with capabilities beyond liquid HY and Bank Loans.

8. Does the existence of longer-term track records (i.e. longer than 5 years) in each of the major verticals of our multi-strategy credit product satisfy the MQs? From 2012 forward, we combined these components into one platform-wide multi-sector-credit offering. We believe this is among the broadest in the industry and satisfies your performance and risk requirements as well.

Yes. See the answer to Question 2.

9. One of the requirements states that the product must allow at least partial redemptions on at least a monthly basis. Can you provide the liquidity profile you are seeking – percentage of portfolio with monthly, quarterly, annual, up to 2 years, and 2-7 year liquidity?

The desired liquidity profile will be considered holistically, that is, within the context of the strategy, the return and volatility targets, etc.

10. A number of objectives specify the Barclays Global High Yield Index, a composite that includes some non-USD denominated instruments. Is this index to be expressed in unhedged or USD-hedged terms?

USD- hedged. We currently take all non-USD currency risk within our Global Investment Grade and Emerging Market Debt mandate.

11. With respect to the risk/return objectives, are we able to submit a product with a superior risk-adjusted return when compared to Barclay's Global High Yield Index, although the absolute return is lower?
(Scope/Minimum Qualifications sections)

The proposed product must surpass the Barclay's Global HY Index on an absolute return basis, especially since NM PERA is considering less liquid strategies and instruments for inclusion in this mandate.

12. Regarding the warranties attached as Appendix "D" (page 36, entitled "Warranties"), is New Mexico PERA able to discuss item C ("Offeror warrants that it will not delegate its fiduciary responsibilities assumed pursuant to the Contract") and accept being bound by the same standard of liability as all investors in the applicable fund?

NM PERA will further discuss item C with those Offerors chosen as Finalists, and before further due diligence is conducted.

13. Part IV, item 3 on the Minimum Qualifications section states that "The firm must have at least three major U.S. tax-exempt pension fund clients (public or corporate) that have \$5 billion or more in total assets. This requirement is firm-wide and does not apply to the proposed product."

We have:

- a. • One U.S. tax-exempt pension fund client with over \$5 billion in total assets,
• Over three U.S. tax-exempt pension clients with over \$5 billion in total assets including the assets of the pension and related endowments or foundations, and
• Five foreign pension clients each with over \$5 billion, two of which have over \$100 billion in total assets.

Does this satisfy the minimum requirement?

Yes.