



**STATE OF HAWAII
OFFICE OF HAWAIIAN AFFAIRS
560 NORTH NIMITZ HIGHWAY, SUITE 200
HONOLULU, HAWAII 96817**

June 23, 2017

REQUEST FOR PROPOSALS (RFP) NO. HFM 2017-12

HEDGEFUND MANAGER

ADDENDUM 5

1. Funds of Funds considered?
Not preferred, look for low correlation to equity, complement existing fund of funds, and provide low correlation to equities.
2. Are the funds public record? Can we see what is in existing fund of funds?
Yes, the Common fund is public record. However the actual holdings are not available.
3. Is this open to systematic managers? (Quantitative)
Yes, we can look at that, a low correlation to public equity market.
4. What is defined as low correlation?
There is no specific definition of correlation, but we expect the successful Offeror will achieve a correlation below 0.7.
5. If less than 5 yr. history performance, is that acceptable?
We expect the successful Offeror will provide a minimum of five years of performance history.
6. Do you have any Investment limitation or issues?
None.
7. Any asset limitations?
No.
8. Is the strategy reviewed by the Segal Team?
Segal Advisors will assist OHA in accordance with State procurement rules.

9. Would separate accounts or direct management preferable?
Fund will be better.
10. Is their Native Hawaiian Trust subject to investment as ERISA?
No. the Native Hawaiian is an endowment and is not subject to ERISA.
11. Is there a cost proposed for Vehicle fees and Consultant fees?
No.
12. Are you allowing for a traditional fee schedule and a management fee?
Yes.
13. Is there a preference for on shore or off shore vehicle?
No.
14. Should the track record be GIPS Compliant?
GIPS is preferred.
15. Is the GIPS absolute minimum?
GIPS is preferred.
16. Are you looking for a low volatility than equity?
Yes.
17. SEC Registered?
Preferred.
18. What is current portfolio?
Broad mandate, multi strategy, market neutral, it is diverse fund to fund.
19. Benchmark?
T Bills plus 4.
20. Can one propose its diversified systematic trend following multi-manager (FOHF) investment program or would OHA rather pursue more of a multi-strategy HF approach?
Direct hedge fund is preferred.
21. Is OHA open to multiple submissions? More specifically, we have two hedge fund offerings we believe meet OHA's objectives. The two funds are very different from each other and we would like to submit both, but we're not clear if that is acceptable to OHA.
Only one proposal can be submitted from each firm.

22. Will OHA be accepting proposals from managers with 2.5 year track record and \$400mm AUM?
Interested Offerors with a five year track record will be preferred.
23. Is OHA open to multiple submissions from one firm? We have two hedge fund offerings we believe meet OHA's objectives.
No. We will only accept one proposal from each firm.
24. Would you consider a long/short equities strategy?
Yes.
25. Our Global Long/Short strategy has a track record of less than 5 years; the inception date is July 1, 2013. Will strategies with less than a 5 year track record be seriously considered?
Strategies with at least a five year track record are preferred.
26. Would a systematic, fully collateralized, unlevered index option writing strategy be an acceptable submission, provided that the strategy exhibits the preferred characteristics specified, including low correlation and low volatility?"
Yes.
27. Should the Offer Form, Page OF-2, include management and incentive fees, as well as the liquidity terms for each share class, instead of the total cost?
Yes.
28. One of the Mandatory Administrative Requirements is to submit an Executive Summary that provides a program overview. Could you please provide more details about what should be included in the Executive Summary?
On page 42, item A.6, the Executive Summary should include information on investment strategy, liquidity, fees and other pertinent information.
29. Is there a replay of the conference call that occurred earlier today?
There is none.
30. Unfortunately I was not able to attend and hoped to join to better understand if XYZ Partners could still propose its diversified systematic trend following multi-manager (FOHF) investment program as we are uncertain if OHA would rather pursue more of a multi-strategy HF approach?
Direct hedge fund strategies preferred.
31. With respect to Section 3.5 C.1.t (Page 29), what is the tolerance for investment in illiquid or private securities? Specifically, is there a max % threshold that would be considered acceptable?
There is no specific maximum limitation.

32. What does it mean to be a “compliant non-Hawai’i business and what must be provided in the certificate of good standing as evidence that a Firm is registered to do business in the state? Furthermore, what state laws are applicable a firm currently has no business in the state?
On page 8, Section 2.1 General Requirements, item B.2., defines a compliant non-Hawaii business. On page 9, item C.1. 2 and 3 lists the necessary departments a business is required to be compliant with in order to do business in the state. Please contact your company’s attorney in regards to what state laws are applicable to a firm that currently has no business in the state.
33. What taxes will be imposed on the selected firms?
There are local taxes. Please contact your company’s tax attorney.
34. With respect to Section 2.1.A (Page 8, compliance with State of Hawai’i) we will need to hire Hawaiian counsel to provide legal advice on the laws of Hawaii. Can you recommend or suggest any firms whom have worked with other investment management firms in the past, who may be familiar with these issues?
We are not allowed to suggest any firms in order for this to be a fair and open solicitation.
35. Offer Form, Page OF-2: As this is not applicable to our type of business, we will not be submitting this form. Would this be acceptable?
No. On page 38, Section 4.6 Proposal Requirements, item A.1 and 2, Offer Form OR-2 is a mandatory requirement. As an example you can use 50 basis points annually.
36. Proof of registration and licensing with the Commodity Futures Trading Commission. We are not required to file with CFTC as we meet an exemption. Please let us know if this will automatically disqualify us if we are not registered with CFTC.
All interested offerors must provide proof of registration and licensing with the CFTC. However if you are exempt, please provide documentation.
37. This refers to the entire questions listed below in the box.

Page	Section	Section Title	Questions
15	3.2	Overview, Purpose and Need	The terms "oversight and strategic guidance" and "recommendations or evaluations" are referenced as the minimum services to provide. What are some examples? Market research and outlook, projects, sector evaluation
15	3.4.A	Scope of Work	The RFP references the 'OHA's Investment Policy Statement.' However, there are two Investment Policy Statements found through the SPO Forms website: that of the 'State of Hawaii Deferred Compensation Plan', and that of 'Employees' Retirement System of the State of Hawaii.' Are either of these documents the correct one? No. I have posted our Native Hawaiian Trust Fund Investment Policy Statement. Please see Addendum 6 that is posted to the solicitation.
20	Tables	Breakdown of Assets and Accounts	To make sure we provide the appropriate figures for each Table, please confirm the following: - Table 2 relates to firm wide assets. Yes

			<p>- Table 3A relates to firm wide assets. 'Totals' of 2 and 3A are expected to match. Yes</p> <p>- Table 3B relates to the proposed product. 'Totals' of 3A and 3B are NOT expected to match. Yes</p> <p>- Table 4 relates to firm wide assets</p> <p>- Client Make Up: #1-4 relates to firm wide assets. Yes</p> <p>Also, are we in agreement that 'Tax Exempt' investors are any not receiving K-1s? Yes</p> <p>If so, what is an example of an 'Other' investor?</p>
21	3.5.A.2.c.2	Breakdown of Assets and Accounts	<p>What is the preferred method of calculating 'client turnover?'</p> <p>Terminations divided by average assets</p>
31	3.5 Table 10	Performance	<p>Our monthly returns are calculated in compliance with the GIPS methodology. Would it be acceptable to aggregate monthly returns into quarterly for the purposes of Table 10 on this questionnaire? Yes.</p>
37	4.4	Proposal Forms	<p>OF-2 . Please describe how this is to be completed with respect to an Investment Manager. Are percentages allowed?</p> <p>Yes. Ex. 50 basis points annually</p>
37	4.5.C	Proposal Contents	<p>How is "subcontractor(s)" defined, with regards to letters of recommendation, and authorized signatures for the cover letter. Are these 3rd party servicers ex. Administrator, Legal, Compliance, Prime Broker, etc.? A subcontractor is one who is under contract to the contractor to perform part or another's entire contract.</p> <p>Do we need these items for each one? It is not necessary as long as it is stated in the cover letter as stated on page 37, Section 4.5, item C. We have an office that operates out of London and is its own legal entity. Is this considered a subcontractor? No</p>
38	4.6	Proposal Requirements	<p>How would you like the proposal formatted?</p> <p>On page 36, Section 4.2, provides the format for the proposal. Sections for the items in 4.6, are the section tabs the 1-6 and 1-5, or A and B? The section tabs from 4.6 A. will be for 1 – 6 (except 5) and from 4.6 B. will be 1 – 5. Do page numbers need to be sequential? Yes. Specifically our audited financials are pre-numbered, is it best to add a second set of page numbers? You may include your audited financials as an attachment since it is already pre-numbered. Shall the subsets of 3.5 be renumbered in line with the Scoring Rubric (p 42)? Yes that would be fine.</p>
38	4.6.B	Proposal Requirements	<p>How is "Offeror's Team" defined? Employees from the firm that will be involved with this project. Is this different than a "subcontractor." A subcontractor is one who is under contract to the contractor to perform part or another's entire contract.</p> <p>Does this include 3rd party servicers? Yes</p>

38. In accordance with 4.2.i, is this the correct header (see highlighted above) for the top right hand corner of each page for each section? (size, items, format, etc...)

XXX Company
RFP No. HFM 2017-12
Section 3.5 – A. Organization

Yes this is fine.

39. Can we use Arial font?
On page 36, Section 4.2, item E., only the font size is specified and not the type of font. Arial font can be used.
40. Can we change the below given categories (in red below) in Table 3A to accurately reflect XXX's different asset classes?
Preferably not.

Asset Class	2011 (\$)	2012 (\$)	2013 (\$)	2014 (\$)	2015 (\$)	2016 (\$)
Equity						
Fixed Income						
Commodities						
Currencies						
Hedge Funds						
Total						

41. In Table 10 within the investment performance section, is it acceptable to use the returns from only the proposed Fund?
Yes. On page 31, Table 10, it is acceptable to use the returns from only the proposed fund.