

Frontlines

NICE TRY

Manager hopefuls try to sneak some past for RFP

Just because an RFP sets out precise criteria for qualifying in the bidding process doesn't mean money managers won't try to squeeze through the eligibility screening.

The \$23 billion Iowa Public Employees' Retirement System's current search for high-yield managers offers a case in point. Prospective managers asked the Des Moines-based system for "clarifications" on the criteria laid out in an RFP, issued July 1.

A few sample inquiries:

Question: "Is there any flexibility regarding the requirement to outperform the benchmark by 100 basis points, annualized on a net of fee basis? We believe that our ability to achieve this performance target may be related to portfolio guidelines and allowable investments, which have not been determined. How should we approach this?"

Answer: "No. If your firm does not believe it can produce 100 bps net then it should not submit a proposal."

Question: "I represent a firm that has a 21-year track record of managing high-yield debt only; their current AUM stands at \$1.2 (billion). In reading through the selection criteria, you mentioned that firms have \$1.6 (billion) under management. Is there any consideration given for manager tenure/experience, in addition to a higher quality bias in high yield that would override the minimum AUM requirement?"

Answer: "No."

Question: "Our composite is not benchmarked against the Citigroup High Yield Cash Pay Capped Index. Can we satisfy minimum requirement if the comparison has an average information ratio of at least 0.30 against the Barclays Capital U.S. High-Yield 2% Issuer Capped Bond Index?"

Answer: "No."

— BARRY B. BURR

HOME-GROWN ASSISTANCE

Fund's Cirque role: Invest in 2 new shows

Caisse de Depot et Placement du Quebec, Montreal, is bending over backward for its hometown acrobatic performance troupe Cirque du Soleil, with a C\$25 million (US\$26 million) investment.

The private equity investment is part of a C\$104 million partnership with Cirque du Soleil and Constellation Growth Capital, which is owned by J.P. Morgan Chase, to produce two shows — IRIS, an "imaginary journey through the evolution of cinema" at the Kodak Theatre in Los Angeles and Zarkana, an "acrobatic rock opera" now at Radio City Music Hall in New York City.

IRIS is expected to remain in Los Angeles, but Zarkana is scheduled to travel to Madrid and Moscow, Stephane Leveille, director of investments, private equity, at the C\$151.7 billion system, said in a telephone interview.

It is not the first investment the Caisse has made in the show, said Caisse spokeswoman Sarah-Emilie Bouchard. It invested about C\$50 million in Cirque du Soleil in 2001.

"We really know this partner; we know the business model well; we know the management; and we know the track record," Mr. Leveille said. "This is a business that is close to us and is in our backyard."

The investment makes up a small fraction of the retirement system's private equity portfolio, which accounts for 14.4% of the system's total assets.

— TIMOTHY INKLEBARGER

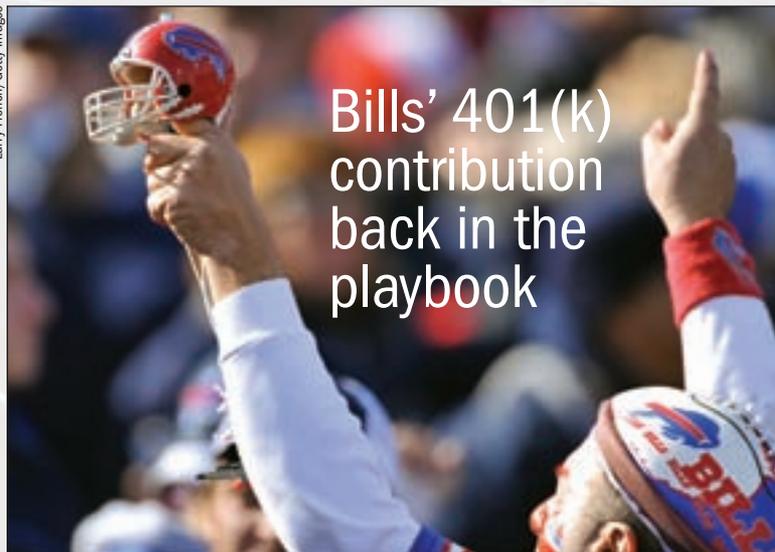


DEBUTING: Cirque du Soleil's IRIS is among 2 shows being produced.

IT'S UP, AND IT'S GOOD!

Are you ready for some football?

Larry French/Getty Images



Bills' 401(k) contribution back in the playbook

The NFL's Buffalo Bills reinstated its contributions to employees' 401(k) plans, following an end to the league's lockout on July 25, confirmed team spokesman Scott Berchtold.

Buffalo Bills CEO Russ Brandon announced in May that the Bills would suspend employer contributions to the retirement plans for all employees during the National Football League lockout, noting at the time that the team would "decide at a later date whether to reinstate them for 2011 based on our financial performance."

Mr. Berchtold said in an e-mail that Mr. Brandon has not made a formal statement concerning the reinstatement of the employer contributions. Mr. Brandon could not be reached for comment.

The asset size of the Bills' 401(k) plan could not be learned.

— TIMOTHY INKLEBARGER

Putnam, Patriots kick off marketing partnership

Putnam Investments and the Kraft Sports Group have teamed up in a marketing partnership that links the Boston-based money manager to the New England Patriots and establishes another football link for Robert Reynolds, Putnam CEO.

Mr. Reynolds is a former college football referee who was one of five finalists to succeed Paul Tagliabue as commissioner of the National Football League in 2006. The job went to Roger Goodell.

Mr. Reynolds, a top executive at Fidelity Investments at the time, became CEO of Putnam in June 2008.

"We are the official investment man-

agement sponsor of the Patriots," said Jon Goldstein, a Putnam spokesman. He declined to discuss financial terms.

The deal with Kraft Sports Group, Foxborough, Mass., owner of the Patriots and Gillette Stadium, features the Putnam Club — two 60,000-square-foot enclosed areas that can serve food and drink to a combined 6,000 seat-holders. Fan can sit in their open-air seats or visit the two club areas, which will carry Putnam's logo.

The firm's name and logo also will adorn the stadium scoreboard, Mr. Goldstein said.

The Putnam Club used to be called



the Fidelity Investments Clubhouse. Vin Loporchio, a Fidelity spokesman, said his firm had "a strong and productive partnership" with the Patriots for 10 years.

But Fidelity isn't leaving Gillette Stadium. The company will have a luxury box suite at the stadium, as it does with other professional Boston teams.

— ROBERT STEYER

NO BURNING HIGH-RISES

Disaster movie shows economy shaken to core

A trailer for the newest all-star disaster movie recently hit the Internet with the tagline SOMETHING IS GOING DOWN. But in this film, there are no capsizing ocean liners or exploding skyscrapers to be found.

This disaster is the financial crisis of 2008.

The movie, "Margin Call," is an effort by production company Before the Door Pictures to turn the early hours of the crisis into a riveting Wall Street thriller.

Starring Kevin Spacey, Paul Bettany and Jeremy Irons, the film tracks eight people at a fictional investment bank over 24 hours.

Whether audiences in the age of transforming robots and superheroes will flock to a film that consists of people sitting around tables and staring at Bloomberg machines is unknown, but enough buzz surrounded the film at its Sundance Film Festival debut for it to get a wide release in October.

— ROB KOZLOWSKI



FRIGHTENING: 'Margin Call' shows early hours of crisis.

WHAT'S THAT?

Survey: Many in DB plans are clueless about it

The majority of corporate defined benefit pension plan participants don't know much about their plans, according to a survey by Fidelity Investments.

About 71% of those participants were not aware of how their plan worked, with 31% not aware of how their vesting schedule works and 27% unaware of the age at which they can begin to receive payments.

Over half of those surveyed, however, said they are counting on pension benefits to help pay for living expenses during their retirement.

Fidelity surveyed more than 500 corporate employees who participate in U.S. employer-sponsored DB plans.

— ROB KOZLOWSKI