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East Bay Utility Chooses for Covered Calls

By **Jakema Lewis**

A conclusion has been reached in the East Bay Municipal Utility District (EBMUD) Employees' Retirement System's search for covered calls managers.

At a November 2013 meeting, trustees, staff at EBMUD and Pension Consulting Alliance reviewed strategies in the asset class offered by Westport, Conn.-based Parametric Risk Advisors and **Van Hulzen Asset Management**, in El Dorado Hills, Calif. At the time, IMMP reported that the four firms were finalists in the search.

The California-based fund's target allocation for the asset class is 20% of total fund assets. During the search process, PCA recommended that the Investment Committee select up to three managers to oversee a total of approximately \$220 million.

Meanwhile, in a report prepared for EBMUD's upcoming Jan. 16 meeting, Eric Sandler, director

of finance for the utility plan, provides an update on the covered calls manager selection.

"Staff is in the process of negotiating and executing contracts with both Parametric and Van Hulzen," Sandler wrote. "Parametric will manage approximately \$150 million in assets split equally between a BXM Replication strategy and a semi-active strategy, "Delta Shift." Van Hulzen will management approximately \$75 million a fully-active strategy.

In addition to the 20% target to covered calls, EBMUD also has targets of 40% domestic equity, 15% international equity, 10% each to core fixed-income and non-core fixed-income, and 5% to real estate.

The carve-outs were adopted last September following an asset study of the plan's portfolio.

Repeated attempts to reach officials at EBMUD regarding its search for covered calls managers and the asset study have proven unsuccessful.

VAN HULZEN ASSET MANAGEMENT

