

**STATE OF CONNECTICUT TREASURER'S OFFICE,  
PENSION FUND MANAGEMENT DIVISION**



**Principal Investment Officer, Private Investment Fund  
Position Specification**

The State of Connecticut Treasurer's Office, Pension Fund Management Division (PFM Division), managing over \$29 billion in assets, offers a rare opportunity for a strategic senior investment leader to join the Division as the Principal Investment Officer (PIO) responsible for management of the \$2.9 billion Private Investment Fund.

**State Treasurer Office Overview**

Office of State Treasurer, as the principal fiduciary for Connecticut Retirement Plans and Trust Funds (CRPTF), which consists of six state pension funds and nine state trust funds, is responsible for managing the retirement funds for approximately 190,000 teachers, state, and municipal employees as well as the trust funds for academic programs, grants, and initiatives throughout the State.

The Teachers Retirement Fund, with \$15.6 billion of assets, is the largest fund in the CRPTF. The State Employees Retirement Fund and the Municipal Employees' Retirement Fund are the next two largest, with \$10.4 billion and \$2.2 billion of assets, respectively.

The PFM Division is responsible for the day-to-day administration of the CRPTF and assists the Treasurer in the development of investment policy, and maintains communication and monitors the performance of investment managers and consultants. The Division's operations are conducted through three units: Investment Oversight, Accounting and Control, and Performance and Analysis.

CRPTF assets are invested in the State of Connecticut Combined Investment Funds (CIF), which comprise eleven separate, legally defined open-end portfolios. Units of the CIF are owned by the six pension funds and nine trust funds. The assets of the CRPTF are invested across global fixed income, equity and alternative markets. All assets are externally managed by investment managers employed by the Treasury.

## **Pension Fund Management Division Overview**

The PFM Division, led by the Chief Investment Officer (CIO) comprises a team of 20 responsible for the management of approximately \$29 billion in assets across both public and private markets. The investment leadership team, in addition to the CIO and Deputy CIO, includes the Assistant Treasurer, Performance Management; Principal Investment Officer (PIO), Fixed Income; PIO, Equities; PIO, Alternatives; PIO, Private Investment; PIO, Real Estate; and PIO, Risk Management.

## **Private Investment Fund Overview**

The Private Investment Fund (PIF), with assets of \$2.9 billion in domestic and international private investments and private equity fund-of-funds, excluding real estate, is externally managed. The PIF invests in private equity funds either directly as a Limited Partner or indirectly as a Limited Partner to a fund-of-funds vehicle.

This past year, the Treasurer's Office introduced a new Connecticut-focused investment program, with a commitment to invest up to \$145 million. The objective of the program is to generate solid returns for the State's pension plans while stimulating the State's economy through private investment and job creation. This new initiative, housed in the PIF, earmarks funds for investment specifically in Connecticut companies in various stages of development, from mature to newly created.

The Connecticut Horizon Fund (CHF), first funded in 2005 to provide the Treasurer's Office access to a wider number of women and minority-owned, Connecticut-based and emerging investment management firms, is an aggregate of public and private market funds. The CHF is a \$1 billion fund-of-funds public market program and additionally includes a \$155 million private equity allocation and a \$170 million alternative investment allocation. The private equity allocation is part of the PIF.

Excluding the commitments made under the CHF, the PIF has 65 active funds and aggregate capital commitments totaling \$6.1 billion as of June 30, 2014. Since the PIF's inception in 1987, 92 commitments have been made for a total of \$7.4 billion. In FY 2015, commitments totaling \$405 million were awarded to three private investment opportunities. StepStone Group, LP serves as the PIF investment consultant.

The PIF benchmark is the S&P 500, which the fund has outperformed since 2005. The return objective is the S&P 500 + 500 bps. While the PIF has underperformed compared to the return objective, performance has shown steady improvement the past decade.

## **PIO Responsibilities**

The PIO reports to the CIO and has the primary responsibility of the day-to-day activities of the PIF. A key priority for the PIO is to develop and implement the State's investment policies through preparation and execution of private investment strategies to achieve the short and long term objectives of the program.

Some of the key responsibilities are listed below.

1. Perform research and analyses of economic indicators in investment markets to project trends and their impact on the investment programs; monitor regulatory, legal, and statutory and other rule-making entities for potential changes that may affect the investment landscape and prepare position statements, comment letters and investment recommendations as appropriate.
2. Conduct feasibility reviews of potential investments and make appropriate recommendations; lead due diligence of external investment managers and vendors.
3. Present the merits and risks of suitable investment opportunities to the CIO and Treasurer; present the Treasurer's recommendations to the Investment Advisory Council.
4. Negotiate the business aspects and investment guidelines of investment contracts.
5. Conduct periodic reviews of on-going investment programs and recommend changes in strategy as required; monitor and review program activities; stay informed on events and other factors that could affect investment programs.
6. Perform complex analysis of financial statements, investment valuations, and scenario modeling of investment holdings.
7. Maintain close contact with state agencies and private sector vendors (e.g., consultants, money managers, General Partners, etc.).
8. As the PFM Division's liaison, attend private investment advisory board meetings.
9. Develop and implement procedures for the proper oversight and safeguarding of portfolio assets.
10. Prepare reports requested by the CIO; all other duties as requested.

## **Leadership Competencies**

The PIO must be an institutional leader first, with a strong commitment to public service, who embraces the Office of State Treasurer's vision. A leader, who will challenge others thinking and long-established processes and bring idea generation and innovation to further the PFM Division's strategic goals is desired. The PIO must be loyal and respect the PFM Division culture while challenging it to change.

To adapt to the culture, the PIO, in addition to being strategic, must also be tactical (willing to do the work) and possess the following attributes – engaging and inspiring; collegial and collaborative; a good listener; have good judgment and the highest integrity and ethics; be flexible, intellectually sharp and curious; and open and transparent in all communication.

The PIO must have the poise, presence and interpersonal skills to build collaborative relationships across the PFM Division and with the Treasurer’s Office, independent Investment Advisory Council, and other constituents and stakeholders. The ability to conceptualize and articulate complex financial and investment information in a manner that is tailored to and understood by various groups is an essential skill.

This is a highly visible position and the PIO must understand and respect the requirements of working in a principal fiduciary structure and public environment. In such a structure, wide ranging processes and documentation are required to support decision-making, which is careful and purposeful to ensure appropriate due diligence is completed and decisions are in compliance with state law.

### **Minimum Qualifications and Preferences**

The CIO and Treasurer are searching for a strategic senior investment leader that has considerable knowledge of the principles and practices of private equity across a variety of private investment partnership structures, asset allocation, performance measures and methodologies used in evaluating managers, capital market theory, and related trading and investment accounting practices.

Minimum qualifications include:

- Bachelor’s degree and a current track record of investment continuing education.
- Minimum of 8 years of experience in private equity/alternative investment including portfolio management, research and/or investment consulting.

Preferences include a CFA, CAIA, and MBA in Finance or related field, and experience in or with a public pension fund.

### **Compensation**

The PIO is an exempt position and an at will employee. Compensation is designed to be competitive with public pension funds nationally and attract the best-qualified senior investment leader -- base salary range is \$135,000 to \$180,000. Relocation assistance and comprehensive benefits (e.g., health care, retirement) are also provided.

## Quality of Life and Living in the Greater Hartford Area

Greater Hartford (pop. 1.2 million) is located in Hartford County and centered in the state's capital of Hartford, the state's third largest city. In addition to state government, Hartford is well known nationally as the home of the American insurance industry.

In addition, Hartford is a center for medical care, research, and education. Within the city, there is the Hartford Hospital, The Institute for Living, Connecticut Children's Medical Center, and Saint Francis Hospital & Medical Center (affiliated with Mt. Sinai Hospital). Several world class educational institutions, such as Trinity College, the University of Connecticut (Business and Law Schools), and the Hartford Seminary, are also located in Hartford.

The region's economy is closely tied with Springfield, MA, as Hartford and Springfield are twin cities, only 25 miles apart. Hartford has been promoted as "New England's Rising Star" as there is renewed interest with local and national developers investing in the Hartford – Springfield Knowledge Corridor (area comprises north-central Connecticut and the south-central Connecticut River Valley in Western Massachusetts).

The Connecticut River Valley is considered one of America's best vacation, convention and meeting destinations and is home of the Bushnell Park, the oldest public park in the country. The vibrant music and arts scene defines the region's culture and is home to the Wadsworth Atheneum Museum of Art, the Bushnell Center for the Performing Arts, and the Hartford Symphony Orchestra. Greater Hartford is also home to the Travelers Championship golf tournament (formerly the Greater Hartford Open).

Hartford is conveniently located to Boston and New York, less than 125 miles from both cities. Bradley International Airport is only 20 minutes from downtown and is the second-busiest airport in New England after Boston's Logan International Airport. Amtrak provides service from Hartford to Vermont via Springfield, and southward to New Haven, with regular connections to New York, Boston, Providence, and Washington DC.