

# Connecticut to boost diversification with Europe and secondaries

*The state's treasurer will add an additional \$200m per year in a transition plan to increase private equity allocation.*

14 March 2019 - By [Preeti Singh](#) -



Connecticut's new treasurer Shawn Wooden has unveiled a transition plan that will add an additional \$200 million per year for the \$31.2 billion [Connecticut Retirement Plans and Trust Funds](#)' private equity programme through fiscal year 2021.

The plan, revealed at a 13 March meeting, will help the pension reach its target allocation to the asset class.

Connecticut is one of the last US states that gives its treasurer final say on investment decisions. CRPTF executes the investment programmes of six state pension funds and nine state trust funds.

The new strategy presented by Wooden will increase Connecticut's allocations to secondaries and co-investments and increase its exposure to Europe to build a more diverse portfolio.

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Connecticut, which has a \$2.6 billion private equity portfolio, will also consider sales of interests in funds managed by discontinued managers on the secondaries market, according to meeting documents obtained by *Private Equity International*.

The pension plan's annual commitment pace has consistently been below its target range of \$600 million to \$800 million. Connecticut committed \$548 million in fiscal year 2018 and \$430 million as of 5 February in fiscal year 2019 ending 30 June. The PE portfolio had an allocation of 7.8 percent, well below its target allocation of 9 percent.

Under the new strategy, Connecticut's annual pacing target will be \$750 million; the additional \$200 million from the transition plan will enable it to reach target allocations of 8.3 percent by 2022 and 9.3 percent by 2023. The portfolio mix will also change under the new strategy.

Connecticut will significantly increase allocations to growth, mezzanine and secondaries and reduce exposure to venture capital. Connecticut's private equity portfolio consisted of buyouts (57.7 percent), growth (0.5 percent), secondaries (2.8 percent), distressed/restructuring (9.3 percent), mezzanine (5.7 percent) and venture capital (24 percent) as of 30 September.

Under the new strategy, the private equity portfolio will increase exposure to growth to 4.7 percent, secondaries to 8.1 percent, mezzanine to 9.2 percent and reduce exposure to venture capital to 12 percent.

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