

**OFFICE OF THE CONNECTICUT STATE TREASURER
PENSION FUND MANAGEMENT DIVISION**



**Principal Investment Officer, Real Assets
Recruitment Specification**

The State of Connecticut Treasurer's Office, Pension Funds Management Division (PFM Division), managing over \$60 billion in assets, is searching for a Principal Investment Officer (PIO) responsible for the management of the Real Estate Fund (REF) and Infrastructure and Natural Resources Fund (INRF) together totaling \$5.7 billion.

State Treasurer Office Overview: Pension and Trust Funds

The Office of the Treasurer includes an Executive Office and six divisions, each with specific responsibilities, including Cash Management, Debt Management, Management Services, Pension Funds Management, Second Injury Fund, and Unclaimed Property.

The Treasurer is the principal fiduciary of the six state pension funds and 12 trust funds (known collectively as the Connecticut Retirement Plans & Trust Funds (CRPTF)). The Treasurer is responsible for investing and managing the investment assets of the retirement plans serving over 300,000 state and municipal employees, teachers, retirees, and survivors, as well as trust funds that support academic programs, grants, and initiatives throughout the state.

Erick Russell was sworn in as Connecticut's 84th State Treasurer on January 4, 2023. Treasurer Russell's primary objective is to generate strong risk-adjusted investment returns that meet or exceed the 6.9% annual plan objective to address the State's unfunded pension liability.

Treasurer Russell earned a bachelor's degree from the University of New Haven before attending the University of Connecticut School of Law. Prior to his election as Treasurer, Russell was a partner at the law firm of Pullman & Comley, where he represented local and state governments in financing infrastructure projects, managing debt, and restructuring pension obligations.

Treasurer Russell has been a long-time advocate for financial literacy, seeking to empower Connecticut residents of all ages with the critical financial information they will need to make sound decisions for themselves and their families. He has sought opportunities to expand economic participation, particularly in under-resourced communities, to help prepare young people for the future. In July 2023, he oversaw the launch of CT Baby Bonds, a program to combat generational poverty and expand economic opportunity by investing directly in children at birth.

Connecticut's corporate governance program continues to be a pillar of the Treasurer's Office efforts to protect and enhance the long-term value of the State's investments. Under Treasurer Russell's leadership, the State continues to be a leader in shareholder engagement by actively engaging with companies on corporate governance best practices. The Connecticut Treasury leads the Northeast Investors' Diversity Initiative, a regional partnership dedicated to increasing corporate board diversity at companies headquartered in the Northeast.

The Investment Advisory Council (IAC), created by the General Assembly, advises the Treasurer in setting investment policies and procedures. The membership of the IAC consists of the State Treasurer (ex-officio), Secretary of the Office of Policy and Management (ex-officio), five appointed public members, all of whom are required to be experienced in matters relating to investments, three teachers' unions representatives, and two representatives of the state employees' unions.

Pension Fund Management Division Overview

The PFM Division is responsible for the day-to-day administration of the CRPTF. It assists the Treasurer and IAC in developing investment policy and asset allocation strategies, supervising and monitoring the performance of investment managers and consultants, and sourcing new investment opportunities and strategies.

The Chief Investment Officer (CIO) leads the Division and is responsible for the CRPTF investment program. The CIO leads a team of 30, including the Deputy CIO; PIOs responsible for Public Equity, Fixed Income, Private Equity/Private Credit, Real Assets, Short-Term Investments & Liquidity, Operations and the PIO, Legal Counsel.

External consulting firms providing research and analytical expertise are used to augment the Division's internal resources. Meketa serves as the general consultant and Albourne is retained to support the REF and INRF. State Street Bank & Trust serves as the custodian, and Deutsche Bank is responsible for the securities lending program.

On January 31, 2025, the CRPTF's net asset value was \$60.4 billion. The Teachers' Retirement Fund, with approximately \$27.8 billion of assets, is the largest participating plan. The State Employees' Retirement Fund and the Connecticut Municipal Employees' Retirement Fund have approximately \$24.9 billion and \$3.6 billion of assets, respectively.

The PFM Division also manages the Connecticut Inclusive Investment Initiative ("Ci3"), the State's emerging and diverse manager program within the CRPTF. Approximately \$2 billion of assets are currently invested across public and private markets.

For the fiscal year-ended June 30, 2024, the CRPTF achieved an annual total return of 11.5%, net of fees, exceeding its long-term financial objective of 6.9%. This FY2024 investment performance placed the State in the top quartile among its peers for the second consecutive year as measured against public pension funds with assets greater than \$1 billion. The 10-year investment performance, at 6.57%, has beaten the policy benchmark of 6.40%.

Real Estate (REF) and Infrastructure/Natural Resources Funds (INRF) Overview

REF with assets of \$3.7 billion represents 6.1% of the Total Fund with a target allocation of 10%. The INRF with \$2.0 billion in assets represents 3.3% of the Total Fund with a target of 7%. These assets are designed to generate attractive risk-adjusted rates of return for the overall CRPTF portfolio, while dampening overall volatility.

The REF, invested in over 60 funds, consists of several different investment strategies and investment vehicles, including externally managed commingled funds, separate accounts, publicly traded real estate investment trusts (REIT), limited liability companies, limited partnerships, direct investments, co-investments, and master limited partnerships (MLPs).

REF investments include core, value added, and opportunistic strategies, and publicly traded securities. The current exposure by strategy plus unfunded commitments is Value-Added, 34%; Opportunistic, 26%; Core-Plus, 21% and Core, 19%. The geographic exposure is focused on investments made in developed economies to limit exposure to undue market, currency, and political risk with the U.S. representing well over 90% of the exposure.

At FY2024, the REF generated a return of (4.8)% outperforming its benchmark (NFI-ODCE) of (12.0)%. As indicated in the following table, the REF has consistently outperformed its benchmark.

Real Estate Fund Returns 9/30/24

	1 Year	3 Year	5 Year	10 Years	Since Inception
Time Weighted Return	-2.9%	1.5%	4.1%	6.4%	5.8%
Policy Benchmark	-8.0%	-1.0%	2.1%	5.2%	6.6%
IRR	-2.9%	1.5%	4.2%	6.4%	5.2%

The INRF, inception in 2Q2020 and created in 2022 as a standalone asset class, is invested in approximately 25 funds. The fund consists of several different investment strategies and vehicles, including externally managed commingled funds, separate accounts, publicly traded infrastructure companies, limited liability companies, limited partnerships, direct investments, co-investments, and MLPS.

The fund's current exposure by strategy plus unfunded commitments is Non-Core Infrastructure, 71%; Core Infrastructure, 17%; and Natural Resources, 11%. Exposure is concentrated in developed markets, with North America and Europe investments of approximately 60% and 24%, respectively. At June 30, 2024, the INRF generated a return of 4.11%, underperforming its benchmark (US CPI + 400) of 7.60%. The following table shows returns since the INRF was created in 2020 as a standalone asset class.

Infrastructure & Natural Resources Fund Returns 9/30/24

	1 Year	3 Year	Since Inception
Time Weighted Return	6.3%	8.5%	6.6%
Policy Benchmark	6.5%	9.0%	8.8%
IRR	6.4%	8.2%	7.7%

PIO Responsibilities

The REF/INRF PIO, leading a team of three, is accountable for monitoring, reporting, evaluating, and recommending investment opportunities, and for risk management oversight of the assets. A key priority for the PIO is to develop and implement the State's investment policies through the execution of investment strategies to achieve the program's short and long-term objectives. Some of the key responsibilities are:

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1. Perform real assets research and analyses of economic indicators to project trends and their effect on the portfolio and other CRPTF investment programs.
2. Monitor regulatory, legal, statutory, and other rule-making entities for potential changes that may affect the portfolio.
3. Conduct reviews and lead investment due diligence of potential mandates and present recommendations of suitable investment opportunities to the CIO, Treasurer, and IAC.
4. Negotiate the business terms and investment guidelines of investment contracts with REF/INRF external investment managers.
5. Perform research and analyses of the portfolio – review financial statements, investment valuations, and scenario modeling of real estate / real assets holdings.
6. Maintain close contact with leading investment managers, consultants, and others associated with the REF/INRF and other CRPTF investment programs.
7. Implement procedures and monitor for compliance the REF/INRF external investment managers to ensure the safeguarding of portfolio assets.
8. Prepare reports requested by the CIO; all other duties as requested.

Leadership Competencies

The REF/INRF PIO is the CIO's thought partner and trusted colleague. The individual must align and support the State and the Treasurer's investment philosophy and policy objectives. The PIO must have a strong work ethic and be able to maintain a strategic focus in a changing environment.

In addition to being intellectually sharp and curious and a critical thinker, other essential skills and competencies include:

- Leadership skills to lead and oversee the Real Assets investment team and collaborate on due diligence on prospective investment opportunities.
- Excellent judgment and strong analytical and problem-solving skills to identify issues proactively and present practical solutions.
- Confidence and courage to put forward and defend ideas and recommendations while being open to adjusting them based on input from others.
- Interpersonal skills to build positive relationships with investment colleagues, support staff, the Treasurer, IAC members, outside advisors, investment managers, and others.
- Ability to conceptualize and articulate complex financial and investment information in a manner that is tailored to and understood by various groups.
- Poise and presence, and attention to detail, to expertly represent the CRPTF.

The REF/INRF PIO must be a leader of the highest integrity who delivers investment results that meet or exceed benchmarks.

Minimum Qualifications and Preferences

An investment leader with at least seven years of relevant institutional real estate / real assets experience across public and private markets is required. Additional requirements and preferences include:

Requirements

- Bachelor's degree in finance, economics, or related field of business.
- In-depth understanding of the real estate / real assets sectors, private markets, alternative investment strategies and vehicles, and the principles of institutional investing.
- Understanding of research in real estate / real assets, including market trends, strategies, industries, sectors, and geographies.
- Demonstrated ability to effectively communicate in writing and verbally.
- Dedication to public service and understanding of defined benefit plans.

Preferences

- Advanced degree.
- CFA or CAIA.

Public sector investment experience is preferred, candidates with other relevant experience will be considered.

Compensation

The REF/INRF PIO is an exempt position and an "at will" employee serving at the pleasure of the CIO and Treasurer. The CRPTF provides competitive compensation and benefits packages that are designed to attract top talent from the national market. Relocation assistance is available.

For Additional Information or to Apply

For additional information or to apply, please contact Hudepohl & Associates, info@hudepohl.com or (614) 854-7300.