



The Office Of
State Treasurer
Denise L. Nappier

News

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Connecticut's Investments in Federal Initiative Yield Impressive Returns *Public Private Investment Fund Managers Post Quarterly Results*

The Connecticut Retirement Plans and Trust Funds' ("CRPTF") \$200 million investment in the Public Private Investment Partnership ("PPIP") program sponsored by the U.S. Treasury recently posted impressive performance results for the quarter ended September 30, 2010. According to the U.S. Treasury, the net internal rates of return since inception for Connecticut's investment in three managers in the PPIP program were 44.3%, 40.8%, and 34.4%. By way of comparison, the eight managers designated by the U.S. Treasury to manage PPIP assets posted returns ranging from 19.3% to 52%, with two of Connecticut's managers in the top three for performance.

State Treasurer Denise Nappier stated: "These performance numbers are fantastic, and will certainly help the CRPTF to turn the corner toward improved performance in its real estate portfolio. The Great Recession has been especially brutal for real estate markets, and this PPIP investment has gone a long way in allowing us to offset the volatility in our real estate investments by making opportunistic investments in the distressed residential and commercial mortgage-backed markets."

Treasurer Nappier added, "These early robust results reflect quite favorably on our extensive due diligence, the strength of our in-house team of investment and legal professionals, as well as the work of the independent investment and legal consultants and oversight by the State's Investment Advisory Council – all of whom played a pivotal role leading up to the decision to select top tier investment managers for the PPIP mandate. This initiative has proven, so far, how effective public-private partnerships can be, and looks to be a win-win for all stakeholders."

PPIP is an investment vehicle developed by the U.S. Treasury in 2009 as part of the Troubled Asset Relief Program, and was designed to repair the capital markets by investing in legacy, distressed residential and commercial mortgage-backed securities. PPIP's objective is to improve liquidity in troubled real-estate securitized bond markets and stimulate the flows of funds into these markets. The overall purchasing power of PPIP totaled \$29.4 billion, which was derived from funds raised from private sector investors, equity capital invested by the U.S. Treasury and debt provided by the U.S. Treasury. To date, the program has invested \$18.6 billion of capital into these markets and has been successful in helping bring liquidity and stability to the real estate markets.

In September of 2009, Connecticut awarded mandates to three managers participating in PPIP: Alliance Bernstein Legacy Securities Master Fund, L.P.; Invesco Legacy Securities Master Fund, LP; and Marathon Legacy Securities Public-Private Investment Partnership, LP. Assets invested in PPIP represent roughly 15% of the CRPTF's real estate portfolio which was valued at \$784 million as of June 30, 2010. The real estate portfolio represents 3.6% of the CRPTF overall.

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