

# State of Connecticut



DENISE L. NAPIER  
TREASURER

May 28, 2013

Mr. Keith Burris  
Editorial Page Editor  
Journal Inquirer  
306 Progress Drive  
P.O. Box 510  
Manchester, CT 06045

Dear Mr. Burris,

The *Journal Inquirer* editorial, "Why Invest That Way?," does little to explain my position regarding the potential sale of the Tribune Company and its assets, and takes the reader's eye off the ball by portraying all hedge funds as nothing more than a speculative gamble. Let me take a moment to set the record straight on both fronts.

Since the beginning of my administration in 1999, I have successfully engaged many companies to ensure sound corporate governance practices and transparent operations that are designed to enhance shareholder value. My concern and approach to the situation facing the Tribune Company will follow a similar, well thought out, strategic path. My message to interested parties in any Tribune transaction is this: I am, in fact, very concerned about the fate of the *Hartford Courant* -- as is the case for any business in the State of Connecticut -- and I am watching this matter closely.

Anticipating an auction of Tribune assets, I have encouraged the investment managers that do business with the Connecticut Retirement Plans and Trust Funds (CRPTF) -- including Oaktree -- and who have the ability to influence the outcome of the decision, to carefully consider the impact of their actions in terms of eventual governance and financial well-being of the Tribune Company.

Furthermore, any decision I make to hire investment firms rests on more factors than just performance track record. My office strives to partner with highly qualified firms that are also in good standing within the investment community, execute their mandate through best practices, and are good corporate citizens.

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Let me set the record straight in terms of the CRPTF's hedge fund investment thesis. The decision to invest with hedge funds was part of a carefully evaluated strategy. The CRPTF invests in alternative strategies such as hedge funds in order to reduce risk, enhance overall portfolio returns and protect against inflation over the long term under a variety of market conditions. This cannot be fairly described as mere speculation.

In fact, as the name implies, hedge funds are used in an institutional portfolio to hedge against market risks by reducing volatility through a portfolio of diversified strategies. During 2008 when the Russell 3000 stock market index fell 37.31%, hedge funds, as measured by the Hedge Fund Research Inc. Index, fell 21.4%, much lower than the volatile stock market.

And lastly, it bears noting that Oaktree and other funds helped bring the Tribune Company out of bankruptcy – in stark contrast to your claim that hedge funds are harmful to companies' financial health. Were it not for the risks taken by such investors, the Tribune Company would likely not be in existence for us to talk about. So here's my message on the merits of hedge funds: Don't paint all these funds with the same broad brush.

Sincerely,



Denise L. Nappier  
State Treasurer