PRESS RELEASE
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CRPTF FISCAL YEAR END NUMBERS SHOW PROGRESS & MORE WORK TO DO
WITH FISCAL YEAR INVESTMENT EARNINGS AT $1.8 BILLION,
TREASURER WOODEN CONTINUES INVESTMENT PORTFOLIO RESTRUCTURING;
INVESTMENTS ANNOUNCED & NEW FUND MANAGERS CONSIDERED AT AUGUST IAC MEETING

HARTFORD, CT — Today, at the August Investment Advisory Council (“IAC”) meeting, Treasurer Shawn T. Wooden announced the preliminary, unaudited investments results for the Connecticut Retirement Plans and Trust Funds (“CRPTF”) for the fiscal year ending June 30, 2019, while outlining the comprehensive restructuring measures underway to improve the CRPTF investment returns.

With a total net value of $36.0 billion at the end of June, the CRPTF reached a new fiscal year end record. The Office of the Treasurer remains committed to further improving the performance of the portfolio and managing risks.

Since taking office on January 9th—halfway through the fiscal year—Treasurer Wooden has advanced a series of changes and improvements [infographic attached] to address persistent performance issues with the CRPTF. Among the many reforms, restructuring two of the consistently underperforming asset classes—the Emerging Markets International Stock Fund and the Developed Markets International Stock Fund—have been a priority.

In February, passive strategies for the Emerging Markets International Stock Fund were replaced with high quality active managers, which resulted in this asset class outperforming the MSCI Emerging Market Index by 242 basis points.

During the IAC was presented with proposals from the following potential Developed Markets International Stock Fund managers: Acadian Asset Management, Causeway Capital Management, and Fiera Capital Inc. If selected by the Treasurer, the three global equity asset management firms would be part of the Office of the Treasurer’s restructured approach to the developed markets asset class; specifically, reducing the overall allocation, utilizing a passive strategy for the remaining half of the portfolio and allocating the other half to a select group of high performing active managers. With these changes, the Treasury expects to realize stronger returns, lower fees, and less volatility.

“Boosting the performance of our investment portfolio will be a marathon, not a sprint,” said State Treasurer Shawn Wooden. “There’s no question we had to make necessary and meaningful changes right out of the gate. While we’ve laid the groundwork for better returns in the future and early indications of our restructuring plan is promising, there is much more work to do.”

The two largest pension funds, the Teachers’ Retirement Fund (“TERF”) and the State Employees’ Retirement Fund
(“SERF”), generated net investment results of **5.9 percent** at the end of the fiscal year. While both lagged behind their 6.8 percent performance benchmark, when compared to peer public pension plans, net of fees, TERF and SERF are ranked in the **37th and 36th percentiles for the fiscal year**.

The Municipal Employees Retirement Fund (MERF) delivered a **6.2 percent** investment return, below its benchmark goal of **7.0 percent**.

In addition to reviewing the systemic changes to CRPTF and the fiscal year end numbers at today’s IAC meeting, the Treasurer also announced the investment of $75 million with **Vistria Group** and $100 million with **Oak Street Real Estate Capital**. Vistria Group is a private investment firm that invests in U.S.-based healthcare, education, and financial services companies. Oak Street Real Estate Capital, a private equity real estate firm, manages accounts on behalf of public and private pension plans, insurance companies, and trusts.

**About the Investment Advisory Council (IAC)**

Treasurer Wooden is principal fiduciary of the Connecticut Retirement Plans and Trust Funds and is an *ex officio* member of the State’s independent Investment Advisory Council. The IAC is comprised of five public members with investment experience that are appointed by the Governor and legislative leadership; three representatives of the teachers’ unions; and two representatives of the state employees’ unions. In addition, the Secretary of the Office of Policy and Management is an *ex officio* member.

More information regarding the IAC and its responsibilities may be found [here](#). Attachment: