The size of Connecticut’s nest egg for its retired workers is the biggest ever, but the state treasurer says steps are underway to improve lagging investment performance in the state retirement trust fund.

“Boosting the performance of our investment portfolio will be a marathon, not a sprint,” State Treasurer Shawn Wooden said. “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.”

Wooden, prime fiduciary for the Connecticut Retirement Plans and Trust Funds (CRPTF) and ex officio member of the Investment Advisory Council (IAC) that oversees CRPTF, said unaudited results show the funds’ assets stood at $36 billion at June 30 – their highest ever.

However, 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 during the fiscal
year, below their 6.8 percent performance benchmark, he said. The Municipal Employees Retirement Fund (MERF) delivered a 6.2 percent investment return, below its benchmark goal of 7 percent.

TERF and SERF ranked in the 37th and 36th percentiles, respectively, for the fiscal year, Wooden said.

Following Thursday’s meeting of the Investment Advisory Council (IAC), an independent body overseeing the CRPTF, Wooden said a series of changes and improvements are underway to lift the funds’ performance.

Among them, he said, is that two persistent underperformers in its investment portfolio -- the emerging markets international stock fund and the developed markets international stock fund -- are getting closer scrutiny.

That includes soliciting proposals from its three outside developed-market fund managers for improving its performance, the treasurer said.

Last Feb., passive strategies for managing the emerging-markets fund were replaced with more hands-on management, resulting early on with better results, Wooden said.

Wooden also announced the CRPTF invested $75 million with Vistria Group, a Chicago fund-manager focused on middle-market investments in healthcare, education and financial services.

Another $100 million was invested with Oak Street Real Estate Capital, a Chicago adviser who manages investment accounts on behalf of public and private pension plans, insurers and trusts.

It’s the first time CRPTF has invested with Oak Street. A Wooden spokeswoman said Friday retaining Oak Street’s investment services is in no way related to Oak Street’s bid last year to acquire downtown Hartford’s XL Center.

Along with Wooden, IAC consists of five public members with investment experience that are appointed by the governor and lawmakers; three representatives from teachers’ unions; and two from state employees’ unions. The secretary of the Office of Policy and Management is also an ex officio member.