THE OFFICE OF
STATE TREASURER
DENISE L. NAPPIER

NEWS

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Connecticut Pension Fund Rebounds

Posts Double-Digit Performance in the Wake of the "Great Recession"
Overall Investment Return at 19.8% for Calendar Year Ending 2009

(Hartford) - State Treasurer Denise L. Nappier said today that Connecticut's pension fund rallied strongly over the first six months of fiscal year 2010. The pension fund assets grew by $2.7 billion in calendar year 2009. As of December 31, 2009, the pension fund assets were valued at approximately $23 billion, with public market gains contributing to the returns.

"Since July 1, 2009, our State's pension funds have realized strong investment performance, returning 15.25%. For the entire 2009 calendar year, it generated an average return of 19.82%. This turn-around was a dramatic improvement over the market downturns we saw earlier in 2009, and potentially very good news for state taxpayers and the approximately 160,000 pension plan beneficiaries and participants," Treasurer Nappier stated.

The considerably improved performance results were driven by an economic recovery that led to a stabilized global outlook and significant gains in the global capital markets. While the capital markets showed considerable improvement, Treasurer Nappier recognizes that full economic recovery will continue to be slow and sometimes painful, particularly as it pertains to job growth.

Additionally, as the CRPTF entered the economic crisis, it held above average levels of cash and, consequently, was well-positioned to take advantage of the equity markets' rally and benefit as the credit markets stabilized. The pension fund is broadly diversified by asset class, including those that did very well in this market environment such as emerging market equities, high yield bonds and emerging market debt, which returned 74.84%, 50.00% and 37.70%, respectively. For fiscal year 2010 to date, all asset classes in the CRPTF returned positive performance with the exception of the Real Estate Fund, where real estate markets globally continue to lag the economic recovery.

Nappier noted that 2009's successful performance results reflect the ongoing practical investment strategy to position the CRPTF portfolio for long term growth and financial strength, as well as protect asset values in down markets. "These strong early investment results for fiscal year 2010 put us on a path that takes the edge off last fiscal year's double digit negative returns as a result of the historic market downturns of the 'Great Recession,'" said Nappier. "We believe the CRPTF's recovery affirms our asset allocation strategy."

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As investors regained confidence in credit-related markets, the CRPTF was able to opportunistically add an allocation to distressed debt by investing $200 million in the U.S. Treasury's Public-Private Investment Program. This investment was designed to generate strong risk-adjusted returns by investing in residential and commercial real estate markets at attractive values.

For the year ending December 31, 2009, the State Employees' Retirement Fund ("SERF"), the Teachers' Retirement Fund ("TERF"), and the Municipal Employees' Retirement Fund ("MERF") returned 20.20%, 19.93% and 18.08%, respectively. The fund's fiscal year 2010, which starts July 1, 2009 and ends June 30, 2010, posted six months of performance through December 31, 2009 of 15.54% for SERF, 15.34% for TERF and 13.46% for MERF. This compares favorably to the CRPTF's 2009 fiscal year performance of a 17.37% decline, which took place during the worst market environment since the Great Depression. The SERF, TERF and MERF comprise the majority of the CRPTF and provide the pension fund benefits to state and municipal retirees and teachers in every public school system in the State.

The Treasurer also today released a statement regarding news reports about the under funding of state pension funds by The Pew Center on the States.

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