Pensions&Investments

Indiana Public Retirement taps Carlyle to manage in-state private equity

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Published: November 9, 2012

Indiana Public Retirement System, Indianapolis, hired **Carlyle Group** to run $150 million in the Indiana Investment Fund II, a private equity separate account, and also made up to $450 million in new alternative investment commitments, confirmed spokesman Jeff Hutson.

The Carlyle hire is pending a finalized contract, Mr. Huston said in an e-mail. Hamilton Lane Advisors and Credit Suisse Customized Fund Investment Group were also finalists.

About 67% of the separate account would be invested in opportunistic Indiana-related direct investments and 33% in Indiana-related general partners. Carlyle could also potentially manage some or all of the assets in Indiana legacy funds, pending approval both of the INPRS board and other limited partners.

An RFP was issued in September.

Separately, the $26.3 billion pension plan committed $275 million to three tactical trading hedge funds — $100 million each to **BlueCrest Capital Management**'s BlueTrend Fund and BlueCrest Capital International, and $75 million to Bridgewater Pure Alpha Major Markets II, managed by **Bridgewater Associates**. The board also transferred $129 million in assets to Bridgewater Pure Alpha II from the predecessor fund.

It also committed $100 million to Harrison Street Core Property Fund, an open-end real estate fund managed by **Harrison Street Real Estate Capital** that invests in specialized niche sectors, and from $50 million to $75 million to **Advent International** GPE VII, a European private equity fund that invests in control buyouts, growth equity and strategic repositioning in developed markets.

The board also invested an additional $100 million each to risk-parity strategies managed by Bridgewater and **AQR Capital Management** as INPRS works toward reaching its 10% allocation to the asset class. The board invested $400 million each in Bridgewater's All Weather Fund and AQR's Global Risk Premium Fund in May. Funding is coming from equity terminations and drawdowns from earlier in the year.

Also, the board redeemed $27 million from an event-driven hedge fund managed by Paulson & Co., citing poor security selection and risk management.

"We always have investors subscribing and exiting our funds at any given time and redemptions through the end of 2012 are in line with previous years," said Armel Leslie, spokesman for Paulson & Co. "While we respect investor decisions, those investors that have stayed invested through the cycles have performed the best. Our funds have outperformed the hedge fund or broader market indices since inception by a fairly wide margin. Our goal in managing assets is to outperform over the long term and compound, not to beat the market every year."