

Searches

Cook County Slashes Mesirow Mandate

The Cook County (Ill.) Annuity and Benefit Funds has halved Chicago-based Mesirow Financial's \$75 million small-cap value mandate and put the fund on watch, according to fund documents. Boston's RhumbLine Advisors is slated to oversee \$37.5 million in a passively-managed, small-cap value portfolio. Daniel Degnan, executive director of the \$6.8 billion fund, did not return calls by press time regarding the reasons for placing Mesirow on watch and splitting the mandate.

Jim Tyree, ceo, chairman and head of Mesirow's equity management group, struck a hopeful tone in an e-mail, writing, "We appreciate the opportunity to work with the fund and would welcome the opportunity to work together again in the future."

Tyree did not comment on the reasons behind Cook County's decision but the numbers show that small-cap value hasn't been Mesirow's strong suit lately. The firm's small-cap value fund returned 55.08% for the year ending March 31, according to Informa Investment Solutions's *PSN Database*. Its benchmark, the Russell 2000 value index, returned 65.07% for the same period.

Philadelphia Seeks Int'l Managers



Christopher McDonough

The \$3.6 billion Philadelphia Public Employees' Retirement System has issued a notice of contracting opportunity for an international equity manager. The system plans to split the mandate, about \$340 million, between two managers, according to CIO Christopher McDonough.

The system wants managers with portfolios focused largely on developed international markets, so it is requiring interested money managers have no more than 10% of their total assets under management invested in emerging markets. The managers will be indexed to MSCI EAFE + Canada Index, to reflect the developed-market specialization.

The move comes as part of a restructuring of Philadelphia's international equity portfolio, based on the findings of an asset allocation study in May. The system has already hired two managers focused solely on emerging markets, Eaton Vance Management and Trilogy Global Advisors.

The system currently has the money invested with Mondrian Investment Partners and McKinley Capital Management, both of which will be invited to re-bid. Proposals are due July 24, and the system expects to make its decision within the next few months.

Kansas Goes With Harrison Real Estate Fund



Vince Smith

The \$12 billion Kansas Public Employees Retirement System has awarded Harrison Street Real Estate Capital \$30 million to be invested in its *Harrison Street Real Estate Partners Fund III*. Vince Smith, cio, said the fund focuses on student housing, senior housing, self storage and medical office properties.

According to a Harrison news release, *Fund III* first closed at \$165 million on June 16 and is targeting a total of \$500 million by the end of 2010. This third fund has raised capital from more than 10 new and existing U.S. and European institutional investors. The first and second funds closed at \$208.5 million and \$430 million, respectively.

Ohio Police & Fire To Boost Private Equity

The \$10.1 billion Ohio Police & Fire Pension Fund will add \$335 million in private equity investments in 2010 as part of a recent leveraged rebalancing. The fund's new target for private equity is 7%, up from 4%. The source of the funding for the allocation increase has not yet been determined, but spokesman David Graham said the fund will draw from overweight asset classes. He added that private equity was previously underweight and the new target will enhance overall portfolio return.

The fund has also decided to leverage its bond portfolio. With leverage, the fund's new asset allocation will total 120%. Equity exposure will be reduced and bond exposure increased, thereby hopefully reducing risk in the portfolio without sacrificing returns. The fund's consultant, Wilshire Associates, suggested this course of action, according to Graham.

The board will hold meetings with Wilshire's Pittsburgh office's David Lindberg over the next few days to determine what will happen with existing equity managers, some of which may see their mandates reduced and some may be terminated. Graham expects a decision to be reached by July 12.

The new allocation targets are 23.7% for long-duration bonds, 15% for high yield bonds, 12.9% for TIPS, 21.7% for U.S. equity, 21.7% for non-U.S. equity, 12% for real estate, 7% for private equities, 3% for timber and 3% for commodities.

The fund's equity managers as of June 2009 include Chicago Equity Partners, Earnest Partners, Columbia Management, INTECH Investment Management, Western Asset