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NEW JERSEY DEPARTMENT OF THE TREASURY – DIVISION OF INVESTMENT
DIRECTOR / CHIEF INVESTMENT OFFICER

POSITION SPECIFICATIONS

CLIENT

The **New Jersey Department of the Treasury, Division of Investment** (the “**Division**”) was created by statute in 1950 to centralize all functions related to the purchase, sale or exchange of securities for the State’s diverse funds under experienced and professional management. The statute vests investment authority in the **Director/Chief Investment Officer** of the **Division**, who is appointed by the State Treasurer. The **Director/Chief Investment Officer** exercises this authority subject to the supervision of the **State Investment Council** (the “**Council**”) and the **Board of Trustees of the Police and Firemen’s Retirement System (PFRS) Board** (the “**Board**”). The **Council** and the **Board** formulate policies that govern the methods, practices or procedures for investment, reinvestment, sale or exchange transactions to be followed by the **Director/Chief Investment Officer** of the **Division**. The **Division** enjoys a strong working relationship with both the **Council** and the **Board**.

The **Council** is composed of sixteen (16) members pursuant to State statute. Nine members are appointed by the Governor for five-year terms and are drawn traditionally from the professional investment community. Of those nine appointments, eight are made with the advice and consent of the State Senate. One appointment is made from nominees submitted jointly by the President of the Senate and Speaker of the Assembly. The statute requires that at least seven of the nine gubernatorial appointments shall be qualified by training and experience in the direct management, analysis, supervision or investment of assets, which training and experience shall have been acquired through academic training or through actual employment in those fields.

Four members are appointed by the Governor from nominees submitted by various employee organizations. Two of the four members are appointed for five-year terms from nominees submitted by the New Jersey State AFL-CIO. One of the four members is appointed for a three-year term from nominees submitted by the New Jersey Education Association. The fourth member is appointed by the Governor for a three-year term from nominees submitted by the State Troopers Fraternal Association. The statute requires that these four appointments shall be qualified by training, experience or long-term interest in the direct management, analysis, supervision or investment of assets and this training, experience or long-term interest shall have been supplemented by academic training in the fields of economics, business, law, finance or actuarial science or by actual employment in those fields.

Two members, representing the Public Employees' Retirement System (PERS), and the Teachers' Pension and Annuity Fund (TPAF), are designated from members of the respective pension system's board of trustees and serve three-year terms. One member is designated by the Chief Justice of the New Jersey Supreme Court from members of the Retired Judges Association of New Jersey.

The **Division** manages nearly \$77 billion in pension assets making it the 20th largest U.S. pension fund manager. The seven participating public pension systems are:

- The Consolidated Police and Firemen's Pension Fund
- The Judicial Retirement System
- The Police and Firemen's Retirement System
- The Prison Officers' Pension Fund
- The Public Employees' Retirement System
- The State Police Retirement System
- The Teachers' Pension and Annuity Fund

These seven are collectively referred to as the "**Pension Fund**". Approximately 51% of **Pension Fund** members are still working and contributing to the **Pension Fund** while 43% are retired. The remaining 6% reflects the number of vested members no longer accruing benefits but not yet retired. **Pension Fund** assets are primarily managed through common trust funds ("Common Pension Funds").

For Fiscal Year 2020, the annual rate of return, net of fees, for the **Pension Fund** was 1.21%. The five-year and ten-year rates of return, again net of fees, was 5.61% and 7.99%, respectively.

The **Division** also manages the State of New Jersey Cash Management Fund, Supplemental Annuity Collective Trust (a 403b plan) a portion of NJBEST Fund (a 529 college savings plan) as well as several funds under the New Jersey State Employees Deferred Compensation Plan (a 457 plan). Total assets under management by the **Division** were approximately \$92 billion as of June 30, 2021.

All investments must conform to the heightened "prudent person" standard set by the New Jersey Legislature. This standard requires the **Director/Chief Investment Officer** "to manage and invest the portfolio solely in the interests of the beneficiaries of the portfolio and for the exclusive purpose of providing financial benefits to the beneficiaries

of the portfolio”. The mission of the **Division** is to achieve the best possible return at an acceptable level of risk utilizing the highest fiduciary standards.

In 2020, the **Division** undertook a formal asset allocation study which resulted in a new targeted asset allocation for the **Pension Fund**, which was then approved by the **Council**. The new targeted allocations for Fiscal Year 2021 for each asset class are as follows:

Asset Class	Target %
GLOBAL GROWTH	59.00%
U.S. Equity	27.00%
Non-U.S. Developed Market Equity	13.50%
Emerging Market Equity	5.50%
Private Equity	13.00%
INCOME	18.00%
Investment Grade Credit	8.00%
High Yield	2.00%
Private Credit	8.00%
REAL RETURN	11.00%
Real Estate	8.00%
Real Assets	3.00%
DEFENSIVE	12.00%
Cash Equivalents	4.00%
U.S. Treasuries	5.00%
Risk Mitigation Strategies	3.00%

The **Division** currently employs a staff complement of sixty employees in its Trenton offices. The **Division** utilizes its internal resources to minimize costs, with the **Pension Fund** representing one of the highest percentages of internally managed plans amongst public pension funds. The U.S. Equity portfolio is based upon a passive index-based strategy, while the **Division** utilizes external investment advisors to provide advice with respect to its high yield, emerging market equities, and small cap international equities portfolios.

In 2020, the **Division** continued to build out its Environmental, Social, and Governance (ESG) efforts as well as furthering its initiative to expand opportunities for minority-owned and women-owned business enterprises (MWBES). A future major initiative is a comprehensive overhaul of the **Division’s** information technology systems.

For more information about the **Division**, please visit their website at <https://www.nj.gov/treasury/doinvest/>.

ABOUT TRENTON

The **Division** is located in Trenton, the capital of the State of New Jersey, and the headquarters of the New Jersey state government. Trenton is located in Mercer County, a region that is home to several Fortune 100 companies and top-rated public school districts. The region offers an excellent public transportation system, well-maintained parks, gardens and open space, state-of-the-art healthcare facilities and unique cultural and historical landmarks. It is a short distance from the restaurants, theaters, museums and major league

sports arenas of Philadelphia, Newark and New York City, which are easily accessible by car, train, or bus.

RESPONSIBILITIES

Reporting to the Treasurer of the State of New Jersey, the **Director/Chief Investment Officer** will guide and manage the investment of monies in the State's various pension and other funds, valued at approximately \$92 billion as of June 30, 2021. Additionally, the **Director/Chief Investment Officer** is responsible for managing the **Division** staff. The **Director/Chief Investment Officer** will also work closely with the **Council**. The **Council** assists in the determination of appropriate asset allocation and provides oversight and governance in the investment of the pension and other State funds managed by the **Director/Chief Investment Officer** and the **Division of Investment**.

New Jersey has the advantage of close proximity to major financial markets in New York City, affording the **Director/Chief Investment Officer** the chance to access expertise and meet with financial partners on a regular basis. The relationship between the **Director/Chief Investment Officer** and the **Council** has been marked by close cooperation, with the **Council** focused solely on the **Division's** mission of "achieving the best possible return at an acceptable level of risk using the highest fiduciary standards."

The **Division** seeks a **Director/Chief Investment Officer** with an exceptional understanding of financial markets, securities, alternative investments and pension finance. The ideal candidate will have extensive and broad-based investment experience in public and private investments, and a track record of successfully investing and managing complex investment portfolios, as well as supervising and managing staff. The **Director/Chief Investment Officer** will oversee **Division** staff totaling approximately 60 through 10 direct reports, including a Deputy Director.

The **Director/Chief Investment Officer** will be responsible for the functions of the **Division** including:

- Managing the investments of the pension plans and other funds;
- Supervising and overseeing the in-house investment and operations staff, the external advisors and the limited partnership investments;
- In conjunction with the **Council**, providing for the formulation and adoption of long-term investment plans and annual updates;
- Evaluating and selecting investment strategies, external advisors, consultants and sub-advisors;
- Reporting to the **Council** on investment results and other such matters as the **Council** requires;
- Guiding and providing leadership to the **Division's** professional staff including attracting, motivating, developing, retaining exceptional talent and ensuring efficient coordination and execution of goals;
- Facilitating engagement with minority- and women-owned (MWBE) broker/dealers, consultants, advisors and fund managers;
- Promoting the highest standards of integrity and professionalism within the **Division**, the investment process and the governance of the pension plans; and

- Leading the expansion of the **Division's** capabilities, including the upgrading of technology and the filling of key staffing vacancies.

EDUCATION AND EXPERIENCE

- Bachelor's degree from an accredited college or university, preferably in business administration with an emphasis in finance, economics and/or accounting.
- An advanced degree and a CFA, CAIA or FRM designation are preferred.
- Significant experience (ideally ten or more years) with progressive responsibility in investment management and administration with a track record of adding value as compared to appropriate benchmarks.
- Experience in managing the investment of large pension funds or endowments is preferred, but other relevant experience will also be considered.
- The ideal candidate will have extensive and broad-based investment experience and a track record of successfully investing and managing complex investment portfolios, as well as supervising and managing investment and administrative staff.
- A demonstrated history of building relationships of trust, confidence, and respect with board members and highly attuned interpersonal skills with the capacity to navigate, engage and collaborate with a diversity of stakeholders with different levels of sophistication is required.
- A proven track record of success developing emerging managers and ESG-risk integrated programs with the ability to conceptualize and articulate complex financial and investment information in a manner that is tailored to, and understood by, various groups is also preferred.
- Substantial experience (ideally eight or more years) managing global multi-asset class portfolios, both public and private, with a demonstrated track record of success.
- Extensive experience working with alternative investment fund managers, general partners, investment advisors and consultants.
- Strong experience (ideally five years) managing a diverse group of investment professionals.
- Broad and deep knowledge of institutional investing strategies and practices and strong systems understanding in the analysis and use of investment-related financial data.
- If not currently residing in the State of New Jersey, the ability to obtain New Jersey residency within one (1) year of employment.

PERSONAL CHARACTERISTICS

- High level of ethics and demonstrated commitment to transparency and accountability in performance reporting.
- Demonstrated leadership and management capabilities.
- Effective and persuasive oral and written communication, presentation, and negotiation skills.
- Gravitas to effectively represent the **Division** with fund managers and investment advisors, representatives of the State Treasurer's office, members of the **Council**, and other financial community representatives.

- Strong work ethic and dedication.
- Commitment to the mission and vision of the **Division**.
- Common sense and good judgment; deliberative and thoughtful, not impulsive; understands and embraces implementing the **Division's** risk tolerances.

COMPENSATION

Compensation will be commensurate with qualifications. The total compensation package includes a competitive base salary and the State's comprehensive benefits package. Benefits include health, medical, dental, prescription drug, and enrollment in the State's defined benefit and defined contribution plans. The State also offers a generous paid time off policy.

APPLICATION PROCESS

EFL Associates, an executive search firm, is assisting the **Division** with this important search. All calls and inquiries should be made through the search firm. Nominations and applications will be held in confidence. Review of applications will begin immediately and will continue until the position is filled.

NON-DISCRIMINATION

Our client and EFL Associates firmly support the principle and philosophy of equal opportunity for all individuals, regardless of age, race, gender, creed, national origin, disability, veteran status or any other protected category pursuant to applicable federal, state or local law.

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