NEW JERSEY DEPARTMENT OF THE TREASURY – DIVISION OF INVESTMENT

HEAD OF FIXED INCOME

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 (i.e., Chief Investment Officer) of the Division, who is appointed by the State Treasurer. The Director 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 of the Division. The Division enjoys a strong working relationship with both the Council and the Board.

The Division is the 40th largest pension fund manager globally as measured by assets under management and the 18th largest among U.S. public and corporate pension fund managers. The Pension Fund supports the retirement plans of approximately 800,000 members in seven public pension systems:

- 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

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All seven are collectively referred to as the “Pension Fund”. Approximately 49% of Pension Fund members are still working and contributing to the Pension Fund while 43% are retired. The remaining 8% 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”).

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 just over $92 billion as of June 30, 2019.

All investments must conform to the heightened “prudent person” standard set by the New Jersey Legislature. This standard requires the Director “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.

As of October 1, 2019, the target asset allocations for each asset class are as follows:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Target %</th>
<th>Allowable Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>GLOBAL GROWTH</td>
<td>59.00%</td>
<td></td>
</tr>
<tr>
<td>U.S. Equity</td>
<td>28.00%</td>
<td>23 – 33%</td>
</tr>
<tr>
<td>Non-U.S. Developed Market Equity</td>
<td>12.50%</td>
<td>10 – 15%</td>
</tr>
<tr>
<td>Emerging Market Equity</td>
<td>6.50%</td>
<td>4 – 9%</td>
</tr>
<tr>
<td>Private Equity</td>
<td>12.00%</td>
<td>9 – 15%</td>
</tr>
<tr>
<td>REAL RETURN</td>
<td>10.00%</td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td>7.50%</td>
<td>5 – 10%</td>
</tr>
<tr>
<td>Real Assets</td>
<td>2.50%</td>
<td>1 – 5%</td>
</tr>
<tr>
<td>INCOME</td>
<td>18.00%</td>
<td></td>
</tr>
<tr>
<td>High Yield</td>
<td>2.00%</td>
<td>1 – 5%</td>
</tr>
<tr>
<td>Private Credit</td>
<td>6.00%</td>
<td>3 – 9%</td>
</tr>
<tr>
<td>Investment Grade Credit</td>
<td>10.00%</td>
<td>7 – 13%</td>
</tr>
<tr>
<td>DEFENSIVE</td>
<td>13.00%</td>
<td></td>
</tr>
<tr>
<td>Cash Equivalents</td>
<td>5.00%</td>
<td>3 – 10%</td>
</tr>
<tr>
<td>U.S. Treasuries</td>
<td>5.00%</td>
<td>3 – 10%</td>
</tr>
<tr>
<td>Risk Mitigation Strategies</td>
<td>3.00%</td>
<td>1 – 6%</td>
</tr>
</tbody>
</table>

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.

The Division is currently undergoing a comprehensive overhaul of its information technology systems, and is in the process of implementing its Environmental, Social and
Governance (ESG) policy. The Division has also begun an initiative to increase the diversity of its broker/dealers, investment consultants, investment advisers, and alternative investment fund managers.

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

The successful Head of Fixed Income candidate will bring exceptional leadership skills to oversee an $11B public fixed income portfolio which is primarily managed internally and comprised of U.S. Treasuries, investment grade corporate and high yield bonds. The Head of Fixed Income reports to the Deputy Director of the Division and supervises and mentors a team of investment professionals responsible for the Division’s fixed income portfolio.

Responsibilities of the Head of Fixed Income include:

- Managing a large portfolio of publicly traded U.S. Government, investment grade and high yield corporate bonds including trading, portfolio management, and credit research
- Analyzing, recommending and implementing portfolio strategies and tactics
- Overseeing management of the portfolio, credit research, and trading
- Developing and analyzing active and passive investment strategies based on an objective to outperform the policy benchmark on a risk-adjusted basis
- Ensuring portfolio compliance with New Jersey statutes and regulations
- Executing the Portfolio Management Section’s policies consistent with the goals and objectives of the Division, the Council and the PFRS Board
- Articulating strategy with clearly defined rationale
- Negotiating and executing fixed income trades
- Overseeing the external high yield fixed income advisor program via an extensive ongoing due diligence process, including monitoring and comprehensive performance review
- Participate as a member of the Division’s Asset Allocation Committee

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 designation are preferred.
• Significant experience (ideally seven or more years) of fixed income portfolio management, trading, credit research, and operations experience with an investing entity such as a bank, insurance company, public or private pension fund, or professional money management organization.
• Portfolio management and credit research experience with a favorable track record for both active and passive fixed income strategies is highly desired.
• 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 Board, 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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