

Large Plan of the Year 2010

- 03/14/2011

Public School and Education Employees Retirement System of Missouri

Risk-assessment strategies caught public funds' attention once **CalPERS** and **CalSTRS** began pushing into the area at the end of 2010 to redefine their portfolios. By that point, the **Public School and Education Employees Retirement System of Missouri** was already well into restructuring its portfolio along risk buckets and was already showing outsized gains as a result.

Craig Husting, the cio of the fund, said that the new strategy, conceived at the end of 2009, allowed him to know where the risks were. In 2010 he boldly took on potentially volatile investments, bringing in \$3 billion in returns by the end of the year ending June 30. By the end of Dec. 31, the gain translated into 14.8% returns for the Public School and Education Employees funds.

The big driver for the gains was in alternatives. The board invested \$1.6 billion into hedge funds that yielded 17.2%. Private equity investments returned more than 18%. But the biggest winner was an investment in private credit—it brought back 32%.