

# Pensions & Investments

## Arizona land endowment trust puts \$1.4 billion out for bid

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Arizona State Treasurer Doug Ducey issued an RFP for a total of about \$1.4 billion to be passively managed in eight new asset classes for the \$3.6 billion Arizona Permanent Land Endowment Trust Fund, Phoenix, confirmed Mark Swenson, deputy treasurer.

It will be the endowment fund's first hiring of external managers.

The endowment fund plans to transfer about 1.1% of assets per month, or \$39 million, for three years to the new passive portfolios.

The three-year target investments are \$364 million to TIPS, \$299 million to international equity, a combined \$278 million to emerging markets and frontier markets equity, \$214 million to foreign debt, \$107 million each to natural resources and infrastructure, and \$43 million to public real estate.

The endowment fund could hire a total of up to eight managers depending on who has the lowest fees, Mr. Swenson said.

The fund's assets, currently 60% equities and 40% fixed income, are all internally managed. The new asset classes were added in February following an asset allocation study performed by [Meketa Investment Group](#), which was hired to conduct the study, Mr. Swenson said in a telephone interview.

Mr. Swenson said this is the first part of a five-year plan to gain exposure to the new asset classes. The goal is to increase overall returns by 40 basis points without a change in the standard deviation, he added.

Within the next couple years, RFPs will be issued for actives managers in emerging and frontier markets equity, foreign debt and public real estate portfolios.

The new asset allocation is 21% domestic equity; 14% international equity; 12% emerging markets equity; 17% U.S. TIPS, 13% investment-grade bonds; 10% foreign debt; 5% each infrastructure and natural resources; 2% REITs and 1% frontier markets equity.

The RFP is available on the National Association of State Treasurers' [website](#). Proposals are due at 2 p.m. MST May 25. Finalists will tentatively be notified the week of June 4, and Mr. Swenson anticipates a hiring decision in August or September.

<http://www.pionline.com/article/20120510/DAILYREG/120519987/arizona-land-endowment-trust-puts-14-billion-out-for-bid>