

MassPRIM CIO says plan is looking to move more assets in-house

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[Massachusetts Pension Reserves Investment Management Board](#), Boston, will invest more of its assets internally, said Michael G. Trotsky, executive director and CIO of the \$69.3 billion pension system, at The Pension Bridge Annual conference in San Francisco.

"We are identifying strategies we can run in-house," Mr. Trotsky said during an audience question period in his keynote in which he was interviewed by Clifford S. Asness, founder, managing principal and CIO of [AQR Capital Management](#).

The industry average is 30% of pension plan assets internally managed, Mr. Trotsky noted. MassPRIM now has 2% managed in-house.

In another panel on unconstrained fixed income, Scottie D. Bevill, senior investment officer, global income strategies at the \$49.1 billion [Illinois Teachers' Retirement System](#), Springfield, said the pension fund has the lowest corporate bond exposure it ever had on record. What's more, the pension plan has been selling its high-yield bonds. The pension plan had 26.3% invested in its income asset class as of Feb. 28.

"Refinance risk is real," Mr. Bevill said, adding rising refinance risk could lead to higher defaults.

"We're keeping dry powder for the ... day when the cycle hits," he said.

Mr. Bevill said that Illinois Teachers prefer separately managed accounts over funds for fixed-income strategies so that they could build the portfolios from a risk standpoint.

"We go into these with a targeted volatility budget," Mr. Bevill said. Separately managed accounts have better terms and portfolio construction than bond funds, he said.

Speaking on the same panel, Michael J. Collins, managing director and senior portfolio manager at PGIM Fixed Income, said "this cycle is very different ... Banks are in the best financial condition ... of my career. They are much safer. Consumers are not levered up."

He added that there is more demand for income than supply.

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