



Position Specification

Deputy Chief Investment Officer

MainePERS, headquartered in Augusta and with offices in Portland, is searching for a *Deputy Chief Investment Officer* (Deputy CIO) to join their Portland-based investment team.

System Overview

MainePERS, an independent agency of the State of Maine, provides pension, disability, and death benefits to its 162,555 members. Members include employees of the State, public school teachers, and employees of over 300 local municipalities and other public entities (participating local districts).

The System administers six retirement programs. In addition, the System operates a Group Life Insurance Program providing life insurance coverage for active employees and retirees and a program for defined contribution retirement plans. The System also manages the Retiree Health Insurance Post-Employment Benefits Investment Trust.

The defined benefit retirement programs are the dominant element in its financial activities and position. The four major programs are the State Employee and Teacher Retirement Program, the Judicial Retirement Program, the Legislative Retirement Program, and the Participating Local District Consolidated Retirement Program.

Governance of the System is under the direction of an eight-member Board of Trustees. All trustee terms are three years, except for the two-year term of the State Treasurer. Six trustees are System members; two are active and elected by their unions, two are retired and appointed by the Governor, one represents municipal plan members appointed by a municipality organization, and the State Treasurer serves ex-officio. Two other trustees are appointed by the Governor and required to have investment, accounting, banking, insurance or pension-related expertise.

For additional information, visit www.maineopers.org.

Financial and Investment Highlights

The System ended FY2022 with a net position of \$18.9 billion compared to \$19.4 billion in FY2021. The Fiduciary Net Position decreased by \$497.9 million from the prior year. This was due in part to investment losses of \$190.2 million combined with benefit payments that exceeded contributions of \$262 million. Investment income was \$4,167 million in FY2021 compared to investment losses of \$190.2 million in FY2022.

As of June 30, 2022, the System reported an aggregate funded ratio of 85.4%. For the past ten years, the funded ratio has been near or over 80%. For the past five years, the funded ratio has increased every year, 83.0% in 2018 to 85.4% in 2022. The actuarial rate of return is 6.5%.

All of the assets invested by the System are externally managed by institutional asset management firms. The assets of all defined benefit plans are commingled for investment purposes. Investments of the Group Life Insurance Plans and Retiree Health Insurance Trust are invested separately from the assets of the defined benefit retirement plans.

MainePERS is a long-term investor and because most of its benefit payments are not due for several decades into the future, the System invests a substantial portion of its assets in equities and other return-seeking investments. The asset allocation as of June 30, 2023 is as follows:

Asset Class	Target %	Actual %
Public Equity	30.0	25.7
Private Equity	12.5	19.1
Traditional Credit	5.0	4.2
Alternative Credit	10.0	8.6
Real Estate	10.0	10.1
Infrastructure	10.0	12.1
Natural Resources	5.0	5.2
US Government	10.0	8.3
Risk Diversifiers	7.5	6.5
Cash	0.0	0.2
Total	100.0	100.0

The investment return, net of fees, was 4.7% for the year ended June 30, 2023. The 3, 5, and 10-year returns, net of fees, outperformed the policy benchmark in these reporting periods. Also, the Fund outperformed the policy benchmark for the 20 and 30-year reporting periods.

Total Return, Net of Fees, 6/30/23

	1 Year %	3 Years %	5 Years %	10 Years %
Total Fund	4.7	11.0	8.4	8.3
Policy Benchmark	5.7	10.8	7.9	7.7

Investment Management Division Overview

The Chief Investment Officer, leading a team of eight, is responsible and accountable for the investment program. The investment team, in addition to the CIO and Deputy CIO, includes Managing Directors of Private Equity, Real Estate, Alternative Credit, and Infrastructure and Natural Resources, the Asset Class Head of Risk Diversifiers, a Senior Analyst, and an Operations Senior Analyst.

MainePERS enjoys long tenure in their investment team with the majority of the staff working there almost 10 years. The investment team also has impressive educational credentials -- 6 have an advanced degree and 2 others are working on their MBA, 4 hold a CFA, and all hold the CAIA certification.

The portfolio is allocated across three broad asset categories – public markets (45%), private markets (47.5%), and hedge funds (7.5%). The public market investments are invested in passive strategies managed by BlackRock. The investment team, consistent with the low-touch passive approach taken with public market asset classes, are focused on sourcing and monitoring managers in private equity, real estate, credit, infrastructure, natural resources, and hedge funds. The System’s portfolio contains nearly 250 private market funds, managed by nearly 90 General Partners. Commitments to private market funds have averaged over \$1B annually over the last three years.

Cambridge Associates serves as the general consultant; they have been on the MainePERS account since 2015. Other consultants include Cliffwater for private equity and alternative credit, and Albourne for real estate, infrastructure, and natural resources. J.P. Morgan is the custodian and also manages the securities lending program. Glass Lewis manages proxy voting.

Deputy CIO Responsibilities

The Deputy CIO reports to the CIO and provides support in the oversight and administration of the investment program and supervises investment staff as assigned by the CIO. The Deputy CIO has broad responsibilities that include working with the CIO on development of investment policies and strategies, portfolio management, oversight of investment operations, administration, and risk management. Some of the key responsibilities and duties include:

- Contribute to the development of investment policies and principles, asset allocation strategies, portfolio construction strategies, and risk management controls.
- Manage, in collaboration with the CIO and senior investment staff, relationships with the general consultant, custodian, investment managers, and other external advisors and consultants.
- Work with the consultant in developing annual private market pacing plans.
- Oversee implementation and compliance with investment policies across all portfolios.
- Oversee risk management controls across all portfolios.
- Report on fund operations, and adherence to administrative procedures, accounting rules, and risk management practices.
- Review and evaluate operational procedures and make recommendations to improve efficiency and to control/reduce costs.
- Assist in preparing management reports and Board presentations and, at times, present reports on general market conditions/trends, investment policies, operations and performance to the Board.
- Work with the CIO on implementing the professional development plans for investment staff to improve their knowledge and skills.
- In the CIO’s absence, assume the CIO’s responsibilities.

Qualifications and Experience

The Deputy CIO must have a general understanding of modern portfolio theory, portfolio construction, portfolio management, and risk management systems and controls. Requirements and preferences include:

Requirements

- Bachelor's degree.
- At least seven years of relevant investment experience.
- Strong financial modeling skills to build models and analyze data from various sources.
- Excellent writing and communication skills to effectively present ideas, methods, procedures, and instructions to a wide range of audiences.
- Appreciation for public service and understanding of defined benefit retirement plans.

Preferences

- Advanced degree.
- CFA and/or CAIA.
- Track record of continuing education.
- Experience managing institutional assets.
- Experience sourcing and monitoring external managers.
- Experience in private market investments and hedge fund investing.
- Track record of positive performance as compared to benchmarks.
- Awareness and understanding of ESG considerations in institutional asset management.

Leadership Competencies

The Deputy CIO is a thought partner and trusted colleague of the CIO. The individual must align and support the Board's investment philosophy and policy objectives. The Deputy CIO must be a leader of the highest integrity and committed to transparency.

A confident and modest leader with the initiative to identify opportunities to improve portfolio performance and investment operations is desired. In addition to being intellectually sharp, curious, and a critical thinker, other essential skills and competencies include:

- Effective leading, motivating, and developing staff.
- Committed to a culture of learning and staff professional development.
- Excellent judgment and strong analytical and problem-solving skills to identify issues proactively and present creative, practical solutions.
- Confidence and courage to put forward and defend ideas and recommendations while being open to adjusting them based on input from others.
- Social and interpersonal skills to engage and build relationships and work collaboratively with colleagues and MainePERS staff.
- Ability to conceptualize and articulate complex financial and investment information in a manner that is tailored to and understood by various groups.
- Poise and presence, and attention to detail, to expertly represent MainePERS.

Compensation

The Deputy CIO is an exempt position and an “at will” employee. MainePERS provides competitive compensation and benefit packages that are designed to attract top talent from the national market.

For additional information or to apply, please contact Hudepohl & Associates, info@hudepohl.com or (614) 854-7300.