

Massachusetts Board Approves Asset Allocation Changes

By Katie Cerulle | Published 02/08/24 | Timetable N/A

INVESTOR

Mass PRIM (Pension Reserves Investment Management Board of Massachusetts)

Fund Size (m)
(As of 01/31/2024) USD 100,653.85 / GBP 80,229.17 / EUR 93,509.44

Country USA

General Contact

Address 84 State Street, Suite 250, Boston, MA 02109
Phone +1 (617) 946 8401
Email contact@mapension.com

Primary Contact

Name Michael G. Trotsky
Job Title Executive Director and Chief Investment Officer
Email mtrotsky@mapension.com
[More \(if applicable\)](#)

Website [visit](#)

SUMMARY OF INVESTMENTS

Breakdown

Actual allocation as of 12/31/2023: 17.19% Private Equity, 10.35% Real Estate Unspecified, 8.54% Real Assets, 3.22% Timber, 39.7% Global Equities, 13.67% Core, 7.34% Fixed Income Unspecified. Target allocation as of 12/31/2023: (min: 7%, max: 13%) Real Assets, (min: 13.00%, max: 19.00%) Private Equity, (min: 7.00%, max: 13.00%) Real Estate Unspecified, (min: 1.00%, max: 7.00%) Timber, (min: 31.00%, max: 41.00%) Global Equities, (min: 12.00%, max: 18.00%) Core, (min: 6.00%, max: 12.00%) Fixed Income Unspecified.

INVESTMENT CONSULTANT

NEPC

Contact Not disclosed

Address 255 State Street, Boston, MA 02109

Phone +1 (617) 374 1300

Fax +1 (617) 374 1313

Email feedback@nepc.com

Website [visit](#)

[More \(if applicable\)](#)

MANAGER ROSTER

J.P. Morgan Asset Management (Domestic Property); Baillie Gifford & Co. (Emerging Markets, International Equities); Permira (Private Equity); Russell Investments (International Equities); Goldman Sachs Asset Management (US Equities); BlackRock (Real Assets); Fidelity Investments (High Yield Bonds); Ashmore Group (Emerging Market Bonds); T. Rowe Price (Emerging Markets); State Street Global Advisors (International Equities, US Equities); Columbia Threadneedle Investments (International Equities); Oaktree Capital Management Ltd (Private Debt); PIMCO (Emerging Market Bonds, Core); Marathon Asset Management (International Equities); LaSalle Investment Management (Property); Hamilton Lane (Emerging Markets); Blackstone (Property, Private Equity); Acadian Asset Management (Emerging Markets, International Equities, US Equities); TCW (Private Debt); RCM (Hedge Funds); Montagu Private Equity (Private Equity); Waterland Private Equity Investments (Private Equity); TimesSquare Capital Management (International Equities); Mondrian Investment Partners (International Equities); Vestar Capital

Partners (Private Equity); Berkshire (Private Equity, Credit); Nordic Capital (Private Equity); CVC Capital Partners (Private Equity); Advent International (Private Equity); Loomis Sayles & Co (High Yield Bonds, Core, Credit); Bridgepoint Capital (Private Equity); KKR (Kohlberg, Kravis, Roberts & Co) (Private Equity); Alchemy Partners (Private Equity); Kelso & Co (Private Equity); Bain Capital (Private Equity); Texas Pacific Group (Private Equity); New Enterprise Associates (NEA) (Private Equity); PAI Partners (Private Equity); Driehaus Capital Management (Emerging Markets, US Equities); Campbell Group (Timber); Thomas H Lee Partners (Private Equity); First Reserve Corporation (Private Equity); Davidson Kempner Capital Management (Hedge Funds); Olympus Partners (Private Equity); Providence Equity Partners (Private Equity); Genstar Capital Partners (Private Equity); Quad-C (Private Equity); Pzena Investment Management LLC (Emerging Markets); Silver Creek Capital Management (Real Assets); AQR Capital (Emerging Markets, International Equities); Brandywine Global Investment Management (US Equities); Exponent Private Equity (Private Equity); Brookfield Asset Management (REITS); TA Associates (Private Equity); Eaton Vance Management (Loans); Onex Partners (Private Equity); Capula Investment Management (Hedge Funds); CarVal Investors (Private Debt); Fir Tree Partners (Hedge Funds); GSO Capital Partners (Private Debt); American Securities Capital Partners (Private Equity); SAIF Partners (Private Equity); Index Ventures (Private Equity); TorQuest Partners (Private Equity); Technology Crossover Venture (Private Equity); TowerBrook Capital Partners (Venture Capital); Trident Capital (Private Equity); Hony Capital (Private Equity); RBC Global Asset Management (Fixed Income Unspecified); Ascent Venture Partners (Private Equity); RhumbLine Advisers (US Equities); Acon Investments (Private Equity); AustinVentures (Private Equity); Avenue Capital Group (Private Debt); Essex Woodlands Health Ventures (Private Equity); GTCR (Private Equity); InterWest Partners (Private Equity); Madison Dearborn Partners (Private Equity); Menlo Ventures (Private Equity); Nautic Partners LLC (Private Equity); Polaris Partners (Private Equity); Spark Capital (Private Equity); Thoma Bravo (Private Equity); VantagePoint Capital Partners (Private Equity); Vista Equity Partners (Private Equity); Weston Presidio (Private Equity); Ethos Private Equity (Private Equity); Freeman Spogli & Co. (Private Equity); INVESCO (Property); Causeway Capital Management (International Equities); Forest Investment Associates (Timber); Lovell Minnick Partners, LLC (Private Equity); Highland Capital Management, L.P. (Private Equity); Shenkman Capital Management Inc. (High Yield Bonds); Bivium Capital Partners (Emerging Markets); Thompson Street Capital Partners (Private Equity); Divco West (Property); Pugh Capital (Fixed Income Unspecified); Montreux Equity Partners (Private Equity); Quantum Energy Partners (Private Equity); Wayzata Investment Partners (Private Debt); Odyssey Investment Partners, LLC. (Private Equity); Centerbridge Partners (Private Debt); Flagship Pioneering (Private Equity); Summit Partners (Hedge Funds, Private Equity); Arden Asset Management (Transition Management, Hedge Funds); Battery Ventures (Private Equity); JMI Equity (Private Equity); Community Capital Management (Core); KPS Capital Partners (Private Equity); Alta Communications (Private Equity); SCP Vitalife (Private Equity); Sherbrooke Capital (Private Equity); Chequers Capital (Private Equity); Spectrum Equity Partners (Private Equity); Denham Capital Management (Private Equity); El Dorado Ventures (Private Equity); Gores Group LLC, The (Private Equity); Union Square Ventures (Private Equity); WestView Capital Partners (Private Equity); Wasatch Advisors, Inc. (Emerging Markets); Brigade Capital Management LLC (Hedge Funds); Institutional Venture Partners (IVP) (Private Equity); Contrarian Capital Management, LLC (Hedge Funds); New Century Advisors, LLC (Core); Elliott Management (Hedge Funds); Longfellow Investment Management (Fixed Income Unspecified); Glide (Private Equity); Rembrandt Venture Partners (Private Equity); Cantab Capital Partners (Hedge Funds); Sequoia Capital (Private Equity, Venture Capital); Elysian Capital (Private Equity); Riverbridge Partners (US Equities); Artisan Partners (International Equities); Parametric Portfolio Associates (Cash); Thoma Cressey Bravo (TCB) (Private Equity); Xenon Private Equity (Private Equity); SV Life Sciences (Private Equity); Cambridge Associates (Emerging Markets); Anchorage Capital Group (Credit, Private Debt); Apollo Global Management (Private Equity); American Industrial Partners (Private Equity); Sofinnova Ventures (Private Equity); Stockbridge Capital Group (Core); Crescent Capital Group (Private Debt); Frontier Capital (US Equities); Hellman & Friedman LLC (Private Equity); Berkshire Property Advisors (Domestic Property); 400 Capital Management (Hedge Funds, Credit); Summit Creek Advisors (US Equities); CenterSquare Investment Management (Property); LibreMax Capital (Credit); Voya (Loans); Rhône Group (Private Equity); Mudrick Capital Management (International Equities, Hedge Funds); LMCG Investments (Hedge Funds); East Lodge Capital (Hedge Funds); H.I.G. Capital (Private Equity); JEN Partners (Domestic Property, Real Assets); RXR Realty (Domestic Property); BlackFin Capital Partners (Private Equity, Co-Investment); Complus Asset Management (Hedge Funds); AFL-CIO (Core); Medicxi Ventures (Private Equity); Georgian Partners (Private Equity); PGIM (Real Assets); Lord Abbett (US Equities); PAAMCO (Hedge Funds); Canvas Capital (Hedge Funds); Basswood Capital Management (Hedge Funds); ARGA Investment Management (International Equities); Insight Partners (Private Equity); Xponance (Emerging Markets); PSG (Private Equity); Newmarket Capital (Credit); Power Pacific Investment Management (Hedge Funds, Chinese Equities); Tidemark Capital (Private Equity, Emerging Manager); CBRE (Property); Cirera Capital (Hedge Funds); CKC Capital (Hedge Funds); DLD Asset Management (Hedge Funds); GaoTeng Global Asset Management (Hedge Funds);

Kepha Partners (Private Equity); Keytone Ventures (Private Equity); Land & Buildings Investment Management (Hedge Funds); M/C Partners (Private Equity); RV Capital (Hedge Funds); Sightway Capital (Real Assets); Tabor Asset Management (Hedge Funds); Valent Asset Management (Hedge Funds); Project Journey (Property); Wing Venture Capital (Venture Capital);

PREFACE

The \$100.9bn Massachusetts Pension Reserve Investment Management's investment committee approved asset allocation range changes to its value-add fixed income and global equities portfolios. NEPC advises.

REPORT

Materials from the investment committee's January 30 meeting state that the PRIM research team and NEPC presented the recommendations, which were unanimously approved by the committee.

The allocation range for value-add fixed income was shifted up to 6 per cent to 12 per cent from the previous 5 per cent to 11 per cent.

Commitments for the year will focus on other credit opportunities, which the PRIM team said is one of the best performing asset classes in the fund.

The other credit opportunities allocation invests in unique and differentiated exposures within the credit sector. This includes consumer credit, corporate credit and real estate debt.

The value-add portfolio has an actual weight of 7.3 per cent as of the fourth quarter of 2023.

The value-add portfolio is currently allocated 1.4 per cent to high-yield fixed income, 2.2 per cent to bank loans, 0.9 per cent to emerging markets debt, 1.7 per cent to other credit opportunities and 1 per cent to private debt.

The increased allocation to value-add will be funded from public equity. The global public equity allocation range was decreased to a 31 to 41 per cent from the previous 32 to 42 per cent.

At the meeting, a representative from NEPC said that both the previous allocation and the newly approved allocation have roughly the same level of risk.

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