

21 FEB 2023 Muskan Arora

San Antonio pauses core manager search

- \$3.5bn investor puts \$25m ticket on hold
- Townsend expecting market decline in Qs 1&2
- Searches also in works for value-add, opportunistic strats

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The San Antonio Fire and Police Pension Fund is prolonging its search for a core manager due to uncertainties in the market, leaving \$25m still up for grabs.

The \$3.5bn pension has tasked Townsend with reassessing the market over the first quarter of 2023 before it resumes investing.

Townsend expects the market to decline during the first half of 2023, causing the allocator to halt proceedings on an investment it had lined up with core manager IDR. The commitment was called off by CIO Cary Hally following Townsend's feedback.

In addition, Townsend noted that open-end core funds are experiencing a liquidity delay due to heightened redemption queues and, as a result, capital could potentially be called to fund redemption requests from other investors at elevated values.

San Antonio also has searches in the works for a value-add manager (\$13m) and an opportunistic strategy (\$19m).

The current portfolio exposure is heavily geared toward the US, with a multi-family sector bias. The manager roster includes JP Morgan (core) and EQT Exeter (value-add).

Separately, the investor has been considering an undisclosed real estate debt investment with Bloomfield Capital Income Fund V, which will be discussed at its February 22 meeting.

The allocator is scheduled to review its asset allocation and other possible opportunities at the same meeting.