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CalPERS loses key investing officer

Hedge fund hires manager who helped build stellar portfolio.

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In another blow to the nation's largest public pension fund, senior investment officer Christianna Wood announced her resignation Monday to head a major hedge fund group in New York.

Wood will leave the \$239 billion California Public Employees' Retirement System in mid-February to become chief executive officer of newly formed Capital Z Asset Management and one of the highest-ranking female executives in the highflying \$2 trillion hedge fund industry.

The firm, which last week spun off from its parent in a management buyout, sponsors 16 hedge funds with \$10.8 billion under management.

"Christy's reputation precedes her. She is well-known in the industry, and she has a breadth of experience when it comes to hedge funds and developing products," Laurence Cheng, chairman of Capital Z Asset Management, said in a statement to The Bee.

As CalPERS' top stock investment officer, Wood played a key role in rebuilding the fund's investment health following the stock market bubble in the early 2000s.

Since joining the fund five years ago, the fund's domestic and international equities, which make up about 60 percent of the investment portfolio, grew to as large as \$150 billion. In fiscal year 2006-07, the portfolio generated a 23.7 percent return and averaged a 14.5 percent gain over five years.

Wood is not the first top investment talent to leave CalPERS for a more lucrative job in the private sector – despite efforts to beef up salaries for these state jobs. Her departure follows the resignation of highly regarded Chief Investment Officer Mark Anson and senior real estate investment officer Michael B. McCook in 2006.

"It's a very competitive industry. People who get experience at CalPERS ... are in very high demand," said Brad Barber, director of the Center for Investor Welfare and Corporate Responsibility at the University of California, Davis.

"The opportunities financially are better outside of CalPERS," Barber said. "They tried to make a case that they should be paid better. In the end, it's a state job."

Wood expects to receive a substantial pay boost. One expert said she could earn four or five times her current government salary.

"It's much more lucrative than the public sector. They certainly could be making millions," said Adam Zoia, managing partner of Glocap Search, a New York-based executive recruiting firm.

At CalPERS, a senior investment officer can earn up to \$631,750 in salary and performance bonuses.

But Wood said her decision wasn't based solely on the money.

"This is an opportunity to be at the cutting edge of the most creative element in the investment industry," she said. "They (hedge funds) are among the best investors in the world."

Wood said one of the major highlights at CalPERS was building the hedge fund investment program from scratch to a \$7.5 billion portfolio.

It was October 2002 when Wood left Denver Investment Advisors in Colorado to join CalPERS - 11 months after Anson was promoted to investment chief.

At the time, CalPERS had suffered two years of losses because of the dot-com bust and its assets stood at about \$133 billion – down from a peak of \$177 billion in 2000.

While at CalPERS, Wood oversaw expansion of the fund's corporate governance programs and led campaigns to give major shareholders a say in nominating their own candidates for board elections. She was a vocal critic of runaway executive pay.

"She is a vital member of the corporate governance team at CalPERS. She was outspoken on many critical issues," said Amy Borrus, deputy director of the Council of Institutional Investors.

"We're going to miss her. She's superbly skilled and has managed a huge, complex portfolio with great finesse and grace, resulting in great performance," CalPERS Chief Investment Officer Russell Read said in a statement.

Senior portfolio manager Eric Baggesen will take over Wood's job for the interim.

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