



**STATE OF VERMONT**  
**OFFICE OF THE STATE TREASURER**

**NEWS RELEASE**

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## **New Vermont Manager Program Taps Local Investment Expertise**

MONTPELIER, Vt.—Using a “buy local” approach, a new State program aims to support the growth and success of the investment management business in Vermont.

The Vermont Pension Investment Committee (VPIC) recently contracted with two Vermont-based firms to manage a portion of the roughly \$2.9 billion in assets for the State pension systems. The Vermont Manager Program was adopted as a targeted effort to utilize locally provided investment management services from firms capable of offering world-class institutional management at competitive costs. Following a request for proposals, and subsequent presentations and interviews, Champlain Investment Partners of Burlington and KDP Asset Management of Montpelier were selected to each manage approximately \$21 million in assets.

“Our goal was to make a concerted effort to attract qualified Vermont investment firms to join our pool of investment managers,” said State Treasurer Jeb Spaulding. “This ‘buy local’ approach means we can not only continue to have our pension funds managed by best-in-class firms, but we can also support Vermont businesses in a way that will benefit their local communities and provide good paying jobs.”

“These are successful Vermont businesses. They employ Vermonters at good wages and pay taxes here. We will pay competitive investment management fees to them for their work. Our belief is that the Vermont Manager Program will help build Vermont’s infrastructure for investment management firms, while providing excellent investment results for members and beneficiaries of the State’s pension system,” said VPIC Chair Stephen Rauh.

A notice of the request for proposals was sent to more than 200 registered investment advisors throughout Vermont. The RFP sought proposals to manage assets within VPIC’s current equity and fixed income asset allocation. Those asset categories include: domestic large-cap and small-cap equity; international developed and emerging markets equity; core fixed income; high yield; and global fixed income. Ten firms responded to the RFP and three were interviewed.

“Each firm made a proposal in the portfolio segment where they had the most experience and expertise,” said Rauh. “While the Vermont firms were not in direct competition with each other, the process was highly competitive in that the firms had to demonstrate capabilities and performance that was equal to the managers VPIC is already using. The Vermont managers also underwent a comprehensive due diligence examination by our investment consultant NEPC, LLC. I am excited that we were ultimately able to retain two local firms to manage assets for VPIC.”

KDP Investment Advisors has done business in Vermont since 1975. The firm began operation under its current name in 1996. It is an independent company wholly owned by its management and employees and provides a variety of corporate high yield bond research and portfolio management services.

"We are proud to be selected by the State of Vermont for this program," said KDP Asset Management President Kingman Penniman. "Our involvement in this program will help us grow our institutional client base, enabling us to expand our staff."

Champlain Investment Partners was founded in 2004 and is a registered investment advisor focused on small and mid-cap equity investment strategies. It is an independent employee-owned investment management firm.

"We applaud the initiative to assist in the growth of Vermont money managers by developing this program," said Champlain Investment Partners Managing Partner Judy O'Connell. "One of the most gratifying parts of starting and growing our firm has been the creation of jobs here in Vermont."

Contracts with the two firms are for five years and may be automatically renewed by VPIC at the end of that term.

Among the criteria firms were required to address included:

- Managers must be registered as an Investment Adviser with the U.S. Securities and Exchange Commission or must operate within the Trust division of a Vermont or federally chartered bank;
- Firms must have investment operations located within Vermont which will specifically manage the VPIC funds;
- Managers must have a minimum of \$100 million in assets under management and must have been in continuous operation for at least five years;
- Vermont manager fees must be found to be competitive with other managers having similar actively managed accounts of equivalent size; and
- Proposed investments must be risk-adjusted with returns equivalent to or higher than other available investments.

VPIC strives to maximize the total return on portfolio investments within acceptable levels of risk for public retirement systems. The committee is comprised of six voting members and four alternates. The boards of trustees for the Vermont State Employees' Retirement System, Vermont State Teachers' Retirement System, and Vermont Municipal Employees' Retirement System each appoint one member and one alternate to the committee. In addition, two members and one alternate are appointed to the VPIC by the Governor. The sixth member is the State Treasurer.