

New manager for CalPERS fund

By Dale Kasler, Sacramento Bee

CalPERS replaced another outside investment partner Friday.

The pension fund said it's switching management of a \$570 million real estate portfolio to Canyon Capital Realty Advisors, a prominent Los Angeles firm. The portfolio, which includes office, industrial and apartment properties, has been managed by Deutsche Bank subsidiary RREEF.

Although the California Public Employees' Retirement System announced the switch in a news release, spokesman Wayne Davis said the move hasn't been finalized.

CalPERS didn't say why it's making the switch. Canyon and RREEF declined comment.

The pension fund has been overhauling its battered real estate portfolio. In February it formally adopted a more cautious investment strategy. And it has dumped several big outside partners in the past 18 months, including prestigious firms like Blackrock and LaSalle Investment Management.

"We have confidence in Canyon and expect excellent management," said Ted Eliopoulos, CalPERS' senior investment officer for real estate, in the news release. The portfolio includes properties in California, Florida and Illinois.

RREEF will continue to manage a portfolio for Cal-PERS called CalWest. That's a small collection of industrial properties that, ironically, RREEF was hired to manage in one of CalPERS' investment shuffles last December.

Canyon manages and has developed billions of dollars worth of property. One of its assets is the Cal Neva Resort at Lake Tahoe. Once owned by Frank Sinatra, it was taken over by Canyon two years ago in a foreclosure proceeding.

A Canyon affiliate invests in urban real estate projects with basketball legend Magic Johnson.