



Teachers' Retirement System of the State of Illinois

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News

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TRS RENEWS ACTUARIAL SERVICES CONTRACT WITH BUCK CONSULTANTS

SPRINGFIELD, IL – Teachers' Retirement System today renewed its association with its outside actuarial consultant, approving a new three-year contract with **Buck Consultants, of Chicago**.

In this role, Buck is instrumental in helping the TRS Board of Trustees and staff set important valuations, costs and estimates that determine the System's overall finances, including total long-term obligations to members, long-term funding needs, any unfunded liability carried by the System, the size of the annual state contribution to TRS and the System's long-term assumed rate of investment return. Buck also helps TRS estimate the potential costs and savings from various changes to the state's pension code proposed by the General Assembly.

Buck has served as the System's actuarial consultant since 1988.

In other action during their regularly scheduled May meeting, the Board of Trustees:

- Hired three firms to advise the System in secondary transactions within the private equity investment market. The three firms will form a bullpen of advisors that TRS will call on when needed to help identify and carry out secondary market transactions within the System's \$4.4 billion Private Equity and \$4.6 billion Real Estate portfolios. The three firms are **CP Cogent Securities, of Dallas, Texas; Park Hill Group of New York, New York; and UBS Securities, of London, England.**
- Authorized the issuance of a Request for Proposals for companies to advise TRS on future investments and management of the System's \$2.04 billion Absolute Return portfolio. TRS employs other private firms to help with the management of individual asset classes within the overall portfolio. An advisor dedicated specifically to the Absolute Return portfolio is designed to help maximize investment potential.
- Authorized the issuance of a Request for Proposals for companies to provide risk management services specifically for the System's Absolute Return portfolio. These services would enhance and complement the existing TRS risk management systems and provide more flexibility in the management of the portfolio.

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- Hired **Northern Trust Global Investments, of Chicago**, to manage a passive emerging markets investment strategy within the System's \$8.3 billion International Equity portfolio. The Board approved a commitment of \$300 million for this strategy. The Northern Trust currently manages \$1.99 billion of TRS assets within the International Equity portfolio.
- Committed \$75 million from the Private Equity portfolio to **GI Partners, of Menlo Park, California**. The Board previously committed \$50 million in private equity assets to GI Partners.
- Committed \$75 million from the System's \$3.8 billion Real Return portfolio to **Black River Asset Management, of Minnetonka, Minnesota** for various investments in agricultural production in Australia and Latin America. TRS previously committed \$75 million from Private Equity to Black River.
- Committed \$75 million from the Private Equity portfolio to **Oaktree Capital Management, of Los Angeles, California**, for investments in real estate transactions. The Board previously committed \$455.1 million to Oaktree from the Private Equity and Fixed Income portfolios.
- Committed \$40 million from the System's \$6.4 billion Fixed Income portfolio to **NXT Capital Management, of Chicago**, for loans to middle-market companies.
- Committed \$30 million from the Fixed Income portfolio to **Maranon Capital, of Chicago**, for loans to middle-market companies.
- Committed up to \$35 million from the System's Emerging Manager Program to **Great Point Partners, of Greenwich, Connecticut**, for private equity investments in various mid-market healthcare companies.
- Approved changes to the TRS Watch List:
 - Addition of the \$322 million domestic equity small-to-mid-cap growth strategy administered by **The Boston Company Asset Management of Boston, Massachusetts**.
 - Termination of **Trilogy Global Advisors of New York, New York**, which managed \$400 million in TRS assets within the International Equity portfolio.
 - Termination of **Frontier Capital Management of Boston, Massachusetts**, which managed \$139 million in the Domestic Equity portfolio.
- As approved by the TRS Board, the current Watch List is composed of:
 - The \$322 million domestic equity small-to-mid-cap growth strategy administered by **The Boston Company Asset Management of Boston, Massachusetts**.
 - **Franklin Templeton Fixed Income Group of San Mateo, California**, which manages \$442 million in TRS assets within the Fixed Income portfolio.
 - **Grantham, Mayo, Van Otterloo and Company of Boston Massachusetts**, which manages \$695 million in TRS assets within the International Equity portfolio.
 - **Jarislowsky Fraser, Ltd., of Montreal, Quebec, Canada**, which manages \$437 million in the International Equity portfolio.
 - **Levin Capital Management of New York, New York**, which manages \$446 million in the Domestic Equity portfolio.

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About Teachers' Retirement System

The Teachers' Retirement System of the State of Illinois is the 39th largest pension system in the United States, and provides retirement, disability and survivor benefits to teachers, administrators and other public school personnel employed outside of Chicago. The System serves 366,000 members and had assets of \$39.6 billion as of March 31, 2013.