



## TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

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# News

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### **CHANNING CAPITAL GRADUATED TO MAIN TRS PORTFOLIO**

SPRINGFIELD, IL – The Teachers' Retirement System Board of Trustees has approved the “graduation” of **Channing Capital Management, of Chicago**, from the System's Emerging Manager Program to assume a role in managing a greater portion of the TRS Domestic Equity investment portfolio.

TRS first invested with Channing in 2011 with a \$25 million commitment from the Emerging Manager Program. That commitment was increased to \$100 million 2014. With its graduation, Channing will become responsible for successfully investing approximately \$240 million in TRS assets.

“The TRS Emerging Manager Program is a very important aspect of our overall investment strategy,” said Executive Director Dick Ingram. “We continually want to build relationships with newer, emerging firms because they can bring fresh ideas and a lot of energy and commitment to their work on behalf of our members. We will continue to do our part to help smaller, qualified firms grow and succeed.”

Since the Emerging Manager Program was launched by TRS in 2005, 37 investment management firms have participated and 12, including Channing, have graduated to full management roles in the TRS portfolio. Of the companies that have taken part in the EMP, 23 have been minority-owned firms, seven have been women-owned firms and seven have been non-minority-owned firms.

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In other action during its regularly-scheduled December meeting, the TRS Board of Trustees:

- Gave final approval to a state government contribution for fiscal year 2018 of \$4.56 billion – a 14.5 percent increase over the state contribution for the current fiscal year. The FY 2018 contribution is derived from calculations dictated in state law and falls \$2.31 billion below the amount of money that actuaries estimate state government should be paying TRS based on standard actuarial practices. Evolving actuarial standards indicate the state’s annual contribution to TRS for the coming fiscal year should be \$6.88 billion. Of the \$4.56 billion state contribution for FY 2018, \$974 million is needed to pay the anticipated annual cost of TRS pensions earned during the year. The remaining \$3.59 billion of the contribution is required to help pay off the System’s \$71.4 billion unfunded liability.
- Committed \$300 million from the \$7 billion TRS Real Estate Portfolio to **Starwood Capital Group of Greenwich, Connecticut**. Starwood currently administers \$372 million in TRS assets.
- Committed \$100 million from the Real Estate Portfolio to **Oaktree Capital Management of Los Angeles, California**. Oaktree currently administers \$507 million in TRS assets in the \$5.6 billion Private Equity Portfolio.
- Committed up to \$100 million from the TRS Private Equity Portfolio to **Veritas Capital Fund Management of New York, New York**. Veritas currently administers \$168.9 million in TRS assets.
- Committed \$100 million from the \$8.8 billion Global Fixed Income Portfolio to **Pacific Investment Management Company of Newport Beach, California**. PIMCO currently manages \$2.1 billion in TRS assets.
- Committed up to €50 million from the Private Equity Portfolio to **TDR Capital, of London, England**.
- Terminated the management of \$211.6 million in TRS assets by **Lombardia Capital Partners of Pasadena, California** in a small capitalization strategy within the System’s \$8 billion Domestic Equity Portfolio. Lombardia continues to manage \$29.4 million within the System’s \$8.8 billion International Equity portfolio.
- Terminated the management of \$174 million in TRS assets by **Oakbrook Investments of Lisle, Illinois** in a large capitalization strategy within the International Equity Portfolio.

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### About Teachers’ Retirement System

The Teachers’ Retirement System of the State of Illinois is the 37<sup>th</sup> 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 406,855 members and had assets of \$45.7 billion as of September 30, 2016.