



Teachers' Retirement System of the State of Illinois

2815 West Washington Street | P.O. Box 19253 | Springfield, Illinois 62794-9253

R. Stanley Rupnik, Acting Executive Director

<http://trs.illinois.gov>

(800) 877-7896 | for the hearing impaired: (866) 326-0087

News

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Contact: Dave Urbanek
Public Information Officer

Office: 217-753-0968

Cell: 217-720-3961

durbanek@trs.illinois.gov

TRS LAUNCHES SEARCH FOR EXTERNAL INVESTMENT MANAGER TO OVERSEE TREASURY INFLATION PROTECTED SECURITIES

SPRINGFIELD, IL – The Board of Trustees of the Teachers' Retirement System today authorized a search for an external investment manager to administer TRS investments in United States TIPS – Treasury Inflation Protected Securities.

Once selected, the manager would oversee approximately 5 percent of the System's \$5.3 billion Fixed Income portfolio. TRS currently has some limited investments in TIPS but would like to increase its exposure as a safeguard against possible inflation in the future.

"TIPS and global inflation-linked bonds have been very successful investments over the long term and are an important vehicle to position the TRS portfolio for potential inflationary markets," said Stan Rupnik, acting executive director / chief investment officer of TRS.

In other action taken at the Board's December meeting, the Trustees:

- Approved changes in the allocation of TRS assets to certain investment managers as recommended by the annual review of the System's \$7.03 billion International Equity portfolio. The annual review process for each of the System's seven investment portfolios allows the Trustees and the TRS staff an opportunity to fine-tune the commitment of assets to various external investment managers hired to expand assets held on behalf of the 365,000 TRS members.

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The changes also help keep each portfolio in line with the System's long-term investment strategy. The Board voted to:

- Raise the allocation from 1 percent to 2 percent in the Passive Small Cap account currently managed by **State Street Global Advisors** of Boston, Massachusetts. At present, \$123.7 million is invested in the account.
- Raise the allocation to Northern Trust WorldxUS from 5.75 percent to 25 percent of the Large Cap Core Passive Portfolio. **Northern Trust Global Investments** in Chicago currently manages \$395.9 million in that account.
- Raise the allocation to Aberdeen EAFE Plus from 5.75 percent to 7.5 percent in the Large Cap Core Active portfolio. **Aberdeen Asset Management**, of Edinburgh, Scotland, currently manages \$396.2 million in that portfolio.
- Reduce the allocation to **Brandes Investment Partners** from 15 percent to 10 percent in the Large Cap Value portfolio. Brandes, of San Diego, California, manages \$975.6 million in TRS assets in that portfolio.
- Reduce the allocation to **Mondrian Investment Partners** from 15 percent to 10 percent in the Large Cap Value portfolio. Mondrian, of London, England, manages \$1.05 billion in assets in that portfolio.
- Reduce the allocation to **McKinley Capital Management** from 15 percent to 10 percent in the Large Cap Growth portfolio. McKinley, of Anchorage, Alaska, manages \$962.8 million in assets in that portfolio.
- Eliminate the temporary 5 percent passive allocation in the Large Cap Growth portfolio. That account, with \$404.9 million, is managed by **State Street Global Advisors**.
- Eliminate the temporary 2 percent passive allocation in the Large Cap Core portfolio. That account, with \$148.2 million in assets, is managed by **BlackRock, Inc.** of New York, New York.

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- Approved allocation changes to certain investment managers as recommended by the annual review of the System's \$3.44 billion Real Return portfolio. The Trustees voted to:
 - Increase the target allocation of TRS assets from 2.5 percent to 5 percent in the Global Inflation Linked Bond portfolio for **New Century Advisors**, of Bethesda, Maryland. New Century currently manages \$74.2 million in the account.
 - Increase the target allocation from 10.75 percent to 19 percent in the Global Inflation-Linked Bond portfolio for **Pacific Investment Management Company**, of Newport Beach, California. PIMCO currently manages \$392.4 million in the account.
- Approved an investment of up to \$100 million in TRS assets from the Private Equity portfolio to Morgan Creek Partners Asia, part of **Morgan Creek Capital Management**, of Chapel Hill, North Carolina. The firm invests in companies that do business in the growing economies of China, Singapore, India, Indonesia, South Korea, Malaysia, Thailand, Vietnam, Japan, Australia and New Zealand.
- Approved an investment of up to \$75 million in TRS assets from the Private Equity portfolio to EnerVest Institutional Fund XII-A, which is sponsored by **EnerVest, Ltd.** of Houston, Texas. The focus of EnerVest's business activity is in the exploration and production of oil and gas reserves in North America.
- Allocate an unassigned 2.5 percent of the \$5.3 billion Fixed Income portfolio to **Franklin Advisors** for investment in local market and emerging market bonds. Franklin, of Rancho Cordova, California, currently manages \$786.4 million in TRS International Fixed Income assets.

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About Teachers' Retirement System

The Teachers' Retirement System of the State of Illinois is the 86th largest pension system in the world, and provides retirement, disability and survivor benefits to teachers, administrators and other public school personnel employed outside of Chicago. The System serves 365,000 members and had assets of \$33.194 billion as of September 30, 2010.