



Retirement Security for Illinois Educators

Teachers' Retirement System of the State of Illinois

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News

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TRS Awards Multiple Mandates Across Portfolio

System reports 15.4% return for 2009

SPRINGFIELD, IL - The TRS Board of Trustees made multiple investment management hires across its investment program at the recently concluded February meeting. Within the domestic equity asset class, the Board selected the large cap value product of **Loomis, Sayles & Company** to manage approximately \$260 million. Also within large cap value, the Board “graduated” the emerging manager mandate of **Denali Advisors** to the main portfolio, managing approximately \$200 million. Funding for these mandates will come from rebalancing, index fund portfolios, and a target reduction for the Dodge & Cox large cap value portfolio. Separately, **Lombardia Capital Partners** was awarded a \$50 million large cap value commitment within the TRS Emerging Manager Program. Lombardia continues to also manage approximately \$40 million in small cap value equities within the program.

Within the fixed income asset class, the Board committed \$100 million to **Oaktree Capital Management’s** PPIP Private Fund. Funding for investment in this partnership comes from a reduction in Goldman Sach’s fixed income core plus assignment.

In private equity, the Board made two commitments including \$150 million to **Oaktree Opportunities Fund VIII/VIIIb** and \$75 million to **Veritas Capital Fund IV**. Funding for these partnerships will be from cash flow and rebalancing activity. Also within private equity, the Board approved a request for proposal (RFP) for private equity consulting services. The incumbent, Pacific Corporate Group, is allowed to rebid.

Separately, the Board was presented with performance information for the fund through the end of the calendar year. Through December 31, 2009, TRS reported a fiscal year to date return (six months) of 15.3 percent, with performance of 15.4 percent for one year and a loss of 2.3 percent annualized over the three-year period. Over the longer five- and 10-year time periods, TRS reported annualized gains of 3.3 percent and 4.1 percent, respectively.

Watch List

The Board adopted the watch list for the quarter ending December 31, 2009. The list includes the addition of the following managers for performance reasons:

- **Brandes Investment Partners**, which manages \$962.8 million in international equity for TRS
- **Copper Rock Capital Partners**, which manages \$188.6 million in domestic small cap growth equity for TRS
- **Grantham, Mayo and Van Otterloo (GMO)**, which manages \$844.6 million in emerging market equity for TRS
- **State Street Global Advisors (SSgA)**, which manages \$322.0 million in international enhanced index for TRS
- **Tygh Capital Management**, which manages \$238.2 million in domestic small cap growth equity for TRS

The following investment managers remained on the System's watch list:

- **Dodge & Cox**, managing \$648.1 million in domestic large cap equity for TRS
- **EARNEST Partners**, managing \$93.2 million in domestic large cap equity and \$151.2 million in fixed income for TRS
- **Emerald Advisors**, managing \$194.2 million in domestic small cap growth equity for TRS
- **Goldman Sachs**, managing \$1.0 billion in fixed income for TRS
- **Mazama Capital Management**, managing \$120.3 million in domestic small/mid growth equity and \$146.7 million in domestic small cap equity for TRS
- **McKinley Capital**, managing \$929.6 million in international equity for TRS
- **PIMCO StocksPlus**, managing \$449.3 million in domestic equity enhanced for TRS
- **Trilogy Global Advisors**, managing \$341.9 million in international equity for TRS
- **Turner Investments**, managing \$665.5 million in domestic large cap equity for TRS

AQR Capital Management was removed from the TRS watch list due to improved performance. AQR manages \$195.1 million in domestic small cap value equity for TRS. Finally, the Board elected to terminate the domestic enhanced equity mandate of **BlackRock** due to performance and organizational concerns. BlackRock managed \$643.5 million for TRS.

The Teachers' Retirement System of the State of Illinois provides retirement, disability, and survivor benefits to teacher, administrators, and other Illinois public school personnel employed outside the city of Chicago in positions that require state certification. The System serves 365,188 members and had assets of \$32.1 billion as of December 31, 2009.

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