



**Retirement Security for Illinois Educators**

## **News**

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### **Teachers' Retirement System of the State of Illinois**

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## **TRS Board Re-Affirms Private Equity Consultant**

SPRINGFIELD, IL – The Board of Trustees for the Teachers' Retirement System has rehired PCG Asset Management, LLC, as the System's private equity consultant. PCG will assist the TRS investment staff in placing and trading investments outside of stock exchanges and public markets. The Board's decision came during its June 24-25 meeting.

PCG Asset Management, of La Jolla, California, has been the System's private equity consultant for three years, and the firm's current contract was set to expire on June 30, 2010. State law requires Illinois public pension systems to undergo a public "request for proposal" process at all times when engaging investment consultants.

The selection of PCG was based on an evaluation by Trustees and the TRS investment staff of seven investment firms that submitted proposals.

Rehiring PCG coincides with the implementation of a new tactical investment plan for the \$2.7 billion TRS private equity portfolio. For fiscal year 2011, the plan calls for private equity allocations of \$700 million to \$1.1 billion. A new element of this plan is the development of a "co-investment" program that will make direct, non-control co-investments in privately held companies alongside existing private equity fund investments. These co-investments are currently expected to constitute approximately 10 percent of the annual private equity allocation.

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The new tactical plan also calls for the continued development of international private equity investments; the development of a process that enables TRS to review and take advantage of “secondary opportunities” that arise from initial investments; a strengthened commitment to small and mid-market investment opportunities to further diversify the overall portfolio; and the review of older private equity investments with an eye toward selling some of these assets.

In other action, the TRS Board:

- Authorized a \$75 million private equity investment in Energy Investors Fund United States Power Fund IV, L.P., of Needham, Massachusetts, which helps fund energy-related assets such as electrical power generation and transmission plants, gas pipelines and storage facilities.
- Approved a \$50 million increase in the TRS investment allocation to Blackstone/GSO Capital Solutions Fund, L.P., of New York, New York, raising the total investment to \$150 million.
- Voted to terminate the services of State Street Global Advisors of Boston, Massachusetts, in managing \$335 million within the System’s international equity index portfolio. The firm was dropped for performance and organizational concerns. The TRS assets will be reallocated to other parts of the portfolio.

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### **About Teachers’ Retirement System**

The Teachers’ Retirement System of the State of Illinois is the 68<sup>th</sup> 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 365,188 members and had assets of \$33.7 billion as of March 31, 2010.