



MINUTES
Meeting of the Investment Committee
March 30, 2016

A meeting of the Investment Committee of the Illinois Teachers' Retirement System was held on March 30, 2016 at the Springfield office of the Illinois Teachers' Retirement System, 2815 West Washington Street. Bob Lyons, Vice Chair, called the meeting to order at 10:03 a.m. A quorum was present.

Roll Call attendance was taken with the following trustees present: Bob Lyons (Vice Chair), Ann Deters, Andy Hirshman, Rainy Kaplan, Cinda Klickna, Sandy Stuart, Sonia Walwyn, and Dan Winter. Absent: Mike Busby (Chair), Mark Bailey, Tony Smith, and Randy Winters.

Others present: Dick Ingram, Executive Director; Stan Rupnik, Chief Investment Officer; Greg Turk, Director of Investments; Ken Musick, Sr. Investment Officer; Scottie Bevill, Sr. Investment Officer; Tim Hays, Sr. Investment Officer; Dakin Sanert, Sr. Investment Analyst; Deron Bertolo, Director of Investment Accounting; Abby Griffith, Sr. Investment Accountant; Bob Jiroutek, Risk Officer; Jerry Quandt, Investment Officer; Stefan Backhus, Investment Officer; Chuck Handy, Investment Officer; Bill Thomas, Investment Officer; Brennan Basnicki, Investment Officer; Jose Gonzalez, Sr. Investment Analyst; Chad Mitchell, Investment Analyst; Marcy Dutton, Chief Legal Counsel; Cynthia Fain, Sr. Legal Counsel; Kathleen Farney, Director of Research; Stacy Smith, Director of Internal Audit; Christina Baker, Internal Auditor; Dave Urbanek, Director of Communications; Sue Billington, Executive Assistant; Tammy Green, Asst. to Executive Director; Pat O'Hara, Cavanagh & O'Hara (Fiduciary Counsel); Becky Gratsinger, Ian Bray, Reed Harmon, RV Kuhns (Investment Consultant).

Visitor present: Don Davis, IRTA

APPROVAL OF MINUTES

A draft of the February 17-18, 2016 minutes of the Investment Committee meeting was sent to the committee for review. On a motion by Rainy Kaplan, seconded by Cinda Klickna, the minutes were approved by voice vote.

STAFF/CONSULTANT PRESENTATIONS

Diversifying Portfolios

Ken Musick, Sr. Investment Officer, provided an overview of the proposed structure for the Diversifying Strategies program. Documentation is on file.

PIMCO – Termination

Staff recommended terminating PIMCO Global Multi-Asset Strategy (GMAS) with proceeds redirected to other opportunities. Staff recommended terminating GMAS due to a reevaluation of the goals of Diversifying Strategies, and it was determined that GMAS was not a strategic fit. A motion was made by Rainy Kaplan, seconded Sandy Stuart, that the committee recommend to the Board to terminate the PIMCO GMAS account effective March 31, 2016. The motion passed by a unanimous voice vote.

Foreign Currency Program

Staff discussed implementing a new program designed to reduce potential risk associated with investments in foreign currencies and to enhance long term risk adjusted returns. Staff recommended a 50/50 active/passive split within the \$1 billion program. Documentation is on file.

The Investment Committee interviewed FFTW and Adrian Lee & Partners to oversee a portion of the System's foreign currency exposure and manage the associated risk of that exposure on the overall TRS portfolio. Their presentation booklets are on file. A motion was made by Ann Deters, seconded Sonia Walwyn, that the committee recommend to the Board to hire Fischer, Francis, Trees and Watts to an active alpha currency mandate and to hire Adrian Lee & Partners for the passive hedging currency mandate. The motion passed by a unanimous voice vote.

Foreign Currency Advisor RFP

Staff identified a need for currency advisory services to provide advice on foreign currency issues within the private capital co-investment program. Documentation is on file. A motion was made by Sandy Stuart, seconded Cinda Klickna, that the committee recommend to the Board to issue a Request

for Proposal (RFP) for foreign currency advisor services. The motion passed by a unanimous voice vote.

ADJOURNMENT

There being no further business to come before the Investment Committee, a motion was made by Bob Lyons, seconded by Sonia Walwyn, to adjourn the meeting at 12:10 p.m.



Richard W. Ingram, Executive Director

Approved: 5/19/16