



**MINUTES**  
**Meeting of the Investment Committee**  
**June 13, 2019**

A meeting of the Investment Committee of the Illinois Teachers' Retirement System was held on June 13, 2019 at the Springfield office of the Illinois Teachers' Retirement System, 2815 W. Washington Street. Andy Hirshman, Chair, called the meeting to order at 1:30 p.m. A quorum was present.

Roll Call attendance was taken with the following trustees present: Mark Bailey, Devon Bruce (arrived 1:43 p.m.), Andy Hirshman, Maureen Mena, Laura Pearl, Fred Peronto, Larry Pfeiffer, Dan Winter, Cinda Klickna, and Carmen Ayala.

Others present: Dick Ingram, Executive Director; Stan Rupnik, Chief Investment Officer; Greg Turk, Director of Investments; Scottie Bevill, Sr. Investment Officer; Ben Skrodzki, Sr. Investment Officer; Jerry Quandt, Sr. Investment Officer; Tim Hays, Sr. Investment Officer; Dakin Sanert, Investment Officer; Jose Gonzalez, Investment Officer; Brian Payne, Investment Officer; Matt Borgstrom, Investment Intern, Makayla Baker Investment Analyst; Patrick Flattery, Investment Analyst; Abby Griffith, Investment Accounting Manager; Jana Bergschneider, Chief Financial Officer; Gina Larkin, Chief Human Resources Officer; Kathleen Farney, Director of Research; Stacy Smith, Director of Internal Audit; Christina Baker, Sr. Internal Auditor; Marcy Dutton, Chief Legal Counsel; Cynthia Fain, Sr. Legal Counsel; Carlton Lenoir, Chief Benefits Officer; Dave Urbanek, Director of Communications; Bob Jiroutek, Risk Officer; Chris Wiedel, Technical Systems Manager; Tammy Green, Executive Assistant (via telephone); Sue Billington, Executive Assistant; Sally Antonacci, Investment Office Manager; Tiffany Reeves, Reinhart (Fiduciary Counsel); Becky Gratsinger, Tony Johnson, Jonathan Kowolik and Ian Bray, RVK (Investment Consultant).

Visitors present: Marsha Byas, TRS trustee effective July 15, 2019; Wesley Heyduck, IEA-Retired; Jason Parks, Loop Capital, and Christine Williamson, Pensions & Investments.

Approval of Minutes

A draft of the March 14, 2019 minutes of the Investment Committee meeting was sent to the committee for review. On a motion by Fred Peronto, seconded by Dan Winter, the minutes were unanimously approved by voice vote.

## **TRS PORTFOLIO**

### Investment Manager Chart

TRS staff provided the final TRS investment manager charts for the quarter ending March 31, 2019. Documentation is on file.

### Cashflow Summary

TRS staff provided a cash flow summary to fund the System's cash requirements. Documentation is on file.

### Investment Activity Report

Stan Rupnik, Chief Investment Officer, provided an overview of investment actions and asset transfers for the period February 28 through May 29, 2019. Documentation is on file. There were no compliance issues for the quarter ending March 31, 2019.

### Private Equity

- Commitment of \$100 million to Stone Point Capital's Trident Fund VIII.
- Commitment of £39 million to Inflexion Private Equity Partners Inflexion Enterprise V and Supplemental V funds.
- Commitment of \$95 million to TA Associates Fund XIII.

### Real Estate

- Commitment of \$300 million to the Lone Star Real Estate Partners Fund VI.

### Global Income

- Commitment of \$100 million to Taurus Funds Management Finance Fund II.
- Commitment of \$50 million to Dignari Capital Partners China Credit Fund II.
- Commitment of \$50 million to Proterra Investment Partners Credit Fund.

### Diversifying Strategies

- Commitment of \$100 million to Graham Capital Management Quant Macro Fund.
- Commitment of \$100 million to Trend Capital Management.
- Commitment of \$50 million to Informed Portfolio Management Systematic Macro Fund.

### Termination/Redemption

- Terminated Capri Capital Partners
- Redemption of \$218 million from Carlson Capital Management

### Consultant RFPs – Real Estate and Private Equity

The contract with the System's current real estate consultant, StepStone Real Estate, expires in December 2019. Public Act 96-0006 requires that investment consulting contracts be re-bid at a minimum every five years and are prohibited from contract extension without completion of the Request For Proposal process. In addition, the contract with the System's private equity consultant, TorreyCove Capital Partners, expires in June 2020. Staff plans to issue RFP's over the summer months for real estate and private equity consulting. Finalists are expected to present to the Board in late 2019.

### Investment Performance Update

RVK provided an overview of the investment performance for the quarter ending March 31, 2019 including current trending pension topics. Documentation is on file. Total assets: \$51.1 billion. Documentation is on file. The total fund return, net of fees:

- 1 year: 2.8%
- 3 year: 8.1%
- 5 year: 6.2%
- 7 year: 7.7%
- 10 year: 9.8%

### **RECESS**

The meeting recessed at 2:47 p.m. and reconvened 2:55 p.m.

### Asset Allocation Review Targets

TRS staff provided an overview of the current investment portfolio and recommended revisions to the interim and long-term asset allocation targets effective July 1, 2019. The primary change is documenting the December 2018 decision by the Board to lower the diversifying strategies long term target to 10%. A motion was made by Devon Bruce, seconded by Mark Bailey, that the committee recommend to the Board to adjust the System's long term and interim asset allocation targets, as presented. The motion passed by unanimous voice vote.

	Current Allocation	Interim Target	Long Term Target	Change
Public Equity	35.3%	34.0%	34.0%	Interim -2.0%
Fixed Income	13.0%	12.0%	15.0%	No change
Opport. Real Estate	2.6%	3.0%	5.0%	No change
Income	23.2%	24.0%	21.0%	Offset to DS
Real Assets	12.8%	15.0%	15.0%	No change
Diversifying Strategies	10.5%	10.0%	10.0%	10% max
Short Term Investments	2.8%	2.0%	0.0%	Offset to DS

### TRS Investment Policy Revisions

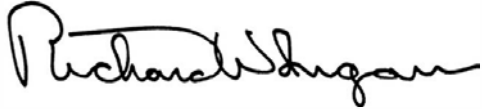
TRS staff formally reviewed the investment policy and recommended revisions to the following Sections. Trustee Hirshman expressed his concern of staff's recommendation to remove Sections XVIII and XIX. It was consensus of the committee to not remove Sections XVIII and XIX until new language is in place. A motion was made by Andy Hirshman, seconded by Cinda Klickna, that the committee recommend to the Board to accept revisions to the System's investment policy, as amended. The motion passed by unanimous voice vote. Documentation is on file.

- Section III: Investment Philosophy
- Section VII: Asset Allocation and Rebalancing Strategy
- Section VIII: Investment Manager Structure
- Section X: Investment Manager Retention Analysis
- Section XII: Transition Management
- Section XIII: Performance Benchmarks
- Section XVIII: Brokerage Expense Management
- Section XIX: ETI
- Section XX: Improving Access to the TRS Investment Process
- Section XI: Emerging Manager Program

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## **ADJOURNMENT**

There being no further business to come before the Investment Committee, a motion was made by Mark Bailey, seconded by Cinda Klickna, to adjourn the meeting at 3:57 p.m.

A handwritten signature in black ink, appearing to read "Richard W. Ingram". The signature is fluid and cursive, with a large initial "R" and "I".

Richard W. Ingram, Executive Director

Approved: 8/2/19