



TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

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R. Stanley Rupnik, Executive Director & Chief Investment Officer

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MINUTES Investment Committee August 12, 2021

The Investment Committee meeting of the Illinois Teachers' Retirement System was held on August 12, 2021 at the Chicago Marriott Naperville, 1801 N Naper Boulevard, Naperville, IL. Chairman Miller called the meeting to order at 8:47 a.m. A quorum was present. Roll Call attendance was taken with the following trustees present: Beth Anderson, Carmen Ayala, Joe Blomquist, Marsha Byas, Mia Jazo-Harris, David Miller, Fred Peronto, Larry Pfeiffer (remote videoconference), Doug Strand, Andy Hirshman, Vice President and Matt Hunt, President. It was consensus of the Board to let Trustee Pfeiffer attend the meeting via videoconference due to a family emergency. Absent: Trustees Norma Bellcoff and Maureen Mena.

Others in attendance: Stan Rupnik, Executive Director and Chief Investment Officer; Greg Turk, Director of Investments; Cynthia Fain, Sr. Legal Counsel; Stacy Smith, Director of Internal Audit and Risk; Deron Bertolo, Chief Financial Officer; Jamie Stults, Director of Human Resources; Chris Wiedel, Director of Information Technology; Chad Fry, Technical Systems Manager; John Boykin, Sr. Technical Support Specialist; Tammy Green, Executive Assistant; Sally Antonacci, Investment Office Manager; Jessica Culotti, Reinhart (Fiduciary Counsel); Becky Gratsinger (remote) and Tony Johnson, RVK (Investment Consultant); and Andrew Bodewes, Legislative Consultant.

Aksia

Visitors: Bob Lyons, IRTA-Retired; Christina Williamson, Pensions & Investments.

No public comment.

APPROVAL OF MINUTES

A draft of the June 17, 2021 minutes of the Investment Committee meeting was sent to the committee members for review. A motion was made by Trustee Peronto, seconded by Trustee Hirshman, to approve the minutes as presented. The motion passed by unanimous voice vote. Motion Carried.

TRS PORTFOLIO

Investment Portfolio Summary

Stan Rupnik, Executive Director and Chief Investment Officer, provided the final May 2021 investment manager charts. Documentation is on file.

Minority Utilization Report

(remote presentation)

Jose Gonzalez, Investment Officer – Diverse & Emerging Managers, provided preliminary data as of June 30, 2021 on the utilization of minority-owned brokers and minority-owned investment managers within the TRS investment portfolio. The total TRS portfolio represents 24.68%, which is 3.68% over the TRS fiscal year 2021 utilization goal of 21%. Documentation is on file. Mr. Gonzalez reported that brokerage and asset management goals for fiscal year 2022 goals will be re-assessed and voted on at the October Board meeting.

Diversity Measurement RFP

(remote presentation)

Representatives of Lenox Park Solutions provided a presentation on the development of a standardized scoring tool for Diversity, Equity & Inclusion (DEI). Documentation is on file. TRS Staff provided an overview of the firm and due diligence that was conducted. A motion was made by Trustee Hirshman, seconded by Trustee Hunt, to select Lenox Park Solutions to provide a standardized DEI measurement and scoring solution within the System's investment program. The motion passed by unanimous voice vote.

Cashflow Summary

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

Investment Activity Report

Stan Rupnik provided an overview of investment activity by asset class completed by the System's investment staff for the period May 29 through July 22, 2021. Documentation is on file.

Global Income Asset Class – Coriolis, L.P.

At the June investment committee meeting, Aksia presented an investment opportunity for a commitment to a private credit mandate. Following the presentation, the committee approved a motion to recommend to the Board to commit \$250 million to TRS Coriolis, Limited Partnership. A final vote will be taken at the August Board meeting since the June meeting was postponed due to the declaration of Juneteeth as a state holiday.

RECESS

The meeting recessed at 10:00 a.m. and reconvened at 10:15 a.m.

Investment Performance

Tony Johnson of RVK provided an overview of trending pension topics and capital markets as of June 30, 2021. Documentation is on file. Stan Rupnik provided a preliminary overview of the June 30, 2021 asset class performance. Preliminary assets under management totaled \$62.9 billion as of June 30, 2021.

Asset Allocation

Becky Gratsinger and Tony Johnson of RVK provided an overview of TRS’s asset allocation process including capital market assumptions, supplemental liquidity analysis, and asset allocation modeling. Documentation is on file. RVK and TRS Staff proposed recommendations to the long term and interim asset allocation targets to provide guidance and structure to the investment program. A motion was made by Trustee Strand, seconded by Trustee Hirshman, that the committee recommend to the Board to adjust the System’s long term and interim asset allocation targets and to rebalance range targets, as presented, effective July 1, 2021. The motion passed by unanimous voice vote.

	Previous Long-term Target	Revised Long-term Target	Change
Public Equity	34.0%	37.0%	+3.0%
Private Equity	15.0%	15.0%	
Real Assets	20.0%	18.0%	-2.0%
Div. Strategies/Other	10.0%	4.0%	-6.0%
Income	21.0%	26.0%	+5.0%
Short Term Investments	0.0%	0.0%	

	Previous Interim Target	Revised Interim Target	Change
Public Equity	34.0%	37.0%	+3.0%
Private Equity	12.0%	14.0%	+2.0%
Real Assets	18.0%	15.0%	-3.0%
Div. Strategies/Other	10.0%	7.0%	-3.0%
Global Income	24.0%	25.0%	+1.0%
Short Term Investments	2.0%	2.0%	

	Previous Interim Target	Revised Interim Target	Revised Rebalance Ranges
Public Equity	34.0%	37.0%	27% - 47%
Private Equity	12.0%	14.0%	10% - 18%
Real Assets:	18.0%	15.0%	11% - 19%
Real Estate	14.0%	14.0%	9% - 17%
Other Real Assets	4.0%	1.0%	0% - 3%
Div. Strategies/Other	10.0%	7.0%	3% - 10%
Global Income	24.0%	25.0%	21% - 29%
Short Term Investments	2.0%	2.0%	0% - 4%

TRS Investment Policy

TRS staff has completed the annual review of the TRS investment policy and recommended revisions to the following Sections. A motion was made by Trustee Hunt, seconded by Trustee Strand, that the committee recommend to the Board to approve revisions to the investment policy, as presented. The motion passed by unanimous voice vote.

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5-6	Section III: Investment Philosophy
7-8	Section IV: Role Definitions
12-13	Section VII: Asset Allocation and Rebalancing Strategy
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20-21	Section X: Investment Manager Retention Analysis
26	Section XII: Transition Management
27-28	Section XIII: Performance Benchmarks
28	Section XIII: Performance Benchmarks
33	Section XVIII: Brokerage Expense Management
35-37	Section XX: Improving Access to the TRS Investment Process
38-42	Section XXI: Emerging Managers Program

ADJOURNMENT

There being no further business to be brought before the Investment Committee, a motion was made by Trustee Peronto, seconded by Trustee Jazo-Harris, to adjourn the meeting at 11:46 a.m. Motion passed by a unanimous voice vote.



Stan Rupnik, Executive Director and Chief Investment Officer

Approved: 10/28/2021