



TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

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News

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TRS EARNS A 4.1% RATE OF INVESTMENT RETURN FOR FISCAL YEAR 2015

SPRINGFIELD, IL – Preliminary estimates indicate that Teachers' Retirement System investments generated a positive 4.1 percent rate of return, gross of fees, during fiscal year 2015.

TRS ended FY 2015 on June 30 with \$45.8 billion in assets, which places the System among the top 40 largest pension funds in the United States.

“TRS managed to hold its own in a highly volatile year for the economy and investments in general,” said TRS Executive Director Dick Ingram. “We always take a long-term view of investment returns because TRS has to be there for our members for decades to come. Whether it was last year’s 18.1 percent or the 4.1 percent this year, it is the long-term results that matter.”

The preliminary 30-year investment return for TRS is 9.04 percent, net of fees, which exceeds the System’s long-term investment goal of 7.5 percent. Ingram added that the 4.1 percent rate of return for TRS fell within a fraction of the System’s custom investment return benchmark for FY 2015 of 4.6 percent.

During FY 2015, preliminary estimates indicate that TRS realized its strongest gains from its investments in real estate, which returned a positive 14.4 percent, domestic equity with a positive 9.1 percent, absolute return with a positive 6.05 percent and fixed income with a positive 3.49 percent. TRS investments in international equity recorded a negative 4.36 percent rate of return. Investment returns from other sectors of the portfolio attributable to fiscal year 2015 are still being tabulated. All of these preliminary returns are gross of fees.

(MORE)

In the last 10 years, TRS investments have recorded positive returns in eight years, with the two years of negative returns realized during the worldwide financial meltdown of 2008 and 2009. All returns in this chart are gross of fees.

<u>Fiscal Year</u>	<u>TRS Rate of Return</u>
2015	+ 4.1%
2014	+18.1%
2013	+13.5%
2012	+1.34%
2011	+24.3%
2010	+13.5%
2009	- 22.3%
2008	- 4.5%
2007	+19.6%
2006	+12.2%

In other action during its regularly scheduled August meeting, the TRS Board Trustees:

- Hired **Acadian Asset Management, of Boston, Massachusetts** to administer a large-capitalization core investment strategy within the System's \$9.3 billion Domestic Equity Portfolio.
- Hired **J. P. Morgan Asset Management, of New York, New York**, to administer an emerging markets investment strategy within the System's \$9.5 billion International Equity portfolio. J. P. Morgan already administers \$1.2 billion in TRS assets.
- Voted to retain the System's long-term assumed rate of return at 7.5 percent, based on a just-completed Demographic and Economic Experience Study by the System's actuary, **Buck Consultants of Chicago**. The last TRS actuarial experience study was completed in 2013.
- Approved changes to the TRS Watch List:
 - Removed **Franklin Templeton, of San Mateo, California**, from the Watch List. Franklin Templeton currently administers \$471 million of TRS assets in the System's \$8 billion Fixed Income Portfolio.
 - Terminated the \$429 million emerging market strategy commitment of **Aberdeen Asset Management, of Edinburgh, Scotland** within the International Equity Portfolio. With this decision, the total TRS assets administered by Aberdeen are reduced from \$1.2 billion in the International Equity portfolio to \$788 million.
- As approved by the TRS Board, the current Watch List is composed of:
 - The large capitalization core strategy of **Aberdeen Asset Management, of Edinburgh, Scotland**, which now administers \$788 million in TRS assets within the System's International Equity portfolio.
 - **Herndon Capital Management of Atlanta, Georgia**, which currently administers \$272 million of TRS domestic equity assets.

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About Teachers' Retirement System

The Teachers' Retirement System of the State of Illinois is the 39th largest pension system in the United States, and provides retirement, disability and survivor benefits to teachers, administrators and other public school personnel employed outside of Chicago. The System serves 395,000 members and had assets of \$45.8 billion as of June 30, 2015.