



## Teachers' Retirement System of the State of Illinois

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# News

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### TRS INVESTMENTS EARN +18% DURING FISCAL YEAR 2014

SPRINGFIELD, IL – Teachers' Retirement System investments generated a positive 18 percent rate-of-return during fiscal year 2014, gross of fees, a result that exceeded internal custom benchmarks set for the \$45.3 billion portfolio.

Total TRS assets on June 30, at the end of FY 2014, were 14.9 percent higher from one year ago at the end of FY 2013, when the total was \$39.4 billion.

“Investment returns like this reflect hard work by our staff and the Board of Trustees, as well as our dedication to a disciplined, long-term focus on prudently increasing the size of the System’s portfolio,” said TRS Executive Director Dick Ingram. “TRS continues to fulfill its responsibilities to our members by boosting investment returns while keeping investment risk as low as possible.

“The 30-year rate-of-return for TRS at the end of FY 2014 was 10 percent per year on average,” Ingram added. “Our assumed return rate of 8 percent last year also is a 30-year expectation. TRS investments over time are more than right on target.”

Ingram said that while TRS is happy with its investment program, the System will continue to stress to its members, state officials and the public that TRS cannot invest its way out of the current underfunded liability created by decades of state funding shortfalls.

The 18 percent rate of return, gross of fees, also exceeds the System’s 16.4 percent custom benchmark for the fiscal year. The FY 2014 rate of return is the ninth time since 2000 that TRS investments have exceeded the long-term investment assumption; and the 11<sup>th</sup> time in the last 15 years that investment returns were positive.

The Board of Trustees also announced the reappointment of Trustee Marcia Campbell of O’Fallon by Gov. Pat Quinn to a new four-year term, as well as the resignation of Trustee Enrique M. Vasquez of Cary. In a letter to the Board, Trustee Vasquez said he found it difficult to fulfill the time requirements of the position, due to other commitments. Trustee Vasquez was appointed by Gov. Quinn in September of 2012. TRS now has two open seats on the 13-member Board.

(MORE)

During its regularly scheduled August meeting, the Trustees:

- Allocated up to \$500 million to **Pacific Investment Management Company of Newport Beach, California**, within the \$7.7 billion Fixed Income portfolio for various credit opportunities. Currently, PIMCO administers \$2.46 billion in TRS assets.
- Approved an additional \$300 million allocation to **Invesco Real Estate of Dallas, Texas**, as part of the fiscal year 2015 tactical investment plan for the System's \$5.6 billion Real Estate portfolio. Invesco currently administers \$671 million in TRS assets.
- Committed \$100 million to **Baring Private Equity Asia Group of Hong Kong** within the System's \$4.8 billion Private Equity portfolio. Currently, Baring Asia administers \$44 million in TRS assets.
- Committed \$100 million to **Natural Gas Partners of Irving, Texas**, within the Private Equity portfolio for investments in the energy sector. Currently, NGP administers \$89.5 million in TRS assets.
- Committed \$75 million to **Sheridan Production Company of Houston, Texas**, within the System's \$4.07 billion Real Return portfolio for investments in the energy sector.
- Raised to \$100 million the System's total allocation within the Emerging Manager Program to **Channing Capital Management of Chicago**. TRS will add \$55.9 million to the firm's commitment for investments within the System's \$9.4 billion Domestic Equity portfolio. Channing currently administers \$44.1 million in TRS assets.
- Accepted the resignation of **Sky Investment Council of Toronto, Ontario, Canada**, from the TRS Emerging Managers Program due to the firm's announcement that it is leaving the investment management business. Sky had administered \$31.1 million in TRS assets. The responsibility for investing those assets will be transferred to **Strategic Global Advisors of Newport Beach, California** and **Northern Trust Global Investments of Chicago**.
- Terminated the services of **Loomis, Sayles and Company of Boston, Massachusetts**. At the end of July Loomis administered \$238 million in TRS assets within the Domestic Equity portfolio.
- Approved changes to the TRS Watch List:
  - Added **Franklin Templeton, of San Mateo, California**, to the Watch List. Franklin Templeton currently administers \$489 million of TRS fixed income assets.
- As approved by the TRS Board, the current Watch List is composed of:
  - **American Century Investments, of Kansas City, Missouri**, which manages \$146.5 million of TRS international equity assets.
  - **Cortina Asset Management, of Milwaukee, Wisconsin**, which currently manages \$148.4 million of TRS domestic equity assets.
  - **Franklin Templeton, of San Mateo, California**, which currently administers \$489 million of TRS fixed income assets.
  - **Levin Capital Management of New York, New York**, which manages \$479.1 million in the Domestic Equity portfolio.
  - The Global Multi-Asset Strategy of **Pacific Investment Management Company of Newport Beach, California**, which manages \$431.3 million in the System's \$4 billion Real Return portfolio.

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### **About Teachers' Retirement System**

The Teachers' Retirement System of the State of Illinois is the 39<sup>th</sup> 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 390,000 members and had assets of \$45.3 billion as of June 30, 2014.