



Teachers' Retirement System of the State of Illinois

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News

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TRS TO BOOST PRIVATE EQUITY INVESTMENTS DURING 2012

SPRINGFIELD, IL – The Teachers' Retirement System Board of Trustees today approved a new 12-month tactical investment plan for its \$3.4 billion Private Equity portfolio that calls for new investment commitments of between \$900 million and \$1.4 billion in each of the next five years.

“The TRS Private Equity portfolio has delivered attractive performance since inception,” said TRS Executive Director Dick Ingram. “The 2012 tactical plan is designed to deliver the greatest risk-adjusted investment returns on behalf of our 372,000 members.”

The new tactical plan calls for the Private Equity portfolio to continue to increase in size as a percentage of total assets between 2012 and 2018. Currently, private equity investments total 9.1 percent of the System's assets and the plan envisions an increase to 11 percent of total assets in 2012. The long-term allocation to private equity was increased from 10 percent to 12 percent of total assets in April when the Board adopted a new comprehensive asset allocation plan.

To accomplish these goals, the plan targets 60 percent to 80 percent of private equity investments in corporate finance opportunities, between 5 percent and 20 percent to venture capital and 10 percent to 25 percent in “special situation” investments, such as distressed debt opportunities.

Also, the plan calls on TRS to continue the development and expansion of a “co-investment” program in the Private Equity portfolio that was approved by the Board last year. TRS has so far initiated two co-investments.

(MORE)

During the first three quarters of fiscal year 2011, the TRS Private Equity portfolio recorded an investment rate of return of 14.47 percent.

In other action during its June meeting, the Trustees:

- Authorized a \$108 million investment from the Private Equity portfolio to **EQT Funds Management**, of Stockholm, Sweden, for industrial investment opportunities in Sweden, Denmark, Norway, Finland and Germany.
- Authorized a \$75 million investment from the Private Equity portfolio to **Black River Asset Management** of Minnetonka, Minnesota for global investment opportunities in the food production sector of the world economy.
- Increased an existing allocation to **New Century Advisors** of Bethesda, Maryland, by \$70 million to \$75 million, for investments in global inflation-linked bonds. The firm currently manages \$200 million in GILB assets within the System's \$3.8 billion Real Return portfolio.
- Authorized a "Request for Proposals" from private firms to administer real estate insurance brokerage services for the System. Currently, the TRS real estate portfolio consists of more than \$3.5 billion in assets. The System's real estate insurance brokerage services are reviewed every two years and the current \$225,000 contract is set to expire in February 2012. **Tave Risk Management**, of Northbrook, has held the contract since 2006 and they will be invited to participate in the RFP process.
- Announced a "Request for Proposal" from law firms to provide specialized legal services and advice on an as-needed basis in litigation and other areas before state and federal courts located in Chicago and surrounding suburbs. TRS staff expect to have a recommendation for the Board as early as its August meeting.

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About Teachers' Retirement System

The Teachers' Retirement System of the State of Illinois is the 86th largest pension system in the world, and provides retirement, disability and survivor benefits to teachers, administrators and other public school personnel employed outside of Chicago. The System serves 372,000 members and had assets of \$37.3 billion as of March 31, 2011.