

News

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TRS Approves New Asset Allocation

CHICAGO-The Teachers' Retirement System of the State of Illinois (TRS) has established initial allocations for absolute return and real return strategies as part of a new asset allocation plan approved today by the TRS Board of Trustees. The target allocation for absolute return investments is 2.5 percent of TRS's total portfolio, which stood at \$39.0 billion as of December 6, 2006, and 10.0 percent of the total fund for real return investments. The Board also authorized a search for absolute return advisor/manager. Under the new plan, target allocations will go from 41.0 percent to 30.5 percent for domestic equities, from 15.0 percent to 20.0 percent for international equities, from 23.0 percent to 15.0 percent for fixed income, and from 6.0 percent to 8.0 percent for private equity. The 14.0 percent target allocation for real estate investments will remain the same. "The new asset allocation will further diversify the Fund's portfolio, minimize risk and provide more opportunities for enhanced investment returns," said Jon Bauman, Executive Director of TRS.

The TRS Board of Trustees also hired Copper Rock Capital Partners to manage \$50 million in small to mid cap growth domestic equities as part of TRS's \$500 million emerging managers program. To date, TRS has committed \$125 million to the program.

In other action, the Board made \$150 million in private equity commitments:

- \$50 million to J.C. Flowers II, L.P., a buyout fund focused on the financial services sector. Source of funds will be cash and passive index funds.
- \$100 million to Providence Equity Partners VI, L.P., a buyout fund focused on the media and telecommunications sectors. Source of funds will be cash and passive index funds.

The TRS Board hired the following firms to serve as the System's real estate appraisers:

- Joseph J. Blake & Associates
- CB Richard Ellis Valuation and Advisory Service
- Stout Risius Ross

The Teachers' Retirement System provides retirement, disability and death benefits to teachers and administrators employed at Illinois public elementary and secondary schools located outside the city of Chicago. TRS serves 326,000 members and annuitants.

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