

News

For Immediate Release

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Contact: Eva Goltermann, Public Information Officer
(217) 753-0968

TRS Takes Additional Steps to Protect Retirement Nest Eggs

SPRINGFIELD, IL-The Teachers' Retirement System of the State of Illinois (TRS) is further diversifying its \$41.7 billion portfolio by adding and expanding different investment strategies within several of its asset classes. These strategic moves, approved over a year ago as part of a new asset allocation, are designed to minimize overall investment risk during all types of market conditions.

In the international equity portfolio, the TRS Board of Trustees approved a \$400 million emerging markets mandate to be managed by Aberdeen Asset Management. Emerging markets are foreign economies, such as China and India, which are developing in response to the spread of capitalism. Separately, Franklin Templeton Fixed Income was selected to manage \$400 million in international fixed income, or foreign bonds.

The Board also hired Gresham Investment Management, PIMCO, and Schroders' Commodities to each manage \$200 million in commodities within the real return asset class. Real return contains an array of investment vehicles intended to protect the portfolio against rising inflation. This is TRS's initial funding of commodities within this asset class.

TRS added New Century Advisors to its roster of Emerging Managers, which is comprised of growing investment firms that have smaller asset bases and developing track records. Our goal is to work with these firms to help them develop in order for them to eventually manage a full mandate from the TRS Trust Fund. New Century Advisors was hired to manage a \$25 million mandate in Global TIPS (Treasury Inflation Protected Securities.)

In other business, the Board approved the following mandates in private equity, all funded by cash and passive/enhanced index accounts:

- \$75 million to Advent International GPE VI, a global buyout fund
- \$15 million to Kline Hawkes Growth Equity Fund, L.P., a venture capital fund focused on late-stage growth companies
- \$30 million to Longitude Venture Partners, L.P, a venture capital fund focused on medical devices and biotechnology
- \$75 million to PAI Europe V, L.P., a European buyout fund

(More)

The TRS Board of Trustees voted to remove the following firm from its watch list:

- **PIMCO StocksPlus** was removed from the watch list due to improved performance. The firm manages \$1.9 billion in U.S Equity-Enhanced Index for TRS

The TRS Board of Trustees placed the following asset managers on its watch list:

- **Batterymarch**, which manages \$247 million in small cap growth domestic equity for TRS, was placed on watch for performance reasons
- **Epoch Investment Partners**, which manages \$98 million in international small cap equity for TRS, was placed on the watch list for organizational reasons
- **LSV**, which manages \$715 million in small-to-mid cap value domestic equity for TRS, was placed on the watch list for performance reasons
- **Mazama**, which manages \$228 million in small cap growth domestic equity and \$385 million in small-to-mid cap growth domestic equity, has been placed on watch for performance in both investment strategies

The Board maintained the watch list status for the following firms:

- **Brandes** was kept on the watch list for performance reasons. The firm manages \$1.3 billion in international equity for TRS
- **Jarislowsky Frasier**, which manages \$674 million in international equity, remains on the watch list for performance reasons. Further, the Board elected to withdraw \$200 million from this mandate to be reassigned to a passive EAFE growth index account

TRS provides retirement, disability, and death benefits to teachers and administrators at Illinois public elementary and secondary schools outside the city of Chicago. The System serves 344,432 members.

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