

News

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TRS Expands Emerging Manager Program, Graduates EM Manager

SPRINGFIELD, IL-The Teachers' Retirement System (TRS) continues to raise the bar in its effort to promote diversity within its investment program. The TRS Board of Trustees voted Thursday to expand the Emerging Managers Program beyond the public market asset classes. Under changes adopted by the Board, the \$500 million program will now formally include private equity, real estate, and absolute return investment management firms. The Emerging Managers Program targets growing investment firms that have smaller asset bases and developing track records. The goal is to establish long-term relationships with these high quality firms and to provide the support needed to reach their full potential.

“There are a number of promising firms to which TRS has had difficulty making commitments because the program was focused on public market investments,” said Stan Rupnik, chief investment officer at TRS. “Expanding the program will help TRS better utilize young firms, including minority-and-female-owned investment managers, who can ultimately grow into increased mandates within the TRS portfolio,” Rupnik said. TRS maintains a national database of all identified emerging managers. Managers interested in the program can find information at TRS's Web site (trs.illinois.gov).

Additionally, the Board approved the graduation of **Dolan McEniry Capital Management** from the Emerging Managers Program into the main trust fund. The firm, which had been managing an initial \$25 million fixed income mandate, was awarded an allocation of \$170 million from the System's fixed income portfolio. Dolan McEniry was promoted due to its competitive performance.

(More)

In other business, the TRS Board of Trustees hired **Loomis Sayles & Company** to manage \$675 million in long-duration fixed income. The mandate is part of recommendations adopted in 2007 that are designed to provide better risk-adjusted returns and create additional diversification within the System's fixed income portfolio.

The Board also selected **American Century Investments** to manage a \$140 million international growth equities mandate. Further, TRS awarded a \$200 million international value equities mandate to **Dimensional Fund Advisors**. Both mandates are initial allocations to small capitalization stocks within the System's international equities portfolio.

Separately, TRS committed €25 million (approximately \$38.9 million) to **Avenue Capital Group** for investment in the private equity firm's European distressed debt fund.

The TRS Board of Trustees added the following firms to its watch list:

- **Dodge & Cox**, which manages \$854 million in core plus fixed income for TRS, for performance reasons.
- **ING**, placed on the watch list for performance reasons, manages \$798 million in core plus fixed income.

The following investment firms were retained on the System's watch list:

- **Batterymarch**, which manages \$209 million in small cap growth domestic equity for TRS, remains on watch for performance reasons.
- **Brandes** remains on watch for performance reasons. The firm manages \$1 billion in international equity for TRS.
- **Jarislowsky Frasier**, which manages \$363 million in international equity, remains on the watch list for performance reasons.
- **LSV** remains on watch due to performance. The firm manages \$658 million in small-to-mid cap value domestic equity for TRS.
- **Mazama**, which manages \$181 million in small cap growth domestic equity and \$313 million in small-to-mid cap growth domestic equity, was retained on watch for performance in both investment strategies.

TRS provides retirement, disability, and survivor benefits to teachers and administrators employed at Illinois public elementary and secondary schools outside the city of Chicago. The System serves 344,432 members. TRS assets were valued at \$38.7 billion as of March 31, 2008.