



Teachers' Retirement System of the State of Illinois

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News

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TRS SEEKS FIRM TO HELP ENHANCE SECURITIES LENDING PROGRAM

SPRINGFIELD, IL – Teachers' Retirement System will seek proposals from outside vendors for potential enhancements to the System's current securities lending program.

A formal request for proposal for third-party securities lending providers was approved today by the TRS Board of Trustees during their February meeting. The TRS investment staff anticipates the RFP process will be concluded by August.

Over the last year, the TRS investment staff has researched ways to enhance or improve the current securities lending program, which has been in place since 1986. One outcome was a desire for a more formal review by an outside firm of the existing market for third-party securities lending and the potential of additional income for TRS from the program. The present securities lending program generated \$17.7 million in revenue for TRS last fiscal year. Early estimates indicate that additional revenue from the program could climb by as much as 30 percent if prudent changes are made.

In other action during the February meeting the Trustees:

- Approved the "promotion" of **OakBrook Investments, of Lisle, Illinois** from the System's Emerging Manager Program to that of a money manager in the System's \$8.3 billion Domestic Equity portfolio because of performance. OakBrook currently manages \$31.6 million in TRS assets, and will see that commitment rise to approximately \$180 million to \$190 million.
- Approved a \$150 million allocation to **Starwood Capital Group of Greenwich, Connecticut** from the System's \$6.5 billion Real Estate portfolio for a variety of investments in properties around the world.
- Approved a commitment of up to \$100 million from the System's \$3.6 billion Private Equity portfolio to **Natural Gas Partners of Irving, Texas** for investments in oil and natural gas production.

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- Approved a commitment of up to \$40 million from the Private Equity portfolio to **Parthenon Capital Partners of Boston, Massachusetts** for investments in midmarket companies in healthcare services, financial services and business services.
- Approved a commitment of \$30 million from the Private Equity portfolio to **Lightspeed Venture Partners of Menlo Park, California** for investments in high-growth technology companies.
- Approved a commitment of €20 million from the Real Estate portfolio to **Niam AB of Stockholm, Sweden** for investments in commercial properties in Nordic countries.
- Updated the TRS “Watch List” of investment firms administering System assets by adding **Hartford Investment Management Company of Hartford Connecticut**. Hartford currently manages \$165 million in TRS assets within the Fixed Income portfolio. The Trustees terminated **Wellington Management of Boston, Massachusetts** from the System’s list of outside money managers. Wellington had managed \$275.3 million in Domestic Equity assets.

As approved by the TRS Board, the current Watch List is composed of:

- **Brandes Investment Partners, of San Diego, California**, which manages \$635 million of the International Equity – Active Core Value portfolio.
- **Hartford Investment Management Company of Hartford, Connecticut**
- **Turner Investment Partners of Berwyn, Pennsylvania**, which manages \$453 million in Domestic Equity – Active Large Capitalization Growth assets.

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About Teachers’ Retirement System

The Teachers’ Retirement System of the State of Illinois is the 39th 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 362,000 members and had assets of \$34.6 billion as of December 31, 2011.