



## **TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS**

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### **MINUTES**

#### **Investment Committee**

**June 17, 2024**

A meeting of the Investment Committee of the Board of Trustees of the Teachers' Retirement System of the State of Illinois (TRS) was held on June 17, 2024, at NIU Naperville, 1120 E. Diehl Rd., Naperville, IL. Trustee David Miller (Chair) called the meeting to order at 12:45 PM. Roll call attendance was taken with the following Trustees present: Trustee Beth Anderson, Trustee Joe Blomquist, Trustee Marsha Byas, Trustee Mike Goetz, Trustee Andy Hirshman, Trustee Matt Hunt, Trustee Mia Jazo-Harris, Trustee David Miller (Chair), Trustee Larry Pfeiffer, and Trustee Tony Sanders. Trustees Kevin "Duffy" Blackburn, Maureen Mena, Fred Peronto (Vice Chair), and Doug Strand were not in attendance. A quorum was present.

Others in attendance: Stan Rupnik, Executive Director & Chief Investment Officer; Sally Antonacci, Executive Officer; Chelsea Duis, Executive Administrator; Deron Bertolo, Chief Financial Officer; Gloria Lasley, Chief Operating Officer; Emily Peterson, General Counsel; Cynthia Fain, Senior Legal Counsel; Stacy Smith, Director of Internal Audit and Risk; Michelle Kissel, Director of Human Resources; John Gerding, Director of Information Technology; Janelle Gurnsey, Director of Public Relations; Bob Jiroutek, Director of Risk and Investment Operations; Kathleen Killion, Director of Finance; Amy Reynolds, Director of Research; Kyle Thornton, Network Administrator; Will Daugherty, Senior Technical Support Specialist; Ian Bray and Tony Johnson of RVK Inc. (Investment Consultant); Ashleigh Lee and David Sheng of Aksia (Diversifying Strategies Consultant); and Jessica Culotti of Reinhart Boerner Van Deuren (Fiduciary Counsel).

Remote attendees: Ghiané Jones, Deputy Chief Investment Officer; Jose Gonzalez, Senior Investment Officer – Diverse & Emerging Managers; Katie DellaMaria, Investment Officer – Global Income Strategies; Corbin Freres, Global Income Strategies; Dakin Sanert, Senior Investment Officer – Real Estate; Tim Runnalls, Senior Investment Officer – Real Estate; Bill Thomas, Senior Investment Officer – Global Equity; Nick Norstrom, Senior Investment Officer – Private Equity; Chloe Ariss, Investment Analyst – Global Income Strategies; Shshank Karn – Senior Investment Analyst; Sam Odeleye – Rotational Investment Analyst; Andre Hester - Investment Analyst; Michael Rennolds, Senior Investment Analyst – Real Estate; James Davis, Investment Analyst – Global Equity; Charlie Hirner, Investment Analyst – Private Equity; Tyler Kalata, Rotational Investment Analyst; Paxton Langheim, Risk & Compliance Analyst; Tiffany Frailey, Administrative Supervisor – Investments; and Andrew Cronin and Jason Lamin of Lenox Park (Diversity, Equity, and Inclusion Measurement Services).

Visitors: Elston Flowers, IEA-Retired; and Angela Myers of Loop Capital.

#### **Remote Attendance Request**

Trustee Joe Blomquist was unable to attend in person due to employment purposes. In accordance with the Open Meetings Act, 5 ILCS 120, Section 7, permission was requested for Trustee Blomquist to attend

via remote attendance. A motion was made by Trustee Sanders and seconded by Trustee Pfeiffer to allow Trustee Blomquist to attend via remote attendance. Motion carried by unanimous voice vote.

### Public Comment

None

### Minutes

A draft of the February 22, 2024, minutes of the Investment Committee meeting was sent to the committee members for review. On a motion by Trustee Goetz, seconded by Trustee Hunt, the minutes were approved by unanimous voice vote. Documentation is on file.

### Investment Portfolio Summary

Stan Rupnik, Executive Director & Chief Investment Officer, provided the final March 31, 2024, investment manager charts. Documentation is on file.

### Cash Flow Report

Stan Rupnik provided a cash flow summary to fund the System's cash requirements. Ghiané Jones, Deputy Chief Investment Officer, addressed the Private Equity Activity. Documentation is on file.

### Investment Activity Report

Stan Rupnik provided an overview of investment activity by asset class completed by the System's investment staff from February 1, 2024, through May 28, 2024. Documentation is on file.

### Diversity Report

### Brokerage Report

Jose Gonzalez, Senior Investment Officer – Diverse & Emerging Managers, provided preliminary data as of March 31, 2024, on the utilization of minority-owned brokers and minority-owned investment managers within the TRS investment portfolio. TRS exceeded its brokerage goals by 31.9% for US equity, 1.4% for international equity, and 15.3% for global fixed income. As of March 31, 2024, MWBE assets as a percent of total plan were 29.74%, which is 7.74% over the TRS fiscal year 2024 utilization goal of 22.0%. Documentation is on file.

### Diversity Survey

Andrew Cronin and Jason Lamin of Lenox Park provided an overview of the recent partner diversity survey results. Documentation is on file.

Investment Performance Report & Pension Trends

Ian Bray and Tony Johnson of RVK, Inc. provided an overview of the final March 31, 2024, investment performance report, including trending pension topics, monetary policy, and capital markets. Documentation is on file. The total fund return, net of fees:

Fiscal year to date:	6.96%
1 year:	9.90%
3 year:	6.92%
5 year:	8.15%
10 year:	7.14%
20 year:	7.02%

Investment Risk Report

Bob Jiroutek, Director of Risk and Investment Operations, provided an overview of the March 2024 investment risk report. Documentation is on file.

*Trustee Matt Hunt departed the meeting at 2:33 PM.*

**Recess**

The meeting recessed at 2:40 PM and resumed at 2:55 PM.

Diversifying Strategies

Ashleigh Lee and David Sheng of Aksia provided an overview of the risk mitigation proposal for the Diversifying Strategies portfolio.

Asset Allocation

Ghiané Jones and Ian Bray and Tony Johnson provided an overview of the proposed changes to the asset allocation profile.

<b>Asset Allocation Policy Mix (Percent of total Fund)</b>	<b>Long-term</b>	<b>Interim</b>
<b>Equity</b>	<b>52%</b>	<b>52%</b>
Public Equity	37%	37%
Private Equity	15%	15%
<b>Real Assets</b>	<b>18%</b>	<b>18%</b>
Real Estate	16%	16%
Other Real Assets	2%	2%
<b>Diversifying Strategies</b>	<b>4%<del>6%</del></b>	<b>5%</b>

<b>Income</b>	<del>26%</del> <b>24%</b>	<b>25%</b>
Global Income	<del>26%</del> <b>15%</b>	<del>23%</del> <b>15%</b>
Private Credit	<b>8%</b>	<b>8%</b>
Short - Term	<del>0%</del> <b>1%</b>	2%
<b>Total TRS</b>	<b>100%</b>	<b>100%</b>

Documentation is on file. A motion was made by Trustee Goetz, seconded by Trustee Sanders, that the committee recommend Board adoption of the recommended asset allocation policy, as presented. Motion carried by unanimous voice vote.

### Investment Education

Ian Bray and Tony Johnson provided education on lagging returns within private assets. Documentation is on file.

### Investment Policy Revisions

On an annual basis, staff formally reviews the TRS Investment Policy to reflect current procedures and Board action through the fiscal year. Emily Peterson, General Counsel, and Bob Jiroutek presented proposed revisions to the following sections of the Investment Policy:

- Section III: Investment Philosophy
- Section IV: Role Definitions
- Section VII: Asset Allocation and Rebalancing Strategy
- Section XI: Investment Manager Termination Guidelines
- Section XII: Transition Management
- Section XIII: Performance Benchmarks
- Section XV: General Investment Restrictions and/or Guidelines
- Section XXI: Emerging Managers Program

Documentation is on file. A motion was made by Trustee Goetz, seconded by Trustee Hirshman, that the committee recommend Board approval of the revisions to the Investment Policy as presented. Motion carried by unanimous voice vote.

### Trustee Concerns

Trustee Andy Hirshman requested reviewing the proxy voting process contained in the Investment Policy in an Investment Working Group meeting.

### Adjournment

There being no further business to be brought before the Investment Committee, a motion was made by Trustee Goetz, seconded by Trustee Sanders, to adjourn the meeting at 4:20 PM. Motion passed by unanimous voice vote.

Minutes – Investment Committee

June 17, 2024

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Stan Rupnik, Executive Director & Chief Investment Officer

Approved: 08/15/2024