



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

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### **MINUTES**

#### **Investment Committee**

**October 24, 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 October 24, 2024, at the DoubleTree Suites Downers Grove, 2111 Butterfield Rd., Downers Grove, Illinois. Trustee David Miller (Chair) called the meeting to order at 10:16 AM. Roll call attendance was taken with the following committee members present: Trustee Beth Anderson, Trustee Joe Blomquist (departed at 3:37 PM), Trustee Marsha Byas, Trustee Andy Hirshman, Trustee Matt Hunt, Trustee Mia Jazo-Harris, Trustee Maureen Mena (departed at 2:57 PM), Trustee David Miller (Chair), Trustee Fred Peronto (Vice Chair), Trustee Larry Pfeiffer, Trustee Tony Sanders (arrived at 11:04 AM), and Trustee Doug Strand. Trustees Duffy Blackburn and Mike Goetz 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; Stacy Smith, Director of Internal Audit & Risk; Emily Peterson, General Counsel; Cynthia Fain, Senior Legal Counsel; Gloria Lasley, Chief Operating Officer; Janelle Gurnsey, Director of Public Relations; Lori Dour, Chief Benefits Officer; Michelle Kissel, Director of Human Resources; John Gerding, Director of Information Technology; Lauren Pyle, Assistant Legal Counsel; Kyle Thornton, Network Administrator; Will Daugherty, Senior Technical Support Specialist; Ghiané Jones, Deputy Chief Investment Officer; Bob Jiroutek, Director of Risk and Investment Operations; Jose Gonzalez, Senior Investment Officer – Diverse & Emerging Managers; Corbin Freres, Senior Investment Officer – Global Income Strategies; Kate DellaMaria, Senior Investment Officer – Global Income Strategies; Shshank Karn, Investment Officer – Global Income Strategies; Chloe Ariss, Analyst – Global Income Strategies; Jessica Culotti of Reinhart Boerner Van Deuren (Fiduciary Counsel); Ian Bray and Tony Johnson of RVK Inc. (Investment Consultant); Nick Detmer and Brian Shushkovsky of Aksia (Private Debt Consultant); Ashleigh Lee of Aksia (Diversifying Strategies Consultant); and Raymond de Castro, Laura May, Marcus Tom, and Greg Ormand of BlackRock (Investment Search Candidate).

Remote attendees: Jenna Guymon, Human Resources Business Partner; Dakin Sanert, Senior Investment Officer – Real Estate; Michael Rennolds, Senior Investment Analyst – Real Assets; Tyler Kalata, Rotational Investment Analyst; Ann Stone, Investment Analyst – Diverse and Emerging Managers; Tiffany Frailey, Administrative Supervisor – Investments; Paxton Langheim, Risk & Compliance Analyst; Abby Griffith, Senior Investment Accounting Manager; Crawford Stricker, Performance Analyst; and David Sheng of Aksia (Diversifying Strategies Consultant).

Visitors: Cyd Paulsen – IEA; Angela Myers – Loop Capital Markets

#### Public Comment

None

### Minutes

A draft of the June 17, 2024, minutes of the Investment Committee meeting was sent to the committee members for review. On a motion by Trustee Hunt, seconded by Trustee Peronto, the minutes were approved by unanimous voice vote. Documentation is on file.

### Investment Portfolio Summary

Stan Rupnik, Executive Director & CIO, provided the preliminary September 30, 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. Documentation is on file.

### Investment Performance & Pension Trends

Ian Bray and Tony Johnson of RVK, Inc. provided an overview of the final June 30, 2024, investment performance report, including trending pension topics and capital markets. Topics included the market concentration within US Small Cap, performance for FY2024, and asset classes review. Ghiané Jones, Deputy Chief Investment Officer, provided commentary on performance and markets. Documentation is on file. The total fund return, net of fees:

Fiscal year to date:	8.77%
3 year:	4.85%
5 year:	7.78%
10 year:	6.86%
20 year:	7.08%

### Investment Risk Report

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

### **RECESS**

The meeting recessed at 11:51 AM and resumed at 12:29 PM.

### Investment Activity Report

Stan Rupnik and Ghiané Jones provided an overview of investment activity by asset class completed by the System's investment staff for the period July 23, 2024, through September 30, 2024. Documentation is on file.

### Annual Reports

Stan Rupnik noted the FY2024 annual reports were provided to the Trustees in the board portal.

### Diversity Report

#### *Diverse and Emerging Managers Program: Commitments and Graduations*

Jose Gonzalez, Senior Investment Officer – Diverse & Emerging Managers, provided an overview of the MWBE Portfolio and highlighted companies that have graduated from the Emerging Managers program into the main TRS Portfolio. Documentation is on file.

### MWBE Utilization Report

Jose Gonzalez, Senior Investment Officer – Diverse & Emerging Managers, provided final data as of June 30, 2024, on the utilization of minority-owned brokers and minority-owned investment managers within the TRS investment portfolio. TRS exceeded its brokerage goals by 28.9% for US equity, 2.1% for international equity, and 14.1% for global fixed income. As of June 30, 2024, MWBE assets as a percent of total plan were 29.8%, which is 7.8% over the TRS fiscal year 2024 utilization goal of 22%. Documentation is on file.

TRS staff conducted the annual review of the System's MWBE utilization goals for minority brokerage and investment management and proposed the following FY2025 minority utilization goals.

- Increasing the goal for utilization of MWBE asset managers from 22% to 23%. This internal goal exceeds the Illinois General Assembly's legislated aspirational goal.
- Increasing the Domestic Equity MWBE brokerage utilization goal from 35% to 40%.
- Maintaining the International Equity MWBE brokerage utilization goal of 17%
- Maintaining the Global Income MWBE trading utilization goal of 17%.
- Maintaining the existing investment management fee goal range of 8.0 – 11.5% of total fees paid.

The above goals will be included in the TRS Investment Policy, Section 20: Improving Access to the TRS Investment Process. Documentation is on file. A motion was made by Trustee Hirshman, seconded by Trustee Pfeiffer, that the Committee recommend to the Board to approve the recommended FY2025 MWBE utilization goals as presented. The motion passed by unanimous voice vote. Motion carried.

### Global Income Strategies Annual Review

Chloe Ariss, Investment Analyst – Global Income Strategies; Katie DellaMaria, Senior Investment Officer – Global Income Strategies; and Corbin Freres, Senior Investment Officer – Global Income Strategies provided an overview of the global income portfolio and proposed recommendations based on this

year’s global income asset class annual reviews. Documentation is on file. A motion was made by Trustee Blomquist, seconded by Trustee Hunt, that the Committee recommend to the Board to approve the global income strategies annual review plan as presented. The motion passed by unanimous voice vote.

#### Private Debt Tactical Plan

*(Trustee Mena departed the meeting at 2:57 PM.)*

Corbin Freres; Shshank Karn, Investment Officer – Global Income Strategies; Nick Detmer and Brian Shushkovsky of Aksia presented the FY2025 private debt tactical plan. The plan includes a review of FY2024 initiatives, FY2025 initiatives, fee analysis, and pacing. Documentation is on file. A motion was made by Trustee Strand, seconded by Trustee Jazo-Harris, that the Committee recommend to the Board to approve the FY2025 private debt tactical plan as presented. The motion passed by unanimous voice vote.

#### **RECESS**

The meeting recessed at 3:00 PM and resumed at 3:16 PM.

#### Diversifying Strategies Tactical Plan

*(Trustee Blomquist departed the meeting at 3:37 PM.)*

Ghiané Jones and Ashleigh Lee and David Sheng of Aksia presented the FY2025 diversifying strategies tactical plan. The plan includes a review of FY2024 initiatives, FY2025 initiatives, fee analysis, and pacing. Documentation is on file. A motion was made by Trustee Hirshman, seconded by Trustee Strand, that the Committee recommend to the Board to approve the FY2025 diversifying strategies tactical plan as presented. The motion passed by unanimous voice vote.

#### Long Term Treasury Search Index

Staff issued a Request for Proposal on June 24, 2024, for a passive fixed income mandate, and following a review of all responses and semi-finalist interviews, staff invited two firms to present to the committee. One of the firms declined the invitation. Raymond de Castro, Laura May, Marcus Tom, and Greg Ormand of BlackRock provided a presentation to the committee. Documentation is on file. A motion was made by Trustee Hunt, seconded by Trustee Peronto, that the Committee recommend to the Board to approve the selection of BlackRock for the management of the Long Term Government Bond Index Fund within the Diversifying Strategies Composite. The motion passed by unanimous voice vote.

#### Trustee Concerns

None

#### Adjournment

There being no further business to be brought before the Investment Committee, a motion was made by Trustee Strand, seconded by Trustee Byas, to adjourn the meeting at 4:13 PM. Motion passed by unanimous voice vote.



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Stan Rupnik, Executive Director & Chief Investment Officer

Approved: 12/12/2024