

TEACHERS' RETIREMENT SYSTEM

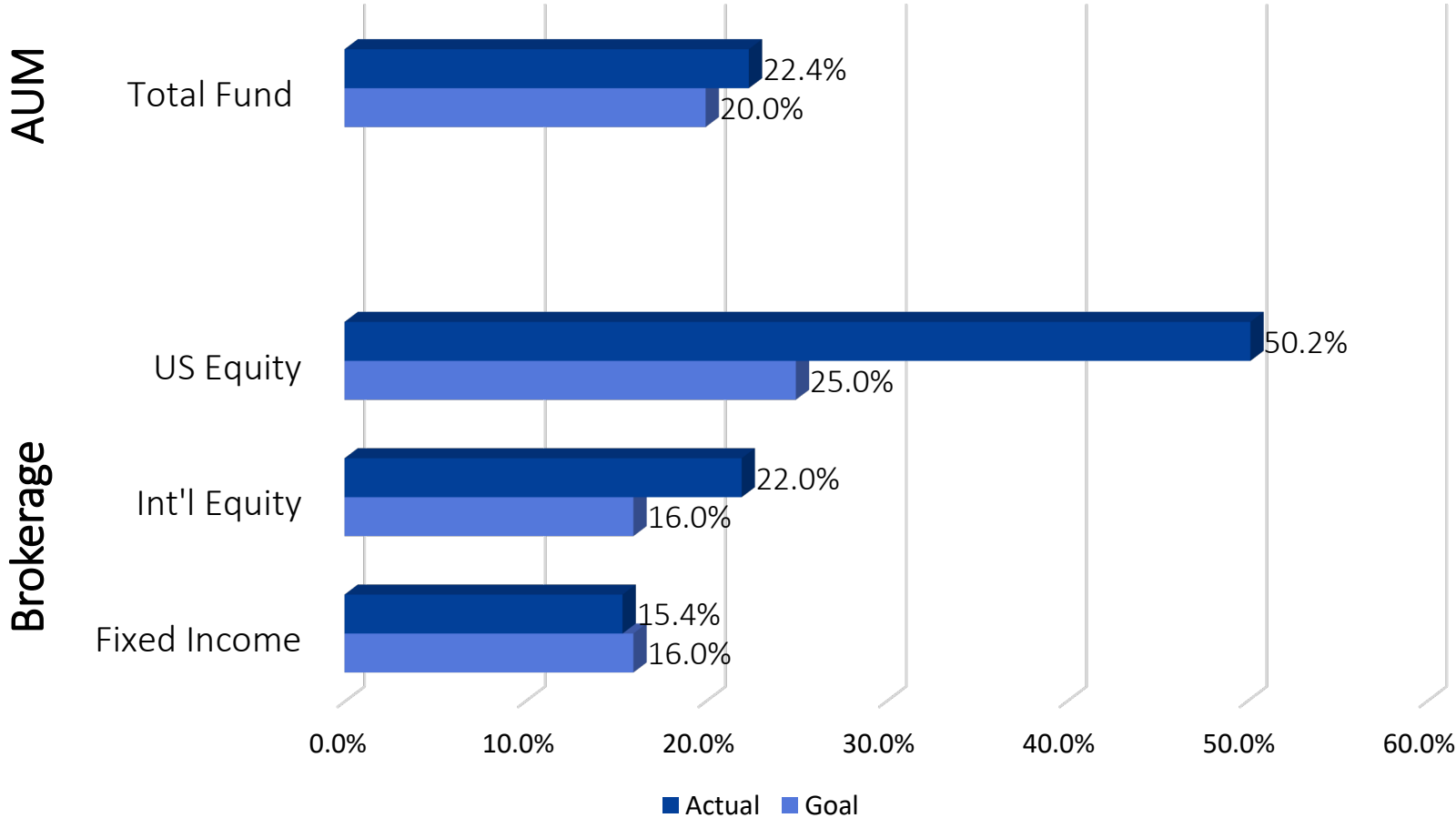
FY 2020 HIGHLIGHTS

OCTOBER 2020



FY 2020 GOALS VS ACTUAL

Fiscal Year End 2020

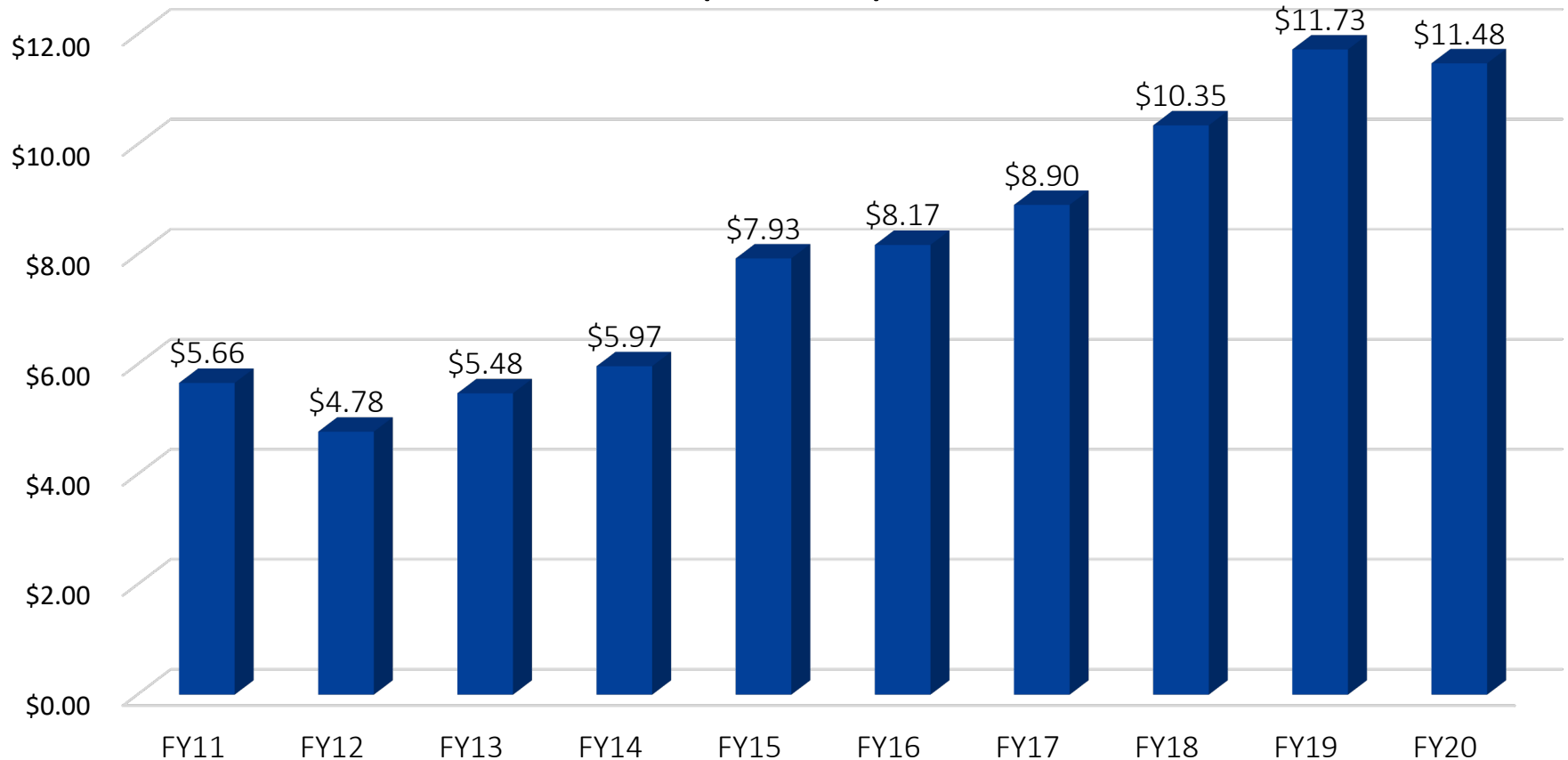


FY 2020 ACCOMPLISHMENTS

- The Illinois legislature established a MWBE manager utilization “aspirational” goal of 20% for Illinois Pension Plans
 - TRS’s FY20 assets under management (AUM) was 22.43%
- In FY2020, TRS invested \$1.7 billion of capital with MWBE firms
 - Public Equity \$799 million
 - Private Equity \$233 million
 - Private Credit \$250 million
 - Real Estate \$450 million

AUM WITH MWBE FIRMS

MWBE AUM (billions)

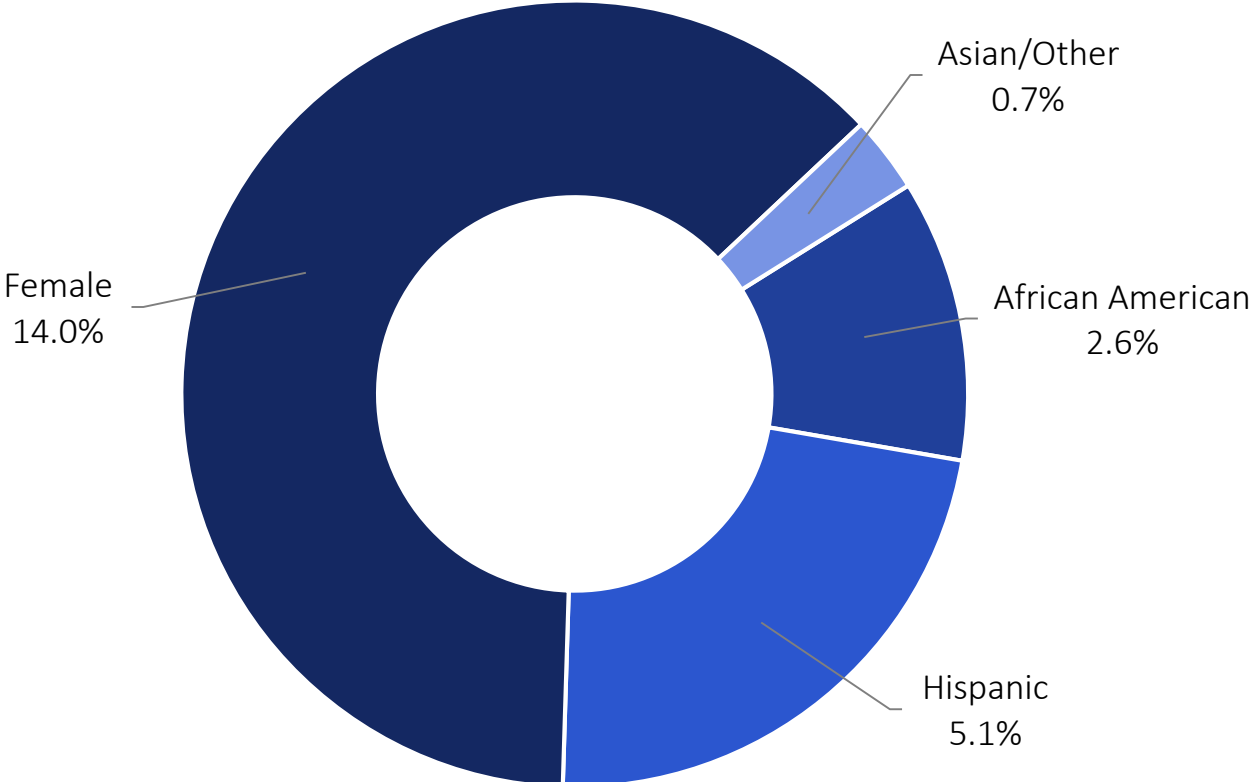


MWBE assets have shown consistent growth

MWBE EXTERNAL MANAGERS

\$11.5 billion managed by MWBE managers

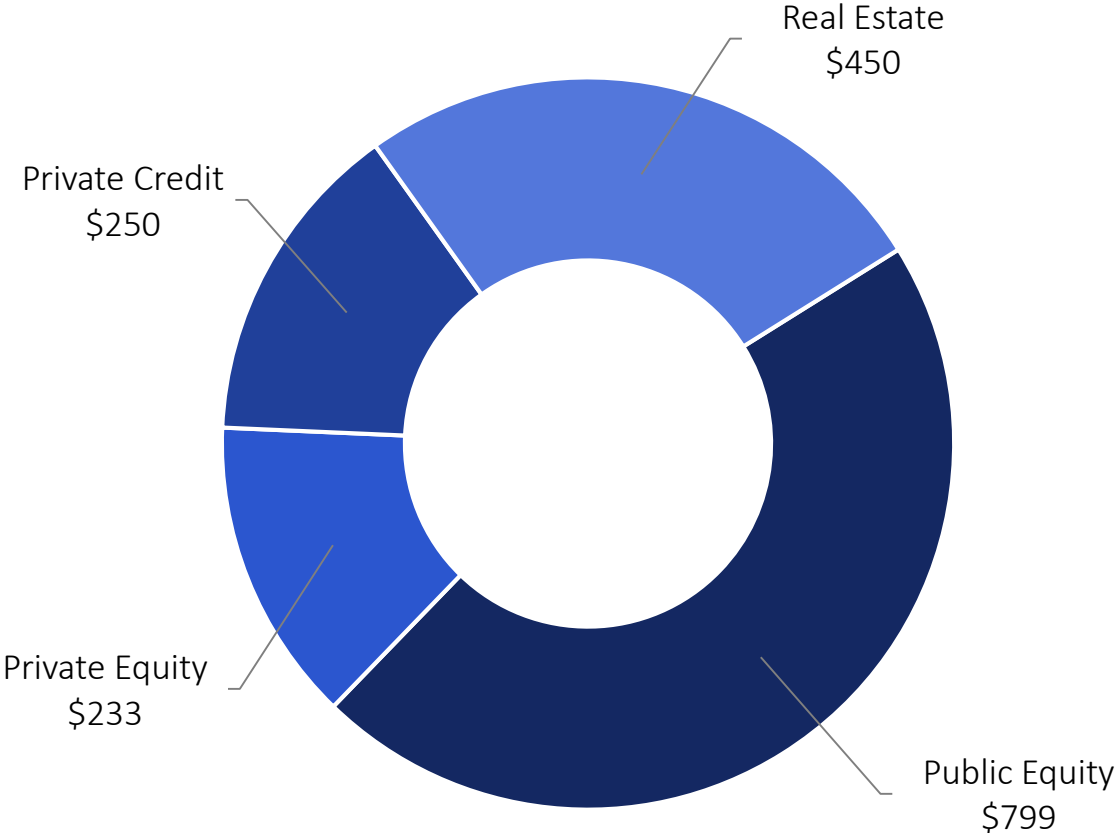
MWBE % of Total Plan AUM



NEW INVESTMENTS WITH MWBE FIRMS

During FY 2020, TRS allocated \$1.7B to MWBE firms

New Investments to MWBE Firms by Asset Class
(in millions)



FY 2020 INVESTMENT ADVISORY ACTIVITY

- Expanded 10 existing relationships with MWBE managers (\$1.7B)

Mandate	Ownership	Asset Class	Allocation (mm)
RhumbLine S&P 500 Equal Weight	Female	Domestic Equity	\$261
RhumbLine S&P 1000 SMID Cap	Female	Domestic Equity	\$318
RhumbLine Russell MidCapGrowth	Female	Domestic Equity	\$220
LCM Partners COPS IV LP	Female	Global Income	\$200
SK Capital Catalyst Fund I	Other	Private Equity	\$44
Sunstone Partners II	Hispanic	Private Equity	\$24
Clearlake Capital Partners VI	Hispanic	Private Equity	\$100
Vista Foundation Fund IV	African American	Private Equity	\$50
Oak Street RECNL Property Fund	Hispanic	Real Estate	\$300
Oak Street Real Estate Fund V	Hispanic	Real Estate	\$150
			\$1,667

(All data as of June 30, 2020)

FY 2020 INVESTMENT ADVISORY ACTIVITY (CONT.)

- Added 2 new relationships with MWBE managers (\$65M)

Mandate	Ownership	Asset Class	Allocation (mm)
Dignari	Female	Global Income	\$50
OceanSound Partners I	Hispanic	Private Equity	\$15
			\$65

(All data as of June 30, 2020)

FY 2020 MWBE AUM

- MWBE AUM remained stable within volatile year
- FY20 Utilization goal: 20% of Plan assets
- FY21 Utilization goal (proposed): 21% of Plan assets

MWBE Assets Under Management

	% of Total Fund	Assets
FY 2020	22.4%	\$11.48 billion
FY 2019	22.5%	\$11.73 billion
Change	-0.1%	-\$0.25 billion

FY 2020 MINORITY BROKERAGE

- The TRS Board of Trustees will re-evaluate brokerage utilization goals for domestic, international and fixed income at the October 2020 Board meeting
- Global equity commissions paid to MWBE broker/dealers were \$1.56 million during FY20, or 28.2% of all global equity commissions
 - This was the sixth consecutive year above 20.0% utilization
 - 16 MWBE equity broker/dealers were utilized during FY20, a decrease from the 18 broker dealers utilized in FY19.
- Fixed income market value traded with MWBE broker/dealers in FY20 was \$2.9 billion, or 15.4% of all TRS fixed income trades
 - 14 fixed income MWBE broker/dealers were utilized during FY19; a decrease from 15 in FY19.
 - Fixed income brokerage fell short of its 16% utilization goal by 0.6% in FY20

FY 2021-25 PROGRAM OBJECTIVES

- Establish a framework for which to expand hiring of diverse asset managers within the TRS investment program through proposed initiatives
 - These initiatives will be presented to the Board of Trustees at the upcoming December Board meeting
- Expand diversity initiatives
 - Develop a more comprehensive way of assessing the overall Diversity, Equity and Inclusion (“DEI”) efforts of all TRS asset managers
 - Implement an effective tool for DEI measurement
 - Ensure accountability and reward managers who are making an impact towards DEI
- Increase the size of the Emerging Manager Program
 - Increase the size of the Emerging Manager Program from \$750 million to \$1 billion