



Communications Department

PRESS RELEASE

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CTPF Marks another Year as Leader among Illinois Pension Funds in Diversity Investments

CHICAGO – August 2016– Investments with women- and minority-owned money managers by pension funds in Illinois have grown, but none more so than the Chicago Teachers’ Pension Fund.

CTPF has been the leader in the field outpacing other pension funds in Chicago and across the state. At a special hearing held on August 11 -12 in Chicago, the Illinois Special Committee on Pension Investments’ co-chaired Sen. Kwame Raoul stated that CTPF has “embraced [diversity] at every level.”

As of May 31, 2016, the Chicago Teachers’ Pension Fund has invested \$3.3 billion or 35 percent of total Fund assets with minority, women, and disadvantaged business enterprise firms (MWDBE), well above the Fund’s set policy goal of 20 percent.

“We are pleased that for the seventh consecutive year CTPF has received the praise of the committee for our continued commitment to diversity in selecting our business partners and our staff,” said Chuck Burbridge, executive director of the pension fund. “More importantly, we recognize the importance of being in the forefront and ensuring that minorities, women, and persons with disabilities have many opportunities to work for and conduct business with CTPF.”

In 2009, Public Act 96-006 passed requiring pension funds to adopt diversity investing goals across all asset classes. But two years before this law, CTPF’s Trustees implemented a policy of hiring minority- and female-owned investment management firms.

Some of CTPF’s earliest MWDBE dollars were invested with firms such as Ariel Investment (African American), Zevenbergen (Women), Taplin Canida & Habacht (Latino), Attucks and Progress (both African American). CTPF has seen dramatic growth in MWDBE investments over the past twenty years from 5.8 percent in 1993 to 35 percent in 2016.

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“As recently as 2003, only 7 percent of our assets were managed by MWDBE firms. Today, they manage 35 percent of our assets. This doesn’t happen by chance but reflects the commitment of our trustees and staff,” notes Burbridge. “Our trustees don’t just talk the talk.”

In addition, CTPF developed several programs that increased exposure of MWDBE firms to the Fund. One of these programs includes First Friday Meetings where firms can highlight their products and accomplishments. The Manager of Manager (MoM) and Fund of Fund (FoF) programs give emerging managers opportunities that smaller firms might not otherwise have. Another program is Institutional Financial Services Days that expose underrepresented students to the institutional financial services industry.

Currently, the Fund has direct relationships with 29 MWDBE firms, with 53 portfolios. The fund has MoM relationships with 17 MWDBE firms via 21 investment portfolios. Managers who perform well under the MoM program graduate to direct mandates with the fund. Since the program’s inception, eight firms have graduated.

Investment performance at five- and ten- year mark is strong, even when tempered by the sharp decline in market values across all asset classes. The Fund’s annualized rate of return over the past five years is 11.7 percent. The Fund, however, is a long-term investor, and results are more significant over time. The annualized rate of return over the past 35 years is 8.94 percent, exceeding the Fund’s 7.75 percent target.

"When pension funds have money to invest, we are successful. Engaging with MWDBE firms has been a significant part of that success. We are in the position to be an example to not only other Illinois pension funds but to funds across the country. It’s important that we be an example by continuing to improve on our goals,” says Burbridge. “One of the ways we do that is by encouraging more underrepresented groups to work in the investment and financial fields.”

A copy of CTPF’s Diversity report along with the presentation is available at www.ctpf.org.

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ABOUT CTPF

Established by the Illinois state legislature in 1895, the Chicago Teachers' Pension Fund manages members’ assets and administers benefits. The \$10.7 billion pension fund serves more than 63,000 active and retired educators, and provides pension and health insurance benefits to approximately 28,114 beneficiaries.