

Oct 30, 2015 [Amrita SareenTak](#)

TRS Discusses Emerging Managers, London Office, ESG

The \$132 billion **Teacher Retirement System of Texas** (TRS) emphasized its continued dedication to its emerging manager program at the *Pension Diversity Day* summit, hosted by the **New America Alliance**. Plan representatives also noted the approval of the fund's first deal at its newly opened London office and discussed the plan's upcoming educational session on environmental, social and governance (ESG) issues.

"We have been in the business [of having emerging managers] since 2005," **Jerry Albright**, deputy cio of the system told *MMI*. "We have 143 managers in our emerging manager program, about 53% of those managers are MWOB [minority, womenowned business] managers so a pretty nice diverse pool of people." Albright added that, to date, all of the managers within the program have performed well. Emerging managers are subjected to the same benchmarks as those targeted in the master portfolio.

"I think the story of diversity and the diversity of thinking and the alpha generation from diversity has proven to be a story that's correct for TRS," said Albright. The board wanted the plan to commit about \$4 billion to its emerging manager program. "We have been busy getting the money out the door and are a little ahead of our commitment track" he said. The plan is committing about \$400 million a year to the program, of which \$250 million is new money focused on new managers. "We aren't putting as much money out as in the past because we're at our goals," said Albright. "Now it will be more about managing the portfolio we have and getting these larger allocations to the managers that deserve and need them to grow towards being in our master portfolio or any institutional fund's master portfolio."

Albright and his team recently opened a London office, the first public U.S. fund to launch an overseas office (*MMI*, 9/4). "The premise of this office is to be a conduit to develop a pipeline of coinvestments in Europe, where we think there's a great opportunity" said **Sylvia Bell**, managing director at TRS. The plan recently approved its first deal at the new location. In regards to potentially opening other overseas offices, "in 18 months we'll think about what we want to do, if we want to move into some Asia space, which would be our next logical step," said Albright.

TRS is scheduled to hear an educational session on ESG at its board meeting in February. "I think our members want to TRS to be conscious about decisions that it makes about ESG," Albright said. "I don't think there's anything that's driving us to do ESG investing. It's only to be educated at our board level. We'll proceed from there if there's any changes to the investment discipline."

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