

March 14, 2022

The Honorable J.B. Pritzker  
Governor of Illinois  
207 State House  
Springfield, IL 62706

Dear Governor Pritzker,

Thank you for your letter regarding SURS' investments in Russian-based companies. Our thoughts are also with the Ukrainian people who are standing up and fighting for their lives and democracy.

SURS' exposure to Russian assets as of February 28, falls within three distinct types of investments as shown in the following table.

<b>Investment Type</b>	<b>Estimated Total Fund Exposure</b>
<b>Private Market</b>	0.04%
<b>Commingled Fund</b>	0.04%
<b>Separate Account</b>	0.02%
<b>Total</b>	0.09%

SURS' exposure is less than 0.1% of the portfolio with a limited amount of direct holdings (i.e. separate account). Please note that the private market holding exposure is calculated using the General Partner's September 2021 valuation, which is the most recent valuation and not reflective of the current market situation. SURS' mid-February liquidation of two dedicated emerging market debt commingled funds materially reduced our exposure to Russian securities.

SURS is one of many investors in the private market and commingled fund investments listed above and therefore cannot directly control divestment decisions as they are governed by fund-specific documents. However, on March 2, 2022, MSCI, a leading index provider, announced that they will remove Russia from its indexes. MSCI plans to execute this reclassification after the close of March 9. This change will result in several commingled funds naturally divesting SURS exposure. Other equity and fixed income index providers have made similar announcements and will be removing Russia from their indexes over the next several weeks.

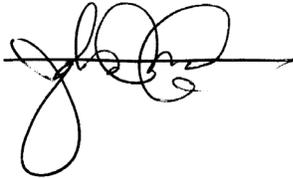
As index decisions are announced over the coming weeks, we believe most investments will be prudently liquidated over time. However, the liquidation of investments is complicated by recently announced sanctions and market restrictions, and a lack of market liquidity. A recent communication from one of SURS' investment managers states that, "Russia announced its own restrictions on foreign trading in its capital markets, which excludes non-Russian firms from trading in its country. The current sanctions have made it nearly impossible to trade any Russian securities in global markets." It is important to note that

regardless of how the Russia/Ukraine conflict is resolved, Russia will not be immediately added back into indexes but will generally be subject to detailed country admission processes as though it were a new market.

SURS, consistent with our fiduciary obligations, operates within the parameters of the Illinois Pension Code. When considering divestment activities, SURS follows the directives of the Illinois Investment Policy Board (IIPB), of which SURS is a member. Per your request I have asked the staff to outline for the Board what our Russian holdings are, and to explore the options the Board has with respect to divestment. We will continue to regularly monitor our investment managers' positions in both separate accounts and commingled funds, have periodic discussions with investment managers about market liquidity for current Russian holdings, and determine the most prudent course of action.

Thank you for your efforts in this matter and your continuing support of our members and all state workers by once again proposing full funding for the state pension systems and contributing an additional half billion dollars to help alleviate the unfunded liabilities for all five pension systems.

Sincerely,

A handwritten signature in black ink, appearing to read 'John Atkinson', written over a horizontal line.

John Atkinson  
Chair, State Universities Retirement System