

FOR IMMEDIATE RELEASE:

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**PA SERS Reports Positive Second Quarter Performance;
*Board Hires General and Alternative Investment Consultants***

HARRISBURG – The Pennsylvania State Employees' Retirement System today announced earning a net-of-fees return of 2.1% in the second quarter, the fourth straight quarter of positive returns for the Fund resulting in an 18.8% gain for the year ended June 30.

SERS Chief Investment Officer Anthony S. Clark, explained that "performance has remained positive year to date and assets are holding up well despite the market volatility that has escalated during the past few months."

While nearly all asset classes earned positive returns, officials said the Fund's alternative and real estate investments were the strongest performers for the quarter with private equity earning a 5.9% return, venture capital 4.6% and real estate 3.5%. Returns for other asset classes were: fixed income, 2.6%; global stocks, 2.3%; non-U.S. stocks, 0.3%; absolute return strategies (funds of hedge funds), 0.2%; cash, 0.1%; U.S. stocks, -0.3% and inflation protection (including commodities), -4.5%.

As is customary, reporting of private equity, venture capital and real estate performance is lagged by one quarter, due to the additional time required to complete updated valuations of these assets.

Also during this meeting, the SERS Board moved to hire RV Kuhns & Associates, Inc. as the Fund's general investment consultant and StepStone Group LLC as the Fund's alternative investment consultant.

The Fund's current consultants, Rocaton Investment Advisors and Cambridge Associates, will stay with the Fund through the transition of duties and obligations. SERS Board Chairman Nicholas Maiale thanked both for their nearly two decades of service helping the Fund build a strong portfolio, but explained that "the markets, our demographics and the maturity of the Fund are all changing, and it is time for a fresh look."

In other business, the Board committed up to \$75 million to Blackstone Real Estate Partners VII, L.P., as a follow-on investment. The investment will be funded from cash, subject to successful completion of contract negotiations.

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About the Pennsylvania State Employees' Retirement System

Established in 1923, SERS is one of the nation's oldest and largest statewide retirement plans for public employees, with assets of approximately \$26 billion and approximately 227,000 members.

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