

FOR IMMEDIATE RELEASE:

December 7, 2011

PA SERS Reports Positive Investment Performance Through September
New Program Targets Equity-Like Returns; Acting Executive Director Named

HARRISBURG – The State Employees’ Retirement System today reported earning a net-of-fees 1.9% return on investments from January through September 2011, despite a challenging third quarter for world markets.

“We weathered the harsh quarter better than most,” said SERS Chief Investment Officer Anthony Clark. “SERS’ return was -4.4% for the quarter but most large public pension plans were down twice that. Their median return was -8.8%.”

As is customary—due to the time required to update valuations—private equity, venture capital, and real estate performance data lags by one quarter. The net-of-fees quarterly returns for those asset classes were: private equity, 5.2%; venture capital, 4.8%; and real estate, 3.1%. Net-of-fees quarterly returns for the rest of the portfolio were: fixed income, -1.9%; absolute return (funds of hedge funds), -3.4%; inflation protection (including commodities), -13.1%; global stocks, -16.0%; U.S. stocks, -16.1%; and non-U.S. stocks, -20.0%.

In other business, the Board moved to create a new “diversifying assets” program to target equity-like returns through fund-of-one limited partnerships which offer better returns as well as greater liquidity and transparency than commingled structures. The program will begin with initial investments of \$250 million each with Tiger Management Advisors, LLC and Entrust Capital, Inc. The investments are subject to contract negotiations and will be funded over time from cash and redemptions from existing managers in the absolute return portfolio.

In addition, the Board appointed SERS Director of Member Services David Durbin as Acting Executive Director. Mr. Durbin succeeds Leonard Knepp who is retiring after 32 years of Commonwealth service.

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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 \$24 billion and 227,000 members.

For More Information

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