

**FOR IMMEDIATE RELEASE:**

September 12, 2012

**PA SERS Reports Second Quarter Investment Performance  
Approves \$60 million in Follow-On Investments; Hires Diversifying Assets  
Consultant**

HARRISBURG – The Pennsylvania State Employees’ Retirement System today announced second quarter returns that contributed to a net-of-fees return of 6% on investments from January 1 through June 30, 2012.

“The portfolio weathered a difficult second quarter pretty well,” said SERS Chief Investment Officer Anthony Clark, “While second quarter returns were flat, the portfolio didn’t give up any first-quarter gains despite uncertainty that plagued the global markets in April and May.”

Net-of-fees returns by asset class for the quarter:

6.8% Private equity

4.2% Venture capital

3.3% Real estate

1.7% Fixed income

-1.3% Absolute return/diversifying assets (fund of hedge funds)

-3.7% U.S. stocks

-4.0% Global stocks

-7.4% Inflation protection (including commodities)

-7.6% Non-U.S. stocks

As always with SERS’ investment performance reporting, private equity, venture capital and real estate returns lag by one quarter.

In other business, the Board approved two follow-on commitments:

- **Up to \$50 million to Advent International GPE VII, L.P.** within the alternative investments asset class. The move will increase exposure to buyouts and the geographic diversification of the portfolio, specifically outside North America, bringing the portfolio closer to the target allocation outlined in the 2012-13 Strategic Investment Plan.

- **Up to \$10 million to BPG Investment Partnership IX, L.P.** within the real estate asset class. The move will further diversify the real estate portfolio with a focus on the multi-family sector and take advantage of opportunities opening up as the real estate market stabilizes. This move increases SERS' total commitment to fund IX to \$25 million.

Both investments are subject to successful completion of contract negotiations.

In addition, the Board moved to hire Albourne America, L.L.C. to assist with the oversight and management of SERS' \$2 billion diversifying assets program, subject to successful completion of due diligence reviews and contract negotiations. As the Fund's Diversifying Assets consultant, Albourne will work in conjunction with investment staff and the Fund's three other investment consultants, R.V. Kuhns (general), StepStone Group (alternative) and The Townsend Group (real estate).

**###**

### **About the Pennsylvania State Employees' Retirement System**

Established in 1923, SERS is one of the nation's oldest and largest retirement plans for public employees, with assets of approximately \$25 billion and more than 228,000 members.

### **For More Information**

Pamela Hile  
State Employees' Retirement System  
717-787-9657  
[phile@pa.gov](mailto:phile@pa.gov)