



For Immediate Release  
 Wednesday, June 5, 2013

**PA SERS Board Reports Positive First Quarter Investment Performance**  
*Approves \$160 Million in Investments*

HARRISBURG – The Pennsylvania State Employees' Retirement System today announced earning a net-of-fees return of 3.6% on investments during the first quarter, contributing approximately \$926 million to the Fund.

Led by global public equity, all asset classes reported positive performance for the quarter. Returns for the first quarter by asset class were:

<b>Asset Class</b>	<b>Return</b>
Global Public Equity	7.4%
Diversifying Assets <i>(hedge funds)</i>	3.4
Alternative Investments	2.3
Real Assets <i>(including commodities)</i>	1.5
Fixed Income	0.5
Liquidity Reserve	0.1
<b>Total Fund</b>	<b>3.6%</b>

In other business, the Board approved \$160 million in commitments subject to successful contract negotiations.

A total of \$60 million within the diversifying assets class, to fund three direct hedge fund investments of:

- **\$20 million to Hoplite Capital Management** for a global, long/short equity mandate, focused primarily on the United States with material exposure to European developed markets;
- **\$20 million to Luxor Capital Group** for a global, multi-strategy, event-driven value mandate, focused primarily on opportunistic investing across the entire capital structure with concentration in North American and European developed markets;
- **\$20 million to Pine River Capital Management** for a global, multi-strategy relative value mandate, focused on exploiting pricing discrepancies in related securities.

The commitments move the diversifying assets portfolio closer to the long-term target of 12% (+/-2%) of the fund outlined in SERS' *2012-13 Strategic Investment Plan* (page11).

A total of up to \$100 million within the alternative investments asset class to be allocated as:

- **up to \$50 million to H.I.G. Europe Capital Partners II, L.P.** for a lower mid-market, buyout/growth mandate focused primarily in Europe, that will move the buyouts portion of the alternative investment portfolio (approx. 63% as of 12/31/12) closer to the 65% target allocation outlined in the *2012-13 Strategic Investment Plan* (page 22).
- **up to \$50 million to Platinum Equity Partners Fund III, L.P.** for an equity turnaround mandate focused on acquiring controlling interests in distressed or underperforming business including a track record of Pennsylvania investments that will help move the special situations portion of the alternative investment portfolio (approx. 16% as of 12/31/12) closer to the target allocation of 25% outlined in the *2012-13 Strategic Investment Plan* (page 22).

In addition, the Board received the complete [2012 Actuarial Valuation Report](#) from SERS' actuary, Hay Group, in follow-up to the key findings they reported at the last meeting. And the Board received an independent auditor's report from KPMG, LLP, that provided an unqualified opinion that the financial statements for the system present fairly, in all material respects, the plan net position of the system as of December 31, 2012 and 2011. The audited financial statements and the auditor's opinion will be published in the system's Comprehensive Annual Financial Statement to be published later this month.

The Board also moved to adopt the Commonwealth of Pennsylvania's pay schedule for management employees that grants a pay increase equal to the Commonwealth's pay increase of 0.5% effective July 1, 2013.

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SERS' *2012-13 Strategic Investment Plan* is available at [www.SERS.state.pa.us](http://www.SERS.state.pa.us), by clicking on "Investments" in the left-hand navigation.

#### **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 \$25.7 billion and nearly 230,000 members.

#### **For More Information**

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