



For Immediate Release
Wednesday, July 17, 2013

PA SERS Board Approves \$70 Million in New Investments

HARRISBURG – The Board of the Pennsylvania State Employees' Retirement System, meeting here today, moved to commit up to \$70 million in new investments, subject to successful contract negotiations.

A total of \$30 million was committed within the diversifying assets class to two direct hedge fund investments:

- **\$15 million to MKP Capital Management, LLC** for a discretionary global macro mandate; and
- **\$15 million to Southpoint Capital Advisors, LP** for a long-short value-oriented strategy with an emphasis on domestic equities.

The commitments result from an evaluation of direct hedge fund investing, as called for in SERS' *2012-13 Strategic Investment Plan (page 33)*, and move the overall diversifying assets portfolio closer to the long-term target of 12% (+/-2%) of the total fund (*page 11*).

A total of up to \$30 million was committed within the real assets asset class:

- **Up to \$30 million to Hawkeye Scout Fund II, LP** to invest in emerging managers who pursue an array of real estate investment strategies.

The commitment will improve the liquidity of the real estate sub-asset class as well as increase SERS' commitment to real assets strategies that cannot be accessed through separate account investments, as outlined in SERS' *2012-13 Strategic Investment Plan (page 30)*.

A total of \$10 million was committed within the alternative investments asset class:

- **\$10 million to Sentinel Capital Partners V, LP** for a lower middle-market buyout strategy.

The commitment 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 SERS' *2012-13 Strategic Investment Plan (page 22)*.

In other business, the board approved a number of transition managers for as-needed engagement to assist with ongoing restructuring activities to achieve the strategic asset allocation outlined by SERS' *2012-13 Strategic Investment Plan (page 11)*.

In addition to SERS' existing contract with Northern Trust, subject to successful contract negotiations, the following managers will be added to SERS' roster:

- BlackRock Institutional Trust Company
- The Bank of New York Mellon
- Citigroup Global Markets Inc.
- Capital Markets
- Russell Implementation Services Inc.

Having a panel of transition managers under contract for optional use—while still subject to a bidding process on a case-by-case basis—can reduce administrative burden, speed engagement, and minimize cost.

In addition, the board voted to renew an agreement with Charles Schwab & Co. to provide a self-directed brokerage option to participants of the voluntary Pennsylvania Deferred Compensation Program.

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SERS' *2012-13 Strategic Investment Plan* is available at 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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