



For Immediate Release  
Wednesday, June 11, 2014

## **PA SERS Reports First Quarter Investment Performance** *Directs \$50 million to Alternative Investments*

HARRISBURG – The Pennsylvania State Employees' Retirement System today announced earning a net-of-fees return of 2.7% on investments for the first quarter of 2014, which added approximately \$726 million to the fund.

"The portfolio's performance was solid, given the first quarter market contraction," explained Board Chairman Glenn E. Becker. "Including this first quarter, the fund generated a return over the 12 months ended March 31 of about 12.5% net of fees. With a few weeks to go in the second quarter, early returns continue to look positive."

Returns by asset class for the first quarter were:

<b>Asset Class</b>	<b>Quarterly Return</b>
Alternative Investments	6.2%
Real Assets	3.3
Diversifying Assets ( <i>hedge funds</i> )	2.7
Fixed Income	2.6
Global Public Equity	0.7
Liquidity Reserve	0.1
<b>Total Fund</b>	<b>2.7%</b>

As always with SERS' investment performance reporting, all returns are net-of-fees and alternative investments and real assets returns lag by one quarter.

In other business, the Board approved up to \$50 million in two follow-on commitments in the alternative investments asset class, subject to successful contract negotiations:

- **Up to \$25 million to JMI Equity Fund VIII, L.P.** focusing on minority growth equity and buyout investments in middle market software and technology-enabled service companies throughout North America.
- **Up to \$25 million to Meritech Capital Partners V L.P.** focusing on later-stage private technology companies located in the U.S. across the consumer Internet and enterprise IT sectors, including medical device sector.

The commitments continue the system's move to larger commitments across fewer, strategic relationships within the alternative asset class as outlined in [SERS' 2012-13 Strategic Investment Plan](#) (pg. 22).

-more-

The Board also moved to establish a new profile fund within the commonwealth's \$2.8 billion voluntary Deferred Compensation Program. The fund will be comprised of a money market fund and a short-term bond fund, and will be designed to provide program participants with a comparable low-fee, low-risk alternative to the current Stable Value Fund that is expected to be closed within the next 12 months.

To close the meeting, Chairman Becker explained that, during its executive session, the board received an update from Obermayer, Rebmann, Maxwell & Hippel on the status of the internal investigation initiated in February and currently underway under the auspices of the board's Audit Committee.

"The board heard that good progress has been made to date. And, thus far, no information has been uncovered that would require SERS to report any activity to any federal regulatory agency," Becker said. "Given today's status report and barring any unanticipated developments, we expect that the investigation team will conclude work and deliver a final report to the board at its September 17 meeting."

# # #

#### **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 \$27 billion and nearly 230,000 members.

#### **For More Information**

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