

news release

for immediate release

June 10, 2015

PA SERS Reports First Quarter Investment Performance; Receives 2014 Actuarial Valuation

HARRISBURG – The Pennsylvania State Employees' Retirement System today announced that investments generated \$512 million in net-of-fees earnings during the first quarter of 2015, a 1.9% return on investments for the quarter.

Returns by asset class were:

Asset Class	1Q 2015 Return
Diversifying Assets <i>(hedge funds)</i>	3.0%
Global Public Equity	2.9
Alternative Investments	2.4
Fixed Income	1.7
Liquidity Reserve	0.2
Real Assets <i>(real estate, private energy & commodities)</i>	-0.8
Total Fund	1.9%

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

The board received the complete [2014 Actuarial Valuation Report](#) from SERS' actuary, Hay Group, in follow-up to the key results they reported at the last meeting.

In addition, the board received an independent auditor's report from KPMG, LLP that provided an unmodified opinion that the 2014 financial statements for the system present fairly, in all material respects, the plan net position. The audited financial statements and the auditor's opinion will be included in the system's Comprehensive Annual Financial Report to be published later this month.

The board approved the State Employees' Retirement System Conflict of Interest Policy and moved to adopt amendments of regulations regarding how SERS members may purchase previous state service and how long retirees have to change their benefit payment option under limited circumstances.

In business involving the commonwealth's \$2.9 billion voluntary Deferred Compensation Program, the board hired two managers for the program's new Conservative Income Fund – a profile fund structured in June as an alternative to the closing Stable Value Fund.

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The board approved **Baird Advisors** and **Weaver C. Barksdale & Associates, Inc.** to actively manage assets transferred from the existing Stable Value Fund, currently managed by Weaver Barksdale and totaling approximately \$1 billion in assets as of Dec. 31, 2014. 90% of the total assets will be split evenly between the two managers and the remaining 10% will be transferred to the Deferred Compensation Program's Money Market Fund managed by the Pennsylvania Treasurer.

The board also moved to amend the current general investment consultant contract with RVK, Inc. to include additional services involved in the development of an updated Investment Policy Statement for the Deferred Compensation Program. The cost of the additional services will be \$12,500 or \$15,000 depending on the specific services provided, subject to successful completion of contract negotiations.

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Pennsylvania State Employees' Retirement System

Established in 1923, SERS is one of the nation's oldest and largest retirement plans for public employees, with nearly 230,000 members and assets of more than \$27 billion. A wealth of information is available at www.SERS.pa.gov.

for more information

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