

## news release

for immediate release

September 14, 2016

### **Pennsylvania SERS Announces Positive Earnings; Approves \$250 Million in Private Equity Investments, Extends Deferred Comp Administrator Contract**

HARRISBURG – The Pennsylvania State Employees’ Retirement System today announced a 1.2% return for the second quarter of 2016, resulting in a 2% return and earnings of \$500 million net of fees for retirement benefits during the first half of the fund’s fiscal year.

“In one of the lowest return-yielding environments in global capital markets, SERS has produced positive returns for the quarter and year to date,” explained Chief Investment Officer Bryan Lewis. “Stronger returns from our real asset and fixed income investments helped dampen the impact of lower returns from our hedge funds and global public equity during the same period. Our focus on diversification and being a global investor continues to add value to our members’ financial security.”

Returns by asset class were:

<b>Asset Class</b>	<b>2Q 2016 Return</b>	<b>Calendar Year To Date Return</b>
Real Assets	3.2%	4.0%
Fixed Income	3.1	5.9
Diversifying Assets ( <i>hedge funds</i> )	1.5	-2.8
Global Public Equity	0.7	0.9
Liquidity Reserve	0.2	0.5
Alternative Investments	-0.1	1.8
<b>Total Fund</b>	<b>1.2%</b>	<b>2.0%</b>

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

The board approved commitments of up to \$250 million to be funded from cash, subject to contract negotiations, within the private equity asset class, including:

- **Up to \$100 million to Permira VI L.P. 1**, which will focus on making control investments in large market and global businesses across a range of sectors, predominantly based in Europe and North America.
- **Up to \$150 million to Vista Equity Partners Fund VI, L.P.**, which will focus on making control investments in undermanaged enterprise software businesses and technology-enabled solutions companies across a variety of vertical markets in North America.

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The investments are consistent with the strategic initiatives of targeting commitments of approximately \$100 million or greater in best-in-class funds to build long-term strategic partnerships, improve operational efficiency by reducing the number of funds and improve SERS' leverage to negotiate lower management fees as outlined in [SERS' 2016-2017 Strategic Investment Plan](#).

In other business, the board approved the Deferred Compensation Committee's recommendation to extend the contract with Empower Retirement for third party administrator services for the state's voluntary \$3 billion Deferred Compensation Program. The extension is for one year beginning July 1, 2017.

The board also approved the Personnel Committee's recommendation to grant pay increases for SERS' management employees, consistent with pay increases approved by the Governor's Office for the commonwealth's management employees.

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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 237,000 members and assets of approximately \$26 billion. A wealth of information is available at [www.SERS.pa.gov](http://www.SERS.pa.gov).

**for more information**

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