



news release

for immediate release

June 14, 2017

Pennsylvania SERS' Portfolio Added Nearly \$1 Billion During First Quarter; Board Receives 2016 Actuarial Valuation Report; Approves Nearly \$300 Million in Private Equity Commitments

HARRISBURG – The Pennsylvania State Employees' Retirement System today announced that the SERS fund generated nearly \$1 billion in net-of-fees earnings, or a 3.7% return, during the first quarter of 2017.

“SERS’ fund posted a gain of \$989 million during the first quarter of 2017, which was marked by a broad rally across risk assets, driven largely by continued positive expectations for US fiscal policy,” said SERS Chief Investment Officer Bryan Lewis. “Strong absolute and relative performance during Q1 by SERS’ Global Equity and Fixed Income composites positively contributed to the fund’s long-term performance.”

For the one-year period ended March 31, 2017, the SERS fund returned 9.7%. SERS returned 7.4% and 8.4% over the trailing 20- and 30-year periods, respectively, ending March 31, 2017.

Returns by asset class were:

Asset Class	1Q 2017 Return
Global Public Equity	6.9%
Fixed Income	1.9
Hedge Funds	1.4
Private Equity	0.6
Cash	0.2
Real Estate	0.0
Total Fund	3.7%

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.

Additionally, the supplemental deferred compensation plan overseen by SERS saw assets rise to a record \$3.2 billion.

The board also approved commitments to three private equity investments that will be funded by cash subject to successful contract negotiations:

- **Up to \$100 million to Apollo Investment Fund IX, LP.** This investment with an existing manager will focus on distressed opportunities, corporate carve-outs, and opportunistic buyouts primarily in North America and including Western Europe.

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- **Up to €4 (approx. \$100 million) to CVC Capital Partners VII, LP.** This new relationship will focus on control and co-control buyouts in established upper middle market and large market global businesses primarily in Europe, and some in North America and the rest of the world.
- **Up to \$100 million to Insight Venture Partners X, LP.** This investment with an existing manager will focus on growth-stage software, software-enabled services and Internet companies.

All three investments further the fund's strategic initiative of "building long-term strategic partnerships by investing in world class top-quartile funds." SERS' investment staff also reported that the fund is on track to meet its pacing target. Both initiatives are outlined in the [2016-2017 Strategic Investment Plan](#).

In other business, the board received the complete [2016 Actuarial Valuation Report](#) from SERS' actuary, Korn Ferry Hay Group. The results of the valuation are used to determine employer contribution rates and provide valuable information of the assets, liabilities and funded status of the fund.

The board also approved the Personnel Committee pay action recommendation to remain consistent with pay increases for management employees approved by the Governor's Executive Board for the period July 1, 2017 through June 30, 2019, and approved a 12-month extension of the Private Equity Consulting Agreement with StepStone Group LP, subject to successful 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 239,000 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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