

**PA SERS Maintains Current Investment Return Assumption  
Invests \$550 Million in New Investments  
Selects Providers for New Defined Contribution Plan  
Approves Contract for Voluntary Deferred Compensation Plan**

HARRISBURG – The board of the Pennsylvania State Employees' Retirement System meeting here today, moved to maintain the system's current 7.25% investment return assumption.

"This is something we review closely each year, considering not only long-term investment projections but the impact the assumption has on employer contributions and portfolio structure," explained SERS Board Chairman David Fillman. "At this time, the current return assumption reflects a reasonable long-term target to be achieved over the next 20-30 year period."

In other business, the board approved investments of up to \$550 million:

- Within the Global Public Equity asset class, the board moved to reallocate up to:
  - **\$100 million to Macquarie Group Emerging Markets** portfolio
  - **\$100 million to Martin Currie Emerging Markets** portfolio

The investments will be funded from the BlackRock MSCI World ex-US Index fund and cash, and will move the total global public equity exposure closer to the benchmark.

- Within the Multi-Strategy asset class, the board moved to commit up to **\$100 million to Audax Direct Lending Solutions Fund, L.P.** to focus on private debt investments in U.S. middle market companies.
- Within the Private Equity asset class, the board moved to commit up to:
  - **\$75 million to Audax Private Equity Fund VI, L.P.**, to focus on buyouts of lower middle market companies in North America.
  - **\$100 million to Hellman & Friedman Capital Partners IX, L.P.**, to focus on large market buyouts in businesses in North America and Europe.
  - **\$75 million to TCV X, L.P.**, to focus on growth equity investments in technology and tech-enabled services companies across North America and Europe.

The multi-strategy and private equity investments will be funded by cash subject to successful contract negotiations.

In business for the newly established **defined contribution plan** scheduled to launch Jan. 1, 2019, the board moved to:

- Select the **Pennsylvania Treasury** to manage the Short-Term Investment Fund (money market fund)

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Defined contribution plan selections (*continued*)

- Hire **Mellon Capital Management** to manage the passive core investment options to include a:
  - Global Non-U.S. Stock Index
  - U.S. All Company Stock Index
  - U.S. Large Company Stock Index
  - U.S. Small/Mid Company Stock Index
  - U.S. Treasury Inflation Protected Securities Index
  - U.S. Bond Index
  - Short-Term Bond Index
- Hire **Charles Schwab & Co.** as the Self-Directed Brokerage Options Provider, to include exchange traded funds and mutual funds
- Hire **BlackRock Institutional Trust Company, N.A.** to provide and manage target date fund options

In business for the commonwealth's voluntary-participation **deferred compensation plan**, the board renewed the contract with **Charles Schwab & Co.** to continue providing self-directed brokerage options and expanded the contract to include exchange traded funds.

The board also accepted Independent Counsel Committee recommendations regarding the process to potentially establish an independent legal office, rather than receive legal office staffing through the Governor's Office of General Counsel, including office structure and staffing, and the possibility of engaging a consultant to conduct a compensation benchmarking study.

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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 more than 239,000 members and assets of nearly \$29.3 billion. SERS also administers, through a partnership with a third-part administrator, a voluntary deferred compensation plan with nearly 56,000 participants and assets of \$3.5 billion. A wealth of information is available at [www.SERS.pa.gov](http://www.SERS.pa.gov).

**For more information**

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