

PA SERS' Board Approves Over \$285 Million in New Commitments
Approves Changes to Deferred Compensation Plan Investment Lineup
Confirms Acting Chief Investment Officer

HARRISBURG – The Pennsylvania State Employees' Retirement Board, meeting here today, announced new commitments of up to \$175 million in private equity investments, as well as €100 million (approximately \$111 million USD) to targeted real estate funds.

The board voted to commit up to \$75 million to KPS Special Situations Fund V, LP, and up to \$25 million to KPS Special Situations Mid-Cap Fund, LP. Both funds will focus on an established strategy of control buyouts of operationally stressed and distressed companies in industries including basic materials, industrial components & equipment and branded consumer goods.

The board also voted to commit up to \$75 million to Wind Point Partners IX-A, LP, a North American mid-market buyout fund that targets companies in three sectors: consumer products, industrial products and business services.

The KPS and Wind Point actions represent follow-on commitments resulting from previous investment relationships with SERS. In addition, the SERS board voted to commit up to €100 million (approximately \$111 million USD) to two real estate asset class investments sponsored by Activum SG Capital Management Limited. The funds will focus on value add-opportunistic investments in a variety of property types primarily in Germany and Spain.

Realignment of Deferred Compensation Options

The board also moved forward on plans to realign options in the SERS deferred compensation plan by incorporating BlackRock LifePath target date funds as the default investment option for members and participants and eliminating redundant options.

The action is also seen as part of an ongoing effort to streamline and simplify investment options for members and participants. The target date funds, which were originally rolled out as part of the SERS defined contribution plan, will replace four profile risk-based funds that are made up of a static allocation currently in the deferred compensation plan. Target date funds provide a rebalancing mechanism that automatically de-risks participants' exposure as they approach retirement. In addition, the board moved to add the Global Non-U.S. Stock Index Fund (includes Canada and emerging markets) to the deferred compensation plan to replace the International Company Stock Index Fund (excludes Canada and emerging markets).

-more-

Confirmation of Acting CIO

The board moved to appoint Deputy Chief Investment Officer James G. Nolan as Acting Chief Investment Officer, effective Aug. 3, 2019, with all the powers and duties of the Chief Investment Officer, until the board appoints a new Chief Investment Officer. Nolan will replace W. Bryan Lewis who is leaving the system effective Aug. 2, 2019, to pursue another career opportunity.

Compensation of Management-Classified and Non-Represented Job Titles

In other action, the SERS board voted to grant salary increases to management-classified and non-represented positions, to take effect at the time, in the amount, and in the same manner as established by the Executive Board of the commonwealth for the period of July 1, 2019 through June 30, 2023.

The action excludes top-level executive positions at SERS, as well as investment professionals and legal counsel. The move was made, in part, to retain parity with positions at other commonwealth agencies, and in alignment with the recently negotiated AFSCME union contract that is expected to be finalized later in August.

Social Media Entree

The SERS board also was given a presentation by the SERS communications and policy staff concerning the agency's entry into the social media realm. Initially, SERS will work on developing a presence on Twitter and Facebook, with the aim of providing an additional avenue for providing members and participants with important information about their SERS retirement benefits, as well as steps they can take for a happy and secure retirement. The social media effort will also guide followers to selective areas of the SERS website where they can find information that addresses their specific needs and interests. [SERS Twitter: [@PennSERS](#) | SERS Facebook: [@PennSERS](#)]

###

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 241,000 members and assets of approximately \$29 billion. SERS also administers, through a partnership with a third-party administrator, a voluntary deferred compensation plan with nearly 56,000 participants and assets of more than \$3.6 billion. A wealth of information is available at www.SERS.pa.gov.

For more information

Thomas Derr | 717.787.9657 | tderr@pa.gov