PA SERS’ Board Announces 12% YTD Investment Returns
Approves Proxy Voting Service Provider; Unveils New Strategic Planning Initiative
Confirms Continuing Progress on Pension Review Commission Recommendations

HARRISBURG – The Pennsylvania State Employees’ Retirement Board today announced year-to-date investment returns of 12.02% and second quarter returns of 3.45% for the periods ending June 30, 2019.

Returns generated by the defined benefit fund, by asset class for the second quarter and calendar year to date were:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>2nd Quarter 2019</th>
<th>Calendar Year To Date 6/30/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Equity</td>
<td>4.99%</td>
<td>6.13%</td>
</tr>
<tr>
<td>Multi-Strategy</td>
<td>3.67%</td>
<td>11.07%</td>
</tr>
<tr>
<td>Global Public Equity</td>
<td>3.48%</td>
<td>16.82%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>3.20%</td>
<td>6.98%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>2.15%</td>
<td>6.56%</td>
</tr>
<tr>
<td>Cash</td>
<td>0.61%</td>
<td>1.24%</td>
</tr>
<tr>
<td><strong>Total Fund</strong></td>
<td><strong>3.45%</strong></td>
<td><strong>12.02%</strong></td>
</tr>
</tbody>
</table>

All returns are reported net of fees, and the private equity and real estate returns are reported on a quarter lag and are adjusted for cash flows.

“As we well know, the current investment climate continues to be challenging across many sectors. However, we are encouraged by the results we are seeing thus far,” said Terrill (Terri) J. Sanchez, executive director of SERS.

**Proxy Voting Services**

In other business, the SERS board voted to hire Institutional Shareholder Services Inc. (ISS) one of the world’s leading providers of corporate governance and responsible investment solutions, to act as its proxy voting services consultant for its defined benefit plan. Its role will be assisting SERS to identify and monitor issues that could impact long-term value. The current contract with ISS is scheduled to expire in December 2019.

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Securities Litigation

The SERS board adopted an amended securities litigation policy as well as an amended securities litigation committee charter.

Strategic Planning Initiative

The SERS board also heard a presentation from consultant Liz Weber, of Weber Business Services, LLC (WBS), who was hired earlier this year to guide the board and the agency in an updated strategic planning process that will provide an organization-wide vision, mission, values statement and strategic goals. The objective is to have a three-year plan in place for the period for July 1, 2020, through June 30, 2023.

New CIO Timeline

SERS Executive Director Terri Sanchez informed the board that the search for a new Chief Investment Officer is in progress, with an estimated selection timeframe of June 2020.

Progress on Pension Review Commission Recommendations

In other action, SERS reported on continued efforts to review and respond to more than 100 recommendations contained in the final report issued in December 2018 by the Pennsylvania Public Pension Management and Asset Investment Review Commission. The SERS board approved measures to approve the format of sample documents, including staff memos, consultant memos and a recommended template for future manager presentations to be publicly posted on SERS’ website. The review commission was created as part of Act 2017-5.

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Pennsylvania State Employees’ Retirement System

Established in 1923, SERS is one of the nation’s oldest retirement plans for public employees, with nearly 241,000 members and assets of approximately $29.6 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. Follow us on Facebook | Twitter

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