

news release

for immediate release

Feb. 26, 2020

PA SERS Investments Earn Nearly 19% Return In 2019 SERS Board Approves Up To \$500 Million In New Investments

HARRISBURG – The board of the Pennsylvania State Employees’ Retirement System, meeting here today, received a report on year-end investment returns of 18.8% net of fees for calendar year 2019 and moved to commit up to \$500 million in new investments.

According to the report by SERS’ investment consultant, Callan, returns generated by the State Employees’ Retirement Fund, by asset class, for the fourth quarter and calendar year 2019 were:

Asset Class	4th Quarter 2019	Calendar Year 2019
Global Public Equity	9.2%	27.0%
Multi-Strategy	2.7	14.7
Private Equity	2.2	9.6
Real Estate	1.6	11.0
Fixed Income	0.6	9.5
Cash	0.5	2.3
Total Fund	5.6%	18.8%

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

“The strong investment return added nearly \$5 billion to the SERS fund in 2019,” said SERS Executive Director Terrill J. Sanchez. “These excellent returns combined with our continued push toward greater efficiencies, and the commonwealth’s four consecutive years of full funding from the General Assembly and Administration, and the savings that were achieved through Act 2017-5 benefit changes that flow back into the system rather than to other non-pension obligations, are all working together to move the pension system toward full funding.

“Our goal is to see that all of these elements continue in the future, she added.”

In other business, the board approved new investment commitments of up to \$500 million.

Within the Real Estate asset class, the board approved up to **\$50 million** to **Oak Street Real Estate Capital Fund V, LP**.

Within the Private Equity asset class, the board approved:

- Up to **\$50 million** to **Altaris Health Partners V, L.P.**
- Up to \$400 million to fund co-investment opportunities alongside private equity investment managers, including:
 - Up to **\$200 million** to **HarbourVest PA Co-investment Fund L.P.**
 - Up to **\$200 million** to **NB PA Co-investment Fund LP**

- more -

“Co-investment opportunities provide us with the potential to generate attractive returns at lower fees by investing alongside private equity managers,” explained SERS Executive Director Terrill J. Sanchez. “This arrangement allows us to greatly expand the scope of opportunities available to us to partner with external managers on a low-fee, low-carry basis. This strategy also aligns with the recommendations that were part of the final report issued by the pension review commission in December 2018.”

In addition, the board progressed with implementing the new asset allocation established in the investment policy statement approved by the board in December 2019.

###

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 243,000 members and participants. SERS’ Defined Benefit Plan had assets of \$30.9 billion and the Defined Contribution Plan, which launched on Jan. 1, 2020, had \$9.2 million as of Dec. 31, 2019. SERS also administers a voluntary supplemental Deferred Compensation Plan with more than 57,000 participants and assets of more than \$3.9 billion. A wealth of information is available at www.SERS.pa.gov.

For more information: Pamela Hile | 717.787.9657 | phile@pa.gov