

Penn SERS Investments Earned More Than 11% Return In 2020

Returns Added Approximately \$3.4 Billion to Fund assets

HARRISBURG – Pennsylvania State Employees' Retirement System investments generated an 11.11% net-of-fees return in 2020, adding approximately \$3.4 billion to the fund's assets for the year, the agency announced today.

As a result, SERS' assets totaled approximately \$34.5 billion as of Dec. 31, 2020. Additional details, including returns generated by asset class, will be announced following the upcoming SERS board meeting, scheduled for Feb. 24, 2021.

"Considering the way the year started out, and all the challenges we had to face, I think these are exceptional results," said Terrill (Terri) J. Sanchez, Executive Director for SERS. "I want to commend our board for putting their trust and confidence in our team of investment professionals, led by Seth Kelly, our CIO, and Jim Nolan, our Deputy CIO and Acting CIO for much of the year. Together, they led the efforts to get us through these rough and largely uncharted waters successfully."

In the uncertainty accompanying the onset of the COVID pandemic, financial markets across the globe experienced dramatic and historic downturns. In the wake of the COVID crisis, the SERS portfolio reached its 2020 low of approximately \$25.1 billion in late March. Shortly thereafter, the SERS board moved to temporarily expand the delegation of authority to the Chief Investment Officer to execute certain investment actions on behalf of the Board for the remainder of the year, thus enabling the CIO to manage cash and adjust holdings in the public market portfolios, as needed.

"The strong investment returns, coupled with employer contributions at the full actuarially calculated amount and Penn State University's lump sum advance payment of nearly \$1.1 billion toward its unfunded liability allowed the fund to grow over the year, even after paying nearly \$3.6 billion in pension benefits," noted Sanchez.

"As we know all too well, the past year brought an array of unprecedented challenges, mostly resulting from the COVID pandemic. Initially, the financial markets experienced a great deal of volatility, but managed to recover," said Seth Kelly, SERS' Chief Investment Officer. "SERS is fortunate to have had back-to-back years of outstanding performance. It's a result that helps strengthen the promises made to SERS' beneficiaries."

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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 nearly 240,000 members. As of Dec. 31, 2020, SERS' Defined Benefit Plan had assets of nearly \$34.5 billion and the Defined Contribution Plan, which launched on Jan. 1, 2019, had approximately \$35.7 million. SERS also administers a voluntary supplemental Deferred Compensation Plan with more than 57,600 participants and assets of more than \$4.3 billion as of Dec. 31, 2020. A wealth of information is available at www.SERS.pa.gov.

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