

**Penn SERS Board Calls for Divestment of Russia-Related Investments
Announces 17.24% Return on Investments in 2021,
Approves \$400 Million in New Investments**

HARRISBURG – The Pennsylvania State Employees’ Retirement System Board, meeting by video conference today, directed staff and hired managers and consultants to take all actions necessary to divest SERS of all Russia-related assets in a prudent manner and within a reasonable time.

“The board was briefed by its staff and outside consultants on the heightened volatility, risk, and potential for losses resulting from exposure to Russia-related investments,” said SERS Board Chairman David R. Fillman. “The board directed staff to cease making any Russia-related investments, including Belarus-related investments, and to divest all Russia-related investments currently in the portfolio, as prudent and within a reasonable time, with the goal of reducing risk and possibility of loss to the portfolio and ultimately SERS members.

“Our thoughts are with the Ukrainian people who have been enduring the deplorable bombing of their country and are fighting to preserve democracy for their families,” Fillman added.

As of 03/03/2022, the SERS fund had approximately \$7 million (or 0.02% of SERS’ total fund value) invested in Russia-related investments.

2021 Investment Returns

The board received a report on the investment returns generated by the State Employees’ Retirement Fund. The fund earned a 17.24% return, net of fees, for the Defined Benefit Plan, adding nearly \$5.4 billion to the fund for pension benefits.

Returns by asset class for the fourth quarter and calendar year 2021, were:

| Asset Class | 4th Quarter 2021 | Calendar Year 2021 |
|--|------------------------------------|---------------------------|
| U.S. Equity | 8.10% | 24.62% |
| Private Equity | 6.71 | 52.83 |
| Real Estate | 6.35 | 18.04 |
| Private Credit | 4.15 | 19.12 |
| International Developed Markets Equity | 3.77 | 14.48 |
| Inflation Protection (TIPS) | 2.25 | 5.16 |
| Fixed Income | 0.28 | (0.75) |
| Cash | 0.01 | 0.06 |
| Emerging Mkts Equity | (0.34) | (0.45) |
| Total Fund | 4.65% | 17.24% |

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. Additional information, including benchmark data, is listed in the quarterly investment performance reports at [SERS.pa.gov/Investments.html](https://www.sers.pa.gov/Investments.html).

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New Investments

The board approved six new follow-on investments within the Private Equity asset class, totaling \$400 million:

- Up to \$100 million to **Francisco Partners VII**, L.P.
- Up to \$50 million to Francisco Partners Agility III, L.P.
- Up to \$50 million to a sidecar vehicle that will co-invest alongside Francisco Partners VII, L.P. and/or Francisco Partners Agility III, L.P.

- Up to \$100 million to **Thoma Bravo Fund XV**, L.P.
- Up to \$50 million to Thoma Bravo Discover Fund IV, L.P.
- Up to \$50 million to a sidecar vehicle that will co-invest alongside Thoma Bravo Fund XV, L.P. and/or Thoma Bravo Discover Fund IV, L.P.

Other Business

Following the board's December 2021 approval of an aggregate pay increase budget for investment professional staff in 2022, the Board Governance and Personnel Committee approved annual salary adjustments for 12 investment professional staffers within the Office of Financial Management and Investment Office, and the Chief Financial Officer, and the board approved a salary increase for the Chief Investment Officer.

The board also approved work plans for each board committee, a board educational training plan, and amendments to the Audit, Risk, and Compliance Committee and Board Governance and Personnel Committee charters.

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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 approximately 238,000 members. As of Dec. 31, 2021, SERS' Defined Benefit Plan had assets of nearly \$39.9 billion and the Defined Contribution Plan, which launched on Jan. 1, 2019, had approximately \$75.1 million. SERS also administers a voluntary supplemental Deferred Compensation Plan with nearly 57,600 participants and assets of approximately \$4.8 billion as of Dec. 31, 2021. A wealth of information is available at www.SERS.pa.gov.

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