

## Corrected - news release

for immediate release

Dec. 8, 2021

### **Penn SERS Board Selects New Executive Director, Announces Third Quarter Pension Fund Investment Performance Commits \$350 million to New Investments, and Conducts Other Business**

HARRISBURG – The Pennsylvania State Employees’ Retirement System Board, meeting here today, selected SERS Deputy Executive Director Joseph A. Torta as the agency’s next Executive Director, to assume duties when current Executive Director Terrill J. Sanchez retires later this month.

Mr. Torta has 32 years of experience with SERS, beginning in field offices providing retirement counseling services to the agency’s members in western Pennsylvania, to his current role as Deputy Executive Director, and Director of Member and Participant Services.

“I’m honored that the board has put their faith in me to continue the progress and innovations that Terri Sanchez helped bring to the system,” Joe Torta said. “It has been my privilege to serve the members and participants for more than 32 years. I look forward to leading our dedicated team of professionals from across the agency in the months and years ahead.”

“I want to thank our dedicated board, our members and participants, employers, legislative leaders on both sides of the aisle, and Governor Wolf and members of his administration for all their support, understanding, and commitment during my time as Executive Director,” said Sanchez. “I know I’m leaving the agency in very experienced and capable hands.”

The board also received a report on the returns generated by the State Employees’ Retirement Fund. Returns by asset class for the third quarter 2021, and calendar year to date 9/30/21, were:

<b>Asset Class</b>	<b>3<sup>rd</sup> Quarter 2021</b>	<b>Calendar Year as of 9/30/21</b>
Private Equity	13.73%	43.22%
Real Estate	3.76	10.99
Private Credit	2.56	14.37
Inflation Protection (TIPS)	1.38	2.85
U.S. Equity	0.25	15.28
Fixed Income	0.13	(1.03)
Cash	0.01	0.06
International Developed Markets Equity	(0.31)	10.32
Emerging Mkts Equity	(8.41)	(0.11)
<b>Total Fund</b>	<b>2.09%</b>	<b>12.03%</b>

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 Investment Commitments**

The board approved four new investment commitments totaling \$350 million, as follows:

- Two commitments within the Private Equity asset class:
  - **Up to €70 million (not to exceed \$75 million) to PSG Europe II L.P.**, as a follow-on investment to focus on growth equity opportunities in European software and tech-enabled services companies.
  - **Up to \$100 million to TSG9 L.P.**, as a follow-on investment to focus on buyout opportunities in North American and European consumer sector companies.
- Within the Private Credit asset class, **up to \$100 million to Ares PA Opportunities Fund L.P.**, to focus on distressed debt opportunities in North America and Europe.
- Within the Real Estate asset class, **up to \$75 million to LEM Multifamily Fund VI, L.P.**, as a follow-on investment with a Pennsylvania-based firm to focus on U.S. multi-family properties.

### **Updated Investment Policy Statement & Travel Policy**

The board approved amendments to the [Defined Benefit Investment Policy Statement](#), adding criteria related to veteran-owned investment management firms within the Emerging Investment Manager Program section.

The board also approved amendments to the *SERS Board Travel Policy* that combines two policies -- one for the board and one for SERS staff -- into one policy statement, which:

- Prohibits third parties from furnishing business travel arrangements
- Requires adherence to the travel and subsistence allowance limits in the Commonwealth's Travel Policy, in other words, a long-standing (1986) exemption for board members and key staff may not be utilized
- Specifies the requirements for out-of-state and international business travel
- Specifies the travel arrangement assistance to be provided to board members and designees

### **Consultant Contract Extension**

The board approved an 18-month extension of the current contract with **NEPC, LLC**, for real estate investment consulting services, under the existing terms and services while freezing the annual fee at the current 2021 rate through December 1, 2023.

### **Compensation Policy for Investment Professional Staff**

In following the [SERS Compensation Policy for Investment Professional Staff](#), the board approved an annual aggregate pay increase budget for 2022 to be set at 4.5% of the aggregate salary excluding the Chief Financial Officer and Chief Investment Officer. Individual pay increases, if appropriate, will be determined according to the compensation policy, within the annual aggregate budget total.

### **Other Business**

In other business, the board approved amendments to the Pennsylvania State Employees' Retirement System Board Chairperson and Assistant Chair Position Descriptions, and approved a new *Committee Work Plan Procedures* policy.

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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 more than 240,000 members. As of Aug. 31, 2021, SERS' Defined Benefit Plan had net assets of nearly \$39 billion and the Defined Contribution Plan, which launched on Jan. 1, 2019, had nearly \$66 million. SERS also administers a voluntary supplemental Deferred Compensation Plan with more than 57,600 participants and net assets of nearly \$4.8 billion as of Aug. 31, 2021. A wealth of information is available at [www.SERS.pa.gov](http://www.SERS.pa.gov).

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