

PRESS RELEASE

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PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM POSTS 3rd QUARTER INVESTMENT PERFORMANCE AND ANNOUNCES FINANCIAL REPORTING AWARD

Fund reports 3.61 percent return for the quarter ended March 31, 2014 which added nearly \$1.7 billion

HARRISBURG, PA – The Public School Employees' Retirement System (PSERS) Board of Trustees today reported the Fund's investment performance for the 3rd quarter ended March 31, 2014. PSERS posted a positive return of 3.61 percent for the third quarter.

PSERS Chief Investment Officer James H. Grossman Jr. reported, "PSERS investment program posted strong returns this quarter and beat its policy benchmark while adding nearly \$1.7 billion to the Fund. All of this was accomplished as the Fund continues to experience very large negative cash outflows. To meet these negative cash flow challenges, the Board and staff have improved the diversification of our assets and closely managed overall investment risk while working towards our primary goal of generating returns to meet or exceed our actuarial return assumption over the long-term," said Grossman.

Most asset classes in the asset allocation had positive performance during the March quarter. Top performing asset classes included:

Risk Parity	6.61 percent
Commodities	6.43 percent
Master Limited Partnerships	6.29 percent
Real Estate	6.19 percent

Grossman also commented on PSERS' fiscal year-to-date return. "PSERS' fiscal year-to-date performance remained robust during the 3rd quarter as the Fund earned 10.25 percent. PSERS beat the policy benchmark by 1.72 percent and added approximately \$790 million in value added over the policy benchmark," said Grossman. "PSERS' fiscal year ends on June 30th and we remain optimistic as the Fund continues on track to post a positive 4th quarter as well."

In addition, PSERS reported returns of 9.02 percent for the one-year, 7.86 percent for the three-year, 13.12 percent for the five-year, and 6.90% for the 10-year periods ended March 31, 2014.

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PSERS' annualized 25 and 30 year returns through March 31, 2014 were 8.79 percent and 9.52 percent respectively, which exceed the assumed long-term actuarial investment rate of return for the same periods. PSERS' current investment rate of return assumption is 7.50 percent.

Additional detailed investment performance for individual asset classes as of March 31, 2014 is available on PSERS' website at: <http://www.psers.state.pa.us/investment/invest.htm>.

PSERS also announced that the Government Finance Officers Association of the United States and Canada (GFOA) recently awarded PSERS a *Certificate of Achievement for Excellence in Financial Reporting* for the Fund's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013.

PSERS has earned this prestigious award for the past 31 consecutive years. The GFOA Certificate of Achievement, a national award established in 1945, recognizes conformance with the highest standards for preparation of state and local government financial reports. PSERS' CAFR was judged by an impartial panel to meet the high standards of the program including demonstrating a constructive "spirit of full disclosure" to clearly communicate its financial story and motivate potential users and groups to read the report. The report must also satisfy both generally accepted accounting principles and applicable legal requirements.

Copies of the CAFR are available on PSERS' website at:
<http://www.psers.state.pa.us/publications/general/cafr.htm>.

About the Pennsylvania Public School Employees' Retirement System

PSERS is the 19th largest state-sponsored defined benefit public pension fund in the nation. As of March 31, 2014, PSERS had net assets of \$51.4 billion and a membership of more than 267,000 active school employees and over 209,000 retirees.

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