

PRESS RELEASE

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**PA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM POSTS INVESTMENT
PERFORMANCE FOR PERIOD ENDED MARCH 31, 2017**
*Fiscal year return is tracking above earnings assumption of 7.25%;
Fund adds \$3.7 billion in net investment income for the fiscal-year-to-date ended March 31, 2017*

HARRISBURG, PA – The PA Public School Employees' Retirement System (PSERS) today announced the Fund earned 8.42% for the fiscal-year-to-date period ended March 31, 2017 and added \$3.7 billion in net investment income to the Fund.

PSERS' Chief Investment Officer James H. Grossman Jr. initially reported the preliminary March investment performance during the May 25th Board meeting and it was recently finalized.

Mr. Grossman commented on the Fund's positive fiscal year performance to date. PSERS fiscal year ends June 30th. "PSERS earned 8.42% for the fiscal year-to-date period ended March 31, 2017, tracking above PSERS' annual earnings assumption of 7.25% for the full year. The markets have continued to perform well since the end of March, pushing returns further above the Fund's annual earnings assumption. While a difficult pension funding issue remains for school employers and the Commonwealth due to legacy debt issues, PSERS remains hopeful that the Fund will have a positive fiscal year above the annual earnings assumption. With a positive fiscal year of investment earnings, full funding of the required contributions by the employers, and member contributions, PSERS will have all of the pieces in place to continue on the path back to full funding."

In addition PSERS reported a return of 3.26% for the quarter ended March 31, 2017, which added over \$1.7 billion in net investment income for the quarter.

Mr. Grossman commented on the Fund's quarterly investment performance. "PSERS earned 3.26% for the quarter ended March 31, 2017, which was driven by strong returns from U.S. and Non-U.S. equities. PSERS continues to hold a well-diversified portfolio with a long-term focus which has less concentration to equity risk than many of our peers. We believe a more balanced portfolio will provide more consistent returns over time versus more concentrated portfolios, which is especially important for funds such as PSERS with large negative cash flows. The benefits of a more diversified portfolio come from more downside protection when equity markets eventually correct."

PSERS also earned positive investment returns of 12.74 % for the one-year, 5.65% for the three-year, 7.06% for the five-year, 4.22% for the 10-year, 8.04% for the 25-year and 8.22% for the 30-year periods ended March 31, 2017.

PSERS 10-year return continues to be impacted by the Great Recession of 2008. Since the Great Recession, however, PSERS earned a net of fees return of 9.36% with less investment risk and, as a result, PSERS 10-year return will begin to rebound in two years.

More detailed investment performance data as of March 31, 2017 is available on the investment page on PSERS' website at: www.psers.pa.gov

About the Pennsylvania Public School Employees' Retirement System

PSERS is the 20th largest state-sponsored defined benefit public pension fund in the nation. As of March 31, 2017, PSERS had net assets of approximately \$52.7 billion and a membership of approximately 257,000 active school employees and nearly 225,000 retirees.

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