

PRESS RELEASE

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**PA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM POSTS
MARCH 31, 2015 QUARTERLY INVESTMENT PERFORMANCE**
Fund earns 2.82% for the quarter and 7.93% for the one-year period ended March 31, 2015

HARRISBURG, PA – The Public School Employees' Retirement System (PSERS) today announced the Fund's investment performance for the quarter ended March 31, 2015. PSERS earned 2.82% for the quarter ended March 31, 2015 and added \$1.2 billion in net investment income for the quarter.

PSERS' Chief Investment Officer James H. Grossman Jr. commented on the quarter investment performance. "We had a good first quarter return of 2.82% driven by strong returns from hedged non-U.S. equity exposure, Treasury Inflation Protected Securities exposure, real estate, risk parity, and our absolute return allocation. Active managers continued to provide value over passive alternatives during the past quarter," Grossman said.

Top performing asset classes for the quarter included: Non-U.S. Equities, 8.10%, Absolute Return 5.09%, Risk Parity 4.70% and Real Estate 4.52%.

In addition, for the one-year period ended March 31, 2015 PSERS earned 7.93% and added \$3.8 billion in net investment income.

PSERS also posted returns of 3.56% for the fiscal year-to-date, 8.77% for the three-year, 9.44% for the five-year, 6.58% for the 10-year, 8.31% for the 20-year, 8.63% for the 25-year, and 9.25% for the 30-year periods ended March 31, 2015.

Mr. Grossman also commented on the future markets outlook. "PSERS earned 3.56% for the fiscal year-to-date period ended March 31, 2015. We continue to be concerned about future expected returns. After years of global central banks holding interest rates very low and printing trillions of dollars, asset prices have been inflated by these easy money policies," Grossman said. "We expect to see increased volatility in the financial markets as central bank monetary policies begin to diverge with the Federal Reserve looking to embark on interest rate increases while the European and Japanese central banks continue printing money through their quantitative easing programs."

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“In an environment of increased uncertainty and volatility, holding a broadly diversified investment portfolio is important given that the possible future outcomes are very diverse,” Grossmans said. “PSERS continues to hold a broadly diversified investment portfolio designed to provide for future liquidity needs while maintaining an appropriate level of risk to allow PSERS to endeavor to meet its long-term actuarial assumed rate of return.”

More detailed investment performance data as of March 31, 2015 is available on PSERS’ website at: <http://www.psers.state.pa.us/investment/invest.htm>

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, 2015 PSERS had net assets of approximately \$52.4 billion and a membership of more than 263,000 active school employees and nearly 214,000 retirees.

As of March 31, 2015 PSERS had 9.9% of its assets in U.S. equities, 13.5% in non-U.S. equities, 20.6% in U.S. and global fixed income investments, 15.3% in private markets, 13.0% in real estate, 10.1% in absolute return strategies, 4.3% in cash and cash equivalents, 3.6% in master limited partnership, 3.0% in commodities and 6.7% in risk parity.

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