

# PRESS RELEASE

**For Immediate Release**  
**August 30, 2010**

**For More Information Contact:**  
Evelyn Tatkovski  
Press Secretary  
Public School Employees' Retirement System  
Phone: 717-720-4734  
e-mail: [etatkovski@state.pa.us](mailto:etatkovski@state.pa.us)

## **PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM POSTS JUNE INVESTMENT PERFORMANCE**

*Fund reports positive investment performance for the fiscal year ended June 30, 2010 and  
announces award for financial reporting*

HARRISBURG, PA – The Public School Employees Retirement System (PSERS) today announced the Fund posted a positive 14.59 percent for the fiscal year ended June 30, 2010, outperforming the 12.00 percent median return of the Wilshire Associates Inc.'s database of public pension funds and the 10.87 percent return of the Fund's custom policy benchmark.

PSERS Chief Investment Officer Alan Van Noord reported, "PSERS' investments rebounded adding over \$6 billion in net investment income to the Fund over the past fiscal year and earned well above the Fund's assumed long-term actuarial investment rate of return of 8.00 percent. Strong asset-class performers for the fiscal year ended June 30, 2010 included: U.S. fixed income which returned 21.43 percent and private markets which returned 22.39 percent. Other positive fiscal year returns included: U.S. equities 18.29 percent, non-U.S. equities 15.07 percent, global fixed income 14.43 percent, absolute return 15.60 percent, and commodities 5.93 percent. While nearly all asset classes reported strong growth over the past fiscal year, real estate continues to under perform and returned -10.30 percent for the fiscal year."

"While the Fund experienced positive growth during the past fiscal year, the investment markets remain unstable. There remains a strong need to maintain a well-diversified investment portfolio and a sound investment policy to help withstand the extreme volatility in the markets," Van Noord said. "Over the past fiscal year PSERS carefully revised its investment policy and asset allocation to reduce the Fund's risk level. The Fund decreased its allocation to equities and increased cash reserves to provide adequate liquidity to pay pension benefits during the current volatile markets. All of these changes allow adequate opportunity for the Fund to manage investment risk, continue to grow and take advantage of market recoveries."

(continued)

## **PSERS POSTS INVESTMENT PERFORMANCE**

**August 30, 2010**

**Page 2**

For the quarter, five-year and 10-year periods ended June 30, 2010, PSERS returned -1.83 percent, 2.99 percent, and 3.51 percent, respectively. The annualized 25 year return through June 30, 2010 is 8.83 percent, which exceeds the assumed long-term actuarial investment rate of return for the same period.

PSERS Chairman Melva Vogler commented on the Fund's investment performance and staff. "PSERS is fortunate to have top notch staff that developed an effective investment portfolio which has been able to reduce investment risk levels while maintaining PSERS' strategic positions in the investment markets. As a result of these efforts PSERS has been able to report strong investment earnings for the recent fiscal year. That said, significant funding issues remain for the Fund, the Commonwealth, and school employers as the employer contribution rate is projected to increase significantly in FY 2012/2013. PSERS staff and Board remain dedicated to providing technical support and actuarial resources to the Governor and Legislators to resolve the funding issues as we move even closer to the employer contribution rate spike."

PSERS also today 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, 2009.

PSERS has earned this prestigious award for the past 27 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:  
<https://www.psers.state.pa.us/publications/cafr/index.htm>.

### **About the Pennsylvania Public School Employees' Retirement System**

PSERS is the 17<sup>th</sup> largest state-sponsored defined benefit public pension fund in the nation. As of June 30, 2010, PSERS had net assets of approximately \$45.9 billion and a membership of nearly 280,000 active school employees and 179,000 retirees. More detailed investment performance data as of June 30, 2010 is available on PSERS' website at:  
<http://www.psers.state.pa.us/invest/invest.htm>.

As of June 30, 2010, PSERS had 16.2 percent of its assets in non-U.S. equities; 12.4 percent in U.S. equities; 21.3 percent in U.S. and global fixed income investments; 20.1 percent in private markets; 8.9 percent in real estate; 3.7 percent in commodities, 11.3 percent in absolute return strategies, and 6.1 percent in cash and cash equivalents.

###