

PSERS' Investment Portfolio

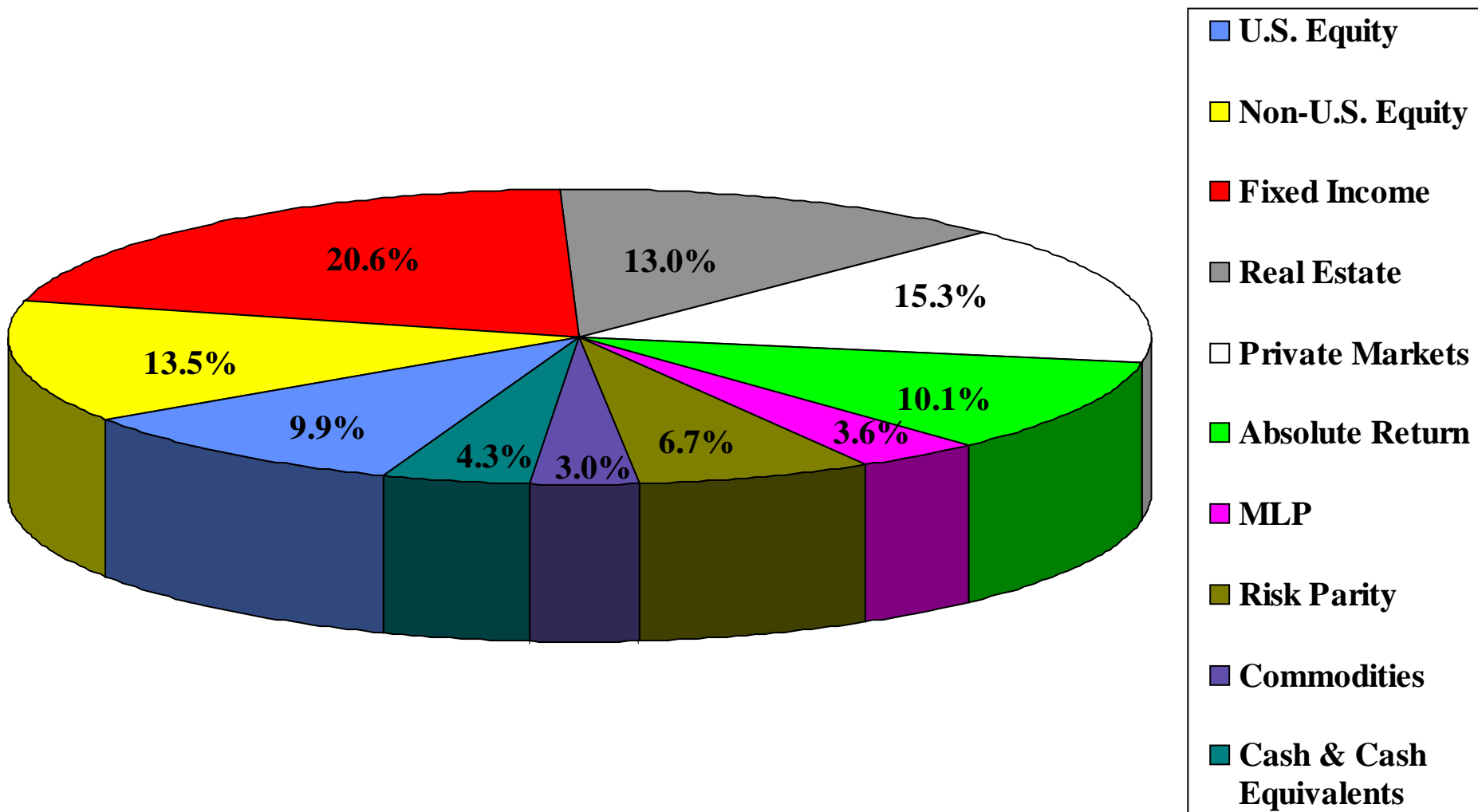
Asset Allocation as of March 31, 2015 (Unaudited)

| Asset Class | Market Value (in millions) | % of Total | Target Allocations | Policy Ranges |
|--|-------------------------------|---------------|-----------------------|------------------|
| U.S. Equity | \$ 5,105.3 | 9.9% | | |
| Non-U.S. Equity | <u>6,923.1</u> | <u>13.5%</u> | | |
| Subtotal Public Market Equities | 12,028.4 | 23.4% | 21.50% | +/- 10.0% |
| Private Equity | 5,812.2 | 11.3% | | |
| Private Debt | 1,120.2 | 2.2% | | |
| Venture Capital | <u>905.3</u> | <u>1.8%</u> | | |
| Subtotal Private Markets | <u>7,837.7</u> | <u>15.3%</u> | 17.00% | |
| Total Equity | <u>19,866.1</u> | <u>38.7%</u> | 38.50% | +/- 10.0% |
| Global Fixed Income | 3,913.1 | 7.6% | 7.00% | +/- 4.0% |
| Treasury Inflation-Protected Securities (TIPS) | 3,248.6 | 6.3% | 6.00% | +/- 6.0% |
| US Long Treasuries | 436.1 | 0.9% | 1.00% | +/- 3.0% |
| High Yield Fixed Income | 2,997.1 | 5.8% | 6.00% | +/- 4.0% |
| Cash and Cash Equivalents* | <u>2,210.5</u> | <u>4.3%</u> | <u>3.00%</u> | <u>+/- 3.0%</u> |
| Total Fixed Income and Cash | 12,805.4 | 24.9% | 23.00% | +/- 10.0% |
| Master Limited Partnership (MLP) | 1,844.4 | 3.6% | 4.00% | +/- 2.0% |
| Commodities | 1,522.0 | 3.0% | 4.00% | +/- 4.0% |
| Real Estate | 6,696.9 | 13.0% | 13.50% | |
| Risk Parity | 3,446.0 | 6.7% | 7.00% | +/- 4.0% |
| Absolute Return | 5,216.3 | 10.1% | 10.00% | +/- 4.0% |
| TOTAL INVESTMENT PORTFOLIO | \$ 51,397.1 | 100.0% | 100.00% | |
| Net Other Assets and Liabilities | <u>994.5</u> | | | |
| PSERS TOTAL NET ASSETS | <u>\$ 52,391.6</u> | | | |

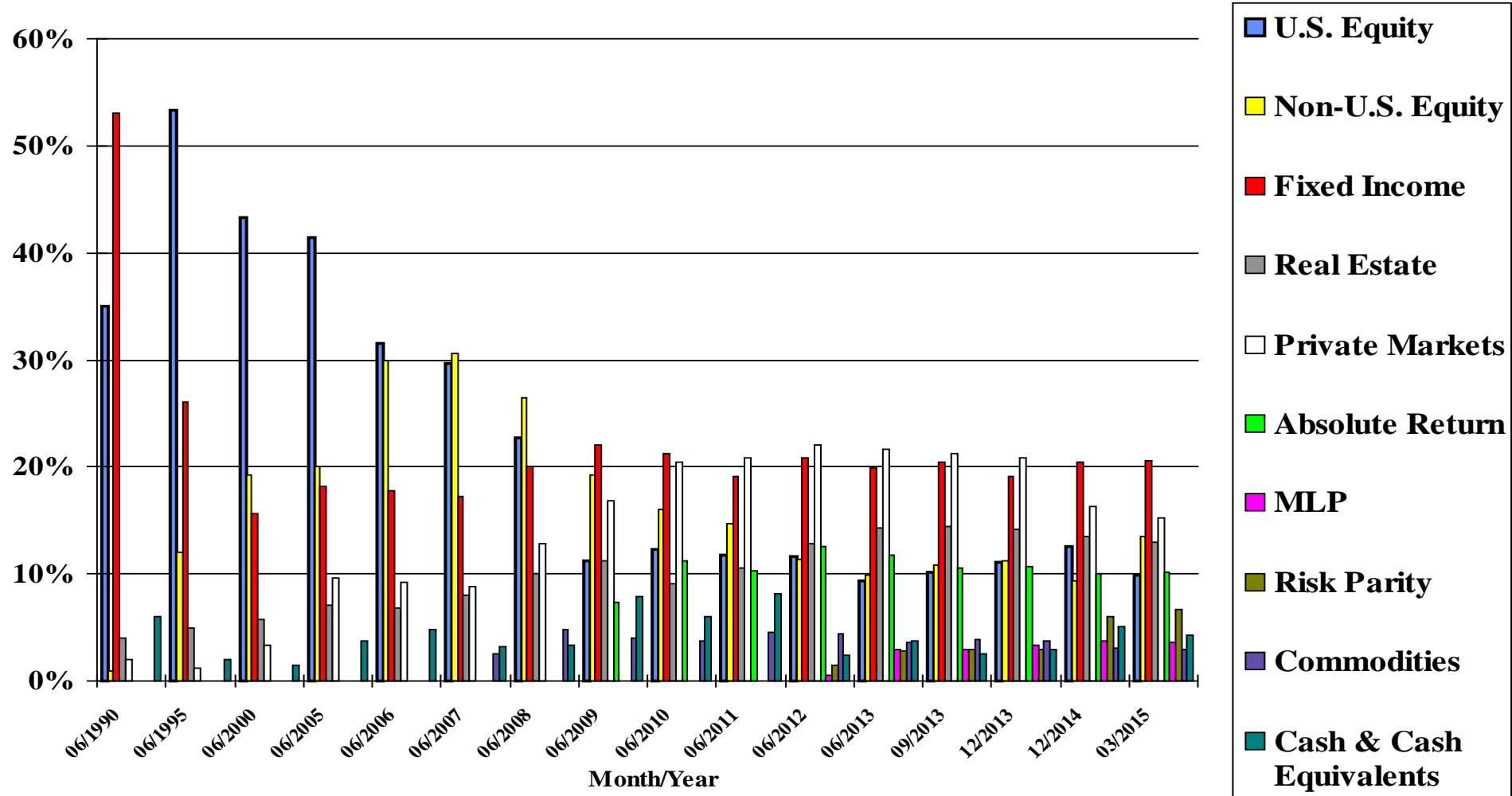
* - includes Cash, Cash Equivalents, and net asset value accounting adjustments

PSEERS' Investment Portfolio

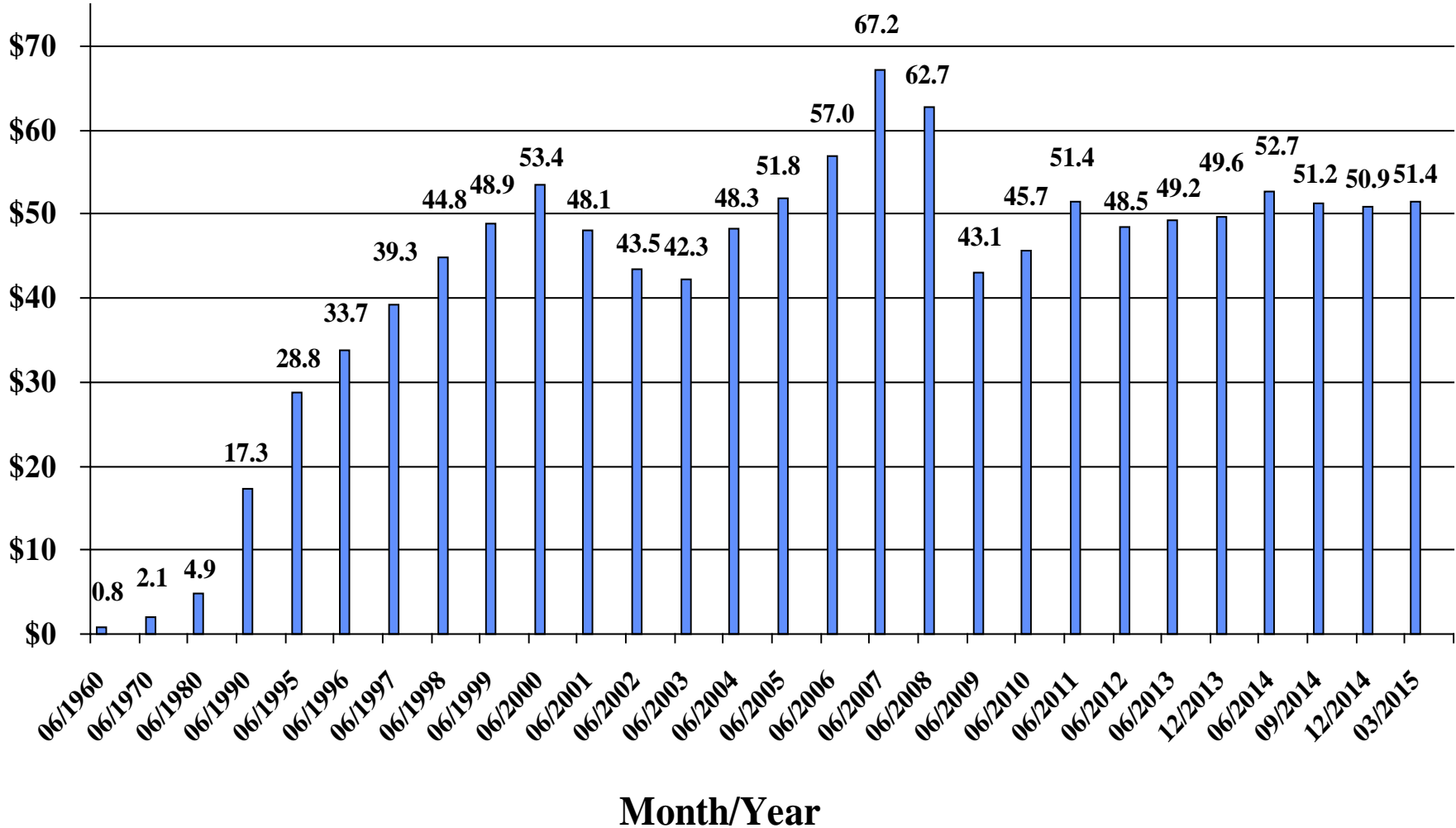
Asset Allocation as of December 31, 2014 (Unaudited)



PSERS' Historical Asset Allocation

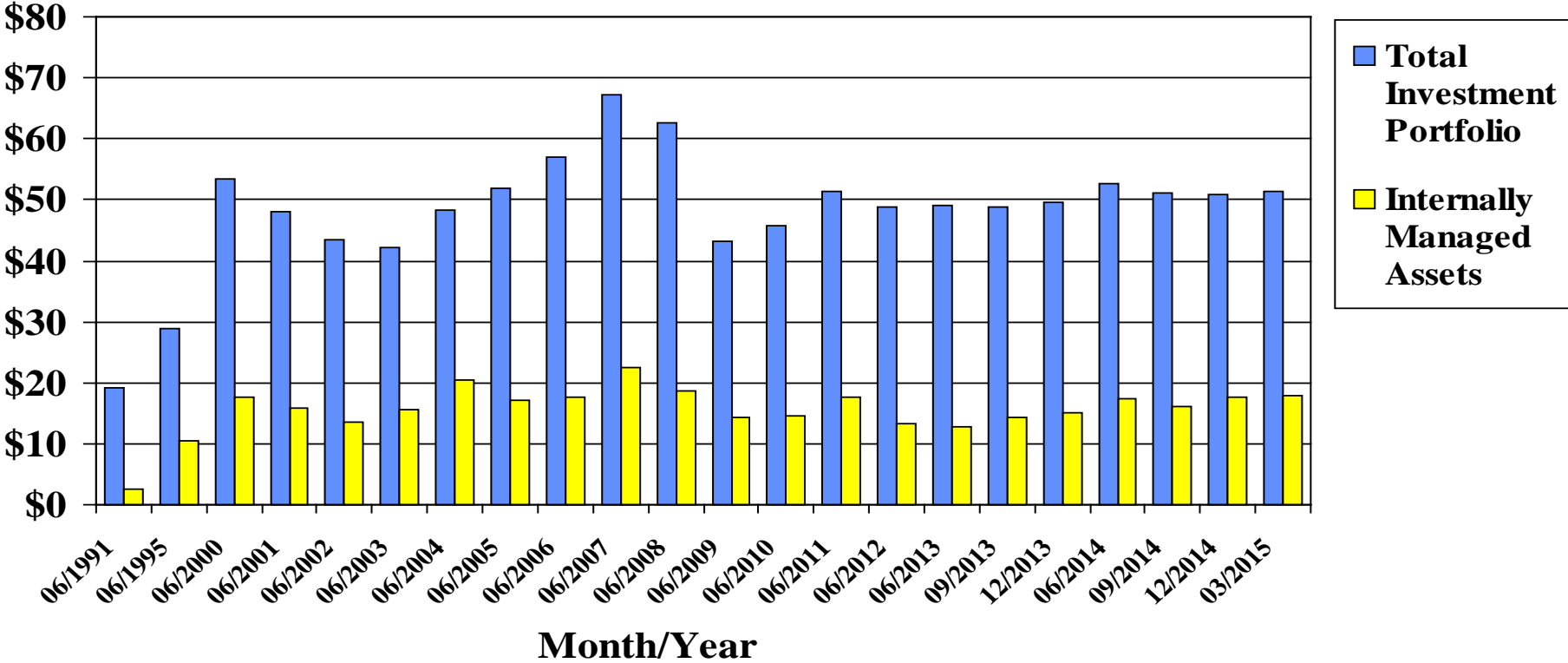


PERS' Investment Portfolio Total Market Value (in billions)



PSERS' Investment Portfolio

Internally Managed Assets (in billions)



PSERS' Summary Statements of Changes in Plan Net Assets

For the Fiscal Years Ended June 30, 2014, 2013, and 2012

| Additions: | 2014 (\$ in millions) | 2013 (\$ in millions) | 2012 (\$ in millions) |
|---|-------------------------------|-------------------------------|-------------------------------|
| • Member Contributions | 967 | 991 | 953 |
| • Employer Contributions | 1,992 | 1,446 | 1,005 |
| • Net Investment Income | 7,098 | 4,126 | 1,093 |
| Total Additions | 10,057 | 6,563 | 3,051 |
| Deductions: | | | |
| • Pension Benefits | 6,053 | 6,044 | 5,683 |
| • Administrative Expenses | 39 | 37 | 34 |
| Total Deductions | 6,092 | 6,081 | 5,717 |
| Net Increase/(Decrease) in Plan Net Assets | 3,965 | 482 | (2,666) |

Source: PSERS

Numbers may not add due to rounding

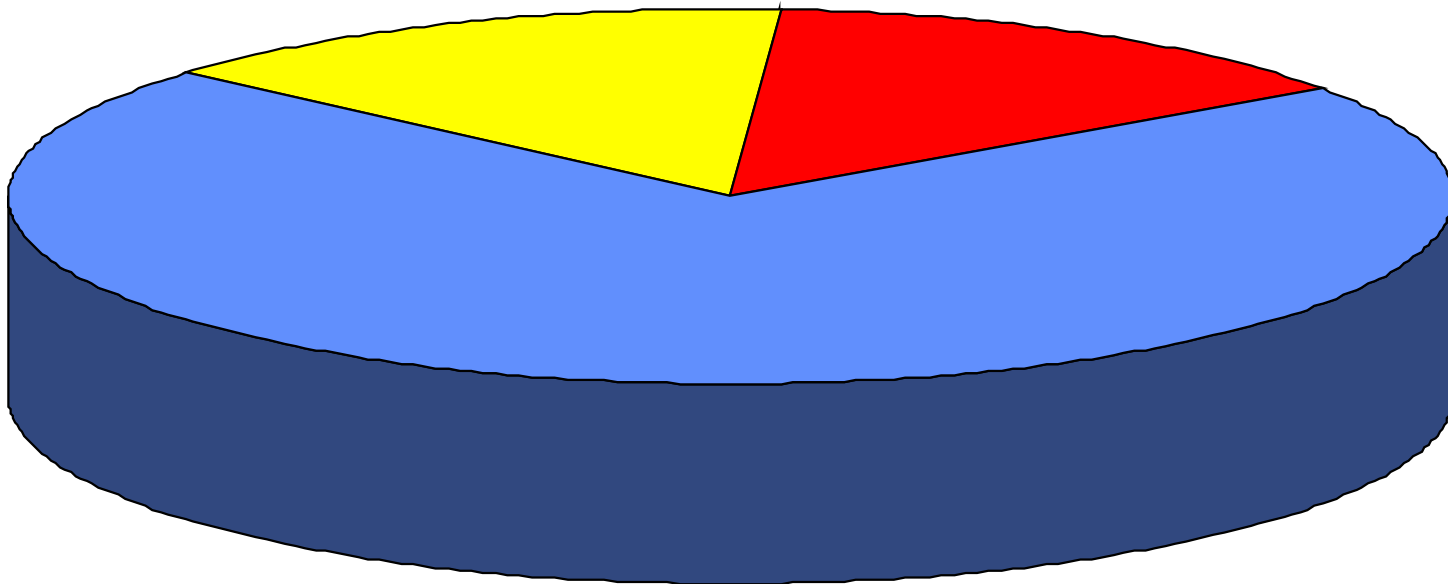
PSERS' Sources of Funding 20 Year History (1995 to 2014)

Employee Contributions

\$14.9 Billion (14.6% of Total)

Employer Contributions

\$14.4 Billion (14.2% of Total)



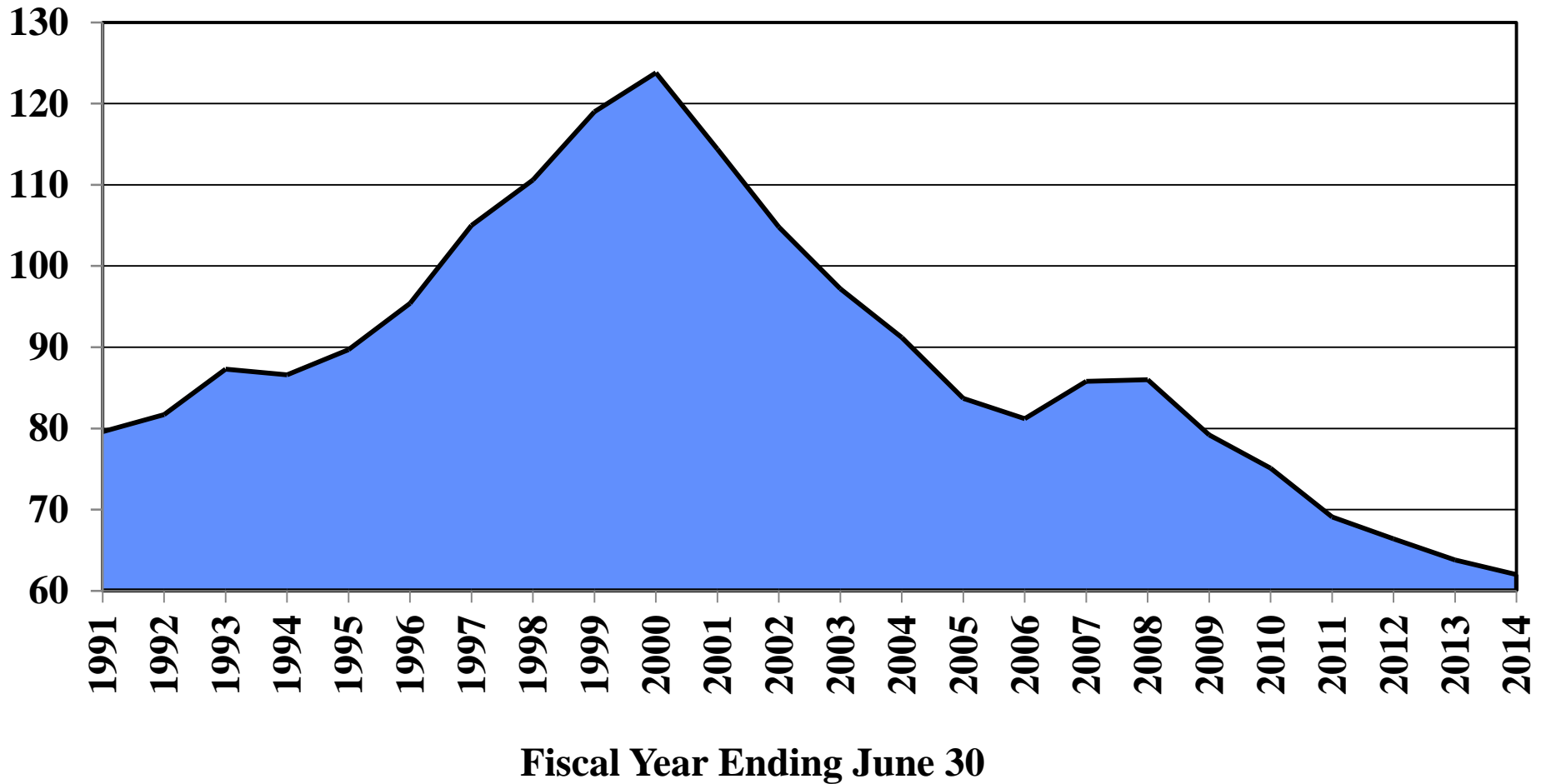
Investment Earnings

\$72.2 Billion (71.2% of Total)

PSERS' Funded Ratio – 1991 to 2014 (in millions)

| FY Ending June 30 | -----Actuarial----- | | Unfunded (Overfunded) Accrued Liability (\$) | Funded Ratio (%) |
|----------------------|---------------------------|--------------------------|--|---------------------|
| | Accrued Liability (\$) | Valuation Assets (\$) | | |
| 2014 | 92,465 | 57,344 | 35,121 | 62.0 |
| 2013 | 90,052 | 57,454 | 32,598 | 63.8 |
| 2012 | 87,854 | 58,321 | 29,533 | 66.4 |
| 2011 | 85,752 | 59,252 | 26,500 | 69.1 |
| 2010 | 79,122 | 59,424 | 19,698 | 75.1 |
| 2009 | 75,626 | 59,887 | 15,739 | 79.2 |
| 2008 | 70,941 | 61,018 | 9,923 | 86.0 |
| 2007 | 66,593 | 57,155 | 9,438 | 85.8 |
| 2006 | 64,720 | 52,558 | 12,162 | 81.2 |
| 2005 | 61,226 | 51,219 | 10,007 | 83.7 |
| 2004 | 57,124 | 52,095 | 5,029 | 91.2 |
| 2003 | 54,443 | 52,900 | 1,543 | 97.2 |
| 2002 | 51,796 | 54,296 | (2,500) | 104.8 |
| 2001 | 47,917 | 54,830 | (6,913) | 114.4 |
| 2000 | 39,823 | 49,293 | (9,470) | 123.8 |
| 1999 | 37,499 | 44,606 | (7,107) | 119.0 |
| 1998 | 36,136 | 39,969 | (3,833) | 110.6 |
| 1997 | 33,210 | 34,873 | (1,663) | 105.0 |
| 1996 | 31,630 | 30,171 | 1,459 | 95.4 |
| 1995 | 30,073 | 26,971 | 3,102 | 89.7 |
| 1994 | 28,348 | 24,552 | 3,796 | 86.6 |
| 1993 | 25,947 | 22,644 | 3,303 | 87.3 |
| 1992 | 24,570 | 20,068 | 4,502 | 81.7 |
| 1991 | 22,574 | 17,962 | 4,612 | 79.6 |

PSEERS' Funded Ratio – 1991 to 2014 (percentage)

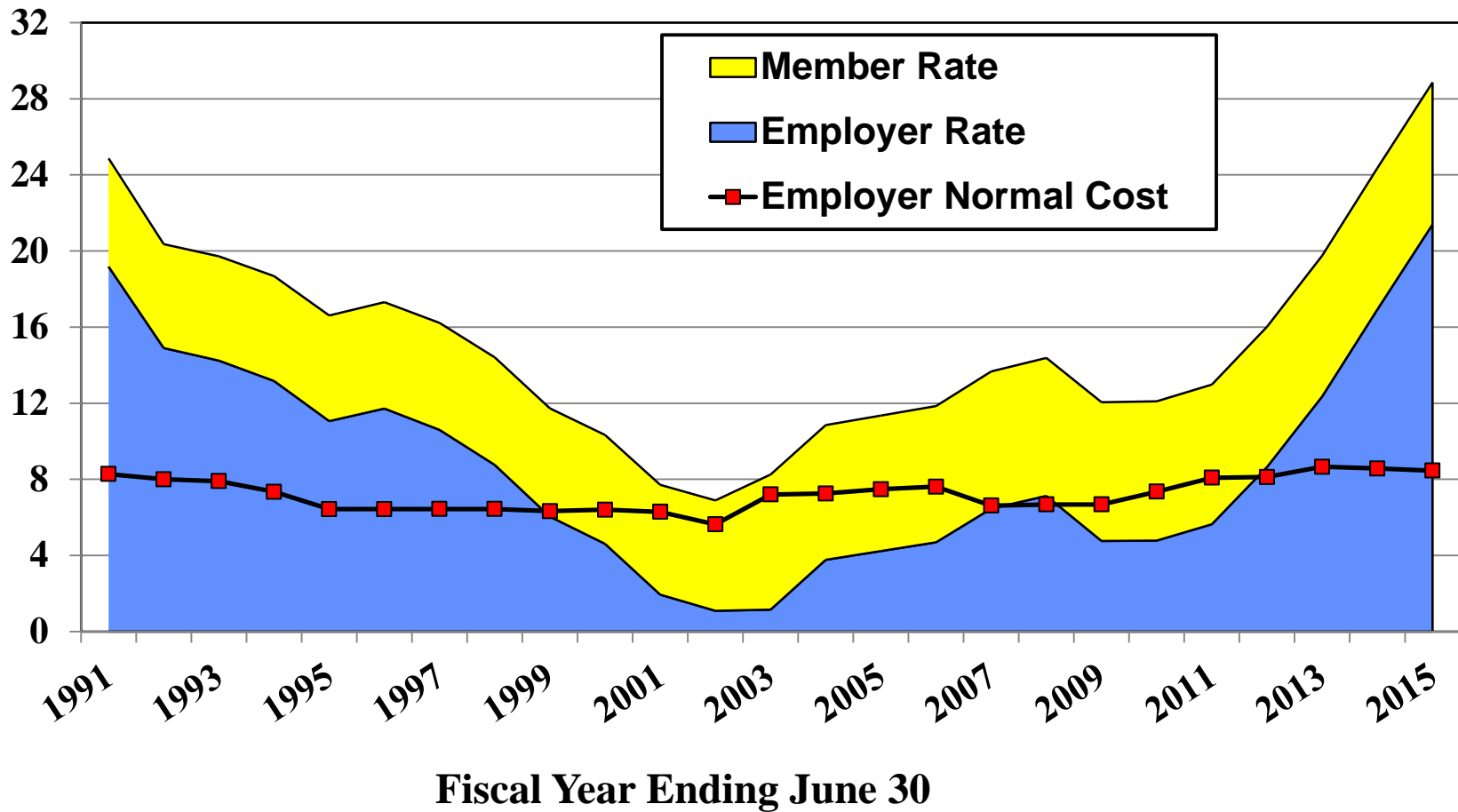


Total Contribution Rates Since 1990-91

| Fiscal Year | Employer Rate * | Member Rate | Total Contribution Rate |
|--------------------|------------------------|--------------------|--------------------------------|
| 2014-15 | 21.40% | 7.46% | 28.86% |
| 2013-14 | 16.93 | 7.43 | 24.36 |
| 2012-13 | 12.36 | 7.40 | 19.76 |
| 2011-12 | 8.65 | 7.37 | 16.02 |
| 2010-11 | 5.64 | 7.34 | 12.98 |
| 2009-10 | 4.78 | 7.32 | 12.10 |
| 2008-09 | 4.76 | 7.29 | 12.05 |
| 2007-08 | 7.13 | 7.25 | 14.38 |
| 2006-07 | 6.46 | 7.21 | 13.67 |
| 2005-06 | 4.69 | 7.16 | 11.85 |
| 2004-05 | 4.23 | 7.12 | 11.35 |
| 2003-04 | 3.77 | 7.08 | 10.85 |
| 2002-03 | 1.15 | 7.10 | 8.25 |
| 2001-02 | 1.09 | 6.43 | 7.52 |
| 2000-01 | 1.94 | 5.77 | 7.71 |
| 1999-2000 | 4.61 | 5.72 | 10.33 |
| 1998-99 | 6.04 | 5.69 | 11.73 |
| 1997-98 | 8.76 | 5.65 | 14.41 |
| 1996-97 | 10.60 | 5.62 | 16.22 |
| 1995-96 | 11.72 | 5.59 | 17.31 |
| 1994-95 | 11.06 | 5.55 | 16.61 |
| 1993-94 | 13.17 | 5.51 | 18.68 |
| 1992-93 | 14.24 | 5.48 | 19.72 |
| 1991-92 | 14.90 | 5.46 | 20.36 |
| 1990-91 | 19.18 | 5.69 | 24.87 |

* NOTE - The 2010-11 Employer Rate reflects the 5.64% rate prescribed by Act 2010-46 which supercedes the 8.22% rate prescribed in the June 30, 2009 actuarial valuation prepared by Buck Consultants. The 2011-12 Employer Rate reflects the funding provisions of HB 2497. The 2012-13 and 2013-14 Employer Rates reflect the funding provisions of Act 120.

History of Member and Employer Contribution Rates Since 1990-91



Fiscal Year Ending June 30

NOTE - The 2010-11 Employer Rate reflects the 5.64% rate prescribed by Act 2010-46 which supercedes the 8.22% rate prescribed in the June 30, 2009 actuarial valuation prepared by Buck Consultants. The 2011-12 Employer Rate reflects the funding provisions of HB 2497. The 2012-13 and 2013-14 Employer Rates reflect the funding provisions of Act 120.