

PRESS RELEASE

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PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM POSTS POSITIVE INVESTMENT PERFORMANCE FOR THE PERIODS ENDED SEPTEMBER 30, 2012

PSERS short-term and long-term investment performance exceeds earnings assumption

HARRISBURG, PA – The Public School Employees Retirement System (PSERS) today announced the Fund's investment performance for the periods ended September 30, 2012.

PSERS reported positive returns of 11.45 percent for the one year, 10.71 percent for the 3 year, and 8.78 percent for the 10 year period ended September 30, 2012. Looking longer term PSERS reported returns of 8.51 percent for the 25 year and 9.80 percent for the 30 year period ended September 30, 2012. All of these returns exceeded PSERS' long-term investment earnings assumption of 7.50 percent.

Additionally, PSERS posted a positive return of 3.85 percent for the quarter ended September 30, 2012 and added nearly \$1.8 billion in net investment income for the quarter.

PSERS Chief Investment Officer Alan Van Noord commented on the Fund's short and long-term investment performance. Van Noord stated, "While significant volatility and risk remained in the investment markets during the past quarter, PSERS posted strong short and long-term investment performance that exceeded the Fund's long-term investment earnings assumption."

"Over the past quarter, PSERS continued to focus its efforts on balancing risks across asset classes," Van Noord said. "By balancing risk, the Fund hopes to improve the consistency of investment returns and provide much better diversification of the Fund's assets. In particular, PSERS continues to reduce its total equity exposure and look for suitable investment opportunities that enhance the risk/return profile of the Fund."

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PSERS posts September investment performance

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The strongest asset-class performers for the quarter included: U.S. equities 6.29 percent, non-U.S. equities 7.77 percent, commodities 11.45 percent, master limited partnerships 9.25 percent, and risk parity 7.23 percent.

More detailed investment performance data as of September 30, 2012 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 17th largest state-sponsored defined benefit public pension fund in the nation. As of September 30, 2012, PSERS had net assets of approximately \$49.5 billion and a membership of nearly 279,000 active school employees and 195,000 retirees.

As of September 30, 2012, PSERS had 10.7 percent of its assets in non-U.S. equities, 10.6 percent in U.S. equities, 21.1 percent in U.S. and non-U.S. fixed income investments, 21.8 percent in private markets, 13.0 percent in real estate, 4.8 percent in commodities, 12.1 percent in absolute return strategies, 2.6 percent in cash and cash equivalents, 1.4 percent in master limited partnership, and 1.9 percent in risk parity.

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