



MEMORANDUM

TO: Audit, Compliance, and Risk Board Committee

FROM: ACA Group

DATE: Wednesday, December 6, 2023

RE: Fiscal Year (FY) 2013 to 2023 Investment Performance Review

ACA Group conducted a review of internal procedures and processes relative to PSERS investment performance from FY 2013 to 2023.

The purpose of this review was to provide reasonable assurance that:

- Total fund returns are calculated accurately and in accordance with PSERS' established policies and methodologies;
- Input data, including cash flows and Net Asset Value of the fund, aligns to custodial reports or other independent data sources; and
- Period returns are properly linked and annualized to arrive at a 10-year annualized return.

The scope of our review covered investment performance of the PSERS total fund for the period of July 1, 2013, through June 30, 2023. Our engagement involved meetings and discussions with management, confirmation of cash flows on a sample basis, total fund Net Asset Value at each month-end and recalculating monthly returns that roll up to the 10-year annualized return. ACA completed the review and no material exceptions were found. ACA concludes that the performance reporting from FY 2013 to 2023 is accurate and complete.

Detailed outcomes are provided separately within a Findings and Recommendations report. The report is considered a work product of ACA and is privileged or otherwise protected by work product immunity. The report is confidential and is not intended to be publicly shared or distributed to individuals external to PSERS. This memorandum serves as public record supporting the engagement.

We wish to thank PSERS staff for their cooperation during the completion of this review. If you would like to discuss any aspect of this review in greater detail, please contact me. Thank you.

cc: Terrill Sanchez, Executive Director
Benjamin Cotton, Chief Investment Officer
Andrew Fiscus, Acting Chief Financial Officer
Joseph Indelicato Jr., Chief Counsel
Mei Gentry, Chief Audit Officer