

PRESS RELEASE

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PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM POSTS FISCAL YEAR-END INVESTMENT PERFORMANCE *Fund reports positive investment performance of 20.37 percent for the fiscal year ended June 30, 2011*

HARRISBURG, PA – The Commonwealth of Pennsylvania Public School Employees Retirement System (PSERS) today announced the Fund earned a positive 20.37 percent for the fiscal year ended June 30, 2011.

PSERS Chief Investment Officer Alan Van Noord announced, “For the second consecutive fiscal year, PSERS reported investment returns significantly above the Fund’s current long-term investment rate of return assumption of 7.50 percent. PSERS’ fiscal year return of 20.37 percent is one of the highest returns ever reported in the history of the Fund. PSERS’ exceptional investment performance added over \$9.2 billion in net investment income to the Fund over the past fiscal year.”

Van Noord continued, “All of PSERS asset classes performed well over the past fiscal year including very strong growth in equities and commodities. Real estate also reported positive growth which was the first positive fiscal year return for the asset class since FY 2007.”

The strongest asset-class performers for the fiscal year ended June 30, 2011 included: U.S. equities 32.69 percent, non-U.S. equities 30.44 percent, and commodities 31.84 percent. Other positive fiscal year returns included: U.S. fixed income 11.55 percent, global fixed income 14.41 percent, private markets 18.60 percent, absolute return 13.18 percent, and real estate 20.18 percent.

Van Noord also commented on the Fund’s investment strategy and the recent market correction, “Over the past fiscal year, PSERS continued to refine the Fund’s investment strategy by researching and identifying opportunities to further diversify the Fund’s assets such as increasing PSERS’ absolute return allocation, continuing to lower equities exposure, and maintaining a sufficient cash allocation. Diversification minimizes investment risk and is a key element of a successful investment strategy, especially in times of extreme market volatility as experienced in the past few weeks.”

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“PSERS has developed a sound investment strategy to help withstand the extreme volatility in the markets and produce positive investment growth over the long term,” Van Noord said. “Over the past fiscal year, the Fund was successful in reducing investment risk while maximizing its investment returns.”

The annualized 25 year return through June 30, 2011 was 8.79 percent, which exceeds the assumed long-term actuarial investment rate of return for the same period.

About the Pennsylvania Public School Employees’ Retirement System

PSERS is the 16th largest state-sponsored defined benefit public pension fund in the nation. As of June 30, 2011, PSERS had net assets of \$51.4 billion and a membership of over 282,000 active school employees and 184,000 retirees. More detailed investment performance data as of June 30, 2011 is available on PSERS’ website at: <http://www.psers.state.pa.us/invest/invest.htm>.

As of June 30, 2011, PSERS had 14.7 percent of its assets in non-U.S. equities; 11.8 percent in U.S. equities; 19.1 percent in U.S. and global fixed income investments; 20.8 percent in private markets; 10.6 percent in real estate; 4.6 percent in commodities, 10.3 percent in absolute return strategies, and 8.1 percent in cash and cash equivalents.

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