

PRESS RELEASE

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PSERS POSTS UPDATED INVESTMENT PERFORMANCE *Fund reports investment performance for the period ended June 30, 2009*

HARRISBURG, PA – The Public School Employees' Retirement System (PSERS) today posted investment performance for the fiscal year ended June 30, 2009. The fund reported a -26.54 percent return for the one-year period ended June 30, 2009.

PSERS Chief Investment Officer Alan Van Noord commented on the difficulties the fund faced during the past fiscal year. "We have closed the books on one of the most challenging fiscal years in the history of the pension fund. PSERS faced a historic worldwide economic decline rivaled only by the Great Depression of the 1930s. This environment impacted most asset classes during the past year," Van Noord said. "The equity, real estate, and commodity markets were hit particularly hard, driven by a flight to safety and liquidity pressures during the fiscal year. PSERS' global equities were down 26.90 percent, private market investments were down 27.23 percent, real estate was down 42.68 percent, and commodities were down 45.09 percent."

Signs of a recovery were also noted, as PSERS posted positive quarterly investment returns and added over \$2.5 billion in total assets since March 2009.

Van Noord continued, "We have seen the equity and commodity markets rebound sharply since the middle of March as worldwide government efforts to stabilize the markets have taken hold. PSERS earned a positive 9.11 percent return for the quarter ended June 30, 2009. This return was driven by PSERS' global equities, which were up 25.02 percent during the quarter, and commodities, which were up 15.96 percent. We are seeing signs that PSERS' private market investments are starting to stabilize but believe that more time is needed for the real estate markets to stabilize."

In addition, the long term investment returns for the fund remain positive. For the past five-year and 10-year periods ended June 30, 2009 PSERS returned 2.68 percent and 3.28 percent, respectively, outperforming the fund's policy benchmarks. Over the past 25 years the fund earned an annualized rate of return of 9.23 percent which remains above the fund's current assumed actuarial rate of return of 8.00 percent.

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“While signs of a recovery in the markets have begun to appear, PSERS remains guardedly optimistic. The economy faces stiff headwinds of high unemployment, high debt levels for consumers and the government, and a massive loss of consumer net worth estimated to be about \$14 trillion. In this uncertain environment, PSERS has made some strategic changes to its asset allocation, reducing global equities and creating a larger cash reserve. These allocation changes have allowed PSERS to reduce portfolio risk while providing ample liquidity to meet current and future commitments without untimely asset sales,” concluded Van Noord.

Additional detailed investment performance as of June 30, 2009 is available on PSERS’ website at: <http://www.psers.state.pa.us/invest/invest.htm>.

About the Pennsylvania Public School Employees’ Retirement System

PSERS is the 12th largest state-sponsored defined benefit pension fund in the nation. As of June 30, 2009, PSERS had total assets of \$43.2 billion and a membership of nearly 273,000 active school employees and 177,000 retirees. For more information visit PSERS’ website at www.psers.state.pa.us.

As of June 30, 2009 PSERS had 19.3 percent of its assets in non-U.S. equities; 11.2 percent in U.S. equities; 22.1 percent in U.S. and global fixed income investments; 16.9 percent in private markets; 11.2 percent in real estate, 4.0 percent in commodities, 7.4% in absolute return strategies, and 7.9 percent in cash and cash equivalents.