

# PSERS' Investment Portfolio

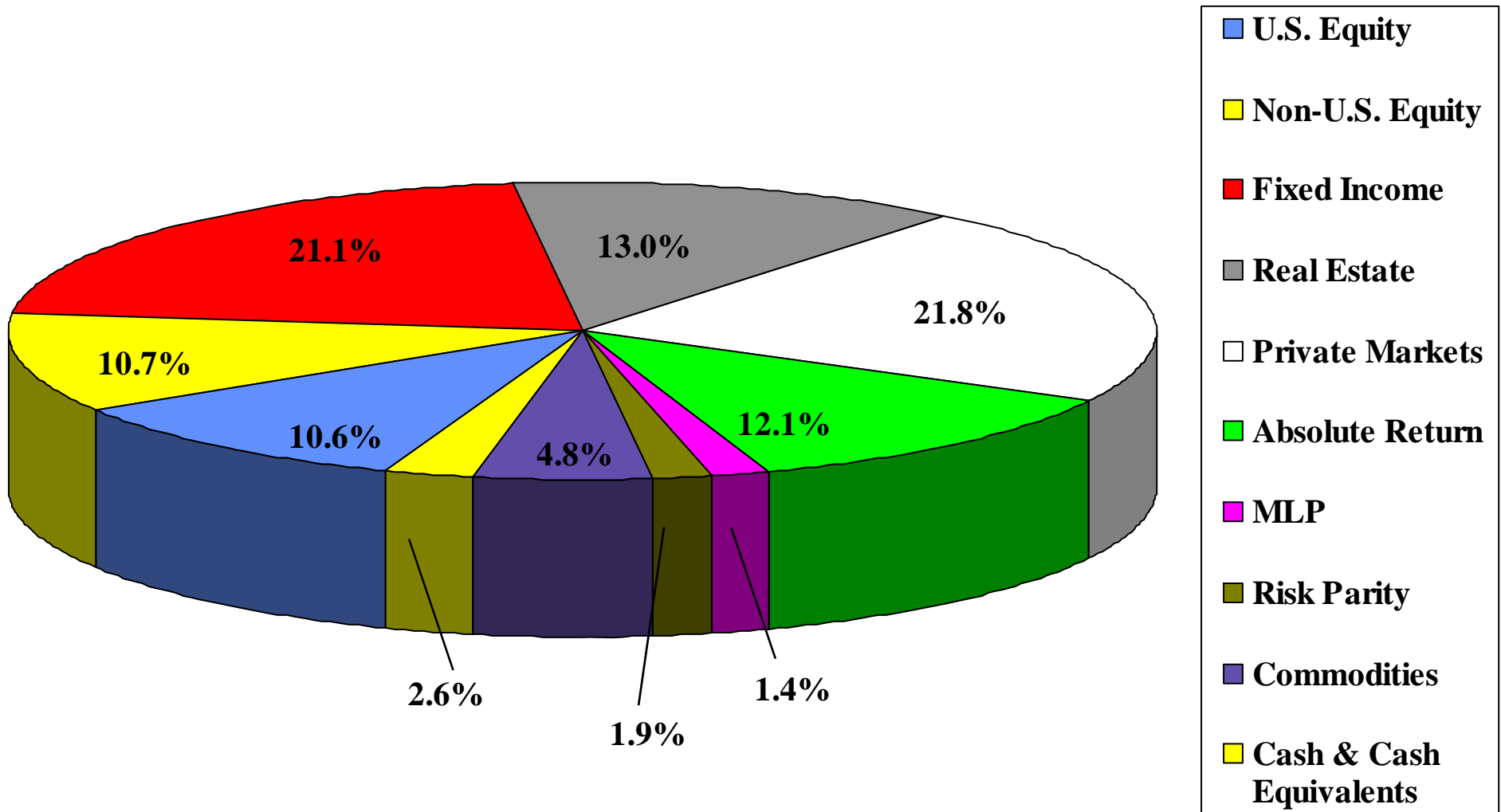
## Asset Allocation as of September 30, 2012 (Unaudited)

Asset Class	Market Value (in millions)	% of Total	Target Allocations	Policy Ranges
U.S. Equity	\$ 5,207.3	10.6%		
Non-U.S. Equity	<u>5,261.7</u>	10.7%		
Subtotal Public Market Equities	<u>10,469.0</u>	21.3%	21.50%	+/- 10.0%
Private Equity	8,157.9	16.7%		
Private Debt	1,623.7	3.3%		
Venture Capital	892.4	1.8%		
Subtotal Private Markets	<u>10,674.0</u>	21.8%	22.00%	
Real Estate	<u>6,358.6</u>	13.0%	12.25%	
Total Equity	<u>27,501.6</u>	56.1%	55.75%	+/- 10.0%
Global Fixed Income	3,734.4	7.6%	10.25%	+/- 9.0%
Treasury Inflation-Protected Securities (TIPS)	3,050.3	6.2%	5.00%	+/- 4.0%
US Long Treasuries	154.9	0.3%		
High Yield Fixed Income	3,441.9	7.0%	6.00%	+/- 4.0%
Cash and Cash Equivalents	<u>1,262.5</u>	2.6%	5.00%	+/- 5.0%
Total Fixed Income and Cash	<u>11,644.0</u>	23.7%	26.25%	+/- 10.0%
Absolute Return	5,924.8	12.1%	12.00%	+/- 4.0%
Commodities	2,339.4	4.8%	6.00%	+/- 4.0%
Master Limited Partnership	699.4	1.4%		
Risk Parity	<u>940.6</u>	1.9%		
<b>TOTAL INVESTMENT PORTFOLIO</b>	<b>\$ 49,049.8</b>	<b>100.0%</b>	<b>100.00%</b>	
Net Other Assets and Liabilities	<u>475.1</u>			
<b>PSERS TOTAL NET ASSETS</b>	<b><u>\$ 49,524.9</u></b>			

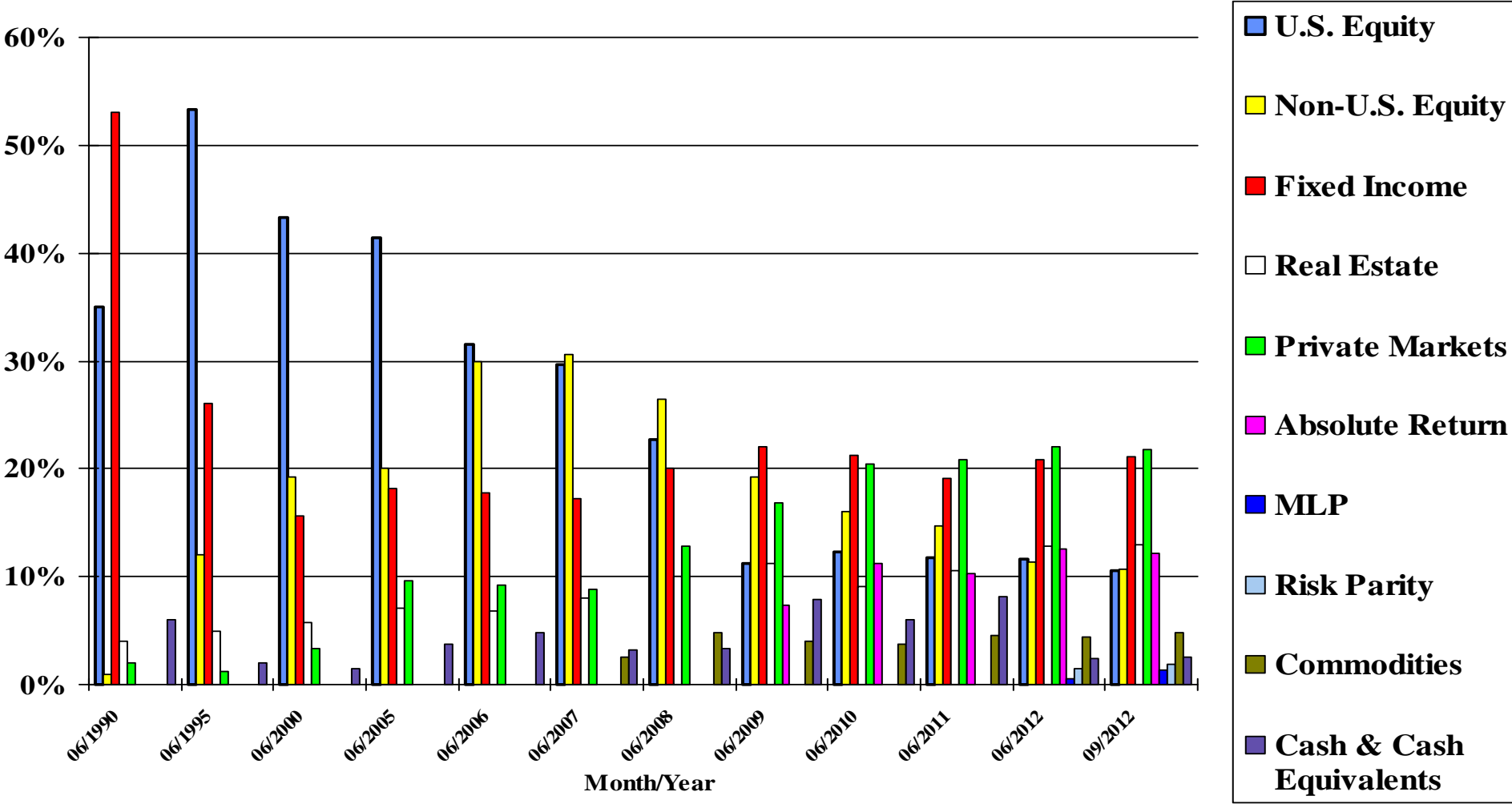
\* - includes Cash, Cash Equivalents, and net asset value accounting adjustments

# PSEERS' Investment Portfolio

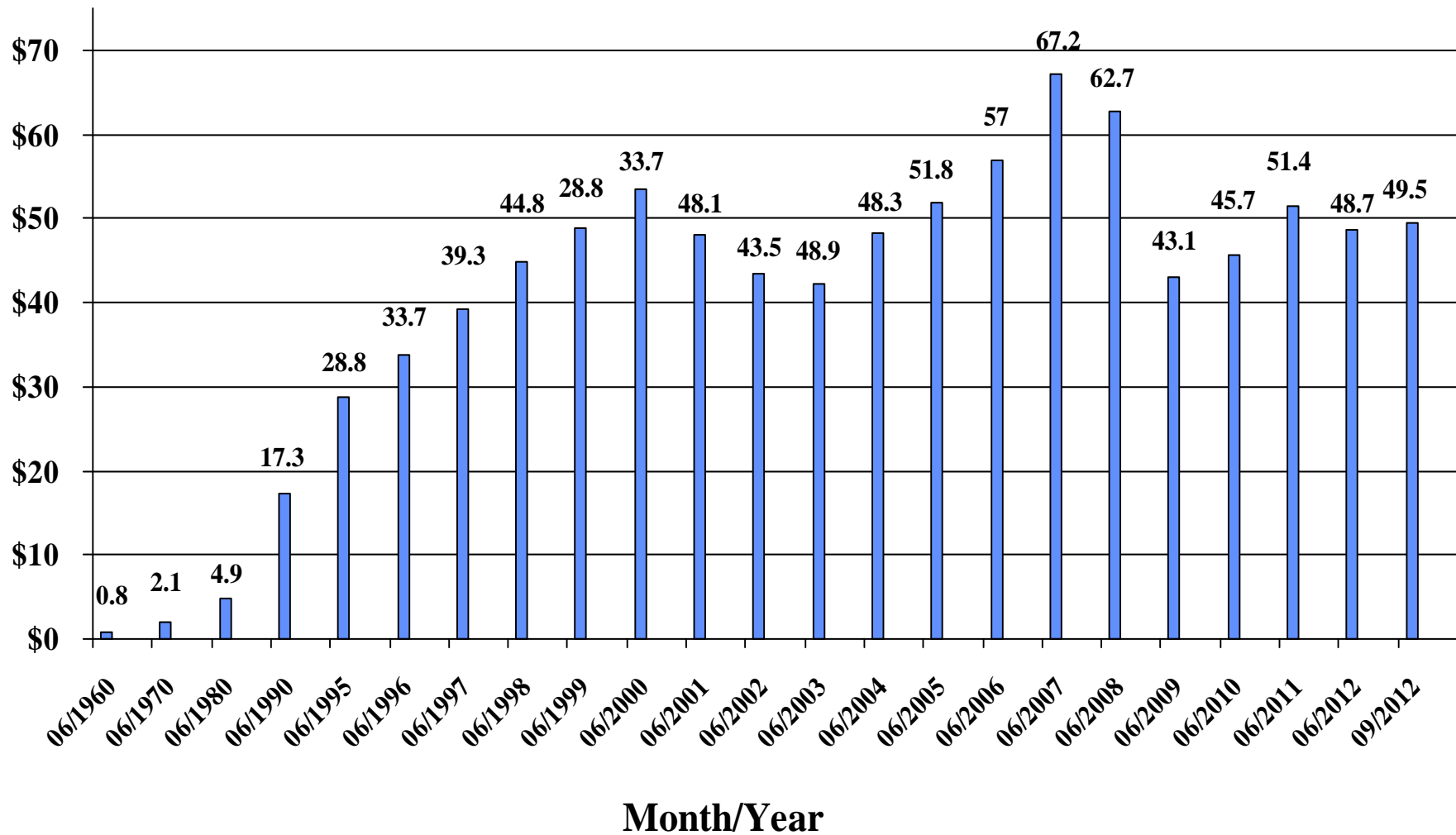
## Asset Allocation as of September 30, 2012 (Unaudited)



# PSERS' Historical Asset Allocation

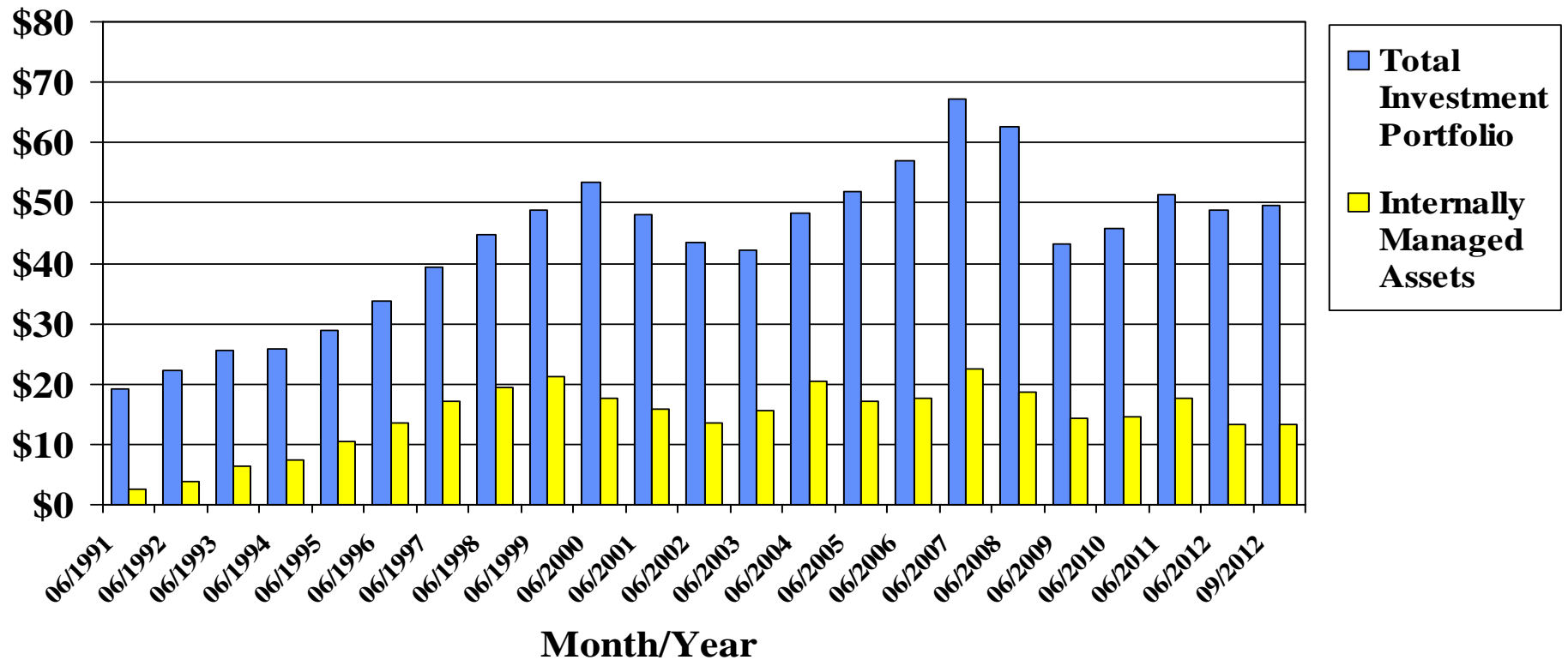


# PSERS' Investment Portfolio Total Market Value (in billions)



# PERS' Investment Portfolio

## Internally Managed Assets (in billions)



## PSERS' Summary Statements of Changes in Plan Net Assets For the Fiscal Years Ended June 30, 2012 and 2011

Additions:	2012 (in millions)	2011 (in millions)
• Member Contributions	953	1,043
• Employer Contributions	1,005	658
• Net Investment Income (Loss)	1,093	9,246
Total Additions	3,051	10,947
Deductions:		
• Pension Benefits	5,683	5,308
• Administrative Expenses	34	37
Total Deductions	5,717	5,345
Net Increase/(Decrease) in Plan Net Assets	(2,666)	5,602

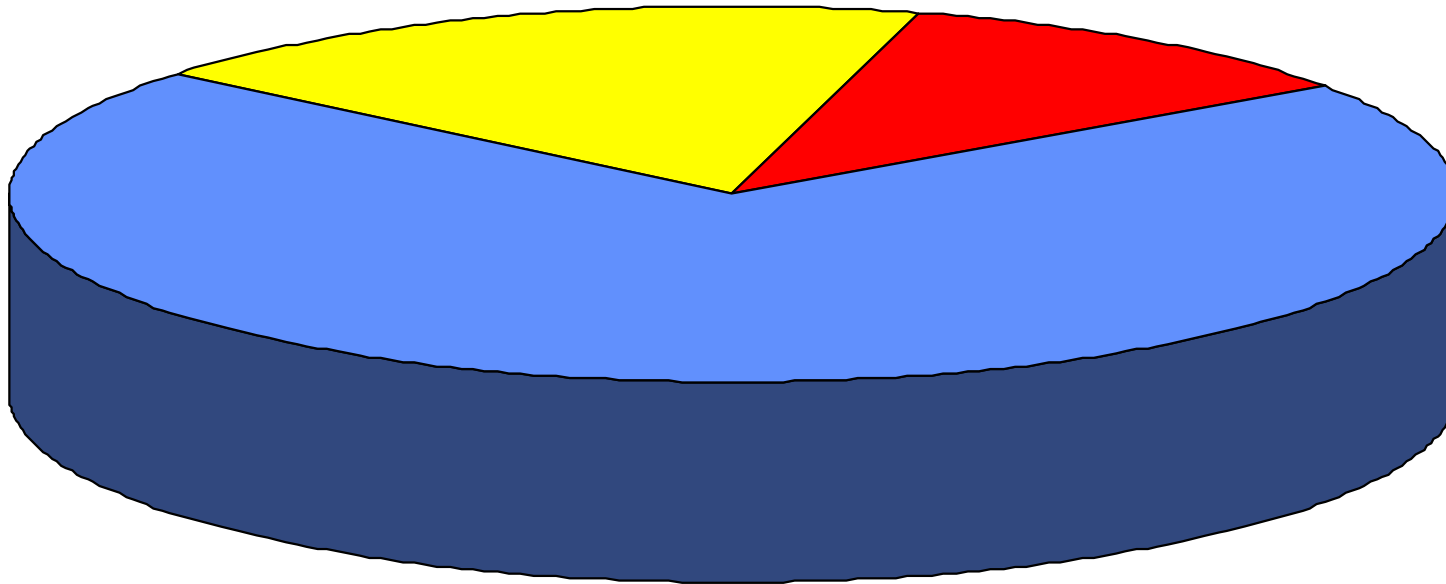
Source: PSERS 2012 CAFR: <http://www.psers.state.pa.us/publications/general/cafr.htm>

# PERS' Sources of Funding

## 10 Year History (Fiscal Year 2003 to 2012)

Employee Contributions  
\$8.7 Billion (18.0% of Total)

Employer Contributions  
\$5.4 Billion (11.0% of Total)



Investment Earnings  
\$34.4 Billion (71.0% of Total)

# PERS' Sources of Funding

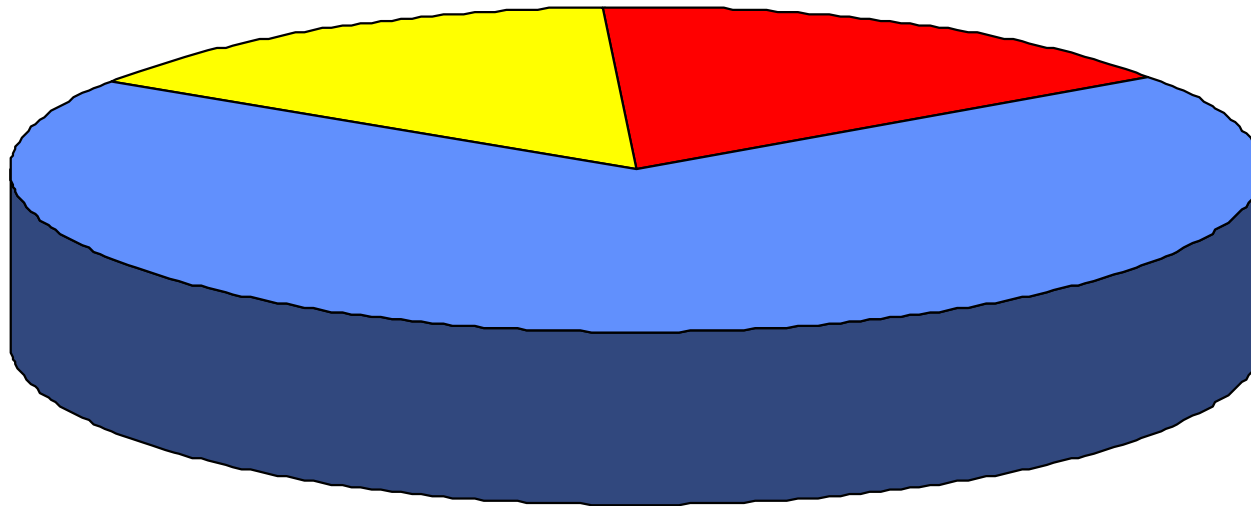
## 25 Year History (Fiscal Year 1988 to 2012)

Employee Contributions

\$15.3 Billion (14.8% of Total)

Employer Contributions

\$16.7 Billion (16.2% of Total)



Investment Earnings

\$71.4 Billion (69.0% of Total)

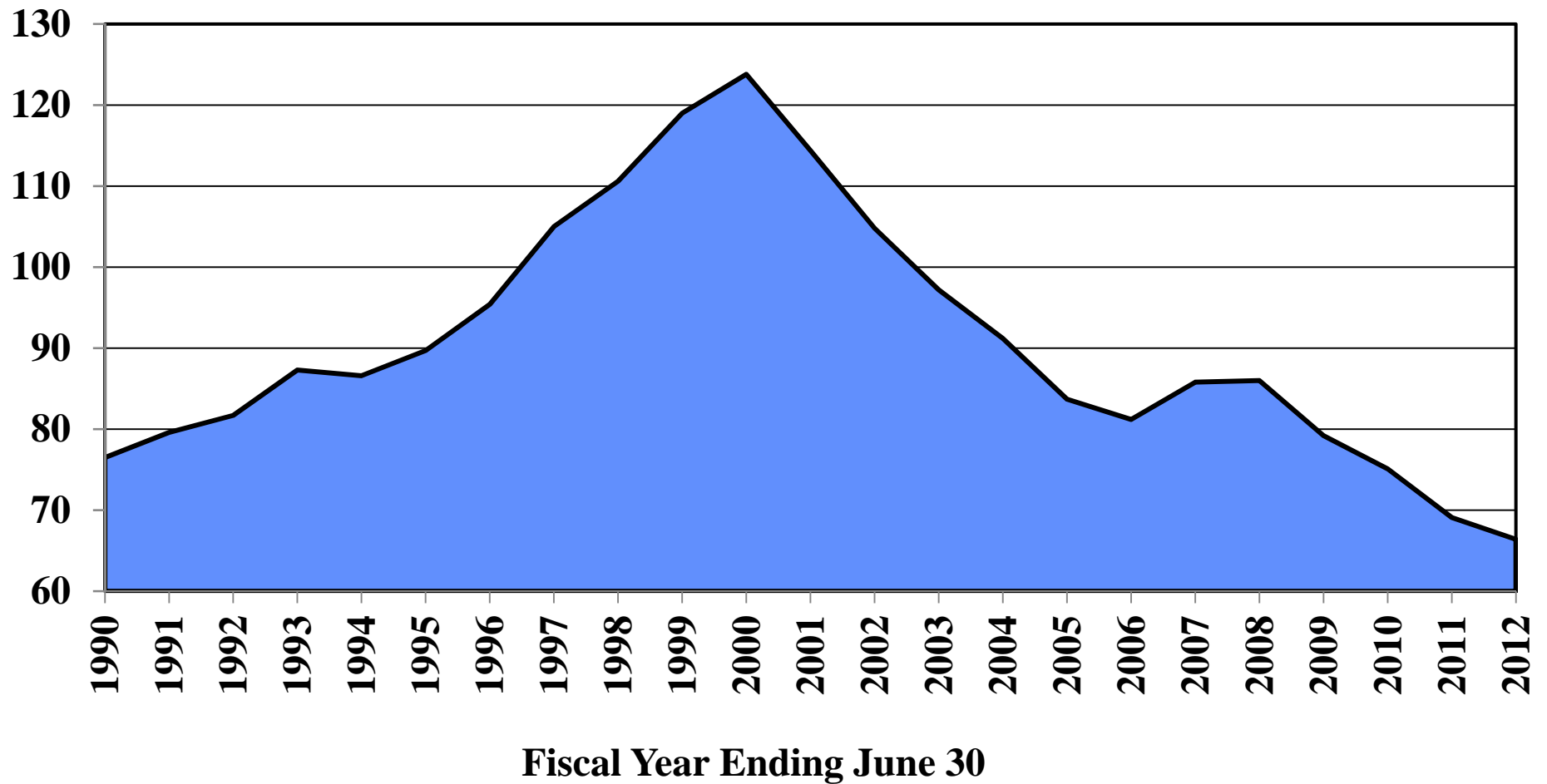


# PSERS' Funded Ratio – 1990 to 2012 (in millions)

<b>FY Ending June 30</b>	<b> -----Actuarial----- </b>		<b>Unfunded (Overfunded) Accrued Liability (\$)</b>	<b>Funded Ratio (%)</b>
	<b>Accrued Liability (\$)</b>	<b>Valuation Assets (\$)</b>		
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
1990	20,914	15,996	4,918	76.5

# PSERS' Funded Ratio – 1990 to 2012

(percentage)

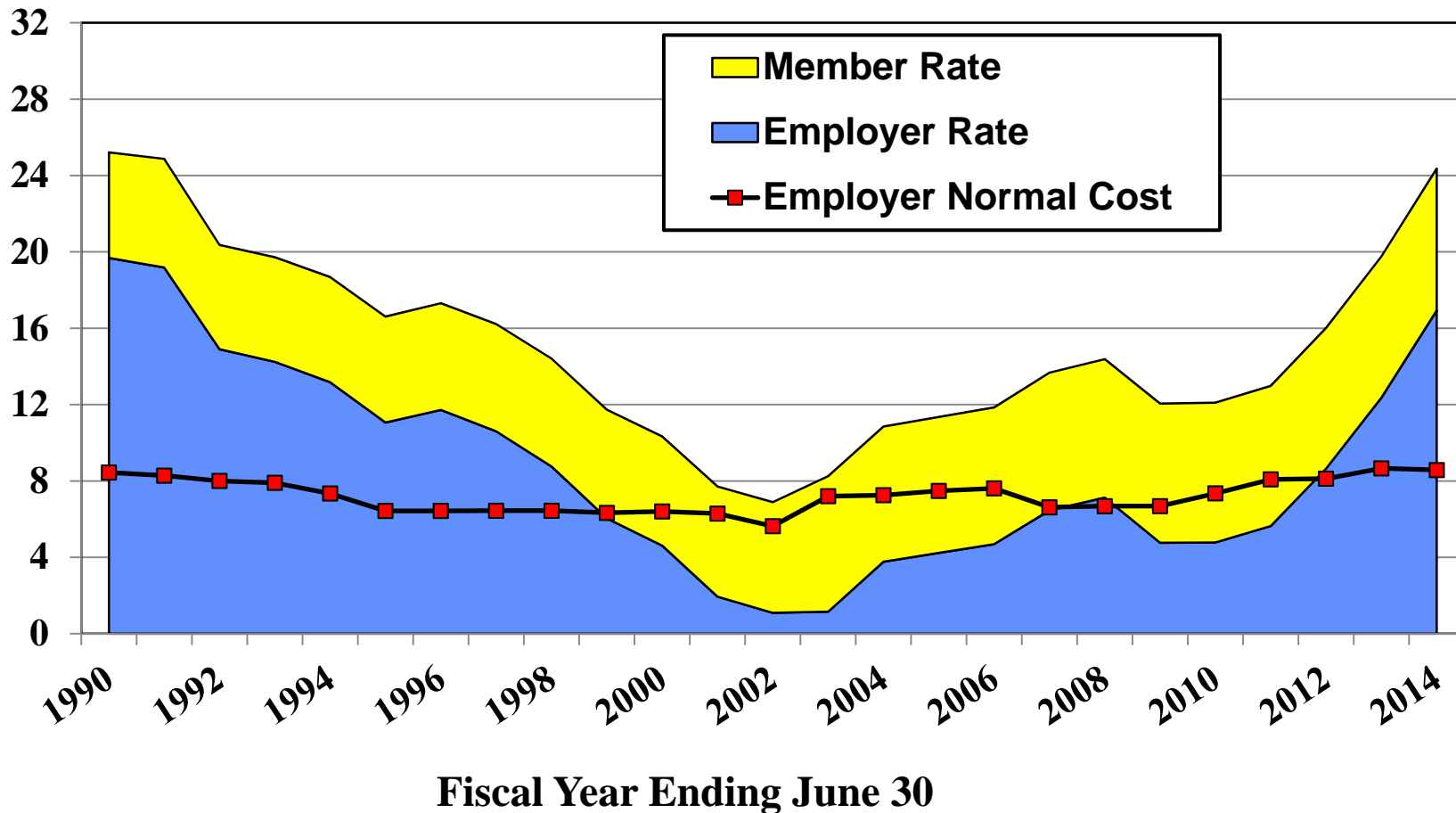


# Total Contribution Rates Since 1989-90

<b>Fiscal Year</b>	<b>Employer Rate *</b>	<b>Member Rate</b>	<b>Total Contribution Rate</b>
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 1989-90



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.