



## news release

for immediate release

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### **Pennsylvania SERS Announces 15.1% Return on Investments in 2017, Projects Savings for Employers**

HARRISBURG – The Pennsylvania State Employees' Retirement System today announced that it earned a 15.1% net-of-fees return on investments that added \$3.9 billion in investment income to the fund last year.

The 15.1% return is more than double the system's assumed rate of return of 7.25%. As a result of the additional return above the assumed rate, SERS projects approximately \$30 million in employer contribution savings for FY 2018-19 and \$530 million over the next five years.

"The SERS investment team manages a diversified fund which generated a meaningful risk-adjusted return by positioning the fund to benefit from strong equity markets," said SERS Chief Investment Officer Bryan Lewis. "In addition to managing the risks of the portfolio, we have also been working hard to negotiate lower fee structures and pursuing co-investments and similar opportunities to achieve better fee arrangements."

Since the end of the Great Financial Crisis of 2008, the SERS Fund earned 9.8% (annualized, net of fees from 4/1/09 – 12/31/17). During that same period, SERS reduced its annual investment manager expenses by more than \$100 million. In 2017, the Fund paid only 47 basis points (0.47% of the total fund) in investment manager expenses.

Other accomplishments over the year included restructuring the hedge fund program and implementing a Multi-Strategy asset class. "The Multi-Strategy asset class provides the board with greater diversity of investment opportunities," explained Lewis. "That flexibility allows the board and staff to be more strategic as the needs of the portfolio change over time, increasing our chances for higher risk-adjusted returns."

In addition, the SERS investment team expanded its emerging investment manager program to identify and gain early access to talented investment managers in public equity markets with the greatest opportunity to generate above index returns. The team also added value to the fund by actively reallocating \$1.0 billion of cash and investing in public markets.

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#### **Pennsylvania State Employees' Retirement System**

Established in 1923, SERS is one of the nation's oldest retirement plans for public employees, with more than 239,000 members and assets of more than \$29.3 billion. A wealth of information is available at [www.SERS.pa.gov](http://www.SERS.pa.gov).

#### **for more information**

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