

**PA SERS Board Approves Policies for Governance Manual
Approves Investment Policy for Soon-to-Launch Defined Contribution Plan
Invests \$175 Million in New Investments
Announces Investment Performance**

HARRISBURG – The board of the Pennsylvania State Employees’ Retirement System, during its meeting today, approved several key policies for a comprehensive governance manual, and approved the investment policy and default investment option for the defined contribution plan to launch in 2019.

The governance manual is the product of a multi-year project to evaluate board structure and policies, as well as industry best practices, and to establish an enhanced framework for the board’s structure, committees, duties and responsibilities.

The board engaged Funston Advisory Services, LLC, to conduct the review and its 2016 report became the basis for the governance manual. The policies adopted today will be effective immediately.

In business for the commonwealth’s soon-to-launch defined contribution plan established by Act 2017-5, the board approved a suite of 10 retirement date funds. The retirement date funds are designed to be long-term investments for participants with particular retirement dates in mind. The suite of retirement date funds includes nine funds separated in 5-year increments starting with 2020 and ending at 2060. A Post Retirement Fund is also available to participants.

“We are providing a diversified suite of investment options for new participants to help them reach their retirement goals,” said SERS’ Chief Investment Officer Bryan Lewis.

For participants who do not elect an investment option when they join SERS, the board also established age groups which will be used to default participants into an age-appropriate retirement date fund.

In other business, the board approved up to \$175 million in new commitments to the private equity asset class:

- **Up to \$75 million to Vista Equity Partners Fund VII, L.P.**, which will focus on large cap investments in enterprise software companies.
- **Up to \$75 million to NGP Natural Resources XII, L.P., and up to \$25 million to NGP Keystone, L.P.**, which will focus on making control upstream oil and gas investments using a buy and build strategy in North America.

The investments will be funded from cash subject to successful completion of contract negotiations.

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The board also received a quarterly report on the investment performance of the State Employees' Retirement Fund, which for the 12-month period ended June 30, 2018 earned 8.6%, net of fees.

Returns by asset class for the quarter and 12 months ended June 30, 2018:

Asset Class	Quarter ended 6/30/18	12-months ended 6/30/18
Global Public Equity	1.4	11.2
Private Equity	2.5	13.0
Real Estate	1.3	5.2
Multi-Strategy*	2.6	N/A
Legacy Hedge Funds	-4.6	-2.3
Fixed Income	-0.6	0.1
Cash	0.5	1.6
Total Fund	1.3%	8.6%

*October 1, 2017 inception date

As always with SERS' investment performance reporting, all returns are reported net of fees, and private equity and real estate returns lag by one quarter.

The board also approved the administrative and investment budgets for the SERS defined benefit pension system and the budget for the soon-to-launch defined contribution plan for commonwealth fiscal year 2019/2020.

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Pennsylvania State Employees' Retirement System

Established in 1923, SERS is one of the nation's oldest and largest retirement plans for public employees, with more than 239,000 members and assets of nearly \$29.8 billion. SERS also administers, through a partnership with a third-party administrator, a voluntary deferred compensation plan with nearly 56,000 participants and assets of more than \$3.5 billion. A wealth of information is available at www.SERS.pa.gov.

For more information

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