



Executive Update

March 27, 2024

Dear Employers,

During our March Board of Directors meeting, we held our annual economic and financial educational session with our investment managers. This was a good time for our board to review our investment portfolio and strategy.

Over the past few years, global economic uncertainty has created several challenges for pension fund fiduciaries. A partially closed economy, followed by one of the most aggressive federal tightening policies in history has caused higher than normal market volatility. Fortunately, due to the diversified nature of the PMRS' portfolio, our system has proved resilient through this turbulent cycle. The economy slowed in 2023 due to the interest rate hikes by the Federal Reserve deterring consumer spending. At the close of the fourth quarter of 2023, PMRS realized an investment gain of \$230.4 million. The market value of our assets remained steady around \$3.3 billion. Our long-term investment performance remains strong and is in the top 20 percent of national public pension funds.

Our investment managers indicated that the economic forecast for 2024 is projected to be steady. We are cautiously optimistic, however; we will continue to evaluate the markets and economic conditions to carefully manage our investments to protect our members' retirement assets.

PMRS remains committed to making sound investments and providing the best service possible to our members with their pension administration needs. This year, PMRS is celebrating 50 years as Pennsylvania's local governments' choice for pension administration. More than 50 years ago, PMRS was a small division within the Pennsylvania Department of State. In February 1974, the Pennsylvania Legislature signed Act 15 into law creating the Pennsylvania Municipal Retirement System as an independent agency. We have grown significantly through the years, serving 18,000 members with plans that span across 64 of the 67 counties. While we have grown, our commitment to administering local government's pension remains the same.

However, we are always focusing on how we can improve our services. Over the next year, we will continue to focus on our operations.

This year, we are collecting feedback from our employers and members to further build our strategic plan. The feedback received will enable us to expand our commitment to providing better communication, more pension education, and providing quality services. Our goal is to empower our members to make sound retirement decisions and improve the employers' experience by building a stronger relationship to help successfully manage your pension plans.

P.O. Box 1165 | Harrisburg, PA 17108-1165

P: 1-800-622-7968 | 717-787-2065 | F: 717-783-8363

www.pmr.pa.gov

PMRS is excited for the year ahead and wants to thank you for your ongoing support.

Sincerely,

A handwritten signature in black ink that reads "Timothy A. Reese". The signature is written in a cursive style with a long horizontal stroke at the beginning.

Timothy A. Reese
Chief Executive Officer
Pennsylvania Municipal Retirement System