



Executive Update

November 19, 2022

Following the final PMRS board meeting for 2021, I want to reflect on some key accomplishments from the past 12 months and provide a preview of the year ahead.

Financial Reporting

Since completing the long-delayed implementation of our administrative and financial technology upgrades this summer, we have focused on unwinding the backlog of financial reporting that has burdened our members and employers.

This week, we successfully completed the 2019 financial reporting cycle. After a clean review by our auditors, PMRS posted the [2019 Annual Comprehensive Financial Report](#) to our website. PMRS is actively working on the 2020 financials and while there are many moving parts, we expect 2020 reports to begin rolling out during the first quarter, and for 2021 reporting to be completed next year as well.

Investments

PMRS' investments continue to perform well, and our portfolio is positioned strongly for the future. As our [preliminary investment report](#) illustrates, through the third quarter, our fund has \$3.4 billion in assets and has grown by 9.7 percent or \$307 million in 2021. For the past 12 months, our one-year return was 24.2 percent or \$675 million.

While the economy continues its robust recovery, there are potential headwinds looming. This year, PMRS instituted a new investment strategy moving to a more passive management philosophy while also looking for opportunities to maximize returns with active managers. This will better position PMRS even in turbulent times while significantly reducing investment fees.

Operations

We are fully staffed, have significantly increased the size of our client services team, made key hires in communications, processing, and accounting to strengthen and expand our service capabilities. As a result, processing backlogs and response times are shrinking.

We are communicating more with members and employers by providing regular updates through the website and email, holding road shows, and one-on-one calls. This summer, we resumed in-person meetings with members and employers across the commonwealth and these will continue to increase in the year ahead.

Our project management office continues to prioritize top projects for 2022 including enhanced case

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management capabilities and auto-generated correspondence that will allow PMRS to easily create letters to update members on changes to their pension accounts. Both projects will free up staff time and restore member and employer satisfaction and confidence.

By any measure, PMRS has made great strides in 2021. I am proud of our accomplishments since I joined the organization a year ago, and thank our employers and members for their ongoing patience and support. I am confident that 2022 will bring continued improvements that not only meet but exceed prior levels of client service.

Sincerely,

A handwritten signature in black ink that reads "Timothy A. Reese". The signature is written in a cursive style with a long horizontal line extending from the end.

Timothy A. Reese
Chief Executive Officer
Pennsylvania Municipal Retirement System

