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Memorandum

To: Liaison Officers  
  
From: Tina Leiss, Operations Officer  
  
Date: October 13, 2008  
  
Re: PERS' Investment Program

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Members and beneficiaries of the Public Employees' Retirement System (PERS) may be concerned about the impact of current financial markets on their retirement benefits. PERS has posted information regarding the soundness of the investment program on the front page of our website. This information is also set forth below for your review. Please direct any employees with questions on this issue to our website at [www.nvpers.org](http://www.nvpers.org).

Understandably, we have had a number of inquiries regarding the impact of the financial crisis on PERS' investment program and our ability to pay benefits now and in the future. PERS continues to be fiscally sound, and the current markets do not pose a threat to PERS' ability to pay benefits.

Since PERS has a very long term investment horizon we have the ability to ride out, and profit from, volatile markets. PERS holds over 5,000 securities in over 20 countries. Due to the fund's broad diversification strategy, notably our holdings in bonds and real estate, the fund experiences less volatility than the broad stock markets.

During the last 24 years, the U.S. has experienced three separate bear markets and three recessions. Through all of that volatility, PERS' long term total return is still over 10% per year, net of fees. The reason is PERS' unwavering commitment to its conservative, long term investment strategy.

You may read that the portfolio has lost billions of dollars in the past few months. The portfolio's value is formally measured once per year for actuarial purposes. Short term volatility does not influence the long term health of the pension plan, and the portfolio can make money just as easily as lose it in these environments. For example, in the stock market rally on October 13, 2008 the portfolio earned \$1.1 billion in a single day. Even with the challenging stock markets, as of October 13 the fund was \$19.1 billion in size.

It has been said that investing is simple, but not easy. Successful investors follow a few basic rules. Diversify, keep costs low, develop a sound long-term strategy and consistently implement it regardless of the market environment. It is the last part that is difficult in bear markets.

It can be very hard to buy stocks when a financial crisis dominates the landscape. However, this is exactly when successful investors position themselves to make money – by buying assets when they are undervalued. PERS has been methodically rebalancing into U.S. and international stocks the past few days, and will keep doing so if stocks continue to trade as they have lately - at some of their cheapest levels in the last 30 years.

PERS has historically ranked competitively compared to other large public pension plans in challenging markets, and this environment is no different. While these are difficult times in the investment markets, PERS' unwavering commitment to sound investment principles will enable the fund to continue to generate competitive results for decades to come.

If any of your employees have additional questions regarding the PERS' investment program, they may contact PERS directly. We would be happy to address any questions your employees have about their retirement system.