

Press Release

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MARYLAND
STATE RETIREMENT
and PENSION SYSTEM

For Immediate Release

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The Maryland State Retirement and Pension System Earns 3.6% During Volatile FY 2020 *Fund grows \$563 million to nearly \$55 billion*

Baltimore, MD (August 14, 2020) — The Board of Trustees of the Maryland State Retirement and Pension System (MSRPS) today announced that its portfolio returned 3.57%, net of fees, on investments for the fiscal year that ended June 30, 2020. The fiscal year returns reflect the ongoing impact of the COVID-19 pandemic on global markets. Although the fiscal year earnings fell short of the System’s 7.40% assumed actuarial return rate, it exceeded the policy benchmark of 3.14% by 43 basis points. The policy benchmark is a standard for comparing a portfolio’s performance in the market from which the manager selects securities. The fund’s performance raised the system’s assets to \$54.8 billion, an increase of \$563 million over last year.

“It was a difficult year to generate the System’s long-term actuarial rate of 7.4%,” said Andrew C. Palmer, Chief Investment Officer. “Of our major asset classes, only our Rate Sensitive portfolio (investment grade and inflation protected bonds) generated returns above the actuarial rate. Private Equity was the best performer on a relative basis, exceeding the benchmark by 4.4%. The System was fortunate to have an allocation to long duration bonds and limited exposure to sectors that struggled such as energy, commodities, and retail. Active managers had an unusually large range of under and outperformance, but overall were additive to the return.”

MSRPS Asset Performance for Fiscal Year 2020

Asset Class	Asset Allocation	Return	Benchmark	Excess
Private Equity	14.2%	2.46%	-1.94%	4.41%
Public Equity	36.1%	2.00%	0.36%	1.64%
Real Assets	11.9%	-4.43%	-2.97%	-1.45%
Absolute Return	7.8%	-2.47%	-0.12%	-2.35%
Credit	9.3%	-0.43%	-0.06%	-0.37%
Rate Sensitive	18.6%	18.10%	17.15%	0.94%
Multi Asset	1.5%	2.93%	2.99%	-0.06%
Cash	0.5%	5.08%	1.56%	3.52%
Total	100.0%	3.57%	3.14%	0.43%

“With lessons learned from the Great Recession a decade ago, the Board of Trustees has carefully designed a well-balanced portfolio of investments to mitigate against events like the COVID-19 pandemic,” said State Treasurer Nancy K. Kopp, Chair of the Maryland State Retirement and Pension System Board of Trustees. “It’s important to remember that we are long-term investors who make decisions based on an investment horizon that stretches across decades. Over the last ten years, earnings have averaged 7.6%, above the plan’s expected rate of return and consistent with the Board’s investment policy.”

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