



**Special Retirement Board  
Meeting Agenda  
Wednesday, June 18, 2025**

**Click Link to Join Zoom Meeting:**

<https://ohsers.zoom.us/j/94087531196?pwd=lcZ9KkbYsXn5dUs4ZOFINB3MnOzAiY.1>

**Meeting ID:** 940 8753 1196

**Password:** 12345

To join by phone, dial: (301) 715-8592 and enter the meeting ID: **940 8753 1196** and password: **12345** when prompted.

**PLEDGE OF ALLEGIANCE**

1. Oath of Office
2. Board Member Proclamation
3. Roll Call

**CONSENT AGENDA (R)**

4. Approval of **May 15, 2025** Board Meeting Minutes
5. Summary of Investment Transactions – **April 1, 2025 through April 30, 2025**
6. Retirement Report
  - o Superannuations, Survivor Benefits, and Transfers
  - o Special Cases
7. Disability Report
  - o Approval of Disability Benefits
  - o Disapproval of Disability Benefits
  - o Approval of Appeal for Disability Benefits
  - o Termination of Disability Benefits – Any Occupation
  - o Approval of Appeal of Termination – Any Occupation
  - o Disapproval of Appeal of Termination – Any Occupation
  - o Disapproval of Appeal of Termination on Personal Appearance – Any Occupation

**INVESTMENT REPORT**

8. Educational Session under R.C. 171.50 and 3309.051 – Fixed Income Market Update and Portfolio Review by Dodge & Cox
9. Monthly Investment Report
10. Statement of Investment Policy Amendments (R)
11. FY2026 Annual Investment Plan Discussion (R)

**EXECUTIVE DIRECTOR'S REPORT**

12. Executive Director's Update
13. Review of Administrative Expenses
14. FY 2026 Administrative Budget (R-2)

**HEALTH CARE REPORT**

15. Approval of 2026 Health Care Premiums and Plan Design Changes (R)
16. Premium Discount Program (R)

**AUDIT COMMITTEE REPORT**

17. Audit Committee Update
18. Executive Session pursuant to R.C. 121.22 (G)(1) to discuss the employment and compensation of a public employee (R)

**COMPENSATION COMMITTEE REPORT**

19. Compensation Committee Update
20. Executive Session pursuant to R.C. 121.22 (G)(1) to discuss the employment and compensation of a public employee (R)

**RETIREMENT REPORT**

21. Executive Session pursuant to R.C. 121.22 (G)(5) to review applications for Disability Retirement Benefits (*if needed*) (R)

**EXECUTIVE DIRECTOR'S REPORT (cont.)**

22. Board Self-Assessment Discussion

**BOARD COMMUNICATION AND POLICY ISSUES**

23. Calendar Dates for Future Board Meetings
24. Board Officer Elections
25. Continued or New Business
  - Board Information Requests and Follow-up Items

**ADJOURNMENT (R)**

**OATH OF OFFICE**

OATH OF OFFICE OF JEFFREY T. DELEONE  
MEMBER OF THE RETIREMENT BOARD OF THE  
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

STATE OF OHIO            )  
                                  ) ss:  
COUNTY OF FRANKLIN)

I, JEFFREY T. DELEONE, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of Ohio; that I will not knowingly violate or willfully permit to be violated any of the provisions of law applicable to this Retirement System, and that I will diligently and honestly administer the affairs of the said office and duties as a member of the Retirement Board of the School Employees Retirement System of Ohio during the period for which I was appointed.

\_\_\_\_\_  
JEFFREY T. DELEONE

SWORN TO and SUBSCRIBED before me this 18<sup>th</sup> day of June 2025.

\_\_\_\_\_  
Notary Public

ATTESTED BY:

\_\_\_\_\_  
Richard Stensrud, Executive Director

\_\_\_\_\_  
Matthew King, Chairperson

The Retirement Board of the School Employees Retirement System of Ohio  
adopted the following resolution on June 18, 2025  
to honor James Haller

**WHEREAS**, the School Employees Retirement System of Ohio provides pension benefits to nearly 246,000 active and retired non-teaching public school employees; and

**WHEREAS**, Mr. James Haller has served with distinction as a Trustee of the School Employees Retirement System as an active member representative since 2016; and

**WHEREAS**, He took seriously his fiduciary duty on behalf of the entire membership and was a trusted resource who spoke to the impact of system changes on every worker, especially those involved in manual labor positions, including custodians and maintenance workers; and

**WHEREAS**, Mr. Haller's collaboration with fellow Board members was noteworthy during the pension and health care sustainability discussions designed to keep SERS financially solvent well into the future; and

**WHEREAS**, Mr. Haller was a dependable and dedicated in-person attendee during his entire service on the Board, with his steadfast presence offering stability and constancy to meetings and discussions; and

**WHEREAS**, Mr. Haller's thoughtful and conscientious leadership style, along with his quiet confidence and strength of character, have been instrumental in shaping investment and health care policies that will affect the system's financial strengths for many years to come; now therefore;

**BE IT RESOLVED**, that the Retirement Board of the School Employees Retirement System of Ohio applauds and recognizes Mr. James Haller for his stewardship, service, and dedication to the retirement security of Ohio's non-teaching public school employees.

FY2025 SERS Board Roll Call

Matthew King	_____
Catherine Moss	_____
Jeanine Alexander	_____
Jeffrey DeLeone	_____
James Haller	_____
James Rossler	_____
Aimee Russell	_____
Frank Weglarz	_____
Daniel Wilson	_____

## **JUNE 2025 CONSENT AGENDA**

1. Minutes of the
  - a. **May 15, 2025**, Retirement Board meeting
2. Summary of Investment Transactions – **April 1, 2025 to April 30, 2025.**
3. Retirement Report
  - a. Superannuations, Survivor Benefits, and Transfers
  - b. Special Cases
4. Disability Report
  - a. Approval of Disability Benefits
  - b. Disapproval of Disability Benefits
  - c. Approval of Appeal for Disability Benefits
  - d. Termination of Disability Benefits – Any Occupation
  - e. Approval of Appeal of Termination – Any Occupation
  - f. Disapproval of Appeal of Termination – Any Occupation
  - g. Disapproval of Appeal of Termination on Personal Appearance – Any Occupation

**APPROVAL OF CONSENT AGENDA**

\_\_\_\_\_ moved and \_\_\_\_\_ seconded the motion to approve the Consent Agenda for **June 18, 2025**, which includes the following items:

1. Minutes of the
  - a. **May 15, 2025**, Retirement Board meeting
2. Summary of Investment Transactions – **April 1, 2025 to April 30, 2025.**
3. Retirement Report
  - a. Superannuations, Survivor Benefits, and Transfers
  - b. Special Cases
4. Disability Report
  - a. Approval of Disability Benefits
  - b. Disapproval of Disability Benefits
  - c. Approval of Appeal for Disability Benefits
  - d. Termination of Disability Benefits – Any Occupation
  - e. Approval of Appeal of Termination – Any Occupation
  - f. Disapproval of Appeal of Termination – Any Occupation
  - g. Disapproval of Appeal of Termination on Personal Appearance – Any Occupation

Upon roll call, the vote was as follows:

<b><u>ROLL CALL:</u></b>	<b><u>YEA</u></b>	<b><u>NAY</u></b>	<b><u>ABSTAIN</u></b>
Catherine Moss	_____	_____	_____
Jeanine Alexander	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Matthew King	_____	_____	_____

# SERS Retirement Board Meeting Minutes

## May 15, 2025

The nine hundredth and seventy-ninth meeting of the Retirement Board of the School Employees Retirement System was held in the boardroom at 300 E. Broad Street, Columbus, Ohio, and streamed via Zoom videoconferencing on Thursday, May 15, 2025.

### Pledge of Allegiance

The SERS Retirement Board meeting convened at 8:30 a.m. with the Pledge of Allegiance.

### Roll Call

The roll call was as follows: Matthew King, Jeffrey DeLeone, Jeanine Alexander, James Haller, James Rossler, Aimee Russell, Frank Weglarz, and Daniel Wilson. Absent (excused): Catherine Moss. Also attending virtually was Lisa Reid, representative of the Ohio Attorney General's Office. Various members of the SERS staff attended in person while other SERS staff members and members of the public attended virtually.

### Approval of Out-Of-State Board Travel

James Rossler moved and James Haller seconded the motion that the travel request by a Board Member to travel and receive reimbursement for the following out-of-state conference and meeting expenses be approved.

Conference	Attendee	Conference Date(s)	Conference Location	Estimate of Expenses
IFEBP Advanced Trustees and Administrators Institute	Frank Weglarz	June 23 – 25, 2025	Nashville, TN	\$4,352

Upon roll call, the vote was as follows: Yea: Jeanine Alexander, Jeffrey DeLeone, James Haller, James Rossler, Aimee Russell, Frank Weglarz, Daniel Wilson, and Matthew King. Absent: Catherine Moss. The motion carried.

### Consent Agenda

The consent agenda for **May 15, 2025**, included:

- **Minutes** of the April 17, 2025 Retirement Board Meeting.
- **Summary of Investment Transactions** for the period of March 1, 2025, to March 31, 2025.
- **Retirement Report** – Superannuations and Survivor Benefits (no transfers for May 2025).
- **Disability Report** – Approval of Disability Benefits, Disapproval of Disability Benefits, Termination of Disability Benefits – Any Occupation.

Frank Weglarz moved and Jeanine Alexander seconded the motion to approve the Consent Agenda of the Retirement Board meeting held on Thursday, May 15, 2025. Upon roll call, the vote was as follows: Yea: Jeanine Alexander, Jeffrey DeLeone, James Haller, James Rossler, Aimee Russell, Frank Weglarz, Daniel Wilson, and Matthew King. Absent: Catherine Moss. The motion carried.

### Investment Report

#### **Asset Class Benchmark Review – Wilshire Associates**

SERS Chief Investment Officer, Farouki Majeed, introduced Joanna Bewick of Wilshire Associates, who provided an update on the Asset Class Benchmarks for the SERS retirement fund. Ms. Bewick began her presentation stating that the purpose of benchmarking is to serve as a clear and objective means of evaluating performance. Benchmarks provide investors with a realistic and achievable starting point.

Ms. Bewick summarized benchmarking as:

- **Performance Attribution** - Decomposition of sources of return, such as asset allocation, active vs. passive management, manager skill, etc.

# SERS Retirement Board Meeting Minutes

## May 15, 2025

- **Insight on Risks/Returns** - Insight into the level of risk being taken to generate return and the volatility of return over time.
- **Manager Evaluation** - Measure against which manager performance can be evaluated to assist in retention/termination decisions.

Ms. Bewick continued, stating that the appropriate benchmark is a function of the return and risk characteristics of the asset class or portfolio being measured. According to the CFA Institute, a valid benchmark should possess the following characteristics, aligning the benchmark's style and risk with the asset class or manager:

- **Specified in advance:** The benchmark should be known at the start of the period.
- **Appropriate/Relevant:** The benchmark should be consistent with the investment approach and style.
- **Measurable:** Its value and return can be determined on a reasonably frequent basis.
- **Unambiguous:** Clearly defined identities and weights of securities constituting the benchmark.
- **Reflective of the current investment options:** The managers have current knowledge and expertise of the securities in the benchmark.
- **Accountable:** The manager(s) should accept the applicability of the benchmark and agree to accept differences in performance between the portfolio and benchmark as caused only by active management.
- **Investable:** The benchmark should be possible to replicate and forgo active management.

Ms. Bewick continued, providing an overview of each type of asset class and the benchmarks used for each one. SERS' asset classes are Global Equity, Global Private Equity, Global Fixed Income, Global Private Credit, Real Estate, Infrastructure, Opportunistic and Tactical, and Cash Equivalents. Ms. Bewick provided the board with several viable alternative benchmarks that should be considered.

After a robust discussion and several questions, the Board thanked Ms. Bewick for her report.

### Quarterly Performance Report – Wilshire Associates

Joanna Bewick continued with a quarterly performance report. Ms. Bewick reported that the U.S. stock market was down 4.8% for the first quarter but is up 7.1% for the past year. Ms. Bewick reported that two of the largest sectors by market capitalization were down in double-digits; information technology was down 12.9% and consumer discretionary spending was down 13.5%.

Ms. Bewick also reported that the German lawmakers have approved a massive increase in defense and infrastructure spending, along with an atypical increase in the country's debt. Ms. Bewick also reported following the announcement of several stimulative macroeconomic policies in China last year, early indicators show strength in the manufacturing sector. Additional stimulus measures were announced in March amid trade tensions with the United States. Ms. Bewick closed her report stating that trade tariffs continue to spark uncertainty in the market. Following several questions, the Board thanked Ms. Bewick for her presentation.

### Quarterly Investment Report – As of February 28, 2025

Chief Investment Officer, Farouki Majeed, provided a SERS Chief Investment Officer, Farouki Majeed, followed up and provided a quarterly investment presentation. Mr. Majeed reported that US inflation is flat at 3% and the fed has held interest rates steady for the last few months. Mr. Majeed reported that the investment staff is continuing to review and find ways to grow the retirement fund even when the economy is declining and there remains a risk of recession. Following several questions and a robust discussion, the Board thanked Mr. Majeed and his staff for all their hard work.

### FY2026 Annual Investment Plan – Draft Discussion

SERS Chief Investment Officer, Farouki Majeed, provided an update on the FY26 Annual Investment Plan. The Board's Statement of Investment Policy (SIP) requires the Chief Investment Officer to prepare and present an Annual Investment Plan (Plan) to the Board for its approval. The following document outlines the recommended

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Plan for Fiscal Year (FY) 2026. As in prior years, the Plan reviews the economic environment based upon consensus reports from leading sources, SERS' asset allocation target and long-term performance objective for each portfolio, previous year's objectives and accomplishments, a review of the market conditions over the last year and objectives for FY2026. Implementation Guidelines for each asset class portfolio are included to provide further details on how each portfolio will be managed in the coming year relative to portfolio construction parameters and risk limits. This Plan is meant to be a living document subject to adjustment during the year. If circumstances change or opportunities arise during the year, items that may lead to intra-year changes to the Plan or Strategy Statements will be discussed with the Board.

Mr. Majeed concluded, stating that as of March 31, 2025, Total Fund net returns of 11.24% over five years and 8.03% over ten years exceed the actuarial rate of 7.00% by a good margin, thus improving the Plan's funded ratio. Staff will remain focused on adding value relative to policy benchmarks and managing risks and costs. Staff appreciates the support and guidance from the Board in FY2025 and looks forward to working with the Board in FY2026 for another successful year. Following a brief discussion, the Board thanked Mr. Majeed for his presentation.

### **FY26 Investment Department Incentive Program (Possible Vote)**

Executive Director Richard Stensrud presented the proposed Investment Department Incentive Plan for FY 25-26 for the Board's consideration. Mr. Stensrud explained that the amount of any investment staff performance compensation to be paid in the upcoming fiscal year is determined pursuant to the Investment Department Incentive Plan approved by the Board each Spring ('Plan'). Mr. Stensrud noted the Plan contains a number of provisions that control whether and how much performance compensation has been earned. Those controls include:

- The use of investment benchmarks approved by the Board;
- The performance relative to those benchmarks is determined by an independent performance and analytics consultant (currently BNY Mellon) and verified by SERS' Investment Accounting staff;
- The individual performance compensation is calculated by the Assistant Director of Finance;
- Those calculations are reviewed and verified by the Chief Audit Officer.

Mr. Stensrud continued, stating that each year the Plan is reviewed by the Incentive Plan Committee, which also proposes potential changes to the Plan. The Incentive Plan Committee is comprised of the Executive Director, the Deputy Executive Director, the General Counsel, the Assistant Director for Financial Accounting, the Director of Administrative Services and the Chief Investment Officer.

Mr. Stensrud reported that this year the Incentive Plan Committee is proposing minor changes to the Plan effective FY2026. Those changes designate who will serve as a backup to parties involved in the calculations. No substantive changes are proposed to the process or calculations.

The Board had no questions regarding the proposed changes to the Plan. Frank Weglarz moved and Aimee Russell seconded the motion to approve the Investment Department Incentive Plan for fiscal year ending June 30, 2026, which replaces the Fiscal Year 2025 Investment Department Incentive Plan approved May 16, 2024. Upon roll call, the vote was as follows: Yea: Jeanine Alexander, Jeffrey DeLeone, James Haller, James Rossler, Aimee Russell, Frank Weglarz, Daniel Wilson, and Matthew King. Absent: Catherine Moss. The motion carried.

The Board took a break at 10:07 a.m.

The Board reconvened in open session at 10:20 a.m.

### **Healthcare Update**

#### **Presentation of 2026 Self-Insured Rates – CavMac**

Alisa Bennett of CavMac provided an update on the preliminary plan for Health Insurance Cost Estimates for Self-Funded Plans for 2026. Ms. Bennett reported that Cavanaugh Macdonald used 2023 and 2024 medical

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data to set 2026 rates. Ms. Bennett also reported that there will be changes to Medicare Part D in 2025 that will impact federal reimbursements in 2025 and beyond.

Ms. Bennett stated industry projections suggest that projected medical plan cost increases for 2025 and 2026 will be similar or even slightly higher than projected in 2023 and 2024. It is also projected that double-digit increases in specialty prescription costs, mostly driven by price increases and new specialty drugs and biologics. It is projected that health plan costs will continue to significantly outpace general inflation and average wage increases.

Ms. Bennett explained how the marketplace Wraparound HRA Plan allows participants to choose insurance from any insurer offering coverage in the federal Marketplace, and if eligible, receive a federal subsidy to lower the premium and cost-sharing amounts. The SERS Marketplace Wraparound HRA Plan offers additional benefits to help pay for deductibles, co-pays, and other costs and there is no additional premium for the SERS Wraparound Plan. Reimbursement in 2026 is capped at \$2,200 per participating family per calendar year in accordance with federal limits. This amount will index with inflation for future years. Ms. Bennett noted that 2019 through 2024 claims have been well below the cost threshold.

Ms. Bennett noted the American Rescue Plan Act of 2021 (COVID-19 relief) law passed in March 2021 expanded the subsidies for Marketplace plans and the expanded subsidies were extended by the Inflation Reduction Act through 2025. She noted there is concern that this expansion will not be renewed in 2026 and beyond. The current plan costs is approximately \$75 per member per month and the cost to the member is \$0.

Ms. Bennett continued her report, stating that out of pocket maximums for 2026 for Medicare Part D will be capped at \$2100 and that once out of pocket maximums are reached, there could be less incentive to use less expensive drugs. Ms. Bennett also reported that direct subsidies for 2025 are higher than was expected and are expected to continue in 2026. There is also concern that risk scores for group plans may be lower than previously.

Ms. Bennett closed her presentation with a summary of current and projected healthcare costs. Following several questions and a robust discussion, the Board thanked Ms. Bennett for her presentation.

### **2026 Health Care Review**

Dr. Michael Steiner, SERS Director of Health Care Services, provided an update on the SERS health care plan. Dr. Steiner reported that since the mandate for counseling before enrollment in SERS non-Medicare plan was implemented, Wraparound elections have increased. In 2026, there is a proposed \$20 premium reduction for recipients with Aetna Medicare Plan (PPO) while the Aetna Traditional Choice has no premium changes. Aetna Choice POS II can expect an approximate 3% increase to base premiums. Benefit recipients with AultCare PPO can expect an approximate 4% increase to premiums.

Dr. Steiner continued, reporting that Aetna Medicare Plan (PPO) members will see their Part D Drug Plan out of pocket maximum increase from \$2,000 to \$2,100 to match the basic benefit. A proposed benefit change for benefit recipients with the Marketplace Wraparound HRA includes an increase of the maximum federally authorized family reimbursement amount be increased from \$2,150 to \$2,200. Dr. Steiner also stated that there are no proposed benefit changes for recipients with Aetna Choice POS II.

The Board discussed the proposed recommendations and SERS staff will request approval at the June Board meeting. Following a robust discussion, the Board thanked Dr. Steiner for his report.

### **Dental Services Contract Extension**

Dr. Steiner provided the Board with an update on the dental services contract. SERS staff recommends that SERS extend the current contract with Delta Dental to provide dental benefits and administration to eligible SERS benefit recipients for one year.

Dr. Steiner noted that SERS has offered dental benefits with Delta Dental since 2000. The current contract with Delta Dental began January 1, 2022, and terminates December 31, 2026. For the period 2022 to 2025, SERS

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dental plan enrollment increased by 8%, from 42,500 to over 45,800. Enrollee satisfaction with the benefit and with Delta Dental has been high and enrollment has increased each year.

Dr. Steiner explained that SERS' enrollment period originally extended for single year periods, but SERS began operating the dental services benefit using two-year enrollment periods on January 1, 2024. The current contract expires halfway through the upcoming two-year enrollment period beginning January 1, 2026, therefore, SERS staff is requesting authority to extend the current contract for one year beginning January 1, 2027, and expiring December 31, 2027. SERS staff anticipates issuing a Request for Proposals (RFP) for a six-year term beginning January 1, 2028. This six-year term will include three two-year enrollment periods.

Frank Weglarz moved and Jeanine Alexander seconded approval to authorize staff to extend the current contract with Delta Dental for provision of dental services benefits and administration to eligible SERS participants. The extension shall be for a term of one year beginning January 1, 2027. The Executive Director or Deputy Executive Director shall have the authority to execute any documents necessary to secure these services, subject to documentation satisfactory to legal counsel. Upon roll call, the vote was as follows: Yea: Jeanine Alexander, Jeffrey DeLeone, James Haller, James Rossler, Aimee Russell, Frank Weglarz, Daniel Wilson, and Matthew King. Absent: Catherine Moss. The motion carried.

### **Vision Services Contract Extension**

Dr. Steiner continued, outlining SERS staff's recommendation that SERS extend the current contract with Vision Services Plan (VSP) to provide vision benefits and administration to eligible SERS benefit recipients for one year. SERS has offered a vision benefit with VSP since 2014. The current contract with VSP began January 1, 2022 and terminates December 31, 2026. For the period 2022 to 2025, SERS vision plan enrollment increased by 15%, from 32,850 to over 37,900. Enrollee satisfaction with the benefit and with VSP has been high and enrollment has increased each year.

Dr. Steiner explained that SERS' enrollment period originally extended for single year periods, but SERS began operating the dental services benefit using two-year enrollment periods on January 1, 2024. The current contract expires halfway through the upcoming two-year enrollment period beginning January 1, 2026, therefore, SERS staff is requesting authority to extend the current contract for one year beginning January 1, 2027 and expiring December 31, 2027. SERS staff anticipates issuing a Request for Proposals (RFP) for a six-year term beginning January 1, 2028. This six-year term will include three two-year enrollment periods.

James Haller moved and James Rossler seconded approval to authorize staff to extend the current contract with Vision Service Plan (VSP) for provision of vision services benefits and administration to eligible SERS participants. The extension shall be for a term of one year beginning January 1, 2027. The Executive Director or Deputy Executive Director shall have the authority to execute any documents necessary to secure these services, subject to documentation satisfactory to legal counsel. Upon roll call, the vote was as follows: Yea: Jeanine Alexander, Jeffrey DeLeone, James Haller, James Rossler, Aimee Russell, Frank Weglarz, Daniel Wilson, and Matthew King. Absent: Catherine Moss. The motion carried.

### **Executive Director's Report**

#### **ORSC Update**

SERS Executive Director Richard Stensrud reported that the ORSC met on May 8, 2025. The next regularly scheduled meeting is Thursday, June 12, 2025, subject to the call of the chair. At the May meeting, Mr. Stensrud presented the ORSC with the SERS draft FY2026 budget. There were no questions from the Council regarding the SERS budget. Other topics discussed were the ORSC budget, the STRS budget, an OP&F solvency update, and a quarterly investment review from RVK, the investment consultant for the ORSC.

#### **ORSC STRS Sub-Committee Meeting**

Mr. Stensrud noted that the ORSC STRS Subcommittee also met on May 8, 2025. The purpose of the meeting was to receive presentations from the National Conference of State Legislatures and RVK regarding the

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composition and structure of teacher retirement system boards around the country. Among other things the presenters noted: There are a wide variety of structures; there is no correlation between the structure and performance of the system; there is no optimal structure, rather, the structure is a product of the specific circumstances at the system. The presenters discussed, and Sub-Committee members asked questions regarding the relative importance of a board's structure versus the people who serve on the board. The presenters opined that regardless of structure it was essential that a board be comprised of people who understand their fiduciary duties. Mr. Stensrud reported there was no indication from the Sub-Committee of next steps.

### **Advocacy Partners**

Mr. Stensrud reported that SERS provided a system update and health care program review at the SERO annual meeting on May 7<sup>th</sup>. Approximately 20 SERO Board members and guests were in attendance, including SERS Board Member Frank Weglarz. Mr. Weglarz stated that SERS continues to explain quite well how SERS is different, both now and in the future, from other Ohio pension systems.

Mr. Stensrud noted that in his comments he stressed the importance of maintaining the trust and confidence of stakeholders as SERS may need to call on them in the future to help with challenges at the federal and state level. He noted that to that end, SERS would remain committed to the core principles of Engagement, Transparency, Accountability and Sustainability.

Mr. Stensrud noted that at the state level, turnover has resulted in a loss of institutional knowledge in the legislature, which combined with negative situations at other systems, has created a risk that fiduciary independence and autonomy could be eroded. He noted as examples, discussions about board composition, system consolidation and characterizing retirement systems as state agencies. Mr. Stensrud reported that to combat this SERS was regularly meeting with legislators to positively differentiate SERS from other retirement systems.

Mr. Stensrud noted that at the federal level there were many questions about how the goals of the new administration might impact SERS' health care program. He also noted how the recent successful repeal of WEP/GPO could accelerate efforts to require public employees to be in Social Security, and the negative impact such a mandate could have.

### **Ohio General Assembly**

Mr. Stensrud reported that on April 30<sup>th</sup> he testified before the House Public Insurance and Pension Committee on behalf of SERS. He noted that the Committee has been hearing from all the Ohio pension systems and that his comments were intended to differentiate SERS from the needs of and issues at other Ohio systems. Among his comments he noted that SERS membership has the lowest salaries when working and the lowest benefits in retirement; SERS has a strong active to retiree ratio; SERS contribution rates are sufficient to meet our funding goals; the SERS Board is collegial, collaborative and committed to sustainability; and SERS continues to have the trust and confidence of its stakeholders. Mr. Stensrud also stated that SERS doesn't have any 'asks,' which Committee members appreciated.

Mr. Stensrud reported that SERS continues to monitor the state operating budget legislation (HB 96) due to a couple of provisions that could negatively impact SERS. One provision of concern would include SERS and other public retirement systems as state agencies for purposes of "return to office". This reclassification could erode the independence and autonomy of the state pension systems. A second area of concern involves requiring the retirement systems to withhold school district income tax from retiree benefit payments. Mr. Stensrud stated that SERS is not averse to playing the role but would need to fully understand how the requirement will operate and have time to implement the necessary processes and system changes.

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### Member and Employer Engagement

Mr. Stensrud reported on various programs through which SERS engages with SERS members and employers. Mr. Stensrud noted that there have been four webinars in April that focused on preparing members for retirement and educational programs for employers.

### Review of Administrative Expenses

Chief Financial Officer, Marni Hall, provided a brief update on SERS administrative expenses. Ms. Hall reported that medical insurance claims continue to put pressure on the FY2025 budget. Computer and technology costs are also rising. Ms. Hall did note, however, that projections show that expenditures will be below budget for the fiscal year.

### SERS FY2026 Administrative Budget Review

Chief Financial Officer Marni Hall presented the proposed FY2026 Administrative Budget for the Board's consideration. Ms. Hall reviewed the budget process and policies and outlined the key budget categories. She discussed the current year's budget, the forecasted expenditures relative to the current budget, and the proposed budget for FY2026, noting changes by major category and expenditure areas within those categories. The proposed budget reflects an increase of 4.8% over the FY2025 budget and a 5.0% increase over the FY2025 projected expenses. The primary drivers of the budget increase will be in the personnel category (a merit-based compensation adjustment for SERS' staff, an increase in employee health care costs, and a new information technology FTE) and the professional services category (transition to a new master record keeper and increased legal costs for investment matters).

Ms. Hall noted that the Budget Book provides extensive detail regarding the proposed budget and its reconciliation to the current budget.

At the June Board Meeting, the Board will be asked to approve the final version of the budget through separate resolutions – one for SERS' operating budget and one for the transfer of funds to OSERS Holdings, LLC to cover the net operating expenses of OSERS Broad Street, LLC.

Following several questions and a robust discussion, the Board thanked Ms. Hall for her presentation.

### Final Filing of Proposed Amended Administrative Rules

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed amended rules: 3309-1-20 Validity of marriage, and 3309-1-29 Purchase of Service Credit; out-of-state and other that have been reviewed by JCARR and are ready for final adoption by the Board. Jeffrey DeLeone moved and Jeanine Alexander seconded that proposed amended rules 3309-1-20 Validity of marriage and 3309-1-29 Purchase of Service Credit: out of state and other be adopted. Upon roll call, the vote was as follows: Yea: Jeanine Alexander, Jeffrey DeLeone, James Haller, James Rossler, Aimee Russell, Frank Weglarz, Daniel Wilson, and Matthew King. Absent: Catherine Moss. The motion carried.

### Travel Handbook Discussion

Mr. Stensrud and Ms. Hall provided information regarding proposed changes to SERS' Travel Handbook for Board feedback.

Mr. Stensrud noted that SERS' Travel Handbook provides guidelines for travel-related expenses and reimbursement for both the Board and Staff. Given recent changes in travel industry practices, and the reference parameters used for measuring reimbursement, Mr. Stensrud reported it is advisable to consider whether any changes should be made to existing Travel Handbook provisions, and to assure that the provisions are clearly expressed so that travelers understand their application.

Mr. Stensrud noted that the Travel Handbook provides guidance on how to implement the Travel Policy, which is a separate document approved by the Board. Any changes to the Travel Policy must also be submitted to the

# SERS Retirement Board Meeting Minutes

## May 15, 2025

ORSC for review and approval. He noted that no changes are being recommended to the Travel Policy, only the guidance expressed in the Travel Handbook.

Mr. Stensrud noted that with those objectives in mind, the Board Chair requested that the Compensation Committee review and consider changes to Board-applicable provisions in the Travel Handbook and make recommendations for their potential acknowledgement by the full Board.

Mr. Stensrud continued, stating in its review, that the Compensation Committee was guided by three key principles:

- Consistent with fiduciary responsibilities, SERS' business travel should be undertaken in a cost-conscious manner.
- SERS should support addressing ongoing business needs, as well as Board Member education and training, through reasonable travel parameters and reasonable travel expense reimbursement.
- SERS should approach travel parameters and travel cost reimbursement in a transparent and accountable manner, with the goal of maintaining the trust and confidence of SERS' membership and stakeholders.

Mr. Stensrud noted that in December a list of potential travel expense topics were presented for input from the Compensation Committee. The Committee was provided with information regarding proposed travel expense topics that should be addressed; an explanation of the changes being considered and the reasons why; and how those provisions will be applied. In March, the Compensation Committee was provided with information describing the proposed changes, the business justification for the changes, and the proposed language in the Travel Handbook.

Mr. Stensrud reported that the Compensation Committee has completed its review and that the changes to the Travel Handbook were now being presented for feedback by the full Board.

Mr. Stensrud and Ms. Hall answered questions from Board Members on various proposed changes. It was agreed that clarifying the language in a few provisions would be helpful and those provisions will be brought back to the Board for further feedback.

### **Retirement Report**

There was no executive session for the retirement report.

### **Board Communication and Policy Issues**

#### **Board Information Request & Follow Up Items**

No additional follow-up items were noted.

#### **Calendar Dates for Future Board Meetings**

The Board members reviewed the 2025 meeting calendar with no further comment.

### **CALENDAR DATES FOR SERS BOARD AND COMMITTEE MEETINGS FOR 2025 \*\***

#### **AUDIT COMMITTEE MEETINGS**

June 17, 2025 – 2:30 p.m. (Tues.) **\*\* Moved due to Juneteenth Holiday \*\***  
September 17, 2025 - 2:30 p.m. (Weds.)  
December 17, 2025 – 2:30 p.m. (Weds.)

# SERS Retirement Board Meeting Minutes May 15, 2025

## COMPENSATION COMMITTEE MEETINGS

June 18, 2025 – 7:30 a.m. (Weds.) **\*\* Moved due to Juneteenth Holiday \*\***  
July 17, 2025 – 7:30 a.m. (Thurs.) **\*\* Special Meeting \*\***  
September 18, 2025 – 7:30 a.m. (Thurs.)  
December 18, 2025 – 7:30 a.m. (Thurs.)

## TECHNOLOGY COMMITTEE MEETINGS

June 18, 2025 – 12:30 p.m. (Weds.) **\*\* Moved due to Juneteenth Holiday \*\***  
September 19, 2025 – 12:30 p.m. (Thurs.)  
December 19, 2025 – 12:30 p.m. (Thurs.)

## BOARD MEETINGS

June 18, 2025 – 8:30 a.m. (Weds.) **\*\* Moved due to Juneteenth Holiday \*\***  
July 17 – 19, 2025 – 8:30 a.m. (Thurs. and Fri.)  
September 18 – 19, 2025 – 8:30 a.m. (Thurs. and Fri.) **\*\* Board Picture Day \*\***  
October 16 – 17, 2025 – 8:30 a.m. (Thurs. and Fri.)  
November 20 – 21, 2025 – 8:30 a.m. (Thurs. and Fri.)  
December 18 – 19, 2025 – 8:30 a.m. (Thurs. and Fri.)

**\* Please note that these dates and times are tentative.**

## Adjournment

Board Chair, Matthew King, moved to adjourn to meet on Wednesday, June 18, 2025, at 8:30 a.m. for the next SERS regularly scheduled Retirement Board meeting.

The SERS board meeting adjourned at 12:43 p.m.

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Matthew King, Board Chair

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Richard Stensrud, Secretary

## SCHOOL EMPLOYEES RETIREMENT BOARD OF OHIO

Summary of Investment Transactions to be  
Reported to the Retirement Board for  
Ratification in June

The following is a summary of the investment transactions made during the period of April 1, 2025, through April 30, 2025. A detailed list of these transactions can be found in the Board Agenda mailed prior to the Retirement Board Meeting.

## A. PURCHASES

Asset Class	Approximate Cost (in millions)
Global Equities	\$659.6
Fixed Income	249.9
Private Equity Capital Calls	63.5
Real Estate Capital Calls	4.3
Infrastructure Capital Calls	9.7
Opportunistic & Tactical	8.2
Global Private Credit	2.5
Cash Equivalents	549.7

## B. SALES

Asset Class	Approximate Net Proceeds (in millions)	Approximate Gain/(Loss) (in millions)
Global Equities	318.4	104.4
Fixed Income	229.0	(0.6)
Private Equity Distributions	34.7	n/a
Real Estate Distributions	26.8	n/a
Infrastructure Distributions	5.3	n/a
Opportunistic & Tactical	n/a	n/a
Global Private Credit	5.7	0.9
Cash Equivalents	552.8	n/a

**Fixed Income Market  
Update and Portfolio  
Review**

June 18, 2025



- 
- I. Fixed Income Market Update
  - II. Portfolio Review
  - III. Update on Dodge & Cox
  - IV. Composite Performance Information

**Representing Dodge & Cox:**

Terrill Armstrong, Vice President, Client Portfolio Manager

Nils M. Reuter, Vice President, Investment Committee Member,  
Structured Products Analyst

This information was prepared at the above-named client's request in connection with a review of the client's account. Dodge & Cox does not guarantee the future performance of any account (including Dodge & Cox Funds) or any specific level of performance, the success of any investment decision or strategy that Dodge & Cox may use, or the success of Dodge & Cox's overall management of an account. Investment decisions made for a client's account by Dodge & Cox are subject to various market, currency, economic, political, and business risks (foreign investing, especially in developing countries, has special risks such as currency and market volatility and political and social instability), and those investment decisions will not always be profitable. While every effort is made to ensure accuracy, no representation is made that all information in this presentation is accurate or complete. Neither the information nor any opinion expressed in this presentation constitutes an offer to buy or sell the securities mentioned.

# Dodge & Cox Presenters

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**Terrill C. Armstrong** – Vice President, Client Portfolio Manager

Mr. Armstrong received his B.S. degree in Finance from The University of North Carolina at Greensboro in 1994 and his M.B.A. from The Ohio State University in 2000. Prior to joining Dodge & Cox in 2015, he worked for three years as a portfolio manager focusing on US & Global short duration portfolios at Fischer Francis Trees & Watts. He also worked for thirteen years at State Teachers Retirement System of Ohio where he spent six years as a credit analyst and seven years as portfolio manager focusing on internally managed cash, short duration and core fixed income portfolios. Mr. Armstrong is a CFA charterholder.



**Nils M. Reuter** – Vice President, Investment Committee Member, Structured Products Analyst

Mr. Reuter received B.A. degrees from Brown University in Biology and Sociology in 2001 and his M.B.A. (with honors) from the Haas School of Business at the University of California, Berkeley in 2016. He joined Dodge & Cox in 2003. Mr. Reuter is a shareholder of the firm and CFA charterholder.

## Fixed Income Market Update

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# Fixed Income Investment Philosophy

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Using fundamental research, we construct and manage a diversified portfolio of fixed income securities with the goal of generating alpha over a three- to five-year time period.

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## Independent Research Is the Foundation for All Investment Decisions

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- In-house analyst team members advocate investment ideas based on fundamental, independent research
- Deep and global expertise across sectors and return levers (global industry, credit, macro, and securitized products)
- Investment decisions underpinned by valuation discipline

## Risk Management Is Critical

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- Quantitative and qualitative analysis of issuer risk, including rigorous downside analysis
- Issuer, sector, and investment theme diversification
- Assess portfolio-level risk metrics and performance across a range of scenarios

## Bottom-Up Approach to Portfolio Construction

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- Emphasis on issuer and security selection results in focused and differentiated exposures relative to benchmark
- Team-based decision-making process
- Focus on liquid and diversified portfolios

## The Importance of a Long-Term View

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- Three- to five-year investment horizon with flexibility to respond quickly in evolving markets
- Emphasis on yield: compounding of interest is an important source of total return
- Long-tenured team experienced in navigating through market cycles

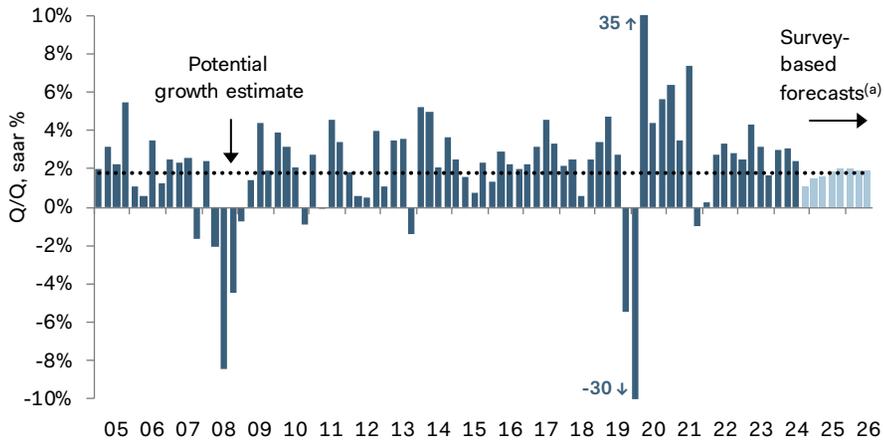
The above is not a complete analysis of every material fact concerning any market, industry or investment. Opinions expressed are subject to change without notice.

# U.S. Economic Environment

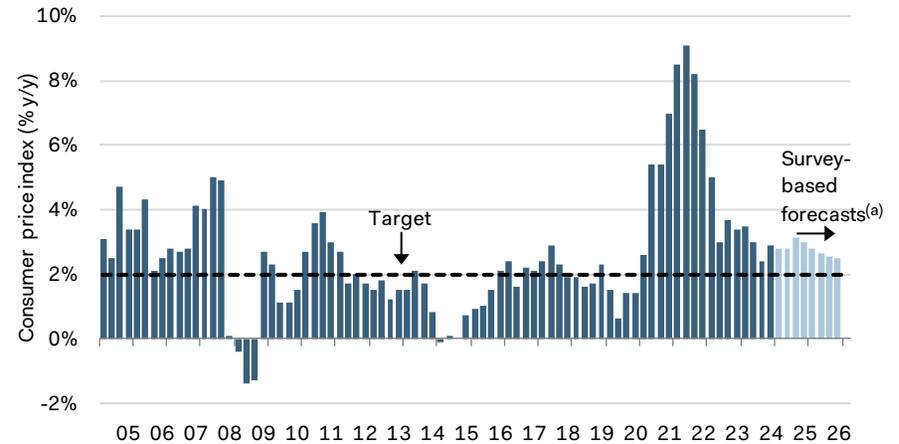
March 31, 2025

Growth is slowing, the labor market is gradually loosening, and inflation has declined. But risks are intensifying from tariff, immigration, and fiscal policy headlines. The Fed has cut rates by 100bps and recently signaled a slower pace of cuts amid high uncertainty.

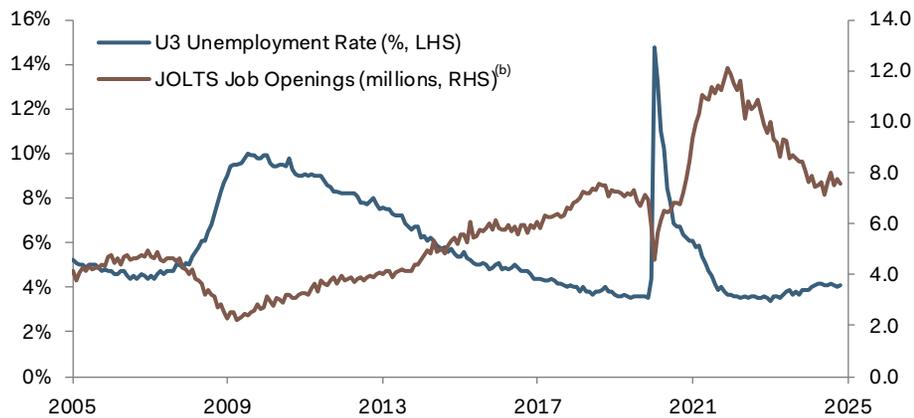
## Growth has slowed and downside risks have intensified



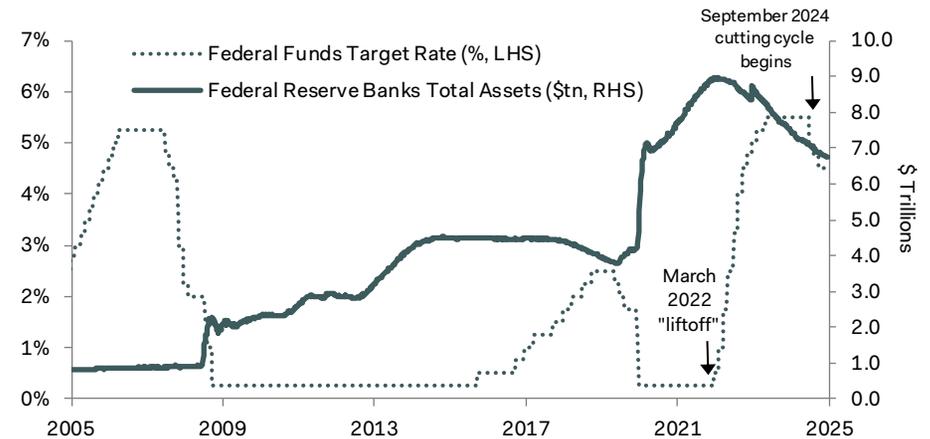
## Inflation has trended toward target, but tariffs could upend the process



## Unemployment remained low, but job openings signal gradual loosening



## The Fed has slowed the pace of easing and balance sheet normalization



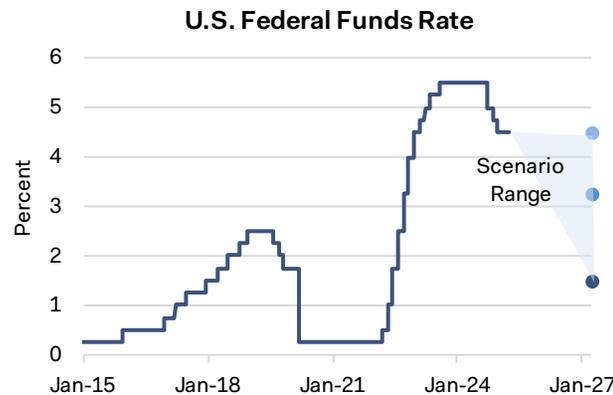
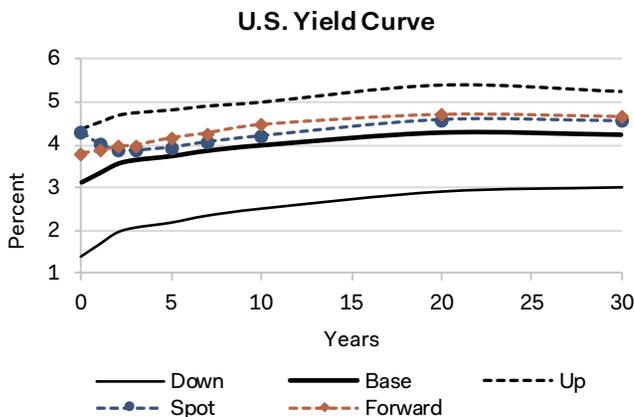
<sup>(a)</sup>Bloomberg survey (median). <sup>(b)</sup>Data as of March 11, 2025 (latest available).

Source: U.S. Federal Reserve, U.S. Bureau of Labor Statistics, U.S. Bureau of Economic Analysis, Bloomberg. The above information is not a complete analysis of every material fact concerning any market, industry, or investment. Data has been obtained from sources considered reliable, but Dodge & Cox makes no representations as to the completeness or accuracy of such information. Opinions expressed are subject to change without notice.

We formalize U.S. interest rate views within our U.S. Rates Group, whose members combine expertise in macroeconomics, U.S. Treasury/Rates markets, and portfolio management. Its regular deliberations focus on assessing ranges for the Federal Funds Rate (FFR) and longer-term U.S. Treasury rates over 2–3 year horizons. Each scenario (base, up and down) is fleshed out with a description of the associated macroeconomic environment. The output of this process is a valuable input into various investment-related processes and decisions across the firm.

## U.S. Yield Curve Scenarios – 2 Year Outlook

	Fed Funds (%)	10Y Yield (%)	30Y Yield (%)	Likely Macroeconomic Environment
<b>Base</b>	3.25	4.00	4.25	<ul style="list-style-type: none"> <li>Growth slows to below potential, averaging somewhat under 2% over our investment horizon.</li> <li>Inflation continues to moderate towards the Fed's target by end-2027.</li> <li>Disinflation progresses, labor markets remain stable, and the Fed extends rate cuts started in 3Q 2024.</li> </ul>
<b>Up</b>	4.50	5.00	5.25	<ul style="list-style-type: none"> <li>Inflation remains elevated or rises again, perhaps due to aggressive tariffs, higher labor costs, unanchored inflation expectations or supply shocks.</li> <li>Fed cuts more slowly or restarts hikes, and rates remain restrictive for longer.</li> <li>Fiscal expansion leads to a rising fiscal risk premium.</li> </ul>
<b>Down</b>	1.50	2.50	3.00	<ul style="list-style-type: none"> <li>Economy enters a more drastic deceleration or even a recession.</li> <li>Inflation declines much faster and falls below target.</li> <li>Fed quickly shifts to a more accommodative stance.</li> </ul>

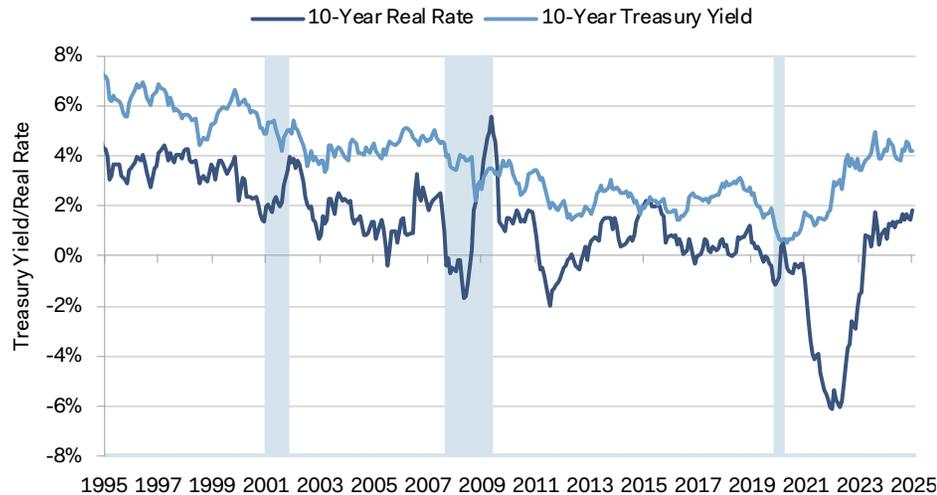


Source: Bloomberg. The above information is not a complete analysis of every material fact concerning any market, industry, or investment. Data has been obtained from sources considered reliable, but Dodge & Cox makes no representations as to the completeness or accuracy of such information. Opinions expressed are subject to change without notice.

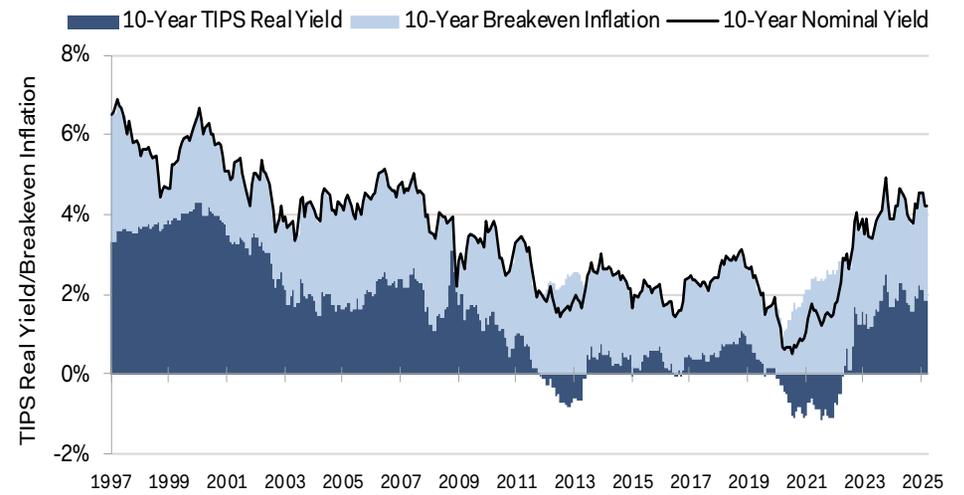
# U.S. Treasuries: Historical Perspective and Context

March 31, 2025

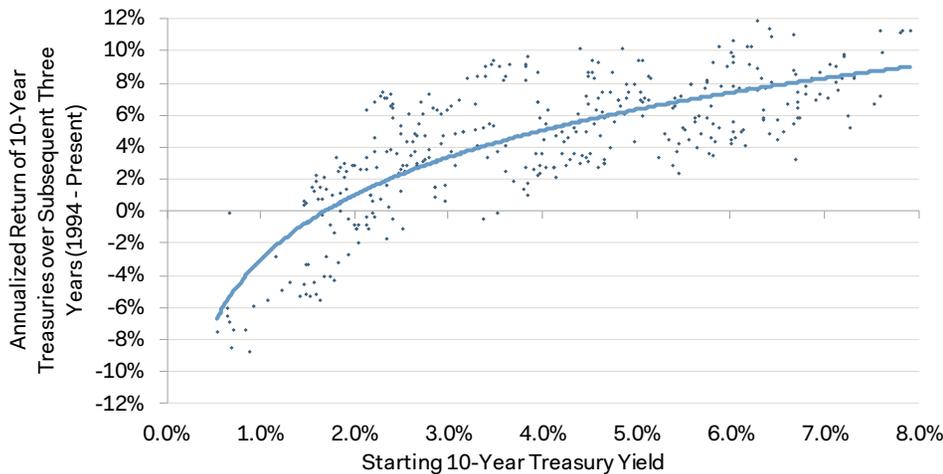
10-Year Treasury and Real Rates Have Increased Post-Pandemic<sup>(a)</sup>



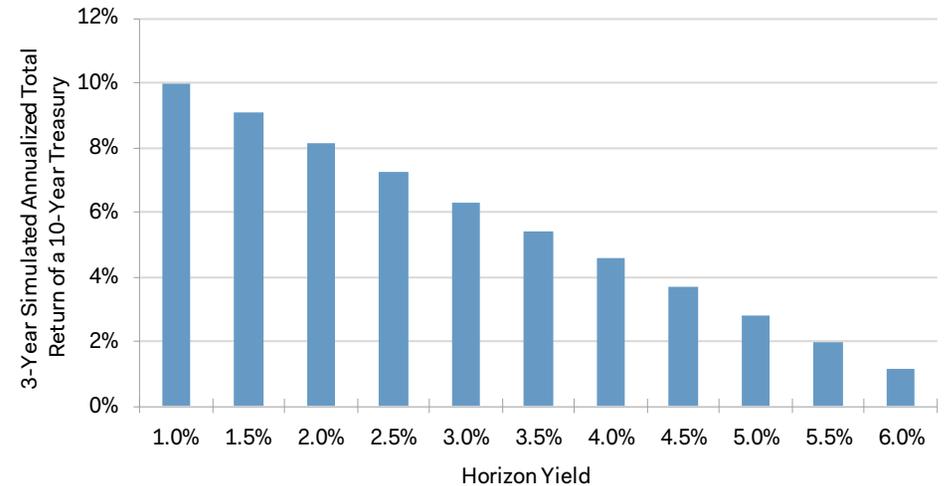
10-Year Breakeven Inflation Remains Above 2%<sup>(b)</sup>



Starting Yields Generally Correlate with Subsequent Returns<sup>(c)</sup>



3-Year Simulated Returns for 10-year Treasuries<sup>(d)</sup>



<sup>(a)</sup>Shaded bars represent recessions, as identified by the National Bureau of Economic Research. Real Rate is the 10-year Treasury yield less the annual change in Headline CPI. <sup>(b)</sup>10-Year Breakeven Inflation rate is defined as the On-the-Run 10-Year Treasury Yield minus the On-the-Run 10-Year TIPS Yield. <sup>(c)</sup>Treasury returns have been calculated by Bloomberg for the On-The-Run 10-year treasury. <sup>(d)</sup>Total return simulations assume a 3.88% reinvestment rate (equal to the 3-year Treasury yield as of 03/31/25).

Source: Federal Reserve, Bloomberg. The above information is not a complete analysis of every material fact concerning any market, industry, or investment. Data has been obtained from sources considered reliable, but Dodge & Cox makes no representations as to the completeness or accuracy of such information. Opinions expressed are subject to change without notice.

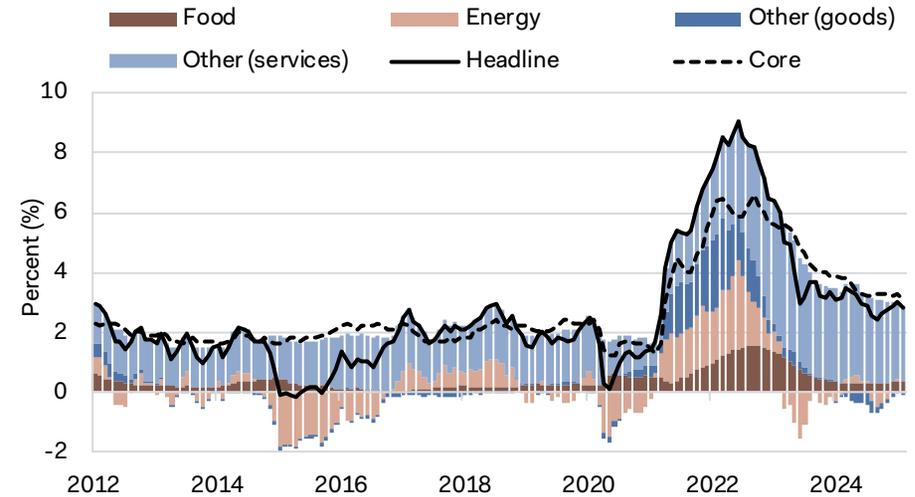
# U.S. Inflation Developments

March 31, 2025

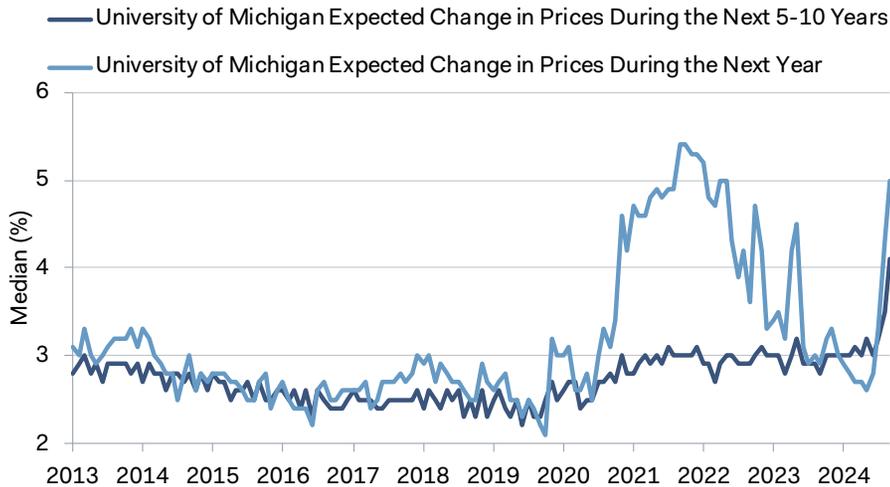
## Balance of risks for U.S. inflation are mixed between short and long term

- **Trend-wise, inflation should continue to decline:** Lingering services inflation should ease as pressures on shelter, healthcare, and transportation categories abate. In turn, the labor market is slowly loosening, the economy is decelerating, and structural disinflation trends linked to demographics and productivity are reemerging.
- **Upside risks driven by non-monetary policy decisions:** These center on tariffs, which could drive significant price spikes over the short term, in addition to restrictive immigration policies constraining the labor supply, and fiscal largesse.
- **Downside risks mostly linked to negative growth shocks:** A sharp deceleration or a recession could involve a material pullback in aggregate demand and on inflation.
- **Policy credibility and expectations are key:** Confidence in the Fed's ability to act in the fulfillment of its mandate and to re-anchor inflation expectations, make it less likely that a 1970s stagflation scenario materializes despite strong tariff pressures.

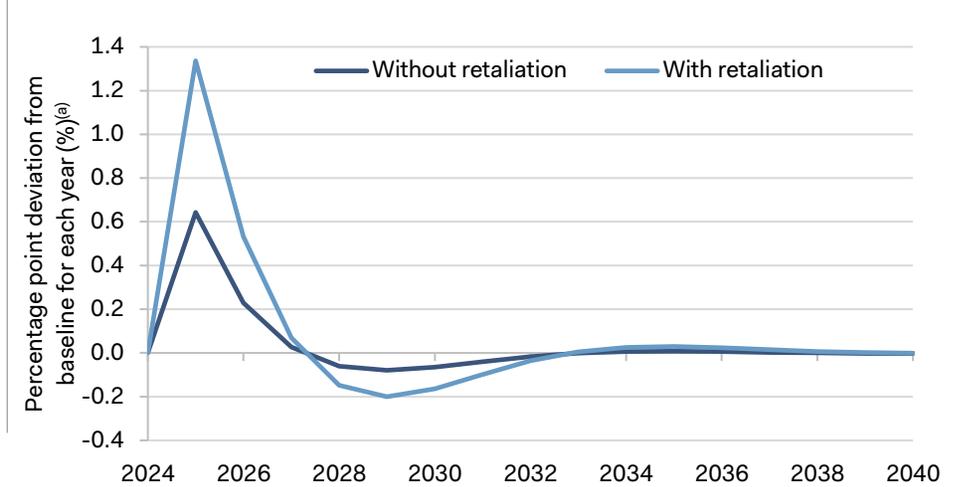
## Inflation trends show continued moderation, but services remains sticky



## Survey-based inflation expectations have spiked



## Tariffs are expected to have a negative albeit temporary impact on inflation

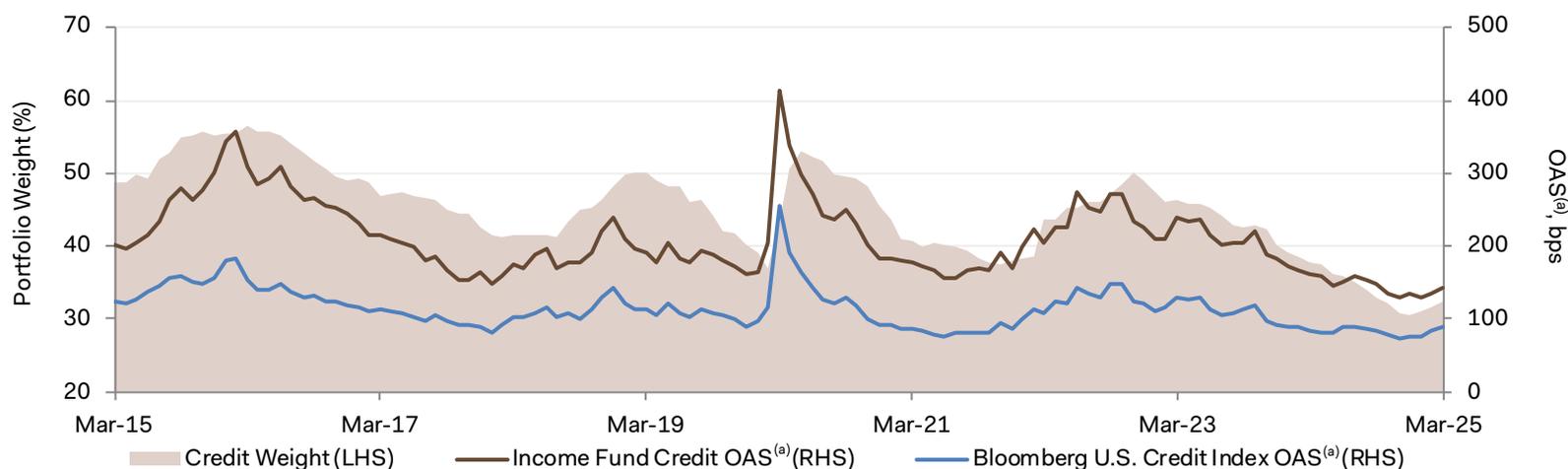


<sup>(e)</sup>Projected change in U.S. inflation from an additional 10 percentage point increase U.S. tariffs on imports of goods and services from all trading partners. Calculations from McKibbin, Hogan, and Noland (2024), data provided by the Peterson Institute for International Economics. Source: Haver, Bloomberg, Peterson Institute for International Economics. The above information is not a complete analysis of every material fact concerning any market, industry, or investment. Data has been obtained from sources considered reliable, but Dodge & Cox makes no representations as to the completeness or accuracy of such information. Opinions expressed are subject to change without notice.

## Dodge & Cox Income Fund

Market volatility provides us with opportunities to add value as an active manager:

- When the market experiences spread widening and high dispersion of valuations, we lean into compelling opportunities where we believe securities of issuers with sound underlying credit profiles are attractively priced.
- When spreads tighten, the Fund's higher credit weighting and OAS together can generate opportunities for both higher income as well as greater price appreciation.



### Negatives

- At current levels, credit index spreads may not incorporate a significant margin of safety against downside risks that could materialize in 2025 and beyond.
- Volatility has resurfaced in the first quarter due to uncertainty related to Administration policy, most notably tariffs. Volatility could escalate as new measures are introduced, with uncertain implications for economic growth, inflation, and corporate fundamentals. The financial sector could also come under stress, while geopolitical tensions could also increase/expand.
- The favorable supply/demand dynamics supporting Investment Grade credit spreads could shift if issuance remains high, recently-strong inflows into corporate funds reverses, and/or overseas demand declines.

### Positives

- The portfolio's credit holdings trade at a significantly wider spread than the overall market based on our selectivity, and all are subject to our rigorous research process.
- Broadly speaking, balance sheet liquidity and interest coverage metrics remain in good shape despite higher rates, while net leverage has stabilized at manageable levels. We expect that most large-cap investment grade companies could navigate a cyclical downturn should one materialize.
- Credit market inflows have remained positive, though slowed towards the end of Q1 as rates declined.

<sup>(a)</sup>OAS (option-adjusted spread) is the option-adjusted yield differential between stated index and comparable government bonds. OAS does not translate into a return.

Source: Bloomberg, The above information is not a complete analysis of every material fact concerning any market, industry, or investment. Opinions expressed are subject to change without notice.

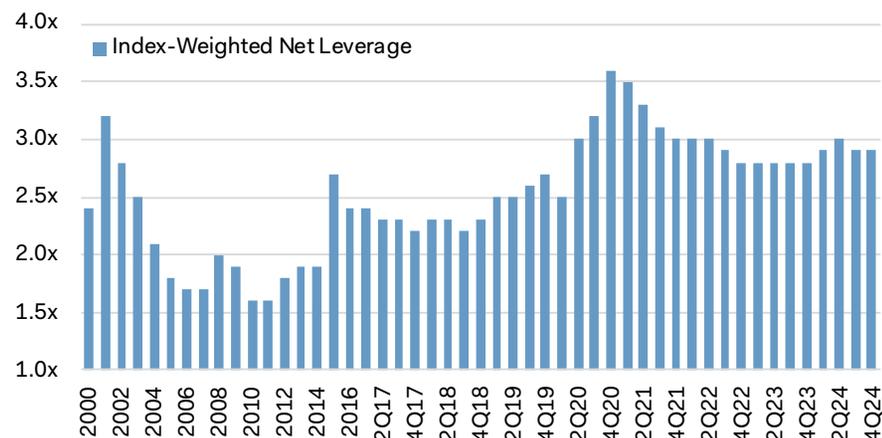
The above information is provided solely to illustrate certain characteristics of the applicable Dodge & Cox separate account strategy. It should not be considered an advertisement, promotion, or offer of any other investment.

# Stable Credit<sup>(a)</sup> Fundamentals<sup>(b)</sup>, Tight Valuations, Differentiated Exposure

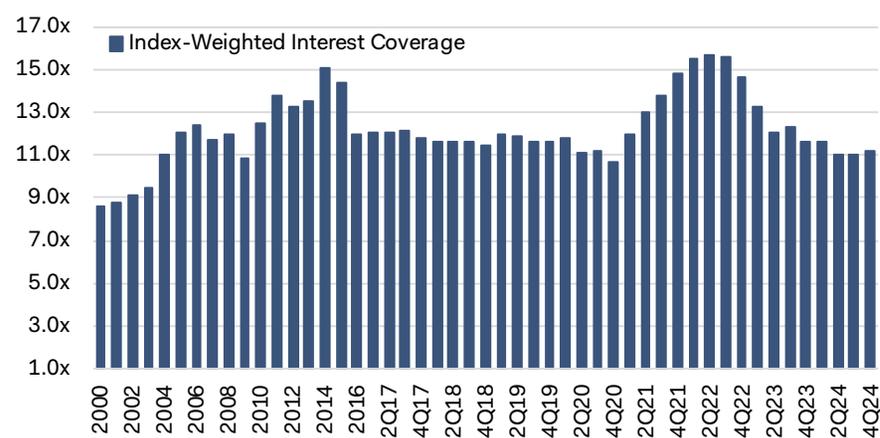
March 31, 2025

## Dodge & Cox Income Fund

### Index-Weighted Net Leverage<sup>(c)</sup> has Stabilized

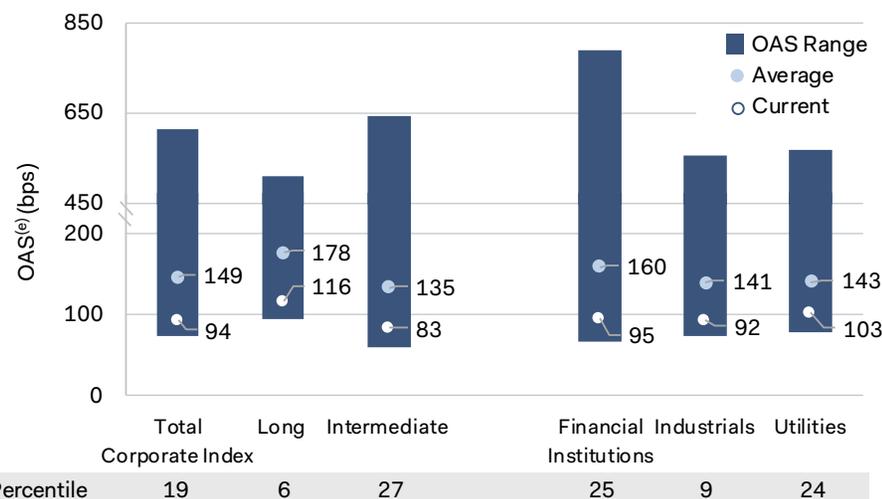


### Interest Coverage<sup>(c)</sup> has Deteriorated but Remains Robust



### Corporate Valuations are Historically Tight

#### Corporate Valuations (Last 20 years)<sup>(d)</sup>



### Income Fund<sup>(f)</sup> Credit Exposure is Differentiated

	Income Fund Credit Exposure	Bloomberg U.S. Credit Index	Comments
# Tickers	64	1,057	Careful issuer selection
OAS (avg)	141	89	~1.5x the index spread
Duration (avg)	4.3	6.7	Shorter duration
% of Credit Exposure Below Investment Grade <sup>(g)</sup>	15%	0%	Opportunistic BIG exposure
% Non-financial Hybrids	6.4%	0.7%	Spread advantage vs. senior debt
% of Credit in the Income Fund and Bloomberg U.S. Aggregate	32.4%	27.7%	Overweight but cautious

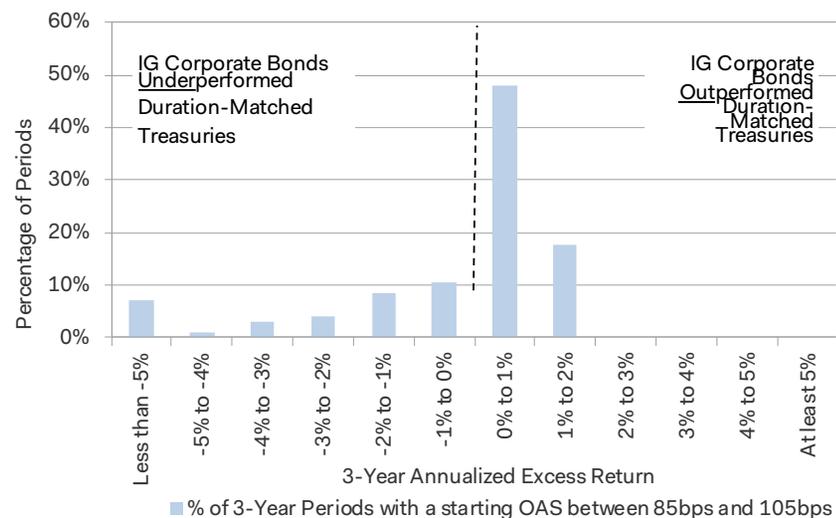
<sup>(a)</sup>Bloomberg U.S. Corporate Index. <sup>(b)</sup>Most recent data available as of 3/31/2025. <sup>(c)</sup>Data from Barclays. <sup>(d)</sup>Analysis begins on 3/31/2005, OAS distribution is based on weekly increments. <sup>(e)</sup>OAS (option-adjusted spread) is the option-adjusted yield differential between stated index and comparable government bonds. OAS does not translate into a return. <sup>(f)</sup>Dodge & Cox Income Fund. <sup>(g)</sup>The credit quality distributions shown for the Fund is based on the middle of Moody's, Standard & Poor's, and Fitch ratings, which is the methodology used by Bloomberg in constructing its indices. If a security is rated by only two agencies, the lower of the two ratings is used. Please note the Fund applies the highest of Moody's, Standard & Poor's, and Fitch ratings to determine compliance with the quality requirements stated in its prospectus. On that basis, the Fund held 1.68% of securities rated below investment grade. The credit quality of the investments in the portfolio does not apply to the stability or safety of the Fund or its shares. The above information is provided solely to illustrate certain characteristics of the applicable Dodge & Cox separate account strategy. It should not be considered an advertisement, promotion, or offer of any other investment.

Source: Standard & Poor's, J.P. Morgan, Bloomberg. The above information is not a complete analysis of every material fact concerning any market, industry, or investment. Opinions expressed are subject to change without notice.

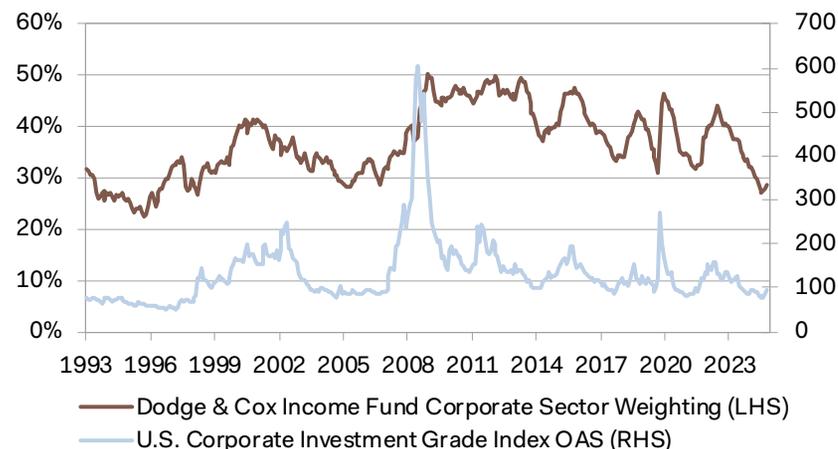
Corporate bonds have historically provided higher excess returns versus Treasuries when purchased at wider spread levels.

- Since 1990, the Bloomberg U.S. Corporate Investment Grade Index has produced positive excess returns in ~74.7% of rolling three-year periods.<sup>(a)</sup>
- The Bloomberg U.S. Corporate Bond Index ended the quarter with an OAS<sup>(b)</sup> of 94 bps. **When starting with an OAS between 85 bps and 105 bps, IG Corporate Bonds have generated positive excess returns in 65.6% of rolling three-year periods from 1990 – present.**

## IG Corporate Bond Excess Returns over Rolling 3-Year Periods



## Corporate Weighting (LHS) Adjusts with Valuations (RHS)



<sup>(a)</sup>Excess return = Total return of Investment Grade Corporate Bonds minus the total return of a duration-neutral portfolio of Treasury securities. Returns computed monthly. <sup>(b)</sup>OAS (option-adjusted spread) is the option-adjusted yield differential between stated index and comparable government bonds. OAS does not translate into a return.

Source: Bloomberg, Barclays Live. The above information is not a complete analysis of every material fact concerning any market, industry or investment. Data has been obtained from sources considered reliable, but Dodge & Cox makes no representations as to the completeness or accuracy of such information. Opinions expressed are subject to change without notice. The information provided is historical and does not predict future results or profitability. This is not a recommendation to buy, sell, or hold any security and is not indicative of Dodge & Cox's current or future trading activity. The securities identified are subject to change without notice and may not represent an account's entire holdings. The information provided is historical and does not predict future results or profitability. This is not a recommendation to buy, sell, or hold any security and is not indicative of Dodge & Cox's current or future trading activity. The above information is provided solely to illustrate certain characteristics of the applicable Dodge & Cox separate account strategy. It should not be considered an advertisement, promotion, or offer of any other investment.

# Securitized Products Sector Outlook

March 31, 2025

Dodge & Cox

The Securitized market continues to offer attractive long-term opportunity given the combination of strong fundamentals/low prepayments and market technicals keeping MBS spreads close to long-term averages. We continue to find compelling opportunities in ABS, particularly within student loans.

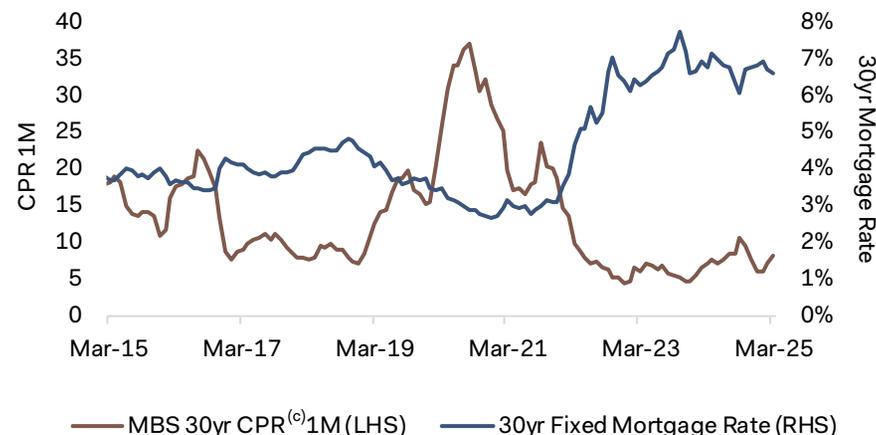
## Opportunities

- **Strong MBS Fundamentals:** Low prepayment risk, particularly for low coupons, given level of rates; ~11% of borrowers have a positive incentive to refinance and base prepayments likely to remain low.
- **Compelling Valuations:** Attractive MBS spreads (near long-term averages). ABS valuations competing well with short credit while offering diversification benefits and superior liquidity.
- **Attractive Potential Returns Under Various Scenarios:** Renewed bank buying; normalizing housing activity with declining rates.

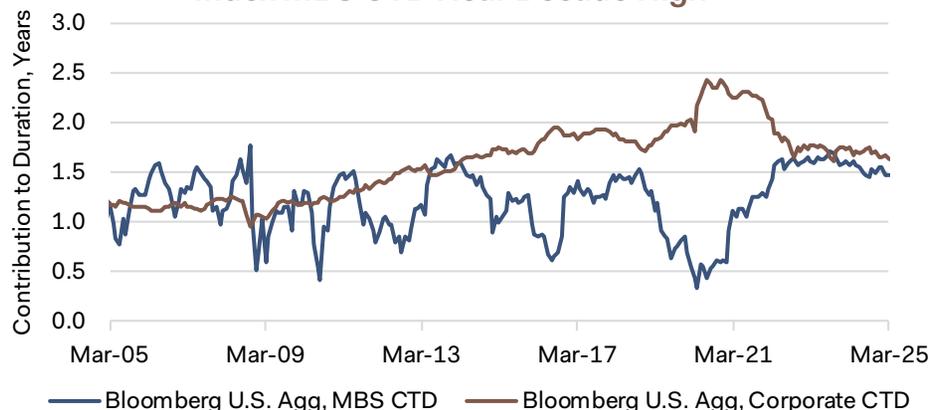
## Risks

- **MBS Underperformance in a Strong Rate Rally:** Negative excess returns projected in severe rate-cut scenarios.
- **More Duration<sup>(a)</sup> Coming from MBS:** Higher MBS Contribution to Duration<sup>(b)</sup> creates increased potential volatility.
- **Weakening Consumer Backdrop:** Could negatively impact auto loan payments.

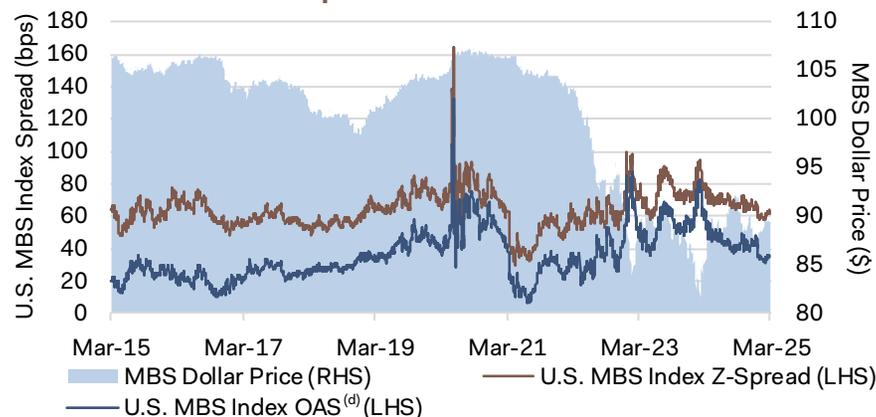
## Low Prepayment Risk Given High Mortgage Rates



## Index MBS CTD Near Decade High



## Wide MBS Spreads and Low Dollar Prices



<sup>(a)</sup>Duration is a measure of a bond's price sensitivity to changes in interest rates. <sup>(b)</sup>Contribution to Duration (CTD) = Portfolio weightings (%) x Duration (Years). <sup>(c)</sup>CPR = Conditional Prepayment Rate, which is the percentage of a mortgage pool's principal that is expected to be paid off prematurely over the next 12 months. <sup>(d)</sup>OAS (option-adjusted spread) is the option-adjusted yield differential between stated index and comparable government bonds. OAS does not translate into a return. Source: Bloomberg. The above information is not a complete analysis of every material fact concerning any market, industry or investment. Data has been obtained from sources considered reliable, but Dodge & Cox makes no representations as to the completeness or accuracy of such information. Opinions expressed are subject to change without notice. The information provided is historical and does not predict future results or profitability. This is not a recommendation to buy, sell, or hold any security and is not indicative of Dodge & Cox's current or future trading activity. The securities identified are subject to change without notice and may not represent an account's entire holdings.

# Securitized Products Investing at Dodge & Cox

March 31, 2025

## Dodge & Cox Income Fund

### Key Elements of Our Strategy

- Provide portfolio with incremental yield, high credit quality, stable duration, and strong liquidity.
- Utilize in-house fundamental research to identify attractive total return opportunities over a robust range of interest rate scenarios.
- Seek to avoid highly volatile securities with pronounced asymmetric return profiles.

### Areas of Focus

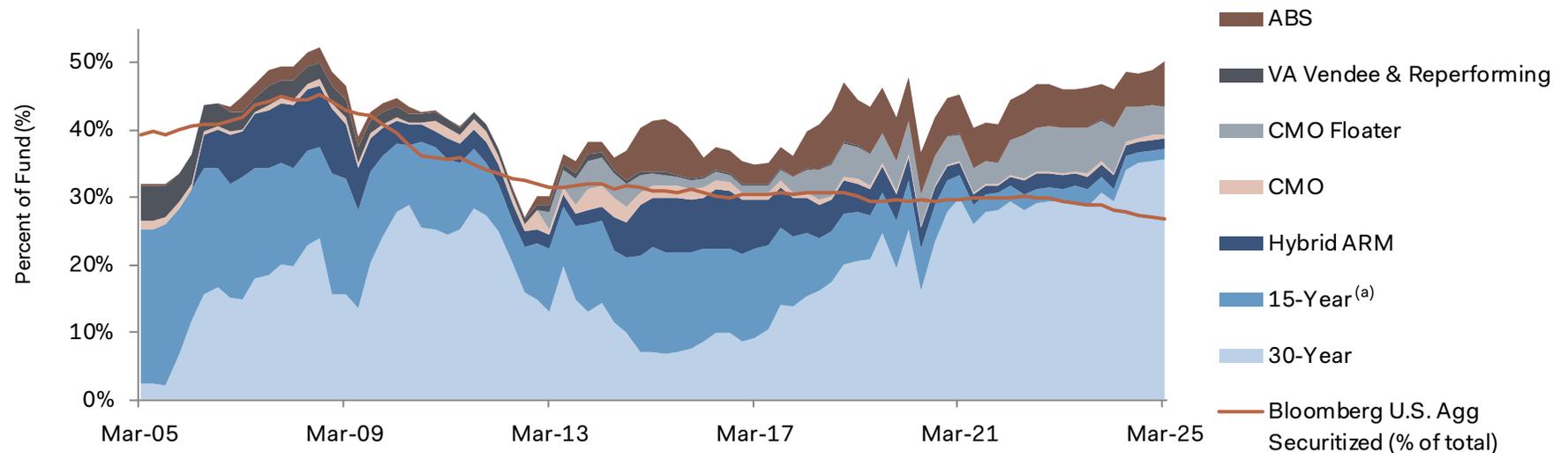
#### Mortgage-Backed Securities:

- Primarily Agency MBS, both in and out of the benchmark.
- Focus on borrower, loan, and program.

#### Asset Backed Securities:

- Primarily high-quality (AAA) instruments (credit cards, auto, and student loans) both in and out of the benchmark.
- Focus on collateral, deal structure, and issuer.

### Securitized Products Strategy Evolution



<sup>(a)</sup>Includes 20 year pass-throughs.

Source: Bloomberg. The above information is not a complete analysis of every material fact concerning any market, industry or investment. Data has been obtained from sources considered reliable, but Dodge & Cox makes no representations as to the completeness or accuracy of such information. Opinions expressed are subject to change without notice. The information provided is historical and does not predict future results or profitability. This is not a recommendation to buy, sell, or hold any security and is not indicative of Dodge & Cox's current or future trading activity. The securities identified are subject to change without notice and may not represent an account's entire holdings. The above information is provided solely to illustrate certain characteristics of the applicable Dodge & Cox separate account strategy. It should not be considered an advertisement, promotion, or offer of any other investment.

## Portfolio Review

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# Performance Results

March 31, 2025

## School Employees Retirement System of Ohio - Fixed Income

	Average Annual Total Returns for Periods Ended March 31, 2025						Since 8/15/95
	3 Months	1 Year	3 Years	5 Years	10 Years	20 Years	
<b>School Employees Retirement System of Ohio - Fixed Income #3255</b>							
<b>Market Value<sup>(a)</sup></b>	<b>\$476,810,243</b>						
Total Portfolio (Gross of Fees)	2.92	5.95	2.60	2.52	3.21	4.66	5.61
Total Portfolio (Net of Fees)	2.89	5.81	2.46	2.38	3.07	4.53	5.48
Target Index <sup>(b)</sup>	2.66	5.11	0.59	-0.35	1.49	3.19	4.36
Difference (Gross)	0.26	0.84	2.01	2.87	1.72	1.47	1.25
Difference (Net)	0.23	0.70	1.87	2.73	1.58	1.34	1.12

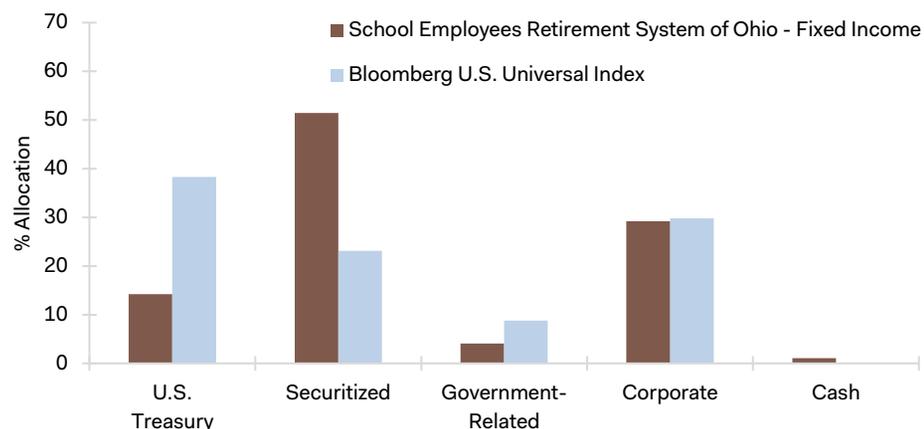
<sup>(a)</sup>Total portfolio with accrued income. <sup>(b)</sup>Comprised of the Bloomberg U.S. Aggregate Bond Index since inception to 6/30/2024. Thereafter, comprised of the Bloomberg U.S. Universal Index. Performance figures for the portfolio and benchmark are annualized for periods greater than one year.

# Portfolio Structure

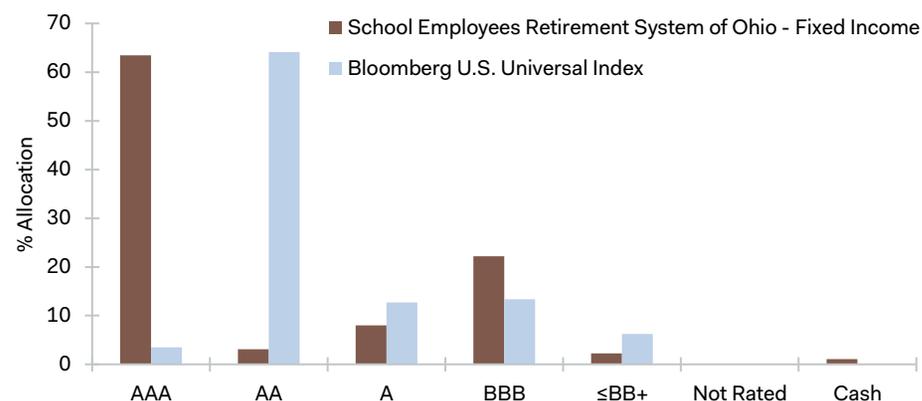
March 31, 2025

## School Employees Retirement System of Ohio - Fixed Income

### Sector Composition



### Quality Composition



### Weighted-Average Summary Characteristics

	School Employees Retirement System of Ohio - Fixed Income	Bloomberg U.S. Universal Index
Yield-to-Worst <sup>(a)</sup>	5.09%	4.85%
Quality <sup>(b)</sup>	AA	AA-
Effective Duration	6.3 years	5.9 years

Weighted-average yield-to-worst and effective duration include the effect of the portfolio's position in U.S. Treasury futures contracts. Other portfolio characteristics (e.g. sector, quality, maturity) are not similarly adjusted.

<sup>(a)</sup>Yield and principal value fluctuate with market conditions. <sup>(b)</sup>In calculating a portfolio's weighted average quality, Dodge & Cox translates each security's rating from an alpha value to a numerical value (if a security is unrated, Dodge & Cox assigns a rating in accordance with our internal policy), calculates a weighted average numerical rating, and then translates the resulting number back into an alpha value based on the same scale. All cash and portfolio holdings are included in this calculation. Both Dodge & Cox and the Bloomberg Index apply a methodology using a linear numerical scoring system. Other methodologies could produce a lower weighted-average quality. The portfolio's weighted average quality is not a rating of the portfolio by an independent rating agency and should not be considered an assessment of the stability or safety of the portfolio. The credit quality distribution for the Index is based on the middle of Moody's, Standard & Poor's, and Fitch ratings, which is the methodology used by Bloomberg in constructing its indices. Portfolio quality composition reflects the ratings methodology stated in applicable guidelines.

Source: The YieldBook, Inc., Bloomberg. The above information is not a complete analysis of every material fact concerning any market, industry, or investment. Data has been obtained from sources considered reliable, but Dodge & Cox makes no representations as to the completeness or accuracy of such information. Opinions expressed are subject to change without notice.

# Portfolio Composition by Theme

March 31, 2025

## School Employees Retirement System of Ohio - Fixed Income

### Credit 33.3%

Build portfolio yield and enhance relative total return potential

#### Corporate Credit<sup>(a)</sup> 29.2%

American Electric Power Co., Inc.	Elanco Animal Health, Inc.	Prosus NV
AT&T, Inc.	Elevance Health, Inc.	RTX Corp.
Bank of America Corp.	Enel SPA	Synopsys, Inc.
Barclays PLC	Fibercop SpA	TC Energy Corp.
Bayer AG	Ford Motor Credit Co. LLC	The Charles Schwab Corp.
BNP Paribas SA	GE HealthCare Technologies, Inc.	The Cigna Group
Boston Properties, Inc.	HCA Healthcare, Inc.	The Goldman Sachs Group, Inc.
British American Tobacco PLC	HSBC Holdings PLC	The Southern Co.
Burlington Northern Santa Fe LLC	Imperial Brands PLC	T-Mobile U.S., Inc.
Capital One Financial Corp.	JPMorgan Chase & Co.	UBS Group AG
Cemex SAB de CV	Kinder Morgan, Inc.	Ultrapar Participacoes SA
Charter Communications, Inc.	Lloyds Banking Group PLC	UniCredit SPA
Citigroup, Inc.	Mars, Inc.	Union Pacific Corp.
Cox Enterprises, Inc.	NatWest Group PLC	Unum Group
CVS Health Corp.	NextEra Energy, Inc.	VMware, Inc.
Dell Technologies, Inc.	Oracle Corp.	Vodafone Group PLC
Dominion Energy, Inc.	Philip Morris International, Inc.	Wells Fargo & Co.

#### Non-Corporate Credit 4.1%

Provide attractive risk/reward and diversification versus corporates

New Jersey Turnpike Authority RB	1.6%
State of California GO	
State of Illinois GO	
Colombia Government International	2.5%
Petroleos Mexicanos	

### Securitized 51.5%

Seek attractive total return in the intermediate part of the curve; provide liquidity and income

#### Mortgage-Backed Securities 43.5%

Specified Pools	37.1%
Collateralized Mortgage Obligations	5.6%
Hybrid Adjustable-Rate Mortgages (ARMs)	0.7%

#### Asset-Backed Securities 7.9%

Student Loans	5.2%
Auto Loans	2.5%
Whole Business <sup>(b)</sup>	0.0%
Rio Oil Finance Trust	0.2%

### U.S. Government and Cash 15.3%

Balance yield curve exposure, provide liquidity

#### U.S. Treasury and Agency 14.2%

Various U.S. Treasury Notes	13.8%
Various U.S. Treasury Inflation Protected Securities	0.4%

#### Cash 1.1%

### Derivatives 6.9% (Notional Value)

Manage portfolio duration and yield curve exposure

U.S. Treasury Futures	6.9%
Contribution to Duration <sup>(c)</sup>	0.61 years

<sup>(a)</sup>Investments are generally grouped by parent company. Actual securities may be issued by the listed parent company or one of its subsidiaries. <sup>(b)</sup>Rounds to zero. <sup>(c)</sup>Contribution to Duration = Notional Value (%) x Duration (Years).

The above information is not a complete analysis of every material fact concerning any market, industry or investment. Data has been obtained from sources considered reliable, but Dodge & Cox makes no representations as to the completeness or accuracy of such information. Opinions expressed are subject to change without notice. The information provided is historical and does not predict future results or profitability. This is not a recommendation to buy, sell, or hold any security and is not indicative of Dodge & Cox's current or future trading activity. The securities identified are subject to change without notice and may not represent an account's entire holdings.

## Update on Dodge & Cox

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# Key Characteristics of Our Organization

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March 31, 2025

## Over 90 Years of Investment Experience

Dodge & Cox was founded in 1930. We have a stable and well-qualified team of investment professionals, most of whom have spent their entire careers at Dodge & Cox.

## Independent Organization

Ownership of Dodge & Cox is limited to active employees of the firm. Currently there are 64 shareholders and 370<sup>(a)</sup> total employees.

## One Business

Dodge & Cox is solely in the business of investing. We apply a consistent investment approach to managing equity, debt, and balanced portfolios.

## Single Investment Decision-Making Office

We maintain close communication among our investment professionals by managing investments from one office in San Francisco.

## Independent Research Staff

Thorough fundamental analysis of each investment allows us to make independent, long-term decisions for our clients' portfolios.

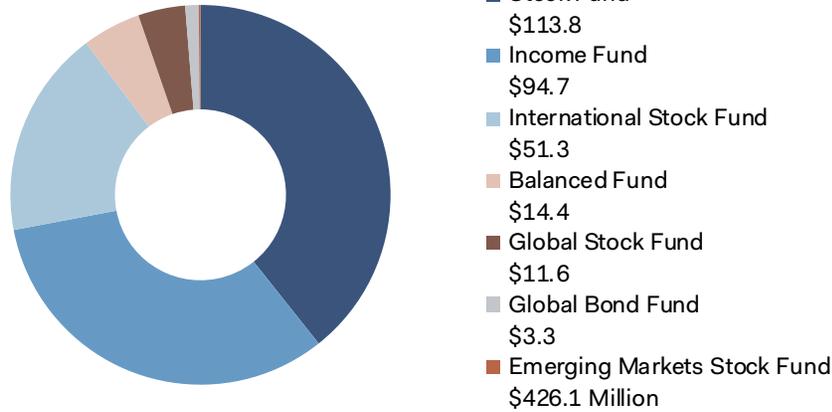
<sup>(a)</sup> Includes employees of wholly owned subsidiary Dodge & Cox Worldwide Investments Ltd. (UK).

# Dodge & Cox Assets Under Management (\$ in Billions)

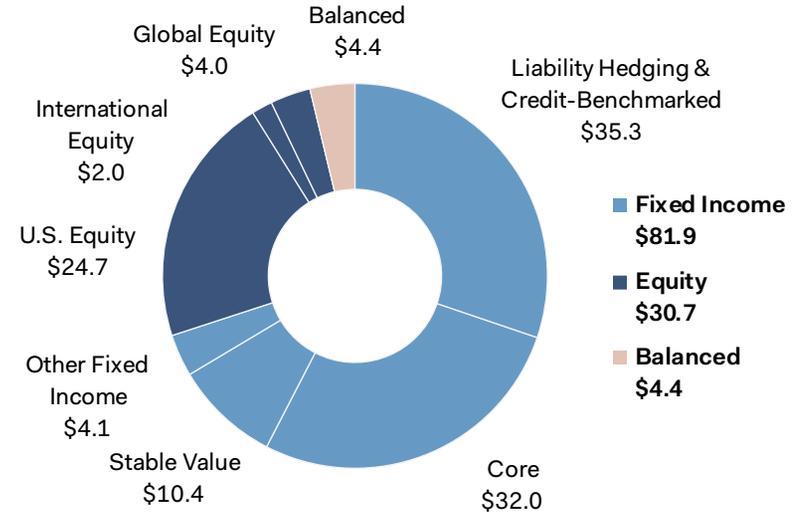
March 31, 2025

\$417.1 in Total Assets | \$230.6 in Equities | \$186.5 in Fixed Income

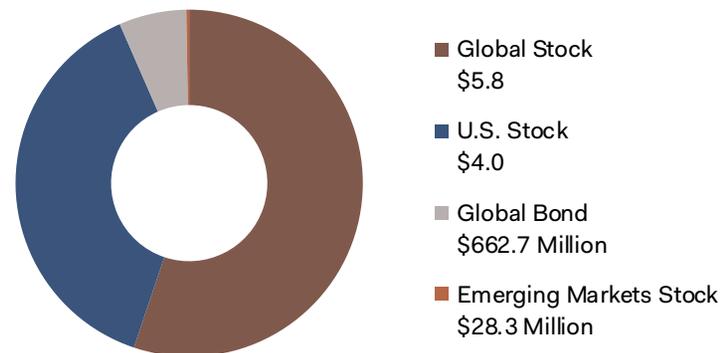
## Dodge & Cox Funds: \$289.5 Billion



## Separate Accounts: \$117.0 Billion



## Non-U.S. Funds (Irish UCITS): \$10.5 Billion

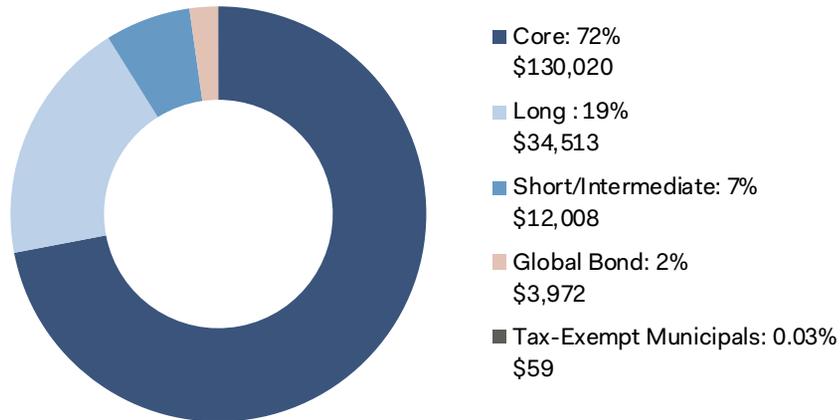


# Fixed Income Asset Breakdown (\$ in Millions)

March 31, 2025

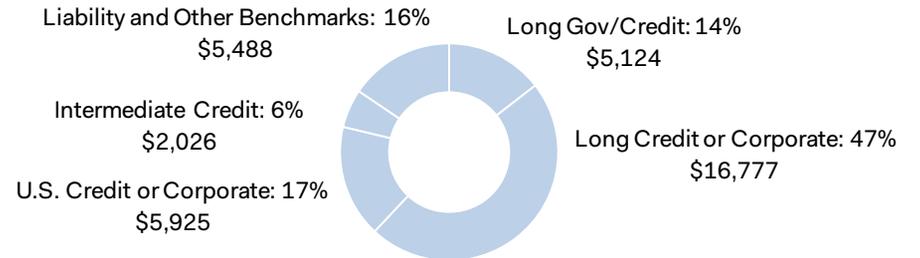
\$186.5 Billion in Total Fixed Income Assets

## Fixed Income Strategy Type\*

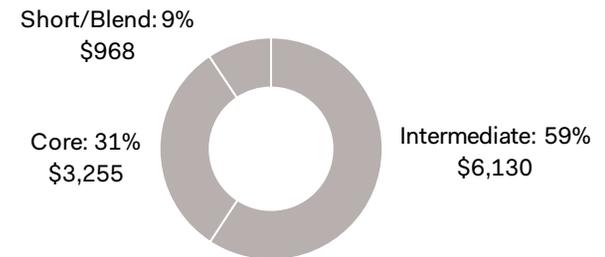


\*Fixed Income Strategy Type excludes the fixed income portion of the Dodge & Cox Balanced strategy, which totals to \$5,920 Million.

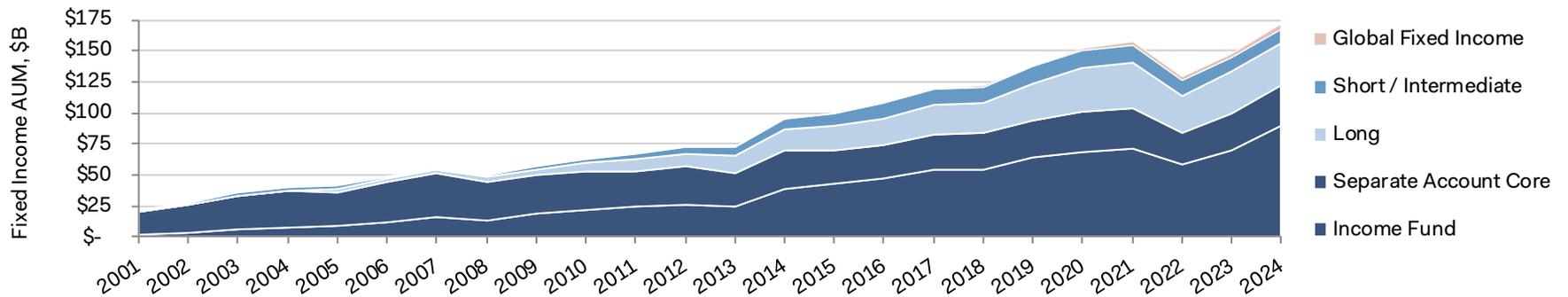
## Liability Hedging & Credit-Benchmarked Total: \$35,340



## Stable Value Total: \$10,352



## Annual AUM Growth



# Composite Performance Information

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# Discretionary Core Fixed Income Composite

March 31, 2025

## Total Rates of Return (%)

### Annual Returns for Years Ending December 31,

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Composite (Gross of Fees)	0.03	5.66	4.69	0.08	9.96	10.18	-0.58	-10.78	8.21	2.75
Total Composite (Net of Fees*)	-0.32	5.30	4.32	-0.27	9.58	9.80	-0.93	-11.10	7.83	2.39
Bloomberg U.S. Aggregate Bond Index <sup>(a)</sup>	0.57	2.65	3.54	0.01	8.72	7.51	-1.54	-13.01	5.53	1.25
Difference (Gross)	-0.54	3.01	1.15	0.07	1.24	2.67	0.96	2.23	2.68	1.50
Difference (Net*)	-0.89	2.65	0.78	-0.28	0.86	2.29	0.61	1.91	2.30	1.14

### Annualized Cumulative Returns for Periods Ended March 31, 2025

	Since 1/1/1991 <sup>(a)</sup>	10 Yrs	9 Yrs	8 Yrs	7 Yrs	6 Yrs	5 Yrs	4 Yrs	3 Yrs	2 Yrs	1 Yr	YTD <sup>(a)(b)</sup>
Total Composite (Gross of Fees)	6.21	2.98	3.19	3.06	3.15	2.89	2.29	0.99	2.56	5.29	6.00	2.94
Total Composite (Net of Fees*)	5.84	2.63	2.84	2.70	2.79	2.53	1.94	0.64	2.21	4.93	5.63	2.85
Bloomberg U.S. Aggregate Bond Index <sup>(a)</sup>	4.93	1.46	1.41	1.53	1.58	1.10	-0.40	-0.67	0.52	3.28	4.88	2.78
Difference (Gross)	1.28	1.52	1.78	1.53	1.57	1.79	2.69	1.66	2.04	2.01	1.12	0.16
Difference (Net*)	0.91	1.17	1.43	1.17	1.21	1.43	2.34	1.31	1.69	1.65	0.75	0.07

### Statistics (\$ millions) at December 31,

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	3/31/2025 <sup>(a)</sup>
Number of Accounts	111	107	105	89	87	84	80	78	79	83	87
Ending Market Value (\$)	20,995	21,867	23,217	19,627	19,306	19,948	19,031	15,909	18,867	22,186	23,584
Average Account Size (\$)	189	204	221	221	222	237	238	204	239	267	271
Median Account Size (\$)	100	111	125	128	123	139	149	123	164	208	192
Internal Dispersion (%)	0.2	0.6	0.3	0.2	0.2	0.6	0.2	0.3	0.2	0.1	0.1
Total Firm Assets (\$)	259,474	275,917	315,953	285,931	326,660	325,309	371,287	322,933	362,993	400,289	417,077
% of Total Firm Assets (%)	8.1	7.9	7.3	6.9	5.9	6.1	5.1	4.9	5.2	5.5	5.7

<sup>(a)</sup>This information is not covered by the report of independent accountants. <sup>(b)</sup>Unannualized rate of return.

\*Net of fees performance reflects the deduction of a model fee of 35 bps, the highest tier of the fee schedule. The applicable fees to specific accounts may be lower than the model fee for the composite.

# Discretionary Core Fixed Income Composite

March 31, 2025

## Notes to the Composite

Dodge & Cox claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Dodge & Cox has been independently verified for the periods 12/31/1991-12/31/2023. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The Discretionary Core Fixed Income Composite has had a performance examination for the periods 12/31/1991-12/31/2023. The verification and performance examination reports are available upon request.

1. The Discretionary Core Fixed Income Composite is comprised of discretionary core fixed-income accounts, benchmarked to a broad market index, that are managed free of tax constraints. The accounts are invested in diversified portfolios consisting primarily of high-quality fixed-income securities, including U.S. Treasuries, government-related securities, corporate bonds and similar obligations, and securitized investments. The accounts may also invest to a limited degree in securities rated below investment grade. The accounts' objectives are to seek a high and stable rate of current income, consistent with long-term preservation of capital.
2. This composite's inception date is January 1, 1991 and it was created on January 1, 1993. As of March 1, 2022, The Fixed Income Tax-Exempt Composite has been renamed to the Discretionary Core Fixed Income Composite.
3. Dodge & Cox, an independent investment adviser registered under the Investment Advisers Act of 1940, is an autonomous investment firm for purposes of determining the Total Firm Assets under management and firmwide compliance.
4. Cash reserves and equivalents are included in the Total Composite returns. Segments of multiple-asset portfolios are not included in this composite.
5. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.
6. Valuations and performance are computed in U.S. dollars.
7. Returns (both gross and net) are reported net of withholding tax on dividends, interest income and capital gains.
8. Net of fees performance reflects the deduction of a model fee, is net of transaction costs, and is calculated based on the highest tier of the fee schedule referenced below, which may not reflect the actual historical fees applied to the accounts in the Composite. The fees applicable to your account may be lower than the model fee for the composite. Information on Dodge & Cox investment advisory fees can be found in its Form ADV, Part 2.
9. Unmanaged indices shown for comparative purposes.
 

The Bloomberg U.S. Aggregate Bond Index is a widely recognized, unmanaged index of U.S. dollar-denominated investment-grade fixed income securities. The index returns do not reflect the deduction of any fees. BLOOMBERG® and the Bloomberg indices listed herein are service marks of Bloomberg Finance L.P. and its affiliates. Bloomberg is not affiliated with Dodge & Cox and has not reviewed or approved any data or information used herein.

For more information, visit [dodgeandcox.com/index\\_disclosures](http://dodgeandcox.com/index_disclosures).
10. Past performance is no guarantee of future results.
11. A complete list and descriptions of all Dodge & Cox composites, Broad Distribution Pooled Funds, as well as additional information regarding policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.
12. Accounts with asset size below \$4,000,000 prior to October 1, 2001 and \$5,000,000 thereafter are excluded from the composite.
13. The Annualized Cumulative Rate of Return is equivalent to the annual rate of return which, if earned in each year of the indicated multi-year period, would produce the actual cumulative rate of return over the entire period.
14. Total firm assets are calculated at the end of the relevant period. Internal dispersion is calculated by using the asset-weighted standard deviation of annual gross returns of those portfolios that were included in the composite for the entire year.
15. Results include accounts present for an entire measurement period, except for accounts subject to material client restrictions. For performance calculation purposes, the measurement period is defined as a full month.
16. Current annual fees for Core Fixed Income Accounts are:
  - 0.35% on the first \$25 million
  - 0.25% on the next \$75 million
  - 0.15% on the next \$150 million
  - 0.12% on the next \$750 million
  - 0.11% thereafter
17. In January 2018, the composite was redefined by modifying the criteria for inclusion to include accounts with limits of 25% or higher in securities rated below single A, resulting in 21 accounts with more restrictive quality-related guidelines moving to the Investment Grade Core Fixed Income Composite from the Discretionary Core Fixed Income Composite. There was no change to the underlying strategy.
18. Gross of fees returns are used to calculate presented risk measures. 3 year annualized standard deviation at:

	12/31/2024	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Total Composite	7.9	7.2	6.2	3.7	3.6	2.1	2.3	2.5	2.7	2.5
Bloomberg U.S. Aggregate Bond Index	7.7 <sup>(a)</sup>	7.1 <sup>(a)</sup>	5.8 <sup>(a)</sup>	3.4 <sup>(a)</sup>	3.4 <sup>(a)</sup>	2.9 <sup>(a)</sup>	2.9 <sup>(a)</sup>	2.8 <sup>(a)</sup>	3.0 <sup>(a)</sup>	2.9 <sup>(a)</sup>

# Source Citations

## Bloomberg

**Bloomberg U.S. Aggregate Bond Index:** The Bloomberg U.S. Aggregate Bond Index is a widely recognized, unmanaged index of U.S. dollar-denominated, investment-grade, taxable fixed income securities.

**Bloomberg Global Aggregate Bond Index:** The Bloomberg Global Aggregate Bond Index is a widely recognized, unmanaged index of multi-currency, investment-grade fixed income securities.

**Bloomberg U.S. Corporate Bond Index:** The Bloomberg U.S. Corporate Bond Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by US and non-US industrial, utility and financial issuers.

**Bloomberg U.S. Mortgage-Backed Securities (MBS) Index:** The Bloomberg U.S. Mortgage-Backed Securities (MBS) Index tracks fixed-rate agency mortgage-backed pass-through securities guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC). The index is constructed by grouping individual TBA-deliverable MBS pools into aggregates or generics based on program, coupon and vintage.

Bloomberg Portfolio Risk and Analytics (PORT+) is a portfolio and risk analytics platform.

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## GICS

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## Russell

**Russell 1000 Value Index:** The Russell 1000 Value Index is a broad-based, unmanaged equity market index composed of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

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## Other

**Combined Index:** The Combined Index reflects an unmanaged portfolio (rebalanced monthly) of 60% of the S&P 500 Index, which is market capitalization-weighted index of 500 large-capitalization stocks commonly used to represent the U.S. equity market, and 40% of the Bloomberg U.S. Aggregate Bond Index, which is a widely recognized, unmanaged index of U.S. dollar-denominated, investment-grade, taxable fixed income securities.

It is not possible to invest directly in an index.

## Standard & Poor's

**S&P 500 Index:** The S&P 500 Index is a market capitalization-weighted index of 500 large-capitalization stocks commonly used to represent the U.S. equity market.

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## MSCI

**MSCI ACWI Index:** The MSCI ACWI (All Country World Index) Index is a broad-based, unmanaged equity market index aggregated from developed market and emerging market country indices.

**MSCI ACWI ex USA Index:** The MSCI ACWI (All Country World Index) ex USA Index is a broad-based, unmanaged equity market index aggregated from developed and emerging market country indices, excluding the United States.

**MSCI EAFE Index:** The MSCI EAFE (Europe, Australasia, Far East) Index is a broad-based, unmanaged equity market index aggregated from developed market country indices, excluding the United States and Canada. It covers approximately 85% of the free float-adjusted market capitalization in each country.

**MSCI Emerging Markets Index:** The MSCI Emerging Markets Index captures large and mid-cap representation across emerging market countries. It covers approximately 85% of the free float-adjusted market capitalization in each country.

**MSCI World Index:** The MSCI World Index is a broad-based, unmanaged equity market index aggregated from developed market country indices. It covers approximately 85% of the free float-adjusted market capitalization in each country.

**MSCI ACWI Value Index:** The MSCI ACWI Value Index captures large- and mid-cap securities exhibiting overall value style characteristics across developed market and emerging market countries. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price, and dividend yield.

**MSCI ACWI ex USA Value Index:** The MSCI ACWI ex USA Value Index captures large- and mid-cap securities exhibiting overall value style characteristics across developed and emerging market countries, excluding the United States. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price, and dividend yield.

**MSCI EAFE Value Index:** The MSCI EAFE Value Index captures large- and mid-cap securities exhibiting overall value style characteristics across developed market countries around the world, excluding the United States and Canada. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price, and dividend yield.

**MSCI World Value Index:** The MSCI World Value Index captures large- and mid-cap securities exhibiting overall value style characteristics across developed market countries. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price, and dividend yield.

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# Ohio SERS Investment Report

## Monthly Report to the Board

For the period ending: April 30, 2025

Prepared by Investment and IAD Staff

Farouki Majeed, Chief Investment Officer

*Meeting Date: June 2025*



## Investment Agenda

- Board Education Session – Fixed Income Market Update and Portfolio Review presented by Dodge & Cox
- Monthly Investment Report (April 30, 2025)
- Statement of Investment Policy Amendments (possible vote)
- FY26 Annual Investment Plan (possible vote)



## Economic and Financial Market Outlook

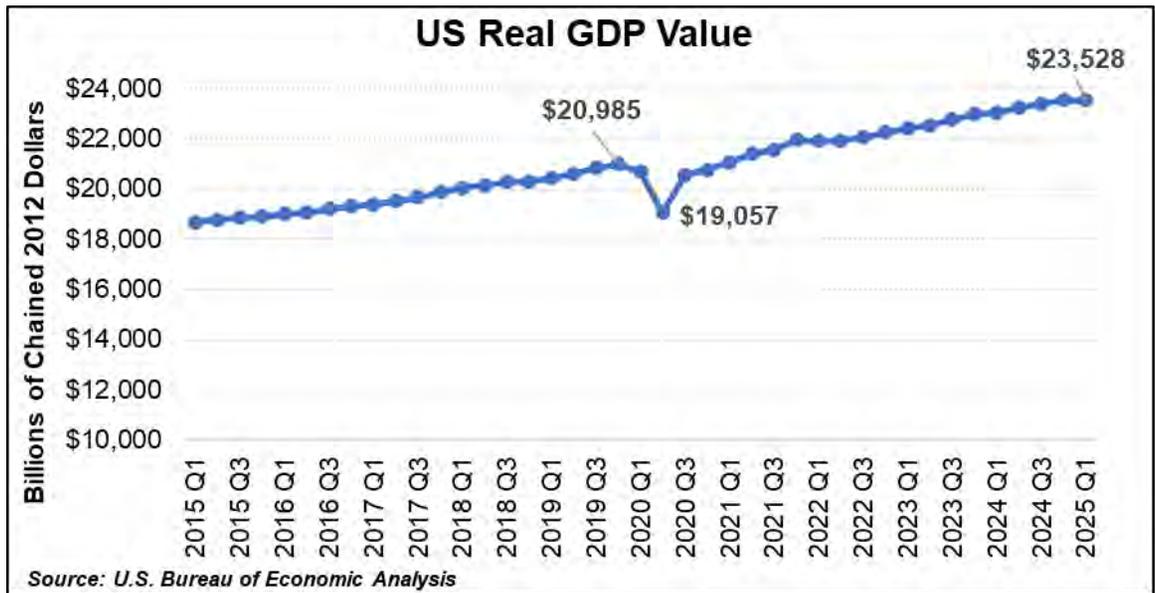
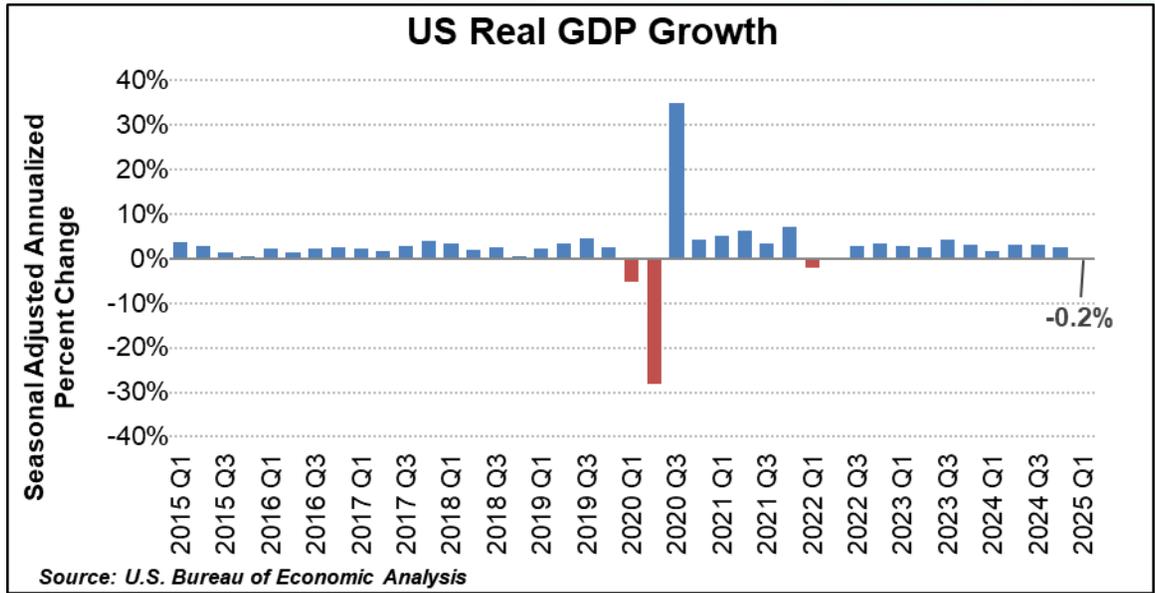
- US GDP contracted at a 0.2% annualized rate in Q1, a steep drop from a 2.4% expansion in Q4, 2024. Negative GDP in Q1 was due to sharp decline in Federal spending and surge in imports to front run tariffs which caused net exports to be negative. The BCEI's May 2025 consensus projected GDP growth to decelerate to 1.2% in 2025 amid tariff and sticky inflation concerns. (Source: *Bureau of Economic Analysis and Blue Chip Economic Indicators (BCEI)*).
- The US labor market added 139,000 jobs in May. Employment increased in health care, leisure and hospitality, and social assistance sectors while decreasing in the federal government sector. The unemployment rate was unchanged at 4.2%. The labor force participation was 62.4%, slightly lower than 62.6% in the previous month. March and April employment were revised down by 95,000 jobs. (Sources: *Bureau of Labor Statistics and Department of Labor*).
- US headline inflation was 2.3% in April, 0.1% lower than in March as the energy index declined 3.7% on an annual basis. The food index increased by 2.8% in the last 12 months. Core inflation remained at 2.8%, while rent inflation remained at 4.0%. (Source: *Bureau of Labor Statistics*).
- The 10-year Treasury nominal yield increased 24 bps to 4.41% in May. The 10-year real yield as of March, estimated by the gap between the 10-year Treasury nominal yield and current headline inflation, increased to 1.87%, 8 bps higher than the historical average. The Fed maintained interest rates in the range of 4.25-4.50%.
- The S&P Case-Shiller 20-City home price index was up 1.11% for the month, gaining 4.07% for the last 12 months as of March 2025.
- The Consumer Sentiment Index released by Thomson Reuters and the University of Michigan was 52.2 in May, unchanged from April but significantly down from a year ago by 24.5%. The US Economic Surprise index turned to a positive 11.5 from a negative 8.6 in the last month while the Global reading also strengthened to 22 in May. The February Leading Economic Index (LEI) issued by the Conference Board was 99.4, down 1.0% for the month and down 2.0% for the 6-month period.
- May S&P US Composite(manufacturing and services combined) PMI increased to 52.1 in May from 50.6 in April, indicating a modest acceleration thanks to the services sector's strength. Global Composite (manufacturing and services combined) PMI was 50.8 in April, indicating a soft expansion also due to the services sector's acceleration. (Source: *Institute for Supply Management and S&P Global*).
- Equity markets were up in May. The US market (Russell 3000) was up 6.34% while Non-US Developed markets (MSCI World ex-USA) and Emerging markets (MSCI EM) were up 4.71% and 4.27%, respectively.
- The US fixed income market, Bloomberg US Universal Bond Index, was down 0.51% in May.

Notes: Acronym – PMI – Purchasing-Managers' Index



**ECONOMY**

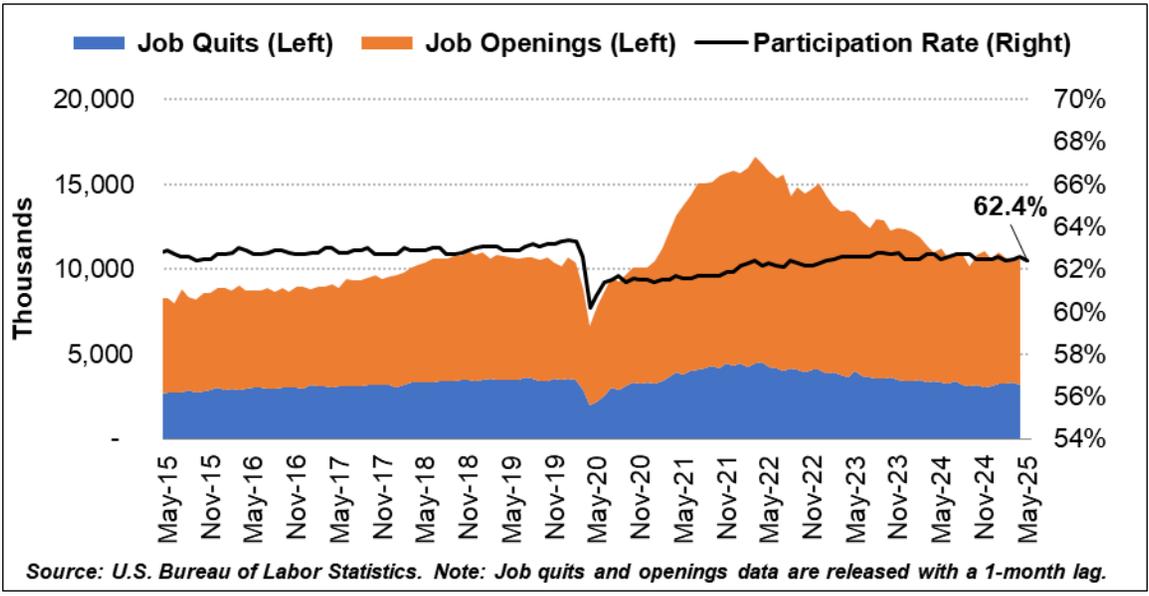
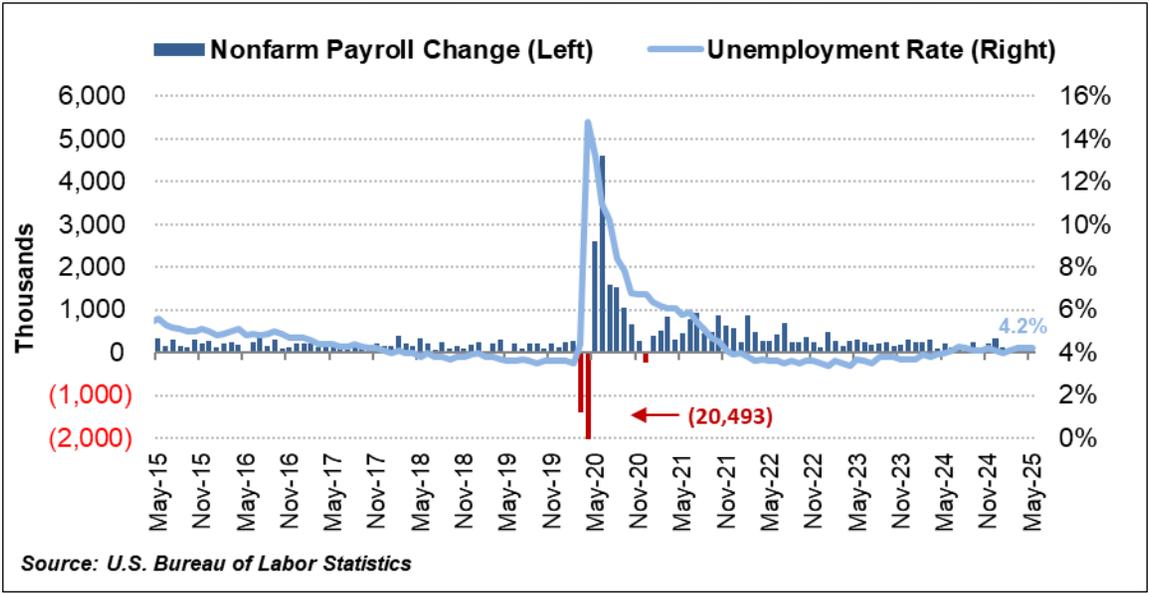
**US Real Gross Domestic Product**





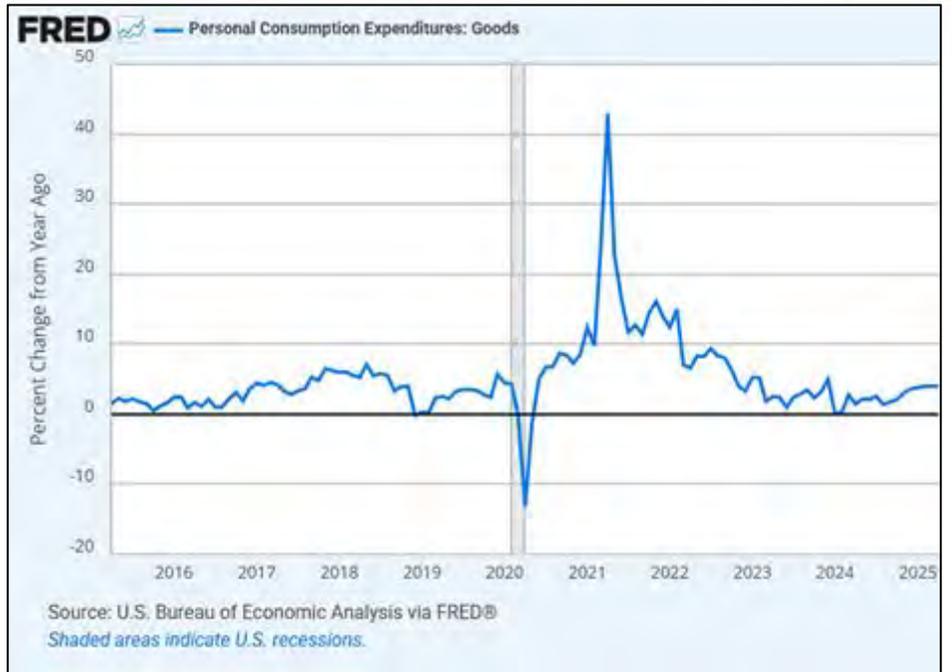
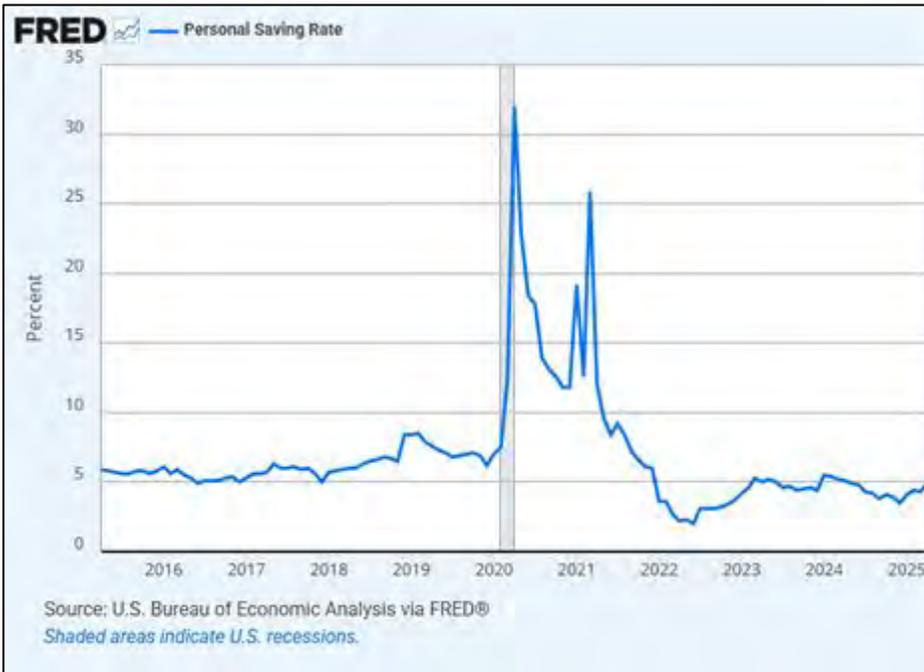
**ECONOMY**

**US Labor Market**





# ECONOMY Personal Savings Rate & Personal Expenditures: Goods



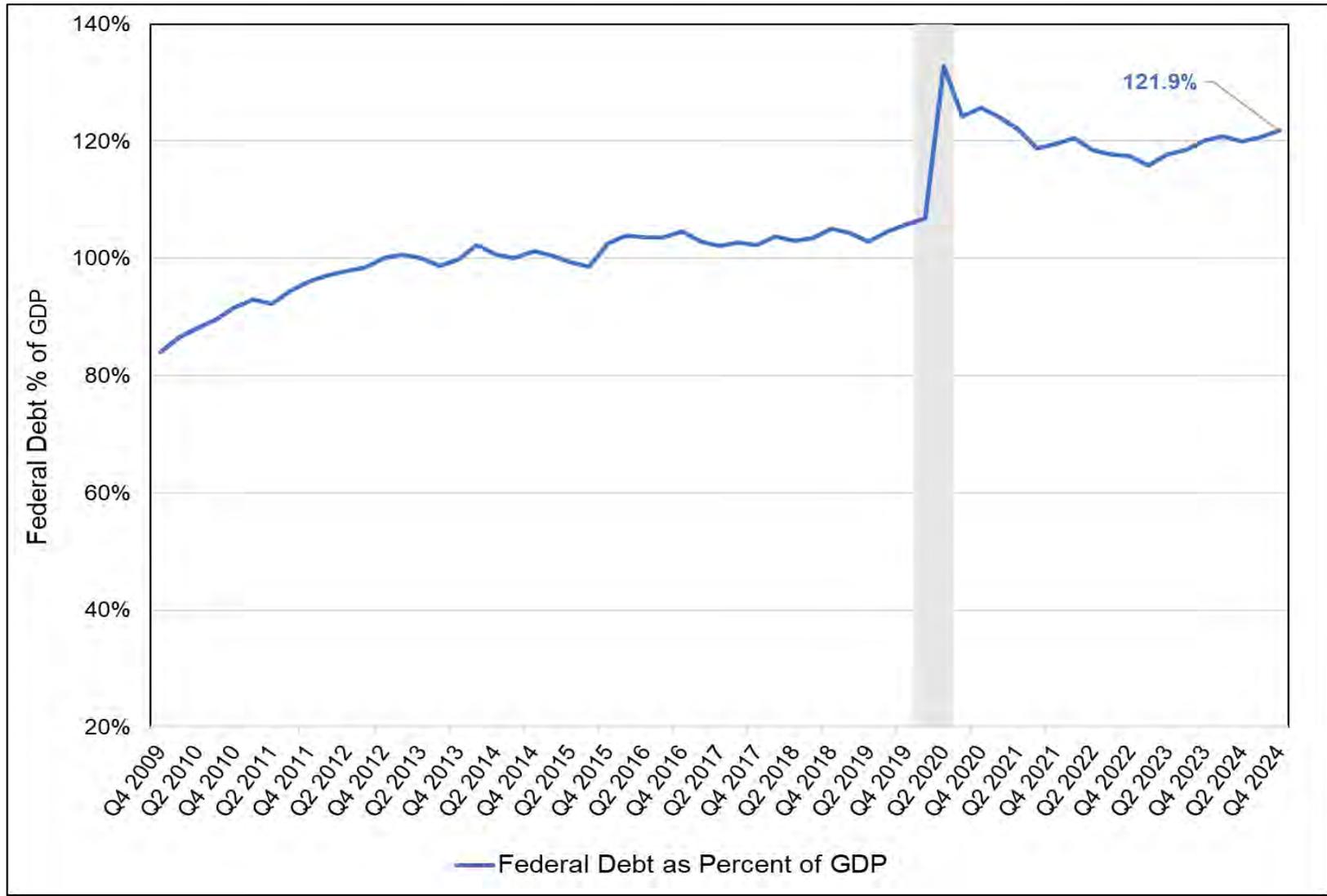
Date	Annual Personal Savings Rate
Jun-21	8.4%
Jun-22	2.0%
Jun-23	5.0%
Jun-24	4.8%
Apr-25	4.9%

Date	Personal Consumption Expenditures: Goods Change from Prior Year
Jun-21	16.5%
Jun-22	8.3%
Jun-23	1.0%
Jun-24	2.1%
Apr-25	4.1%



**ECONOMY**

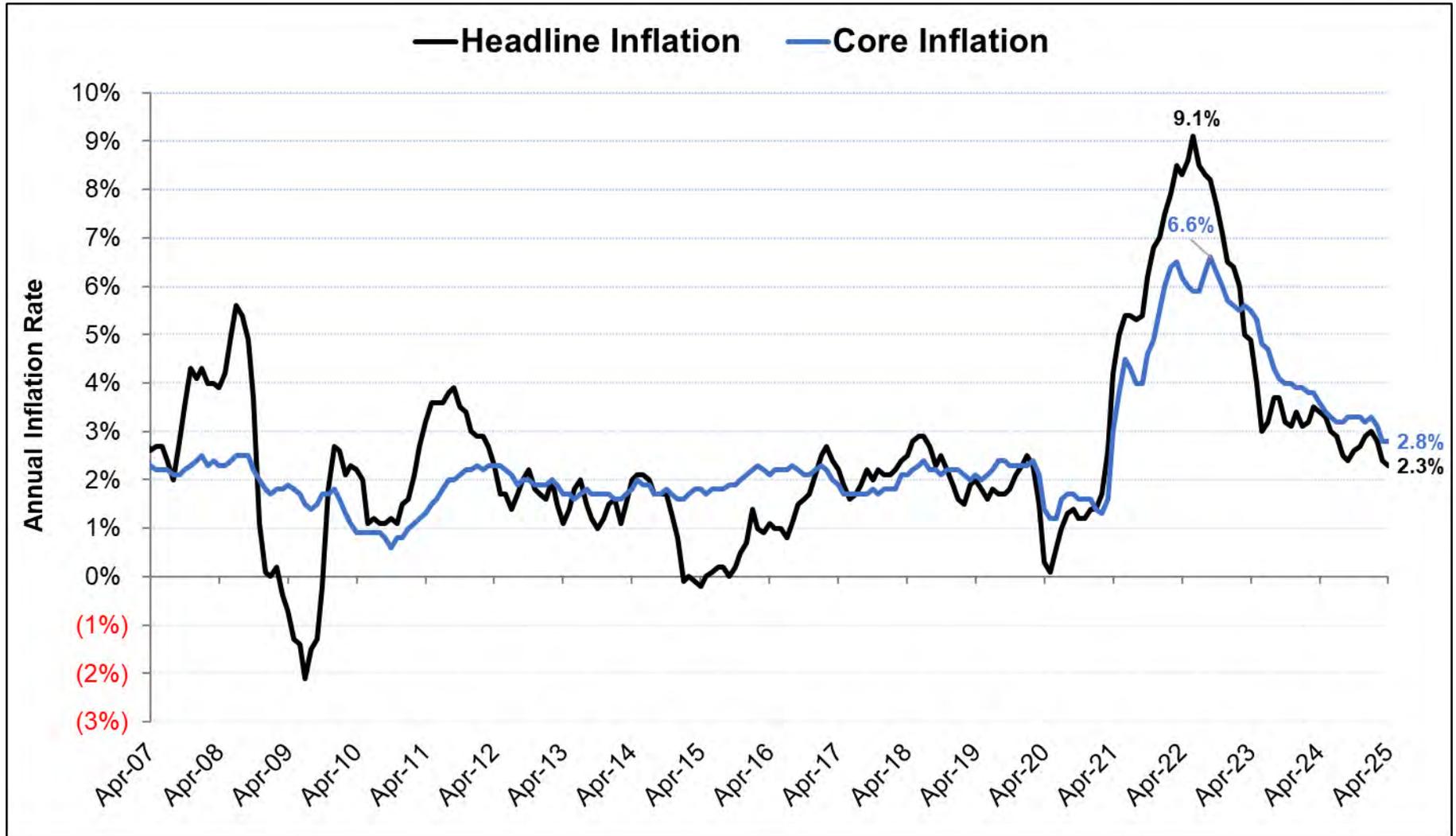
**Federal Debt as Percent of GDP**



Source: Federal Reserve Bank of St. Louis, U.S. Office of Management and Budget

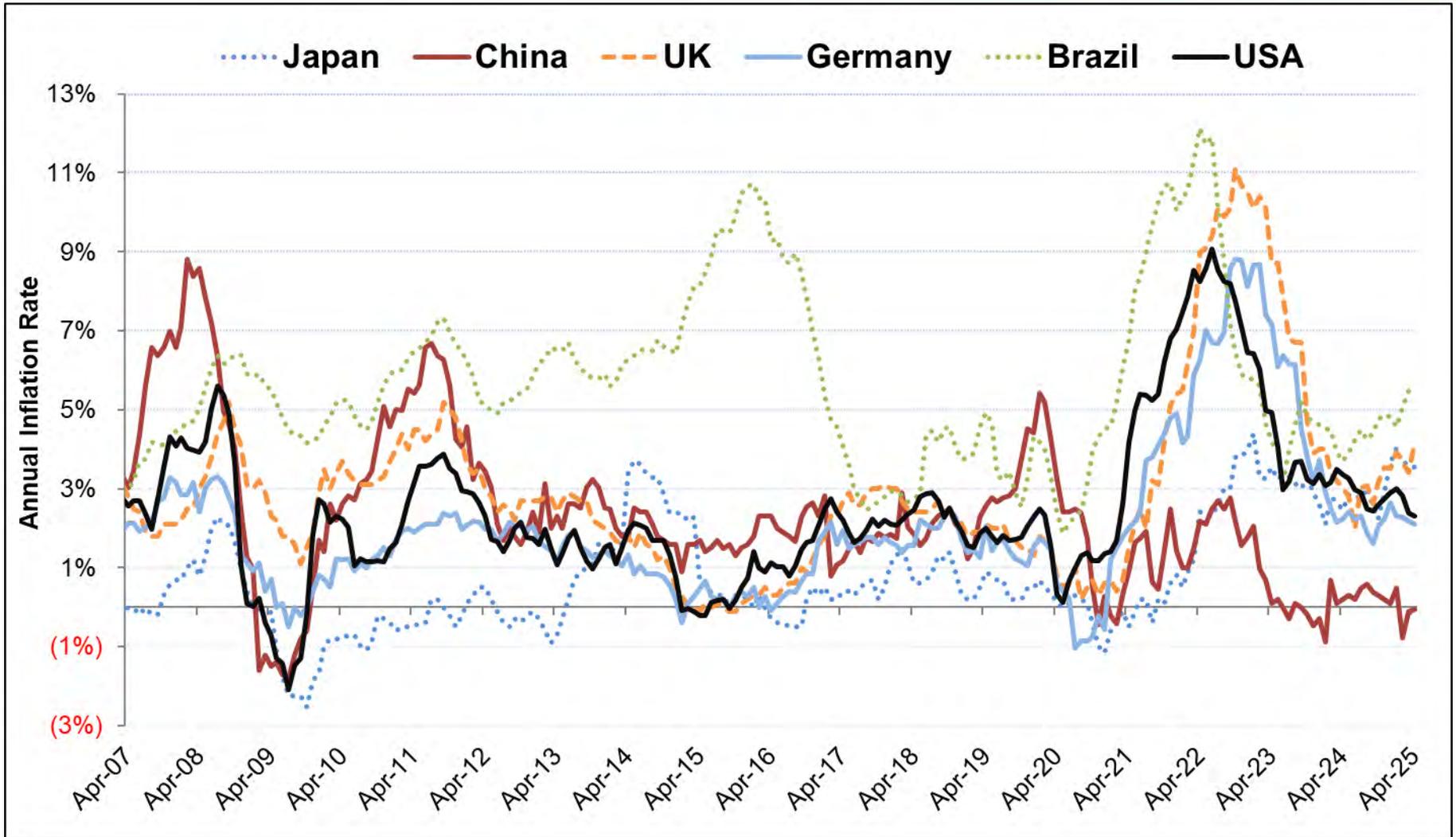


# ECONOMY US Inflation





# ECONOMY Global Headline Inflation

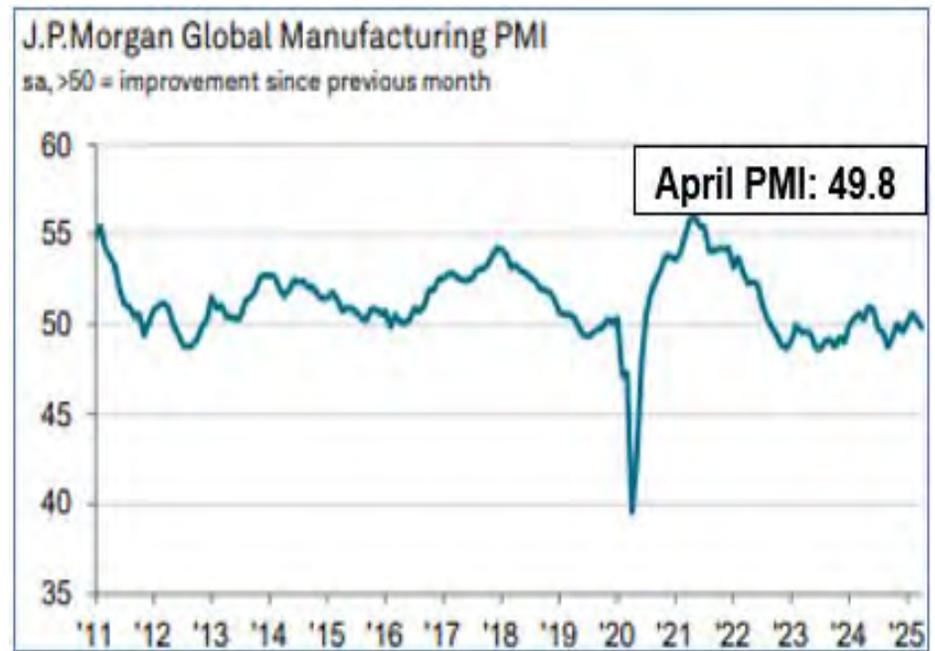
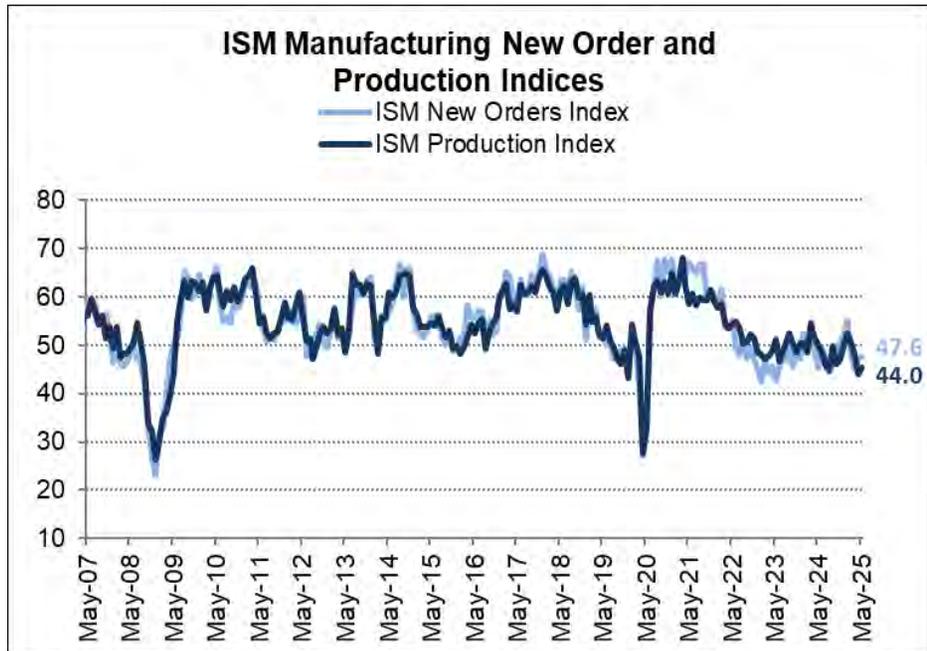


	Japan	China	UK	Germany	Brazil	USA
Apr-25	3.53	-0.07	4.16	2.10	5.53	2.31



# ECONOMY

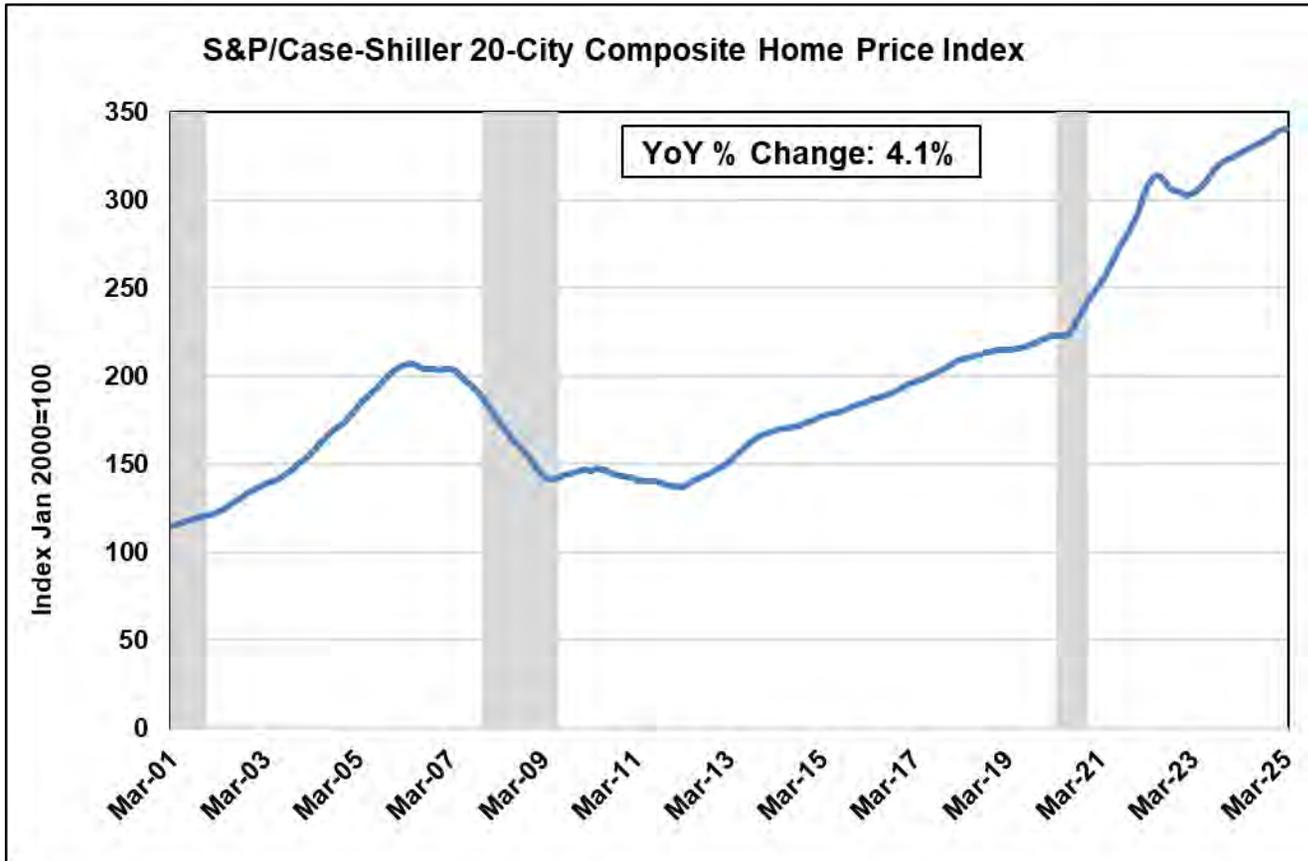
## US & Global Manufacturing Activities



Source: Manufacturing ISM Report On Business & JPMorgan Global Manufacturing PMI™  
Notes: Acronym – ISM – Institute of Supply Management; PMI – Purchasing Managers Index



**ECONOMY**    **US Housing Market**



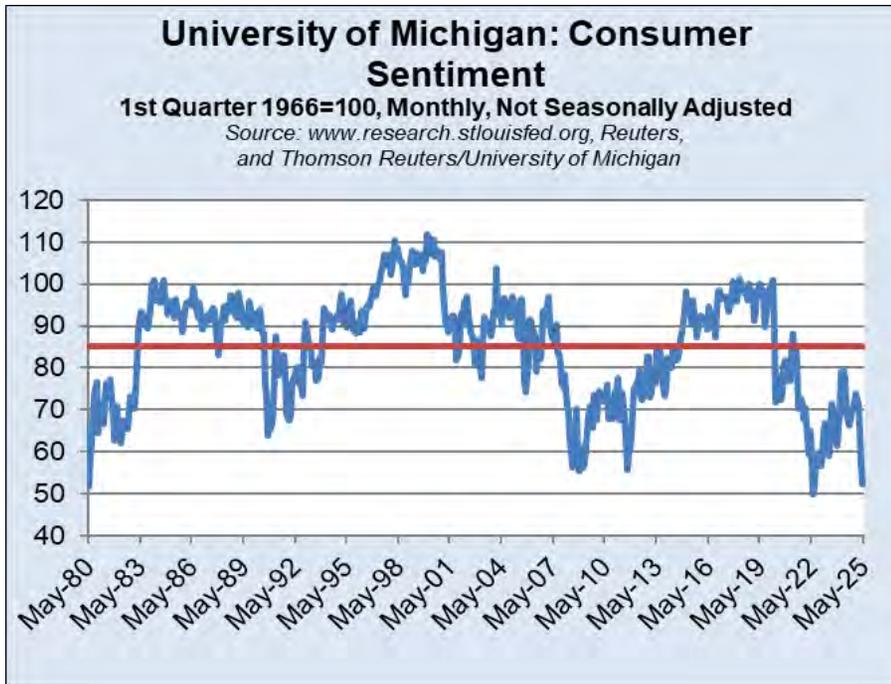
Date	S&P Case-Shiller 20-City Home Price Index January 2000 = 100, Seasonally Adjusted
Jul-21	269.39
Jul-22	312.25
Jul-23	312.64
Jul-24	330.80
Mar-25	339.88

Source: S&P Dow Jones Indices LLC via FRED



# ECONOMY

## Consumer Sentiment



Index of Consumer Sentiment				
May-24	Apr-25	May-25	M-M Change	Y-Y Change
69.1	52.2	52.2	0.0%	-24.5%

## The Leading Economic Index (LEI)

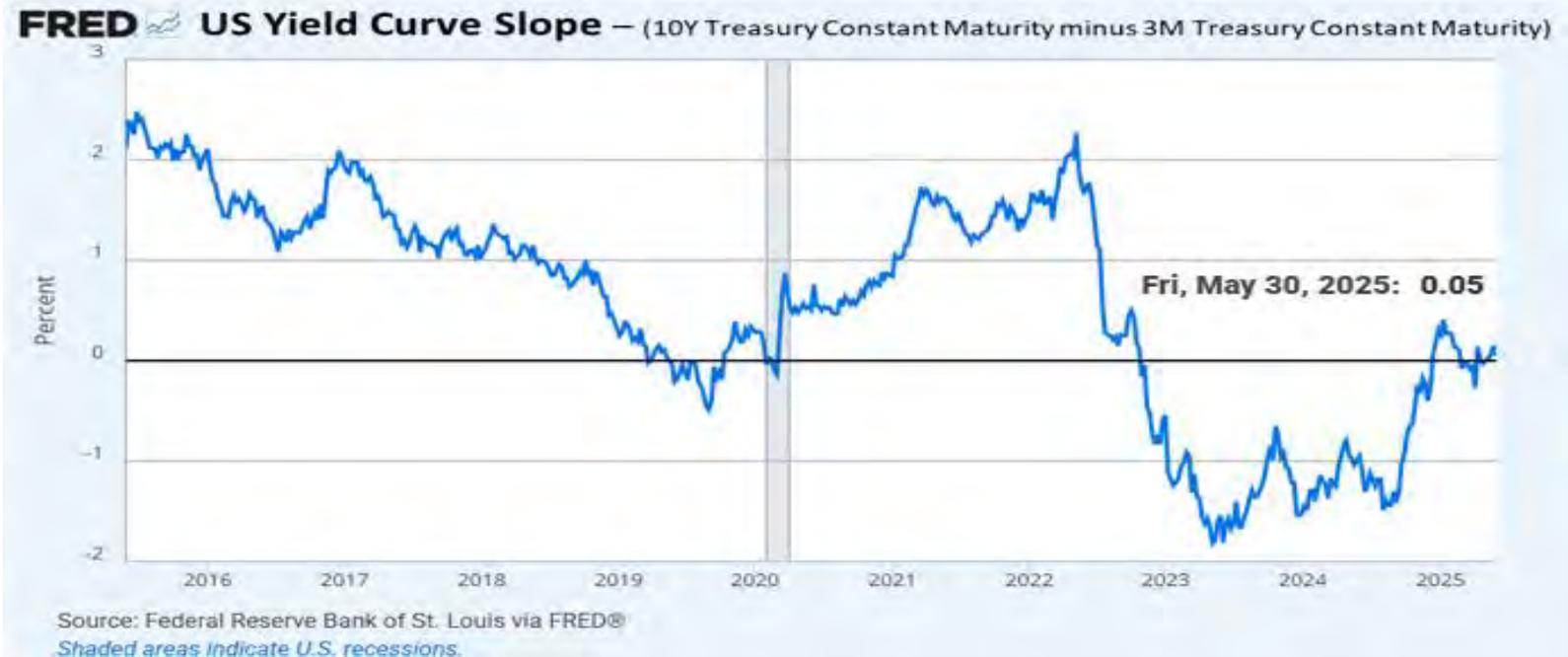


Shaded areas represent US recessions

Index	Mar-25	Apr-25	Month -Month Percent Change	6-Month Percent Change (Oct-Apr)
LEI	100.4 r	99.4 p	-1.0	-2.0

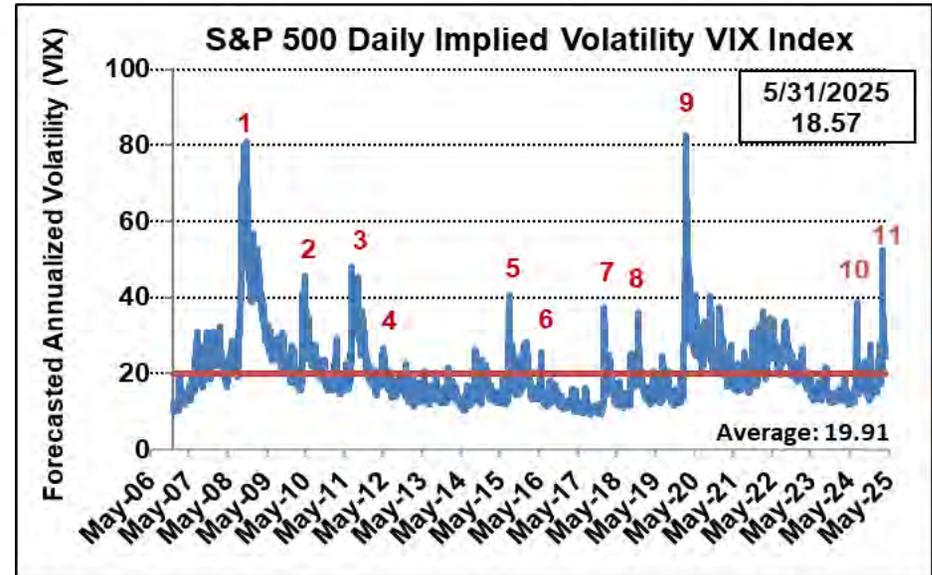
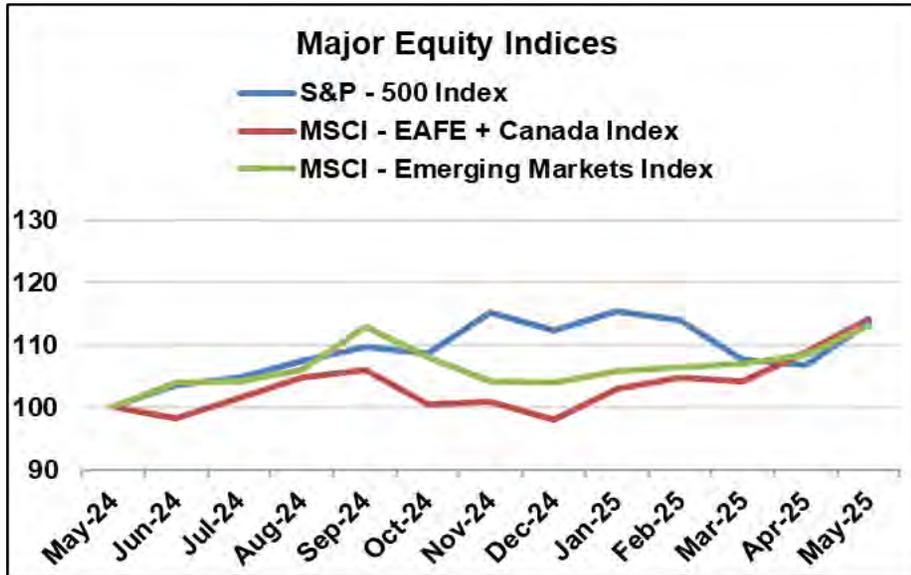


# ECONOMY





# MARKETS Equity

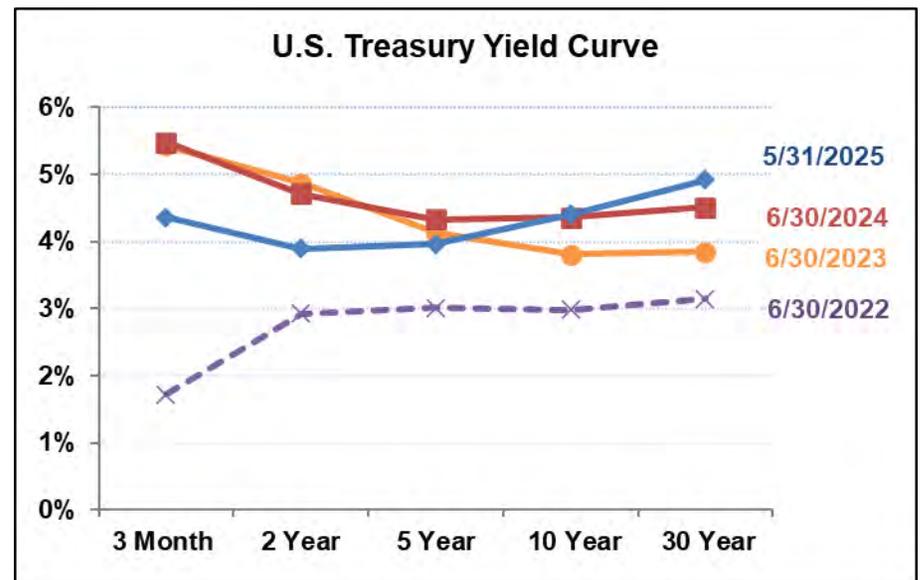
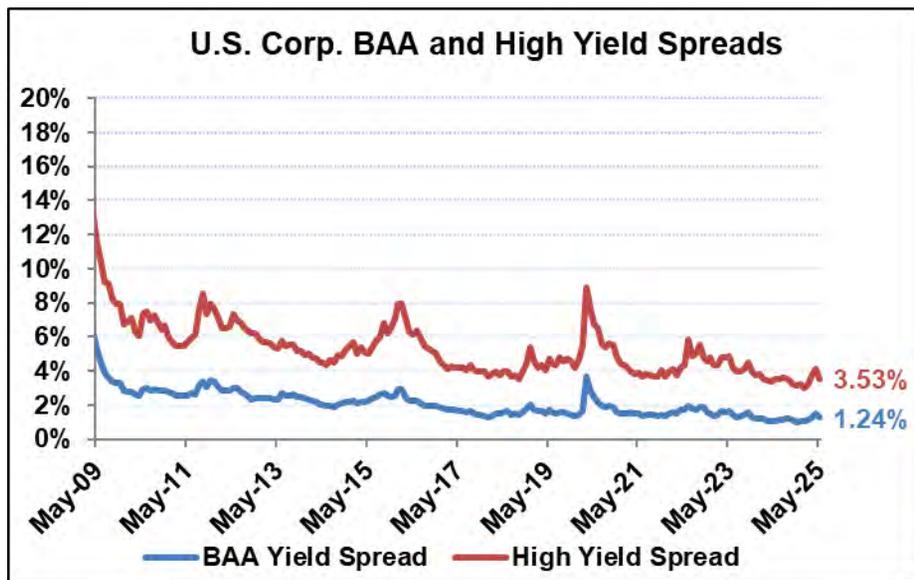


	Return as of 5/31/2025	
	1 Year	FYTD
<b>S&amp;P 500 Index</b>	13.52	9.59
<b>MSCI - EAFE + Canada Index</b>	14.06	15.98
<b>MSCI - Emerging Markets Index</b>	13.04	8.75

- 1** 2008 (Nov.) Financial Crisis S&P 500: - 48.8%
- 2** 2010 (May) Flash crash; Europe/ Greece debt S&P 500: -16%
- 3** 2011 (Aug.) US dow ngrade, Europe periphery S&P 500: -19.4%
- 4** 2012 (June) Eurozone double dip S&P 500: -9.9%
- 5** 2015 (Aug.) Global slow dow n, China, Fed S&P 500: -12.4%
- 6** 2016 (Feb.) Oil crash, US recession fear, China S&P 500: -10.5%
- 7** 2018 (Feb.) Inflation, trade, tech S&P 500 : -10.2%
- 8** 2018 (Dec.) Interest rate hike, trade tension, global slow dow n S&P 500: -10.5%
- 9** 2020 (Mar.) Coronavirus, S&P 500 : -23.7%
- 10** 2024 (Aug.) Crow ded FX (Japanese Yen) trade, recession fear S&P 500: -6.0%
- 11** 2025 (Apr.) Tariff tantrum, S&P 500: -11.5%

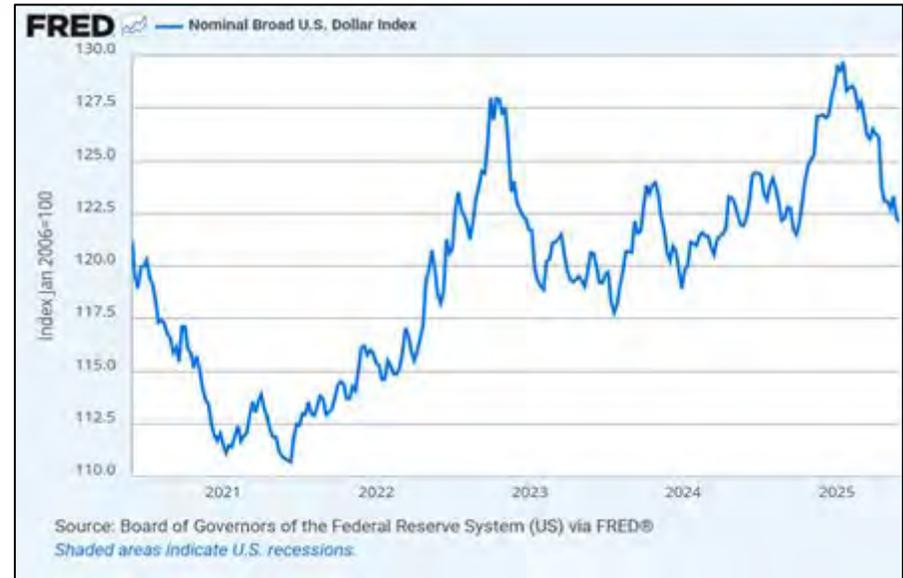


**MARKETS** Fixed Income





# MARKETS Foreign Exchange

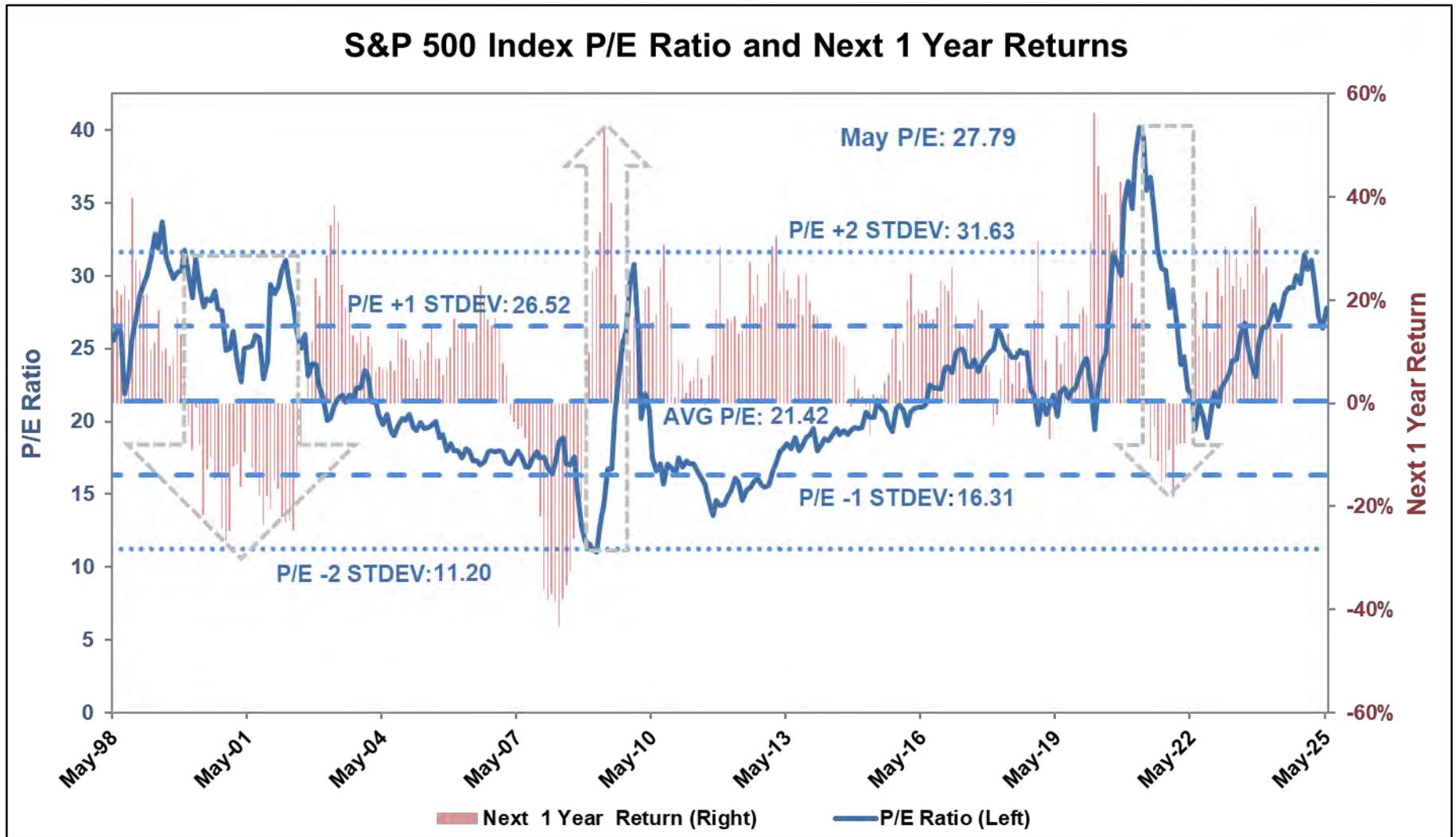


Date	U.S. / Euro Foreign Exchange Rate U.S. Dollars to One Euro
June-21	1.18
June-22	1.05
June-23	1.09
June-24	1.07
May 30, 2025	1.13

Date	Nominal Broad U.S. Dollar Index Index January 2006=100
June-21	112.85
June-22	121.05
June-23	119.89
June-24	124.52
May 30, 2025	122.11

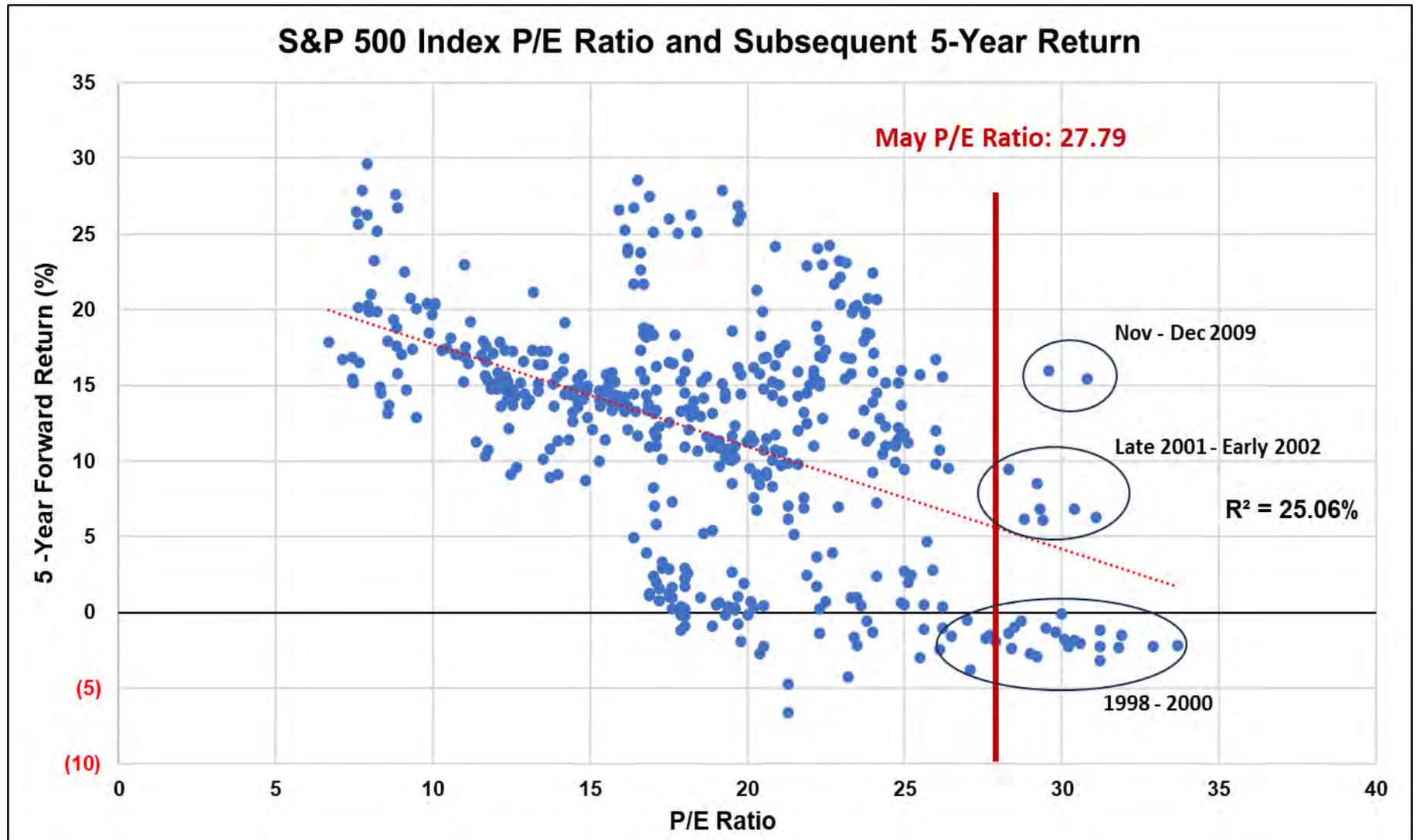


# VALUATION US Equity





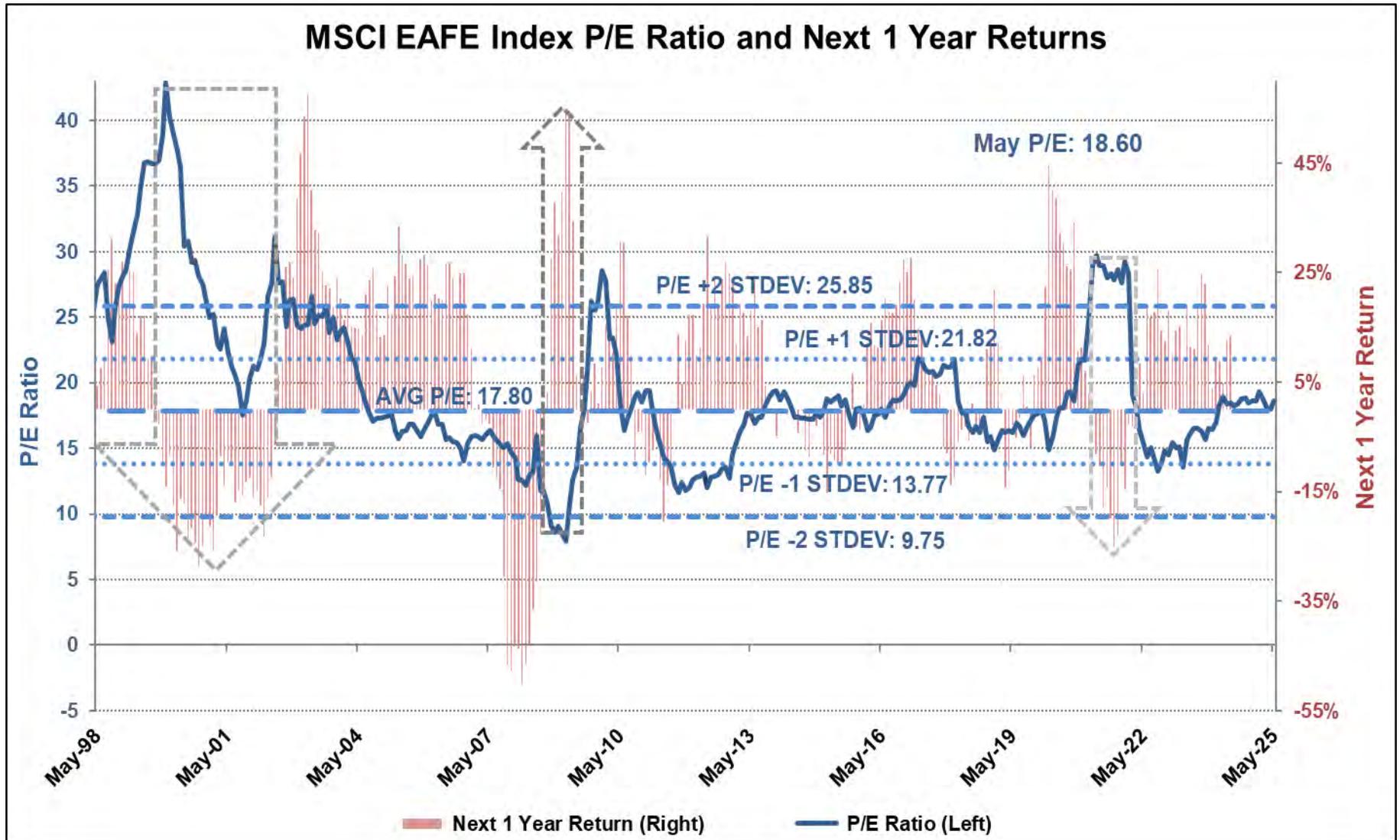
**VALUATION** **US Equity**



Source: Wilshire, Nasdaq eVestment

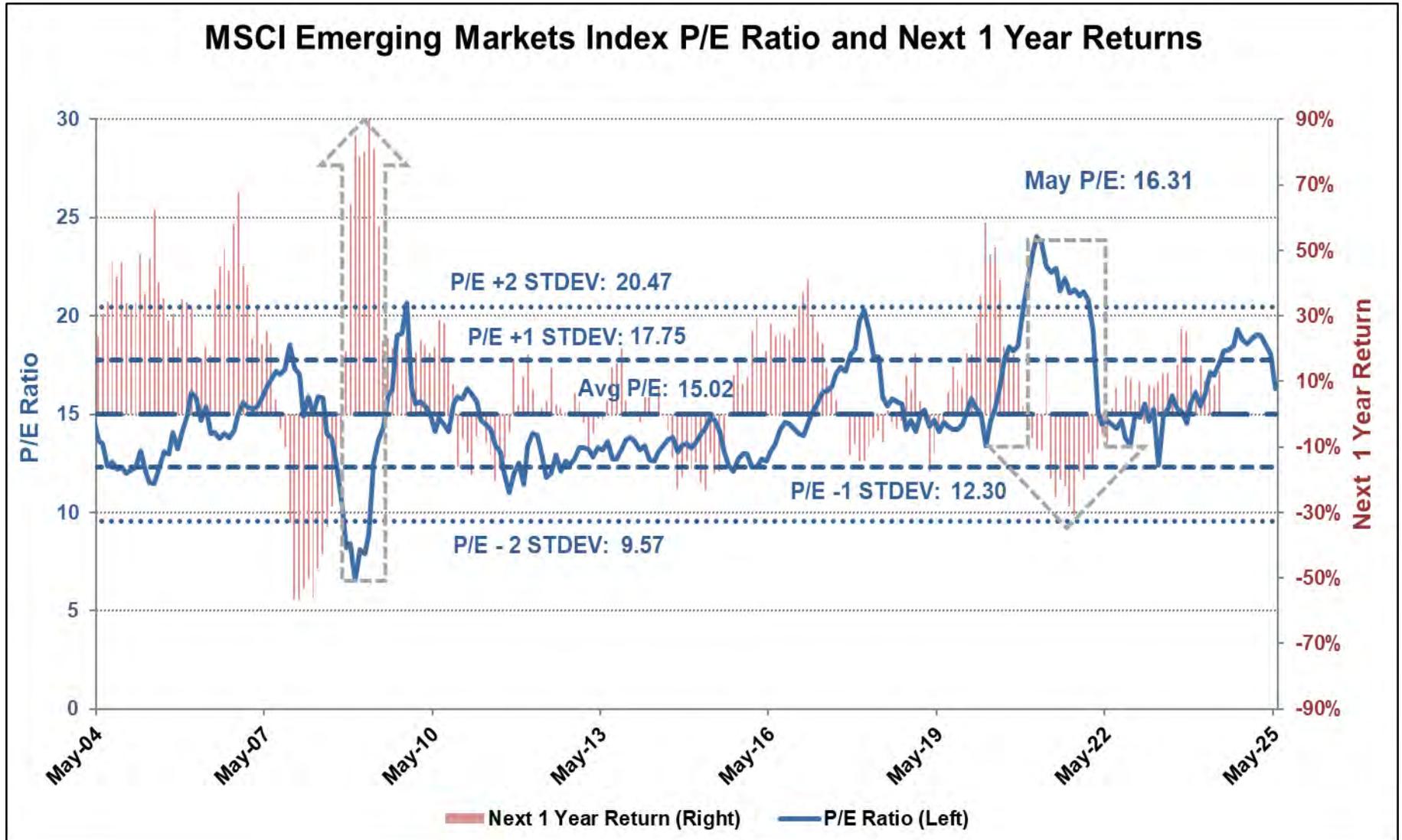


**VALUATION** Non US Developed Market Equity



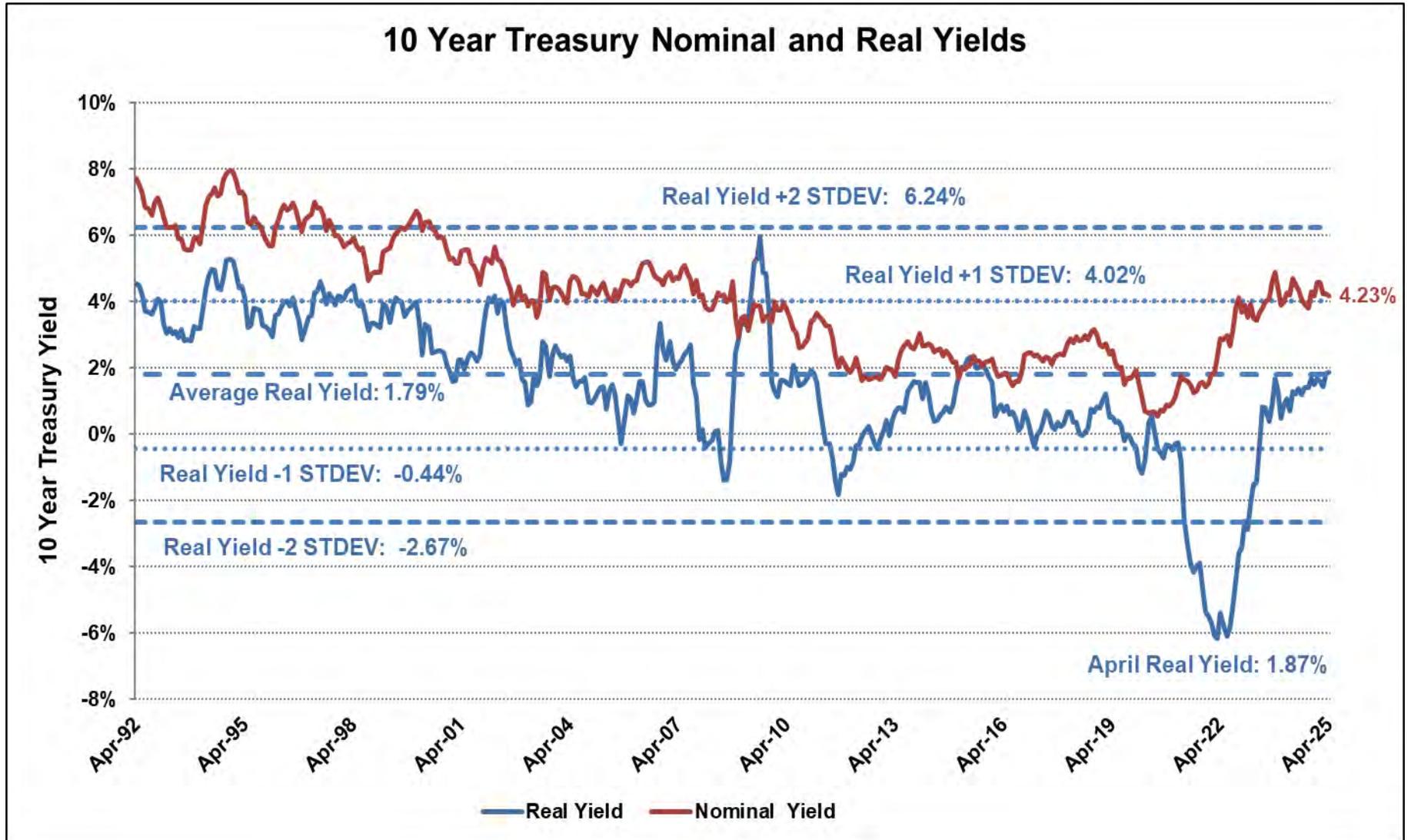


# VALUATION Emerging Market Equity





**VALUATION** US Treasury Bonds



Sources: Department of the Treasury, Bureau of Labor Statistics



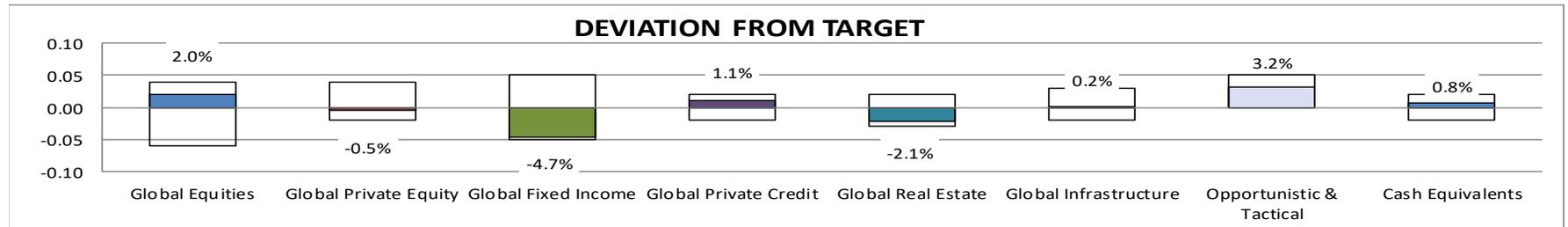
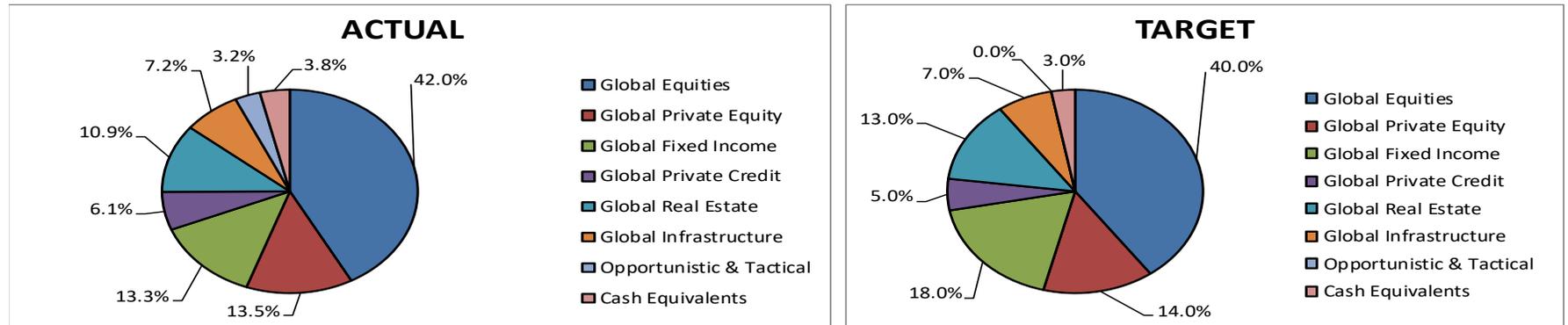
# SERS' Investment Portfolios Review



# Total Fund Asset Allocation

Asset Class	Market Value \$	Actual	Target	Range
<b>Global Equities</b>	<b>8,278,933,789</b>	<b>42.0%</b>	<b>40.0%</b>	35% - 45%
<b>Global Private Equity</b>	<b>2,654,491,668</b>	<b>13.5%</b>	<b>14.0%</b>	11% - 17%
<b>Global Fixed Income</b>	<b>2,629,359,077</b>	<b>13.3%</b>	<b>18.0%</b>	13% - 23%
<b>Global Private Credit</b>	<b>1,195,718,104</b>	<b>6.1%</b>	<b>5.0%</b>	3% - 7%
<b>Global Real Estate</b>	<b>2,138,004,106</b>	<b>10.9%</b>	<b>13.0%</b>	10% - 15%
<b>Global Infrastructure</b>	<b>1,423,286,341</b>	<b>7.2%</b>	<b>7.0%</b>	5% - 10%
<b>Opportunistic &amp; Tactical</b>	<b>633,222,668</b>	<b>3.2%</b>	<b>0.0%</b>	0% - 5%
<b>Cash Equivalents</b>	<b>743,145,309</b>	<b>3.8%</b>	<b>3.0%</b>	1% - 5%
Short-Term	176,057	0.0%	2.0%	
Russell EA Overlay	0	0.0%	0.0%	
Direct Rebalance Overlay	5,265,513	0.0%	0.0%	
Transition / Operational Account	1,166,346	0.0%	0.0%	
Currency Overlay	19,402,743	0.1%	0.0%	
SERS Cash	717,134,649	3.6%	0.0%	
<b>Total Fund</b>	<b>19,696,161,062</b>	<b>100.0%</b>	<b>100.0%</b>	

Source: BNY Mellon GRS

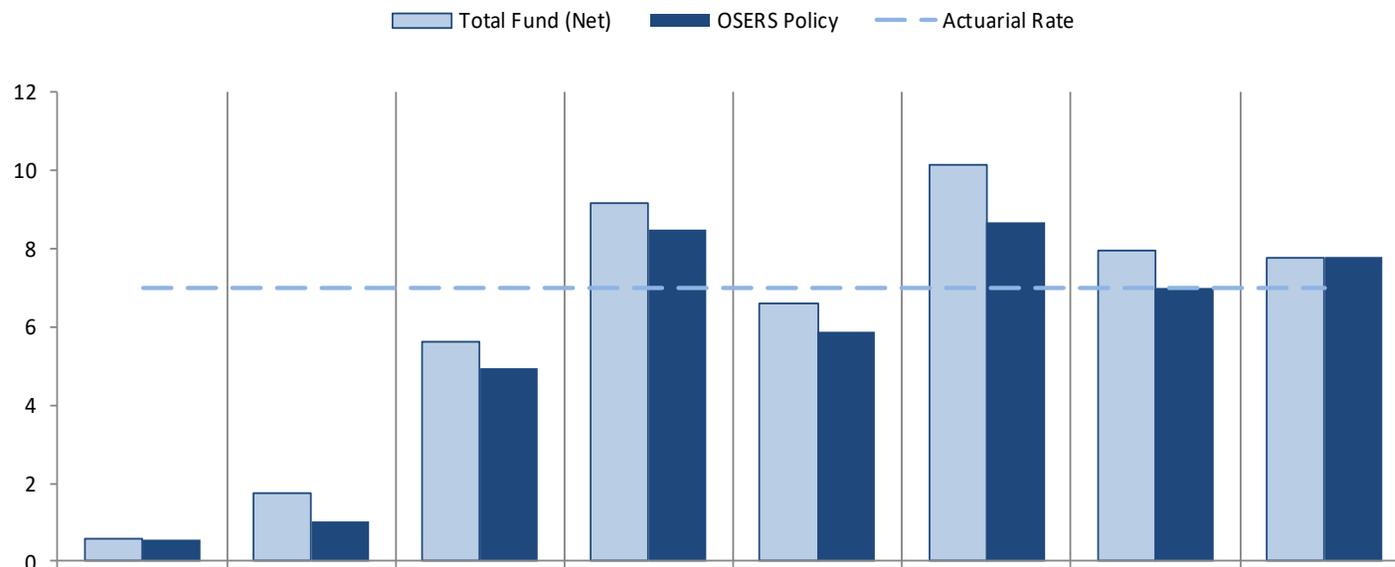




# Total Fund Performance

## Current Benchmark:

40% MSCI ACWI (Net Dividends)  
 14.00% Burgiss All Private Equity  
 benchmark (1q lag) (BAPE)  
 18.00% Bloomberg US Universal Bond  
 13.00% NCREIF Property  
 (1Qtr in Arrears Monthized)  
 7.00% Quarterly (4 qtrs.) smoothed CPI  
 +1.20% per quarter  
 5.00% 90 Day T-Bill (1q lag) + 4.5%  
 3.00% FTSE 30 Day T-Bill



### Actuarial Rate

(7.0% effective 07/01/2021, adopted 04/15/2021)

	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year	ITD*
Total Fund (Gross)	0.61	1.92	6.21	9.91	7.37	10.84	8.65	8.40
Total Fund (Net)	0.60	1.74	5.61	9.14	6.61	10.12	7.95	7.85
OSERS Policy	0.54	1.01	4.94	8.50	5.86	8.65	6.98	7.76
Value Added (Net of Fee)	0.06	0.73	0.67	0.64	0.75	1.47	0.97	0.09

Estimated Cumulative Net Value Added (\$MM)**	\$12.2	\$141.4	\$125.1	\$116.1	\$429.1	\$1,396.8	\$1,970.9
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Source: BNY Mellon GRS

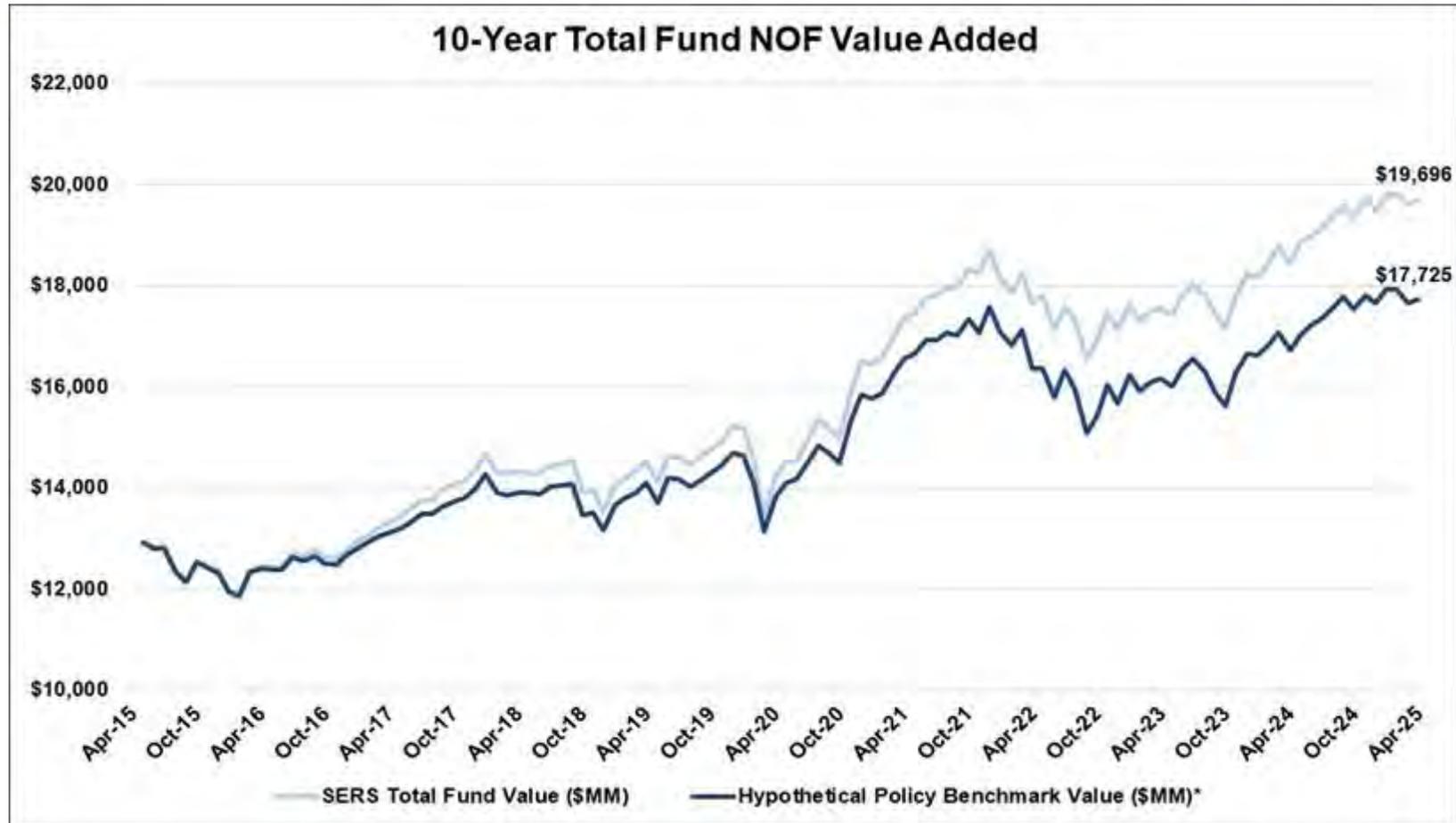
\*ITD is Inception date 10/1/1994 (30 years and 7 months)

\*\*For each period, calculated as the difference between the actual change in fund assets and the hypothetical change in fund assets under a benchmark-returns scenario.

\*\*Assumes portfolio in benchmark-returns scenario is rebalanced monthly to target weights after deducting calculated net cash flow, with no allowance for fees.



# Total Fund Performance



Fiscal Year Net Excess Return (%)									
FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
(0.22)	0.33	1.50	0.86	0.06	(0.64)	2.66	3.01	0.23	0.90

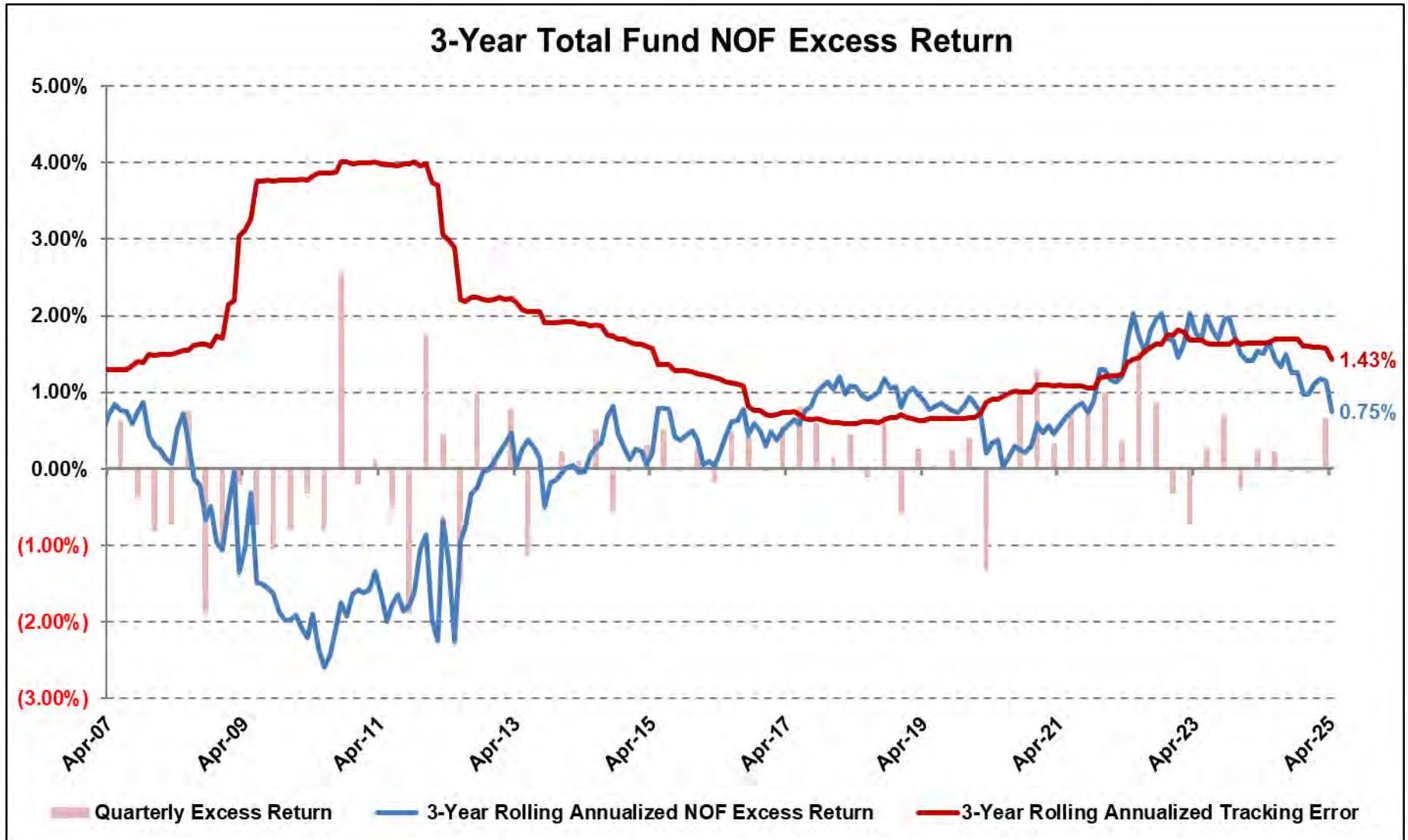
Source: BNY Mellon GRS

\*Calculated as the hypothetical change in fund assets under a policy benchmark-returns scenario.

\*Assumes portfolio in benchmark-returns scenario is rebalanced monthly to target weights after deducting calculated net cash flow, with no allowance for fees.

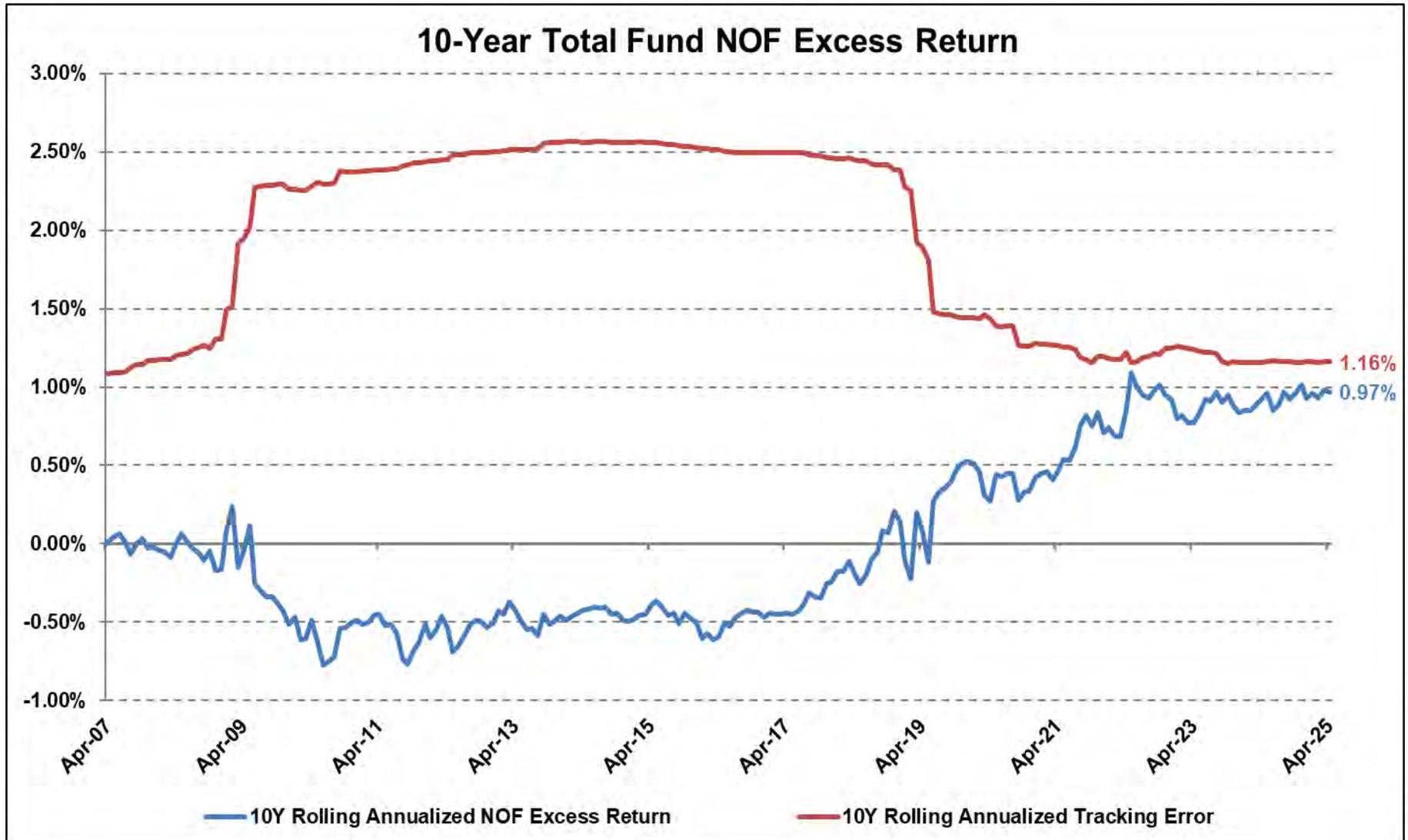


# Total Fund Performance



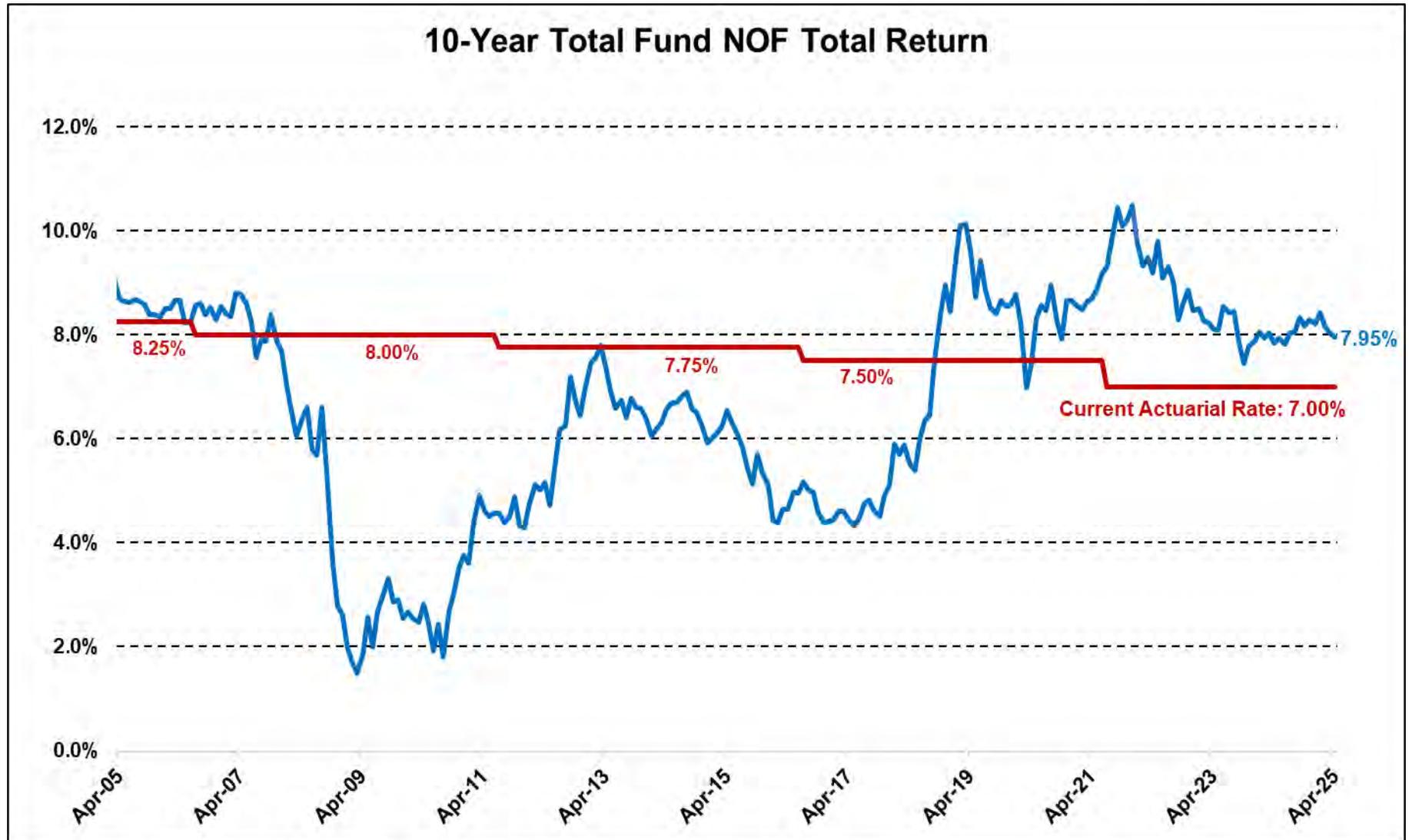


# Total Fund Performance



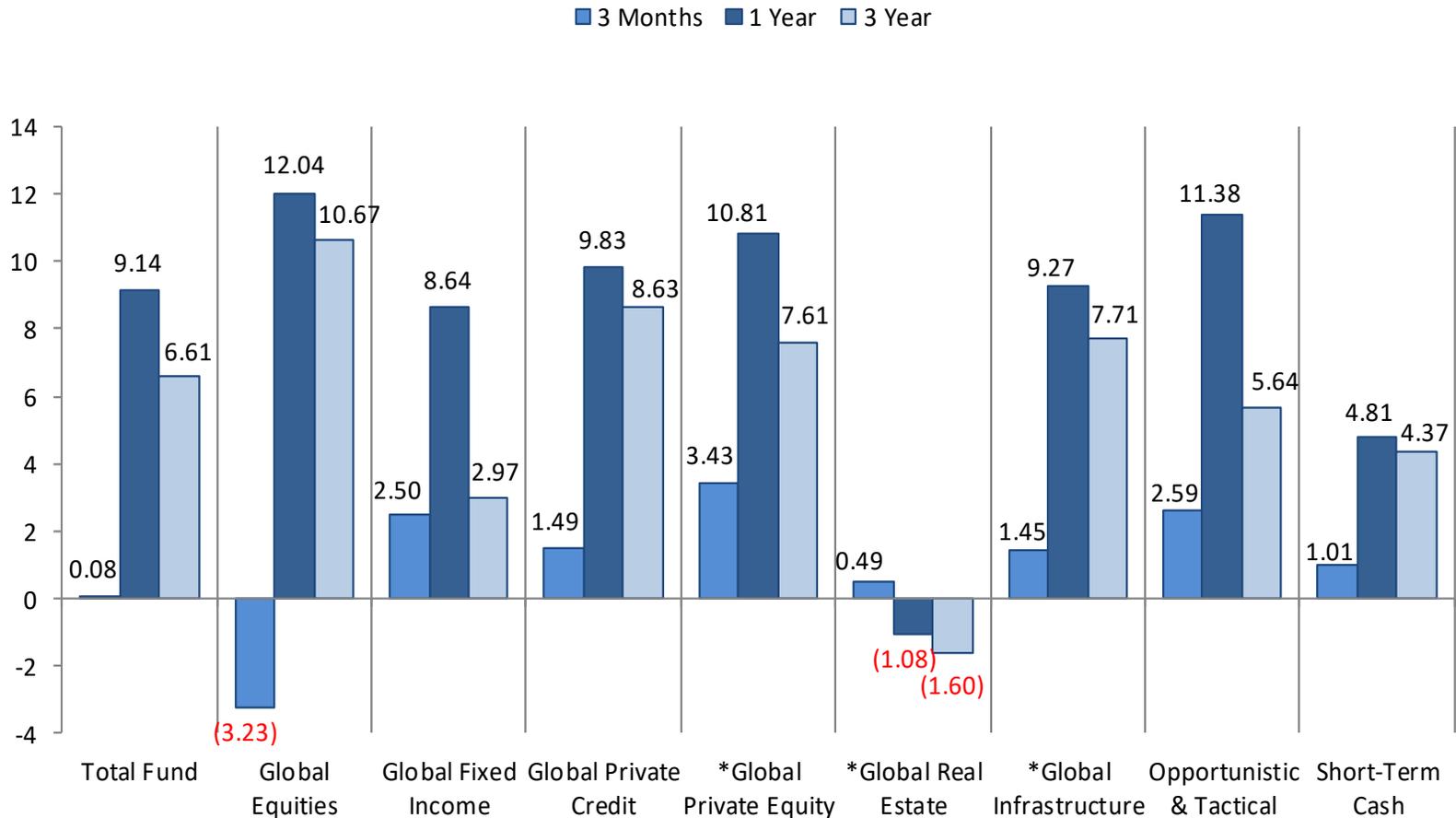


# Total Fund Performance





# Total Fund and Asset Class Performance (Net)



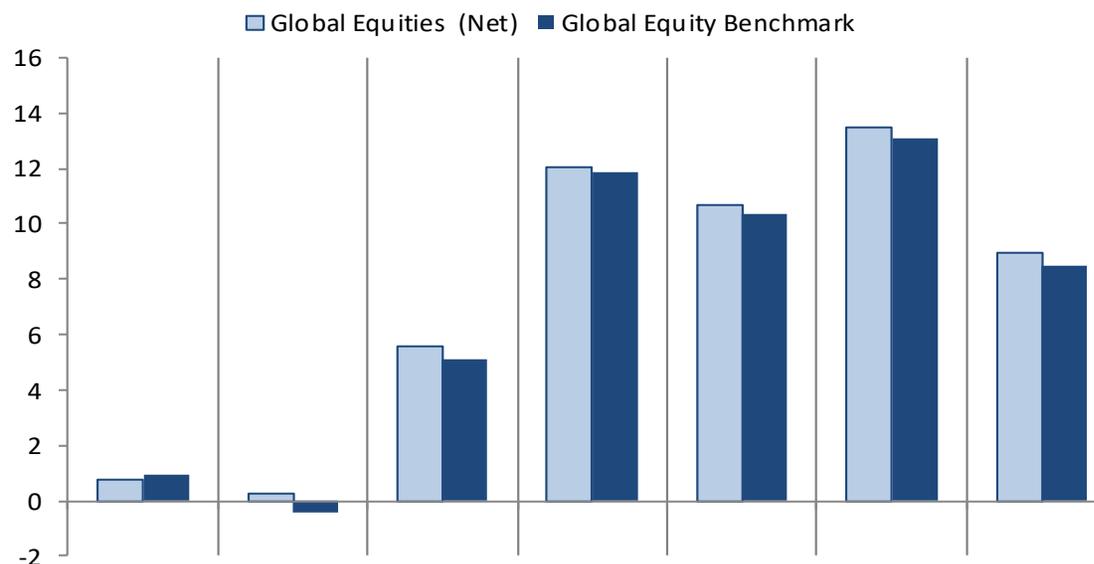
\* Global Private Equity, Global Real Estate, and Global Infrastructure results are as of 03/31/2025

Source: BNY Mellon GRS



# Global Equities Performance

**Current Benchmark:**  
MSCI ACWI (Net Dividends)



	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Global Equities (Gross)	0.74	0.35	5.79	12.31	10.98	13.83	9.30
Global Equities (Net)	0.73	0.27	5.58	12.04	10.67	13.49	8.96
Global Equity Benchmark	0.93	(0.40)	5.13	11.84	10.32	13.09	8.48
Value Added (Net of Fee)	(0.21)	0.68	0.45	0.20	0.35	0.40	0.48
Regional US Equity	(0.58)	(5.04)	3.11	11.19	10.75	14.33	11.18
Russell 3000 Index	(0.67)	(5.36)	3.18	11.40	11.41	15.12	11.68
Value Added (Net of Fee)	0.09	0.32	(0.07)	(0.21)	(0.66)	(0.80)	(0.50)
Regional Non-US Equity	3.37	8.93	8.49	11.77	8.35	11.12	6.00
Custom Non-US Equity BM	3.61	9.03	8.87	11.93	8.07	10.03	4.81
Value Added (Net of Fee)	(0.25)	(0.10)	(0.38)	(0.16)	0.27	1.09	1.20

Source: BNY Mellon GRS

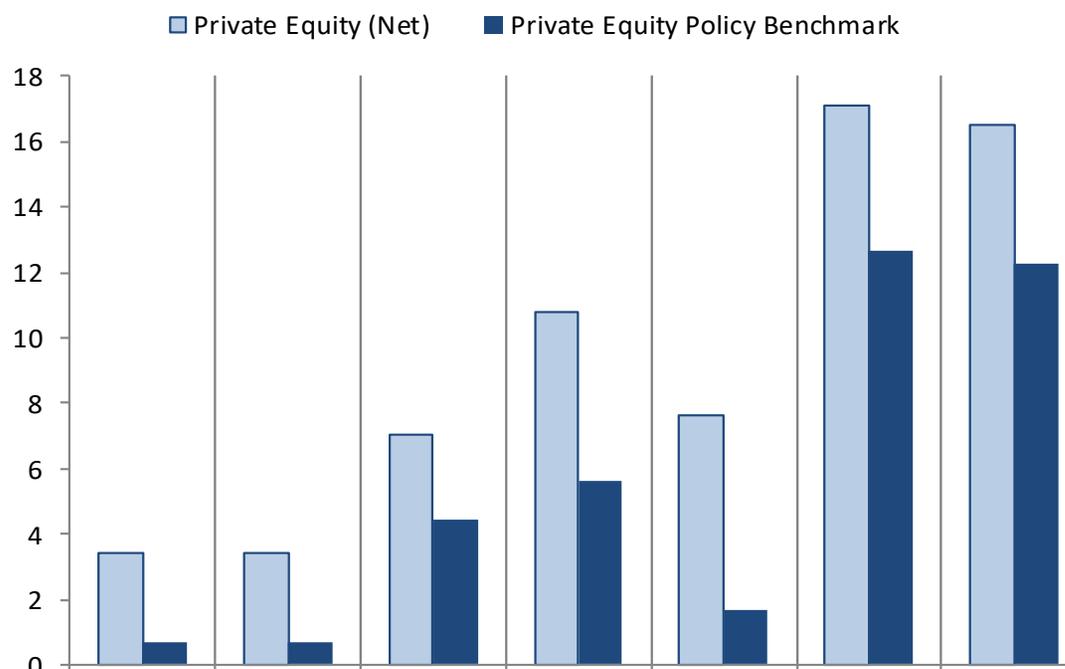


# Global Private Equity Performance

**Results as of: 03/31/2025**

**Current Benchmark:**

*Burgiss All Private Equity Index*



	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Private Equity (Gross)	3.99	3.99	8.90	13.13	9.59	19.12	18.28
Private Equity (Net)	3.43	3.43	7.04	10.81	7.61	17.14	16.51
Private Equity Policy Benchmark	0.70	0.70	4.47	5.60	1.68	12.69	12.27
Value Added (Net of Fee)	2.73	2.73	2.57	5.21	5.93	4.45	4.24

Source: BNY Mellon GRS

The difference between Gross and Net is management fee only. Performance based fees are captured in the Gross return.

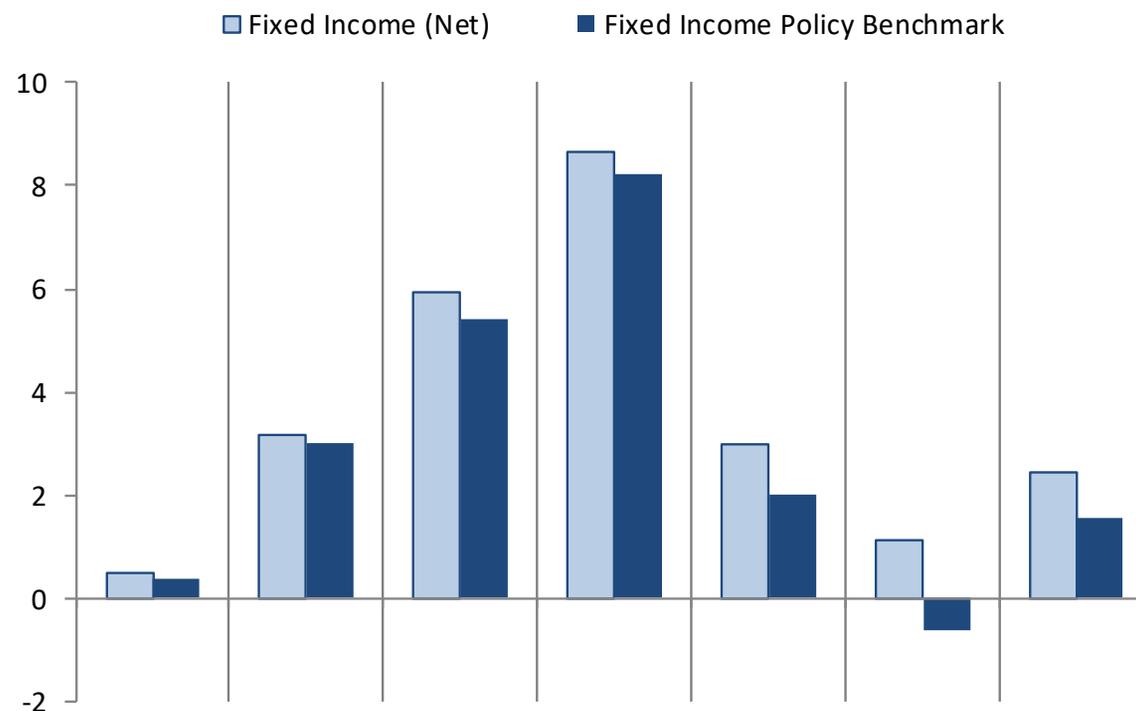
Global Private Equity performance is reported one quarter in arrears.



# Global Fixed Income Performance

## Current Benchmark:

*Bloomberg US Universal Bond Index*



	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Fixed Income (Gross)	0.51	3.27	6.17	8.94	3.25	1.39	2.70
Fixed Income (Net)	0.50	3.18	5.93	8.64	2.97	1.12	2.46
Fixed Income Policy Benchmark	0.35	3.02	5.42	8.22	2.02	(0.63)	1.56
Value Added (Net of Fee)	0.15	0.16	0.52	0.42	0.95	1.75	0.90

Source: BNY Mellon GRS

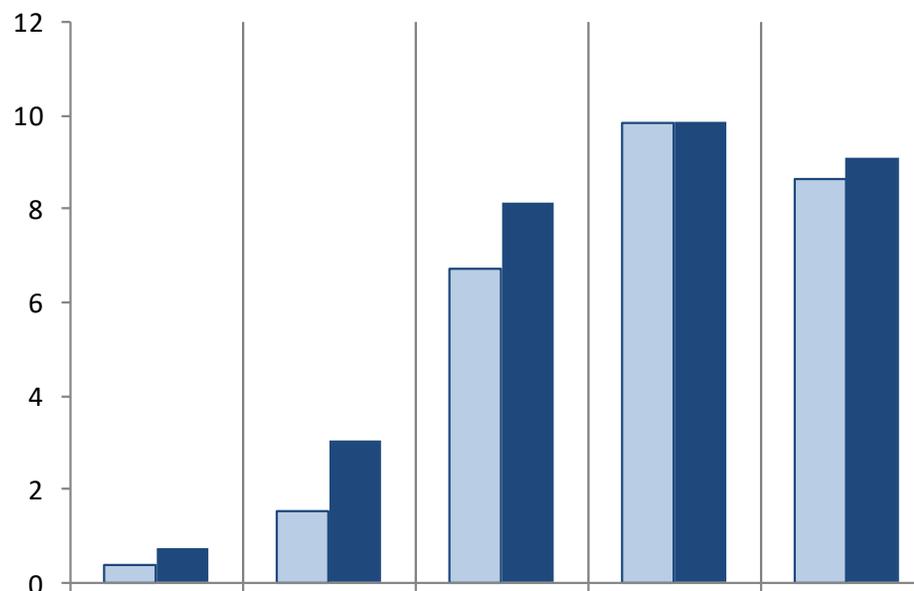


# Global Private Credit Performance

■ Global Private Credit (Net) ■ Global Private Credit Policy Benchmark

## Current Benchmark:

90 Day T-Bill (1q lag) + 4.5%



	1 Month	CYTD	FYTD	1 Year	3 Year
Global Private Credit (Gross)	0.42	1.87	7.79	11.32	10.19
Global Private Credit (Net)	0.38	1.54	6.72	9.83	8.63
Global Private Credit Policy Benchmark	0.74	3.05	8.12	9.86	9.10
Value Added (Net of Fee)	(0.36)	(1.51)	(1.40)	(0.03)	(0.47)

Source: BNY Mellon GRS

The difference between Gross and Net is management fee only. Performance based fees are captured in the Gross return.

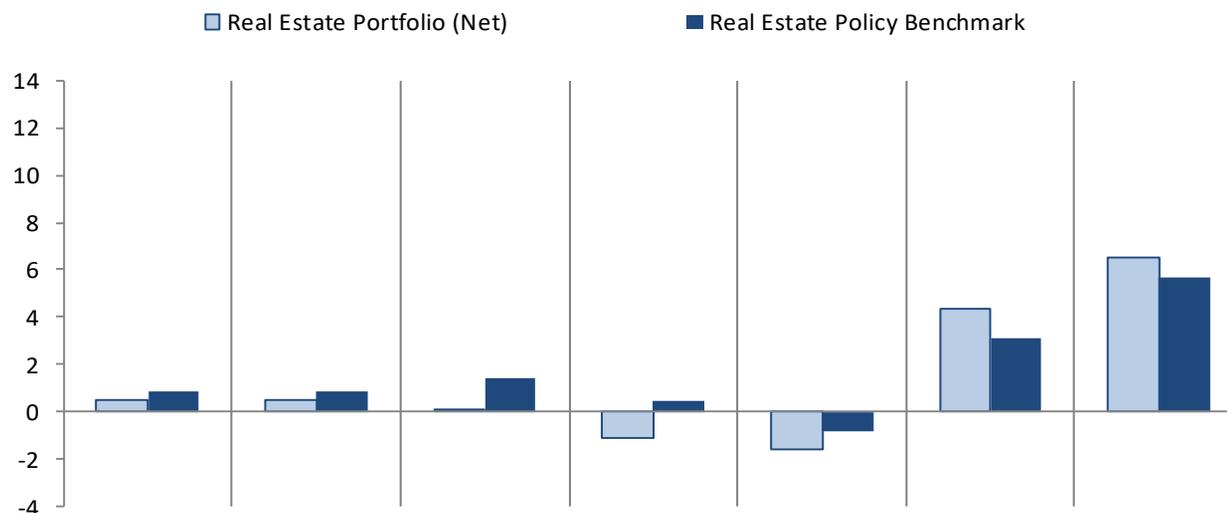


# Global Real Estate Performance

Results as of: 03/31/2025

**Current Benchmark:**

NCREIF Property Index (1q lag)



	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Real Estate Portfolio (Gross)	0.67	0.67	0.69	(0.26)	(0.78)	5.20	7.53
Real Estate Portfolio (Net)	0.49	0.49	0.09	(1.08)	(1.60)	4.32	6.55
Real Estate Policy Benchmark	0.90	0.90	1.42	0.43	(0.82)	3.13	5.66
Real Estate Value Added (NOF)	(0.40)	(0.40)	(1.34)	(1.51)	(0.78)	1.19	0.89
Real Estate Core (Net)	0.78	0.78	0.53	(0.54)	(0.93)	4.80	6.92
Real Estate Policy Benchmark	0.90	0.90	1.42	0.43	(0.82)	3.13	5.66
Real Estate Core Value Added (NOF)	(0.12)	(0.12)	(0.90)	(0.97)	(0.11)	1.67	1.26
Real Estate Non-Core (Net)	(1.36)	(1.36)	(3.53)	(5.57)	(4.25)	0.98	5.21
Real Estate Policy Benchmark	0.90	0.90	1.42	0.43	(0.82)	3.13	5.66
Real Estate Non-Core Value Added (NOF)	(2.27)	(2.26)	(4.96)	(5.99)	(3.43)	(2.15)	(0.45)

Source: BNY Mellon GRS

The difference between Gross and Net is management fee only. Performance based fees are captured in the Gross return.

Global Real Estate performance is reported one quarter in arrears.

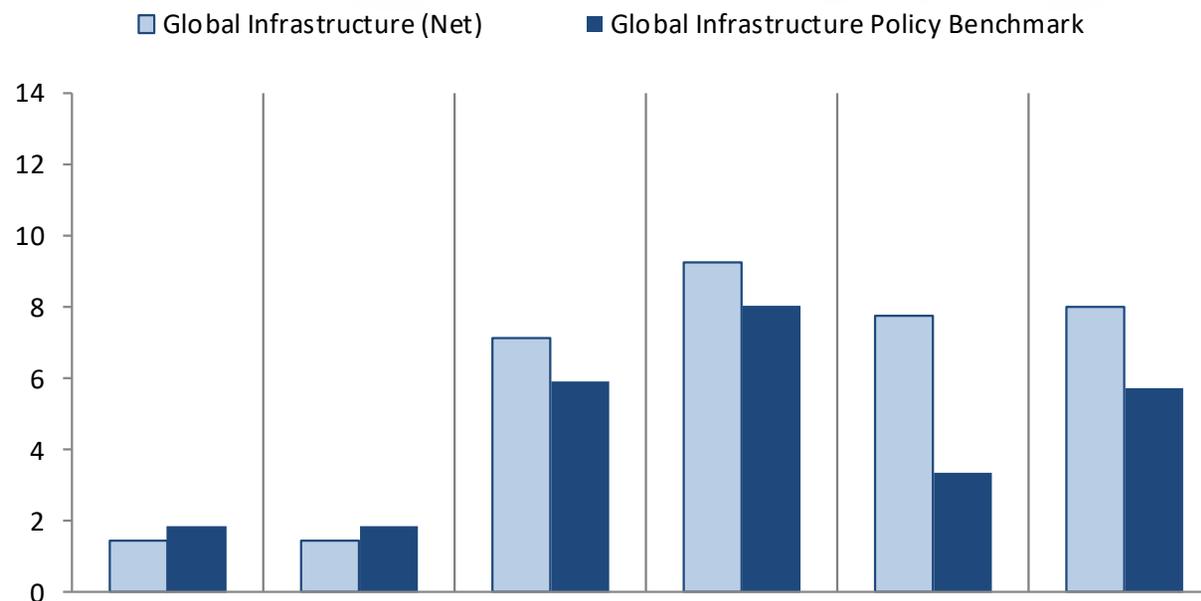


# Global Infrastructure Performance

**Results as of: 03/31/2025**

**Current Benchmark:**

Quarterly (4 qtrs.) smoothed CPI  
+1.20% per quarter



	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year
Global Infrastructure (Gross)	1.71	1.71	8.07	10.57	8.75	8.80
Global Infrastructure (Net)	1.45	1.45	7.12	9.27	7.71	7.96
Global Infrastructure Policy Benchmark	1.87	1.87	5.88	8.05	3.37	5.72
Global Infrastructure Value Added (NOF)	(0.42)	(0.42)	1.24	1.22	4.34	2.24

Source: BNY Mellon GRS

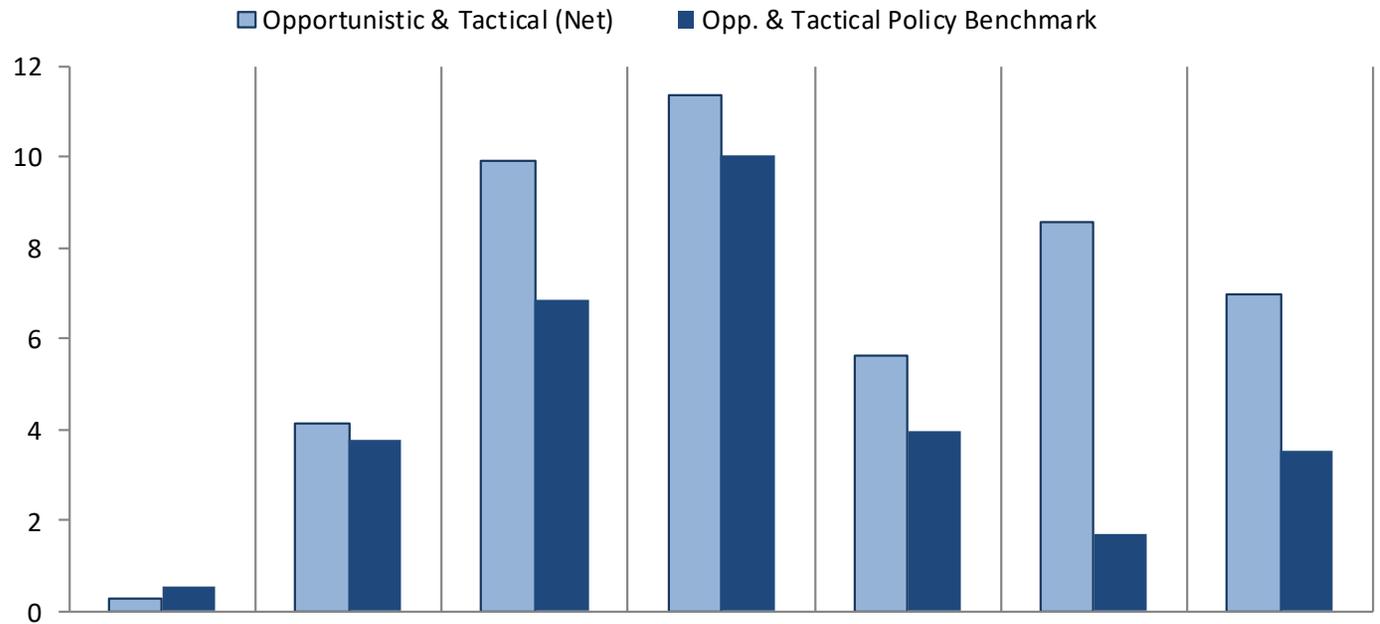
The difference between Gross and Net is management fee only. Performance based fees are captured in the Gross return.

Global Infrastructure performance is reported one quarter in arrears.



# Opportunistic & Tactical Performance

**Current Benchmark:**  
*Bloomberg Aggregate  
 Bond Index + 2%*



	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Opportunistic & Tactical (Gross)	0.30	4.39	10.75	12.54	6.75	9.76	8.31
Opportunistic & Tactical (Net)	0.30	4.12	9.92	11.38	5.64	8.56	6.98
Opp. & Tactical Policy Benchmark	0.56	3.78	6.86	10.02	3.96	1.72	3.51
	(0.26)	0.34	3.06	1.36	1.68	6.84	3.47

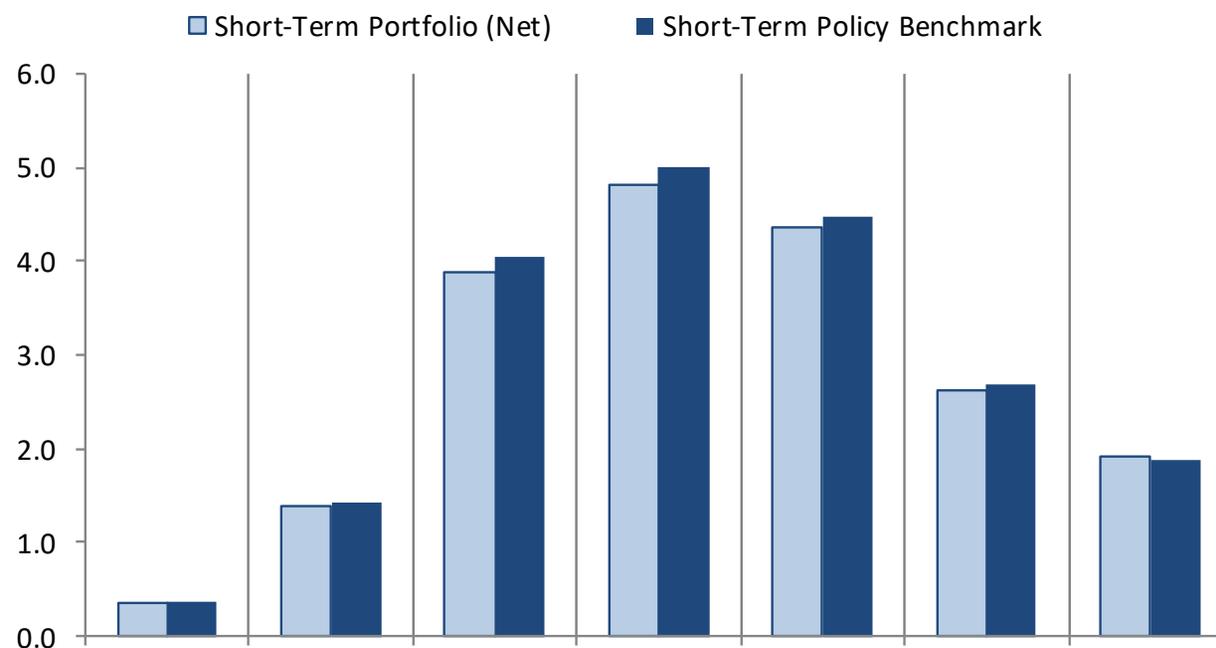
Source: BNY Mellon GRS



# Short-Term Performance

## Current Benchmark:

*FTSE 30 Day Treasury Bill Index*



	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Short-Term Portfolio (Gross)	0.35	1.38	3.87	4.81	4.37	2.62	1.92
Short-Term Portfolio (Net)	0.35	1.38	3.87	4.81	4.37	2.62	1.92
Short-Term Policy Benchmark	0.36	1.44	4.05	4.99	4.47	2.68	1.88
Value Added (Net of Fee)	(0.01)	(0.06)	(0.18)	(0.18)	(0.09)	(0.07)	0.04

Source: BNY Mellon GRS



## Overlay Performance

	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
<b>Overlay Cumulative Net Value Added (\$MM)</b>	\$4.7	\$30.4	(\$1.1)	(\$43.1)	(\$86.6)	\$26.8	\$14.0
<b>Overlay Cumulative Net Value Added (%)</b>	0.02	0.15	(0.02)	(0.29)	(0.18)	0.02	0.00

Source: BNY Mellon GRS



## Proposed Investment Agenda – Next Meeting

- Monthly Investment Report (May 31, 2025)
- Investment Committee Policy Discussion (no vote)

**STATEMENT OF INVESTMENT POLICY AMENDMENTS**

As discussed during the June 18, 2025, Board meeting, \_\_\_\_\_ moved and \_\_\_\_\_ seconded the motion to approve amendments to the Statement of Investment Policy. The amended Statement of Investment Policy will become effective July 1, 2025, and replaces the Statement of Investment Policy dated July 1, 2024.

Upon roll call, the vote was as follows:

<b><u>ROLL CALL:</u></b>	<b><u>YEA</u></b>	<b><u>NAY</u></b>	<b><u>ABSTAIN</u></b>
Catherine Moss	_____	_____	_____
Jeanine Alexander	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Matthew King	_____	_____	_____



# Statement of Investment Policy

<b>INV1-001</b>					
<b>Effective Date:</b>	08/02/1985	<b>Revision Date:</b>	<del>07/01/2025</del> 07/01/2024	<b>Audience:</b>	Investments
<b>Owner:</b>	Investments	<b>Certifier:</b>	Richard Stensrud	<b>Co-Owner (s):</b>	Board
<b>Document Links:</b>	Purpose, Policy, Procedure, Definitions, Related Documents, Policy History				

## I. Purpose of Statement of Investment Policy

The purpose of this Statement of Investment Policy (SIP) is to set forth the investment philosophy and objectives of the Retirement Board (Board) for the School Employees Retirement System of Ohio (SERS).

This SIP:

- A. incorporates and is subject to all restrictions and obligations set forth in Chapter 3309 of the Ohio Revised Code;
- B. establishes investment policies and describes the organization and division of responsibilities necessary to implement the Board's philosophy and objectives prudently; and
- C. establishes a framework for making investment decisions, and monitoring investment activity, and promotes effective communication between the Board, Staff, and other involved parties.

This SIP is subject to change at any time by the Board. The Board will review the SIP and revise it periodically to ensure it continues to reflect the investment philosophy, objectives, and strategies of the Board.

## II. Investment Philosophy

The Board recognizes the need to manage SERS assets prudently (the Total Fund) to meet its statutory and fiduciary obligations and to achieve or exceed its objectives. The Board's investment philosophy is grounded in fundamental, prudent investment principles, incorporating modern portfolio theory, risk management and portfolio management practices. These principles are incorporated in the "Investment Beliefs" below. The Board believes it can provide consistent, long-term performance at appropriate levels of risk. By delineating responsibilities and defining policy objectives, this SIP reflects the Board's investment philosophy and governance.

SERS Investment Beliefs:

### Financial Markets

- A. Capital markets are not perfectly efficient. Inefficiencies create opportunities that skilled investors could exploit to generate excess returns. Investment Staff will prudently attempt to add value by exploiting such inefficiencies across different assets selectively, although it is not easily achieved.
- B. Markets generally afford higher prospective returns for riskier assets, such as equity or credit risk premiums over the long term. Anomalies could occur in intermittent periods on account of shifting valuations. When valuations are elevated returns tend to be lower.

### Investment Process

- C. Strategic asset allocation is the key determinant of risk and return and represents the Board's tolerance for risk in achieving funding goals. It is important to diversify across risk factors and return sources and to be explicit about the role of asset classes.

- D. Risk is the likelihood of loss or less than expected outcomes and is not fully captured by a single metric such as volatility. Risk has many dimensions, subjective and objective, which must be comprehensively assessed and managed in the investment process.
- E. Long-term horizon is an advantage as it enables SERS to tolerate volatility, capture illiquidity and other risk premia, and take advantage of trends and opportunities.
- F. Costs matter. Managing fees and transaction costs adds value to the Fund. Costs must be judged relative to the expected value added.

#### Organizational Skills and Design

- G. Investment success is dependent on good governance, decision process, skill, and judgment. Having an experienced and talented staff with appropriate decision authority is an advantage. SERS' Board will delegate authority as appropriate to staff to facilitate execution of the investment process but retain policy and oversight powers.
- H. Explicit investment objectives, guidelines, and collaborative teamwork among staff as well as external partners is essential for success.

#### Sustainability and Corporate Governance

- I. Good governance of markets and entities comprising the markets improves outcomes for investors. SERS Board and Staff will exercise corporate ownership responsibly and with the best fiduciary interest of members and stakeholders.
- J. SERS Board and Staff must be attentive to important sustainability~~environmental, social and governance~~ issues that affect markets and promote its interests in a responsible manner in the best fiduciary interest of members and stakeholders.

### III. Investment Objectives

The Investment Objectives of SERS are:

- A. to assure that SERS provides statutorily mandated retirement benefits;
- B. to earn a net-of-fees total return that equals or exceeds over the long term the Actuarial Assumed Rate approved by the Board; and
- C. to enhance risk-adjusted investment returns of the Total Fund in a prudent and cost-effective manner.

### IV. Risk Management

- A. The Board evaluates risk in terms of the probability of not earning the actuarial assumed rate over the long term. Diversification across asset classes, within asset classes and across investment styles, sectors and securities is employed to manage overall portfolio risk and volatility.
- B. SERS utilizes a risk budgeting approach in management of volatility risk of investment portfolios. Active risk of the Total Fund, asset class and individual portfolios and their respective risk contribution to total risk are important factors in the management of the capital allocations to individual asset classes and portfolios. The Total Fund shall be managed within a forecast active risk (tracking error) range of 0% to 3.0% relative to the policy benchmark and within the asset allocation range specified elsewhere in this SIP. Active risk is determined by asset allocation deviations and active security selection decisions as well as underlying market volatility. Furthermore, active risk (tracking error) shall be inclusive of any applied leverage. In times of high market volatility, the active risk may exceed 3%. In any event, if the active risk exceeds 3% staff will discuss this with the Board and present appropriate recommendations. The realized tracking error is also expected to be below 3% over rolling three-year periods. Individual asset classes will be managed within the tracking error range specified in the respective asset class implementation guideline. Private asset classes (Private Equity, Private Credit and Real Assets) are excluded at this point from tracking error guidelines.
- C. Other risks, including but not limited to those such as interest rate risk, credit risk, and liquidity risk, will be managed and carefully monitored by Investment Managers and Investment Staff.

## V. Implementation Approach

- A. The Board reserves certain responsibilities for itself, while delegating other responsibilities to the Executive Director, the Chief Investment Officer, the Investment Committee, Investment Staff, Investment Managers, Investment Consultants, the Investment Compliance Department, and other Investment Service Providers. These responsibilities are described in this SIP.
- B. In fulfilling its fiduciary duties, the Board utilizes a competent and qualified Staff to implement the investment program and to manage daily operations.
- C. The Board utilizes Investment Managers or Funds selected by Staff to invest most assets of the Total Fund. The Board recognizes that costs associated with external Investment Managers and Funds are typically higher than costs associated with internal management. However, the Board believes external Investment Managers that act as fiduciaries possess specialized investment expertise and economies of scale and can generate higher returns on a net-of-fee basis.
- D. The Board requires regular reporting on the Total Fund's investment program to ensure compliance with its SIP.

## VI. Investment Organization and Responsibilities

### A. Responsibilities of the **Board**

The Board as a fiduciary is responsible for ensuring that Total Fund assets are managed prudently and effectively, in compliance with applicable laws and with this SIP, for the exclusive benefit of participants and beneficiaries.

Responsibilities of the Board include:

1. establishing controls and systems to ensure that Total Fund fiduciaries comply with applicable laws;
2. establishing asset allocation and investment policies for SERS assets;
3. appointing and discharging the Executive Director and Board Investment Consultants;
4. confirming or rejecting the Executive Director's proposed appointment of a Chief Investment Officer for SERS;
5. designating the individual as Chief Investment Officer of SERS for purposes of R.C. 3309.043, and then notifying the Ohio Department of Commerce, Division of Securities in writing of the designation as required by the Ohio Revised Code;
6. monitoring and reviewing investment performance and policy compliance;
7. requesting, receiving, and reviewing reports from Investment Staff, Board Consultants, and other entities, if applicable;
8. approving an Annual Investment Plan;
9. approving the Statement of Investment Policy and changes thereto; and
10. conducting an annual evaluation of the performance of the Board's Investment Consultant.

### B. Responsibilities of **Staff**

Staff will administer Total Fund assets as fiduciaries in accordance with applicable federal and state laws and regulations, and in accordance with this SIP, ethics laws, codes of professional conduct (in particular, the CFA [Institute](#) Code of Ethics and Standards of Professional Conduct), and other applicable codes and/or regulations. Staff will establish plans, policies, and procedures to ~~perform~~~~carry out~~ these duties.

1. The **Executive Director** is responsible for:
  - a. ensuring that reports of the Total Fund's investment performance are presented on a timely basis;

- b. retaining vendors, consultants, and advisors as necessary to assist Staff, and assist the Board in the retention of Investment Consultants;
  - c. appointing, discharging and retaining the Chief Investment Officer and Investment Staff;
  - d. overseeing the investment function,
  - e. executing investment documents, when necessary: and,
  - f. conducting a fiduciary audit of investment operations at least on a seven- to ten-year cycle unless circumstances require an audit to be conducted sooner.
2. The **Chief Investment Officer** is responsible for:
- a. overseeing the investment program and keeping the Executive Director advised;
  - b. conducting periodic asset liability studies with the assistance of Investment Consultants and recommending asset allocation targets and ranges;
  - c. reviewing the SIP on an annual basis and recommending changes as needed for approval by the Board;
  - d. preparing and presenting the Annual Investment Plan to the Board for approval;
  - e. implementing the Annual Investment Plan;
  - f. investigating, researching, and recommending new and emerging investment concepts and strategies, and implementing appropriate strategies in accordance with approved policies and procedures;
  - g. informing Investment Managers, Investment Consultants, and others providing investment services to SERS about the requirements of applicable laws and Board policies, and monitoring their compliance with said laws and policies;
  - h. adjusting allocations to Asset Classes, Investment Managers and Funds as needed, subject to any approved allocation ranges;
  - i. approving implementation guidelines for each asset class to establish allocation ranges for sub-strategies, risk parameters and risk limits, and providing such guidelines to the Board;
  - i.j. approving trades in Exchange Traded Funds (ETF) in accordance with the Internal ETF Trade Approval and Execution Policy.
  - j.k. appointing and discharging Investment Managers and approving investments in or redemptions from Funds subject to conditions and guidelines in Section VII.;
  - k.l. executing investment documents;
  - l.m. approving Investment Manager guidelines, changes and additions;
  - m.n. hiring and supervising Investment Staff;
  - n.o. monitoring and evaluating the effectiveness of executed securities transactions and reporting annually to the Board regarding the performance of agents who execute securities transactions on behalf of SERS;
  - o.p. regularly reporting to the Board on market conditions, the status of the Total Fund, and its multi-period performance relative to benchmarks. Performance will be calculated on a gross-of-fees and net-of-fees basis; and
  - p.q. Conducting Investment Committee meetings as the Chair and ensuring appropriate due diligence prior to investment decisions.
3. The **Investment Committee** is responsible for:
- a. ensuring that a policy and procedure are in place defining the Committee's structure and establishing rules for reviewing and approving investments;

- b. reviewing Investment Manager and Fund due diligence; and
  - c. approving Investment Managers or Funds.
4. The **Investment Staff** is responsible for:
- a. regularly reporting the status of the respective asset classes and Total Fund and its multi-period performance to the Chief Investment Officer;
  - b. periodically meeting and speaking with existing or potential Investment Managers to review and assess the quality of their investments and management of assets;
  - c. performing ongoing due diligence to evaluate and monitor Investment Manager capabilities relative to managing Total Fund assets;
  - d. recommending to the Chief Investment Officer implementation guidelines for the respective asset classes to establish allocation ranges for sub-strategies, risk parameters and risk limits, and managing the portfolio to the approved implementation guidelines;
  - e. recommending to the Chief Investment Officer any additions or withdrawals from Investment Manager accounts or Funds, or rebalancing of asset class allocations;
  - f. recommending to the Chief Investment Officer and the Investment Committee the appointment or discharge of Investment Managers and investments in or redemptions from Funds;
  - g. investing assets of the cash equivalents portfolio;
  - h. investigating and researching new and emerging investment concepts and strategies, and recommending those strategies to the Chief Investment Officer;
  - i. preparing periodic reports for the Chief Investment Officer on the performance of agents who execute securities transactions on behalf of SERS; and
  - j. maintaining a list of Ohio-qualified Investment Managers and their investment products.

C. Responsibilities of **Investment Service Providers**

Investment Service Providers who do business or seek to do business with SERS will act in the best interest of SERS when providing services to SERS or the Total Fund. Investment Service Providers will:

1. comply with all applicable federal and state laws and regulations, with this SIP, and with all applicable professional codes and regulations;
2. have established ethics and conflict of interest policies and procedures, and proper internal compliance controls in place as needed;
3. at the earliest opportunity, disclose to Investment Staff any actual or potential conflict of interest;
4. as permitted by law, disclose any investigation of, or litigation involving, its operations to Investment Staff; and
5. provide annual or other periodic disclosures as required.

D. Responsibilities of **Investment Managers**

Investment Managers and Investment Staff managing assets internally are responsible as fiduciaries for investing prudently the Total Fund assets. In addition to those applicable responsibilities described in VI.B., Investment Managers and internal Investment Staff members will:

1. manage assets within their control in compliance with all applicable federal and state laws and regulations, including but not limited to applicable ethics requirements, this SIP, contractual obligations, and applicable professional codes of conduct;
2. inform the Chief Investment Officer and Investment Staff of any substantial changes in investment strategy, portfolio structure, asset value, and of any organizational changes,

including that of ownership, affiliation, organizational structure, financial condition, or changes in professional personnel staffing in the investment management organization;

3. present in-depth reports to Investment Staff;
4. recommend to Investment Staff changes to investment guidelines the Investment Manager believes would enhance investment performance on a risk adjusted basis; and
5. select such agents for the execution of transactions, at such prices, and at such commission rates as in the good faith judgment of the Investment Manager will be in the best interest of the Total Fund, taking into consideration the selection of such agents not only the available prices and rates of brokerage commissions, but also other factors relevant to the transaction.

#### E. Responsibilities of ***Investment Consultants***

Investment Consultants will:

1. provide services as fiduciaries and in accordance with all applicable federal and state laws and regulations, including but not limited to applicable ethics requirements; in accordance with this SIP and its written Agreement with SERS; and with all applicable professional codes and/or regulations;
2. provide independent and unbiased research, information, and advice to the Board and Staff;
3. assist in the development and amendment of this SIP;
4. assist in the development of investment guidelines as may be requested by Staff;
5. assist in the development of strategic asset allocation targets and ranges;
6. assist in the development of performance measurement standards;
7. monitor and evaluate Investment Manager and Fund performance as appropriate on an ongoing basis;
8. recommend to Staff the retention or discharge of Investment Managers and investment in or redemption from Funds;
9. collaborate with Investment Staff on the due diligence of potential Investment Managers and Funds, and existing Investment Managers and Funds, as requested by Staff;
10. assist in the development of criteria for and procedures to be utilized in the selection of Investment Managers and Funds;
11. provide research, information and advice on investment topics and strategies considered relevant by the Investment Consultant, or when requested by the Board or Investment Staff;
12. provide those services delineated in the Advisory or Consultant Agreement;
13. provide any other advice or services that the Board, Executive Director or Chief Investment Officer determines are necessary, useful, or appropriate to fulfill the objectives of this SIP; and
14. regularly report the status of the Total Fund and its multi-period performance to the Board. Performance will be calculated on a net-of-fee basis.

#### F. Responsibilities of the ***Investment Compliance Department***

The Investment Compliance Department is responsible for:

1. monitoring and reporting compliance with this SIP and Board Resolutions;
2. ensuring that investment management agreements and related contracts comply with the SIP;
3. ensuring that Investment Service Providers and Investment Managers comply with Section VI., herein; and
4. identifying and, in concert with Investment Staff, resolving compliance violations by Investment Managers and Investment Staff relative to their respective investment guidelines.

Staff will ensure that those accounts with guideline violations are efficiently and effectively brought back into compliance;

G. Responsibilities of the **Government Relations Officer**

The Government Relations Officer is responsible for:

1. promptly voting proxies and related actions in accordance with Board approved procedures, and maintaining detailed records of proxy votes and related actions for the Proxy Review Committee; and
2. reporting proxy voting activity to the Board on a quarterly basis and highlighting any emerging issues related to this activity.

H. Responsibilities of the **Investment Accounting Department**

Responsibilities of the Investment Accounting Department related to the Investments Department are defined in Policy FIN4-004 Investment Valuation.

**VII. Conditions and Guidelines for Making Investments**

A. Conditions

1. In cooperation with legal counsel, Staff will endeavor to ensure that the legal structure of each investment limits potential losses to no more than the amount invested;
2. Investments will be of institutional quality;
3. Investments will require the approval of the Chief Investment Officer and the Investment Committee;
4. Investment documents must be approved by SERS' Legal Department and the Investment Compliance Department;
5. The Investment Committee will develop and implement definitive procedures for approving investments in accordance with this SIP; and
6. The Chief Investment Officer or the Executive Director must sign the necessary investment documents when making investments.

B. Guidelines

1. Selected Investment Managers and Funds will have proven track records in the strategy;
2. Monthly reporting by the Fund or Investment Manager is preferred, but there should be quarterly reporting at a minimum;
3. The liquidity of an investment will be prudent, both for the strategy and for the Total Fund;
4. The amount invested with an Investment Manager or in a Fund will be prudent for the strategy; and
5. Investment limits established by Board resolution remain in effect until modified or eliminated by the Board.

**VIII. Implementation Strategies**

A. Asset Allocation

The Board will conduct an asset and liability study every three- to five-years or sooner, if necessary, in order to establish allocation targets and ranges for asset classes within distinct capital markets. Staff, with the assistance of consultants, will review annually the market outlook and expected returns for asset classes with the Board. If there are significant changes in return assumptions, Staff will conduct an interim review of the Asset Allocation Policy.

In order to identify the investment horizon of SERS and its cash flow requirements, liability considerations will include but not be limited to current and expected future values of the benefits, contributions, and total assets.

After giving due consideration to an asset and liability study conducted by the Investment Consultant, which study meets the requirements of this SIP, the Board hereby recognizes and reaffirms the following asset allocation for SERS:

	TARGET		RANGE
<b><u>Equity</u></b>		<b>54%</b>	<del>44%</del> — <del>64%</del>
Global Equities	40%		35% - 45%
Global Private Equity	14%		11% - 17%
<b><u>Income</u></b>		<b>26%</b>	<del>41%</del> — <del>51%</del>
Global Fixed Income	18%		13% - 23%
Global Private Credit	5%		3% - 7%
Cash Equivalents	3%		1% - 5%
<b><u>Global Real Assets (Inflation)</u></b>		<b>20%</b>	<del>17%</del> — <del>22%</del>
Real Estate	13%		10% -15%
Infrastructure	7%		5% - 10%
<b><u>STRATEGY</u></b>			
Opportunistic and Tactical Investments		0%	0% - 5%
<b>Total</b>	100%	<b>100%</b>	
<b>Leverage</b>		<b>0%</b>	<b>0% - 10%</b>
<b>Total Notional Exposure (Including Leverage)</b>		<b>100%</b>	<b>100% - 110%</b>

**B. Derivatives**

The Board authorizes the use of derivatives in the Total Fund and authorizes the Chief Investment Officer, with the advice and assistance of the Investment Consultant, to develop and implement derivatives strategies as needed. The Chief Investment Officer will follow the derivatives policy, setting forth general guidelines for the use of derivatives.

**C. Leverage**

The Board authorizes the use of leverage in the Total Fund and authorizes the Chief Investment Officer, with the advice and assistance of the Investment Consultant, to develop and implement certain leverage strategies. The Chief Investment Officer will follow the leverage policy setting forth general guidelines for the use of leverage. Leverage at the total fund level may be used to gain a higher level of exposure than 100% of the above asset allocation targets subject to a limit of 10% of total fund. Economic leverage is obtained by the use of derivatives (equities, bond, or other liquid assets) and

may be employed to balance risk contribution and/or potentially enhance total fund return. Any active risk introduced by the total fund leverage shall be governed by the limits specified in Section IV (Risk Management) above.

#### D. Rebalancing

The Total Fund rebalancing is conducted by the Chief Investment Officer within the active risk limit specified in Section IV. (Risk Management) as well as asset class portfolio ranges specified in Section VIII. Within individual asset classes, rebalancing is conducted based on the specific targets and ranges of the sub-strategies specified in the implementation guidelines subject to the overall tracking error limit of each asset class.

#### E. Currency Hedging

The Board authorizes currency hedging in the Total Fund and authorizes the Chief Investment Officer to develop and implement currency hedging strategies as needed. Currency hedging programs and managers shall be approved by the Investment Committee.

#### F. Transition Management

The Board authorizes the Executive Director and the Chief Investment Officer to hire Transition Managers as needed.

#### G. Proxy Voting

The Board authorizes the Proxy Review Committee, which consists of staff members from Executive and Investments, to vote proxies of common stock owned by SERS and to hire proxy services as required to implement this strategy. The Proxy Review Committee will follow a process for voting proxies as described in the Proxy Voting Procedures document.

#### H. Securities Lending

The Board authorizes Investment Staff to develop and implement a securities lending program which may involve the appointment or discharge of third-party securities lending agents by the Executive Director or the Chief Investment Officer. The Board recognizes that while the practice of securities lending can generate meaningful income for the Total Fund, it is not without investment risk. To mitigate investment risk the securities lending program will focus on intrinsic value lending and use conservative collateral reinvestment guidelines as outlined in the securities lending policy. If Staff determines the risk/reward relationship of the program is no longer advantageous for the Total Fund, the program will be discontinued.

#### I. Opportunistic and Tactical Investments

The Board authorizes Investment Staff to invest up to 5% of Total Assets in Opportunistic and Tactical Investment Strategies. These investments will comply with the Opportunistic and Tactical Investment Policy approved by the Chief Investment Officer.

#### J. Overlay Program

The Board authorizes Investment Staff to invest in an overlay program which includes tactical asset allocation and active currency strategies. The overlay program trades derivatives of the Total Fund's underlying assets and foreign currency exposures to enhance Total Fund's risk adjusted return. The net notional exposures of the tactical asset allocation should be zero and the gross notional exposure of the currency program is limited to 50% of the Non-US Equity portfolio value. The active risk (tracking error) of the overlay positions is governed by the overall tracking error limit for the Total Fund as stated in Section IV. (Risk Management).

#### K. Investment Managers and Funds

The Board authorizes the Chief Investment Officer and the Investment Committee to approve Investment Managers and Funds based upon recommendations of Investment Staff or Investment Consultants, as may be appropriate, and discussions with Managers. The Chief Investment Officer is authorized to discharge Investment Managers or Funds and report such actions to the Investment Committee or to present the discharge action to the Investment Committee for approval on a

discretionary basis. Allocations to approved Investment Managers and Funds will be determined or adjusted by the Chief Investment Officer in accordance with Section VI. Allocations and adjustments are subject to any maximum allocation amounts established by the Board.

Investment Managers will adhere to investment guidelines established by Investment Staff, as well as all applicable laws and policies. The Chief Investment Officer is authorized to establish and amend investment guidelines as needed.

It is a goal of the Board to increase the utilization of Ohio-qualified Investment Managers when an Ohio-qualified Investment Manager offers quality, services, and safety comparable to other Investment Managers available to the Board, and the use of such Investment Manager is consistent with the Board's fiduciary duties.

The Board will require that a list of Ohio-qualified Investment Managers and their investment products be maintained, and that public notice be given to Ohio-qualified Investment Managers of Investment Manager searches and search criteria.

SERS will give equal consideration to minority owned and controlled firms, and firms owned and controlled by women.

#### L. Co-investments

The Board authorizes the Chief Investment Officer to approve co-investments in a single investment within a Fund investment previously approved by the Investment Committee. A single co-investment is limited to \$25 million. Such approvals shall be reported to the Investment Committee with supporting investment memoranda. The Chief Investment Officer may present the co-investment to the Investment Committee for approval (on a discretionary basis) if time permits.

#### M. Collective Investment Funds

To the extent SERS' assets are invested in a group trust described in IRS Revenue Ruling 81-100, the instruments governing such trusts, as they may be amended from time to time, are hereby incorporated by reference and made part of the SIP as if fully set forth herein.

#### N. Approved Brokers

Brokers (or broker/dealers) who may provide execution of securities transactions for SERS will be evaluated on the basis of financial soundness, underwriting capabilities, research services, execution costs, and any other capabilities necessary in the execution of such transactions. Investment Managers who use such brokers will use their good faith judgment to ensure that said brokers will perform in the best interest of the Total Fund.

It is a goal of the Board to increase its utilization of Ohio-qualified brokers for the execution of domestic equity and domestic fixed income trades when an Ohio-qualified broker offers quality, services, and safety comparable to other brokers available to the Board or its Investment Managers, and the use of such broker is consistent with the Board's fiduciary duties.

SERS will give equal consideration to minority owned and controlled firms, and firms owned and controlled by women.

#### O. Soft Dollars

SERS allows investment managers to enter into limited soft dollar trading arrangements as governed by the "safe harbor" provision of Section 28(e) of the Securities and Exchange Act of 1934 and guided by the CFA Institute Soft Dollar Standards. SERS does not support any new soft dollar arrangements outside of these noted provisions.

#### P. Securities Litigation

SERS will follow the securities litigation policy and procedures as approved by the Board in setting out a course of action that best represents the interests of SERS' participants and beneficiaries.

Q. Other

The strategies listed herein are not meant to constrain the Chief Investment Officer from managing the investment program in a prudent manner. The Chief Investment Officer may develop additional investment strategies as needed and will discuss such additional strategies with the Board prior to implementation.

**IX. Performance**

A. Performance Measurement Standard

Performance evaluation for the Total Fund will focus on total return, on an accrual accounting basis, including realized and unrealized capital gains and losses, and income. Valuations are to be made at least on a quarterly basis, and period returns are to be geometrically linked. Private market asset returns may be reported one quarter in arrears. Cash and cash equivalents will be included in the portfolio's return. Performance will be calculated on a gross-of-fee and net-of-fee basis.

B. Performance Benchmark – Total Fund

Performance of the Total Fund relative to benchmarks will be examined monthly and will be reported for multiple time periods as needed. The Board's Investment Consultant will report performance net-of-fees on a quarterly basis.

The performance benchmark for the Total Fund will be the target-weighted average of the performance benchmark for each asset class and strategy grouping as stated in Section VIII, excluding leverage. Performance for the Total Fund shall be reported including total fund leverage.

In the event of a significant change in policy targets, the Board may approve interim targets for a period to move progressively toward the final target; interim targets may be used for the purpose of calculating the Total Fund policy benchmark in the interim period.

C. Performance Benchmarks – Asset Classes and Strategies

The long-term performance benchmark for each asset class is shown below. Performance benchmarks are determined as appropriate for SERS in cooperation with SERS' Investment Consultant. For purposes of this section, long-term refers to rolling three- to five-year periods. Performance in each asset class should meet or exceed the Benchmark measure.

<b>ASSET CLASS</b>	<b>BENCHMARK MEASURE</b>
Global Equities	MSCI All Country World Net Total Return Index (USD)
Global Private Equity	<del>MSCI-Burgiss Global Private Equity Funds Index Burgiss All-Private Equity benchmark (BAPE) (one quarter in arrears)</del>
Global Fixed Income	Bloomberg US Universal Bond Index
Global Private Credit	90 day <del>Treasury bill</del> SOFR rate+4.5% (one quarter in arrears)
Global Real Assets	<del>Expanded</del> NCREIF Property Index (one quarter in arrears)
Global Infrastructure	Quarterly (4 qtrs.) smoothed CPI +1.20% per quarter
Cash Equivalents	FTSE 30 Day Treasury Bill
<b>STRATEGY</b>	<b>BENCHMARK MEASURE</b>
Opportunistic and Tactical Investments	Bloomberg US Aggregate Bond Index + 2%

#### D. Performance Benchmarks – Individual Investment Managers

Investment Staff will establish performance benchmarks for each Investment Manager based on its respective style.

#### X. Review and Evaluation

The Board will review and evaluate periodic reports on the investment performance of Total Fund assets. Greater emphasis will be placed on three- to five-year results. The intended frequency for review and evaluation, subject to change by the Board, is as follows:

- A. Monthly – Investment Report including Total Fund Fair Market value, asset allocation, performance of the Total Fund and each asset class, and the Total Fund's compliance with this SIP.
- B. Quarterly – Summary Investment Report presented by the Investment Consultant, including highlights and commentary about market conditions, investment performance, asset composition and characteristics for each asset class, and relevant manager level information.

#### XI. Related Policies and Procedures

A list of related policies and procedures that govern the investment program is attached as Appendix I.

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#### Appendix I - Related Policies

SIP	Number	Document
	INV1-001	Statement of Investment Policy
VIII	INV1-002	Derivatives Policy
VIII	INV1-003	Leverage Policy
VIII	INV1-004	Opportunistic and Tactical Investment Policy
IV	INV1-006	Investment Risk Management Policy
VIII	INV1-007	Securities Lending Policy
VI	INV1-012	Cash Equivalents Portfolio Investment Guidelines Policy
VIII	INV1-014	Cash Equitization Policy
VI	INV1-024	Investment Committee and Investment Approval Policy
VIII	INV1-025	Private Market Co-Investment Policy
VI	INV3-001	Investment Oversight Policy
VIII	BD3-008	Securities Litigation Policy
VIII	EXE6-002	Proxy Voting Policy

#### Appendix II – Glossary of Terms

**Active Risk** – ~~also known as See Tracking Error, describes how a portfolio's performance is different from its benchmark and is measured by the standard deviation of the differences in returns of the actual portfolio and the benchmark portfolio.~~

**Active Share** – the Active Share of a fund represents the percent of portfolio holdings that differ from the (declared) benchmark index holdings.

**Actuarial Assumed Rate** – also referred to as the actuarial discount rate. This rate is used to value a pension fund's liabilities and is also used as a long-term investment return objective.

**Asset and Liability Study** – a study to determine the appropriate level of overall investment risk for a pension plan, based on future liabilities and funding resources. The study helps maximize the probability that the return on plan assets exceeds the growth of plan liabilities.

**Benchmark** – a gauge in the securities market by which investment performance can be measured, such as the Standard & Poor's 500 Index.

**Bloomberg US Aggregate Bond Index** – a market capitalization weighted US bond index published by Bloomberg. Most US traded investment grade bonds are represented in the index. SERS' global fixed income policy benchmark through June 30, 2024.

**Bloomberg US Universal Bond Index** – a market capitalization index that consists of USD-denominated securities only. The index includes debt issued by the U.S. government and other government-related entities, residential and commercial mortgage-backed securities, investment grade and high yield bonds as well as debt from emerging market countries and other foreign issuers. The policy benchmark for the global fixed income portfolio switched from the US Aggregate index to the US Universal index on July 1, 2024.

**Broker** – an individual or firm authorized to act on behalf of another, such as executing a transaction. The broker does not assume any financial risk in the transaction, as a dealer would.

**Brokerage Commission** – fee paid to a broker for the purchase and sale of securities.

**Broker/dealer** – any individual or firm in the business of buying and selling securities for itself and others. Broker/dealers must register with the SEC. When acting as a broker, a broker/dealer executes orders on behalf of a client. When acting as a dealer, a broker/dealer executes trades for the firm's own account. Securities bought for the firm's own account may be sold to clients or other firms or become a part of the firm's holdings.

~~**Burgiss All Private Equity (BAPE)** – The BAPE is comprised of data from more than 5,000 private equity funds contributed by limited partners that are Burgiss clients and use Burgiss' web-based institutional portfolio management platform Private i. The benchmark data is sourced from Burgiss' limited partner clients and includes complete transactional and valuation history between the limited partner and their fund investments. Burgiss publishes a detailed breakdown of the dataset every quarter allowing for increased transparency.~~

**Cash Securitization** – Cash securitization is a method used to obtain asset-like returns on short-term cash investments in equity, fixed income, or other accounts by overlaying the short-term cash investments with relevant futures. Securitization of equity cash is referred to as cash equitization.

**Cash Equivalents** – highly liquid, safe investments with maturities of 397 days or less, which can be easily converted into cash. Examples include Treasury Bills, money market funds, and quality commercial paper. The cash equivalents asset class serves as a liquidity pool for SERS.

**Chapter 3309, Ohio Revised Code** – the Ohio statute governing the School Employees Retirement Board and School Employees Retirement System of Ohio.

**Co-investment** – a direct investment in a single asset of a private market Fund, made alongside the Fund's investment in the asset; typically involves more attractive terms and shorter time frames than those of the Fund.

**Collective Investment Fund** – A fund that is operated by a trust or bank and holds commingled (pooled) assets.

**Conflict of Interest** – a direct or indirect pecuniary interest or a relationship (without regard to whether the relationship is personal, private, commercial, or business) and the interest or relationship could diminish the Investment Service Provider's independence of judgment in the performance of its responsibilities to SERS; or bias the Investment Service Provider's evaluation of, or advice with respect to, a transaction or assignment on behalf of SERS.

**Credit Risk** – the possibility that a bond issuer will default by failing to repay principal and interest in a timely manner.

**Currency Hedging** – also known as Currency Management. A technique or strategy used to address foreign exchange fluctuations which affect investment returns on international investments. Currency hedging can be active, passive, or a combination of active and passive. Passive hedging is a strategy to neutralize fluctuations between US and Non-US currencies to a predetermined level. Active hedging is a strategy to manage currency fluctuations in an effort to generate returns.

**Default Risk** – see Credit Risk.

**Derivatives (Derivative Instruments)** – financial instruments (securities or contracts) whose values are derived from underlying financial assets, indices, or other instruments. Derivative performance is based on the performance of assets, interest rates, currency exchange rates, and various domestic and foreign indices underlying the instruments. The common forms of derivatives are forward, futures, swap, and options contracts.

**Diversification** – spreading a portfolio over many investments to avoid excessive exposure to any one source of risk.

**Due Diligence** – an investigation or audit of a potential or existing investment.

**Equity Investment** – claims held by the residual owners of a firm. May also be referred to as common stock. Investments in real estate and certain private markets classifications may also be considered equity.

**Expanded NCREIF Property Index (ENPI)** – a quarterly time series composite total rate of return measure of investment performance of a very large pool of individual commercial real estate properties acquired in the private market for investment purposes only. The **Expanded NCREIF Property Index** is a component of SERS' global real estate policy benchmark.

**External Management** – the management or investment of fund assets by Investment Managers.

**Fiduciary** – a person, company or association holding assets in trust for a beneficiary. One who can exercise discretionary authority or can control important aspects of a pension plan's management.

**Firm Level** – as used in this SIP, Firm Level refers to an Investment Management Firm and includes all investment products, strategies or styles offered by the firm.

**Fixed Income Investment** – a security issued by a borrower that obligates the issuer to make specified payments to the holder over a specific period. May also be referred to as "debt" or "bonds."

**Foreign Currency Risk** – incurred by investing in foreign countries. Fluctuations in exchange rates between domestic and foreign currencies impact total returns. Impacts may be positive or negative.

**FTSE 30 Day Treasury Bill** – an index that measures the rate of return for 30-day US Treasury Bills, which are considered representative of the performance of Short-Term money market instruments. The FTSE 30 Day Treasury Bill is SERS' policy benchmark for Cash Equivalents.

**Fund** – Fund means a limited partnership, trust, or commingled investment vehicle in which SERS invests or may invest (e.g., hedge fund, private equity fund, or real estate fund).

**Global Equities** – reflects the consolidation of what had been treated by SERS as US equity and Non-US equity asset classes; includes equities of US and non-US origin, equities of various capitalizations (e.g., large cap, small cap, mid cap, etc.), equities from developed, emerging and frontier markets, growth and value equities, and passive and active strategies. Investments in global equities strategies are made in accordance with investment allocation guidelines established and amended as necessary, by mutual agreement between the Chief Investment Officer and the Investment Consultant.

**Global Private Credit** - broadly defined as strategies that provide loans and financing to middle market companies in lieu of bank financing. Strategies can have objectives of either preserving capital, with return coming primarily from current pay coupon and fees or maximizing appreciation of more subordinated loans.

**Guidelines** – refers to an Investment Manager's "Investment Guidelines," established between the Investment Manager and Staff as part of an investment management agreement. Guidelines may be general or specific.

**Hedge Fund** – a private investment partnership or an offshore investment corporation in which the general partner has made a substantial personal investment, and whose offering memorandum allows for the Fund to take both long and short positions, using leverage and derivatives, and invest in many markets. Hedge funds often use strategies involving program trading, selling short, swaps and arbitrage.

**Indexing** – the weighting of investments that are in line with one of the major market indices, such as the Standard & Poor's 500 Index. Also referred to as passive investing.

**Interest Rate Risk** – the risk that an investment's value will change due to a change in the absolute level of interest rates.

**Internal Management** – the management or investment of fund assets by Investment Staff.

**Intrinsic Value Lending** – lending that produces returns based upon the securities loan itself, with little incremental benefit from collateral reinvestments.

**Investment Committee** – a committee comprised of the Chief Investment Officer and Investment Officers from SERS' Investment Department who possess the State Retirement System Investment Officer (SRSIO) license, with clearly defined structure, rules, and procedures for reviewing and approving investments in a timely and prudent fashion.

**Investment Consultant** – any consultant hired by the Board or by Staff to advise or assist with the investment program in accordance with this SIP. Board Investment Consultants must be approved by the Board. Staff Investment Consultants shall be approved by the Executive Director.

**Investment Manager** – a manager or potential manager of SERS assets, both public market and private market. Includes, but is not limited to managers of equity, fixed income, private equity, real estate, hedge funds, commodities, and cash.

**Investment Program** – the implementation of SERS' investment responsibilities and the Board's SIP by fund fiduciaries.

**Investment Service Provider** – an entity or person, other than a Retirement Board member or SERS employee, who provides investment advice to SERS intended to affect or form a basis for investment or fund management decisions by SERS, including but not limited to (a) Investment Consultants, (b) Investment Managers, (c) agents, (d) broker/dealers, (e) master record keepers, and (f) custodian.

**Investment Staff** – members of the Investment Department of SERS, including the Chief Investment Officer, State Retirement System Investment Officers, and other department personnel.

**Leverage** – in investments, this is the control of a large amount of money by a smaller amount of money, such as buying on margin. In finance, this is the relationship of debt to equity on a company's balance sheet in the form of the debt/equity ratio.

**Liquidity Risk** – the risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss or to make the required profit.

**Long-term** – in the context of SERS' liability and investment horizons, long-term is assumed to be at least 10 years.

**Mandate** – mandate is the macro or high-level strategy employed by a manager. Examples of macro strategies include US versus Non-US; large cap versus small cap; real estate versus private equity; etc.

**Master Record Keeper** – the master accountant used by SERS.

**Modern Portfolio Theory** – a theory about how rational investors can construct portfolios in order to optimize market risk for expected returns, emphasizing that risk is an inherent part of higher reward. According to the theory, it is possible to construct an "efficient frontier" of optimal portfolios offering the maximum possible expected return for a given level of risk. This theory was pioneered by Harry Markowitz in his paper "Portfolio Selection," published in 1952 by the *Journal of Finance*.

**Morgan Stanley Capital International – All Country World Net Total Return Index Free ex-USA Index (\$Net)** – an equity index ~~that representing captures large and mid-cap representation across 23 Developed Markets (DM) and 24 Emerging Markets (EM) countries. The index covers approximately 85% of the global investable equity opportunity set.44 developed and emerging countries. "Free" indicates the index reflects actual investable opportunities for global investors by taking into account local market restrictions on share ownership by foreigners.~~ "Net" indicates that dividends are reinvested after the deduction of withholding taxes applicable to non-resident institutional investors. The MSCI-ACWI ex-USA Index, net of dividends reinvested is SERS' policy benchmark for Non-US Equities.

MSCI-Burgiss Global Private Equity Funds Index (formerly known as the Burgiss All Private Equity Index) - The index is comprised of data from more than 5,000 private equity funds contributed by limited partners that are Burgiss clients and use Burgiss' web-based institutional portfolio management platform Private i. The benchmark data is sourced from Burgiss' limited partner clients and includes complete transactional and valuation history between the limited partner and their fund investments. Burgiss publishes a detailed breakdown of the dataset every quarter allowing for increased transparency. MSCI purchased Burgiss in 2023 and rebranded the indices in 2024. The renamed benchmark uses the same construction methodology as the Burgiss All Private Equity Index.

**Opportunistic and Tactical Investments** – Global opportunistic investments are tactical or non-traditional investment opportunities that may be short-term or may not fit within the generally accepted risk/return parameters of specific asset classes or strategy groupings. Such opportunities may involve capitalizing on short-term market dislocations or other such unique situations. Tactical investments may include strategies with dynamic allocations to single assets or across multiple asset types or other innovative approaches.

**Portfolio** – a collection of investments owned, managed, or overseen by an individual or Investment Manager, a board, or an organization. Portfolio can mean a manager account or subset thereof (e.g., Goldman Sachs Core Plus account), an asset class (e.g., US equity), or the entire fund (e.g., SERS' Total Fund).

**Private Market Assets** – broadly defined as those assets of alternative mandates utilizing either publicly- or privately-traded securities or other investment instruments. These include, but are not limited to, real assets, private equity, private credit, and hedge funds.

**Proxy** – an agent legally authorized to act on behalf of another party. Shareholders not attending a company's annual meeting may choose to vote their shares by proxy by allowing someone else to cast votes on their behalf. Management often encourages shareholders to vote by proxy so that ownership interests are fully represented even if shareholders are unable to attend the company's annual meetings in person.

**Prudent (Prudent Person)** – this phrase generally refers to the prudent person rule which is a legal maxim restricting the discretion in a client's [account](#) to [investments](#) only in those [securities](#) that a prudent person seeking reasonable [income](#) and preservation of [capital](#) might [buy](#) for his or her own [investment](#).

**Rebalancing** – the action of adjusting allocations relative to their targets or ranges to adjust for actual or anticipated market movements.

**Risk** – the chance that an investment's actual return will be different than expected. This includes the possibility of losing some or all of the original investment. It is usually measured by calculating the standard deviation of the historical returns or average returns of a specific investment.

**Risk-Adjusted Return** – a measure of how much risk a Fund or portfolio takes on to earn its returns, usually expressed as a ratio. Usually expressed by a Sharpe Ratio or Information Ratio calculation.

**Russell 3000 Index** – a market-value weighted equity index published by the Frank Russell Company. The index measures the performance of the 3,000 largest US companies in terms of market capitalization. The Russell 3000 Index is SERS' Domestic Equity Policy Benchmark.

**Securities Lending** – the temporary loan of a security from an institutional investor's portfolio to a broker/dealer or dealer bank to support that firm's trading activities. These trading activities include short selling, selling on margin or the satisfaction of some other type of transaction. Loaned securities are generally collateralized, reducing the lender's credit exposure to the borrower. Except for the right to vote proxies, the lender retains entitlement to all the benefits of owning the original securities, including the receipt of dividends and interest.

**Securities Litigation** – refer to SERS' Securities Litigation Policy.

**SOFR** – The secured overnight financing rate ("SOFR") is a benchmark interest rate reflecting the cost of borrowing money overnight, using U.S. Treasury securities as collateral. SOFR has become the primary reference rate utilized to determine the interest rate for private loans in the U.S.

**Soft Dollars** – Soft dollar trading arrangements refer to agreements whereby an investment manager directs transactions to a broker in exchange for brokerage and research services. The research services provided to the investment manager may be either proprietary or originate with a third-party.

**Style** – Style refers to an investment product, strategy or style offered by an Investment Management Firm and reflects how the assets are invested. For example, value versus growth; core versus value added; quantitative versus fundamental; etc.

**Total Fund** – Total Fund refers to SERS’ total investment assets.

**Total Return** – the return on an investment, including income from dividends and interest, as well as appreciation or depreciation in the price of the security, over a given time period.

**Tracking Error** – ~~standard deviation of the excess return of the portfolio relative to the Benchmark, often measured over rolling three-year periods, a divergence between the price behavior of a position or a portfolio and the price behavior of a benchmark. Calculated as the standard deviation of the difference in returns between a portfolio and its benchmark.~~

**Transition Management** – management of the transition of assets from one portfolio to another by a transition manager.

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## Related Documents and Information

Statutes:	R.C. 3309, Ohio Revised Code
Rules:	N/A
Document Links:	Purpose, Policy, Procedure, Definitions, Related Documents, Policy History
Forms:	---

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## Policy History

This policy supersedes the policy adopted August 2, 1985 and all revised policies dated 7/1/24; 1/1/24; 7/1/23; 7/1/22; 2/17/22; 2/18/21; 7/1/20; 9/17/15; 6/18/15; 12/18/14; 5/01/14; 1/01/14; 7/01/13; 1/19/12; 7/21/11; 7/01/10; 2/01/09; 8/01/08; 2/21/08; 10/01/07; 10/20/05; 9/15/00; 10/23/98; 6/19/98; 12/12/97; 7/25/97; 3/21/97; 12/20/96; 11/22/96; 6/21/96; 4/25/96; 9/15/95; 7/28/95; 6/16/95; 3/17/95; 1/20/95; 10/21/94; 5/20/94; 3/06/92; 4/07/89; 9/04/87; 1/09/87.

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**ANNUAL INVESTMENT PLAN FY 2026**

\_\_\_\_\_ moved and \_\_\_\_\_ seconded the motion to approve the Annual Investment Plan for fiscal year ending June 30, 2026 (“the FY26 Plan”), as presented to the Board on June 18, 2025. The FY26 Plan replaces the FY25 Plan originally approved June 21, 2024.

Upon roll call, the vote was as follows:

<b><u>ROLL CALL:</u></b>	<b><u>YEA</u></b>	<b><u>NAY</u></b>	<b><u>ABSTAIN</u></b>
Catherine Moss	_____	_____	_____
Jeanine Alexander	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Matthew King	_____	_____	_____



**DRAFT – 06/18/2025**



**2026**

# Annual Investment Plan

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For the Year Ended June 30, 2026



**SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO**  
**ANNUAL INVESTMENT PLAN**  
For the year ended June 30, 2026

Prepared by SERS Investment Staff  
Farouki Majeed, Chief Investment Officer  
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Columbus, Ohio 43215-3746  
[www.ohsers.org](http://www.ohsers.org)  
*Serving the People Who Serve Our Schools®*

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# Executive Summary

## EXECUTIVE SUMMARY

The Board's Statement of Investment Policy (SIP) requires the Chief Investment Officer to prepare and present an Annual Investment Plan (Plan) to the Board for its approval. The following document outlines the recommended Plan for Fiscal Year (FY) 2026.

As in prior years, the Plan reviews the economic environment based upon consensus reports from leading sources, SERS' asset allocation target and long-term performance objective for each portfolio, previous year's objectives and accomplishments, a review of the market conditions over the last year and objectives for FY2026. Implementation Guidelines for each asset class portfolio are included to provide further details on how each portfolio will be managed in the coming year relative to portfolio construction parameters and risk limits. **This Plan is meant to be a living document subject to adjustment during the year.** If circumstances change or opportunities arise during the year, items that may lead to intra-year changes to the Plan or Strategy Statements will be discussed with the Board.

### REVIEW OF FY2025 OBJECTIVES AND IMPLEMENTATION

The general objectives of the Investment Department for FY2025 were as follows:

- *Our major strategic goals remain unchanged. The focus will continue to be value-added performance, risk management, cost-effectiveness and maintenance of an investment program that meets or exceeds investment objectives over the long-term.*

Total Fund's net- of- fees (net) returns exceeded the policy benchmark for all periods over ten years. For FYTD, the Total Fund net return of 4.98% as of March 2025 exceeded the benchmark by 0.60%. For three years, the net annualized return of 5.33% exceeded the benchmark by 1.15%, and for five years, the net annualized return of 11.24% exceeded the benchmark by 1.57%. Over ten years, the Total Fund generated a net return of 8.03%, exceeding the benchmark by 0.98% on an annualized basis. On account of significant outperformance in recent periods, the twenty-year excess return has turned positive after being negative over the years. The excess returns have been generated with active risk remaining well within the limits approved by the Board. The Total Fund return has exceeded the actuarial target of 7% over all periods except for the three-year period.

- *Implement the asset allocation framework and targets approved by the Board in December 2023.*

The interim allocation targets approved by the Board in October 2023 – Global Equities at 41% and Private Equity at 13% – reverted to the strategic targets for FY2025 – Global Equities at 40% and Private Equity at 14% – on January 1, 2025. This strategic allocation represents a 5% decrease in target allocation to Global Equities and a 2% increase in target allocation to Global Private Equity compared to the previous -12% strategic allocation.

The actual allocation for Global Equities reduced from 43.7% in March 2024 to 41.7% as of March 2025, maintaining a 1.7% overweight vs. the 40% target allocation. Staff had a preference to have an overweight in public equity while Private Equity was working on increasing its allocation. Global Private Equity's March 2025 actual allocation was 13.4%, slightly below the 14% target allocation as FYTD distributions as of March 2025 have exceeded capital calls by approximately \$93 million, or roughly 0.5% of Total Fund assets. SERS has \$1.4 billion in undrawn commitments to private equity investments as of March 2025. Nevertheless, all asset classes remain within Board-approved ranges.

- *Continue to develop and engage the Investment team, including adding a new Administrative Assistant due to the retirement of the Operations Manager.*

A new Administrative Assistant was hired in December 2024 who is integrating well with the team and learning enthusiastically.

## EXECUTIVE SUMMARY

### FY2026 OBJECTIVES

- Our major strategic goals remain unchanged. The focus will continue to be on value-added performance, risk management, cost effectiveness and maintenance of an investment program that meets or exceeds investment objectives over the long-term.
- Conduct an asset allocation study in conjunction with Wilshire and the Board. Implement the new asset allocation framework and targets upon Board approval.
- Assess the need to conduct a General Investment Consultant search and implement, as the current agreement will expire on August 1, 2026.
- Continue to develop and engage the Investment team and ensure a high functioning Investment committee.

### CONCLUSION

As of March 31, 2025, Total Fund net returns of 11.24% over five years and 8.03% over ten years exceed the actuarial rate of 7.00% by a good margin, thus improving the Plan's funded ratio. Staff will remain focused on adding value relative to policy benchmarks and managing risks and costs.

Staff appreciates the support and guidance from the Board in FY2025 and looks forward to working with the Board in FY2026 for another successful year.

### ACKNOWLEDGEMENTS

SERS is very fortunate to have an experienced and deep Investment Staff. The following individuals contributed to this report.

- Economic Outlook – Farouki Majeed and Hai Yen Le
- Total Fund Asset Allocation – Farouki Majeed and Chris Hyland
- Global Equities – Judi Masri and Hai Yen Le
- Global Private Equity – Steve Price and Phil Sisson
- Global Fixed Income – Jason Naber and Judi Masri
- Global Private Credit – Adam Messerschmitt and Brad Carr
- Global Real Assets – Paul Cheng and Michael Browning
- Cash Equivalents & Securities Lending – Jason Naber
- Opportunistic and Tactical – Farouki Majeed, Adam Messerschmitt and Brad Carr
- Overlay Program – Farouki Majeed, Jason Naber, and Judi Masri
- Investment Risk Management and Analytics – Chris Hyland and Hai Yen Le
- Investment Operations – Katie Swank and Maleia Te'o

We would appreciate the opportunity to review the Annual Investment Plan with you at the June 2025 Board meeting. If you have any questions or comments before then, please let me know.

Respectfully submitted,



Farouki A. Majeed  
Chief Investment Officer



## Global Economic Outlook

## Review of CY 2024:

US economic growth remained strong in 2024 at 2.8% despite sticky inflation and high interest rates. The resilience of consumer and government spending fueled 2024 growth. The global economic growth rate was 3.2% in 2024 with 1.7% for the advanced economies and 4.2% for the emerging and developing economies.

US headline inflation declined from 3.4% in December 2023 to 2.4% in September 2024, then fluctuated in a range of 2.4-3.1% from September 2024 to April 2025, showing its persistence. Global inflation trended down from 6.7% in 2023 to 5.8% in 2024, significantly higher than the US's level.

The US labor market remained resilient, adding 2.2 million jobs in 2024 vs. 3.0 million in 2023. The tightness of the labor market eased in 2024 as the unemployment rate increased from 3.7% in January 2024 to 4.2% in March 2025. US consumer sentiment declined slightly in 2024 due to sticky inflation and economic growth deceleration concerns.

The Fed pivoted the interest rate policy, conducting three interest rate cuts in the second half of 2024, reducing the federal funds rate from 5.25-5.50% to 4.25-4.50% which remains unchanged as of March 2025. The 10-year US Treasury rate increased from 3.9% in December 2023 to 4.6% in December 2024. The yield curve inversion eased as the yield spread between the 10-year note and cash turned slightly positive in mid-December.

## Economic forecasts from the Blue Chip Consensus (US) and the IMF are presented below:

### US ECONOMY

The consensus expects US economic growth to decelerate materially to 1.4% in 2025 and maintain the same rate in 2026 due to concerns of sticky and rising inflation along with slowing growth caused by high tariffs and trade frictions. Inflation is expected to stay above the Fed's 2.0% target at 3.3% in 2025 and 2.9% in 2026 (Table 1).

According to the Blue Chip Economic forecasts, the unemployment rate is expected to increase to 4.4% in 2025 and 4.7% in 2026. The yield on 10-year US Treasuries is expected to increase to 4.2%, slightly higher than the 3-Month T-Bill yield at 4.1%, indicating expectation of a modest yield curve normalization in 2025. The yield curve is expected to continue steepening in 2026 with the 3-Month T-Bill yield at 3.4%, materially lower than the 10-Year US Treasury yield at 4.1%. US corporate profits are expected to fall to \$1.6 trillion in 2025 and slightly recover to \$2.0 trillion in 2026.

Table 1

Period	Real GDP Growth Rate (%)	Unemployment Rate (%)	Inflation Rate CPI (%)	T-Bill 3-Mo. (%)	T-Note 10-Yr. (%)	Corporate Profits (Cur. \$)
2021	5.8	5.4	4.7	0.0	1.4	27.6
2022	1.9	3.6	8.0	2.0	3.0	7.8
2023	2.9	3.6	4.1	5.1	4.0	6.9
2024	2.8	4.0	2.9	5.0	4.0	7.9
2025 Consensus	1.4	4.4	2.9	4.1	4.2	1.6
2026 Consensus	1.4	4.7	2.7	3.4	4.1	2.0

Source: Blue Chip Economic Indicators, April 2025

## GLOBAL ECONOMY

The IMF forecasted global GDP growth to decline to 2.8% in 2025 amid escalating trade tensions and policy uncertainty. Global economic growth is expected to improve slightly to 3.0% in 2026 (Table 2). Emerging and developing economies are expected to maintain the growth advantage vs. advanced economies as the former's expected growth rate is 3.7% while the latter's is 1.4% in 2025 and 3.9% vs. 1.5%, respectively, in 2026.

Table 2

Annual GDP Growth (in percent)	2024	2025 (projected)	2026 (projected)
World	3.2	2.8	3.0
US	2.8	1.8	1.7
Advanced Economies (including US)	1.7	1.4	1.5
Emerging and Developing Economies	4.2	3.7	3.9

Source: International Monetary Fund World Economic Outlook, April 2025

## Portfolio Strategy

## PORTFOLIO STRATEGY – Total Fund Asset Allocation

Actual asset allocation relative to policy target is shown in the table below:

	Target	Permissible Range	Actual as of 3/31/2025
Global Equities	40%	35 – 45%	41.7%
Global Private Equity	14%	11 – 17%	13.4%
Global Fixed Income	18%	13 – 23%	13.3%
Global Real Assets (Inflation)	20%	17 - 22%	18.2%
<i>Global Real Estate</i>	13%	10 – 15%	11.0%
<i>Global Infrastructure</i>	7%	5 – 10%	7.2%
Global Private Credit	5%	3 – 7%	6.1%
Opportunistic	0%	0 – 5%	3.2%
Cash	3%	1 – 5%	4.2%
<b>Total Fund</b>	<b>100%</b>		100%
<b>Leverage</b>	N/A	0 – 10%	0%
Total Notional Exposure (Including Leverage)	100%	100 – 110%	100%

Staff has maintained an overweight in Global Equities, Global Private Credit and Opportunistic, and an underweight in Global Real Estate, Global Private Equity and Global Fixed Income relative to the FY25 policy targets. The allocation tilts added value for CY 2024 and FY 2025 as the overweight asset classes outperformed the Total Fund benchmark. The Total Fund returned 4.98% FYTD through March 2025, exceeding the benchmark by 60 bps due to positive Total Fund allocation and asset class portfolio selection effects in Global Equities, Global Fixed Income, Global Infrastructure, Global Private Equity, and Opportunistic as these asset classes exceeded their respective benchmarks. The Overlay program reduced Total Fund performance by 5 bps FYTD.

Concurrent with heightened market volatility and economic uncertainty, Staff is focused on maintaining the strategic asset allocation and will consider tactical opportunities as they arise. Staff continue to actively monitor the underweight to Fixed Income and are prepared to adjust the allocation when the rate outlook changes. The current high volatility of fixed income and on-going positive correlation between equity and bond market performance complicates this picture further.

**INVESTMENT STRATEGY**

SERS invests in equity securities to earn a premium over government treasury bonds due to higher compensation for assuming the higher risk inherent in public equity securities. A sizeable allocation to Global Equities is warranted to meet the long-term return goal of the Total Fund.

SERS' Statement of Investment Policy sets the Global Equities policy target allocation as follows:

	Target	Permissible Range
Global Equities	40%	35-45%

The performance objective of the Global Equity portfolio is to exceed the return of the MSCI All Country World Net Total Return Index (USD) by 40 basis points net of management fees. Actual net of fees performance as of March 31, 2025 is as follows:

Cumulative FYTD & Annualized Returns (in percent) for Periods Ending March 31, 2025					
	FYTD	1 Year	3 Year	5 Year	10 Year
Global Equities	4.82	7.57	7.53	15.59	9.18
Global Equities Benchmark	4.16	7.15	7.06	15.14	8.68
Net Excess Return	0.66	0.42	0.47	0.45	0.50

Source: BNY Mellon GRS

**REVIEW OF FY2025 OBJECTIVES AND IMPLEMENTATION**

FY2025 Annual Investment Plan objectives and related activities are as follows:

- *Monitor the portfolio for possible performance enhancement, completing searches, as necessary.*

Staff continues to focus on hiring core, broad based mandates with a benchmark aware focus. The following details portfolio changes in CY24 and CY25:

- JP Morgan US Core was funded January 1, 2024 with 7 bps net excess return since inception.
- T. Rowe Price US Core was funded January 1, 2024 with 75 bps net excess return since inception.
- Lazard EM Core was funded January 1, 2024 with 356 bps net excess return since inception.
- BlackRock STA was funded July 1, 2024 with 390 bps net excess return since inception.
- Brown Capital US Small Cap Growth was terminated in August 2024.
- JP Morgan China A was terminated in January 2025.
- AB US Small Cap Value was terminated in March 2025.
- State Street's R1000 Growth and Value accounts were terminated in March 2025.
- C,C&L Global Alpha Extension was funded April 1, 2025.
- *Manage the Global Equities portfolio structure relative to benchmark exposures to achieve appropriate risk and return characteristics.*

The 100% active Global Composite reduced its beta to 0.97, which was a headwind the first half of FY25 but yielded 362 bps of net excess return during the first quarter of CY25. Both global mandates have information ratios near or above 1.0.

US Equity risk monitoring focused on portfolio beta and small cap bias risks. The US large cap active composite beta gradually rose during CY24 from 0.88 to 0.95 by redeeming from low beta managers early in CY24 to fund JP Morgan and T. Rowe Price, each with a beta of 1.0. Beta increased again when BlackRock STA was added to the portable alpha composite with a beta of 1.0. The small cap overweight was reduced to neutral by terminating AB and Brown along with redeeming an additional \$25 million from active managers.

The Non-US portfolio's primary risk factor is its small cap bias in both developed and emerging portfolios driven by quantitative mandates along with a dedicated developed market small cap composite. The developed market beta stands at 0.97 and emerging market beta is 1.0.

- *Review IMAs and Investment Guidelines to make any necessary adjustments.*

Walter Scott's IMA was fully re-negotiated in FY25.

## PORTFOLIO STRATEGY - Global Equities

Cumulative FYTD & Annualized Returns (in percent) for Periods Ending March 31, 2025					
	FYTD	1 Year	3 Year	5 Year	10 Year
Russell – 3000 Index	3.88	7.22	8.22	18.18	11.80
Russell – 3000 Growth Index	(0.57)	7.19	9.63	19.57	14.55
Russell – 3000 Value Index	9.11	6.66	6.28	16.13	8.63
Russell – 1000 Index	4.10	7.82	8.65	18.47	12.18
Russell – 2000 Index	(0.75)	(4.01)	0.52	13.27	6.30
MSCI – AC World Index (\$Net)	4.16	7.15	6.91	15.18	8.84
MSCI – AC World Ex-USA Index (\$Net)	5.08	6.09	4.48	10.92	4.98
MSCI – World Ex USA Index (\$Net)	5.94	5.30	5.70	12.16	5.50
MSCI – Emerging Markets Index (\$Net)	2.95	8.09	1.44	7.94	3.71

Source: Nasdaq eVestment

Fiscal years begin July 1 and end on June 30

### CURRENT MARKET CONDITIONS AND OUTLOOK

Global equity markets (MSCI ACWI) rallied 17.5% in CY24 as US equity (Russell 3000) returned 23.8%, leading Non-US Equity Markets (MSCI AC World Ex-USA index) with a 5.5% return. In Q1, 2025, the US market rally halted with a loss of 4.7% while Non-US markets gained 5.2%. Global equity markets gained 4.2% for FY25 through March.

The US equity market performed strongly in CY24 thanks to broad-based healthy earnings and strong gains of Artificial Intelligence related companies. However, the uncertainty of the US tariff policy rattled the market in Q1 lowering the return to 3.9% for FY25 through March. The Non-US Developed market (MSCI World ex USA Index) underperformed the US market for CY 2024 but outperformed the latter for FY25 through March with returns of 4.7% and 5.9%, respectively. Emerging Markets (MSCI EM) beat the Non-US Developed market but lagged the US market for CY 2024 with a return of 7.5%. For the period FY25 through March, the Emerging Markets gained 3.0%, beating the US but lagging the Non-US Developed market.

Equity market volatility is expected to be elevated, and return is expected to be muted due to concerns about intensifying trade wars, high interest rates, high inflation and slower growth. The S&P 500 index was trading at 27 times earnings, significantly higher than the non-US market as well as its own historical average. The Developed ex-US and Emerging Markets were trading at 18 times earnings; while the former was slightly above its historical average, the latter was materially higher than its long-term average.

### PORTFOLIO STRUCTURE

At the end of March, Global Equities allocation was overweight the 40.0% Total Fund's target allocation by 3.3% (1.7% including futures). The global composite grew to 25.8% of total equities due to appreciation and regional composite redemptions. The regional composite, 74.2% of total equities, has the following exposures:

- The US allocation changed from overweight a year ago to a 52bps underweight relative to its 64.6% March MSCI ACWI benchmark target allocation as the US performance advantage deteriorated in 2025,
- The Non-US Developed Market allocation moved to a 29bps overweight in 2025 relative to its 25.1% March MSCI ACWI benchmark target allocation, and
- The Non-US Emerging allocation was adjusted to 23bps overweight in 2025 relative to its 10.0% March MSCI ACWI benchmark target allocation.

The US portfolio maintains a slight growth tilt. The US portfolio is currently 74.7% passively managed, which slightly increased by 0.3% over the prior year. Passive management may decline in favor of active management over the next year as active management is anticipated to outperform in a broader and/or declining market.

The Non-US portfolio maintains a small capitalization bias and a marginal growth style tilt. The portfolio will remain a moderate overweight to small capitalization stocks, as small caps are undervalued relative to large cap thus is expected to add to longer-term return. The Non-US portfolio is 84.4% active in Developed Markets (DM), 1.3% higher than the previous year. Active management may continue to grow above 84.4% as Staff redeems from passive to fund a new global manager. Emerging markets will remain 100% active management due to greater market inefficiency.

### **FY2026 OBJECTIVES**

Staff will focus on the following objectives during FY2026:

- Complete the funding of the new CC&L Global Equity Alpha Extension mandate as approved by the January 2025 Investment Committee.
- Monitor the portfolio for possible performance enhancement, completing searches, as necessary.
- Manage the Global Equities portfolio structure relative to benchmark exposures to achieve appropriate risk and return characteristics.
- Engage Wilshire on a portfolio structure review focusing on correct global and regional composite composition, active-passive allocation, and detailed manager alignment. Make portfolio adjustments, as necessary.
- Review IMAs and Investment Guidelines to make any necessary adjustments.

**INVESTMENT STRATEGY**

SERS invests in private equity to provide risk adjusted returns in excess of those provided by publicly traded equities.

SERS’ Statement of Investment Policy sets the Private Equity target allocation as follows:

	Target	Permissible Range
Global Private Equity	14%	11% - 17%

The performance objective for Private Equity is to provide net returns in excess of the MSCI-Burgiss Global Private Equity Funds Index by 150 basis points. Actual net of fees performance as of March 31, 2025, follows:

Cumulative FYTD & Annualized Returns (in percent) for Periods Ending March 31, 2025					
	FYTD	1-Year	3-Years	5-Years	10-Years
SERS Private Equity	7.04	10.81	7.61	17.14	16.51
Private Equity Policy Benchmark	4.47	5.60	1.68	12.69	12.27
Net Excess Return	2.57	5.21	5.93	4.45	4.24

Source: [MSCI-Burgiss Global Private Equity Funds Index](#)

**REVIEW OF FY2025 OBJECTIVES AND IMPLEMENTATION**

The FY2025 Annual Investment Plan objectives and related activities are as follows:

- *Manage the Private Equity portfolio and fiscal year commitments to reflect the investment allocation of 14%, subject to identifying opportunities that meet SERS’ investment criteria.*

The Private Equity allocation is 13.4% as of March 31, 2025. This is slightly below the target allocation of 14% but well within the range of 11% to 17%. To date, approximately \$137 million has been approved by the SERS Investment Committee to two funds and two co-investments.

- *Review the Private Equity portfolio strategy and structure and develop a plan to improve risk and return characteristics of the portfolio, achieve fee reductions, and optimize manager counts as appropriate.*

To date, two commitments have been approved to private equity funds with an average management fee of 1.83%. Additionally, two commitments have been approved to co-investments that have no management fees or carried interest. Together the average management fee on all approved commitments is 0.91%. These private equity commitments are diversified by investment strategy, sector focus and geography.

- *Actively seek co-investment opportunities where appropriate with current SERS’ private equity general partners who meet co-investment criteria, as outlined in the Private Equity co-investment guidelines.*

Two co-investments have been made fiscal year to date. The Private Equity co-investment portfolio has grown considerably in size the last several years and has a market value of \$188 million as of March 31, 2025, representing 7% of the Private Equity portfolio.

- *Research and identify new and innovative investment opportunities with managers who offer compelling return expectations. These new opportunities may be used for a combination of purposes to replace current managers who no longer meet SERS’ investment criteria or to target strategies that are not currently a directly invested component of the Private Equity portfolio.*

Staff reviewed over 100 investment offerings during FY25. A few compelling prospects were identified, and staff will continue to track these opportunities for future review and consideration.

**PORTFOLIO COMPOSITION**

	Allocations as of March 31, 2025	Target Ranges
Buyout	78%	55% - 95%
Venture Capital	9%	0% - 10%
Special Situations	6%	5% - 25%
Co-Investments	7%	0% - 25%
Domestic	79%	55% - 95%
International	21%	5% - 45%

**CURRENT MARKET CONDITIONS AND OUTLOOK**

The past few years have been the private equity industry’s most challenging period since the global financial crisis. Macro conditions and policy decisions will weigh heavily on momentum and uncertainty continues to keep the private equity market on edge. Much uncertainty remains around inflation and interest rates and private equity investors are seeking clarity on tariffs and other macro issues. Economic uncertainty combined with elevated purchase valuations and a steady flow of dry powder once again underscores the importance of identifying and backing high quality private equity managers that remain disciplined in their process, due diligence, and selection criteria throughout investment cycles.

The long-term outlook for private equity remains positive. Top quartile private equity managers find ways to overcome problems, generate returns for their limited partners and earn the capability to raise additional funds. With this in mind, the outlook for the SERS Private Equity portfolio is favorable. Current market conditions reflect positively on the style of investing employed by the general partners that make up the core of the SERS Private Equity portfolio. SERS’ Private Equity portfolio is comprised primarily of general partners who have demonstrated the ability to identify, create value and exit companies in all market environments.

In an effort to ensure the portfolio is properly positioned for future uncertainty, our goals for the fiscal year include: continuing to identify and invest with operationally focused managers who primarily target the middle market and avoid the competition in the large and mega space; increasing exposure to attractive investments that meet our criteria and offer lower costs through co-investments; and ensuring that we stay on top of market trends and opportunities by continuing to research and seek out managers offering investment strategies that deliver private equity like returns with differentiated and unique strategies. Additionally, as the Total Fund moves into what many believe will be a low return environment, we are targeting an allocation level of Private Equity to slightly above its target of 14% to capture the benefit of this higher returning asset class to the Total Fund. This will take time as Private Equity is a long-term asset class where manager selection is critical, and additional capital takes more time to deploy.

**FY2026 OBJECTIVES**

Staff will focus on the following objectives during FY2026:

- Manage the Private Equity portfolio and fiscal year commitments to reflect the investment allocation of 14%, subject to identifying opportunities that meet SERS’ investment criteria.
- Review the Private Equity portfolio strategy and structure and develop a plan to improve risk and return characteristics of the portfolio, achieve fee reductions, and optimize manager counts as appropriate.
- Actively seek co-investment opportunities where appropriate with current SERS’ private equity general partners who meet co-investment criteria, as outlined in the Private Equity co-investment guidelines.
- Research and identify new and innovative investment opportunities with managers who offer compelling return expectations. These new opportunities may be used for a combination of purposes to replace current managers who no longer meet SERS’ investment criteria or to target strategies that are not currently a directly invested component of the Private Equity portfolio.

**INVESTMENT STRATEGY**

SERS invests in fixed income assets for the primary purpose of risk diversification and decreasing the overall risk of the investment plan. Fixed income assets may include sovereign debt securities, global corporates, securitized securities, private placements, convertibles, derivatives, and currency.

SERS' Statement of Investment Policy sets the Global Fixed Income target allocation as follows:

	Target	Permissible Range
Global Fixed Income	18%	13% - 23%

The performance objective for the Fixed Income portfolio is to exceed the Bloomberg US Universal Bond Index, net of manager fees, by 60 basis points. Actual net of fees performance as of March 31, 2025, follows:

Cumulative FYTD & Annualized Returns (in percent) for Periods Ending March 31, 2025					
	FYTD	1-Year	3-Years	5-Years	10-Years
Global Fixed Income	5.40	5.74	1.60	1.56	2.41
Global Fixed Income Policy Benchmark*	5.04	5.11	0.59	(0.35)	1.49
Net Excess Return	0.36	0.63	1.01	1.91	0.92

\*Bloomberg US Aggregate Bond Index through 6/30/2024; Bloomberg US Universal Bond Index starting 7/1/2024

**REVIEW OF FY2025 OBJECTIVES AND IMPLEMENTATION**

The FY2025 Annual Investment Plan objectives and related activities are as follows:

- *Manage the portfolio structure and risk relative to the benchmark as central banks globally reach peak interest rates and the potential for a US recession grows.*

As of March 31, the portfolio outperformed the benchmark by 36 bps, net of fees, with a return of 5.40% fiscal year-to-date. The drivers of outperformance were the higher allocations to high yield, emerging market debt and mortgage-backed securities as spreads continued to tighten in these sectors fiscal year-to-date. Portfolio duration was kept close to benchmark duration due to uncertainty of the direction of interest rates. Also, the portfolio's US Treasury allocation has increased to its highest weight in several years as credit spreads grinded to very tight levels, making valuations in credit unattractive.

- *Tactically manage the allocations to core, core plus and tactical and diversifying strategies to enhance the risk and return tradeoff. Continue to research new and innovative investment opportunities to position the portfolio for a potential recession, falling interest rates and to diversify sources of return.*

Staff continued making additional allocations and reallocating funds between core, core plus, and tactical and diversifying strategies to adjust portfolio duration and sector exposures. Additional allocations totaling \$25 million were contributed to core strategies, \$66 million to core plus and \$30 million to tactical diversifying strategies. Staff terminated one core plus manager due to underperformance and senior level personnel turnover. A new core plus manager with consistent outperformance and low correlation with existing managers was funded with \$200 million in Q1 2025.

- *Implement the new portfolio benchmark change, if the Board approves, to the Bloomberg US Universal Bond Index, which includes allocations to high yield and emerging market debt and more accurately reflects the portfolio holdings and risk exposures and result in lower tracking error.*

The new benchmark was implemented on July 1<sup>st</sup>. Since the benchmark includes allocations to high yield and emerging market debt, the portfolio overweight to these sectors has decreased. As a result, the annualized tracking error of the portfolio has also decreased. The tracking error range in the implementation guidelines has been changed from a limit of 5% down to 4% to reflect the lower expected tracking error going forward.

- *Review IMAs and Investment Guidelines to make any necessary adjustments.*

Two IMAs were fully renegotiated and investment guidelines for one strategy were updated during the year.

## CURRENT MARKET CONDITIONS AND OUTLOOK

The Bloomberg US Universal Bond Index returned 5.04% for FY2025 through March 2025. All sectors of the index had positive performance with high yield performing the best, outperforming the index by 1.48% with a 6.53% return as spreads continued to compress to very tight levels and continued to earn an attractive yield of 7.73%. Blended emerging market debt also had strong outperformance of 1.44% with a 6.48% return. Commercial MBS, which has a small allocation in index of 1% outperformed by 0.71% as certain sectors like office continue to improve in the long wake of the pandemic. US agency mortgages, which is the largest sector in the index, returned 5.32% and outperformed due to low housing inventory and high mortgage rates leading to higher home prices and consumers continuing to stay put, unwilling to give up the low interest rate on their mortgage. US Treasuries performed relatively in line with the index with a 4.99% return earning only slightly more than the prevailing yield. The yield started the fiscal year 4.4%, fell as low as 3.6% but rose back to 4.2% at the end of Q1.

After cutting interest rates three times in the fall of 2024 for a total of 1%, the Fed has been on pause as inflation continued to fall slowly and unemployment remained steady. As the US has now entered a trade war with the rest of the world, the potential inflationary impacts could keep the Fed on the sidelines until the labor market weakens due to slowing US growth. Currently, the three rate cuts are priced into markets. The US Treasury market outlook is mixed with longer maturities vulnerable to volatility due to inflation and fiscal deficits and the belly of the curve offering the most potential for value if the Fed cuts rates. For now, a neutral to slightly long duration position continues to make sense while the path of rates remains volatile. Investment grade and high yield credit spreads have moved wider recently, and this could continue due to current economic uncertainty, but balance sheets remain healthy, and defaults are expected to be in-line with historical averages. Agency mortgage fundamentals remain neutral, and as macro-economic uncertainty subsides, mortgages look attractive at current spread levels. In securitized credit, federal policy uncertainty is a headwind, particularly tariffs, but credit fundamentals remain solid. For emerging market debt, US trade policy uncertainty and subsequent global financial market volatility make the potential impact on emerging market economies difficult to predict.

## PORTFOLIO STRUCTURE

The Fixed Income portfolio is currently weighted 48% core, 40% core plus and 12% to tactical and diversifying strategies. With additional cash contributions to lower yielding strategies and spreads moving tighter fiscal year-to-date, the yield of the portfolio has decreased by 0.51% to 5.08%, which is a yield advantage of 0.27% over the benchmark. The average credit quality of the portfolio increased to AA-, matching the rating of the benchmark. The average portfolio duration of the core and core plus strategies is 6.0 years, 0.2 years longer than the benchmark.

The portfolio is underweight US government sectors by the smallest amount in several years and overweight credit sectors to earn additional yield and price appreciation over the benchmark. The allocation to US Treasuries was increased by 5% since the beginning of the year with the hiring of the core plus manager who has a more dynamic sector allocation approach, while the allocations to mortgages, investment grade corporates and high yield were reduced by 5% as a result. The portfolio is conservatively positioned with each credit sector exposure over/under weights less than 2% except asset-backed securities at +5% and a long duration position 3% higher than the benchmark.

## FY2026 OBJECTIVES

Staff will focus on the following objectives in FY2026:

- Manage the portfolio structure and risk relative to the benchmark as uncertainty resulting from the tariff war, immigration policy, taxes and deregulation make the outlook for markets unclear.
- Increase the portfolio allocation closer to the 18% strategic allocation weight if fixed income becomes more attractive relative to other asset classes.
- Tactically manage the allocations to core, core plus and tactical and diversifying strategies to enhance the risk and return tradeoff. Continue to research new and innovative investment opportunities to position the portfolio for a potential recession, global market volatility and to diversify sources of return.
- Adjust IMAs and Investment Guidelines as needed.

**INVESTMENT STRATEGY**

SERS invests in private credit to provide risk adjusted returns in excess of those offered by publicly traded fixed income securities and to generate a consistent cash yield.

SERS’ Statement of Investment Policy sets the Global Private Credit target allocation as follows:

	Target	Permissible Range
Global Private Credit	5%	3% – 7%

The performance objective for the Global Private Credit portfolio is to provide net of fee returns of 100 basis points above the 90-day SOFR rate + 4.5%, one quarter in arrears.

Annualized Returns (in percent) for Periods Ended March 31, 2025				
	FYTD	1-Year	3-Years	Since Inception
Global Private Credit	6.32	10.00	8.74	10.69
Policy Benchmark	7.33	9.95	8.98	7.38
Net Excess Return	(1.01)	0.05	(0.24)	3.31

**REVIEW OF FY2025 OBJECTIVES AND IMPLEMENTATION**

The FY2025 Annual Investment Plan objectives and related activities are as follows:

- *Manage the Global Private Credit allocation within the target allocation range while considering the pace of drawdowns for new investments and re-evaluate existing manager performance as new capital is raised.*

Staff continued to slow deployment during the course of the fiscal year since the Global Private Credit portfolio is over the target allocation of 5%, but within the permissible range of 3% - 7%. Staff also reduced commitment sizes for new investments to maintain the target allocation within the permissible range, as well as discontinued commitments to new fund vintages that were not performing in line with underwriting expectations.

- *Build the Global Private Credit allocation in line with the implementation guidelines and ensure appropriate risk and return characteristics are present within the target allocation.*

Staff executed \$125 million in capital commitments within the Global Private Credit portfolio during the fiscal year. This included increasing the commitment to an existing fund within the Direct Lending sub-asset class by \$25 million. Staff also made two commitments of \$50 million each to new investments within the Asset Based Lending/Other sub-asset class. The Asset Based Lending/Other sub-asset class includes investments collateralized by financial and hard assets that generate cash flows from sources that are differentiated from traditional corporate lending cash flows and can provide additional downside protection for lenders. Compared to Direct Lending investments, Asset Based Lending investments are typically shorter in duration and have faster amortization profiles. The Global Private Credit allocation exceeded the target allocation of 5% by 1.2% at the end of 2024.

- *Evaluate new investments with a cautious approach given the economic outlook and higher interest rate environment, while focusing on increasing the cash yield of the portfolio and income distribution to the Total Fund.*

The three commitments that were executed and the new investments considered for the Global Private Credit portfolio all include an income component, which is expected to comprise the largest part of the investment return. Most of the underlying investments within private credit funds include a contractual cash payment that is distributed to investors in the form of income on a quarterly basis. Although base rates started to decline during the fiscal year, the expanding number of loans within the Global Private Credit portfolio resulted in an overall increase of distributed income compared to the prior fiscal year. In addition, increasing the allocation to Asset Based Lending strategies will provide incremental income to the portfolio, as well as further downside protection with the collateralization of loans. During the fiscal year, Staff remained focused on investing with managers that have robust due diligence processes, monitored the ability of portfolio companies to withstand the higher interest rate environment, and took a disciplined approach to investing new capital.

- *Evaluate new investment ideas within Asset Based Lending/Other to build the sub-asset class towards the target allocation.*

During the year, Staff reviewed numerous Asset Based Lending strategies that could provide diversification benefits to the portfolio, which is primarily comprised of corporate cash flow lending strategies. As previously mentioned, Staff made two new commitments to Asset Based Lending strategies in order to increase the allocation within the Global Private Credit portfolio. However, Staff is taking a slow and disciplined approach to adding new Asset Based Lending managers to the portfolio. Overall, the pace of capital deployment has slowed given the Global Private Credit allocation is above target. As capacity becomes available, Staff will consider adding new strategies to the portfolio with a focus on increasing the allocation to Asset Based Lending, which is one of the fastest growing areas of the private credit market.

- *Review the appropriateness of the benchmark and recommend changes if necessary.*

Staff continue to review the appropriateness of the Global Private Credit policy benchmark and recommend replacing the current policy benchmark with the 90-day SOFR rate + 4.5%, one quarter in arrears. The SOFR rate is utilized as the reference rate for private loans and is a more appropriate measure for performance.

### **CURRENT MARKET CONDITIONS AND OUTLOOK**

The private credit market was estimated to be \$1.7 trillion in assets under management (“AUM”) at the end of the year and is forecast to surpass \$2.8 trillion in the next several years. During 2024, fundraising activity slowed given the economic uncertainty and higher interest rate environment. Many investors paused on new investments within the private credit space given the uncertainty of corporate earnings growth and the ability of companies to service debt obligations. The direct lending strategy continued to grow in AUM and raised approximately \$120 billion during the year, exceeding fundraising in all other private credit strategies as investors continued to seek the higher cash yield associated with direct lending. The leveraged loan market continued to see lower deal activity throughout most of the year, but activity began to pick up towards the end of 2024. Larger companies, including public companies, continued to turn to the private credit market for financing needs given the lack of readily available capital. Loan defaults and distressed debt volumes were relatively stable throughout 2024 with distressed debt exchanges comprising most of the defaults during the year. The impact of higher interest rates for longer and the potential for higher tariffs could lead to an increase in default rates across the leveraged loan and private credit markets.

The outlook for the private credit market is positive with considerable growth still expected despite the slowdown in private equity deal activity throughout 2024, which had an impact on the number of loans executed by private credit managers. Private equity deal activity is expected to pick up during 2025, but the potential for headwinds related to higher tariffs could have a negative impact on mergers and acquisitions. However, there is still a robust opportunity set within the private credit market as many companies need alternative financing. The private credit market continues to expand into new areas that have been traditionally serviced by the banks. Asset lending is the fastest growing area that includes loans collateralized by various types of assets. As these new areas of growth emerge, the private credit market could grow larger than expected. The cash yields on debt instruments continued to provide an attractive return for investors. In particular, the income focused direct lending strategy delivered an estimated 12.3% yield to investors, which was an attractive premium over the U.S. non-investment grade, U.S. investment grade, and 10-year U.S. Treasury yields of 7.1%, 5.1%, and 4.2%, respectively.

The Federal Reserve began to decrease interest rates in the second half of 2024 but at a slower pace than originally expected. Unless the Federal Reserve is motivated to decrease interest rates at a faster pace, it is expected that interest rates will remain higher for longer. The higher interest rate environment can add to returns within the private credit asset class, but it can also increase the likelihood of higher default rates given the uncertainty around whether borrowers will be able to continue servicing debt. Therefore, it is important for private lenders to conduct a rigorous underwriting process on portfolio companies to ensure borrowers can withstand the impacts of higher interest rates and other economic pressures, such as higher tariffs. Since the pipeline of opportunities is expected to be robust, private lenders can be even more disciplined when selecting borrowers. Thus, resulting in the ability to originate loans with better protections in place for the lender, while providing downside protection and an attractive cash yield for investors.

### **FY2026 OBJECTIVES**

Staff will focus on the following objectives in FY2026:

- Manage the Global Private Credit allocation within the target allocation range while considering the pace of drawdowns for new investments and re-evaluate existing manager performance as new capital is raised.
- Manage the Global Private Credit allocation in line with the implementation guidelines and ensure appropriate risk and return characteristics are present within the target allocation.
- Evaluate new investments with a cautious approach given the economic outlook and higher interest rate environment, while focusing on increasing the cash yield of the portfolio and income distribution to the Total Fund.
- Evaluate new investment ideas within Asset Lending to increase the allocation within the portfolio.
- Continue to review the appropriateness of the benchmark and recommend changes if necessary.

**INVESTMENT STRATEGY**

The role of SERS’ Global Real Estate portfolio is to provide stable income return from tangible real estate assets, partial inflation hedge over the long term, and diversification from equities.

SERS’ Statement of Investment Policy sets the Global Real Estate target allocation as follows:

	Target	Permissible Range
Global Real Estate	13%	10-15%

The performance objective for Global Real Estate is to produce net of fee returns in excess of the Expanded NCREIF Property Index (“ENPI”), one quarter in arrears. The performance objective is intended to be accomplished over a market cycle, with the income component of the return comprising a significant portion of the total return.

Cumulative FYTD & Annualized Returns (in percent) for Periods Ending March 31, 2025					
	FYTD	1-Year	3-Years	5-Years	10-Years
Global Real Estate	0.09	(1.08)	(1.60)	4.32	6.55
Policy Benchmark	1.42	0.43	(0.82)	3.13	5.66
Net Excess Return	(1.34)	(1.51)	(0.78)	1.19	0.89

Source: BNY Mellon & NCREIF

**REVIEW OF FY2025 OBJECTIVES AND IMPLEMENTATION**

The FY2025 Real Estate Annual Investment Plan objectives and related activities are as follows:

*Formulate a one-year plan to keep the allocation within the 10-15% range.*

Staff has tactically lowered the Real Estate portfolio allocation towards the lower end of the allowed 10-15% range. Staff has redeemed \$504 million from open-end funds over the past four years to lower the allocation to 10% in order to grow the allocation in Infrastructure to 10%. Infrastructure has outperformed Real Estate in most periods.

- *Upgrade the allocation by evaluating new investment strategies such as real estate debt and secondaries that could take advantage of the current market correction, and niche property types that have secular growth drivers.*

Staff committed to a real estate debt fund in FY2024 to take advantage of the market dislocations. During FY2025 Staff increased that commitment by 50% due to the fund’s high income return and solid performance to date.

- *Actively pursue co-investment opportunities with existing and high-quality non-current Real Estate managers.* During the fiscal year, Staff evaluated many co-investment opportunities. However, Staff did not pursue any real estate co-investments given the tactical shift to lower the allocation to Real Estate.

**CURRENT MARKET CONDITIONS AND OUTLOOK**

Across most property types, real estate values declined in 2024, continuing the depreciation trend of (7.9%) in 2023, though in the second half, there were signs of stabilization and recovery. SERS’ Real Estate portfolio returned (5.93%) net of fees in 2024 versus a benchmark NPI return of (3.47%) gross of fees, producing an excess return of (2.46%). Real Estate income return gross of fees during 2024 was 4.31%.

Real Estate portfolio performance in 2024 was disappointing, consistent with the broader market downturn. In the most aggressive interest rate hiking cycle since the 1970s, the U.S. Federal Reserve increased interest rates nine times from 0.25% to 5.25% over an 18-month period before reducing interest rates to 4.5% by the end of 2024. Consequently, capitalization (cap) and discount rates used to value real estate assets increased dramatically, resulting in lower asset values. Meanwhile, fundamentals for Industrial, Multifamily, and Retail properties remained relatively positive, with new construction starts declining, vacancy rates below 8% and total rental income growth rates in the 3-4%, reflective of good demand. Because lending standards leading up to the downturn have been stringent and supply has been either flat or grown moderately, the conditions that led to significant drawdowns as seen during the Global Financial Crisis are not present. Asset markdowns have been primarily driven by the aforementioned higher cap and discount rates.

The Office sector continues to face challenges due to oversupply and functional obsolescence. However, government and corporate mandates to return to office and a less accommodating job market are leading to improved occupancy and stabilizing rents. Additionally, the values of many office buildings have adjusted downward enough to attract buyers. While the outlook has improved, the office sector is expected to see slower rent growth and appreciation compared to others.

Despite the current negative sentiment, 2025-2026 could be an attractive period to allocate new capital as values reset and provide attractive entry points. New construction has declined because higher interest rates and material costs have made it financially challenging to build. With sellers becoming more realistic with asking prices, 2025 could see an uptick in transactions after significant slowdowns in 2022-24.

**FY2026 OBJECTIVES**

Staff will focus on the following objectives in FY2026:

- Formulate a one-year plan to keep the allocation within the 10-15% range, with the goal of reducing allocation to the low end of the range, while still committing to strategies and investments that can outperform the benchmark and improve portfolio construction.
- Staff continue to review the appropriateness of the Global Real Estate policy benchmark and recommend replacing the current policy benchmark with the Expanded NCREIF Property Index (Expanded NPI). Versus the current NCREIF Property Index, the Expanded NPI includes a broader set of property types.
- Evaluate new investment strategies such as residential real estate and niche property types to improve portfolio property type allocations.
- Actively pursue co-investment opportunities with existing and high-quality non-current Real Estate managers.

**INVESTMENT STRATEGY**

The role of SERS' Global Infrastructure portfolio is to provide stable income return from tangible infrastructure assets, partial inflation hedge over the long term and diversification from equities.

SERS' Statement of Investment Policy sets the Global Infrastructure target allocation as follows:

	Target	Permissible Range
Global Infrastructure	7%	5-10%

The performance objective for Global Infrastructure is to produce net of fee returns in excess of the Consumer Price Index (CPI) on a smoothed quarterly (4 qtrs.) basis + 1.2% per quarter (or approximately CPI + 5% on an annual basis, with income component of the return comprising a significant portion of the total return.

Cumulative FYTD & Annualized Returns (in percent) for Periods Ending March 31, 2025					
	FYTD	1-Year	3-Years	5-Years	Since Inception
Global Infrastructure	7.12	9.27	7.71	7.96	10.08
Policy Benchmark	5.88	8.05	3.37	5.72	6.61
Net Excess Return	1.24	1.22	4.34	2.24	3.46

Source: BNY Mellon

## REVIEW OF FY2025 OBJECTIVES AND IMPLEMENTATION

The FY2025 Infrastructure Annual Investment Plan objectives and related activities are as follows:

- *Formulate a one-year plan to keep the allocation within the 5-10% allocation.*  
Staff committed \$606 million to new investments during the fiscal year to increase the allocation towards the 7% target, with a long-term goal of increasing allocation to the high end of the range (10%).
- *Evaluate new investment strategies such as energy security and transition, digital infrastructure, and others that provide inflation protection and income return.*  
New funds and strategies were added to provide diversification and gain exposure to attractive investment themes like energy transition and secondaries. During the fiscal year, Staff committed to several funds that target 5-7% income return over the long run.
- *Actively pursue co-investment opportunities with existing and high-quality non-current Infrastructure managers.*

During the fiscal year, Staff evaluated many co-investment opportunities. Staff committed to two co-investment, one continuation fund, and two co-investment sidecars for additional exposure to attractive assets with favorable fee economics alongside high conviction managers.

## CURRENT MARKET CONDITIONS AND OUTLOOK

The infrastructure portfolio once again proved to be a safe harbor in a volatile year. The core, essential, and monopolistic characteristics of many infrastructure assets demonstrated their resilience. SERS infrastructure portfolio performed well in 2024, providing downside protection and cash yield. Most of SERS' infrastructure funds are still in early life cycle but are performing as expected and providing cash distributions. New funds may underperform for short periods due to start-up fees and as assets mature. However, SERS' large, diversified portfolio with different vintages should withstand this impact. The infrastructure program added three new co-investments/continuation funds, and two co-investment sidecars in 2024.

Going forward, the infrastructure program will continue to focus on attractive assets that provide inflation protection, diversification, and cash yield. Beginning in 2024, infrastructure was given its own allocation target and range with a CPI-based absolute return benchmark. As CPI moderates from the post-pandemic, multi-decade highs, the infrastructure portfolio will compete with a less volatile benchmark.

Sectors that will be high priority are energy security / transition because of growing power demand, and digital infrastructure, which continues to benefit from the global mega-trend of digitalization. However, sectors like utilities that provide consistent income returns while benefiting from the energy transition theme and assets that meet the inflation protection, income return, and diversification requirements for infrastructure will also be considered.

## FY2026 OBJECTIVES

Staff will focus on the following objectives in FY2026:

- Formulate a one-year plan to keep the allocation within the 5-10% allocation, with the goal of increasing allocation to the high end of the range.
- Evaluate new investment strategies such as energy security and transition, digital infrastructure, and others that provide inflation protection and income return.
- Actively pursue co-investment opportunities with existing and high-quality non-current Infrastructure managers.

**INVESTMENT STRATEGY**

SERS invests in cash equivalents for the purpose of earning market returns on cash held for benefits and expenses and to provide short-term cash needed to fund other asset classes. Cash Equivalents are fixed income assets with maturities of less than 270 days and may include US government, asset-backed, corporate, and high-quality money market-type securities.

SERS' Statement of Investment Policy sets the Cash Equivalent target allocation as follows:

	Target	Permissible Range
Cash Equivalents	3%	1% - 5%

The performance objective for Cash Equivalents is to exceed the return as measured by the FTSE 30-day US Treasury Bill Index.

Cumulative FYTD & Annualized Returns (in percent) for Periods Ending March 31, 2025					
	FYTD	1-Year	3-Years	5-Years	10-Years
Cash Equivalents	3.83	5.15	4.35	2.60	1.93
FTSE 30-day US T-Bill Index	3.68	5.08	4.35	2.61	1.84
Net Excess Return	0.15	0.07	0.00	(0.01)	0.09

The Securities Lending program is designed to be a low risk, intrinsic value focused strategy that generates additional income for the plan by temporarily lending equity and fixed income securities. All loans are collateralized with cash at 102-105% of security market value and reinvested in government money markets and repurchase agreements. Loans to approved borrowers are limited to 25% of the average monthly market value of the loan from the prior year. Fixed income security loans require a ten-basis point minimum spread at loan initiation. The program is implemented through a third-party lending agent and collateral reinvestment manager.

**REVIEW OF FY2025 OBJECTIVES AND IMPLEMENTATION**

The FY2025 Annual Investment Plan objectives and related activities are as follows:

- *Research and monitor money market funds for opportunities to earn additional yield over the portfolio benchmark.*

Due to prime money market regulation reforms in October that instituted mandatory liquidity fees for institutional investors, Staff moved all cash into a government money market fund that only invests in US government securities for stability and lower risk. Staff also explored investing directly in tri-party repurchase agreements, but did not move forward due to unattractive rates, a large on-going investment requirement and onerous legal documentation.

- *Migrate the cash portfolio to BNY's Liquidity Direct platform, which will improve the breadth of options available to invest the short-term cash going forward.*

The migration to the Liquidity Direct platform was completed in December. Staff now have access to an online portal to evaluate a wide range of competing money market fund options. In addition, with this robust research platform, Staff now has the capability to utilize tools to monitor the cash portfolio's parameters.

- *Continue to forecast and analyze expected asset class cash flows and pension payments quarterly to ensure cash flow needs can be anticipated and planned for in advance.*

Staff continue to utilize a cash flow variance report to monitor forecasted versus actual cash flows. The fiscal year-to-date monthly pension transfers have been lower than forecasted due to excess cash in the pension account.

- *Monitor the Securities Lending program for opportunities to generate incremental income and ensure it is operating within the program implementation guidelines.*

Lending income continued its downward trend over the same period last year as strong upward US equity markets have led to lower demand for shorting securities. Income was lower across US equities, non-US equities and fixed income.

### **CURRENT MARKET CONDITIONS AND OUTLOOK**

Cash continues to offer an attractive return with the US government money market fund yielding 4.30% but trended down from 5.25% in the fall when the Federal Reserve started cutting interest rates. The Fed cut interest rates three times, reducing interest rates by a total of 1%. With the implementation of the new tariff and immigration policies this spring, the Fed is now concerned about the potential for rising inflation and higher unemployment. The Fed is not expected to cut rates further unless the unemployment rate approaches 4.5%, otherwise they risk exacerbating inflation risks further.

### **FY2026 OBJECTIVES**

Staff will focus on the following objectives in FY2026:

- Research and monitor money market funds for opportunities to earn additional yield over the portfolio benchmark.
- Continue to forecast and analyze expected asset class cash flows and pension payments quarterly to ensure cash flow needs can be anticipated and planned for in advance.
- Monitor the Securities Lending program for opportunities to generate incremental income and ensure it is operating within the program implementation guidelines.

**INVESTMENT STRATEGY**

SERS invests in opportunistic & tactical investments for the purpose of earning returns greater than the Bloomberg US Aggregate Bond Index + 2% for investments that do not fit within the existing asset classes. The investments are defined as tactical or non-traditional investment opportunities. Such investments may involve capitalizing on short-term market dislocations or other unique situations or innovative strategies including tactical allocation.

SERS' Statement of Investment Policy sets the Opportunistic & Tactical investments target allocation as follows:

	Target	Permissible Range
Opportunistic & Tactical	0%	0% - 5%

The performance objective for the Opportunistic & Tactical portfolio is to provide net of fee returns of 100 basis points above the Bloomberg US Aggregate Bond Index + 2%.

Cumulative FYTD & Annualized Returns (in percent) for Periods Ending March 31, 2025					
	FYTD	1-Year	3-Years	5-Years	10-Years
Opportunistic & Tactical	9.59	10.83	5.69	8.70	6.95
Policy Benchmark	6.26	6.88	2.52	2.67	3.58
Net Excess Return	3.33	3.95	3.17	6.03	3.37

**REVIEW OF FY2025 OBJECTIVES AND IMPLEMENTATION**

The FY2025 Annual Investment Plan objectives and related activities are as follows:

- *Search for possible Opportunistic & Tactical investments for the Fund that are expected to exceed the portfolio benchmark. This will be accomplished through the evaluation of markets, strategies and specific funds that offer compelling risk adjusted returns. Specific investments under consideration include strategies that provide diversification, downside protection, and exposure to themes not suitable for other asset classes. Investments that pass initial screening will undergo detailed due diligence prior to Staff recommendation.*

Staff added two new investments totaling \$119 million to the portfolio during the fiscal year. Staff made an investment in a fund that makes private subordinated debt and equity investments in European companies, as well as a fund that focuses on stressed trading and distressed-for-control investments, with an emphasis on companies based in the United States and Europe. Staff also made additional investments of \$10 million each in an existing long/short equity strategy focused on the energy sector as well as an existing gold ETF. Staff continue to review potential investment opportunities that could be a fit for the portfolio and provide diversification benefits for the Total Fund.

- *Actively manage the Opportunistic & Tactical allocation to improve portfolio structure and returns without increasing risk.*

Staff continue to closely monitor and manage the liquid portion of the portfolio. The portfolio is comprised of five funds that offer liquidity on a regular basis. These liquid funds represent approximately 38% of the Opportunistic allocation.

**PORTFOLIO COMPOSITION**

The investments in the portfolio are grouped into four strategies and the allocations are as follows:

	Allocations as of March 31, 2025
Distressed	32%
Diversified & Tactical	30%
Multi Asset Strategy	9%
Structured Credit	29%

**CURRENT MARKET CONDITIONS AND OUTLOOK**

The Opportunistic & Tactical portfolio consists of funds that seek to take advantage of market dislocations, or which do not fit within the risk and return objectives of other asset classes. The return objective of the portfolio is to outperform the Bloomberg US Aggregate Bond Index + 2%. The portfolio is positioned to take advantage of an environment consisting of high interest rates, high inflation, and a slowing economy. Current strategies include investments that provide inflation protection as well as investments that are uncorrelated to public equities and fixed income, such as distressed assets, structured credit, and long/short commodity and equity funds.

### **FY2026 OBJECTIVES**

Staff will focus on the following objectives in FY2026:

- Evaluate new investments that are expected to exceed the policy benchmark and provide diversification benefits for the Total Fund. This will be accomplished through the evaluation of markets, strategies and specific funds that offer compelling risk adjusted returns. Staff will focus on investment strategies that provide diversification, downside protection, and exposure to themes not suitable for other asset classes.
- Actively manage the Opportunistic & Tactical portfolio to improve risk-adjusted returns and diversification for the Total Fund, while considering the liquidity profile of the portfolio.
- Review the current portfolio composition and recommend changes to the four strategies if necessary.

**INVESTMENT STRATEGY**

SERS invests in overlay strategies that trade derivatives of the Total Fund’s underlying assets and currency exchange rates to enhance the Total Fund portfolio efficiency. The overlay program includes tactical asset allocation and active currency strategies.

The tactical asset allocation strategy aims to add value to the Total Fund performance through active allocations (long/short) across stocks and bonds thereby exploiting short-term macro market dislocations. The active currency strategies aim to add value and risk diversification to the Total Fund, as well as help manage currency risk by utilizing short-term inefficiency in the foreign exchange markets and low correlation of the strategies to the major asset classes such as US equity and fixed income.

The program is fully tactical; exposures to any overlay strategies in this program are not required by the Statement of Investment Policy.

The overlay program is targeted to add 10 to 20 bps to Total Fund performance on a three-to five-year horizon. The tracking error of the tactical rebalancing strategy and the active currency program are expected to be in the range of 5 to 15 basis points and 5 to 8%, respectively.

Cumulative FYTD & Annualized Returns (in percent) for Periods Ending March 31, 2025					
	FYTD	1-Year	3-Years	5-Years	10-Years
Overlay Program	(0.05)	(0.19)	(0.10)	0.12	0.00

**REVIEW OF FY2025 OBJECTIVES AND IMPLEMENTATION**

The FY2025 Annual Investment Plan objectives and related activities are as follows:

- *Actively monitor the Tactical Asset Allocation Strategy to enhance the impacts of the strategy on the Total Fund performance.*

The strategy continued to hold a market-neutral short US equity, long US Treasury trade as of March 31. The manager actively reduced the size of the position in Q4 2024 around the US election and in Q1 as equity markets sold off. At the end of March, the short equity position size was 2.2%. The strategy has contributed -0.06% to fiscal year-to-date performance and -0.03% annualized since program inception through March 31.

- *Actively monitor the Active Currency Strategy to improve the program’s risk and return characteristics.*

The strategy continues to actively manage developed and emerging market currencies relative to the USD. After strong performance in the first half of the fiscal year, Staff added \$50 million to the notional value in Q1 2025. As of March 31, the strategy has contributed 0.01% fiscal year-to-date and 0.04% annualized since program inception.

**FY2026 OBJECTIVES**

Staff will focus on the following objectives in FY2026:

- Actively monitor the Tactical Asset Allocation Strategy to enhance the impacts of the strategy on the Total Fund performance.
- Actively monitor the Active Currency Strategy to improve the program’s risk and return characteristics.

Investment Risk Management and Analytics is responsible for the provision and communication of diligent, thorough, timely and forward-looking investment risk analytics and other investment analytics to the Board and Investment Staff.

Total Fund forecast risk decreased from 10.8% in March 2024 to 9.9% in March 2025, primarily due to reduced allocation to public equity markets and the impact of the overlay programs. Total Fund realized risk for the 3-year period ending March 2025 was 7.2%. However, the Total Fund's total risk is expected to rise due to heightened tariff and economic uncertainty.

Forecast risk is a forward-looking risk estimate based on the Fund's holdings at a point of time, while realized risk measures the volatility of actual monthly returns over a period of time. The former corrects for the smoothing effect of infrequent valuation of private investments that is inherent in the latter. Hence, forecast risk tends to be higher than realized risk for a fund that includes private investments. Forecast risk more accurately reflects the risk-return profile of an investment and is preferable for informing allocation decisions.

The composition of Total Fund forecast risk changed somewhat over the year, with Global Equities contributing 249 bps less risk, Private Equity and Infrastructure contributing 110 bps and 129 bps more risk, respectively, and the Overlay program reducing risk by 172 bps less as of March 2025 compared to March 2024. These changes are mostly due to a 2.0% reduction in Global Equities' allocation, a 0.8% increase in Global Infrastructure's allocation, and a 1.2% reduction in the notional exposure of the Asset Allocation Overlay. As of March 2025, 73.2% of the Total Fund's risk was attributable to equity factors, while real estate, fixed income, currency, private equity, and other factors accounted for the remaining 26.8%. The Total Fund's active risk stayed under the 3% limit stipulated in the Statement of Investment Policy as 3-year realized active risk was 1.58% and forecast active risk was 1.22% as of March 2025.

### REVIEW OF FY2025 OBJECTIVES AND IMPLEMENTATION

The FY2025 Annual Investment Plan objectives and related activities are as follows:

- *Provide risk forecasts and analyses of the Total Fund and asset class portfolios.*

Staff utilized the Barra risk system to generate risk analyses of the Total Fund and asset class portfolios. These analyses, based on SERS' investment holdings, provide forecasted volatility of returns, decomposition of total and active risk by asset class, strategy and factor, and forecasted return correlation between asset class portfolios.

- *Report risk of the Total Fund to the Board on a quarterly basis.*

Staff provided quarterly risk reports on the Total Fund to the Board showing forecast total risk and active contribution by asset class as well as by factor risks across the portfolio. The total risk decomposition by asset class focused on their role in the Total Fund. Total risk decomposition by factors focused on cross factor exposures, especially equity factors among the asset class portfolios as equity factors are the main risk drivers of the Total Fund. Active risk decomposition showed risk contribution from investment implementation, which is comprised of active allocation among the asset classes and active selection of strategies and securities. Staff presented the Q4 2024 Total Fund risk report to the Board at the March 2025 Board meeting.

- *Communicate asset class portfolios' risk with asset class investment officer(s) and discuss any potential changes of the portfolio structure on a quarterly basis.*

Staff discussed the risk profile of asset class portfolios with each asset class team on a quarterly basis. These discussions were focused on i) trend and level of forecast risks, ii) the portfolio's risk structure in terms of manager line-up and factor tilts, and iii) the portfolio's sensitivity to market movements. The discussions assisted each asset class team in monitoring their portfolio's structure and risks and uncovering unintended risk tilts to be mitigated.

- *Provide return attribution analyses of the Total Fund and asset classes of the Fund to the Investment Strategy Team.*

Staff reported monthly return attribution analyses of the Total Fund, analyzing effects of active weights and active performance of each asset class on the Total Fund's alpha generation. The analyses were presented to the Investment Strategy Team. Staff also delivered to the Investment Strategy Team attribution reports of each asset class portfolio analyzing the contribution of each account within an asset class.

- *Continue to develop expertise in investment risk analytics and understanding of all asset classes.*

Staff improved the processes for migrating holdings data into the Barra risk system and improved the modelling specifications of certain holdings and commingled funds, resulting in more accurate and actionable outputs from the system. Staff implemented incremental improvements to monthly performance attribution, quarterly manager monitoring and quarterly asset-class risk reports, making them more interpretable and actionable. Staff discussed planned changes to portfolio structure with individual officers to understand and provide feedback on the likely risk impact of such changes.

- *Perform other portfolio and market analyses and research as needed.*

Staff conducted a targeted search for a new investment manager data and analytics provider that resulted in the hiring of eVestment. Staff conducted analyses of Total Fund liquidity and counterparty risk. Staff also conducted portfolio, market and economic analyses on an ad-hoc basis.

### **FY2026 OBJECTIVES**

Staff will focus on the following objectives in FY2026:

- Provide risk forecasts and analyses of the Total Fund and asset class portfolios.
- Report risk of the Total Fund to the Board on a quarterly basis.
- Communicate asset class portfolios' risk with asset class investment officer(s) and discuss any potential changes of the portfolio structure on a quarterly basis.
- Provide return attribution analyses of the Total Fund and asset classes of the Fund to the Investment Strategy Team.
- Execute a smooth transition to eVestment as investment manager data and analytics provider.
- Perform other portfolio and market analyses and research as needed.

The Investment Operations area is responsible for managing administrative activities for the Investment department, assisting the CIO and investment officers, and providing reports and information to Staff and the Board. The objectives for FY2026 remain consistent with those of FY2025 as these broad categories reflect the primary duties of Investment Operations.

### REVIEW OF FY2025 OBJECTIVES AND IMPLEMENTATION

The FY2025 Annual Investment Plan objectives and related activities are as follows:

- *Hire and train a new Administrative Assistant to fill a vacancy created by the retirement of the Investment Operations Manager and promotion of the Sr. Administrative Assistant.*

An Administrative Assistant was hired in December 2024 and has been training with the Operations Supervisor.

- *Coordinate, assist, and participate in organizational initiatives including annual Policy review; Information Governance project; fiscal budget; Subject Matter Experts (SMEs); and Emergency Response Program (ERP).*

Investment Operations assisted with the annual review and revisions to the Investment Department Policies and participated in the system-wide Information Governance Project to create an annual checklist for the department to ensure staff are compliant with SERS' Information Governance Policy and current Records Retention schedule. Staff prepared and analyzed the fiscal budget for executive approval as well as participated in and provided feedback in relation to SME Communications and ERP activities.

- *Perform administrative duties and attend meetings for the Investment Committee, Strategy Team and Board meetings including establishing meeting dates and agendas, organizing, and distributing documents to team members, producing reports, and taking minutes.*

Operations attended all Investment Committee, Strategy Team, and Board meetings. Agendas and documents were prepared and distributed, minutes taken and distributed in a timely manner. Staff assisted with processing documents associated with hiring, termination, and redemption of managers.

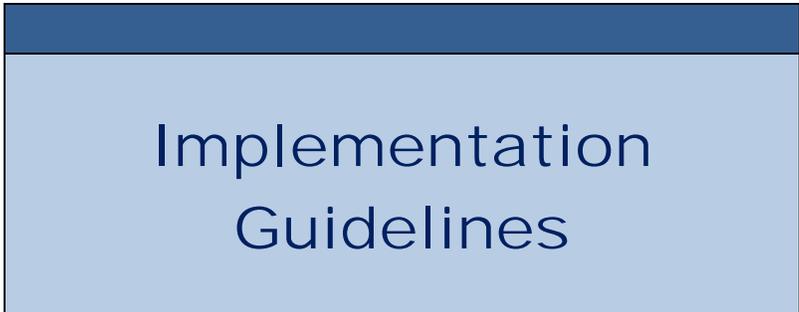
- *Assist with projects for the CIO and Investment officers including revising the Annual Investment Plan, updating the Statement of Investment Policy as needed, searches for Investment managers, and aiding with special projects for Staff.*

Operations coordinated revisions and produced the FY2025 Annual Investment Plan, the amended Statement of Investment Policy, and assisted with manager searches throughout the fiscal year.

### FY2026 OBJECTIVES

Staff will focus on the following objectives in FY2026:

- *Coordinate, assist, and participate in organizational initiatives including annual Policy review; Information Governance project; fiscal budget; Subject Matter Experts (SMEs); and Emergency Response Program (ERP).*
- *Perform administrative duties and attend meetings for the Investment Committee, Strategy Team and Board meetings including establishing meeting dates and agendas, organizing, and distributing documents to team members, producing reports, and taking minutes.*
- *Assist with projects for the CIO and Investment officers including revising the Annual Investment Plan, updating the Statement of Investment Policy as needed, searches for Investment managers, and aid with special projects for Staff.*



## Implementation Guidelines

# IMPLEMENTATION GUIDELINES - Global Equities

## I. ROLE

The role of Global Equities is to earn the equity risk premium over US Treasury bonds by investing in common stock of publicly listed companies.

## II. ASSET ALLOCATION

	Total Fund Target	Range	
		Minimum	Maximum
Global Equities	40%*	35%	45%

\*Interim Target 41% from October 1, 2023, to December 31, 2024

Global Equities is divided into two portfolios as follows:

*Global Equities – Global Composite:* Managers invest in securities from across all regional markets of the world including US, Non-US Developed Markets and Emerging Markets. This composite is benchmarked to the MSCI All Country World Net Total Return Index (MSCI ACWI).

*Global Equities – Regional Composite:* Managers invest in securities of assigned regional markets only. Staff manages the regional market allocation versus the MSCI ACWI. This composite is benchmarked to the MSCI ACWI. Typical benchmarks utilized within the regional market mandates are:

- US Equity: Russell 3000 Index
- Non-US Equity Developed Market: MSCI World ex-USA Net Total Return Index (USD)
- Non-US Equity Emerging Market: MSCI Emerging Markets Net Total Return Index (USD)

## III. BENCHMARK:

The Global Equities benchmark is the MSCI All Country World Net Total Return Index (USD).

## IV. PERFORMANCE OBJECTIVE

The annualized return objective, net of management fees, for the Global Equities portfolio is 40 basis points over the MSCI ACWI.

## V. PORTFOLIO DESIGN AND CONSTRUCTION:

The *Global Composite* portfolio is constructed with global mandates which select securities from across the world, making discretionary decisions between US, Non-US Developed Markets and Emerging Markets. This is a 100% active portfolio. **Portfolio design will consider risk/return characteristics, manager count and investment management fees.**

The *Regional Composite* portfolio is constructed using a multi-manager line-up of US, Non-US Developed and Emerging Market mandates and a combination of active and passive strategies to deliver risk-adjusted performance relative to respective benchmarks. Portfolio design will consider risk/return characteristics, manager count and investment management fees.

The Global Equities portfolio may employ economic leverage via **portfolio-portable alpha overlay and equity extension strategies**—strategies where the equity market beta is derived from invested derivatives and the alpha is derived from an active market neutral strategy or an uncorrelated active manager. The leverage employed will be within the allowed Total Fund leverage parameters and portfolio tracking error will be maintained within stated ranges in Section VII. Risk Management.

**PERMISSIBLE INVESTMENTS**

Security Type	US Equity Portfolio	Global & Non-US Equity Portfolios
Common Stock	Y	Y
Stock Treated as Common Stock	Y	Y
Cash / Treasuries	Y	Y
Preferred Stock	Y	Y
Convertible Rights	Y	Y
Warrants	Y	Y
Depository Receipts	Y	Y
REITS	Y	Y
Rule 144a Issues	Y	Y
Private Placement	Y	Y
IPOs	Y	Y
Commingled Funds	Y	Y
Exchange Traded Funds	Y	Y
Derivatives	Y	Y
Currency	N	Y
Country Funds	N	Y

**VI. RISK MANAGEMENT**

Active Risk Target	
<i>Global Equity – Global Composite</i>	Tracking Error of 3.0% with a range of 3.0% to 7.0%
<i>Global Equity – Regional Composite</i>	Tracking Error of 1.5% within a range of 0.50% to 2.5%

Below are the guidelines for the *Global Equity – Regional Composite* Portfolio:

US Equity Implementation Guidelines			
	Investment Benchmark	Global Equity Target Allocation	Permissible Range
<b>US Equity Allocation</b>	Russell 3000 Index	MSCI ACWI US Allocation	+/- 10%
Portfolio Structure			
Capitalization			
Large Cap Equity	Russell 1000 Index	Neutral to BM	+/- 5%
Large Cap Active	Manager Specific	-	0% - 30%
Large Cap Passive	Russell 1000 Index	-	76.95% - 100%
Small Cap Equity	Russell 2000 Index	Neutral to BM	+/- 5.10%
Small Cap Active	Manager Specific	100% Active	N/A
Style			
Growth	Manager Specific	Neutral to BM	+/- 5%
Value	Manager Specific	Neutral to BM	+/- 5%

Factors such as currency, sector and country limits are manager specific and outlined in each manager's Investment Guidelines. Aggregate portfolio characteristics such as P/E, B/P, yield, size, etc., shall be within a reasonable range of the US equity benchmark.

## IMPLEMENTATION GUIDELINES - Global Equities

Non-US Equity Implementation Guidelines			
	Investment Benchmark	Global Equity Target Allocation	Permissible Range
<b>Non-US Equity Developed Markets</b>	MSCI World ex-USA Net Total Return Index (USD)	MSCI ACWI Non-US Developed Market Allocation	+/- 7%
<b>Non-US Equity Emerging Markets</b>	MSCI Emerging Markets Net Total Return Index (USD)	MSCI ACWI Emerging Market Allocation	+/- 7%
Broad Market Exposure			
Developed Markets Active	Manager Specific	--	75-100%
Developed Markets Passive	MSCI World ex US Index (\$net)	--	0-25%
Emerging Markets Active	Manager Specific	100% <b>Active</b>	<b>N/A +/- 5%</b>
Portfolio Structure			
Capitalization			
Large Cap Equity	Manager Specific	BM Weight	+/- 10%
Small to Mid-Cap Equity	Manager Specific	BM Weight	+/- 10%
Small Cap Equity	Manager Specific	BM Weight	+/- 10%
Micro Cap Equity	Manager Specific	BM Weight	+/- 5%
Style			
Growth	Manager Specific	Neutral to BM	+/- 10%
Value	Manager Specific	Neutral to BM	+/- 10%

Factors such as currency, sector and country limits are manager specific and outlined in each manager's Investment Guidelines. Aggregate portfolio characteristics such as P/E, B/P, yield, size, etc., shall be within a reasonable range of the Non-US developed and emerging market equity benchmarks.

# IMPLEMENTATION GUIDELINES – Global Private Equity

## I. ROLE

SERS invests in Private Equity to provide returns in excess of those provided by publicly-traded equities to compensate for private equity’s liquidity and concentration risk.

## II. ASSET ALLOCATION

The Private Equity target asset allocation is established with periodic asset allocation studies. The most recent asset allocation study authorized a 14% allocation target to Private Equity with a range of 11%-17%.

## III. BENCHMARK

Private Equity performance is benchmarked to the **MSCI-Burgiss Global Private Equity Funds IndexBurgiss All Private Equity benchmark**, one quarter in arrears.

## IV. PERFORMANCE OBJECTIVE

The performance objective for Private Equity is to provide net returns in excess of the **MSCI-Burgiss Global Private Equity Funds IndexBurgiss All Private Equity Benchmark** by 150 basis points. Over time periods of five years and longer Private Equity net returns are expected to exceed SERS Global Equity portfolio by 2%.

## V. PORTFOLIO DESIGN AND CONSTRUCTION

Capital allocation among the various market segments is a critical driver for the long- term success of the Private Equity portfolio. Capital allocation risk is controlled in a portfolio structure incorporating long-term sub asset target allocations.

Long-term sub-asset target exposure is detailed below:

	Range	
	Minimum	Maximum
Buyout		
Small/Middle	50%	70%
Large/Mega	5%	25%
Total Buyout	55%	95%
Venture Capital	0%	10%
Special Situations	5%	25%
<b>Total</b>		
Domestic	55%	95%
International	5%	45%
<b>Total</b>		
Primary Commitments	75%	100%
Fund of Funds	0%	15%
Co-Investments	0%	25%
<b>Total</b>		

The portfolio is tilted toward buyout investments. There is no target allocation to venture capital due to higher risk and manager selection issues, however, there may be opportunistic allocations to venture capital up to 10% of the portfolio as shown in the accompanying table. Within buyouts, the preference is for small and middle market managers with a significant value creation approach and de-emphasizes larger firms with a financial engineering approach.

**VI. PERMISSIBLE INVESTMENTS**

Investment Structure	
Limited Partnership Interests	Y
Discretionary Managers investing in Private Equity Partnerships	Y
Co-Investments	Y
Separate Accounts	Y

Investment Type	
Buyouts	Y
Venture Capital	Y
Special Situations (secondary interests, distressed debt or equity, mezzanine, co-investments, energy, etc.)	Y

**Buyout**

Net Expected Return 10-15%, Moderate Risk

Capital is typically invested in more established companies, those further along the business life cycle having relatively predictable cash flows and the ability to raise capital along the entire capital structure, including secured and unsecured debt. Buyouts are targeted to represent 75% of the Private Equity portfolio.

**Venture Capital**

Net Expected Return: 15-25%, High Risk

Venture capital equity is targeted at companies in the earliest phases of a business life cycle. Companies may be classified as seed, early, middle and late stage and are characterized by their inability to access public equity and other forms of capital such as secured and unsecured debt. These companies have uncertain revenues and a need for cash to build their businesses and are subject to high failure rates. Venture capital is targeted to represent 0% of the portfolio.

**Special Situations**

Net Expected Return: 10-20%, Moderate Risk

Many private equity opportunities have characteristics of buyout or venture capital but have enough differences as to require separate classification. These investments include energy, distressed debt, mezzanine, opportunity, and secondary funds. Special situations is targeted to represent 25% of the portfolio.

**Co-Investments**

Net Expected Return: 15-20%, Moderate Risk

Co-Investments are direct investments in a single asset of a multi-asset fund, made alongside the Fund's investment in the asset. Typically, co-investments are offered on more attractive economic terms and shorter time frames than those of the Fund. Co-Investments are targeted to represent up to 10% of the portfolio.

**VII. RISK MANAGEMENT**

The primary risk management tool in private equity is industry diversification as well as extensive due diligence of prospective investments. Monitoring is managed through a combination of quantitative and qualitative constraints. The following sections identify the most significant risks with private equity investments and the method of control.

**Liquidity Risk**

Private equity investments are illiquid and typically have expected holding periods of 10-12 years. Investments are typically held until maturity and selling prior to maturity typically results in a discount to fair market value. Liquidity risk is managed by minimizing the possibility of forced sales that may arise from exceeding maximum exposure limits or lowering asset allocation exposure limits.

**Geographic Risk**

Geographic risk is controlled through a long-term international target exposure of 25% by market value.

### **Vintage Risk**

Vintage reflects the year of first capital draw and vintage risk refers to the variability of private equity commitments over time. The investment-pacing model controls the short and long-term private equity commitment amounts and attempts to minimize vintage risk while achieving targeted exposure. Commitments will be dependent on the availability of investments that meet SERS' investment criteria and will not be driven by the target investment pace in any given year.

### **Manager Risk**

Manager risk consists of two elements, managing the exposure within a partnership and controlling the number of general partners in our private equity portfolio. Partnership exposure is controlled by limiting the commitment size within a partnership and the maximum commitment to a partnership will be 25% of a fund's size. The 25% limit does not apply to funds committed to a discretionary manager or a separate account. The maximum market value exposure to a single manager is targeted to be less than 20% of the portfolio. The optimum number of general partners in the portfolio varies with time.

### **Firm Risk**

Firm risk is the exposure to a private equity general partner and is controlled by limiting the maximum commitment to funds operated by a general partner and its affiliates.

### **Currency Risk**

The Private Equity program accepts the currency risks consistent with the geographic constraints. Private equity partnerships generally do not hedge currency risk, and the private equity program will not implement currency hedges.

### **Industry Risk**

Typically, private equity partnerships are permitted to invest in a wide variety of industries. Industry risk is controlled primarily through appropriate diversification across classes and subclasses.

### **Leverage Risk**

General partners invest capital from private equity partnerships throughout the capital structure of firms. The capital markets control the maximum leverage available to the general partners and limited partners control leverage exposure through partnership selection and portfolio construction.

## I. ROLE

The primary role of diversified fixed income is to reduce the overall risk of the investment plan. Fixed income securities should provide stable income returns through yield-oriented assets. Fixed income provides risk reduction through lower correlations to the investment program.

## II. ASSET ALLOCATION

The Global Fixed Income allocation is established with periodic asset allocation studies. The most recent asset allocation study authorized an 18% market value exposure to Global Fixed Income with a range of 13%-23%.

## III. BENCHMARK

Global Fixed Income performance is benchmarked to the Bloomberg US Universal Bond Index.

## IV. PERFORMANCE OBJECTIVE

The annualized return objective for the Global Fixed Income portfolio is 60 basis points net of fees above the benchmark and is comprised of the following strategies:

Strategy	Expected Excess Return	Tracking Error	Benchmark
Core	20 basis points	N/A	Bloomberg US Aggregate Bond Index
Core Plus	60 basis points	N/A	Bloomberg US Universal Bond Index
Tactical & Diversifying	200 basis points	N/A	Bloomberg US Universal Bond Index
Total Portfolio	60 basis points	0 – 45%	Bloomberg US Universal Bond Index

## V. PORTFOLIO DESIGN AND CONSTRUCTION

SERS seeks to obtain broad fixed income market exposure to gain diversification while receiving income. The portfolio is 100% externally managed in active strategies, in broad mandates of core, core plus, and Tactical & Diversifying strategies. Core mandates invest primarily in ~~the sectors covered in the Bloomberg US Aggregate Index, which does not include allocations to high yield, Non-US or emerging market debt benchmark type securities and exposures.~~ Core sector weightings can deviate from ~~this index benchmark,~~ depending on the external manager's market views and strategies. Core plus mandates allow investments in all sectors of the ~~portfolio benchmark, Bloomberg US Aggregate Bond Index with additional allocations to the extended sectors of high yield, Non-US debt and emerging market debt.~~ The Tactical & Diversifying sector invests in return seeking or diversification enhancing strategies and can provide high excess returns. The strategy invests in all sectors of the index ~~in addition to as well as~~ emerging market ~~macrodebt, high yield,~~ and long/short credit.

The portfolio may employ economic leverage to obtain benchmark or sector exposure to enhance the excess return of the portfolio. The leverage employed will be within the parameters of the Total Fund leverage policy and portfolio tracking error will be maintained within the range stated in Section IV.

Below are the current sector exposure limits:

Strategy	Range	
	Minimum	Maximum
Core	30%	70%
Core Plus	25%	50%
Tactical & Diversifying	0%	20%

**VI. PERMISSIBLE INVESTMENTS**

Security Type	Core	Core Plus	Tactical & Diversifying
<b>Governments</b>			
US Treasuries, TIPS and Agencies	Y	Y	Y
Sovereigns/Quasi-Sov. In US \$	Y	Y	Y
Sovereigns/Quasi-Sov. In local currency	N	Y	Y
<b>Corporates</b>			
US Corporates	Y	Y	Y
Non-US Corporates in US \$	Y	Y	Y
Non-US Corporates in local currency	N	Y	Y
High Yield	N	Y	Y
Bank Loans	N	Y	Y
<b>Structured Credit</b>			
Mortgages	Y	Y	Y
Asset Backed	Y	Y	Y
Collateralized Loan Obligations	N	Y	Y
<b>Other</b>			
144 (A)s	Y	Y	Y
Commingled Funds	Y	Y	Y
Convertibles	N	Y	Y
Currency	N	Y	Y
Derivatives	Y	Y	Y
Equity	N	Y	Y
Exchange Traded Funds	Y	Y	Y
Money Markets	Y	Y	Y
Municipals	Y	Y	Y
Repurchase Agreements	Y	Y	Y

**VII. RISK MANAGEMENT**

For strategies held in separate accounts, the following risk factors are controlled through limits specified in each manager’s Investment Manager Agreement (IMA) and Investment Guidelines. Duration, sector, and credit risk are reviewed on a total portfolio basis quarterly by SERS:

**Interest Rate**

Controlled by duration band limits around the benchmark duration.

**Yield Curve Risk**

Controlled by duration band limits around the benchmark duration.

**Sector Risk**

**Riskier-Moderate risk** sectors like high yield, non-US, non-agency mortgages and CMBS are controlled around set limits with each individual manager. Portfolios are allowed 25% maximum exposure to any one industry.

**Credit Risk**

Portfolios must maintain a minimum exposure to investment grade securities. In addition, each manager of individual portfolios has an established average-weighted credit quality that must be maintained at all times.

**Currency Risk**

Currency is not hedged at the overall portfolio level. Managers who demonstrate skill are allowed to purchase non-US securities on a hedged or unhedged basis or take direct currency positions without owning securities.

**Issuer Risk**

Issuer limits are specified in each IMA investment guidelines.

**Liquidity Risk**

Accounts have a maximum 144(A) limit without registration rights.

**Active Risk**

Normal tracking error is expected to be 2-41-3% over any rolling three-year time horizon. During periods of increased volatility, tracking error should not exceed 54% over any rolling three-year time horizon.

# IMPLEMENTATION GUIDELINES – Global Private Credit

## I. ROLE

The role of SERS' Private Credit portfolio is to provide risk adjusted returns in excess of those provided by publicly traded fixed income securities and to generate a consistent cash yield.

## II. ASSET ALLOCATION

SERS' Statement of Investment Policy sets the private credit target allocation at 5%, with a range of 3% to 7%.

## III. BENCHMARK

The private credit benchmark is the 90-day Treasury bill-SOFR rate + 4.5%, one quarter in arrears.

## IV. PERFORMANCE OBJECTIVE

The performance objective of the Private Credit portfolio is to provide net returns of 100 basis points above the policy benchmark and to outperform the SERS Global Fixed Income portfolio over time periods five years and longer, with the income component of the return comprising a significant portion of the total return.

## V. PORTFOLIO DESIGN AND CONSTRUCTION

The Private Credit portfolio is designed to gain exposure to various aspects of the private credit market with a focus on consistent income generation. It is expected that a greater portion of the Private Credit portfolio will be allocated to direct lending investments strategies with higher expected cash yields.

The strategies that are in focus and allocation ranges are detailed below in the table below. Staff will primarily focus on adding to the Asset Lending strategy during the fiscal year, meanwhile, seeking to maintain exposures to the other strategies:

	-Current Allocation*Target	Range	
		Minimum	Maximum
Direct Lending	59%80%	650%	400%90%
Mezzanine Opportunistic Lending	32%0%	010%	50%40%
Stressed/Distressed	10%	0%	15%
Asset Based Lending/Other	2%10%	0%	15%
Distressed Lending	7%	0%	15%
<b>Total</b>	<b>100%100%</b>		
Domestic	61%60%	40%	85%
International	39%40%	15%	60%
<b>Total</b>	<b>100%100%</b>		
Primary Commitments	100%100%	80%	100%
Secondaries	0%0%	0%	10%
Co-Investments	0%0%	0%	10%
<b>Total</b>	<b>100%100%</b>		

\*As of March 31, 2025.

The portfolio is tilted toward direct lending investments and does not have a target allocation to mezzanine due to the structure of investments typically containing a less predictable cash income component than direct lending.

VI. PERMISSIBLE INVESTMENTS

Investment Structure	
Limited Partnership Interests	Y
Co-Investments	Y
Separate Accounts	Y

Investment Type	
Direct Lending	Y
Mezzanine Opportunistic Lending	Y
Stressed/Distressed	Y
Asset Based Lending/Other	Y
Distressed Lending	Y

**Direct Lending**

Net Expected Return: 8-12%, Moderate Risk

Direct Lending represents includes loans made directly to small to medium size companies; secured by assets/cash flows/contracts, etc. depending on the type of loan. Direct Lending has a target range of 50 – 90% of the Global Private Credit portfolio. is targeted to represent 80% of the Global Private Credit portfolio.

**Mezzanine Opportunistic Lending**

Net Expected Return: 10-18%, High Risk

Mezzanine debt is subordinated Opportunistic Lending includes loans to companies that are typically unable to access traditional sources of capital or that may be in a transitional period. Opportunistic Lending strategies will allocate across the entire capital structure, including senior debt, junior debt, preferred equity, common equity, and equity-like securities. These strategies tend to focus on a mix of capital appreciation and income generation for investors, to senior loans and typically is structured as an unsecured fixed or floating rate loan with an equity component. Mezzanine is targeted to represent 0% of the Global Private Credit portfolio. Opportunistic Lending has a target range of 10 – 50% of the Global Private Credit portfolio.

**Stressed/Distressed**

Net Expected Return: 12-25%, High Risk

Stressed/Distressed debt represents loans made to companies that are financially stressed and/or are likely to go through restructuring/bankruptcy. These investments typically have longer holding periods where the lender sometimes is seeking to take control of the company. Stressed/Distressed is targeted to represent 10% of the Global Private Credit portfolio.

**Asset Based Lending/Other**

Net Expected Return: 10-15%, Moderate Risk

Asset Based Lending/Other includes investments loans collateralized by financial and hard assets, as well as cash flows generated from differentiated sources other than traditional corporate lending backed by cash flows. These types of investments are typically shorter in duration and may include auto loans, real estate loans, consumer loans, litigation finance, leasing, royalties, portfolio finance, and various other types. Asset Based Lending/Other is targeted to represent 10% has a target range of 0 – 15% of the Global Private Credit portfolio.

**Distressed Lending**

Net Expected Return: 12-25%, High Risk

Distressed Lending includes loans made to companies that are financially stressed and/or are likely to go through restructuring/bankruptcy. These investments typically have longer holding periods and the lender sometimes seeks to take control of the company. Distressed Lending has a target range of 0 – 15% of the Global Private Credit portfolio.

## VII. RISK MANAGEMENT

The primary risk management tool in private credit is extensive due diligence of prospective investments and diversification. The following sections identify the most significant risks of private credit investments and the method of control.

### **Credit Risk**

Credit risk is the primary risk associated with the asset class. Thorough due diligence of investments will be completed to ensure the general partners have sufficient measures in place to monitor and assess the risks involved with underlying investments, as well as the capabilities to structure loans with adequate covenants to protect the lender.

### **Interest Rate Risk**

Interest rate risk is inherent within the Private Credit portfolio since investments are typically structured as floating rate credit instruments and interest rates will fluctuate over time. The risk is managed by the general partners through the structuring process to ensure appropriate interest rate floors and other measures are in place to manage an acceptable level of interest income.

### **Liquidity Risk**

Private credit investments are illiquid but have shorter holding periods than other private security types, with 3 – 5 years being a typical holding period. Investments are typically held until maturity and selling prior to maturity typically results in a discount to fair market value. Liquidity risk is managed through the portfolio construction process by limiting the amount of exposure to more illiquid areas of private credit, such as distressed debt.

### **Geographic Risk**

International exposure refers to non-US investments and is limited to 60% of the portfolio.

### **Vintage Risk**

Vintage reflects the year of first capital draw and vintage risk refers to the variability of private credit commitments over time. The investment-pacing model controls the short and long-term private credit commitment amounts and attempts to minimize vintage risk while achieving targeted exposure. Commitments will be dependent on the availability of investments that meet SERS' investment criteria and will not be driven by the target investment pace in any given year.

### **Manager Risk**

Manager risk consists of two elements, managing the exposure within a partnership and controlling the number of general partners in the Global Private Credit portfolio. Partnership exposure is controlled by limiting the commitment size to 25% of the aggregate commitments to the partnership or master fund if more than one feeder vehicle exists. The 25% limit does not apply to funds committed to a discretionary manager or a separate account. The maximum market value exposure to a single manager is targeted to be less than 35% of the portfolio. The optimum number of general partners in the portfolio varies with time.

### **Firm Risk**

Firm risk is the exposure to a private credit general partner and is controlled by limiting the maximum commitment to funds operated by a general partner and its affiliates.

### **Currency Risk**

The Private Credit program does not hedge currency risk and relies upon its external managers to determine if such hedges are appropriate. Currency risk will be managed through geographic exposure limits, as shown above under geographic risks.

### **Industry/Sector Risk**

Typically, private credit partnerships are permitted to invest in a wide variety of industries and sectors. Industry/Sector risk is controlled primarily through appropriate diversification across classes and subclasses.

**Leverage Risk**

The capital markets control the maximum leverage available to the general partners and limited partners control leverage exposure through partnership selection and portfolio construction. Leverage at an individual fund level is managed through the portfolio construction process.

**Valuation Risk**

The valuation frequency for private credit is dependent upon the external managers' internal and external valuation policies, which are reviewed during the operational due diligence process.

# IMPLEMENTATION GUIDELINES – Global Real Assets

## I. ROLE

The role of SERS' Global Real **AssetsEstate** portfolio is to provide a stable income return from **tangiblereal estate** assets, to be a partial inflation hedge over the long term and to provide low correlation to equities.

## II. ASSET ALLOCATION

SERS' Statement of Investment Policy sets the global real estate target allocation at 13%, with a permissible range of 10-15% **, and the global infrastructure target allocation at 7%, with a permissible range of 5-10%.**

## III. BENCHMARK

The global real estate benchmark is the **Expanded** NCREIF Property Index **(ENPI)**, one quarter in arrears. **The global infrastructure benchmark is quarterly (4 qtrs.) smoothed CPI + 1.2% (approximately CPI + 5%).**

## IV. PERFORMANCE OBJECTIVE

The performance objective for Global Real **Estate Assets** is to produce net of fee returns that are 100 bps in excess of the benchmark over a market cycle, with the income component of the return comprising a significant portion of the total return. **The benchmark is a 50/50 blend of NPI and CPI + 5%.**

## V. PORTFOLIO DESIGN AND CONSTRUCTION

**Effective January 1, 2024, the Global Real Assets portfolio is segregated into real estate and infrastructure, with the small farmland investment combined with the real estate allocation. The Global Real Assets portfolio is designed to achieve the performance objective, to manage risks and to focus on the overall role of global real assets within the Total Fund. SERS' Global Real AssetsEstate Implementation Guidelines set the private market, public market and asset type exposures for Global Real AssetsEstate, as shown in the table below. Farmland is included in Real Estate.**

Strategy	Target	Range	
		Minimum	Maximum
<b>Total Real Estate*</b>	<b>13%</b>	<b>10%</b>	<b>15%</b>
Private Core Real Estate	85%	70%	95%
Private Non-Core Real Estate	10%	0%	20%
Listed REITs / ETFs	3%	0%	10%
Farmland	2%	0%	5%
<b>Total Infrastructure*</b>	<b>7%</b>	<b>5%</b>	<b>10%</b>
Private Core Infra	80%	60%	90%
Private Non-Core Infra	20%	10%	430%

\*The rows below **each asset class Total Real Estate** are meant to represent % of the **Total**.

Example: Private Core Real Estate Target of 85% would represent 85% of the Total Real Estate target of 13%.

Core real estate investments include substantially leased or fully operational institutional quality properties or projects located in developed markets. The revenue streams from core real estate are generally long duration and comprise a majority of the asset's total return. Core real estate strategies are typically implemented through open-end commingled funds.

Non-core real estate investments include value-added and opportunistic strategies in which properties or projects are re-leased, re-developed, or newly constructed, particularly in developing or transitional markets. This strategy has a higher return expectation but has higher reliance on capital appreciation (vs income return). Non-core real estate strategies are typically implemented through closed-end commingled funds.

**Private infrastructure typically involves the movement (and storage or housing) of goods, people, water, energy, and communication signals. The sectors include, but are not limited to, power (including renewables), energy, utilities, transportation, communication, and social infrastructure sectors. Infrastructure revenue streams are typically long-dated, contractual and inflation linked. Private infrastructure is implemented through both open and closed end commingled funds, as well as co-investments.**

Public market real ~~assetsestate~~ are securities of companies whose primary source of revenue comes from the operation of ~~listed tangible assets, including, but not limited to,~~ real estate (REITs), ~~listed infrastructure, natural resources, and master limited partnerships.~~ While more liquid in nature, public market real ~~assetsestate~~ exhibits greater volatility than privately held ~~real assetsones.~~ ~~Master limited partnerships, or MLPs, are publicly traded limited partnerships that derive most of the partnership's cash flows from infrastructure and natural resource assets. The advantage of an MLP is that it combines the tax benefits of a limited partnership with the liquidity of a publicly traded company.~~

Private Farmland investments include annual row and permanent crops located throughout the United States. Core farmland will be substantially leased on ~~long term~~long-term contracts to top quality growers. Core farmland provides a strong income stream that will comprise the majority of the total return. Core farmland strategies are typically implemented through open-end funds.

Over time, Staff intends to judiciously increase exposure to co-investments in ~~infrastructure and~~ real estate through underwriting of individual assets as well via programmatic sidecar vehicles.

**VI. PERMISSIBLE INVESTMENTS**

The underlying investments included in the Global Real ~~Assets-Estateportfolio~~Estate portfolio generally are tangible assets, have long term investment horizons or holding periods, produce attractive income returns and cash yields and provide a partial inflation hedge over the long term. Permissible investment structures and types are as follows.

Investment Structure and Type	
Limited Partnership Interests	Y
Co-Investments <del>(including sidecars)</del>	Y
Separate Accounts	Y
Commingled Funds	Y
<del>Continuation Funds</del>	<del>Y</del>
Secondaries Vehicles	Y
Secondary Transaction of Real <del>Estate Assets Funds</del>	Y
Joint Ventures	Y
Real Estate Operating Companies (REOCs)	Y
Private Real Estate Equity and Debt	Y
Real Estate Investment Trusts (REITs)	Y
Exchange Traded Funds	Y
<del>Farmland and Agriculture</del>	<del>Y</del>
<del>Private Infrastructure Equity and Debt</del>	<del>Y</del>
<del>Public Infrastructure Securities and MLPs</del>	<del>Y</del>
<del>Natural Resources and Commodities</del>	<del>Y</del>

**VII. RISK MANAGEMENT**

Qualitative constraints and quantitative measures are used to manage risk in the Global Real ~~Assets~~ portfolio. The following sections identify the most significant risks with real ~~asset-estate~~ investments and the method of control.

**Real Estate Life Cycle Risk**

Life cycle risk refers to the stage of an investment's life and generally falls into two categories, operating and non-operating investments. Operating investments are those that are leased or functioning at a level in which the contractual cash payments are supporting operations. Non-operating investments are those in pre-development, construction, conversion, or in a stage of major releasing. A significant portion of the private

# IMPLEMENTATION GUIDELINES - Global Real Assets

market real assets portfolio will be in operating investments in order to achieve Global Real Assets' Estate's role of providing income.

	Operating	Non-Operating
Target Exposure	≥85%	≤15%

## Real Estate Property Type Risk

Property type risk refers to the level of exposure of the major property type categories in the private market real estate portfolio relative to the Expanded NCREIF Property Index. Property type risk will be managed through portfolio design and the use of commingled funds. At least 80% of the private market real estate portfolio will be invested in the four primary property type categories including apartment, industrial, office and retail.

(as of December 31, 2024)	NCREIF Property Index	Range
Apartment	298%	15% - 45%
Industrial	365%	15% - 50%
Office	2022%	5% - 30%
Retail	14%	5% - 25%
Subtotal	99%	80% - 100%
Niche/Other	<1%	5% - 3025%
<b>Total</b>	<b>100%</b>	

(as of March 31, 2025)	Expanded NCREIF Property Index ("ENPI")	Range
Hotel	0.4%	0 - 5%
Industrial	33.4%	15 - 50%
Office	19.2%	5 - 30%
Other	1.8%	0 - 5%
Residential	28.3%	15% - 45%
Retail	13.1%	5 - 25%
Self Storage	2.5%	0 - 5%
Seniors Housing	1.3%	0 - 5%
<b>Total</b>	<b>100%</b>	<b>NA</b>

## Real Estate Geographic Risk

Geographic risk can be broken down into two segments: US regional exposure and non-US exposure. US regional exposure refers to the level of exposure in the four US regions in the private market real estate portfolio relative to the Expanded NCREIF Property Index.

(as of March December 31, 2025)	Expanded NCREIF Property Index ("ENPI")	Range
West	39.3%40%	20% - 50%
East	29.%2930%	20% - 45%
Midwest	7.3%76%	5% - 20%
South	23.9%24%	10% - 35%
<b>Total</b>	<b>100%</b>	

## Infrastructure Sector Risk

Infrastructure sector risks refers to the level of exposure to the major infrastructure sectors in the private markets infrastructure portfolio. Sector risk will be managed through portfolio design and the use of commingled funds and co-investments.

# IMPLEMENTATION GUIDELINES - Global Real Assets

(as of December 31, 2023)	Current Portfolio*	Range
Communications	13%	5% - 25%
Energy	286%	15% - 35%
Renewables / Sustainability	56%	0% - 15%
Social	5%	0% - 10%
Transportation	457%	25% - 60%
Utilities	43%	0% - 15%
<b>Total</b>	<b>100%</b>	

## Infrastructure Geographic Risk

Infrastructure geographic risks is broken into the regional exposure of the private markets infrastructure portfolio. Geographic risks will be managed through portfolio design and the use of commingled funds and co-investments.

(as of December 31, 2023)	Current Portfolio*	Range
Asia-Pacific	8%	5% - 20%
Europe/U.K.*	35%	25% - 50%
Latin America	11%	5% - 20%
North America	44%	40% - 60%
Other	2%	0% - 5%
<b>Total</b>	<b>100%</b>	

\*Approximately 1% in Eastern Europe

## Global Real Assets Estate Geographic Risk

Non-US exposure refers to the level of exposure of non-US investments in the total Global Real Assets Estate portfolio. The current non-US exposure is about 1%. Non-US exposure will be limited to 35-50% of the private market portfolio.

## Liquidity Risk

Private market real asset-estate investments are illiquid, with both holding periods and commingled fund terms ranging from 7-10 years or longer. Liquidity risk will be managed through target allocations to private and public market real assetsestate as well as vintage year diversification.

## Leverage Risk

Private market real estateasset investments typically are acquired with a combination of equity capital and mortgage debt financing. The amount of leverage per asset or pool of assets depends on debt availability, property type, tenant quality, and asset life cycle. The amount of leverage and financing terms ultimately are the responsibility of SERS' external real estate asset-managers and are governed and constrained by partnership agreements. The leverage maximum for the total private market real estateassets portfolio is 40-50% of the gross asset value of the private market real assetsestate portfolio. Leverage risk will be managed through target allocations and portfolio design.

## Currency Risk

The Global Real Assets Estate program does not actively hedge currency risk in-house and relies upon its external managers to determine if such hedges are appropriate when manager provided hedging solutions exist. Currency risk will be managed through geographic exposure limits, as shown above under geographic risks. Because SERS' portfolio is almost entirely U.S.-based, hedging has not been a major concern.

## Valuation Risk

The valuation frequency for private market real assets is dependent upon the external managers' internal and external valuation policies, which are reviewed during the operational due diligence process.

## Manager Concentration Risk

A single manager utilizing core strategies shall not constitute more than 25% of the net assets of the Global

# IMPLEMENTATION GUIDELINES – Global Real Assets

Real **EstateAssets** program. For non-core strategies, a single fund commitment shall not constitute more than 10% of the net assets of the Global Real **EstateAssets** program and a single manager with multiple fund commitments, including co-investments, shall not constitute more than 20% of the net assets of the Global Real **EstateAssets** program.

## I. ROLE

The role of SERS' Global Infrastructure portfolio is to provide stable income return from tangible infrastructure assets to be a partial inflation hedge over the long term and to provide low correlation to equities.

## II. ASSET ALLOCATION

SERS' Statement of Investment Policy sets the global infrastructure target allocation at 7%, with a permissible range of 5-10%.

## III. BENCHMARK

The global infrastructure benchmark is quarterly (4 qtrs.) smoothed CPI + 1.2% (approximately CPI + 5%).

## IV. PERFORMANCE OBJECTIVE

The performance objective for Global Infrastructure is to produce net of fee returns that are 100 bps in excess of the benchmark, with the income component of the return comprising a significant portion of the total return.

## V. PORTFOLIO DESIGN AND CONSTRUCTION

SERS' Global Infrastructure Implementation Guidelines set the private market, public market and asset type exposures for Global Infrastructures, as shown in the table below.

Strategy	Target	Range	
		Minimum	Maximum
Total Infrastructure	7%	5%	10%
Private Core and Non-Core Infra	90%	85%	100%
Co-Investments; Continuation Funds	10%	0%	15%
Listed Infrastructure ETFs	0%	0%	5%

Private infrastructure typically involves the movement (and storage or housing) of goods, people, water, energy, and communication signals. The sectors include, but are not limited to, power (including renewables), energy, utilities, transportation, communication, and social infrastructure sectors. Infrastructure revenue streams are typically long duration, contractual and inflation linked. Private infrastructure is implemented through both open- and closed-end commingled funds, as well as co-investments.

Public market infrastructure are securities of companies whose primary source of revenue comes from the operation of tangible assets, including, but not limited to, listed infrastructure, natural resources, and master limited partnerships. While more liquid in nature, public market infrastructure exhibits greater volatility than privately held ones. Master limited partnerships, or MLPs, are publicly traded limited partnerships that derive most of the partnership's cash flows from infrastructure and natural resource assets. The advantage of an MLP is that it combines the tax benefits of a limited partnership with the liquidity of a publicly traded company.

Over time, Staff intends to judiciously increase exposure to co-investments in infrastructure through underwriting of individual assets as well via programmatic sidecar vehicles.

## VI. PERMISSIBLE INVESTMENTS

The underlying investments included in the Global Infrastructure portfolio generally are tangible assets, have long term investment horizons or holding periods, produce attractive income returns and cash yields and provide a partial inflation hedge over the long term. Permissible investment structures and types are as follows.

<b>Investment Structure and Type</b>	
Limited Partnership Interests	Y
Co-Investments (including sidecars)	Y
Separate Accounts	Y
Commingled Funds	Y
Continuation Funds	Y
Secondaries Vehicles	Y
Secondary Transaction of Real Assets Funds	Y
Joint Ventures	Y
Private Infrastructure Equity and Debt	Y
Exchange Traded Funds	Y
Private Infrastructure Equity and Debt	Y
Public Infrastructure Securities and MLPs	Y
Natural Resources and Commodities	Y

**VII. RISK MANAGEMENT**

Qualitative constraints and quantitative measures are used to manage risk in the Global Infrastructure portfolio. The following sections identify the most significant risks with infrastructure investments and the method of control.

**Infrastructure Life Cycle Risk**

Life cycle risk refers to the stage of an investment's life and generally falls into two categories, operating and non-operating investments. Operating investments are those that are leased or functioning at a level where the contractual cash payments are supporting operations. Non-operating investments are those in pre-development, construction, conversion, or in a stage of major re-leasing. A significant portion of the private market infrastructure portfolio will be in operating investments in order to ensure operating income.

	<b>Operating</b>	<b>Non-Operating</b>
Target Exposure	≥85%	≤15%

Infrastructure sector risks refer to the level of exposure to the major infrastructure sectors in the private markets infrastructure portfolio. Sector risk will be managed through portfolio design and the use of commingled funds and co-investments.

<b>(as of December 31, 2024)</b>	<b>Current Portfolio</b>	<b>Range</b>
Communications	13%	5% - 25%
Energy	28%	15% - 35%
Renewables / Sustainability	5%	0% - 15%
Social	5%	0% - 10%
Transportation	45%	25% - 60%
Utilities	4%	0% - 15%
<b>Total</b>	<b>100%</b>	

**Infrastructure Geographic Risk**

Infrastructure geographic risks is broken into the regional exposure of the private market infrastructure portfolio. Geographic risks will be managed through portfolio design and the use of commingled funds and co-investments.

(as of December 31, 2024)	Current Portfolio*	Range
Asia-Pacific	8%	5% - 20%
Europe/U.K.*	35%	25% - 50%
Latin America	11%	5% - 20%
North America	44%	40% - 60%
Other	2%	0% - 5%
<b>Total</b>	<b>100%</b>	

\*Approximately 1% in Eastern Europe

**Global Real Assets-Infrastructure Geographic Risk**

Non-US exposure refers to the level of exposure of non-US investments in the total Global Infrastructure portfolio. Non-US exposure will be limited to 50% of the private market portfolio.

**Liquidity Risk**

Private market infrastructure investments are illiquid, with both holding periods and commingled fund terms ranging from 7-10 years or longer. Liquidity risk will be managed through target allocations to private and public market infrastructure as well as vintage year diversification.

**Leverage Risk**

Private market infrastructure investments typically are acquired with a combination of equity capital and debt financing. The amount of leverage per asset or pool of assets depends on debt availability, property type, tenant or counterparty quality, and asset life cycle. The amount of leverage and financing terms ultimately are the responsibility of SERS' external infrastructure managers and are governed and constrained by partnership agreements. The leverage maximum for the total private market infrastructure portfolio is 50% of the gross asset value of the private market infrastructure portfolio. Leverage risk will be managed through target allocations and portfolio design.

**Currency Risk**

The Global Infrastructure program does not actively hedge currency risk in-house and relies upon its external managers to determine if such hedges are appropriate when manager provided hedging solutions exist. Currency risk will be managed through geographic exposure limits, as shown above under geographic risks.

**Valuation Risk**

The valuation frequency for private market infrastructure is dependent upon the external managers' internal and external valuation policies, which are reviewed during the operational due diligence process.

**Manager Concentration Risk**

A single manager utilizing core strategies shall not constitute more than 2560% of the net assets of the Global Infrastructure program. For non-core strategies, a single fund commitment shall not constitute more than 245% of the net assets of the Global Infrastructure program and a single manager with multiple fund commitments, including co-investments, shall not constitute more than 520% of the net assets of the Global Infrastructure program.

**I. ROLE**

Short-Term Cash should provide liquidity for funding investment capital calls and operational expenses. Cash should be invested in conservative, low risk securities/funds to preserve capital for future expenditures and investments.

**II. ASSET ALLOCATION**

The Cash allocation is established with periodic asset allocation studies. The most recent asset allocation study authorized a 3% exposure to cash with a range of 1-5%.

**III. BENCHMARK**

The Short-Term cash benchmark is the FTSE 30 Day Treasury Bill.

**IV. PERFORMANCE OBJECTIVE**

The annualized return objective for the Short-Term portfolio is five basis points net of fees over the benchmark.

**V. PORTFOLIO DESIGN AND CONSTRUCTION**

The Cash portfolio is designed with preservation of capital in mind. A cash balance of one to three months of expenditures is usually maintained. A higher allocation to cash may also be used to preserve capital in volatile markets. The average weighted maturity of the portfolio will not exceed 20 days.

Risk is constantly assessed before investment purchases are made in the portfolio. Only top tier commercial paper is purchased. Money market holdings are also reviewed on a regular basis along with choosing a top tier money market provider with a deep credit analyst team and whose short-term investments are important to the organization.

The Securities Lending program is designed to be a low risk, intrinsic value focused strategy that can generate additional income for the system. The program is implemented through a third-party lending agent and collateral reinvestment manager. Separately, additional securities lending income is earned by the commingled passive global equity accounts.

**VI. PERMISSIBLE INVESTMENTS**

Security Type	
US Treasury Bills	Y
Commercial Paper rated A-1/P-1 or higher	Y
Money Market Funds rated at least A-1/P-1	Y
Unrated Market Funds comparable to an A-1/P-1 equivalent fund	Y
Tri-Party Repurchase Agreements	Y

**VII. RISK MANAGEMENT**

**Liquidity Risk**

The weighted average maturity shall not exceed 20 days. All money market funds must provide daily liquidity.

**Credit Risk**

A commercial paper issuer must be on the approved credit list or approved by the Chief Investment Officer before purchasing. Market and issuer news are reviewed daily by the Senior Investment Officer – Global Fixed Income. Money market funds must regularly send a holdings report to SERS, where it is reviewed on a regular basis.

**Issuer Risk**

Single issuer commercial paper investments are limited to \$20 million. Related entity commercial paper investments are limited to the lower of 30% of the short-term account or \$40 million. Overnight commercial paper issuer maturities are limited to \$50 million.

**Securities Lending Risk**

All loans will be collateralized with cash at 102% for US securities and 105% for non-US securities and marked-to-market daily. Collateral will be reinvested in government money market funds and/or repurchase agreements. Loans on fixed income securities will be subject to a ten-basis point minimum spread requirement at loan initiation. Loans to approved borrowers will be limited to 25% of the average monthly market value on loan for the prior calendar year.

## I. ROLE

The role of SERS' Opportunistic & Tactical portfolio is to enhance the Total Fund return over a three-year period provide net of fee returns of 100 basis points above the Bloomberg US Aggregate Bond Index + 2% by investing in assets and strategies that do not fit within the existing asset classes. The investments are defined as tactical or non-traditional investment opportunities.

## II. ASSET ALLOCATION

SERS' Statement of Investment Policy sets the Opportunistic & Tactical portfolio target allocation at 0%, with a range of 0%-5%.

## III. BENCHMARK

The Opportunistic & Tactical portfolio benchmark is the Bloomberg US Aggregate Bond Index + 2%.

## IV. PERFORMANCE OBJECTIVE

The performance objective of the Opportunistic & Tactical portfolio is to provide net of fee returns of 100 basis points above the benchmark, with a meaningful component of the total return coming from current income.

## V. PORTFOLIO DESIGN AND CONSTRUCTION

The Opportunistic & Tactical portfolio may consist of a wide variety of investment types, structures and strategies targeting cash yield as well as price appreciation as well as cash yield. Investment strategies include separate accounts, commingled funds, ETFs, co-investments, and derivatives.

## VI. PERMISSIBLE INVESTMENTS

Permissible investments include, but are not limited to, common stock, preferred stock, debt securities, currencies, commodities, ETFs exchange traded funds, etc.

## VII. RISK MANAGEMENT

### Leverage Risk

Leverage will be prudent for the given strategy and consistent with the fund's offering memorandum.

### Liquidity Risk

Liquidity will be monitored regularly to ensure the portfolio can be traded or rebalanced within a reasonable timeframe. Liquidity risk will be managed through target allocations to private and public market assets as well as through portfolio design.

### Currency Risk

The Opportunistic portfolio does not directly hedge foreign currency risk and relies upon its external managers to determine if such hedges are appropriate.

### Valuation Risk

The valuation frequency for private market assets is dependent upon the external managers' internal and external valuation policies, which are reviewed during the operational due diligence process.

## I. ROLE

SERS invests in Overlay strategies that trade derivatives of the Total Fund's underlying asset exposures and currency exchange rates to enhance the Total Fund portfolio's efficiency. The Overlay program includes i) tactical asset allocation, and ii) active currency strategies.

The tactical asset allocation strategy aims to add value to the Total Fund performance through long and short positions based on short-term relative attractiveness of assets.

The active currency strategies aim to add value to the Total Fund on a risk-adjusted basis by employing long and short positions in various currency pairs based on relative attractiveness of the currencies. The strategies are expected to have low correlation to the major asset classes such as US equity and fixed income.

## II. ASSET ALLOCATION

The target allocation of the tactical asset allocation and Currency **Overlay** program is 0% since long and short positions net out.

The tactical asset allocation program's notional exposure limit is +/-7% of the Total Fund to each of the following assets: US fixed income, US equity and Non-US equity. Since the tactical asset allocation positions are employed for short periods, the notional exposures are not subject to the policy asset allocation ranges set forth in the Statement of Investment Policy; however, the active risk contribution by the overlay program as a whole is subjected to the overall guideline on active risk for the management of the Total Fund specified in the Risk Management Policy.

The notional value of the active currency program is capped at 50% of the Non-US Equity portfolio's value.

## III. BENCHMARK

The benchmark for the tactical asset allocation and Currency Overlay program is 0% since net exposure is 0%.

## IV. PERFORMANCE OBJECTIVE

The Overlay program is expected to add 5 to 10 bps of excess return to the Total Fund's performance on a three to five year horizon.

## V. PORTFOLIO DESIGN AND CONSTRUCTION

The mandates are unfunded. The Overlay strategies buy (long) or sell (short) futures or forwards contracts to get exposures to desired markets in order to exploit shifts in relative valuation of assets and currencies.

The tactical rebalancing strategy's net exposures, sum of long and short positions, **will be net neutral at the time of initiation and the gross notional value may be net long or short up to \$100 million, are valued at zero on the initiating position time**. Active currency strategies can go either net long or net short US dollar. Both tactical rebalancing and active currency aggregate portfolios are constructed to have no dependency on any single risk factor.

## VI. PERMISSIBLE INVESTMENTS

Tactical asset allocation: equity, fixed income, commodity and precious metals futures and options on futures.

Currency Overlay: currency forwards, currency futures, gold forwards, gold futures, and limited currency options.

## VII. RISK MANAGEMENT

### Counter-party risk management

- Futures and exchange traded options are traded at exchanges thus having default risk only to the clearinghouse while having no credit risk to trade counterparties.

## IMPLEMENTATION GUIDELINES – Overlay Program

- Forward contracts and over-the-counter options entail default risk of the counterparties. Counterparty risk of these contracts is managed through ISDA (International Swaps and Derivatives Association) and EMIR (European Market Infrastructure Regulation) umbrella agreements with managers.

### **Volatility management**

- The tactical asset allocation program's tracking error range is 5 to 15 bps.
- All active currency strategies have targeted tracking error equal to or less than 8%; the aggregate active currency program's tracking error is expected to be in the range of 5 to 8%.

### **Liquidity**

- The use of derivatives requires initial margin as well as daily variation margin for futures. Liquidity risk will be managed by ensuring that an adequate reserve of cash is available to meet margin requirements at all times.



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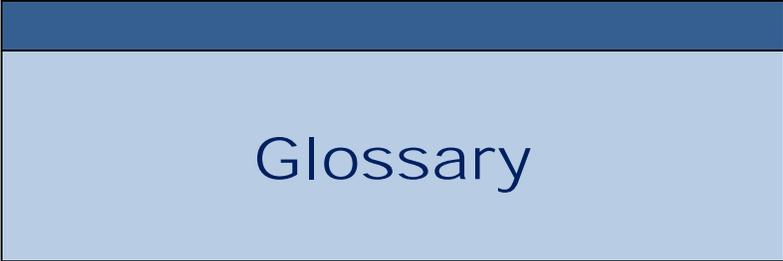
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# Glossary

**Active Risk** – see Tracking Error.

**Alpha** – the premium an investment portfolio earns above a certain benchmark (such as the Standard & Poor's 500 Index). A positive alpha indicates the investor earned a return in excess of the index return.

**Asset Allocation** – the practice of allocating a certain percentage of a portfolio between different types of investment assets, such as stocks, bonds, real estate, cash, etc. By diversifying among asset classes, it is expected to create a favorable risk/reward ratio for the portfolio.

**Basis Point** – one hundredth of one percent. For example, an addition of 40 basis points to a yield of 7.50 percent would increase the yield to 7.90 percent. Basis points are normally used when quoting yields or returns, alpha, or fees paid to investment managers.

**Benchmark** – a measurement or standard that serves as a point of reference by which portfolio performance is measured. Benchmarks must meet standard criteria.

**Bloomberg US Aggregate Bond Index** – a market capitalization weighted US bond index published by Bloomberg LLC. Most US traded investment grade bonds are represented in the index. The Bloomberg US Aggregate Bond Index was SERS' global fixed income policy benchmark through June 30, 2024.

**Bloomberg US Universal Bond Index** – a market capitalization index that consists of USD-denominated securities only. The index includes debt issued by the U.S. government and other government-related entities, residential and commercial mortgage-backed securities, investment grade and high yield bonds as well as debt from emerging market countries and other foreign issuers. The policy benchmark for the global fixed income portfolio switched from the US Aggregate index to the US Universal index on July 1, 2024.

**Co-investment** – a direct investment in a single asset of a multi-asset Fund, made alongside the Fund's investment in the asset; typically involves terms that are more attractive and with shorter time frames than those of the Fund.

**Derivatives (Derivative Instruments)** – financial instruments (securities or contracts) whose values are derived from underlying financial assets, indices, or other instruments. Derivative performance is based on the performance of assets, interest rates, currency exchange rates and various domestic and foreign indices underlying the instruments. The common forms of derivatives are forward, futures, swap, and options contracts. The total exposure to the underlying assets is referred to as the notional value.

**Diversification** – the method of reducing risk by distributing investment assets among a variety of investment securities which have different risk/ reward ratios.

**Due Diligence** – an investigation or [audit](#) of a potential or existing [investment](#).

**Equity Extension Strategy** – an equity investment strategy that expresses portfolio managers' both positive and negative views on stocks through long and short positions while maintaining a net market exposure close to 100%.

**Equity Investment** – claims held by the residual owners of a firm. May also be referred to as common stock. Investments in Real Estate and certain Private Markets classifications may also be considered equity.

**Exchange Traded Funds (ETF)** – publicly traded investment security that provides exposure to a basket of securities.

**Expanded NCREIF Property Index (“ENPI”)** – ENPI is a quarterly time series composite total rate of return measure of investment performance of a very large pool of individual commercial real estate properties acquired in the private market for investment purposes only. The renamed and new property types of Expanded NPI are Residential, Hotel, Industrial, Office, Retail, Self-Storage, Senior Housing, and Other (Data Center, Operating Land, Entertainment, Parking, and Other). The Expanded NPI was created to reflect the evolution of the industry and to provide greater transparency. The Expanded NCREIF Property Index will be a component of SERS' Global Real Estate Policy Benchmark.

**Fixed Income Investment** – a security issued by a borrower that obligates the issuer to make specified payments to the holder over a specific period. May also be referred to as "debt" or "bonds."

**FTSE 30 Day Treasury Bill** – an index that measures the rate of return for 30-day US Treasury Bills, which are considered representative of the performance of Short-Term money market instruments. The FTSE 30 Day Treasury Bill is SERS' policy benchmark for Cash Equivalents.

**Fund** – fund means a limited partnership, trust or commingled investment vehicle in which SERS invests or may invest (e.g., private credit fund, private equity fund, or real estate fund).

**Global Equities** – reflects the consolidation of what had been treated by SERS as US Equity and Non-US Equity asset classes; includes equities of US and non-US origin, equities of various capitalizations (e.g., large cap, small cap, mid cap, etc.), equities from developed, emerging and frontier markets, growth and value equities and passive and active strategies. Investments in Global Equities strategies are made in accordance with established investment guidelines, and amended as necessary, by mutual agreement between the Chief Investment Officer and the Investment Consultant.

**Guidelines** – refers to an Investment Manager's "Investment Guidelines," established between the Investment Manager and Staff as part in an investment management agreement. Guidelines may be general or specific.

**Investment Committee** – a committee comprised of the Chief investment Officer and Investment Officers from SERS' Investment Department who possess the Ohio State Retirement System Investment Officer (SRSIO) license, with clearly defined structure, rules, and procedures for reviewing and approving investments in a timely and prudent fashion.

**Investment Consultant** – any consultant hired by the Board or by Staff to advise or assist with the Investment Program in accordance with the Statement of Investment Policy. Board investment consultants must be approved by the Board. Staff investment consultants shall be approved by the Executive Director.

**Investment Manager** – a manager or potential manager of SERS assets, both public market and private market. Includes, but is not limited to managers of equity, fixed income, private credit, private equity, real estate, commodities, and cash.

**Investment Staff** – members of the investment department of SERS, including the Chief Investment Officer, Investment Officers, and other department personnel.

**Leverage** – in investments, this is the control of a large amount of money by a smaller amount of money, such as buying on margin. In finance, this is the relationship of debt to equity on a company's balance sheet in the form of the debt/equity ratio.

**Long a futures contract or a forward contract** – buying exposure to the underlying assets of the contract without actually owing those assets. When the underlying assets deliver a positive return, the long position gains; when the underlying assets deliver a negative return, the reverse is true.

**Morgan Stanley Capital International – All Country World Free ex-USA Index (\$Net)** – an equity index representing 44 developed and emerging countries. "Free" indicates the index reflects actual investable opportunities for global investors by taking into account local market restrictions on share ownership by foreigners. "Net" indicates that dividends are reinvested after the deduction of withholding taxes applicable to non-resident institutional investors. The MSCI-ACWI ex-USA Index, net of dividends reinvested is SERS' policy benchmark for Non-US Equities.

**MSCI-Burgiss Global Private Equity Funds Index (formerly known as the Burgiss All Private Equity Index)** –The index is comprised of data from more than 5,000 private equity funds contributed by limited partners that are Burgiss clients and use Burgiss' web-based institutional portfolio management platform Private i. The benchmark data is sourced from Burgiss' limited partner clients and includes complete transactional and valuation history between the limited partner and their fund investments. Burgiss publishes a detailed breakdown of the dataset every quarter allowing for increased transparency. MSCI purchased Burgiss in 2023 and rebranded the indices in 2024. The renamed benchmark uses the same construction methodology as the Burgiss All Private Equity Index.

**Opportunistic and Tactical Investments** – global opportunistic investments are tactical or non-traditional investment opportunities that may be short-term or may not fit within the generally accepted risk/return parameters of specific asset classes or strategy groupings. Such opportunities may involve capitalizing on short-term market dislocations or other such unique situations. Tactical investments may include strategies with dynamic allocations to single assets or across multiple asset types or other innovative approaches.

**Options contract** – a form of financial derivatives. In an options contract, two parties (buyer and seller) agree that the buyer, who pays an option premium to the seller, has the right to exercise an option whether to buy or sell a particular asset at a specified price at a specified future date.

**Portable Alpha Overlay Strategy** – an investment strategy that gains the beta exposure to a targeted market via derivatives and an alpha from a market neutral strategy(es).

**Portfolio** – a collection of investments owned, managed, or overseen by an individual or investment manager, a board, or an organization. Portfolio can mean a manager account or subset thereof (e.g., Goldman Sachs Core Plus account), an asset class (e.g., US Equity), or the entire fund (e.g., SERS' Total Fund).

**Rebalancing** – adjusting asset class or portfolio allocations relative to their targets or ranges to adjust for actual or anticipated market movements.

**Russell 3000 Index** – a market-value weighted equity index published by FTSE Russell. The index measures the performance of the 3,000 largest US companies in terms of market capitalization. The Russell 3000 Index is SERS' Domestic Equity Policy Benchmark.

**Secondaries** – pre-existing investor capital commitments to private funds that are purchased in the secondary market.

**Securities Lending** – the temporary loan of a security from an institutional investor's portfolio to a broker/dealer to support the firm's trading activities. Loaned securities are collateralized with cash at 102-105% of the loan exposure. The lender retains the entitlement to all the benefits of the loaned security, including dividends and interest, except the right to vote proxies. The lender has a right to recall the loan at any time.

**Sidecar or Sidecar Investment** – a sidecar is an additional fund created to invest in co-investments alongside a main fund commitment. Sidecars may be discretionary or non-discretionary. Investments in a sidecar have more favorable fee economics and allow an investor to average down fund costs.

**Short a futures contract or forward contract** – selling exposure to the underlying assets of the contract without transferring the ownership of those assets to the buyers. When the underlying assets deliver a positive return, the short position experiences losses; when the underlying assets deliver a negative return, the reverse is true.

**SOFR** – The secured overnight financing rate ("SOFR") is a benchmark interest rate reflecting the cost of borrowing money overnight, using U.S. Treasury securities as collateral. SOFR has become the primary reference rate utilized to determine the interest rate for private loans in the U.S.

**Style** – style refers to an investment product, strategy or style offered by an Investment Management Firm and reflects how the assets are invested. For example, value versus growth; core versus value added; quantitative versus fundamental; etc.

**T-bill** – refers to Treasury Bill. Staff utilizes the 90-day T-bill rate as a reference benchmark.

**Total Fund** – refers to SERS' total investment assets.

**Tracking Error** – standard deviation of the excess return of the portfolio relative to the Benchmark, often measured over rolling three-year periods.

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**FEDERAL LEGISLATION BOARD REPORT**  
**119<sup>th</sup> United States Congress**  
**(Prepared by Chris Collins as of June 6, 2025)**

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**H.R.1**

SPONSOR: Rep. Arrington, Jodey C. [R-TX-19]

LAST ACTIONS: House - 05/22/2025 - On passage Passed by the Yeas and Nays: 215 - 214, 1 Present ([Roll no. 145](#))

CAPTION: One Big Beautiful Bill Act

COMMENT: This bill reduces taxes, reduces or increases spending for various federal programs, increases the statutory debt limit, and otherwise addresses agencies and programs throughout the federal government. It is known as a reconciliation bill and includes legislation submitted by 11 House committees pursuant to provisions in the FY2025 congressional budget resolution (H Con. Res. 14) that directed the committees to submit legislation to the House Budget Committee that will increase or decrease the deficit and increase the statutory debt limit by specified amounts. (Reconciliation bills are considered by Congress using expedited legislative procedures that prevent a filibuster and restrict amendments in the Senate.)

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**H.Con.Res.14**

SPONSOR: Rep. Arrington, Jodey C. [R-TX-19]

LAST ACTIONS: House - 05/20/2025 Star Print ordered on the reported concurrent resolution. (All Actions)

CAPTION: Establishing the congressional budget for the United States Government.

COMMENT: This concurrent resolution establishes the congressional budget for the federal government for FY2025, sets forth budgetary levels for FY2026-FY2034, and provides reconciliation instructions for legislation that increases or decreases the deficit and increases the statutory debt limit by specified amounts.

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**S.526**

SPONSOR: Sen. Grassley, Chuck [R-IA]

LAST ACTIONS: Senate - 02/11/2025 Read twice and referred to the Committee on Commerce, Science, and Transportation.

CAPTION: Pharmacy Benefit Manager (PBM) Transparency Act:

COMMENT: A bill to prevent unfair and deceptive acts or practices and the dissemination of false information related to pharmacy benefit management services for prescription drugs, and for other purposes.

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**H.R.950**

SPONSOR: Rep. Landsman, Greg [D-OH-1]

LAST ACTIONS: House - 02/04/2025 Referred to the Committee on Energy and Commerce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

CAPTION: Saving Seniors Money on Prescriptions Act

COMMENT: To amend title XVIII of the Social Security Act to establish pharmacy benefit manager reporting requirements with respect to prescription drug plans and MA-PD plans under Medicare part D.

# Memo

**To:** Retirement Board  
**From:** Chris Collins  
**cc:** Richard Stensrud, Karen Roggenkamp  
**Date:** June 6, 2025  
**Re:** **Federal Legislative Report**

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## **RECONCILIATION BILL PASSES HOUSE**

House Republicans passed their “big, beautiful” reconciliation bill early Thursday, May 22<sup>nd</sup>, sending to the Senate a filibuster-proof package that would deliver the major elements of President Donald Trump’s legislative agenda: cutting taxes, scaling back Medicaid, ending clean energy programs, slashing food stamps, boosting national security and immigration enforcement, cutting education loan and grant programs, and raising the debt ceiling.

The 215-214 vote capped weeks of grueling negotiations behind the scenes between House leaders and warring factions of the Republican conference. While moderates in high-tax states sought additional tax relief, hardcore conservatives sought deeper cuts to federal spending, particularly on Medicaid, and a faster repeal on clean energy tax credits they dubbed the “green new scam.”

No Democrats supported the measure, while two Republicans opposed it: Reps. Thomas Massie of Kentucky and Warren Davidson of Ohio.

The sprawling legislation would largely keep current tax rates in place, extending the 2017 tax cut while temporarily making new reductions like Mr. Trump’s campaign promises to not tax tips or overtime at the federal level.

The bill, which is expected to face substantial changes in the Senate, is a reflection of competing Republican factions with disparate priorities. A number of fiscal conservatives demanded the structural changes and cuts to Medicaid and other programs to hold down the overall cost of the bill and rein in deficits. More moderate and politically vulnerable lawmakers sought to protect Medicaid, demanded larger tax breaks for their constituents and fought to preserve clean energy tax credits.

The legislation was expected to add trillions to the national debt, which is already at a level that many economists and Wall Street investors find alarming. The Congressional Budget Office (CBO) has released the full cost prediction of the bill. According to CBO, by 2034, the bill would cut taxes by \$3.75 trillion and reduce federal spending by \$1.3 trillion but will increase the federal deficit by \$2.4 trillion.

In a separate analysis requested by Democrats, the budget office found that the legislation would leave the poorest Americans worse off while providing a lift to the richest. In 2027, the bottom 10

percent would lose the equivalent of 2 percent of their income largely because of the reduced benefits, while the tax cuts would provide the top 10 percent with a 4 percent increase to their income, the budget office estimated.

Now, the bill heads to the Senate, which is expected to rework it extensively over the next few weeks.

Senate Majority Leader John Thune (R-SD) and Senate Finance Committee Chairman Mike Crapo (R-ID) have already been working with the House Republicans who drafted the bill, but they still expect to make changes.

Republicans have set a July 4<sup>th</sup> deadline for both chambers to pass the bill and work out any differences and get it to Trump's desk, but the true deadline might be the tough-to-determine date when the federal government hits the borrowing limit. Treasury Secretary Scott Bessent has urged Congress to raise the debt limit, which Republicans included in the bill, by mid-July.

If the bill clears the Senate, it will be sent back to the House. Then House Republicans will have a choice: pass the Senate version of the bill and send it to Trump's desk or try to hash out their differences with the Senate.

If negotiations drag on deeper into the summer, Republicans might be forced to switch strategies and raise the debt limit in a separate bill.

## **TRUMP ADMINISTRATION FY26 BUDGET PROPOSAL**

Late on Friday, May 30<sup>th</sup>, the White House released a more detailed version of its fiscal year (FY) 2026 budget. The proposal maintains the administration's stated goal of significantly reducing funding for key domestic programs, including those that support housing, education, nutrition, and health.

Under this plan, the Department of Defense would receive a 13 percent increase, while nearly every other federal agency would face steep reductions. These proposed cuts reflect the administration's broader policy direction since the beginning of the term, during which a series of executive orders targeted systems that provide access to affordable housing, public education, nutrition assistance, and other essential services.

Although Congress ultimately determines federal spending, the Trump administration's budget signals a clear shift in priorities. It outlines significant funding reductions for institutions of higher education, municipalities, nonprofit organizations, health care systems, and programs serving low- and moderate-income Americans. If enacted, these cuts could deepen poverty, increase food insecurity, and dismantle critical supports that help individuals and families achieve economic stability.

The cuts, critics say, are "deep and draconian," and would result in an 85% drop in the country's foreign affairs funding if approved by Congress in its current form. That includes a \$31 billion budget decrease, and a clawback of \$21 billion through rescission requests, which asks Congress to cancel funds it had previously committed to spending. The first of several expected rescission requests hit Capitol Hill, with the vast majority of its \$9.4 billion package focused on what the White House called "wasteful" foreign aid spending.

## **Budget rescission legislation being debated**

As Senate committees continue to work on the House-passed reconciliation package, the House was slated to vote on President Donald Trump's proposals to rescind foreign aid and other spending, including for public broadcasting.

A spokesperson for the White House Office of Management and Budget, said that \$8.3 billion was being cut from the State Department and the U.S. Agency for International Development. NPR and PBS would also lose federal funding. The total rescission package is \$9.4 billion.

The spokesperson listed specific programs that the Trump administration considered wasteful, including \$750,000 to reduce xenophobia in Venezuela, \$67,000 for feeding insect powder to children in Madagascar and \$3 million for circumcision, vasectomies and condoms in Zambia.

The path to House passage is still far from clear. Rep. Don Bacon (R-NE) has already indicated he would vote against the package if it includes cuts to the George W. Bush-era program known as the President's Emergency Plan for AIDS Relief, or PEPFAR, which provides foreign aid to fight HIV and AIDS.

The rescissions package could be just the first of several from Trump and his Office of Management and Budget.

#### FY26 Appropriations committee action begins

The headline committee action for the week of June 9<sup>th</sup> was a kickoff of the regular appropriations markup process for fiscal 2026. The House Appropriations Committee considered its subcommittee allocations, as well as the Military Construction-VA spending bill. The full committee was scheduled to mark up the Agriculture spending bill mid-week, as well as both the Homeland Security bill and the Defense bill the next day.

Senate appropriators are continuing to hold subcommittee hearings the same week as well. Their agenda included a Defense Appropriations Subcommittee hearing with Defense Secretary Pete Hegseth and Joint Chiefs of Staff Chairman Gen. Dan Caine scheduled to appear.

## **HEALTH CARE**

### Cuts to Medicaid part of Reconciliation legislation

The House passed Reconciliation Bill (H.R. 1), would also affect health insurance coverage primarily through cuts to Medicaid and the Affordable Care Act. CBO estimates these cuts would result in 10.9 million people losing coverage. Notably, 7.8 million would lose Medicaid coverage largely as a result of new work requirements, and 1.4 million due to restrictions on health coverage for immigrants without permanent legal status.

### Medicare Advantage cuts considered

Senator Bill Cassidy (R-LA) and Senator Jeff Merkley (D-OR) reportedly are floating a bill to reduce Medicare Advantage overpayments that could be incorporated into H.R. 1. The proposal comes directly following the Congressional Budget Office's (CBO) scoring of the bill. Senate Majority Leader John Thune stated any provisions related to "waste, fraud, and abuse" would be on the table in negotiations.

Senators have referred to what's known as "upcoding" in Medicare Advantage plans. That's a practice in which insurers participating in the program can make beneficiaries appear sicker than they are to generate higher payments from Medicare. Insurers argue they are simply better at understanding the health needs of patients than traditional government-run Medicare.

But Medicare Advantage plans have routinely outstripped traditional Medicare when it comes to federal costs in recent years: an \$83 billion difference in 2024, for example, according to the Medicare Payment Advisory Commission. Part of the difference is benefits that traditional Medicare doesn't provide, like dental and vision coverage. But upcoding has drawn criticism from both sides of the aisle, including several GOP members of the Senate Finance Committee.

Targeting Medicare Advantage would undoubtedly spark fierce lobbying pushback from the insurance industry. If that wasn't enough, some GOP senators would pick a fight with another influential health care lobby: hospitals.

Sen. Rick Scott (R-FL) said lawmakers should align Medicare payments for services rendered in hospital outpatient departments with the lower reimbursements for similar services in independent physician offices. An options paper circulated by House Republicans earlier this year listed Medicare "site neutrality" on the menu, estimated to save \$146 billion over a decade by trimming hospital payments. But the House GOP shied away from Medicare cuts in their reconciliation package.

Some Senate Republicans acknowledged the political peril of making any changes to Medicare, which is not only popular among beneficiaries but has the backing of powerful special interest groups that make money from the program. The issue is highly contentious and would face significant roadblocks in the House.

#### HHS Budget Proposal Details Reorganization and Significant Cuts to Health Agencies

The U.S. Department of Health & Human Services (HHS) released its formal budget proposal for Fiscal Year (FY) 2026. The document details a proposed \$94.7 billion in discretionary spending, a decrease of \$32 billion in funding compared to FY 2025, to promote President Trump's Make America Health Again initiative, reiterating the Trump Administration's focus on reduced federal spending.

HHS plans to combine multiple health agencies into one new entity called the Administration for Healthy America (AHA), consolidate 28 operating divisions to 15, and close 5 offices. The department aims to administer \$14 billion in discretionary spending through the newly developed AHA, eliminate several mental health programs currently existing under Substance Abuse and Mental Health Services Administration (SAMHSA), and slash the Centers for Disease Control and Prevention (CDC), Food and Drug Administration (FDA), and National Institutes of Health (NIH) budgets by a combined total of \$26.6 billion. The CDC budget would be cut from \$9 billion to just over \$4 billion, the FDA budget from \$7 billion to just over \$6.5 billion, and the NIH budget would drop from nearly \$45.8 billion to just \$27.5 billion.

The HHS budget proposes a reduction in federal funding for state and local Medicaid agencies. Reduction in federal funding to state and local agencies could ultimately increase spending at the state level to offset lost federal dollars, or even trigger the discontinuation of Medicaid expansion, depending on state statute.

Some Democrats have reacted to the release of President Trump's budget request, expressing discontent for the widespread defunding of health care agencies. Congress is required to approve the budget and, typically, many provisions in the President's budget are not ultimately enacted.

#### Bipartisan legislation introduced with goal of reducing drug costs through Biosimilars

The Biosimilar Red Tape Elimination Act (S.1954) introduced on June 6, 2025, by Senators Lee (R-UT), Paul (R-UT), Hassan (D-NH) and Lujan (D-NM) aims to increase competition in the prescription drug marketplace and thus allow for more affordable alternatives.

The bill promotes eliminating outdated U.S. Food and Drug Administration requirements, that would allow for more generic brand “biosimilars” to come onto the market faster by streamlining the regulatory pathway for biosimilar approval. By promoting more competition to brand name drugs, this would lower prescription drug prices for patients, taxpayers, and the entire U.S. healthcare system.

The bill has been referred to the Senate Committee on Health, Education, Labor and Pensions. It currently awaits consideration.

**STATE LEGISLATION BOARD REPORT**  
**(Prepared by Chris Collins as of June 6, 2025)**

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**136<sup>th</sup> General Assembly**

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**HB18** DIGITAL ASSET INVESTMENT, CRYPTOCURRENCY RESERVE (Demetriou, S) - To address investments in exchange-traded products by the state retirement systems, to create a Ohio Strategic Reserve Fund, to permit the Treasurer of State to invest interest earnings from certain state funds in digital assets, and to name this act the Ohio Strategic Reserve Act.

Current Status: 05/27/2025 SUBSTITUTE BILL ACCEPTED

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**SB69** INTENTION TO REFORM-STATE PUBLIC RETIREMENT SYSTEMS (Romanchuk, M) - To declare the General Assembly's intent to enact legislation to reform the law governing the state's public retirement systems.

Current Status: 02/12/2025 Referred to Financial Institutions, Insurance and Technology Committee

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**HB96** OPERATING BUDGET (Stewart, B) - To make operating appropriations for the biennium beginning July 1, 2025, and ending June 30, 2027, to levy taxes, and to provide authorization and conditions for the operation of state programs.

Current Status: 05/30/2025 Senate Finance, (Eighth Hearing)

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**HB116** DIGITAL ASSET MINING, TAXATION, REGULATION (Demetriou, S) - To address mining, taxation, and regulation of digital assets and digital asset investments by the state retirement systems.

Current Status: 05/06/2025 BILL AMENDED

# Memo

**To:** SERS Board

**From:** Richard Stensrud, Executive Director

**Date:** June 12, 2025

**Re:** Travel Handbook Provisions Follow Up

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At the May Board Meeting there was discussion regarding proposed revisions to the SERS Travel Handbook, which covers all SERS travelers. Two topics in particular generated substantial discussion – meals at conferences and travel within three hours of home and the meeting/conference location. As a result of those discussions it was agreed that the proposed provisions on those topics would be revised to provide greater clarity. To that end, this Memorandum will provide revised Handbook language for your consideration.

The guidelines for meals served at a conference and paid with registration fees state that a conference-provided meal will be deducted from the U.S. General Services Administration (GSA) daily limit based on the GSA amount allocated to that meal. However, it was agreed that a separately purchased meal will be reimbursed if the meal provided did not meet the traveler's dietary restrictions. The revised language is below.

The provisions regarding travel within three hours of home are intended to provide clarity over when additional lodging and meals will be reimbursed. The premise is that a traveler should not be expected to leave at 5 in the morning for a meeting or conference that starts at 8. In that case, lodging and an evening meal would be reimbursed for the day prior to the event. Conversely, if a meeting or conference ends in the early afternoon, in most cases the traveler could be home by the evening meal and therefore would not be reimbursed for the evening meal or that night's lodging. An exception would be made if there was additional SERS business to be conducted or if adverse weather made returning home impractical or unsafe. The revised language is below.

## 1. **Daily Meal Per Diem – Meal Provided at Meeting or Conference**

**Description** – SERS Travel Handbook states business meals are reimbursed up to the daily GSA per diem for the city traveled to. The GSA per diem is broken down by meal and incidentals. SERS Travel Handbook should address meal reimbursement when a meal is provided at a meeting or paid via a conference registration fee.

**Business justification** – Lunch is often provided via a paid conference registration fee. In order to limit the taxability of a meal reimbursement, SERS' daily reimbursement is capped at the GSA per diem per destination city. If the traveler receives lunch as part of their registration and also submit receipts equal to the full daily per diem, they have received value greater than the GSA limit. The excess is considered taxable income. The GSA per diem meal breakdown can be used to deduct meals provided during a meeting or conference. For example, if a conference sponsor provided lunch and the GSA per diem allocates \$22 of the \$80 daily per diem toward lunch, the traveler would have \$58 remaining for that days meals. If the traveler chooses not to eat the conference provided meal, they are welcome to purchase one elsewhere. However, they will not be reimbursed unless the conference meal did not meet their dietary requirements.

### **Proposed language**

**Meals Provided During a Meeting or Conference** - When a traveler attends a meeting or conference, the meal reimbursements will be calculated based on the GSA per diem rates. If a meal is provided by the meeting host or included in a conference fee, the corresponding amount will be deducted from the per diem rate. For example, if a conference sponsor provided lunch and the GSA per diem allocates \$22 of the \$80 daily per diem toward lunch, the traveler would have \$58 remaining for that days meals. For business meetings, if an entity other than SERS provided the meal during the meeting, the traveler must request the meeting host invoice the SERS traveler for the cost of the meal.

SERS will grant an exception if the conference-provided meal did not meet the traveler's dietary restrictions. In that case, the traveler will certify on the receipt why the meal was purchased, and the meal will be reimbursed.

## **2. In State (or neighboring state) Travel for Meetings or Conferences**

**Description** – The Travel Handbook does not address travel limits for nearby (Ohio or neighboring states) work or conference events. For out of state events, the Handbook allows for a travel day before and after the event. Most conferences/meetings start in the morning, so lodging and an evening meal prior to the start date is reimbursable. The proposed language adds clarity to the Handbook that nearby (within Ohio or within a 3-4 hour radius) meetings/conferences that end early afternoon do not allow for overnight accommodations or additional meals following the end of the event with certain exceptions.

**Business justification** – Travel days before and after out-of-state conferences allow the traveler to arrive and return at reasonable hours. Travelers should not be expected to return home at midnight if their conference ends mid afternoon. In addition, some cross- country flights do not accommodate later afternoon flights. However, for events within a 3-4 hour drive, travelers can generally return home by dinner when the conference ends by early-afternoon.

### **Proposed language**

#### **Meals and Lodging Limitations for Conference/Meetings Within a 3-4 Hour Car Ride**

To ensure efficient use of system resources, the following guidelines apply to meal and lodging reimbursements for conferences within a 3-4-hour car ride:

- Meals – Travelers will not be reimbursed for meals after the conference dates if the location is within a 3-4 hour car ride. Meal reimbursements are limited to the conference/meeting dates and night before the first morning session.
- Lodging - Lodging expenses will only be reimbursed for the duration of the conference, including the night prior to the first morning session. No additional lodging will be covered for nights after the conference dates if the location is within a 3-4 car ride and the conference ends by early afternoon.

Exceptions may be made for situations where the conference ends late, additional SERS business needs to be conducted, or there are adverse weather conditions, making same day travel impractical and/or unsafe.

As noted in May, these measures aim to optimize travel expenses while ensuring that travelers are adequately supported during their business trips.

We will be happy to answer any questions you might have.

# Finance Headline News



- Budget Administration
  - FY26 budget presented for approval
  - SERS administrative expenses are expected to finish FY25 under budget, with close oversight
    - Medical and prescription claims negative variance is covered by other savings
- The following detailed reports are attached for further analysis:
  - Administrative expense reports
    - Administrative expense summary for May 2025
    - Administrative expense detail for May 2025
    - Parameters report for May 2025
  - Financial highlights
    - As of April 2025

**School Employees Retirement System of Ohio**  
**SERS Detail Admin Expenses**  
**May 2025**

Financial Row	Vendor Bill Name	Amount
<b>Detail Admin Expenses</b>		
<b>Expense</b>		
53100.0 - Staff Salaries Expense		
53100 - Salaries & Wages		
	0133 ADP, LLC	\$1,872,619.02
<b>Total - 53100 - Salaries &amp; Wages</b>		<b>\$1,872,619.02</b>
53110 - Salaries & Wages - Overtime		
	0133 ADP, LLC	\$4,285.24
<b>Total - 53110 - Salaries &amp; Wages - Overtime</b>		<b>\$4,285.24</b>
53111 - Staff Vacation Leave Expense		
	0133 ADP, LLC	\$149,614.43
<b>Total - 53111 - Staff Vacation Leave Expense</b>		<b>\$149,614.43</b>
53112 - Staff Sick Leave Expense		
	0133 ADP, LLC	\$120,784.38
<b>Total - 53112 - Staff Sick Leave Expense</b>		<b>\$120,784.38</b>
53113 - Staff Voluntary Life Insurance Reimbursement		
	0133 ADP, LLC	\$239.16
<b>Total - 53113 - Staff Voluntary Life Insurance Reimbursement</b>		<b>\$239.16</b>
<b>Total - 53100.0 - Staff Salaries Expense</b>		<b>\$2,147,542.23</b>
53200.0 - Staff Retirement Contribution Expense		
53200 - Staff Employer Contributions - PERS		
	0133 ADP, LLC	\$289,300.18
<b>Total - 53200 - Staff Employer Contributions - PERS</b>		<b>\$289,300.18</b>
<b>Total - 53200.0 - Staff Retirement Contribution Expense</b>		<b>\$289,300.18</b>
53300.0 - Staff Benefit Expenses		
53300 - Staff Group Life		
	0267 American United Life Insurance Company	\$10,195.71
<b>Total - 53300 - Staff Group Life</b>		<b>\$10,195.71</b>
53310 - Staff Long Term Disability		
	0267 American United Life Insurance Company	\$3,652.33
<b>Total - 53310 - Staff Long Term Disability</b>		<b>\$3,652.33</b>
53315 - Staff Short Term Disability		
	0267 American United Life Insurance Company	\$3,241.60
<b>Total - 53315 - Staff Short Term Disability</b>		<b>\$3,241.60</b>
53320 - Staff Group Health Claims		
	3555 Aetna Daily Wires - ESERS	\$335,634.73
<b>Total - 53320 - Staff Group Health Claims</b>		<b>\$335,634.73</b>
53321 - Staff Group Health - Admin Fees		
	3552 Aetna Admin - ESERS	\$7,942.19
<b>Total - 53321 - Staff Group Health - Admin Fees</b>		<b>\$7,942.19</b>
53322 - Staff Prescription Claims		
	2811 Express Scripts - ESERS	\$183,779.12
<b>Total - 53322 - Staff Prescription Claims</b>		<b>\$183,779.12</b>
53324 - Staff Group Health - Stop Loss Admin		
	3552 Aetna Admin - ESERS	\$24,686.82
<b>Total - 53324 - Staff Group Health - Stop Loss Admin</b>		<b>\$24,686.82</b>
53326 - Staff Vision Claims		
	0266 VSP - (OH)	\$1,733.95
<b>Total - 53326 - Staff Vision Claims</b>		<b>\$1,733.95</b>
53327 - Staff Vision Admin Fees		
	0266 VSP - (OH)	\$126.72
<b>Total - 53327 - Staff Vision Admin Fees</b>		<b>\$126.72</b>
53330 - Staff Group Health - Employee Cost		
	Employee Premiums	(\$56,903.93)
<b>Total - 53330 - Staff Group Health - Employee Cost</b>		<b>(\$56,903.93)</b>
53331 - Staff Group Health - Wellness Incentive		
	0133 ADP, LLC	\$3,940.00
<b>Total - 53331 - Staff Group Health - Wellness Incentive</b>		<b>\$3,940.00</b>
53332 - Staff Group Health - Tobacco Premiums		
	0133 ADP, LLC	(\$840.00)
<b>Total - 53332 - Staff Group Health - Tobacco Premiums</b>		<b>(\$840.00)</b>
53340 - Staff Medicare Premium - Employer		
	0133 ADP, LLC	\$28,911.09
<b>Total - 53340 - Staff Medicare Premium - Employer</b>		<b>\$28,911.09</b>
53380 - Staff Deferred Compensation Match		
	0133 ADP, LLC	\$7,470.00
<b>Total - 53380 - Staff Deferred Compensation Match</b>		<b>\$7,470.00</b>
<b>Total - 53300.0 - Staff Benefit Expenses</b>		<b>\$553,570.33</b>
54100 - Actuarial Services		
	3241 CavMac	\$23,300.00
<b>Total - 54100 - Actuarial Services</b>		<b>\$23,300.00</b>
54200 - Audit Services		
	1266 Treasurer of State of Ohio	\$855.00
	5911 Forvis Mazars, LLP	\$7,219.47
<b>Total - 54200 - Audit Services</b>		<b>\$8,074.47</b>

<b>54300.0 - Banking Fee Expenses</b>		
54310 - Custodial Fees		
	5482 Fifth Third - Investments	\$32,998.80
	0273 BNY Mellon Asset Servicing	\$55,246.97
<b>Total - 54310 - Custodial Fees</b>		<b>\$88,245.77</b>
54320 - Custodial Banking		
	0125 Treasurer of State - Warrants	\$65.80
	0386 Huntington National Bank	\$12,874.57
<b>Total - 54320 - Custodial Banking</b>		<b>\$12,940.37</b>
<b>Total - 54300.0 - Banking Fee Expenses</b>		<b>\$101,186.14</b>
<b>54400.0 - Investment Related Expenses</b>		
54410 - Master Recordkeeper Fees		
	5897 Clearwater Analytics, LLC	\$142,890.41
	0273 BNY Mellon Asset Servicing	\$142,299.64
<b>Total - 54410 - Master Recordkeeper Fees</b>		<b>\$285,190.05</b>
54430 - Performance/Analytics Fee		
	0273 BNY Mellon Asset Servicing	\$34,401.66
<b>Total - 54430 - Performance/Analytics Fee</b>		<b>\$34,401.66</b>
54460 - Bloomberg Terminal Rentals		
	2700 Bloomberg Finance LP	\$21,855.00
<b>Total - 54460 - Bloomberg Terminal Rentals</b>		<b>\$21,855.00</b>
<b>Total - 54400.0 - Investment Related Expenses</b>		<b>\$341,446.71</b>
54520 - Medical Consultant		
	1021 Glen G Borchers, M.D.	\$3,750.00
<b>Total - 54520 - Medical Consultant</b>		<b>\$3,750.00</b>
54600.0 - Technical Expenses		
54610 - Special Counsel		
	5836 Luper Neidenthal & Logan	\$100.00
	0276 Ice Miller LLP	\$743.74
	3361 Seyfarth Shaw LLP	\$33,012.50
<b>Total - 54610 - Special Counsel</b>		<b>\$33,856.24</b>
54620 - Technical		
	5613 Revelwood Incorporated	\$10,080.00
	5215 ComResource	\$230.00
	4518 Sagitec Solutions, LLC	\$87,435.00
<b>Total - 54620 - Technical</b>		<b>\$97,745.00</b>
54630 - Other Professional Services		
	5877 Nossaman LLP	\$3,300.00
	5060 Kimberly Wickert	\$1,008.00
	5031 Vorys Advisors LLC	\$3,666.66
<b>Total - 54630 - Other Professional Services</b>		<b>\$7,974.66</b>
<b>Total - 54600.0 - Technical Expenses</b>		<b>\$139,575.90</b>
55100 - Postage		
	0254 Unishippers Association	\$253.67
	2489 FedEx	\$32.67
	0060 Pitney Bowes Inc.	\$1,501.07
	0251 United States Postal Service	\$100,000.00
<b>Total - 55100 - Postage</b>		<b>\$101,787.41</b>
55200 - Telecommunications Services		
	5555 Everstream Solutions LLC	\$1,255.00
	0277 XO Verizon	\$1,833.53
	5543 Spectrum AWS	\$1,230.00
	1605 AT&T - 7258	\$40.10
	5665 Total Communication Solutions	\$1,797.94
	0087 Spectrum	\$252.31
	4732 Verizon Wireless	\$161.70
	0253 T-Mobile	\$59.35
<b>Total - 55200 - Telecommunications Services</b>		<b>\$6,629.93</b>
55300 - Member/Employer Education		
	4116 Cameron Vaughan	\$222.61
	0020 Carlisa Holman	\$44.85
	5570 Michelle Richards	\$1,874.05
	4834 Event Brite ReClass April	(\$656.01)
<b>Total - 55300 - Member/Employer Education</b>		<b>\$1,485.50</b>
55400.0 - Printing & Publication Expenses		
55400 - Printing Paper		
	0407 Sterling Paper Company	\$11,840.00
<b>Total - 55400 - Printing Paper</b>		<b>\$11,840.00</b>
55420 - Communications & Publications		
	0127 Bindery and Specialties, Inc.	\$2,601.00
<b>Total - 55420 - Communications &amp; Publications</b>		<b>\$2,601.00</b>
<b>Total - 55400.0 - Printing &amp; Publication Expenses</b>		<b>\$14,441.00</b>

<b>56000.0 - Computer Support Service Expenses</b>		
<b>56030 - Software Maintenance</b>		
	4518 Sagitec Solutions, LLC	\$70,000.00
	2263 Dell Marketing LP	\$2,098.12
<b>Total - 56030 - Software Maintenance</b>		<b>\$72,098.12</b>
<b>56035 - Software Subscriptions</b>		
	5501 Expedient	\$12,235.58
	5409 Amazon Web Services	\$113.42
	5473 Wellable LLC	\$481.00
	0133 ADP, LLC	\$3,087.43
	0413 CDW-Government, Inc.	\$1,086.00
<b>Total - 56035 - Software Subscriptions</b>		<b>\$17,003.43</b>
<b>56040 - Hardware &lt; \$5,000</b>		
	0411 Amazon.com	\$86.70
<b>Total - 56040 - Hardware &lt; \$5,000</b>		<b>\$86.70</b>
<b>Total - 56000.0 - Computer Support Service Expenses</b>		
		<b>\$89,188.25</b>
<b>56100.0 - Office Equipment &amp; Supply Expenses</b>		
<b>56110 - Equipment Repairs &amp; Maintenance</b>		
	5332 Canon Financial Services, Inc	\$544.00
	4620 Ricoh USA, Inc	\$962.00
	4849 US Bank Equipment Finance	\$3,813.14
	5499 Woodhull	\$857.98
	5340 Digital Print Solutions	\$609.93
<b>Total - 56110 - Equipment Repairs &amp; Maintenance</b>		<b>\$6,787.05</b>
<b>56130 - Office Supplies &amp; Expenses</b>		
	0411 Amazon.com	\$7.19
<b>Total - 56130 - Office Supplies &amp; Expenses</b>		<b>\$7.19</b>
<b>56140 - Miscellaneous Office Supplies</b>		
	0411 Amazon.com	\$15.63
<b>Total - 56140 - Miscellaneous Office Supplies</b>		<b>\$15.63</b>
<b>56150 - Furniture &amp; Equipment &lt; \$5,000</b>		
	1137 Home Depot	\$169.00
<b>Total - 56150 - Furniture &amp; Equipment &lt; \$5,000</b>		<b>\$169.00</b>
<b>56160 - Records Storage</b>		
	0007 Vital Records Holdings, LLC	\$125.00
<b>Total - 56160 - Records Storage</b>		<b>\$125.00</b>
<b>Total - 56100.0 - Office Equipment &amp; Supply Expenses</b>		
		<b>\$7,103.87</b>
<b>56200.0 - Staff Training Expenses</b>		
<b>53370 - Staff Tuition</b>		
	5389 Chris Maynard	\$1,295.58
	5867 Amy Razor	\$336.00
<b>Total - 53370 - Staff Tuition</b>		<b>\$1,631.58</b>
<b>56210 - Seminars &amp; Conferences</b>		
	4534 Central Ohio ISSA	\$2,125.00
	0917 National Association of Public Pension Attorneys	\$990.00
	0372 Institutional Limited Partners Association	\$649.00
	0473 Public Pension Financial Forum	\$685.00
	0397 Project Management Institute	\$169.00
	4834 Event Brite - Reclass April	\$656.01
	4834 Event Brite	(\$218.67)
	1535 Ohio State University	\$500.00
<b>Total - 56210 - Seminars &amp; Conferences</b>		<b>\$5,555.34</b>
<b>56220 - In House Training</b>		
	0133 ADP, LLC	\$595.20
<b>Total - 56220 - In House Training</b>		<b>\$595.20</b>
<b>Total - 56200.0 - Staff Training Expenses</b>		
		<b>\$7,782.12</b>
<b>56300.0 - Transportation &amp; Travel Expenses</b>		
<b>56310 - Travel &amp; Transportation</b>		
	4790 Jay Patel	\$53.01
	5418 Matt King	\$463.52
	0009 Catherine Moss	\$21.67
	5889 Jeanine Alexander	\$149.89
	5100 James Haller	\$349.86
	1217 Steve Price	\$1,759.87
	0188 Jason Naber	\$461.81
	5180 Olive Garden	\$402.77
	4934 Lavash Cafe	\$534.00
	5832 Britani Galloway	\$397.93
	0564 Kroger	\$90.84
	5899 Jamie Tunstall	\$490.96
	0024 James Rossler	\$150.69
	5639 Aimee Russell	\$248.12
	5199 Richard Stensrud	\$314.83
	2320 Phil Sisson	\$675.87
	0017 Daniel L. Wilson	\$131.00
	5669 Veera Podila	\$268.92
	4588 Farouki Majeed	\$2,134.15
	5936 Great Hill Partners	\$60.00
	4824 Frank Weglarz	\$291.00
	0146 Judi Masri	\$1,626.60
	1965 Arrowstreet Capital	\$140.00
<b>Total - 56310 - Travel &amp; Transportation</b>		<b>\$11,217.31</b>

<b>56311 - Mileage</b>		
	1217 Steve Price	\$28.00
	0188 Jason Naber	\$22.96
	5418 Matt King	\$349.30
	0017 Daniel L Wilson	\$208.60
	5889 Jeanine Alexander	\$275.80
	0024 James Rossler	\$198.80
	4824 Frank Weglarz	\$228.20
	5639 Aimee Russell	\$114.94
	0146 Judi Masri	\$38.64
	5100 James Haller	\$135.52
<b>Total - 56311 - Mileage</b>		<b>\$1,600.76</b>
<b>Total - 56300.0 - Transportation &amp; Travel Expenses</b>		<b>\$12,818.07</b>
<b>56400.0 - Membership &amp; Subscription Expenses</b>		
<b>56410 - Subscriptions</b>		
	0304 Wall Street Journal	\$210.15
	4547 Constant Contact	\$602.00
	5933 Time Magazine	\$69.95
	0305 Columbus Dispatch	\$35.00
	5511 Toledo Blade	\$12.99
	4810 Shutterstock, Inc.	\$29.00
	5865 Cleveland.Com	\$10.00
	4694 BCA Research Inc.	\$16,031.50
	5571 Currency Research Associates LLC	\$1,250.00
<b>Total - 56410 - Subscriptions</b>		<b>\$18,250.59</b>
<b>56420 - Memberships</b>		
	5876 Human Resource Certification Institute	\$169.00
	3635 Ohio Secretary of State	\$15.00
	0307 Ohio Society of CPAs	\$978.50
<b>Total - 56420 - Memberships</b>		<b>\$1,162.50</b>
<b>Total - 56400.0 - Membership &amp; Subscription Expenses</b>		<b>\$19,413.09</b>
<b>56600.0 - Maintenance Expenses</b>		
<b>56630 - Interior Landscaping</b>		
	3039 Ambius Inc. (05)	\$1,396.37
<b>Total - 56630 - Interior Landscaping</b>		<b>\$1,396.37</b>
<b>56640 - Vehicle Expense</b>		
	5069 Moo Moo Car Wash	\$27.00
	0070 BP Oil Company	\$97.00
<b>Total - 56640 - Vehicle Expense</b>		<b>\$124.00</b>
<b>Total - 56600.0 - Maintenance Expenses</b>		<b>\$1,520.37</b>
<b>56650.0 - Staff Support Expenses</b>		
<b>56620 - Staff Support</b>		
	0133 ADP, LLC	\$3,346.00
	1683 Premier ProduceOne	\$340.60
	0411 Amazon.com	\$590.00
	0564 Kroger	\$25.00
	5930 American Meadows	\$70.47
	5303 Culligan Bottled Water of Columbus	\$61.94
	5574 Aetna Behavioral Health, LLC	\$282.60
	0259 Continental Cafe, LLC	\$1,149.36
	4750 Inspira Financial	\$336.00
	5043 Cintas Corporation	\$425.46
<b>Total - 56620 - Staff Support</b>		<b>\$6,627.43</b>
<b>Total - 56650.0 - Staff Support Expenses</b>		<b>\$6,627.43</b>
<b>56700.0 - School District Board Member Reimbursement Expense</b>		
<b>56710 - Board Member - School Reimb.</b>		
	1049 Ashland City School District	\$1,278.00
<b>Total - 56710 - Board Member - School Reimb.</b>		<b>\$1,278.00</b>
<b>Total - 56700.0 - School District Board Member Reimbursement Expense</b>		<b>\$1,278.00</b>
<b>56900 - Reimbursement of Leased Svcs from OSERS Broad St</b>		
	Reimbursement of leased services	(\$25,416.67)
<b>Total - 56900 - Reimbursement of Leased Svcs from OSERS Broad St</b>		<b>(\$25,416.67)</b>
<b>Total - Expense</b>		<b>\$3,852,404.33</b>
<b>Total Admin Expenses</b>		<b>\$3,852,404.33</b>

**School Employees Retirement System of Ohio  
SERS Summary Admin Expenses  
May 2025**

Financial Row	Amount
<b>Summary Admin Expenses</b>	
<b>Expense</b>	
<b>53100.0 - Staff Salaries Expense</b>	
53100 - Salaries & Wages	\$1,872,619.02
53110 - Salaries & Wages - Overtime	\$4,285.24
53111 - Staff Vacation Leave Expense	\$149,614.43
53112 - Staff Sick Leave Expense	\$120,784.38
53113 - Staff Voluntary Life Insurance Reimbursement	\$239.16
<b>Total - 53100.0 - Staff Salaries Expense</b>	<b>\$2,147,542.23</b>
<b>53200.0 - Staff Retirement Contribution Expense</b>	
53200 - Staff Employer Contributions - PERS	\$289,300.18
<b>Total - 53200.0 - Staff Retirement Contribution Expense</b>	<b>\$289,300.18</b>
<b>53300.0 - Staff Benefit Expenses</b>	
53300 - Staff Group Life	\$10,195.71
53310 - Staff Long Term Disability	\$3,652.33
53315 - Staff Short Term Disability	\$3,241.60
53320 - Staff Group Health Claims	\$335,634.73
53321 - Staff Group Health - Admin Fees	\$7,942.19
53322 - Staff Prescription Claims	\$183,779.12
53324 - Staff Group Health - Stop Loss Admin	\$24,686.82
53326 - Staff Vision Claims	\$1,733.95
53327 - Staff Vision Admin Fees	\$126.72
53330 - Staff Group Health - Employee Cost	(\$56,903.93)
53331 - Staff Group Health - Wellness Incentive	\$3,940.00
53332 - Staff Group Health - Tobacco Premiums	(\$840.00)
53340 - Staff Medicare Premium - Employer	\$28,911.09
53380 - Staff Deferred Compensation Match	\$7,470.00
<b>Total - 53300.0 - Staff Benefit Expenses</b>	<b>\$553,570.33</b>
54100 - Actuarial Services	\$23,300.00
54200 - Audit Services	\$8,074.47
<b>54300.0 - Banking Fee Expenses</b>	
54310 - Custodial Fees	\$88,245.77
54320 - Custodial Banking	\$12,940.37
<b>Total - 54300.0 - Banking Fee Expenses</b>	<b>\$101,186.14</b>
<b>54400.0 - Investment Related Expenses</b>	
54410 - Master Recordkeeper Fees	\$285,190.05
54430 - Performance/Analytics Fee	\$34,401.66
54460 - Bloomberg Terminal Rentals	\$21,855.00
<b>Total - 54400.0 - Investment Related Expenses</b>	<b>\$341,446.71</b>
54520 - Medical Consultant	\$3,750.00
<b>54600.0 - Technical Expenses</b>	
54610 - Special Counsel	\$33,856.24
54620 - Technical	\$97,745.00
54630 - Other Professional Services	\$7,974.66
<b>Total - 54600.0 - Technical Expenses</b>	<b>\$139,575.90</b>
55100 - Postage	\$101,787.41
55200 - Telecommunications Services	\$6,629.93
55300 - Member/Employer Education	\$1,485.50
<b>55400.0 - Printing &amp; Publication Expenses</b>	
55400 - Printing Paper	\$11,840.00
55420 - Communications & Publications	\$2,601.00
<b>Total - 55400.0 - Printing &amp; Publication Expenses</b>	<b>\$14,441.00</b>
<b>56000.0 - Computer Support Service Expenses</b>	
56030 - Software Maintenance	\$72,098.12
56035 - Software Subscriptions	\$17,003.43
56040 - Hardware < \$5,000	\$86.70
<b>Total - 56000.0 - Computer Support Service Expenses</b>	<b>\$89,188.25</b>

<b>56100.0 - Office Equipment &amp; Supply Expenses</b>	
56110 - Equipment Repairs & Maintenance	\$6,787.05
56130 - Office Supplies & Expenses	\$7.19
56140 - Miscellaneous Office Supplies	\$15.63
56150 - Furniture & Equipment < \$5,000	\$169.00
56160 - Records Storage	\$125.00
<b>Total - 56100.0 - Office Equipment &amp; Supply Expenses</b>	<b>\$7,103.87</b>
<b>56200.0 - Staff Training Expenses</b>	
53370 - Staff Tuition	\$1,631.58
56210 - Seminars & Conferences	\$5,555.34
56220 - In House Training	\$595.20
<b>Total - 56200.0 - Staff Training Expenses</b>	<b>\$7,782.12</b>
<b>56300.0 - Transportation &amp; Travel Expenses</b>	
56310 - Travel & Transportation	\$11,217.31
56311 - Mileage	\$1,600.76
<b>Total - 56300.0 - Transportation &amp; Travel Expenses</b>	<b>\$12,818.07</b>
<b>56400.0 - Membership &amp; Subscription Expenses</b>	
56410 - Subscriptions	\$18,250.59
56420 - Memberships	\$1,162.50
<b>Total - 56400.0 - Membership &amp; Subscription Expenses</b>	<b>\$19,413.09</b>
<b>56600.0 - Maintenance Expenses</b>	
56630 - Interior Landscaping	\$1,396.37
56640 - Vehicle Expense	\$124.00
<b>Total - 56600.0 - Maintenance Expenses</b>	<b>\$1,520.37</b>
<b>56650.0 - Staff Support Expenses</b>	
56620 - Staff Support	\$6,627.43
<b>Total - 56650.0 - Staff Support Expenses</b>	<b>\$6,627.43</b>
<b>56700.0 - School District Board Member Reimbursement Expense</b>	
56710 - Board Member - School Reimb.	\$1,278.00
<b>Total - 56700.0 - School District Board Member Reimbursement Expense</b>	<b>\$1,278.00</b>
56900 - Reimbursement of Leased Svcs from OSERS Broad St	(\$25,416.67)
<b>Total - Expense</b>	<b>\$3,852,404.33</b>
<b>Total Admin Expenses</b>	<b>\$3,852,404.33</b>

**School Employees Retirement System of Ohio  
Broad Street Detail Admin Expenses  
May 2025**

Financial Row	Vendor Bill Name	Journal Vendor Name	Amount
<b>Ordinary Income/Expense</b>			
<b>Income</b>			
41010 - Suite Income - OSERS Broad St			\$25,468.42
<b>Total - 41010 - Suite Income - OSERS Broad St</b>			<b>\$25,468.42</b>
41205.0 - Parking Income			\$1,725.00
41206 - Parking Income - OSERS Broad St			\$1,725.00
<b>Total - 41206 - Parking Income - OSERS Broad St</b>			<b>\$1,725.00</b>
41210 - Parking Income - Other - OSERS Broad St			\$22,000.00
<b>Total - 41210 - Parking Income - Other - OSERS Broad St</b>			<b>\$22,000.00</b>
<b>Total - 41205.0 - Parking Income</b>			<b>\$22,000.00</b>
41600 - Miscellaneous Income - OSERS Broad St			\$23,725.00
<b>Total - 41600 - Miscellaneous Income - OSERS Broad St</b>			<b>\$150.00</b>
<b>Total - Income</b>			<b>\$150.00</b>
<b>Gross Profit</b>			<b>\$49,343.42</b>
<b>Expense</b>			
50110.0 - Property Management & Labor			
50110 - Admin. Service Contracts - OSERS Broad St	0041 SERS		\$25,416.67
<b>Total - 50110 - Admin. Service Contracts - OSERS Broad St</b>			<b>\$25,416.67</b>
<b>Total - 50110.0 - Property Management &amp; Labor</b>			<b>\$25,416.67</b>
50200.0 - Administrative Expenses			
50230 - Admin. Office Exp. & Supplies - OSERS Broad St	5733 eMaint Enterprises, LLC		\$6,248.95
<b>Total - 50230 - Admin. Office Exp. &amp; Supplies - OSERS Broad St</b>			<b>\$6,248.95</b>
50241 - Bank Fees - OSERS Broad St	Park National Bank		\$78.24
<b>Total - 50241 - Bank Fees - OSERS Broad St</b>			<b>\$78.24</b>
<b>Total - 50200.0 - Administrative Expenses</b>			<b>\$6,327.19</b>
50300.0 - Building Operations			
50305 - HVAC Repairs & Maintenance - OSERS Broad St	5698 Metro Group, Inc.		\$533.07
	0391 Grainger		\$226.92
	5937 Boiler Tech Inc		\$3,388.84
<b>Total - 50305 - HVAC Repairs &amp; Maintenance - OSERS Broad St</b>			<b>\$4,148.83</b>
50306 - Electrical Repairs & Maintenance - OSERS Broad St	0391 Grainger		\$90.17
<b>Total - 50306 - Electrical Repairs &amp; Maintenance - OSERS Broad St</b>			<b>\$90.17</b>
50307 - Plumbing Repairs & Maintenance - OSERS Broad St	5720 Rescue Rooter		\$584.00
<b>Total - 50307 - Plumbing Repairs &amp; Maintenance - OSERS Broad St</b>			<b>\$584.00</b>
50309 - Keys & Locks - OSERS Broad St	5934 Mitchell Lock, LLC		\$145.00
<b>Total - 50309 - Keys &amp; Locks - OSERS Broad St</b>			<b>\$145.00</b>
50310 - Maintenance Uniforms - OSERS Broad St	0411 Amazon.com		\$299.70
<b>Total - 50310 - Maintenance Uniforms - OSERS Broad St</b>			<b>\$299.70</b>
50312 - Equip & Tools < \$5,000 - OSERS Broad St	0411 Amazon.com		\$29.97
	1137 Home Depot		\$85.98
	0391 Grainger		\$10.08
<b>Total - 50312 - Equip &amp; Tools &lt; \$5,000 - OSERS Broad St</b>			<b>\$126.03</b>
50316 - Wellness Center - OSERS Broad St	4591 Fitness & Rehab Solutions, Inc		\$6,790.00
<b>Total - 50316 - Wellness Center - OSERS Broad St</b>			<b>\$6,790.00</b>
50317 - Janitorial Services - OSERS Broad St	5811 Harvard Maintenance, Inc		\$31,495.45
	0411 Amazon.com		\$610.21
	3990 Acorn Distributors Inc.		\$3,471.19
<b>Total - 50317 - Janitorial Services - OSERS Broad St</b>			<b>\$35,576.85</b>
50318 - Lighting - Bulbs, Fixtures - OSERS Broad St	0391 Grainger		\$2,101.60
<b>Total - 50318 - Lighting - Bulbs, Fixtures - OSERS Broad St</b>			<b>\$2,101.60</b>
50321 - Generator Repairs & Maintenance - OSERS Broad St	5699 Ohio CAT		\$1,343.91
<b>Total - 50321 - Generator Repairs &amp; Maintenance - OSERS Broad St</b>			<b>\$1,343.91</b>
50325 - Security - OSERS Broad St	5751 Kyle Kincade		\$2,700.00
	5879 Joel George		\$1,620.00
	5754 Stephen Galentine Jr.		\$5,028.75
	5856 Shayne McAndrew		\$1,451.25
	5883 Trenton Kincade		\$1,164.38
	5778 Joshua Milstead		\$1,620.00
	5677 Allied Universal Security Services		\$33,887.11
	5857 Cassandra Eschweiler		\$337.50
	5749 Remus Borcila		\$270.00
<b>Total - 50325 - Security - OSERS Broad St</b>			<b>\$48,076.99</b>
50327 - Elevator Repairs & Maintenance - OSERS Broad St	5690 Fujitec America, Inc.		\$6,320.57
<b>Total - 50327 - Elevator Repairs &amp; Maintenance - OSERS Broad St</b>			<b>\$6,320.57</b>
50328 - Pest Control - OSERS Broad St	5689 Terminix International Company, LP		\$154.55
<b>Total - 50328 - Pest Control - OSERS Broad St</b>			<b>\$154.55</b>
50329 - Life Safety - OSERS Broad St	5691 Pro-Bel Enterprises, Ltd.		\$650.00
<b>Total - 50329 - Life Safety - OSERS Broad St</b>			<b>\$650.00</b>
50330 - Trash & Refuse - OSERS Broad St	5241 Royal Document Destruction		\$256.12
	5770 Rumpke of Ohio Inc		\$559.54
<b>Total - 50330 - Trash &amp; Refuse - OSERS Broad St</b>			<b>\$815.66</b>
50350 - Landscaping & Grounds - OSERS Broad St	1137 Home Depot		\$122.40
	0374 Lowes		\$91.40
	5808 Five Seasons Landscape Mangement, Inc.		\$4,825.00
<b>Total - 50350 - Landscaping &amp; Grounds - OSERS Broad St</b>			<b>\$5,038.80</b>

50361 - Vehicle/Equipment Repairs & Maintenance - OSERS Broad St			
	0411 Amazon.com		\$21.98
	1075 Crown Lift Trucks		\$108.00
<b>Total - 50361 - Vehicle/Equipment Repairs &amp; Maintenance - OSERS Broad St</b>			<b>\$129.98</b>
50370 - Licenses & Permits - OSERS Broad St		5817 Delaware Secretary of State	\$300.00
<b>Total - 50370 - Licenses &amp; Permits - OSERS Broad St</b>			<b>\$300.00</b>
<b>Total - 50300.0 - Building Operations</b>			<b>\$112,694.64</b>
50400.0 - Utilities			
50400 - Telephone - OSERS Broad St		5715 AT&T - 8836	\$307.53
<b>Total - 50400 - Telephone - OSERS Broad St</b>			<b>\$307.53</b>
50405 - Heat & Gas - OSERS Broad St		5686 Columbia Gas	\$2,218.84
<b>Total - 50405 - Heat &amp; Gas - OSERS Broad St</b>			<b>\$2,218.84</b>
50410 - Electricity - OSERS Broad St		5794 American Electric Power - 87617	\$146.68
		5795 American Electric Power - 16108	\$518.93
		5678 American Electric Power - 23018	\$23,392.97
<b>Total - 50410 - Electricity - OSERS Broad St</b>			<b>\$24,058.58</b>
50415 - Water & Sewer - OSERS Broad St		5681 Columbus City Treasurer	\$1,739.14
<b>Total - 50415 - Water &amp; Sewer - OSERS Broad St</b>			<b>\$1,739.14</b>
<b>Total - 50400.0 - Utilities</b>			<b>\$28,324.09</b>
50600 - Real Estate Taxes - OSERS Broad St		5696 Franklin County Treasurer	\$134,778.13
<b>Total - 50600 - Real Estate Taxes - OSERS Broad St</b>			<b>\$134,778.13</b>
51000 - Lease Commission Fees - OSERS Broad St		5707 CBRE, Inc	\$26,630.28
<b>Total - 51000 - Lease Commission Fees - OSERS Broad St</b>			<b>\$26,630.28</b>
51010.0 - Other Fees			
51013 - Building Remodeling - OSERS Broad St		5881 ACCI Design Build	\$46,862.43
		0374 Lowes	\$2,845.00
		1137 Home Depot	\$748.00
		5704 Genesis Planning & Design	\$5,981.50
<b>Total - 51013 - Building Remodeling - OSERS Broad St</b>			<b>\$56,436.93</b>
<b>Total - 51010.0 - Other Fees</b>			<b>\$56,436.93</b>
<b>Total - Expense</b>			<b>\$390,607.93</b>
<b>Net Budgeted Expenses</b>			<b>\$341,264.51</b>
<b>Net Building Occupancy</b>			<b>\$315,847.84</b>

FY2025 Administrative Budget  
Board Expense to Budget Reporting  
Year-to-Date Through May 31, 2025

Major Category/Sub-Major Category	Line Item	Vendor	FY2025 Budget Approved	Year to Date Expense	Additional Information
<b>PROFESSIONAL SERVICES</b>			<b>\$ 6,493,858.00</b>	<b>\$ 5,820,187.38</b>	
ACTUARIAL ADVISORS			\$ 425,500.00	\$ 333,648.50	
	Actuarial	Cavanaugh Macdonald	\$ 325,500.00	\$ 269,873.50	Actuarial Consultant
	Actuarial	Audit PTA/KMS/Bolton	100,000.00	63,775.00	Actuarial Audit
AUDITING			\$ 220,000.00	\$ 169,602.47	
	Auditing	Plante Moran	180,000.00	160,520.00	External Auditor
BANKING FEES			\$ 1,213,380.00	\$ 1,074,544.35	
	Custodial Banking		1,020,000.00	956,279.56	
		Fifth Third	360,000.00	343,244.64	Domestic Custodian
		BNYM	660,000.00	613,034.92	International Custodian
	Administrative Banking	Huntington National Bank/ TOS	193,380.00	118,264.79	Banking Services
INVESTMENT RELATED			\$ 2,530,364.00	\$ 2,297,112.92	
	Master Recordkeeper	BNYM	1,056,000.00	1,076,873.42	
	Investment Consulting & Advisory Services		525,000.00	337,500.05	
		Wilshire	450,000.00	337,500.05	Investment Consulting
	Performance Analytics Services		704,765.00	521,814.64	
		Barra-One Risk Mgmt Sys	238,445.00	178,833.75	Investment Risk Analytics
		BNY Mellon GRS	412,820.00	378,418.26	Investment Performance Analytics
TECHNICAL			\$ 2,059,614.00	\$ 1,904,029.14	
	Special Counsel		301,000.00	558,378.53	
	Technical		1,285,720.00	926,096.08	
		Merative	124,000.00	93,000.00	Data Warehouse
		Sagitec	573,440.00	484,292.50	SMART Development Resources
		Board Initiative	100,000.00	-	Board Initiatives
	Other Professional Services		472,894.00	419,554.53	
		Gartner	109,230.00	101,359.00	Management Consulting
<b>OTHER OPERATING EXPENSE</b>			<b>\$ 4,350,782.00</b>	<b>\$ 3,385,979.94</b>	
COMPUTER SUPPORT SERVICES			\$ 3,003,345.00	\$ 2,344,906.01	
	Software Maintenance		1,013,621.00	876,014.90	
		Dell	300,000.00	248,976.58	Microsoft Enterprise Agreement/ True Up
		Sagitec	420,000.00	420,000.00	SMART Silver Support
		Hyland	119,061.00	121,454.36	ImageNow
	Software Subscriptions		1,732,520.00	1,388,052.19	
		DRaaS	163,332.00	142,378.08	Expedient
		Dynamo	207,686.00	224,477.76	Dynamo Software, INC
		Carahsoft	163,830.00	135,266.32	ServiceNow System
		Zoom	100,000.00	101,553.59	Telecommunication Services
PROPERTY MANAGEMENT LIABILITY INSURANCE			\$ 566,375.00	\$ 512,467.00	
	Management Liability Insurance		566,375.00	512,467.00	
		Cyber Liability Insurance	166,805.00	152,374.75	ARC Excess & Surplus, LLC
		Crime Fiduciary D&O Insurance	372,182.00	360,092.25	ARC Excess & Surplus, LLC

**PROJECT ITEMS**

Major Category/Sub-Major Category	Line Item	Project	FY2025 Budget	YTD Expense	Additional Information
<b>PROFESSIONAL SERVICES</b>					
	TECHNICAL				

**SERS**

**UNBUDGETED PROJECT ITEMS**

Major Category/Sub-Major Category	Line Item	Project	FY2025 Budget	YTD Expense	Additional Information
Professional Services	Other Professional Services	Chief Risk Officer/ Chief Audit Officer recruiting	\$ -	\$ 51,700.00	Hudepohl & Associates Inc.
Professional Services	Other Professional Services	Member Account Fraud Assessment	\$ -	\$ 20,000.00	Linea Solutions, Inc.
	Master Recordkeeper	Master Recordkeeper transition	\$ -	\$ 142,890.41	Clearwater Analytics, LLC

**OSERS BROAD STREET, LLC**

**UNBUDGETED PROJECT ITEMS**

Major Category	Line Item	Project	FY2025 Budget	YTD Expense
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# SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

## FINANCIAL HIGHLIGHTS

As of April 30, 2025 and 2024

(unaudited)

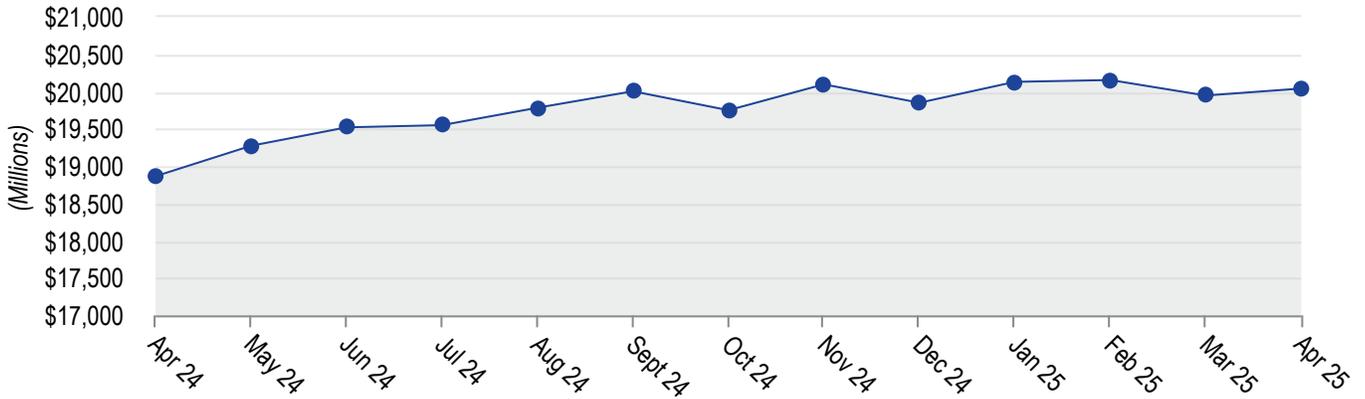
<b>SERS (All Funds)</b>	<b>430/25 YTD</b>	<b>4/30/24 YTD</b>	<b>Comparative Difference</b>	<b>% Difference</b>
<b><u>ADDITIONS</u></b>				
Employer Contributions	\$564,305,966	\$534,269,984	\$30,035,982	6%
Member Contributions	368,090,965	349,384,616	18,706,349	5
Other Income	133,539,276	117,423,199	16,116,077	14
Total Investment Income, Net	935,802,990	1,010,141,066	(74,338,076)	(7)
<b>TOTAL ADDITIONS</b>	<b>2,001,739,197</b>	<b>2,011,218,865</b>	<b>(9,479,668)</b>	<b>—</b>
<b><u>DEDUCTIONS</u></b>				
Retirement, Disability, Survivor & Death Benefits	1,235,321,368	1,181,208,678	54,112,690	5
Health Care Expenses	137,247,606	124,480,149	12,767,457	10
Refunds & Transfers	81,549,835	80,845,915	703,920	1
Administrative Expenses (excluding Investments)	26,993,741	24,651,068	2,342,673	10
<b>TOTAL DEDUCTIONS</b>	<b>1,481,112,550</b>	<b>1,411,185,810</b>	<b>69,926,740</b>	<b>5</b>
Changes in Net Position	520,626,647	600,033,055	(79,406,408)	(13)
Net Position - Beginning	19,521,138,893	18,265,722,222	1,255,416,671	7
<b>SERS Net Position - Ending</b>	<b>\$20,041,765,540</b>	<b>\$18,865,755,277</b>	<b>\$1,176,010,263</b>	<b>6%</b>

### HEALTH CARE FUND

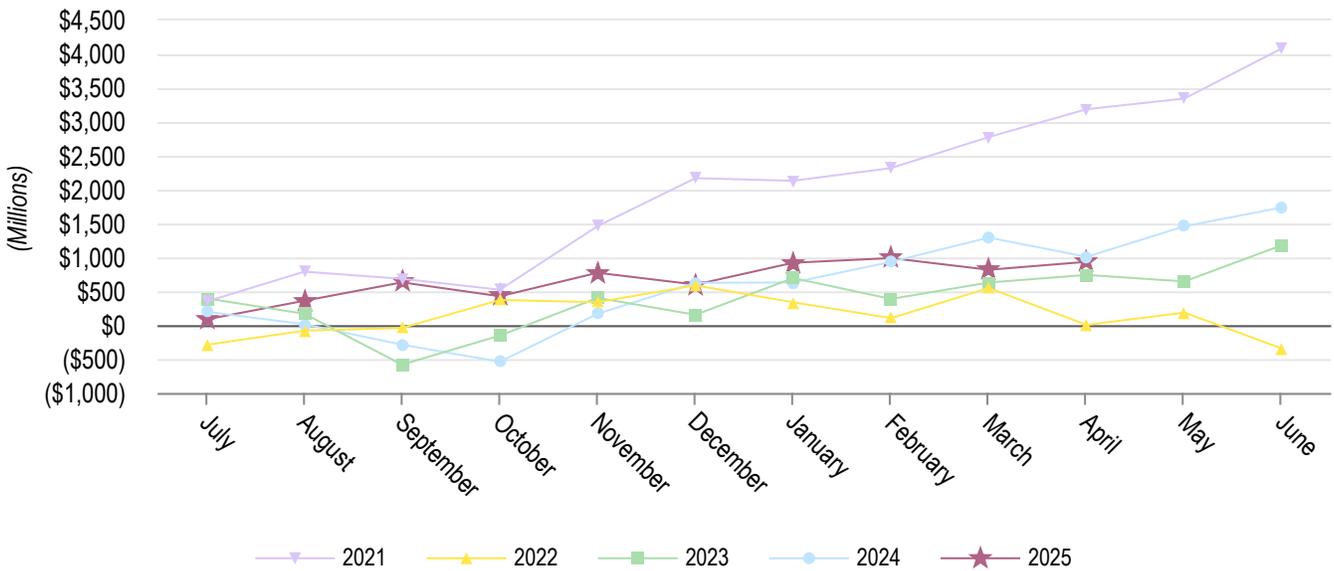
#### HEALTH CARE ADDITIONS

Employer Contributions	\$49,999,990	\$46,998,923	\$3,001,067	6%
Health Care Premiums	47,333,450	48,630,988	(1,297,538)	(3)
Federal Subsidies & Other Receipts	84,960,831	68,750,649	16,210,182	24
Total Investment Income, Net	33,310,617	33,969,527	(658,910)	(2)
<b>TOTAL HEALTH CARE ADDITIONS</b>	<b>215,604,888</b>	<b>198,350,087</b>	<b>17,254,801</b>	<b>9</b>
<b>TOTAL HEALTH CARE DEDUCTIONS</b>	<b>139,961,574</b>	<b>126,873,949</b>	<b>13,087,625</b>	<b>10</b>
Changes in Net Position	75,643,314	71,476,138	4,167,176	6
Net Position - Beginning	816,468,867	706,785,561	109,683,306	16
<b>SERS Health Care Fund Net Position - Ending</b>	<b>\$892,112,181</b>	<b>\$778,261,699</b>	<b>\$113,850,482</b>	<b>15%</b>

### Total SERS Fund Balance for Previous 12 Months



### Investment Income (includes realized and unrealized gains & losses)



### Health Care Fund Balance Trend



# Memo

To: Retirement Board  
From: Richard Stensrud, Executive Director  
CC: Karen Roggenkamp, Deputy Executive Director  
Date: June 11, 2025  
Re: FY2026 Budget Approval

---

At the meeting in May, the proposed FY2026 Administrative Budgets for SERS and OSERS Holdings, LLC were reviewed with the Board.

Consistent with our annual budget cycle, we are requesting approval of these two budgets through separate resolutions at the June meeting:

1. SERS' **Operating and Capital** budgets for the next fiscal year, totaling \$41.2 million. There have been no changes to the draft budget since the May presentation.
2. Transfer of funds to **OSERS Holdings, LLC** to cover the net operating expenses of OSERS Broad Street, LLC, in the amount of \$2.2 million. This represents a \$39,030 reduction from the draft budget presented in May. A recent tenant signing lowered the budgeted OSERS Broad Street net expenses.

In response to questions asked at the May Board meeting, we have provided some additional information.

## **Payroll Processing Costs**

After a competitive bidding process, SERS contracts with ADP for a full menu of services. Prior to ADP's self-service features, payroll and other HR administrative tasks required one full-time HR headcount. Payroll administration has been reduced to 3 days per bi-weekly pay cycle, and the extra days are now shared with Finance to process accounts payable.

Since ADP distributes the bi-weekly payroll to SERS employees and pays the various payroll taxes, ADP is listed throughout the personnel section of the monthly detailed administration expense report as the vendor. These are passthrough payments only. The services purchased from ADP are located under subscription software and in-house training as summarized below.

	Per Month	Per Year
Software Subscription:		
Time & Attendance	\$ 590	7,080
Payroll Processing	1,500	18,000
Workforce Now	1,400	16,800
In-House Training		
ADP Learning	670	8,040
Total	<u>\$ 4,160</u>	<u>49,920</u>

SERS achieves efficiency by purchasing the full menu of services from one vendor, versus purchasing the services separately. Employees value having one place to enter time, request time off, review pay stubs, obtain tax forms, enroll in benefits, and complete performance appraisals. With the integration of talent acquisition, data entered during recruitment flows through to the employee databased at time of hire. If the same services were purchased from multiple vendors, SERS would have to pay extra to build integrations to share information between them.

With the self-service module for **Time & Attendance**, employees enter their own time and leave requests, which are electronically approved by their supervisor. This eliminates the processing of paper and the manual data entry by a payroll staff.

**Payroll Processing** includes the bi-weekly distribution of payroll to each employee. It includes the required tax filings, tax payments to multiple taxing districts, and year-end W2s and 1095-Cs. A summary journal entry is provided, which is imported into our general ledger system. **Workforce Now** includes a full menu of automated HR functions including recruitment and talent acquisition, ACA compliance, benefits management, performance management, and reporting. Maintaining a full-service integrated software subscription to perform tax compliance and a full menu of HR requirements reduces manual processing and allows HR to focus on oversight and analysis

**ADP Learning** provides a full menu of on demand on-line learning, including legally required compliance courses like HIPAA and harassment. Distributing a course through ADP is more cost effective compared to live instructor training, and the system tracks completion by person.

### Downtown Columbus Office Vacancy Rates

SERS monitors the health of the downtown Columbus office space through a variety of sources such as the Capital Crossroads Special Improvement District (SID), Downtown Columbus Inc, and SERS real estate consultant, CBRE.

Capital Crossroads SID recently released its report, “2024 State of Downtown Columbus”, which analyzes major investments, housing, employment, office space, retail, transportation and attractions. The report states Columbus downtown office vacancy rate decreased slightly to 22.3%, which is slightly higher than the suburban office vacancy rate of 21.9%. Downtown Columbus Inc. recently announced it was taking over the operations of Capital Crossroads SID.

Downtown Columbus Inc produced a strategic plan in 2022, which defined what should be prioritized to build the ideal future for Downtown Columbus. The plan aims to achieve the following by 2040:

- 40,000 residents (compared to 12,000 currently)
- 120,000 workers (compared to 90,000 currently)

CBRE reports a similar vacancy level through the 2<sup>nd</sup> quarter of 2025, with a vacancy rate of 20.7% for Class A, B and C space combined. When isolating Class A space, similar to what SERS leases, CBRE reports a vacancy rate of 27.3%.

Including the recently signed lease, OSERS Broad Street's vacancy rate is 37%. Assuming two other leases in the pipeline are signed, the vacancy drops to 26% comparable to current Class A space in Columbus.

### **Ten-Year Budget Utilization and Analysis**

Attached is the ten-year budget history. Historically SERS has fulfilled 94-97% of its planned expenditures, which demonstrates SERS' ability to accurately estimate its cost of doing business. The FY2025 forecast projects a higher utilization due to the unusual number of high medical and prescription claimants in the past year.

We will be happy to answer any questions you might have.

**BUDGET RESOLUTION – FY2026 SERS ADMINISTRATIVE BUDGET**

\_\_\_\_\_ moved and \_\_\_\_\_ seconded that the following budget of \$41,246,670 for the fiscal year beginning July 1, 2025, and ending June 30, 2026, be approved, with such approval effective June 30, 2025.

<u>Expense Classification</u>	<u>Budget</u>
Personnel .....	\$ 28,514,219
Professional Services (including Investment-Related Consultants) .....	7,044,466
Communications .....	821,240
Other Operating Expenses .....	<u>4,853,745</u>
 SERS Administrative Expenses	 \$ 41,233,670
 Administrative Capital.....	 <u>13,000</u>
 <b>Administrative Budget</b>	 <b>\$ 41,246,670</b>

Be it further provided that the Board has reviewed the estimated fees and expenses for operation of the investment program and authorizes the payment of actual fees to such service providers and in such amounts as is set by the contract with the individual service providers.

Upon roll call, the vote was as follows:

<b><u>ROLL CALL:</u></b>	<b><u>YEA</u></b>	<b><u>NAY</u></b>	<b><u>ABSTAIN</u></b>
Catherine Moss	_____	_____	_____
Jeanine Alexander	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Matthew King	_____	_____	_____

**OPERATING TRANSFER RESOLUTION – FY2026**

\_\_\_\_\_ moved and \_\_\_\_\_ seconded that SERS transfer to OSERS Holdings, LLC up to \$2,224,594 for payment of building operations and LLC expenses of OSERS Holdings for the fiscal year beginning July 1, 2025, and ending June 30, 2026 with such approval effective June 30, 2025. OSERS Holdings, LLC shall report quarterly to the SERS Board of Trustees on the expenditure of all funds and receipt of all revenues.

Upon roll call, the vote was as follows:

<b><u>ROLL CALL:</u></b>	<b><u>YEA</u></b>	<b><u>NAY</u></b>	<b><u>ABSTAIN</u></b>
Catherine Moss	_____	_____	_____
Jeanine Alexander	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Matthew King	_____	_____	_____



# ADMINISTRATIVE BUDGET

School Employees Retirement System of Ohio | *Serving the People Who Serve Our Schools®*

**SERS is a public defined benefit pension fund that provides pensions and access to health care coverage for the people who serve our schools.**



**School Employees Retirement System of Ohio**  
*Serving the People Who Serve Our Schools®*



## **CORE BELIEFS**

- We are here to serve.
- We are open and honest.
- We are professional.
- We are dedicated.
- We are enthusiastic.
- We are high performers.
- We are valuable partners.
- We are member advocates.
- We are innovators.
- We are SERS.**

# SERS AT A GLANCE



9

## MEMBERS OF THE RETIREMENT BOARD

with fiduciary responsibility for the oversight of general administration and management of the Retirement System



163,350

**ACTIVE MEMBERS** (person contributing to or with contributions on account at SERS)



1,075

**EMPLOYERS** (an entity whose employees are required by law to contribute to SERS)



185

**SERS EMPLOYEES**



\$1,398

**AVERAGE MONTHLY BENEFIT**



82,490

**ALL BENEFIT RECIPIENTS**



1937

**THE YEAR** School Employees Retirement System of Ohio was established.

SERS is located at 300 East Broad Street, Columbus, Ohio, or online at [www.ohsers.org](http://www.ohsers.org).  
All statistical information obtained from SERS' 2024 Annual Financial Report publication.



## SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

300 E. BROAD ST., SUITE 100 • COLUMBUS, OHIO 43215-3746  
614-222-5853 • Toll-Free 800-878-5853 • www.ohsers.org

RICHARD STENSRUD  
*Executive Director*

KAREN D. ROGGENKAMP  
*Deputy Executive Director*

May 15, 2025

Dear Chairperson King and SERS Retirement Board Members:

We are pleased to present the Retirement Board with the proposed FY2026 Administrative Budget, which supports our approximately 246,000 active members, retirees, and beneficiaries with valuable pension benefit programs and health care services.

### **FY2025 Recap**

The Contribution Based Benefit Cap (CBBC) became effective on August 1, 2024. We completed the third year of the Five-Year Technology Roadmap budget to ensure IT infrastructure and SMART enhancements meet the needs of our members. Furthermore, fiscal year 2025 was the first year of the 5-year strategic plan that was developed in FY2024.

House Bill 257, permitting retirement systems to create a policy allowing remote participation by Board members, was approved by the Ohio Senate and concurred with by the Ohio House on December 18, 2024. Additionally, the actuarial audit of SERS commissioned by the Ohio Retirement Study Council, commenced and is expected to be completed by the end of the fiscal year.

The total budget for FY2025 was \$41.23 million. We anticipate closing the year at \$41.15 million or 0.20% below budget.

### **Administration**

- Completed comprehensive audits of investment compensation, conflicts of interest and initiated an outsourced audit of our IT infrastructure.
- Initiated the transition of Master Recordkeeper vendor to utilize emerging technologies, improve reporting, consolidate systems, and increase efficiency.
- Launched a new cloud-based accounting and general ledger system on July 1, 2024.
- The SERS Health Care Fund increased the funded ratio by 15.45% and increased solvency to 45 years beginning in FY2025.
- Health Care Services secured an additional \$750,000 in savings for calendar year 2025 with a follow-up Pharmacy Benefit Manager (PBM) Market Check.
- Completed the document storage conversion project, transitioning all employees to Microsoft OneDrive. This provides automated retention and facilitates efficient collaboration.
- Completed the 'legal hold' project, updating practices and optimizing technology use.



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RICHARD STENSRUD  
*Executive Director*

KAREN D. ROGGENKAMP  
*Deputy Executive Director*

- Planned and executed space consolidation and tenant improvement projects to increase leasable space and grow tenant revenue.

### Technology/Information Security

- Invested in Risk Management talent: Appointed a new Chief Risk Officer and added a Senior Information Security Analyst position to improve the monitoring and investigation of system vulnerabilities and cyber security alerts.
- Enhanced efficiency with AI tools: Efforts to improve operations through AI, including testing Microsoft Copilot and Zoom Meeting AI, under the AI Oversight Committee's guidance for responsible use.
- Monitored cyber security and conducted risk assessments: Conducted disaster recovery tests and cyber security tabletop exercises. Provided security awareness training sessions and reviewed identity fraud prevention capabilities. Implemented and piloted new tools to enhance fraud prevention and safeguard member data.

### Employers and Membership

- Member Services continued their pattern of exceptional service, receiving a score of 9.56 out of 10 in all major service categories from the Cobalt survey.
- Implemented FAQ bot for easy access to information on website.

- Employer Outreach restructured their communication plan, which led to a 27% increase in participation levels.

### Five-Year Technology Enhancement Project

- Completed enhancements to the network and server infrastructure.
- Completed the SMART Business Process Management (BPM) migration project, upgrading workflows to current Microsoft technology.
- Completed the Refund Reimagination project, allowing refund applications to be performed online through the member portal. Upgraded technology in the Board Room and O'Keefe conference room.
- Upgraded electronic repository solution.
- Completed several phases for eDelivery and Finance General Ledger mapping projects.
- Continued work on the Portal Vision Re-imagination project that focused on enhancing security.

### FY2026 Budget Request

The proposed FY2026 budget of \$43.2 million reflects a 4.7% increase over the FY2025 budget and a 4.9% increase over the FY2025 projected expenses. The significant drivers include a budgeted salary merit pool increase of 3.9%, salary adjustments based on CBIZ recommendations to align with current market conditions, an expected increase in employee health care expenses based on actuarial rates derived from



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RICHARD STENSRUD  
*Executive Director*

KAREN D. ROGGENKAMP  
*Deputy Executive Director*

actual plan claims and health care cost trends, a transition to a new Master Recordkeeper vendor, cyclical professional services, additional security software and one additional Information Technology FTE.

Additional budget adjustments include:

- Quinquennial experience study.
- Recruitment of a Chief Audit Officer.
- Implementation of new security tools to better protect SERS data and systems, which includes a bi-annual penetration test.
- Updates and redesign of SERS website.
- Member portal improvements to protect against identity theft and fraud.
- Continued expansion of information governance project.
- Second-year implementation costs for initiatives included in the new five-year strategic plan.

The financials include the fourth year of the five-year Technology Project Enhancement Roadmap approved in FY2023. Forecasted FY2026 projects total \$1.9 million. Projects slated for FY2026 are as follows:

- Security enhancements to the SMART portals.
- Configuration and build of self-service capabilities for vendors in SMART.
- Next phase of eDelivery enhancements and Finance General Ledger mapping projects.
- Upgrade of the communication engine in SMART to the current Microsoft technology.
- Implementation of Live Chat in SMART through utilization of Zoom.
- Incorporation of GenAI tools to be integrated within the systems.

We appreciate your consideration of this budget and look forward to discussions regarding its contents.

Respectfully,

Richard Stensrud  
Executive Director

Marni Hall, CPA  
Chief Financial Officer



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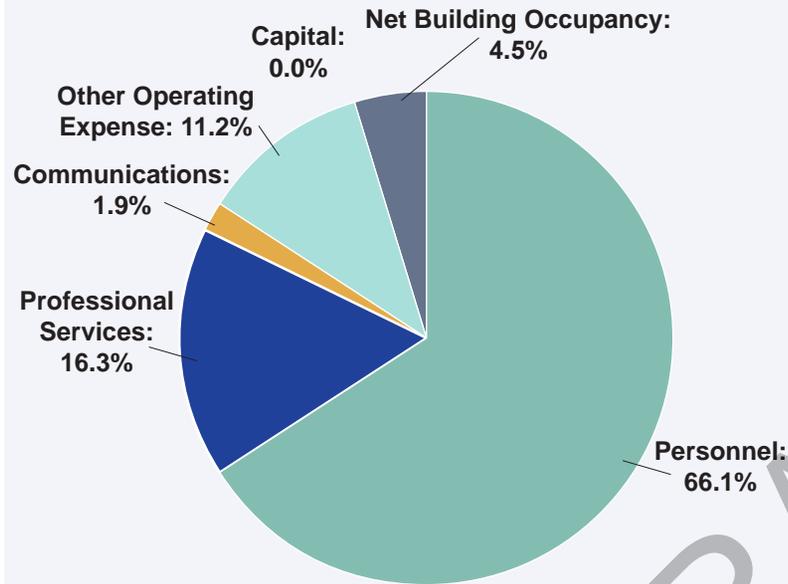


# BUDGET OVERVIEW

Category and Description	FY2026 Budget	\$ 43,166,264
<b>PERSONNEL</b>		<b>\$ 28,514,219</b>
A performance-based merit pool of 3.9%, salary adjustments based on recommendations from the compensation advisory consultants to align with current market conditions, one additional FTE, retirement contributions, investment staff professional incentive, and actuarial derived insurance-related staff benefits are included in this category.		
<b>Operational Impact</b>		<b>66.1%</b>
<b>PROFESSIONAL SERVICES</b>		<b>\$ 7,044,466</b>
Investment-related fees are analogous to expected investment performance. Also in this category are infrastructure third-party services, health care medical and pharmacy claims data repository, medical/pharmacy pricing advisement, external auditing services, actuarial consulting, and other consulting services across the organization.		
<b>Operational Impact</b>		<b>16.3%</b>
<b>COMMUNICATIONS</b>		<b>\$ 821,240</b>
Member Services, Health Care, and Employer Services will continue to provide the same standard of service to members and retirees. Telecommunications, printing and publications across the organization. Postage savings occur in the absence of board elections.		
<b>Operational Impact</b>		<b>1.9%</b>
<b>OTHER OPERATING EXPENSE</b>		<b>\$ 4,853,745</b>
This includes annual requisite computer technology-related support for SERS' network and cloud-based applications, Board and staff training and education, insurance, and mandatory legislative oversight.		
<b>Operational Impact</b>		<b>11.2%</b>
<b>CAPITAL</b>		<b>\$ 13,000</b>
Replacement of an end-of-life digital scanner for record retention purposes is included in Capital for FY2026.		
<b>Operational Impact</b>		<b>0.0%</b>
<b>NET BUILDING OCCUPANCY-OSERS BROAD STREET, LLC</b>		<b>\$ 1,919,594</b>
OSERS Broad Street, LLC will notice a slight increase in revenue due to increased parking income. This budget includes routine maintenance, upkeep, and tenant alterations. It also includes remodeling anticipated for tenant improvements.		
<b>Operational Impact</b>		<b>4.5%</b>

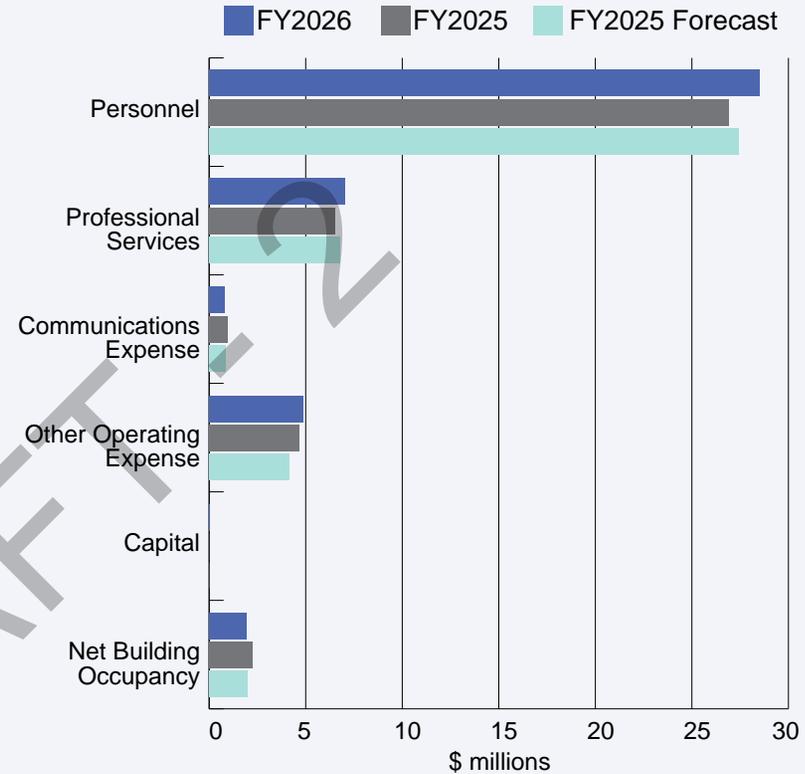
## FY2026 Operating Budget by Category

Total: \$43,166,264



Category	Amount
Personnel	\$ 28,514,219
Professional Services	\$ 7,044,466
Communications	\$ 821,240
Other Operating Expense	\$ 4,853,745
Capital	\$ 13,000
Net Building Occupancy	\$ 1,919,594

## Budget Comparison by Category



BUDGET CATEGORY	BUDGET		FORECAST
	FY2026	FY2025	FY2025
<b>Personnel</b>	\$ 28,514,219	\$ 26,904,494	\$ 27,399,875
<b>Professional Services</b>	7,044,466	6,493,858	6,790,683
<b>Communications Expense</b>	821,240	944,448	867,817
<b>Other Operating Expense</b>	4,853,745	4,655,782	4,119,734
<b>Capital</b>	13,000	-	-
<b>Net Building Occupancy</b>	1,919,594	2,234,583	1,972,484
<b>TOTAL OPERATING</b>	<b>\$ 43,166,264</b>	<b>\$ 41,233,165</b>	<b>\$ 41,150,593</b>

## FY2026 BUDGET SUMMARY

Budget Category	FY2026 Budget	FY2025 Budget	FY2025 Forecast	Budget Change % (+/-)
Salaries & Wages	\$ 21,172,870	\$ 19,925,657	\$ 19,765,932	6.3%
OPERS Retirement Contributions	2,791,267	2,683,322	2,650,213	4.0%
Benefits	4,550,082	4,295,515	4,983,730	5.9%
<b>PERSONNEL</b>	<b>28,514,219</b>	<b>26,904,494</b>	<b>27,399,875</b>	<b>6.0%</b>
Actuarial	357,700	425,500	447,155	-15.9%
Audit Services	220,000	220,000	207,528	0.0%
Custodial Banking Fees	1,188,000	1,020,000	1,090,784	16.5%
Master Recordkeeper	1,532,000	1,056,000	1,445,574	45.1%
Investment Consulting	1,162,215	1,474,364	1,270,171	-21.2%
Other Consulting	2,429,551	2,104,614	2,187,520	15.4%
Banking Expense	155,000	193,380	141,951	-19.8%
<b>PROFESSIONAL SERVICES, INCLUDING INVESTMENT COSTS</b>	<b>7,044,466</b>	<b>6,493,858</b>	<b>6,790,683</b>	<b>8.5%</b>
Printing & Postage	718,610	801,150	772,676	-10.3%
Telecommunications	90,040	120,868	74,092	-25.5%
Member/Employer Education	12,590	22,430	21,049	-43.9%
<b>COMMUNICATIONS</b>	<b>821,240</b>	<b>944,448</b>	<b>867,817</b>	<b>-13.0%</b>
Conferences & Education	266,409	257,030	144,536	3.6%
Travel	231,120	240,360	165,130	-3.8%
Computer Support Services	3,195,613	3,003,345	2,765,014	6.4%
Other Operating Expenses (Insurance, Maintenance, Memberships, Supplies)	1,091,603	1,087,047	983,942	0.4%
Ohio Retirement Study Council	69,000	68,000	61,112	1.5%
<b>OTHER OPERATING</b>	<b>4,853,745</b>	<b>4,655,782</b>	<b>4,119,734</b>	<b>4.3%</b>
<b>TOTAL OPERATING</b>	<b>41,233,670</b>	<b>38,998,582</b>	<b>39,178,109</b>	<b>5.7%</b>
Furniture & Equipment > 5,000	-	-	-	0.0%
Computer Hardware > 5,000	13,000	-	-	0.0%
Computer Software > 25,000	-	-	-	0.0%
Vehicles	-	-	-	0.0%
<b>CAPITAL</b>	<b>13,000</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>NET BUILDING OCCUPANCY EXPENSE</b>	<b>1,919,594</b>	<b>2,234,583</b>	<b>1,972,484</b>	<b>-14.1%</b>
<b>TOTAL OPERATING AND CAPITAL BUDGETS</b>	<b>\$ 43,166,264</b>	<b>\$ 41,233,165</b>	<b>\$ 41,150,593</b>	<b>4.7%</b>

## THREE-YEAR REVIEW FY2024 – FY2026 BUDGET PRESENTATION

FY2024 Actual	FY2025 Forecast	FY2025-FY2024 Difference	Change % (+/-)	Description	FY2026 Budget	FY2026 Budget-FY2025 Forecast Difference	Change % (+/-)
\$ 18,975,416	\$ 19,765,932	\$ 790,516	4.2%	Salaries & Wages	\$ 21,172,870	\$ 1,406,938	7.1%
2,503,299	2,650,213	146,914	5.9%	OPERS Retirement Contributions	2,791,267	141,054	5.3%
4,284,341	4,983,730	699,389	16.3%	Benefits	4,550,082	(433,648)	-8.7%
<b>25,763,056</b>	<b>27,399,875</b>	<b>1,636,819</b>	<b>6.4%</b>	<b>PERSONNEL</b>	<b>28,514,219</b>	<b>1,114,344</b>	<b>4.1%</b>
306,604	447,155	140,551	45.8%	Actuarial	357,700	(89,455)	-20.0%
225,837	207,528	(18,309)	-8.1%	Audit Services	220,000	12,472	6.0%
1,142,340	1,232,735	90,395	7.9%	Banking Fees	1,343,000	110,265	8.9%
2,555,878	2,715,745	159,867	6.3%	Investment Related	2,694,215	(21,530)	-0.8%
45,000	45,000	-	0.0%	Medical	46,125	1,125	2.5%
1,937,595	2,142,520	204,925	10.6%	Technical	2,383,426	240,906	11.2%
<b>6,213,254</b>	<b>6,790,683</b>	<b>577,429</b>	<b>9.3%</b>	<b>PROFESSIONAL SERVICES</b>	<b>7,044,466</b>	<b>253,783</b>	<b>3.7%</b>
444,848	629,000	184,152	41.4%	Postage	578,110	(50,890)	-8.1%
158,151	74,092	(84,059)	-53.2%	Telecommunication Services	90,040	15,948	21.5%
7,980	21,049	13,069	163.8%	Member/Employer Education	12,590	(8,459)	-40.2%
103,086	143,676	40,590	39.4%	Printing & Publication	140,500	(3,176)	-2.2%
<b>714,065</b>	<b>867,817</b>	<b>153,752</b>	<b>21.5%</b>	<b>COMMUNICATIONS</b>	<b>821,240</b>	<b>(46,577)</b>	<b>-5.4%</b>
2,233,808	2,765,014	531,206	23.8%	Computer Support Services	3,195,613	430,599	15.6%
166,056	145,194	(20,862)	-12.6%	Office Equipment & Supplies	149,013	3,819	2.6%
134,282	144,536	10,254	7.6%	Conferences & Education	266,409	121,873	84.3%
183,177	165,130	(18,047)	-9.9%	Transportation & Travel	231,120	65,990	40.0%
157,415	199,231	41,816	26.6%	Memberships & Subscriptions	265,157	65,926	33.1%
504,501	512,467	7,966	1.6%	Property & Management Liability Insurance	518,428	5,961	1.2%
30,634	28,402	(2,232)	-7.3%	Maintenance	36,325	7,923	27.9%
111,193	91,832	(19,361)	-17.4%	Staff Support	113,180	21,348	23.2%
9,382	6,816	(2,566)	-27.4%	School District Reimbursement	9,500	2,684	39.4%
63,492	61,112	(2,380)	-3.7%	Mandatory Costs - ORSC	69,000	7,888	12.9%
(305,000)	(305,000)	(0)	0.0%	Reimbursement from OSERS Broad Street, LLC, for Leased Services	(305,000)	0	0.0%
<b>3,288,940</b>	<b>3,814,734</b>	<b>525,794</b>	<b>16.0%</b>	<b>OTHER OPERATING EXPENSE</b>	<b>4,548,745</b>	<b>734,011</b>	<b>19.2%</b>
<b>35,979,315</b>	<b>38,873,109</b>	<b>2,893,794</b>	<b>8.0%</b>	<b>TOTAL DEPARTMENT EXPENSES</b>	<b>40,928,670</b>	<b>2,055,561</b>	<b>5.3%</b>
-	-	-	0.0%	Furniture & Equipment > 5,000	-	-	0.0%
-	-	-	0.0%	Computer Hardware > 5,000	13,000	13,000	100.0%
-	-	-	0.0%	Computer Software > 25,000	-	-	0.0%
-	-	-	0.0%	Vehicles	-	-	0.0%
-	-	-	<b>0.0%</b>	<b>ADMINISTRATIVE CAPITAL</b>	<b>13,000</b>	<b>13,000</b>	<b>0.0%</b>
<b>35,979,315</b>	<b>38,873,109</b>	<b>2,893,794</b>	<b>8.0%</b>	<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b>40,941,670</b>	<b>2,068,561</b>	<b>5.3%</b>
<b>1,342,602</b>	<b>2,277,484</b>	<b>934,882</b>	<b>69.6%</b>	<b>OSERS BROAD STREET, LLC</b>	<b>2,224,594</b>	<b>(52,890)</b>	<b>-2.3%</b>
<b>\$ 37,321,917</b>	<b>\$ 41,150,593</b>	<b>\$ 3,828,676</b>	<b>10.3%</b>	<b>TOTAL OPERATING AND CAPITAL EXPENSES</b>	<b>\$ 43,166,264</b>	<b>\$ 2,015,671</b>	<b>4.9%</b>



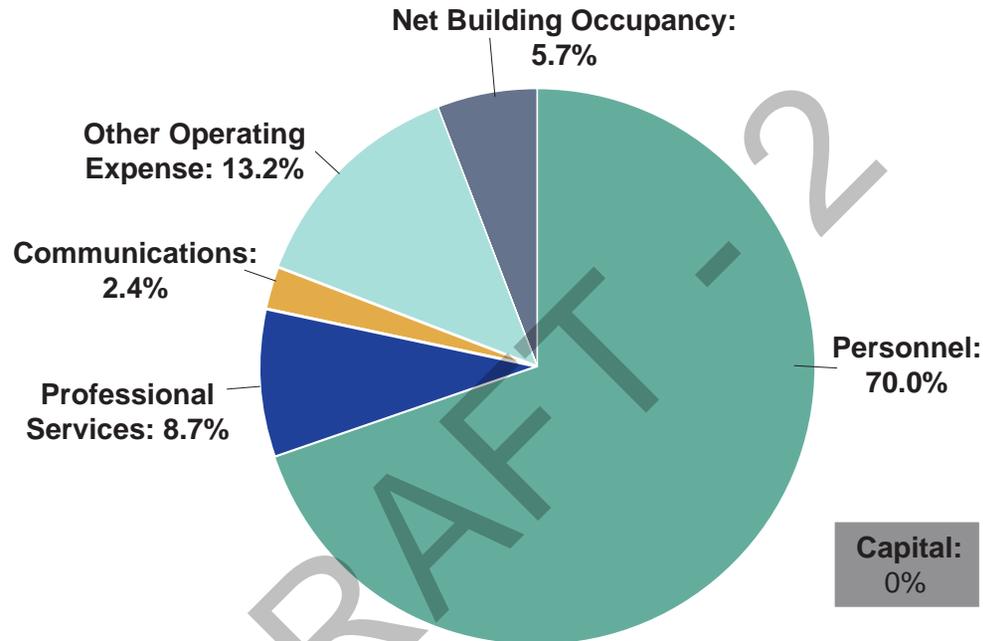
# SERS OPERATING BUDGET DETAIL



# FY2026 SERS OPERATING BUDGET BY CATEGORY

EXCLUDING INVESTMENTS

**Total: \$33,898,035**



BUDGET CATEGORY	BUDGET		FORECAST
	FY2026	FY2025	FY2025
Personnel	\$ 23,727,984	\$ 22,213,579	\$ 22,594,392
Professional Services	2,943,450	2,794,693	2,736,074
Communications	821,240	944,448	867,817
Other Operating Expense	4,472,767	4,241,449	3,747,935
Capital	13,000	-	-
Net Building Occupancy	1,919,594	2,234,583	1,972,484
<b>TOTAL OPERATING</b>	<b>\$ 33,898,035</b>	<b>\$ 32,428,752</b>	<b>\$ 31,918,702</b>

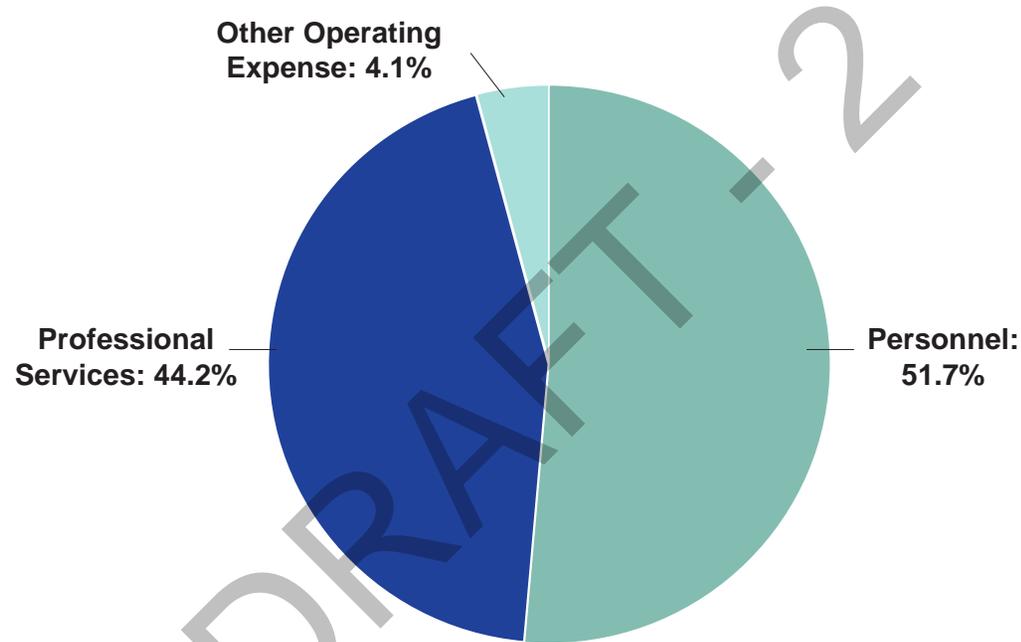
## THREE-YEAR REVIEW FY2024 – FY2026 SERS BUDGET PRESENTATION EXCLUDING INVESTMENTS

FY2024 Actual	FY2025 Forecast	FY2025-FY2024 Difference	Change % (+/-)	Description	FY2026 Budget	FY2026 Budget-FY2025 Forecast Difference	Change % (+/-)
\$ 15,419,937	\$15,935,793	\$ 515,856	3.3%	Salaries & Wages	\$17,356,068	\$ 1,420,275	8.9%
2,065,852	2,179,201	113,349	5.5%	OPERS Retirement Contributions	2,309,903	130,702	6.0%
3,870,648	4,479,398	608,750	15.7%	Benefits	4,062,013	(417,385)	-9.3%
<b>21,356,437</b>	<b>22,594,392</b>	<b>1,237,955</b>	<b>5.8%</b>	<b>PERSONNEL</b>	<b>23,727,984</b>	<b>1,133,592</b>	<b>5.0%</b>
306,604	447,155	140,551	45.8%	Actuarial	357,700	(89,455)	-20.0%
225,837	207,528	(18,309)	-8.1%	Audit Services	220,000	12,472	6.0%
167,450	141,951	(25,499)	-15.2%	Banking Fees	155,000	13,049	9.2%
60,213	60,213	-	0.0%	Investment Related	61,199	986	1.6%
45,000	45,000	-	0.0%	Medical	46,125	1,125	2.5%
1,652,599	1,834,227	181,628	11.0%	Technical	2,103,426	269,199	14.7%
<b>2,457,703</b>	<b>2,736,074</b>	<b>278,371</b>	<b>11.3%</b>	<b>PROFESSIONAL SERVICES</b>	<b>2,943,450</b>	<b>207,376</b>	<b>7.6%</b>
444,848	629,000	184,152	41.4%	Postage	578,110	(50,890)	-8.1%
158,151	74,092	(84,059)	-53.2%	Telecommunication Services	90,040	15,948	21.5%
7,980	21,049	13,069	163.8%	Member/Employer Education	12,590	(8,459)	-40.2%
103,086	143,676	40,590	39.4%	Printing & Publication	140,500	(3,176)	-2.2%
<b>714,065</b>	<b>867,817</b>	<b>153,752</b>	<b>21.5%</b>	<b>COMMUNICATIONS</b>	<b>821,240</b>	<b>(46,577)</b>	<b>-5.4%</b>
2,039,992	2,548,857	508,865	24.9%	Computer Support Services	3,057,613	508,756	20.0%
165,887	144,820	(21,067)	-12.7%	Office Equipment & Supplies	148,305	3,485	2.4%
125,633	133,215	7,582	6.0%	Conferences & Education	249,419	116,204	87.2%
115,826	103,859	(11,967)	-10.3%	Transportation & Travel	146,720	42,861	41.3%
106,686	116,615	9,929	9.3%	Memberships & Subscriptions	124,457	7,842	6.7%
504,501	512,467	7,966	1.6%	Property & Management Liability Insurance	518,428	5,961	1.2%
30,634	28,402	(2,232)	-7.3%	Maintenance	36,325	7,923	27.9%
111,119	91,771	(19,348)	-17.4%	Staff Support	113,000	21,229	23.1%
9,382	6,816	(2,566)	-27.4%	School District Reimbursement	9,500	2,684	39.4%
63,492	61,112	(2,380)	-3.7%	Mandatory Costs - ORSC	69,000	7,888	12.9%
(305,000)	(305,000)	(0)	0.0%	Reimbursement from OSERS Broad Street, LLC, for Leased Services	(305,000)	0	0.0%
<b>2,968,152</b>	<b>3,442,935</b>	<b>474,783</b>	<b>16.0%</b>	<b>OTHER OPERATING EXPENSE</b>	<b>4,167,767</b>	<b>724,832</b>	<b>21.1%</b>
<b>27,496,357</b>	<b>29,641,218</b>	<b>2,144,861</b>	<b>7.8%</b>	<b>TOTAL DEPARTMENT EXPENSES</b>	<b>31,660,441</b>	<b>2,019,223</b>	<b>6.8%</b>
-	-	-	0.0%	Furniture & Equipment > 5,000	-	-	0.0%
-	-	-	0.0%	Computer Hardware > 5,000	13,000	13,000	100%
-	-	-	0.0%	Computer Software > 25,000	-	-	0.0%
-	-	-	0.0%	Vehicles	-	-	0.0%
-	-	-	<b>0.0%</b>	<b>ADMINISTRATIVE CAPITAL</b>	<b>13,000</b>	<b>13,000</b>	<b>0.0%</b>
<b>\$ 27,496,357</b>	<b>\$29,641,218</b>	<b>\$ 2,144,861</b>	<b>7.8%</b>	<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b>\$31,673,441</b>	<b>\$ 2,032,223</b>	<b>6.9%</b>



# FY2026 INVESTMENTS OPERATING BUDGET BY CATEGORY

**Total: \$9,268,229**



BUDGET CATEGORY	BUDGET		FORECAST
	FY2026	FY2025	FY2025
Personnel	\$ 4,786,235	\$ 4,690,915	\$ 4,805,483
Professional Services	4,101,016	3,699,165	4,054,609
Other Operating Expense	380,978	414,333	371,799
<b>TOTAL OPERATING</b>	<b>\$ 9,268,229</b>	<b>\$ 8,804,413</b>	<b>\$ 9,231,891</b>

## THREE-YEAR REVIEW FY2024 – FY2026 INVESTMENTS BUDGET PRESENTATION

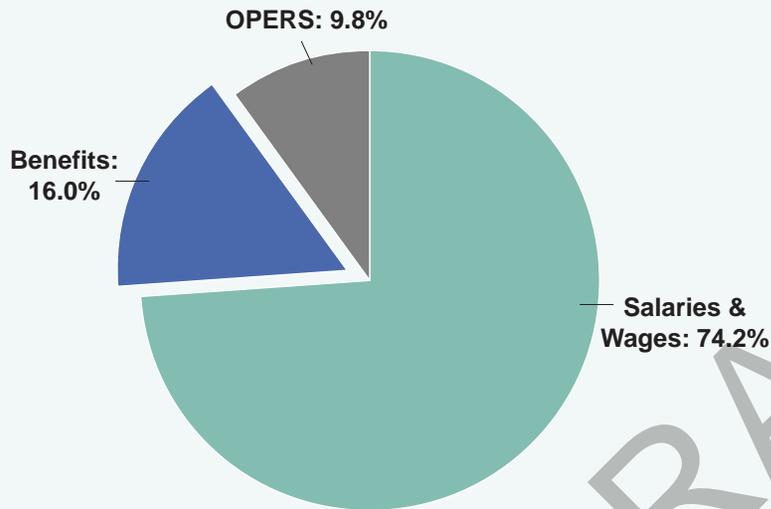
FY2024 Actual	FY2025 Forecast	FY2025-FY2024 Difference	Change % (+/-)	Description	FY2026 Budget	FY2026 Budget-FY2025 Forecast Difference	Change % (+/-)
\$ 3,555,479	\$ 3,830,139	\$ 274,660	7.7%	Salaries & Wages	\$ 3,816,802	\$ (13,337)	-0.3%
437,447	471,012	33,565	7.7%	OPERS Retirement Contributions	481,364	10,352	2.2%
413,693	504,332	90,639	21.9%	Benefits	488,069	(16,263)	-3.2%
<b>4,406,619</b>	<b>4,805,483</b>	<b>398,864</b>	<b>9.1%</b>	<b>PERSONNEL</b>	<b>4,786,235</b>	<b>(19,248)</b>	<b>-0.4%</b>
-	-	-	0.0%	Actuarial	-	-	0.0%
-	-	-	0.0%	Audit Services	-	-	0.0%
974,890	1,090,784	115,894	11.9%	Banking Fees	1,188,000	97,216	8.9%
2,495,665	2,655,532	159,867	6.4%	Investment Related	2,633,016	(22,516)	-0.8%
-	-	-	0.0%	Medical	-	-	0.0%
284,996	308,293	23,297	8.2%	Technical	280,000	(28,293)	-9.2%
<b>3,755,551</b>	<b>4,054,609</b>	<b>299,058</b>	<b>8.0%</b>	<b>PROFESSIONAL SERVICES</b>	<b>4,101,016</b>	<b>46,407</b>	<b>1.1%</b>
-	-	-	0.0%	Postage	-	-	0.0%
-	-	-	0.0%	Telecommunication Services	-	-	0.0%
-	-	-	0.0%	Member/Employer Education	-	-	0.0%
-	-	-	0.0%	Printing & Publication	-	-	0.0%
-	-	-	<b>0.0%</b>	<b>COMMUNICATIONS</b>	-	-	<b>0.0%</b>
193,816	216,157	22,341	11.5%	Computer Support Services	138,000	(78,157)	-36.2%
169	374	205	121.2%	Office Equipment & Supplies	708	334	89.3%
8,649	11,321	2,672	30.9%	Conferences & Education	16,990	5,669	50.1%
67,351	61,271	(6,080)	-9.0%	Transportation & Travel	84,400	23,129	37.7%
50,729	82,616	31,887	62.9%	Memberships & Subscriptions	140,700	58,084	70.3%
-	-	-	0.0%	Property & Management Liability Insurance	-	-	0.0%
-	-	-	0.0%	Maintenance	-	-	0.0%
74	60	(14)	-18.4%	Staff Support	180	120	198.5%
-	-	-	0.0%	School District Reimbursement	-	-	0.0%
-	-	-	0.0%	Mandatory Costs - ORSC	-	-	0.0%
-	-	-	0.0%	Reimbursement from OSERS Broad Street, LLC, for Leased Services	-	-	0.0%
<b>320,788</b>	<b>371,799</b>	<b>51,011</b>	<b>15.9%</b>	<b>OTHER OPERATING EXPENSE</b>	<b>380,978</b>	<b>9,179</b>	<b>2.5%</b>
<b>8,482,958</b>	<b>9,231,891</b>	<b>748,933</b>	<b>8.8%</b>	<b>TOTAL DEPARTMENT EXPENSES</b>	<b>9,268,229</b>	<b>36,338</b>	<b>0.4%</b>
-	-	-	0.0%	Furniture & Equipment > 5,000	-	-	0.0%
-	-	-	0.0%	Computer Hardware > 5,000	-	-	0.0%
-	-	-	0.0%	Computer Software > 25,000	-	-	0.0%
-	-	-	0.0%	Vehicles	-	-	0.0%
-	-	-	<b>0.0%</b>	<b>ADMINISTRATIVE CAPITAL</b>	-	-	<b>0.0%</b>
<b>\$ 8,482,958</b>	<b>\$ 9,231,891</b>	<b>\$ 748,933</b>	<b>8.8%</b>	<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b>\$ 9,268,229</b>	<b>\$ 36,338</b>	<b>0.4%</b>



# PERSONNEL

## PERSONNEL FY2026 BUDGET

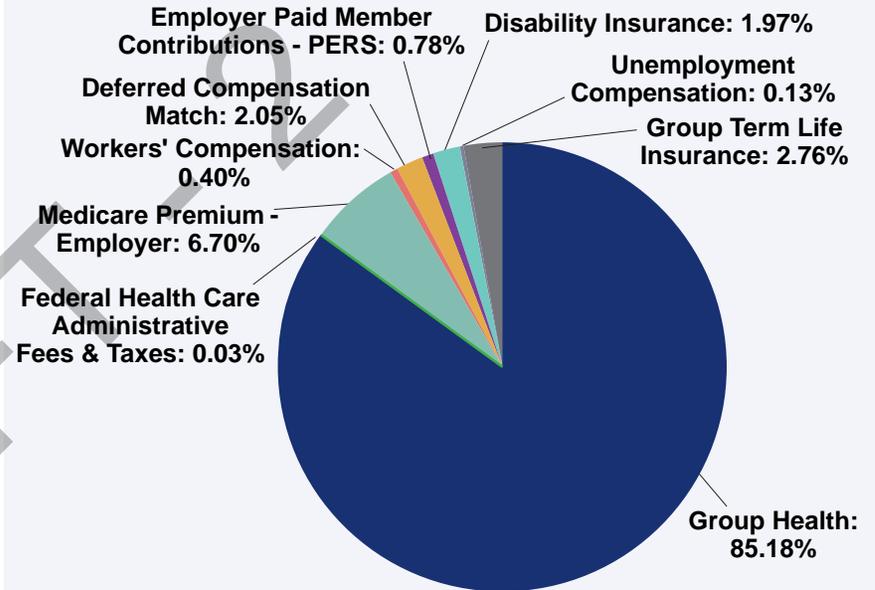
TOTAL: \$28,514,219



Personnel Budget	FY2026
Salaries & Wages	\$ 21,172,870
Benefits	4,550,082
OPERS Retirement Contributions	2,791,267
<b>TOTAL</b>	<b>\$ 28,514,219</b>

## BENEFITS

(16% OF TOTAL)



Benefits	FY2026
Group Health	\$ 3,875,700
Federal Health Care Administrative Fees & Taxes	1,488
Medicare Premium- Employer	305,009
Workers' Compensation	18,317
Deferred Compensation Match	93,252
Employer Paid Member Contributions - PERS	35,000
Disability Insurance	89,532
Unemployment Compensation	6,000
Group Term Life Insurance	125,784
<b>TOTAL</b>	<b>\$ 4,550,082</b>

## PERSONNEL

FY2024 Actual	FY2025 Forecast	FY2025-FY2024 Difference	Change % (+/-)	Budget Category	FY2026 Budget	FY2026 Budget-FY2025 Forecast Difference	Change % (+/-)
\$ 18,070,340	\$ 18,684,729	\$ 614,389	3.4%	Salaries & Wages	\$ 20,235,870	\$ 1,551,141	8.3%
905,076	1,081,203	176,127	19.5%	Incentive Payout	937,000	(144,203)	-13.3%
<b>18,975,416</b>	<b>19,765,932</b>	<b>790,516</b>	<b>4.2%</b>	<b>Salaries &amp; Wages</b>	<b>21,172,870</b>	<b>1,406,938</b>	<b>7.1%</b>
<b>2,503,299</b>	<b>2,650,213</b>	<b>146,914</b>	<b>5.9%</b>	<b>OPERS Retirement Contributions</b>	<b>2,791,267</b>	<b>141,054</b>	<b>5.3%</b>
-	1,286	1,286	0.0%	Unemployment Compensation	6,000	4,714	0.0%
113,453	121,193	7,740	6.8%	Group Term Life Insurance	125,784	4,591	3.8%
76,002	81,651	5,649	7.4%	Disability Insurance	89,532	7,881	9.7%
3,758,064	4,424,226	666,162	17.7%	Group Health	3,875,700	(548,526)	-12.4%
1,269	1,717	448	35.3%	Federal Health Care Administrative Fees & Taxes	1,488	(229)	-13.3%
261,106	280,545	19,439	7.4%	Medicare Premium- Employer	305,009	24,464	8.7%
11,222	10,817	(405)	-3.6%	Workers' Compensation	18,317	7,500	69.3%
63,225	62,295	(930)	-1.5%	Deferred Compensation Match	93,252	30,957	49.7%
-	-	-	0.0%	Employer Paid Member Contributions - PERS	35,000	35,000	100.0%
<b>4,284,341</b>	<b>4,983,730</b>	<b>699,389</b>	<b>16.3%</b>	<b>Benefits</b>	<b>4,550,082</b>	<b>(433,648)</b>	<b>-8.7%</b>
<b>\$ 25,763,056</b>	<b>\$ 27,399,875</b>	<b>\$ 1,636,819</b>	<b>6.4%</b>	<b>PERSONNEL</b>	<b>\$ 28,514,219</b>	<b>\$ 1,114,344</b>	<b>4.1%</b>

### PERSONNEL

 Salaries and Wages - The Personnel budget is based on 185 full-time equivalent personnel. This budget includes a performance-based merit pool of 3.9% and salary adjustments based on recommendations from the compensation advisory consultants to align with current market conditions.

Incentive Payouts are payments for specified Investment professionals according to Retirement Board policy and are calculated based on FY2025 Investment portfolio performance.

Retirement Contributions - OPERS Retirement Contributions are based on the portion of Salaries & Wages and incentive payments subject to OPERS coverage.

### BENEFITS

 Employee Group Health expenses have been budgeted based on rates supplied by SERS' actuary, considering the number of lives covered on the plan, national trends, and SERS' experience.

SERS holds a stop-loss insurance policy for group medical and prescription claims. It provides protection for the self-insured plan that serves as a

reimbursement mechanism for catastrophic claims that exceed a certain level.

Employee Health Plan Premiums offset the cost of group claims and increased slightly this fiscal year. The increase is attributed to the additional FTE.

SERS' Unemployment Compensation is self-funded. In FY2026, there are no anticipated reductions in staff or on-going unemployment claims.

Salary-based benefits include Group Term Life Insurance, Disability Insurance, and Medicare. The level of benefits remains unchanged for FY2026.

As mandated by the Affordable Care Act, SERS is required to pay Federal Health Care Administrative Fees & Taxes.

Worker's Compensation premium is calculated on rates set by the Bureau of Worker's Compensation and applied to total payroll.

SERS' per-pay match contribution to the Ohio Public Employees Deferred Compensation Match program are made on behalf of the SERS' employees who are actively enrolled in the program.

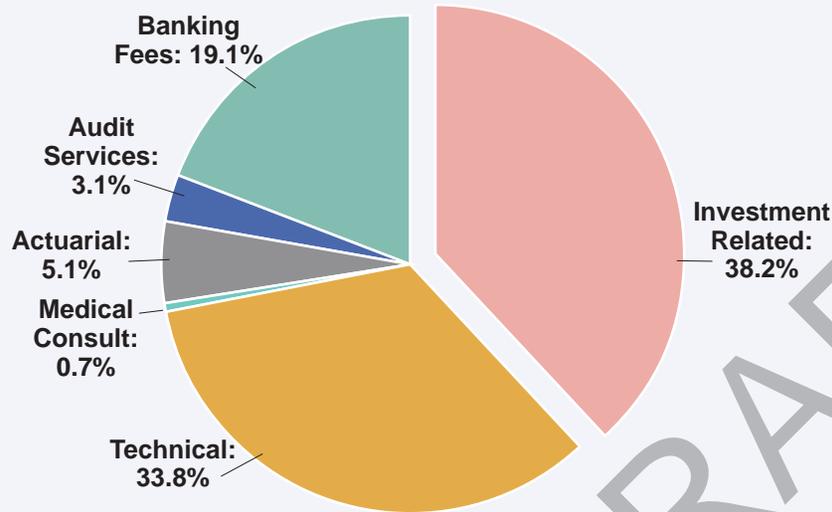
Employer Paid Member Contributions - PERS is a SERS provided fringe benefit that covers the statutorily required member contributions for a select employee class.



# PROFESSIONAL SERVICES

## PROFESSIONAL SERVICES FY2026 BUDGET

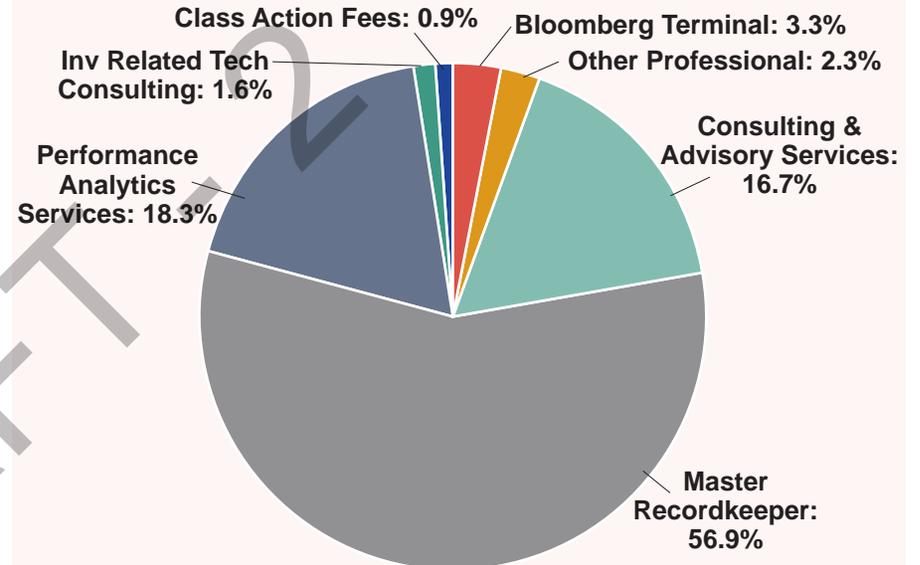
TOTAL: \$7,044,466



SERS Professional Services Budget	FY2026
Investment Related	\$ 2,694,215
Technical	2,383,426
Medical Consult	46,125
Actuarial	357,700
Audit Services	220,000
Banking Fees	1,343,000
<b>TOTAL</b>	<b>\$ 7,044,466</b>

## INVESTMENT-RELATED

(38.2% OF TOTAL)



Investment-Related Professional Services Budget	FY2026
Bloomberg Terminal	\$ 89,000
Other Professional	62,799
Consulting & Advisory Services	450,000
Master Recordkeeper	1,532,000
Performance Analytics Services	492,416
Inv Related Tech Consulting	43,000
Class Action Fees	25,000
<b>TOTAL</b>	<b>\$ 2,694,215</b>

## PROFESSIONAL SERVICES

FY2024 Actual	FY2025 Forecast	FY2025-FY2024 Difference	Change % (+/-)	Budget Category	FY2026 Budget	FY2026 Budget-FY2025 Forecast Difference	Change % (+/-)
\$ 306,604	\$ 447,155	\$ 140,551	45.8%	<b>Actuarial</b>	\$ 357,700	\$ (89,455)	-20.0%
225,837	207,528	(18,309)	-8.1%	<b>Audit Services</b>	220,000	12,472	6.0%
974,890	1,090,784	115,894	11.9%	Custodial Banking	1,188,000	97,216	8.9%
167,450	141,951	(25,499)	-15.2%	Administrative Banking Expense	155,000	13,049	9.2%
<b>1,142,340</b>	<b>1,232,735</b>	<b>90,395</b>	<b>7.9%</b>	<b>Banking Fees</b>	<b>1,343,000</b>	<b>110,265</b>	<b>8.9%</b>
1,030,797	1,445,574	414,777	40.2%	Master Recordkeeper	1,532,000	86,426	6.0%
525,000	450,000	(75,000)	-14.3%	Investment Consulting & Advisory Services	450,000	(0)	0.0%
704,577	610,080	(94,497)	-13.4%	Performance Analytics Services	492,416	(117,664)	-19.3%
30,100	40,531	10,431	34.7%	Investment-Related Technical Consulting	43,000	2,469	6.1%
61,553	61,849	296	0.5%	Other Professional Investment-Related	62,799	950	1.5%
84,426	87,027	2,601	3.1%	Bloomberg Terminal Rental	89,000	1,973	2.3%
119,425	20,684	(98,741)	-82.7%	Class Action Fees	25,000	4,316	20.9%
<b>2,555,878</b>	<b>2,715,745</b>	<b>159,867</b>	<b>6.3%</b>	<b>Investment -Related</b>	<b>2,694,215</b>	<b>(21,530)</b>	<b>-0.8%</b>
<b>45,000</b>	<b>45,000</b>	<b>-</b>	<b>0.0%</b>	<b>Medical Consultant</b>	<b>46,125</b>	<b>1,125</b>	<b>2.5%</b>
397,319	545,714	148,395	37.3%	Special Counsel	396,000	(149,714)	-27.4%
1,082,917	1,100,487	17,570	1.6%	Technical	1,400,912	300,425	27.3%
457,359	496,319	38,960	8.5%	Other Professional Services	586,514	90,195	18.2%
<b>1,937,595</b>	<b>2,142,520</b>	<b>204,925</b>	<b>10.6%</b>	<b>Technical</b>	<b>2,383,426</b>	<b>240,906</b>	<b>11.2%</b>
<b>\$ 6,213,254</b>	<b>\$ 6,790,683</b>	<b>\$ 577,429</b>	<b>9.3%</b>	<b>PROFESSIONAL SERVICES</b>	<b>\$ 7,044,466</b>	<b>\$ 253,783</b>	<b>3.7%</b>

### ACTUARIAL

 Actuarial fees include amounts for studies on calculations of joint retirement system transfers, special analyses, and legislative analyses. In addition, SERS' health care plan and actuarial premiums calculations will occur, along with Government Accounting Standards Board (GASB) Statement evaluations for pension reporting requirements. Included in FY2026 is the quinquennial experience study.

### AUDIT SERVICES

 FY2026 Audits include an outsourced IT Audit and year-end financial audit.

### BANKING FEES

 Custodial Banking fees have decreased due to transaction volume and associated costs.

### INVESTMENT-RELATED PROFESSIONAL SERVICES

 Master Recordkeeper fees increase in FY26 due to a change in the Master Recordkeeper vendor. The change results in provisional duplicate fees during the transition period, but costs will stabilize in the latter part of the fiscal year.

Investment Consulting & Advisory Services include contracted services with Wilshire.

## PROFESSIONAL SERVICES, *CONTINUED*

Performance Analytics Services decreases in FY26 as some services are included with the new Master Recordkeeper vendor.

Investment-Related Technical Consulting includes investment-related databases and local tax advisors in countries that require special tax consultants.

Other Professional Investment-Related Consulting includes proxy and divestiture services.

Bloomberg Terminal Rental fees are for the licenses to use the Bloomberg information systems.

### MEDICAL

 The Medical Consultant reviews about 1,500 cases per year with the Disability Section staff, participates in the monthly meetings of the Medical Advisory Committee, and attends Board Meetings as needed.

### TECHNICAL

 Special Counsel are contingent amounts for the costs of outside legal counsel. Anticipated legal fees for investment contracts comprise approximately 70% of the FY2026 Special Counsel budget.

The Technical account includes the cost of outside consultants that provide computer security, health care data warehouse services, medical and prescription program pricing, specialized benefit system support, and website administration and design. The increase in FY2026 is due to cyclical technical resources for security testing, website enhancements, and annual increases to general support.

Other Professional Services includes the cost for other consultants and advisory services, such as legislative news and political consulting providers, organizational leadership and development, surveying and focus groups, and Attorney General Staff reimbursement. FY2026 also includes placement fees associated with a new Chief Audit Officer search.

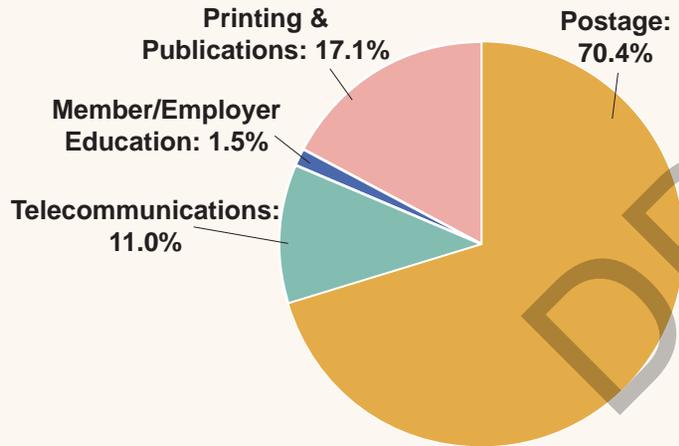


# COMMUNICATIONS

FY2024 Actual	FY2025 Forecast	FY2025-FY2024 Difference	Change % (+/-)	Budget Category	FY2026 Budget	FY2026 Budget-FY2025 Forecast Difference	Change % (+/-)
\$ 444,848	\$ 629,000	\$ 184,152	41.4%	Postage	\$ 578,110	\$ (50,890)	-8.1%
158,151	74,092	(84,059)	-53.2%	Telecommunications	90,040	15,948	21.5%
7,980	21,049	13,069	163.8%	Member/Employer Education	12,590	(8,459)	-40.2%
36,423	44,060	7,637	21.0%	Printing Paper & Supplies	45,600	1,540	3.5%
66,663	99,616	32,953	49.4%	Communications & Publications	94,900	(4,716)	-4.7%
103,086	143,676	40,590	39.4%	Printing & Publications	140,500	(3,176)	-2.2%
\$ 714,065	\$ 867,817	\$ 153,752	21.5%	<b>COMMUNICATIONS</b>	\$ 821,240	\$ (46,577)	-5.4%

## Communications FY2026 Budget

TOTAL: \$821,240



Communications	FY2026
Postage	\$ 578,110
Telecommunications	90,040
Member/Employer Education	12,590
Printing & Publications	140,500
<b>Total</b>	<b>\$ 821,240</b>

### POSTAGE

The Postage budget decreased due to no planned board elections. This was offset by an increase in the cost of postage.

### TELECOMMUNICATIONS

The Telecommunications budget reflects monthly services for websites, point-to-point connection, hybrid work environment video/audio communication resources and web hosting. A recent contract renegotiation for building internet services has decreased the budget for FY26.

### MEMBER/EMPLOYER EDUCATION

SERS continues to maintain its outstanding service to members and retirees and plans to continue in-person meetings, conducting membership meetings in school facilities, and remaining in partnership with organizations that benefit SERS' member population. Member Services and Health Care plan to conduct in-house counseling, remote sessions, and virtual open enrollment conferences based upon need and membership requests. In FY2026, Member Services plans to continue to offer retirement conferences and counseling sessions virtually in response to positive member feedback and outreach Employer Services will continue to provide outreach services and group training for the member benefits system in-person and virtually.

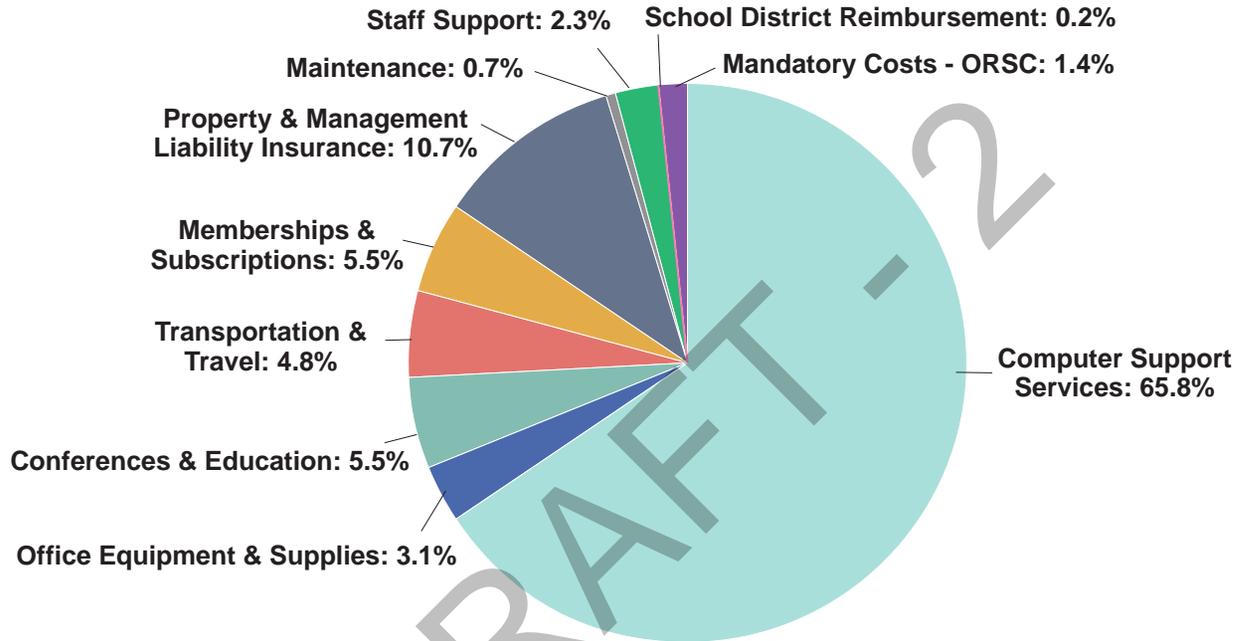
### PRINTING & PUBLICATIONS

This category includes the costs of paper and supplies, and large-quantity specific outsourced printing jobs. The Print Shop continually increases SERS' internal printing capabilities by producing items such as the Open Enrollment Guide booklets, Member Benefit and Disability Guides, and member benefit statements.



# OTHER OPERATING EXPENSE

## Other Operating Expense FY2026 Budget



Other Operating Expense	FY2026
Computer Support Services	\$ 3,195,613
Office Equipment & Supplies	149,013
Conferences & Education	266,409
Transportation & Travel	231,120
Memberships & Subscriptions	265,157
Property & Management Liability Insurance	518,428
Maintenance	36,325
Staff Support	113,180
School District Reimbursement	9,500
Mandatory Costs - ORSC	69,000
Reimbursement of Leased Services	(305,000)
<b>Total</b>	<b>\$ 4,548,745</b>

## OTHER OPERATING EXPENSE

FY2024 Actual	FY2025 Forecast	FY2025-FY2024 Difference	Change % (+/-)	Budget Category	FY2026 Budget	FY2026 Budget-FY2025 Forecast Difference	Change % (+/-)
\$ 55,408	\$ 160,555	\$ 105,147	189.8%	Hardware Maintenance	\$ 226,889	\$ 66,334	41.3%
818,986	903,209	84,223	10.3%	Software Maintenance	1,023,833	120,624	13.4%
1,328,320	1,690,183	361,863	27.2%	Software Subscriptions	1,905,891	215,708	12.8%
28,124	11,067	(17,057)	-60.6%	Hardware < 5,000	24,000	12,933	116.9%
2,970	-	(2,970)	-100.0%	Software < 25,000	15,000	15,000	100.0%
<b>2,233,808</b>	<b>2,765,014</b>	<b>531,206</b>	<b>23.8%</b>	<b>Computer Support Services</b>	<b>3,195,613</b>	<b>430,599</b>	<b>15.6%</b>
<b>166,056</b>	<b>145,194</b>	<b>(20,862)</b>	<b>-12.6%</b>	<b>Office Equipment &amp; Supplies</b>	<b>149,013</b>	<b>3,819</b>	<b>2.6%</b>
<b>134,282</b>	<b>144,536</b>	<b>10,254</b>	<b>7.6%</b>	<b>Conferences &amp; Education</b>	<b>266,409</b>	<b>121,873</b>	<b>84.3%</b>
<b>183,177</b>	<b>165,130</b>	<b>(18,047)</b>	<b>-9.9%</b>	<b>Transportation &amp; Travel</b>	<b>231,120</b>	<b>65,990</b>	<b>40.0%</b>
<b>157,415</b>	<b>199,231</b>	<b>41,816</b>	<b>26.6%</b>	<b>Memberships &amp; Subscriptions</b>	<b>265,157</b>	<b>65,926</b>	<b>33.1%</b>
<b>504,501</b>	<b>512,467</b>	<b>7,966</b>	<b>1.6%</b>	<b>Property &amp; Management Liability Insurance</b>	<b>518,428</b>	<b>5,961</b>	<b>1.2%</b>
<b>30,634</b>	<b>28,402</b>	<b>(2,232)</b>	<b>-7.3%</b>	<b>Maintenance</b>	<b>36,325</b>	<b>7,923</b>	<b>27.9%</b>
<b>111,193</b>	<b>91,832</b>	<b>(19,361)</b>	<b>-17.4%</b>	<b>Staff Support</b>	<b>113,180</b>	<b>21,348</b>	<b>23.2%</b>
<b>9,382</b>	<b>6,816</b>	<b>(2,566)</b>	<b>-27.4%</b>	<b>School District Reimbursement</b>	<b>9,500</b>	<b>2,684</b>	<b>39.4%</b>
<b>63,492</b>	<b>61,112</b>	<b>(2,380)</b>	<b>-3.7%</b>	<b>Mandatory Costs- ORSC</b>	<b>69,000</b>	<b>7,888</b>	<b>12.9%</b>
<b>(305,000)</b>	<b>(305,000)</b>	<b>(0)</b>	<b>0.0%</b>	<b>Reimbursement from OSERS Broad Street, LLC, for Leased Services</b>	<b>(305,000)</b>	<b>0</b>	<b>0.0%</b>
<b>\$ 3,288,940</b>	<b>\$ 3,814,734</b>	<b>\$ 525,794</b>	<b>16.0%</b>	<b>OTHER OPERATING EXPENSE</b>	<b>\$ 4,548,745</b>	<b>\$ 734,011</b>	<b>19.2%</b>

### COMPUTER SUPPORT SERVICES



Hardware Maintenance - category contains annual maintenance contracts to support SERS' computer servers.

Software Maintenance - account includes licenses to use specific software products. SERS maintains a master list of these licenses, which is reviewed each year as part of the budgeting process.

Software Subscriptions - cover software used by SERS that is provided as a service and hosted locally on SERS servers. Annual renewed subscriptions include the Human Resources management system, ServiceNow, comprehensive Microsoft product license, member benefits system performance and stress testing, conferencing services, financial and investment accounting system and tools, ERM risk repository, USPS data feeds, media and publishing licenses, security compliance, e-Discovery litigation services, monthly phone services, a Software as a

Service model for disaster recovery and cloud storage for system back-ups.

Hardware less than 5,000 - account is comprised of routine maintenance and repair and unplanned hardware needs that may arise throughout the fiscal year.

Software less than 25,000 - category includes routine software purchases and unplanned software needs that may arise throughout the fiscal year.

### TRANSPORTATION & TRAVEL



Travel costs are associated with both in-state and out-of-state conferences, and due diligence trips to current and prospective investment managers. Whenever possible, staff access training either virtually or via teleconferences instead of travel and combine trips.

## OTHER OPERATING EXPENSE, CONTINUED

### MEMBERSHIPS & SUBSCRIPTIONS



SERS holds memberships in several national organizations that advocate and educate on issues that affect our members and retirees. The major organizations are:

- Coalition to Preserve Retirement Security
- Council of Institutional Investors
- International Foundation of Employee Benefit Plans (IFEBP)
- National Association of State Retirement Administrators
- National Council for Real Estate Investment Fiduciaries
- Professional Resources in Information Systems Management (PRISM)
- Public Pension Financial Forum
- Public Sector Health Care Roundtable
- State and Local Government Benefits Association

In addition to attending conferences and receiving publications from these organizations, SERS' staff serves on the boards of some of these industry organizations.

### PROPERTY & FIDUCIARY INSURANCE



SERS' insurance policies cover fiduciary liability, directors and officers liability, crime, cyber liability, auto, property, and general liability.

### MAINTENANCE



This category includes interior plant maintenance and SERS' vehicle maintenance.

### OFFICE EQUIPMENT & SUPPLIES



The majority of this category consists of equipment repairs and maintenance. Furniture and office supplies are purchased to meet staff needs.

### CONFERENCES & EDUCATION



This category includes both staff and Board training. This includes out-of-state conferences, courses included in the Learning Management System within the ADP platform, and continuing education for professional designations.

### STAFF SUPPORT



Staff Support includes kitchen supplies, cleaning supplies, and first-aid items. This account also includes SERS' staff wellness program, employee assistance program, innovation awards, the administrative expenses associated with employee flexible spending accounts (health and dependent care), employee recruitment and onboarding, and cellular phone reimbursement.

### BOARD MEMBER REIMBURSEMENT



Employers of SERS' Board may receive reimbursement for compensation paid while Board Members attend to Board business.

### MANDATORY COSTS - ORSC



The five Ohio retirement systems are required to pay a proportionate share of the Ohio Retirement Study Council's (ORSC) expenses based on their respective assets under management.

### REIMBURSEMENT FROM OSERS BROAD STREET, LLC, FOR LEASED SERVICES



SERS' Administrative Services staff provides building management services to OSERS Broad Street. To allow OSERS Broad Street expenses to reflect the value of these services and to pass the proportionate costs to tenants, OSERS Broad Street pays a monthly fee to SERS for the use of these services. This amount is accounted for under Facilities Expense in SERS' Annual Financial Report.



## ADMINISTRATIVE CAPITAL

FY2024 Actual	FY2025 Forecast	FY2025-FY2024 Difference	Change % (+/-)	Budget Category	FY2026 Budget	FY2026 Budget-FY2025 Forecast Difference	Change % (+/-)
\$ -	\$ -	\$ -	0.0%	Computer Hardware > \$5,000	\$ 13,000	\$ 13,000	100.0%
-	-	-	0.0%	Computer Software > \$25,000	-	-	0%
<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.0%</b>	<b>CAPITAL</b>	<b>\$ 13,000</b>	<b>\$ 13,000</b>	<b>100.0%</b>

### ADMINISTRATIVE CAPITAL

The Capital expense for FY2026 replaces an end-of-life digital scanner that is used for record retention.

DRAFT 2

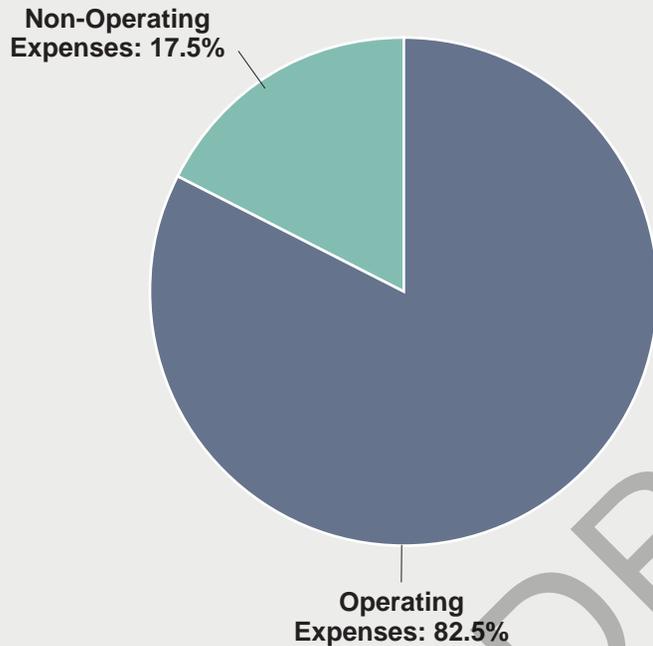


# OSERS BROAD STREET, LLC AND OSERS HOLDINGS, LLC BUDGET



# BUILDING OCCUPANCY BUDGET / OSERS HOLDINGS, LLC

## OSERS Broad Street, LLC FY2026 Budget



OSERS Broad Street, LLC	FY2026
Operating Expenses	\$ 2,340,452
Non-Operating Expenses	498,000
<b>TOTAL</b>	<b>\$ 2,838,452</b>

OSERS Holdings is a limited liability company set up to own and oversee the property of its subsidiary, OSERS Broad Street, LLC, which holds the title to and operates 300 East Broad Street, a class “A” office building with 168,632 square feet of rentable space. SERS occupies 65.5% of the rentable space (110,028 square feet).

SERS does not pay rent to OSERS Broad Street, LLC; however, net expenses and operating capital in excess of rental income are funded by SERS upon request from OSERS.

The Board of Directors of SERS Broad Street, LLC, requests operating contributions from SERS to cover the OSERS Broad Street, LLC, Operating Budget, not to exceed \$2,224,594.

Net building occupancy is \$1,919,594 after deducting budgeted operating revenue and reimbursement of leases services.

# OSERS BROAD STREET, LLC

FY2024 Actual	FY2025 Forecast	FY2025-FY2024 Difference	Change % (+/-)	Budget Category	FY2026 Budget	FY2026 Budget-FY2025 Forecast Difference	Change % (+/-)
\$ 537,291	\$ 460,757	\$ (76,534)	-14.2%	Suite Leases	\$ 463,683	\$ 2,926	0.6%
236,265	266,095	29,830	12.6%	Parking	275,175	9,080	3.4%
2,314	1,398	(916)	-39.6%	Miscellaneous	-	(1,398)	-100.0%
<b>775,870</b>	<b>728,250</b>	<b>(47,620)</b>	<b>-6.1%</b>	<b>Operating Revenue</b>	<b>738,858</b>	<b>10,608</b>	<b>1.5%</b>
305,000	305,000	-	0.0%	Property Management & Labor	305,000	-	0.0%
7,061	7,317	256	3.6%	Other Administrative Expenses	8,350	1,033	14.1%
1,018,992	1,107,511	88,519	8.7%	Building Operations & Maintenance	1,247,542	140,031	12.6%
354,728	364,608	9,880	2.8%	Utilities	414,060	49,452	13.6%
75,495	73,057	(2,438)	-3.2%	Building/ Equipment Insurance	78,000	4,943	6.8%
280,811	286,297	5,486	2.0%	Real Estate Taxes	287,500	1,203	0.4%
<b>2,042,087</b>	<b>2,143,790</b>	<b>101,704</b>	<b>5.0%</b>	<b>Operating Expenses</b>	<b>2,340,452</b>	<b>196,662</b>	<b>9.2%</b>
2,657	130,553	127,896	4814.5%	Lease Commission Fees	56,000	(74,553)	-57.1%
212	5,250	5,038	2371.8%	Special Counsel & Other Fees	5,000	(250)	-4.8%
14,718	726,141	711,423	4833.9%	Remodeling for Tenants	437,000	(289,141)	-39.8%
<b>17,587</b>	<b>861,944</b>	<b>844,357</b>	<b>4801.2%</b>	<b>Non-Operating Expenses</b>	<b>498,000</b>	<b>(363,944)</b>	<b>-42.2%</b>
58,798	-	(58,798)	-100.0%	Capital Improvements	125,000	125,000	100.0%
<b>58,798</b>	<b>-</b>	<b>(58,798)</b>	<b>-100.0%</b>	<b>Capital Improvements</b>	<b>125,000</b>	<b>125,000</b>	<b>0.0%</b>
<b>1,342,602</b>	<b>2,277,484</b>	<b>934,882</b>	<b>69.6%</b>	<b>OSERS Broad Street, LLC Budget</b>	<b>2,224,594</b>	<b>(52,890)</b>	<b>-2.3%</b>
(305,000)	(305,000)	-	0.0%	Less Reimbursement to SERS for Leased Services	(305,000)	-	0.0%
<b>\$ 1,037,602</b>	<b>\$ 1,972,484</b>	<b>\$ 934,882</b>	<b>90.1%</b>	<b>Net Building Occupancy Expense</b>	<b>\$ 1,919,594</b>	<b>\$ (52,890)</b>	<b>-2.7%</b>

## OPERATING REVENUE

 Suite Lease - revenue is based on contracted occupancy. Parking - includes currently contracted tenant monthly parking and outside contracts.

Miscellaneous - includes contracted storage space rental for tenants and telecommunications.

## OPERATING EXPENSES

 Property Management & Labor - is a reimbursement to SERS for leased services - the services provided to OSERS Broad Street, LLC by SERS' Administrative Services staff. The amount is based on a service agreement between OSERS Broad Street, LLC and SERS, that sets the reimbursement to a fair, reasonable and consistent market value rate.

The Other Administrative Expenses category includes expenses budgeted to run the facility administrative offices, including the costs of office supplies and banking fees.

The Building Operations & Maintenance category includes maintenance, supplies needed for the upkeep of the facility and its public spaces, the cost of janitorial and building security services, and an emergency notification system for life safety.

Building/Equipment Insurance includes some policies that are shared with SERS. The FY2026 budget is based on general market rates and an estimate of the replacement cost of the building. Real Estate Taxes are based on the rates and assessed commercial value published by the Franklin County Auditor.

## NON-OPERATING EXPENSES

 Special Counsel is budgeted for potential outside counsel needs regarding existing tenant lease agreements.

Remodeling includes expenses for tenant improvements, and new tenant renovations.

## OSERS BROAD STREET, LLC CAPITAL IMPROVEMENTS

FY2024 Actual	FY2025 Forecast	FY2025-FY2024 Difference	Change % (+/-)	Budget Category	FY2026 Budget	FY2026 Budget-FY2025 Forecast Difference	Change % (+/-)
\$ 58,798	\$ -	\$ (58,798)	-100.0%	CAPITAL IMPROVEMENTS	\$ 125,000	\$ 125,000	100.0%

### CAPITAL IMPROVEMENTS:

 The leasehold improvements planned for FY2026 include the replacement of the chiller towers within the HVAC system.

DRAFT - 2



# FIVE YEAR TECHNOLOGY ROADMAP



# FIVE YEAR TECHNOLOGY ROADMAP BUDGET

Description	Total 5-Year Plan	FY2023-FY2024 Actuals	FY2025 Forecast	Total Projected Spend FY2023-FY2025	FY2023, FY2024, & FY2025 Forecast % of Plan Spend	FY2026 Plan*	Remaining Roadmap Amount
Telecommunications	\$ 250,000	\$ 308,040	\$ 19,617	\$ 327,657	131.1%	\$ 50,000	\$ (127,657)
Security Stack	899,600	70,977	-	70,977	7.9%	73,000	755,623
Network Infrastructure Refresh	886,000	653,297	11,000	664,297	75.0%	75,000	146,703
Hybrid Technology Replacement	419,000	123,499	329,251	452,750	108.1%	87,000	(120,750)
Server Infrastructure	1,216,700	-	278,109	278,109	22.9%	86,000	852,591
Backup and Recovery	532,754	140,455	43,573	184,028	34.5%	565,250	(216,524)
SMART Portals	196,000	82,500	-	82,500	42.1%	-	113,500
SMART Framework	760,000	482,500	172,500	655,000	86.2%	100,000	5,000
SMART Enhancements	2,623,000	231,344	468,538	699,882	26.7%	810,000	1,113,118
SMART Business Tools	500,000	334,414	48,415	382,829	76.6%	50,000	67,171
<b>SMART total</b>	<b>4,079,000</b>	<b>1,130,758</b>	<b>689,453</b>	<b>1,820,211</b>	<b>44.6%</b>	<b>960,000</b>	<b>1,298,789</b>
<b>Infrastructure Total</b>	<b>4,204,054</b>	<b>1,296,268</b>	<b>681,550</b>	<b>1,977,818</b>	<b>47.0%</b>	<b>936,250</b>	<b>1,289,986</b>
<b>Total Budget</b>	<b>\$ 8,283,054</b>	<b>\$ 2,427,026</b>	<b>\$ 1,371,003</b>	<b>\$ 3,798,029</b>	<b>45.9%</b>	<b>\$ 1,896,250</b>	<b>\$ 2,588,775</b>

\*Projects in FY26 include the continuation of projects from FY25 as well as new initiatives in FY26

**Technology plays an important and extensive role in delivering on the mission of the SERS.** The Technology Enhancement Plan provides a framework of needed investments in Technology over the next five years. It is a series of well planned initiatives that will enhance SERS' digital capabilities around SMART, add expanded tools for operational efficiencies, meet infrastructure needs, and respond to changing electronic expectations of our members, employers, and employees. This is not an operating budget, but a framework of carefully planned annual projects that are in alignment with the SERS Strategic Plan goals with oversight by the SERS Technology Committee. The overall projects are intended to remain flexible/agile within the guardrails of SERS' strategic direction, while accommodating the fast pace of technology evolution so that our technology and operations continue to stay fresh and relevant as we support SERS' mission.

# FIVE YEAR TECHNOLOGY ROADMAP BUDGET, *CONTINUED*

## SMART

 SERS Member and Retiree Tracking is the enterprise-wide integrated system that enables SERS staff to service all customers.

## SMART FRAMEWORK

 The technology and software layers underlying the Pension Administration Software. The Sagitec Framework includes the Sagitec Enterprise Application Management Services, the Sagitec Framework Services, and the .NET Foundation services as well as the development tool. The Sagitec Framework may sometimes be referred to as the “Neospin Framework.” Included in the project budget are mandated upgrades.

## SMART PORTALS

 SERS SMART application has a portal for the Employers and a different portal for Members and Retirees. The portals allow SERS to put out Alerts and Messages specific to an Employer or Person.

The Employer Self-Serve provides Employers with an effective, time-saving way to submit and view critical financial and employee information online. Employers can upload files for enrolling new Employees as well as submit Contribution Reporting files.

Member Self-Serve is a resource for Member and Retirees to access and manage their account with SERS. Features available include reviewing the account balance and service credit, creating estimates, completing applications for Service and Disability benefits, and updating personal information such as address, beneficiary, direct deposit and tax withholding. Members and Retirees can also review documents like Monthly Pay Statement, Member Annual Statements, and Tax Documents.

## SMART ENHANCEMENT

 SMART Enhancement is a category to expand the features of the core business application. Exploring the next phase of SMART’s evolution. The enhancements are the product of SERS re-imagining and re-engineering the SMART functionality to assist staff to provide better support to Employers and Members and Retirees. The goal is to preserve and enrich high touch engagement and outcomes.

## BUSINESS TOOLS

 Included in this category are applications to improve the effectiveness and efficiency of financial processes: Replacement

of the financial software to a Software as a Service cloud solution and a reconciliation tool to gain efficiencies in the reconciliation process.

## TELECOMMUNICATIONS

 Refers to the technology supporting voice and other multi-modal communications, including fax, web chat and web conferencing. The modern phone system consists of software and hardware and physical connections to a phone service provider via fiber or copper trunks.

## SECURITY STACK

 Security is an integrated set of services and cyber security tools used to protect the hardware, systems and data on SERS network. It includes both physical appliances such as a perimeter firewall and software appliances to scan documents for potential threats.

## NETWORK INFRASTRUCTURE

 Refers to the hardware, software and wiring that provides a physical or wireless connection to the network and keeps the network running, allowing devices to communicate with each other and the outside world via the internet.

## HYBRID TECHNOLOGY REPLACEMENT

 Technology deployed for end-users to support the hybrid work model at SERS, including laptops that can be used when working on-site or remote and conference room equipment for improved virtual meeting experiences.

## SERVER INFRASTRUCTURE

 Servers are comprised of hardware and software, on-site or in the cloud that provide functionality for multiple programs or clients to perform work. Examples of typical servers are web, application, database, and file servers.

## BACKUP AND RECOVERY

 Technology used to create multi-level backups of SERS data in compliance with information governance retention policies and support business continuity of critical processes in the event of a catastrophic failure of the onsite network and server infrastructure. Examples include Disaster Recovery as a Service or DRaaS and cloud storage of data backed up daily.

TEN YEAR BUDGET EVALUATION

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
<b>5</b> Budget	33,470,690	33,319,319	34,366,777	34,952,799	34,602,197	36,112,092	37,686,576	38,750,339	<b>7</b> 41,233,165	43,166,264
Actual	32,232,224	31,553,053	33,480,365	33,001,426	32,848,673	35,190,171	35,537,378	37,316,806	<b>6</b> 41,150,593	<b>N/A</b>
Variance - under budget	1,238,466	1,766,266	886,412	1,951,373	1,753,524	921,921	2,149,198	1,433,533	82,572	<b>N/A</b>
Budget Inc/Dec %	2.81%	-0.45%	3.14%	1.71%	-1.00%	4.36%	4.36%	2.82%	6.41%	4.69%
<b>1</b> Budget Utilization %	96.3%	94.7%	97.4%	94.4%	94.9%	97.4%	94.3%	96.3%	99.8%	<b>N/A</b>
<b>Percentage of Assets</b>										
Financial Position	13,985,542,416	14,706,362,726	15,008,099,540	14,902,434,903	18,440,611,356	17,574,319,449	17,574,319,449	19,193,072,614	<b>2</b> 19,949,323,691	
<b>3</b> Budget to Net Position %	0.261%	0.238%	0.234%	0.233%	0.232%	0.196%	0.214%	0.220%	0.215%	0.216%
<b>Actuarial Accrued Liability (AAL) (as of June 30)</b>										
Actuarial Accrued Liabilities	19,588,417,687	19,997,700,966	20,527,251,448	21,033,809,319	21,529,757,004	22,371,468,812	23,084,316,697	23,820,116,970	23,820,116,970	
<b>4</b> Budget to AAL	0.169%	0.170%	0.172%	0.170%	0.165%	0.168%	0.168%	0.168%	0.173%	0.181%

**Notes:**

- 1 Budget Utilization = Administrative expenses are "draws" from the Pension Trust Funds. When fiscal year actuals are lower than Budget, the variance is retained in the Pension Trusts
- 2 Unaudited March 2025 Financial Statement Net Position
- 3 Budget to Net Position % - the budget year of the column/the previous year Financial Position (e.g. 0.215% under FY2025 Budget to Net Position % is the FY2025 Budget/FY2024 Financial Net Position)
- 4 Budget to AAL % = the budget year of the column/the previous year AAL (e.g. 0.173% under FY 2025 Budget to AAL% is the FY2025 Budget/FY2024 AAL). FY2025 AAL is estimated to be the same as FY2024 for this calculation.
- 5 Budget includes operating and capital budgets, but not Technology Road Map (TRM)
- 6 FY25 Actual is a forecast based on 9 months of actual expense plus 3 months of forecast
- 7 FY25 budget amended to add \$725,131 for tenant remodeling

**Metrics for measuring budget:**

- 1) Expense Ratio - Admin expense as a % of assets under management
- 3) Budget to AAL (more consistent)

# Memo

To: SERS Board  
From: Michael Steiner  
CC: Richard Stensrud, Executive Director, Karen Roggenkamp, Deputy Director,  
Joe Marotta, General Counsel  
Date: June 6, 2025  
Re: 2026 Health Care Program: Premium and Benefit Changes

---

This memorandum summarizes the proposed changes to the health care program for 2026.

## **Medicare Premiums and Benefits**

1. A reduction of the health care premium surcharge from \$35 to \$15 is proposed for the Aetna Medicare Advantage plan. The full premium will change from \$198 to \$178. The most common premium will change from \$68 to \$48.
2. Out-of-pocket Part D prescription drug expenses will not exceed the federally established \$2,100 limit for 2026.

## **Non-Medicare Premiums and Benefits**

1. The Aetna Choice POS II premium will increase by approximately 3%. The full premium will change from \$1,630 to \$1,671. The most common premium will change from \$354 to \$362.
2. The AultCare premium will increase by approximately 4%. The full premium will change from \$1,183 to \$1,228. The most common premium will change from \$265 to \$274.

3. The Wraparound HRA total annual reimbursement limit will increase from \$2,150 to \$2,200.

### **Dental Plan**

The SERS dental benefit is offered by Delta Dental and the benefit is fully supported by member premiums. The benefits for the upcoming two-year enrollment period (2026 and 2027) are not changing. The premiums for the upcoming two-year enrollment period are increasing by approximately 12%. For example, the premium for a single enrollee will increase from \$30.37 to \$33.56.

### **Vision Plan**

SERS vision coverage is offered by VSP. The program is also fully supported by member premiums. The benefits for the upcoming two-year enrollment period (2026 and 2027) are not changing. The premiums for the upcoming two-year enrollment period are increasing by approximately 10%. For example, the premium for a single enrollee will increase from \$6.17 to \$6.81.

# Memo

To: Retirement Board  
From: Michael Steiner  
CC: Richard Stensrud, Karen Roggenkamp, Joe Marotta  
Date: June 6, 2025  
Re: **Health Care Premium Discount Program (Safety Net) for 2026**

---

## Summary

During the Health Care presentation, you will have before you a resolution to approve the 2026 Health Care Premium Discount Program (Safety Net).

## Background

SERS introduced the Safety Net in 2004 as a means of providing health care premium relief to lower income benefit recipients. The premium discount is based on household size and income. Enrollees of the program are granted a 25% reduction of the health care premium. At the inception of the program, eligibility for the program was established using a household income threshold equal to 125% of the federal poverty level. The threshold increased to 150% in 2022 and 175% in 2023. The Safety Net Program is brought before the Board for approval annually.

The Health Care Premium Discount Program is offered only to applicants enrolled in a SERS Medicare plan and to “split families” in which only one family member is enrolled in SERS’ Aetna Medicare plan.

Eligibility for the Health Care Premium Discount Program during the 2026 calendar year will be based upon the applicant’s qualifying household income for calendar year 2024. Medicare Part B reimbursement is excluded from the definition of qualifying household income. In accordance with the Board’s approval in June 2022, enrollees who are determined eligible based on a manual application will no longer be required to reapply for the program each year and instead will be presumed eligible in subsequent years.

For the 2026 plan year, if the applicant’s qualifying household income, less the total annual SERS medical premium for the applicant and covered dependents, is *less* than or equal to 175% of the 2025 federal (U.S. Department of Health and Human Services) poverty level for the household size, the applicant will be eligible to have 25% of his/her share of the SERS

premium subsidized by SERS. In 2026, a single person will qualify for a premium discount if their income is less than \$27,388.

SERS will continue automatic enrollment of SERS health care participants into the Premium Discount Program who have been approved by Medicare for the non-institutionalized Part D low- income subsidy.



# 2026 Premium and Plan Changes

June 18, 2025

**Michael Steiner, PhD**

Director - Health Care Services



**School Employees Retirement System**  
*Serving the People Who Serve Our Schools®*

# Agenda

- Medicare Premiums & Benefit Changes
- Non-Medicare Premiums & Benefit Changes
- Marketplace Wraparound HRA
- Premium Discount Program





# Medicare Premiums & Benefit Changes

- Aetna Medicare premiums to decrease by \$20
  - Full premium will be \$178
  - Most frequently paid premium will be \$48
- No change to Aetna Traditional Choice premiums
- No change to plan benefits





# Non-Medicare Premiums

- Aetna Choice premiums increasing by 3%
  - Full premium will be \$1,671
  - Most frequently paid premium will be \$362
- AultCare premiums increasing by 4%
  - Full premium will be \$1,228
  - Most frequently paid premium will be \$274





# Wraparound HRA Benefit

- HRA federal reimbursement limit expanded to \$2,200 from \$2,150
- \$0 premium continues



# Dental and Vision

<b>Delta Dental</b>	<b>2026-2027 Monthly Premiums</b>
Benefit Recipient	<b>\$33.56</b>
Benefit Recipient and one dependent	<b>\$67.12</b>
Benefit Recipient and two or more dependents	<b>\$100.94</b>

<b>VSP Vision</b>	<b>2026-2027 Monthly Premiums</b>
Benefit Recipient	<b>\$6.81</b>
Benefit Recipient and one dependent	<b>\$13.62</b>
Benefit Recipient and two or more dependents	<b>\$16.00</b>



# Premium Discount Program

- Eligibility for 25% premium reduction continues at or below 175% of the Federal Poverty Level



# Questions & Resolutions



**School Employees Retirement System of Ohio**  
*Serving the People Who Serve Ours Schools®*

**Approval of 2026 Health Care Premiums and Plan Design Changes**

It was moved by \_\_\_\_\_ and seconded by \_\_\_\_\_ to approve the 2026 health care premiums in Appendix A and the plan design changes in Appendix B. The premiums and plan design changes are effective January 1, 2026.

Upon roll call, the vote was as follows:

<b><u>ROLL CALL:</u></b>	<b><u>YEA</u></b>	<b><u>NAY</u></b>	<b><u>ABSTAIN</u></b>
Catherine Moss	_____	_____	_____
Jeanine Alexander	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Matthew King	_____	_____	_____

**APPENDIX A**  
**SERS HEALTH CARE 2026 PREMIUMS**

Fully Insured Plans		2025	2026		2025	2026		2025	2026
<b>Aetna Medicare PPO Plan</b>	17.5%	\$64	\$44	<b>Spouse</b>			<b>Children</b>	\$149	\$129
	20%	\$68	\$48						
	25%	\$76	\$56	80%	\$166	\$146	70%		
	50%	\$117	\$97	90%	\$182	\$162			
	100%	\$198	\$178	100%	\$198	\$178			
<b>Aetna Medicare Part B Only</b>	17.5%	\$127	\$107	<b>Spouse</b>			<b>Children</b>	N/A	N/A
	20%	\$140	\$120						
	25%	\$166	\$146	80%	\$454	\$434	70%		
	50%	\$297	\$277	90%	\$506	\$486			
	100%	\$558	\$538	100%	\$558	\$538			
<b>Aultcare PPO</b>	17.5%	\$236	\$244	<b>Spouse</b>			<b>Children</b>	\$177	\$182
	20%	\$265	\$274						
	25%	\$322	\$333	80%	\$768	\$798	70%		
	50%	\$609	\$632	90%	\$860	\$893			
	100%	\$1,183	\$1,228	100%	\$952	\$988			

Self-Insured Plans		2025	2026		2025	2026		2025	2026
<b>Aetna Choice POS II (non-Medicare)</b>	17.5%	\$314	\$321	<b>Spouse</b>			<b>Children</b>	\$370	\$379
	20%	\$354	\$362						
	25%	\$434	\$444	80%	\$1,183	\$1,213	70%		
	50%	\$833	\$853	90%	\$1,327	\$1,361			
	100%	\$1,630	\$1,671	100%	\$1,470	\$1,508			
<b>Aetna Traditional Choice (Medicare)</b>	17.5%	\$123	\$123	<b>Spouse</b>			<b>Children</b>	\$388	\$388
	20%	\$136	\$136						
	25%	\$161	\$161	80%	\$438	\$438	70%		
	50%	\$287	\$287	90%	\$489	\$489			
	100%	\$539	\$539	100%	\$539	\$539			

Administrative Fees	2025	2026
Aetna Choice POS II	\$25.85	\$25.85
Healthscope (Wrap HRA)	\$14.70	\$15.40

Dental Plan	2024-2025	2026-2027
Benefit Recipient	\$30.37	\$33.56
Benefit Recipient and one dependent	\$60.74	\$67.12
Benefit Recipient and two or more dependents	\$91.35	\$100.94

Vision Plan	2024-2025	2026-2027
Benefit Recipient	\$6.17	\$6.81
Benefit Recipient and one dependent	\$12.34	\$13.62
Benefit Recipient and two or more dependents	\$14.49	\$16.00

**Appendix B**  
**2026 Plan Design Changes**

**Non-Medicare Plan Design Changes Effective 1/1/2026**

Wraparound HRA total annual limit will increase to \$2,200 from \$2,150 to match the 2026 limit established by the IRS.

**Medicare Plan Design Changes Effective 1/1/2026**

Out-of-pocket Part D prescription drug expenses will not exceed \$2,100, the federally established limit for 2026.

**2026 HEALTH CARE PREMIUM DISCOUNT PROGRAM (SAFETY NET)**

The 2026 Health Care Premium Discount Program is offered only to applicants enrolled in a SERS Medicare Advantage plan and to “split families” in which one family member is enrolled in a SERS Medicare Advantage plan.

Eligibility for the Health Care Premium Discount Program during the 2026 calendar year will be based upon the applicant’s qualifying household income for calendar year 2024. Medicare Part B reimbursement is excluded from the definition of qualifying household income. Members who are determined eligible by manual application will be presumed to be eligible in subsequent years.

If the applicant’s qualifying household income, less the total annual SERS medical premium for the applicant and covered dependents, is *less* than or equal to 175% of the 2025 federal (U.S. Department of Health and Human Services) poverty level for the household size, the applicant will be eligible to have 25% of his/her share of the SERS premium subsidized by SERS.

If the applicant’s qualifying household income, less the total annual SERS medical premium for the applicant and covered dependents, is *more* than 175% of the 2025 federal poverty level for the household size, the applicant may request special consideration. Special consideration will be given to applicants providing written evidence satisfactory to SERS’ staff that a material change in the applicant’s financial circumstance subsequent to calendar year 2024 has caused the applicant’s qualifying household income, less the total annual SERS medical premium for the applicant and covered dependents, to become *less* than or equal to 175% of the 2025 federal poverty level for the household size.

SERS health care participants approved by Medicare for the non-institutionalized Part D low-income subsidy program, which has similar household income eligibility requirements to the Premium Discount Program, will be automatically enrolled into the Premium Discount Program. Previously approved participants will continue to be enrolled for the program without reapplication.

It was moved by \_\_\_\_\_ and seconded by \_\_\_\_\_ to approve the 2026 Health Care Premium Discount Program.

Upon roll call, the vote was as follows:

<b><u>ROLL CALL:</u></b>	<b><u>YEA</u></b>	<b><u>NAY</u></b>	<b><u>ABSTAIN</u></b>
Catherine Moss	_____	_____	_____
Jeanine Alexander	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Matthew King	_____	_____	_____

**SERS  
AUDIT  
COMMITTEE  
REPORT**

**EXECUTIVE SESSION**

\_\_\_\_\_ moved and \_\_\_\_\_ seconded the motion that the Retirement Board convene in Executive Session pursuant to R.C. 121.22 (G)(1) to discuss the employment and compensation of a public employee.

Upon roll call, the vote was as follows:

<b><u>ROLL CALL:</u></b>	<b><u>YEA</u></b>	<b><u>NAY</u></b>	<b><u>ABSTAIN</u></b>
Catherine Moss	_____	_____	_____
Jeanine Alexander	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Matthew King	_____	_____	_____

**CONVENED IN EXECUTIVE SESSION AT \_\_\_\_\_ A.M./P.M.**

**RETURNED TO OPEN SESSION AT \_\_\_\_\_ A.M. / P.M.**

**SERS  
COMPENSATION  
COMMITTEE  
REPORT**

**EXECUTIVE SESSION**

\_\_\_\_\_ moved and \_\_\_\_\_ seconded the motion that the Retirement Board convene in Executive Session pursuant to R.C. 121.22 (G)(1) to discuss the employment and compensation of a public employee.

Upon roll call, the vote was as follows:

<b><u>ROLL CALL:</u></b>	<b><u>YEA</u></b>	<b><u>NAY</u></b>	<b><u>ABSTAIN</u></b>
Catherine Moss	_____	_____	_____
Jeanine Alexander	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Matthew King	_____	_____	_____

**CONVENED IN EXECUTIVE SESSION AT \_\_\_\_\_ A.M./P.M.**

**RETURNED TO OPEN SESSION AT \_\_\_\_\_ A.M. / P.M.**

**ONLY IF NEEDED**

**EXECUTIVE SESSION**

\_\_\_\_\_ moved and \_\_\_\_\_ seconded the motion that the Board go into Executive Session pursuant to R.C. 121.22 (G)(5) to review applications for Disability Retirement Benefits.

<b><u>ROLL CALL:</u></b>	<b><u>YEA</u></b>	<b><u>NAY</u></b>	<b><u>ABSTAIN</u></b>
Catherine Moss	_____	_____	_____
Jeanine Alexander	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Frank Weglarz	_____	_____	_____
Daniel Wilson	_____	_____	_____
Matthew King	_____	_____	_____

**CONVENED IN EXECUTIVE SESSION AT \_\_\_\_\_ A.M./P.M.**

**RETURNED TO OPEN SESSION AT \_\_\_\_\_ A.M. / P.M.**

## SERS Board Overall Evaluation

<b>5 – Always</b>		<b>4 – Almost Always</b>		<b>3 - Sometimes</b>		<b>2 – Almost Never</b>		<b>1 - Never</b>	
		<u>5</u> Always	<u>4</u> Almost Always	<u>3</u> Some- times	<u>2</u> Almost Never	<u>1</u> Never			
1.	The Board knows and understands SERS' mission and reflects this understanding when addressing key issues.								
2.	The Board engages in long-range strategic thinking and planning.								
3.	The Board has achieved what it set out to accomplish during the last two years.								
4.	The Board stays abreast of issues and trends affecting the plan, using this information to assess and guide the organization over the long term.								
5.	The Board conducts a comprehensive evaluation of the Executive Director annually.								
6.	The Board ensures that new Board members receive a prompt and thorough orientation.								
7.	Board meetings are conducted in a manner that ensures open communication, meaningful participation, and sound resolution of issues.								
8.	The Board meeting agendas are well-balanced, allowing appropriate time for the most critical issues.								
9.	The Board and Committee meetings are of reasonable length.								
10.	The Committees are comprised of the right number and type of members.								
11.	The Committees are effective, focusing on pertinent topics and allocating reasonable time.								
12.	The Committees report back to the Board as necessary.								
13.	The Board is well-educated on benefits, investment, and health care issues.								

		<u>5</u> Always	<u>4</u> Almost Always	<u>3</u> Some- times	<u>2</u> Almost Never	<u>1</u> Never
14.	The Board recognizes its policy-making role, and reconsiders and revises policies as necessary.					
15.	The Board is consistent about being prepared for meetings and staying engaged.					
16.	The Board receives timely, accurate, and useful information upon which to make decisions.					
17.	The Board as a whole (and Board members as individuals) evaluates its performance on an annual basis and in a meaningful way.					
18.	The Board reviews and adopts a reasonable operating budget that is followed and monitored.					
19.	The Board regularly monitors investment performance and measures it against appropriate benchmarks.					
20.	The Board periodically monitors benefit levels as well as service to members and retirees.					
21.	The Board comprehends and respects the difference between its oversight/governance role and the Executive Director's management role.					
22.	Board goals, expectations, and concerns are promptly, candidly, and effectively communicated to the Board Chair and Executive Director.					
23.	The Board speaks in "one voice" when directing or delegating to staff and Board members respect the majority votes on issues.					
24.	The Board brings discussions to a conclusion with clear direction to staff.					
25.	The Board is collegial and polite during meetings.					

*Continued on next page.*

Identify the greatest achievement(s) of the Board during the past two years.

What critical issues need to be addressed by the Board in the future?

## SERS Board Member Self Evaluation

<b><i>Evaluate the following statements in relation to your involvement as a Board Member of SERS.</i></b>	
1.	I attend the Board and Committee meetings I am expected to attend, and I arrive on time and stay until meetings conclude.
2.	I contribute to the discussion in a meaningful and helpful way, listening to others and making my points concisely.
3.	I fully understand my fiduciary duties and act for the benefit of all members, not merely for or in response to pressure from a particular constituency or the appointing authority.
4.	I make an effort to be educated on the aspects of the retirement plan that I do not understand.
5.	I am adequately well-versed on benefits and investments.
6.	I avoid conflicts of interest and ask questions of the Board Chair or Executive Director if I am unsure if a conflict exists.
7.	I read the materials distributed before the Board meeting so I can constructively participate and make timely decisions.
8.	I work with the other Board members as a team, striving for consensus when it is called for.
9.	I understand that certain work requests of staff and outside consultants need to be agreed to by the Board and I act accordingly.
10.	I work with the Executive Director in a way that creates an atmosphere of trust and cooperation.
11.	I understand that the Executive Director works for the entire Board and not for individual Board Members.
12.	I communicate governance and ethical problems to the Board Chair and Executive Director.

**CALENDAR DATES FOR SERS BOARD AND COMMITTEE MEETINGS FOR 2025 \*\***

**AUDIT COMMITTEE MEETINGS**

September 17, 2025 - 2:30 p.m. (Weds.)  
December 17, 2025 – 2:30 p.m. (Weds.)

**COMPENSATION COMMITTEE MEETINGS**

July 17, 2025 – 7:30 a.m. (Thurs.) **\*\* Special Meeting \*\***  
September 18, 2025 – 7:30 a.m. (Thurs.)  
December 18, 2025 – 7:30 a.m. (Thurs.)

**TECHNOLOGY COMMITTEE MEETINGS**

September 19, 2025 – 12:30 p.m. (Thurs.)  
December 19, 2025 – 12:30 p.m. (Thurs.)

**BOARD MEETINGS**

July 17 – 19, 2025 – 8:30 a.m. (Thurs. and Fri.)  
September 18 – 19, 2025 – 8:30 a.m. (Thurs. and Fri.) **\*\* Board Picture Day \*\***  
October 16 – 17, 2025 – 8:30 a.m. (Thurs. and Fri.)  
November 20 – 21, 2025 – 8:30 a.m. (Thurs. and Fri.)  
December 18 – 19, 2025 – 8:30 a.m. (Thurs. and Fri.)

**\*\* Please note that these dates and times are tentative.**

**CALENDAR DATES FOR SERS BOARD AND COMMITTEE MEETINGS FOR 2026 \*\***

**AUDIT COMMITTEE MEETINGS**

March 18, 2026 – 2:30 p.m. (Weds.)  
June 17, 2026 – 2:30 p.m. (Weds.)  
September 16, 2026 - 2:30 p.m. (Weds.)  
December 16, 2026 – 2:30 p.m. (Weds.)

**COMPENSATION COMMITTEE MEETINGS**

March 19, 2026 – 7:30 a.m. (Thurs.)  
June 18, 2026 – 7:30 a.m. (Thurs.)  
July 16, 2026 – 7:30 a.m. (Thurs.) **\*\* Special Meeting \*\***  
September 17, 2026 – 7:30 a.m. (Thurs.)  
December 17, 2026 – 7:30 a.m. (Thurs.)

**TECHNOLOGY COMMITTEE MEETINGS**

March 19, 2026 – 12:30 p.m. (Thurs.)  
June 18, 2026 – 12:30 p.m. (Thurs.)  
September 17, 2026 – 12:30 p.m. (Thurs.)  
December 17, 2026 – 12:30 p.m. (Thurs.)

**BOARD MEETINGS**

February 19 – 20, 2026 – 8:30 a.m. (Thurs. and Fri.)  
March 19 – 20, 2026 - 8:30 a.m. (Thurs. and Fri.)  
April 16 – 17, 2026 – 8:30 a.m. (Thurs. and Fri.)  
May 21 – 22, 2026 – 8:30 a.m. (Thurs. and Fri.)  
June 18, 2026 – 8:30 a.m. (Thurs.)  
July 16 – 17, 2026 – 8:30 a.m. (Thurs. and Fri.)  
September 17 – 18, 2026 – 8:30 a.m. (Thurs. and Fri.) **\*\* Board Picture Day \*\***  
October 15 – 16, 2026 – 8:30 a.m. (Thurs. and Fri.)  
November 19 – 20, 2026 – 8:30 a.m. (Thurs. and Fri.)  
December 17 – 18, 2026 – 8:30 a.m. (Thurs. and Fri.)

**\*\* Please note that these dates and times are tentative.**

**BOARD OFFICER ELECTION**

**OFFICERS FOR SERS BOARD FISCAL YEAR 2026  
(July 1, 2025 through June 30, 2026)**

As Chairperson of the SERS Board, I open the floor for nominations for Chair:

Nominated: \_\_\_\_\_ By: \_\_\_\_\_

Other Nominations: \_\_\_\_\_ By: \_\_\_\_\_

Other Nominations: \_\_\_\_\_ By: \_\_\_\_\_

**As Chairperson of the SERS Board, I declare \_\_\_\_\_ CHAIRPERSON for fiscal year 2026 (July 1, 2025 through June 30, 2026).**

I open the floor for nominations for Vice Chair:

Nominated: \_\_\_\_\_ By: \_\_\_\_\_

Other Nominations: \_\_\_\_\_ By: \_\_\_\_\_

Other Nominations: \_\_\_\_\_ By: \_\_\_\_\_

**As Chairperson of the SERS Board, I declare \_\_\_\_\_ VICE CHAIRPERSON fiscal year 2026 (July 1, 2025 through June 30, 2026).**

**CONTINUED OR NEW BUSINESS**

**Board Information Requested**

**BOARD INFORMATION REQUESTS AND FOLLOW-UP ITEMS**

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**ADJOURNMENT(R)**

\_\_\_\_\_ moved that the SERS Retirement board adjourn to meet on Thursday, July 17, 2025, for the next regularly scheduled meeting.

The meeting adjourned at \_\_\_\_\_ a.m./p.m.

\_\_\_\_\_  
Matthew King – Chair

\_\_\_\_\_  
Richard Stensrud - Secretary