



SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

BOARD MEETING HIGHLIGHTS

OCTOBER 2017

Candidate Chosen for Open Employee-Member Seat

In accordance with the rules of a Special Board Election, Hugh Garside, Jr., was chosen to fill the open employee-member Board seat.

Garside is the treasurer & chief fiscal officer at South-Western City Schools in Columbus. He has served the school district for nearly 10 years and has worked in similar positions at two other schools during the last 23 years. In addition, he has served as an assistant auditor with the Ohio Auditor of State.

Garside earned a B.S. in accounting from Heidelberg University and an MBA from the Fisher College of Business at The Ohio State University.

The term for this seat runs through June 30, 2019.

Wilshire Presents Board Education on Benchmarks

At the request of the Board, Felicia Bennett of Wilshire Associates, SERS' general investment consultant, provided an education session on investment benchmarks.

After offering an overview of benchmark characteristics, she suggested that investment personnel should choose benchmarks with a similar style and risk as the asset class or manager. She also suggested that benchmarks be appropriate, measureable, unambiguous, and be able to be replicated in the investment environment.

Next, Bennett provided a benchmark fit analysis for each of SERS' asset classes. She discussed SERS' current asset class benchmarks and compared them against other available benchmarks. In final analysis, Wilshire's research indicated that SERS' current benchmarks were appropriate for the investments in each portfolio. However, for the non-US equity and real assets portfolios, Wilshire proposed further research on alternative benchmarks that may be more representative.

Global Private Equity Portfolio Review

Staff presented a review of SERS' \$1.2 billion global private equity portfolio.

The role of the private equity portfolio is to provide risk adjusted returns in excess of those provided by publicly traded equities, with the objective outperforming the Burgiss All Private Equity (BAPE) benchmark.

Last year, the global private equity portfolio finished with a net of fees return of 16.8% and for five years finished highest among its Ohio peers.

Staff continues to review the portfolio's construction and management; stay aware of private equity investment trends and remain active in participation in the Institutional Limited Partners Association (ILPA), a trade association that addresses key issues impacting private equity markets.

Staff also continues to focus on fee structure and fee-saving opportunities. Fees have stabilized at 1.5%, below the industry average of 2%.

The FY2018 objectives include maintaining the private equity portfolio near its asset allocation of 10%; actively seeking co-investment opportunities where appropriate; researching and identifying new managers; continuing to

RETIREMENT BOARD

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Vice-Chair, Appointed Member

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JAMES HALLER
Employee-Member

CHRISTINE D. HOLLAND
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Retiree-Member

BARBRA M. PHILLIPS
Employee-Member

BEVERLY A. WOOLRIDGE
Retiree-Member

OPEN
Employee-Member

improve risk and return characteristics of the portfolio; optimizing manager counts as appropriate; and encouraging general partners to conform to the ILPA best practices.

SERS Commits to US Equity Investments

As the result of an RFP issued in January 2017, the SERS Staff Investment Committee approved two commitments within the System's US equity portfolio.

The investments include a \$150 million commitment to Twin Prime Equity and a \$100 million commitment to PineBridge, both of which are multifactor strategy funds. Funding for these investments come from rebalancing the US equity portfolio.

Total Fund Update

TOTAL FUND BALANCE		
July 31	August 31	Difference
\$13.76 billion	\$13.77 billion	▲ \$10 million
TOTAL FUND RETURN (net of fees)		
Fiscal Year	Calendar Year	3-Year
▲ 1.99%	▲ 10.46%	▲ 6.61%
TOTAL FUND RETURN vs. BENCHMARK		
Fiscal Year	Calendar Year	3-Year
▲ 0.10%	▲ 1.49%	▲ 0.81%

Executive Director's Update

Legislation

SERS continues to pursue legislation to delay a Cost-of-Living Adjustment (COLA) for future retirees and benefit recipients until the fourth anniversary of their retirement or benefit effective date.

Investors for Opioid Accountability

SERS has joined a group of institutional investors, representing public sector funds, private investing plans, faith-based investors and sustainability funds, called the Investors for Opioid Accountability Group. The group is asking for the opportunity to engage with public companies associated with the opioid crisis in an effort to encourage corporate governance reforms, including increased oversight and transparency.

Monthly Retirement and Survivor Benefit Transactions

For October, the SERS Board approved 702 active members for service retirements, and 24 survivor benefits for spouses and/or dependents.

November Meeting Dates

The next Board meeting will take place Thursday, November 16, and Friday, November 17, at 8:30 a.m.