



SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

BOARD MEETING HIGHLIGHTS

OCTOBER 2025

Global Private Equity Portfolio Review

Staff provided the Board with an overview of SERS' \$2.63 billion Global Private Equity (PE) portfolio. Currently, the portfolio consists of 28 general partners that manage 70 funds and 18 co-investments. The role of the broadly-diversified portfolio is to provide risk-adjusted returns in excess of those provided by publicly-traded equities.

The PE portfolio is currently 12.4% of the Total Fund, which is slightly below the 14% target but still within the 11% to 17% range.

In FY2025, the PE portfolio generated a 9.99% net-of-fees return, outperforming the benchmark by 3.57%. The Board questioned whether the MSCI-Burgiss Global Private Equity Funds Index was still the appropriate benchmark for evaluating the performance of the portfolio.

Staff believes it is since there are no other benchmarks that better approximate SERS' holdings.

SERS' private equity returns, both short term and long term, received recognition this year. An October 15, 2025, article in *Pensions & Investments* revealed that SERS' fiscal year return of 9.99% was third highest in a universe of 74 U.S. pension funds with more than \$1 billion in assets. Additionally, SERS' 17.20% 10-year (calendar year) private equity return was ranked second by the American Investment Council, which tracks returns from 200 U.S. pension funds. The median return over 10 years was 13.5%. To read the report, [click here](#).

The PE portfolio strategy consists of 78% buyouts, 8% venture, 8% co-investments, and 6% special situations. Since last year, this represents a 2% increase in venture, mainly due to strong returns, and a 2% increase in co-investments, which has been a focus for the PE team. Co-investments are attractive because they provide a way to increase exposure in high-performing managers with additional return potential, while not incurring additional management fees. Buyouts remain the bulk of private equity investments because they create value across all business cycles.

Geographically, SERS' portfolio is 76% invested in North America, 19% in Europe, and 5% in emerging markets.

In FY2026, SERS will look for opportunities to increase the assets of portfolio closer to the 14% target. Staff will continue to actively seek co-investment opportunities where appropriate, review the entire portfolio strategy and structure and develop a plan to improve the risk and return characteristics of the portfolio, achieve fee reductions, and optimize manager count as appropriate. In addition, Staff will be looking to identify new and innovative investment opportunities with managers who offer compelling return expectations.

RETIREMENT BOARD

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Vice-Chair, Appointed Member

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Retiree-Member

General Investment Consultant Search

SERS' contract with its general investment consultant, Wilshire Associates, is set to expire at the end of July 2026. Staff is currently working on a Request for Proposal (RFP) that is expected to be released at the beginning of November to kick off SERS' general investment consultant search.

The RFP will be on SERS' website at <https://www.ohsers.org/about-sers/vendor-opportunities/>.

Investment Committee Approves Real Assets Investment

The SERS Staff Investment Committee approved a commitment to KKR DCIF, a private infrastructure core strategy within the real assets portfolio, of up to \$100 million.

This investment will be funded from cash reserves.

Total Fund Update

TOTAL FUND BALANCE		
July 31	August 31	Difference
\$20.76 billion	\$21.01 billion	▲ \$250 million
TOTAL FUND RETURN (net of fees)		
Fiscal Year	Calendar Year	3-Year
▲ 2.14%	▲ 9.39%	▲ 9.59%
TOTAL FUND RETURN vs. BENCHMARK		
Fiscal Year	Calendar Year	3-Year
▲ 0.32%	▲ 1.47%	▲ 0.76%

Board Approves Changes to Five Administrative Rules

SERS' Board approved changes to the following administrative rules:

1. 3309-1-64 Dental and vision coverage
2. 3309-1-09 Federal taxation
3. 3309-1-10 Mandatory direct deposit
4. 3309-1-35 Health care
5. 3309-1-65 Medicare part B reimbursement account

Changes to the dental and vision coverage rule include updated overpayment/underpayment of premiums language to mirror wording in the health care rule, 3309-1-35; changes to the federal taxation rule were needed due to the implementation of the federal SECURE 2.0 Act; changes to the mandatory direct deposit rule will help SERS identify and prevent fraud; changes to the health care rule include reorganization of sections to provide better readability as well as clarifying provisions regarding enrollment, waiver, and cancellation of coverage; and the Medicare Part B rule updates a citation to the amended health care rule.

Executive Director's Update

ORSC's Actuary Presents Actuarial Audit

Every 10 years, Ohio law requires the Ohio Retirement Study Council (ORSC), the legislature's pension oversight body, to have an independent actuary conduct an actuarial audit of the work performed by the System's actuary, CavMac, and to confirm that SERS' actuarial calculations are

accurate and reliable. The ORSC engaged Pension Trustee Advisors, which partnered with KMS Actuaries and Bolton Partners, to perform SERS' audit.

Linda Bournival of KMS Actuaries presented an overview of its findings to the Board.

The actuarial audit identified no critical concerns and found that the actuarial calculations were reasonable, consistent, and accurate. The report also stated that the actuarial liabilities and normal costs calculated by CavMac were closely matched by PTA/KMS/Bolton.

Minor recommendations included the expansion of certain information in the actuarial valuation report and a more detailed disclosure of methodology and assumptions in the next actuarial experience study.

Staff discussed PTA/KMS/Bolton's recommendations with CavMac, and plan to incorporate many of them during the upcoming five-year experience study as of June 30, 2025.

ORSC Update

The October ORSC meeting included a review of SERS' annual disability report. The FY2025 experience was similar to previous years.

The ORSC also reviewed SERS' travel policy updates, which were discussed at the [September Board meeting](#).

State Legislation

SERS continues to monitor several bills, including the following:

- **Senate Bill 69** is a placeholder legislation intended to make necessary changes to the law to ensure the health and sustainability of the state's public retirement systems. Bill sponsor Senator Mark Romanchuk (R-Ontario) has spoken about a desire to provide tools to strengthen the retirement systems such that it would be possible to reduce the 30-year amortization period that Ohio's retirement systems are required to meet under current law. Director Richard Stensrud noted that SERS has never fallen outside of the current 30-year mandate, and does not need nor has it requested, additional employer contributions.
- **House Bill 413** would require mandatory participation by local government entities in the Ohio Checkbook, Ohio's online database of state and local government expenditures. Since SERS' revenues are largely driven by contributions, staff will continue to meet with the bill's sponsors to ensure that is taken into consideration. SERS already voluntarily provides financial data to the Ohio Checkbook.
- **House Bill 473** would prohibit public employers from picking up, or paying, the employee share of contributions to retirement systems. Director Stensrud noted that the current practice of employer pickup does not increase pensionable compensation. However, if employer pickup is prohibited, employees could receive this compensation through another vehicle, which in turn could increase their pensionable compensation, and subsequently, their monthly payment.
- **House Bill 18** would allow state funds and retirement systems to invest in digital assets such as cryptocurrency but would not require it.

Federal Legislation

The enhanced Affordable Care Act subsidies are set to expire at the end of the year. This change could have an impact on SERS' Wraparound plan as some benefit recipients may need to revisit their plan choice if the subsidies are changed.

SERS is closely monitoring this issue and will update the Board at next month's meeting.

Monthly Retirement and Survivor Benefit Transactions

For October, the SERS Board approved 831 active members for service retirements, and 11 survivor benefits for spouses and/or dependents.

November Meeting Dates

The next Board meeting will take place on Thursday, November 20, at 8:30 a.m.