



## Retirement Board Agenda February 15, 2024

Click the Zoom Link to Join the Meeting:

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Meeting ID: 949 1213 3905

Password: 12345

To join by phone, dial: (929) 205-6099 and enter the Meeting ID: **949 1213 3905** and Password: **12345** when prompted.

### PLEDGE OF ALLEGIANCE

1. Roll Call
2. Approval of Out-of-State Board Travel (R)

### CONSENT AGENDA (R)

3. Minutes of the **December 21, 2023** Retirement Board meeting
4. Summary of Investment Transactions
  - **November 1, 2023 to November 30, 2023**
  - **December 1, 2023 to December 31, 2023**
5. Retirement Report
  - Superannuations, Survivor Benefits & Transfers
  - Special Cases
6. Disability Report
  - Approval of Disability Benefits
  - Disapproval of Disability Benefits
  - Termination of Disability Benefits
  - Termination of Disability Benefits – Any Occupation
  - Approval of Appeal of Termination
  - Approval of Appeal of Termination – Any Occupation
  - Approval of Appeal of Termination on Personal Appearance – Any Occupation
  - Disapproval of Appeal of Termination – Any Occupation

### INVESTMENT REPORT

7. Annual Portfolio Review – Global Equities
8. Wilshire Associates Quarterly Performance Report – As of December 31, 2023
9. Quarterly Investment Report

### EXECUTIVE DIRECTOR'S REPORT

10. Executive Director's Update
11. Review of Second Quarter Budget to Actual Administrative Expenses for SERS and OSERS Broad Street, LLC
12. CBIZ – Compensation Update – **10:30 a.m.**

### COMPENSATION REPORT

13. Compensation Committee Update

### TECHNOLOGY REPORT

14. Technology Committee Update

### RETIREMENT REPORT

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

### BOARD COMMUNICATION AND POLICY ISSUES

16. Calendar Dates for Future Board Meetings
17. Continued or New Business
  - Board Information Requests and Follow-up Items

### Adjournment (R)

FY2024 SERS Board Roll Call

- Frank Weglarz \_\_\_\_\_
- Matthew King \_\_\_\_\_
- Jeffrey DeLeone \_\_\_\_\_
- James Haller \_\_\_\_\_
- Catherine Moss \_\_\_\_\_
- Barbra Phillips \_\_\_\_\_
- James Rossler \_\_\_\_\_
- Aimee Russell \_\_\_\_\_
- Daniel Wilson \_\_\_\_\_

**APPROVAL OF OUT-OF-STATE BOARD TRAVEL**

\_\_\_\_\_ moved and \_\_\_\_\_ 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.

| <b>Conference</b>                                | <b>Attendee</b> | <b>Conference Date(s)</b> | <b>Conference Location</b> | <b>Estimate of Expenses</b> |
|--|-----------------|---------------------------|----------------------------|-----------------------------|
| IFEBP Investments Institute                      | Frank Weglarz   | March 6 – March 7, 2024   | Rancho Mirage, CA          | \$1754.89                   |
| 2024 NCPERS Annual Conference & Exhibition (ACE) | Cathie Moss     | May 19 – 22, 2024         | Seattle, WA                | \$2840.15                   |

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> |
|--------------------------|-------------------|-------------------|-----------------------|
| Matthew King             | _____             | _____             | _____                 |
| Jeffrey DeLeone          | _____             | _____             | _____                 |
| James Haller             | _____             | _____             | _____                 |
| Catherine Moss           | _____             | _____             | _____                 |
| Barbra Phillips          | _____             | _____             | _____                 |
| James Rossler            | _____             | _____             | _____                 |
| Aimee Russell            | _____             | _____             | _____                 |
| Daniel Wilson            | _____             | _____             | _____                 |
| Frank Weglarz            | _____             | _____             | _____                 |

BOARD: Travel  
R.C. 3309.04

## **FEBRUARY 2024 CONSENT AGENDA**

1. Minutes of the
  - a. **December 21, 2023**, Retirement Board meeting
2. Summary of Investment Transactions – **November 1, 2023 to November 30, 2023 and December 1, 2023 to December 31, 2023**
3. Retirement Report
  - a. Superannuations and Survivor Benefits and Transfers
  - b. Special Cases
4. Disability Report
  - a. Approval of Disability Benefits
  - b. Disapproval of Disability Benefits
  - c. Termination of Disability Benefits
  - d. Termination of Disability Benefits – Any Occupation
  - e. Approval of Appeal of Termination
  - f. Approval of Appeal of Termination – Any Occupation
  - g. Approval of Appeal of Termination on Personal Appearance – Any Occupation

**APPROVAL OF CONSENT AGENDA**

\_\_\_\_\_ moved and \_\_\_\_\_ seconded the motion to approve the Consent Agenda, which includes the following items:

- 1. Minutes of the
  - a. **December 21, 2023**, Retirement Board meeting
- 2. Summary of Investment Transactions – **November 1, 2023 to November 30, 2023 and December 1, 2023 to December 31, 2023**
- 3. Retirement Report
  - a. Superannuations and Survivor Benefits and Transfers
  - b. Special Cases
- 4. Disability Report
  - a. Approval of Disability Benefits
  - b. Disapproval of Disability Benefits
  - c. Termination of Disability Benefits
  - d. Termination of Disability Benefits – Any Occupation
  - e. Approval of Appeal of Termination
  - f. Approval of Appeal of Termination – Any Occupation
  - g. Approval 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> |
|--------------------------|-------------------|-------------------|-----------------------|
| Matthew King             | _____             | _____             | _____                 |
| Jeffrey DeLeone          | _____             | _____             | _____                 |
| James Haller             | _____             | _____             | _____                 |
| Catherine Moss           | _____             | _____             | _____                 |
| Barbra Phillips          | _____             | _____             | _____                 |
| James Rossler            | _____             | _____             | _____                 |
| Aimee Russell            | _____             | _____             | _____                 |
| Daniel Wilson            | _____             | _____             | _____                 |
| Frank Weglarz            | _____             | _____             | _____                 |

# **SERS Retirement Board Meeting Minutes**

**December 21, 2023**

The nine hundredth and sixty-fifth 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, December 21, 2023.

## **Pledge of Allegiance**

The SERS Retirement Board meeting convened at 8:35 a.m. with the Pledge of Allegiance.

## **Roll Call**

Following the Moment of Silence, the roll call was as follows: Frank Weglarz, Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, Barbra Phillips, James Rossler, Aimee Russell, and Daniel Wilson. Also attending was Lisa Reid, representative of the Ohio Attorney General's Office. Various members of the SERS staff and the public attended in person. Several SERS staff members and members of the public attended virtually.

## **Consent Agenda**

The consent agenda for **December 21, 2023**, included:

- Minutes of the November 16, 2023, Retirement Board meeting
- Summary of Investment Transactions for the period of October 1, 2023, to October 31, 2023
- Retirement Report – Superannuations, Survivor Benefits, and Transfers
- Disability Report – Approval of Disability Benefits, Termination of Disability Benefits - Any Occupation

Catherine Moss moved and James Haller seconded the motion to approve the Consent Agenda of the Retirement Board meeting held on Thursday, December 21, 2023. Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, Barbra Phillips, James Rossler, Aimee Russell, Daniel Wilson, and Frank Weglarz. The motion carried.

## **External Audit Report**

SERS Chief Financial Officer, Marni Hall, introduced Kristin Hunt, Amanda Cronk, and Ashley Raden from Plante Moran, SERS new independent external auditor. They presented the FY2023 Independent Auditor's Report to the Board.

Plante Moran's audit produced an unmodified opinion, which is the highest rating possible. The rating means that SERS' financial statements are presented, in all material respects, in accordance with applicable financial reporting framework.

The auditors examined required communication with those charged with governance, including the management estimates included within the financial statements, and found no difficulties or disagreements with management in performing the audit and no corrected or uncorrected misstatements.

The auditors also examined a report on internal controls over financial reporting and identified a "significant deficiency" related to the bank reconciliation process. This finding means a control was missing but existing controls prevented a material misstatement.

SERS staff is addressing this finding by refocusing and verifying that existing manual internal controls are being utilized, as well as making technology enhancements to assist in general ledger activity and posting and identification of cash receipts.

# **SERS Retirement Board Meeting Minutes**

**December 21, 2023**

## **2023 ACFR Highlights**

SERS Chief Financial Officer, Marni Hall, provided an overview of the 2023 Annual Comprehensive Financial Report (ACFR). The SERS ACFR meets standards of Government Accounting Standard's Board (GASB), is audited, and contains 5 sections: Introductory, Financial (audited), Investment, Actuarial, and Statistical. The ACFR also contains a transmittal letter and supplemental schedules. After a brief overview, the board thanked Ms. Hall for her presentation.

## **Investment Report**

### **Annual Portfolio Review – Opportunistic and Tactical**

SERS Chief Investment Officer, Farouki Majeed, introduced Phil Sisson, an Investment staff member, who provided the Board with an overview of SERS' \$567 million opportunistic and tactical investment portfolio which comprises 3.3% of the Total Fund.

Mr. Sisson reported the portfolio was first implemented in 2013, giving the SERS investment staff the flexibility to invest in strategies that do not fit neatly into other asset classes.

The one-year return of the portfolio was 6.1% net of fees, and the three-year return was 9.8%. The portfolio exceeded the policy benchmark across all time periods and has provided 6.50% of added value to the Total Fund over 10 years. The investments contained in the opportunistic and tactical portfolio include distressed/stressed debt, diversified and tactical strategies, structured credit, and multi-asset strategy (MAS) funds.

Mr. Sisson continued, reporting that SERS has invested in distressed debt funds since 2014. Representing 28% of the portfolio, distressed debt investing is the process of investing in the debt of financially distressed companies. This includes companies undergoing operational challenges or those that operate in cyclical industries like energy, retail, and the media.

Diversified and tactical investments make up 27% of the portfolio and include strategies that can actively allocate between opportunities. These types of investments provide inflation protection, and SERS' exposure to commodities is included here.

The MAS strategy contains portfolios that invest in debt and equity investments. This strategy makes up 22% of the portfolio.

The remaining 23% of the portfolio consists of structured credit investments. These types of funds include investments in commercial real estate, mortgages, and other asset-backed securities. SERS values the certainty of income associated with structured credit investments. After several questions, the board thanked Mr. Sisson for his presentation.

### **Monthly Investment Report**

Mr. Majeed provided the board with a brief overview of the monthly investment report. Mr. Majeed reported that the GDP numbers were strong in the 3<sup>rd</sup> quarter and there is no longer an expectation of a recession. Mr. Majeed provided the board with the latest investment numbers and advised the board that as of October 31, 2023, the fund was \$17.15B. Following a robust discussion, the board thanked Mr. Majeed for his presentation.

### **Asset Allocation Real Assets Segregation Discussion**

Mr. Majeed continued with a discussion on Global Real Assets – Segregation of Real Estate and Infrastructure. Mr. Majeed reported in June 2013 the Board approved expansion of the Real Estate program to include infrastructure and an increase in the allocation from 10% to 12%. The combined program was renamed Real

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Assets. The target allocation was increased to 15%, 17% and 20% in 2016, 2020, and 2023 respectively. The first commitment to an Infrastructure investment was made in Sept 2013 and capital in the amount of \$200 million was called in May 2015. Since then, the infrastructure program has steadily increased to \$1.14 billion in asset value as of Sept 2023, representing 32% of the Real Assets program and 6.5% of the total fund.

The NCREIF Property Index (NPI), which was initially used as the benchmark for Real Estate has continued as the benchmark for Real Estate, Infrastructure, and the combined Real Assets program through this transition. The NPI index consists entirely of private US commercial real estate properties and does not include Infrastructure properties.

The return characteristics experienced by SERS for Real Estate and Infrastructure show differences in magnitude and intra-period deviations as shown in table below:

| As of Sept. 30, 2023 |        |        |       |       |
|----------------------|--------|--------|-------|-------|
|                      | 1 YR   | 3 YR   | 5 YR  | 10YR  |
| Real Estate (core)   | -8.21% | 10.86% | 8.70% | 9.58% |
| NPI                  | -6.60% | 6.79%  | 5.90% | 7.82% |
| Excess Return        | -1.61% | 4.07%  | 2.80% | 1.76% |
| Infrastructure       | 9.05%  | 10.15% | 9.97% |       |
| NPI                  | -6.60% | 6.79%  | 5.90% |       |
| Excess Return        | 15.65% | 3.35%  | 4.07% |       |

Mr. Majeed continued, stating that the return history indicates that infrastructure returns have been more stable over the period and not subject to the cyclical pattern of real estate returns particularly in the one-year period where Real Estate had a negative return while Infrastructure had a strong positive return.

Staff believes that due to the current size of the infrastructure program and the short-term performance deviations, it is appropriate to segregate Real Estate and Infrastructure within the current total fund policy allocation and to specify a compatible benchmark for Infrastructure.

In consultation with Wilshire, Staff reviewed three categories of benchmarks for Infrastructure:

- a) Listed market indices – high volatility.
- b) Peer based private Index such as the Burgiss database – not representative of SERS investments.
- c) Inflation based benchmark – more appropriate than a) and b).

SERS Investment Staff focused on the Inflation based benchmark since Infrastructure assets (core) tend to have long term contracts that are inflation indexed. The return of the SERS Infrastructure program relative to quarterly CPI (smoothed over four quarters) plus a premium of 1.20% per quarter (CPI + 5% annual) is shown below:





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## Statement of Investment Policy Amendment

SERS Investment Staff recommends the following changes to the Board approved Asset Allocation Policy and benchmark for Infrastructure effective January 1, 2024, as stipulated in the Resolution for the amended Statement of Investment Policy:

|   | TARGET |             | RANGE              |
|---|--------|-------------|--------------------|
| <b>Equity</b>                                       |        | <b>54%</b>  | <b>44% - 64%</b>   |
| Global Equities                                     | 40%    |             | 35% - 45%          |
| Global Private Equity                               | 14%    |             | 11% - 17%          |
| <b>Income</b>                                       |        | <b>26%</b>  | <b>41% - 51%</b>   |
| Global Fixed Income                                 | 18%    |             | 13% - 23%          |
| Global Private Credit                               | 5%     |             | 3% - 7%            |
| Cash Equivalents                                    | 3%     |             | 1% - 5%            |
| <b>Global Real Assets (Inflation)</b>               |        | <b>20%</b>  | <b>17% - 22%</b>   |
| Global Real Estate                                  | 13%    |             | 10% - 15%          |
| Global Infrastructure                               | 7%     |             | 5% - 10%           |
| <b>STRATEGY</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> |

| ASSET CLASS                            | BENCHMARK MEASURE  |
|--|--|
| Global Equities                        | MSCI All Country World Net Total Return Index (USD)                  |
| Global Private Equity                  | Burgiss All Private Equity benchmark (BAPE) (one quarter in arrears) |
| Global Fixed Income                    | Bloomberg US Aggregate Bond Index                                    |
| Global Private Credit                  | 90 day Treasury bill rate+4.5% (one quarter in arrears)              |
| Global Real Estate Assets              | 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  |
| STRATEGY                               | BENCHMARK MEASURE  |
| Opportunistic and Tactical Investments | Bloomberg US Aggregate Bond Index + 2%                               |

As discussed during the December 21, 2023 Board meeting, James Rossler moved and James Haller seconded the motion to approve an amendment to the Statement of Investment Policy with the following changes to the Asset Allocation Policy and benchmark for Infrastructure. The amended Statement of Investment Policy will become effective January 1, 2024 and replaces the Statement of Investment Policy dated July 1, 2023. Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, Barbra Phillips, James Rossler, Aimee Russell, Daniel Wilson, and Frank Weglarz. The motion carried.

The board took a break at 10:08 a.m.

The board reconvened at 10:18 a.m.

## RAMA Presentation – Strategic Plan Discussion

SERS Executive Director, Richard Stensrud, introduced the staff from RAMA, who will facilitate work being done on the SERS Strategic Plan. Mr. Stensrud advised the board that the process will be familiar to the board but this time, the desire is to have more board engagement and oversight. Mo Wright, President and CEO of

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RAMA, introduced several of his staff members who will work as a team to facilitate this project with the SERS board and SERS leadership.

RAMA staff surveyed the board and asked about things they would like to focus on while working to update the strategic plan. SERS board members provided feedback and RAMA explained their timeline and next steps. Following a robust discussion, the board thanked RAMA for their presentation and advised that they are looking forward to working together.

## **Certification of Candidate – Employee Member Seat**

James Haller moved and Catherine Moss seconded that having met the eligibility requirements of Chapter 3309 of the Ohio Revised Code, and having received sufficient and proper petitions to meet the requirements of Section 3309.07 of the Ohio Revised Code, Matthew A. King is certified as nominated to run for the employee member seat for the term July 1, 2024 to June 30, 2028. In accordance with Section 3309.071 of the Ohio Revised Code, since only one candidate has been nominated by petition for the open seat, no election is required. Matthew A. King shall take office as if elected for the term July 1, 2024 to June 30, 2028. In accordance with Section 3309-1-04 of the Ohio Administrative Code, the Secretary of State's Office has reviewed the certification that Matthew A. King is qualified to run for the employee member seat. Upon roll call, the vote was as follows: Yea: Jeffrey DeLeone, James Haller, Catherine Moss, Barbra Phillips, James Rossler, Aimee Russell, Daniel Wilson, and Frank Weglarz. Abstain: Matthew King. The motion carried.

## **Certification of Candidate – Retiree Member Seat**

James Rossler moved and Barbra Phillips seconded that having met the eligibility requirements of Chapter 3309 of the Ohio Revised Code, and having received sufficient and proper petitions to meet the requirements of Section 3309.07 of the Ohio Revised Code, Catherine Moss is certified as nominated to run for the retiree member seat for the term July 1, 2024 to June 30, 2028. In accordance with Section 3309.071 of the Ohio Revised Code, since only one candidate has been nominated by petition for the open seat, no election is required. Catherine Moss shall take office as if elected for the term July 1, 2024 to June 30, 2028. In accordance with Section 3309-1-04 of the Ohio Administrative Code, the Secretary of State's Office has reviewed the certification that Catherine Moss is qualified to run for the retiree member seat. Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Barbra Phillips, James Rossler, Aimee Russell, Daniel Wilson, and Frank Weglarz. Abstain: Catherine Moss. The motion carried.

## **Five-Year Review and Filing of No Change Administrative Rules**

Legal Counsel discussed with the Retirement Board filing with JCARR the following rules as no change rules: 3309-1-02 Definition of compensation; 3309-1-05 Policy on investment department incentive plan payouts; 3309-1-06 Ohio-qualified agents and investment managers; 3309-1-08 Payment of benefits and allowances; 3309-1-18 Payment of contributions; 3309-1-22 Disability retirement - effective date; 3309-1-25 Notice of meetings; 3309-1-27 Intersystem transfers with nonuniform systems; 3309-1-28 Purchase of service credit; military; 3309-1-32 Cost-of-living; base allowance change; 3309-1-33 Retirement and benefit effective dates; 3309-1-34 Combined disability benefits; 3309-1-35 Health care; 3309-1-42 Options; pop-up and election of new option; 3309-1-46 Retirement – option selection.

Barbra Phillips moved and Jeffrey DeLeone seconded that rules 3309-1-02, 3309-1-05, 3309-1-06, 3309-1-08, 3309-1-18, 3309-1-22, 3309-1-25, 3309-1-27, 3309-1-28, 3309-1-32, 3309-1-33, 3309-1-34, 3309-1-35, 3309-1-42 and 3309-1-46 be filed with the Joint Committee of Agency Rule Review (JCARR) as no change rules as discussed. Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, Barbra Phillips, James Rossler, Aimee Russell, Daniel Wilson, and Frank Weglarz. The motion carried.

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## **Five-Year Review and Filing of Proposed Amended Administrative Rule (6)**

Legal Counsel discussed with the Retirement Board filing with JCARR the following amended administrative rule: 3309-1-07 Application for payment upon termination of employment. Catherine Moss moved and Matthew King seconded that proposed amended rule 3309-1-07 be filed with JCARR as discussed. Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, Barbra Phillips, James Rossler, Aimee Russell, Daniel Wilson, and Frank Weglarz. The motion carried.

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed amended administrative rule: 3309-1-11 Membership determinations. James Haller moved and Barbra Phillips seconded that proposed amended rule 3309-1-11 be filed with JCARR as discussed. Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, Barbra Phillips, James Rossler, Aimee Russell, Daniel Wilson, and Frank Weglarz. The motion carried.

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed amended administrative rule: 3309-1-19 Member enrollment. Catherine Moss moved and Aimee Russell seconded that proposed amended rule 3309-1-19 be filed with JCARR as discussed. Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, Barbra Phillips, James Rossler, Aimee Russell, Daniel Wilson, and Frank Weglarz. The motion carried.

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed amended administrative rule: 3309-1-26 Determination of beneficiary. Catherine Moss moved and Barbra Phillips seconded that proposed amended rule 3309-1-26 be filed with JCARR as discussed. Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, Barbra Phillips, James Rossler, Aimee Russell, Daniel Wilson, and Frank Weglarz. The motion carried.

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed amended administrative rule: 3309-1-29 Purchase of service credit; out of state and other. Jeffrey DeLeone moved and Barbra Phillips seconded that proposed amended rule 3309-1-29 be filed with JCARR as discussed. Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, Barbra Phillips, James Rossler, Aimee Russell, Daniel Wilson, and Frank Weglarz. The motion carried.

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed amended administrative rule: 3309-1-50 Re-employment restrictions. Barbra Phillips moved and Catherine Moss seconded that proposed amended rule 3309-1-50 be filed with JCARR as discussed. Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, Barbra Phillips, James Rossler, Aimee Russell, Daniel Wilson, and Frank Weglarz. The motion carried.

## **Filing of Proposed Amended Administrative Rule**

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed amended rule: 3309-1-09 Federal taxation. Aimee Russell moved and James Haller seconded that proposed amended rule 3309-1-09 be filed with JCARR as discussed. Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, Barbra Phillips, James Rossler, Aimee Russell, Daniel Wilson, and Frank Weglarz. The motion carried.

## **Final Filing of Proposed Amended Administrative Rule**

Legal Counsel discussed with the Retirement Board the following proposed amended rule: 3309-1-35 Health care, that has been reviewed by JCARR and is ready for final adoption by the Board. Barbra Phillips moved and Catherine Moss seconded that proposed amended rule 3309-1-35 be adopted. Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, Barbra Phillips, James Rossler, Aimee Russell, Daniel Wilson, and Frank Weglarz. The motion carried.

# **SERS Retirement Board Meeting Minutes**

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## **2024 Qualified Excess Benefit Plan Budget (QEBA)**

SERS Chief Financial Officer, Marni Hall, reported that SERS established a separate plan, effective January 2003, to provide for the payment of a retiree's service retirement benefit that otherwise would have been payable by the System except for the limitations of Internal Revenue Code ("IRC") §415(b). This code section limits the amount of annual benefit that a defined benefit plan, such as SERS, can pay to a retiree. However, IRC §415(m) allows governmental plans to set up a qualified excess benefit arrangement (QEBA) to pay the excess amount. SERS' Qualified Excess Benefit Plan is funded on a calendar year basis from contributions from the retiree's last employer. Estimated expenses for administering the plan are included in the annual funding request.

Ms. Hall continued, stating each year a budget is prepared using the new IRS plan limits, calculating current QEBA recipients' projected benefits, adding new QEBA recipients and projecting the cash balance remaining in the QEBA account at year end. For the plan year 2024, we are requesting that \$175,000 of employer contributions be assigned to the QEBA Fund. After several questions, Matthew King moved and Barbra Phillips seconded the motion to assign \$ 175,000 of employer contributions from the last employer of retirees covered by the SERS Qualified Excess Benefit Plan to the QEBA Fund for calendar 2024. The QEBA Fund is authorized to pay benefits of approximately \$ 170,000 to qualified retirees; with the balance allocated to QEBA Fund operating expenses. Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, Barbra Phillips, James Rossler, Aimee Russell, and Frank Weglarz. Abstain: Daniel Wilson. The motion carried.

## **Annual Federal Report**

Leigh Snell, Federal Relations Director for the National Council on Teacher Retirement (NCTR), provided a federal update for the board. Mr. Snell reported that it has been a quiet and unproductive year for congress, the least productive in several decades. Mr. Snell advised that areas of interest for SERS, such as WEP and Social Security reform gained little traction over the last calendar year but will need to be addressed soon. After several questions from the board, Mr. Snell was thanked for his presentation.

## **Executive Director's Report**

### **ORSC**

SERS Executive Director, Richard Stensrud, began his report stating the ORSC met on December 14. The ORSC heard valuation reports from OPERS, OP&F, and HPRS. It's expected that SERS will provide their valuation report at the next ORSC meeting. SERS will be sure to note that our actuary continues to attest the employer contribution rates sustain the fund and there are no efforts planned to increase contributions. RVK also presented an investment report and SERS continues to show well compared to other Ohio systems and systems across the country.

Mr. Stensrud also noted that HPRS requested a travel policy change that would exclude conference registration fees from the \$6,000 annual travel limit for board members. The request was endorsed by the Ohio ethics commission and the ORSC. SERS plans to present some amendments to the SERS travel policy that are like the ones being implemented by HPRS with the hopes that the changes will be effective soon.

### **Advocacy Groups**

Mr. Stensrud asked the board to "save the date" of January 19, 2024. The SERS Annual Stakeholder Roundtable will take place at 10am and will take place in the O'Keefe conference center located at 300 E. Broad Street, Columbus Ohio 45215. There will also be a Zoom link provided for those who would prefer to attend virtually. SERS staff is looking forward to updating stakeholders and advocacy partners and will show what is coming in the next year. SERS staff also want to hear thoughts and ideas from stakeholders and advocacy groups. SERS staff will also introduce RAMA, who will be contacting stakeholders for input on the SERS strategic plan.

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## **State Legislation Activity**

Mr. Stensrud continued his report stating that the Ohio General Assembly finished up work for the year. The year primarily focused on non-pension related topics and not much was done regarding pension matters by the Ohio House Pensions Committee.

Mr. Stensrud also reported that the Reason Foundation, a public pension watch-dog group, presented to the ORSC and provided their opinions on the sustainability of several Ohio pension systems. It is SERS position that there is no desire or need for an employer rate increase.

Mr. Stensrud continued, stating HB257 passed by a vote of 74-3. This bill will authorize public bodies, such as the SERS retirement board, to meet virtually and allow members to participate remotely. The bill has been referred to the Senate Government Oversight Committee and is on its way to the senate for final approval.

Mr. Stensrud also reported that HCR6, which urges Congress to repeal the Windfall Elimination Provision (WEP) and Government Pension Offset, was passed by a vote of 85-0.

## **Federal Legislation Activity**

Leigh Snell, Federal Relations Director for the National Council on Teacher Retirement (NCTR), provided a federal update for the board.

Mr. Stensrud also reported that a WEP/GPO Field Hearing was held in Louisiana in November. There has been no movement on this front, but SERS leadership and staff will continue to monitor the situation for updates.

## **Health Care Updates**

Mr. Stensrud reported the open enrollment period for SERS members ended on November 15. Last year, 14% of enrollees selected the WRAP plan. This year, 33% are enrolled in the WRAP plan. The WRAP plan lowers costs for the participant and is beneficial for SERS because it's less expensive and allows SERS to offer subsidization to premiums. January 1 premium subsidies will encourage members under the age of 65 to join the WRAP program.

## **CBBC Implementation**

Mr. Stensrud continued his report, stating that SERS staff is working hard to get the word out about CBBC (Contribution Based Benefit Cap) so members will have all the information they need to plan their retirement. A dedicated website has been created to further explain what CBBC is and how it works. The website provides step by step instructions to determine each individual members' CBBC rate and a self-service calculator can be used to generate each members' benefits estimate. The calculator has been adjusted to include a CBBC assessment. If a member uses the calculator and if the estimated benefit appears to be affected by CBBC, the member will get a message that says the benefit has been affected by CBBC and the member should contact SERS.

Mr. Stensrud stated that many things can change about a member's compensation and retirement dates and the calculator will take those specifics into account when creating an estimate.

## **Employee Holiday Charitable Initiatives**

### **Angel Tree 2023**

Mr. Stensrud reported that staff participated in an Angel Tree program that provided toys and gifts to the needy. Staff could purchase gifts from an online Amazon.com list or they could pick a tag from the Angel Tree located in the lunchroom & buy specific gifts for someone in need. Toys from the list will be delivered to the Salvation Army East Main location for distribution during their Christmas Cheer program.

# SERS Retirement Board Meeting Minutes

December 21, 2023

## IT Baked Goods Sale

Mr. Stensrud also reported that the IT staff had a baked goods sale and delivered donations to support the Toys for Tots program. A record \$981 in baked goods were sold this year.

## Review of Administrative Expenses

SERS Chief Financial Officer, Marni Hall, provided an update on SERS Administrative Expenses to date. Ms. Hall reported the administrative expenses are running under budget so far this year. Ms. Hall also advised the board that budget season has kicked off and planning for the FY2025 budget year is under way. Ms. Hall noted that SERS uses the "Zero Budget Model" when creating budgets each year. The zero-based budgeting model is a budgeting approach that involves developing a new budget from scratch every time (i.e., starting from "zero"), versus starting with the previous period's budget and adjusting it as needed. November detailed monthly expenditures were also provided. After questions, the board thanked Ms. Hall for her report.

## Amended Travel Policy

SERS General Counsel, Joe Marotta, reported that the Ohio Highway Patrol Retirement System updated their travel policy to exclude conference registration fees from the \$6000 annual travel limit. This change was endorsed by the ORSC and the Ohio Ethics Commission. SERS would like to follow this lead and request the same change to the SERS travel policy. SERS would also like to link the maximum meal reimbursement rate to be linked to GSA per diem rather than the current amount of \$60 as the rate for most cities would be over \$60. Larger cities would have higher rates and those rates would be used to process expenses.

After a robust discussion, Catherine Moss moved and James Haller seconded to approve amendments to the SERS Education, Travel and Expense Reimbursement Policy as discussed at the December 21, 2023 Board Meeting. The amended Policy will be effective following review by the Ohio Ethics Commission and Ohio Retirement Study Council. Upon roll call, the vote was as follows: Yea: Matthew King, Jeffrey DeLeone, James Haller, Catherine Moss, Barbra Phillips, James Rossler, Aimee Russell, Daniel Wilson, and Frank Weglarz. The motion carried.

## Definition of Compensation Discussion

Joe Marotta continued by introducing Susan Russell, Associate General Counsel, who led the continuing discussion on the definition of compensation. At the last meeting, the board asked for an example of what a new rule would look like. Ms. Russell provided 2 versions of the rule; one expansive rule and another more restrictive rule.

Ms. Russell stated that both versions include the following changes from the current definition:

- Include new definitions for "salary", "wages" and "earnings".
  - The purpose of defining these three terms is to provide consistent structure for the consideration of what payments to include in SERS' definition of compensation.
  - "Salary" is defined to mean the base salary of an employee as identified in an individual employment contract, a collective bargaining agreement, or in a standard salary schedule.
  - "Wages" is defined to mean the base wages paid to employees whose rate of pay is based on time worked for the employee's regular full time schedule, but excluding overtime.
- "Earnings" refers to payments other than salary or wages.
- Expressly exclude four payments from the definition of compensation.
- Contain a more detailed discussion of backpay awards, which are treated as compensation under the present definition as well as the proposed amended definitions.
- Remove existing references to lump sum or one-time payments.
- Remove existing references to payments based on rate of pay.

# **SERS Retirement Board Meeting Minutes**

**December 21, 2023**

Following a robust discussion, the board requested that this topic be discussed with stakeholders at the upcoming Advocacy Roundtable meeting to be held on January 19. Because the meeting has already been scheduled and has a limited amount of time, SERS staff will identify a date and time to discuss possible changes to the definition of compensation with stakeholders and advocacy groups. The board agreed to continue this discussion at a future meeting.

## **AUDIT COMMITTEE UPDATE**

### **Audit Committee Report**

Kristin Hunt, CPA with Plante Moran, SERS external auditor, provided a brief update on the results of the most recent external audit. The results of Plante Moran's audit produced an unmodified opinion, which means that SERS' financial statements are presented, in all material respects, in accordance with applicable financial reporting framework. This is the highest rating possible.

Jeffrey Davis, SERS Chief Audit Officer, provided an update on the status of several ongoing and a few completed internal audits. After both presentations, the board thanked Ms. Hunt and Mr. Davis for their reports.

## **COMPENSATION COMMITTEE UPDATE**

### **Compensation Committee Report**

Compensation Committee Chair, Daniel Wilson, provided an update on the work of the committee. Mr. Wilson reported that the committee met this morning and conducted a 2<sup>nd</sup> quarter review of the Executive Director's goals and progress. The committee recessed to reconvene after the SERS Technology Committee meeting for a presentation by CBIZ, SERS Compensation consultant. The entire board was invited to join the presentation scheduled to begin at 2:30 p.m.

## **Retirement Report**

There was no executive session for the retirement report.

## **Board Communication and Policy Issues**

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

The board requested that a meeting be scheduled with stakeholders to discuss changes to the definition of compensation and how that might affect employers.

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

The board reviewed the meeting dates for 2024.

## **CALENDAR DATES FOR SERS BOARD AND COMMITTEE MEETINGS FOR 2024 \*\***

### **AUDIT COMMITTEE MEETINGS**

March 20, 2024 – 2:30 p.m. (Weds.)

June 20, 2024 – 2:30 p.m. **(Thurs.) \*\* New Date \*\***

September 18, 2024 - 2:30 p.m. (Weds.)

December 18, 2024 – 2:30 p.m. (Weds.)

# SERS Retirement Board Meeting Minutes

December 21, 2023

## COMPENSATION COMMITTEE MEETINGS

March 21, 2024 – 7:30 a.m. (Thurs.)  
June 21, 2024 – 7:30 a.m. **(Fri.) \*\* New Date \*\***  
July 18, 2024 – 7:30 a.m. (Thurs.) \* **Special Meeting** \*  
September 19, 2024 – 7:30 a.m. (Thurs.)  
December 19, 2024 – 7:30 a.m. (Thurs.)

## TECHNOLOGY COMMITTEE MEETINGS

March 21, 2024 – 12:30 p.m. (Thurs.)  
June 20, 2024 – 1:30 p.m. **(Thurs.) \*\* New Time \*\***  
September 19, 2024 – 12:30 p.m. (Thurs.)  
December 19, 2024 – 12:30 p.m. (Thurs.)

## BOARD MEETINGS

February 15 - 16, 2024 - 8:30 a.m. (Thurs. and Fri.)  
March 21 - 22, 2024 – 8:30 a.m. (Thurs. and Fri.)  
April 18 – 19, 2024 - 8:30 a.m. (Thurs. and Fri.)  
May 16 – 17, 2024 – 8:30 a.m. (Thurs. and Fri.)  
June 21, 2024 - 8:30 a.m. **(Fri.) \*\* New Date \*\***  
July 18 – 19, 2024 – 8:30 a.m. (Thurs. and Fri.)  
September 19 – 20, 2024 – 8:30 a.m. (Thurs. and Fri.)  
October 17 – 18, 2024 – 8:30 a.m. (Thurs. and Fri.)  
November 21 – 22, 2024 – 8:30 a.m. (Thurs. and Fri.)  
December 19 – 20, 2024 – 8:30 a.m. (Thurs. and Fri.)

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

## Adjournment

Board Chair, Frank Weglarz, moved to adjourn to meet on Thursday, February 15, 2024, at 8:30 a.m. for the next SERS regularly scheduled Retirement Board meeting.

The SERS board meeting adjourned at 12:36 p.m.

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Frank Weglarz, 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 January

The following is a summary of the investment transactions made during the period of November 1, 2023 through November 30, 2023. 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              | \$157.7                        |
| Fixed Income                 | 300.2                          |
| Private Equity Capital Calls | 78.5                           |
| Real Asset Capital Calls     | 10.0                           |
| Opportunistic & Tactical     | 60.0                           |
| Global Private Credit        | 45.8                           |
| Cash Equivalents             | 198.1                          |

B. SALES

| Asset Class                  | Approximate Net Proceeds (in millions) | Approximate Gain/(Loss) (in millions) |
|------------------------------|--|---------------------------------------|
| Global Equities              | \$137.0                                | (3.8)                                 |
| Fixed Income                 | 278.5                                  | (4.9)                                 |
| Private Equity distributions | 42.6                                   | n/a                                   |
| Real Asset distributions     | 7.0                                    | n/a                                   |
| Opportunistic & Tactical     | 16.1                                   | 2.5                                   |
| Global Private Credit        | n/a                                    | n/a                                   |
| Cash Equivalents             | 273.8                                  | n/a                                   |

SCHOOL EMPLOYEES RETIREMENT BOARD OF OHIO

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

The following is a summary of the investment transactions made during the period of December 1, 2023 through December 31, 2023. 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<br>(in millions) |
|------------------------------|-----------------------------------|
| Global Equities              | \$533.6                           |
| Fixed Income                 | 371.5                             |
| Private Equity Capital Calls | 93.0                              |
| Real Asset Capital Calls     | 23.2                              |
| Opportunistic & Tactical     | 4.7                               |
| Global Private Credit        | 18.7                              |
| Cash Equivalents             | 376.7                             |

B. SALES

| Asset Class                  | Approximate Net Proceeds<br>(in millions) | Approximate Gain/(Loss)<br>(in millions) |
|------------------------------|---|--|
| Global Equities              | \$533.6                                   | 39.9                                     |
| Fixed Income                 | 288.0                                     | 2.3                                      |
| Private Equity distributions | 69.2                                      | n/a                                      |
| Real Asset distributions     | 12.9                                      | n/a                                      |
| Opportunistic & Tactical     | 31.0                                      | (7.0)                                    |
| Global Private Credit        | n/a                                       | n/a                                      |
| Cash Equivalents             | 467.0                                     | n/a                                      |

# Memo


**To:** Retirement Board  
**From:** Farouki Majeed  
**cc:** Richard Stensrud, Karen Roggenkamp  
**Date:** February 2, 2024  
**Re:** **Investment Report for the February Board Meeting**

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The Investment Report for the Board includes the following agenda items:

- Annual Portfolio Review – Global Equities
- Quarterly performance report for the period ended December 31, 2023, presented by Wilshire Associates.
- Investment report and economic update for the period ended December 31, 2023.

Included with the advance Board materials are the following reports prepared by Staff:

- Manager Reviews – Global Equities.
  - Monthly Top 20 Equity and Fixed Income Holdings Reports – November 30, 2023, and December 31, 2023.
  - Monthly Compliance Update memo – November 30, 2023, and December 31, 2023.
  - Quarterly Iran/Sudan Investment Activity Report – December 31, 2023.
  - Quarterly Proxy Activity Report – December 31, 2023.
  - Quarterly Securities Lending Review Report – December 31, 2023.
- 



# GLOBAL EQUITIES PORTFOLIO REVIEW

As of December 31, 2023

Presented by Investment Staff:

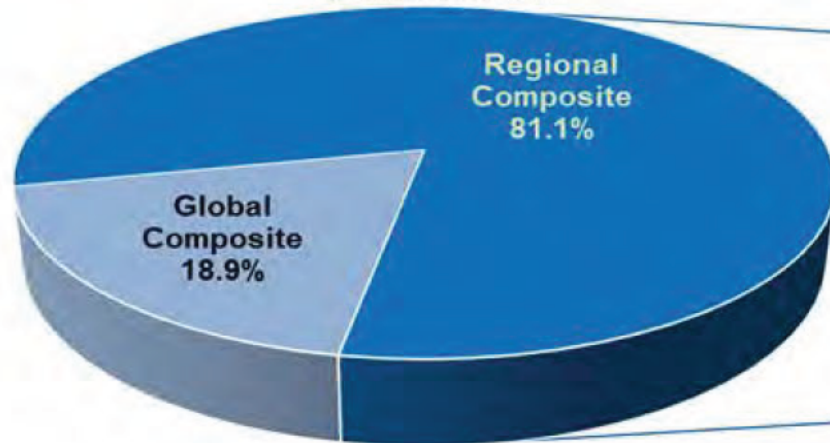
Judi Masri and Hai Yen Le

*Meeting Date: February 2024*

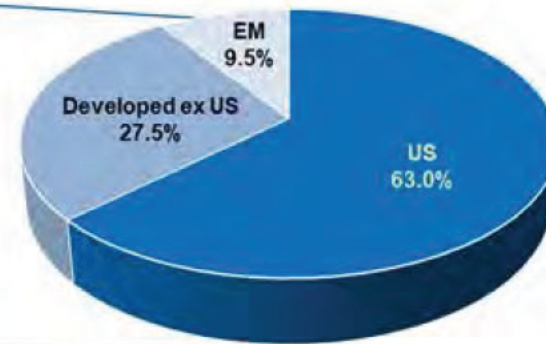
# Portfolio Construction



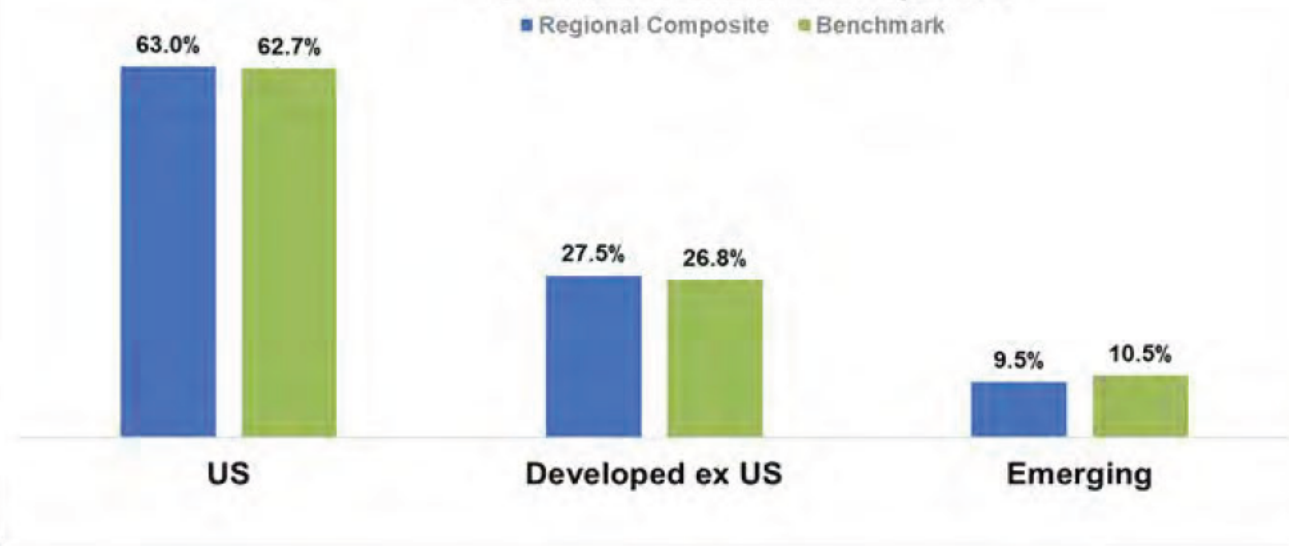
**Total Global Equities**  
\$7,597,849,134



**Regional Composite**  
\$6,160,969,752



**MSCI ACWI Benchmark Comparison**



As of December 31, 2023



# Global Equity Market Review

| FYTD                       | One Year                    | Three Years                | Five Years                  | Ten Years                  |
|----------------------------|-----------------------------|----------------------------|-----------------------------|----------------------------|
| Russell 3000<br>8.43%      | Russell 3000<br>25.96%      | Russell 3000<br>8.54%      | Russell 3000<br>15.16%      | Russell 3000<br>11.48%     |
| All Country World<br>7.26% | All Country World<br>22.20% | All Country World<br>5.76% | All Country World<br>11.73% | All Country World<br>7.93% |
| Developed ex-US<br>5.97%   | Developed ex-US<br>17.94%   | Developed ex-US<br>4.42%   | Developed ex-US<br>8.45%    | Developed ex-US<br>4.32%   |
| Emerging<br>4.71%          | Emerging<br>9.83%           | Emerging<br>(5.08%)        | Emerging<br>3.68%           | Emerging<br>2.66%          |

## Global Market Summary

- Equity Markets Strongly Rebounded in CY23; US Markets led due to AI Advancements
- US Markets are Stronger in All Periods
- Emerging Markets suffered due to a Strong US\$ and China Issues

as of December 31, 2023

GLOBAL  
EQUITIES

# Net of Fee Performance



|                           | One Year | Three Years | Five Years | Ten Years |
|---------------------------|----------|-------------|------------|-----------|
| Global Equities           | 20.50%   | 5.36%       | 11.99%     | 8.10%     |
| Custom Global Equities BM | 22.20%   | 5.50%       | 11.40%     | 7.80%     |
| Excess Return             | (1.70%)  | (0.14%)     | 0.59%      | 0.30%     |

## \$7.6 Billion Market Value Global Equity Portfolio

- Actual Portfolio Weight of 41.67% is 0.67% Overweight the 41% Global Equity Target
- Global Equity Target was reduced from 45% to 41% in FY24
- One- and Three-Year Underperformance driven by US and EM
- Longer-Term Positive Excess Return driven by All Composites except US

as of December 31, 2023

GLOBAL  
MANDATE

# Net of Fee Performance



|                         | One Year | Three Years | Five Years | Ten Years |
|-------------------------|----------|-------------|------------|-----------|
| Global Mandate          | 23.05%   | 6.59%       | 12.68%     | 7.38%     |
| Custom Global Equity BM | 22.20%   | 3.21%       | 8.13%      | 4.34%     |
| Excess Return           | 0.85%    | 3.38%       | 4.55%      | 3.04%     |

## \$1.4 Billion Market Value Global Active Portfolio

- 100% Active Portfolio by One Manager with Two Mandates, Ranked as A
- Strong Outperformance for All Periods
- Benchmark is MSCI ACWI ex-US through June 30, 2022
- Benchmark is MSCI ACWI from July 1, 2022, through Current



as of December 31, 2023



US EQUITY

# Portfolio Summary

## \$3.9 Billion Market Value

- 73.2% of Portfolio is Passive with 1 Manager, ranked as A
- 26.8% of Portfolio is Active with 8 Mandates
  - Four ranked as A
  - Three ranked as B
  - One ranked as C

## Focus on Portfolio Structure

- US Markets are More Efficient – Passively Invest most Large Cap Stocks
- Portfolio Management Fee increased from 14bps to 20bps
- Redeemed a net \$663 Million

## Portfolio Performance: Calendar Year 2022 versus 2023

- Outperformed by 57 bps in 2022 with a (19.21%) Market Return
- Underperformed by 308 bps in 2023 with a 25.96% Market Return
- 2023 Underperformance due to Portfolio Structure and a Narrow Market (Magnificent 7)



# Portfolio Structure Changes

## Portfolio Philosophy Change

- Resolving Structural Portfolio Problems – Do Not Fight Efficient Markets
- Moving from Benchmark Agnostic to Benchmark Aware Mandates
- Moving from Boutique to Institutional Management
- Moving from Defensive (Low Beta) to Market Oriented Mandates

## New 2022 Mandates have Posted Excess Return

- Philosophy Tested on Smaller Mandates with Initial Success before Moving Forward
- New Small Cap Growth Mandate (\$50M) Excess Return of 87 bps since 6-1-22 Inception
- New Small Cap Core Mandate (\$50M) Excess Return of 375 bps since 10-1-22 Inception
- New Portable Alpha Mandate (\$100M) Excess Return of 441 bps since 10-1-22 Inception

## Current Portfolio Changes

- Redeemed Large Cap Value Mandate (\$160M; 0.82 Beta) in December 2023
- Funded Two Large Cap Core Mandates (\$200M; 0.99 Beta) in December 2023
- Total Active Large Cap Beta has moved from 0.88 to 0.92
- Active Large Cap Beta Target Range of 0.95 – 1.05

as of December 31, 2023

US EQUITY

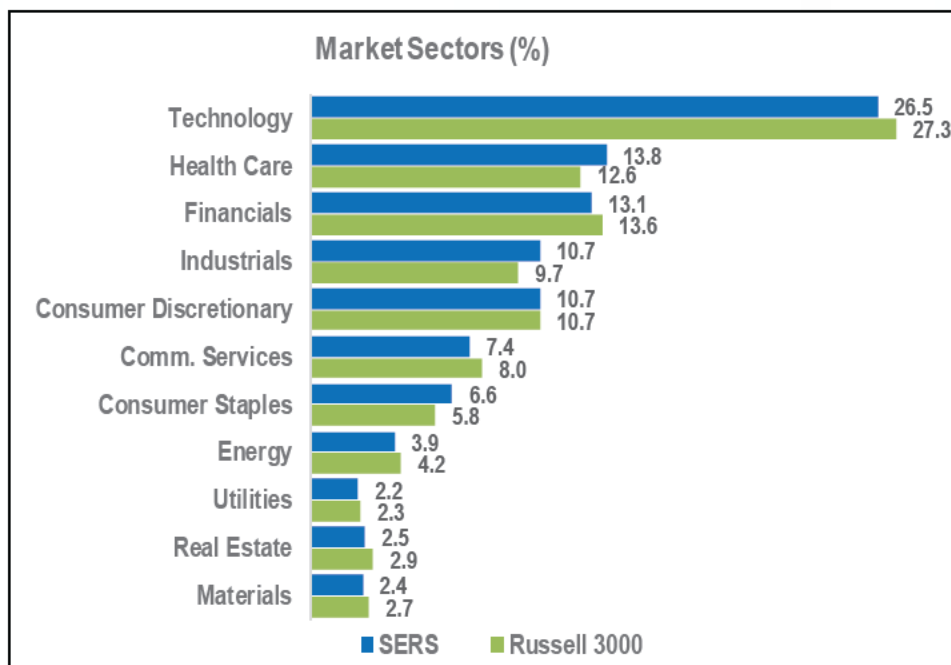
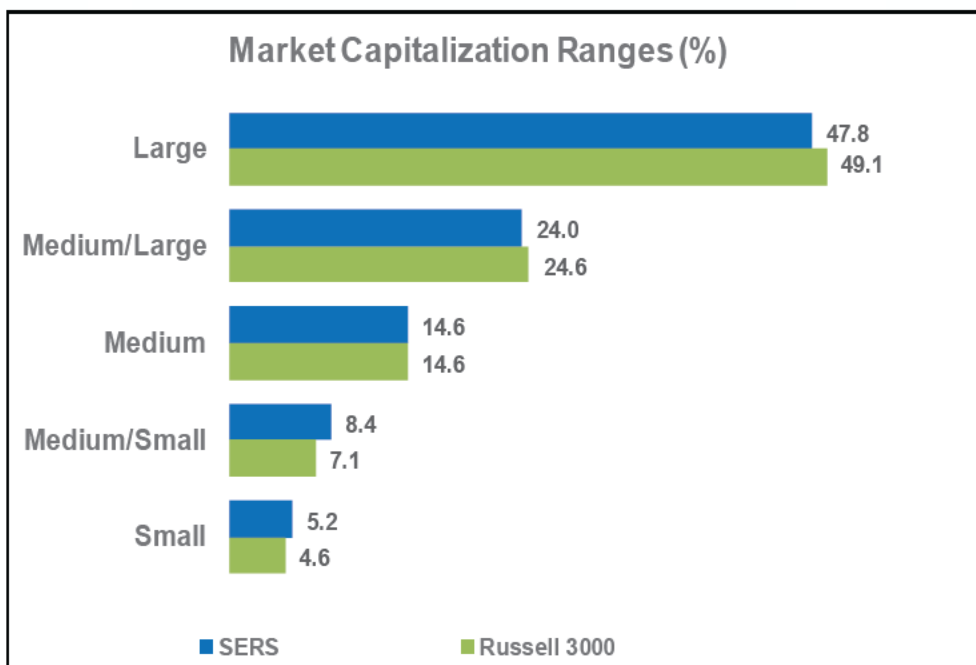
## Portfolio Characteristics



| Indicator             | SERS  | Russell 3000 |
|-----------------------|-------|--------------|
| Price/Earnings ratio  | 25.0  | 25.6         |
| Price/Book ratio      | 3.7   | 3.7          |
| Price/Cash Flow ratio | 16.2  | 16.4         |
| Price/Sales ratio     | 2.4   | 2.5          |
| Dividend Yield        | 1.5%  | 1.5%         |
| Number of Holdings    | 1,449 | 2,975        |
| Beta to Russell 3000  | 0.98  | 1.0          |



# Portfolio Characteristics



## Characteristics are within Annual Plan Range

- 73.2% Passive moves Characteristics towards Benchmark
- Redeemed \$75 million in Small Cap to Improve Performance
- Neutral Style Tilt

As of December 31, 2023



# US Equity Market Review

| FYTD                        | One Year                     | Three Years                 | Five Years                   | Ten Years                    |
|-----------------------------|------------------------------|-----------------------------|------------------------------|------------------------------|
| R3000 Growth<br>10.28%      | R3000 Growth<br>41.21%       | Russell 1000 Large<br>8.97% | R3000 Growth<br>18.85%       | R3000 Growth<br>14.33%       |
| Russell 1000 Large<br>8.44% | Russell 1000 Large<br>26.53% | R3000 Value<br>8.81%        | Russell 1000 Large<br>15.52% | Russell 1000 Large<br>11.80% |
| Russell 3000<br>8.43%       | Russell 3000<br>25.96%       | Russell 3000<br>8.54%       | Russell 3000<br>15.16%       | Russell 3000<br>11.48%       |
| Russell 2000 Small<br>8.18% | Russell 2000 Small<br>16.93% | R3000 Growth<br>8.08%       | R3000 Value<br>10.84%        | R3000 Value<br>8.28%         |
| R3000 Value<br>6.36%        | R3000 Value<br>11.66%        | Russell 2000 Small<br>2.22% | Russell 2000 Small<br>9.97%  | Russell 2000 Small<br>7.16%  |

## US Market Review

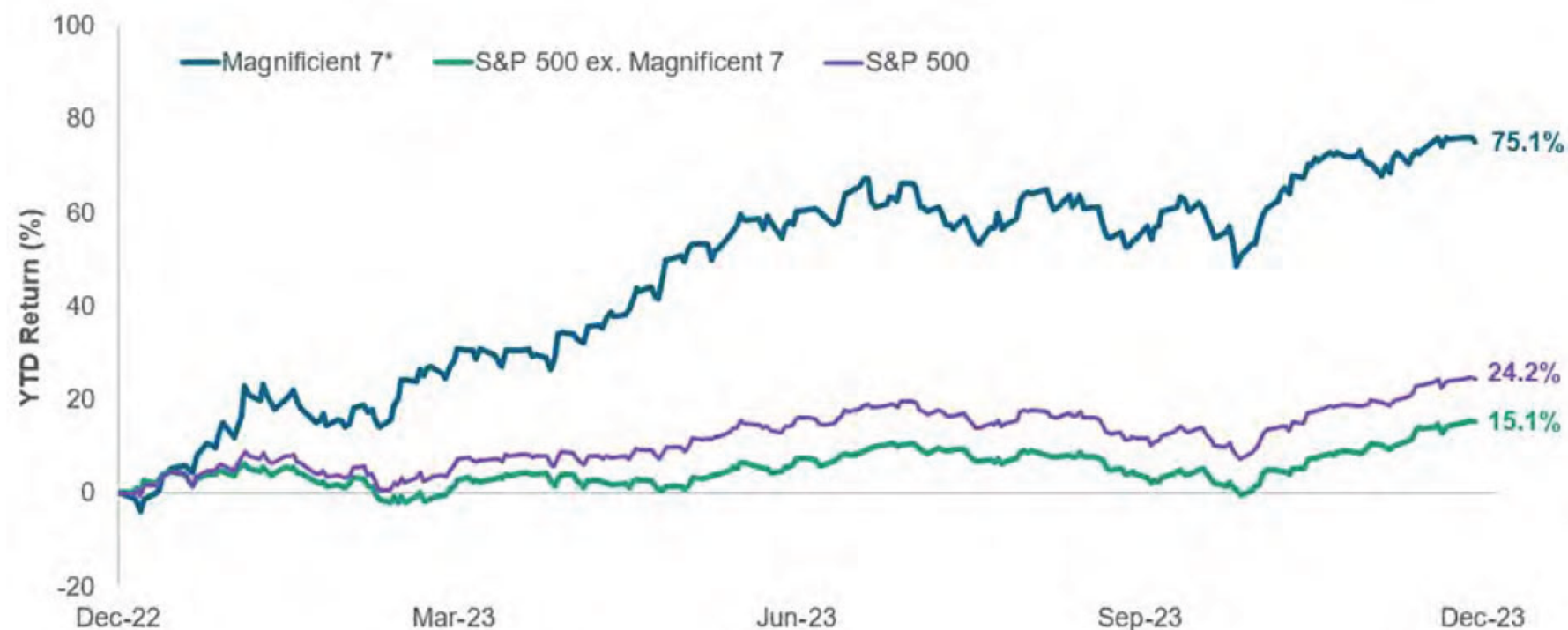
- Growth Outperformed over One-Year from AI Positive Expectations
- Large Growth continues the Lead Longer-Term
- Small Cap Value maintains the Largest Discount



# US Equity Market Review

## Magnificent 7 Greatly Outperformed the S&P 500

Year-to-Date as of 31 December 2023



\*The Magnificent 7 is composed of Apple, Alphabet (Google), Amazon, Meta (Facebook), Microsoft, NVIDIA, and Tesla.

as of December 31, 2023



US EQUITY

# Net of Fee Performance

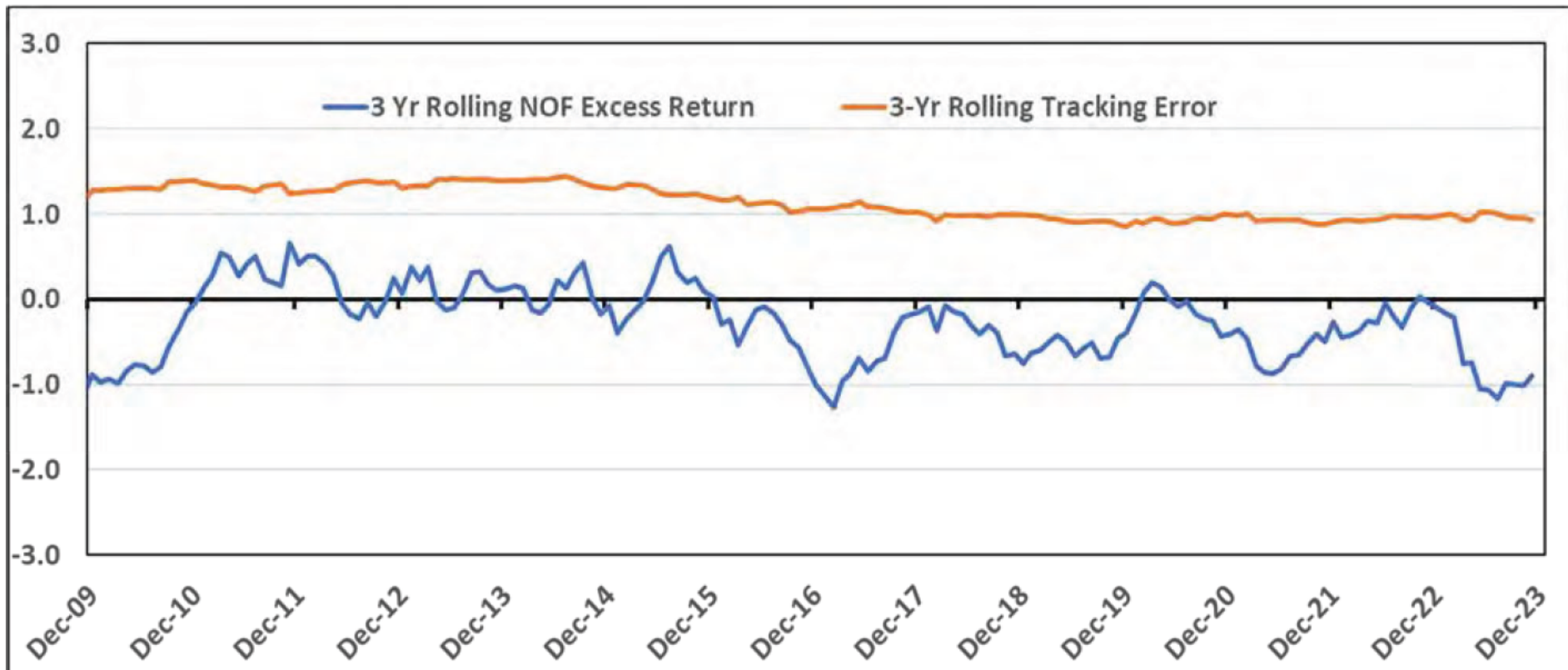
|                               | One Year       | Three Years    | Five Years     | Ten Years      |
|-------------------------------|----------------|----------------|----------------|----------------|
| <b>US Equity</b>              | <b>22.88%</b>  | <b>7.63%</b>   | <b>14.61%</b>  | <b>10.84%</b>  |
| -Large Active (18.7%)         | 15.72%         | 7.99%          | 13.10%         | 9.27%          |
| -Large Passive (73.2%)        | 26.03%         | 8.93%          | 15.80%         | 11.99%         |
| -Small Active (8.1%)          | 14.68%         | 0.34%          | 9.34%          | 8.17%          |
| <b>Russell 3000 Benchmark</b> | <b>25.96%</b>  | <b>8.54%</b>   | <b>15.16%</b>  | <b>11.48%</b>  |
| <b>Excess Return</b>          | <b>(3.08%)</b> | <b>(0.91%)</b> | <b>(0.55%)</b> | <b>(0.64%)</b> |

## One-Year Performance Review

- Large Cap Active Defensive Beta of 0.88 was a Significant Performance Detractor
- Passive Composite Outperformance due to Large Cap and Growth Outperforming
- All Three Active Managers Hired in 2022 Outperformed since Inception



# Three Year Risk and Return



## Risk and Return Summary

- Relative Performance Declined in the First Half of 2023
- Tracking Error has been Consistently Below 1.5%



as of December 31, 2023

NON-US EQUITY  
DM & EM

# Portfolio Summary



## Focus on Portfolio Structure

- Non-US Portfolio Market Value \$2.28 Billion
- Non-US Markets are more Inefficient - 88% Active Management, up from 78% Last Year
- Redeemed a net \$47 Million for CY 2023
- Portfolio Management Fee of 47bps

## Developed Markets: \$1.70 Billion Market Value

- 16.5% of Portfolio is Passive with one Mandate, ranked as A
- 83.5% of Portfolio is Active with 6 Mandates.
  - Five ranked as A
  - One ranked as B

## Emerging Markets: \$583 Million Market Value

- 100% Active with 5 Mandates
  - One ranked as A
  - One ranked as C
  - Three New Core Mandates
- Fully Redeemed from 2 Growth Mandates

as of December 31, 2023

NON-US EQUITY  
DM & EM

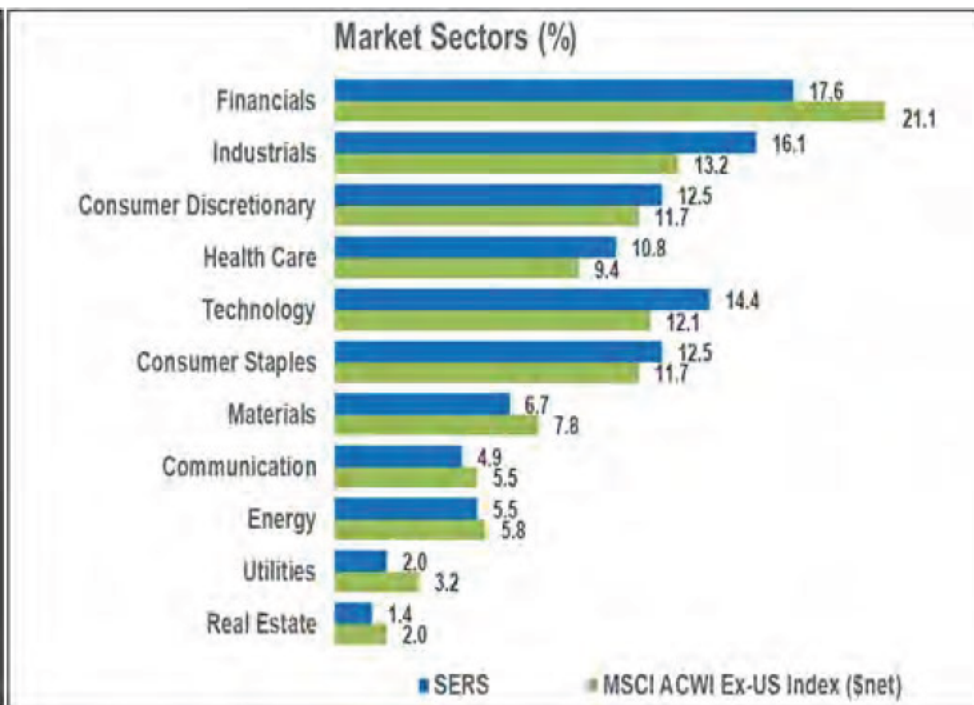
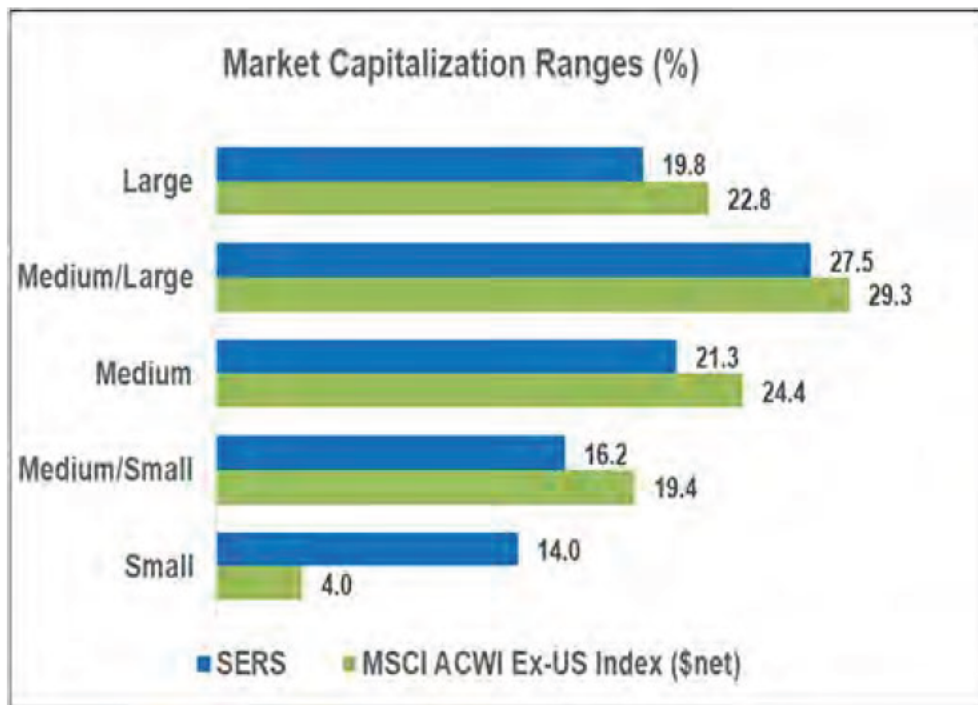
## Portfolio Characteristics



| Indicator               | SERS | MSCI ACWI<br>ex US (\$net) |
|-------------------------|------|----------------------------|
| Price/Earnings ratio    | 14.7 | 15.0                       |
| Price/Book ratio        | 1.8  | 1.8                        |
| Price/Cash Flow ratio   | 8.3  | 8.5                        |
| Price/Sales ratio       | 1.2  | 1.3                        |
| Dividend Yield          | 3.4% | 3.7%                       |
| Number of Holdings      | 771  | 2,315                      |
| Beta to MSCI ACWI ex US | 0.95 | 1.0                        |



# Portfolio Characteristics



## Characteristics are within Annual Plan Range

- 88% Active Management leads to Wider Characteristic Differences
- Small Cap Overweight helps Longer-Term Returns
- Neutral Style Tilt

As of December 31, 2023



# Non-US Equity Market Review

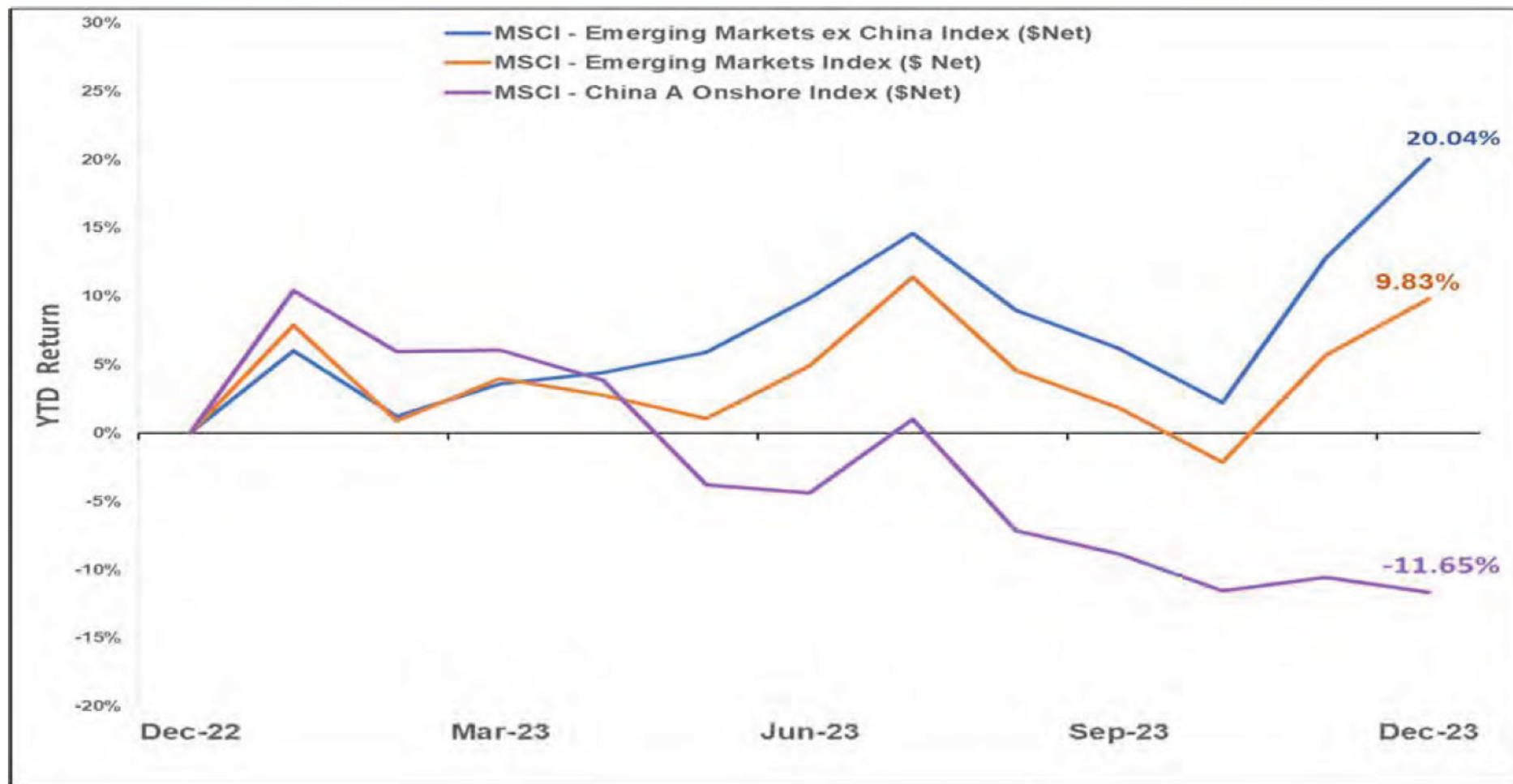
| FYTD                       | One Year                    | Three Years                  | Five Years                 | Ten Years                  |
|----------------------------|-----------------------------|------------------------------|----------------------------|----------------------------|
| ACWI ex-US Value<br>8.35%  | Developed ex-US<br>17.94%   | ACWI ex-US Value<br>5.81%    | Developed ex-US<br>8.45%   | ACWI ex-US Small<br>4.88%  |
| ACWI ex-US Small<br>8.25%  | ACWI ex-US Value<br>17.35%  | Developed ex-US<br>4.42%     | ACWI ex-US Growth<br>7.49% | ACWI ex-US Growth<br>4.55% |
| Developed ex-US<br>5.97%   | ACWI ex-US Small<br>15.70%  | ACWI ex-US Large<br>1.82%    | ACWI ex-US Large<br>7.24%  | Developed ex-US<br>4.32%   |
| ACWI ex-US<br>5.61%        | ACWI ex-US<br>15.62%        | ACWI ex-US Small<br>1.49%    | ACWI ex-US<br>7.03%        | ACWI ex-US<br>3.80%        |
| Emerging<br>4.71%          | ACWI ex-US Large<br>15.53%  | ACWI ex-US<br>1.46%          | ACWI ex-US Small<br>7.89%  | ACWI ex-US Large<br>3.80%  |
| ACWI ex-US Large<br>4.61%  | ACWI ex-US Growth<br>14.07% | ACWI ex-US Growth<br>(2.67%) | ACWI ex-US Value<br>6.34%  | ACWI ex-US Value<br>2.92%  |
| ACWI ex-US Growth<br>3.01% | Emerging<br>9.83%           | Emerging<br>(5.08%)          | Emerging<br>3.68%          | Emerging<br>2.66%          |

## Non-US Market Review

- Non-US Markets Rebounded in 2023
- Value Outperformed Growth over One-Year
- Emerging Markets maintain the Largest Discount



# Non-US Equity Market Review



## China Impacts Emerging Markets

- China A Onshore Index Underperformed the Emerging Markets Index by 21.48%
- Emerging Markets ex China Delivered a 20.04% return

as of December 31, 2023



**NON-US EQUITY  
DM & EM**

# Net of Fee Performance

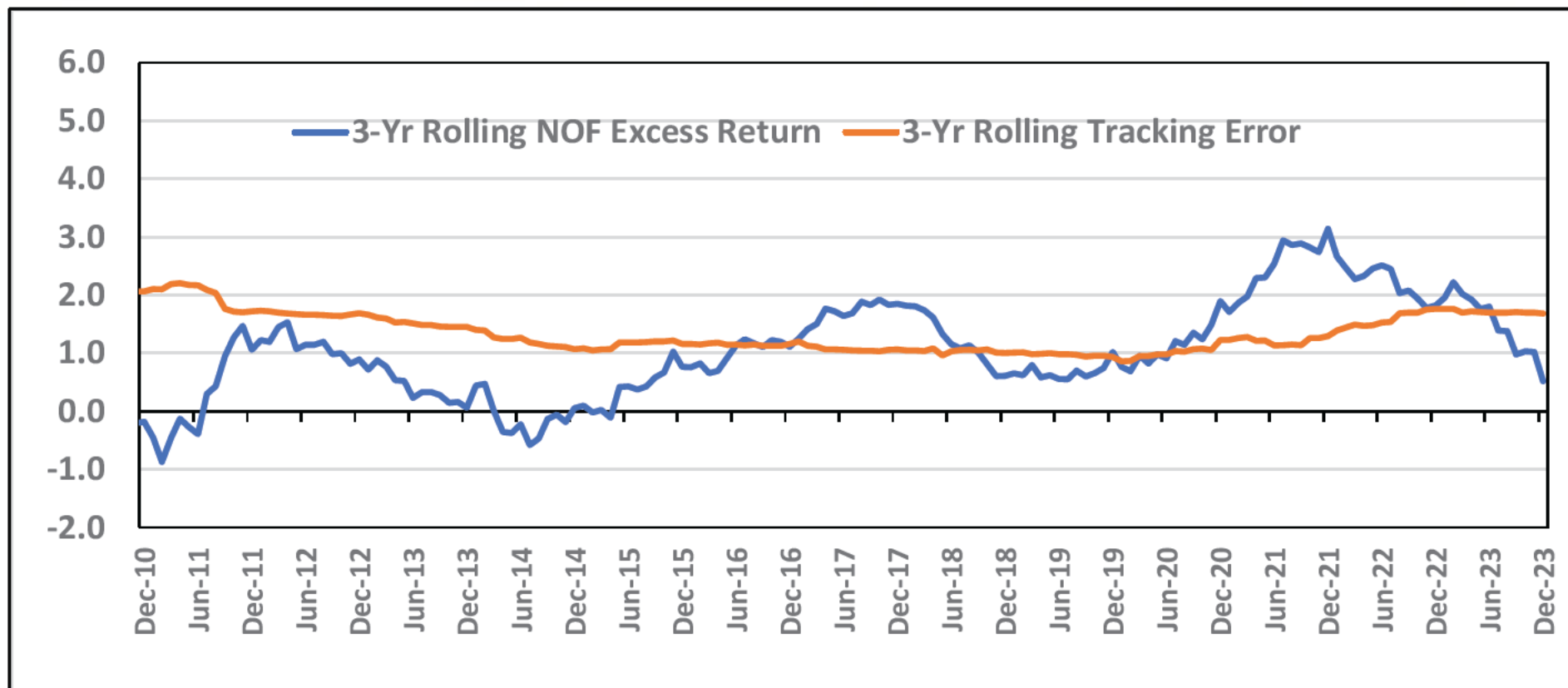
|                                     | One Year       | Three Years    | Five Years   | Ten Years    |
|-------------------------------------|----------------|----------------|--------------|--------------|
| <b>Non-US Equity</b>                | <b>15.38%</b>  | <b>1.98%</b>   | <b>8.56%</b> | <b>4.99%</b> |
| Custom Non-US Equity BM             | 15.62%         | 1.46%          | 7.03%        | 3.80%        |
| <b>Excess Return</b>                | <b>(0.23%)</b> | <b>0.52%</b>   | <b>1.53%</b> | <b>1.19%</b> |
| <b>Developed Market (DM) Equity</b> | <b>18.83%</b>  | <b>5.16%</b>   | <b>9.84%</b> | <b>5.71%</b> |
| MSCI World ex-US Index (\$net)      | 17.94%         | 4.42%          | 8.45%        | 4.32%        |
| <b>Excess Return</b>                | <b>0.89%</b>   | <b>0.74%</b>   | <b>1.39%</b> | <b>1.40%</b> |
| <b>Emerging Market (EM) Equity</b>  | <b>5.51%</b>   | <b>(7.03%)</b> | <b>5.13%</b> | <b>2.86%</b> |
| MSCI Emerging Market Index (\$net)  | 9.83%          | (5.08%)        | 3.68%        | 2.66%        |
| <b>Excess Return</b>                | <b>(4.32%)</b> | <b>(1.95%)</b> | <b>1.44%</b> | <b>0.20%</b> |

## Performance Review

- Non-US Underperformed over 1 year, Outperformed over All Longer Periods
- DM Outperformed for All Periods. All Mandates Outperformed over 1-year
- EM Underperformed over 1- and 3-years, Outperformed for 5 and 10-years



# Three Year Risk and Return



## Risk and Return Summary

- Relative Performance has been Positive for the Last 8 Years
- Tracking Error has been Below 2% for the Last 10 Years

# Presentation Acronyms



- **ACWI:** MSCI All Country World Index includes 23 Developed Markets and 24 Emerging Markets countries.
- **ACWI Ex-US:** MSCI All Country World Excluding United States Net Index, which includes stocks from 22 developed countries and 24 emerging market countries
- **ACWI Ex-US Growth:** MSCI All Country World Excluding United States Growth Net Index includes stocks from 22 developed countries and 24 emerging market countries with higher expected growth
- **ACWI Ex-US Value:** MSCI All Country World Excluding United States Value Net Index, which includes stocks from 22 developed countries and 24 emerging market countries with lower price-to-book ratios and lower expected growth rates
- **MSCI China A Onshore Index** includes large and mid cap China securities listed on the Shanghai and Shenzhen exchanges
- **Developed Ex-US:** MSCI World Excluding United States Net Dividend Index, which includes stocks from 22 developed countries
- **Emerging:** MSCI Emerging Markets Net Dividend Index, which includes stocks from 24 emerging market countries
- **Portable Alpha:** A levered investment strategy that separates the active return (alpha) from passive market exposure (beta). Beta is replicated synthetically using an index derivative and the remaining cash is invested in an uncorrelated strategy to generate alpha.
- **Russell 3000:** Russell's Top 3,000 United States Companies by Market Capitalization
- **Russell 1000 Large:** 1,000 Largest United States Companies by Market Capitalization in the Russell's Top 3,000 universe
- **Russell 2000 Small:** Smallest 2,000 United States Companies by Market Capitalization in the Russell's Top 3,000 universe
- **Russell 3000 Growth:** Selected United States Companies that display signs of above average growth in the Russell's Top 3,000 universe
- **Russell 3000 Value:** Selected United States Companies that have lower price-to-book ratios and lower expected growth rates in the Russell's Top 3,000 universe



Wilshire



# Executive Summary of Investment Performance

As of December 31, 2023

## Market Commentary

### U.S. Equity

The U.S. stock market was up 12.1% for the fourth quarter and is up 26.1% for the past 12 months. The best performing sectors were real estate (+18.0%) and information technology (+17.0%). The worst performing –and only negative – sector was energy (-6.8%). From a size perspective, small-cap outperformed large-cap by 165 basis points. Large growth stocks outperformed large value during the third quarter and led by 35%-points for all of 2023.

One possible recession metric that is widely considered in the investing arena is the spread between long- and short-term Treasury bond yields. When this spread turns negative – known as an inverted yield curve – a recession typically follows. During the past 60+ years, there is really only one instance (in 1966) that such conditions did not precede a recession. Currently, the curve is inverted to a degree not seen since the early 1980's recession that was driven by high inflation and high unemployment. The Federal Reserve Bank of New York has a model that converts the term spread to a probability of recession during the next twelve months, which stands at 68%.

### Non-U.S. Equity

The eurozone likely fell into a mild recession in 2023 and recent data suggests that conditions are not improving. Business activity declined in December as new orders fell and job cuts were reported. Germany, the eurozone's largest economy, continues to suffer due to high energy prices and interest rate hikes. The outlook in China is complicated with recent data showing contraction in the factory and services sectors.

### Fixed Income

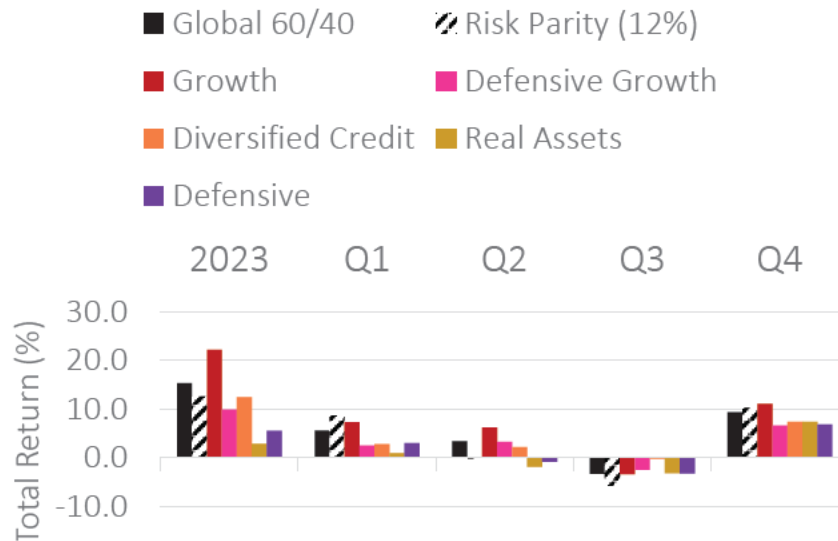
The U.S. Treasury yield curve was down across the maturity spectrum during the quarter, and to a greater degree in the long end of the curve. Credit spreads were down, as well, during the quarter. The FOMC left the overnight rate unchanged, targeting a range of 5.25% to 5.50%. During a recent speech, Fed Chair Jerome Powell reiterated the central bank's intent to be cautious, "Having come so far and so quickly, the FOMC is moving carefully forward, as the risks of under- and over-tightening are becoming more balanced.

# December 2023 Asset Class Assumptions

|                                  | EQUITY   |                 |           |                    |              |                | FIXED INCOME / CREDIT |           |              |       |            |                | REAL ASSETS          |                    |            |            |        |             |        |  |
|----------------------------------|----------|-----------------|-----------|--------------------|--------------|----------------|-----------------------|-----------|--------------|-------|------------|----------------|----------------------|--------------------|------------|------------|--------|-------------|--------|--|
|                                  | US Stock | Dev ex-US Stock | Emg Stock | Global ex-US Stock | Global Stock | Private Equity | Cash                  | Core Bond | LT Core Bond | TIPS  | High Yield | Private Credit | Dev ex-US Bond (Hdg) | Real Estate US RES | Global RES | Private RE | Comdty | Real Assets | US CPI |  |
| <b>Compound Retrun (%)</b>       | 5.00     | 6.00            | 6.25      | 6.35               | 5.60         | 8.65           | 3.80                  | 4.75      | 4.70         | 4.15  | 5.90       | 8.40           | 2.85                 | 5.60               | 5.75       | 6.30       | 6.05   | 6.90        | 2.25   |  |
| <b>Arithmetic Return (%)</b>     | 6.35     | 7.50            | 9.20      | 8.00               | 6.95         | 12.35          | 3.80                  | 4.85      | 5.15         | 4.30  | 6.35       | 9.15           | 2.95                 | 7.00               | 7.00       | 7.20       | 7.20   | 7.65        | 2.25   |  |
| <b>Risk (%)</b>                  | 17.00    | 18.00           | 26.00     | 19.00              | 17.05        | 29.65          | 0.75                  | 4.70      | 9.85         | 6.00  | 10.00      | 12.75          | 4.00                 | 17.50              | 16.45      | 13.90      | 16.00  | 12.60       | 1.75   |  |
| <b>Cash Yield (%)</b>            | 1.45     | 3.10            | 2.50      | 2.95               | 2.00         | 0.00           | 3.80                  | 5.10      | 5.25         | 4.35  | 9.20       | 4.95           | 3.65                 | 3.90               | 3.90       | 2.50       | 3.80   | 3.40        | 0.00   |  |
| <b>Growth Factor Exposure</b>    | 8.00     | 8.00            | 8.00      | 8.00               | 8.00         | 14.00          | 0.00                  | -0.90     | -2.40        | -3.00 | 4.00       | 5.10           | -1.00                | 6.00               | 6.00       | 3.50       | 0.00   | 2.70        | 0.00   |  |
| <b>Inflation Factor Exposure</b> | -3.00    | 0.00            | 5.00      | 1.40               | -1.35        | -3.75          | 0.00                  | -2.55     | -6.85        | 2.50  | -1.00      | -1.50          | -3.00                | 1.00               | 1.80       | 1.00       | 12.00  | 5.25        | 1.00   |  |
| <b>CORRELATIONS</b>              |          |                 |           |                    |              |                |                       |           |              |       |            |                |                      |                    |            |            |        |             |        |  |
| <b>US Stock</b>                  | 1.00     |                 |           |                    |              |                |                       |           |              |       |            |                |                      |                    |            |            |        |             |        |  |
| <b>Dev ex-US Stock (USD)</b>     | 0.81     | 1.00            |           |                    |              |                |                       |           |              |       |            |                |                      |                    |            |            |        |             |        |  |
| <b>Emerging Mkt Stock</b>        | 0.74     | 0.74            | 1.00      |                    |              |                |                       |           |              |       |            |                |                      |                    |            |            |        |             |        |  |
| <b>Global ex-US Stock</b>        | 0.84     | 0.95            | 0.89      | 1.00               |              |                |                       |           |              |       |            |                |                      |                    |            |            |        |             |        |  |
| <b>Global Stock</b>              | 0.95     | 0.91            | 0.84      | 0.94               | 1.00         |                |                       |           |              |       |            |                |                      |                    |            |            |        |             |        |  |
| <b>Private Equity</b>            | 0.72     | 0.63            | 0.61      | 0.67               | 0.73         | 1.00           |                       |           |              |       |            |                |                      |                    |            |            |        |             |        |  |
| <b>Cash Equivalents</b>          | -0.05    | -0.09           | -0.05     | -0.08              | -0.06        | 0.00           | 1.00                  |           |              |       |            |                |                      |                    |            |            |        |             |        |  |
| <b>Core Bond</b>                 | 0.28     | 0.13            | 0.00      | 0.08               | 0.20         | 0.30           | 0.18                  | 1.00      |              |       |            |                |                      |                    |            |            |        |             |        |  |
| <b>LT Core Bond</b>              | 0.31     | 0.15            | 0.01      | 0.11               | 0.24         | 0.31           | 0.11                  | 0.94      | 1.00         |       |            |                |                      |                    |            |            |        |             |        |  |
| <b>TIPS</b>                      | -0.05    | 0.00            | 0.15      | 0.06               | -0.01        | -0.03          | 0.20                  | 0.60      | 0.48         | 1.00  |            |                |                      |                    |            |            |        |             |        |  |
| <b>High Yield Bond</b>           | 0.54     | 0.39            | 0.49      | 0.46               | 0.53         | 0.31           | -0.10                 | 0.24      | 0.32         | 0.05  | 1.00       |                |                      |                    |            |            |        |             |        |  |
| <b>Private Credit</b>            | 0.67     | 0.55            | 0.57      | 0.59               | 0.67         | 0.44           | 0.00                  | 0.24      | 0.30         | 0.00  | 0.75       | 1.00           |                      |                    |            |            |        |             |        |  |
| <b>Dev ex-US Bond (Hdg)</b>      | 0.16     | 0.25            | -0.01     | 0.16               | 0.17         | 0.26           | 0.10                  | 0.67      | 0.65         | 0.39  | 0.26       | 0.22           | 1.00                 |                    |            |            |        |             |        |  |
| <b>US RE Securities</b>          | 0.57     | 0.47            | 0.44      | 0.49               | 0.56         | 0.49           | -0.05                 | 0.17      | 0.22         | 0.10  | 0.56       | 0.61           | 0.05                 | 1.00               |            |            |        |             |        |  |
| <b>Global RE Securities</b>      | 0.63     | 0.56            | 0.54      | 0.59               | 0.64         | 0.55           | -0.05                 | 0.17      | 0.21         | 0.11  | 0.60       | 0.67           | 0.04                 | 0.97               | 1.00       |            |        |             |        |  |
| <b>Private Real Estate</b>       | 0.55     | 0.45            | 0.45      | 0.49               | 0.54         | 0.50           | -0.05                 | 0.19      | 0.25         | 0.09  | 0.57       | 0.62           | 0.05                 | 0.78               | 0.77       | 1.00       |        |             |        |  |
| <b>Commodities</b>               | 0.25     | 0.34            | 0.39      | 0.38               | 0.32         | 0.28           | 0.00                  | -0.03     | -0.03        | 0.25  | 0.29       | 0.29           | -0.10                | 0.25               | 0.28       | 0.25       | 1.00   |             |        |  |
| <b>Real Assets</b>               | 0.61     | 0.62            | 0.66      | 0.68               | 0.66         | 0.56           | -0.03                 | 0.24      | 0.26         | 0.32  | 0.64       | 0.69           | 0.05                 | 0.78               | 0.83       | 0.76       | 0.62   | 1.00        |        |  |
| <b>Inflation (CPI)</b>           | -0.10    | -0.15           | -0.13     | -0.15              | -0.13        | -0.10          | 0.10                  | -0.12     | -0.12        | 0.15  | -0.08      | 0.00           | -0.08                | 0.05               | 0.04       | 0.05       | 0.44   | 0.21        | 1.00   |  |

# Thematic Return Stacks

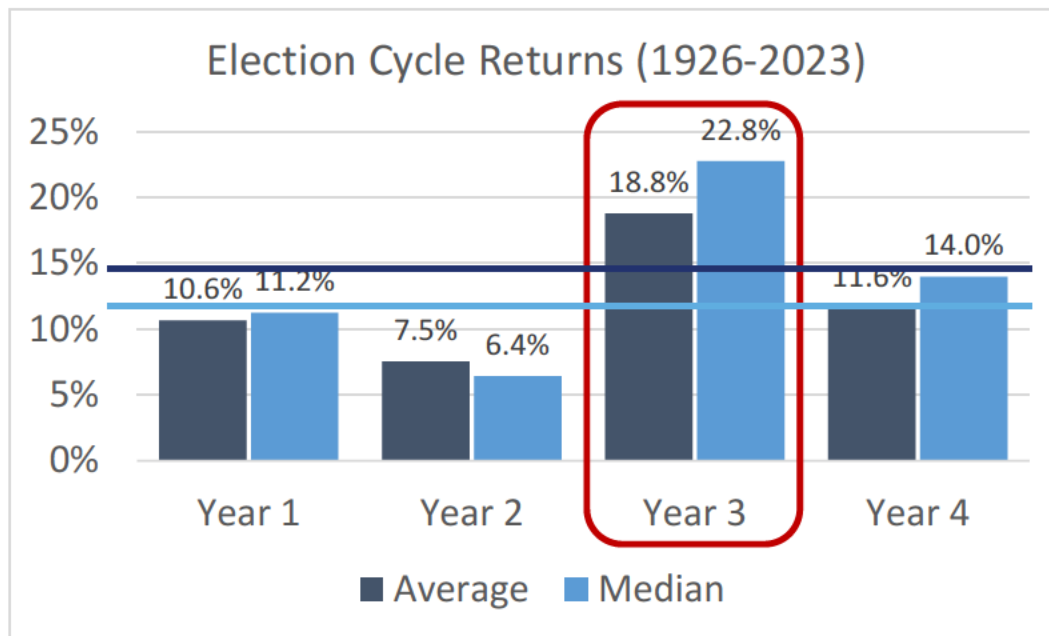
## Asset Allocation & Thematic Returns



|                    | 2023  | Q1   | Q2     | Q3     | Q4    |
|--------------------|-------|------|--------|--------|-------|
| Global 60/40       | 15.36 | 5.56 | 3.36   | (3.31) | 9.36  |
| Risk Parity (12%)  | 12.58 | 8.66 | (0.20) | (5.82) | 10.24 |
| Growth             | 22.20 | 7.31 | 6.18   | (3.40) | 11.03 |
| Defensive Growth   | 9.89  | 2.46 | 3.23   | (2.51) | 6.58  |
| Diversified Credit | 12.42 | 2.78 | 2.14   | (0.26) | 7.36  |
| Real Assets        | 2.86  | 0.90 | (1.92) | (3.22) | 7.39  |
| Defensive          | 5.53  | 2.96 | (0.84) | (3.23) | 6.82  |

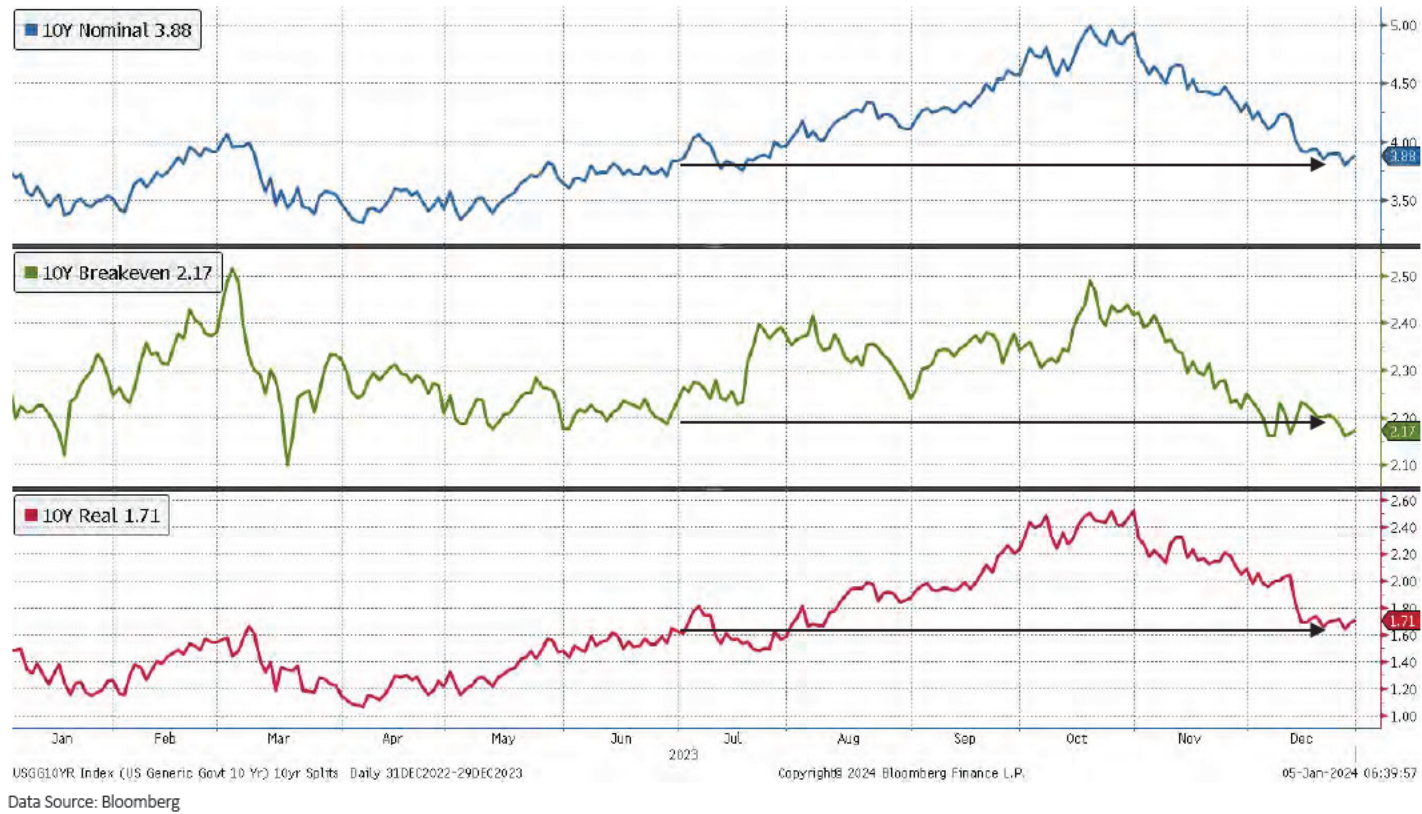
Data Source: Wilshire, Bloomberg

# Election Cycles

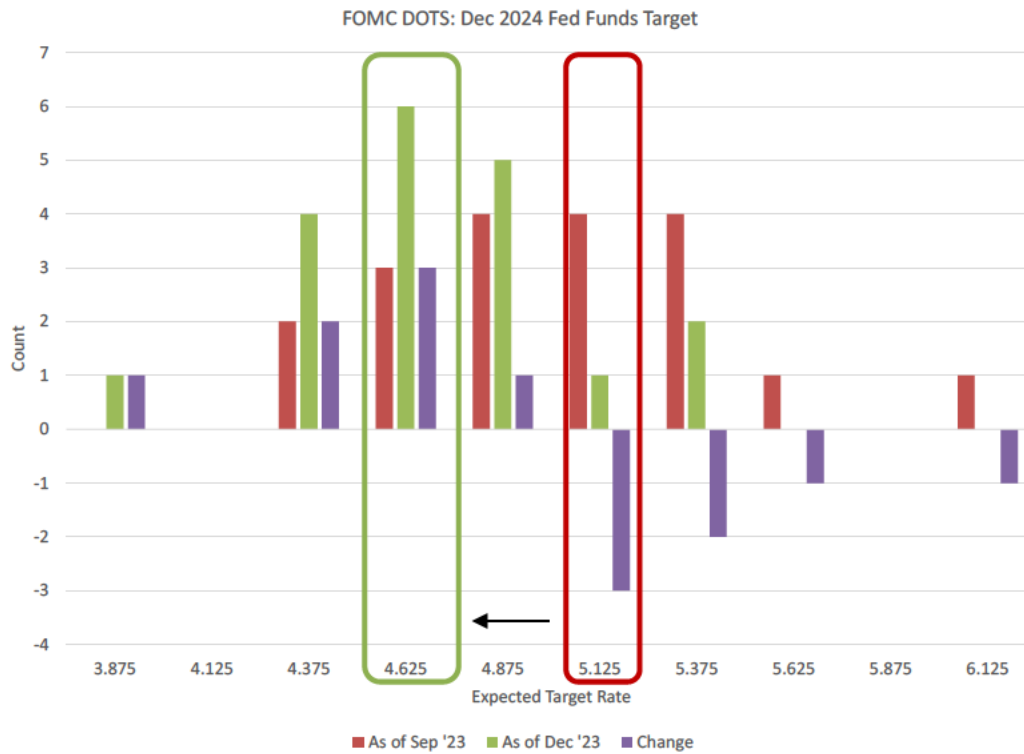


Data Source: Wilshire Compass

# Yield Whiplash

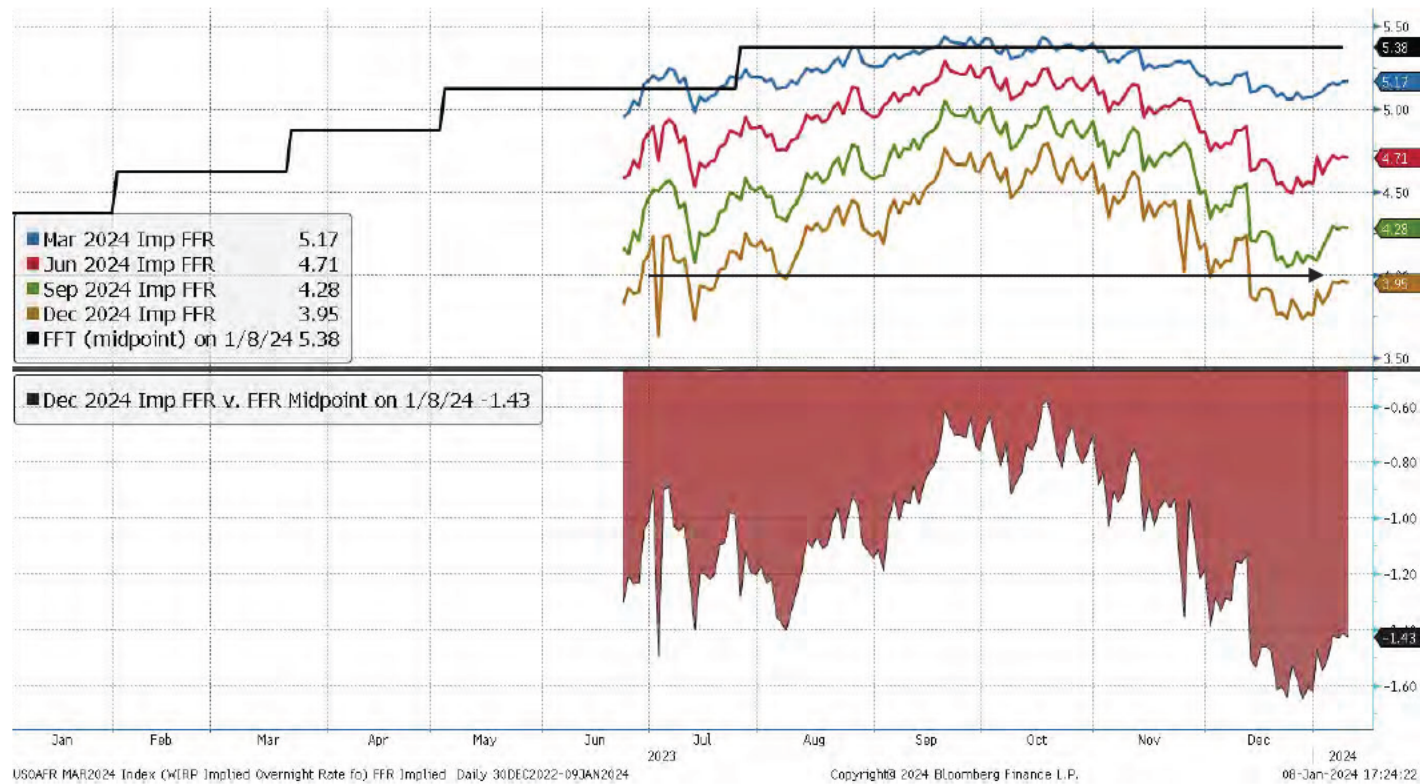


# Fed Pivot: Hinting at “Mission Accomplished”



Data Source: Bloomberg

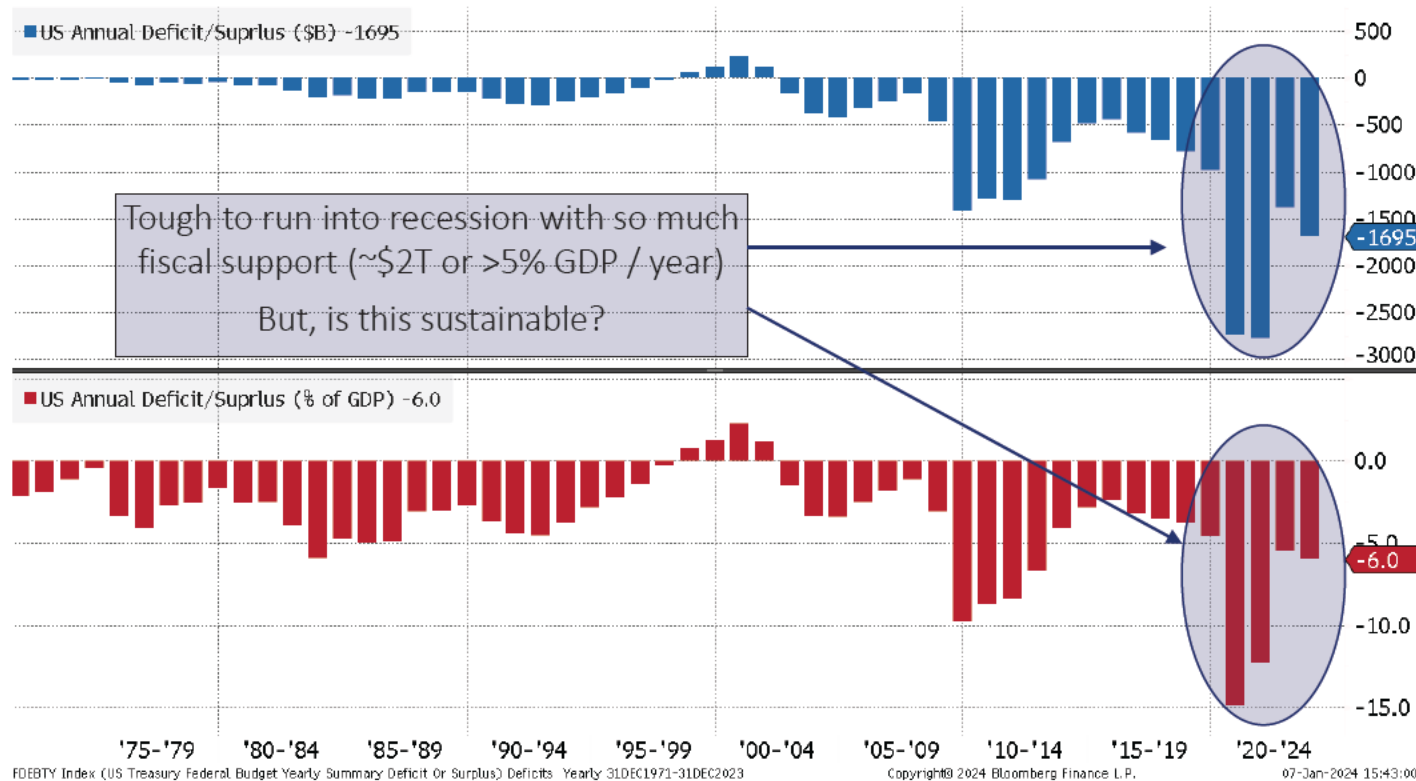
# Markets Expect More in Rate Cuts



Data Source: Bloomberg



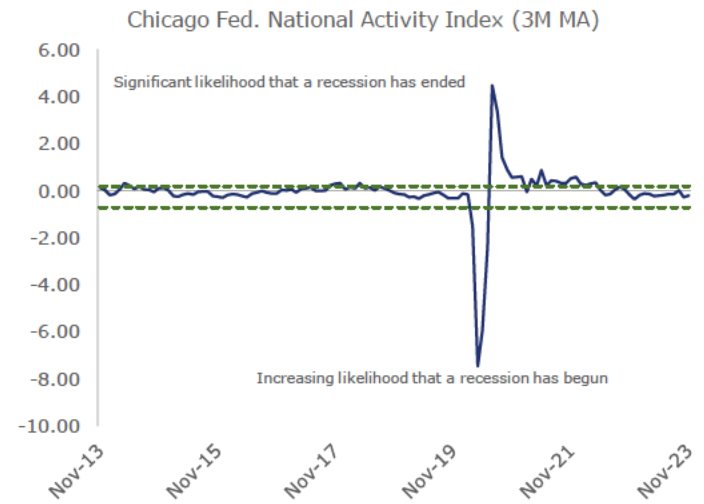
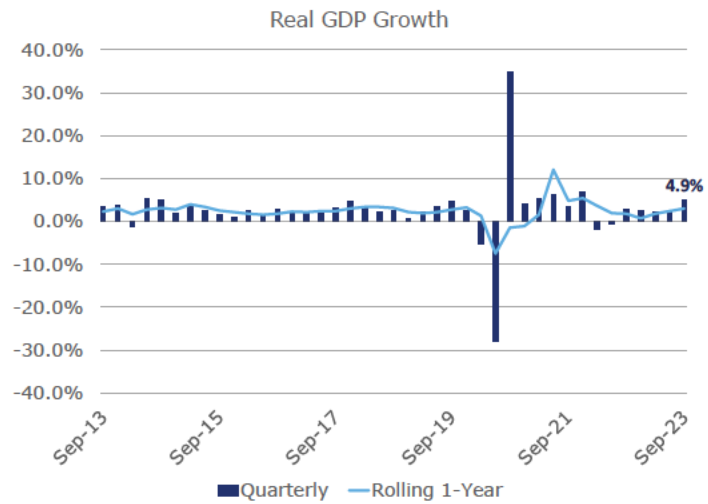
# Recession Risks: How Did We All Get It So Wrong?



Data Source: Bloomberg

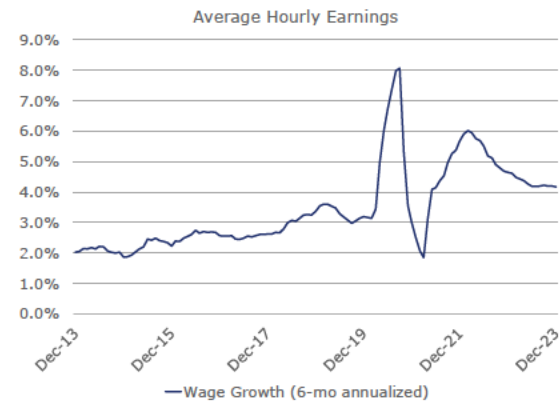
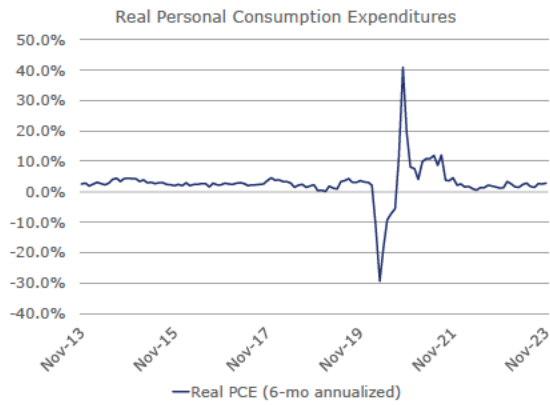
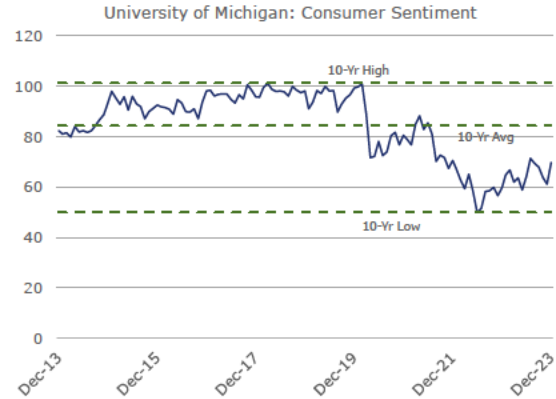
# Economic/Market Activity

# Economic Growth



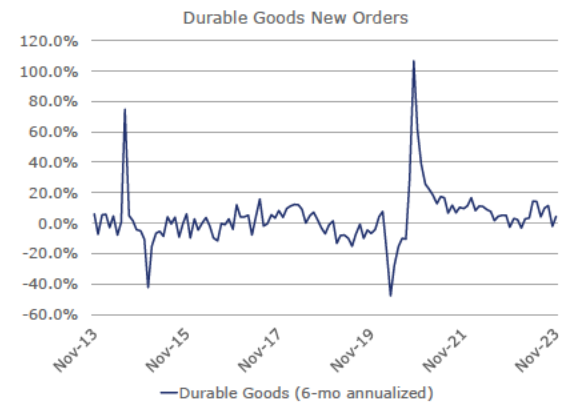
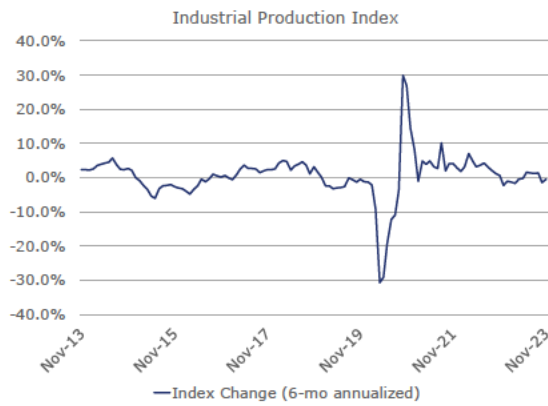
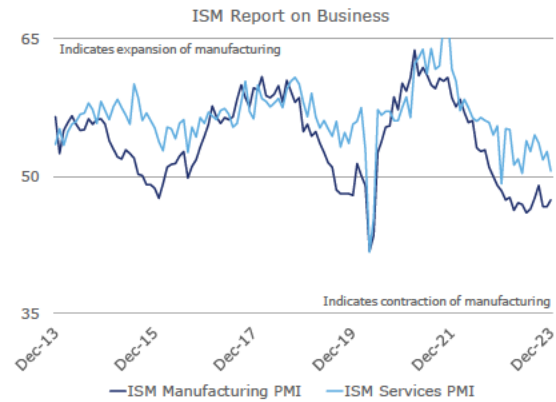
Data Sources: Bloomberg

# Consumer Activity

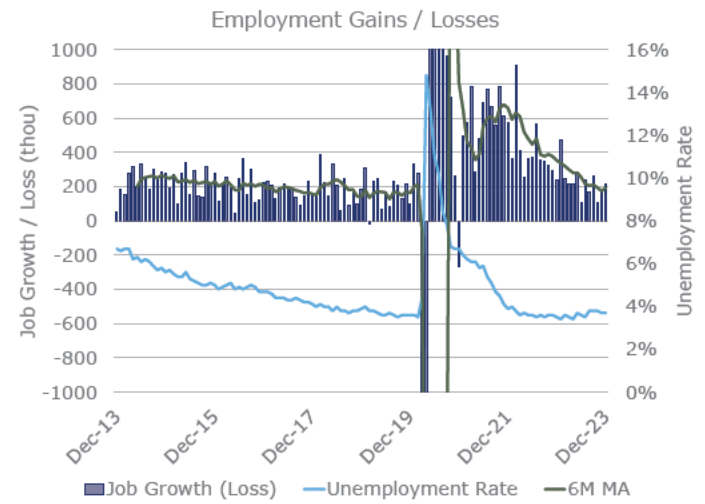
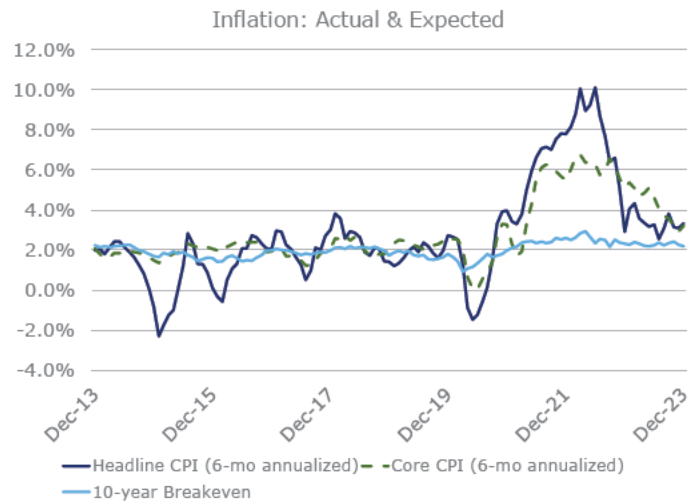


Data Sources: Bloomberg

# Business Activity



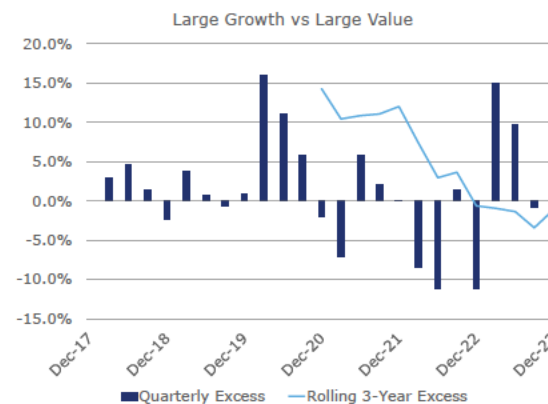
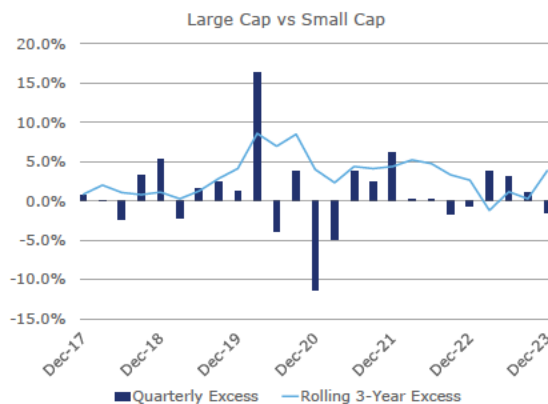
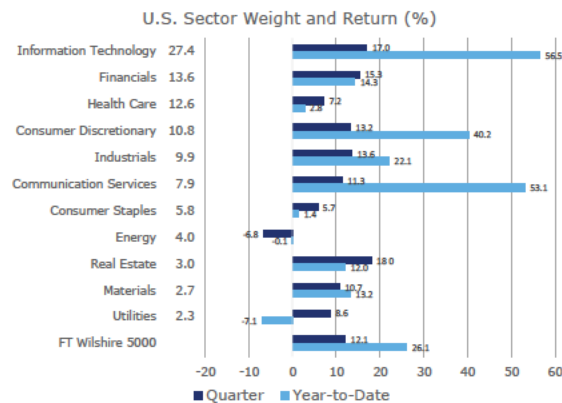
# Inflation and Employment



Data Sources: Bloomberg

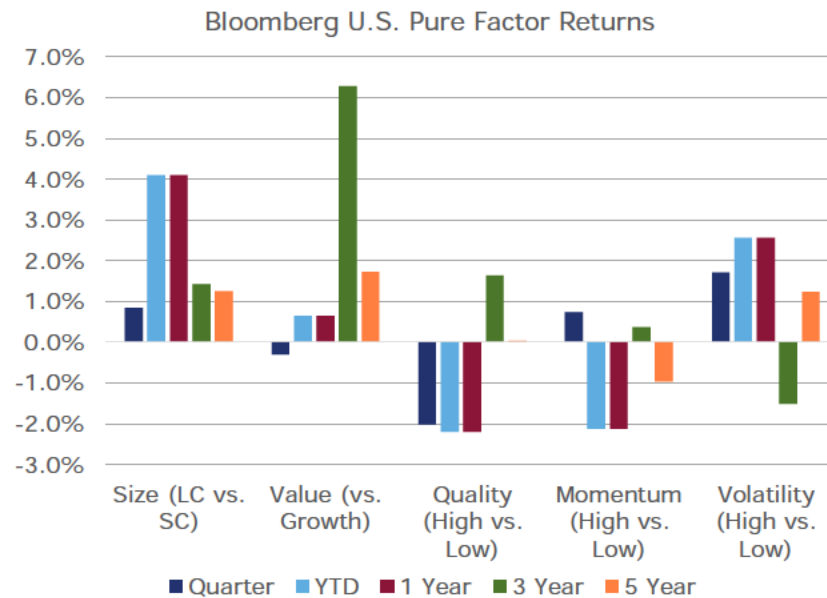
## U.S. Equity Market

| As of 12/31/2023           | Quarter | YTD  | 1 Year | 3 Year | 5 Year | 10 Year |
|----------------------------|---------|------|--------|--------|--------|---------|
| FT Wilshire 5000           | 12.1    | 26.1 | 26.1   | 9.0    | 15.4   | 11.7    |
| Wilshire U.S. Large Cap    | 11.9    | 27.3 | 27.3   | 9.5    | 15.9   | 12.2    |
| Wilshire U.S. Small Cap    | 13.5    | 19.5 | 19.5   | 5.5    | 12.0   | 8.7     |
| Wilshire U.S. Large Growth | 14.7    | 46.1 | 46.1   | 8.7    | 19.2   | n/a     |
| Wilshire U.S. Large Value  | 9.1     | 11.1 | 11.1   | 10.0   | 12.2   | n/a     |
| Wilshire U.S. Small Growth | 12.9    | 21.8 | 21.8   | 0.6    | 11.6   | n/a     |
| Wilshire U.S. Small Value  | 14.2    | 17.2 | 17.2   | 10.3   | 12.1   | n/a     |
| Wilshire REIT Index        | 16.3    | 16.1 | 16.1   | 7.5    | 7.6    | 7.7     |
| MSCI USA Min. Vol. Index   | 7.8     | 9.8  | 9.8    | 6.5    | 10.3   | 10.4    |
| FTSE RAFI U.S. 1000 Index  | 11.2    | 16.1 | 16.1   | 12.3   | 14.3   | 10.4    |



## U.S. Factor Returns

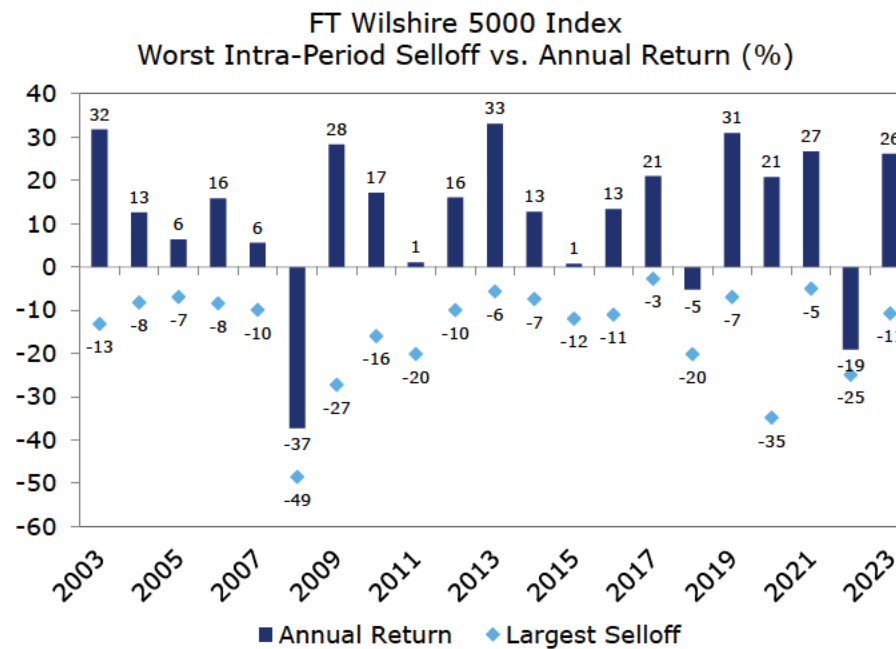
- Factor returns represent the contribution from large cap, value, etc. stocks within Bloomberg’s Portfolio & Risk Analytics module
- Large cap and high volatility have mostly outperformed this year





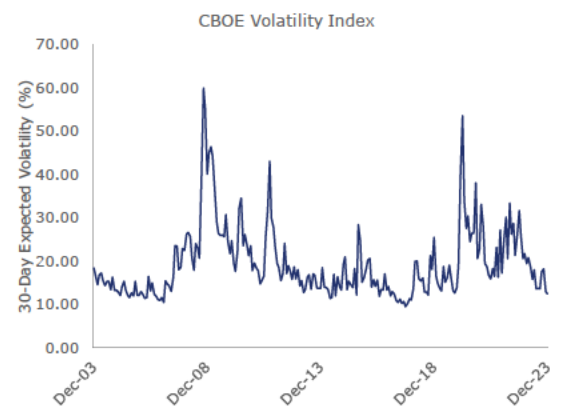
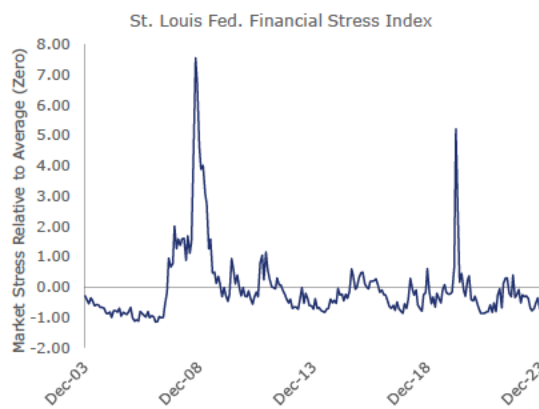
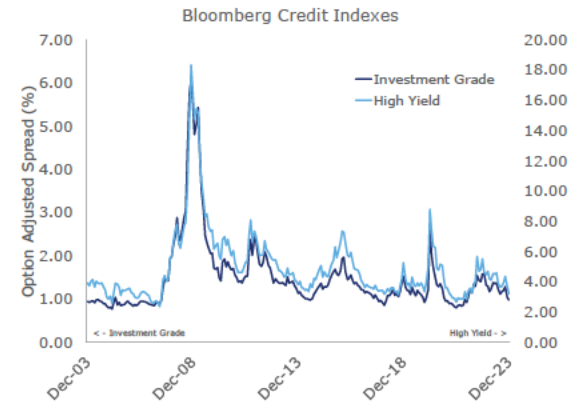
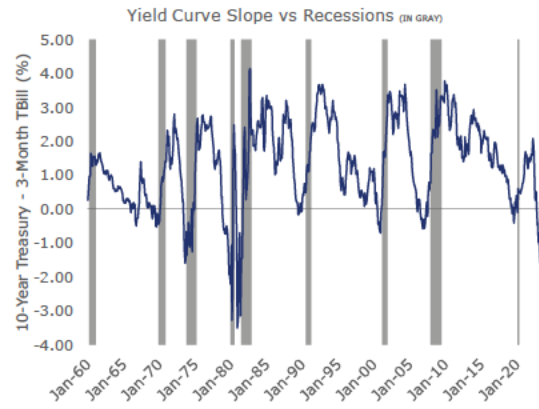
## Annual Equity Market Selloffs

U.S. equity suffered a meaningful selloff in Feb.-Mar. but generally rebounded strongly from 2022



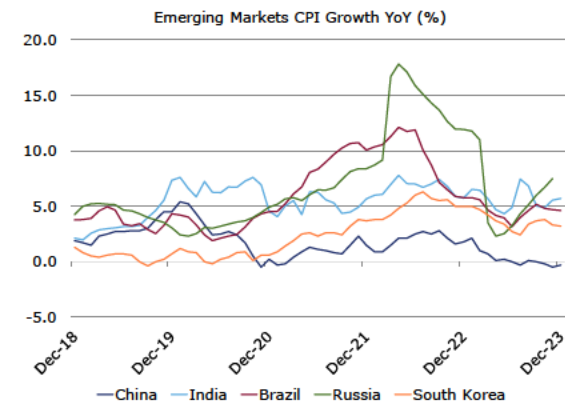
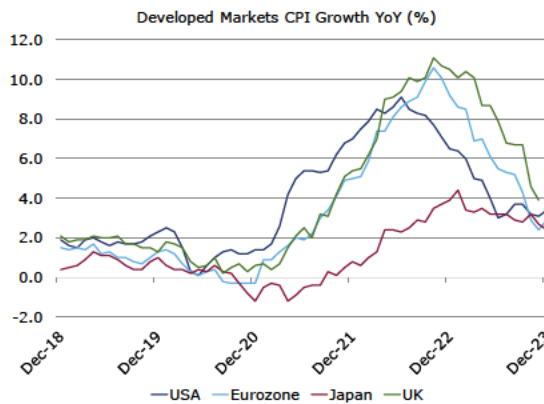
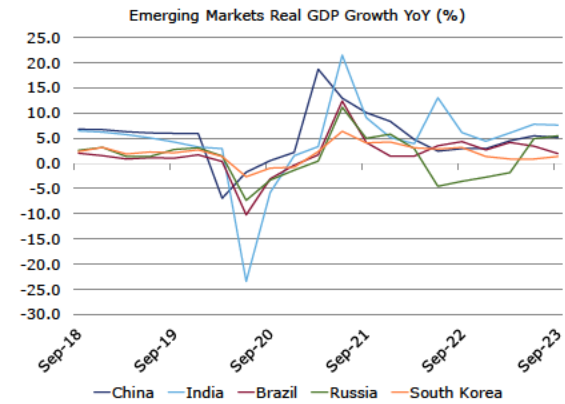
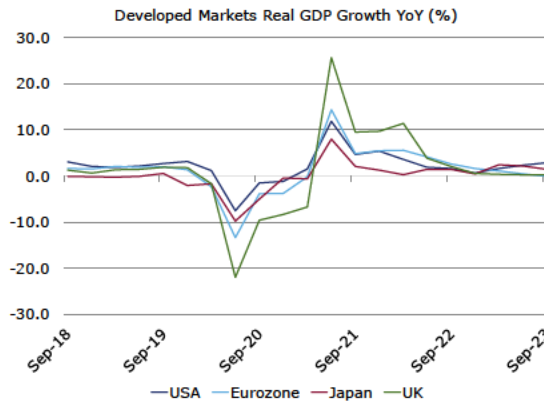
Data Sources: Wilshire Web, Bloomberg

# Risk Monitor



Data Sources: Bloomberg

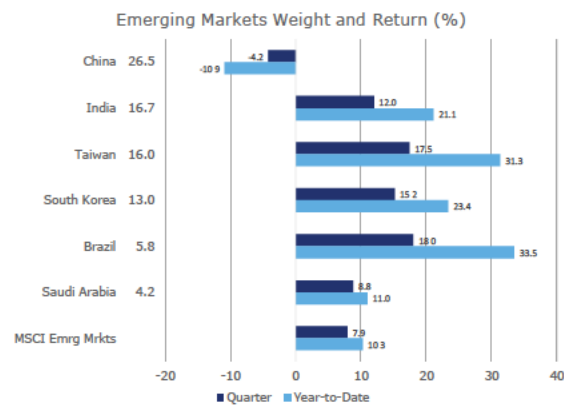
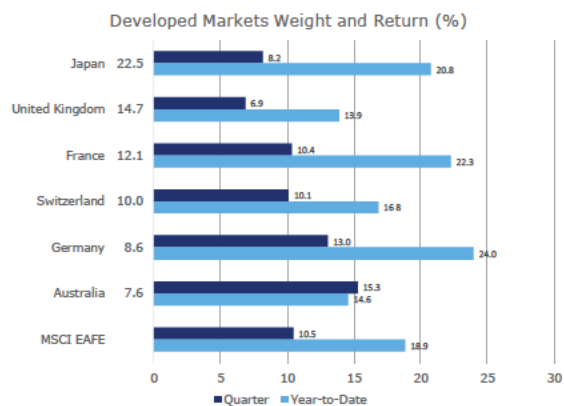
# Non-U.S. Growth and Inflation



Data Sources: Bloomberg

# Non-U.S. Equity Market

| As of 12/31/2023             | Quarter | YTD  | 1 Year | 3 Year | 5 Year | 10 Year |
|------------------------------|---------|------|--------|--------|--------|---------|
| MSCI ACWI ex-US (\$G)        | 9.8     | 16.2 | 16.2   | 2.0    | 7.6    | 4.3     |
| MSCI EAFE (\$G)              | 10.5    | 18.9 | 18.9   | 4.5    | 8.7    | 4.8     |
| MSCI Emerging Markets (\$G)  | 7.9     | 10.3 | 10.3   | -4.7   | 4.1    | 3.0     |
| MSCI Frontier Markets (\$G)  | 7.6     | 12.5 | 12.5   | -1.1   | 1.6    | 0.9     |
| MSCI ACWI ex-US Growth (\$G) | 11.2    | 14.4 | 14.4   | -2.4   | 7.8    | 4.9     |
| MSCI ACWI ex-US Value (\$G)  | 8.7     | 18.1 | 18.1   | 6.4    | 7.2    | 3.8     |
| MSCI ACWI ex-US Small (\$G)  | 10.2    | 16.2 | 16.2   | 2.0    | 8.4    | 5.3     |
| MSCI ACWI Minimum Volatility | 6.6     | 8.4  | 8.4    | 3.8    | 7.1    | 7.5     |
| MSCI EAFE Minimum Volatility | 7.3     | 12.4 | 12.4   | 1.1    | 4.1    | 4.7     |
| FTSE RAFI Developed ex-US    | 9.5     | 19.0 | 19.0   | 7.7    | 8.8    | 4.5     |
| MSCI EAFE LC (G)             | 5.0     | 16.8 | 16.8   | 9.2    | 10.0   | 7.1     |
| MSCI Emerging Markets LC (G) | 5.6     | 10.3 | 10.3   | -2.1   | 5.8    | 5.6     |

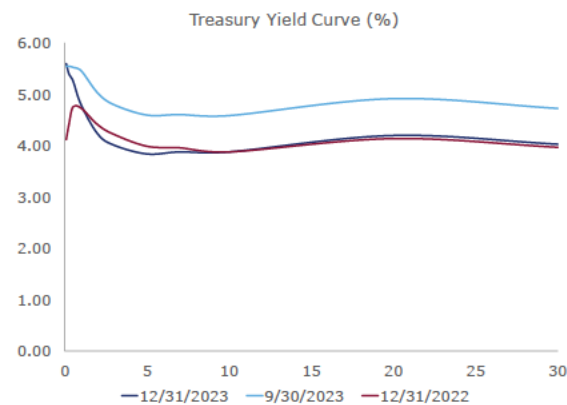
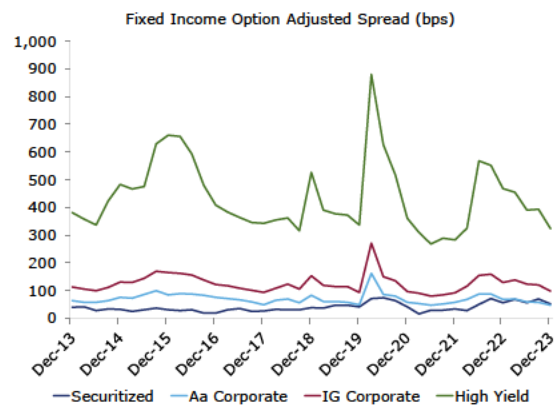


Data Sources: Bloomberg

# U.S. Fixed Income

| As of 12/31/2023          | YTW | DUR. | QTR  | YTD  | 1 YR | 3 YR  | 5 YR | 10 YR |
|---------------------------|-----|------|------|------|------|-------|------|-------|
| Bloomberg Aggregate       | 4.5 | 6.2  | 6.8  | 5.5  | 5.5  | -3.3  | 1.1  | 1.8   |
| Bloomberg Treasury        | 4.1 | 6.2  | 5.7  | 4.1  | 4.1  | -3.8  | 0.5  | 1.3   |
| Bloomberg Gov't-Rel.      | 4.6 | 5.3  | 5.5  | 5.8  | 5.8  | -2.4  | 1.4  | 2.0   |
| Bloomberg Securitized     | 4.7 | 5.8  | 7.3  | 5.1  | 5.1  | -2.8  | 0.4  | 1.4   |
| Bloomberg Corporate       | 5.1 | 7.1  | 8.5  | 8.5  | 8.5  | -3.3  | 2.6  | 3.0   |
| Bloomberg LT Gov't/Credit | 4.7 | 14.3 | 13.2 | 7.1  | 7.1  | -8.7  | 1.1  | 3.2   |
| Bloomberg LT Treasury     | 4.1 | 15.7 | 12.7 | 3.1  | 3.1  | -11.4 | -1.2 | 2.3   |
| Bloomberg LT Gov't-Rel.   | 5.2 | 11.8 | 11.2 | 8.9  | 8.9  | -6.1  | 1.5  | 3.5   |
| Bloomberg LT Corporate    | 5.2 | 13.1 | 14.0 | 10.9 | 10.9 | -6.6  | 2.9  | 3.9   |
| Bloomberg U.S. TIPS *     | 3.9 | 7.3  | 4.7  | 3.9  | 3.9  | -1.0  | 3.2  | 2.4   |
| Bloomberg High Yield      | 7.6 | 3.2  | 7.2  | 13.4 | 13.4 | 2.0   | 5.4  | 4.6   |
| S&P/LSTA Leveraged Loan   | 9.4 | 0.3  | 2.9  | 13.3 | 13.3 | 5.8   | 5.8  | 4.4   |
| Treasury Bills            | 5.2 | 0.3  | 1.4  | 5.1  | 5.1  | 2.1   | 1.9  | 1.3   |

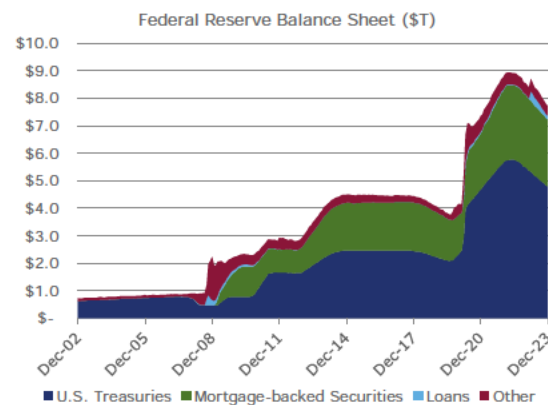
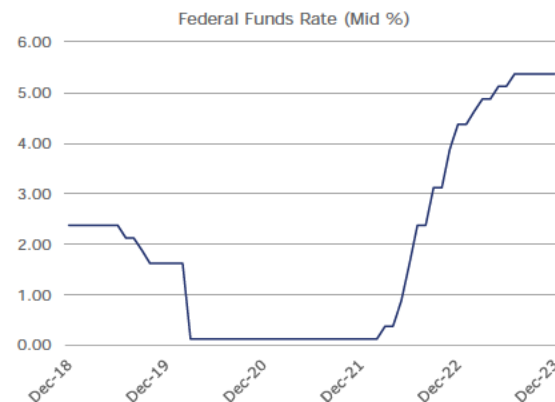
\* Yield and Duration statistics are for a proxy index based on similar maturity, the Bloomberg Barclays U.S. Treasury 7-10 Year Index



## Federal Reserve

- The Federal Open Market Committee has left their overnight rate unchanged since July of 2023
- QE4 was larger than the 3 phases of quantitative easing – combined – following the global financial crisis
- The Fed’s balance sheet has begun to shrink again during the past nine months

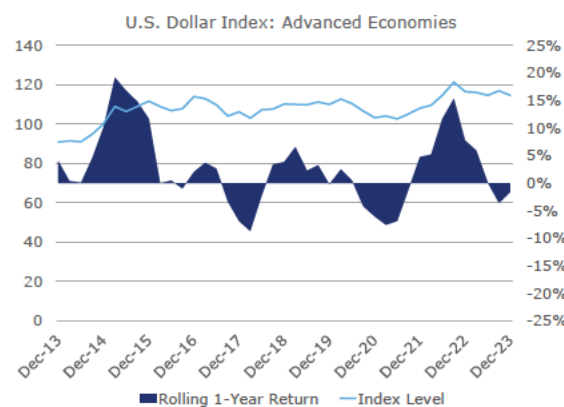
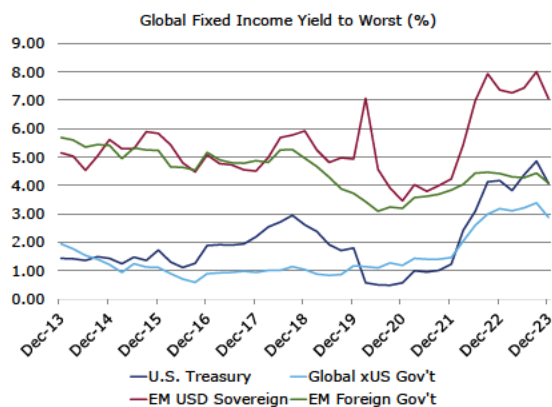
|     | Announced  | Closed     | Amount (bil) |
|-----|------------|------------|--------------|
| QE1 | 11/25/2008 | 3/31/2010  | \$1,403      |
| QE2 | 11/3/2010  | 6/29/2012  | \$568        |
| QE3 | 9/13/2012  | 10/29/2014 | \$1,674      |
| QE4 | 3/23/2020  | 3/15/2022  | \$4,779      |



# Non-U.S. Fixed Income

| As of 12/31/2023                           | Quarter | YTD  | 1 Year | 3 Year | 5 Year | 10 Year |
|--|---------|------|--------|--------|--------|---------|
| <b>Developed Markets</b>                   |         |      |        |        |        |         |
| Bloomberg Global Aggregate xUS             | 9.2     | 5.7  | 5.7    | -7.2   | -1.6   | -0.8    |
| Bloomberg Global Aggregate xUS *           | 5.4     | 8.3  | 8.3    | -1.2   | 1.5    | 2.8     |
| Bloomberg Global Inflation Linked xUS      | 11.9    | 7.4  | 7.4    | -8.7   | -1.4   | -0.2    |
| Bloomberg Global Inflation Linked xUS *    | 7.6     | 5.3  | 5.3    | -4.5   | 0.4    | 3.3     |
| <b>Emerging Markets (Hard Currency)</b>    |         |      |        |        |        |         |
| Bloomberg EM USD Aggregate                 | 8.1     | 9.1  | 9.1    | -3.1   | 1.8    | 3.0     |
| <b>Emerging Markets (Foreign Currency)</b> |         |      |        |        |        |         |
| Bloomberg EM Local Currency Gov't          | 7.0     | 6.9  | 6.9    | -1.2   | 2.1    | 1.3     |
| Bloomberg EM Local Currency Gov't *        | 3.9     | 8.6  | 8.6    | 1.4    | 3.1    | 3.0     |
| Euro vs. Dollar                            | 4.4     | 3.1  | 3.1    | -3.3   | -0.8   | -2.2    |
| Yen vs. Dollar                             | 5.9     | -7.0 | -7.0   | -9.9   | -4.9   | -2.9    |
| Pound vs. Dollar                           | 4.4     | 5.4  | 5.4    | -2.3   | 0.0    | -2.6    |

\* Returns are reported in terms of local market investors, which removes currency effects.

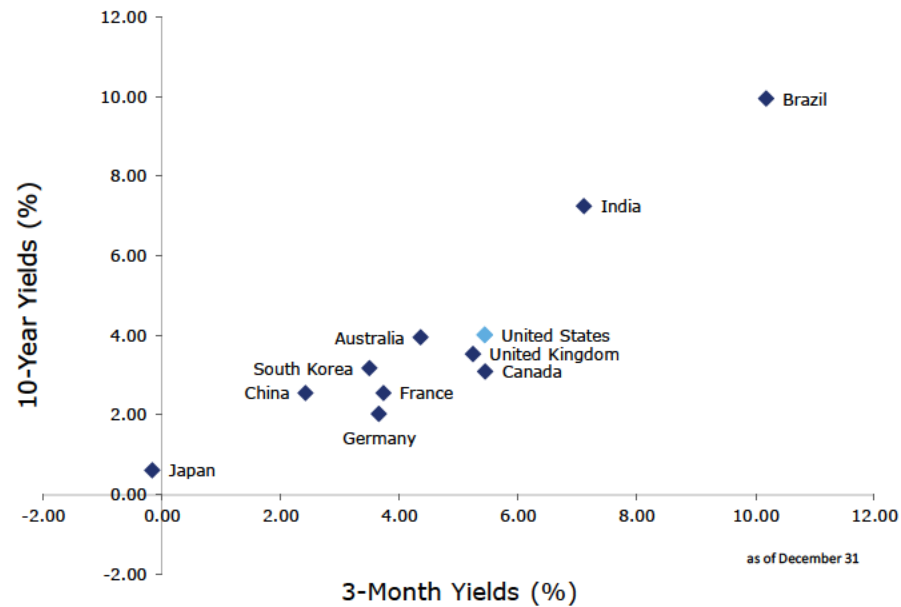


Data Sources: Bloomberg

## Global Interest Rates

Short-term rates have turned positive in most larger countries; longer-term rates near 4.0% in the U.K. and Australia

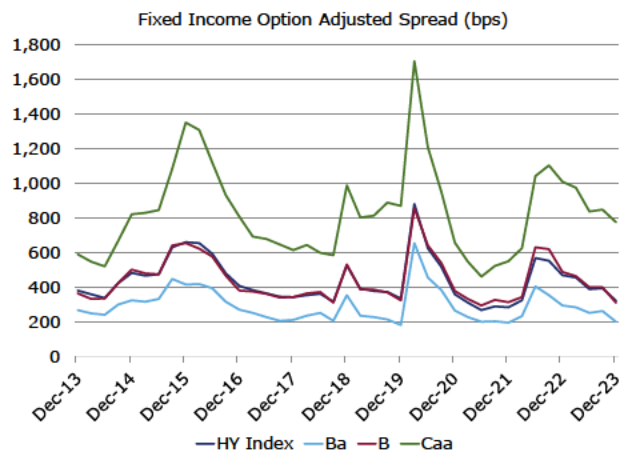
Government Bond Yields





# High Yield Bond Market

| As of 12/31/2023                |               | YTW  | QTR | YTD  | 1 YR | 3 YR | 5 YR | 10 YR |
|---------------------------------|---------------|------|-----|------|------|------|------|-------|
| Bloomberg High Yield            |               | 7.6  | 7.2 | 13.4 | 13.4 | 2.0  | 5.4  | 4.6   |
| S&P LSTA Leveraged Loan         |               | 9.4  | 3.2 | 13.2 | 13.2 | 5.2  | 5.8  | 4.0   |
| High Yield Quality Distribution | <b>Weight</b> |      |     |      |      |      |      |       |
| Ba U.S. High Yield              | 46.1%         | 6.3  | 7.4 | 11.6 | 11.6 | 1.4  | 5.8  | 5.0   |
| B U.S. High Yield               | 41.1%         | 7.5  | 7.0 | 13.8 | 13.8 | 2.3  | 5.1  | 4.2   |
| Caa U.S. High Yield             | 11.7%         | 12.1 | 6.9 | 19.8 | 19.8 | 2.9  | 4.1  | 4.0   |
| Ca to D U.S. High Yield         | 1.1%          | 15.3 | 5.1 | 16.4 | 16.4 | 5.5  | 3.7  | -4.0  |



Data Sources: Bloomberg

# Asset Class Performance

| Asset Class Returns - Best to Worst |                      |                      |                      |                       |                      | Annualized<br>5-Year<br>as of 12/23 |
|-------------------------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|-------------------------------------|
| 2018                                | 2019                 | 2020                 | 2021                 | 2022                  | 2023 YTD             |                                     |
| T-Bills<br>1.9%                     | U.S. Equity<br>31.0% | U.S. Equity<br>20.8% | REITs<br>46.2%       | Commodities<br>16.1%  | U.S. Equity<br>26.1% | U.S. Equity<br>15.4%                |
| Core Bond<br>0.0%                   | REITs<br>25.8%       | Emrg Mrkts<br>18.7%  | Commodities<br>27.1% | T-Bills<br>1.3%       | Developed<br>18.9%   | Developed<br>8.7%                   |
| U.S. TIPS<br>-1.3%                  | Developed<br>22.7%   | U.S. TIPS<br>11.0%   | U.S. Equity<br>26.7% | High Yield<br>-11.2%  | REITs<br>16.1%       | REITs<br>7.6%                       |
| High Yield<br>-2.1%                 | Emrg Mrkts<br>18.9%  | Developed<br>8.3%    | Developed<br>11.8%   | U.S. TIPS<br>-11.8%   | High Yield<br>13.4%  | Commodities<br>6.1%                 |
| REITs<br>-4.8%                      | High Yield<br>14.3%  | Core Bond<br>7.5%    | U.S. TIPS<br>6.0%    | Core Bond<br>-13.0%   | Emrg Mrkts<br>10.3%  | High Yield<br>5.4%                  |
| U.S. Equity<br>-5.3%                | Core Bond<br>8.7%    | High Yield<br>7.1%   | High Yield<br>5.3%   | Developed<br>-14.0%   | Core Bond<br>5.5%    | Emrg Mrkts<br>4.1%                  |
| Commodities<br>-11.2%               | U.S. TIPS<br>8.4%    | T-Bills<br>0.7%      | T-Bills<br>0.0%      | U.S. Equity<br>-19.0% | T-Bills<br>5.1%      | U.S. TIPS<br>3.2%                   |
| Developed<br>-13.4%                 | Commodities<br>7.7%  | Commodities<br>-3.1% | Core Bond<br>-1.5%   | Emrg Mrkts<br>-19.7%  | U.S. TIPS<br>3.9%    | T-Bills<br>1.9%                     |
| Emrg Mrkts<br>-14.2%                | T-Bills<br>2.3%      | REITs<br>-7.9%       | Emrg Mrkts<br>-2.2%  | REITs<br>-26.8%       | Commodities<br>-1.3% | Core Bond<br>1.1%                   |

Data Sources: Bloomberg

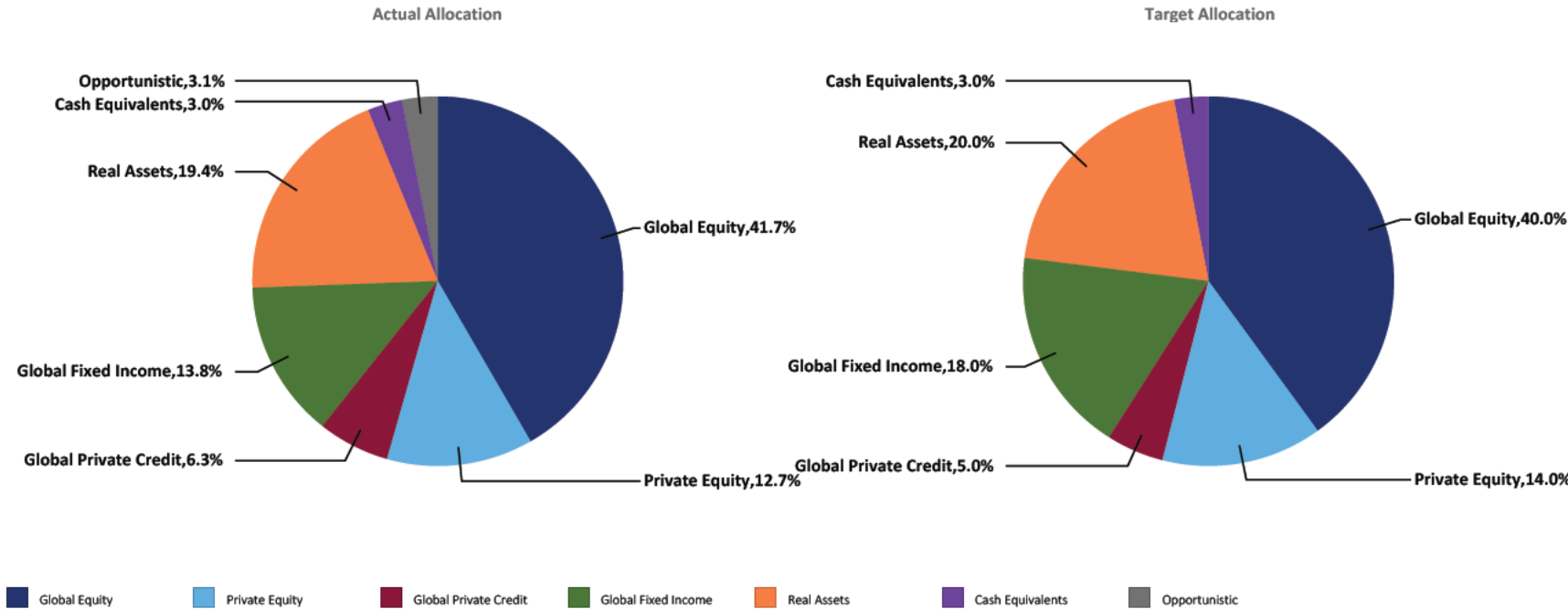
Note: Developed asset class is developed equity markets ex-U.S., ex-Canada

# Total Fund

# Asset Allocation Compliance

Total Fund

Periods Ended As of December 31, 2023



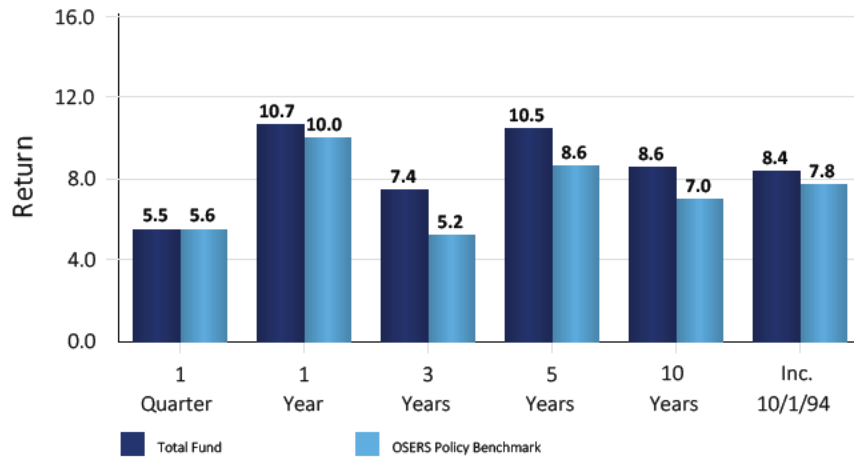
|                       | Asset Allocation<br>\$ | Asset Allocation<br>(%) | Target Allocation<br>(%) | Differences<br>(%) |
|-----------------------|------------------------|-------------------------|--------------------------|--------------------|
| <b>Total Fund</b>     | <b>18,231,284,189</b>  | <b>100.0</b>            | <b>100.0</b>             | <b>0.0</b>         |
| Global Equity         | 7,597,849,134          | 41.7                    | 40.0                     | 1.7                |
| Private Equity        | 2,321,140,691          | 12.7                    | 14.0                     | -1.3               |
| Global Private Credit | 1,140,689,589          | 6.3                     | 5.0                      | 1.3                |
| Global Fixed Income   | 2,509,762,929          | 13.8                    | 18.0                     | -4.2               |
| Real Assets           | 3,540,088,952          | 19.4                    | 20.0                     | -0.6               |
| Cash Equivalents      | 551,828,182            | 3.0                     | 3.0                      | 0.0                |
| Opportunistic         | 569,924,712            | 3.1                     | 0.0                      | 3.1                |

# Composite Performance Summary

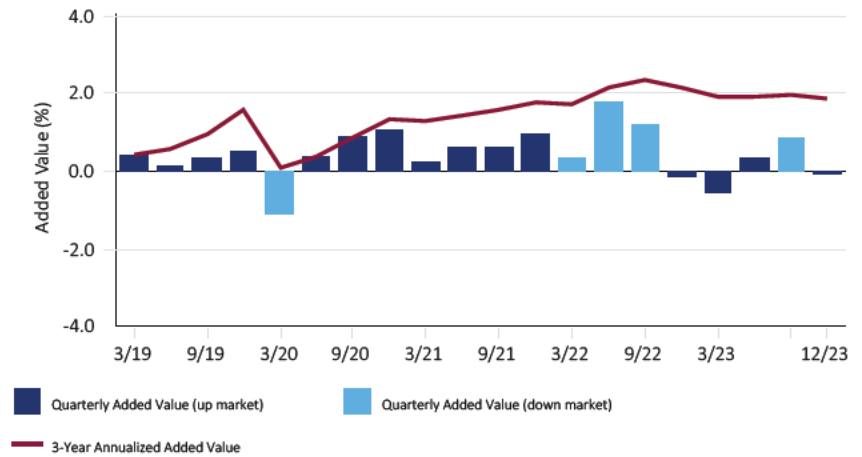
## Total Fund

Periods Ended December 31, 2023

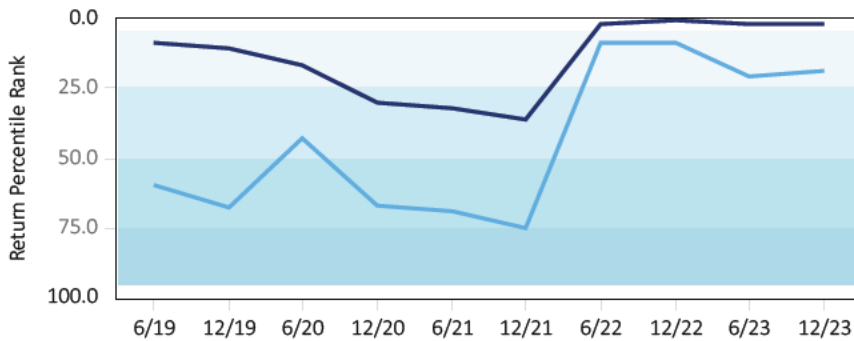
### Comparative Performance



### Added Value History

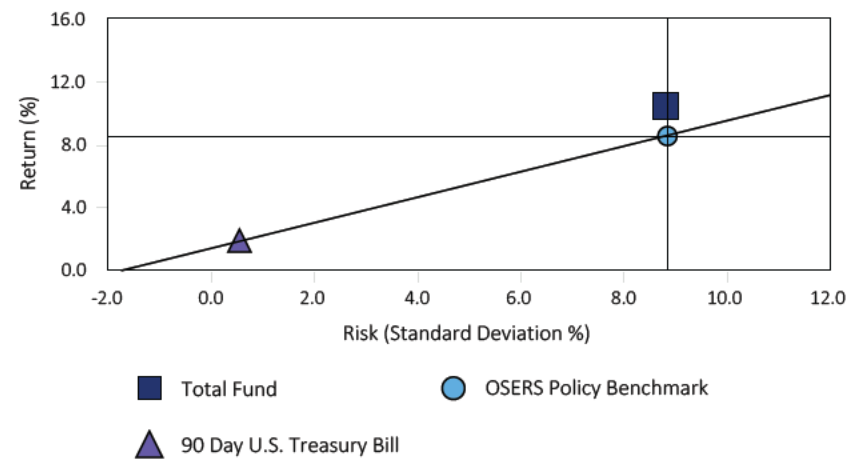


### Rolling 3-Year Percentile Rank: All Public Plans-Total Fund



|              | Total Period | 5-25 Count | 25-Median Count | Median-75 Count | 75-95 Count |
|--------------|--------------|------------|-----------------|-----------------|-------------|
| — Total Fund | 10           | 7 (70%)    | 3 (30%)         | 0 (0%)          | 0 (0%)      |
| — Benchmark  | 10           | 4 (40%)    | 1 (10%)         | 5 (50%)         | 0 (0%)      |

### Risk and Return 01/1/19 - 12/31/23

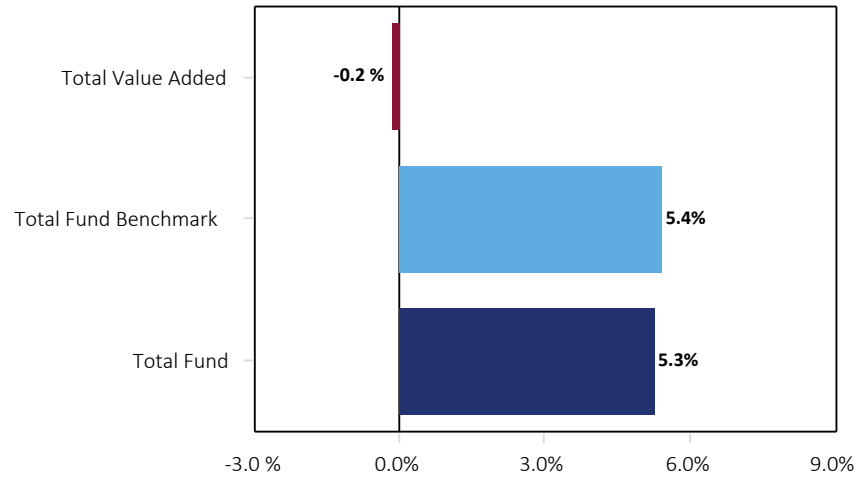


# Total Fund Attribution

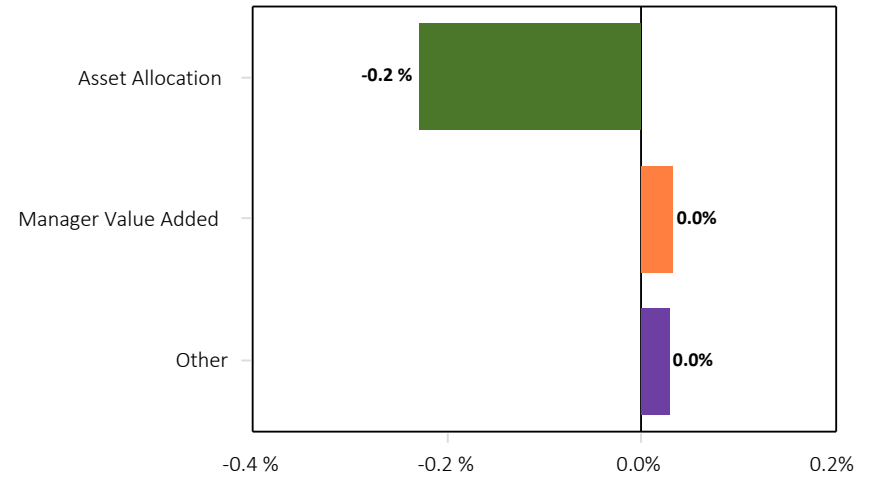
Total Fund

Periods Ended 1 Quarter Ending December 31, 2023

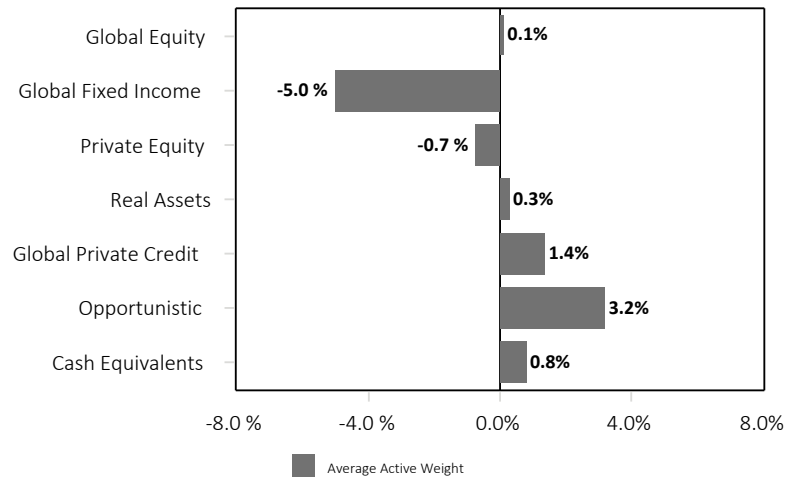
## Total Fund Performance



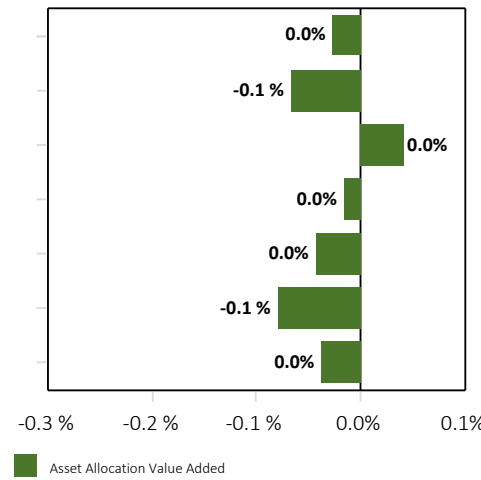
## Total Value Added:-0.2 %



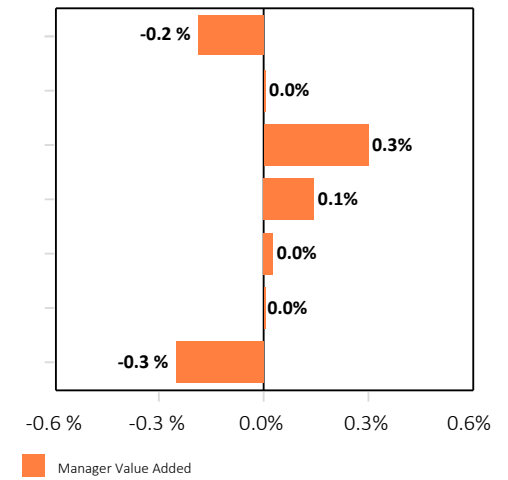
## Total Asset Allocation:-0.2 %



## Asset Allocation Value Added:-0.2 %



## Total Manager Value Added:0.0%

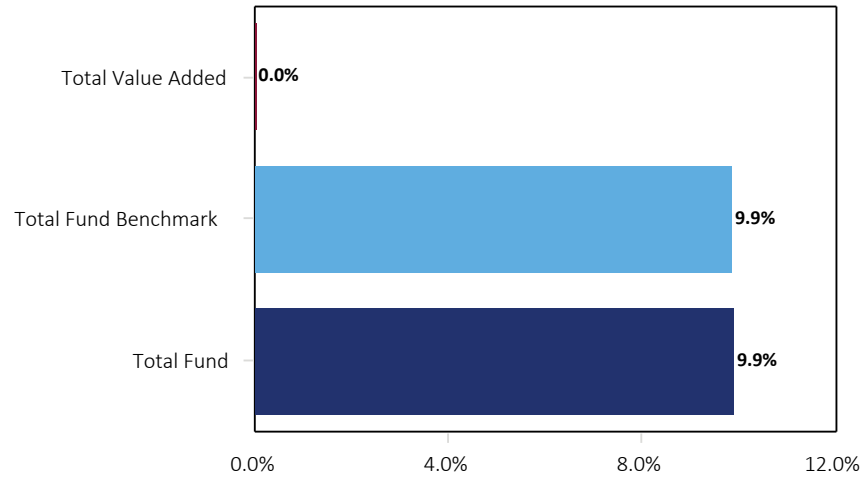


# Total Fund Attribution

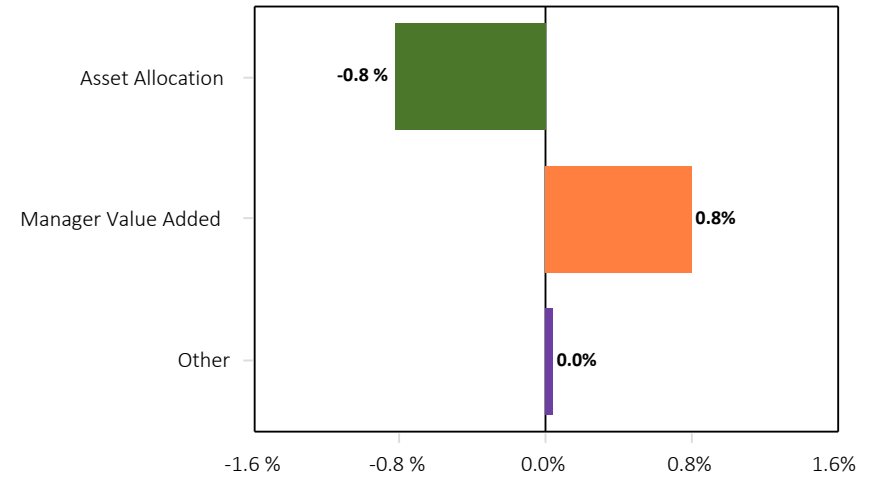
Total Fund

Periods Ended 1 Year Ending December 31, 2023

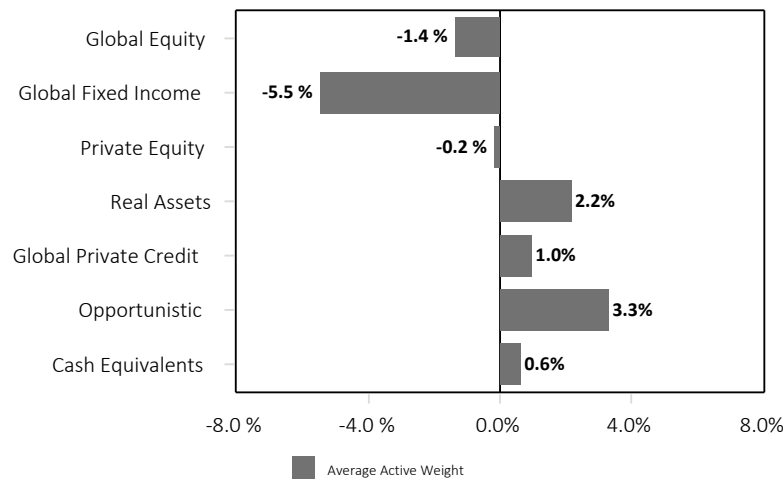
## Total Fund Performance



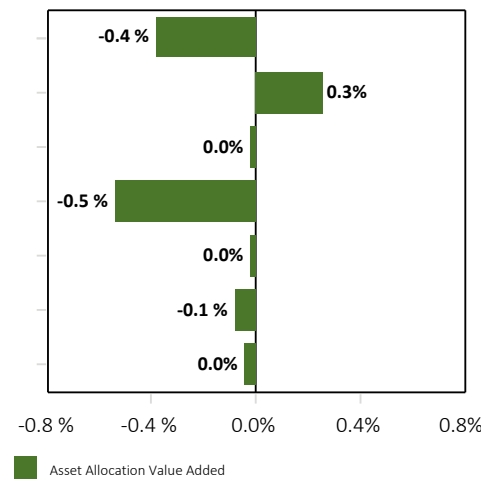
## Total Value Added:0.0%



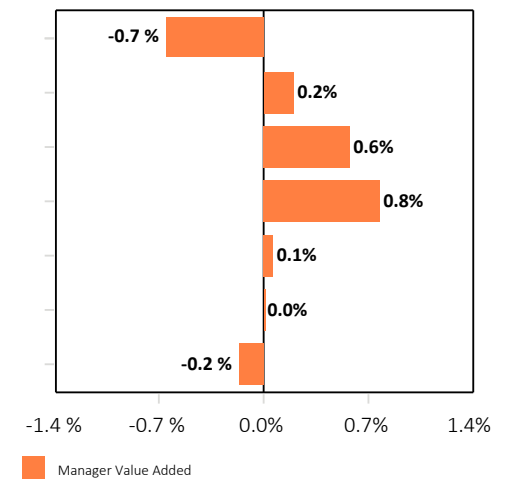
## Total Asset Allocation:-0.8 %



## Asset Allocation Value Added:-0.8 %



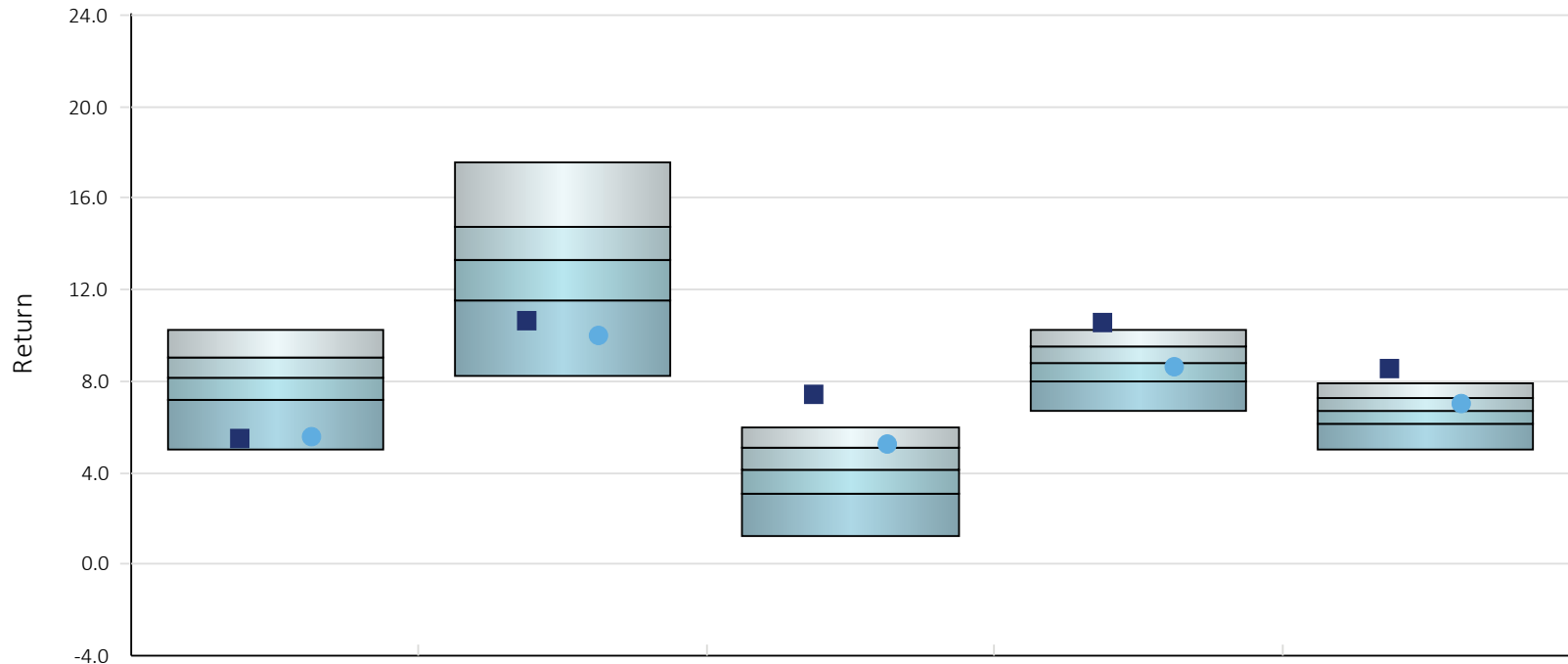
## Total Manager Value Added:0.8%



# Plan Sponsor Peer Group Analysis

Total Fund vs All Public Plans-Total Fund (GOF)

Periods Ended December 31, 2023



|                          | QTD       | 1 Year     | 3 Years   | 5 Years   | 10 Years  |
|--------------------------|-----------|------------|-----------|-----------|-----------|
| ■ Total Fund             | 5.50 (92) | 10.66 (84) | 7.44 (2)  | 10.53 (4) | 8.56 (2)  |
| ● OSERS Policy Benchmark | 5.56 (92) | 10.00 (89) | 5.22 (19) | 8.64 (53) | 7.02 (35) |
| 5th Percentile           | 10.22     | 17.52      | 5.97      | 10.25     | 7.94      |
| 1st Quartile             | 9.04      | 14.75      | 5.06      | 9.50      | 7.23      |
| Median                   | 8.19      | 13.32      | 4.09      | 8.79      | 6.69      |
| 3rd Quartile             | 7.17      | 11.56      | 3.05      | 8.02      | 6.13      |
| 95th Percentile          | 4.99      | 8.20       | 1.23      | 6.69      | 4.99      |
| Population               | 204       | 188        | 178       | 171       | 145       |

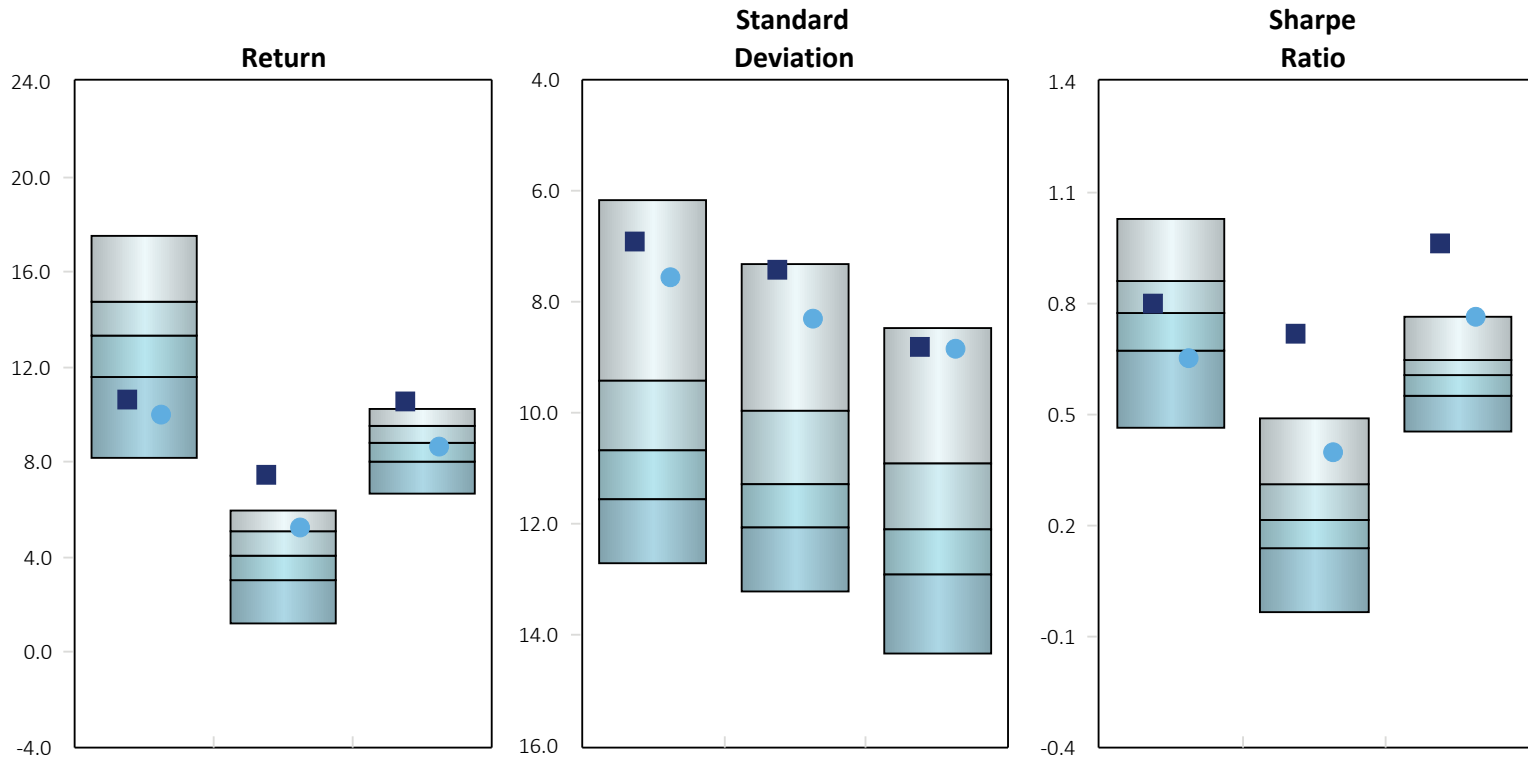
Parentheses contain percentile rankings.  
 Calculation based on monthly periodicity.  
 Ohio SERS performance is Gross of Fees



# Plan Sponsor Peer Group Analysis - Multi Statistics

Total Fund vs All Public Plans-Total Fund (GOF)

Periods Ended December 31, 2023



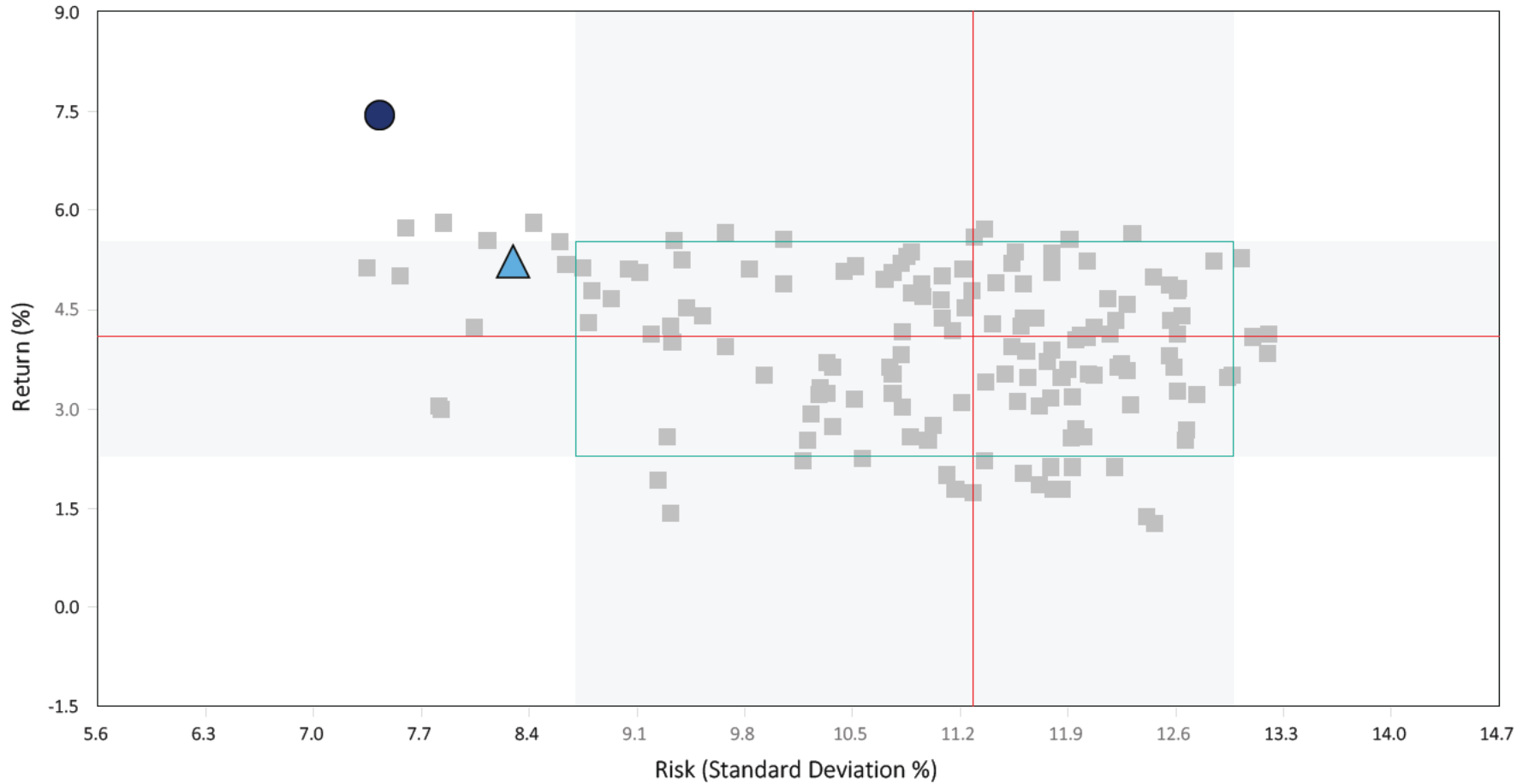
|                          | 1<br>Year  | 3<br>Years | 5<br>Years | 1<br>Year | 3<br>Years | 5<br>Years | 1<br>Year | 3<br>Years | 5<br>Years |
|--------------------------|------------|------------|------------|-----------|------------|------------|-----------|------------|------------|
| ■ Total Fund             | 10.66 (84) | 7.44 (2)   | 10.53 (4)  | 6.91 (8)  | 7.42 (5)   | 8.80 (6)   | 0.80 (45) | 0.72 (1)   | 0.96 (1)   |
| ● OSERS Policy Benchmark | 10.00 (89) | 5.22 (19)  | 8.64 (53)  | 7.57 (9)  | 8.30 (10)  | 8.85 (6)   | 0.65 (79) | 0.40 (11)  | 0.77 (5)   |
| 5th Percentile           | 17.52      | 5.97       | 10.25      | 6.17      | 7.32       | 8.46       | 1.03      | 0.49       | 0.76       |
| 1st Quartile             | 14.75      | 5.06       | 9.50       | 9.43      | 9.96       | 10.91      | 0.86      | 0.31       | 0.65       |
| Median                   | 13.32      | 4.09       | 8.79       | 10.69     | 11.29      | 12.09      | 0.78      | 0.22       | 0.61       |
| 3rd Quartile             | 11.56      | 3.05       | 8.02       | 11.56     | 12.06      | 12.91      | 0.67      | 0.14       | 0.55       |
| 95th Percentile          | 8.20       | 1.23       | 6.69       | 12.70     | 13.21      | 14.35      | 0.47      | -0.03      | 0.46       |

Parentheses contain percentile rankings.  
 Calculation based on monthly periodicity.  
 Ohio SERS performance is Gross of Fees

# Plan Sponsor Scattergram

Total Fund vs All Public Plans-Total Fund

Periods Ended January 1, 2021 To December 31, 2023



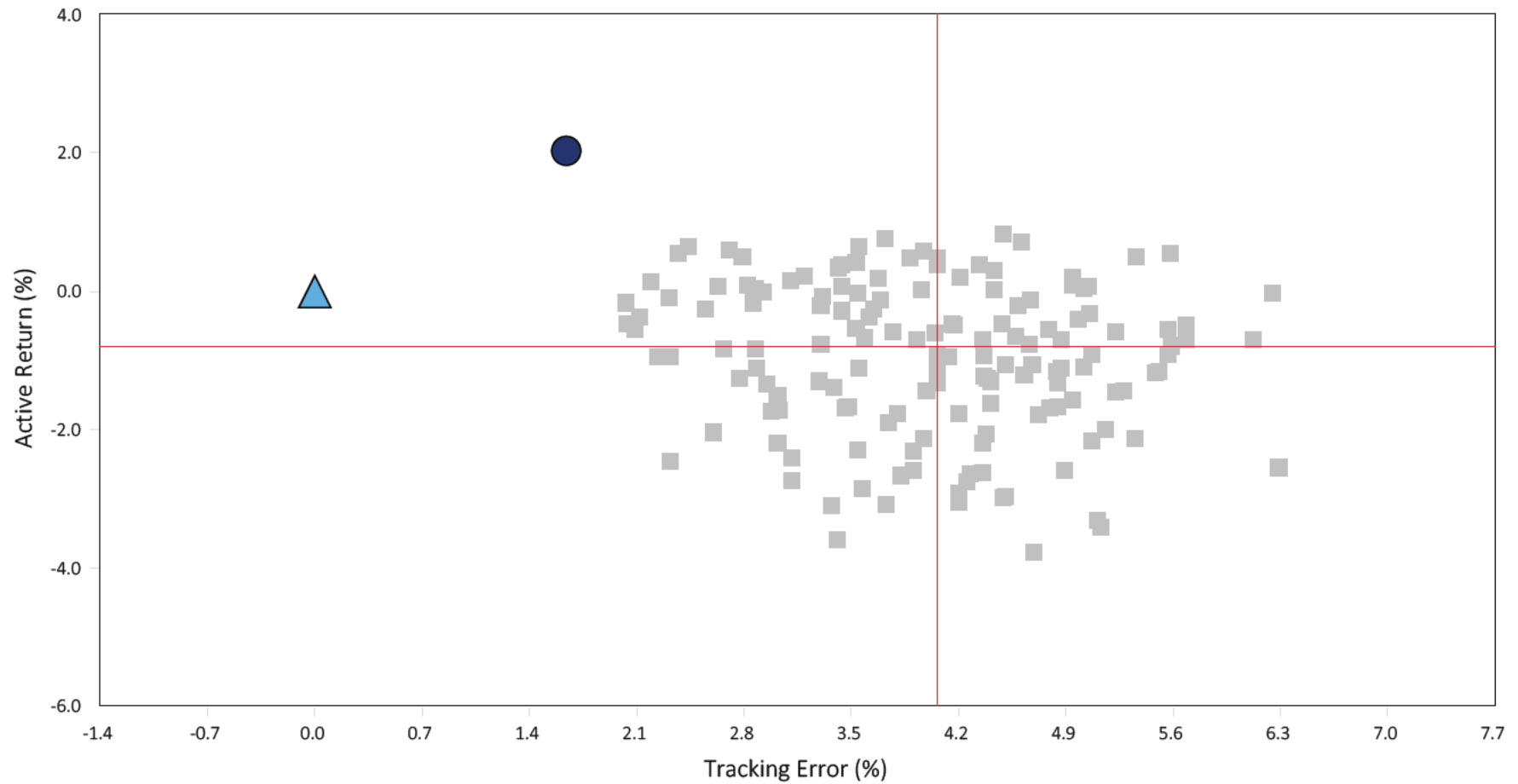
|                          | Return | Standard Deviation |
|--------------------------|--------|--------------------|
| ● Total Fund             | 7.44   | 7.42               |
| ▲ OSERS Policy Benchmark | 5.22   | 8.30               |
| — Median                 | 4.09   | 11.29              |

Calculation based on monthly periodicity.  
Ohio SERS performance is Gross of Fees

# Plan Sponsor Scattergram

Total Fund vs All Public Plans-Total Fund

Periods Ended January 1, 2021 To December 31, 2023



|                          | Active Return | Tracking Error |
|--------------------------|---------------|----------------|
| ● Total Fund             | 2.03          | 1.64           |
| ▲ OSERS Policy Benchmark | 0.00          | 0.00           |
| — Median                 | -0.78         | 4.06           |

Calculation based on monthly periodicity.  
Ohio SERS performance is Gross of Fees

# Asset Allocation & Performance

## Total Fund

Periods Ended December 31, 2023

|                                 | Allocation         |               | Performance (%) net of fees |              |              |              |              |              |              |                 |                  |
|---------------------------------|--------------------|---------------|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------------|------------------|
|                                 | Market Value \$000 | %             | 1 Quarter                   | FYTD         | 1 Year       | 3 Years      | 5 Years      | 10 Years     | 20 Years     | Since Inception | Inception Date   |
| <b>Total Fund</b>               | <b>18,231,284</b>  | <b>100.00</b> | <b>5.28</b>                 | <b>3.94</b>  | <b>9.89</b>  | <b>6.71</b>  | <b>9.83</b>  | <b>7.87</b>  | <b>7.14</b>  | <b>7.82</b>     | <b>10/1/1994</b> |
| OSERS Policy Benchmark          |                    |               | 5.56                        | 3.50         | 10.00        | 5.22         | 8.64         | 7.02         | 6.95         | 7.76            |                  |
| Value Added                     |                    |               | -0.28                       | 0.44         | -0.11        | 1.49         | 1.19         | 0.85         | 0.19         | 0.06            |                  |
| <b>Global Equity</b>            | <b>7,597,849</b>   | <b>41.67</b>  | <b>10.55</b>                | <b>7.05</b>  | <b>20.50</b> | <b>5.35</b>  | <b>11.99</b> | <b>8.10</b>  | <b>7.69</b>  | <b>7.84</b>     | <b>7/1/2002</b>  |
| Global Equity Benchmark         |                    |               | 11.03                       | 7.26         | 22.20        | 5.50         | 11.40        | 7.80         | 7.43         | 7.56            |                  |
| Value Added                     |                    |               | -0.48                       | -0.21        | -1.70        | -0.15        | 0.59         | 0.30         | 0.26         | 0.28            |                  |
| <b>Global Private Equity</b>    | <b>2,321,141</b>   | <b>12.73</b>  | <b>1.66</b>                 | <b>3.60</b>  | <b>8.12</b>  | <b>19.86</b> | <b>17.59</b> | <b>17.63</b> | <b>13.54</b> | <b>13.26</b>    | <b>10/1/1994</b> |
| Global PE Benchmark             |                    |               | -0.58                       | 0.89         | 3.77         | 15.06        | 13.70        | 13.30        | 11.94        | 12.73           |                  |
| Value Added                     |                    |               | 2.24                        | 2.71         | 4.35         | 4.80         | 3.89         | 4.33         | 1.60         | 0.53            |                  |
| <b>Global Private Credit</b>    | <b>1,140,690</b>   | <b>6.26</b>   | <b>2.89</b>                 | <b>5.43</b>  | <b>10.57</b> | <b>10.07</b> |              |              |              | <b>10.92</b>    | <b>7/1/2020</b>  |
| Global Private Credit Benchmark |                    |               | 2.44                        | 4.82         | 9.60         | 6.75         |              |              |              | 6.46            |                  |
| Value Added                     |                    |               | 0.45                        | 0.61         | 0.97         | 3.32         |              |              |              | 4.46            |                  |
| <b>Global Fixed Income</b>      | <b>2,509,763</b>   | <b>13.77</b>  | <b>6.85</b>                 | <b>4.08</b>  | <b>7.10</b>  | <b>-2.40</b> | <b>2.39</b>  | <b>2.57</b>  | <b>4.07</b>  | <b>5.30</b>     | <b>10/1/1994</b> |
| Blmbg. U.S. Aggregate Index     |                    |               | 6.82                        | 3.37         | 5.53         | -3.31        | 1.10         | 1.81         | 3.17         | 4.65            |                  |
| Value Added                     |                    |               | 0.03                        | 0.71         | 1.57         | 0.91         | 1.29         | 0.76         | 0.90         | 0.65            |                  |
| <b>Cash Equivalents</b>         | <b>551,828</b>     | <b>3.03</b>   | <b>-5.12</b>                | <b>-2.28</b> | <b>-0.06</b> | <b>5.60</b>  | <b>3.76</b>  | <b>2.43</b>  | <b>2.25</b>  | <b>2.17</b>     | <b>7/1/2002</b>  |
| FTSE 1 Month T-Bill             |                    |               | 1.38                        | 2.75         | 5.13         | 2.19         | 1.84         | 1.21         | 1.35         | 1.34            |                  |
| Value Added                     |                    |               | -6.50                       | -5.03        | -5.19        | 3.41         | 1.92         | 1.22         | 0.90         | 0.83            |                  |

# Asset Allocation & Performance

Total Fund

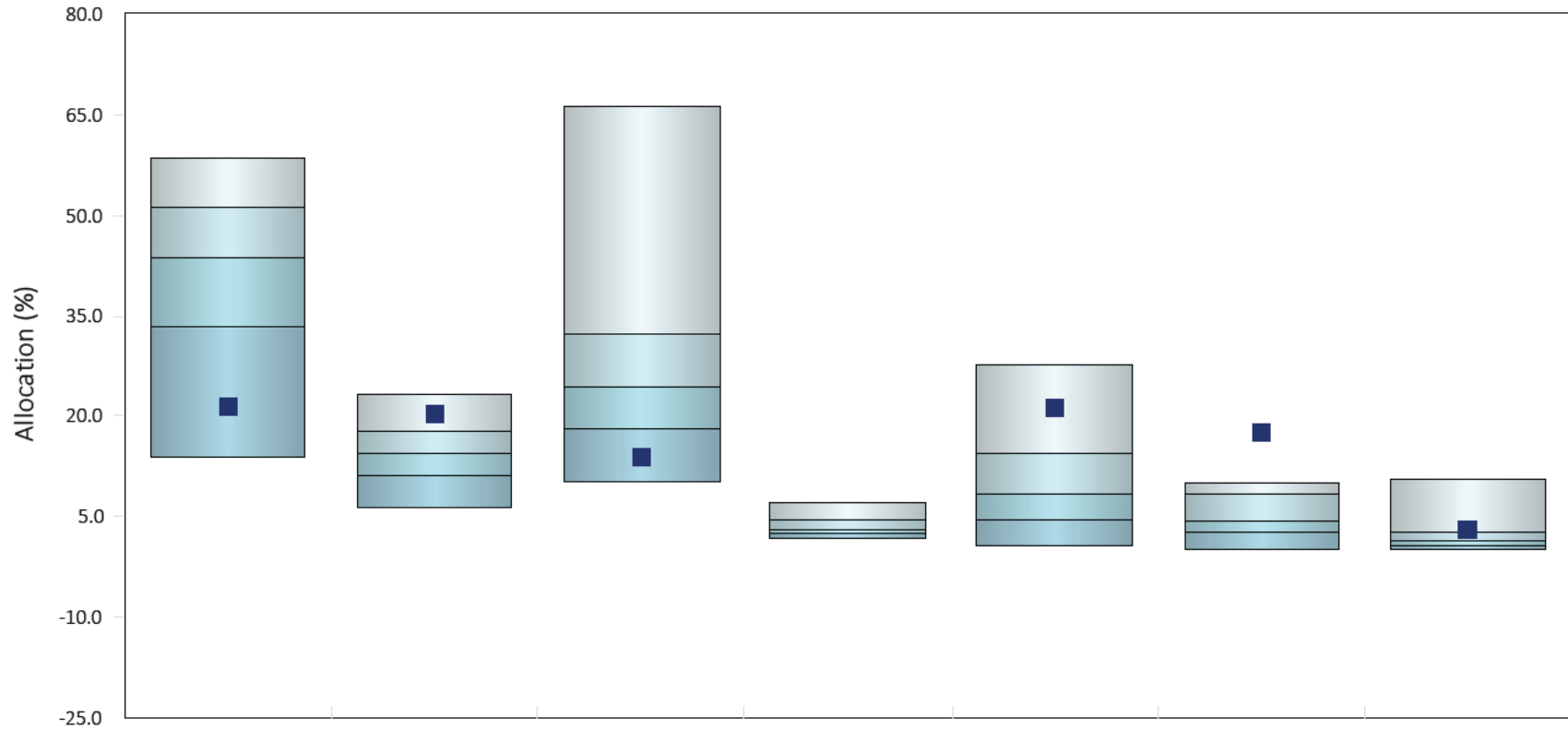
Periods Ended December 31, 2023

|                                     | Allocation         |       | Performance (%) net of fees |       |        |         |         |          |          |                 |                |
|-------------------------------------|--------------------|-------|-----------------------------|-------|--------|---------|---------|----------|----------|-----------------|----------------|
|                                     | Market Value \$000 | %     | 1 Quarter                   | FYTD  | 1 Year | 3 Years | 5 Years | 10 Years | 20 Years | Since Inception | Inception Date |
| <b>Global Real Assets</b>           | 3,540,089          | 19.42 | -0.63                       | -1.71 | -4.94  | 9.22    | 7.81    | 9.30     | 6.90     | 7.55            | 10/1/1994      |
| Real Assets Benchmark               |                    |       | -1.37                       | -3.32 | -8.39  | 6.04    | 5.26    | 7.40     | 8.15     | 8.90            |                |
| Value Added                         |                    |       | 0.74                        | 1.61  | 3.45   | 3.18    | 2.55    | 1.90     | -1.25    | -1.35           |                |
| <b>Opportunistic &amp; Tactical</b> | 569,925            | 3.13  | 3.06                        | 3.86  | 7.82   | 9.17    | 6.74    | 6.59     | 6.88     | 6/1/2013        |                |
| Opportunistic Benchmark             |                    |       | 7.21                        | 4.35  | 7.53   | -1.31   | 2.30    | 3.85     | 4.41     |                 |                |
| Value Added                         |                    |       | -4.15                       | -0.49 | 0.29   | 10.48   | 4.44    | 2.74     | 2.47     |                 |                |

# Plan Sponsor TF Asset Allocation

Total Fund vs All Public Plans-Total Fund

Periods Ended December 31, 2023



|                 | US Equity | Global ex-US Equity | US Fixed | Global ex-US Fixed | Alternatives | Total Real Estate | Cash & Equivalents |
|-----------------|-----------|---------------------|----------|--------------------|--------------|-------------------|--------------------|
| ■ Total Fund    | 21.30     | 20.37               | 13.77    |                    | 22.10        | 19.40             | 3.03               |
| 5th Percentile  | 58.51     | 23.34               | 66.25    | 7.07               | 27.65        | 9.98              | 10.55              |
| 1st Quartile    | 51.15     | 17.77               | 32.18    | 4.58               | 14.41        | 8.42              | 2.66               |
| Median          | 43.69     | 14.38               | 24.21    | 2.98               | 8.55         | 4.37              | 1.42               |
| 3rd Quartile    | 33.38     | 11.02               | 17.91    | 2.42               | 4.51         | 2.84              | 0.72               |
| 95th Percentile | 13.81     | 6.26                | 10.33    | 1.72               | 0.78         | 0.18              | 0.08               |

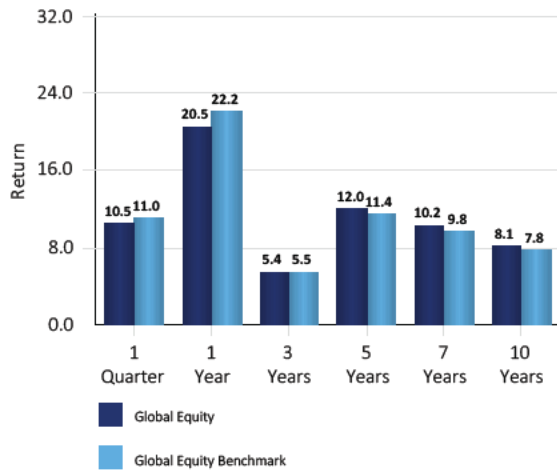
# Global Equity

# Performance Summary

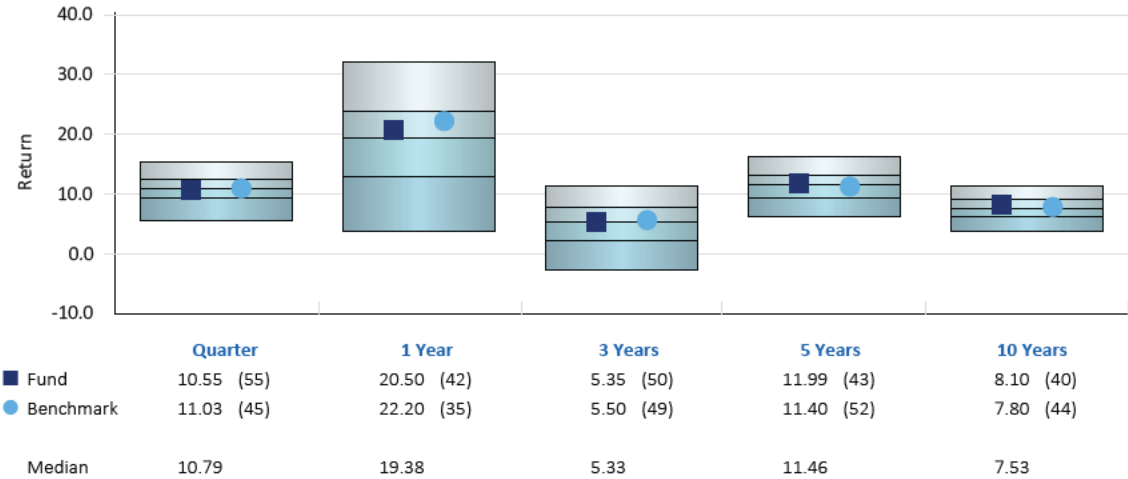
## Global Equity

Periods Ended December 31, 2023

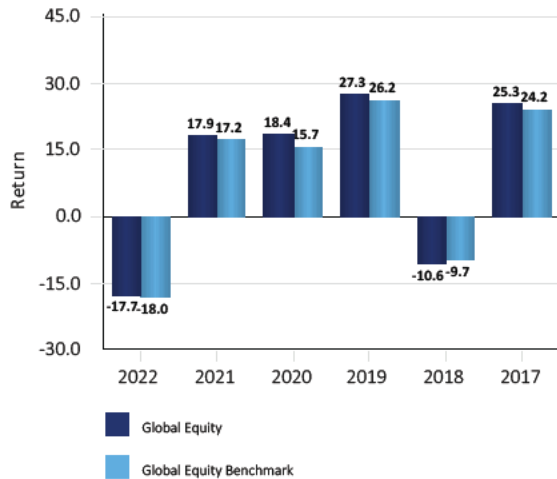
### Comparative Performance



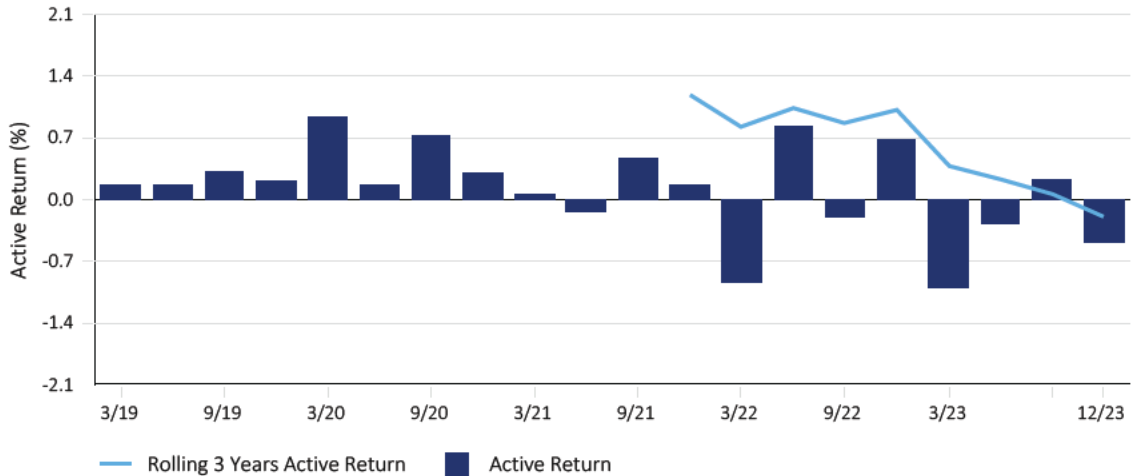
### Peer Group Analysis: IM Global Equity (SA+CF)(NOF)



### Comparative Performance



### Quarterly Active Return





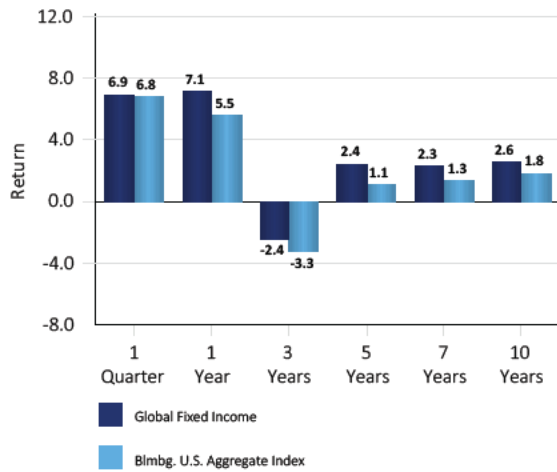
# Global Fixed Income

# Performance Summary

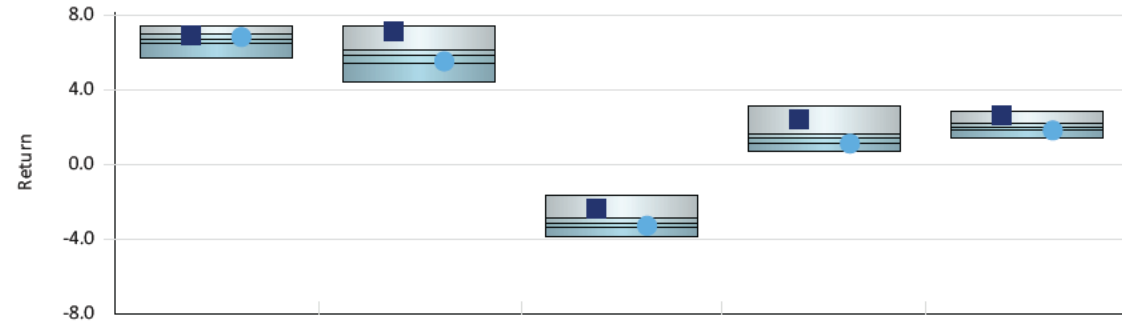
## Global Fixed Income

Periods Ended December 31, 2023

### Comparative Performance

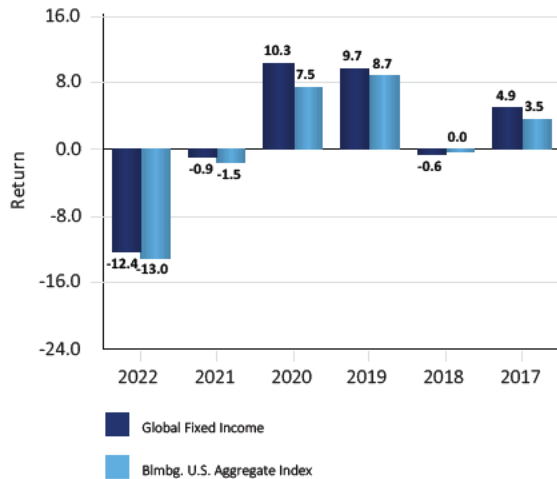


### Peer Group Analysis: IM U.S. Broad Market Core Fixed Income (SA+CF) (NOF)

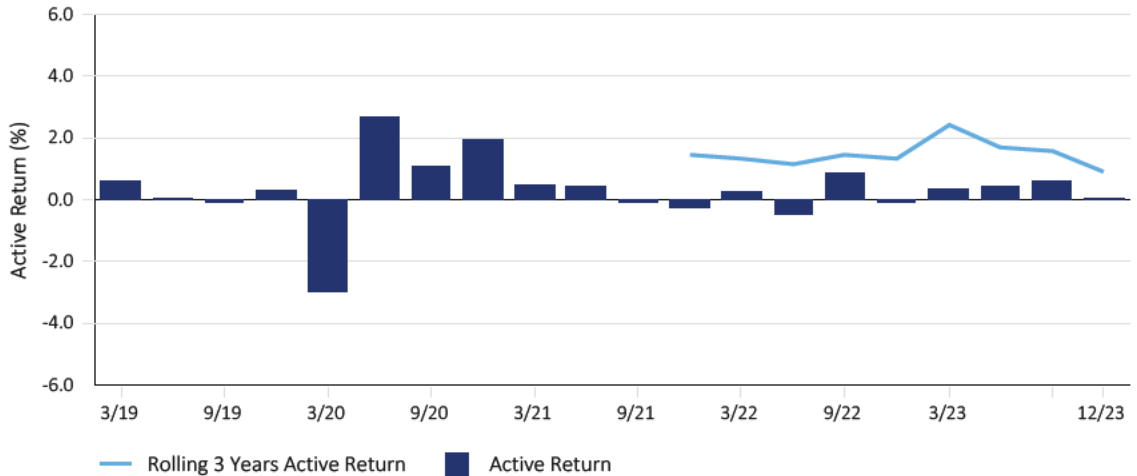


|           | Quarter   | 1 Year    | 3 Years    | 5 Years   | 10 Years  |
|-----------|-----------|-----------|------------|-----------|-----------|
| Fund      | 6.85 (38) | 7.10 (6)  | -2.40 (10) | 2.39 (9)  | 2.57 (8)  |
| Benchmark | 6.82 (44) | 5.53 (68) | -3.31 (60) | 1.10 (77) | 1.81 (73) |
| Median    | 6.74      | 5.81      | -3.19      | 1.36      | 1.99      |

### Comparative Performance



### Quarterly Active Return



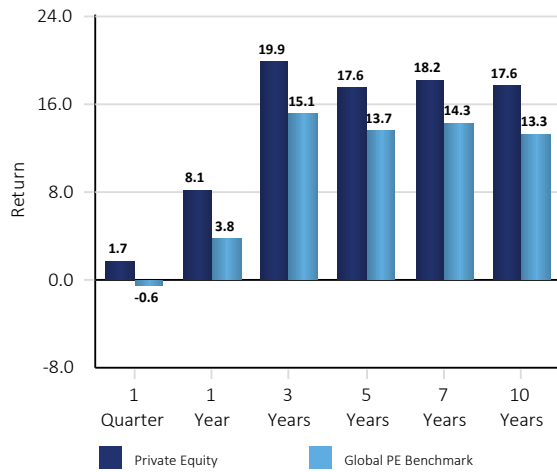
# Global Private Equity

# Performance Summary

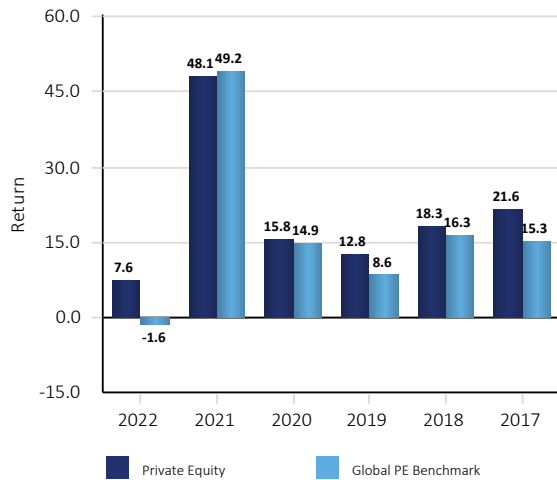
## Global Private Equity

Periods Ended December 31, 2023

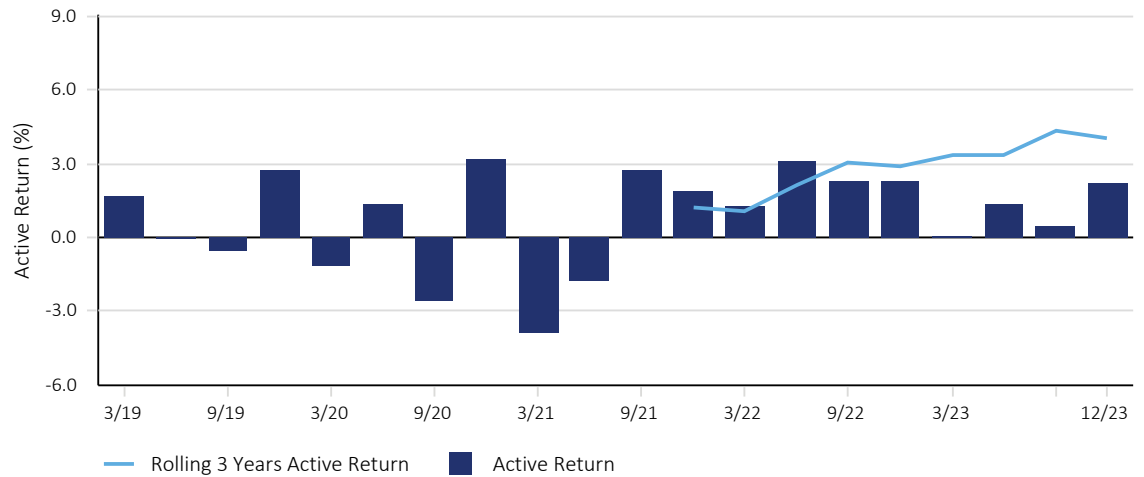
### Comparative Performance



### Comparative Performance



### Quarterly Active Return



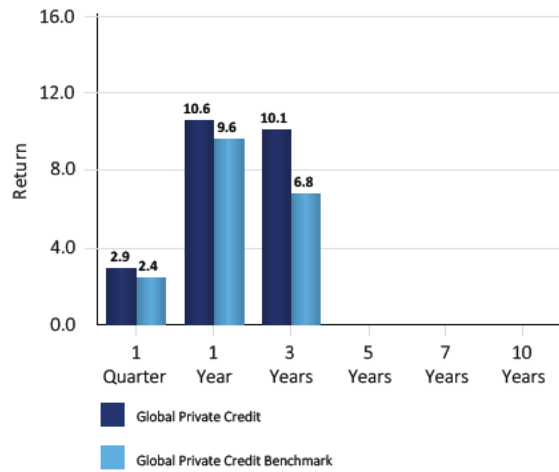
# Global Private Credit

# Performance Summary

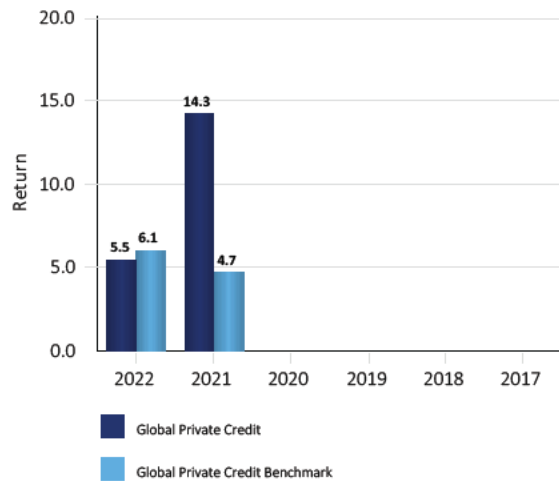
## Global Private Credit

Periods Ended December 31, 2023

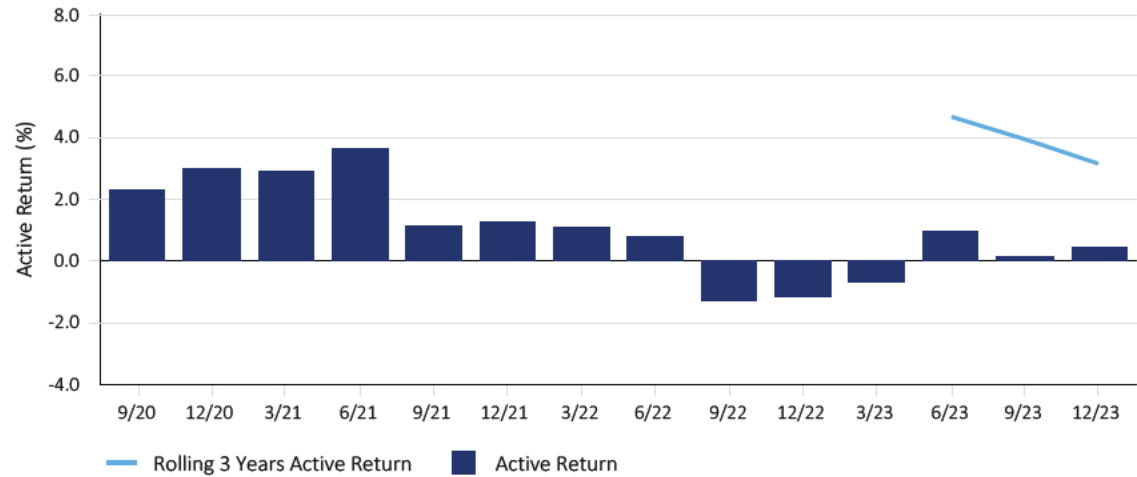
### Comparative Performance



### Comparative Performance



### Quarterly Active Return



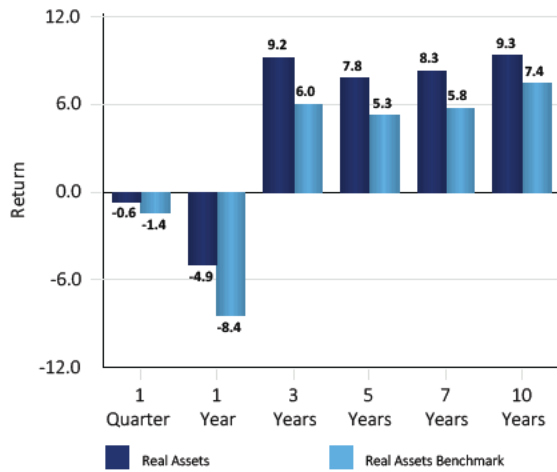
# Global Real Assets

# Performance Summary

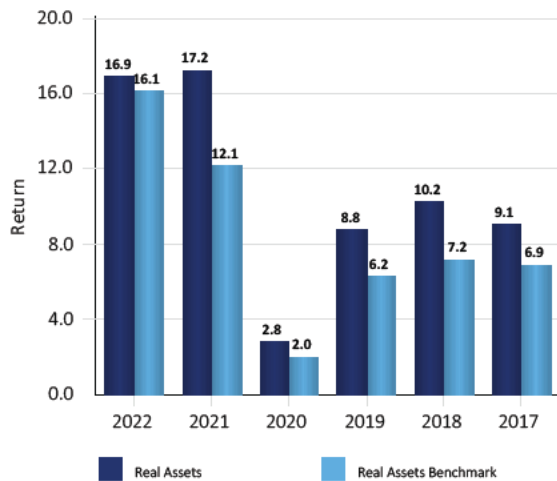
## Global Real Assets

Periods Ended December 31, 2023

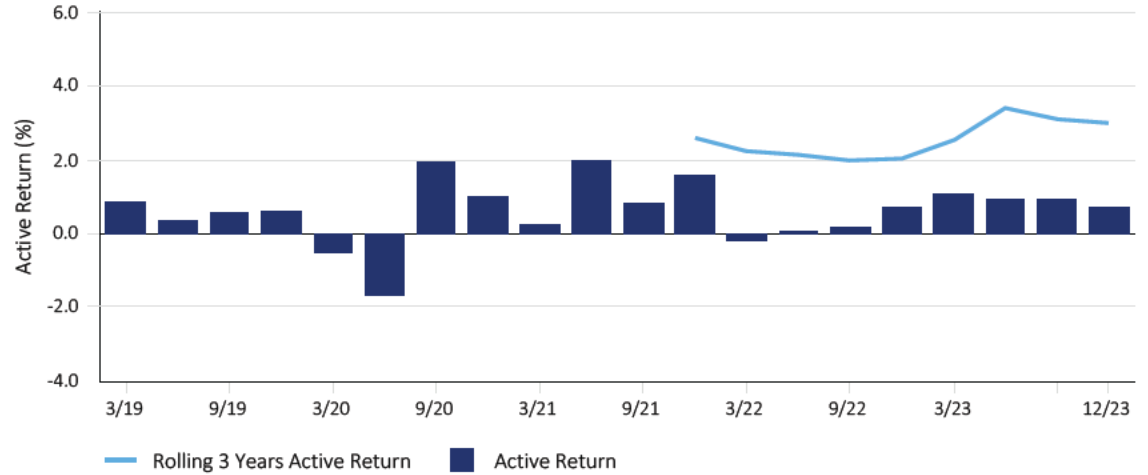
### Comparative Performance



### Comparative Performance



### Quarterly Active Return





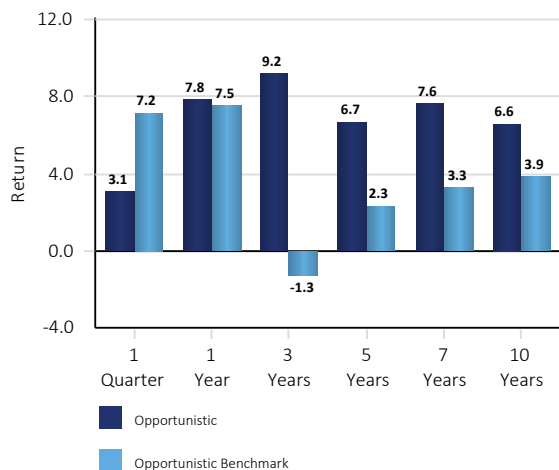
# Opportunistic & Tactical

# Performance Summary

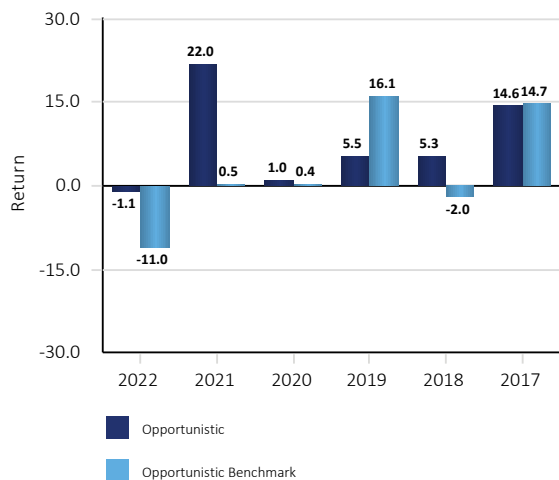
Opportunistic & Tactical

Periods Ended December 31, 2023

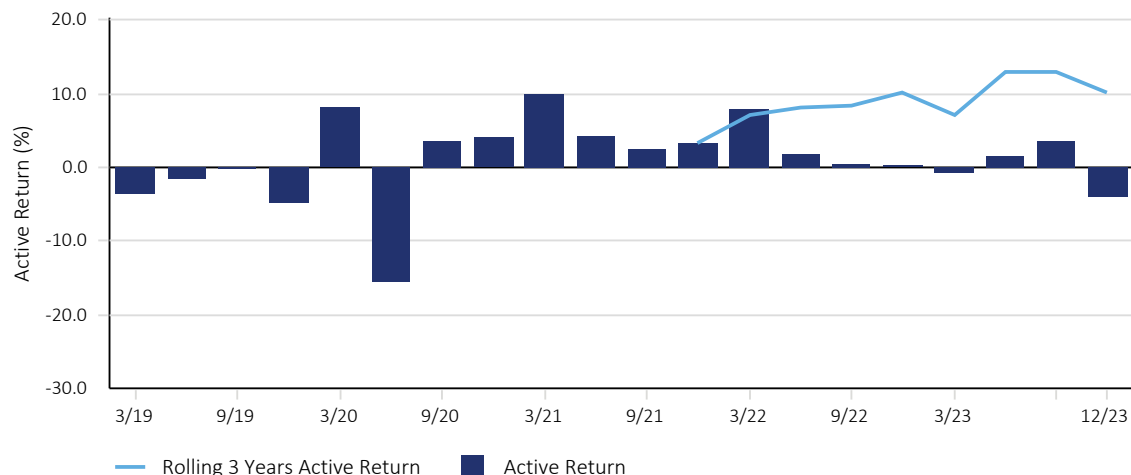
## Comparative Performance



## Comparative Performance



## Quarterly Active Return





# Ohio SERS Investment Report

## Quarterly Report to the Board

For the period ending: December 31, 2023

Prepared by Investment and IAD Staff

Farouki Majeed, Chief Investment Officer

*Meeting Date: February 2024*



# Investment Agenda

Annual Portfolio Review – Global Equities  
Wilshire Quarterly Investment Report (December 31, 2023)  
Quarterly Investment Report (December 31, 2023)



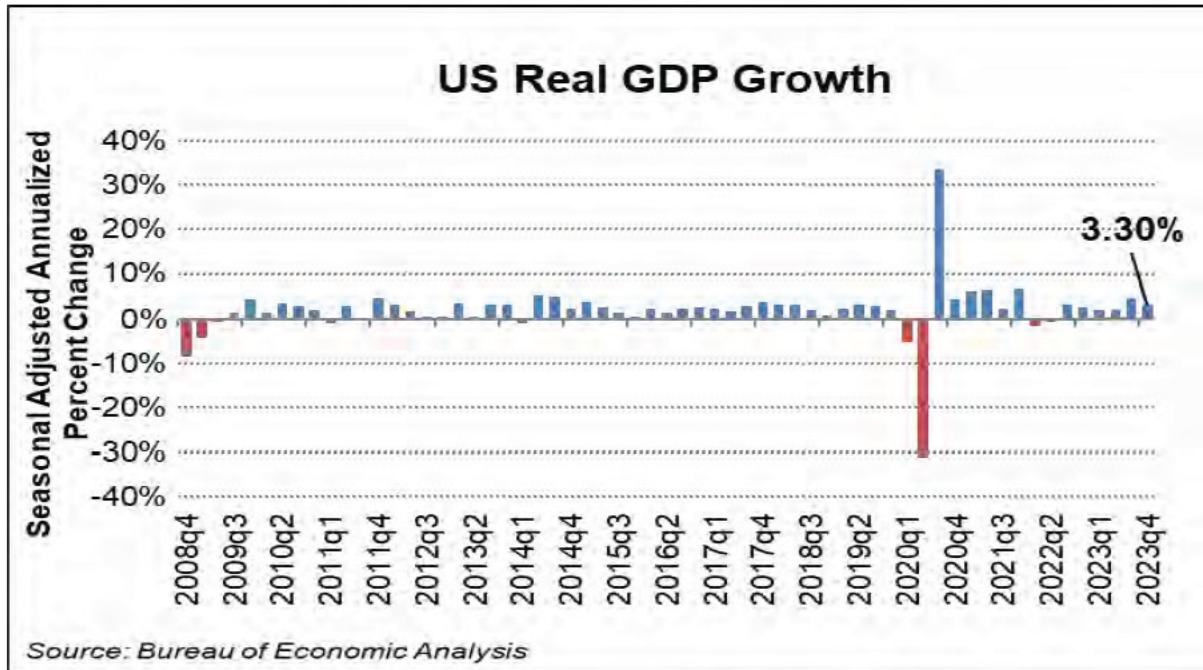
# Economic and Financial Market Outlook

- Q4 US growth rate was 3.3%, exceeding the expectation of 2%. The main drivers of Q4 growth were increases in personal consumption expenditures (+2.8%), exports (+6.3%), and government spending (+3.3%). 2023 annual growth rate estimate was 2.5%. Despite positive surprises in 2023, consensus continues to project growth to slow to 1.6% due to concerns of tight monetary policy and less accommodative fiscal policy this year. (Source: Bureau of Economic Analysis and October Blue Chip Economic Indicators)
- The US labor market continues to be resilient, adding 216,000 jobs in December. Unemployment rate remained at 3.7%. The labor force participation was 62.5%, remaining below the pre-pandemic level of 63.3%. (Sources: Bureau of Labor Statistics and Department of Labor)
- US headline inflation increased marginally to 3.4% in December. The food index appreciated 2.7% while the energy index declined 2.0% for the year. The core inflation was 3.9%, down from 4.0% in November. The rent inflation remained elevated with a 6.2% increase for the last 12 months. (Source: Bureau of Labor Statistics).
- The 10-year Treasury nominal yield decreased by 38 bps from November to 3.99% as of January end. The current 10-year real yield, estimated by the gap between the 10-year Treasury nominal yield and current headline inflation, declined to 0.48%, below the historical average of 1.80% in December. The Fed Funds rate is in the range 5.25-5.50%, the highest level since October 2006.
- The housing market (S&P Case-Shiller 20-City home price index) was up 0.2% for the month and 4.9% for the 1-year period as of October 2023.
- The Consumer Sentiment Index released by Thomson Reuters and University of Michigan was up to 69.7 in December, the highest level since October 2021, although staying below the long-term historical average. The US Economic Surprise index has stayed positive through 2023. The December Leading Economic Index (LEI) issued by the Conference Board was 103.1, down 2.9% from June 2023. The index has been trending down for the last 21 months, which normally indicated a slowing of the economy.
- In December, the US Manufacturing PMI reading remained below 50, indicating manufacturing activity contraction, while the US Services PMI was above 50, indicating expansion in service sectors. High interest rates and high inflation continue to be the largest challenges to US and global economies. (Source: Institute for Supply Management).
- Equity markets rallied in December, closing 2023 with high positive returns. For the year 2023, the US market (Russell 3000) was up 25.96%; the Non-US Developed markets (MSCI World ex-USA) and Emerging markets were up 17.94% and 9.83%, respectively. January was a positive month for the US and Non-US Developed markets as they were up 1.1% and 0.43%, respectively. The Emerging markets were down 4.64% in January.
- The US fixed income market, Bloomberg Barclay's US Aggregate Bond Index, generated 5.53% for 2023, in contrast with the negative return of 13.01% for 2022. The bond index was down 0.27% in January.



**ECONOMY**

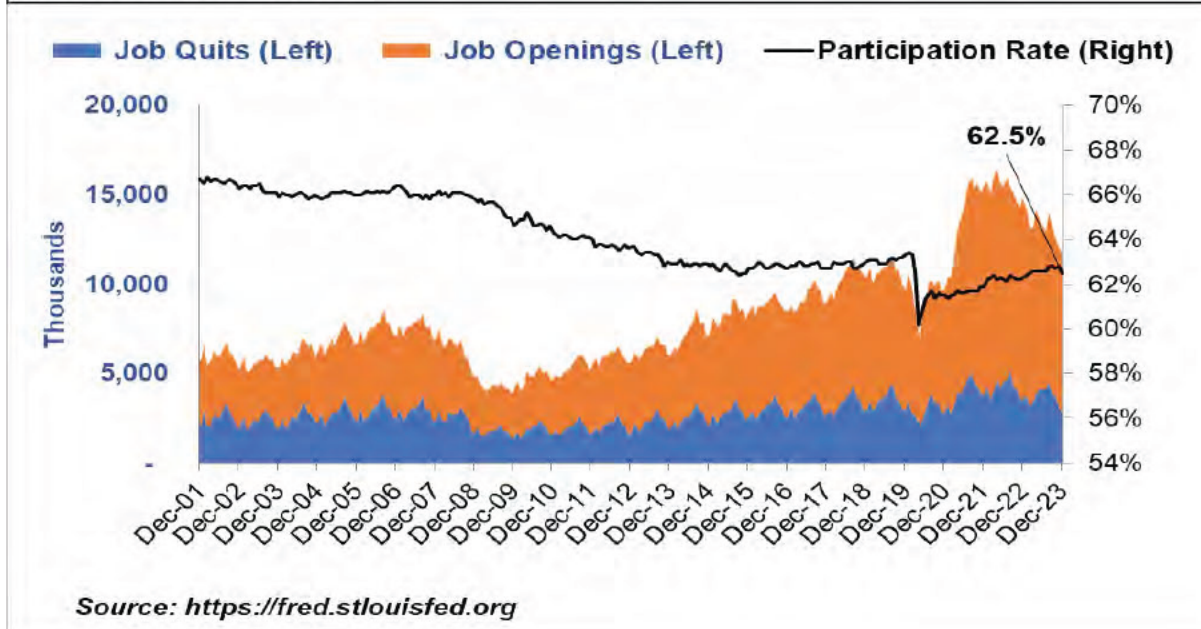
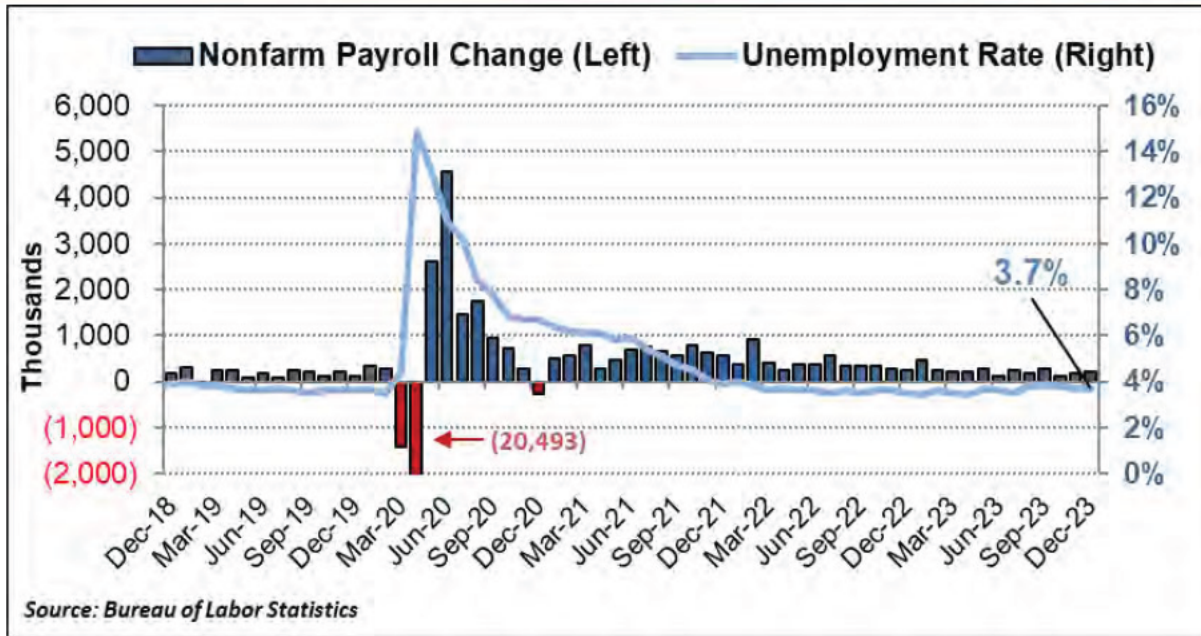
**US Real Gross Domestic Product**





**ECONOMY**

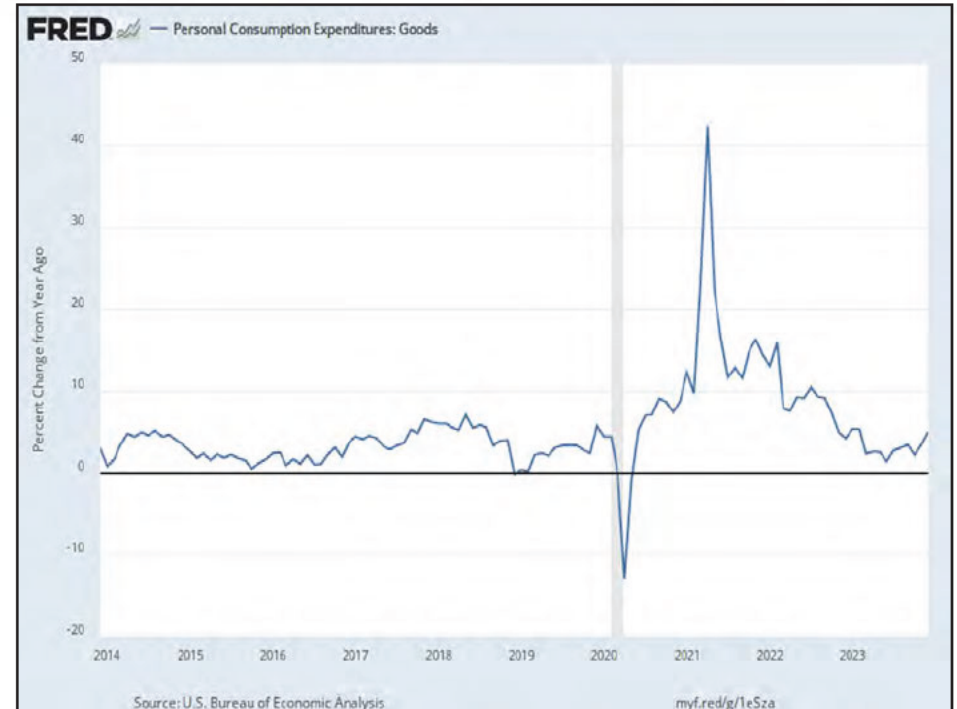
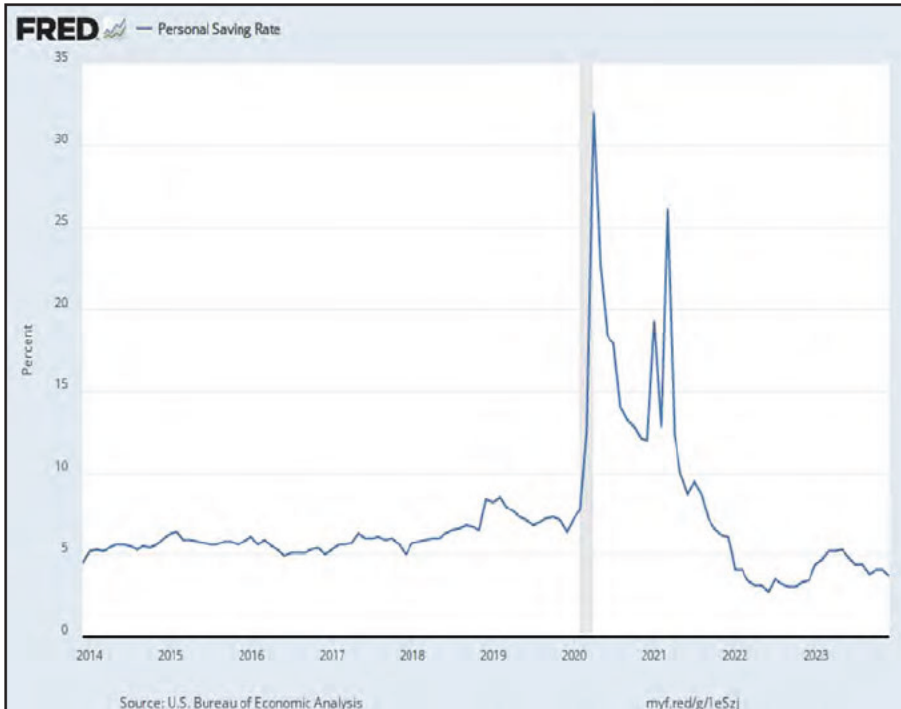
**US Labor Market**





**ECONOMY**

**Personal Savings Rate & Personal Expenditures: Goods**



| Annual Personal Savings Rate |       |
|------------------------------|-------|
| Date                         | Rate  |
| Jun-20                       | 18.4% |
| Jun-21                       | 8.7%  |
| Jun-22                       | 2.7%  |
| Jun-23                       | 4.8%  |
| Dec-23                       | 3.7%  |

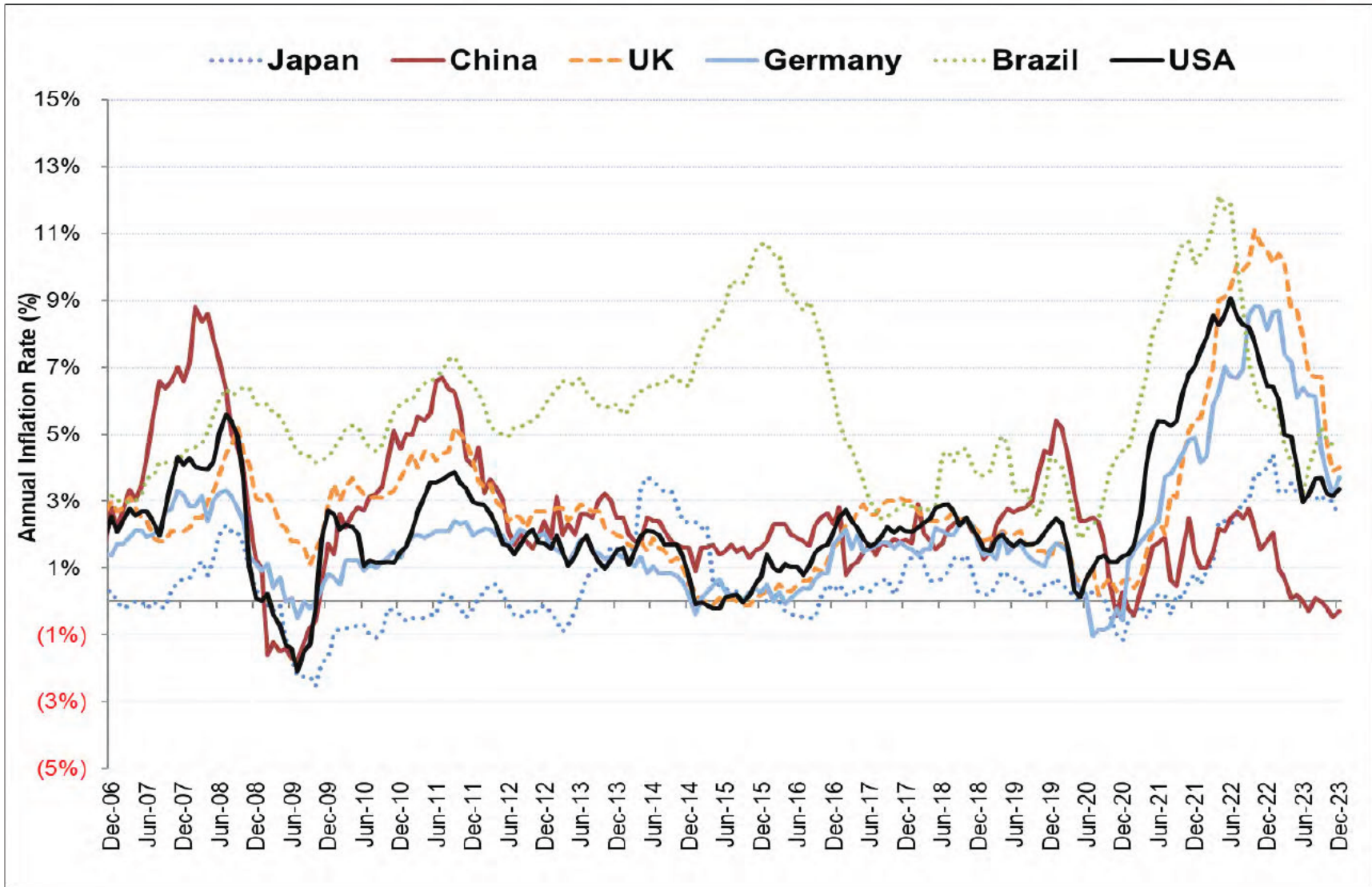
| Personal Consumption Expenditures: Goods Change from Prior Year |        |
|---|--------|
| Date  | Change |
| Jun-20  | 5.3%   |
| Jun-21  | 16.3%  |
| Jun-22  | 9.1%   |
| Jun-23  | 1.4%   |
| Dec-23  | 5.0%   |





**ECONOMY**

**Headline Inflation**



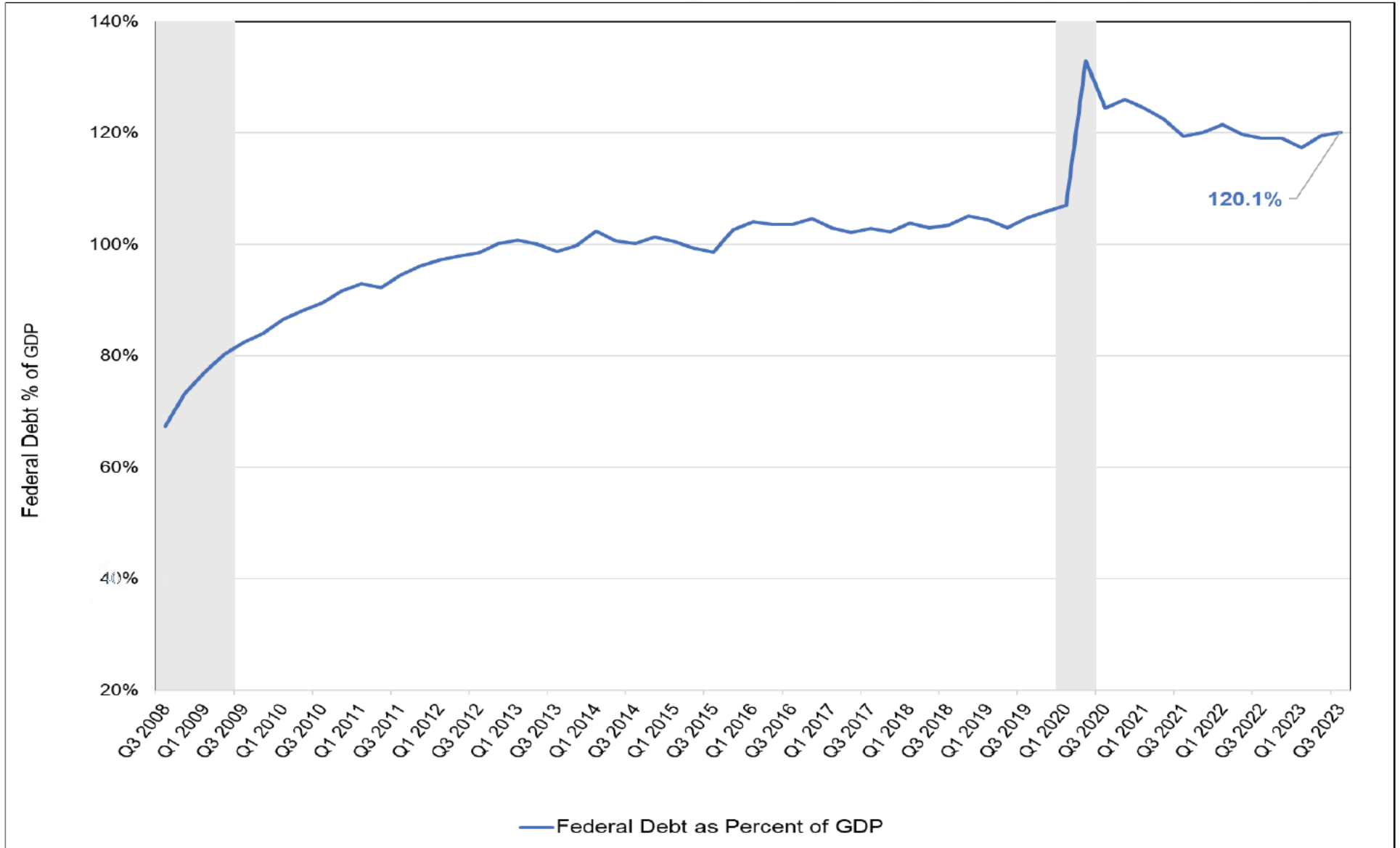
|        | Japan | China | UK  | Germany | Brazil | USA |
|--------|-------|-------|-----|---------|--------|-----|
| Dec-23 | 2.6   | -0.3  | 4.0 | 3.7     | 4.6    | 3.4 |

Sources: www.ons.gov.uk, www.oecd.org, www.inflation.eu, and www.tradingeconomics.com



ECONOMY

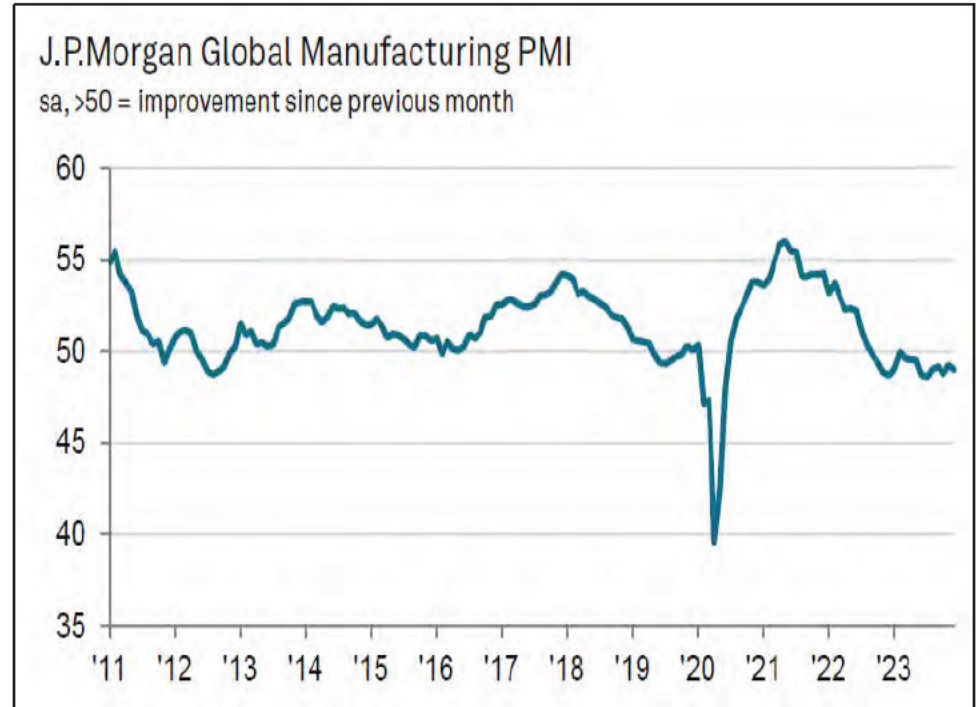
# Federal Debt as Percent of GDP





**ECONOMY**

**US & Global Manufacturing Activities**

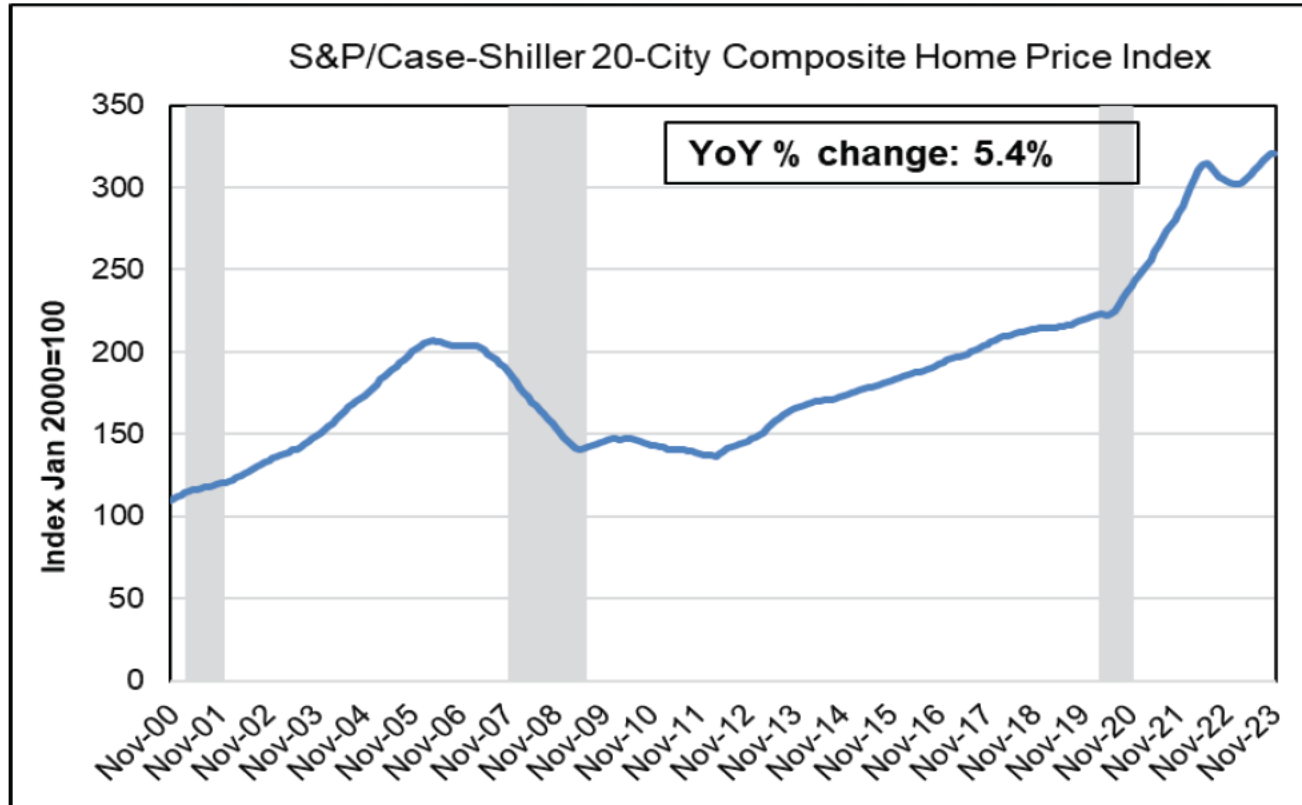


Source: Manufacturing ISM Report On Business & JPMorgan Global Manufacturing PMI™  
Notes: Acronym – ISM – Institute of Supply Management; PMI – Purchasing Managers Index



**ECONOMY**

**US Housing Market**

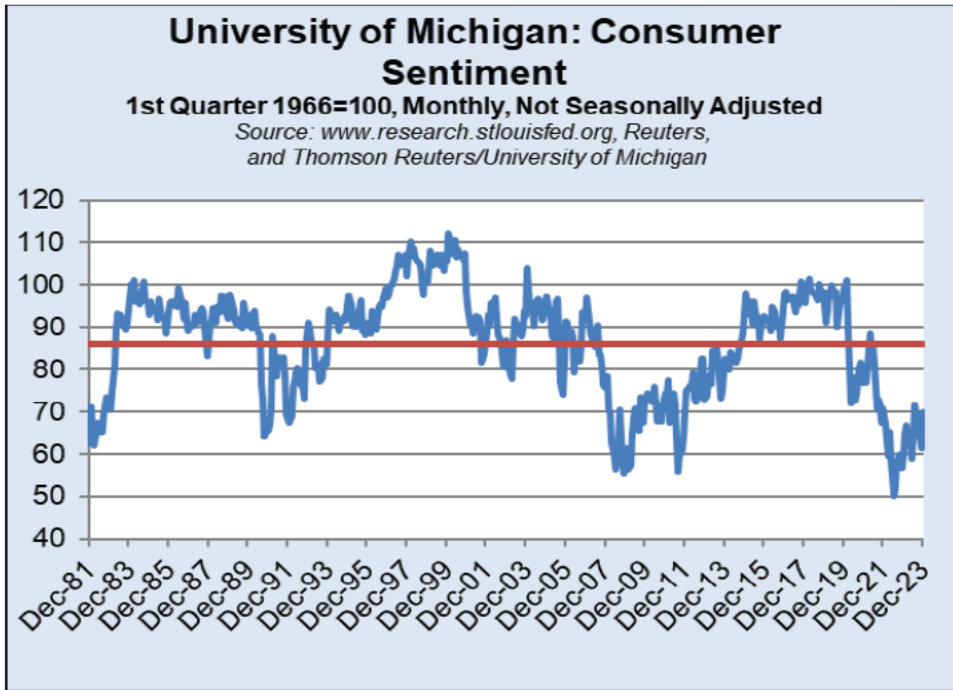


| Date   | S&P Case-Shiller 20-City Home Price Index<br>January 2000 = 100, Seasonally Adjusted |
|--------|--|
| Jul-20 | 224.98   |
| Jul-21 | 269.85   |
| Jul-22 | 312.99   |
| Jul-23 | 313.41   |
| Nov-23 | 320.79   |



# ECONOMY

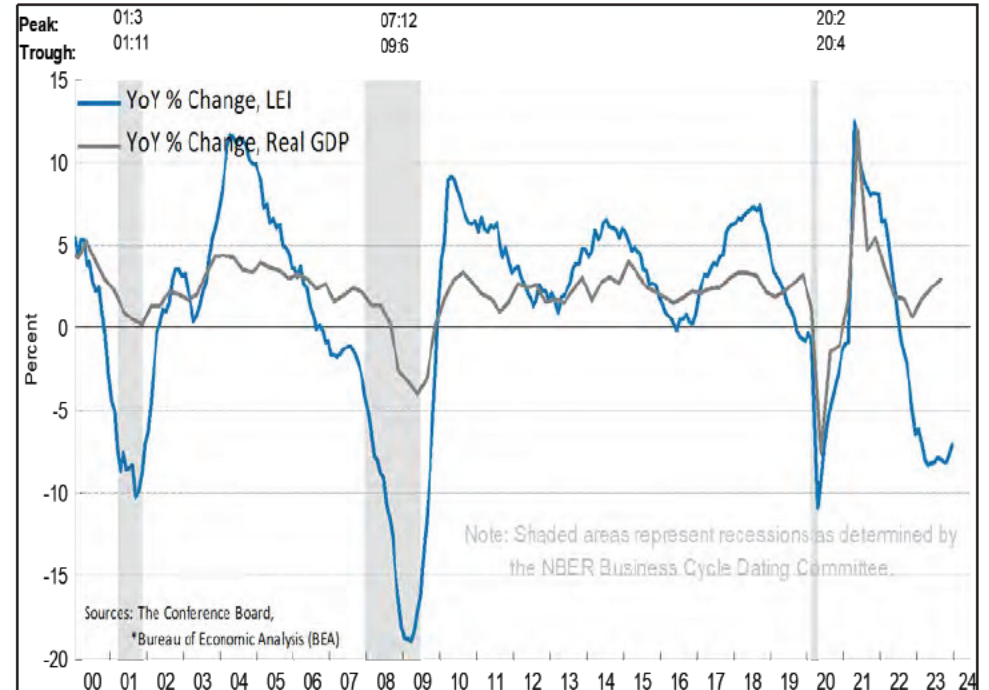
## Consumer Sentiment



| Index of Consumer Sentiment |        |        |            |            |
|-----------------------------|--------|--------|------------|------------|
| Nov-23                      | Dec-23 | Dec-22 | M-M Change | Y-Y Change |
| 61.3                        | 69.7   | 59.8   | 13.7%      | 16.6%      |

Sources: Thomson Reuters / University of Michigan

## The Leading Economic Index (LEI)



Shaded areas represent US recessions

| Index | Nov-23  | Dec-23  | Month -Month Percent Change | 6-Month Percent Change (Jun-Dec) |
|-------|---------|---------|-----------------------------|----------------------------------|
| LEI   | 103.2 r | 103.1 p | -0.1                        | -2.9                             |

p Preliminary; r Revised; Indexes equal 100 in 2016

Sources: The Conference Board and advisorperspectives.com



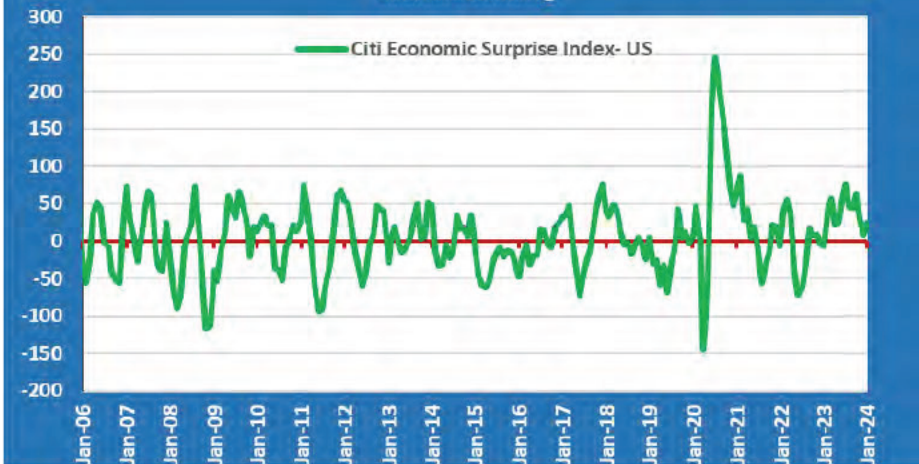
# ECONOMY

**FRED** US Yield Curve Slope — (10Y Treasury Constant Maturity minus 3M Treasury Constant Maturity)



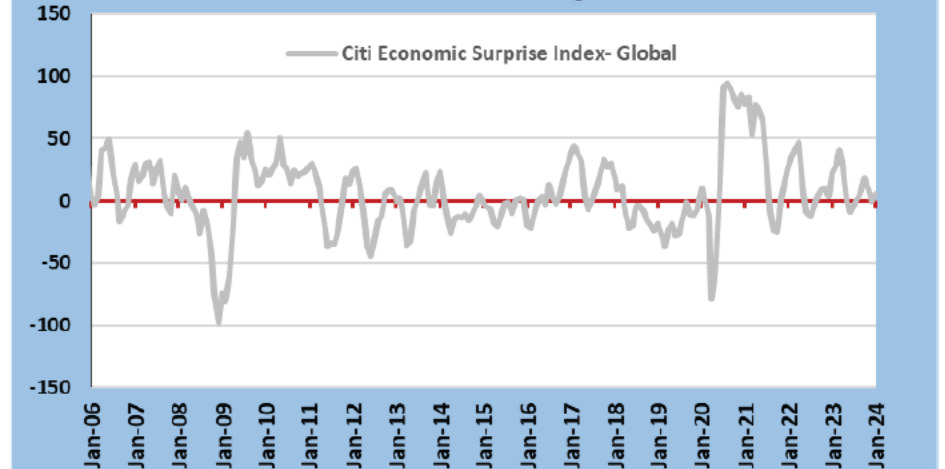
**US Growth Surprise**

Source: Bloomberg



**Global Growth Surprise**

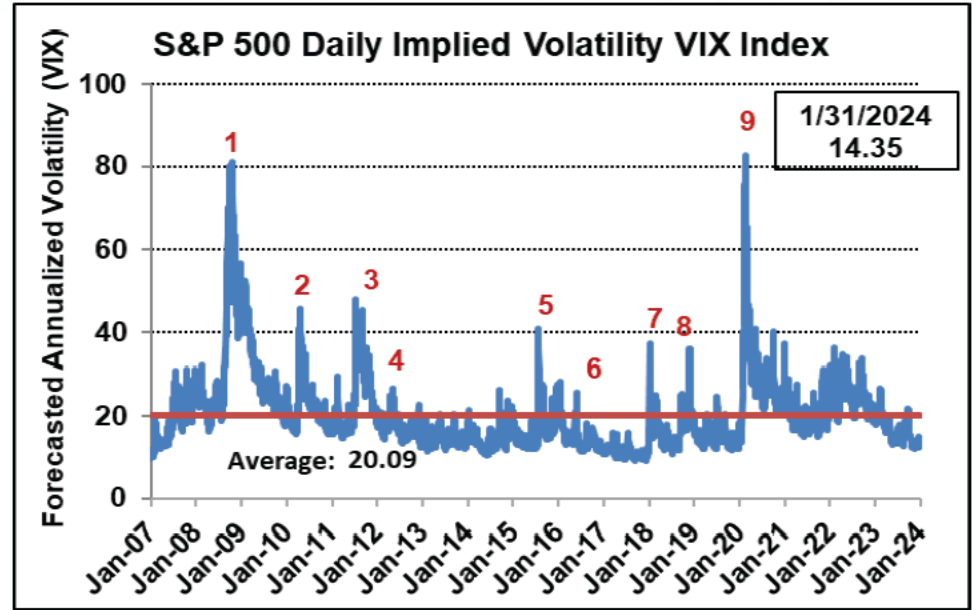
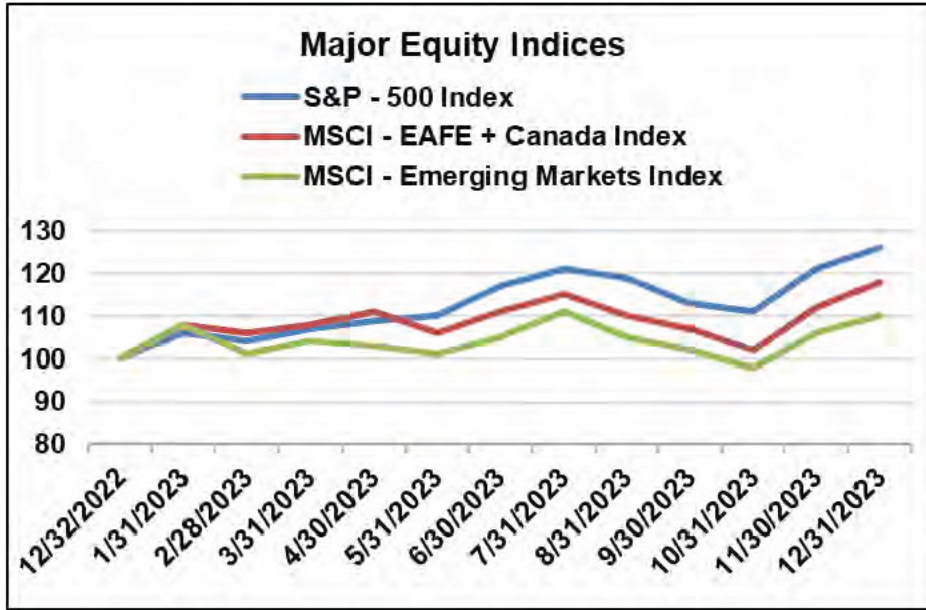
Source: Bloomberg





**MARKETS**

**Equity**

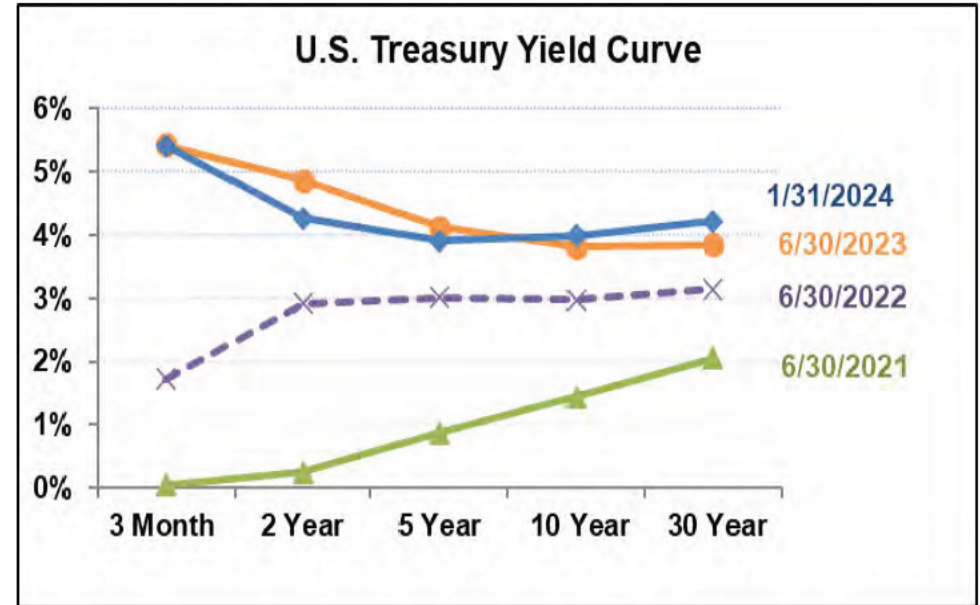
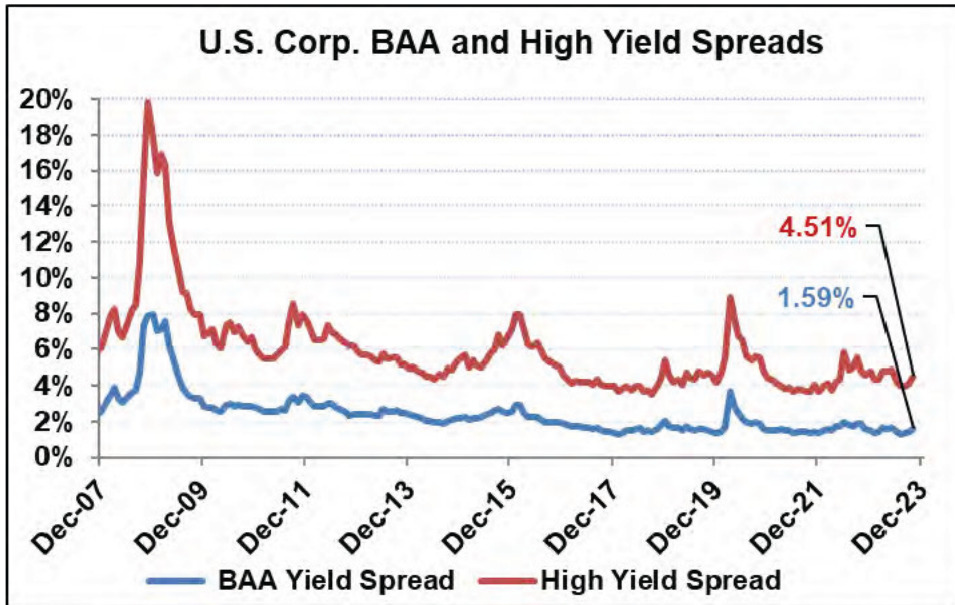


|                                       | Return as of 12/31/2023 |      |
|---------------------------------------|-------------------------|------|
|                                       | 1 Year                  | FYTD |
| S&P 500                               | 26.29                   | 8.04 |
| MSCI - EAFE + Canada Index (\$Net)    | 17.94                   | 5.97 |
| MSCI - Emerging Markets Index (\$Net) | 9.83                    | 4.71 |

- 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 downgrade, Europe periphery S&P 500: -19.4%
- 4 2012 (June) Eurozone double dip S&P 500: -9.9%
- 5 2015 (Aug.) Global slowdown, 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 slowdown S&P 500: -10.5%
- 9 2020 (Mar.) Coronavirus, S&P 500 : -23.7%



**MARKETS** Fixed Income

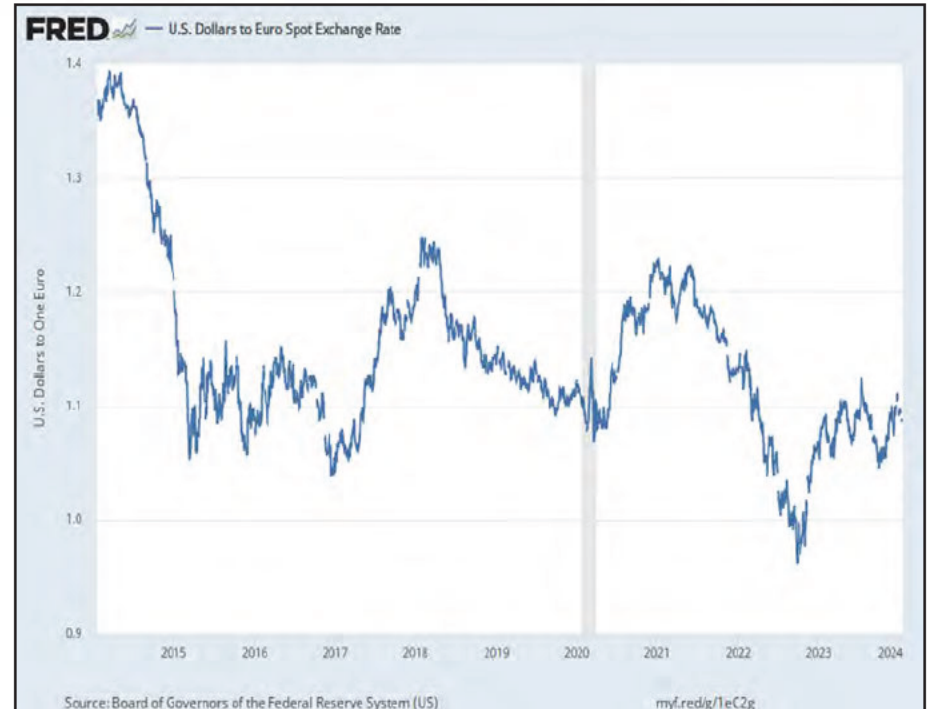






**MARKETS**

**Foreign Exchange**



| Date             | Nominal Broad U.S. Dollar Index January 2006=100 |
|------------------|--|
| June-20          | 120.86   |
| June-21          | 112.85   |
| June-22          | 121.05   |
| June-23          | 119.89   |
| January 26, 2024 | 120.97   |

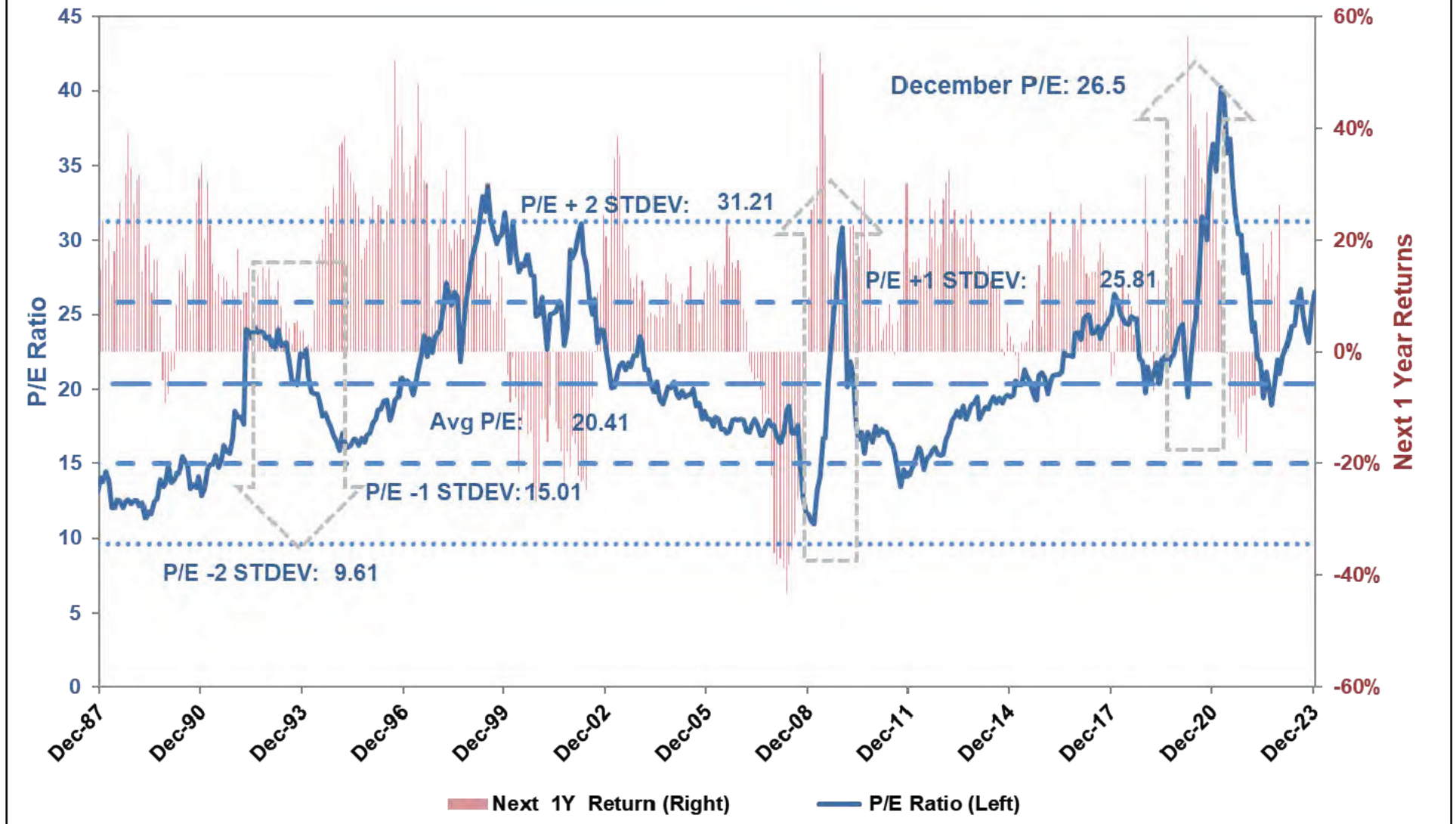
| Date             | U.S. / Euro Foreign Exchange Rate U.S. Dollars to One Euro |
|------------------|--|
| June-20          | 1.12   |
| June-21          | 1.18   |
| June-22          | 1.05   |
| June-23          | 1.09   |
| January 26, 2024 | 1.09   |



**VALUATION**

**US Equity**

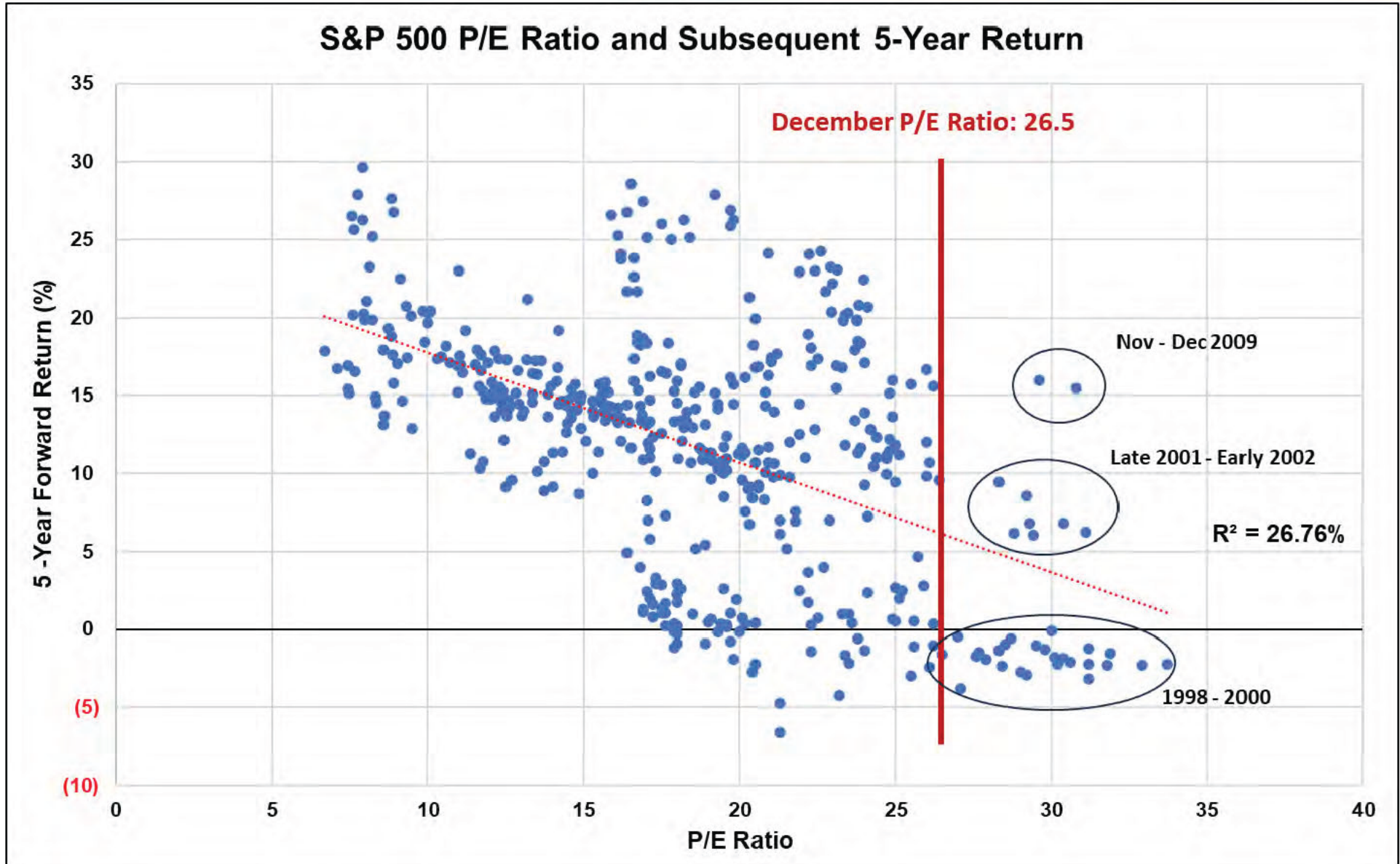
**S&P 500 P/E Ratio and Next 1 Year Returns**





VALUATION

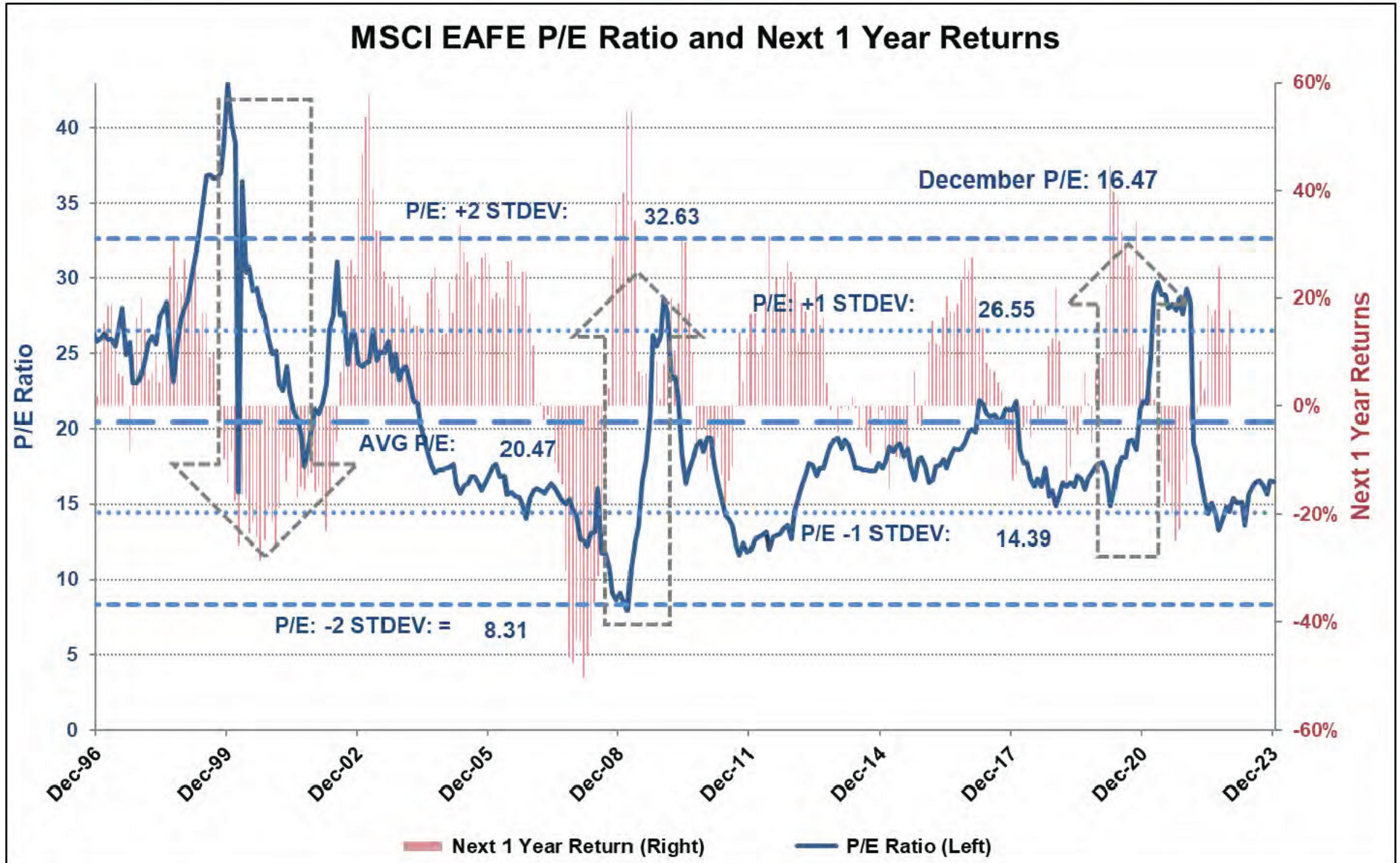
US Equity





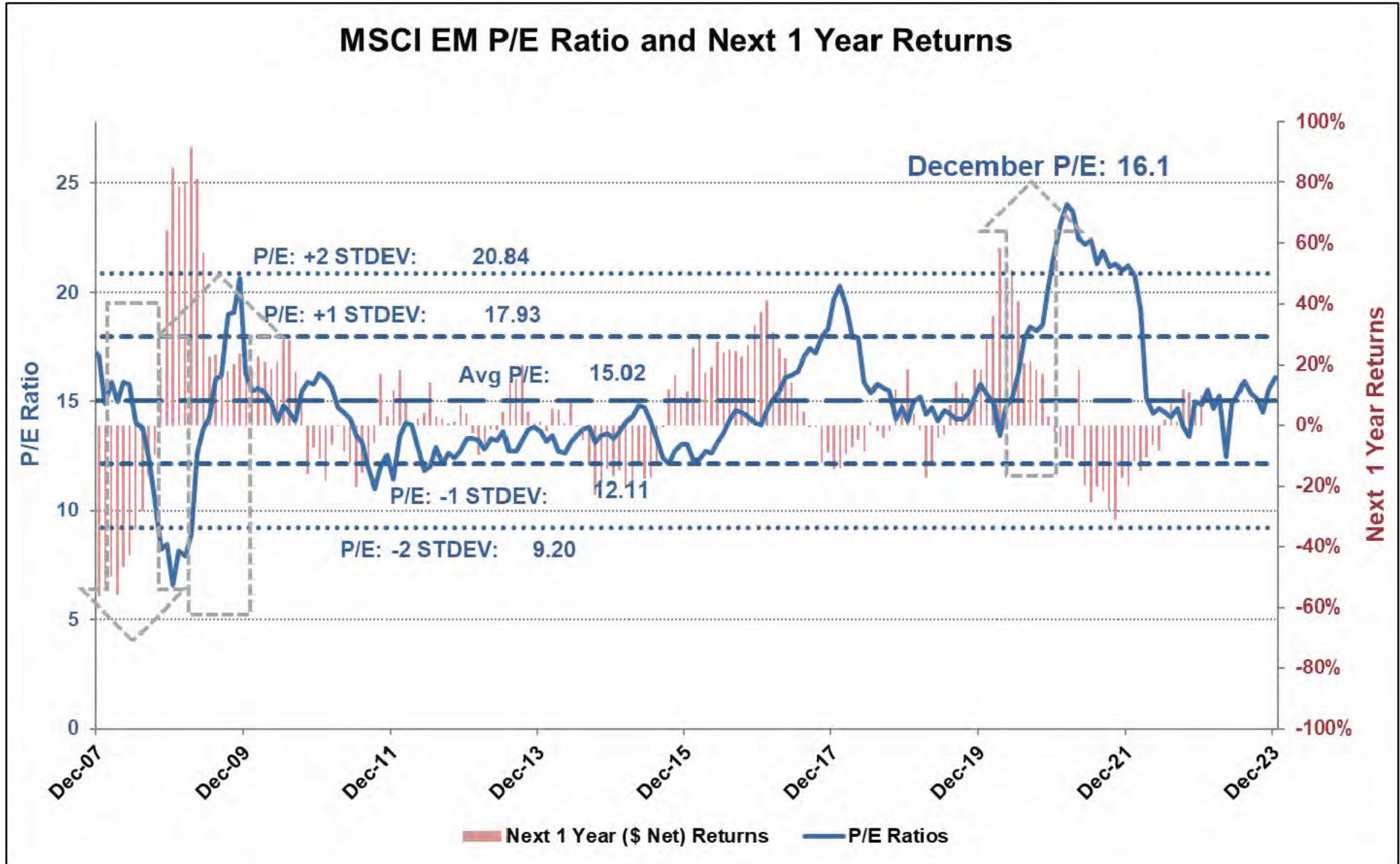
VALUATION

# Non US Developed Market Equity





# VALUATION Emerging Market Equity





# VALUATION US Treasury Bonds

## 10 Year Treasury Nominal and Real Yields



Sources: Wilshire Compass and U.S. Bureau of Labor Statistics



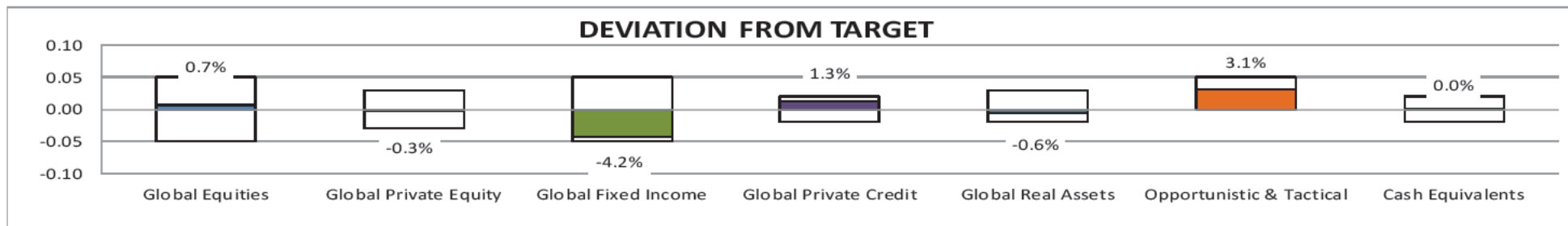
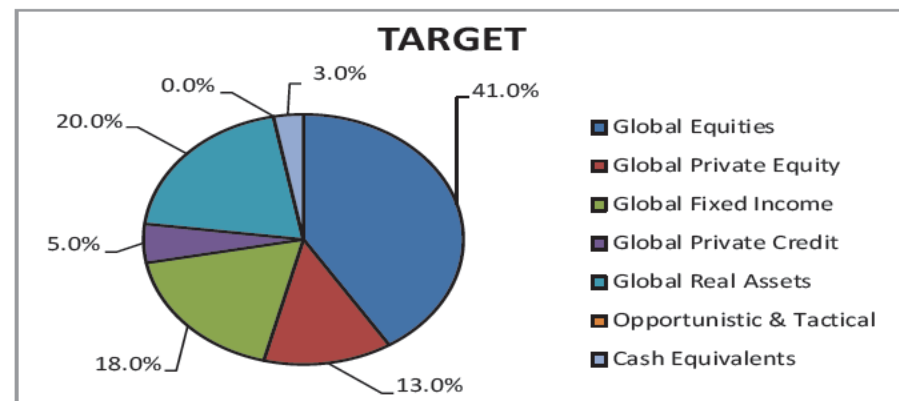
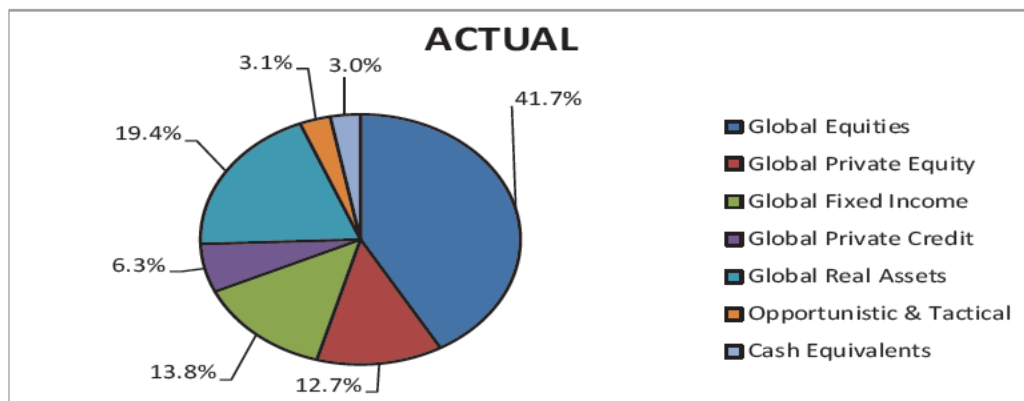
# SERS' Investment Portfolios Review



# Total Fund Asset Allocation

| Asset Class                      | Market Value \$       | Actual        | Target        | Range     |
|----------------------------------|-----------------------|---------------|---------------|-----------|
| Global Equities                  | 7,597,849,134         | 41.7%         | 41.0%         | 35% - 45% |
| Global Private Equity            | 2,321,140,691         | 12.7%         | 13.0%         | 11% - 17% |
| Global Fixed Income              | 2,509,762,929         | 13.8%         | 18.0%         | 13% - 23% |
| Global Private Credit            | 1,140,689,589         | 6.3%          | 5.0%          | 3% - 7%   |
| Global Real Assets               | 3,540,088,952         | 19.4%         | 20.0%         | 17% - 22% |
| Opportunistic & Tactical         | 569,924,712           | 3.1%          | 0.0%          | 0% - 5%   |
| Cash Equivalents                 | 551,828,182           | 3.0%          | 3.0%          | 1% - 5%   |
| Short-Term                       | 494,430,385           | 2.7%          | 2.0%          |           |
| Russell EA Overlay               | 33,495,489            | 0.2%          | 0.0%          |           |
| Direct Rebalance Overlay         | 6,160,529             | 0.0%          | 0.0%          |           |
| Transition / Operational Account | 901,679               | 0.0%          | 0.0%          |           |
| Currency Overlay                 | 16,840,100            | 0.1%          | 0.0%          |           |
| <b>Total Fund</b>                | <b>18,231,284,189</b> | <b>100.0%</b> | <b>100.0%</b> |           |

Source: BNY Mellon GRS







# Total Fund Change in Net Assets

## CHANGE IN NET ASSETS

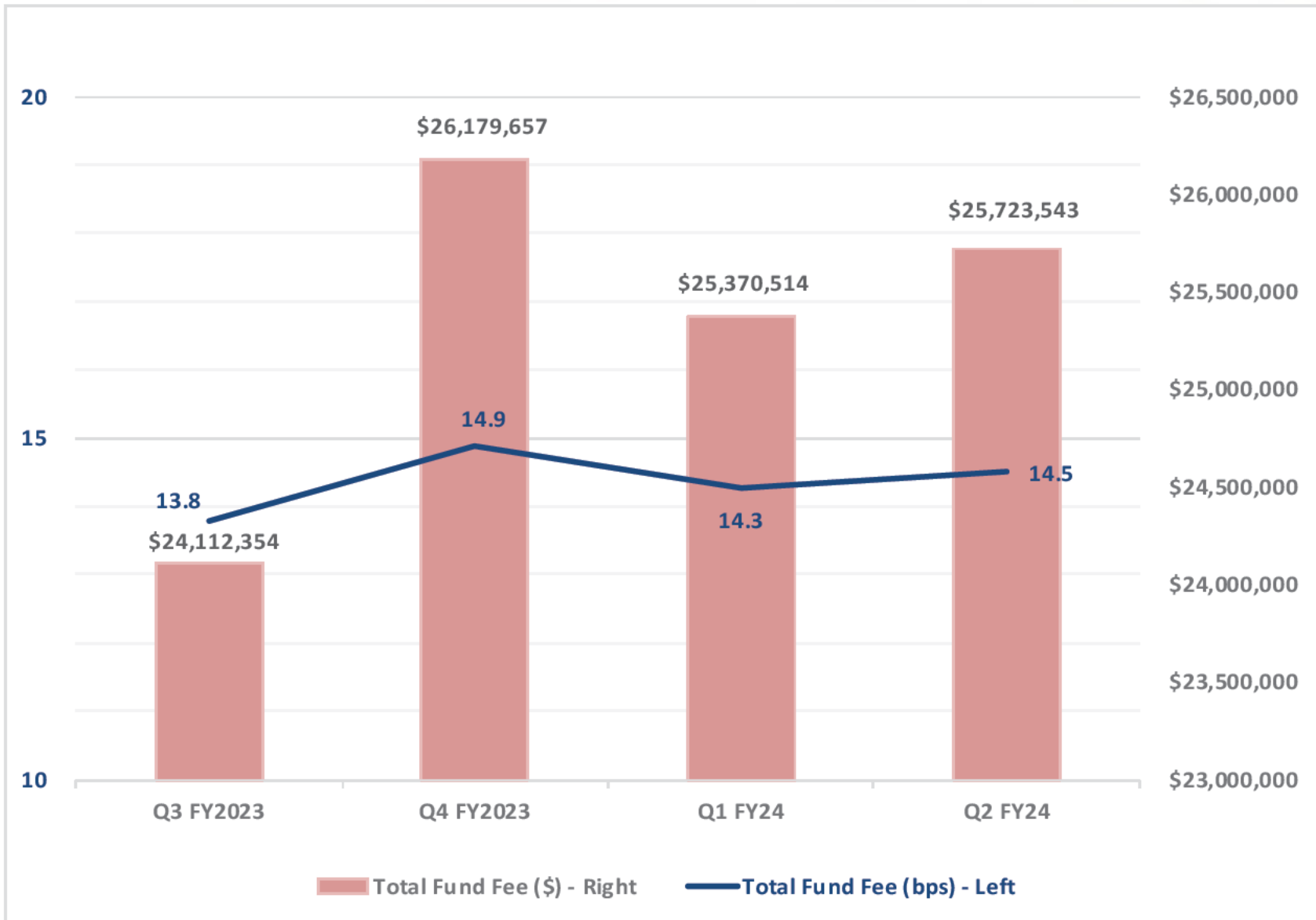
|                                   | <i>vs. One Year Ago, since<br/>01/01/2023</i> | <i>vs. Three Years Ago, since<br/>01/01/2021</i> |
|-----------------------------------|---|--|
| <b>Beginning Market Value</b>     | 17,142,380,400                                | 16,527,187,854                                   |
| <b>Gain/Loss</b>                  | 1,768,134,062                                 | 3,692,656,459                                    |
| <b>Expenses</b>                   | (104,230,273)                                 | (289,253,779)                                    |
| <b>Net Transfer</b>               | (575,000,000)                                 | (1,699,306,345)                                  |
| <b>End of Period Market Value</b> | <b>18,231,284,189</b>                         | <b>18,231,284,189</b>                            |

### *\*Sources of Net Transfer*

|                           |                     |
|---------------------------|---------------------|
| <i>Dividends/Interest</i> | <i>223,236,659</i>  |
| <i>Net Distributions</i>  | <i>351,763,341</i>  |
| <i>Cash on Hand</i>       | <i>Not Required</i> |



# Total Fund Fees by Quarter





# Total Fund Performance

## Current Benchmark:

41% MSCI ACWI (Net Dividends)

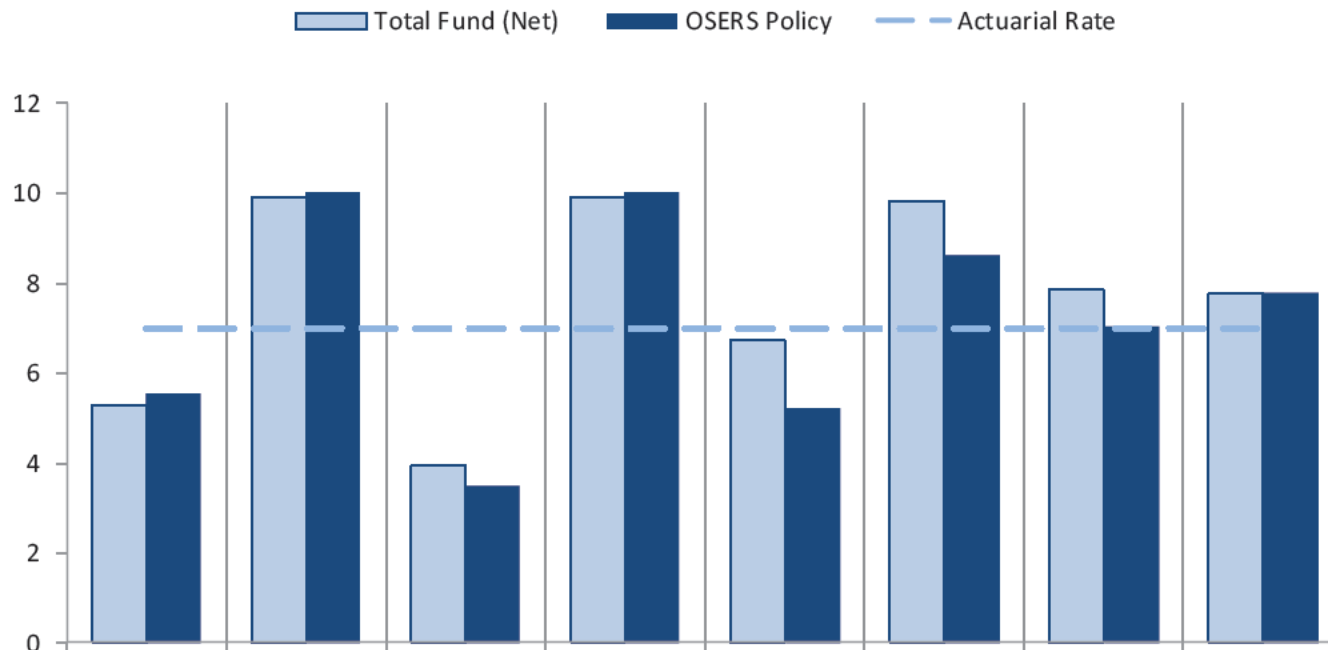
13.00% Burgiss All Private Equity  
benchmark (1q lag) (BAPE)

18.00% Bloomberg Aggregate Bond

20.00% NCREIF Property (1q lag)

5.00% 90 Day T-Bill (1q lag) + 4.5%

3.00% FTSE 30 Day T-Bill



## Actuarial Rate

(7.0% effective 7/1/21, adopted 4/15/21)

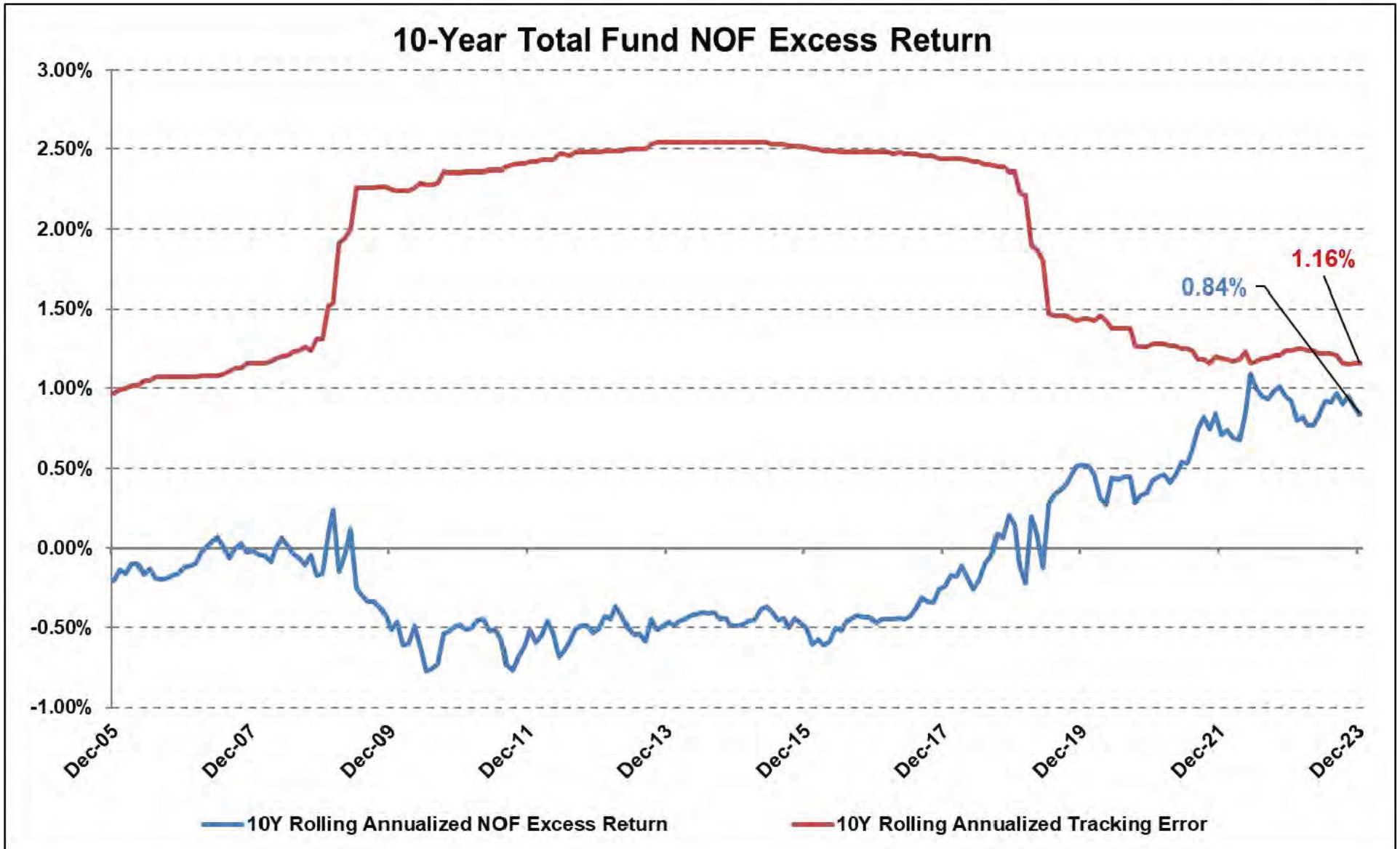
|                          | Qtr    | CYTD   | FYTD | 1 Year | 3 Year | 5 Year | 10 Year | ITD* |
|--------------------------|--------|--------|------|--------|--------|--------|---------|------|
| Total Fund (Gross)       | 5.50   | 10.66  | 4.33 | 10.66  | 7.45   | 10.53  | 8.56    | 8.36 |
| Total Fund (Net)         | 5.28   | 9.89   | 3.94 | 9.89   | 6.71   | 9.82   | 7.87    | 7.82 |
| OSERS Policy             | 5.56   | 10.00  | 3.50 | 10.00  | 5.22   | 8.64   | 7.02    | 7.76 |
| Value Added (Net of Fee) | (0.28) | (0.11) | 0.44 | (0.11) | 1.49   | 1.18   | 0.85    | 0.06 |

Source: BNY Mellon GRS

\*ITD is Inception date 10/1/1994 (29 years and 3 months)

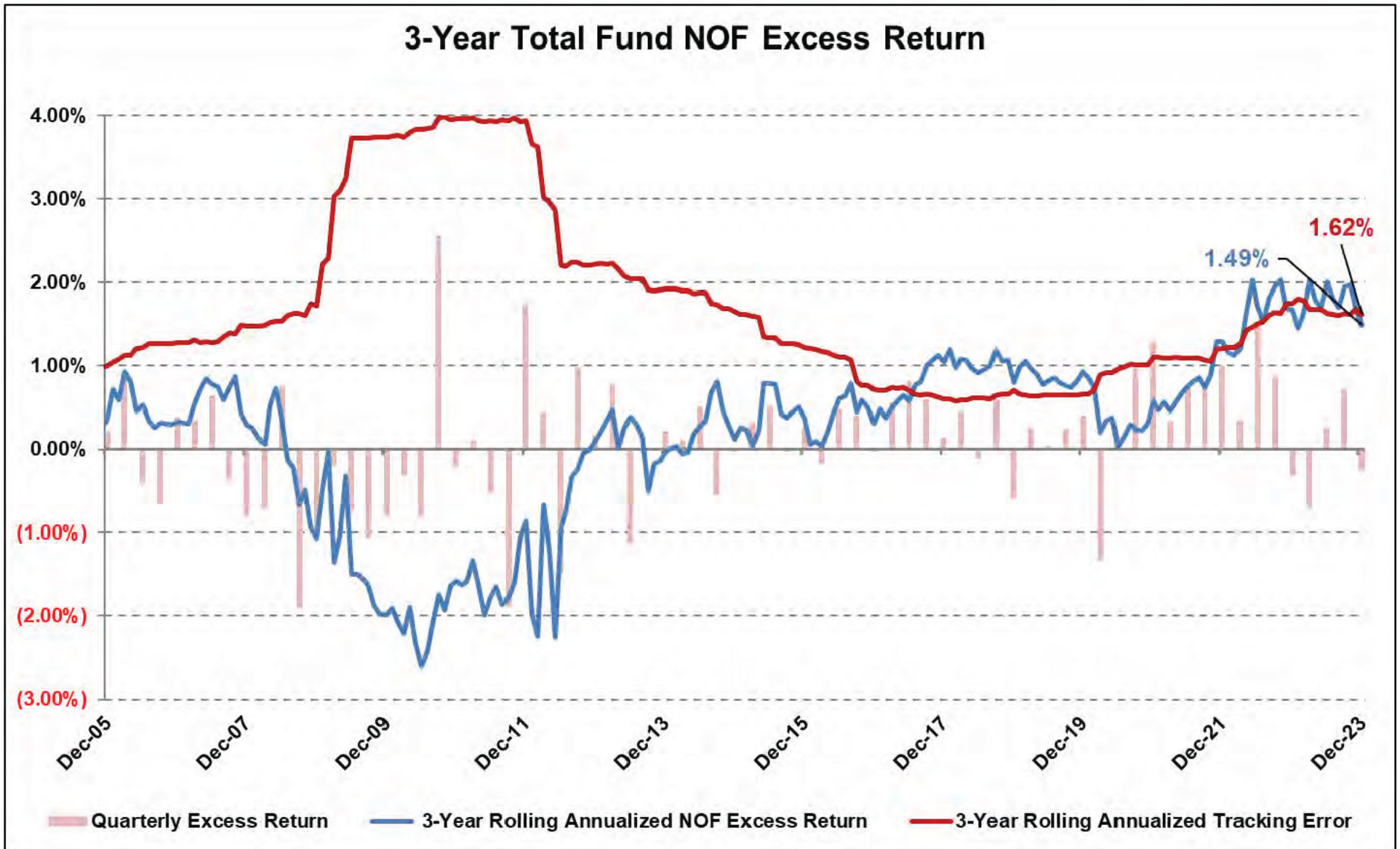


# Total Fund Performance



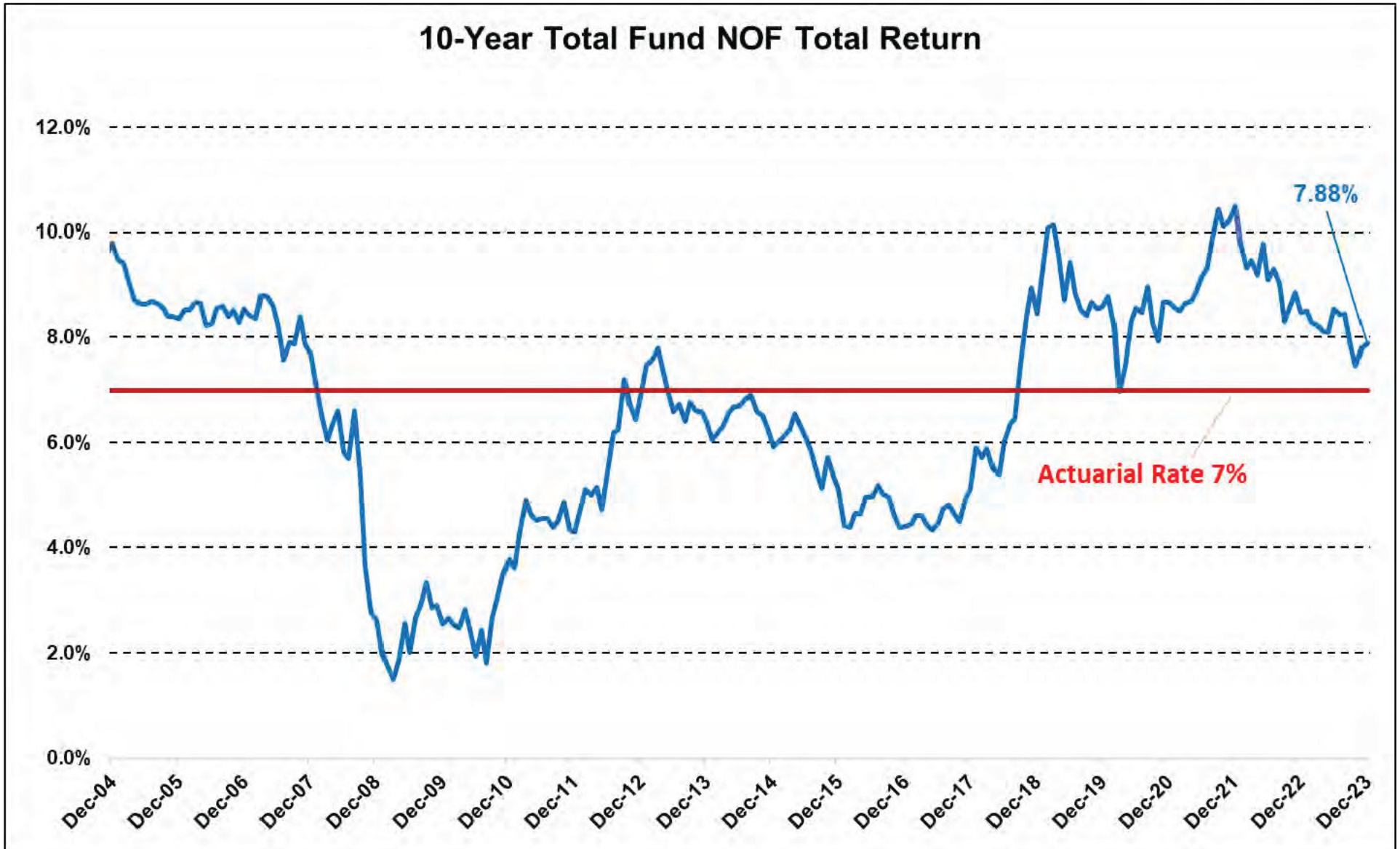


# Total Fund Performance



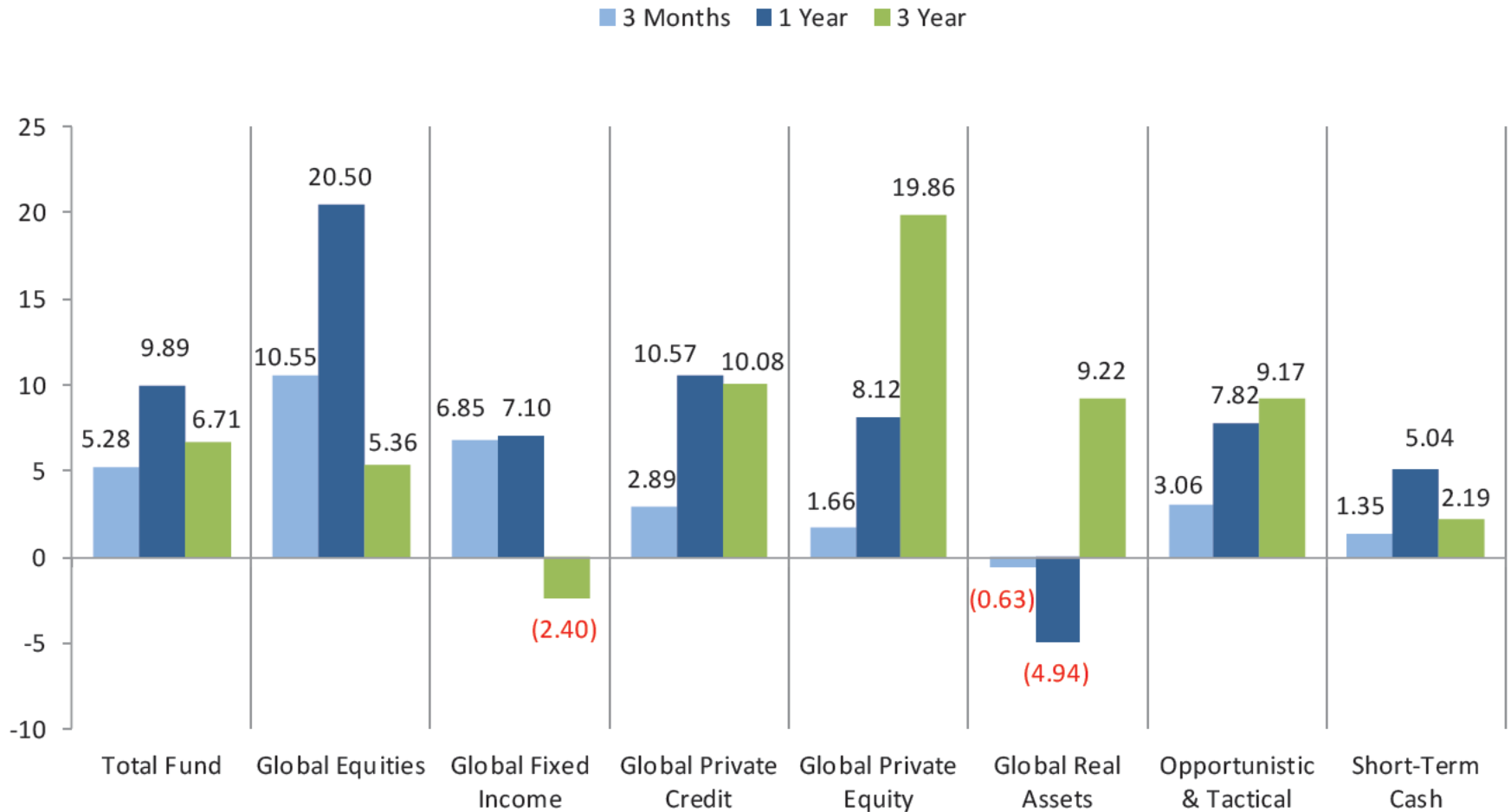


# Total Fund Performance





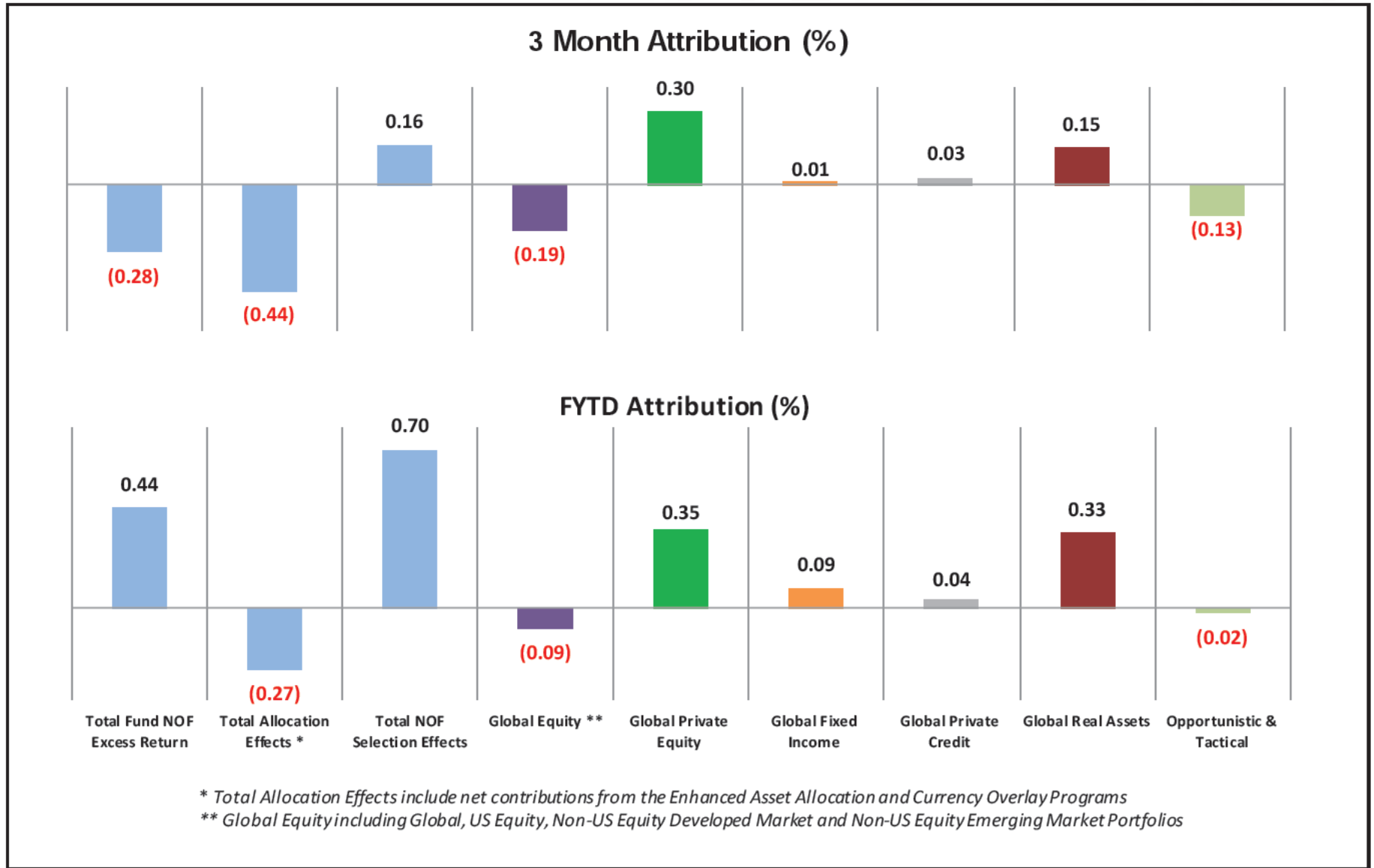
# Total Fund and Asset Class Performance (Net)



Source: BNY Mellon GRS



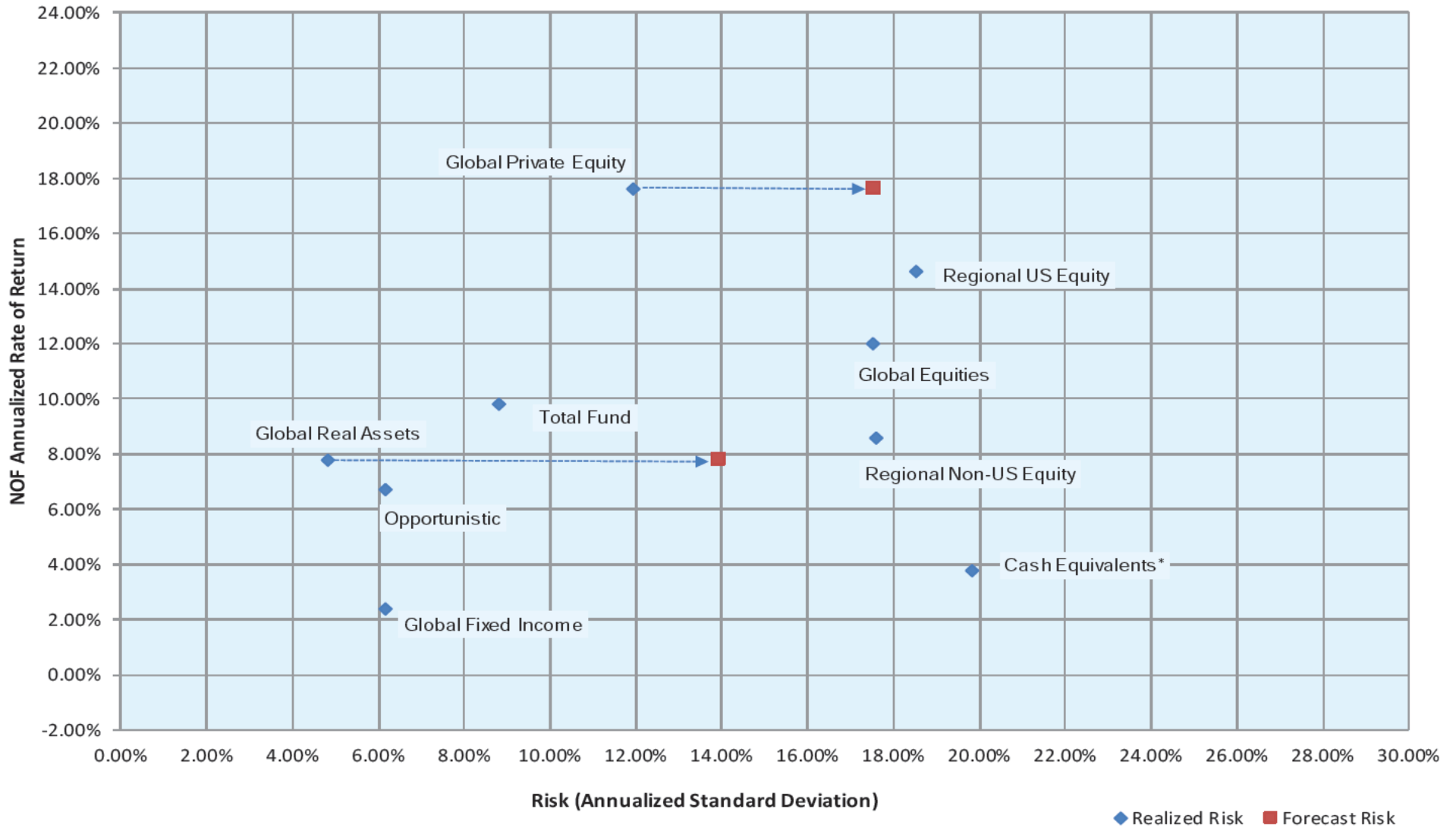
# Total Fund Attribution







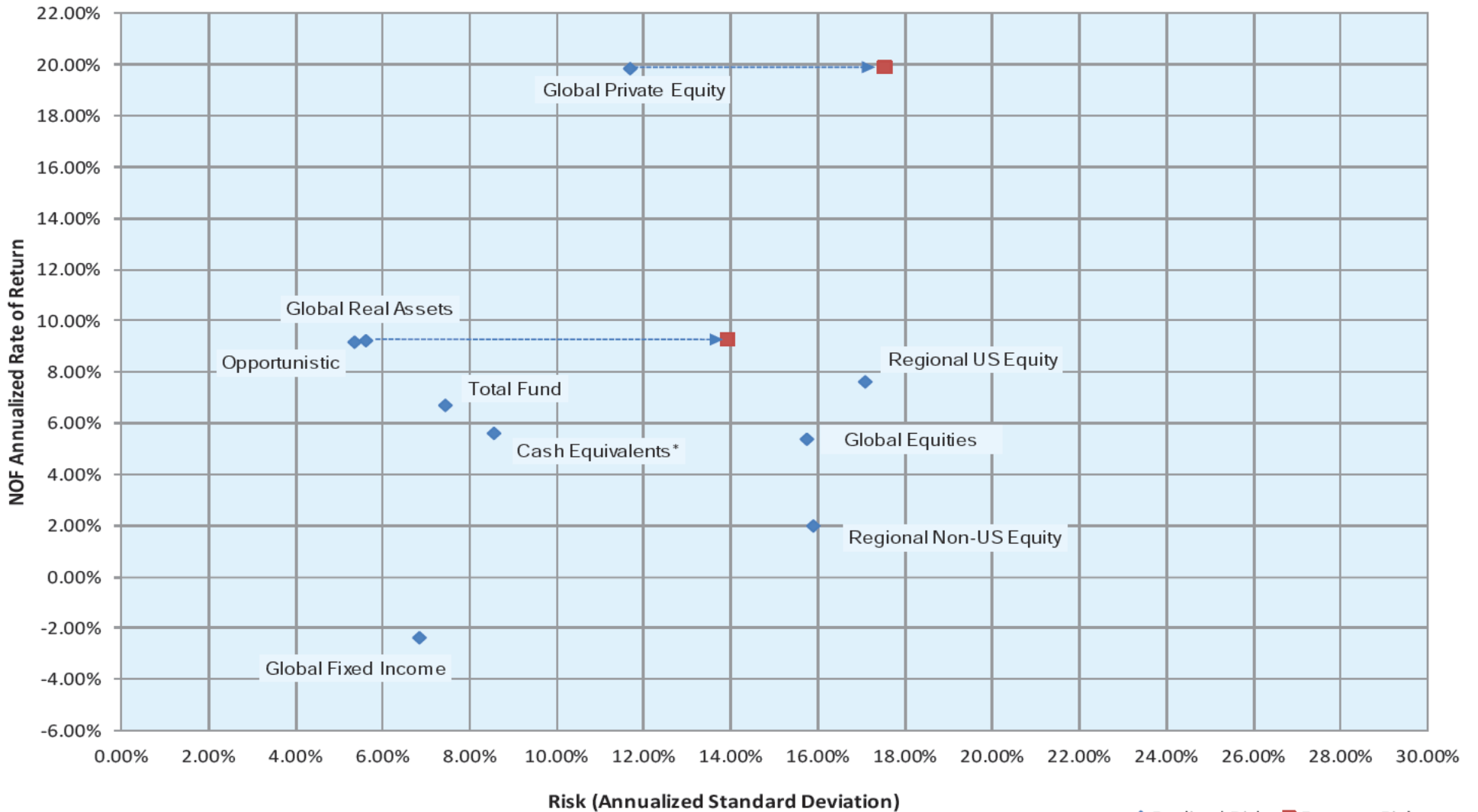
# 5 Year Risk and Return



\*Cash Equivalents include Short-Term, Enhanced Allocation Overlay and Currency Overlay



# 3 Year Risk and Return



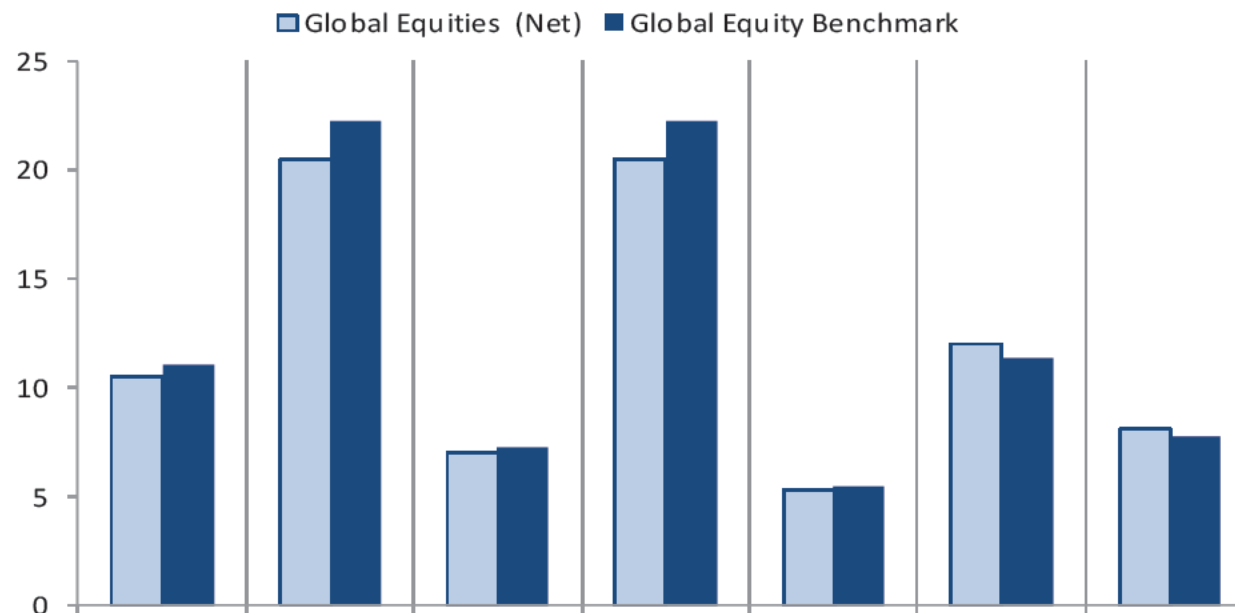
\*Cash Equivalents include Short-Term, Enhanced Allocation Overlay and Currency Overlay

◆ Realized Risk ■ Forecast Risk



# Global Equities Performance

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



|                          | Qtr    | CYTD   | FYTD   | 1 Year | 3 Year | 5 Year | 10 Year |
|--------------------------|--------|--------|--------|--------|--------|--------|---------|
| Global Equities (Gross)  | 10.63  | 20.85  | 7.21   | 20.85  | 5.67   | 12.32  | 8.43    |
| Global Equities (Net)    | 10.55  | 20.50  | 7.05   | 20.50  | 5.36   | 11.99  | 8.10    |
| Global Equity Benchmark  | 11.03  | 22.20  | 7.26   | 22.20  | 5.50   | 11.40  | 7.80    |
| Value Added (Net of Fee) | (0.49) | (1.70) | (0.21) | (1.70) | (0.14) | 0.59   | 0.30    |
| Regional US Equity       | 11.71  | 22.88  | 7.88   | 22.88  | 7.63   | 14.61  | 10.84   |
| Russell 3000 Index       | 12.07  | 25.96  | 8.43   | 25.96  | 8.54   | 15.16  | 11.48   |
| Value Added (Net of Fee) | (0.36) | (3.08) | (0.54) | (3.08) | (0.91) | (0.55) | (0.64)  |
| Regional Non-US Equity   | 9.75   | 15.38  | 4.85   | 15.38  | 1.98   | 8.56   | 4.99    |
| Custom Non-US Equity BM  | 9.75   | 15.62  | 5.61   | 15.62  | 1.46   | 7.03   | 3.80    |
| Value Added (Net of Fee) | (0.01) | (0.24) | (0.76) | (0.23) | 0.52   | 1.53   | 1.19    |

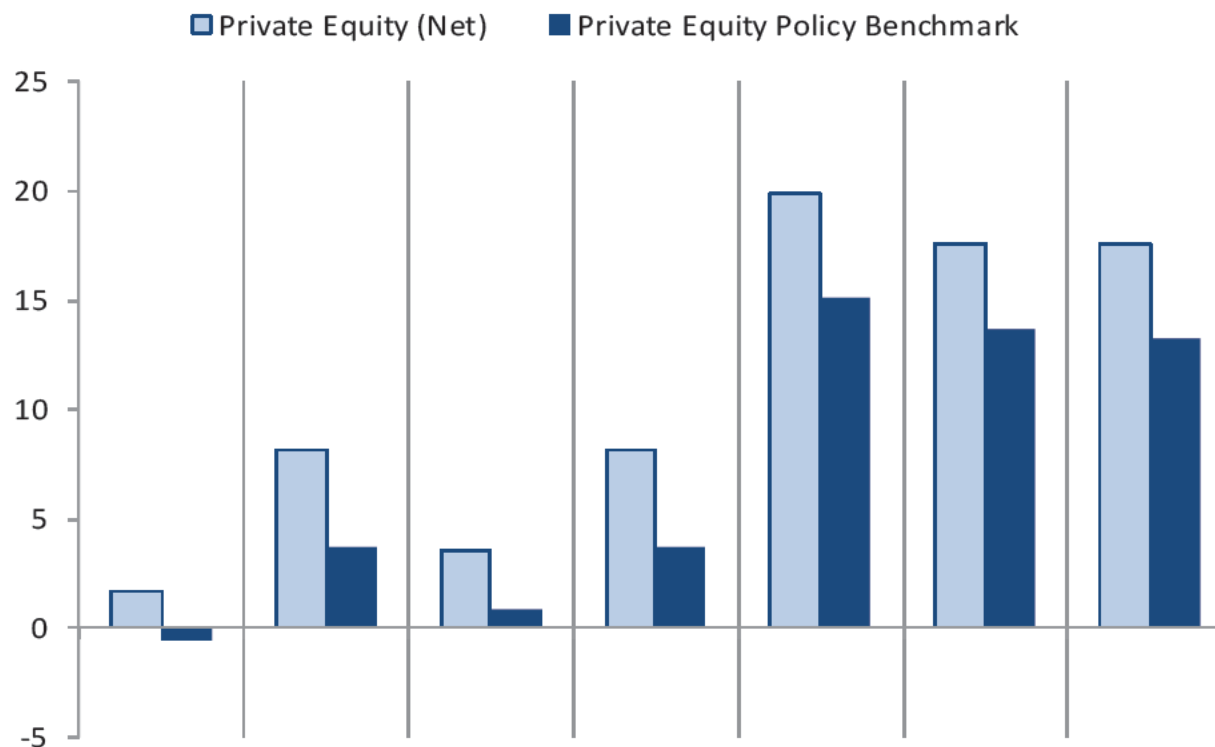
Source: BNY Mellon GRS



# Global Private Equity Performance

Results as of: 12/31/2023

**Current Benchmark:**  
Burgiss All Private Equity Index



|                                 | Qtr    | CYTD  | FYTD | 1 Year | 3 Year | 5 Year | 10 Year |
|---------------------------------|--------|-------|------|--------|--------|--------|---------|
| Private Equity (Gross)          | 2.43   | 10.17 | 4.82 | 10.17  | 21.94  | 19.43  | 19.34   |
| Private Equity (Net)            | 1.66   | 8.12  | 3.60 | 8.12   | 19.86  | 17.59  | 17.64   |
| Private Equity Policy Benchmark | (0.58) | 3.77  | 0.89 | 3.77   | 15.06  | 13.70  | 13.30   |
| Value Added (Net of Fee)        | 2.24   | 4.36  | 2.71 | 4.36   | 4.80   | 3.89   | 4.34    |

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.



## Public vs Private Equity Performance (Net)

|                    | 3 Year | 5 Year | 10 Year |
|--------------------|--------|--------|---------|
| Regional US Equity | 7.63   | 14.61  | 10.84   |
| Global Equity      | 5.36   | 11.99  | 8.10    |
| Private Equity     | 19.86  | 17.59  | 17.64   |

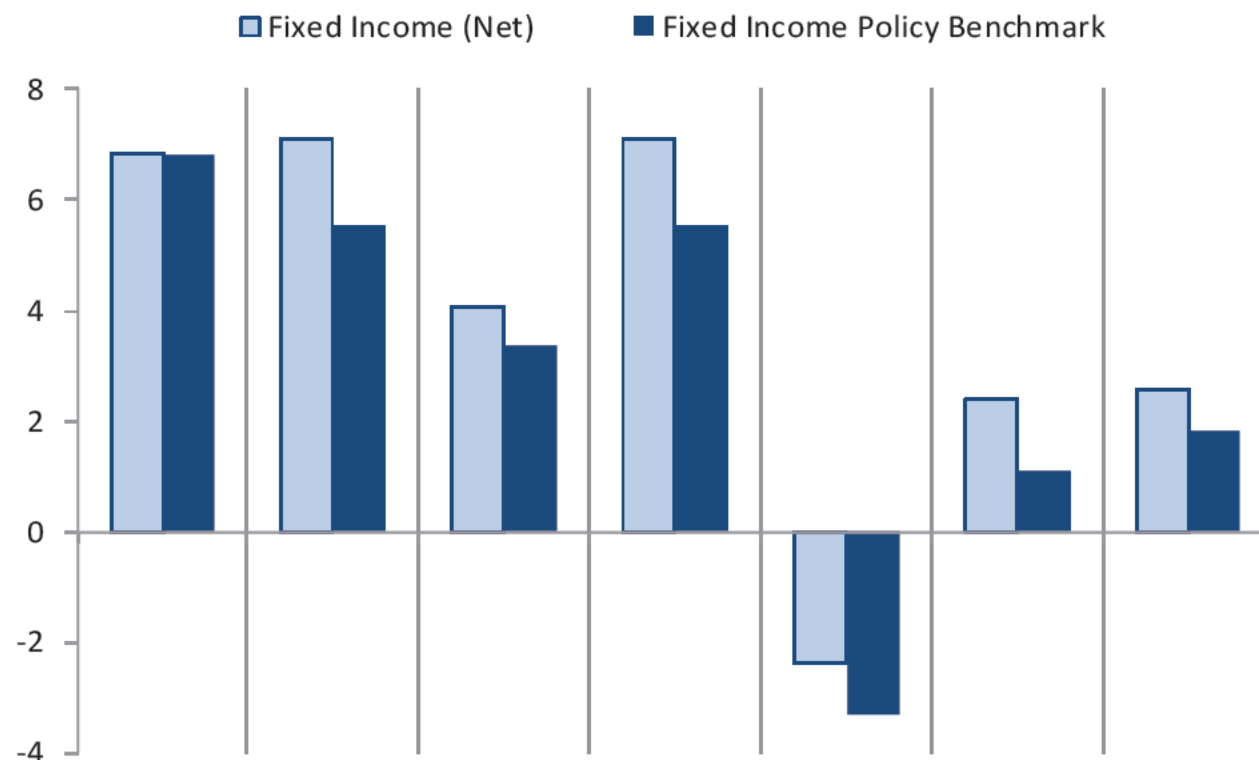
\* Private Equity returns are lagged one quarter



# Global Fixed Income Performance

## Current Benchmark:

*Bloomberg Aggregate Bond Index*



|                               | Qtr  | CYTD | FYTD | 1 Year | 3 Year | 5 Year | 10 Year |
|-------------------------------|------|------|------|--------|--------|--------|---------|
| Fixed Income (Gross)          | 6.92 | 7.39 | 4.22 | 7.39   | (2.13) | 2.65   | 2.82    |
| Fixed Income (Net)            | 6.85 | 7.10 | 4.08 | 7.10   | (2.40) | 2.40   | 2.58    |
| Fixed Income Policy Benchmark | 6.82 | 5.53 | 3.37 | 5.53   | (3.31) | 1.10   | 1.81    |
| Value Added (Net of Fee)      | 0.03 | 1.57 | 0.71 | 1.57   | 0.91   | 1.30   | 0.77    |

Source: BNY Mellon GRS

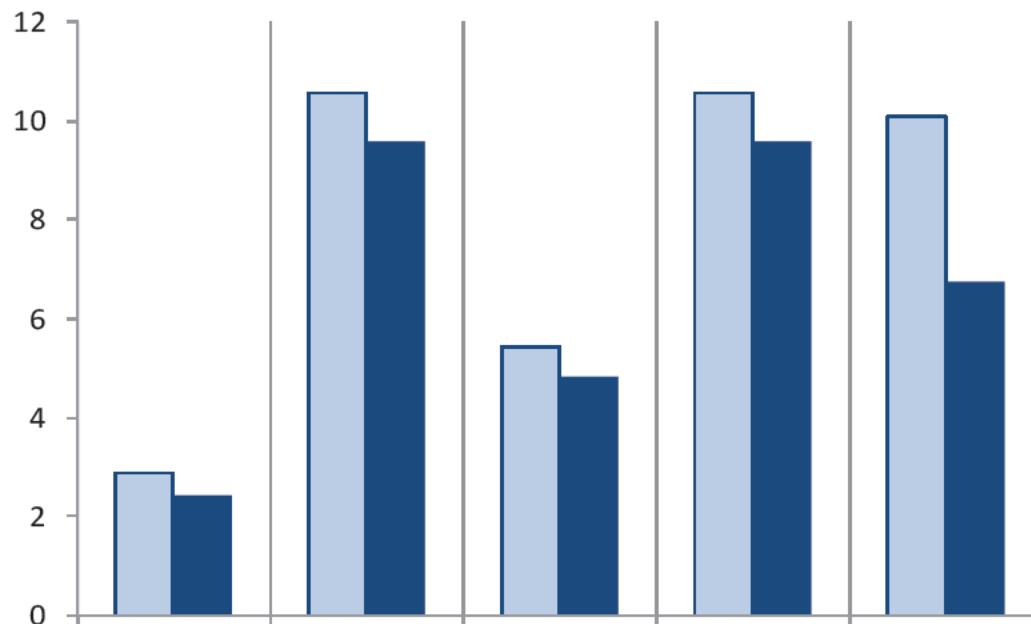


# Global Private Credit Performance

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

## Current Benchmark:

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



|  | Qtr  | CYTD  | FYTD | 1 Year | 3 Year |
|--|------|-------|------|--------|--------|
| Global Private Credit (Gross)          | 3.25 | 12.25 | 6.20 | 12.25  | 11.72  |
| Global Private Credit (Net)            | 2.89 | 10.57 | 5.43 | 10.57  | 10.08  |
| Global Private Credit Policy Benchmark | 2.44 | 9.60  | 4.82 | 9.60   | 6.74   |
| Value Added (Net of Fee)               | 0.45 | 0.97  | 0.61 | 0.97   | 3.34   |

Source: BNY Mellon GRS

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

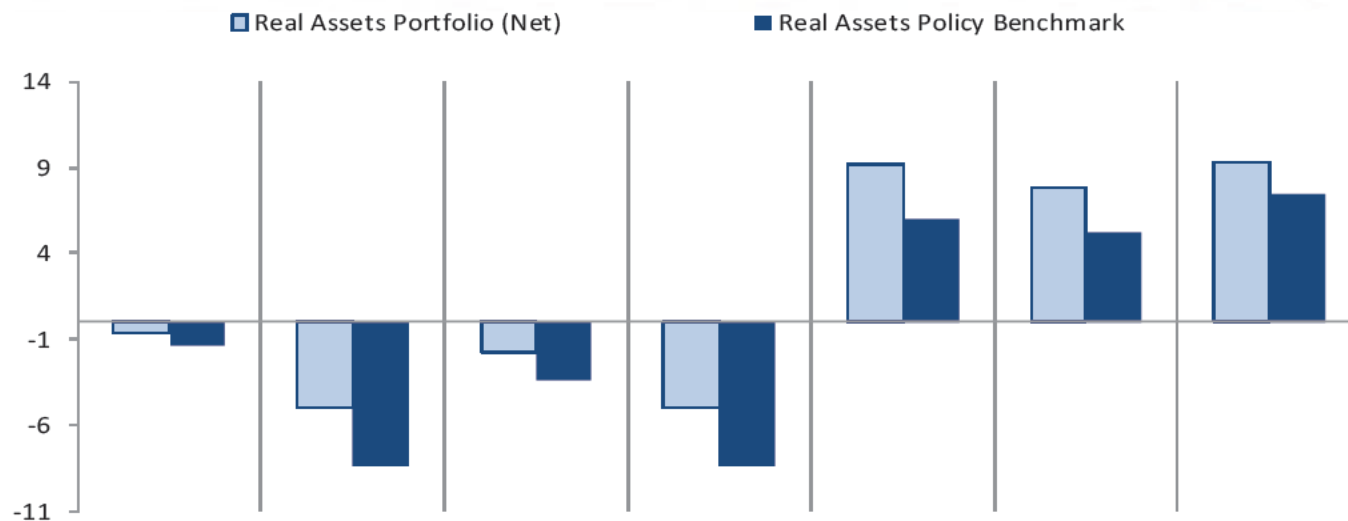


# Global Real Assets Performance

Results as of: 12/31/2023

Current Benchmark:

NCREIF Property Index (1q lag)



|  | Qtr    | CYTD    | FYTD   | 1 Year  | 3 Year | 5 Year | 10 Year |
|--|--------|---------|--------|---------|--------|--------|---------|
| Real Assets Portfolio (Gross)                | (0.42) | (4.14)  | (1.30) | (4.14)  | 10.22  | 8.72   | 10.34   |
| Real Assets Portfolio (Net)                  | (0.63) | (4.94)  | (1.71) | (4.94)  | 9.22   | 7.81   | 9.30    |
| Real Assets Policy Benchmark                 | (1.37) | (8.39)  | (3.32) | (8.39)  | 6.04   | 5.26   | 7.40    |
| Real Assets Value Added (NOF)                | 0.73   | 3.46    | 1.60   | 3.46    | 3.18   | 2.55   | 1.91    |
| Real Assets Core (Net)                       | (2.01) | (11.15) | (4.01) | (11.15) | 9.77   | 7.79   | 9.01    |
| Real Assets Policy Benchmark                 | (1.37) | (8.39)  | (3.32) | (8.39)  | 6.04   | 5.26   | 7.40    |
| Real Assets Core Value Added (NOF)           | (0.64) | (2.76)  | (0.69) | (2.76)  | 3.73   | 2.53   | 1.61    |
| Real Assets Non-Core (Net)                   | (1.69) | (5.75)  | (3.95) | (5.75)  | 4.42   | 4.82   | 8.10    |
| Real Assets Policy Benchmark                 | (1.37) | (8.39)  | (3.32) | (8.39)  | 6.04   | 5.26   | 7.40    |
| Real Assets Non-Core Value Added (NOF)       | (0.32) | 2.64    | (0.63) | 2.64    | (1.62) | (0.44) | 0.70    |
| Real Assets Infrastructure (Net)             | 1.75   | 8.47    | 2.95   | 8.47    | 9.51   | 9.23   | n/a     |
| Real Assets Policy Benchmark                 | (1.37) | (8.39)  | (3.32) | (8.39)  | 6.04   | 5.26   | n/a     |
| Real Assets Infrastructure Value Added (NOF) | 3.12   | 16.86   | 6.27   | 16.86   | 3.47   | 3.97   | n/a     |

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 Assets performance is reported one quarter in arrears.

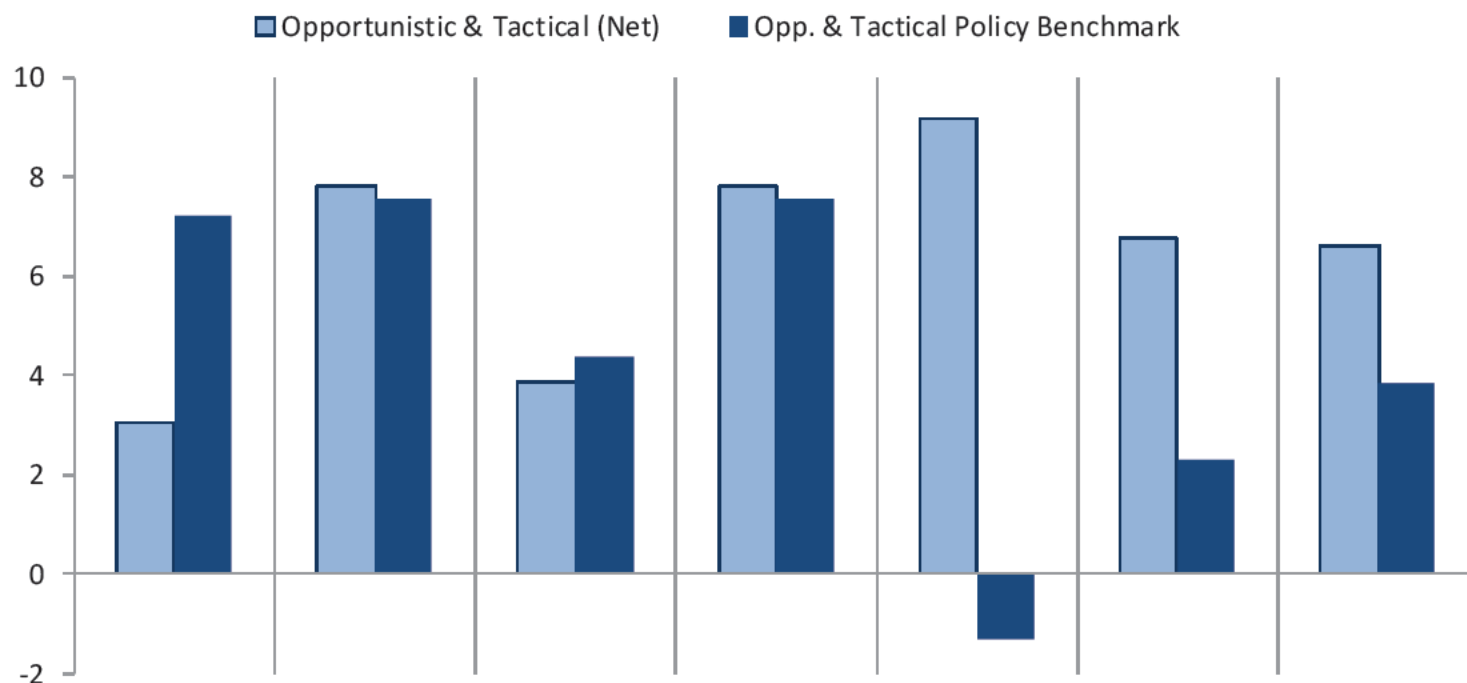




# Opportunistic & Tactical Performance

## Current Benchmark:

*Bloomberg Aggregate  
Bond Index + 2%*



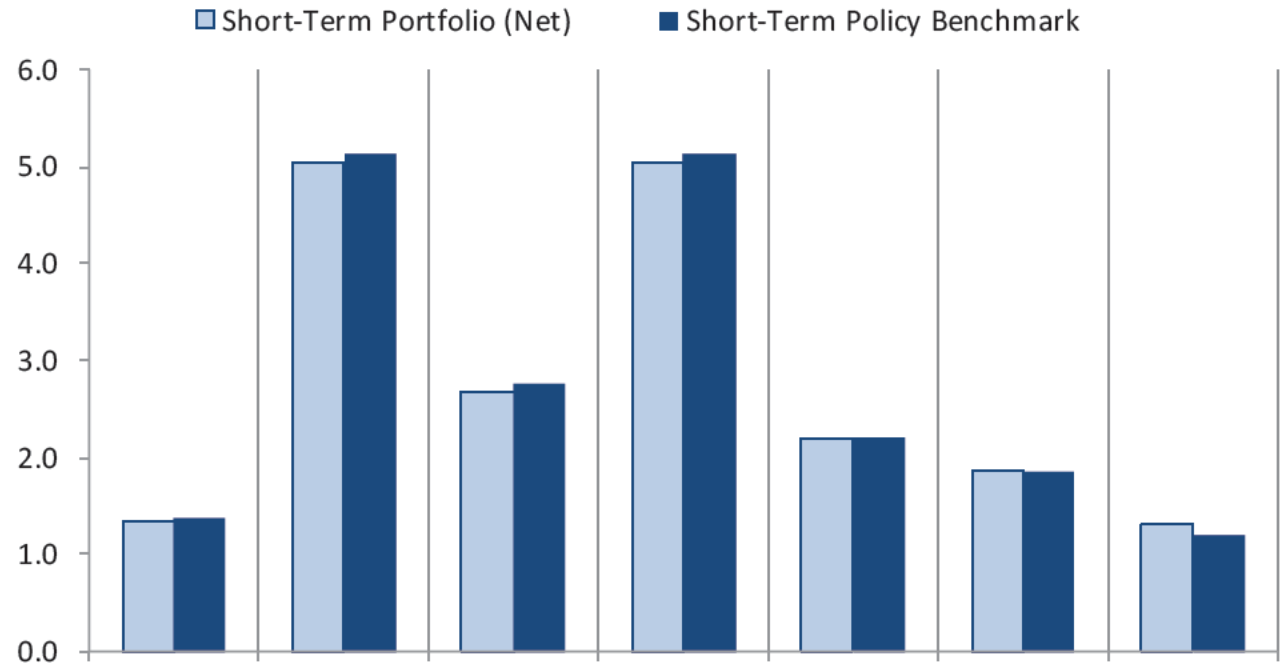
|                                  | Qtr    | CYTD | FYTD   | 1 Year | 3 Year | 5 Year | 10 Year |
|----------------------------------|--------|------|--------|--------|--------|--------|---------|
| Opportunistic & Tactical (Gross) | 3.35   | 8.97 | 4.43   | 8.97   | 10.46  | 8.10   | 8.35    |
| Opportunistic & Tactical (Net)   | 3.06   | 7.82 | 3.86   | 7.82   | 9.17   | 6.74   | 6.59    |
| Opp. & Tactical Policy Benchmark | 7.21   | 7.53 | 4.35   | 7.53   | (1.31) | 2.30   | 3.85    |
|                                  | (4.15) | 0.29 | (0.49) | 0.29   | 10.48  | 4.44   | 2.74    |

Source: BNY Mellon GRS



# Short-Term Performance

**Current Benchmark:**  
*FTSE 30 Day Treasury Bill Index*



|                              | Qtr    | CYTD   | FYTD   | 1 Year | 3 Year | 5 Year | 10 Year |
|------------------------------|--------|--------|--------|--------|--------|--------|---------|
| Short-Term Portfolio (Gross) | 1.35   | 5.04   | 2.67   | 5.04   | 2.19   | 1.88   | 1.30    |
| Short-Term Portfolio (Net)   | 1.35   | 5.04   | 2.67   | 5.04   | 2.19   | 1.88   | 1.30    |
| Short-Term Policy Benchmark  | 1.38   | 5.13   | 2.75   | 5.13   | 2.19   | 1.84   | 1.21    |
| Value Added (Net of Fee)     | (0.03) | (0.09) | (0.08) | (0.09) | (0.00) | 0.03   | 0.09    |

Source: BNY Mellon GRS



# Overlay Performance

|  | Qtr             | CYTD            | FYTD            | 1 Year          | 3 Year        | 5 Year        | 10 Year       |
|--|-----------------|-----------------|-----------------|-----------------|---------------|---------------|---------------|
| Cash Equivalents with Overlays (Net)             | (5.12)          | (0.06)          | (2.28)          | (0.06)          | 5.60          | 3.77          | 2.43          |
| Short-Term Policy Benchmark                      | 1.38            | 5.13            | 2.75            | 5.13            | 2.19          | 1.84          | 1.21          |
| <b>Value Added (Net of Fee)</b>                  | <b>(6.50)</b>   | <b>(5.19)</b>   | <b>(5.03)</b>   | <b>(5.19)</b>   | <b>3.41</b>   | <b>1.92</b>   | <b>1.22</b>   |
| Short-term Cash w/o Overlays (Net)               | 1.35            | 5.04            | 2.67            | 5.04            | 2.19          | 1.88          | 1.30          |
| Short-Term Policy Benchmark                      | 1.38            | 5.13            | 2.75            | 5.13            | 2.19          | 1.84          | 1.21          |
| <b>Value Added (Net of Fee)</b>                  | <b>(0.03)</b>   | <b>(0.09)</b>   | <b>(0.08)</b>   | <b>(0.09)</b>   | <b>(0.00)</b> | <b>0.03</b>   | <b>0.09</b>   |
| <b>Overlay Cumulative Net Value Added (\$MM)</b> | <b>(\$41.7)</b> | <b>(\$23.7)</b> | <b>(\$24.7)</b> | <b>(\$23.7)</b> | <b>\$76.6</b> | <b>\$68.6</b> | <b>\$84.1</b> |



# Proposed Investment Agenda – Next Meeting

Annual Portfolio Review – Global Real Assets  
Monthly Investment Report (January 31, 2024)

# Memo

**To:** Retirement Board  
**From:** Chris Collins  
**cc:** Richard Stensrud, Karen Roggenkamp  
**Date:** February 2, 2024  
**Re:** Federal Legislative Report

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## OVERVIEW

### Budget, Border Security, and Foreign Aid Discussions Continue

Congress sent President Joe Biden a short-term spending bill on shortly before a January 19<sup>th</sup> deadline that averted a looming partial government shutdown and funds federal agencies into March.

The House approved the measure by a vote of 314-108, with opposition coming mostly from the more conservative members of the Republican conference. Shortly before the vote, the House Freedom Caucus announced it “strongly opposes” the measure because it would facilitate more spending than they support.

Nevertheless, about half of Republicans joined with Democrats in passing the third stopgap funding measure in recent months. The action came a few hours after the Senate had voted overwhelmingly to pass the bill by a vote of 77-18.

Subsequently, President Biden is urging Republican lawmakers to approve a longer term bi-partisan budget deal that is being negotiated in the Senate. This deal also involves a \$106 billion ‘national security package’ for Ukraine and Israel. However, its approval has been bogged down due to Republicans’ demands for tougher security measures at the U.S. southern border.

House Speaker Mike Johnson warned that the emerging Senate border deal, if reached, would be “dead on arrival” in his chamber, delivering the latest blow to the national security supplemental’s prospects. Former President Donald Trump has openly lobbying for GOP lawmakers to accept nothing less than a “perfect” solution to the influx of migrants at the U.S. southern border. That increases pressure on Minority Leader Mitch McConnell (R-KY), who acknowledged the presumptive GOP nominee’s influence over the process as the 2024 election season heats up.

In an attempt to break the stalemate, Biden has pledged to shut down the U.S. southern border as soon as he is granted the authority to do so. The proposed bipartisan agreement would give Biden emergency authority to close the border if illegal migrant crossings exceed a certain threshold, reportedly surpassed in recent months. The President has emphasized that finding an agreement on immigration would be beneficial for America, marking a significant shift in his approach to this contentious issue.

The budget deal deadlock has implications, not only for federal agency funding, but potentially impacting the U.S.'s role in international security affairs. As the debate over the border deal continues, the fate of this crucial 'national security package' funding also hangs in the balance.

House Republicans have fought bitterly over budget levels and policy since taking the majority at the start of 2023. Former House Speaker Kevin McCarthy, (R-CA), was ousted by his caucus in October after striking an agreement with Democrats to extend current spending the first time. Johnson has also come under criticism as he has wrestled with how to appease his members and avoid a government shutdown in an election year.

### Bipartisan AI Working Group Started

On January 11<sup>th</sup>, House Financial Services Committee Chairman Patrick McHenry (R-NC) and Ranking Member Maxine Waters (D-CA) announced the creation of the House Financial Services Committee's Working Group on Artificial Intelligence. It will be led by Digital Assets, Financial Technology, and Inclusion Subcommittee Chairman French Hill (R-AR) and Subcommittee Ranking Member Stephen Lynch (D-MA). The AI Working Group will explore several topics: (1) "how AI is impacting the financial services and housing industries, including the development of new products and services, fraud prevention, compliance efficiency, and the enhancement of supervisory and regulatory tools;" (2) "how AI may impact the financial services workforce"; (3) "how existing regulation addresses the use of AI"; and (4) "how lawmakers can ensure that any new regulations consider both the potential benefits and risks associated with AI."

## **RETIREMENT SECURITY**

The U.S. Department of Labor announced on January 18<sup>th</sup> that its Employee Benefits Security Administration released a proposed regulation on automatic portability transactions under SECURE 2.0 Act of 2022. The goal of automatic portability transactions is to help workers keep track of their retirement savings accounts and improve retirement security by reducing cash-outs when they change jobs.

According to the most recent data, there are an estimated 635,000 defined contribution plans in the United States, covering an estimated 86.6 million participants with account balances totaling \$9.3 trillion in assets. With the widespread adoption of these accounts, there is a particular need for automatic portability solutions that help ensure participants remain connected to their retirement savings when they change jobs.

When workers leave jobs with a retirement benefit valued at \$7,000 or less, their savings plan can automatically rollover their benefits to a Safe Harbor IRA if the plan document allows it and the employee does not take action after receiving required notices. Auto-portability transactions involve automatically transferring workers' retirement savings from their Safe Harbor IRA to their active account in a retirement plan sponsored by their new employer.

The department's proposed rule would implement Section 120 of the SECURE 2.0 Act, which allows an automatic portability provider to receive a fee in connection with executing an automatic portability transaction for certain distributions into Safe Harbor IRAs, through an added exemption to Internal Revenue Code section 4975. The proposal covers the specific topics identified in the statutory exemption for regulations or other guidance to carry out the purposes of the auto-portability amendments. The proposed regulation tracks the requirements under the statutory exemption that must be satisfied for the automatic portability transaction to be covered by the exemption.

## **WINDFALL ELIMINATION PROVISION (WEP) AND GOVERNMENT PENSION OFFSET (GPO)**

The Social Security Fairness Act (H.R. 82) bill now has over 300 co-sponsors. This is far in excess of the 218 needed to pass in the House if it comes up for a floor vote. Similarly, Senator Brown's (D-OH) repeal bill in the Senate (S. 597) has now reached 50 co-sponsors, or half the Senate.

Prior WEP/GPO repeal bills have been introduced over a number of years with similar levels of support. Yet, GovTrack.us, a website that uses a predictive algorithm to calculate the prognosis for any federal bill gives H.R. 82 only a 4% chance of being enacted. Why?

There are several reasons typically cited why WEP and GPO repeal is so difficult.

First is the cost to Social Security. The bill includes no offsetting tax increases or spending cuts, and so would worsen Social Security financing, moving the trust fund's reserve depletion date forward by a year and adding nearly \$150 billion to the program's costs over the next ten years.

The second concern is expressed as issues of equity and fairness. Opponents argue that GPO and WEP were implemented to ensure fairness in benefit distribution, including those at lower income levels. Eliminating these provisions could result in a less equitable distribution of benefits for those with lower income levels.

Determining the appropriate Social Security benefits for people who have worked outside the system is difficult, because Social Security's benefit formula is progressive, that is, benefits replace a greater share of previous earnings for low earners than for high earners. Workers with earnings outside the system can look like low earners, and therefore appear to qualify for benefits based on a higher replacement rate, when in fact they have higher earnings and an additional pension to reflect the non-covered earnings.

Third is the potential impact on other social programs by putting a financial burden on the Social Security System. These are concerns about the broader impact of H.R. 82 on other social programs, as changes to Social Security policies can have cascading effects on related programs and government finances.

However, many organizations agree with SERS that the current WEP and GPO are unfair and need to be fixed. Under the existing formulas the loss in earned benefits can be severe, often resulting in substantial lifestyle reductions and even poverty, for formerly productive working citizens of middle/low class.

To compound the issue, WEP and GPO penalties are still not well publicized. The SSA does not sufficiently publicize these laws, resulting in financially devastating decisions for many. Careers were chosen and retirement contracts entered without knowledge of the WEP/GPO penalties. Even with notification many employees still do not understand their long-term financial effects.

Fortunately, the Ohio congressional delegation has largely been supportive of efforts to fix the problem. SERS will continue to work with our federal advocacy partners to urge Congress to take action on these issues despite the current lack of progress.

## **HEALTH CARE**

### **DOJ Investigating Use of AI in Health Care Decision-making**

Artificial intelligence (AI) can enhance efficiencies in providing healthcare in many ways, one of which is by utilizing algorithms to read medical records and thereby assist providers in better

understanding their patients and treatments that may be available. Increasingly, electronic medical review (EMR) software companies are utilizing AI to boost their products, offering hospitals, healthcare facilities, and physicians powerful tools that can enhance their decision-making as to operations and treatment.

Recently, it was reported that DOJ has subpoenaed the records of digital health companies and pharmaceutical companies in investigating whether AI may be used to steer treatment decisions, resulting in medically unnecessary anti-kickback and false claims violations.

Given the speed at which AI creates information and then expands upon it with compounding effect, determining whether AI is the subject of and resulting in fraud may not be straightforward. However, AI related healthcare fraud and abuse actions are clearly on DOJ's radar and will likely become increasingly common. Hospitals, healthcare facilities, and physicians should be aware of the possibility that ERM systems could be the subject of AI fraud, and be careful not to turn a blind eye where it curiously seems to be generating results disproportionately in favor of one treatment or drug over another.

#### CMS Releases Rule to Expand Access to Health Information and Improve Prior Authorization Process

On January 17<sup>th</sup>, the Centers for Medicare and Medicaid Services (CMS) finalized the Interoperability and Prior Authorization Final Rule (CMS-0057-F).

The rule sets requirements for Medicare Advantage (MA) organizations, Medicaid and the Children's Health Insurance Program (CHIP) fee-for-service (FFS) programs, Medicaid managed care plans, CHIP managed care entities, and issuers of Qualified Health Plans (QHPs) offered on the Federally-Facilitated Exchanges (FFE), to expand access to health information and improve the PA process.

This rule builds on the MA requirements finalized in the Contract Year (CY) 2024 MA and Part D final rule. According to the rule, impacted payers will be required to send PA decisions within 72 hours for expedited requests and seven calendar days for standard requests. In the press release, Human Health Services (HHS) Secretary Xavier Becerra stated, "When a doctor says a patient needs a procedure, it is essential that it happens in a timely manner." The rule also requires all impacted payers to include a specific reason for denying a PA request, to report PA metrics publicly, and to implement a Health Level 7 (HL7) Fast Healthcare Interoperability Resources (FHIR) PA application programming interface (API). According to the fact sheet, these API policies will improve patient, provider, and payer access to interoperable patient data and reduce the burden of PA processes.

To encourage providers to adopt electronic prior authorization processes, CMS is also adding a new measure titled "Electronic Prior Authorization," to the Health Information Exchange (HIE) objective for the MIPS Promoting Interoperability performance category and the Medicare Promoting Interoperability Program.

Impacted payers must implement certain operational provisions, generally beginning January 1, 2026. In response to public comment on the proposed rule, impacted payers have until compliance dates, generally beginning January 1, 2027, to meet the API development and enhancement requirements in this final rule. The exact compliance dates vary by the type of payer.

#### Public Sector HealthCare Roundtable Signs on to Stakeholder Letter Advocating to CMS for Stability and Support in Medicare Advantage



The Public Sector HealthCare Roundtable, that includes SERS as a member, signed on to a letter from the Better Medicare Alliance (BMA), along with over 65 Medicare Advantage (MA) stakeholders, supporting a strong, sustainable MA ahead of the Centers for Medicare and Medicaid Services' (CMS) advance rate notice announcement.

The letter strongly supports MA and its high-quality care for seniors and people with disabilities, emphasizing the need for policies promoting stability and sustainability for over 31 million beneficiaries. Highlighting that MA serves 51 percent of the Medicare population and is expected to increase, the letter underscores its affordability and value, with beneficiaries saving over \$2,400 annually compared to Fee-for-Service Medicare.

The letter aligns with CMS' goals for CY 2025, including advancing health equity, enhancing supplemental benefits, improving access to mental and behavioral health care, and providing marketing guidance. As programmatic changes are implemented, the letter emphasizes the importance of stability and understanding the impact on beneficiaries.

#### Merck, Johnson & Johnson CEOs agree to appear before Senate HELP

Senate Health, Education, Labor and Pensions Chairman Bernie Sanders (I-VT) announced January 26<sup>th</sup> that two pharmaceutical company CEOs will testify before the committee rather than face a subpoena.

Merck & Co. Inc. CEO Robert Davis and Johnson & Johnson CEO Joaquin Duato will now testify February 8<sup>th</sup> alongside Bristol Myers Squibb CEO Chris Boerner, who previously agreed to appear before the committee voluntarily.

Both Merck and Johnson & Johnson had refused to testify, accusing Chairman Sanders of retaliating against them for suing over Medicare's drug price negotiation program.

Neither drugmaker offered a reason for the sudden change.

The hearing will focus on why drug prices are higher in the U.S. than in other wealthy countries.

Both Merck and Johnson & Johnson had offered lower-level executives to testify in place of the CEOs, but Sanders' staff refused.

The subpoenas would have been the first issued by the committee in 40 years.

All three companies manufacture drugs selected for Medicare negotiation, and all three are suing the Biden administration over the program. The negotiation program includes Bristol Myers Squibb's blood thinner Eliquis, with a list price of \$7,100 versus \$650 in France, according to the HELP Committee.

It also includes Johnson & Johnson subsidiary Janssen Biotech's psoriasis drug Stelara, which retails for \$79,000 in the U.S. compared to \$16,000 in the United Kingdom. The list also includes Merck's diabetes treatment Januvia, with a list price of \$6,900 in the U.S. versus \$200 in France, according to the committee.

**FEDERAL LEGISLATION BOARD REPORT**  
**118<sup>th</sup> United States Congress**  
**(Prepared by Chris Collins as of February 2, 2024)**

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**H.R.82**

SPONSOR: Rep. Graves, Garret (R-LA)

LAST ACTIONS: House - 01/09/2023 Referred to the House Committee on Ways and Means

CAPTION: Social Security Fairness Act of 2023

COMMENT: Repeals the GPO and WEP. 306 co-sponsors; 11 Ohioans

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**S.597**

SPONSOR: Sen. Brown, Sherrod [D-OH]

LAST ACTIONS: Senate - 03/01/2023 Read twice and referred to the Committee on Finance.

CAPTION: Social Security Fairness Act

COMMENT: Repeals the GPO and WEP. 50 co-sponsors; 1 Ohio Senator

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**H.R.4260**

SPONSOR: Rep. Neal, Richard (D-MA)

LAST ACTIONS: House - 06/21/2023 Referred to the House Committee on Ways and Means

CAPTION: To amend title II of the Social Security Act to provide an equitable Social Security formula for individuals with noncovered employment and to provide relief for individuals currently affected by the Windfall Elimination Provision.

COMMENT: 102 co-sponsors; two Ohioans

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**H.R.4583**

SPONSOR: Rep. John Larson (D-CT)

LAST ACTIONS: House - 07/12/2023 Referred to the Committee on Ways and Means, and in addition to the Committees on Education and the Workforce, and Energy and Commerce, 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: Social Security 2100 Act. To protect our Social Security system and improve benefits for current and future generations.

COMMENT: 182 co-sponsors; four Ohioans

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**H.R.5342**

SPONSOR: Rep. Jodey Arrington (R-TX)

LAST ACTIONS: House - 09/05/2023 Referred to the House Committee on Ways and Means

CAPTION: To amend title II of the Social Security Act to replace the windfall elimination provision with a formula equalizing benefits for certain individuals with noncovered employment, and for other purposes.

COMMENT: 28 co-sponsors; one Ohioan

**STATE LEGISLATION BOARD REPORT**  
**(Prepared by Chris Collins as of February 2, 2024)**

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**135<sup>th</sup> General Assembly**

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**SB6** ESG POLICIES-STATE ENTITIES (Schuring, K) - Regarding environmental, social, and corporate governance policies with respect to the state retirement systems, Bureau of Workers' Compensation, and state institutions of higher education.

Current Status: 05/23/2023, Referred to House Financial Institutions

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**HB4** LEGISLATIVE INTENT-ECONOMIC BOYCOTTS (Young, T., King, A.) To declare the General Assembly's intention to enact legislation regarding financial institutions and other businesses that conduct economic boycotts or discriminate against certain companies or customers based on certain factors.

Current Status: 11/14/2023 Substitute Bill Accepted

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**HB33** FY24-25 OPERATING BUDGET (Edwards, J.) To make operating appropriations for the biennium beginning July 1, 2023, and ending June 30, 2025, to levy taxes, and to provide authorization and conditions for the operation of state programs. [Includes SERS' CBBC provision]

Current Status: 01/24/2024 Consideration of Governor's Veto; Senate Overrides Veto, Vote 24-8

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**HB146** SERS BENEFIT CAP (Bird, A.) To establish a contribution based benefit cap in calculating a School Employees Retirement System member's retirement benefit.

Current Status: 05/16/2023, REPORTED OUT, House Pensions, (Third Hearing)

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**HCR 6** URGE CONGRESS - REPEAL WINDFALL ELIMINATION PROVISION (King, Plummer) To urge Congress to repeal the Windfall Elimination Provision.

Current Status: 01/24/2024 Senate Government Oversight, (First Hearing)

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**HB257** VIRTUAL MEETINGS FOR PUBLIC BODIES (Hoops, Claggett) - To authorize certain public bodies to meet virtually, and to declare an emergency.

Current Status: 12/06/2023 Referred to Government Oversight Committee

# Finance Headline News – February 2024



- Budget Administration
  - FY24 SERS administrative expenses are tracking under budget through January 2024
    - Prescription claims are being closely monitored
  - FY25 budget cycle – Departments meet with Executive in February to review budget submissions
- The following detailed reports are attached for further analysis:
  - FY24 Budget Administrative expense reports
    - Budget to Actual through 2<sup>nd</sup> Quarter FY24
      - SERS & OSERS Broad St.
    - Administrative expense summary for December 2023 and January 2024
    - Administrative expense detail for December 2023 and January 2024
    - Parameters report for December 2023 and January 2024
  - Financial highlights
    - As of November and December 2023

**School Employees Retirement System of Ohio**  
**System Year-to-Date Budget Analysis**  
**Through December 31, 2023**

|                                      | FYTD24               |                      |                      |                       |                                     | Notes   |
|--------------------------------------|----------------------|----------------------|----------------------|-----------------------|-------------------------------------|---------|
|                                      | FYTD23<br>Actual     | Actual               | Budget               | Actual to<br>Budget % | Budget to<br>Actual<br>Under/(Over) |         |
| <b>PERSONNEL SERVICES</b>            | \$ 12,803,189        | \$ 13,058,493        | \$ 13,293,620        | 98.2%                 | \$ 235,127                          | Note 1  |
| Salaries & Wages                     | 10,061,600           | 9,834,639            | 9,937,663            | 99.0%                 | 103,024                             |         |
| PERS Retirement Contributions        | 1,308,955            | 1,296,080            | 1,303,329            | 99.4%                 | 7,249                               |         |
| Benefits                             | 1,432,634            | 1,927,774            | 2,052,628            | 93.9%                 | 124,854                             |         |
| <b>PROFESSIONAL SERVICES</b>         | 2,899,701            | 2,980,384            | 3,450,004            | 86.4%                 | 469,620                             |         |
| Actuarial Advisors                   | 142,509              | 149,533              | 163,250              | 91.6%                 | 13,717                              |         |
| Audit Services                       | 126,763              | 107,179              | 133,000              | 80.6%                 | 25,821                              |         |
| Banking Fees                         | 601,756              | 495,394              | 631,470              | 78.5%                 | 136,076                             | Note 2  |
| Investment Related                   | 1,319,367            | 1,429,473            | 1,274,716            | 112.1%                | (154,757)                           | Note 3  |
| Medical                              | 22,500               | 22,500               | 22,500               | 100.0%                | -                                   |         |
| Technical                            | 686,806              | 776,305              | 1,225,068            | 63.4%                 | 448,763                             | Note 4  |
| <b>COMMUNICATIONS EXPENSE</b>        | 555,469              | 405,979              | 614,386              | 66.1%                 | 208,407                             |         |
| Postage                              | 344,926              | 226,171              | 383,676              | 58.9%                 | 157,505                             | Note 5  |
| Telecommunications Services          | 145,510              | 108,586              | 123,110              | 88.2%                 | 14,524                              |         |
| Member/Employer Education            | 5,624                | 4,903                | 7,250                | 67.6%                 | 2,347                               |         |
| Printing & Publication               | 59,409               | 66,319               | 100,350              | 66.1%                 | 34,031                              |         |
| <b>OTHER OPERATING EXPENSE</b>       | 2,116,225            | 2,132,278            | 2,759,471            | 77.3%                 | 627,193                             |         |
| Computer Support Services            | 1,161,699            | 1,180,287            | 1,577,605            | 74.8%                 | 397,318                             | Note 6  |
| Office Equipment & Supplies          | 96,548               | 100,720              | 110,756              | 90.9%                 | 10,036                              |         |
| Training                             | 59,569               | 68,073               | 153,418              | 44.4%                 | 85,345                              | Note 7  |
| Transportation & Travel              | 77,881               | 94,676               | 113,936              | 83.1%                 | 19,260                              |         |
| Memberships Subscriptions            | 71,334               | 67,070               | 100,164              | 67.0%                 | 33,094                              |         |
| Property & Mgmt. Liability Insurance | 519,591              | 504,501              | 582,403              | 86.6%                 | 77,902                              | Note 8  |
| Maintenance                          | 33,841               | 19,526               | 24,425               | 79.9%                 | 4,899                               |         |
| Staff Support                        | 67,837               | 60,849               | 66,294               | 91.8%                 | 5,445                               |         |
| School District Reimbursement        | 3,732                | 4,830                | 6,270                | 77.0%                 | 1,440                               |         |
| Mandatory Costs- ORSC                | 24,193               | 31,746               | 24,200               | 131.2%                | (7,546)                             | Note 9  |
| <b>TOTAL DEPARTMENT EXPENSES</b>     | 18,374,584           | 18,577,134           | 20,117,481           | 92.3%                 | 1,540,347                           |         |
| <b>TOTAL SERS ADMIN EXPENSES</b>     | 18,374,584           | 18,577,134           | 20,117,481           | 92.3%                 | 1,540,347                           |         |
| <b>NET BUILDING EXPENSE</b>          | 335,920              | 376,772              | 709,095              | 53.1%                 | 332,323                             | Note 10 |
| <b>TOTAL ADMINISTRATIVE EXPENSES</b> | <u>\$ 18,710,504</u> | <u>\$ 18,953,906</u> | <u>\$ 20,826,576</u> | 91.0%                 | <u>\$ 1,872,670</u>                 |         |

See notes on following page

FYTD = Fiscal Year To Date

## **Notes to System Year-to-Date Budget Analysis Through December 31, 2023**

- Note 1: **Personnel** actuals are tracking close to budget but are being monitored closely. Benefits have trended higher in the 2nd half of calendar year 2023 due to higher prescription drug claims. This continued trend could stress the personnel budget during the second half of fiscal year 2024.
- Note 2: **Banking fees** consist of investment and DDA custodial fees. DDA banking fees are posted in arrears causing a variance through December 31, 2023. Investment custodial fees are based on a combination of investment values and transaction volume, and they are trending lower than originally estimated.
- Note 3: **Investment related** professional services are over budget mainly due to class action fees. SERS contracts with Financial Recovery Technologies who monitors SERS' portfolio for potential class actions to join. SERS was awarded a \$1 million settlement in the Valeant Pharmaceuticals International suit producing a \$87,500 claim expense.
- Note 4: **Technical resources** are under budget for multiple reasons. CBBC programming was budgeted, but it was completed prior to the beginning of the fiscal year and won't be needed. Sagitec was budgeted for an additional consultant that hasn't been used, and then their projects were paused in early December. An outsourced helpdesk position was budgeted, but an internal position was repurposed, so this expense won't be realized. Agile coaching was budgeted in September, but the work is occurring throughout the year. The penetration test was scheduled for November, but it was delayed. The tabletop exercise was scheduled for October but was rescheduled for January.
- Note 5: **Postage** realized savings when 2024 board elections were not required. The candidates ran unopposed.
- Note 6: **Computer support services** are under budget mainly due to timing of subscription and maintenance renewals compared to when they were budgeted. The Microsoft true up was less than budgeted. The subscription for a new phone system wasn't needed after the implementation was terminated.
- Note 7: **Training, Transportation & Travel** are budgeted evenly throughout the year and timing can vary. Training budgeted for staff agile training in the 2<sup>nd</sup> quarter was delayed.
- Note 8: **Insurance** is under budget due to anticipated premium increases not occurring.
- Note 9: **Mandatory ORSC** expense is based on the total fund value and committee activity. The committee has been more active resulting in expenses that are more than what was budgeted.
- Note 10: **Net Building Expense** is comparable to fiscal year 2023, but it is under budget due to pending invoices for janitorial and security services. In addition, anticipated building remodeling has not been needed.



**OSERS Broad Street, LLC**  
**Year-to-Date Budget Analysis**  
**Through December 31, 2023**

|                                | <u>FYTD 2024</u>          |                            |                          |                          |                                     | Notes  |
|--------------------------------|---------------------------|----------------------------|--------------------------|--------------------------|-------------------------------------|--------|
|                                | FY2023<br>Actuals         | FY2024<br>Budget           | Budget                   | Actuals                  | Budget to<br>Actual<br>Under/(Over) |        |
| <b>OPERATING INCOME</b>        |                           |                            |                          |                          |                                     |        |
| Suite Income                   | \$ 436,731                | \$ 506,057                 | \$ 267,094               | \$ 267,953               | (860)                               |        |
| Parking Income                 | 212,775                   | 206,100                    | 104,250                  | 117,140                  | (12,890)                            | Note 1 |
| Miscellaneous Income           | 53,571                    | -                          | -                        | 1,419                    | (1,419)                             |        |
|                                | <u>703,077</u>            | <u>712,157</u>             | <u>371,344</u>           | <u>386,512</u>           | <u>(15,168)</u>                     |        |
| <b>OPERATING EXPENSES</b>      |                           |                            |                          |                          |                                     |        |
| Property Management & Labor    | 305,000                   | 305,000                    | 152,500                  | 152,500                  | -                                   |        |
| Administrative Services        | 6,365                     | 6,825                      | 700                      | 501                      | 199                                 |        |
| Building Maintenance           | 1,062,340                 | 1,129,299                  | 593,469                  | 470,772                  | 122,697                             | Note 2 |
| Utilities                      | 323,827                   | 408,940                    | 198,720                  | 174,593                  | 24,127                              | Note 3 |
| Building & Equipment Insurance | 71,396                    | 87,000                     | 87,000                   | 75,496                   | 11,505                              |        |
| Real Estate Taxes              | 285,677                   | 288,050                    | 15,550                   | 15,519                   | 31                                  |        |
|                                | <u>2,054,605</u>          | <u>2,225,114</u>           | <u>1,047,939</u>         | <u>889,380</u>           | <u>158,559</u>                      |        |
| <b>NON-OPERATING EXPENSES</b>  |                           |                            |                          |                          |                                     |        |
| Lease Commission Fees          | 10,611                    | -                          | -                        | -                        | -                                   |        |
| Special Counsel Fees           | 1,556                     | 5,000                      | 5,000                    | -                        | 5,000                               |        |
| Building Remodeling            | 6,805                     | 150,000                    | 150,000                  | -                        | 150,000                             | Note 4 |
|                                | <u>18,972</u>             | <u>155,000</u>             | <u>155,000</u>           | <u>-</u>                 | <u>155,000</u>                      |        |
| <b>CAPITAL</b>                 |                           |                            |                          |                          |                                     |        |
| Leasehold Improvements         | 266,088                   | 30,000                     | 30,000                   | 26,404                   | 3,596                               |        |
|                                | <u>266,088</u>            | <u>30,000</u>              | <u>30,000</u>            | <u>26,404</u>            | <u>3,596</u>                        |        |
| <b>TOTAL</b>                   | <b><u>\$1,636,588</u></b> | <b><u>\$ 1,697,957</u></b> | <b><u>\$ 861,595</u></b> | <b><u>\$ 529,271</u></b> | <b><u>332,323</u></b>               |        |

FY - Fiscal Year

FYTD - Fiscal Year To Date

See notes on the following page

## Notes to OSERS Broad Street, LLC Year-to-Date Budget Analysis Through December 31, 2023

- Note 1: **Parking Income** is higher for FY2024 than FY2023, due to an increase in parking space rent charged and additional parking tenants.
- Note 2: **Building Operations & Maintenance** is less due to the timing delay of receiving invoices for Security, Janitorial services, and HVAC maintenance. Additionally, some of the grounds keeping that was budgeted to be outsourced was completed by staff.
- Note 3: **Utilities** are below budget due to the timing delay of invoices, and warmer temperatures for the first half of the fiscal year have kept the heating costs down.
- Note 4: **Building Remodeling** is budgeted for tenant requested improvements and new tenant renovations. There are no requested improvements or renovations currently.

**School Employees Retirement System of Ohio**  
**System Year-to-Date Budget Analysis**  
**31-Dec-23**

|   | FY24        |            |            |                    |                               |
|---|-------------|------------|------------|--------------------|-------------------------------|
|   | FY23 Actual | Actual     | Budget     | Actual to Budget % | Budget to Actual Under/(Over) |
| <b>PERSONNEL SERVICES</b>                 | 12,803,189  | 13,058,493 | 13,293,620 | 98.2%              | 235,127                       |
| Salaries & Wages                          | 10,061,600  | 9,834,639  | 9,937,663  | 99.0%              | 103,024                       |
| PERS Retirement Contributions             | 1,308,955   | 1,296,080  | 1,303,329  | 99.4%              | 7,249                         |
| Benefits                                  | 1,432,634   | 1,927,774  | 2,052,628  | 93.9%              | 124,854                       |
| <b>PROFESSIONAL SERVICES</b>              | 2,899,701   | 2,980,384  | 3,450,004  | 86.4%              | 469,620                       |
| Actuarial Advisors                        | 142,509     | 149,533    | 163,250    | 91.6%              | 13,717                        |
| Audit Services                            | 126,763     | 107,179    | 133,000    | 80.6%              | 25,821                        |
| Banking Fees                              | 601,756     | 495,394    | 631,470    | 78.5%              | 136,076                       |
| Investment Related                        | 1,319,367   | 1,429,473  | 1,274,716  | 112.1%             | (154,757)                     |
| Medical                                   | 22,500      | 22,500     | 22,500     | 100.0%             | -                             |
| Technical                                 | 686,806     | 776,305    | 1,225,068  | 63.4%              | 448,763                       |
| <b>COMMUNICATIONS EXPENSE</b>             | 555,469     | 405,979    | 614,386    | 66.1%              | 208,407                       |
| Postage                                   | 344,926     | 226,171    | 383,676    | 58.9%              | 157,505                       |
| Telecommunications Services               | 145,510     | 108,586    | 123,110    | 88.2%              | 14,524                        |
| Member/Employer Education                 | 5,624       | 4,903      | 7,250      | 67.6%              | 2,347                         |
| Printing & Publication                    | 59,409      | 66,319     | 100,350    | 66.1%              | 34,031                        |
| <b>OTHER OPERATING EXPENSE</b>            | 2,116,225   | 2,132,278  | 2,759,471  | 77.3%              | 627,193                       |
| Computer Support Services                 | 1,161,699   | 1,180,287  | 1,577,605  | 74.8%              | 397,318                       |
| Office Equipment & Supplies               | 96,548      | 100,720    | 110,756    | 90.9%              | 10,036                        |
| Training                                  | 59,569      | 68,073     | 153,418    | 44.4%              | 85,345                        |
| Transportation & Travel                   | 77,881      | 94,676     | 113,936    | 83.1%              | 19,260                        |
| Memberships Subscriptions                 | 71,334      | 67,070     | 100,164    | 67.0%              | 33,094                        |
| Property & Mgmt. Liability Insurance      | 519,591     | 504,501    | 582,403    | 86.6%              | 77,902                        |
| Maintenance                               | 33,841      | 19,526     | 24,425     | 79.9%              | 4,899                         |
| Staff Support                             | 67,837      | 60,849     | 66,294     | 91.8%              | 5,445                         |
| School District Reimbursement             | 3,732       | 4,830      | 6,270      | 77.0%              | 1,440                         |
| Mandatory Costs- ORSC                     | 24,193      | 31,746     | 24,200     | 131.2%             | (7,546)                       |
| <b>TOTAL DEPARTMENT EXPENSES</b>          | 18,374,584  | 18,577,134 | 20,117,481 | 92.3%              | 1,540,347                     |
| <b>ADMINISTRATIVE CAPITAL</b>             | -           | -          | -          | 0.0%               | -                             |
| Computer Hardware > \$5,000               | -           | -          | -          | 0.0%               | -                             |
| Computer Software > \$25,000              | -           | -          | -          | 0.0%               | -                             |
| <b>TOTAL SERS ADMINISTRATIVE EXPENSES</b> | 18,374,584  | 18,577,134 | 20,117,481 | 92.3%              | 1,540,347                     |
| <b>NET BUILDING OCCUPANCY EXPENSE</b>     | 335,920     | 376,772    | 709,095    | 53.1%              | 332,323                       |
| <b>TOTAL ADMINISTRATIVE EXPENSES</b>      | 18,710,504  | 18,953,906 | 20,826,576 | 91.0%              | 1,872,670                     |

**School Employees Retirement System of Ohio**

Summary of administrative operation expenses during the period **December 1, 2023-December 31, 2023.**

Actuals  
Dec-2023

| <b>Account</b>                         | <b>Amount</b> |
|--|---------------|
| Salaries & Wages                       | 1,782,930.01  |
| Salaries & Wages- Length of Service    | 165,511.76    |
| Salaries & Wages- Overtime             | 2,013.31      |
| Vacation Leave Expense                 | 197,584.66    |
| Sick Leave Expense                     | 50,018.31     |
| Voluntary Life Insurance Reimbursement | 460.78        |
| Employer Contributions- PERS           | 295,435.16    |
| Group Life                             | 9,627.57      |
| Long Term Disability                   | 3,468.49      |
| Short Term Disability                  | 4,020.56      |
| Group Health Claims                    | 171,627.83    |
| Group Health- Admin Fees               | 7,637.37      |
| Prescription Claims                    | (39,584.00)   |
| Group Health- Stop Loss Admin          | 18,022.14     |
| Vision Claims                          | 2,121.61      |
| Vision Admin Fees                      | 125.28        |
| Group Health- Employee Cost            | (65,106.93)   |
| Group Health- Wellness Incentive       | 3,665.00      |
| Group Health- Tobacco Premiums         | (1,140.00)    |
| Medicare Premium- Employer             | 30,470.85     |
| Deferred Compensation Match            | 7,425.00      |

|                                 |            |
|---------------------------------|------------|
| Actuarial Services              | 16,904.00  |
| Audit                           | 26,328.50  |
| Custodial Fees                  | 54,454.24  |
| Custodial Banking               | 73.36      |
| Master Recordkeeper Fees        | 86,666.67  |
| Investment Advisory Fees        | 130,890.41 |
| Performance/ Analytics Fee      | 97,232.91  |
| Medical Consultant              | 3,750.00   |
| Special Counsel                 | 102,444.25 |
| Technical                       | 55,690.56  |
| Other Professional Services     | 13,901.66  |
| Postage                         | 105,190.91 |
| Telecommunications Services     | 8,959.59   |
| Member/Employer Education       | 49.66      |
| Printing Paper                  | 4,463.80   |
| Communications & Publications   | 16,588.77  |
| Software Subscriptions          | 30,587.92  |
| Hardware < \$5,000              | 609.89     |
| Equipment Repairs & Maintenance | 5,043.29   |
| Office Supplies & Expenses      | 198.08     |
| Miscellaneous Office Supplies   | 398.97     |
| Furniture & Equipment < \$5,000 | 2,362.50   |
| Records Storage                 | 125.00     |
| Seminars & Conferences          | 3,080.65   |

|                                      |                     |
|--------------------------------------|---------------------|
| In House Training                    | 2,908.80            |
| Tuition                              | 1,194.65            |
| Travel & Transportation              | 15,736.59           |
| Mileage                              | 1,626.63            |
| Subscriptions                        | 394.72              |
| Memberships                          | 3,780.00            |
| Interior Landscaping                 | 1,366.37            |
| Vehicle Expense                      | 131.64              |
| Staff Support                        | 9,083.99            |
| Recruiting Expense                   | 34.56               |
| Reimbursement of Leased Svcs.        | (25,416.67)         |
| <b>Total Administrative Expenses</b> | <b>3,423,171.63</b> |

School Employees Retirement System of Ohio  
REVIEW OF ADMINISTRATIVE EXPENSES  
Dec-23

| Expense Account                               | Vendor   | Amount                                |
|---|--|---------------------------------------|
| 53100 - Salaries & Wages                      | ADP, LLC   | 1,782,930.01                          |
|   |  | Subtotal 1,782,930.01                 |
| 53106 - Salaries & Wages - Length of Service  | ADP, LLC   | 165,511.76                            |
|   |  | Subtotal 165,511.76                   |
| 53110 - Salaries & Wages - Overtime           | ADP, LLC   | 2,013.31                              |
|   |  | Subtotal 2,013.31                     |
| 53111 - Vacation Leave Expense                | ADP, LLC   | 197,584.66                            |
|   |  | Subtotal 197,584.66                   |
| 53112 - Sick Leave Expense                    | ADP, LLC   | 50,018.31                             |
|   |  | Subtotal 50,018.31                    |
| 53113- Voluntary Life Insurance Reimbursement | ADP, LLC   | 460.78                                |
|   |  | Subtotal 460.78                       |
| 53200 - Employer Contributions - PERS         | ADP, LLC   | 295,435.16                            |
|   |  | Subtotal 295,435.16                   |
| 53300 - Group Life                            | American United Life Insurance Company                                     | 9,627.57                              |
|   |  | Subtotal 9,627.57                     |
| 53310 - Long Term Disability                  | American United Life Insurance Company                                     | 3,468.49                              |
|   |  | Subtotal 3,468.49                     |
| 53315 - Short Term Disability                 | American United Life Insurance Company                                     | 4,020.56                              |
|   |  | Subtotal 4,020.56                     |
| 53320 - Group Health Claims                   | Aetna Daily Wires - ESERS  | 171,627.83                            |
|   |  | Subtotal 171,627.83                   |
| 53321 - Group Health - Admin Fees             | Aetna Admin - ESERS  | 7,637.37                              |
|   |  | Subtotal 7,637.37                     |
| 53322 - Prescription Claims                   | Express Scripts Rebate<br>Express Scripts - ESERS<br>SaveonSP, LLC         | (117,188.00)<br>74,954.90<br>2,649.10 |
|   |  | Subtotal (39,584.00)                  |
| 53324 - Group Health - Stop Loss Admin        | Aetna Admin - ESERS  | 18,022.14                             |
|   |  | Subtotal 18,022.14                    |
| 53326 - Vision Claims                         | VSP - (OH)   | 2,121.61                              |
|   |  | Subtotal 2,121.61                     |
| 53327 - Vision Admin Fees                     | VSP - (OH)   | 125.28                                |
|   |  | Subtotal 125.28                       |
| 53330 - Group Health - Employee Cost          | Employee Premiums  | (65,106.93)                           |
|   |  | Subtotal (65,106.93)                  |
| 53331 - Group Health - Wellness Incentive     | ADP, LLC   | 3,665.00                              |
|   |  | Subtotal 3,665.00                     |
| 53332 - Group Health - Tobacco Premiums       | ADP, LLC   | (1,140.00)                            |
|   |  | Subtotal (1,140.00)                   |
| 53340 - Medicare Premium - Employer           | ADP, LLC<br>ADP, LLC- adjustment   | 30,470.84<br>0.01                     |
|   |  | Subtotal 30,470.85                    |
| 53380 - Deferred Compensation Match           | ADP, LLC   | 7,425.00                              |
|   |  | Subtotal 7,425.00                     |
| 54100 - Actuarial Services                    | Cavanaugh MacDonald Consulting, LLC<br>Cavanaugh MacDonald Consulting, LLC | 12,000.00<br>4,904.00                 |
|   |  | Subtotal 16,904.00                    |
| 54200 - Audit                                 | Treasurer of State of Ohio<br>Plante & Moran, PLLC                         | 824.50<br>25,504.00                   |
|   |  | Subtotal 26,328.50                    |
| 54310 - Custodial Fees                        | BNY Mellon Asset Servicing   | 54,454.24                             |
|   |  | Subtotal 54,454.24                    |
| 54320 - Custodial Banking                     | Treasurer of State - Warrants  | 73.36                                 |
|   |  | Subtotal 73.36                        |
| 54410 - Master Recordkeeper Fees              | BNY Mellon Asset Servicing   | 86,666.67                             |
|   |  | Subtotal 86,666.67                    |
| 54420 - Investment Advisory Fees              | Wilshire/Aksia   | 130,890.41                            |
|   |  | Subtotal 130,890.41                   |

|   |   |            |
|---|---|------------|
| 54430 - Performance/Analytics Fee       | BNY Mellon Asset Servicing              | 34,371.66  |
|   | Barra LLC                               | 59,611.25  |
|   | Frank Russell Company                   | 250.00     |
|   | Wilshire Advisors, LLC                  | 3,000.00   |
|   | Subtotal                                | 97,232.91  |
| 54520 - Medical Consultant              | Borchers, M.D., Glen G.                 | 3,750.00   |
|   | Subtotal                                | 3,750.00   |
| 54610 - Special Counsel                 | Ice Miller LLP                          | 23,569.25  |
|   | Seyfarth Shaw LLP                       | 77,630.00  |
|   | Newhouse,Prophater,Kolman&Hogan LLC     | 210.00     |
|   | Calfee Halter & Griswold LLP            | 1,035.00   |
|   | Subtotal                                | 102,444.25 |
| 54620 - Technical                       | LexisNexis Risk Data Management, Inc    | 2,228.06   |
|   | ComResource                             | 15,668.75  |
|   | Velosio                                 | 318.75     |
|   | Merative US L.P.                        | 29,500.00  |
|   | Improving Ohio, Inc.                    | 7,975.00   |
|   | Subtotal                                | 55,690.56  |
| 54630 - Other Professional Services     | Wickert, Kimberly                       | 576.00     |
|   | Vorys Advisors LLC                      | 3,666.66   |
|   | NASRA                                   | 125.00     |
|   | Linea Solutions, Inc.                   | 1,795.00   |
|   | RAMA Consulting Group                   | 7,739.00   |
|   | Subtotal                                | 13,901.66  |
| 55100 - Postage                         | Pitney Bowes Inc.                       | 4,439.41   |
|   | United States Postal Service            | 100,000.00 |
|   | Columbus Courier & Freight LLC          | 264.45     |
|   | Unishippers Association                 | 347.45     |
|   | FedEx                                   | 139.60     |
|   | Subtotal                                | 105,190.91 |
| 55200 - Telecommunications Services     | Verizon Wireless                        | 393.92     |
|   | AT&T                                    | 40.10      |
|   | LUMEN                                   | 3,497.11   |
|   | Spectrum AWS                            | 1,794.00   |
|   | Everstream Solutions LLC                | 1,376.00   |
|   | XO Verizon                              | 1,858.46   |
|   | Subtotal                                | 8,959.59   |
| 55300 - Member/Employer Education       | Vaughan, Cameron                        | 10.19      |
|   | Richards, Michelle                      | 39.47      |
|   | Subtotal                                | 49.66      |
| 55400 - Printing Paper                  | Sterling Paper Company                  | 4,463.80   |
| Subtotal                                | 4,463.80                                |            |
| 55420 - Communications & Publications   | Tension Envelope Corporation            | 4,177.95   |
|   | Proforma Graphic Services               | 4,475.82   |
|   | Bindery and Specialties, Inc.           | 5,260.00   |
|   | Hopkins Printing                        | 2,675.00   |
|   | Subtotal                                | 16,588.77  |
| 56035 - Software Subscriptions          | Shi International Corp.                 | 12,420.00  |
|   | Amazon.com                              | 64.01      |
|   | ADP, LLC                                | 3,708.70   |
|   | Zoom                                    | 556.81     |
|   | Expedient                               | 13,380.40  |
|   | JetBrains America, Inc.                 | 458.00     |
|   | Subtotal                                | 30,587.92  |
| 56040 - Hardware < \$5,000              | Shi International Corp.                 | 262.20     |
|   | Amazon.com                              | 347.69     |
|   | Subtotal                                | 609.89     |
| 56110 - Equipment Repairs & Maintenance | Ricoh USA, Inc                          | 851.61     |
|   | Digital Print Solutions                 | 1,972.79   |
|   | LD Products Inc.                        | 718.16     |
|   | Woodhull                                | 297.98     |
|   | US Bank Equipment Finance               | 1,202.75   |
|   | Subtotal                                | 5,043.29   |
| 56130 - Office Supplies & Expenses      | Amazon.com                              | 189.06     |
|   | Target                                  | 9.02       |
|   | Subtotal                                | 198.08     |
| 56140 - Miscellaneous Office Supplies   | Markt, LLC                              | 398.97     |
| Subtotal                                | 398.97                                  |            |
| 56150 - Furniture & Equipment < \$5,000 | Old Town Upholstery LLC                 | 2,362.50   |
| Subtotal                                | 2,362.50                                |            |
| 56160 - Records Storage                 | Vital Records Holdings, LLC             | 125.00     |
| Subtotal                                | 125.00                                  |            |
| 56210 - Seminars & Conferences          | Government Finance Officers Association | 220.00     |
|   | Ohio State University                   | 2,700.00   |
|   | Masri, Judi                             | 160.65     |
|   | Subtotal                                | 3,080.65   |
| 56220 - In House Training               | ADP, LLC                                | 658.80     |
|   | Steven R. Edwards                       | 2,250.00   |
|   | Subtotal                                | 2,908.80   |
| 53370 - Tuition                         | Maynard, Chris                          | 1,194.65   |



|                                      |   |          |              |
|--------------------------------------|---|----------|--------------|
|                                      |   | Subtotal | 1,194.65     |
| 56310 - Travel & Transportation      | Fifth Third Bank- Super Shuttle credit for cancelled trip |          | (16.25)      |
|                                      | Kamat, Suresh   |          | 1,789.62     |
|                                      | Price, Steve  |          | 1,364.15     |
|                                      | Kroger  |          | 9.66         |
|                                      | Rossler, James  |          | 132.75       |
|                                      | Haller, James   |          | 403.23       |
|                                      | Phillips, Barbra  |          | 284.55       |
|                                      | Sam's Club  |          | 64.27        |
|                                      | Bell, Joe   |          | 679.92       |
|                                      | Le, Hai Yen   |          | 936.29       |
|                                      | Majeed, Farouki   |          | 2,140.29     |
|                                      | Masri, Judi   |          | 1,870.70     |
|                                      | Moss, Catherine   |          | 683.98       |
|                                      | Wilson, Daniel L.   |          | 122.00       |
|                                      | King, Matt  |          | 293.18       |
|                                      | Walmart   |          | 11.60        |
|                                      | Weglarz, Frank  |          | 142.73       |
|                                      | Collins, Chris  |          | 647.00       |
|                                      | HoneyBaked Ham  |          | 357.97       |
|                                      | Bradley, Susan  |          | 592.57       |
|                                      | Cameron Mitchell  |          | 1,205.00     |
|                                      | Super Shuttle   |          | 256.98       |
|                                      | Davis, Jeff   |          | 679.92       |
|                                      | Russell, Aimee  |          | 644.48       |
|                                      | Arrowstreet Capital                                       |          | 440.00       |
|                                      |   | Subtotal | 15,736.59    |
| 56311 - Mileage                      | Kamat, Suresh   |          | 28.42        |
|                                      | Rossler, James  |          | 186.02       |
|                                      | Haller, James   |          | 126.80       |
|                                      | Phillips, Barbra  |          | 122.88       |
|                                      | Le, Hai Yen   |          | 17.04        |
|                                      | Majeed, Farouki   |          | 15.00        |
|                                      | Masri, Judi   |          | 106.89       |
|                                      | Moss, Catherine   |          | 226.64       |
|                                      | Wilson, Daniel L.   |          | 195.20       |
|                                      | King, Matt  |          | 157.20       |
|                                      | Weglarz, Frank  |          | 213.54       |
|                                      | Russell, Aimee  |          | 231.00       |
|                                      |   | Subtotal | 1,626.63     |
| 56410 - Subscriptions                | Wall Street Journal                                       |          | 125.73       |
|                                      | Constant Contact  |          | 227.00       |
|                                      | Shutterstock, Inc.  |          | 29.00        |
|                                      | Toledo Blade  |          | 12.99        |
|                                      |   | Subtotal | 394.72       |
| 56420 - Memberships                  | Government Finance Officers Association                   |          | 1,205.00     |
|                                      | NCREIF  |          | 2,575.00     |
|                                      |   | Subtotal | 3,780.00     |
| 56630 - Interior Landscaping         | Ambius Inc.   |          | 1,366.37     |
|                                      |   | Subtotal | 1,366.37     |
| 56640 - Vehicle Expense              | Moo Moo Car Wash  |          | 14.00        |
|                                      | Firestone Complete Auto Care                              |          | 117.64       |
|                                      |   | Subtotal | 131.64       |
| 56620 - Staff Support                | Cintas Corporation  |          | 596.11       |
|                                      | ADP, LLC  |          | 5,182.00     |
|                                      | Kroger  |          | 25.00        |
|                                      | Premier ProduceOne  |          | 139.70       |
|                                      | Amazon.com  |          | 520.00       |
|                                      | PayFlex Systems USA, Inc.                                 |          | 332.50       |
|                                      | Wellable LLC  |          | 475.80       |
|                                      | Fleet Feet  |          | 25.00        |
|                                      | Aetna Behavioral Health, LLC                              |          | 282.60       |
|                                      | Acorn Distributors Inc.                                   |          | 64.23        |
|                                      | Cuyahoga Franklin Group                                   |          | 1,386.25     |
|                                      | From Your Flowers   |          | 54.80        |
|                                      |   | Subtotal | 9,083.99     |
| 56621 - Recruiting Expense           | Indeed  |          | 34.56        |
|                                      |   | Subtotal | 34.56        |
| 56900 - Reimbursement of Leased Svcs | Reimbursement of Leased Services                          |          | (25,416.67)  |
|                                      |   | Subtotal | (25,416.67)  |
|                                      | Total SERS Administrative Expense                         |          | 3,423,171.63 |

**School Employees Retirement System of Ohio**

Summary of administrative operation expenses during the period **January 1, 2024 - January 31, 2024.**

Actuals  
Jan-2024

| <b>Account</b>                         | <b>Amount</b> |
|--|---------------|
| Salaries & Wages                       | 1,237,377.63  |
| Salaries & Wages- Overtime             | 1,491.74      |
| Vacation Leave Expense                 | 115,207.25    |
| Sick Leave Expense                     | 112,230.09    |
| Voluntary Life Insurance Reimbursement | 241.36        |
| Employer Contributions- PERS           | 208,035.71    |
| Group Life                             | 10,024.51     |
| Long Term Disability                   | 3,469.88      |
| Short Term Disability                  | 2,705.39      |
| Group Health Claims                    | 290,150.63    |
| Group Health- Admin Fees               | 7,732.59      |
| Prescription Claims                    | 156,596.40    |
| Prescription Admin Fees                | 1,056.80      |
| Group Health- Stop Loss Admin          | 20,722.83     |
| Vision Claims                          | 2,711.90      |
| Vision Admin Fees                      | 125.28        |
| Group Health- Employee Cost            | (35,941.77)   |
| Group Health- Wellness Incentive       | 3,910.00      |
| Group Health- Tobacco Premiums         | (700.00)      |
| Medicare Premium- Employer             | 23,071.91     |
| Workers Compensation                   | 2,512.00      |
| Deferred Compensation Match            | 4,950.00      |

|                                 |            |
|---------------------------------|------------|
| Actuarial Services              | 12,000.00  |
| Custodial Fees                  | 90,000.00  |
| Custodial Banking               | 46,703.52  |
| Master Recordkeeper Fees        | 86,666.67  |
| Performance/ Analytics Fee      | 38,401.66  |
| Medical Consultant              | 3,750.00   |
| Special Counsel                 | 45,147.50  |
| Technical                       | 42,062.83  |
| Other Professional Services     | 11,015.08  |
| Postage                         | 5,830.86   |
| Telecommunications Services     | 8,343.89   |
| Member/Employer Education       | 60.13      |
| Communications & Publications   | 6,690.00   |
| Software Maintenance            | 7,975.80   |
| Software Subscriptions          | 42,377.38  |
| Hardware < \$5,000              | 126.25     |
| Equipment Repairs & Maintenance | 7,864.83   |
| Office Supplies & Expenses      | 155.71     |
| Records Storage                 | 125.00     |
| Seminars & Conferences          | (1,115.00) |
| In House Training               | 7,256.80   |
| Tuition                         | (348.00)   |
| Travel & Transportation         | 968.77     |
| Subscriptions                   | 21,008.23  |
| Memberships                     | 26,443.50  |

|                                      |                     |
|--------------------------------------|---------------------|
| Interior Landscaping                 | 1,386.37            |
| Vehicle Expense                      | 39.50               |
| Staff Support                        | 8,180.98            |
| Board Member- School Board Reimb.    | (288.50)            |
| Ohio Retirement Study Council        | 15,872.90           |
| Reimbursement of Leased Svcs.        | (25,416.67)         |
| <b>Total Administrative Expenses</b> | <b>2,676,968.12</b> |

School Employees Retirement System of Ohio  
REVIEW OF ADMINISTRATIVE EXPENSES  
Jan-24

| Expense Account                               | Vendor                                   | Amount                |
|---|--|-----------------------|
| 53100 - Salaries & Wages                      | ADP, LLC                                 | 1,237,377.63          |
|   |  | Subtotal 1,237,377.63 |
| 53110 - Salaries & Wages - Overtime           | ADP, LLC                                 | 1,491.74              |
|   |  | Subtotal 1,491.74     |
| 53111 - Vacation Leave Expense                | ADP, LLC                                 | 115,207.25            |
|   |  | Subtotal 115,207.25   |
| 53112 - Sick Leave Expense                    | ADP, LLC                                 | 112,230.09            |
|   |  | Subtotal 112,230.09   |
| 53113- Voluntary Life Insurance Reimbursement | ADP, LLC                                 | 241.36                |
|   |  | Subtotal 241.36       |
| 53200 - Employer Contributions - PERS         | ADP, LLC                                 | 208,035.71            |
|   |  | Subtotal 208,035.71   |
| 53300 - Group Life                            | American United Life Insurance Company   | 10,024.51             |
|   |  | Subtotal 10,024.51    |
| 53310 - Long Term Disability                  | American United Life Insurance Company   | 3,469.88              |
|   |  | Subtotal 3,469.88     |
| 53315 - Short Term Disability                 | American United Life Insurance Company   | 2,705.39              |
|   |  | Subtotal 2,705.39     |
| 53320 - Group Health Claims                   | Aetna Daily Wires - ESERS                | 290,150.63            |
|   |  | Subtotal 290,150.63   |
| 53321 - Group Health - Admin Fees             | Aetna Admin - ESERS                      | 7,732.59              |
|   |  | Subtotal 7,732.59     |
| 53322 - Prescription Claims                   | Express Scripts - ESERS<br>SaveonSP, LLC | 151,422.71            |
|   |  | 5,173.69              |
|   |  | Subtotal 156,596.40   |
| 53323 - Prescription Admin fees               | Beyond Blue Corporation                  | 1,056.80              |
|   |  | Subtotal 1,056.80     |
| 53324 - Group Health - Stop Loss Admin        | Aetna Admin - ESERS                      | 20,722.83             |
|   |  | Subtotal 20,722.83    |
| 53326 - Vision Claims                         | VSP - (OH)                               | 2,711.90              |
|   |  | Subtotal 2,711.90     |
| 53327 - Vision Admin Fees                     | VSP - (OH)                               | 125.28                |
|   |  | Subtotal 125.28       |
| 53330 - Group Health - Employee Cost          | Employee Premiums                        | (35,941.77)           |
|   |  | Subtotal (35,941.77)  |
| 53331 - Group Health - Wellness Incentive     | ADP, LLC                                 | 3,910.00              |
|   |  | Subtotal 3,910.00     |
| 53332 - Group Health - Tobacco Premiums       | ADP, LLC                                 | (700.00)              |
|   |  | Subtotal (700.00)     |
| 53340 - Medicare Premium - Employer           | ADP, LLC                                 | 23,071.91             |
|   |  | Subtotal 23,071.91    |
| 53350 - Workers Compensation                  | Ohio Bureau Of Workers Compensation      | 2,512.00              |
|   |  | Subtotal 2,512.00     |
| 53380 - Deferred Compensation Match           | ADP, LLC                                 | 4,950.00              |
|   |  | Subtotal 4,950.00     |
| 54100 - Actuarial Services                    | Cavanaugh MacDonald Consulting, LLC      | 12,000.00             |
|   |  | Subtotal 12,000.00    |
| 54310 - Custodial Fees                        | BNY Mellon Asset Servicing               | 90,000.00             |
|   |  | Subtotal 90,000.00    |
| 54320 - Custodial Banking                     | Huntington National Bank                 | 46,703.52             |
|   |  | Subtotal 46,703.52    |
| 54410 - Master Recordkeeper Fees              | BNY Mellon Asset Servicing               | 86,666.67             |
|   |  | Subtotal 86,666.67    |

|   |   |             |
|---|---|-------------|
| 54430 - Performance/Analytics Fee       | BNY Mellon Asset Servicing              | 34,401.66   |
|   | MSCI ESG Research LLC                   | 1,000.00    |
|   | Wilshire Advisors, LLC                  | 3,000.00    |
|   | Subtotal                                | 38,401.66   |
| 54520 - Medical Consultant              | Borchers, M.D., Glen G.                 | 3,750.00    |
|   | Subtotal                                | 3,750.00    |
| 54610 - Special Counsel                 | Accrued Purchases                       | 35.00       |
|   | Ice Miller LLP                          | 1,982.50    |
|   | Seyfarth Shaw LLP                       | 41,545.00   |
|   | Newhouse,Prophater,Kolman&Hogan LLC     | 280.00      |
|   | Calfee Halter & Griswold LLP            | 1,305.00    |
|   | Subtotal                                | 45,147.50   |
| 54620 - Technical                       | LexisNexis Risk Data Management, Inc    | 456.58      |
|   | The Soft Edge, Inc                      | 1,575.00    |
|   | Sigital, LLC                            | 370.00      |
|   | ComResource                             | 2,048.75    |
|   | Velosio                                 | 255.00      |
|   | Improving Ohio, Inc.                    | 12,357.50   |
| ERM Protect                             | 25,000.00                               |             |
|   | Subtotal                                | 42,062.83   |
| 54630 - Other Professional Services     | Accrual Reversal                        | (10,283.22) |
|   | Wickert, Kimberly                       | 270.00      |
|   | Government Finance Officers Association | 1,515.00    |
|   | Vorys Advisors LLC                      | 3,666.66    |
|   | Attorney General                        | 14,077.64   |
|   | Linea Solutions, Inc.                   | 759.00      |
|   | U.S. Citizenship & Immigration          | 410.00      |
|   | International Student Scholar Office    | 600.00      |
|   | Subtotal                                | 11,015.08   |
| 55100 - Postage                         | Notifii LLC                             | 534.00      |
|   | Pitney Bowes Inc.                       | 4,811.97    |
|   | Columbus Courier & Freight LLC          | 32.25       |
|   | Unishippers Association                 | 359.67      |
|   | FedEx                                   | 92.97       |
|   | Subtotal                                | 5,830.86    |
| 55200 - Telecommunications Services     | Verizon Wireless                        | 393.92      |
|   | AT&T                                    | 50.09       |
|   | LUMEN                                   | 3,510.69    |
|   | Spectrum                                | 215.90      |
|   | Spectrum AWS                            | 938.30      |
|   | Everstream Solutions LLC                | 1,376.00    |
|   | XO Verizon                              | 1,858.99    |
|   | Subtotal                                | 8,343.89    |
| 55300 - Member/Employer Education       | Vaughan, Cameron                        | 29.00       |
|   | Richards, Michelle                      | 31.13       |
|   | Subtotal                                | 60.13       |
| 55420 - Communications & Publications   | Bindery and Specialties, Inc.           | 6,690.00    |
|   | Subtotal                                | 6,690.00    |
| 56030 - Software Maintenance            | Red Gate Software, Ltd.                 | 7,975.80    |
|   | Subtotal                                | 7,975.80    |
| 56035 - Software Subscriptions          | Shi International Corp.                 | 1,495.76    |
|   | FastSpring                              | 499.99      |
|   | Amazon.com                              | (64.01)     |
|   | ADP, LLC                                | 3,057.51    |
|   | PDFForge.org                            | 950.00      |
|   | Zoom                                    | 556.81      |
|   | Wellable LLC                            | 475.80      |
|   | Diligent                                | 21,897.22   |
|   | Expedient                               | 13,380.40   |
|   | Amazon Web Services                     | 127.90      |
|   | Subtotal                                | 42,377.38   |
| 56040 - Hardware < \$5,000              | Avnet.com                               | 126.25      |
|   | Subtotal                                | 126.25      |
| 56110 - Equipment Repairs & Maintenance | Ricoh USA, Inc                          | 1,754.43    |
|   | Digital Print Solutions                 | 1,119.89    |
|   | Canon Financial Services, Inc           | 2,410.40    |
|   | LD Products Inc.                        | 643.96      |
|   | US Bank Equipment Finance               | 1,936.15    |
|   | Subtotal                                | 7,864.83    |
| 56130 - Office Supplies & Expenses      | Amazon.com                              | 155.71      |
|   | Subtotal                                | 155.71      |
| 56160 - Records Storage                 | Vital Records Holdings, LLC             | 125.00      |
|   | Subtotal                                | 125.00      |

|  |   |              |
|--|---|--------------|
| 56210 - Seminars & Conferences             | International Foundation of Employee Benefit Plans- reimbursement for overpayment | (2,245.00)   |
|  | Ohio State University   | 900.00       |
|  | Jarvis, Sam   | 230.00       |
|  | Subtotal  | (1,115.00)   |
| 56220 - In House Training                  | Amazon.com  | 3,265.00     |
|  | ADP, LLC  | 658.80       |
|  | Steven R. Edwards   | 3,333.00     |
|  | Subtotal  | 7,256.80     |
| 53370 - Tuition                            | Employee Tuition Repayment  | (348.00)     |
|  | Subtotal  | (348.00)     |
| 56310 - Travel & Transportation            | Kroger  | 42.98        |
|  | Giant Eagle   | 29.17        |
|  | Sam's Club  | 40.16        |
|  | Cameron Mitchell  | 187.50       |
|  | Podila, Veera   | 668.96       |
|  | Subtotal  | 968.77       |
| 56410 - Subscriptions                      | Wall Street Journal   | 167.64       |
|  | Constant Contact  | 145.00       |
|  | Shutterstock, Inc.  | 29.00        |
|  | Wolters Kluwer Law & Business   | 3,173.65     |
|  | BCA Research Inc.   | 16,031.50    |
|  | Dow Jones & Company, Inc.   | 198.45       |
|  | Toledo Blade  | 12.99        |
|  | Currency Research Associates LLC  | 1,250.00     |
|  | Subtotal  | 21,008.23    |
| 56420 - Memberships                        | Ohio G.F.O.A.   | 70.00        |
|  | Stensrud, Richard   | 331.75       |
|  | Society for Human Resource Management   | 244.00       |
|  | Public Pension Financial Forum  | 600.00       |
|  | Institute of Internal Auditors  | 190.00       |
|  | ISC2  | 125.00       |
|  | NASRA   | 4,995.00     |
|  | National Association of Public Pension Attorneys                                  | 1,050.00     |
|  | Masri, Judi   | 100.00       |
|  | Council of Institutional Investors  | 15,000.00    |
|  | International Foundation of Employee Benefit Plans                                | 1,685.00     |
|  | Public Retirement Information Systems Management                                  | 500.00       |
|  | Institutional Society of Risk Professionals                                       | 300.00       |
|  | Pension Real Estate Association   | 330.00       |
|  | Information Systems Audit and Control Association                                 | 235.00       |
|  | Risk & Insurance Management Society, Inc.   | 420.00       |
|  | Hyland, Christopher   | 267.75       |
|  | Subtotal  | 26,443.50    |
| 56630 - Interior Landscaping               | Ambius Inc. (05)  | 1,386.37     |
|  | Subtotal  | 1,386.37     |
| 56640 - Vehicle Expense                    | BP Oil Company  | 39.50        |
|  | Subtotal  | 39.50        |
| 56620 - Staff Support                      | ADP, LLC  | 3,517.00     |
|  | Panera Bread  | 238.94       |
|  | Premier ProduceOne  | 428.00       |
|  | Amazon.com  | 553.94       |
|  | PayFlex Systems USA, Inc.   | 357.00       |
|  | City Barbeque, Inc.   | 203.88       |
|  | Life Insurance Company of North America   | 900.00       |
|  | Target  | 25.00        |
|  | Aetna Behavioral Health, LLC  | 282.60       |
|  | Acorn Distributors Inc.   | 468.61       |
|  | Cuyahoga Franklin Group   | 952.40       |
|  | Zoup Catering   | 216.13       |
|  | Hoy, Carolyn  | 37.48        |
|  | Subtotal  | 8,180.98     |
| 56710 - Board Member - School Board Reimb. | Accrual Reversal  | (684.12)     |
|  | Ashland City School District  | 395.62       |
|  | Subtotal  | (288.50)     |
| 56820 - Ohio Retirement Study Council      | Ohio Retirement Study Council   | 15,872.90    |
|  | Subtotal  | 15,872.90    |
| 56900 - Reimbursement of Leased Svcs       | Reimbursement of Leased Services  | (25,416.67)  |
|  | Subtotal  | (25,416.67)  |
|  | Total SERS Administrative Expense   | 2,676,968.12 |

FY2024 Administrative Budget  
Board Expense to Budget Reporting  
Year-to-Date Through December 31, 2023

| Major Category/Sub-Major Category       | Line Item                                 | Vendor                        | FY2024 Budget Approved | Year to Date Expense   | Additional Information                  |
|---|---|-------------------------------|------------------------|------------------------|---|
| <b>PROFESSIONAL SERVICES</b>            |   |                               | <b>\$ 6,456,305.00</b> | <b>\$ 2,980,384.43</b> |   |
| ACTUARIAL ADVISORS                      |   |                               | \$ 292,500.00          | \$ 149,533.00          |   |
|   | Actuarial                                 | Cavanaugh Macdonald           | 292,500.00             | 149,533.00             | Actuarial Consultant                    |
| AUDITING                                |   |                               | \$ 234,000.00          | \$ 107,178.50          |   |
|   | Auditing                                  | Plante Moran                  | 184,000.00             | 105,504.00             | External Auditor                        |
| BANKING FEES                            |   |                               | \$ 1,262,940.00        | \$ 495,394.41          |   |
|   | Custodial Banking                         |                               | 1,068,000.00           | 451,349.40             |   |
|   |   | Fifth Third                   | 336,000.00             | 138,433.88             | Domestic Custodian                      |
|   |   | BNYM                          | 732,000.00             | 312,915.52             | International Custodian                 |
|   | Administrative Banking                    | Huntington National Bank/ TOS | 194,940.00             | 44,045.01              | Banking Services                        |
| INVESTMENT RELATED                      |   |                               | \$ 2,465,349.00        | \$ 1,429,473.45        |   |
|   | Master Recordkeeper                       |                               | 1,056,000.00           | 538,396.78             |   |
|   | Investment Consulting & Advisory Services |                               | 525,000.00             | 262,499.99             |   |
|   |   | Wilshire                      | 450,000.00             | 225,000.00             | Investment Consulting                   |
|   | Performance Analytics Services            |                               | 703,264.92             | 416,023.75             |   |
|   |   | Barra-One Risk Mgmt Sys       | 238,445.00             | 178,833.75             | Investment Risk Analytics               |
|   |   | BNY Mellon GRS                | 412,820.00             | 206,409.96             | Investment Performance Analytics        |
| TECHNICAL                               |   |                               | \$ 2,156,516.00        | \$ 776,305.07          |   |
|   | Special Counsel                           |                               | 240,000.00             | 149,066.75             |   |
|   | Technical                                 |                               | 1,360,084.00           | 336,303.84             |   |
|   |   | Merative                      | 121,000.00             | 59,000.00              | Data Warehouse                          |
|   |   | Sagitec                       | 550,000.00             | 140,736.76             | SMART Development Resources             |
|   | Other Professional Services               |                               | 556,432.00             | 290,934.48             |   |
| <b>OTHER OPERATING EXPENSE</b>          |   |                               | <b>\$ 4,108,942.43</b> | <b>\$ 1,996,345.35</b> |   |
| <b>COMPUTER SUPPORT SERVICES</b>        |   |                               | <b>\$ 2,737,127.00</b> | <b>\$ 1,194,143.10</b> |   |
|   | Software Maintenance                      |                               | 1,047,108.00           | 534,986.50             |   |
|   |   | Hyland                        | 119,061.00             | 117,916.85             | ImageNow                                |
|   |   | Dell                          | 290,000.00             | 246,943.83             | Microsoft Enterprise Agreement/ True Up |
|   |   | Sagitec                       | 420,000.00             | 140,000.00             | SMART Silver Support                    |
|   | Software Subscriptions                    |                               | 1,444,815.00           | 618,684.12             |   |
|   |   | DRaaS                         | 158,000.00             | 88,282.40              | Expedient                               |
|   |   | Dynamo                        | 202,000.00             | 199,940.00             | Dynamo Software, INC                    |
|   |   | Carahsoft                     | 124,850.00             | 125,911.80             | ServiceNow System                       |
|   |   | UCaaS Vendor- TBD             | 128,500.00             | -                      | Telecommunication Services              |
| PROPERTY MANAGEMENT LIABILITY INSURANCE |   |                               | \$ 582,403.00          | \$ 504,500.50          |   |
|   | Management Liability Insurance            |                               | 582,403.00             | 504,500.50             |   |
|   |   | Cyber Liability Insurance     | 190,315.00             | 163,592.50             | ARC Excess & Surplus, LLC               |
|   |   | Crime Fiduciary D&O Insurance | 389,388.00             | 340,908.00             | ARC Excess & Surplus, LLC               |



PROJECT ITEMS

| Major Category/Sub-Major Category | Line Item | Project | FY2024 Budget | YTD Expense | Additional Information |
|-----------------------------------|-----------|---------|---------------|-------------|------------------------|
| <b>PROFESSIONAL SERVICES</b>      |           |         |               |             |                        |
|                                   | TECHNICAL |         |               |             |                        |

SERS

UNBUDGETED PROJECT ITEMS

| Major Category/Sub-Major Category | Line Item | Project | FY2024 Budget | YTD Expense | Expense Reallocation |
|-----------------------------------|-----------|---------|---------------|-------------|----------------------|
|-----------------------------------|-----------|---------|---------------|-------------|----------------------|

OSERS BROAD STREET, LLC

UNBUDGETED PROJECT ITEMS

| Major Category | Line Item | Project | FY2024 Budget | YTD Expense |
|----------------|-----------|---------|---------------|-------------|
|----------------|-----------|---------|---------------|-------------|

FY2024 Administrative Budget  
Board Expense to Budget Reporting  
Year-to-Date Through January 31, 2024

| Major Category/Sub-Major Category              | Line Item                                 | Vendor                        | FY2024 Budget Approved | Year to Date Expense   | Additional Information                  |
|--|---|-------------------------------|------------------------|------------------------|---|
| <b>PROFESSIONAL SERVICES</b>                   |   |                               | <b>\$ 6,456,305.00</b> | <b>\$ 3,357,045.39</b> |   |
| ACTUARIAL ADVISORS                             |   |                               | \$ 292,500.00          | \$ 161,533.00          |   |
|  | Actuarial                                 | Cavanaugh Macdonald           | 292,500.00             | 161,533.00             | Actuarial Consultant                    |
| AUDITING                                       |   |                               | \$ 184,000.00          | \$ 105,504.00          |   |
|  | Auditing                                  | Plante Moran                  | 184,000.00             | 105,504.00             | External Auditor                        |
| <b>BANKING FEES</b>                            |   |                               | <b>\$ 1,262,940.00</b> | <b>\$ 632,097.93</b>   |   |
|  | Custodial Banking                         |                               | 1,068,000.00           | 541,349.40             |   |
|  |   | Fifth Third                   | 336,000.00             | 173,433.88             | Domestic Custodian                      |
|  |   | BNYM                          | 732,000.00             | 367,915.52             | International Custodian                 |
|  | Administrative Banking                    | Huntington National Bank/ TOS | 194,940.00             | 90,748.53              | Banking Services                        |
| <b>INVESTMENT RELATED</b>                      |   |                               | <b>\$ 2,465,349.00</b> | <b>\$ 1,555,455.48</b> |   |
|  | Master Recordkeeper                       |                               | 1,056,000.00           | 625,063.45             |   |
|  | Investment Consulting & Advisory Services |                               | 525,000.00             | 262,499.99             |   |
|  |   | Wilshire                      | 450,000.00             | 225,000.00             | Investment Consulting                   |
|  | Performance Analytics Services            |                               | 703,264.92             | 454,425.41             |   |
|  |   | Barra-One Risk Mgmt Sys       | 238,445.00             | 178,833.75             | Investment Risk Analytics               |
|  |   | BNY Mellon GRS                | 412,820.00             | 256,591.66             | Investment Performance Analytics        |
| <b>TECHNICAL</b>                               |   |                               | <b>\$ 2,156,516.00</b> | <b>\$ 874,530.48</b>   |   |
|  | Special Counsel                           |                               | 240,000.00             | 194,214.25             |   |
|  | Technical                                 |                               | 1,360,084.00           | 378,366.67             |   |
|  |   | Merative                      | 121,000.00             | 59,000.00              | Data Warehouse                          |
|  |   | Sagitec                       | 550,000.00             | 140,736.76             | SMART Development Resources             |
|  | Other Professional Services               |                               | 556,432.00             | 301,949.56             |   |
| <b>OTHER OPERATING EXPENSE</b>                 |   |                               | <b>\$ 4,108,942.00</b> | <b>\$ 2,092,392.60</b> |   |
| <b>COMPUTER SUPPORT SERVICES</b>               |   |                               | <b>\$ 2,737,127.00</b> | <b>\$ 1,230,766.33</b> |   |
|  | Software Maintenance                      |                               | 1,047,108.00           | 542,962.30             |   |
|  |   | Hyland                        | 119,061.00             | 117,916.85             | ImageNow                                |
|  |   | Dell                          | 290,000.00             | 246,943.83             | Microsoft Enterprise Agreement/ True Up |
|  |   | Sagitec                       | 420,000.00             | 140,000.00             | SMART Silver Support                    |
|  | Software Subscriptions                    |                               | 1,444,815.00           | 647,205.30             |   |
|  |   | DRaaS                         | 158,000.00             | 93,662.80              | Expedient                               |
|  |   | Dynamo                        | 202,000.00             | 199,940.00             | Dynamo Software, INC                    |
|  |   | Carahsoft                     | 124,850.00             | 125,911.80             | ServiceNow System                       |
|  |   | UCaaS Vendor- TBD             | 128,500.00             | -                      | Telecommunication Services              |
| <b>PROPERTY MANAGEMENT LIABILITY INSURANCE</b> |   |                               | <b>\$ 582,403.00</b>   | <b>\$ 504,500.50</b>   |   |
|  | Management Liability Insurance            |                               | 582,403.00             | 504,500.50             |   |
|  |   | Cyber Liability Insurance     | 190,315.00             | 163,592.50             | ARC Excess & Surplus, LLC               |
|  |   | Crime Fiduciary D&O Insurance | 389,388.00             | 340,908.00             | ARC Excess & Surplus, LLC               |

PROJECT ITEMS

| Major Category/Sub-Major Category | Line Item | Project | FY2024 Budget | YTD Expense | Additional Information |
|-----------------------------------|-----------|---------|---------------|-------------|------------------------|
| <b>PROFESSIONAL SERVICES</b>      | TECHNICAL |         |               |             |                        |

SERS

UNBUDGETED PROJECT ITEMS

| Major Category/Sub-Major Category | Line Item | Project | FY2024 Budget | YTD Expense | Expense Reallocation |
|-----------------------------------|-----------|---------|---------------|-------------|----------------------|
|-----------------------------------|-----------|---------|---------------|-------------|----------------------|

OSERS BROAD STREET, LLC

UNBUDGETED PROJECT ITEMS

| Major Category | Line Item | Project | FY2024 Budget | YTD Expense |
|----------------|-----------|---------|---------------|-------------|
|----------------|-----------|---------|---------------|-------------|

# SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

## FINANCIAL HIGHLIGHTS

As of November 30, 2023 and 2022

(unaudited)

| <b>SERS (All Funds)</b>                           | 11/30/23 YTD            | 11/30/22 YTD            | Comparative<br>Difference | %<br>Difference |
|---|-------------------------|-------------------------|---------------------------|-----------------|
| <b><u>ADDITIONS</u></b>                           |                         |                         |                           |                 |
| Employer Contributions                            | \$260,646,900           | \$244,175,306           | \$16,471,594              | 7%              |
| Member Contributions                              | 169,881,967             | 159,245,065             | 10,636,902                | 7               |
| Health Care Premiums, Subsidies & Other Income    | 52,153,818              | 41,459,906              | 10,693,912                | 26              |
| Total Investment Income, Net                      | 168,371,610             | 403,220,100             | (234,848,490)             | (58)            |
| <b>TOTAL ADDITIONS</b>                            | <b>651,054,295</b>      | <b>848,100,377</b>      | <b>(197,046,082)</b>      | <b>(23)</b>     |
| <b><u>DEDUCTIONS</u></b>                          |                         |                         |                           |                 |
| Retirement, Disability, Survivor & Death Benefits | 590,092,455             | 567,609,606             | 22,482,849                | 4               |
| Health Care Expenses                              | 73,932,356              | 64,757,837              | 9,174,519                 | 14              |
| Refunds & Transfers                               | 40,988,186              | 38,227,561              | 2,760,625                 | 7               |
| Administrative Expenses (excluding Investments)   | 12,408,322              | 12,818,051              | (409,729)                 | (3)             |
| <b>TOTAL DEDUCTIONS</b>                           | <b>717,421,319</b>      | <b>683,413,055</b>      | <b>34,008,264</b>         | <b>5</b>        |
| Changes in Net Position                           | (66,367,021)            | 164,687,322             | (231,054,343)             | (140)           |
| Net Position - Beginning                          | 18,265,722,222          | 17,574,319,449          | 691,402,773               | 4               |
| <b>SERS Net Position - Ending</b>                 | <b>\$18,199,355,201</b> | <b>\$17,739,006,769</b> | <b>\$460,348,432</b>      | <b>3%</b>       |

### HEALTH CARE FUND

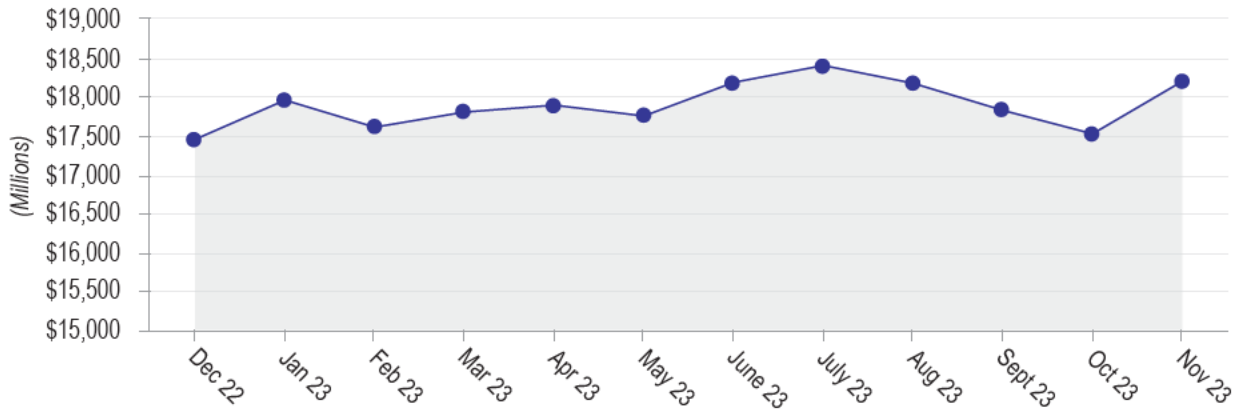
#### HEALTH CARE ADDITIONS

|  |                      |                      |                     |            |
|--|----------------------|----------------------|---------------------|------------|
| Employer Contributions                             | \$23,498,923         | \$21,998,296         | \$1,500,627         | 7%         |
| Health Care Premiums                               | 24,658,802           | 25,267,534           | (608,732)           | (2)        |
| Federal Subsidies & Other Income                   | 27,483,217           | 16,210,781           | 11,272,436          | 70         |
| Total Investment Income, Net                       | 5,676,727            | 11,105,796           | (5,429,069)         | (49)       |
| <b>TOTAL HEALTH CARE ADDITIONS</b>                 | <b>81,317,669</b>    | <b>74,582,407</b>    | <b>6,735,262</b>    | <b>9</b>   |
| <b>TOTAL HEALTH CARE DEDUCTIONS</b>                | <b>75,105,413</b>    | <b>65,819,575</b>    | <b>9,285,838</b>    | <b>14</b>  |
| Changes in Net Position                            | 6,212,257            | 8,762,832            | (2,550,575)         | 29         |
| Net Position - Beginning                           | 706,785,561          | 611,574,409          | 95,211,152          | 16         |
| <b>SERS Health Care Fund Net Position - Ending</b> | <b>\$712,997,818</b> | <b>\$620,337,241</b> | <b>\$92,660,577</b> | <b>15%</b> |

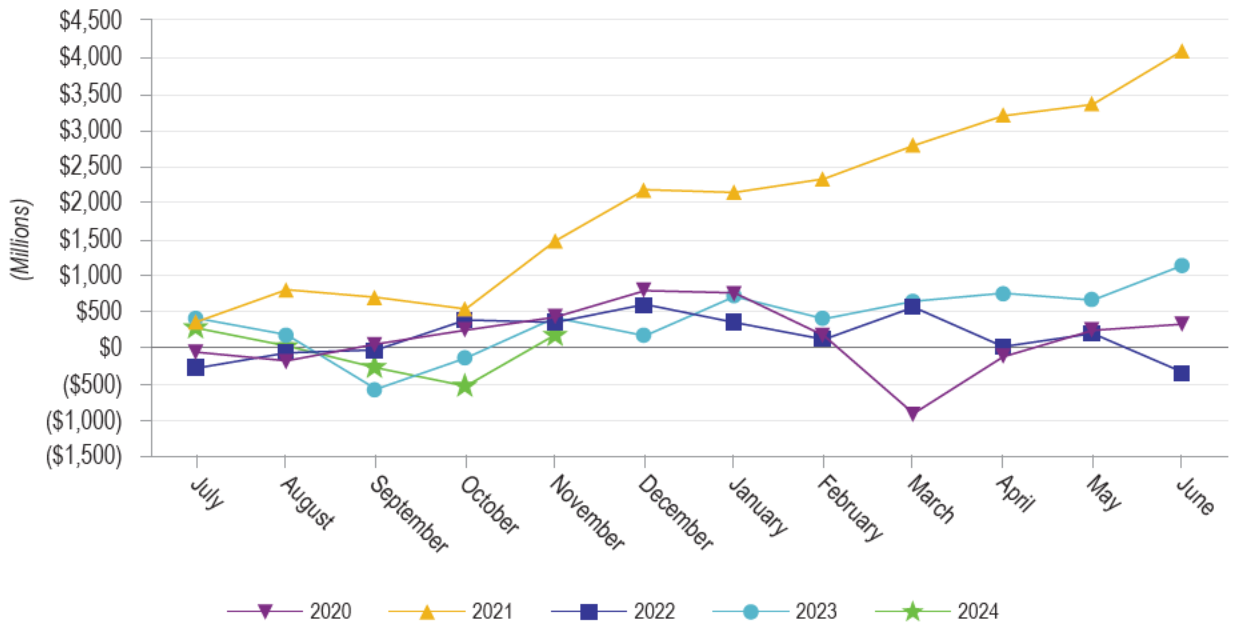
#### ADMINISTRATIVE EXPENSES

|                                      | 11/30/23 YTD        | Fiscal Year Annual<br>Budget | % of Annual<br>Budget |
|--------------------------------------|---------------------|------------------------------|-----------------------|
| Personnel                            | \$10,412,158        | \$25,471,425                 | 41%                   |
| Professional Services                | 2,392,048           | 6,456,305                    | 37                    |
| Communications                       | 270,726             | 1,015,710                    | 27                    |
| Other Operating Expenses             | 1,926,532           | 4,108,942                    | 47                    |
| <b>TOTAL ADMINISTRATIVE EXPENSES</b> | <b>\$15,001,464</b> | <b>\$37,052,382</b>          | <b>40%</b>            |

**Total SERS Fund Balance for Previous 12 Months**



**Investment Income (includes realized and unrealized gains & losses)**



**Health Care Fund Balance Trend**



# SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

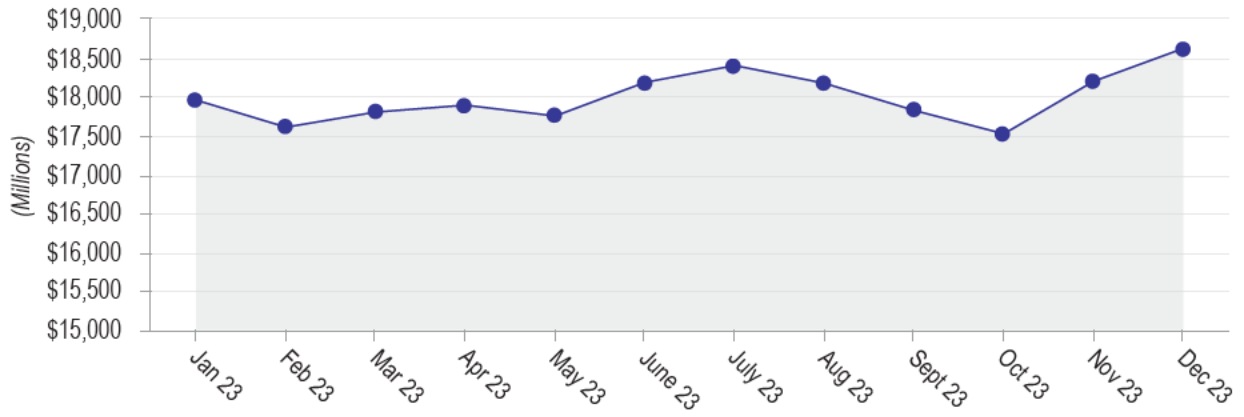
## FINANCIAL HIGHLIGHTS

As of December 31, 2023 and 2022

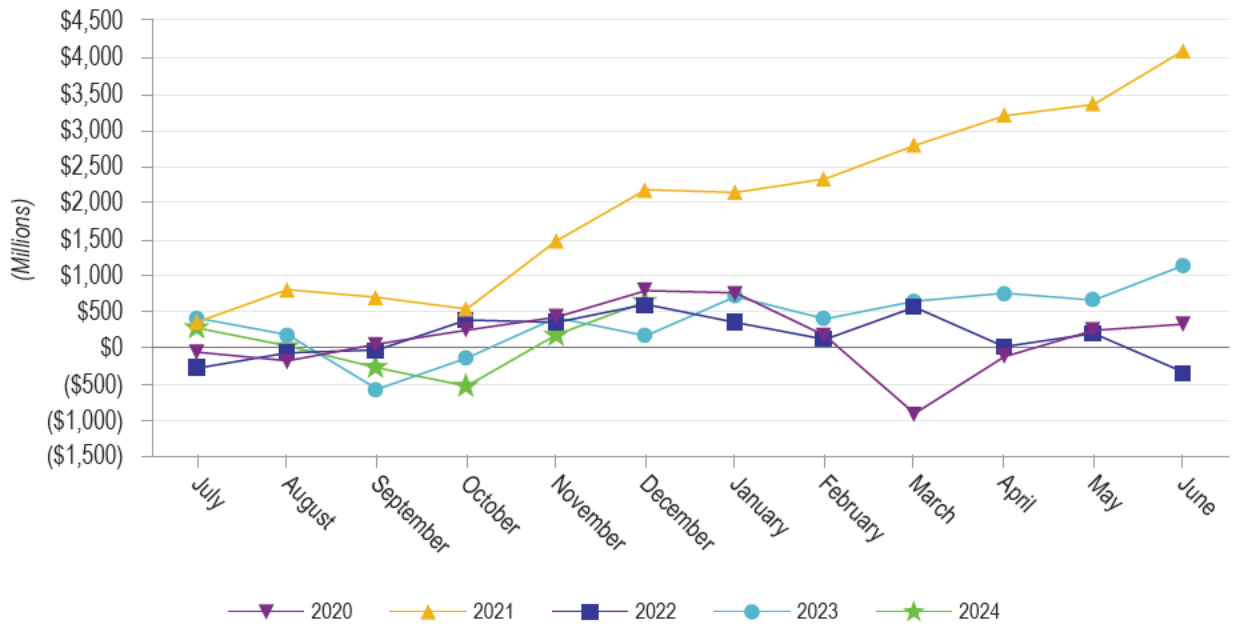
(unaudited)

| <b>SERS (All Funds)</b>                            | <b>12/31/23 YTD</b>     | <b>12/31/22 YTD</b>     | <b>Comparative<br/>Difference</b> | <b>%<br/>Difference</b> |
|--|-------------------------|-------------------------|-----------------------------------|-------------------------|
| <b><u>ADDITIONS</u></b>                            |                         |                         |                                   |                         |
| Employer Contributions                             | \$314,212,111           | \$298,092,022           | \$16,120,089                      | 5%                      |
| Member Contributions                               | 204,874,657             | 194,625,818             | 10,248,839                        | 5                       |
| Health Care Premiums, Subsidies & Other Income     | 56,829,058              | 54,420,932              | 2,408,126                         | 4                       |
| Total Investment Income, Net                       | 626,494,731             | 153,793,809             | 472,700,922                       | 307                     |
| <b>TOTAL ADDITIONS</b>                             | <b>1,202,410,557</b>    | <b>700,932,581</b>      | <b>501,477,976</b>                | <b>72</b>               |
| <b><u>DEDUCTIONS</u></b>                           |                         |                         |                                   |                         |
| Retirement, Disability, Survivor & Death Benefits  | 705,820,072             | 681,379,235             | 24,440,837                        | 4                       |
| Health Care Expenses                               | 76,381,469              | 78,469,641              | (2,088,172)                       | (3)                     |
| Refunds & Transfers                                | 47,890,472              | 47,132,705              | 757,767                           | 2                       |
| Administrative Expenses (excluding Investments)    | 15,178,557              | 15,533,003              | (354,446)                         | (2)                     |
| <b>TOTAL DEDUCTIONS</b>                            | <b>845,270,570</b>      | <b>822,514,584</b>      | <b>22,755,986</b>                 | <b>3</b>                |
| Changes in Net Position                            | 357,139,986             | (121,582,003)           | 478,721,989                       | 394                     |
| Net Position - Beginning                           | 18,265,722,222          | 17,574,319,449          | 691,402,773                       | 4                       |
| <b>SERS Net Position - Ending</b>                  | <b>\$18,622,862,208</b> | <b>\$17,452,737,446</b> | <b>\$1,170,124,762</b>            | <b>7%</b>               |
| <br><b>HEALTH CARE FUND</b>                        |                         |                         |                                   |                         |
| <b><u>HEALTH CARE ADDITIONS</u></b>                |                         |                         |                                   |                         |
| Employer Contributions                             | \$28,198,923            | \$26,408,248            | \$1,790,675                       | 7%                      |
| Health Care Premiums                               | 29,490,534              | 30,696,579              | (1,206,045)                       | (4)                     |
| Federal Subsidies & Other Income                   | 27,322,650              | 23,609,340              | 3,713,310                         | 16                      |
| Total Investment Income, Net                       | 21,031,485              | 4,181,917               | 16,849,568                        | 403                     |
| <b>TOTAL HEALTH CARE ADDITIONS</b>                 | <b>106,043,592</b>      | <b>84,896,084</b>       | <b>21,147,508</b>                 | <b>25</b>               |
| <b>TOTAL HEALTH CARE DEDUCTIONS</b>                | <b>77,837,010</b>       | <b>79,772,376</b>       | <b>(1,935,366)</b>                | <b>(2)</b>              |
| Changes in Net Position                            | 28,206,582              | 5,123,708               | 23,082,874                        | 451                     |
| Net Position - Beginning                           | 706,785,561             | 611,574,409             | 95,211,152                        | 16                      |
| <b>SERS Health Care Fund Net Position - Ending</b> | <b>\$734,992,143</b>    | <b>\$616,698,117</b>    | <b>\$118,294,026</b>              | <b>19%</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  
**cc:** Karen Roggenkamp, Joe Marotta  
**Date:** February 9, 2024  
**Re:** **CBIZ Compensation Update**

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You will recall that as part of SERS' compensation engagement with CBIZ, they provide us with annual recommendations for salary structure and salary budget adjustments. As described below, both matters are addressed annually in the normal course of business and are important for maintaining the compensation structure and objectives established in the compensation study. Similar to what was done last year, CBIZ provided preliminary information on these topics to the Compensation Committee at the December meeting and will present an official recommendation, with updated information, to the full Board in February.

The salary structure (i.e., the salary ranges for all employees) is annually reviewed and adjusted based on the changes to the labor market salary data for the markets against which SERS' positions are benchmarked (public sector or private sector, depending on the position). This is important because it helps assure that SERS' salary ranges remain aligned with the salaries for comparable positions, and in so doing, helps assure that the salary ranges allow SERS to attract and retain the quality of employees that will enable SERS to continue to be successful at our mission. The annual adjustment also reduces the potential for having to make larger adjustments when market-competitive pay is assessed every three to five years in the full compensation study.

A few things to note about the salary structure adjustment:

- The salary range adjustment is the same for all positions.
- Changes to salary ranges does not mean that employees receive a salary increase in the amount of the change – it is simply the salary range that is changed.



Adjusting the salary budget annually to match market trends for annual salary growth is important and a best practice because it assures that wages remain competitive in the relevant markets and that larger salary increases are not required when the next compensation study is performed. As you will recall, annual merit increases are the primary source of salary growth for most SERS employees. Salary growth can also come via a promotion; be based on expanded job duties; for an equity adjustment to keep the employee appropriately placed in her/his salary range; or because the employee is below the minimum of her/his salary range. SERS employees do not receive automatic step increases or cost of living adjustments.

As noted above, at the February Board Meeting Joe Rice of CBIZ will present a recommendation for both the salary structure and the overall salary budget adjustments. The latter will include a merit component but will not recommend a specific merit level. Please note that the CBIZ recommendations will be based on objective market data but ultimately the salary structure and salary budget adjustments will be determined by the Board.

To that end, as was done last year, at the March Board Meeting the Board will be provided with information regarding the fiscal impact of various combinations of salary structure, salary budget growth and merit levels. At that time the Board will be asked to approve a specific salary structure and salary budget adjustment, and merit level, so that this information can be built into the budget for FY 24-25. You will recall that pursuant to policy and practice, a preliminary budget is presented to the ORSC in April, the draft budget is presented for Board discussion in May, and the proposed final budget is presented for Board approval in June.

I hope this information is helpful. Please let me know if you have any questions.



# Annual Compensation Guidance

School Employees Retirement System of Ohio

February 15, 2024



# Agenda

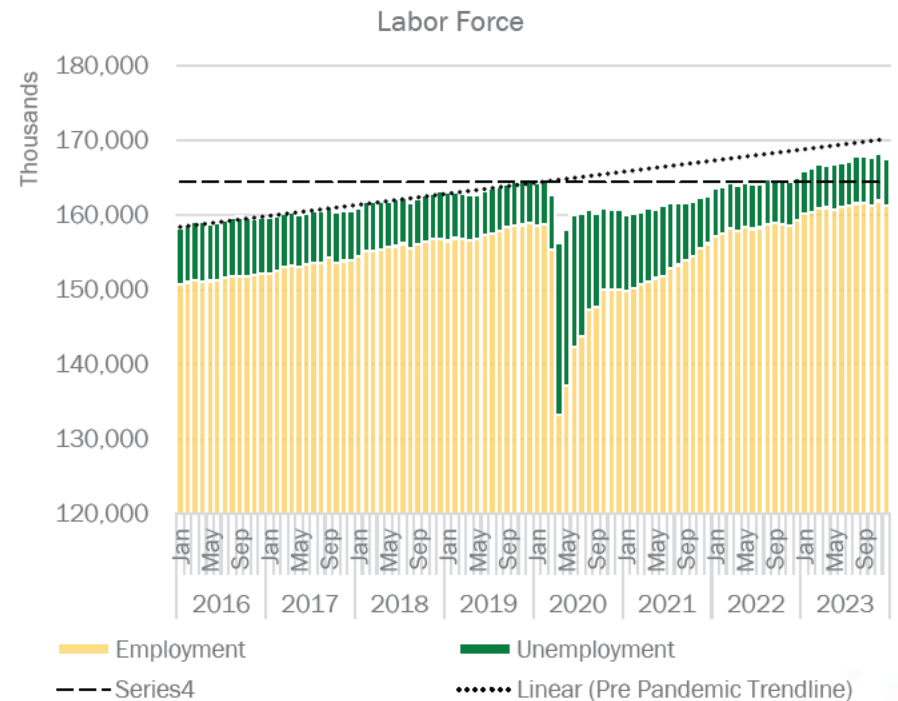
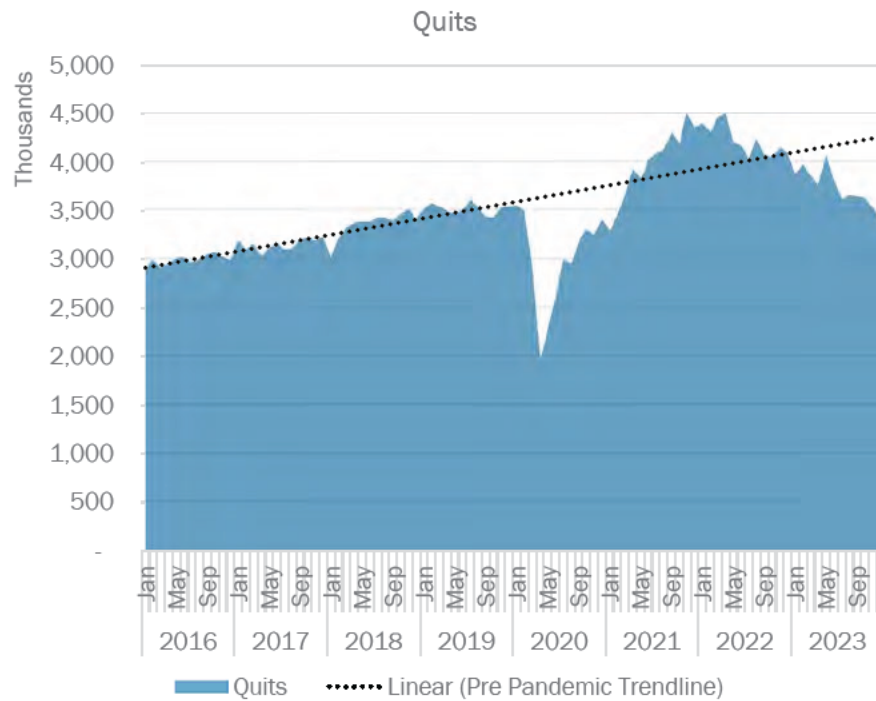
- 
- Labor market trends
  - CBIZ survey results
  - Salary planning guidance
  - Answer your questions

# Labor Market Trends

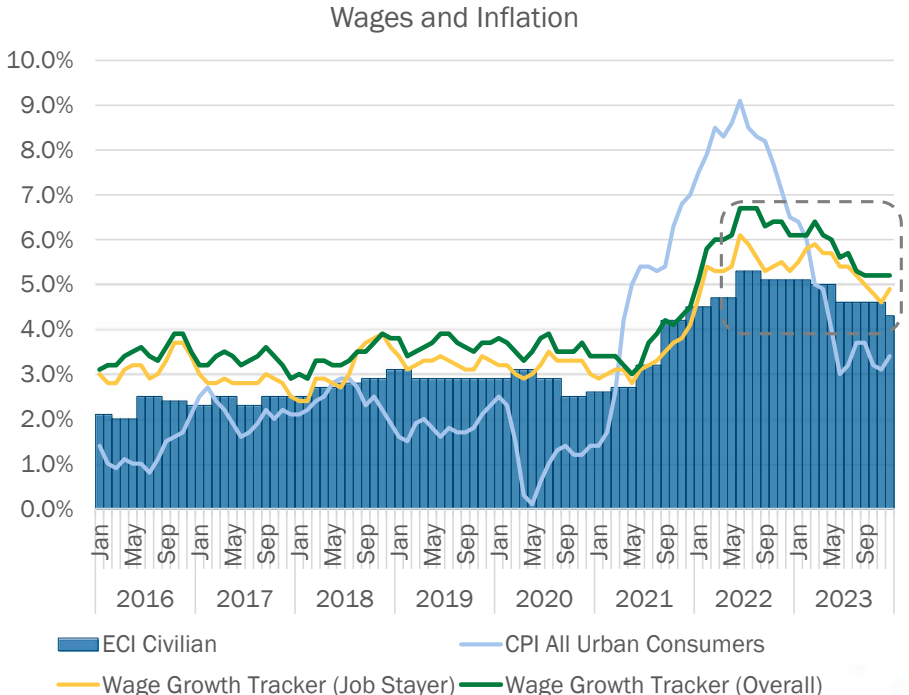
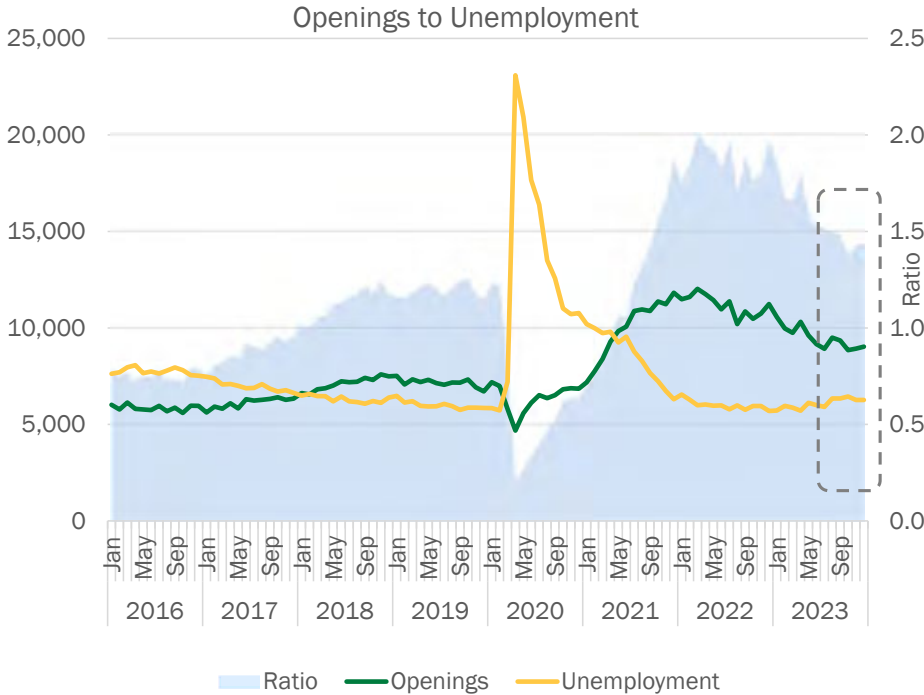
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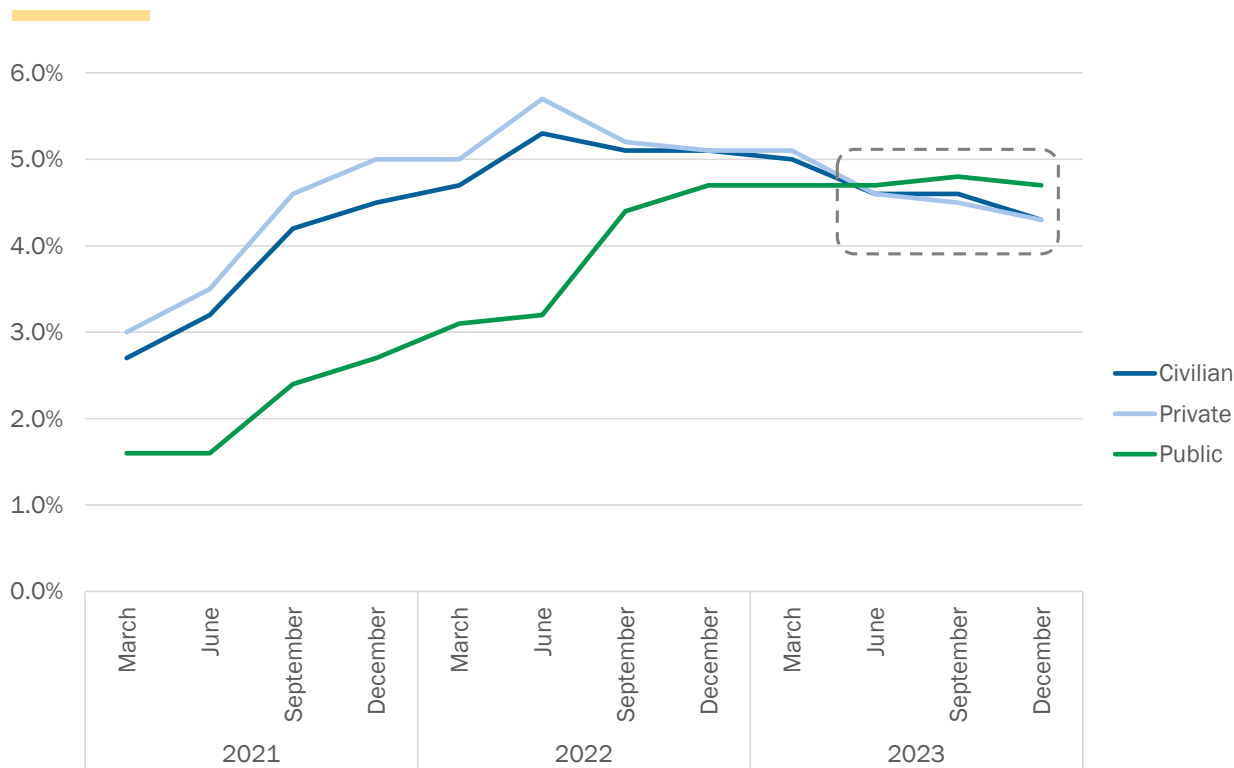
# Quits & Labor Force



# Openings & Wages



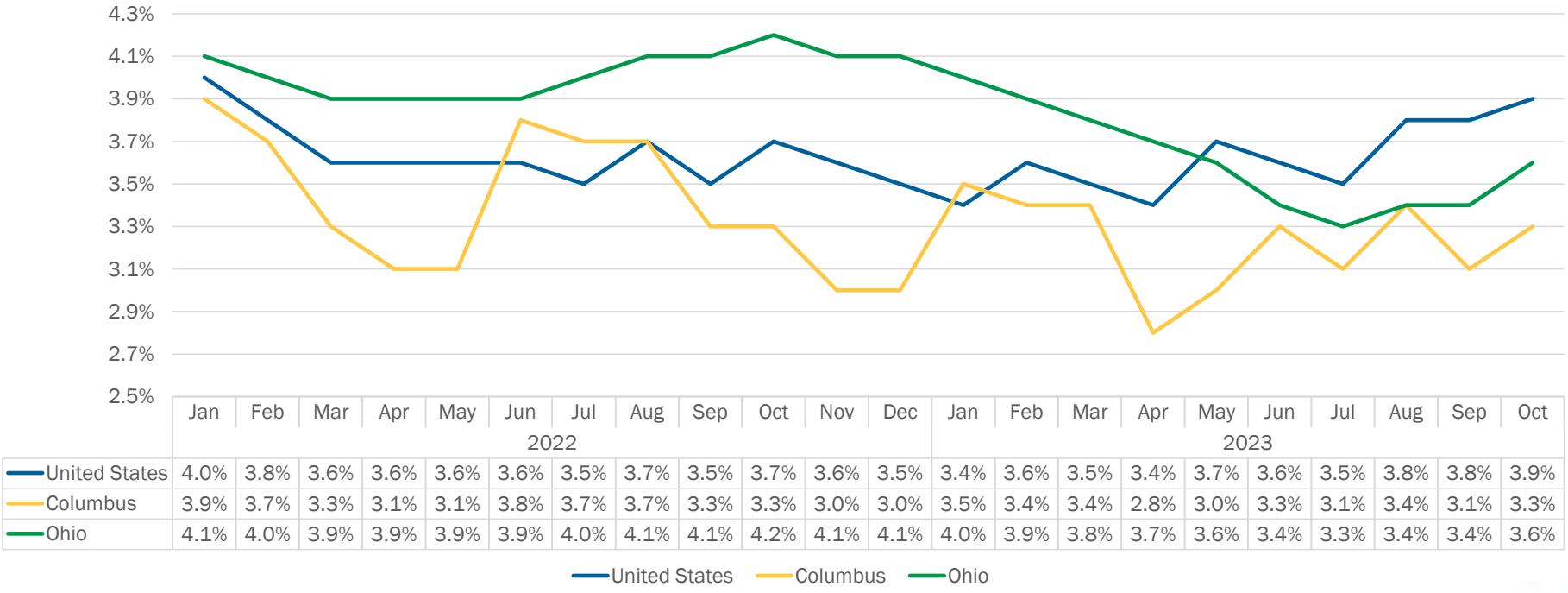
# Employment Cost Index Detail



The public sector was late in responding to wage pressures

Public sector now growing wages faster than the private sector

# Unemployment





# Columbus Metropolitan Club

## Blue Chip Economic Forecast; January 3, 2024

- Featuring Bill LaFayette, Ph.D., Owner, Regionomics LLC
- Ben Ayers, Senior Economist, Nationwide Insurance
- Joyce Chen, Ph.D.; Professor, Economics, Women's, Gender and Sexuality Studies, The Ohio State University
- Mark Williams, Business Reporter, The Columbus Dispatch



[Blue Chip Economic Forecast - CMC \(columbusmetroclub.org\)](https://www.columbusmetroclub.org)

CBIZ Compensation Consulting

## Highlights

- Workforce availability challenges
  - Aging population
  - Pandemic slowdown of population growth (but still high)
- Modest employment growth
  - Despite notable developments
  - Lack of growth tied to availability
- Rising housing costs
  - Challenge to in-migration
  - Contributing to out-migration

# Highlights

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Labor market dynamics continue to point to higher wage growth

Seeing some cooling and gradual return to trend

Public sector wage growth has now surpassed private

Columbus market continues to see development but faces headwinds of slow population growth and a tight housing market

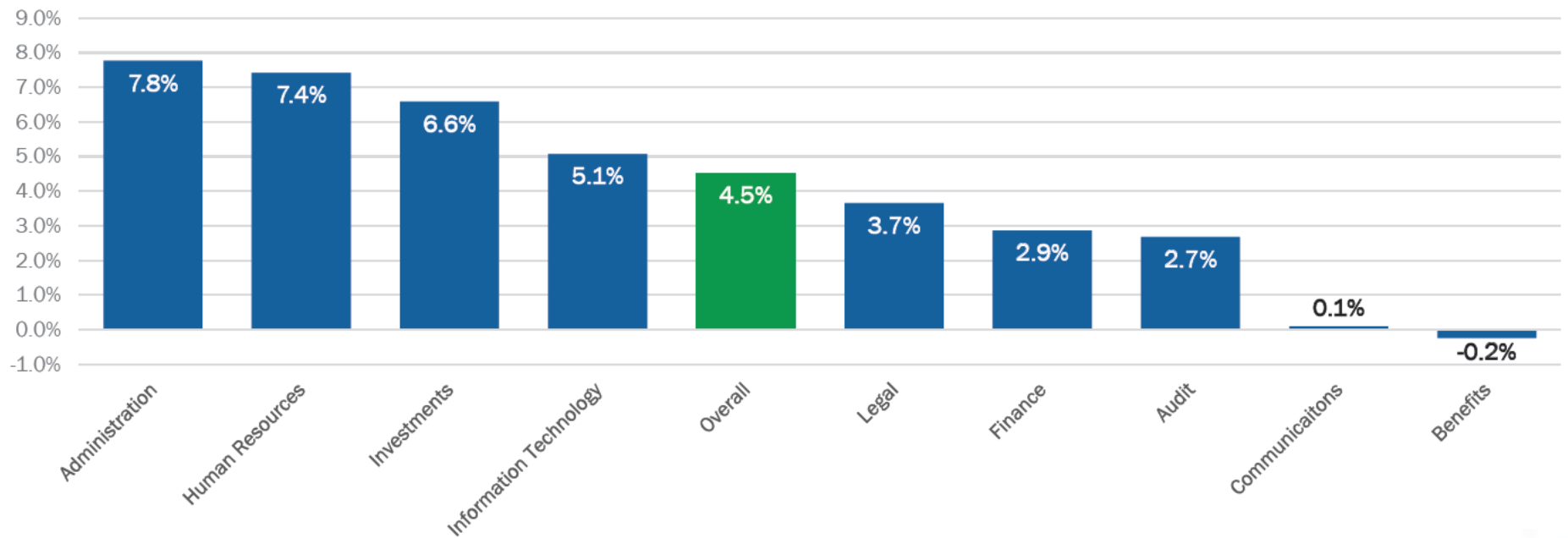
# CBIZ Survey Results

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# Annual CBIZ Survey

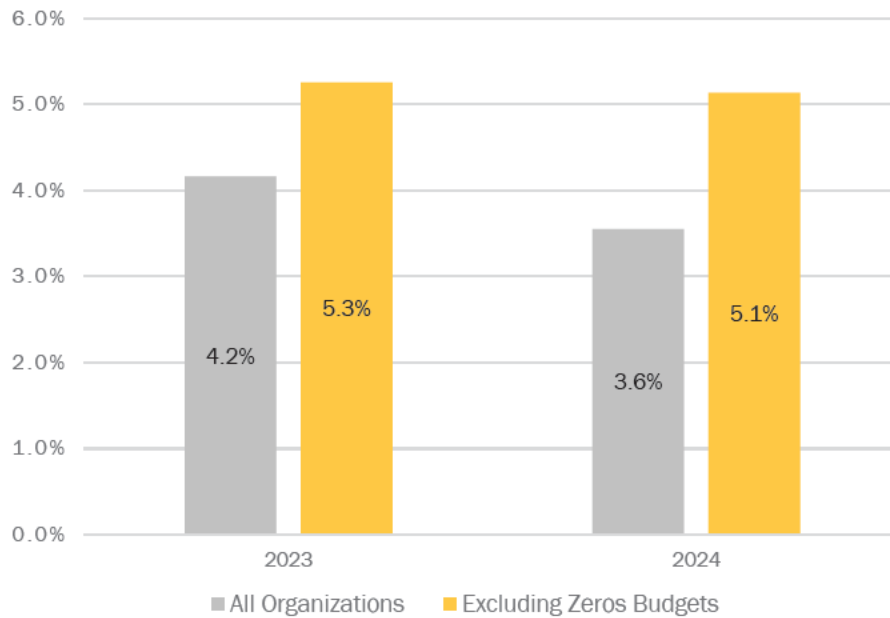


Average Total Cash Compensation Change by Function



# Salary Increase Trends

## SALARY INCREASE BUDGET - AVERAGE



## NOTES

### Ohio System Peers 2024 projections

- OPERS – 6.5%
- OP&F – 5.0%

### SERS

- 2023
  - 4.5% increase budget
  - 5.7% with promotions and headcount addition

# Salary Planning Guidance

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# CBIZ 2024 Guidance

3.6%  
Structure  
Update

- Tied to ECI and salary budget surveys
- Broad Measure of wage movement

5.0% Salary  
Increase  
Budget

- Avoid/alleviate pay compression
- Advance employees through the market range

## Increase Budget vs. Merit

---

### Salary increase budget

- Total amount of money that is budget to cover the cost of increasing employee salaries.

### Merit

- System of rewarding employees based on their individual performance
- Individual increase may be more or less than the salary increase budget %



# Historical SERS Actions

| YEAR  | STRUCTURE ADJUSTMENT | MERIT BUDGET | YEAR OVER YEAR COMP GROWTH | MERIT SURVEY ACTUAL |
|-------|----------------------|--------------|----------------------------|---------------------|
| 2023  | 3.3%                 | 4.5%         | 5.5%                       | 4.4%                |
| 2022* | new structure        | 3.2%         | 5.2%                       | 4.3%                |
| 2021  | 1.9%                 | 2.0%         | 1.4%                       | 3.0%                |
| 2020  | 0.0%                 | 0.0%         | 0.1%                       | 2.9%                |
| 2019  | 1.6%                 | 2.25%        | 1.5%                       | 3.2%                |
| 2018  | 2.1%                 | 3.0%         | 2.7%                       | 3.1%                |

\*Also increases to range minimums and compression adjustments as part of the compensation study



# QUESTIONS?

**Joe Rice**

Director, Compensation Consulting

314.590.4070

[jrice@cbiz.com](mailto:jrice@cbiz.com)

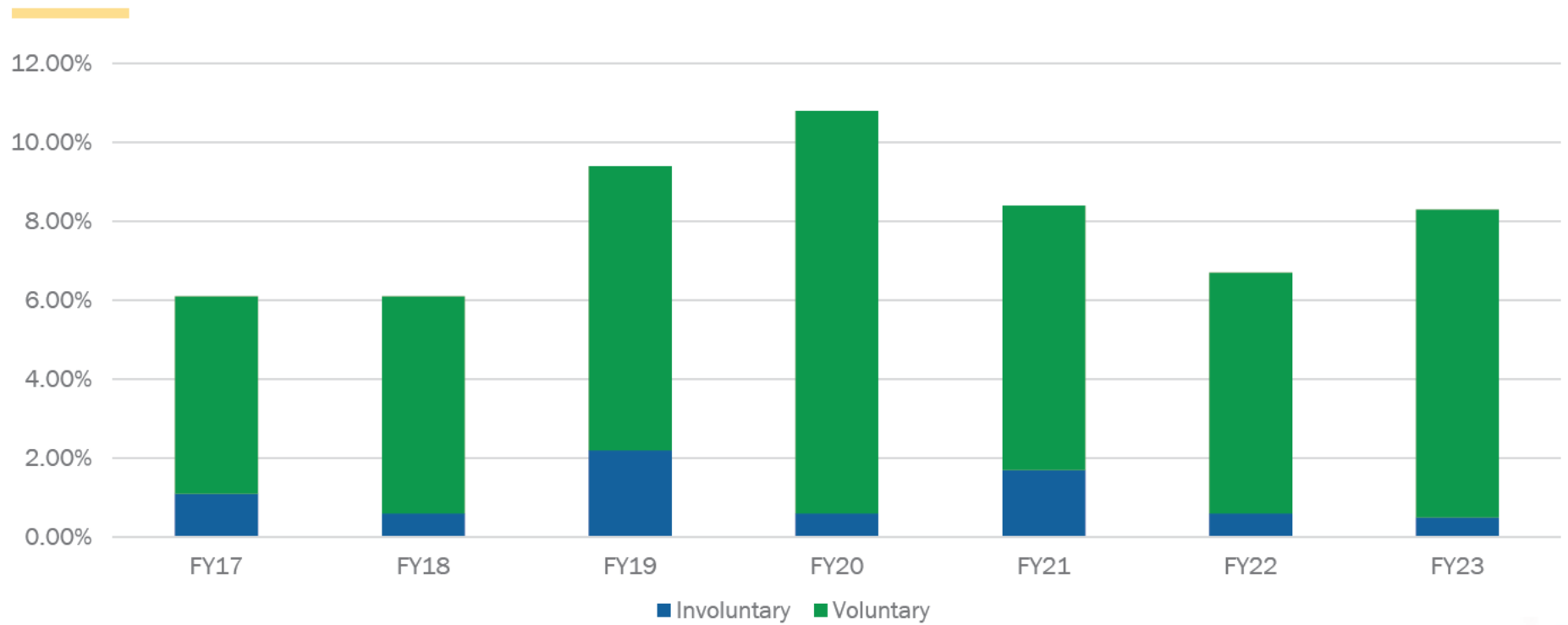


# HR Metrics

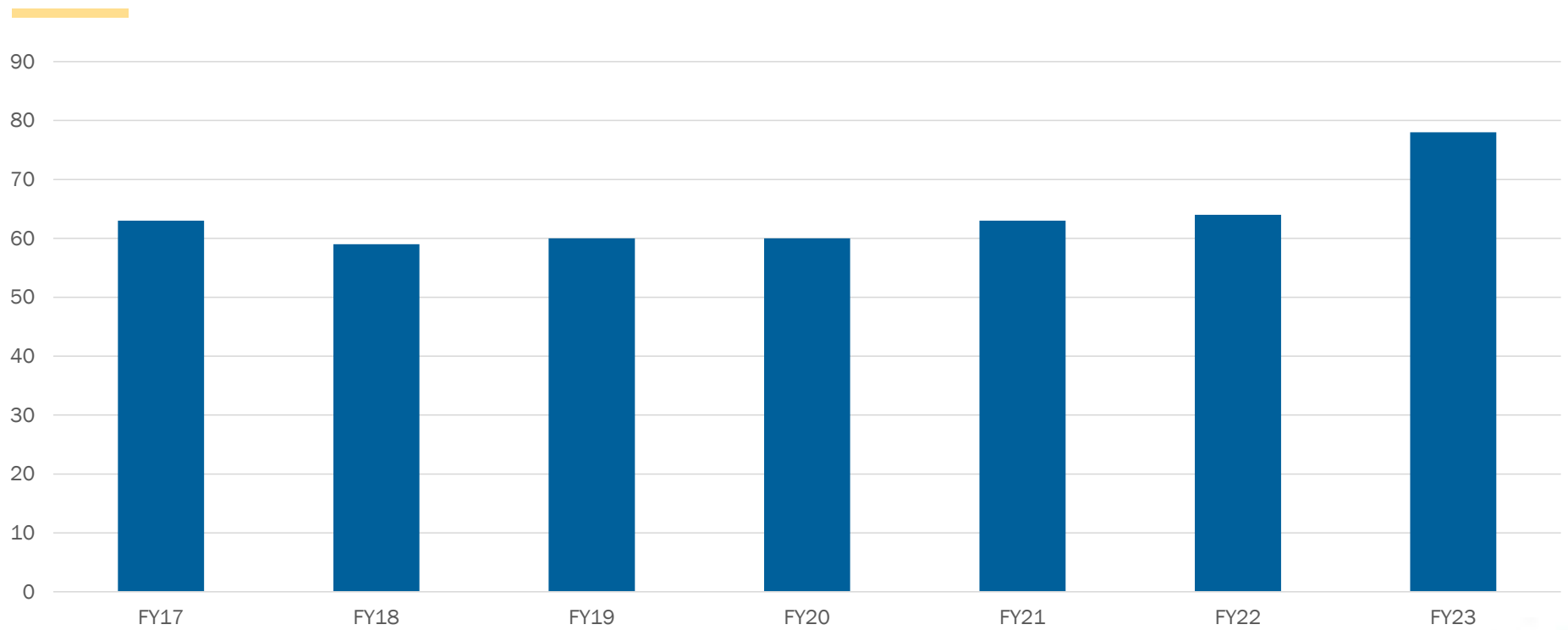
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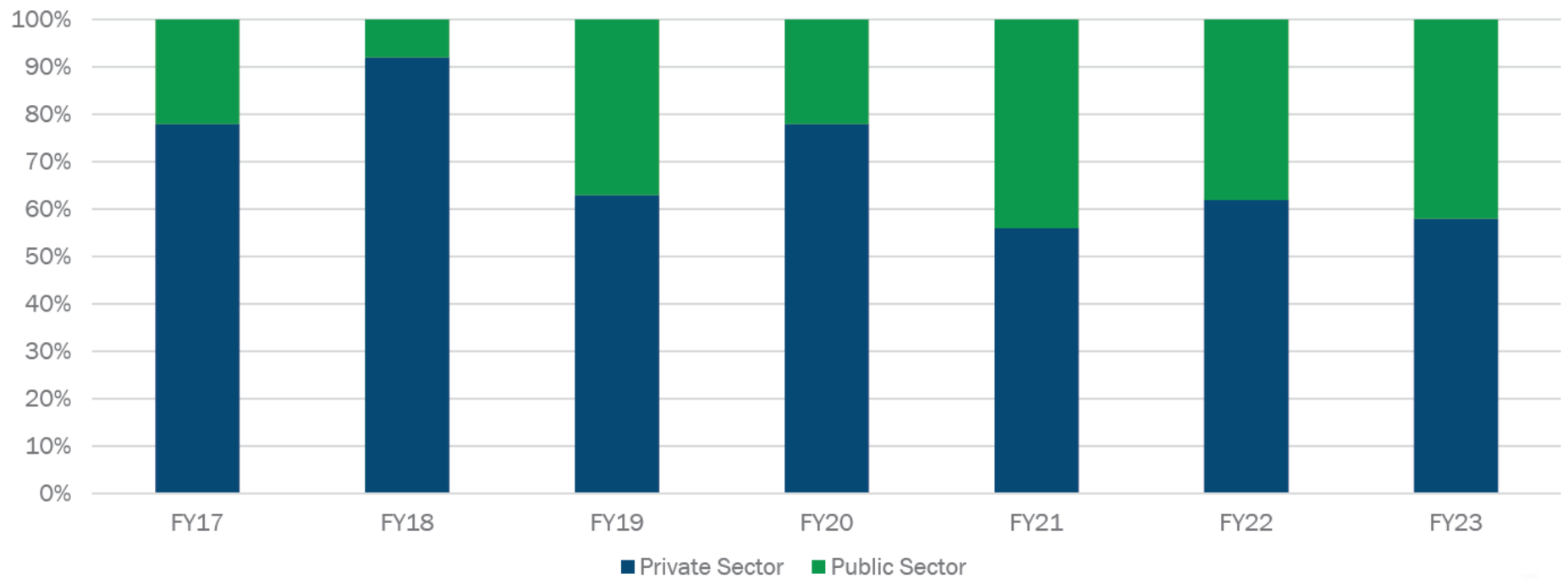
# Turnover



# Time to Fill Positions (Days)



# Employee Sourcing



**SERS  
COMPENSATION  
COMMITTEE  
UPDATE**

**SERS  
TECHNOLOGY  
COMMITTEE  
REPORT**



**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.

**IN EXECUTIVE SESSION AT \_\_\_\_\_ A.M. / P.M.**

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

**RETURNED TO OPEN SESSION AT \_\_\_\_\_ A.M. / P.M.**

**CALENDAR DATES FOR SERS BOARD AND COMMITTEE MEETINGS FOR 2024 \*\***

**AUDIT COMMITTEE MEETINGS**

March 20, 2024 – 2:30 p.m. (Weds.)  
June 20, 2024 – 2:30 p.m. **(Thurs.) \*\* New Date \*\***  
September 18, 2024 - 2:30 p.m. (Weds.)  
December 18, 2024 – 2:30 p.m. (Weds.)

**COMPENSATION COMMITTEE MEETINGS**

March 21, 2024 – 7:30 a.m. (Thurs.)  
June 21, 2024 – 7:30 a.m. **(Fri.) \*\* New Date \*\***  
July 18, 2024 – 7:30 a.m. (Thurs.) \* **Special Meeting \***  
September 19, 2024 – 7:30 a.m. (Thurs.)  
December 19, 2024 – 7:30 a.m. (Thurs.)

**TECHNOLOGY COMMITTEE MEETINGS**

March 21, 2024 – 12:30 p.m. (Thurs.)  
June 20, 2024 – 1:30 p.m. **(Thurs.) \*\* New Date & Time \*\***  
September 19, 2024 – 12:30 p.m. (Thurs.)  
December 19, 2024 – 12:30 p.m. (Thurs.)

**BOARD MEETINGS**

March 21 - 22, 2024 – 8:30 a.m (Thurs. and Fri.)  
April 18 – 19, 2024 - 8:30 a.m. (Thurs. and Fri.)  
May 16 – 17, 2024 – 8:30 a.m (Thurs. and Fri.)  
June 21, 2024 - 8:30 a.m **(Fri.) \*\* New Date \*\***  
July 18 – 19, 2024 – 8:30 a.m. (Thurs. and Fri.)  
September 19 – 20, 2024 – 8:30 a.m. (Thurs. and Fri.) **\*\* Board Picture Day \*\***  
October 17 – 18, 2024 – 8:30 a.m. (Thurs. and Fri.)  
November 21 – 22, 2024 – 8:30 a.m (Thurs. and Fri.)  
December 19 – 20, 2024 – 8:30 a.m (Thurs. and Fri.)

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

**CONTINUED OR NEW BUSINESS**

**Board Information Requested**

**BOARD INFORMATION REQUESTS AND FOLLOW-UP ITEMS**

1. \_\_\_\_\_  
\_\_\_\_\_
2. \_\_\_\_\_  
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10. \_\_\_\_\_  
\_\_\_\_\_

**ADJOURNMENT(R)**

\_\_\_\_\_ moved that the SERS Retirement board adjourn to meet on Thursday, March 21, 2024, for their next regularly scheduled meeting.

The meeting adjourned at \_\_\_\_\_ a.m./p.m.

\_\_\_\_\_  
Frank Weglarz – Chair

\_\_\_\_\_  
Richard Stensrud, Secretary