



**SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO**  
**BOARD MEETING HIGHLIGHTS**  
**OCTOBER 2024**

**One Candidate Chosen for Board Vacancy Election Interview**

From a pool of two candidates, Board members selected Jeanine Alexander to be interviewed for the vacant employee-member Board seat.

At the November 21 Board meeting, the Board will interview the candidate and discuss her qualifications. The candidate must receive a majority vote of the Board to fill the open seat.

The term for this seat will expire on June 30, 2025.

**Global Private Equity Portfolio Review**

Staff provided the Board with an overview of SERS’ \$2.52 billion Global Private Equity (PE) portfolio.

Currently, the portfolio consists of 27 general partners that manage 66 funds. SERS also is a participant in 16 co-investments.

The role of the broadly-diversified portfolio is to provide risk-adjusted returns in excess of those provided by publicly-traded equities. The PE portfolio is currently 13.1% of the Total Fund versus the interim 13% target. The policy target will change to 14% effective January 1, 2025.

In FY2024, the PE portfolio generated a 10.92% net-of-fees return, outperforming the benchmark by 5.65%. Longer term, SERS’ PE portfolio generated 15.18% over a 3-year period, 17.97% over a 5-year period, and 17.18% over a 10-year period. PE returns outperformed public equities over the last 10 years.

SERS committed \$450 million to new investments in five broadly-diversified funds and six co-investment vehicles during FY2024.

Co-investing occurs when a limited partner (LP), such as SERS, invests in a company alongside a general partner (GP), the PE manager. A co-investment opportunity arises when a GP seeks to syndicate a portion of its investment in a company it recently acquired.

Co-investments are attractive because they provide a way to increase exposure in high-performing managers with additional return potential, while not incurring additional management fees.

While PE is traditionally an expensive asset class, the management fees in SERS’ PE portfolio are trending downward, due in large part to the System’s participation in co-investments. SERS also pursues other fee-saving opportunities, such as a discount for early large investors.

The PE portfolio strategy consists of 81% buyouts, 8% special situations, 7% co-investments, and 4% venture. Geographically, SERS’ portfolio is 79% invested in North America, 18% in Europe, and 3% in emerging markets.

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RETIREMENT BOARD

FRANK A. WEGLARZ  
*Chair, Retiree-Member*

MATTHEW KING  
*Vice-Chair, Employee-Member*

JEFFREY T. DELEONE  
*Appointed Member*

JAMES HALLER  
*Employee-Member*

CATHERINE P. MOSS  
*Retiree-Member*

JAMES A. ROSSLER, JR.  
*Appointed Member*

AIMEE RUSSELL  
*Employee-Member*

DANIEL L. WILSON  
*Appointed Member*

VACANT  
*Employee-Member*

In FY2025, SERS will continue to seek co-investment opportunities where appropriate, review the entire portfolio strategy and structure, develop a plan to improve the risk and return characteristics of the portfolio, achieve fee reductions, and optimize manager count as appropriate. In addition, staff will be looking to identify new and innovative investment opportunities with managers who offer compelling return expectations.

Director Richard Stensrud noted that, in its commitment to transparency, SERS posts monthly reports to its website that provide total fund and asset class net-of-fee returns, details of alternative investments, and other performance metrics for the global private equity portfolio and all asset classes.

Finally, the American Investment Council (AIC), a private equity advocacy and research organization, named SERS number six on its list of top pension funds with the highest private equity returns in 2023.

The AIC study analyzed investment returns for 200 U.S. public pension funds, showing that private equity leads all asset classes in long-term investment performance. SERS had the sixth highest 10-year annualized return with 18.37%. The median among all public pension funds included in the study was 15.2%.

Read the full report on the AIC [website](#).

### Investment Committee Approves Real Assets Investment

The SERS Staff Investment Committee approved a \$17 million commitment, including add-ons, fees, and expenses, to GIP Edinburgh Airport Continuation Fund, an infrastructure strategy within the real assets portfolio.

This investment will be funded from cash reserves.

### Total Fund Update

TOTAL FUND BALANCE		
July 31	August 31	Difference
\$19.14 billion	\$19.37 billion	▲ \$230 million
TOTAL FUND RETURN (net of fees)		
Fiscal Year	Calendar Year	3-Year
▲ 2.52%	▲ 8.19%	▲ 5.72%
TOTAL FUND RETURN vs. BENCHMARK		
Fiscal Year	Calendar Year	3-Year
▲ 0.04%	▲ 0.50%	▲ 1.34%

### Executive Director's Update

#### ORSC Update

The October meeting of the Ohio Retirement Study Council (ORSC) included a review of quarterly investment performance by RVK, ORSC's independent investment consultant.

Of the five Ohio systems, SERS' investment performance ranked second over the 5-year period (9.6%), and first over the 7-year (9.3%) and 10-year (8.5%) periods.

In terms of the amount of return SERS' investment portfolio is generating for each unit of risk exposure, SERS' 5- and 10-year Sharpe Ratio, or risk-to-return comparison, ranked first.

Director Richard Stensrud commented that RVK's report is a positive reflection of the focus and success of SERS' investment program.

**Monthly Retirement and Survivor Benefit Transactions**

For October, the SERS Board approved 482 active members for service retirements, and 15 survivor benefits for spouses and/or dependents.

**November Meeting Dates**

The next Board meeting will take place Thursday, November 21, and Friday, November 22, at 8:30 a.m. (if necessary).