



**Ohio Public Employees Retirement System**

**Opportunistic Policy  
March 2024**



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### Revision History

<b>Opportunistic Policy Established</b>	<b>August 17, 2004</b>
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## **I. SCOPE**

This Policy applies to investments in the Opportunistic sub-asset class within the Ohio Public Employees Retirement System (“OPERS”) Defined Benefit Fund (“DB Fund”) and Health Care 115 Trust Fund (“HC Fund”) (“Funds”).

## **II. PURPOSE**

This Policy provides the broad strategic framework for managing investments in the Opportunistic sub-asset class.

## **III. INVESTMENT PHILOSOPHY**

Investments in the Opportunistic sub-asset class typically include investment strategies or assets that are not currently used in the respective DB or HC Funds but which have the potential to improve investment results over time.

Opportunistic strategies, approaches, and instruments should eventually mature, be liquidated, or moved into their own or other Asset Class portfolios.

The opportunistic allocation also represents the idea that a broad universe of investment strategies, concepts and assets can be considered available for potential inclusion in OPERS investment program.

## **IV. ALLOCATION**

The allocation to opportunistic investing is specified in the Investment Objectives and Asset Allocation Policy for the DB and HC Funds. Specific strategies may be allocated to the DB Fund, HC Fund or Funds as appropriate.

## **V. PERMISSIBLE INSTRUMENTS**

The Opportunistic sub-asset class permits investments in assets or strategies not presently utilized in the respective OPERS DB or HC Funds. The governing documents associated with the strategy will describe permissible instruments and limits.

## **VI. PERFORMANCE OBJECTIVES**

Every strategy within the Opportunistic sub-asset class will have a specific performance benchmark. The overall benchmark for the Opportunistic sub-asset class is the market value weight of the underlying benchmarks. The Opportunistic sub-asset class will ideally enhance the existing overall asset mix, portfolio construction and long-term returns of the Funds.

## **VII. RISK MANAGEMENT**

The limited size of the opportunistic allocation and the limits on the size of single assets and strategies are the primary risk control mechanisms. To the extent that assets or strategies differ from the rest of OPERS portfolio, or address so-called fat tail risks, a diversification effect may contribute to OPERS overall risk mitigation. Risks may include a loss of a significant portion of the original investment.

At the time of funding, the market value of a single investment strategy or portfolio assigned to the same benchmark within the Opportunistic sub-asset class may not exceed 1.0% of the Fund assets to which the strategy or portfolio is allocated. Private market strategies will be limited based on the commitment amount at the time of closing.

Leverage usage and limitations as well as risk management are specified in manager guidelines and shall comply with OPERS' Leverage Policy.

## **VIII. ROLES AND RESPONSIBILITIES**

### **A. OPERS Retirement Board**

The Ohio Public Employees Retirement Board ("Board") is responsible for reviewing and approving this Policy and any changes to it.

In addition, the Board is responsible for reviewing reports related to this Policy.

### **B. Investment Staff**

The Board delegates authority to the Chief Investment Officer ("CIO") to implement this Policy. Investment Staff ("Staff") is responsible for monitoring the Policy and recommending changes to the Board.

Staff is also responsible for managing opportunistic investments within the framework of the Board-approved Policy and within the goals and objectives set by the Board in the Annual Investment Plan. Staff will work with an Investment Advisor to identify managers for the program using a process approved by the CIO. Prior to engaging in a new opportunistic activity, Staff will prepare a memorandum to the Board explaining the investment.

All members of Staff are accountable to the CIO. The CIO is responsible for all Staff actions relative to the management of OPERS' investments. In this regard, it is the responsibility of the CIO to satisfy himself/herself that all Policies and directives of the Board are implemented.

### **C. Investment Compliance**

The Investment Compliance area of Investment Accounting, Operations and Compliance (“IC”) is responsible for monitoring compliance with this Policy, including guidelines established pursuant to it. If IC determines that an exception to this Policy has occurred, IC shall notify Staff, the CIO, the Executive Director and the Board.

### **D. Investment Advisor**

The Investment Advisor assists Staff in evaluating internal and external strategies for inclusion in the Opportunistic sub-asset class. Prior to engaging in a new opportunistic activity, the Investment Advisor will prepare a memorandum to the Board explaining the investment.

## **IX. MONITORING AND REPORTING**

To ensure monitoring and compliance with this Policy, the following reports will be reviewed with the Board:

### **A. Quarterly**

Performance Reports – Investment Advisor and/or Staff

Report on compliance – Investment Compliance Staff

### **B. Annually**

OPERS Annual Investment Plan – Staff