



**Ohio Public Employees Retirement System**

**Investment Valuation Policy  
May 2026**



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### Revision History

Investment Valuation Policy Established

May 20, 2026



## **I. SCOPE**

This Investment Valuation Policy ("Policy") establishes standards and requirements for valuing investments held by OPERS for financial statement and public reporting purposes. The Policy applies to all investments held in trust, including those managed internally and externally, across all OPERS investment pools and fiduciary funds.

## **II. PURPOSE**

The purpose of this Policy is to ensure that OPERS' investments are valued in a consistent, transparent, auditable, and standards-compliant manner that supports reliable financial reporting, informed governance and risk management. The Policy also seeks to establish clear accountability among the Board, staff, external managers, custodians, administrators, and service providers for the valuation process.

## **III. LEGAL AUTHORITY**

### **A. Accounting Standards**

OPERS' valuation practices for financial statement reporting shall be consistent with Governmental Accounting Standards Board (GASB) requirements applicable to investment measurement and disclosure, including GASB Statement No. 72 (Fair Value Measurement and Application) and other related pronouncements.

## **IV. VALUATION PRINCIPLES**

### **A. Fair Value Definition and Measurement**

OPERS generally measures investments at fair value as of the valuation date. Fair value is an exit price measured in the principal market (or most advantageous market when no principal market exists), assuming an orderly transaction between market participants. Transaction costs are not included in fair value measurements.

### **B. Valuation Approaches**

OPERS uses valuation techniques that are appropriate under the circumstances and for which sufficient data are available. Valuation techniques are consistent with one or more of the following approaches: (i) market approach, (ii) income approach, and (iii) cost approach. Techniques are applied consistently unless a change is justified and documented.

### **C. Fair Value Hierarchy (Levels 1-3)**

GASB 72 establishes a hierarchy of inputs to valuation techniques used to measure fair value. That hierarchy has three levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs—other than quoted prices—included within Level 1 that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable inputs, such as management’s assumption of the default rate among underlying mortgages of a mortgage-backed security.

OPERS classifies fair value measurements within the fair value hierarchy based on the lowest level input that is significant to the measurement. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

### **D. Net Asset Value (NAV) Practical Expedient**

As stipulated in GASB 72, a government is permitted to establish the fair value of an investment in a nongovernmental entity that does not have a readily determinable fair value by using the NAV per share (or its equivalent), such as member units or an ownership interest in partners’ capital to which a proportionate share of net assets is attributed. This method of determining fair value is permitted if the NAV per share (or its equivalent) of the investment is calculated as of the government’s measurement date generally in a manner consistent with the Financial Accounting Standards Board’s measurement principles for investment companies. For private funds, NAV is obtained from quarterly financial statements (balance sheets) received from the general partners of the funds.

Certain investments in commingled funds or limited partnerships may be measured at NAV per share (or its equivalent) as a practical expedient when permitted. Investments measured at NAV practical expedient are disclosed separately from the Levels 1–3 hierarchy in the notes to the financial statements.

### **E. Exceptions and Non-Fair Value Measurements**

Certain investments may be measured at amortized cost or other measurement bases when permitted by applicable GASB guidance (e.g., qualifying money market funds or external investment pools). When exceptions apply, OPERS will document the basis for the measurement and related disclosure requirements.

## **V. ASSET CLASS VALUATION METHODOLOGIES**

### **A. Cash and Short-Term Investments**

Cash is carried at face value. Short-term investments are generally valued using quoted prices or evaluated pricing from independent pricing services, consistent with market conventions.

### **B. Public Equities and Exchange Traded Funds**

Publicly traded equities, ETFs, and exchange-traded derivatives are valued using quoted prices in active markets as of the valuation date.

### **C. Fixed Income (Publicly Traded)**

Fixed income securities are generally valued using evaluated prices provided by independent pricing services that utilize observable inputs such as benchmark yields, reported trades, broker-dealer quotes, and issuer spreads. When observable inputs are limited, additional procedures are applied, including review of reasonableness and classification within the hierarchy.

### **D. Commingled Funds and Limited Partnerships**

Interests in commingled vehicles (including Risk Mitigation Strategies externally managed funds) and limited partnerships (including Private Equity, Private Credit and Private Real Estate other than direct-owned real estate partnerships) are valued at the most recently available NAV or fair value reported by the fund administrator or general partner, adjusted for subsequent capital activity and other known events through the valuation date when necessary.

### **E. Direct-Owned Real Estate Limited Partnerships**

Real estate is valued based on independent appraisals, discounted cash flow analyses, capitalization rates, and/or comparable sales, supplemented by manager reporting. Appraisals are obtained on a defined cycle and updated for material events. When held through funds, values are typically based on NAV reported by the fund. Please refer to the "Private Market Real Estate Separate Account Valuation Process for External Managers" for additional information.

### **F. Derivatives and Collateral**

Derivatives are valued using market quotes or model-based valuations using the most observable inputs available. Collateral pledged or received is valued consistently with its underlying instrument's valuation basis. Valuation and collateral records are exchanged between counterparties on a daily basis.

## **G. Securities Lending**

Securities lending collateral and receivables/payables are valued consistently with the underlying instruments and exchanged among OPERS, the securities lending agent and custodian for comparative analytical purposes. Any indemnification or collateral shortfalls are evaluated and disclosed as required in the Third Party Securities Lending Authorization and Agreement entered among OPERS, our custodians and our third-party lending agent.

## **VI. VALUATION GOVERNANCE, CONTROLS AND PROCEDURES**

### **A. Pricing Sources and Vendor Oversight**

OPERS uses independent pricing sources (e.g., exchanges, pricing services, custodians, administrators, and appraisers) appropriate to each asset class. Vendor selection and ongoing oversight consider competence, methodologies, coverage, transparency, timeliness, and service organization controls (e.g., SOC reports) when available. OPERS measures and analyzes differences between pricing sources used internally and those used by custodians and the master record keeper during the monthly and annual accounting close processes.

For public market assets and derivatives, OPERS' primary source of pricing is Bloomberg. The domestic and global custodians use a pricing hierarchy that varies by sub-asset type within the public markets. For private market assets, OPERS and its custodians use NAV statements provided by General Partners.

### **B. Price Challenges, Overrides and Escalation**

OPERS maintains procedures to identify outlier prices and valuation anomalies, including tolerance checks, variance analysis, and stale-price monitoring. Any price override or manual adjustment requires documented rationale, supervisory approval, and retention of supporting evidence. Material issues are escalated to the CFO. Please refer to the "Price Challenge Procedures" maintained by Investment Operations for additional information.

### **C. Private Market Valuation Controls**

To mitigate the risk associated with relying upon an external manager's valuation, OPERS requires all private market external managers to be audited by an independent auditing firm of national recognition and reputable standing. Investment Accounting, Operations & Compliance (IAO&C) staff receive and review these audit reports annually.

To further mitigate valuation risk for private market assets, OPERS staff analyze secondary sales, appraisals and asset transfers to compare transaction price data related to specific holdings in the portfolio with the valuation assigned to remaining portfolio holdings of the same or similar assets. Any adjustments from an external manager's valuation will be fully documented and reviewed and approved by the CFO.

#### **D. Cut-off, Frequency and Timeliness**

Valuations are performed as of each month-end for internal reporting and as of fiscal year-end for audited financial statements. For investments with lagged quarterly valuations (e.g., private funds), OPERS applies lag procedures including adjusting for known capital movements and subsequent-event assessments to ensure that values used for reporting at fiscal year-end reasonably reflect conditions at the valuation date. OPERS then reviews the values reported at year-end for Private Credit, Private Equity and Real Estate funds against the audited fund valuations or unaudited financial statements as of year-end received subsequent to year-end through the annual report issuance date for material differences to the reported adjusted third quarter valuations. If the reported values in the annual report differ, in total by each asset class, by more than 3% in aggregate, OPERS would consider the need to adjust the values in the annual report.

### **VII. ROLES AND RESPONSIBILITIES**

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

The 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**

Investment Staff is responsible for understanding valuation methodologies used by internal strategies and external managers, reviewing valuation packages for private investments, and escalating concerns regarding reasonableness, timeliness, or transparency.

#### **C. Investment Accounting, Operations & Compliance (IAO&C)**

IAO&C is responsible for day-to-day valuation operations, including data capture, pricing uploads, reconciliations, hierarchy classification support, and coordination of valuation controls across custodians and service providers.

## **D. External Managers**

External managers are responsible for providing timely and accurate valuation information, including support for methodologies and assumptions, and for notifying OPERS of material valuation events, restatements, side letters affecting valuation, or restrictions on redemptions.

## **E. Custodians and Master Record Keeper**

The custodians and master record keeper are responsible for maintaining books and records, providing independent pricing and reconciliation support, and delivering valuation reports and confirmations in accordance with service level agreements.

# **VIII. MONITORING AND REPORTING**

## **A. Periodic Valuation Reporting**

IAO&C produces routine valuation reports and reconciliations (monthly and annually) including market value reconciliations to the master record keeper and stale price listings. Significant items are communicated to Investment Staff and the CFO.

## **B. Financial Statement Disclosures**

OPERS prepares note disclosures describing fair value measurements, including hierarchy classifications, valuation techniques, and investments measured at NAV practical expedient. Significant changes in valuation techniques are disclosed with an explanation of the reasons for the change.

## **C. GASB 72 Committee and Procedures**

The OPERS GASB 72 Committee includes the Executive Director, the CFO, the CIO and other senior Investment and Finance staff. The purpose of the committee is to provide a forum to review and determine the classification of every asset or liability based upon the detailed level definitions provided in GASB Statement No. 72 and summarized in this policy document. The committee also reviews and approves valuation disclosure practices for certain assets like bank loans and U.S. Government debt. The committee meets annually to review and approve the GASB 72 disclosure table and accompanying information prior to issuance of the annual report.

The GASB 72 Procedures and Committee Charter documents are maintained by the IAO&C.