

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
277 EAST TOWN STREET, COLUMBUS, OH 43215-4642
1-800-222-PERS (7377)
www.opers.org

NOTICE

1. The OPERS Board will meet on **Wednesday, January 21, 2026, at 9:00 a.m.** in the offices of the Board.
2. The Personnel and Salary Review Committee will meet on **Wednesday, 21, 2026 immediately following the Board meeting** in the offices of the Board.

Members of the public may view the live video of the Board meetings. Registration/sign in to access the meetings is available at the following link https://opersorg.zoom.us/webinar/register/WN_t0nCYytZQYyFHChswgsdwQ. Once completed you will receive additional information regarding how to observe the meetings.

OPERS Board

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Board Meeting	January 21, 2026 9:00 A.M. OPERS Office
A G E N D A	
I. Roll Call	9:00-9:00 a.m.
II. Consent agenda:	9:00-9:05 a.m.
A. Minutes – November 19, 2025	
B. Disability report	
III. Action Item:	
A. Board Chair and Vice Chair Selections	9:05-9:10 a.m.
IV. Discussion Items:	
A. Economic Outlook – External Economist – Ronald Temple – Lazard	9:10-10:15 a.m.
B. Fiscal Year 2025 Preliminary Returns/2026 Outlook (Defined Benefit and Health Care Funds) – Paul Greff	10:15-10:30 a.m.
C. Approve monthly benchmark reset for Risk Mitigating Strategies for 6 months – Paul Greff and Prabu Kumaran**	10:30-10:45 a.m.
D. Annual Investment Plan – Prabu Kumaran**	10:45-11:00 a.m.
E. Approve Investment Policy Changes (including ODC) Prabu Kumaran**	11:00-11:45 a.m.
Lunch	11:45-12:00 p.m.
F. Funding Projection (assets only) – Karen Carraher, Craig Hallermann, Lai Woo	12:00-12:30 p.m.
G. Legislative Update (Federal) – Zoom – Leigh Snell and Jeannine Markoe Raymond	12:30-1:30 p.m.
H. Ohio DC Update – Financial Planning/Initiative Update Kevin Kirkpatrick, Allen Foster and Matt Gill	1:30-2:00 p.m.
I. Summary Report of Compliance for 2025 – Eric Harrell	2:00-2:15 p.m.
J. Neil V. Toth Winner – Ciji Wilhelm	2:15-2:30 p.m.
K. Executive Director Update – Karen Carraher	2:30-2:40 p.m.
V. For Your Information:	
A. 2026 Mileage Reimbursement Rate	
B. 2026 Board Schedule and Agenda	
C. Appointment of Committees	
D. Investment Performance	

****COULD BE MOVED TO ACTION AT THE BOARD'S DIRECTION**

Board Meeting II.A

Minutes of the

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

The monthly meeting of the Ohio Public Employees Retirement Board was held in the offices of the Board, Ohio Public Employees Retirement System building, 277 East Town Street, Columbus, Ohio at 9:55 a.m., Wednesday, November 19, 2025.

Members present: Mr. Jay Hottinger; Mr. James Kunk; Ms. Kathleen Madden; Mr. Scott Richter; Mr. Russell Smith; Mr. Stewart Smith; Mr. Tim Steitz; Mr. Ken Thomas; Mr. Steve Toth; and Mr. Chris Mabe. (Ms. Julie Albers entered the meeting later.)

Also present: Ms. Tonya Brown, Deputy Executive Director; Ms. Karen Carraher, Executive Director; Mr. Allen Foster, Deputy Executive Director; Mr. Gordon Gatien, Director Government Relations; Mr. Paul Greff, Director, Investments; Ms. Lauren Gresh, Deputy Executive Director; Mr. Eric Harrell, General Counsel; Mr. Stephen Kell, Director Information Technology; Mr. Chuck Quinlan, Director Information Technology Strategy; Mr. Stephen Kell, Director Information Technology; Ms. Jenny Starr, Chief Financial Officer; Ms. Caroline Stinziano, Director Internal Audit; and Ms. Ciji Wilhelm, Director, Human Resources.

The Chair called the meeting to order.

Mr. Toth moved, Mr. Stewart Smith seconded, to approve the minutes of the meeting held October 15, 2025 and the disability report (see Appendix to the Minutes for report).

Roll call vote was taken as follows: Mr. Hottinger, aye; Mr. Kunk, aye; Ms. Madden, aye; Mr. Richter, aye; Mr. Russell Smith, aye; Mr. Stewart Smith, aye; Mr. Steitz, aye; Mr. Thomas, aye; Mr. Toth, aye; Mr. Mabe, aye.

The motion passed with all ayes.

The Chair asked for the report of the Audit Committee.

Mr. Smith, Chair of the Audit Committee, reported that the Committee met on November 19, 2025, and provided a report out of the agenda items discussed as part of the meeting. During the Audit Committee meeting, Ms. Stinziano reviewed the following action items and recommended approval by the full Board:

- The Internal Audit related activities and Status of Prior Audit Recommendations and the proposed annual 2025 Audit Committee Report that is provided to the Ohio Retirement Study Council.
- The proposed 2026 six-month Internal Audit Plan for the period of January through June 2026.

The Committee also was presented the 2025 External Audit Plan by our external Auditors Plante Moran.

Mr. Stewart Smith moved, Mr. Richter seconded, to approve the Annual Audit Committee Report to be submitted to the ORSC, 2026 six-month Audit Plan (January-June), and the Audit Committee and Internal Audit Department Charters as recommended by the Audit Committee report.

Roll call vote was taken as follows: Mr. Hottinger, aye; Mr. Kunk, aye; Ms. Madden, aye; Mr. Richter, aye; Mr. Russell Smith, aye; Mr. Stewart Smith, aye; Mr. Steitz, aye; Mr. Thomas, aye; Mr. Toth, aye; Mr. Mabe, aye.

The motion passed with all ayes.

(Ms. Albers entered the meeting.)

Ms. Lai Woo, Senior Financial Analyst, reviewed the 2026 employer contribution rate allocation.

Mr. Hottinger moved, Ms. Madden seconded, to approve the allocation of the employer contribution rate to pension of 14%, and the allocation of the employer contribution rate to health care of 0%, effective January 1, 2026.

Roll call vote was taken as follows: Ms. Albers, aye; Mr. Hottinger; Mr. Kunk, aye; Ms. Madden, aye; Mr. Richter, aye; Mr. Russell Smith, aye; Mr. Stewart Smith; Mr. Steitz, aye; Mr. Thomas, aye; Mr. Toth, aye; Mr. Mabe, aye.

The motion passed with all ayes.

Mr. Christopher Doll from CEM reviewed the pension and investment benchmarking results for the period ending December 31, 2024.

Ms. Allison Adams from Meketa provided a Market/Economic Outlook for 2026.

The Board recessed for lunch.

After recess, the Chair proceeded with the agenda.

Mr. David Sancewich from Meketa reviewed dynamic asset allocation mix they and staff are recommending for the Defined Benefit Fund. They reviewed the pros and cons of various approaches, as well as the preferred option of Meketa and Investment staff.

(Ms. Madden left the meeting during the Meketa presentation.)

Mr. Richter moved, Mr. Kunk seconded, to approve the dynamic asset allocation as reviewed and discussed with staff and consultants.

Roll call vote was taken as follows; Ms. Albers, aye; Mr. Hottinger, aye; Mr. Kunk, aye; Mr. Richter, aye; Mr. Russell Smith, aye; Mr. Stewart Smith, aye; Mr. Steitz, aye; Mr. Thomas, aye; Mr. Toth, aye; Mr. Mabe, aye.

The motion passed with all ayes.

Ms. Alli Wallace Stone from Meketa reviewed quarterly investment performance.

Mr. Greff provided the CIO Quarterly update.

(Ms. Madden reentered the meeting during Mr. Greff's CIO Quarterly update.)

Ms. Stone and Ms. Adams from Meketa provided the annual review of the OPERS Defined Contribution Plan.

Mr. Jason Samansky and Mr. Stephen Budinsky from RVK provided the Ohio Deferred Compensation annual review.

Board members that are interested in running for Chair or Vice Chair need to submit their interest to Marsha Volpi by December 31, 2025.

The Executive Director report was included in the meeting materials.

Mr. Stewart Smith moved, Mr. Kunk seconded, to enter executive session to discuss pending or imminent litigation.

Roll call vote was taken as follows: Ms. Albers, aye; Mr. Hottinger, aye; Mr. Kunk, aye; Ms. Madden, aye; Mr. Richter, aye; Mr. Russell Smith, aye; Mr. Stewart Smith, aye; Mr. Steitz, aye; Mr. Thomas, aye; Mr. Toth, aye; Mr. Mabe, aye.

The motion passed with all ayes.

By acclimation, the Board came out of executive session.

Ms. Madden moved, Mr. Stewart Smith seconded, the meeting be adjourned until the next regular meeting to be held Wednesday, January 21, 2026, at 9:00 a.m.

The motion passed without dissent.

The meeting adjourned at 3:25 p.m.

Board Meeting IV.A

Ronald Temple

Chief Market Strategist



Ronald Temple is the Chief Market Strategist for Lazard's Financial Advisory and Asset Management businesses. In this role, Ron provides macroeconomic and market perspectives to Lazard's investment teams, financial advisory professionals, and clients and collaborates with Lazard's Geopolitical Advisory group to assess economic and market implications of key geopolitical issues globally.

Previously, Ron was the Head of US Equities and Co-Head of Multi-Asset Investing for Lazard Asset Management overseeing the firm's US equity strategies, Multi Asset investing, as well as several global equity strategies. He was also a Portfolio Manager/Analyst on various US and global equity teams after serving as Co-Director of Global Research and as a senior financial services sector analyst.

Ron's unique perspectives arise from his broad range of previous experiences. Before joining Lazard in 2001, Ron was a Director and Buy-Side Equity Analyst at Deutsche Bank. Previously, he oversaw the implementation of merger-related synergies for Deutsche Bank's CEO of the Americas after Deutsche acquired Bankers Trust. During the Asian debt crisis, Ron served as business manager for Deutsche Bank's Deputy CEO of Asia/Pacific in Singapore, a position in which he executed on strategic business changes for the Group. In his initial role at Deutsche Bank in London, Ron was the global business manager for Deutsche's foreign exchange business. Ron has extensive experience developing and enhancing risk management processes at Deutsche Bank, Bank of America, and Fleet Financial Group. Ron began his career trading cash and derivatives in the interest rate and foreign exchange markets at Fleet Financial Group.

Ron earned his Master in Public Policy from Harvard University and his Bachelor of Arts in Economics and Public Policy Studies magna cum laude from Duke University. He is a member of the Council on Foreign Relations, The Bretton Woods Committee, the Economic Club of New York, and the CFA Society of New York. Previously, Ron chaired Duke University's Graduate School Board of Visitors from 2019-2024 after serving as a member since 2015. He also served as a trustee of the Link Community School in Newark, New Jersey, from 2006-2014, as a member of the Trinity Board of Visitors at Duke University from 2006-2012 and a member of the Financial Accounting Standards Advisory Council from 2013 to 2015.

DECEMBER 2025

LAZARD

RONALD TEMPLE, CHIEF MARKET STRATEGIST
Global Economic and Market Outlook



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Agenda—Economic Backdrop

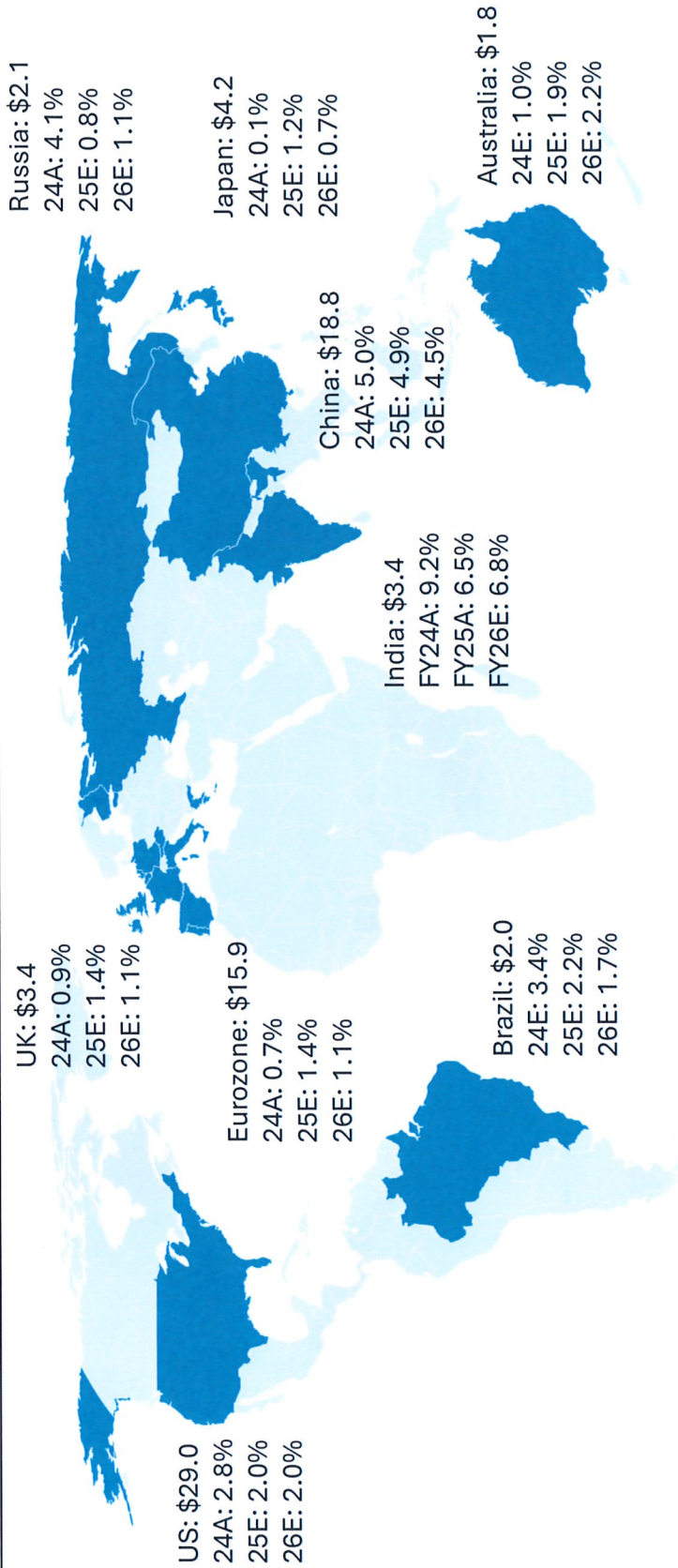
- US GDP growth downshifted by ~100 bps in 2025 and is likely to soften more in 2026 depending on AI investment trends
 - After growing above potential in 2023 and 2024, confidence was hit by the US-initiated trade war in 2025.
 - In 2026, much tighter enforcement of immigration laws will likely lower growth as could a deceleration in AI investment growth
- Eurozone growth was negatively affected by US trade policy in 2025, but GDP acceleration is likely from 2026
 - ECB easing, rising real wages, and German fiscal stimulus should all lift growth looking forward
- China's real estate crisis continues, and economic data are beginning to show the effects of US trade policy
 - Markets have long hoped for fiscal stimulus to accelerate growth, but structural reforms are needed to sustain momentum
- Japan's multi-year inflation normalization process is likely to continue with capital optimization offering an idiosyncratic opportunity
 - Governance and takeover code reforms alongside sustained inflation and wage growth could force meaningful changes for corporations

Agenda—Market Observations

- Interest rates:
 - US rates face upward pressure from trade-related inflation, elevated deficits, and decreased global appetite for US dollar exposure...
 - ... but slowing growth, weakening labor markets, and a likely peak in inflation early in 2026 are exerting downward pressure on rates
 - European rate curves have steepened reflecting less conservative fiscal policies and a strengthening growth outlook
- Developed market credit spreads remain very tight, but there are no signs of imminent widening
 - US growth is likely to slow modestly in 2026, but recession remains unlikely
 - Non-US growth is likely to accelerate which should benefit credit quality
- Equity markets have reached new all-time highs despite trade turmoil, higher US inflation, and geopolitical challenges
 - US equities are expensive relative to history, but the rally has been narrowly driven with expectations growing increasingly questionable
 - Non-US equity market valuations appear more attractive, but stronger earnings growth will be necessary to sustain outperformance

Global Growth Expectations Are Muted with Convergence across Developed Markets

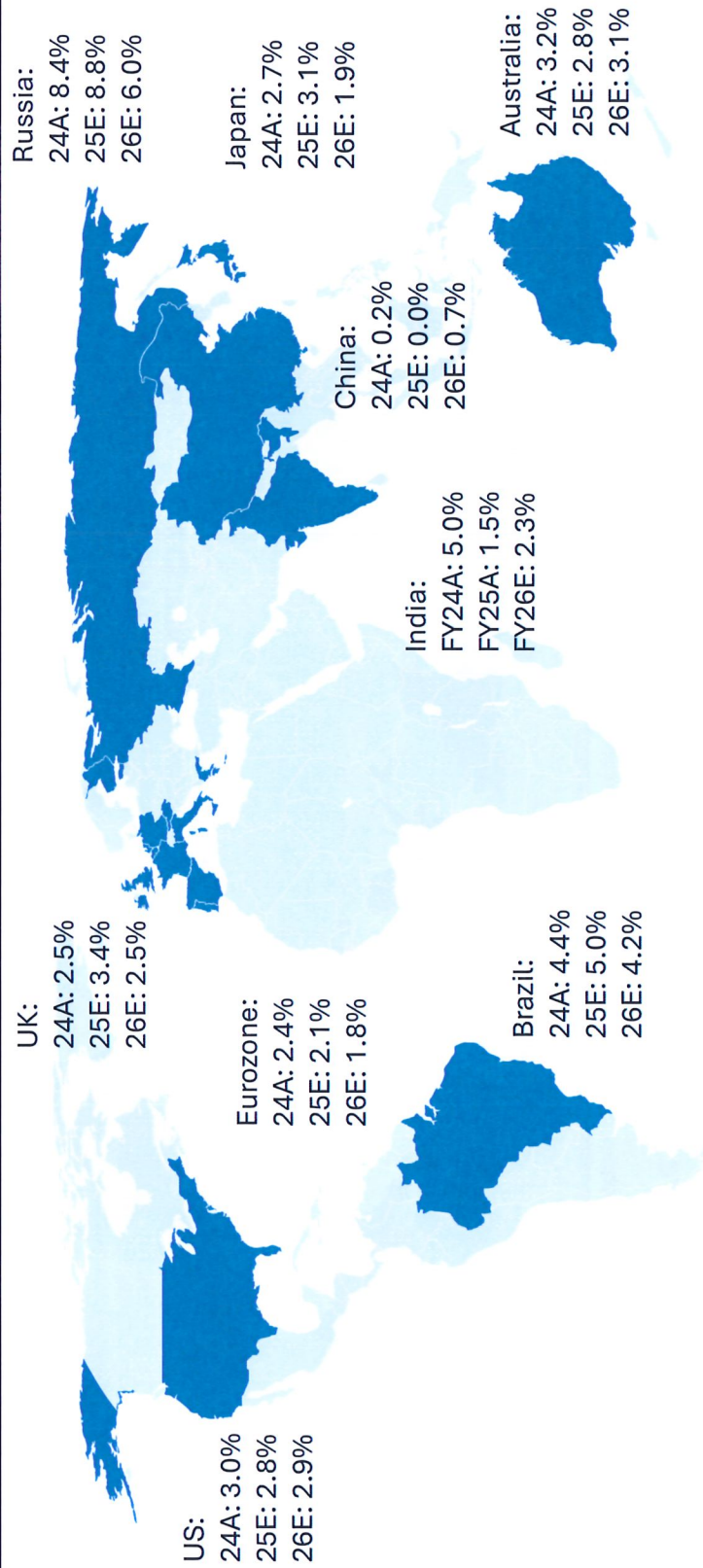
2024 GDP in \$ Trillion and Expected Real Growth



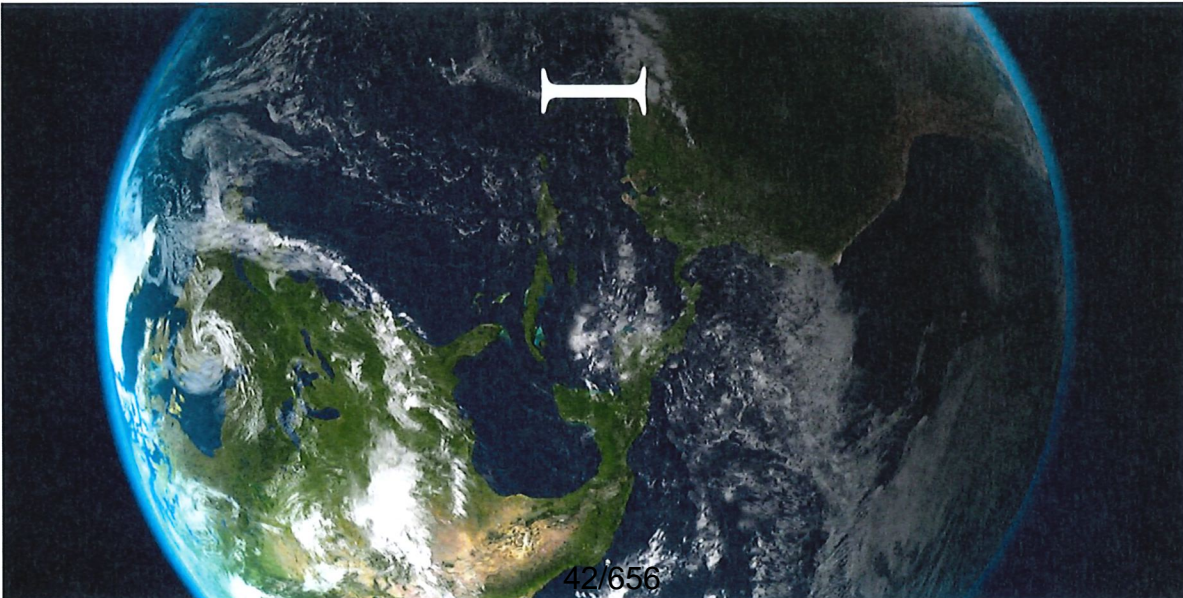
Source: Bloomberg, IMF
 Note: GDP as of 31 December 2024. India FY ends 31 March for forecasts.
 Data is in current price USD trillion
 GDP growth forecasts as of 17 December 2025

US Inflation Is Expected to Persist while Other Developed Markets Enjoy Disinflation

Expected Consumer Price Index (CPI) Inflation



Source: Bloomberg
Note: India FY ends 31 March for forecasts.
GDP growth forecasts as of 17 December 2025



United States

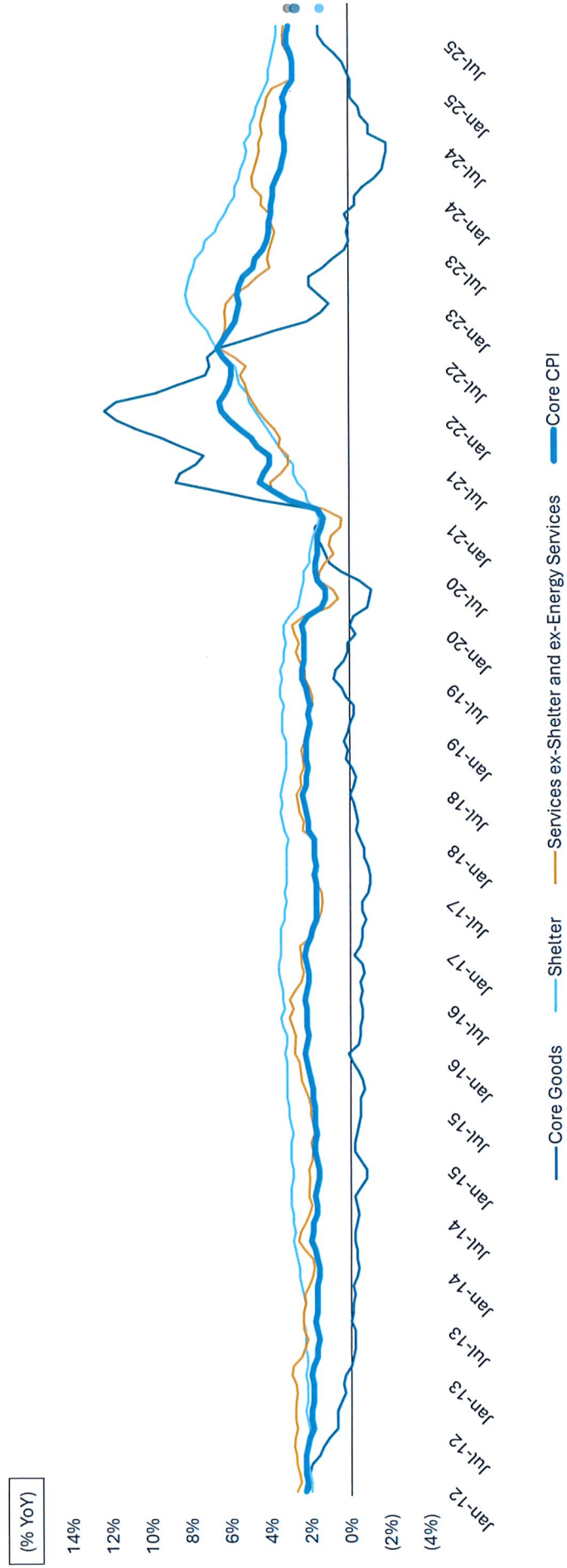
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United States Overview—Economic Backdrop

- US GDP growth is likely to decelerate in 2026
 - A significant reduction in immigration is likely to decrease working-age population growth materially
 - Productivity benefits from artificial intelligence are unlikely to materialize for several years
- Inflation is likely to reaccelerate through early 2026 as tariffs raise consumer prices
 - Based on tariff announcements thus far, I expect core CPI to peak above 3.5% in H1-26
 - Reduced immigration could tighten segments of the labor market adding to price pressures in 2026
- Despite meaningful easing of tightness, the US labor market remains at full employment with unemployment at only 4.4%
 - A low hiring rate suggests a weaker labor market...
 - ... but a sharp decline in population growth could lead to low nonfarm payroll growth and marginally higher unemployment
- Sustained high fiscal deficits are likely to become a worry for markets moving forward
- Threats to investors' confidence in Fed independence are meaningful

US Core CPI Inflation Is Likely to Peak in H1-26

US Consumer Price Index Inflation for Key Categories



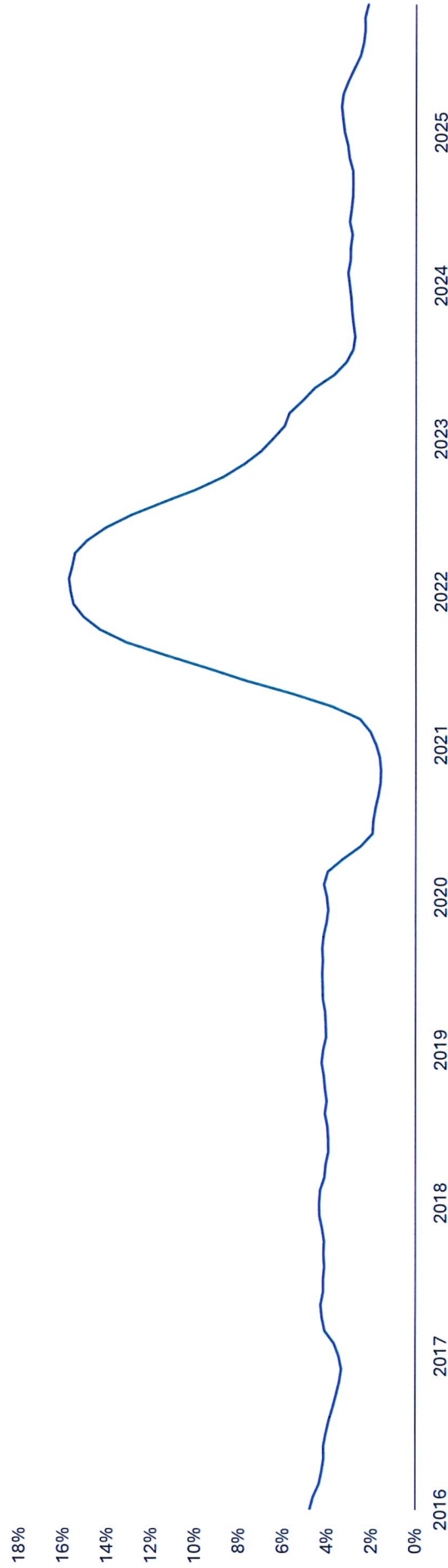
Source: Bureau of Labor Statistics, Haver Analytics

Note: As of November 2025

Core goods represent ~24% of core CPI, shelter represents ~44%, and services ex-shelter and ex-energy services represent ~32%.

Decelerating US Rent Inflation Could Partially Offset the Effects of Tariff Increases

US Year-on-Year Rental Price Changes – Range, Median, and US Index



Source: Zillow.com Observed Rent Index. The index covers approximately 100 major cities in the United States beginning in 2015. Shaded gray area shows range from lowest rent inflation to highest among top 100 cities in the index.

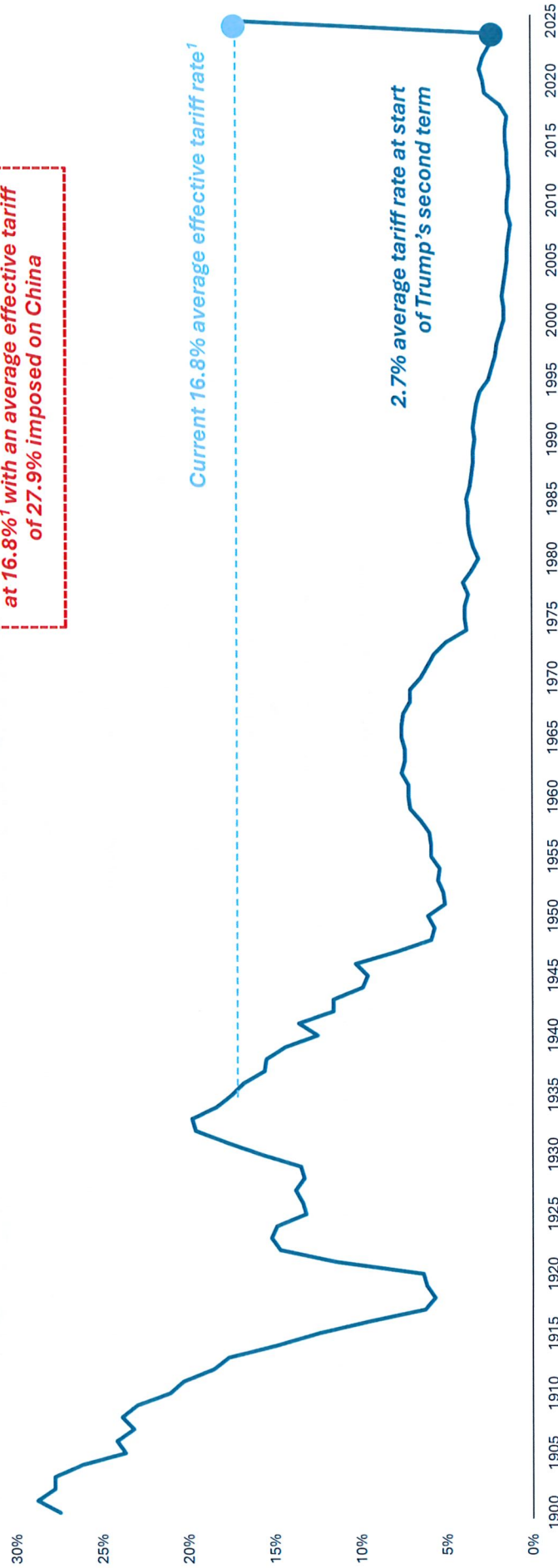
Note: As of November 2025

This index captures asking rents (not agreed rents) for new leases only (not including renewals).

The Weighted Average US Tariff on Goods Has Increased by ~14.1 Percentage Points

The Current Average US Tariff Rate Is the Highest since 1934¹

US Average Effective Tariff Rate on All Imports



The US average effective tariff rate stands at 16.8%¹ with an average effective tariff of 27.9% imposed on China

Current 16.8% average effective tariff rate¹

2.7% average tariff rate at start of Trump's second term

The Supreme Court IEEPA Ruling Could Add Uncertainty to the US Trade Policy Outlook

The Supreme Court hearing on 5 November suggested a majority of justices are skeptical that IEEPA authorizes the broad, across-the-board tariffs, even as a few Justices left open the possibility that IEEPA might allow narrower tariffs in a genuine national emergency

- On August 29, the **US Court of Appeals for the Federal Circuit ruled that President Trump’s use of the International Emergency Economic Powers Act (IEEPA) to impose broad tariffs was unlawful**, citing the lack of tariff-specific language and invalidating reciprocal tariffs on “nearly all goods from nearly every country”

Impacted tariffs include:

- 10% global baseline duties on all imports
- Fentanyl-related duties of 25% on Canada, Mexico, and 20% on China
- Individual country-by-country “reciprocal” tariff rates and negotiated rates as part of recent trade agreements

Tariffs unlikely to be impacted:

- Sector-specific tariffs on steel, aluminum, autos, pharmaceuticals, semiconductors, and other industries
- Any potential new investigations or duties launched via Section 301, including a potential investigation into foreign drug pricing practices

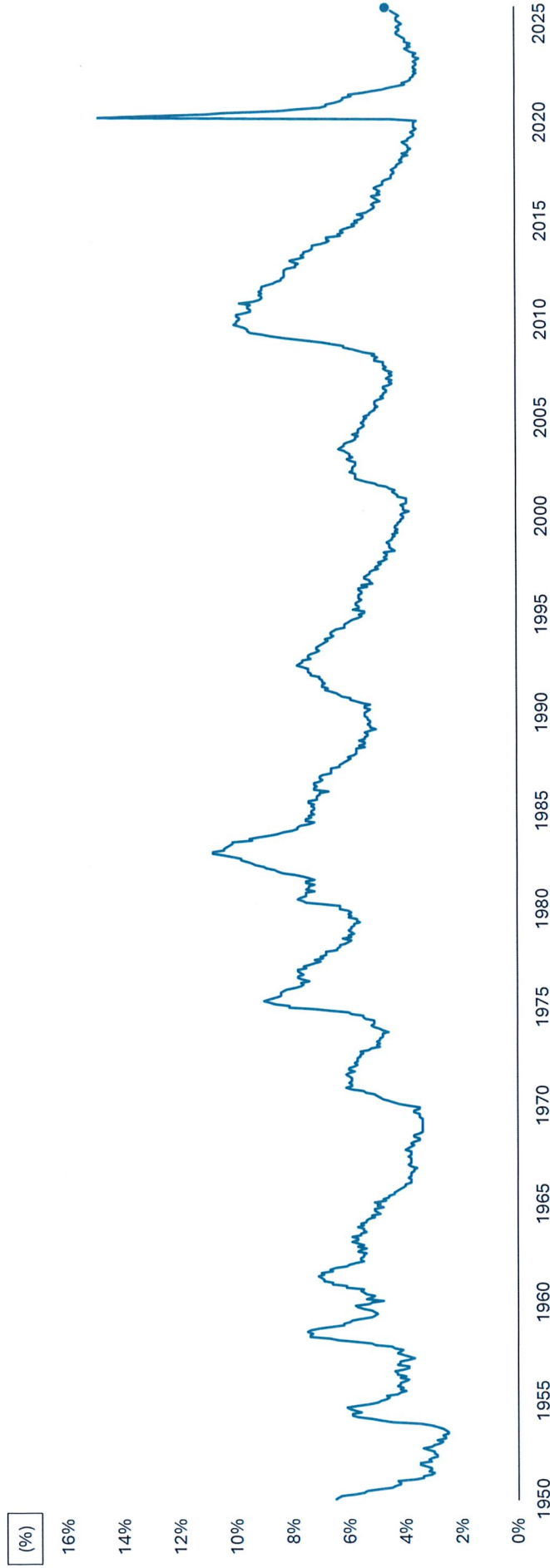
- The Supreme Court heard President Trump’s appeal on a **fast-track timeline on 5 November**, with a decision potentially coming over the next months. **A ruling limiting IEEPA tariffs would lead to a trade reset but not retreat**; it will likely prompt a shift to alternative and more established tools like Section 232 sectoral tariffs and Section 301 country-based tariffs
- The decision casts uncertainty around existing country trade deals and creates confusion for businesses

Other Legal Authorities the White House Can Consider

	Section 122	Section 232	Section 301	Section 338
Authority	Permits tariffs up to 15% to respond to “large and serious” trade deficits	Allows tariffs or quotas to be placed on imports deemed a threat to national security	Authorizes imposition of trade measures to address foreign unfair trade practices	Provides up to 50% tariffs on countries found discriminating against the US
Description	Permits tariffs up to 15% to respond to “large and serious” trade deficits	Allows tariffs or quotas to be placed on imports deemed a threat to national security	Authorizes imposition of trade measures to address foreign unfair trade practices	Provides up to 50% tariffs on countries found discriminating against the US
Process	Immediately available, but Congress must renew after 150 days	Requires a Commerce investigation, typically up to 270 days for reports but can be expedited	Requires USTR investigation, typically 12–18 months but can be expedited	Requires USITC ¹ report on foreign discrimination. There is no specified timeline for delivery of the report nor initiation of retaliatory measures

The US Unemployment Rate Is Low, but there Are Conflicting Signals Regarding the Outlook

US Unemployment



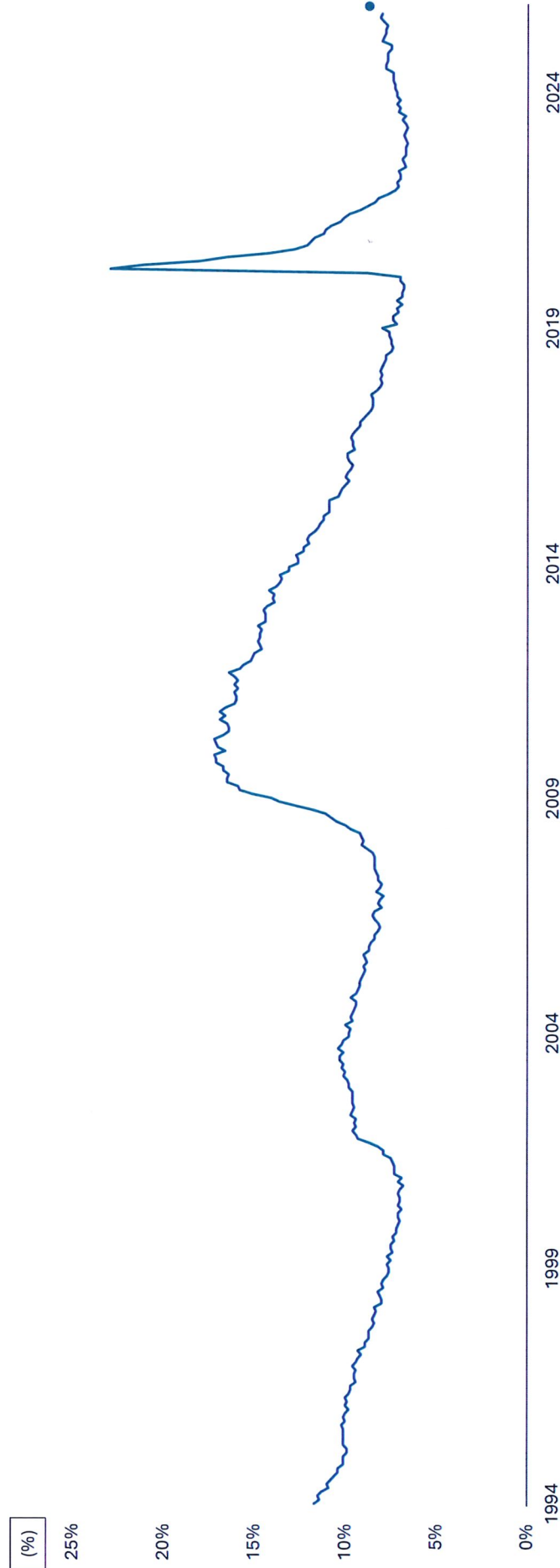
Source: Bureau of Labor Statistics, Haver Analytics

Note: As of November 2025

The unemployment rate was not reported for October 2025 due to the US federal government shutdown. The line connects the September and November data points.

The US Underemployment Rate Is also Low

US Underemployment

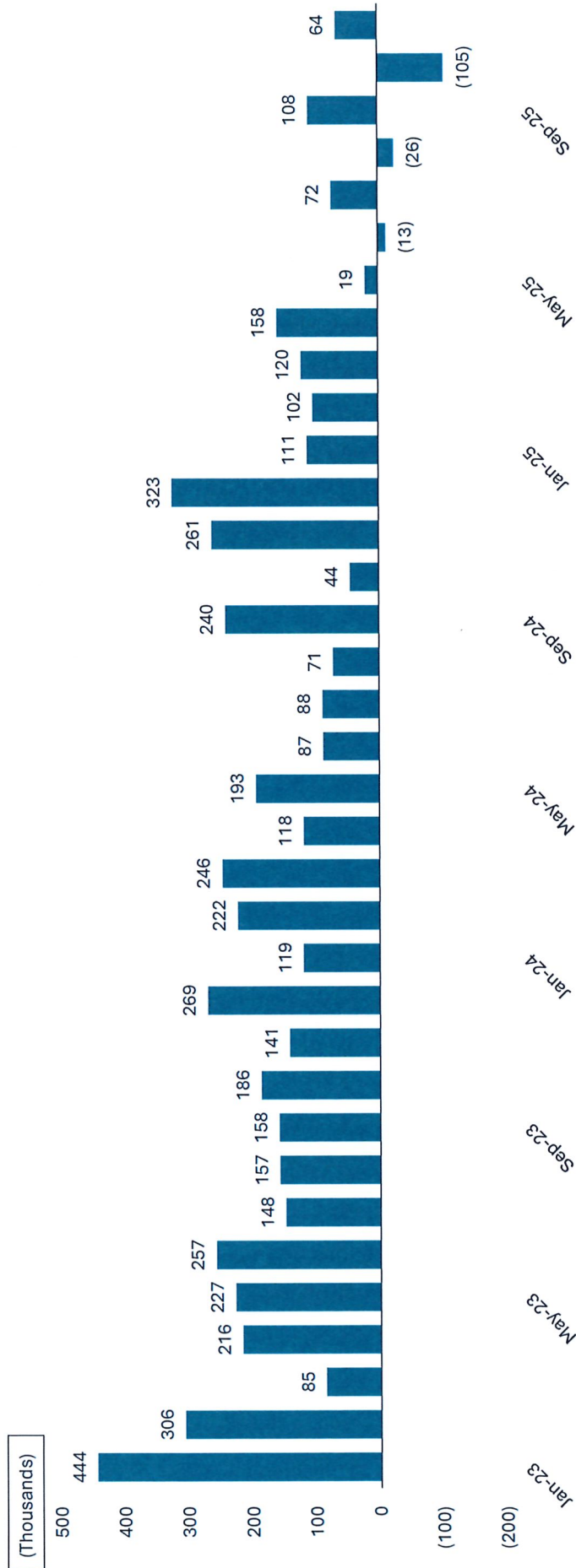


Source: Bureau of Labor Statistics, Haver Analytics
As of November 2025

Note: The underemployment rate was not reported for October 2025 due to the US federal government shutdown. The line connects the September and November data points.

US Nonfarm Payroll Growth Has Slowed to 17,000 per Month since May 2025

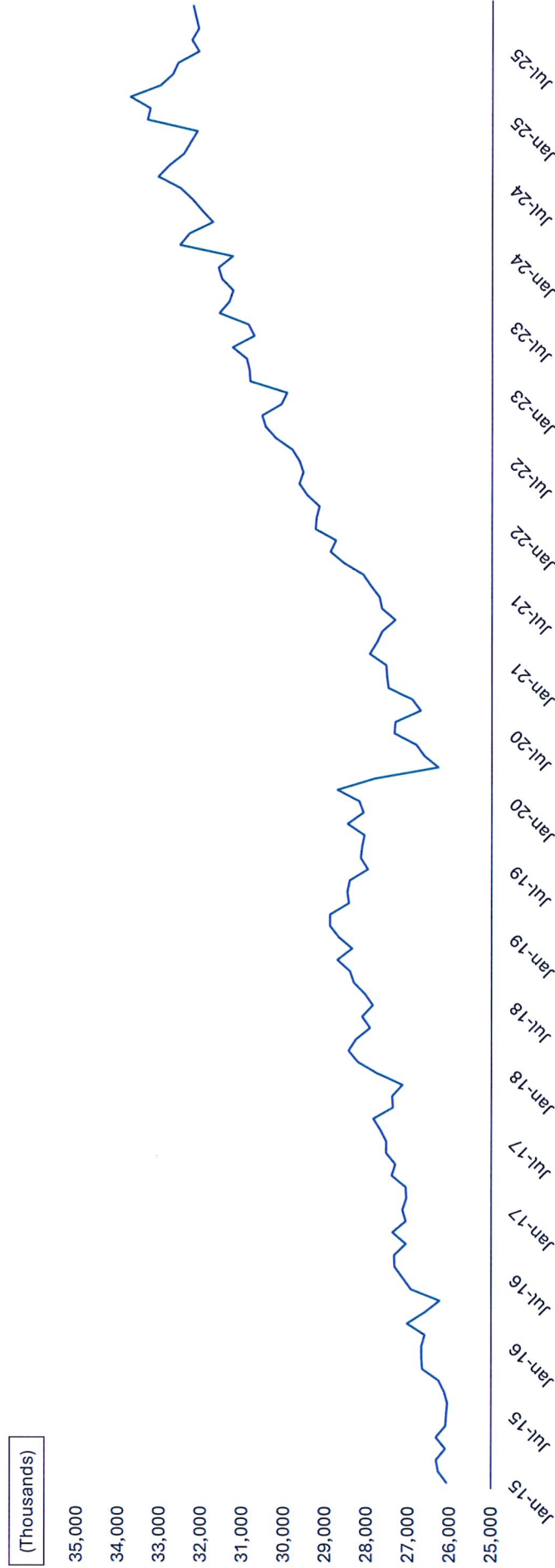
Average Monthly Change in Private Nonfarm Payrolls



Source: Bureau of Labor Statistics, Haver Analytics
 Note: As of November 2025

The Number of Foreign-Born Workers in the US Labor Force Declined by 1.5 Million Since March 2025

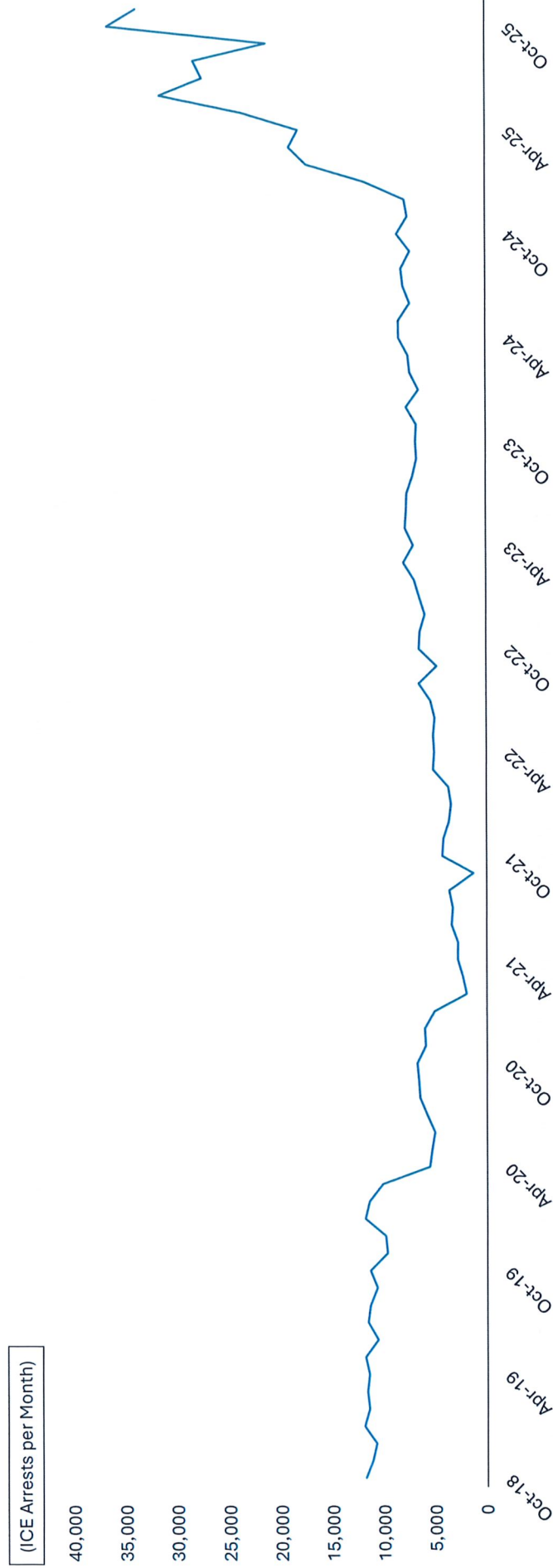
Number of Foreign-Born Workers in US Labor Force



Source: Bureau of Labor Statistics
 Note: As of November 2025

Immigration and Customs Enforcement Arrests Exceeded 30,000 in October and November 2025

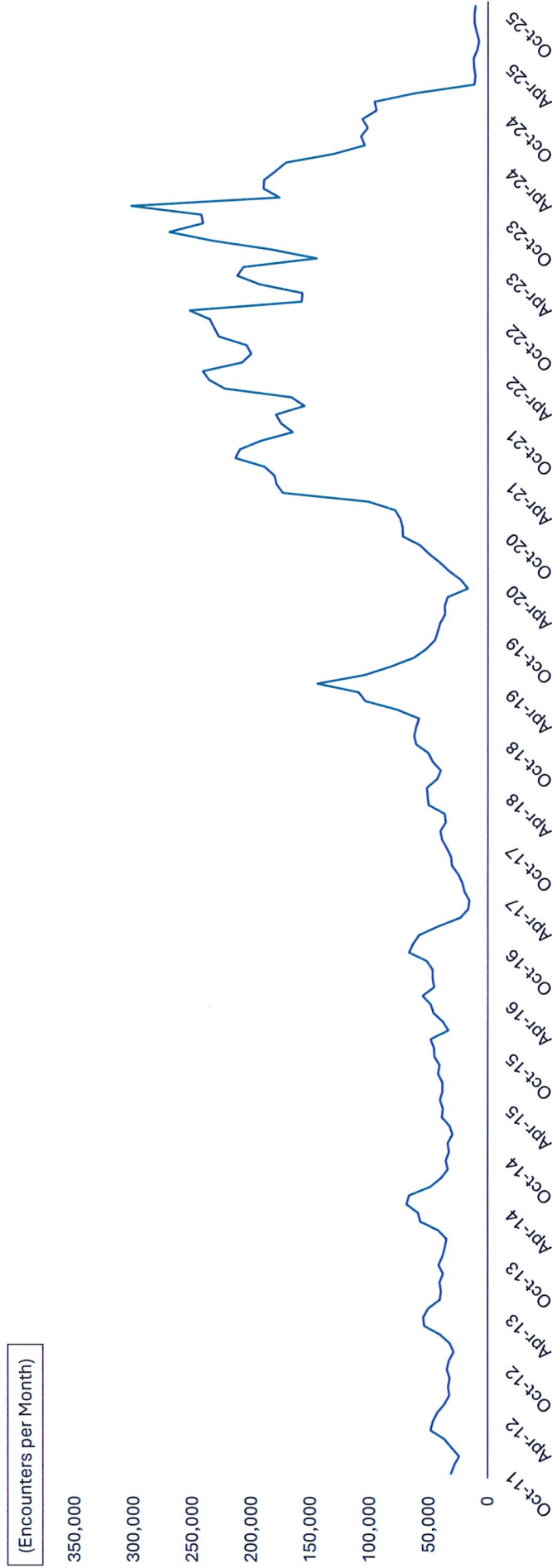
Southwest Land Border Encounters



Source: Immigration and Customs Enforcement, Haver Analytics
Note: As of November 2025

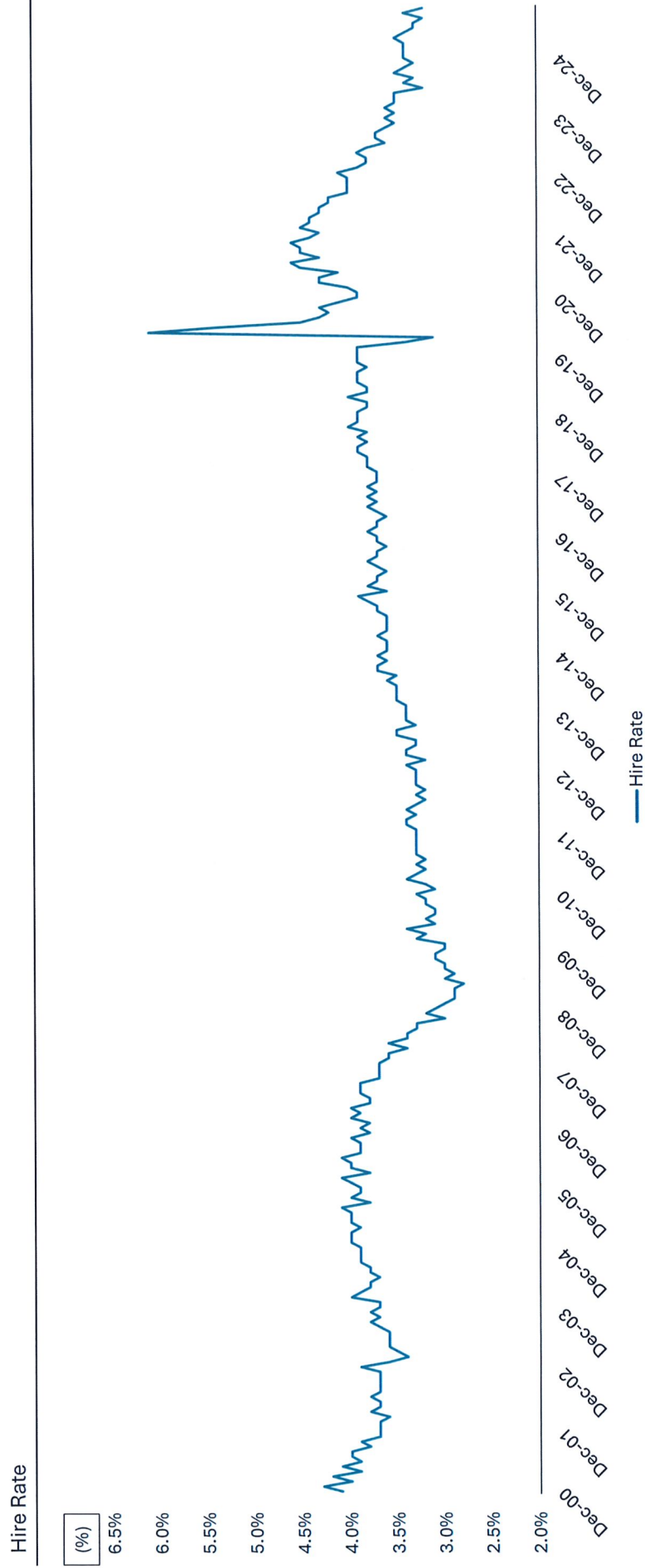
Southwest Land Border Encounters Have Declined by over 95% from the 2023 Peak

Southwest Land Border Encounters



Source: US Customs and Border Protection, Haver Analytics
 Note: As of November 2025

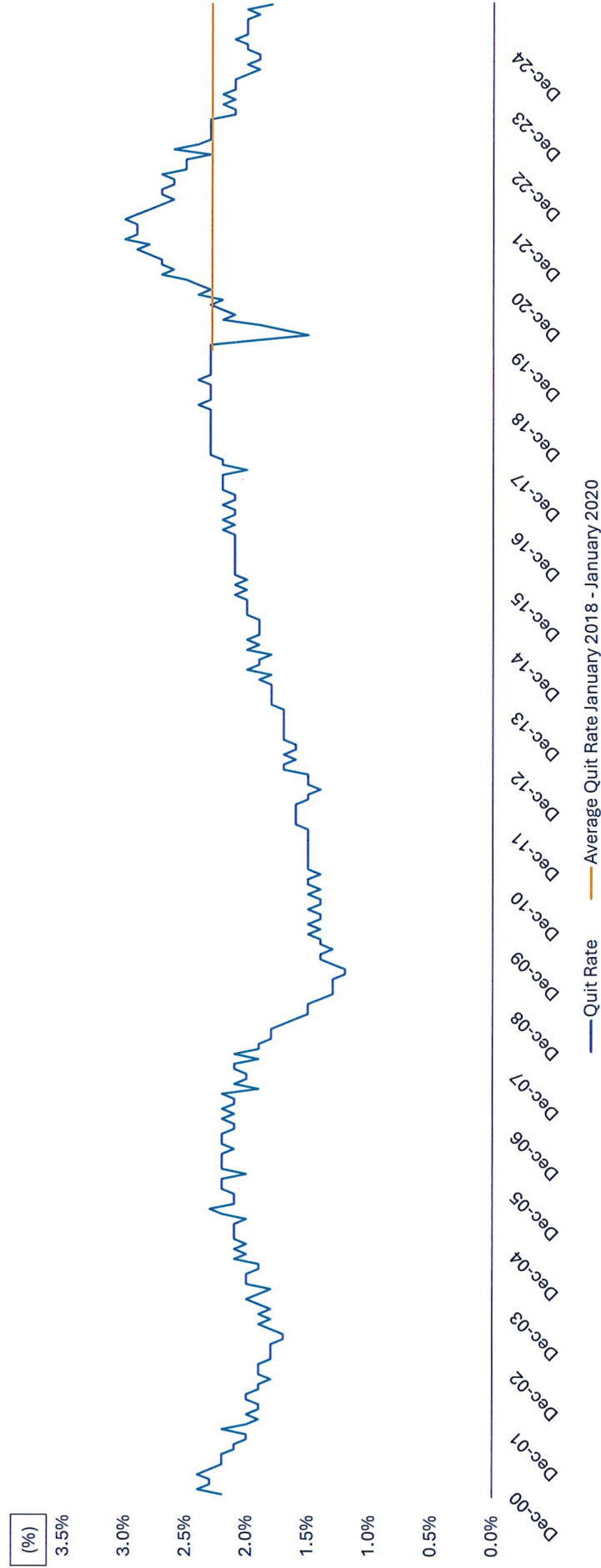
The Hire Rate Is at 2013 Levels when Unemployment Approximated 7%



Source: Bureau of Labor Statistics, Haver Analytics
Note: As of October 2025

The Quit Rate Is Back to 2014 Levels when Unemployment Stood at 6%

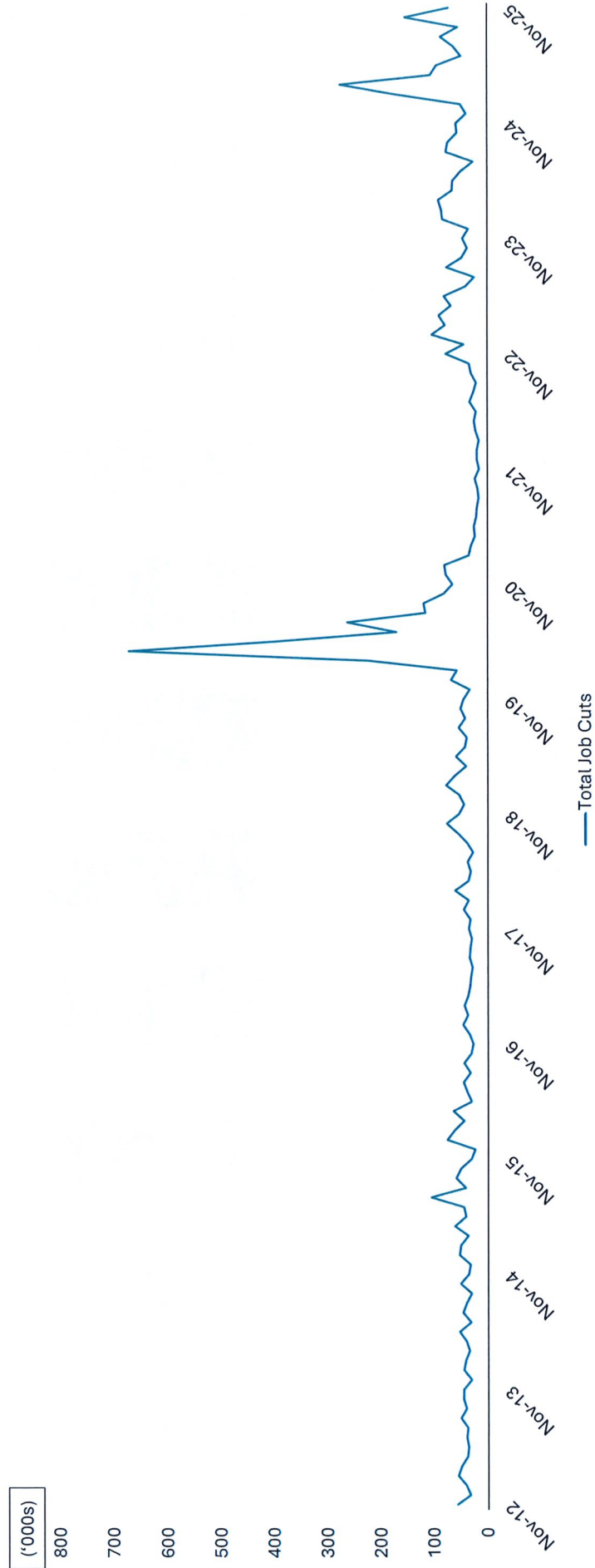
Quit Rate and Average Quit Rate from January 2018 – January 2020



Source: Bureau of Labor Statistics, Haver Analytics
 Note: As of October 2025

US Job Cut Announcements Surged in October 2025 but then Subsided in November

Challenger, Gray & Christmas Announced Job Cuts



Source: Challenger, Gray & Christmas, Haver Analytics

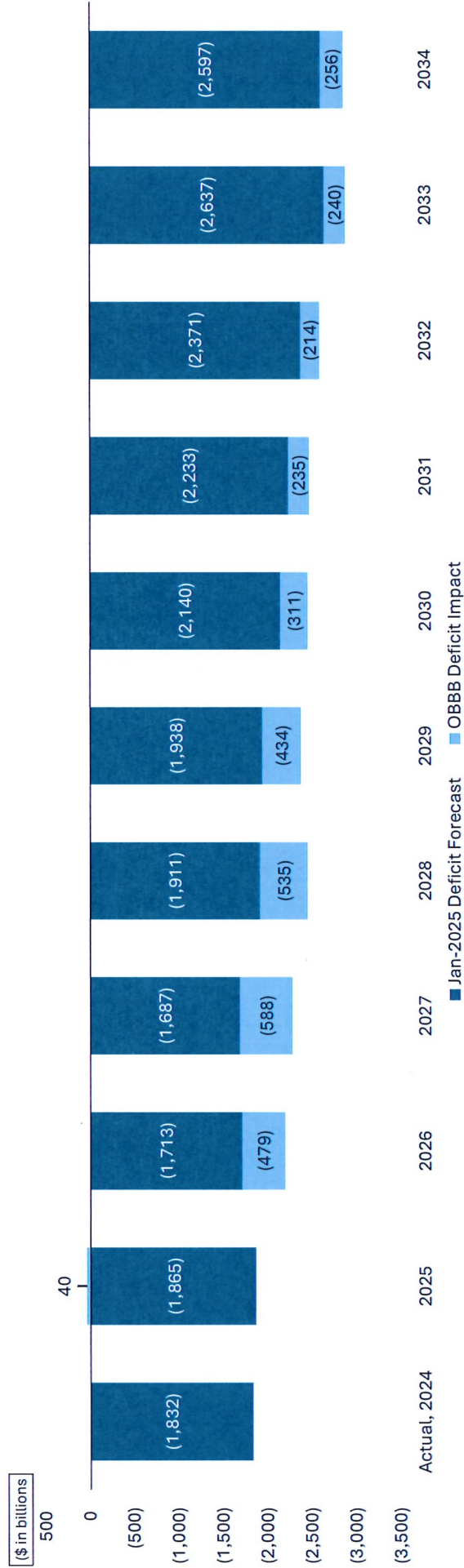
Note: As of November 2025

The highest level of job cuts after the pandemic was in March 2025 when the Department of Government Efficiency (DOGE) employment cuts were announced.

Deficits Are Likely to Exceed 6.0% of GDP Each Year from FY2026 to FY2034 due to the OBDD

In January, the Congressional Budget Office (CBO) estimated deficits would total \$21.7 trillion over the next decade (dark blue bars). The CBO subsequently estimated that the One Big Beautiful Bill Act (light blue) would add ~\$3.5 trillion to these deficits. In late August, the CBO indicated tariffs could reduce deficits by \$3.0 trillion over the 11 years from 2025 to 2035 with \$2.5 trillion of tariff revenue and \$0.5 trillion of avoided interest expense (not shown on graphic).

CBO Budget Deficit Projections



Source: Lazard, Congressional Budget Office, U.S. Treasury Department
 Note: OBDD = One Big Beautiful Bill (H.R. 1). Data presented is in fiscal years which end 30 September, e.g., FY2024 ended 30 September 2024.
 As of November 2025

The Risk to Fed Independence Appears Underpriced by Markets

All seven Federal Reserve Governors vote at every FOMC meeting alongside the New York Federal Reserve President and a rotating group of four regional Federal Reserve Presidents, who each vote for a year at a time

Federal Reserve Board of Governors











The members of the Board of Governors always vote at the FOMC; Governors are appointed by the President and serve 14-year terms

 Michelle Bowman, 54 Vice Chair for Supervision Term expires Jan '34 <i>President Trump apptd.</i> Dovish lean	 Jerome Powell, 72 Chair Term expires May '26	 Michael Barr, 59 Governor Term expires Jan '32 <i>President Biden apptd.</i> Neutral lean
 Lisa Cook, 61 Governor Term expires Jan '38 <i>President Biden apptd.</i> Dovish lean	 Philip Jefferson, 63 Vice Chair Term expires Jan '36 <i>President Biden apptd.</i> Dovish lean	 Stephan Miran, 42 Governor Term expires Jan '26 <i>President Trump apptd.</i> Dovish lean
 Christopher Waller, 65 Governor Term expires Jan '30 <i>President Trump apptd.</i> Dovish lean		

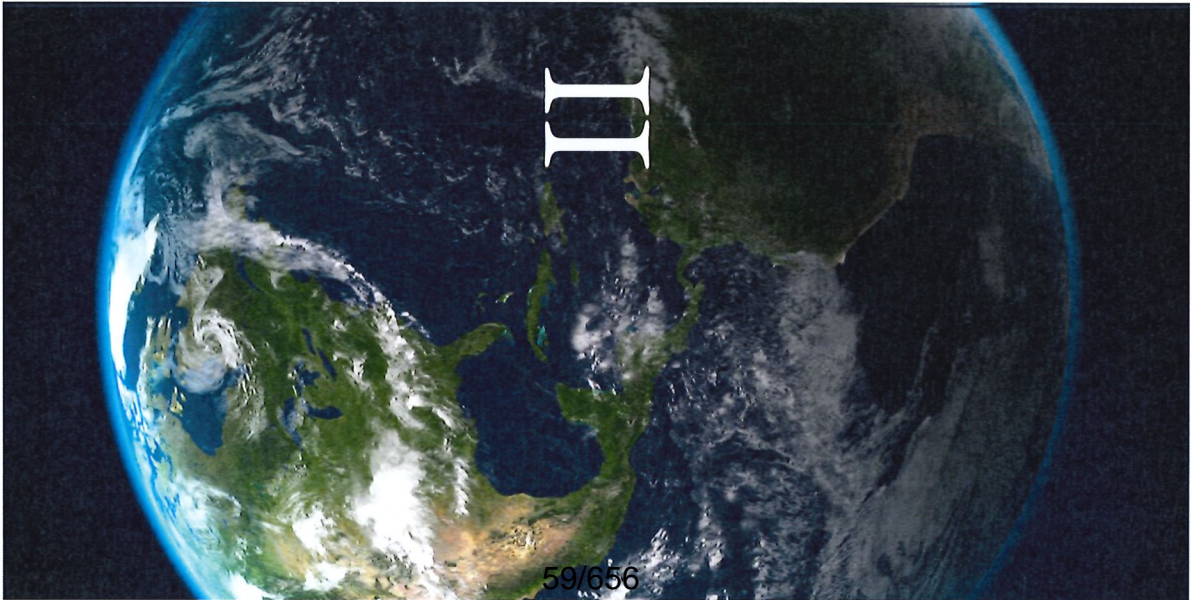
Regional Federal Reserve Presidents

The regional Federal Reserve banks vote at the FOMC on a rotating basis; Presidents serve five-year terms and are nominated by their respective Boards of Directors

Voting at the September FOMC meeting

 John Williams, 63 New York Always Votes Appt. '18, must leave by Jul '28 Dovish lean	 Austan Goolsbee, 55 Chicago Votes in '25, '27 Appt. '23, must leave by Aug '34 Dovish lean	 Susan Collins, 66 Boston Votes in '25, '28 Appt. '22, must leave by Jul '32 Dovish lean	 Jeffrey Schmid, 67 Kansas City Votes in '25, '28 Appt. '23, must leave by Aug '33 Hawkish lean
 Neel Kashkari, 52 Minneapolis Votes in '26 Appt. '16, must leave by Jul '38 Dovish lean	 Lorrie Logan, 52 Dallas Votes in '26 Appt. '22, must leave by Feb '38 Hawkish lean	 Beth Hammack, 53 Cleveland Votes in '26, '28 Appt. '24, must leave by Jan '37 Hawkish lean	 Tom Barkin, 64 Richmond Votes in '27 Appt. '18, must leave by Jan '28 Hawkish lean
 Anna Paulson, 60 Philadelphia Votes in '26 Appt. '25, must leave by Jul '35 Neutral lean	 Mary Daly, 62 San Francisco Votes in '27 Appt. '18, must leave by Oct '28 Dovish lean		

- President Trump has appointed Stephen Miran, the United States Chairman of Council of Economic Advisers, to complete Adriana Kugler's term as a Federal Reserve Governor through January 2026.
- Every five years there is a review of the 12 regional Federal Reserve branch presidents; at that time each will need to be reappointed by their respective Boards and the Federal Reserve Board of Governors (regional Federal Reserve Presidents have a mandatory retirement age of 65; if they were nominated after 55, they must retire either at 75 or 10 years after they were appointed). In December 2025, the Federal Reserve Board voted unanimously to reappoint all of the regional Federal Reserve Presidents other than Raphael Bostic who previously announced his plan to retire.
- There are 12 voting members of the FOMC; if the FOMC ties, no decision is made, and the federal funds rate remains unchanged



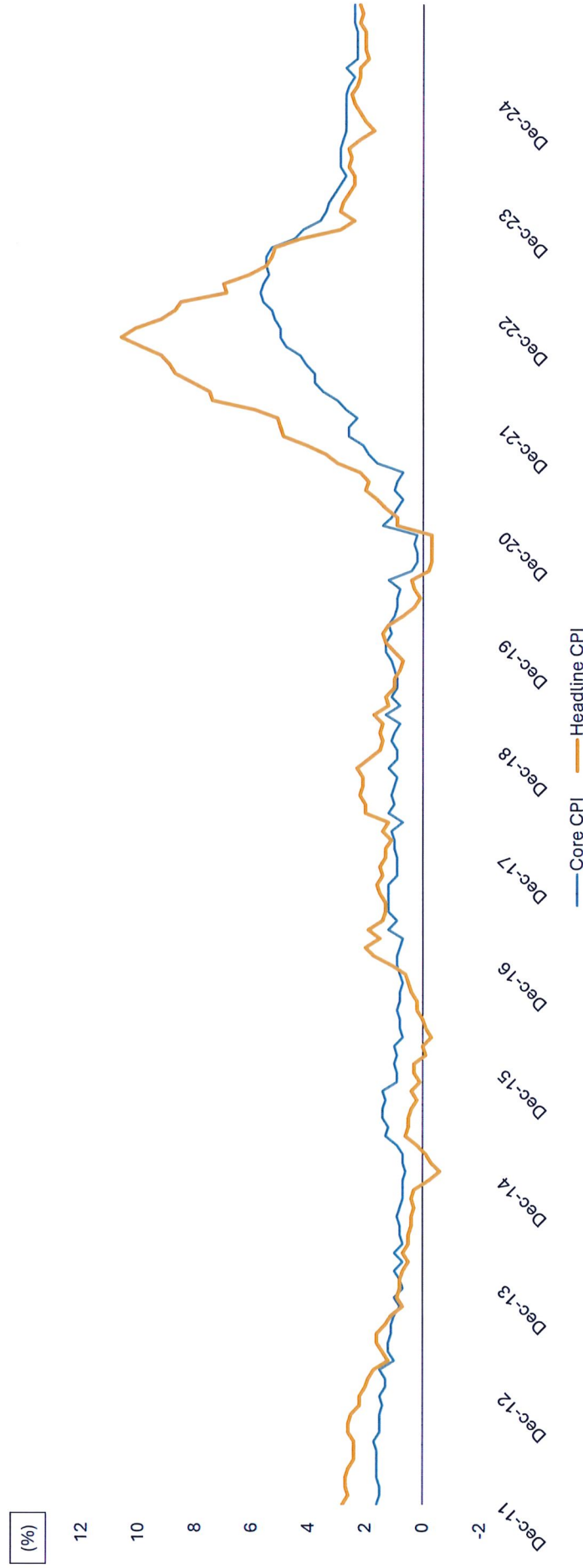
Eurozone

Eurozone Overview—Economic Backdrop

- Eurozone inflation has decelerated more smoothly than in the United States
 - Food and energy prices led the disinflation, but core metrics are promising
- Rising real wages should continue to lift consumer confidence
 - An extended period of low real per capital GDP growth and negative demographic trends might explain sustained consumer negativity
- The Ukraine-related energy price spike and weaker demand from China hit Eurozone industry hard
 - Energy prices have returned to pre-invasion levels, but European manufacturers still face uncompetitive energy prices versus US peers
- Relaxed fiscal rules to allow much higher defense and infrastructure spending could materially lift growth and stimulate innovation

Headline and Core Inflation Are Only Slightly Above the ECB's 2% Target

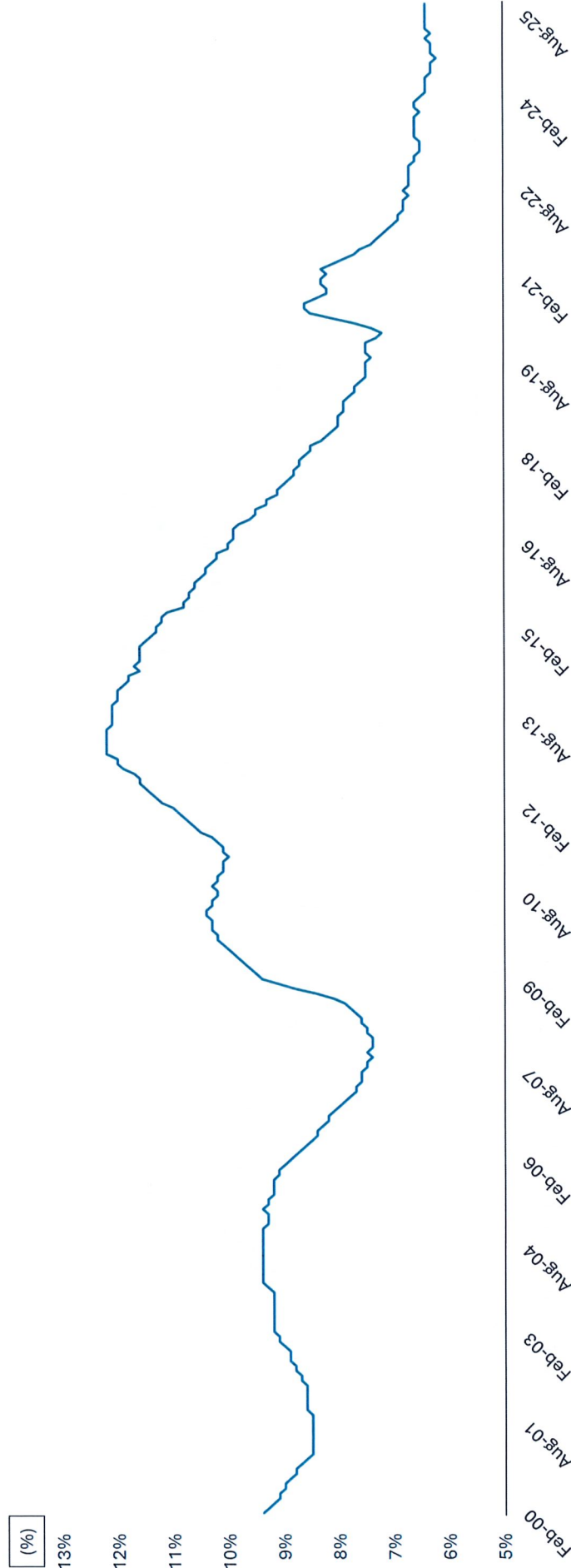
Headline HICP



Source: Haver Analytics, Statistical Office of the European Communities
 Note: As of November 2025

Eurozone Unemployment Is near the Lowest Level since the Inception of the Common Currency

Eurozone Unemployment Rate

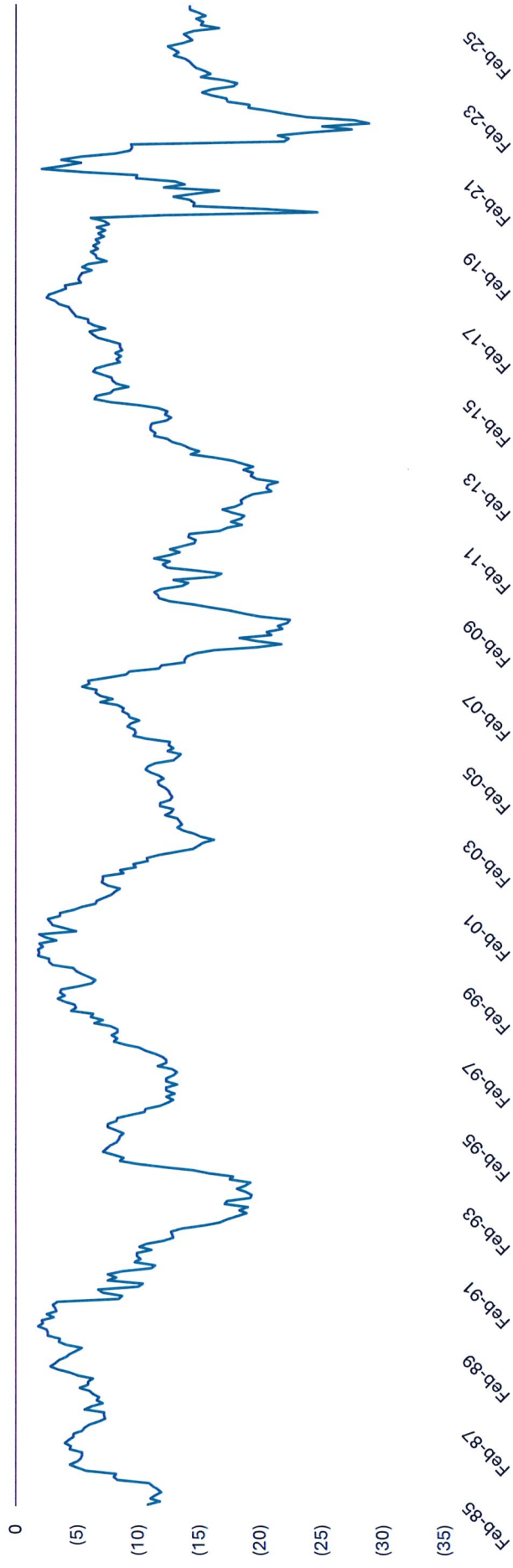


Source: Eurostat, Haver Analytics
Note: As of October 2025

European Consumer Confidence Is Likely to Improve in 2026

European Commission Consumer Confidence Indicator - Eurozone

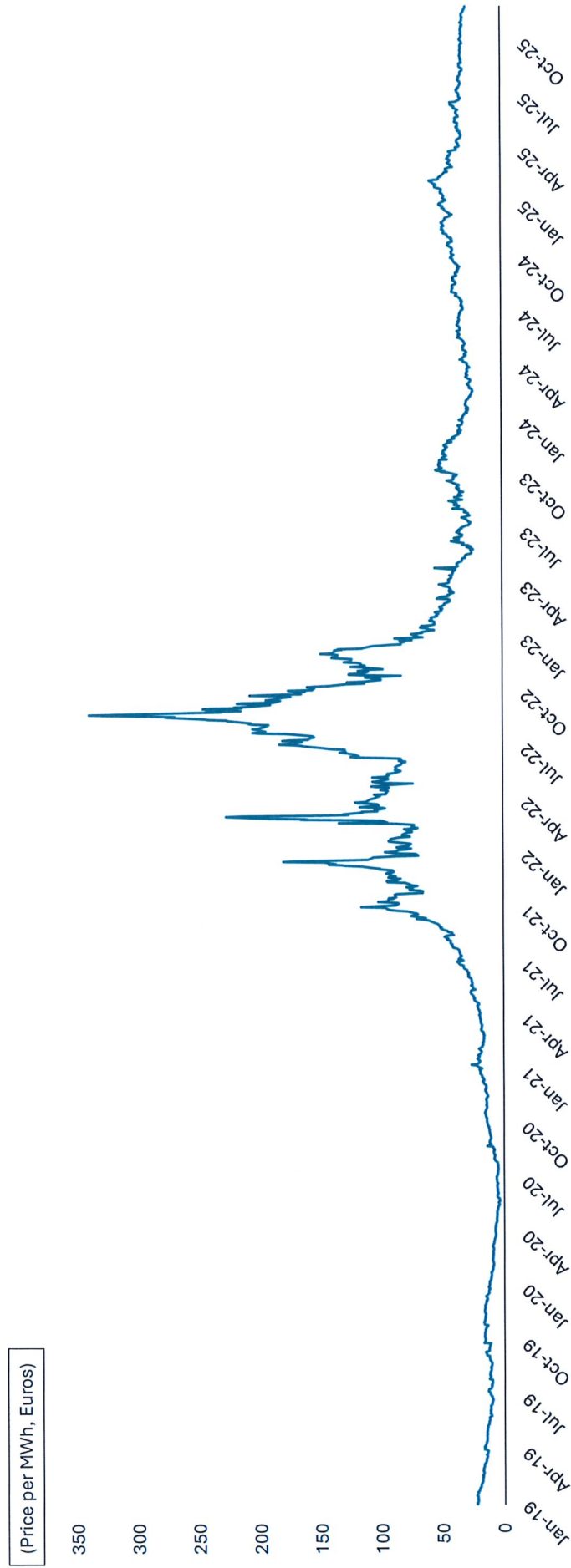
(Seasonally Adjusted, % Balance/Diffusion Index)



Source: Bloomberg, European Commission
Note: As of November 2025

Energy Prices Are ~22% below Mid-2021 Pre-Ukraine Invasion Levels

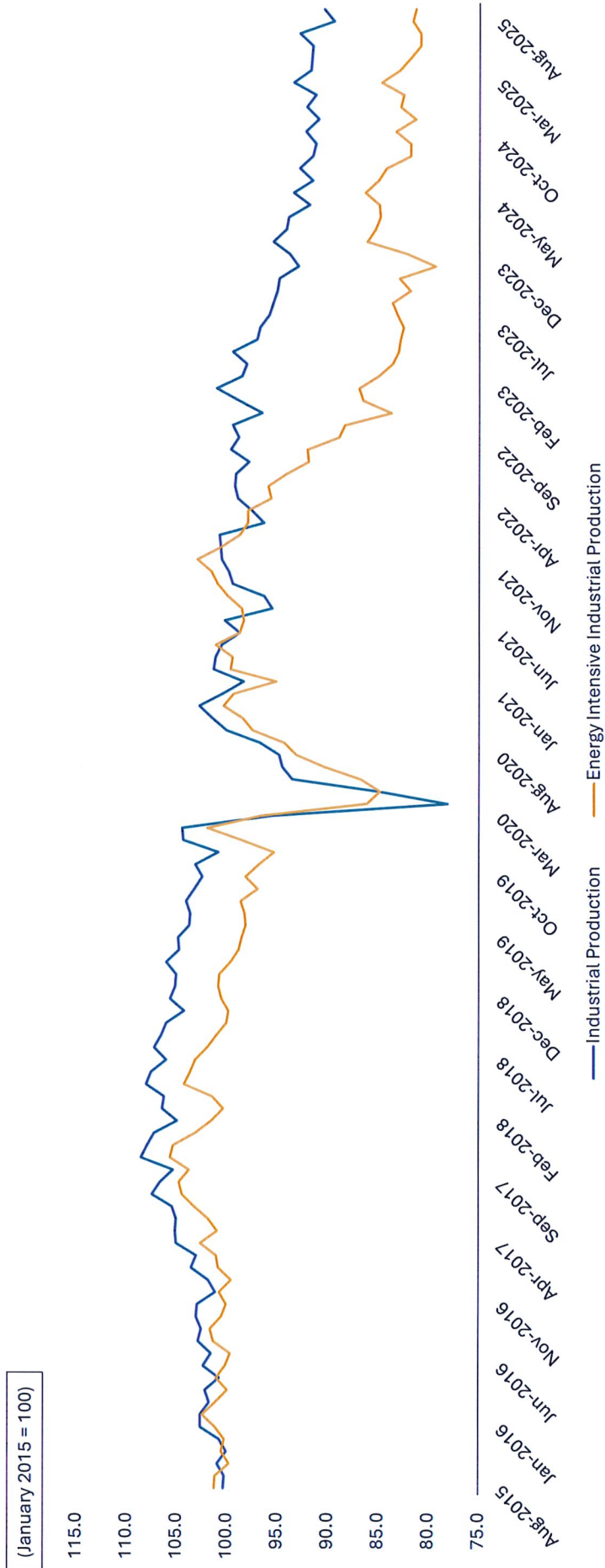
Netherlands TTF Natural Gas One Month Futures



Source: Bloomberg
Note: As of 17 December 2025

German Energy-Intensive Industrial Production Is ~19% below Pre-Ukraine Invasion Levels

German Production Energy-Intensive Industries and Overall

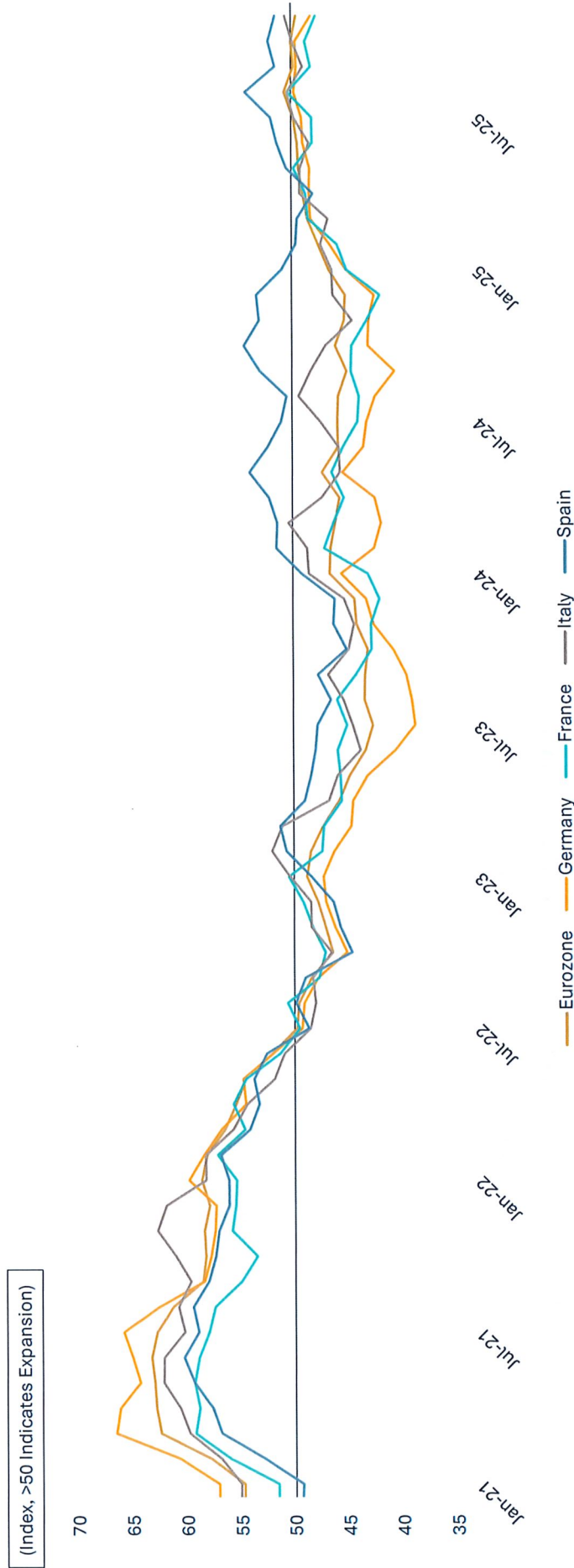


Source: Germany Federal Statistical Office, Haver Analytics
 Note: As of October 2025

Comparison is to January 2022 level the month before Russia invaded Ukraine.

Eurozone Manufacturing PMIs Have Slipped Slightly into Contractionary Territory Except in Spain

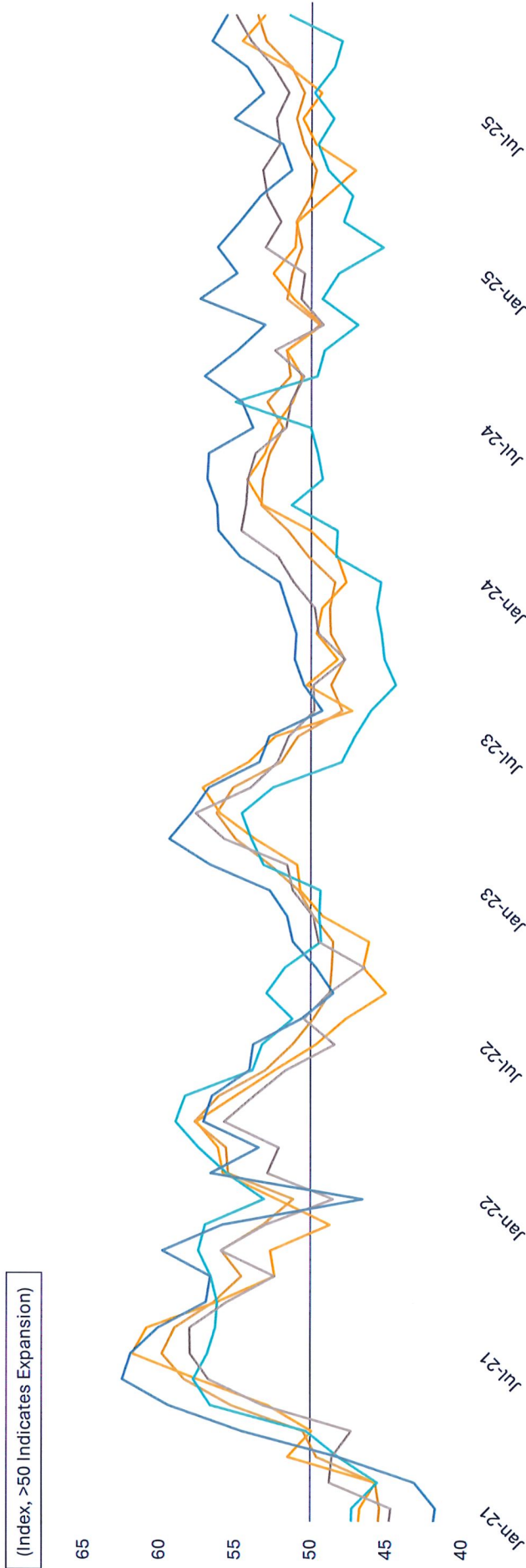
IHS Markit Eurozone Composite Purchasing Managers' Indices (Manufacturing)



Source: IHS Markit, Haver Analytics
 Note: As of November 2025

Eurozone Countries' Services PMIs Have Inflected Upward Except in France

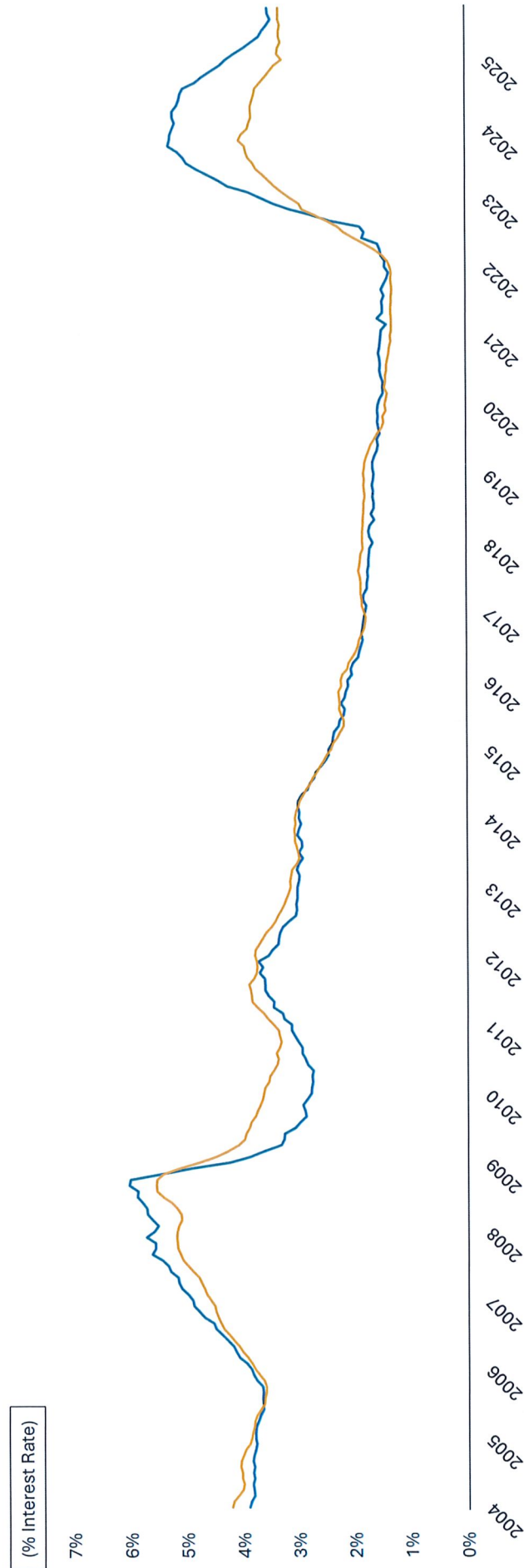
IHS Markit Eurozone Composite Purchasing Managers' Indices (Services)



Source: IHS Markit, Haver Analytics
Note: As of November 2025

Benefits of ECB Rate Cuts Are Beginning to Be Realized

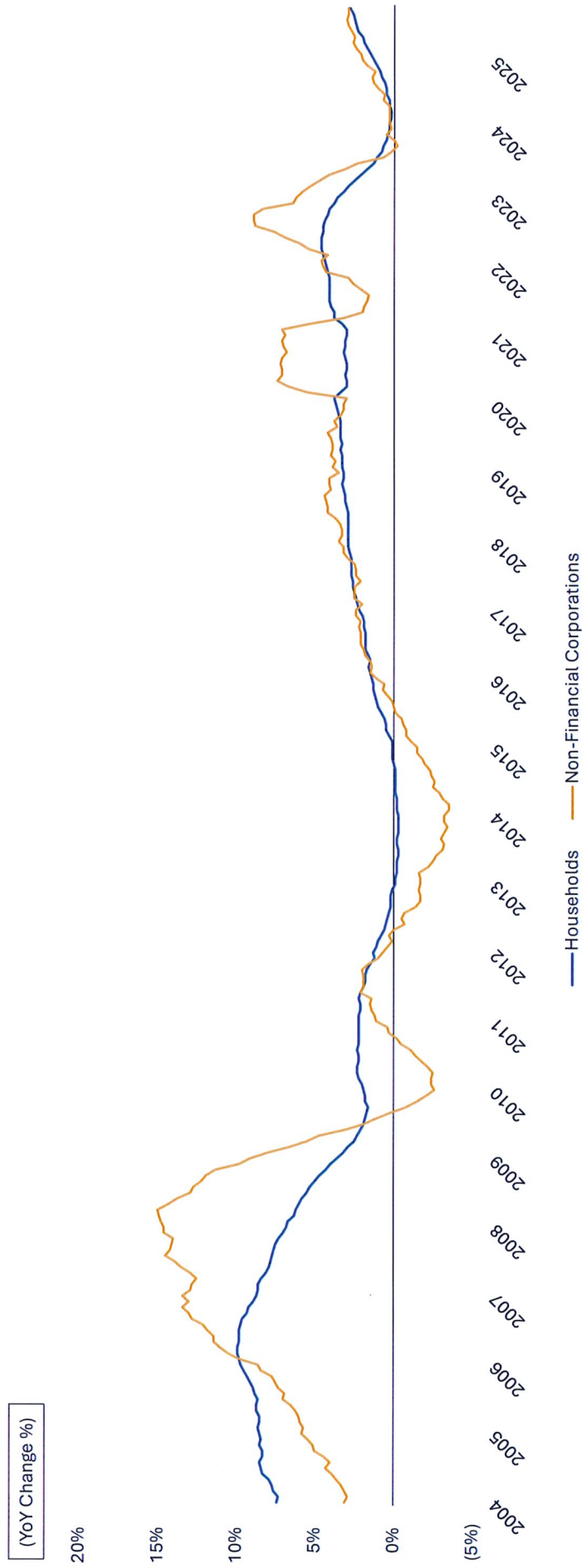
Average Eurozone Cost of Borrowing for Households and Non-Financial Corporations



Source: ECB, Haver Analytics
 Note: As of October 2025

Eurozone Loan Growth Has Begun to Reaccelerate

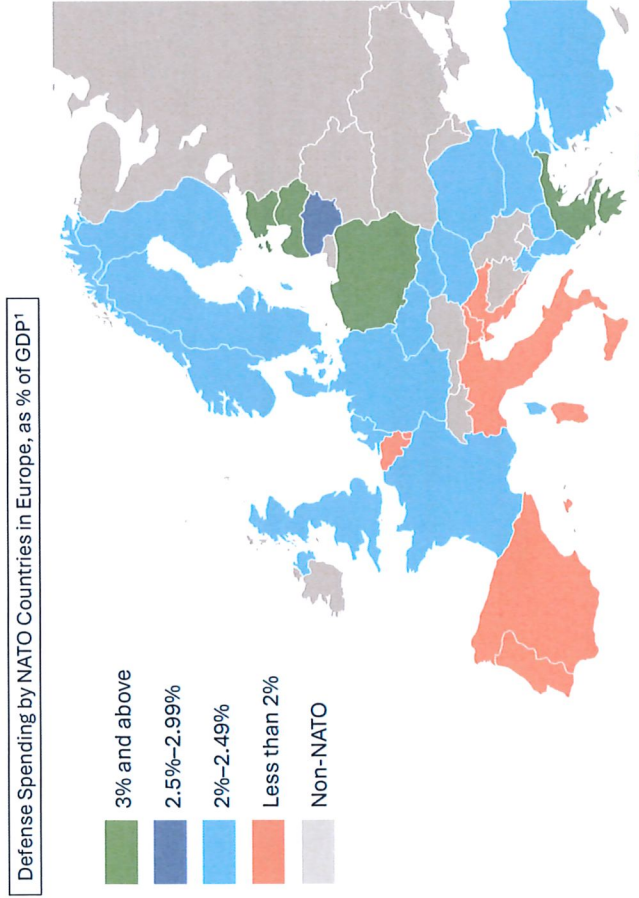
Eurozone Loans to Private Sector



Source: ECB, Haver Analytics
 Note: As of October 2025
 MFI loans excluding the Eurosystem. Adjusted for sales and securitizations from January 2010

Europe Might Be at a Watershed Moment

Despite Record Defense Spending, Several NATO Members Have Yet to Reach NATO's 2% of GDP Spending Target—Let Alone Trump's Call for 5%



However, Major New Defense Spending Plans Are in Process as the US Pulls Back Support for Europe

EU

- **ReArm Europe Initiative:** Mobilizing up to €800bn
 - Includes €150bn in loans for member states to invest in defense capabilities
- **Joint weapons purchasing**

Member States

- **German Spending Package:** Could allow for more than €1tn in new investments over the next decade
 - Includes debt-financed €500bn infrastructure fund
- France, Italy, Spain, and others have announced new spending commitments and defense investment funds

UK

- **Raising defense spending target to 2.5% of GDP** with the goal to eventually hit 3%
 - This would represent £13.4bn annually in new spending

The Magnitude of Germany's Fiscal Reversal Appears Underappreciated

Measure	Details
Reform Debt Brake Calculation	<ul style="list-style-type: none"> • New calculation excludes defense spending > 1% of GDP from debt brake calculation freeing up €43 billion per year for other spending • New German defense spending commitments could equate to between €60–120 billion per year above current levels
Create €500 Billion Infrastructure Fund	<ul style="list-style-type: none"> • Fund to be spent over 12 years (~€42 billion per year of additional infrastructure spending) • €100 billion targeted toward energy transition and €100 billion for Länder and municipalities
Länder Debt Limit	<ul style="list-style-type: none"> • Länder now allowed to take on debt of up to 0.35% of GDP per year (~€15 billion)

Total spending and borrowing could increase by over €115 billion per year (~2.6% of GDP)
 Debt-to-GDP ratio rises from 63% in 2024 to 70%–75% by 2030

Source: Kiel Institute for the World Economy, PIIE
 Note: Opinions as of December 2025
 Länder are German federal states



China

GLOBAL ECONOMIC AND MARKET OUTLOOK

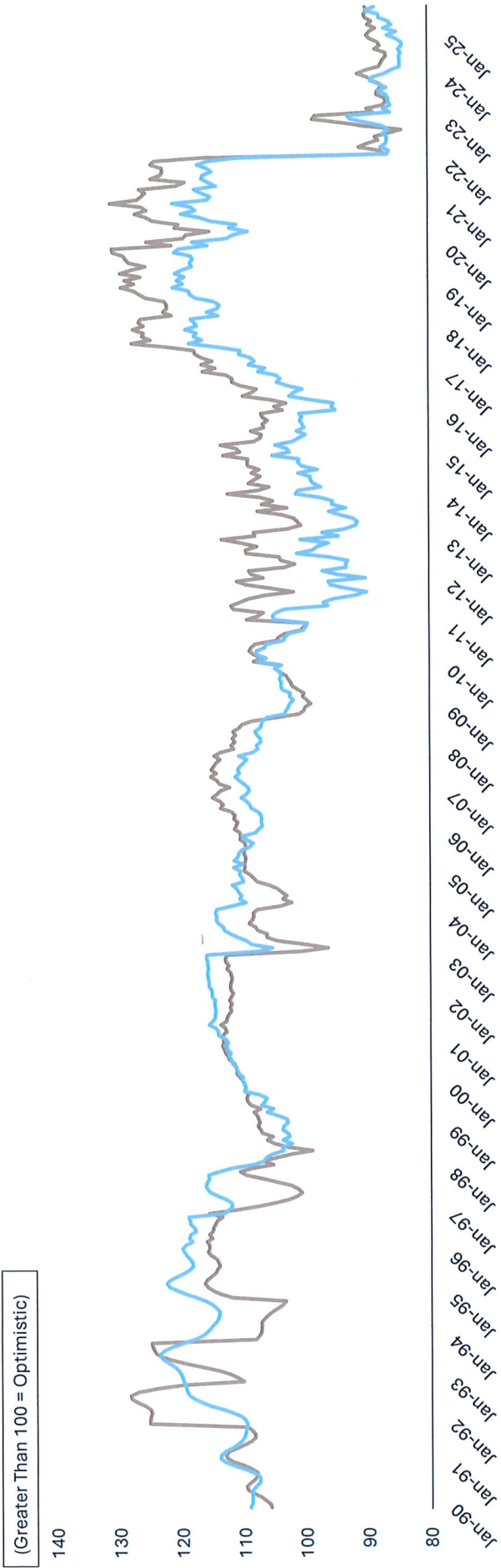
LAZARD

China Overview—Economic Backdrop

- Falling home prices have hit Chinese confidence
 - The median Chinese household has about 60% of its assets in residential estate
 - Official metrics suggest previously occupied home prices are down between 15% and 22% across major cities, but reality is likely worse
- The trade war with the United States is adding to economic pressure in China
- Excess domestic production capacity is leading to undesirably low PPI and CPI inflation
 - The anti-involution campaign is likely to reduce deflationary pressure marginally but is short of what is needed to normalize inflation
- “New economy” sectors related to renewables, AI, and other advanced technologies account for a material and growing portion of GDP
- China needs significant fiscal stimulus and structural reforms to boost near-term growth and sustain higher long-term economic momentum

Chinese Consumer Confidence Remains Near Record Low Levels

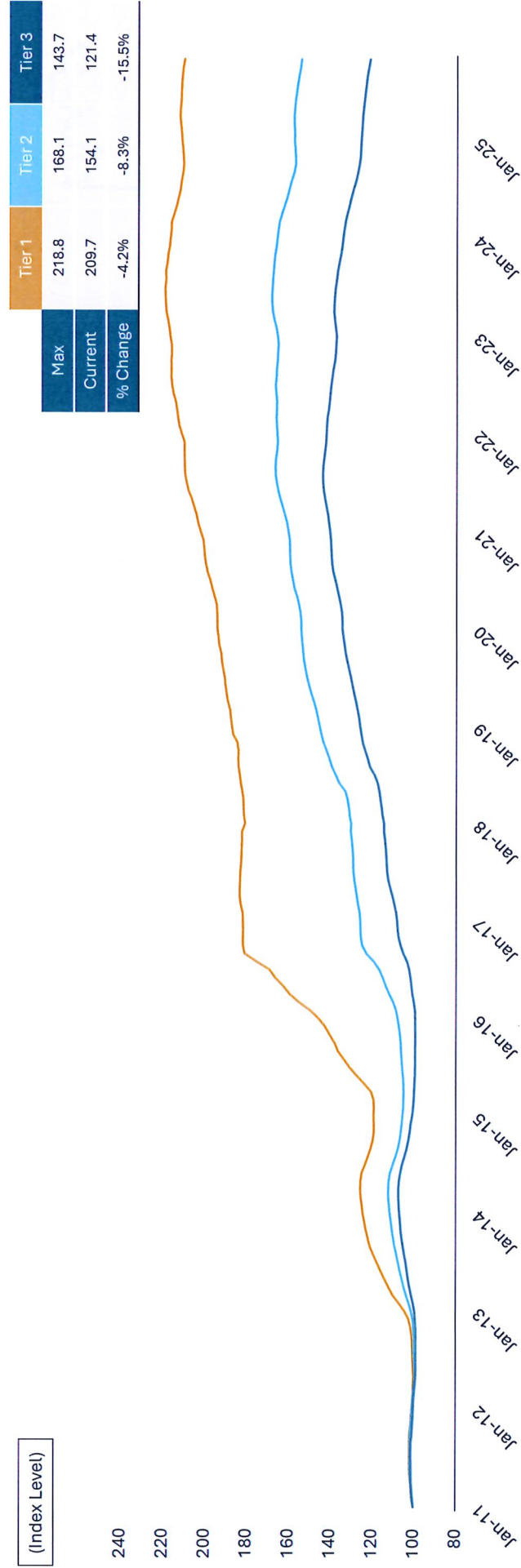
Survey of Chinese Consumer Confidence



Source: Chinese National Bureau of Statistics, Haver Analytics
Note: As of October 2025

China Property Prices Remain Weak, Dampening Confidence

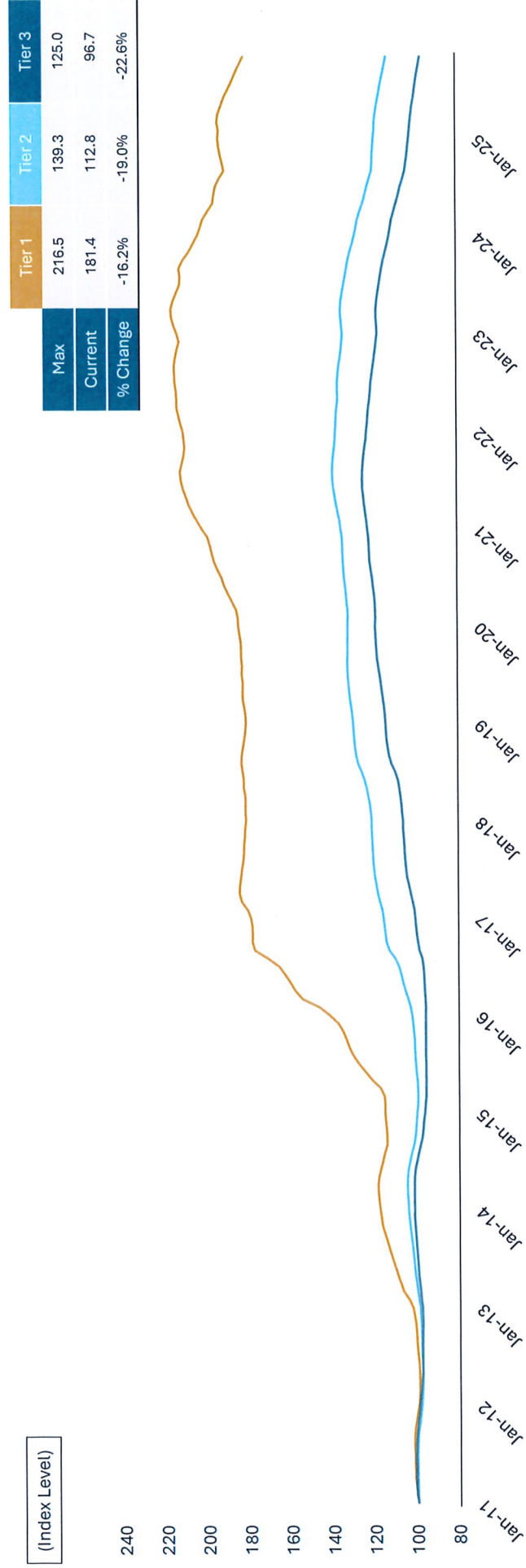
70-City Price Index of New Residential Buildings



Source: Chinese National Bureau of Statistics, Haver Analytics
 Note: As of November 2025

China Property Prices Remain Weak, Dampening Confidence

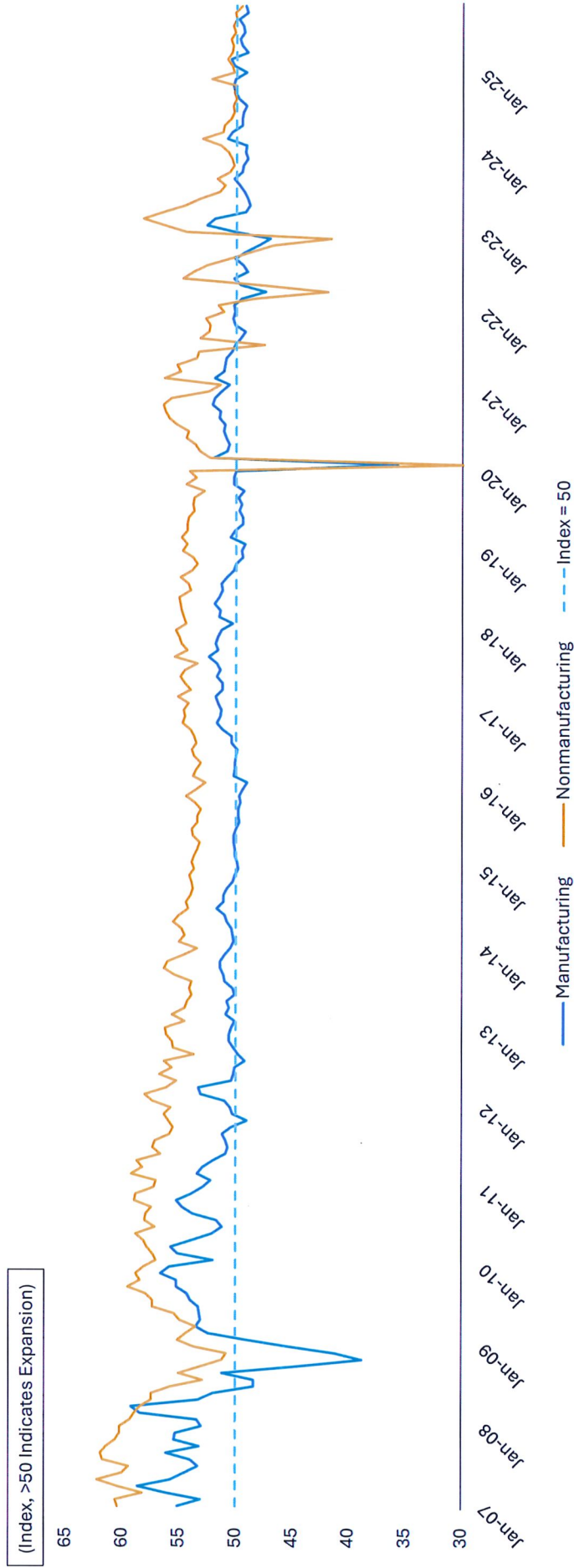
70-City Price Index of Existing Residential Buildings



Source: Chinese National Bureau of Statistics, Haver Analytics
 Note: As of November 2025

China's NBS PMI Indices Suggest Economic Stagnation

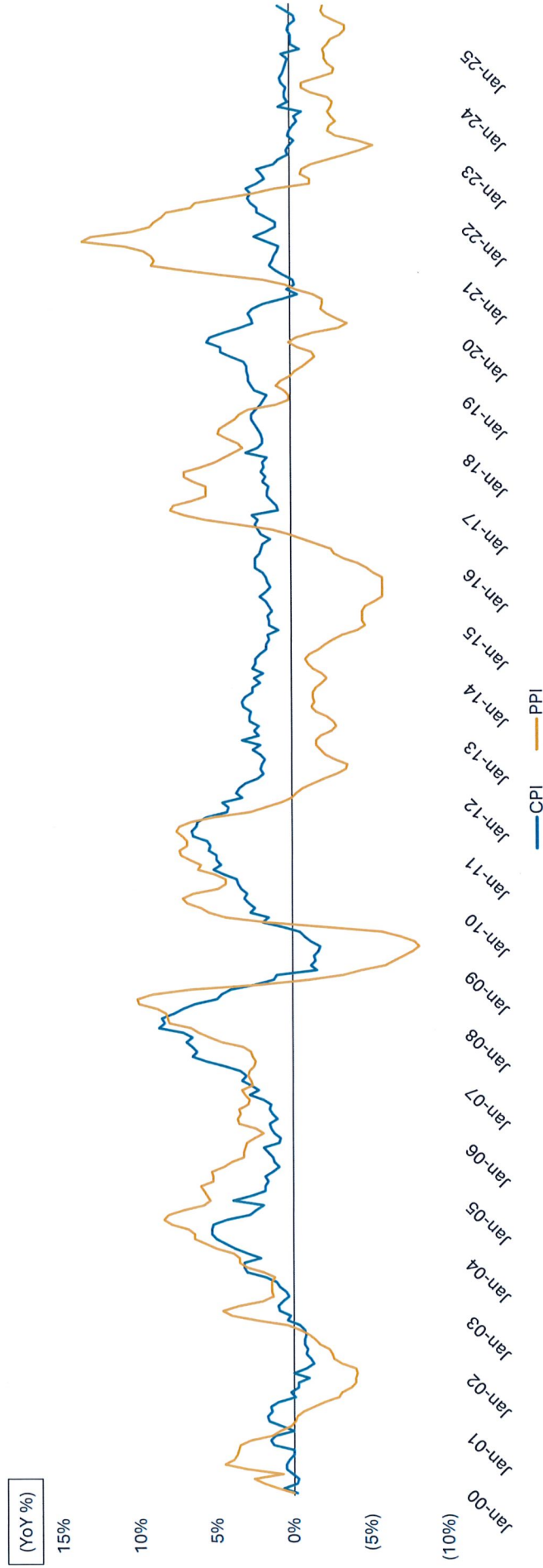
National Bureau of Statistics Purchasing Managers Indices



Source: National Bureau of Statistics, China Federation of Logistics and Purchasing, Haver Analytics
Note: As of November 2025

China's Inflation Is Undesirably Low with PPI Deflation for 38 Months and CPI $\leq 1\%$ for 34 Months

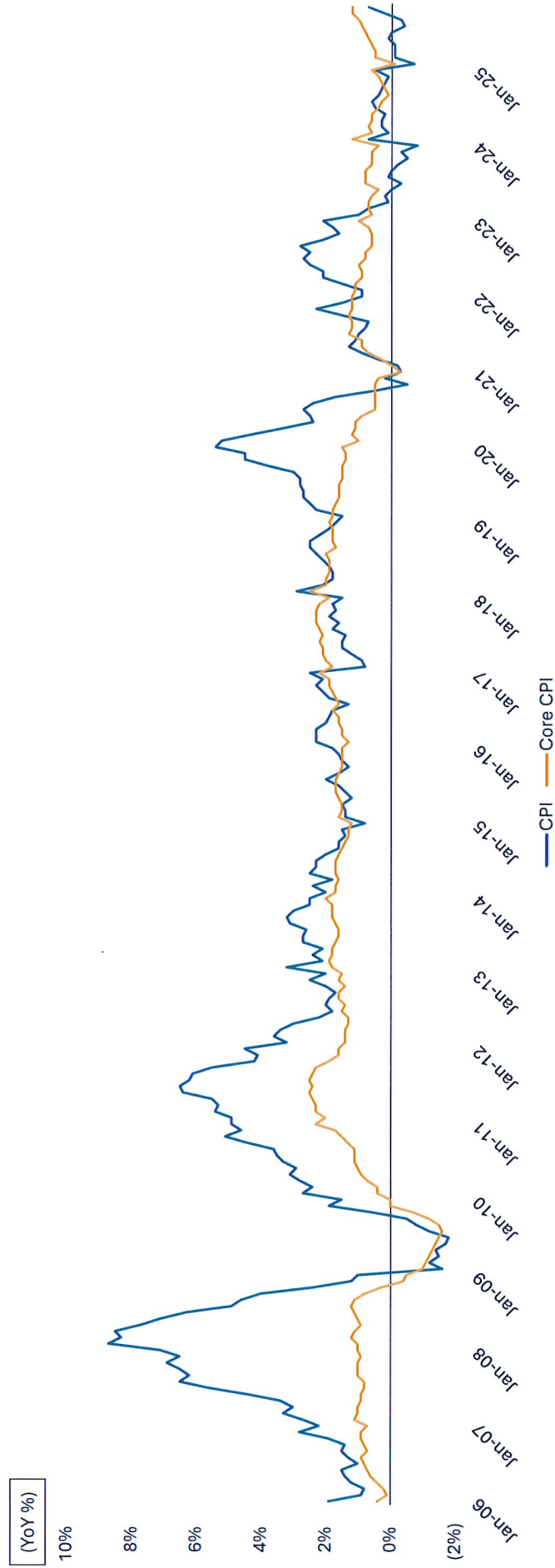
China CPI and PPI



Source: Bloomberg, National Bureau of Statistics
 Note: As of November 2025

Falling Food Prices Have Been a Drag on Headline CPI

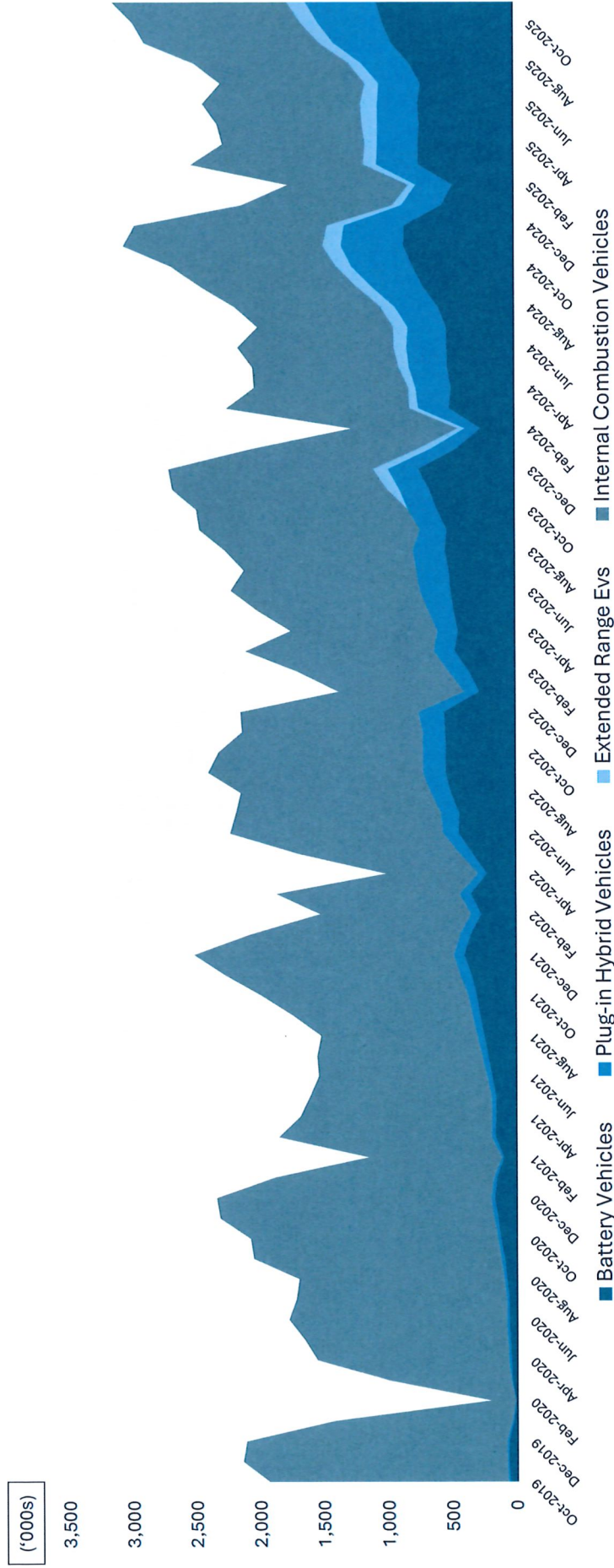
China Headline and Core CPI



Source: Bloomberg, National Bureau of Statistics
Note: As of November 2025

China Produced Nearly 3 Million Autos in October 2025 with 56% Being New Energy Vehicles

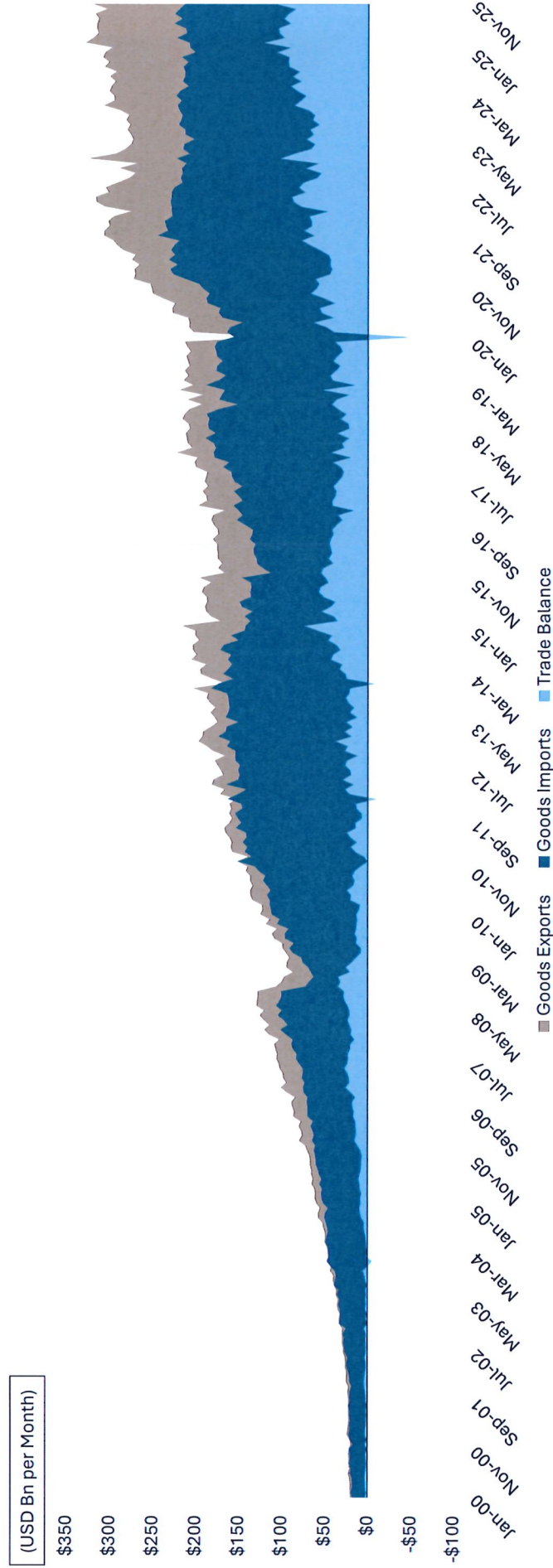
Monthly Chinese Vehicle Manufacturing by Type of Engine



Source: China Passenger Car Association, China Association of Automobile Manufacturers, Haver Analytics
 Note: As of November 2025

China's Goods Trade Surplus Routinely Exceeds \$90 Billion per Month

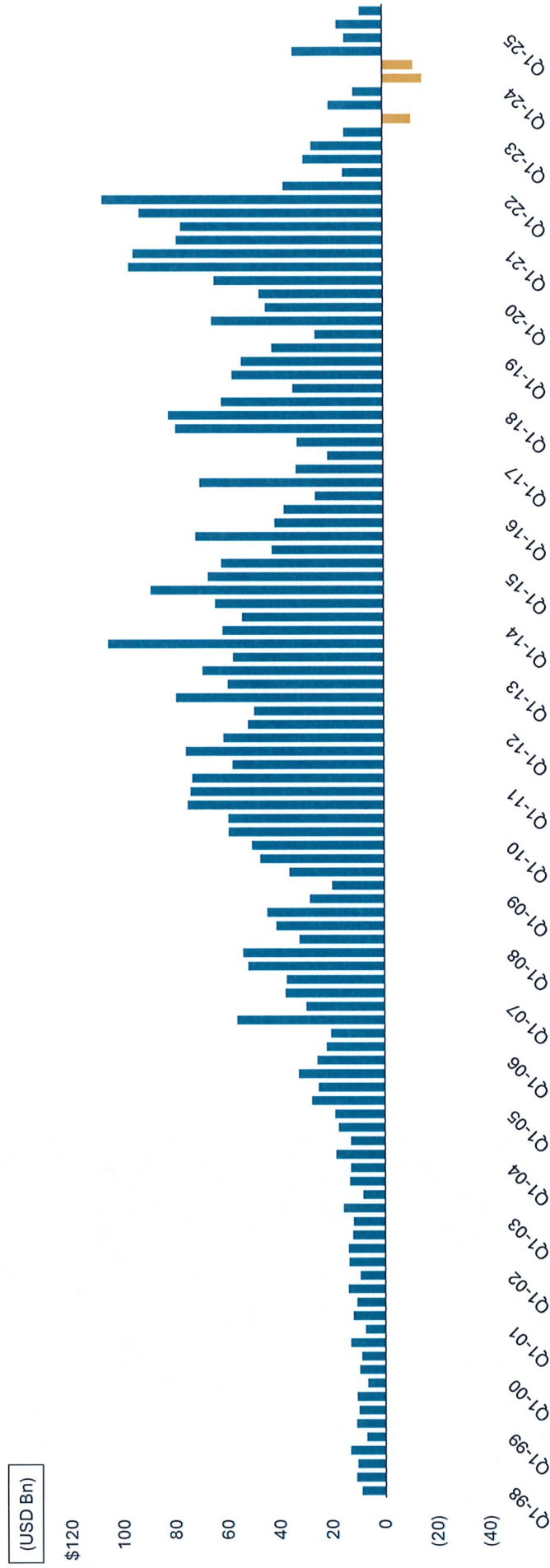
China Exports, Imports, and Trade Balance



Source: Bloomberg, China Customs General Administration
 Note: As of November 2025

Foreign Direct Investment into China Has Been Negative for 3 of the Last 9 Quarters

Flow of Foreign Direct Investment



Source: Chinese State Administration of Foreign Exchange, Haver Analytics
 Note: As of September 2025



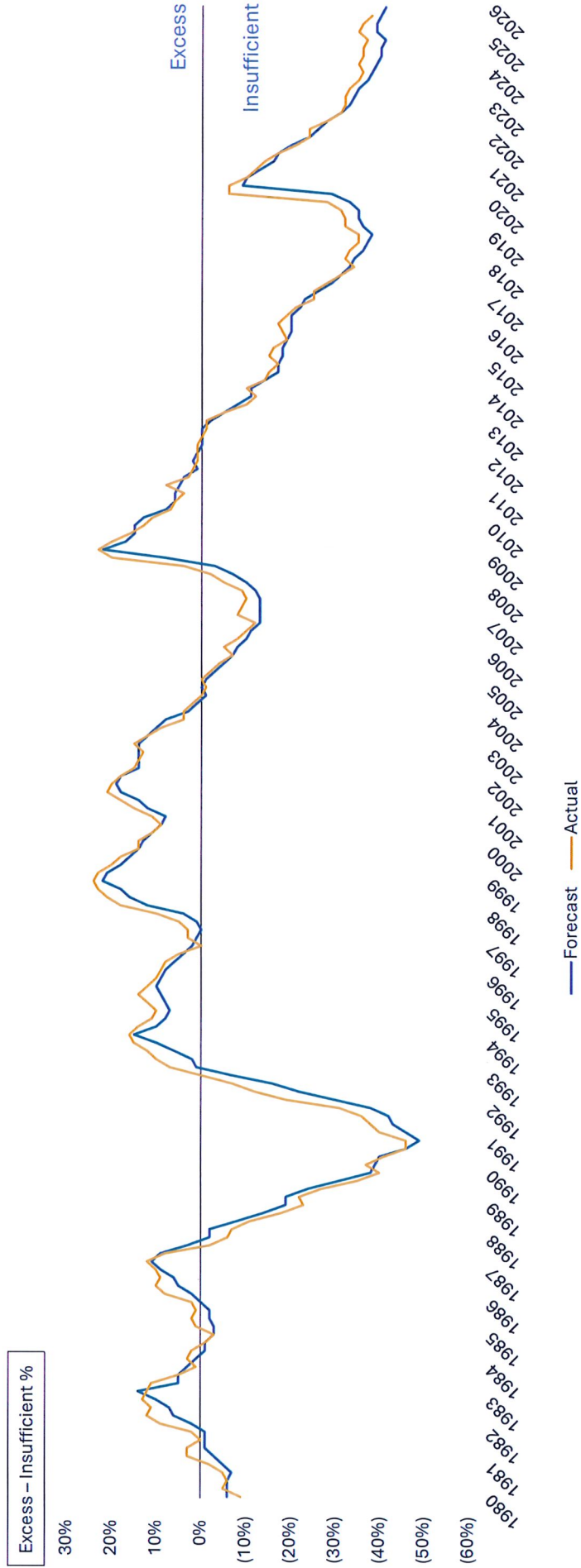
Japan

Japan Overview—Economic Backdrop

- Inflation is running well above 2% and tight labor markets suggest price pressures could be sustained
 - Spring *shunto* wage negotiations thus far suggest a domestic wage-price cycle that might sustain higher inflation
- Corporate governance reforms mandated by the Tokyo Stock Exchange could be a game changer
- The new LDP–JIP governing coalition could surprise on the upside with fiscal stimulus and further governance reforms
- The consumer response to sustained higher inflation could represent a paradigm shift for consumption and investing

Japan's Labor Market Is the Tightest since 1991

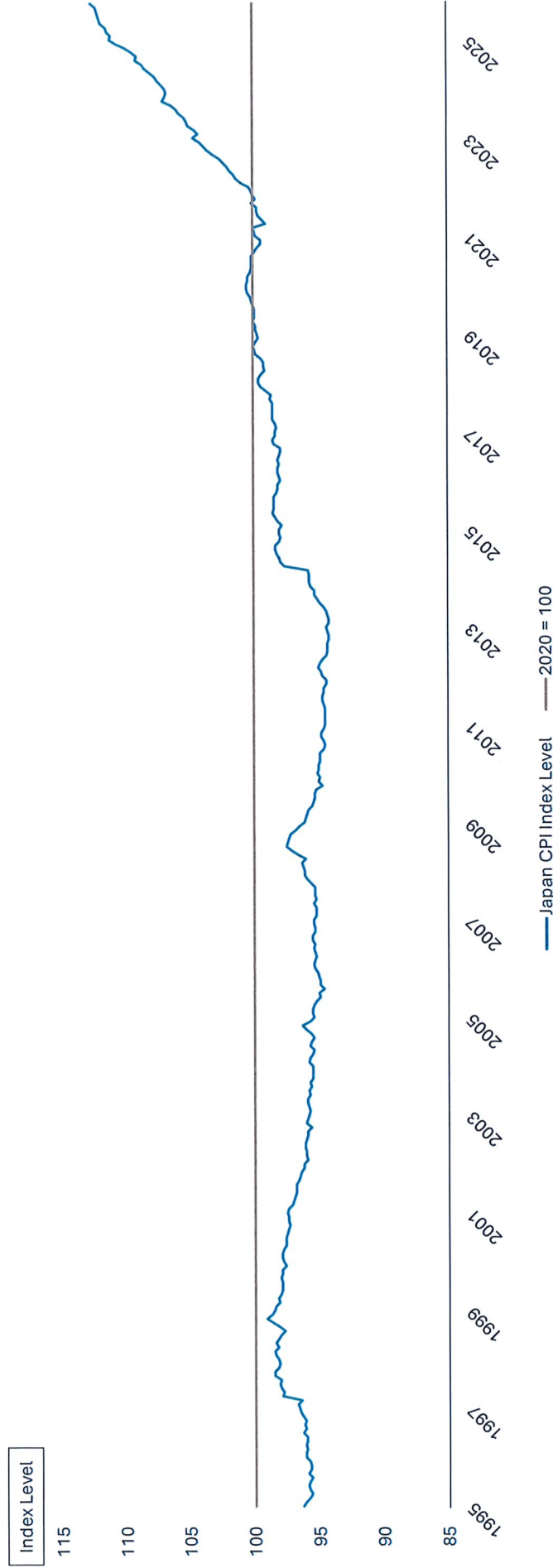
Tankan Survey of Enterprises, Employment Conditions



Source: Bank of Japan, Haver Analytics
 Note: As of December 2025

From 1997 to 2021, Japan's CPI Rose a Total of 1% – Since 2021, Prices Have Increased >12%

Japan General Consumer Price Index (SA, 2020 = 100)



Source: Japan Ministry of Internal Affairs and Communications, Haver Analytics
 Note: As of October 2025

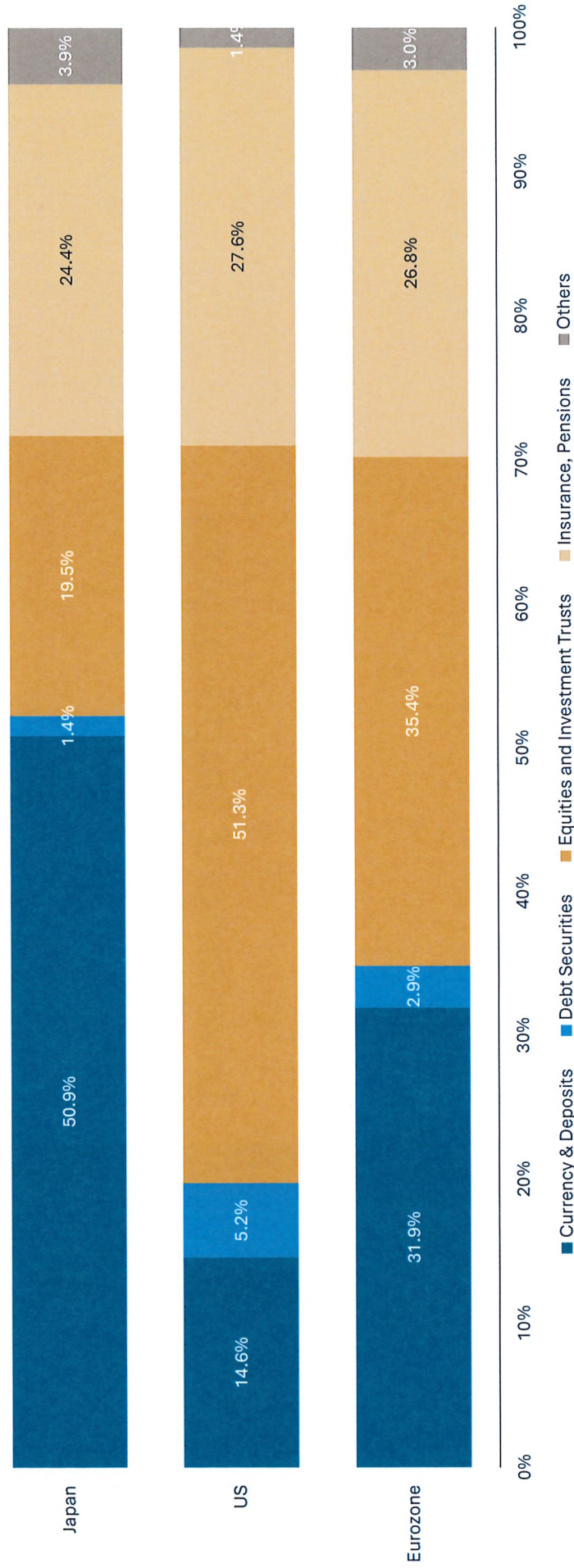
The Tokyo Stock Exchange (TSE) Is Driving Corporate Governance Improvements

- Requiring action plans to address share prices trading at low valuation multiples
 - In January 2023, TSE urges listed companies to enhance medium- to long-term corporate value, including promoting “cost of capital conscious management”
 - Initially, companies with a price/book ratio consistently <1x were requested to disclose their action plans. The TSE subsequently extended the directive to even higher valuation companies.
 - As of 31 January 2025, 91% of Prime Listed and 49% of Standard Listed companies have made such disclosures.
 - Starting in January 2025, the TSE has also listed companies that wish to have more contact from institutional investors with 12% of Prime Listed companies and 2% of Standard Listed companies seeking additional contact.
- Attracting global investors to Japanese equities by improving timely disclosure of financials in English
 - No later than April 2025, all Prime Market companies must disclose key financial statements in English and Japanese simultaneously. As of fiscal year 2024, 52% of companies provided full disclosure in English, up from 48% the prior year, but far short of 100%.

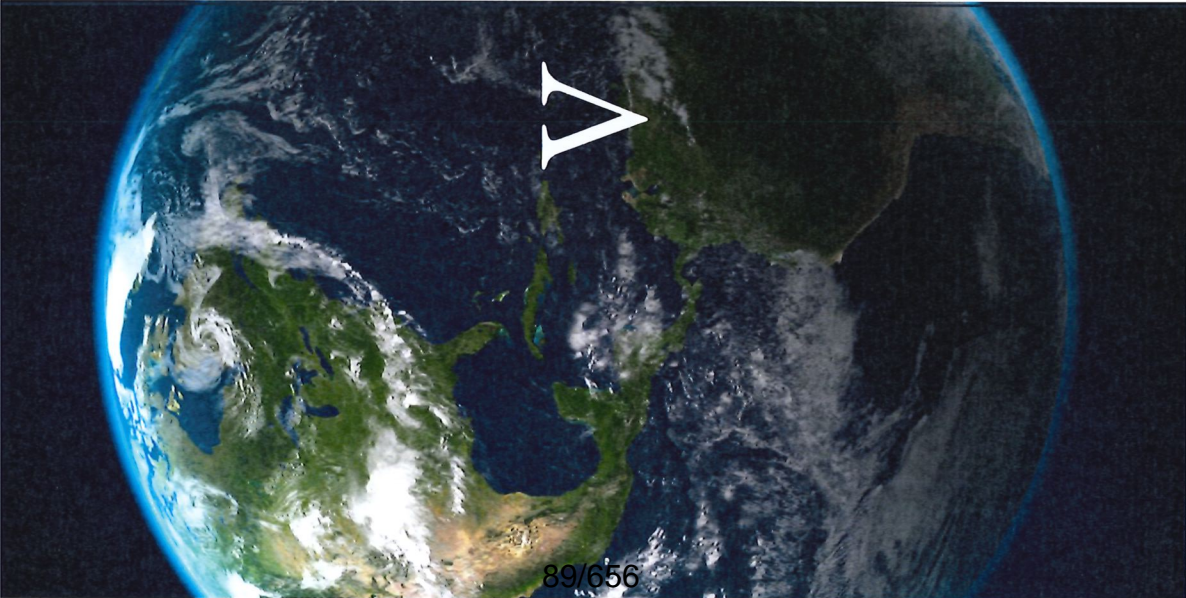
Source: Bernstein, Japan Exchange Group
Note: As of January 2025

Japanese Households Have Much Lower Equity Ownership than Global Peers

Allocation of Household Financial Asset Holdings



Source: Bank of Japan, European Central Bank, Federal Reserve, Lazard
 Note: As of December 2024



GLOBAL ECONOMIC AND MARKET OUTLOOK

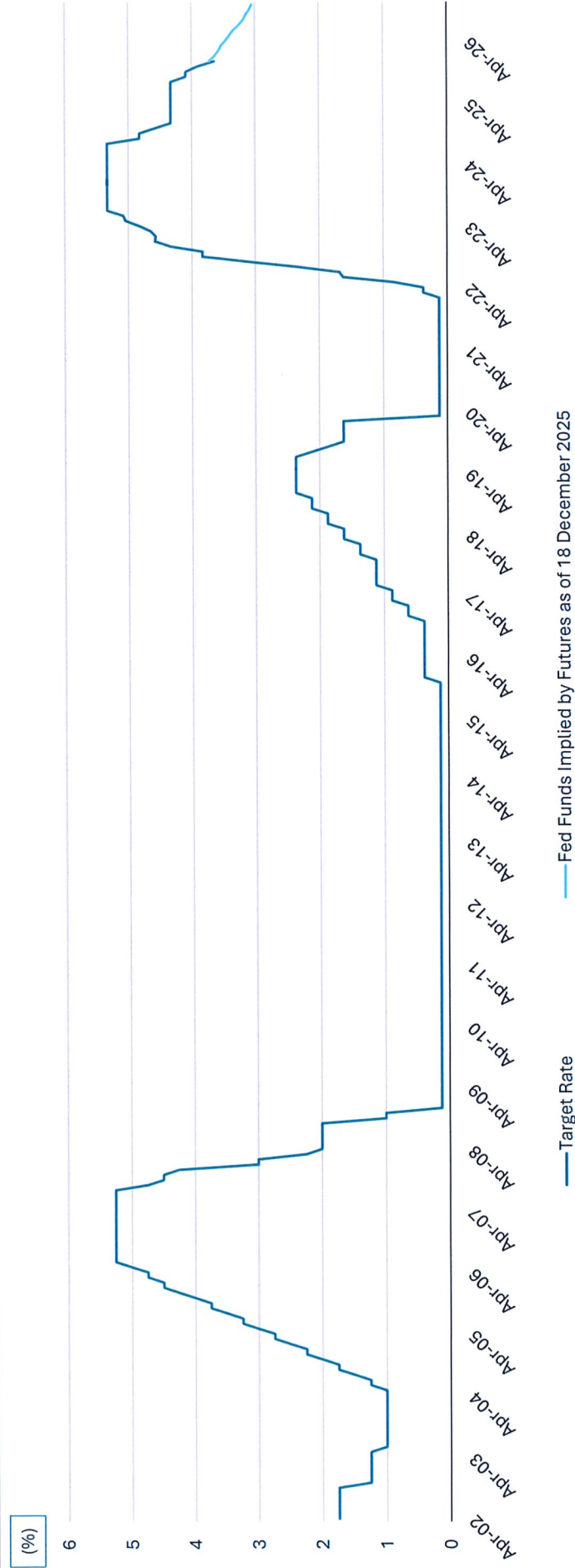
Investment Implications

LAZARD



Markets Are Pricing a Fed Funds Rate of ~3.0% by the End of 2026*

Federal Reserve Target Rate and Implied Rate through December 2026



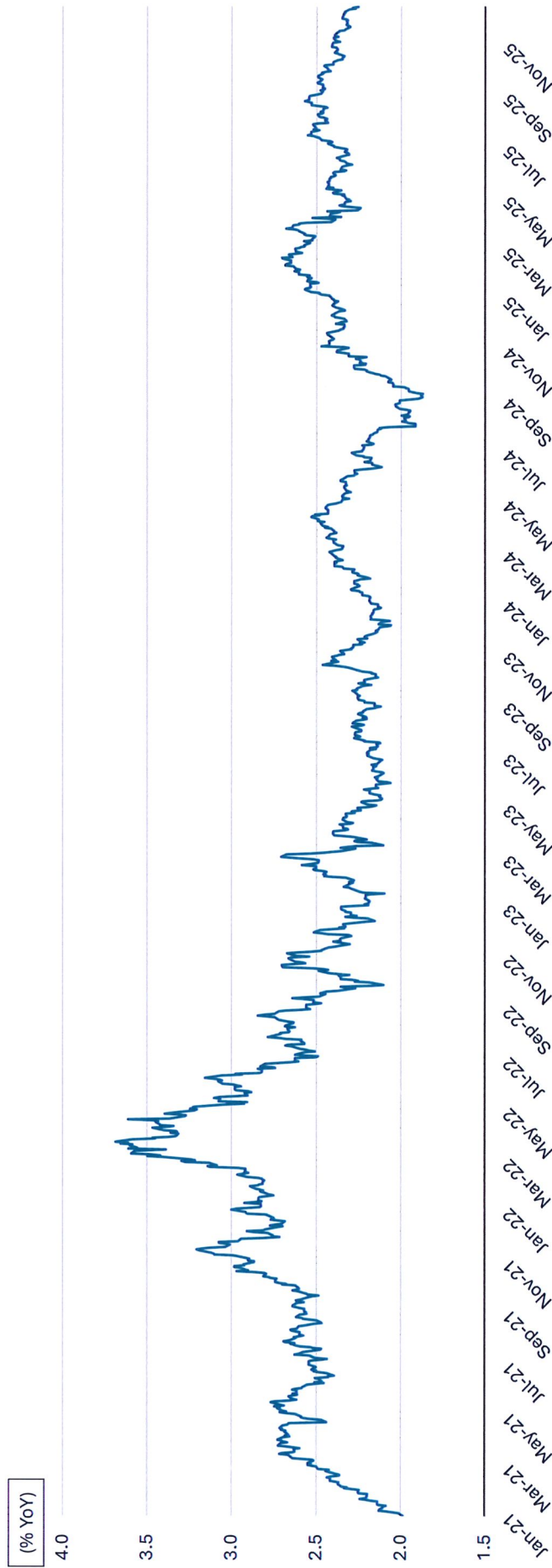
Source: Bloomberg, Chicago Mercantile Exchange, Federal Reserve

Note: As of 18 December 2025

* Markets imply a 27% chance of a 25-bps rate cut through the 28 January meeting and a 67% chance of an additional 25-bps rate reduction through the 18 March meeting.

US Breakevens Imply Inflation of ~2.25% over the Next Five Years

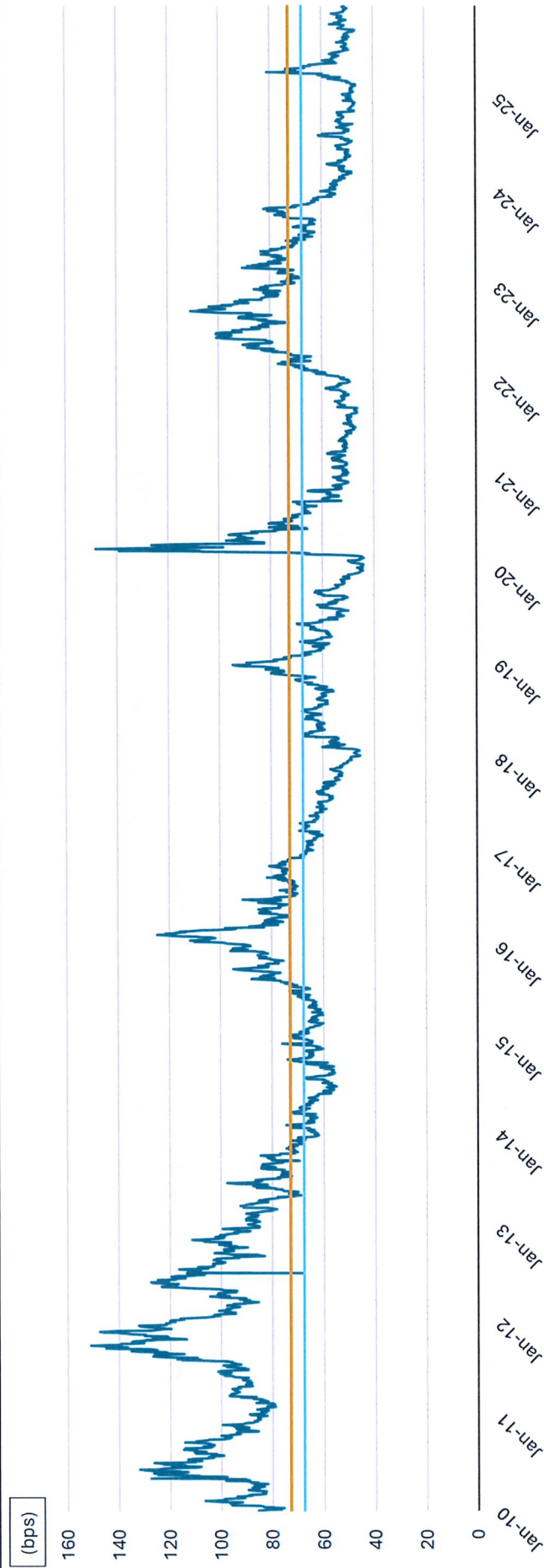
Five-Year Breakeven Inflation Rate



Source: Bloomberg
Note: As of 18 December 2025

The Cost of Protection in the Investment Grade CDS Market Remains Relatively Low

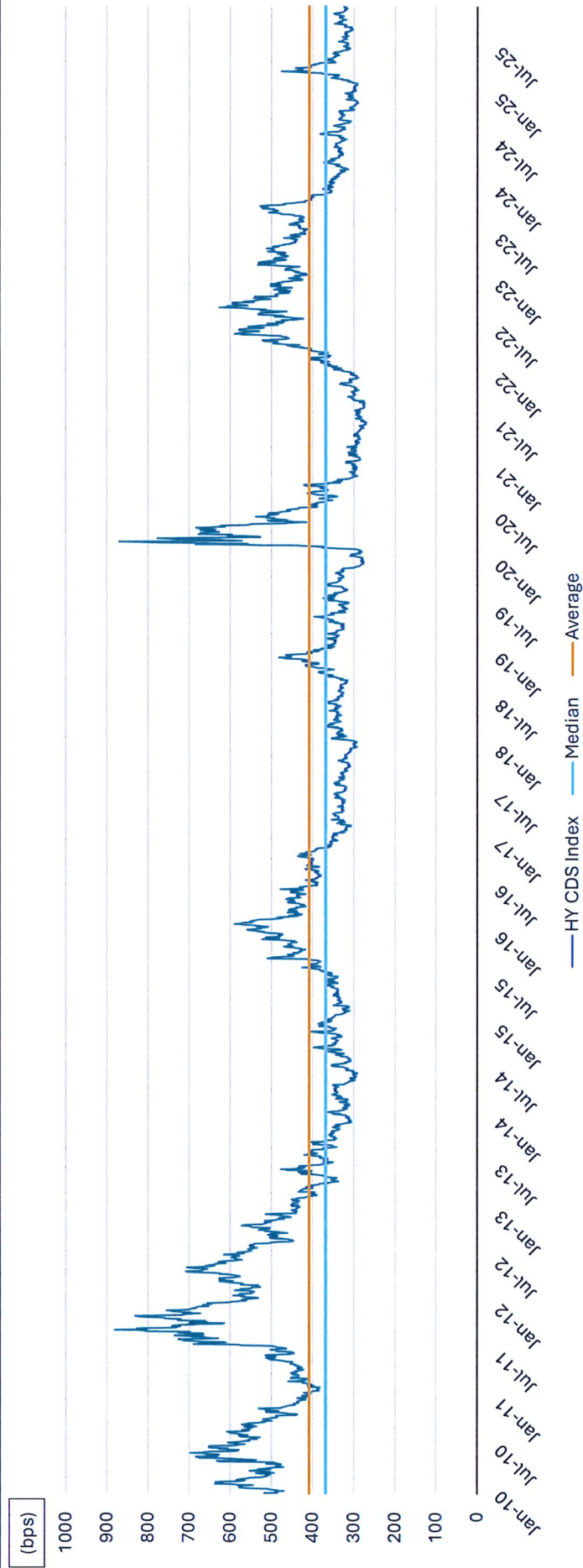
Markit CDX North America Investment Grade Index



Source: Bloomberg, Markit
Note: As of 18 December 2025

The Cost of Protection in the High-Yield CDS Market Remains Relatively Low

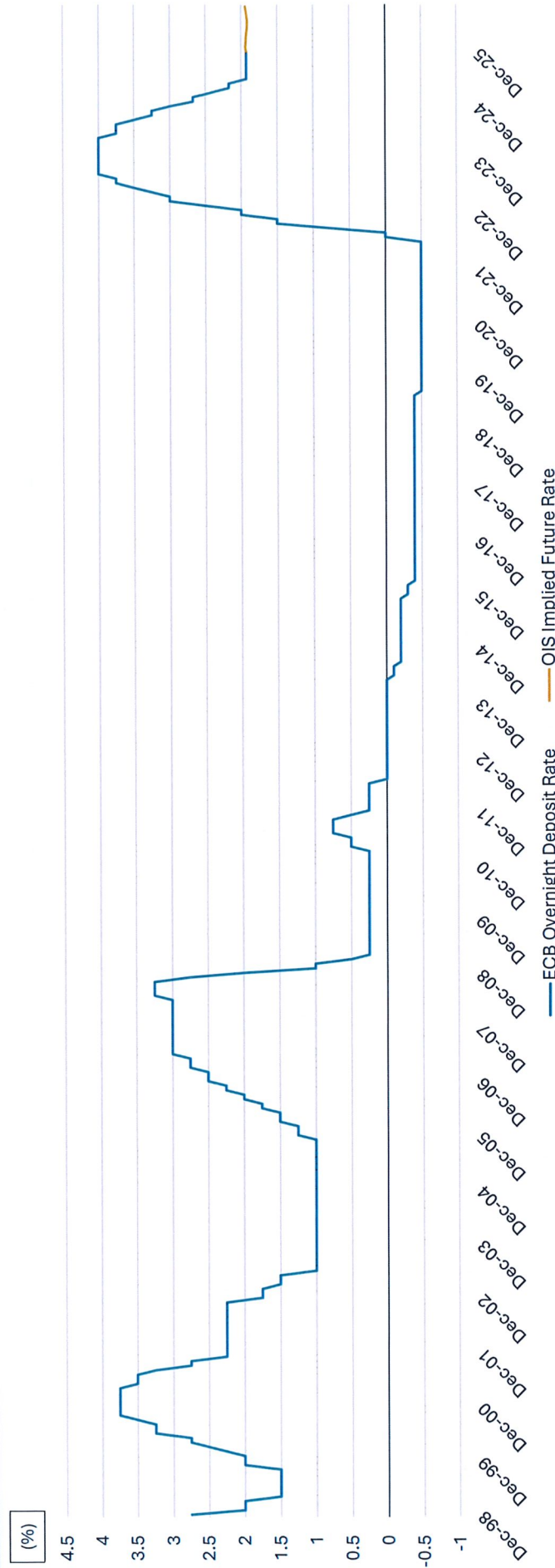
Markit CDX North America High Yield Index



Source: Bloomberg, Markit
 Note: As of 18 December 2025

Markets Suggest Steady ECB Rates through October 2026*

Implied Eurozone Deposit Rate through October 2026



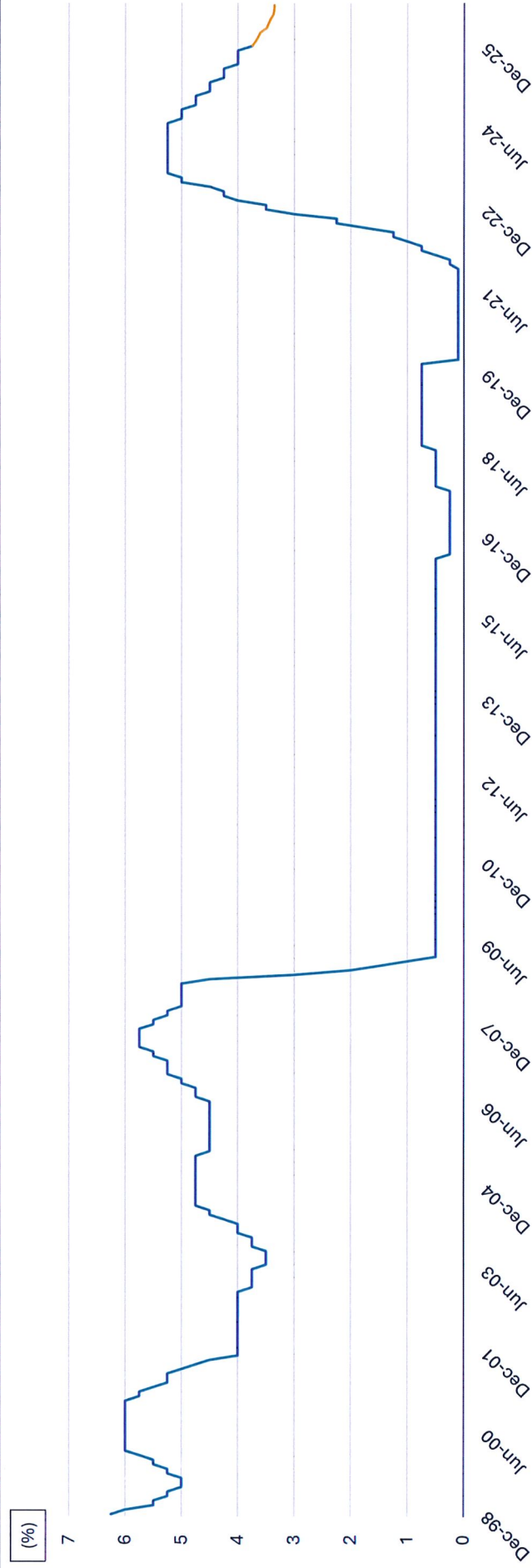
Source: Bloomberg

Note: As of 18 December 2025

* Markets imply no chance of a rate cut at the 18 December 2025, 5 February 2026, and 19 March 2026 policy meetings.

Markets Suggest ~40 bps of Additional BoE Rate Cuts through November 2026*

Implied Eurozone Deposit Rate through November 2026



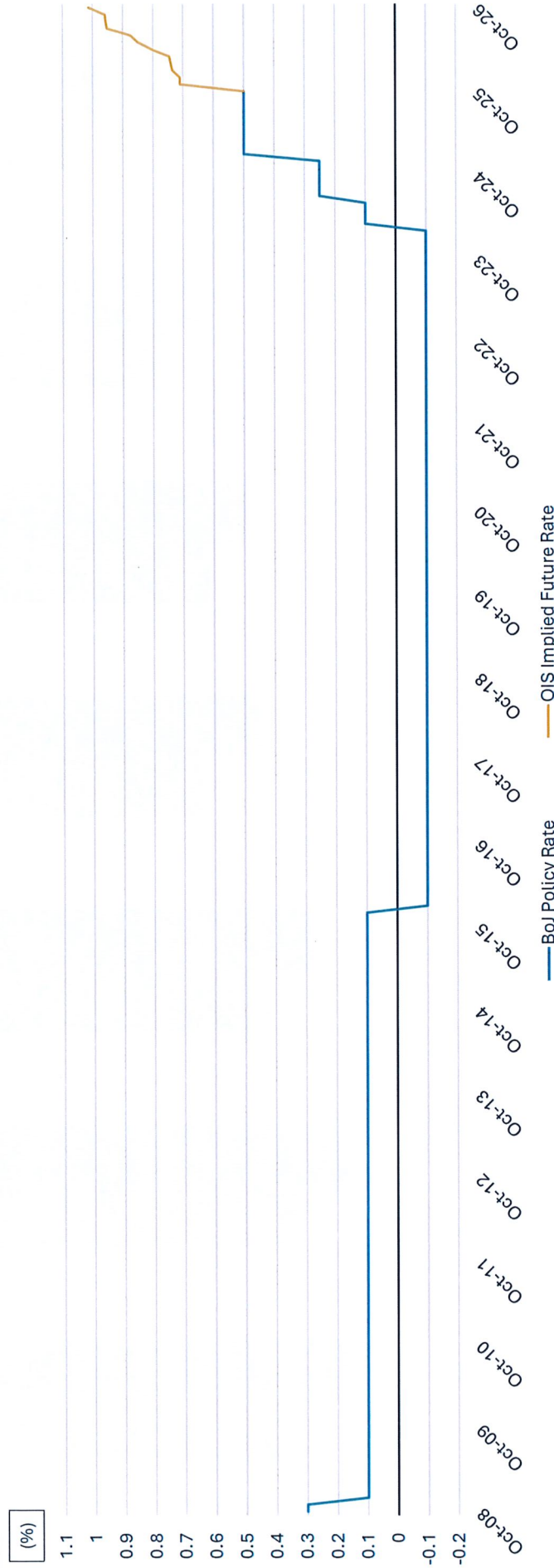
Source: Bloomberg

Note: As of 18 December 2025

* Markets currently imply a 15% chance of a 25-bps cut through the 5 February meeting and a 50% chance of an additional 25-bps cut through the 19 March meeting.

Markets Suggest ~55 bps of Additional BoJ Rate Hikes through October 2026*

Implied Eurozone Deposit Rate through October 2026

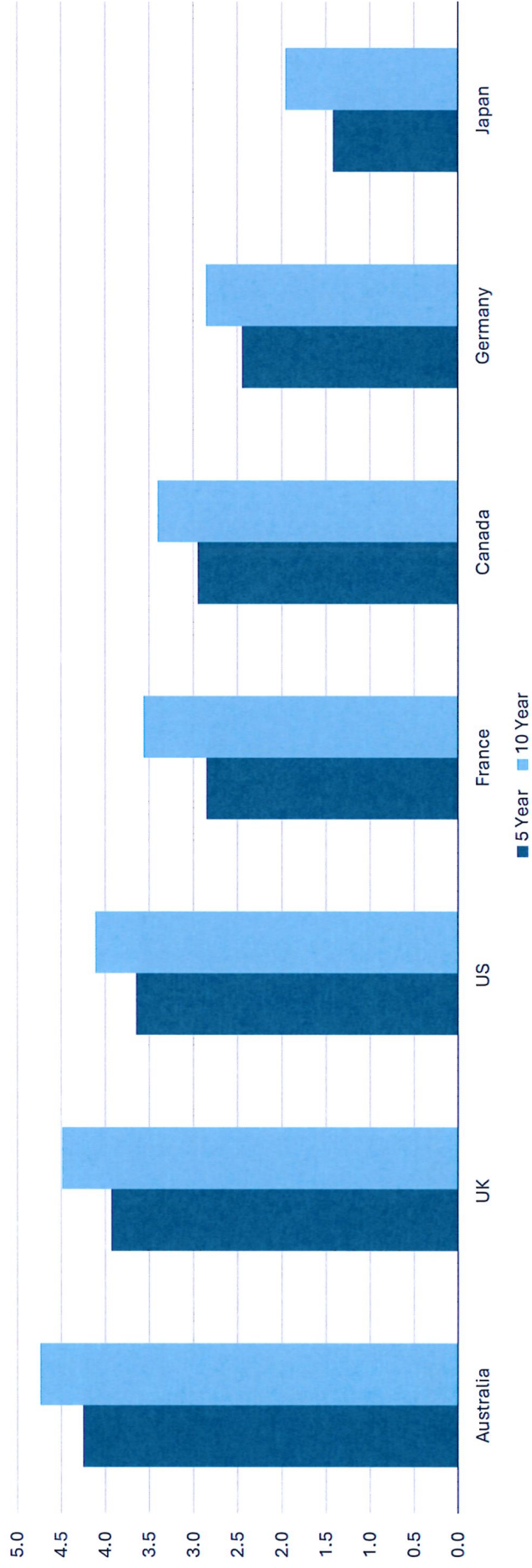


Source: Bloomberg
 Note: As of 18 December 2025
 * Markets imply a 93% chance of a 25-bps hike through the 19 December meeting and a 100% chance of one 25-bps hike through the 23 January meeting.

Longer Duration Yields Remain below Fair Value

Five- and Ten-Year Bond Yields

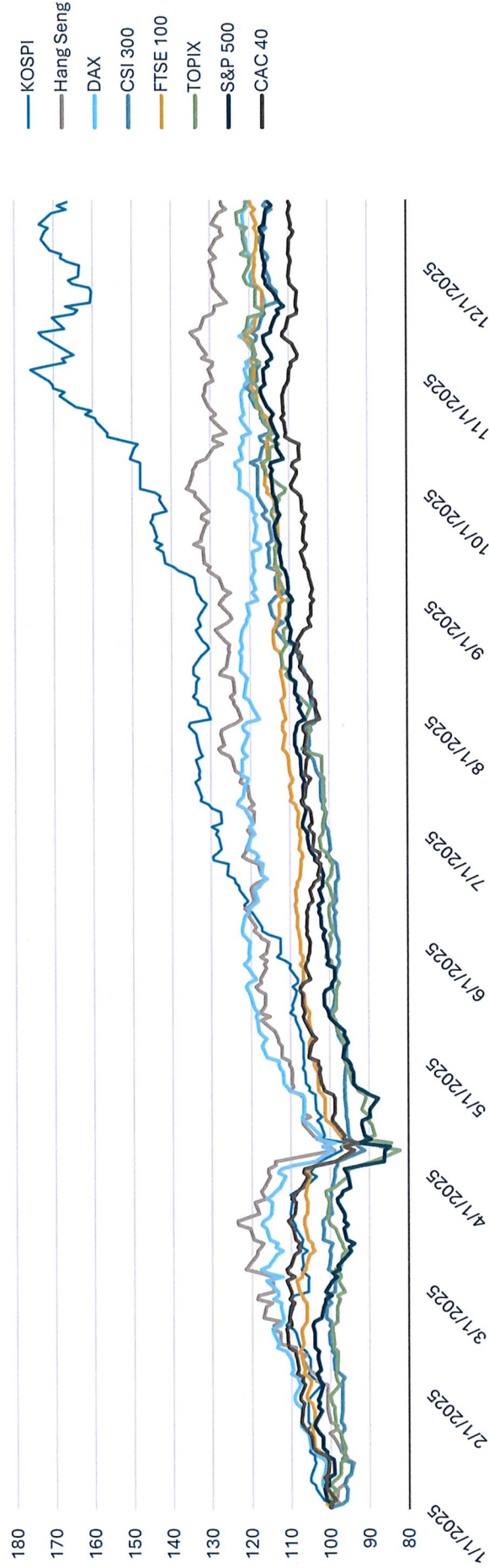
(% from highest ten-year yield to lowest)



Source: Bloomberg
 Note: As of 18 December 2025

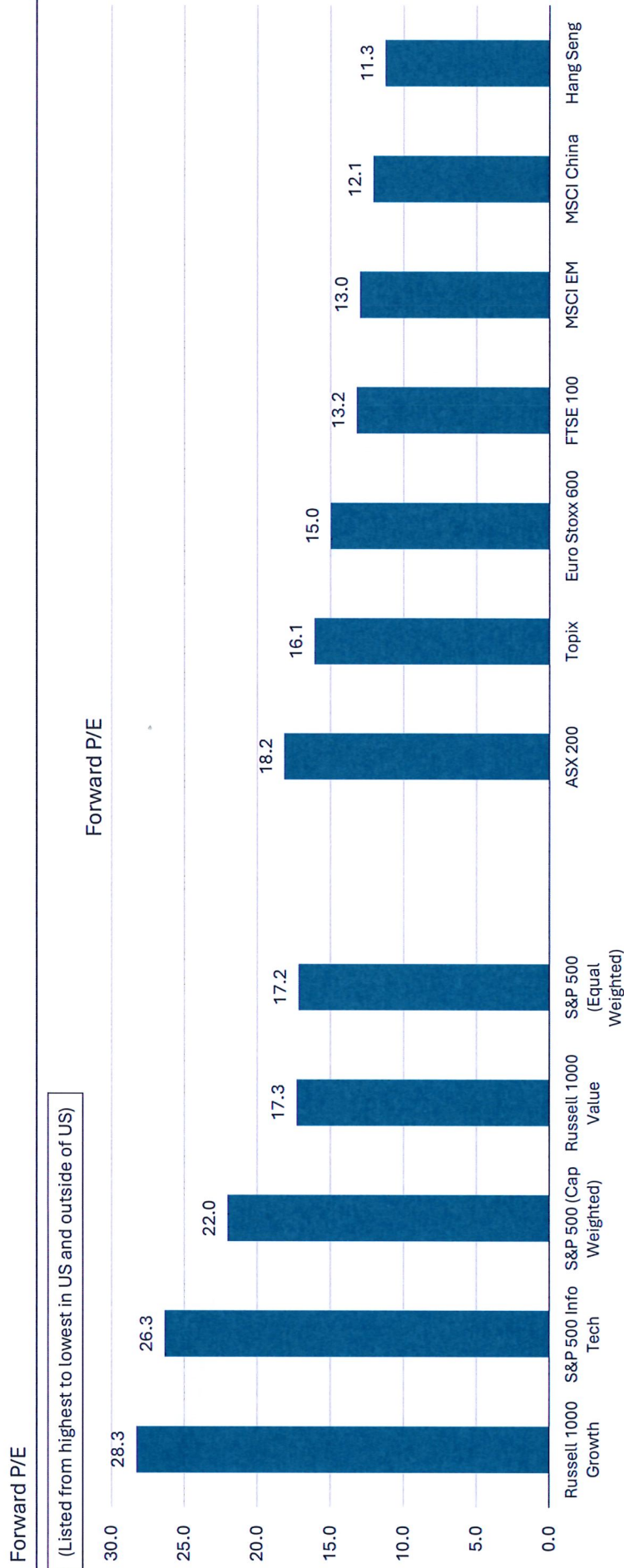
The S&P 500 Index Has Underperformed Every Major Non-US Market Except the CAC 40 in 2025

Index Performance (1 January 2025 = 100)



Source: Bloomberg
Note: As of 18 December 2025

US Equities Appear Expensive Largely Due to Highly Valued Growth/Tech Stocks...



Source: Bloomberg
 Note: As of 18 December 2025

... But US Equities Also Deliver Higher Returns on Capital than Other Markets

Forecast ROE

(%, from highest to lowest forward P/E in US and outside of US)



Source: Bloomberg
Note: As of 18 December 2025

Conclusions—Economic Backdrop

- US GDP growth downshifted by ~100 bps in 2025 and is likely to soften more in 2026 depending on AI investment trends
 - After growing above potential in 2023 and 2024, confidence was hit by the US-initiated trade war in 2025.
 - In 2026, much tighter enforcement of immigration laws will likely lower growth as could a deceleration in AI investment growth
- Eurozone growth was negatively affected by US trade policy in 2025, but GDP acceleration is likely from 2026
 - ECB easing, rising real wages, and German fiscal stimulus should all lift growth looking forward
- China's real estate crisis continues, and economic data are beginning to show the effects of US trade policy
 - Markets have long hoped for fiscal stimulus to accelerate growth, but structural reforms are needed to sustain momentum
- Japan's multi-year inflation normalization process is likely to continue with capital optimization offering an idiosyncratic opportunity
 - Governance and takeover code reforms alongside sustained inflation and wage growth could force meaningful changes for corporations

Conclusions—Market Observations

- Interest rates:
 - US rates face upward pressure from trade-related inflation, elevated deficits, and decreased global appetite for US dollar exposure...
 - ... but slowing growth, weakening labor markets, and a likely peak in inflation early in 2026 are exerting downward pressure on rates
 - European rate curves have steepened reflecting less conservative fiscal policies and a strengthening growth outlook
- Developed market credit spreads remain very tight, but there are no signs of imminent widening
 - US growth is likely to slow modestly in 2026, but recession remains unlikely
 - Non-US growth is likely to accelerate which should benefit credit quality
- Equity markets have reached new all-time highs despite trade turmoil, higher US inflation, and geopolitical challenges
 - US equities are expensive relative to history, but the rally has been narrowly driven with expectations growing increasingly questionable
 - Non-US equity market valuations appear more attractive, but stronger earnings growth will be necessary to sustain outperformance

Conclusions—Asset Allocation Implications

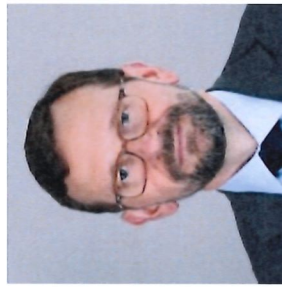
- Fixed Income:
 - More attractive: Short- to Intermediate-duration bonds, higher credit quality
 - Considerations: Increased volatility likely to be sustained as the trade war increases uncertainty around growth, inflation, and default risk
- Equities:
 - More attractive: Quality at attractive valuation, non-US equities with preference for EM and Japan
 - Considerations: Security selection will be critical globally as trade war effects vary significantly across countries, sectors, and companies
- Alternatives:
 - More attractive: Income producing real assets, e.g., infrastructure, and convertible bonds (to monetize volatility)
 - Considerations: If interest rates remain at higher levels, returns on leveraged assets could be reduced relative to historical levels



Appendix

Biography

Ron Temple, CFA, Chief Market Strategist



Ronald Temple is the Chief Market Strategist for Lazard's Financial Advisory and Asset Management businesses. In this role, Ron provides macroeconomic and market perspectives to Lazard's investment teams on a firmwide basis and works closely with Lazard's Geopolitical Advisory group to assess economic and market implications of key geopolitical issues globally. Ron also advises clients of Lazard's Asset Management businesses regarding macroeconomic and market considerations that are important to achieving their objectives. Previously, Ron was the Head of US Equity and Co-Head of Multi-Asset Investing for Lazard Asset Management. In this role, Ron was responsible for overseeing the firm's US equity strategies, Multi-Asset investing, as well as several global equity strategies. He was also a Portfolio Manager/Analyst on various US and global equity teams. Ron joined Lazard in 2001 as an equity analyst with ten years of global experience including fixed-income derivative trading, risk management, corporate

finance and corporate strategy in roles at Deutsche Bank AG, Bank of America NT & SA, and Fleet Financial Group in London, New York, Singapore, San Francisco, and Boston. Ron has an MPP from Harvard University and graduated magna cum laude with a BA in Economics & Public Policy from Duke University. He is a member of the Council on Foreign Relations, the Economic Club of New York, the CFA Society New York, is the chair of Duke University's Graduate School Board of Visitors.

Disclaimer

Information and opinions are current as of the date of publication unless otherwise noted and subject to change.

The information herein includes selected publicly available market, economic, news and other information. Some of the information herein may reflect perspectives, opinions, assumptions, or speculation and could be inaccurate. This content represents the views of the author(s), and its conclusions may confirm, contradict, or vary from those held elsewhere within Lazard.

Certain information contained herein constitutes “forward-looking statements” which can be identified by the use of forward-looking terminology such as “may,” “will,” “should,” “expect,” “anticipate,” “target,” “intent,” “continue,” or “believe,” or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events may differ materially from those reflected or contemplated in such forward-looking statements.

Board Meeting IV.B.

December 31, 2025 Preliminary Investment Returns

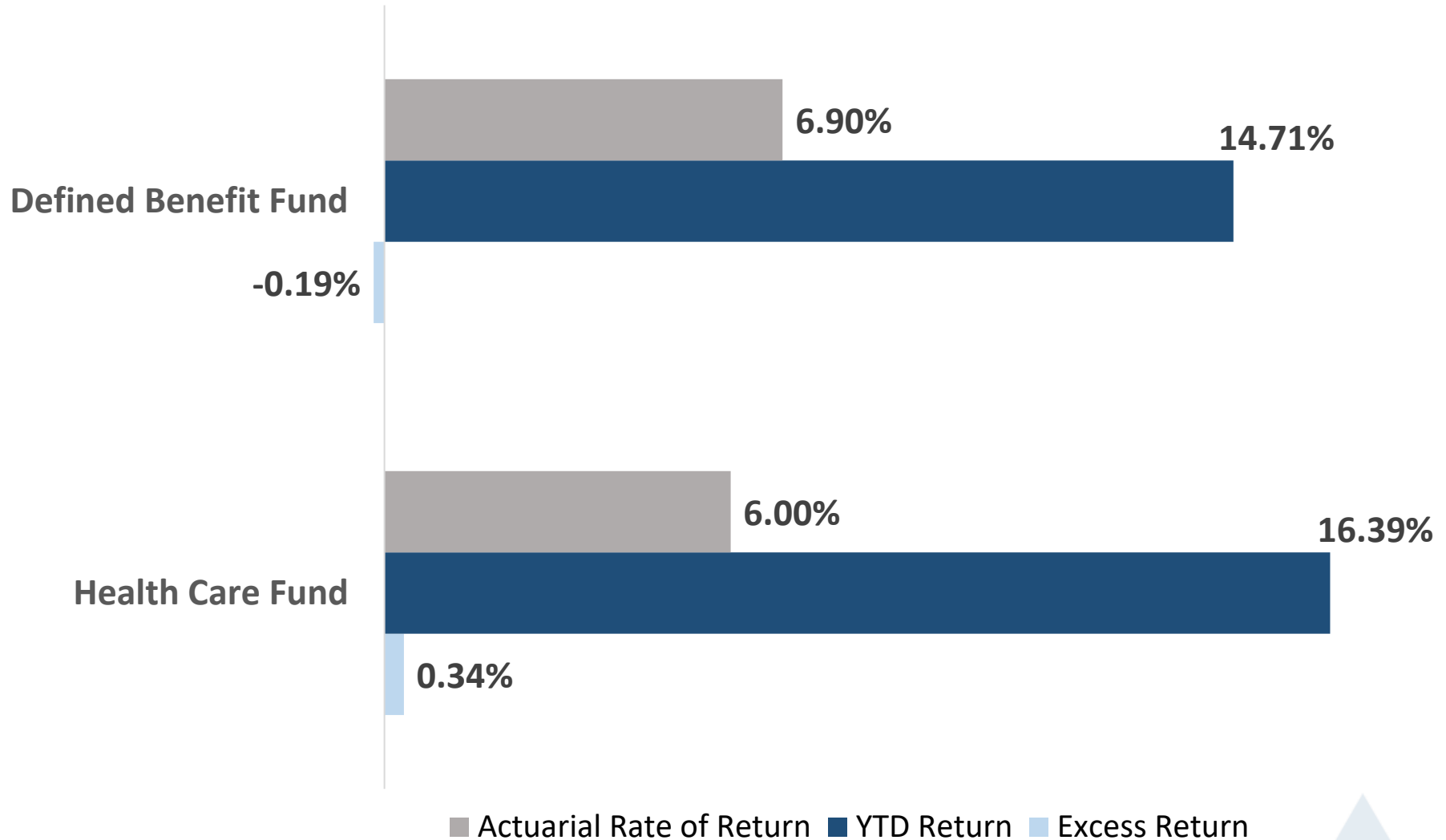
**Paul T. Greff
Chief Investment Officer**

January 21, 2026

108/656



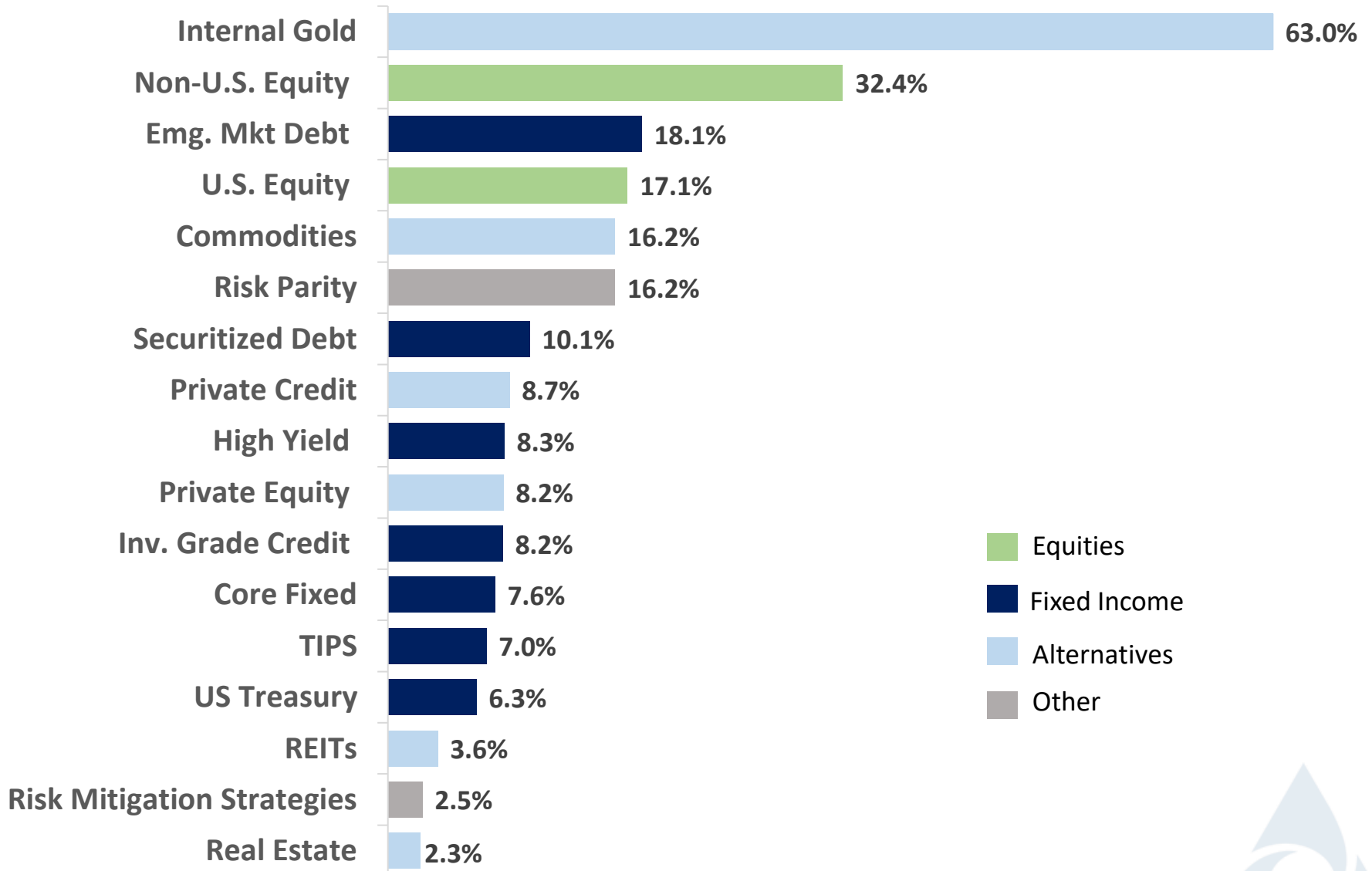
Plan Returns as of 12/31/2025



All return data sourced from BNY Mellon

Preliminary returns are Net of Fees

Total Plan: Asset Class Returns



Preliminary returns are Net of Fees

Defined Benefit: Contribution to Return of 14.71%

<u>% of Plan</u>	<u>Asset Class</u>	<u>2025 Total Return</u>	<u>*Contribution to 14.71%</u>
20.3%	Non-U.S. Equity	32.4%	6.6%
21.1%	U.S. Equity	17.1%	3.6%
13.9%	Private Equity	8.2%	1.1%
1.4%	Internal Gold	63.0%	0.9%
8.5%	Core Fixed	7.6%	0.6%
2.3%	Risk Parity	16.2%	0.4%
3.9%	High Yield	8.3%	0.3%
1.8%	Commodities	16.2%	0.3%
11.0%	Real Estate	2.3%	0.3%
2.8%	Inv. Grade Credit	8.2%	0.2%
3.0%	TIPS	7.0%	0.2%
1.1%	Emg. Mkt Debt	18.1%	0.2%
1.6%	Securitized Debt	10.1%	0.2%
2.0%	US Treasury	6.3%	0.1%
3.2%	Risk Mitigation Strategies	2.8%	0.1%
0.5%	Private Credit	8.7%	0.0%
1.0%	REITs	3.6%	0.0%



Preliminary returns are Net of Fees

The estimated contribution to return for each asset class is the product of the weighting by NAV and the return.

**Weighted average contribution to the total Fund return may not add up to the reported number due to use of year end weights and rounding*

Defined Benefit: Contribution to Alpha of -19 BPS

<u>% of Plan</u>	<u>Asset Class</u>	<u>2025 Excess Return (bps)</u>	<u>*Contribution to -19 bps</u>	
20.3%	Non-U.S. Equity	21	4	<div style="display: flex; flex-direction: column; align-items: flex-end;"> <div style="margin-bottom: 5px;">■ Equities</div> <div style="margin-bottom: 5px;">■ Fixed Income</div> <div style="margin-bottom: 5px;">■ Alternatives</div> <div style="margin-bottom: 5px;">■ Other</div> </div>
8.5%	Core Fixed	33	3	
1.6%	Securitized Debt	158	2	
1.1%	Emg. Mkt Debt	170	2	
2.8%	Inv. Grade Credit	41	1	
3.2%	Risk Mitigation Strategies	30	1	
0.5%	Private Credit	158	1	
1.4%	Internal Gold	51	1	
1.8%	Commodities	39	1	
2.3%	Risk Parity	23	1	
3.0%	TIPS	0	0	
2.0%	US Treasury	-5	0	
1.0%	REITs	-12	0	
3.9%	High Yield	-31	-1	
21.1%	U.S. Equity	-9	-2	
11.0%	Real Estate	-175	-19	
13.9%	Private Equity	-195	-27	

Preliminary returns are Net of Fees

The estimated contribution to return for each asset class is the product of the weighting by NAV and the return.

**Weighted average contribution to the total Fund return may not add up to the reported number due to use of year end weights and rounding*

Healthcare: Contribution to Return of 16.39%

<u>% of Plan</u>	<u>Asset Class</u>	<u>2025 Total Return</u>	<u>*Contribution to 16.39%</u>	
24.1%	Non-U.S. Equity	32.4%	7.8%	Equities
23.8%	U.S. Equity	17.1%	4.1%	
14.4%	Core Fixed	7.6%	1.1%	Fixed Income
1.6%	Internal Gold	63.0%	0.9%	
6.6%	High Yield	8.3%	0.5%	Alternatives
3.2%	Risk Parity	16.2%	0.5%	
3.9%	Securitized Debt	10.1%	0.4%	Other
2.0%	Commodities	16.2%	0.3%	
1.5%	Emg. Mkt Debt	18.1%	0.3%	Equities
3.9%	TIPS	7.0%	0.3%	
3.3%	Inv. Grade Credit	8.2%	0.3%	Fixed Income
2.0%	US Treasury	6.3%	0.1%	
2.8%	REITs	3.6%	0.1%	Alternatives
6.2%	Risk Mitigation Strategies	1.2%	0.1%	

Preliminary returns are Net of Fees

The estimated contribution to return for each asset class is the product of the weighting by NAV and the return.

*Weighted average contribution to the total Fund return may not add up to the reported number due to use of year end weights and rounding.

Healthcare: Contribution to Alpha of 34 BPS

<u>% of Plan</u>	<u>Asset Class</u>	<u>2025 Excess Return (bps)</u>	<u>*Contribution to 34 bps</u>	
3.9%	Securitized Debt	158	6	
24.1%	Non-U.S. Equity	21	5	Equities
14.4%	Core Fixed	33	5	Fixed Income
1.5%	Emg. Mkt Debt	170	3	
3.3%	Inv. Grade Credit	41	1	
1.6%	Internal Gold	51	1	Alternatives
3.2%	Risk Parity	23	1	Other
2.0%	Commodities	39	1	Alternatives
3.9%	TIPS	0	0	
2.0%	US Treasury	-5	0	
2.8%	REITs	-12	0	Alternatives
6.6%	High Yield	-31	-2	
23.8%	U.S. Equity	-9	-2	Equities
6.2%	Risk Mitigation Strategies	-11	-1	Other

Preliminary returns are Net of Fees

The estimated contribution to return for each asset class is the product of the weighting by NAV and the return.

*Weighted average contribution to the total Fund return may not add up to the reported number due to use of year end weights and rounding.

Board Meeting IV.C



OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
277 EAST TOWN STREET, COLUMBUS, OH 43215-4642
1-800-222-PERS (7377)
www.opers.org

MEMORANDUM

DATE: January 12, 2026

TO: OPERS Retirement Board Members

FROM: Paul Greff, Chief Investment Officer
Prabu Kumaran, Lead Fund manager

RE: **IV. Discussion Items:**
C. Monthly Reset of Target Benchmark Allocation

Action requested: _____ moved, _____ seconded, a motion to approve the monthly resetting of target benchmark allocations for the Defined Benefit (“DB”) and Health Care (“HC”) Funds from February 1, 2026 through June 30, 2026 due to the implementation of the new Risk Mitigation Strategies (“RMS”) allocation.

Purpose

Staff requests approval from the OPERS Retirement Board (Board) to change the target DB and HC policy benchmark allocations from quarterly to monthly for 2026, starting February 1st, and ending June 30th. Staff will review targets with the Investment Advisor, Meketa, before the beginning of each month and update the Board regularly. Monthly resets will give Staff more flexibility and prevent delays during the construction of the newly approved RMS allocations for both the DB and HC Funds. In addition, continuing a monthly review and rebalancing of these benchmark policy targets can alleviate some of the friction and cost difference that might happen during the asset class build up phase. Staff has requested and received approval for similar changes twice before. In 2012, the Board approved monthly benchmark resets when Staff created a custom core fixed income portfolio. Similarly, in 2010, the Board approved monthly resets to accommodate a custodian change and the reduction of the U.S. Treasury Long Duration portfolio. In 2025, Board approved the monthly reset for the implementation of the RMS asset class for both the DB and HC Funds.

Background

In late 2024 and early 2025, the Board, Staff, and Meketa, completed asset liability studies for both the DB and HC Funds. The completion of studies led to the establishment of a

new allocation to RMS for both plans, with a target allocation of 10% for each. The HC Fund is expected to reach this target allocation in 2025, while the DB Fund will achieve it in two years: 5% in 2025 and the remaining 5% in 2026.

The RMS allocation will include three sub-strategies: Long Duration U.S. Treasuries (20+ years), Trend Following, and Alternative Risk Premia (“ARP”). Additionally, the current standalone U.S. Treasury allocation (held within the Fixed Income Asset Class), which is separate and distinct from the RMS allocation, was restructured to a shorter duration in May 2025 and is benchmarked to the Bloomberg U.S. Treasury 1 to 5 Year Index.

Policy Reference

The DB and HC Fund policies both call for a quarterly resetting of the target benchmark asset allocations. The relevant text from the DB Policy, which is similar to the HC Policy, is shown below:

“During periods of transition resulting from a change in the Board-approved target asset allocations, the interim target asset allocation used to calculate benchmark performance for the DB Fund will be established on a quarterly basis in advance of the subsequent quarter. That target mix will be based on allocations made by Staff and reported to the Board through quarterly reports.”

In the current quarterly process, the benchmark target allocations are reviewed by the Board’s Investment Advisor before the end of each quarter. The approved targets are then communicated to the Board through the monthly CIO letter. This quarterly resetting approach constrains Staff to funding the new RMS investments at quarter-end.

In the requested temporary modification to the existing process, Staff would continue its existing approach, but on a monthly basis instead of quarterly. Staff will seek approval of the proposed target benchmark allocation from the Investment Advisor, Meketa, prior to the end of each month for the succeeding month. The changes will be communicated to the Board through the monthly CIO letter.

Update of 2025 Monthly Reset utilized by Staff

The Board approved the monthly reset at the March 2025 meeting starting April 1, 2025, through December 31, 2025. Staff implemented the initial phase of RMS during the months of April, May and July. In the fourth quarter, the reset was utilized to true-up the Private Credit allocation closer to the actual allocation. Staff needed additional time in 2025 in sourcing external managers to build the Trend Following and ARP sub-asset classes. As of December 31, 2025, the DB Fund reached a RMS target of 3.5% and the HC Fund 7% towards the long-term target of 10% for both Funds.

Next Steps

Staff requests Board approval to change the benchmark target policy allocations from quarterly to monthly for the period February 1, 2026, to June 30, 2026. Upon approval, Staff will work with Meketa to review and implement the monthly benchmark targets as staff continues implementation of the RMS allocation.

MEMORANDUM

TO: OPERS Board of Retirement
FROM: Meketa Investment Group (Meketa)
DATE: January 12, 2026
RE: **IV. Discussion Items:**
C. Monthly Reset of Policy benchmarks: DB and HC plans

Following the completion of the 2024/2025 asset liability studies for both the Defined Benefit and Health Plans the target allocations include a class called Risk Mitigating Strategies (RMS). This class is designed to give the OPERS portfolios additional downside protection when the growth markets fall.

In March 2025, OPERS board approved monthly rebalancing of policy benchmarks through December 31, 2025. During this time OPERS staff used this policy to begin implementing the RMS allocation as well as to better align the allocation to Private Credit. Given changing market conditions and the time required to identify and fund external managers OPERS staff and Meketa would like to extend the monthly policy to June 30, 2026. Continuing a monthly rebalancing of these policy benchmarks can alleviate some of the friction and cost difference that might happen as the class is built out.

As a result, Meketa recommends that OPERS continue to utilize monthly rebalancing of the policy benchmark through June 30, 2026, to allow for some flexibility in the implementation of RMS and changing market conditions.

Monthly Reset of Target Benchmark Allocation

Prabu Kumaran
Fund Manager

January 21, 2026

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Purpose of Request and Policy Reference

Purpose

Staff requests approval from the OPERS Retirement Board to **temporarily** modify the target Defined Benefit (“DB”) and Health Care (“HC”) Funds policy benchmark allocations from **quarterly to monthly** in 2026, starting February 1st and ending June 30th to assist with the transitions associated with the new Risk Mitigation Strategies (“RMS”) allocation.

Policy Reference

The DB Policy (comparable language also in the HC Policy) stipulates the quarterly reset of the target benchmark asset allocations as follows:

“During periods of transition resulting from a change in the Board-approved target asset allocations, the interim target asset allocation used to calculate benchmark performance for the DB Fund will be established on a quarterly basis in advance of the subsequent quarter. That target mix will be based on allocations made by Staff and reported to the Board through quarterly reports.”

Rationale for Request

- **Large Asset Transition:** In late 2024 and early 2025, the Board, Staff, and Investment Advisor, Meketa, conducted comprehensive asset liability (“AL”) studies for both the DB and HC Funds. As a result of these studies, a new allocation to RMS was approved for both plans, with a target allocation of 10% for each.
- **Historical Precedence:** In the past, the Board permitted Staff to reset monthly during the creation of a custom Core Fixed Income portfolio in 2012, as well as during the custodian change and reduction of the U.S. Treasury Long Duration portfolio in 2010 and the initial implementation of RMS in 2025.
- **Flexibility and Avoid Implementation Delays:** The monthly reset provides Staff with the flexibility to implement new strategies promptly, thereby avoiding any unintended allocation risk to the Funds. In addition, continuing a monthly review and rebalancing of these benchmark policy targets can alleviate some of the friction and cost difference that might happen during the asset class build up phase.

Recap – Use of Monthly Reset in 2025

- Board Approved the monthly reset at the March 2025 meeting effective April 1st to December 31, 2025.
- Staff utilized four month-end resets in 2025 for moving towards the long-term targets.
 - RMS Initial Implementation Phase in April, May & July
 - Private Credit Allocation in November
- Current RMS Implementation Status
 - DB Fund – 3.5% (2025 – target 5% and 2026 – 10%)
 - HC Fund – 7.0% (2025 – target 10%)

Recommendation - Request for Approval

Approve a temporary monthly resetting of target benchmark allocations for the DB and HC Funds from February 1st to June 30, 2026, due to the continued implementation of the new Risk Mitigation Strategies (RMS) allocation for both DB & HC Funds.

Board Meeting IV.D



OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
277 EAST TOWN STREET, COLUMBUS, OH 43215-4642
1-800-222-PERS (7377)
www.opers.org

MEMORANDUM

DATE: January 12, 2026
TO: OPERS Retirement Board Members
FROM: Paul Greff, Chief Investment Officer
Prabu Kumaran, Fund Manager
RE: **IV. Discussion Items:**
D. 2026 Annual Investment Plan (including alpha targets)

Action requested: _____ moved, _____
seconded, to approve the 2026 Annual Investment Plan (including alpha targets), as
recommended below by Meketa and Staff.

Purpose

The Annual Investment Plan (“AIP”) is the principal, although not exclusive, vehicle by which Staff describes planned asset allocation and investment strategies as well as new strategies and the general framework to support the implementation plan.

Background

Each year, Staff presents a proposed OPERS AIP to the OPERS Retirement Board (Board). The main functions of the AIP are to:

- Describe the principal Asset/Sub-Asset Classes and key forward asset management characteristics for the Defined Benefit (DB) and Health Care 115 Trust Funds (HC), including target allocation percentages and ranges, benchmarks, investment strategy, and strategies concerning the use of active and passive management.
- Specify projected excess (active management) return and risk, provisions for risk control, and investment expenses.
- Identify resource (staffing and budgetary) requirements.
- Describe key initiatives for the current year.

Issues

Investment Advisor Meketa completed a comprehensive review of OPERS asset allocation and the asset liability study for both DB and HC Funds. The Board approved the new long-term targets for the DB Fund at the November 2024 meeting and for the HC Fund at the January 2025 meeting. In addition, the Board approved a small tweak to the DB Fund's long-term allocation using the dynamic asset allocation at the November 2025 meeting.

In discussions with Meketa, Staff plans to complete the buildup of the Risk Mitigation Strategies (RMS) Asset class for the DB Fund and for the HC Fund in 2026. Staff has prepared an AIP reflecting the long-term target asset allocation for both the DB and HC Funds. See the details in the tables below.

Proposed Asset Allocation changes for DB and HC Funds

DB Fund

Asset Class	Current Q4-2025	Asset Mix Changes 2026	Long-term Policy Mix
Public Equity	41%		42%
U.S. Equity	21%	0.0%	21%
Non-U.S. Equity	20%	1.0%	21%
Fixed Income	22.6%		17%
Core-Fixed	8.6%	-3.6%	5%
U.S. Treasury	2%		2%
Securitized Debt	1%		1%
Emerging Markets Debt	1%		1%
High Yield	4%		4%
TIPS	3%	-1.0%	2%
Investment Grade Credit	3%	-1.0%	2%
Alternatives	30.9%		29%
Private Equity	15%	-1.0%	14%
Real Estate	12%	-1.0%	11%
Commodities	2.5%	-0.5%	2%
Opportunistic	0%		0%
REITs	1%		1%
Private Credit	0.40%	0.6%	1%
Risk Parity	2%		2%
Risk Mitigating Strategies	3.5%		10%
Long Treasuries	2%	1.4%	3.4%
Trend Following	0.5%	2.8%	3.3%
Alternative Risk Premia	1%	2.3%	3.3%
Total DB Fund	100%	0.0%	100%

HC Fund

Asset Class	Current Q4-2025	Asset Mix Changes 2025	New 2026 LT Policy Mix
Public Equity	47%		45%
U.S. Equity	23.5%	-1.5%	22%
Non-U.S. Equity	23.5%	-0.5%	23%
Fixed Income	37.0%		37%
Core-Fixed	15%		15%
U.S. Treasury	2%		2%
Securitized Debt	4%		4%
Emerging Markets Debt	1.5%		1.5%
High Yield	7%		7%
TIPS	4%		4%
Investment Grade Credit	3.5%		3.5%
Alternatives	6%		5%
Commodities	3%		3%
Opportunistic	0%	0.0%	0%
REITs	3%	-1.0%	2%
Risk Parity	3%		3%
Risk Mitigating Strategies	7%		10%
Long Treasuries	3%	0.4%	3.4%
Trend Following	1%	2.3%	3.3%
Alternative Risk Premia	3%	0.3%	3.3%
Total DB Fund	100%	0%	100%

Next Steps

If the Board approves the proposed 2026 Asset Allocation Changes and AIP, Staff will focus on implementing changes for the DB & HC Funds starting in the first quarter of 2026. Staff expects to complete the RMS build by year end 2026.

MEMORANDUM

TO: OPERS Board of Retirement
FROM: Meketa Investment Group (Meketa)
DATE: January 21, 2026
RE: 2026 Annual Investment Plan: DB and HC plans

In 2024/2025, the Board approved long-term asset allocation targets for the Defined Benefit (“DB”) Portfolio which was conducted through an asset liability study. The revised target portfolio included an allocation to risk mitigating strategies (“RMS”). In addition the board approved a slight revision to the DB portfolios targets in 4Q2025 which reduced the allocation to Private Markets and increased the allocation to Public Equity.

The Defined Benefit asset allocation targets are shown in the table below.

Asset Classes	Target Weights
Public Equity	42.00%
U.S. Equity	21.00%
Non-U.S. Equity	21.00%
Fixed Income	17.00%
Core Fixed	5.00%
Securitized Debt	1.00%
Emerging Markets Debt	1.00%
High Yield	4.00%
TIPS	2.00%
U.S. Treasury	2.00%
Inv. Grade Credit	2.00%
Alternatives	29.00%
Private Equity	14.00%
Real Estate	11.00%
Commodities	1.00%
Gold	1.00%
REITs	1.00%
Private Credit	1.00%
Risk Parity	2.00%
RMS	10.00%
Long Treasuries	3.40%
Trend Following	3.30%
Alt Risk Premia	3.30%
Policy Total	100.00%

The Health Care (“HC”) asset allocation targets are shown below.

Asset Classes	Target Weights	
Public Equity		45.0%
U.S. Equity	22.00%	
Non-U.S. Equity	23.00%	
Fixed Income		37.0%
Core Fixed	15.00%	
Securitized Debt	4.00%	
Emerging Markets Debt	1.50%	
High Yield	7.00%	
TIPS	4.00%	
U.S. Treasury	2.00%	
Inv. Grade Credit	3.50%	
Alternatives		5.0%
REITs	2.00%	
Gold	1.00%	
Commodities	2.00%	
Risk Parity	3.00%	3.0%
RMS		10.0%
Long treasuries	3.40%	
Trend Following	3.30%	
Diversifiers	3.30%	
HC Policy Total		100.0%

The table below shows the 2026 Alpha targets for DB and HC Funds

	2026 Target (1-Year)	2026 Target (3-Year)
DB Fund*	40 basis points	23 basis points
HC Fund*	29 basis points	16 basis points

*Please note that the DB Fund 2026 target alpha (40 bps) includes the asset allocation revision in 4Q2025 that resulted in lowering the target to Private Equity and Real Estate by 1% each and subsequently increasing the allocation to Public Equity.



Recommendation:

Meketa and OPERS Staff have been working together to establish the 2026 Annual Investment Plan which includes updated benchmarks, interim asset allocation targets, and updated alpha assumptions. Meketa agrees with the proposed Annual Investment Plan as provided by Staff, and we recommend the Board adopt the Plan at the January 2026 meeting.

DS/AWS/mn

2026 Annual Investment Plan (including alpha targets)

Prabu Kumaran, Fund Manager
January 21, 2026



Annual Investment Plan

Purpose of the Annual Investment Plan (AIP):

- Describe the investment asset classes for the Defined Benefit (DB) and Health Care (HC) funds, including allocation percentages, ranges and internal and external management split.
- Specify projected total return, excess return and risk targets.
- List risk management control provisions and investment expenses.
- Identify staffing and budgetary requirements.
- List key initiatives for the current year.

Annual Investment Plan – 2025 Accomplishments

- Implementation of new Long-Term Asset Allocations for both DB and HC Funds:
Executed the implementation of the new long-term strategic asset allocation targets for both the DB and HC Funds. Implementation continues into year 2026.
- Introduction of Risk Mitigation Strategies for both DB & HC Funds:
Established the Risk Mitigation Strategies (RMS) for both the DB and HC Funds. As of December 31, 2025, the DB Fund achieved a target benchmark allocation of 3.5%, while the HC Fund reached 7% for RMS. Implementation continues into year 2026.

Annual Investment Plan - 2026 Initiatives

- Finalize and implement the Trend Following sub-asset class buildout (both internal and external mandates) within the RMS Second Responders' framework.
- Implement the Alternative Risk Premia sub-asset class build out (both internal and external mandates) within the RMS Third Responders' framework.
- Conduct a holistic, comprehensive evaluation and assessment of the Ohio Deferred Compensation investment offerings.

2026 Annual Investment Plan - DB Fund Targets

2026 Total Return Assumptions			
Sources of Return	Pessimistic	Base	Optimistic
Policy	-5.29%	7.24%	19.77%
Active	-0.60%	0.40%	1.40%
Total Return	-5.77%	7.64%	21.05%

2026 Total Risk and Active Risk Assumptions			
Sources of Risk	Variability Risk	Information Ratio	Sharpe Ratio*
Policy	12.53%		0.35
Active	1.00%	0.40	
Total Risk	13.41%		0.36

*The Sharpe Ratio reflects 2.8% (10 year Cash Return) as the risk free rate.

Source: Meketa – Total Return and Policy Risk

OPERS – Active Return and Total Risk

	Schedule of Expected Performance and Volatility					
	Average Allocation	Active Return Performance Objectives	Active Return Performance Contribution	Target Tracking Error	Tracking Error Range	Target Information Ratio
	(%)	(bps)	(bps)	(bps)	(bps)	Ratio
U.S. Equity	21.0%	14	3	36	0 - 100	0.40
Non-U.S. Equity	20.5%	60	12	150	0 - 300	0.40
Fixed Income	19.1%	26	5	72	0 - 200	0.36
Alternatives	29.9%	68	20	NA	250 - 1500	NA
Risk Parity	2.0%	20	0.4	50	0 - 120	0.40
RMS	7.5%	0	0.0	0	0 - 200	NA
Defined Benefit Fund	100.0%	NA	40	100	0 - 300	0.40

2026 Annual Investment Plan - HC Fund Targets

2026 Total Return Assumptions			
Sources of Return	Pessimistic	Base	Optimistic
Policy	-3.54%	6.27%	16.08%
Active	-0.43%	0.29%	1.01%
Total Return	-3.85%	6.56%	16.97%

2026 Total Risk and Risk Attribution Assumptions			
Sources of Risk	Variability Risk	Information Ratio	Sharpe Ratio*
Policy	9.81%		0.35
Active	0.72%	0.40	
Total Risk	10.41%		0.36

*The Sharpe Ratio reflects 2.8% (10 year Cash Return) as the risk free rate.

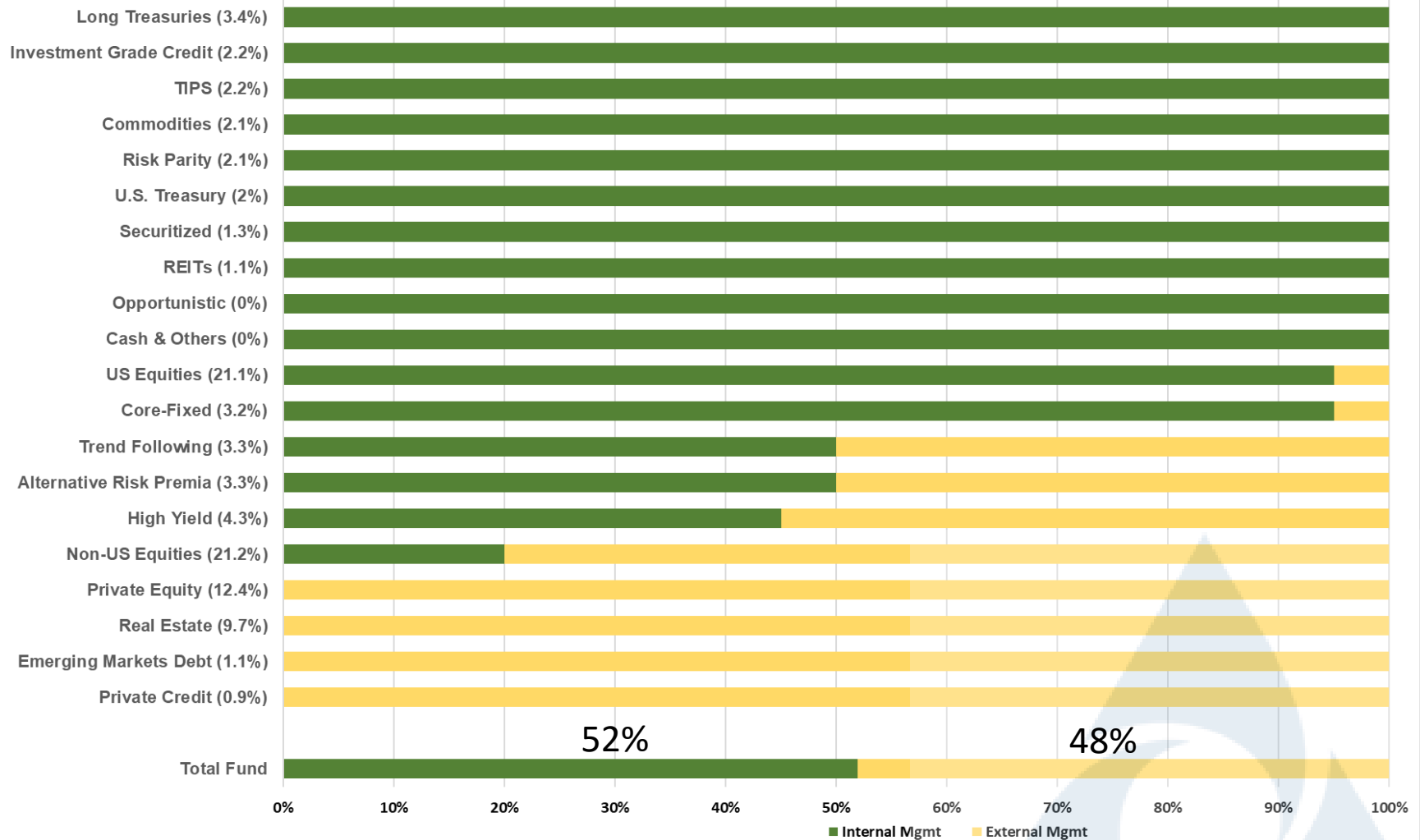
Source: Meketa – Total Return and Policy Risk
OPERS – Active Return and Total Risk

	Schedule of Expected Performance and Volatility					
	Average Allocation (%)	Active Return Performance Objectives (bps)	Active Return Performance Contribution (bps)	Target Tracking Error (bps)	Tracking Error Range (bps)	Target Information Ratio
U.S. Equity	22.0%	14	3	36	0 - 100	0.40
Non-U.S. Equity	23.0%	60	14	150	0 - 300	0.40
Fixed Income	37.0%	28	10	79	0 - 200	0.36
Alternatives	5.0%	14	1	36	200 - 400	0.40
Risk Parity	3.0%	20	1	50	0 - 120	0.40
RMS	10.0%	0	0	0	0 - 200	NA
Health Care Fund	100.0%	NA	29	72	0 - 300	0.40

Source: Meketa & OPERS

2026 Annual Investment Plan

Projected Internal vs. External Management

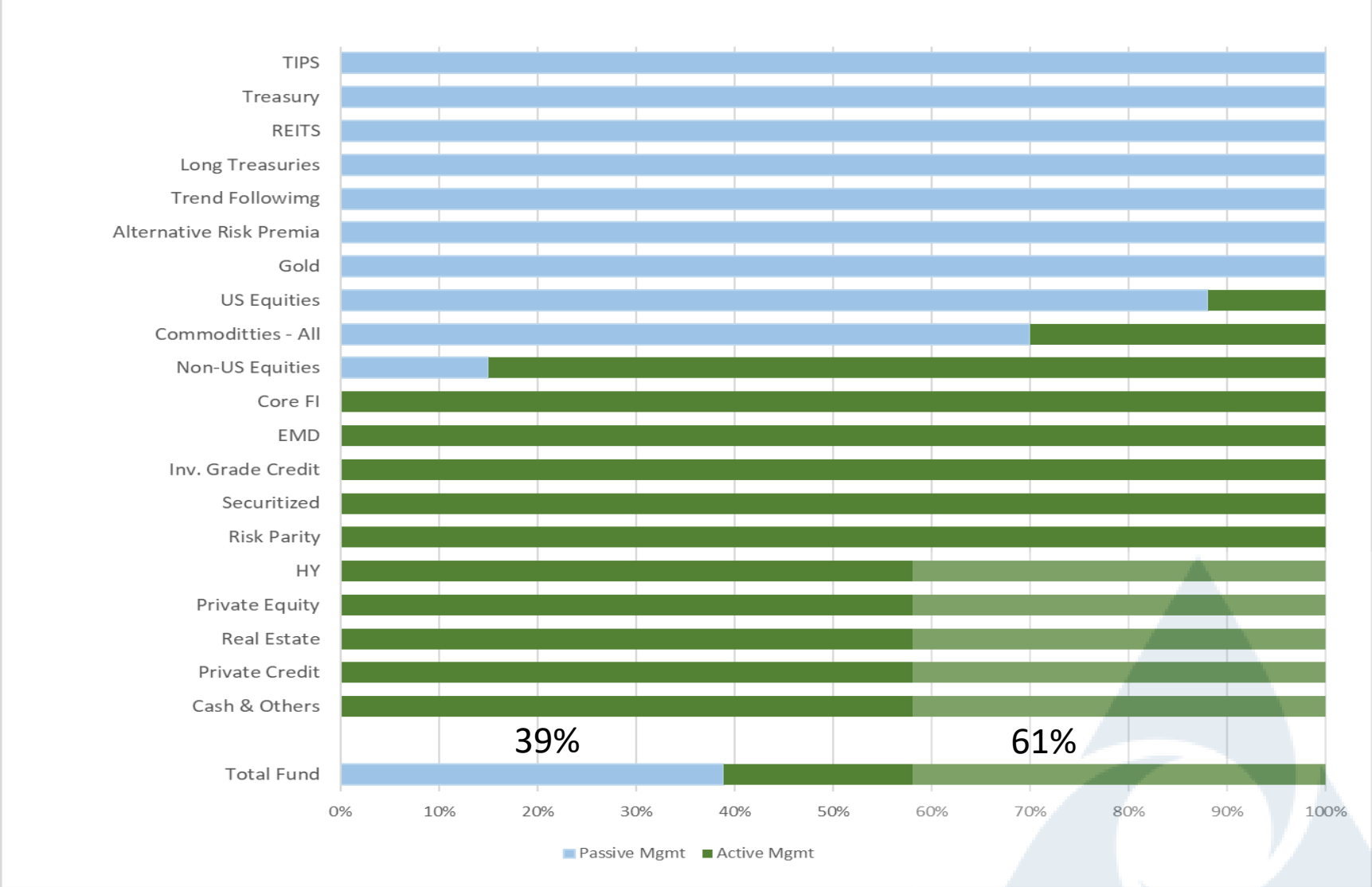


% shown in brackets are Combined Fund Target 2026 Allocations

Source: OPERS Estimates

2026 Annual Investment Plan

Projected Passive vs. Active Management



2026 Annual Investment Plan - Cost & Staffing

	Estimated 2026 Total Costs (\$ millions)			
	Internal Mgmt.	External Mgmt.	Total Investments Division	% of Total
Total Compensation	21.1	4.9	26.1	4.5%
Operating Budget less Compensation	8.8	4.9	13.7	2.3%
Manager Fees		528.0	528.0	90.2%
Custody & Oversight	10.1	7.2	17.4	3.0%
Total Costs	40.1	545.1	585.1	100.0%
Percent of Total	0.1	0.9		
Average 2024 Asset Size (\$ Billions)	67.4	61.9	129.2	
Costs in Basis Points	5.9	88.1	NA	
Costs in Basis Points to Total Fund	NA	NA	45.2	

Source: OPERS Estimates

	Target Staffing for Year 2026					
	Office of the CIO	Fund Mgmt.	Risk Mgmt.	Internal Funds	External Funds	Total Invest. Division
2026 Investment Plan Projected Staffing	5	4	5	33	15	62
Current Staffing	5	4	5	33	12	59
Vacant Positions - To be filled in 2026	0	0	0	0	3	3
Year End 2026 Target Staffing	5	4	5	33	15	62

	Current Open and Budgeted Positions	
	Position	Vacant
Private Alternatives	Portfolio Manager (Lead) - RE	1
External Management	Sr. Investment Analyst - EPM	1
External Management	Sr. Portfolio Manager - EPM	1
Total		3

Source: OPERS Estimates

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Appendix

2026 Annual Investment Plan - Appendix

Glossary:

- **Standard Deviation:** Measure of volatility. Calculated as the square root of the sum of the squared deviations from the mean. It is typically known as volatility risk and it is used in total return domain. E.g. Volatility of R3000 Index returns
- **Tracking Error:** It is a financial metric that measures how well an investment portfolio performs relative to its assigned benchmark. It is commonly known as active risk and a measure of relative volatility. It can be estimated as the standard deviation of the Portfolio's returns in excess of the Portfolio's benchmark.
- **Sharpe Ratio:** A Risk/Reward measure. Calculated by dividing the average Portfolio return in excess of the Risk-Free rate by the Standard Deviation of the Portfolio's returns. The higher the measure, the better.
- **Information Ratio:** Risk/Reward measure. Calculated as the average Portfolio return in excess of the Portfolio's benchmark divided by Tracking Error. The higher the measure, the better.

OPERS

**2026 Investment Plan
(DRAFT)**

DRAFT

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To My Fellow OPERS Members:

It is a pleasure to report exceptionally strong results for 2025. Despite early-year concerns over tariffs, U.S. dollar depreciation, and inflation, global markets rebounded, supported by robust corporate profitability, lower interest rates, and an artificial intelligence (AI) driven capital expenditure boom. For the year, U.S. equities delivered returns of 17%, while non-U.S. equities performed even better at 32%. Positive results were also achieved across all other assets classes in which OPERS invests, including global real estate.

This robust global equity performance significantly contributed to the strong outcomes for the OPERS portfolios. The Defined Benefit (DB) Fund posted an impressive 14.4% return, surpassing its actuarial return target of 6.90%. Similarly, the Health Care (HC) Fund, due to its higher allocation to public markets, achieved an even stronger 16.4% return, exceeding its actuarial return target of 6.0%.

Economic and Market Review of 2025

U.S. Policy Uncertainty

Heightened U.S. policy uncertainty was a major driver of market volatility in 2025, beginning with the April introduction of broad global tariffs. The sweeping 10% baseline levy on imports—along with higher targeted tariffs—triggered sharp declines in U.S. equities, a flight to safe-haven assets such as gold, and weakness in oil prices amid concerns over global demand. Although portions of the tariff regime were later paused, uncertainty around trade policy persisted throughout the year, weighing on global growth expectations. This uncertainty was further exacerbated by a prolonged U.S. government shutdown later in the year, which raised concerns about fiscal credibility and disrupted the availability of key economic data, complicating policymaking and contributing to market volatility.

Diverging Global Central Bank Monetary Policies

Divergent monetary policy paths among major central banks were another defining feature of 2025. The U.S. Federal Reserve initially held interest rates steady amid inflation risks and policy uncertainty, before pivoting toward easing as labor market conditions softened. In contrast, the European Central Bank and the Bank of England moved more aggressively with rate cuts, while Japan stood apart by exiting negative interest rates and modestly tightening policy. These differing trajectories produced significant currency movements, most notably a decline in the trade-weighted U.S. dollar. Dollar weakness became a key tailwind for global financial markets supporting non-U.S. asset returns.

Shifting Sentiment Around Artificial Intelligence

Shifting investor sentiment around AI added another layer of volatility to global markets. Early in the year, strong enthusiasm for AI drove outsized gains in technology stocks and semiconductor manufacturers, particularly in parts of Asia. Over time, however, concerns about overvaluation and the gap between investment spending and near-term profitability gained momentum. Market strategists questioning the economic payoff of AI combined with significant institutional bearish positioning triggered periodic sell-offs in most technology-heavy indices. Despite these concerns, capital investment in AI-related infrastructure continued, helping to sustain broader economic activity and corporate earnings.

Emerging Market Resilience and Outperformance

Emerging markets proved notably resilient in 2025 and emerged as standout performers. A weaker U.S. dollar, easing global financial conditions, and relatively attractive valuations supported strong capital inflows into emerging economies. While U.S. trade tensions and AI-related volatility created headwinds, many emerging markets benefited from greater policy flexibility and improving domestic conditions. These dynamics helped emerging market equities deliver strong overall returns, outperforming many developed markets and attracting renewed investor interest.

OPERS Portfolio

Our disciplined investment approach positioned the DB and HC Funds to capture growth opportunities while maintaining a resilient, diversified portfolio. Through strategic capital allocation to high-performing equity markets and other growth-oriented assets, OPERS delivered strong returns amid favorable economic conditions. At the same time, our commitment to diversification across asset classes - including fixed income, real assets, gold and alternatives – helped provide stability during periods of volatility this year. This balanced strategy enabled us to generate strong performance while safeguarding the long-term financial health of both Funds.

Key Investment Division Initiatives

Each year, the Investments Division undertakes key initiatives to enhance the capabilities and performance of our program. In addition to delivering positive returns for the year, the following initiatives were particularly noteworthy:

- **Risk Mitigation Strategies (RMS) Deployment:** In November of 2024, the Board approved the creation of a dedicated Risk Mitigation Strategies composite for the Defined Benefit Fund. These strategies are designed to enhance portfolio resilience by offering defensive characteristics and maintaining low correlations to equity markets. The goal is to reduce drawdown risk and overall portfolio volatility throughout a market cycle. Implementation of the RMS allocation started this year and much progress was made. This initiative will continue to be a key focus for staff throughout 2026.

Looking Forward

As we enter 2026, market volatility continues to remain a key challenge, driven by historically high equity valuations, shifting economic policies, and global uncertainties. Despite these headwinds, our Investments team remains committed to delivering strong, risk-adjusted returns for OPERS members through disciplined asset allocation, rigorous risk management, and a focus on long-term fundamentals. Our approach continues to include diversification across asset classes, active portfolio management, and tactical adjustments to align with evolving economic conditions.

The entire OPERS Investments team extends our sincere appreciation to the OPERS Board of Trustees for their diligent oversight of our activities. We also thank the Board's consultant, Meketa Investment Group, for their invaluable guidance in structuring our assets to achieve our long-term return objectives. With the support of these trusted partners, the Investments Division remains

CHIEF INVESTMENT OFFICER'S LETTER

steadfast in fulfilling our fiduciary duty to safeguard and grow the Funds, ensuring a secure retirement for our members.

Paul T. Greff

Chief Investment Officer

January 21, 2025



DRAFT

EXECUTIVE SUMMARY

Executive Summary

The following Summary outlines the strategies, asset allocation, and asset class strategies for both OPERS Defined Benefit and Health Care Funds. This Summary also includes initiatives and resources as well as performance and risk expectations.

Fund Strategies

For the Defined Benefit Fund (“DB Fund”) and Health Care Fund (“HC Fund”), Staff is working towards the new asset allocation targets approved as part of the asset liability study conducted by the Board’s retained Investment Advisor, Meketa, at the November 2024 and January 2025 meeting. In addition, new changes were introduced to the DB Fund target allocation as part of the Dynamic Asset Allocation at the November 2025 meeting. Staff expects to complete transition by the end of the year 2026. Within DB Fund, Private Credit sub-asset class may require a longer timeframe to reach its long-term target beyond 2027.

The following table outlines the projected base case returns with ranges for both the Defined Benefit and Health Care Funds. The base case 2026 return expectations are lower than 2025 for both the Defined Benefit and Health Care Funds due to lower expected returns for the Public Equity, and Alternatives Asset Classes.

	Base Case Return	Return Range	Active Return	Tracking Error	Information Ratio
<u>Defined Benefit Fund</u>					
2026*	7.64	-5.77 to 21.05	0.40	1.00	0.40
2025*	8.92	-4.50 to 22.34	0.39	0.98	0.40
2024^	7.41	-7.27 to 22.09	0.42	1.05	0.40
<u>Health Care Fund</u>					
2026*	6.56	-3.85 to 16.97	0.29	0.72	0.40
2025*	7.54	-3.04 to 18.12	0.24	0.61	0.40
2024^	6.78	-5.43 to 18.99	0.30	0.75	0.40

Source: *2025/2026 Meketa Capital Market Expectations applied to OPERS Strategic Asset Allocation targets
^2024 NEPC Capital Market Expectations

The active returns shown above incorporate an information ratio of 0.40. This risk-adjusted return metric is a ratio which measures the active return per unit of tracking error (active risk).

	3 year Alpha Target	1 year Alpha Target
<u>Defined Benefit Fund</u>		
2026	0.23	0.40
2025	0.23	0.39
2024	0.22	0.42
<u>Health Care Fund</u>		
2026	0.16	0.29
2025	0.15	0.24
2024	0.16	0.30

Asset Allocation and Asset Class Strategies

Meketa, OPERS Retirement Board's retained Investment Advisor, has recommended asset allocation changes for the DB Fund and HC Fund in 2026 as part of the comprehensive review of OPERS asset mix and the subsequent asset-liability study. Staff will continue its focus on determining the optimal mix of active, passive, internally managed and externally managed portfolios when implementing the asset allocation changes.

The Public Equity allocation in the Defined Benefit and Health Care Funds seeks to mirror the market-based global weighting between U.S. Equity and Non-U.S. Equity in the MSCI All Country World Index-Investable Market Index ("MSCI ACWI-IMI"). The current asset allocation targets for U.S. Equity and Non-U.S. Equity in the DB and HC Funds are evaluated annually by the Investment Advisor, (refer to pages 6 and 9 for target allocations for the DB and HC Funds).

With regard to the Fixed Income allocation, the following sub-asset classes, namely Core Fixed, Investment Grade Credit, Securitized Debt, TIPS, High Yield and U.S. Treasury are managed utilizing internal Staff. Staff is also continuously reviewing the current mix of external managers within the Emerging Markets Debt and High Yield sub-asset classes to achieve lower fees and higher risk-adjusted returns. The High Yield allocation is increasingly managed internally with the expansion of the High Yield staff, with approximately 40% of the assets now managed internally. This provides improved liquidity, better risk-adjusted returns, and lower fees for the overall High Yield exposure.

Within the Alternatives asset class, the pace of Private Equity commitments is anticipated to align with the program's revised target allocation following a 14%. In the Private Real Estate sub-asset class, Staff will maintain its strategy of pursuing attractive core and non-core investments, to remain within the revised target allocation of 11%. The new Private Credit sub-asset class will require more than three years to reach its long-term target allocation of 4% (as approved as part of the DB Fund asset-liability study) and will be comprised of various private credit strategies.

Within the Risk Mitigation Strategies ("RMS") asset class, the following sub-asset classes, namely Long Duration U.S. Treasury, Trend Following, and Alternative Risk Premia are intended to obtain and manage downside protection of the Funds. They may include index-oriented or actively managed strategies with the expectation that they enhance the existing overall asset mix, portfolio construction and risk-adjusted long-term returns of the Funds.

Staff will continue to monitor the progress and report to the OPERS Retirement Board quarterly along with Meketa's quarterly performance report.

Initiatives

Each year the Investments Division undertakes significant initiatives to enhance the capabilities and performance of the Funds. Completed 2025 strategic initiatives and new 2026 strategic initiatives are highlighted on the next page.

2025 Completed Initiatives

- Executed the implementation of the new long-term strategic asset allocation targets for both the DB and HC Funds.
- Implemented the Risk Mitigation Strategies (“RMS”) for both the DB and HC Funds.

2026 Initiatives

- Finalize and implement the full Trend-Following sub-asset class buildout within the RMS Second Responders' framework.
- Complete the implementation of the Alternative Risk Premia sub-asset class within the RMS Third Responders' framework.
- Conduct a holistic, comparative evaluation and assessment of the Ohio Deferred Compensation investment offerings.

Resources

The Investments Division Staff is comprised of 62 budgeted positions. Three positions are currently vacant.

The Investments Division submitted an estimated operating budget of \$26.1 million for 2026. The budget includes the Finance Division's estimate of the 2026 incentive compensation payout, based on the prior year's budget. The budget incorporates the Investments Division's efforts to maintain internal investment management, where appropriate, due to the material cost savings in asset management fees.

Staff estimates the total cost to manage the OPERS asset base at 45.2 basis points or \$585.1 million. This is an increase in fees from the prior year primarily due to higher allocations in Private Alternatives. This cost estimate assumes long-term growth in the Fund's asset base, whereas an unanticipated bear market would reduce the absolute dollar cost.

Defined Benefit Fund

Expected Asset Growth – Defined Benefit Fund

The table below summarizes Staff’s estimate (base case) of market values and ranges for the Defined Benefit Fund on December 31, 2026. Pessimistic and optimistic cases are also provided for comparison purposes.

	Defined Benefit Fund 2026 Expected Asset Growth Estimated Market Values, Returns and Cash Flows		
	Pessimistic Case	Base Case	Optimistic Case
12/31/25 Market Value (\$ billions)	\$114.27	\$114.27	\$114.27
Expected Total Return	-5.77%	7.64%	21.05%
Expected Investment Gain (\$ billions)	-\$6.59	\$8.73	\$24.06
Expected Cash Flow (\$ billions)	-\$3.96	-\$3.96	-\$3.96
12/31/26 Market Value (\$ billions)	\$103.72	\$119.04	\$134.37

The base market value of \$114.27 billion for December 31, 2025, is based on the unaudited financial BNY performance report.

Asset Allocation – Defined Benefit Fund

The 2026 target asset allocation and ranges for the Defined Benefit Fund reflect an estimate by Staff of the expected progress to be made toward the strategic asset allocation targets. Also included are asset allocations for a comparable peer group as of June 2025 (refer to page 26).

Asset Class	12/31/2025 Target	12/31/2026 Target	Range	Peer Group*
Public Equity	41.0%	42.0%	33% to 49%	37.00%
U.S. Equity	21.0%	21.0%	16% to 26%	24.34%
Non-U.S. Equity	20.0%	21.0%	15% to 25%	12.66%
Fixed Income	21.0%	17.0%	11% to 20%	23.11%
Core Fixed	7.0%	5.0%	3% to 8%	14.43%
Securitized Debt	1.0%	1.0%	0% to 5%	0.00%
Emerging Markets Debt	1.0%	1.0%	0% to 5%	1.96%
High Yield	4.0%	4.0%	0% to 6%	4.60%
TIPS	3.0%	2.0%	0% to 5%	2.12%
U.S. Treasury	2.0%	2.0%	0% to 5%	0.00%
Investment Grade Credit	3.0%	2.0%	0% to 5%	0.00%
Alternatives	31.0%	29.0%	24% to 44%	33.51%
Private Equity	15.0%	14.0%	10% to 20%	17.39%
Real Estate	12.0%	11.0%	7% to 17%	9.76%
Commodities - All	1.0%	1.0%	0% to 5%	0.88%
Gold	1.0%	1.0%	0% to 5%	0.00%
REITs	1.0%	1.0%	0% to 5%	1.82%
Private Credit	1.0%	1.0%	0% to 8%	3.67%
Risk Parity	2.0%	2.0%	0% to 5%	0.00%
Risk Mitigation Strategies	5.0%	10.0%	0% to 10%	1.11%
Long Duration U.S. Treasury	2.0%	3.4%	0% to 5%	0.39%
Trend Following	2.0%	3.3%	0% to 5%	0.50%
Alternative Risk Premia	1.0%	3.3%	0% to 5%	0.22%
Other				5.26%
Defined Benefit Fund	100.0%	100.0%		100.00%

*The asset allocations are derived from the organizations in the Peer Group Comparison section on page 27 and OPERS data.

FUND STRATEGIES

The traditional asset allocation framework primarily focuses on dividing investments across traditional asset classes (e.g., stocks, bonds, real estate) and is well known and easily understood. It focuses on normal market environments and is beneficial for its simplicity in identifying public and private investments when making operational considerations such as liquidity management.

The functional asset allocation framework aligns assets based on their functional role within a portfolio. It is grouped into two strategic classes of growth and diversification. Growth and diversification each are comprised of subcomponents which help to improve portfolio governance, increase transparency and oversight into major risk and roles among portfolio components, and provide easier accommodation of new strategies and implementation flexibility.

The aggregate portfolio does not materially change whether one uses functional framework or asset class framework. Leveraging the strengths of both traditional asset class frameworks and functional frameworks can create a robust and flexible investment strategy.

DB Fund -Traditional Allocation View			DB Fund - Functional Framework View		
Asset Classes	AIP 2026		Asset Classes	AIP 2026	
	Q4 - 2025	2026 YE		Q4 - 2025	2026 YE
Public Equity	41.00%	42.00%	Traditional Growth	42.00%	43.00%
U.S. Equity	21.00%	21.00%	U.S. Equity ^{+ REITs}	22.00%	22.00%
Non-U.S. Equity	20.00%	21.00%	Equity ex-US	20.00%	21.00%
Fixed Income	22.60%	17.00%	Aggressive Growth	19.00%	18.00%
Core Fixed	8.60%	5.00%	Private Equity	15.00%	14.00%
Securitized Debt	1.00%	1.00%	Non-Core Real Estate	4.00%	4.00%
Emerging Markets Debt	1.00%	1.00%	Stabilized Growth	19.40%	18.00%
High Yield	4.00%	4.00%	Core Real Estate	8.00%	7.00%
TIPS	3.00%	2.00%	Risk Parity	2.00%	2.00%
U.S. Treasury	2.00%	2.00%	Public Credit (IG,HY,EMD & SD)	9.00%	8.00%
Investment Grade Credit	3.00%	2.00%	Private Credit	0.40%	1.00%
Alternatives	30.90%	29.00%	Principal Protection	10.60%	7.00%
Private Equity	15.00%	14.00%	Core Fixed	8.60%	5.00%
Real Estate	12.00%	11.00%	U.S. Treasury	2.00%	2.00%
Commodities - All	1.50%	1.00%	Inflation	5.50%	4.00%
Gold	1.00%	1.00%	TIPS	3.00%	2.00%
REITs	1.00%	1.00%	Commodities - All	1.50%	1.00%
Private Credit	0.40%	1.00%	Gold	1.00%	1.00%
Risk Parity	2.00%	2.00%	Risk Mitigation Strategies	3.50%	10.00%
Risk Mitigation Strategies	3.50%	10.00%	Long Duration U.S. Treasury	2.00%	3.40%
Long Duration U.S. Treasury	2.00%	3.40%	Trend Following	0.50%	3.30%
Trend Following	0.50%	3.30%	Alternative Risk Premia	1.00%	3.30%
Alternative Risk Premia	1.00%	3.30%	Broad Growth (including REITs)	80.40%	79.00%
Total DB Fund	100.0%	100.0%	Diversifying Strategies	19.60%	21.00%
			Total DB Fund	100.0%	100.0%

	Green - Targets moved	↑
	Red - Target moved	↓

	Schedule of Expected Performance and Volatility					
	Average Allocation	Active Return Performance Objectives	Active Return Performance Contribution	Target Tracking Error	Tracking Error Range	Target Information
	(%)	(bps)	(bps)	(bps)	(bps)	Ratio
U.S. Equity	21.0%	14	3	36	0 - 100	0.40
Non-U.S. Equity	20.5%	60	12	150	0 - 300	0.40
Fixed Income	19.1%	26	5	72	0 - 200	0.36
Alternatives	29.9%	68	20	NA	250 - 1500	NA
Risk Parity	2.0%	20	0.4	50	0 - 120	0.40
Risk Mitigation Strategies	7.5%	0	0.0	0	0 - 200	NA
Defined Benefit Fund	100.0%	NA	40	100	0 - 300	0.40

The table above shows an anticipated active management contribution of 40 basis points to the Defined Benefit Fund’s return for 2026. The estimated tracking error of 100 basis points indicates a 68% probability that the active return will be in a range of -60 basis points to +140 basis points. This interval is calculated by subtracting the tracking error from, and adding the tracking error to, the expected active return.

Return and Risk – Defined Benefit Fund

The performance objectives for the Defined Benefit Fund are to: 1) exceed the return of the Policy benchmark within an appropriately constrained risk framework, net of investment expenses, and 2) exceed the actuarial required rate of return over a reasonably longer time horizon. The Policy benchmark combines designated market indices for asset classes, weighted by asset allocation targets.

The return estimates in the following table were derived from the asset class return expectations developed by the OPERS Retirement Board’s retained Investment Advisor, Meketa. The single-point estimate return of 7.64% is comprised of an expected return of 7.24% from the policy mix and an additional contribution of 0.40% from active management, net of fees.

In the following table, Staff divides return and risk into two components.

Policy: The return and risk derived from the policy asset allocation and the intermediate term return and risk forecast of the underlying asset classes.

Active: The return and risk associated with deviations from benchmark allocations at either the asset class level or portfolio level. It reflects the potential impact to relative performance from deviating from the asset class policy allocation targets, from asset class benchmark mismatches, and from individual portfolio active risk.

FUND STRATEGIES

The Policy Return and Active Return are calculated as weighted average of expected returns and expected alphas of each sub-asset class.

2026 Policy Return Assumptions			
Asset Classes	Pessimistic	Base	Optimistic
Public Equity			
U.S. Equity	-10.60%	6.40%	23.40%
Non-U.S. Equity	-10.80%	7.20%	25.20%
Fixed Income			
Core Fixed	0.90%	4.90%	8.90%
Securitized Debt	1.30%	5.30%	9.30%
Emerging Markets Debt	-5.10%	6.90%	18.90%
High Yield	-4.70%	6.30%	17.30%
TIPS	-2.70%	4.30%	11.30%
U.S. Treasury	1.40%	4.40%	7.40%
Investment Grade Credit	-1.60%	5.40%	12.40%
Alternatives			
Private Equity	-15.20%	9.80%	34.80%
Real Estate	-7.90%	7.10%	22.10%
Commodities - All	-11.50%	5.50%	22.50%
Gold	-15.70%	2.30%	20.30%
REITs	-17.70%	5.30%	28.30%
Private Credit	-6.30%	8.70%	23.70%
Risk Parity	-3.90%	6.10%	16.10%
Risk Mitigation Strategies			
Long Duration U.S. Treasury	-7.00%	5.00%	17.00%
Trend Following	-11.60%	3.40%	18.40%
Alternative Risk Premia	-1.80%	5.20%	12.20%
Policy Return	-5.29%	7.24%	19.77%

2026 Total Return Assumptions			
Sources of Return	Pessimistic	Base	Optimistic
Policy	-5.29%	7.24%	19.77%
Active	-0.60%	0.40%	1.40%
Total Return	-5.77%	7.64%	21.05%

2026 Total Risk and Active Risk Assumptions			
Sources of Risk	Variability Risk	Information Ratio	Sharpe Ratio*
Policy	12.53%		0.35
Active	1.00%	0.40	
Total Risk	13.41%		0.36

*The Sharpe Ratio reflects 2.8% (10 year Cash Return) as the risk free rate.

Health Care Fund

Expected Asset Growth – Health Care Fund

The table below summarizes Staff’s estimate (base case) of market values and ranges for the Health Care Fund on December 31, 2026. Pessimistic and optimistic cases are also provided for comparison purposes.

	Health Care Fund 2026 Expected Asset Growth Estimated Market Values, Returns and Cash Flows		
	Pessimistic Case	Base Case	Optimistic Case
12/31/25 Market Value (\$ billions)	\$14.96	\$14.96	\$14.96
Expected Total Return	-3.85%	6.56%	16.97%
Expected Investment Gain (\$ billions)	-\$0.58	\$0.98	\$2.54
Expected Cash Flow (\$ billions)	-\$0.60	-\$0.60	-\$0.60
12/31/26 Market Value (\$ billions)	\$13.78	\$15.34	\$16.90

The base market value of \$14.96 billion for December 31, 2025 is based on the unaudited financial BNY performance report.

Asset Allocation – Health Care Fund

The 2026 target asset allocation and ranges for the Health Care Fund reflect an estimate by Staff of the expected progress to be made toward the strategic asset allocation targets, which are shown below. There is no peer universe of public pension plans with separate health care funds.

Asset Class	12/31/2025 Target	12/31/2026 Target	Range
Public Equity	45.0%	45.0%	36% to 54%
U.S. Equity	22.0%	22.0%	17% to 27%
Non-U.S. Equity	23.0%	23.0%	18% to 28%
Fixed Income	37.0%	37.0%	26% to 48%
Core Fixed	15.0%	15.0%	10% to 19%
Securitized Debt	4.0%	4.0%	0% to 6%
Emerging Markets Debt	1.5%	1.5%	0% to 5%
High Yield	7.0%	7.0%	0% to 10%
TIPS	4.0%	4.0%	0% to 6%
U.S. Treasury	2.0%	2.0%	0% to 5%
Investment Grade Credit	3.5%	3.5%	0% to 5%
Alternatives	5.0%	5.0%	3% to 8%
REITs	2.0%	2.0%	0% to 5%
Commodities - All	2.0%	2.0%	0% to 5%
Gold	1.0%	1.0%	0% to 5%
Risk Parity	3.0%	3.0%	0% to 5%
Risk Mitigation Strategies	10.0%	10.0%	0% to 15%
Long Duration U.S. Treasury	3.4%	3.4%	0% to 5%
Trend Following	3.3%	3.3%	0% to 5%
Alternative Risk Premia	3.3%	3.3%	0% to 5%
Health Care Fund	100.0%	100.0%	

FUND STRATEGIES

The traditional asset allocation framework primarily focuses on dividing investments across traditional asset classes (e.g., stocks, bonds, real property estate) and is well known and easily understood. It focuses on normal market environments and is beneficial for its simplicity in identifying public and private investments when making operational considerations such as liquidity management.

The functional asset allocation framework aligns assets based on their functional role within a portfolio. It is grouped into two strategic classes of growth and diversification. Growth and diversification each are comprised of subcomponents which help to improve portfolio governance, increase transparency and oversight into major risk and roles among portfolio components, and provide easier accommodation of new strategies and implementation flexibility.

The aggregate portfolio does not materially change whether one uses functional framework or asset class framework. Leveraging the strengths of both traditional asset class frameworks and functional frameworks can create a robust and flexible investment strategy.

HC Fund -Traditional Allocation View		
Asset Classes	AIP 2026	
	Q4 - 2025	2026 YE
Public Equity	47.0%	45.0%
U.S. Equity	23.5%	22.0%
Non-U.S. Equity	23.5%	23.0%
Fixed Income	37.0%	37.0%
Core Fixed	15.0%	15.0%
Securitized Debt	4.0%	4.0%
Emerging Markets Debt	1.5%	1.5%
High Yield	7.0%	7.0%
TIPS	4.0%	4.0%
U.S. Treasury	2.0%	2.0%
Investment Grade Credit	3.5%	3.5%
Alternatives	6.0%	5.0%
Commodities - All	2.0%	2.0%
Gold	1.0%	1.0%
REITs	3.0%	2.0%
Risk Parity	3.0%	3.0%
Risk Mitigation Strategies	7.0%	10.0%
Long Duration U.S. Treasury	3.0%	3.4%
Trend Following	1.0%	3.3%
Alternative Risk Premia	3.0%	3.3%
Total HC Fund	100.0%	100.0%

HC Fund - Functional Framework View		
Asset Classes	AIP 2026	
	Q4 - 2025	2026 YE
Traditional Growth	50.0%	47.0%
U.S. Equity + REITs	26.5%	24.0%
Equity ex-US	23.5%	23.0%
Stabilized Growth	19.0%	19.0%
Risk Parity	3.0%	3.0%
Public Credit (IG,HY,EMD & SD)	16.0%	16.0%
Principal Protection	17.0%	17.0%
Core Fixed	15.0%	15.0%
U.S. Treasury	2.0%	2.0%
Inflation	7.0%	7.0%
TIPS	4.0%	4.0%
Commodities - All	2.0%	2.0%
Gold	1.0%	1.0%
Risk Mitigation Strategies	7.0%	10.0%
Long Duration U.S. Treasury	3.0%	3.4%
Trend Following	1.0%	3.3%
Alternative Risk Premia	3.0%	3.3%
Broad Growth (including REITs)	69.0%	66.0%
Diversifying Strategies	31.0%	34.0%
Total HC Fund	100.0%	100.0%

	Green - Targets moved	↑
	Red - Target moved	↓

FUND STRATEGIES

	Schedule of Expected Performance and Volatility					
	Average Allocation (%)	Active Return Performance Objectives (bps)	Active Return Performance Contribution (bps)	Target Tracking Error (bps)	Tracking Error Range (bps)	Target Information Ratio
U.S. Equity	22.0%	14	3	36	0 - 100	0.40
Non-U.S. Equity	23.0%	60	14	150	0 - 300	0.40
Fixed Income	37.0%	28	10	79	0 - 200	0.36
Alternatives	5.0%	14	1	36	200 - 400	0.40
Risk Parity	3.0%	20	1	50	0 - 120	0.40
Risk Mitigation Strategies	10.0%	0	0	0	0 - 200	NA
Health Care Fund	100.0%	NA	29	72	0 - 300	0.40

The table above shows an anticipated active management contribution of 29 basis points to the Health Care Fund's return for 2026. The estimated tracking error of 72 basis points indicates a 68% probability that the active return will be in a range of -43 basis points to +101 basis points. This interval is calculated by subtracting the tracking error from, and adding the tracking error to, the expected active return.

Return and Risk – Health Care Fund

The performance objectives for the Health Care Fund are to (1) exceed the return of the Policy benchmark within an appropriately constrained risk framework, net of investment expenses, and (2) exceed the actuarial required rate of return over a reasonably longer time horizon. The Policy benchmark combines designated market indices for asset classes, weighted by asset allocation targets.

The return estimates in the following table were derived from the asset class return expectations developed by the OPERS Retirement Board's retained Investment Advisor, Meketa. The single-point estimate return of 6.56% is comprised of an expected return of 6.27% from the policy mix and an additional contribution of 0.29% from active management, net of fees.

In the following table, Staff divides return and risk into two components.

Policy: The return and risk derived from the policy asset allocation and the intermediate-term return and risk forecast of the underlying asset classes.

Active: The return and risk associated with deviations from benchmark allocations at either the asset class level or portfolio level. It reflects the potential impact to relative performance from deviating from the asset class policy allocation targets, from asset class benchmark mismatches and from individual portfolio active risk.

FUND STRATEGIES

The Policy Return and Active Return are calculated as the weighted average of expected returns or expected alphas of each sub-asset class.

2026 Policy Return Assumptions			
Asset Classes	Pessimistic	Base	Optimistic
Public Equity			
U.S. Equity	-10.60%	6.40%	23.40%
Non-U.S. Equity	-10.80%	7.20%	25.20%
Fixed Income			
Core Fixed	0.90%	4.90%	8.90%
Securitized Debt	1.30%	5.30%	9.30%
Emerging Markets Debt	-5.10%	6.90%	18.90%
High Yield	-4.70%	6.30%	17.30%
TIPS	-2.70%	4.30%	11.30%
U.S. Treasury	1.40%	4.40%	7.40%
Investment Grade Credit	-1.60%	5.40%	12.40%
Alternatives			
REITs	-17.70%	5.30%	28.30%
Commodities - All	-11.50%	5.50%	22.50%
Gold	-15.70%	2.30%	20.30%
Risk Parity	-3.90%	6.10%	16.10%
Risk Mitigation Strategies			
Long Duration U.S. Treasury	-7.00%	5.00%	17.00%
Trend Following	-11.60%	3.40%	18.40%
Alternative Risk Premia	-1.80%	5.20%	12.20%
Policy Return	-3.54%	6.27%	16.08%

2026 Total Return Assumptions			
Sources of Return	Pessimistic	Base	Optimistic
Policy	-3.54%	6.27%	16.08%
Active	-0.43%	0.29%	1.01%
Total Return	-3.85%	6.56%	16.97%

2026 Total Risk and Risk Attribution Assumptions			
Sources of Risk	Variability Risk	Information Ratio	Sharpe Ratio*
Policy	9.81%		0.35
Active	0.72%	0.40	
Total Risk	10.41%		0.36

*The Sharpe Ratio reflects 2.8% (10 year Cash Return) as the risk free rate.

ASSET CLASS STRATEGIES

Tactical Outlook

The following tactical outlook provides a background and context for the asset class strategies in the Defined Benefit and Health Care Funds.

The following are overviews of the two components of the tactical outlook: the capital markets observations and the asset class outlook. The Investment Advisor, Meketa, retained by the OPERS Retirement Board, provided the outlook for 2026.

Capital Markets Observations

- **Key Market Themes**

- Chair Powell's term expires in 2026 and US Treasury Secretary Bessent has been leading very public interviews to replace Powell next year.
- Secretary Bessent has made public comments regarding the Federal Reserve and plans to restructure the institution. Plans could include:
 - A streamlined Federal Reserve and its 12 regional banks
 - A Federal Reserve that is less involved in managing the economy
 - Possible re-working of bank reserve rules including delay or modification of planned Basel III rules
 - Rollback of climate related policies
 - Reducing or eliminating quantitative easing (QE)
 - Some discussion of using the SOFR or another market determined rate to accompany the Fed Funds Rate
- Stricter immigration policies, including deportations, could reduce the labor force, leading to wage inflation as companies are potentially forced to compete for a smaller pool of laborers.
 - With approximately four million baby-boomers projected to be retiring each year through the next decade, the U.S. may find it has too few young workers to fill the job vacancies.
- AI infrastructure investment requires a substantial investment in research and development to meet new levels of technological advancement.
 - The front-loading of AI investment costs is largely being made in expectation of future demand, which represents a necessary component for profitable commercialization of AI.
 - AI related upgrades will require the customized development of new AI-semiconductors, software integrations, data center construction, network upgrades, and new sources of power.
- We are watching the U.S. federal government for the fiscal challenges it faces in 2026.

Market Outlook

- **U.S. and Non-U.S. Equities**

- In 2026, U.S. equities are likely to continue to be focused on concentration risk and elevated valuations, with a few select large cap stocks, known as the "Magnificent 7," driving much of the market gain.
- The U.S. dollar should continue to dominate the reserve mix because it generally excels on every criterion policymakers apply when choosing reserve currencies.
- The continued uncertainty of the impact of the current administration's policies and concentrated tech stock leadership are areas we are monitoring in 2026
- Regardless of the valuation metric used, U.S. market valuations are typically higher than those of the rest of the world. This has been the case for more than a decade, with U.S. equities commanding a substantial premium over non-U.S. equities.
- International valuations while rising still remain attractive relative to the US.

- **Fixed Income**

- Inflationary pressures have driven borrowing costs higher, especially for the U.S. government, whose annual interest expense has exceeded one-trillion dollars.
- The Federal Reserve has indicated it may continue to cut interest rates, which should lead the yield curve to further steepen, making longer-dated Treasuries relatively attractive.
- Between 2025 and 2034, the recently passed spending bill is expected to add an average of 1.1% of GDP per year to the deficit, in addition to the deficits the Congressional budget Office already projected. Before the passage of the bill, the US debt/GDP ratio was already on an upward trend with forecasts for it to rise from the current level of around 100% of GDP to 118% of GDP by 2033
- Inflation should continue to be a headwind for the markets and interest rate policy.
- Should economic growth slow or downturn, Investment grade bonds are generally more insulated to these swings relative to lower quality corporate bonds.

- **Real Assets**

- As the result of the industry slowdown due to COVID, many commercial Real Estate assets have faced significant headwinds, with Office suffering the worst. This has been compounded by the Federal Reserve raising interest rates to combat high inflation. While the Fed has indicated they may continue to cut rates in 2026, there remains a degree of uncertainty regarding how Real Estate assets will respond.
- We have seen some asset owners with maturing debt, expiring interest rate caps, and other situations require a refinancing of current loans. This could lead to difficulty obtaining financing and force owners to sell their commercial real estate asset(s), or to give the asset(s) back to the lender. Even if the owner obtains a loan extension, the terms are likely to be far less favorable than the initial loan.

- Investors have continued to evaluate the Real Estate segment for pockets of opportunity; we have been seeing demand for niche strategies such as storage and industrial assets.
- We would not be surprised to see lenders remain more conservative with their underwriting and willingness to make loans in 2026.
- **Private Equity**
 - Private Equity Private Equity fund raising has been challenged in 2025 and we expect that to continue into 2026 as the markets continue to adjust to interest rates changes and a slow IPO market. The secondary market should continue to see increased activity as investors look to sell existing funds.
 - North America-focused vehicles have continued to represent the highest geographic allocation of funds raised and we expect that it will not change in 2026. However, U.S. investor appetite for the Rest of World has slightly increased from previous years, particularly in Europe.
 - We continue to believe that manager selection within Private Equity is key to long-term added outperformance as the spread between the top and bottom quartile of the manager universe continues to be significant. Manager selection and annual pacing studies continue to be crucial within this market.
- **Risk Mitigating Strategies**
 - High valuations in the U.S. Equity markets and continued volatility surrounding the current federal administrations policies lends itself to look at assets that can protect capital when economic growth slows or turns negative. We continue to have conviction in building all-weather like portfolios to help protect assets during potential down markets in growth assets.
 - Given the early indication of the Fed to potentially lower rates in the first half of 2026 and the uncertainty regarding the end of Fed Chair Powell's term we continue to see several headwinds for U.S. public markets.

Performance Expectations – Excess Return Targets

Public Equity

The following table shows the benchmarks and performance objectives for the Public Equity asset class. The benchmark for the U.S. Equity asset class is the Russell 3000 Total Return Index with an alpha target of 14 basis points, net of fees. The tracking error target is 36 basis points with a range of 0 to 200 basis points. The performance objective (alpha) and target tracking error for Non-U.S. Equity are 60 basis points and 150 basis points, respectively.

Public Equity Asset Class					
Alpha Target and Target Tracking Error					
	Benchmark	Alpha Target (net of fees) (bps)	Target Tracking Error (bps)	Target Information Ratio	Tracking Error Range (bps)
U.S. Equity	Russell 3000 Total Return	14	36	0.40	0 - 200
Non-U.S. Equity	MSCI ACWI ex U.S. IMI Index Total Return - (net dividends)	60	150	0.40	0 - 300

The Non-U.S. Equity sub-asset class benchmark is MSCI ACWI ex U.S. IMI Total Return Index - net dividends, effective January 1, 2026, moving away from the custom benchmark.

Fixed Income

The following table shows the benchmarks and performance objectives for the Fixed Income asset class.

Internal - Fixed Income Asset Class					
Alpha Target and Target Tracking Error					
	Benchmark	Alpha Target (net of fees) (bps)	Target Tracking Error (bps)	Target Information Ratio	Tracking Error Range (bps)
Core Fixed	Bloomberg U.S. Aggregate	50	125	0.40	0 - 200
Securitized Debt	Securitized Debt Custom Benchmark*	80	200	0.40	0 - 400
High Yield	OPERS Custom Bloomberg Very Liquid BB/B High Yield	30	75	0.40	0 - 150
TIPS	Bloomberg U.S. TIPS	0	15	NA	0 - 30
U.S. Treasury	Bloomberg U.S. Treasury 1-5 Year	0	15	NA	0 - 30
Investment Grade Credit	Bloomberg U.S. Corporate Bond	30	75	0.40	0 - 150

*50% Bloomberg Non-Agency Investment Grade CMBS: BBB Total Return Index Unhedged USD & 50% Bloomberg Non-Agency CMBS Agg Eligible Total Return Index Value Unhedged USD.

External - Fixed Income Asset Class					
Alpha Target and Target Tracking Error					
	Benchmark	Alpha Target (net of fees) (bps)	Target Tracking Error (bps)	Target Information Ratio	Tracking Error Range (bps)
Core Fixed	Bloomberg U.S. Aggregate	36	90	0.40	40 - 140
Emerging Markets Debt	EMD Custom Benchmark**	46	230	0.20	0 - 800
High Yield	Bloomberg U.S. Corporate High Yield	20	100	0.20	0 - 700

**50% JP Morgan Emerging Markets Bond Index Global & 50% JP Morgan Government Bond Index-Emerging Markets Global Diversified.

Cash Management

The cash portfolios are managed with a low-to-moderate risk profile that results in principal preservation while exceeding the performance of the respective benchmarks. The benchmark for the OPERS Short Term Investment Funds (“STIF”) is the ICE BofA US 3-Month Treasury Bill Index.

Securities Lending

In the securities lending program, Staff manages two lending portfolios and utilizes a lending agent to maximize lending revenue. Staff strive to hire agents who provide competitive fee splits, while providing adequate risk controls and expertise in the asset class being loaned. There is a bias toward lending assets in an auction environment, so borrowers are providing maximum revenue in a competitive environment on a regular basis. Staff will continue lending the U.S. Treasury, Agency and a portion of the corporate bond assets in-house. The collateral from the securities lending program is managed internally. The combination of lending revenue and investment income comprise the total securities lending performance. The benchmark for the Securities Lending STIF is the Overnight Bank Funding Rate.

Alternatives

The Alternatives asset class is composed of Private Equity, Real Estate, REITs, Private Credit, Commodities-All, and Gold investment strategies. The Defined Benefit and Health Care Funds invest differently in the Alternatives asset class to meet their unique investment objectives.

The following table summarizes the benchmark, performance objectives and tracking error for the various alternative investment strategies utilized within the Fund.

Alternatives Asset Class					
Alpha Target and Target Tracking Error					
	Benchmark	Alpha Target (net of fees) (bps)	Target Tracking Error (bps)	Target Information Ratio	Tracking Error Range (bps)
Private Equity	State Street Private Equity Index (SSPEI)	100	NA	NA	0 - 1500
Real Estate	Net NFI-ODCE + 0.85%	30	NA	NA	0 - 1500
REITs	FTSE NAREIT Equity REITs Total Return	0	10	NA	0 - 250
Private Credit	S&P UBS Leveraged Loan	200	500	0.40	0 - 1500
Commodities - All	Bloomberg Commodity Index Total Return	36	90	0.40	0 - 300
Gold	Bloomberg Gold Subindex Total Return	0	25	NA	0 - 50

Risk Parity

Risk Parity is an alternative approach to investment portfolio management, which focuses on the allocation of risk rather than allocation of capital. The Risk Parity approach is underpinned by the expectation that when asset allocations are adjusted to the same risk level, a portfolio can achieve a higher Sharpe ratio and be more resilient to market downturns.

Currently, the Risk Parity asset class is 100% managed in-house. The internal mandate has a volatility target of 10% and is benchmarked to the S&P Global Risk Parity Index – 10% Target Volatility. The internal active strategy targets a tracking error of 50 bps versus the benchmark.

ASSET CLASS STRATEGIES

Risk Parity Asset Class					
Alpha Target and Target Tracking Error					
	Benchmark	Alpha Target (net of fees) (bps)	Target Tracking Error (bps)	Target Information Ratio	Tracking Error Range (bps)
Risk Parity	S&P Risk Parity Total Return Index 10% Vol Target (USD)	20	50	0.40	0 - 120

Risk Mitigation Strategies

The Risk Mitigation Strategies (“RMS”) asset class is comprised of Long Duration U.S. Treasury, Trend Following and Alternative Risk Premia. Each strategy within the RMS asset class has a specific performance benchmark (as outlined in the table below). The overall benchmark for the RMS asset class is a custom benchmark based on the target weights of the underlying sub-asset class allocations. RMS is being implemented as a beta allocation and passive strategy to the total Fund with zero alpha expectations.

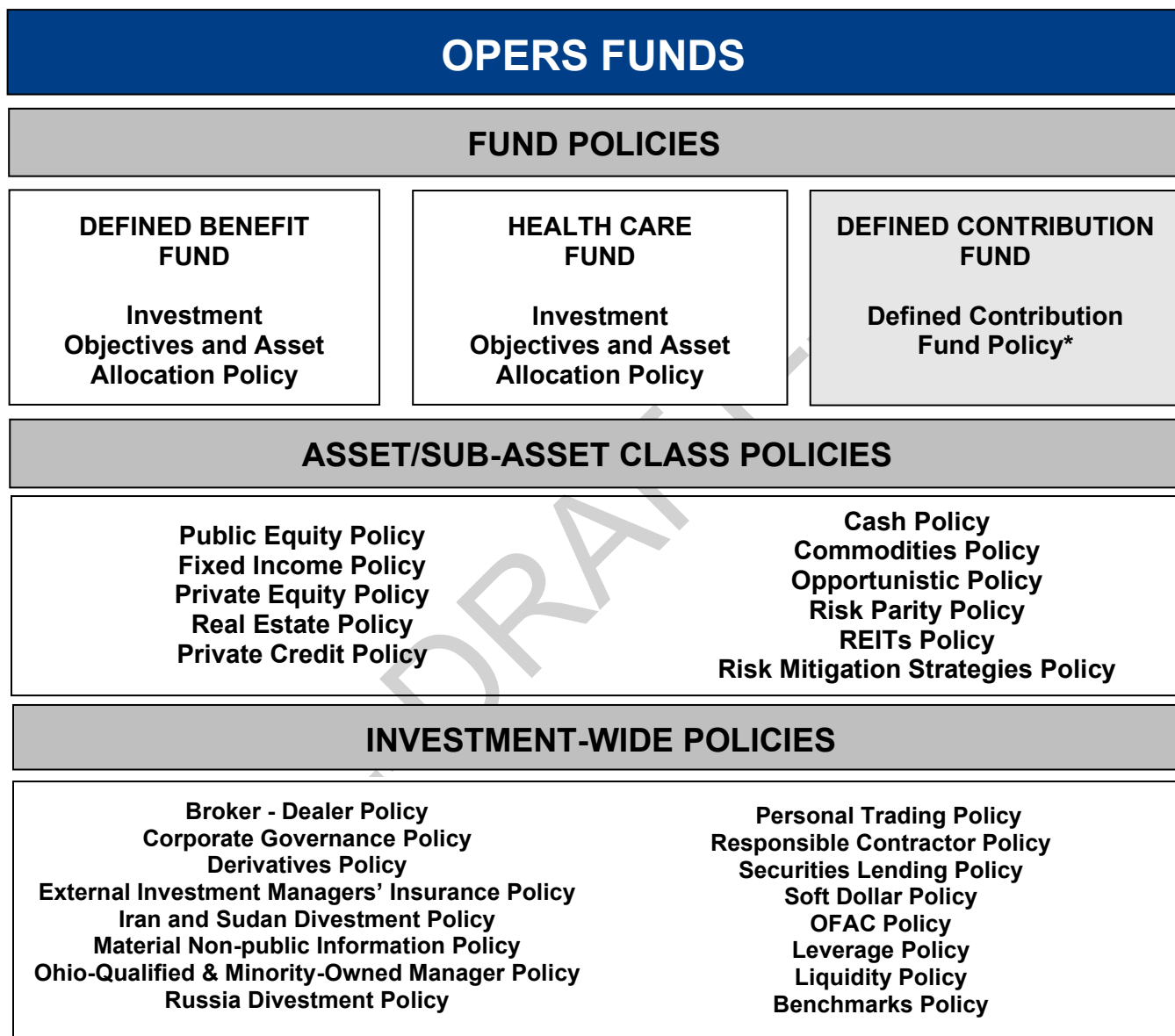
Strategy	Benchmark	Alpha Target	Tracking Error Range (bps)
Long Duration U.S. Treasury	Bloomberg U.S. Treasury 20+ Year Total Return Index	0	0 - 50
Trend Following	Market-value weighted composite of the portfolio returns	0	0 - 50
Alternative Risk Premia	Market-value weighted composite of the portfolio returns	0	0 - 50

POLICIES, COMMITTEES, AND RESOURCES

POLICIES, COMMITTEES, AND RESOURCES

OPERS Retirement Board Policies Governing Investment Activities

The following exhibit illustrates the structure and relationship of the Policies within the OPERS System and its three Investment Funds.



*Defined Contribution Fund has a stand-alone policy and other sub-asset class policies are not applicable.

Staff Committee Structure

The Chief Investment Officer (“CIO”) utilizes a variety of committees, working groups and meeting structures to govern the Investments Division’s activities. This internal governance arrangement enhances collective inputs, retains institutional knowledge, provides documentation of the due diligence process and other processes, promotes transparency and accountability, and formalizes decision-making processes. These committees are designed to combine structure and flexibility to efficiently bring the appropriate decision makers together on a timely basis and maintain a controlled environment to minimize operational risk.

The following provides an outline of the Investment related committees.

<u>Committee/Meeting</u>	<u>Purpose and Description</u>
Staff Investment Committees *	Approvals and Decisions
Broker Review	Monitor/Approve and Evaluate Brokers, Complete ORSC Reports
Counterparty Risk	Set Counterparty Limits and Monitor Counterparty Exposures
DC Funds Staff Investments Committee	Review/Monitor Defined Contribution Fund's Investment Offerings and Performance
Fund Management	Implement Asset Allocation and Investment Strategies, Cash Forecasting, Fund and Portfolio Exposure Metrics, and Set Quarterly Fund Target Benchmark Allocations During Transition, Liquidity Management
Operational Risk Management	Identify and Monitor Operational Risks
Public Markets Committee	Recommend to hire or terminate External Managers and to open or close internally managed portfolios in relation to OPERS Investment Polices
Private Alternatives Committee	Review Private Equity/Real Estate Opportunities for CIO Approval

* Committee has charter and maintains minutes

POLICIES, COMMITTEES, AND RESOURCES

Staffing

Recruiting and retaining the best and most talented staff is a critical priority for the Investments Division. The following table shows the anticipated full staffing for 2026.

	Target Staffing for Year 2026					
	Office of the CIO	Fund Mgmt.	Risk Mgmt.	Internal Funds	External Funds	Total Invest. Division
2026 Investment Plan Projected Staffing	5	4	5	33	15	62
Current Staffing	5	4	5	33	12	59
Vacant Positions - To be filled in 2026	0	0	0	0	3	3
Year End 2026 Target Staffing	5	4	5	33	15	62

	Current Open and Budgeted Positions	
	Position	Vacant
Private Alternatives	Portfolio Manager (Lead) - RE	1
External Management	Sr. Investment Analyst - EPM	1
External Management	Sr. Portfolio Manager - EPM	1
Total		3

Staffing Costs

Assuming full staffing levels in 2026, the chart below details the estimated \$26.05 million of salaries, benefits, and incentive compensation for the Investments Division. This represents approximately 2.02 basis points of cost, an increase of 0.02 basis points from the 2025 projection.

	Estimated 2026 Total Compensation Costs (\$ millions)				
	Office of the CIO	Internal Mgmt.	External Mgmt.	2026 Projected Total	2025 Projected Total
Salaries	\$2.46	\$7.67	\$2.44	\$12.57	\$11.92
Benefits	\$1.32	\$4.07	\$1.28	\$6.67	\$6.23
Incentive Compensation	\$1.46	\$4.14	\$1.21	\$6.81	\$5.79
Total Compensation	\$5.24	\$15.88	\$4.93	\$26.05	\$23.93
Average Assets (\$ billions)	\$129.23	\$67.37	\$61.86	\$129.23	\$117.46
Compensation (Basis Points)	0.41	2.36	0.80	2.02	2.04

Operating Budget

The Investments Division’s 2026 operating budget (excluding compensation) is \$13.69 million. This operating budget reflects an increase of \$2.78 million, or 25.5% percent, from the 2025 budget and, as a percentage of assets, is 1.06 basis points as compared to 0.93 basis points in 2025. The increase in bps is due to the introduction and implementation of the new Risk Mitigation Strategies (“RMS”) asset class implementation.

	Operating Budget less Total Compensation (\$ millions)		
	Internal Mgmt.	External Mgmt.	Total Investments Division
2025 Operating Budget	\$7.76	\$3.15	\$10.91
2026 Operating Budget	\$8.82	\$4.88	\$13.69
Percent Change	13.6%	54.8%	25.5%
Percent of Total	64.4%	35.6%	100.0%
Average Assets (\$ billions)	\$67.37	\$61.86	\$129.23
Operating Budget (Basis Points)	1.31	0.79	1.06

DRAFT

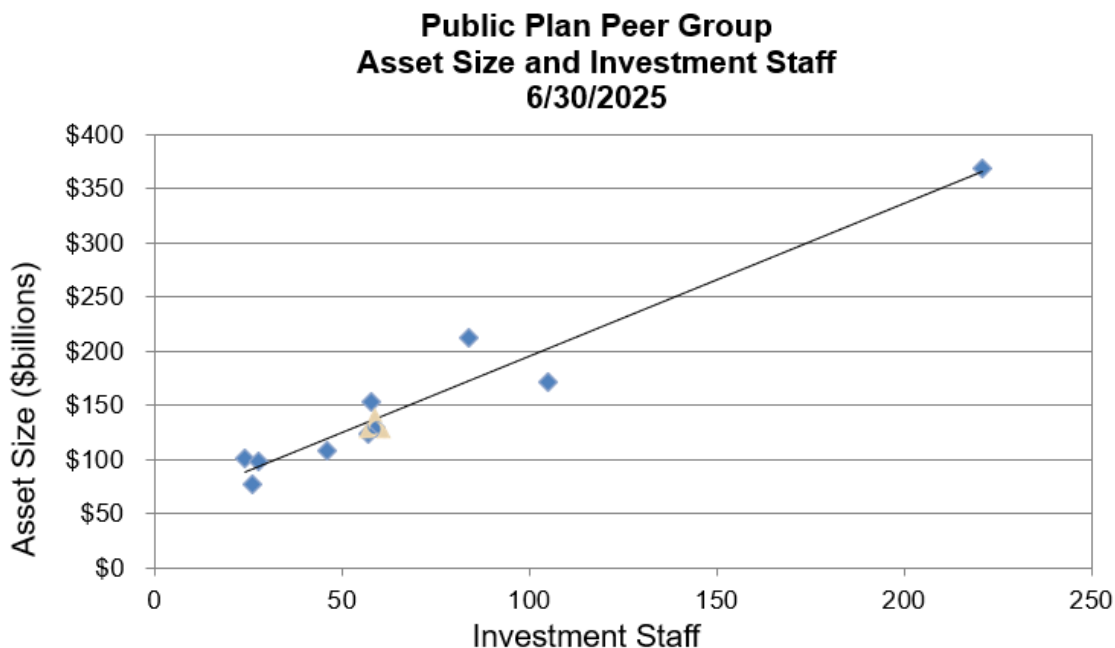
Total Costs

The total costs of the investment program in 2026 are projected to be \$585.1 million, or 45.2 basis points of assets under management. External management fees are projected to be \$545.1 million in 2026. In 2024 OPERS actual cost of 33.4 basis points (excluding performance fees) was below the CEM Peer benchmark median cost of 37.4 basis points. CEM Benchmarking, Inc. an independent firm that provides an assessment of pension plans, evaluates OPERS investment program relative to a group of comparatively sized peers. CEM Benchmarking excludes the incentive/performance fees for Private Equity and Real Estate in their peer group analysis.

	Estimated 2026 Total Costs (\$ millions)			
	Internal Mgmt.	External Mgmt.	Total Investments Division	% of Total
Total Compensation	21.1	4.9	26.1	4.5%
Operating Budget less Compensation	8.8	4.9	13.7	2.3%
Manager Fees		528.0	528.0	90.2%
Custody & Oversight	10.1	7.2	17.4	3.0%
Total Costs	40.1	545.1	585.1	100.0%
Percent of Total	0.1	0.9		
Average 2026 Asset Size (\$ Billions)	67.4	61.9	129.2	
Costs in Basis Points	5.9	88.1	NA	
Costs in Basis Points to Total Fund	NA	NA	45.2	

Peer Group Comparison

The following chart compares the OPERS asset size and Investment Staff to its peer group as of June 30, 2025.



The following table lists the public pension peer group referenced in the chart.

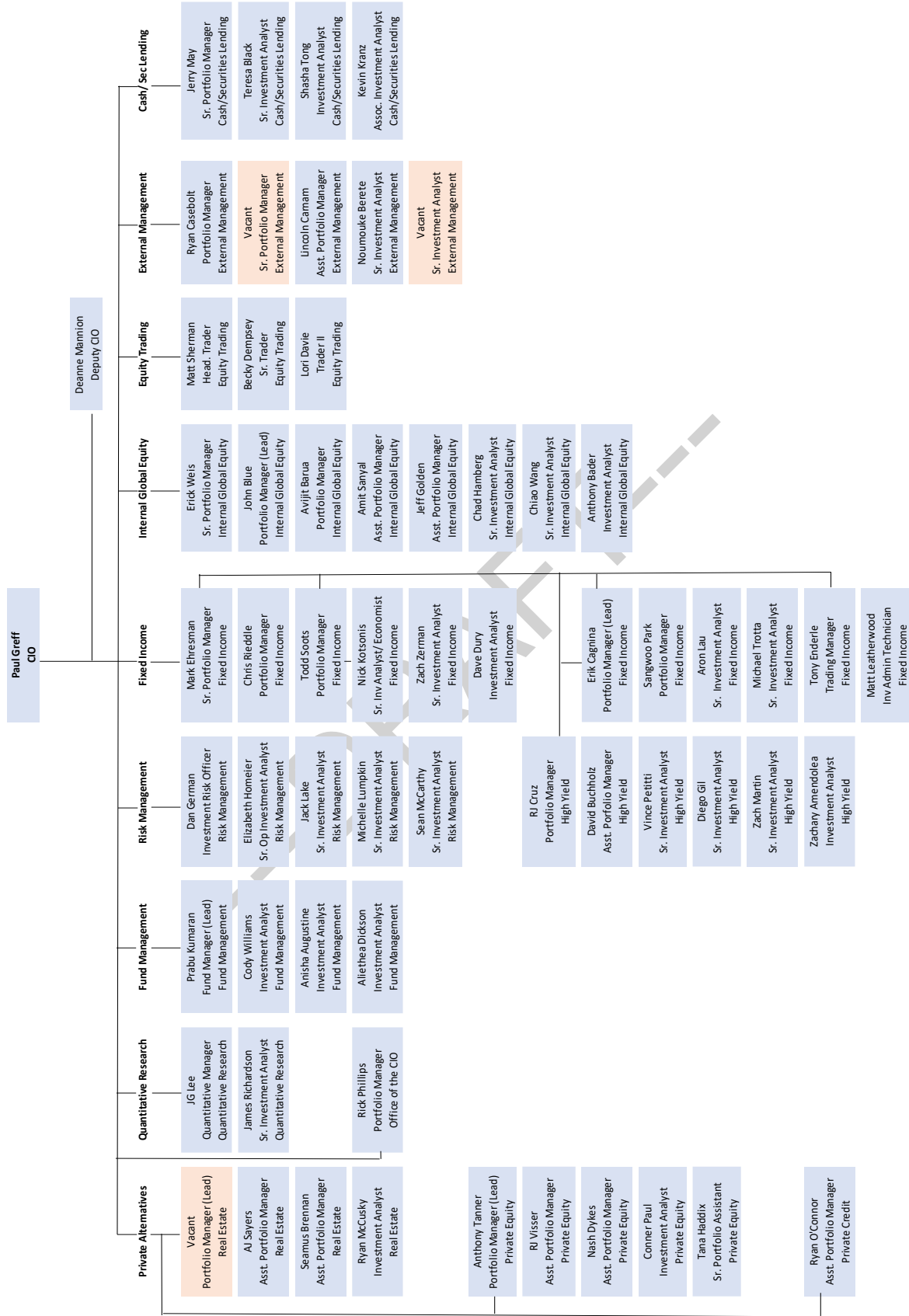
Public Plan Peer Group (as of 6/30/2025)			
Peers	Asset Size (\$ millions)	Investment Staff	Asset Size per Investment Staff
California State Teachers' Retirement System	\$367,700	221	\$1,664
State Board of Administration of Florida	\$211,500	84	\$2,518
State of Wisconsin Investment Board	\$171,200	105	\$1,630
Washington State Investment Board	\$179,300	59	\$3,039
New York State Teachers' Retirement System	\$153,600	58	\$2,648
Ohio Public Employees Retirement System	\$129,200	59	\$2,190
Michigan Retirement System	\$107,600	46	\$2,339
Oregon Public Employees' Retirement Fund	\$98,400	28	\$3,514
Minnesota State Board of Investment	\$101,200	24	\$4,217
Teachers' Retirement System of the State of Illinois	\$77,200	26	\$2,969
Average	\$159,690	71	\$2,673

Source: PFDE (Pension Fund Data Exchange), OPERS

*Staffing data sourced from PFDE is as of 6/30/2025

POLICIES, COMMITTEES, AND RESOURCES

Investments - Organizational Structure



As of 12/31/2025

Board Meeting IV.E



OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
277 EAST TOWN STREET, COLUMBUS, OH 43215-4642
1-800-222-PERS (7377)
www.opers.org

MEMORANDUM

DATE: January 12, 2026
TO: OPERS Retirement Board Members
FROM: Paul Greff, Chief Investment Officer
Prabu Kumaran, Fund Manager
RE: **IV. Discussion Items:**
E. Approve Investment Policies

Action requested: _____ moved, _____ seconded,
to approve the Investments Policy Changes, as recommended by Staff and Meketa.

Purpose

Investment Policies are a significant component of the OPERS Retirement Board's ("Board") governance and oversight of OPERS investment activities. Reviewing Investment Policies annually allows the Board to assess whether they are, individually and holistically, current, properly designed and constructed to perform the oversight and fiduciary duties required by Section 145.11 of the Ohio Revised Code. This memorandum is a summary review of proposed changes to OPERS Investments Governing Policies that authorize Staff in the implementation of the Board's asset allocation in 2026.

Background

In 2025, OPERS Board adopted 30 Policies relating to investment governing activities. This memorandum discusses proposed changes to those Investment Policies and providing additional context and rationale. All such changes are highlighted in redlined copies of these Policies, which follow this memorandum in a separate booklet.

Issues

Key proposed changes to existing Policies are grouped by: (A) General Changes; (B) Fund Policy Changes; (C) Asset Class and Sub-Asset Class Policy Changes; and (D) other Investment Related Policies.

Next Steps

OPERS will provide a final version of the Policies to all Board members upon approval.

A. General Changes (editorial)

- For all policies, refreshed the review date as January 21, 2026 with the scheduled annual policy review at the January Board meeting.

B. Key Changes to Fund Policies

Updates have been made to Investment Objectives and Asset Allocation Policies for both Defined Benefit (“DB”) and Health Care 115 Trust (“HC”) Funds.

Investment Advisor, Meketa, conducted a comprehensive review of all Investments Governing policies and recommended changes to the OPERS Policy benchmarks at the October Board meeting. In November, Meketa followed up with a Dynamic Asset Allocation review focused on the DB Fund and the OPERS Retirement Board approved the new revised target allocations for the DB Fund. Staff is incorporating these changes into the Policies.

DB Fund Policy

- Section VI. Asset Allocation
 - B. Targets and Ranges
 - Updated the U.S. Equity, Non-U.S. Equity, Private Equity, and Real Estate target allocation as approved by the OPERS Retirement Board during the November 2025 Board meeting. Modified the target ranges in tandem with the new target allocation, as defined in the ranges section within the policy.
 - Modified exposure language to provide clarification on the use of derivatives within the internally managed portfolios and how exposures are reassigned back to their respective sub-asset classes for measuring policy target allocation ranges.
- Section VII. Performance Objectives
 - B. Asset Classes
 - Updated the Non-U.S. Equity and REITs sub-asset class policy benchmarks based on the changes approved by the OPERS Retirement Board during the October 2025 meeting.
 - Revised the language for the Commodities sub-asset class benchmark to move away from custom market value based weights to target weight based splits.
 - Added a new footnote to indicate the one quarter lagged performance reporting for Private Equity, Real Estate, and Private Credit.

HC Fund Policy

- Section VI. Asset Allocation
 - B. Targets and Ranges
 - Modified exposure language to provide clarification on the use of derivatives within the internal managed portfolios and how exposures are reassigned to their respective sub-asset classes for measuring policy target allocation ranges.
- Section VII. Performance Objectives
 - B. Asset Classes

- Updated the Non-U.S. Equity and REITs sub-asset class policy benchmarks based on the changes approved by the OPERS Retirement Board during the October 2025 meeting.
- Revised the language for the Commodities sub-asset class benchmark to move away from custom market value based weights to target weight based splits.

DC Fund Policy

- Section V. Investment Options
 - C. Self-Directed Brokerage Account
 - Revised the language to better reflect the investments instruments offered within Self-Directed Brokerage Account (SDBA), which is actively reviewed and managed by the current provider Charles Schawb.
 - Provided clarifying language on risk responsibility and ownership incurred by the member by selecting the various investment instruments in SDBA.

C. Key Changes to Asset Class and Sub-Asset Class Policies

Public Equity Policy

- Section VIII. Risk Management
 - A. Active Risk
 - Increased the U.S. Equity tracking error range to 0 - 200 basis points from 100 basis points to accommodate the recently added tactical and risk mitigation portfolios within the sub-asset class.
 - Updated the Non-U.S. Equity benchmark to MSCI ACWI ex U.S. IMI Index ND based on the benchmark changes approved by the OPERS Retirement Board during the October 2025 meeting.
 - G. Manager Risk
 - Increased allocation limit for a single active external manager to 20% from 15% to provide Staff more flexibility in deploying additional capital to the U.S. or Non-U.S. Equity external active managers given the larger size and allocation for Public Equities.

REITs Policy

- Section VIII. Performance Objectives
 - Updated the REITs benchmark to FTSE NAREIT Equity REITs Total Return Index based on the benchmark changes approved by the OPERS Retirement Board during the October 2025 meeting.

Risk Parity

- Section VIII. Risk Management
 - A. Active Risk
 - Updated the Risk Parity tracking error to 120 basis points to reflect the new internal active mandate.

Cash Policy

- Section VI. Performance Objectives
 - Updated the Cash policy benchmark based on the changes approved by the OPERS Retirement Board during the October 2025 meeting.

- Section VII. Risk Management
 - A. Interest Rate Risk
 - Updated reporting timeframe from 90 days to 60 days of securities downgraded below investment grade.
 - B. Credit Risk
 - Updated reporting timeframe from 90 days to 60 days of securities downgraded below investment grade.
 - C. Liquidity Risk
 - Revised the language to provide clarification on final maturity.

D. Other Investment Related Policies

Leverage Policy

- Section VII. Risk Management
 - A. Volatility Risk
 - Refined the table and the below footnote language to provide clarification regarding Fund Level activities.
 - Removed footnote ² due to redundancy as transition/liquidity portfolios are already included in sub-asset classes like tactical asset allocation, rebalancing, and securities lending.

Corporate Governance Policy & Proxy Voting Guidelines

Changes to the document were made to the following sections to address grammar and clarify the scope of Staff's audits.

- Sections VII. Roles and Responsibilities
 - B. Corporate Governance Staff
 - Refined to address formatting and include additional share reconciliation responsibility for Corporate Governance Staff.
- Section IX. Proxy Voting Procedures
 - Updated language to provide clarification that Investment Staff "may" be consulted.
- Section X. Proxy Voting Core Categories
 - Updated to address formatting.

List of Policies with No Changes (21)

Benchmarks	Opportunistic
Broker Dealer	Personal Trading
Commodities	Private Credit
Derivatives	Private Equity
External Investment Managers Insurance	Real Estate
Fixed Income	Responsible Contractor
Iran Sudan Divestment	Risk Mitigation Strategies
Liquidity	Russia Divestment
MNPI	Securities Lending
Office of Foreign Assets Control	Soft Dollar
Ohio Qualified & Minority Manager	

E. Ohio Deferred Compensation Policies

The two investment policies adopted by the former Ohio DC Board have been modified into OPERS standard format for adoption by the OPERS Board. The markups to the policies do not contain substantive changes. They incorporate text changes related to the merger, relocate existing language to appendixes, and incorporate investment manager changes already approved by the Board and implemented by staff.

Investment Policy Statement

- Sections I, II, III
 - Updates related to merger and format.
- Section IV
 - The investment objectives and lineup structure chart was moved to a new Appendix A.
- Appendix B. Multi-Manager Investment Options
 - The targets reflect a 70% allocation of the US Bond Fund to JP Morgan, as approved by the Ohio DC Board last year.

Stable Value Option Investment Policy Statement

- Sections I, II, III
 - Updates related to merger and format.
- Section IV. Investment Philosophy
 - The portfolio structure and current funding allocations were moved to new Appendix A.

MEMORANDUM

TO: OPERS Board of Retirement
FROM: Meketa Investment Group (Meketa)
DATE: January 12, 2026
RE: **IV. Discussion Items:**
E. Investment Policy Review

Meketa has reviewed the redlined changes to the Investment Policy Statements for the Defined Benefit Plan, the Defined Contribution Plan, and the Health Care Fund. A summary of the changes are reflected below.

- Modifications to the policy targets and ranges for the DB fund that reflects the Board approved policy changes.
- Clarifying language on leverage with regard to derivatives in both the DB and HC portfolios.
- Updated asset class benchmarks (Public Equity and REITS).
- Updated language regarding self-brokerage in the DC portfolio.
- Tracking Error changes to the Risk Parity portfolio.
- Updates to the Cash Policy.
- Updates to the Leverage Policy.
- Updates to the Proxy Voting Policy

Meketa believes these edits are reasonable, and the Board should consider adopting the updated Investment Policy Statements.

Approve Investment Policies

[Including Corporate Governance]

Prabu Kumaran
Fund Manager

January 21, 2026

178/656



INVESTMENT POLICY - EDITS

- **RED** edits are changes requested to Policy.
- **GREEN** edits are sections which have been moved within the Policies.

INVESTMENT GOVERNING POLICIES

FUND POLICIES

DEFINED BENEFIT FUND

Investment Objectives and
Asset Allocation Policy

HEALTH CARE FUND

Investment Objectives and
Asset Allocation Policy

DEFINED CONTRIBUTION FUND

Defined Contribution Fund Policy*

ASSET/SUB-ASSET CLASS POLICIES

- Public Equity
- Fixed Income
- Private Equity
- Real Estate
- Private Credit
- Cash
- Commodities
- Opportunistic
- Risk Parity
- REITs
- Risk Mitigation Strategies

INVESTMENT-WIDE POLICIES

- Benchmarks
- Broker–Dealer
- Corporate Governance
- Derivatives
- External Investment Managers’ Insurance
- Iran & Sudan Divestment
- Leverage
- Liquidity
- Material Non-Public Information
- Ohio-Qualified & Minority-Owned Manager
- OFAC Policy
- Personal Trading
- Responsible Contractor Policy
- Russia Divestment
- Securities Lending Policy
- Soft Dollar Policy

INVESTMENT GOVERNING POLICIES

DEFINED BENEFIT FUND

Investment Objectives and
Asset Allocation Policy

HEALTH CARE FUND

Investment Objectives and
Asset Allocation Policy

DEFINED CONTRIBUTION FUND

Defined Contribution Fund
Policy *

DB FUND POLICY

- The target allocation changes reflect the Board approved changes at the November 2025 meeting (Dynamic Asset Allocation changes recommendation).

Section VI: Asset Allocation

B. Targets and Ranges

Target allocation table is updated to reflect the new targets and ranges.

Asset Class	Target Allocation	Range
Public Equity	4240%	3432 to 5048%
U.S. Equity	2120	+/- 5%
Non-U.S. Equity	2120	+/- 5%
Fixed Income	15%	11 to 20%
Core Fixed	5	3 to 8
Investment Grade Credit	2	0 to 5
Emerging Markets Debt	1	0 to 5
Securitized Debt	1	0 to 5
TIPS	2	0 to 5
High Yield	2	0 to 6
U.S. Treasury	2	0 to 5
Alternatives	3234%	2224 to 4244%
Private Equity	1415	910 to 1920
Real Estate	1112	67 to 1617
REITs	1	0 to 5
Hedge Funds	0	0 to 1
Opportunistic	0	0 to 2
Commodities	2	0 to 5
Commodities-All	1	0 to 5
Gold	1	0 to 5
Private Credit	4	0 to 8
Risk Mitigation Strategies	10%	0 to 15%
Long Duration U.S. Treasury	3.4	0 to 5
Trend Following	3.3	0 to 5
Alternative Risk Premia	3.3	0 to 5
Risk Parity	1%	0 to 5%
Operating Cash	0%	0 to 5%
Total	100%	

DB FUND POLICY

Section VI: Asset Allocation

- **B. Targets and Ranges**

Modified exposure language to provide clarification on the use of derivatives within the internally managed portfolios and how these exposures are reassigned back to their respective sub-asset classes for measuring policy target allocation ranges. Deleted the operating cash related text as it is reflected in the policy target table.

~~Exposures (measured in accordance with the Leverage Policy) from derivatives held in internal accounts used to manage sub-asset class and fund allocations or the securitization of cash are~~ assigned to the respective sub-asset class for purposes of measuring the sub-asset class allocations stated herein. ~~Operating cash for such purposes as paying benefits or other day-to-day expenses is generally unsecuritized. Unsecuritized cash is limited to a Range of 0% to 5%.~~

DB FUND POLICY

Section VII: Performance Objectives

B. Asset Classes

- Modifying the benchmarks for Non-U.S. Equity and REITs to reflect the approved benchmarks at the October 2025 meeting.
- Modified the Commodities benchmark to use the target weights instead market-value based weights.
- Added a footnote to reflect the lagged performance reporting for Private Equity, Real Estate and Private Credit.

Asset Class	Benchmark Index
Public Equity	
U.S. Equity	Russell 3000 Index
Non-U.S. Equity	MSCI ACWI ex U.S. IMI Index ND Custom benchmark of the following indices: <ul style="list-style-type: none"> ■ 55% MSCI World Index ex U.S. Standard ■ 10% MSCI World Index ex U.S. Small Cap ■ 31% MSCI Emerging Markets Standard ■ 4% MSCI Emerging Markets Small Cap
Fixed Income	Custom benchmark based on the target weights of the underlying sub-asset class allocations
Core Fixed	Bloomberg U.S. Aggregate Index
Investment Grade Credit	Bloomberg U.S. Corporate Bond Index
Emerging Markets Debt	Custom benchmark of the following indices: <ul style="list-style-type: none"> ■ 50% JP Morgan Emerging Markets Bond Index Global ■ 50% JP Morgan Government Bond Index-Emerging Markets Global Diversified
Securitized Debt	Custom benchmark of the following indices: <ul style="list-style-type: none"> ■ 50% Bloomberg Non-Agency Investment Grade CMBS: BBB Total Return Index Unhedged USD ■ 50% Bloomberg Non-Agency CMBS Agg Eligible Total Return Index Value Unhedged USD
TIPS	Bloomberg U.S. TIPS Index
High Yield	Bloomberg U.S. Corporate High Yield Index
U.S. Treasury	Bloomberg U.S. Treasury 1-5 Year Index
Alternatives	
Private Equity	State Street Private Equity Index ("SPEI")***
Real Estate	Net NFI-ODCE plus 85 basis points***
REITs	FTSE NAREIT Equity REITs Total Return Index USD Dow Jones U.S. Select Real Estate Securities
Hedge Funds	Custom benchmark using the HFRI single strategy indices weighted by the target allocations listed in the AIP
Opportunistic	Market value weight of underlying portfolio benchmarks**
Commodities	Custom benchmark based on the target weights of the underlying sub-asset class allocations Market value weight of underlying benchmarks
Commodities-All	Bloomberg Commodity Index
Gold	Bloomberg Gold Subindex Total Return
Private Credit	S&P UBS Leveraged Loan Index***
Risk Mitigation Strategies	Custom benchmark based on the target weights of the underlying sub-asset class allocations**
Risk Parity	S&P Risk Parity Total Return Index 10% Vol Target (USD)
DB Fund	Custom Defined Benefit Benchmark*
	*Policy weight (reset quarterly) of underlying asset/sub asset class benchmarks ** Please refer to Opportunistic and Risk Mitigation Strategies policies for the underlying benchmarks *** 1Q lagged reporting

HC FUND POLICY

Section VI: Asset Allocation

- **B. Targets and Ranges**

Modified exposure language to provide clarification on the use of derivatives within the internally managed portfolios and how these exposures are reassigned back to their respective sub-asset classes for measuring policy target allocation ranges. Deleted the operating cash related text as it is reflected in the policy target table.

~~Exposures (measured in accordance with the Leverage Policy) from derivatives held in internal accounts used to manage sub-asset class and fund allocations or the securitization of cash are~~ assigned to the respective sub-asset class for purposes of measuring the sub-asset class allocations stated herein. ~~Operating cash for such purposes as paying benefits or other day-to-day expenses is generally unsecuritized. Unsecuritized cash is limited to a Range of 0% to 5%.~~

HC FUND POLICY

Section VII: Performance Objectives

B. Asset Classes

- Modifying the benchmarks for Non-U.S. Equity and REITs to reflect the approved benchmarks at the October 2025 meeting.
- Modified the Commodities benchmark to use the target weights instead market-value based weights.

Asset Class	Benchmark Index
Public Equity	
U.S. Equity	Russell 3000 Index
Non-U.S. Equity	MSCI ACWI ex U.S. IMI Index ND <u>Custom benchmark of the following indices:</u> <ul style="list-style-type: none"> ■ 55% MSCI World Index ex U.S. Standard ■ 10% MSCI World Index ex U.S. Small Cap ■ 31% MSCI Emerging Markets Standard ■ 4% MSCI Emerging Markets Small Cap
Fixed Income	
Core Fixed	Custom benchmark based on the target weights of the underlying sub-asset class allocations
Investment Grade Credit	Bloomberg U.S. Aggregate Index
Emerging Markets Debt	Bloomberg U.S. Corporate Bond Index Custom benchmark of the following indices: <ul style="list-style-type: none"> ■ 50% JP Morgan Emerging Markets Bond Index Global ■ 50% JP Morgan Government Bond Index-Emerging Markets Global Diversified
Securitized Debt	Custom benchmark of the following indices: <ul style="list-style-type: none"> ■ 50% Bloomberg Non-Agency Investment Grade CMBS: BBB Total Return Unhedged USD ■ 50% Bloomberg Non-Agency CMBS Agg Eligible Total Return Index Value Unhedged USD
TIPS	Bloomberg U.S. TIPS Index
High Yield	Bloomberg U.S. Corporate High Yield Index
U.S. Treasury	Bloomberg U.S. Treasury 1-5 Year Index
Alternatives	
REITs	<u>FTSE NAREIT Equity REITs Total Return Index USD Dow Jones U.S. Select Real Estate Securities Index Total Return</u>
Hedge Funds	Custom benchmark using the HFRI single strategy indices weighted by the target allocations listed in the AIP
Opportunistic	Market value weight of underlying portfolio benchmarks**
Commodities	<u>Custom benchmark based on the target weights of the underlying sub-asset class allocations</u> <u>Market value weight of underlying benchmarks</u>
Commodities-All	Bloomberg Commodity Index
Gold	Bloomberg Gold Subindex Total Return
Risk Mitigation Strategies	Custom benchmark based on the target weights of the underlying sub-asset class allocations**
Risk Parity	S&P Risk Parity Total Return Index 10% Vol Target (USD)
HC Fund	Custom Health Care 115 Benchmark*

*Policy weight (reset quarterly) of underlying asset/sub asset class benchmarks

DC POLICY

Section V: Investment Options

• C. Self Directed Brokerage Account

- Revised the language to better reflect the investments instruments offered within Self-Directed Brokerage Account (SDBA), which is actively reviewed and managed by the current provider Charles Schwab.
- Provided clarifying language on risk responsibility and ownership incurred by the member by selecting the various investment instruments in SDBA.

To provide Members with this Option, OPERS contracts with a service provider based on its assessment of such vendor's ability to provide quality brokerage and related services at a reasonable cost to participating Members. The services provider will make available to Members thousands of investment options (mutual funds and long-only, unlevered, diversified Exchange Traded Funds ("ETFs") only) that encompass a broad range of types of assets and portfolio management styles, including both index and active portfolio management. The service provider, alone, is responsible for determining which mutual funds and ETFs to offer in an SDBA.

Members are solely responsible for determining which mutual fund(s) or ETFs to purchase, hold, or sell in their SDBA, and for the risks incurred by doing so. By investing in the shares of such fund or funds, Members agree to be subject to fees and other expenses charged to their shares by their investments and to any restrictions on trading or withdrawals that those investments may impose.

ASSET/SUB-ASSET CLASS POLICIES

Asset Class

- Public Equity Policy
- Fixed Income Policy
- Alternatives
- Risk Parity Policy
- **Risk Mitigation Strategies**



Sub-Asset Class

- Cash Policy
- Commodities Policy
- Opportunistic Policy
- Private Equity Policy
- Real Estate Policy
- Private Credit Policy
- REITs Policy

Public Equity

Section VII: Risk Management

A. Active Risk

- Increased the U.S. Equity tracking error range to 0 - 200 basis points from 100 basis points to accommodate the recently added tactical and risk mitigation portfolios within the sub-asset class.
- Updated the Non-U.S. Equity benchmark to MSCI ACWI ex U.S. IMI Index ND based on the benchmark changes approved by the OPERS Retirement Board during the October 2025 meeting.

Sub-Asset Class	Benchmark	Tracking Error Range
U.S. Equity	Russell 3000 Index	0 to 200 400 basis points
Non-U.S. Equity	MSCI ACWI ex U.S. IMI Index ND Custom benchmark of the following indices: 55% MSCI World ex U.S. Standard 40% MSCI World ex U.S. Small Cap 31% MSCI Emerging Markets Standard 4% MSCI Emerging Markets Small Cap	0 to 300 basis points

Public Equity

Section VII: Risk Management

- **G. Manager Risk**

- Increased allocation limit for a single active external manager to 20% from 15% to provide Staff more flexibility in deploying additional capital to the U.S. or Non-U.S. Equity external active managers given the larger size and allocation for Public Equities.

G. Manager Risk

The allocation to a single active external manager in the U.S. Equity or Non-U.S. Equity sub-asset class is limited to ~~15%~~ 20% of the respective sub-asset class.

Section VII: Performance Objectives

- Updated the REITs benchmark to FTSE NAREIT Equity REITs Total Return Index based on the benchmark changes approved by the OPERS Retirement Board during the October 2025 meeting.

VII. PERFORMANCE OBJECTIVES

The performance benchmark for the REITs sub-asset class is the FTSE NAREIT Equity REITs Total Return Index ~~DJ-RESI~~. The Annual Investment Plan, which is approved by the OPERS Retirement Board, shall include the performance expectations for this sub-asset.

RISK PARITY

Section VIII: Risk Management

- **A. Active Risk**

- Updated the Risk Parity tracking error range to 120 basis points to reflect the new internal active mandate

A. Active Risk

Active risk or tracking error is a statistical measure of the potential variability of a portfolio's return relative to that of the assigned benchmark.

Strategy	Benchmark	Tracking Error Range
Internal Global Risk Parity	S&P Risk Parity Total Return Index 10% Vol Target (USD)	0 to 120 120 basis points

CASH

Section VI: Performance Objectives

- Updated the Cash policy benchmark based on the changes approved by the OPERS Retirement Board during the October 2025 meeting.

VI. PERFORMANCE OBJECTIVES

The general objectives of the cash portfolios are to: preserve principal; maintain liquidity; and generate a target rate of return. Specific performance objectives are detailed in guidelines for individual portfolios.

Portfolio	Benchmark
OPERS: STIF	ICE BofA US 3month Treasury Bill IndexBloomberg Tier 1 30 Day GP
OPERS: Sec Lend STIF	Overnight Bank Funding Rate
OPERS: Key Lend STIF	Overnight Bank Funding Rate

Section VII: Risk Management

- Updated reporting timeframe from 90 days to 60 days of securities downgraded below investment grade.
- Revised the language to provide clarification on final maturity.

A. Interest Rate Risk

The duration constraint is the primary risk-mitigating factor in controlling interest rate risk. The weighted-average-maturity-to-reset-date for the cash portfolios will have a maximum limit of 120 days, while the weighted-average-maturity-to-final-maturity-date will have a maximum limit of 1.3 years. The maximum maturity or weighted average life of any security in a portfolio will be 3 years or less at time of purchase. If structured securities should extend their weighted average life past the 3-year limit, they will be noted and reported to management within a maximum of ~~6090~~ days. Guidelines for each portfolio will include a specific duration constraint for that portfolio.

B. Credit Risk

Credit risk is mitigated in the portfolios through credit research and following guidelines that dictate permitted ratings for securities, aggregate exposure to various credit tiers and maximum exposure limits for individual securities.

Excluding repurchase agreements, all securities in the portfolios will be investment grade, or guaranteed by an investment grade credit counterparty at time of purchase and any securities that are subsequently downgraded below investment grade will be noted and reported to management within a ~~6090~~-day period. The guidelines for each portfolio shall address minimum specific rating criteria. The cash portfolios shall only hold securities that are rated by an NRSRO or guaranteed by a party that is rated investment grade by an NRSRO.

C. Liquidity Risk

With the exception of transition periods, the portfolios will maintain holdings of at least 50% of their market value in securities that are eligible under Rule 2a-7 (used for day count limits of final expected maturity) as established and amended from time to time by the United States Securities and Exchange Commission, pursuant to the Investment Company Act of 1940. In addition, the funds will maintain a minimum of 10% of the portfolio in instruments maturing the next business day.

INVESTMENT-WIDE POLICIES

- Benchmarks
- Broker-Dealer
- Corporate Governance
- Derivatives
- External Investment Managers' Insurance
- Iran & Sudan Divestment
- Leverage
- Liquidity

- Material Non-Public Information
- Ohio-Qualified & Minority-Owned Manager
- OFAC
- Personal Trading
- Responsible Contractor
- Russia Divestment
- Securities Lending
- Soft Dollar Policy

LEVERAGE

Section VI: Risk Management

A. Volatility Risk

- Refined the table and the below footnote language to provide clarification regarding Fund Level activities.
- Removed footnote 2 due to redundancy as transition/liquidity portfolios are already included in sub-asset classes like tactical asset allocation, rebalancing, and securities lending.

	Leverage Limit
<i>Public Equity</i>	
U.S.	1.20
Non-U.S.	1.05
<i>Fixed Income</i>	
Core Fixed	1.30
Investment Grade Credit	1.20
Emerging Markets Debt	1.10
Securitized Debt	1.45
High Yield	1.20
U.S. Treasury	1.10
<i>Alternatives</i>	
Private Equity ¹	N/A
Real Estate	60% (Loan to Value)
REITs	1.05
<i>Opportunistic</i>	
Internally Managed	3.00
Externally Managed	9.00
Commodities	1.20
Private Credit	3.00
<i>Risk Parity</i>	6.00
<i>Risk Mitigation Strategies</i>	10.00
Fund Level Activities²	
Rebalancing² Rebalancing²	1.05
Tactical Asset Allocation ³ Allocation²	1.05
Securities Lending	1.30

¹ All Private Equity managers qualify under the above exclusions (as defined in Section VI.A. Volatility Risk), therefore, a leverage limit is not applicable.

~~² Liquidity Reserve and Transition accounts are included in the calculation of their respective asset or sub-asset class.~~

^{3,2} Leverage associated with tactical asset allocation and rebalancing activities is measured at the Fund level and is not permitted, other than a small (5%) amount of leverage as described above. Basis risk (i.e. a mismatch between the market exposures of derivatives or derivatives and securities or benchmarks) may exist and is permitted, given the limitations in fully replicating benchmark or portfolio exposures using derivative instruments. Additional portfolio guideline restrictions apply.

Section VII: Roles and Responsibilities

B. Corporate Governance Staff

- Refined to address formatting and include additional share reconciliation responsibility for Corporate Governance Staff.

- Administering the daily operations of the Program;
- Auditing proxy voting procedures and votes;
- Convening the Corporate Governance Working Group as needed;
- Identifying and managing enterprise risk associated with the Program; ~~and~~
- Facilitating Board education of corporate governance issues and best practices as requested; and
- Reconciling share holdings between custodian, vote tabulator, internal financial reporting systems and proxy advisor to ensure OPERS is voting all shares eligible to be voted.

Section IX: Proxy Voting Procedures

- Updated language to provide clarification that Investment Staff “may” be consulted.

In the event the Program encounters a vote regarding a corporate merger or acquisition, the OPERS Investments Division ~~will~~may be consulted as appropriate to ensure preservation and/or maximization of shareholder value. Proxy votes that have the potential to impact OPERS' public image or reputation are reported to the Board.

Section X: Proxy Voting Core Categories

- Updated language to address formatting.

Generally, OPERS will vote:

- For board nominees in uncontested elections; and
- Against the lead independent chair or lead independent director and/or members of accountable committees when the Board:
 - Fails to act on or implement shareholder proposals that receive a majority of votes and have a direct and substantial impact on Shareholders' fundamental rights or long-term economic interests;
 - Is not responsive to shareholders' outreach and engagement efforts;
 - Amends the company's charter, articles of incorporation or by-laws intended to entrench directors or to reduce the rights of shareholders;
 - Permits a company insider or affiliated outsider to sit on the board's audit, compensation, or nomination/governance committees;
 - Fails to facilitate quality, independent auditing or substantial accounting or prevent financial reporting irregularities;
 - Takes actions that are contrary to the long-term economic interest of shareholders; ~~and~~
 - Fails to remove a director with a pattern of poor attendance, who is overboarded, or whose skill set does not align with the company's long-term strategy; ~~and-~~
 - Permits dual class share structures with unequal voting rights that do not include a sunset period or opportunity for shareholder input on continuation of the structure.

POLICY CHANGES - SUMMARY

POLICIES WITH EDITS

- Defined Benefit Fund
- Health Care Fund
- DC Fund
- Public Equity
- REITs
- Risk Parity
- Cash
- Leverage
- Corporate Governance

No. of Policies = 9

200/656

POLICIES WITH NO EDITS

- Benchmarks
- Broker-Dealer
- External Investment Managers Insurance
- Iran Sudan Divestment
- MNPI
- Office of Foreign Assets Control
- Ohio Qualified & Minority Manager
- Opportunistic
- Personal Trading
- Private Equity
- Real Estate
- Private Credit
- Responsible Contractor
- Russia Divestment
- Securities Lending
- Soft Dollar
- Fixed Income
- Derivatives
- Commodities
- Liquidity
- Risk Mitigation Strategies

No. of Policies = 21

Investment Policy Statement

Stable Value Investment Policy Statement

- Non-substantive changes for OPERS Board to adopt Ohio DC investment Policies.
- Updated language to address formatting and merger.
- Moved existing language to appendixes.

RECOMMENDATION



Request for Policies Approval

Transition Period:

January 21 to January 31, 2026

Investment Governing Policies:

Effective February 1, 2026

OPERS

Board Policies

Governing
Investment Activities



January 2026

(DRAFT)

OPERS Board Policies

Governing Investment Activities with Edits

<u>TAB</u>	<u>POLICY</u>	
A.	<u>Investment Objective and Asset Allocation Policies</u>	
1	Defined Benefit	<input checked="" type="checkbox"/>
2	Health Care 115 Trust	<input checked="" type="checkbox"/>
3	Defined Contribution	<input checked="" type="checkbox"/>
B.	<u>Asset Class and Sub-Asset Class Policies</u>	
4	Public Equity	<input checked="" type="checkbox"/>
5	Fixed Income	
6	Private Equity	
7	Real Estate	
8	Private Credit	
9	REITs	<input checked="" type="checkbox"/>
10	Risk Parity	<input checked="" type="checkbox"/>
11	Risk Mitigation Strategies	
12	Commodities	
13	Cash	<input checked="" type="checkbox"/>
14	Opportunistic	
C.	<u>Investment-Wide Policies</u>	
15	Benchmarks Policy	
16	Broker-Dealer	
17	Derivatives	
18	External Investment Manager's Insurance	
19	Iran and Sudan Divestment	
20	Leverage	<input checked="" type="checkbox"/>
21	Liquidity	
22	Material Non-public Information	
23	Office of Foreign Assets Control Compliance	
24	Ohio-Qualified and Minority-Owned Manager	
25	Personal Trading	
26	Responsible Contractor	
27	Russia Divestment	
28	Securities Lending	
29	Soft Dollar	
D.	<u>Corporate Governance & Proxy Voting Policy</u>	
30	Corporate Governance & Proxy Voting Guidelines	<input checked="" type="checkbox"/>



Ohio Public Employees Retirement System

**Investment Objectives and Asset Allocation Policy
Defined Benefit Fund**

January 2026 ~~March 2025~~

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Revision History

Defined Benefit Fund Policy Established	September 16, 1998
Policy Revised	May 16, 2001
Policy Revised	June 19, 2002
Policy Revised	June 17, 2003
Policy Revised	May 18, 2005
Policy Revised	September 19, 2006
Policy Revised	November 14, 2007
Policy Revised	November 18, 2009
Policy Revised	December 15, 2010
Policy Revised	January 18, 2012

Policy Revised	March 20, 2013
Policy Revised	February 19, 2014
Policy Revised	February 18, 2015
Policy Revised	January 20, 2016
Policy Revised	February 15, 2017
Policy Revised	March 21, 2018
Policy Revised	May 15, 2019
Policy Revised	September 18, 2019
Policy Revised	March 17, 2021
Policy Revised	April 21, 2021
Policy Revised	March 16, 2022
Policy Revised	March 15, 2023
Policy Revised	March 20, 2024
Policy Revised	March 19, 2025
Policy Revised	January 21, 2026

I. SCOPE

This Policy applies to the assets within the Ohio Public Employees Retirement System (“OPERS”) Defined Benefit Fund (“DB Fund”).

II. PURPOSE

This Policy provides the broad strategic investment framework for managing the DB Fund.

III. LEGAL AUTHORITY

The investment powers and fiduciary responsibilities of the OPERS Retirement Board (“Board”) are established by Section 145.11 of the Ohio Revised Code (“ORC”). Section 145.11(A) states, in part:

The members of the public employees retirement board shall be the trustees of the funds created by section 145.23 of the Revised Code. The board shall have full power to invest the funds. The board and other fiduciaries shall discharge their duties with respect to the funds solely in the interest of the participants and beneficiaries; for the exclusive purpose of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering the public employees retirement system; with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims; and by diversifying the investments of the system so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

OPERS Investment Staff (“Staff”) and others, who are involved in the management of the DB Fund’s assets, are subject to the same fiduciary standards as the Board.

IV. INVESTMENT PHILOSOPHY

The Board believes OPERS’ assets should be managed in a fashion that reflects OPERS’ unique liabilities, funding resources and portfolio size, by incorporating accepted investment theory and reliable, empirical evidence and supports the following principles:

- Asset allocation is the key determinant of return and, therefore, commitments to asset allocation ranges will be maintained through a disciplined rebalancing program.
- Diversification, both by and within asset classes, is the primary risk control element.
- Active management, or the pursuit of returns in excess of benchmarks, entails the possibility of disappointing results over short periods of time. Therefore, assets will be invested with a long-term perspective.

- Passive investment vehicles consist of index funds and derivatives-based strategies that are suitable alternatives to actively managed portfolios, especially in highly efficient markets.

V. INVESTMENT OBJECTIVE

The investment objective of the DB Fund is to support OPERS' mission to provide secure retirement benefits for its members. Meeting this objective necessitates making active decisions about markets in a long-term framework which, by its nature, involves taking reasonable risks. OPERS also seeks to operate effectively and at an appropriate cost.

VI. ASSET ALLOCATION

A. Purpose

The asset allocation establishes a framework for OPERS that has a high likelihood, in the judgment of the Board, of realizing OPERS' long-term investment objective.

B. Targets and Ranges

The Board sets Target allocations ("Targets") to various asset classes that are designed to meet OPERS' long-term investment objectives, and establishes a band of minimum and maximum allowable allocations, or Ranges ("Ranges"), surrounding each Asset Class Target. The purpose of Ranges is to appropriately and cost-effectively balance the Board's Investment Policy with the investment strategies pursued over shorter time periods. The table below sets forth Targets and Ranges for each Asset Class and sub-asset class.

Asset Class	Target Allocation	Range
Public Equity	<u>4240%</u>	<u>3432 to 5048%</u>
U.S. Equity	<u>2120</u>	+/- 5%
Non-U.S. Equity	<u>2120</u>	+/- 5%
Fixed Income	15%	11 to 20%
Core Fixed	5	3 to 8
Investment Grade Credit	2	0 to 5
Emerging Markets Debt	1	0 to 5
Securitized Debt	1	0 to 5
TIPS	2	0 to 5
High Yield	2	0 to 6
U.S. Treasury	2	0 to 5
Alternatives	<u>3234%</u>	<u>2224 to 4244%</u>
Private Equity	<u>1415</u>	<u>910 to 1920</u>
Real Estate	<u>1112</u>	<u>67 to 1617</u>
REITs	1	0 to 5
Hedge Funds	0	0 to 1
Opportunistic	0	0 to 2
Commodities	2	0 to 5
Commodities-All	1	0 to 5
Gold	1	0 to 5
Private Credit	4	0 to 8
Risk Mitigation Strategies	10%	0 to 15%
Long Duration U.S. Treasury	3.4	0 to 5
Trend Following	3.3	0 to 5
Alternative Risk Premia	3.3	0 to 5
Risk Parity	1%	0 to 5%
Operating Cash	0%	0 to 5%
Total	100%	

In setting Ranges, the following principles are applied:

- The Public Equity allocation has a symmetrical Range equivalent to 20% of its Target rounded to a whole percentage point. Due to the floating nature of the Public Equity allocation, the Range for U.S. and Non-U.S. is +/- 5 percentage points as a proportion of the DB Fund.

- Both the Fixed Income Asset Class and the Core Fixed sub-asset class have a symmetrical Range of 30% from their Target allocations, rounded to a whole percentage point. The allocations to Investment Grade Credit, Emerging Markets Debt, Securitized Debt, TIPS, High Yield, and U.S. Treasury are given wider percentage Ranges for greater flexibility and to accommodate wider market swings.
- The Alternatives Asset Class has a symmetrical Range of 30% from its Target allocation, rounded to a whole percentage point. The Ranges for the sub-asset class allocations within Alternatives are given wider ranges to reflect the dominant influence of public market fluctuations on their proportion.
- The Ranges for the Risk Mitigation Strategies Asset Class allocations are given wider ranges to reflect the dominant influence of public market fluctuations on their proportion.
- For all asset/sub-asset classes with target allocations (less than 5%), are assigned with a range of 0% to 5% except for allocations in liquidation mode.

Exposures (measured in accordance with the Leverage Policy) from derivatives held in internal accounts used to manage sub-asset class and fund allocations or the securitization of cash are assigned to the respective sub-asset class for purposes of measuring the sub-asset class allocations stated herein. ~~Operating cash for such purposes as paying benefits or other day-to-day expenses is generally unsecuritized. Unsecuritized cash is limited to a Range of 0% to 5%.~~

To the extent the actual allocation to the Alternatives Asset Class (except Real Estate) differs from the Target percentage, that difference will be added to, if under, or subtracted from, if over, the Target and Range for Public Equity. For Real Estate, the overage or underage will be applied to the Fixed Income Targets and Ranges in a similar manner.

C. Rebalancing

Staff will ensure conformance with the asset allocation set by the Board through monthly, or more frequent, review. In conducting rebalancing activities, the Board expects Staff to operate under the following principles:

- Staff must initiate rebalancing transactions to bring all percentages to values inside the Ranges or promptly seek Board approval to remain outside the Ranges.
- To implement the investment strategy, Staff will manage the asset allocation nearer to or away from the Targets, but within Policy Ranges. Quarterly performance reports to the Board will also reflect actual allocations and variances from Targets.

- The spirit of this Policy is to implement the investment strategy within the Targets and asset allocation Ranges at a reasonable cost, recognizing that overly precise management of asset exposures can result in transaction costs that are not economically justified.

D. Periodic Review

The Board establishes the asset allocation Targets and Ranges and reviews them annually. Every three to five years or when material changes to the liabilities take place (e.g., plan design changes, material changes in underlying assumptions, etc.), the Board will undertake a comprehensive strategic asset allocation review designed to assess the continuing appropriateness of this Policy. Such review will consider an asset-liability study of future benefit payments, liabilities, required funding, the appropriateness of the actuarial interest rate assumption and the prospective funded status of liabilities. It may also include a study of portfolio design for optimal diversification and comparisons with peer practices.

VII. PERFORMANCE OBJECTIVES

A. DB Fund

The performance objectives for the DB Fund are to: (1) exceed the return of the Policy benchmark, net of investment expenses; and (2) exceed the actuarial interest rate over a reasonably longer time horizon. The Policy benchmark combines designated market indices for Asset Classes, weighted by asset allocation Targets. The table on the next page contains the benchmark indices for the respective asset classes.

Expectations for outperformance are a function of the projected excess returns for each Asset Class and are aggregated at the Fund level. Actual DB Fund performance is compared to the Policy benchmark return with projected excess returns.

In addition, DB Fund risk-adjusted performance relative to the Policy benchmark return is expected to be competitive with peer funds with similar allocations.

During periods of transition resulting from a change in the Board-approved Targets, the interim target asset allocation and associated benchmarks used to calculate benchmark performance for the DB Fund will be established on a quarterly basis in advance of the subsequent quarter. That target mix will be based on allocations made by Staff and reported to the Board through quarterly performance reports.

B. Asset Classes

Each Asset Class shall be measured relative to its designated benchmark index. It is expected that the active management of individual Asset Classes will provide an investment return in excess of the index, net of expenses.

Asset Class	Benchmark Index
Public Equity	
U.S. Equity	Russell 3000 Index
Non-U.S. Equity	MSCI ACWI ex U.S. IMI Index ND Custom benchmark of the following indices: <ul style="list-style-type: none"> ■ 55% MSCI World Index ex U.S. Standard ■ 10% MSCI World Index ex U.S. Small Cap ■ 31% MSCI Emerging Markets Standard ■ 4% MSCI Emerging Markets Small Cap
Fixed Income	Custom benchmark based on the target weights of the underlying sub-asset class allocations
Core Fixed	Bloomberg U.S. Aggregate Index
Investment Grade Credit	Bloomberg U.S. Corporate Bond Index
Emerging Markets Debt	Custom benchmark of the following indices: <ul style="list-style-type: none"> ■ 50% JP Morgan Emerging Markets Bond Index Global ■ 50% JP Morgan Government Bond Index-Emerging Markets Global Diversified
Securitized Debt	Custom benchmark of the following indices: <ul style="list-style-type: none"> ■ 50% Bloomberg Non-Agency Investment Grade CMBS: BBB Total Return Index Unhedged USD ■ 50% Bloomberg Non-Agency CMBS Agg Eligible Total Return Index Value Unhedged USD
TIPS	Bloomberg U.S. TIPS Index
High Yield	Bloomberg U.S. Corporate High Yield Index
U.S. Treasury	Bloomberg U.S. Treasury 1-5 Year Index
Alternatives	
Private Equity	State Street Private Equity Index (“SSPEI”) ^{***}
Real Estate	Net NFI-ODCE plus 85 basis points ^{***}
REITs	FTSE NAREIT Equity REITs Total Return Index USD Dow Jones U.S. Select Real Estate Securities
Hedge Funds	Custom benchmark using the HFRI single strategy indices weighted by the target allocations listed in the AIP
Opportunistic Commodities	Market value weight of underlying portfolio benchmarks ^{**} Custom benchmark based on the target weights of the underlying sub-asset class allocations Market value weight of underlying benchmarks
Commodities-All	Bloomberg Commodity Index
Gold	Bloomberg Gold Subindex Total Return
Private Credit	S&P UBS Leveraged Loan Index ^{***}
Risk Mitigation Strategies	Custom benchmark based on the target weights of the underlying sub-asset class allocations ^{**}
Risk Parity	S&P Risk Parity Total Return Index 10% Vol Target (USD)

DB Fund

Custom Defined Benefit Benchmark*

*Policy weight (reset quarterly) of underlying asset/sub asset class benchmarks

** Please refer to Opportunistic and Risk Mitigation Strategies policies for the underlying benchmarks

*** 1Q lagged reporting**VIII. RISK MANAGEMENT**

The Board ensures adequate risk control through the following means:

A. Diversification

Investments shall be diversified to minimize the impact of the loss from individual investments. In addition to achieving diversification by asset class, careful attention shall be paid to diversification within each asset class and sub-allocation and across managers.

B. Liquidity

Liquidity is carefully managed through adherence to OPERS' Liquidity Policy.

C. Portfolio Guidelines

Public market separate account portfolios, excluding cash and custody accounts which are not enabled for trading, shall operate under written guidelines approved by both Staff and the Investment Advisors ("Advisors") that are designed to ensure the portfolio pursues its return objective within the acceptable risk parameters. Other portfolios shall operate pursuant to their governing documents.

D. Risk Parameters

Staff, in conjunction with Advisors, shall recommend active risk (risk of achieving performance different than the DB Fund benchmark) parameters for the DB Fund to the Board. The Board shall approve active risk parameters as part of OPERS Annual Investment Plan and approve Asset Class risk parameters in the Asset Class Policies. Risk management reports shall be provided periodically to the Board.

IX. ROLES AND RESPONSIBILITIES

The following section outlines the roles and responsibilities for each of the parties involved with executing this Policy. In addition to those activities that are described below, each person involved with this Policy is to act with the same care, skill, prudence, and due diligence under the circumstances then prevailing that experienced investment professionals acting in like capacity and fully familiar with such matters would use in like activities for like aims in accordance and compliance with all applicable laws, rules, and regulations.

The Board will determine the manner in which it fulfills its duties and how duties are delegated to other parties that are identified in this section.

A. OPERS Retirement Board

The Board's authority includes:

1. Asset Allocation

- a) Establishing and modifying the asset allocation Targets and Ranges for the DB Fund
- b) Approving Asset Class Policies
- c) Reviewing this Policy annually which would include making a determination whether or not the Fund is in transition, a period when the Fund is moving toward new target allocations

2. Asset Management

- a) Approving OPERS Annual Investment Plan to manage the investments
- b) Determining delegations of authority in connection with investment management
- c) Ensuring adequate supervision of investment managers
- d) Approving all other Investment related Policies

3. Risk Control and Administration

- a) Ensuring that appropriate Investment Policies are in place
- b) Ensuring that adequate risk controls are in place
- c) Ensuring compliance with all of its Policies and directives
- d) Ensuring that custody and other ancillary investment functions are performed as described in the Policy
- e) Reviewing risk reports and taking appropriate actions when necessary

4. Monitoring, Evaluation, and Approval

- a) Establishing performance benchmarks and expectations
- b) Monitoring the performance of investments
- c) Evaluating Staff's capability and performance
- d) Retaining Advisors, actuaries and other consultants, as appropriate
- e) Reviewing and approving this Policy, and any changes to it
- f) Reviewing reports related to this Policy

B. Investment Staff

Staff manages the investments and reports to the Board.

The Board expects Staff to take a leadership role in investment management. Recognizing that OPERS operates with a very high standard of care, the Board expects Staff to discharge its fiduciary responsibilities in managing OPERS' investments. Furthermore, the Board expects Staff to:

- Advise the Board when Staff believes action relative to Investment Policies or implementation is required of the Board.
- Review and approve portfolio guidelines and proposed changes to guidelines.
- Establish and conduct an appropriate process for monitoring OPERS' investments and implementing the Board's decisions.
- Assure that this Policy and all other investment-related Policies are reflected in investment manager agreements and/or guidelines, as appropriate.
- Establish, in advance, the interim target asset allocations for the subsequent quarter, which are to be used to calculate benchmark performance for the DB Fund during periods of transition resulting from a change in the Board-approved target asset allocations. Annually, Staff will discuss with the Board the Fund's transition status including forward plans.
- Inform the Board of any and all matters Staff believes to be sufficiently material to warrant the Board's attention.
- Operate at all times in the best and exclusive interest of OPERS and in compliance with all applicable laws and Investment Policies.

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. Regular monitoring reports are also submitted to the Board.

D. Custodian

Ohio's Treasurer of State ("Treasurer") acts as the custodian of OPERS as specified in Section 145.26 of the ORC. The Treasurer may employ sub-custodians to perform certain functions.

E. Investment Advisors

The Board may appoint Advisors unaffiliated with OPERS to assist with the investment program. These Advisors will be appointed by the Board and shall be responsible to the Board. Such Advisors shall perform functions established through contractual agreements that may include:

- Advising the Board in the management of OPERS' investments.
- Evaluating OPERS Annual Investment Plan and investment proposals that come before the Board.
- Reviewing and approving portfolio guidelines and proposed changes to guidelines, which include the benchmarks.
- Monitoring OPERS' investments, internal investment activities and external managers.
- Reporting independently to the Board on the performance of OPERS investments.
- Conducting periodic and special studies on behalf of the Board.
- Researching, identifying, and evaluating investment managers.
- Assisting and supporting Staff in various projects.

F. Actuary

The Board retains an actuary for the purpose of forecasting asset and liability growth and the many complex factors included in estimating future pension costs. These factors include, but are not limited to, interest rates, inflation, investment earnings, mortality rates and employee turnover. These actuarial assumptions are then used to forecast uncertain future events affecting OPERS. The actuary shall be held to the highest standards and shall provide periodic reports on the actuarial valuation of OPERS, and shall provide recommendations to the Board including, among other things, the estimated level of contributions necessary to fund benefits as specified in Section 145.22 of the ORC. The Board shall consider review of the asset liability study approximately every three to five years, or when material changes to the liabilities take place (e.g., plan design changes, material changes in underlying assumptions, etc.).

G. Investment Managers (Internal and External)

The primary responsibility of each investment manager is to invest assets in accordance with written guidelines which reflect this Policy and other investment-related Policies, as appropriate. Accordingly, investment managers are responsible for determining the best method for implementing investment strategy. The specific duties and responsibilities of each investment manager are as follows:

- Managing the assets of the DB Fund under their supervision in accordance with the guidelines and objectives contained within their guidelines
- Exercising full investment discretion in regards to buying, managing and selling assets within the guidelines to achieve the objectives
- Communicating with Staff and the Advisors, in writing, regarding all significant changes pertaining to the assets it manages or the firm itself in a timely manner

The Board expects the investment managers to use the same care, skill, prudence, and due diligence under the circumstances then prevailing that experienced investment professionals acting in like capacity and fully familiar with such matters would use in like activities for like aims in accordance and compliance with all applicable laws, rules, and regulations.

X. ANNUAL INVESTMENT PLAN

Staff shall present to the Board for its consideration a proposed OPERS Annual Investment Plan. The principal functions of the Annual Investment Plan are to:

- Describe key forward asset management characteristics for the DB Fund and the principal Asset Classes which include but are not necessarily limited to, Targets and Ranges, benchmarks, investment strategy, and strategies concerning utilization of active and index management.
- Specify expected excess (active management) return and risk, provisions for risk control and investment expense.
- Clarify delegations of authority by the Board to Staff for various aspects of investment management.
- Identify resource (staffing and budgetary) requirements.
- Describe key initiatives for the year.

The Annual Investment Plan is the principal, although not exclusive, vehicle by which Staff will describe planned asset allocation and investment strategies with related performance benchmarks as well as new strategies and a general framework to support the need for new or replacement portfolios, managers, or Advisors.

XI. MONITORING AND REPORTING

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

A. Quarterly

Performance report – Advisors and Staff

Report on risk – Staff

Review of asset allocation relative to Targets – Investment Compliance Staff

Report on compliance – Investment Compliance Staff

B. Annually

OPERS Annual Investment Plan – Staff

C. Periodically

Additional reports as needed



Ohio Public Employees Retirement System

**Investment Objectives and Asset Allocation Policy
Health Care 115 Trust Fund**

January 2026~~March 2025~~

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Revision History

Health Care Fund Policy Established	October 19, 2004
Health Care Fund Revised	May 18, 2005
Health Care Fund Revised	November 14, 2007
Health Care Fund Revised	November 18, 2009
Health Care Fund Revised	December 15, 2010
Health Care Fund Revised	January 18, 2012
Health Care Fund Revised	March 20, 2013
Health Care Fund Policy Revised	February 19, 2014
Health Care Fund Policy Revised	February 18, 2015
Health Care Fund Policy Revised	September 18, 2015

Health Care 115 Trust Fund Policy Established	September 15, 2015
Health Care Fund Policy Revised	January 20, 2016
Health Care 115 Policy Revised	January 20, 2016
Health Care 115 Policy Revised (combined with Health Care Fund Policy)	June 15, 2016
Health Care 115 Policy Revised	February 15, 2017
Health Care 115 Policy Revised	March 21, 2018
Health Care 115 Policy Revised	September 18, 2019
Health Care 115 Policy Revised	March 17, 2021
Health Care 115 Policy Revised	April 21, 2021
Health Care 115 Policy Revised	March 16, 2022
Health Care 115 Policy Revised	March 15, 2023
Health Care 115 Policy Revised	March 20, 2024
Health Care 115 Policy Revised	March 19, 2025
Health Care 115 Policy Revised	January 21, 2026

I. SCOPE

This Policy applies to the assets within the Ohio Public Employees Retirement System (“OPERS”) 115 Trust Agreement for Funding Employee Benefit Plans (“HC Fund”).

II. PURPOSE

This Policy provides the broad strategic investment framework for managing the HC Fund.

III. LEGAL AUTHORITY

Pursuant to its authority in Chapter 145 of the Ohio Revised Code to establish and fund health care coverage for OPERS retirees, the OPERS Retirement Board (“Board”) began pre-funding retiree health care coverage in an account under Internal Revenue Code (“IRC”) Sec 401(h). Through a series of changes to the health care plans offered by OPERS, the Board established a trust under IRC Sec. 115, which also holds health care assets. Together, the 401(h) Account and 115 Trust were used to accumulate contributions and fund OPERS’ health care plans during the years 2014, 2015, and 2016. During 2016, the Board obtained favorable guidance from the Internal Revenue Service on a method to close the 401(h) Account and consolidate all health care assets in the 115 Trust. The Board proceeded with this change. Going forward, the 115 Trust is the primary source of retiree health care funding for benefit recipients in the Traditional Pension and Combined Plans. The Internal Revenue Service also approved the closure and consolidation (into the 115 Trust) of the OPERS VEBA Trust, which funds the Retiree Medical Accounts for Member-Directed Plan participants. The Health Care Fund may be used only for providing health care coverage and it is held in trust by OPERS with the same duties and responsibilities as other funds.

The investment powers and fiduciary responsibilities of the Board are specified in Section 145.11 of the Ohio Revised Code. Section 145.11(A) states, in part:

The members of the public employees retirement board shall be the trustees of the funds created by section 145.23 of the Revised Code. The board shall have full power to invest the funds. The board and other fiduciaries shall discharge their duties with respect to the funds solely in the interest of the participants and beneficiaries; for the exclusive purpose of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering the public employees retirement system; with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims; and by diversifying the investments of the system so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

OPERS Investment Staff (“Staff”) and others, who are involved in the management of the HC Fund’s assets, are subject to the same fiduciary standards as the Board.

IV. INVESTMENT PHILOSOPHY

The Board believes OPERS' assets should be managed in a fashion that reflects OPERS' unique liabilities, funding resources and portfolio size, by incorporating accepted investment theory and reliable, empirical evidence and supports the following principles:

- Asset allocation is the key determinant of return and, therefore, commitments to asset allocation ranges will be maintained through a disciplined rebalancing program.
- Diversification, both by and within asset classes, is the primary risk control element.
- Active management, or the pursuit of returns in excess of benchmarks, entails the possibility of disappointing results over short periods of time. Therefore, assets will be invested with a long-term perspective.
- Passive investment vehicles consist of index funds and derivatives-based strategies that are suitable alternatives to actively managed portfolios, especially in highly efficient markets.

V. INVESTMENT OBJECTIVE

The investment objective of the HC Fund is to provide discretionary health care coverage for eligible benefit recipients over a solvency period as defined by the Board from time to time. Meeting this objective necessitates making active decisions about markets in a long-term framework which, by its nature, involves taking reasonable risks. OPERS also seeks to operate effectively and at an appropriate cost. The investment objective of the Fund is to earn a reasonable return and preserve capital.

VI. ASSET ALLOCATION

A. Purpose

The asset allocation establishes a framework for OPERS that has a high likelihood, in the judgment of the Board, of realizing OPERS' long-term investment objective, given the discretionary nature of the HC Fund, and the lower funded status vis a vis the Defined Benefit Fund.

B. Targets and Ranges

The Board sets Target allocations ("Targets") to various asset classes designed to meet OPERS' long-term investment objectives, and establishes a band of minimum and maximum allowable allocations, or Ranges ("Ranges"), surrounding each Asset Class Target. The purpose of Ranges is to appropriately and cost-effectively balance the Board's Investment Policy with the investment strategies pursued over shorter time periods. The table below sets forth Targets and Ranges for each Asset Class and sub-asset class.

Asset Class	Target Allocation	Range
Public Equity	45%	36 to 54%
U.S. Equity	22	+/- 5%
Non-U.S. Equity	23	+/- 5%
Fixed Income	37%	26 to 48%
Core Fixed	15	10 to 19
Investment Grade Credit	3.5	0 to 5
Emerging Markets Debt	1.5	0 to 5
Securitized Debt	4	0 to 6
TIPS	4	0 to 6
High Yield	7	0 to 10
U.S. Treasury	2	0 to 5
Alternatives	5%	3 to 8%
REITs	2	0 to 5
Hedge Funds	0	0 to 1
Opportunistic	0	0 to 2
Commodities	3	0 to 5
Commodities-All	2	0 to 5
Gold	1	0 to 5
Risk Mitigation Strategies	10%	0 to 15%
Long Duration U.S. Treasury	3.4	0 to 5
Trend Following	3.3	0 to 5
Alternative Risk Premia	3.3	0 to 5
Risk Parity	3%	0 to 5%
Operating Cash	0%	0 to 5%
Total	100%	

In setting Ranges, the following principles are applied:

- The equity sub-allocation has a symmetrical Range equivalent to 20% of its Target, rounded to a whole percentage point. Due to the floating nature of the Public Equity allocation, the Range for U.S. and Non-U.S. is +/- 5.0 percentage points as a proportion of the HC Fund.
- Each of the Fixed Income Asset Class and the Core Fixed sub-asset class has a symmetrical Range of 30% from its Target allocations, rounded to a whole percentage point. The Allocations to Investment Grade Credit, Emerging Markets Debt, Securitized Debt, TIPS, High Yield, and U.S. Treasury are given wider Ranges for greater flexibility and to accommodate wider market swings.

- The Alternatives Asset Class has a symmetrical Range of 50% from its Target allocation, rounded to a whole percentage point. The Ranges for the sub-allocations within Alternatives are given wider ranges to reflect the dominant influence of public market fluctuations on their proportion.
- The Ranges for the Risk Mitigation Strategies Asset Class allocations are given wider ranges to reflect the dominant influence of public market fluctuations on their proportion.
- For all asset/sub-asset classes with target allocations (less than 3%), are assigned with a range of 0% to 5% except for allocations in liquidation mode.

Exposures (measured in accordance with the Leverage Policy) from derivatives held in internal accounts used to manage sub-asset class and fund allocations or the securitization of cash are assigned to the respective sub-asset class for purposes of measuring the sub-asset class allocations stated herein. ~~Operating cash for such purposes as paying benefits or other day-to-day expenses is generally unsecuritized. Unsecuritized cash is limited to a Range of 0% to 5%.~~

To the extent the actual allocation to the Alternatives Asset Class differs from the Target percentage, that difference will be added to, if under, or subtracted from if over, the Target and Range for Public Equity.

C. Rebalancing

Staff will ensure conformance with the asset allocation set by the Board through monthly, or more frequent, review. In conducting rebalancing activities, the Board expects Staff to operate under the following principles:

- Staff must initiate rebalancing transactions to bring all percentages to values inside the Ranges or promptly seek Board approval to remain outside the Ranges.
- To implement the investment strategy, Staff will manage the asset allocation nearer to or away from the Targets, but within Policy Ranges. Quarterly performance reports to the Board will also reflect actual allocations and variances from Targets.
- The spirit of this Policy is to implement the investment strategy within the Targets and asset allocation Ranges at a reasonable cost, recognizing that overly precise management of asset exposure can result in transaction costs that are not economically justified.

D. Periodic Review

The Board establishes the asset allocation Targets and Ranges and reviews them annually. Every three to five years or when material changes to the liabilities take place (e.g., plan design changes, material changes in underlying assumptions, etc.), the Board will undertake a comprehensive asset allocation review designed to assess the continuing appropriateness of this Policy. Such review will consider an asset-liability study of future benefits, funding requirements, the appropriateness of the actuarial interest rate assumption and the prospective funded status of future benefits. It may also include a study of portfolio design for optimal diversification and comparisons with peer practices.

VII. PERFORMANCE OBJECTIVES

A. HC Fund

The performance objective for the HC Fund is to exceed the return of its Policy benchmark, net of investment expenses. The Policy benchmark combines designated market indices for Asset Classes, weighted by asset allocation Targets. The table on the next page contains the benchmark indices for the respective Asset Classes.

Expectations for outperformance are a function of the projected excess returns for each Asset Class and are aggregated at the Fund level. Actual HC Fund performance is compared to the Policy benchmark return with projected excess returns.

In addition, HC Fund risk-adjusted performance relative to the Policy benchmark return is expected to be competitive with peer funds with similar allocations.

During periods of transition resulting from a change in the Board-approved Targets, the interim target asset allocation and associated benchmarks used to calculate benchmark performance for the HC Fund will be established on a quarterly basis in advance of the subsequent quarter. That target mix will be based on allocations made by Staff and reported to the Board through quarterly performance reports.

B. Asset Classes

Each Asset Class shall be measured relative to its designated benchmark index. It is expected that the active management of individual Asset Classes will provide an investment return in excess of the index, net of expenses.

Asset Class	Benchmark Index
Public Equity	
U.S. Equity	Russell 3000 Index
Non-U.S. Equity	MSCI ACWI ex U.S. IMI Index ND Custom benchmark of the following indices: <ul style="list-style-type: none"> ■ 55% MSCI World Index ex U.S. Standard ■ 10% MSCI World Index ex U.S. Small Cap ■ 31% MSCI Emerging Markets Standard ■ 4% MSCI Emerging Markets Small Cap
Fixed Income	Custom benchmark based on the target weights of the underlying sub-asset class allocations
Core Fixed	Bloomberg U.S. Aggregate Index
Investment Grade Credit	Bloomberg U.S. Corporate Bond Index
Emerging Markets Debt	Custom benchmark of the following indices: <ul style="list-style-type: none"> ■ 50% JP Morgan Emerging Markets Bond Index Global ■ 50% JP Morgan Government Bond Index-Emerging Markets Global Diversified
Securitized Debt	Custom benchmark of the following indices: <ul style="list-style-type: none"> ■ 50% Bloomberg Non-Agency Investment Grade CMBS: BBB Total Return Index Unhedged USD ■ 50% Bloomberg Non-Agency CMBS Agg Eligible Total Return Index Value Unhedged USD
TIPS	Bloomberg U.S. TIPS Index
High Yield	Bloomberg U.S. Corporate High Yield Index
U.S. Treasury	Bloomberg U.S. Treasury 1-5 Year Index
Alternatives	
REITs	FTSE NAREIT Equity REITs Total Return Index USD Dow Jones U.S. Select Real Estate Securities Index Total Return
Hedge Funds	Custom benchmark using the HFRI single strategy indices weighted by the target allocations listed in the AIP
Opportunistic	Market value weight of underlying portfolio benchmarks**
Commodities	Custom benchmark based on the target weights of the underlying sub-asset class allocations Market value weight of underlying benchmarks
Commodities-All	Bloomberg Commodity Index
Gold	Bloomberg Gold Subindex Total Return
Risk Mitigation Strategies	Custom benchmark based on the target weights of the underlying sub-asset class allocations**
Risk Parity	S&P Risk Parity Total Return Index 10% Vol Target (USD)
HC Fund	Custom Health Care 115 Benchmark*

*Policy weight (reset quarterly) of underlying asset/sub asset class benchmarks

VIII. RISK MANAGEMENT

The Board ensures adequate risk control through the following means:

A. Diversification

Investments shall be diversified to minimize the impact of the loss from individual investments. In addition to achieving diversification by asset class, careful attention shall be paid to diversification within each asset class and sub-allocation and across managers.

B. Liquidity

Liquidity is carefully managed through adherence to OPERS' Liquidity Policy.

C. Portfolio Guidelines

Public market separate account portfolios, excluding cash and custody accounts which are not enabled for trading, shall operate under written guidelines approved by both Staff and the Investment Advisors ("Advisors") that are designed to ensure the portfolio pursues its return objective within the acceptable risk parameters. Other portfolios shall operate pursuant to their governing documents.

D. Risk Parameters

Staff in conjunction with Advisors shall recommend active risk (risk of achieving performance different than the HC Fund benchmark) parameters for the HC Fund to the board. The Board shall approve active risk parameters as part of OPERS Annual Investment Plan and approve Asset Class risk parameters in the Asset Class Policies. Risk management reports shall be provided periodically to the Board.

IX. ROLES AND RESPONSIBILITIES

The following section outlines the roles and responsibilities for each of the parties involved with executing this Policy. In addition to those activities that are described below, each person involved with this Policy is to act with the same care, skill, prudence, and due diligence under the circumstances then prevailing that experienced investment professionals acting in like capacity and fully familiar with such matters would use in like activities for like aims in accordance and compliance with all applicable laws, rules, and regulations.

The Board will determine the manner in which it fulfills its duties and how duties are delegated to other parties that are identified in this section.

A. OPERS Retirement Board

The Board's authority includes:

1. Asset Allocation

- a) Establishing and modifying the asset allocation Targets and Ranges for the HC Fund
- b) Approving Asset Class Policies
- c) Reviewing this Policy annually which would include making a determination whether or not the Fund is in transition, a period when the Fund is moving toward new target allocations

2. Asset Management

- a) Approving OPERS Annual Investment Plan to manage the investments
- b) Determining delegations of authority in connection with investment management
- c) Ensuring adequate supervision of investment managers
- d) Approving all other Investment-related Policies

3. Risk Control and Administration

- a) Ensuring that appropriate investment Policies are in place
- b) Ensuring that adequate risk controls are in place
- c) Ensuring compliance with all of its Policies and directives
- d) Ensuring that custody and other ancillary investment functions are performed as described in the Policy
- e) Reviewing risk reports and taking appropriate actions when necessary

4. Monitoring, Evaluation, and Approval

- a) Establishing performance benchmarks and expectations
- b) Monitoring the performance of investments
- c) Evaluating Staff's capability and performance
- d) Retaining Advisors, actuaries and other consultants, as appropriate
- e) Reviewing and approving this Policy, and any changes to it
- f) Reviewing reports related to this Policy

B. Investment Staff

Staff manages the investments and reports to the Board.

The Board expects Staff to take a leadership role in investment management. Recognizing that OPERS operates with a very high standard of care, the Board expects Staff to discharge its fiduciary responsibilities in managing OPERS' investments. Furthermore, the Board expects Staff to:

- Advise the Board when Staff believes action relative to Investment Policies or implementation is required of the Board.
- Review and approve portfolio guidelines and proposed changes to guidelines.
- Establish and conduct an appropriate process for monitoring OPERS' investments and implementing the Board's decisions.
- Assure that this Policy and all other investment-related Policies are reflected in investment manager agreements and/or guidelines, as appropriate.
- Establish, in advance, the interim target asset allocations for the subsequent quarter, which are to be used to calculate benchmark performance for the HC Fund during periods of transition resulting from a change in the Board-approved target asset allocations. Annually, Staff will discuss with the Board the Fund's transition status including forward plans.
- Inform the Board of any and all matters Staff believes to be sufficiently material to warrant the Board's attention.
- Operate at all times in the best and exclusive interest of OPERS and in compliance with all applicable laws and Investment Policies.

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. Regular monitoring reports are also submitted to the Board.

D. Custodian

Ohio's Treasurer of the State ("Treasurer") acts as custodian of OPERS as specified in Section 145.26 of the ORC. The Treasurer may employ sub-custodians to perform certain functions.

E. Investment Advisors

The Board may appoint Advisors unaffiliated with OPERS to assist with the investment program. These Advisors will be appointed by the Board and shall be responsible to the Board. Such Advisors shall perform functions established through contractual agreements that may include:

- Advising the Board in the management of OPERS' investments
- Evaluating OPERS Annual Investment Plan and investment proposals that come before the Board
- Reviewing and approving portfolio guidelines and proposed changes to guidelines, which includes the benchmarks
- Monitoring OPERS' investments, internal investment activities, and external managers
- Reporting independently to the Board on the performance of OPERS investments
- Conducting periodic and special studies on behalf of the Board
- Researching, identifying, and evaluating investment managers
- Assisting and supporting Staff in various projects

F. Actuary

The Board retains an actuary for the purpose of forecasting asset and liability growth and the many complex factors included in estimating future health care costs and the solvency period of the HC Fund. These factors include, but are not limited to, interest rates, inflation, investment earnings, mortality rates, health care costs and employee turnover. These actuarial assumptions are then used to prepare a Health Care Projection Report. The actuary shall be held to the highest standards and shall provide periodic reports on the Fund and shall provide recommendations to the Board including, among other things, the estimated level of contributions necessary to maintain a target solvency period as determined by the Board. The Board shall consider review of the asset liability study approximately every three to five years or when material changes to the liabilities take place (e.g., plan design changes, material changes in underlying assumptions, etc.).

G. Investment Managers (Internal and External)

The primary responsibility of each investment manager is to invest assets in accordance with written guidelines which reflect this Policy and other investment-related Policies, as appropriate. Accordingly, investment managers are responsible for determining best method for implementing investment strategy. The specific duties and responsibilities of each investment manager are as follows:

- Managing the assets of the HC Fund under their supervision in accordance with the guidelines and objectives contained within their guidelines
- Exercising full investment discretion in regards to buying, managing and selling assets within the guidelines to achieve the objectives

- Communicating with Staff and the Advisors, in writing, regarding all significant changes pertaining to the assets it manages or the firm itself in a timely manner

The Board expects the investment managers to use the same care, skill, prudence, and due diligence under the circumstances then prevailing that experienced investment professionals acting in like capacity and fully familiar with such matters would use in like activities for like aims in accordance and compliance with all applicable laws, rules, and regulations.

X. ANNUAL INVESTMENT PLAN

Staff shall present to the Board for its consideration a proposed OPERS Annual Investment Plan. The principal functions of the Annual Investment Plan are to:

- Describe key forward asset management characteristics for the HC Fund and the principal Asset Classes which include, but are not necessarily limited to, Targets and Ranges, benchmarks, investment strategy, and strategies concerning utilization of active and index management.
- Specify expected excess (active management) return and risk, provisions for risk control and investment expense.
- Clarify delegations of authority by the Board to Staff for various aspects of investment management.
- Identify resource (staffing and budgetary) requirements.
- Describe key initiatives for the year.

The Annual Investment Plan is the principal, although not exclusive, vehicle by which Staff will describe planned asset allocation and investment strategies with related performance benchmarks as well as new strategies and a general framework to support the need for new or replacement portfolios, managers, or Advisors.

XI. MONITORING AND REPORTING

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

A. Quarterly

Performance report – Advisors and Staff

Report on risk – Staff

Review of asset allocation relative to Targets – Staff

Report on compliance – Investment Compliance Staff

B. Annually

OPERS Annual Investment Plan – Staff

C. Periodically

Additional reports as needed



Ohio Public Employees Retirement System

**Investment Objectives and Asset Allocation Policy
Defined Contribution Fund**

January 2026~~March 2025~~

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Revision History

Defined Contribution Fund Policy Established	December 11, 2001
Policy revised	November 19, 2002
Policy revised	April 14 and June 17, 2003
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Policy revised	March 21, 2012
Policy revised	March 20, 2013
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Policy revised	February 18, 2015
Policy revised	January 20, 2016
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Policy Revised	March 21, 2018
Policy Revised	September 18, 2019
Policy Revised	October 21, 2020
Policy Revised	March 17, 2021
Policy Revised	February 16, 2022
Policy Revised	March 15, 2023

Policy Revised
Policy Revised
Policy Revised

March 20, 2024
March 19, 2025
January 21, 2026

I. SCOPE

This Investment Objectives and Asset Allocation Policy (“Policy”) applies to assets within the Ohio Public Employees Retirement System (“OPERS”) Defined Contribution Plan and the defined contribution portion of OPERS Combined Defined Benefit/Defined Contribution Plan (together referred to as the “DC Plans”).

These assets are held in trust and are referred to herein as the Defined Contribution Fund and the Combined Defined Benefit/Defined Contribution Fund (together, the “DC Funds”).

II. PURPOSE

This Policy provides the broad strategic investment framework for managing the DC Funds and is intended to be read in conjunction with documents that govern the DC Plans. If any term or provision of this Policy conflicts with any term or provision of the DC Plans’ governing documents, such governing documents shall control.

This Policy does not cover duties or responsibilities with respect to adoption or revision of the DC Plans, their administration, operation or compliance with tax laws.

III. LEGAL AUTHORITY

Section 145.80 of the Ohio Revised Code (“ORC”) directs OPERS Retirement Board (“Board”) to adopt rules to implement the DC Plans.

Among its other provisions, ORC Section 145.11(A) states in part:

The members of the public employees retirement board shall be the trustees of the funds created by section 145.23 of the Revised Code. The board shall have full power to invest the funds. The board and other fiduciaries shall discharge their duties with respect to the funds solely in the interest of the participants and beneficiaries; for the exclusive purpose of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering the public employees retirement system; with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims; and by diversifying the investments of the system so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

OPERS Investment Staff (“Staff”) and others, who are involved in the management of the DC Fund’s assets, are subject to the same fiduciary standards as the Board.

ORC Section 145.811 mandates that the DC Plans must meet requirements of Section 401(a) of the Internal Revenue Code (“IRC”) applicable to governmental plans and qualify as governmental plans pursuant to IRC Section 414(d). IRC Section 401(a) requires that assets of the DC Plans be held in trust for the exclusive benefit of Plan participants and their beneficiaries (together referred to as “Members”).

IV. POLICY OBJECTIVES

Members each have their own unique individual investment objectives, risk tolerances and time horizons. The objectives of this Policy are to provide Members with an array of investment choices across a range of asset classes, risk levels and investment strategies, at reasonable cost, which taken together enable a Member to achieve, by selecting from among the available choices, a portfolio with aggregate risk and return characteristics at any point within the range normally appropriate for the Member.

The DC Plans are individual account plans and Members who participate in them are responsible for directing investment of the assets in their accounts utilizing the Investment Options (“Options”) available under the Plans and this Policy.

V. INVESTMENT OPTIONS

This Policy establishes three different Options that Members can use to address their investment needs: Standalone Funds (“Standalone Funds”), Target Date Funds (“TDFs”) and a Self-Directed Brokerage Account (“SDBA”).

Members may invest their assets using any one, two, or all three of these Options. Members are solely responsible for deciding which Option or Options they elect and are also solely responsible for the consequences of the Option or Options they select.

A. Manager Selection

OPERS offers passively managed and actively managed strategies utilizing external, professional Asset Managers (“Managers”), selected by Staff, based on their proven record of managing such funds and the competitiveness of the fees they charge.

All Managers exercising investment discretion must be (i) registered with the United States Securities and Exchange Commission or with a similar regulator if they are domiciled outside the United States or (ii) a bank regulated by a United States regulatory body.

Managers must agree to comply with all provisions of OPERS' External Investment Managers Insurance Policy and with the Best Execution provisions of its Soft Dollar Policy.

Managers must also agree to comply with any other provisions Staff, including OPERS Legal Services Division, believe to be appropriate in order to carry out the terms and intent of this Policy.

B. Standalone Funds and TDFs

The Standalone Funds provide Members with asset class specific investments. Passively managed options are index managed meaning they seek to mirror investment results of broadly-based and publicly-quoted market indices. They are not intended, and do not attempt, to outperform such indices. Actively managed funds seek to outperform the index they are measured against. The asset class benchmarks used for Standalone Funds are listed below:

Asset Class	Benchmark Index
U.S. Equity All Cap	Russell 3000 Index
U.S. Equity Large Cap	Russell 1000 Index
U.S. Equity Small Cap	Russell 2000 Index
U.S. Equity Small-Mid Cap	Russell 2500 Index
International Equity	MSCI ACWI Net Dividend Return ex U.S.
Core Fixed Income	Bloomberg U.S. Aggregate
Stable Value	ICE BofA US 3M Trsy Bill TR USD
Target Date Funds	Market value weight of underlying asset class benchmarks

Unlike the Standalone Funds, TDFs are intended for Members who do not wish to make their own asset allocation decisions. TDFs are offered in five-year increments and each target date is the year in which a TDF will reach Retirement status ("Retirement").

A TDF with a Retirement date in the distant future will allocate more of its investments to equities and other higher risk/higher reward asset classes to enhance the opportunity to accumulate capital. As TDFs move toward their target Retirement dates, they reduce their allocation to such assets to better preserve accumulated capital. These transitions, called glide paths, are accomplished by assigning each TDF an asset class investment Target allocation ("Target") and an asset class Range ("Range") surrounding such Targets.

C. Self-Directed Brokerage Account

Members who desire additional investment alternatives and are willing to accept all risks and costs related to such alternatives can make their own investment decisions through a SDBA. Members must have a minimum Plan balance of \$5,000 in order to be eligible to elect this Option and, when they do, may invest no more than 90% of the amount of such balance at the time of their election.

To provide Members with this Option, OPERS contracts with a service provider based on its assessment of such vendor's ability to provide quality brokerage and related services at a reasonable cost to participating Members. The services provider will make available to Members thousands of investment options (mutual funds and long-only, unlevered, diversified Exchange Traded Funds ("ETFs") only) that encompass a broad range of types of assets and portfolio management styles, including both index and active portfolio management. The service provider, alone, is responsible for determining which mutual funds and ETFs to offer in an SDBA.

Members are solely responsible for determining which mutual fund(s) or ETFs to purchase, hold, or sell in their SDBA, and for the risks incurred by doing so. By investing in the shares of such fund or funds, Members agree to be subject to fees and other expenses charged to their shares by their investments and to any restrictions on trading or withdrawals that those investments may impose.

D. Default Option

If a Member fails to select one of the above-described Options, their contributions will be invested in the TDF that will reach Retirement status closest to the date on which the Member would attain the age of 65.

E. Change of Investment Options

Members may change their Investment Options at any time.

The Board may at any time and from time-to-time change, add to or reduce the number of asset classes in which Options are offered. The Board delegates to Staff the ability to add or reduce the Options available within those asset classes. If the Board decides to eliminate an Option or an asset class, OPERS shall notify Members affected by its decision.

The SDBA service provider may at any time and from time- to- time change, add to or reduce the number of mutual funds or ETFs it offers in the SDBA.

VI. PERFORMANCE OBJECTIVES

A. Standalone Funds and TDFs

The performance objectives for the passively managed Standalone Funds are to match as closely as possible the return of their respective benchmarks, gross of external investment managers' fees. The performance objectives for the actively managed Standalone Funds is to outperform their respective benchmark net of management fees.

The objective of each TDF is to match as closely as possible its customized benchmark, which is comprised of the market indices for its component Funds weighted in accordance with the TDF's Target allocations, as calculated by the manager of the TDF. Deviations from TDFs' benchmarks are expected to arise principally due to payment of fees and costs associated with asset class rebalancing.

B. OPERS Self-Directed Brokerage Account

There is no performance objective for the SDBA because each participating Member selects the investments they wish to buy, hold, or sell.

VII. ROLES AND RESPONSIBILITIES

A. OPERS Members

Members are responsible for determining in which OPERS retirement plan they will participate. Members who elect the DC Plan are responsible for selecting their own Investment Option or Options, monitoring their asset allocation strategy and making adjustments as appropriate for their personal situations. Members are also responsible for availing themselves of investment educational resources made available to them by OPERS.

OPERS DC Plans are self-directed plans and Members' investments in them are not insured. There can be no assurance that any certain value anticipated at a future date, such as retirement, will be realized. Members' accounts are subject to investment risks such as the variability of investment returns and the potential for losses due to investment selection, market or economic conditions. Since each Member's risk tolerance is different, each Member is ultimately responsible for the investment results of their account.

B. 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.

The Board has the authority to determine the manner in which it discharges its responsibilities and how it delegates duties to others, all of whom must act in accordance with the fiduciary standards of ORC Section 145.11.

The Board oversees the Standalone Funds and TDFs and, assisted by Staff and the Board's Advisor, reviews the performance of the Funds and TDFs relative to their benchmarks.

The Board is responsible for:

- Setting all investment policies, including this Policy, and reviewing them annually;
- Approving the types of Investment Options to be made available;
- Establishing and modifying benchmarks for Standalone Funds;
- Reviewing the performance of investment Managers, service providers, OPERS Chief Investment Officer ("CIO") and Staff;
- Ensuring compliance with this Policy;
- Retaining Advisors to assist it, as appropriate; and
- Reviewing and approving the Annual DC Funds Report ("Report").
- Reviewing and recommending any changes to this Policy
- Reviewing reports related to this Policy

C. Chief Investment Officer

The CIO is responsible for implementing this Policy and for all investment activities that affect DC Funds' investments including compliance with this Policy. The CIO delegates to Staff the selection and oversight of the external managers who run the Standalone Funds, TDFs and SDBA.

To help assure effective control over DC Fund investment activities, the CIO appoints the DC Funds Staff Investment Committee ("DCFSIC"), which reports to the CIO. The DCFSIC meets no less frequently than quarterly and keeps minutes of its meetings.

D. 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.

E. Custodian

The custodian is responsible for physical custody and safekeeping of investment assets. ORC Section 145.26 appoints Ohio's Treasurer of State custodian of OPERS' assets including assets of the DC Funds. The Treasurer may employ sub-custodians to perform certain functions including some that may affect the DC Funds.

F. Investment Advisor

The Board may appoint an Advisor who is not affiliated with OPERS to assist it with its responsibilities for the DC Plans and DC Funds. Such Advisor may assist Staff in discharging its responsibilities but shall be solely responsible to the Board and report directly to it, independent of Staff.

Such Advisor shall perform functions established through contractual agreements that includes:

- Educating both Board and Staff about DC trends and best practices;
- Advising the Board on DC Fund investment matters;
- Evaluating Staff's Annual Report;
- Reviewing and commenting on Managers' governing documents and any proposed changes thereto after they are reviewed and approved by the DCFSIC;
- Monitoring DC Fund investments and Managers;
- Conducting periodic and special studies on behalf of the Board; or

G. Investment Managers

Each external Manager of Standalone Funds and TDFs is responsible for investing such assets in accordance with their investment manager agreement with OPERS and/or any other governing documents, to achieve their assigned investment objectives.

Managers exercise complete investment discretion in regard to buying, holding, managing and selling assets held in their respective portfolios subject only to any restrictions in their investment manager agreement or other governing documents.

Managers are also responsible for voting proxies on securities held in their portfolios of Standalone Funds and TDF assets, to the extent such voting rights are not specifically reserved by OPERS. They shall do so solely in the best interests of Members. In the event OPERS reserves the rights to vote such proxies, it shall do so in accordance with the terms of the OPERS Corporate Governance Policy and Proxy Voting Guidelines.

VIII. ANNUAL DC FUNDS REPORT

Each year, Staff and the Board's Advisor shall present to the Board a Report in which they:

- Review the DC Plans' Investment Options;
- Propose any changes in OPERS Funds and TDFs, including portfolio benchmarks;
- Analyze investment management expenses of the DC Funds;
- Describe results of any key initiatives for the past year; and
- Explain any key initiatives proposed for the ensuing year.

IX. MONITORING AND REPORTING

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

- Quarterly performance report – Advisor or Staff
- Quarterly report on compliance – Investment Compliance Staff
- Annual Report – Advisor and Staff



Ohio Public Employees Retirement System

Public Equity Policy
January 2026 ~~March 2025~~

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Revision History

Public Equity Policy Established	December 16, 2009
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Policy Revised	December 14, 2011
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Policy Revised	March 21, 2018
Policy Revised	September 18, 2019
Policy Revised	March 17, 2021
Policy Revised	March 16, 2022
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Policy Revised	March 19, 2025
Policy Revised	January 21, 2026

U.S. Equity Policy Established
Policy Revised
Policy Revised
Policy Revised
Policy Revised

Revision History

September 18, 2002
June 17, 2003
September 9, 2004
June 14, 2005
March 20, 2007

Non-U.S. Equity Policy Established
Policy Revised
Policy Revised
Policy Revised
Policy Revised

Revision History

September 18, 2002
June 17, 2003
August 17, 2004
June 14, 2005
July 15, 2008

I. SCOPE

This Policy applies to investments in the Public Equity Asset Class of the Ohio Public Employees Retirement System (“OPERS”) Defined Benefit (“DB Fund”) and Health Care 115 Trust Funds (“HC Fund”).

II. PURPOSE

This Policy provides the broad strategic investment framework for managing investments in the Public Equity Asset Class.

III. INVESTMENT PHILOSOPHY

OPERS seeks to diversify assets by obtaining broad exposure to global publicly traded equity markets. This requires investment in multiple capitalization segments, across global markets incorporating various investment styles. Considering that security, sector and market return opportunities occur, the Public Equity Asset Class is structured to include managers that seek to exploit those opportunities with the expectation that the overall Asset Class produce risk-adjusted returns in excess of the benchmark, net of fees.

IV. ALLOCATION

The target allocations and ranges for the Public Equity Asset Class and its sub-asset classes are specified in the Investment Objectives and Asset Allocation Policy for the DB and HC 115 Trust Funds (“DB and HC Policies”).

The public market equity exposure is obtained through two distinct market weight allocations to U.S. equity and Non-U.S. equity investments. The exposure to both markets is managed through allocations to index and active styles. Index management is a style of portfolio management that involves constructing a broad-based portfolio designed largely to match the performance and risk of its benchmark. Active management is a style of portfolio management that seeks to maximize excess return by constructing portfolios with compositions that deviate materially from that of their benchmark.

Investment Staff’s (“Staff”) decision to allocate across index and active styles is designed, in aggregate, to outperform the respective U.S. Equity and Non-U.S. Equity benchmarks while operating within risk parameters outlined in Section VIII Risk Management, of this Policy.

V. PERMISSIBLE INSTRUMENTS

Public Equity assets may be invested in any and all types of instruments intended to obtain and manage equity-like returns. Instruments used may be exchange-traded or non-exchange-traded and may be physical securities or derivatives. Additional security type constraints may be applied in investment manager portfolio guidelines.

VI. THIRD-PARTY MARKETING

OPERS expects its general partners and investment managers to behave legally and ethically. OPERS requires that third-party marketers used by general partners or investment managers be regulated by appropriate legal authorities and subject to disciplinary actions by them. OPERS will confirm in its side letter, investment management agreement or other contractual arrangement, that a manager being engaged by OPERS has a requirement to provide the details of marketing arrangements, political contributions, or similar payments involving individuals, placement agents, third-party marketers and the like with respect to OPERS investments with the manager.

VII. PERFORMANCE OBJECTIVES

The performance benchmarks for the U.S. Equity and Non-U.S. Equity sub-asset classes are shown in the table in Section VIII. The underlying managers within each sub-asset class may be assigned benchmarks that are different from the overall asset class benchmarks. The Annual Investment Plan, which is approved by the OPERS Retirement Board, shall include the expected outperformance for each sub-asset class.

VIII. RISK MANAGEMENT

The primary approach to managing risk is to monitor principal quantitative and qualitative risk factors relative to benchmarks while continuing to pursue active returns.

The following sub-sections identify the key elements of risk management at the U.S. Equity and Non-U.S. Equity sub-asset class levels.

A. Active Risk

Active Risk or tracking error is a statistical measure of the potential variability of a portfolio's return relative to that of the assigned benchmark. The expected U.S. Equity and Non-U.S. Equity tracking error ranges for the DB and HC Funds are shown in the following table.

Sub-Asset Class	Benchmark	Tracking Error Range
U.S. Equity	Russell 3000 Index	0 to 200 400 basis points
Non-U.S. Equity	MSCI ACWI ex U.S. IMI Index NDCustom benchmark of the following indices: 55% MSCI World ex U.S. Standard 10% MSCI World ex U.S. Small Cap 31% MSCI Emerging Markets Standard 4% MSCI Emerging Markets Small Cap	0 to 300 basis points

B. Liquidity Risk

Investment structure impacts liquidity. Therefore, consideration is given to separate accounts over commingled accounts as well as with internally managed accounts given their greater control and transparency.

C. Single Security Risk

Imposing a tracking error discipline limits investment in any single company to a percentage of the manager's total market value. Use of broadly-based sub-asset class benchmarks also encourages security diversification.

D. Country Risk

These sub-asset classes are expected to be broadly diversified and have deviations from the benchmark country allocations. Country exposures within the Non-U.S. Equity sub-asset class will be monitored by Staff to identify the scale of under- and over-allocations and for performance attribution analysis. The tracking error constraints in conjunction with the use of broad-based sub-asset class benchmarks will have the effect of limiting country concentration.

E. Sector Risk

The U.S. Equity and Non-U.S. Equity sub-asset classes are expected to be broadly diversified and may have deviations from the benchmark sector weightings. Sector exposures will be monitored by Staff to identify the under/over-allocations and for performance attribution analysis. The tracking error constraints or index investment mandates and the use of broad-based sub-asset class benchmarks will have the effect of limiting sector concentration.

F. Currency Risk

The Non-U.S. Equity sub-asset class is not hedged to control the currency risks and opportunities associated with international investing. However, currency management, including currency derivatives and cross-hedging, may be used to manage OPERS' exposure to currency risk. OPERS may employ currency strategies that include the use of currency derivatives.

G. Manager Risk

The allocation to a single active external manager in the U.S. Equity or Non-U.S. Equity sub-asset class is limited to ~~20%~~15% of the respective sub-asset class.

H. Derivatives Risk

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

I. Leverage Risk

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

IX. ROLES AND RESPONSIBILITIES

A. OPERS Retirement Board

The OPERS 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. Staff is responsible for monitoring the Policy and recommending changes to the Board. Staff is also responsible for managing Public Equity sub-asset classes within the framework of the Board approved Policies and within the goals and objectives adopted by the Board in the Annual Investment Plan.

Staff shall ensure that all investment manager guidelines for external and internal portfolios are set in accordance with OPERS' Policies.

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 (except for tracking error measurements), 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 role of the Investment Advisor is specified in the Investment Objective and Asset Allocation Policies.

X. 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



Ohio Public Employees Retirement System

REITs Policy

January 2026 ~~March 2025~~

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Revision History

REITs Policy Established	March 15, 2023
Policy Revised	March 20, 2024
Policy Revised	March 19, 2025
<u>Policy Revised</u>	<u>January 21, 2026</u>

I. SCOPE

This Policy applies to investments in the public Real Estate Investment Trusts (“REITs”) sub-asset class of the Ohio Public Employees Retirement System (“OPERS”) Defined Benefit (“DB Fund”) and Health Care 115 Trust Funds (“HC Fund”).

II. PURPOSE

This Policy provides the broad strategic investment framework for managing investments in the REITs sub-asset Class.

III. INVESTMENT PHILOSOPHY

OPERS seeks to diversify assets by obtaining broad exposure to publicly traded REITs. Strategies used in this sub-asset class may include index-oriented or actively managed strategies with the expectation that the overall sub-asset class produce risk-adjusted returns similar to that of the benchmark, net of fees.

IV. ALLOCATION

The target allocations and ranges for the REITs sub-asset class are specified in the Investment Objectives and Asset Allocation Policy for the DB and HC 115 Trust Funds (“DB and HC Policies”).

V. PERMISSIBLE INSTRUMENTS

REITs assets may be invested in any and all types of instruments intended to obtain and manage REITs like returns. Instruments used may be exchange-traded or non-exchange-traded and may be physical securities or derivatives. Additional security type constraints may be applied in investment manager portfolio guidelines.

VI. THIRD-PARTY MARKETING

OPERS expects its general partners and investment managers to behave legally and ethically. OPERS requires that third-party marketers used by general partners or investment managers be regulated by appropriate legal authorities and subject to disciplinary actions by them. OPERS will confirm in its side letter, investment management agreement or other contractual arrangement, that a manager being engaged by OPERS has a requirement to provide the details of marketing arrangements, political contributions, or similar payments involving individuals, placement agents, third-party marketers and the like with respect to OPERS investments with the manager.

VII. PERFORMANCE OBJECTIVES

The performance benchmark for the REITs sub-asset class is the [FTSE NAREIT Equity REITs Total Return Index DJ-RESI](#). The Annual Investment Plan, which is approved by the OPERS Retirement Board, shall include the performance expectations for this sub-asset.

VIII. RISK MANAGEMENT

The primary approach to managing risk is to monitor principal quantitative and qualitative risk factors relative to benchmarks while continuing to pursue active returns.

The following sub-sections identify the key elements of risk management at the REITs sub-asset class levels.

A. Active Risk

The OPERS Annual Investment Plan may define tracking error ranges for specific portfolios provided the overall REITs sub-asset class tracking error does not exceed 250 basis points. The allowable allocation range for each portfolio type and the investment guidelines defined for each portfolio are designed to assist in risk management.

B. Liquidity Risk

It is the objective of the REITs portfolio to be fully invested in REITs securities. A small allocation to cash or cash equivalents is normal.

C. Sector Risk

The REITs sub-asset class is expected to be broadly diversified and may have deviations from the benchmark sector weightings. Sector exposures will be monitored by Staff to identify the under/over-allocations and for performance attribution analysis. The tracking error constraints or index investment mandates and the use of broad-based sub-asset class benchmarks will have the effect of limiting sector concentration.

D. Single Security Risk

Imposing a tracking error discipline limits investment in any single company to a percentage of the manager's total market value. Use of broadly-based sub-asset class benchmarks also encourages security diversification.

E. Manager Risk

The allocation to a single active external manager in the REITs sub-asset class is limited to 30% of the respective sub-asset class.

F. Derivatives Risk

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

G. Leverage Risk

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

IX. ROLES AND RESPONSIBILITIES

A. OPERS Retirement Board

The OPERS 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. Staff is responsible for monitoring the Policy and recommending changes to the Board. Staff is also responsible for managing the REITs sub-asset class within the framework of the Board approved Policies and within the goals and objectives adopted by the Board in the Annual Investment Plan.

Staff shall ensure that all investment manager guidelines for external and internal portfolios are set in accordance with OPERS' Policies.

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 (except for tracking error measurements), 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 role of the Investment Advisor is specified in the Investment Objective and Asset Allocation Policies.

X. 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



Ohio Public Employees Retirement System

Risk Parity Policy

January 2026~~March 2025~~

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Revision History

Risk Parity Policy Established	February 20, 2013
Policy Revised	February 19, 2014
Policy Revised	February 18, 2015
Policy Revised	January 20, 2016
Policy Revised	February 15, 2017
Policy Revised	March 21, 2018
Policy Revised	September 18, 2019
Policy Revised	March 17, 2021
Policy Revised	April 21, 2021
Policy Revised	March 16, 2022
Policy Revised	March 15, 2023
Policy Revised	March 20, 2024
Policy Revised	March 19, 2025
Policy Revised	January 21, 2026

I. SCOPE

This Policy applies to investments in the Risk Parity Asset Class within the Ohio Public Employees Retirement System (“OPERS”) Defined Benefit Fund (“DB Fund”) and Health Care 115 Trust Funds (“HC Fund”).

II. PURPOSE

This Policy provides the broad strategic framework for managing investments in the Risk Parity Asset Class.

III. INVESTMENT PHILOSOPHY

OPERS seeks to diversify assets through the Risk Parity allocation by obtaining exposure to global capital market assets in a risk-aware manner. This requires investing in multiple asset types and leveraging exposures to global markets in order to obtain the desired risk-aware mix. The Risk Parity allocation is structured to achieve roughly balanced risk exposure across equities, nominal fixed income, and inflation sensitive assets, targeting a total volatility level comparable to that of the DB Fund and HC Fund.

IV. ALLOCATION

The allocation to Risk Parity is specified in the Investment Objectives and Asset Allocation Policy for the DB Fund and HC Fund. Investments within the Risk Parity Asset Class may be made across multiple asset classes. For asset allocation measurement purposes, those exposures are only reflected within the Risk Parity allocation.

Exposure can be obtained through internally managed approaches. Managers’ portfolios may have unique asset allocations, strategies and definitions of approaches for targeting balanced risk exposures.

V. PERMISSIBLE INSTRUMENTS

Risk Parity assets may be invested in all types of instruments intended to obtain exposure to a wide variety of asset types including equities, fixed income (both sovereign and credit based exposures), inflation-linked bonds, commodities and other asset types. Instruments used may be exchange-traded or over-the-counter and may be physical securities or derivatives, and a degree of leverage may be employed. Additional security type constraints may be applied in investment manager portfolio guidelines or comparable governing documents.

VI. PERFORMANCE OBJECTIVES

The overall benchmark for the Risk Parity Asset Class is S&P Risk Parity Total Return Index 10% Vol Target (USD). The performance benchmarks for the Risk Parity strategies are shown in the table in Section VIII. The Annual Investment Plan, which is approved by the OPERS Retirement Board, shall include the performance expectation for Risk Parity.

VII. RISK MANAGEMENT

Risk is managed through a combination of quantitative and qualitative constraints. The following sections identify the most significant risks with Risk Parity investments:

A. Active Risk

Active risk or tracking error is a statistical measure of the potential variability of a portfolio's return relative to that of the assigned benchmark.

Strategy	Benchmark	Tracking Error Range
Internal Global Risk Parity	S&P Risk Parity Total Return Index 10% Vol Target (USD)	0 to 12060 basis points

B. Liquidity Risk

Investment Staff ("Staff") will consider liquidity provisions including withdrawal restrictions at both the asset class and individual manager level. Derivatives may introduce additional liquidity risk; however, cash holdings mitigate this risk.

C. Currency Risk

Risk Parity strategies employ some non-U.S. Dollar denominated instruments which expose the Funds to currency risk.

D. Derivatives Risk

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

E. Leverage Risk

Risk Parity strategies generally incorporate leverage in order to achieve the desired risk allocations and volatility characteristics. The use of a volatility target limits the amount of leverage that may be undertaken. In addition, strategy specific leverage limitations and asset class exposure maximums may be specified within manager guidelines or governing documents to further constrain the use of leverage. Risks may include a loss of a significant portion of the original investment.

VIII. ROLES AND RESPONSIBILITIES

A. OPERS Retirement Board

The OPERS 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. Staff is responsible for monitoring the Policy and recommending changes to the Board. Staff is also responsible for managing Risk Parity investments within the framework of the Board-approved Policy and within the goals and objectives adopted by the Board in the Annual Investment Plan.

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 (except tracking error measurements), 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 role of the Investment Advisor is specified in the Investment Objective and Asset Allocation Policies.

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



Ohio Public Employees Retirement System

Cash Policy

January 2026 ~~March 2025~~

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Revision History

Cash Policy Established	June 14, 2005
Policy Revised	February 17, 2010
Policy Revised	December 15, 2010
Policy Revised	December 14, 2011
Policy Revised	March 20, 2013
Policy Revised	February 19, 2014
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Policy Revised	September 18, 2019
Policy Revised	March 17, 2021
Policy Revised	March 16, 2022
Policy Revised	March 15, 2023
Policy Revised	March 20, 2024
Policy Revised	March 19, 2025
Policy Revised	January 21, 2026

I. SCOPE

This Policy applies to cash portfolios of the Ohio Public Employees Retirement System (“OPERS”) Defined Benefit Fund (“DB Fund”) and the Health Care 115 Trust Funds (“HC Fund”), including cash collateral managed as part of the securities lending program. This Policy is not applicable to investment vehicles or cash-equivalent instruments in commingled accounts.

II. PURPOSE

This Policy provides the broad investment framework for managing cash and cash-equivalent portfolios.

III. INVESTMENT PHILOSOPHY

OPERS’ cash management activity seeks to preserve principal, provide adequate liquidity and achieve market returns in excess of the benchmark, net of fees. Cash management involves actively investing cash and securities lending cash collateral relative to the respective benchmarks of each portfolio within established risk parameters.

IV. STRUCTURE

Each portfolio has manager guidelines that establish management parameters such as investment grade ratings, maturity limits and overnight investment requirements to preserve principal, provide adequate liquidity and achieve appropriate market returns.

V. PERMISSIBLE INSTRUMENTS

Guidelines for each portfolio provide for eligible and short-term investment vehicles. Such guidelines limit holdings of securities to those rated investment grade by a Nationally Recognized Statistical Ratings Organization (“NRSRO”), excluding repurchase agreements. Limits on specific security types that may be purchased and held are also included in the guidelines for the individual portfolios.

VI. PERFORMANCE OBJECTIVES

The general objectives of the cash portfolios are to: preserve principal; maintain liquidity; and generate a target rate of return. Specific performance objectives are detailed in guidelines for individual portfolios.

Portfolio	Benchmark
OPERS’ STIF	ICE BofA US 3month Treasury Bill IndexBloomberg Tier 1 30 Day CP
OPERS’ Sec Lend STIF	Overnight Bank Funding Rate
OPERS’ Key Lend STIF	Overnight Bank Funding Rate

VII. RISK MANAGEMENT

Risk is managed through a combination of quantitative and qualitative constraints. Investment Staff ("Staff") shall establish parameters in each portfolio's investment guidelines to control such risks as the following:

A. Interest Rate Risk

The duration constraint is the primary risk-mitigating factor in controlling interest rate risk. The weighted-average-maturity-to-reset-date for the cash portfolios will have a maximum limit of 120 days, while the weighted-average-maturity-to-final-maturity-date will have a maximum limit of 1.3 years. The maximum maturity or weighted average life of any security in a portfolio will be 3 years or less at time of purchase. If structured securities should extend their weighted average life past the 3-year limit, they will be noted and reported to management within a maximum of ~~6090~~ days. Guidelines for each portfolio will include a specific duration constraint for that portfolio.

B. Credit Risk

Credit risk is mitigated in the portfolios through credit research and following guidelines that dictate permitted ratings for securities, aggregate exposure to various credit tiers and maximum exposure limits for individual securities.

Excluding repurchase agreements, all securities in the portfolios will be investment grade, or guaranteed by an investment grade credit counterparty at time of purchase and any securities that are subsequently downgraded below investment grade will be noted and reported to management within a ~~6090~~-day period. The guidelines for each portfolio shall address minimum specific rating criteria. The cash portfolios shall only hold securities that are rated by an NRSRO or guaranteed by a party that is rated investment grade by an NRSRO.

C. Liquidity Risk

With the exception of transition periods, the portfolios will maintain holdings of at least 50% of their market value in securities that are eligible under Rule 2a-7 (used for day count limits of final expected maturity) as established and amended from time to time by the United States Securities and Exchange Commission, pursuant to the Investment Company Act of 1940. In addition, the funds will maintain a minimum of 10% of the portfolio in instruments maturing the next business day.

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. Staff is responsible for monitoring the Policy and recommending changes to the Board. Staff is also responsible for managing the cash assets within the framework of the Board approved Policies and within the goals and objectives adopted by the Board in the Annual Investment Plan.

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 role of the Investment Advisor (“Advisor”) is specified in the Investment Objective and Asset Allocation Policies.

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 – Advisor and/or Staff

Report on compliance – Investment Compliance Staff

B. Annually

OPERS Annual Investment Plan – Staff



Ohio Public Employees Retirement System

Leverage Policy

January 2026 ~~March 2025~~

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Revision History

Leverage Policy Established	February 19, 2014
Policy Revised	February 18, 2015
Policy Revised	January 20, 2016
Policy Revised	February 15, 2017
Policy Revised	March 21, 2018
Policy Revised	September 18, 2019
Policy Revised	March 17, 2021
Policy Revised	March 16, 2022
Policy Revised	March 15, 2023
Policy Revised	March 20, 2024
Policy Revised	March 19, 2025
Policy Revised	January 21, 2026

I. SCOPE

This Policy applies to the use of leverage within the Ohio Public Employees Retirement System (“OPERS”) Defined Benefit Fund (“DB Fund”) and Health Care 115 Trust Funds (“HC Fund”).

II. PURPOSE

This Policy provides the broad strategic framework for managing the Funds’ leverage in internally and externally managed portfolios.

III. LEGAL AUTHORITY

The investment powers and fiduciary responsibilities of the OPERS Retirement Board (“Board”) are established by Section 145.11 of the Ohio Revised Code (“ORC”). Section 145.11 states:

The members of the public employees retirement board shall be the trustees of the funds created by section 145.23 of the Revised Code. The board shall have full power to invest the funds. The board and other fiduciaries shall discharge their duties with respect to the funds solely in the interest of the participants and beneficiaries; for the exclusive purpose of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering the public employees retirement system; with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims; and by diversifying the investments of the system so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

IV. PHILOSOPHY

Leverage is a term which has many meanings and applications. This is true even within the fields of corporate finance or investment management, where it is widely used. Broadly speaking, leverage is an ability to amplify an outcome in such a way that does not require a corresponding increase in resources or inputs. More specifically from an investments perspective, OPERS views leverage as a condition in which the economic or market exposure of an investment exceeds the total capital deployed. Additionally, the use of leverage may amplify profits or losses on a given amount of capital, thereby increasing the volatility of returns. OPERS uses leverage in varying forms, as described within this Policy, and incorporates the prudent use of leverage to enhance returns in a risk controlled manner as part the investment management program.

V. SOURCES OF LEVERAGE

Leverage may occur as a result of the following:

1. Derivatives activity, (derivatives as defined in OPERS Derivatives Policy, which include securities-based instruments with embedded leverage characteristics, futures, forwards, swaps and options);
2. Short selling (selling physical securities which are not owned);
3. Reinvestment or re-use of collateral (securities lending, repurchase agreements/reverse repurchase agreements); and
4. Borrowing (including the use of financing terms embedded in investment structures).

Within OPERS investment management activities, the following table lists potential leverage sources for each Asset Class and sub-asset class.

Potential Leverage Sources				
Asset Class / Sub-Asset Class	Derivatives*	Short selling	Collateral reinvestment	Borrowing
<i>Public Equity</i>				
U.S. Equity	X			
Non-U.S. Equity	X			
<i>Fixed Income</i>				
Core Fixed	X			
Investment Grade Credit	X			
Emerging Markets Debt	X			
Securitized Debt	X			
TIPS				
High Yield	X			
U.S. Treasury	X			
<i>Alternatives</i>				
Private Equity	X			X
Real Estate	X			X
REITs	X			
Opportunistic	X			
Commodities	X			
Private Credit	X			X
<i>Risk Parity</i>	X		X	
<i>Risk Mitigation Strategies</i>				
Long Duration Treasury	X			
Trend Following	X	X	X	
Alternative Risk Premia	X	X	X	
<i>Operating Cash</i>				
Activities				

<i>Rebalancing</i>	X	
<i>Tactical Asset Allocation</i>	X	
<i>Transition</i>	X	
<i>Securities Lending</i>		X

*Excluding securities-based derivatives (Category I as defined in the Derivatives Policy). Losses associated with securities-based derivatives are limited to invested capital and limitations for securities with embedded leverage characteristics are established in portfolio guidelines.

VI. RISK MANAGEMENT

A number of approaches are used to measure and manage risks associated with leverage, depending upon the source and resultant risk exposures, including a combination of controls in policies, portfolio guidelines, procedures and operative legal documents.

Leverage is measured as the total of the sum of (i) the net asset value of all long physical positions, excluding cash and cash equivalents, (ii) the notional value of all long derivative positions, (iii) the absolute net asset value of all short physical positions, and (iv) the absolute notional value of all short derivative positions divided by the portfolio net asset value. Netting rules (for offsetting long and short positions in which the underlying market exposures are alike) may be applied.

- Cash and cash equivalents are not considered to have market exposure. Market exposures which are fully backed or collateralized by cash and cash equivalents are not considered to be leveraged (i.e., leverage is approximately 1.0).
- Currency derivatives used for transactional purposes are excluded.
- Non-U.S. Dollar currency portfolio exposures which are hedged (either to U.S. Dollar or to the currency exposure of the relevant benchmark, subject to portfolio guidelines) are not considered leveraged and are excluded.
- In the determination of the economic or market exposure of derivative positions, the following guidelines apply:
 - For non-interest rate based swaps and futures, notional value is used to determine market exposure and resultant leverage.
 - For interest rate-based derivatives and physical securities, a duration-adjusted notional value, such as a 10-year bond or benchmark equivalent notional, may be used to determine market exposure and resultant leverage.
 - For options contracts, the delta-adjusted notional amount may be used to determine market exposure and resultant leverage. Delta is a scaling factor, ranging from -1.0 to +1.0, which indicates the sensitivity of the price of the option contract to a change in the price of the underlying security.

For investments in which borrowing or embedded financing is the primary source of leverage, such as in real estate investments, loan to value is the primary measure. This form of leverage, in which borrowing is used to create the condition where the economic or market exposure of an investment exceeds the total capital deployed, is often referred to as financial leverage. It is generally defined as the sum of debt or loan obligations divided by the gross asset value of the portfolio. Other measures, including debt to equity, debt to assets, or debt to debt plus equity are also used to measure financial leverage.

The primary risks and controls associated with leverage are shown below.

A. Volatility Risk

Increased market exposure resulting from leverage creates the risk of higher return volatility. Active and total risk measurement is used to manage the overall volatility risk associated with leverage.

The following table includes limits for applicable activities, strategies, Asset Classes and sub-asset classes listed in the previous table and in which a potential leverage source is employed. Additional portfolio level restrictions may apply. Portfolios which are invested using commingled accounts or using similar non-separate account investment vehicles may be excluded if all of the following conditions are met:

- OPERS does not control the underlying investments selected in the strategy;
- The investment vehicle limits potential losses to the capital contributed or committed;
- Leverage is not utilized as a primary investment strategy and resultant leverage is not considered to be significant; and
- The Chief Investment Officer has approved the investment in the portfolio.

Leverage Limit	
<i>Public Equity</i>	
U.S.	1.20
Non-U.S.	1.05
<i>Fixed Income</i>	
Core Fixed	1.30
Investment Grade Credit	1.20
Emerging Markets Debt	1.10
Securitized Debt	1.45
High Yield	1.20
U.S. Treasury	1.10
<i>Alternatives</i>	
Private Equity ¹	N/A
Real Estate	60% (Loan to Value)
REITs	1.05
Opportunistic	
Internally Managed	3.00
Externally Managed	9.00
Commodities	1.20
Private Credit	3.00
<i>Risk Parity</i>	6.00
<i>Risk Mitigation Strategies</i>	10.00
<u>Fund Level Activities²</u>	
<i>Rebalancing³Rebalancing²</i>	1.05
<i>Tactical Asset Allocation³Allocation²</i>	1.05
<i>Securities Lending</i>	1.30

¹ All Private Equity managers qualify under the above exclusions (as defined in Section VI.A. Volatility Risk), therefore, a leverage limit is not applicable.

~~²—Liquidity Reserve and Transition accounts are included in the calculation of their respective asset or sub-asset class.~~

~~^{3_2}—Leverage associated with tactical asset allocation and rebalancing activities is measured at the Fund level and is not permitted, other than a small (5%) amount of leverage as described above. Basis risk (i.e. a mismatch between the market exposures of derivatives or derivatives and securities or benchmarks) may exist and is permitted, given the limitations in fully replicating benchmark or portfolio exposures using derivative instruments. Additional portfolio guideline restrictions apply.~~

B. Derivatives Risk

Risks associated with derivatives usage are described in OPERS Derivatives Policy. Derivatives usage is permitted in selected portfolios, subject to portfolio guidelines, and relevant governing documents, throughout the Funds and must comply with the Derivatives Policy.

C. Liability/Recourse Risk

Except as provided for as part of the Liquidity Policy, borrowing agreements with recourse to the Funds are not permitted.

When borrowing is permitted within specific portfolios as a means to generate leverage, the investment structure must contain terms designed to limit the extent of the loss to the capital investment, such that there is no direct recourse to the Funds.

For investments in Private Equity, Private Credit and Private Market Real Estate, Staff shall endeavor to utilize a limited liability structure such as a limited partnership or a limited liability company, with terms designed to limit the total potential loss, including losses caused by derivatives, to the amount initially invested or committed by OPERS.

For all other portfolios in which leverage exceeds 3.0 times, Staff shall endeavor to utilize a structure and/or terms that limit liability, such as a limited partnership or a limited liability company, with terms designed to limit the total potential loss, including losses caused by derivatives, to the amount initially invested or committed by OPERS.

D. Liquidity Risk

Liquidity risk associated with margin or collateralization requirements or instrument illiquidity may increase with the usage of leverage and is managed through derivative notional and leverage limitations.

E. Collateral Risk

Cash and cash equivalents used as collateral, may not perform as expected. In addition, the (1) reinvestment or (2) re-use (re-hypothecation) of collateral proceeds (both cash and securities) may produce leverage resulting from the added economic exposure of the reinvestment or re-hypothecation activity.

(1) Re-investment of collateral received as part of the OPERS Securities Lending program is permitted, subject to the OPERS Securities Lending Policy and subject to the leverage limitation in Section VI. A.

(2) For separate accounts, re-hypothecation of collateral used in repurchase agreement transactions or under derivatives trading agreements is not permitted.

F. Legal Risk

Use of leverage may rely on the successful implementation of various forms of operative documents, including but not limited to trading agreements, partnership agreements, and investment management agreements. OPERS Legal Services as well as external counsel are used to review contracts and operative documents to limit the risks of inadequate documentation.

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

The Board delegates authority to the Chief Investment Officer (“CIO”) to implement this Policy. Staff is responsible for monitoring the Policy and recommending changes to the Board. Staff is also responsible for managing leverage within the framework of the Board-approved Policy and within the goals and objectives adopted by the Board in the Annual Investment Plan.

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 role of the Investment Advisor is specified in the Fund Policies.

VIII. MONITORING AND REPORTING

On a quarterly basis, or more frequently if appropriate, Compliance Staff will provide a report to the Board on compliance, including exceptions, with this Policy.



Ohio Public Employees Retirement System
Corporate Governance Policy & Proxy Voting Guidelines
January 2026~~March 2025~~

Ohio Public Employees Retirement System
Corporate Governance Policy & Proxy Voting Guidelines

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I. SCOPE

The OPERS Corporate Governance Policy & Guidelines (Policy & Guidelines) apply to all internally and externally managed public market portfolios over which OPERS retains proxy voting rights and supports OPERS' investment objective to provide secure retirement benefits for its members.

II. PURPOSE

The Policy & Guidelines support OPERS' investment objective to provide secure retirement benefits for its members by providing instruction for managing corporate governance activities, including proxy voting and shareholder engagement.

III. PHILOSOPHY

The shareholder rights arising out of OPERS' investments in companies are assets of the retirement system (system) and must be exercised solely in the economic interests of OPERS' members and beneficiaries. OPERS may not subordinate the interests of its members and beneficiaries to factors that are not reasonably related to maximizing the value of its assets.

As a fiduciary, OPERS strives to manage its assets in a prudent manner within its investment objectives and legal authority. The Corporate Governance Program (Program) furthers this goal by engaging with companies and voting for governance practices that, based upon research and experience, can enhance shareholder value and protect and preserve shareholder rights.

OPERS is an institutional investor with a long time horizon and exposure to both U.S. and international equity markets and believes the primary purpose of a company is to increase shareholder value. As such, the OPERS Board of Trustees (Board) has approved the Policy & Guidelines to demonstrate its commitment to good governance principles and communicate its expectation that companies will effectively consider and mitigate risks that could harm the long-term economic interests of shareholders.

Effective corporate governance, including prudent proxy voting and good faith engagement with companies, significantly contributes to the long-term financial performance of a company by fostering a culture of corporate integrity, financial accountability, leadership, and achievement of long-term strategic goals. OPERS does not generally support divestment strategies as a means of encouraging change within the companies in which it invests.

IV. ACTIVITIES

As noted above, OPERS may engage in a variety of corporate governance activities as part of its efforts to maximize its investment returns and protect its assets, including:

Proxy Voting

Along with shareholder engagement, prudent proxy voting is one of the primary functions of the Program. OPERS casts proxy votes in accordance with its Proxy Voting Core Categories (See Section X below), which are approved by the Board and comply with Chapter 145 of the Ohio Revised Code.

The Policy & Guidelines is reviewed periodically to address emerging or evolving governance issues that may negatively impact long-term shareholder value or shareholders' rights. To facilitate a thoughtful and thorough review process, OPERS convenes a Corporate Governance Working Group to provide feedback prior to submission of recommended changes to the Board for review and approval.

Where possible, OPERS retains the right to vote its proxies according to its Policy & Guidelines and will not allow third parties to apply their own voting methodologies to the assets covered by this policy. OPERS engages in the practice of lending its securities to enhance the return on its investment portfolio. In the process of lending securities, the right to vote shares is transferred to the borrower of the securities during the period that the securities are on loan, and OPERS' right to vote the shares is forfeited unless OPERS elects to recall the shares in a timely manner from the borrower.

Shareholder Engagement

OPERS may actively engage with companies to discuss corporate governance issues and/or recommend best practices that mitigate the risk of decreased returns. OPERS does not generally support divestment strategies or filing shareholder resolutions as a means of impacting company behavior and will instead engage with companies in good faith to collaborate on strategies that will maximize the long-term value of shareholders' investments.

Shareholder Resolutions

OPERS may support or prepare shareholder resolutions if shareholder engagement has failed, and it determines that the relevant shareholder resolution is in the best interests of its members. OPERS believes that proponents of proposed shareholder resolutions must draw a clear link between their proposal and the protection of shareholder rights and/or enhancement of shareholder value.

V. RISKS

As previously discussed, the Program strives to maximize shareholder value and mitigate the risk of losses stemming from poor corporate governance practices. In its experience as an institutional investor, OPERS has observed that reductions in shareholder value or rights can result from a variety of ill-considered or unaddressed risks, including lax internal controls and misplaced focus. Where possible, OPERS will seek to discuss these risks directly with companies through shareholder engagement.

VI. MONITORING AND REPORTING

Not less than quarterly, staff will provide a status report on Corporate Governance activity and significant emerging or evolving issues that may affect the value of OPERS' investments.

Staff will report to the Board annually regarding Program performance and future areas of focus.

Corporate Governance Staff also perform monthly and quarterly audits of the proxy firm's performance to mitigate risk of votes against the Policy & Guidelines or any circumstances where no vote action occurred.

VII. ROLES AND RESPONSIBILITIES

A. Board of Trustees

The Board is responsible for reviewing and approving the Corporate Governance Policy & Proxy Voting Guidelines.

B. Corporate Governance Staff

Corporate Governance staff is responsible for:

- Implementing the Program in compliance with the Policy & Guidelines;
- Proposing changes to the Policy & Guidelines as appropriate;
- Proposing corporate governance activities to achieve the Program's goals and executing those activities;
- Identifying, evaluating, and addressing heightened issues and/or proxy votes;
- Working to shape and advocate for policies that benefit OPERS' members and beneficiaries, including responding to media inquiries;
- Informing the Executive Director of corporate governance activities;
- Monitoring and reporting corporate governance activities to the Board;
- Contracting with, and monitoring the performance of the proxy firm and custodian(s) in executing the Program's goals and objectives;

- Administering the daily operations of the Program;
- Auditing proxy voting procedures and votes;
- Convening the Corporate Governance Working Group as needed;
- Identifying and managing enterprise risk associated with the Program; ~~and~~
- Facilitating Board education of corporate governance issues and best practices as requested; and
- Reconciling share holdings between custodian, vote tabulator, internal financial reporting systems and proxy advisor to ensure OPERS is voting all shares eligible to be voted.

VIII. LEGAL AUTHORITY

Under Section 145.11(A) Investment and fiduciary duties of the board, of the Ohio Revised Code:

The members of the public employees retirement board shall be the trustees of the funds created by section 145.23 of the Revised Code. The board shall have full power to invest the funds. The board and other fiduciaries shall discharge their duties with respect to the funds solely in the interest of the participants and beneficiaries; for the exclusive purpose of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering the public employees retirement system; with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims; and by diversifying the investments of the system so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

IX. PROXY VOTING PROCEDURES

Given OPERS' significant exposure to U.S. and international equity markets, as well as the need to efficiently utilize system resources, OPERS contracts with a proxy firm for research and proxy vote workflow. As noted above, where possible, OPERS retains absolute control over its proxy votes, which are cast according to the Policy & Guidelines. The Policy & Guidelines direct the OPERS Corporate Governance Staff and the proxy firm regarding how they should analyze and vote U.S. and international proxies, consistent with all applicable laws and regulations.

In the event the Program encounters a vote regarding a corporate merger or acquisition, the OPERS Investments Division ~~will~~may be consulted as appropriate to ensure preservation and/or maximization of shareholder value. Proxy votes that have the potential to impact OPERS' public image or reputation are reported to the Board.

Corporate Governance Staff, in collaboration with the proxy firm, will make all best efforts to cast votes originating within U.S. and international OPERS-invested companies by working directly with the Domestic and International Custodians.

X. PROXY VOTING CORE CATEGORIES

A. Board of Directors

Boards of Directors are shareholders' representatives within a company. As noted above, OPERS believes the primary purpose of the Board is to represent shareholders by maximizing shareholder value. Although OPERS is often aligned with board and/or company interests, the System generally believes boards should be held accountable for the consistent implementation of appropriate corporate governance practices and standards. This accountability will necessarily differ from company to company and director to director, depending on a specific company's sector and market, and a specific director's role on the board and on various board committees.

Director Principles

Generally, OPERS will vote:

- For board nominees in uncontested elections; and
- Against the lead independent chair or lead independent director and/or members of accountable committees when the Board:
 - Fails to act on or implement shareholder proposals that receive a majority of votes and have a direct and substantial impact on Shareholders' fundamental rights or long-term economic interests;
 - Is not responsive to shareholders' outreach and engagement efforts;
 - Amends the company's charter, articles of incorporation or by-laws intended to entrench directors or to reduce the rights of shareholders;
 - Permits a company insider or affiliated outsider to sit on the board's audit, compensation, or nomination/governance committees;
 - Fails to facilitate quality, independent auditing or substantial accounting or prevent financial reporting irregularities;
 - Takes actions that are contrary to the long-term economic interest of shareholders; ~~and~~
 - Fails to remove a director with a pattern of poor attendance, who is overboarded, or whose skill set does not align with the company's long-term strategy; ~~and~~
 - Permits dual class share structures with unequal voting rights that do not include a sunset period or opportunity for shareholder input on continuation of the structure.

Board Structure Principles

OPERS generally supports the following principles regarding appropriate board structures.

- In most cases, the chairperson and CEO positions should be separated, however OPERS will not automatically oppose a combined role for the chairperson and CEO if there is a well-defined role for a lead independent director on the board.
- There should be an independent board chair.
- The board should have access to independent advisors.
- Members of the audit, compensation, and nominating/governance committees should be independent.
- There should be annual director elections.
- The board, including each of its committees and every individual director should be evaluated regularly.
- Ideally, the board size should be between three and 15 directors.

Board Committee Principles

OPERS generally expects:

- The audit committee to ensure timely disclosure and remediation of accounting irregularities, reissuance or revision of financial statements or material weakness disclosures;
- The compensation committee to link executive compensation to the company's performance, work with an independent compensation consultant and independent counsel as necessary to advise on linking executive pay to performance, and disclose to shareholders the method and key performance indicators selected in a manner that is not excessively complex;
- The nominating and governance committee to commit to identifying qualified candidates to ensure a robust and comprehensive consideration of differing thoughts, perspectives, viewpoints, and experiences, and incorporate their commitment to procedures for board nominee searches. Further, the nominating and governance committee should attest in governing documents that director searches will consider suitable nominees from corporate backgrounds beyond the executive suite (e.g., academia, government, nonprofit); and
- Committee chairs and members to provide oversight of risks and take action to protect the long-term interests of shareholders.

B. Shareholder Rights

OPERS supports the following principles regarding shareholder rights:

- Individual directors represent all shareholders.
- One share, one vote is preferable to dual-class structures, but OPERS will consider temporary dual-class structures (e.g., the structure sunsets after a period of up to seven years or permits shareholders to vote on continuation of the structure) in certain initial public offerings or where such a structure

may be necessary to allow a founder to implement their vision for the company.

- Proxy votes should be confidential and free from undue influence.
- Proxy voting decisions should be disclosed following the meeting.
- Shareholders should have the right to approve each matter or proposal by a majority of the total number of shares voted on the matter or proposal.
- Abstain votes should not be counted in the total number of votes except where such votes are needed to establish a quorum.
- Shareholders should have access to independent directors.
- Shareholders should have access to the proxy.
- A universal proxy is the best method for shareholders to elect directors during a contested election.
- Shareholders should have the right to approve by majority vote increases in the authorized number of common shares.
- Each shareholder should receive equal financial treatment and receive the highest price paid to any shareholder during a specified period before the commencement of a tender offer by an acquiring company (i.e., Fair Price Provision).
- Anti-takeover provisions (e.g., poison pills, staggered boards) are generally not in the best economic interest of shareholders as they may insulate underperforming management.
- Proxy issues should not be intentionally bundled by the board.
- Shareholders should have the right to vote annually on the ratification of the independent external auditors.
- A shareholder notice period of between 30 and 65 calendar days is reasonable.
- Shareholders should have the right to approve executive compensation plans and evaluate any ties between executive compensation and performance, corporate strategy, and the enhancement of long-term shareholder value.
- Shareholders should have the right to vote on the frequency of Say on Pay Resolutions.

C. Governance Risks

OPERS supports the implementation of corporate governance best practices, consistent with the principles described above under Shareholder Rights, because it is OPERS' belief that, as a result of research and experience, these practices will help to maximize shareholder value.

As a fiduciary, OPERS must consider and evaluate all risks that can harm the economic interests of OPERS' members and beneficiaries. Protecting and enhancing the value of its investments and continuing to provide safe and secure retirement income for its current retirees, as well as future generations of Ohio's public servants is the sole purpose of the Program.

OPERS Board Policies

Governing Investment Activities with No Edits

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2	Health Care 115 Trust	
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Ohio Public Employees Retirement System

Fixed Income Policy

January 2026March 2025

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Revision History

Fixed Income Policy Established	September 2003
Policy Revised	June 14, 2005
Policy Revised	November 15, 2006
Policy Revised	December 19, 2007
Policy Revised	February 17, 2010
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Policy Revised	December 14, 2011
Policy Revised	March 20, 2013
Policy Revised	February 19, 2014
Policy Revised	May 21, 2014
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Policy Revised	January 20, 2016
Policy Revised	February 15, 2017
Policy Revised	March 21, 2018
Policy Revised	September 18, 2019
Policy Revised	March 17, 2021
Policy Revised	March 16, 2022

Policy Revised
Policy Revised
Policy Revised
Policy Revised

March 15, 2023
March 20, 2024
March 19, 2025
January 21, 2026

I. SCOPE

This Policy applies to investments in the Fixed Income Asset Class of the Ohio Public Employees Retirement System (“OPERS”) Defined Benefit Fund (“DB Fund”) and Health Care 115 Trust Funds (“HC Fund”).

II. PURPOSE

This Policy provides the broad strategic investment framework for managing investments in the Fixed Income Asset Class.

III. INVESTMENT PHILOSOPHY

OPERS seeks to obtain broad exposure to fixed income assets in order to diversify assets and provide a return and a hedge for long-term liabilities in the DB Fund and rising health care costs in the HC Fund. This is accomplished utilizing multiple credit qualities, durations, and currencies. The Fixed Income Asset Class is structured to include managers that seek to exploit those opportunities with the expectation that the overall Asset Class produce risk-adjusted returns in excess of the benchmark, net of fees.

IV. ALLOCATION

DB and HC Funds’ assets are invested in sub-asset classes of the Fixed Income Asset Class as outlined in their respective Investment Objectives and Asset Allocation Policy.

Those Policies provide for investments in Fixed Income sub-asset classes of Core Fixed, Investment Grade Credit, Emerging Markets Debt, Securitized Debt, TIPS, High Yield, and U.S. Treasury with target allocations and ranges around those targets.

V. PERMISSIBLE INSTRUMENTS

Fixed income assets may be invested in any and all types of instruments intended to obtain fixed income-like returns. Instruments used may be exchange-traded or non-exchange-traded and may be physical securities or derivatives. Additional security type constraints may be applied in investment manager portfolio guidelines.

VI. THIRD-PARTY MARKETING

OPERS expects its general partners and investment managers to behave legally and ethically. OPERS requires that third-party marketers used by general partners or investment managers be regulated by appropriate legal authorities and subject to disciplinary actions by them. OPERS will confirm in its side letter, investment management agreement or other contractual arrangement, that a manager being engaged by OPERS has a requirement to provide the details of marketing arrangements, political contributions, or similar payments involving individuals, placement agents, third-party marketers and the like with respect to OPERS investments with the manager.

VII. PERFORMANCE OBJECTIVES

The performance benchmarks for each of the sub-asset classes are shown in the table in Section VIII. The underlying managers within each sub-asset class may be assigned benchmarks that are different from the overall sub-asset class benchmarks. The Annual Investment Plan, which is approved by the OPERS Retirement Board, shall include the expected outperformance for each sub-asset class.

VIII. RISK MANAGEMENT

The primary approach to managing risk is to monitor principal quantitative and qualitative risk factors relative to benchmarks while continuing to pursue active returns. The following sub-sections identify the key risk areas with risk management parameters.

A. Active Risk

Active Risk or tracking error is a statistical measure of the potential variability of a portfolio's return relative to that of the assigned benchmark. The expected tracking error statistics for the Fixed Income Asset Class is to range between 0 and 200 basis points from the custom benchmark determined by target weighting the underlying sub-asset class allocations.

The following table provides the tracking error ranges for the Fixed Income sub-asset classes solely for informational purposes – it would be considered acceptable for the tracking error of one sub-asset class to exceed its range if the tracking error for the entire Fixed Income asset class is below 200 basis points.

Sub-Asset Class	Benchmark	Tracking Error Range (in basis points)
Core Fixed	Bloomberg U.S. Aggregate Index	0-200
Investment Grade Credit	Bloomberg U.S. Corporate Bond Index	0-150
Emerging Markets Debt	Custom benchmark of the following indices: <ul style="list-style-type: none"> ■ 50% JP Morgan Emerging Markets Bond Index Global ■ 50% JP Morgan Government Bond Index-Emerging Markets Global Diversified 	0-800
Securitized Debt	Custom benchmark of the following indices: <ul style="list-style-type: none"> ■ 50% Bloomberg Non-Agency Investment Grade CMBS: BBB Total Return Index Unhedged USD ■ 50% Bloomberg Non-Agency CMBS Agg Eligible Total Return Index Value Unhedged USD 	0-400
TIPS	Bloomberg U.S. TIPS Index	0-50
High Yield	Bloomberg U.S. Corporate High Yield Index	0-700
U.S. Treasury	Bloomberg U.S. Treasury 1-5 Year Index	0-50

B. Interest Rate Risk

Interest rate risk will be managed by limiting the average option-adjusted duration of fixed income portfolios. The Fixed Income Asset Class duration will be within 20% of the option-adjusted duration of the aggregate market value weighted Fixed Income sub-asset class benchmarks.

C. Credit Risk

Credit risk will be managed by limiting the non-investment grade securities held in the fixed income portfolios.

The percentage by market value of non-investment grade securities in the Fixed Income Asset Class will not exceed 15 percentage points of the percentage by market value of non-investment grade securities in the Fixed Income Aggregate Benchmark.

Non-investment grade securities are defined as securities rated below Baa3 by Moody's and securities rated below BBB- by S&P and Fitch. If a majority of Moody's, S&P, or Fitch rate a security non-investment grade, it will be considered non-investment grade. Securities that have not been rated will be considered non-investment grade.

D. Liquidity Risk

Investment structure impacts liquidity. Therefore, consideration is given to separate accounts over commingled accounts as well as with internally managed accounts given their greater control and transparency.

E. Currency Risk

The percentage by market value of non-U.S. dollar based securities in the Fixed Income Asset Class will not exceed 15 percentage points of the percentage by market value of non-U.S. dollar based securities in the Fixed Income Aggregate Benchmark. Currency management, including currency derivatives and cross-hedging, may be used to manage OPER'S' exposure to currency risk.

F. Non-U.S. Issuer Risk

The percentage by market value of securities of non-U.S. issuers in the Fixed Income Asset Class will not exceed 15 percentage points of the percentage by market value of non-U.S. issuers in the Fixed Income Aggregate Benchmark.

G. Sector Risk

The sub-asset classes are expected to be broadly diversified and may have deviations from the benchmark sector weightings. Sector exposures will be monitored by Investment Staff ("Staff") to identify the under/over-allocations and for performance attribution analysis. The tracking error constraints, in conjunction with the use of broad-based asset class benchmarks, will have the effect of limiting sector concentration.

H. Manager Risk

The allocation to a single active external manager in the Fixed Income Asset Class is limited to 15% of the Asset Class.

I. Derivatives Risk

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

J. Leverage Risk

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

IX. ROLES AND RESPONSIBILITIES

A. OPERS Retirement Board

The OPERS 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. Staff is responsible for monitoring the Policy and recommending changes to the Board. Staff is also responsible for managing the Fixed Income assets within the framework of the Board approved Policy and within the goals and objectives adopted by the Board in the Annual Investment Plan.

Staff shall ensure that all manager guidelines for external and internal portfolios are set in accordance with OPERS' Policies.

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 (except for tracking error measurements), 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 role of the Investment Advisor is specified in the Investment Objective and Asset Allocation Policies.

X. 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



Ohio Public Employees Retirement System

Private Equity Policy
January 2026~~March 2025~~

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Revision History

Private Equity Policy Established	September 2002
Policy Revised	June 2003
Policy Revised	November 2004
Policy Revised	August 2005
Policy Revised	October 2006
Policy Revised	October 2007
Policy Revised	July 21, 2010
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Policy Revised	March 17, 2021
Policy Revised	March 16, 2022
Policy Revised	March 15, 2023
Policy Revised	March 20, 2024
Policy Revised	March 19, 2025
Policy Revised	January 21, 2026

I. SCOPE

This Policy applies to the Private Equity assets within the Ohio Public Employees Retirement System ("OPERS") Defined Benefit Fund ("DB Fund").

II. PURPOSE

This Policy provides the broad strategic framework for managing the Private Equity assets.

III. INVESTMENT PHILOSOPHY

The Private Equity sub-asset class seeks superior equity returns plus a premium for illiquidity. OPERS attempts to select managers with top quartile returns. Private equity investments also allow OPERS to invest in a very significant portion of the global economy which is not publicly-traded as well as to access strategies which benefit from longer holding or workout periods. Accessing these strategies leads not only to superior returns but also to additional diversification of assets and strategies within the DB Fund.

IV. ALLOCATION

Allocation is a critical driver for the long-term success of the Private Equity sub-asset class. Since it is not possible to rebalance quickly in Private Equity, commitment pacing and manager selection have heightened importance as tools to influence allocation.

Long-term strategy allocation ranges are presented below.

Strategy	Allocation Range
Corporate Finance	50 – 90%
Venture Capital	0 – 30%
Special Situations	0 – 30%

The Private Equity portfolio will achieve diversification by investing in funds and co-investments that are complementary in nature regarding fund size, sector, strategic focus, and vintage year.

A. Corporate Finance

This category is commonly referred to as leveraged buy-outs but is more properly identified as corporate finance. Capital is typically invested in more established companies, meaning those further along the business life cycle, having relatively predictable cash flows and the ability to raise capital throughout the entire capital structure.

B. Venture Capital

Venture capital equity is targeted at companies in the earliest phases of a business lifecycle. Companies may be classified as seed, early, middle or late stage and are characterized by their decreased ability to access public equity or debt. These companies have uncertain revenues, need cash to build their businesses, and are subject to higher failure rates than Corporate Finance companies. Venture capital investments also include fund of funds that commit to newly formed venture capital funds and secondary fund of funds that purchase venture capital funds and venture-backed companies from existing investors.

C. Special Situations

Many private equity opportunities have unique characteristics that require a separate classification beyond that of corporate finance or venture capital. These investments include distressed debt funds, mezzanine debt funds, opportunistic funds, and secondary fund of funds that are not focused on venture capital investments.

V. INVESTABLE INSTRUMENTS AND RESTRICTED INVESTMENTS

A. Investment Types

This Policy authorizes commitments to private equity funds, co-investments, fund of funds and separate accounts (collectively “Private Equity Investments”) investing in private equity strategies. Private Equity Investments may result in exposure to any type of security throughout the capital structure. This Policy also allows for structures which may not conform precisely to the previous list but whose intent is to capture private equity exposure and returns while insulating the DB Fund from liability in excess of the amounts invested.

B. Co-Investment and Direct Investment

Investment rights may include opportunities for additional capital participation through co-investment or direct investment opportunities. The underlying asset in a co-investment is a portfolio company of an existing private equity fund and managed by the fund’s manager.

Co-investments may occur by the Investment Staff (“Staff”) deciding to invest directly in a company committing to a commingled co-invest fund or by structuring a separate account with a manager who has discretion to make co-investments on behalf of OPERS. The allocation range for co-investments and direct placements is 0 to 35% of the Private Equity portfolio’s market value.

C. Derivatives

The use of derivatives shall comply with the OPERS’ Derivatives Policy.

D. Stock Distributions

Stock distributions will either be transferred to the actively or index managed internal equity portfolios or liquidated within ninety days of receipt and with the removal of all trading restrictions. Unlisted stock distributions will be liquidated in an orderly manner.

E. Child Labor

Private Equity Investments whose strategy includes, or that demonstrate a history of, exploiting child labor is prohibited. The definition of child labor varies among countries and this provision is intended as a guideline to be applied in all private equity investing activities. Staff shall endeavor to secure provisions in the investment agreements that conform to these limitations.

F. Privatization

OPERS does not aim to promote privatization of public sector jobs through its Private Equity Investments. It is highly unlikely that OPERS Private Equity Investments would be dependent on privatization strategies. In evaluating Private Equity Investments, the Staff shall use its best efforts to limit circumstances where privatization may have an adverse actuarial impact on OPERS. If such limitation is not possible, the Staff shall seek guidance from the Board before proceeding.

VI. THIRD-PARTY MARKETING

OPERS expects its managers to behave legally and ethically. OPERS requires that third-party marketers used by managers be regulated by appropriate legal authorities and subject to disciplinary actions by them. OPERS will confirm in its side letter, investment management agreement or other contractual arrangement, that a manager being engaged by OPERS has a requirement to provide the details of marketing arrangements, political contributions, or similar payments involving individuals, placement agents, third-party marketers and the like with respect to OPERS' investments with the manager.

VII. PERFORMANCE OBJECTIVES

OPERS' Private Equity performance is benchmarked against the State Street Private Equity Index ("SSPEI") calculated using the time-weighted total return method. In addition, Staff computes internal rate of return ("IRR") results which are compared to peer rankings using the SSPEI data whose performance is also based on the IRR methodology.

VIII. RISK MANAGEMENT

Private Equity Investments do not lend themselves to traditional quantitative measures of risk such as standard deviation and benchmark tracking error. Rather, risk is managed through a combination of quantitative and qualitative constraints. The following sections identify the most significant risks with Private Equity Investments and the method of control.

A. Liquidity Risk

Private Equity Investments are illiquid and funds in particular typically have expected holding periods of 10-12 years. Private Equity Investments are typically held until all underlying investments have been sold, since selling prior to this point generally results in a discount to fair market value. Liquidity risk is managed by minimizing the possibility of forced sales that may arise from exceeding maximum exposure limits or lowering asset allocation exposure limits. Asset allocation exposure is monitored by an investment pacing model maintained by Staff.

B. Vintage Year Risk

Vintage year refers to the year of the first investment or capital draw for fees. Vintage year risk refers to the variability of the annual commitment amounts to Private Equity Investments over time. Staff manages the short and long-term investment pacing that helps to minimize vintage year risk while achieving targeted exposure.

C. Single Investment Risk

OPERS does not want the failure of a single investment to have a severe impact on the performance of the total Private Equity sub-asset class. The following limitations will be applied to control single investment risk at the time of commitment:

- a) For primary funds, OPERS will limit its commitment amount to any single closed-end commingled fund to \$600 million.

This limit does not apply to primary fund of funds, secondary fund of funds, or vehicles used solely for co-investments.

- b) For fund of funds, including secondary fund of funds, OPERS will limit its commitment amount to any single closed-end commingled fund to \$800 million.

D. Co-Investment/Direct Investment Risk

The maximum allowable co-investment or direct investment in any individual company is the greater of \$100 million or 1% of the Private Equity portfolio's market value based on total cost of the co-investment or direct investment at the time of the investment.

E. Company Risk

Staff cannot opt into or out of exposures to individual companies through fund investments, but exposure may be managed when participating via a co-investment or direct investment in a company.

F. Manager Risk

The allocation to a single manager and its affiliates is limited to 20% of the total exposure (defined as unfunded commitments plus market value) of the Private Equity portfolio.

G. Currency Risk

The Private Equity portfolio accepts the currency risks consistent with the geographic constraints. Private Equity Investments generally do not hedge currency risk and the Private Equity portfolio will not implement currency hedges.

H. Industry Risk

Typically, Private Equity Investments are permitted to invest in a wide variety of industries with limited controls. Industry risk is controlled primarily through appropriate diversification across classes and subclasses.

I. Geographic Risk

Geographic risk is controlled through limitations as shown in the table below:

Region	Allocation Range
U.S.	50% to 70%
* Non-U.S.	30% to 50%

*The entire Non-U.S. allocation may be allocated to Western Europe, U.K. and Canada. However, the "Other" Non-U.S. is limited to 20% of the total portfolio, as shown below.

Non-U.S. Region	Allocation Range
Western Europe, U.K. and Canada	No more than 50%
Other	No more than 20%

J. Leverage Risk

Managers of Private Equity Investments invest capital throughout the capital structure of companies. The capital markets determine the maximum leverage available to managers. Staff uses portfolio construction as a tool to manage leverage exposure.

K. Valuation Risk

Private Equity Investments lack the trading frequency to establish values and relies on an assessment process to periodically value investments. OPERS will utilize valuation procedures consistent with industry standards for the Private Equity sub-asset class.

IX. ROLES AND RESPONSIBILITIES

A. OPERS Retirement Board

The OPERS 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. Staff is responsible for monitoring the Policy and recommending changes to the Board. Staff is also responsible for managing Private Equity assets within the framework of the Board approved Policies and within the goals and objectives adopted by the Board in the Annual Investment Plan. Staff will select managers in accordance with the Manager Selection and Monitoring Processes or through Requests for Proposals.

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 Advisors

The Board and Staff may engage specialty Investment Advisor to assist in managing the program. Specific responsibilities will be established with the Investment Advisors through contractual agreements.

X. 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 Advisors

Report on compliance – Investment Compliance Staff

B. Semi-Annually

Asset class performance report – Staff

C. Annually

OPERS Annual Investment Plan – Staff



Ohio Public Employees Retirement System

Real Estate Policy
January 2026 ~~March 2025~~

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Revision History

Real Estate Policy Established	December 2002
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Policy Revised	March 17, 2021
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Policy Revised	March 20, 2024
Policy Revised	March 19, 2025
Policy Revised	January 21, 2026

I. SCOPE

This Policy applies to the private market Real Estate assets within the Ohio Public Employees Retirement System (“OPERS”) Defined Benefit Fund (“DB Fund”).

II. PURPOSE

This Policy provides the broad strategic framework for managing investments in the Real Estate sub-asset class for the DB Fund.

III. INVESTMENT PHILOSOPHY

The role of the Real Estate sub-asset class within the DB Fund is to:

- Gain exposure to real estate opportunities that enhance portfolio returns and diversification through less than perfect correlations with other asset classes
- Provide an expected total return that is competitive, and greater than the expected return of fixed income but less than the expected return of public equities
- Use the policy allocation and investment ranges tactically to acquire assets in capital constrained markets and sell assets into market strength
- Create a portfolio of cash flowing assets that provide a current income return
- Identify best-in-class managers with the asset management skills needed to increase asset values by growing property-level cash flows
- Provide a potential hedge against inflation.

The private market Real Estate portfolio uses active management strategies implemented through external managers. The investment strategies may use a component of non-U.S. real estate investments.

IV. ALLOCATION

The DB Fund Investment Objectives and Asset Allocation Policies establish the target allocations for private market Real Estate.

V. PERMISSIBLE INVESTMENTS

1. Investment Types

This Policy authorizes investments in all forms of private market Real Estate and Real Assets. Staff establishes property type and security type limitations at the manager or portfolio level.

2. Investment Structures

This Policy authorizes the use of investment structures that provide legal protections to OPERS commensurate with the investment opportunity, and acceptable to the OPERS Legal Services Division, such as:

- Separate Accounts
- Co-investments
- Joint ventures
- Open and closed-end funds
- Partnerships
- Limited Liability Companies
- Private REITs and Real Estate Operating Companies

3. Derivatives

The use of derivatives shall comply with OPERS' Derivatives Policy.

VI. THIRD-PARTY MARKETING

OPERS expects its general partners and investment managers to behave legally and ethically. OPERS requires that third-party marketers used by general partners or investment managers be regulated by appropriate legal authorities and subject to disciplinary actions by them. OPERS will confirm in its side letter, investment management agreement or other contractual arrangement, that a manager being engaged by OPERS has a requirement to provide the details of marketing arrangements, political contributions, or similar payments involving individuals, placement agents, third-party marketers and the like with respect to OPERS' investments with the manager.

VII. PERFORMANCE OBJECTIVES

The performance benchmark for the private market Real Estate sub-asset class is the National Council of Real Estate Investment Fiduciaries ("NCREIF") Fund Index – Open End Diversified Core Equity ("ODCE") net of fees plus 85 basis points to reflect long-term portfolio weightings to Core and Non-Core real estate. The private market Real Estate portfolio return is measured net of manager fees, not including overhead expenses. The private market Real Estate portfolio is expected to meet or exceed the net ODCE plus 85 bps over rolling five-year periods.

VIII. RISK MANAGEMENT

Private market Real Estate does not lend itself to traditional quantitative measures of risk, such as standard deviation and benchmark tracking error. Rather, risk is managed through a combination of quantitative and qualitative constraints. The following sections identify the most significant risks with private market Real Estate investments and the method of control.

1. Property Type Risk

The table below shows the OPERS investment ranges for the property types. In addition to the five standard property types, OPERS includes a Diversified category that consists of mixed-use assets that contain a combination of multiple property types. The “Other” property type includes properties outside the five major property types such as land or self-storage.

Property Type	Range
Residential	10-50%
Industrial	5-50%
Office	5-40%
Retail	0-35%
Hotel/Leisure	0-30%
Diversified	0-20%
Infrastructure	0-25%
Other**	0-35%

** May include cash held by the managers and property types classified as Education, Healthcare, and Land

Strategic and tactical property type allocations are a function of economic, capital, and property market conditions that will be addressed in the OPERS Annual Investment Plan.

2. Investment Profile Risk

The “Risk Profile” of real estate investments can generally be classified as either Core or Non-Core. OPERS will make allocations to both Core and Non-Core investments to maximize the total return to OPERS while mitigating risk.

As a moderate risk investor, OPERS’ allocation will be primarily weighted toward Core investments. Over the long term, OPERS will maintain a 60% Core target for the private markets Real Estate portfolio, within a range of +/- 10 percentage points. From time to time, the actual allocation of the portfolio may fall outside the ranges due to external market events. In these instances, OPERS will implement strategies to return the portfolio to the recommended ranges over a reasonable time frame, while considering the need to preserve investment returns.

Investments will be defined as either Core or Non-Core based on the following criteria:

- **Open-End Funds**
Investments in this channel will be considered Core investments.
- **Closed-End Funds**
Investments in Closed-End Funds will be considered Core when the following criteria are met:
 - The Fund utilizes leverage that equates to a loan-to-value of 50% or less
 - Less than 30% of the aggregate Fund commitments are committed to ground-up development.
- **Separate Accounts**
Investments made by Separate Account will be considered Core when the property-level occupancy is 80% or higher (60% for hotels) and the loan-to-value is 60% or lower. Separate Account debt investments will all be considered Core.

Staff will seek permission from the OPERS Retirement Board (“Board”) prior to enacting any investment or strategy that is expected to cause the private market Real Estate portfolio’s Core exposure to drop below 50%.

3. Liquidity Risk

Private market Real Estate investments are illiquid and should be assumed to have expected holding periods of 7-10 years or longer.

4. Geographic Risk

OPERS will endeavor to ensure the private market Real Estate portfolio is well diversified by location. OPERS will attain geographic and economic diversification by investing no more than 25% of the total private market Real Estate portfolio’s net asset value outside the United States.

5. Single Investment Risk

OPERS does not want the failure of a single investment to have a severe impact on the performance of the total Real Estate sub-asset class. The following limitations will be applied to control single investment risk at the time of purchase:

- a) For separate accounts OPERS’ equity cost basis in any single property will not exceed \$500 million.

- b) For Closed-End commingled funds, OPERS will limit its equity commitment amount to \$750 million.
- c) For Open-End commingled funds, OPERS will limit its equity commitment amount to \$1 billion.

6. Manager Risk

To control manager exposure, the allocation to a single private market Real Estate manager is limited to 20% of the private market Real Estate portfolio.

7. Leverage Risk

Leverage will not exceed 60% loan to value of the aggregate private market Real Estate portfolio.

8. Currency Risk

The Real Estate program accepts the currency risks consistent with the geographic exposures. Real Estate managers may or may not hedge currency risk but the Real Estate sub-asset class will not implement currency hedges.

9. Valuation Risk

Private Market Real Estate lacks the trading frequency to establish values and relies on an appraisal process to periodically value investments. OPERS will utilize valuation procedures consistent with industry standards for the Real Estate sub-asset class.

10. Vertical Integration Risk

A real estate investment manager has the potential to combine the asset management function with other services, such as property management, construction management, and/or leasing, for the assets under management by that investment firm. OPERS acknowledges that vertical integration, when a manager uses a service provider that is related to that manager, may offer potential benefits to the investor, such as greater control, efficiency in the decision making process, and potentially lower costs. OPERS also recognizes that the use of vertically integrated firms raises issues of potential conflicts of interest, as firms that are vertically integrated may be subject to influences on their decision making not found in firms that contract out such services to unaffiliated third parties.

OPERS will seek to identify potential conflicts of interest arising from vertical integration. Separate account managers are required to report all related party activities quarterly to OPERS. For open-end and closed-end fund investments, Staff shall review the fund documents for potential manager conflicts of interest as part of the due diligence process. If the fund has an advisory council, OPERS may request a seat on the advisory council.

11. Other Risks

The legal documents governing the real estate investment structures establish the insurance requirements for the managers. Staff considers potential environmental issues when making real estate investments.

IX. 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

The Board delegates authority to the Chief Investment Officer (“CIO”) to implement this Policy. Staff is responsible for monitoring the Policy and recommending changes to the Board. Staff is also responsible for managing real estate assets within the framework of the Board approved policies and within the goals and objectives adopted by the Board in the OPERS Annual Investment Plan.

Staff shall assure that investment guidelines for external public and private market real estate managers are set in accordance with OPERS’ policies, goals and objectives. Staff is also responsible for adapting the Investment Division’s Guideline Procedure to the unique circumstances of private real estate markets, consistent with the CIO’s delegation of authority to Staff.

Staff is also responsible for monitoring Real Estate investments and reporting to the Board in accordance with OPERS’ policies.

C. Investment Compliance

The Investment Compliance area of Investment Accounting, Operations and Compliance (“IC”) is responsible for monitoring compliance with this Policy (except for tracking error measurements), 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 Advisors

OPERS may engage specialty Investment Advisors to assist in managing the Real Estate sub-asset class. OPERS Real Estate advisors shall review and approve investment guidelines and proposed guideline changes for public market real estate portfolios, whether managed internally by Staff or externally by managers retained by OPERS. Other specific responsibilities will be established with the Investment Advisors through contractual agreements.

X. 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 Advisors

Report on compliance – Investment Compliance Staff

B. Semi-Annually

Asset class performance report - Staff

C. Annually

OPERS Annual Investment Plan – Staff



Ohio Public Employees Retirement System

Private Credit Policy
January 2026 ~~March 2025~~

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Revision History

Private Credit Policy Established
Policy Revised
Policy Revised
Policy Revised

September 20, 2023
March 20, 2024
March 19, 2025
January 21, 2026

I. SCOPE

This Policy applies to the Private Credit assets within the Ohio Public Employees Retirement System ("OPERS") Defined Benefit Fund ("DB Fund").

II. PURPOSE

This Policy provides the broad strategic framework for managing Private Credit assets.

III. INVESTMENT PHILOSOPHY

The Private Credit sub-asset class seeks exposure to higher risk adjusted returns than public fixed income markets. In order to obtain such returns, OPERS will invest in non-publicly traded debt.

IV. ALLOCATION

The DB Fund Investment Objectives and Asset Allocation Policies establish the target allocations for Private Credit. The Private Credit portfolio may be comprised of various private credit strategies that may include (but are not limited to) direct lending, subordinated capital, structured credit, stressed/distressed debt, and specialty finance.

In order to achieve reasonable levels of diversification in the portfolio, OPERS will invest across strategy types and vintage years.

V. INVESTABLE INSTRUMENTS AND RESTRICTED INVESTMENTS

A. Investment Types

This Policy authorizes commitments to private credit drawdown funds, evergreen funds, Business Development Companies and Funds of One (collectively "Private Credit Investments") investing in private credit strategies. This Policy also allows for structures which may not conform precisely to the aforementioned but are designed to provide private credit exposure and returns while insulating the DB Fund from liability in excess of the amounts invested.

B. Co-Investments

Staff may pursue opportunities for additional capital participation through co-investment. The underlying asset in a co-investment is a loan or debt-like instrument of an existing private credit fund and managed by the fund's manager.

C. Derivatives

The use of derivatives shall comply with the OPERS' Derivatives Policy.

VI. THIRD-PARTY MARKETING

OPERS expects its managers to behave legally and ethically. OPERS requires that third-party marketers used by managers be regulated by appropriate legal authorities and subject to disciplinary actions by them. OPERS will confirm in its side letter, investment management agreement or other contractual arrangement, that a manager being engaged by OPERS has a requirement to provide the details of marketing arrangements, political contributions, or similar payments involving individuals, placement agents, third-party marketers and the like with respect to OPERS' investments with the manager.

VII. PERFORMANCE OBJECTIVES

OPERS' Private Credit performance is benchmarked against the total return of the S&P UBS Leveraged Loan Index.

VIII. RISK MANAGEMENT

Private Credit Investments do not lend themselves to traditional quantitative measures of risk such as standard deviation and benchmark tracking error. Rather, risk is managed through a combination of quantitative and qualitative constraints. The following sections identify the most significant risks with Private Credit Investments and the method of control.

A. Liquidity Risk

Private Credit Investments are illiquid and funds typically have expected holding periods of 5-8 years or more. Private Credit investments are typically held until all underlying investments have been sold, since selling prior to that point often results in a discount to fair market value. Liquidity risk is managed by minimizing the possibility of forced sales that may arise from exceeding maximum exposure limits or lowering asset allocation exposure limits. Asset allocation exposure is monitored by an investment pacing model maintained by Staff.

B. Vintage Year Risk

Vintage year refers to the year of the first investment or capital draw for fees. Vintage year risk refers to the variability of returns associated with the annual commitment amounts to Private Credit Investments over time. Staff manages the short and long-term investment pacing model that helps to minimize vintage year risk while achieving targeted exposure.

C. Single Investment Risk

OPERS does not want the failure of a single fund investment to have a severe impact on the performance of the Private Credit sub-asset class. The following limitations will be applied to moderate the impact of a single commitment/investment:

- a) For commingled vehicles, OPERS will limit its commitment amount to any single commingled fund to \$500 million.
- b) For Fund of One investments, OPERS will limit its commitment to \$800 million.
- c) For co-investment vehicles, OPERS will limit its commitment to \$250 million.

D. Credit Risk

Staff cannot opt into or out of exposures to individual investments through fund investments, but exposure may be managed when participating via a co-investment.

E. Industry Risk

Private Credit Managers may invest across industries at their discretion provided they are providing sufficient diversification to their overall portfolio. Industry risk is controlled through both the underlying investment manager's diversification within their portfolio as well as diversification by investment manager.

F. Manager Risk

The impact of a single manager and its affiliates on the Private Credit portfolio is mitigated by Staff diversifying manager exposure.

G. Currency Risk

Given the global nature of the Private Credit portfolio, OPERS accepts the currency risk consistent with an individual investment's geographic constraints. Private Credit Managers may hedge currency risk at their discretion. OPERS will not implement currency hedges.

H. Geographic Risk

Geographic risk, as defined by the location of the company's headquarters for corporate investments and by region of exposure for non-corporate facing investments, is controlled through limitations as shown in the tables below:

Region	Allocation Range
U.S.	70% to 100%
Non-US	0% to 30%

*The entire non-US allocation may be allocated to Western Europe and/or Canada. No more than 10% of the entire portfolio can be invested outside of the aforementioned regions.

Region	Allocation Range
Western Europe and/or Canada	Up to 30%
Other	No more than 10%

I. Leverage Risk

Managers of Private Credit Investments may employ leverage to their investments in hopes of generating additional returns. Staff uses portfolio construction as the primary tool to manage leverage exposure and usage of leverage shall comply with the OPERS' Leverage Policy. In addition, strategy specific leverage limitations and asset class exposure maximums may be specified within manager guidelines or governing documents to further constrain the use of leverage.

J. Valuation Risk

Private Credit Investments lack the trading frequency to establish values and rely on an assessment process to periodically value investments. OPERS will utilize valuation procedures consistent with industry standards for the Private Credit sub-asset class.

IX. ROLES AND RESPONSIBILITIES

A. OPERS Retirement Board

The OPERS 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. Staff is responsible for monitoring the Policy and recommending changes to the Board. Staff is also responsible for managing Private Credit assets within the framework of the Board approved Policies and within the goals and objectives adopted by the Board in the Annual Investment Plan. Staff will select managers in accordance with the Manager Selection and Monitoring Processes or through Requests for Proposals.

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 Advisors

The Board and Staff may engage specialty Investment Advisors to assist in managing the program. Specific responsibilities will be established with the Investment Advisors through contractual agreements.

X. 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 Advisors

Compliance – Investment Compliance Staff

B. Semi-Annually

Asset class performance Report - Staff

C. Annually

OPERS Annual Investment Plan



Ohio Public Employees Retirement System

Commodities Policy
January 2026~~March 2025~~

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Commodities Policy Established	March 17, 2010
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Policy Revised	March 19, 2025
Policy Revised	January 21, 2026

I. SCOPE

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

II. PURPOSE

This Policy provides the broad investment framework for managing commodity investments.

III. INVESTMENT PHILOSOPHY

Commodity investments are to provide exposure to global commodities and to achieve returns comparable to or in excess of the benchmark return, net of fees. Active and index management strategies are utilized to manage exposure to the sub-asset class.

IV. STRUCTURE

Commodity portfolios shall be governed by manager portfolio guidelines that establish management parameters to achieve commodity-based returns.

V. PERMISSIBLE INSTRUMENTS

Commodity assets may be invested in instruments intended to produce commodity-like returns. Commodity investments may include commodities not specified in the S&P GSCI and/or the Bloomberg Commodity Index at the time they are purchased. Permissible instruments are exchange-traded and/or over-the-counter securities and derivatives. Security type constraints may be applied in manager portfolio guidelines. Investments shall be managed so as to not result in physical delivery of a commodity.

VI. PERFORMANCE OBJECTIVES

The benchmark for the sub-categories are listed below. Sub-categories may be assigned different benchmarks and shall be detailed in manager portfolio guidelines. The Annual Investment Plan, which is approved by the OPERS Retirement Board, shall include the expected outperformance.

Categories	Benchmark	Mandate
Commodities - All	Bloomberg Commodity Index	Active
Gold	Bloomberg Gold Subindex Total Return	Index

VII. RISK MANAGEMENT

Risk is managed through a combination of quantitative and qualitative constraints. Investment Staff (“Staff”) shall establish parameters in each manager’s portfolio guidelines to control such risks as the following:

A. Active Risk

Active risk or tracking error is a statistical measure of the potential variability of a portfolio’s return relative to the return of the assigned benchmark. The expected Commodities tracking error range has a minimum of 0 basis points and a maximum of 300 basis points.

B. Counterparty Risk

Counterparty risk is the risk that a counterparty to an investment transaction fails to perform its obligations under the agreement. Counterparties must be approved in accordance with the Broker-Dealer Policy and managed in compliance with the requirements contained in the Derivatives Policy.

C. Currency Risk

Commodity strategies employ some non-U.S. Dollar denominated instruments which expose the Funds to currency risk.

D. Delivery Risk

In commodity investing, there is a risk of a commodity being delivered to OPERS. All investments will be managed and monitored so as to not result in physical delivery.

E. Derivatives Risk

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

F. Leverage Risk

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. Staff is responsible for monitoring the Policy and recommending changes to the Board. Staff is also responsible for managing the commodity investments within the framework of the Board-approved Policies and within the goals and objectives adopted by the Board in the Annual Investment Plan.

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 (except tracking error measurements), 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 role of the Investment Advisor (“Advisor”) is specified in the Investment Objective and Asset Allocation Policies.

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 – Advisor and/or Staff

Report on compliance – Investment Compliance Staff

B. Annually

OPERS Annual Investment Plan – Staff



Ohio Public Employees Retirement System

Opportunistic Policy
January 2026 ~~March 2025~~

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Revision History

Opportunistic Policy Established	August 17, 2004
Policy Revised	June 14, 2005
Policy Revised	November 14, 2006
Policy Revised	July 21, 2010
Policy Revised	December 15, 2010
Policy Revised	December 14, 2011
Policy Revised	March 20, 2013
Policy Revised	February 19, 2014
Policy Revised	February 18, 2015
Policy Revised	January 20, 2016
Policy Revised	February 15, 2017
Policy Revised	March 21, 2018
Policy Revised	September 18, 2019
Policy Revised	March 17, 2021
Policy Revised	March 16, 2022
Policy Revised	March 15, 2023
Policy Revised	March 20, 2024
Policy Revised	March 19, 2025
Policy Revised	January 21, 2026

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



Ohio Public Employees Retirement System

Benchmarks Policy
January 2026 ~~March 2025~~

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Revision History

Benchmarks Policy Established	September 20, 2023
Policy Revised	March 20, 2024
Policy Revised	March 19, 2025
<u>Policy Revised</u>	<u>Janauary 21, 2026</u>

I. SCOPE

This Policy applies to the usage of benchmarks within the Ohio Public Employees Retirement System (“OPERS”) Defined Benefit Fund (“DB Fund”) and Health Care 115 Trust Fund (“HC Fund”).

II. PURPOSE

This Policy provides the broad strategic framework for the selection, use, and modification of benchmarks utilized to manage the Funds. It is intended to clearly describe the use of benchmarks within the Funds, to delineate roles and responsibilities with respect to benchmarks and to help ensure all fiduciaries prudently manage those responsibilities, while preserving the flexibility necessary to meet the Funds return and risk objectives.

III. LEGAL AUTHORITY

The investment powers and fiduciary responsibilities of the OPERS Retirement Board (“Board”) are established by Section 145.11 of the Ohio Revised Code (“ORC”). Section 145.11(A) states; in part:

The members of the public employees retirement board shall be the trustees of the funds created by section 145.23 of the Revised Code. The board shall have full power to invest the funds. The board and other fiduciaries shall discharge their duties with respect to the funds solely in the interest of the participants and beneficiaries; for the exclusive purpose of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering the public employees retirement system; with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims; and by diversifying the investments of the system so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

OPERS Investment Staff (“Staff”) and others, who are involved in the management of the Funds’ assets, are subject to the same fiduciary standards as the Board.

IV. PHILOSOPHY

A benchmark is a standard or point of reference against which an investment may be compared. Often, market indices (e.g., the S&P 500 index) are used as benchmarks. A market index is a group of financial instruments, typically securities or derivatives, that represents and quantifies the performance of a particular market segment such as an asset class, sector, or strategy.

Many other measures, or combinations of measures, may be used as benchmarks as well. Including returns-based indices such as peer groups or manager universes, the Federal Funds Effective Rate, the Prime Rate, an arbitrary fixed rate, or a reference rate plus a spread.

When properly implemented and utilized in an investment management program, benchmarks may enhance the evaluation of investment strategies and value-added by managers. According to CFA® Institute’s Global Investment Performance Standards, appropriate benchmarks reflect the investment mandate, objective, or strategy. Additional characteristics may be considered, such as whether a benchmark is one that is specified in advance and is relevant, measurable, unambiguous, representative of current investment options, accountable, investable, and complete.

Achieving these characteristics when selecting a benchmark often involves trade-offs, as many benchmarks may not satisfy all these criteria. A transparent, representative benchmark is particularly challenging with private market assets since these assets are illiquid and generally not traded publicly or on an exchange.

V. ESTABLISHING AND MODIFYING BENCHMARKS

Benchmarks are used in three primary ways, described further below and summarized in the following table.

Benchmark Usage	Role		
	Board	Investment Advisor	Staff
Policy (Fund, Asset Class, Sub-Asset Class)	Approve	Advise	Advise
Portfolio	Inform	Approve	Approve
External Managers	Inform	Approve	Approve

Policy Benchmarks

Policy Benchmarks are used by the Board to direct Staff in establishing the strategic asset allocation and performance expectations of the Funds, which are expected over time to fulfill the investment objectives set forth in the Fund Policies.

Policy Benchmarks are established by the Board for each Fund, Asset Class, and Sub-Asset Class, as described in the Performance Objectives sections of the Fund Policies and in the Performance Objectives of each Asset Class policy.

Policy Benchmarks are approved at least annually as part of the Board’s policy review and approval process.

Modifications to Policy Benchmarks, which must be approved by the Board, may be recommended by the Investment Advisor for reasons that include, but are not limited to the following:

- A change in the investment mandate.
- A material change in benchmark characteristics, frequency or provider.

At the discretion of the Board, the Investment Advisor, with assistance from Staff, shall provide formal recommendations to the Board for the modification of an existing or the establishment of new Policy Benchmarks.

Portfolio Benchmarks

Portfolio Benchmarks are used by Staff to implement the Board's Policy allocation and manage performance and risk expectations for individual portfolios. The selection of a Portfolio Benchmark may differ from the Policy Benchmark, depending on the mandate and implementation.

The authority involving portfolio guidelines was delegated to the Investment Advisor and Staff at the Board's November 13, 2007, meeting, in which the Investment Committee adopted modifications to its Statements of Investment Objectives and Policies for the Defined Benefit and Health Care Funds. Among other changes, the Committee delegated the responsibility and authority to review and approve guidelines, and proposed changes to guidelines, for all portfolios managed by internal Staff as well as those managed by external investment managers.

As part of this delegation of authority, Staff and the Investment Advisor established the Reviewing and Approving Portfolio Guidelines and Proposed Changes to Guidelines Staff Procedure, which is used to specify parameters applicable to individual portfolios, including Portfolio Benchmarks. The Investment Advisor must approve all portfolio guidelines and changes to portfolio guidelines.

External Managers

Benchmarks for groups of External Managers are used by Staff to implement the Board's Policy allocation and manage performance and risk expectations for external manager mandates so that they may be evaluated as a group, rather than individually. For example, external managers in the U.S. Equity small cap mandate are assigned the Russell 2000 benchmark.

Staff and the Investment Advisor assign either an approved Policy Benchmark or an approved Portfolio Benchmark (described above) for External Manager mandates.

VI. 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

The Board delegates authority to the Chief Investment Officer (“CIO”) to implement this Policy. Staff is responsible for monitoring the Policy and recommending changes to the Board. Staff is also responsible for maintaining appropriate operating procedures to support the framework of the Board-approved Policy and the goals and objectives adopted by the Board in the Annual Investment Plan.

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 confirming that the Policy Benchmark updates are approved by the Board and that the Portfolio Benchmark updates are approved by the Investment Advisor. IC is also responsible for confirming the benchmark updates are implemented by the Investment Operations team. If IC identifies any exceptions, IC shall notify Staff, the CIO, the Executive Director and the Board.

D. Investment Advisor

The role of the Investment Advisor is specified in the Investment Objective and Asset Allocation Policies.

VII. MONITORING AND REPORTING

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

A. Quarterly

Report on compliance – Investment Compliance Staff

B. Annually

OPERS Annual Investment Plan – Investment Advisor and Investments Staff

Review of the OPERS Policy Benchmarks approved by the Board – Investment Advisor



Ohio Public Employees Retirement System

Broker-Dealer Policy
January 2026~~March 2025~~

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Revision History

Broker Dealer Policy Established	November 21, 2001
Policy Revised	June 19, 2002
Policy Revised	June 17, 2003
Policy Revised	August 17, 2005
Policy Revised	October 15, 2008
Policy Revised	October 20, 2010
Policy Revised	December 15, 2010
Policy Revised	December 14, 2011
Policy Revised	March 20, 2013
Policy Revised	February 19, 2014
Policy Revised	February 18, 2015
Policy Revised	January 20, 2016
Policy Revised	February 15, 2017
Policy Revised	March 21, 2018
Policy Revised	September 18, 2019
Policy Revised	March 17, 2021
Policy Revised	March 16, 2022
Policy Revised	March 15, 2023
Policy Revised	March 20, 2024
Policy Revised	March 19, 2025
Policy Revised	January 21, 2026

I. SCOPE

This Policy applies to trading and related activities performed by employees of the Ohio Public Employees Retirement System (“OPERS”) in connection with its Defined Benefit Fund (“DB Fund”) and Health Care 115 Trust Fund (“HC Fund”) that involve securities traded in public markets.

II. PURPOSE

This Policy provides general guidelines for approving brokers and dealers (“broker-dealers”) to facilitate purchase or sale transactions involving OPERS’ assets, for selecting which broker-dealers to use in specific purchase or sale transactions and for documenting the results so obtained.

III. LEGAL AUTHORITY

In accordance with Ohio Revised Code (“ORC”) Section 145.11, “Investment powers and fiduciary duties of [OPERS Retirement] Board” (“Board”), Investment Staff (“Staff”) will use its best efforts in approving and selecting broker-dealers and for documenting results so obtained.

In approving and selecting broker-dealers, Staff will comply with ORC Section 145.11(B), which requires the Board to give equal consideration to firms that are owned or controlled by minorities or women.

Staff will also comply with ORC Section 145.114 to “establish a policy with the goal to increase utilization” of Ohio-qualified agents for the execution of transactions “when an Ohio-qualified agent offers quality, services, costs and safety comparable to other agents available to OPERS.”

IV. PHILOSOPHY

OPERS’ goal in all securities transactions is to obtain Best Execution. Best Execution means the execution of a purchase or sale transaction at a price and commission or fee that provides the most favorable total cost or total proceeds reasonably obtainable under the circumstances then prevailing. To achieve Best Execution, Staff will review and evaluate broker-dealers to determine which firms may be used in buying or selling securities. Staff will select from such approved broker-dealers when placing specific purchase or sale transactions. In doing so, Staff shall consider this Policy in conjunction with OPERS’ Soft Dollar Policy.

V. OBJECTIVES

In selecting a broker-dealer for a specific transaction, Staff will use its best judgment to choose the firm most capable of providing services necessary to obtain Best Execution. The full range and quality of broker-dealer services available will be considered in making these determinations and may consist of the following factors:

- Trading capabilities, including execution speed and ability to provide liquidity
- Commissions and/or fees both in aggregate and on a per share basis
- Capital strength and stability
- Execution, clearing and settlement processing
- Use of technology and other special services
- Responsiveness
- Reliability, integrity and reputation
- Ability to handle large block trades and large volumes of trades
- Ability to handle sensitive trades discretely
- Nature and value of research provided
- Whether a firm is owned or controlled by a minority or a woman
- Whether a firm is an Ohio-qualified broker-dealer

OPERS will consider total transaction costs when selecting broker-dealers for trade execution. Total transaction costs include:

- The cost associated with the effect a transaction has on the price of a security
- The cost associated with the failure to execute a transaction
- The cost associated with the delay in execution of a transaction
- Commissions on agency trades or the spreads on principal trades
- Bid-ask spread

VI. SELECTION, EVALUATION, AND DOCUMENTATION

Staff has developed guidelines and procedures for broker-dealer approval, selection and documentation.

A. Broker-Dealer Approval

Staff will maintain approval procedures for all broker-dealer relationships. These procedures will determine whether broker-dealers may be considered for use in purchasing or selling securities and will evaluate quantitative criteria that include, but are not limited to:

- Firm's creditworthiness
- History of research and execution
- Verification of the ability to trade
- Legal and regulatory history or issues
- Electronic communication protocol

Staff will maintain records of broker-dealers that have applied, whether they were approved, when such decision was made and whether the broker-dealer is Ohio-qualified and/or owned or controlled by a minority or a woman.

B. Broker-Dealer Selection

Staff will maintain procedures for determining which broker-dealers will be selected for use in specific purchase or sale transactions in order to obtain Best Execution. These procedures will determine which broker-dealers are selected and will evaluate qualitative criteria including, but not limited to:

- Trading capabilities, including execution speed and ability to provide liquidity
- Commissions and/or fees both in aggregate and on a per share basis
- Use of technology and other special services
- Responsiveness, reliability and integrity
- Nature and value of research provided
- Operational readiness
- Legal agreements

Staff will maintain a list of broker-dealers that have been selected, which describes the services they rendered and the quality and cost of such services. At least annually, Staff will evaluate the quality of services rendered relative to commissions or fees paid.

C. Broker-Dealer Documentation

In addition to the documentation described above, Staff will maintain records of OPERS utilization of broker-dealers and provide them to the Board upon request.

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

The Board delegates authority to the Chief Investment Officer (“CIO”) to implement this Policy. Staff is responsible for establishing and reviewing on a regular basis guidelines and procedures for approving and selecting broker-dealers. It will maintain documentation of such approvals and selections to assure that OPERS obtains Best Execution in the purchase and sale of public market securities.

Staff will report on broker-dealer approval and selection to the CIO and to the Board. Staff is also responsible for recommending changes to this Broker-Dealer Policy.

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. Broker Review Committee

The Broker Review Committee (“BRC”) provides oversight of the selection, approval and usage of broker-dealers – including the utilization of commission sharing arrangements and related programs, securities trading activity and transactions costs. The BRC will document results of trading activities and report to the Board concerning them.

VIII. MONITORING AND REPORTING

A. Continuously

The approval and selection of broker-dealers will be monitored continuously by Staff and will be documented.

B. Quarterly

Staff provides a report to the Board concerning internal trading of external managers.

C. Semi-Annually

A list of approved broker-dealers will be reported to the Board semi-annually. Such reports will also detail the use of broker-dealers.

D. Annually

Staff will conduct an annual assessment of broker-dealers' trading effectiveness. Annually, Staff provides a report to the Board for internal trading activity concerning commissions paid for each approved broker dealer.



Ohio Public Employees Retirement System

Derivatives Policy

January 2026 ~~March 2026~~

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Revision History

Derivatives Policy Established	September 19, 2001
Policy Revised	June 19, 2002
Policy Revised	June 17, 2003
Policy Revised	November 15, 2005
Policy Revised	August 18, 2010
Policy Revised	December 15, 2010
Policy Revised	December 14, 2011
Policy Revised	November 20, 2012
Policy Revised	March 20, 2013
Policy Revised	February 19, 2014
Policy Revised	February 18, 2015
Policy Revised	January 20, 2016
Policy Revised	February 15, 2017
Policy Revised	March 21, 2018
Policy Revised	September 18, 2019
Policy Revised	March 17, 2021
Policy Revised	March 16, 2022
Policy Revised	March 15, 2023
Policy Revised	March 20, 2024
Policy Revised	March 19, 2025

I. SCOPE

This Policy applies to the use of derivatives within the Ohio Public Employees Retirement System (“OPERS”) Defined Benefit Fund (“DB Fund”) and Health Care 115 Trust Funds (“HC Fund”).

II. PURPOSE

This Policy provides the broad strategic framework for managing the Funds’ financial derivatives (“derivatives”) in internally and externally managed portfolios. Derivatives shall only be used to manage asset and risk exposures consistent with this Policy and other approved Investments Policies and portfolio guidelines.

III. LEGAL AUTHORITY

The investment powers and fiduciary responsibilities of the OPERS Retirement Board (“Board”) are established by Section 145.11 of the Ohio Revised Code (“ORC”). Section 145.11(A) states; in part:

The members of the public employees retirement board shall be the trustees of the funds created by section 145.23 of the Revised Code. The board shall have full power to invest the funds. The board and other fiduciaries shall discharge their duties with respect to the funds solely in the interest of the participants and beneficiaries; for the exclusive purpose of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering the public employees retirement system; with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims; and by diversifying the investments of the system so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

OPERS Investment Staff (“Staff”) and others, who are involved in the management of the Funds’ assets, are subject to the same fiduciary standards as the Board.

IV. PHILOSOPHY

A derivative is an asset or forward investment commitment, the value of which is derived from, or depends on, the value of an underlying asset, reference rate or index.

Derivatives may be used to manage asset exposures and risks in a prudent, timely and cost-effective manner and not for speculative purposes. Derivatives are considered speculative if their use is inconsistent with investment philosophy, objectives, strategies, portfolio guidelines, or any other governing documents.

V. OBJECTIVES

The objective of using derivatives is to enhance returns and manage risks. For example, derivatives may be used to facilitate cost-effective and timely investments, for risk management purposes, for implementation efficiency (i.e. speed of trade execution and lower cost), to achieve exposures that could otherwise be achieved with physical securities or to manage strategies described in Section VI.

VI. STRATEGIES USING DERIVATIVES

Derivatives can be used to assist in achieving investment goals within a particular investment strategy such as managing the overall asset allocation of a Fund or portfolio, including rebalancing activities, transitioning assets between managers, and equitizing or bondizing cash balances. In addition, they can be used to hedge or manage exposure to equity markets, commodities, currencies, duration, total return, yield or credit, interest rates, sectors, sub-sectors and/or countries, risk/return profiles of individual securities or portfolios.

VII. PERMISSIBLE INSTRUMENTS

OPERS may invest in all types of derivatives instruments in accordance with the applicable Asset Class, Sub-Asset Class, portfolio guideline or comparable operative documents. Within this Policy, derivatives are grouped into three categories defined by OPERS as follows:

Category I derivatives are securities-based. Examples of Category I equity derivatives include Exchange Traded Funds, rights, warrants, convertibles and depositary receipts. Examples of Category I fixed income derivatives include asset-backed securities, commercial mortgage backed securities, residential mortgage backed securities, dual currency bonds, Treasury strips, inflation linked securities, interest only and principal only securities, callable and putable bonds, convertibles, yield curve notes and equity or commodity linked bonds.

Category II derivatives are non-securities-based, cleared instruments. An example of a Category II derivative is a futures contract on the S&P 500. Common characteristics of Category II derivatives are that they are generally standardized instruments which are exchange-traded, cleared through a clearinghouse and subject to regulation.

Category III derivatives are non-securities-based, non-cleared instruments. An example of a Category III derivative is a total return swap on an equity index. These types of derivatives are customized, rather than standardized, for the parties engaged in a transaction and are not cleared through a clearinghouse.

Category I derivatives are very similar in many respects to other securities such as stocks and bonds and as such are excluded from this Policy. The risks and risk management associated with Category I derivatives are covered by the Statement of Investment Objectives and Policies for the DB and HC Funds as well as in the asset class and sub-asset class Policies, all of which are approved by the Board. In addition, many of the risk management activities described in the following material also apply to Category I derivatives. The Chief Investment Officer (“CIO”) may elect to subject any Category I derivative to the risk management regime associated with Category II and III derivatives.

VIII. RISK MANAGEMENT

The primary approach to managing risks associated with derivatives usage is to establish and monitor both qualitative and quantitative constraints and through usage of standardized processes.

Given the nature of and the risks associated with Category II and III derivatives, the risk management activities are more extensive. Prior to, and on an ongoing basis, any use of a strategy (outlined in Section VI) in each internally or externally managed portfolio that employs Category II and III derivatives requires:

- Identification and assessment of the derivative specific risks
- Derivative and counterparty guidelines, controls and monitoring reports or equivalent risk management structure
- Operational procedures for control and monitoring of activity
- Staffing resources for effective management and oversight
- Appropriate enabling documents and/or written investment guidelines
- Approval by the CIO (Portfolio guidelines for separate accounts shall set forth whether or not derivatives are permitted within the Portfolio.)

Risks associated with derivatives use include:

A. Market Risk

Market risk may result when market conditions develop differently than expected or when there are mismatches between actual market exposure and the market exposure from the derivative. These risks are primarily mitigated through the usage of tracking error constraints which are defined in applicable Asset class or Sub-Asset Class Policies and portfolio guidelines.

B. Leverage Risk

Leverage risk results when derivatives instruments are used to create a condition in which the economic or market exposure of an investment exceeds the total capital. These risks and the associated controls are further described in the Leverage Policy.

C. Counterparty Risk

Counterparty risk is the risk that a counterparty to a derivative position is unwilling or unable to honor their obligation. Derivative counterparties are subject to the Broker-Dealer Policy which includes requirements for counterparty approval, selection, and monitoring.

- Counterparties utilized by internally managed portfolios for Category III derivatives transactions must be rated at least investment grade by the applicable nationally recognized statistical rating agency(ies).
- Activity limits for counterparties utilized by internally managed portfolios for Category III derivatives transactions are required.

D. Operational Risk

Operational risk is the risk of inadequate or failed internal processes, people or systems. Operational risks are mitigated through the usage of procedures, Staff oversight and effective usage of technology resources.

- For internally managed portfolios, a written assessment of the operational risks associated with derivatives must be completed prior to the usage of new Category II or III derivatives.

E. Complexity Risk

A derivative may behave differently than expected. Complexity risk is mitigated through the identification and assessment of risks associated with the usage of derivatives.

- For internally managed portfolios, a written assessment of the risks associated with derivatives prior to the usage of new Category II or III derivatives.

F. Liability/Recourse Risk

The capital or funding requirements associated with transacting derivatives may result in leverage, which is a condition where the market exposure exceeds the supporting capital. In addition to controls and limits described in the Leverage Policy, account structures are used to mitigate this exposure.

- When conducted in separate accounts (whether internally or externally managed under an agency relationship), the usage of derivatives may result in an exposure and potentially in a liability against the assets of the Funds. Strict controls, as described above in section VIII, for the authorization and the usage of derivatives are used to mitigate this risk.
- When it is determined that the total potential losses in an investment, including losses caused by investments in derivatives, should be limited to the amount of assets initially invested or committed, OPERS shall endeavor to utilize a limited liability structure for such investment, such as a limited liability partnership or a limited liability company, with terms designed to limit the total potential loss for such investment to the amount initially invested or committed by OPERS. This includes all assets within the Private Equity, Private Market Real Estate, Private Credit and Risk Parity Asset and Sub-Asset classes. Operating documents, which include partnership agreements, subscription agreements, portfolio guidelines, and similar documents, govern the usage of derivatives in these investments.

G. Legal and Regulatory Risk

Legal risk is the risk of inadequate or deficient legal documentation. Appropriate enabling documentation is required.

- For internally managed portfolios, Category III derivatives must be executed pursuant to ISDA Master Agreements and other legally required agreements with approved counterparties. Usage of “long-form” trade confirmations must be approved by the CIO.
- For internally managed portfolios, applicable foreign exchange and derivative transactions must be approved by a duly authorized OPERS “Qualified Independent Representative” (“QIR”) as described in the Dodd-Frank Wall Street Reform and Consumer Protection Act and regulatory rules adopted pursuant thereto.
- For internally managed portfolios, in order to ensure that OPERS is not the “reporting party”, under parts 43, 45, and 46, of the Commodity Futures Trading Commission (“CFTC”) regulations, swaps, forward foreign exchange transactions, and foreign exchange swaps may only be transacted with persons that are fully Registered Swap Dealers or Provisionally Registered Swap Dealers with the CFTC.

H. Liquidity Risk

Liquidity risk may result from the usage of derivatives, depending on the type of derivative and its characteristics. In order to manage overall Fund liquidity (Category III) and to balance the Fund-level usage of derivatives versus physical securities (Category II), the following limits will apply to public market assets held in separate accounts:

- The combined gross notional exposure of Category II and Category III derivatives will not exceed 50% of the total net asset value of public market assets held in separate accounts, excluding foreign exchange derivatives used for hedging purposes. Additional portfolio level restrictions may apply.
- Currency forwards shall be one year or less in tenor unless approved by the CIO.

IX. 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

The Board delegates authority to the CIO to implement this Policy and act as OPERS QIR. The CIO shall also ensure that OPERS adopts written procedures appropriate to manage its Derivative activities. Staff is responsible for monitoring the Policy and recommending changes to the Board. Staff is also responsible for managing the derivatives activities within the framework of the Board-approved Policies and within the goals and objectives adopted by the Board in the Annual Investment Plan.

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 role of the Investment Advisor is specified in the Fund Policies.

X. MONITORING AND REPORTING

On a quarterly basis, or more frequently if appropriate, Compliance Staff will provide a report to the Board on compliance, including exceptions, with this Policy.



Ohio Public Employees Retirement System
External Investment Managers' Insurance Policy
January 2026 ~~March 2025~~

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Revision History

External Investment Managers’ Insurance Policy Established	February 18, 2009
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I. SCOPE

This Policy applies to External Managers (“Managers”) of the Ohio Public Employees Retirement System’s (“OPERS”) assets except Real Estate managers, for which insurance requirements are set forth in the Real Estate Policy.

II. PURPOSE

This Policy is intended to assure that Managers of OPERS’ assets comply with requirements of Ohio law, and with prudent investment practices, concerning insurance.

III. LEGAL AUTHORITY

Section 145.113 (E) of the Ohio Revised Code (“ORC”) requires every fiduciary of OPERS’ assets to be bonded or insured to an amount of not less than one million dollars for loss by reason of acts of fraud or dishonesty.

ORC Section 145.11 (A) provides that the OPERS Retirement Board (“Board”) shall have full power to invest OPERS’ funds. In doing so, it specifies that the Board and other fiduciaries shall act, in among other ways:

“With care, skill, prudence, and diligence of a prudent person under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.”

IV. OBJECTIVES OF THIS POLICY

OPERS Staff selects Managers to invest OPERS’ assets who have demonstrated consistent investment philosophy and process and generated competitive returns and who have a high probability of meeting or exceeding benchmark performance over time, while adhering to the mandate for which they were selected.

In addition to meeting the minimum requirements of ORC Section 145.113 (E), the Board also expects that Managers will comply with the fiduciary standards of Section 145.11 (A) in regard to insurance coverage for other types of occurrences. This Policy establishes minimum insurance standards that Managers shall meet.

V. TYPES OF INVESTMENT MANAGEMENT ARRANGEMENTS

OPERS engages Managers to manage its assets through two different types of arrangements.

A. Separate Accounts

Separate Accounts are professionally managed portfolios owned directly by OPERS. Separate Account arrangements are created through negotiations with Managers. OPERS and Managers agree on specific terms and conditions according to which OPERS' assets will be managed. These agreements are set forth in contracts signed by both parties and typically called Investment Management Agreements ("IMAs").

B. Commingled Accounts

Commingled Accounts consist of assets of multiple investors, including OPERS, all of which are managed in the same manner. Commingled Account arrangements are created by legal documents such as trust agreements, declarations of trust and collective trust and partnership agreements. These documents set standard terms and conditions according to which Managers will manage investors' assets. In order to invest in Commingled Accounts, OPERS must agree to the terms of the accounts' governing legal documents.

C. Arrangements Covered by Policy

Public Market Managers of Separate or Commingled Accounts invest in securities bought or sold on stock exchanges or over-the-counter markets. Private Market Managers can invest in both public securities or in assets that are not publicly traded.

This Policy applies to Public and Private Market Managers of Separate and Commingled Accounts, except Real Estate Managers who, by contract, assume the fiduciary duty to insure OPERS' assets appropriately.

VI. INSURANCE REQUIREMENTS FOR PUBLIC MARKET SEPARATE ACCOUNT MANAGERS

Managers of Public Market assets retained by OPERS through individually negotiated IMAs shall provide evidence of insurance coverage in accordance with standards set forth in this Section VI.

A. Fidelity Insurance

The term "fidelity insurance" refers to either insurance policies or bonds that protect an entity against fraudulent or dishonest acts committed by one or more of its employees. Riders to such policies or bonds may extend their coverage to certain types of losses caused by non-employees.

1. Form of Coverage

A Manager's organizational type shall determine on which of the following Surety and Fidelity Association of America ("SFAA") forms its fidelity insurance shall be underwritten:

- Form 14 for Mutual and Hedge Funds and Private Equity Firms
- Form 15 for Real Estate Investment Trusts and Broker-Dealers
- Form 24 for Banks and Trust Companies
- Form 25 for Insurance Companies

Policies may also be written on forms that are substantially equivalent to these SFAA forms. Employee Retirement Income Security Act or ERISA Bonds are not equivalent to these SFAA forms and are not acceptable substitutes for policies written on them.

2. Scope of Coverage

At a minimum, Managers' fidelity insurance must cover:

- Acts of dishonesty including, but not limited to, employee dishonesty;
- Acts of fraud including, but not limited to, computer fraud, electronic funds fraud and wire transfer fraud; and
- Forgery and alteration

3. Amount of Insurance

Managers shall provide evidence of fidelity insurance in at least the amounts set forth in the following table:

Manager's Assets Under Management¹	Minimum Required Limit
Up to \$500 million	\$1 million
\$500 million to \$3 billion	\$3 million
\$3 billion to \$10 billion	\$5 million
\$10 billion to \$25 billion	\$10 million
\$25 billion to \$50 billion	\$15 million
\$50 billion to \$100 billion	\$25 million
\$100 billion to \$250 billion	\$35 million
\$250 billion to \$500 billion	\$50 million
Over \$500 billion	\$50 million and subject to further review ²

¹ “Assets Under Management” is the higher of a Manager’s total assets disclosed in its most recently filed Securities and Exchange Commission (“SEC”) Form ADV Part 1 or Form ADV Part 2, or similar documents filed with other regulators if it is not SEC-registered, at the time insurance is issued or renewed.

² For Managers with assets under management over \$500 billion, OPERS and OPERS Insurance Consultant shall review the Manager’s insurance and may require that the Manager submit additional information.

B. Errors and Omissions Insurance

Errors and Omissions (“E&O”) Insurance protects an entity, its officers, directors and employees in the event they are sued by clients for any actual or alleged negligent act, error or omission committed within the scope of performing professional services. Such coverage also includes legal defense costs even where allegations are baseless.

Managers shall provide evidence of E&O insurance in at least the amounts set forth in the following table:

Manager’s Assets Under Management³	Minimum Required Limit
Up to \$250 million	\$1 million
\$250 million to \$500 million	\$2 million
\$500 million to \$1 billion	\$5 million
\$1 billion to \$10 billion	\$10 million
\$10 billion to \$25 billion	\$15 million
\$25 billion to \$35 billion	\$20 million
\$35 billion to \$50 billion	\$25 million
\$50 billion to \$70 billion	\$35 million
\$70 billion to \$100 billion	\$50 million
\$100 billion to \$200 billion	\$65 million
\$200 billion to \$350 billion	\$80 million
\$350 billion to \$500 billion	\$100 million
Over \$500 billion	\$100 million and subject to further review ⁴

³“Assets Under Management” is the higher of a Manager’s total assets disclosed in its most recently filed SEC Form ADV Part 1 or Form ADV Part 2, or similar documents filed with other regulators if it is not SEC-registered, at the time insurance is issued or renewed.

⁴ For Managers with assets under management over \$500 billion, OPERS and OPERS Insurance Consultant shall review the Manager’s insurance and may require that the Manager submit additional information.

C. Standards for All Types of Insurance

1. Insurance Carrier Ratings

An insurance company writing a Manager's fidelity or E&O coverage must be rated A (Excellent) or better and have a financial size category of IX (adjusted policyholder surplus of at least \$250 million) or higher, both ratings as determined by A. M. Best at the time of issuance.

2. Deductibles or Retentions

Managers' deductibles or retentions should not exceed 5% of the Minimum Required Limits set forth in the two preceding tables or 7.5% of the amounts actually purchased, if greater than the Minimum Required Limits.

VII. INSURANCE REQUIREMENTS FOR OTHER ACCOUNT MANAGERS

A. Public Market Commingled Funds

When OPERS retains a Manager of a Commingled Account that consists of Public Market assets, it cannot control the types or amounts of insurance such Manager shall maintain. As part of due diligence reviews of a prospective Commingled Account Manager, Staff shall inquire into their insurance coverage. Such Managers should not be retained unless their insurance practices comply with ORC Section 145.113 (E), conform to the general principles set forth in this Policy and appear to be appropriate for the activities in which such Managers are engaged.

B. Private Market Accounts

When OPERS retains a Private Market Fund Manager, whether through a Separate Account or a Commingled Account, it is generally unable to specify the types or amounts of insurance such Manager shall maintain. As part of due diligence reviews of a prospective Private Market Manager, Staff shall inquire into their insurance coverage. Such Managers should not be retained unless their insurance practices comply with ORC Section 145.113 (E) and appear to be appropriate for the activities in which Managers are engaged. Managers' compliance with the ORC and their representation as to the appropriateness of their insurance coverage should be documented in an appropriate manner such as in a side letter.

C. Hedge Funds

When OPERS retains a Hedge Fund Manager through a Separate Account, the Manager's insurance must comply with all requirements of Section VI of this Policy.

When OPERS retains a Hedge Fund Manager through a Commingled Account, it does so through various types of governing documents. As part of due diligence reviews of a prospective Hedge Fund Manager, Staff shall inquire into their insurance coverage. Such Managers should not be retained unless their insurance practices comply with ORC Section 145.113 (E) and appear to be appropriate for the activities in which Managers are engaged. Their compliance with the ORC and their representation as to the appropriateness of their insurance coverage should be documented in an appropriate manner such as a side letter.

VIII. 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

The Board delegates authority to the Chief Investment Officer (“CIO”) who, in consultation with OPERS’ Legal Services Division, is responsible for reviewing and approving or rejecting deviations from this Policy proposed for inclusion in individually negotiated IMAs. Any approved deviations from this Policy shall be reported to the Board at its next meeting. The CIO shall also review any other exceptions to this Policy.

All members of Investment Staff (“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. Legal Services Division

The Legal Services Division is responsible for advising Staff with respect to legal aspects of insurance matters in connection with Managers, including any deviations from this Policy proposed for inclusion in an individually negotiated IMA.

D. Investment Compliance

The Investment Compliance area of Investment Accounting, Operations and Compliance (“IC”) is responsible for establishing procedures to track Managers’ compliance with the insurance requirements of their IMAs. Annually, IC shall report to the Board concerning Managers’ compliance with this Policy.

E. Insurance Consultant

OPERS may engage an insurance consultant to assist Staff in discharging the duties imposed upon them by this Policy.

F. Investment Managers

Managers engaged by OPERS are responsible for complying with this Policy and their IMAs. They must confirm such compliance to OPERS quarterly and supply copies of their current insurance policies to OPERS, or its Insurance Consultant, at least annually.

IX. MONITORING AND REPORTING

Annually, the Assistant Director of Investment Accounting, Operations and Compliance (“AD”), or the AD’s delegee, will report to the Board concerning compliance with this Policy or any exceptions to it.



Ohio Public Employees Retirement System

Iran and Sudan Divestment Policy

January 2026~~March 2025~~

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Revision History

Iran and Sudan Divestment Policy Established	September 12, 2007
Policy Revised	December 15, 2010
Policy Revised	December 14, 2011
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Policy Revised	September 18, 2019
Policy Revised	March 17, 2021
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Policy Revised	March 15, 2023
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Policy Revised	March 19, 2025
Policy Revised	January 21, 2026

I. SCOPE

This Policy applies to publicly-traded stocks and bonds in the Non-U.S. Public Equity and Fixed Income Asset Classes that are actively managed through separate accounts.

This Policy applies to the Ohio Public Employees Retirement System (“OPERS”) Defined Benefit Fund (“DB Fund”) and Health Care 115 Trust Fund, (“HC Fund”).

II. PURPOSE

This Policy addresses the management of potentially unique risks posed by certain public equity and fixed income securities issued by companies with ties to Iran and the Republic of the Sudan, sometimes referred to as North Sudan.

III. LEGAL AUTHORITY

Section 145.11 (A) of the Ohio Revised Code (“ORC”) states in part:

The members of the public employees retirement board shall be the trustees of the funds created by section 145.23 of the Revised Code. The board shall have full power to invest the funds. The board and other fiduciaries shall discharge their duties with respect to the funds solely in the interest of the participants and beneficiaries; for the exclusive purpose of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering the public employees retirement system; with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims; and by diversifying the investments of the system so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

Section 145.11 (B) of the ORC provides that:

In exercising its fiduciary responsibility with respect to the investment of the funds, it shall be the intent of the Board to give consideration to investments that enhance the general welfare of the state and its citizens where the investments offer quality, return and safety comparable to other investments currently available to the Board.

IV. INVESTMENT PHILOSOPHY

Investments in securities of companies with ties to Iran and Sudan may pose potentially unique risks and the Board desires that Investment Staff (“Staff”) identify and engage those companies. Failure of these Scrutinized Companies to remedy these potential risks may cause restrictions on new investments in the Scrutinized Companies and the divestment of existing investments in the Scrutinized Companies if comparable investments offering similar quality, return and safety are available.

These efforts will be conducted in a manner consistent with the Board’s fiduciary duty, demonstrating prudence and observing best practices.

V. OBJECTIVES

This Policy establishes a goal of reducing investment exposure to the potentially unique risks associated with investments in companies with ties to Iran and the Republic of the Sudan when comparable investments offering similar quality, return and safety are available.

VI. PROCESS

Staff will maintain an Iran and Sudan Divestment Procedure (“Procedure”) to identify and engage companies with ties to Iran and Sudan that includes restrictions on new investments and divestment of existing investments if comparable investments offering similar quality, return and safety are available.

VII. RISK MANAGEMENT

Divesting public equities and fixed income securities that are components of Asset Class and/or portfolio benchmarks may cause an increase in tracking error relative to the associated benchmarks. Staff will monitor the effect of this Policy on the returns and associated tracking errors.

VIII. ROLES AND RESPONSIBILITIES

A. OPERS Retirement Board

The Board is responsible for reviewing and approving this Policy and any changes to it.

B. Executive Director

The Executive Director is responsible for monitoring investment activities and reviewing reports related to this Policy.

C. Investment Staff

The Board delegates authority to the Chief Investment Officer (“CIO”) to implement this Policy. Staff is responsible for monitoring the Policy and recommending changes to the Board. Staff is also responsible for ensuring that Investment Management Agreements and guidelines are consistent with this Policy and the Iran and Sudan Divestment Procedure.

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.

D. 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.

E. Corporate Governance Staff

The Corporate Governance Staff is responsible for performing assigned duties in the Procedure.

F. Legal Staff and Fiduciary Counsel

The Legal Services Division and fiduciary counsel are responsible for advising Staff and the Board regarding legal compliance and fiduciary duties and performing other duties assigned in the Procedure.

IX. MONITORING AND REPORTING

A. Periodically

The Assistant Director of Investment Accounting, Operations and Compliance (“AD”), or the AD’s designee will report to the Board concerning compliance with this Policy or any exceptions to it.

B. Upon Request

Staff shall provide to the Ohio Retirement Study Council (“ORSC”) such information about compliance with this Policy or any exceptions as the ORSC may from time to time request.



Ohio Public Employees Retirement System

Liquidity Policy

January 2026 ~~March 2025~~

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Revision History

Liquidity Policy Established	February 15, 2017
Policy Revised	March 21, 2018
Policy Revised	September 18, 2019
Policy Revised	March 17, 2021
Policy Revised	March 16, 2022
Policy Revised	March 15, 2023
Policy Revised	March 20, 2024
Policy Revised	March 19, 2025
Policy Revised	January 21, 2026

I. SCOPE

This Policy addresses liquidity management within the asset allocations of the Ohio Public Employees Retirement System (“OPERS”) Defined Benefit (“DB Fund”) Fund and Health Care 115 Trust Funds (“HC Fund”).

II. PURPOSE

This Policy provides the broad strategic framework for managing the Funds’ liquidity involving investment assets, investment-related liabilities and short-term obligations including benefit payments.

III. LEGAL AUTHORITY

The investment powers and fiduciary responsibilities of the OPERS Retirement Board (“Board”) are established by Section 145.11 of the Ohio Revised Code (“ORC”). Section 145.11 states:

The members of the public employees retirement board shall be the trustees of the funds created by section 145.23 of the Revised Code. The board shall have full power to invest the funds. The board and other fiduciaries shall discharge their duties with respect to the funds solely in the interest of the participants and beneficiaries; for the exclusive purpose of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering the public employees retirement system; with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims; and by diversifying the investments of the system so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

IV. PHILOSOPHY

In general, liquidity refers to the capacity to use and, if necessary, generate cash. Since most obligations are satisfied with cash, rather than other assets, this capacity is of paramount importance to the Funds.

The Board’s asset allocation is the first expression of liquidity preference. Any limits that the Board places on risk (while seeking return) are a reflection of self-imposed constraints in the form of downside protection, liquidity considerations, leverage limits, and so forth.

For an asset or collection of assets, liquidity is a term used to characterize the capacity of the asset(s) to be efficiently converted into cash. “Efficiently” considers (1) the time involved in the conversion, (2) the price at which the conversion occurs

and (3) the transaction costs. More liquid assets generally require less time to be converted into cash, can be converted into cash at or above “fair value”, and involve low transaction costs. Conversely, less liquid assets generally require more time to be converted into cash, may require discounting below “fair value” to be converted and may involve high transactions costs.

Liquidity is prized by the markets and, therefore, comes at a cost. Generally, the more liquid an asset is, the lower the expected return from it. For example, physical cash itself provides no future expected return.

OPERS seeks to balance the need for liquidity with the goal of targeted returns so that there are always sufficient funds available. During periods of market dislocations in which asset liquidity becomes impaired, maintaining the long term asset allocation is a secondary priority relative to the immediate cash flow needs for benefit payments.

V. SOURCES OF LIQUIDITY RISK

Liquidity risk is the potential for loss resulting from the diminished capacity, or inability of the Fund to efficiently meet its benefit and investment-related payment obligations. Three broad areas of liquidity risk are considered below.

A. Benefit Payments

Many factors influence the liquidity risk associated with the Funds benefit obligations. These include the structural characteristics of the Plans, including benefits offerings, contribution rates, and member demographics. For example, all else equal, a mature pension plan with a lower ratio of active members to retirees may have lower cash inflows than a plan in which the relationship of active members to retirees is higher. OPERS is currently considered to be a mature plan in which cash outflows (benefit payments) exceed cash inflows (contributions) plus net investment cash income.

This Policy relates only to the ultimate, short-term cash flow requirements associated with the cash payment of the benefits and not to the Plans’ structural benefit characteristics.

B. Assets

Asset liquidity is dependent upon several factors including:

- Market conditions (trading volumes, volatility, relative values of securities) at near normal levels;
- How quickly an asset can be bought and sold (this includes contractual provisions, such as gates, which may limit the ability to transact);
- Pricing efficiency;
- Transactions costs.

Generally speaking, and with consideration of the variables above, the level of liquidity of the Funds can be characterized, under normal market conditions, as follows:



* May include the ability to manage exposure and liquidity using derivatives

C. Investment-Related Liabilities and Cash Needs

Investment-related liabilities are those obligations resulting from investment activity and include:

- Derivatives related obligations including margin collateralization and other payment obligations;
- Transactional obligations; and
- Other contractual obligations.

Potential cash needs include the following:

- Asset allocation and Fund-level rebalancing activities;
- Internally managed portfolio fundings and transitions;
- Externally managed public and private markets portfolio capital commitments and transitions.

These liabilities and cash needs may also be impacted by market conditions and contractual provisions.

VI. RISK MANAGEMENT

In order to protect the pension funding, the Board has sought a balance of risk and return in its asset allocation. As part of that balance, the Board has elected to make allocations to private equity, private real estate and other illiquid asset classes and asset structures in order to better achieve their discount rate goals. This balance of risk and return is addressed by this policy which seeks to specifically give a roadmap of how OPERS addresses this balance of needs, while recognizing that any allocation that seeks returns will appear sub-optimal in the midst of a crisis. Therefore, it is necessary to build the liquidity strategy in advance of the need for it. A number of approaches are used to measure and manage the Fund's liquidity risks, including a combination of controls in policies, portfolio guidelines, account structures, procedures and operative legal and governing documents.

A. Assets

The liquidity characteristics of each Asset Class and sub-Asset Class are described in the preceding table, with additional detail provided below. Limitations on less liquid asset classes are driven by the top-down allocation and ranges which are included in the Investment Objectives and Asset Allocation Policies for the DB and HC Funds.

1. Operating cash

Operating cash accounts are used to make benefit payments.

2. Liquidity allocation

A dedicated allocation to U.S. Treasury securities is specified in the Investment Objectives and Asset Allocation Policies for the DB and HC Funds. This allocation, which is reviewed annually by the Investment Advisor, resides within the Fixed Income Asset Class and would be used as part of a Contingency Liquidity Plan to satisfy the Funds liquidity needs.

3. Liquidity Reserves and Rebalancing Portfolios

Numerous Liquidity Reserve portfolios are used at the Asset Class and sub-Asset Class level to manage liquidity and to facilitate both internally and externally managed portfolio fundings and transitions.

Fund-level rebalancing portfolios are used to manage the Funds liquidity and to manage the asset allocation.

Both liquidity reserve and rebalancing portfolios may utilize derivative instruments to take advantage of the following characteristics:

- Derivatives – particularly exchange traded (OPERS Category II) are often more liquid than the physical security, or underlying asset. That is, derivatives may be more readily transacted, at a comparable, or favorable cost, and at fair market prices, relative to physical securities.
- Relative to physical securities which may experience delayed availability when the securities are loaned, there is no impact on derivatives liquidity from securities lending.

4. Risk Mitigation Strategies

Long Duration U.S. Treasury portfolios are used at the Asset Class and sub-Asset Class level to manage liquidity and to facilitate both benefit payments and rebalancing.

Trend Following and Alternative Risk Premia portfolios may utilize derivative instruments to take advantage of market dislocations. It can be used at the Asset Class and sub-Asset Class liquidity and to facilitate both internally and externally managed portfolio rebalancing.

B. Liabilities

1. Securities Lending

OPERS conducts securities lending to enhance Fund returns by lending securities and re-investing the cash collateral with the expectation that the yield earned on the re-invested cash collateral exceeds the rebate fees paid. During the time that securities are on loan, they are unavailable for sale and therefore negatively impact liquidity of the Funds. In order to mitigate this reduced liquidity, the following approaches are utilized:

- A limit on the aggregate amount of securities lent relative to the total amount of securities which are eligible to be lent (public market separate account securities) is specified in the Securities Lending Policy.
- Individual portfolios may be restricted from securities lending.

2. Capital Commitments

Private equity, private credit and private real estate investments sometimes require the commitment of a capital pool which is then drawn, or funded, over time as needed (i.e., as investments are made). This unused (and unfunded) portion of capital, referred to as committed capital, represents a form of liability. At the time the manager calls for capital, the Funds must be prepared to provide cash to satisfy the call. The contingent liquidity requirements of private market capital commitments are closely monitored and managed accordingly.

3. Derivatives

Usage of derivatives results in additional liquidity needs as follows:

- Clearinghouse margining (collateralization) is required for Category II derivatives
- Collateralization with the counterparty to the derivative is required for Category III derivatives.
- Derivatives settlements may also result in liquidity needs.

C. Contingency Liquidity Plan

During a liquidity event, the CIO, working with the Board's Consultant and with subsequent notification to the Board, may utilize contingency liquidity actions to satisfy the Funds' liquidity needs.

In addition to assets held in the liquid reserves and rebalancing portfolios, liquid fixed income assets are held, in part, for liquidity management purposes and may be utilized to satisfy the Funds' liquidity needs. Specifically, Treasury securities are held in the following allocations and may be accessed as needed:

- U.S. Treasury (short and long duration portfolios)
- U.S. TIPS
- Core Fixed

Access may require a modification to approved Targets, Ranges and Benchmarks included in the Investment Objectives and Asset Allocation Policies for the DB and HC Funds Policies. For example, the benchmark of the Core Fixed allocation may be modified from the Bloomberg U.S. Aggregate to a customized Bloomberg U.S. Aggregate ex - U.S. Treasuries.

It may also become necessary to modify limitations in the Board's Derivatives Policy (or Leverage Policy) as the liquidity environment deteriorates since derivatives are, in general, a more liquid form of asset than underlying securities.

D. Contingency Funding

During a significant liquidity event, the CIO, working with the Executive Director, may utilize other contingency funding actions to satisfy the Funds' short-term liquidity needs. These may include use of a liquidity line of credit, repurchase agreements or cash collateral proceeds from securities lending to satisfy short term cash needs. The Board will receive a notification of actions taken with regards to contingency funding.

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

The Board delegates authority to the Chief Investment Officer (“CIO”) to implement this Policy. Staff is responsible for monitoring the Policy and recommending changes to the Board. Staff is also responsible for managing leverage within the framework of the Board-approved Policy and within the goals and objectives adopted by the Board in the Annual Investment Plan.

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 role of the Investment Advisor is specified in the Fund Policies.

VIII. MONITORING AND REPORTING

On a quarterly basis, or more frequently if appropriate, Compliance Staff will provide a report to the Board on compliance, including exceptions, with this Policy.



Ohio Public Employees Retirement System

Material Non-public Information Policy

January 2026 ~~March 2025~~

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Revision History

Material Non-public Information Policy Established	November 18, 2009
Policy Revised	December 15, 2010
Policy Revised	December 14, 2011
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I. SCOPE

This Policy applies to employees of the Ohio Public Employees Retirement System (“OPERS”) who have access to information concerning OPERS investment assets and activities involving them. It sets expectations for such employees conduct to comport with applicable laws, ethical requirements and conditions of their employment.

II. PURPOSE

This Policy is intended to explain requirements of laws, ethics and conditions of employment relative to investment of OPERS assets. It is designed to set forth and formalize OPERS expectation that its employees shall not misuse Material Non-public Information (“MNPI”) in a manner that might violate Federal or Ohio securities laws or otherwise engage in inappropriate trading activities on behalf of OPERS. It also delineates roles and responsibilities of persons involved in assuring compliance with its provisions.

III. LEGAL AUTHORITY

Section 145.11 of the Ohio Revised Code (“ORC”) authorizes OPERS Retirement Board (“Board”) to invest OPERS assets. It provides, in part, that the Board and other fiduciaries, such as OPERS employees,

shall discharge their duties with respect to the funds solely in the interest of the participants and beneficiaries; for the exclusive purpose of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering the public employees retirement system; with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims; and by diversifying the investments of the system so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

Section 145.094 of the ORC establishes duties of OPERS Chief Investment Officer (“CIO”), including the duty to “reasonably supervise” employees “with a view toward preventing violations of Chapter 1707 of the Revised Code, the “Commodity Exchange Act,” 42 Stat. 998, 7 U.S.C. and following, the “Securities Act of 1933,” 48 Stat. 74, 15 U.S.C. and following, and the “Securities Exchange Act of 1934,” 48 Stat. 881, 15 U.S.C. 78a, and following, and the rules and regulations promulgated under those statutes” (collectively, the “Securities Laws”).

Section 145.094 further states that the CIO's "duty of reasonable supervision shall include the adoption, implementation, and enforcement of written policies and procedures reasonably designed to prevent persons employed by the public employees retirement system from misusing material, nonpublic information in violation of those laws, rules, and regulations."

ORC Sections 145.11 through 145.115 set standards of conduct for OPERS employees with respect to investment transactions. The Code of Ethics and Standards of Professional Conduct of the CFA Institute contain provisions similar to requirements of Ohio and Federal laws.

OPERS Employee Manual provides that all employees are employees at will and may be sanctioned for violating terms of their employment, including compliance with policies such as this Policy.

IV. OBJECTIVE

OPERS Ethics Policy states that OPERS seeks to carry out its mission in accordance with all applicable laws and in accordance with the strictest ethical standards to ensure its employees conduct themselves in a manner that fosters public confidence in the integrity of OPERS, its processes and its accomplishments.

In support of OPERS Ethics Policy, the Board has adopted the OPERS Personal Trading Policy to guide employees in their own investment activities. This Policy is intended to provide similar guidance to employees concerning investment of OPERS assets.

V. SECURITIES LAWS

A. Application of Statutes

The Securities Laws apply to all persons transacting business on United States securities or commodities exchanges. They also apply to entities, such as OPERS, when they transact such business even if they are public pension plans that are not subject to regulation by the United States Securities and Exchange Commission or Commodities Future Trading Commission.

B. Material Nonpublic Information

The Securities Laws prohibit the misuse of MNPI when trading securities or commodities.

Material information has been defined as information that a reasonable investor would consider important in determining whether to purchase or sell a security or a commodity. It is also information that, if made public, would likely affect the market price of such a security or commodity. Whether information is material depends on the facts and circumstances. Examples of material non-public information include, but are not limited to: (1) financial projections and results; (2) mergers, acquisitions, tender offers or divestments; (3) information about a company's earnings or dividends (e.g. whether earnings will increase or decrease); (4) information about a company's physical assets (e.g. an oil discovery, a fire that destroyed a factory, or an environmental problem); (5) significant changes in management or operations, including the entering into or cancellation of significant contracts; (6) significant litigation, claims, or government investigations; (7) significant personnel changes; (8) changes to a company's capital structure.

Information may be considered material even if it relates to future, speculative or contingent events and even if it is significant only when considered in combination with publicly available information. Information is considered to be non-public unless it has been publicly disclosed and adequate time has passed for securities or commodities markets to digest such information.

C. Trading Prohibited

A person with actual knowledge of MNPI, including an OPERS employee, must not trade securities or commodities on the basis of such knowledge. Insider trading laws also prohibit the tipping of material non-public information. An employee may not directly or indirectly convey MNPI to anyone who could trade on that information.

Employees should also refer to the OPERS Personal Trading Policy for guidance.

D. Post-Employment Restrictions

OPERS employees are subject to the provisions of this Policy following termination of employment or service for 15 days after the date on which if ever, that MNPI, as defined in Section V.B of this Policy, in the possession of such employee becomes publicly available.

VI. FIDUCIARY LAWS

A. The Duty of Undivided Loyalty

Fiduciaries have always been held to the highest standard of conduct, including the requirement that they discharge their responsibilities solely in the interest of the beneficiaries of the assets they manage. ORC Section 145.11 requires the Board and OPERS employees to discharge their duties, including investment responsibilities, solely in the interest of OPERS Funds.

This obligation is referred to as a fiduciary's duty of undivided loyalty.

B. One Qualification to the Duty of Undivided Loyalty

The duty of undivided loyalty being central to the conduct of a fiduciary's office, the common law recognized only limited exceptions or qualifications to it. One of those few qualifications relieved a fiduciary of the need to act illegally, even if doing so would benefit the beneficiary of their trust.

C. Expectations of OPERS Employees

Accordingly, OPERS employees are not required to violate any laws, and are specifically prohibited from violating Securities Laws, even if doing so might result in a benefit or benefits to the Funds.

VII. MANAGING MATERIAL NONPUBLIC INFORMATION

A. Preventing Dissemination of Information

The CIO shall adopt, implement and enforce written procedures reasonably designed to prevent Investment Division employees who come into possession of MNPI from disseminating such information, overtly or inadvertently, to other members of the Investment Staff.

In developing such procedures, the CIO shall consult with OPERS General Counsel ("GC") and may also consult with others, as appropriate.

B. Reporting Requirements

If any OPERS employee becomes aware of MNPI concerning a security or commodity, by virtue of their employment at OPERS or otherwise, they must immediately so notify GC. If GC determines that the information is, in fact, MNPI given the facts and circumstances, GC will then notify Investment Compliance area of Investment Accounting, Operations and Compliance ("IC").

C. Trading Restrictions

IC shall immediately place a restriction on any security or commodity that might be affected by the MNPI so reported such that OPERS traders of equity and fixed income securities are prohibited from purchasing or selling that security or commodity.

IC shall also add such securities to the Restricted List created by OPERS Personal Trading Policy to block personal trading activities of Covered Persons.

D. Removal of Trading Restrictions

IC shall not authorize OPERS traders to purchase or sell any security or commodity that might be affected by the MNPI, or remove any security or commodity from the Restricted List, until GC informs IC that the information is public and known to the market. In case of doubt as to whether information has become public, IC shall consult with the GC.

IC may approve restricted trades for purposes of rebalancing or funding of an account that must replicate an index and hold the representative weights of the underlying securities in the index. Generally, trading a basket¹ to rebalance is permissible when the restricted stock is less than 5% of the basket.

VIII. SANCTIONS

Willful disregard of this Policy will subject OPERS employees to sanctions that may include formal reprimands, adverse performance reviews and termination of employment.

IX. ROLES AND RESPONSIBILITIES

The following section outlines roles and responsibilities of the parties involved in maintaining and executing this Policy.

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.

¹ An order to buy or sell a group of securities simultaneously. Basket trading is essential for institutional investors and investment funds who wish to hold a large number of securities in certain proportions. In order for a trade to be considered a "basket trade," it must typically involve the sale or purchase of 15 or more securities.

B. Chief Investment Officer

The CIO, in consultation with IC, shall develop and enforce written procedures to prevent violations of this Policy. The CIO is responsible for reviewing adherence to this Policy by OPERS employees, and shall ensure that any violations, or willful disregard, of its provisions are reported to the GC, Director of Internal Audit (“DIA”), the Director of Human Resources, IC, and if applicable to the employee’s division head.

In case of a violation of this Policy, the CIO shall work with the Director of Human Resources to impose appropriate sanctions. The CIO, in consultation with the GC and IC, shall periodically review this Policy and recommend changes, if any, to the Board.

C. General Counsel

The GC shall review any reported violations, or cases of willful disregard, of this Policy to determine if any further action is required.

In collaboration with IC, the GC will review with OPERS employees, at least once each calendar year, requirements of the Securities Laws, including those relative to MNPI.

D. Director of Internal Audit

The DIA shall review any suspected violations or suspected willful disregard of this Policy reported by the CIO or discovered independently. The DIA will report any findings concerning such reviews to the GC and the Board’s Audit Committee in accordance with OPERS Reporting of Suspected Misconduct Policy.

The DIA shall also ensure that a review of OPERS securities trading activities is included in the annual audit plan and shall review results of such audits with the Board’s Audit Committee.

E. Director of Human Resources

The Director of Human Resources shall review any sanctions proposed for imposition in connection with this Policy. In collaboration with the CIO and the Assistant Director of Investment Accounting, the Director of Human Resources shall document any sanctions imposed under this Policy.

F. Investment Compliance

Whenever notified by GC that OPERS employees have become privy to MNPI, IC is responsible for placing trading restrictions on the applicable securities and commodities. The trading restrictions shall prohibit OPERS traders of equity and fixed income securities from purchasing or selling the restricted security or commodity.

IC shall also add such securities to the Restricted List created by OPERS Personal Trading Policy to block personal trading activities of Covered Persons.

IC shall report any violations to the CIO, with copies of the report delivered to the GC, DIA and Director of Human Resources. IC shall report to the Board annually, concerning compliance with this Policy.

IC will determine on a case by case basis if restricted trades may be approved for purposes of a rebalance or funding of an account that must replicate an index.

In collaboration with the GC, IC will review with OPERS employees who are covered by the OPERS Personal Trading Policy, at least once each calendar year, requirements of laws and regulations applicable to MNPI.

G. OPERS Employees

OPERS employees are expected to comply with both the letter and spirit of this Policy.

X. MONITORING AND REPORTING

A. Continuously

- If OPERS employees become aware of MNPI, they will notify GC who will inform IC to place restrictions on trading in accordance with this Policy.
- IC will report to the CIO, with copies to the GC, DIA and Director of Human Resources, concerning compliance with this Policy.

B. Annually

- The GC and IC will review requirements of the Securities Laws with OPERS employees who are covered by the OPERS Personal Trading Policy.
- IC will report to the Board concerning compliance with this Policy.
- The DIA shall include a review of OPERS trading activities in the annual audit plan, and will review the results of such audit with the Board's Audit Committee.



Ohio Public Employees Retirement System
Office of Foreign Assets Control Compliance Policy
January 2026 ~~March 2025~~

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Revision History

Office of Foreign Assets Control Compliance Policy Established	March 20, 2013
Policy Revised	May 21, 2014
Policy Revised	February 18, 2015
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Policy Revised	February 15, 2017
Policy Revised	March 21, 2018
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Policy Revised	March 16, 2022
Policy Revised	March 15, 2023
Policy Revised	March 20, 2024
Policy Revised	March 19, 2025
<u>Policy Revised</u>	<u>January 21, 2026</u>

I. SCOPE

This Policy applies to all investment transactions that the Ohio Public Employees Retirement System ("OPERS") initiates and investment transactions entered into on behalf of OPERS by external investment managers.

II. PURPOSE

This Policy addresses compliance obligations with respect to controls on investment transactions imposed by the United States Department of the Treasury, Office of Foreign Assets Control ("OFAC").

III. LEGAL AUTHORITY

Section 145.11 (A) of the Ohio Revised Code ("ORC") provides that OPERS Retirement Board ("Board") is to discharge its duties solely in the interest of participants and beneficiaries for the exclusive purpose of providing benefits and defraying reasonable costs.

Section 145.11 (B) of the ORC provides that: "In exercising its fiduciary responsibility with respect to the investment of the funds, it shall be the intent of the Board to give consideration to investments that enhance the general welfare of the state and its citizens where the investments offer quality, return and safety comparable to other investments currently available to the Board."

The Board's fiduciary duty requires it to adhere to OFAC's controls on investment transactions because failure to do so would violate federal law and expose OPERS to civil and criminal penalties.

IV. OBJECTIVES

With regard to investment transactions that OPERS initiates, this Policy aims to create and implement thorough, targeted and reasonable procedures designed to mitigate the risk of OPERS engaging in investment transactions prohibited by OFAC.

With regard to investment transactions entered into on behalf of OPERS by external investment managers, this Policy aims to ensure that the OPERS Standard Form of Investment Manager Agreement contains appropriate language concerning OFAC compliance.

V. PROCESS

The Assistant Director of Investment Accounting, Operations and Compliance in conjunction with Legal Services will create and maintain an OFAC Compliance Procedure ("Procedure") to identify investment transactions prohibited by OFAC. In developing the Procedure, the relevant OFAC regulations and compliance guidance issued and available on OFAC's website will be reviewed.

In particular, the Procedure will require OPERS to divest as soon as lawfully permissible from any investment prohibited by OFAC. Staff shall not analyze pursuant to the OPERS Iran and Sudan Divestment Policy, any investment prohibited by OFAC, as this Policy alone shall govern such investments.

Effective October 2017, as Standard Form of Investment Manager Agreements are updated, Staff, in conjunction with the Legal Services Division, will update the provision regarding OFAC compliance in accordance with revisions proposed by OPERS investment counsel. Additionally, Staff, in conjunction with the Legal Services Division, will ensure that external investment managers are contractually bound to indemnify OPERS for any and all violations of OFAC's controls on investment transactions.

Currently, subject to further developments, the nations included on the OFAC list of embargoed countries should be assumed to be under an embargo for purposes of investment activities or transactions.

VI. 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

The Board delegates the Chief Investment Officer ("CIO") to implement this Policy. Staff is responsible for monitoring the Policy and recommending changes to the Board. Staff is also responsible for ensuring that Investment Manager Agreements and guidelines are consistent with this Policy and the Procedure.

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 and Legal determines that an exception to this Policy has occurred, IC shall immediately notify Staff, the CIO, and the Executive Director. The OPERS Retirement Board will be notified once next steps have been determined.

D. Legal Staff and Fiduciary Counsel

The Legal Services Division and fiduciary counsel are responsible for advising Staff and the Board regarding legal compliance and fiduciary duties and performing other duties assigned in the Procedure.

VII. MONITORING AND REPORTING

IC will report to the Board concerning compliance with this Policy annually.



Ohio Public Employees Retirement System

Ohio-Qualified and Minority-Owned Manager Policy

January 2026 ~~March 2025~~

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Revision History

Policy Established	July 8, 2002
Policy Revised	January 14, 2002
Policy Revised	June 17, 2003
Policy Reestablished from Emerging Manager Policy to Ohio-Qualified, Minority & Emerging Manager Policy	October 2004
Policy Reestablished from Ohio-Qualified, Minority & Emerging Manager Policy to Ohio-Qualified and Minority Manager Policy	May 16, 2006
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Policy Revised	March 16, 2022
Policy Revised	March 15, 2023
Policy Revised	March 20, 2024
Policy Revised	March 19, 2025
Policy Revised	January 21, 2026

I. SCOPE

This Policy applies to the Ohio Public Employees Retirement System (“OPERS”) Defined Benefit Fund (“DB Fund”) and Health Care 115 Trust Funds (“HC Fund”).

II. PURPOSE

This Policy addresses OPERS’ utilization of Ohio-qualified and minority-owned managers in its efforts to fulfill investment objectives. This Policy does not preclude OPERS from hiring Ohio-qualified or minority-owned managers as conducted through any other OPERS search process.

III. LEGAL AUTHORITY

Section 145.11 (A) of the Ohio Revised Code (“ORC”) states, in part:

The members of the public employees retirement board shall be the trustees of the funds created by section 145.23 of the Revised Code. The board shall have full power to invest the funds. The board and other fiduciaries shall discharge their duties with respect to the funds solely in the interest of the participants and beneficiaries; for the exclusive purpose of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering the public employees retirement system; with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims; and by diversifying the investments of the system so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

Through Section 145.11 (B) of the ORC, it is expected that,

In exercising its fiduciary responsibility with respect to the investment of the funds, it shall be the intent of the Board to give consideration to investments that enhance the general welfare of the state and its citizens where the investments offer quality, return and safety comparable to other investments currently available to the Board. In fulfilling this intent, equal consideration shall also be given to investments otherwise qualifying under this section that involve minority owned and controlled firms and firms owned and controlled by women either alone or in joint venture with other firms.

A. Ohio-Qualified

For purposes of this Policy, an Ohio-qualified investment manager is defined in ORC 145.114 and ORC 145.116 as an investment manager (and/or any parents, affiliates, or subsidiaries of the investment manager), designated as such by a particular retirement system, who is subject to taxation under Chapter 5725, 5726, 5733, 5747, or 5751 of the ORC and who meets one of the following requirements:

- Has its corporate headquarters or principal place of business in Ohio; or
- Employs at least 500 individuals in Ohio; or
- Has a principal place of business in Ohio and employs at least 20 residents of the state.

“Principal place of business means an office in which the [investment manager] regularly provides investment advisory services and solicits, meets with, or otherwise communicates with clients” O.R.C. 145.114(A)(5).

B. Minority-Owned

For purposes of this Policy, and consistent with provisions of the ORC, a minority shall be defined as an investment manager that is a U.S. domiciled registered investment adviser under the Investment Advisers Act of 1940, and is majority-owned by one, or any combination, of the following groups: African American, Native American, Hispanic American, and Asian American.

For purposes of this Policy, investment managers who are majority-owned by women or disabled veterans are included in the definition of minority-owned.

IV. INVESTMENT PHILOSOPHY

OPERS is supportive of economic growth in Ohio and recognizes the diversity of its stakeholders. The Board desires that Investment Staff (“Staff”) identify, research and evaluate Ohio-qualified and minority-owned managers in its efforts to fulfill its investments objectives. Opportunities will be evaluated on their merit, including risk-adjusted return expectations and consistency with the Annual Investment Plan. Efforts will be conducted in a manner consistent with fiduciary duty, demonstrating prudence and consistent with best practices.

V. OBJECTIVES

It is a goal of the Board to increase its utilization of Ohio-qualified and minority-owned investment managers when the investment managers offer quality, services and safety comparable to other investment managers. This Policy does not require OPERS to utilize Ohio-qualified or minority-owned investment managers. OPERS will hire investment managers in a manner that is consistent with its fiduciary duties, as outlined in ORC Sections 145.11 and other applicable laws.

VI. PROCESS

OPERS is supportive of economic growth in Ohio and the advancement of Minority owned businesses whenever possible. The Board has established a goal that for any RFI/RFP issued for broad based traditional asset management services by the Investments division, Staff will advance, if available, at least one Woman/Minority Owned manager or one Ohio Qualified manager to the semi-final stage of all asset manager searches, consistent with our procedure. These increased opportunities for minority owned and/or Ohio qualified firms will help provide them with experience and exposure to institutional investors and will provide OPERS with the best opportunity to increase representation of those firms we employ, while maintaining the focus on hiring only the best performing investment firms. All efforts will be consistent with OPERS investment objectives and goals.

Staff will identify potential managers through a process approved by the Chief Investment Officer (“CIO”). Staff is responsible for establishing the procedures to identify, hire, terminate, and monitor managers under this Policy. Staff relies on self-certification by managers as to their status.

VII. RISK MANAGEMENT

Allocations will be evaluated relative to the investment managers’ total firm assets and assets in the product under consideration, consistent with fiduciary duty, prudence, and best practices. Staff and the Investment Advisor will closely monitor the performance of the allocation(s) and report to the Board as described in this Policy.

The number of firms recommended in a given year and the size of the mandates will be consistent with the objectives outlined in the OPERS Annual Investment Plan, as well as the capacity of each investment manager and Staff’s ability to identify investment managers that are likely to meet or exceed OPERS investment objectives.

VIII. 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

The Board delegates authority to the CIO to implement this Policy. Staff is responsible for monitoring the Policy and recommending changes to the Board. Staff is also responsible for managing the Ohio-qualified and minority-owned manager program within the framework of this Board approved Policy and within the objectives adopted by the Board in the Annual Investment Plan. Staff will select and evaluate managers in accordance with procedures approved by the CIO.

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 role of Investment Advisor (“Advisor”) is specified in the Investment Objective and Asset Allocation Policies.

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

B. Annually

OPERS Annual Investment Plan – Staff

Report concerning this Policy – CIO

C. Upon Request

Staff shall provide to the Ohio Retirement Study Council (“ORSC”) such information about OPERS utilization of managers as the ORSC may from time to time request. Board members shall receive a copy of the report prior to filing with the ORSC.



Ohio Public Employees Retirement System

Personal Trading Policy
January 2026 ~~March 2025~~

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I. SCOPE

This Policy applies to personal investments of Presumed and Deemed Covered Persons (“Covered Persons”) defined herein, of the Ohio Public Employees Retirement System (“OPERS”) who have access to information concerning OPERS’ investment assets and activities involving such assets. It sets expectations for such employees’ conduct to comport with applicable laws and ethical standards, including OPERS’ Ethics Policy, and conditions of their employment. This Policy cannot and is not intended to address all insider and personal trading issues that may arise in connection with a Covered Person’s activities.

II. PURPOSE

This Policy is intended to explain requirements of laws, ethical standards and conditions of employment relative to employees’ personal investments. It is designed to prevent such employees from misusing material non-public information in a manner that might violate Federal securities laws or from otherwise engaging in inappropriate trading activities such as front running. It also delineates roles and responsibilities of persons involved in assuring compliance with its provisions.

III. LEGAL AUTHORITY

Sections 2921.42 and 2921.43 of the Ohio Revised Code (“ORC”) prohibit any employee from having a personal interest in a public contract, including an OPERS investment transaction or asset. Section 145.094 of the ORC establishes duties of OPERS Chief Investment Officer (“CIO”), including the duty to reasonably assure employees do not violate applicable laws and regulations. ORC Sections 145.11 through 145.115 set standards of conduct for OPERS employees with respect to investment transactions.

Federal securities laws prohibit persons, including OPERS employees, from trading securities or commodities on the basis of material non-public information. The Code of Ethics and Standards of Professional Conduct of the CFA Institute contain ethics and disclosure provisions that are similar to requirements of the ORC and Federal laws.

OPERS’ Employee Manual provides that all employees, including Covered Persons, are employees at will and may be sanctioned for violating terms of their employment, including compliance with policies such as this Policy.

IV. OBJECTIVES OF THIS POLICY

OPERS' Ethics Policy states that it seeks to carry out its mission in accordance with all applicable laws and in accordance with the strictest ethical guidelines to ensure that its employees conduct themselves in a manner that fosters public confidence in the integrity of OPERS, its processes and its accomplishments. This Policy provides ethical guidance to employees concerning their personal investments in support of OPERS' Ethics Policy.

In support of OPERS' Ethics Policy, the Board has also adopted the OPERS Material Non-public Information Policy to guide employees with access to information concerning OPERS' investment assets. This Policy is intended to provide similar guidance to employees concerning their own investment activities.

V. PERSONS TO WHOM THIS POLICY APPLIES

This Policy applies to Covered Persons who are defined as OPERS employees with access to information concerning OPERS' investment assets and activities involving such assets. This Policy also applies to other people who are closely related to Covered Persons.

A. Presumed Covered Persons

The following OPERS employees are, by virtue of their positions, conclusively presumed to be Covered Persons:

- The Executive Director
- The Deputy Executive Director
- The Chief Investment Officer ("CIO")
- The General Counsel ("GC") and internal investment counsel
- All Directors
- All Internal Audit Division employees
- All Investments Division employees
- All Investment Accounting, Operations and Compliance employees
- All Corporate Governance Department employees

B. Deemed Covered Persons

Other OPERS employees may be deemed Covered Persons based on job responsibilities. Employees of divisions not specifically identified in Section V.A., including employees in the Information Technology Division, will be deemed Covered Persons if they are so identified by the Investment Compliance area of Investment Accounting, Operations and Compliance ("IC") in consultation with the applicable division head and the Director of Internal Audit ("DIA").

Employees Presumed or Deemed Covered Persons may be excluded by the unanimous consent of IC, DIA, GC, and the CIO. Employees who believe they have been incorrectly or unnecessarily determined to be a covered person should contact IC who will review their status with the DIA, GC, and the CIO.

OPERS employees who are not otherwise Presumed or Deemed Covered Persons should consider themselves to be covered by this Policy if they become aware of material non-public information.

C. Related Parties of Covered Persons

In addition to Covered Persons, this Policy applies to their Related Parties. Such parties include Covered Persons' spouses, their children under the age of 18, adult children financially dependent upon them and any other persons living in their household. This Policy also applies to any relative of a Covered Person, even if not living in their household, over whose investments a Covered Person has discretionary authority.

VI. ASSETS TO WHICH THIS POLICY APPLIES

This Policy applies to any and every type of investment and derivative instruments ("Covered Assets") except the following:

- Annuity contracts
- Bank deposits
- Exchange traded products (commonly referred to as Exchange Traded Funds or "ETFs")
- Foreign currency exchange transactions
- Hard assets
- Open-end mutual funds
- Real property
- Tangible personal property
- United States Treasury and Agency securities
- Holdings in non-publicly traded limited partnerships, limited liability companies, and/or corporations
- Cryptocurrencies (provided, however, that derivatives of cryptocurrencies shall not fall within this exception)
- Instruments and products based on a broad-market index

Covered Persons and Related Parties may not effect transactions in Covered Assets that are on OPERS' Restricted List, which is defined to include all open orders for the purchase or sale of such assets. This list is maintained by an automated system that is updated throughout each day that securities markets are open in the United States.

IC shall add to the Restricted List any additional securities as to which OPERS employees become aware of material non-public information. IC shall also add to the List any Covered Asset as to which the prospect of a purchase or sale is disseminated outside the Investments Division team responsible for such

transaction, and any Covered Asset identified on the Internal Active U.S. Equity Team's "Idea List". The "Idea List" is a list of equity securities maintained by the internal equity team that are currently being actively watched and/or reviewed for potential investment in the OPERS portfolios.

VII. ACCOUNTS AND INTERESTS TO WHICH THIS POLICY APPLIES

This Policy applies to any and every type of investment account ("Covered Accounts"), except the following:

- 401(k) accounts that are limited to only non-Covered Assets
- 457 accounts that are limited to only non-Covered Assets
- 403(b) accounts that are limited to only non-Covered Assets
- 529 accounts that are limited to only non-Covered Assets
- Traditional and Roth Individual Retirement Accounts that are limited to only non-Covered Assets
- Any other entity such as a corporation, trust or partnership in which a Covered Person or Related Party has a legal or beneficial interest less than 10%
- Accounts or interests in OPERS' Combined or OPERS' Defined Contribution Funds
- Accounts or interests in the Ohio Deferred Compensation Program

This Policy applies to such accounts if they are owned by a Covered Person, owned by a Related Party or, owned jointly by a Covered Person and a Related Party. Covered Accounts also include accounts that are managed by a third-party investment adviser or other person ("Managed Accounts"), even if such person has sole investment discretion over the account and the Covered Person and their Related Parties have no power to affect, or ability to control or influence, investment decisions in the Managed Account. For the avoidance of doubt, Managed Accounts are subject to the same reporting and pre-clearance requirements as all other Covered Accounts.

VIII. TRANSACTIONS TO WHICH THIS POLICY APPLIES

This Policy applies to all purchases, sales or exchanges ("Covered Transactions") of Covered Assets effected on a public securities exchange or through private arrangements. It also applies to Covered Assets acquired by gift.

Corporate actions such as mergers, stock dividends, tender offers, or stock splits are not considered to be Covered Transactions. Purchases of shares of stock pursuant to a direct investment plan that determines the timing of the purchase, such as a direct stock plan, employee stock purchase plan, direct purchase plan or a dividend reinvestment plan are also exempt from this Policy. Exchanges of Covered Assets by inheritance or survivorship are also exempt from this Policy, provided that the Covered Person receiving Covered Assets through an inheritance or survivorship shall promptly inform IC after becoming aware of such inheritance or survivorship.

IX. REPORTING REQUIREMENTS

Covered Persons are required to comply with reporting requirements as specified in a Personal Trading Procedure. Covered Persons are required to disclose all Covered Assets and Covered Accounts (including Managed Accounts) holding Covered Assets that are owned by the Covered Person or any of the Covered Person's Related Parties. No information can be redacted out of brokerage statements. Quarterly, Covered Persons shall aver that they have disclosed all Covered Accounts and Covered Assets owned by them or their Related Parties. Annually, Covered Persons shall file a Personal Trading Compliance statement averring that they understand, and will abide by, the requirements of this Policy.

New employees that are Covered Persons shall have 30 days from the date they were employed by OPERS to: (1) disclose all Covered Assets and Covered Accounts holding Covered Assets that are owned by the Covered Persons or any of the Covered Persons' Related Parties; and (2) file their Personal Trading Compliance Statements averring that they understand, and will abide by, the requirements of this Policy.

X. OTHER REQUIREMENTS

A. Pre-Clearance of Covered Transactions

Covered Persons must use, or ensure that the third parties that exercise investment discretion over Managed Accounts use, OPERS' automated system to pre-clear Covered Transactions of all Covered Assets not excluded in section VI.

Covered Persons will normally receive immediate notification that a proposed Covered Transaction is approved or denied. Requests shall be denied if the transaction would violate any of the trading restrictions set forth in this Policy.

In the event OPERS' automated system is not functioning, Covered Persons must pre-clear any Covered Transactions by sending an e-mail message to IC requesting a determination as to whether trading is allowed and must wait for approval from IC before entering into the transaction. IC will maintain a written record of any clearances so granted. Covered Transactions must be pre-cleared on any day that domestic securities markets are open, even if OPERS is closed.

Pre-clearance approvals granted by OPERS' automated system or by IC are valid only until the market close on the day they are given. If the proposed Covered Transaction is not executed within the approved time period, the Covered Person must re-start the pre-clearance process before undertaking a new transaction.

1. Pre-clearance of Derivatives

Each derivative trade in a Covered Account to buy or sell, including to exercise an option requires pre-clearance. However, pre-clearance is not required: (a) if the underlying asset of the derivative is not a Covered Asset; (b) to allow expiry of an option; or (c) when an option is closed out as a result of an action by a counterparty to exercise an option previously sold from the Covered Account (i.e. the option is assigned).

The pre-clearance of the underlying asset of the derivative is sufficient for this requirement, although it is preferred that the derivative trade be pre-cleared when possible.

2. Pre-clearance for Limit or Stop-Loss Orders

Limit or stop-loss orders create heightened risks for insider trading violations because there is no control over the timing of the purchases or sales and, as a result, a Covered Person could potentially execute a transaction when such Covered Person is in possession of material non-public information or when the transaction would otherwise be denied. For this reason, limit or stop-loss orders may not be used to extend pre-clearance beyond the one-day limit. The order must be pre-cleared daily prior to market opening.

A Covered Person's failure to pre-clear transactions in these types of Covered Assets will be considered a willful violation of this Policy and will subject such Covered Person to appropriate sanctions. Covered Persons also will be subject to appropriate sanctions – up to and including termination of employment – if their Related Parties, or the third parties that exercise investment discretion over Managed Accounts owned by the Covered Persons or their Related Parties, fail to pre-clear transactions in Covered Assets in accordance with this Policy.

B. Blackout Periods

From time to time, the CIO and IC may institute a blackout covering all publicly traded securities in an asset class or in a specific index. During a blackout period, all proposed Covered Transactions shall be denied.

C. Material Inside and Non-Public Information

Material inside information is non-public information that a reasonable investor would consider important in determining whether to purchase or sell a security. It is also information that, if made public, would likely affect the market price of a security or a commodity. Whether the information is material depends on the facts and circumstances. Examples of material non-public information include, but are not limited to: (1) financial projections and results; (2) mergers, acquisitions, tender offers or divestments; (3) information about

a company's earnings or dividends (e.g., whether earnings will increase or decrease); (4) information about a company's physical assets (e.g., an oil discovery, a fire that destroyed a factory, or an environmental problem); (5) significant changes in management or operations, including the entering into or cancellation of significant contracts; (6) significant litigation, claims, or government investigations; and (7) significant personnel changes; (8) changes to a company's capital structure.

Information may be considered material even if it relates to future, speculative or contingent events and even if it is significant only when considered in combination with publicly available information. Information is considered non-public unless it has been publicly disclosed and adequate time has passed for securities markets to digest such information. Covered Persons and Related Parties are forbidden to purchase or sell investment or derivative instruments on the basis of material inside and non-public information whether obtained as a result of their employment by OPERS or otherwise.

If a Covered Person is unsure whether information he or she obtains is material non-public information, he or she must consult with the GC before initiating any transactions with respect to the information. The GC and IC will review with Covered Persons, at least once a year, requirements of laws and regulations applicable to material inside and non-public information.

D. Tipping

Insider trading laws also prohibit the tipping of material non-public information. A Covered Person may not directly or indirectly convey material non-public information to anyone who could trade on that information.

E. Front Running

Covered Persons are prohibited from front running, which is defined as buying or selling investment or derivative instruments in advance of the time such a transaction would be blocked by the pre-clearance system or by a blackout period. Covered Persons who have actual knowledge of transactions that are being considered for implementation in OPERS' portfolios are prohibited from acting in advance thereof even if such purchase or sale in their or a Related Party's account would not otherwise be barred by the pre-clearance system or by a blackout period. Other activities may, based on OPERS' assessment of relevant facts and circumstance, also be considered to constitute inappropriate trading. Actual knowledge includes knowledge that all of the material terms of the transaction have been or will be agreed upon imminently, but need not know every detail of the potential transaction for the prohibition to attach.

F. Ohio Ethics Law and Commission

Certain OPERS employees, including some Covered Persons, may also be subject to provisions of ORC Sections 102.01 through 102.99 (“Ethics Law”), which impose additional reporting and other requirements. The GC will determine which employees are subject to these requirements and advise them concerning compliance with the same.

G. Initial Public Offerings

Covered Persons and Related Parties are prohibited from purchasing stock in any Initial Public Offering (“IPO”). They may accept IPO shares derived from a stock dividend on shares previously owned, from demutualization of an insurance company in which they are a policy holder or as the result of a Related Party’s employment by an IPO issuer.

H. New Bond Subscriptions

Covered Persons and Related Parties are prohibited from participating in subscriptions of new bond issues that are Covered Assets.

I. Management Expectations

Employees are expected to devote their full time and attention to performing their jobs. Trading strategies that require frequent buying and selling of Covered Assets during work hours should be avoided.

J. Conflicts of Authority

In the event provisions of this Policy conflict with Federal or Ohio laws, OPERS’ employment policies or requirements of the Ohio Ethics Commission, those laws, policies and requirements shall override provisions of this Policy.

K. Post-Employment Restrictions

Covered Persons are subject to the provisions of this Policy following the termination of their employment or service for the later of (i) 15 days after the date, if ever, that material non-public information, as defined in Section X.C. of this Policy in the possession of such Covered Person becomes publicly available, or, (ii) in the case of front running as defined in Section X.E. of this Policy, the date the last pending OPERS fund transaction in the subject security of which such Covered Person is aware has been fully executed.

XI. SANCTIONS

Willful disregard of this Policy will subject Covered Persons to sanctions as outlined in the personal trading procedure, and additional sanctions that may include formal reprimands, adverse performance reviews, disgorgement of profits and termination of employment.

XII. ROLES AND RESPONSIBILITIES

The following section outlines roles and responsibilities of the parties involved in maintaining and executing this Policy:

A. OPERS Retirement Board

The OPERS Retirement Board (“Board”) is responsible for reviewing and approving this Policy and any changes to it.

In addition, the Board is responsible for reviewing the annual report concerning compliance with this Policy.

B. Chief Investment Officer

The CIO is responsible for reviewing adherence to this Policy by OPERS employees, and shall ensure that any violations of its ethical standards, or willful disregard of its provisions, are reported to the DIA, GC, IC, the Director of Human Resources (“DHR”), and, if applicable to the Covered Person’s division head.

In case of a violation of this Policy’s employment standards, OPERS will follow the processes outlined in the procedure.

The CIO, in consultation with IC shall periodically review this Policy and recommend changes, if any, to the Board.

C. Director of Internal Audit

The DIA shall review any suspected violations or suspected willful disregard of this Policy reported by the CIO, reported quarterly to the CIO, or discovered independently during the annual audit of personal trading. The DIA will report any findings concerning such reviews to the GC and the Board’s Audit Committee in accordance with OPERS Reporting of Suspected Misconduct Policy.

The DIA shall also ensure that a review of personal trading is included in the annual audit plan and shall review the results of such audits with the Board’s Audit Committee.

D. General Counsel

The GC is responsible for determining which OPERS employees, including Covered Persons, are subject to additional requirements of the Ohio Ethics Law and for advising them concerning those requirements. The GC shall also review any cases of willful disregard of this Policy and securities laws that are reported by the CIO, DIA and/or contained in IC quarterly report to the CIO to determine if any further action is required.

In collaboration with IC the GC will review with Covered Persons, at least once a calendar year, requirements of laws and regulations applicable to material inside and non-public information.

E. Director of Human Resources

The DHR shall review any sanctions proposed for imposition in connection with this Policy. In collaboration with the CIO and IC, the DHR shall document any sanctions imposed under this Policy.

F. Investment Compliance

IC, in consultation with the CIO, is responsible for establishing procedures to track Covered Persons' compliance with this Policy. IC shall report to the CIO quarterly, with copies of the quarterly report delivered to the GC, DIA and DHR. IC shall report to the Board annually, concerning compliance with this Policy.

If an employee of a division other than the Investments Division violates this Policy, IC will report that violation to the employee's division head.

In collaboration with the GC, IC will review with Covered Persons, at least once a calendar year, requirements of laws and regulations applicable to material inside and non-public information.

G. OPERS Employees including Covered Persons

In all of their personal investment activities, all OPERS employees, including Covered Persons, are expected to comply with both the letter and spirit of this Policy.

XIII. MONITORING AND REPORTING

A. Quarterly

IC will report to the CIO, with copies to the GC, DIA and DHR, concerning compliance with this Policy.

B. Annually

- The GC and IC will review requirements of Securities Laws with Covered Persons.
- IC will report to the Board concerning compliance with this Policy.
- The DIA shall include a review of personal trading activities in the annual audit plan, and will review the results of such audit with the Board's Audit Committee.



Ohio Public Employees Retirement System

Responsible Contractor Policy

January 2026~~March 2025~~

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March 19, 2025
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I. SCOPE

This Responsible Contractor Policy ("Policy") of the Ohio Public Employees Retirement System ("OPERS") is designed to guide, in a manner consistent with OPERS statutory standards of fiduciary responsibility and prudence in managing its investments, the OPERS selection of independent contractors who provide building operations services and construction services to real estate properties owned by OPERS separate account external managers through the Defined Benefit Fund ("OPERS' Properties"). The Policy seeks to ensure that OPERS contractors will be selected based upon demonstrated ability to provide high quality services, and thereby enhance the value of OPERS' Properties, as evidenced by their record of compliance with applicable statutes and payment of fair compensation and benefits to employees, as well as by their experience, reputation, responsiveness, fees, and dependability.

II. PURPOSE

OPERS supports and encourages fair compensation and fair benefits for workers employed by its contractors, subject to the requirements of Section 145.11(A) of the Ohio Revised Code ("ORC"), which states, in part:

The members of the public employees retirement board shall be the trustees of the funds created by section 145.23 of the Revised Code. The board shall have full power to invest the funds. The board and other fiduciaries shall discharge their duties with respect to the funds solely in the interest of the participants and beneficiaries; for the exclusive purpose of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering the public employees retirement system; with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims; and by diversifying the investments of the system so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

OPERS Investment Staff ("Staff") and others, who are involved in the management of the DB Fund's assets, are subject to the same fiduciary standards as the Board.

In addition, Section 145.11(B) of the ORC requires that

In exercising its fiduciary responsibility with respect to the investment of the funds, it shall be the intent of the board to give consideration to investments that enhance the general welfare of the state [of Ohio] and its citizens where the investments offer quality, return, and safety comparable to other investments currently available to the board.

In keeping with that concern, the OPERS Retirement Board (“Board”) hereby adopts this Policy in order to support and encourage the engagement of contractors who can be expected to provide high quality services to OPERS’ Properties, utilizing properly-trained and fairly-compensated employees, subject to OPERS’ fiduciary principles of loyalty, care, skill, prudence, and diligence.

OPERS believes that the utilization of such contractors adds value to the investments by ensuring that essential building operations services and construction services are provided by adequately-trained, experienced, and motivated workers.

OPERS supports a healthy and profitable business environment through market competition, small business development, and control of operating costs. OPERS believes that an adequately compensated and trained workforce delivers a higher quality product and service.

III. DEFINITION OF RESPONSIBLE CONTRACTOR

A Responsible Contractor is a contractor who: (1) has the appropriate experience, reputation, employee relations, responsiveness, fees, and dependability to perform the required work; and (2) provides workers a fair compensation and fair benefits, as evidenced by payroll and employee records, for the required work, based on market conditions.

IV. LEGAL AUTHORITY

A. Fiduciary Responsibility

Notwithstanding any other considerations, the assets of OPERS shall be diligently and prudently invested and managed, in accordance with the fiduciary standards specified in Section 145.11 of the ORC, in the sole interest of plan participants and their beneficiaries, and for the exclusive purpose of providing benefits to its participants and their beneficiaries.

V. COMPETITIVE RATE OF RETURN

OPERS seeks to have its real estate investments managed and operated in a manner that is expected to produce a competitive rate of return for its participants and beneficiaries.

A. Legal Compliance

OPERS seeks to have all OPERS contractors comply with all applicable federal, state, and local laws, regulations, and ordinances, including (but not limited to) those related to insurance, withholding taxes, minimum wage, health and safety, and environmental matters.

B. Non-Discrimination

OPERS shall give equal consideration to minority owned and controlled firms, firms owned and controlled by women, and ventures involving those same firms that otherwise would meet the selection criteria for contractors and service providers.

VI. PREFERENCE FOR A RESPONSIBLE CONTRACTOR

Provided the basic requirements in the foregoing section have been satisfied, OPERS expresses a strong preference that Responsible Contractors be hired, in accordance with this Policy.

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

The Board delegates authority to the Chief Investment Officer (“CIO”) to implement this Policy.

Staff shall review real estate separate account external managers' annual reports regarding compliance with the Policy and make recommendations as needed for action to correct any pattern of non-compliance.

Staff shall develop probation list procedures that require the approval of the CIO and General Counsel.

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. In addition, IC shall furnish annual reports to the Board on each external separate account manager's compliance with this Policy.

D. Separate Account External Managers

Separate account external managers shall communicate this Policy to property managers of OPERS' Properties and to managers of OPERS real estate investment vehicles.

Separate account external managers shall maintain a simplified bid summary for each applicable contract. The summary should include identifying contract successful bidder, and bidder's status as a Responsible Contractor.

Separate account external managers shall provide an annual report to OPERS Staff describing actions taken by such external manager to comply with this Policy, including those taken by property managers and their subcontractors.

Separate account external managers shall monitor and enforce compliance with this Policy including reasonable investigation of potential violations.

E. Property Manager

Property managers shall communicate this Policy in all bid documents seeking to secure construction or building service contracts subject to this Policy.

Property managers shall provide to separate account external managers property level annual reports regarding compliance with this Policy.

Property managers shall provide to separate account external managers, for each OPERS Property under management, a list of contracts subject to this Policy.

Property managers shall maintain a list of Responsible Contractors utilized at each OPERS Property.

F. Contractor

Contractors shall provide the property manager with Responsible Contractor documentation.

Contractors shall file with the property manager reports, certifications, and other forms as required by OPERS or the manager relating to this Policy.

VIII. MONITORING AND REPORTING

A. Applicable Contracts

This Policy applies to all contractors and subcontractors who provide building operations services and construction services to real estate properties owned by OPERS or through subsidiary entities. The contractors and subcontractors shall use their best efforts to comply with this Policy.

B. Notification

All current and prospective real estate separate account external managers shall be provided with a copy of this Policy.

C. Contract Solicitation

All requests for proposals and invitations to bid applicable contracts covered by this Policy shall be made in accordance with the terms of this Policy.

D. Contracts and Contract Renewals

All contracts and contract renewals entered into after the effective date of this Policy shall include the applicable provisions of this Policy. OPERS shall maintain a publicly available list of all of its properties, with relevant data that would allow any potential contractor to pursue a bid upon contract renewal.

E. Minimum Contract Size

This Policy shall apply to all contracts valued at \$25,000 or more. Contract value refers to the total project work to be contracted for without disaggregation by trade or task. Disaggregation designed to evade the requirements of this Policy shall not be permitted.

F. Reporting

All real estate separate account external managers and contractors shall collect and retain adequate data documenting their compliance with this Policy and shall be prepared to produce this data for review upon request. The Assistant Director of Investment Accounting (“AD”) or the AD’s delegee shall provide annual reports to the Board, in an acceptable format, demonstrating best efforts at compliance by external managers and contractors with this Policy.

G. Definition of Fair Wages and Benefits

This Policy does not mandate any strict definition of fair wages and benefits. This Policy recognizes and considers in the determination of fair wages and benefits indicators such as local wage practices, state law, labor market conditions, as well as prevailing wages.

H. Neutrality

When there is a legitimate attempt under the National Labor Relations Act by a labor organization to organize workers employed in construction, maintenance, operation, or services at an OPERS’ property, OPERS encourages a position of neutrality.

With respect to other matters arising under the National Labor Relations Act at OPERS' property, including but not limited to bargaining, negotiations, and resolution of other matters, and subject to its fiduciary obligations, the Board shall remain neutral and delegate such matters to staff and its external managers to resolve in a manner that is consistent with this policy and in the best interest of OPERS.

I. Enforcement

OPERS shall place any external manager or property manager who fails to comply with this Policy on a probation list. OPERS shall review and monitor its relationship with any such external manager or property manager upon placement on the probation list according to the probation list procedures.



Ohio Public Employees Retirement System

Russia Divestment Policy

January 2026~~March 2025~~

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Revision History

Russia Divestment Policy Established	March 16, 2022
Policy Revised	March 15, 2023
Policy Revised	March 20, 2024
Policy Revised	March 19, 2025
Policy Revised	January 21, 2026

I. SCOPE

This Policy applies to investments of the Ohio Public Employees Retirement System (“OPERS”).

II. PURPOSE

This Policy addresses the management of unique risks associated with investments in Russia (“Russian Investments”).

III. LEGAL AUTHORITY

Section 145.11 (A) of the Ohio Revised Code (“ORC”) states in part:

The members of the public employees retirement board shall be the trustees of the funds created by section 145.23 of the Revised Code. The board shall have full power to invest the funds. The board and other fiduciaries shall discharge their duties with respect to the funds solely in the interest of the participants and beneficiaries; for the exclusive purpose of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering the public employees retirement system; with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims; and by diversifying the investments of the system so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

Section 145.11 (B) of the ORC provides that:

In exercising its fiduciary responsibility with respect to the investment of the funds, it shall be the intent of the Board to give consideration to investments that enhance the general welfare of the state and its citizens where the investments offer quality, return and safety comparable to other investments currently available to the Board.

IV. INVESTMENT PHILOSOPHY

Investments in entities in Russia may pose potentially unique risks and the Board desires that Investment Staff (“Staff”) identify Russian Investments and endeavor to divest from such investments when divestment can be accomplished as provided in this Policy.

These efforts will be conducted in a manner consistent with the Board’s fiduciary duty, demonstrating prudence and observing best practices.

V. OBJECTIVES

This Policy establishes a goal of reducing investment exposure to Russian Investments when divestment can be accomplished in a manner consistent with the Board's fiduciary duty, demonstrating prudence and observing best practices.

VI. PROCESS

Staff will maintain a Russia Divestment Procedure ("Procedure") to identify Russian Investments and divest of existing investments in a manner consistent with the Board's fiduciary duty, demonstrating prudence and observing best practices.

VII. RISK MANAGEMENT

Divesting in accordance with this Policy from investments that are components of Asset Class and/or portfolio benchmarks may cause an increase in tracking error relative to the associated benchmarks. Staff will monitor the effect of this Policy on the returns and associated tracking errors.

VIII. ROLES AND RESPONSIBILITIES

A. OPERS Retirement Board

The Board is responsible for reviewing and approving this Policy and any changes to it. This policy will be reviewed by the Board at least annually.

B. Executive Director

The Executive Director is responsible for monitoring investment activities and reviewing reports related to this Policy.

C. Investment Staff

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

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.

D. 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.

E. Corporate Governance Staff

The Corporate Governance Staff is responsible for performing assigned duties in the Procedure.

F. Legal Staff and Fiduciary Counsel

The Legal Services Division and fiduciary counsel are responsible for advising Staff and the Board regarding legal compliance and fiduciary duties and performing other duties assigned in the Procedure.

IX. MONITORING AND REPORTING

A. Periodically

The Assistant Director of Investment Accounting, Operations and Compliance (“AD”), or the AD’s delegee will report to the Board concerning compliance with this Policy or any exceptions to it.

B. Upon Request

Staff shall provide to the Ohio Retirement Study Council (“ORSC”) such information about compliance with this Policy or any exceptions as the ORSC may from time to time request.



Ohio Public Employees Retirement System

Securities Lending Policy
January 2026 ~~March 2025~~

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Revision History

Securities Lending Policy Established	October 18, 2005
Policy Revised	February 17, 2010
Policy Revised	December 15, 2010
Policy Revised	December 14, 2011
Policy Revised	March 20, 2013
Policy Revised	February 19, 2014
Policy Revised	February 18, 2015
Policy Revised	January 20, 2016
Policy Revised	February 15, 2017
Policy Revised	March 21, 2018
Policy Revised	September 18, 2019
Policy Revised	March 17, 2021
Policy Revised	March 16, 2022
Policy Revised	March 15, 2023
Policy Revised	March 20, 2024
Policy Revised	March 19, 2025
Policy Revised	January 21, 2026

I. SCOPE

This Policy applies to securities lending activities internally managed by the Ohio Public Employees Retirement System (“OPERS”).

II. PURPOSE

This Policy governs the securities lending activities of OPERS. It applies to the lending of securities of all asset class portfolios.

III. INVESTMENT PHILOSOPHY

The securities lending program (“Program”) actively lends securities with agreed upon terms and conditions such that, when combined with investment performance on the related underlying collateral, the risk-adjusted returns are expected to provide incremental income to the respective portfolios.

Borrowers shall provide liquid collateral in exchange for the right to borrow securities. Cash collateral portfolios shall follow the Cash Policy and their respective guidelines.

IV. ALLOCATION

Within the structure of the Program, the maximum percentage of assets that may be on loan is 50% of the Eligible Assets. In addition, in order to further control potential risks associated with lending, the maximum amount that may be on loan with any one borrower is 15% of the Eligible Assets.

V. ELIGIBLE ASSETS

Publicly traded assets held in separate accounts in the Defined Benefit and Health Care 115 Trust Funds are eligible for securities lending. OPERS Retirement Board (“Board”) or Investment Staff (“Staff”) may restrict lending for corporate governance, investment management or other purposes. Scrutinized Companies, as provided periodically by the Corporate Governance area, will be restricted from lending.

VI. PERFORMANCE OBJECTIVES

Staff will assess the performance of the Program on a no less than annual basis by comparing it to an appropriate benchmark or industry composite as determined by Staff. Staff will address any shortcomings in performance with recommendations to the Chief Investment Officer (“CIO”).

VII. RISK MANAGEMENT

Risk is managed through a combination of quantitative and qualitative constraints. Staff shall establish parameters to control the following risks:

A. Cash Reinvestment Risk

The primary risk associated with securities lending is the risk that the cash reinvestment assets would not be sufficient to cover the liabilities due to the borrowing brokers. This risk is to be managed by such activities as adherence to the OPERS Cash Policy and related guidelines for internal management with comparable guidelines or governing documents for external management.

B. Counterparty Risk

Counterparty risk is the risk that a borrowing broker would not return a security from loan. This risk is to be mitigated and managed by such activities as monitoring the amount on loan with each broker, holding excess collateral, marking collateral to market daily and having indemnification from lending agents against borrower default, as appropriate.

Additionally, the terms of all securities lending agreements shall provide for the return of securities at OPERS request within the standard settlement period of the market or five business days, whichever is less.

C. Collateral Risk

In instances where OPERS lends assets to borrowers versus non-cash collateral in a securities lending transaction, the following mitigants will be used to manage and limit the risk of this activity:

- Indemnification by the lending agent
- Over-collateralization of loans by counterparty
- Limits on collateral exposures

VIII. 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

The Board delegates authority to the CIO to implement this Policy. Staff is responsible for monitoring the Policy and recommending changes to the Board. Staff is responsible for contracting with any agents or principals in executing the securities lending program. Staff will monitor agents' compliance with this Policy on a regular basis. All documents associated with this Policy are reviewed and agreed to by the Legal Services Division prior to execution.

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 role of the Investment Advisor is specified in the Investment Objective and Asset Allocation Policies.

E. Corporate Governance

The Corporate Governance area is responsible for providing a periodic (prior to any auctions or other lending commitments as necessary) list to Securities Lending of Scrutinized Companies, so that those issues may be restricted from lending. In addition, Corporate Governance provides a list of focus companies (Focus List) that may be restricted or called back in order to vote proxies on an annual basis. This Focus List is intended to balance annual revenue generated from securities lending and OPERS’ corporate governance efforts. (Historically this list has been 30 companies or fewer).

F. Investment Managers

Lending agents engaged by OPERS are responsible for complying with this Policy and their IMAs. They must confirm such compliance to OPERS quarterly and supply copies of their current insurance policies to OPERS, or its Insurance Consultant, at least annually.

IX. MONITORING AND REPORTING

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

A. Semi-Annually

Performance and compliance reports – Staff

Report on compliance – Investment Compliance Staff

B. Annually

OPERS Annual Investment Plan – Staff



Ohio Public Employees Retirement System

Soft Dollar Policy

January 2026 ~~March 2025~~

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Revision History

Soft Dollar Policy Established	June 17, 2003
Policy Revised	September 14, 2005
Policy Revised	February 21, 2007
Policy Revised	October 20, 2010
Policy Revised	December 15, 2010
Policy Revised	December 14, 2011
Policy Revised	March 20, 2013
Policy Revised	February 19, 2014
Policy Revised	February 18, 2015
Policy Revised	January 20, 2016
Policy Revised	February 15, 2017
Policy Revised	March 21, 2018
Policy Revised	September 18, 2019
Policy Revised	March 17, 2021
Policy Revised	March 16, 2022
Policy Revised	March 15, 2023
Policy Revised	March 20, 2024
Policy Revised	March 19, 2025
Policy Revised	January 21, 2026

I. SCOPE

This Policy applies to purchase and sale transactions involving internally and externally managed public market securities owned by or for the benefit of the Ohio Public Employees Retirement System (“OPERS”) Defined Benefit Fund (“DB Fund”) and Health Care 115 Trust Fund (“HC Fund”) that are paid for through commissions.

II. PURPOSE

This Policy establishes a framework for use of Soft Dollar and Other Commission Arrangements, which are defined in Section IV below, to minimize total transaction costs while maximizing the value of brokerage and investment research services received. It also provides for proper monitoring and oversight of Soft Dollar and Other Commission Arrangements.

III. LEGAL AUTHORITY

In accordance with Ohio Revised Code Section (“ORC”) 145.11, which establishes the fiduciary responsibilities of OPERS Retirement Board (“Board”), OPERS Investment Staff will use every effort to obtain Best Execution, as defined in Section IV below, with respect to all transactions.

IV. PHILOSOPHY

OPERS’ goal in all securities transactions is to obtain Best Execution. Best Execution means the execution of a purchase or sale transaction at a price and commission or fee that provides the most favorable total cost or total proceeds reasonably obtainable under the circumstances then prevailing. Best Execution does not necessarily mean paying the lowest possible commission. A brokerage commission is the fee paid to a broker-dealer for services rendered and is calculated as a lump sum or as a percentage of the amount of a transaction. Brokerage commissions compensate broker-dealers for executing transactions. Some commissions also compensate broker-dealers for providing investment research services, which are defined as advice, analysis, reports or other expressions of relevant reasoning or knowledge.

Amounts by which such brokerage commissions exceed the price of executing transactions are referred to as “Soft Dollars.” Soft Dollars used to purchase proprietary investment research services generated by a broker-dealer who executes a transaction are included in the cost of such transactions and are referred to as “Bundled Commission Arrangements.” Soft Dollars used by an executing broker to purchase investment research services from a third party for OPERS are referred to as “Commission Sharing Arrangements.”

OPERS may pay brokerage commissions that include either Bundled Commission Arrangements or Commission Sharing Arrangements. When it does, OPERS shall make a good faith determination that such price is reasonable in relation to the value of the brokerage and research services it receives. In doing so, OPERS will make a prudent and diligent effort to follow guidance provided to investment managers by regulators such as the Securities and Exchange Commission, which has done so pursuant to Section 28(e) of the Securities Exchange Act of 1934 (the “Act”).

V. OBJECTIVES

A. Internally Traded Investment Transactions

When selecting broker-dealers for transactions, whether internally or externally managed portfolio, OPERS Investment Staff shall follow its policies and procedures to choose the firm most capable of providing the brokerage services necessary to obtain Best Execution.

Investment Staff shall comply with ORC 145.11(B), which requires the Board to give equal consideration to firms that are owned or controlled by minorities or women.

Investment Staff shall comply with ORC 145.114 to increase the use of Ohio-qualified agents for the execution of transactions when an Ohio-qualified agent offers quality, services, and safety comparable to other agents available to OPERS.

1. Bundled Commission Arrangements

Staff determines which broker-dealers to use in executing Bundled Commission Arrangements. In doing so, Staff will consider its need for research and the cost and quality of services to be obtained through such transactions. Staff reports results of its allocation of Bundled Commission Arrangements to the Investments Division’s Broker Review Committee (“BRC”) on a regular basis.

2. Commission Sharing Arrangements

The BRC will, at least annually, review a forecast of the estimated amount of credit that will be available to OPERS through transactions involving Commission Sharing Arrangements. All requests by Investment Staff to spend these credits must be made to the BRC, which will consider the costs and benefits of such requests and maintain records of its decisions concerning them.

B. Externally Traded Investment Transactions

OPERS may permit its public market external investment managers to utilize Soft Dollars as long as they: (i) seek to obtain Best Execution of their transactions; and (ii) to comply with Section 28(e) of the Act and/or other comparable laws and regulations, such as those of the Financial Conduct Authority and Prudential Regulation Authority of the United Kingdom.

VI. 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

The Board delegates authority to the Chief Investment Officer (“CIO”) to implement this Policy. Investment Staff shall monitor compliance with this Policy and report to the CIO concerning it. Staff is also responsible for recommending changes to this Policy.

All members of the Investment 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 determining in advance, and documenting in writing, whether expenses proposed for payment with Soft Dollars qualify for such treatment under Section 28(e) of the Act. If IC determines that an exception to this Policy has occurred, IC shall notify Staff, the CIO, the Executive Director, and Board.

D. Broker Review Committee

The BRC is responsible for recommending to the CIO the annual commission targets to be generated through Commission Sharing Arrangements and for determining which investment research services to purchase with such commissions. It will also monitor the use of Bundled Commissions Arrangement by the Investment Staff. It will report on Bundled Commissions and Commission Sharing Arrangements to the CIO and to the Board, as appropriate but at least annually. The Committee is also responsible for recommending changes to this Policy and for maintaining appropriate documentation of its activities.

E. External Public Market Investment Managers

External public market investment managers report, as appropriate, concerning their efforts to achieve Best Execution of securities transactions and their compliance with Section 28(e) of the Act and/or other applicable laws and regulations.

VII. MONITORING AND REPORTING

A. Quarterly

Investment Compliance Staff requires public market external managers to provide statements averring compliance with Section 28(e) of the Act and/or other comparable laws and regulations.

B. Semi-Annually

Staff requires public market external managers to provide reports documenting the nature, benefit and source of services obtained through Soft Dollars, and, where possible, a trade evaluation report, provided by a third party vendor, analyzing transactions with broker-dealers.

C. Annually

BRC report on OPERS Soft Dollar expenses and the investment research services.

D. Periodically

The BRC monitors the quality of trade execution results relative to the remuneration received in the form of rebated commissions and periodically presents reports concerning them to the CIO and the Board.



Ohio Public Employees Retirement System

Risk Mitigation Strategies Policy

January 2026 ~~March 2025~~

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Revision History

Risk Mitigation Strategies Policy Established
Policy Revised

March 19, 2025
January 21, 2026

I. SCOPE

This Policy applies to investments in the Risk Mitigation Strategies Asset Class of the Ohio Public Employees Retirement System (“OPERS”) Defined Benefit (“DB Fund”) and Health Care 115 Trust Funds (“HC Fund”).

II. PURPOSE

This Policy provides the broad strategic investment framework for managing investments in the Risk Mitigation Strategies Asset Class.

III. INVESTMENT PHILOSOPHY

OPERS seeks to diversify assets by obtaining broad exposure to Risk Mitigation Strategies. Risk Mitigation Strategies are designed to provide diversifying properties that are often challenging to attain through traditional asset classes. Ideally, Risk Mitigation Strategies will provide liquidity in distressed market environments and allow for asset class rebalancing.

IV. ALLOCATION

The target allocations and ranges for the Risk Mitigation Strategies sub-asset classes are specified in the Investment Objectives and Asset Allocation Policy for the DB and HC 115 Trust Funds (“DB and HC Policies”).

V. PERMISSIBLE INSTRUMENTS

RMS assets may be exchange-traded or non-exchange-traded and may be physical securities or derivatives. The Risk Mitigation Strategies Asset Class will include the following strategies: Long Duration U.S. Treasury, Trend Following, Alternative Risk Premia, and other strategies. Additional security-type constraints may be applied in investment manager governing documents or portfolio guidelines.

VI. THIRD-PARTY MARKETING

OPERS expects its general partners and investment managers to behave legally and ethically. OPERS requires that third-party marketers used by general partners or investment managers be regulated by appropriate legal authorities and subject to disciplinary actions by them. OPERS will confirm in its side letter, investment management agreement or other contractual arrangement, that a manager being engaged by OPERS has a requirement to provide the details of marketing arrangements, political contributions, or similar payments involving individuals, placement agents, third-party marketers and the like with respect to OPERS investments with the manager.

VII. PERFORMANCE OBJECTIVES

The performance benchmarks for the Risk Mitigation Strategies are shown in the table in Section VIII. Custom benchmark based on the target weights of the underlying sub-asset class allocations.

VIII. RISK MANAGEMENT

The primary approach to managing risk is to monitor principal quantitative and qualitative risk factors relative to benchmarks with the possibility to pursue active returns.

The following sub-sections identify the key elements of risk management at the Risk Mitigation Strategies sub-asset class levels.

A. Active Risk

Active risk or tracking error is a statistical measure of the potential variability of a portfolio's return relative to the return of the assigned benchmark. Long Duration U.S. Treasury strategies may be implemented through index-based strategies with low expected tracking error relative to the strategy or manager benchmarks. Other strategies, including Trend Following and Alternative Risk Premia are generally not suitable for index-based implementation and instead typically utilize active strategies and are expected to have a higher tracking error relative to their strategy or manager benchmarks.

Sub-Asset Classes	Benchmark	Tracking Error Range (bps)
Long Duration U.S. Treasury	Bloomberg U.S. Treasury 20+ Year Total Return Index	0 - 50
Trend Following	Market-value weighted composite of the portfolio returns	0 - 50
Alternative Risk Premia	Market-value weighted composite of the portfolio returns	0 - 50

B. Counterparty Risk

Counterparty risk is the risk that a counterparty to an investment transaction fails to perform its obligations under the agreement. Counterparties must be approved in accordance with the Broker-Dealer Policy and managed in compliance with the requirements contained in the Derivatives Policy.

C. Currency Risk

Strategies may employ non-U.S. Dollar denominated instruments which expose the Funds to currency risk.

D. Liquidity Risk

Investment structure impacts liquidity. Therefore, consideration is given to separate accounts over commingled accounts as well as with internally managed accounts given their greater control and transparency.

Investment structure for externally managed portfolios impacts liquidity. Investment Staff ("Staff") will consider liquidity provisions including withdrawal restrictions at both the asset class and individual manager level. Internally managed accounts provide greater control and transparency.

E. Manager Risk

The allocation to a single active external manager in the Risk Mitigation Strategies Asset Class is limited to 50% of the respective Asset Class during the Risk Mitigation Strategies build up and transition timeframe of 2025-2026.

F. Derivatives Risk

Derivatives usage and limitations as well as risk management are specified in manager governing documents or portfolio guidelines and shall comply with OPERS' Derivatives Policy.

G. Leverage Risk

Trend Following and Alternative Risk Premia strategies generally incorporate leverage in order to achieve the desired risk allocations and volatility characteristics. The use of a volatility target limits the amount of leverage that may be undertaken. Risks may include a loss of a significant portion of the original investment. Leverage usage and limitations as well as risk management are specified in manager guidelines and shall comply with OPERS' Leverage Policy.

H. Legal Risk

Externally managed Risk Mitigation Strategies may have unique characteristics which require legal expertise including the use of outside counsel. Limitations for external managers exercising investment discretion must include:

- (i) registered with the United States Securities and Exchange Commission or with a similar regulator if they are domiciled outside of the United States or
- (ii) a bank regulated by a United States regulatory body

IX. ROLES AND RESPONSIBILITIES

A. OPERS Retirement Board

The OPERS 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. Staff is responsible for monitoring the Policy and recommending changes to the Board. Staff is also responsible for managing the Risk Mitigation Strategies Asset Class within the framework of the Board approved Policies and within the goals and objectives adopted by the Board in the Annual Investment Plan.

Staff shall ensure that all investment manager guidelines for external and internal portfolios are set in accordance with OPERS’ Policies.

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 (except for tracking error measurements), 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 role of the Investment Advisor is specified in the Investment Objective and Asset Allocation Policies.

X. 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



Ohio Public Employees Retirement System
Investment Policy Statement
Ohio Public Employees Deferred Compensation Program
January 2026

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Revision History

Adopted by Ohio DC Board
Last revised by Ohio DC Board
Adopted by OPERS Board

December 17, 1996
March 18, 2025
January 21, 2026

I. SCOPE

This Policy applies to the assets within the Ohio Public Employees Deferred Compensation Program (“Ohio DC”) as administered by the Public Employees Retirement Board (the “Board”) under Chapters 145. and 148. of the Ohio Revised Code.

II. PURPOSE

The purpose of this statement is to establish the investment policy for the management of the assets of ~~Ohio Public Employees Deferred Compensation Program~~ (“Ohio DC”), with the exception of the Stable Value Option, which has additional investment policy guidelines outlined within the “Stable Value Option Investment Policy Statement.” This policy will be reviewed periodically (typically annually) by Ohio DC’s investment consultant (“Consultant”) and Ohio Public Employees Retirement System (“OPERS”) staff (“Staff”). Any changes the Consultant recommends will be discussed with ~~Ohio DC’s staff (“Staff”)~~ and presented to the Board for final approval. In addition, the Consultant will be evaluated by the Staff and Board annually concerning their work with Ohio DC.

III. LEGAL AUTHORITY

It is the intention of the Board that the assets of Ohio DC shall be maintained in compliance with all applicable laws governing the operation of Ohio DC. Practices in this regard include, but are not limited to, the following:

- The Board is a fiduciary and trustee of the funds of Ohio DC under Chapters 145. and 148. of the Ohio Revised Code.
- Although Ohio DC is not subject to Employee Retirement Income Security Act of 1974 (“ERISA”), Ohio DC intends to generally follow the fiduciary best practices of ERISA when feasible.
- Ohio DC investment alternatives shall be selected and monitored with the care, skill, and diligence that would be applied by a prudent investor, acting in a like capacity and knowledgeable in the investment of retirement funds.
- All transactions undertaken on behalf of Ohio DC shall be for the sole interest of participants. For purposes of this policy, the term "Participants" means any participant, beneficiary, or alternate payee who has an account or accounts within Ohio DC.
- The Board, in consultation with the Consultant and Staff, will select and retain investment alternatives after review of such factors as the investment experience of the underlying investment manager, suitability of the investment approach employed, investment record, and other components as listed in Section V.
- Participants will be provided the opportunity to obtain information to make informed decisions with regard to the investment alternatives available under Ohio DC.

IV. INVESTMENT PHILOSOPHY

A. Investment Objectives and Lineup Structure

The objective of the Board is to offer a broad range of investment alternatives with materially different risk and return characteristics to allow participants, by choosing among such investment alternatives, the opportunity to diversify their balances and construct portfolios consistent with their unique individual circumstances, goals, time horizons, and tolerance for risk. It is also the objective of the Board to offer investment

alternatives at a reasonable cost. The Board will periodically re-evaluate the investment alternative structure and make changes as appropriate.

The appropriate fund peer group and/or passive benchmark for each investment objective type and current offerings can be found in the table below Appendix A. Additional information regarding allocations and rebalancing for multi-manager funds can be found in Appendix AB. The current multi-manager fund allocations and rebalancing ranges may be reasonably adjusted by Staff in consultation with the Consultant with follow-up notification to the Board.

Investment Objective Type	Universe/Peer Group	Investment Alternative	Benchmark
Targeted Maturity Asset Allocation	Multi-Asset or Target Date Strategy by Vintage	LifePath Portfolios (BlackRock) – Five-year vintages ranging from Retirement to 2065	Blended benchmark comprising Russell 1000 Index, Russell 2000 Index, MSCI All Country World Ex US IM Index, Bloomberg US Aggregate Bond Index, Bloomberg US Treasury: US TIPS Index, FTSE EPRA/NAREIT Developed Index, Bloomberg Commodity Index, and FTSE 3 Month T-Bill Index
Indexed US Fixed Income	Not Applicable	US Bond Index (State Street)	Bloomberg US Aggregate Bond Index
Indexed US Large Company Stock	Not Applicable	US Large Company Stock Index (State Street)	S&P 500 Index
Indexed US Small Company Stock	Not Applicable	Non-US Company Stock Index (State Street)	Russell Small-Cap Completion Index
Indexed Non-US Stock	Not Applicable	Non-US Company Stock Index (State Street)	MSCI ACW Ex-US IM Index
Stable Value	Not Applicable	Stable Value Option (Multiple Managers)	See Stable Value Policy
Diversified US Fixed Income	Core Plus Fixed Income Universe	US Bond (JP Morgan/TCW)	Bloomberg US Aggregate Bond Index
Large US Company Value Stock	US Large-Cap Value Universe	US Large Value Company Stock (Dodge & Cox)	Russell 1000 Value Index
Large US Company Growth Stock	US Large-Cap Growth Universe	Fidelity Contrafund Fidelity Growth Company US Large Growth Company Stock (T. Rowe Price/State Street)	Russell 1000 Growth Index
Medium US Company Stock	US Mid-Cap Growth Universe	Vanguard Capital Opportunity	Russell Mid-Cap Growth Index
Small US Company Value Stock	US Small-Cap Value Universe	US Small Value Company Stock (Westwood/State Street)	Russell 2000 Value Index
Small US Company Growth Stock	US Small-Cap Growth Universe	US Small Growth Company Stock (Westfield/Fiera/State Street)	Russell 2000 Growth Index
Non-US Stock	All-Country World Ex-US Universe	Non-US Company Stock (Arrowstreet, Schrodgers, Vanguard)	MSCI All-Country World Ex-US Index

B. Adding New Investment Alternatives/Managers

Investment alternative or investment manager additions may be the result of a Request For Proposal (“RFP”) with public notice or Staff/Consultant search and evaluation. A formal RFP process may be waived at the discretion of the Board if doing so is determined to be in the best interests of Participants. The screening process for the initial selection of a new investment alternative or investment manager for inclusion in Ohio DC’s lineup will consider attributes relevant to the specific asset class and search objective, as developed by the Staff, with the assistance of the Consultant. These attributes may include:

- Appropriate governance practices such as board oversight, relative transparency, and appropriate incentives for key talent (governance rating).
- Compelling aspects from a talent, process, trading, size, product fit, ownership, and organizational perspective (manager research rating).
- Strategy assets of at least \$100 million with at least five years of operating history
- No-load fund structure (no front-end or deferred sales charges), or a willingness to waive the such loads or charges.
- Three- and five-year returns equal to or exceeding the appropriate fund peer group median or passive benchmark.
- Ability to execute prior day pricing for trading matched with redemption fee policies (if relevant) within the parameters necessary to administratively record keep the investment alternative.
- Ability to provide Ohio DC, or an acceptable intermediary, daily share/unit prices
- No recordkeeping reimbursements in the fund’s expense ratio.
- Competitive and reasonable fees.
- Agreement to conduct operational processes regarding the receipt of daily fund prices and transaction orders.
- Portfolio manager should have at least two years of tenure with the strategy, unless there it is team management managed, in which case the average team tenure should be at least five years.

In certain cases, some of the above criteria may be waived as approved by the Board. For example, there may be few investment products available related to a specific search, or an investment manager qualifies under the policy that follows below.

C. Women and Minority-Owned, Ohio-Based and Emerging (WMOE) Business Enterprises

The Board recognizes that Ohio DC is a public agency with a diverse membership that aspires to fully consider WMOE organizations for all its service provider relationships. The Staff and Consultant are requested to provide an assessment of the most qualified WMOE organizations that meet its criteria as approved by the Board while conducting searches for service providers. Disabled veterans are included in the definition of minority.

The Staff and Consultant are allowed to relax specific criteria, to the extent that the Staff and Consultant are unable to find a representative list of WMOE enterprises that meet the selection criteria as approved by the Board. The candidate(s) that most closely meet the criteria and WMOE characteristics will be presented to the Board for consideration. The Board requests that the Staff and Consultant report on the specific criteria that was relaxed, with reasoning, upon delivery of the search materials.

D. Fund Mapping

If the Board decides to terminate an investment alternative, participants will be granted an opportunity to direct their assets to Ohio DC's other investment alternatives prior to the termination date. Assets that are not directed by participants will be transferred or "mapped" to Ohio DC's investment alternative(s) that the Board deems appropriate. Changes to a lower fee share class or investment vehicle of the same strategy and portfolio management do not require the opportunity for Participants to direct their assets to Ohio DC's other investment alternatives.

The mapping factors that the Board may consider include, but are not limited to, the following:

Alignment of investment fund type, such as:

- Asset class (e.g., US stock, non-US stock, fixed income)
- Capitalization (e.g., large, mid, small)
- Style (e.g., value, growth)
- Maturity (short, intermediate, long-term)

Similar investment strategy, such as:

- Broad market vs. focused market
- Active vs. passive management
- Balanced vs. 100% stock or bond
- Equity income, growth & income, aggressive growth
- Diversified vs. concentrated
- Core vs. core-plus

Age-based that corresponds to the appropriate time period until reaching the age of 65 for each participant.

E. Target Date Funds

Target Date Funds ("TDF") are offered to provide a suite of asset allocation portfolios that allow participants to choose a single investment alternative that is appropriate based on an expected target retirement date. Each TDF vintage (e.g., 2040 Fund) will include a professionally managed portfolio of underlying investments that may include fixed income, equity, and alternative asset classes. The investment manager will adjust and rebalance the allocation of assets within each TDF vintage over time to reduce the expected risk by decreasing the equity allocation as each TDF vintage progresses towards its target retirement date.

TDF vintages that reach the end of their de-risking glide path will be automatically discontinued and the assets will be mapped into the TDF Retirement vintage. Additionally, new TDF vintages may be added over time to ensure portfolios exist for all stages of the glide path and participant target retirement dates.

The Board recognizes that some Ohio DC participants may fail to make investment choices for their Ohio DC account. Therefore, the Board believes it is appropriate to designate the target date funds as the default investment option for any Participant who fails to make an investment choice for ~~his or her~~their contributions.

V. PLAN FEES

It is the intention of the Board to act in the best interest of Participants. On a periodic (typically annual) basis, costs will be evaluated to determine if they are considered “reasonable.” More information on Plan Fees can be found in the “Administrative Fee Policy Statement.”

VI. ROLES AND RESPONSIBILITIES

The Board, in consultation with its Staff and Consultant, is responsible for the selection and monitoring of the investment alternatives and service providers of Ohio DC. Participants are responsible for the allocation of their assets among the investment alternatives in Ohio DC. The Staff, Custodian Bank, and retained service providers are responsible for the safekeeping of securities, settlement of trades, collection of income, establishment and monitoring of liquidity allocations to accommodate participant cash flow needs, rebalancing multi-manager investment options, and administrative reporting.

The Consultant is responsible for providing investment advice concerning the investment management of Ohio DC assets consistent with the investment objectives, policies, guidelines, and constraints as established in this Policy. The investment managers are responsible for selecting investments with the same care, skill, prudence, and due diligence that experienced investment professionals acting in a like capacity would use in accordance and compliance with all applicable laws, rules and regulations.

Investment managers are responsible for communicating any material changes in the process, philosophy, management, organizational and significant personnel changes, and product asset level (including if the strategy assets fall under \$100 million), and/or performance of the underlying investment strategies. Managers must also vote all proxies in the best interests of Participants, in accordance with Ohio DC’s Proxy Policy.

VII. MONITORING AND REPORTING

Quarterly Review

A quarterly review of investment alternatives and investment managers will generally include historical performance and other information as listed below:

- Ohio DC, investment alternative, and investment manager assets
- Appropriate peer group and benchmark comparisons over various time periods
- Risk/reward analysis over short- and longer-term time periods
- Any material changes in the investment manager’s investment philosophy or process, personnel, or organization
- Style analysis
- Fund objective (and changes in fund objective)
- Expense ratio
- Portfolio turnover
- Tracking error
- Sector, regional, and cash allocations
- Current level of participation among Ohio DC participants (number of actively deferring/account holders, total current deferrals, etc.)
- Other pertinent information as available

VIII. INVESTMENT ALTERNATIVE/MANAGER MONITORING POLICY

The Board acknowledges that, from time to time, there may be a need to replace an existing investment alternative or investment manager. The Board has developed the following “Fund Monitoring” methodology to help govern decisions to close an investment alternative or replace an investment manager, though the Board is permitted to make changes deemed to be in the best interests of participants even if not required under this methodology.

The Board’s considerations in the process will generally be based on the following key criteria on a net-of-fee basis:

- The investment alternative or investment manager has underperformed its benchmark over the most recent trailing five-year period.
- The investment alternative or investment manager has underperformed its benchmark in three of ~~the~~ four ~~of the~~ most recent calendar quarters.
- The passively managed investment mandates have an acceptable level of tracking error to their respective benchmark.
- The investment alternative or investment manager’s investment strategy and/or portfolio characteristics have materially diverged from its designated style.
- Adverse change in the investment alternative or investment manager’s portfolio management team and/or organizational structure.
- Weak manager research rating, as reported by the Consultant.

The table below summarizes the status that will be applied in this methodology:

Status		Number of Criteria Met	Generally Indicated Action
	GREEN	Less than 2	No action.
	YELLOW	2 to 3	The Board may place the investment alternative or investment manager on a “closely monitored list”.
	ORANGE	4	The Board will evaluate if all future contributions to the investment alternative or investment manager should be halted. The Board will continue to closely monitor the investment alternative or investment manager and make a decision within 180 days whether to close out the investment alternative or continue to closely monitor.
	RED	Greater than 4	The Board will evaluate closing out the investment alternative or investment manager and moving all invested balances to another investment alternative or investment manager as soon as administratively possible.

Managers that are in the yellow through red status level are subject to additional oversight by the Consultant and/or Staff. This may include further quantitative and qualitative analysis presented by the Consultant during board meetings, frequent meetings and/or oversight by various parties, and additional reporting requirements.

It is expected that investment alternatives or investment managers will not be reactivated once a status change occurs and the process to close out begins. However, the Board retains the discretion to re-evaluate investment alternatives and investment managers or delay the process as it may deem appropriate. If significant negative factors exist, accelerated status changes may be recommended. The Board reserves the right to close

an investment alternative at any time for reasons that may go beyond the fund monitoring policy, such as material administrative and operational problems with the investment management company.

All investment alternative status changes will be announced in the most appropriate issue(s) of Ohio DC's newsletter, and all affected participants will be sent individual notifications. Deadlines for completing a new allocation or transferring balances to another investment alternative will be communicated at least 30 days prior to the transition date. Investment alternative changes to a lower fee share class or investment vehicle of the same strategy and portfolio management do not require 30 days advance notification.

If an investment manager is terminated and/or added within a white label option, advance notification to participants is not required, but will be announced in the appropriate newsletter(s).

Appendix A – Ohio DC Current Investment Alternatives

Ohio DC's current investment alternatives, with their benchmarks and universe/peer groups can be found in the table below.

<u>Investment Objective Type</u>	<u>Universe/Peer Group</u>	<u>Investment Alternative</u>	<u>Benchmark</u>
<u>Targeted Maturity Asset Allocation</u>	<u>Multi-Asset or Target Date Strategy by Vintage</u>	<u>LifePath Portfolios (BlackRock) – Five-year vintages ranging from Retirement to 2065</u>	<u>Blended benchmark comprising Russell 1000 Index, Russell 2000 Index, MSCI All Country World Ex US IM Index, Bloomberg US Aggregate Bond Index, Bloomberg US Treasury: US TIPS Index, FTSE EPRA/NAREIT Developed Index, Bloomberg Commodity Index, and FTSE 3 Month T-Bill Index</u>
<u>Indexed US Fixed Income</u>	<u>Not Applicable</u>	<u>US Bond Index (State Street)</u>	<u>Bloomberg US Aggregate Bond Index</u>
<u>Indexed US Large Company Stock</u>	<u>Not Applicable</u>	<u>US Large Company Stock Index (State Street)</u>	<u>S&P 500 Index</u>
<u>Indexed US Small Company Stock</u>	<u>Not Applicable</u>	<u>Non-US Company Stock Index (State Street)</u>	<u>Russell Small Cap Completion Index</u>
<u>Indexed Non-US Stock</u>	<u>Not Applicable</u>	<u>Non-US Company Stock Index (State Street)</u>	<u>MSCI ACW Ex US IM Index</u>
<u>Stable Value</u>	<u>Not Applicable</u>	<u>Stable Value Option (Multiple Managers)</u>	<u>See Stable Value Policy</u>
<u>Diversified US Fixed Income</u>	<u>Core Plus Fixed Income Universe</u>	<u>US Bond (JP Morgan/TCW)</u>	<u>Bloomberg US Aggregate Bond Index</u>
<u>Large US Company Value Stock</u>	<u>US Large-Cap Value Universe</u>	<u>US Large Value Company Stock (Dodge & Cox)</u>	<u>Russell 1000 Value Index</u>
<u>Large US Company Growth Stock</u>	<u>US Large-Cap Growth Universe</u>	<u>Fidelity Contrafund Fidelity Growth Company US Large Growth Company Stock (T. Rowe Price/State Street)</u>	<u>Russell 1000 Growth Index</u>
<u>Medium US Company Stock</u>	<u>US Mid-Cap Growth Universe</u>	<u>Vanguard Capital Opportunity</u>	<u>Russell Mid-Cap Growth Index</u>
<u>Small US Company Value Stock</u>	<u>US Small-Cap Value Universe</u>	<u>US Small Value Company Stock (Westwood/State Street)</u>	<u>Russell 2000 Value Index</u>
<u>Small US Company Growth Stock</u>	<u>US Small-Cap Growth Universe</u>	<u>US Small Growth Company Stock (Westfield/Fiera/State Street)</u>	<u>Russell 2000 Growth Index</u>
<u>Non-US Stock</u>	<u>All Country World Ex US Universe</u>	<u>Non-US Company Stock (Arrowstreet, Schroders, Vanguard)</u>	<u>MSCI All Country World Ex US Index</u>

Appendix AB – Multi-Manager Investment Options

I. Targets

The table below outlines Ohio DC’s current multi-manager investment options and details the underlying investment managers and their target allocations.

Investment Option Name	Underlying Managers and Target Allocations	Permitted Tolerance Range & Rebalancing Frequency
Large US Company Growth Stock	95% - T Rowe Price 5% - State Street	+/- 3.0% (monthly*)
Small US Company Value Stock	93% - Westwood 7% - State Street	+/- 4.0% (monthly*)
Small US Company Growth Stock	66% - Westfield 27% - Fiera 7% - State Street	+/- 4.0% (monthly*)
<u>US Bond</u>	<u>70% - JPMorgan</u> <u>30% - TWC</u>	<u>+/- 4.0%</u> <u>(monthly*)</u>
Non-US Company Stock	35% - Schroders 30% - Arrowsstreet 35% - Vanguard	+/- 0.0% (daily rebalancing through cash flows, with monthly rebalance to target)
Stable Value Option	See Stable Value Policy	See Stable Value Policy

* Measured monthly and rebalanced to target triggered if tolerance breached.

II. Rebalancing Policy

Rebalancing manager allocations is necessary to control risk, as market movements will cause the investment option’s manager allocations to deviate from their strategic target allocations. Rebalances can be meaningful to a portfolio, so to minimize transaction costs and active manager holdings impact, permitted tolerance ranges are utilized to determine if a rebalance is needed. A standing instruction is in place with the eCustodian bank to allocate daily participant cash flows and measure the need for periodic rebalancing in accordance with the permitted tolerance ranges and rebalancing frequency shown in the table above. The eCustodian bank executes necessary portfolio trades and/or cash movements based on a standing direction. Stable Value Option rebalancing policy can be found in the Stable Value Policy.

Adopted: 12/17/1996
Last Amended: 3/18/2025



**Ohio Public Employees Retirement System
Stable Value Option Investment Policy Statement
Ohio Public Employees Deferred Compensation Program
January 2026**

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Revision History

**Adopted by Ohio DC Board
Last revised by Ohio DC Board
Adopted by OPERS Board**

**December 16, 1997
October 15, 2024
January 21, 2026**

I. SCOPE

This Policy applies to the Stable Value Option assets within the Ohio Public Employees Deferred Compensation Program ("Ohio DC") as administered by the Public Employees Retirement Board (the "Board") under Chapters 145. and 148. of the Ohio Revised Code.

II. PURPOSE

The purpose of this statement is to establish the investment policy for the management of the Stable Value Option assets of the ~~Ohio Public Employees Deferred Compensation Program~~ ("Ohio DC" ~~or the "Program"~~). The Board assumes the responsibility for establishing this investment policy, the purpose of which is to guide the investment of assets within the Stable Value Option. ~~The investment policy describes~~ and the degree of investment risk the Board deems appropriate. This policy will be reviewed periodically (typically annually) by the ~~Program's staff~~ ("Staff") investment consultant ("Consultant"), Ohio Public Employees Retirement System ("OPERS") staff ("Staff") and stable value roll-up manager ("Roll-Up Manager"). Any changes the Consultant or Roll-Up Manager recommends will be discussed with Staff and presented to the Board for final approval. In addition, the Consultant will be evaluated by the Staff and Board annually concerning their work on the Stable Value Option.

III. LEGAL AUTHORITY

It is the intention of the Board that the assets of ~~the Program~~ Ohio DC shall be maintained in compliance with all applicable laws governing the operation of ~~the Program~~ Ohio DC. Practices in this regard include, but are not limited to, the following:

- The Board is a fiduciary and trustee of the funds of Ohio DC under Chapters 145. and 148. of the Ohio Revised Code.
- Although Ohio DC is not subject to Employee Retirement Income Security Act of 1974 ("ERISA"), Ohio DC intends to generally follow the fiduciary best practices of ERISA when feasible.
- Stable Value Option investment managers ("Managers") shall be selected and monitored with the care, skill, and diligence that would be applied by a prudent investor, acting in a like capacity and knowledgeable in the investment of retirement funds.
- All transactions undertaken on behalf of ~~the Program~~ Ohio DC shall be for the sole interest of participants. For purposes of this policy, the term "Participants" means any participant, beneficiary, or alternate payee who has an account or accounts within ~~the Program~~ Ohio DC.
- The Board, in consultation with the Consultant and Staff, will select and retain Managers in the Stable Value Option after satisfactory review of factors such as perceived skill, trading practices, product importance, product fit, organization and ownership structure, fees, and the investment record.

IV. INVESTMENT PHILOSOPHY

A. Investment Objective

The Stable Value Option seeks to provide a stable principal value and a competitive level of interest income by investing in a diversified portfolio of high-quality investment contracts and other high-quality fixed income instruments. Over longer periods of time, performance of the Stable Value Option is expected to exceed the 3 Year Constant

Maturity Treasury Index, net of fees, as well as meeting or exceeding the performance of the Morningstar US CIT Stable Value Index on a gross of fees basis.

B. Investment Strategy

The Stable Value Option may invest in benefit-responsive general and separate account GIC contracts, BIC contracts, and "synthetic" GIC contracts (i.e., wrap contracts); (collectively, "Stable Value Contracts"), as well as short-term investments; and other fixed income instruments that are provided by product issuers which meet the Stable Value Option's credit quality standards.

Within the Stable Value Option, investments will be segmented between a liquidity buffer, fixed maturity structure, and an open maturity structure as defined below:

- Liquidity buffer – will accept ongoing contributions and transfers remitted to the Stable Value Option and provide the first source of liquidity for all Stable Value Option withdrawals. Within the liquidity buffer, the Stable Value Option will primarily invest in short-term investment funds or money market instruments, but it may also invest in high-quality buffer Stable Value Contracts that provide same-day liquidity for withdrawals.
- Fixed maturity structure – will emphasize a laddered maturity structure of investments to generate periodic cash flow that may be used to replenish the Liquidity Buffer. Stable Value Contracts in the fixed maturity structure will pay qualified withdrawals on a net pro-rata basis after the depletion of the liquidity buffer.

Within the fixed maturity structure, the Stable Value Option will invest primarily in investments which have average maturities at the time of issuance of less than five years.

The fixed maturity structure will normally pursue a laddered maturity structure, whereby the dollar-weighted average duration of the structure will be no more than 3.5 years. To avoid the adverse impact of future reinvestment risk, the fixed maturity structure will target a fairly equal ladder of maturities.

- Open maturity structure – may maintain both active and passive investment management benchmarked against the Bloomberg Intermediate Aggregate Bond Index or the Bloomberg Intermediate Government/Credit Index. A passive core allocation may be maintained replicating the characteristics of the underlying index (subject to constraints by the wrap contract(s)). An actively managed component will be benchmarked against the Bloomberg Intermediate Aggregate Bond Index with the selected Managers exercising investment discretion with respect to yield curve positioning, sector allocation, and security selection. The active Managers will have investment discretion to utilize non-dollar investments as well as high yield investments within agreed upon constraints.

Stable value wrap contracts used in the open maturity structure will pay qualified withdrawals on a net pro-rata basis after the depletion of the liquidity buffer.

C. Portfolio Structure and Rebalancing Policy

The Board, in consultation with the Consultant, Staff, and Roll-Up Manager, will periodically review and evaluate the portfolio structure. The Staff shall, on an ongoing basis in accordance with market fluctuations and participant cash flow experience, rebalance the Stable Value Option portfolio to remain within the range of permitted allocations. The current permissible ranges are documented in Appendix A and may be reasonably adjusted by Staff in consultation with the Consultant and Roll-Up Manager with follow-up subsequent notification to the Board. The table below summarizes the permissible ranges.

Mandate	Permissible Ranges
Fixed Maturity	20% to 40%
Open Maturity	50% to 80%
Liquidity Buffer	0% to 10%

It is recognized that a strategic long-run asset allocation plan implemented in a consistent and disciplined manner will be a material determinant of the crediting rate. As a result, a systematic decision rule-based procedure for determining target allocations and rebalancing shall be implemented as discussed below.

- The Board delegates to the Staff and the Consultant, in consultation with the Roll-Up Manager, the responsibility for monitoring to ensure that the Stable Value Option's asset allocation remains within the permissible ranges, determining appropriate target allocations, implementing rebalancing as needed, and reporting the current targets and any rebalancing activities to the Board at the periodic Stable Value Option review.
- The Staff, in consultation with the Roll-Up Manager, will make quarterly observations of the market values of each mandate, participant cash flows, market dynamics, among other factors. Based on these observations, Staff, in consultation with the Roll-Up Manager and Consultant, will be responsible for adjusting the current target allocations as needed and/or rebalancing each mandate back to its respective target allocation whenever that mandate falls outside the established range.
- The Roll-Up Manager will monitor the overall duration of the Stable Value Option and seek to keep the overall duration no more than 4 years with a cap of 3.5 years for the fixed maturity component. The Roll-Up Manager will notify Staff and the Consultant if the duration of the Stable Value Option goes outside of this target range.
- Rebalancing will first use normal cash flows where practical and secondarily be accomplished through reallocation of assets between mandates.
- The Staff and Consultant, in consultation with the Roll-Up Manager (with respect to obtaining wrap contract coverage for the Managers), will recommend individual Manager funding levels within the open maturity segment for Board approval. The current funding allocations within the open maturity segment are documented in

Appendix A and may be reasonably adjusted by Staff in consultation with the Consultant and Roll-Up Manager with subsequent notification to the Board.

D. Insurance and other Institution Diversification and Credit Quality Restrictions

The following diversification limits will apply to Stable Value Contracts held within the Stable Value Option at time of purchase.

- The allocation to any one wrap contract issuer or separate account GIC issuer shall not exceed one-third (33%) of the Stable Value Option's assets. In addition, the Stable Value Option's allocation to any single issuer of general account GIC contracts shall not exceed 5% of the Stable Value Option's assets.
- The Stable Value Option will seek to limit its aggregate exposure to insurance company general account contracts to no more than 25% of Stable Value Option assets.

Insurance companies issuing Stable Value Contracts must meet the following credit quality guidelines at time of purchase:

- Fitch, Moody's, and Standard & Poor's ratings such that:
 - there are ratings from at least two of the three rating services;
 - the weighted-average of such ratings must be A- (A3 Moody's) or better; and
 - no rating shall be below A- (A3 Moody's).

Banks and other financial institutions issuing Stable Value Contracts must meet the following guidelines at time of purchase:

- Fitch, Moody's, and Standard & Poor's ratings such that:
 - there is an A (A2 Moody's) or better senior unsecured debt rating from one of the three rating services;
 - the weighted-average of such ratings must be A- (A3 Moody's) or better; and
 - no rating shall be below A- (A3 Moody's).

E. Synthetic Contracts

Assets underlying each wrap contract or separate account GIC contract must meet the following guidelines:

- Stable Value Option assets may be invested in Government, Government Agency, mortgage backed, asset backed and corporate debt securities, and other securities included in the Bloomberg Intermediate Aggregate Bond Index. Mortgage-backed securities would include collateralized mortgage obligations (CMOs), Real Estate Mortgage Investment Conduits (REMICs), and Commercial and Residential Mortgage Backed Securities (CMBS and RMBS). Private placements and 144a debt securities are permissible. Derivatives, including but not limited to, futures and swaps are permissible.
- Securities rated below BBB-/Baa3 may not exceed 10% of Stable Value Option assets within a portfolio. In addition, no more than 1% of a portfolio's assets may be invested in any single high yield (below BBB-/Baa3) issuer.

- The average quality of the Stable Value Option's assets within a portfolio will be A- (A3 Moody's) or better.
- No more than 5% of the Stable Value Option's assets within a portfolio may be invested with any one corporate issuer.
- Investments in non-dollar fixed income securities may not exceed 20% of the assets allocated to the Stable Value Option structure.
- If any security is downgraded below these policy guidelines, or such downgrade causes a portfolio to fall out of compliance with these guidelines, the Manager will notify Staff, the Roll-Up Manager, and Consultant about the development with a recommended next step. The Manager will be encouraged to sell the security within an appropriate period of time, taking into consideration liquidity and market conditions and an appropriate level of prudence, to ensure the portfolio is not adversely affected.

Staff has the discretion, in consultation with the Consultant and Roll-Up Manager, to make changes to Manager investment guidelines that do not otherwise conflict with this policy.

F. Cash Investments

The Stable Value Option's cash investments fund must meet the following guidelines:

- Must be invested in money market instruments or commingled funds which invest in money market instruments which are issued by the U.S. Government or U.S. Government agencies, repurchase agreements which are collateralized by such securities, non-governmental securities rated P-1 by Moody's or A-1 by Standard & Poor's or their equivalents, or deposits with investment grade banks meeting the Bank Credit Quality Guidelines referenced above.

G. Manager Reporting Requirements

- Managers will provide the necessary reports and statements as requested by the Staff, Consultant, and Roll-Up Manager, to conduct their due diligence, reporting, and analyses by the 15th business day of the following month. In addition, a discussion of the portfolio's recent strategy and expected future strategy and demonstration of compliance with guidelines must be included in this package.
- Managers must reconcile quarterly accounting, transaction, and asset summary data with custodian reports and communicate and resolve any significant discrepancies with the custodian. If requested by Staff, Managers must also send a copy of the reconciliation to Staff by the 15th business day of the following month subsequent to quarter end.
- Managers will meet with the Staff and/or Consultant as often as determined necessary by the Board. Managers will also provide the Staff with proof of liability and fiduciary insurance coverage of the at least \$5 million, in writing, as requested.
- Managers will keep the Staff, Consultant, and Board apprised of relevant information regarding its organization, personnel, and investment strategy. The firm will notify Staff within one business day of any change in the lead personnel assigned to manage the account.

H. Women and Minority-Owned, Ohio-Based and Emerging (WMOE) Business Enterprises

The Board recognizes that Ohio DC is a public agency with a diverse membership that aspires to fully consider WMOE organizations for all its service provider relationships. The Staff and Consultant are requested to provide an assessment of the most qualified WMOE organizations that meet its criteria as approved by the Board while conducting searches for service providers. Disabled veterans are included in the definition of minority.

The Staff and Consultant are allowed to relax specific criteria, to the extent that the Staff and Consultant are unable to find a representative list of WMOE enterprises that meet the selection criteria as approved by the Board. The candidate(s) that most closely meet the criteria and WMOE characteristics will be presented to the Board for consideration. The Board requests that the Staff and Consultant report on the specific criteria that was relaxed, with reasoning, upon delivery of the search materials.

V. PERFORMANCE AND MONITORING

A. Performance Guidelines and Manager Monitoring

On a periodic (typically annual) basis, the Stable Value Option's performance will be evaluated against the following two metrics:

- Exceed the 3 Year Constant Maturity Treasury Index, net of fees.
- Meet or exceed the Morningstar US CIT Stable Value Index, gross of fees.

On a quarterly basis, the Consultant will ~~prepare for the Staff and Board provide~~ a performance assessment of each individual Manager employed, confirmation of compliance with individual Manager guidelines, and the asset positioning of the overall Stable Value Option. In addition, Staff, in conjunction with the Consultant, will report to the Board material changes in underlying Managers' talent, process, philosophy, and fee levels with recommendations for change as needed.

B. Fund Monitoring Policy

The Board acknowledges that, from time to time, there may be the need to replace an existing Manager with a new Manager within the open maturity portion of the Stable Value Option. The Board has developed the following Fund Monitoring methodology to help govern decisions to terminate an existing Manager.

The Board's considerations in the process will be based on the following key criteria:

- The Manager has underperformed its benchmark over the most recent trailing five-year period.
- The Manager has underperformed its benchmark in three of the four most recent calendar quarters.
- The Manager's investment strategy and/or portfolio characteristics have materially diverged from its designated style.

- Adverse change in the Manager’s portfolio management team and/or organizational structure.
- Weak Manager research rating, as reported by the Consultant.

The table below summarizes the status that will be applied in this methodology:

Status		Number of Criteria Met	Generally Indicated Action
	GREEN	Less than 2	No action.
	YELLOW	2 to 3	The Board may place the Manager on a “closely monitored list.”
	ORANGE	4	The Board will evaluate if all future contributions to the investment alternative or investment Manager should be halted. The Board will continue to closely monitor the investment manager and decide within 180 days whether to terminate the Manager or continue to closely monitor.
	RED	Greater than 4	The Board will evaluate terminating the investment Manager and moving all invested balances to another investment Manager or new investment Manager as soon as administratively possible.

It is expected that investment Managers will not be reactivated once a status change occurs and the process to terminate begins. However, the Board retains the discretion to re-evaluate investment Managers or delay the process as it may deem appropriate. If significant negative factors exist, accelerated status changes may be recommended. The Board reserves the right to terminate an investment Manager at any time for reasons that may go beyond the fund monitoring policy, such as material administrative and/or operational problems with the investment management company.

If an investment Manager is terminated and/or added, advance notification to participants is not required, but will be announced in the appropriate newsletter(s).

Adopted: 12/16/97

Amended: 10/19/2022, 10/15/2024

Appendix A: Current Permissible Ranges and Funding Allocations

Appendix A details the current permissible ranges and funding allocations within the Stable Value Option.

The table below summarizes the current permissible ranges for the Stable Value Option structure.

<u>Mandate</u>	<u>Permissible Ranges</u>
<u>Fixed Maturity</u>	<u>20% to 40%</u>
<u>Open Maturity</u>	<u>50% to 80%</u>
<u>Liquidity Buffer</u>	<u>0% to 10%</u>

The table below provides the current approved funding allocations within the open maturity segment:

<u>Manager</u>	<u>Target Allocation</u>	<u>Permissible Ranges</u>
<u>Dodge & Cox</u>	<u>25%</u>	<u>+/-3%</u>
<u>JP Morgan</u>	<u>25%</u>	<u>+/-3%</u>
<u>EARNEST</u>	<u>15%</u>	<u>+/-3%</u>
<u>Payden & Rygel</u>	<u>15%</u>	<u>+/-3%</u>
<u>Jennison</u>	<u>20%</u>	<u>+/-3%</u>

Board Meeting IV.F



OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
277 EAST TOWN STREET, COLUMBUS, OH 43215-4642
1-800-222-PERS (7377)
www.opers.org

MEMORANDUM

DATE: January 12, 2026

TO: OPERS Retirement Board Members

FROM: Craig Hallermann, Senior Actuary
Lai Woo, Senior Financial Analyst

RE: **IV. Discussion Items:**
F. Funding Projection (assets only)

Purpose – To provide the Board with a preliminary estimate of the pension funded ratio and the health care solvency period based on the preliminary 2025 investment returns.

Background – In May and August 2026, Gabriel, Roeder, Smith and Company (GRS) will present the results of the 2025 actuarial valuations for the pension and health care plans. These reports will measure the actual asset and liability results for 2025 as of 12/31/25. While the actual results are not available until May/August, staff is providing the Board with an estimated impact on each plan as of 12/31/25 based on the preliminary investment returns. It is important to note that these are preliminary and not final investment returns and, secondarily, that this reflects only one of the many assumptions that impact the final actuarial results.

Using preliminary investment returns of 14.4% for the pension fund and 16.4% for the health care fund (compared to the assumed rates of 6.9% and 6.0%, respectively), the estimated pension funded ratio will decline from 83% to 82% and the amortization period is expected to increase from 15 years to 17 years. The 2025 excess investment gain helps offset a portion of the 2024 unrealized loss carryforward of \$2.4 billion, however it does not offset all of the 2025 unrealized loss impact thus the decrease in funded ratio and increase in amortization period. This does eliminate the remaining unrealized loss and a net unrealized funding asset *gain* carryforward of around \$7.0B remains as of 12/31/25 for the pension plan and will be recognized over the next three years.

The 2025 excess investment gain will increase the health care plan's expected solvency period. The health care solvency is expected to increase from 27 years to 32 years.

The attached presentation presents these estimated results *assuming all other actuarial assumptions are met* and provides an estimated funded ratio and amortization period for the pension plan and solvency period for the health care plan.

Next Steps -- GRS will present the pension actuarial valuation results in May and the health care actuarial valuation results in August. In addition, GRS will perform an experience study this year based on demographic experience from 2021 through 2025 and on both historical and expected economic experience. The experience study results will be communicated to the Board in August and September for your adoption. The 12/31/2025 actuarial valuation results will be reported on both the current and the updated actuarial valuation assumptions.

Pension Funding Update - 2025 Preliminary Investment Results

Craig Hallermann, Senior Actuary

Lai Woo, Senior Financial Analyst



Agenda

1 Overview of 12/31/24 and Historical Results

2 Preliminary 2025 Investment Returns

3 Estimated Funding

4 Summary / Questions

Overview of 12/31/24 Results

- Actuarial 12/31/24 results
 - Funded ratio: 82.8%
 - UAAL (funding basis): \$22.1B
 - Unrecognized funding asset loss: \$2.4B
 - Amortization years: 15
 - Healthcare solvency years: 27
- Funded ratio remained over 80% for a fifth year on a funding (smoothed) asset basis
- Unrecognized funding asset loss of \$5.5B as of 12/31/23 improved to an unrecognized loss of \$2.4B as of 12/31/24
- Amortization years remained the same at 15 years

Historical Pension and Healthcare Results

Dollar in billions

	Pension	Pension	Pension	Pension	Pension	Pension	Pension	
Year	AAL	Funding Value of Assets	UAAL	Funded Ratio	Amortization Years	Market Value of Assets	Unrecognized Asset Gain (Loss)	HC Solvency Years
2024	129.0	106.9	22.1	82.8%	15	104.5	(2.4)	27
2023	125.5	105.1	20.3	83.8%	15	99.6	(5.5)	25
2022	122.5	102.9	19.6	84.0%	16	93.2	(9.7)	21
2021	118.5	99.7	18.8	84.1%	16	110.2	10.5	29
2020	113.4	94.0	19.4	82.9%	18	98.9	4.9	25
2019	111.4	88.6	22.8	79.5%	23	91.8	3.2	23/13 ¹
2018	108.7	84.3	24.4	77.5%	27	81.4	(2.9)	11

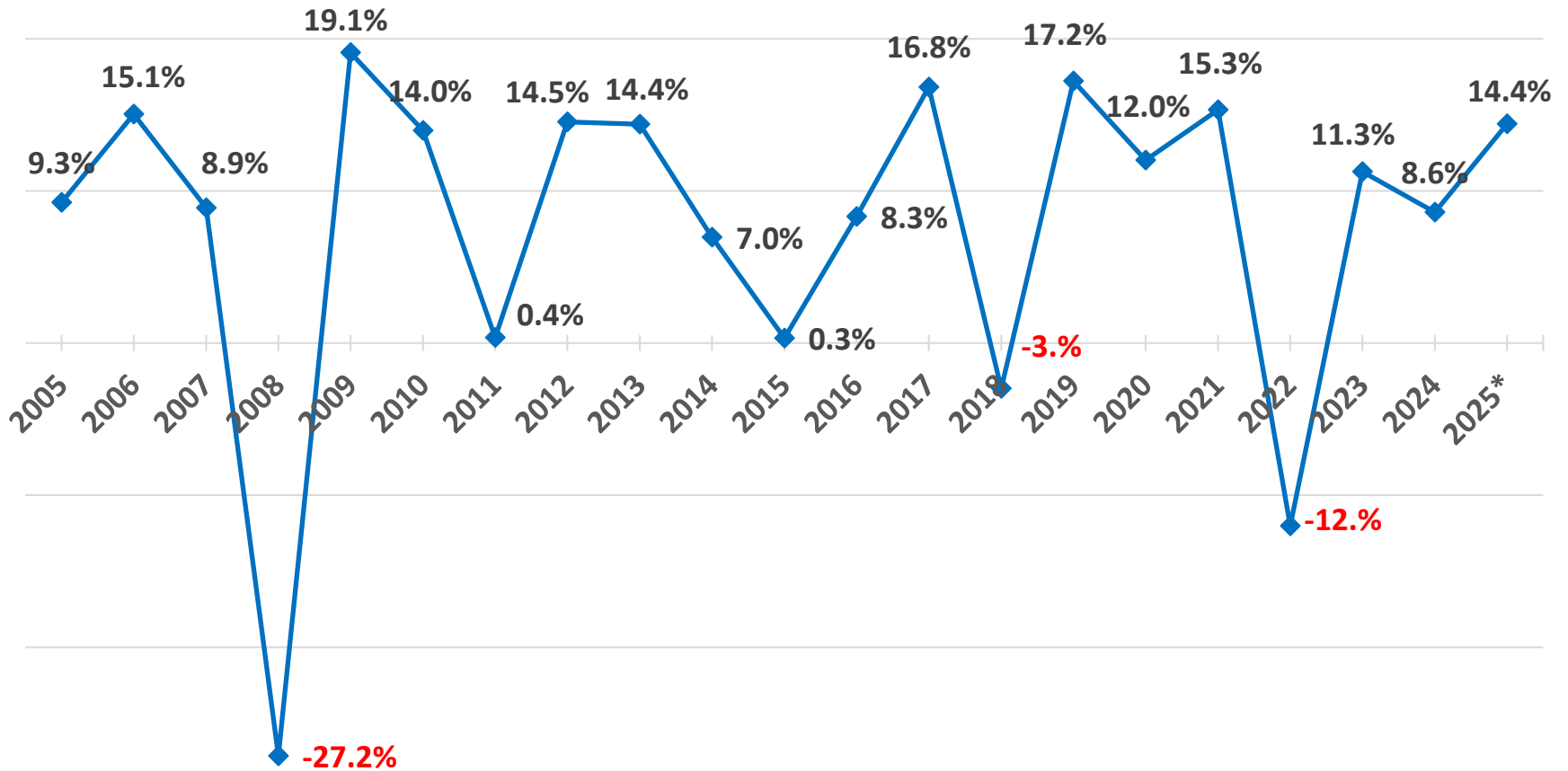
¹ post-HCPP 3.1 / pre-HCPP 3.1

Preliminary 12/31/25 Investment Return

Defined Benefit	14.4%
Health Care	16.4%

Note: Real Estate and Private Equity returns lag by a quarter, so we have yet to receive the 12/31/25 preliminary returns for these two asset categories nor have any assets been reconciled.

Historical Investment Returns



* preliminary

12/31/25 Estimated Funding Impact

	Pension (\$billions)		
	12/31/25 Estimate		2024 Actual
	14.4%	6.9%	
Assumed 2025 DB return:	14.4%	6.9%	
AAL	\$132.3	\$132.3	\$129.0
Funding Asset Value	\$108.3	\$106.6	\$106.9
UAAL	\$24.0	\$25.7	\$22.1
Unrecognized funding asset gain(loss)	\$7.0	\$1.4	(\$2.4)
Funded ratio	81.9%	80.6%	82.8%
Amortization years	17	19	15
Health Care solvency years	32 ¹	27 ²	27

¹ Assumed 2025 HC fund return of 16.4%

² Assumed 2025 HC fund return of 6.0%

Summary of Unrecognized Investment Gains/(Losses) - Estimated

(\$ Billions)	Total	2025	2026	2027	2028
Unrecognized Prior (Loss) as of 12/31/25	(\$2.381)	(\$3.881)	\$1.141	\$0.359	\$0.000
2025 Investment Gain	\$7.320	\$1.837	\$1.828	\$1.828	\$1.828
Net (Loss) Recognized in 2025	(\$2.043)	(\$2.043)			
Net Unrecognized Gain Carryforward	\$6.983		\$2.969	\$2.186	\$1.828

Summary

- While 2025 investment returns are not finalized, the preliminary pension investment return of 14.4% exceeded the actuarial assumption [6.9%].
- The portion of the 2025 gain of \$7.3B recognized in 2025 (\$1.8B) partially offset the remaining portion of the unrecognized loss (2.0B). Thus, the funded ratio decreased from 82.8% to 81.9%. Similarly, the amortization period increased from 15 years to 17 years.
- The unrecognized **loss** carryforward from 2022 has been eliminated and the we now have an unrecognized **gain** carryforward of \$7.0B.
- Health Care solvency is projected to increase by 5 years to 32 years.
- Actual reported results will reflect final liability amounts from the valuation and final investment returns.

Questions?



Board Meeting IV.G



OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
277 EAST TOWN STREET, COLUMBUS, OH 43215-4642
1-800-222-PERS (7377)
www.opers.org

MEMORANDUM

DATE: January 12, 2026
TO: OPERS Retirement Board Members
FROM: Gordon Gaten, Director, External Relations
RE: **IV. Discussion Items:**
G. Legislative Update (Federal)

Purpose

The purpose of this memorandum is to provide the Board with a summary of state and federal legislative activities of the 136th Ohio General Assembly and the 119th U.S. Congress, to shed light on how staff stays connected to federal and state affairs, and to provide insight about what to expect in 2026.

Background

This month, Jeannine Markoe Raymond, Director of Federal Relations for the National Association of State Retirement Administrators, and Leigh Snell, Federal Relations Director for the National Council on Teacher Retirement will discuss how OPERS supplements its federal advocacy with the value both NASRA and NCTR provide through education, collaboration, and direct advocacy.

With extensive work experience in Washington, D.C., Jeannine and Leigh are invaluable to public pensions' success. They offer critical insights and perspectives about much of what challenges OPERS could face in the coming months.

Staff will provide a brief update regarding OPERS' legislative efforts in 2025. Following very active state budget process, staff have been actively educating legislators about legislation that would be harmful to OPERS members best interests.

Federal

Leigh and Jeannine will provide information about the importance of building relationships with not only the Ohio congressional delegation and staff, but also staff within key committees, caucus staff, and leadership.

Federal advocacy is not only relegated to Congress, however. It is just as important to stay abreast of federal regulatory matters and make sure federal agency staff understand the effects of the regulations they propose.

That education is done through stakeholder organizations and by direct contact with the relevant regulatory agencies. OPERS maintains that connection with the help of membership organizations, like NASRA and NCTR. It is through those organizations that OPERS expands its network through various national coalitions.

Federal activity currently is centered on oversight, tax legislation, Social Security reform, investment restrictions, and constraints on federal awards and grants.

State

Looking back on 2025, OPERS experienced much success with the Ohio General Assembly.

Though the first six months of the legislative session was focused on Ohio's biennial budget, OPERS was not immune from attempts to alter how public retirement systems operate.

Of the seven proposed budget bill (House Bill 96) provisions that impacted OPERS, OPERS only supported one – the consolidation of the Ohio Deferred Compensation Program into OPERS. Fortunately, the General Assembly provided little resistance for the consolidation, which was included in the enacted version of the bill.

Provisions that were most offensive to OPERS were either removed from HB 96 or mitigated to a point that they were minimally intrusive (i.e., exempting precinct election officials from OPERS membership and requiring OPERS to withhold local school income taxes from pension payments). Though removed from the bill, some issues remain a concern going into 2026, including:

- House Bill 424 (HB 424), a bill that would unwind changes to the law that OPERS requested back in 2015 – changes that required members who have service credit in multiple systems retire from the system with the most service. This is the standard for all other Ohio systems, except OP&F.

The concern is understandable for many members; however, OPERS has recommended a more effective and efficient solution – that is, to eliminate from

the OP&F statute the provision that prohibits service credit transfers from other systems unless the member is actively contributing to the OP&F system.

This is an introduction of last session's HB 94. It has received much attention, but there has been no consensus on how best to address the issue.

- Additions to OPERS Law Enforcement Division (OPERS LE) – the Governor's introduced version of the state budget bill included language that would have included State Fire Marshal fire incident investigators in OPERS LE.

While OPERS successfully advocated for the removal of that language, the issue remains a concern.

OPERS has suggested that if the General Assembly wants to address OPERS LE membership, it should address the issue on a broader scale. Throughout the past several years, multiple classes of members have attempted to be included in OPERS LE (e.g., parole officers, EMT workers). OPERS has asked not that those classes be excluded, but to seek a solution that reviews the overall criteria for OPERS LE membership instead of the piecemeal approach that has existed for many years.

Another bill that was not included in the state budget bill, yet remains a concern, is House Bill 73 (HB 73), a bill that would require OPERS to establish a deferred retirement option plan (DROP) for OPERS LE members.

Because OPERS' partial lump sum option (PLOP) is truly cost neutral and potentially is a better option for members, OPERS has taken a position of stern opposition to HB 73.

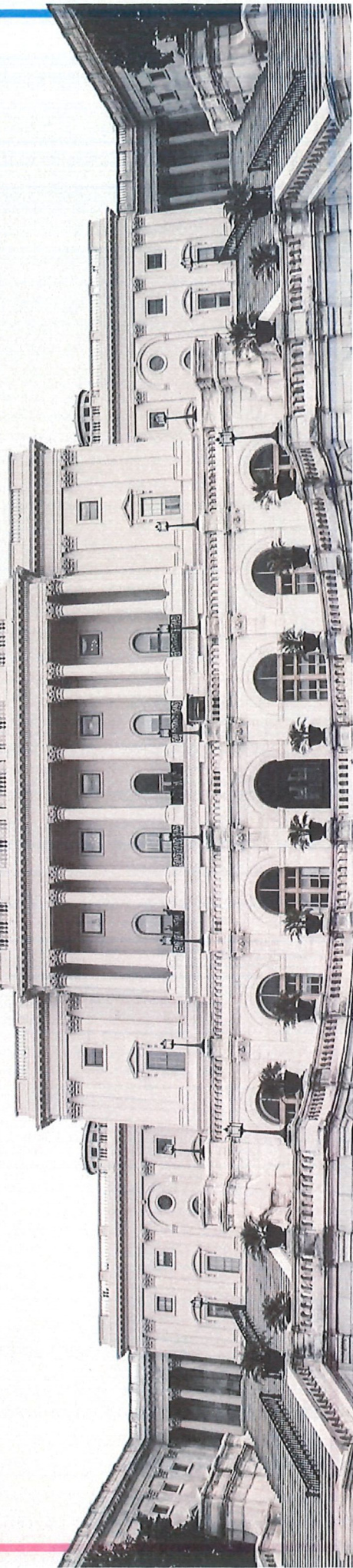
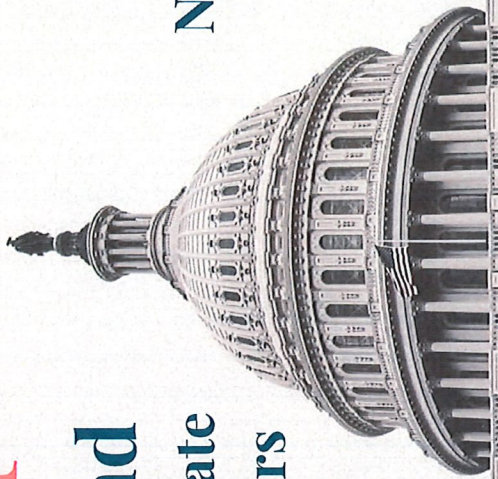
There are several other bills that staff are tracking, including Senat Bill 69, a bill that could bring comprehensive alterations to how all of Ohio's public retirement systems operate. Though the bill has not progressed from its initial language that simply states the purpose (i.e., to reform laws governing state public retirement systems), the bill's sponsor has stated his intent to lower the statutory amortization window from 30 years to 20 years and to possibly provide the retirement systems with tools to better manage their respective systems.

Because 2026 is an election year, the General Assembly is scheduled for a limited number of session days. Unless public pensions are deemed to be a priority, the fate of many of the bills staff are tracking remain tenuous.

Federal Update

Jeannine Raymond
National Association of State
Retirement Administrators

Leigh Snell
National Council on Teacher
Retirement



National Associations



NASRA

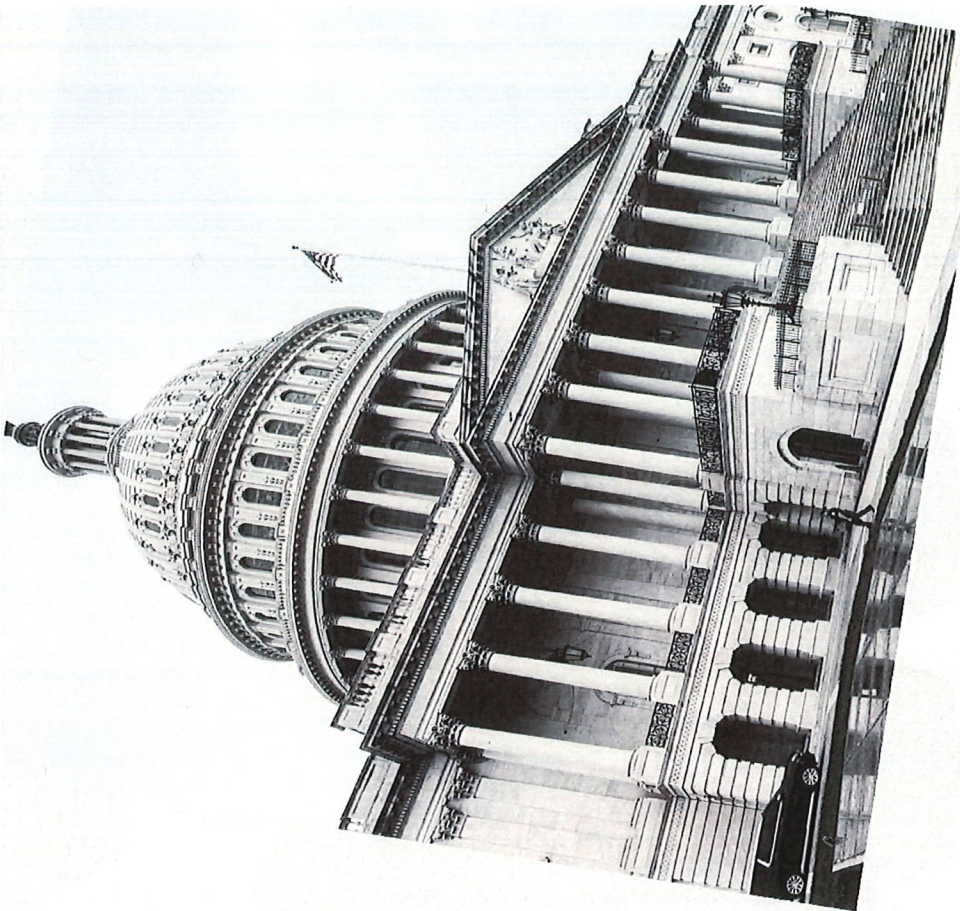
*Executive Directors of U.S.
State and largest Statewide
Public Retirement Systems*

NCTR

*U.S. Public Retirement
Systems to which Teachers
Belong*

Legislative Landscape

- *Tight margins*
- *Pending shutdown*



Federal Activity

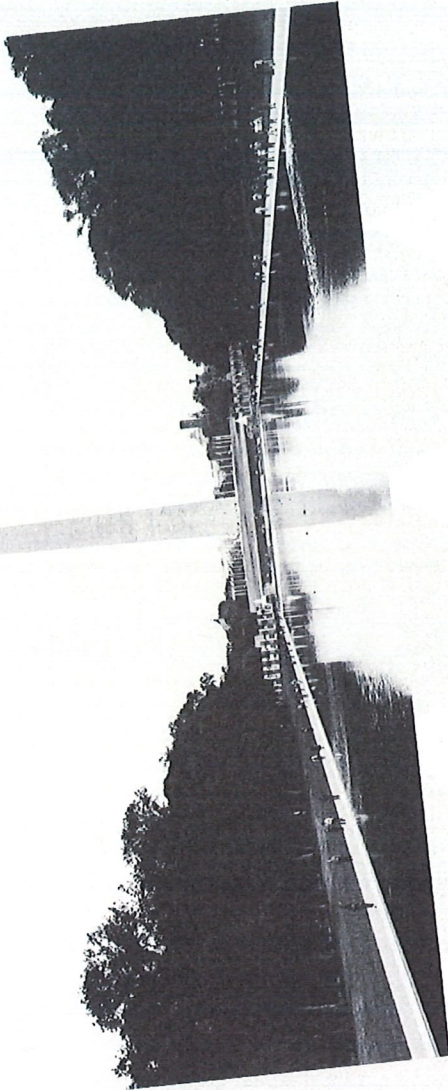
- *Tax Legislation*
- *Investment Restrictions*
- *Constraints on Federal Awards/Grants*
- *Oversight*
- *Social Security Reform*

Federal Relations

➤ *Educate*

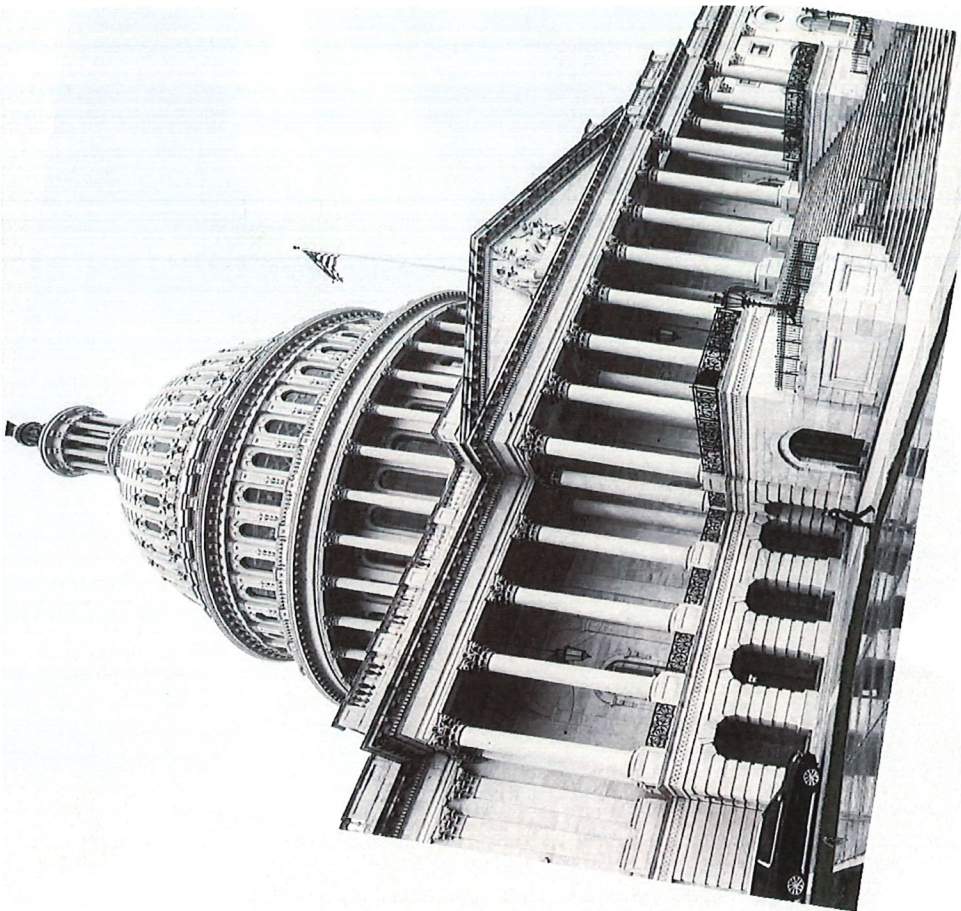
➤ *Collaborate*

➤ *Advocate*

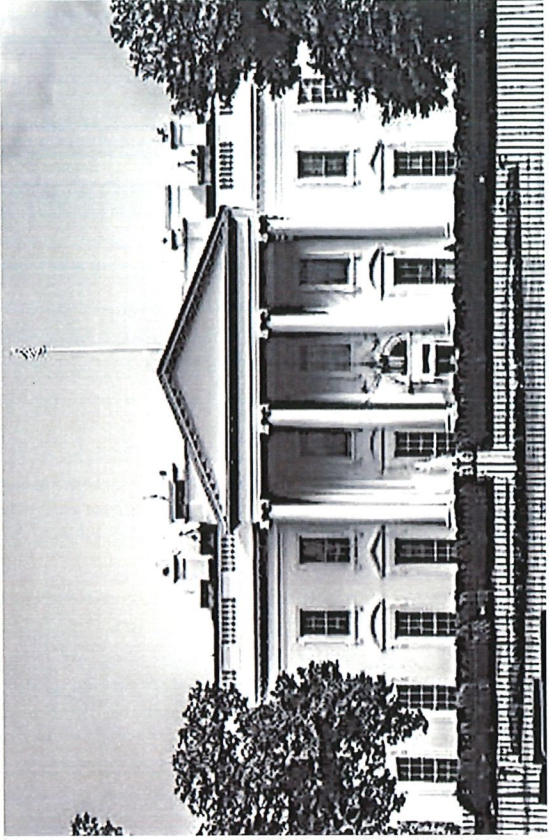


Congress & Staff

- *Delegations*
- *Key Committees*
- *Relevant Caucuses*
- *Leadership*



Federal Regulators



Stakeholder Organizations



Policy

Institutes



NATIONAL INSTITUTE ON
Retirement Security

Reliable Research. Sensible Solutions.



Bipartisan Policy Center



Pension Research Council



THE
PEW
CENTER ON THE STATES

CENTER for
RETIREMENT
RESEARCH
at BOSTON COLLEGE

**Economic
Policy
Institute**



BROOKINGS

Networks & Coalitions

- *Public Pension Network*
- *Public Finance Network*
- *Retirement Savings Network*
- *Tax Coalition*
- *Pension Investment Council*
- *Secure our Savings Coalition*
- *Etc.*

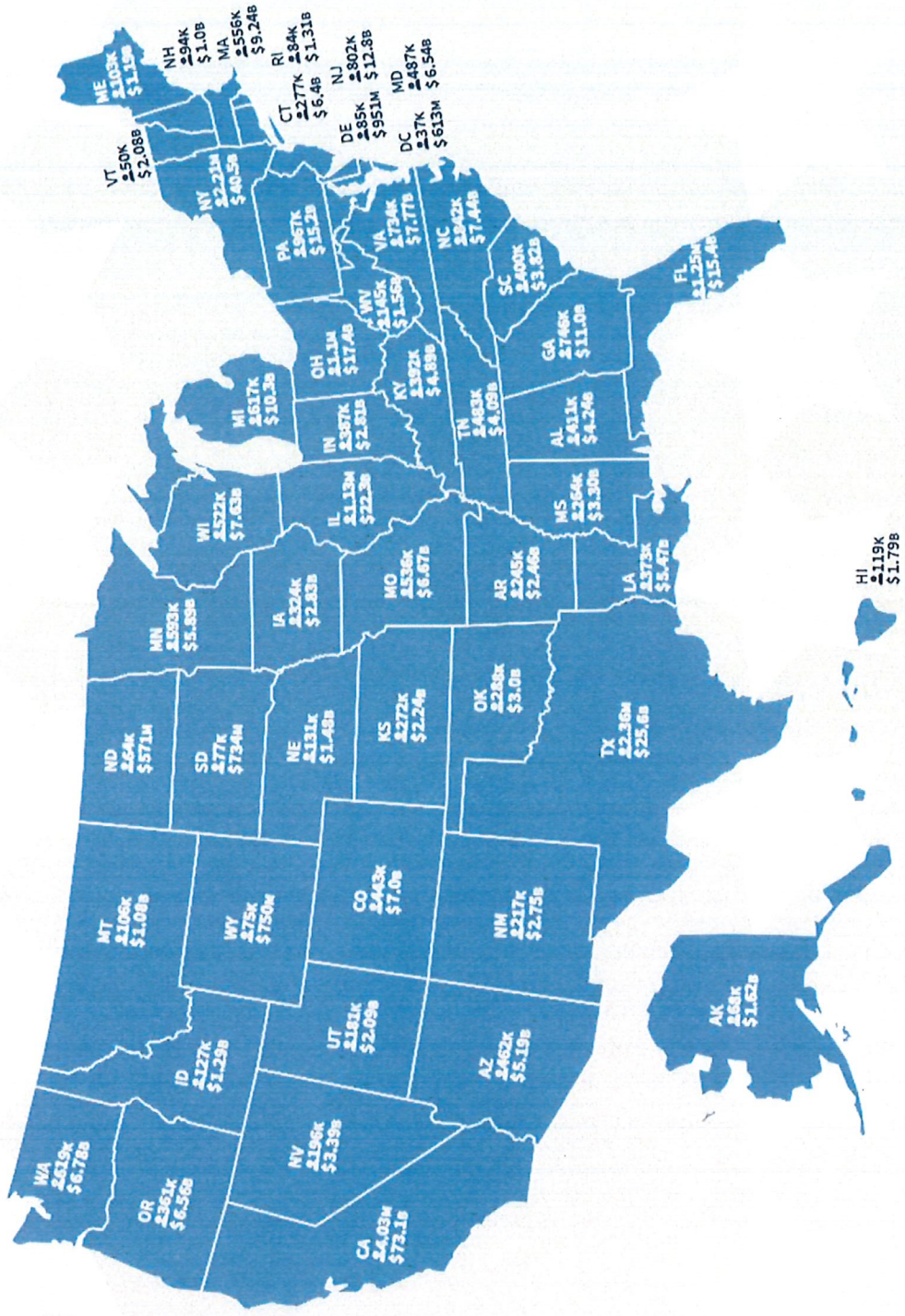
Key Facts

Significant Impact

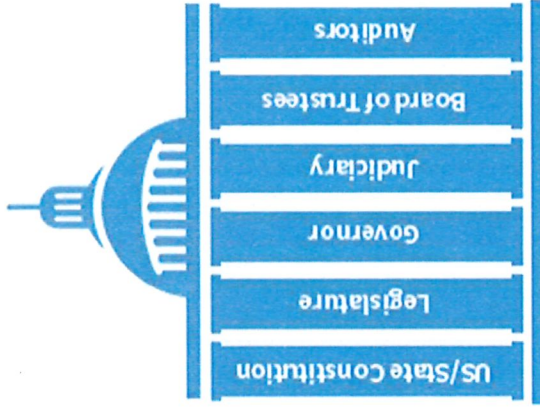
➤ **15.3 million** firefighters, police officers, teachers and other public workers

➤ **12.2 million** retirees and their survivors

➤ **\$393 billion** in distributions to every city and town in the U.S.

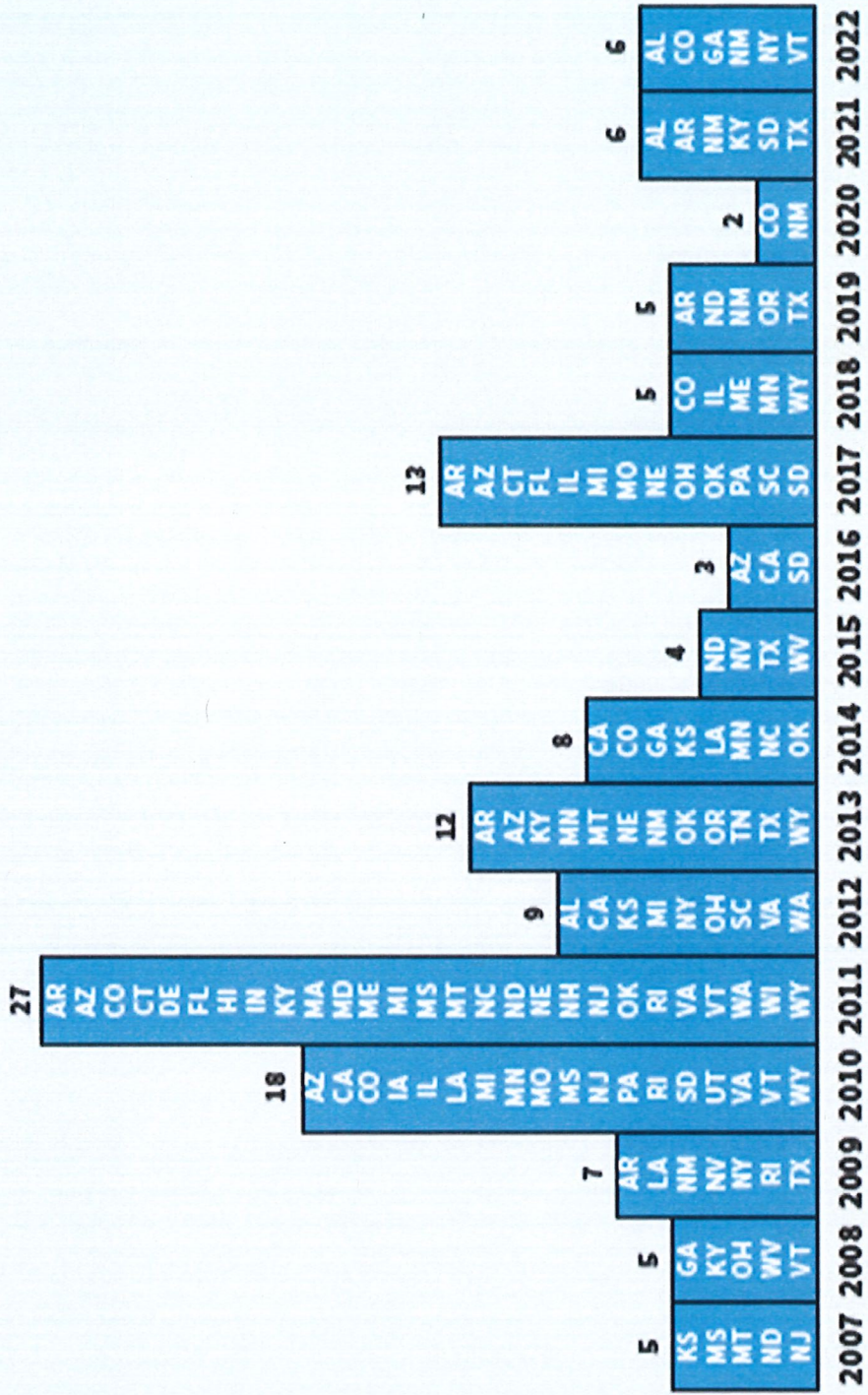


Governance & Oversight



- *State statutes and strict fiduciary, investment and administrative laws*
- *Elected officials, regulators and independent boards*
- *Public financial reports and valuations*

Pension Changes



Questions?



OPERS Board of Trustees

State Legislative Update

Gordon Gatien, Director, External Relations
Anthony Tedesco, Government Relations Officer
January 21, 2026

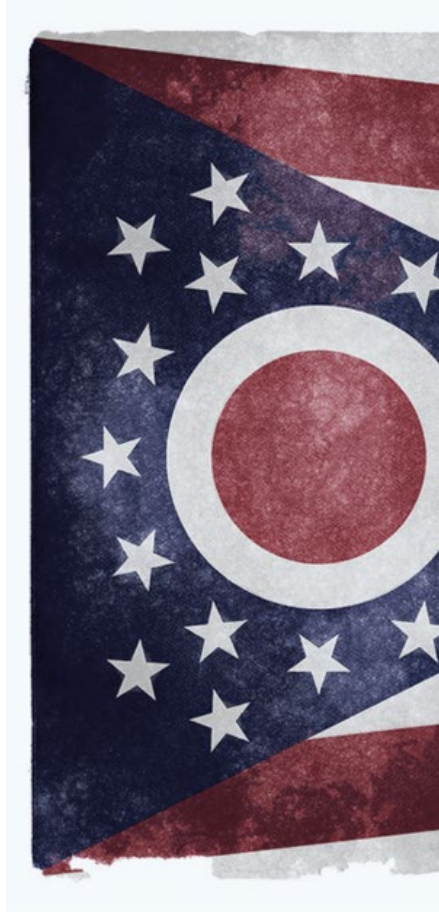


State Legislation
136th General Assembly

House Bill 96 (State Budget Bill)

- Δ Enabled the OPERS/ODC consolidation
- Δ Did NOT include an expansion of OPERS Law Enforcement (State Fire Marshal)
- Δ Did NOT include OP&F credit transfer language
- Δ Did NOT override OPERS' rule-making authority re: tax withholdings
- Δ Did NOT include state agency definition language
- X** Exempted precinct election officials from OPERS membership
- X** Requires state retirement systems to withhold local school income taxes from pension payments

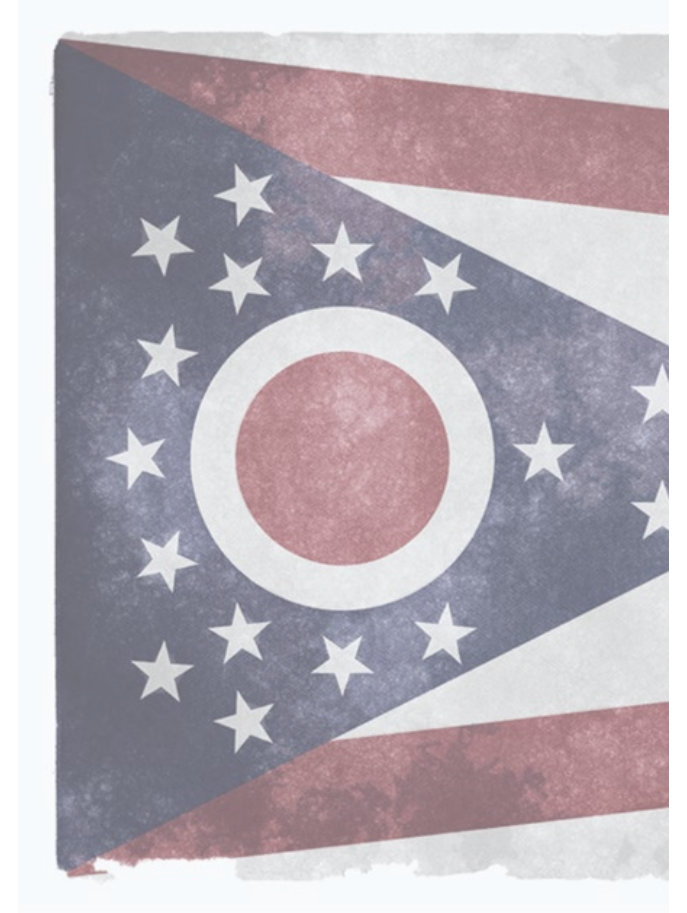
House Bill 424



- X** Re-introduction of HB 94 from previous legislative session
- X** Would allow Ohio Police and Fire members to transfer service credit to OPERS LE, regardless of whether they maintain more time in OP&F
- X** Increases liability
 - ORSC recommended eliminating active-duty requirement in OP&F law for OPERS LE transfers and maintain “majority of service” requirement in OPERS law

House Bill 73

- Would require OPERS to implement a D.R.O.P. plan for law enforcement members
 - OPERS has assessed D.R.O.P. plans multiple times and concluded each time that P.L.O.P. is more effective.
 - Unnecessary – P.L.O.P. is better for our members
 - Costly to implement (approx. \$5-\$10M startup) for a small percentage of OPERS members
 - Lacks transparency





Looking Ahead

Legislation

House Bill 280 / Senate Bill 239

- Would increase OP&F employer contribution rate
- House Public Insurance and Pensions Committee/Senate Financial Institutions, Insurance & Tech. Committee

House Bill 574

- Would create the Political Subdivision Incentive Grant Pilot Program
- Membership reduction
- House Local Government Committee

House Bill 609

- Would require public entities to allow for public commentary & testimony before taking formal action
- No notice required for public participation

Senate Bill 69

- Placeholder bill to address Ohio's public retirement system reform
- Senate Financial Institutions, Insurance and Technology Committee



Questions?

Board Meeting IV.H



**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
& OHIO DEFERRED COMPENSATION**
277 EAST TOWN STREET, COLUMBUS, OH 43215-4642
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www.opers.org



MEMORANDUM

DATE: January 12, 2026

TO: OPERS Retirement Board Members

FROM: Kevin Kirkpatrick, Ohio DC – Director of Administration
Allen Foster, Deputy Executive Director
Matt Gill, Ohio DC – Program Director at Nationwide

**RE: IV. Discussion Items:
H. Ohio DC Financial Planning Initiative Update**

Purpose – This memorandum provides an update on the Ohio DC Financial Planning Initiative, summarizing progress, current status, and next steps as the program advances toward broader rollout and enhanced participant engagement.

Background – In August 2025, the Board supported the Financial Planning objective to engage Ohio DC participants earlier and more deeply throughout their careers. This initiative was designed to address several challenges: low engagement with existing planning services, significant asset outflows at retirement, and the influence of external advisors on participant decisions.

The overarching goal is to improve retirement readiness, strengthen loyalty and trust in the unified OPERS/Ohio DC system, and reduce advisor-driven rollouts. Since approval, the project team has collaborated with Nationwide to design a program that delivers meaningful financial planning services at no additional cost to participants.

Program Details

The Financial Planning Initiative introduces two levels of service:

- **Income Analysis:** An initial 45–60-minute session conducted by a Retirement Planning Specialist or Nationwide Financial Planner via phone or secure screen share. This session provides a year-by-year retirement income projection and identifies potential gaps, helping participants make informed decisions about contributions and asset allocation.

- **Comprehensive Financial Plan:** A more in-depth process, averaging three hours, delivered by a Nationwide Financial Planner. This service is triggered during or after an Income Analysis when complexity warrants or upon participant request, covering, college funding, emergency fund creation, estate/tax considerations, survivor income, and other advanced topics.

Both services are designed to create earlier engagement, foster better financial habits, and provide actionable guidance without introducing a sales-driven model.

Soft Launch and Pilot Program

- **Soft Launch:** Underway through February 2026 with OPERS Leadership, OPERS Board members, and the project team. A post-session survey will inform refinements, testing the initiative.
- **Pilot Program:** Scheduled for Q1 2026–Q4 2026, targeting 1,000–2,000 participants across several employers, including OPERS associates. This phase will test scalability, refine messaging, and guide staffing recommendations.

Capacity and Scalability

Current capacity estimates include approximately 1,500 Income Analyses and 200 Comprehensive Financial Plans annually, supported by one (1) Nationwide Financial Planner FTE and two (2) Retirement Planning Specialists. If demand exceeds projections, options such as adding planner FTEs or introducing participant fees for additional sessions will be considered, subject to Board approval.

Next Steps

The immediate focus is on completing the soft launch and analyzing feedback to ensure the program meets expectations. Preparations for the pilot phase will include targeted marketing, participant segmentation, and development of KPIs to measure success. The Board will receive updates on design, utilization, and outcomes throughout 2026, with a controlled, continued rollout of the program beginning January 2027.

Financial Planning Initiative Update



**Deferred
Compensation**
Invest in you.

Agenda

- Review reasons for Financial Planning
- Program details and timeline
- Soft launch and pilot program
- Next steps

Since Approval of the Financial Planning Objective

- In August, you heard about the many ways Financial Planning can benefit our members and how it may enable OPERS to engage members at various stages of their careers (including stages we typically wouldn't have engagement opportunities).
- Since approving the Financial Planning objective in August, our Project Team has been developing a plan to test the objective which will be shared with you today.

Why Financial Planning?

- Increase participation in Ohio DC
- Minimize outflow of assets and improve asset retention at and through retirement
- Enhance retirement preparedness and financial well-being across all career stages
- Create meaningful engagement throughout participant lifetime
- Eligibility for participants of Ohio DC only

What is Financial Planning?

- Financial planning encompasses a comprehensive approach to managing your finances throughout your life, including budgeting, saving, investing, managing debt and planning for major life events.
- These services will help members develop strong financial habits and enable them to save more for emergency situations and retirement.

Advantages/Challenges of Financial Planning

- Among the many advantages and challenges of Financial Planning, our goal is to engage our membership at younger ages to help create stronger financial habits earlier in one's career.
- These services will lead to productive conversations about things like reducing debt, increasing contributions to Ohio DC, and reviewing asset allocation, which will better prepare members for retirement.

Testing the Program

- In January, OPERS Leadership Team and Board members will receive Financial Planning through a soft launch of the program.
- This is an opportunity to test the program and provide feedback prior to the rollout to ensure the program will meet expectations.

Piloting the Program

- In February after the soft launch, we'll conduct a pilot of the program which will be marketed to all OPERS employees, and a select number of OPERS members/Ohio DC participants from different sectors of employment.
- This is another opportunity to test the objective to ensure the program will meet expectations and gauge demand prior to a large-scale rollout.

Up Next...

- Kevin Kirkpatrick will provide details and timeline of the Financial Planning program, soft launch and pilot.
- Matt Gill will provide details from the Nationwide perspective on scheduling, marketing and building capacity to meet the demand.

Current Ohio DC Education Support Structure

Ohio DC provides a multi-channel education and support system for participants:

- Service Center
- Field Account Executives
- Retirement Planning Specialists
- Outreach
- Enrich (self-directed retirement planning tool)

Why Financial Planning?

Challenges

63% of rollouts due to consolidation with other external accounts, often due to recommendation of external financial planner

11% influenced by external advisors

92% said nothing could have been done to retain them

Low engagement with current planning services (only 11% used RPS)

Strategic Opportunity

Earlier, deeper engagement with participants to establish them with a financial planner

Reduce advisor-driven rollouts

Improve retirement readiness and earlier planning

Strengthen loyalty and trust in the unified system

Advantages/Challenges of Financial Planning

Advantages

- Provides actionable education for the hard-to-reach mid-career years membership
- Assists members with the development of their multi-source income strategy
- Retains assets, reduces reliance on external advisors, and encourages rollover retention
- Drives plan participation and long-term commitment

Challenges

- Need to establish guardrails to protect members
- A free service could create unpredictable demand in the early years
- Addressing demand for products and services in a non-sales model

Service Overview

Service Type	Duration	Delivered By	Key Features
Income Analysis	45-60 minutes	Retirement Planning Specialist (RPS) or Nationwide Financial Planner (NFP)	Retirement income projection; gap analysis
Comprehensive Financial Plan	Approx 3 hours	Nationwide Financial Planner (NFP)	Multi-goal planning, estate/tax, Monte Carlo

Income Analysis



- Live, guided session (typically 45–60 minutes) via phone or secure screen share (in-person possible but not guaranteed) delivered by a Retirement Planning Specialist or Nationwide Financial Planner.
- Conduct broad interviews of participants. Participant answers, coupled with financial information provided, input into software to produce Income Analysis.
- Produce year-by-year retirement income view (pension + Social Security + savings drawdown) and highlights gaps/decisions.

Comprehensive Financial Plan

- Triggered during/after an Income Analysis when complexity warrants (e.g., multi-goal planning, special needs, multiple accounts, estate/tax considerations) or when the participant explicitly requests it.
- Average total process time is about 3 hours (1 hour interview + 1 hour delivery; 1 hour analyst time not participant-facing).

Financial Planning

*Provided by a Personal Retirement Counselor
and may address areas such as:*

Credit Card
Reduction

Student Loan
Repayment

Investment
Analysis

Retirement
Income

Asset
Allocation

Emergency
Fund

College
Funding

Major
Purchase

Long-Term
Care

Survivor
Income

Disability
Income

Social Security
Planning

Estate
Planning

Monte Carlo
Analysis

Medicare
Planning

Health Care
Planning

Women and
Retirement

and more

Timeline

Phase/Date	Key Activities
Nov-Dec 2025	Contract amendment finalized; RPS training; confirm scheduling link & templates
Jan-Feb 2026	Soft Launch Period
Mar-June 2026	Nationwide works on marketing materials; develop targeted emails based on demographic; key performance indicators developed
Q3 2026-Q4 2026	Pilot rollout targeting 1,000–2,000 participants through several employers, including OPERS staff
January 2027	Pilot evaluation; Refine messaging and flow; Analyze response rates; Staffing/capacity recommendations; Controlled, continued rollout

Annual Capacity Targets

Nationwide Financial Planners

Approximately 1,000 Income Analyses and up to 200 Comprehensive Financial Plans annually per Nationwide Financial Planner (NFP). *Ohio DC will have one (1) NFP FTE*.*

Retirement Planning Specialists

Capacity varies based on regular retirement appointments; best estimate is approximately 250 Income Analyses annually per Retirement Planning Specialist (RPS) (~500 total). *Ohio DC currently has two (2) RPS FTEs.*

Combined

~1,500 income analyses + 200 Comprehensive Financial Plans

Session Availability

Income Analysis

Offered by appointment to any Ohio DC participant.

Comprehensive Financial Plan

Provided when complexity warrants or Flexibility: Occasional heavy users are acceptable; no per-person time caps or micro-tracking.

Additional Sessions

Participants may request multiple sessions without additional charges; Nationwide will accommodate these requests without issue. No per-person hour caps and no overage billing under the current national model.

Capacity Mitigation Options

If demand exceeds baseline:

- Limit complimentary sessions to once every five years
- Add planner FTE(s)
- Introduce participant fees for additional sessions

Delivery & Scheduling

- Participants may self-initiate via Service Center or through Field Account Executives/RPS. All scheduling will use a shared TimeTap link managed by Nationwide.
- Confirmation Email: Sent immediately after scheduling; includes date/time and preparation instructions (documents to bring).
- Expectation Setting: Appointment lead time typically 2-3 weeks (not trying to mirror OPERS counseling scheduling times).

Sample Process Flow – Income Analysis

Participant Interest

- Triggered by marketing materials or word-of-mouth.
- Participant contacts Service Center, Field Account Executive, or RPS.

Scheduling

- Appointment set via TimeTap link.
- Confirmation email includes date/time and relevant instructions.
- Lead time: 2-3 weeks.

Session Delivery

- Conducted by RPS or NFP via phone or secure screen share (in-person possible but not guaranteed)
- Duration: 45-60 minutes.
- Output: Year-by-year retirement income view (pension + Social Security + savings drawdown).
- **If requested or deemed by complexity:** Referral to Full Financial Plan

Post-Session

- Data stored in Salesforce for continuity.
- Participant receives summary email from session conductor
- Participant receives survey from Ohio DC survey vendor (TBD)

Sample Process Flow – Full Financial Plan

Trigger

- Initiated by participant request or referral from Income Analysis session.
- Complexity warrants deeper planning (multi-goal, estate/tax, etc.).
- Participant contacts Service Center, Field Account Executive, or RPS.

Scheduling

- Appointment set via TimeTap link.
- Confirmation email includes date/time and other relevant instructions.
- Lead time: 2-3 weeks.

Session Delivery

- Conducted by NFP only via phone or secure screen share.
- Duration: Approximately 3 hours (split across interview, analysis, and delivery).
- Topics may include investments, insurance, retirement projections, estate planning, Monte Carlo analysis, etc.

Post-Session

- Data stored in Salesforce for continuity.
- Participant receives summary email from session conductor
- Participant receives survey from Ohio DC survey vendor (TBD)

Soft Launch Group

- OPERS Leadership Team
- Public Sector Board Members
- Financial Planning Project Team

Soft Launch Details

- Timeline: Now through February 2026
- Initial outreach: Executive Director email to soft launch group
- Scheduling via Matt Gill
- Delivery: Phone or secure screen share
- Post-session survey for feedback

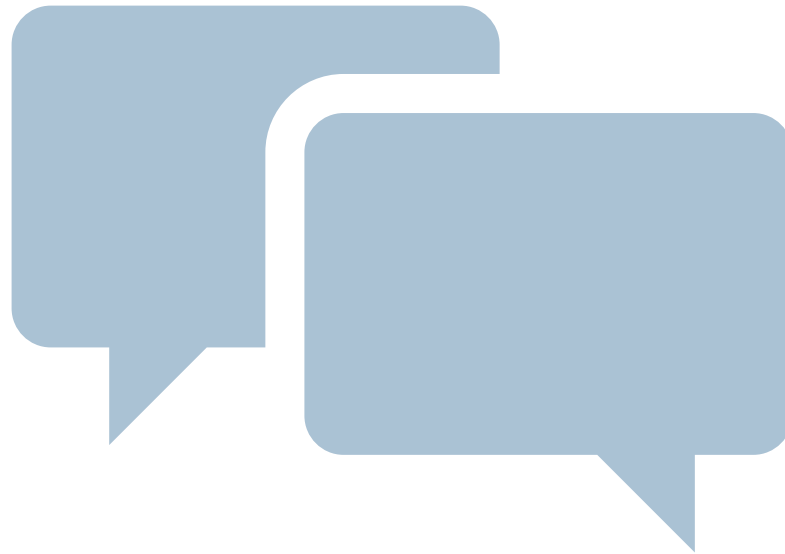
Feedback & Continuous Improvement

- Survey questions aligned to objectives:
 - Determination of previous use of paid advice
 - Meeting of expectations
 - Confidence in retirement readiness w/o paid advisor
- Feedback will inform pilot prior to full rollout

Next Steps

- Complete soft launch sessions
- Collect and analyze feedback
- Prepare pilot marketing and segmentation
- Develop KPIs and metrics for measurement throughout pilot phase
- Board will receive presentations on design and utilization in 2026

Questions?



Board Meeting IV.I



OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
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MEMORANDUM

DATE: January 12, 2026

TO: OPERS Retirement Board Members

FROM: Karen Carraher, Executive Director
Eric Harrell, General Counsel

RE: **IV. Discussion Items:**
I. Summary Report of Compliance for 2025

In the most recent Fiduciary Audit of OPERS, conducted on behalf of the Ohio Retirement Study Council by Aon Hewitt Investment Consultants, the auditors made the following recommendation:

1.A.3. Establish a single cumulative annual report to the OPERS Board that certifies OPERS was in compliance with key legal and administrative rules for the fiscal year.

In response to that recommendation, we have annually compiled a summary report of compliance with legal, administrative and policy requirements that were required during the prior year, beginning with calendar year 2020. Attached is the report for 2025. As in the past, we have presented first the requirements that generally occur on an annual basis, followed by those that are less frequently required or only on an ad hoc basis. We are pleased to report that each requirement was addressed during the calendar year.

We would be happy to provide the Board with additional information regarding any of these requirements and the system's compliance with those requirements should you have questions.

Requirement	Source of the requirement	Due date	Completion in 2025
Certify State Rates	R.C. 145.69	November 1, even-numbered years	N/A for 2025
Certify Local Rates	R.C. 145.12	Prior to July 15	Certified at the May 2025 Meeting
Budget Approval by the Board	R.C. 145.092	Adopted only after submission to ORSC plus 60 days	Approved 2026 budget at the October 2025 Meeting; adoption to be effective in December 2025.
Budget Submission to ORSC	R.C. 145.092	At least 60 days prior to adoption	October 17, 2025
Submit Annual Audit Report to ORSC	R.C. 145.095	Annually, generally requested around March 1.	The 2024 report was submitted March 3, 2025
Approve Annual Internal Audit Plan	OAC 145-1-01	Review audit plans	6-month plans approved at the May and November 2025 Meetings
Internal Audit Committee Meetings	OAC 145-1-01	Twice annually	Committee meetings were held in May and November 2025
Financial Audit/Annual Financial Report	Various	Annually	Financial audit report to the Board at the May 2025 Meeting
Approve Employer Rate Allocation – pension/UAAL/Health Care	Internal policy	Annually	Approved at the November 2025 Meeting
5-year rule review	R.C. 106.03	Each rule every 5 years – annual rotation of a set of rules	Approved at the September 2025 Meeting
Pension and HC valuation 145.22	R.C. 145.22	Submit annually upon availability, not later than September 1	Submitted to ORSC on August 29, 2025
Pension 50-year projection	Internal Policy	Annually	Presented at the May 2025 Meeting
Health Care 50-year projection	Internal Policy	Annually	Presented at the September 2025 Meeting

Requirement	Source of the requirement	Due date	Completion in 2025
Investment Incentive Plan approval	OAC 145-1-05	Annually	Personnel and Salary Review Committee approved the 2025 plan at the January 2025 Committee Meeting; Board approved at the March 2025 Meeting
Annual investment plan/ asset allocation	R.C. 145.11	Publish no less than annually	Approved at the March 2025 Meeting; published on OPERS.org
Approve Investment Policies	R.C. 145.11	Approve changes in meetings; Publish no less than annually	Policies are published on OPERS.org; Updates approved at the March 2025 Meeting
Approve consent agenda (minutes/disability report)	R.C. 121.22 and 145.35	Approve promptly	Consent agenda was approved at each meeting during 2025
Elect Chair/Vice Chair and appoint committee members	R.C. 145.09; OAC 145-1-01	First meeting of the year	Election at the January 2025 Meeting
Appoint Committee Members	OAC 145-1-01	No later than next meeting after chair is elected	February 2025 Meeting materials contained appointments
Board Member travel pre-approval	OAC 145-1-03	Prior to travel	N/A for 2025
Approval of Board Member Expenses	OAC 145-1-03	As needed	Expenses approved by the Chair/Vice Chair each month throughout 2025
Executive Director Performance Review	R.C. 145.09; Governance Manual	Annually	Review was conducted at the July 2025 Meeting
Board Consultant Performance Review	Internal Policy	Annually	Evaluations provided in May 2025; Discussion at the July 2025 Meeting

Requirement	Source of the requirement	Due date	Completion in 2025
Board Governance Manual Reviewed	Governance Manual	Periodically	Discussed February 2025; Updated at March 2025 Meeting
Board/Committee Self-Evaluation	Governance Manual	Annually	Conducted self-evaluation discussion with governance consultant at the February 2025 Meeting
Corporate Governance/Proxy Policy Review	R.C. 145.11; Proxy policy	Annually	Presented at the October 2025 Meeting
ERM Update received	Internal Policy	Twice annually	Presentation at the October 2025 Meeting; Quarterly reports posted to the portal
Investment Compliance Updates	Internal Policy	Quarterly	Quarterly reports posted to the portal
Report to ORSC – Disability	R.C. 145.351	Annually by March 1	February 28, 2025
Report to ORSC – Iran/Sudan	Policy	Annually in November / December	October 28, 2025
Board Education	R.C. 145.041	Annual	January – Economic Outlook February – Fiduciary training and scenario discussion May – Aladin Demonstration September – Internal Global Equity and How a Bill Becomes a Law October – Private Equity Program Review

Requirement	Source of the requirement	Due date	Completion in 2025
Less Frequent/ad hoc requirements			
Board Election	R.C. 145.05	First Monday in October	Certified at the October 2025 Meeting
Board Vacancy Election	R.C. 145.06 OAC 145-1-02	Upon vacancy	Vacancy in January due to resignation. Replacement selected at the March 2025 Meeting
Oath of Office	R.C. 145.07	Upon assuming office	New members sworn in at the May 2025 meeting (once vacancy; one legislative appointee).
New Trustee Orientation	R.C. 145.041	Within 90 days of service	Held in May 2025; Follow up in August 2025
Joint Trustee Training	R.C. 171.50	Generally held every three years	Held in November 2025
Travel policy approved by Ohio Ethics Commission and submitted to ORSC	R.C. 145.092	For OEC approval and 60 days ORSC review prior to adoption.	N/A
Ethics policy approved by Ohio Ethics Commission and submitted to ORSC	R.C. 145.093	For OEC approval and 60 days ORSC review prior to adoption.	N/A
Hire Investment Consultant	Internal Policy	As needed; 3-5 years	N/A -- Board selected Meketa Investment Group at the March 2024 Meeting. Meketa's contract began May 1, 2024 and runs through April 30, 2027 with two, one-year renewals available

Requirement	Source of the requirement	Due date	Completion in 2025
Hire Consulting Actuary	Internal Policy	As needed	N/A. GRS's contract was approved for renewal in 2023 and runs through 2030
HRA – set allowance limits	Internal Policy	Varies	N/A. Board approved new rates in March 2024 to be flat dollar amounts that will be periodically reviewed.
5 Year Experience Study	R.C. 145.22	At least every 5 years	N/A. Most recent was conducted during 2021. Will be done during 2026
ARP Mitigating Rate Study	R.C. 145.222	Every 5 years (completed and submitted to Higher Education by December 31)	N/A. Most recent was conducted during 2021. Will be done during 2026.
Member Directed/Combined Plan Mitigating and Administrative Rates	R.C. 145.87 and Internal Policy	As needed	N/A. Last approved at the February 2022 Meeting
Membership Determination Appeals to Board	OAC 145-1-11	As needed	N/A
Notice to Division of Securities of new CIO	R.C. 145.092	Within 10 days of designation	N/A
Asset Liability Studies	Internal Policy	Every 3-5 years or as needed	Presentations from July through November 2024. DB approved at the November 2024 Meeting. HC was approved at January 2025 Meeting.

Board Meeting IV.K

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MEMORANDUM

DATE: January 20, 2026
TO: OPERS Retirement Board Members
FROM: Karen Carraher, Executive Director
RE: **IV. Discussion Items:**
K. Executive Director Report

Below is my report for December 2025.

Health Care

- **Open Enrollment Wrap-Up.** As shared in previous Board communications, OPERS staff engaged Willis Towers Watson Via Benefits in deep-dive conversations after last year's open enrollment. The goal was to discuss – at length and in detail – the frustrations that our retiree population felt and strategies that would be deployed to improve the overall retiree experience. OPERS and Via Benefits staff met on a monthly basis throughout 2025 so that updates could be shared leading up to the launch of this year's open enrollment. Via Benefits implemented operational changes and enhancements within their telephony system, and overhauled their approach to staffing to increase efficiency, reduce attrition, and improve associate satisfaction.

Their efforts to rebound from last year came to fruition as retiree frustration seemed to have decreased as compared to last year – in large part to Via Benefit's focus on their staffing. Last year, Via Benefits experienced an 89% attrition rate compared to 67% this year. Also important to note is that last year they had 642 Benefit Advisors staffed at the beginning of Open Enrollment and this year they had 1,107 to kick off the season. Their changes to retention incentives, base pay, and performance management certainly had a positive impact.

Unfortunately, retirees felt the impact of the government shutdown during Open Enrollment. The Centers for Medicare and Medicaid Services (CMS) typically sends Via Benefits information on insurance carrier changes early October – this allows Via Benefits to proactively make outbound calls to impacted retirees prior to the start of Open Enrollment. After the government re-opened, CMS provided the information, and Via Benefits discovered that insurance carriers had terminated more plans than they were expecting, resulting in a larger number of retirees being impacted. Across their book of business, Via Benefits had 63,000 retirees who were impacted by those insurance carrier changes. While this certainly increased call volumes, the staffing

changes that Via Benefits implemented mitigated the downstream effect and had a minimal impact to retiree wait times.

OPERS and Via Benefits staff remain focused on providing support to those retirees who are affected by market disruptions and legislative changes.

Additional information is forthcoming in the annual Health Care Update (FYI Board Memo scheduled for February), but preliminary data is included below. Data is inclusive of the full season: October 15 – December 15.

Outbound Calls	14,909
Inbound Calls Handled	90,043
Average Speed to Answer <i>Time prior to speaking with a Via Benefits Associate</i>	Ranged from 1 minute – 16 minutes (depending on week)
Average Total Wait Time <i>Time placed on hold throughout entire call</i>	Ranged from 2 minutes – 26 minutes (depending on week)
Average Time to Call Back - Virtual Hold Requests	Ranged from 17 minutes to 2 ½ hours (depending on week)

Finance

- The OPERS Travel & Expense Policy provides for the reimbursement of mileage expenses incurred on OPERS business at the **mileage rate established by the IRS** effective in January of each year.

On December 29, 2025, the IRS issued a news release indicating that the standard mileage rate for business use of an automobile would increase from \$0.700 per mile to \$0.725 per mile. This \$0.025 increase is effective for travel after January 1, 2026. The mileage reimbursement rate for moving/relocation expenses will decrease from \$0.210 per mile to \$0.205 per mile.

Pursuant to the OPERS Travel & Expense Policy, the IRS business mileage rate of \$0.725 per mile will also be used when calculating the cost of alternative travel and alternative airport reimbursements.

- The **Financial Reporting** and **Investment Accounting, Operations & Compliance** teams are learning Ohio Deferred Compensation’s business processes and incorporating them into the team’s daily activities. The Investment teams are particularly focused on the process for compiling and reporting investment fund performance and asset allocations. The Financial Reporting team is focused on daily operation routines and general ledger reporting. Both teams are excited to compare

practices and adopt the best of our organizations' approaches. They are also keeping an eye out for opportunities to eliminate processes and services that are adding minimal value.

- Financial Reporting staff have kicked off the **year-end closing processes** and the external auditors, Plante Moran, performed on-site planning and fieldwork in December. Staff began planning for year-end accruals for various administrative expenses and member benefits payable to be recorded, along with various other closing entries for the year 2025.

Investments

- **Unaudited 2025 returns** for Defined Benefit and Healthcare funds came in at 14.4% and 16.4%, respectively. The successful overall performance was driven by strong returns from Non-U.S. Equity at 32.4% and Commodities at 24.6%. All asset classes had a positive return. Excluding Defined Contribution assets, the estimated AUM of the total fund is \$129 billion.
- The **Internal Global Equity team rebalanced six U.S. Equity Portfolios** with a market value of \$25.9 billion in mid-December in conjunction with the quarterly Russell Index and Dow Jones REIT Index reconstitution. The rebalance activity resulted in over 3,392 trades, with an approximate total traded market value of \$320.4 million.

External Relations

- **Executive Order.** On December 11th, President Trump issued an executive order (EO) entitled, "Protecting American Investors from Foreign-Owned and Politically-Motivated Proxy Advisors" (EO) targeting proxy firms' "outsized influence" and "political agendas" in providing information for their clients.

An EO represents an instruction to an administrative agency, and this EO directs the Securities and Exchange Commission (SEC), the Federal Trade Commission (FTC), and the Department of Labor (DOL) to undertake various actions to ensure that proxy firms are appropriately focusing on shareholder value, rather than other non-pecuniary factors. On its face, OPERS is in alignment with the goals of the EO – the OPERS Corporate Governance Policy and Guidelines have always been focused on maximizing shareholder value. OPERS has been an early adopter of (a) reclaiming proxy voting authority from its large asset managers (e.g., BlackRock's Voting Choice Program), (b) opposing shareholder proposals that do not clearly establish how they will increase shareholder returns, and (c) clarifying that the System does not seek voting recommendations from its proxy advisor, only the information necessary to make an informed vote in the best interests of its members.

Proxy firms have been a subject of controversy for some time. OPERS staff have engaged in the public discussions surrounding proxy firms since at least 2018, when staff participated in an SEC-led roundtable on the proxy process. This is not the first time the government has tried to regulate the relationship between proxy firms and

their clients. In past efforts, the proposed changes vacillated between common sense reforms (e.g., allowing public companies the opportunity to offer feedback on the information provided by proxy firms) and more severe restrictions (e.g., providing information to public companies before it was given to clients for purposes of review and revision) that could jeopardize OPERS' access to the timely, independent, objective, and cost-effective information it needs to fulfill its duty to its members.

What is often lost in the debate is that proxy firms provide an essential function for large institutional shareholders, bringing efficiency into what would otherwise be a fragmented and overwhelming process. In any given year, OPERS votes more than 10,000 proxies. These votes are assets of the System and must be voted in a way that maximizes the value of the investments OPERS makes with its members' accumulated retirement contributions. Without access to the timely, independent, objective, and cost-effective information OPERS receives from its proxy firm, it would be near impossible and extremely costly to manage OPERS' proxy votes in the best interests of its members.

As of this writing, it is uncertain what new regulations will be proposed by the SEC, FTC, and DOL, or by when; however, staff will be following this process closely and will oppose any actions that seriously curtail OPERS' access to timely, independent, objective, and cost-effective information from its proxy firm, or its ability to fulfill its fiduciary duty to its members. Staff will provide additional updates as they become available.

- **Federal Legislation.** On December 18th, President Trump signed the National Defense Authorization Act of 2026 (NDAA) into law. The NDAA codifies the China-focused investment restrictions – or Outbound Investment Rule (OIR) – that were finalized in 2024. OPERS staff provided considerable feedback on the OIR as it was being drafted, particularly regarding its impact on the System's private equity transactions.

The relevant language in the NDAA, known as the Comprehensive Outbound Investment National Security (COINS) Act, elevates and builds upon the OIR, and because of this, staff have been following its development closely.

At this initial stage in the process, staff have highlighted several provisions from the COINS Act that may merit additional scrutiny moving forward, including (but not limited to):

- (1) Authorizing the president to impose sanctions prohibiting US persons or entities from purchasing "significant" amounts of equity or debt in specified entities in China, Hong Kong, and Macau (as used here, the term "Significant" has not yet been defined);
- (2) Authorizing the Treasury Department to expand the types of transactions that are deemed to be notifiable or prohibited under the OIR;
- (3) Expanding the affected countries (i.e., China, Hong Kong, Macau, Cuba, Iran, North Korea, Russia, and Venezuela) and areas of technology (i.e., advanced

semiconductors and microelectronics, AI, quantum computing, high-performance computing and supercomputing, and hypersonic systems); and
(4) Prescribing various penalties for non-compliance, including fines and mandatory divestment.

Much of the COINS Act is subject to interpretation through future rulemakings, and the Treasury Department has 450 days (from enactment) to promulgate regulations implementing the COINS Act.

Staff are currently working with external stakeholders to determine whether and how the new law could impact OPERS and will provide additional updates as they become available.

If you have any questions, please let me know.

Board Meeting V.A.



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MEMORANDUM

DATE: January 12, 2026

TO: OPERS Retirement Board Members

FROM: Jenny Starr, Director - Finance

RE: **V. For Your Information:**
A. 2026 Mileage Reimbursement Rate

The OPERS Travel & Expense Policy provides for the reimbursement of mileage expenses incurred on OPERS business at the mileage rate established by the IRS effective in January of each year.

On December 29, 2025, the IRS issued a news release indicating that the standard mileage rate for business use of an automobile would increase from \$0.700 per mile to **\$0.725 per mile**. This \$0.025 increase is effective for travel after January 1, 2026. The mileage reimbursement rate for moving / relocation expenses will decrease from \$0.210 per mile to \$0.205 per mile.

Pursuant to the OPERS Travel & Expense Policy, the IRS business mileage rate of \$0.725 per mile will also be used when calculating the cost of alternative travel and alternative airport reimbursements.

Board Meeting V.C

2026 Board Committee Assignments

Audit

Stewart Smith - Chair
Chris Mabe
Kathleen Madden
Scott Richter
Tim Steitz

Personnel & Salary Review

Julie Albers - Chair
Chris Mabe
Kathleen Madden
Stewart Smith
Ken Thomas

January 2026

Board Meeting V.D

INVESTMENTS MARKET UPDATE

Net Asset Value & Performance

	NAV (\$ B) 11/31/2025	PERFORMANCE					NAV (\$ B) 1/15/2026
		MTD Dec	YTD Dec	YTD December Benchmark	January 1 to 15 Estimated	Benchmark Jan 1 to 15 Estimated	
DB Fund	\$114.27	0.87%	14.71%	14.90%	1.63%	1.53%	\$116.41
HC115 Fund	\$14.96	0.58%	16.39%	16.05%	2.06%	1.91%	\$15.25

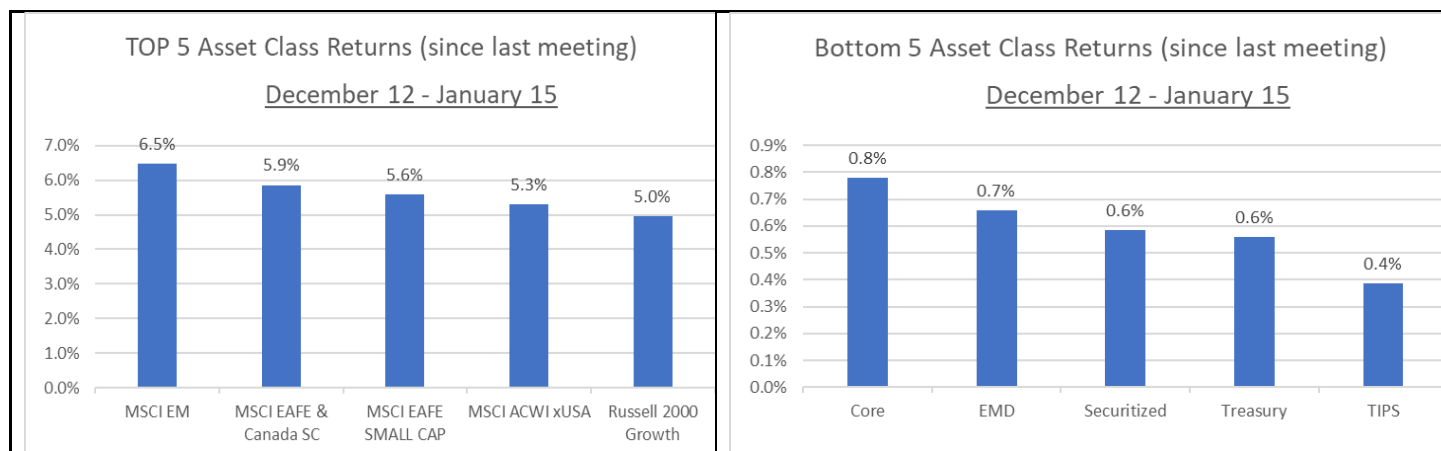
Market Events Summary

- The U.S. total unemployment rate fell to 4.4% in December, below the prior month's print and consensus estimates of 4.6% and 4.5%, respectively. December's total nonfarm payroll increased by a weaker 50,000, below the consensus estimates of 70,000.
- The ISM Manufacturing PMI slightly decreased to 47.9 in December from 48.2 in November, indicating continued contraction in the U.S. manufacturing sector, marking the lowest reading of 2025, and the tenth consecutive month of contraction. Key components showed mixed signals, with production staying in expansion but new orders, inventories, and employment contracting.
- The ISM Services Index registered a 54.4 reading in September, increasing for the third consecutive month, up from 52.6 in November and well above forecasts of 52.2. The reading marks the fastest pace of expansion in the services sector since October 2024, with all major subindexes simultaneously in expansion for the first time since February 2025.
- December Headline CPI data showed inflation holding steady at a 2.7% annual rate, unchanged from November, and in-line with consensus estimates. MoM Headline CPI was also in-line with expectations, rising 0.3%. Core CPI, which excludes food and energy, increased 0.2% MoM and 2.6% YoY, both in-line with estimates.
- Venezuela's vice president and oil minister, Delcy Rodríguez, was formally sworn in on January 5 as the country's interim president after a U.S. operation removed Nicolás Maduro from power and he appeared in a New York court on drug-related charges. Her installment as interim leader comes amid deep political upheaval and ongoing economic struggles, with international attention on Venezuela's leadership transition and future governance.

Portfolio Changes

- Approximately \$2.3 billion is being redeemed from external Non-U.S. Equity managers to realign the Non-U.S. Equity portfolio with the new policy benchmark ACWI ex U.S. IMI Index. The transition is planned for January and early February. To date, staff has redeemed approximately \$950 million of the total and redeployed back approximately \$800 million to external managers, and the remaining is held in Non-U.S. Equity futures, maintaining exposure until the funds are appropriately allocated. Remaining redemptions are expected to be completed by mid-February 2026.

Top/Bottom Performing Public Market Asset Classes (December 12 – January 15)



Personnel and Salary Review Committee

PERSONNEL AND SALARY COMMITTEE MEETING AGENDA
January 21, 2026
Immediately Following the Board Meeting

I. Action Item:

- A. [Appendix C of the 2026 Investment Division Incentive Compensation Plan](#) –
15 minutes
Ciji Wilhelm, Director – Human Resources