



Ohio Public Employees Retirement System
Investment Policy Statement
Ohio Public Employees Deferred Compensation Program
January 2026

TABLE OF CONTENTS

I. SCOPE.....	1
II. PURPOSE.....	1
III. LEGAL AUTHORITY.....	1
IV. INVESTMENT PHILOSOPHY	1
A. Investment Objectives and Lineup Structure	1
B. Adding New Investment Alternatives/Managers	3
C. Women and Minority-Owned, Ohio-Based and Emerging (WMOE) Business Enterprises	3
D. Fund Mapping	4
E. Target Date Funds	4
V. PLAN FEES	5
VI. ROLES AND RESPONSIBILITIES.....	5
VII. MONITORING AND REPORTING.....	5
VIII. INVESTMENT ALTERNATIVE/MANAGER MONITORING POLICY	6
Appendix A – Ohio DC Current Investment Alternatives.....	8
Appendix B – Multi-Manager Investment Options	9

Revision History

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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 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 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 Appendix A. Additional information regarding allocations and rebalancing for multi-manager funds can be found in Appendix B. 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.

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 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 it is team-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 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 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 oversite 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.

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, Schroders, Vanguard)	MSCI All Country World Ex US Index

Appendix B – 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*)
US Bond	70% - JPMorgan 30% - TWC	+/- 4.0% (monthly*)
Non-US Company Stock	35% - Schroders 30% - Arrowstreet 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 Custodian 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 Custodian 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.