



Opportunistic and Tactical Investment Policy

INV1-004

Effective Date:	09/13/2011	Revision Date:	10/14/2024	Audience:	Investments
Owner:	Investments	Certifier:	Farouki Majeed	Co-Owner (s):	None
Document Links:	Purpose , Policy , Procedure , Definitions , Related Documents , Policy History				

Purpose

The purpose of this Opportunistic and Tactical Investment Policy (“OIP”) is to define a framework delegating conditional authority to SERS Investment staff (“staff”) to invest in global opportunistic investment strategies as set forth in the SERS Statement of Investment Policy (“Policy”). This OIP sets forth general conditions and guidelines for making opportunistic investments.

This OIP is subject to change at any time. The Chief Investment Officer (CIO) will review the OIP at least annually and revise as necessary to ensure it continues to reflect the investment philosophy, objectives, and strategies in accordance with the Statement of Investment Policy.

Policy

I. Definition

Global opportunistic investments are defined as tactical or non-traditional investment opportunities that may be short-term or may not fit within the generally accepted risk/return parameters of specific asset classes or strategy groupings. Such opportunities may involve capitalizing on short-term market dislocations or other such unique situations. Tactical investments may include strategies with dynamic allocations to single assets or across multiple asset types or other innovative approaches.

II. Governed by the Statement of Investment Policy

Except as otherwise specified herein, terms of the Policy shall govern all opportunistic investments. Authority for the OIP is granted in the Policy under Implementation Strategies.

III. Implementation Approach

By their nature opportunistic investments normally are not made through a Request for Proposal process. The Board delegates to the CIO authority to invest in opportunistic investments up to the level specified in the Policy, subject to conditions and guidelines herein.

The Board requires monthly or quarterly reporting to ensure compliance with this OIP.

IV. Conditions

- A. Investments must fit the definition of opportunistic investments set forth in Section I above.
- B. Investment analysis will be governed by the philosophy and objectives set forth in the Policy.
- C. In cooperation with legal counsel, staff will endeavor to ensure that the legal structure of each investment limits potential losses to no more than the amount invested.
- D. Investments will be of institutional quality.
- E. Investments will require the approval of the CIO and the approval of the Investment Committee.
- F. Investment documents must be approved by SERS' Legal Department and the Investment Compliance Department.
- G. Staff will seek and obtain comment from the general investment consultant before recommending an opportunistic investment.
- H. Opportunistic investments by their nature will be different from existing asset classes or will not fit within the investment objectives of other asset classes. The investments will be allocated from the Total Fund.
- I. The performance of opportunistic investments will be reported separately and included in the Total Fund return. The returns of the opportunistic portfolio are expected to enhance the Total Fund return over a three-year period.
- J. Fees must be reasonable for the strategy.
- K. Staff will develop definitive procedures for approving investments in accordance with this OIP and revise them as needed.

V. Co-Investment Process

Co-investments shall follow the procedures outlined in the Private Market Co-Investment Policy.

VI. Guidelines

- A. Selected managers and strategic partners will have proven track records in their respective strategies.
 - B. SERS' initial investment in an opportunistic investment fund will not exceed 20% of a fund's total capital raise. SERS' initial investment in an opportunistic investment fund will not exceed 1% of the Total Fund at time of investment. The initial investment in a separate account will not exceed \$250 million. The maximum investment at cost, in multiple funds or separate accounts, to a single manager is limited to 2.5% of the Total Fund assets.
 - C. Investments in Exchange-Traded Funds (ETFs) will follow the Internal ETF Trade & Approval Policy.
 - D. Monthly reporting by the fund, partnership, or manager is preferred, but no less than quarterly reporting.
 - E. If leverage is used in a strategy, it will be prudent for the strategy.
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- F. Staff will ensure that the liquidity of an opportunistic investment is prudent, both for the strategy and for the Fund.
- G. The SERS US and Non-US Proxy Voting Policy Guidelines and Procedures shall be followed where applicable.
- H. Opportunistic investments may be US-, non-US- or globally-focused.

Procedure

None

Definitions

Co-investment – a direct investment in a single asset of a private market Fund, made alongside the Fund’s investment in the asset; typically involves more attractive terms and shorter time frames than those of the Fund.

Exchange-Traded Fund (ETF) – publicly traded investments security that provides exposure to a basket of securities.

Fund (a fund) – Fund (or “a fund”) refers to the structure of an investment; examples include open- or closed-end real estate funds, private equity funds, hedge funds, or commingled funds.

Institutional Quality – Institutional quality refers to investments that offer risk and return profiles suitable for pension funds, endowments, foundations, sovereign wealth funds, and family offices. These investments are managed professionally with personnel having specific expertise, a clear and systematic portfolio construction process, and an infrastructure to adequately support investor needs.

Investment Committee – A committee of qualified investment professionals from SERS’ Investment Department who possess the Ohio State Retirement System Investment Officer license, and SERS’ Chief Finance Officer, with clearly defined structure, rules, and procedures for reviewing and approving opportunistic investments in a timely and prudent fashion.

Strategic Partner – An investment manager, fund manager, or limited partner who has a significant role in an opportunistic investment.

Total Fund – Refers to all of SERS’ investment assets.

Related Documents and Information

Statutes: R.C. 3309.15

Rules: N/A

Document Links: [Purpose](#), [Policy](#), [Procedure](#), [Definitions](#), [Related Documents](#), [Policy History](#)

Forms: ---

Policy History

- Version 1 – September 13, 2011 – Created – Approved by Board**
- Version 2 – January 17, 2013 – Edited – Approved by Board**
- Version 3 – September 18, 2014 – Edited – Approved by Board**
- Version 4 – April 16, 2015 – Edited – Approved by Board**

Version 5 – June 27, 2016 – Edited – Approved by Farouki Majeed
Version 6 – May 24, 2017 – Edited – Approved by Farouki Majeed
Version 7 – May 4, 2021 – Edited – Approved by Farouki Majeed
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