

OPERS Report – March 2023

The OPERS Board did not meet in February. There is a meeting scheduled for March.

Staff from OPERS have published several blogs on-line, including one that details the new asset allocations approved by the OPERS Board during the January meeting. The new asset allocations were approved to increase alternative investments and reduce allocation to public fixed income, public equities and Risk Parity. Included in that blog was a link to the OPERS Investment Plan for 2023 ([2023-Annual-Investment-Plan.pdf \(opers.org\)](#)). Highlights from this plan include:

- Analyzing and reviewing investment managers and portfolios to determine how management fees can be reduced by “bringing assets in-house.”
- “Reviewing the mix of external managers in the Emerging Markets Debt and High Yield sub-asset classes to achieve lower fees and higher excess returns.”
- “Wind[ing] down the remaining assets in the terminated Hedge Fund allocation.”

In 2022, staff reduced the cost of managing investments over the prior year by reducing “externally managed public market assets and [through] lower management fees negotiated by Staff.”

“The total cost to manage the OPERS asset base is \$488.7 million or 46.8 basis points.”

Initiatives from the **OPERS 2023 Investment Plan** are:

- “Implementation of an upgraded Portfolio Management system for Private Alternatives.
- Review of High Yield, Risk Parity, and Private Equity benchmarks.
- Research and implement a standalone investment grade credit portfolio.
- Research return enhancing and risk diversifying strategies, including enhanced derivatives use.
- Continue the expansion of the internal Risk Parity program.”

Submitted by Darian Torrance