

**2021**

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STATE TEACHERS RETIREMENT SYSTEM OF OHIO

**Defined Contribution Investments**  
**ANNUAL FINANCIAL REPORT**

Fiscal Year Ending June 30, 2021



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**STATE TEACHERS  
RETIREMENT SYSTEM  
OF OHIO**

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## **April 2022**

The State Teachers Retirement Board and the associates of STRS Ohio are pleased to present our *Defined Contribution Investments Annual Report* for fiscal year 2021. This report contains investment information and results from July 1, 2020–June 30, 2021, for STRS Ohio's defined contribution account investment choices.

Fiscal year 2021 returns continued the strong rally that began late in fiscal year 2020. Equity markets were the best performers, with U.S. equities leading the way. The STRS Russell 2000 Index Choice led the surge with a one-year return of +61.91%. The STRS Large-Cap Core Choice, STRS Russell 1000 Index and STRS Russell Midcap Index Choice all posted returns above +40%. International equities also posted strong returns but did not quite match U.S. equity returns. A summary of the performance of all of the investment choices is included in the Performance Section that begins on Page 7.

At fiscal year-end, total assets for the Defined Contribution Plan and the defined contribution portion of the Combined Plan totaled more than \$2.4 billion, up from \$1.6 billion at the end of fiscal 2020. Under these plans, STRS Ohio provides investment choices that members can select to determine the accumulation of their account based on their individual time horizon and risk tolerance.

The *Defined Contribution Investments Annual Report* is divided into four sections: (1) the Introductory Section includes this letter and annualized rates of return; (2) the Economic and Financial Markets Overview Section describes economic changes that potentially affected the investment market; (3) the Performance Section details each investment choice and covers its annual performance; and (4) the Disclosure Section includes key rules, concepts and definitions.

As you plan your financial future, we are pleased to work with Nationwide Retirement Solutions to provide resources to help you on your journey. We at STRS Ohio look forward to working with you throughout your career and partnering with you in helping to build retirement security.

A handwritten signature in blue ink that reads "Robert A. McFee".

**Robert A. McFee**  
**Chair, State Teachers Retirement Board**

A handwritten signature in blue ink that reads "William J. Neville".

**William J. Neville**  
**Executive Director**

# Investment Performance Report as of June 30, 2021

## Annualized Rates of Return



### VARIABLE INVESTMENT CHOICES

Cash	1 Year	3 Years	5 Years	10 Years		
<b>STRS Money Market Choice<sup>B</sup></b>	0.08%	1.17%	1.07%	0.59%		
Index: 90-day U.S. Treasury bill	0.09%	1.34%	1.17%	0.63%		
Bonds	1 Year	3 Years	5 Years	10 Years		
<b>STRS Bloomberg U.S. Universal Bond Index Choice<sup>AB</sup></b>	1.04%	5.57%	3.37%	3.60%		
Index: Bloomberg U.S. Universal Bond Index	1.12%	5.64%	3.48%	3.75%		
Large-Cap	1 Year	3 Years	5 Years	10 Years		
<b>STRS Large-Cap Core Choice<sup>B</sup></b>	43.39%	18.10%	16.60%	12.72%		
Index: Russell 1000 <sup>®</sup> Index	43.07%	19.16%	17.99%	14.90%		
<b>STRS Russell 1000<sup>®</sup> Index Choice<sup>B</sup></b>	43.00%	19.10%	17.91%	14.78%		
Index: Russell 1000 <sup>®</sup> Index	43.07%	19.16%	17.99%	14.90%		
Mid-Cap	1 Year	3 Years	5 Years	10 Years	Since Inception <sup>E</sup>	Inception Date
<b>STRS Russell Midcap<sup>®</sup> Index Choice<sup>B</sup></b>	49.69%	16.37%	15.53%	N/A	13.69%	7/1/2013
Index: Russell Midcap <sup>®</sup> Index	49.80%	16.45%	15.62%	N/A	13.78%	
Small-Cap	1 Year	3 Years	5 Years	10 Years		
<b>STRS Russell 2000<sup>®</sup> Index Choice<sup>B</sup></b>	61.91%	13.44%	16.37%	12.21%		
Index: Russell 2000 <sup>®</sup> Index	62.03%	13.52%	16.47%	12.34%		
International	1 Year	3 Years	5 Years	10 Years		
<b>STRS MSCI World ex USA Index Choice<sup>B</sup></b>	33.47%	8.47%	10.21%	5.47%		
Index: MSCI World ex USA Index	33.60%	8.57%	10.36%	5.70%		
<b>STRS MSCI ACWI ex USA Index Choice<sup>B</sup></b>	35.53%	9.23%	N/A	N/A	9.23%	7/1/2018
Index: MSCI ACWI ex USA	35.72%	9.38%	N/A	N/A	9.38%	
Specialty/Real Estate	1 Year	3 Years	5 Years	10 Years		
<b>STRS REIT Index Choice<sup>BC</sup></b>	37.88%	9.99%	6.18%	9.14%		
Index: FTSE NAREIT Equity REIT	38.02%	10.10%	6.31%	9.44%		

### TARGET CHOICE OPTIONS

Blends	1 Year	3 Years	5 Years	10 Years	Since Inception <sup>E</sup>	Inception Date
<b>STRS Target Choice 2025<sup>B</sup></b>	22.92%	11.06%	10.20%	N/A	8.92%	7/1/2013
<b>STRS Target Choice 2030<sup>B</sup></b>	25.91%	11.68%	11.03%	N/A	9.51%	7/1/2013
<b>STRS Target Choice 2035<sup>B</sup></b>	28.95%	12.29%	11.86%	N/A	10.10%	7/1/2013
<b>STRS Target Choice 2040<sup>B</sup></b>	32.05%	12.84%	12.64%	N/A	10.59%	7/1/2013
<b>STRS Target Choice 2045<sup>B</sup></b>	35.20%	13.47%	13.16%	N/A	10.90%	7/1/2013
<b>STRS Target Choice 2050<sup>B</sup></b>	35.20%	13.47%	13.16%	N/A	10.90%	7/1/2013
<b>STRS Target Choice 2055<sup>B</sup></b>	35.19%	13.47%	N/A	N/A	13.47%	7/1/2018
<b>STRS Target Choice 2060<sup>B</sup></b>	35.19%	13.47%	N/A	N/A	13.47%	7/1/2018

### TOTAL GUARANTEED RETURN CHOICE

Balanced	Current Rate	
<b>STRS Total Guaranteed Return Choice 2021<sup>D</sup></b>	4.25%	(For contributions made between July 1, 2016–June 30, 2017 — closed to new investments)
<b>STRS Total Guaranteed Return Choice 2022<sup>D</sup></b>	4.25%	(For contributions made between July 1, 2017–June 30, 2018 — closed to new investments)

Historical performance is not necessarily indicative of actual future investment performance, which could differ substantially. A member's units, when redeemed, may be worth more or less than their original cost. All performance figures after June 30, 2001, are provided net of annual fees. All returns are calculated in U.S. dollars. Current performance may be lower or higher than the performance data indicated above. For current performance data, call Nationwide Retirement Solutions toll-free at 866-332-3342 or visit [www.strsoh.org](http://www.strsoh.org).

<sup>A</sup> BLOOMBERG<sup>®</sup> and the Bloomberg U.S. Universal Bond Index are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited ("BISL"), the administrator of the index (collectively "Bloomberg") and have been licensed for certain purposes by State Teachers Retirement System of Ohio. Bloomberg is not affiliated with State Teachers Retirement System of Ohio, and Bloomberg does not approve, endorse, review or recommend the STRS Bloomberg U.S. Universal Bond Index Choice or any STRS Target Choice (collectively, "STRS Investment Choices"). Bloomberg does not guarantee the timeliness, accurateness or completeness of any data or information relating to the STRS Investment Choices.

<sup>B</sup> Performance figures for the STRS Index choices reflect the deduction of management fees. The corresponding indexes are unmanaged, do not incur fees and cannot be invested in directly.

<sup>C</sup> The performance is based on the actively managed STRS REIT Choice until June 30, 2014, and the performance of the STRS REIT Index Choice after that date.

<sup>D</sup> There is no annual asset management fee for this choice. See the *Investment Options Guide*.

<sup>E</sup> Reflects annualized performance since inception if less than 10 years.

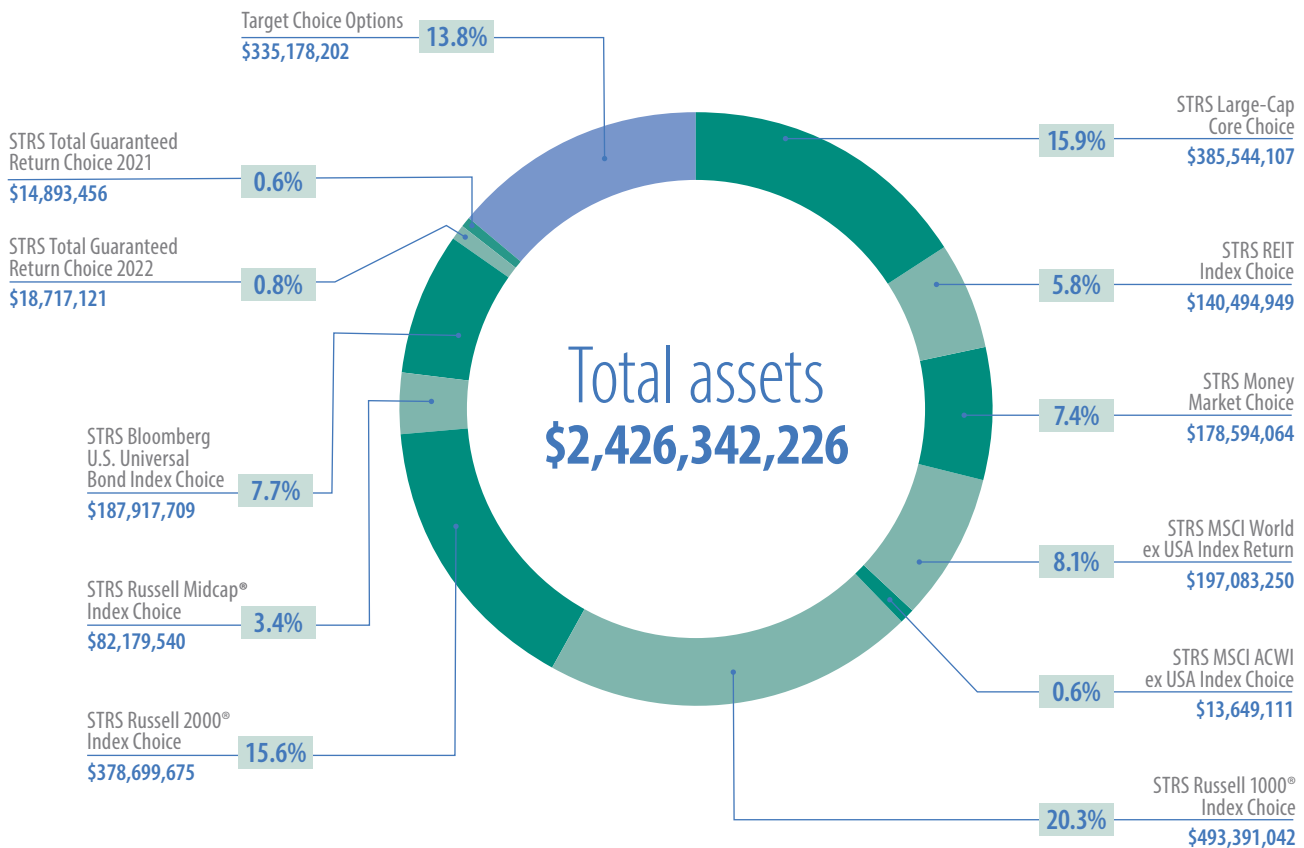
The Russell Indices are a trademark of FTSE International Limited (FTSE) and Frank Russell Company (Russell) and their respective subsidiary undertakings, which are members of the London Stock Exchange Group plc group. STRS Ohio Investment Choices are not sponsored, endorsed, sold, or promoted by Russell and Russell makes no representation, warranty or guarantee regarding the use of the Russell Indices or the advisability of investing in the investment choices.

The MSCI Indices are a trademark of MSCI Inc. STRS Ohio investment choices are not sponsored, endorsed, or promoted by MSCI, and MSCI bears no liability with respect to any investment choice or any index on which the investment choice is based.

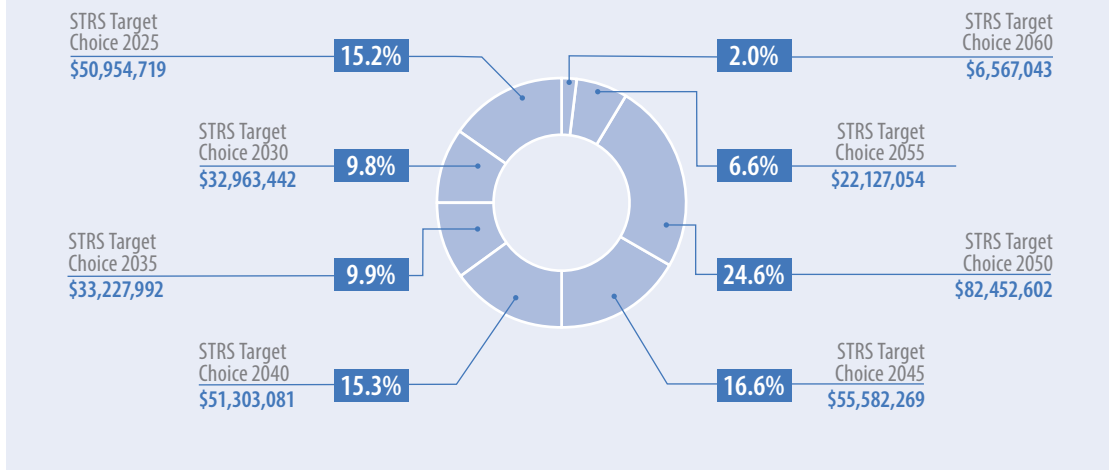


# Defined Contribution Asset Value by Investment Choice

## As of June 30, 2021



### Target Choice Options in Detail



The chart above displays STRS Ohio's defined contribution holdings and percentage of total assets for the fiscal year ending June 30, 2021. More information on these options can be found in the Performance Section beginning on Page 7.

## Economic and Financial Markets Overview

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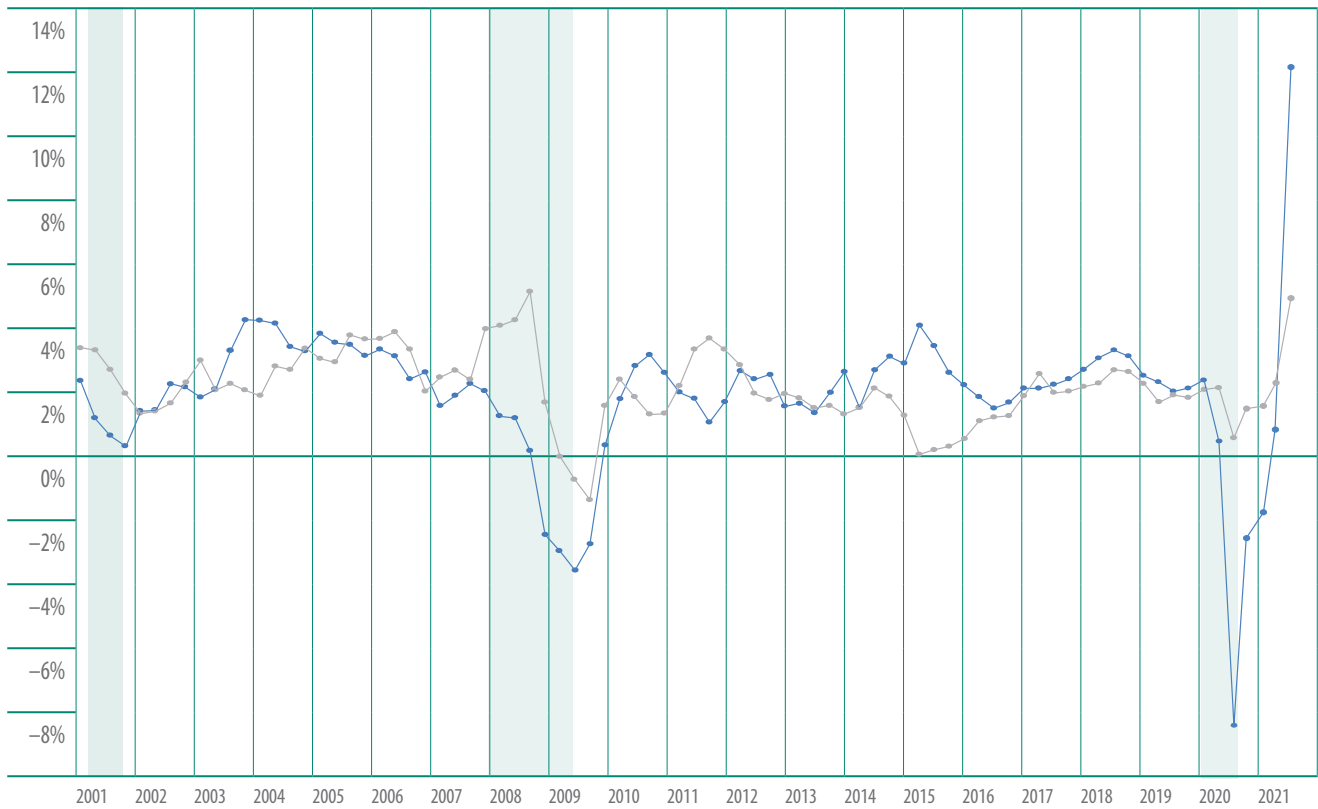
Following the country's 128-month record length for an economic expansion through fiscal 2020's first half, the economic turmoil resulting from COVID-19 pandemic mitigation efforts created a near-historic 31.2% annualized collapse in real gross domestic product (GDP) during fiscal 2020's final quarter. Many economists and financial market participants expected the pandemic would continue to weigh upon the economy through at least the early stages of fiscal 2021. However, with many of the lockdown restrictions removed during mid-May 2020, the U.S. economy skyrocketed in the first quarter of fiscal 2021 — growing an annualized 33.8% and recovering two-thirds of the lost output from the second half of fiscal 2020. Above-trend economic activity during the following three quarters of fiscal 2021 averaged an annualized 5.8%. This closed the gap in the level of real GDP from its previous peak at the end of calendar 2019 and pushed the real GDP level to a new all-time high of nearly \$19.4 trillion.

The rapid recovery and strength shown in the current economic expansion follows a classic V-shaped pattern — unlike the more gradual, slower U-shaped recovery following the Great Recession of 2007–2009. While that economic expansion took three-and-a-half years to register a new peak level for real GDP, the current expansion will have done so in just one-and-a-half years.

After many years of inflation growth below the Federal Reserve's policy target of 2%, the central bank has adopted a policy of promoting average inflation over time of 2%. That means they are willing to accept price inflation above 2% for some time to offset the previous periods below the target. Both the commonly known consumer price index (CPI) and the broadest inflation measure, the GDP price index, are already hitting at least the 2% target on a quarterly basis. The monthly CPI measure through the end of fiscal 2021 soared 5.3% over the prior 12 months largely due to base effects when consumer prices fell during the recession. The Federal Reserve refers to this swing in inflation as transitory and is looking beyond the near-term to gauge inflation later in 2022.

Monetary policymakers are displaying a great deal of patience with their policy actions by continuing to purchase long-term securities and holding short-term interest rates basically at zero percent. Federal Reserve policy continues to be extraordinarily aggressive by providing unmatched liquidity and monetary stimulus since the recession began in fiscal 2020. The amount of quantitative easing the Federal Reserve has conducted has nearly doubled from the level that existed prior to the pandemic recession to above \$8 trillion. It is useful to recall that, prior to the Great Recession from late 2007 through mid-2009 and the first usage by the Federal Reserve of quantitative easing actions, the assets on the Federal Reserve's balance sheet were roughly \$900 billion — or just 11.25% of the assets it carried at the end of fiscal 2021. Suffice it

## Gross Domestic Product/Consumer Price Index 2001–2021 Year-Over-Year Growth Rates



■ Gross Domestic Product    ■ Consumer Price Index

*Note: Shaded areas denote a recession. Sources: Bureau of Economic Analysis, Bureau of Labor Statistics/Haver Analytics*

Fiscal 2021 saw a surge in GDP as COVID-19 restrictions eased.  
Consumer prices increased as demand outpaced supply.

to say, quantitative easing is now a regular part of the Federal Reserve's toolkit in fighting off recessions and slow-growth periods by attempting to keep long-term interest rates lower than they would have been otherwise.

The nominal federal funds rate is the central bank's primary policy tool, allowing it to control important short-term interest rates that affect the economy's credit cycle. In the prior historically long economic expansion that followed the Great Recession, the Federal Reserve kept the nominal federal funds rate at basically zero percent for seven years. With positive inflation throughout, that drove the real federal funds rate into significantly negative territory and provided an enormous monetary stimulus to the economy. Since the pandemic recession began, negative real short-term interest rates have returned to the United States. By some estimates, the combined economic stimulus from the Federal Reserve's normal policy options and the lending capability provided to it by the federal government have amounted to a \$6 trillion boost for the U.S. economy.

In addition to ongoing aggressive moves by Federal Reserve monetary policymakers, the federal government continues to support overall economic activity with fiscal policy actions directed at easing the effects of the pandemic mitigation efforts and, in fiscal 2022, addressing infrastructure needs of the U.S. economy. Already, the federal government has appropriated about \$5.3 trillion to address the economic repercussions of the COVID-19 pandemic.

Combined with the Federal Reserve's roughly \$6 trillion impact on the economy, fiscal and monetary policymakers will have enacted unprecedented plans that compare to 60% of the U.S. economy's size.

### [Continued low interest rates curb money market returns in fiscal 2021](#)

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The U.S. Federal Reserve Board lowered interest rates in fiscal 2020 in response to the global pandemic. This low interest rate environment persisted through much of fiscal 2021, keeping a lid on money market returns.

### [Fixed income returns limited by rising rates](#)

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Fiscal year 2021 returns for fixed income were modest, as the low interest rates that have been in place slowly began to rise as global economies reawakened, resulting in price depreciation. The highest returning sector was high yield at +15.37%, followed by emerging markets with a +6.34% return.

### [U.S. equities surge in fiscal 2021](#)

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The U.S. equity market enjoyed a very strong fiscal year 2021. The market was buoyed by multiple rounds of economic stimulus in the United States and surged higher as COVID-19 vaccinations were introduced in November of 2020. As of fiscal year end 2021, the market had rallied substantially from the pandemic lows, posting a gain for the 12th consecutive year.



## International markets post solid returns in both developed and emerging markets

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Many of the same factors that led to soaring U.S. equity markets were in play in the international markets as well, with stimulative monetary policy meeting recovering demand from consumers as COVID-19 health restrictions eased. The STRS MSCI ACWI ex USA Index Choice posted a +35.53% return for the fiscal year.

## REITs follow the broad equity market in fiscal 2021, post strong returns

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The STRS REIT Index Choice posted a +37.88% return in fiscal 2021, rebounding strongly as COVID-19 health restrictions were lifted. Leading sectors included regional malls +101.1%, lodging/resorts +74.5% and self storage +70.2%.

## Structure

The STRS Money Market Choice is intended to provide income consistent with the preservation of principal and liquidity. The performance objective is to exceed the 90-day U.S. Treasury bill return, before fees. Investments will generally consist of U.S. dollar-denominated commercial paper and other short-term corporate obligations that are rated in the highest category (A1/P1 rating) by the rating organizations, as well as securities that are guaranteed by the U.S. government or one of its related agencies. Credit quality is emphasized for preservation of principal and liquidity.

Securities selected for investment offer competitive yields and meet the policy objectives pertaining to credit quality, maturity and diversification. Interest rates and the maturity of the individual securities relative to the maturity of the portfolio as a whole are also considered.

## Annual Asset Management Fee

The total annual fee for the STRS Money Market Choice is no greater than 0.10%.

## Performance

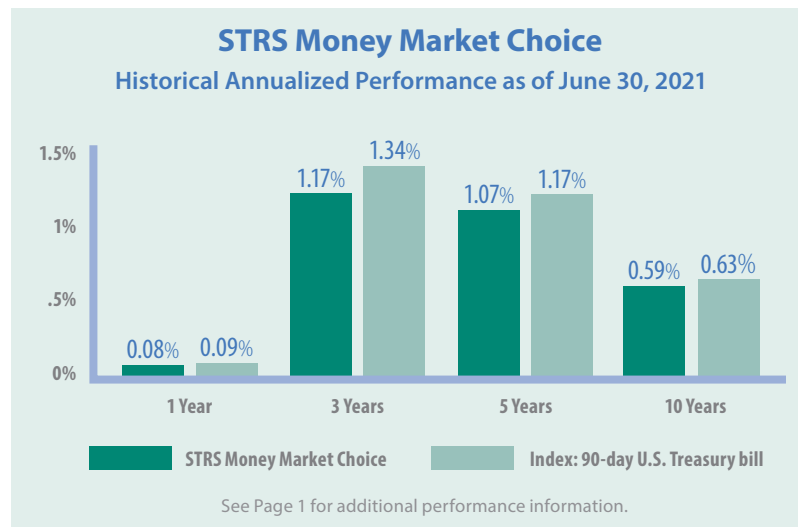
The STRS Money Market Choice returned 0.08%, after fees, for fiscal year 2021 compared to the benchmark 90-day U.S. Treasury bill that returned 0.09%. The choice invested mainly in U.S. government-backed Treasury bills and Agency Notes, but supplemented yields with investments in Commercial Paper with maturities within 12 months.

## Market Drivers

STRS Money Market Choice performance was 0.08%, after fees, for the year. Yields follow the current short-term interest rates maintained by the U.S. Federal Reserve, which had an effective rate between 0% and 0.25% during the fiscal year. Monetary policymakers are displaying a great deal of patience with their policy actions by continuing to purchase long-term securities and holding short-term interest rates basically at zero percent. U.S. Government and Agency Notes made up the bulk of the investable universe with Commercial Paper and Floating Rate Corporate Bonds to a lesser extent. The table below shows the STRS Money Market Choice investment allocation:

## Sector Weightings as of June 30, 2021

Sector	Weight
U.S. Government and Agency Notes	77.8%
Commercial Paper	18.4%
Money Market	3.8%
<b>Total STRS Money Market Choice</b>	<b>100%</b>





### Structure

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The STRS Bloomberg U.S. Universal Bond Choice is intended to closely track the return of the Bloomberg U.S. Universal Bond Index (Index), before fees. Total returns are comprised of changes in principal values plus interest income earned. The index consists entirely of U.S. dollar-denominated securities. A significant portion of the index includes debt issued by the U.S. government and government-related entities, mortgage securities that include agency mortgage-backed, commercial mortgage-backed and asset-backed securities, and investment grade corporate bonds. A small portion of the index is high-yield debt with ratings below the Baa category. Also included is debt from emerging market countries and other foreign issuers. The STRS Bloomberg U.S. Universal Bond Choice provides members an opportunity to earn the return of a diversified portfolio of fixed-income securities. Summary statistics for the Bloomberg U.S. Universal Bond Index are shown below.

### Annual Asset Management Fee

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The total annual fee for the STRS Bloomberg U.S. Universal Bond Index Choice is 0.07%.

### Performance

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For the fiscal year ending June 30, 2021, the STRS Bloomberg U.S. Universal Bond Index Choice returned 1.04%, after fees. This section details the performance of the Bloomberg U.S. Universal Bond Index. While the STRS Ohio Fixed Income Choice seeks to closely track the performance of its corresponding index, actual performance will differ because the index does not incur management fees.

Fiscal 2021 was a modest year for fixed-income market returns, as measured by the Bloomberg U.S. Universal Index, with a return of +1.1%. Fixed income returns were driven by higher interest rates and tighter credit spreads. The highest returning sector was high yield (+15.37%), followed by emerging markets (+6.34%), investment grade corporates (+3.30%), commercial mortgage-backed securities (+2.26%), asset-backed securities (+1.34%), government related (+0.80%), mortgage-backed securities (-0.42%), and treasuries (-3.22%).

Bloomberg® and the Bloomberg U.S. Universal Bond Index are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited (“BISL”), the administrator of the index (collectively, “Bloomberg”), and have been licensed for use for certain purposes by State Teachers Retirement System of Ohio. Bloomberg is not affiliated with State Teachers Retirement System of Ohio, and Bloomberg does not approve, endorse, review, or recommend the STRS Bloomberg U.S. Universal Bond Index Choice or any STRS Target Choice (collectively, “STRS Investment Choices”). Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information relating to the STRS Investment Choices.



### Market Drivers

Fiscal 2021 was a modest year for fixed-income market returns as interest rates increased. In response to the COVID-19 pandemic, global fiscal and monetary authorities continued accommodative policies to reduce the impact of public health measures on the global economy. The 10-year U.S. Treasury bond yield rose from 0.66% at the beginning of the fiscal year to 1.47% at fiscal year-end, resulting in price depreciation.

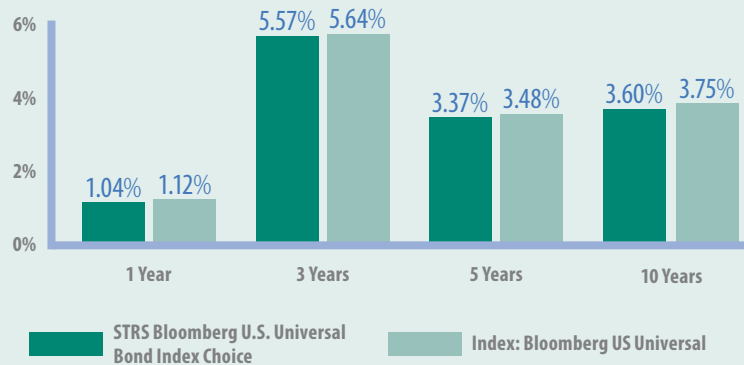
### Index Statistics as of June 30, 2021

Number of Issues .....	19,350
Average Yield .....	1.80%
Average Maturity .....	8.43 Years
Market Value .....	\$31.36 Trillion

### Sector Weightings as of June 30, 2021

Sector	Weight
<span style="display: inline-block; width: 15px; height: 10px; background-color: #004a87; margin-right: 5px;"></span> Treasury .....	31%
<span style="display: inline-block; width: 15px; height: 10px; background-color: #2e66b1; margin-right: 5px;"></span> Corporate .....	26%
<span style="display: inline-block; width: 15px; height: 10px; background-color: #4a7ebb; margin-right: 5px;"></span> Mortgage .....	25%
<span style="display: inline-block; width: 15px; height: 10px; background-color: #668dbd; margin-right: 5px;"></span> Emerging Market .....	8%
<span style="display: inline-block; width: 15px; height: 10px; background-color: #80a0c0; margin-right: 5px;"></span> Government-Related .....	5%
<span style="display: inline-block; width: 15px; height: 10px; background-color: #a0b8d0; margin-right: 5px;"></span> High Yield .....	5%
<b>Total STRS Bloomberg U.S. Universal Bond Index</b>	<b>100%</b>

### STRS Bloomberg U.S. Universal Bond Index Choice Historical Annualized Performance as of June 30, 2021



See Page 1 for additional performance information.  
Effective Aug. 24, 2016, the Barclays indexes were rebranded to the Bloomberg Indices.



### Structure

The STRS Large-Cap Core Choice seeks long-term capital appreciation by investing in a diversified portfolio of large-capitalization U.S. equities. The goal of the portfolio is to generate returns in excess of the Russell 1000® Index, before fees. The Russell 1000® Index represents the 1,000 largest companies traded in the U.S. markets. This choice is broad-based and well-diversified, making it suitable as a core equity holding within a portfolio. Keeping in mind that each investor's risk tolerance is different, the amount of large-cap holdings in an investor's portfolio should be based on risk tolerance and investment goals. The excess return for this choice is expected to come largely from stock selection and, to a lesser extent, industry or sector allocation.

### Annual Asset Management Fee

The total annual fee for STRS Large-Cap Core Choice is 0.30%.

### Performance

The STRS Large-Cap Core Choice gained 43.39% after fees in the fiscal year ending June 30, 2021. This exceeded the return of 43.07% posted by the benchmark Russell 1000® Index. Outperformance was attributed primarily to stock selection, with much of the strength due to a bias toward value stocks. Large-cap growth stocks, especially those that benefited during the global lockdown, performed well early in the fiscal year, while economically sensitive sectors such as financials, industrials and energy performed extremely well after vaccines were approved in November 2020.

### Market Drivers

The U.S. equity market, as measured by the Russell 1000® Index, rose 43.07% during the period. This marked the 12th consecutive year of market gains as the economy grew following the recession resulting from the COVID-19 pandemic. While valuation multiples remained stable, corporate earnings rose dramatically, buoyed by fiscal stimulus, low interest rates, and the reopening of the global economy.

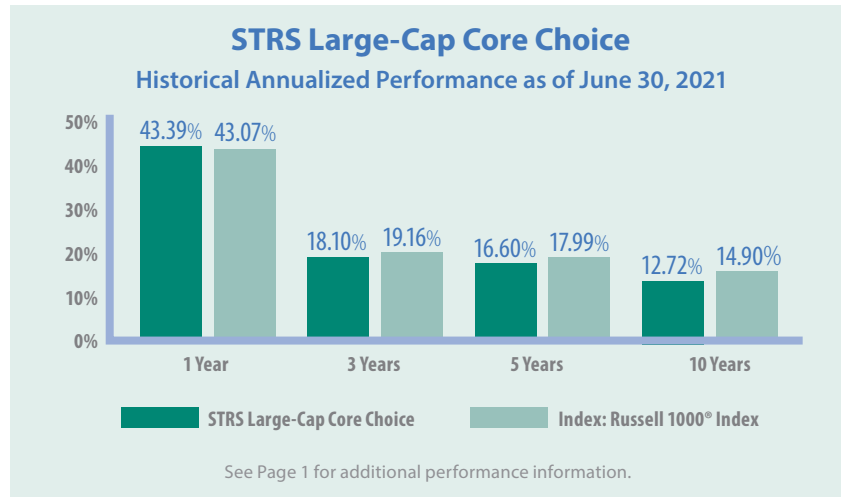
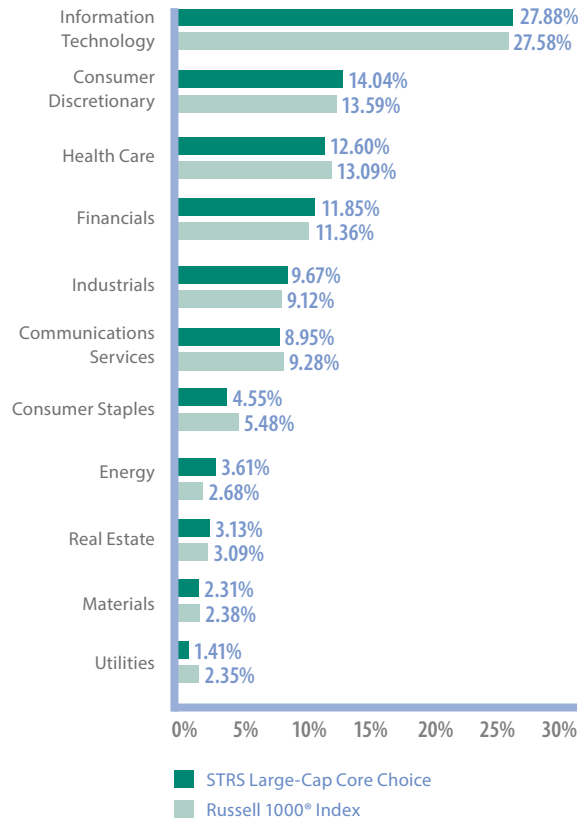
The equity market was very strong in fiscal year 2021. Stocks recovered strongly throughout the fiscal year, buoyed by large amounts of government-backed stimulus, low interest rates and the economic recovery as COVID vaccines were distributed. Growth stocks, especially those that benefited from work-from-home orders, were the best performers early in the fiscal year. COVID-19 vaccines received approval in November of 2020 and led to a change in market leadership. After the approval, economically sensitive companies performed extremely well, with the financial, industrial and energy sectors performing the best over the year.

### Top 10 Holdings as of June 30, 2021

Top 10 Holdings	% of Total Investment Choice
Microsoft Corp. (MSFT)	6.00%
Apple Inc. (AAPL)	4.66%
Amazon.com Inc (AMZN)	4.14%
Alphabet Inc. Class A (GOOGL)	2.88%
Facebook Inc. Class A (FB)	2.36%
Fidelity National Information Services Inc. (FIS)	1.64%
Berkshire Hathaway Inc. Class B (BRK-B)	1.58%
Oracle Corp. (ORCL)	1.46%
Micron Technology Inc. (MU)	1.42%
Cisco Systems Inc. (CSCO)	1.37%

**Top 10 holdings represent 27.51% of the total investment choice.**

### Sector Weightings as of June 30, 2021





### Structure

The STRS Russell 1000 Index Choice is an investment choice that is intended to closely match the performance of the Russell 1000® Index, before fees.

As the name implies, the Russell 1000® Index is comprised of approximately 1,000 U.S. companies selected for their large market capitalization, liquidity and industry classifications. These stocks represent 92% of the characteristics of the U.S. market.

The STRS Russell 1000 Index Choice is a large-cap choice designed to diversify portfolio holdings and is intended to be a long-term investment option.

Wilshire Associates suggests holding a large-cap equity choice as part of a well-diversified investment portfolio. Keeping in mind that each investor's risk tolerance is different, the amount of large-cap holdings in an investor's portfolio should be based on risk tolerance and investment goals.

### Top 10 Holdings as of June 30, 2021

Top 10 Holdings	% of Total Investment Choice
Apple Inc. (AAPL) .....	5.22%
Microsoft Corp. (MSFT) .....	4.96%
Amazon.com Inc. (AMZN) .....	3.62%
Facebook Inc. (FB) .....	2.02%
Alphabet Inc. Class A (GOOGL) .....	1.78%
Alphabet Inc. Class C (GOOG) .....	1.73%
Tesla Inc. (TSLA) .....	1.28%
Berkshire Hathaway Inc. CL-B (BRK.B) .....	1.27%
NVIDIA Corp. (NVDA) .....	1.16%
JPMorgan Chase & Co. (JPM) .....	1.14%

**Top 10 holdings represent 24.18% of the total investment choice.**

### Annual Asset Management Fee

The total annual fee for STRS Russell 1000 Index Choice is 0.05%.

### Sector Weightings as of June 30, 2021

Sector	Weight
Information Technology .....	27.58%
Consumer Discretionary .....	13.59%
Health Care .....	13.09%
Financials .....	11.36%
Communications Services .....	9.28%
Industrials .....	9.12%
Consumer Staples .....	5.48%
Real Estate .....	3.09%
Energy .....	2.68%
Materials .....	2.38%
Utilities .....	2.35%
<b>Total Russell 1000® Index</b>	<b>100.00%</b>

### Performance

The STRS Russell 1000 Index Choice gained 43.00%, after fees, for the fiscal year ending June 30, 2021. The returns in 2021 marked the 12th consecutive year of positive returns for the index. While the STRS Russell 1000 Index Choice seeks to closely track the performance of its corresponding index, actual performance will differ because the index does not incur management fees.

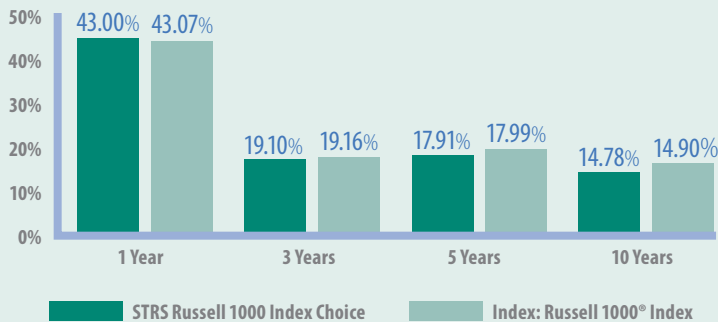
### Market Drivers

The U.S. equity market, as measured by the Russell 1000® Index, rose 43.07% during the period. This marked the 12th consecutive year of market gains as the economy grew following the recession resulting from the COVID-19 pandemic. While valuation multiples remained stable, corporate earnings rose dramatically, buoyed by fiscal stimulus, low interest rates and the reopening of the global economy.

The equity market was very strong in fiscal year 2021. Stocks recovered strongly throughout the fiscal year, buoyed by large amounts of government-backed stimulus, low interest rates and the economic recovery as COVID vaccines were distributed. Growth stocks, especially those that benefited from work-from-home orders, were the best performers early in the fiscal year. COVID-19 vaccines received approval in November of 2020 and saw a change in market leadership. After the approval, economically sensitive companies performed extremely well, with the financial, industrial and energy sectors performing the best over the year.

### STRS Russell 1000 Index Choice

#### Historical Annualized Performance as of June 30, 2021



See Page 1 for additional performance information.

### Index Statistics as of June 30, 2021

Total Market Value.....	\$41.15 Trillion
Largest Company Market Value .....	\$2.29 Trillion
Weighted Average Market Value .....	\$481.61 Billion
Mean Market Value .....	\$44.08 Billion
Smallest Company Market Value .....	\$3.13 Billion
Median Share Price .....	\$86.85
P/E Ratio.....	26.36
Dividend Yield .....	1.29%

### Russell 1000® Index Values

#### For Fiscal Year 2021



Note: Figures in the chart above are based on Russell non-intraday values utilized for reporting in Russell Index products and services. The Russell U.S. equity index values shown on most financial sites and in the media began at a later date and at a different beginning value than the original set of values shown above. While the STRS Russell 1000 Index Choice seeks to closely match the performance of the Russell 1000® Index, its actual performance will differ because the Index does not incur management fees.

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### Structure

The STRS Russell Midcap Index Choice is an investment choice that is intended to closely match the return of the Russell Midcap® Index, before fees. The Index is composed of approximately 800 stocks chosen for market size, liquidity and industry group representation. The return consists of capital appreciation plus dividend yield. This choice's share price and total return should be expected to fluctuate within a wide range, like the performance of the overall stock market.

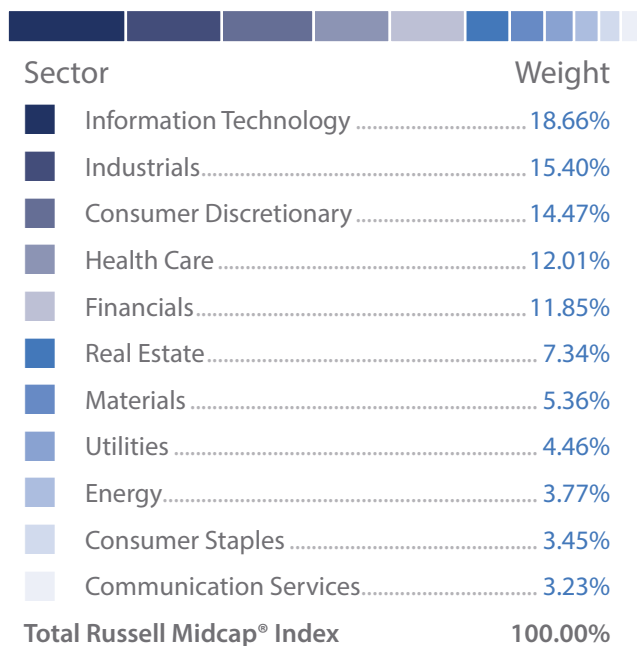
### Annual Asset Management Fee

The total annual fee for STRS Russell Midcap Index Choice is 0.07%.

### Performance

The STRS Russell Midcap Index Choice rose 49.69%, after fees, for the fiscal year ending June 30, 2021, compared to the Russell Midcap Index return of 49.80%. While the STRS Russell MidCap Index Choice seeks to closely track the performance of its corresponding index, actual performance will differ because the index does not incur management fees.

### Sector Weightings as of June 30, 2021



### Market Drivers

Mid-cap stocks outperformed the large-cap index in 2021. Stocks rose sharply throughout the fiscal year. The equity market was buoyed by large amounts of government-backed stimulus, low interest rates and the economic recovery as COVID vaccines were distributed. Economically sensitive companies performed extremely well, with the financial, industrial and energy sectors performing the best over the year. Investors flocked to mid-cap stocks as profitability prospects rebounded from the COVID-induced recession.

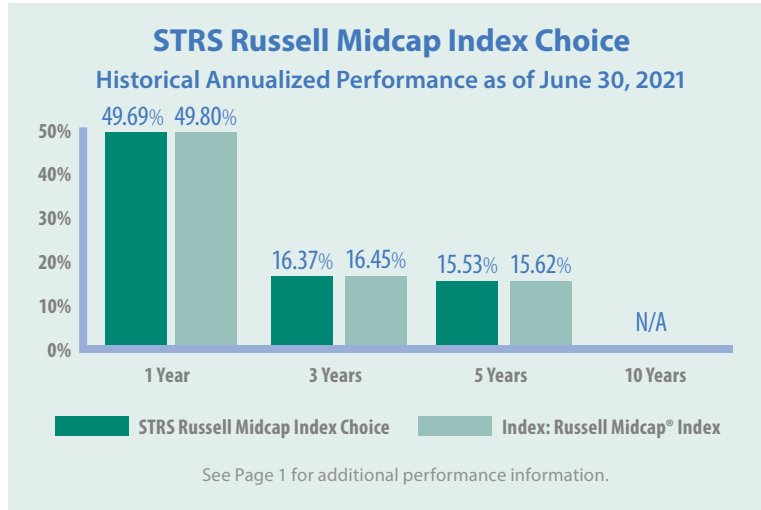
### Top 10 Holdings as of June 30, 2021

Top 10 Holdings	% of Total Investment Choice
Twitter Inc. (TWTR)	0.48%
IDEXX Laboratories Inc. (IDXX)	0.48%
DocuSign Inc. (DOCU)	0.48%
Roku Inc. (ROKU)	0.47%
Marvell Technology Inc. (MRVL)	0.42%
IQVIA Holdings Inc. (IQV)	0.41%
Agilent Technologies Inc. (A)	0.40%
T Rowe Price Group Inc. (TROW)	0.40%
Trane Technologies Plc. (TT)	0.39%
Chipotle Mexican Grill Inc. (CMG)	0.39%

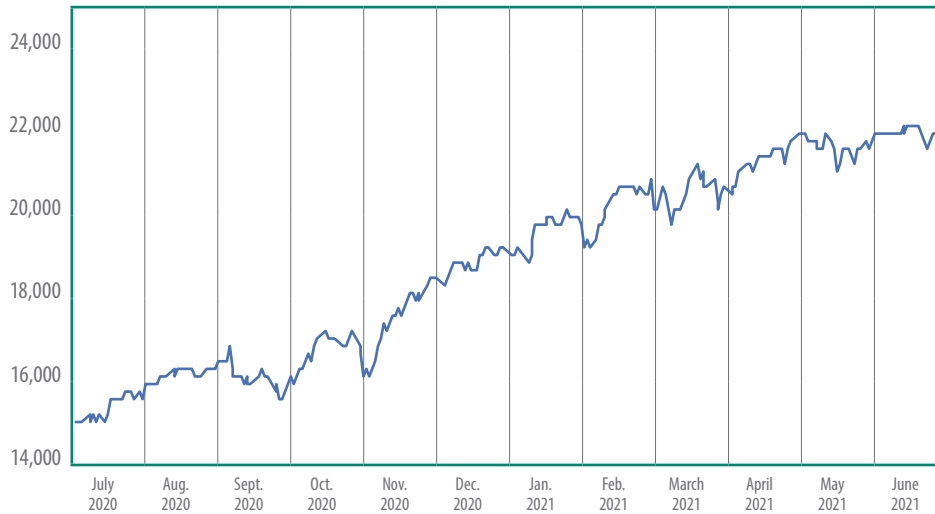
Top 10 holdings represent 4.32% of the total index.

### Index Statistics as of June 30, 2021

Total Market Value	\$11.17 Trillion
Largest Company Market Value	\$60.80 Billion
Weighted Average Market Value	\$23.25 Billion
Mean Market Value	\$15.16 Billion
Smallest Company Market Value	\$3.13 Billion
Median Share Price	\$78.06
P/E Ratio	24.37
Dividend Yield	1.22%



### Russell Midcap® Index Values For Fiscal Year 2021



Note: Figures in the chart above are based on Russell non-intraday values utilized for reporting in Russell index products and services. The Russell U.S. equity index values shown on most financial sites and in the media began at a later date and at a different beginning value than the original set of values shown above. While the STRS Russell Midcap Index Choice seeks to closely match the performance of the Russell Midcap® Index, its actual performance will differ because the Index does not incur management fees.

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# STRS Russell 2000 Index Choice Small-Cap

## Structure

The STRS Russell 2000 Index Choice is intended to closely match the performance of the Russell 2000® Index.

As the name implies, the Russell 2000® Index is comprised of approximately 2,000 U.S. companies selected for their small market capitalization and industry classifications. The index is reevaluated annually to remove larger companies that may distort the performance characteristics of a small-cap fund.

The STRS Russell 2000 Index Choice is a small-cap choice designed to diversify investment holdings and is intended to be a long-term investment option.

Wilshire Associates suggests holding a small-cap equity choice as part of a well-diversified investment portfolio. Keeping in mind that each investor’s risk tolerance is different, the amount of small-cap holdings in an investor’s portfolio should be based on risk tolerance and investment goals.

## Annual Asset Management Fee

The total annual fee for STRS Russell 2000 Index Choice is 0.07%.

## Top 10 Holdings as of June 30, 2021

Top 10 Holdings	% of Total Investment Choice
AMC Entertainment Holdings Inc. (AMC)	0.76%
Intellia Therapeutics Inc. (NTLA)	0.34%
Arrowhead Pharmaceuticals Inc. (ARWR)	0.28%
Oviniv Inc. (OVV)	0.27%
Lattice Semiconductor Corp. (LSCC)	0.25%
II-VI Inc. (IIVI)	0.25%
Crocs Inc. (CROX)	0.25%
Scientific Games Corp. (SGMS)	0.25%
STAAR Surgical Co. (STAA)	0.24%
Denali Therapeutics Inc. (DNLI)	0.24%

Top 10 holdings represent 3.13% of the total index.

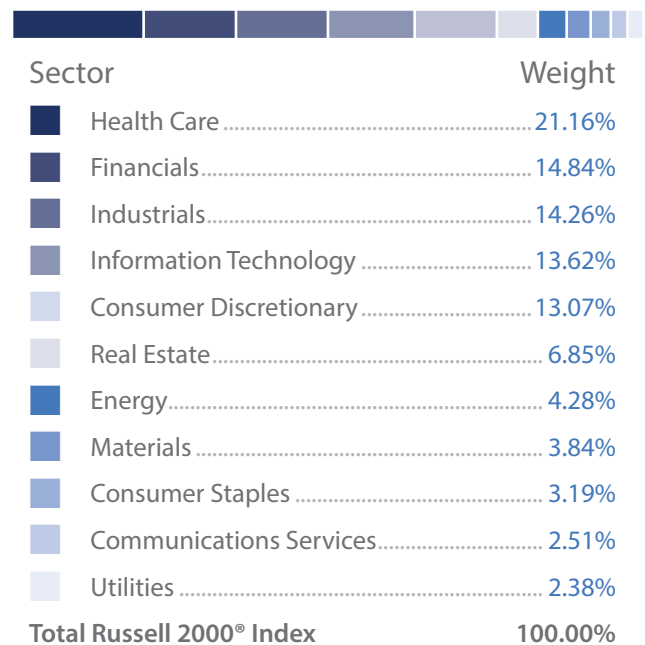
## Performance

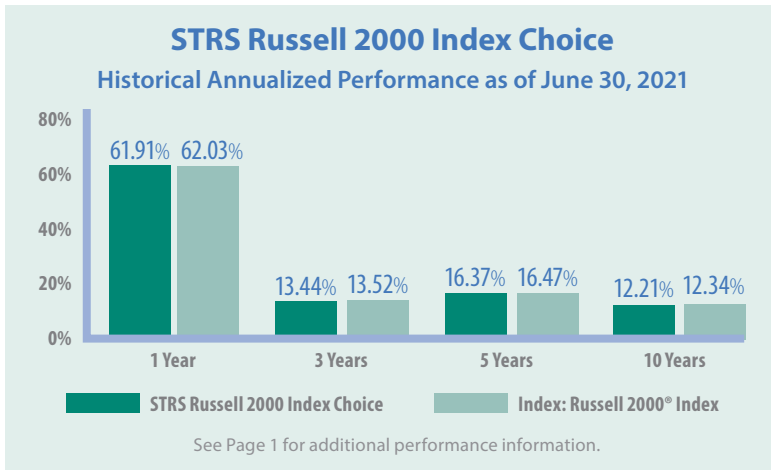
The STRS Russell 2000 Index rose 61.91%, after fees, for the fiscal year ending June 30, 2021, compared to the Russell 2000® Index return of 62.03%. While the STRS Russell 2000 Index Choice seeks to closely track the performance of its corresponding index, actual performance will differ because the index does not incur management fees.

## Market Drivers

Stocks rose sharply throughout the fiscal year. The equity market was buoyed by large amounts of government-backed stimulus, low interest rates and the economic recovery as COVID vaccines were distributed. Economically sensitive companies performed extremely well, with the financial, industrial and energy sectors performing the best over the year. Investors flocked to small-cap stocks as the equity market rose sharply in 2021, beating the large-cap equity market returns by a large margin.

## Sector Weightings as of June 30, 2021





### Index Statistics as of June 30, 2021

Total Market Value.....	\$3.00 Trillion
Largest Company Market Value .....	\$25.52 Billion
Weighted Average Market Value .....	\$3.43 Billion
Mean Market Value .....	\$1.84 Billion
Smallest Company Market Value .....	\$171.82 Million
Median Share Price .....	\$26.90
P/E Ratio.....	20.95
Dividend Yield .....	0.95%

### Russell 2000® Index Values

#### For Fiscal Year 2021



Note: Figures in the chart above are based on Russell non-intraday values utilized for reporting in Russell index products and services. The Russell U.S. equity index values shown on most financial sites and in the media began at a later date and at a different beginning value than the original set of values shown above. While the STRS Russell 2000 Index Choice seeks to closely match the performance of the Russell 2000® Index, its actual performance will differ because the Index does not incur management fees.

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## Structure

The STRS REIT Index Choice is intended to closely match the performance of the FTSE NAREIT Equity REITs Index, before fees.

## Annual Asset Management Fee

The total annual fee for STRS REIT Index Choice is 0.10%.

## Performance

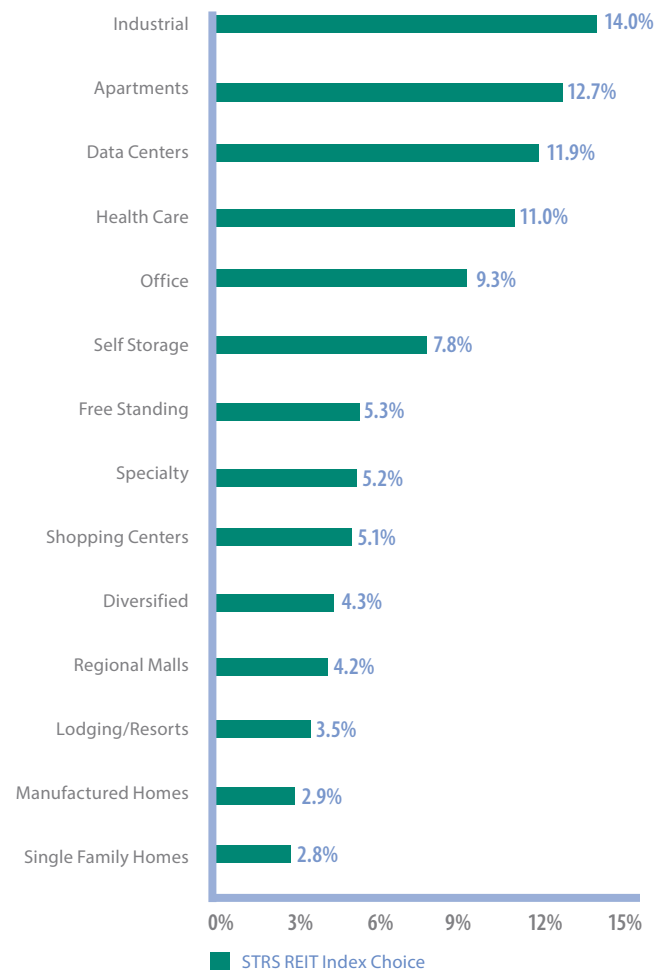
The STRS REIT Index Choice provided after-fee returns of 37.88%, closely tracking the FTSE NAREIT Equity REITs Index return. The FTSE NAREIT Equity REITs Index began the fiscal year relatively flat, experienced a bump after the November elections and then began a steady climb as the economy opened up in the spring. The FTSE NAREIT Equity Index lagged the broad equity market for the end of 2020. However, REITs had a strong first half of 2021 to end up only slightly short of the broad equity market performance for the 2021 fiscal year. The five-year REIT return is 6.18% annually, comprised of roughly 4% dividend return and the rest from price appreciation.

## Market Drivers

Uncertainty surrounding the COVID-19 pandemic was again the overwhelming driver in the market for fiscal 2021. As companies delayed the return to offices, questions about the future of work from home held back REITs invested in office space, which lagged the overall REIT market. As COVID restrictions were slowly lifted, beginning in the first half of 2021, retail and lodging/resort REITs were particularly strong. Overall, sectors that support our transition to a digital economy —logistics facilities, data centers and equipment infrastructure — are expected to remain strong regardless of the impact of the pandemic.

On the macroeconomic front, low interest rates, slow growth and higher inflation are the principal concerns of the market. Historically, REITs have weathered periods of higher inflation slightly better than the broad equity market. A low interest rate environment makes the REIT dividend yield of around 4% attractive.

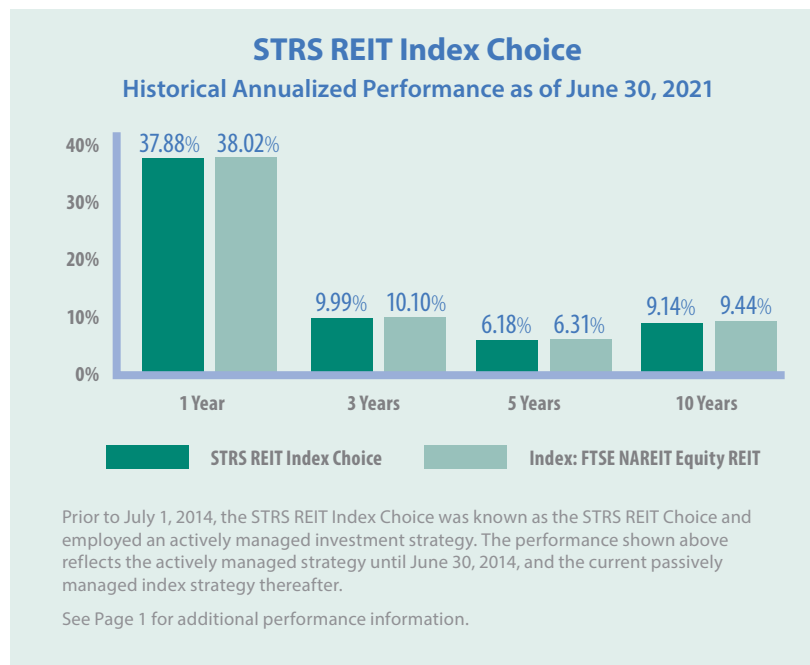
## Sector Weightings as of June 30, 2021



### Top 10 Holdings as of June 30, 2021

Top 10 Holdings	% of Total Index
Prologis Inc. (PLD)	7.86%
Equinix Inc. (EQIX)	6.40%
Public Storage (PSA)	4.04%
Simon Property Group Inc. (SPG)	3.79%
Digital Realty Trust Inc. (DLR)	3.76%
Welltower Inc. (WELL)	3.09%
AvalonBay Communities Inc. (AVB)	2.59%
Equity Residential (EQR)	2.53%
Alexandria Real Estate Equities Inc. (ARE)	2.37%
Realty Income Corp (O)	2.22%

**Top 10 holdings represent 38.65% of the total investment choice.**





## Structure

This investment choice is intended to closely match the return of the Morgan Stanley Capital International (MSCI) World ex USA Index, before fees. The MSCI World ex USA Index is composed of approximately 1,000 constituent stocks in the index. The total investment return of the index is comprised of capital appreciation and dividend income.

The STRS MSCI World ex USA Index Choice is intended as a long-term investment choice due to higher volatility of returns of international stocks over short-term periods. Risks of international investment include, but are not limited to, currency risk, country risk and different security exchange regulations.

## Annual Asset Management Fee

The total annual fee for STRS MSCI World ex USA Index Choice is 0.10%.

## Performance

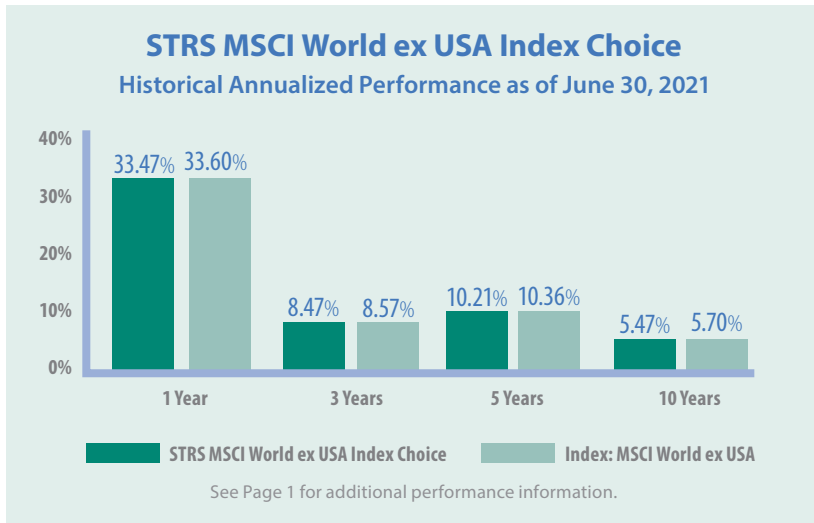
The STRS MSCI World ex USA Index Choice increased 33.47%, after fees, for the fiscal year ending June 30, 2021. This choice has provided a five-year return of 10.21%. While the STRS MSCI World ex USA Index Choice seeks to closely match the performance of its corresponding index, its actual performance will differ because the index does not incur management fees.

## Market Drivers

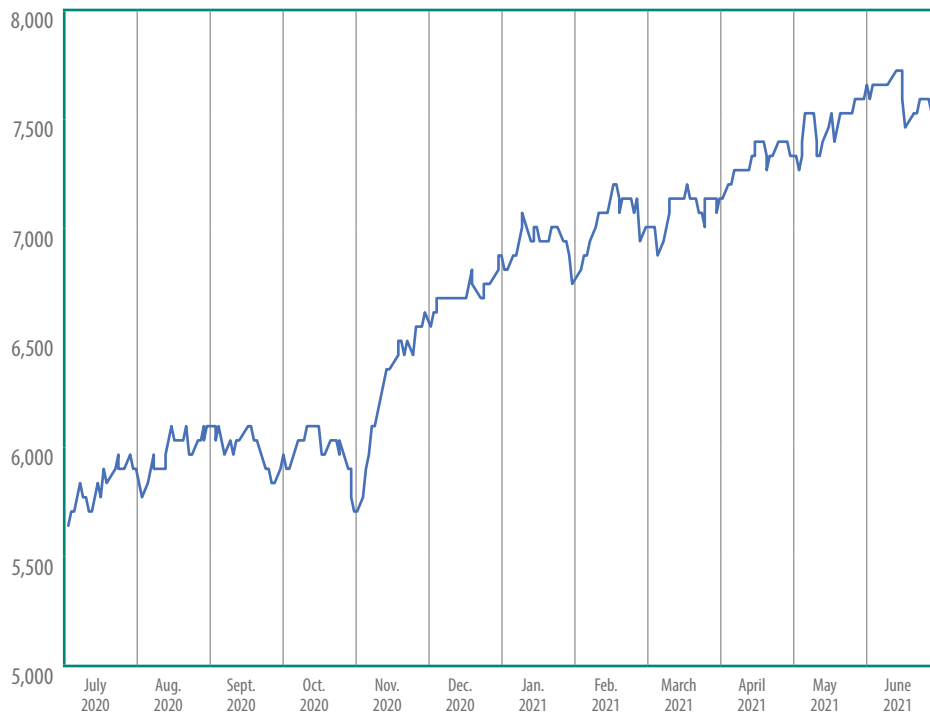
This section details the market drivers of the MSCI World ex USA Index, which is the benchmark for the STRS MSCI World ex USA Index Choice. The reacceleration of international developed economies from the bottom of pandemic-related recessions was combined with investor enthusiasm for the potential further removal of restricted activity in service sectors as COVID-19 vaccination rates climbed. Accommodative monetary and fiscal policies continued in fiscal 2021, and corporate earnings rebounded strongly. The best performing countries in fiscal 2021 were in Europe, led by Austria (+72.3%), Sweden (+55.7%) and Norway (+51.3%). The three countries with the lowest returns were New Zealand (-4.7%), Portugal (+12.5%) and Israel (+22.5%). The U.S. dollar weakened overall against developed market currencies, so the returns of dollar-based investors such as STRS Ohio were positively impacted in fiscal 2021.

## Country/Region Weightings as of June 30, 2021

Country/Region	% of Index
Japan.....	20.81%
United Kingdom .....	12.91%
France .....	10.34%
Canada .....	10.24%
Switzerland .....	8.80%
Germany .....	8.45%
Australia .....	6.46%
Netherlands.....	3.91%
Sweden .....	3.38%
Hong Kong.....	2.92%
Denmark.....	2.32%
Italy .....	2.22%
Spain .....	2.20%
Singapore.....	0.96%
Finland.....	0.95%
Belgium.....	0.85%
Ireland.....	0.63%
Norway.....	0.56%
Israel.....	0.54%
New Zealand .....	0.21%
Portugal .....	0.17%
Austria .....	0.17%
<b>Total MSCI World ex USA Index</b>	<b>100.00%</b>



### MSCI World ex USA Index Values For Fiscal Year 2021



The MSCI World ex USA Index is a trademark of MSCI Inc. The STRS MSCI World ex USA Index Choice is not sponsored, endorsed or promoted by MSCI, and MSCI bears no liability with respect to any investment choice or any index on which the investment choice is based.





## Structure

This investment choice is intended to closely match the return of the Morgan Stanley Capital International (MSCI) ACWI ex USA Index, before fees. The MSCI ACWI ex USA Index is based on the share price of approximately 1,900 companies listed on stock exchanges in 22 developed and 27 emerging countries/regions. The total investment return of the index is comprised of capital appreciation and dividend yield.

The STRS MSCI ACWI ex USA Index Choice is intended as a long-term investment choice due to higher volatility of returns of international stocks over short-term periods. Risks of international investment include, but are not limited to, stock market risk, country risk and currency risk.

## Annual Asset Management Fee

The total annual fee for STRS MSCI ACWI ex USA Index Choice is 0.14%.

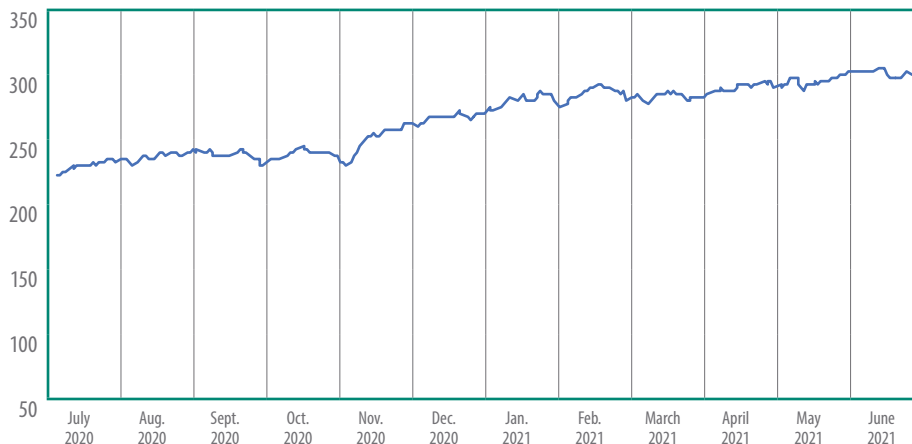
## Performance

The STRS MSCI ACWI ex USA Index Choice increased 35.53%, after fees, for the fiscal year ending June 30, 2021. This choice has provided a three-year return of 9.23%. While the STRS MSCI ACWI ex USA Index Choice seeks to closely match the performance of its corresponding index, its actual performance will differ because the index does not incur management fees.

## Market Drivers

This section details the market drivers of the MSCI ACWI ex USA Index, which is the benchmark for the STRS MSCI ACWI ex USA Index Choice. The reacceleration of international economies from the bottom of pandemic-related recessions was combined with investor enthusiasm for the potential further removal of restricted activity in service sectors as COVID-19 vaccination rates climbed. Corporate earnings rebounded strongly. Although there was a wider dispersion of returns in the emerging markets compared to the developed markets, the emerging markets overall had the higher returns due to particular strength in a few countries in Asia. The best performing countries in fiscal 2021 were Austria (+72.3%), Taiwan (+71.6%) and Korea (+67.1%). The three weakest markets were Egypt (-13.3%), Turkey (-12.4%) and New Zealand (-4.7%). The U.S. dollar weakened overall against international currencies, so the returns of dollar-based investors such as STRS Ohio were positively impacted in fiscal 2021.

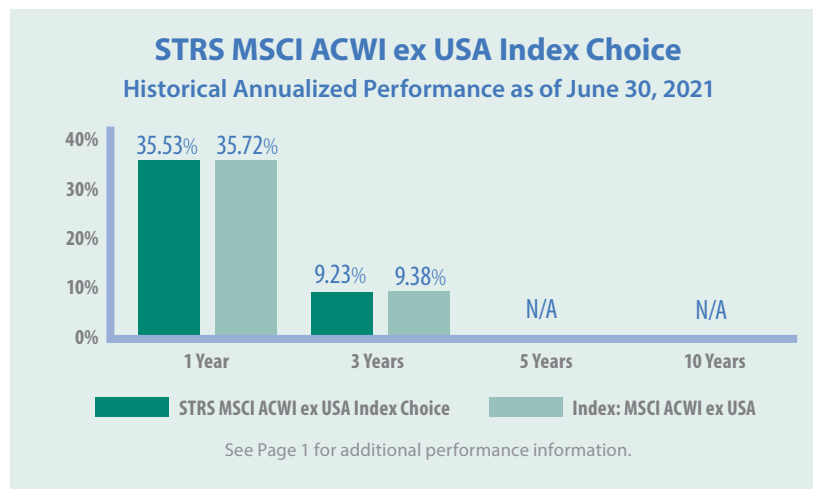
**MSCI ACWI ex USA Index Values**  
For Fiscal Year 2021



### Country/Region Weightings as of June 30, 2021

Country/Region	% of Index	Country/Region	% of Index
Japan.....	14.30%	Thailand.....	0.50%
China.....	11.74%	Ireland.....	0.44%
United Kingdom.....	8.87%	Norway.....	0.39%
France.....	7.10%	Malaysia.....	0.38%
Canada.....	7.03%	Israel.....	0.37%
Switzerland.....	6.04%	Indonesia.....	0.34%
Germany.....	5.80%	Poland.....	0.22%
Australia.....	4.44%	United Arab Emirates.....	0.22%
Taiwan.....	4.37%	Qatar.....	0.20%
Korea.....	4.14%	Philippines.....	0.19%
India.....	3.10%	Kuwait.....	0.16%
Netherlands.....	2.68%	New Zealand.....	0.15%
Sweden.....	2.32%	Chile.....	0.14%
Hong Kong.....	2.01%	Austria.....	0.12%
Brazil.....	1.63%	Portugal.....	0.11%
Denmark.....	1.59%	Turkey.....	0.07%
Italy.....	1.53%	Hungary.....	0.07%
Spain.....	1.51%	Peru.....	0.06%
South Africa.....	1.11%	Argentina.....	0.04%
Russia.....	1.04%	Colombia.....	0.04%
Saudi Arabia.....	0.90%	Greece.....	0.04%
Singapore.....	0.66%	Czech Republic.....	0.03%
Finland.....	0.65%	Egypt.....	0.02%
Belgium.....	0.59%	Pakistan.....	0.01%
Mexico.....	0.54%		

Total MSCI ACWI ex USA Index 100.00%



The MSCI ACWI ex USA Index is a trademark of MSCI Inc. The STRS MSCI ACWI ex USA Index Choice is not sponsored, endorsed or promoted by MSCI, and MSCI bears no liability with respect to any investment choice or any index on which the investment choice is based.



### Structure

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Unlike the other investment options offered by STRS Ohio, this option provides a guaranteed interest rate on contributions and transfers made in a given year. In exchange for this protection against any possible negative returns, participants must “lock in” their contributions and transfers made during the year until the end of a five-year term. The interest rate is paid on the contributions and transfers until the end of the five-year term and is credited to the account on a daily basis. The five-year term begins with the initial investment choice and concludes on the last day of the fifth fiscal year, ending June 30. (The STRS Ohio fiscal year runs from July 1–June 30.)

For example, contributions to the Total Guaranteed Return Choice 2022 made between July 1, 2020, and June 30, 2021, are locked in at a 4.25% annual interest rate until the end of the five-year term.

At the end of the five-year term, the participant must transfer the accumulated value to other STRS Ohio investment choices.

If the participant doesn't indicate investment options, the accumulated value of the choice will be automatically rolled into the Target Choice option that falls immediately before the participant's 60th birthday.

### Annual Asset Management Fee

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None

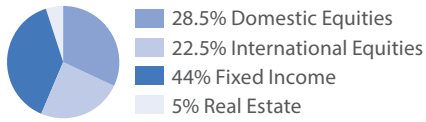
### Annual Interest Rate for Allocations Made Between July 1, 2020–June 30, 2021: **4.25%**

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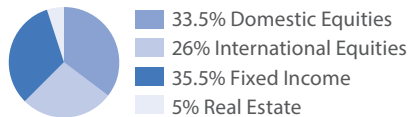
Effective July 1, 2018, this investment choice no longer accepts new contributions.

### Compositions as of July 1, 2021

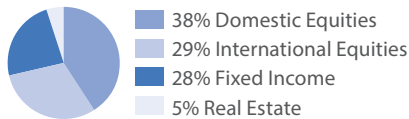
#### STRS Target Choice 2025



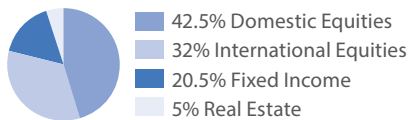
#### STRS Target Choice 2030



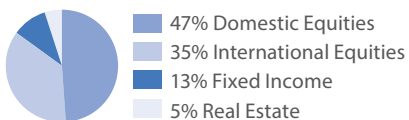
#### STRS Target Choice 2035



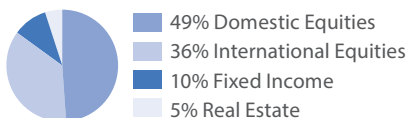
#### STRS Target Choice 2040



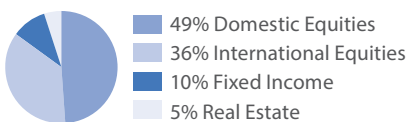
#### STRS Target Choice 2045



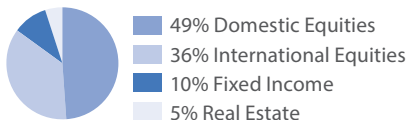
#### STRS Target Choice 2050



#### STRS Target Choice 2055



#### STRS Target Choice 2060



### Structure

These investment options target a year in the future that would roughly match a participant's retirement date. As the target date approaches, the more conservative the investment mix becomes — moving from a substantial allocation to stocks in the early years (seeking greater growth opportunities) toward a more balanced mix of stocks and bonds (in an effort to reduce volatility) as the target date nears. When the Target Choice reaches its target date, participants who are not going to annuitize the account for retirement must transfer the accumulated value to other STRS Ohio investment options. If no other option is chosen, the accumulated value of the choice automatically rolls into the Target Choice option that falls immediately before the participant's 60th birthday.

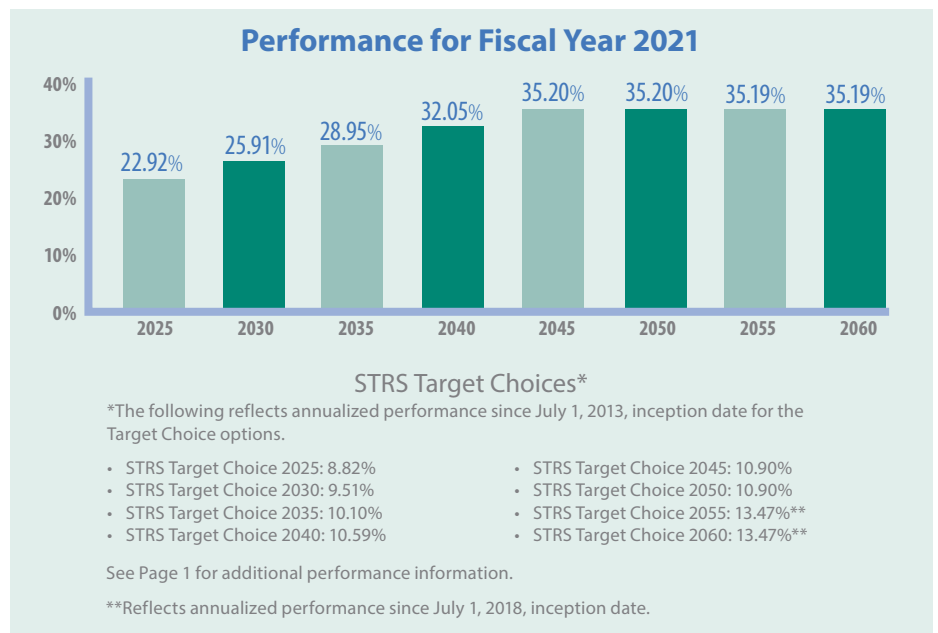
### Annual Asset Management Fee

The total annual fee for STRS Target Choice options is 0.10%.

### Performance

Target Choice options consist of blends of other STRS Ohio investment choices representing domestic and international equities, fixed income and real estate investments. Performance and market drivers for these other choices can be found on the following pages:

- Bonds — see the STRS Bloomberg U.S. Universal Bond Index Choice on Pages 8–9.
- Domestic equities — The domestic equities component is the Russell 3000® Index. The Russell 3000® Index is comprised of approximately 90% of the Russell 1000® Index and approximately 10% of the Russell 2000® Index. The Russell 1000® Index characteristics are shown on Pages 12–13 and the Russell 2000® Index characteristics are shown on Pages 16–17.
- Real estate — see the STRS REIT Index Choice on Pages 18–19.
- International equities — see the STRS MSCI World ex USA Index Choice on Pages 20–21.



## **benchmark**

A standard, usually an unmanaged index, used for comparative purposes in assessing a fund's performance.

## **Bloomberg U.S. Universal Bond Index**

The Bloomberg U.S. Universal Bond Index measures publicly issued U.S. dollar-denominated, fixed-rate taxable bonds on a total return basis. It consists of approximately 14,000 different issues and includes fixed-income securities that are rated either investment grade or below investment grade. Municipal debt, private placements and nondollar issues are excluded from the index.

## **bond**

A debt instrument issued by a company, city or state, or the U.S. government or its agencies, with a promise to pay regular interest and return the principal on a specified date.

## **bond credit rating**

Independent evaluation of a bond's credit-worthiness. This measurement is usually calculated through an index compiled by companies such as Standard & Poor's (S&P) or Moody's. Bonds with a credit rating of BBB or higher by S&P or Baa or higher by Moody's are generally considered investment grade.

## **book/price ratio**

The current book value of a stock divided by its current market price.

## **book value**

The net worth or liquidating value of a business. This is calculated by subtracting all liabilities, including debt and preferred stocks, from total assets.

## **bottom-up approach**

The search for outstanding performance of individual stocks before considering the impact of economic trends. Such companies may be identified from research reports, stock screens or personal knowledge of the products and services.

## **business day/valuation day**

A day when market exchanges are open for business.

## **capital appreciation**

The increase in the share price and value of an investment.

## **diversification**

The strategy of investing in a wide range of companies, industries or investment products to reduce the risk if an individual company or sector suffers losses.

## **dividend yield**

The current or estimated annual dividend divided by the market price per share of a security.

## **Economic sectors**

### **Communication Services**

Contains companies involved in communication services, including wireless, cellular and high-bandwidth networks.

### **Consumer Discretionary**

Includes industries likely to be most sensitive to economic cycles, including automotive, apparel, household durable goods, hotels, restaurants and consumer retailing.

### **Consumer Staples**

This sector includes industries that are less sensitive to economic cycles, including food, beverage and tobacco manufacturers, producers of nondurable household goods, and food and drug retailing companies.

### **Energy**

Contains companies involved in producing, marketing or refining gas and oil products.

### **Financials**

Includes companies engaged in finance, banking, investment banking and brokerage, insurance, corporate lending and real estate.

### **Health Care**

Includes manufacturers of health care equipment and supplies, providers of health care services and producers of pharmaceuticals.

### **Industrials**

This sector includes companies involved in construction, engineering and building, aerospace and defense, industrial equipment and machinery, and transportation services and infrastructure.

### **Information Technology**

Contains companies primarily involved in technology software and services, hardware and equipment, and manufacturers of semiconductors.

### **Materials**

Includes companies that manufacture chemicals; construction materials; glass; paper products; and metals, minerals and mining companies.

### **Utilities**

Includes gas, water and electric utilities, as well as companies that operate as independent producers or distributors of power.

**float**

The number of shares of a corporation that are outstanding and available for trading by the public. A small float means the stock will be volatile, since a large order to buy or sell shares can influence the stock's price dramatically. A larger float means the stock will be less volatile.

**index choice**

An investment choice designed to closely match performance and composition of a particular market benchmark, such as the Russell 1000® Index.

**interest rate**

The rate of interest charged for the use of money, usually expressed as an annual rate.

**liquidity**

The ability to easily turn assets into cash. An investor should be able to sell a liquid asset quickly with little effect on the price. Liquidity is a central objective of money market funds.

**market capitalization (large-cap, mid-cap, small-cap)**

The market price of a company's shares multiplied by the number of shares outstanding. Large capitalization (large-cap) companies generally have more than \$5 billion in market capitalization; mid-cap companies between \$1.5 billion and \$5 billion; and small-cap companies less than \$1.5 billion. These capitalization figures may vary depending upon the index being used and/or the guidelines used by the portfolio manager.

**market value**

The price at which a security is trading and could presumably be purchased or sold. This also refers to what investors believe a firm is worth, calculated by multiplying the number of shares outstanding by the current market price of a firm's shares.

**market value-mean**

The market value of a group of securities computed by calculating the arithmetic average of a sample.

**market value-weighted**

The market value of a group of securities computed by calculating a weighted average of the returns on each security in the group, where the weights are proportional to outstanding market value.

**maturity**

The final date on which the payment of a debt instrument (e.g., bonds, notes, repurchase agreements) becomes due and payable. Short-term bonds generally have maturities of up to five years, intermediate-term bonds between five and 15 years, and long-term bonds more than 15 years.

**MSCI ACWI ex USA Index**

The MSCI (Morgan Stanley Capital International) ACWI (All Country World Index) ex USA Index captures large- and mid-cap representation across 22 developed markets and 26 emerging market countries with approximately 1,900 foreign companies. The index covers about 85% of the global opportunity set outside of the United States.

**MSCI World ex USA Index**

The MSCI (Morgan Stanley Capital International) World ex USA Index is a free float-adjusted market capitalization index of approximately 1,000 foreign companies that is designed to measure developed market equity performance, excluding the United States.

**net asset value (NAV)**

The market value of one unit of an investment option on any given day. It is determined by dividing an investment option's total net assets by the number of units outstanding.

**price/book ratio**

The current market price of a stock divided by its book value or net asset value.

**price/earnings ratio (P/E)**

The current market price of a stock divided by its earnings per share. Also known as the "multiple," the price-to-earnings ratio gives investors an idea of how much they are paying for a company's earning power and is a useful tool for evaluating the costs of different securities.

**price/sales ratio**

The current market price of a stock divided by total sales.

**Risk****country risk**

The possibility that world events, such as political instability, financial troubles or natural disasters, will adversely affect the value of securities issued by companies in foreign countries.

**credit risk**

A loss in value due to a bond issuer's failure to make timely interest and principal payments or adverse perception of the issuer's ability to make such payment.

**currency risk**

The possibility an investment's value will change due to changes in currency exchange rates.

**income risk**

The possibility income will decline because of falling interest rates.

**industry concentration risk**

Investments concentrated heavily in specific industries could trail the overall market.

**interest rate risk**

The risk that values will fall with changes in interest rates.

**investment style risk**

The chance that returns from a designated investment style will trail returns from the overall stock market.

**manager risk**

The possibility that poor security selection will cause underperformance relative to the benchmark.

**purchasing power risk**

The possibility principal and interest won't be worth as much in the future because of erosion in value due to inflation.

**stock market risk**

The possibility that stocks will experience losses due to factors that affect the overall performance of the financial markets.

**risk tolerance**

How sensitive you are to market losses.

**Russell Indices**

These indices are used as standards for measuring U.S. stock market performance. An example would be the Russell 3000®, which is the most widely used broad market index for U.S. institutional investors. It is comprised of the largest 3,000 U.S. stocks, representing 98% of investable U.S. equity.

**stock**

An ownership share in a corporation. Each share of stock is a proportional stake in the corporation's assets and profits, and purchasing a stock should be thought of as owning a proportional share of the successes and failures of that business.

**top-down approach**

The method in which an investor first looks at trends in the general economy, selects attractive industries and then companies in those industries that should benefit from those trends.

**tracking error**

A portfolio volatility measurement that compares the variation (measured by the standard deviation) of the difference between the performance of the benchmark and a particular fund.

**Treasury securities**

Negotiable debt obligations of the U.S. government, secured by its full faith and credit. The income from Treasury securities is exempt from state and local income taxes, but not from federal income taxes. There are three types

of Treasuries: bills (maturity of three–12 months), notes (maturity of one–10 years) and bonds (maturity of 10–30 years).

**volatility**

The general variability of a portfolio's value resulting from price fluctuations of its investments. In most cases, the more diversified a portfolio is, the less volatile it will be.

**yield**

The annual rate of return on an investment, as paid in dividends or interest. It is expressed as a percentage obtained by dividing the market price for a stock or bond into the dividend or interest paid in the preceding 12 months.



STRS Ohio investment choices are not publicly traded mutual funds. They are available only through participation in the STRS Ohio Defined Contribution and Combined Plans.

### Asset Management Fee Example:

Members who participate in the STRS Ohio Defined Contribution or Combined Plan are charged asset management fees annually. The following table provides an example of the annual fees you would incur on a hypothetical investment of \$1,000 in each STRS Ohio investment choice. The fees are taken from the net asset value of each choice each valuation day. For the purpose of this example, to calculate annual fees, the total fee is multiplied by the year-end account balance in that option.

The table assumes (a) continuation into future years of the applicable STRS Ohio fee; (b) a 5% annual return; and (c) disbursement at each time period shown. This example should not be considered a representation of past or future expenses. Actual expenses may be greater or lesser than shown, depending upon factors such as actual performance.

	1 Year	3 Years	5 Years	10 Years
STRS Money Market Choice	\$1	\$3	\$6	\$13
STRS Bloomberg U.S. Universal Bond Index Choice	\$1	\$2	\$4	\$9
STRS Large-Cap Core Choice	\$3	\$10	\$17	\$40
STRS Russell 1000® Index Choice	\$1	\$2	\$3	\$7
STRS Russell Midcap® Index Choice	\$1	\$2	\$4	\$9
STRS Russell 2000® Index Choice	\$1	\$2	\$4	\$9
STRS MSCI World ex USA Index Choice	\$1	\$3	\$6	\$13
STRS MSCI ACWI ex USA Index Choice	\$1	\$5	\$8	\$18
STRS REIT Index Choice	\$1	\$3	\$6	\$13
Target Choice Options	\$1	\$3	\$6	\$13

### Account Fee:

In addition to the fees listed above, a quarterly account fee of \$10 is charged to each participant in a Defined Contribution or Combined Plan. The fee is taken proportionately from the member's account balance on the first business day of the quarter.

### Maintenance Fee for Inactive Accounts Less Than \$5,000:

Members who have not contributed to the Defined Contribution Plan or the defined contribution portion of the Combined Plan for a period of 120 consecutive days are deemed inactive. Inactive members with account balances of less than \$5,000 are assessed a \$10 monthly fee taken proportionately from the balance of their account. If this fee is charged, the \$10 quarterly account fee is waived.

### Contributions:

The State Teachers Retirement System of Ohio (STRS Ohio) is a statewide pension plan for Ohio educators that operates by the authority of the Ohio General Assembly, and benefits are provided under Chapter 3307 of the Ohio Revised Code. Employers submit member and employer contributions to STRS Ohio after each payroll. For members enrolled in the STRS Ohio Defined Contribution or Combined Plan, member and employer contributions are deposited in each member's account according to plan design and invested according to the member's current contribution investment within five days of receipt.

### Investment Choice Composition:

The top 10 holdings, asset allocation, major market sectors and geographical diversification included for some investment choices are presented to illustrate examples of the diversity of the available choices. The illustrations may not be representative of the choices' current or future investments. The figures presented are as of date shown and may change at any time.

### Value of Assets/Account Value:

The performance of the investment choices made by members is used upon distribution to determine funds accumulated. Each investment option is valued each valuation day. Each option is determined by unit values. The unit value reflects performance and expenses. The account value is based on the unit value, at the end of each valuation day and the number of accumulated units of each investment option. STRS Ohio will use market quotations, amortized cost or "fair value" to determine the unit value of each investment option. Investment return and principal value will fluctuate so that a member's units, when redeemed, may be worth more or less than their original cost.

### Internet Capabilities:

Nationwide Retirement Solutions (NRS) will maintain an Internet website accessible through [www.strsoh.org](http://www.strsoh.org) for the benefit of STRS Ohio members participating in the STRS Ohio Defined Contribution Plan or the defined contribution portion of the Combined Plan. Services and information available to participants include access to account balance, current contribution allocation, investment option information and education materials. Members will also be able to change future contribution allocations and perform exchanges among available investment choices. Written confirmations will normally be mailed to members within two business days of conducting transactions. Members should verify the accuracy of Internet transactions immediately upon receipt of the confirmation. While the website is typically



available 24 hours a day, seven days a week for these services, NRS cannot guarantee availability. NRS is not responsible for any gain or loss attributable to these website services being unavailable. Members must accept the NRS Electronic Service Agreement in order to use the site.

### **Transfers and Allocation Changes Among Investment Choices:**

Members may conduct exchanges daily by phone or via the Internet unless exchange restrictions apply. Verbal instructions will be accepted upon verification of member identity and will be recorded to verify accuracy.

Exchange instructions completed by 4 p.m. Eastern Standard Time on a business day are posted to a member's account at the closing price that day or, if the day of the exchange is not a business day, at the closing price on the next business day.

Members may change their future contribution allocation and make exchanges among available investment choices without charge.

Members are permitted 20 trade events each calendar year. A trade event is defined as any trade or combination of trades occurring on a given valuation day. NRS also provides these additional safeguards to protect STRS Ohio from illegal late-day trading and improper market-timing trading.

- If six or more trade events occur in one calendar quarter, NRS will notify the participant by U.S. mail that he or she has been identified as engaging in potentially harmful trading practices.
- Following this notification, if more than 11 trade events occur in two consecutive calendar quarters, NRS will require the participant to submit all future trade requests in paper form only via regular U.S. mail for the remainder of the calendar year.
- If 20 trade events occur in a calendar year, NRS will require the participant to submit all future trade requests in paper form via U.S. mail for the remainder of the calendar year.

### **Member Reporting:**

Members in the Defined Contribution Plan and the Combined Plan will receive a quarterly statement of their account. Statements are mailed to members by the 20th business day of the month following the end of a quarter. Statements include beginning and ending balances, deposits, gains and losses, transactions, fees, contribution election and asset allocation information. Contributions posted to your account after the close of a quarter will not appear on that quarter's statement. Each fall, members in the Combined Plan will also receive an *Annual Statement of Account* from STRS Ohio that includes their projected retirement, survivor benefit and

disability benefit assuming the member meets or will meet the eligibility requirements for the defined benefit portion of the account. A record of service credit is also provided. Please review all quarterly statements carefully and inform NRS of any discrepancies within 120 days of the close of the calendar quarter in which the discrepancy occurs. Failure to do so may result in the inability to adjust your account.

### **Disbursements:**

In accordance with state law, disbursements to members may be made only if the member has terminated STRS Ohio contributing service. Additionally, disbursements may be made only at the times and under the circumstances allowable by the Internal Revenue Code. The Defined Contribution and the Combined Plans do not allow loans or hardship withdrawals.

Members may take payment from the Defined Contribution Plan or the defined contribution portion of the Combined Plan through a rollover, a lump-sum withdrawal or a variety of annuities. Units will be redeemed from investment choices on the business day after processing of the payment request is complete. Disbursements can be sent to the member or to the member's financial institution. Members may request additional information or forms for disbursement by calling an STRS Ohio member service representative toll-free at 888-227-7877 or going to [www.strsoh.org](http://www.strsoh.org).

Members who request disbursement should be aware that the unit values of their account will remain subject to changing market conditions pending the receipt and processing of the disbursement.

Members who receive distributions will receive applicable tax statements. Members should file this tax statement with their income tax return. Members should always consult their accountant, lawyer or tax adviser for individual guidance.

### **Inability to Conduct Business:**

NRS is available to execute transactions 24 hours a day, seven days a week through its Internet website during normal working conditions. Although NRS has a comprehensive contingency plan for both power failures and phone service interruption, abnormal circumstances could occur due to events such as severe weather conditions, natural disasters or inevitable accidents such that NRS may not be able to execute investment transactions. During this time of emergency, NRS will strive to restore normal business functions in a timely manner.



**State Teachers Retirement System of Ohio**

275 East Broad Street  
Columbus, OH 43215-3771

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