



2023

STATE TEACHERS RETIREMENT SYSTEM OF OHIO

**Defined Contribution Investments
ANNUAL FINANCIAL REPORT**

Fiscal Year Ending June 30, 2023





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**STATE TEACHERS
RETIREMENT SYSTEM
OF OHIO**

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May 2024

The State Teachers Retirement Board and STRS Ohio staff are pleased to present our *Defined Contribution Investments Annual Report* for fiscal year 2023. This report contains investment information and results from July 1, 2022–June 30, 2023, for STRS Ohio's defined contribution account investment choices.

Fiscal year 2023 saw a strong rebound in the U.S. and international equity markets despite a rising interest rate environment. The top performing investment choice was the STRS Russell 1000 Index Choice with a return of +19.30%. Interest rates were also a prime factor in the lowest performing asset classes, REITs and fixed income. A summary of the performance of all of the investment choices is included in the Performance Sections that begins on Page 7.

At fiscal 2023 year-end, total assets for the Defined Contribution Plan and the defined contribution portion of the Combined Plan totaled more than \$2.6 billion, an increase from \$2.1 billion at the end of fiscal 2022. 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 'Lynn A. Hoover'.

Lynn A. Hoover
Acting Executive Director

Investment Performance Report as of June 30, 2023

Annualized Rates of Return



VARIABLE INVESTMENT CHOICES

| Cash | 1 Year | 3 Years | 5 Years | 10 Years | | |
|---|--------|---------|---------|----------|------------------------------|----------------|
| STRS Money Market Choice^B | 3.72% | 1.33% | 1.48% | 0.96% | | |
| Index: 90-day U.S. Treasury bill | 3.59% | 1.27% | 1.55% | 0.99% | | |
| Bonds | 1 Year | 3 Years | 5 Years | 10 Years | | |
| STRS Bloomberg U.S. Universal Bond Index Choice^{AB} | -0.11% | -3.50% | 0.91% | 1.69% | | |
| Index: Bloomberg U.S. Universal Bond Index | -0.04% | -3.43% | 0.98% | 1.80% | | |
| Large-Cap | 1 Year | 3 Years | 5 Years | 10 Years | | |
| STRS Large-Cap Core Choice^B | 18.16% | 14.75% | 11.66% | 11.36% | | |
| Index: Russell 1000 [®] Index | 19.36% | 14.09% | 11.92% | 12.64% | | |
| STRS Russell 1000 Index Choice^B | 19.30% | 14.04% | 11.87% | 12.56% | | |
| Index: Russell 1000 [®] Index | 19.36% | 14.09% | 11.92% | 12.64% | | |
| Mid-Cap | 1 Year | 3 Years | 5 Years | 10 Years | | |
| STRS Russell Midcap Index Choice^B | 14.84% | 12.42% | 8.38% | 10.23% | | |
| Index: Russell Midcap [®] Index | 14.92% | 12.50% | 8.46% | 10.32% | | |
| Small-Cap | 1 Year | 3 Years | 5 Years | 10 Years | | |
| STRS Russell 2000 Index Choice^B | 12.23% | 10.75% | 4.14% | 8.16% | | |
| Index: Russell 2000 [®] Index | 12.31% | 10.82% | 4.21% | 8.26% | | |
| International | 1 Year | 3 Years | 5 Years | 10 Years | Since Inception ^D | Inception Date |
| STRS MSCI World ex USA Index Choice^B | 17.30% | 9.19% | 4.48% | 5.24% | | |
| Index: MSCI World ex USA Index | 17.41% | 9.30% | 4.58% | 5.40% | | |
| STRS MSCI ACWI ex USA Index Choice^B | 12.55% | 7.07% | 3.37% | N/A | 3.37% | 7/1/2018 |
| Index: MSCI ACWI ex USA | 12.72% | 7.22% | 3.52% | N/A | 3.52% | |
| Specialty/Real Estate | 1 Year | 3 Years | 5 Years | 10 Years | | |
| STRS REIT Index Choice^{BC} | -0.23% | 8.80% | 4.45% | 6.26% | | |
| Index: FTSE NAREIT Equity REIT | -0.13% | 8.91% | 4.55% | 6.41% | | |

TARGET CHOICE OPTIONS

| Blends | 1 Year | 3 Years | 5 Years | 10 Years | Since Inception ^D | Inception Date |
|--|--------|---------|---------|----------|------------------------------|----------------|
| STRS Target Choice 2025^B | 9.07 | 5.35 | 5.44 | 6.54 | | |
| STRS Target Choice 2030^B | 10.64 | 6.56 | 6.01 | 7.11 | | |
| STRS Target Choice 2035^B | 12.05 | 7.73 | 6.54 | 7.67 | | |
| STRS Target Choice 2040^B | 13.46 | 8.90 | 7.04 | 8.14 | | |
| STRS Target Choice 2045^B | 14.88 | 10.06 | 7.58 | 8.48 | | |
| STRS Target Choice 2050^B | 15.46 | 10.22 | 7.67 | 8.53 | | |
| STRS Target Choice 2055^B | 15.47 | 10.22 | 7.67 | N/A | 7.67% | 7/1/2018 |
| STRS Target Choice 2060^B | 15.47 | 10.22 | 7.67 | N/A | 7.67% | 7/1/2018 |

Historic 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.

^A "Bloomberg[®]" and the Bloomberg Indices 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.

^B 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.

^C 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.

^D Reflects annualized performance since inception if less than 10 years.

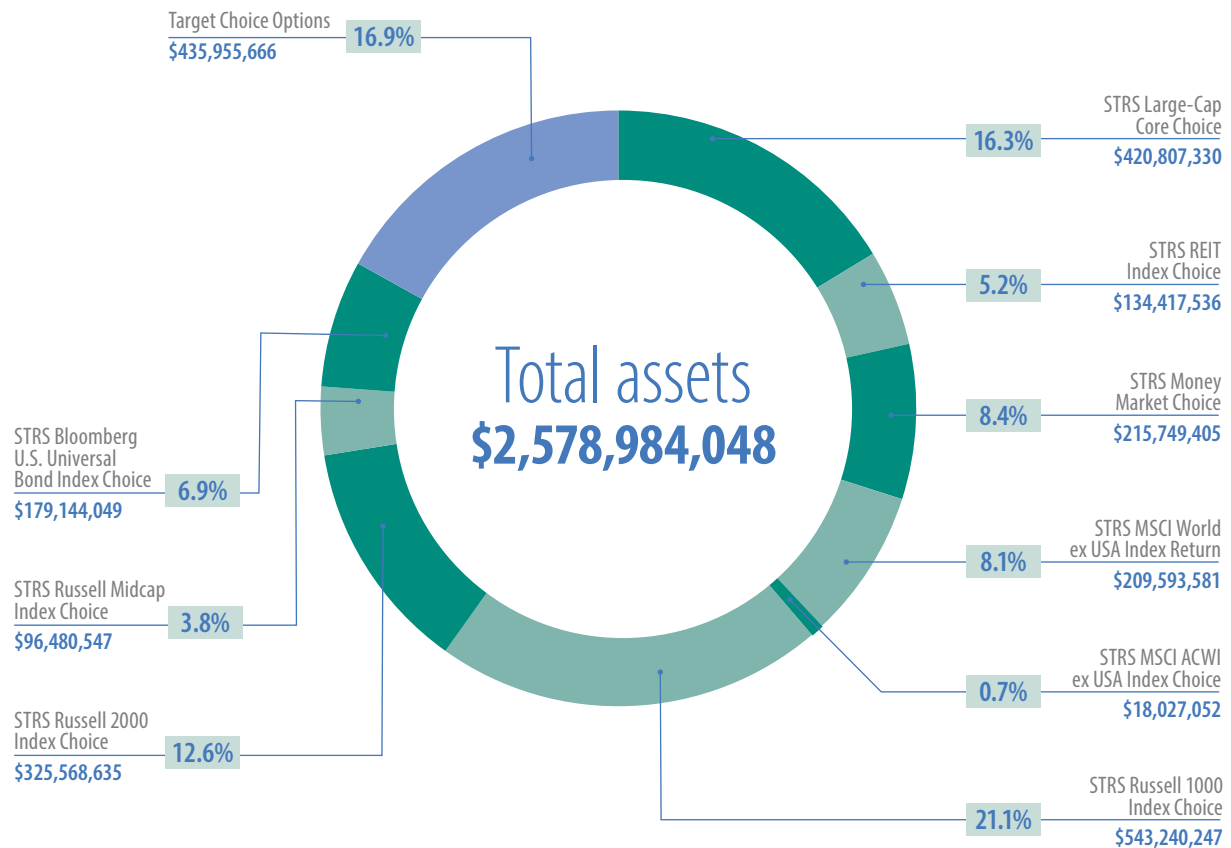
The Russell Indices are a trademark of FTSE International Limited (FTSE) and Frank Russell Company (Russell) and their respective subsidiary undertakings, which are members of the London Stock Exchange Group plc group. STRS Ohio investment choices are not sponsored, endorsed, sold or promoted by Russell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

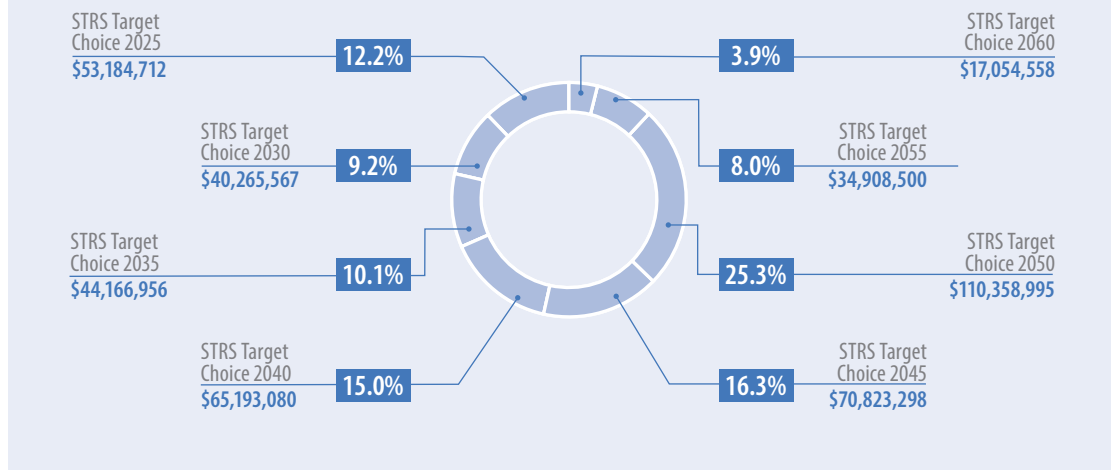


Defined Contribution Asset Value by Investment Choice

As of June 30, 2023



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, 2023. More information on these options can be found in the Performance Section beginning on Page 7.

Investment Review

As the transition out of the pandemic continued, the pace of economic activity increasingly moderated in fiscal 2023. However, inflation climbed and increased well beyond the U.S. Federal Reserve's 2.0% policy target. To tame inflation, the Federal Reserve tightened monetary conditions by rapidly lifting its policy interest rate from the 1.5%–1.75% range in June 2022 to the 5%–5.25% range by June 2023. That led real (inflation-adjusted) gross domestic product (GDP) to slow from an above-trend 2.7% annual rate in the first half of fiscal 2023 to a 2.2% annual rate in the second half. Higher interest rates and tighter credit standards slowed residential investment and non-residential fixed investment as well. Higher mortgage rates and elevated house prices restrained housing affordability, discouraging home sales.

Meanwhile, the labor market remained an area of strength and continued to support economic activity. Nonfarm payrolls rose by about 3.7 million and unemployment averaged 3.6%, a multi-decade low. As more workers joined the labor force, the participation rate rose to 62.6% from 62.2% and the prime-age (age 25–64) participation rate grew to 74.7% from 74%, surpassing the 74.4% pre-pandemic peak. That helped increase the labor force by roughly three million. Despite that increase in labor supply, wage pressures persisted because labor demand stayed robust.

A strong labor market and personal income growth continued to support consumer spending. Consumers increasingly spent their incomes and savings on pent-up demand for goods and services that had developed during the pandemic. While the pent-up demand for goods increasingly faded, the demand for services such as travel and leisure activities was strong through the year. Nonetheless, real personal consumption expenditures moderated to a 1.8% annual growth in fiscal 2023 after advancing at a 2.2% rate in fiscal 2022.

As the Federal Reserve tightened monetary conditions, inflation also gradually slowed. Measured by the Consumer Price Index, inflation had increased at an 8.3% annual rate in the first quarter of the fiscal year and slowed to a 4.1% rate in the last quarter. Policymakers had attributed the initial rise in inflation to global supply chain disruptions during the pandemic. As those problems were resolved, goods inflation decreased rapidly; however, services inflation stayed elevated as businesses in the service sector raised prices to pass on higher wage costs to consumers. Consequently, even as inflation decreased, it was still above the 2.0% long-term policy target by the end of the year.

Gross Domestic Product/Consumer Price Index 2003–2023 Year-Over-Year Growth Rates



Note: Shaded areas denote a recession.

Sources: Bureau of Economic Analysis, Bureau of Labor Statistics/Haver Analytics

As the Federal Reserve increased its policy interest rate, inflation eased. Higher rates also kept a lid on GDP growth.

Money market returns improved with rising interest rates

Yields followed the current short-term interest rates maintained by the U.S. Federal Reserve Board higher throughout fiscal 2023. The Fed raised rates to combat higher inflation.

Fixed-income returns flatten as interest rates increase

Bond market returns were nearly flat in fiscal 2023 as interest rates increased and credit spreads tightened. The Federal Reserve continued to aggressively raise short-term interest rates in response to persistent high inflation readings. These rate increases and forward guidance provided by the Fed also put further upward pressure on long-term interest rates, negatively impacting bond market returns. The 10-year U.S. Treasury bond yield rose from 3.01% at the beginning of the fiscal year to 3.81% at fiscal year-end, resulting in price depreciation.

U.S. equity market returns rebound strongly in fiscal 2023

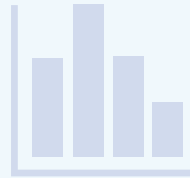
The U.S. equity market rebounded sharply during the year. The market, as measured by the Russell 1000® Index gained 19.36% during fiscal 2023. The Federal Reserve aggressively raised rates throughout the year to control inflation. Supply chain disruptions eased for the most part and returned to a more normal environment. While the market indices rose throughout the year, the breadth of the market narrowed. Large capitalization stocks performed the best during the year as investors flocked to mega-cap growth stocks.

International equities post solid returns

Double-digit positive returns, were recorded in several large equity markets, including Japan, United Kingdom and Switzerland. Developed markets overall had higher returns than emerging markets.

Rising interest rates mute REIT returns

The higher interest rate environment that persisted in fiscal 2023 dampened REIT returns with the FTSE NAREIT Equity REIT Index posting a -0.13% return for the year.



Defined Contribution
Investment Performance

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

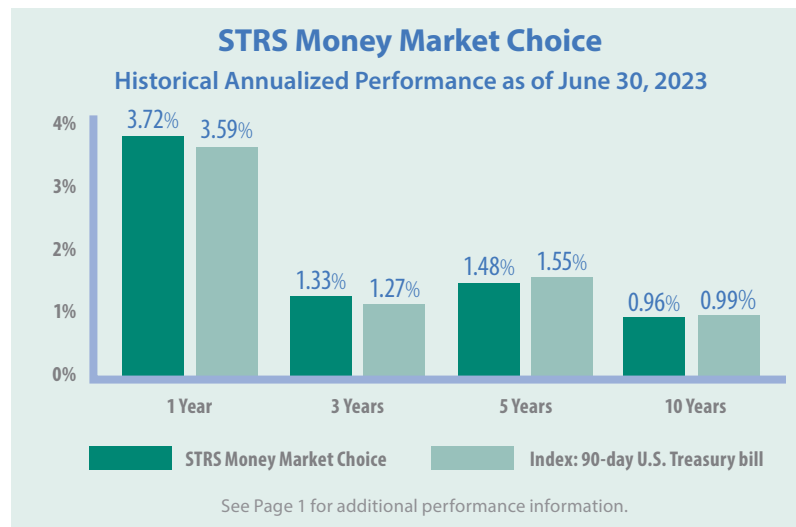
The STRS Money Market Choice returned 3.72%, after fees, for fiscal year 2023 compared to the benchmark 90-Day U.S. Treasury bill that returned 3.59%. The choice invested mainly in U.S. government-backed Treasury bills and Agency Notes, but supplemented yields with investments in Commercial Paper with maturities within 12 months.

Market Drivers

STRS Money Market Choice performance was 3.72%, after fees, for the year. Yields follow the current short-term interest rates maintained by the U.S. Federal Reserve, which ranged from 1.625% at the beginning of the fiscal year to 5.125% at June 30, 2023. Monetary policymakers continued to raise interest rates in order to combat higher inflation. U.S. Government and Agency Notes made up the bulk of the investable universe with Commercial Paper to a lesser extent. The table below shows the STRS Money Market Choice investment allocation:

Sector Weightings as of June 30, 2023

| Sector | Weight |
|---------------------------------------|-------------|
| U.S. Government and Agency Notes | 92.5% |
| Money Market | 4.6% |
| Commercial Paper | 2.9% |
| Total STRS Money Market Choice | 100% |





Structure

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

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

Performance

For the fiscal year ending June 30, 2023, the STRS Bloomberg U.S. Universal Bond Index Choice returned -0.11% 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.

For fiscal 2023, the Bloomberg U.S. Universal Index had a return of -0.04%. Fixed income returns were driven by higher interest rates and tighter credit spreads. The highest returning sector was high yield (9.06%), followed by emerging markets (5.64%), investment grade corporates (1.55%), asset-backed securities (1.18%), government related (0.24%), mortgage-backed securities (-1.52%), commercial mortgage-backed securities (-1.70%) and treasuries (-2.13%).

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

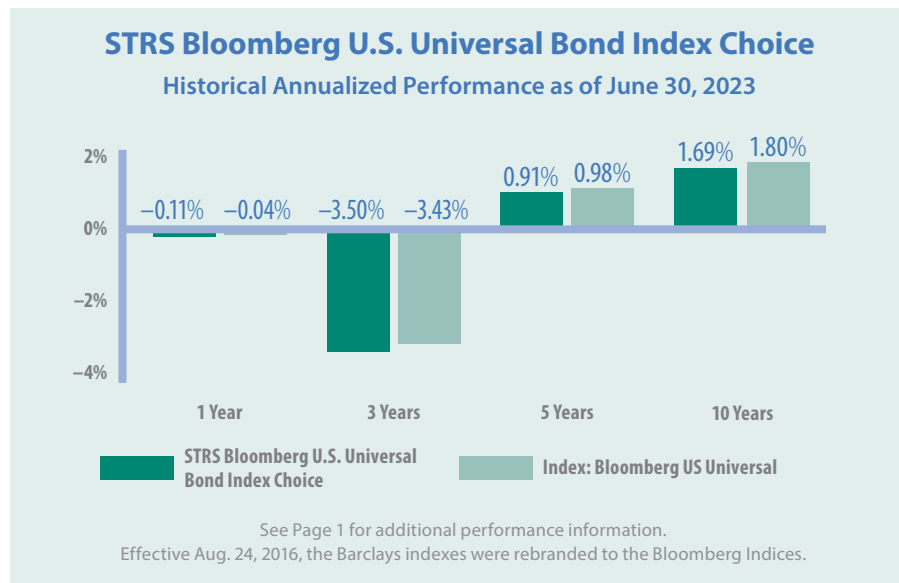
Bond market returns were low in fiscal 2023 as interest rates increased and credit spreads widened. In response to rising inflation, the Federal Reserve began to aggressively raise short-term interest rates. These rate increases and forward guidance provided by the Fed also put further upward pressure on long-term interest rates, negatively impacting bond market returns. The 10-year U.S. Treasury bond yield rose from 3.01% at the beginning of the fiscal year to 3.81% at fiscal year-end, resulting in price depreciation.

Index Statistics as of June 30, 2023

| | |
|------------------------|------------------|
| Number of Issues | 20,148 |
| Average Yield | 5.19% |
| Average Maturity | 8.37 Years |
| Market Value | \$29.87 Trillion |

Sector Weightings as of June 30, 2023

| Sector | Weight |
|--|-------------|
| Treasury | 35% |
| Corporate | 25% |
| Mortgage | 25% |
| Emerging Market | 6% |
| Government-Related | 5% |
| High Yield | 4% |
| Total STRS Bloomberg U.S. Universal Bond Index | 100% |





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 rose 18.16%, after fees, in the fiscal year ending June 30, 2023. This trailed the return posted by the benchmark Russell 1000® Index. Underperformance was attributed to both stock selection and sector weightings. Much of the weakness attributable to an investment bias toward lower valuation stocks, while the market rally was primarily driven by a narrow group of high valuation growth companies.

Market Drivers

The U.S. equity market rebounded sharply during the year. The U.S. equity market, as measured by the Russell 1000® Index gained a very strong 19.36% for the period.

The Federal Reserve aggressively raised rates throughout the year in an effort to control inflation. Supply chain disruptions eased for the most part and returned to a more normal environment. The second half of the fiscal year saw several bank failures, with Silicon Valley Bank being the most notable. A full-out banking crisis was contained, but created investor worry about the stability of the financial system.

Despite the Federal Reserve's efforts to slow the economy, cyclical stocks performed the best during the period. Although oil prices eased somewhat throughout the year, prices remained elevated and energy sector performance was strong. The cyclical information technology and industrials sectors also posted strong performance during the year. The interest-rate sensitive real estate sector was the worst performing group.

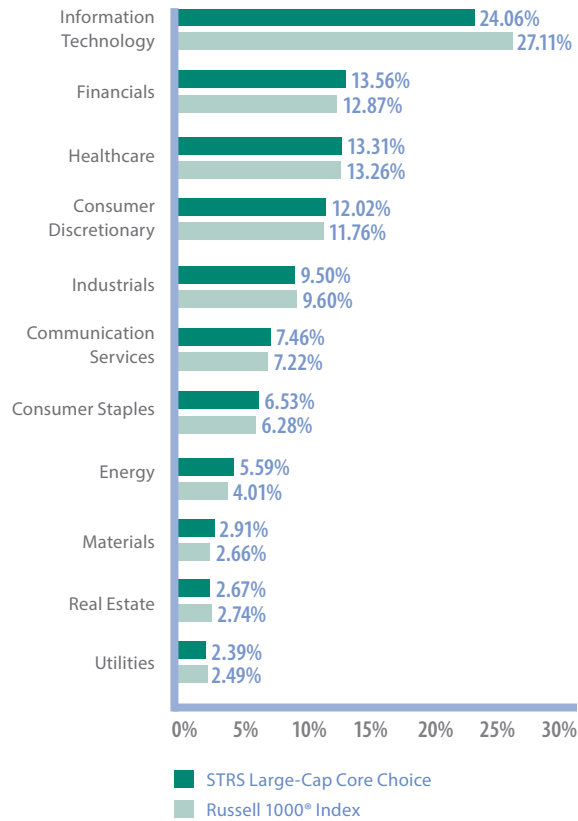
While the market indices rose throughout the year, the breadth of the market narrowed. Large capitalization stocks performed the best during the year as investors flocked to mega-cap growth stocks.

Top 10 Holdings as of June 30, 2023

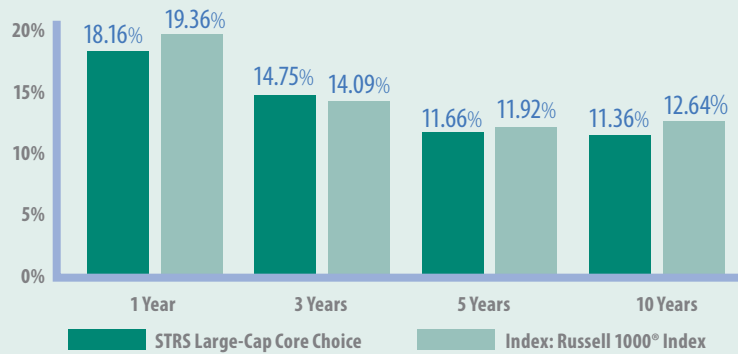
| Top 10 Holdings | % of Total Investment Choice |
|---|------------------------------|
| Apple Inc. (AAPL) | 5.33% |
| Microsoft Corp. (MSFT) | 4.59% |
| Amazon.com Inc (AMZN) | 3.19% |
| Alphabet Inc. Class A (GOOGL) | 2.55% |
| Exxon Mobil Corp. (XOM) | 1.93% |
| Berkshire Hathaway Inc. Class B (BRK/B) | 1.73% |
| Meta Platforms Inc. Class A (META) | 1.72% |
| Cisco Systems Inc. (CSCO) | 1.63% |
| Oracle Corp. (ORCL) | 1.44% |
| Tesla Inc. (TSLA) | 1.42% |

Top 10 holdings represent 25.53% of the total investment choice.

Sector Weightings as of June 30, 2023



STRS Large-Cap Core Choice Historical Annualized Performance as of June 30, 2023



See Page 1 for additional performance information.



STRS Russell 1000 Index Choice

Large-Cap

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, 2023

| Top 10 Holdings | % of Total Investment Choice |
|--------------------------------------|------------------------------|
| Apple Inc. (AAPL) | 7.04% |
| Microsoft Corp. (MSFT) | 6.17% |
| Amazon.com Inc. (AMZN) | 2.86% |
| NVIDIA Corp (NVDA) | 2.45% |
| Tesla Inc. (TSLA) | 1.76% |
| Alphabet Inc. Class A (GOOGL) | 1.73% |
| Meta Platforms Inc. (META) | 1.54% |
| Berkshire Hathaway Inc. CL-B (BRK.B) | 1.52% |
| Alphabet Inc. Class C (GOOG) | 1.52% |
| UnitedHealth Group Inc. (UNH) | 1.09% |

Top 10 holdings represent 27.68% 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, 2023

| Sector | Weight |
|----------------------------------|----------------|
| Information Technology | 27.11% |
| Healthcare | 13.26% |
| Financials | 12.87% |
| Consumer Discretionary | 11.76% |
| Industrials | 9.60% |
| Communication Services | 7.22% |
| Consumer Staples | 6.28% |
| Energy | 4.01% |
| Real Estate | 2.74% |
| Materials | 2.66% |
| Utilities | 2.49% |
| Total Russell 1000® Index | 100.00% |

Performance

The STRS Russell Index Choice rose 19.30%, after fees, for the fiscal year ending June 30, 2023. 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.

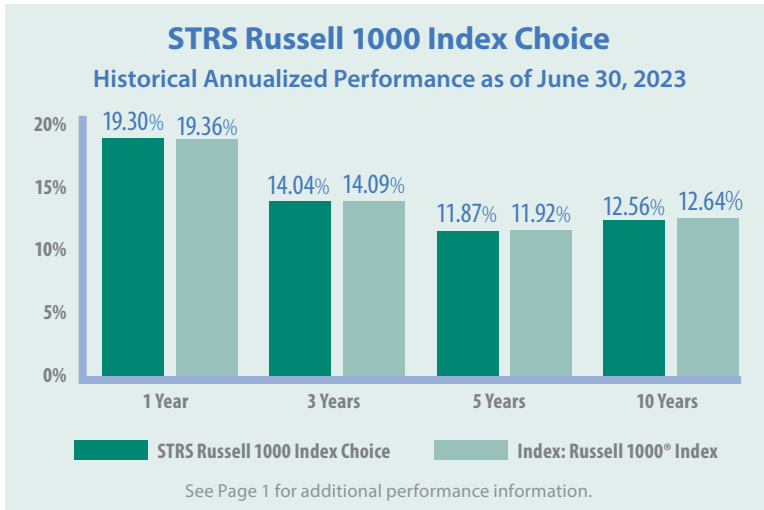
Market Drivers

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The Federal Reserve aggressively raised rates throughout the year in an effort to control inflation. Supply chain disruptions eased for the most part and returned to a more normal environment. The second half of the fiscal year saw several bank failures, with Silicon Valley Bank being the most notable. A full-out banking crisis was contained, but created investor worry about the stability of the financial system.

Despite the Federal Reserve’s efforts to slow the economy, cyclical stocks performed the best during the period. Although oil prices eased somewhat throughout the year, prices remained elevated and energy sector performance was strong. The cyclical information technology and industrials sectors also posted strong performance during the year. The interest-rate sensitive real estate sector was the worst performing group.

While the market indices rose throughout the year, the breadth of the market narrowed. Large capitalization stocks performed the best during the year as investors flocked to mega-cap growth stocks.



Index Statistics as of June 30, 2023

| | |
|--|------------------|
| Total Market Value..... | \$41.05 Trillion |
| Largest Company Market Value | \$3.07 Trillion |
| Weighted Average Market Value | \$621.18 Billion |
| Mean Market Value | \$44.15 Billion |
| Smallest Company Market Value | \$1.37 Billion |
| Median Share Price | \$78.19 |
| P/E Ratio..... | 22.38 |
| Dividend Yield | 1.50% |

Russell 1000® Index Values

For Fiscal Year 2023



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.

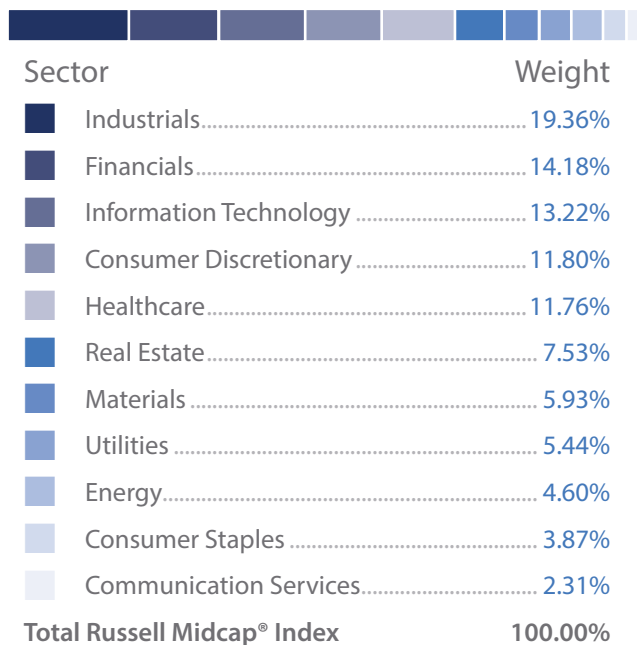
Annual Asset Management Fee

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

Performance

The STRS Russell Midcap Index Choice rose 14.84%, after fees, for the fiscal year ending June 30, 2023. 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, 2023



Market Drivers

The U.S. equity market posted gains during the year. The Federal Reserve continued to raise rates throughout the year as it attempted to ease inflation pressures. Despite the Federal Reserve's efforts to slow the economy, cyclical stocks performed the best during the period. Interest-rate sensitive stock performance was hindered by rising rates and tighter credit standards. While the broader equity market indices rose throughout the year, the breadth of the market narrowed as investors favored the perceived safety of larger capitalization stocks, resulting in lower gains for smaller capitalization stocks.

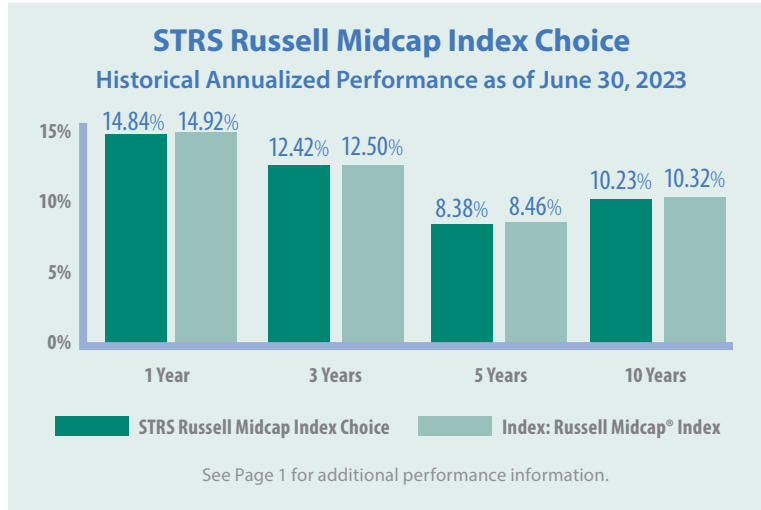
Top 10 Holdings as of June 30, 2023

| Top 10 Holdings | % of Total Investment Choice |
|---------------------------------|------------------------------|
| Marvell Technology Group (MRVL) | 0.51% |
| Parker Hannifin Corp (PH) | 0.50% |
| Dexcom Inc. (DXCM) | 0.49% |
| Amphenol Corp (APH) | 0.49% |
| Microchip Technology (MCHP) | 0.48% |
| Transdigm Group Inc. (TDG) | 0.47% |
| Arthur J. Gallagher & Co. (AJG) | 0.46% |
| Phillips 66 (PSX) | 0.44% |
| Trane Technologies PLC (TT) | 0.43% |
| Cintas Corp (CTAS) | 0.43% |

Top 10 holdings represent 4.70% of the total index.

Index Statistics as of June 30, 2023

| | |
|-------------------------------|------------------|
| Total Market Value | \$10.04 Trillion |
| Largest Company Market Value | \$51.23 Billion |
| Weighted Average Market Value | \$22.39 Billion |
| Mean Market Value | \$13.69 Billion |
| Smallest Company Market Value | \$1.37 Billion |
| Median Share Price | \$67.50 |
| P/E Ratio | 17.40 |
| Dividend Yield | 1.66% |



Russell Midcap® Index Values For Fiscal Year 2023



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.

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.



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, 2023

| Top 10 Holdings | % of Total Investment Choice |
|----------------------------------|------------------------------|
| Super Micro Computer Inc. (SMCI) | 0.48% |
| SPS Commerce Inc. (SPSC) | 0.29% |
| Rambus Inc. (RMBS) | 0.29% |
| Chart Industries Inc. (GTLS) | 0.28% |
| Novanta Inc. (NOVT) | 0.28% |
| Chord Energy Corp (CHRD) | 0.27% |
| Light & Wonder Inc. (LNW) | 0.26% |
| Championx Corp (CHX) | 0.26% |
| Atkore Inc. (ATKR) | 0.26% |
| Commercial Metals Co. (CMC) | 0.26% |

Top 10 holdings represent 2.93% of the total index.

Performance

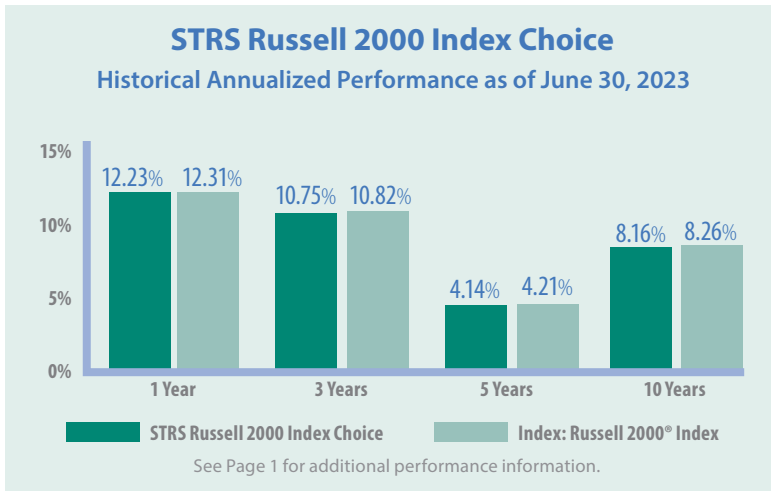
The STRS Russell 2000 Index Choice rose 12.23%, after fees, for the fiscal year ending June 30, 2023. While the STRS Russell 2000 Index Choice seeks to closely track the performance of its corresponding index, actual performance will differ because the index does not incur management fees.

Market Drivers

The U.S. equity market posted gains during the year. The Federal Reserve continued to raise rates throughout the year as it attempted to ease inflation pressures. Despite the Federal Reserve’s efforts to slow the economy, cyclical stocks performed the best during the period. Interest-rate sensitive stock performance was hindered by rising rates and tighter credit standards. While the broader equity market indices rose throughout the year, the breadth of the market narrowed as investors favored the perceived safety of larger capitalization stocks, resulting in lower gains for smaller capitalization stocks.

Sector Weightings as of June 30, 2023

| Sector | Weight |
|----------------------------------|----------------|
| Industrials | 17.36% |
| Healthcare | 16.89% |
| Financials | 15.10% |
| Information Technology | 13.63% |
| Consumer Discretionary | 11.30% |
| Energy | 6.79% |
| Real Estate | 6.09% |
| Materials | 4.62% |
| Consumer Staples | 3.44% |
| Utilities | 3.02% |
| Communication Services | 1.76% |
| Total Russell 2000® Index | 100.00% |



Index Statistics as of June 30, 2023

| | |
|-------------------------------------|-----------------|
| Total Market Value..... | \$2.37 Trillion |
| Largest Company Market Value | \$13.15 Billion |
| Weighted Average Market Value | \$2.87 Billion |
| Mean Market Value | \$1.45 Billion |
| Smallest Company Market Value | \$1.80 Billion |
| Median Share Price | \$18.10 |
| P/E Ratio..... | 13.02 |
| Dividend Yield | 1.54% |

Russell 2000® Index Values

For Fiscal Year 2023



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.

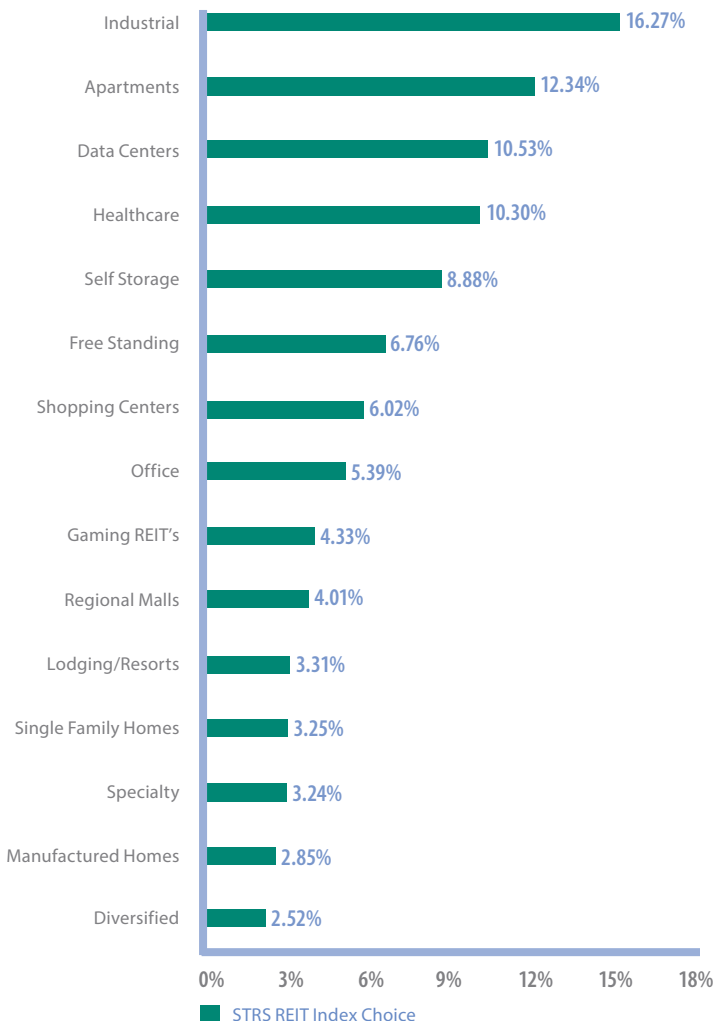
Annual Asset Management Fee

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

Performance

The STRS REIT Index Choice provided after-fee returns of -0.23%, closely tracking the FTSE NAREIT Equity REITs Index return of -0.13%. Fiscal year 2023 was a bifurcated year for REITs and REIT returns. The FTSE NAREIT Equity REIT index returned +17.45% for the first six months of the fiscal year. However, as interest rates continued to rise, the last six months of the fiscal year showed a -20.20% index return.

Sector Weightings as of June 30, 2023



Market Drivers

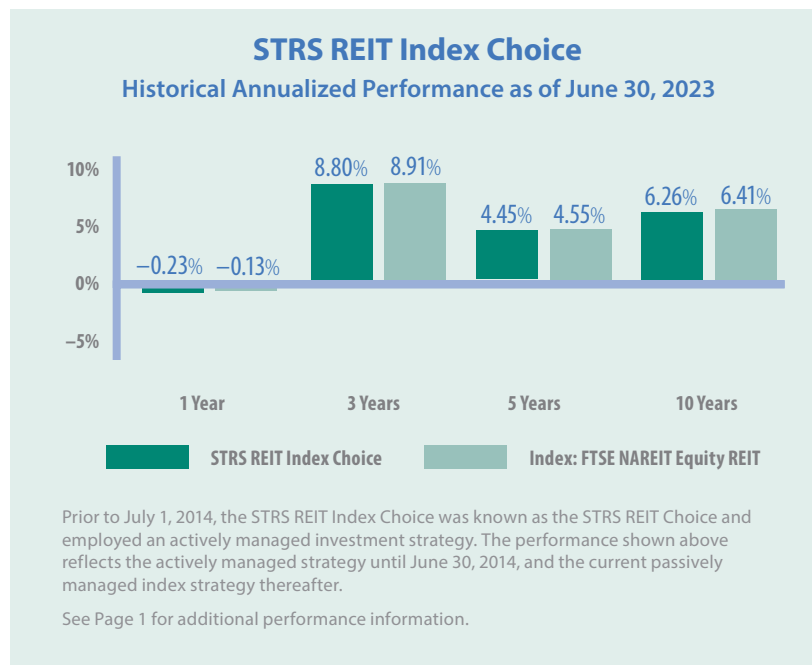
REIT performance within fiscal 2023 can best be explained by two significant headwinds. The first headwind was the continued rise in U.S. interest rates, as the 10-year treasury rate ended fiscal 2023 up +0.75% to 3.81% as of June 30, 2023. The Federal Reserve continued to raise interest rates as the labor market, inflation and economic data continued to come in “hotter” than expected. Rising interest rates continued to hamper property values across all real estate sectors and had the effect of freezing the transaction market. Buyers and sellers of real estate were having difficulty underwriting both a rising cost of capital and rising return requirements. The second largest headwind of fiscal 2023 would be the collapse of Silicon Valley Bank and the subsequent bank failures. The announcement of Silicon Valley Bank led to an 8% drawdown in FTSE NAREIT Equity REIT index over the following two weeks March 9, 2023, through March 23, 2023. The Federal Reserve stabilized the financial markets by introducing the Bank Term Funding Program and REITs finished the fiscal year on a strong note up +11.5% from those lows (March 23, 2023 through June 30, 2023). Looking out to fiscal 2024, it appears that the REIT market may be able to move past these two headwinds as the bond market is anticipating Federal Reserve rate cuts and the banking system has broadly stabilized.

Throughout fiscal 2023 the top performing sectors were lodging, retail and industrial which all continued to benefit from strong consumer spending. Lodging and retail REITs were also aided by muted new supply coming online given the operating difficulties throughout the COVID-19 pandemic. The weaker real estate sectors throughout fiscal 2023 would be apartments (particularly Sunbelt apartments) which were grappling with slowing rent increases and record-high new development pipelines, and the office sector which struggled with a both tighter lending environment and office usage rationalization.

Top 10 Holdings as of June 30, 2023

| Top 10 Holdings | % of Total Index |
|----------------------------------|------------------|
| Prologis Inc. (PLD) | 11.21% |
| Equinix Inc. (EQIX) | 7.25% |
| Public Storage (PSA) | 4.53% |
| Welltower Inc. (WELL) | 3.98% |
| Realty Income Corp (O) | 3.92% |
| Simon Property Group Inc. (SPG) | 3.71% |
| Digital Realty Trust Inc. (DLR) | 3.28% |
| VICI Properties (VICI) | 3.13% |
| AvalonBay Communities Inc. (AVB) | 2.62% |
| Equity Residential (EQR) | 2.44% |

Top 10 holdings represent 46.07% 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

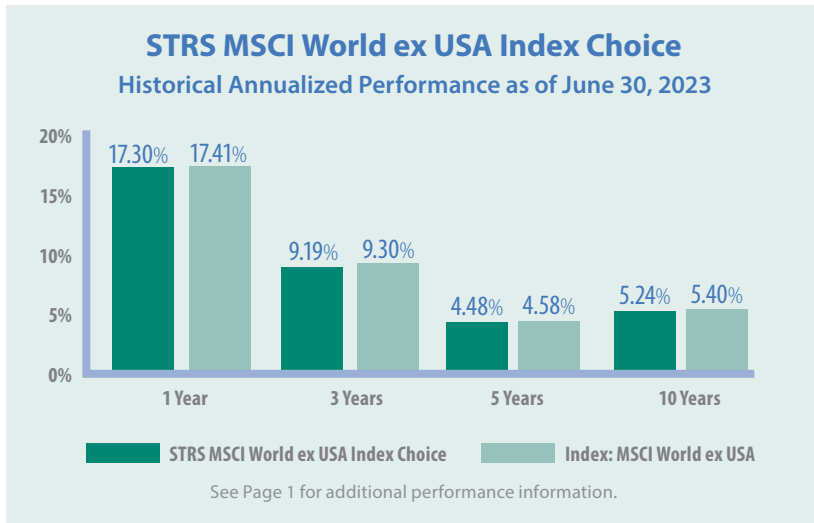
The STRS MSCI World ex USA Index Choice returned +17.30%, after fees, for the fiscal year ending June 30, 2023. While the STRS MSCI World ex USA Index Choice seeks to closely match the performance of its corresponding index, its actual performance will differ because the index does not incur management fees.

Market Drivers

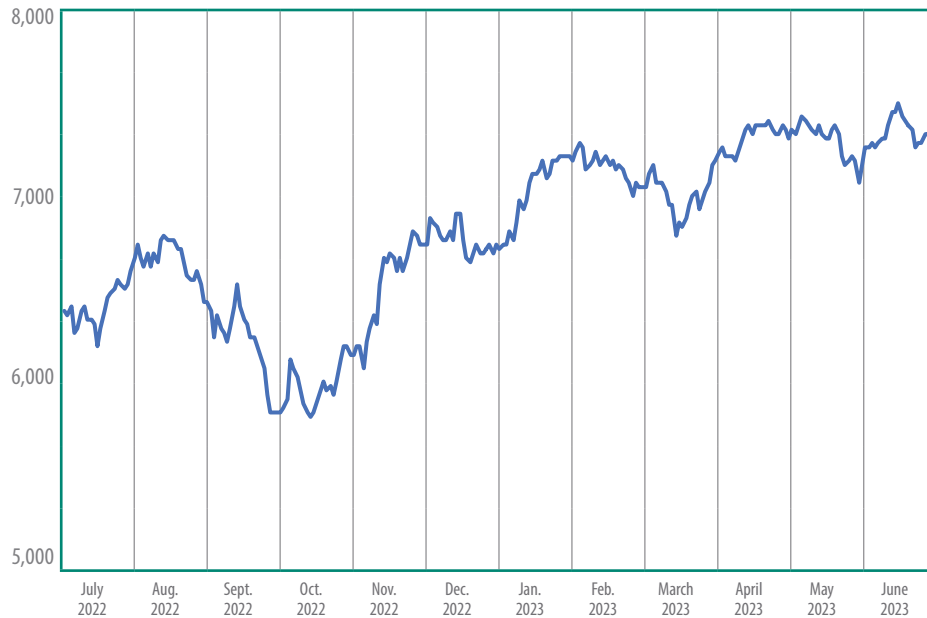
This section details the market drivers of the MSCI World ex USA Index, which is the benchmark for the STRS MSCI World ex USA Index Choice. Equity returns were positively impacted by valuation multiples that expanded despite interest rates being hiked in many countries to address elevated inflation. By the end of the fiscal year, many market participants became hopeful that peak interest rates were soon within reach. Double-digit positive returns were recorded in several large equity markets such as Japan, United Kingdom and Switzerland. Hong Kong was the worst performing market as its economy and certain companies were harmed by problematic conditions in bordering China. The best performing countries in fiscal 2023 were led by Ireland (+46.0%), Italy (+45.1%) and France (+32.8%). The three countries with the lowest returns were Hong Kong (-9.0%), Norway (-7.2%) and Israel (-4.0%). The U.S. dollar strengthened overall against developed market currencies, so the returns of dollar-based investors such as STRS Ohio were negatively impacted in fiscal 2023.

Country/Region Weightings as of June 30, 2023

| Country/Region | % of Index |
|--|----------------|
| Japan..... | 20.05% |
| United Kingdom | 13.19% |
| France | 11.10% |
| Canada | 10.49% |
| Switzerland | 9.00% |
| Germany | 7.71% |
| Australia | 6.57% |
| Netherland..... | 4.16% |
| Sweden | 2.91% |
| Denmark..... | 2.74% |
| Spain | 2.35% |
| Italy | 2.27% |
| Hong Kong..... | 2.23% |
| Singapore..... | 1.25% |
| Belgium..... | 0.82% |
| Finland..... | 0.78% |
| Ireland..... | 0.73% |
| Norway..... | 0.56% |
| Israel..... | 0.56% |
| Portugal | 0.19% |
| New Zealand | 0.18% |
| Austria | 0.16% |
| Total MSCI World ex USA Index | 100.00% |



MSCI World ex USA Index Values For Fiscal Year 2023



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%.

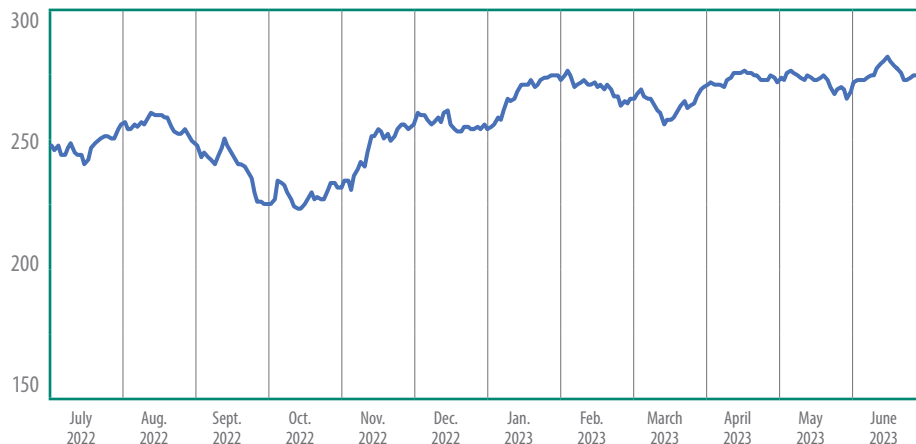
Performance

The STRS MSCI ACWI ex USA Index Choice returned +12.55%, after fees, for the fiscal year ending June 30, 2023. 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. Equity returns were positively impacted by valuation multiples that expanded despite interest rates being hiked in many countries to address elevated inflation. By the end of the fiscal year, many market participants became hopeful that peak interest rates were soon within reach. Although the zero-COVID-19 policy in China was finally lifted in the middle of the fiscal year, the economy did not rebound strongly enough to boost the property sector. Consumer confidence and investor sentiment remained subdued in China. The emerging markets overall had lower performance than the developed markets, but several smaller emerging countries in Europe achieved robust returns. The best performing countries in fiscal 2023 were Greece (+71.6%), Turkey (+53.8%) and Hungary (+48.8%). The three weakest markets were China (-16.7%), Qatar (-15.4%) and Hong Kong (-9.0%). The U.S. dollar strengthened overall against international currencies, so the returns of dollar-based investors such as STRS Ohio were negatively impacted in fiscal 2023.

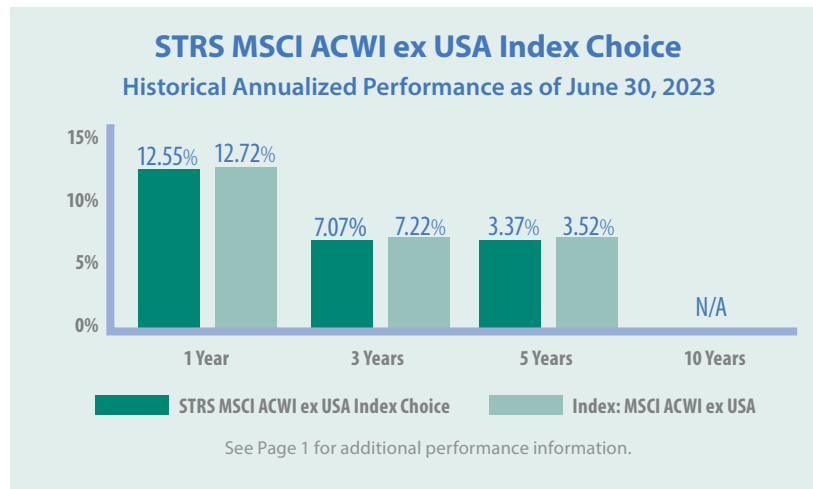
MSCI ACWI ex USA Index Values For Fiscal Year 2023



Country/Region Weightings as of June 30, 2023

| Country/Region | % of Index | Country/Region | % of Index |
|---------------------|------------|---------------------------|------------|
| Japan..... | 14.48% | Finland..... | 0.57% |
| United Kingdom..... | 9.52% | Indonesia..... | 0.56% |
| China..... | 8.21% | Thailand..... | 0.53% |
| France..... | 8.02% | Ireland..... | 0.53% |
| Canada..... | 7.58% | Norway..... | 0.41% |
| Switzerland..... | 6.50% | Israel..... | 0.40% |
| Germany..... | 5.57% | Malaysia..... | 0.37% |
| Australia..... | 4.74% | United Arab Emirates..... | 0.36% |
| Taiwan..... | 4.33% | Qatar..... | 0.25% |
| India..... | 4.06% | Poland..... | 0.24% |
| Korea..... | 3.42% | Kuwait..... | 0.23% |
| Netherlands..... | 3.00% | Philippines..... | 0.18% |
| Sweden..... | 2.10% | Turkey..... | 0.15% |
| Denmark..... | 1.98% | Chile..... | 0.15% |
| Spain..... | 1.69% | Portugal..... | 0.14% |
| Italy..... | 1.64% | New Zealand..... | 0.13% |
| Hong Kong..... | 1.61% | Greece..... | 0.13% |
| Brazil..... | 1.54% | Austria..... | 0.12% |
| Saudi Arabia..... | 1.17% | Peru..... | 0.07% |
| Singapore..... | 0.90% | Hungary..... | 0.07% |
| South Africa..... | 0.89% | Czech Republic..... | 0.04% |
| Mexico..... | 0.78% | Colombia..... | 0.03% |
| Belgium..... | 0.59% | Egypt..... | 0.02% |

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

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%.

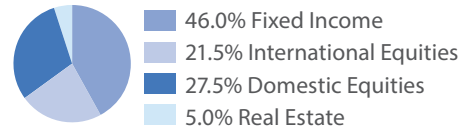
Performance

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:

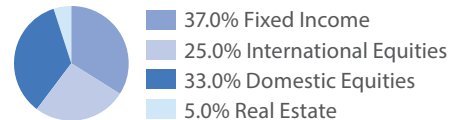
- Bonds — see the STRS Bloomberg U.S. Universal Bond Index Choice on Pages 8–9.
- Domestic equities — The domestic equities component is the Russell 3000® Index. The Russell 3000® Index is comprised of approximately 90% of the Russell 1000® Index and approximately 10% of the Russell 2000® Index. The 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.

Compositions as of July 1, 2023

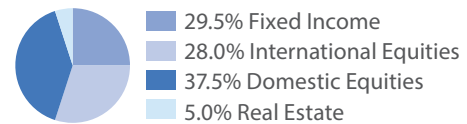
STRS Target Choice 2025



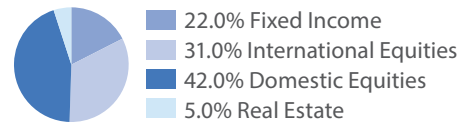
STRS Target Choice 2030



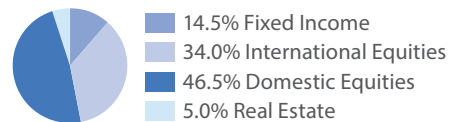
STRS Target Choice 2035



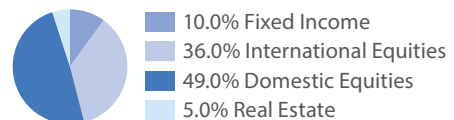
STRS Target Choice 2040



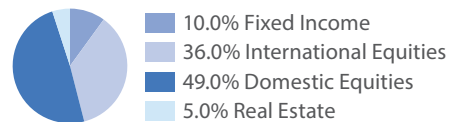
STRS Target Choice 2045



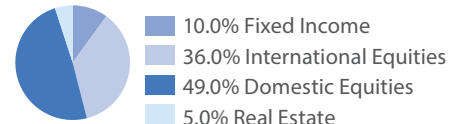
STRS Target Choice 2050

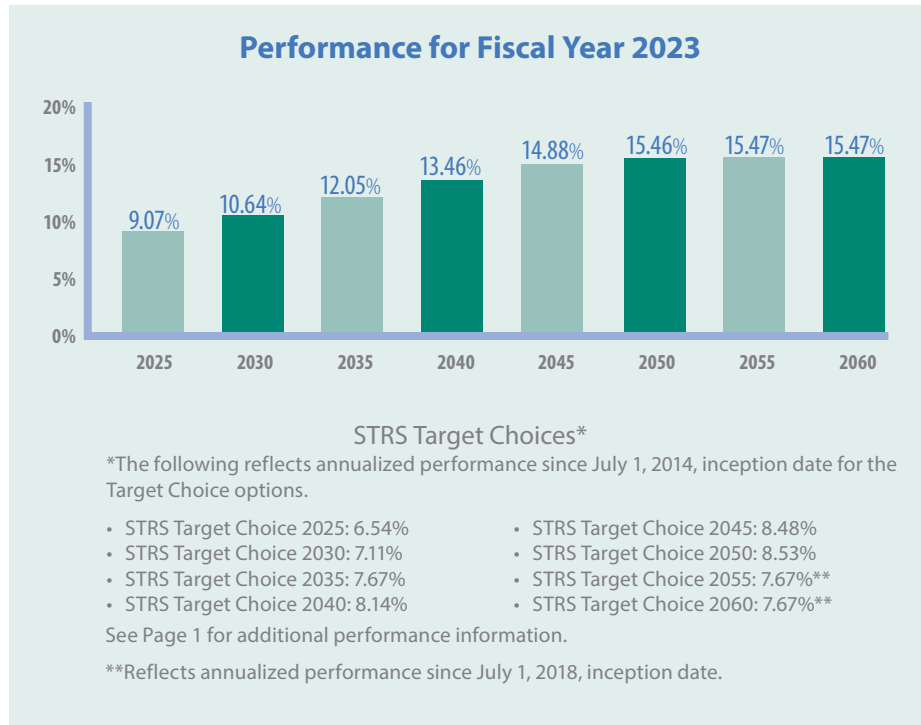


STRS Target Choice 2055



STRS Target Choice 2060





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 creditworthiness. 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.

Healthcare

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.nrsstrsoh.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 or emailed 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 total service credit and defined benefit account withdrawal value 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.

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.



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