



September 23, 2022

Governor Mike DeWine
Riffe Center, 30th Floor
77 South High Street
Columbus, OH 43215-6117

Dear Governor DeWine:

In accordance with section 4123.446 (B) of the Ohio Revised Code, the Bureau of Workers' Compensation (BWC) respectfully submits its annual minority business enterprise investment report.

Background

As a result of the BWC Board of Directors' decision in June 2017 to change the State Insurance Fund (SIF) Minority-Owned and/or Women-Owned (MWBE) portfolio from an active management MWBE strategy to a passive management MWBE strategy, the BWC Investment Division issued an RFP for MWBE Passive Index Management Services. After reviewing the two eligible RFP respondents, RhumbLine Advisers (based in Boston, MA) was approved on August 25, 2017, by the BWC Board of Directors as the exclusive finalist passive index manager of the MWBE Large Cap U.S. Equity Passive Indexed mandate for the SIF. This mandate is targeted for a 1% allocation within the SIF portfolio.

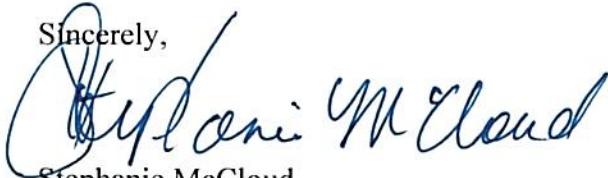
Funding and Redemptions

RhumbLine Advisers was funded on December 1, 2017, as a passive MWBE investment manager for the SIF portfolio that totaled approximately \$251 million allocated to Large Cap U.S. Equities benchmarked to the Russell Top 200 Index. To help fund the Ohio BWC employer special dividend programs to ease COVID-19's impact on Ohio's business community and economy, two cash redemptions totaling \$175 million were made in fiscal year 2021 from the RhumbLine account. Prompted by the need to rebalance the SIF investment portfolio after the first quarter of 2022, the BWC Investment Division made various redemptions in April 2022 from the SIF US Equity portfolio to fund its under allocated bond mandates. Included among these redemptions was \$50 million from the RhumbLine account.

Fiscal Year Ending June 30, 2022, Results

For the fiscal year 2022 period ending June 30, 2022, the MWBE passive indexed program performance return for the SIF portfolio was -10.84% net of fees vs. the Russell Top 200 benchmark index of -11.45%. For the period from its inception date of December 1, 2017 through June 30, 2022, the SIF MWBE passive U.S. equity program has provided an annualized return of +10.97% net of fees vs. the Russell Top 200 benchmark index of +10.85%. The BWC MWBE program net asset value as of June 30, 2022, was \$176 million representing 1% of total SIF investment assets. BWC furthermore reinvests all current dividend income received from this account (approximately \$3.3 million in fiscal year 2022) while remaining consistent within the SIF Investment Policy Statement guidelines.

Sincerely,

A handwritten signature in blue ink that reads "Stephanie McCloud". The signature is fluid and cursive, with a large initial "S" and "M".

Stephanie McCloud
Administrator/CEO
Ohio Bureau of Workers' Compensation

cc: General Assembly via Legislative Services Commission