



Memorandum

To: Mike DeWine, Governor
Matt Huffman, Senate President
Jason Stephens, Speaker of the House
Nickie Antonio, Senate Minority Leader
Allison Russo, House Minority Leader
Wendy Zhan, Director, Legislative Service Commission

From: Randy Gardner, Chancellor, Department of Higher Education

Date: January 6, 2023

Subject: Report regarding Ohio Tuition Trust Authority investment managers

Pursuant to ORC sec. 3333.041(A)(2), the Ohio Department of Higher Education is required to submit an annual report with information in respect to the Ohio Tuition Trust Authority (OTTA), including:

- a) The name of each investment manager that is a minority business enterprise or a women's business enterprise with which the chancellor contracts;
- b) The amount of assets managed by investment managers that are minority business enterprises or women's business enterprises, expressed as a percentage of assets managed by investment managers with which the chancellor has contracted;
- c) Efforts by the chancellor to increase utilization of investment managers that are minority business enterprises or women's business enterprises.

Attached, please find the legislatively required information for the investment managers in both the Guaranteed Savings Fund and the Variable Savings Fund. The majority of the investment managers with which OTTA contracts are publicly held companies. For the two remaining investment managers that are privately held, Vanguard is client owned and Loomis Sayles is a wholly owned subsidiary of Natixis Investment Managers, L.P. I have provided the percentage for female and minorities for Natixis on the chart on page two.

When OTTA determines the need to add or replace an investment manager, we engage our investment consultants (NEPC or Wilshire) to conduct a search. The OTTA Investment Board, with input from staff and investment consultants, will determine the criteria to be used in each manager search. The investment policy we follow, specific to the Guaranteed Savings Fund, provides the following guidance for manager selection:

- The Board will hire competent registered professional investment managers to manage the assets of the Trust.
- The authority shall give equal consideration to minority-owned and controlled firms, firms owned and controlled by women, and ventures involving minority-owned and controlled firms and firms owned and controlled by women that otherwise meet the policies and criteria established by the authority.
- No investment managers shall be hired who have not, by their record and experience, demonstrated their fiduciary responsibility, their investment expertise, their investment experience, and their capacity to undertake the mandate for which they are being considered.

To act as an investment manager, firms must:

- Acknowledge in writing a fiduciary relationship with respect to the Trust;
- Be currently registered and maintain registration as an investment advisor under the Investment Advisors Act of 1940, a bank (as defined in the Act), or an insurance company qualified to perform investment management services under the law of more than one state unless otherwise approved on an exception basis; and
- Be granted by the Trust the power to manage, acquire, or dispose of assets of the Trust pursuant to the Trust documents.

The Board will establish specific investment guidelines appropriate to each investment manager. These guidelines will account for the unique characteristics of the asset class, style, and strategies of each manager.

The Board will conduct thorough due diligence before the appointment of all investment managers.

As of December 2022, CollegeAdvantage investment managers are BlackRock, Dimensional Fund Advisors, Fifth Third, SSgA (all publicly held), Vanguard (client owned) and Loomis Sayles (a wholly owned subsidiary).

Publicly held and client-owned investment managers do not collect and are not required to provide demographic statistics on their ownership. Loomis Sayles is a wholly owned subsidiary of another firm, Natixis Investment Managers. The statistics for Natixis are provided in the footnote below.

**Ohio Tuition Trust Authority
Annual Report of Investment Managers
with Minority/Women's Business Enterprise
December-22**

Guaranteed Savings Fund Investment Managers	Percent Minority Owned	Percent Women Owned
Privately Held Loomis Sayles*	NA	NA
Publically Held SSgA	NA	NA

Variable Savings Fund Investment Managers	Percent Minority Owned	Percent Women Owned
Privately Held Vanguard	NA-client owned	NA-client owned
Publically Held Blackrock	NA	NA
DFA	NA	NA
Fifth Third	NA	NA

*Loomis Sayles is not registered as a minority or woman-owned business enterprise. Employees do not hold a direct ownership interest in the firm. Loomis Sayles is a wholly-owned subsidiary of Natixis Investment Managers, L.P. **As of 9/30/2022, 41% of the firm is female and 21% of the firm are minorities.**