



Dear SURS Member,

You recently received a communication that there will be a new manager for the SURS U.S. Small-Mid Cap Value Equity Fund. **Please note, this change will take place one week later than previously announced.**

SURS periodically reviews the investment options offered through the SURS Retirement Savings Plan and the SURS Deferred Compensation Plan (the "Plans") to evaluate whether the options are providing competitive long-term performance, consistent investment management and reasonable fees. Based on the most recent review, the following change will occur to the Plans' investment lineup.

New investment manager for the SURS U.S. Small-Mid Cap Value Equity Fund

On December 30, 2022, the underlying investment of the SURS U.S. Small-Mid Cap Value Equity Fund will be changing. Currently, the underlying investment is the Janus Henderson Small-Mid Cap Value Class N. After the change, the underlying investment will be the EARNEST Partners Smid Cap Value Fund, a collective investment trust (CIT) managed by EARNEST Partners. The new underlying manager has a strong performance track record, and this change will result in a reduction of fees from 0.76% to 0.60%.

Any future contribution allocations to and/or account balances in the current option will transfer automatically into the new investment option. **No action is required on your part.**

Underlying Investment Option being Replaced	→	New Underlying Investment Option
Janus Henderson Small-Mid Cap Value Class N (0.76% management fee)	→	EARNEST Partners Smid Cap Value Fund (0.60% management fee)

If you do not wish to have your future contribution allocations and/or account balance directed into the new investment option, you must allocate your future contributions and/or account balance into one or more of the other available Plans' investment options prior to 3 p.m. CT on December 29, 2022.

If you have any questions, please call the SURS Defined Contribution Contact Center at 800-613-9543. You may also schedule an appointment with a SURS Defined Contribution Account Representative by going to sursrsp.timetap.com. To access your account, go to surs.org.

Sincerely,

State Universities Retirement System
Retirement Savings Plan and Deferred Compensation Plan

SMID CAP VALUE

Performance Update
Third Quarter 2022



Investment Objective: The Smid Cap Value portfolio seeks to outperform its respective benchmark, Russell 2500® Value Index, while managing the downside risk, as described below, over a full market cycle.

Investment Team: The investment team is comprised of individuals with a wide range of backgrounds in functional areas such as logistics, credit analysis, investment banking, accounting, and engineering which allows the team to look at potential investments as industry practitioners. Senior members of the team average over 25 years of industry experience.

Investment Approach: EARNEST Partners maintains a coherent investment philosophy and follows a consistent investment process. Utilizing an internally developed screen called *Return Pattern Recognition* and assessing the risk that we believe matters most to clients – the risk of meaningful underperformance versus the assigned benchmark - using a measure called Downside Deviation, allows the team to spend the vast majority of their time conducting bottom-up, fundamental research focused on the long-term prospects of individual companies.

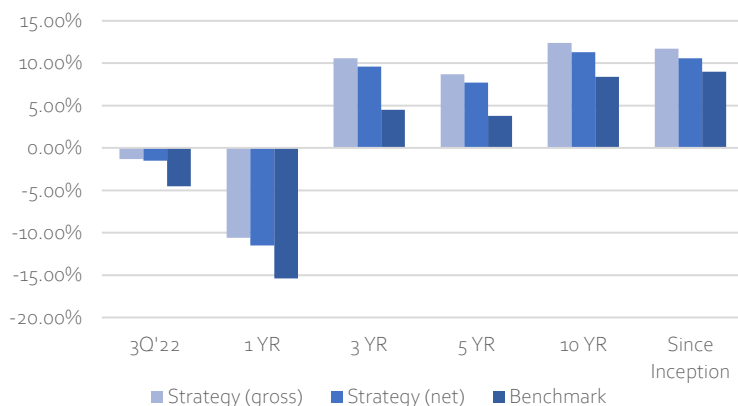
Firm & Strategy Overview

Firm inception	1998
Headquarters	Atlanta, GA
Ownership	100% employee owned
Strategy inception	2002
Strategy benchmark	Russell 2500® Value

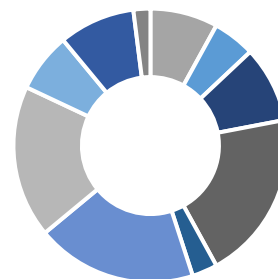
Portfolio Characteristics

Number of holdings	50-60
Avg. turnover	~20%
Wtd. median market cap	\$5.5B
Price to earnings ratio	10.2x
Earnings growth rate	22.7%
Debt to capital ratio	41.2%
Beta	0.95

Investment Performance



Sector Allocations



Communication Services	0%
Consumer Discretionary	8
Consumer Staples	5
Energy	9
Financials	20
Health Care	3
Industrials	19
Information Technology	18
Materials	7
Real Estate	9
Utilities	2

Investment Performance

	3Q'22	1 YR	3 YR	5 YR	10 YR	SI
Smid Cap Value (gross)	-1.3%	-10.6%	10.6%	8.7%	12.4%	11.7%
Smid Cap Value (net)	-1.5	-11.5	9.6	7.7	11.3	10.6
Russell 2500® Value	-4.5	-15.4	4.5	3.8	8.4	9.0

SEE REVERSE SIDE FOR IMPORTANT DISCLOSURES

EARNEST PARTNERS INVESTMENT PROCESS

At EARNEST Partners, we believe we follow a different approach than most of our competitors. We utilize a team approach that is based on the constant, ongoing interaction between our investment professionals. We believe that as a team we are smarter, more diligent, more thoughtful, more discerning, more experienced, more creative and more stable than any investment firm that feeds research and investment ideas to individual decision-makers.

- **Screening:** The first step in our investment process is comprised of two concurrent and complementary screens. We screen companies from an ESG perspective with a data-science driven research platform. Companies with unattractive ESG profiles are removed. The second screen we utilize is called Return Pattern Recognition®. Return Pattern Recognition® identifies companies exhibiting financial characteristics consistent with outperformance. Importantly, we do not have one set of preferred characteristics. Each industry has its own unique characteristics that suggests outperformance.
- **Vetting:** The best companies identified in our screening process are put through a rigorous review by our investment team. Our investment team is comprised of individuals with diverse professional backgrounds and hands-on work experience across a range of industries. This diverse hands-on experience allows our investment team members to research potential investments from the viewpoint of an operator. Operators with rich, relevant experience can ask better questions and better assess answers. Our ability to understand a company beyond management's presentation and Wall Street's cursory understanding is one of our competitive advantages.
- **Voting:** Once a company has been fully vetted, we put the decision to a vote of our investment team. If a company gains the support of the investment team (generally over 80 percent) it is eligible for inclusion in the portfolio.
- **Scaling:** If a company achieves the requisite votes, we scale its position size. The scaling is a function of four considerations. First, we will not buy more than 5 percent in any name with the most usual weight being 1-2 percent. Second, we scale weight up or down on the basis of our assessment of the alpha and its variability. Stocks with the highest alpha and the lowest variability trend towards the high end of the range and vice versa. Third, we measure the marginal contribution of risk for each stock prior to adding it to the portfolio. Companies that reduce risk are advantaged. Fourth, we take the position that all our names should outperform cash over time. Given that belief, and our mandate, we will tend to size a position a bit more if cash is available.
- **Monitoring:** Our investment team monitors the companies we own on a continuous basis. Should we identify a change in position is necessary, we modify in real time. In addition to real time monitoring the investment team meets weekly to confirm or deny that our investments are tracking the thesis under which they were purchased. We take action when required (see below).
- **Selling:** We continually compare each holding against its investment thesis and other opportunities in the market. The ongoing monitoring of our portfolio will cause us to sell a name if (a) the investment thesis has been satisfied, (b) the investment thesis begins to show stress or (c) we have identified another company with superior return and risk characteristics.

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- SMID Cap Value performance represents the Small to Mid Capitalization Value Composite which has an inception date of December 1, 2002, and contains fully discretionary equity accounts, measured against the Russell 2500® Value Index or similar indices, with the objective of capital appreciation by investing in small and mid-sized value companies we believe are undervalued with above-average price appreciation potential. Actual client performance may vary significantly from the Small to Mid Capitalization Value Composite performance, depending on client restrictions, guidelines, inception date, size of the account, and other factors.
 - Gross performance reflects the deduction of transactions costs and net performance also reflects the deduction of a model fee (0.95%) that is equal to the highest fee charged to the intended audience to whom this advertisement is disseminated. Actual fees may vary depending upon, among other things, the applicable fee schedule and portfolio size. EP's fees are available on request and also may be found in Part 2A of its Form ADV.
 - Past performance is not a guarantee of future results. Performance data is preliminary.
 - Investing in securities involves risk of loss including the risk of loss of the entire investment. Investment should be made only after consulting with independent, qualified sources of accounting, investment, legal, tax and other advice.
 - Performance results are presented using the trade-date accounting method and include the reinvestment of all income.
 - Beta is a measure of volatility. The beta shown is the 5-year trailing beta of the Small to Mid Capitalization Value Composite as of the most recent quarter-end and is calculated gross of fees.
 - SMID Cap Value portfolio returns are generally benchmarked to the Russell 2500® Value Index. SMID Cap Value portfolio structure and security holdings, however, may differ from this benchmark.
 - Actual client portfolios may vary from the SMID Cap Value Model Portfolio, depending on client restrictions, guidelines, inception date, size of the account, and other factors.
 - Sector weightings measure allocations of securities held in the SMID Cap Value Model Portfolio as of the most recent quarter-end in sectors that follow the Standard & Poor's Global Industry Classification Standards ("GICS®"). Sector weightings are calculated by EP.
 - Portfolio Characteristics are those of the SMID Cap Value Model Portfolio. Characteristic statistics are calculated by EP using FACTSET® data as of the most recent quarter-end and, if applicable, are calculated gross of fees.
 - References to sample allocations is intended to illustrate examples of sector allocations that might be considered by EP's investment team as part of its investment process. References to sample allocations should not be viewed as representative of any particular portfolio. It should not be assumed that future sample allocations will be the same or similar to those included in these materials. There is no assurance that any sample allocation discussed herein is being considered at the time these materials are reviewed. Thus, sample allocations are subject to change at any time. Sector allocations of actual client portfolios may vary from sample allocations, depending on client restrictions, guidelines, inception date, size of the account, and other factors.
 - Nothing presented herein is intended to constitute investment advice and no investment decision should be made based on any information provided herein. Investments cited may not represent current or future holdings of EP investment products and nothing presented should be construed as a recommendation to purchase or sell a particular type of security or follow any investment technique or strategy. Information provided reflects EP's views as of a particular time. Such views are subject to change at any point and EP shall not be obligated to provide any notice of such change. While EP has used reasonable efforts to obtain information from reliable sources, it makes no representations or warranties as to the accuracy, reliability or completeness of third-party information presented herein. Performance assumes the reinvestment of all income. No guarantee of investment performance is being provided and no inference to the contrary should be made.
 - The Russell 2500® Value Index offers investors access to the small to mid-cap value segment of the U.S. equity universe. The Russell 2500® Value is constructed to provide a comprehensive and unbiased barometer of the small to mid-cap value market. Based on ongoing empirical research of investment manager behavior, the methodology used to determine value probability approximates the aggregate small to mid-cap value manager's opportunity set. The index is unmanaged and it is not possible to invest directly in an index.
 - The SMID Cap Value strategy is available as a separate account and commingled vehicle. Please contact EP for additional information.
 - EARNEST is a registered trademark of EARNEST Partners, LLC.

Approved for use October 20, 2022