



**OREGON
STATE
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Oregon Investment Council

April 17, 2024

Cara Samples
Chair

Tobias Read
State Treasurer

Rex Kim
Chief Investment Officer



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Oregon State Treasury
Investment Division
16290 SW Upper Boones Ferry Road
Tigard, OR 97224

Agenda

April 17, 2024
9:00 AM

<u>Time</u>	<u>Tab</u>		<u>Presenter</u>
9:00 – 9:05	1	Review & Approval of Minutes March 6, 2024	Cara Samples <i>OIC Chair</i>
9:05 – 9:10	2	Committee Reports	Rex Kim <i>Chief Investment Officer</i>
9:10 – 9:40	3	OPERF Opportunity Portfolio Review	Michael Mueller <i>Investment Officer, Alternatives</i> Ben Bronson <i>Senior Portfolio Advisor, Aksia</i>
9:40 – 10:20	4	OPERF Diversifying Strategies Review	Ben Mahon <i>Senior Investment Officer, Alternatives</i> Stephen Kennedy <i>Partner/Portfolio Analyst, Albourne</i> Ryan Fitzgerald <i>Portfolio Analyst, Albourne</i>

--- BREAK ---

Cara Samples
Chair

Lorraine Arvin
Vice-Chair

Pia Wilson-Body
Member

Alline Akintore Kabbatende
Member

Tobias Read
State Treasurer

Kevin Olineck
PERS Director

OIC Meeting Agenda
April 17, 2024

10:30 – 11:00	5	OIC Investment Beliefs	Allan Emkin <i>Managing Principal, Meketa</i> Mika Malone <i>Managing Principal, Meketa</i> Raneen Jalajel <i>Associate Partner, Aon</i>
11:00 – 11:25	6	IAP Annual Review	Jamie McCreary <i>Service Model Manager</i> Chris Nikolich <i>Head of Glide Path Strategies, AB</i> Elena Wang <i>Portfolio Manager, AB</i>
11:25 – 11:50	7	OSGP Annual Review	Jamie McCreary <i>Service Model Manager</i> Uvan Tseng <i>Senior Vice President, Callan</i> Anne Heaphy <i>Senior Vice President, Callan</i> Sam Paris <i>Chief Operation Officer, PERS</i>
11:50	8	Open Discussion	OIC Members, Staff, Consultants
--- BREAK ---			
12:00 – 12:30	9	Public Comments	



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TAB 1

REVIEW & APPROVAL OF MINUTES

State of Oregon

Office of the State Treasurer

16290 SW Upper Boones Ferry Road
Tigard, Oregon 97224

OREGON INVESTMENT COUNCIL

March 6, 2024

Meeting Minutes

Members Present: Cara Samples, Treasurer Tobias Read (virtually), Lorraine Arvin, Pia Wilson-Body, Alline Akintore (virtually), Kevin Olineck

Staff Present: Rex Kim, David Randall, Michael Langdon, Louise Howard, Gloria Gil, Ben Mahon, Jamie McCreary, Austin Carmichael, Ahman Dirks, Claire Illo, Wil Hiles, Mike Mueller, Chris Ebersole, Eric Engelson, Faith Sedberry, Amanda Kingsbury, Taylor Bowman, Will Hampson, Mike Powers, Asia Slaughter, Chuck Christopher, Bryson Pate, Jennifer Kersgaard

Staff Participating Virtually: Aaron Schaffer, Aliese Jacobsen, Alli Gordon, Andrew Coutu, Andrew Robertson, Andrey Voloshinov, Angela Schaffers, Annie Gregory, Bri Naber, Bryan Hernandez, Carmen Leiva, Chris Gonzales, Cora Parker, Dana Millican, Debra Day, Eric Messer, Gisela Verdeja, George Naughton, Jen Plett, Jo Recht, John Lutkehaus, Kenny Bao, Kiara Cruz, Kristi Jenkins, Michael Thompson, Monique Sadegh, Perrin Lim, Peter Rector, Rachel Wray, Scott Robertson, Sommer May, Tan Cao, Tiffany Zahas, Tim Miller, Tyler Bernstein, Wendi Nelson, Young Kim

Consultants Present: Christy Fields, Mika Malone, Colin Bebee, Raneen Jalajel, Paola Nealon, Ashley Woeste, Ryan Fitzgerald, Steve Kennedy, Nic DiLoretta

PERS Present: John Scanlan

Legal Counsel Present: Steve Marlowe (Department of Justice)

The March 6, 2024, OIC meeting was called to order at 9:02am by Cara Samples, Chair.

<u>Time</u>	<u>Tab</u>		<u>Presenter</u>
9:00 – 9:05	1	Review & Approval of Minutes January 24, 2024 & February 6, 2024 Chair Samples asked for approval of the January 24, 2024, and February 6, 2024, OIC meeting minutes. Member Lorraine Arvin moved approval at 9:03 am, Treasurer Read seconded the motion which then passed by a 4/0 vote. (Member Alline Akintore joined at 9:06am.)	Cara Samples <i>OIC Chair</i>
9:05 – 9:10	2	Committee Reports	Rex Kim <i>Chief Investment Officer</i>

Cara Samples
Chair

Lorraine Arvin
Vice-Chair

Pia Wilson-Body
Member

Alline Akintore Kabbatende
Member

Tobias Read
State Treasurer

Kevin Olineck
PERS Director

OST Investment Committee

January 29th Real Estate Portfolio Columbia Regency Retail Partners, LLC \$150M
USD

Staff Discretion

None.

9:10 – 9:15 3 **Placement Agent** Michael Langdon
Director of Private Markets

In accordance with Policy COM 201, Michael Langdon, Director of Private Markets, disclosed the Annual Placement Agent Disclosure, which is also made available to the public on the Treasury website.

9:15 – 9:35 4 **OPERF 2023 Performance Review** Mika Malone
Managing Principal, Meketa
Colin Bebee
Managing Principal, Meketa

Mika Malone, Managing Principal, Meketa, and Colin Bebee, Managing Principal, Meketa, presented the OPERF 2023 Performance Review. The presentation included an economic and market update for 2023 and January 2024, as well as OPERF allocation review.

OPERF's 2023 returns trailed benchmark -5.4% in the 1-Year period, but outperforms in the long-term, exceeding the benchmarks for the 5-year periods by 0.3%.

--- BREAK ---

9:50 – 10:30 5 **Real Estate Annual Review** Gloria Gil
Senior Investment Officer, Real Estate
Austin Carmichael
Investment Officer, Real Estate
Chris Ebersole
Investment Officer, Real Estate
Christy Fields
Managing Principal, Meketa

Gloria Gil, Senior Investment Office, Real Estate, Austin Carmichael, Investment Officer, Real Estate, Philip, Chris Ebersole, Investment Officer, Real Estate, and Christy Fields, Managing Principal with Meketa, presented the Real Estate Annual Review. The presentation included an overview of commitments and growth.

The 2023 YTD Real Estate portfolio returns exceeded the 1-Year policy benchmark by 1.52% and outperformed the benchmark for the 5-year period by 1.4%.

10:30 – 11:10 6 **Real Assets Annual Review** Ben Mahon
Senior Investment Officer, Real Assets
Nic DiLoretta

Managing Director, Aksia

Ben Mahon, Senior Investment Officer, Real Assets, and Nic DiLoretta, Managing Director with Aksia, presented the Real Assets Annual Review. The presentation included a market update as well as an overview of the strategic role of the portfolio and asset allocation.

The Real Asset Portfolio 2023 YTD return trailed the policy benchmark by -2.9% but meet the benchmark for the 5-year period.

11:10 – 11:40 7 **Common School Fund 2023 Performance Review**

Michael Langdon
Director of Private Markets
Wil Hiles
Investment Officer, Public Equity
Jamie McCreary
Service Model Program Manager

Michael Langdon, Director of Private Markets, Wil Hiles, Investment Officer, Public Equity, and Jamie McCreary, Service Model Program Manager, presented the Common School Fund 2023 Annual Review. The presentation included an overview of asset allocation and performance.

CSF's 2023 YTD performance returns trailed the policy benchmark by -2.3% but are exceeding the benchmark for the 5-year period by .2%.

--- BREAK ---

11:45 – 12:15 8 **Oregon Short Term Fund Update and Policy**
(Action Item: Policy Update)

Louise Howard
Director of Capital Markets
Will Hampson
Investment Officer, Fixed Income

Louise Howard, Director of Capital Markets, and Will Hampson, Investment Officer, Fixed Income, presented the Oregon Short Term performance and made 2 recommendations to update INV 303.

The Oregon Short Term Fund 2023 YTD returns outperformed the policy benchmark by .44% and exceed the benchmark for the 5-year period by .28%.

Staff make recommendations intended to remove terminology ambiguity associated with:

- Buying Repurchase agreements as cash investments in the Oregon Short Ter, Fund
- Memorializing the US Treasury and Agency security credit score as equal to 29 (AAA equivalent) for the purpose of calculating the OSTF weighted average credit score.

Member Wilson-Body moved approval at 11:49am, Member Arvin seconded the motions which then Passed by a 5/0 vote.

12:15 9 **Calendar – Future Agenda Items** Rex Kim

Open Discussion

OIC Members, Staff, Consultants

Public Comments



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TAB 2
COMMITTEE REPORTS



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TAB 3
OPERF OPPORTUNITY
PORTFOLIO REVIEW

April 17, 2024

OPERF Opportunity Portfolio 2023 Annual Review

Mike Mueller, Investment Officer



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Agenda

Section	Page(s)	OIC Investment and Management Beliefs Mapping																	
		1A	1B	1C	1D	2A	2B	3A	4A	4B	5A	5B	6A	6B	7A	7B	8A	8B	9A
Agenda	2																		
Overview	3																		
History	4																		
Performance	5																		
Year in Review	6-8																		
Investments as of 9/30/23	9																		
Historical Cash Flows & Commitments	10																		
Portfolio Manager Snapshot	11																		
Portfolio Strategy Snapshot	12																		
Portfolio Age Snapshot	13																		
Portfolio Role & Geography Snapshot	14																		
Portfolio Liquidity Snapshot	15																		
Looking Forward	16																		
Appendix	17																		

LEGEND: OIC INVESTMENT AND MANAGEMENT BELIEFS

- 1 THE OIC SETS POLICY AND IS ULTIMATELY RESPONSIBLE FOR THE INVESTMENT PROGRAM**
 - A. Investment management is dichotomous -- part art and part science.
 - B. The OIC is a policy-setting council that largely delegates investment management activities to the OST and qualified external fiduciaries.
 - C. The OIC is vested with the authority to set and monitor portfolio risk. Both short-term and long-term risks are critical.
 - D. To exploit market inefficiencies, the OIC should be long-term, contrarian, innovative, and opportunistic in its investment approach.
- 2 ASSET ALLOCATION DRIVES RISK AND RETURN**
 - A. Asset allocation is the OIC's primary policy tool for managing the investment program's long-term risk/return profile.
 - B. Portfolio construction, including diversification and correlation considerations, is essential to maximizing risk-adjusted returns.
- 3 THE EQUITY RISK PREMIUM WILL BE REWARDED**
 - A. Over the long-term, equity-oriented investments provide reliable return premiums relative to risk-free investments.
- 4 PRIVATE MARKET INVESTMENTS CAN ADD SIGNIFICANT VALUE AND REPRESENT A CORE OIC/OST COMPETENCY**
 - A. The OIC can capitalize on its status as a true, long-term investor by making meaningful allocations to illiquid, private market investments.
 - B. Dispersion in private market investment returns is wide; accordingly, top-quartile manager selection, diversification across vintage year, strategy type, and geography, and careful attention to costs are paramount.
- 5 CAPITAL MARKETS HAVE INEFFICIENCIES THAT CAN BE EXPLOITED**
 - A. Inefficiencies that can be exploited by active management may exist in certain segments of the capital markets.
 - B. Passive investment management in public markets will outperform the median active manager in those markets over time.
- 6 COSTS DIRECTLY IMPACT INVESTMENT RETURNS AND SHOULD BE MONITORED AND MANAGED CAREFULLY**
 - A. All fees, expenses, commissions, and transaction costs should be diligently monitored and managed in order to maximize net investment returns.
 - B. External incentive structures should be carefully evaluated to ensure proper alignment with investment program objectives.
- 7 FAIR AND EFFICIENT CAPITAL MARKETS ARE ESSENTIAL FOR THE LONG-TERM INVESTMENT SUCCESS**
 - A. The OIC recognizes that the quality of regulation and corporate governance can affect the long-term value of its investments.
 - B. The OIC also recognizes that voting rights have economic value.
- 8 THE INTEGRATION OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) FACTORS, SIMILAR TO OTHER INVESTMENT FACTORS, MAY HAVE A BENEFICIAL IMPACT ON THE ECONOMIC OUTCOME OF AN INVESTMENT AND AID IN THE ASSESSMENT OF RISKS ASSOCIATED WITH THAT INVESTMENT**
 - A. The consideration of ESG factors within the investment decision-making framework is important in understanding the near-term and long-term impacts of investment decisions.
 - B. Over time, there has been an evolution of multi-factor, or more holistic approaches, to identify opportunities and remediate risks, in a large globally-diversified investment portfolio.
- 9 DIVERSITY, IN ALL ASPECTS, IS ACCRETIVE TO MEETING OIC OBJECTIVES**
 - A. By embracing and enhancing diversity and inclusion efforts, the OIC ensures that the investment program will be exposed to and informed by a wide range of perspectives, ideas and opinions.

Opportunity Portfolio Overview

➤ Role of the Opportunity Portfolio

- Enable Staff to consider investments for OPERF that are outside the six strategic asset classes
- Provide enhanced, risk-adjusted returns and diversification to OPERF
- No strategic target allocation; may comprise no more than 5% of total OPERF assets

➤ Policy Objectives

- Exceed OPERF Total Fund Policy Benchmark
- A low correlation between OPERF and the Portfolio is expected over time (0.38 since inception)
- Incubate potential new strategies or portfolios (e.g., levered bank loans & infrastructure)
- Investments are expected to comprise both longer- and shorter-term holdings
- May be non-diversified – meaning that Staff may concentrate its investments
- Given the truly opportunistic nature and objective of the Portfolio, Staff expects its investments and partnership commitments may be highly episodic and inconsistent over time

➤ Strategies Types

- Niche / innovation oriented (e.g., royalties, reinsurance, intellectual property, direct lending, multi-asset)
- Tactical / dislocation oriented (historical examples: bank loans, convertible bonds, general credit)

18-Year History

- 2005 ❖ Opportunity Portfolio inception
- 2006 ❖ Opportunity Portfolio first investment
- 2007 ❖ Early market fissures appear
 - OPERF early to levered bank loan dislocation
- 2008 ❖ Global Financial Crisis (GFC)
 - Full-time Opportunity Portfolio Investment Officer hired
 - High-water mark in new commitments (number & dollars)
 - Heavy investment in levered bank loan strategies
- 2009-2010 ❖ Relatively light deployment following significant investment post-GFC
- 2011 ❖ Three funds moved to seed new Alternatives Portfolio (now known as Real Assets Portfolio)
- 2012-2014 ❖ Commitments to multi-strategy opportunistic mandates in response to limited staff resources
- 2014 ❖ Senior Opportunity Portfolio Investment Officer promoted to Director of Alternatives Program
- 2015-2018 ❖ Relatively light to stable deployment
- 2019 ❖ Appointment of Investment Officer dedicated to Opportunity Portfolio in Q3 2019
- 2020 ❖ COVID-19 causes widespread market disruption, commitments made to two funds to pursue related investment opportunities
- 2021 ❖ Closed on four new niche investment strategies
- 2022-2023 ❖ Lighter deployment only with existing managers in recognition of overall plan-level illiquidity

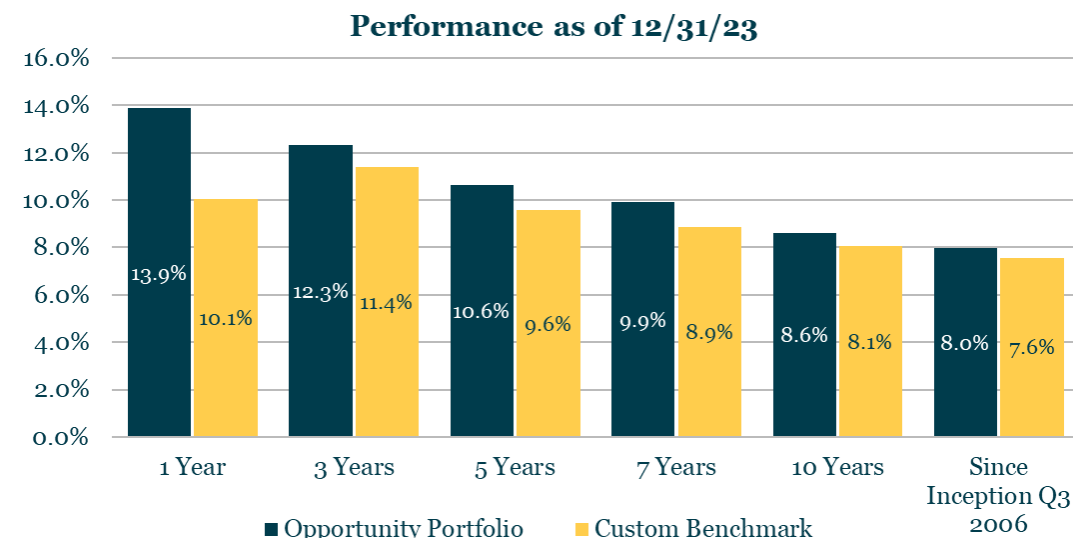
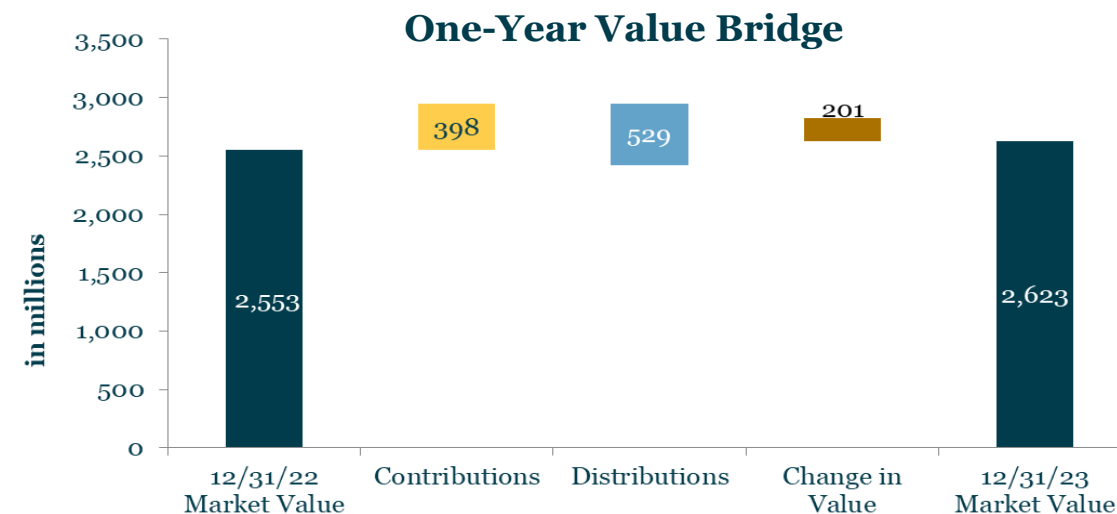
Performance

Measure	12/31/23	12/31/22
FMV + Distributions (in millions)	\$7,346 M	\$6,747 M
FMV	\$2,623 M	\$2,553 M
Unfunded Commitments	\$1,309 M	\$1,187 M
FMV % of OPERF	2.8%	2.8%
FMV + Unfunded Commitments % of OPERF	4.2%	4.1%
Multiple [(FMV + Distributions)/Drawn]	1.3x	1.3x
IRR Since Inception Q3 2006	7.9%	8.0%

Source: Aksia. Data as of 12/31/23

Time-Weighted Returns	Performance 12/31/2023	Opportunity Portfolio Custom Benchmark	Performance 12/31/2022	CPI + 5%
1 Year	13.9%	10.1%	1.3%	11.8%
3 Years	12.3%	11.4%	11.1%	10.1%
5 Years	10.6%	9.6%	9.0%	9.0%
7 Years	9.9%	8.9%	8.8%	8.5%
10 Years	8.6%	8.1%	8.7%	7.7%
Since Inception Q3 2006	8.0%	7.6%	7.6%	7.4%

Source: State Street. Data as of 12/31/23



2023 Year in Review

- The Opportunity Portfolio's \$2.6 billion market value rose to approximately 2.8% of OPERF over the past year, well within the 5% OIC Policy limit. Approximately 17% of the Portfolio was liquid, as of 9/30/23.
- For the year ended December 2023, the Opportunity Portfolio was the best performing portfolio across OPERF's private markets returning 13.9% for the year (across OPERF, only Public Equity had a higher return), and exceeding its benchmark by 3.8% (see page 4).
- For the 10-years ended December 2023, the Portfolio returned 8.6% with only the Private Equity portfolio reporting higher returns across OPERF (see page 4).
- Because OPERF does not have a strategic allocation to private credit, Staff expects that private credit will continue to comprise a meaningful portion of the Portfolio. Private credit is now the second largest private capital asset class after private equity, measured by dry powder and recent capital fund raising (see pages 12, 17-18, 20).
- The Portfolio is concentrated among four partners comprising approximately 55% of current Portfolio value across 11 different investments (see pages 9, 11).
- During 2023, the OIC authorized commitments with two existing managers. Details of the \$300 million in new commitments can be found on Page 7.
- Approximately \$260 million was redeemed from four liquid holdings across the Portfolio in 2023.
- The Portfolio has essentially been cash flow neutral for the five-year period ended December 2023 (see page 10).
- Two investments wrapped up in 2023, leaving 14 manager relationships in the Portfolio across 25 investments.

2023 Year in Review (cont.)

2023 Activity

Investment Name	Authorized Date	First OPERF Drawdown	Commitment Amount
Arctos Sports Partners Fund II	June 2023	July 2023	\$150,000,000
Sixth Street Lending Partners	December 2023	N/A	\$150,000,000
2023 Total Approved			\$300,000,000

2022 Activity

Investment Name	Authorized Date	First OPERF Drawdown	Commitment Amount
Whitehorse Liquidity Partners Fund V	April 2022	May 2022	\$200,000,000
Pathlight Capital Fund III	September 2022	December 2022	\$100,000,000
2022 Total Approved			\$300,000,000

2021 Activity

Investment Name	Authorized Date	First OPERF Drawdown	Commitment Amount
Whitehorse Liquidity Partners Fund IV	March 2021	March 2021	\$200,000,000
Blue Torch Credit Opportunities Fund II	March 2021	April 2021	\$100,000,000
Arctos Sports Partners Fund I	August 2021	October 2021	\$150,000,000
Pathlight Capital Fund II	October 2021	December 2021	\$100,000,000
2021 Total Approved			\$550,000,000

2020 Activity

Investment Name	Authorized Date	First OPERF Drawdown	Commitment Amount
Sixth Street Specialty Lending Europe II	June 2020	November 2020	\$125,000,000
OHA Tactical Investment Fund	July 2020	July 2020	\$300,000,000
Owl Rock Capital Corporation III	July 2020	September 2020	\$150,000,000
Clearlake Flagship Plus Partners	October 2020	November 2020	\$200,000,000
2020 Total Approved			\$775,000,000



2023 Year in Review (cont.)

2023 Opportunity Portfolio Deal Flow

- Scale, brand, existing relationships and open-door policy leveraged to foster solid deal flow
- Broad opportunity set has helped to maintain inquiries; referrals from across OST teams and unsolicited inbounds inquiries
- Points of contact (in-person or calls) exceeded 80, including over 45 related to prospective investments
- While there were opportunities to deploy capital, Staff was cognizant of the current illiquid profile of OPERF and therefore deliberately slowed the pace of investment



Active Investments as of 9/30/23

Fund	Vintage	Status	Strategy	Sector	Role	FMV (\$K)	Unfunded (\$K)	Commitment (\$K)
Fidelity Real Estate Opportunistic Income Fund	2007	Evergreen	Credit	Real Estate	Niche	\$116,304	\$0	\$100,000
Sanders Capital All Asset Value Fund ¹	2010	Evergreen	Equity	Diversified	Niche	\$304,623	\$0	\$200,000
Nephila Cassiopeia Fund ²	2012	Liquidation	Insurance	P&C	Niche	\$4,902	\$0	\$100,000
Blackstone Tactical Opportunities - O ³	2013	Active	Equity	Diversified	Niche	\$77,031	\$59,612	\$460,000
Content Partners Fund III	2014	Liquidation	Royalties	Media	Niche	\$9,171	\$770	\$50,000
Lone Star Residential Mortgage Fund I	2014	Harvest	Credit	Real Estate	Niche	\$1,279	\$12,201	\$43,223
Sixth Street TAO 2.0	2014	Evergreen	Credit	Diversified	Niche	\$204,218	\$97,433	\$250,000
OrbiMed Royalty Opportunities Fund II	2015	Liquidation	Royalties	Healthcare	Niche	\$1,711	\$19,461	\$35,000
Sixth Street Specialty Lending Europe I	2015	Liquidation	Credit	Diversified	Niche	\$12,659	\$26,813	\$100,000
Sixth Street TAO 3.0	2015	Evergreen	Credit	Diversified	Niche	\$205,820	\$89,177	\$250,000
Lone Star Fund X	2016	Harvest	Equity	Diversified	Niche	\$74,204	\$16,301	\$150,000
Blue Owl Capital Corporation (OBDC) ⁴	2016	Evergreen	Credit	Diversified	Niche	\$149,000	\$0	\$150,000
Blackstone Tactical Opportunities II - O	2020	Active	Equity	Diversified	Niche	\$77,183	\$122,993	\$40,000
Clearlake Flagship Plus	2020	Active	Equity/Credit	Diversified	Tactical	\$168,559	\$47,008	\$200,000
Oak Hill Advisors Tactical Investment Fund	2020	Active	Equity/Credit	Diversified	Tactical	\$281,777	\$64,511	\$300,000
Blue Owl Capital Corporation III (OBDE) ⁵	2020	Active	Credit	Diversified	Niche	\$200,065	\$0	\$150,000
Sixth Street Specialty Lending Europe II	2020	Active	Credit	Diversified	Niche	\$53,030	\$84,691	\$125,000
Sixth Street TAO Contingent ⁶	2020	Harvest	Credit	Diversified	Tactical	\$128,887	\$41,018	\$200,000
Arctos Sports Partners Fund I	2021	Active	Equity	Sports/Media	Niche	\$138,476	\$56,372	\$150,000
Blue Torch Credit Opportunities Fund II	2021	Active	Credit	Diversified	Niche	\$82,873	\$30,024	\$100,000
Pathlight Capital Fund II	2021	Active	Credit	Diversified	Niche	\$86,624	\$15,869	\$100,000
Pathlight Capital Fund III	2022	Active	Credit	Diversified	Niche	\$74,997	\$30,697	\$100,000
Arctos Sports Partners Fund II	2023	Active	Equity	Sports/Media	Niche	\$39,052	\$120,203	\$150,000
Whitehorse Liquidity Partners Wickiup ⁷	2021-23	Active	Preferred	Diversified	Niche	\$205,077	\$245,295	\$400,000
Total Opportunity Portfolio:						\$2,697,524	\$1,180,448	\$3,903,223

Allocation within OPERF: 2.9%

¹ The Sanders Capital All Asset Value Fund mandate allows multi-asset holdings; however, the portfolio is currently predominantly in equity securities.

² Nephila Cassiopeia is a new vehicle containing prior OPERF interests in Nephila Juniper and Palmetto funds.

³ While the Blackstone Tactical Opportunities fund strategy can pursue a broad range of equity and credit investments in private and public securities and instruments, the majority of fund investments have an equity component.

⁴ Includes Blue Owl Stock (2016).

⁵ Includes Blue Owl Capital Diversified Holdings (BOCDH) (2020).

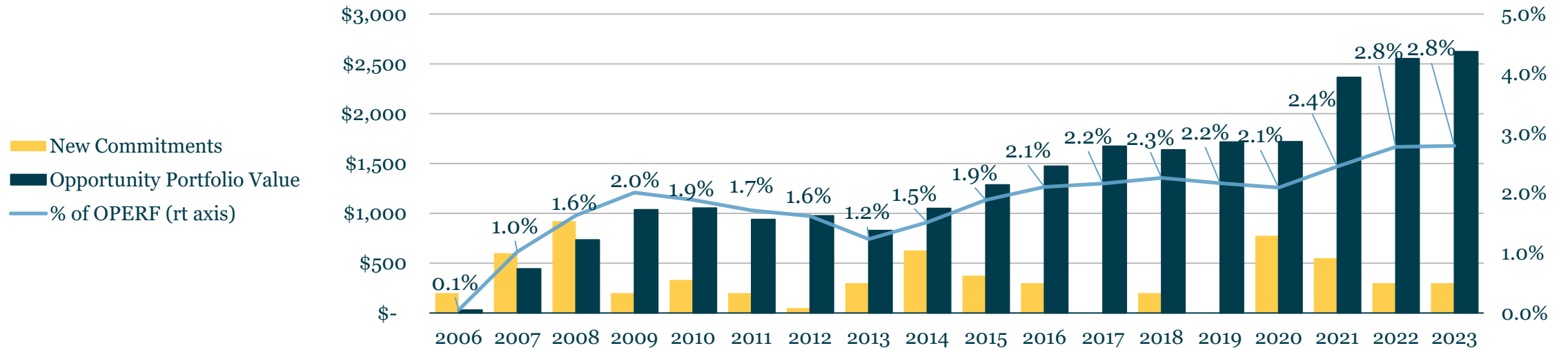
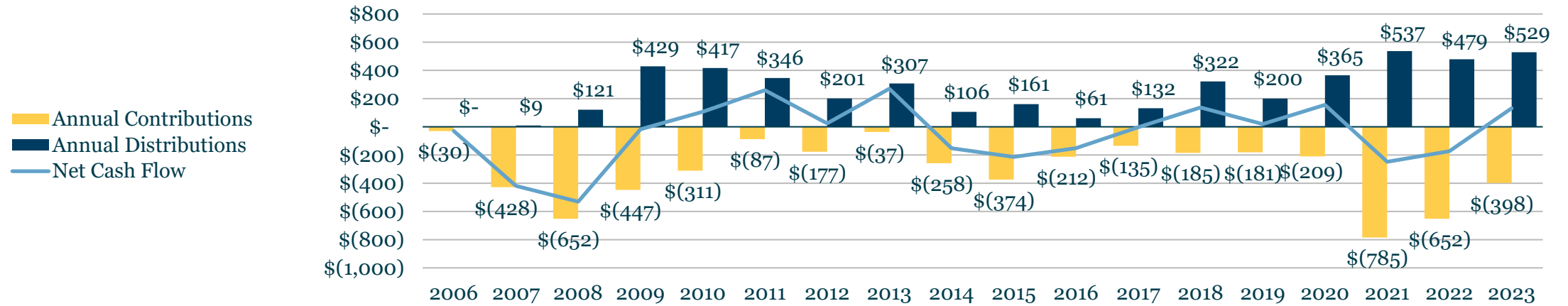
⁶ The Sixth Street TAO Contingent fund commitment was made in January 2018 and was activated in April 2020.

⁷ Whitehorse Liquidity Partners Wickiup (Fund of One) consists of OPERF interests in Funds IV, V, and VI.

Source: Aksia and OST Staff.



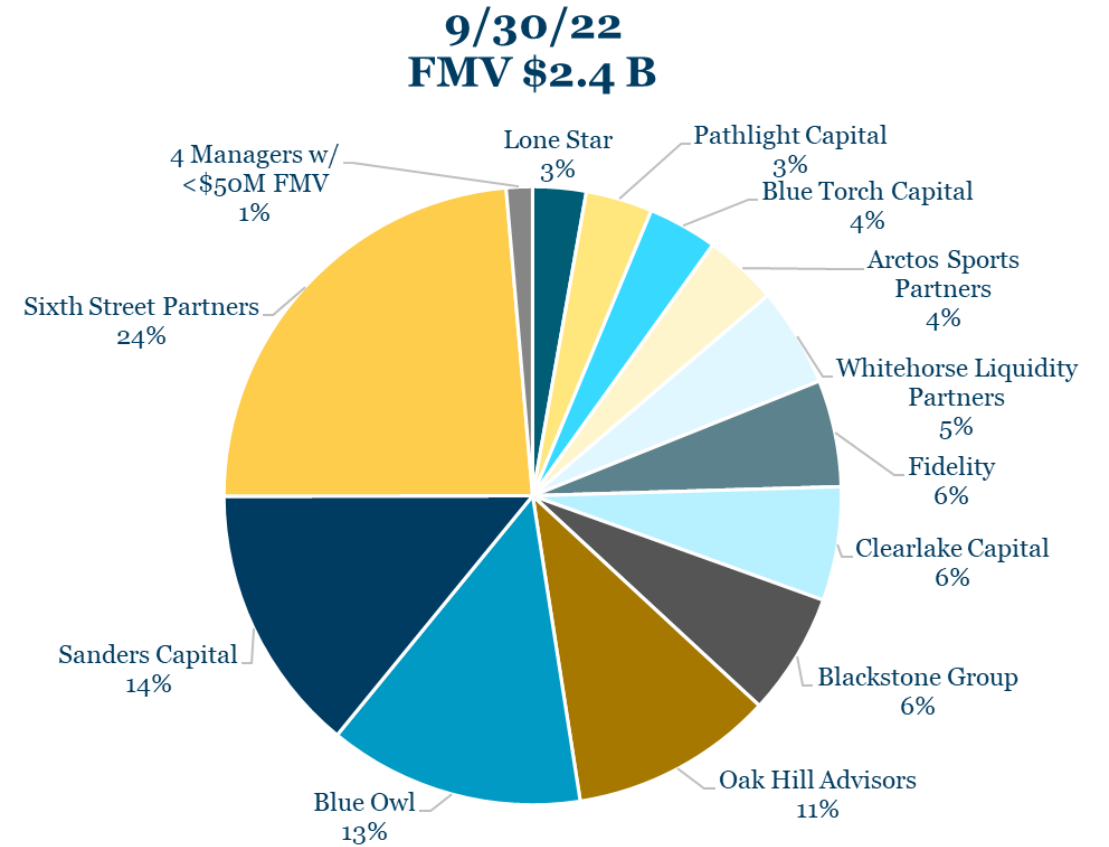
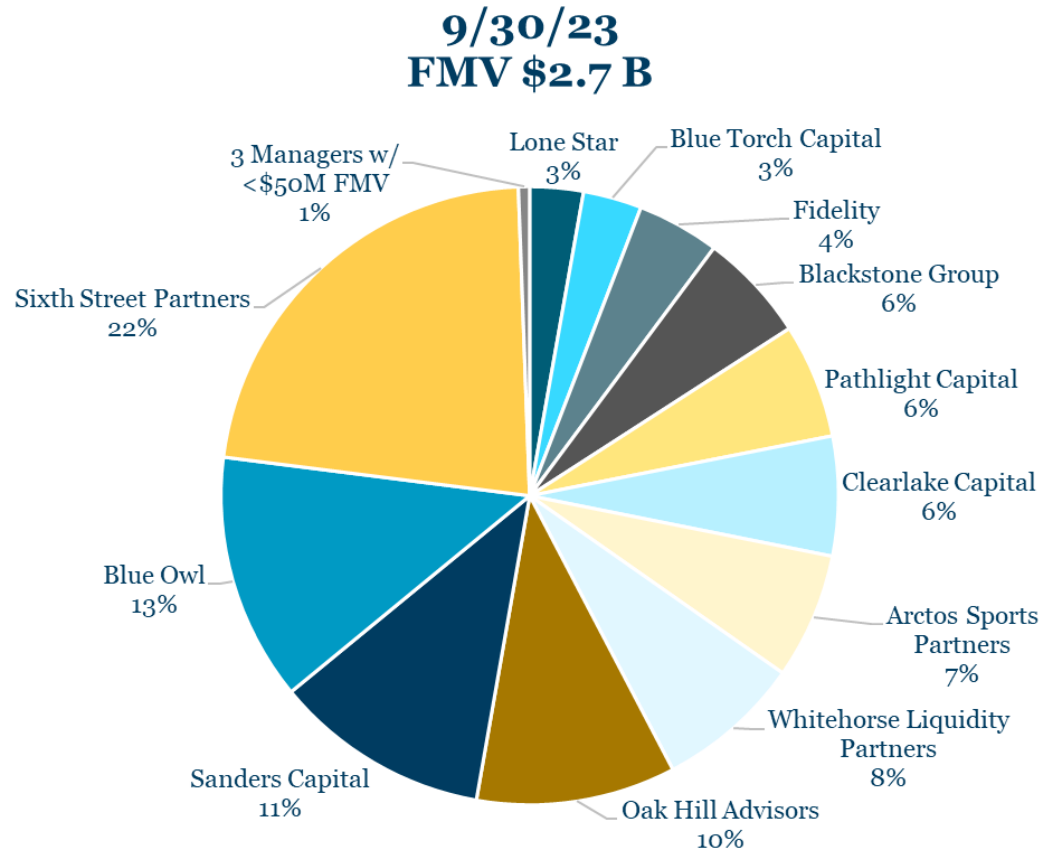
Historical Cash Flows & New Commitments



Source: Aksia and State Street. Data as of 12/31/2023.



Portfolio Manager Snapshot

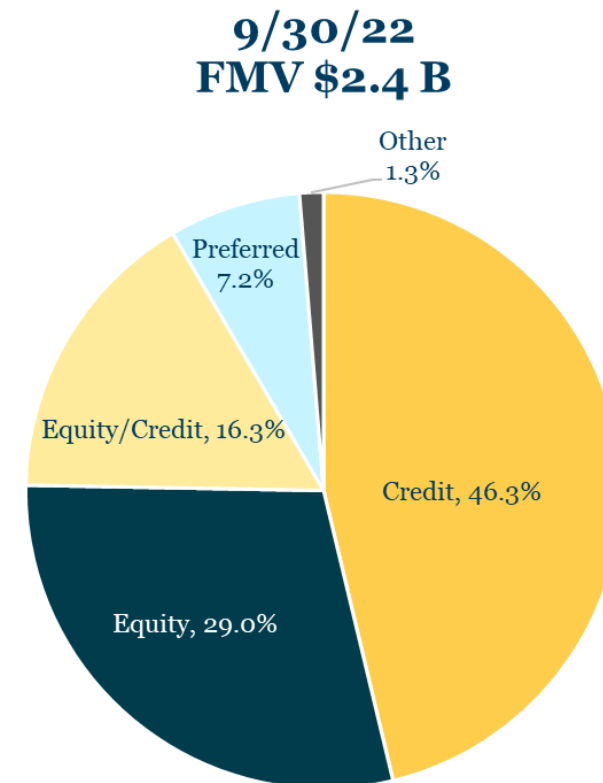
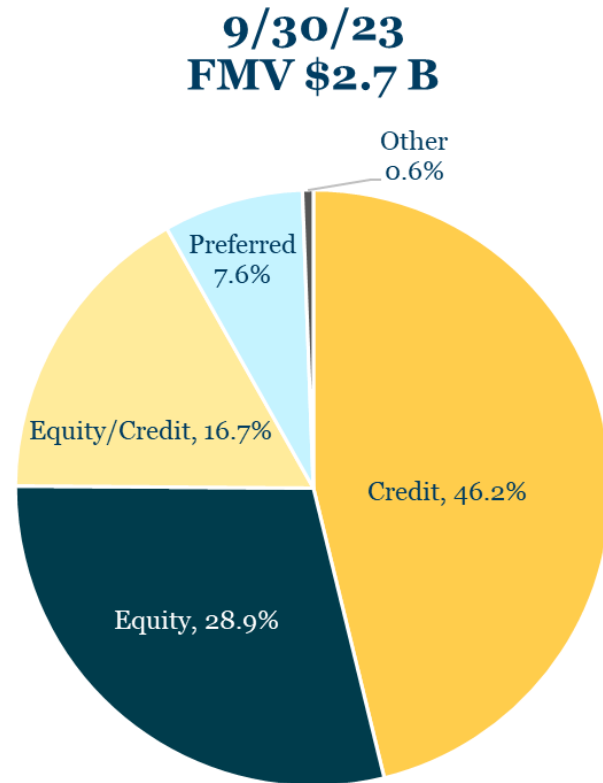


Source: Aksia and OST Staff.



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Portfolio Strategy Snapshot

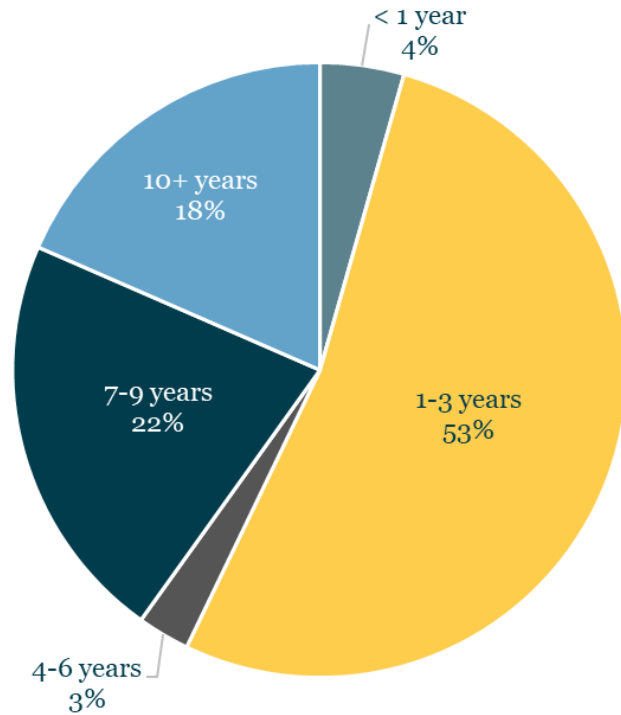


Source: Aksia and OST Staff.

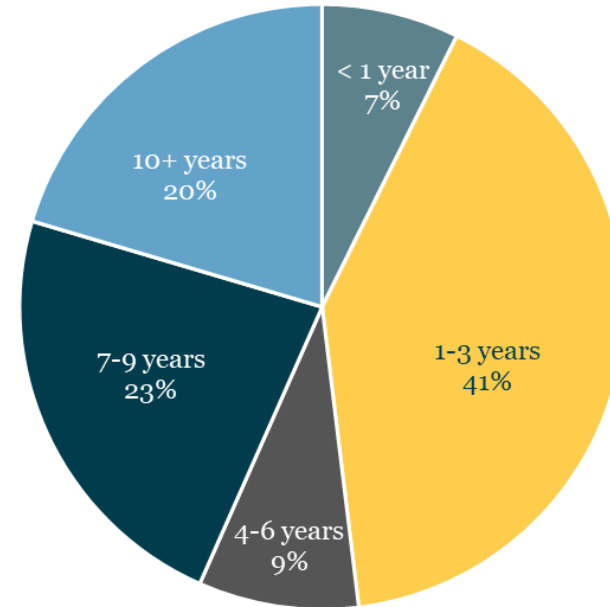


Portfolio Age Snapshot

9/30/23
FMV \$2.7 B



9/30/22
FMV \$2.4 B

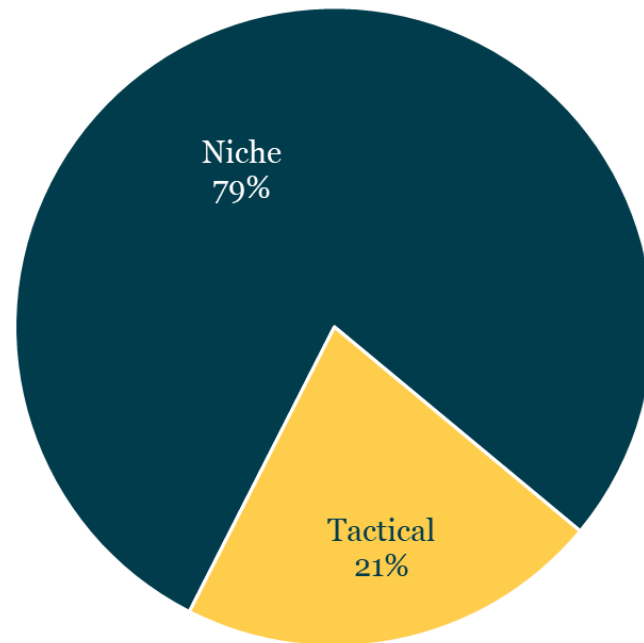


Source: Aksia and OST Staff.

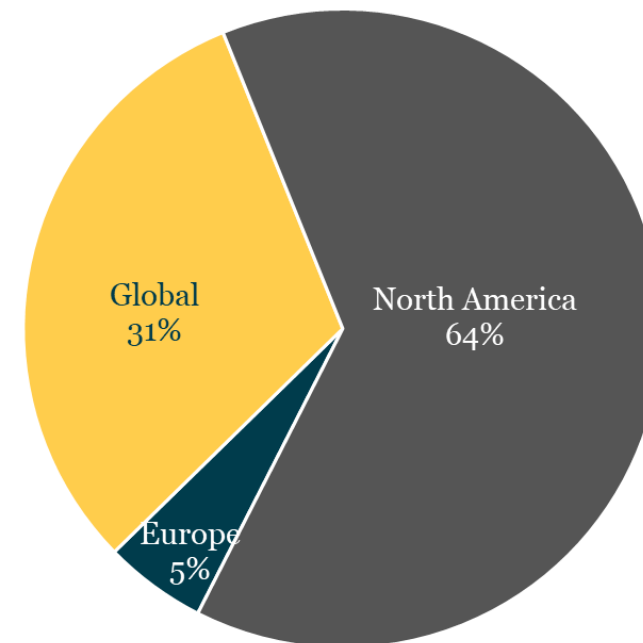


Portfolio Role & Geography Snapshot

Role 9/30/23
FMV \$2.7 B



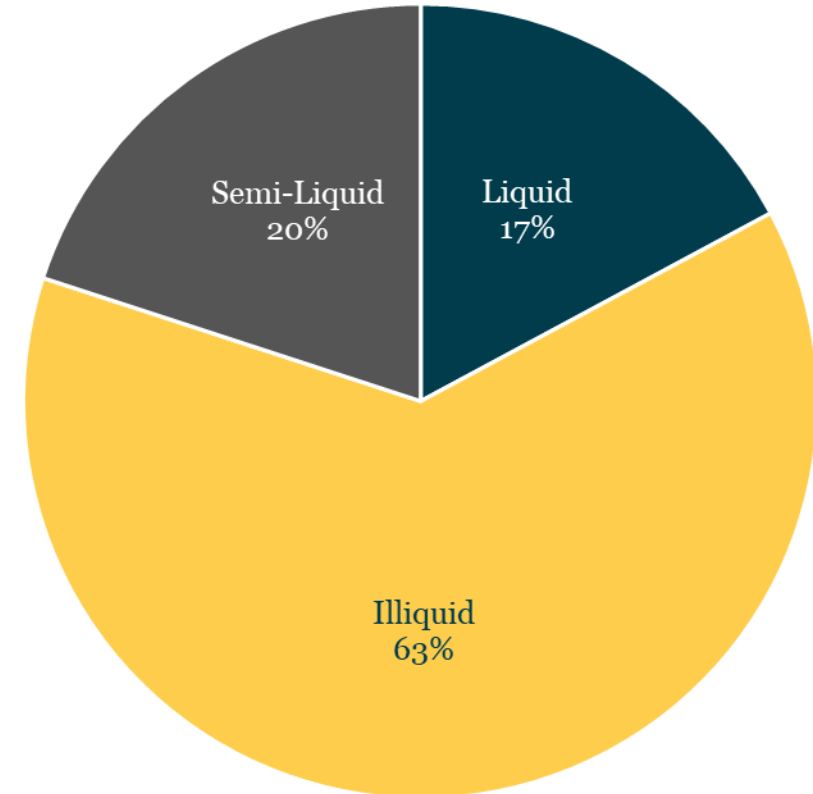
Geography 9/30/23
FMV \$2.7 B



Source: Aksia and OST Staff.

Portfolio Liquidity Snapshot

- Liquid – Primarily publicly-traded securities (<1 month).
- Semi-Liquid – Investments with quarterly or semi-annual redemption rights (1-3 years).
- Illiquid – Traditional private equity-like investment structures (>3 years).



Source: OST Staff. Data as of 9/30/23

Looking Forward

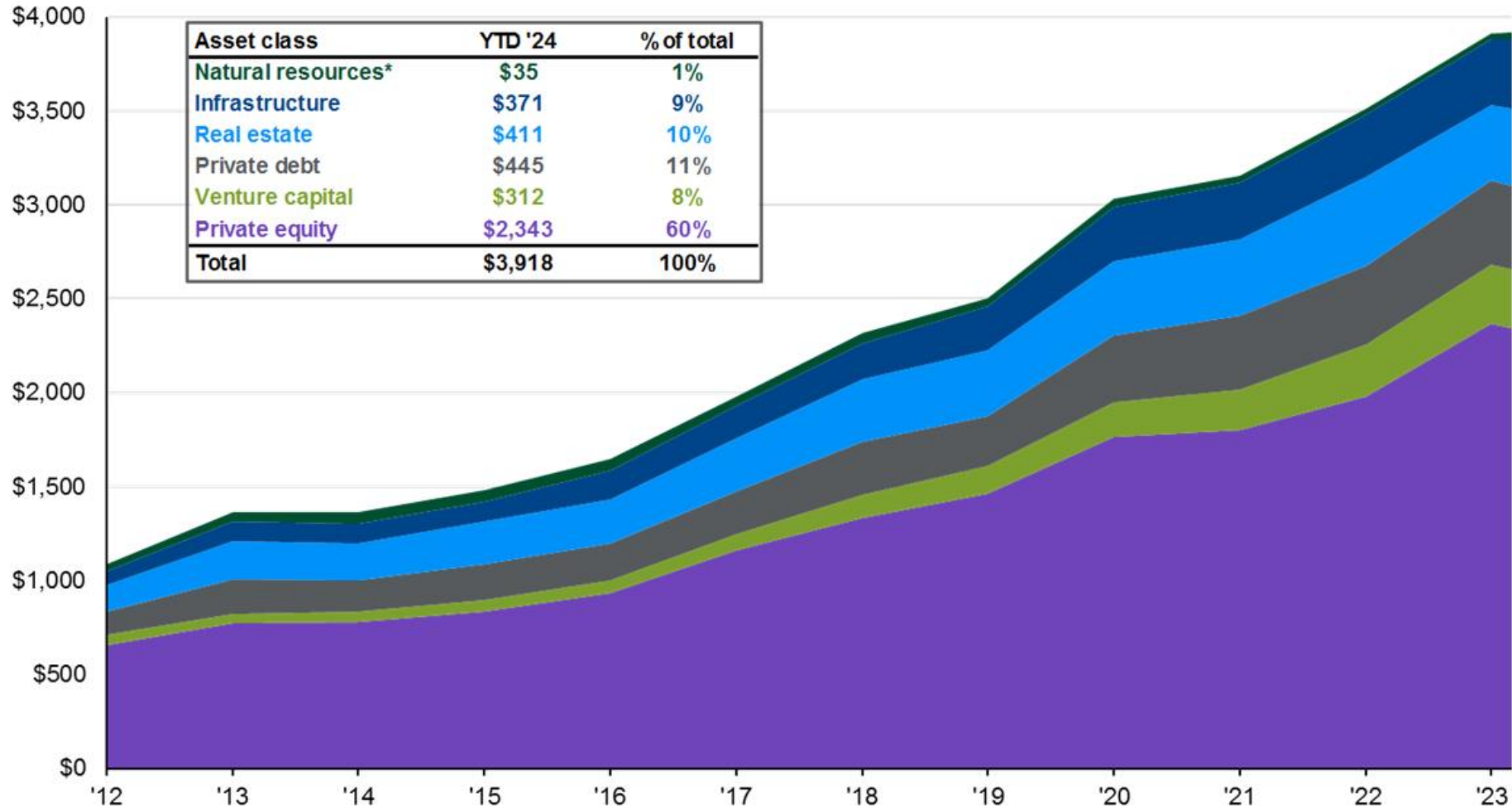
- The Opportunity Portfolio is well-positioned to continue to deploy capital if market dislocations arise. The Portfolio continues to have capacity to invest capital before the 5% policy limit would be exceeded, but we remain mindful of OPERF’s current excess exposure to illiquid assets across private markets (private equity, real estate, and real assets).
- Given the foregoing, for calendar year 2024, we do not expect to add new relationships to the Portfolio but will focus on existing managers that are returning to market with overall commitments not expected to exceed \$200 million for the calendar year.
- The Portfolio continues to provide valuable diversification benefits across the total fund, and particularly to the public markets:

Correlation (9/2006 to 12/2023)	Opp Port	OPERF	Public Equity	Fixed Income
Opportunity Portfolio	1.00			
OPERF Regular Account	0.38	1.00		
OPERF Public Equity	0.27	0.91	1.00	
OPERF Fixed Income	0.19	0.56	0.59	1.00

Appendix: Alternatives Dry Powder

Global dry powder by asset class

Cumulative dry powder, USD billions



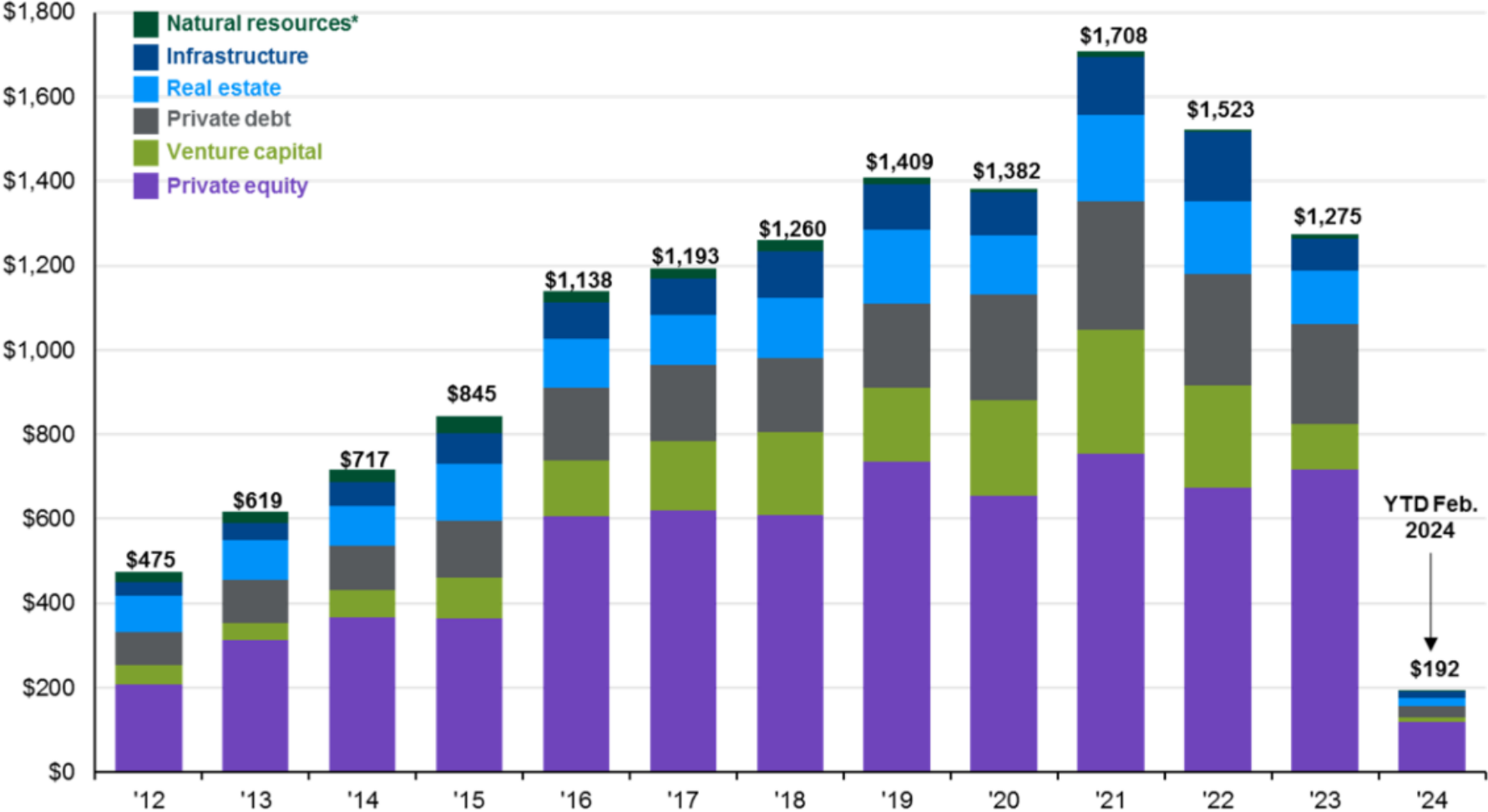
Source: Preqin, J.P. Morgan Asset Management



Appendix: Global Private Capital Fund Raising

Global private capital fundraising

USD billions



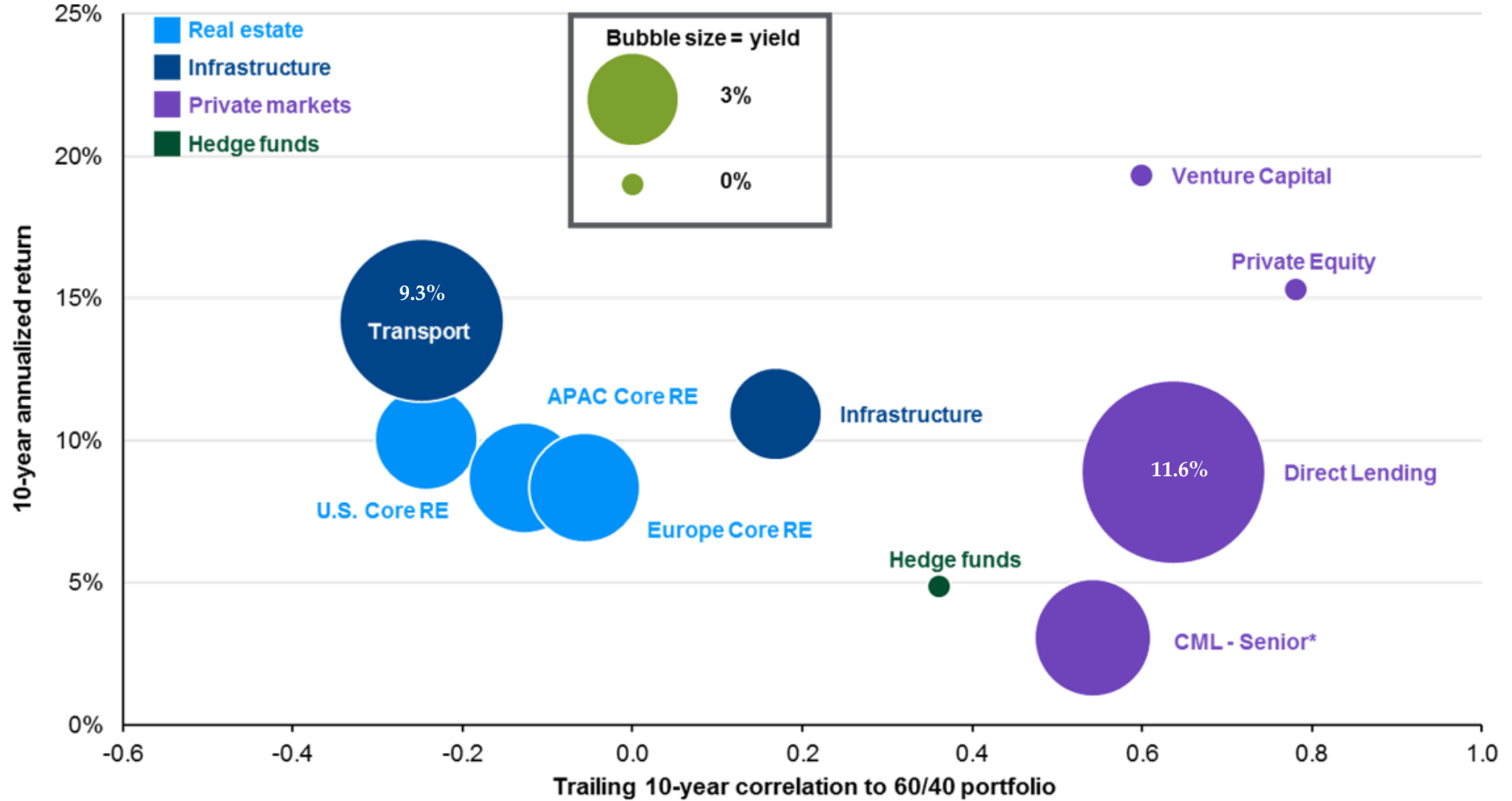
Source: Preqin, J.P. Morgan Asset Management



Appendix: Correlations, Returns and Yields

Correlations, returns, and yields

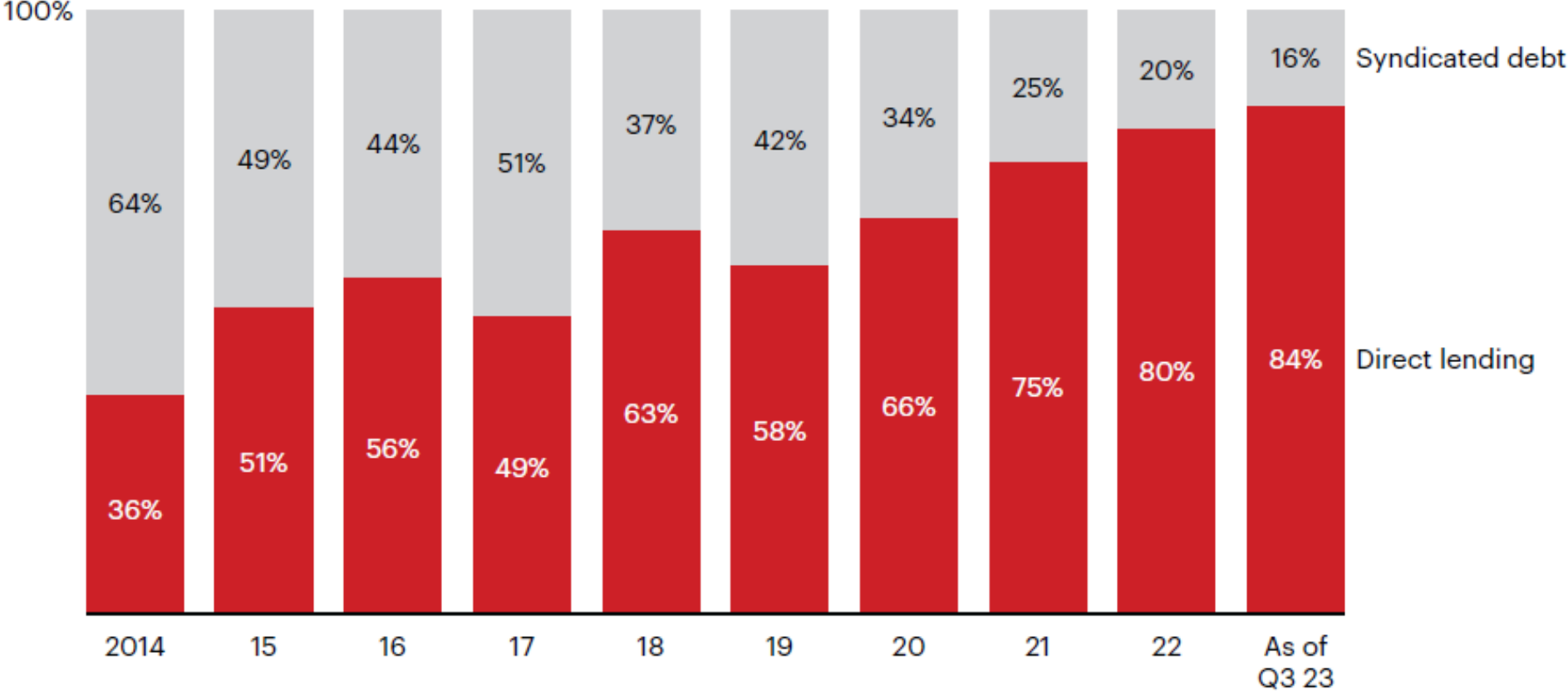
10-year correlations and 10-year annualized total returns, quarterly, 2013 - 2022



Source: Burgiss, Cliffwater, Gilberto-Levy, HFRI, MSCI, NCREIF, FactSet, J.P. Morgan Asset Management

Appendix: Growth of Private Debt

Share of US middle-market LBO loan issuance, by debt type



Notes: Middle market includes issuers with revenues less than \$500 million and total loan package less than \$500 million; direct lending includes nonsyndicated facilities, including club lending

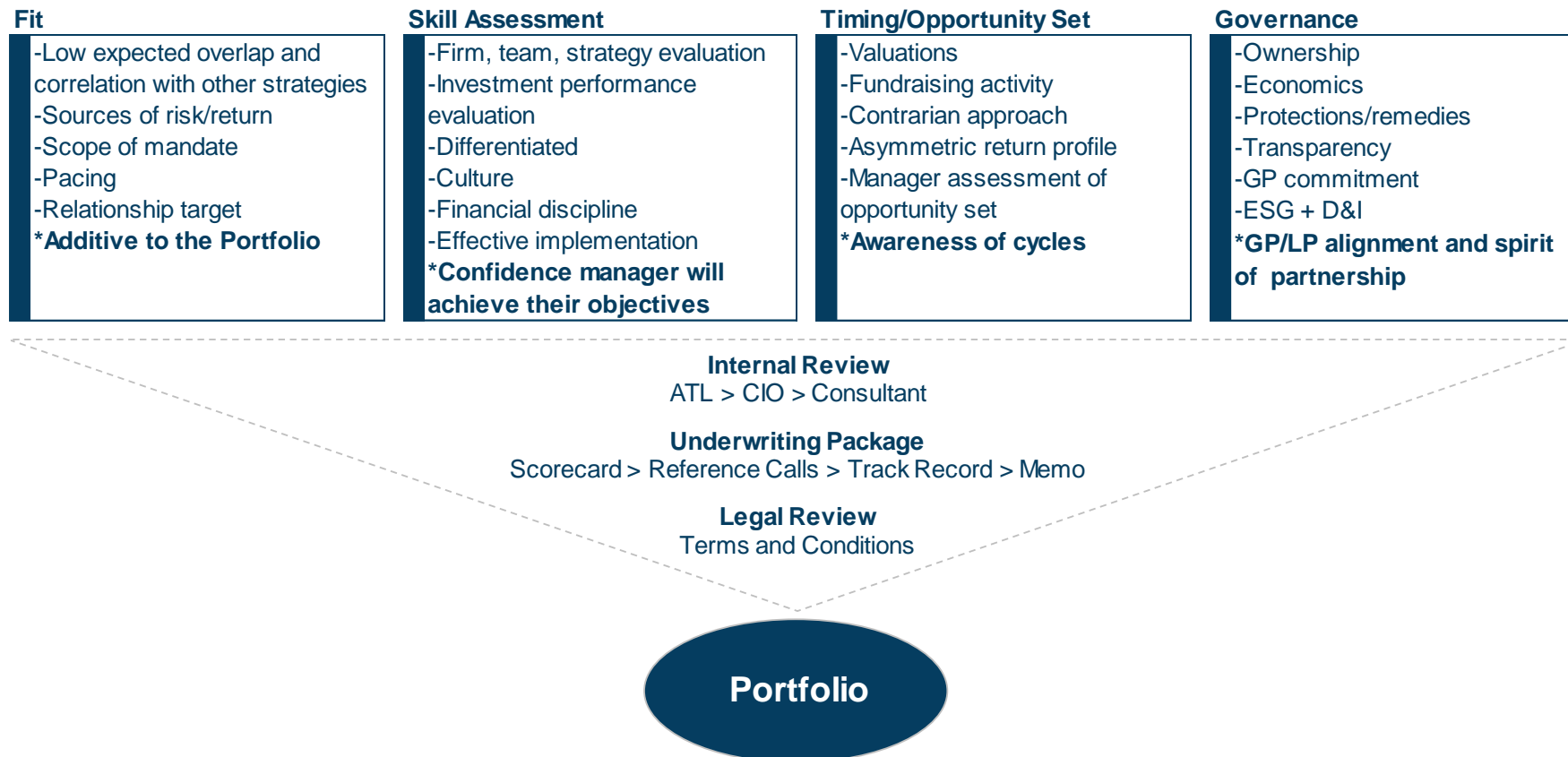
Source: LSEG LPC

Source: Bain & Company, Global Private Equity Report 2024.



Appendix: Investment Process

- Evaluation framework
 - Very high-level framework summary illustrated below.
 - In practice, a non-linear process with many more variables and numerous feedback channels.





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Tobias Read
Oregon State Treasurer

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oregon.gov/treasury



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TAB 4

OPERF DIVERSIFYING
STRATEGIES REVIEW

April 17, 2024

OPERF Diversifying Strategies Portfolio

Annual Review and Forward Plan



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Agenda

Section	Pages	OIC Investment and Management Beliefs Mapping																	
		1A	1B	1C	1D	2A	2B	3A	4A	4B	5A	5B	6A	6B	7A	7B	8A	8B	9A
Diversifying Strategies Portfolio Overview	3-5				X	X	X				X		X	X					
Markets	7-10				X		X				X						X	X	X
Project Pathfinder Update	11-14				X	X	X				X		X	X					X
2023 Review	15-16				X	X	X				X						X		X
Results	17-18				X		X				X								X
2024 Preview	19				X	X	X				X						X	X	X
Appendix	21-23				X		X				X		X	X			X	X	X

- LEGEND: OIC INVESTMENT AND MANAGEMENT BELIEFS**
- 1 THE OIC SETS POLICY AND IS ULTIMATELY RESPONSIBLE FOR THE INVESTMENT PROGRAM**
 - A. Investment management is dichotomous -- part art and part science.
 - B. The OIC is a policy-setting council that largely delegates investment management activities to the OST and qualified external fiduciaries.
 - C. The OIC is vested with the authority to set and monitor portfolio risk. Both short-term and long-term risks are critical.
 - X D.** To exploit market inefficiencies, the OIC should be long term, contrarian, innovative, and opportunistic in its investment approach.
 - 2 ASSET ALLOCATION DRIVES RISK AND RETURN**
 - X A.** Asset allocation is the OIC's primary policy tool for managing the investment program's long-term risk/return profile.
 - X B.** Portfolio construction, including diversification and correlation considerations, is essential to maximizing risk-adjusted returns.
 - 3 THE EQUITY RISK PREMIUM WILL BE REWARDED**
 - A. Over the long-term, equity-oriented investments provide reliable return premiums relative to risk-free investments.
 - 4 PRIVATE MARKET INVESTMENTS CAN ADD SIGNIFICANT VALUE AND REPRESENT A CORE OIC/OST COMPETENCY**
 - A. The OIC can capitalize on its status as a true, long-term investor by making meaningful allocations to illiquid, private market investments.
 - B. Dispersion in private market investment returns is wide; accordingly, top-quartile manager selection, diversification across vintage year, strategy type, and geography, and careful attention to costs are paramount.
 - 5 CAPITAL MARKETS HAVE INEFFICIENCIES THAT CAN BE EXPLOITED**
 - X A.** Inefficiencies that can be exploited by active management may exist in certain segments of the capital markets.
 - B. Passive investment management in public markets will outperform the median active manager in those markets over time.
 - 6 COSTS DIRECTLY IMPACT INVESTMENT RETURNS AND SHOULD BE MONITORED AND MANAGED CAREFULLY**
 - X A.** All fees, expenses, commissions, and transaction costs should be diligently monitored and managed in order to maximize net investment returns.
 - X B.** External incentive structures should be carefully evaluated to ensure proper alignment with investment program objectives.
 - 7 FAIR AND EFFICIENT CAPITAL MARKETS ARE ESSENTIAL FOR THE LONG-TERM INVESTMENT SUCCESS**
 - A. The OIC recognizes that the quality of regulation and corporate governance can affect the long-term value of its investments.
 - B. The OIC also recognizes that voting rights have economic value.
 - 8 THE INTEGRATION OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) FACTORS, SIMILAR TO OTHER INVESTMENT FACTORS, MAY HAVE A BENEFICIAL IMPACT ON THE ECONOMIC OUTCOME OF AN INVESTMENT AND AID IN THE ASSESSMENT OF RISKS ASSOCIATED WITH THAT INVESTMENT**
 - X A.** The consideration of ESG factors within the investment decision-making framework is important in understanding the near-term and long-term impacts of investment decisions.
 - X B.** Over time, there has been an evolution of multi-factor, or more holistic approaches, to identify opportunities and remediate risks, in a large globally-diversified investment portfolio.
 - 9 DIVERSITY, IN ALL ASPECTS, IS ACCRETIVE TO MEETING OIC OBJECTIVES**
 - X A.** By embracing and enhancing diversity and inclusion efforts, the OIC ensures that the investment program will be exposed to and informed by a wide range of perspectives, ideas and opinions.



Diversifying Strategies Portfolio Overview

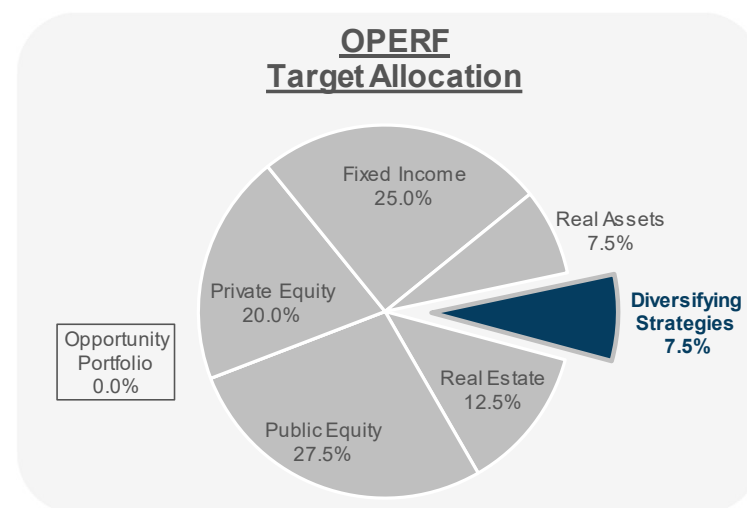
Strategic Role

➤ Portfolio background

- Alternatives Portfolio (inclusive of Real Assets and Diversifying Strategies) approved at the January 2011 OIC meeting; Portfolio bifurcated into its component parts in June 2021.
- Target allocation for Diversifying Strategies has increased three times since its inception (most recently in 2019), growing from an initial <1.0% target to its current 7.5% target.
- Net asset value = \$4.8 billion (5.1% of OPERF) vs. target of \$7.0 billion.

➤ Portfolio objectives

- Participate in attractive long-term investment opportunities.
- Diversify the overall OPERF investment portfolio through differentiated (i.e., less correlated) returns.
- Seek diversified hedge fund manager and strategy exposures.
- Performance objective: HFRI Fund of Funds Conservative Index.



➤ Performance

TWR	YTD	1 Year	3 Year	5 Year	10 Year	ITD
Diversifying Strategies Portfolio	3.8%	5.1%	10.4%	3.8%	3.3%	3.5%
HFRI FOF Conservative	1.4%	5.5%	3.9%	4.9%	3.4%	3.9%
<i>Difference</i>	2.3%	-0.4%	6.5%	-1.1%	-0.1%	-0.4%



Diversifying Strategies Portfolio Overview

Positioning

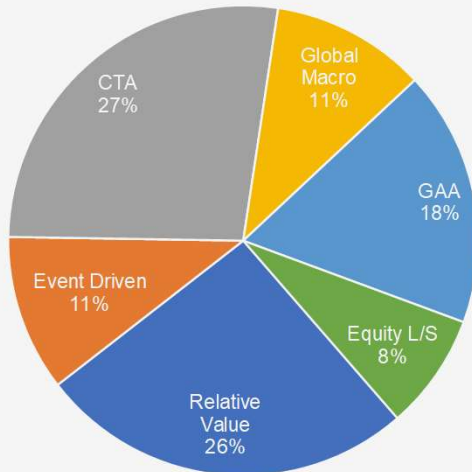
Portfolio Summary¹

Attribute	2/28/2023	2/29/2024	% Change
GP Relationships	14	16	14.3%
Holdings	16	20	25.0%
Subscriptions	\$6,980.0	\$8,076.4	15.7%
Redemptions	\$3,149.3	\$3,994.7	26.8%
Net Asset Value	\$4,244.5	\$4,754.7	12.0%
Unfunded Approvals	\$550.0	\$0.0	-100.0%
ITD Return	2.3%	3.5%	50.1%

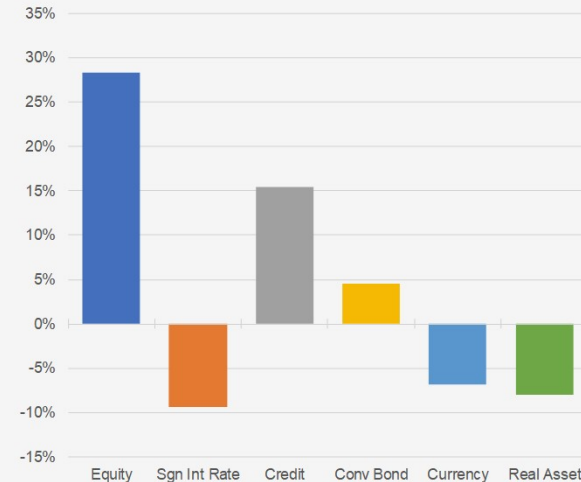
Top 10 Managers

Manager	# of Mandates	\$ of NAV	% of NAV
AQR Capital Management	3	\$816.4	17.2%
Davidson Kempner Capital Management	1	\$539.0	11.3%
Hudson Bay Capital Management	1	\$537.2	11.3%
GMO Group	1	\$394.0	8.3%
Man AHL	2	\$323.4	6.8%
Aspect Capital	1	\$317.1	6.7%
Brevan Howard Capital Management	1	\$300.8	6.3%
Fort	1	\$285.6	6.0%
Caxton Associates	1	\$257.1	5.4%
Capstone Investment Advisors	1	\$250.1	5.3%

Strategy Weights²



Net Asset Class Exposure



Source: Albourne, State Street. Data as of February 29, 2024. \$ in millions.

¹Data shown is since inception.

²Data from Albourne Risk Analyst Assessment with multi-strategy look-through.

Diversifying Strategies Portfolio Overview

Executive Summary

➤ Steady year of performance

- For the 12-months ended February 2024, the Diversifying Strategies Portfolio returned +5.1%, underperforming the HFRI FOF Conservative benchmark by -36 bps.
- Return contribution was broad based, with 15 of the 20 underlying strategies positive contributors to performance.
- Importantly, the Portfolio has provided valuable diversification for the total OPERF Portfolio, with a 12-month correlation/beta to the S&P 500 of -0.35/-0.20.

➤ Project Pathfinder progress continues

- Since launch of Project Pathfinder in 2021, the Portfolio has received 12 investment approvals, totaling \$2.7 billion in commitments.
- Resultant cash flows represent 40+ actions, totaling an absolute \$5.3 billion of re-balancing, and which required a high degree of coordination across internal and external business partners to execute.
- Progressed multi-strategy anchor(s) search, with finalists identified.
- Received approval for initial Phase 2 recommendations; subsequent Phase 2 priorities coming into focus.

➤ Portfolio maturation

- Continued evolution of risk profile, steadily increasing exposure to risk mitigating strategies.
- More balanced portfolio, with top five strategies now representing 44% (vs. 75% as of September 2021) and directional strategy allocation now representing 57% (vs. 74%).
- Additional monitoring data and tools now live.

➤ Team accomplishments

- Paul and Faith celebrated five years at OST.
- Amanda recognized as a “Rising Star” by Institutional Investor.
- Ian and Amanda served on the Board of Directors of the Portland Alternative Investment Association.

Source: Albourne. Data as of February 29, 2024.



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Topics

1. Diversifying Strategies Portfolio Overview
- 2. Diversifying Strategies Portfolio Update**
 - A. Markets
 - B. Project Pathfinder Update
 - C. 2023 Review
 - D. Results
 - E. 2024 Preview
3. Appendix

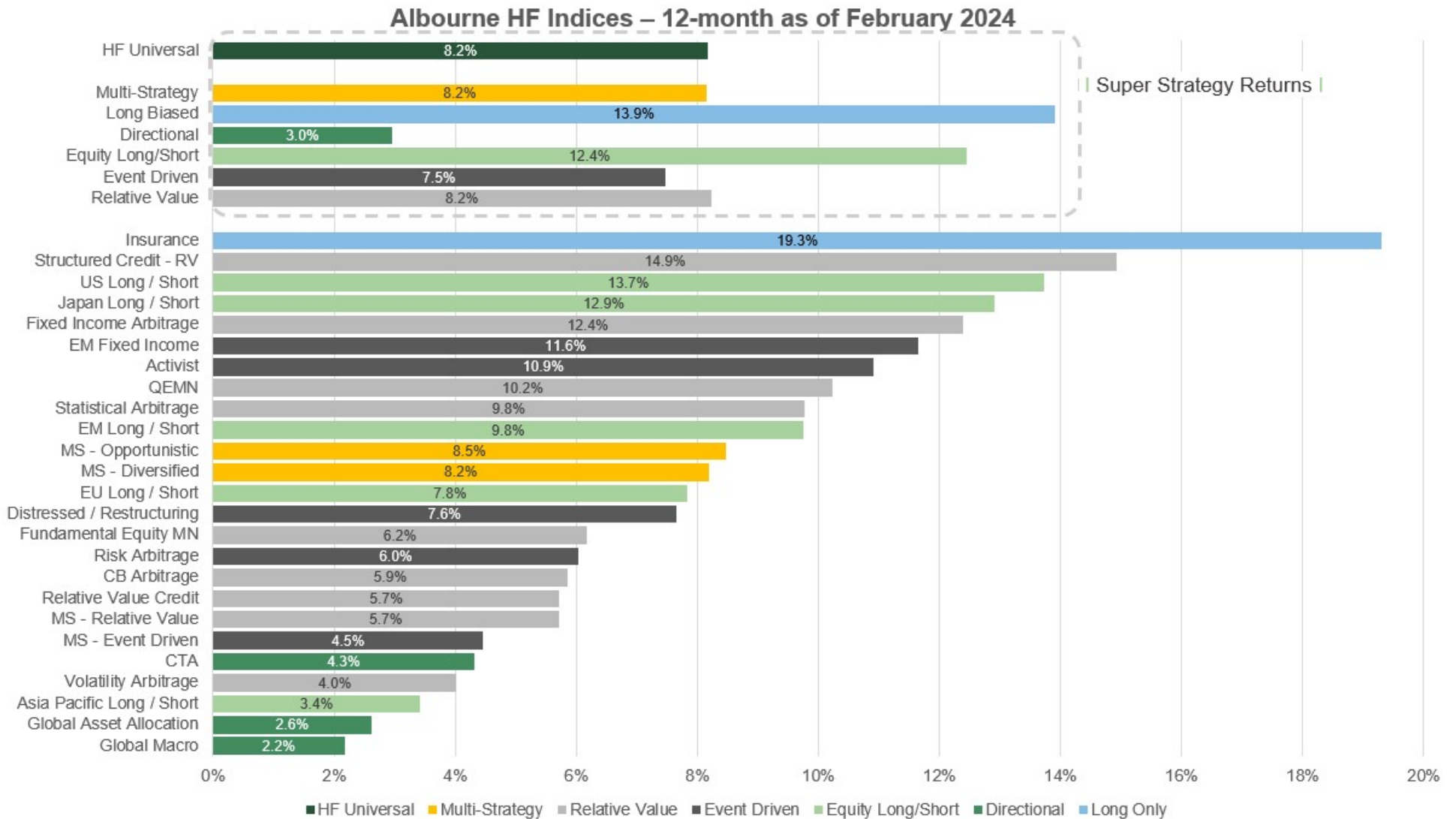
Markets

12 Key Themes in 2023

<p>[1] Artificial Intelligence (AI)</p> <ul style="list-style-type: none"> The surge in AI is one of the contributing factors towards the outperformance of tech equities during 2023. As of 22 December YTD, the S&P 500 IT Index had gained nearly 56%, more than a 2x percentage increase compared to the main S&P 500 Index Albourne's survey across fund managers showed that (i) Generative AI is being used across functions with at least minimal productivity improvements, (ii) about 1/3 of respondents are not currently using Gen AI tools, (iii) the most common adoption hurdles relate to concerns around data security, followed by accuracy and compliance. 	<p>[2] Military Conflicts</p> <ul style="list-style-type: none"> The geopolitical uncertainties ensued from 2022 and reached new highs with the addition of the Israel-Gaza conflict in October. Fighting on the Ukraine front remained relentless, entering its 22nd month. In October, President Biden proposed a \$106bn supplemental funding directed mainly towards Ukraine, Israel, Gaza and border security. This has so far failed in the procedural vote. Overall, the impact of the conflicts was periodical and largely limited to the commodities sector, including oil. 	<p>[3] Global Supply Chains</p> <ul style="list-style-type: none"> Following the developments in Gaza, Yemen's Houthi rebels have been targeting vessels in the Red Sea, thus affecting the accessibility to the Suez Canal. Shipping companies are diverting to alternative and more costly routes. The US has announced that it, alongside a number of other countries, will aim to boost the safety of the Red Sea. China holds many key supply chains around the world and continuously strives to move up the value chain. From a trade perspective, China's ability to often outproduce other countries at a cheaper price creates an ongoing friction point. 	<p>[4] China</p> <ul style="list-style-type: none"> Economic woes persisted in China, as the early 2023 momentum from the China reopening following the lift of the COVID-zero policies was short-lived. This was reflected by the underperformance of equity markets. Defaults from property developers continued to make headlines. 2023 saw an increasing internationalization of the yuan. In April, the Chinese yuan reportedly surpassed the dollar in being the most widely used currency for cross-border transactions in China.
<p>[5] Banking Crisis</p> <ul style="list-style-type: none"> 1H 2023 saw the second, third and fourth largest regional commercial bank failures in US history. SVB's failure sent shockwaves to the banking sector and beyond, as it was also a prominent bank used in the Private Equity/Venture Capital market. 	<p>[6] Digital Assets</p> <ul style="list-style-type: none"> Recent approvals for ETFs backed by physical BTC units add to the optimism for the Digital Assets space. The tokenization of real-world assets is emerging as a prevailing use case for blockchain technology, with successful tokenization of real estate, commercial paper, private placements, and other assets. However, regulatory pressure remains. 	<p>[7] SEC Final Private Fund Advisers Rules</p> <ul style="list-style-type: none"> The US SEC had an open meeting in August 2023 discussing the adoption of rules originally proposed in February 2022. The changes are far reaching, with the key focus being on the risks to investors around a lack of transparency, conflicts of interest, and a lack of governance mechanisms. The final rules appear to address many of the concerns originally submitted by Albourne to the SEC along with other industry participants. 	<p>[8] Inflation, Rates & GDP</p> <ul style="list-style-type: none"> While inflationary pressures materially decreased in 2023, they remained above the Fed's and ECB's target 2% inflation rate. Rate hike expectations remained the key driver of market returns. Notably, the release of US inflationary figures in November, that showed a significant decrease in the inflation rate, paved the way to a market rally, as market participants revised their 2024 rate expectations downwards.
<p>[9] Uptick in Distressed Opportunities</p> <ul style="list-style-type: none"> As a consequence of the sharp increase in interest rates in 2022-2023 and the increased cost of borrowing, bankruptcies are rising. The uptick in defaults is expected to be more sustained than in previous bouts, given that the Fed is less well-situated to inject liquidity. Separately, with capital markets not fully open, Distressed hedge fund managers had some opportunity to structure and price financings that would otherwise be placed in traded markets. 	<p>[10] Private Equity valuations</p> <ul style="list-style-type: none"> Higher interest rates and the resulting pressures on valuations appear to persist, however, the strong performance of equities has eased the downward adjustment of private company valuations. This makes the denominator effect that was prominent earlier in the year and in 2022 less pronounced, offering a more balanced view of portfolio-level allocations to PE investments. 	<p>[11] Japan Equities and Corp. Governance</p> <ul style="list-style-type: none"> Nikkei 225 outperformed many of its western counterparts. Besides the ultra-accommodative monetary policy, equity markets also benefited by the reforms in corporate governance. The Japanese regulators have recently introduced guidance that aims to improve shareholder value. Companies continue to strengthen corporate governance and are under pressure to improve price-to-book ratio. 	<p>[12] Insurance</p> <ul style="list-style-type: none"> Insurance was the best performing Hedge Fund strategy for the year. Despite 2023 having been one of the most active years on record in terms of industry loss, these losses came mainly from small to medium sized events from secondary perils and the year has lacked any catastrophic events that caused large insured losses. Inflation has increased the value of underlying exposures as well as replacement costs, so the dollar amount of cover required grew.

Markets

Albourne HF Indices – 12-month Returns



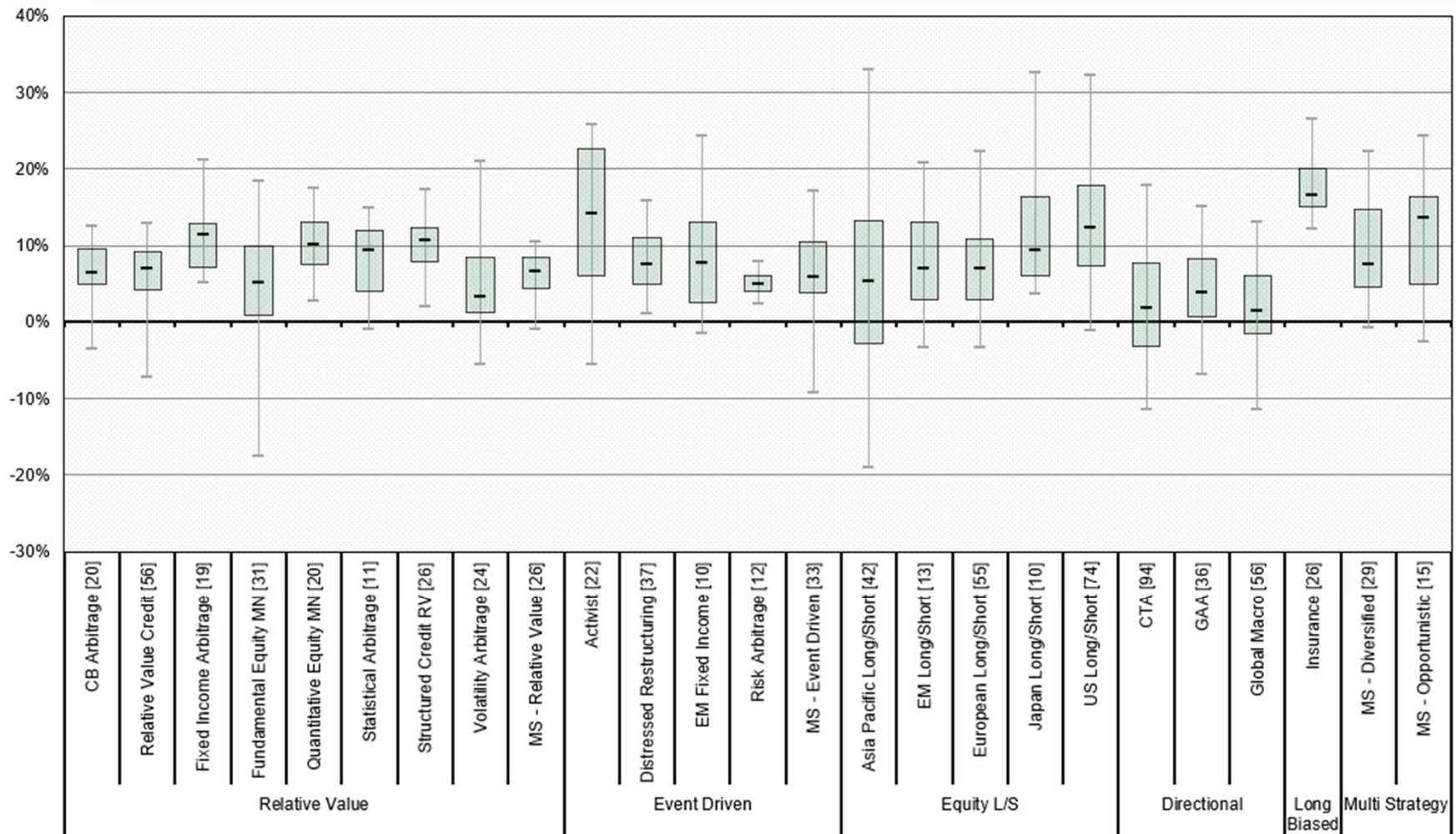
Long Biased Super-Strategy return presented is based on the returns of Insurance and Direct Lending Strategies.

Source: Albourne HedgeRS Indices. <https://village-eu.albourne.com/castle/hedgers>.

Based on fund returns/estimates received as of 14 March 2024. Past performance is not necessarily indicative of future results.

Markets

Albourne HF Indices – 12-month Dispersion



Albourne Hedge Fund Strategy & Number of Funds

Data shows dispersion of returns: middle bar represents the median; upper and lower bounds of the box represents the top quartile and bottom quartile, respectively; upper and lower whiskers represent the 95th and 5th percentiles, respectively. Universe shown is the constituents of the relevant HedgeRS Equal Weighted Index for each strategy. Calculations include all funds with returns over each relevant time period.

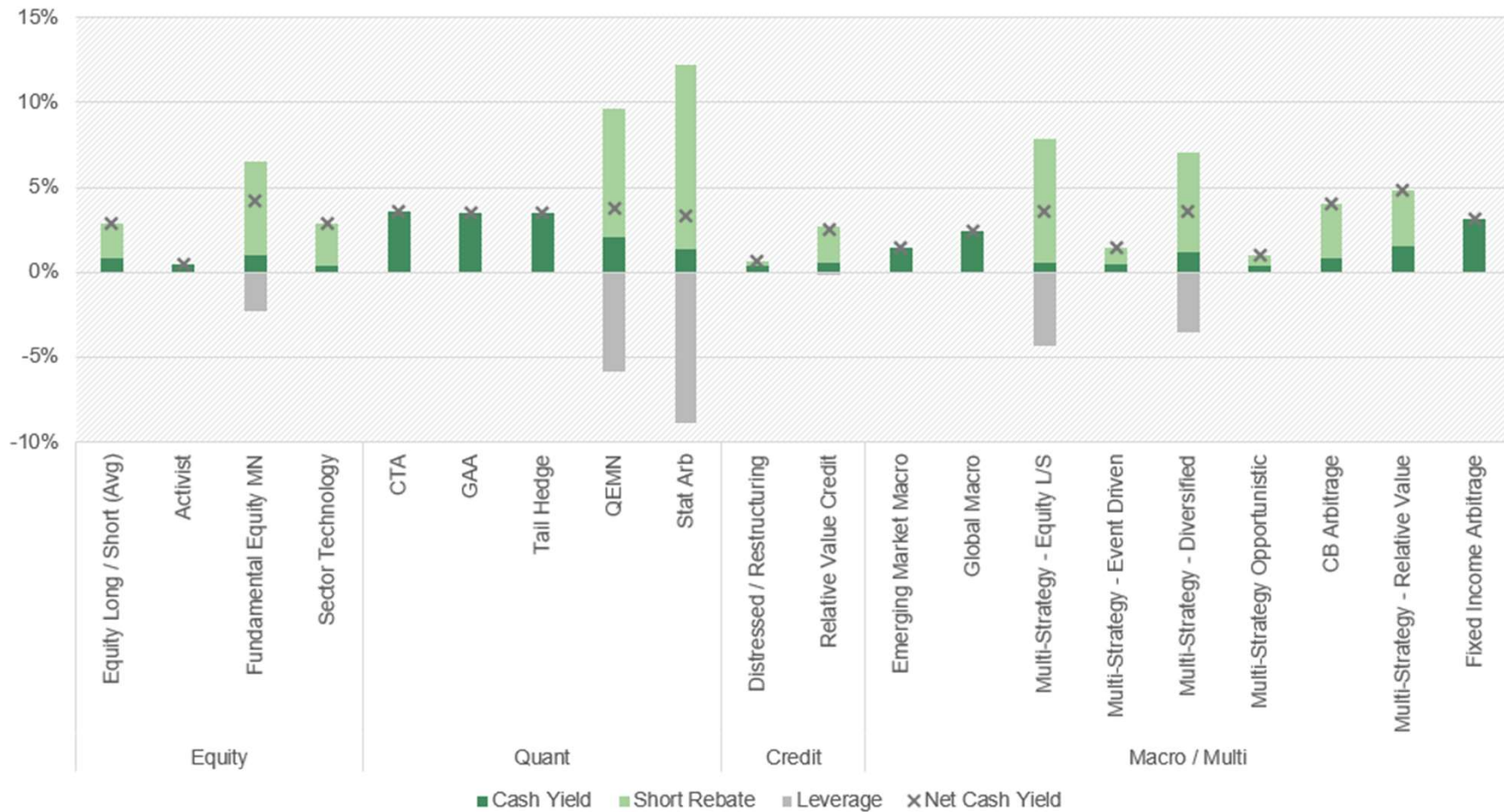
Source: Albourne HedgeRS Indices.

Based on fund returns/estimates received as of 14 March 2024. Past performance is not necessarily indicative of future results.

Markets

Interest Rates and HF Returns

Yield Pick-up by Strategy – 2Q 2023 Averages



The composition of the strategies are as follows. **Credit strategies:** Distressed/Restructuring, Emerging Market Fixed Income, Relative Value Credit; **Equity strategies:** US Long/Short, Emerging Long/Short, European Long/Short, Activist, Fundamental Equity Market Neutral; **Macro & Multi-Strategies:** Global Macro, Risk Arbitrage, Convertible Bond Arbitrage, Fixed Income Arbitrage, Emerging Market Macro, Multi-Strategy (Event Driven, Relative Value, Equity Long/Short, Diversified); **Quant Strategies:** CTA, Global Asset Allocation, Quantitative Equity Market Neutral, Statistical Arbitrage.

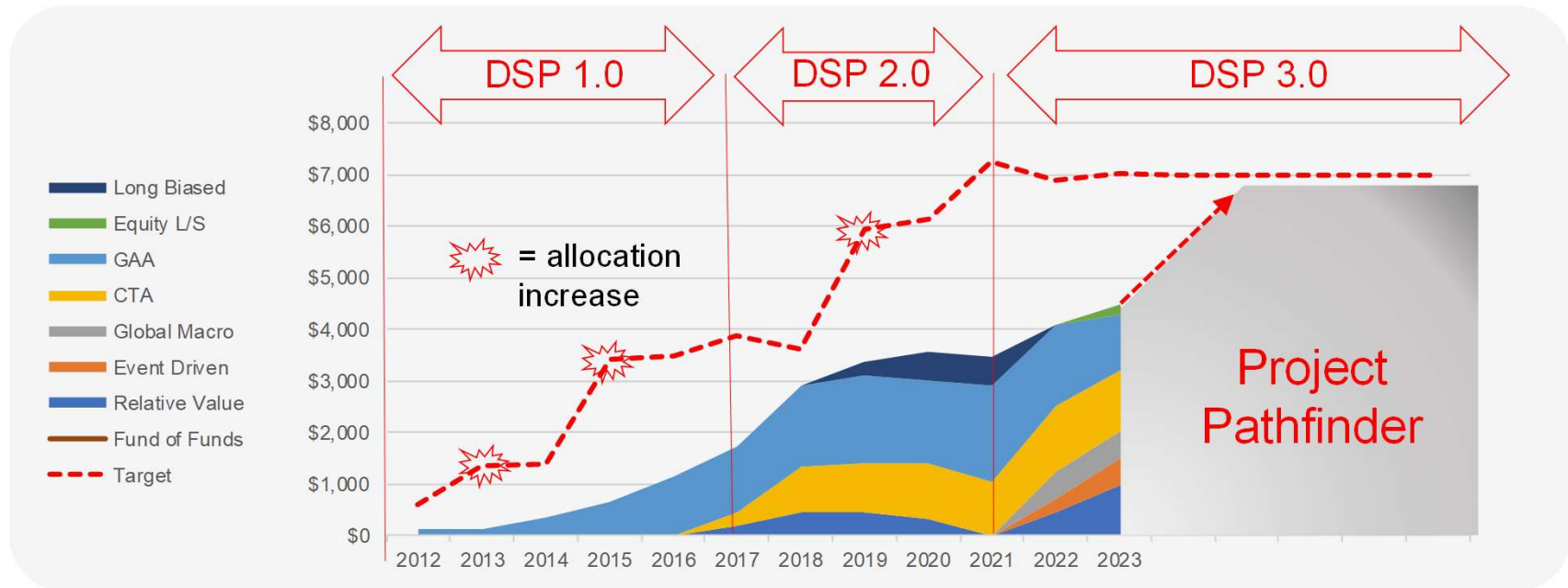
Source: Albourne.

Project Pathfinder Update

Portfolio Evolution

➤ Portfolio composition over time

- The Diversifying Strategies allocation has increased three times since inception, with each increase taking place early in the respective build-out of the allocation.
- Staff considers three distinct periods of Portfolio construction evolution:
 - DSP 1.0: sole focus on Alternatives Risk Premia. “Putting our beach towels down,” establishing strategic partnership with AQR.
 - DSP 2.0: focused on expanding manager roster; established anchor relationships in CTA and GAA strategies.
 - DSP 3.0: following allocation increase, initiated Project Pathfinder to evaluate roles and objectives of the Portfolio and to identify the tactical steps required to move the current portfolio in the long-term direction.



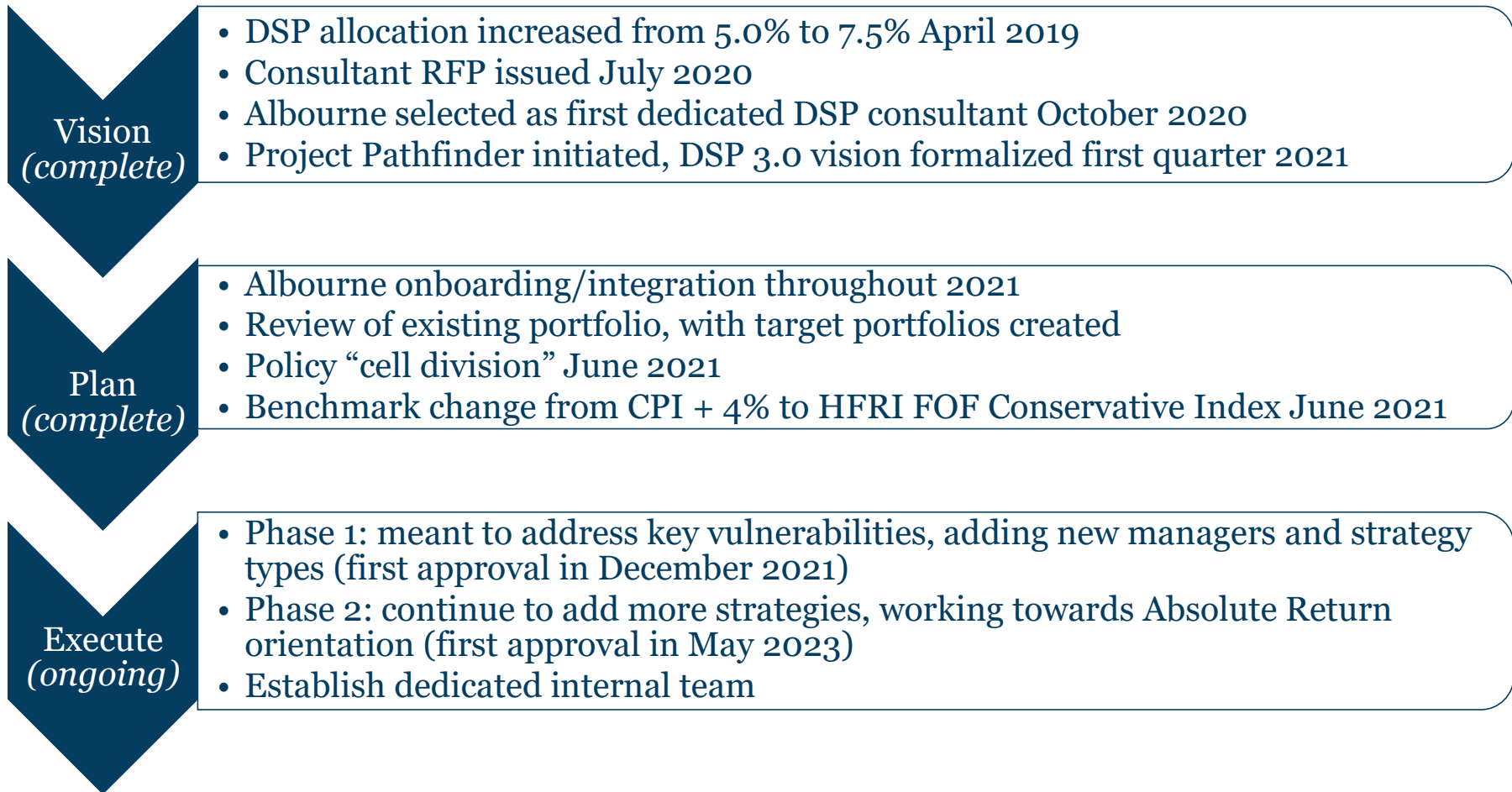
Source: Albourne, Staff.



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Project Pathfinder Update

Timeline



Project Pathfinder Update

Refining DSP Objectives

- Objective: to provide OPERF with additional risk-mitigating characteristics as a complement to the fixed income portfolio
 - DSP designed to be an Absolute Return portfolio, consisting primarily of market neutral and directional strategies that provide a return stream that is expected to have a low correlation to equity markets. Due to some of the strategies historically exhibiting left tail exposure or directional managers being positioned with long exposure to equities, long volatility strategies will be utilized to dampen left tail and short convexity exposures.
- Reflected in asset allocation framework:

Reference Portfolio

- Reference portfolios are portfolios that consist of passively managed, publicly traded asset classes that have similar risk levels as a specific investor's portfolio.
 - They are commonly used for comparison and/or benchmarking purposes.
- A 60% Public Equity / 40% Fixed Income portfolio has historically been a common example.
- Most institutional investors, including OPERF, now more closely mirror a 70/30 portfolio due to the decline in interest rates and expected returns over the last ten years.

	Current (%)	70/30 (%)
Fixed Income	20.0%	30.0%
Diversifying Strategies	7.5%	---
Total Risk Mitigating	27.5%	30.0%
Public Equity	32.5%	70.0%
Private Equity	17.5%	---
Real Estate	12.5%	---
Real Assets	7.5%	---
Risk Parity	2.5%	---
Total Return Seeking	72.5%	70.0%

*From June 2, 2021,
asset allocation
review
(note current target
allocations on slide 3)*



Project Pathfinder Update

DSP 3.0 Vision

➤ Two phase implementation:

- Phase One: address key vulnerabilities by increasing the number of managers and strategies, establishing anchor relationships in relative value, event driven, and global macro strategy groups as well as expanding the CTA portfolio to four managers, equally weighted.
- Phase Two: continue to add more strategies (specialist relative value, equity long/short, etc.), working towards Absolute Return orientation.
- *While subject to change*, using the contemplated Phase One and Phase Two portfolios, potential strategy allocations and manager counts look as follows:

Strategy Allocation¹

Strategy Type	Initial	Phase 1	Phase 2
Relative Value	15%	26%	33%
Event Driven	2%	13%	9%
Global Macro	2%	14%	8%
CTA	31%	22%	15%
GAA	41%	21%	12%
Equity L/S	2%	3%	12%
Long Biased	8%	0%	0%
Other Directional	0%	0%	12%

Strategy Count

Strategy Type	Initial	Phase 1	Phase 2
Relative Value	0	3	7
Event Driven	0	1	1
Global Macro	0	2	2
CTA	3	4	4
GAA	4	4	3
Equity L/S	0	0	2
Long Biased	0	0	0
Other Directional	0	0	4
Multi-Strategy	1	1	2
Fund of Funds	1	1	0
TOTAL	9	16	25
TOTAL GPs	7	14	21



¹Data from Albourne Risk Analyst Assessment with multi-strategy look-through.

2023 Review

Priorities

- Demonstrate continued progress on Project Pathfinder
 - Identify candidates for remaining multi-strategy anchor position(s).
 - ***Evaluation ongoing, with finalist candidates identified.***
 - With relative value strategy exposure still “light” versus target, will represent bulk of Phase Two’s initial focus.
 - ***Received approval for initial Phase Two recommendations, both of which have relative value orientation.***
 - Continue rebalancing of GAA and CTA managers.
 - ***Completed.***
- Monitoring and risk management
 - Continue to pursue enhancements to monitoring and risk management efforts.
 - Further formalize ESG and DE&I integration across the broader Alternatives Program.
 - ***Made significant progress across monitoring, risk management, and ESG efforts; continue to refine and integrate.***
- Conduct research reviews of areas of interest
 - Quantitative equity market neutral strategies.
 - Fixed income arbitrage strategies.
 - ***Completed (though evaluation is ongoing).***



2023 Review

Activity Recap: Approvals/Diligence

- Phase One of Project Pathfinder in final stages of execution
 - 12 approvals to-date totaling \$2.7 billion in commitments.
 - Approvals span nine relationships, eight of which were new; one was a conversion of an existing fund investment.
 - Approvals represent continued refinement to strategy as well as development of anchor positions.
 - Established anchor relationships in relative value, event driven, and global macro strategy groups.
 - Expanded CTA portfolio to four managers, targeted to be equally weighted.
 - Diligence for additional multi-strategy anchors underway, with finalist candidates identified.

Investment	Strategy	Authorized Date	Commitment Amount
Man AHL Alpha 1.5 XL	CTA	December 2021	\$250.0
Brevan Howard Master Fund	Global Macro	December 2021	\$250.0
Caxton Global Investments	Global Macro	February 2022	\$250.0
Davidson Kempner Multi-Strat	Multi-Strategy - Event Driven	February 2022	\$250.0
Hudson Bay Fund	Multi-Strategy - Relative Value	February 2022	\$250.0
Bridgewater PAMM	GAA	September 2022	\$250.0
Brevan Howard Master Fund top-up	Global Macro	November 2022	\$50.0
Marshall Wace Alpha Plus	Relative Value - Stat Arb	November 2022	\$200.0
Davidson Kempner Multi-Strat top-up	Multi-Strategy - Event Driven	March 2023	\$250.0
Hudson Bay Fund top-up	Multi-Strategy - Relative Value	March 2023	\$250.0
Dorsal Capital Partners	Equity Long/Short	May 2023	\$200.0
Capstone Dispersion	Relative Value - Vol Arb	September 2023	\$250.0
Total			\$2,700.0

Source: OST Staff. Data as February 29, 2024. \$ in millions.



Results

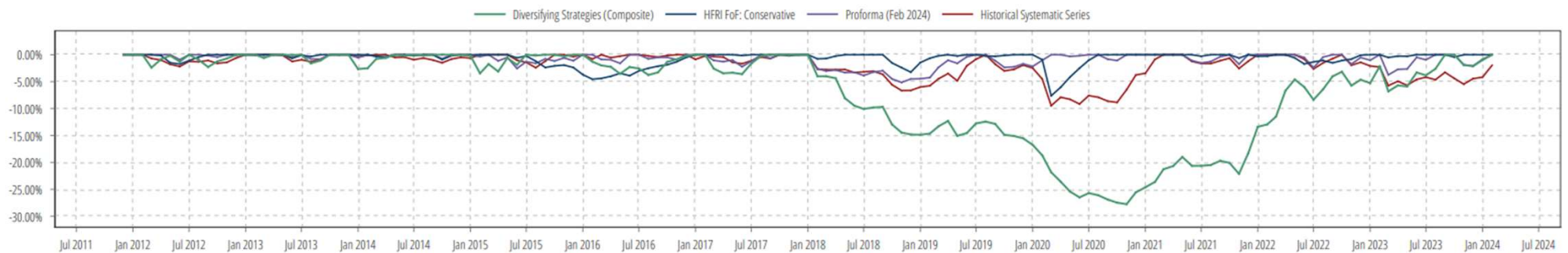
Performance (through February 2024)

Portfolio Performance

	February 2024	Quarter to Date	Year to Date	1 Year	3 Years	5 Years	Since Jan 2012	Worst Drawdown
Portfolio	2.56%	3.77%	3.77%	5.12%	10.43%	3.80%	3.47%	-27.75%
Current Systematic Series	2.33%	2.66%	2.66%	1.48%	4.72%	5.59%	2.90%	-7.15%
Historical Systematic Series	2.30%	2.61%	2.61%	0.34%	3.55%	3.39%	2.56%	-9.46%
Historical Systematic Outperf.	0.26%	1.16%	1.16%	4.78%	6.88%	0.41%	0.91%	
Proforma (Feb 2024)	2.72%	4.03%	4.03%	6.05%	8.61%	8.25%	5.74%	-5.14%
Strategic Benchmark ¹	0.49%	1.02%	1.02%	6.22%	3.44%	2.90%	2.05%	
Strategic Benchmark Outperf.	2.07%	2.75%	2.75%	-1.10%	6.99%	0.90%	1.41%	
Tactical Benchmark ²	0.82%	1.44%	1.44%	5.48%	3.88%	4.90%	3.90%	-7.64%
Tactical Benchmark Outperf.	1.74%	2.33%	2.33%	-0.36%	6.55%	-1.10%	-0.44%	

Outperformance values are in bold. ¹ICE US 1M Treasury Bill Index + 1% ²HFRI FoF: Conservative

Drawdown Comparison



Moments and Measures

Jan 2012-Feb 2024 (146 months)

	Return	Volatility	Skewness	Kurtosis	Sharpe Ratio ³	Sortino Ratio ⁴	Omega ⁴	Gain-Loss Ratio ⁴	Calmar Ratio
Portfolio	3.47%	6.54%	0.03	0.51	0.36	0.55	0.29	1.33	0.12
Tactical Benchmark	3.90%	3.26%	-2.82	21.82	0.86	1.18	0.74	2.10	0.51
Historical Systematic Series	2.56%	4.26%	-0.50	2.45	0.34	0.50	0.28	1.32	0.27
Current Systematic Series	2.90%	4.54%	0.09	0.47	0.39	0.63	0.30	1.36	0.41
Proforma (Feb 2024)	5.74%	4.31%	0.00	0.54	1.07	1.99	0.80	2.23	1.12

³Risk-Free Rate=1.11% ⁴Risk-Free=1.11%

Source: Albourne

Past performance is not indicative of future results

Results

Performance (through February 2024)

Portfolio Statistics

Portfolio Details

Month Feb 2024
Reporting Currency USD

Portfolio Dates

Proforma Start Jan 2012
Historical Systematic Start Jan 2012
Current Systematic Start Jan 2008

Based on Portfolio¹

Feb 2024 2.56%
QTD Return 3.77%
YTD Return 3.77%
Annualized Return 3.47%
Annualized Volatility 6.54%
Downside Volatility² 4.25%
Sharpe Ratio² 0.36
Sortino Ratio² 0.55
Maximum Drawdown² -27.75%
Tactical Benchmark Return 3.90%
Historical Systematic Return 2.56%
Beta vs S&P 500 TR³ -0.01
Beta vs ICE BofAML US HY Bonds³ -0.06
Correlation to Historical Systematic 0.63

Based on Current Systematic

Annualized Expected Volatility 6.26%
1 Month 95% VaR 2.97%
Beta vs S&P 500 TR⁴ 0.07
Beta vs ICE BofAML US HY Bonds⁴ 0.08
Beta vs HFRI FoF: Conservative⁴ 0.52

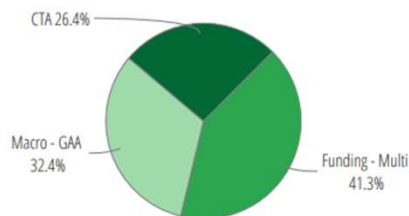
¹Unless otherwise noted, Jan 2012-Feb 2024 ²Risk-Free=1.11% ³Jan 2012-Feb 2024. ⁴Jan 2008-Feb 2024.

Portfolio Objectives

	Target	Actual
Return	ICE US 1M Treasury Bill Index + 1.00%	3.47%
Volatility	4% - 6%	6.54%
Historical Sharpe Ratio	1	0.36

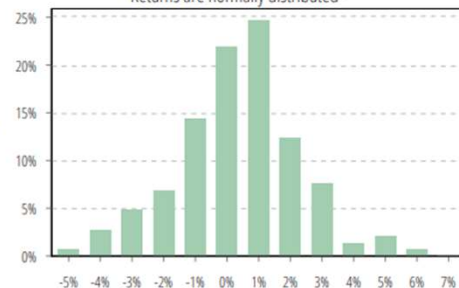
Portfolio Objectives evaluated over Jan 2012-Feb 2024

Oregon Classification Tree



Distribution of Diversifying Strategies (Composite) Returns

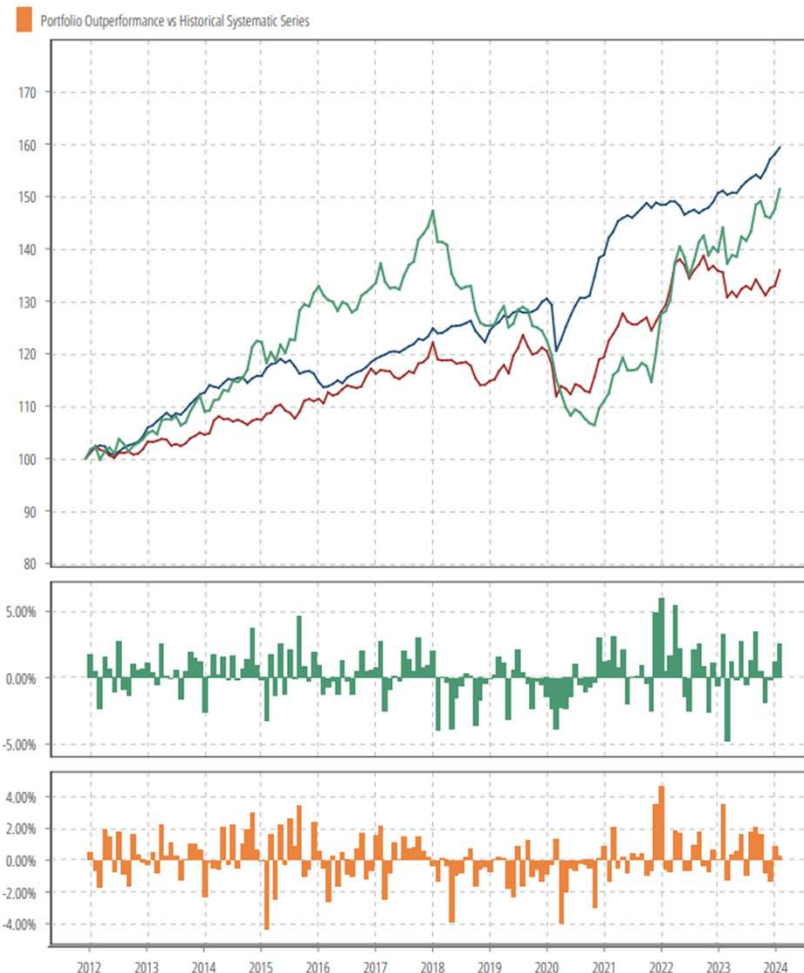
Returns are normally distributed⁵



⁵Shapiro-Wilk p-value 0.63 ≥ 0.05.

Performance

— Portfolio — Historical Systematic Series — HFRI FoF: Conservative — Diversifying Strategies (Composite)



Source: Albourne

Past performance is not indicative of future results

2024 Preview

Priorities

1. Diversifying Strategies team capacity
 - Assist Director of Capital Markets with SIO recruitment.
 - Begin transition of management of Diversifying Strategies to new team.
2. Demonstrate continued progress on Project Pathfinder
 - Advance diligence for remaining multi-strategy anchor position(s).
 - Opportunistically add or top-off strategies to targeted exposures as capacity allows.
 - Continue rebalancing of GAA and CTA managers.
 - *Given OPERF liquidity backdrop, expect activity to be muted relative to prior years.*
3. Monitoring and risk management
 - Continue to pursue enhancements to monitoring and risk management efforts.
 - Assist in further formalization of ESG and DE&I integration across the Investment Division.



Topics

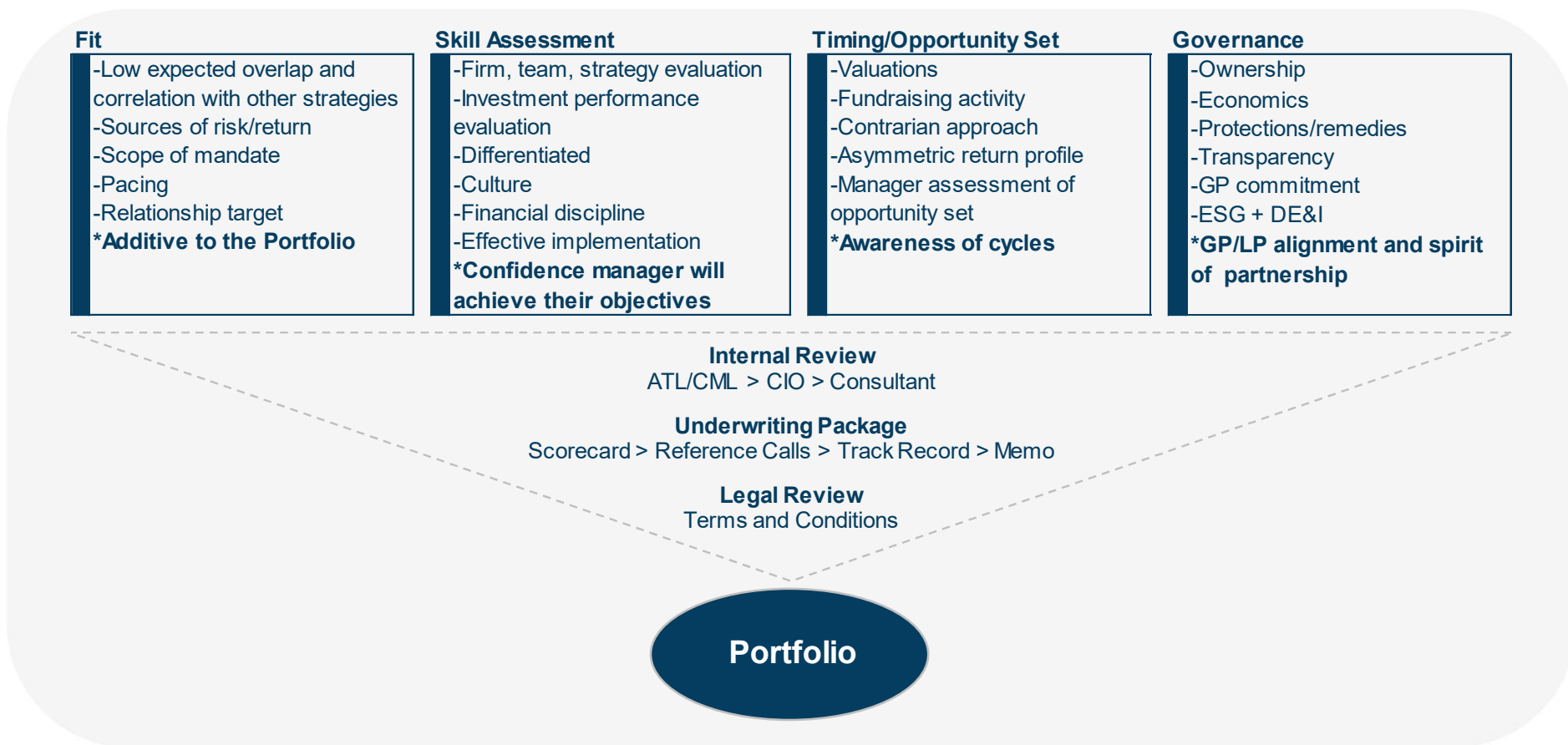
1. Diversifying Strategies Portfolio Overview
2. Diversifying Strategies Portfolio Update
- 3. Appendix**

Appendix

Investment Process (1)

➤ Evaluation framework

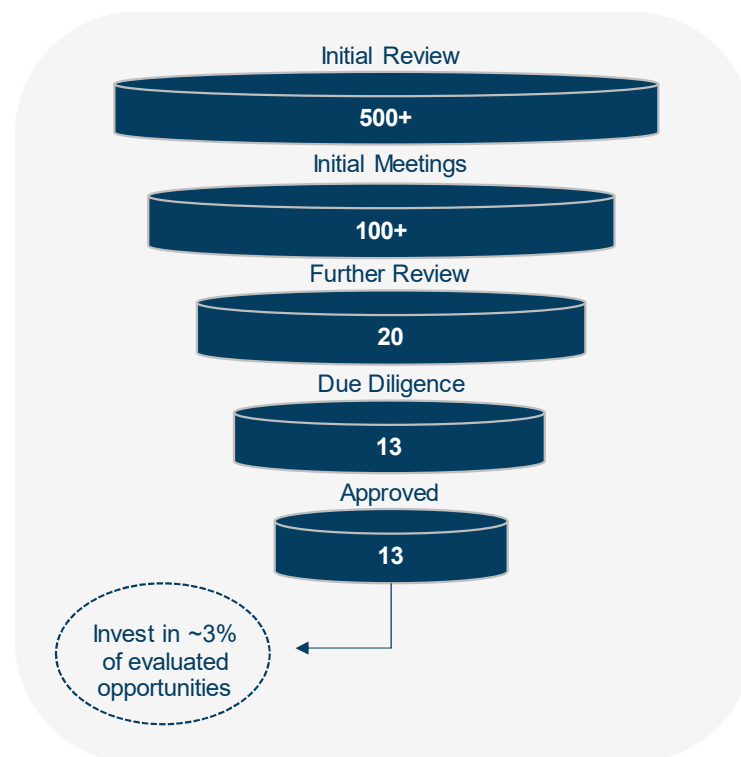
- Very high-level summary of Alternatives Portfolio investment evaluation framework below
- In practice, many more variables, non-linear, and with numerous feedback channels



Appendix

Investment Process (2)

- 2023 Alternatives Portfolio meeting activity
 - Began formally tracking meeting count in 2016.
 - Scale, brand, and open-door policy leveraged to foster deal flow.
 - E.g., among U.S. defined benefit plans, OPERF ranks* (by assets) in the top 10 in infrastructure agriculture, energy, commodities, and hedge funds.
 - Over 3,300 notes and other correspondence deposited in research management system.
 - After screening approximately 500 opportunities, held initial meetings (in-person or virtual) with ~100 distinct prospective managers/investments.
 - “Deep dives” on 20 opportunities.
 - Ultimately sought approval for 13 investments.



Appendix

Albourne Super-Strategy Buckets

➤ Macro/directional

- Generally refers to strategies that are more directional in nature, although they can shift opportunistically between having a directional bias and a non-directional bias. Typically investing at the asset class level (e.g., fixed income, currencies, equities and commodities) rather than individual company securities.
- Strategy examples: global macro, CTA, global asset allocation.

➤ Relative value

- Seek returns by capitalizing on the mispricing of related securities or financial instruments, generally avoid taking a directional bias with regard to the price movement of securities/markets.
- Strategy examples: equity market neutral, relative value credit, statistical arbitrage.

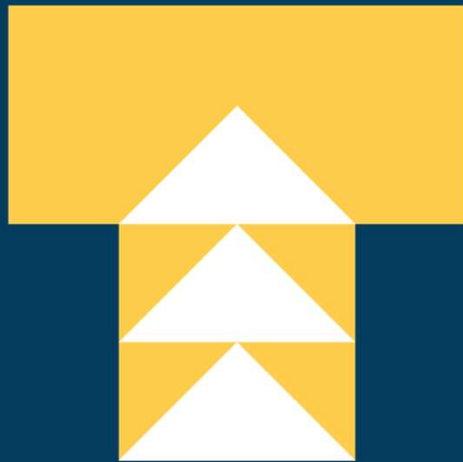
➤ Event driven

- Focus on identifying and analyzing securities that can benefit from the occurrence of an extraordinary transaction or event (e.g., restructurings, takeovers, mergers, spin offs, bankruptcy, etc.).
- Strategy examples: merger arbitrage, distressed investing.

➤ Equity long/short

- Maintain some level of market exposure (either net long or net short); however, the level of market exposure may vary through time.
- Strategy examples: emerging markets long/short, U.S. long/short.





OREGON STATE TREASURY

Tobias Read
Oregon State Treasurer

867 Hawthorne Ave. SE
Salem, OR 97301



OREGON
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TAB 5
OIC INVESTMENT
BELIEFS



Memo

To Oregon Investment Council
Mika Malone, CAIA, Meketa Investment Group

From Raneen Jalajel, CFA, Aon Investments USA, Inc.

Date April 17, 2024

Re OPERF Investment Beliefs

Background

As part of the Investment Policy Statement (IPS) review conducted in 2023, the Oregon Investment Council (OIC) requested an assessment of the investment beliefs to be completed in 2024 with the following objectives:

- Reaffirm the existing investment beliefs and ensure language aligns with the OIC's current investment beliefs
- Streamline language/remove redundancies
- Clarify ambiguous language

Aon and Meketa have reviewed the existing investment beliefs with the OIC and have captured their feedback to the attached redline version. The table on the following pages summarizes the key refinements made to the investment beliefs.

We are seeking the OIC's final review and adoption of the investment beliefs that reside in the OPERF IPS (INV 1203).



April 17, 2024

Page 2

Investment Beliefs	Proposed Modifications
1. <i>THE OIC IS A POLICY-SETTING COUNCIL</i>	This belief was made as its own separate belief
2. <i>INVESTMENT MANAGEMENT IS DICHOTOMOUS—PART ART AND PART SCIENCE</i>	This belief was made as its own separate belief
3. <i>OPERF HAS A LONG-TERM INVESTMENT HORIZON</i>	This belief was made as its own separate belief. The following sub-bullet was added for consideration: <ul style="list-style-type: none">• <i>Long-term horizon requires the OIC to consider the impact of its actions on future generations of members</i>
4. <i>ASSET ALLOCATION DRIVES RISK AND RETURN</i>	No material changes
5. <i>THE EQUITY RISK PREMIUM SHALL BE REWARDED</i>	Modified some of the language for clarity while capturing the main message
6. <i>PRIVATE MARKET INVESTMENTS CAN ADD SIGNIFICANT VALUE</i>	Consolidated the section while capturing the main message. Added the following sub-bullet for consideration to be included: <ul style="list-style-type: none">• <i>Allocation to illiquid assets must be managed to ensure sufficient availability of cash to meet obligations</i>
7. <i>CAPITAL MARKETS HAVE INEFFICIENCIES THAT CAN BE EXPLOITED</i>	Consolidated the section while capturing the main message
8. <i>COSTS DIRECTLY IMPACT INVESTMENT RETURNS AND SHOULD BE MONITORED AND MANAGED CAREFULLY</i>	Refined the language while capturing the main message
9. <i>THE INTEGRATION OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) RISKS</i>	Consolidated the section while capturing the main message



Investment Beliefs	Proposed Modifications
10. <i>DIVERSITY, IN ALL ASPECTS, IS ACCRETIVE TO MEETING OIC OBJECTIVES</i>	Expanded on the description of diverse talent
<i>FAIR AND EFFICIENT CAPITAL MARKETS ARE ESSENTIAL FOR THE LONG-TERM SUCCESS OF OST INVESTMENT ACTIVITIES</i>	Deleted this belief as it is more of a pillar for the market to function versus a belief. Efficiency is covered in other areas of the beliefs statement. The following belief is captured in Belief #9 <ul style="list-style-type: none">• <i>The OIC also recognizes that voting rights have economic value</i>

III. INVESTMENT PHILOSOPHY

The following statements represent the investment principles and philosophy governing the investment of assets held by the Fund. These statements describe the core values and beliefs that will form the basis for investment decisions.

These commonly held fundamental investment beliefs are:

1) THE OIC IS A POLICY-SETTING COUNCIL

~~THE OIC SETS POLICY AND IS ULTIMATELY RESPONSIBLE FOR THE INVESTMENT PROGRAM~~

- ~~A. The OIC sets strategic policy which includes, but is not limited to, Asset Allocation, Portfolio Construction, Risk Measurement and Performance Monitoring, and selecting Investment Consultants to the Council.~~
- ~~B. The OIC's purview also includes establishing and defining the Statement of Investment and Management Beliefs~~
- ~~C. The OIC tasks OST staff, external managers, consultants and other service providers with policy implementation.~~

~~A.2) INVESTMENT MANAGEMENT IS DICHOTOMOUS—PART ART AND PART SCIENCE Investment management is dichotomous—part art and part science.~~

- ~~•A. To calibrate both governance and daily operating activities with the appropriate balance between art and science, the Beliefs will be anchored where and whenever possible to industry best practices, as illuminated by academic research and experiential rigor.~~
- ~~B. The OIC is a policy-setting council that largely delegates implementation of investment management activities to the OST and qualified external fiduciaries.~~
 - ~~• The OIC sets strategic policy which includes, but is not limited to, Asset Allocation, Portfolio Construction, Risk Measurement and Performance Monitoring.~~
 - ~~• The OIC's purview also includes establishing and defining the Statement of Investment and Management Beliefs~~
 - ~~• The OIC tasks OST staff, external managers, consultants and other service providers with policy implementation.~~

~~C.3) OPERF HAS A LONG-TERM INVESTMENT HORIZON OPERF has a long-term investment horizon. The OIC is vested with the authority to set and monitor portfolio risk. Both short-term and long-term risks are critical.~~

- ~~A. Long-term horizon requires the OIC to consider the impact of its actions on future generations of members and the State.~~
- ~~B. The OIC should shall weigh the short-term risk of principal loss against the long-term risk of failing to meet return expectations.~~
- ~~C. The OIC should all generally prepare for and accept periods of volatility and/or related market dislocations.~~
- ~~D. To exploit market inefficiencies The time horizon of OPERF assets is long; the OIC should be long term, contrarian, innovative, and opportunistic in its investment approach.~~
 - ~~• The OIC should generally prepare for and accept periods of extreme price/valuation volatility and/or related market dislocations and endeavor to act expeditiously during such periods if and when deemed advantageous.~~

4) ~~2.)~~ ASSET ALLOCATION DRIVES RISK AND RETURN

A. Asset allocation is the OIC's primary policy tool for managing the investment program's long-term risk/return profile.

- Decisions regarding strategic asset allocation will have the largest impact on the investment program's realized return and risk.
- The timing and magnitude of projected employer contributions and future benefit payments have significant cash flow implications and thus will receive explicit consideration during the OIC's asset allocation decision-making process.

B. Portfolio construction, including diversification and correlation considerations, is essential to maximizing risk-adjusted returns.

- ~~Empirical rigor, coupled with sound judgment, is required in the portfolio construction process to effect true diversification, while discipline is required to maintain diversification through and across successive market cycles.~~
- ~~Risk is multi-faceted and may include, but is not limited to, the following types of specific risks: principal loss; opportunity cost; concentration risk; leverage and illiquidity risk; volatility and valuation risk; interest rate and inflation risk; and environmental, social and governance (ESG) risks.²~~

5) ~~3.)~~ THE EQUITY RISK PREMIUM ~~WILL SHOULD~~ BE REWARDED

A. Over the long-term, equity-oriented investments provide ~~reliable~~ return premiums relative to risk-free investments.

- Although returns for risk taking are not ~~always monotonic or~~ consistently rewarded over time, bearing equity risk ~~commands implies~~ a positive expected return premium, provided such risk is reasonably priced.

6) ~~4.)~~ PRIVATE MARKET INVESTMENTS CAN ADD SIGNIFICANT VALUE ~~AND REPRESENT A CORE OIC/OST COMPETENCY~~

A. ~~A.~~ The OIC ~~can~~ has the potential to capitalize on its status as a true, long-term investor by making meaningful allocations to illiquid, private market investments.

- Private markets offer excess return opportunities that may be exploited by patient, long-term investors.
- Opportunities within private markets can provide a diversifying risk/return profile, relative to public market analogues.
- Allocation to illiquid assets must be managed to ensure sufficient availability of cash to meet obligations.
- ~~The OST has significant resources in private markets, representing a core competency.~~

B. Dispersion in private market investment returns is wide.; ~~accordingly, top-quartile manager selection, diversification across vintage year, strategy type, and geography, and careful attention to costs are paramount.~~

- Private market investment success is predicated on identifying skilled managers, ~~and developing long-term investment relationships with those managers that enable the application of skill to manifest in the form of excess returns.~~
- Proper investment pacing, including deliberate vintage year diversification is also an integral element of superior private market investment results.

7) ~~5.)~~ CAPITAL MARKETS HAVE INEFFICIENCIES THAT CAN BE EXPLOITED

A. Inefficiencies that ~~can~~ have the potential to be exploited by active management may

exist in certain segments of the capital markets.

- ~~Passive investment management in public markets is the most cost-effective way to achieve the beta of broad market indices.~~
- While largely efficient, select segments of the capital markets can sometimes be successfully exploited by skilled active management. ~~when sufficiently rewarded on a risk-adjusted basis and net of all fees.~~
- The nature (i.e., perceived magnitude and likely duration) of such inefficiencies should inform the proposed active management strategy. ~~(e.g., discretionary or systematic).~~

~~**B. Passive investment management in public markets will outperform the median active manager in those markets over time. Is the most cost-effective way to achieve the beta of broad market indices.**~~

- ~~Active management should therefore be a deliberate choice and applied only to those public market strategies/managers in which the OIC enjoys a high degree of confidence that such strategies/managers will be sufficiently rewarded on a risk-adjusted basis and net of all fees, factor exposures and related transactions costs.~~

~~8) 6.) COSTS DIRECTLY IMPACT INVESTMENT RETURNS AND SHOULD SHALL BE MONITORED AND MANAGED CAREFULLY~~

~~A. All fees, expenses, commissions, and transaction costs should be diligently monitored and managed **in order** to maximize net investment returns.~~

- ~~While all costs **should shall** be monitored and controlled, these costs **should shall** also be evaluated relative to both expected and realized net returns.~~

~~B. External incentive structures should be carefully evaluated to ensure proper alignment with investment program objectives.~~

- Fee and incentive structures drive both individual and organizational behavior.
- These structures (particularly in private market strategies) should be carefully evaluated and monitored. ~~to ensure that the goals and incentives of individual investment professionals and their respective organizations are well aligned with the specific investment objectives established by the OIC and/or OST staff.~~

~~7.) FAIR AND EFFICIENT CAPITAL MARKETS ARE ESSENTIAL FOR THE LONG-TERM SUCCESS OF OST INVESTMENT ACTIVITIES~~

~~A. The OIC recognizes that the quality of regulation and corporate governance can affect the long-term value of its investments.~~

- ~~The Council supports competitive and transparent market structures to ensure accurate and timely price discovery/asset valuation.~~

~~**B.A. The OIC also recognizes that voting rights have economic value.**~~

- ~~Voting rights should be exercised in accordance with applicable law and policy.~~

~~9) 8.) THE INTEGRATION OF **SYSTEMS TO EVALUATE AND MONITOR ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) FACTORS RISKS, INCLUDING PROXY VOTING, SIMILAR TO OTHER INVESTMENT FACTORS RISKS, MAY HAVE THE POTENTIAL TO HAVE** A BENEFICIAL IMPACT ON THE ECONOMIC OUTCOME OF AN INVESTMENT AND AID IN THE ASSESSMENT OF **RISKS ASSOCIATED WITH** THAT INVESTMENT.~~

~~The consideration of ESG factors **risks** within the investment decision-making framework is important in understanding the near-term and long-term **financial impacts** of investment decisions.~~

~~A. Ongoing monitoring of ESG risks in the investment portfolio can help to inform future investment decisions.~~

- ~~• The OIC believes that understanding how social and environmental factors impact investments is an important step towards building a more sustainable portfolio.~~

~~B. Over time, there has been an evolution of multi-factor, or more holistic approaches, to identify opportunities and remediate risks, in a large globally diversified investment portfolio.~~

- ~~— ESG data collection aligns our ability to prudently measure and monitor risks and returns. Once identified, ESG risk mitigation strategies can be implemented and proactive ESG transition strategies pursued, subject to statutory fiduciary obligations.~~

~~The OIC also recognizes that voting rights have economic value.~~

~~Voting rights should be exercised in accordance with applicable law and policy.~~

-

10) 9.) DIVERSITY, IN ALL ASPECTS, IS ACCRETIVE TO MEETING OIC OBJECTIVES

A. By embracing and enhancing diversity of talent and inclusion efforts (including a broad range of education, experience, perspectives and skills) at all levels (board, staff, external managers, corporate boards) is important, the OIC ensures that the investment program will be exposed to and informed by a wide range of perspectives, ideas and opinions.

- The OIC believes a wide range of perspectives, ideas and opinions will ultimately produce better investment outcomes.

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2) INVESTMENT MANAGEMENT IS DICHOTOMOUS—PART ART AND PART SCIENCE

- A.** To calibrate both governance and daily operating activities with the appropriate balance between art and science, the Beliefs will be anchored where and whenever possible to industry best practices.

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- A.** Long-term horizon requires the OIC to consider the impact of its actions on future generations of members and the State.
- B.** The OIC shall weigh the short-term risk of principal loss against the long-term risk of failing to meet return expectations.
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- D.** The OIC should be innovative and opportunistic in its investment approach.

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- A. Asset allocation is the OIC's primary policy tool for managing the investment program's long-term risk/return profile.**
 - Decisions regarding strategic asset allocation will have the largest impact on the investment program's realized return and risk.
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- B. Portfolio construction, including diversification and correlation considerations, is essential to maximizing risk-adjusted returns.**

5) THE EQUITY RISK PREMIUM SHOULD BE REWARDED

- A. Over the long-term, equity-oriented investments provide return premiums relative to risk-free investments.**
 - Although returns for risk taking are not consistently rewarded over time, bearing equity risk implies a positive expected return premium, provided such risk is reasonably priced.

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- All costs shall be monitored and controlled, these costs shall also be evaluated relative to both expected and realized net returns.

B. External incentive structures should be carefully evaluated to ensure proper alignment with investment program objectives.

- Fee and incentive structures drive both individual and organizational behavior.
- These structures (particularly in private market strategies) should be carefully evaluated and monitored.

9) THE INTEGRATION OF SYSTEMS TO EVALUATE AND MONITOR ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) RISKS, INCLUDING PROXY VOTING, SIMILAR TO OTHER INVESTMENT RISKS HAVE THE POTENTIAL TO HAVE A BENEFICIAL IMPACT ON THE ECONOMIC OUTCOME OF AN INVESTMENT AND AID IN THE ASSESSMENT OF THAT INVESTMENT.

10) DIVERSITY, IN ALL ASPECTS, IS ACCRETIVE TO MEETING OIC OBJECTIVES

A. By embracing and enhancing diversity of talent (including a broad range of education, experience, perspectives and skills) at all levels (board, staff, external managers, corporate boards) is important, the OIC ensures that the investment program will be exposed to and informed by a wide range of perspectives, ideas and opinions.

- The OIC believes a wide range of perspectives, ideas and opinions will ultimately produce better investment outcomes.



OREGON
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TAB 6
IAP ANNUAL REVIEW

April 17, 2024

Individual Account Program (IAP)

Annual Review

Jamie McCreary CFP®

Service Model Program Manager



OREGON
STATE
TREASURY



Agenda

Plan Overview

Plan Assets

AllianceBernstein

IAP Custom Target-Date Fund Design

Performance Review

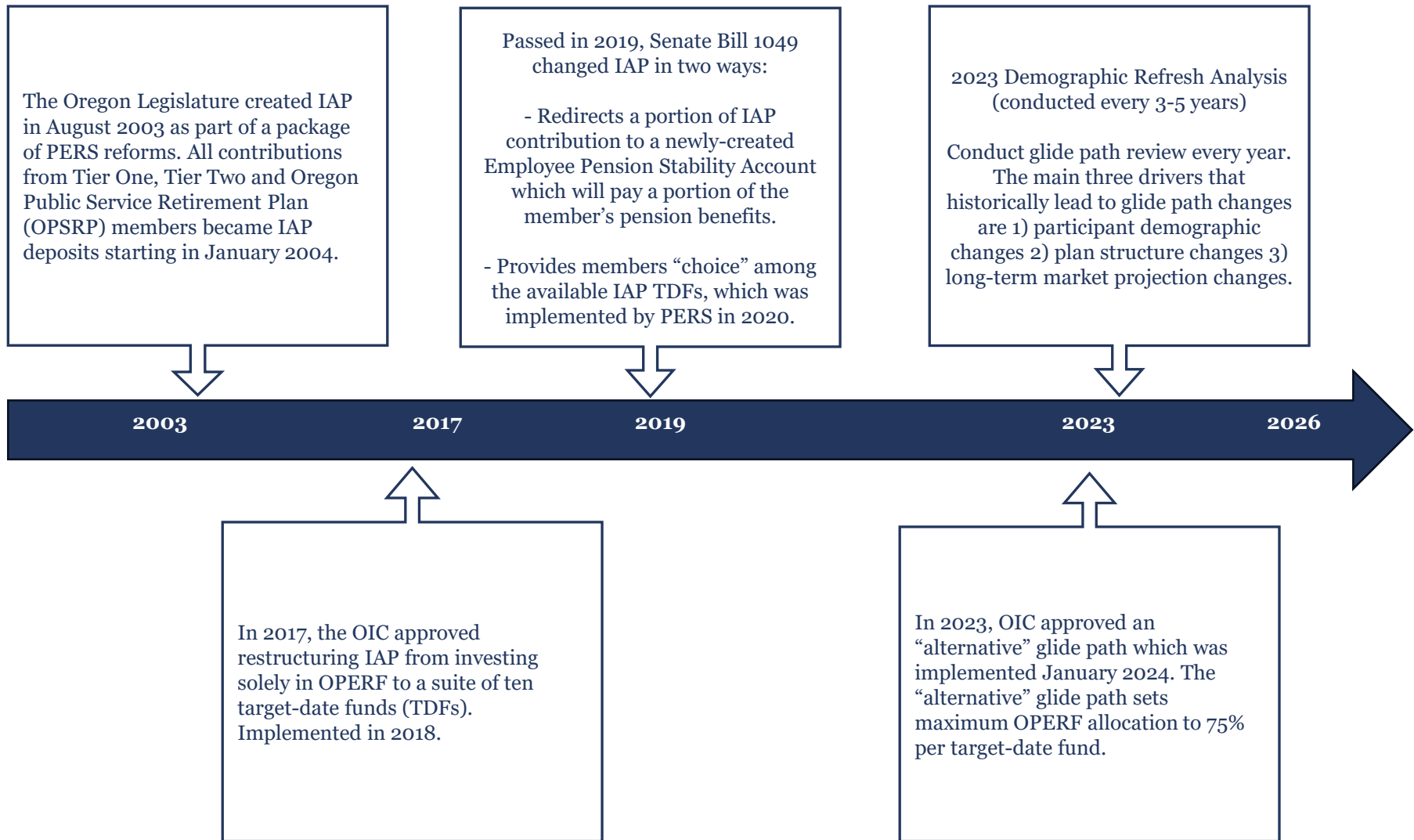
Plan Overview

Oversight, Authority & Administration

The Individual Account Program (IAP) is a Defined Contribution (DC) account-based retirement benefit for members of the Public Employees Retirement System (PERS)

Individual Account Program (IAP)	
Investment Oversight	OIC and Oregon State Treasury (INV 218)
Administrator	PERS
Recordkeeper	Voya Financial
Custodian	State Street
Glide Path Manager	AllianceBernstein
Underlying Fund Managers	OST (OPERF) and State Street Global Advisors (SSGA Funds)

Plan Evolution



State of Oregon: Custom Target-Date Funds

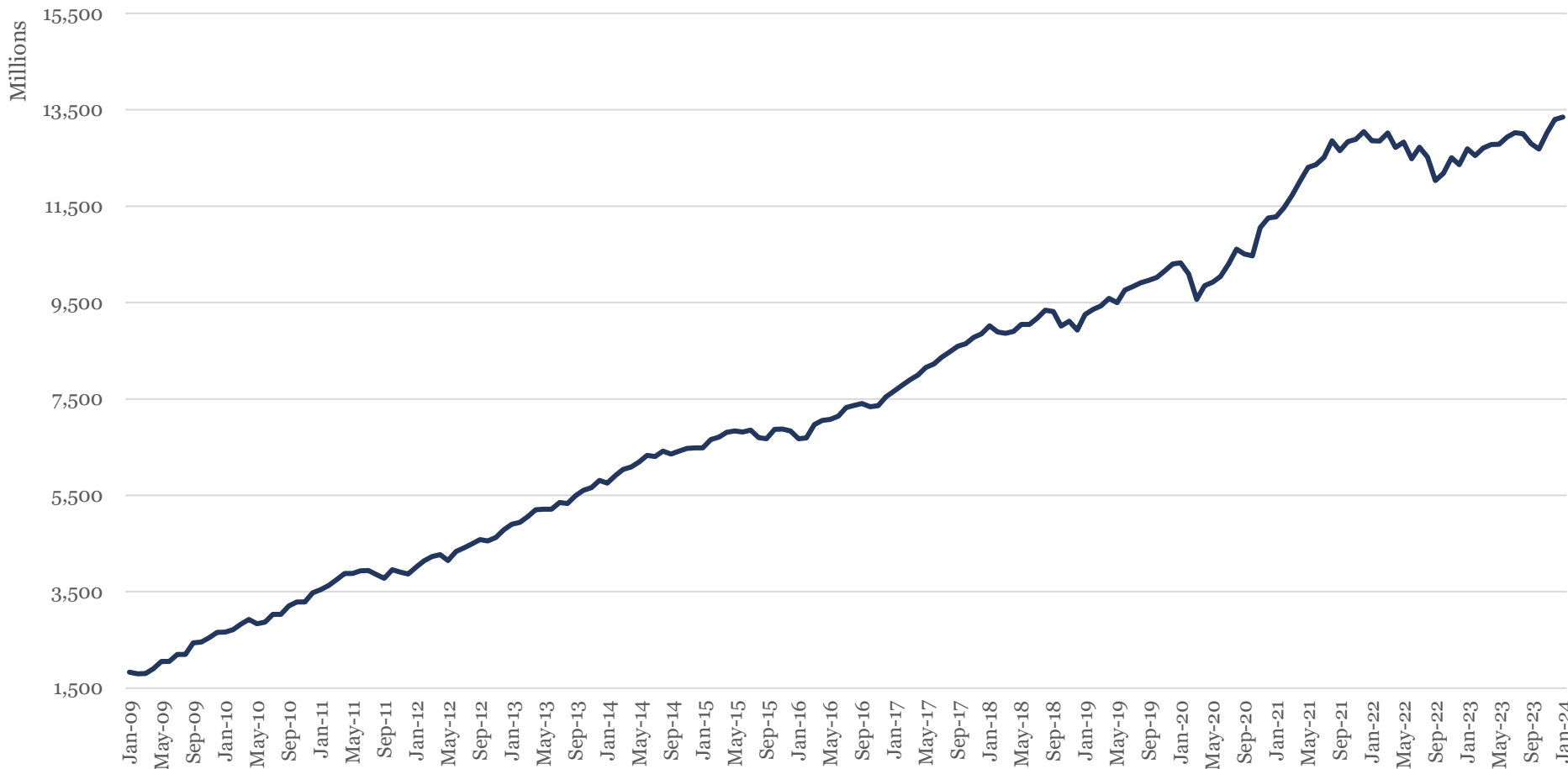
Target-Date Fund	If the Employee was born...	Total Balance (\$M) As of 1/31/2024
2065	In 1998 or after	\$44
2060	Between 1993 and 1997	\$156
2055	Between 1988 and 1992	\$468
2050	Between 1983 and 1987	\$1,053
2045	Between 1978 and 1982	\$1,835
2040	Between 1973 and 1977	\$2,366
2035	Between 1968 and 1972	\$2,568
2030	Between 1963 and 1967	\$2,046
2025	Between 1958 and 1962	\$1,447
Retirement Allocation Fund*	1957 or earlier	\$1,365
TOTAL		\$13,350



Source: State Street
 *For administrative purposes, there are two retirement funds.

IAP NAV

15 years ending January 31, 2024
(\$ in Millions)



Source: State Street



OREGON STATE TREASURY

Tobias Read
Oregon State Treasurer

16290 SW Upper Boones Ferry Road
Tigard, OR 97224

oregon.gov/treasury



ALLIANCEBERNSTEIN®

State of Oregon Individual Account Program (IAP)

Annual Review

April 17, 2024

Chris Nikolich, Head of Glide Path Strategies (US)—Multi-Asset Solutions
Elena Wang, Portfolio Manager—Multi-Asset Solutions

Agenda

- IAP Custom Target-Date Fund Design
- Performance Review

IAP Custom Target- Date Fund Design

Key Inputs and Highlights of Target-Date Fund Glide Path Design

Customized Design Tailored to IAP Member Demographics and Plan Structure

Member Demographics

Oregon Public Employees
Retirement Fund (OPERF)

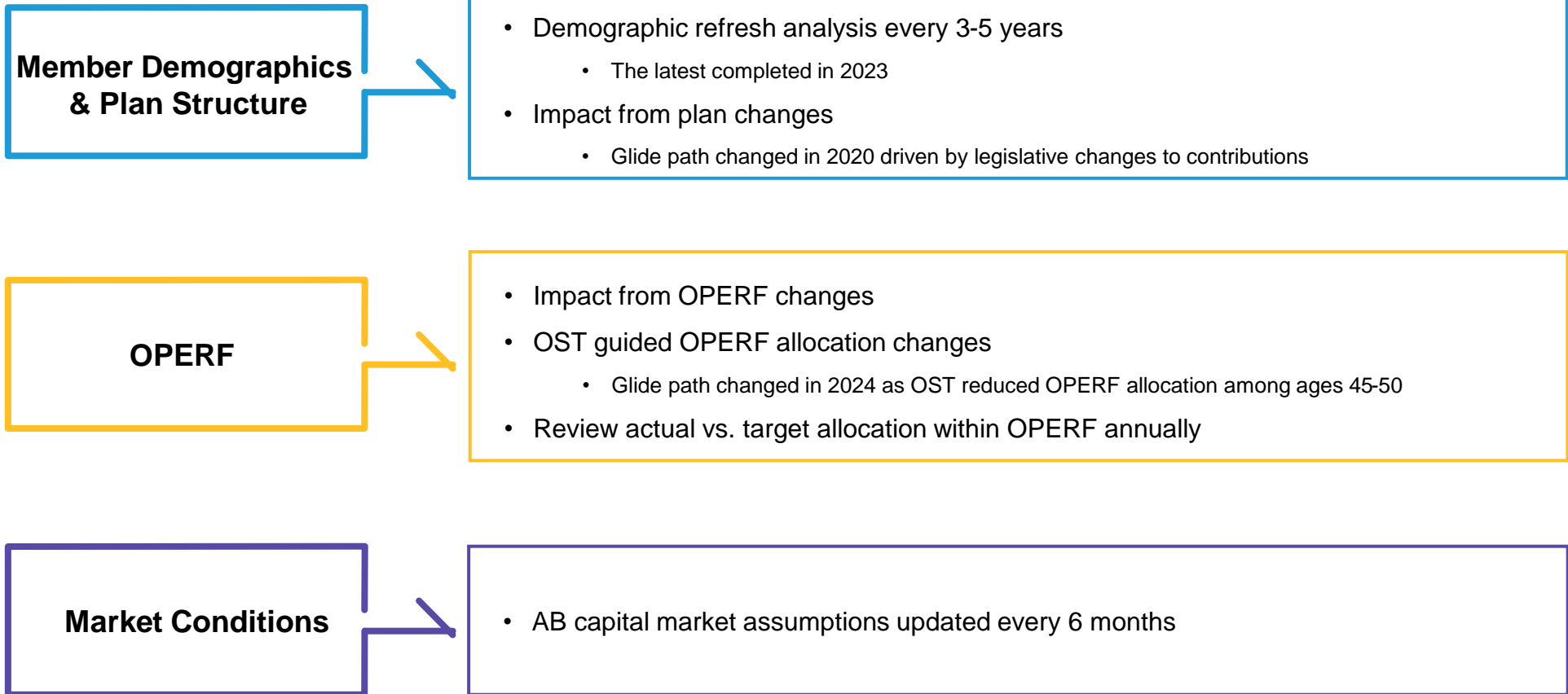
Current Capital Market
Environment



Glide Path Design

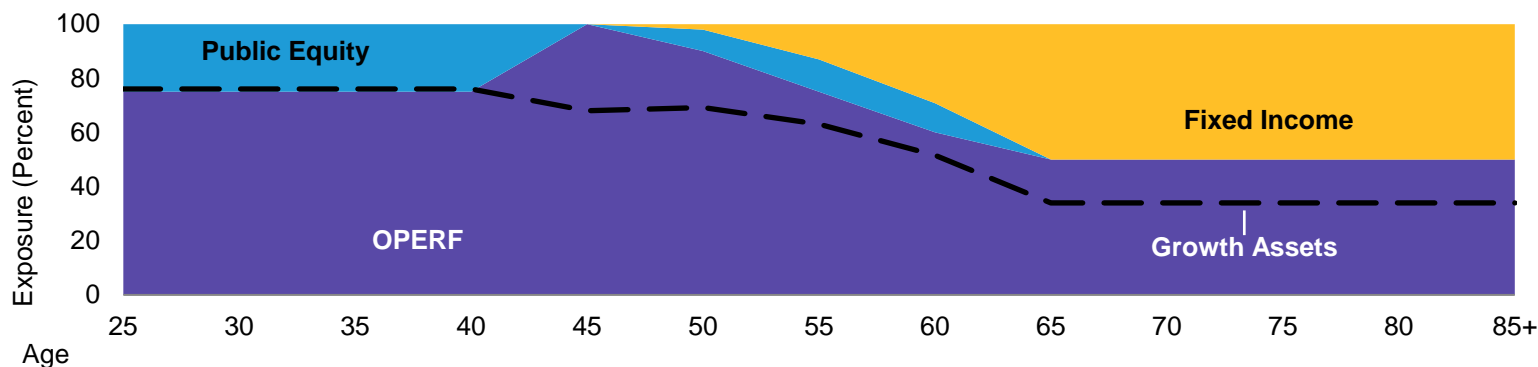
- Designed a customized glide path landing at age 65
- Allocation to OPERF is set by the OIC and incorporated into the design
- OPERF is assessed and non-OPERF allocations are designed accordingly
- Modeled passive implementation for all non-OPERF allocations

Custom Design That Evolves With the Plan, Member Demographics, OPERF, and the Market



Glide Path Construction as of Year-End 2023

State of Oregon Individual Account Program (IAP)



	Young Saver					Midlife Saver				New Retiree		Senior Retiree		
	25	30	35	40	45	50	55	60	65	70	75	80	85+	
US All Market Equity	15.00	15.00	15.00	15.00	—	5.10	7.90	7.35	—	—	—	—	—	
ACWI ex US Equity	10.00	10.00	10.00	10.00	—	2.90	4.10	3.45	—	—	—	—	—	
Core Bond	—	—	—	—	—	2.00	9.95	16.55	18.65	18.65	18.65	18.65	18.65	
TIPS	—	—	—	—	—	—	3.05	8.30	12.05	12.05	12.05	12.05	12.05	
Short Duration Bond	—	—	—	—	—	—	—	4.35	19.30	19.30	19.30	19.30	19.30	
OPERF*	75.00	75.00	75.00	75.00	100.00	90.00	75.00	60.00	50.00	50.00	50.00	50.00	50.00	
Public Equity	25.00	25.00	25.00	25.00	—	8.00	12.00	10.80	—	—	—	—	—	
Fixed Income	—	—	—	—	—	2.00	13.00	29.20	50.00	50.00	50.00	50.00	50.00	
OPERF	75.00	75.00	75.00	75.00	100.00	90.00	75.00	60.00	50.00	50.00	50.00	50.00	50.00	
Total Growth Assets†	76.00	76.00	76.00	76.00	68.00	69.20	63.00	51.60	34.00	34.00	34.00	34.00	34.00	

This chart does not represent any particular target-date fund. It is meant to show how the investment mix of any target-date portfolio changes over a lifetime.

Numbers may not sum due to rounding.

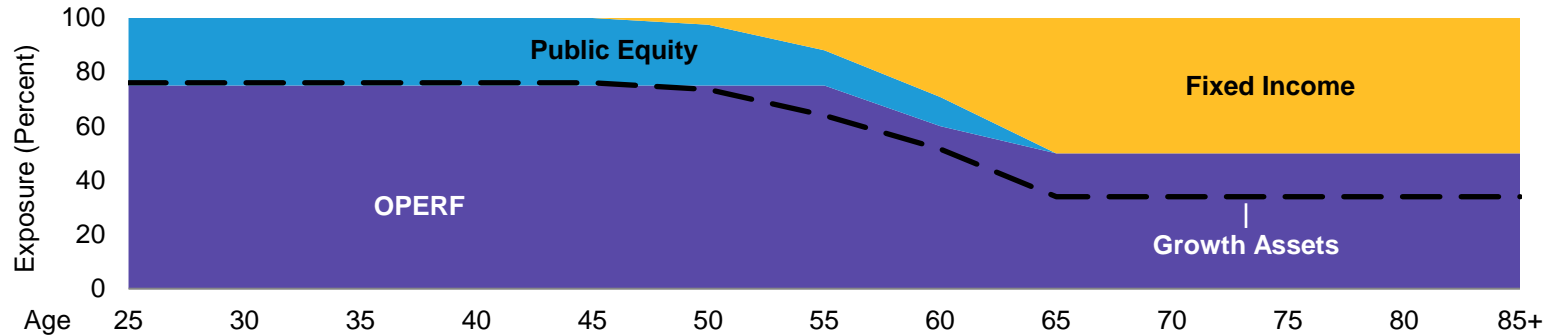
*OPERF is managed by the OST under the direction of the OIC and contains a mix of the following asset classes: public and private equity, fixed income, real estate, real assets, and diversifying strategies

†68% of OPERF allocation is counted as growth assets

Source: Oregon State Treasury and AB

Current Glide Path Construction

OPERF Allocation Changes Implemented on Trade Date January 29, 2024



	Young Saver				Midlife Saver				New Retiree		Senior Retiree		
	25	30	35	40	45	50	55	60	65	70	75	80	85+
US All Market Equity	15.00	15.00	15.00	15.00	15.00	14.20	8.55	7.35	—	—	—	—	—
ACWI ex US Equity	10.00	10.00	10.00	10.00	10.00	8.30	4.45	3.45	—	—	—	—	—
Core Bond	—	—	—	—	—	2.50	9.00	16.55	18.65	18.65	18.65	18.65	18.65
TIPS	—	—	—	—	—	—	3.00	8.30	12.05	12.05	12.05	12.05	12.05
Short Duration Bond	—	—	—	—	—	—	—	4.35	19.30	19.30	19.30	19.30	19.30
OPERF*	75.00	75.00	75.00	75.00	75.00	75.00	75.00	60.00	50.00	50.00	50.00	50.00	50.00
Public Equity	25.00	25.00	25.00	25.00	25.00	22.50	13.00	10.80	—	—	—	—	—
Fixed Income	—	—	—	—	—	2.50	12.00	29.20	50.00	50.00	50.00	50.00	50.00
OPERF	75.00	75.00	75.00	75.00	75.00	75.00	75.00	60.00	50.00	50.00	50.00	50.00	50.00
Total Growth Assets†	76.00	76.00	76.00	76.00	76.00	73.50	64.00	51.60	34.00	34.00	34.00	34.00	34.00

This chart does not represent any particular target-date fund. It is meant to show how the investment mix of any target-date portfolio changes over a lifetime.

Numbers may not sum due to rounding.

*OPERF is managed by the OST under the direction of the OIC and contains a mix of the following asset classes: public and private equity, fixed income, real estate, real assets, and diversifying strategies

†68% of OPERF allocation is counted as growth assets

Source: Oregon State Treasury and AB



Total Expense Ratio Impact Analysis

State of Oregon Individual Account Program (IAP)

	2065	2060	2055	2050	2045	2040	2035	2030	2025	Ret. Alloc.
4Q 2023 TERs	0.58%	0.58%	0.58%	0.58%	0.71%	0.70%	0.61%	0.50%	0.43%	0.41%
Estimated TERs*	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%	0.50%	0.43%	0.41%
Estimated Net Change	0.00%	0.00%	0.00%	0.00%	(0.13)%	(0.12)%	(0.03)%	0.00%	0.00%	0.00%

*Estimated expense ratios are projected as of the completion of the transition in January 2024 and are subject to change.

The above fees include investment-management and operating fees available as of the most recent quarter-end and may be subject to change. The fees associated with OPERF, which is an investment component of the IAP Target-Date Funds, are estimated based on the latest available Oregon Comprehensive Annual Financial Report (CAFR).

Source: AB



OPERF's Deviation vs. Targets Doesn't Affect Glide Path Design

- AB assessed the current allocation deviation vs. targets within OPERF
 - Private equity overweight and public equity underweight have an offsetting impact
 - The overall allocation deviation doesn't meaningfully change the growth exposure, equity beta, and risk profile that AB modeled for OPERF, thus does not warrant any glide path changes
- AB will assess the allocation deviation and its impact on glide path design annually going forward

Asset Class	With Overlay	Target	Deviation
Private Equity	28.14%	20.00%	8.14%
Fixed Income	23.40%	25.00%	-1.60%
Public Equity	16.50%	27.50%	-11.00%
Real Estate	14.20%	12.50%	1.70%
Real Assets	10.11%	7.50%	2.61%
Diversifying Strategies	4.85%	7.50%	-2.65%
Opportunity Portfolio	2.80%	0.00%	2.80%
Total	100.00%	100.00%	0.00%

AB Modeled OPERF Characteristics	With Overlay	Target	Deviation
Growth Exposure	69%	68%	-1%
Equity Beta	0.6	0.6	0.0
Volatility (as % of Public Equity Vol)	64%	63%	-1%

As of December 31, 2023
Source: Oregon State Treasury and AB

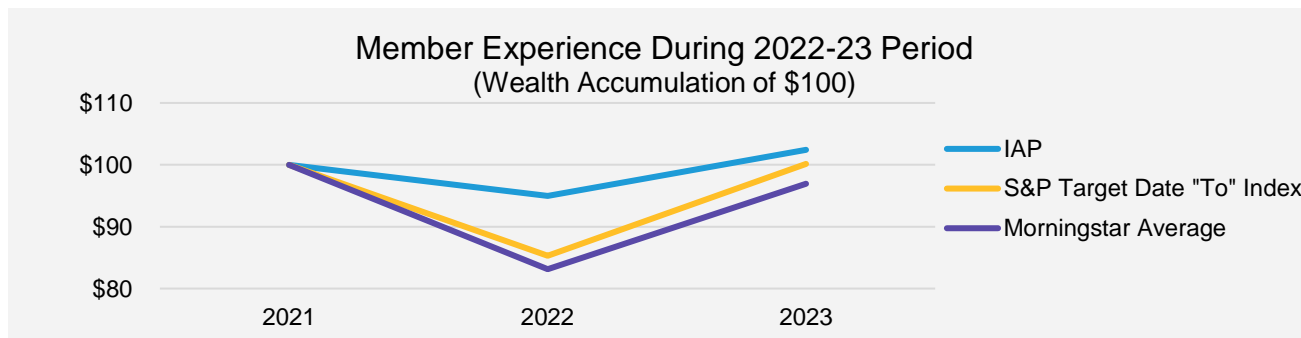


Performance Review

Smooth and Strong Performance During Recent Volatile Market

- Smoother ride vs. TDF peers during 2022 – 2023 volatile market

Average Performance	2022	2023	2022-2023 Annualized
IAP	-5%	8%	1%
S&P Target Date “To” Index	-15%	17%	0%
Morningstar Average	-17%	17%	-2%



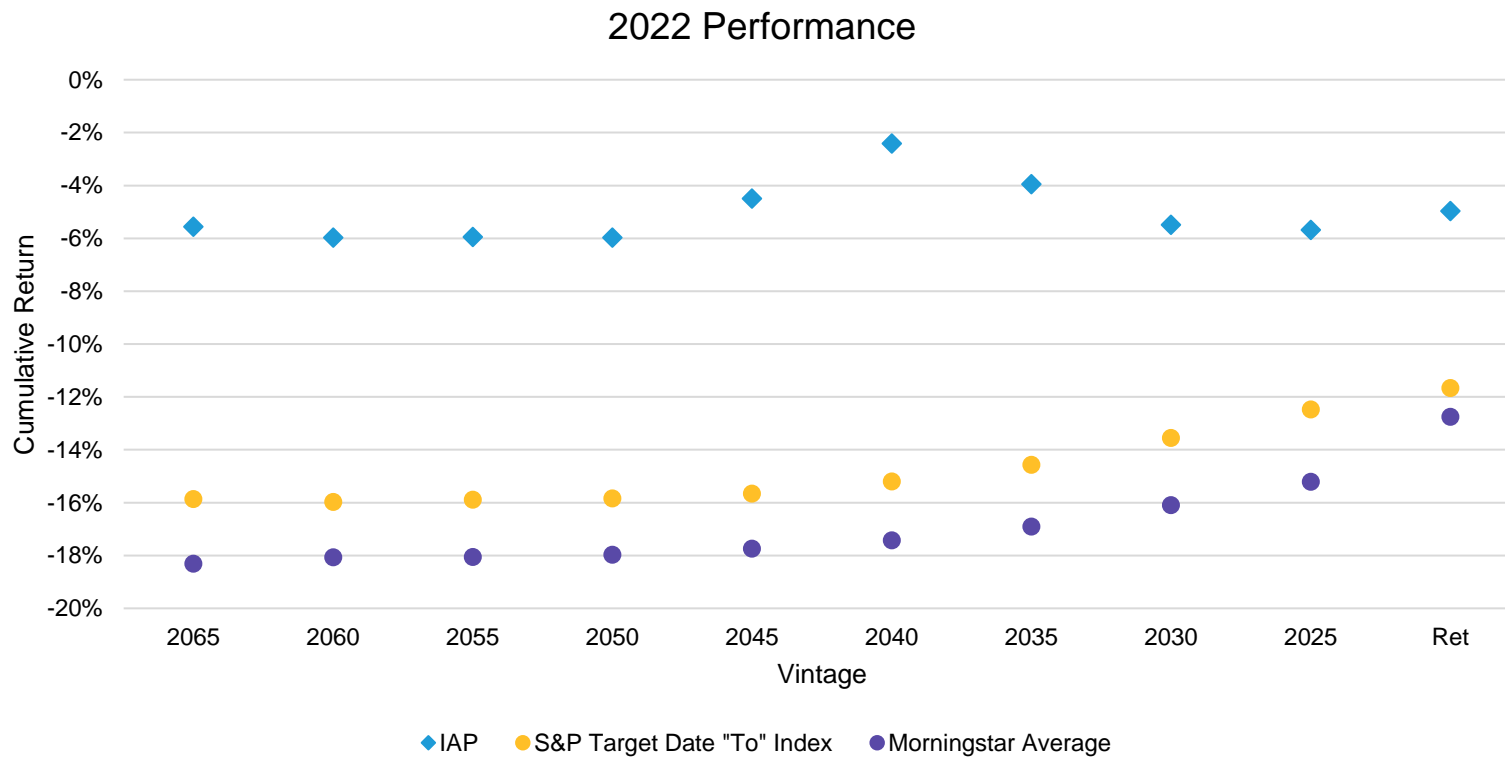
- Strong relative returns vs. TDF peers during 2022 – 2023 period
 - All vintages outperformed the S&P Target Date “To” Index by an average of 1.1% per year
 - All vintages outperformed the Morningstar Average by an average of 2.8% per year

As of December 31, 2023
Source: S&P, Morningstar and AB



Strong Relative Returns vs. TDF Peers in Stressed 2022 Market

- Key contributor: Diversifying OPERF exposure (-1.8%) outperformed both Global Equity (-18.4%) and US Core Bond (-13.1%)



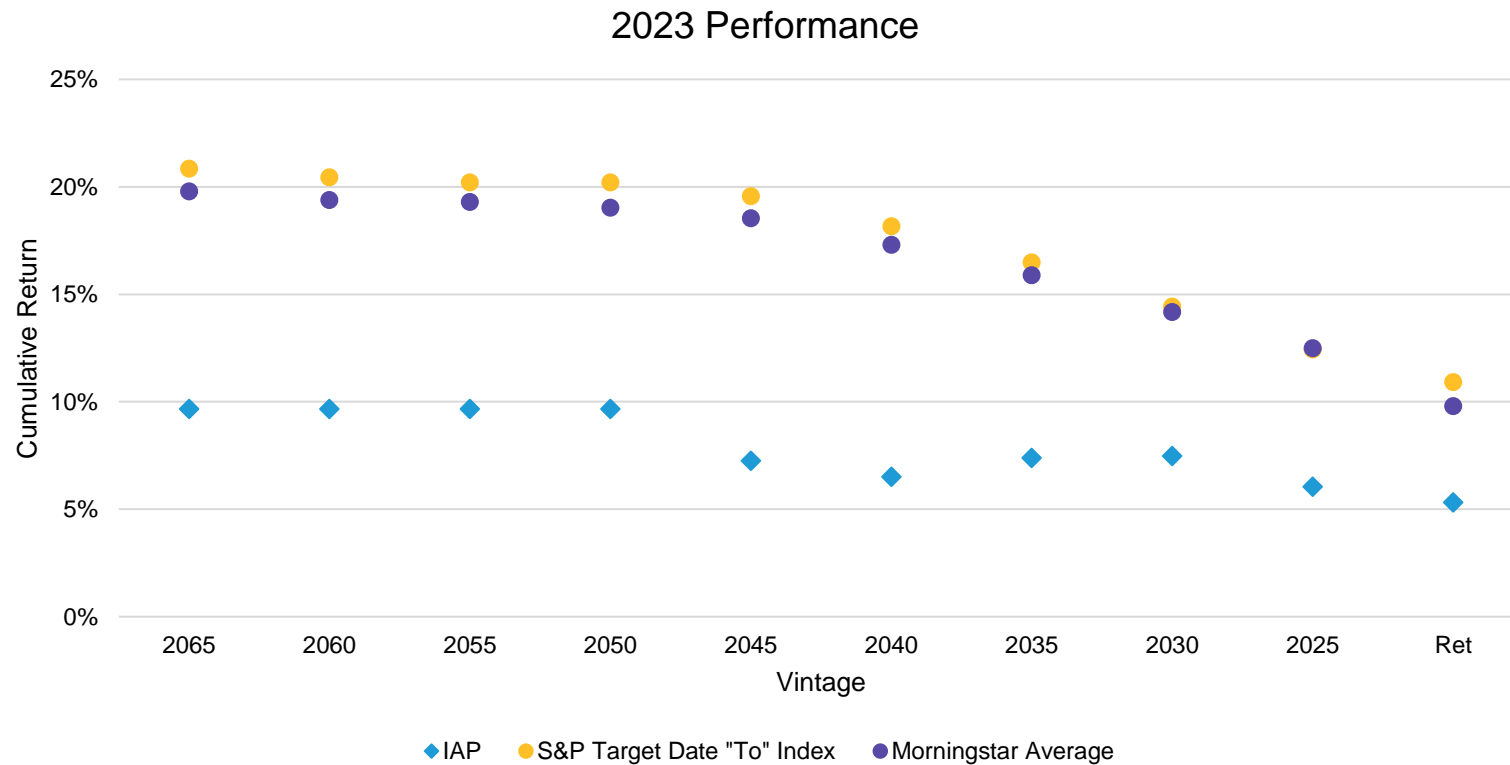
As of December 31, 2023

Source: S&P, Morningstar and AB



Lagged Relative Returns vs. TDF Peers in Strong 2023 Market

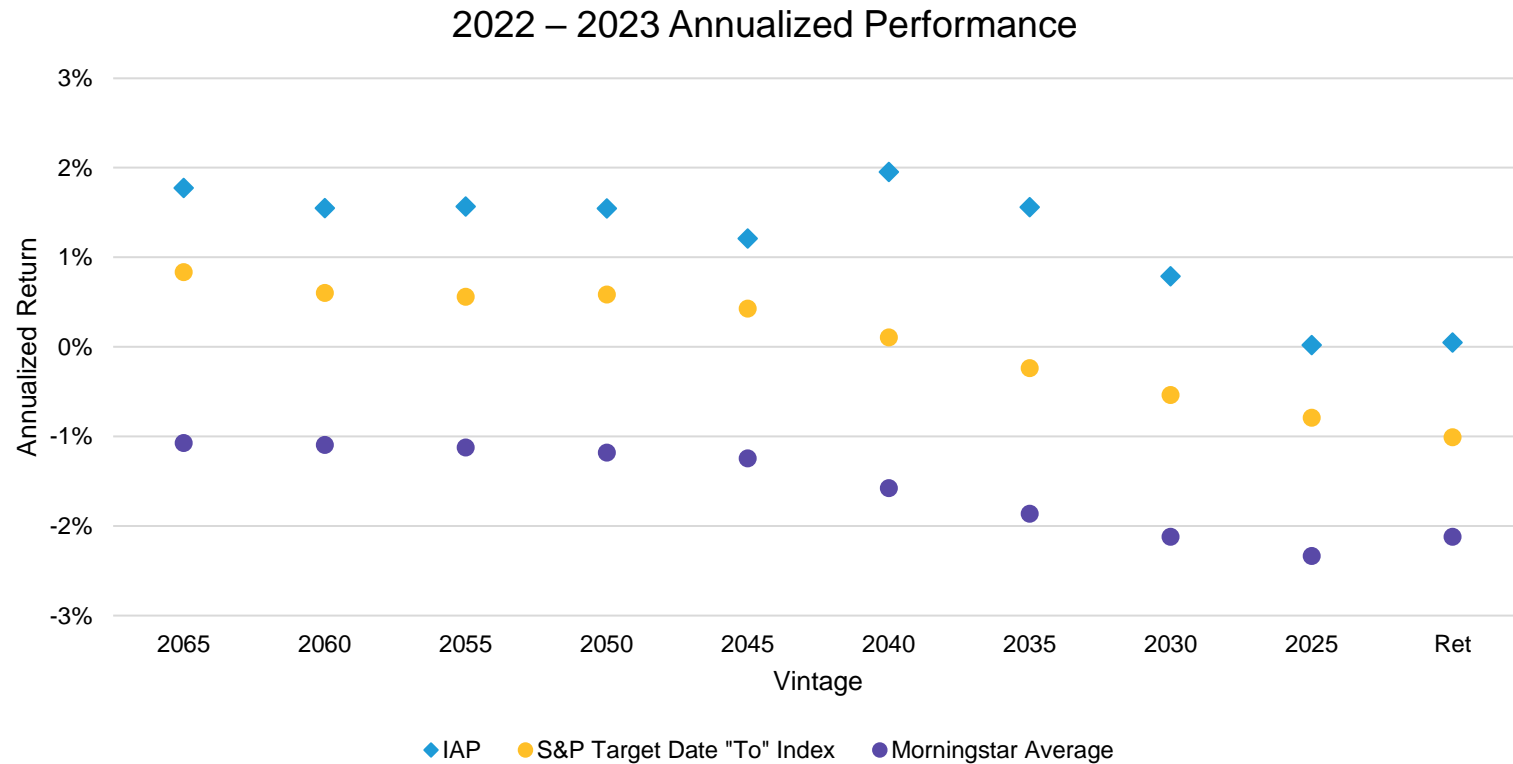
- Key detractor: Diversifying OPERF exposure (+5.7%) underperformed Global Equity (+22.2%)



As of December 31, 2023
Source: S&P, Morningstar and AB



IAP Delivered a Smoother Ride and Better Performance vs. TDF Peers During the Past Two Volatile Years

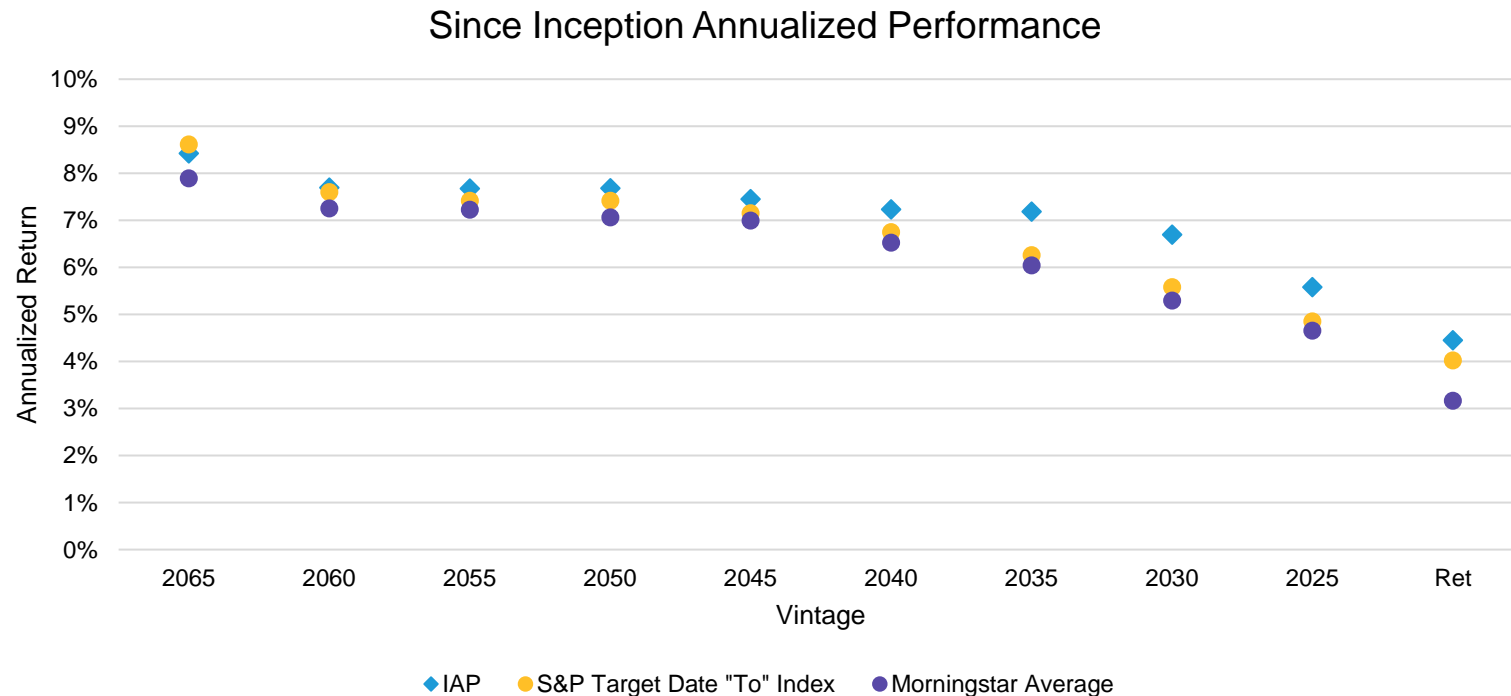


As of December 31, 2023
 Source: S&P, Morningstar and AB



Strong Since Inception Performance

- Strong absolute annualized returns ranging from 4.5% to 8.4%
- Strong relative performance, outperformed S&P Target Date “To” Index and Morningstar Average by an average of 44 bps and 80 bps per year, respectively



As of December 31, 2023

Source: S&P, Morningstar and AB



Appendix

AB's Role and Responsibilities

Investments

Customized Glide Path Design

- Tailored to IAP member demographics and plan structure
- Evolves over time:
 - Demographic refresh every 3 to 5 years or when plan changes occur
 - Non-OPERF allocations evolve along with OPERF
 - Incorporate latest AB capital market assumptions

Operations

Ongoing Operational Support

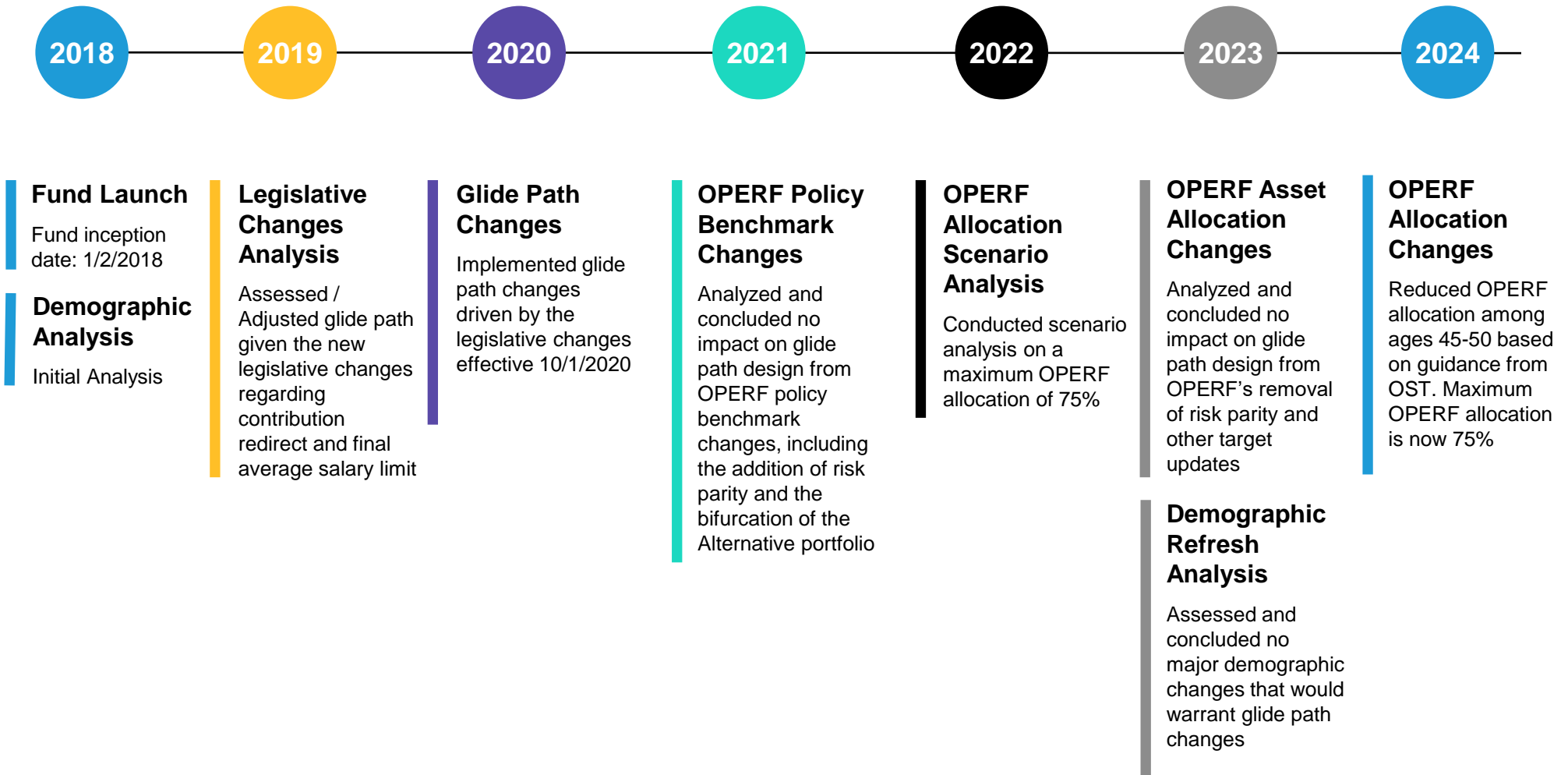
- Developed operational structure
- Support cash flow management and rebalancing
- Interface with:
 - Investment Oversight (OIC and OST)
 - Administrator (PERS)
 - Recordkeeper (Voya Financial)
 - Underlying Managers (SSGA and OST)
 - Custodian (State Street)

Communications & Servicing

Participant Communications Support & Client Service

- Implementation
- Ongoing

IAP Custom Target-Date Fund Glide Path Design Evolution Timeline



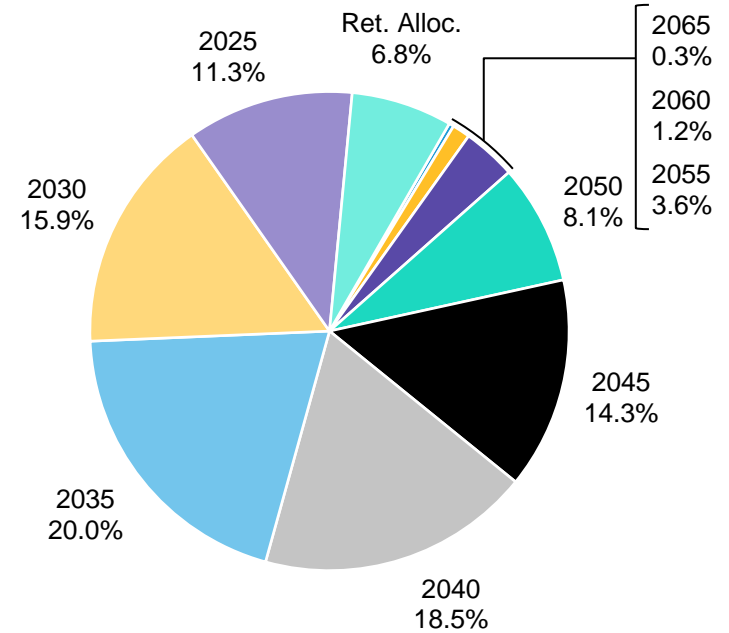
4Q 2023 Summary

State of Oregon Individual Account Program (IAP)

Target-Date Funds

- Beginning Assets: \$ 12,319,047,546
- Net Flows: \$ (32,900,000)
- Investment Gain (Loss): \$ 518,798,770
- Ending Assets: \$ 12,804,946,316

Distribution by Vintage

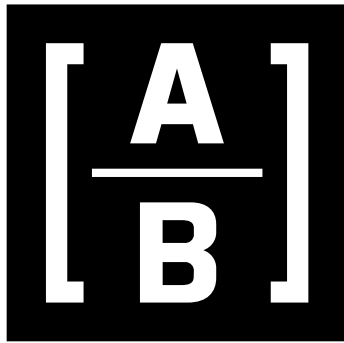


As of December 31, 2023
Source: State Street Bank



Disclosure

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OREGON
STATE
TREASURY

TAB 7
OSGP ANNUAL REVIEW

April 17, 2024

Oregon Savings Growth Plan

Annual Review

Jamie McCreary CFP®

Service Model Program Manager



**OREGON
STATE
TREASURY**



Agenda

Plan Overview

PERS- Plan highlights

Callan Performance Update

Accomplishments and Strategic Priorities

Plan Overview

Background

The Oregon Savings Growth Plan (OSGP) is the State of Oregon's 457 deferred compensation plan that provides Oregon public employees with a convenient way to save for retirement by allowing them to contribute a portion of their salary on a pre- or after-tax (Roth) basis.

Participation

ORS 243.474 authorizes the state to offer its 457 deferred compensation program to all Oregon public **employers** including local governments and school districts.

All Oregon state **employees** are eligible to participate, so long as their employer has adopted the plan.

Plan Overview

Oversight, Authority & Administration

Oregon Savings Growth Plan (OSGP)	
Investment Oversight	OIC and Oregon State Treasury (INV 801 & 802)
Trustee	OPERS Board
Recordkeeper	Voya Financial
Custodian	State Street Bank
Administrative support	OSGP Staff
Investment Consultant	Callan
Additional Oversight	OSGP Advisory Committee

Accomplishments & Strategic Priorities

2023

- Per OIC approval
 - Added a Passive International Stock Option to the plan lineup
 - Restructured the Active International Stock Option

2024

- Callan evaluated administration services and fees
- 2024 Investment Consultant RFP
- Fixed Income Structure Evaluation
- Investment Policy Statement Review
- Target Date Fund Suitability Review

Team

Claire Ilo

Investment Officer

Tenure: 2020

Claire assists with external manager monitoring and research, and leads other research initiatives, such as ESG and climate-focused projects for OPERF Public Equity. Claire also oversees the Oregon Savings Growth Plan. Duties assigned include:

- ❖ Serves as portfolio manager and trader for internal enhanced index strategies. Activities include trading securities as well as staying current on trading algorithm strategies;
- ❖ Assists in executing cash raises and transitions with OPERF's external investment managers.
- ❖ Attends meetings with managers and evaluate prospective managers;
- ❖ Identifies new investment opportunities and leads new manager searches;
- ❖ Organizes and participates in quarterly portfolio reviews, as well as documenting quarterly analyses of all equity managers;
- ❖ Facilitates multi-million dollar cash transfers and assists with other custody activity;

Education & Certifications: B.S. in Economics and Business Administration from University of Oregon.



Kenny Bao

Investment Analyst

Tenure: 2020

Kenny assists with prospective and external manager due diligence and overseeing OSGP. Duties assigned include:

- ❖ Participates in quarterly portfolio reviews, as well as documenting quarterly analyses of equity managers;
- ❖ Assists in the operations of internally managed funds;
- ❖ Facilitates multi-million dollar cash transfers within OPERF accounts;
- ❖ Coordinates the opening of new equity markets (countries), which Oregon seeks to invest; and
- ❖ Produce routine reports pertaining to OPERF and OSGP.

Education & Certifications: B.S. in Economics from Portland State University.



Jamie McCreary

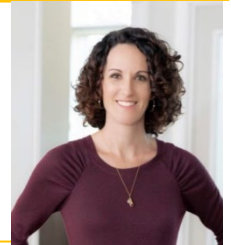
Service Model Program Manager

Tenure: 2023

As the Service Model Program manager, Jamie is responsible for creating and/or maintaining centralized services model standards and manages all aspects of client account relationships with various state managed programs.

- ❖ Ongoing monitoring and oversight of state managed programs and investment portfolios
- ❖ Supports the application of industry and fiduciary best practice standards across all areas of the Investment Program
- ❖ Investment Policy Statement Review

Education: BS Southern Oregon University, CERTIFIED FINANCIAL PLANNER™ professional





OREGON STATE TREASURY

Tobias Read
Oregon State Treasurer

16290 SW Upper Boones Ferry Road
Tigard, OR 97224

oregon.gov/treasury

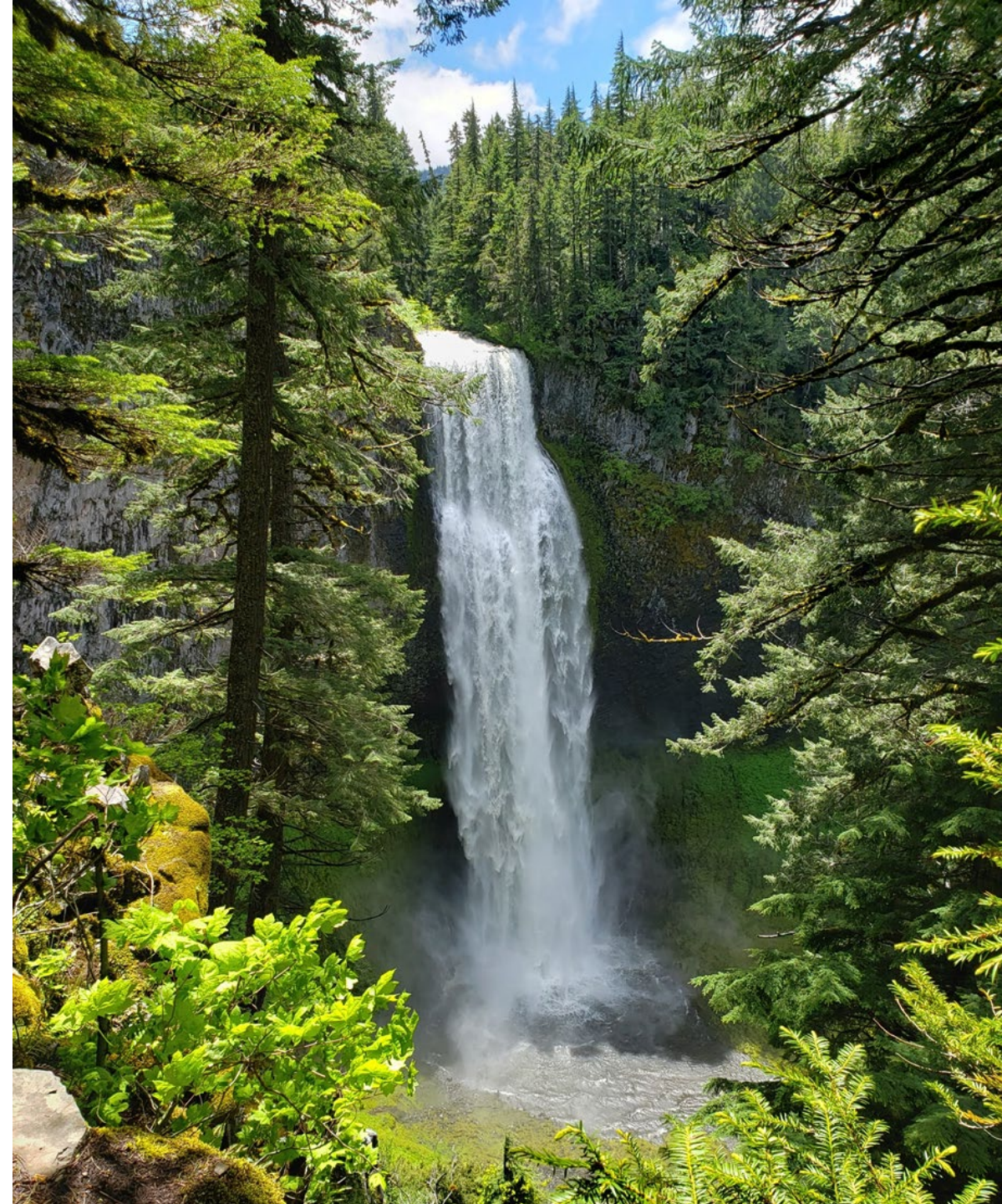
OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM



Oregon Saving Growth Plan Annual Report

Calendar year 2023



Governance

Advisory Committee

Christine Valentine, Chair – State of Oregon

Jeff Gibbs, Vice Chair – Local Government

Frank Goulard – Local Government

Colin Benson – State of Oregon

Zachariah Heck – State of Oregon

Kyle Niemeyer – State of Oregon

Gene Bentley – Retired

Treasury

Kenny Bao – Public Equity Investment Analyst

Claire Illo – Public Equity Investment Officer

Jamie McCreary- Service Model Program
Manager

Callan Investment Consultant

Anne Heaphy – Senior Vice President

Uvan Tseng – Senior Vice President

Administrative support

OSGP staff

Jack Schafroth – Interim Program Manager

Dee Monday – Operations Coordinator

John Bennett – Administrative Assistant

Karen Blanton – Retirement Counselor

Karen Harlow – Retirement Counselor

Vacant – Retirement Counselor

Recordkeeper: Voya Financial

Deirdre Jones – Relationship Manager

Carol Cann – Operations Manager

Jennifer Moran – Communication Consultant

Gladys Salguero – Education Team Manager

Plan summary

Assets and cash flow (for year ending December 31, 2023)

Total plan assets	\$3.4 billion
Net cash flow	\$26 million
Pre-tax contributions	\$131 million+
Rollover-in contributions	\$76 million+
Roth contributions	\$24 million+
Participants with Roth elections	6,674

Investment composition

LifePath options	31% of plan assets
Large Company Growth stock option	15% of plan assets
Stock Index option	12% of plan assets
Schwab Brokerage account	605 participants with an average balance of \$99,053

OSGP fees - current

Administrative fees	Percentage of assets
State of Oregon Administrative Fee	0.085%
Recordkeeping/Custody/Trust/Communications	0.05%
Total Administrative Fees	0.135%

By investment option	Weighted average (%)
LifePath® Portfolios	0.07%
Stable Value	0.30%
Active Fixed Income Option	0.17%
Real Return Fund	0.22%
Large Company Value Stock	0.02%
Stock Index	0.02%
Socially Responsible Investment Option	0.18%
Large Company Growth Stock	0.02%
Active International Stock	0.57%
Passive International Stock	0.06%
Small Company Stock	0.32%

Investment options and performance

As of December 31, 2023

Investment options	Ending balance as of 12/31/23	Annual performance	Contribution by fund option
Large Company Growth Stock Option	\$501,912,656	42.50%	\$23,619,245
Stock Index Option	\$437,052,800	25.91%	\$22,769,830
Socially Responsible Investment Option	\$49,516,702	22.31%	\$4,451,610
Small Company Stock Option	\$273,994,252	15.88%	\$12,344,143
Active International Stock Option	\$136,412,701	18.69%	\$13,036,039
Passive International Stock Option	\$65,733,358	N/A	\$592,123
Active Fixed Income Option	\$200,675,516	6.20%	\$10,190,466
Real Return Option	\$23,068,573	0.85%	\$4,778,749
Large Company Value Stock Option	\$262,486,988	11.33%	\$14,697,869
Stable Value Option	\$354,264,785	2.63%	\$15,176,928.90

Target date fund options and performance

As of December 31, 2023

Investment options	Ending balance	Annual performance	Contribution by fund option
LifePath® Retirement	\$299,170,059	10.96%	\$10,948,662
LifePath® 2025	\$169,370,478	11.83%	\$16,942,944
LifePath® 2030	\$161,647,046	14.06%	\$17,705,171
LifePath® 2035	\$132,657,995	16.11%	\$17,628,558
LifePath® 2040	\$114,032,038	18.12%	\$14,549,856
LifePath® 2045	\$82,263,076	19.96%	\$12,611,874
LifePath® 2050	\$60,372,396	21.07%	\$9,610,770
LifePath® 2055	\$31,021,481	21.37%	\$6,572,769
LifePath® 2060	\$17,725,181	21.39%	\$3,157,934
LifePath® 2065	\$5,686,315	21.42%	\$1,501,044

Rollovers

OSGP Rollovers-Out for Calendar Year 2023

Institution	# of rollovers	% of total	\$ rolled
OREGON PERS	236	22%	\$8,327,023
EDWARD JONES	111	10%	\$14,975,435
CHARLES SCHWAB	75	7%	\$15,396,044
FIDELITY	67	6%	\$8,780,824
VANGUARD	43	4%	\$8,441,541
All others	552	51%	\$70,144,561

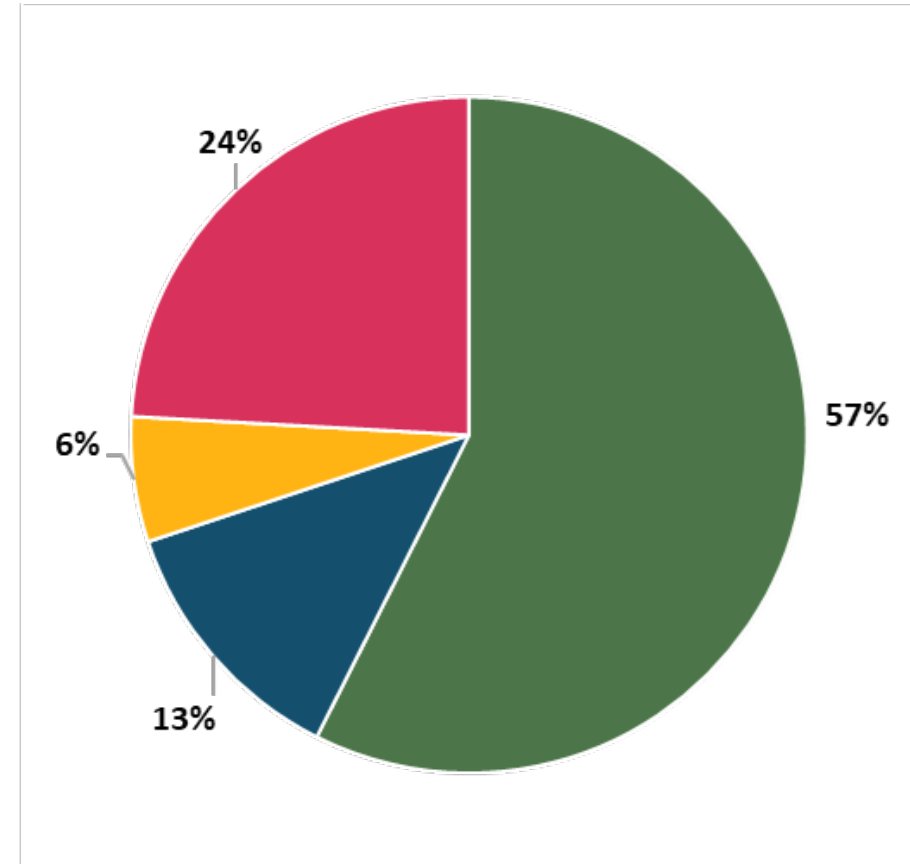
OSGP Rollovers-In for Calendar Year 2023

Institution	# of rollovers	% of total	\$ rolled
IAP	486	59%	\$62,158,850
All others	338	41%	\$13,343,307

Participant status summary

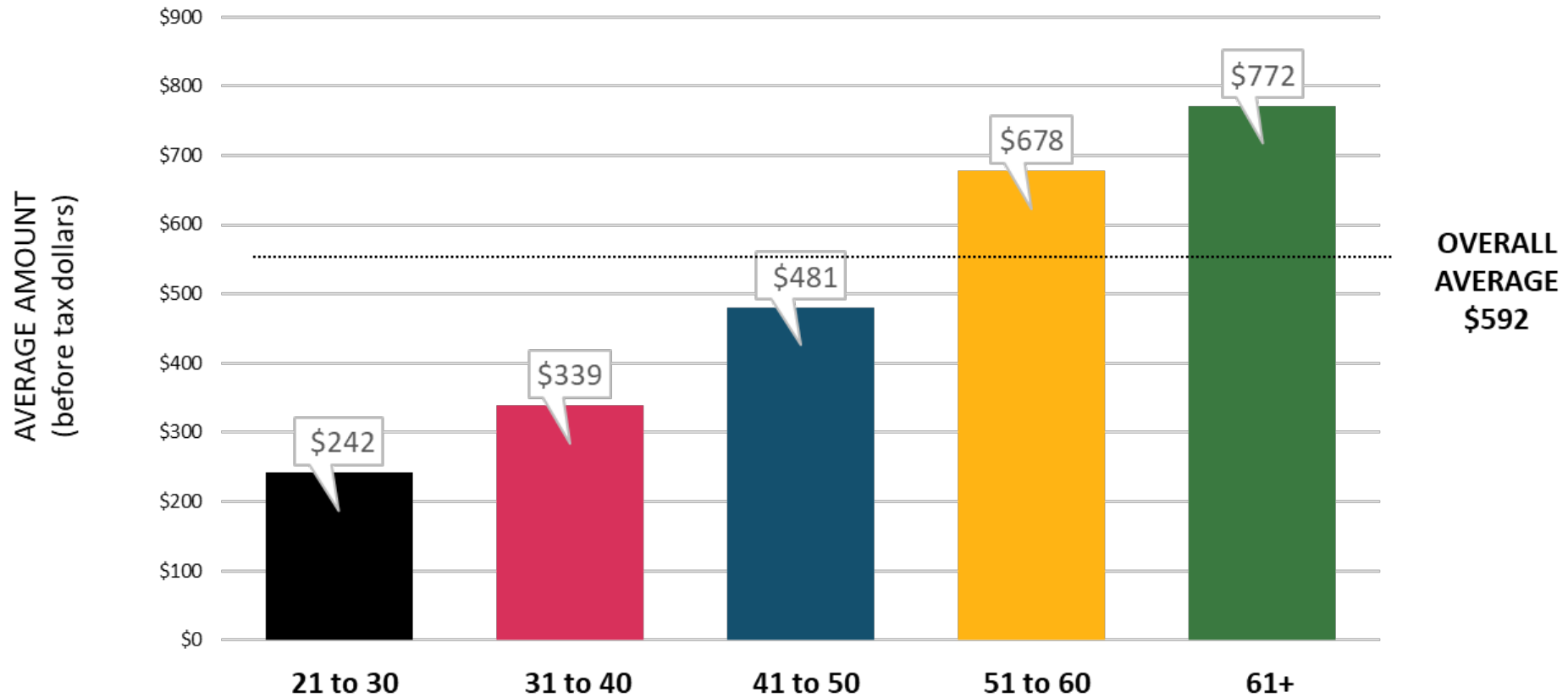
Calendar year 2023

	Participant status	Number of participants
■	Active, Contributing	22,878
■	Active Not Contributing	4,966
■	Terminated Receiving Installments	2,383
■	Terminated with a Balance	9,610
	Total	39,837



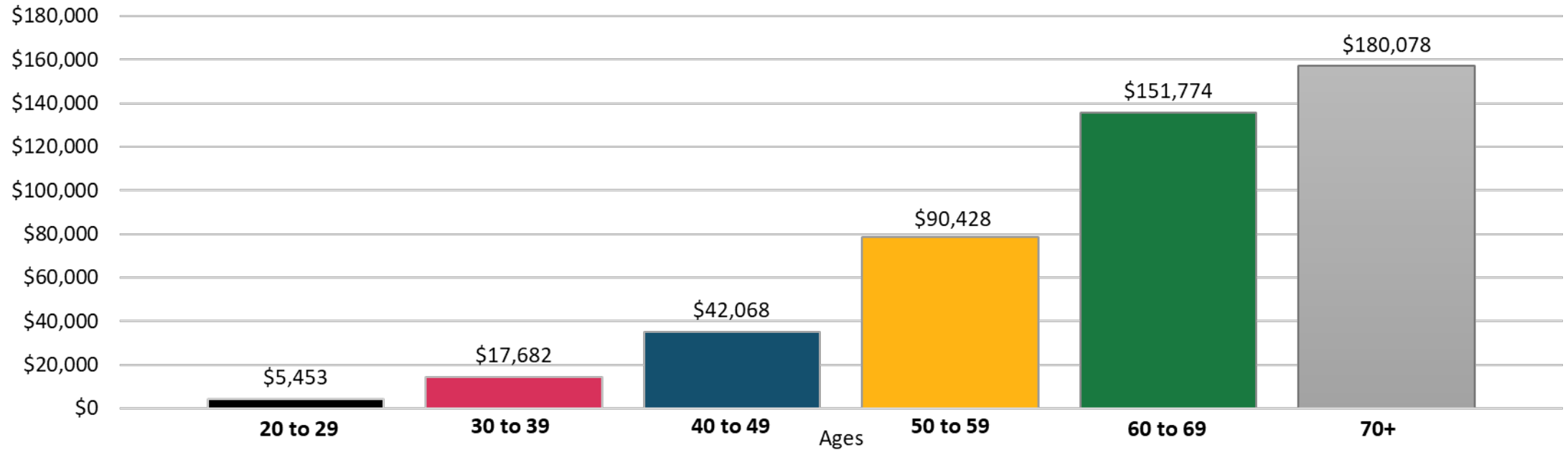
Participant status summary – average OSGP monthly contributions by age

Calendar year 2023



Participant status summary – average OSGP balance by age

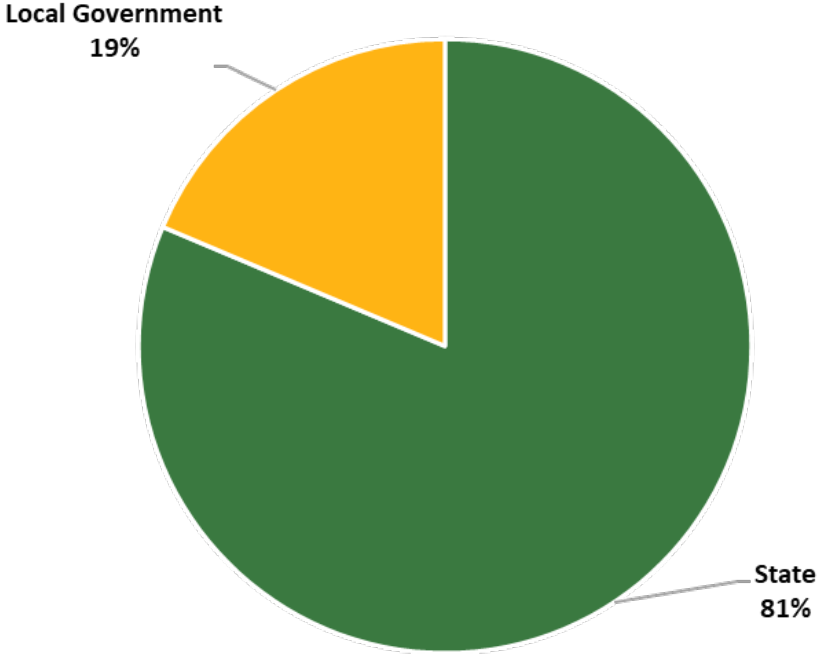
Calendar year 2023



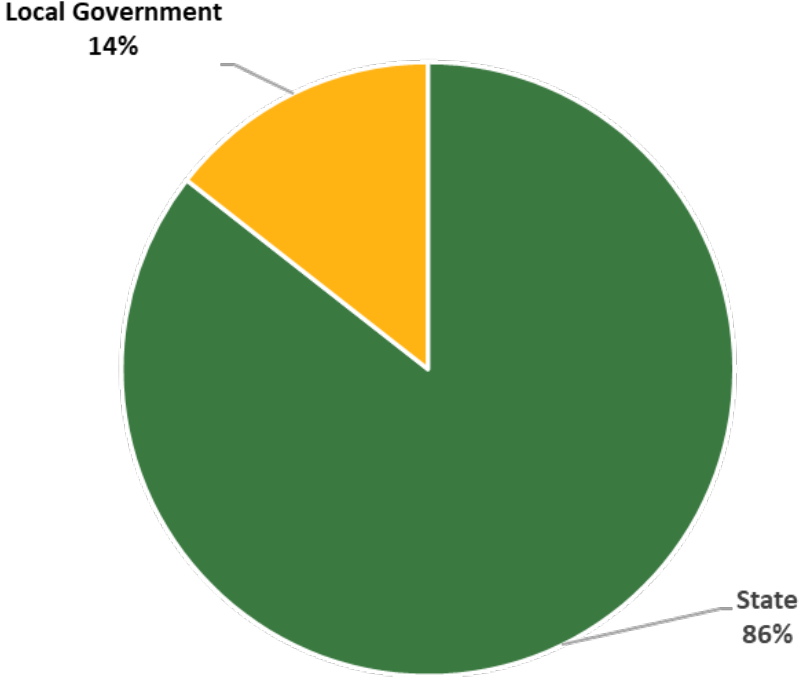
State and local government breakdown

Calendar year 2023

Participants



Assets



Communications accomplishments

Calendar year 2023

Communications assists with overall OSGP goals through a variety of campaigns while providing a cohesive, professional, and educational overall look and feel to all OSGP materials and the website.

2023 Accomplishments:

Built upon the America Saves Week campaign launched in February 2022 covering five days of financial wellness and retirement education for participants and unenrolled employees. The updated 2023 America Saves Week campaign resulted in over 13,000 visitors to the ASW site, compared to only a few hundred in 2022.

Completed a campaign supporting the percent-of-pay rollout in OSGP, which included the use of the Voya Pennies whitepaper. The whitepaper supported the use of different language (pennies vs. percent) for different income groups which allowed OSGP to be inclusive of those that may otherwise overlook the positive impact that switching to percent contributions could have on retirement income. This resulted in a 2023 NAGDCA award for Participant Communication.

Supported the PERS Expo by sending out a series of journey-based emails promoting the Expo, and then follow-up emails with a set of challenge questions based on their journey. Journey groups were split into early-career, mid-career, near-retirement and in-retirement. Over 2,000 challenge questions were answered. All groups achieved open rates of over 15%.

Education and outreach team

Calendar year 2023

OSGP's team includes a manager and four local representatives.

Four different workshops offered all year:

- 330 workshops and group meetings conducted
- 6837 total attendance
- All workshops recorded and available on growyourtomorrow.com website

In 2023, virtual question and answer (Q&A) sessions were conducted:

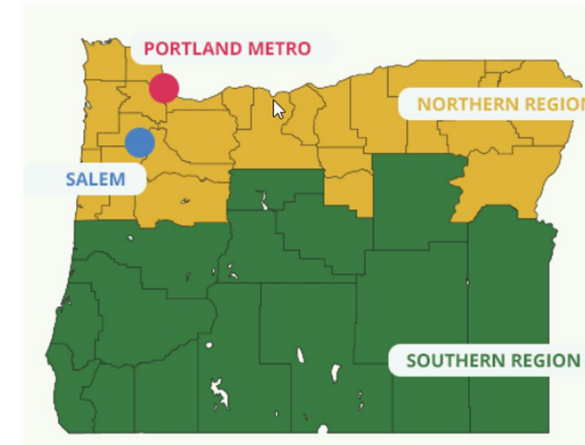
- Seven sessions were conducted throughout the year including Expo
- Session topics included percent-of-pay, risk tolerance, and auto rebalancing

Workshops and Individual meetings offered both in-person and virtually

Marketing materials encourage participants to engage with representatives and register for workshops, Q&A sessions, and individual meetings

In 2023: 96% satisfaction was recorded for workshop content

45% of attendees took an action after attending a workshop



Employer outreach

Calendar year 2023

EMPLOYER CATEGORY	NUMBER
Total employers who have adopted OSGP	368
Total employers who were new in 2023	10
Total local-government employers who stopped using OSGP in 2023	0

Looking ahead

- Continue to increase enrollment by developing Plan Advocates in State agencies and local governments.
- Increase plan assets through percent-of-pay and rollovers into OSGP.
- Educate participants, as well as unenrolled employees, through the PERS Expo, America Saves Week, and the quarterly newsletter.
- Continue to utilize our holistic career checklists to interact with participants throughout their time in OSGP.
- Update our website to make it more informative, easy to navigate, and a true resource for participants and employers.



OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM



Questions?



April 17, 2024



Oregon Investment Council OSGP Annual Review 2024

Anne Heaphy
Plan Sponsor Consulting

Uvan Tseng, CFA
Plan Sponsor Consulting

OSGP Investment Structure

OSGP Investment Structure		
Tier I. Asset Allocation Options	Tier II. Core Options	Tier III. Specialty Options
<u>Asset Allocation</u> LifePath Portfolios	<u>Capital Preservation</u> Stable Value Option	
	<u>Fixed Income</u> Active Fixed Income Option	<u>Inflation Sensitive</u> Real Return Option
	<u>Broad U.S. Equity</u> Stock Index Option	<u>Specialty Equity</u> Socially Responsible Investment Option
	<u>Large Cap U.S. Equity</u> Large Company Value Stock Option Large Company Growth Stock Option	
	<u>Small Cap U.S. Equity</u> Small Company Stock Option	
	<u>International Equity</u> Passive International Stock Option Active International Stock Option	
		<u>Brokerage Window</u> Schwab PCRA

- The International Equity structure was reviewed last year. In October 2023, the passive option was added and the underlying manager composition for the active option was restructured.

Asset Distribution

	December 31, 2023			December 31, 2022		
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
Target Date Funds	\$1,073,721,142	31.22%	\$27,020,349	\$134,117,098	\$912,583,695	31.36%
LifePath Index Retirement Fund O	299,065,953	8.70%	(28,802,984)	30,610,105	297,258,832	10.22%
LifePath Index 2025 Fund O	169,174,593	4.92%	(1,927,802)	17,836,654	153,265,741	5.27%
LifePath Index 2030 Fund O	161,637,428	4.70%	8,809,960	19,450,969	133,376,500	4.58%
LifePath Index 2035 Fund O	132,688,535	3.86%	10,321,638	18,045,014	104,321,882	3.59%
LifePath Index 2040 Fund O	114,090,347	3.32%	12,261,912	16,641,129	85,187,305	2.93%
LifePath Index 2045 Fund O	82,273,571	2.39%	10,275,404	12,837,448	59,160,719	2.03%
LifePath Index 2050 Fund O	60,367,276	1.76%	7,624,892	9,888,993	42,853,391	1.47%
LifePath Index 2055 Fund O	31,000,758	0.90%	5,224,643	4,953,956	20,822,160	0.72%
LifePath Index 2060 Fund O	17,739,855	0.52%	1,925,570	2,983,903	12,830,382	0.44%
LifePath Index 2065 Fund O	5,682,828	0.17%	1,307,117	868,928	3,506,783	0.12%
Tier II - Core Investment Options	\$2,232,796,688	64.93%	\$5,216,781	\$353,516,979	\$1,874,062,927	64.41%
Stable Value Option	\$353,599,870	10.28%	\$(21,135,414)	\$9,236,965	\$365,498,320	12.56%
Active Fixed Income Option	\$200,730,628	5.84%	\$8,219,809	\$11,716,784	\$180,794,035	6.21%
Stock Index Option	\$437,415,617	12.72%	\$5,710,463	\$89,647,398	\$342,057,756	11.76%
Large Company Value Stock Option	\$262,549,710	7.63%	\$(3,030,800)	\$26,513,967	\$239,066,542	8.22%
Large Company Growth Stock Option	\$501,930,191	14.60%	\$12,316,630	\$147,670,251	\$341,943,310	11.75%
Small Company Stock Option	\$274,332,027	7.98%	\$(10,562,980)	\$38,225,677	\$246,669,331	8.48%
Passive International Stock Option	\$65,731,422	1.91%	\$61,147,668	\$4,583,755	-	-
Active International Stock Option	\$136,507,221	3.97%	\$(47,448,595)	\$25,922,182	\$158,033,634	5.43%
Tier III - Specialty Options	\$132,287,709	3.85%	\$(7,277,936)	\$16,633,704	\$122,931,941	4.23%
Socially Responsible Investment Option	49,503,749	1.44%	1,258,566	8,810,830	39,434,353	1.36%
Real Return Option	23,089,735	0.67%	(15,229,110)	51,551	38,267,295	1.32%
Brokerage Window	59,694,224	1.74%	6,692,608	7,771,324	45,230,293	1.55%
Total Fund	\$3,438,817,212	100.0%	\$24,959,195	\$504,268,334	\$2,909,589,683	100.0%

Annualized Returns for Periods Ended December 31, 2023

	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Tier I - Asset Allocation Options				
LifePath Index Retirement Fund	11.12	0.48	5.60	4.43
LifePath Index Retirement Benchmark	11.11	0.54	5.61	4.43
LifePath Index 2025 Fund	11.99	1.13	6.59	5.24
LifePath Index 2025 Benchmark	11.94	1.17	6.58	5.21
LifePath Index 2030 Fund	14.23	2.26	7.83	5.98
LifePath Index 2030 Benchmark	14.23	2.31	7.82	5.94
LifePath Index 2035 Fund	16.28	3.30	8.99	6.67
LifePath Index 2035 Benchmark	16.29	3.33	8.96	6.61
LifePath Index 2040 Fund	18.29	4.26	10.04	7.29
LifePath Index 2040 Benchmark	18.29	4.26	9.99	7.20
LifePath Index 2045 Fund	20.13	5.09	10.93	7.77
LifePath Index 2045 Benchmark	20.12	5.07	10.86	7.67
LifePath Index 2050 Fund	21.24	5.57	11.40	8.01
LifePath Index 2050 Benchmark	21.23	5.52	11.33	7.91
LifePath Index 2055 Fund	21.55	5.68	11.50	8.06
LifePath Index 2055 Benchmark	21.56	5.64	11.44	7.96
LifePath Index 2060 Fund	21.56	5.67	11.50	--
LifePath Index 2060 Benchmark	21.57	5.64	11.44	--
LifePath Index 2065 Fund	21.62	5.67	--	--
LifePath Index 2065 Benchmark	21.59	5.63	--	--

Annualized Returns for Periods Ended December 31, 2023

	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 15 Years
Tier II - Core Investment Options					
Stable Value Option	2.86	2.16	2.28	2.04	2.00
3 Year Constant Maturity Treasury	4.30	2.59	2.02	1.72	1.43
3 Month T-Bill	5.01	2.15	1.88	1.25	0.87
Active Fixed Income Option	6.42	(2.98)	1.27	2.16	3.75
Bloomberg Aggregate Index	5.53	(3.31)	1.10	1.81	2.68
Stock Index Option	26.04	8.57	15.22	11.55	13.91
Russell 3000 Index	25.96	8.54	15.16	11.48	13.84
Large Company Value Stock Option	11.46	8.84	10.96	8.33	11.36
Russell 1000 Value Index	11.46	8.86	10.91	8.40	11.09
Large Company Growth Stock Option	42.68	8.83	19.47	14.65	16.59
Russell 1000 Growth Index	42.68	8.86	19.50	14.86	16.68
Small Company Stock Option	16.10	7.78	12.15	8.15	12.56
Russell 2000 Index	16.93	2.22	9.97	7.16	11.30
Active International Stock Option	19.50	4.02	8.92	4.69	7.38
MSCI ACWI ex US Index	15.62	1.55	7.08	3.83	6.74
Tier III - Specialty Options					
Socially Responsible Investment Option	22.36	8.24	14.88	--	--
Russell 3000 Index	25.96	8.54	15.16	11.48	13.84
Real Return Option	0.99	7.14	6.81	--	--
Real Return Option Blended Benchmark	1.13	8.14	8.09	3.78	5.30
Consumer Price Index + 4%	7.33	9.79	8.21	6.76	6.60

Investment Options Fee Summary

Asset Class and Strategy	Investment Management Fees*	Institutional Peer Group Median
Asset Allocation Options		
LifePath Index Retirement, 2025 – 2065 Funds	0.08%	0.09% - 0.10%
Capital Preservation		
Stable Value Option	0.31%	0.57%
Fixed Income		
Active Fixed Income Option	0.16%	0.38%
U.S. Large Cap Equity		
Stock Index Option	0.02%	0.02%
Large Company Value Stock Option	0.02%	0.02%
Large Company Growth Stock Option	0.02%	0.02%
U.S. Small Cap Equity		
Small Company Stock Option	0.32%	0.86%
Active International Equity		
Active International Stock Option	0.56%	0.79%
Passive International Equity		
Passive International Stock Option	0.06%	0.06%
Specialty Options		
Socially Responsible Investment Option	0.18%	0.75%
Real Return Option	0.22%	0.86%

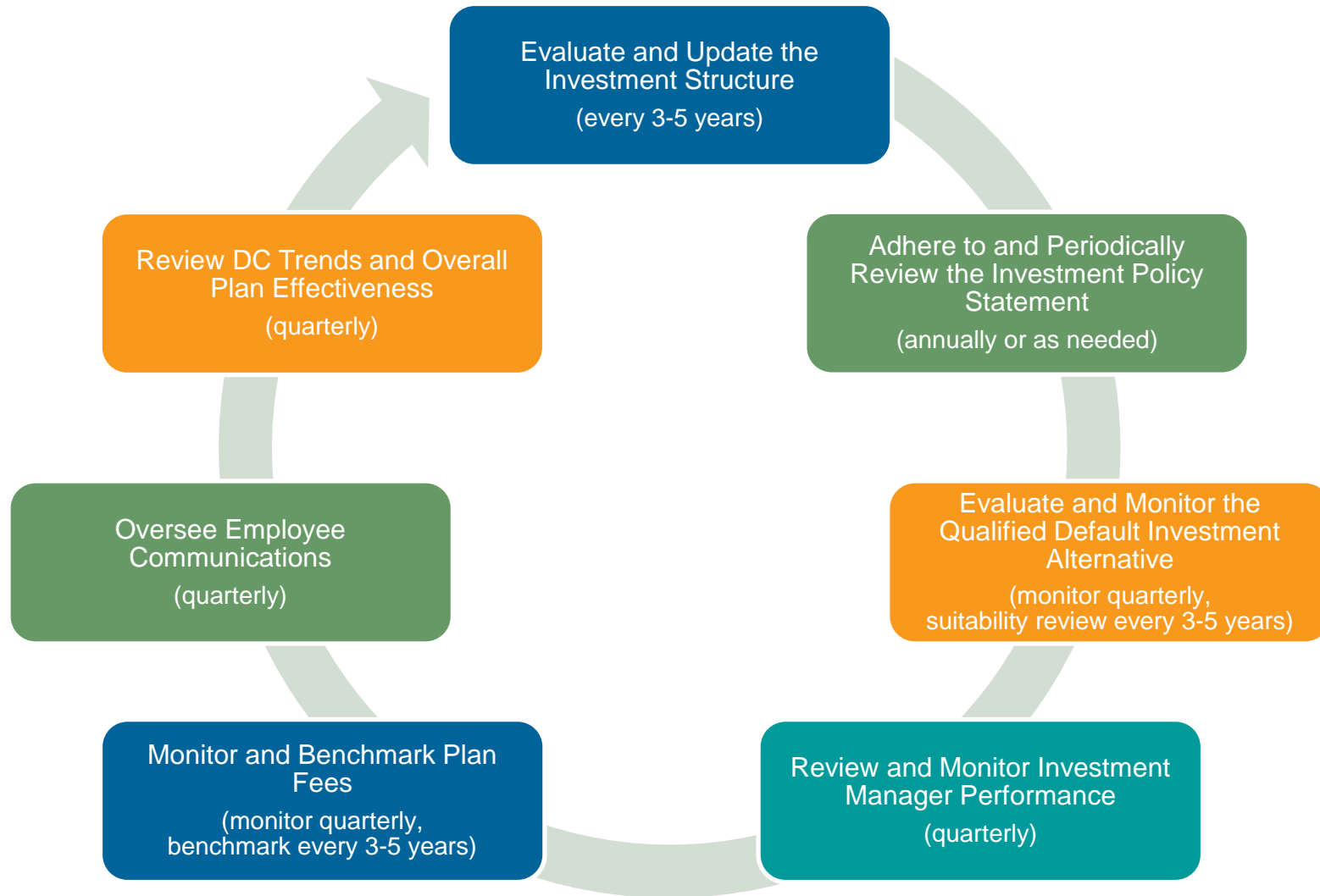
*Fee data provided by OST.

Callan

Appendix

Key Functions of a DC Plan Fiduciary

In managing DC Plan investments, fiduciaries should consider seven key areas

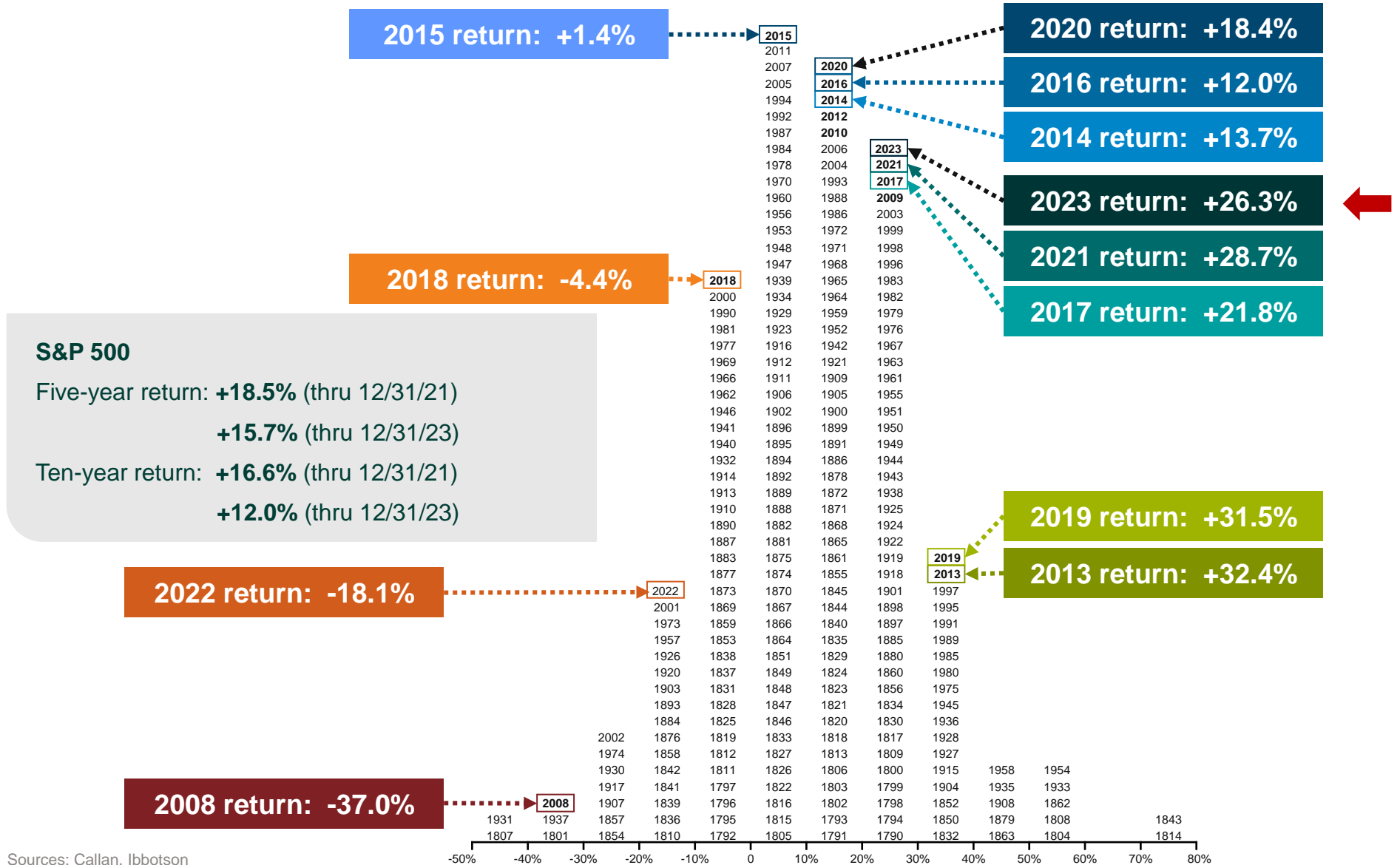


OSGP Work Plan

OSGP Action Items	Review Date	Status
Review Existing Investment Managers	Quarterly	Continuous
Monitor Investment Fees	Quarterly	Continuous
DC Regulatory, Legal, and Industry Trends Review	Quarterly	Continuous
Plan Utilization and Administration Review (Voya)	Quarterly	Continuous
Plan Communications Review (Voya)	Quarterly	Continuous
Oregon Investment Council - OSGP Review Meetings	Annually	Continuous
Investment Structure Evaluation	May 2018	Concluded
Capital Preservation Structure Evaluation	August 2018	Concluded
Large Cap Equity Structure Evaluation	August 2018	Concluded
International Equity Structure Evaluation	August 2018	Concluded
Real Assets Structure Evaluation	August 2018	Concluded
Target Date Fund Suitability Review	January 2019	Concluded
Small Cap Equity Structure Evaluation	August 2019	Concluded
Brokerage Window Review (Schwab)	May 2020	Concluded
ESG Education	August 2020	Concluded
Investment Policy Statement Review	October 2020	Concluded
Callan DC Trends Survey	May 2021	Concluded
ESG/Socially Responsible Investment Option Overview (TIAA-CREF)	May 2022	Concluded
Investment Structure Evaluation	July 2022	Concluded
International Equity Structure Evaluation	May 2023	Concluded
Evaluate Administration Services and Fees	February 2024	Concluded
Fixed Income Structure Evaluation	March 2024	
Oregon Investment Council - OSGP Review Meetings	April 2024	
Investment Policy Statement Review	May 2024	
Investment Consultant RFP	June 2024	

Stock Market Returns by Calendar Year

Performance in perspective: History of the U.S. stock market (233 years of returns)



Diversification Remains Key Risk Control Over the Long Run

Periodic Table of Investment Returns 2009 - 2024

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Emerging Market Equity	Small Cap Equity	U.S. Fixed Income	Real Estate	Small Cap Equity	Real Estate	Large Cap Equity	Small Cap Equity	Emerging Market Equity	Cash Equivalent	Large Cap Equity	Small Cap Equity	Large Cap Equity	Cash Equivalent	Large Cap Equity
78.51%	26.85%	7.84%	27.73%	38.82%	15.02%	1.38%	21.31%	37.28%	1.87%	31.49%	19.96%	28.71%	1.46%	26.29%
High Yield	Real Estate	High Yield	Emerging Market Equity	Large Cap Equity	Large Cap Equity	U.S. Fixed Income	High Yield	Non-U.S. Equity	U.S. Fixed Income	Small Cap Equity	Large Cap Equity	Real Estate	High Yield	Non-U.S. Equity
58.21%	19.63%	4.98%	18.23%	32.39%	13.69%	0.55%	17.13%	24.21%	0.01%	25.52%	18.40%	26.09%	-11.19%	17.94%
Real Estate	Emerging Market Equity	Non-U.S. Fixed Income	Non-U.S. Equity	Non-U.S. Equity	U.S. Fixed Income	Cash Equivalent	Large Cap Equity	Large Cap Equity	High Yield	Non-U.S. Equity	Emerging Market Equity	Small Cap Equity	U.S. Fixed Income	Small Cap Equity
37.13%	18.88%	4.36%	16.41%	21.02%	5.97%	0.05%	11.96%	21.83%	-2.08%	22.49%	18.31%	14.82%	-13.01%	16.93%
Non-U.S. Equity	High Yield	Large Cap Equity	Small Cap Equity	High Yield	Small Cap Equity	Real Estate	Emerging Market Equity	Small Cap Equity	Non-U.S. Fixed Income	Real Estate	Non-U.S. Fixed Income	Non-U.S. Equity	Non-U.S. Equity	High Yield
33.67%	15.12%	2.11%	16.35%	7.44%	4.89%	-0.79%	11.19%	14.65%	-2.15%	21.91%	10.11%	12.62%	-14.29%	13.44%
Small Cap Equity	Large Cap Equity	Cash Equivalent	Large Cap Equity	Real Estate	High Yield	Non-U.S. Equity	Real Estate	Non-U.S. Fixed Income	Large Cap Equity	Emerging Market Equity	Non-U.S. Equity	High Yield	Large Cap Equity	Emerging Market Equity
27.17%	15.06%	0.10%	16.00%	3.67%	2.45%	-3.04%	4.06%	10.51%	-4.38%	18.44%	7.59%	5.28%	-18.11%	9.83%
Large Cap Equity	Non-U.S. Equity	Small Cap Equity	High Yield	Cash Equivalent	Cash Equivalent	Small Cap Equity	Non-U.S. Equity	Real Estate	Real Estate	High Yield	U.S. Fixed Income	Cash Equivalent	Non-U.S. Fixed Income	Real Estate
26.47%	8.95%	-4.18%	15.81%	0.07%	0.03%	-4.41%	2.75%	10.36%	-5.63%	14.32%	7.51%	0.05%	-18.70%	9.67%
Non-U.S. Fixed Income	U.S. Fixed Income	Real Estate	U.S. Fixed Income	U.S. Fixed Income	Emerging Market Equity	High Yield	U.S. Fixed Income	High Yield	Small Cap Equity	U.S. Fixed Income	High Yield	U.S. Fixed Income	Emerging Market Equity	Non-U.S. Fixed Income
7.53%	6.54%	-6.46%	4.21%	-2.02%	-2.19%	-4.47%	2.65%	7.50%	-11.01%	8.72%	7.11%	-1.54%	-20.09%	5.72%
U.S. Fixed Income	Non-U.S. Fixed Income	Non-U.S. Equity	Non-U.S. Fixed Income	Emerging Market Equity	Non-U.S. Fixed Income	Non-U.S. Fixed Income	Non-U.S. Fixed Income	U.S. Fixed Income	Non-U.S. Equity	Non-U.S. Fixed Income	Cash Equivalent	Emerging Market Equity	Small Cap Equity	U.S. Fixed Income
5.93%	4.95%	-12.21%	4.09%	-2.60%	-3.09%	-6.02%	1.49%	3.54%	-14.09%	5.09%	0.67%	-2.54%	-20.44%	5.53%
Cash Equivalent	Cash Equivalent	Emerging Market Equity	Cash Equivalent	Non-U.S. Fixed Income	Non-U.S. Equity	Emerging Market Equity	Cash Equivalent	Cash Equivalent	Emerging Market Equity	Cash Equivalent	Real Estate	Non-U.S. Fixed Income	Real Estate	Cash Equivalent
0.21%	0.13%	-18.42%	0.11%	-3.08%	-4.32%	-14.92%	0.33%	0.86%	-14.57%	2.28%	-9.04%	-7.05%	-25.10%	5.01%

- S&P 500 Index
- Russell 2000 Index
- MSCI World ex USA
- MSCI Emerging Markets
- Bloomberg Barclays US Aggregate Bond
- Bloomberg Barclays High Yield Bond Index
- Bloomberg Barclays Global Aggregate ex US Bond Index
- FTSE EPRA/NAREIT Developed REIT Index
- 3-month Treasury Bill

Source: Callan LLC, Bloomberg Barclays, FTSE Russell, MSCI, Standard & Poor's

Published Research Highlights from 4Q23

**2023 Nuclear
Decommissioning Funding
Study**



**2023 Investment
Management Fee Study**



**2023 Asset Manager ESG
Study**



**Callan's Retirement
Conundrum Webinar**



Recent Blog Posts

**ILS on Pace for
Banner Year in
2023**

Sean Lee

**Carbon-
Footprinting
Basics for
Institutional
Investors**

Amit Bansal

**Key Issues to
Know for the
Proposed
Fiduciary Rule**

Jana Steele

Additional Reading

Alternatives Focus quarterly newsletter

Active vs. Passive quarterly charts

Capital Markets Review quarterly newsletter

Monthly Updates to the Periodic Table

Market Pulse Flipbook quarterly markets update

Real Estate Indicators market outlook

Diversity, Equity & Belonging (DEB)

Building a diverse workforce, pursuing equitable outcomes, and creating a sense of belonging

Five-Year Strategic Plan: Key Areas



DEB Leadership:

Greg Allen, Executive Sponsor and Lauren Mathias, Champion

DEB Council:

Citlali Cuevas, Laura Dawson, Mike Joecken, Lindsay Jones, Paola Juarez, Erik Partida, Juan Pablo Piz, Avery Robinson, Jeff Salyer, Álvaro Vega, Nicole Wubben

Recent client DEB projects: Investment manager Callan DEI Score trends, investment manager team and employee demographics review versus peers, diverse-owned manager searches, incorporating diversity in an IPS, and review of DEI in DC plans

Accomplishments

- ▶ Inclusive culture education for all
- ▶ Engagement surveys
- ▶ Inclusive interviewing and resume review guides
- ▶ Equitable policies for promotion and partnership
- ▶ Enhanced pay equity and supplier diversity policies
- ▶ Pronoun education
- ▶ DEB Awareness Calendar
- ▶ Buddy Program for onboarding new Callanites
- ▶ CallanLearns professional development platform



Near-Term Future Plans

- ▶ Employee resource groups (ERGs)
- ▶ Mentorship program
- ▶ DEB progress report



Callan's 2023 Asset Manager ESG Study

Study Summary: Callan's inaugural *2023 Asset Manager ESG Study* revealed some notable developments and trends. The survey captured responses to Callan's set of ESG questions from more than 1,200 investment managers across the world and spanning a broad array of public and private asset classes. While equity was the primary asset class at 50% of the respondents, fixed income, real estate, and private markets all had meaningful representation. Not surprisingly, most (over 60%) of the respondents were small firms, with less than \$10 billion in assets under management (AUM), while 11% represented firms over \$100 billion. Just over 80% were U.S. firms. The survey reflects data as of 3/31/23, and we expect to update it every other year.

Key Takeaways

- ▶ ESG considerations have gained traction in recent years with nearly 75% of firms having an ESG policy and an equal percentage incorporating ESG considerations across the investment platform.
- ▶ Callan's proprietary ESG Score is quantitatively based and is a high-level assessment of a firm's adherence to industry best practices around ESG. The score ranges from 0-3. For all managers, the median ESG score was 2.0.
- ▶ Nearly 70% of all managers subscribe to third-party ESG research. Not surprisingly, this is most common for public equity and fixed income managers, given the relative paucity of data in private markets.
- ▶ Engagement on ESG matters is most common (>70%) for private equity managers. Equity (55%), fixed income (54%), and real estate (58%) were similar with respect to engagement.
- ▶ Larger organizations are more likely to have the resources to devote to ESG, and this is reflected in a discernable skew in several areas. Larger firms are more likely to have: a published firmwide ESG policy; produce a quarterly or annual sustainability report; employ full-time ESG employees; maintain an internal repository for all ESG research; have proxy voting policies that address ESG issues; and engage with portfolio companies on ESG issues.
- ▶ Non-U.S. organizations outpace the U.S. in a number of areas. About one-third of U.S. investment managers publish a sustainability report compared to over half of non-U.S. respondents. Carbon-footprinting is a more common capability outside of the U.S. Only about 40% of U.S. firms have this ability versus well over half of non-U.S. companies. Slightly over 50% of U.S. equity managers have proxy policies that address ESG compared to more than 80% for those outside the U.S. Engagement on ESG matters is incorporated into the investment process at more than 75% of non-U.S. firms versus just 50% for those in the U.S.

Callan Institute Events

Upcoming conferences, workshops, and webinars

Callan College

Intro to Investments—Learn the Fundamentals

This course is for institutional investors, including trustees and staff members of public plans, corporate plans, and nonprofits. This session familiarizes trustees and staff with basic investment theory, terminology, and practices.

- March 19-21, 2024 – Virtual Session via Zoom
- June 18-19, 2024 – In Person Session in Chicago

Intro to Alternatives

This course is for institutional investors, including trustees and staff members of public plans, corporate plans, and nonprofits. This session familiarizes trustees and staff with alternative investments like private equity, hedge funds, and real estate and how they can play a key role in any portfolio. You will learn about the importance of allocations to alternatives and how to consider integrating, evaluating, and monitoring them.

- February 21–22, 2024 – Virtual Session via Zoom

Please visit our website at callan.com/events-education as we add dates to our 2024 calendar!

Mark Your Calendar

2024 National Conference

April 8–10, 2024 – San Francisco

2024 Regional Workshops

June 25, 2024 – Atlanta

June 27, 2024 – San Francisco

October 22, 2024 – Denver

October 24, 2024 – Location TBD

Watch your email for further details and an invitation.

Webinars & Research Café Sessions

Webinar: Capital Markets Assumptions

January 17, 2024 – Virtual Session via Zoom

Webinar: Market Intelligence

January 19, 2024 – Virtual Session via Zoom

Research Café: ESG Interview Series

March 12, 2024 – Virtual Session via Zoom

Callan Updates

Firm updates by the numbers, as of 12/31/23

Total Associates: ~200

Ownership

- ▶ 100% employees
- ▶ ~70% of employees are equity owners
- ▶ ~55% of shareholders identify as women or minority

Total General and Investment Consultants: more than 55

Total Specialty and Research Consultants: more than 50

Total CFA/CAIA/FRMs: more than 55

Total Institutional Investor Clients: more than 475

Assets Under Advisement: more than \$4 trillion

Atlanta Office Move

- ▶ In December, Callan's Atlanta office moved just a few miles from its previous location.

Milestones

- ▶ Our Alternatives Consulting Group completed a 5-year strategic growth plan, and now has 26 research specialists.

“[The investment consulting business] has become extremely complex... front-line consultants have to possess a greater deal of broad-based knowledge than ever before... it also means that we have more consultants and analysts with specialized areas of expertise to back them up.”

— Ron Peyton, Executive Chairman, when asked what's changed since 1974, in *Pensions & Investments* 50th Anniversary Special Edition article, **“Minimizing risk over chasing returns: Insights from consulting veteran Ronald Peyton.”**



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Unless Callan has been specifically engaged to do so, Callan does not conduct background checks or in-depth due diligence of the operations of any investment manager search candidate or investment vehicle, as may be typically performed in an operational due diligence evaluation assignment and in no event does Callan conduct due diligence beyond what is described in its report to the client.

Any decision made on the basis of this document is sole responsibility of the client, as the intended recipient, and it is incumbent upon the client to make an independent determination of the suitability and consequences of such a decision.

Callan undertakes no obligation to update the information contained herein except as specifically requested by the client.

Past performance is no guarantee of future results.



OREGON
STATE
TREASURY

TAB 8
CALENDAR – FUTURE
AGENDA ITEMS

2024-25 OIC Forward Calendar and Planned Agenda Topics

May 29, 2024	Q1 Performance Review: OPERF
July 17, 2024	OST Fixed Income Program Review
September 4, 2024	Q2 Performance Review: OPERF, CSF, SAIF
October 23, 2024	Operations Annual Review
December 4, 2024	Q3 OPERF Performance Fixed Income Portfolio Review: OPERF Diversifying Strategies Portfolio Review
January 22, 2025	Public Equity Portfolio Review Private Equity Portfolio Review 2026 OIC Calendar Approval
March 5, 2025	2024 Performance Review: OPERF, CSF, SAIF Real Assets Portfolio Review Real Estate Portfolio Review
April 16, 2025	Diversifying Strategies Portfolio Review Opportunity Portfolio Review Individual Account Program (IAP) Review OSGP Annual Review



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TAB 9
OPEN DISCUSSION



TAB 10

PUBLIC COMMENTS

Public comments can now be found at the OIC website at:

<https://www.oregon.gov/treasury/invested-for-oregon/pages/oregon-investment-council.aspx>