Oregon Investment Council

June 3, 2015 - 9:00 AM

PERS Headquarters
11410 S.W. 68th Parkway
Tigard, OR 97223

Katy Durant
Chair

John Skjervem
Chief Investment Officer

Ted Wheeler
State Treasurer

OREGON INVESTMENT COUNCIL

Agenda

June 3, 2015
9:00 AM

PERS Headquarters
11410 S.W. 68th Parkway
Tigard, OR 97223

Time	A. Action Items	Presenter	Tab
9:00-9:05	**1. Review & Approval of Minutes** April 29, 2015 Regular Meeting	**Katy Durant** *OIC Chair*	**1**
	Committee Reports	**John Skjervem** *Chief Investment Officer*	
9:05-9:45	**2. OPERF Asset-Liability Update and Strategic Asset Allocation Recommendation**	**Jim Callahan** **Janet Becker-Wold** **Jason Ellement** *Callan Associates, Inc.*	**2**
9:45-10:00	**3. Oregon Intermediate Pool (OITP)** *Annual Update*	**Tom Lofton** *Investment Officer*	**3**
10:00-10:15	**-------------------- BREAK --------------------**		
	B. Information Items		
10:15-10:35	**4. Securities Lending Update**	**Mike Mueller** *Deputy Chief Investment Officer* **Robert "Bo" Jackson** *Vice President, Senior Portfolio Manager, State Street Global Advisors* **Johnson Shum** *Vice President, State Street Global Markets, Securities Finance*	**4**
10:35-11:00	**5. OPERF Q1 Performance & Risk Report**	**Jim Callahan** **Janet Becker-Wold**	**5**

11:00-11:10	**6.**	**Litigation Update — Possible Executive Session** *Possible executive session is being held* *Pursuant to ORS 192.660(2)(f) & (h)*	**Lisa Udland** *Chief Counsel, Civil Enforcement DOJ* **Jennifer Peet** *Senior Assistant Attorney General*	**6**
11:10-11:15	**7.**	**Asset Allocations & NAV Updates** a. Oregon Public Employees Retirement Fund b. SAIF Corporation c. Common School Fund d. HiEd Pooled Endowment Fund	**John Skjervem**	**7**
	8.	**Calendar — Future Agenda Items**		**8**
	9.	**Other Items**	**Council** **Staff** **Consultants**	

C. Public Comment Invited

15 Minutes

JOHN D. SKJERVEM
CHIEF INVESTMENT OFFICER
INVESTMENT DIVISION

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OREGON INVESTMENT COUNCIL
APRIL 29, 2015
MEETING MINUTES

Members Present:	Rukaiyah Adams, Katy Durant, Keith Larson, Steve Rodeman, John Russell, Ted Wheeler
Staff Present:	Darren Bond, Tony Breault, Austin Carmichael, Michael Cox, Garrett Cudahey, Sam Green, Scott Harra, Andy Hayes, John Hershey, Julie Jackson, Kristin Johnson, Drew Johnston, Carmen Leiva, Perrin Lim, Tom Lofton, Ben Mahon, Kim Olson, Tom Rinehart, Angela Schaffers, Priyanka Shukla, John Skjervem, Michael Viteri, Byron Williams
Consultants Present:	David Fann and Tom Martin (TorreyCove); Christy Fields and John Linder (PCA); Janet Becker-Wold, Jim Callahan and Uvan Tseng (Callan)
Legal Counsel Present:	Dee Carlson, Deena Bothello and Jen Peet Oregon Department of Justice

The April 29, 2015 OIC meeting was called to order at 9:00 am by Katy Durant, Chair.

I. <u>9:00 am Review and Approval of Minutes</u>

MOTION: Mr. Larson moved approval of the March 4, 2015 meeting minutes. Ms. Adams seconded the motion, which then passed by a 4/0 vote (Treasurer Wheeler was not yet present).

COMMITTEE REPORTS

John Skjervem, OST Chief Investment Officer gave an update on the following committee actions taken since the March 4, 2015 OIC meeting:

<u>Private Equity Committee</u>:
None

<u>Alternatives Committee</u>:

March 20, 2015	EnerVest Energy Institutional Fund XIV, LP	$150 million
April 14, 2015	Teays River Investments, LLC	$150 million

<u>Opportunity Portfolio Committee</u>:
None

<u>Real Estate Committee</u>:

April 06, 2015	Madison Realty Capital Debt Fund III	$150 million
April 06, 2015	Lone Star Real Estate Fund IV	$300 million

Treasurer Wheeler arrived at 9:02 AM

II. **9:03 am Strategic Asset Allocation & Staffing Discussion**

Mr. Skjervem gave a summary of work completed so far on an assessment of the OST Investment Division's staffing model relative to both OPERF's current strategic asset allocation (SAA) strategy and that recently recommended by Callan Associates. Mr. Skjervem further described the assessment's use of CEM Benchmarking data and that in the specific scenarios evaluated thus far, OST's private market efforts are understaffed relative to both a U.S. public plan peer group and broader universe of global institutional investors. Mr. Skjervem concluded by indicating a final SAA proposal will be ready for presentation at the June 3, 2015 OIC meeting.

III. **9:15 am Blackstone Capital Partners VII, L.P. –** ***OPERF Private Equity***

Sam Green, Investment Officer introduced Tony James, President/COO and Mike Satirhos, Senior Managing Director with Blackstone. Blackstone is targeting commitments of $15 billion for Fund VII in order to continue the firm's successful, control-oriented private equity strategy on a global basis. The Firm has not set a hard-cap for Fund VII, but the target is approximately the same size as Fund VI. In Fund VII, Blackstone intends to build a portfolio of 25-40 investments, diversified across geography and sectors. Typical equity investments will be $300 million to $800 million in companies with enterprise values of $500 million to $5 billion. The Firm will also seek to diversify investments across stage and size and including growth equity, development projects, buy-and-build, mid-cap buyout, and large buyout transactions.

Subject to satisfactory negotiation of terms and conditions with Staff working in concert with Department of Justice personnel, staff recommended an "up to" $500 million commitment to Blackstone Capital Partners VII, L.P. for the OPERF Private Equity Portfolio. This commitment represents an extension and continuation an existing OST/OIC manager relationship.

MOTION: Ms. Adams moved approval of the staff recommendation. Treasurer Wheeler seconded the motion, which passed by a vote of 5/0.

IV. **10:10 am OPERF Policy Implementation Overlay Review**

Greg Nordquist and Phillip Lee with Russell Investments gave an annual update on the OPERF overlay program.

V. **10:30 am Policy and Procedure Update**

Mr. Skjervem and Kim Olson, OST Policy Analyst, gave an update on an OST policy initiative and its implications for OIC policy and procedures. Included in their remarks was a description of OST's plans to institute an automated, systematic approach to policy and procedure reviews. Specifically, Ms. Olson recently assessed nearly a dozen web-based policy management tools and ultimately recommended OST procure PolicyStat to streamline and automate the policy review, revision and approval process. Ms. Olson expects that the first round of OST policy and procedure review will be complete in mid-2017.

VI. **10:37 am Blackrock Solutions/Analyst Update**

Byron Williams, OST Chief Audit Executive, Shannon Smith, Director of Aladdin Implementations with Blackrock, and Anne Keys, Senior Consultant with Cutter Associates gave an update on the Aladdin implementation project.

VII. **10:50 am Asset Allocation & NAV Updates**

Mr. Skjervem reviewed asset allocations and NAVs across OST-managed accounts for the period ended March 31, 2015.

VIII. **10:52 am Calendar-Future Agenda Items**

Mr. Skjervem presented a revised schedule of future OIC meetings and associated agenda topics.

IX. **<u>10:53 am Other Items</u>**
None

<u>10:53 am Public Comments</u>
None

Ms. Durant adjourned the meeting at 10:55 am.

Respectfully submitted,
Julie Jackson

Julie Jackson
Executive Support Specialist

OPERF Strategic Asset Allocation Recommendation

Purpose

This memo and its accompanying recommendation represent an extension of the discussion among staff, consultants and OIC members that commenced following Callan's strategic asset allocation presentation at the March 4, 2015 OIC meeting. The recommendation detailed below has been informed by additional research and discussion at the senior staff level; in addition, Callan's work in support of this recommendation has been revised since their March 4 presentation to reflect both a 20-year forecast period (to match the PERS forecast protocol) and the recent Oregon State Supreme Court ruling which invalidated certain of the 2013 PERS reforms.

Recommendation

Staff supports the Callan "2A" strategic asset allocation (SAA) recommendation as it represents a modestly better risk/return profile for OPERF as reflected in an equally modest Sharpe ratio improvement. Specifically, and over the 20-year forecast period, the SAA targets embedded in this 2A recommendation, combined with Callan's 2015 capital market assumptions, produce a 7.5% expected annual return with 14.0% expected annual volatility at the estimated median outcome.

Summary

Following further discussion among the Investment Division's senior staff and a detailed assessment of the division's current and projected personnel roster, reservations regarding a transition from the OIC's current SAA targets to those reflected in the 2A recommendation have been resolved. Specifically, staff has gained confidence in its ability to successfully fulfill an increased allocation to "Diversified Assets" on a measured and deliberate basis. Note this 2.5% increase to Diversified Assets (at the expense of a corresponding 2.5% decrease in OPERF's Private Equity allocation) is the only material difference between OIC's current SAA targets and those stipulated in the 2A recommendation:

Asset Class	Current Targets (%)	Callan "2A" Recommendation (%)
Global Equity	37.5	37.5
Private Equity	20.0	17.5
Fixed Income	20.0	20.0
Real Assets[1]	20.0	20.0
Diversifying Assets[2]	2.5	5.0
Expected Return[3]	7.6%	7.5%
Expected Volatility	14.4%	14.0%
Sharpe Ratio	0.37	0.38

1 Using current OIC/OST nomenclature, *Real Assets* is synonymous with Real Estate (current target = 12.5%) plus the illiquid elements of Alternatives (current target = 7.5%).

2 Using current OIC/OST nomenclature, *Diversifying Assets* is synonymous with the liquid elements of Alternatives (current target = 2.5%).

3 Assumes a 245 basis point Private Equity return premium calculated as the midpoint between Callan's previous 170 bp premium assumption and OIC/OST's 320 bp since-inception premium realization.

Callan

June 3, 2015

Oregon Investment Council

Asset Liability Study Update

Jim Callahan, CFA
Executive Vice President
San Francisco Consulting

Uvan Tseng, CFA
Vice President
San Francisco Consulting

Eugene Podkaminer, CFA
Senior Vice President
Capital Markets Research

Janet Becker-Wold, CFA
Senior Vice President
Denver Consulting

Jason Ellement, CFA, FSA, MAAA
Senior Vice President
Capital Markets Research

Update Rationale

- Extend projections to 20 years by extrapolating Callan's 10-year capital market expectations
- Update asset projections with Oregon's 10.25% private equity return assumption
  - Callan's previous private equity return assumption was 9.5%
- Update liability projections to reflect Oregon Supreme Court's recent decision to overturn 2013 pension reforms
  - The administration and actuarial funding of pre/post split COLA provisions for active employees is very complicated and not yet determined; accordingly, liability projections illustrated in this update are approximations.
- Note: this analysis is based on 20-year, deterministic baseline projections (i.e., *expected returns* only)
  - No Monte Carlo simulations
  - Worse-case scenarios are not shown. (Lower risk portfolios look relatively better in the worse case).

Current Target & Mix 2A Comparison

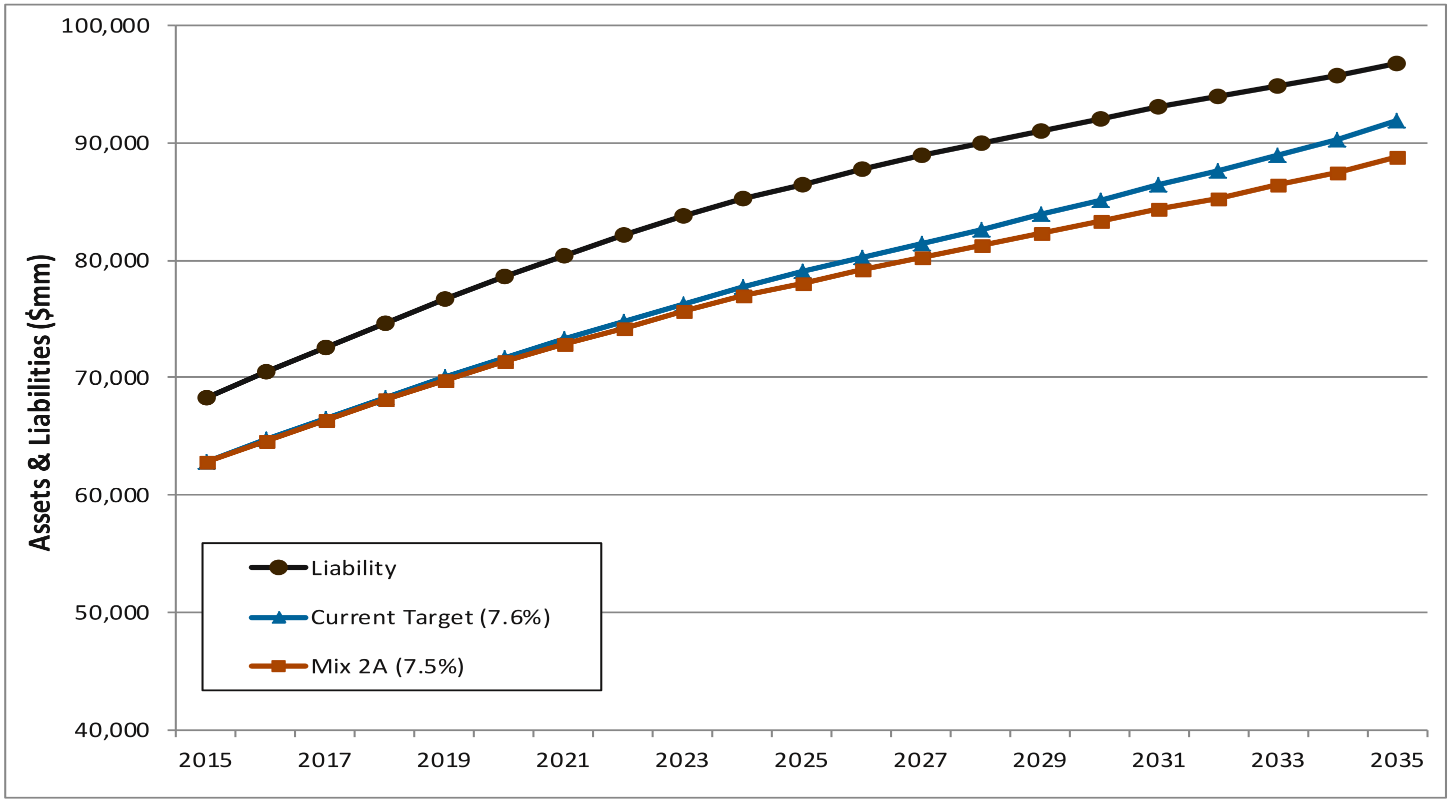
Asset Class	Return	OIC Risk	Current Target	Mix 2A
Global Equity	7.8%	19.6%	37.5%	37.5%
Private Equity	10.25%	24.0%	20.0%	17.5%
Fixed Income	3.0%	3.8%	20.0%	20.0%
Real Assets	7.0%	15.0%	20.0%	20.0%
Diversifying Assets	6.4%	11.0%	2.5%	5.0%
Total			100.0%	100.0%
Expected Return[1]			7.61%	7.52%
OIC Risk			14.4%	14.0%
Sharpe Ratio			0.37	0.38

1 - Assumed 20-year annualized return for private equity is 10.25%.

- At the March 2015 OIC meeting, Callan recommended Mix 2A on the basis of better diversification, enhanced risk-adjusted return expectations and improved liquidity.
- When the private equity return assumption is raised from 9.5% to 10.25%, expected OPERF returns increase 0.15% and 0.13% for the Current Target and Mix 2A, respectively.
  - The appendix includes expected OPERF returns using a 9.5% private equity return assumption.

20-Year Asset & Liability Projections

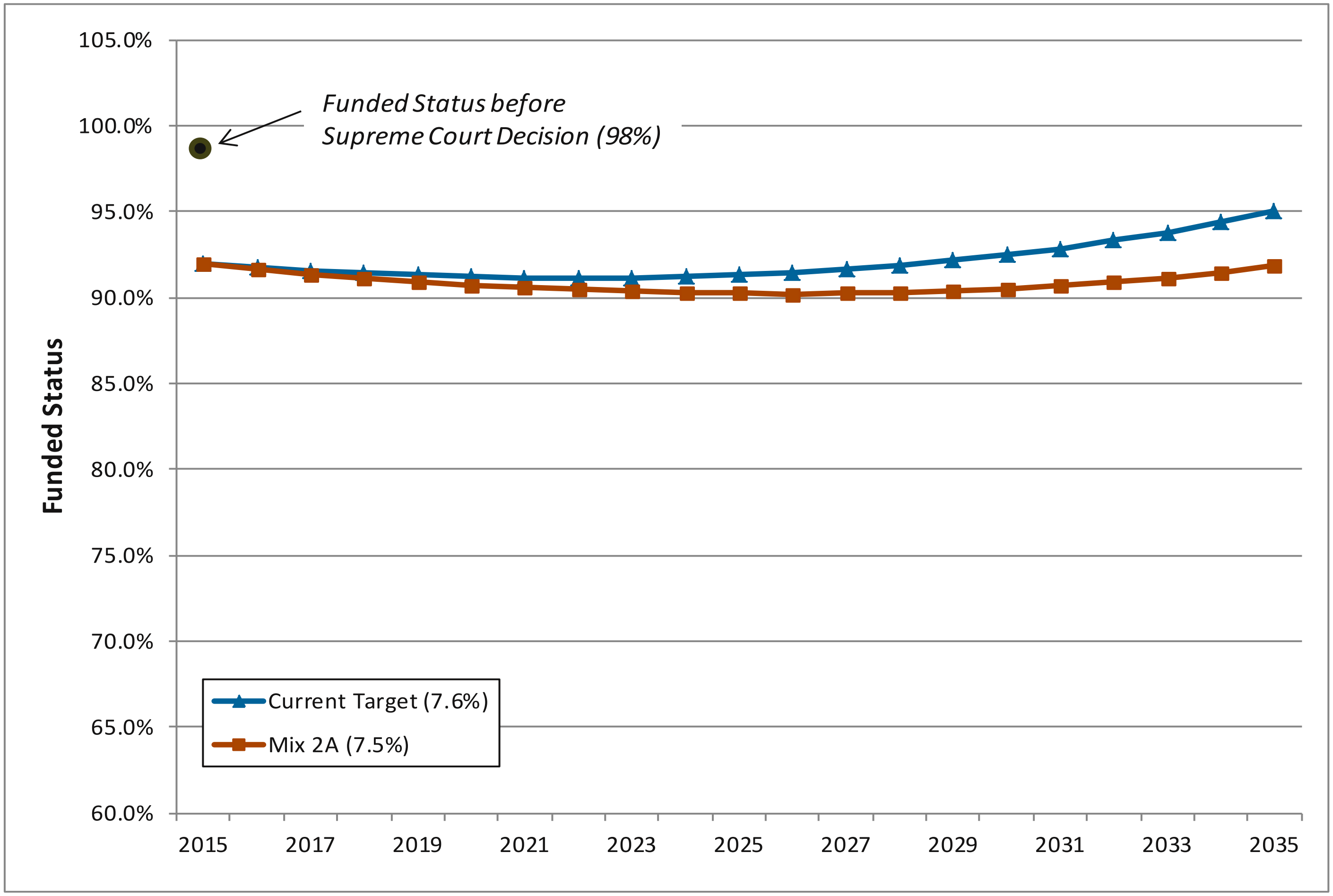
10.25% PE return assumption



- Depicted above are asset growth projections for both the Current Target and Mix 2A relative to liabilities as calculated to reflect the Oregon's Supreme Court recent decision to overturn 2013 pension reforms
  - A funding policy equivalent to 13.5% of pay is adopted to make asset projections comparable – same $ contributions in each projection.

20-Year Funded Status Projections

10.25% PE return assumption



- Depicted above is the projected 20-year funded status using the Current Target and Mix 2A, respectively.

Conclusion

- Over the long run, a more aggressive asset mix is *expected* to generate a higher asset value and correspondingly higher funded status. However, a more aggressive mix will have more volatility (i.e., downside risk) as demonstrated in the March 2015 asset-liability study.
- Mix 2A remains the recommended strategic asset allocation due to the improvements it implies in terms of diversification, expected risk-adjusted returns and improved liquidity. These positive attributes are not conveyed in baseline deterministic projections.
- While a growth-oriented portfolio is appropriate for a long-term investor, diversification across different growth-inflation scenarios improves the probability of outcome success.
  - While still very growth-oriented, Mix 2A lowers growth assets slightly to achieve better diversification.
  - E.g., a simplified 74% equity / 26% fixed income portfolio has the same level of volatility as Mix 2A.
  - A 7.5% expected return is high given our low return expectations over the next 20 years. Indeed, our return expectation for large cap U.S. equity is 7.5%!

Appendix

Asset Allocation Recommendation – March 2015

Asset Class	Current Allocation	Current Target	Chg from Target	Mix 2A
Global Equity	40.5%	37.5%	0.0%	37.5%
Private Equity	21.6%	20.0%	-2.5%	17.5%
Fixed Income	21.0%	20.0%	0.0%	20.0%
Real Assets	15.9%	20.0%	0.0%	20.0%
Diversifying Assets	1.0%	2.5%	2.5%	5.0%
Total	100.0%	100.0%	0.0%	100.0%
Expected Return[1]	7.5%	7.46%	-0.1%	7.39%
OIC Risk	14.8%	14.4%	-0.4%	14.0%
Sharpe Ratio	0.35	0.36	0.01	0.37

1 - Assumes a 9.5% private equity return assumption

- Recommend increased diversification of the portfolio and more liquidity
  - Accomplished by re-allocating 2.5% from Private Equity to Diversifying Assets
  - Transition to Mix 2A may take several years; an implementation study should be conducted following approval of Mix 2A to provide a cost effective and diligent transition to the new target mix
- Relative to the current Target Mix, adopting Mix 2A is expected to be a slightly lower return / risk portfolio, more liquid and with better risk-adjusted performance (more return per unit of risk)

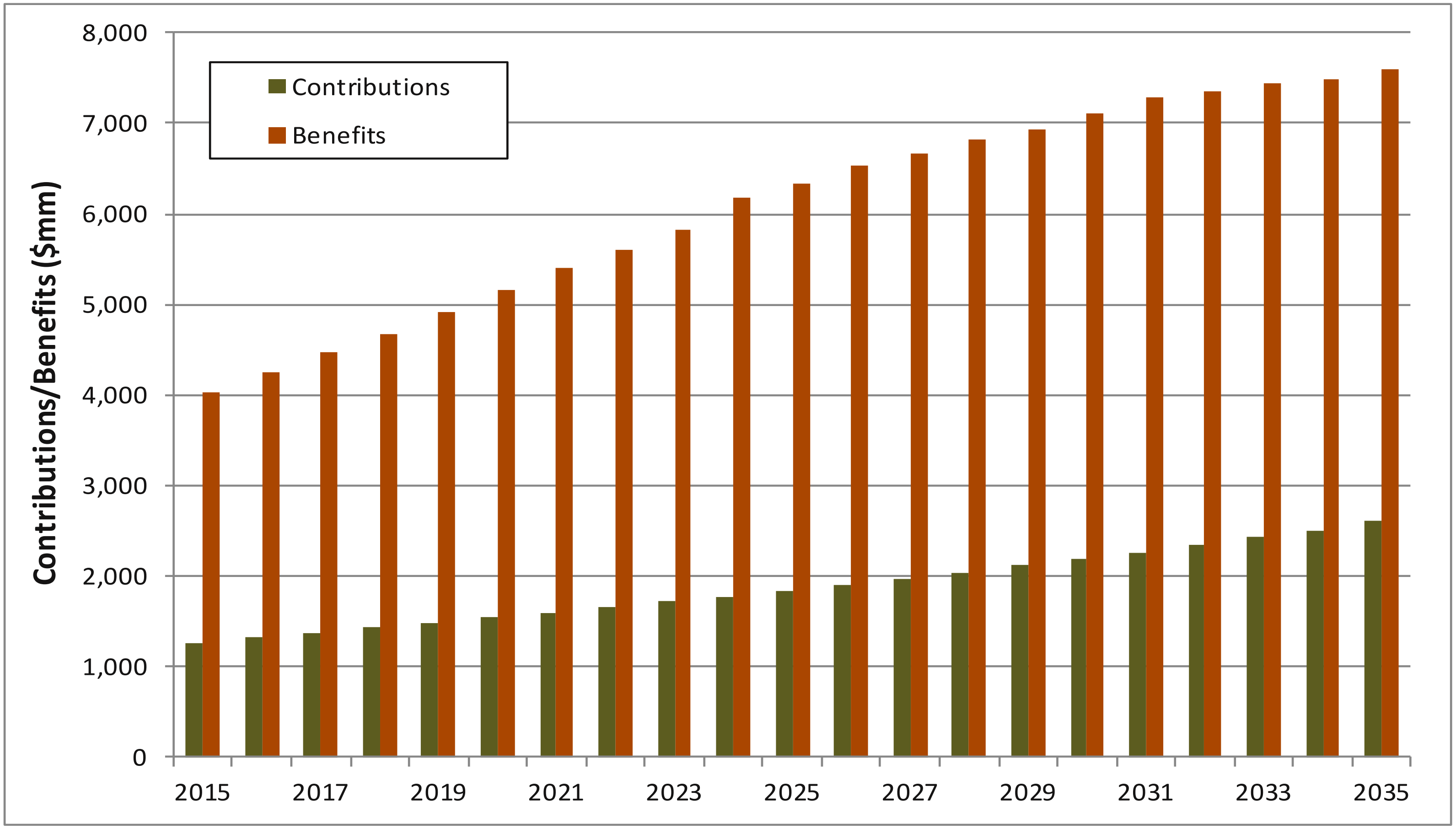
Callan 2015 – 2035 Capital Market Expectations

			Risk Measure		
Asset Class	Index	Expected Return[1]	Observed Volatility	OIC Risk	Callan Risk
Equities					
Global Equity	MSCI ACWI IMI	7.80%	19.60%	19.60%	19.60%
Private Equity	OIC Private Equity	9.50%	17.00%	24.00%	33.05%
Fixed Income					
Fixed Income	BC Aggregate	3.00%	3.75%	3.75%	3.75%
Inflation Sensitive					
Real Assets	OIC Real Assets	7.00%	10.00%	15.00%	16.50%
Other					
Diversifying Assets	60/40 portfolio	6.40%	11.00%	11.00%	11.00%
Inflation	CPI-U	2.25%	1.50%	1.50%	1.50%

1 - 10-year annualized return

- Three different measures of risk are shown above:
  - Observed volatility reflects subjective asset valuation and pricing lags; it may not capture all risks associated with the asset class (e.g. illiquidity risk, implementation risk, leverage risk).
  - Callan's standard measure of risk reflects illiquidity risk, typical amounts of leverage, and manager implementation risk
  - OIC risk is a customized measure of risk based on OIC's long-term history for private equity and real assets; this measure of risk is used throughout the asset-liability study
- Capital market returns represent passive exposure to the capital markets, net of fees, with the exception of private equity and real assets

20-Year Cash Flow Projections



- The contribution and benefit projections for the Current Target Mix and Mix 2A are illustrated above.
- The contributions are based on a level 13.5% of pay from 1/1/2015 to 1/1/2035.

Notes to Projections

- Tier 1/Tier 2 and OPSRP assets and liabilities are modeled only (does not reflect retiree health care and IAP). Side accounts were included in assets.
- The min/max corridor methodology, 18-month lag and 2-year rate setting cycle were not applied to contributions. Instead a 13.5% of pay policy was adopted to fairly compare deterministic asset projections
- The following COLA assumptions were increased:
  - 2% COLA for all inactive employees (retired and term-vested)
  - 1.6% COLA for Tier 1/2 active employees
- The administration and actuarial funding of pre/post COLA provisions for active employees is very complicated and not finalized. The liability projection shown in this update is an approximation.

Oregon Investment Council
June 3, 2015

Oregon Intermediate Term Pool
Annual Review

Tom Lofton, CFA
Fixed Income Investment Officer

Purpose

- Provide an update on and annual review of the Oregon Intermediate Term Pool (OITP) portfolio.

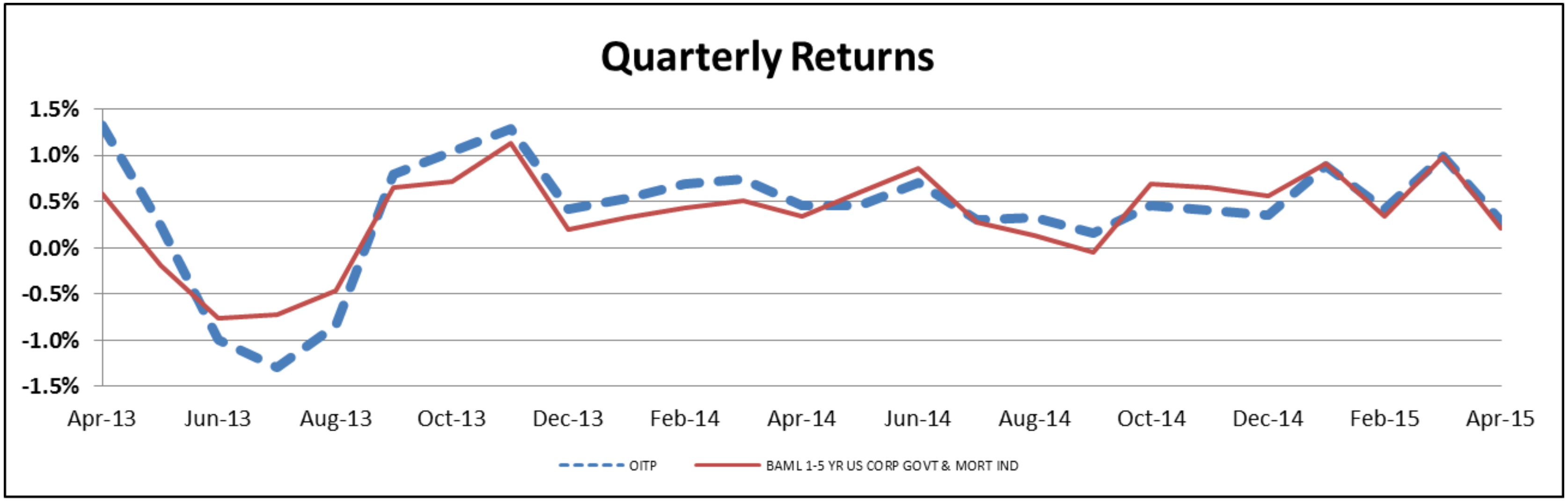
Overview

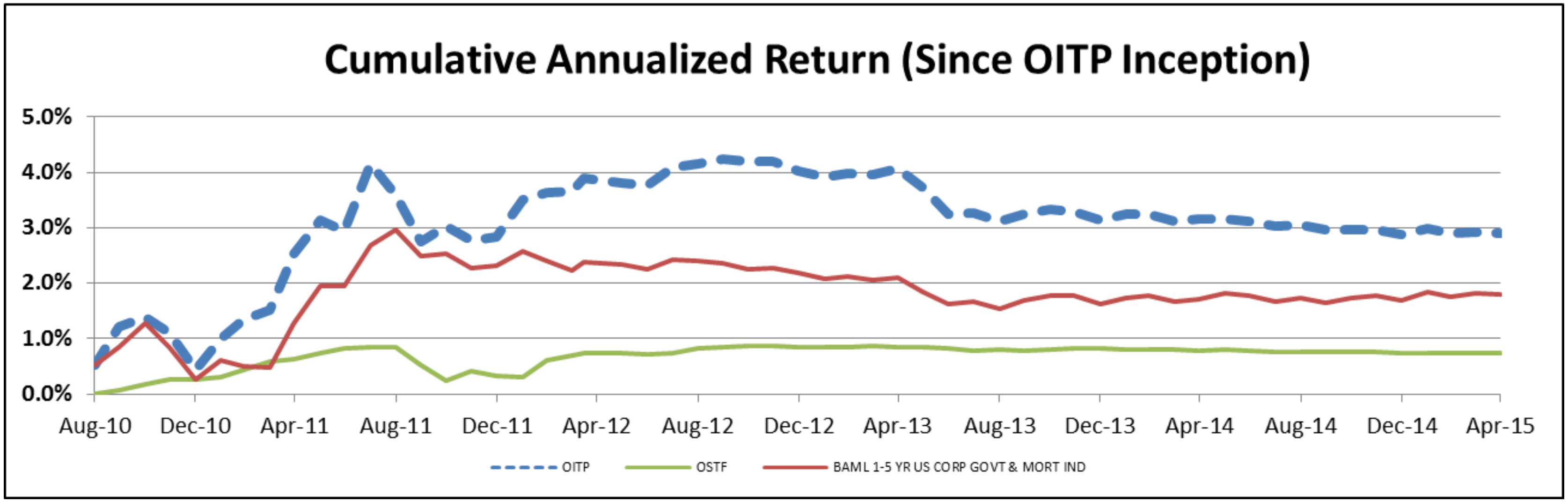
- Launched in 2010 and intended as an intermediate-term investment vehicle for qualified state agency funds with a longer term investment horizon than is provided by the Oregon Short term Fund (OSTF).
- Total return mandate with fluctuating NAV per share.

Developments

- Legislation (HB2140) signed into law in 2013 allowing local governments investment access to OITP. OST is delaying entry by potentially 3,000+ local government entities pending funding to support increased administrative and risk management needs.
- AUM increased 40% year over year as of April 30, 2015 to $234.1 million.
- As of April 30, 2015, there were 8 state agency fund participants.

Performance





Characteristics

	Month-End												
	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
Yield	1.5%	1.6%	1.6%	1.6%	1.4%	1.5%	1.5%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
Duration (Yrs)	1.5	1.9	1.8	1.8	1.6	1.7	1.7	1.9	1.9	2.0	1.8	2.0	2.0
Credit Rating	Aa3/A+	A1/A+	A1/A+	A1/A+	Aa3/AA-	Aa3/AA-	Aa3/AA-	Aa2/AA	Aa3/AA-	Aa3/AA-	Aa3/AA-	Aa3/AA-	Aa3/AA-
Fixed %	69.0%	75.0%	75.0%	73.5%	80.7%	80.3%	81.3%	81.3%	80.8%	82.2%	81.4%	89.9%	89.5%
Variable % *	31.0%	25.0%	25.0%	26.5%	19.3%	19.7%	18.7%	18.7%	19.2%	17.8%	18.6%	10.1%	10.5%
Corporate %	66.6%	65.1%	64.5%	64.4%	51.8%	54.5%	53.2%	57.2%	51.7%	56.1%	49.6%	50.2%	50.6%
US Govt %	3.2%	5.9%	5.9%	5.9%	5.9%	6.0%	5.9%	6.0%	13.9%	13.8%	10.1%	10.9%	11.0%
Municipal %	5.1%	6.1%	6.1%	6.1%	4.5%	4.6%	4.9%	4.9%	4.3%	4.2%	3.8%	3.8%	3.8%
ABS%	3.9%	6.2%	6.1%	7.7%	7.8%	7.9%	11.8%	11.8%	11.0%	11.1%	17.9%	18.2%	18.7%
CMBS%	5.6%	10.5%	10.4%	10.3%	7.4%	7.4%	6.7%	6.7%	5.8%	6.4%	7.7%	7.9%	7.8%
MBS%	3.7%	4.3%	4.1%	4.0%	2.8%	2.8%	2.7%	2.7%	2.3%	2.2%	1.9%	1.9%	1.8%
M-Mkt/Cash%	12.0%	1.9%	2.9%	1.6%	19.9%	16.8%	14.8%	10.9%	11.0%	6.2%	9.0%	7.1%	6.3%
NAV/Unit	$1,114.8	$1,117.8	$1,118.6	$1,118.2	$1,121.5	$1,120.4	$1,123.4	$1,126.1	$1,124.4	$1,133.3	$1,131.0	$1,135.6	$1,136.7
Market Value (MM)	$166.9	$167.3	$132.8	$132.8	$183.3	$183.1	$181.8	$183.0	$207.6	$209.3	$233.8	$234.8	$234.1

Current Snapshot (as of 5/20/15)

Sector	Market Value Percent	Duration Years	Duration Contribution	Yield Percent
Money Market/Cash	6.0%	0.1	0.0	0.8%
US Government	14.0%	3.9	0.5	1.3%
Corporate	47.6%	2.3	1.1	2.1%
Municipal	3.5%	2.5	0.1	1.5%
Asset-Backed	18.5%	1.9	0.4	1.2%
Commercial Mortgage-Backed	7.7%	2.5	0.2	1.5%
Agency Mortgage-backed	2.6%	3.1	0.1	1.6%
Total	**100.0%**	**2.3**	**2.3**	**1.7%**
Fixed Rate	83.0%	2.8	2.3	
Variable Rate	17.0%	0.1	0.0	

Industry	Market Value Percent	Duration Years	Duration Contribution	Yield Percent
Asset Backed Securities	18.5%	1.9	0.4	1.2%
Basic Materials	0.5%	0.7	0.0	1.8%
Cash	1.1%	0.1	0.0	0.5%
Communications	3.0%	0.5	0.0	1.6%
Consumer, Cyclical	5.5%	2.6	0.1	1.8%
Consumer, Non-cyclical	1.4%	2.5	0.0	2.1%
Energy	2.5%	0.5	0.0	1.1%
Financial	26.0%	2.0	0.5	2.3%
Government	14.0%	3.9	0.5	1.3%
Industrial	5.3%	1.6	0.1	1.6%
Mortgage Securities	10.3%	2.7	0.3	1.5%
Municipal	3.5%	2.5	0.1	1.5%
Technology	5.3%	2.7	0.1	1.5%
Utilities	3.0%	3.8	0.1	2.7%
Total	**100.0%**	**2.3**	**2.3**	**1.7%**

Rating	Market Value Percent	Duration Years	Duration Contribution	Yield Percent
AAA	39.8%	2.8	1.1	1.4%
AA+	5.6%	2.1	0.1	1.1%
AA	2.5%	0.7	0.0	0.7%
AA-	4.9%	1.3	0.1	1.3%
A+	5.0%	4.7	0.2	2.2%
A	4.3%	0.6	0.0	1.1%
A-	10.8%	1.0	0.1	1.7%
BBB+	13.4%	1.6	0.2	1.9%
BBB	6.8%	3.5	0.2	2.8%
BBB-	6.8%	2.8	0.2	2.9%
Total	**100.0%**	**2.3**	**2.3**	**1.7%**

Top Exposures	Market Value Percent	S&P / Moody's Rating
United States Of America	16.1%	AA+/AAA
CNH EQUIPMENT TRUST	3.2%	AAA/Aaa
CHASE ISSUANCE TRUST	2.8%	AAA/Aaa
JOHN DEERE OWNER TRUST	2.8%	NR/Aaa
WF-RBS COMMERCIAL MORTGAGE TRU	2.7%	NR/Aaa
RYDER SYSTEM INC	2.7%	BBB/Baa1
MORGAN STANLEY	2.5%	A-/Baa2
WELLS FARGO COMMERCIAL MORTGAG	2.5%	NR/Aaa
ARES CAPITAL CORP	2.2%	BBB/NR
BB&T CORPORATION	1.8%	A-/A2
Total	**39.2%**	

Recommendations

- Change benchmark from the BofA Merrill Lynch 1-5 Year Corporate, Government and Mortgage Index to the Barclay's U.S. Aggregate 3-5 Year Index.
  - OST is subscribing to Barclay's indices for use in OST's risk management system.
  - Allows for better management of 3rd-party data costs. OPERF custom fixed income benchmarks utilize Barclay's indices.
  - OST subscription provides detailed insight into Barclay's index composition and therefore enables better portfolio management vis-a-vis assigned benchmark.

Annual Securities Lending Review
June 3, 2015

Purpose

To provide the OIC an update and review of the securities lending program in place for OPERF, OSTF and other state agency funds.

Background

In accordance with OIC policy 4.01.20 (attached), the investment division may lend securities through an agent lender. The Oregon State Treasury has participated in securities lending arrangements dating back decades. The relationship with State Street Bank began in 1997. Over the past 18 years, OIC managed accounts have benefited from over $405 million in net earnings from securities lending.

The OIC was provided an update on securities lending last April. Over the past year, the legacy assets of the separately managed account have been further reduced from approximately $124 million to approximately $87 million (total cash collateral is approximately $2.0 billion in OPERF and $600 million in OSTF and other state agency funds as of April 3, 2015).

As a reminder, effective January 2014, OST further revised the reinvestment guidelines of the cash collateral managed by State Street. Key changes included: 1) the same reinvestment guidelines now apply to OPERF and other state fund collateral investments; 2) maturity distribution guidelines match those required for the OSTF; 3) corporate debt investments must now match OSTF guidelines; and 4) repurchase agreements may only be collateralized by U.S. Treasury or U.S. Government Agency securities.

Discussion

Bo Jackson and Johnson Shum will provide the OIC an update on cash management and securities lending markets, respectively, with a focus on the two main accounts managed by State Street on behalf of OPERF and other state agency funds, including the OSTF.

FUNCTION: **General Policies and Procedures**
ACTIVITY: **Securities Lending**

POLICY: **OPERF, SAIF, the CSF, the Oregon Short-term Fund, and other funds under the purview of the Oregon Investment Council may lend securities through the OST's lending agent.**

PROCEDURES:

1. Recognizing that a lending agent can provide an incremental return to the portfolio by lending securities held:

   a. The agent shall reinvest cash collateral received in instruments with a risk and return consistent with reinvestment guidelines approved by the Chief Investment Officer;

   b. Acceptable collateral investments shall be documented with the agent in advance of any lending;

   c. Collateral reinvestment guidelines for the Oregon Short Term Fund shall be brought to the Oregon Short Term Fund Board, prior to approval by the Chief Investment Officer; and

   d. Changes to securities lending reinvestment guidelines shall be reported to the Oregon Investment Council, at its next regular meeting, following the change.

2. OST staff shall ensure that securities loaned do not compromise the managers' ability to liquidate positions when necessary.

3. OST Investment Accounting staff shall ensure that securities lending income is properly credited to portfolio accounts.

SAMPLE FORMS, DOCUMENTS, OR REPORTS (Attached):

None

Oregon Investment Council

June 3, 2015

Robert T. Jackson

STATE STREET GLOBAL ADVISORS.

GCB-0650

Table of Contents

The information contained in this document is current as of the date presented unless otherwise noted.

Global Cash Management Overview

Investing involves risk including the risk of loss of principal.

STATE STREET GLOBAL ADVISORS

Fixed Income, Cash and Currency Organization

Steve Meier, CFA, FRM
Global CIO, Fixed Income, Cash and Currency (FICC)

Fixed Income Beta
Brian Kinney

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Patrick Bresnehan, CFA
Michael Brunell, CFA
Peter Breault, CFA
Read Burns
Marc DiCosimo, CFA
Christopher DiStefano
Christian Hoffmann, CFA
Mahesh Jayakumar, CFA, FRM
John Keller, CFA**
Kyle Kelly, CFA, FRM
Joanna Mauro
Frank Miethe
Benjamin Morris
Cynthia Moy
Michael Przygoda, CFA
Karen Tsang
Richard James Darby-Dowman
Paul Brown
Nicholas Fischer
Victoria Husemeyer
Abhishek Kumar, CFA
Zhen Li, CFA
Iwan Marais, CFA
John Philpot
Peter Spano, CFA

LONDON
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SINGAPORE
Kheng-Siang Ng, CFA, CAIA
Esther Koon, CFA

SYDNEY
Ross Bolton

TOKYO
Peter Morgan
Yuki Nozawa

Portfolio Strategists/Specialists

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Will Goldthwait
Andrew Goodale
Alison Katz, CFA

DUBLIN
David Furey
Niall O'Leary

LONDON
Rupert Cadbury

MONTREAL
Louis Basque, CFA

SINGAPORE
Boon Ping Oh

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Thomas Connelley, CFA
Sean Dillon
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Sean Lussier
Liz Micallef
Maria Pino, CFA
Robert Wagner

LONDON
Mihaly Domjan, CFA
Joseph Gillingwater
Natalie Jackson
Nick Pidgeon
Alison Scott

SYDNEY
Simon Mullumby, CFA
Brett Purkiss

Rates and Sector Strategy
Cathy Powers, CFA

BOSTON
Jay Ladieu
Matthew Pappas

LONDON
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Barry McAndrew, CFA

High Yield
Charles Moon

BOSTON
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Tim Cronin, CFA
Christopher Ingle, CFA
Lin Liu, CFA
David Lynch, CFA
Kali Ramachandran, CFA, CPA

Currency
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Sophia Ferguson
Andrew Grillo
Aaron Hurd
Richard Munclinger, CFA, PhD***
Ritirupa Samanta, PhD** ***
Rajni Tyagi, PhD***
Han Wang***
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Marcus Fernandes
Amy Middleton
Vinay Patel
Helen Thomas
Monica Valverde

LONDON
Lawrence Dryden

SYDNEY
Hun Low
Simon Sukhaseume
James Park

TOKYO
Kensuke Niihara
Takaaki Ido

Credit Research
Pia McCusker

BOSTON
Mi Lin Chen
Peter Hajjar
Ralph Livermore, CAIA
Michael Madden, FRM
Attilio Qualtieri

Confidential Client Solutions Team

LONDON
Peter Atkinson
Michel Bermils, CFA
Perry Siriyatorn

As of March 2, 2015
* Matrix reporting to Mihaly Domjan. ** Matrix reporting to CIO *** FICC Research.

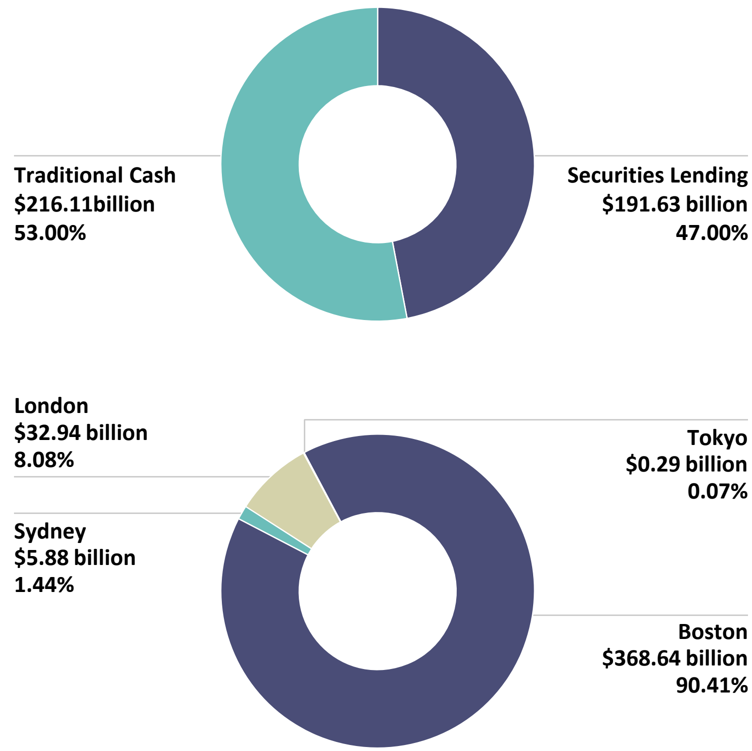
STATE STREET GLOBAL ADVISORS.

SSGA AUM and Competitive Advantages

As one of the world's largest Cash managers, SSGA is able to provide the following benefits to our clients:

- Priority treatment from dealers
  - Information flow
  - Access to product
- Price breaks for large tickets
  - Complete flow-through to clients
- First look at new structures
- Access to liquidity
- Well known by issuers
  - Reverse inquiry
- Well known by rating agencies
- Access to company management
- Conformity with Regulation FD

$407.74 Billion* in Global Cash Assets
As of March 31, 2015

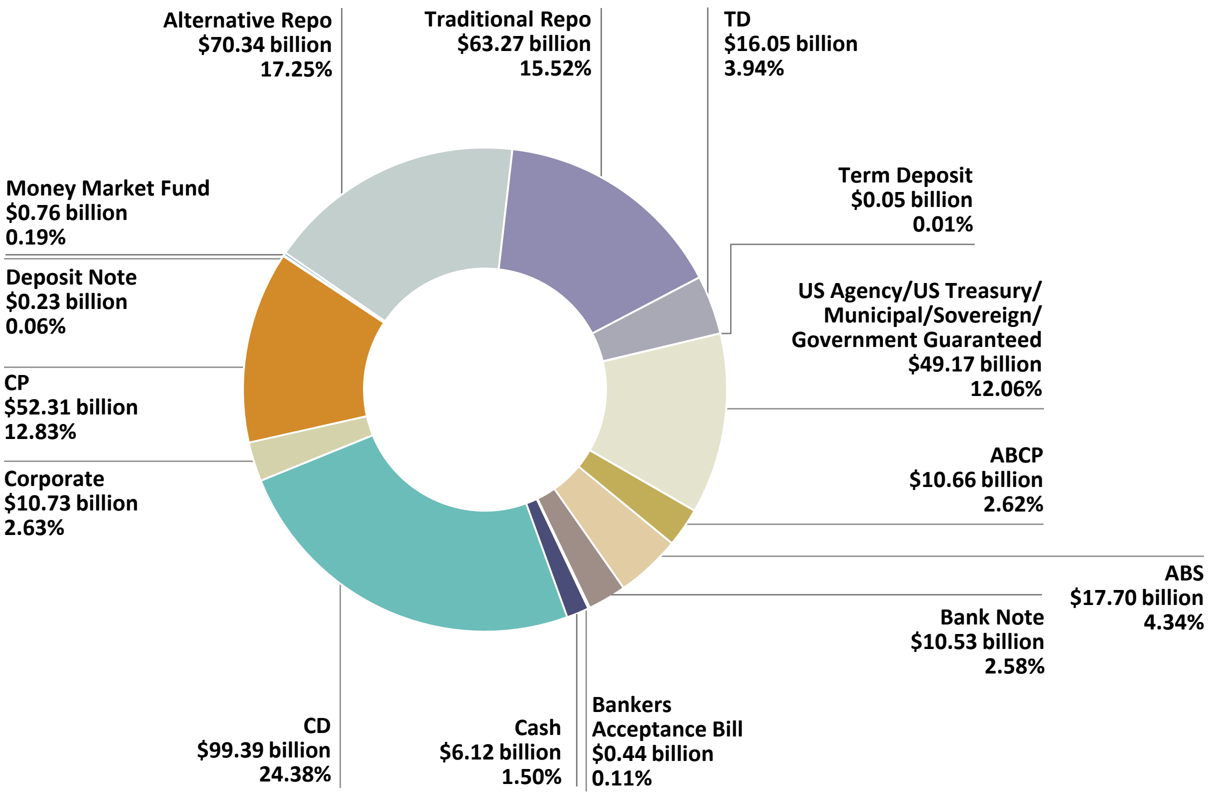


* Includes Cash and Lending. All umbrella funds and as of funds assets have been removed from the calculations. Global Fixed Income assets under management include those Strategies managed by SSGA's Asset Allocation Team. All calculations are unaudited. Numbers are based on Par Value of the underlying securities (converted to USD). Numbers do not include Fund of Fund positions in SSGA managed money market funds. Investing involves risk including the risk of loss of principal.
Source: SSGA Assets Under Management reporting system

STATE STREET GLOBAL ADVISORS

Global Cash Management AUM by Security Type

$407.74 Billion AUM by Security Type
As of March 31, 2015



Source: Bloomberg, SSGA

Global Cash Management Repurchase Agreements Outstanding

$133.61 billion Global Repurchase Agreements Outstanding
As of March 31, 2015

Source: SSGA

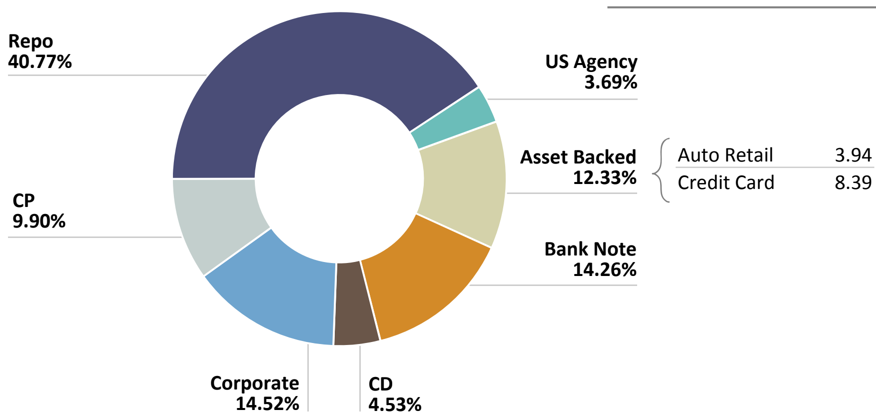
Portfolio Overview

OREGON SHORT TERM FUND

FC91 — OREGON SHORT TERM FUND
Summary Characteristics

As of April 30, 2015	
1-Day Yield (360 Basis)	0.26%
Shares Outstanding	595,913,898.38
Floating Rate %	52.52
% Foreign Issuers	14.60
WAM	21.10
WAM to Call	21.10
Call versus Mat Spread	—
% Callables	6.71%
Avg Life — Expected Maturity	144.84
Fund Price as of [4/30/2015]	100.0134
Number of Holdings	51

Credit Quality Breakdown	
LONG-TERM RATINGS	**% OF FUND**
AAA	11.16
AA	27.77
A	5.54
BBB+	—
BBB	—
BBB-	—
BB+	—
BB	—
BB-	—
SHORT-TERM RATINGS	**% OF FUND**
A-1+/P-1	5.87
A-1/P-1	48.99
SPLIT	—
OTHER	0.67



Floating Index Breakdown	% of Fund
FED FUNDS	—
1MO LIBOR	19.55
3 MOS LIBOR	32.98
PRIME	—
Reset Buckets	**% of Fund**
Next Business Day	3.19
2–7 Days	6.04
8–31 Days	20.38
1–2 Months	5.37
2–3 Months	17.54
Maturity Buckets	**% of Fund**
Next Business Day	43.96
1 WEEK LIQUIDITY	**47.31**
2–30 Days Liquidity	7.61
31–60 Days Liquidity	1.85
61–90 Days Liquidity	3.19
90 DAY LIQUIDITY	**56.60**
91–120 Days Liquidity	1.68
121–150 Days Liquidity	2.85
151–180 Days Liquidity	6.21
181–270 Days Liquidity	7.97
271–360 Days Liquidity	10.40
12–15 Month Liquidity	4.88
15–18 Month Liquidity	0.84
18–21 Month Liquidity	5.20
21–24 Month Liquidity	3.36
Greater than 2 Year Liquidity	—
Repo Collateral	**% of Fund**
Treasuries	37.41
Agencies	3.36
Agency MBS	—
Money Markets	—
Corporates	—
Asset-Backed	—
Equities	—

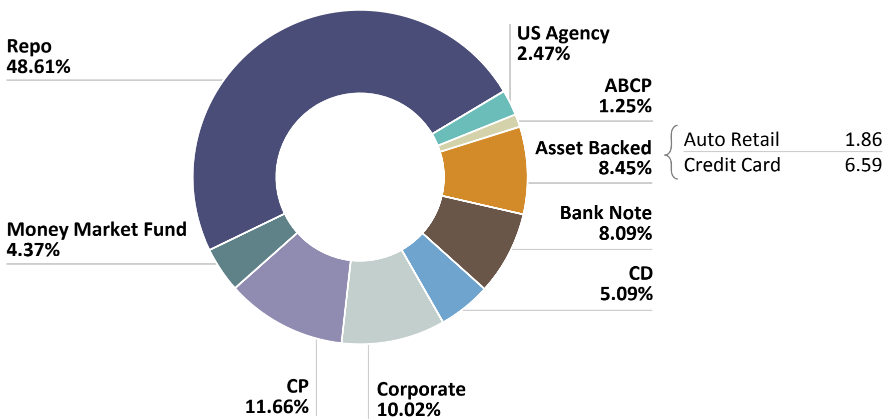
Source: Bloomberg, SSGA
The fund does not hold any SIV's, CDO's, or Extendible Liquidity Note securities. Ratings are Standard and Poor's.
The designation "Other" under Credit Quality Breakdown refers to Long Term Ratings below BB— and Short Term Ratings below A-1/P-1.
Characteristics are as of the date indicated, are subject to change, and should not be relied upon as current thereafter. All material has been obtained from sources believed to be reliable, but its accuracy is not guaranteed. There is no representation or warranty as to the current accuracy of, nor liability for, decisions based on such information. Past performance is not a guarantee of future results.

STATE OF OREGON PERF

FC5L — STATE OF OREGON PERF
Summary Characteristics

As of April 30, 2015	
1-Day Yield (360 Basis)	0.23%
Shares Outstanding	1,997,433,347.83
Floating Rate %	41.28
% Foreign Issuers	13.30
WAM	17.23
WAM to Call	17.23
Call versus Mat Spread	—
% Callables	4.36%
Avg Life – Expected Maturity	131.40
Fund Price as of [4/30/2015]	99.8880
Number of Holdings	63

Credit Quality Breakdown	
LONG-TERM RATINGS	**% OF FUND**
AAA	7.30
AA	19.40
A	3.34
BBB+	—
BBB	—
BBB-	—
BB+	—
BB	—
BB-	—
SHORT-TERM RATINGS	**% OF FUND**
A-1+/P-1	9.43
A-1/P-1	55.45
SPLIT	—
OTHER	5.07



Floating Index Breakdown	% of Fund
FED FUNDS	—
1MO LIBOR	18.66
3 MOS LIBOR	22.62
PRIME	—
Reset Buckets	**% of Fund**
Next Business Day	1.75
2–7 Days	3.34
8–31 Days	18.90
1–2 Months	6.14
2–3 Months	11.14
Maturity Buckets	**% of Fund**
Next Business Day	54.73
1 WEEK LIQUIDITY	**55.98**
2–30 Days Liquidity	4.24
31–60 Days Liquidity	2.35
61–90 Days Liquidity	3.59
90 DAY LIQUIDITY	**64.91**
91–120 Days Liquidity	1.00
121–150 Days Liquidity	2.30
151–180 Days Liquidity	4.42
181–270 Days Liquidity	7.42
271–360 Days Liquidity	6.94
12–15 Month Liquidity	5.28
15–18 Month Liquidity	0.40
18–21 Month Liquidity	5.49
21–24 Month Liquidity	1.85
Greater than 2 Year Liquidity	—
Repo Collateral	**% of Fund**
Treasuries	31.89
Agencies	16.72
Agency MBS	—
Money Markets	—
Corporates	—
Asset-Backed	—
Equities	—

Source: Bloomberg, SSGA
The fund does not hold any SIV's, CDO's, or Extendible Liquidity Note securities. Ratings are Standard and Poor's.
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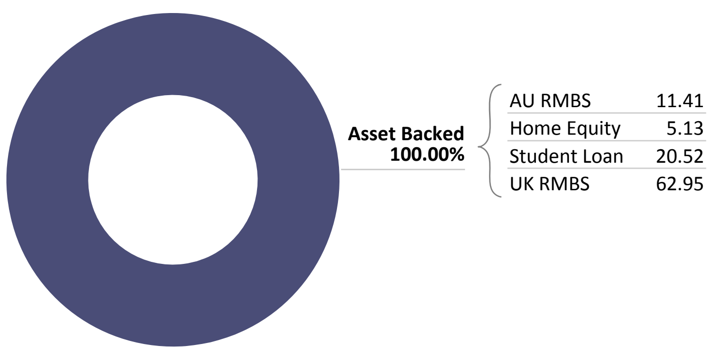
OREGON PERF LEGACY

FC5N — OREGON PERF LEGACY
Summary Characteristics

As of April 30, 2015	
1-Day Yield (360 Basis)	0.52%
Shares Outstanding	87,674,668.15
Floating Rate %	100.00
% Foreign Issuers	74.35
WAM	53.42
WAM to Call	53.42
Call versus Mat Spread	—
% Callables	—
Avg Life – Expected Maturity	2,079.18
Fund Price as of [4/30/2015]	97.3728
Number of Holdings	25

Credit Quality Breakdown	
LONG-TERM RATINGS	**% OF FUND**
AAA	11.41
AA	27.46
A	54.76
BBB+	—
BBB	1.25
BBB-	—
BB+	—
BB	—
BB-	—
SHORT-TERM RATINGS	**% OF FUND**
A-1+/P-1	—
A-1/P-1	—
SPLIT	—
OTHER	5.13



Floating Index Breakdown	% of Fund
FED FUNDS	—
1MO LIBOR	24.03
3 MOS LIBOR	75.97
PRIME	—
Reset Buckets	**% of Fund**
Next Business Day	—
2–7 Days	—
8–31 Days	26.10
1–2 Months	34.16
2–3 Months	39.73
Maturity Buckets	**% of Fund**
Next Business Day	(0.00)
1 WEEK LIQUIDITY	**(0.00)**
2–30 Days Liquidity	—
31–60 Days Liquidity	—
61–90 Days Liquidity	1.46
90 DAY LIQUIDITY	**1.46**
91–120 Days Liquidity	—
121–150 Days Liquidity	1.25
151–180 Days Liquidity	—
181–270 Days Liquidity	—
271–360 Days Liquidity	1.02
12–15 Month Liquidity	18.91
15–18 Month Liquidity	6.05
18–21 Month Liquidity	—
21–24 Month Liquidity	—
Greater than 2 Year Liquidity	71.32
Repo Collateral	**% of Fund**
Treasuries	—
Agencies	—
Agency MBS	—
Money Markets	—
Corporates	—
Asset-Backed	—
Equities	—

Source: Bloomberg, SSGA
The fund does not hold any SIV's, CDO's, or Extendible Liquidity Note securities. Ratings are Standard and Poor's.
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Market Update

Global Outlook Summary

Three themes for the global forecast in 2015

- Improvement: The global recovery reaccelerates to its fastest pace since 2011
- Divergence: Growth prospects diverge among major economies
- Decoupling: Diverging growth means monetary policy likely decouples

The evolution of the three themes since the year began

- Improvement: The global reacceleration is more gradual
- Divergence: The growth divergence is less pronounced
- Decoupling: Policy decoupling is narrower and perhaps more drawn out

The risks are skewed to the downside

- The plunge in oil prices has provided a bit of a boost to global growth
- But the global economy remains highly vulnerable to negative shocks potentially triggered by:
  - Geopolitical hotspots
  - A China hard landing/financial crisis
  - A re-intensifying Eurozone crisis

Source: SSGA Economics

Monetary Policy Divergence (at some point)

- Fed rate hike intention communicated 2015
  - US QE tapering completed
  - Considerable Time…Patient…Data Dependent
  - Dovish with hawkish undertones…to…Hawkish with dovish undertones
  - SEP…"Fed's Dot Plot" now consistent with shallow path of rate hikes
  - Terminal rate of FFs 3.75%, but likely lower in this cycle
  - Fed targeting a range for FFs
  - IOERs upper bound, o/n RRP the floor
  - Size and logistics of Fed's RRP program still unknown
  - Fed balance sheet to remain elevated for a while…"Reinvestments Tapered"
  - Labor market conditions, Inflation, Inflation expectations, Financial Developments drive timing/pace

Source: SSGA
The views expressed in this material are the views of FICC through the period ended April 30, 2015 and are subject to change based on market and other conditions.

Challenges in the Short-term USD Credit and Rates Markets

- Supply and Demand Imbalances
  - Challenges in both USD Credit and Rates markets
- Uncertainty around Timing and Efficacy of Fed 'Lift-Off'
  - Will the Floor hold?
- Evolving Regulatory Frameworks
  - Key issues for 2015 & 2016:
    - Money Markets: 2a-7 reform implementation and money market reform in Europe, repurchase agreement reform
    - Bank & Finance: Common Equity Tier 1 Surcharges, CCAR refinement, Net Stable Funding Ratio, Total Loss Absorbing Capacity, Liquidity Coverage Ratio Implementation
    - Asset Managers: SIFI status and Liquidity Stress Testing

Source: SSGA

Current Portfolio Positioning

- Continued focus on liquidity
  - On-hand liquidity high
  - 55% 1 week liquidity State of Oregon Perf (“SOP”)
  - 43% 1 week liquidity for Oregon Short Term Fund (“OSTF”)
  - Focus on overnight repurchase agreements
- Focus on REPO
  - REPO continues to be a core holding
  - US treasury and Agency collateral
- Focus on Interest rate sensitivity
  - Portfolio WAMS :
    - 17 days WAM for SOP
    - 21 days WAM for OSTF
  - Floating rate
    - 41% floating rate for SOP
    - 52% floating rate for OSTF

Source: SSGA
As of April 30, 2015
Portfolio positioning are as of the date indicated, are subject to change, and should not be relied upon as current thereafter.

Appendix A: Important Disclosures

Important Disclosures

The views expressed in this material are the views of the SSGA Global Cash Team through the period ended April 30, 2015 and are subject to change based on market and other conditions. This document contains certain statements that may be deemed forward-looking statements. Please note that any such statements are not guarantees of any future performance and actual results or developments may differ materially from those projected.

An investment in the funds are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the funds seek to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in the funds.

Foreign investments involve greater risks than US investments, including political and economic risks and the risk of currency fluctuations, all of which may be magnified in emerging markets.

Investing involves risk including the risk of loss of principal.

Investments in asset backed and mortgage backed securities are subject to prepayment risk which can limit the potential for gain during a declining interest rate environment and increases the potential for loss in a rising interest rate environment.

These investments may have difficulty in liquidating an investment position without taking a significant discount from current market value, which can be a significant problem with certain lightly traded securities.

The values of debt securities may decrease as a result of many factors, including, by way of example, general market fluctuations; increases in interest rates; actual or perceived inability or unwillingness of issuers, guarantors or liquidity providers to make scheduled principal or interest payments; illiquidity in debt securities markets; and prepayments of principal, which often must be reinvested in obligations paying interest at lower rates.

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The information provided does not constitute investment advice and it should not be relied on as such. It should not be considered a solicitation to buy or an offer to sell a security. It does not take into account any investor's particular investment objectives, strategies, tax status or investment horizon. You should consult your tax and financial advisor.

All material has been obtained from sources believed to be reliable. There is no representation or warranty as to the accuracy of the information and State Street shall have no liability for decisions based on such information.

State Street Global Advisors, One Lincoln Street, Boston, MA 02111-2900

Web: www.SSGA.com

Tracking #: GCB-0650

Expiration date: 06/31/2015

STATE STREET GLOBAL ADVISORS.

Appendix B: Biography

STATE STREET GLOBAL ADVISORS

Biography

Robert T. Jackson

Robert "Bo" is a Vice President at State Street Global Advisors and a Senior Portfolio Manager in the US Cash Management Group. Prior to joining SSGA in March 2005, Bo was Senior Trader/ Portfolio Manager with Investors Bank and Trust Company in Boston for over 8 years. While at IBT, he was responsible for that firm's short term cash investments, with particular focus on Securities Lending cash reinvestment. Prior to IBT, Bo worked in various secondary marketing roles in the mortgage industry. Bo has worked in the investment management field since 1996.

Bo holds a Bachelor of Science degree in Finance from the University of Massachusetts and a Master of Science degree in Finance from Bentley College.

Global Markets

Oregon Investment Council

Securities Finance Program Review
June 3, 2015
Johnson Shum

STATE STREET

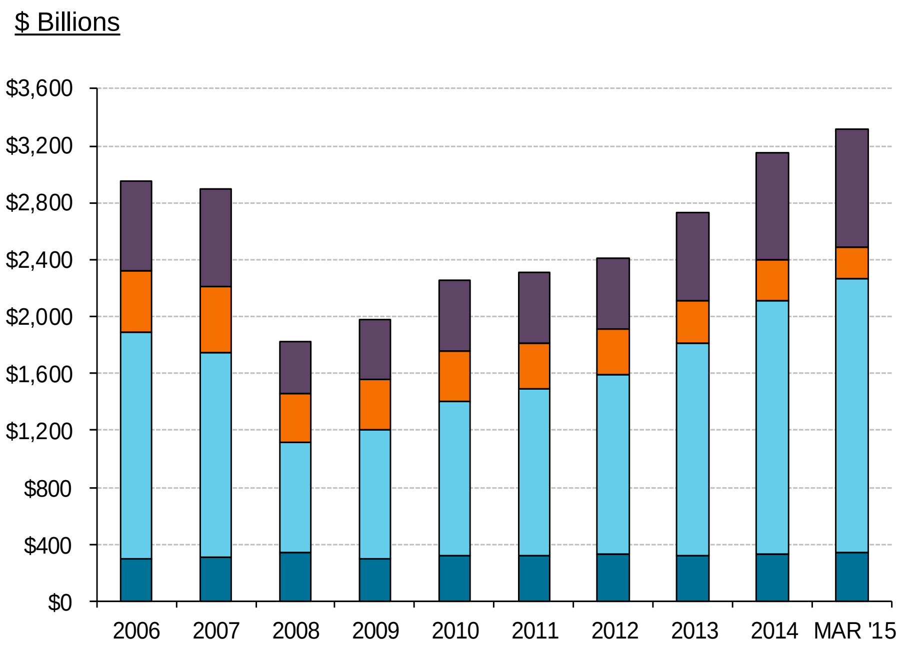
State Street Program Overview

Overview

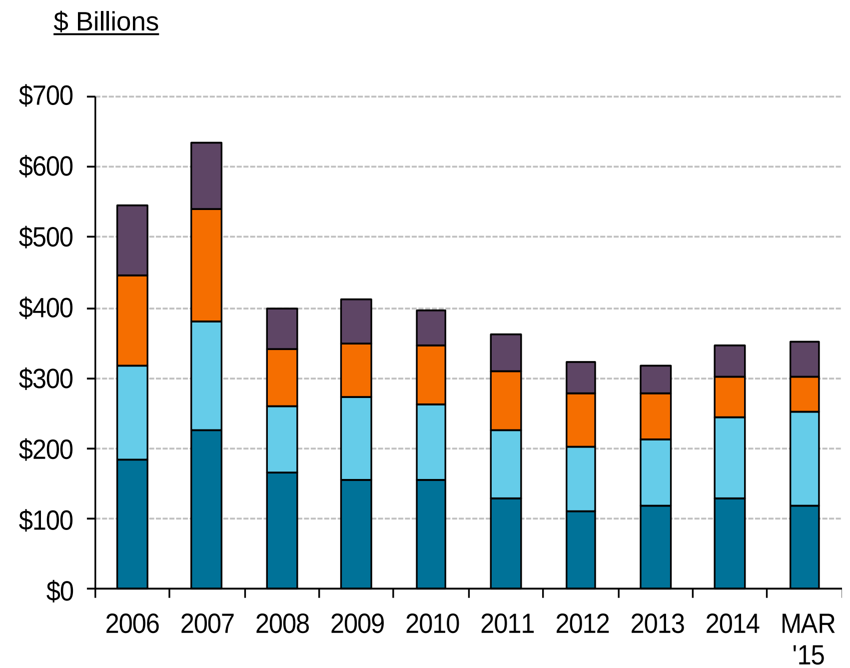
STATE STREET.

Market Leading Securities Lending Program

Lendable Assets



Total on Loan



US GOVERNMENT

US CORP BOND & EQUITY

NON-US FIXED INCOME

NON-US CORP BOND & EQUITY

Source: Securities Finance Business Intelligence

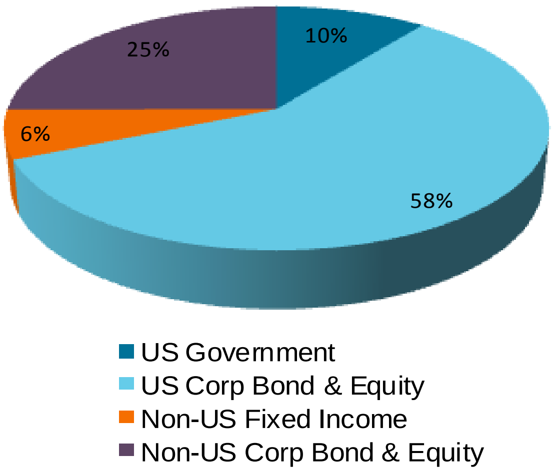
STATE STREET.

Currency reflected in U.S. dollars

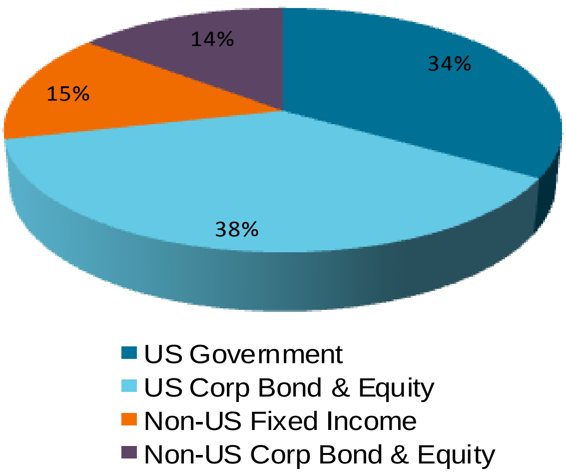
As of March 31, 2015

Large and Diverse Program

Assets Available for Loan
Approximately $3.3 trillion



On Loan Balances
Approximately $353 billion



Source: Securities Finance Business Intelligence

Currency reflected in U.S. dollars

STATE STREET.

As of March 31, 2015

Global Presence

- Approximately 314 active agency and principal clients worldwide
- Approximately 126 borrower relationships
- Lending across more than 30 international markets
- 9 regional locations with 5 trading desks and 3 full service operations centers
- Approximately 236 employees dedicated specifically to securities lending activities

The Americas

- **Boston, Massachusetts** (World Headquarters)
- Los Angeles, California
- Toronto, Ontario

Europe/Middle-East/Africa

- Dublin, Ireland
- London, England

Asia/Pacific

- Hong Kong, China
- Sydney, Australia
- Tokyo, Japan
- Singapore, Singapore

- **Full Service Center**
- **Relationship Management Office**
- **Relationship Management and Trading Office**
- **Relationship Management and Operations**

STATE STREET.

As of March 31, 2015

Market Update

Trading

STATE STREET

Market Overview – Equity Program Expectations

US Equity

- US specials borrowing was strong to close out 2014 and expectations are that lending in 2015 will yield similar results
  - Similar to the second half of 2014, long/short hedge funds appear active and market volatility has been elevated
  - Directional demand still strong; demand spreads have increased 8% for Mid & Small Cap equities compared to 2014 averages
  - M&A activity remains relevant and dynamic, while IPOs continue to be brought to market at a rapid clip
    - IPOs: Twitter, Mobileye, & Groupon were among the program's top earners in 2014, w/ IPO related returns almost doubling
  - ETFs: High Yield and Emerging Market related ETFs continued to see demand, representing approximately 5% of program returns
  - Energy sector driving returns for both US equities and corporate bonds (late 2014 sell-off in oil increased demand)
- Collateral and capital usage have continued to influence borrowing habits of all major market players in all products.

Non-US Equity

- Yields are looking to be up 6-13% overall while pricing volatility is still in full force across all yield enhancement trading markets
  - Pricing for specific securities driven by yield with very little volume in basket deliveries.
  - Borrowers were more focused on names trading in France, Germany, Netherlands, Sweden and Finland and less on names trading in Canada, Italy, Switzerland, Belgium and Norway
- Non-US specials borrowing remains active in Europe and Asia with M&A activity, rights issuance, spin-offs, and IPOs in play to varying degrees across the global landscape

* As of April 30, 2015
Source: Securities Finance Trading
Data represents past performance and is not a guarantee of future results

Fixed Income Market Highlights

- Federal Reserve
  - The Federal Reserve removed the word "patience" from the FOMC statement in March and revised their "dot" expectations lower to 0.625% from 1.125% in 2015, to 1.875% from 2.50% in 2016, and to 3.125% from 3.625% in 2017
  - Market consensus has shifted from a June to September lift-off
- Lack of shorts
  - Recent cash market rally limiting shorts/specials activity
  - Specials mainly limited to numerous T-Bills, Current Issues (ahead of their respective monthly auctions) and off-the-runs in 2-5 year sector
- Mismatch between GC financing rates and repo rates
  - Reverse Repo Facility (RRP) has been expanded and is clearly becoming a major interest rate tool for the Fed
  - RRP has provided an interest rate floor, while IOER (Interest on Excess Reserves) provides the ceiling
- Regulation limiting Dealer balance sheets and borrowing capacity
- Off-balance sheet trades seeing increased demand (i.e. non-cash, matched trades), as lending flexibility grows in importance

* As of April 30, 2015
Source: Securities Finance Trading
Data represents past performance and is not a guarantee of future results

State Street Securities Lending Program

Performance Review

Relationship Summary

- Earnings Overview
  - $369.9M* in securities lending revenue for Oregon State Treasury since 2001
- Cash Collateral
  - Separate accounts for Oregon PERS Funds and Oregon Non – PERS Funds managed by SSgA with same custom investment guidelines as Oregon Short - Term Fund (changed January 1, 2014)
- Non-Cash Collateral
  - US Treasury and US Agency Bonds, Sovereign Debt
- Approved Borrowers
  - Oregon PERS Funds - State Street approved Borrowers list
  - Oregon Non – PERS Funds - Fed Primary Dealers list
- Program Parameters
  - Limits: 20% per Borrower
- Borrower Default Indemnification provided by State Street

* As of April 30, 2015
Source: my.statestreet.com
Data represents past performance and is not a guarantee of future results

STATE STREET

Securities Lending Performance

State of Oregon - All Accounts Performance	2012	2013	2014	Jan-Apr 2015
Average Lendable Assets ($)	36,398,040,284	42,299,213,445	46,572,386,792	46,651,298,479
Average On Loan ($)	4,594,674,219	4,293,581,321	4,624,330,337	3,996,049,860
Utilization	12.62%	10.15%	9.93%	8.57%
Earnings by Program ($)				
US Equity	7,474,299	5,326,497	5,475,584	2,018,840
US Corporate Bond	2,272,020	1,797,883	1,134,885	375,605
US Government	2,215,834	2,021,586	2,298,079	340,633
Non-US Equity	7,177,957	6,616,827	6,040,817	1,360,043
Non-US Fixed Income	151,417	184,900	79,592	13,785
Total Earnings ($)	19,291,527	15,947,694	15,028,958	4,108,907
Components of Spread (bps)				
Demand Spread	36	37	35	39
Reinvestment Spread	19	13	10	8
Net Spread	55	50	44	47
Non-Cash Collateral Spread (bps)	35	26	26	27
Return to Lendable Assets (bps)	5.3	3.8	3.2	2.6

Notes:

(1) Risk-Free rate used for spread calculations is Fed Funds Open

(2) Data represents past performance and is not a guarantee of future results

(3) Data Source: Securities Finance Business Intelligence

(4) Components of Spread encompass only "cash collateral" backed loans during the period

STATE STREET

Securities Lending Performance

State of Oregon - PERS Performance

	2012	2013	2014	Jan-Apr 2015
Average Lendable Assets ($)	22,521,907,986	26,965,868,075	29,957,224,725	29,185,086,631
Average On Loan ($)	3,149,453,781	3,153,322,243	3,407,053,731	3,105,338,777
Utilization	13.98%	11.69%	11.37%	10.64%
Earnings by Program ($)				
US Equity	7,455,215	5,287,457	5,366,675	1,994,759
US Corporate Bond	1,473,016	1,257,944	693,662	191,610
US Government	863,101	972,882	1,306,159	225,509
Non-US Equity	6,961,865	6,323,999	5,834,749	1,293,052
Non-US Fixed Income	151,417	184,900	79,592	13,785
Total Earnings ($)	16,904,613	14,027,182	13,280,836	3,718,715
Components of Spread (bps)				
Demand Spread	52	47	44	47
Reinvestment Spread	19	13	9	8
Net Spread	71	60	53	55
Non-Cash Collateral Spread (bps)	37	29	33	28
Return to Lendable Assets (bps)	7.5	5.2	4.4	3.8

Notes:

(1) Risk-Free rate used for spread calculations is Fed Funds Open

(2) Data represents past performance and is not a guarantee of future results

(3) Data Source: Securities Finance Business Intelligence

(4) Components of Spread encompass only "cash collateral" backed loans during the period

STATE STREET.

Securities Lending Performance

State of Oregon - Non - PERS Performance				
	2012	2013	2014	Jan-Apr 2015
Average Lendable Assets ($)	13,876,132,298	15,333,345,370	16,615,162,067	17,466,211,848
Average On Loan ($)	1,445,220,438	1,140,259,078	1,217,276,606	890,711,083
Utilization	10.42%	7.44%	7.33%	5.10%
Earnings by Program ($)				
US Equity	19,084	39,040	108,909	24,081
US Corporate Bond	799,004	539,939	441,223	183,996
US Government	1,352,734	1,048,704	991,920	115,124
Non-US Equity	216,092	292,828	206,069	66,991
Non-US Fixed Income	-	-	-	-
Total Earnings ($)	2,386,913	1,920,511	1,748,121	390,191
Components of Spread (bps)				
Demand Spread	2	8	9	9
Reinvestment Spread	18	12	11	8
Net Spread	20	20	20	18
Non-Cash Collateral Spread (bps)	15	10	9	15
Return to Lendable Assets (bps)	1.7	1.3	1.1	0.7

Notes:

(1) Risk-Free rate used for spread calculations is Fed Funds Open

(2) Data represents past performance and is not a guarantee of future results

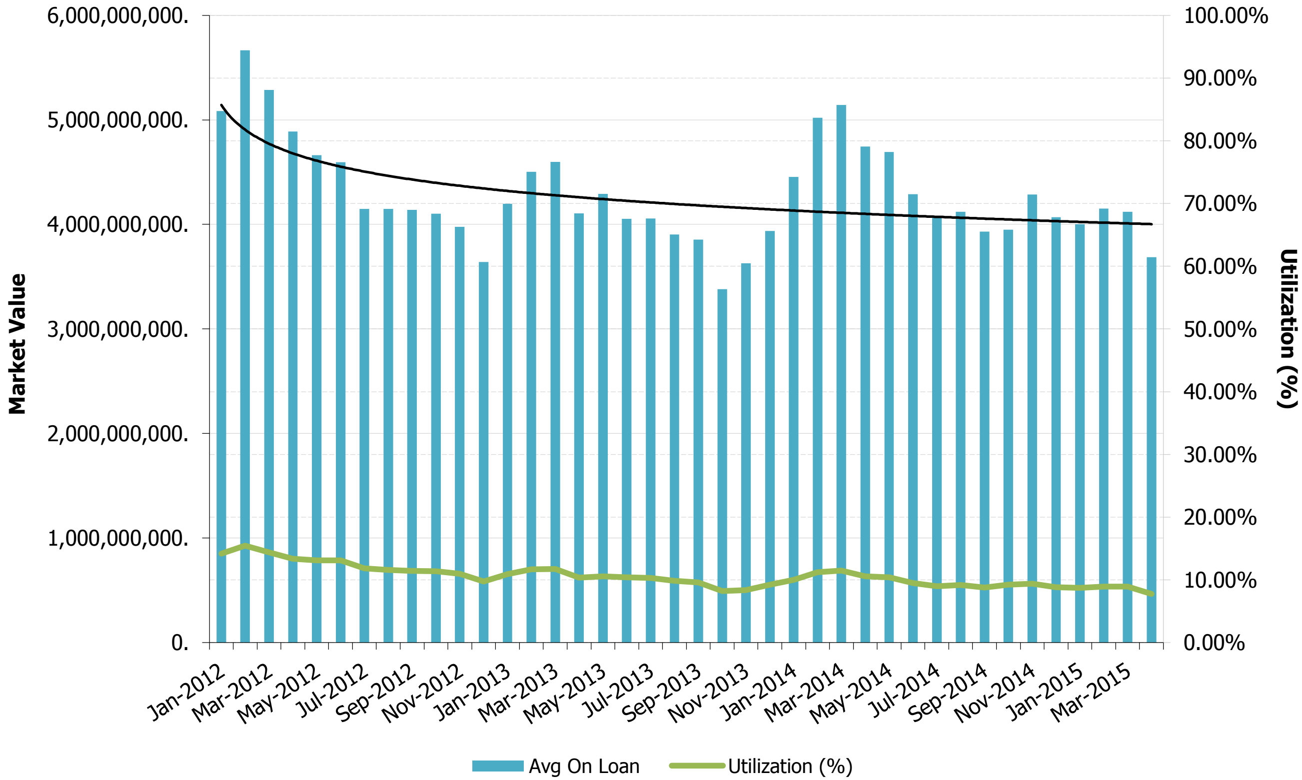
(3) Data Source: Securities Finance Business Intelligence

(4) Components of Spread encompass only "cash collateral" backed loans during the period

STATE STREET

Securities Lending Performance

Historical Loan Balances and Utilization



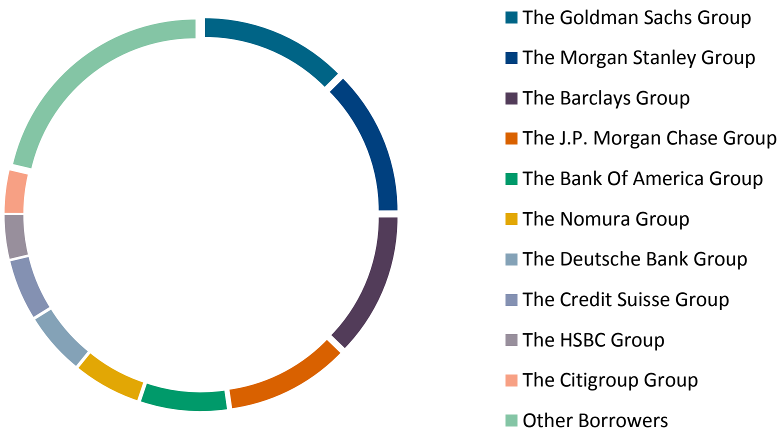
* As of April 30, 2015
Source: Securities Finance Business Intelligence
Data represents past performance and is not a guarantee of future results

STATE STREET

Borrower Diversification

State of Oregon Borrower Diversification

Borrower	On-Loan Market Value	% of Total
The Goldman Sachs Group	449,874,936	13%
The Morgan Stanley Group	444,467,902	12%
The Barclays Group	439,339,186	12%
The J.P. Morgan Chase Group	376,467,902	11%
The Bank Of America Group	265,389,019	7%
The Nomura Group	205,002,454	6%
The Deutsche Bank Group	188,896,196	5%
The Credit Suisse Group	183,974,132	5%
The HSBC Group	134,371,834	4%
The Citigroup Group	130,545,641	4%
Other Borrowers	763,877,052	21%
Total	**3,582,206,253**	**100%**



Notes:

(1) Based Currency (USD) Loan balance as of: Arpil 30 2015

(2) Data represents past performance and is not a guarantee of future results

(3) Data Source: Securities Finance Business Intelligence

Biography

Johnson Shum
Vice President

Johnson is a vice president and relationship manager in State Street's Securities Finance division. He is responsible for the overall service delivery and satisfaction for strategic lending customers. He also acts as the point of contact and advocate for Securities Finance-related matters.

Prior to assuming his current role, Mr. Shum worked at Brown Brothers Harriman & Co.'s securities lending group as a product development manager. He was responsible for the development of new products to expand their securities lending capabilities. Previously, he worked as a client services and relationship manager servicing mutual fund clients at The Bank of New York.

Mr. Shum has more than 19 years experience in the financial services industry, specifically in client services and product management. He holds a Bachelor of Arts degree in international business from the State University of New York at Buffalo.

State Street provides experienced securities lending capabilities and supplies liquidity across more than 30 markets, worldwide, via Securities Finance offices and trading desks located throughout the Americas, Europe/Middle-East/Africa and Asia/Pacific regions.

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TAB 5 – OPERF Q1 2015 PERFORMANCE REPORT

Materials Provided Separately

Verbal Report Delivered At Meeting

Callan
FORTY YEARS

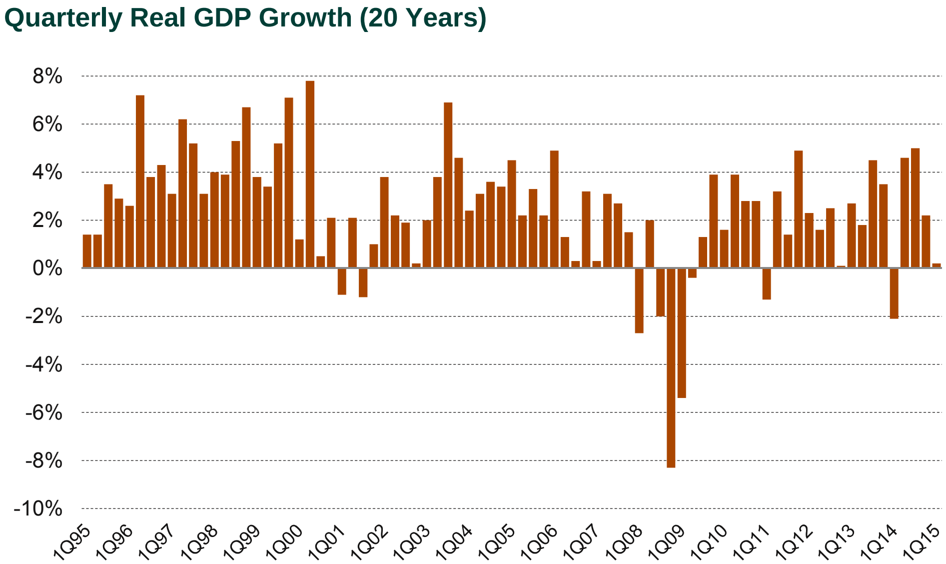
June 3, 2015

Oregon Investment Council

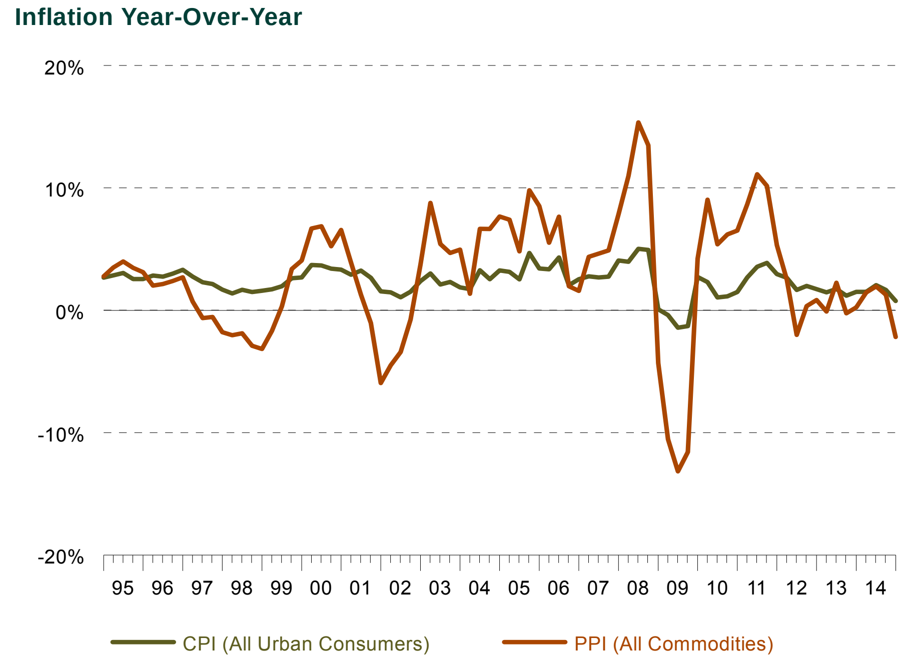
First Quarter 2015
Performance Review

Economic Commentary

First Quarter 2015



Source: Bureau of Economic Analysis



- US GDP stalled in the first quarter, growing at a meager 0.2% annualized rate. The US economy faced headwinds from a snowy winter, strong US dollar, and weak global demand causing the recovery to lose momentum.
- The unemployment rate in the US continued to fall and declined to 5.5% as of March 2015. However, the labor force participation rate was also lower, accounting for some of the improvement in the unemployment rate alongside actual hiring.
- Inflation remains contained in the US. Core CPI registered at 1.8% for the year ended March 2015. However, headline CPI (including food & energy) declined by 0.1%, its first negative reading since 2009. The mild deflation was almost entirely due to plummeting energy prices, which will likely remain in the data through most of 2015.

Market Summary – First Quarter 2015

Index	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 15 Years
U.S. Equity:						
Russell:3000 Index	1.80	12.37	16.43	14.71	8.38	4.63
S&P:500	0.95	12.73	16.11	14.47	8.01	4.15
Russell:1000 Index	1.59	12.73	16.45	14.73	8.34	4.43
Russell:1000 Growth	3.84	16.09	16.34	15.63	9.36	1.99
Russell:1000 Value	(0.72)	9.33	16.44	13.75	7.21	6.53
Russell:Midcap Index	3.95	13.68	18.10	16.16	10.02	8.49
Russell:Midcap Growth	5.38	15.56	17.41	16.43	10.19	4.02
Russell:Midcap Value	2.42	11.70	18.60	15.84	9.61	10.87
Russell:2000 Index	4.32	8.21	16.27	14.57	8.82	7.19
Russell:2000 Growth	6.63	12.06	17.74	16.58	10.02	4.17
Russell:2000 Value	1.98	4.43	14.79	12.54	7.53	10.10
U.S. Fixed Income:						
Barclays:Aggregate Index	1.61	5.72	3.10	4.41	4.93	5.66
Barclays:Gov/Credit Bond	1.84	5.86	3.35	4.75	4.96	5.73
Barclays:Gov/Credit Long	3.36	15.73	7.71	10.20	7.72	8.23
Barclays:Gov/Credit 1-3	0.59	1.12	0.97	1.35	2.94	3.65
Barclays:Credit	2.16	6.74	4.88	6.23	5.80	6.56
Barclays:Mortgage Idx	1.06	5.53	2.54	3.63	4.87	5.52
Barclays:High Yld Corp	2.52	2.00	7.46	8.59	8.18	7.83
Barclays:US Universal Idx	1.73	5.32	3.49	4.75	5.15	5.87
Real Estate:						
NCREIF:Total Index	3.57	12.72	11.47	12.75	8.39	8.97
NAREIT Composite Idx	3.86	21.50	13.63	15.15	8.55	12.26
Global Equity:						
MSCI:ACWI	2.44	5.97	11.35	9.57	7.00	3.84
MSCI:AC WORLD IMI	2.58	5.12	10.95	9.25	6.73	3.73
Non-U.S. Equity:						
MSCI:EAFE US$	4.88	(0.92)	9.02	6.16	4.95	2.88
MSCI:EAFE LC(Net)	10.85	17.74	16.62	9.07	6.07	2.33
MSCI:ACWI ex US	3.59	(0.57)	6.89	5.29	5.93	3.89
MSCI:AC Wld Net x US LC	8.94	15.45	13.68	8.07	6.67	3.11
MSCI:ACWI SC ex US	3.93	(3.60)	7.39	6.52	6.93	6.60
MSCI:Emer Markets	2.28	0.79	0.66	2.08	8.82	7.37
Other:						
3 Month T-Bill	0.00	0.03	0.07	0.09	1.49	1.92
US DOL:CPI All Urban Cons	0.56	(0.07)	0.97	1.64	2.02	2.17

- Global financial markets were volatile during the first quarter of 2015 with central banks dominating headlines.
- In the face of weakening economic indicators, the European Central Bank (ECB) announced a major quantitative easing program including the purchase of 60 billion per month of member-country sovereign bonds through at least September 2016. The program was implemented in March and pushed yields to historic lows.
- In fact, short term sovereign debt yields have dropped below 0% in many European countries with a reported 1.5 trillion worth of short-term bonds trading below the zero nominal yield threshold.
- The U.S. economy cooled significantly to start the year, expanding at a 0.2% rate during the first quarter, well behind expectation as economic expansion was hindered by a snowy winter, strong U.S. dollar and weak global demand.
- The Fed moved a step closer to raising interest rates by dropping the word "patient" from its policy statement following March's Open Market Committee meeting.
- Headline inflation tipped into negative territory with prices dropping 0.1% year-over-year in March. However, the precipitous drop in energy prices (-18.3%) is the main reason for sagging inflation figures. Core inflation, which excludes food and energy, rose 1.8% over the last year.

Market Summary

First Quarter 2015

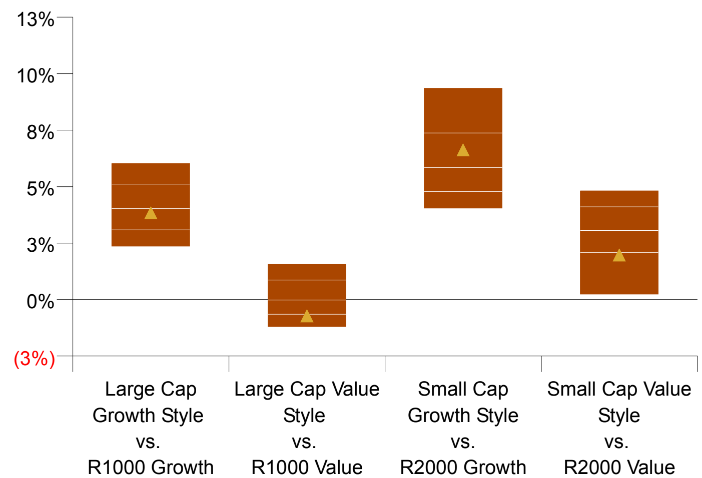
Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Russell:2000 Index 4.3%	NFI-ODCE Val Gross 13.4%	Russell:3000 Index 16.4%	Russell:3000 Index 14.7%	MSCI:Emer Markets 8.8%
MSCI:ACWI x US (Net) 3.5%	S&P:500 12.7%	Russell:2000 Index 16.3%	Russell:2000 Index 14.6%	Russell:2000 Index 8.8%
NFI-ODCE Val Gross 3.4%	Russell:3000 Index 12.4%	S&P:500 16.1%	NFI-ODCE Val Gross 14.5%	Russell:3000 Index 8.4%
ML:High Yield CP Idx 2.5%	Russell:2000 Index 8.2%	NFI-ODCE Val Gross 12.7%	S&P:500 14.5%	S&P:500 8.0%
MSCI:Emer Markets 2.3%	Barclays:Aggregate Index 5.7%	ML:High Yield CP Idx 7.4%	ML:High Yield CP Idx 8.4%	ML:High Yield CP Idx 8.0%
Russell:3000 Index 1.8%	ML:High Yield CP Idx 2.0%	MSCI:ACWI x US (Net) 6.4%	MSCI:ACWI x US (Net) 4.8%	NFI-ODCE Val Gross 7.0%
Barclays:Aggregate Index 1.6%	MSCI:Emer Markets 0.8%	Barclays:Aggregate Index 3.1%	Barclays:Aggregate Index 4.4%	MSCI:ACWI x US (Net) 5.5%
S&P:500 1.0%	3 Month T-Bill 0.0%	MSCI:Emer Markets 0.7%	MSCI:Emer Markets 2.1%	Barclays:Aggregate Index 4.9%
3 Month T-Bill 0.0%	MSCI:ACWI x US (Net) (1.0%)	3 Month T-Bill 0.1%	3 Month T-Bill 0.1%	3 Month T-Bill 1.5%

US Equity Overview

First Quarter 2015

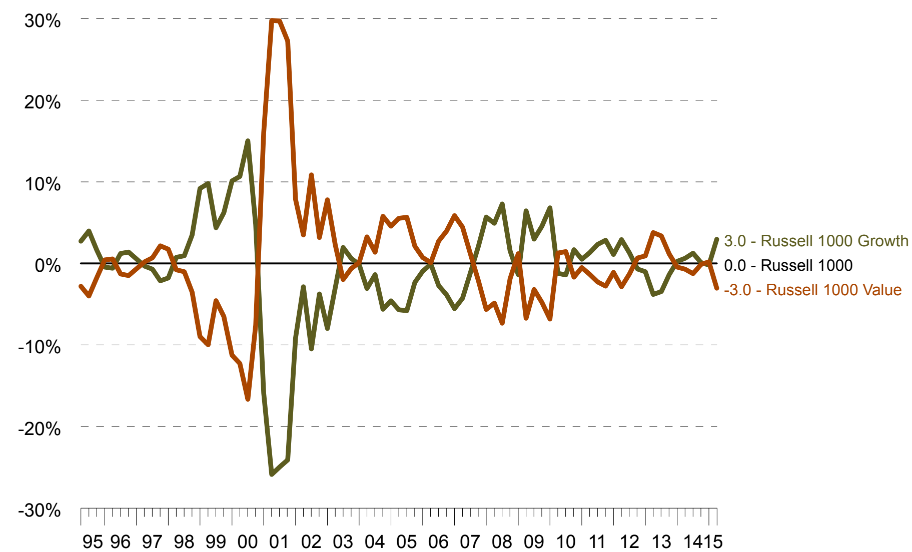
- US equities achieved positive returns in the first quarter, with US large value being the only area to suffer a loss. Broad domestic equity markets, as measured by the Russell 3000, advanced 1.8%.
- Small caps performed best in the first quarter (Russell 2000: +4.3%), followed closely by mid and micro caps (Russell Midcap: +4.0%, Russell Microcap: +3.1%). Large caps lagged, but were still positive (S&P 500: +1.0%). Style produced the biggest differentiation in six years as growth sharply outperformed value across capitalization (Russell 3000 Growth: +4.0%, Russell 3000 Value: -0.5%).

Callan Style Group Quarterly Returns



	Large Cap Growth Style vs. R1000 Growth	Large Cap Value Style vs. R1000 Value	Small Cap Growth Style vs. R2000 Growth	Small Cap Value Style vs. R2000 Value
10th Percentile	6.03	1.56	9.36	4.81
25th Percentile	5.11	0.87	7.37	4.11
Median	4.03	-0.02	5.85	3.06
75th Percentile	3.09	-0.65	4.79	2.09
90th Percentile	2.37	-1.19	4.05	0.24
Benchmark ▲	3.84	-0.72	6.63	1.98

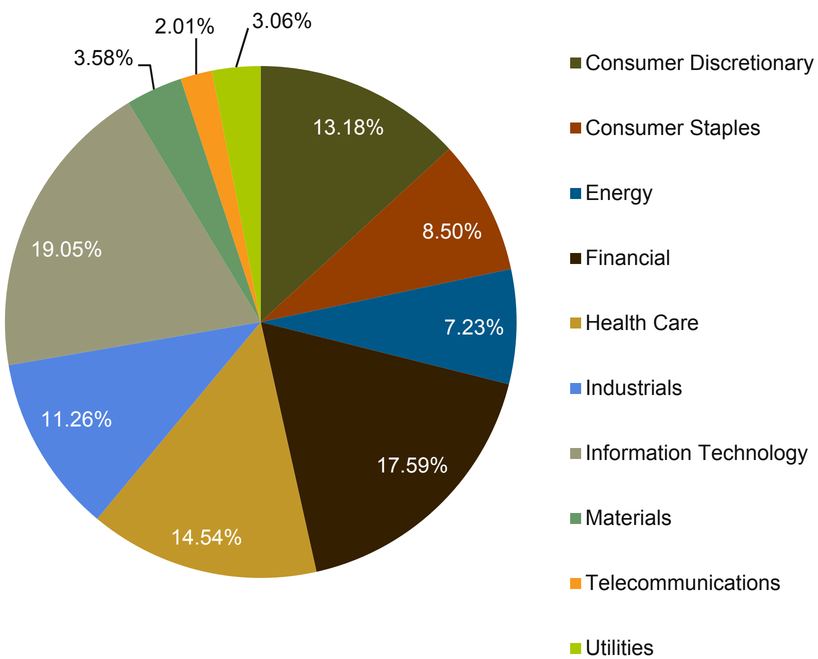
Rolling One-Year Relative Returns (versus Russell 1000 Index)



US Equity Overview

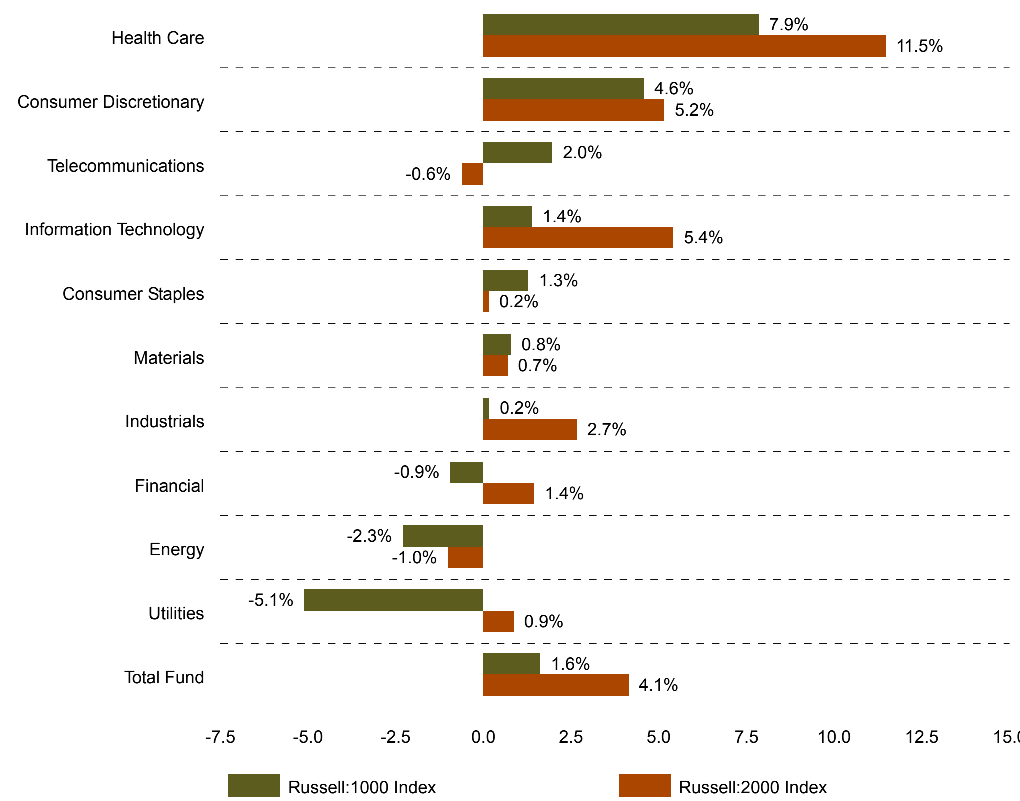
First Quarter 2015

Economic Sector Exposure (Russell 3000)



Source: Russell Investment Group

Economic Sector Quarterly Returns (Russell 3000)



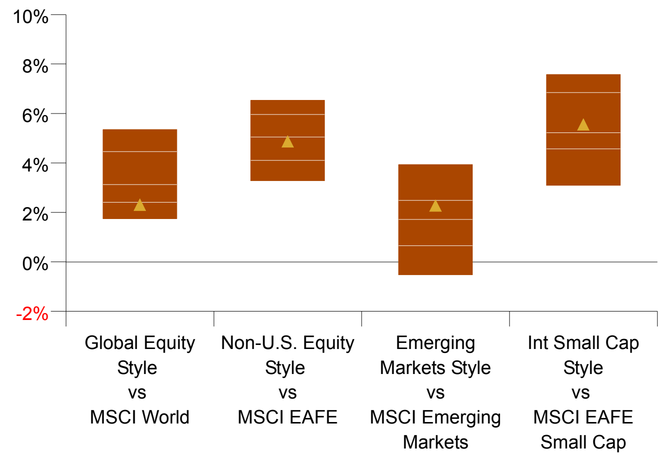
- Within the Russell 3000, Utilities (-4.6%) reversed course after a double-digit gain in 4Q14 and was the worst performing sector. After plummeting in 2014, the Energy sector moderated somewhat, but still posted a 2.2% decline. Health Care and Consumer Discretionary led sector performance rising 7.8% and 4.7%, respectively.

Non-US Equity Overview

First Quarter 2015

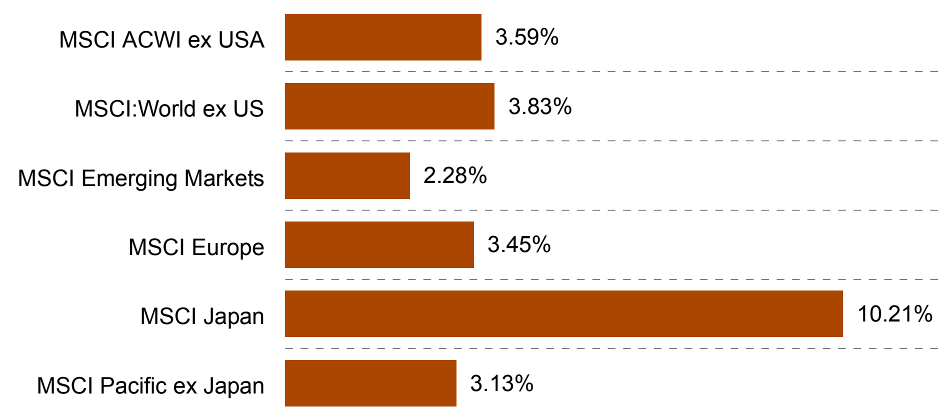
- Foreign equities soared in local currency terms, as Europe rallied in the wake of the European Central Bank's quantitative easing announcement to stimulate growth and combat deflation. However, currency impacts pushed much of those gains lower in US dollar terms.
- Foreign equities finished firmly in positive territory for the quarter. Broadly representing both developed and emerging stocks, the MSCI ACWI ex-US gained 3.6%. Regionally, Japan soared over 10%. Emerging markets equities lagged relative to other regions, but still turned in a sound 2.3% gain.

Callan Style Group Quarterly Returns



	Global Equity Style vs MSCI World	Non-U.S. Equity Style vs MSCI EAFE	Emerging Markets Style vs MSCI Emerging Markets	Int Small Cap Style vs MSCI EAFE Small Cap
10th Percentile	5.36	6.54	3.94	7.59
25th Percentile	4.46	5.96	2.50	6.85
Median	3.13	5.05	1.72	5.23
75th Percentile	2.41	4.11	0.66	4.58
90th Percentile	1.75	3.28	-0.52	3.10
Benchmark ▲	2.31	4.88	2.28	5.56

Regional Quarterly Performance (U.S. Dollar)

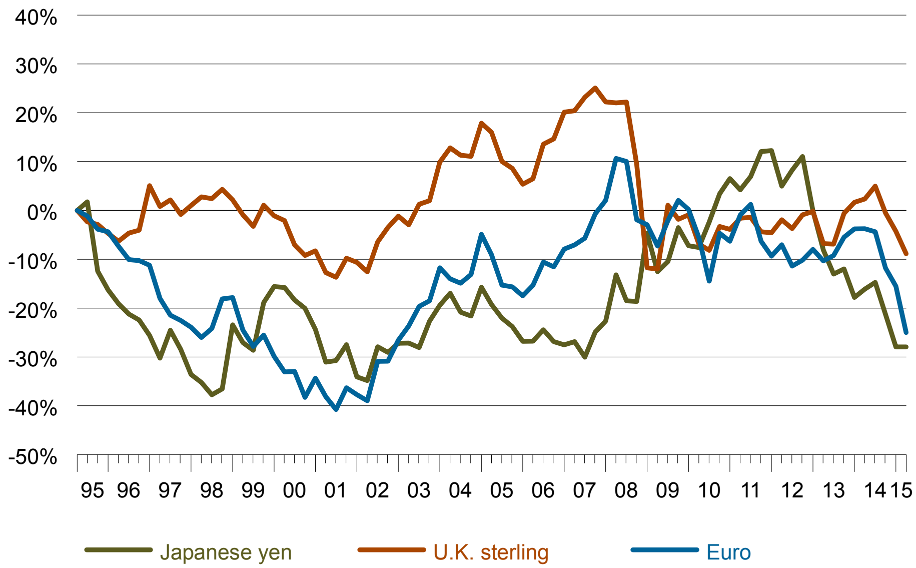


Source: MSCI

Currency and Yield Curve

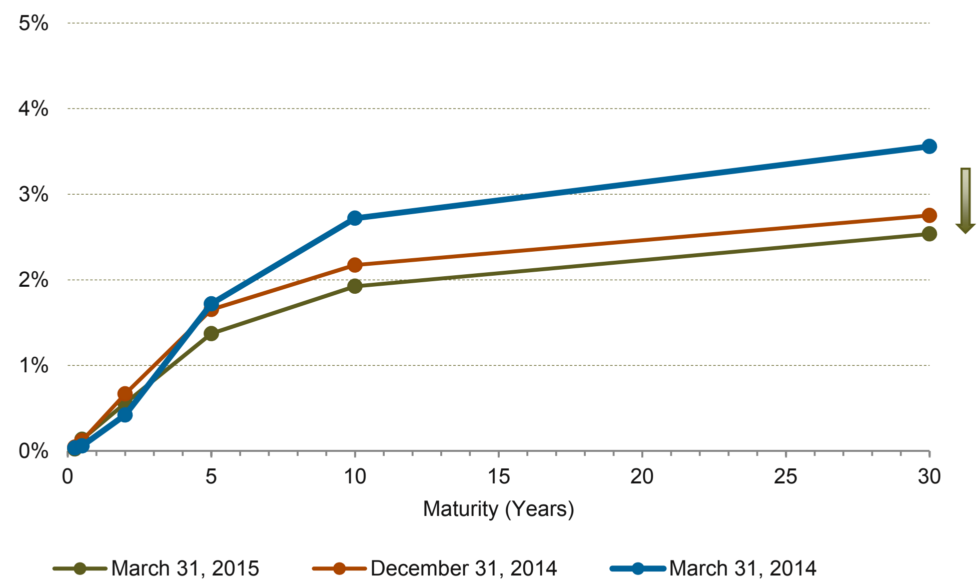
First Quarter 2015

Major Currencies' Cumulative Return (vs. U.S. Dollar)



*Euro returns from 1Q99. German mark prior to 1Q99.
Source: MSCI

U.S. Treasury Yield Curves



Source: Bloomberg

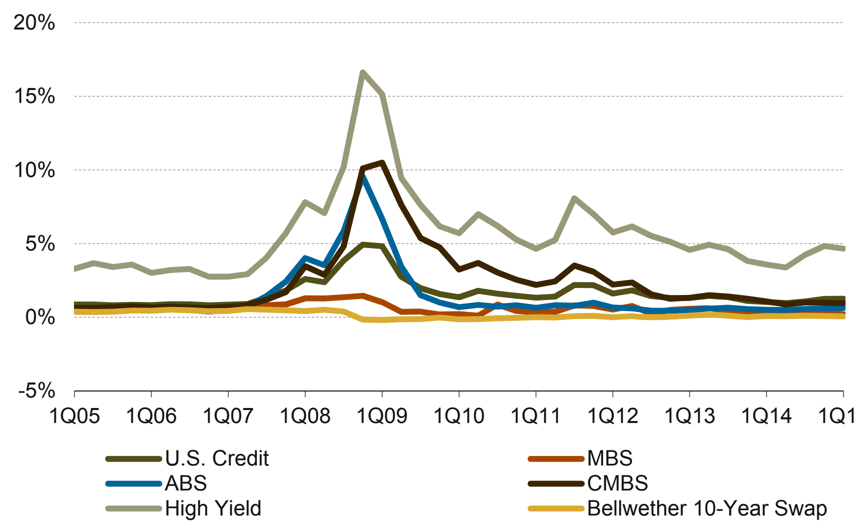
- The U.S. dollar continued its rally relative to several other major currencies after the Swiss central bank removed its euro peg and the ECB announced its long-awaited quantitative easing program.
- Interest rate volatility increased in the first quarter as investors speculated over the timing of the Fed's widely expected interest rate hike. The 10-year US Treasury note began the year at 2.17%, hit an intra-quarter low of 1.68% in January and peaked at 2.24% in March, before closing the quarter at 1.94%, 23 basis points lower than at year-end.

Fixed Income

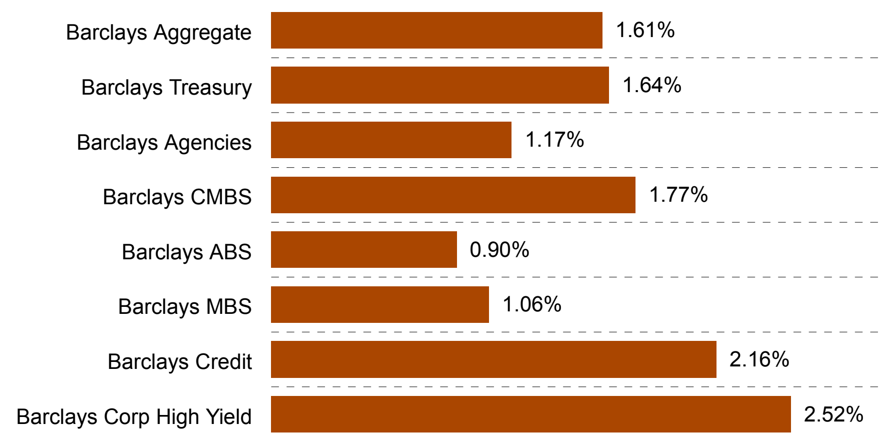
First Quarter 2015

- Broad bond markets, as measured by the Barclays US Aggregate, were up 1.6%. Corporate bonds modestly outperformed like-duration US Treasuries as investors easily absorbed record new issuance. At nearly $440 billion, US corporate bond issuance this year has exceeded the record level hit in 2013. Meanwhile, mortgages and asset-backed securities trailed Treasuries and were the weakest performing sectors in the Barclays Aggregate.
- High yield rebounded from a poor fourth quarter with many of the higher quality Energy names bouncing back. The Barclays High Yield Index jumped 2.5% for the quarter.

Effective Yield Over Treasuries



Absolute Returns for Quarter ended March 31, 2015



Source: Barclays

OPERF Total Regular Account

Performance Summary for the First Quarter 2015

Total Fund:

For the first quarter of 2015, the Total Regular Account gained 2.42% (+2.35% net of fees),versus a return of 2.96% for the Policy Target, and ranked in the 50th percentile of the $10B+ public fund peer group. For the 12 months ended March 31, 2015, the Account gained 7.06% (+6.78% net of fees), trailing the Policy Target return of 7.84%, and ranked in the 51st percentile of Callan's $10B+ public fund peer group.

Asset Classes:

- **U.S. Equity**: The U.S. Equity Portfolio advanced 2.19% (+2.16% net of fees) for the quarter beating the 1.80% gain in the Russell 3000 Index. This return ranked the Portfolio in the 47th percentile of Callan's Public Fund: $10B+ Domestic Equity (gross) peer group. On a trailing year basis, the Portfolio rose 10.79% (+10.60% net of fees) versus a gain of 12.37% for the benchmark, and ranked in the 83rd percentile of the peer group. 10 year results are slightly ahead of the benchmark and rank in the top third of the peer group.

- **International Equity:** The International Equity Portfolio returned 4.32% (+4.22% net of fees) for the quarter versus the 3.55% gain in the MSCI ACWI ex-U.S. IMI Index. This return ranked the Portfolio in the 18th percentile of Callan's Public Fund: $10B+ International Equity (gross) peer group. For the trailing year, the Portfolio added 0.68% (+0.30% net of fees), protecting against the 1.34% decline in the benchmark, and ranked in the 39th percentile of the peer group. 10 year results remain well ahead of the benchmark and rank in the top quartile of the peer group.

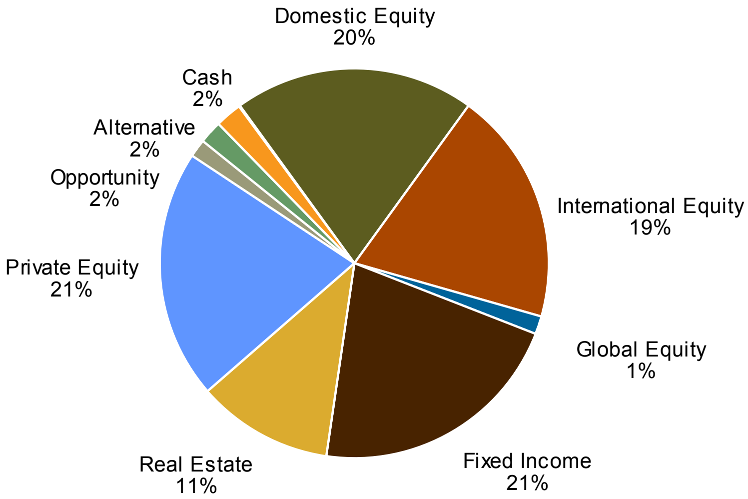
- **Fixed Income:** The Fixed Income Portfolio gained 1.58% (+1.53% net of fees) in the quarter, just beating the 1.32% return of the Custom Benchmark. This return ranked the Portfolio in the 94th percentile of Callan's Large Public Funds >$10B – Domestic Fixed (Gross) peer group. For the trailing year, the Portfolio returned 3.61% (3.37% net of fees) versus 3.21% for the benchmark. This return ranked the Portfolio in the 87th percentile of the peer group. 10 year results remain favorable versus both the benchmark and peer group.

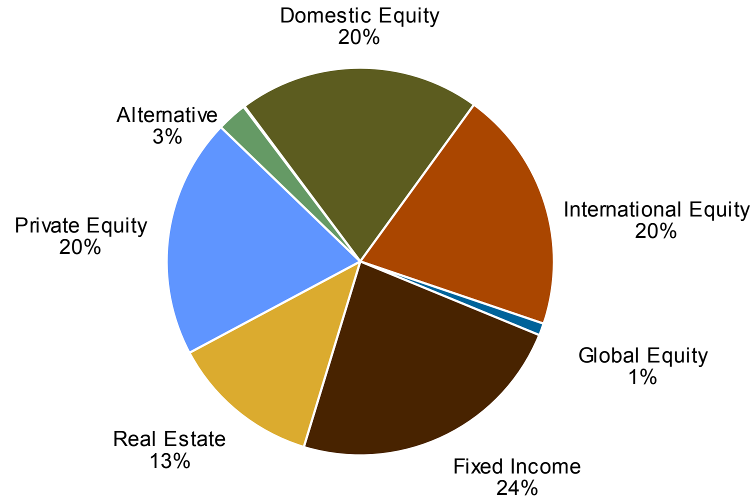
- **Private Equity:** The Private Equity Portfolio's longer term performance continues to be very favorable, with trailing 10 year net results coming in at 12.22%, which is ahead of the benchmark return of 11.58%.

- **Real Estate:** The Real Estate Portfolio has enjoyed solid returns over the last decade with the Portfolio recording a 9.07% net return versus the benchmark return of 8.38% over the same time period.

OPERF Total Regular Account

Asset Allocation as of March 31, 2015





Asset Class	$000s Actual	Weight Actual	Target	Percent Difference	$000s Difference
Domestic Equity	14,036,169	20.0%	20.2%	(0.3%)	(200,471)
International Equity	13,651,516	19.4%	20.2%	(0.8%)	(585,125)
Global Equity	1,021,592	1.5%	1.0%	0.5%	318,548
Fixed Income	15,034,944	21.4%	23.5%	(2.1%)	(1,486,589)
Real Estate	7,970,259	11.3%	12.5%	(1.2%)	(817,791)
Private Equity	14,572,046	20.7%	20.0%	0.7%	511,166
Opportunity	1,072,558	1.5%	0.0%	1.5%	1,072,558
Alternative	1,365,902	1.9%	2.5%	(0.6%)	(391,708)
Cash	1,579,411	2.2%	0.0%	2.2%	1,579,411
Total	70,304,398	100.0%	100.0%		

OPERF Total Regular Account

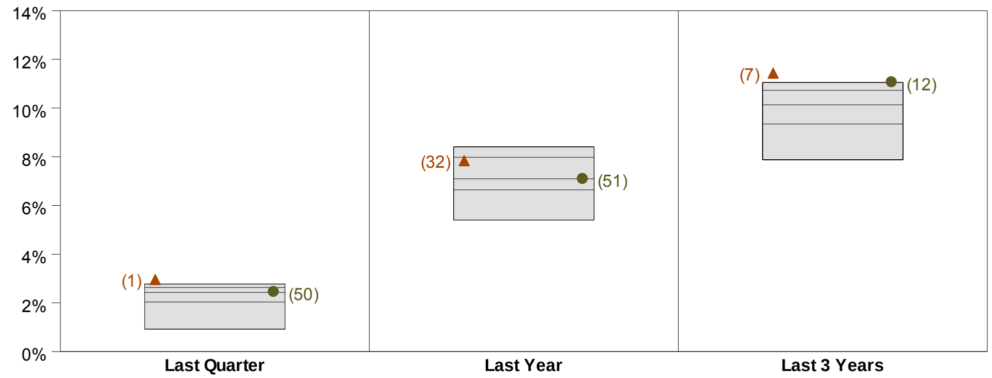
Net Performance by Asset Class as of March 31, 2015

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Total Public Equity	**3.23%**	**5.33%**	**11.99%**	**10.16%**	**6.90%**
MSCI ACWI IMI Net	2.58%	5.12%	10.95%	9.25%	6.73%
Domestic Equity	**2.16%**	**10.60%**	**15.88%**	**14.54%**	**8.27%**
Russell 3000 Index	1.80%	12.37%	16.43%	14.71%	8.38%
CAI Pub Fund:10+ Dom Eq	2.13%	11.62%	16.28%	14.87%	8.48%
International Equity	**4.22%**	**0.30%**	**8.27%**	**6.56%**	**7.01%**
MSCI ACWI ex-US IMI Index	3.55%	(1.34%)	6.52%	5.02%	5.86%
CAI Pub Fund:10+ Intl Eq	3.93%	0.34%	7.74%	6.00%	6.07%
Total Fixed Income	**1.53%**	**3.37%**	**4.34%**	**5.85%**	**6.07%**
Custom FI Benchmark	1.32%	3.21%	3.60%	4.59%	5.03%
CAI Pub Fund: 10+ US FI	1.88%	5.84%	3.93%	5.36%	5.45%
Total Real Estate	**5.13%**	**15.53%**	**13.97%**	**13.99%**	**9.07%**
Total Real Estate ex REITs	5.38%	13.97%	14.08%	13.72%	8.94%
NCREIF Property Index Qtr Lag	3.04%	11.82%	11.11%	12.14%	8.38%
Public Plan - Real Estate	2.85%	13.13%	11.92%	12.85%	6.88%
Total Private Equity	**0.86%**	**9.13%**	**14.58%**	**13.77%**	**12.22%**
Russell 3000 + 300 BPS Qtr Lag	6.01%	15.90%	24.07%	19.06%	11.58%
Total Alternative	**(4.81%)**	**1.21%**	**1.41%**	**-**	**-**
CPI + 4%	1.55%	3.92%	5.00%	-	-
Opportunity Portfolio	**0.86%**	**6.64%**	**11.88%**	**11.08%**	**-**
Russell 3000 Index	1.80%	12.37%	16.43%	14.71%	8.38%
CPI + 5%	1.71%	4.36%	5.70%	6.59%	7.06%
Total Regular Account	**2.35%**	**6.78%**	**10.76%**	**10.23%**	**7.55%**
Total Regular Account ex-Overlay	2.32%	6.75%	10.67%	10.14%	7.59%
OPERF Policy Benchmark*	2.96%	7.84%	11.44%	10.38%	7.57%

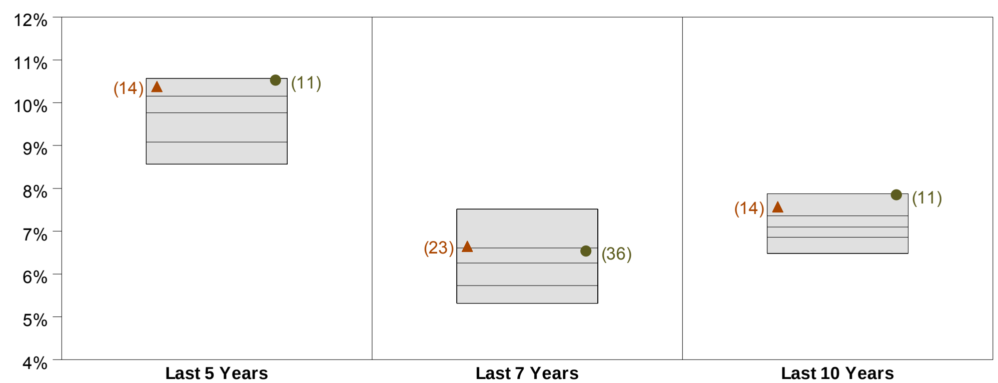
*Policy Benchmark = 41.5% MSCI ACWI-net, 23.5% Custom FI Benchmark, 20.0% Russell 3000 + 300 BPS Qtr Lag, 12.5% NCREIF Property Index Qtr Lag, 2.5% CPI + 400 bps

OPERF Total Regular Account

Gross Performance and Peer Group Rankings as of March 31, 2015*



	Last Quarter	Last Year	Last 3 Years
10th Percentile	2.78	8.41	11.05
25th Percentile	2.63	7.98	10.73
Median	2.43	7.10	10.13
75th Percentile	2.04	6.64	9.35
90th Percentile	0.92	5.40	7.88
Total Regular Account ●	2.42	7.06	11.03
Policy Target** ▲	2.96	7.84	11.44



	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	10.57	7.52	7.87
25th Percentile	10.15	6.61	7.36
Median	9.77	6.26	7.10
75th Percentile	9.08	5.73	6.86
90th Percentile	8.57	5.32	6.48
Total Regular Account ●	10.50	6.51	7.82
Policy Target** ▲	10.38	6.65	7.57

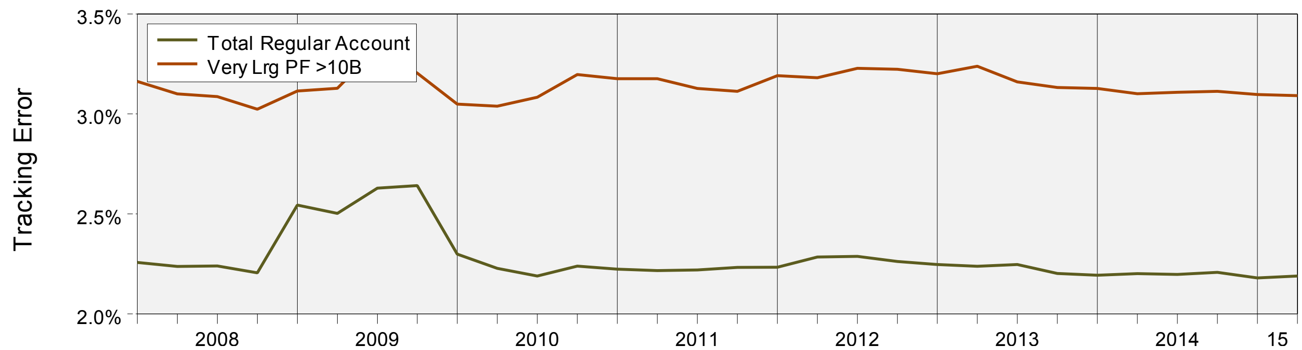
*Versus Callan's Very Large Public Funds (> $10 billion) Peer Group

**Policy Benchmark = 41.5% MSCI ACWI-net, 23.5% Custom FI Benchmark, 20.0% Russell 3000 + 300 BPS Qtr Lag, 12.5% NCREIF Property Index Qtr Lag, 2.5% CPI + 400 bps

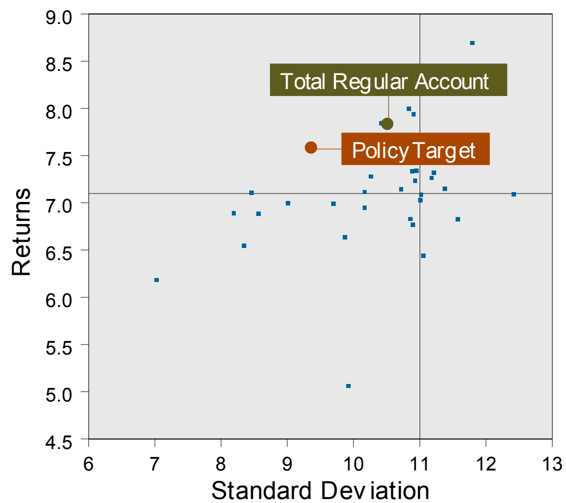
OPERF Total Regular Account

Risk Analysis vs. Very Large Public Funds (>10 billion)
Ten Years ended March 31, 2015

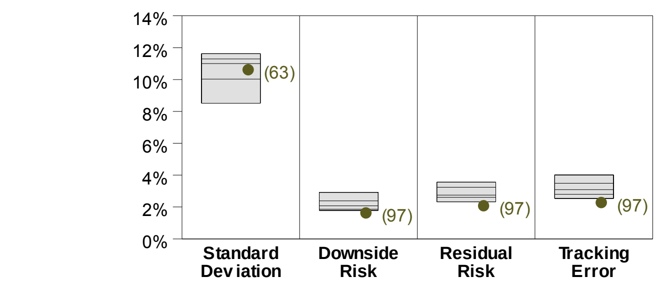
Rolling 40 Quarter Tracking Error vs Policy Target



Risk Analysis vs Very Lrg Public Funds (>10B) (Gross)
Ten Years Ended March 31, 2015



Risk Statistics Rankings vs Policy Target
Rankings Against Very Lrg Public Funds (>10B) (Gross)
Ten Years Ended March 31, 2015

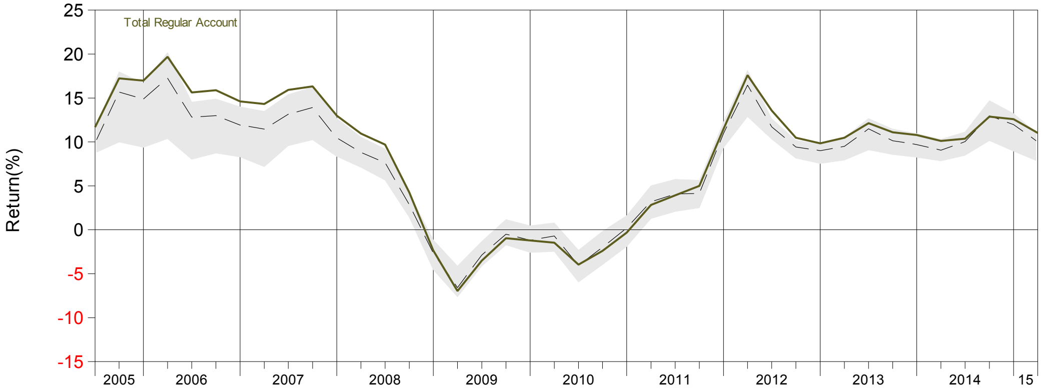


	Standard Deviation	Downside Risk	Residual Risk	Tracking Error
10th Percentile	11.62	2.92	3.57	4.01
25th Percentile	11.29	2.39	3.24	3.49
Median	11.00	2.07	2.75	3.09
75th Percentile	10.02	1.87	2.61	2.80
90th Percentile	8.52	1.78	2.33	2.54
Total Regular Account ●	10.53	1.55	1.99	2.19

OPERF Total Regular Account

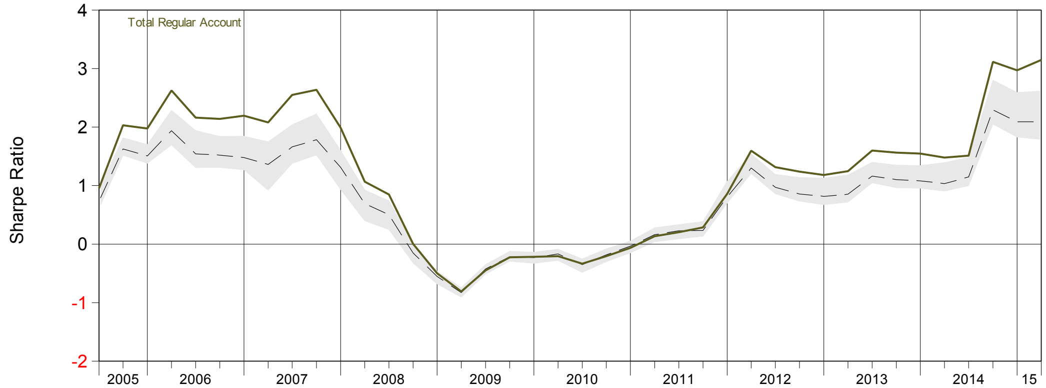
Historical Consistency Analysis vs. Very Large Public Funds (>10 billion)

Rolling Three Year Return(%) Relative to Policy Target
Ten Years Ended March 31, 2015



Rolling Three Year Period Analysis	Median	Portfolio
Average Annual Return(%)	7.69%	8.73%
% Positive Periods	80%	78%
Average Ranking	50	27

Rolling Three Year Sharpe Ratio Relative to Policy Target
Ten Years Ended March 31, 2015

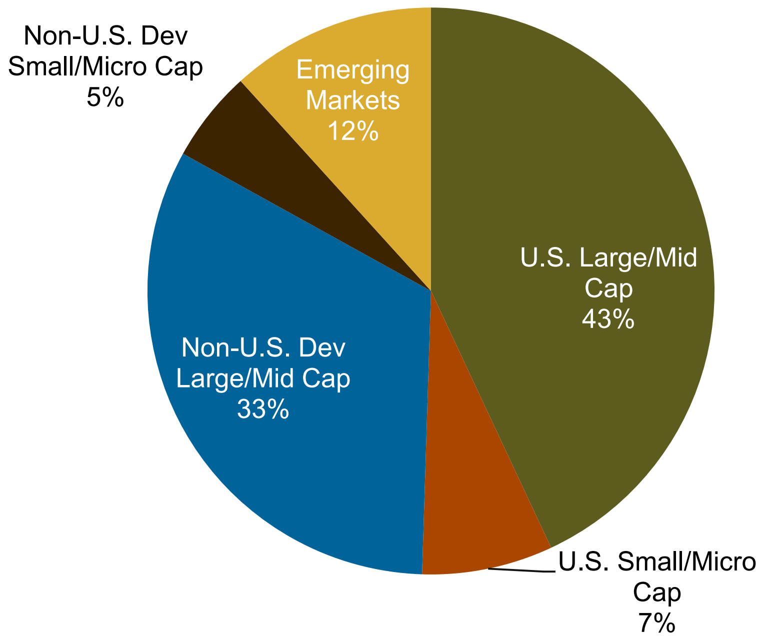


Rolling Three Year Period Analysis	Median	Portfolio
Average Annual Sharpe Ratio	0.82%	1.18%
% Positive Periods	75%	78%
Average Ranking	50	19

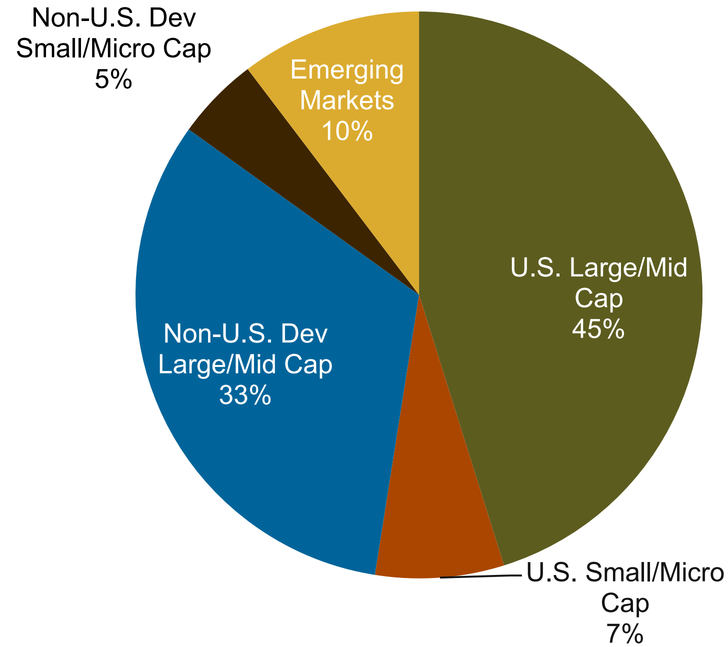
OPERF Public Equity

Regional Style Allocation as of March 31, 2015

Current Allocation



Target Allocation



Percentages may not sum to 100% due to rounding

OPERF Public Equity

Asset Distribution as of March 31, 2015

	Market Values	% of Total Fund
Total Public Equity	$ 28,709,277,814	40.40%
Domestic Equity	$ 13,960,005,165	19.75%
Large Cap Growth	$ 2,202,141,727	3.10%
Large Cap Value	$ 2,104,135,299	2.96%
Small Cap Growth	$ 333,033,351	0.47%
Small Cap Value	$ 783,974,294	1.10%
Market Oriented	$ 8,536,720,494	12.01%
International Equity	$ 13,651,515,990	19.21%
International Market Oriented (Core)	$ 7,105,824,657	10.00%
International Value	$ 1,764,988,579	2.48%
International Growth	$ 1,443,090,324	2.03%
International Small Cap	$ 1,372,701,130	1.93%
Emerging Markets	$ 1,964,911,300	2.76%
Global Equity	$ 1,021,592,373	1.44%
Other	$ 76,164,286	0.07%

OPERF Public Equity

Style and Region Exposure as of March 31, 2015

Style Exposure Matrix
Holdings as of March 31, 2015

	Value	Core	Growth	Total
Large	20.2% (256) 24.1% (263)	19.6% (293) 22.0% (282)	21.3% (321) 23.8% (313)	**61.1% (870)** **69.9% (858)**
Mid	6.1% (437) 5.6% (494)	8.1% (506) 6.5% (566)	9.3% (595) 7.6% (659)	**23.5% (1538)** **19.6% (1719)**
Small	3.2% (861) 2.8% (1034)	4.4% (944) 3.3% (1266)	3.7% (688) 2.8% (1115)	**11.2% (2493)** **8.9% (3415)**
Micro	1.5% (2018) 0.6% (991)	1.5% (1470) 0.6% (872)	1.2% (694) 0.4% (696)	**4.2% (4182)** **1.6% (2559)**
Total	**30.9% (3572)** **33.0% (2782)**	**33.6% (3213)** **32.4% (2986)**	**35.4% (2298)** **34.6% (2783)**	**100.0% (9083)** **100.0% (8551)**

Style Exposure Matrix
Holdings as of March 31, 2015

	Value	Core	Growth	Total
Europe/ Mid East	5.9% (477) 6.3% (438)	7.8% (436) 7.2% (475)	9.3% (405) 8.2% (493)	**23.1% (1318)** **21.7% (1406)**
N. America	18.9% (981) 19.6% (873)	17.0% (997) 16.7% (1045)	18.5% (742) 18.7% (911)	**54.4% (2720)** **55.0% (2829)**
Pacific	3.8% (833) 4.1% (589)	4.4% (470) 4.5% (564)	4.3% (334) 3.9% (535)	**12.5% (1637)** **12.5% (1688)**
Emerging	2.4% (1278) 3.1% (882)	4.3% (1299) 4.0% (902)	3.3% (810) 3.7% (844)	**9.9% (3387)** **10.8% (2628)**
Total	**30.9% (3569)** **33.0% (2782)**	**33.5% (3202)** **32.4% (2986)**	**35.4% (2291)** **34.6% (2783)**	**99.9% (9062)** **100.0% (8551)**

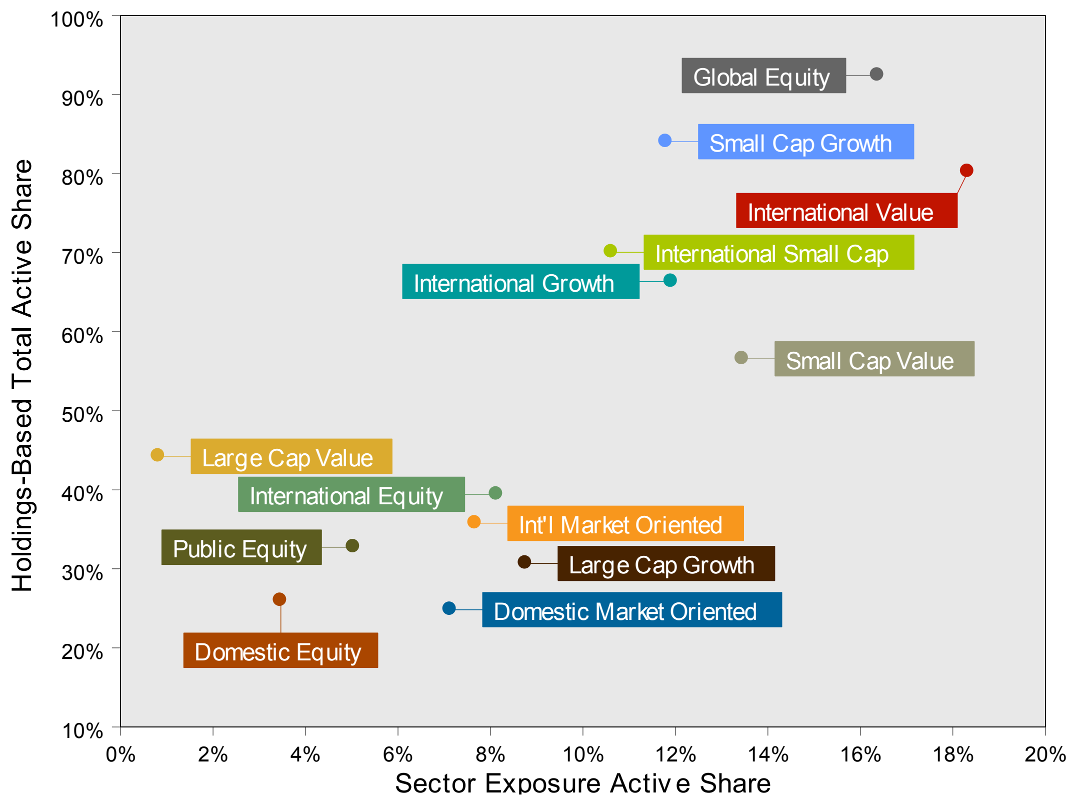
- **Public Equity**
- **MSCI ACWI IMI**

Percentages may not sum to 100% due to rounding

OPERF Public Equity

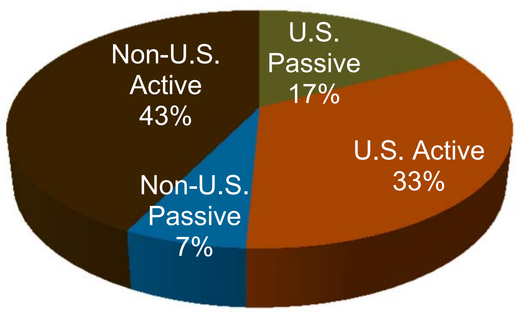
Public Market Allocation as of March 31, 2015

Active Share Analysis
Ended March 31, 2015



	Weight %	Index	Total Act Share	Non-Idx Act Share	Sector Act Share	Number Securities	Security Diverse
Public Equity	100.00%	AC WORLD IMI	32.74%	2.43%	5.05%	9432	345.52

Active/Passive Split

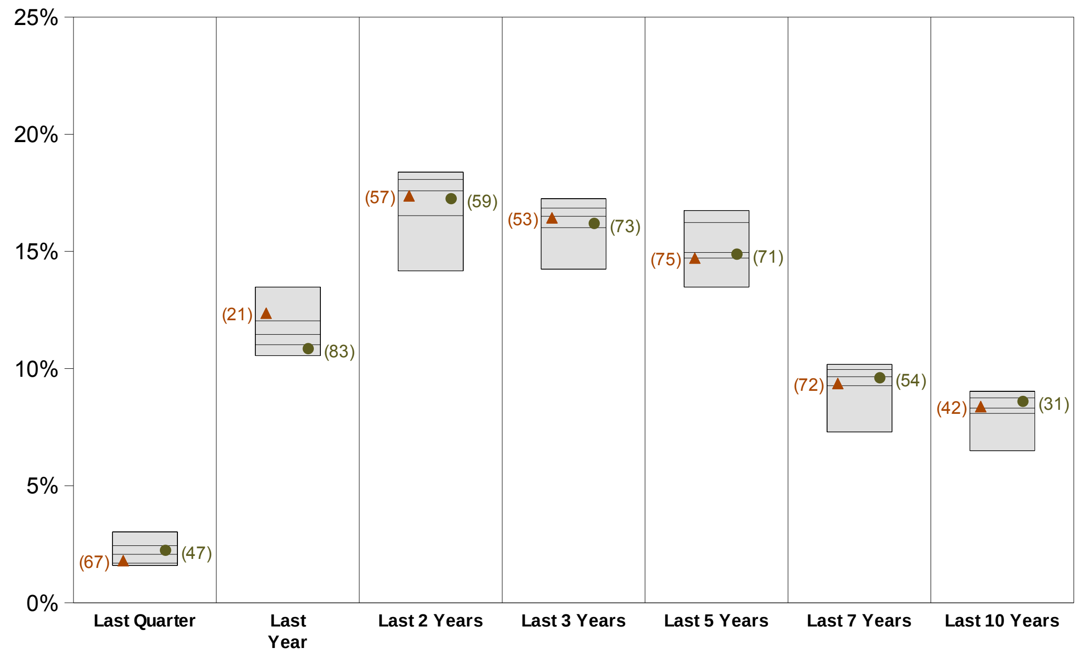


<u>Target</u>
Active: 75%
Passive: 25%

OPERF U.S. Equity

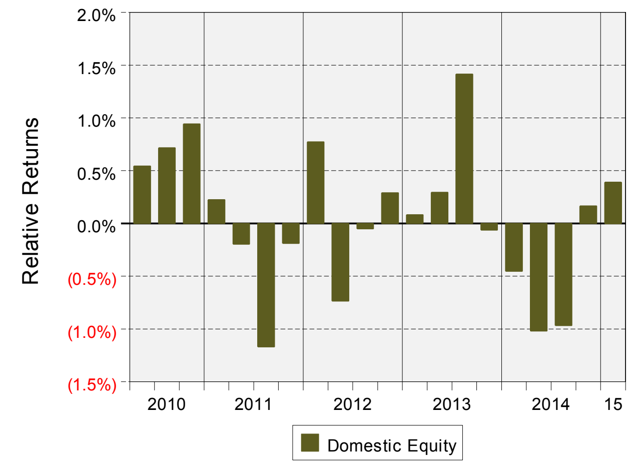
Performance Analysis as of March 31, 2015

Performance vs CAI Pub Fund:10+ Dom Eq (Gross)



	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	3.03	13.48	18.38	17.25	16.74	10.18	9.03
25th Percentile	2.44	12.03	18.07	16.85	16.23	9.96	8.75
Median	2.07	11.46	17.58	16.50	14.96	9.65	8.32
75th Percentile	1.70	11.01	16.53	16.02	14.72	9.27	8.08
90th Percentile	1.59	10.55	14.17	14.24	13.48	7.30	6.49
Domestic Equity ●	2.19	10.79	17.20	16.14	14.82	9.55	8.55
Russell 3000 Index ▲	1.80	12.37	17.38	16.43	14.71	9.37	8.38

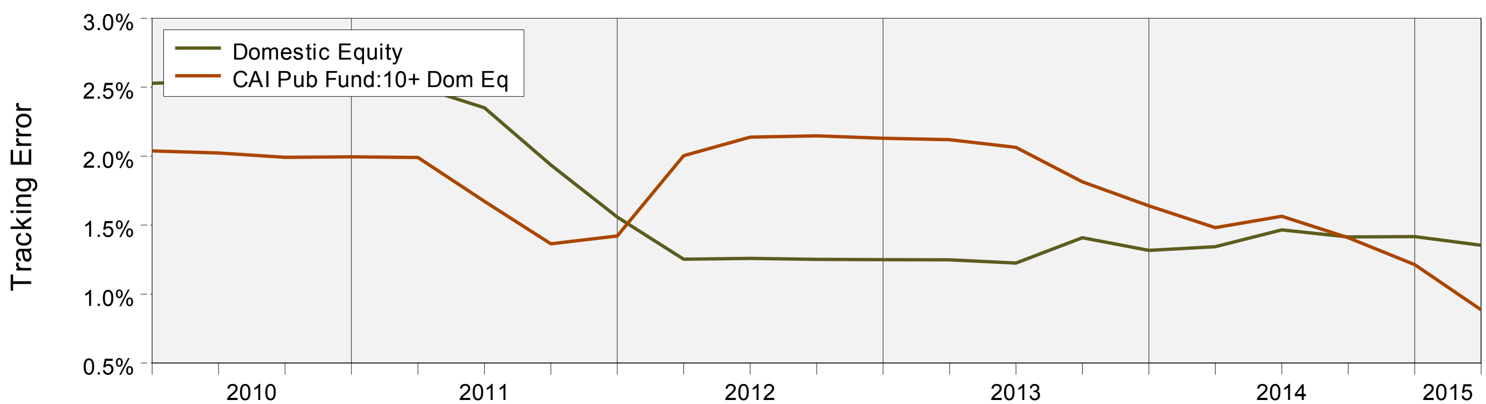
Relative Return vs Russell 3000 Index



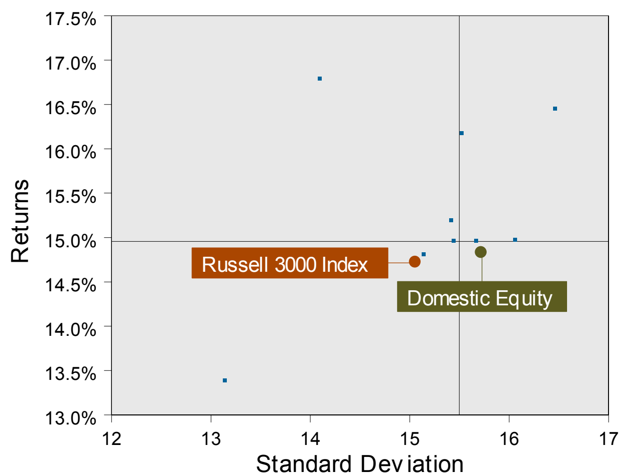
OPERF U.S. Equity

Risk Analysis as of March 31, 2015

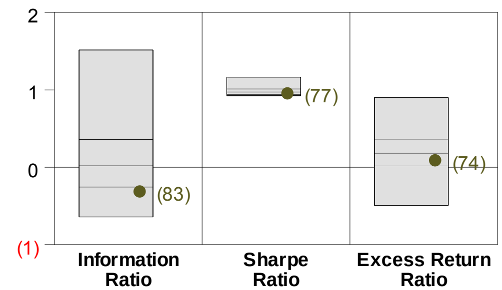
Rolling 12 Quarter Tracking Error vs Russell 3000 Index



CAI Pub Fund:10+ Dom Eq (Gross) Annualized Five Year Risk vs Return



Risk Adjusted Return Measures vs Russell 3000 Index Rankings Against CAI Pub Fund:10+ Dom Eq (Gross) Five Years Ended March 31, 2015

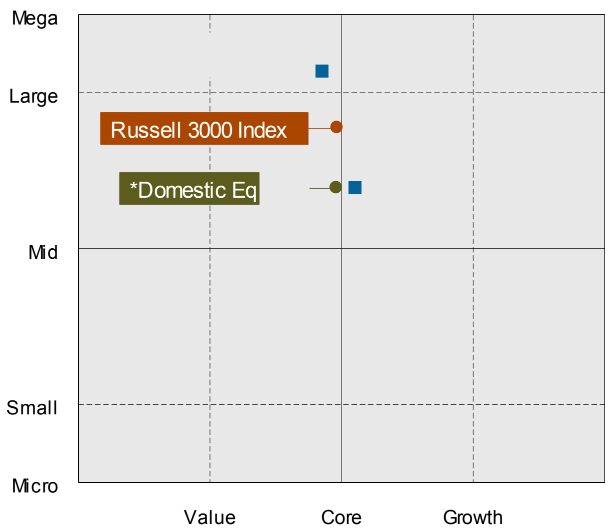


	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	1.52	1.16	0.90
25th Percentile	0.36	1.01	0.36
Median	0.02	0.97	0.18
75th Percentile	(0.26)	0.94	0.02
90th Percentile	(0.64)	0.92	(0.49)
Domestic Equity	(0.33)	0.94	0.07

OPERF U.S. Equity

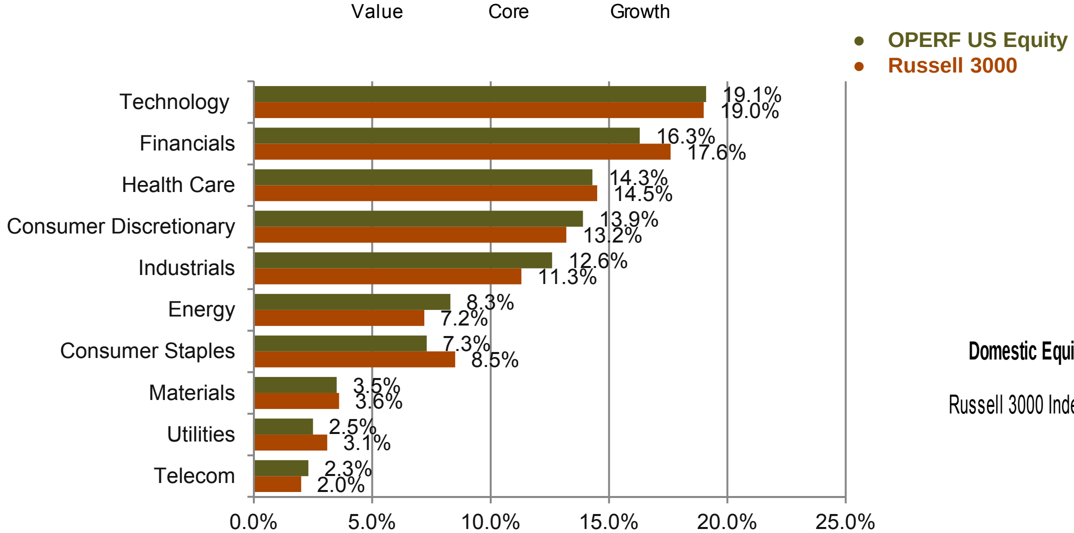
Characteristics as of March 31, 2015

Style Map vs CAI Pub Fund:10+ Dom Eq
Holdings as of March 31, 2015



Style Exposure Matrix
Holdings as of March 31, 2015

	Value	Core	Growth	Total
Large	21.8% (89) 26.1% (88)	17.6% (103) 21.4% (100)	21.4% (117) 25.2% (110)	60.7% (309) 72.6% (298)
Mid	6.8% (186) 5.9% (181)	8.1% (215) 6.4% (212)	7.8% (210) 6.1% (206)	22.7% (611) 18.4% (599)
Small	3.4% (298) 2.4% (337)	5.0% (357) 3.3% (485)	3.4% (215) 2.2% (371)	11.9% (870) 7.9% (1193)
Micro	1.5% (319) 0.4% (311)	1.8% (253) 0.4% (356)	1.3% (136) 0.3% (229)	4.7% (708) 1.1% (896)
Total	33.5% (892) 34.7% (917)	32.6% (928) 31.5% (1153)	34.0% (678) 33.7% (916)	100.0% (2498) 100.0% (2986)

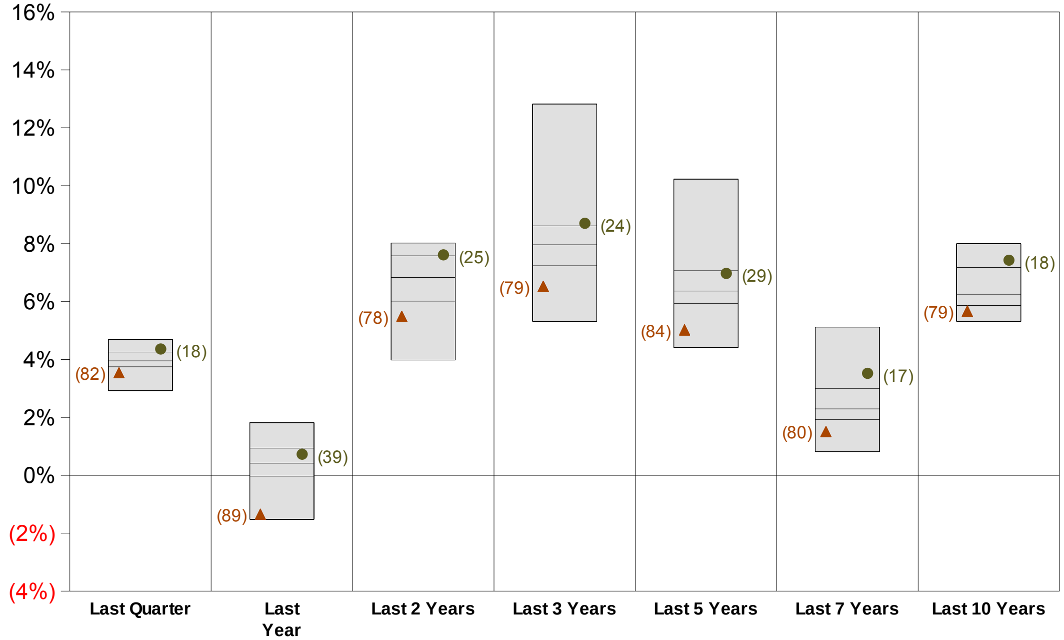


	Weighted Median Market Cap	Price/Forecasted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
Domestic Equity	29.25	17.51	2.54	11.68	1.71	(0.02)
Russell 3000 Index	48.47	17.77	2.67	11.49	1.88	(0.01)

OPERF Non-US Equity

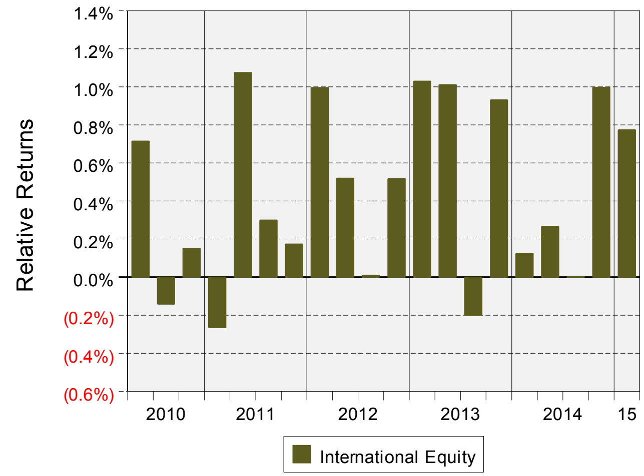
Performance Analysis as of March 31, 2015

Performance vs CAI Pub Fund:10+ Intl Eq (Gross)



	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	4.69	1.82	8.02	12.82	10.23	5.12	8.00
25th Percentile	4.26	0.94	7.58	8.61	7.06	3.00	7.18
Median	3.95	0.42	6.83	7.96	6.36	2.29	6.25
75th Percentile	3.75	(0.03)	6.01	7.23	5.94	1.93	5.87
90th Percentile	2.92	(1.52)	3.98	5.31	4.42	0.82	5.31
International Equity ●	4.32	0.68	7.57	8.66	6.93	3.48	7.38
MSCI ACWI ex-US IMI Index ▲	3.55	(1.34)	5.49	6.52	5.02	1.52	5.67

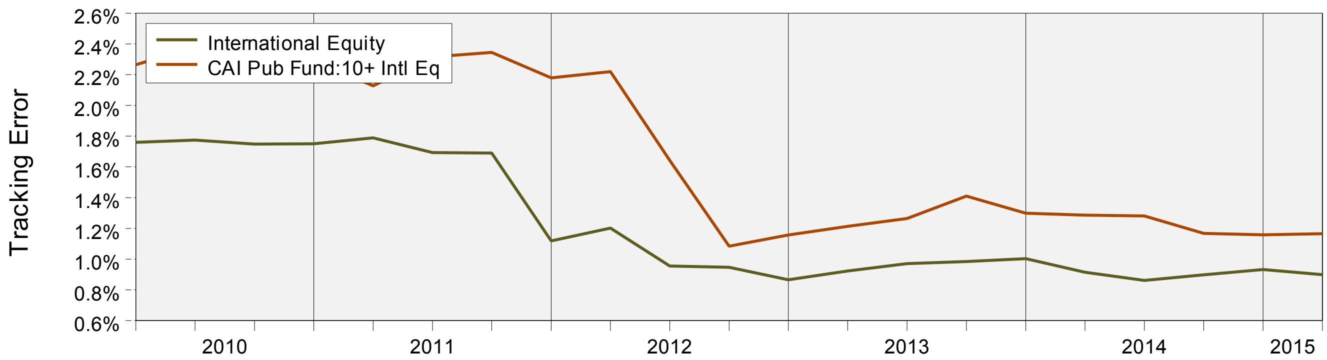
Relative Return vs MSCI ACWI ex-US IMI Index



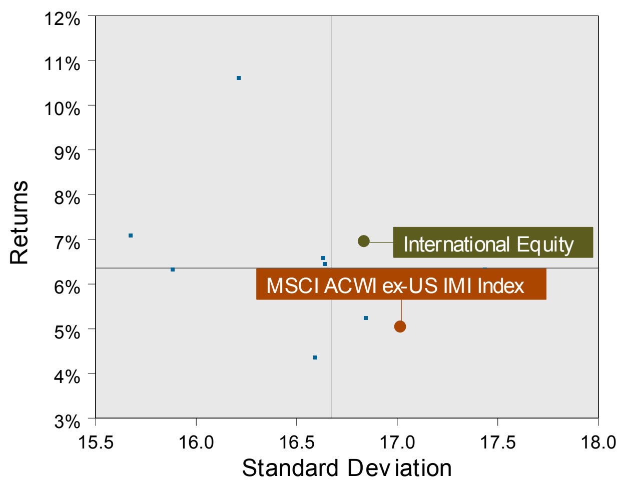
OPERF Non-US Equity

Risk Analysis as of March 31, 2015

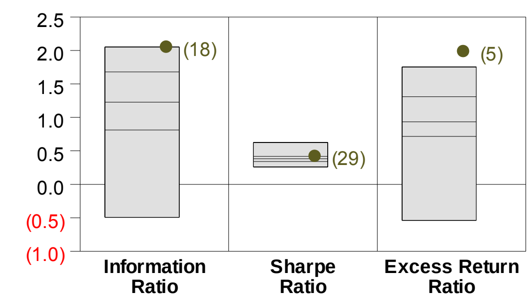
Rolling 12 Quarter Tracking Error vs MSCI ACWI ex-US IMI Index



CAI Pub Fund:10+ Intl Eq (Gross) Annualized Five Year Risk vs Return



Risk Adjusted Return Measures vs MSCI ACWI ex-US IMI Index
Rankings Against CAI Pub Fund:10+ Intl Eq (Gross)
Five Years Ended March 31, 2015



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	2.05	0.63	1.75
25th Percentile	1.68	0.42	1.31
Median	1.23	0.38	0.93
75th Percentile	0.81	0.34	0.72
90th Percentile	(0.49)	0.26	(0.54)
International Equity ●	2.04	0.41	1.97

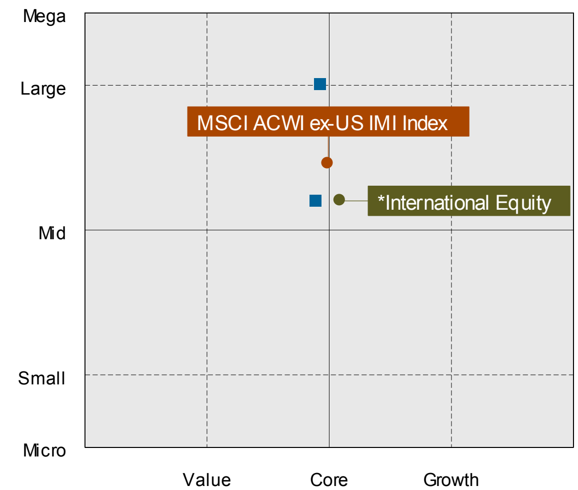
OPERF Non-US Equity

Characteristics as of March 31, 2015

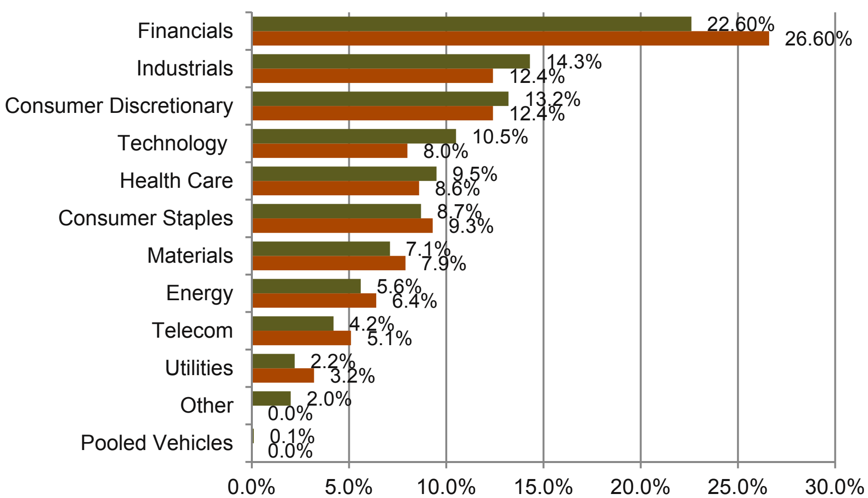
Style Exposure Matrix
Holdings as of March 31, 2015

	Value	Core	Growth	Total
Europe/ Mid East	12.2% (473) 12.9% (435)	16.4% (444) 15.1% (483)	19.2% (396) 16.7% (488)	**47.8% (1313)** **44.8% (1406)**
N. America	2.2% (98) 3.1% (119)	1.0% (97) 1.8% (139)	1.9% (65) 2.1% (90)	**5.0% (260)** **7.0% (348)**
Pacific	7.8% (830) 8.4% (584)	9.3% (476) 9.4% (574)	9.1% (329) 8.1% (530)	**26.2% (1635)** **25.9% (1688)**
Emerging	5.1% (1264) 6.4% (873)	8.8% (1310) 8.4% (914)	6.9% (806) 7.5% (841)	**20.8% (3380)** **22.3% (2628)**
Total	**27.3% (2665)** **30.9% (2011)**	**35.5% (2327)** **34.6% (2110)**	**37.0% (1596)** **34.6% (1949)**	**99.8% (6588)** **100.0% (6070)**

Style Map vs CAI Pub Fund:10+ Intl Eq
Holdings as of March 31, 2015



● **Non-U.S. Equity**
● **MSCI ACWI ex-U.S. IMI**

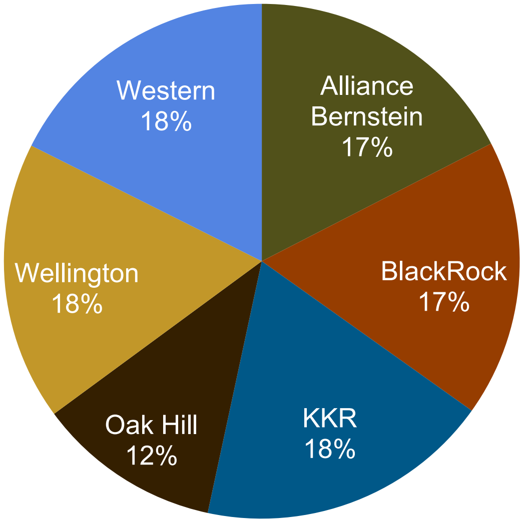


	Weighted Median Market Cap	Price/Fore-casted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
International Equity ●	16.77	14.82	1.68	10.90	2.42	0.07
MSCI ACWI ex-US IMI Index ▲	23.54	14.88	1.70	10.35	2.68	(0.01)

OPERF Total Fixed Income

Allocations as of March 31, 2015

Managers	Assets ($M)	% Allocation
AllianceBernstein	2,618,151	17.4%
BlackRock	2,613,241	17.4%
KKR Asset Mgmt	2,776,911	18.5%
Oak Hill	1,731,311	11.5%
Wellington	2,628,527	17.5%
Western Asset Mgmt	2,638,984	17.6%
Transitional Account	27,819	0.2%
Total	**$ 15,034,944**	**100.0%**

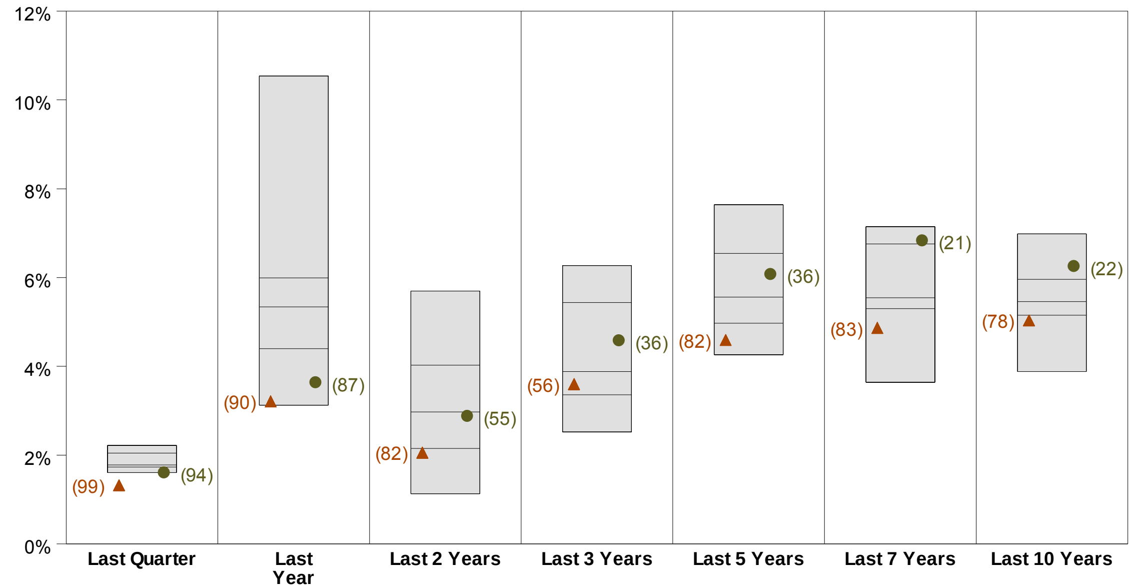


Percentages may not sum to 100% due to rounding

OPERF Total Fixed Income

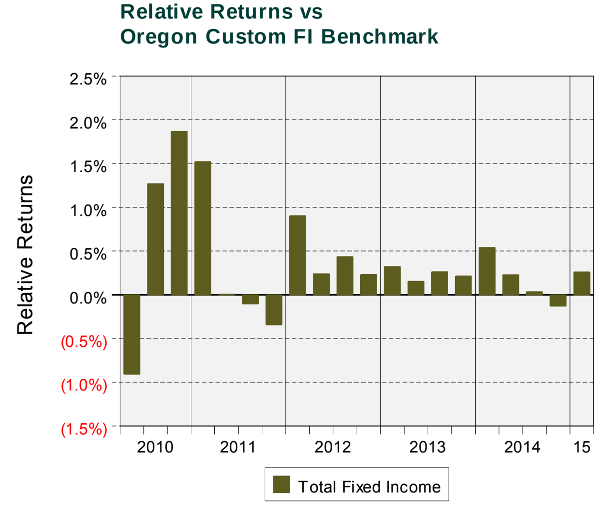
Performance Analysis as of March 31, 2015

Performance vs Public Fund 10+ B US FI (Gross)



		Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile		2.22	10.54	5.70	6.27	7.64	7.15	6.98
25th Percentile		2.05	5.99	4.03	5.44	6.54	6.75	5.96
Median		1.78	5.34	2.97	3.88	5.56	5.54	5.46
75th Percentile		1.73	4.40	2.15	3.36	4.97	5.30	5.15
90th Percentile		1.61	3.13	1.13	2.52	4.26	3.64	3.88
Total Fixed Income	●	1.58	3.61	2.85	4.56	6.05	6.81	6.23
Oregon Custom FI Benchmark	▲	1.32	3.21	2.06	3.60	4.59	4.87	5.03

Relative Returns vs Oregon Custom FI Benchmark

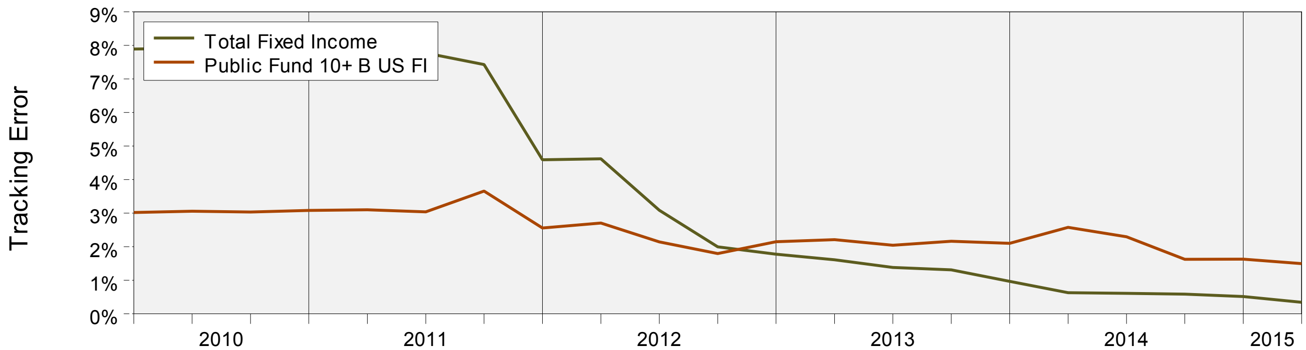


Current Benchmark = 40% Barclays Capital U.S. Aggregate Bond, 40% Barclays Capital U.S. 1-3 Govt/Credit Bond Index, 15% S&P/LSTA Leveraged Loan Index, and 5% BofA ML High Yield Master II Index

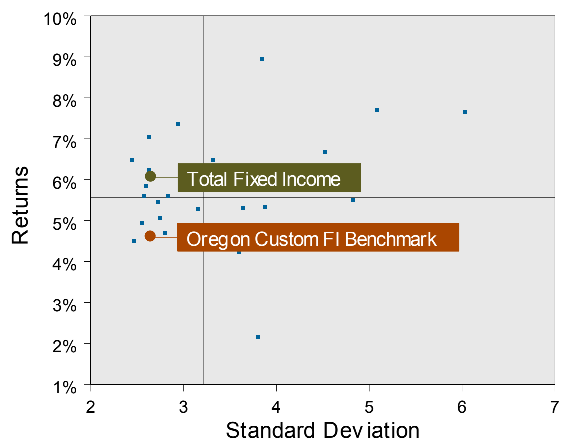
OPERF Total Fixed Income

Risk Analysis as of March 31, 2015

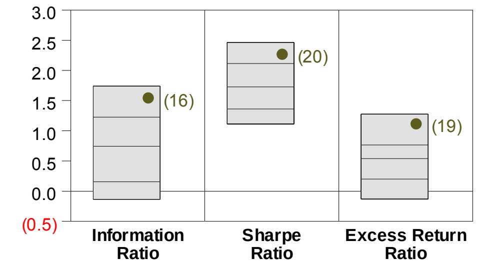
Rolling 12 Quarter Tracking Error vs Oregon Custom FI Benchmark



**Public Fund 10+ B US FI (Gross)
Annualized Five Year Risk vs Return**



**Risk Adjusted Return Measures vs Oregon Custom FI Benchmark
Rankings Against Public Fund 10+ B US FI (Gross)
Five Years Ended March 31, 2015**



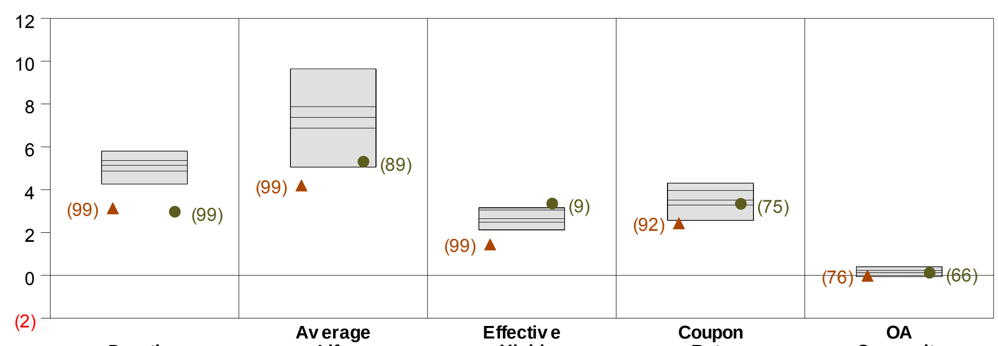
	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	1.74	2.47	1.28
25th Percentile	1.23	2.11	0.76
Median	0.74	1.73	0.54
75th Percentile	0.16	1.36	0.20
90th Percentile	(0.14)	1.11	(0.13)
Total Fixed Income ●	1.52	2.25	1.10

Current Benchmark = 40% Barclays Capital U.S. Aggregate Bond, 40% Barclays Capital U.S. 1-3 Govt/Credit Bond Index, 15% S&P/LSTA Leveraged Loan Index, and 5% BofA ML High Yield Master II Index

OPERF Total Fixed Income

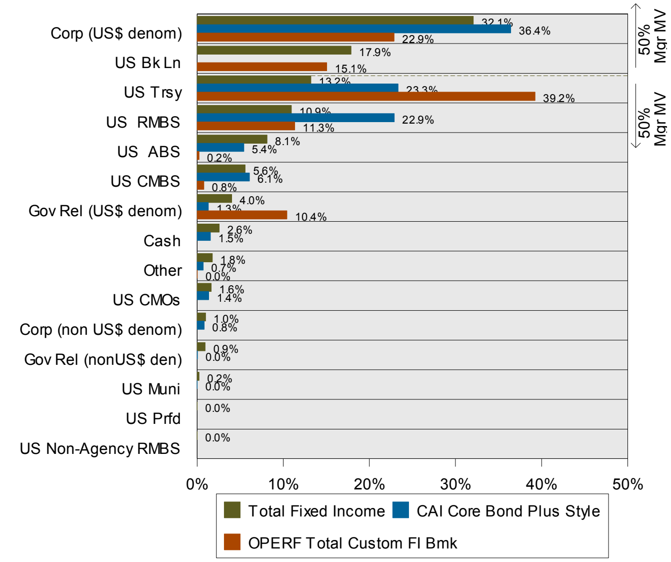
Characteristics as of March 31, 2015

Fixed Income Portfolio Characteristics
Rankings Against CAI Core Bond Plus Style
as of March 31, 2015



	Duration	Average Life	Effective Yield	Coupon Rate	OA Convexity
10th Percentile	5.81	9.64	3.16	4.31	0.40
25th Percentile	5.36	7.88	3.05	3.96	0.23
Median	5.14	7.38	2.65	3.52	0.13
75th Percentile	4.88	6.88	2.48	3.28	(0.01)
90th Percentile	4.27	5.05	2.13	2.56	(0.06)
Total Fixed Income ●	2.91	5.25	3.30	3.27	0.06
OPERF Total Custom FI Bmk ▲	3.14	4.20	1.44	2.43	(0.01)

Sector Allocation
March 31, 2015



Quality Ratings

Total Fixed Income ●	A-
OPERF Total Custom FI Bmk ▲	A

Current Benchmark = 40% Barclays Capital U.S. Aggregate Bond, 40% Barclays Capital U.S. 1-3 Govt/Credit Bond Index, 15% S&P/LSTA Leveraged Loan Index, and 5% BofA ML High Yield Master II Index

TAB 6 – LITIGATION UPDATE – Verbal Update Only

June 3, 2015 Regular Meeting

Subject to a possible Executive Session pursuant to ORS 192.660(2)(f) & (h)

Asset Allocations at April 30, 2015

OPERF	Policy	Target[1]	Regular Account $ Thousands	Regular Account Pre-Overlay	Regular Account Overlay	Regular Account Net Position	Regular Account Actual	Variable Fund $ Thousands	Total Fund $ Thousands
Public Equity	32.5-42.5%	37.5%	29,447,007	41.6%	(173,592)	29,273,415	41.3%	753,418	30,026,833
Private Equity	16-24%	20.0%	14,398,681	20.3%		14,398,681	20.3%		14,398,681
Total Equity	**52.5-62.5%**	**57.5%**	**43,845,688**	**61.9%**	**(173,592)**	**43,672,096**	**61.6%**		**44,425,514**
Opportunity Portfolio			1,093,409	1.5%		1,093,409	1.5%		1,093,409
Fixed Income	**15-25%**	**20.0%**	**15,064,703**	**21.3%**	**1,546,907**	**16,611,610**	23.4%		**16,611,610**
Real Estate	**9.5-15.5%**	**12.5%**	**7,923,299**	**11.2%**	**(22,500)**	**7,900,799**	11.2%		**7,900,799**
Alternative Investments	**0-10%**	**10.0%**	**1,397,748**	**2.0%**		**1,397,748**	2.0%		**1,397,748**
Cash[2]	**0-3%**	**0.0%**	**1,529,940**	**2.2%**	**(1,350,815)**	**179,125**	0.3%	22,385	**201,510**
TOTAL OPERF		**100%**	**$ 70,854,787**	**100.0%**	**$ -**	**$ 70,854,787**	**100.0%**	**$ 775,803**	**$ 71,630,590**

[1]Targets established in June 2013. Interim policy benchmark consists of: 41.5% MSCI ACWI Net, 23.5% Custom FI Benchmark, 20% Russell 3000+300bps (1 quarter lagged), 12.5% NCREIF (1 quarter lagged), & 2.5% CPI+400bps.

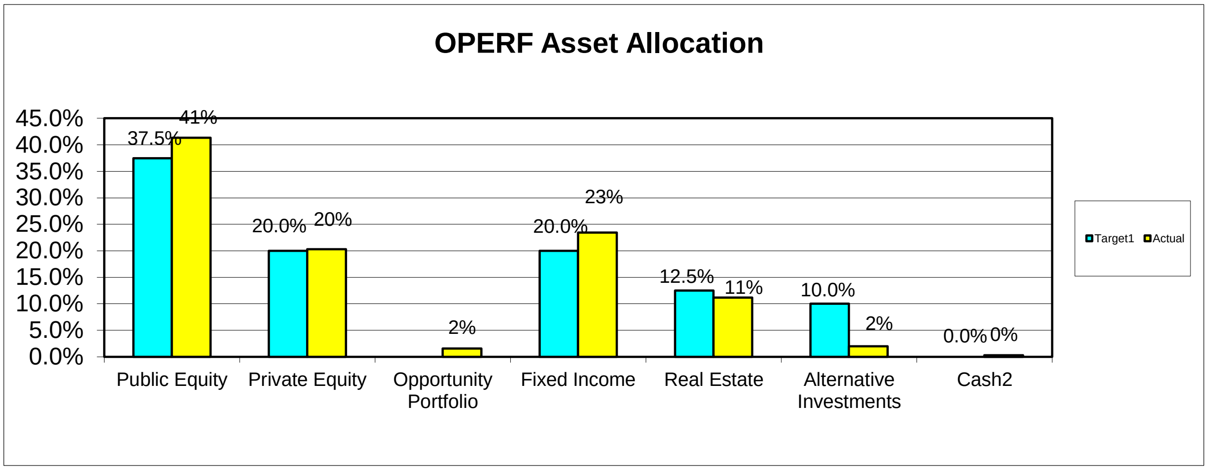
[2]Includes cash held in the policy implementation overlay program.

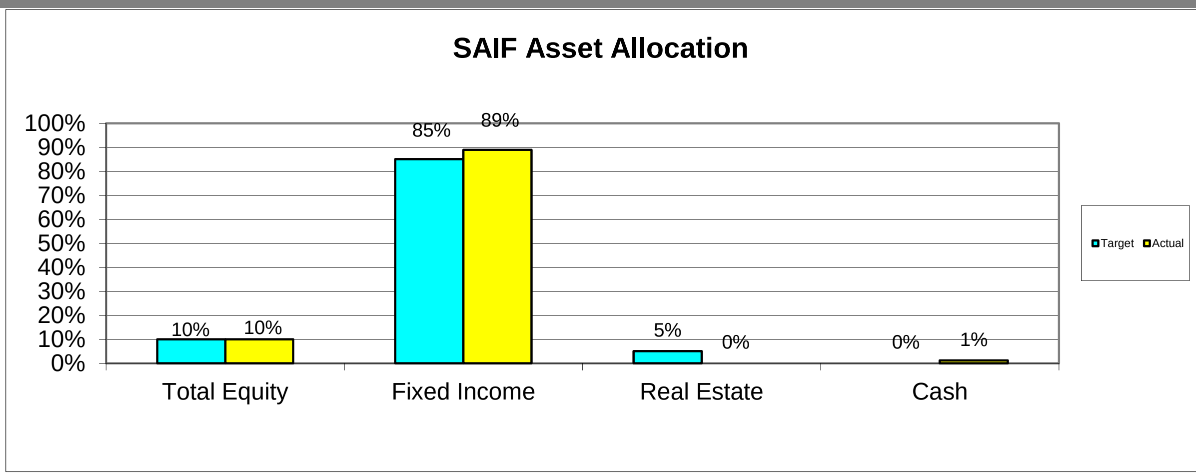
SAIF	Policy	Target	$ Thousands	Actual
Total Equity	**7-13%**	**10.0%**	**468,637**	**10.0%**
Fixed Income	**80-90%**	**85.0%**	**4,172,526**	**88.9%**
Real Estate	**0-7%**	**5.0%**	**0**	**0.0%**
Cash	**0-3%**	**0%**	**50,601**	**1.1%**
TOTAL SAIF			**$4,691,764**	**100.0%**

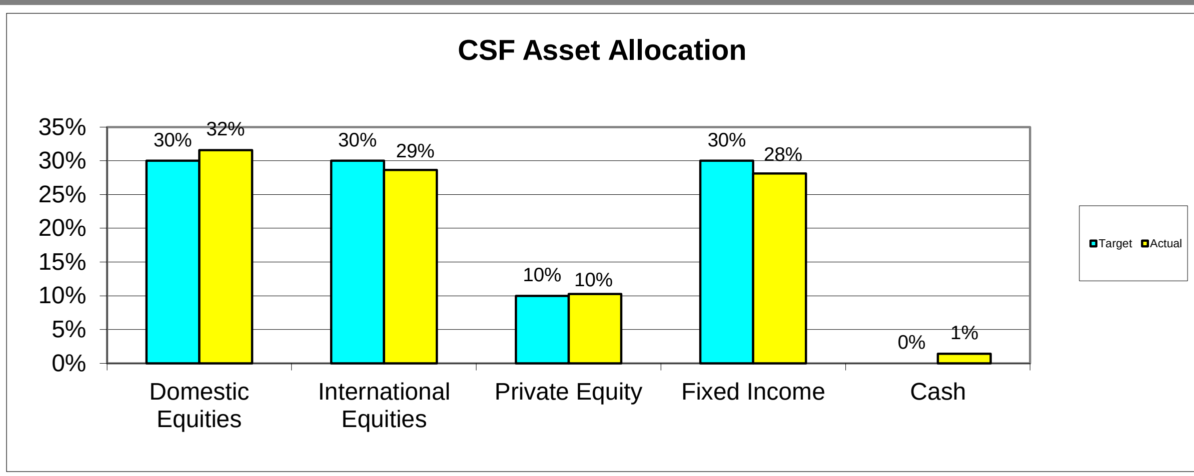
CSF	Policy	Target	$ Thousands	Actual
Domestic Equities	25-35%	30%	$468,684	31.6%
International Equities	25-35%	30%	424,693	28.6%
Private Equity	0-12%	10%	151,955	10.2%
Total Equity	**65-75%**	**70%**	**1,045,332**	**70.5%**
Fixed Income	**25-35%**	**30%**	**417,008**	**28.1%**
Cash	**0-3%**	**0%**	**21,094**	**1.4%**
TOTAL CSF			**$1,483,434**	**100.0%**

HIED	Policy	Target[3]	$ Thousands	Actual
Domestic Equities	0%	0%	$1,369	21.6%
Global Equities	65-75%	70%	14	0.2%
Growth Assets	**65-75%**	**70%**	**1,383**	**21.8%**
Fixed Income	25-35%	30%	718	11.3%
Cash	0-3%	0%	4,242	66.9%
Diversifying Assets	**25-35%**	**30%**	**4,960**	**78.2%**
TOTAL HIED			**$6,343**	**100.0%**

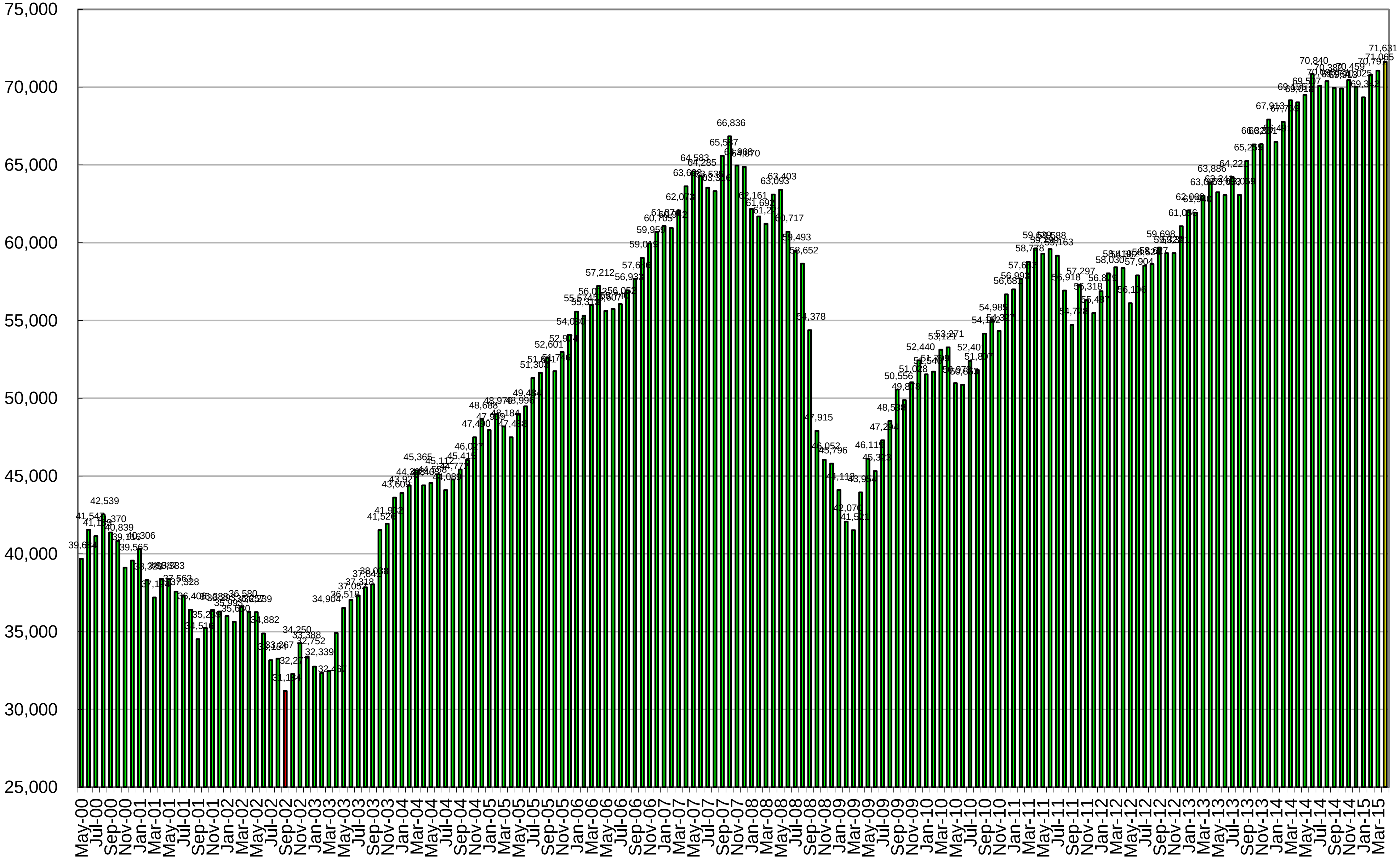
[3]Revised asset allocation adopted by OIC, March 2015.

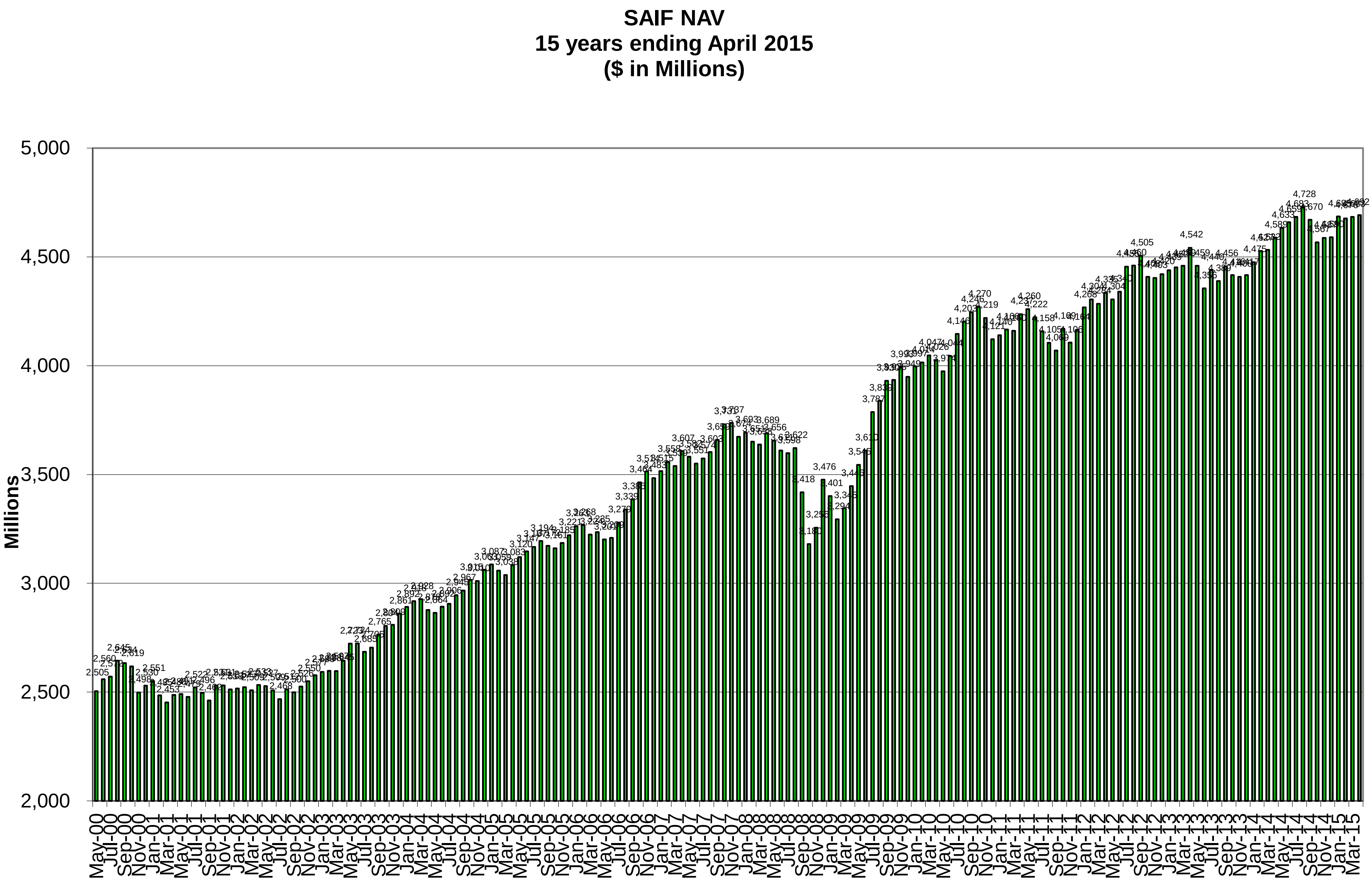

OPERF Asset Allocation
45.0%
40.0%
35.0%
30.0%
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%
37.5%
41%
20.0%
20%
2%
20.0%
23%
12.5%
11%
10.0%
2%
0.0%
0%
Public Equity
Private Equity
Opportunity Portfolio
Fixed Income
Real Estate
Alternative Investments
Cash2
Target1
Actual


SAIF Asset Allocation
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
10%
10%
85%
89%
5%
0%
0%
1%
Total Equity
Fixed Income
Real Estate
Cash
Target
Actual


CSF Asset Allocation
35%
30%
25%
20%
15%
10%
5%
0%
30%
32%
30%
29%
10%
10%
30%
28%
0%
1%
Domestic Equities
International Equities
Private Equity
Fixed Income
Cash
Target
Actual

OPERF NAV
15 years ending April 2015
($ in Millions)




SAIF NAV
15 years ending April 2015
($ in Millions)
Millions
5,000
4,500
4,000
3,500
3,000
2,500
2,000
May-00
Mar-15

CSF NAV
15 years ending April 2015
($ in Millions)