



**OREGON
STATE
TREASURY**

Oregon Investment Council

October 22, 2025

Cara Samples
Chair

Elizabeth Steiner
State Treasurer

Rex Kim
Chief Investment Officer



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Oregon State Treasury
Investment Division
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Tigard, OR 97224

Agenda

October 22, 2025
9:00 AM

<u>Time</u>	<u>Tab</u>		<u>Presenter</u>
9:00 – 9:05	1	Review & Approval of Minutes September 3, 2025	Cara Samples <i>OIC Chair</i>
	2	Committee Reports	Rex Kim <i>Chief Investment Officer</i>
9:05 – 9:15	3	Consultant Contract Renewals (Action Item)	David Randall <i>Chief Investment Operating Officer</i> Ben Mahon <i>Senior Investment Officer, Real Assets</i>
9:15 – 9:45	4	OPERF: CEM Benchmarking	David Randall <i>Chief Investment Operating Officer</i> Christopher Doll <i>Director, Client Coverage, CEM Benchmarking</i>

9:45 – 10:30	5	OPERF: Risk Survey Results	Colin Bebee <i>Managing Principal, Meketa</i> Allan Emkin <i>Managing Principal, Meketa</i> Mika Malone <i>Managing Principal, Meketa</i>
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--BREAK--

10:40 – 11:20	6	Oregon Environmental Restoration Fund (Action Item: Investment Policy Statement)	Jamie McCreary <i>Service Model Program Manager</i> Raneen Jalajel <i>Partner, Aon</i> Ashley Woeste <i>Associate Partner, Aon</i>
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11:20 – 11:50	7	Legislated Mandates (Action Item: Approval of Policy Changes)	Philip Larrieu <i>Senior Investment Officer, Engagement</i>
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--BREAK--

After conclusion of scheduled agenda items:

8	Open Discussion	OIC Members, Staff, Consultants
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9	Public Comments	
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TAB 1

REVIEW & APPROVAL OF MINUTES

State of Oregon

Office of the State Treasurer

16290 SW Upper Boones Ferry Road

Tigard, Oregon 97224

OREGON INVESTMENT COUNCIL

September 3, 2025

Meeting Minutes

Members Present:	Treasurer Elizabeth Steiner, Cara Samples, Alline Akintore, Lorraine Arvin, Pia Wilson-Body
Staff Present:	Rex Kim, David Randall, Louise Howard, Karl Cheng, Barry Ford, Byron Williams, Eric Engelson, Amy Hsiang- Wei, Gloria Gil, Philip Larrieu, Jamie McCreary, Geoff Hildreth, Perrin Lim, Tim Kane, Will Hampson, John Lutkehaus, Andrew Coutu, Chris Ebersole, Bryson Pate, Kiara Cruz
Staff Participating Virtually:	Oyin Ajayi, Jaime Alvarez, Kenny Bao, Tyler Bernstein, Taylor Bowman, Jade Boyd, Tan Cao, Austin Carmichael, Shain Corey, Robb Cowie, Bradley Curran, Tara Curran, Debra Day, Patrick Deptula, Ahman Dirks, Tim Dunayevich, Alli Gordon, Adriana Hernandez, Wil Hiles, Ian Huculak, Claire Illo, Roy Jackson, Aliese Jacobsen, Josh Jones, Calvin Kincaid, Amanda Kingsbury, Paul Koch, Elena Krupinova, Ericka Langone, Ben Mahon, Michael Makale, Sommer May, Tim Miller, Dana Millican, Wendi Nelson, Meghan O'Brien, Jen Plett, Mohammed Quraishi, Jo Recht, Scott Robertson, Aaron Schaffer, Angela Schaffers, Faith Sedberry, Mark Selfridge, Jason Service, Aleshia Slaughter, Alli Sorensen, Tracy Steckmann, Loren Terry, Anna Totdahl, Andrey Voloshinov, Eme Wisniewski, Tiffany Zahas
Consultants Present:	Mika Malone, Paola Nealon, Eric Larsen, Colin Bebee, Ashley Woeste, Raneen Jalajel, Thomas Martin, Christy Fields (Attended Virtually), Stephen Kennedy (Attended Virtually)
PERS Present:	Kevin Olineck
Legal Counsel Present:	Steve Marlowe (Department of Justice)

The Oregon Investment Council (OIC) Regular meeting was called to order at 9:01am by Chair Samples.

<u>Time</u>	<u>Tab</u>		<u>Presenter</u>
9:00 – 9:05	1	Review & Approval of Minutes May 28, 2025 & July 16, 2025	Cara Samples <i>OIC Chair</i>

Chair Samples motioned to approve the OIC Regular Meeting minutes from May 28, 2025, and July 16, 2025. Member Pia Wilson-Body seconded the motion, which then passed by a 5/0 vote at 9:03am (**Yes votes:** Treasurer Elizabeth Steiner, Chair Cara Samples, Alline Akintore, Lorraine Arvin, and Pia Wilson-Body).

2	Committee Reports	Rex Kim <i>Chief Investment Officer</i>
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July 15, 2025 - Committee Report

OST Investment Committee

OPERF:

June 17th	Abacus Multi-Family Partners VII, L.P.	\$100M USD
June 17th	Clarion Alternative Sectors Fund GP, LLC	\$100M USD
June 17th	Hines European Property Partners Fund, L.P.	€100M EUR
June 26th	Blue Owl Real Estate Fund VII, L.P.	\$100M USD
June 26th	Caspian Inefficient Markets Fund IV, LP	\$100M USD
June 26th	Pathlight Capital Fund IV, LP	\$100M USD

Staff Discretion

OPERF:

None.

Common School Fund:

June 20th	Abacus Multi-Family Partners VII, L.P.	\$10M USD
July 7th	Blue Owl Real Estate Fund VII, L.P.	\$10M USD

September 2, 2025 - Committee Report

OST Investment Committee

OPERF:

July 29th	Mariner Atlantic Multi-Strategy Fund, L.P.	\$400M USD
July 29th	Walleye Opportunities Fund, LP	\$350M USD
July 29th	Los Angeles Capital Management Global Equity	\$640M USD

Note: The Los Angeles Capital Management (LACM) approval is to transition the existing LACM Global Managed Volatility strategy to the recommended LACM Global Equity strategy, dollar-for-dollar.

SAIF:

July 29th	BlackRock Core Fixed Income	\$1.2B USD
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Staff Discretion

OPERF:

None.

Common School Fund:

July 29th	Mariner Atlantic Multi-Strategy Fund, L.P.	\$8M USD
July 29th	Walleye Opportunities Fund, LP	\$8M USD

9:05 – 10:00 3

Market Presentation

Howard Marks
Co-Chairman, Oaktree Capital

Howard Marks, Co- Chairman of Oaktree Capital, joined the OIC for the market presentation. During the Q&A discussion led by Rex Kim, Mr. Marks shared his general thoughts on asset allocation, liquidity, equity market valuation and his thoughts on today's credit market.

10:00 – 10:30 4

OPERF Q2 Performance Review

Mika Malone
Managing Principal, Meketa
 Paola Nealon
Managing Principal, Meketa
 Eric Larsen
Vice President, Meketa

Managing Principals, Mika Malone and Paola Nealon, along with Meketa Vice President, Eric Larsen, presented the OPERF Q2 Performance Review. The presentation included an economic and market update (as of June 30, 2025) and a performance update on OPERF.

--BREAK--

10:40 – 11:00 5

OPERF Risk Survey Overview

Mika Malone
Managing Principal, Meketa
 Colin Bebee
Managing Principal, Meketa

Managing Principals, Mika Malone and Colin Bebee, presented the OPERF Risk Survey Overview. The presentation included an overview of the risk survey, the asset-liability study timeline, and the survey questions for the OIC.

11:10 – 11:40 6

OPERF Fixed Income & Internal Fixed Income Review

Amy Hsiang-Wei
Senior Investment Officer, Fixed Income
 John Lutkehaus
Investment Officer, Fixed Income
 Will Hampson
Investment Officer, Fixed Income
 Andrew Coutu
Senior Investment Analyst, Fixed Income

Senior Investment Officer, Amy Hsiang-Wei, along with Fixed Income Staff— John Lutkehaus, Will Hampson, and Andrew Coutu— presented the OPERF Fixed Income & Internal Fixed Income Review. The presentation included an overview of the Fixed Income team and portfolio, reviewed performance & risk, and shared the team's priorities and goals for 2026.

--BREAK--

After conclusion of scheduled agenda items:

7 **Open Discussion**

OIC Members, Staff, Consultants

8 **Public Comments**

The OIC Regular meeting ended at 12:17pm.



TAB 2

COMMITTEE REPORTS



TAB 3

CONSULTANT CONTRACT RENEWALS

OIC Consultant Contract Extension Recommendations

Policy

Under INV 210 (attached), consultant contracts are generally awarded for a three-year period, can be renewed no more than twice, and are limited to a final expiration date not more than four years beyond the original expiration date. At the end of seven years, contracts must be re-bid, and a new seven-year cycle can begin. Additionally, the OIC retains the contractual right to terminate such contracts, at any time, upon written notice.

Purpose

To address the OIC's consulting contracts that are set to expire on December 31, 2025, including the following:

- General Consultant – Meketa - two-year renewal recommended (final renewal)
- General Consultant – AON - two-year renewal recommended (final renewal)
- Diversifying Strategies Portfolio – Albourne - two-year renewal recommended (final renewal)
- Opportunity Portfolio – Aksia - two-year renewal recommended (first of two possible extensions)

Background

The current **General Consultant** contracts with Meketa and AON were both approved by the OIC in October 2020, and services began on January 1, 2021. In addition to the initial three-year contract term, two pre-negotiated two-year extensions are available at the Council's discretion. Today we are considering the second and final of the two-year extensions.

The current **Diversifying Strategies Portfolio** contract was approved by the OIC in October 2020, and services began on January 20, 2021. In addition to the initial three-year contract term, two pre-negotiated two-year extensions are available at the Council's discretion. Today we are considering the second and final of the two-year extensions.

The current **Opportunity Portfolio** contract was approved by the OIC in December 2022, and services began on January 1, 2023. In addition to the initial three-year contract term, two pre-negotiated two-year extensions are available at the Council's discretion. Today we are considering the first of the two-year extensions.

Recommendation

General Consultants

Staff proposes that the OIC extend its current contracts with both Meketa and Aon, subject to the existing terms and conditions, for an additional two-year period beginning January 1, 2026 and ending December 31, 2027. At the end of the two-year renewal, policy requires an RFP to be conducted.

Diversifying Strategies Consultant

Staff proposes that the OIC extend its current contract with Albourne, subject to the existing terms and conditions, for an additional two-year period beginning January 1, 2026 and ending December 31, 2027. At the end of the two-year renewal, policy requires an RFP to be conducted.

Opportunity Portfolio Consultant

Staff proposes that the OIC extend its current contract with Aksia, for the Opportunity Portfolio, subject to the existing terms and conditions, for an additional two-year period beginning January 1, 2026 and ending December 31, 2027. At the end of the two-year renewal, the OIC may consider extending the agreement for any additional two-year period before an RFP is required.

OIC Consultant Contract Recommendation Real Assets Portfolio

Purpose

Subject to the satisfactory negotiation of terms and conditions with Staff working in concert with legal counsel, the Real Assets Portfolio consultant search committee (the “Committee”) recommends that the OIC pursue a non-discretionary, full retainer consulting contract with Aksia LLC (“Aksia”) beginning January 1, 2026.

Background

The Real Assets Portfolio consultant (“Consultant”) assists the Council and Oregon State Treasury Investment Division staff (“Staff”) with program construction, investment selection, and portfolio monitoring for real assets exposures (i.e., infrastructure and natural resources). An effective Consultant provides creative, non-conflicted advice supported by the following: (i) demonstrable “hands-on” real asset investment expertise; (ii) experience working with and assisting large public pension fund boards; and, (iii) senior investment professionals focused on working collaboratively with the OIC and Staff. The Council’s existing contract for Real Assets Portfolio consultant services ends December 31, 2025.

With the term of the current Consultant agreement expiring, the Committee was formed to undertake a formal Request for Proposals (“RFP”) process to identify candidate firms to provide Real Assets Portfolio consulting services. The Committee was comprised of the following individuals:

1. Alline Akintore – OIC Member
2. Rex Kim – Chief Investment Officer
3. Tim Kane – Senior Investment Officer, Diversifying Strategies
4. OST Real Assets Portfolio Staff:
 - a. Ben Mahon – Senior Investment Officer
 - b. Amanda Kingsbury – Investment Officer
 - c. Paul Koch – Investment Officer
 - d. Faith Sedberry – Investment Officer

With the support and advice of OST Senior Procurement Officer, Josh Woodmansee, the Committee commenced a formal search process by issuing an RFP for Real Assets Portfolio consulting services on May 1, 2025. The RFP was posted to the Treasury website for eight weeks, and four qualified firms submitted proposals by the stipulated July 11, 2025 deadline. A sub-group of the Committee (Ben Mahon, Amanda Kingsbury, Paul Koch, Faith Sedberry, and Tim Kane) independently reviewed and scored all qualifying proposals. Scoring was based on many factors including key person backgrounds, firm history and experience, proposed service plan, monitoring and reporting, and the proposed retainer-based fee schedule. After this evaluation process, the sub-group recommended that the Committee interview two semi-finalists.

On September 16, 2025, the two semi-finalists presented to the Committee at OST’s Tigard office after which the Committee identified Aksia as the most compelling firm relative to Council objectives and Staff needs.

Recommendation

The Committee recommends that the OIC select Aksia to provide non-discretionary Real Assets Portfolio consulting services. The Committee further recommends pursuing an initial three-year contract term with two pre-negotiated 24-month extensions available at the Council’s discretion.



**OREGON
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Origination 12/2010
Last Approved 12/2024
Last Revised 10/2023
Next Review 12/2026

Owner Rex Kim: Chief Investment Officer
Policy Area Investments

INV 210: Consulting Contracts

OREGON INVESTMENT COUNCIL POLICY

INTRODUCTION & OVERVIEW

Summary Policy Statement

This policy outlines the requirements and limitations of written contracts between the Oregon Investment Council (OIC) and external consultants.

Purpose and Goals

The goal of this policy is to establish the parameters within which the OIC may engage and enter into contractual agreements with external consultants.

Applicability

Classified represented, management service, unclassified executive service

POLICY PROVISIONS

Definitions

Placement Agent: includes any third party, affiliated or unaffiliated with an investment manager, investment advisory firm, or a general partnership, that is a party to an agreement or arrangement (whether oral or written) with an investment manager, investment advisory firm, or a general partnership for the direct or indirect payment of a Placement Fee in connection with an OIC investment.

Placement Fee: includes any compensation or payment, directly or indirectly, of a commission, finder's

fee, or any other consideration or benefit paid to Placement Agent.

Policy Statements

1. The OIC shall engage consultants using written contracts. Consultants include, but are not limited to, full-service consultants and specific asset class advisors (e.g., real estate, private equity, etc.).
2. Consulting contracts shall have specified expiration dates, termination clauses and renewal/extension terms. Staff shall undertake a formal "request for proposal" (RFP) process before the end of the contract term (including any renewals or extensions) for the purpose of identifying new candidates, upgrading services, ensuring competitive pricing and acquiring any other information or benefits considered relevant to staff and the Council.
3. Consulting contracts shall be negotiated and executed in compliance with Council policy INV 207: Proposals, Solicitations, Contracts, and Agreements.
4. Consulting contracts shall expire on a date not to exceed three years from the effective date of the contract.
5. Consulting contracts shall include a "no-cause" termination clause with a maximum 90-day notice period.
6. The Council directs staff to regularly review and evaluate the work of all contractors on an annual basis.
7. Consulting contracts are limited to a) two renewals or extensions beyond the original expiration date, and b) a final expiration date no more than four years beyond the original expiration date.
8. Upon final expiration of the original contract, or whenever directed by the Council, staff shall undertake and complete an RFP process to include the following:
 - a. Identification of potential consulting candidates qualified to provide the required services;
 - b. Creation of an RFP which shall include, but not be limited to:
 1. Description of services requested;
 2. Description of the potential or preliminary standards required of the candidates; and
 3. Request for pricing or fee schedule information.
9. Consultants under contract with the Council shall disclose, in written recommendations delivered to the Council, any Placement Agent contact Consultants may have had in connection with such Council recommendations.

Exceptions

None.

Failure to Comply

Failure to comply with this policy may be cause for disciplinary action up to and including dismissal.

PROCEDURES and FORMS

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ADMINISTRATION

Feedback

Your comments are extremely important to improving the effectiveness of this policy. If you would like to comment on the provisions of this policy, you may do so by e-mailing the Policy Analyst. To ensure your comments are received without delay, *please list the policy number and name in your e-mail's subject*. Your comments will be reviewed during the policy revisions process and may result in changes to the policy.

Approval Signatures

Step Description	Approver	Date
Oregon Investment Council	Rex Kim: Chief Investment Officer	12/2024
	Deena Bothello: General Counsel	12/2024
	Jamie McCreary: Service Model Program Manager	12/2024



TAB 4

OPERF: CEM BENCHMARKING



Oregon Public Employees Retirement Fund

CEM Investment Benchmarking Defined Benefit Results 2024

October 22, 2025

Key Takeaways

Returns

- Your 5-year net total return was 7.3%. This was slightly below both the U.S. Public median of 7.5% and the peer median of 7.5%.
- Your 5-year policy return was 6.4%. This was close to both the U.S. Public median of 6.6% and the peer median of 6.6%.

Value added

- Your 5-year net value added was 0.9%. This was above the U.S. Public median of 0.7% and equal to the peer median of 0.9%.
- Your 0.9% 5-year value added translates into approximately \$3.8 billion of cumulative value added over 5 years.

Long-term performance

- Your 20-year net return of 7.4% was above both the U.S. Public median of 7.2% and the peer median of 7.3%.

Cost

- Your investment cost of 74.8 bps was close to your benchmark cost of 74.7 bps. This suggests that your fund was normal cost compared to your peers.
- Your fund was normal cost because it had a higher cost implementation style. This added cost was mostly offset by paying less than peers for similar services.
- Your costs decreased by 5.6 bps, from 80.4 bps in 2020 to 74.8 bps in 2024, because you had a lower cost implementation style and had a lower cost asset mix. This was partly offset by paying more in total for similar investment styles.

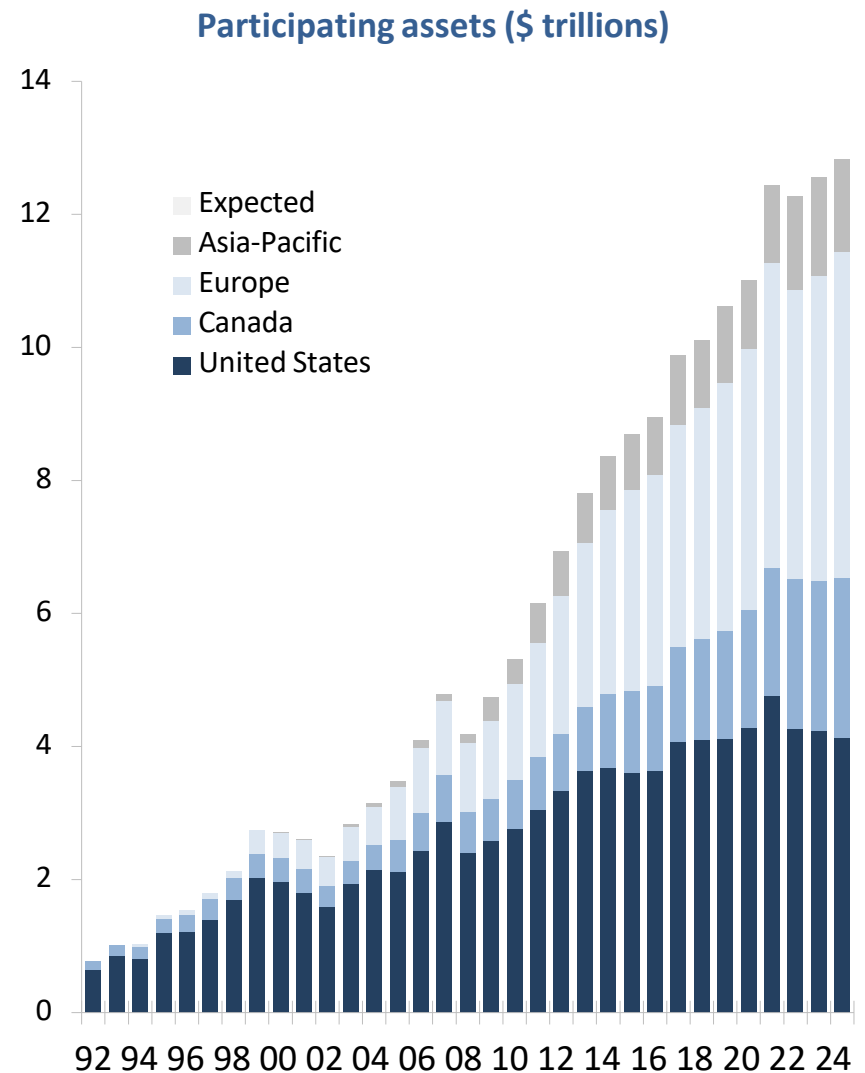
Risk

- Your asset risk of 11.7% was above the U.S. Public median of 11.5%. Your asset-liability risk of 11.2% was below the U.S. Public median of 12.6%.
- Your 20-year realized Sharpe ratio of 0.5 was equal to the U.S. Public median of 0.5.
- Your 20-year realized information ratio of 0.2 was equal to the U.S. Public median of 0.2.

This benchmarking report compares your cost and performance to the 251 funds in CEM's extensive pension database.

- 135 U.S. pension funds participate. The median U.S. fund had assets of \$8.8 billion and the average U.S. fund had assets of \$30.7 billion. Total participating U.S. assets were \$4.1 trillion.
- 60 Canadian funds participate with assets totaling \$2.4 trillion.
- 46 European funds participate with aggregate assets of \$4.9 trillion. Included are funds from the Netherlands, Norway, Sweden, Finland, Ireland, Denmark and the UK.
- 7 Asia-Pacific funds participate with aggregate assets of \$1.4 trillion. Included are funds from New Zealand, South Korea, and Australia.
- 3 funds from other regions participate.

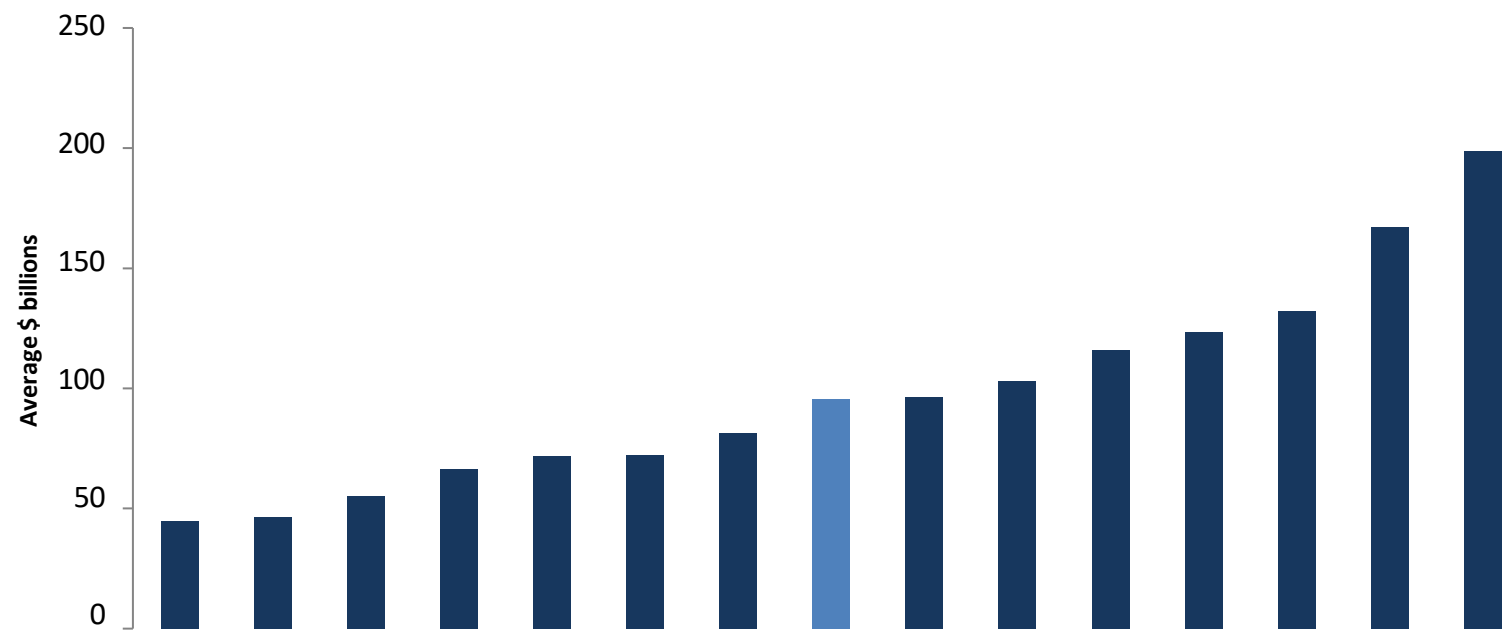
The most meaningful comparisons for your returns and value added are to the U.S. Public universe, which consists of 38 funds. The U.S. Public universe assets totaled \$3.0 trillion and the median fund had assets of \$45.3 billion.



The most valuable comparisons for cost performance are to your custom peer group because size impacts costs.

Peer group for Oregon Public Employees Retirement Fund

- 15 U.S. public sponsors from \$44.6 billion to \$198.7 billion
- Median size of \$95.6 billion versus your \$95.6 billion



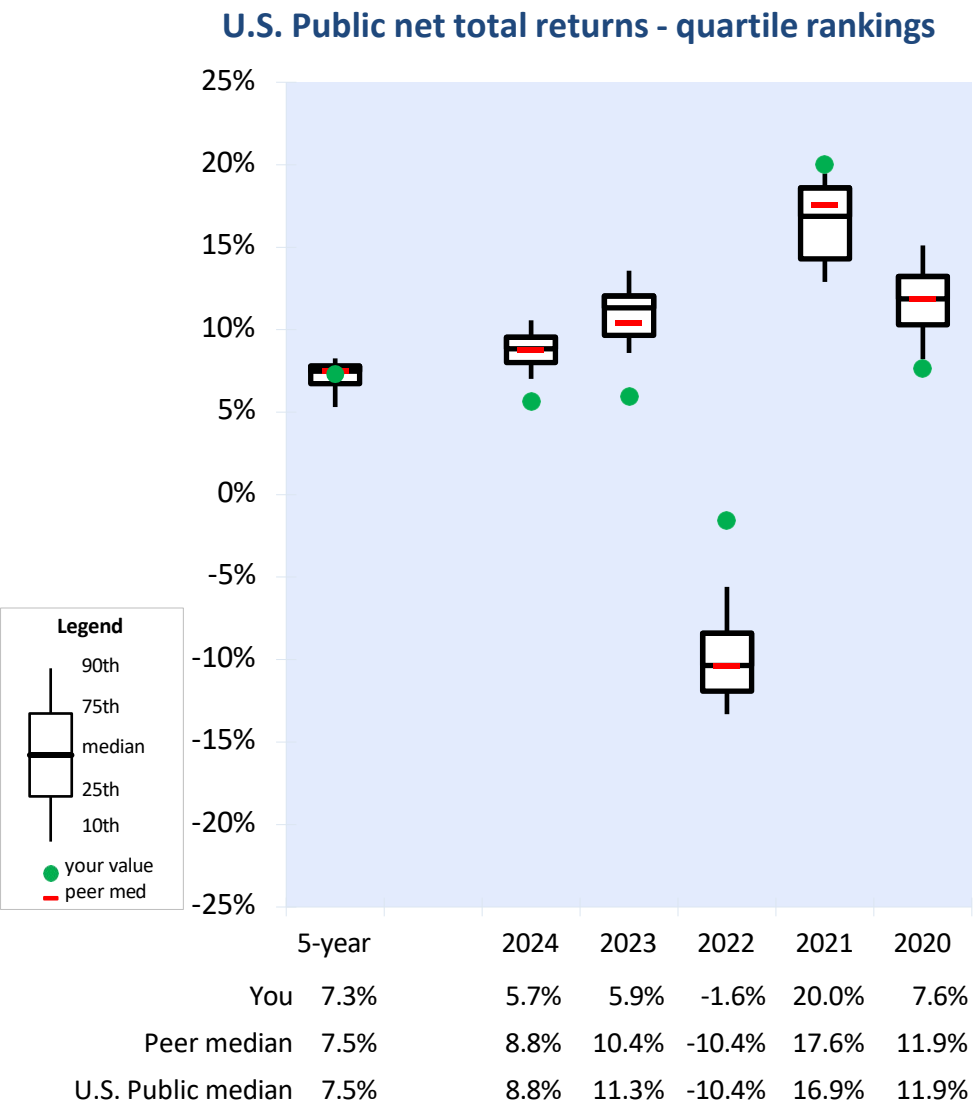
To preserve client confidentiality, given potential access to documents as permitted by the Freedom of Information Act, we do not disclose your peers' names in this document. For some of the peers, 2023 cost data was used as a proxy for 2024.

Your 5-year net total return of 7.3% was slightly below both the U.S. Public median of 7.5% and the peer median of 7.5%.

Total returns, by themselves, provide little insight into the reasons behind relative performance. Therefore, we separate total return into its more meaningful components: policy return and value added.

	Your 5-year
Net total fund return	7.3%
- Policy return	6.4%
= Net value added	0.9%

This approach enables you to understand the contribution from both policy mix decisions (which tend to be the board's responsibility) and implementation decisions (which tend to be management's responsibility).



Your 5-year policy return of 6.4% was slightly below both the U.S. Public median of 6.6% and the peer median of 6.6%.

Your policy return is the return you could have earned passively by indexing your investments according to your policy mix.

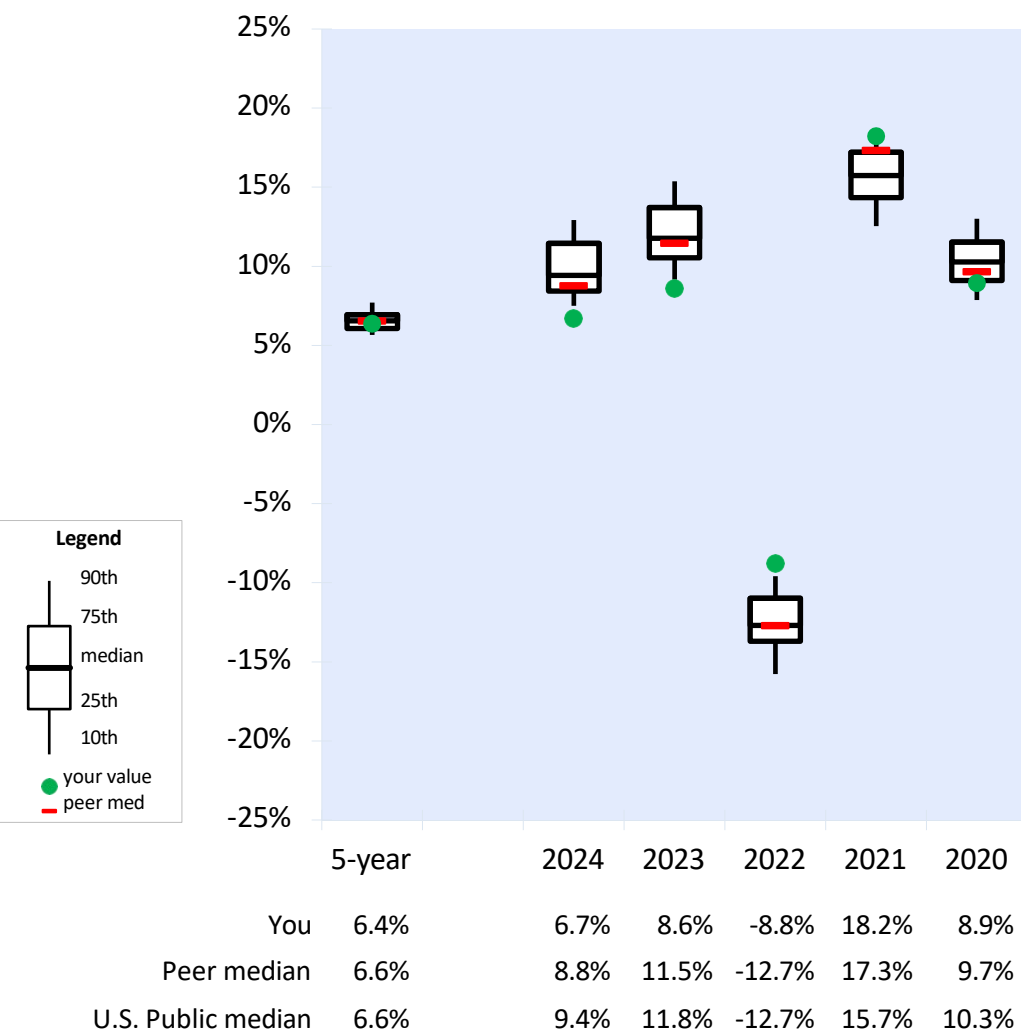
Having a higher or lower relative policy return is not necessarily good or bad. Your policy return reflects your investment policy, which should reflect your:

- Long term capital market expectations
- Liabilities
- Appetite for risk

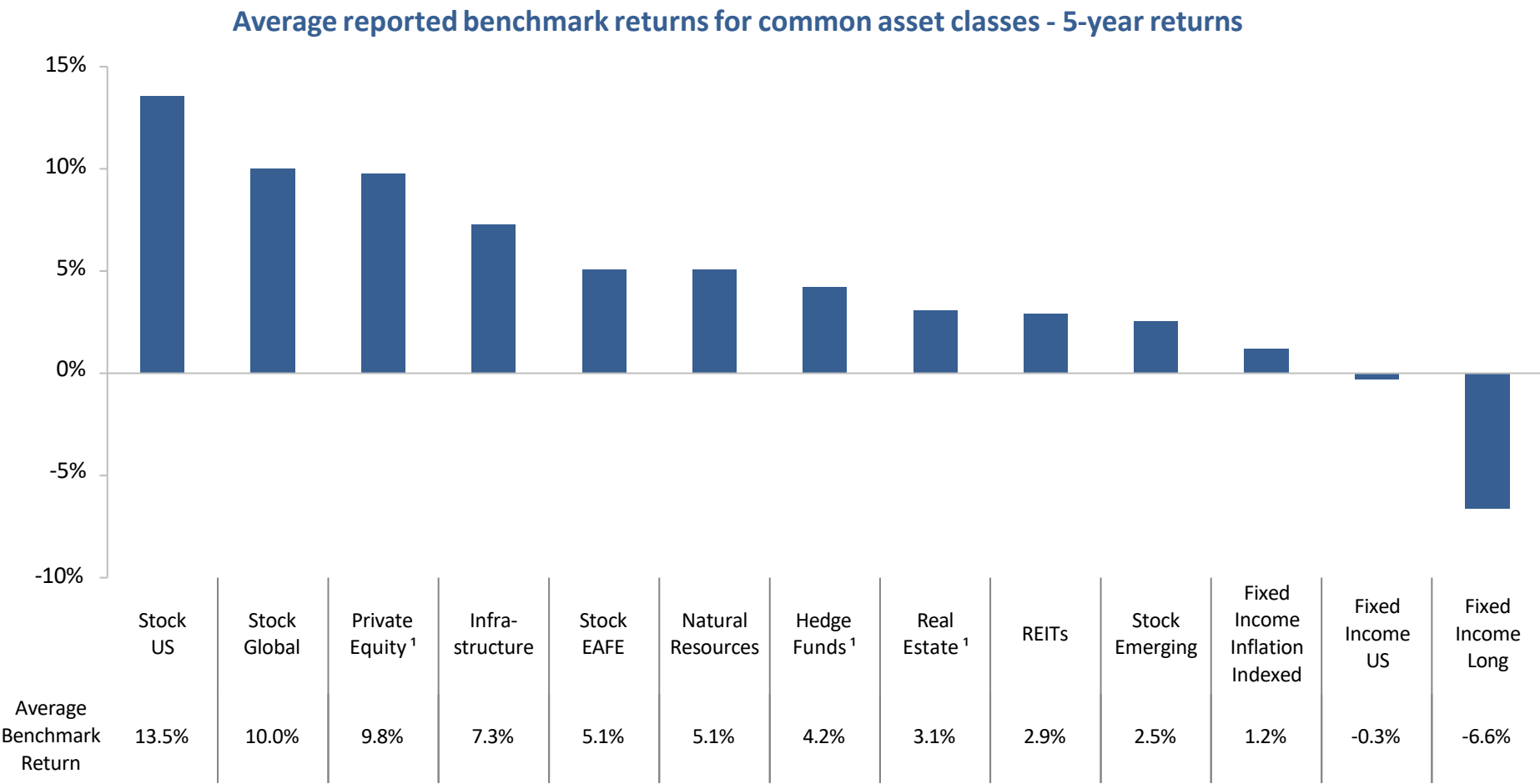
Each of these three factors is different across funds. Therefore, it is not surprising that policy returns often vary widely between funds.

To enable fairer comparisons, the policy returns of all participants, including your fund, were adjusted to reflect private equity benchmarks based on lagged, investable, public-market indices. Prior to this adjustment, your 5-year policy return was 8.0%, 1.7% higher than your adjusted 5-year policy return of 6.4%. Mirroring this, your 5-year total fund net value added would be 1.7% lower.

U.S. Public policy returns - quartile rankings



Differences in policy returns are caused by differences in benchmarks and policy mix. The two best performing asset classes for the 5 years ending 2024 were Stock - U.S. and Stock - Global.



1. The private equity benchmark is the average of the standardized private equity benchmark returns applied to U.S. Public participants based on a blend of listed small cap proxies. The hedge fund and real estate benchmarks are the averages of benchmark returns reported by U.S. Public participants.

Your 5-year policy return of 6.4% was slightly below the U.S. Public median of 6.6% primarily because of:

- The negative impact of a lower allocation to total stock (your 30% average 5-year weight versus a U.S. Public average of 44% , one of the higher returning asset classes over the past 5 years.
- The negative impact of a lower benchmark return in real estate than the U.S. Public average.

	5-year average policy mix ¹			5-year bench- mark return	
	Your Fund	U.S. Publ Avg.	More/ Less	Your Fund	U.S. Publ Avg.
Total Stock	30%	44%	-14%	9.7%	9.9%
Total Fixed Income	22%	24%	-2%	-0.2%	-0.3%
Hedge funds & multi-asset	9%	4%	5%	5.7%	4.2%
Natural resources	4%	1%	3%	8.3%	5.1%
Infrastructure	4%	2%	2%	8.3%	7.3%
Real estate incl. REITs	13%	10%	3%	1.4%	3.0%
Other Real Assets ²	0%	1%	-1%	n/a ³	n/a ³
Private equity	20%	12%	8%	9.8%	9.8%
Private debt	0%	3%	-3%	n/a ³	6.2%
Total	100%	100%			

1. 5-year weights are based only on plans with 5 years of continuous data.

2. Other real assets include: Commodities.

3. A value of 'n/a' is shown if asset class returns are not available for the full 5 years or if they are broad and incomparable.

Net value added is the component of total return from active management. Your 5-year net value added was 0.9%.

Net value added equals total net return minus policy return.

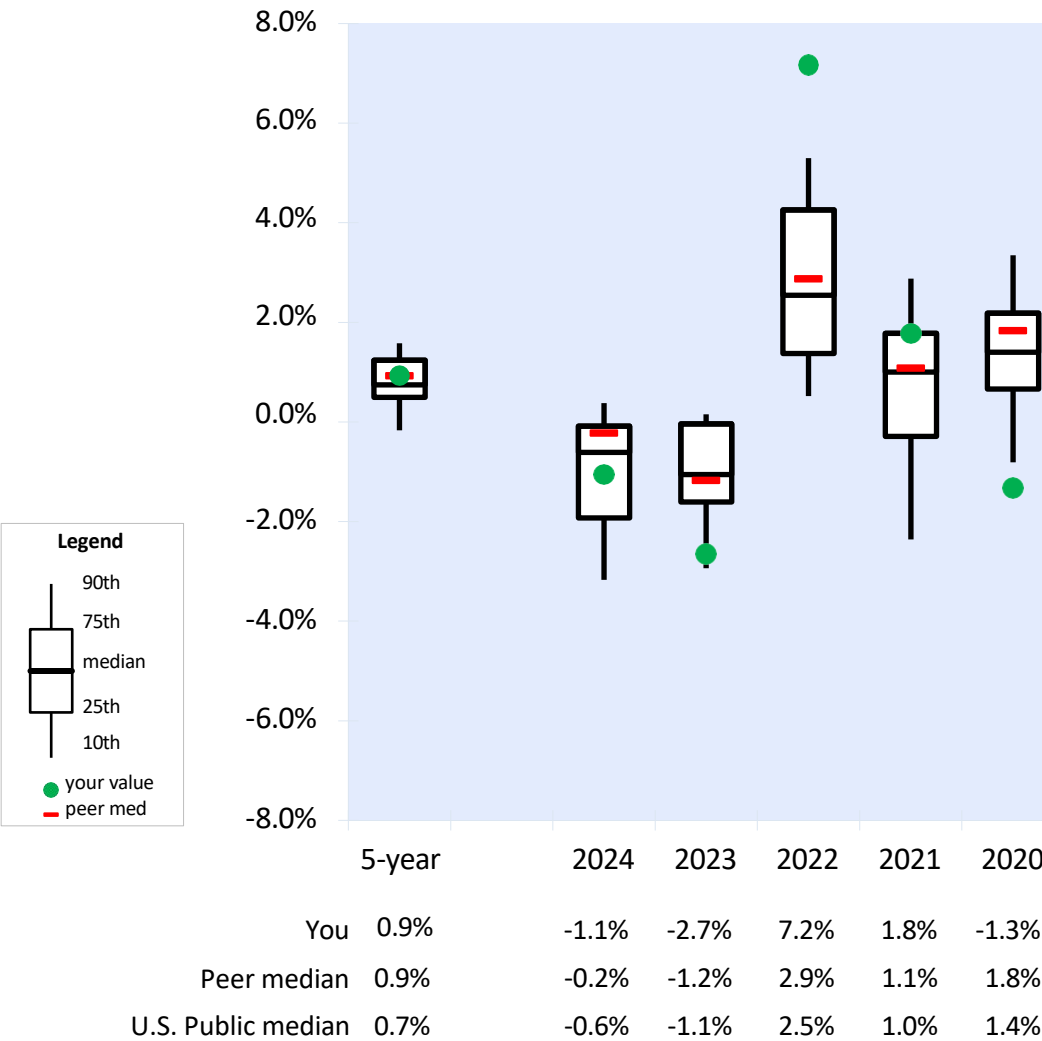
Value added for Oregon Public Employees Retirement Fund			
Year	Net return	Policy return	Net value added
2024	5.7%	6.7%	-1.1%
2023	5.9%	8.6%	-2.7%
2022	-1.6%	-8.8%	7.2%
2021	20.0%	18.2%	1.8%
2020	7.6%	8.9%	-1.3%
5-Year	7.3%	6.4%	0.9%

Your 5-year net value added of 0.9% compares to a median of 0.9% for your peers and 0.7% for the U.S. Public universe.

Your 0.9% 5-year value added translates into approximately \$3.8 billion of cumulative value added over 5 years.

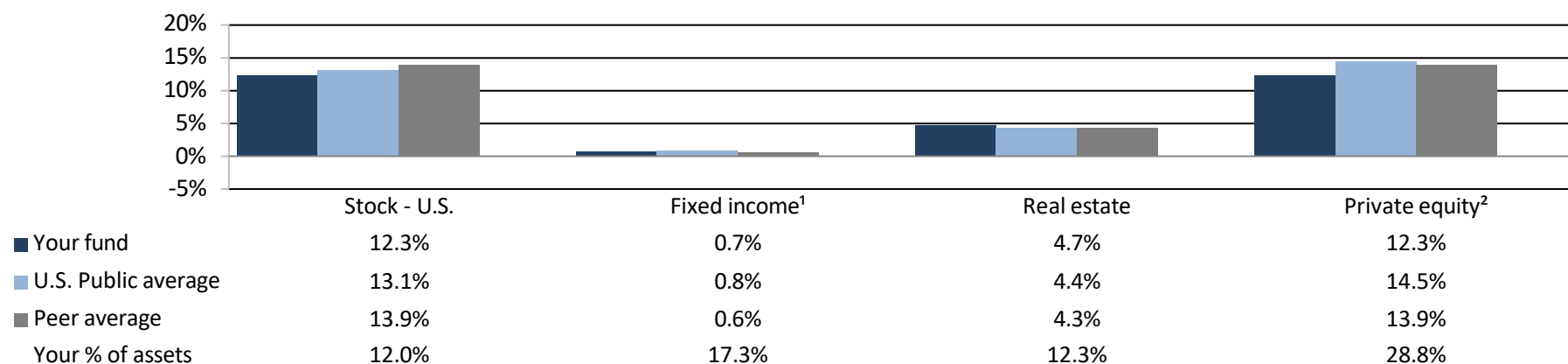
To enable fairer comparisons, the value added for each participant including your fund was adjusted to reflect private equity benchmarks based on lagged, investable public market indices. Prior to this adjustment, your fund’s 5-year total fund net value added was -0.7%.

U.S. Public net value added - quartile rankings

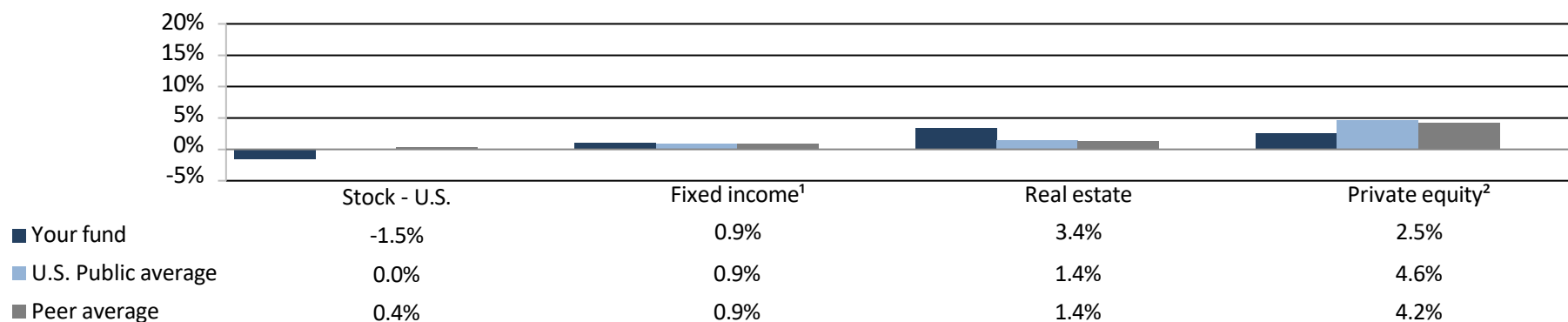


Comparisons of your 5-year net return and net value added by major asset class:

5-year average net return by major asset class



5-year average net value added by major asset class

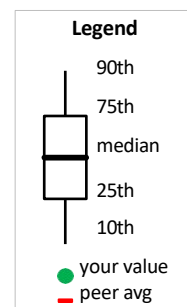


1. Excludes cash and leverage.

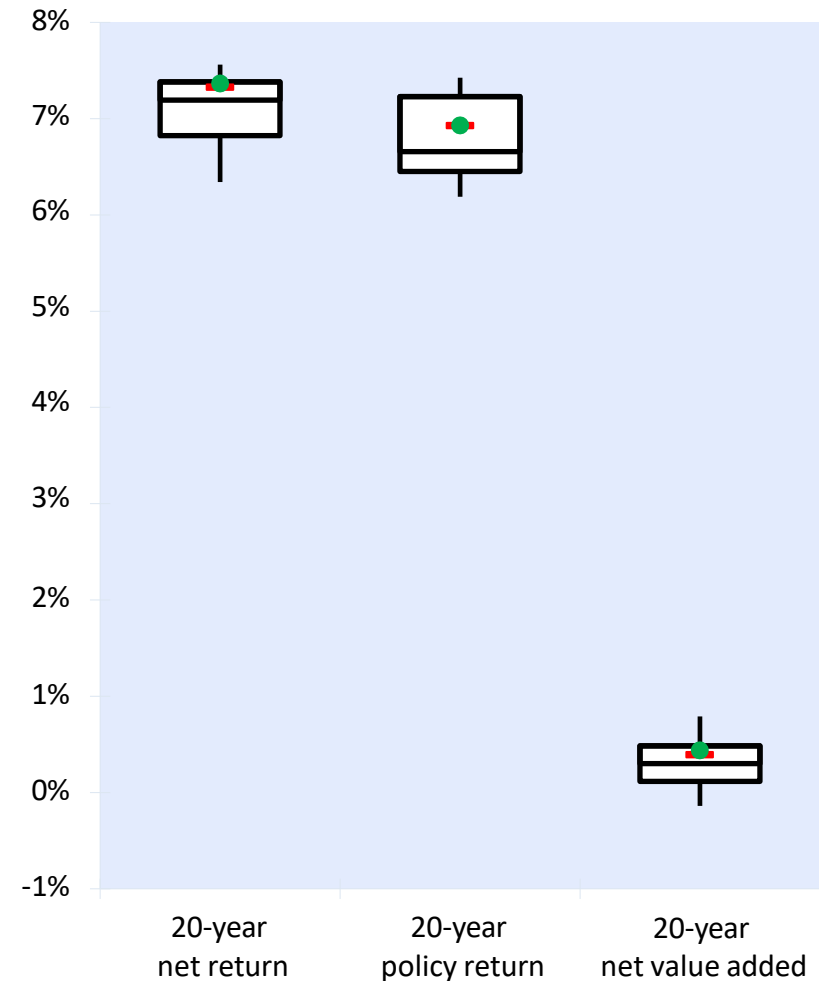
2. To enable fairer comparisons, the private equity benchmarks of all participants, including your fund were adjusted to reflect lagged, investable, public-market indices. Prior to this adjustment, your fund's 5-year private equity net value added was -6.3%.

Your long-term net return of 7.4% was above the U.S. Public median of 7.2%.

- Your 20-year net return of 7.4% was above the U.S. Public median of 7.2% and above the peer median of 7.3%.
- Your 20-year policy return of 6.9% was above the U.S. Public median of 6.7% and equal to the peer median of 6.9%.
- Your 20-year net value added of 0.4% was above the U.S. Public median of 0.3% and equal to the peer median of 0.4%.



U.S. Public long term returns and value add - quartile rankings
(20-year period ending December 31, 2024)



Your investment costs, excluding private asset performance fees, were \$715.0 million or 74.8 basis points in 2024.

Asset management costs by asset class and style (\$000s)	Internal Management*			External Management			Total
	Passive	Active	Overseeing of external	Passive fees	Active base fees	Perform. fees ²	
Stock	2,842		2,877	391	36,344		42,453
Fixed Income	1,491	834	2,542		19,385		24,252
Natural resources ²			1,884		39,836	4,198	41,720
Infrastructure ²			3,792		76,492	59,001	80,284
Real estate incl. REITs ²			6,586		99,612	8,120	106,198
Hedge funds & multi-asset - Aggregate ²			2,060		60,993	56,592	63,053
Private Equity			9,852		335,033	298,265	344,885
Derivatives/Overlays			2,259	1,486	3,100		6,844
Total excluding private asset performance fees							709,687
Oversight, custodial and other costs ³							74.2bp
Oversight & consulting							2,356
Trustee & custodial							206
Consulting and performance measurement							0
Audit							754
Other							1,952
Total oversight, custodial & other costs							5,268
Total investment costs (excl. transaction costs & private asset performance fees)							714,955
							74.8bp

Footnotes

1. CEM-imputed costs were applied to the following underlying manager base fees:
Private equity - Diversified - FoFs 150 bps.

Refer to Appendix A for full details regarding the different forms of cost completion.

2. Total cost excludes carry/performance fees for hedge funds, real estate, infrastructure, natural resources and private equity.

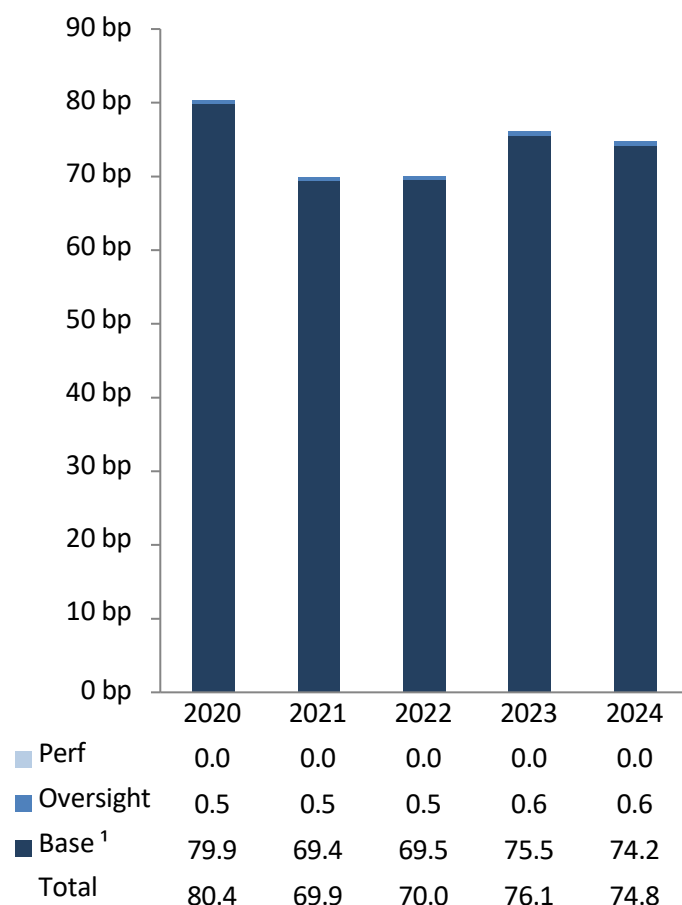
Performance fees are included for the public market asset classes.

3. Excludes non-investment costs, such as benefit insurance premiums and preparing cheques for retirees.

* Internal FTE and support costs have been allocated to asset classes based on CEM methodology. Refer to Appendix A2 for details.

Your costs decreased by 5.6 bps, from 80.4 bps in 2020 to 74.8 bps in 2024, because you had a lower cost implementation style and had a lower cost asset mix. This was partly offset by paying more in total for similar investment styles.

Trend in cost



Reasons why your costs decreased by 5.6 bps

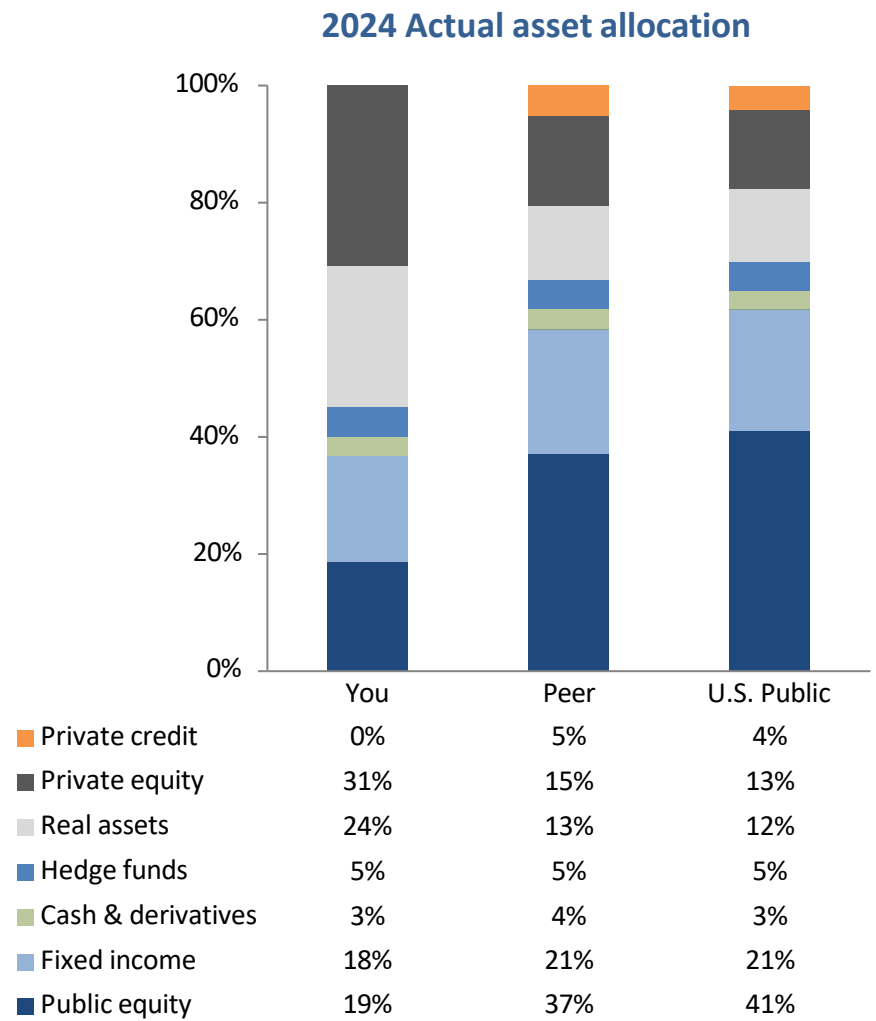
	Impact in bps	
1. Lower cost asset mix		
• Less Stock: 2020 31% vs 2024 19%		(3.4)
• More Real estate ex-REITs: 2020 11% vs 2024 14%		2.8
• More REITs & Infrastructure & Natural resources: 2020 9% vs 2024 12%		3.3
• Less Private equity: 2020 30% vs 2024 27%		(3.5)
• All other mix changes		(1.2)
		(1.9)
2. Lower cost implementation style		
• More LP, less FoF		(1.4)
• More co-investment as a % of LP/Co		(3.5)
• All other implementation style changes		(0.6)
		(5.6)
3. Paid more in total for similar investment styles	<u>2020 cost</u>	<u>2024 cost</u>
• Higher Hedge Funds base fees	53.8 bp	131.3 bp
• Lower Real Estate ex-REITs base fees	81.3 bp	67.0 bp
• Higher internal investment management costs		0.1
• Higher oversight, custodial & other costs	0.5 bp	0.6 bp
• All other differences		(0.8)
		1.8
Total decrease		(5.6)

1. Includes fees for managing internal assets and internal costs of monitoring external programs, where allocated.

High-cost assets equaled 60% of your assets at the end of 2024 versus a peer average of 38%.

Alternative asset classes, such as, real estate (excl. REITs), infrastructure, hedge funds, private equity and private credit are typically higher cost asset classes than public asset classes such as public equity and fixed income. You had a combined public market allocation, including cash and derivatives, of 40% at the end of 2024 versus a peer average of 62%.

Your alternative asset classes represent 60% of your assets, but 89% of your total costs.

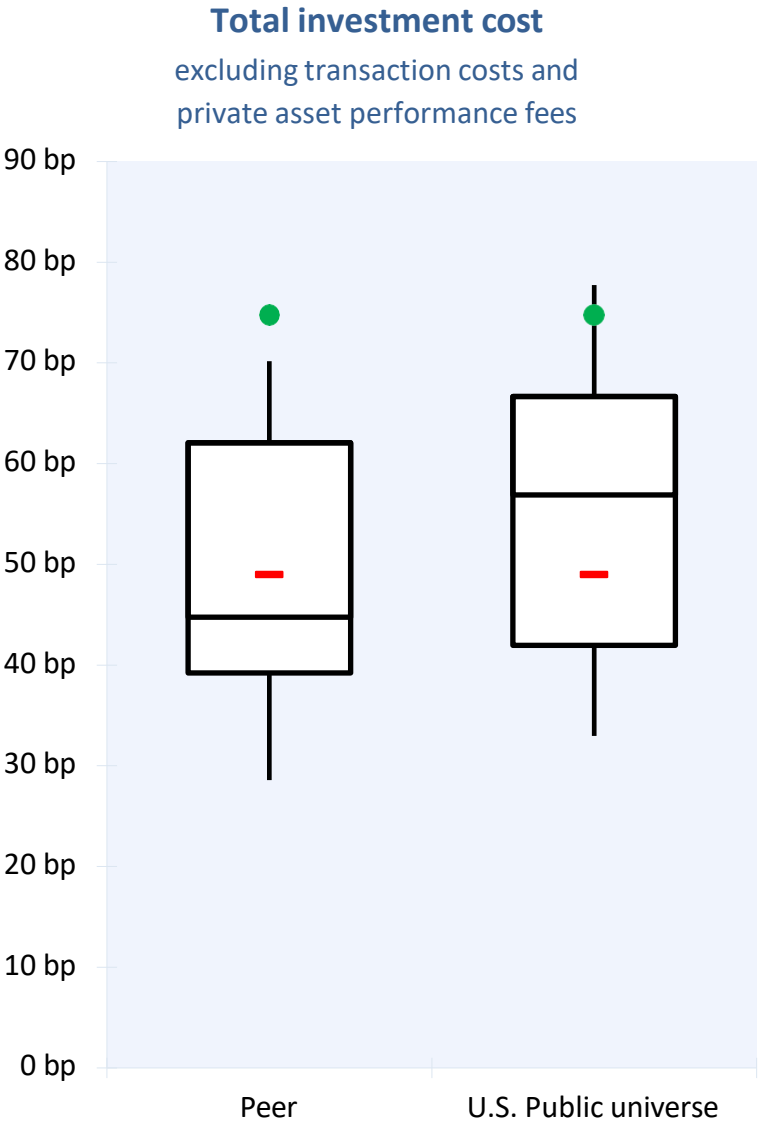
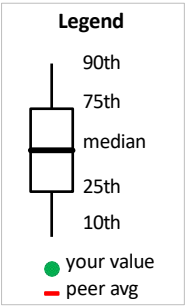


Before adjusting for asset mix differences, your total investment cost of 74.8 bps was above the peer median of 44.8 bps.

Differences in total investment cost are often caused by two factors that are often outside of management's control:

- Asset mix - private asset classes are generally more expensive than public asset classes.
- Fund size - bigger funds have advantages of scale.

Therefore, to assess whether your costs are high or low given your unique asset mix and size, CEM calculates a benchmark cost for your fund. This analysis is shown on the following page.



Benchmark cost analysis suggests that, after adjusting for fund size and asset mix, your fund was normal cost in 2024.

Your benchmark cost is an estimate of what your cost would be given your actual asset mix and the median costs that your peers pay for similar services. It represents the cost your peers would incur if they had your actual asset mix.

Your total cost of 74.8 bp was close to your benchmark cost of 74.7 bp. Thus, your excess cost was 0.1 bp.

Your cost versus benchmark

	\$000s	basis points
Your total investment cost	714,955	74.8 bp
Your benchmark cost	713,759	74.7 bp
Your excess cost	1,196	0.1 bp

Your fund was normal cost because it had a higher cost implementation style. This added cost was mostly offset by paying less than peers for similar services.

Explanation of your cost status

		Excess Cost/ (Savings)	
		\$000s	bps
1. Higher cost implementation style			
• More active management, less lower cost passive		4,700	0.5
• Use of external management vs. lower cost internal		14,292	1.5
• More LPs as a percentage of external		11,463	1.2
• Less fund of funds		(14,008)	(1.5)
• Co-investment usage		(1,755)	(0.2)
• More overlays		2,567	0.3
		17,259	1.8
2. Paying less than peers for similar services			
• External investment management costs		(14,624)	(1.5)
• Internal investment management costs		2,263	0.2
• Oversight, custodial & other costs		(3,702)	(0.4)
		(16,063)	(1.7)
Total excess cost		1,196	0.1

Your implementation style was 1.8 bps higher cost than the peer average.

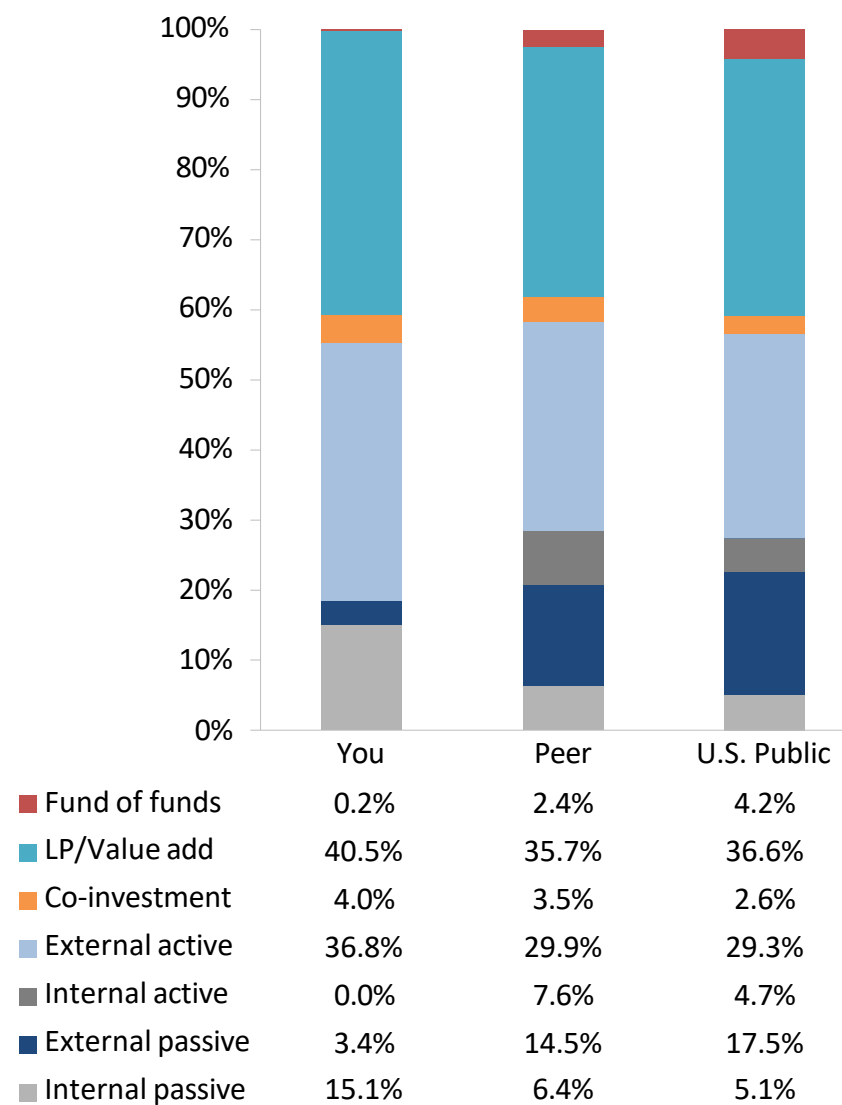
Implementation style is the way in which your fund implements asset allocation. Each implementation choice has a cost. Your first choice is how much to implement passively or actively. The table below summarizes your aggregate choices versus peers and their cost impact.

Implementation choices	Impact
More active, less passive	0.5 bp
More internal as a % of passive	(0.1) bp
Less internal as a % of active	1.5 bp
More LPs as a % of external	1.2 bp
Less fund of funds	(1.5) bp
More co-investment as a percentage of LP/Co	(0.2) bp
More overlays	0.3 bp
Total impact	1.8 bp

The peer and universe style was adjusted to match your asset mix. It equals their average style for each asset class weighted by your fee basis for the asset class. It shows how the average peer would implement your asset mix.

1. Implementation style is shown as a % of total fund fee basis because the fee basis is the primary driver of cost for private assets (e.g., new private equity LP commitments increase costs before LP NAV increases). Style weights are based on average holdings. Cash and derivatives are excluded.

Implementation style¹

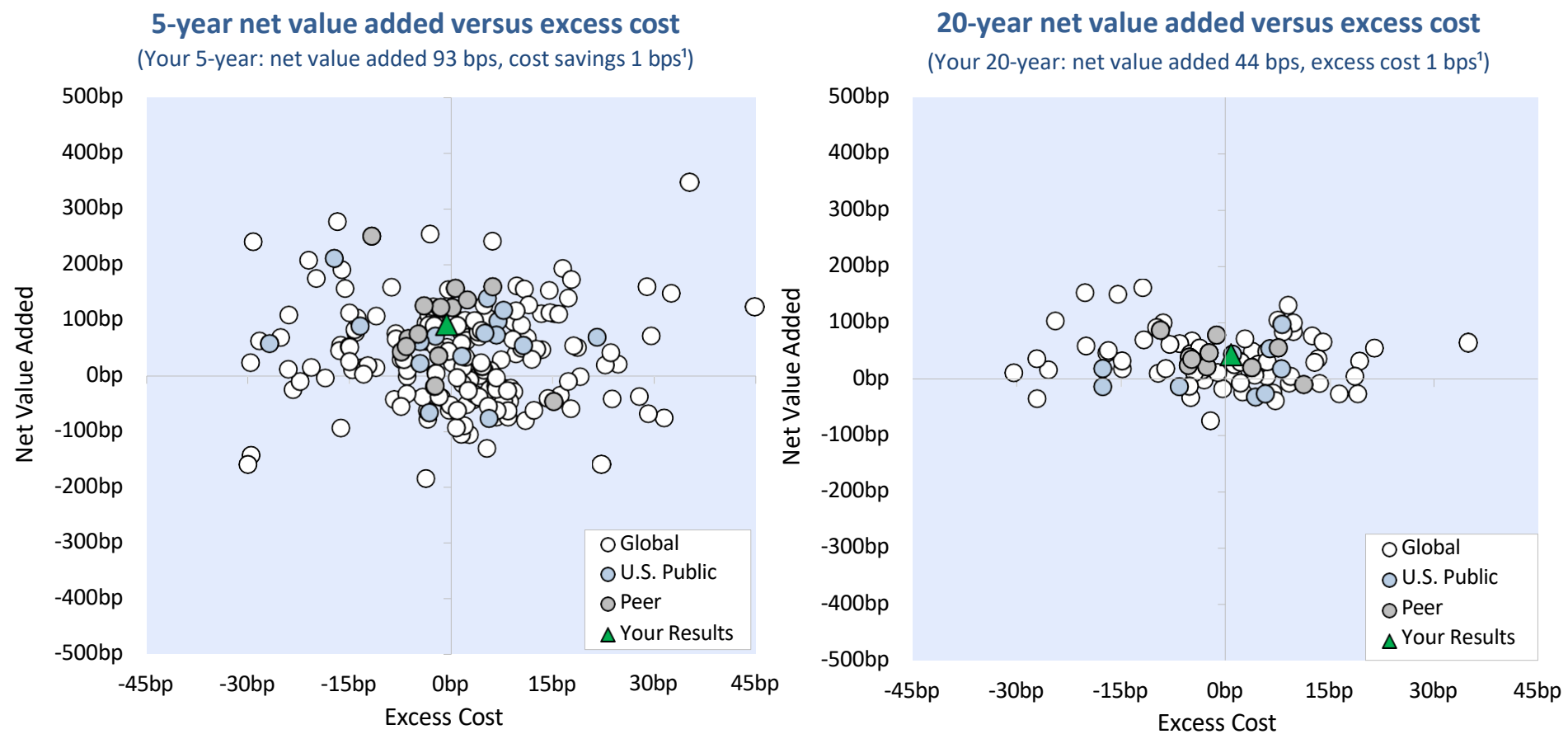


The table below summarizes why your fund is high/low cost relative to the peer median by asset class.

Why are you high/(low) cost by asset class?

Asset class/category	Impl. style \$000s	Paying more/(less) \$000s	Total \$000s	Total bps	2024 Holding %	2024 Net value added
Stock	8,016	4,416	12,432	1.3 bp	19%	1.3%
Fixed Income	5,767	1,136	6,903	0.7 bp	18%	3.6%
Real estate, incl REITs	5,650	650	6,300	0.7 bp	14%	9.8%
Infrastructure	7,958	(10,426)	(2,468)	(0.3) bp	7%	3.6%
Natural resources	4,170	596	4,766	0.5 bp	3%	1.8%
Hedge funds	(1,110)	3,897	2,787	0.3 bp	5%	-1.3%
Private equity	(15,759)	(12,630)	(28,389)	(3.0) bp	31%	-12.3%
Derivatives and overlays	2,567	0	2,567	0.3 bp	2%	--
Oversight, custodial & other	n/a	(3,702)	(3,702)	(0.4) bp	--	--
Total	17,259	(16,063)	1,196	0.1 bp	100%	-1.1%

Your 20-year performance placed in the positive value added, low cost quadrant of the cost-effectiveness chart.



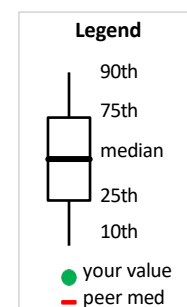
1. Your estimated 20-year excess cost of 0.8 basis points is the average of your peer-based benchmarks for the years available (2016 - 2023) and estimated benchmarks based on a simplified model for years where peer-based benchmarks were missing.

	20-year ¹	5-year	2024	2023	2022	2021	2020
Net value added	43.7 bp	93.1 bp	(105.2) bp	(265.7) bp	716.5 bp	178.0 bp	(133.0) bp
Excess cost	0.8 bp	(0.7) bp	0.1 bp	2.6 bp	(0.8) bp	(3.0) bp	(2.2) bp

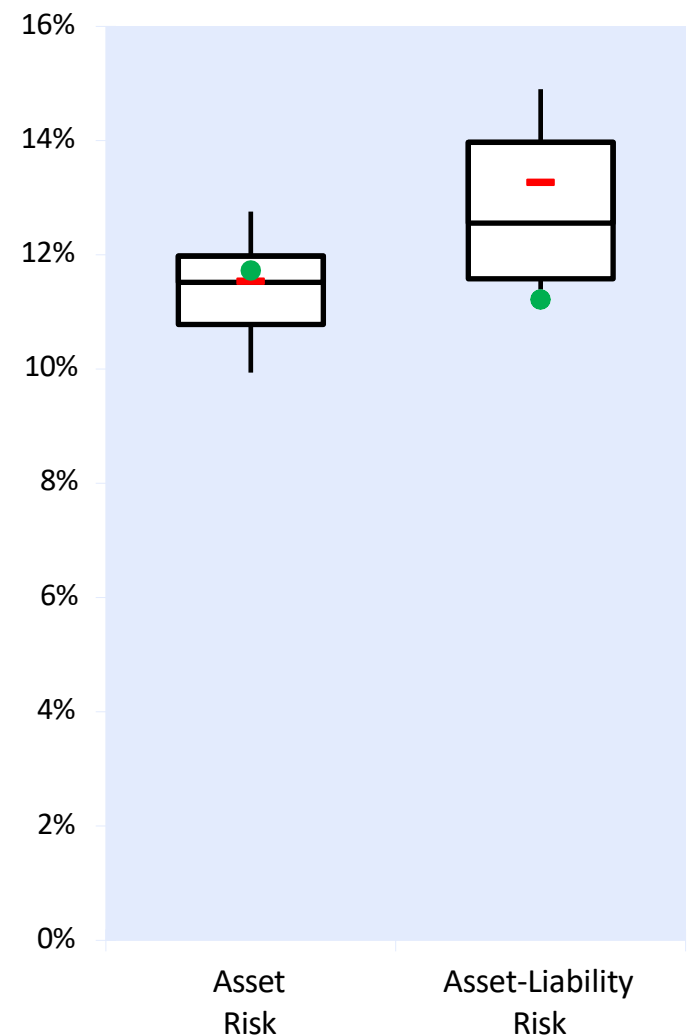
Your asset risk of 11.7% was above the U.S. Public median of 11.5% and your asset-liability risk of 11.2% was below the U.S. Public median of 12.6%.

Asset risk is the standard deviation of your policy return. It is based on the historical variance of, and covariance between, the asset classes in your policy mix.

Asset-liability risk is the standard deviation of funded status caused by market factors. It is a function of the standard deviations of your asset risk, your marked-to-market liabilities and the correlation between the two.



U.S. Public risk levels at December 31, 2024



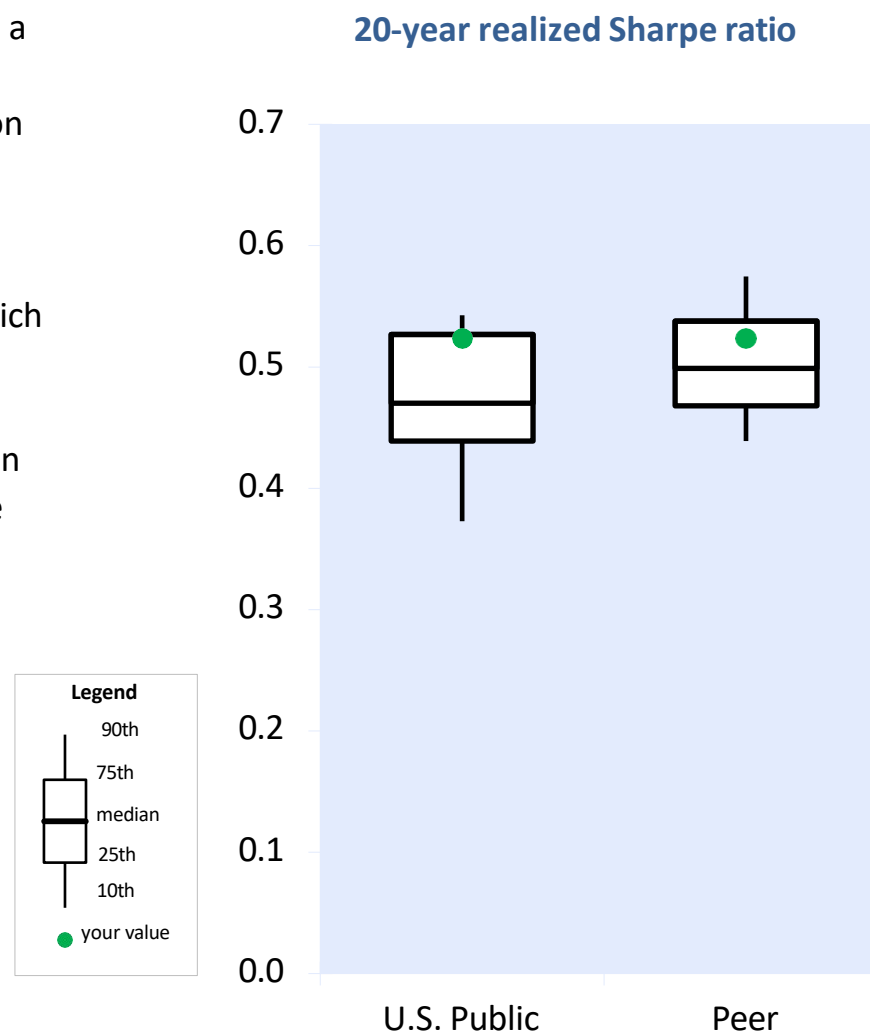
Your 20-year realized Sharpe ratio of 0.5¹ was equal to the U.S. Public median of 0.5.

Realized Sharpe ratio measures your portfolio's performance on a risk-adjusted basis. It is calculated as your portfolio's actual net return, minus the risk-free rate, divided by the standard deviation (often called volatility) of your portfolio's excess return.

Sharpe ratios tend to be positive when equity markets have positive returns. Your 20-year realized Sharpe ratio was 0.5¹, which was same as the U.S. Public universe median of 0.5.

A higher Sharpe ratio can be obtained through some combination of higher net returns and lower volatility. Lower volatility can be the result of either having less risky assets or having better diversification.

1. Numbers are rounded to 1 decimal point to avoid undue precision on the results.



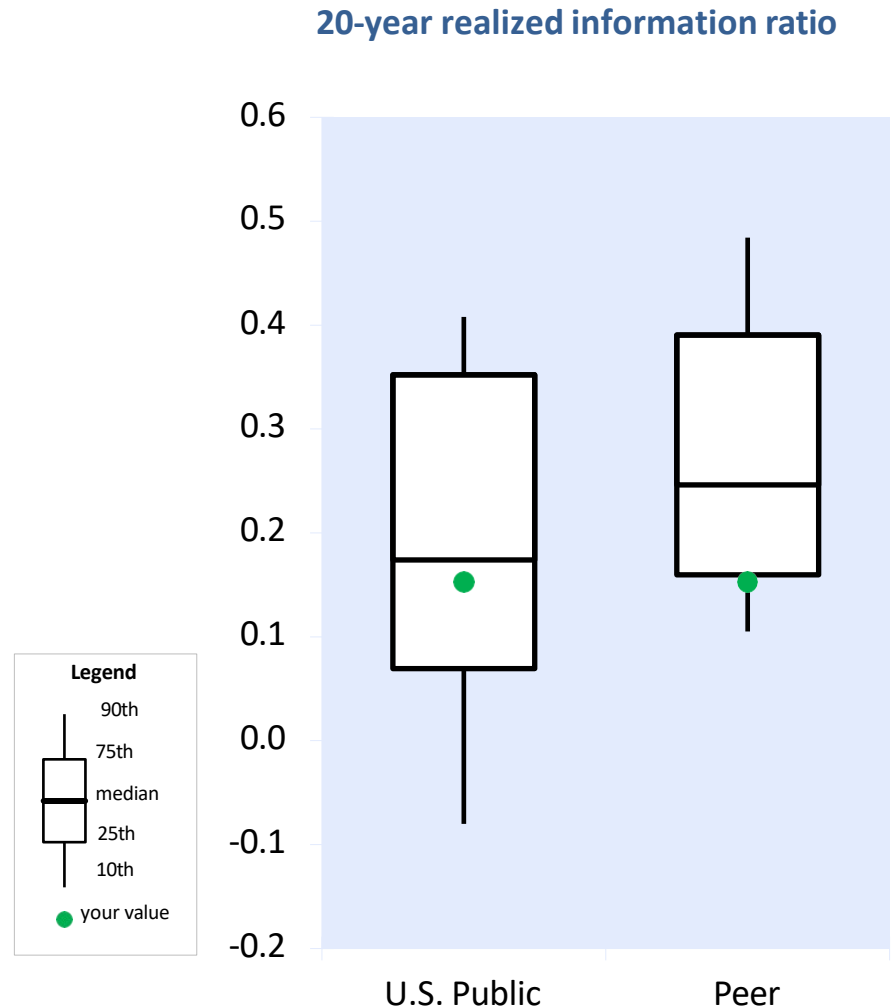
Your 20-year realized information ratio of 0.2¹ was equal to the U.S. Public median of 0.2.

Realized information ratio measures your portfolio's active return per unit of active risk. It is calculated as your portfolio's net value added divided by the standard deviation of your portfolio's net value added, which is often called the active risk or tracking error of the portfolio.

Your 20-year realized information ratio of 0.2¹ was equal to the U.S. Public median of 0.2.

Information Ratio is positive when net value added is positive, and it is negative when net value added is negative. The median 20-year information ratio in the U.S. Public universe was 0.2, meaning that most plans managed to generate positive net value added.

Using information ratio as a measure of risk-adjusted performance allows the comparison of success in generating positive net value between funds with different levels of active risk.



1. Numbers are rounded to 1 decimal point to avoid undue precision on the results.

Summary of key takeaways

Returns

- Your 5-year net total return was 7.3%. This was slightly below both the U.S. Public median of 7.5% and the peer median of 7.5%.
- Your 5-year policy return was 6.4%. This was close to both the U.S. Public median of 6.6% and the peer median of 6.6%.

Value added

- Your 5-year net value added was 0.9%. This was above the U.S. Public median of 0.7% and equal to the peer median of 0.9%.
- Your 0.9% 5-year value added translates into approximately \$3.8 billion of cumulative value added over 5 years.

Long term performance

- Your 20-year net return of 7.4% was above both the U.S. Public median of 7.2% and the peer median of 7.3%.

Cost and cost effectiveness

- Your investment cost of 74.8 bps was close to your benchmark cost of 74.7 bps. This suggests that your fund was normal cost compared to your peers.
- Your fund was normal cost because it had a higher cost implementation style. This added cost was mostly offset by paying less than peers for similar services.
- Your costs decreased by 5.6 bps, from 80.4 bps in 2020 to 74.8 bps in 2024, because you had a lower cost implementation style and had a lower cost asset mix. This was partly offset by paying more in total for similar investment styles.

Risk

- Your asset risk of 11.7% was above the U.S. Public median of 11.5%. Your asset-liability risk of 11.2% was below the U.S. Public median of 12.6%.
- Your 20-year realized Sharpe ratio of 0.5 was equal to the U.S. Public median of 0.5.
- Your 20-year realized information ratio of 0.2 was equal to the U.S. Public median of 0.2.

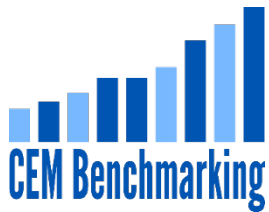
Thank you

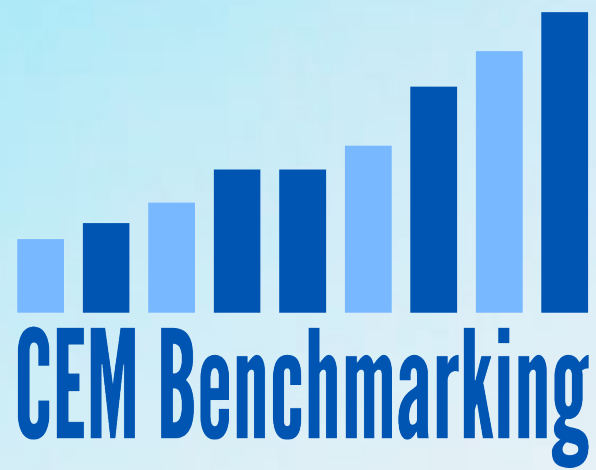


Christopher Doll

Director, Client Coverage

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TAB 5

OPERF: RISK SURVEY RESULTS

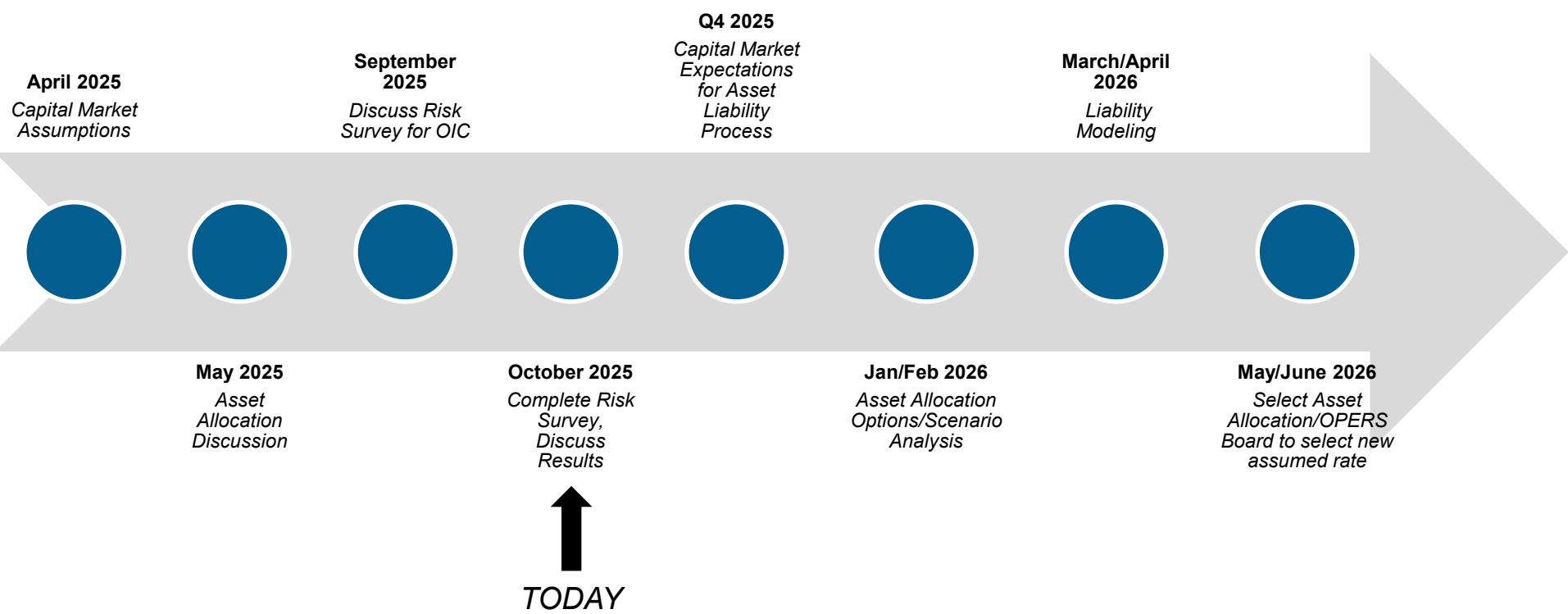
Oregon Investment Council

October 2025

Asset Liability Study: Risk and
Implementation Survey Results

Asset-Liability Study: Risk and Implementation Survey Results

Asset-Liability Study Timeline | April 2025 – June 2026



Asset-Liability Study: Risk and Implementation Survey Results

Introduction

- This report presents the responses to the 2025 Risk and Implementation Survey.
- Results are separated for each question: 1) Council and 2) Staff.
- Total responses: six OIC members and nine Staff.
- We have highlighted areas of agreement and disagreement between the two groups.
- Additional dialogue during the presentation will enhance the takeaways and utility of the exercise.
- The results of the survey serve as a foundation for the asset-liability modeling process. They begin to frame the inputs (e.g., classes and constraints) and outputs (e.g., key metrics and characteristics) of the process.

Key Takeaways

- For the vast majority of topics, there is a high level of consensus within each of the respective groups (i.e., within the OIC and within Staff).
 - Furthermore, the OIC and Staff share similar viewpoints on most topics.
- The results support the current trajectory of the OIC/OPERF. There is nothing in the results that suggests a material deviation from the current strategic allocation and risk posture is desired.
- Primary objectives highlighted through responses:
 - Maintain consistent progress on funded ratio.
 - Avoid major drawdowns, and focus on corresponding implications of negative net cash-flow.

Asset-Liability Study: Risk and Implementation Survey Results

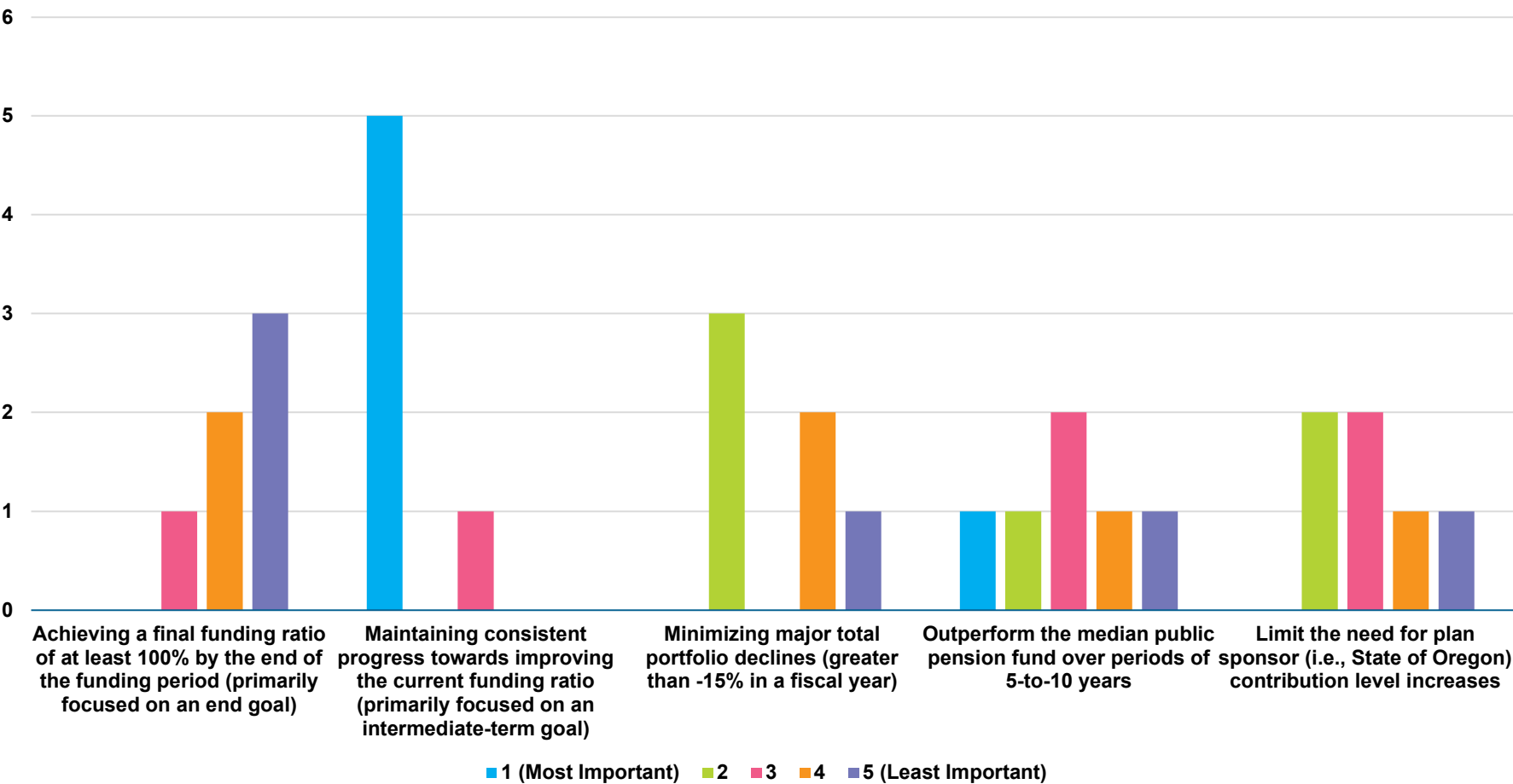
Key Takeaways (continued)

- As it relates to existing and potential classes, the following were areas of consensus:
- Continue to include illiquid strategies and examine all strategies based on net-of-fee results.
 - Maintain a global orientation within asset classes, particularly as it relates to public equity.
 - While the Diversifying Strategies class is viewed as valuable, there needs to be further education as to what can and cannot be included in the class. Education on equity hedging strategies should also be included.
 - Segment the Fixed Income asset class during the asset-liability study and corresponding asset allocation options.
- As a reminder, a similar survey was conducted in 2022.
- Generally speaking, the 2022 and 2025 results were congruent. The differences that exist do not relate to a reversal of opinion/belief, but rather, less consistency among related questions.
 - Primary differences (all marginal):
 - A more consistent view on risk tolerance across questions in 2022.
 - A more consistent view on peer-relative results across questions in 2022.
 - The current market backdrop (i.e., all-time highs for equity markets, challenges within private markets, etc.) are likely influencing the inconsistencies highlighted above.

Asset-Liability Study: Risk and Implementation Survey Results

1. Please rank the following objectives in order of importance with 1 being most important and 5 being least important.

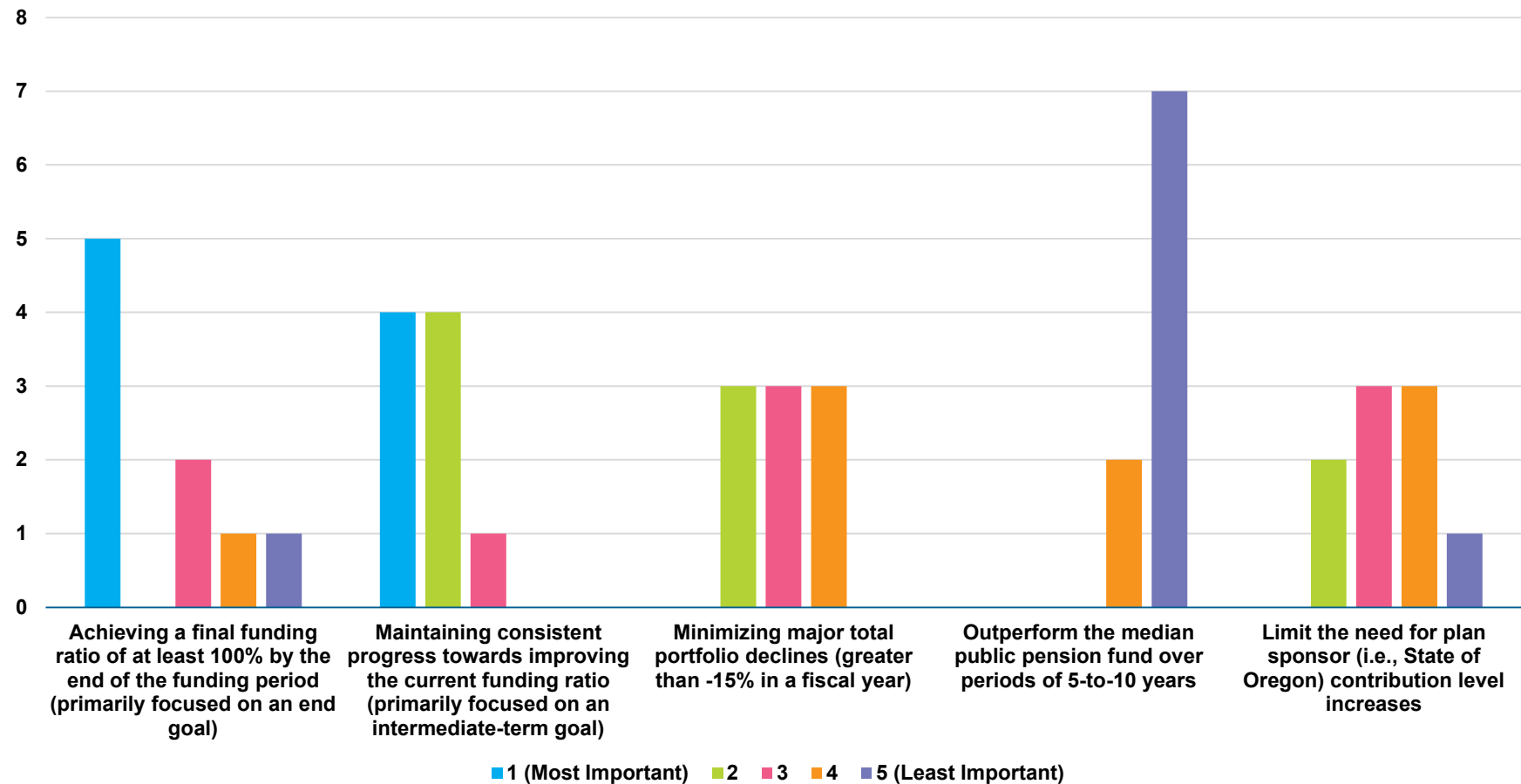
Council



Asset-Liability Study: Risk and Implementation Survey Results

1. Please rank the following objectives in order of importance with 1 being most important and 5 being least important.

Staff



Asset-Liability Study: Risk and Implementation Survey Results

1. Please rank the following objectives in order of importance with 1 being most important and 5 being least important.**→ Takeaways**

- Both Council and Staff view funded ratio improvement as a key objective.
- Staff was split between the two variations of the goal (intermediate term vs. end goal) whereas the Council had complete consensus that making consistent progress (intermediate term) on the funded ratio is the key priority.
- Drawdown experiences, expressed as a total portfolio decline or its potential manifestation via contribution increases, were also important to both groups.
- The Council's viewpoint on outperforming peers was diverse, whereas Staff indicated that this is a low priority goal.

→ Next Steps

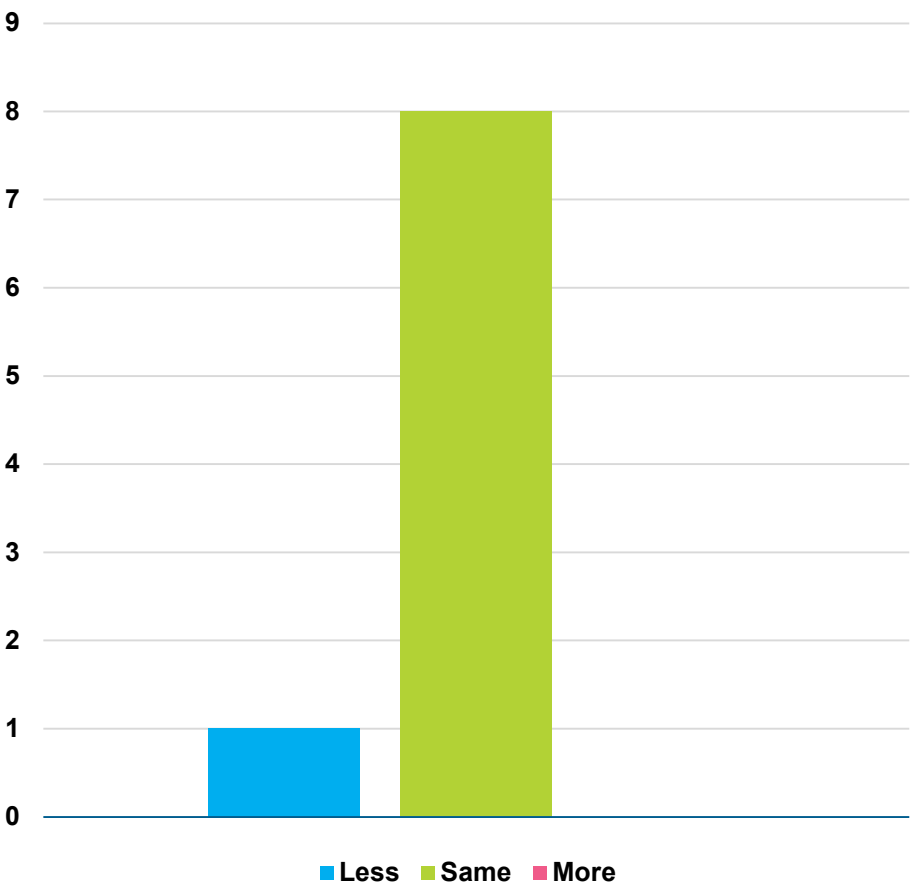
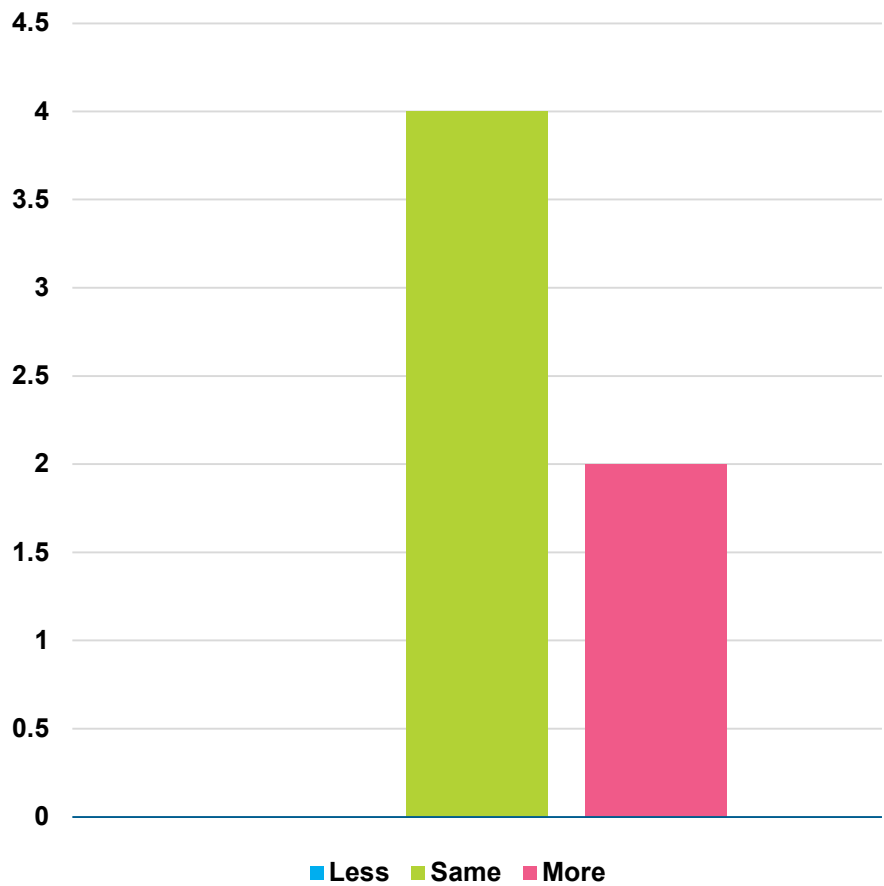
- Align asset liability modeling output to:
 - Examine funded ratio outcomes over both intermediate and long horizons.
 - Discuss drawdown probabilities as well as potential contribution impacts to different asset allocations and scenarios.

Asset-Liability Study: Risk and Implementation Survey Results

2. To achieve long term goals, should the OIC be taking more, less, or the same amount of investment risk in the OPERF portfolio?

Council

Staff



Asset-Liability Study: Risk and Implementation Survey Results

2. To achieve long term goals, should the OIC be taking more, less, or the same amount of investment risk in the OPERF portfolio?**→ Takeaways**

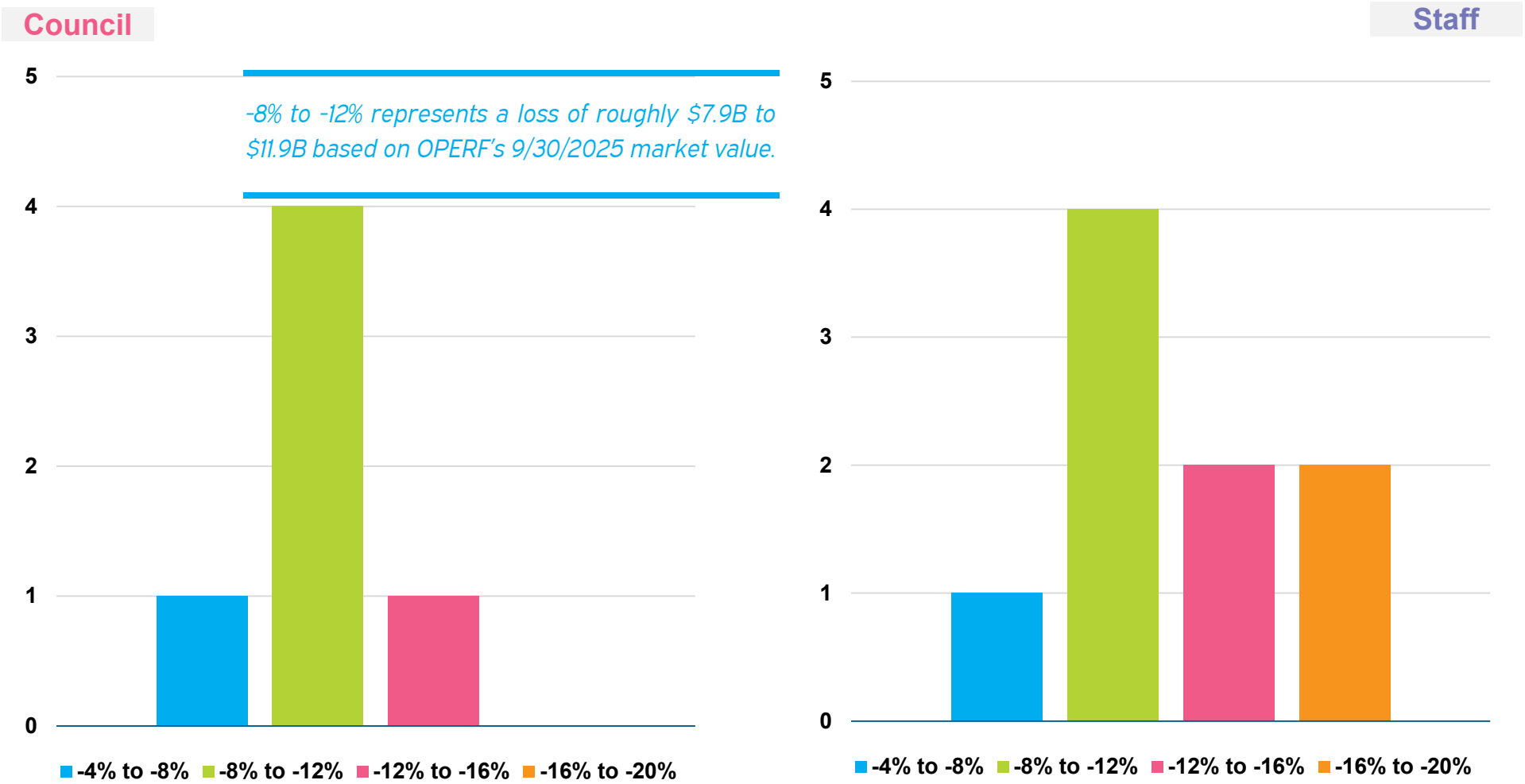
- Both Council and Staff generally prefer maintaining current risk levels to achieve long term goals
- Of note, the 33% of the Council are interested in increasing the risk level of the portfolio, whereas one member from the Staff's responses indicated a preference to decrease the risk level.

→ Next Steps:

- During the asset-liability study, our options will focus on a similar level of risk as the current portfolio, but higher risk portfolios (and potential implications thereof) will also be explored.

Asset-Liability Study: Risk and Implementation Survey Results

3. In your opinion, what would be considered to be a bad but not necessarily a catastrophic year?



Asset-Liability Study: Risk and Implementation Survey Results

3. In your opinion, what would be considered to be a bad but not necessarily a catastrophic year?**→ Takeaways**

- Opinions regarding a bad, but not catastrophic year are relatively aligned at -8% to -12%.
- Amongst staff, there is some tolerance for worse returns.
- Compared to the 2022 survey, there has been a shift towards a more conservative approach when defining a bad year. (2022 consensus was -12% to -16%).

→ Next Steps

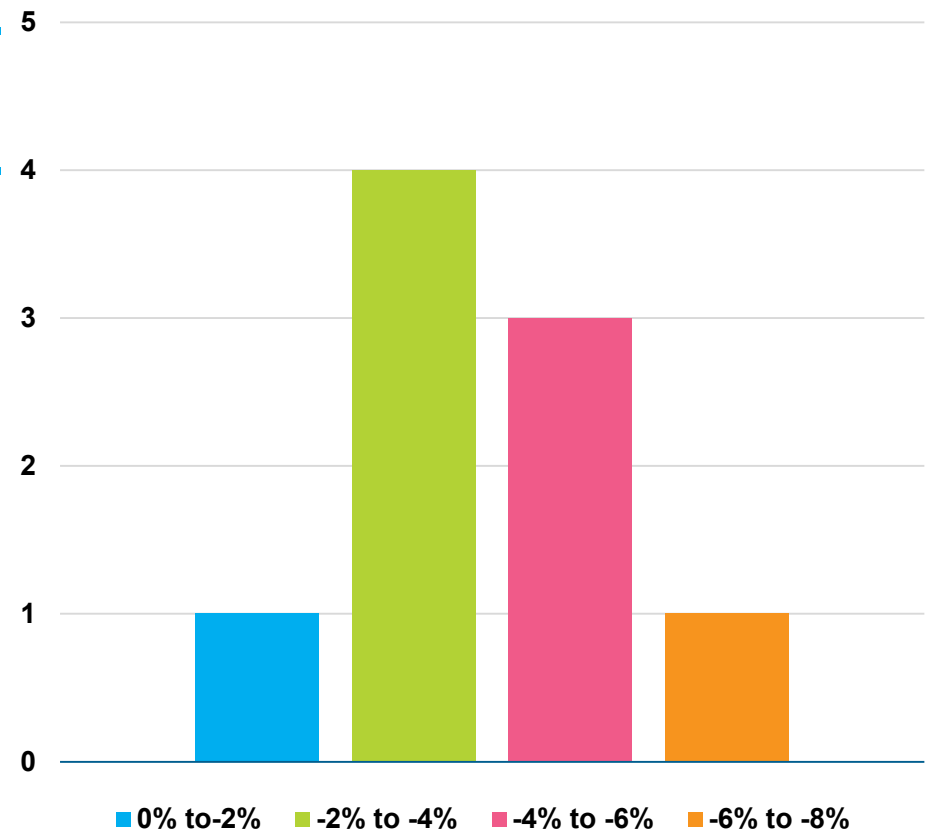
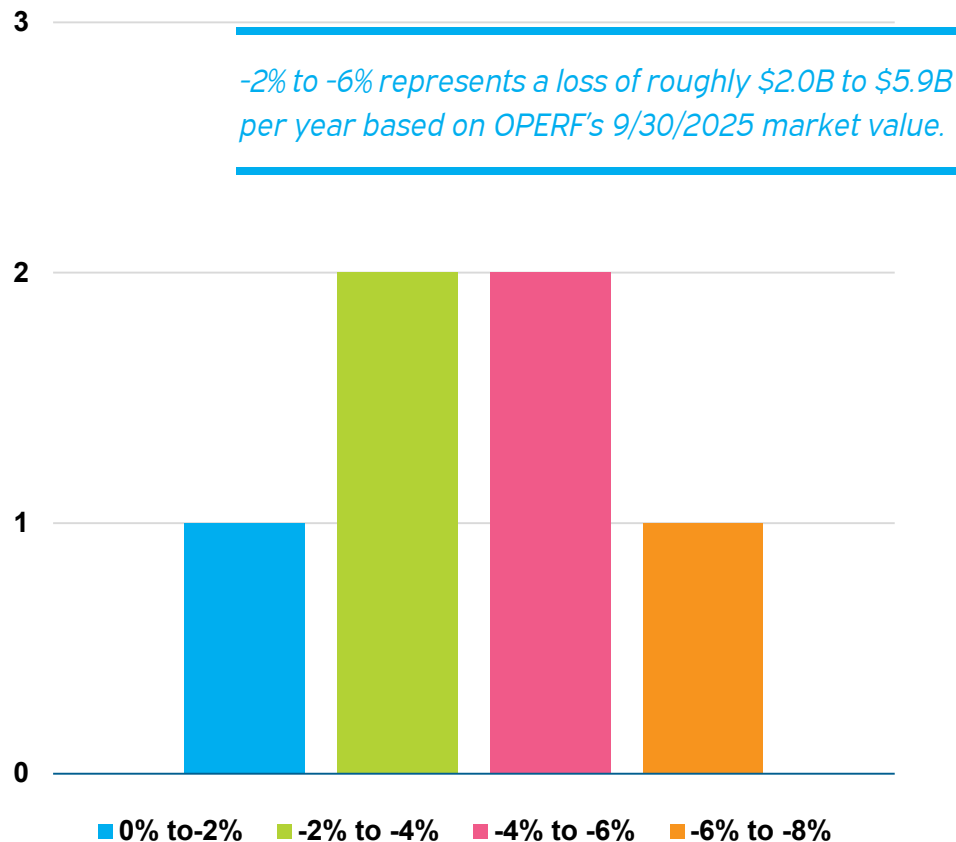
- During the asset-liability study, there will be an explicit discussion regarding the probabilities of experiencing annual declines within the highlighted ranges, depending on the asset allocation targets chosen.

Asset-Liability Study: Risk and Implementation Survey Results

4. In your opinion, what would be considered to be a bad but not necessarily a catastrophic annualized return over three years?

Council

Staff



Asset-Liability Study: Risk and Implementation Survey Results

4. In your opinion, what would be considered to be a bad but not necessarily a catastrophic annualized return over three years?**→ Takeaways**

- Over a three period, there is general consensus that an annualized return of -2% to -6% would be bad, though not considered catastrophic.
- When comparing the responses to #3 (one year) and #4 (three year), the results are generally consistent with one another. The probability of experiencing a 1-year decline of -8% to 12% is similar to the probability of experiencing a 3-year annualized return of -2% to -4%.

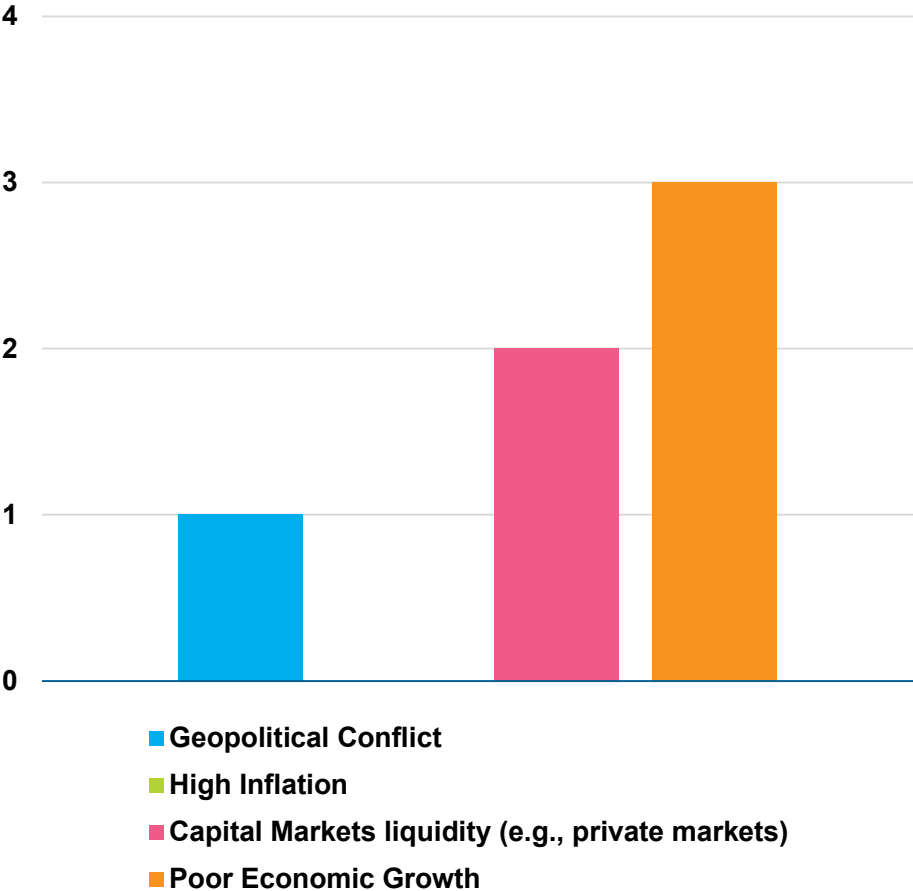
→ Next Steps

- Manage risk through diversification and uncorrelated asset classes to mitigate the chance of extended periods of Total Plan negative returns
- Discuss the implications (i.e., contribution levels) of multi-year periods of returns well below the actuarial rate.

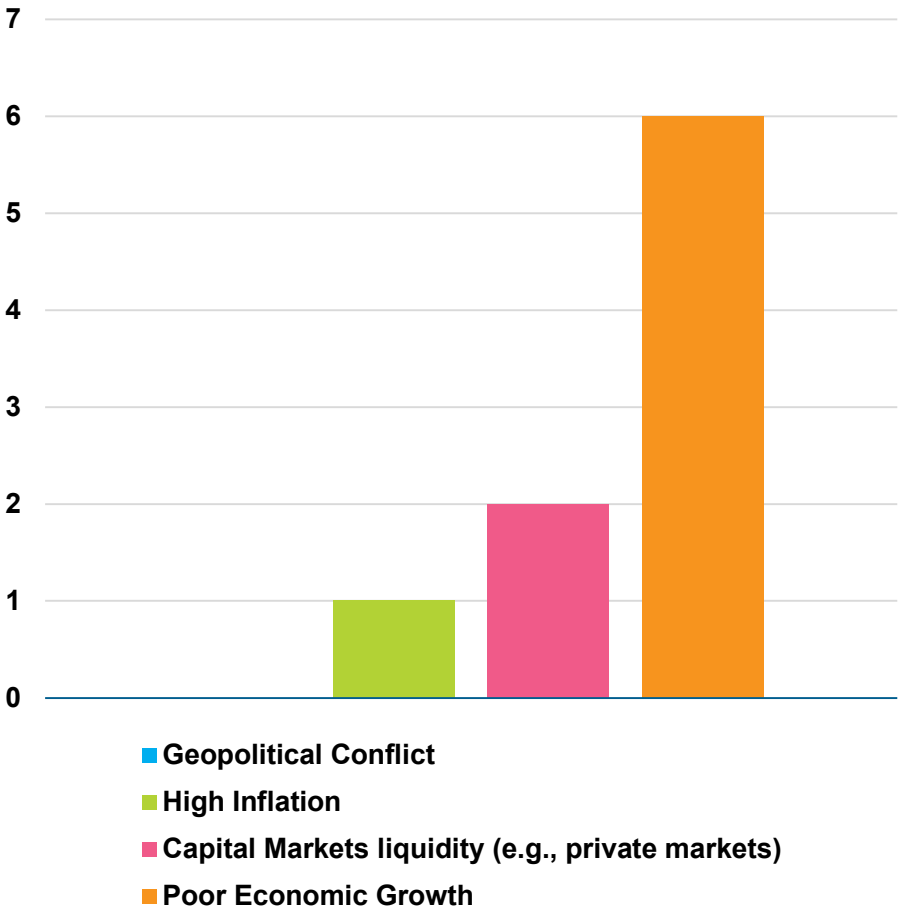
Asset-Liability Study: Risk and Implementation Survey Results

5. As an OIC member, I am most concerned with which of the following macroeconomic issues (and its impact on OPERF) over the next 2-5 years?

Council



Staff



Asset-Liability Study: Risk and Implementation Survey Results

5. As an OIC member, I am most concerned with which of the following macroeconomic issues (and its impact on OPERF) over the next 2-5 years?**→ Takeaways**

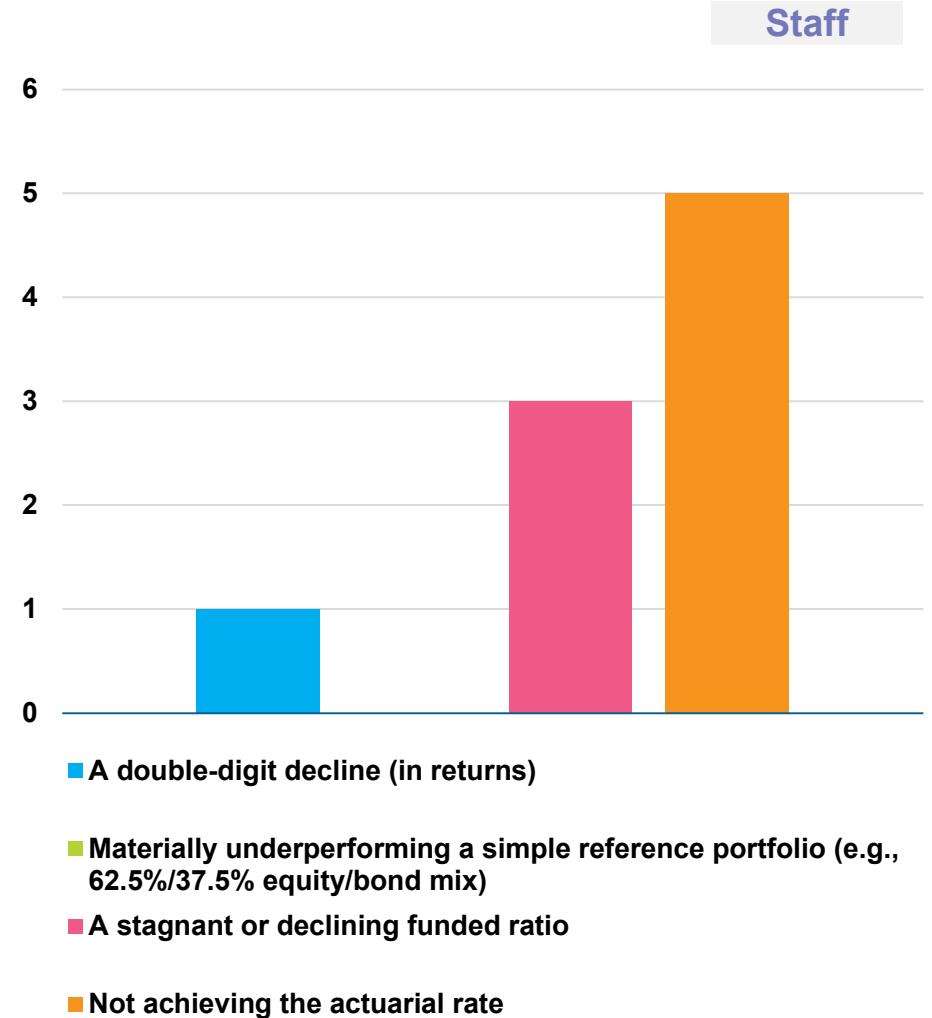
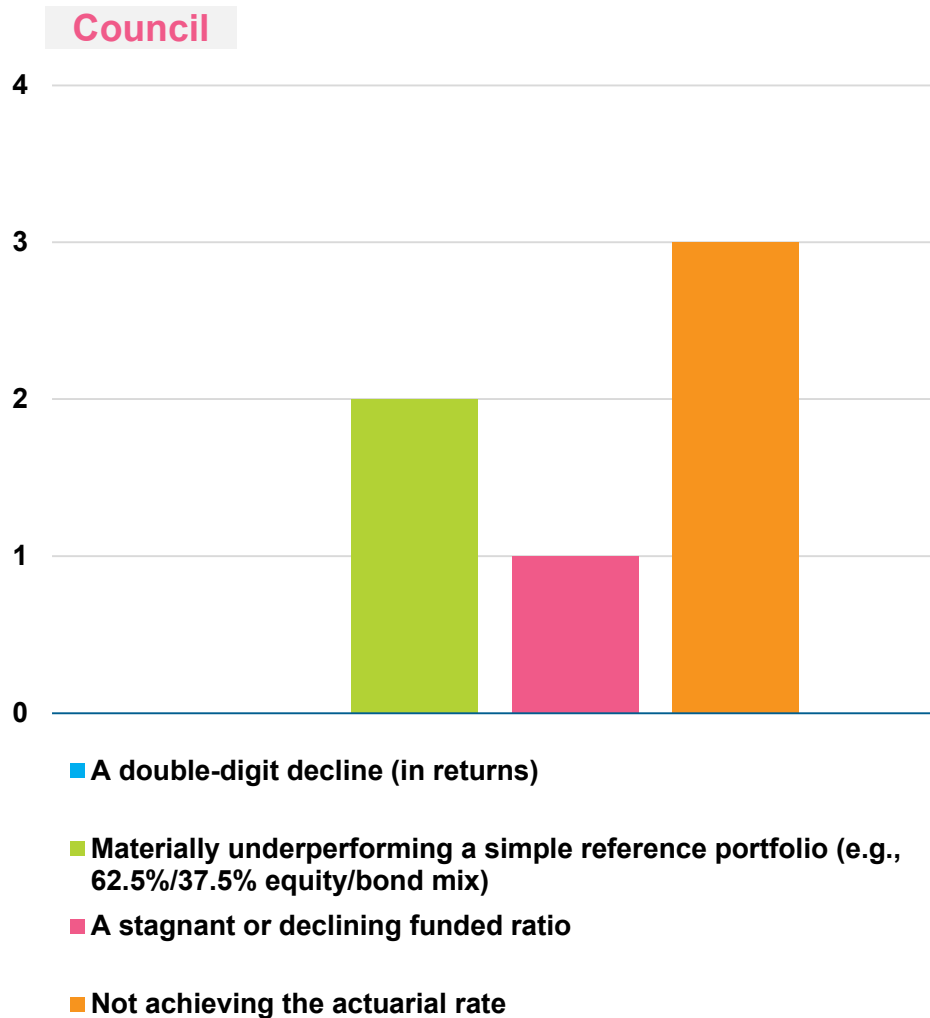
- Poor Economic Growth and Capital Markets liquidity were the major areas of concern for both Council and Staff members over the short term, although council members were relatively split between concerns.

→ Next Steps

- Discuss the impact of poor economic growth on portfolio assets and how to mitigate the negative impacts of such events.
- Discuss potential options for mitigating challenges associated with capital markets liquidity challenges.

Asset-Liability Study: Risk and Implementation Survey Results

6. Which of the following outcomes is of the greatest concern over the next 10 years?



6. Which of the following outcomes is of the greatest concern over the next 10 years?

→ Takeaways

- Not achieving the actuarial rate was the primary long-term concern for both Council and Staff.
- Stagnant and declining funded ratio was also a concern for a few respondents.

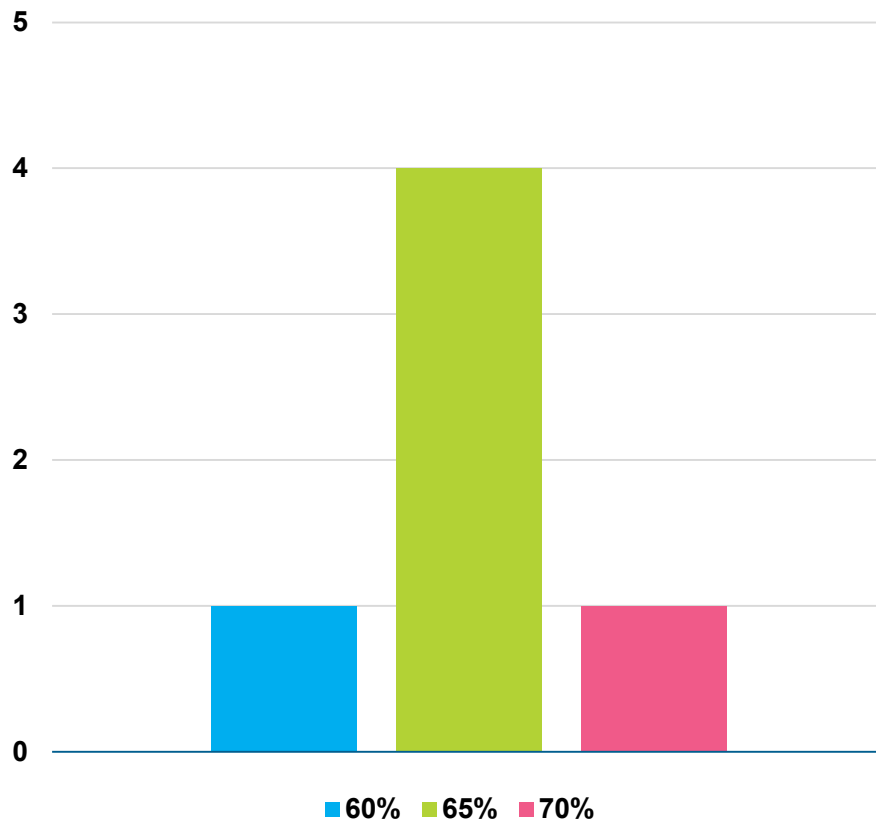
→ Next Steps

- While being consistent with the Council's risk tolerance, pursue an asset allocation that maximizes the probability of matching or outperforming the actuarial rate over long-term horizons.

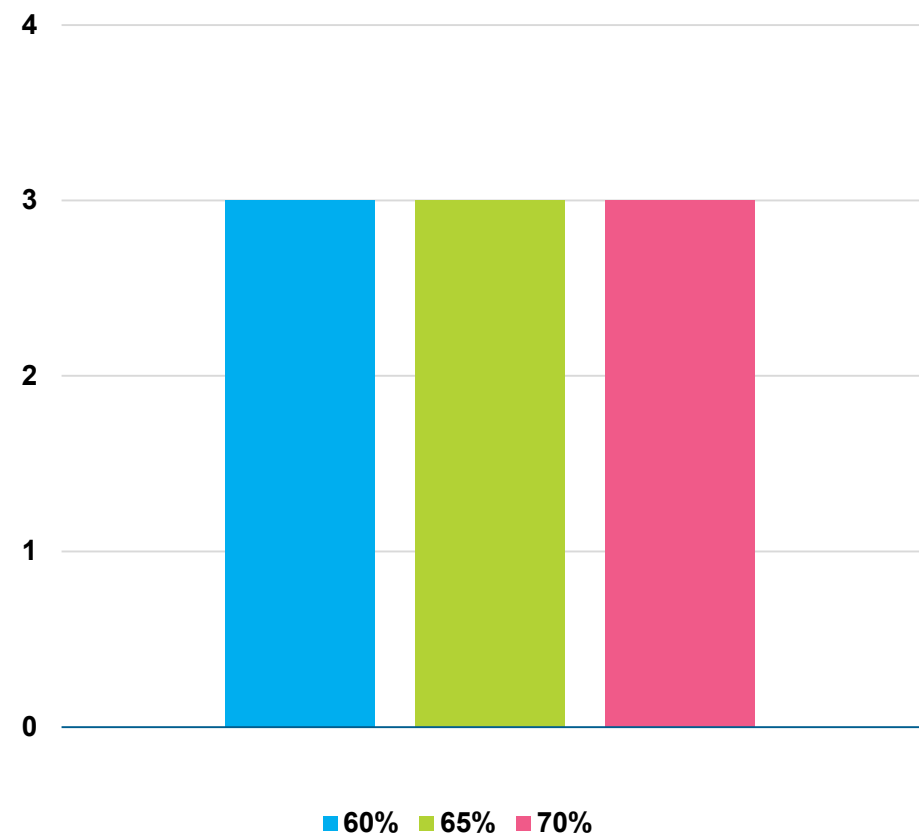
Asset-Liability Study: Risk and Implementation Survey Results

7. What is the minimum funded ratio (with side accounts) that you would be willing to accept in a market crisis scenario (i.e., very rapid deterioration in economic conditions)? Current = ~77% (with side accounts) and ~72% (without side accounts).

Council



Staff



Asset-Liability Study: Risk and Implementation Survey Results

7. What is the minimum funded ratio (with side accounts) that you would be willing to accept in a market crisis scenario (i.e., very rapid deterioration in economic conditions)? Current = ~77% (with side accounts) and ~72% (without side accounts).

→ Takeaways

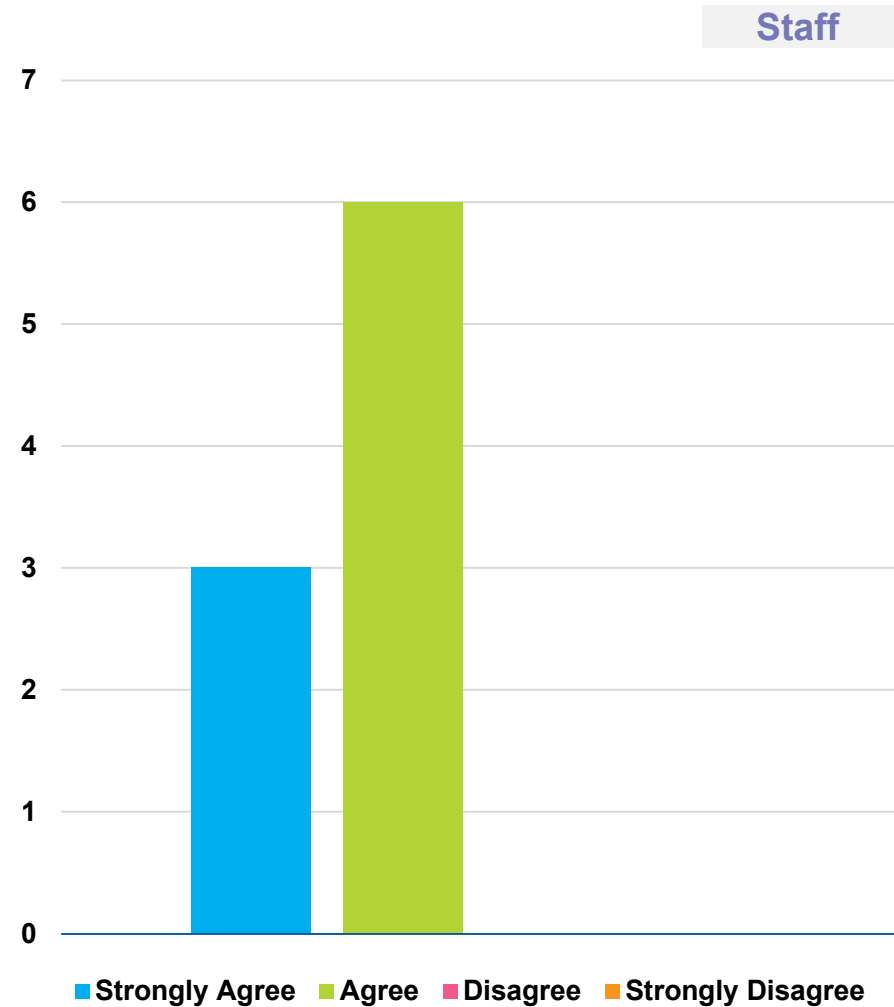
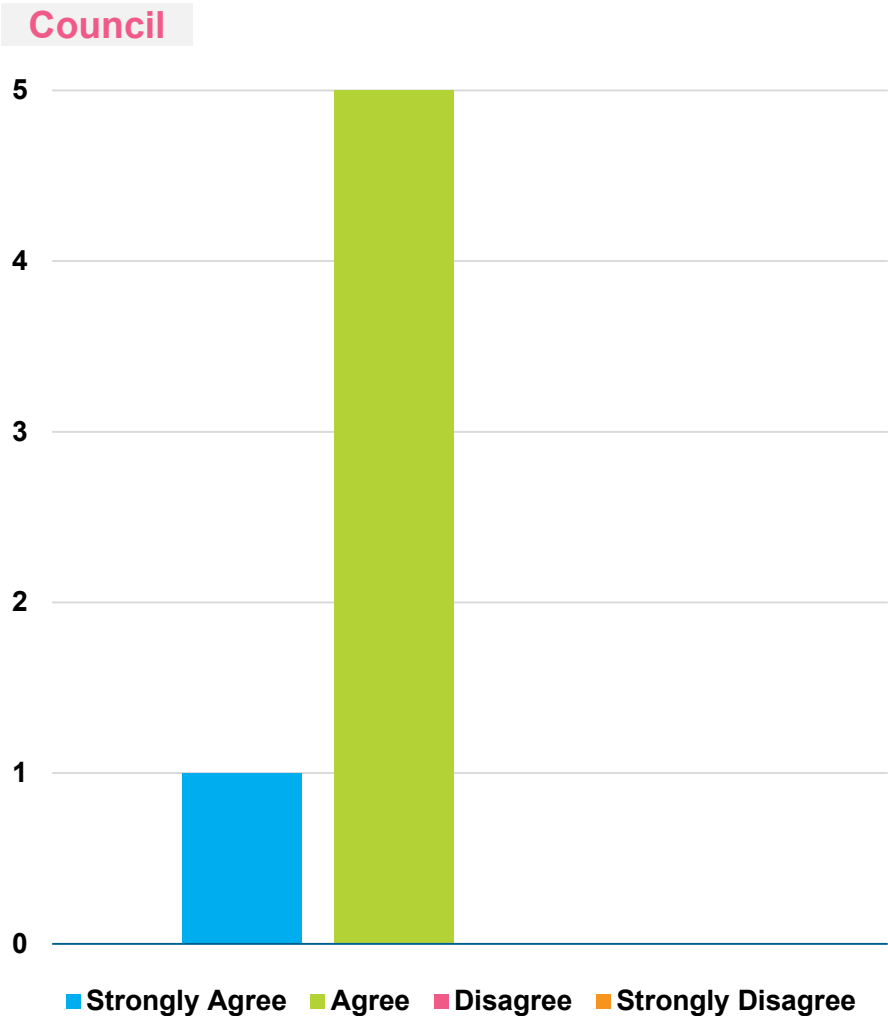
- 83% of OIC respondents do not want to see the funded ratio drop below 65% during a market crisis.
- Of note, OPERF experienced a roughly 30% drop in funded ratio during the Global Financial Crisis (from 2007-2008).
- Staff and OIC are generally aligned as it relates to funded ratio decline thresholds.

→ Next Steps

- Prioritize strategies that support actuarial rate achievement.
- During the asset-liability study, discuss the probabilities of OPERF dropping below funded ratio thresholds for different asset allocation options.

Asset-Liability Study: Risk and Implementation Survey Results

8. The Diversifying Strategies class can provide stability in funded ratio level over time.



8. The Diversifying Strategies class can provide stability in funded ratio level over time.

→ Takeaways

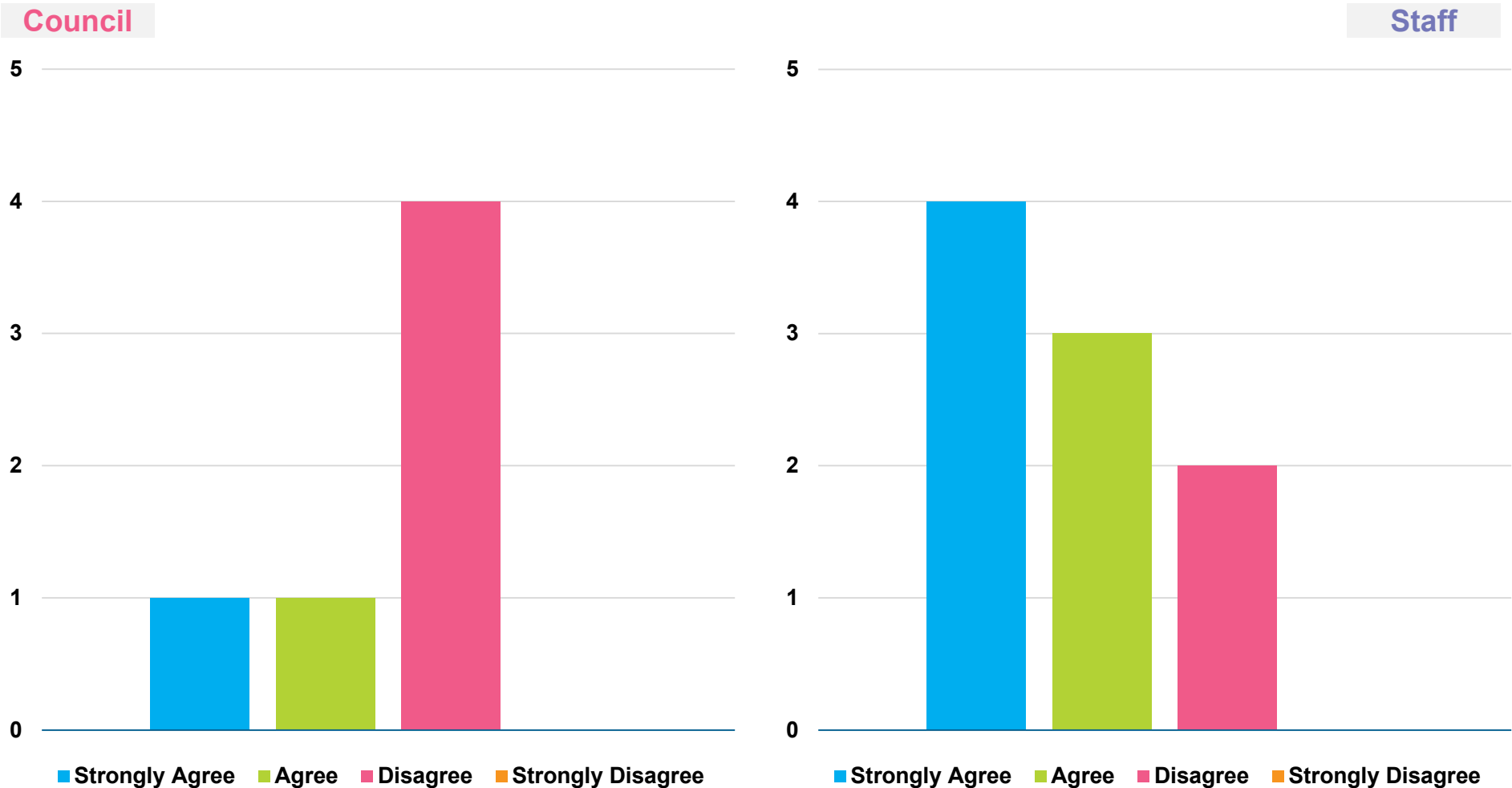
- There is a high level of consensus among the OIC as it relates to the utility of the Diversifying Strategies class.
- Similar to the OIC, Staff indicated a high level of consensus that the Diversifying Strategies class can improve the stability of the funded ratio over time.

→ Next Steps:

- Include Diversifying Strategies asset classes in various alternative asset mixes.

Asset-Liability Study: Risk and Implementation Survey Results

9. It is straight-forward to understand what can and cannot be included in the OPERF’s Diversifying Strategies class.



Asset-Liability Study: Risk and Implementation Survey Results

9. It is straight-forward to understand what can and cannot be included in the OPERF's Diversifying Strategies class.**→ Takeaways**

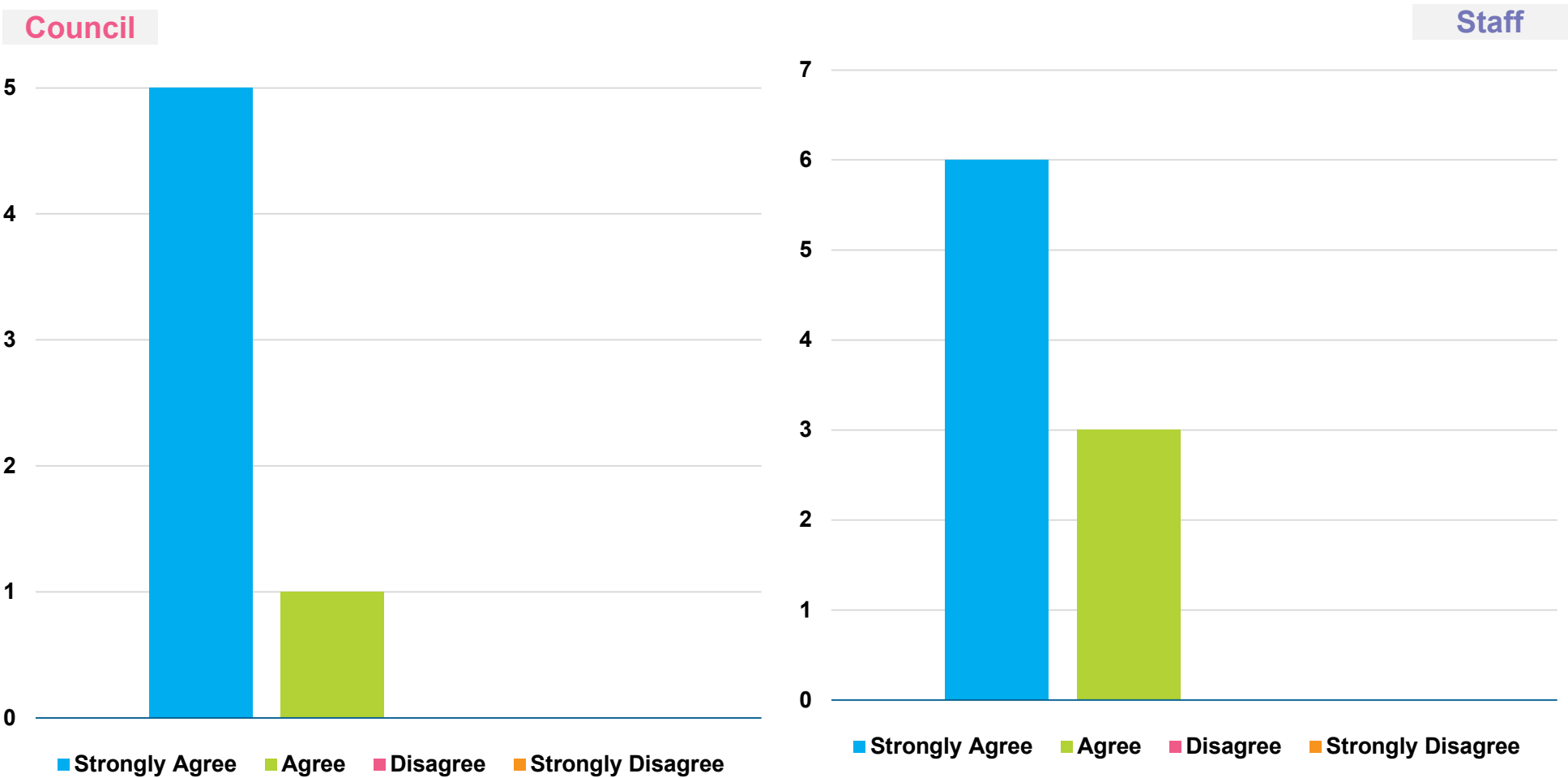
- While the OIC agrees that the Diversifying Strategies class is of value, 2/3 of OIC respondents do not agree that it is straight-forward to understand what can and cannot be included in the class.
- From Meketa's experience, this is a common perspective as it relates to this type of functional class.
- Staff's understanding is mixed as it relates to what can and cannot be included in the Diversifying Strategies asset class.

→ Next Steps

- Provide additional education and training during the ALS process around what can and cannot be included in the Diversifying Strategies asset class.

Asset-Liability Study: Risk and Implementation Survey Results

10. The cash-flow position of the Fund (e.g., net positive contributions or net negative benefit payments) is an important consideration when constructing an investment portfolio.



Asset-Liability Study: Risk and Implementation Survey Results

10. The cash-flow position of the Fund (e.g., net positive contributions or net negative benefit payments) is an important consideration when constructing an investment portfolio.**→ Takeaways**

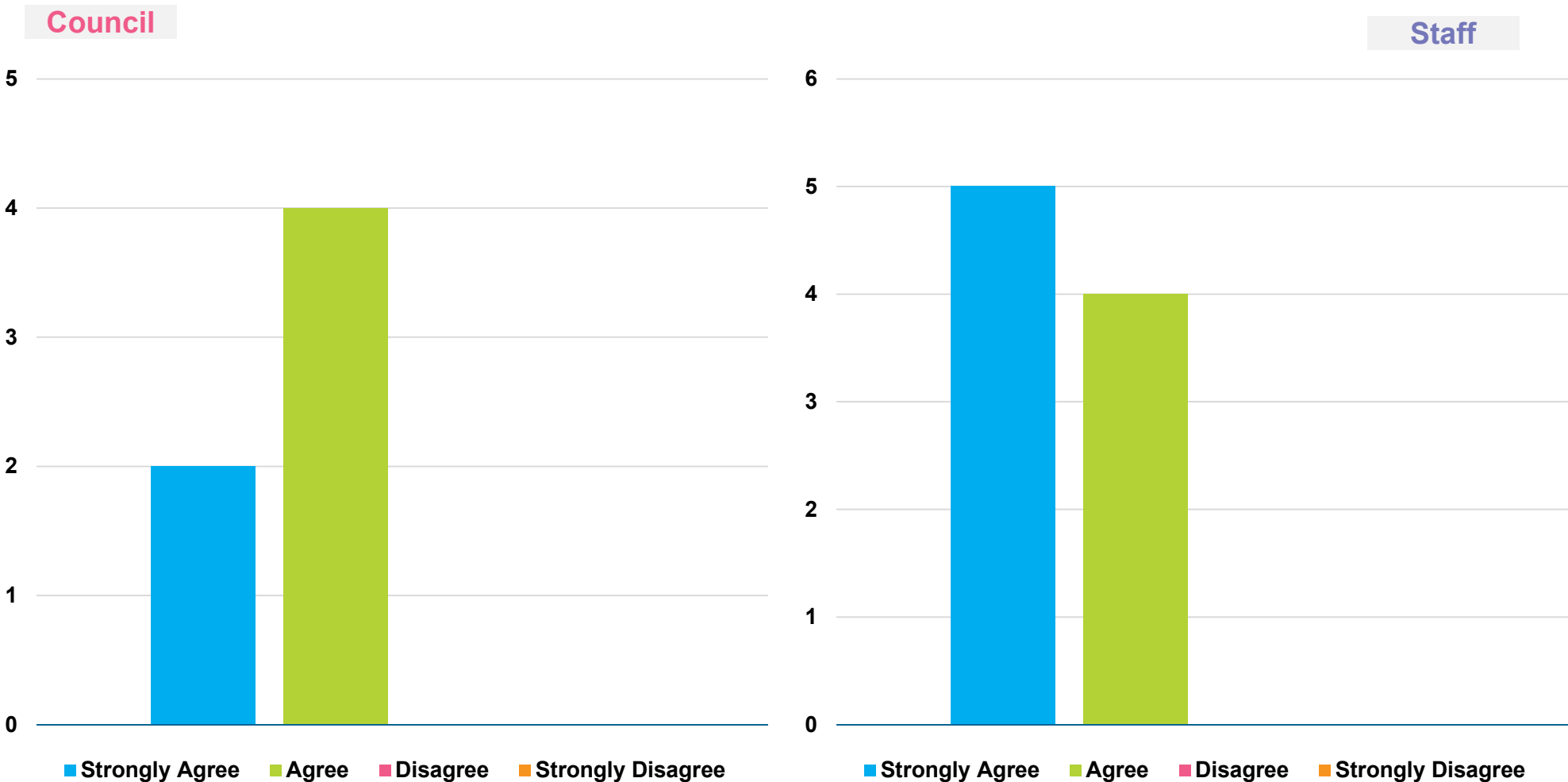
- This is the one question in the survey where there are correct (strongly agree or agree) and incorrect (disagree or strongly disagree) answers.
- Both the Council and Staff understand the importance of the net cash-flow position of OPERF as it relates to asset allocation mixes and overall system success.

→ Next Steps

- Cash-flows are directly incorporated into the asset-liability modeling process, and their impacts can influence what may be considered “optimal” portfolios.

Asset-Liability Study: Risk and Implementation Survey Results

11. Opportunistic investments have the potential to add value.



11. Opportunistic investments have the potential to add value.

→ Takeaways

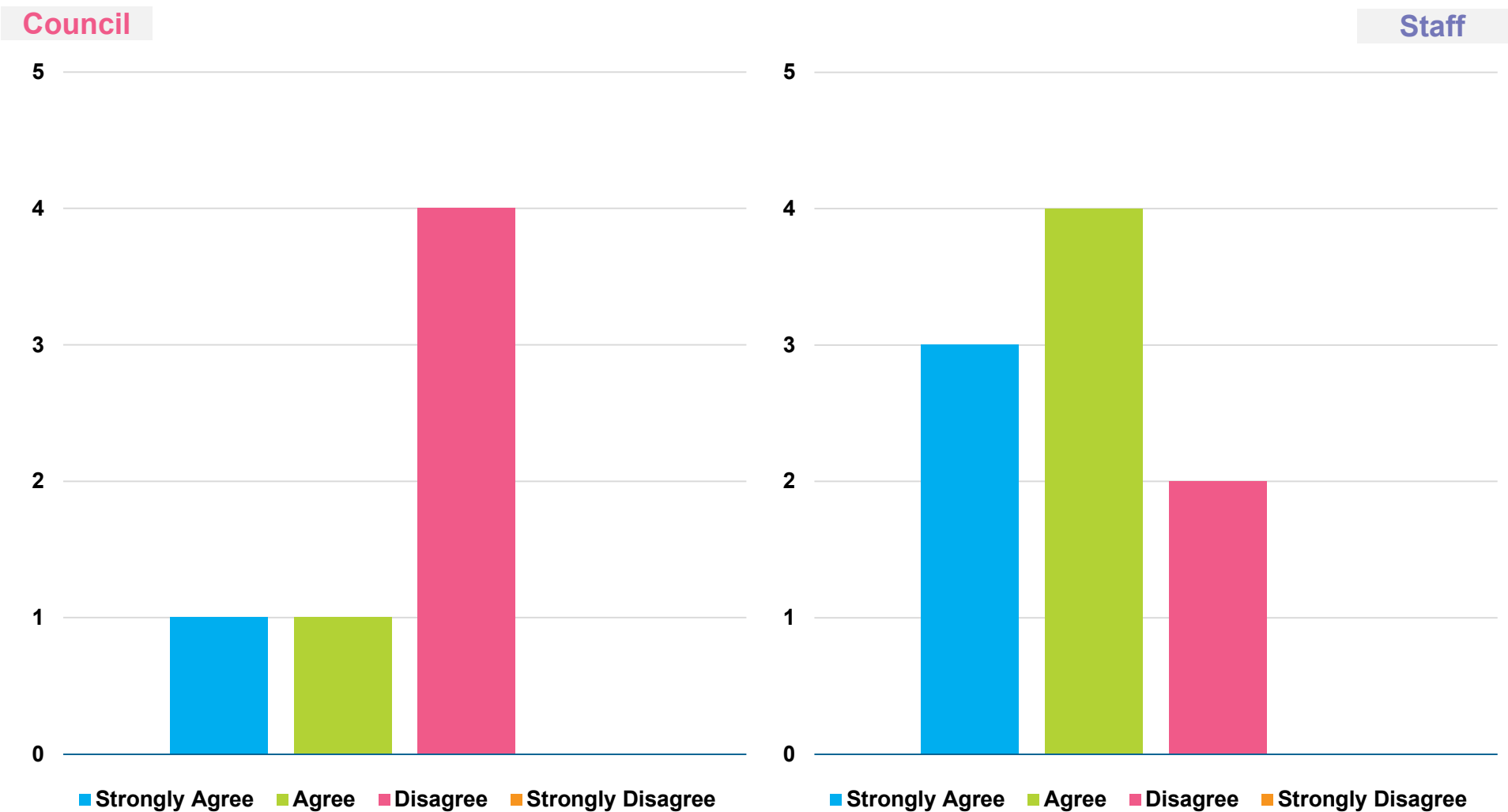
- All OIC respondents either agreed or strongly agreed in the value add behind opportunistic investments.
- Similar to the OIC, all Staff respondents either agreed or strongly agreed in the value add behind opportunistic investments.

→ Next Steps

- Continue to maintain portfolio flexibility within policy, but highlight how exposure to this asset class necessarily means another asset class has less exposure, given a 0% target.

Asset-Liability Study: Risk and Implementation Survey Results

12. It is straight-forward to understand what can and cannot be included in the Opportunity class.



12. It is straight-forward to understand what can and cannot be included in the Opportunity class.

→ Takeaways

- While the OIC agrees that the Opportunity class is of value, 60% of OIC respondents do not agree that it is straight-forward to understand what can and cannot be included in the class.
- Staff's understanding is mixed as it relates to what can and cannot be included in the Opportunity class.

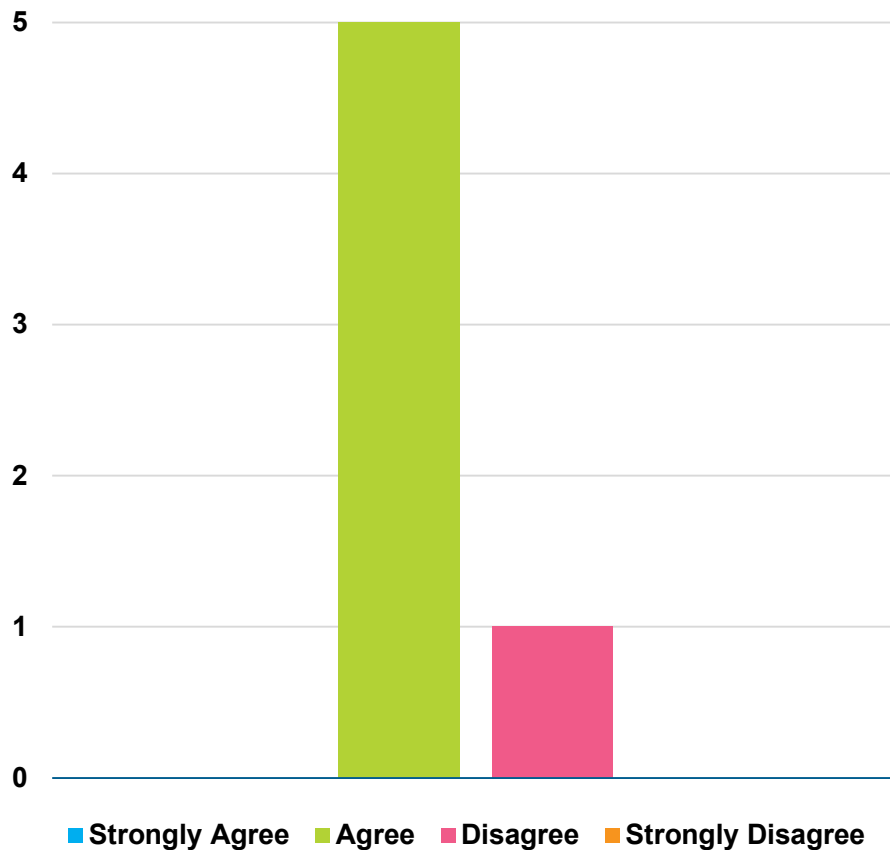
→ Next Steps

- Provide additional education and training around what can and cannot be included in the Opportunity class.

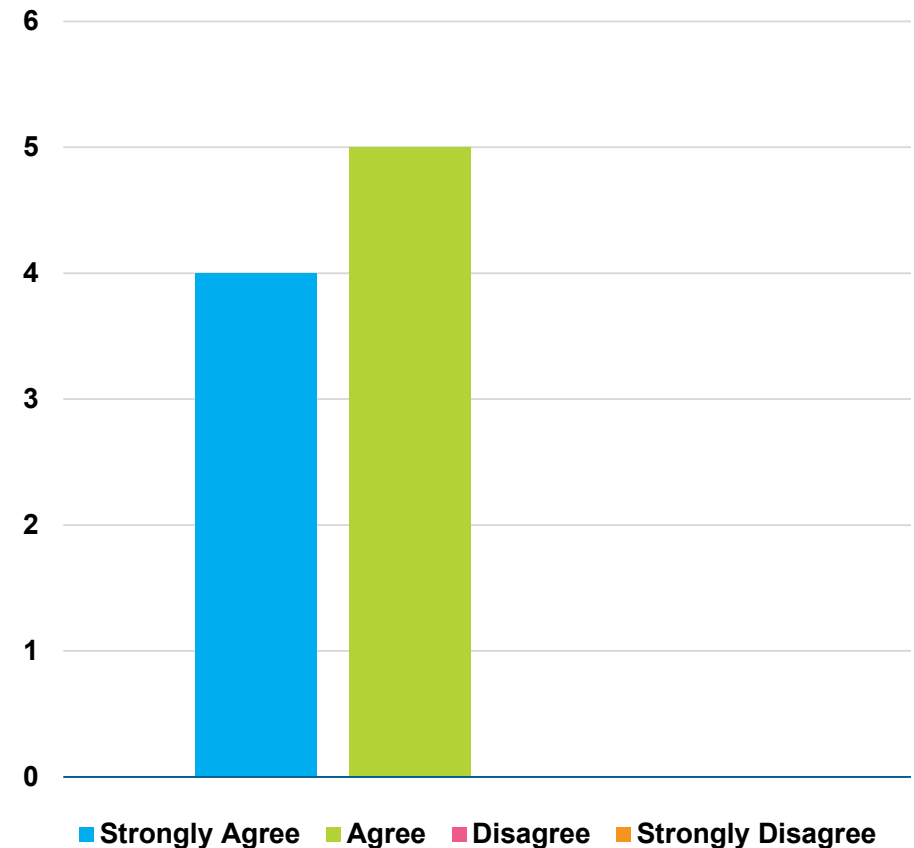
Asset-Liability Study: Risk and Implementation Survey Results

13. High fee strategies are worthwhile if they produce high net-of-fee returns (e.g., a strategy with a 1% management fee and an 8.5% expected net-of-fee return is preferred to a strategy with a 20 basis point management fee and an 8.3% expected net-of-fee return).

Council



Staff



Asset-Liability Study: Risk and Implementation Survey Results

13. High fee strategies are worthwhile if they produce high net-of-fee returns (e.g., a strategy with a 1% management fee and an 8.5% expected net-of-fee return is preferred to a strategy with a 20 basis point

→ **Takeaways**

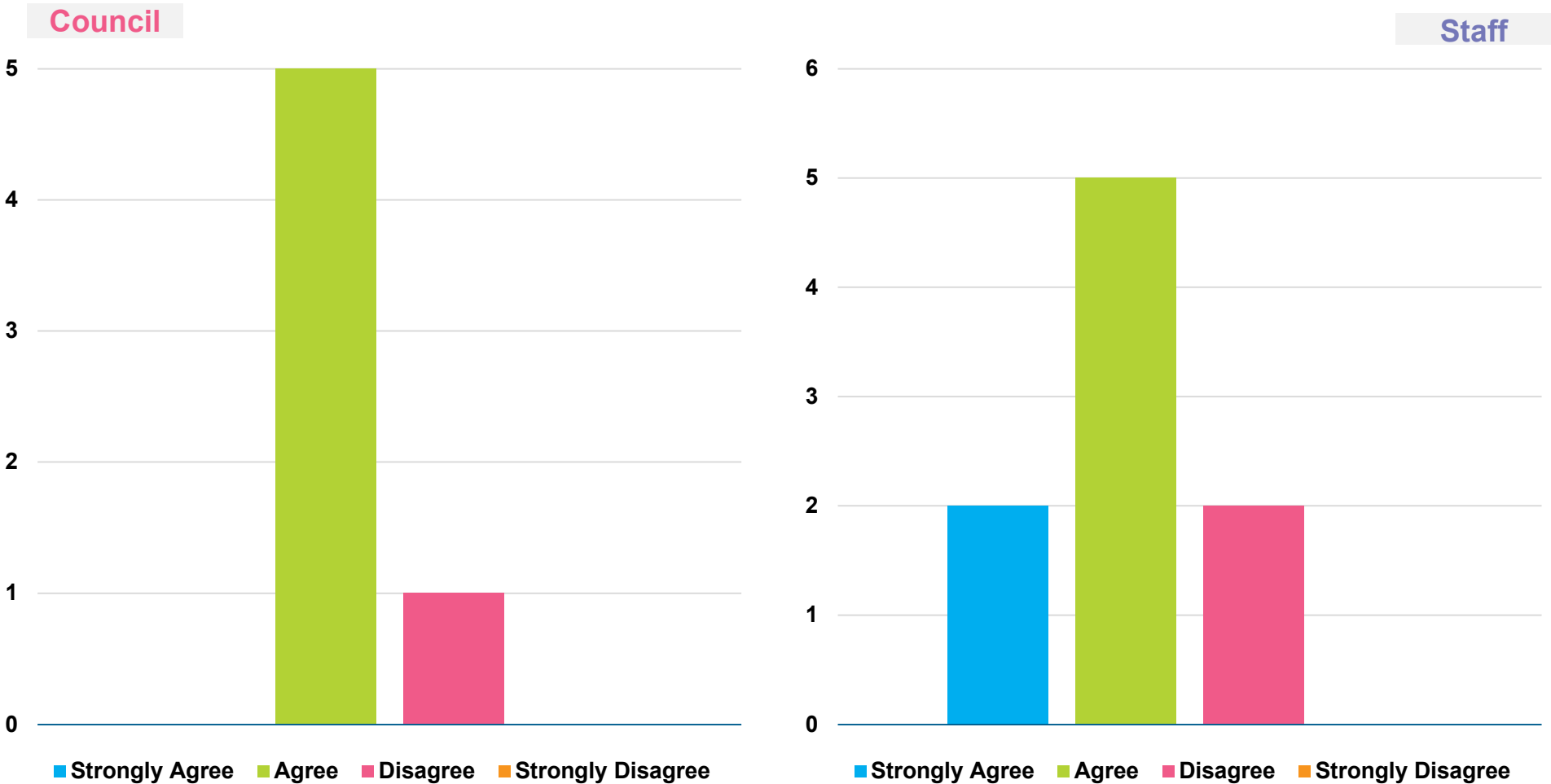
- Over 80% of the OIC believe that net-of-fee risk-adjusted results should be the primary determinant of investment success for a given strategy.
- With an even higher level of conviction, all staff either strongly agree or agree that net-of-fee risk-adjusted results should be the primary determinant of investment success.

→ **Next Steps**

- Continue to include asset classes with higher fees (e.g., private markets) in the asset-liability modeling process, with the overall allocation to such classes determined by overall risk/return objectives and liquidity requirements.

Asset-Liability Study: Risk and Implementation Survey Results

14. Illiquid strategies typically return more than similar-risk, liquid strategies (e.g., private equity typically returns more than public equity on a risk-adjusted basis).



Asset-Liability Study: Risk and Implementation Survey Results

14. Illiquid strategies typically return more than similar risk, liquid strategies (e.g., private equity typically returns more than public equity on a risk-adjusted basis).**→ Takeaways**

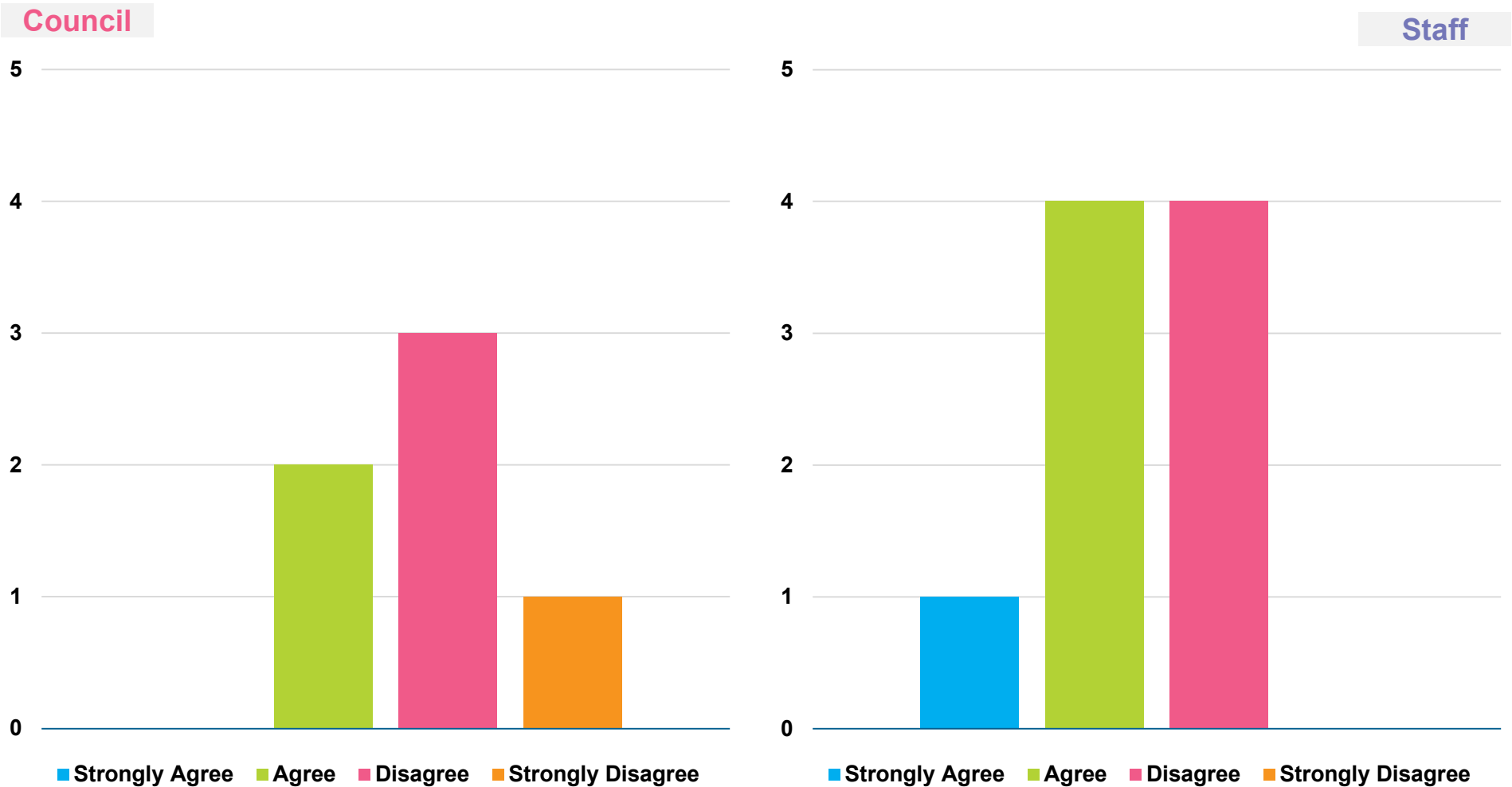
- Both the OIC and Staff believe that illiquid strategies outperform similar risk, liquid strategies on a risk adjusted basis.

→ Next Steps:

- Continue to include illiquid asset classes in the asset-liability modeling process, with the overall allocation to such classes determined by overall risk/return objectives and liquidity requirements.
- When presenting the capital market assumptions, explicitly compare/contrast the expectations for liquid vs. illiquid classes.

Asset-Liability Study: Risk and Implementation Survey Results

15. Producing a return pattern that is different than peers is important (given the same long-term return).



Asset-Liability Study: Risk and Implementation Survey Results

15. Producing a return pattern that is different than peers is important (given the same long-term return).**→ Takeaways**

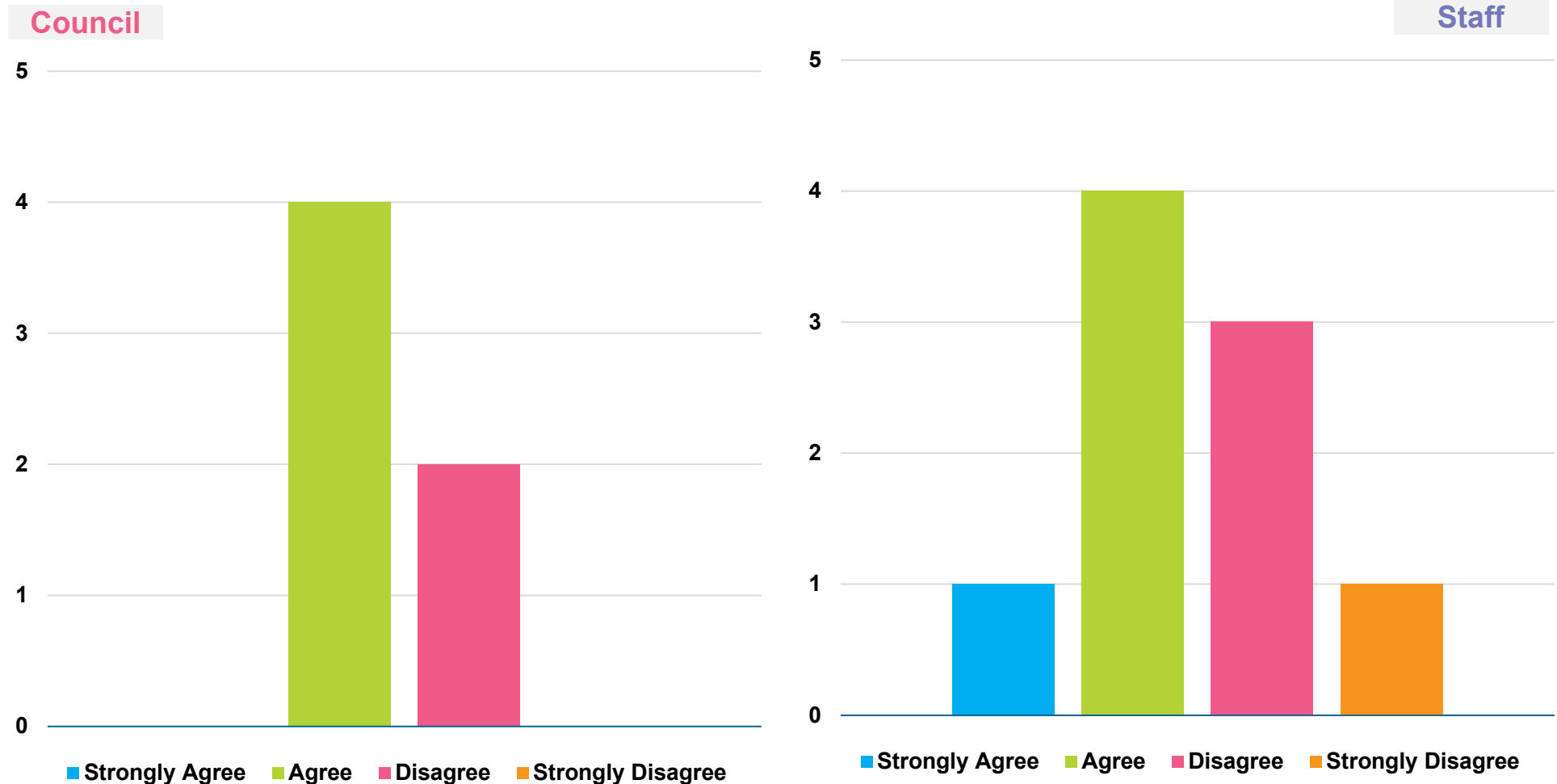
- There is variability within both the OIC and Staff as it relates to how important peer comparisons are.
- Compared to the 2022 survey, there are more responses that indicate “agree” or “strongly agree”, indicating that views on this topic may have changed. This may also be the result of recent peer rankings of OPERF compared to peers.

→ Next Steps

- Discuss the benefits and risks of a differentiated portfolio and ensure that there is alignment across Council and Staff regarding what this actually means and looks like in practice.

Asset-Liability Study: Risk and Implementation Survey Results

16. Strategies that are designed to hedge equity risk (e.g., insurance-like long volatility or tail risk strategies, etc.) can enhance the risk/return profile of OPERF.



Asset-Liability Study: Risk and Implementation Survey Results

16. Strategies that are designed to hedge equity risk (e.g., insurance-like long volatility or tail risk strategies, etc.) can enhance the risk/return profile of OPERF.**→ Takeaways**

- Opinions of the OIC are somewhat mixed when it comes to the value of equity hedging strategies.
- Similar to the OIC, the responses from Staff are also mixed.

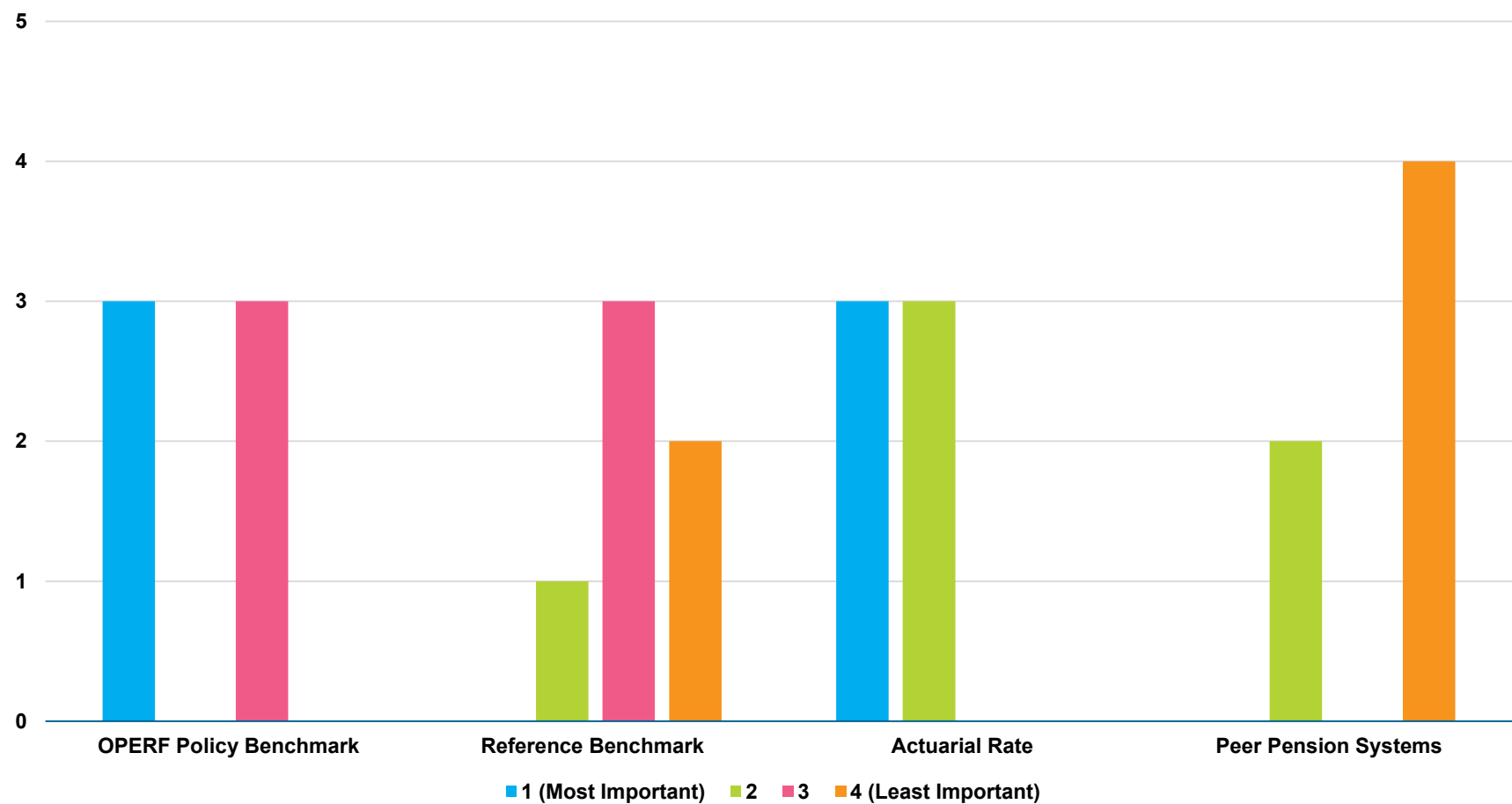
→ Next Steps

- No pre-determined inclusion (or exclusion) from portfolio options is indicated.
- There appears to be enough agreement among the OIC, coupled with the overall mixed responses, that education on this topic is prudent and should be conducted.

Asset-Liability Study: Risk and Implementation Survey Results

17. Rank the following “benchmarks” in order of what you would prefer to not see OPERF “underperform” over a 1-5 year horizon. (1 = the most important benchmark from your perspective)

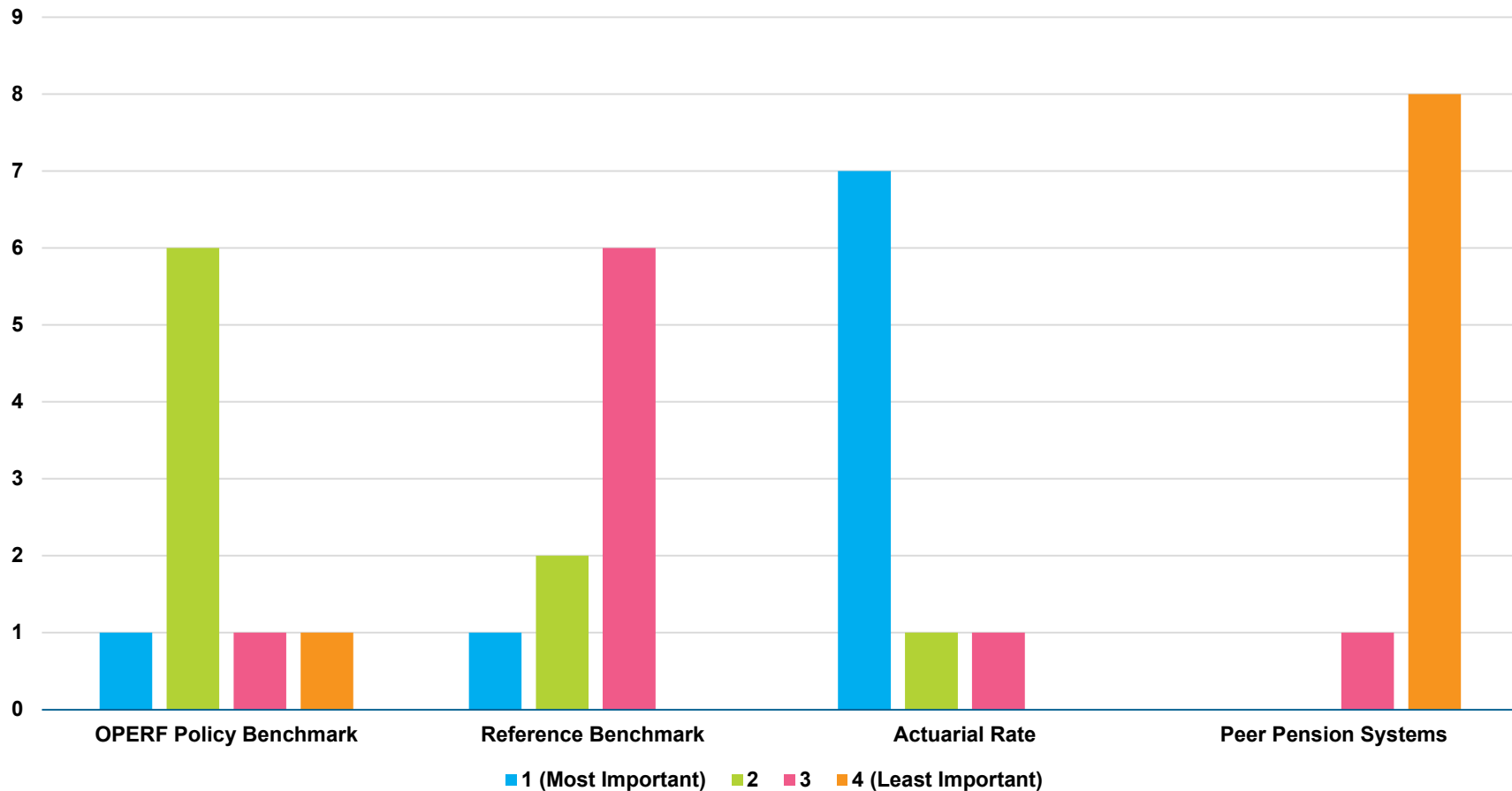
Council



Asset-Liability Study: Risk and Implementation Survey Results

17. Rank the following “benchmarks” in order of what you would prefer to not see OPERF “underperform” over a 1-5 year horizon. (1 = the most important benchmark from your perspective)

Staff



Asset-Liability Study: Risk and Implementation Survey Results

17. Rank the following “benchmarks” in order of what you would prefer to not see OPERF “underperform” over a 1-5 year horizon. (1 = the most important benchmark from your perspective)

→ **Takeaways**

- Both Council and Staff are in agreement that the Actuarial Rate was the most important benchmark to not underperform.
- The Policy Benchmark is also viewed as a critical point of comparison.
- There was general agreement that Peer comparisons offer the lowest utility.

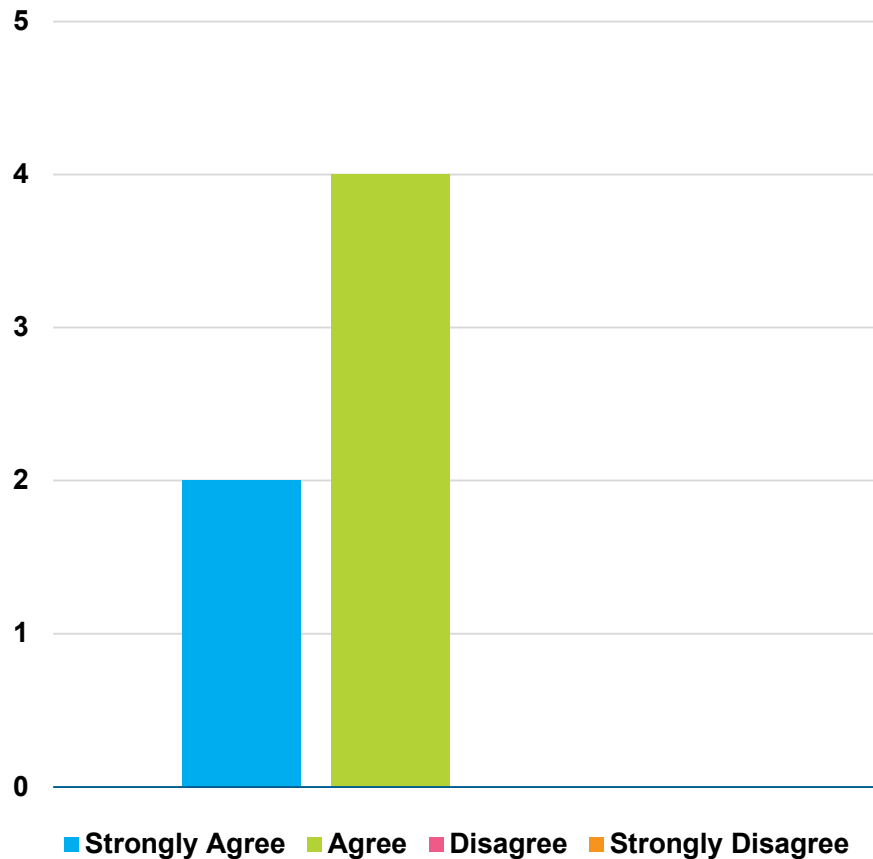
→ **Next Steps**

- Ensure that the Policy Benchmark is constructed to maximize its effectiveness as a point of comparison.

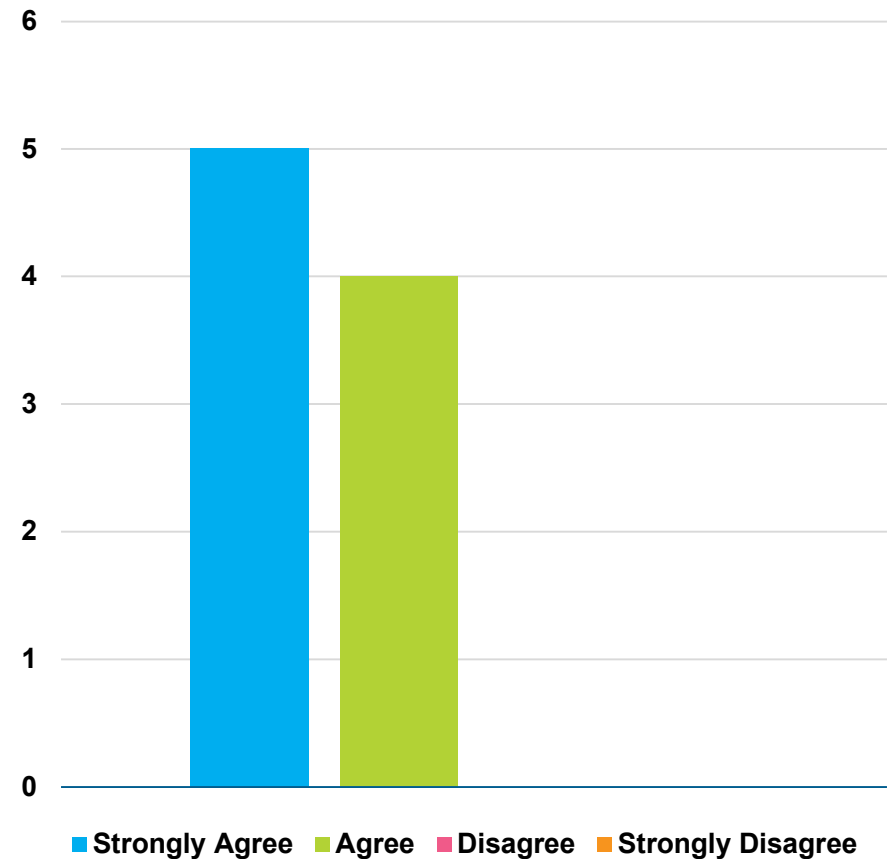
Asset-Liability Study: Risk and Implementation Survey Results

18. A globally diversified portfolio (e.g., US, non-US developed, and emerging markets) offers a better forward-looking risk-adjusted portfolio than a US-centric portfolio.

Council



Staff



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→ **Takeaways**

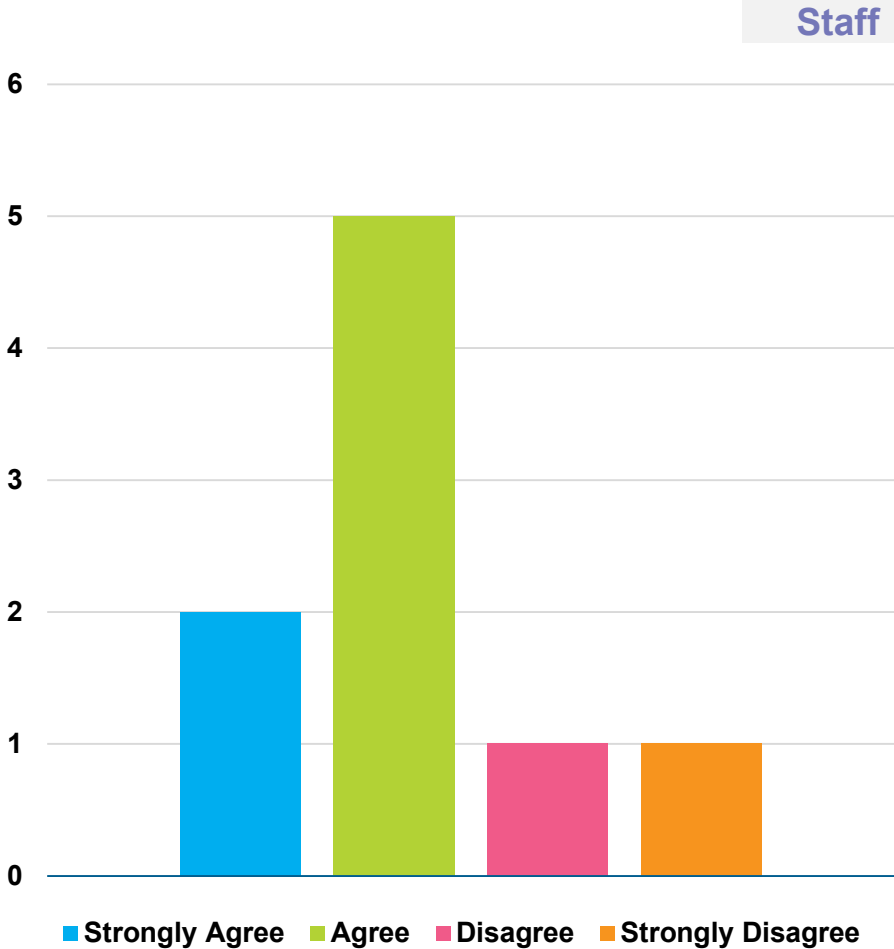
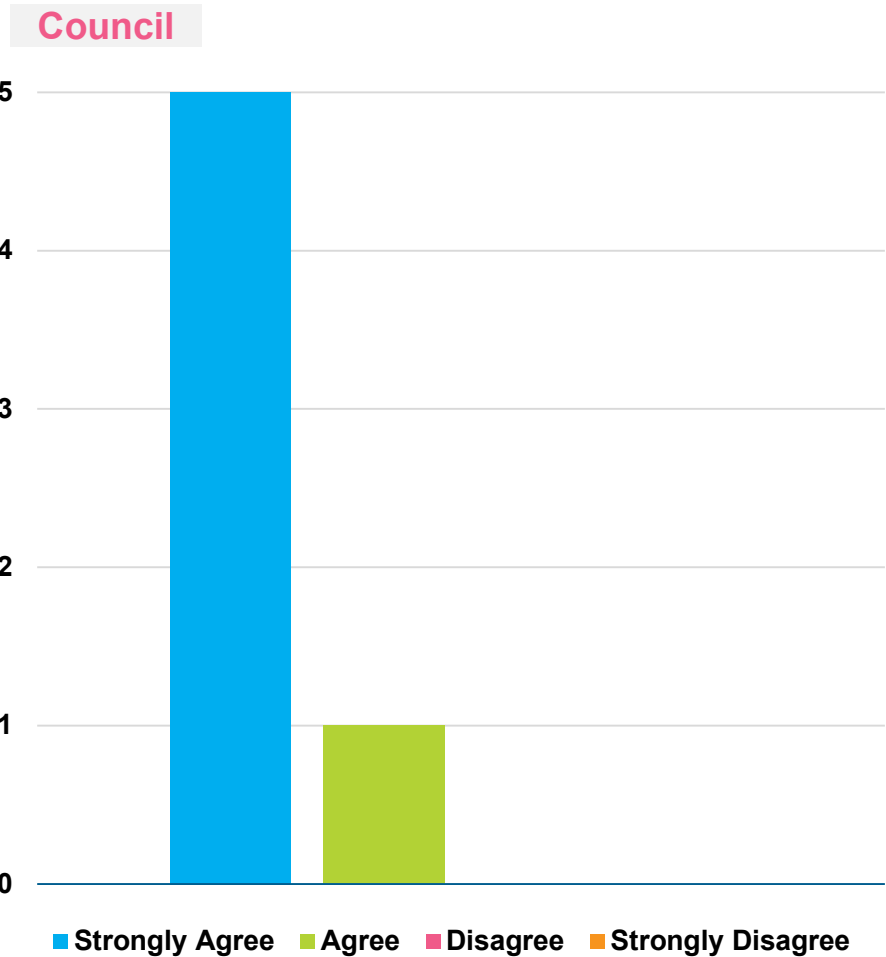
- Both Council and Staff agree that a globally diversified portfolio is more beneficial than a US-centric portfolio

→ **Next Steps**

- Approach asset classes through a global lens to ensure regional diversification.

Asset-Liability Study: Risk and Implementation Survey Results

19. Fixed Income is a broad market category with varying levels of different risks (e.g., interest rates, credit, liquidity, etc.). It would be useful in overseeing the OPERF portfolio for the Fixed Income category to be more segmented at the Asset Allocation level.



Asset-Liability Study: Risk and Implementation Survey Results

19. Fixed Income is a broad market category with varying levels of different risks (e.g., interest rates, credit, liquidity, etc.). It would be useful in overseeing the OPERF portfolio for the Fixed Income category to be more segmented at the Asset Allocation level.

→ Takeaways

- Over 80% of the OIC Strongly Agreed, and 100% were in agreement that a more segmented approach to Fixed Income management would be beneficial.
- Most Staff at least agreed that a more segmented approach would be beneficial.

→ Next Steps

- Segment the Fixed Income category within the asset-liability study.

Asset-Liability Study: Risk and Implementation Survey Results

Conclusion

- These survey results serve as a foundational guide for the asset-liability modeling process. The preferences and viewpoints of the OIC will be built into the model and its corresponding output.
- The results support the current trajectory of the OIC/OPERF. There is nothing in the results that suggests a material deviation from the current strategic allocation and risk posture is desired.
- Primary objectives:
 - Maintain consistent progress on funded ratio.
 - Avoid major drawdowns and focus on corresponding implications of negative net cash-flow.
- As it relates to existing and potential classes, the following apply:
 - Continue to include illiquid strategies and examine all strategies based on net-of-fee results.
 - Maintain a global orientation within asset classes, particularly as it relates to public equity.
 - While the Diversifying Strategies class is viewed as valuable, there needs to be further education as to what can and cannot be included in the class. Education on equity hedging strategies will also be included.
 - Segment the Fixed Income asset class during the asset-liability study and corresponding asset allocation options.

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TAB 6

OREGON ENVIRONMENTAL RESTORATION FUND

October 22, 2025

Oregon Environmental Restoration Fund (OERF)

Jamie McCreary

Service Model Program Manager

Raneen Jalajel

Aon- Partner

Ashley Woeste

Aon- Associate Partner



OREGON
STATE
TREASURY

Agenda

- Oregon Environmental Restoration Fund (OERF)
- Asset Allocation Study
- IPS for approval



Fund Objectives

Investment Policy (INV 1400)

- The Oregon Investment Council (OIC) formulates policies for the investment of funds under the control and administration of the Oregon Watershed Enhancement Board (OWEB), known as the Oregon Environmental Restoration Fund (the Fund)
- Investment policy provides guidance to Oregon State Treasury staff and investment consultants regarding approved asset classes, asset allocation, investment guidelines, and reporting requirements
- The primary objective of the Oregon Environmental Restoration Fund is to generate a real (inflation-adjusted) rate of return that is sufficient to support the mission of the Fund and its spending needs long term

Distribution Policy

- The Oregon Environmental Restoration Council sets the distribution policy for OERF
- October 2025 distribution policy was approved by OERC:
 - An annual distribution of 5% of the Fund's assets, based on the historical 3-year market value average, and subject to a real (inflation-adjusted) \$30 million annual ceiling and a \$15 million annual floor.

Accomplishments and Strategic Priorities

- Oregon Environmental Restoration Council meeting- October 2025
- Asset Allocation Study 2025
- Investment Policy Statement for approval
- Work with asset class teams and committees to implement portfolio



**OREGON
STATE
TREASURY**

Elizabeth Steiner, MD
Oregon State Treasurer

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Tigard, OR 97224

oregon.gov/treasury





Oregon Environmental Restoration Fund

Asset Allocation Study

October 22, 2025

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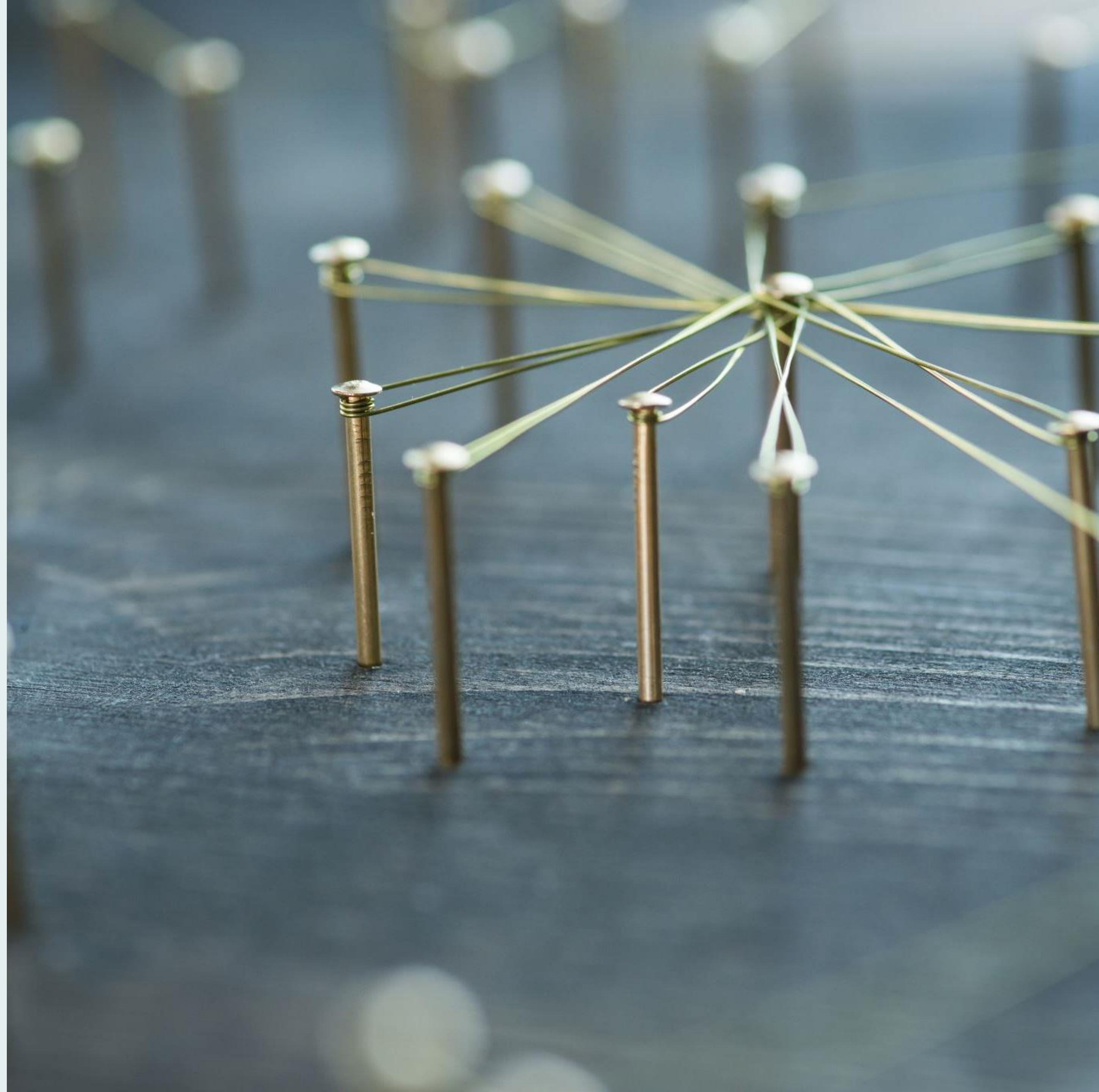


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Liquidity Assumptions

1

Affirming Objectives and Key Considerations



Affirming Objectives and Key Considerations/Assumptions

Purpose of Study	
Develop a long-term asset allocation and spending policy to meet the funding objectives of the Oregon Environmental Restoration Fund (OERF) while maintaining purchasing power over the next 50+ years.	
Current Situation	Objectives
<p>AUM: \$560 million</p> <p>Goal: To have funds available into perpetuity and to maintain purchasing power over time</p> <p>Required Return: To maintain purchasing power, a nominal return of approximately 7.3% is required since the Fund has a 5% spending policy</p> <p>Cash Inflows: No cash inflows expected</p> <p>Restrictions: None</p>	<p>Today: OIC to adopt an asset allocation that best meets OERF's stated spending policy while preserving the portfolio's real value. OST Staff and Aon have narrowed down the potential portfolio mixes to three portfolios that range across return objective, risk tolerance, and liquidity profiles.</p>

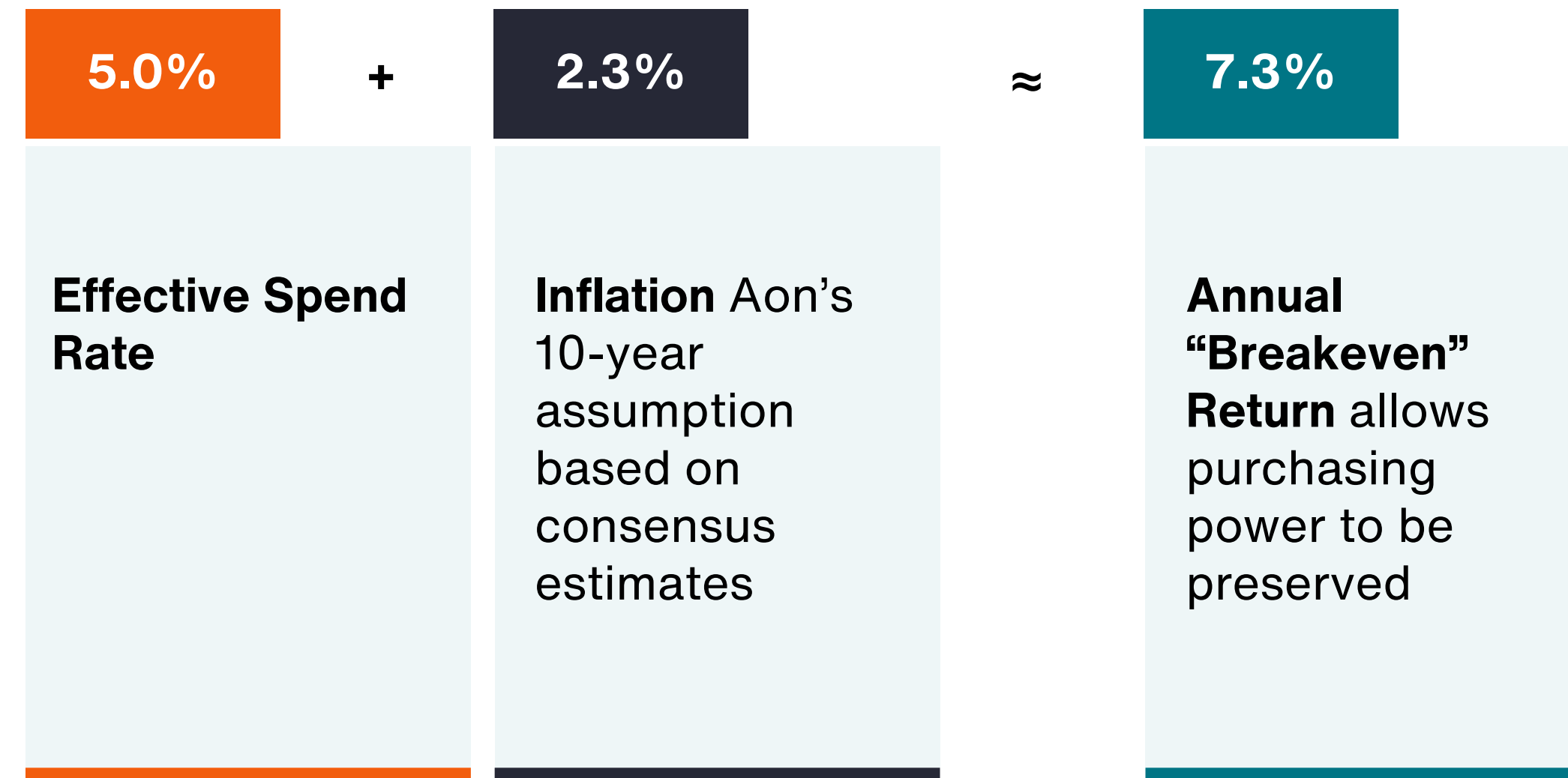
2

Asset Allocation Study



Investment Objectives – What are We Trying to Achieve?

Preserve Purchasing Power



- The annual estimated return needed for OERF to preserve real purchasing power of assets net of spending is approximately 7.3%

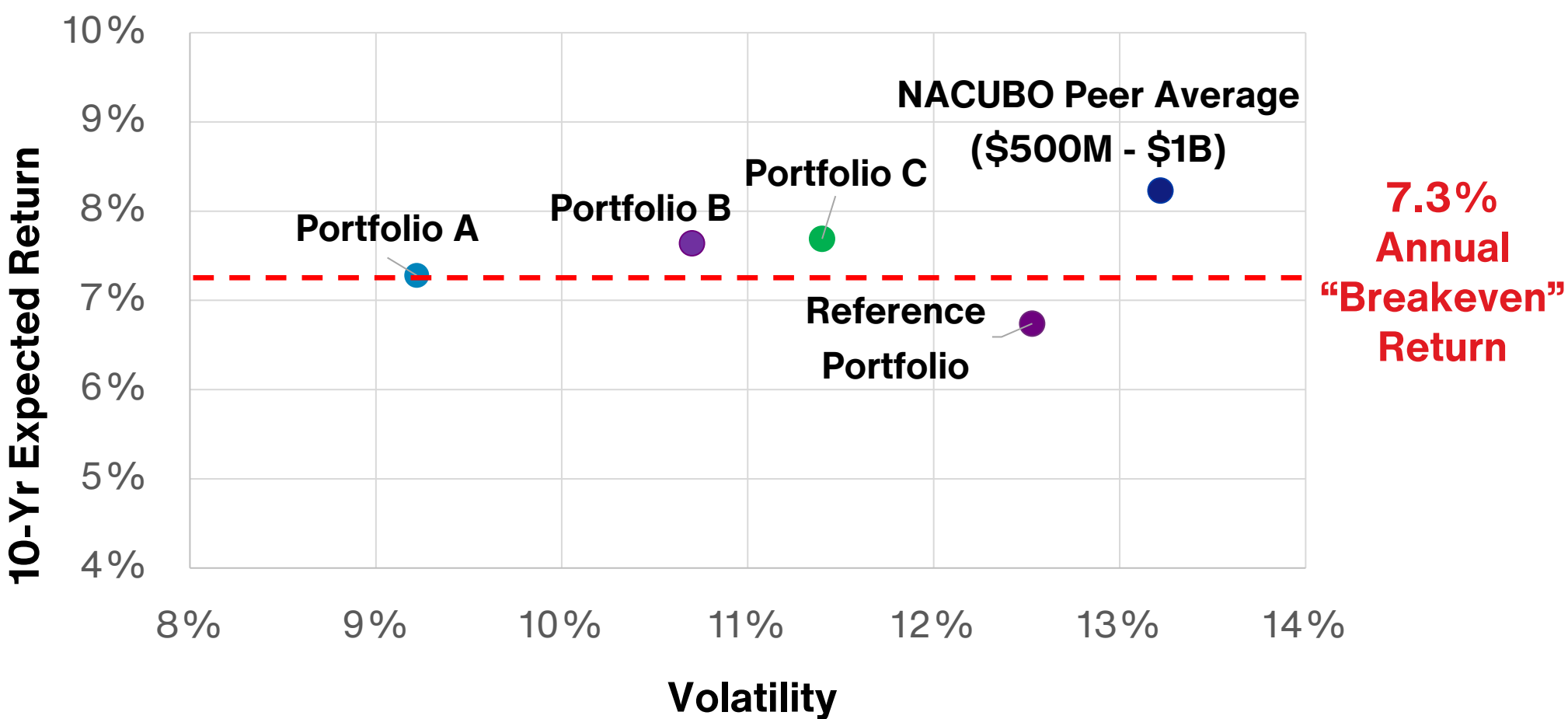
Proposed Allocations

Based on Aon's 10-Year Capital Market Assumptions as of 3/31/2025²

	Portfolio A	Portfolio B	Portfolio C	NACUBO \$500M - \$1B ¹	Reference Portfolio
Public Equity	35%	40%	45%	44.5%	70%
Private Equity	10	15	17.5	20.5	
Total Equity	45%	55%	62.5%	65%	70%
Multi-Asset Credit	10	10	--	1	
Private Credit	5	5	--	3	
Return-Seeking Fixed Income	15%	15%	--	4%	
Real Estate	5	3.25	5	5	
Real Assets	5	3.25	5	2	
Real Assets	10%	7.5%	10%	7%	
Hedge Funds	5	7.5	7.5	11.5	
Liquid Alternatives	5%	7.5%	7.5%	11.5%	
Core / Core Plus Fixed Income ¹	25	15	20	12.5	30%
Risk-Reducing Assets	25%	15%	20%	12.5%	30%
Expected Nominal Return 10-Yr	7.28%	7.64%	7.69%	8.23%	6.74%
Expected Real Return 10-Yr	4.86%	5.22%	5.27%	5.79%	4.34%
Expected Volatility	9.22%	10.70%	11.40%	13.22%	12.53%
Sharpe Ratio	0.39	0.37	0.35	0.34	0.24
Illiquid Assets (>1 Yr. Lock)	15%	20%	17.5%	26.4%	--

¹2024 NACUBO –Commonfund Study of Endowments. Allocations represent the average allocation of endowment participants with \$500 million to \$1 Billion; equal weighted (71 participants); Core Fixed Income allocation includes 3% in cash and real estate captures allocation to REITs and private real estate

²Expected returns are using Aon Q1 2025 10 Year Capital Market Assumptions. CMAs contain projections about future returns on asset classes. Our CMA projections are designed to reflect the typical cost of implementing an investment program. Expected returns are calculated using weighted allocations of the underlying CMAs. Expected Returns are geometric (long-term compounded; rounded to the nearest decimal) assuming portfolio weights are rebalanced annually. Expected returns presented are models and do not represent the returns of an actual client account. Expected return calculation includes Aon's 2025 investment advisory fees of 0.001%. Your actual returns may differ from model returns presented based on your plan's individual fees/expenses. Aon's advisory fees are described in Part 2A of Aon's Form ADV. Not a guarantee of future results. See appendix for capital market assumptions disclosure pages and additional definitions related to nominal returns, real returns, standard deviation for expected volatility and Sharpe ratio.

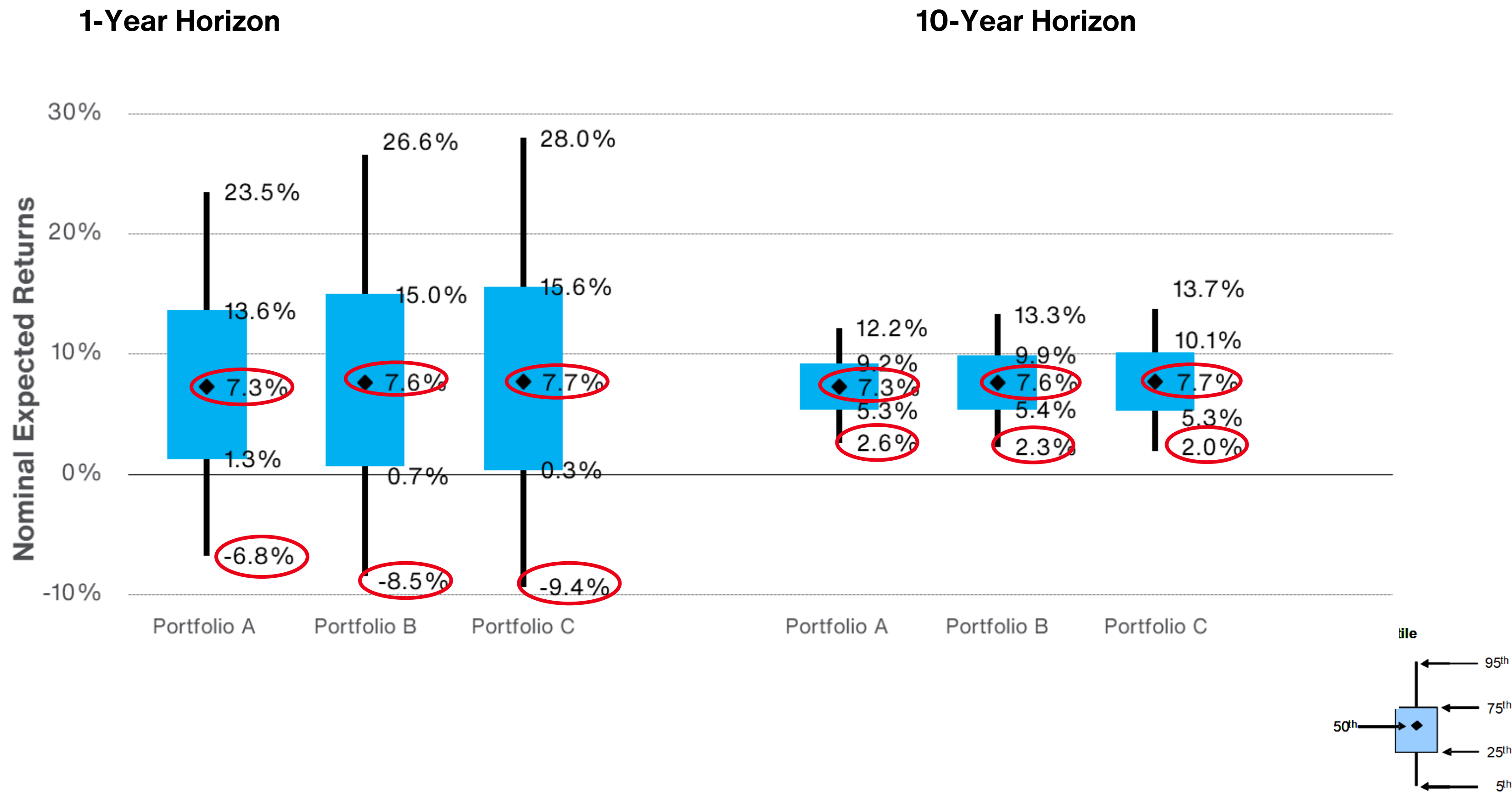


Key Takeaways

- The real value of Portfolio A is expected to decline over time given the expected real return is slightly below the 5% spending rate policy
- Portfolios B and C are expected to maintain the real value of portfolio with an expected real return above 5% with 20% and 17.5% exposure to illiquid assets (>1 Yr. Lock), respectively
- Relative to endowment peers, the proposed portfolios are expected to generate a modestly lower level of return, but at a much lower level of risk and illiquidity

Distribution of Nominal Returns

Based on Aon's 3/31/2025 Capital Market Assumptions



Key Takeaways

- Portfolio A provides the most downside protection over both 1 & 10-year time horizons
- Portfolios B and C provide higher expected return potential with similar downside risk over the 10-year period

¹Expected returns are using Aon Q1 2025 10 Year Capital Market Assumptions. CMAs contain projections about future returns on asset classes. Our CMA projections are designed to reflect the typical cost of implementing an investment program. Expected returns are calculated using weighted allocations of the underlying CMAs. Expected Returns are geometric (long-term compounded; rounded to the nearest decimal) assuming portfolio weights are rebalanced annually. Expected returns presented are models and do not represent the returns of an actual client account. Expected return calculation includes Aon's 2025 investment advisory fees of 0.001%. Your actual returns may differ from model returns presented based on your plan's individual fees/expenses. Aon's advisory fees are described in Part 2A of Aon's Form ADV. Not a guarantee of future results. See appendix for capital market assumptions disclosure pages and additional definitions related to nominal returns, real returns, standard deviation for expected volatility and Sharpe ratio.

Spending Model Assumptions

Monte Carlo Simulations Integrating Spending Policy and Investment Returns

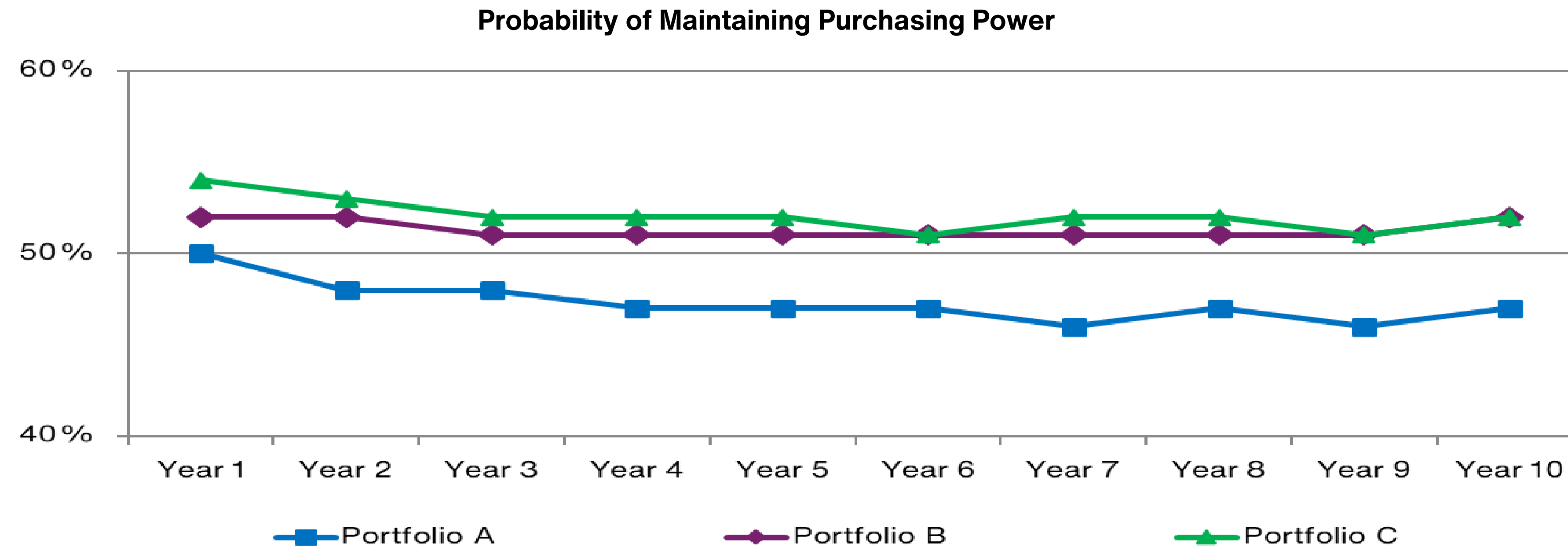
Goals

- Stochastic analysis that integrates projected fund inflows, spending policy and investment returns to gain a better understanding of the likelihood of meeting OERF's goals
- Projects 5,000 annual simulations of spending and asset values, over the next 10 years
- The output consists of percentile values for asset values and spending for 95th (most optimistic), 75th, median (expected), 25th and 5th (most pessimistic) in both nominal and real terms
- Determine the probability of preserving purchasing power

Inputs

- Beginning asset value of \$560 million as of 12/31/2025
- Spending Policy: 5% spend applied to a 3-Year Market Value Average with a \$30 million annual spend ceiling and \$15 million floor, both growing at inflation
- Assume no cash inflows
- 2.3% expected inflation

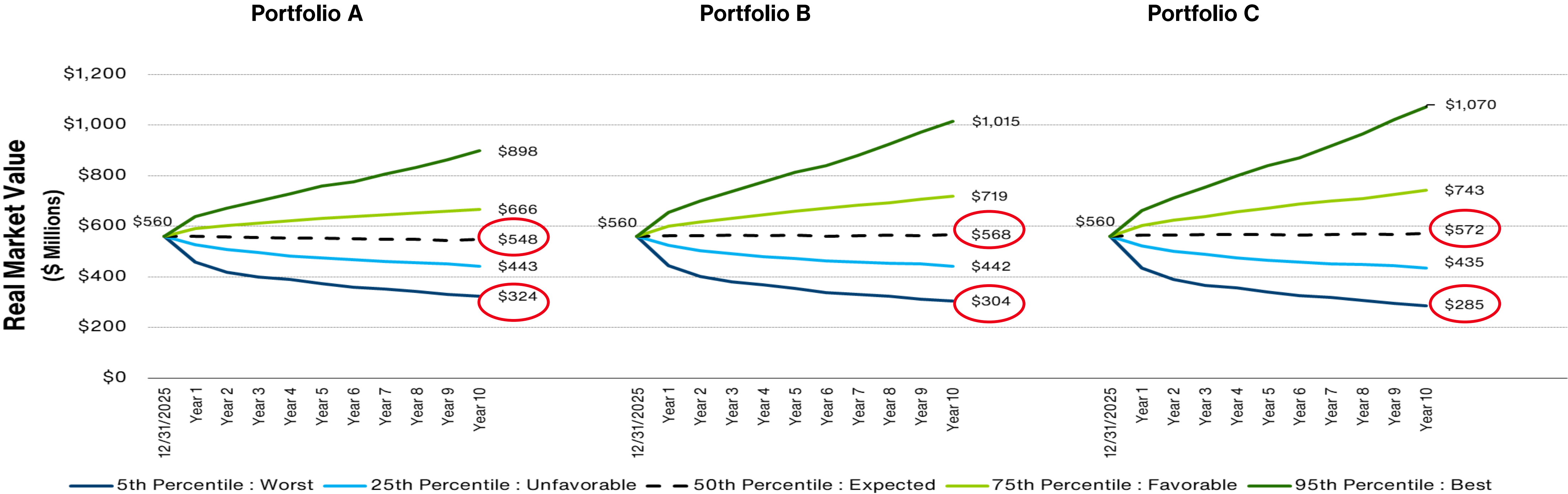
Probability of Maintaining Purchasing Power



Key Takeaways:

- The goal is to increase probability of maintaining purchasing power to 50% or greater
- Portfolios B and C sustain a probability of maintaining purchasing power greater than 50% over 10 years after meeting their spend rate of 5% as both portfolios are expected to exceed the breakeven return of 7.3%

Real Asset Growth (Today's Dollars)¹

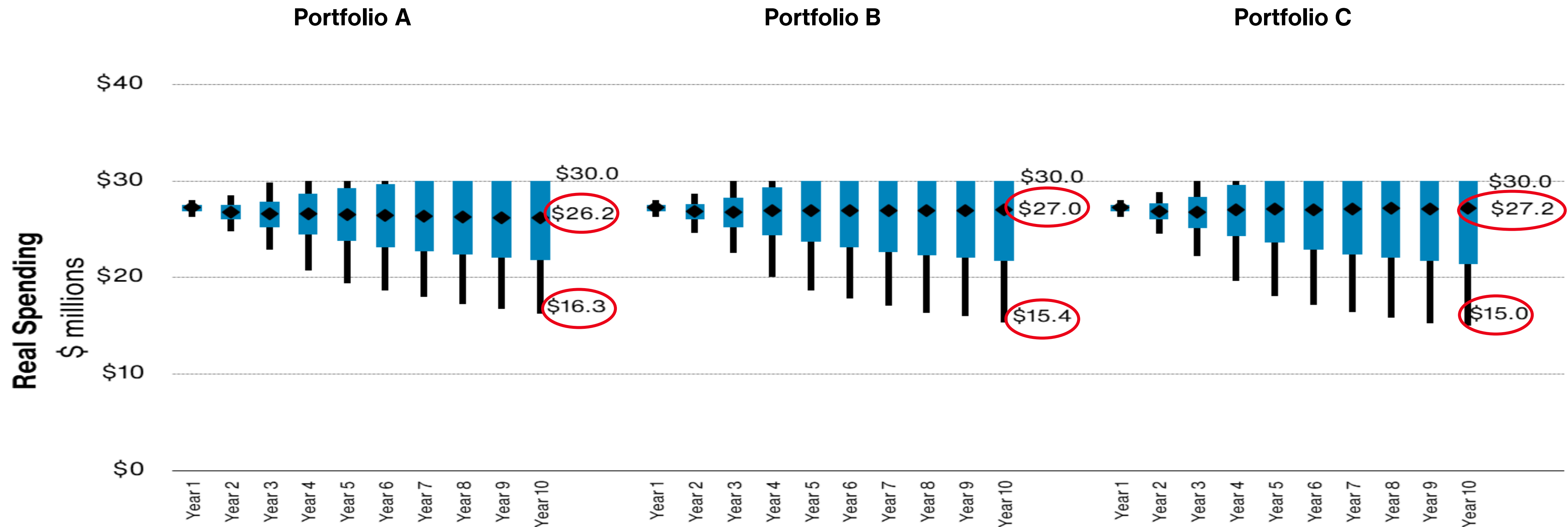


1) Starting market value \$560 million as of 12/31/2025 with inflation expectation of 2.3%

Key Takeaways

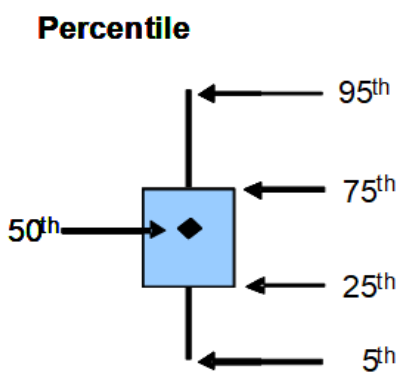
- Portfolios B and C are expected to grow purchasing power as real value grows from \$560 million to \$568 million and \$572 million, respectively, over the next 10 years
- After capturing the 5% spending policy, Portfolio A is expected to gradually lose purchasing power as real value declines from \$560 to \$548 million, over the next 10 years

Real Spending (Today's Dollars)



Key Takeaways

- All three portfolios are expected to provide stable spending near \$27 million (in today's dollars) annually
- The spending policy has a spending ceiling of \$30 million and \$15 million floor on a real basis which offers additional spending stability



3

Liquidity Analysis



Overview

Background

The liquidity analysis for Oregon Environmental Restoration Fund is performed using Portfolio C along with a 5% spending policy, subject to minimum/maximum constraints

Intended as a stress-testing model, incorporating the spending policy as well as expected future contributions

Uses different scenarios for economic environments and other relevant events

Shows how the portfolio's liquidity profile could evolve with a given investment strategy

We categorized investments by liquidity into five buckets

Liquid (Risk-Reducing Assets): less than 3 months needed for return of capital (e.g., publicly traded securities)

Liquid (Return-Seeking Assets): less than 3 months needed for return of capital (e.g., publicly traded securities)

Quasi-Liquid: Typical lock-up of 3–12 months. Conservatively, we assumed a 1-year lock-up in most economic environments, 2 years in a Recession scenario, and 3 years in a Dark Skies scenario (e.g., many hedge funds, open-end real assets)

Illiquid: Potential lock-up of 5–10 years, depending on economic environment (e.g., closed-end real assets)

Illiquid: Potential lock-up of 10+ years (e.g., typical private equity)

This is intended to be a conservative approximation of the actual liquidity properties of the assets

Liquidity Analysis – Overview

Asset allocation, liquidity category, and economic scenarios

Liquidity Category	Asset Class	Portfolio C
Liquid (Risk-Reducing Assets)	Core Plus Fixed Income	20.0%
	Subtotal	20.0%
Liquid (Return-Seeking Assets)	Public Equity	45.0%
	Subtotal	45.0%
Quasi-Liquid Assets	Direct Hedge Funds	7.5%
	Open-End Real Assets	10.0%
	Subtotal	17.5%
Illiquid 5-10 Years	Subtotal	0.0%
Illiquid 10+ Years	Private Equity	17.5%
	Subtotal	17.5%
Totals	Asset Allocation	100.0%
	Quasi + Illiquid Assets	35.0%

Base Case Scenario

- Markets perform consistent with Aon's Capital Market Assumptions (~50th percentile)

Recession Scenario

- Pessimistic outlook for the markets
- Return-seeking assets decline in the first two years with a modest rebound in later years

Dark Skies Scenario

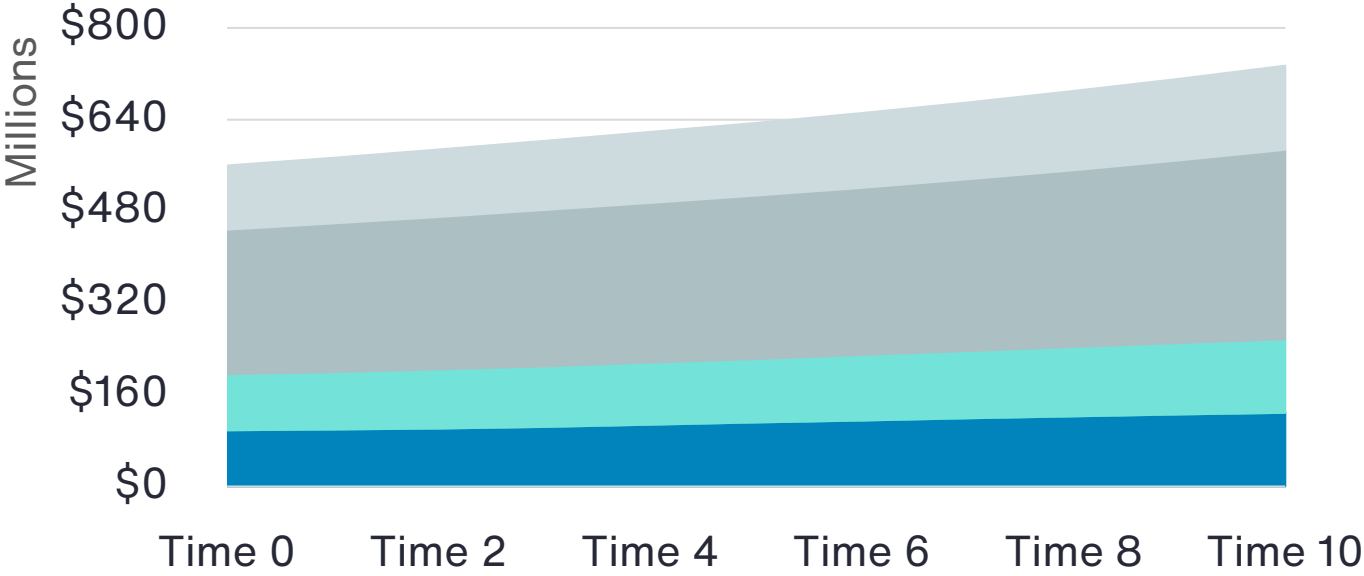
- Very pessimistic outlook for markets
- Return-seeking assets decline significantly
- The value of public equities declines approximately 50% over three years, without an immediate rebound

Liquidity Analysis – Results

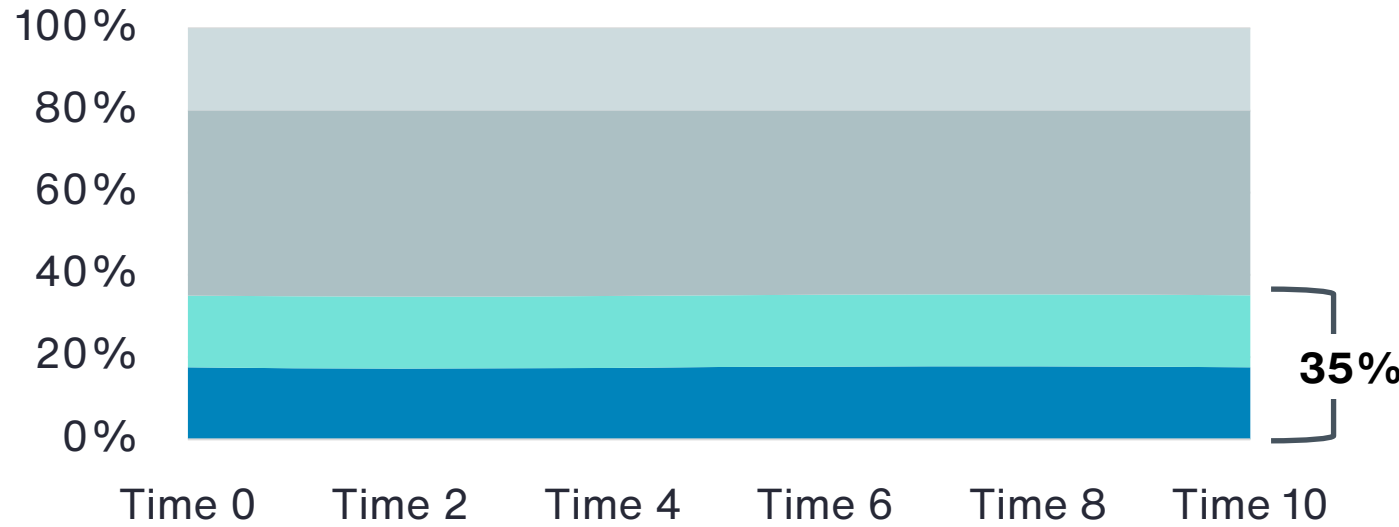
Oregon Environmental Restoration Fund – Portfolio C

Base Case

Base Case - NAV (\$)

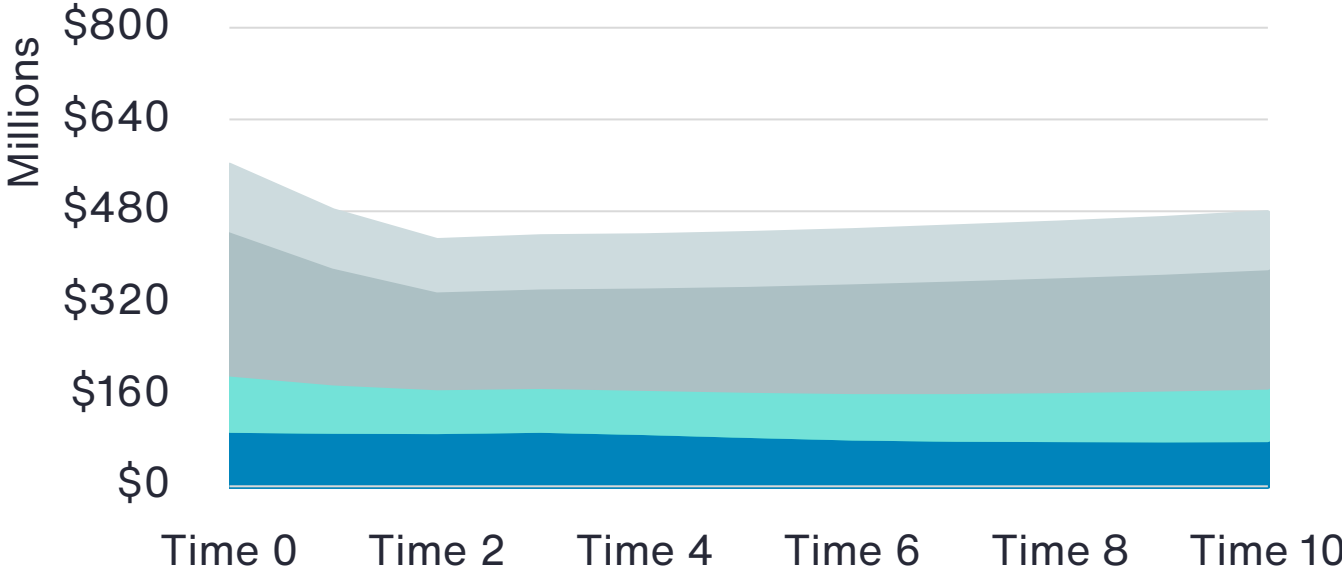


Base Case - NAV (%)

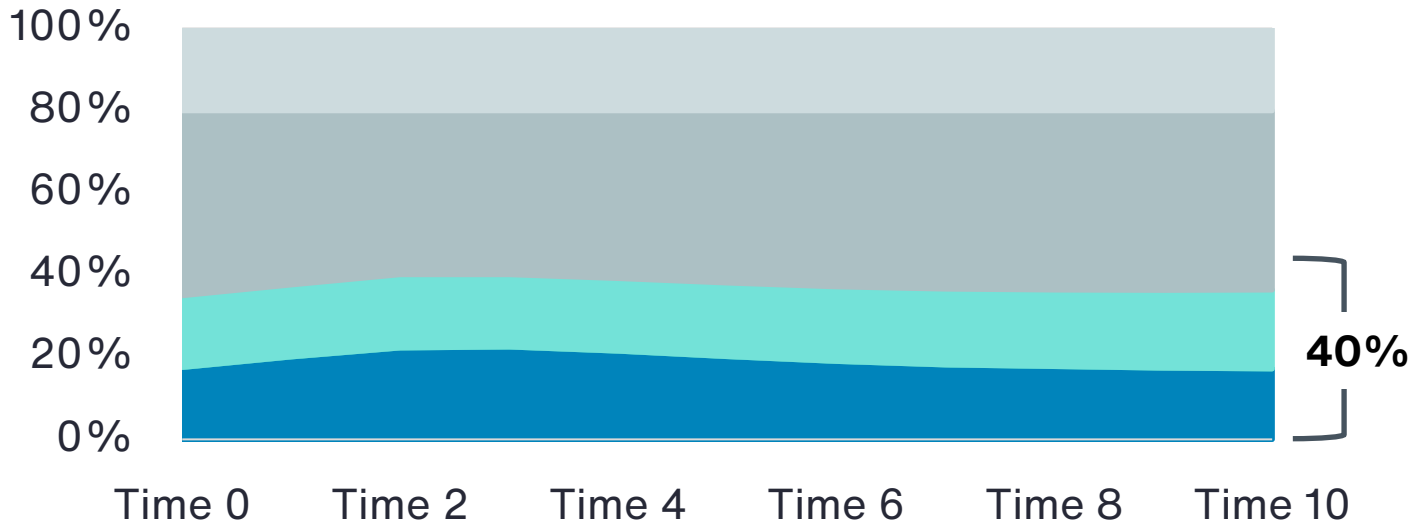


Recession

Recession - NAV (\$)

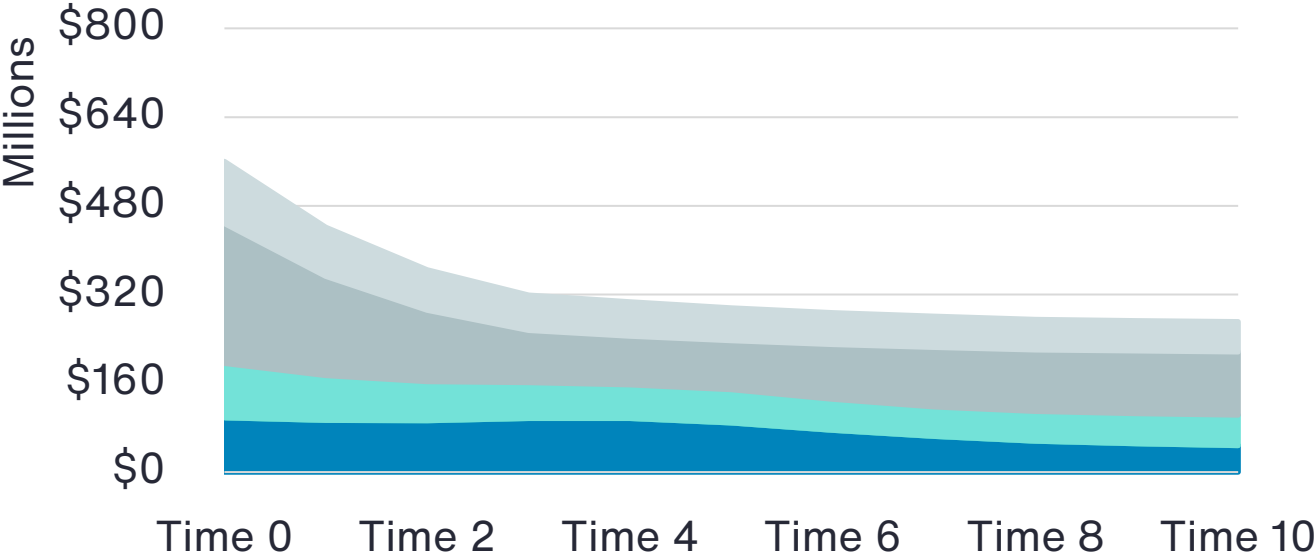


Recession - NAV (%)

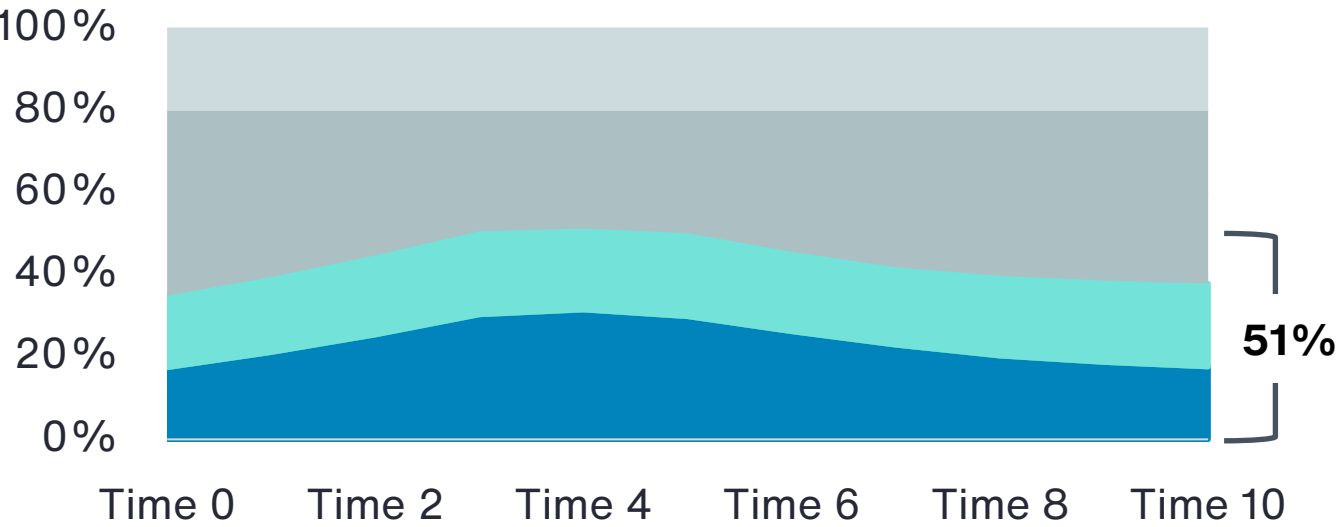


Dark Skies

Dark Skies - NAV (\$)



Dark Skies - NAV (%)



■ Illiquid: 10+ Years ■ Illiquid: 5-10 Years ■ Quasi-Liquid ■ Liquid (Return-Seeking Assets) ■ Liquid (Risk-Reducing Assets)

Note: Time 0 represents a starting point of January 1, 2026

Liquidity Analysis – Summary of Results

Sufficient liquidity in all economic scenarios

	Asset Allocation	
	Portfolio C	
	Max Illiquid Allocation	Ratio of Max Illiquids to Base Case
Base Case	35%	1.00
Recession	40%	1.14
Dark Skies	51%	1.46

Key Takeaways

- OERF has sufficient liquidity in all the modeled economic scenarios (Base Case, Recession, and Dark Skies).
 - The total illiquid and quasi-liquid assets can be maintained near the target allocation with no cash flow problems

4

Appendix



Capital Market Assumptions



Aon Investments' Capital Market Assumptions

Explanation of Capital Market Assumptions—3/31/2025

The following capital market assumptions were developed by Aon's Global Asset Allocation Team and represent the long-term capital market outlook (i.e., 10 years) based on data at the end of the first quarter of 2025. The assumptions were developed using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economics forecast and market data sources including, but not limited to MSCI, FactSet and Bloomberg. Our long-term assumptions for other asset classes are based on historical results, current market characteristics, and our professional judgment. Expected returns are using Aon 10 Year Capital Market Assumptions as of 3/31/2025. CMAs contain projections about future returns on asset classes. Our CMA projections are designed to reflect the typical cost of implementing an investment program. Expected returns are calculated using weighted allocations of the underlying CMAs. Expected Returns are geometric (long-term compounded; rounded to the nearest decimal) assuming portfolio weights are rebalanced annually. Expected returns presented are models and do not represent the returns of an actual client account. Your actual returns will be reduced by your advisory fees and other expenses you may incur as a client. Aon's advisory fees are described in Part 2A of Aon's Form ADV. Not a guarantee of future results.

Inflation – Expected Level (2.3%)

Based on Consensus Economics long-term estimates and our near-term economic outlook, we expect U.S. consumer price inflation to be approximately 2.3% during the next 10 years.

Real Returns for Asset Classes

Fixed Income		
Cash	1.4%	Over the long run, we expect the real yield on cash and money market instruments to produce a real return of 1.4% in a moderate to high-inflationary environment.
TIPS	2.0%	We expect intermediate duration Treasury Inflation-Protected Securities to produce a real return of about 2.0%.
Core Fixed Income (i.e., Market Duration)	2.5%	We expect intermediate duration Treasuries to produce a real return of about 1.8%. We estimate the fair value credit spread (credit risk premium - expected losses from defaults and downgrades) to be 0.7%, resulting in a long-term real return of 2.5%.

Aon Investments' Capital Market Assumptions

Explanation of Capital Market Assumptions—3/31/2025

Fixed Income		
Core Plus Bonds	2.8%	Modeled as 20% 5 duration gov't bonds real return of 1.9% and 80% 5 duration corporate bonds real return of 3.1%
Long Duration Bonds – Government and Credit	3.4%	We expect Treasuries with a duration of ~14 to produce a real return of 3.2%. We estimate the fair value credit spread (credit risk premium - expected losses from defaults and downgrades) to be 0.2%, resulting in an expected real return of 3.4%.
Long Duration Bonds – Credit	3.6%	We expect Treasuries with a duration of ~12 years comparable to produce a real return of 3.2%. We estimate the fair value credit spread (credit risk premium - expected losses from defaults and downgrades) to be 0.4%, resulting in an expected real return of 3.6%.
Long Duration Bonds – Government	3.2%	We expect Treasuries with a duration of ~16 years to produce a real return of 3.2% during the next 10 years.
High Yield Bonds	3.6%	We expect intermediate duration Treasuries to produce a real return of about 1.8%. We estimate the fair value credit spread (credit risk premium - expected losses from defaults and downgrades) to be 1.8%, resulting in an expected real return of 3.6%.
Bank Loans	3.6%	We expect cash to produce a real return of about 1.4%. We estimate the fair value credit spread (credit risk premium - expected losses from defaults) to be 2.2%, resulting in an expected real return of 3.6%.
Non-U.S. Developed Bonds: 50% Hedged	1.9%	We forecast real returns for non-US developed market bonds to be 1.9% over a 10-year period after adjusting for a 50% currency hedge. We assume a blend of one-third investment grade corporate bonds and two-thirds government bonds. We also produce assumptions for 0% hedged and 100% hedged non-US developed bonds.
Emerging Market Bonds (Sovereign; USD)	4.3%	We forecast real returns for emerging market sovereign bonds denominated in US dollars to be 4.3% over a 10-year period.
Emerging Market Bonds (Corporate; USD)	3.5%	We forecast real returns for emerging market corporate bonds denominated in US dollars to be 3.5% over a 10-year period.
Emerging Market Bonds (Sovereign; Local)	3.4%	We forecast real returns for emerging market sovereign bonds denominated in local currency to be 3.4% over a 10-year period.

Aon Investments' Capital Market Assumptions

Explanation of Capital Market Assumptions—3/31/2025

Liquid Return-Seeking Fixed Income Institutional Quality	4.5%	We assume real returns from beta exposure to high yield, bank loans and emerging market debt to add 3.7% plus 0.8% from alpha for institutional quality managers, over a 10-year period.
Liquid Return-Seeking Fixed Income Universe	3.8%	We assume real returns from beta exposure to high yield, bank loans and emerging market debt to add 3.8%. We assume no alpha from universe funds, over a 10-year period.
Private Debt-Direct Lending	5.0%	The base building block is bank loans 3.6% + spread 1.4% (net of management fees and performance incentives). There is 100% leverage included in the assumption with the cost of financing at LIBOR +2.0%.
Equities		
Large Cap U.S. Equity	4.5%	This assumption is based on 1.03 beta to global equities plus inflation and real cash return
Small Cap U.S. Equity	4.7%	Adding a 0.2% return premium for small cap U.S. equity over large cap U.S. equity results in an expected real return of 4.7%. This return premium is theoretically justified by the higher risk inherent in small cap U.S. equity versus large cap U.S. equity and is also justified by historical data. In recent years, higher small cap valuations relative to large cap equity has reduced the small cap premium.
Global Equity (Developed & Emerging Markets)	4.7%	We employ a building block process to develop discounted cash flows using the developed and emerging markets that comprise the MSCI All-Country World Index. Our roll-up model produces an expected real return of 4.7% for global equity.
International (Non-U.S.) Equity, Developed Markets	4.2%	This assumption is based on 0.85 beta to global equities plus inflation and real cash return
Emerging Market Stocks	4.7%	This assumption is based on 1.14 beta to global equities plus inflation and real cash return
85% ACWI/15% Russell 3000	4.7%	Based on a mix of Global (Developed & Emerging Markets)/U.S. Large and Small Caps

Aon Investments' Capital Market Assumptions

Explanation of Capital Market Assumptions—3/31/2025

Alternative Asset Classes		
Low Beta (Defensive) Hedge Funds	2.3%	Encompasses defensive/low volatility hedge fund strategies with low correlations to risk assets. This assumption represents median manager performance. 1% base fee + 10% performance fee is deducted from the return expectation.
Low Beta (Defensive) Hedge Funds Institutional Quality	3.3%	Represent defensive/low volatility hedge fund strategies with low correlations to risk assets. 1% base fee + 7% performance fee is deducted from return expectations. To use this category the funds must be institutional quality.
High Beta (Return Enhancing) Hedge Funds	3.3%	Encompasses return enhancing/higher volatility hedge fund strategies with higher correlations to risk assets. The assumption represents median manager performance. 1% base fee + 10% performance fee is deducted from the return expectations.
High Beta (Return Enhancing) Hedge Funds Institutional Quality	5.3%	Represents return enhancing/higher volatility hedge fund strategies with higher correlations to risk assets. 1% base fee + 7% performance fee is deducted from return expectations. To use this category the funds must be institutional quality.
Direct Hedge Funds Universe	2.8%	Generic hedge fund investments which represents a portfolio of diversified strategies. We assume 50% defensive/50% return enhancing strategies. 1% base fee + 10% performance fee is deducted from the return expectations.
Direct Hedge Funds Institutional Quality	4.3%	Generic hedge fund investments which represents a portfolio of diversified strategies. We assume 50% defensive institutional quality/50% return enhancing institutional quality strategies. To use this category the funds must be institutional quality. 1% base fee + 7% performance fee is deducted from the return expectations.
Core Real Estate	3.5%	Our real return assumption for core real estate is based a gross income of about 3.9%, management fees of roughly 1%, 25% leverage and future capital appreciation near the rate of inflation during the next 10 years. We assume a portfolio of equity real estate holdings that is diversified by property and by geographic region.
Non-Core Real Estate	5.3%	Core real estate is levered approximately 100% as the base building block for this assumption. We subtract financing costs for the leverage and 2% management costs. We also assume nominal alpha of 2% over core real estate. We assume a 50/50 mix of value-add and opportunistic investments.
U.S. REITs	4.2%	Our real return assumption for U.S. REITs is based on income of about 4.0% and future capital appreciation near the rate of inflation during the next 10 years. REITs are a sub-set of U.S. small/mid cap equity universe.

Aon Investments' Capital Market Assumptions

Explanation of Capital Market Assumptions—3/31/2025

Commodities	1.4%	Our commodity assumption is for a diversified portfolio of commodity futures contracts. Commodity futures returns are composed of three parts: spot price appreciation, collateral return, and roll return (positive or negative change implied by the shape of the future curve). We believe that spot prices will converge with CPI over the long run (i.e., 2.3%). Collateral is assumed to be Gov't cash (1.4%). Also, we believe the roll effect will be -2.3%, resulting in a real return of about 1.4% for commodities.
Private Equity	7.7%	Our private equity assumption reflects a diversified fund of funds with exposure to buyouts and venture capital
Open-End Infrastructure	5.6%	Our open-end infrastructure assumption assumes a mix of 65% core, 25% value-add and 10% opportunistic strategies. Return formulated through estimates of income and capital growth, leverage, debt costs, taxes and management expenses.
Closed-End Infrastructure	6.7%	Our closed-end infrastructure assumption assumes a mix of 50% value-add, 35% opportunistic and 15% private equity strategies. Return formulated through estimates of income and capital growth, leverage, debt costs, taxes and management expenses.
eLDI	3.9%	Combination of various long credit strategies (1/6 real estate debt, 1/3 securitized debt, 1/6 CMOs, 1/3 private placements).
Open-End Real Assets	4.9%	Combination of 50% Core Real Estate and 50% Open-End Infrastructure
Closed-End Real Assets	6.7%	Combination of 50% Non-Core Real Estate and 50% Closed-End Infrastructure

Volatility/Correlation Assumptions

Assumed volatilities are formulated with reference to implied volatilities priced into option contracts of various terms, as well as with regard to historical volatility levels. For asset classes which are not marked to market (for example real estate), we “de-smooth” historical returns before calculating volatilities. Importantly, we consider expected volatility trends in the future – in recent years we assumed the re-emergence of an economic cycle and a loss of confidence in central bankers would lead to an increase in volatility. Correlation assumptions are generally similar to actual historical results; however, we do make adjustments to reflect our forward-looking views as well as current market fundamentals.

Expected Returns and Risks

3/31/2025 Assumptions (10-Year)

	10-yr	10-yr	10-yr
	Expected Real Return ¹	Expected Nominal Return ¹	Expected Volatility ¹
Equity			
Large Cap U.S. Equity	4.5%	6.9%	18.5%
Small Cap U.S. Equity	4.7%	7.1%	24.5%
Global Equity (Developed & Emerging)	4.7%	7.1%	17.7%
International (Non-U.S.) Equity (Developed)	4.2%	6.6%	18.8%
Emerging Markets Equity	4.7%	7.1%	22.0%
Fixed Income			
Cash (Gov't)	1.4%	3.7%	1.3%
TIPS	2.0%	4.3%	4.2%
Core U.S. Fixed Income (Market Duration)	2.5%	4.9%	5.1%
Long Duration Bonds – Gov't / Credit	3.4%	5.8%	9.9%
Long Duration Bonds – Credit	3.6%	6.0%	11.5%
Long Duration Bonds – Gov't	3.2%	5.6%	10.1%
High Yield Bonds	3.6%	6.0%	10.5%
Bank Loans	3.6%	6.0%	7.0%
Non-US Developed Bond (100% Hedged)	2.2%	4.6%	3.5%
Short Duration Bonds - Gov't	1.6%	3.9%	2.0%
Short Duration Bonds - Credit	2.2%	4.5%	2.3%
Intermediate Duration Bonds - Gov't	1.8%	4.1%	3.7%
Intermediate Duration Bonds - Credit	2.6%	5.0%	4.7%
Market Duration Bonds - Gov't (Model Portfolios)	1.9%	4.2%	4.5%
Core Plus - Fixed Income (Model Portfolios)	2.8%	5.2%	5.9%
STRIPS (25 Duration)	3.1%	5.5%	15.0%
Emerging Market Bonds (Sov. USD)	4.3%	6.7%	11.0%
Emerging Market Bonds (Corporate USD)	3.5%	5.9%	11.0%
Emerging Market Bonds (Sov. Local)	3.4%	5.8%	13.0%
Alternative Investments			
Hedge Funds - Direct (Universe)	2.8%	5.2%	5.2%
Hedge Funds - Direct (Institutional Quality)	4.3%	6.7%	5.2%
eLDI	3.9%	6.3%	6.0%
Private Real Estate (Core)	3.5%	5.9%	15.0%
Private Real Estate (Non-Core)	5.3%	7.7%	24.9%
U.S. REITs	4.2%	6.6%	18.5%
Infrastructure (Open-End)	5.6%	8.0%	12.5%
Infrastructure (Closed-End)	6.7%	9.2%	16.0%
Open-End Real Assets (Model Portfolios)	4.9%	7.3%	10.3%
Closed-End Real Assets (Model Portfolio)	6.7%	9.2%	16.1%
Private Equity	7.7%	10.2%	20.0%
Commodities	1.4%	3.7%	17.0%
Hedge Funds - Low Beta (Universe)	2.3%	4.7%	4.0%
Hedge Funds - High Beta (Universe)	3.3%	5.7%	8.0%
Hedge Funds - Low Beta (Institutional Quality)	3.3%	5.7%	4.0%
Hedge Funds - High Beta (Institutional Quality)	5.3%	7.7%	8.0%
Private Debt -- Direct Lending	5.0%	7.4%	9.7%
Timberland	2.5%	4.9%	11.9%
Farmland	3.1%	5.5%	15.0%
Liquid Return-Seeking Fixed Income (Institutional Quality)	4.5%	6.9%	8.8%
Liquid Return-Seeking Fixed Income (Universe)	3.8%	6.2%	8.4%
Insurance-Linked Securities (Catastrophe Bonds)	4.4%	6.8%	5.5%
85% ACWI/15% Russell 3000	4.7%	7.1%	17.9%
7-10 Yr Capital Efficiency	2.8%	5.2%	24.6%
Long Treasury Capital Efficiency	4.1%	6.5%	29.2%
Inflation	0.0%	2.3%	1.7%

¹ Expected returns are using Aon 10 Year Capital Market Assumptions as of 3/31/2025. CMAs contain projections about future returns on asset classes. Our CMA projections are designed to reflect the typical cost of implementing an investment program. Expected returns are calculated using weighted allocations of the underlying CMAs. Expected Returns are geometric (long-term compounded; rounded to the nearest decimal) assuming portfolio weights are rebalanced annually. Expected returns presented are models and do not represent the returns of an actual client account. Your actual returns will be reduced by your advisory fees and other expenses you may incur as a client. Aon's advisory fees are described in Part 2A of Aon's Form ADV. Not a guarantee of future results.

Expected Nominal Correlations

3/31/2025 Assumptions (10-Year)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	
1 Large Cap U.S. Equity	1.00	0.93	0.98	0.78	0.70	0.09	-0.01	0.03	-0.03	0.06	-0.10	0.53	0.46	0.02	0.03	0.06	-0.04	0.05	-0.05	0.07	-0.10	0.38	0.40	0.57	0.77	0.77	0.15	0.33	0.44	0.70	0.26	0.33	0.39	0.50	0.59	0.46	0.40	0.82	0.40	0.82	0.41	0.02	0.02	0.56	0.59	0.03	0.99	-0.11	-0.11	0.08	
2 Small Cap U.S. Equity		1.00	0.91	0.73	0.66	0.08	-0.02	0.02	-0.03	0.06	-0.09	0.50	0.43	0.01	0.02	0.06	-0.04	0.05	-0.06	0.06	-0.10	0.36	0.37	0.51	0.71	0.71	0.14	0.31	0.41	0.65	0.25	0.32	0.37	0.48	0.57	0.41	0.37	0.76	0.38	0.37	0.76	0.38	0.02	0.01	0.52	0.54	0.02	0.92	-0.10	-0.11	0.08
3 Global Equity (Developed & Emerging)			1.00	0.88	0.79	0.09	-0.01	0.03	-0.03	0.07	-0.10	0.58	0.46	0.02	0.02	0.06	-0.04	0.05	-0.06	0.07	-0.10	0.42	0.43	0.61	0.77	0.77	0.16	0.35	0.46	0.69	0.26	0.34	0.41	0.52	0.60	0.49	0.40	0.82	0.40	0.82	0.41	0.02	0.02	0.60	0.62	0.02	1.00	-0.11	-0.12	0.09	
4 International (Non-U.S.) Equity (Developed)				1.00	0.73	0.05	-0.01	0.02	-0.03	0.06	-0.10	0.52	0.39	0.02	0.00	0.03	-0.05	0.04	-0.07	0.06	-0.09	0.38	0.41	0.60	0.64	0.64	0.13	0.33	0.42	0.57	0.23	0.29	0.37	0.47	0.52	0.49	0.35	0.67	0.35	0.67	0.35	0.02	0.02	0.55	0.57	0.01	0.87	-0.10	-0.11	0.11	
5 Emerging Markets Equity					1.00	0.07	-0.02	0.03	-0.02	0.08	-0.10	0.62	0.38	0.02	0.01	0.05	-0.05	0.06	-0.06	0.07	-0.10	0.44	0.45	0.52	0.59	0.59	0.15	0.31	0.39	0.51	0.21	0.28	0.35	0.44	0.49	0.35	0.34	0.61	0.34	0.61	0.34	0.02	0.01	0.57	0.60	0.02	0.78	-0.11	-0.11	0.08	
6 Cash (Gov't)						1.00	0.47	0.42	0.24	0.20	0.24	0.12	0.15	0.57	0.85	0.78	0.55	0.44	0.47	0.36	0.17	0.17	0.06	0.02	0.23	0.23	0.34	0.16	0.14	0.10	0.10	0.13	0.17	0.18	0.09	0.20	-0.18	0.22	0.18	0.22	0.10	0.09	0.05	0.12	0.13	0.28	0.09	0.11	0.09	0.42	
7 TIPS							1.00	0.52	0.47	0.40	0.47	0.06	-0.07	0.25	0.59	0.54	0.58	0.48	0.56	0.46	0.39	0.17	0.02	-0.01	0.07	0.07	0.42	0.05	0.04	0.01	0.04	0.05	0.06	0.05	-0.01	0.13	0.05	0.06	0.05	0.06	-0.09	0.06	0.04	0.01	0.02	0.13	-0.01	0.44	0.41	0.26	
8 Core U.S. Fixed Income (Market Duration)								1.00	0.87	0.88	0.76	0.32	0.06	0.56	0.75	0.83	0.89	0.97	0.90	0.98	0.64	0.56	0.22	0.18	0.21	0.21	0.89	0.06	0.05	0.03	0.04	0.06	0.07	0.07	0.03	0.04	0.17	0.20	0.17	0.20	0.03	0.00	0.00	0.27	0.28	0.12	0.03	0.82	0.72	0.00	
9 Long Duration Bonds - Gov't / Credit									1.00	0.91	0.95	0.12	-0.10	0.47	0.55	0.58	0.77	0.78	0.83	0.82	0.91	0.40	0.10	0.10	0.09	0.09	0.79	0.01	0.00	-0.02	0.01	0.01	0.01	0.01	-0.02	0.06	0.09	0.06	0.09	-0.11	-0.03	-0.01	0.09	0.10	0.07	-0.03	0.89	0.94	-0.14		
10 Long Duration Bonds - Credit										1.00	0.73	0.46	0.23	0.45	0.45	0.59	0.62	0.86	0.66	0.92	0.70	0.66	0.30	0.27	0.28	0.28	0.89	0.04	0.05	0.05	0.04	0.05	0.06	0.06	0.06	0.00	0.22	0.26	0.22	0.26	0.18	-0.02	-0.01	0.41	0.43	0.06	0.07	0.80	0.72	-0.11	
11 Long Duration Bonds - Gov't											1.00	-0.14	-0.34	0.43	0.55	0.50	0.79	0.63	0.85	0.66	0.97	0.16	-0.06	-0.03	-0.07	-0.07	0.62	-0.02	-0.04	-0.06	-0.02	-0.02	-0.03	-0.04	-0.08	-0.04	-0.07	-0.05	-0.07	-0.05	-0.32	-0.03	-0.01	-0.16	-0.16	0.07	-0.10	0.93	0.99	-0.15	
12 High Yield Bonds												1.00	0.72	0.15	0.09	0.27	0.01	0.41	-0.02	0.47	-0.18	0.82	0.62	0.61	0.68	0.68	0.51	0.22	0.28	0.38	0.17	0.22	0.26	0.32	0.39	0.38	0.49	0.66	0.49	0.66	0.63	0.03	0.02	0.90	0.94	0.04	0.57	-0.11	-0.17	0.17	
13 Bank Loans													1.00	0.10	-0.08	0.20	-0.28	0.23	-0.31	0.24	-0.30	0.49	0.56	0.43	0.61	0.61	0.32	0.19	0.23	0.33	0.15	0.19	0.22	0.27	0.33	0.22	0.44	0.59	0.49	0.59	0.88	0.03	0.01	0.79	0.82	0.05	0.46	-0.41	-0.37	0.16	
14 Non-US Developed Bond (100% Hedged)													1.00	0.62	0.64	0.55	0.56	0.53	0.53	0.37	0.30	0.14	0.16	0.17	0.17	0.49	0.06	0.06	0.03	0.04	0.05	0.07	0.07	0.02	0.11	0.14	0.16	0.14	0.16	0.05	0.03	0.02	0.18	0.18	0.16	0.02	0.37	0.35	0.17		
15 Short Duration Bonds - Gov't														1.00	0.91	0.90	0.72	0.84	0.65	0.40	0.25	0.06	0.02	0.15	0.15	0.57	0.11	0.10	0.05	0.07	0.09	0.12	0.12	0.04	0.14	0.11	0.14	0.11	0.14	-0.11	0.06	0.04	0.05	0.05	0.24	0.02	0.55	0.44	0.27		
16 Short Duration Bonds - Credit															1.00	0.82	0.87	0.77	0.80	0.37	0.44	0.18	0.13	0.26	0.26	0.72	0.12	0.11	0.07	0.08	0.10	0.13	0.13	0.07	0.14	0.20	0.24	0.20	0.24	0.14	0.05	0.03	0.27	0.22	0.06	0.50	0.40	0.24			
17 Intermediate Duration Bonds - Gov't																1.00	0.80	0.99	0.77	0.64	0.26	0.02	0.01	0.04	0.04	0.67	0.05	0.03	-0.01	0.02	0.03	0.05	0.04	-0.03	0.06	0.02	0.04	0.02	0.04	-0.27	0.02	0.01	-0.05	-0.05	0.15	-0.04	0.86	0.73	0.06		
18 Intermediate Duration Bonds - Credit																	1.00	0.80	0.98	0.51	0.62	0.27	0.23	0.28	0.28	0.90	0.07	0.07	0.05	0.05	0.07	0.08	0.09	0.06	0.06	0.22	0.26	0.22	0.26	0.17	0.01	0.00	0.38	0.39	0.13	0.06	0.69	0.58	0.04		
19 Market Duration Bonds - Gov't (Model Portfolios)																		1.00	0.78	0.72	0.25	0.01	0.00	0.01	0.01	0.68	0.03	0.01	-0.03	0.01	0.02	0.03	0.02	-0.04	0.03	-0.01	0.02	-0.01	0.02	-0.30	0.00	0.00	-0.07	-0.08	0.13	-0.06	0.91	0.80	0.01		
20 Core Plus - Fixed Income (Model Portfolios)																			1.00	0.55	0.67	0.30	0.26	0.30	0.30	0.93	0.07	0.07	0.06	0.05	0.07	0.08	0.09	0.07	0.04	0.24	0.28	0.24	0.28	0.18	0.00	0.00	0.42	0.43	0.11	0.07	0.71	0.62	0.00		
21 STRIPS (25 Duration)																				1.00	0.11	-0.08	-0.05	-0.08	-0.08	0.54	-0.03	-0.05	-0.07	-0.02	-0.03	-0.04	-0.05	-0.09	-0.05	-0.08	-0.06	-0.08	-0.06	-0.29	-0.04	-0.02	-0.17	-0.18	0.05	-0.10	0.84	0.97	-0.18		
22 Emerging Market Bonds (Sov. USD)																					1.00	0.69	0.61	0.57	0.57	0.66	0.16	0.20	0.27	0.12	0.16	0.19	0.24	0.28	0.20	0.41	0.55	0.41	0.55	0.42	0.01	0.00	0.79	0.82	0.05	0.41	0.19	0.14	0.04		
23 Emerging Market Bonds (Corporate USD)																						1.00	0.60	0.48	0.48	0.36	0.14	0.19	0.28	0.10	0.13	0.16	0.21	0.24	0.26	0.33	0.47	0.33	0.47	0.50	0.01	0.01	0.73	0.76	0.02	0.43	-0.04	-0.07	0.06		
24 Emerging Market Bonds (Sov. Local)																							1.00	0.54	0.54	0.30	0.09	0.18	0.37	0.06	0.08	0.10	0.18	0.17	0.46	0.34	0.55	0.34	0.55	0.38	0.00	0.00	0.74	0.77	0.01	0.61	-0.02	-0.04	0.00		
25 Hedge Funds - Direct (Universe)																								1.00	1.00	0.36	0.31	0.38	0.55	0.23	0.30	0.36	0.44	0.50	0.37	0.77	0.94	0.77	0.94	0.53	0.03	0.02	0.69	0.71	0.07	0.77	-0.09	-0.10	0.13		
26 Hedge Funds - Direct (Institutional Quality)																									1.00	0.36	0.31	0.38	0.55	0.23	0.30	0.36	0.44	0.50	0.37	0.77	0.94	0.77	0.94	0.53	0.03	0.02	0.69	0.71	0.07	0.77	-0.09	-0.10	0.13		
27 eLDI																										1.00	0.10	0.11	0.12	0.07	0.09	0.11	0.13	0.12	0.09	0.27	0.34	0.27	0.34	0.26	0.00	0.00	0.48	0.49	0.10	0.16	0.63	0.58	0.00		
28 Private Real Estate (Core)																											1.00	0.96	0.45	0.14	0.18	0.81	0.83	0.31	0.10	0.17	0.32	0.17	0.32	0.17	0.02	0.01	0.19	0.20	0.04	0.35	-0.04	-0.05	0.09		
29 Private Real Estate (Non-Core)																												1.00	0.48	0.16	0.21	0.79	0.87	0.36	0.17	0.21	0.40	0.21	0.40	0.21	0.02	0.01	0.26	0.27	0.04	0.46	-0.05	-0.06	0.09		
30 U.S. REITs																													1.00	0.19	0.25	0.44	0.50	0.45	0.31	0.29	0.59	0.29	0.59	0.29	0.03	0.01	0.39	0.41	0.03	0.69	-0.07	-0.08	0.07		
31 Infrastructure (Open-End)																														1.00	0.78	0.70	0.51	0.24	0.08	0.14	0.24	0.14	0.24	0.13	0.02	0.02	0.15	0.15	0.03						

Appendix: Glossary of Terms

Nominal Rate of Return: The amount of money generated by an investment before factoring in expenses such as taxes, investment fees, and inflation.

Rate of Return: The yield obtainable on a security based on its purchase price or its current market price. This may be amortized yield to maturity on a bond or the current income return.

Real Rate of Return: A return adjusted for inflation. For example, an investor earning 8% on a certificate of deposit during a period of 5% inflation is receiving a real rate of 3%.

Standard Deviation: A statistical gauge of risk which measures the spread of the difference of returns from their average. The more a portfolio's returns vary from its average, the higher the standard deviation.

Sharpe Ratio: This is a risk-adjusted measure calculated by using standard deviation and excess return to determine reward per unit of risk. In general, the higher the Sharpe Ratio, the better the fund's historical risk-adjusted performance. The Sharpe ratio is calculated by dividing the fund's annual excess return by the fund's annualized standard deviation.

Liquidity Analysis Assumptions



Liquidity Analysis Background

Aon Investments' approach to analysing liquidity risk from alternatives

Background

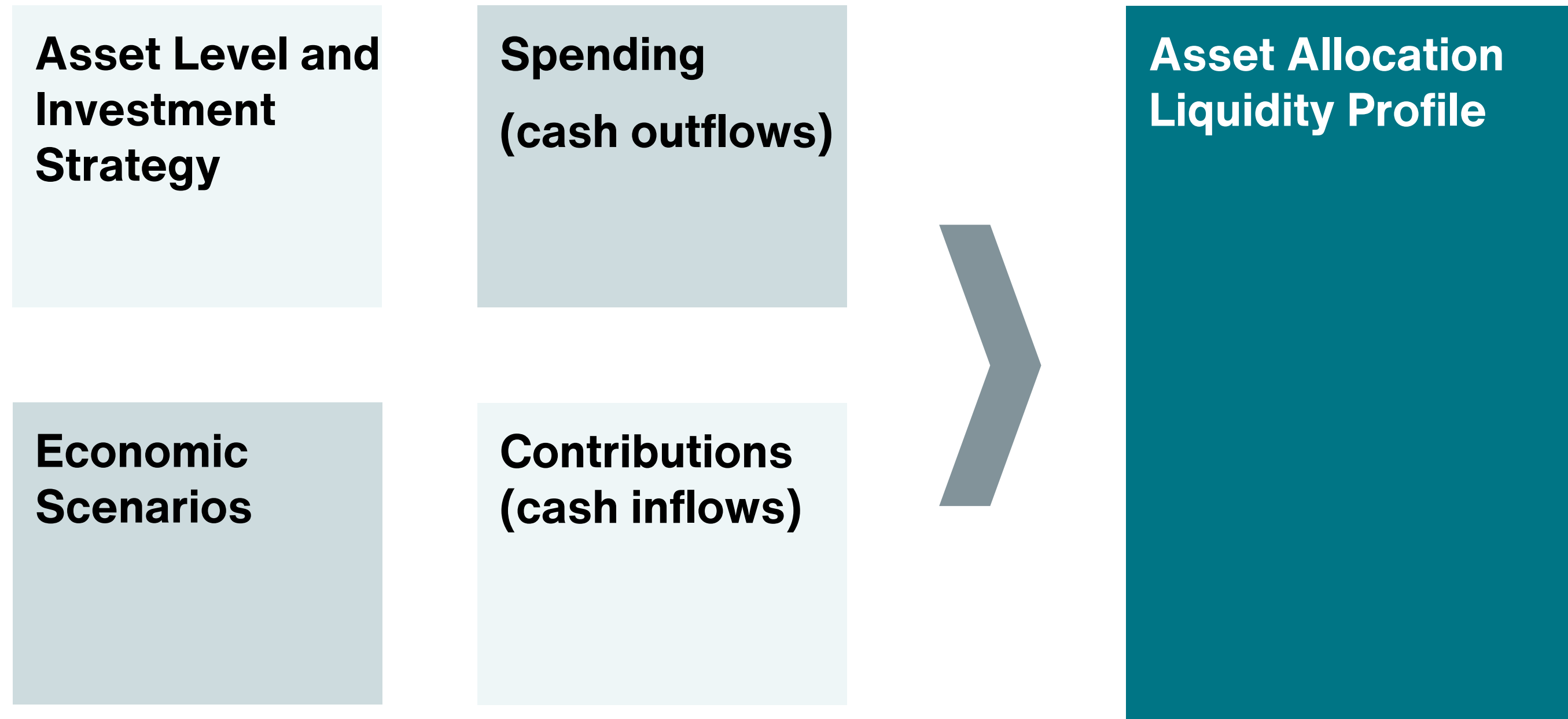
- Intended as a stress-testing model
- Develops multi-year projections of assets and spending needs
- Uses different scenarios for economic environments and other relevant events
- Shows how the portfolio's liquidity profile could evolve with a given investment strategy

Assumptions

- Starting assets based on the reported value as of January 1, 2026 (\$560 M)
- Assumes the portfolio starts at the target asset allocation levels for illiquid assets, maintaining close to the portfolio targets over the next 10 years
- Illiquid asset commitments are assumed to continue under each economic scenario subject to the conditions below:
 - Should actual allocations exceed targets by 10%, future commitments are trimmed 15%
 - Should actual allocations exceed targets by 20%, future commitments are trimmed 30%
- Quasi-liquid assets are assumed to be redeemed under each economic scenario subject to the conditions below:
 - Should actual allocations exceed targets by 20%, 15% of assets are redeemed
 - Should actual allocations exceed targets by 50%, 25% of assets are redeemed
- Base case economic scenario assumptions equal Aon's 10-year capital market assumption results

Background

Process inputs and outputs



Liquidity Analysis

Assumptions

Starting asset value \$560 million as of 1/1/2026

Assumed a 5% spending policy based on a 3-year market value average with a \$30 million annual spending ceiling and a \$15 million annual spending floor

- Projected annual spending amounts by economic scenario are listed below:

\$ in Million	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Base Case	\$28.0	\$28.2	\$28.7	\$29.4	\$30.0	\$30.0	\$30.0	\$30.0	\$30.0	\$30.0
Recession	\$28.0	\$26.7	\$24.5	\$22.4	\$21.7	\$21.9	\$22.1	\$22.3	\$22.6	\$23.0
Dark Skies	\$28.0	\$26.0	\$22.8	\$18.7	\$16.5	\$15.4	\$15.0	\$15.0	\$15.0	\$15.0

Actual allocations change in different economic scenarios and new commitments to private assets are continued based on the following assumptions

- Assumes the portfolio starts at the target asset allocation levels for illiquid assets, maintaining close to the portfolio targets over the next 10 years
- Future commitments are assumed to decrease based on overall asset levels combined with allocations above target thresholds

Our Capital Market Assumptions

As of June 30, 2025 (10 Years)

	Expected Real Return ¹	Expected Nominal Return ¹	Expected Nominal Volatility
Equity			
1 Large Cap U.S. Equity	4.2%	6.7%	18.0%
2 Small Cap U.S. Equity	4.4%	6.9%	24.0%
3 Global Equity (Developed & Emerging)	4.4%	6.9%	17.3%
4 International Equity (Developed)	3.8%	6.3%	18.5%
5 Emerging Markets Equity	4.2%	6.7%	21.0%
Fixed Income			
6 Core Plus Fixed Income	2.8%	5.3%	5.8%
Alternatives			
7 Direct Hedge Funds	4.2%	6.7%	5.2%
8 Open-End Real Assets	4.8%	7.3%	10.4%
9 Private Equity	7.6%	10.2%	20.0%
Inflation			
10 Inflation	0.0%	2.4%	1.7%

¹ Expected returns are using Aon 10 Year Capital Market Assumptions as of 6/30/2025. CMAs contain projections about future returns on asset classes. Our CMA projections are designed to reflect the typical cost of implementing an investment program. Expected returns are calculated using weighted allocations of the underlying CMAs. Expected Returns are geometric (long-term compounded; rounded to the nearest decimal) assuming portfolio weights are rebalanced annually. Expected returns presented are models and do not represent the returns of an actual client account. Your actual returns will be reduced by your advisory fees and other expenses you may incur as a client. Aon's advisory fees are described in Part 2A of Aon's Form ADV. Not a guarantee of future results.

Our Capital Market Assumptions

As of June 30, 2025

Nominal Correlations	1	2	3	4	5	6	7	8	9	10
1 Large Cap U.S. Equity	1.00	0.93	0.98	0.78	0.70	0.07	0.75	0.39	0.59	0.08
2 Small Cap U.S. Equity	0.93	1.00	0.91	0.72	0.66	0.06	0.69	0.37	0.57	0.07
3 Global Equity (Developed & Emerging)	0.98	0.91	1.00	0.88	0.79	0.07	0.75	0.40	0.60	0.09
4 International Equity (Developed)	0.78	0.72	0.88	1.00	0.73	0.06	0.62	0.37	0.52	0.10
5 Emerging Markets Equity	0.70	0.66	0.79	0.73	1.00	0.08	0.58	0.34	0.50	0.08
6 Core Plus Fixed Income	0.07	0.06	0.07	0.06	0.08	1.00	0.30	0.08	0.07	-0.02
7 Direct Hedge Funds	0.75	0.69	0.75	0.62	0.58	0.30	1.00	0.36	0.50	0.11
8 Open-End Real Assets	0.39	0.37	0.40	0.37	0.34	0.08	0.36	1.00	0.36	0.09
9 Private Equity	0.59	0.57	0.60	0.52	0.50	0.07	0.50	0.36	1.00	0.06
10 Inflation	0.08	0.07	0.09	0.10	0.08	-0.02	0.11	0.09	0.06	1.00

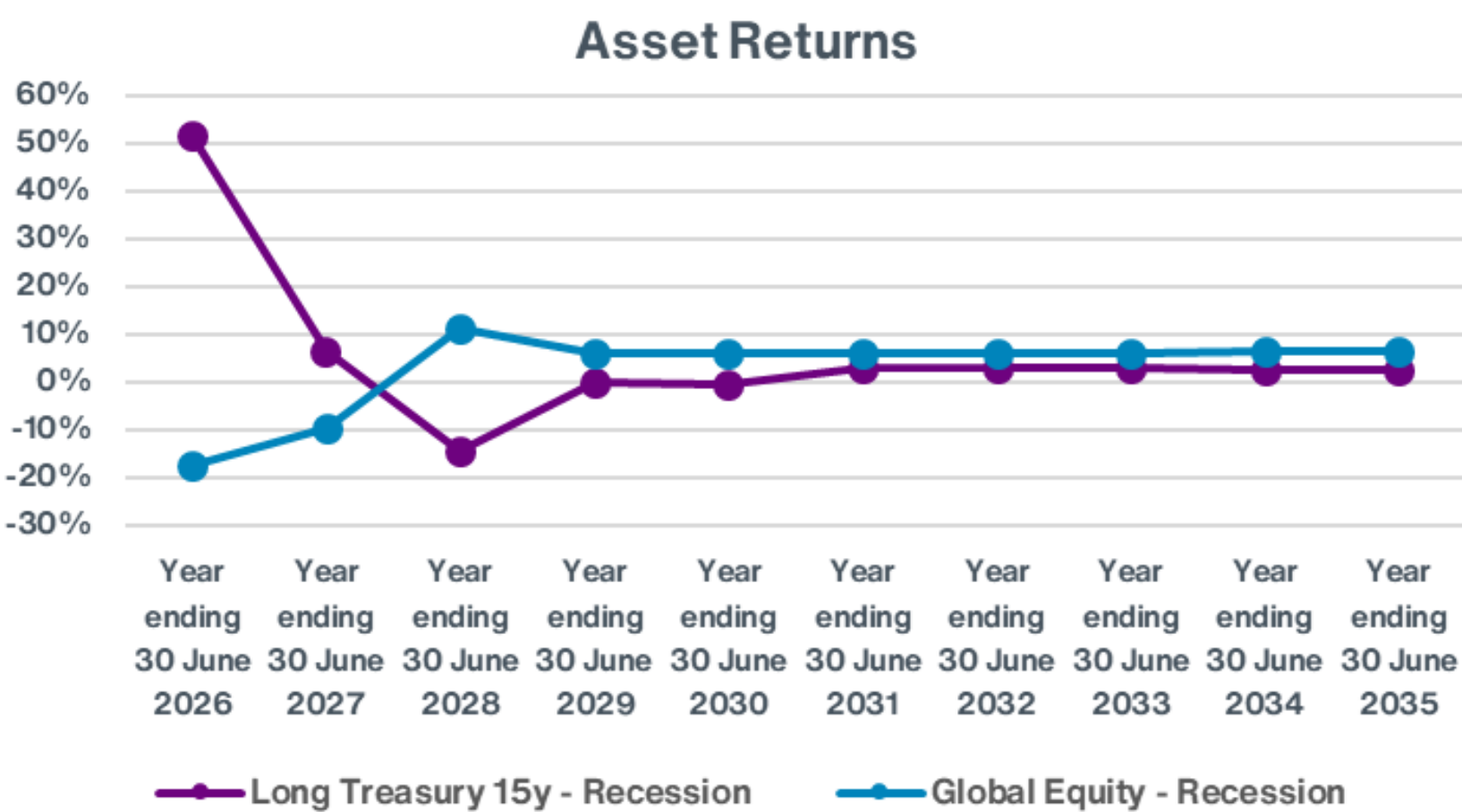
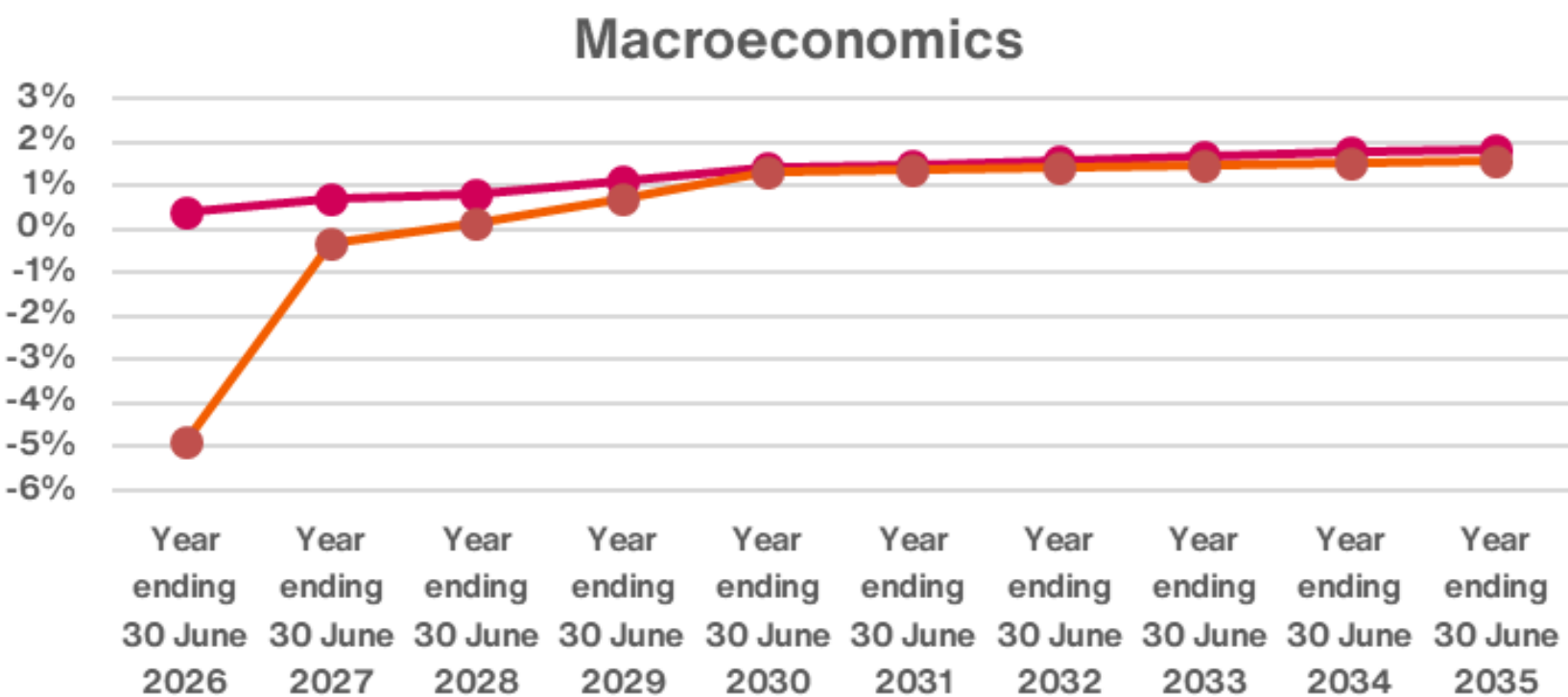
Economic Scenarios

Section: Appendix

Recession Scenario

The US economy slips into a recession

- Global growth weakens as a tilt towards more protectionist trade and immigration policies outweighs productivity gains from technological advancements. Weaker global growth, combined with still relatively restrictive monetary policy, lead to a recession in the US.
- The economic slowdown leads to many large economies, including the US, choosing to continue to run large fiscal deficits and accumulate further government debt. Meanwhile, central banks make larger than expected policy rate cuts in an effort to stimulate consumption, increase business investment and support the labour market.
- These policy actions are only somewhat effective as they only improve the demand side of the economy. The US exits recession around two years later, at which point global growth also starts to pick up. Protectionist policies then begin to reverse across the world as their negative economic impact becomes clearer and more widespread.
- Inflation is lower than the base case. However, inflation starts to rise in later years as the post-recession recovery gets underway.
- Treasury yields fall while TIPS yields remain at low levels as the US enters recession. Yields rise in later years as a recovery gets underway. Corporate spreads rise significantly due to the poor economic situation, with increased incidences of downgrades and defaults.
- Most risk assets make losses in the first two years but rebound in later years as the economy recovers.



Source: Aon, as of June 30, 2025. Annual projection starts from June 30, 2025. Projections of general asset class returns and economic conditions are forward-looking expectations by Aon based on informed historical results and internal analysis. Forecasts, estimates and other information contained herein are based upon proprietary research and our framework of analyzing fundamental, valuation and long-term drivers of capital markets. This information is not intended as a recommendation to invest in any particular asset class or strategy or as a promise - or even estimate - of future performance. Such information is hypothetical in nature, does not reflect actual results, and is not a guarantee of future results. Economic factors and return assumptions depend on current market conditions and, as such, may change over time. Our economic scenario analysis is designed to reflect the typical cost of implementing an investment program. Asset return projections do not include the deduction of management fees and other expenses that may be incurred in managing an investment account.

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Recession Scenario

Data

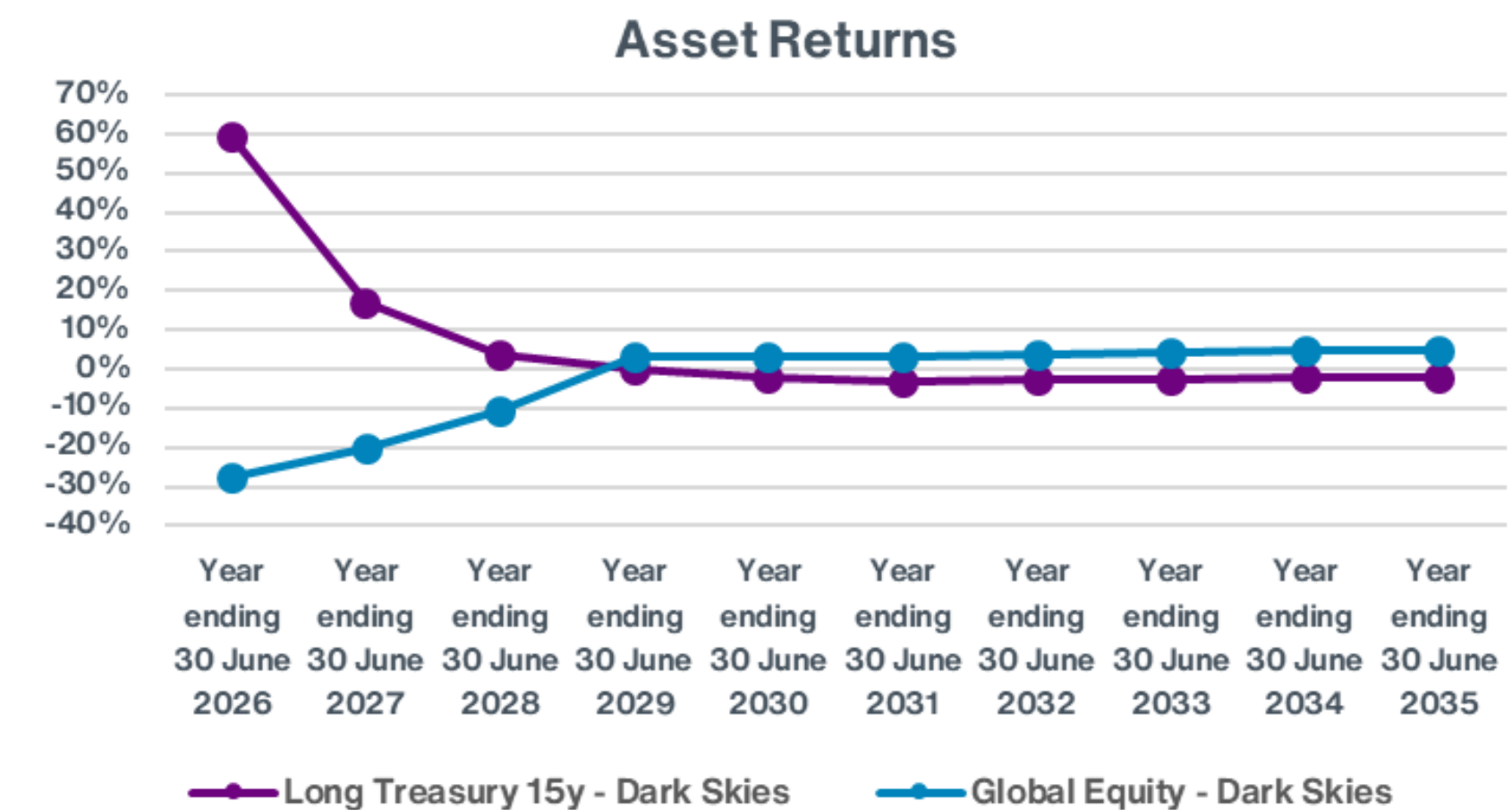
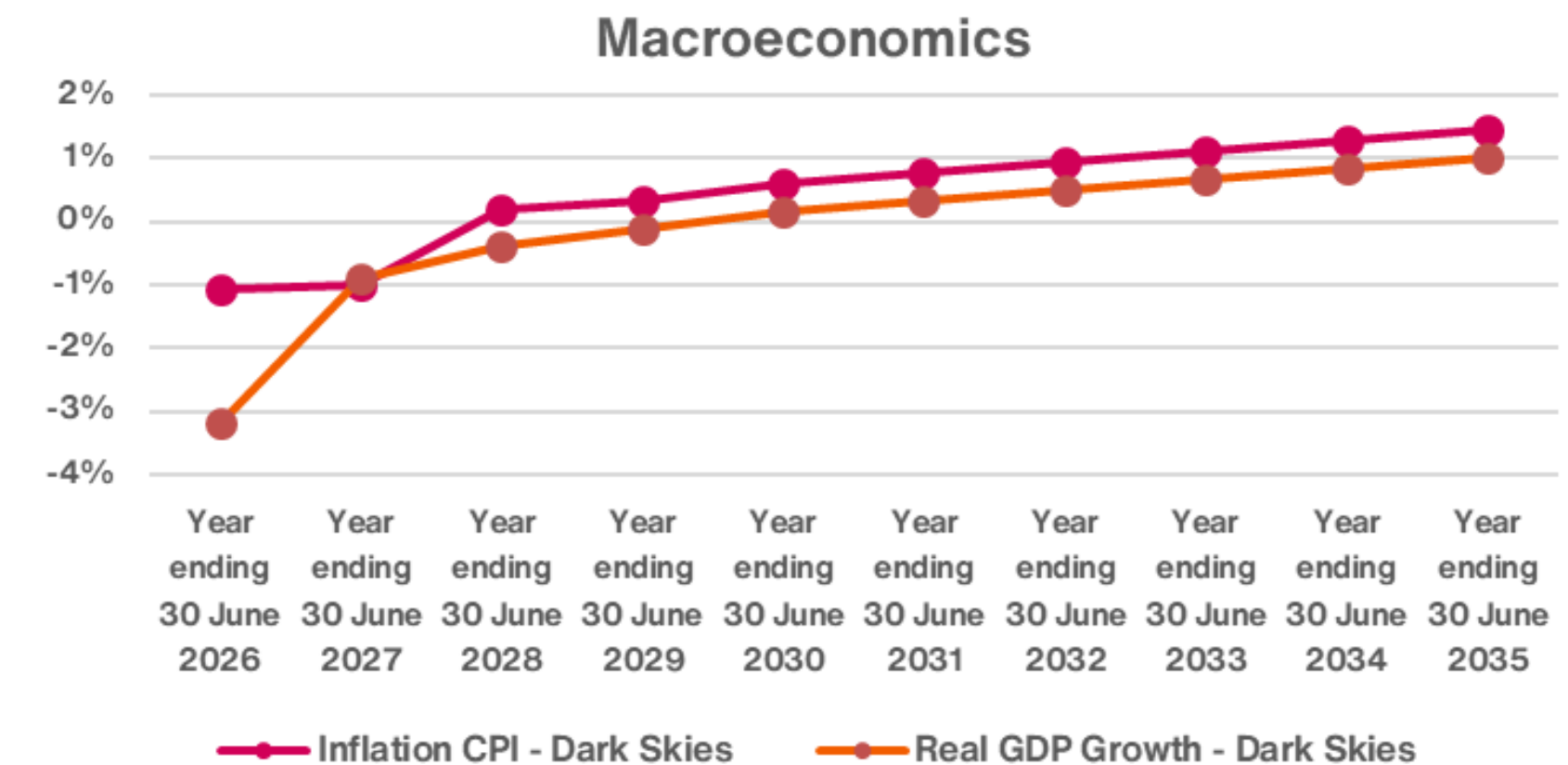
Recession Scenario		Time 0	Time 1	Time 2	Time 3	Time 4	Time 5	Time 6	Time 7	Time 8	Time 9	Time 10
Fixed Income Yields	Treasury yield 5y	3.9%	1.5%	1.3%	2.2%	2.6%	3.1%	3.2%	3.4%	3.5%	3.7%	3.8%
	Long Treasury yield 15y	4.9%	2.2%	1.9%	3.2%	3.4%	3.8%	3.8%	3.9%	3.9%	4.0%	4.1%
	TIPS yield 5y	1.5%	-0.2%	-0.3%	0.3%	0.5%	0.8%	0.9%	1.0%	1.1%	1.2%	1.3%
	Long TIPS yield 15y	2.4%	0.3%	0.2%	1.1%	1.2%	1.5%	1.6%	1.7%	1.7%	1.8%	1.9%
	Breakeven price inflation 15y	2.5%	1.9%	1.7%	2.1%	2.2%	2.3%	2.3%	2.2%	2.2%	2.2%	2.2%
	A Corporate bond yield 5y	4.7%	4.9%	5.1%	5.7%	5.4%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
	A Corporate spread 5y	5.3%	4.7%	4.9%	6.0%	5.7%	5.8%	5.8%	5.9%	5.9%	5.9%	5.9%
	Long A Corporate bond yield 10y	0.7%	3.3%	3.8%	3.5%	2.8%	2.4%	2.3%	2.1%	2.0%	1.9%	1.7%
	Long A Corporate spread 10y	0.8%	2.8%	3.2%	3.0%	2.5%	2.3%	2.2%	2.1%	2.0%	1.9%	1.8%
Expected Nominal Returns	Equity - US		-15.0%	-8.0%	11.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
	Equity - Global		-17.0%	-9.0%	12.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	7.0%
	A Corporate bonds 5y		5.0%	3.0%	3.0%	7.0%	6.0%	7.0%	7.0%	7.0%	7.0%	7.0%
	Long A Corporate bonds 10y		10.0%	1.0%	-6.0%	7.0%	4.0%	5.0%	5.0%	5.0%	6.0%	6.0%
	Treasury 5y		15.0%	3.0%	-1.0%	2.0%	2.0%	4.0%	4.0%	4.0%	4.0%	4.0%
	Long Treasury 15y		52.0%	6.0%	-14.0%	0.0%	0.0%	3.0%	3.0%	3.0%	3.0%	3.0%
	TIPS 5y		10.0%	1.0%	-1.0%	1.0%	2.0%	3.0%	3.0%	3.0%	3.0%	3.0%
	Long TIPS 15y		37.0%	3.0%	-10.0%	0.0%	0.0%	2.0%	2.0%	3.0%	3.0%	3.0%
	US High Yield		-14.0%	-12.0%	4.0%	5.0%	3.0%	5.0%	5.0%	5.0%	6.0%	6.0%
	Bank Loans		-10.0%	-7.0%	5.0%	3.0%	3.0%	3.0%	3.0%	4.0%	4.0%	4.0%
	USD Emerging Market Debt		-12.0%	-8.0%	8.0%	6.0%	5.0%	6.0%	6.0%	6.0%	6.0%	6.0%
	Local Emerging Market Debt		-12.0%	-9.0%	7.0%	5.0%	4.0%	5.0%	5.0%	5.0%	6.0%	6.0%
	Real Estate		-13.0%	-8.0%	-2.0%	1.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
	Commodities		-29.0%	-23.0%	6.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
	Hedge Funds - FoHF - Universe		-14.0%	-9.0%	7.0%	5.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
	Private Equity		-16.0%	-7.0%	15.0%	9.0%	9.0%	10.0%	10.0%	10.0%	10.0%	10.0%
	Private Credit Smoothed		-8.0%	-8.0%	3.0%	2.0%	3.0%	4.0%	4.0%	5.0%	5.0%	5.0%
	Private Equity Smoothed		-11.0%	-5.0%	7.0%	8.0%	8.0%	9.0%	10.0%	11.0%	10.0%	10.0%
	Closed-Ended Infrastructure		-3.0%	1.0%	4.0%	5.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
	Open-Ended Infrastructure		-5.0%	0.0%	3.0%	4.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
	Cash		4.0%	1.0%	1.0%	1.0%	2.0%	2.0%	2.0%	2.0%	3.0%	3.0%

Source: Aon, as of June 30, 2025. Annual projection starts from June 30, 2025. Projections of general asset class returns and economic conditions are forward-looking expectations by Aon based on informed historical results and internal analysis. Forecasts, estimates and other information contained herein are based upon proprietary research and our framework of analyzing fundamental, valuation and long-term drivers of capital markets. This information is not intended as a recommendation to invest in any particular asset class or strategy or as a promise - or even estimate - of future performance. Such information is hypothetical in nature, does not reflect actual results, and is not a guarantee of future results. Economic factors and return assumptions depend on current market conditions and, as such, may change over time. Our economic scenario analysis is designed to reflect the typical cost of implementing an investment program. Asset return projections do not include the deduction of management fees and other expenses that may be incurred in managing an investment account.

Dark Skies Scenario

A deep recession followed by a longer period of stagnant growth

- Worsening geopolitical instability and central banks' still restrictive monetary policy has a severe impact on global growth leading to an economic depression.
- Global supply chains are disrupted on a prolonged basis due to geopolitical events. China experiences a sharp deterioration in economic growth following an abrupt decoupling from western economies caused by a severe global tilt towards protectionism.
- Failures of smaller banks along with widespread corporate bankruptcies lead to the collapse of some systematically important banks, triggering a new financial crisis, forcing central banks to cut rates to record low levels.
- Fiscal pressures force governments to unwind stimulus measures before economies fully recover.
- Weak demand means inflation falls sharply in 2025 and sluggish growth over the following years keeps inflation below target.
- Treasury yields fall and remain at low levels as the US enters recession. Corporate spreads rise significantly due to the poor economic situation and increased risks of downgrades or defaults.
- Risk assets suffer losses as the economic situation remains poor for a long time, weighing on returns in later years.



Source: Aon, as of June 30, 2025. Annual projection starts from June 30, 2025. Projections of general asset class returns and economic conditions are forward-looking expectations by Aon based on informed historical results and internal analysis. Forecasts, estimates and other information contained herein are based upon proprietary research and our framework of analyzing fundamental, valuation and long-term drivers of capital markets. This information is not intended as a recommendation to invest in any particular asset class or strategy or as a promise - or even estimate - of future performance. Such information is hypothetical in nature, does not reflect actual results, and is not a guarantee of future results. Economic factors and return assumptions depend on current market conditions and, as such, may change over time. Our economic scenario analysis is designed to reflect the typical cost of implementing an investment program. Asset return projections do not include the deduction of management fees and other expenses that may be incurred in managing an investment account.

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Dark Skies Scenario

Data

Recession Scenario		Time 0	Time 1	Time 2	Time 3	Time 4	Time 5	Time 6	Time 7	Time 8	Time 9	Time 10
Fixed Income Yields	Treasury yield 5y	3.9%	1.4%	0.1%	0.0%	0.1%	0.3%	0.6%	1.0%	1.3%	1.7%	2.0%
	Long Treasury yield 15y	4.9%	1.8%	0.8%	0.6%	0.7%	0.9%	1.2%	1.5%	1.8%	2.1%	2.4%
	TIPS yield 5y	1.5%	-0.1%	-1.0%	-1.2%	-1.1%	-0.9%	-0.7%	-0.4%	-0.2%	0.0%	0.2%
	Long TIPS yield 15y	2.4%	0.1%	-0.6%	-0.8%	-0.7%	-0.5%	-0.2%	0.0%	0.2%	0.5%	0.7%
	Breakeven price inflation 15y	2.5%	1.7%	1.4%	1.4%	1.4%	1.4%	1.5%	1.5%	1.6%	1.7%	1.7%
	A Corporate bond yield 5y	4.7%	5.8%	5.2%	4.6%	3.7%	3.4%	3.5%	3.7%	3.9%	4.1%	4.2%
	A Corporate spread 5y	5.3%	5.2%	4.8%	4.4%	3.8%	3.6%	3.8%	4.0%	4.2%	4.4%	4.6%
	Long A Corporate bond yield 10y	0.7%	4.4%	5.1%	4.7%	3.7%	3.0%	2.9%	2.7%	2.6%	2.4%	2.2%
	Long A Corporate spread 10y	0.8%	3.6%	4.2%	3.9%	3.2%	2.8%	2.6%	2.5%	2.4%	2.3%	2.2%
Expected Nominal Returns	Equity - US		-25.0%	-18.0%	-9.0%	3.0%	3.0%	3.0%	4.0%	4.0%	5.0%	5.0%
	Equity - Global		-28.0%	-20.0%	-11.0%	3.0%	3.0%	3.0%	4.0%	4.0%	5.0%	5.0%
	A Corporate bonds 5y		1.0%	5.0%	4.0%	5.0%	3.0%	1.0%	2.0%	2.0%	3.0%	3.0%
	Long A Corporate bonds 10y		4.0%	5.0%	5.0%	7.0%	3.0%	0.0%	0.0%	1.0%	2.0%	2.0%
	Treasury 5y		16.0%	7.0%	1.0%	0.0%	-1.0%	-1.0%	0.0%	0.0%	0.0%	1.0%
	Long Treasury 15y		60.0%	17.0%	3.0%	0.0%	-2.0%	-3.0%	-3.0%	-2.0%	-2.0%	-2.0%
	TIPS 5y		8.0%	3.0%	0.0%	-1.0%	-1.0%	-1.0%	0.0%	0.0%	0.0%	1.0%
	Long TIPS 15y		39.0%	9.0%	1.0%	-2.0%	-3.0%	-3.0%	-3.0%	-2.0%	-2.0%	-1.0%
	US High Yield		-19.0%	-13.0%	-11.0%	-2.0%	-4.0%	-5.0%	-4.0%	-2.0%	-1.0%	0.0%
	Bank Loans		-24.0%	-20.0%	-13.0%	-1.0%	-2.0%	-1.0%	-1.0%	0.0%	1.0%	2.0%
	USD Emerging Market Debt		-19.0%	-13.0%	-8.0%	2.0%	1.0%	1.0%	1.0%	2.0%	2.0%	3.0%
	Local Emerging Market Debt		-20.0%	-14.0%	-9.0%	1.0%	0.0%	0.0%	1.0%	1.0%	2.0%	2.0%
	Real Estate		-14.0%	-10.0%	-4.0%	0.0%	2.0%	2.0%	3.0%	3.0%	3.0%	4.0%
	Commodities		-32.0%	-25.0%	-4.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	3.0%
	Hedge Funds - FoHF - Universe		-17.0%	-12.0%	-6.0%	1.0%	1.0%	1.0%	1.0%	2.0%	2.0%	2.0%
	Private Equity		-28.0%	-19.0%	-9.0%	6.0%	6.0%	6.0%	7.0%	7.0%	8.0%	8.0%
	Private Credit Smoothed		-19.0%	-22.0%	-20.0%	-11.0%	-2.0%	-2.0%	-1.0%	0.0%	1.0%	2.0%
	Private Equity Smoothed		-18.0%	-13.0%	-6.0%	-1.0%	0.0%	2.0%	3.0%	4.0%	8.0%	8.0%
	Closed-Ended Infrastructure		-10.0%	-6.0%	-2.0%	3.0%	5.0%	6.0%	6.0%	6.0%	7.0%	7.0%
	Open-Ended Infrastructure		-11.0%	-7.0%	-3.0%	2.0%	4.0%	5.0%	5.0%	5.0%	6.0%	6.0%
	Cash		4.0%	1.0%	0.0%	0.0%	0.0%	0.0%	1.0%	1.0%	1.0%	2.0%

Source: Aon, as of June 30, 2025. Annual projection starts from June 30, 2025. Projections of general asset class returns and economic conditions are forward-looking expectations by Aon based on informed historical results and internal analysis. Forecasts, estimates and other information contained herein are based upon proprietary research and our framework of analyzing fundamental, valuation and long-term drivers of capital markets. This information is not intended as a recommendation to invest in any particular asset class or strategy or as a promise - or even estimate - of future performance. Such information is hypothetical in nature, does not reflect actual results, and is not a guarantee of future results. Economic factors and return assumptions depend on current market conditions and, as such, may change over time. Our economic scenario analysis is designed to reflect the typical cost of implementing an investment program. Asset return projections do not include the deduction of management fees and other expenses that may be incurred in managing an investment account.

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Investment Policy Statement
for
the Oregon Environmental Restoration Fund

Adopted October 22, 2025



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I. INTRODUCTION AND PURPOSE

Introduction:

The purpose of the Investment Policy Statement (IPS) is to assist the Oregon Investment Council (“OIC” or the “Council”) in effectively directing the policy of the investments of the Oregon Environmental Restoration Fund (“OERF” or the “Fund”). The OIC formulates policies for the investment and reinvestment of funds under the control and administration of the Oregon Environmental Restoration Council (“OERC”), a council established in the Oregon Watershed Enhancement Board (“OWEB”). It is the intention of the OERC and the OIC that OERF’s investments be managed in accordance with this Investment Policy Statement. This IPS applies to all investable assets of OERF. All assets available for investment will be invested through an investment policy approved by the OIC, which may include, but are not limited to, separate accounts, mutual funds and/or commingled investment vehicles investing in public equities, fixed income, private equity, real estate, real assets, and diversifying strategies.

The Fund’s investment portfolio shall seek to preserve and enhance the real or inflation-adjusted market value of the Fund’s assets over the long-term, net of annual distributions and expenses. To achieve this objective, OERF will seek to achieve a long-term investment horizon such that short-term distribution needs and market volatility will be monitored and balanced with the long-term real return objective.

Authority:

ORS Chapters 293.701 to 293.857. Oregon Laws 2024, Chapter 97, Section 3.

Purpose:

The purpose of this IPS is to define the investment policies established by the OIC to support the Fund’s investments. This IPS is intended to:

- Identify roles and responsibilities;
- Establish investment objectives;
- Outline the annual distribution policy approved by the OERC;
- Establish long-term asset allocation targets; and
- Establish guidelines to monitor the performance of investments in comparison to stated objectives.

This IPS serves as a guide and general framework within which the Fund’s assets are managed in achieving the near-term and long-term objectives of those assets. The OIC also recognizes that from time to time, short-term market fluctuations and dynamics could make it impossible to precisely reflect all aspects of this policy at all times. This IPS is established to accommodate these short-term fluctuations, which should not necessitate IPS adjustments. It is expected that this IPS will be reviewed biennially to ensure alignment with forward-looking market expectations and industry best thinking and best practices.

II. ROLES AND RESPONSIBILITIES

Oregon Investment Council

Pursuant to the applicable provisions of ORS 293, the OIC has the authority to set investment policies for the Fund.

The Oregon Investment Council has a responsibility to ensure that all investments are managed in a manner that is consistent with the policies of the Fund.

The Oregon Investment Council’s responsibilities may include but are not limited to:

- Establish and maintain this IPS for the management of the Fund;
- Develop investment goals that are consistent with the financial needs of OERF and the appropriate

asset allocation consistent with meeting those objectives, and, in connection therewith, establish:

- Total fund investment objectives and asset class performance benchmarks and
- Investment policies, including target asset allocation and rebalancing policies; and
- Receipt and review of periodic reports from Oregon State Treasury (“OST” or “Treasury”) staff, consultants, investment managers and other experts.

The OIC may, at its discretion, delegate the execution of the above responsibilities, in full or in part, to Treasury staff and external parties with appropriate expertise to assist the OIC in discharging its obligations. Other specialists may be employed by the OIC from time to time, on an as-needed basis, to ensure its responsibilities in providing oversight of Fund assets are prudently executed.

Oregon State Treasury Staff

Treasury staff manage the Fund in accordance with the applicable provisions of ORS 293, including maintaining their fiduciary obligations under ORS 293.726.

The OIC has delegated to Treasury staff the following investment management and implementation decisions, subject to the approval from the Chief Investment Officer (“CIO”) and quarterly notification to the OIC:

- Manage day-to-day investment activities of the Fund;
- Work with the Council-retained investment consultants to compile information on the investment return and performance for the OIC’s review;
- Rebalance the total Fund to ensure assets are within the asset allocation ranges, properly notifying the OIC when breaches occur and providing recommendations;
- Recommend and/or hire of investment managers within each asset class. Before recommending and/or making a manager change, Treasury staff will satisfy any Council requests showing that the manager recommendation and/or change is supported by a satisfactory level of analysis and due diligence;
- Terminate investment managers;
- Prepare, negotiate and execute investment manager mandates, guidelines and fee agreements;
- Oversee individual investment managers to ensure their portfolios comply with their respective portfolio mandates and guidelines;
- Provide oversight of the master custodian to ensure that the Fund’s rights to pursue securities class action litigation are appropriately protected; and
- Review this IPS on a biennial basis and report any recommended changes to OIC for approval. Upon OIC’s initial approval of this IPS and promptly following any OIC approved amendment, Treasury staff will provide a copy of the updated IPS to OWEB.

In making the above decisions, Treasury staff shall seek, as needed, advice, guidance and recommendations from Council-retained investment consultants, investment managers and other experts and sources as considered prudent by Treasury staff.

Investment Consultants

- The investment consultants support the responsibilities of Treasury staff, as needed and pursuant to the contractual obligations agreed to by the parties.

Investment Professionals

- Investment decisions may be delegated to investment professionals and monitored by Treasury staff in accordance with the applicable provisions of ORS 293.

Custodian

- Custodian has the duties and obligations pursuant to the contract agreed to with Treasury staff.

III. INVESTMENT OBJECTIVES

The primary objective of OERF is to generate a real rate of return, above an appropriate inflation rate (i.e., the Consumer Price Index or CPI) over time that is sufficient to support the investment objectives of OERF. It is particularly important to preserve the value of the assets in real terms (i.e., inflation-adjusted) to maintain its purchasing power without eroding the principal corpus of the Fund over long-term periods. Thus, the long-term return objective will account for inflation, administrative expenses, other planned withdrawals, and annual distributions as appropriate.

Long Term Distribution Policy Outline

The OERC generally seeks advice, guidance and recommendations from the OIC, OST staff, and OIC-retained investment consultants on the long-term distribution policy for OERF. The OIC seeks to maintain intergenerational equity and balance the needs between current and future beneficiaries.

Unless otherwise directed and/or approved by the OERC, the distribution policy will be an annual distribution of 5% of the Fund's assets, based on the historical 3-year market value average, and subject to a real (inflation-adjusted) \$30 million annual ceiling and a \$15 million annual floor.

Time Horizon

The OIC acknowledges that fluctuating rates of return characterize the securities markets, particularly during short-term time periods. Accordingly, the OIC views interim fluctuations with an appropriate perspective, given the long-term objectives. Long-term investment objectives are to be evaluated over a minimum long-term horizon, defined as rolling ten-year periods.

Diversification

The OIC believes that the likelihood of realization of the investment objectives is enhanced through diversification. The OIC, through setting of the asset allocation provided in Appendix A, will aim to diversify assets among portfolio roles and strategies to maintain acceptable risk levels and enhance long-term investment return opportunities.

Risk

Risk refers to the uncertainty and the prospective loss due to an activity or an exposure. With respect to OERF, that is expressed principally as investment risk, i.e., a permanent impairment to the Fund's value that could reduce its ability to meet and sustain spending requirements, but it could also be exhibited in operations and liquidity management. At the same time, given the relationship between risk and return, taking too little risk could lead to the Fund underperforming its return objective. Given the need to take an appropriate amount of risk, risk is considered throughout the investment process, from asset allocation to manager selection to performance evaluation.

A. Risk Standards and Metrics

OST staff will monitor investment risk of the Fund on ex-ante and ex-post bases to evaluate whether an appropriate amount of risk is being taken efficiently, i.e., to be properly compensated and commensurately to the return objectives of the Fund. Risk evolves over time, dictated by changing macroeconomic environments and a shifting mix of investments in the portfolio. OST staff will therefore apply various tools and approaches over different time horizons to analyze the Fund's investment risk. OST staff will also consider total risk, i.e., the variation of total returns, at various levels of the Fund and active risk, i.e., the variation of relative returns versus a benchmark, at the manager and asset class levels for the public market investments.

OST staff will use realized returns to evaluate ex-post tracking error but will typically rely on a risk model to estimate ex-ante risk. Most commercial risk models make simplifying assumptions to improve reliability and sensibility, but they are ultimately assumptions that will never fully capture all outcomes, such as extreme losses in a drawdown. Nevertheless, the output of such models can be useful, particularly in the context of other analyses undertaken by OST staff.

B. Liquidity

Liquidity risk is defined as that element of total risk that comes from the unpredictability of the cost and time duration necessary to convert existing investment positions to cash.

In combination with the illiquidity of private market investments and rebalancing requirements (see “Rebalancing Guidelines” below), OST staff will consider the liquidity of the assets and cash flow requirements when recommending an asset allocation to the OIC and managing the Fund investments.

C. Foreign-Exchange Risk Management

OERF makes distributions to the State Agency Program Fund, the Disproportionately Impacted Community Fund and the Tribal Nation Natural Resource Program Fund in U.S. dollars, yet, for diversification purposes, a portion of the Fund’s assets may be invested outside the U.S. and denominated in foreign currencies. The translation of foreign-denominated investments back to the U.S. dollar provides incremental volatility of return to OERF’s total, overall risk. Furthermore, there is little economic basis or empirical evidence to support a positive, long-term return expectation in connection with these foreign currency exposures. In other words, unmanaged foreign currency exposure is a source of uncompensated risk.

OST staff will manage this risk by taking into consideration the magnitude of exposures, operational requirements, and portfolio construction.

IV. ASSET ALLOCATION GUIDELINES

Given the long-term nature of OERF, asset allocation will be the most important determinant of long-term success. The target allocation balances the need to satisfy the long-term return objective and to minimize total investment risk. The target allocation is based on long-term capital market assumptions (expected returns, risk, and correlations) of asset classes and over time should provide an expected return equal to or greater than the primary objective of the Fund, while avoiding undue risk concentrations in any single role or strategy; thus, reducing risk at the total portfolio level. To achieve these goals, the asset allocation will be set with the target percentages and within the ranges provided in Appendix A.

Formal asset allocation reviews will be performed at least every three to five years to ensure that the Fund is positioned properly. These reviews will be performed by OST staff in conjunction with the OIC’s general consultant.

Rebalancing Guidelines

The OIC recognizes that rapid unanticipated market shifts or changes in economic conditions may lead to wide deviations from the target allocation and approved ranges. Generally, these divergences are of a short-term or tactical nature in response to fluctuating market environments. There may be short-term deviations from the target due to illiquidity of private market investments.

A breach of any of the established asset allocation ranges triggers a review and possible rebalancing back to established targets with due consideration given to the liquidity of the affected investments, all anticipated transaction costs and the current portfolio structure within each asset class. Given the nature of private assets, the amount and timing of the cash flows cannot be precisely known, and it will take time to build out the portfolio to the long-term policy target levels. Accordingly, at any particular time, the actual

allocation to Private Equity, Real Estate, Real Assets, and Diversifying Strategies may be above or below the long-term target allocation of such assets.

OST staff will review the asset allocation on a monthly basis and rebalance to within the target asset allocation range at least quarterly if necessary.

V. STRATEGIC ROLE GUIDELINES

This section outlines the strategic investment guidelines for each portfolio role, which shall serve as a framework for evaluating asset allocation choices across asset classes and investment strategies to achieve the Fund's objectives. While certain strategies and investment securities may demonstrate risk and return characteristics at different time periods that could fulfill more than one portfolio role, it is the strategic nature of those investments that shall dictate the primary purpose they serve in the portfolio.

Public Equity Investments

The strategic role of publicly traded equity securities is to serve as the Fund's primary return-seeking investments to generate long-term asset growth. Return over time is primarily driven by equity risk beta. The Fund's Public Equity portfolio also provides liquidity necessary to meet its cash distribution obligations.

Fixed Income Investments

The strategic role of fixed income securities is to diversify the Fund in general and its allocation to equity securities in particular. The Fixed Income portfolio provides liquidity necessary to meet its cash distribution obligations. The fixed income allocation shall consist primarily of U.S. investment grade fixed income securities represented within the benchmark index. It may also allow for non-benchmark sectors, including, but not limited to, developed and emerging markets international securities, inflation-linked bonds, as well as below investment grade securities.

Private Equity Investments

The strategic role of private equity investments is to enhance return and diversification opportunities for the Fund. While potentially more volatile than public equity, private equity provides a diversification benefit and the opportunity to achieve higher returns. Diversification in the Fund's Private Equity portfolio may be accomplished by investing across different fund types and strategies including venture capital, leverage buyout, mezzanine debt, distressed debt, sector funds, secondaries, and fund-of-funds.

Real Estate Investments

The strategic role of real estate investments is to enhance return and diversification opportunities for the Fund while providing some inflation protection. Diversification in real estate may be accomplished through exposure to a variety of real estate debt and equity investment strategies, property types (i.e., office, industrial, retail, multifamily, hospitality, etc.), geographic location, and various stages of a property life-cycle.

Real Asset Investments

The strategic role of real asset investments is to enhance long-term return and diversification opportunities for the Fund. A lower correlation between the returns of real asset investments and other Fund assets is expected, and real asset investments are therefore expected to provide an added measure of diversification to overall Fund returns. Diversification in real asset investments may be achieved through exposure to a variety of possible alternative investment assets and strategies, including, but not limited to, infrastructure and natural resources.

Diversifying Strategies Investments

The strategic role of diversifying strategies investments is to enhance long-term return and diversification opportunities for the Fund. A lower correlation between the returns of diversifying strategies investments and other Fund assets is expected, and diversifying strategies investments are therefore expected to provide an added measure of diversification to overall Fund returns. Diversification in diversifying

strategies investments may be achieved through exposure to a variety of possible alternative investment assets and strategies, including, but not limited to, long-short, relative value, directional, event driven, and other diversifying strategies.

VI. PERFORMANCE MEASUREMENT AND EVALUATION

Total Portfolio Performance:

The principal goal of the Fund is to maximize the likelihood of achieving and/or exceeding the investment objectives stated in this IPS over the long-term.

The primary benchmark for evaluating performance of the Fund will be a weighted benchmark consisting of broad market indices for the underlying strategies combined according to the strategy allocation targets as described in Appendix A. Total portfolio performance will be evaluated on a net-of-fee basis relative to the representative weighted benchmark over various trailing time periods, as applicable.

A portion of the Fund's assets will be committed to private assets. Given the nature of these investments, the amount and timing of the cash flows cannot be precisely known, and it will take time to build out the portfolio to the long-term policy target levels. Accordingly, at any particular time, the actual allocation to Private Equity, Real Estate, Real Assets, and Diversifying Strategies may be below the long-term target allocation of such assets. Accordingly, the composition of the Interim Policy Benchmark will be reviewed annually and adjusted to gradually converge to the Long-Term Policy Benchmark, each as described in Appendix A.

The secondary benchmark for evaluating the efficacy of the Policy (Reference) Portfolio's complexity and diversification will be a simplified reference portfolio as described in Appendix A.

Strategy Performance:

Performance for the underlying asset classes will be compared with the risk and return of an appropriate market index (as described in Appendix A), on a net-of-fee basis over various trailing time periods.

Review and Reporting:

OST/OIC Reviews. OST staff will continuously review asset allocations and investment performance and present their review and conclusions to the OIC on no less than an annual basis. These reviews will focus on the continued appropriateness of existing policy, compliance with guidelines and performance relative to Fund objectives.

Presentation to Oregon Environmental Restoration Council. At the OERC's request not more than once annually, OST staff will arrange for and lead a formal review of the Fund's investment portfolio at an OERC meeting. OST and OWEB staff will coordinate in advance of each meeting to develop an agenda.

Appendix A

Asset Allocation Strategy Targets & Range

Portfolio Role	Benchmark	Min	Long-Term Target	Max
Public Equity	MSCI ACWI IMI Net	40.0%	45.0%	50.0%
Private Equity	MSCI ACWI Net + 200 bps	0%	17.5%	22.5%
Fixed Income	Bloomberg U.S. Aggregate Bond Index	15.0%	20.0%	25.0%
Real Estate	NCREIF-ODCE	0.0%	5.0%	10.0%
Real Assets	CPI + 4%	0.0%	5.0%	10.0%
Diversifying Strategies	HFRI FOF Conservative Index	2.5%	7.5%	12.5%
Cash	Cash	0.0%	0.0%	3.0%

* Long-Term Policy Benchmark will be a weighted benchmark consisting of market indices for each strategy combined according to the strategy allocation targets as described above under Long-Term Target.

** Interim Policy Benchmark: The asset classes may temporarily fall outside of the ranges in the table above under Long-Term Target until such long-term targets are reached. The composition of the Interim Policy Benchmark will be adjusted over time to reflect the invested balances in Private Equity, Real Estate, Real Assets and Diversifying Strategies and is expected to gradually converge to the Long-Term Policy Benchmark. For policy benchmark measurement purposes, any shortfall in the target allocation to Private Equity will be housed in Public Equity, and any shortfall in the target allocation to Real Estate, Real Assets and Diversifying Strategies each will be housed 50% in Public Equity and 50% in Fixed Income. The 200 bps premium for the Private Equity benchmark will be instituted five years after the first capital call is made.

*** The sum of Strategy “Min” and “Max” within each Portfolio Role (Public Equity, Private Equity, Fixed Income, Real Estate, Real Assets, Diversifying Strategies, and Cash) will not equal “Min” and “Max” for each Role.

****Policy (Reference) Portfolio: Based on the risk profile of the approved asset allocation using standard deviation as the risk metric, the reference portfolio equates to 70% Public Equity and 30% Core Fixed Income, as measured by the MSCI ACWI IMI Net and Bloomberg U.S. Aggregate Bond Index, respectively.

*****Benchmarks in the table above may be substituted with a similar benchmark offered by a different provider as conditions may warrant.



TAB 7

LEGISLATED MANDATES

OIC Memo
October 22, 2025
Legislative Related Policy Updates

Purpose

This agenda item is designed to present the Oregon Investment Council (OIC) with recommended policies to account for recent legislative updates, including the HB 4083A (Thermal Coal Act) and the HB 2081A (Climate Resilience Investment Act). Additionally, it incorporates a policy update on the latest Dodd-Frank rule regarding reporting on proxy voting related to executive compensation. This item also implements certain housekeeping updates for existing OIC policies, including updates to outdated references. Lastly, this recommendation formalizes the consolidation of all legislative and regulatory mandates into a single, streamlined policy document to enhance structural efficiency and compliance oversight.

Background

Recent legislation related to Treasury's investment operations includes HB 4083A (Thermal Coal Act) and HB 2081A (Climate Resilience Investment Act, "CRIA"). In the case of the CRIA, new policy provisions are required for effective implementation. Additionally, the SEC finalized the rulemaking for the disclosure of proxy voting related to executive compensation (mandated by Dodd-Frank) on November 2, 2022. Given the necessary policy additions and ongoing efforts to consolidate and update existing policies, Treasury is recommending updates to consolidate and streamline the current policies.

Summary of Changes

Structural Changes

- INV 205 (formerly "Consideration of Investments and Divestiture Initiatives", and revised as "Legislative Portfolio Mandates") has been revised as the overarching policy framework.
- INV 212 (Sudan and Iran Divestiture) has been consolidated into INV 205 as Appendix A: Sudan and Iran Divestiture Policy.
- Appendix B (Dodd-Frank Regulatory Compliance) has been created within INV 205 as an overarching policy for items related to Dodd-Frank compliance.
 - INV 203 (Dodd-Frank Regulatory Compliance) has been consolidated into Appendix B as Appendix B-1: Dodd-Frank Compliance for Swap Transactions.
 - The Letter of Representation attached to INV 203 has been consolidated as Appendix B-2: Form of Representative Letter.
- A new policy has been created within Appendix B as Appendix B-3: Dodd Frank Compensation Vote Disclosure.
- Two new policies have been created within INV 205 as Appendix C: Climate Resilience Investment Act (HB 2081A) Procedures and Appendix D: Thermal Coal Act (HB 4083A) Procedures.

Relevant Textual Changes

- INV 205 has been formally restructured to be an overarching policy for legislative and regulatory mandates.
- Appendix B-3 (Dodd Frank Compensation Vote Disclosure) was created to document the requirement to satisfy regulatory filings.
- Appendix C (Climate Resilience Investment Act (HB 2081A) Procedures and Appendix D (Thermal Coal Act (HB 4083A)) Procedures were created to establish policies necessary for Treasury to effectively implement and comply with the laws.
- INV 216 is updated to address the regulatory filings required for proxy voting.
- Housekeeping items include several changes to policies, adding or updating outdated references.

Recommendation

Staff recommends the approval of these policy changes as operational frameworks for the proper implementation of the recently enacted legislation. Furthermore, the consolidation and simplification of the policy structure, including the integration of the Dodd-Frank reporting requirements, will enhance clarity and efficiency of OIC policies.

Next Steps

Investment Guidelines currently attached to policies INV 1204 (OPERF), INV 902 (CSF), and INV 1002 (SAIF) will require updating to reflect the policy consolidation. This action is purely a housekeeping function to align the guideline attachments with the completed policy consolidation. As the change affects only the attachments and not the approved policy text, it is not a policy change requiring OIC approval. Staff will ensure the consolidation is accurately and efficiently reflected across all affected guidelines.

Status **Active** PolicyStat ID **17195546**



**OREGON
STATE
TREASURY**

Originator
Last
09/2014
12/2024

Owner
Rex Kim: Chief
Investment Officer

Policy Area
Investments

Approved
Last Revised
12/2024

**Investments and Divestiture
Initiatives Legislative Portfolio Mandates**

OREGON INVESTMENT COUNCIL POLICY

Summary Policy Statement

This policy articulates the guidelines within which the Oregon Investment Council ("OIC" or "Council") considers existing and potential investments. The statutory standards of prudence and productivity are the only standards that apply to the investment of the Oregon Public Employees Retirement Fund ("OPERF") and all other Oregon public funds.

This policy provides a single, cohesive framework for managing compliance with specific legislative and regulatory mandates that directly impact investment activities. It consolidates and supersedes previous individual policies concerning divestiture initiatives and financial regulatory compliance to ensure that all such mandates are addressed efficiently and consistent with the Oregon Investment Council's and OST staff's fiduciary duties.

Purpose and Goals

The goal of this policy is to ensure the Oregon Investment Council (OIC) and Oregon State Treasury (OST) staff comply with applicable state and federal laws that impose specific constraints or requirements on the investment portfolio. This policy provides a single, comprehensive location for such mandates to improve clarity and confirm that all investment decisions, including those impacted by legislation, are governed by the statutory standards of prudence and productivity objectives as defined in Oregon Revised Statutes (ORS) 293.721 and the prudence standards of ORS 293.726. Each proposed investment is separately evaluated based on its unique structure and potential in accordance with standard OIC and Oregon State Treasury ("OST") investment criteria. The standard stated in 293.721(1) "requires the exercise of reasonable care, skill and caution, and is to be applied to investments not in isolation but in the context of each investment fund's investment portfolio and as a part of an overall investment strategy, which should incorporate risk and return objectives reasonably suitable to the particular investment fund." However, the OIC must adhere to applicable law, and recognizes, with the requisite standard of care applied. Recognizing that political, social, and legal circumstances in various nations and regions of the world may impact the productivity and prudence of investments made in or connected with to those nations and regions. This areas, this policy provides guidance for the OIC and OST staff in reconciling these considerations with their fiduciary duties.

Applicability

Classified represented, management service, unclassified executive service.

Authority

ORS 293.721, 292.726

Definitions

Company means any sole proprietorship, organization, firm, association, corporation, utility, partnership, venture, public franchise, franchisor, franchisee or its wholly-owned subsidiary that exists for profit-making purposes or otherwise to secure economic advantage.

Invest means to commit funds or other assets to a company. **Invest** includes making a loan or other extension of credit to a company, or owning or controlling a share or interest in a company or a bond or other debt instrument issued by a company.

Investment means the commitment of funds or other assets to a company for an interest in the company. **Investment** includes the ownership or control of a share or interest in a company or of a bond or other debt instrument issued by a company.

Scrutinized means any country that currently is under the economic sanctions of the United States, including but not limited to the Republic of Sudan and any territory under the administration, legal or illegal, of Sudan, including but not limited to the Darfur region, from which federal law specifically allows public pension plans to divest; (2) in the financial sector of the Islamic Republic of Iran as described in section 202 (1) of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010, as amended, and any territory under the administration, legal or illegal, of Iran; or (3) any country that is the subject of a Department of State.

Policy Statements POLICY PROVISIONS

1. Consideration of Investments

The ~~OIC's~~OIC's statutory duties, as defined in ORS 293.721, to formulate and review investment policies consistent with the productivity objectives set forth in ORS 293.721 and the prudence standards set forth in ORS 293.726, shall take precedence over any other consideration. The OIC's implementation of these objectives and standards can be stated as follows:

- A. Consideration of investments is limited to those which, when judged solely on the basis of economic value, enhance portfolio returns on a risk-adjusted basis;
- B. Any benefit an investment may confer, other than meeting the statutory standards of prudence and productivity, is not and shall not be considered the responsibility or within the control of OST, the OIC, or its agents;
- C. For allocation purposes, proposed investments are categorized by asset class and subject to the OIC's asset allocation guidelines, ranges, and targets;
- D. Proposed investments shall be consistent with the OIC's desired level of portfolio diversification as defined by the OIC's approved mix of asset types and allocations to different economic, industry, and geographic exposures;
 - E. Investments shall at all times conform to the laws, requirements, policies, and

procedures governing the OIC, OST, and OPERF;

F. Because investments are part of an actively-managed portfolio, full due diligence is exercised. This due diligence, conducted by OST staff, designated private managers, consultants, and/or advisors, addresses, at a minimum, (1) legal sufficiency, (2) investment sufficiency, and (3) the identification of any potential conflicts of interest. Only those investment proposals that comply with the OIC's prescribed proposal format shall be considered. The costs associated with all legal and financial review for each investment proposal shall be addressed pursuant to policy consistent with similar investment types. Where no such policies exist, these costs shall be borne entirely by the proposer. Furthermore, the proposer shall provide all information that the OIC, OST staff and designated private managers, consultants and/or advisors deem necessary to perform appropriate levels of due diligence and evaluation. If the information is not provided within a specified, reasonable time frame, the OIC, OST staff, or designated private managers, consultants, and/or advisors may discontinue their individual and collective due diligence and evaluation considerations. All investments that are approved by the OIC shall be subject to a continuing obligation to disclose certain requested information;

G. Investments shall be valued at current market prices and will be subject to performance measurement at least annually;

COPY

- H. The OIC carefully considers investment structures such as partnerships and joint ventures when evaluating an initial investment and ongoing participation with a sponsoring entity. The OIC will only consider those structures that appropriately align financial rewards and risk among all other partners/participants. OST staff or designated private managers, consultants and/or advisors shall consider and recommend to the OIC structural features to mitigate investment risks, losses, and liabilities such as federal government credit insurance, personal guarantees, corporate guarantees, cross-corporate collateralization, and other such mechanisms. Furthermore, only those investment proposals that stipulate explicit exit strategies and define the means by which investment returns may be realized shall be considered;
- I. Due to resource constraints, investment proposals that may impose unreasonable administrative burdens directly upon the OIC, OST investment staff, or the State Treasurer shall not be considered;
- J. All persons or firms managing, evaluating, or monitoring investments on behalf of the OIC shall act in a fiduciary capacity when giving advice or information to the OIC and OST staff;
- K. The OIC recognizes that successful investment opportunities may exist within Oregon. Prudent, local investments may satisfy the exclusive benefit rule for pension plan participants, as well as provide the collateral benefit of encouraging economic development within the state. Accordingly, whenever diversification and quality standards permit, the OIC will endeavor to hire local partners. The risk, return, and liquidity characteristics of investments in Oregon must be consistent with (i.e., meet or exceed) the evaluation criteria, legal standards, and investment policies that govern all OIC investment activity.

2. Divestiture Initiatives

While social, political and legal circumstances material to prudent and productive investment activities should receive appropriate consideration in making and maintaining investments, such factors may not be given undue weight (i.e., weight disproportionate to their impact upon economic prudence and productivity) when implementing the OIC's and OST's investment responsibility to a) act with prudence to make the moneys under their care as productive as possible and b) adhere to their fundamental fiduciary duties of loyalty and impartiality.

The OIC and OST are subject to, and will comply with, applicable federal and state law.

- A. The federal government of the United States of America (the "United States") has preeminent governmental power for those subject to its jurisdiction with respect to the conduct of foreign policy and interstate commerce. When the United States sanctions or restricts investment by subject entities in other nations, as when it regulates interstate commerce, the OIC requires all of its business partners, including investment managers, to comply with those regulations, as applicable. The OIC also expects companies in which it invests, that are subject to such regulations, to comply with those regulations.
- B. The OIC requires its investment managers to consider all material risks and benefits when making an investment. Material risks or benefits may include those factors that arise from the social, political or legal circumstances affecting regions or governments with or within which companies considered for investment conduct business.
- C. When not inconsistent with the policies described above, the OIC prefers that its managers avoid holdings in companies doing business with or in countries where such conduct is prohibited if performed by companies subject to the jurisdiction of the United States.

3. Transparency and Reporting Initiatives

The OIC supports transparency and reporting that is aligned with ORS 293.721 and 293.726. The OIC is committed to complying with all applicable state and federal regulations on reporting and transparency. OIC's actions are subject to its fiduciary duty to act with prudence and for the exclusive economic benefit of the beneficiaries. OST staff should satisfy regulatory requirements, while also adhering to the applicable contractual agreements.

4. Review of New Legislative Mandates

Any new legislative or regulatory initiatives that direct or restrict investment activity will be reviewed by OST staff to ensure implementation aligns with this policy's overarching fiduciary principles. Staff will analyze the mandate's impact on operations, portfolio risk, return and diversification and present a recommended implementation plan to the OIC for consideration.

Contingencies, Exceptions, and Applicability

The OST manages multiple pools of capital for a variety of stakeholders and purposes. Because some legislation is specific to particular funds, investment types, or pools of capital, not all mandates detailed within this policy's appendices apply to every fund. The chart below indicates which policy attachments are pertinent to each fund.

None.

	<u>All managed accounts With Public Equity</u>	<u>All Accounts With SWAP Authorization</u>	<u>Oregon Public Employees Retirement Fund (OPERF)</u>
<u>Appendix A: Sudan and Iran Divestiture Policy</u>	-	-	<u>X</u>
<u>Appendix B-1: Dodd-Frank Regulatory Compliance for Swap Transactions</u>	-	<u>X</u>	-
<u>Appendix B-3: Dodd-Frank Compensation Vote Disclosure</u>	<u>X</u>	-	<u>X</u>
<u>Appendix C: Climate Resilience Investment Act Procedures</u>	-	-	<u>X</u>
<u>Appendix D: Thermal Coal Act Procedures</u>			<u>X</u>

Failure to Comply

Failure to comply with this policy may be cause for disciplinary action up to and including dismissal.

PROCEDURES Procedure and FORMS Forms

Appendix A: Sudan and Iran Divestiture ~~Procedures~~ Policy

Appendix B: Dodd-Frank Regulatory Compliance

Appendix B-1: Dodd-Frank Compliance for Swap Transactions

Appendix B-2: Form of Representative Representation Letter

Appendix B-3: Dodd-Frank Compensation Vote Disclosure

Appendix C: Climate Resilience Investment Act (HB 2081A) Procedures

Appendix D: Thermal Coal Act (HB 4083A) Procedures

ADMINISTRATION

Administration

Review

Biennially

~~Annually.~~

Feedback

Your comments are extremely important to improving the effectiveness of this policy. If you would like to

comment on the provisions of this policy, you may do so by e-mailing the OST Policy Analyst. To ensure your comments are received without delay, please list the policy number and name in your e-mail's subject. Your comments will be reviewed during the policy revisions process and may result in changes to the policy.

Attachments

~~[Appendix A: Sudan and Iran Divestiture Procedures](#)~~

[Appendix A: Sudan and Iran Divestiture Policy](#)

[Appendix B: Dodd-Frank Regulatory Compliance](#)

[Appendix B-1: Dodd-Frank Compliance for Swap Transactions](#)

[Appendix B-2: Form of Representative Representation Letter](#)

[Appendix B-3: Dodd-Frank Compensation Vote Disclosure](#)

[Appendix C: Climate Resilience Investment Act \(HB 2081A\) Procedures](#)

[Appendix D: Thermal Coal Act \(HB 4083A\) Procedures](#)


Approval Signatures

Step-Description	Approver	Date
Oregon Investment Council	Rex Kim: Chief Investment Officer	12/2024
	Deena Bothello: General Counsel	12/2024
	Jamie McCreary: Service Model Program Manager	12/2024

Approval Signatures

Status **Active** PolicyStat-ID **17195582**

(Del)



**OREGON
STATE
TREASURY**

Originatio

10/2013

Last

12/2024

Approved

Last Revised

11/2016

Owner

Rex Kim: Chief

Investment Officer

Policy Area

Investments

Iran Divestiture Policy

~~OREGON INVESTMENT COUNCIL POLICY~~

COPY

~~INTRODUCTION OVERVIEW~~

Summary Policy Statement

This policy establishes the State Treasurer's role in identifying and divesting from scrutinized companies in Sudan and Iran, and parameters for annual reporting requirements to the State Legislature. This policy, including the reporting requirement, will be implemented when, and if, the Legislature appropriates sufficient moneys to the State Treasurer available for implementation of this policy, not including OPERF assets or moneys described by ORS 293.718.

Purpose and Goals

The goal of this policy is to comply with Oregon Revised Statutes ([ORS](#)) 293.811 ~~to~~ 293.832 and [ORS 293.837 to 293.847](#).

Applicability

Classified represented, management service, unclassified executive service

Authority

ORS 238.660, 293.721, 293.726, 293.811-832, [ORS 293.837-847](#)

POLICY PROVISIONS

Definitions

Company means any sole proprietorship, organization, firm, association, corporation, utility, partnership, venture, public franchise, franchisor, franchisee or its wholly owned subsidiary that exists for ~~profit-making~~[profit-making](#) purposes or otherwise to secure economic advantage.

Invest means to commit funds or other assets to a company. “Invest” includes making a loan or other extension of credit to a company, or owning or controlling a share or interest in a company or a bond or other debt instrument issued by a company.

Investment means the commitment of funds or other assets to a company for an interest in the company. “Investment” includes the ownership or control of a share or interest in a company or of a bond or other debt instrument issued by a company.

Iran means the Islamic Republic of Iran.

Scrutinized company means any company that currently has an investment: 1) in the Republic of Sudan, from which federal law specifically allows public pension plans to divest; or 2) in the energy sector of Iran as described in section 202(c)(1) of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (P.L. 111-195), as further determined by the United States Department of State.

Sudan means the Republic of the Sudan and any territory under the administration, legal or illegal, of Sudan, including but not limited to the Darfur region.

Policy Statements

CONDITIONS PRECEDENT TO IMPLEMENTATION

This policy, including the reporting requirement below, will be implemented when, and if, the Legislative Assembly appropriates sufficient moneys to the State Treasurer available for implementation of this policy, not including OPERF assets or moneys described by ORS 293.718.

1. Identification of Scrutinized Companies

The State Treasurer's staff may engage the services of a specialized research firm to identify scrutinized companies, in accordance with Oregon law, based on its professional judgment.

~~2.~~2. **If a research firm is retained:**

- ~~A.~~ A. The State Treasurer's staff will work with the retained research firm to review and verify a list of scrutinized companies;
- ~~B.~~ B. The State Treasurer's staff will provide external managers with the list of scrutinized companies and any updates to the list, as they are identified and verified by the research firm working with the State Treasurer's staff and remind them of the fiduciary parameters within which they may take divestment action in accordance with such notice;
- ~~C.~~ C. External managers shall advise scrutinized companies that they may comment in writing to the State Treasurer to dispute the identification of the company as a scrutinized company; and
- ~~D.~~ D. If the State Treasurer determines that a company is not a scrutinized company, the State Treasurer shall notify the relevant manager of the State Treasurer's determination.
- ~~3.~~ 3. The State Treasurer's staff will continue a dialogue with the OIC's proxy voting agent to ensure that ballot issues related to the disclosure of Sudan or Iran investments are properly addressed.

REPORTING

On or before March 15 of each year, the State Treasurer shall make available on the State Treasurer's website a summary of actions taken during the previous year in accordance with ORS 293.811 to 293.817 and ORS 293.837 to 293.847. The summary shall include a list of identified scrutinized companies.

Exceptions

None.

Failure to Comply

Failure to comply with this policy may be cause for disciplinary action up to and including dismissal.

PROCEDURES and FORMS

- A. Presidential Executive Order No. 13067: "Blocking Sudanese Government Property and Prohibiting Transactions with Sudan," Signed by President Clinton, November 3, 1997.
- B. Overview of U.S. Sudanese Sanctions Regulations, U.S. Department of the Treasury, Office of Foreign Assets Control.

<https://ofac.treasury.gov/sanctions-programs-and-country-information/sudan-and-darfur-sanctions>

ADMINISTRATION

Feedback

~~Your comments are extremely important to improving the effectiveness of this policy. If you would like to comment on the provisions of this policy, you may do so by e-mailing the OST Policy Analyst. To ensure your comments are received without delay, please list the policy number and name in your e-mail's subject. Your comments will be reviewed during the policy revisions process and may result in changes to the policy.~~

C. Presidential Executive Order No. 13599: "Blocking Property of the Government of Iran and Iranian Financial Institutions" (Effective Date - February 06, 2012).

D. Overview of U.S. Iran Sanctions Regulations, U.S. Department of the Treasury, Office of Foreign Assets Control.
<https://ofac.treasury.gov/sanctions-programs-and-country-information/iran-sanctions>

Approval Signatures

Step-Description	Approver	Date
Oregon Investment Council	Rex Kim: Chief Investment Officer	12/2024
	Deena Bothello: General Counsel	12/2024
	Jamie McCreary: Service Model Program Manager	12/2024

Appendix A

: Sudan and Iran Divestiture ~~Procedures~~ Policy

~~March, 2020~~ Summary Policy Statement

This ~~procedure document~~ policy establishes the State Treasurer's role in identifying and divesting from scrutinized companies ~~and for meeting~~ in Sudan and Iran, and parameters for annual reporting requirements ~~in Oregon law.~~

to the State Legislature. This policy, including the reporting requirement, ~~Procedures~~

~~These procedures~~ will be implemented when, and if, the Legislature appropriates ~~to the State Treasurer~~ sufficient moneys to ~~execute the divestment programs codified in Oregon law,~~ the State Treasurer available for implementation of this policy, not including OPERF assets or moneys described by ORS 293.718.

Purpose and Goals

The goal of this policy is to comply with Oregon Revised Statutes (ORS) 293.811 to 293.832 and ORS 293.837 to 293.847.

Applicability

Classified represented, management service, unclassified executive service

Authority

ORS 238.660, 293.721, 293.726, 293.811-832, ORS 293.837-847

POLICY PROVISIONS

Definitions

Company means any sole proprietorship, organization, firm, association, corporation, utility, partnership, venture, public franchise, franchisor, franchisee or its wholly owned subsidiary that exists for profit-making purposes or otherwise to secure economic advantage.

Invest means to commit funds or other assets to a company. “Invest” includes making a loan or other extension of credit to a company, or owning or controlling a share or interest in a company or a bond or other debt instrument issued by a company.

Investment means the commitment of funds or other assets to a company for an interest in the company. “Investment” includes the ownership or control of a share or interest in a company or of a bond or other debt instrument issued by a company.

Iran means the Islamic Republic of Iran.

Scrutinized company means any company that currently has an investment: 1) in the Republic of Sudan, from which federal law specifically allows public pension plans to divest; or 2) in the energy sector of Iran as described in section 202(c)(1) of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (P.L. 111-195), as further determined by the United States Department of State.

Sudan means the Republic of the Sudan and any territory under the administration, legal or illegal, of Sudan, including but not limited to the Darfur region.

Policy Statements

CONDITIONS PRECEDENT TO IMPLEMENTATION

This policy, including the reporting requirement below, will be implemented when, and if, the Legislative Assembly appropriates sufficient moneys to the State Treasurer available for implementation of this policy, not including OPERF assets or moneys described by ORS 293.718.

1. Identification of Scrutinized Companies.

~~1.~~ The State Treasurer's staff may engage the services of a specialized research firm to identify scrutinized companies, in accordance with Oregon law, based on its professional judgment.

~~2.~~2. **If a research firm is retained:**

~~A.~~A. The State Treasurer's staff will work with the retained research firm to review and verify a list of scrutinized companies;

~~B.~~B. The State Treasurer's staff will provide external managers with the list of scrutinized companies and any updates to the list, as they are identified and verified by the research firm working with the

State Treasurer's staff and remind them of the fiduciary parameters within which they may take divestment action in accordance with such notice;

~~C.~~ C. External managers shall advise scrutinized companies that they may comment in writing to the State Treasurer to dispute the identification of the company as a scrutinized company; and

~~D.~~ D. If the State Treasurer determines that a company is not a scrutinized company, the State Treasurer shall notify the relevant manager of the State Treasurer's determination.

~~3. Proxy Voting.~~ OST3. The State Treasurer's staff will ~~monitor its~~ continue a dialogue with the OIC's proxy voting agent to ensure that ballot issues related to the disclosure of Sudan or Iran investments are properly addressed.

REPORTING

~~4. Reporting.~~ On or before March 15 of each year, the State Treasurer shall make available on the State Treasurer's website a summary of actions taken during the previous year in accordance with ORS 293.811 to 293.817 and ORS 293.837 to 293.847. The summary shall include a list of identified scrutinized companies.

Exceptions

None.

Failure to Comply

Failure to comply with this policy may be cause for disciplinary action up to and including dismissal.

PROCEDURES and FORMS

A. Presidential Executive Order No. 13067: "Blocking Sudanese Government Property and Prohibiting Transactions with Sudan," Signed by President Clinton, November 3, 1997.

B. Overview of U.S. Sudanese Sanctions Regulations, U.S. Department of the Treasury, Office of Foreign Assets Control.

<https://ofac.treasury.gov/sanctions-programs-and-country-information/sudan-and-darfur-sanctions>

C. [Presidential Executive Order No. 13599: "Blocking Property of the Government of Iran and Iranian Financial Institutions" \(Effective Date - February 06, 2012\).](#)

D. [Overview of U.S. Iran Sanctions Regulations, U.S. Department of the Treasury, Office of Foreign Assets Control.](#)
<https://ofac.treasury.gov/sanctions-programs-and-country-information/iran-sanctions>

Status **Active** PolicyStat ID **17195466**

(Del)  **OREGON STATE TREASURY** **B**

Originatio
Last 03/2014
12/2024

Owner Rex Kim: Chief
Investment Officer

Approved
Last Revised 06/2017

Policy Area Investments

Regulatory Compliance

~~OREGON INVESTMENT COUNCIL POLICY~~

~~INTRODUCTION & OVERVIEW~~

Summary Policy Statement

This policy establishes the framework for the Oregon Investment Council (OIC) and Oregon State Treasury (OST) to ensure compliance with the Wall Street Transparency and Accountability Act of 2010, commonly known as the Dodd-Frank Act.

Background

The Dodd-Frank Act was enacted to promote financial stability by improving accountability and transparency in the financial system. The law established new regulatory requirements for various financial activities, including over-the-counter derivatives (swaps) and corporate governance matters like executive compensation.

Swap Transactions: The Dodd-Frank Act imposes significant business conduct requirements on dealers of swaps, particularly when transacting with entities like the funds managed by OST. To avoid a dealer being classified as an advisor the dealer must reasonably believe that the funds managed by OST are represented by a qualified, independent representative capable of evaluating the risks associated with the swap transactions. See Appendix B-1: Dodd-Frank Compliance for Swap Transactions and Appendix B-2: Form of Representative Representation Letter.

Executive Compensation ("Say-on-Pay") Votes: The Dodd-Frank Act also mandated that institutional investment managers report their votes on executive compensation matters. SEC Rule 14Ad-1 requires the annual filing of Form N-PX to disclose votes on executive pay, the frequency of such votes, and "golden parachute" arrangements. See Appendix B-3: Dodd-Frank Compensation Vote Disclosure.

Purpose and Goals

This policy provides clear guidelines for OST staff and external investment managers to navigate the regulatory requirements of the Dodd-Frank Act. The primary goal of this policy is to ensure that all investment activities subject to the Dodd-Frank Act are conducted in a manner that is

compliant, transparent, and aligned with the OIC's and OST's fiduciary responsibilities and regulatory requirements.

POLICY PROVISIONS

Appendix B-1: Dodd-Frank Compliance for Swap Transactions

Appendix B-2: Form of Representative Representation Letter

Appendix B-3: Dodd-Frank Compensation Vote Disclosure

EXCEPTIONS

None.

Appendix B-1: Dodd-Frank Compliance for Swap Transactions

Summary Policy Statement

The State of Oregon by and through the Oregon Investment Council ("OIC") acting on behalf of certain funds managed by the OST ("Managed Funds") intends to transact in swaps, directly or indirectly through investment managers, with dealers who will be acting as counterparties to and not as advisors to the OIC. Moreover, the OIC intends to institute policies and procedures that will enable it to so transact and to make the necessary representations to such dealers so that they can comply with their business conduct requirements under the Wall Street Transparency and Accountability Act of 2010 ("Dodd-Frank") and rules and regulations thereunder.

Applicability

~~Classified represented, management service, unclassified executive service employees~~

Background

BACKGROUND

Dodd-Frank imposes business conduct requirements generally on dealers in over-the-counter derivative products and those business conduct requirements are expanded when the dealer transacts with ~~an entity such as~~ entities like the ~~OIC~~ Managed Funds. Pursuant to authority conferred by Dodd-Frank, the Commodity Futures Trading Commission ("CFTC") promulgated business conduct rules and regulations for swap dealers (i.e., dealers in "swaps" as defined in Section 1a(47) of the Commodity Exchange Act and CFTC Regulation

1.3(xxx), which term includes over-the-counter derivatives on interest rates, currencies, commodities and indices, including credit default swap indices).

A swap dealer will generally not transact with an entity such as ~~the~~ OCI Managed Fund if the dealer would be considered to be an advisor of such entity because such status would require the swap dealer to act in the best interests of the entity. In order for a swap dealer to not be considered an advisor to OCI Managed Fund with a duty to act in the best interests of the OCI Managed Fund, the swap dealer must have a reasonable basis to believe that the OCI Managed Fund has a representative that:

- ~~i.~~ i. has sufficient knowledge to evaluate the swap and the risks of the swap;
- ~~ii.~~ ii. is not subject to statutory disqualification;
- ~~iii.~~ iii. is independent of the swap dealer;
- ~~iv.~~ iv. undertakes to act in the best interest of the OCI Managed Fund;
- ~~v.~~ v. makes appropriate and timely disclosures to the OCI Managed Fund;
- ~~vi.~~ vi. evaluates fair pricing and the appropriateness of the swap, consistent with any guidelines of the OCI Managed Fund; and
- ~~vii.~~ vii. is subject to restrictions on political contributions imposed by a regulatory authority.

A representative is considered to be independent if:

- ~~a.~~ a. the representative is not and within one year of representing the OCI Managed Fund was not associated with the swap dealer;
- ~~b.~~ b. there is no principal relationship between the representative and the swap dealer;
- ~~c.~~ c. the representative provides timely and effective disclosure to the OCI Managed Fund of all material conflicts of interest that could reasonably affect the judgment or decision making of the representative, and the representative complies with policies and procedures reasonably designed to manage and mitigate such conflicts of interest;
- ~~d.~~ d. the representative is not directly or indirectly controlled by, in control of or under common control with the swap dealer; and
- ~~e.~~ e. the swap dealer did not recommend or introduce the representative to the OCI Managed Fund within one year of the representative's representation of the OCI Managed Fund in connection with the swap.

A swap dealer is deemed to have a reasonable basis to believe that the OCI Managed Fund has a representative that satisfies the foregoing requirements if:

~~i.~~ i. the ~~OCI~~Managed Fund represents in writing that it has complied in good faith with written policies and procedures reasonably designed to ensure that it has selected a representative that meets the foregoing requirements, and that such policies and procedures provide for ongoing monitoring of the representative's performance of the requirements described above; and

~~ii.~~ ii. the representative represents to the ~~OCI~~Managed Fund and the swap dealer that the representative has policies and procedures reasonably designed to ensure that it satisfies the foregoing provisions, meets the independence test described above, and is legally obligated to comply with the foregoing requirements by contract, regulation or other enforceable duty.

To take advantage of the foregoing safe harbor, swap dealers will require the ~~OCI~~Managed Fund either directly or

through its investment managers to make the written representations described above.

Policy Statements

Oregon State Treasury ("OST") staff monitoring, combined with written representations obtained from external investment managers, will provide the means for policy implementation.

~~1.~~ 1. Before permitting any investment manager to engage in swaps on behalf of ~~the OIC~~ the Managed Fund, the OIC shall have a reasonable basis to believe that such representative satisfies the requirements of CFTC Regulation §23.450, which requires that the OIC has a reasonable basis to believe that

the representative:

~~(i)~~ (i) has sufficient knowledge to evaluate the swap transactions and risks;

~~(ii)~~ (ii) is not subject to "statutory disqualification," which term means grounds for refusal to register or revoke, condition, or restrict the registration of the investment manager as set forth in Sections 8a(2) and 8a(3) of the Commodity Exchange Act ("CEA");

~~(iii)~~ (iii) is "independent" of the swap dealer within the meaning of CFTC Regulation §23.450(c), and a representative will be deemed to be independent of the swap dealer if:

~~a.~~ a. the representative is not and, within one year of representing ~~OIC~~ the Managed Fund in connection with the swap, was not an associated person of the swap dealer within the meaning of Section 1a(4) of the CEA (i.e., was not a partner, officer, employee, agent or similar person that solicits swaps or supervises such person);

~~b.~~ b. there is no principal relationship between the representative and the swap dealer. In this regard, a principal relationship arises where a swap dealer is a principal of the representative or the representative is a principal of the swap dealer. Principals include directors, presidents, chief executive officers, chief operating officers, chief financial officers, chief compliance officers, persons in charge of principal business units, general partners, managing members, persons having the power to exercise a controlling influence over an entity's activities, 10% shareholders and persons entitled to receive 10% of the profits of an entity;

~~c.~~ c. the representative: (1) provides timely and effective disclosures to ~~OIC~~ the Managed Fund of all material conflicts of interest that could reasonably affect the judgment or decision making of the representative with respect to its obligations to ~~OIC~~ the Managed Fund; and (2) complies with policies and procedures reasonably designed to manage and mitigate such material conflicts of interest;

~~d.~~ d. the representative is not directly or indirectly, through one or more persons, controlled by, in control of, or under common control with the swap dealer; and

- ~~e.~~ e. the swap dealer did not refer, recommend, or introduce the representative to the ~~OE~~Managed Fund within one year of the representative's representation of the ~~OE~~Managed Fund in connection with the swap;
- ~~(iv)~~ (iv) undertakes a duty to act in the best interests of the ~~OE~~Managed Fund;
- ~~(v)~~ (v) makes appropriate and timely disclosures to the ~~OE~~Managed Fund;
- ~~(vi)~~ (vi) evaluates, consistent with any guidelines provided by the ~~OE~~Managed Fund, fair pricing and the appropriateness of the swap; and
- ~~(vii)~~ (vii) is subject to restrictions on certain political contributions imposed by the CFTC, the

Securities Exchange Commission, or a self-regulatory organization subject to the jurisdiction of any of such commissions.

~~2.2.~~ The determination required in clause (1) above shall be made by OST staff;

~~3.3.~~ In making the determination required in clause (1), OST staff may reasonably rely upon written representations provided by the representative, which may be in the form ~~attached hereto~~ of [Appendix B-2](#); and

~~4.4.~~ OST staff shall monitor the investment manager's performance with the items set forth in clause (1) above.

EXCEPTIONS

None.

FORMS

~~None.~~

EXCEP TIONS FORM S

The OIC shall require each investment manager that is authorized to transact in swaps to execute a letter in substantially the form attached hereto.

REVIEW

~~This policy shall be reviewed as necessary and no less frequently than annually.~~

FEEDBACK

~~Your comments are extremely important to improve the effectiveness of this policy. If you would like to comment on the provisions of this policy, you may do so by e-mailing the Policy Analyst. To ensure your comments are received without delay, please include the policy number and name in your e-mail's subject.~~

~~Your comments will be reviewed during the policy revisions process and may result in changes to the policy.~~

Attachments

~~☐ Appendix A: Form of Representative Representation Letter~~

Approval Signatures

Step Description

Approver

Date

Oregon Investment Council	Rex Kim: Chief Investment Officer	12/2024
	Deena Bothello: General Counsel	12/2024
	Jamie McCreary: Service Model Program Manager	12/2024

Appendix B-2: Form of Representative Representation Letter

[Letterhead of Representative]

[Date]

State of Oregon by and through the Oregon Investment Council, on behalf of [insert name of managed fund]

[~~OIC~~-Address]

Re: Representation Letter for CFTC Regulation §23.450

Dear Sir/Madam:

[Name of Representative] (“Manager”) acts as investment manager to the State of Oregon by and through the Oregon Investment Council (“OIC”) acting on behalf of ~~certain funds-~~ [insert name of managed fund] (the “Fund”) pursuant to that Investment Manager Agreement, dated [Insert Date], between Manager and the ~~OIC~~Fund. Pursuant to that agreement and in compliance with the guidelines therein, Manager may invest in derivative instruments.

Manager hereby represents and warrants to the ~~OIC~~Fund as follows, which representations and warranties shall be continuously made at all times during which Manager acts as investment manager to the ~~OIC~~Fund unless Manager otherwise notifies the ~~OIC~~Fund in writing:

- (i) Manager is familiar with and understands Regulation §23.450 promulgated by the Commodity Futures Trading Commission (“CFTC”);
- (ii) Manager has policies and procedures reasonably designed to ensure that Manager satisfies the applicable requirements of CFTC Regulation §23.450(b);
- (iii) Manager meets the independence test of CFTC Regulation §23.450(c); and
- (iv) Manager is legally obligated to comply with the applicable requirements of CFTC Regulation §23.450(b) by agreement, condition of employment, law, rule, regulation or other enforceable duty.

Sincerely,
[Name of Representative]

By: _____

Name:
Title:

Appendix B-3: Dodd-Frank Compensation Vote Disclosure

Summary Policy Statement

The State of Oregon, by and through the Oregon Investment Council ("OIC"), acting on behalf of certain funds, may acquire proxy voting rights in public companies directly or indirectly through investment managers. To comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") and SEC Rule 14Ad-1, the OIC will require the Treasurer to file Form N-PX annually. This policy and its procedures are designed to ensure all "say-on-pay" votes are accurately collected, categorized, and submitted electronically, fulfilling the OIC's regulatory obligations.

Background

The Dodd-Frank Act introduced new transparency and accountability mandates for executive compensation. Amendments to SEC Form N-PX in 2022 expanded the filing requirement to include institutional investment managers who file Form 13F. This new obligation, effective for votes cast from July 1, 2023, requires annual disclosure of proxy voting records related to "say-on-pay" matters, which include advisory votes on executive compensation, the frequency of such votes, and golden parachute arrangements.

Policy Statements

The OIC requires the Treasurer to ensure that an appropriate Form N-PX is filed annually on behalf of the Oregon State Treasury. This policy acknowledges that the Oregon State Treasurer holds the sole purview for voting proxies by Oregon statute, and this policy does not interfere with that authority. To effectively manage these responsibilities, the Treasurer should maintain a compliance framework that includes the following elements:

1. Establishing clear proxy voting principles.
2. Meticulously tracking "say-on-pay" votes.
3. Managing securities lending activities as they relate to voting rights, per INV 216.

OST staff shall manage regulatory reporting requirements related to proxy voting.

EXCEPTIONS


None.

FORMS

None.

Status **Active** PolicyStat-ID **17221126**

(Del)



**OREGON
STATE
TREASURY**

Origination
n
Last
04/2007
12/2024

Approved

Last Revised
12/2024

Owner
Louise Howard:
Director of Capital
Markets

Policy Area
Investments

INV 216: Securities Lending

OREGON INVESTMENT COUNCIL POLICY

INTRODUCTION & OVERVIEW

Summary Policy Statement

Investment funds under the purview of the Oregon Investment Council ("OIC" or "Council") may lend securities through a Lending Agent (the "Agent") selected by Oregon State Treasury (OST) investment staff and approved by the OIC.

Applicability

Classified represented, management service, unclassified executive service.

POLICY PROVISIONS

Policy Statements

1. Recognizing that securities lending activities may provide incremental return to investment fund portfolios:
 - a. The Agent shall reinvest all cash collateral received consistent with risk and return attributes and reinvestment guidelines approved by the OST Chief Investment Officer (CIO);
 - b. Acceptable collateral investments shall be documented with the Agent in advance of any lending activity;
 - c. Collateral reinvestment guidelines for the Oregon Short Term Fund shall be

presented to and reviewed by the Oregon Short Term Fund Board prior to CIO approval;

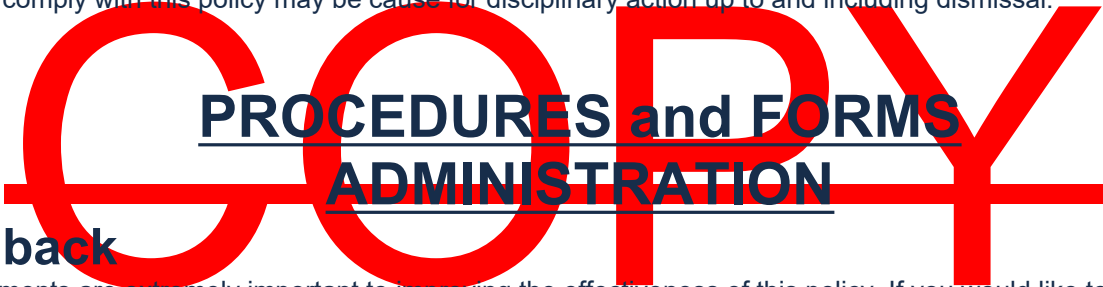
- d. Any changes to securities lending reinvestment guidelines shall be reported to the OIC at the next regularly-scheduled OIC meeting following the change(s);
- 2. OST staff shall ensure that securities loaned do not compromise investment fund managers' ability to liquidate fund portfolio positions when necessary; ~~and~~
- 3. OST Investment Accounting staff shall ensure that securities lending income is properly credited to the individual investment fund accounts; ~~and~~
- 4. OST staff shall ensure records and operations comply with INV 205: Legislative Portfolio Mandates.

Exceptions

None.

Failure to Comply

Failure to comply with this policy may be cause for disciplinary action up to and including dismissal.



Feedback

Your comments are extremely important to improving the effectiveness of this policy. If you would like to comment on the provisions of this policy, you may do so by e-mailing the OST Policy Analyst. To ensure your comments are received without delay, *please list the policy number and name in your e-mail's subject*. Your comments will be reviewed during the policy revisions process and may result in changes to the policy.

Approval Signatures

Step-Description	Approver	Date
Oregon Investment Council	Rex Kim: Chief	12/2024
Investment		12/2024
	Officer	
	Deena	
	Bothello:	
	General	
	Counsel	

Jamie-
McCreary-
Service Model-
Program-
Manager

12/2024

COPY

INV 205: Legislative Portfolio Mandates

OREGON INVESTMENT COUNCIL POLICY

Summary Policy Statement

This policy provides a single, cohesive framework for managing compliance with specific legislative and regulatory mandates that directly impact investment activities. It consolidates and supersedes previous individual policies concerning divestiture initiatives and financial regulatory compliance to ensure that all such mandates are addressed efficiently and consistent with the Oregon Investment Council's and OST staff's fiduciary duties.

Purpose and Goals

The goal of this policy is to ensure the Oregon Investment Council (OIC) and Oregon State Treasury (OST) staff comply with applicable state and federal laws that impose specific constraints or requirements on the investment portfolio. This policy provides a single, comprehensive location for such mandates to improve clarity and confirm that all investment decisions, including those impacted by legislation, are governed by the statutory standards of prudence and productivity as defined in Oregon Revised Statutes (ORS) 293.721 and 293.726. Each proposed investment is separately evaluated based on its unique structure and potential, with the requisite standard of care applied. Recognizing that political, social, and legal circumstances in various nations and regions of the world may impact the productivity and prudence of investments connected to those areas, this policy provides guidance for the OIC and OST staff in reconciling these considerations with their fiduciary duties.

Applicability

Classified represented, management service, unclassified executive service.

POLICY PROVISIONS

1. Consideration of Investments

The OIC's statutory duties, as defined in ORS 293.721, to formulate and review investment policies consistent with the productivity objectives set forth in ORS 293.721 and the prudence standards set forth in ORS 293.726, shall take precedence over any other consideration. The OIC's implementation of these objectives and standards can be stated as follows:

- A. Consideration of investments is limited to those which, when judged solely on the basis of economic value, enhance portfolio returns on a risk-adjusted basis;
- B. Any benefit an investment may confer, other than meeting the statutory standards of prudence and productivity, is not and shall not be considered the responsibility or within the control of OST, the OIC, or its agents;
- C. For allocation purposes, proposed investments are categorized by asset class and subject to the OIC's asset allocation guidelines, ranges, and targets;
- D. Proposed investments shall be consistent with the OIC's desired level of portfolio diversification as defined by the OIC's approved mix of asset types and allocations to different economic, industry, and geographic exposures;
- E. Investments shall at all times conform to the laws, requirements, policies, and procedures governing the OIC, OST, and OPERF;
- F. Because investments are part of an actively-managed portfolio, full due diligence is exercised. This due diligence, conducted by OST staff, designated private managers, consultants, and/or advisors, addresses, at a minimum, (1) legal sufficiency, (2) investment sufficiency, and (3) the identification of any potential conflicts of interest. Only those investment proposals that comply with the OIC's prescribed proposal format shall be considered. The costs associated with all legal and financial review for each investment proposal shall be addressed pursuant to policy consistent with similar investment types. Where no such policies exist, these costs shall be borne entirely by the proposer. Furthermore, the proposer shall provide all information that the OIC, OST staff and designated private managers, consultants and/or advisors deem necessary to perform appropriate levels of due diligence and evaluation. If the information is not provided within a specified, reasonable time frame, the OIC, OST staff, or designated private managers, consultants, and/or advisors may discontinue their individual and collective due diligence and evaluation considerations. All investments that are approved by the OIC shall be subject to a continuing obligation to disclose certain requested information;

- G. Investments shall be valued at current market prices and will be subject to performance measurement at least annually;
- H. The OIC carefully considers investment structures such as partnerships and joint ventures when evaluating an initial investment and ongoing participation with a sponsoring entity. The OIC will only consider those structures that appropriately align financial rewards and risk among all other partners/participants. OST staff or designated private managers, consultants and/or advisors shall consider and recommend to the OIC structural features to mitigate investment risks, losses, and liabilities such as federal government credit insurance, personal guarantees, corporate guarantees, cross-corporate collateralization, and other such mechanisms. Furthermore, only those investment proposals that stipulate explicit exit strategies and define the means by which investment returns may be realized shall be considered;
- I. Due to resource constraints, investment proposals that may impose unreasonable administrative burdens directly upon the OIC, OST investment staff, or the State Treasurer shall not be considered;
- J. All persons or firms managing, evaluating, or monitoring investments on behalf of the OIC shall act in a fiduciary capacity when giving advice or information to the OIC and OST staff;
- K. The OIC recognizes that successful investment opportunities may exist within Oregon. Prudent, local investments may satisfy the exclusive benefit rule for pension plan participants, as well as provide the collateral benefit of encouraging economic development within the state. Accordingly, whenever diversification and quality standards permit, the OIC will endeavor to hire local partners. The risk, return, and liquidity characteristics of investments in Oregon must be consistent with (i.e., meet or exceed) the evaluation criteria, legal standards, and investment policies that govern all OIC investment activity.

2. Divestiture Initiatives

While social, political and legal circumstances material to prudent and productive investment activities should receive appropriate consideration in making and maintaining investments, such factors may not be given undue weight (i.e., weight disproportionate to their impact upon economic prudence and productivity) when

implementing the OIC's and OST's investment responsibility to a) act with prudence to make the moneys under their care as productive as possible and b) adhere to their fundamental fiduciary duties of loyalty and impartiality.

The OIC and OST are subject to, and will comply with, applicable federal and state law.

- A. The federal government of the United States of America (the "United States") has preeminent governmental power for those subject to its jurisdiction with respect to the conduct of foreign policy and interstate commerce. When the United States sanctions or restricts investment by subject entities in other nations, as when it regulates interstate commerce, the OIC requires all of its business partners, including investment managers, to comply with those regulations, as applicable. The OIC also expects companies in which it invests, that are subject to such regulations, to comply with those regulations.
- B. The OIC requires its investment managers to consider all material risks and benefits when making an investment. Material risks or benefits may include those factors that arise from the social, political or legal circumstances affecting regions or governments with or within which companies considered for investment conduct business.
- C. When not inconsistent with the policies described above, the OIC prefers that its managers avoid holdings in companies doing business with or in countries where such conduct is prohibited if performed by companies subject to the jurisdiction of the United States.

3. Transparency and Reporting Initiatives

The OIC supports transparency and reporting that is aligned with ORS 293.721 and 293.726. The OIC is committed to complying with all applicable state and federal regulations on reporting and transparency. OIC's actions are subject to its fiduciary duty to act with prudence and for the exclusive economic benefit of the beneficiaries. OST staff should satisfy regulatory requirements, while also adhering to the applicable contractual agreements.

4. Review of New Legislative Mandates

Any new legislative or regulatory initiatives that direct or restrict investment activity will be reviewed by OST staff to ensure implementation aligns with this policy's overarching fiduciary principles. Staff will analyze the mandate's impact on operations, portfolio risk, return and diversification and present a recommended implementation plan to the OIC for consideration.

Contingencies, Exceptions, and Applicability

The OST manages multiple pools of capital for a variety of stakeholders and purposes. Because some legislation is specific to particular funds, investment types, or pools of capital, not all mandates detailed within this policy's appendices apply to every fund. The chart below indicates which policy attachments are pertinent to each fund.

	All managed accounts With Public Equity	All Accounts With SWAP Authorization	Oregon Public Employees Retirement Fund (OPERF)
Appendix A: Sudan and Iran Divestiture Policy			x
Appendix B-1: Dodd-Frank Regulatory Compliance for Swap Transactions		x	
Appendix B-3: Dodd-Frank Compensation Vote Disclosure	x		x
Appendix C: Climate Resilience Investment Act Procedures			x
Appendix D: Thermal Coal Act Procedures			X

Failure to Comply

Failure to comply with this policy may be cause for disciplinary action up to and including dismissal.

Procedure and Forms

Appendix A: Sudan and Iran Divestiture Policy
Appendix B: Dodd-Frank Regulatory Compliance
Appendix B-1: Dodd-Frank Compliance for Swap Transactions
Appendix B-2: Form of Representative Representation Letter

Appendix B-3: Dodd-Frank Compensation Vote Disclosure
Appendix C: Climate Resilience Investment Act (HB 2081A) Procedures
Appendix D: Thermal Coal Act (HB 4083A) Procedures

Administration

Review

Biennially

Feedback

Your comments are extremely important to improving the effectiveness of this policy. If you would like to comment on the provisions of this policy, you may do so by e-mailing the OST Policy Analyst. To ensure your comments are received without delay, please list the policy number and name in your e-mail's subject. Your comments will be reviewed during the policy revisions process and may result in changes to the policy.

Attachments

Appendix A: Sudan and Iran Divestiture Policy
Appendix B: Dodd-Frank Regulatory Compliance
Appendix B-1: Dodd-Frank Compliance for Swap Transactions
Appendix B-2: Form of Representative Representation Letter
Appendix B-3: Dodd-Frank Compensation Vote Disclosure
Appendix C: Climate Resilience Investment Act (HB 2081A) Procedures
Appendix D: Thermal Coal Act (HB 4083A) Procedures

Approval Signatures

Appendix A: Sudan and Iran Divestiture Policy

Summary Policy Statement

This policy establishes the State Treasurer's role in identifying and divesting from scrutinized companies in Sudan and Iran, and parameters for annual reporting requirements to the State Legislature. This policy, including the reporting requirement, will be implemented when, and if, the Legislature appropriates sufficient moneys to the State Treasurer available for implementation of this policy, not including OPERF assets or moneys described by ORS 293.718.

Purpose and Goals

The goal of this policy is to comply with Oregon Revised Statutes (ORS) 293.811 to 293.832 and ORS 293.837 to 293.847.

Applicability

Classified represented, management service, unclassified executive service

Authority

ORS 238.660, 293.721, 293.726, 293.811-832, ORS 293.837-847

POLICY PROVISIONS

Definitions

Company means any sole proprietorship, organization, firm, association, corporation, utility, partnership, venture, public franchise, franchisor, franchisee or its wholly owned subsidiary that exists for profit-making purposes or otherwise to secure economic advantage.

Invest means to commit funds or other assets to a company. "Invest" includes making a loan or other extension of credit to a company, or owning or controlling a share or interest in a company or a bond or other debt instrument issued by a company.

Investment means the commitment of funds or other assets to a company for an interest in the company. "Investment" includes the ownership or control of a share or interest in a company or of a bond or other debt instrument issued by a company.

Iran means the Islamic Republic of Iran.

Scrutinized company means any company that currently has an investment: 1) in the Republic of Sudan, from which federal law specifically allows public pension plans to divest; or 2) in the energy sector of Iran as described in section 202(c)(1) of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (P.L. 111-195), as further determined by the United States Department of State.

Sudan means the Republic of the Sudan and any territory under the administration, legal or illegal, of Sudan, including but not limited to the Darfur region.

Policy Statements

CONDITIONS PRECEDENT TO IMPLEMENTATION

This policy, including the reporting requirement below, will be implemented when, and if, the Legislative Assembly appropriates sufficient moneys to the State Treasurer available for implementation of this policy, not including OPERF assets or moneys described by ORS 293.718.

1. Identification of Scrutinized Companies

The State Treasurer's staff may engage the services of a specialized research firm to identify scrutinized companies, in accordance with Oregon law, based on its professional judgment.

2. If a research firm is retained:

- A. The State Treasurer's staff will work with the retained research firm to review and verify a list of scrutinized companies;
- B. The State Treasurer's staff will provide external managers with the list of scrutinized companies and any updates to the list, as they are identified and verified by the research firm working with the State Treasurer's staff and remind them of the fiduciary parameters within which they may take divestment action in accordance with such notice;
- C. External managers shall advise scrutinized companies that they may comment in writing to the State Treasurer to dispute the identification of the company as a scrutinized company; and
- D. If the State Treasurer determines that a company is not a scrutinized company, the State Treasurer shall notify the relevant manager of the State Treasurer's determination.

3. The State Treasurer's staff will continue a dialogue with the OIC's proxy voting agent to ensure that ballot issues related to the disclosure of Sudan or Iran investments are properly addressed.

REPORTING

On or before March 15 of each year, the State Treasurer shall make available on the State Treasurer's website a summary of actions taken during the previous year in accordance with ORS 293.811 to 293.817 and ORS 293.837 to 293.847. The summary shall include a list of identified scrutinized companies.

Exceptions

None.

Failure to Comply

Failure to comply with this policy may be cause for disciplinary action up to and including dismissal.

PROCEDURES and FORMS

- A. Presidential Executive Order No. 13067: "Blocking Sudanese Government Property and Prohibiting Transactions with Sudan," Signed by President Clinton, November 3, 1997.
- B. Overview of U.S. Sudanese Sanctions Regulations, U.S. Department of the Treasury, Office of Foreign Assets Control. <https://ofac.treasury.gov/sanctions-programs-and-country-information/sudan-and-darfur-sanctions>
- C. Presidential Executive Order No. 13599: "Blocking Property of the Government of Iran and Iranian Financial Institutions" (Effective Date - February 06, 2012).
- D. Overview of U.S. Iran Sanctions Regulations, U.S. Department of the Treasury, Office of Foreign Assets Control. <https://ofac.treasury.gov/sanctions-programs-and-country-information/iran-sanctions>

Appendix B: Dodd-Frank Regulatory Compliance

Summary Policy Statement

This policy establishes the framework for the Oregon Investment Council (OIC) and Oregon State Treasury (OST) to ensure compliance with the Wall Street Transparency and Accountability Act of 2010, commonly known as the Dodd-Frank Act.

Background

The Dodd-Frank Act was enacted to promote financial stability by improving accountability and transparency in the financial system. The law established new regulatory requirements for various financial activities, including over-the-counter derivatives (swaps) and corporate governance matters like executive compensation.

Swap Transactions: The Dodd-Frank Act imposes significant business conduct requirements on dealers of swaps, particularly when transacting with entities like the funds managed by OST. To avoid a dealer being classified as an advisor the dealer must reasonably believe that the funds managed by OST are represented by a qualified, independent representative capable of evaluating the risks associated with the swap transactions. See Appendix B-1: Dodd-Frank Compliance for Swap Transactions and Appendix B-2: Form of Representative Representation Letter.

Executive Compensation ("Say-on-Pay") Votes: The Dodd-Frank Act also mandated that institutional investment managers report their votes on executive compensation matters. SEC Rule 14Ad-1 requires the annual filing of Form N-PX to disclose votes on executive pay, the frequency of such votes, and "golden parachute" arrangements. See Appendix B-3: Dodd-Frank Compensation Vote Disclosure.

Purpose and Goals

This policy provides clear guidelines for OST staff and external investment managers to navigate the regulatory requirements of the Dodd-Frank Act. The primary goal of this policy is to ensure that all investment activities subject to the Dodd-Frank Act are conducted in a manner that is compliant, transparent, and aligned with the OIC's and OST's fiduciary responsibilities and regulatory requirements.

POLICY PROVISIONS

Appendix B-1: Dodd-Frank Compliance for Swap Transactions
Appendix B-2: Form of Representative Representation Letter
Appendix B-3: Dodd-Frank Compensation Vote Disclosure

EXCEPTIONS

None.

Appendix B-1: Dodd-Frank Compliance for Swap Transactions

Summary Policy Statement

The State of Oregon by and through the Oregon Investment Council ("OIC") acting on behalf of certain funds managed by the OST ("Managed Funds") intends to transact in swaps, directly or indirectly through investment managers, with dealers who will be acting as counterparties to and not as advisors to the OIC. Moreover, the OIC intends to institute policies and procedures that will enable it to so transact and to make the necessary representations to such dealers so that they can comply with their business conduct requirements under the Wall Street Transparency and Accountability Act of 2010 ("Dodd-Frank") and rules and regulations thereunder.

Background

Dodd-Frank imposes business conduct requirements generally on dealers in over-the-counter derivative products and those business conduct requirements are expanded when the dealer transacts with entities like the Managed Funds. Pursuant to authority conferred by Dodd-Frank, the Commodity Futures Trading Commission ("CFTC") promulgated business conduct rules and regulations for swap dealers (i.e., dealers in "swaps" as defined in Section 1a(47) of the Commodity Exchange Act and CFTC Regulation 1.3(xxx), which term includes over-the-counter derivatives on interest rates, currencies, commodities and indices, including credit default swap indices).

A swap dealer will generally not transact with an entity such as a Managed Fund if the dealer would be considered to be an advisor of such entity because such status would require the swap dealer to act in the best interests of the entity. In order for a swap dealer to not be considered an advisor to a Managed Fund with a duty to act in the best interests of the Managed Fund, the swap dealer must have a reasonable basis to believe that the Managed Fund has a representative that:

- i. has sufficient knowledge to evaluate the swap and the risks of the swap;
- ii. is not subject to statutory disqualification;
- iii. is independent of the swap dealer;

- iv. undertakes to act in the best interest of the Managed Fund;
- v. makes appropriate and timely disclosures to the Managed Fund;
- vi. evaluates fair pricing and the appropriateness of the swap, consistent with any guidelines of the Managed Fund; and
- vii. is subject to restrictions on political contributions imposed by a regulatory authority.

A representative is considered to be independent if:

- a. the representative is not and within one year of representing the Managed Fund was not associated with the swap dealer;
- b. there is no principal relationship between the representative and the swap dealer;
- c. the representative provides timely and effective disclosure to the Managed Fund of all material conflicts of interest that could reasonably affect the judgment or decision making of the representative, and the representative complies with policies and procedures reasonably designed to manage and mitigate such conflicts of interest;
- d. the representative is not directly or indirectly controlled by, in control of or under common control with the swap dealer; and
- e. the swap dealer did not recommend or introduce the representative to the Managed Fund within one year of the representative's representation of the Managed Fund in connection with the swap.

A swap dealer is deemed to have a reasonable basis to believe that the Managed Fund has a representative that satisfies the foregoing requirements if:

- i. the Managed Fund represents in writing that it has complied in good faith with written policies and procedures reasonably designed to ensure that it has selected a representative that meets the foregoing requirements, and that such policies and procedures provide for ongoing monitoring of the representative's performance of the requirements described above; and
- ii. the representative represents to the Managed Fund and the swap dealer that the representative has policies and procedures reasonably designed to ensure that it satisfies the foregoing provisions, meets the independence test described above, and is legally obligated to comply with the foregoing requirements by contract, regulation or other enforceable duty.

To take advantage of the foregoing safe harbor, swap dealers will require the Managed Fund either directly or through its investment managers to make the written representations described above.

Policy Statements

Oregon State Treasury ("OST") staff monitoring, combined with written representations obtained from external investment managers, will provide the means for policy implementation.

1. Before permitting any investment manager to engage in swaps on behalf of a Managed Fund, the OIC shall have a reasonable basis to believe that such representative satisfies the requirements of CFTC Regulation §23.450, which requires that the OIC has a reasonable basis to believe that

the representative:

(i) has sufficient knowledge to evaluate the swap transactions and risks;

(ii) is not subject to "statutory disqualification," which term means grounds for refusal to register or revoke, condition, or restrict the registration of the investment manager as set forth in Sections 8a(2) and 8a(3) of the Commodity Exchange Act ("CEA");

(iii) is "independent" of the swap dealer within the meaning of CFTC Regulation §23.450(c), and a representative will be deemed to be independent of the swap dealer if:

a. the representative is not and, within one year of representing the Managed Fund in connection with the swap, was not an associated person of the swap dealer within the meaning of Section 1a(4) of the CEA (i.e., was not a partner, officer, employee, agent or similar person that solicits swaps or supervises such person);

b. there is no principal relationship between the representative and the swap dealer. In this regard, a principal relationship arises where a swap dealer is a principal of the representative or the representative is a principal of the swap dealer. Principals include directors, presidents, chief executive officers, chief operating officers, chief financial officers, chief compliance officers, persons in charge of principal business units, general partners, managing members, persons having the power to exercise a controlling influence over an entity's activities, 10% shareholders and persons entitled to receive 10% of the profits of an entity;

c. the representative: (1) provides timely and effective disclosures to the Managed Fund of all material conflicts of interest that could reasonably affect the judgment or decision making of the representative with respect to its obligations to the Managed Fund; and (2) complies with policies and procedures reasonably designed to manage and mitigate such material conflicts of interest;

d. the representative is not directly or indirectly, through one or more persons, controlled by, in control of, or under common control with the swap dealer; and

e. the swap dealer did not refer, recommend, or introduce the representative to the Managed Fund within one year of the representative's representation of the Managed Fund in connection with the swap;

(iv) undertakes a duty to act in the best interests of the Managed Fund;

(v) makes appropriate and timely disclosures to the Managed Fund;

(vi) evaluates, consistent with any guidelines provided by the Managed Fund, fair pricing and the appropriateness of the swap; and

(vii) is subject to restrictions on certain political contributions imposed by the CFTC, the Securities Exchange Commission, or a self-regulatory organization subject to the jurisdiction of any of such commissions.

2. The determination required in clause (1) above shall be made by OST staff;

3. In making the determination required in clause (1), OST staff may reasonably rely upon written representations provided by the representative, which may be in the form of Appendix B-2; and

4. OST staff shall monitor the investment manager's performance with the items set forth in clause (1) above.

EXCEPTIONS

None.

FORMS

The OIC shall require each investment manager that is authorized to transact in swaps to execute a letter in substantially the form attached hereto.

Appendix B-2: Form of Representative Representation Letter

[Letterhead of Representative]

[Date]

State of Oregon by and through the Oregon Investment Council, on behalf of [insert name of managed fund]
[Address]

Re: Representation Letter for CFTC Regulation §23.450

Dear Sir/Madam:

[Name of Representative] (“Manager”) acts as investment manager to the State of Oregon by and through the Oregon Investment Council (“OIC”) acting on behalf of [insert name of managed fund] (the “Fund”) pursuant to that Investment Manager Agreement, dated [Insert Date], between Manager and the Fund. Pursuant to that agreement and in compliance with the guidelines therein, Manager may invest in derivative instruments.

Manager hereby represents and warrants to the Fund as follows, which representations and warranties shall be continuously made at all times during which Manager acts as investment manager to the Fund unless Manager otherwise notifies the Fund in writing:

- (i) Manager is familiar with and understands Regulation §23.450 promulgated by the Commodity Futures Trading Commission (“CFTC”);
- (ii) Manager has policies and procedures reasonably designed to ensure that Manager satisfies the applicable requirements of CFTC Regulation §23.450(b);
- (iii) Manager meets the independence test of CFTC Regulation §23.450(c); and
- (iv) Manager is legally obligated to comply with the applicable requirements of CFTC Regulation §23.450(b) by agreement, condition of employment, law, rule, regulation or other enforceable duty.

Sincerely,
[Name of Representative]

By: _____
Name:
Title:

Appendix B-3: Dodd-Frank Compensation Vote Disclosure

Summary Policy Statement

The State of Oregon, by and through the Oregon Investment Council ("OIC"), acting on behalf of certain funds, may acquire proxy voting rights in public companies directly or indirectly through investment managers. To comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") and SEC Rule 14Ad-1, the OIC will require the Treasurer to file Form N-PX annually. This policy and its procedures are designed to ensure all "say-on-pay" votes are accurately collected, categorized, and submitted electronically, fulfilling the OIC's regulatory obligations.

Background

The Dodd-Frank Act introduced new transparency and accountability mandates for executive compensation. Amendments to SEC Form N-PX in 2022 expanded the filing requirement to include institutional investment managers who file Form 13F. This new obligation, effective for votes cast from July 1, 2023, requires annual disclosure of proxy voting records related to "say-on-pay" matters, which include advisory votes on executive compensation, the frequency of such votes, and golden parachute arrangements.

Policy Statements

The OIC requires the Treasurer to ensure that an appropriate Form N-PX is filed annually on behalf of the Oregon State Treasury. This policy acknowledges that the Oregon State Treasurer holds the sole purview for voting proxies by Oregon statute, and this policy does not interfere with that authority. To effectively manage these responsibilities, the Treasurer should maintain a compliance framework that includes the following elements:

1. Establishing clear proxy voting principles.
2. Meticulously tracking "say-on-pay" votes.
3. Managing securities lending activities as they relate to voting rights, per INV 216.

OST staff shall manage regulatory reporting requirements related to proxy voting.

EXCEPTIONS

None.

FORMS

None.

Appendix C: Climate Resilience Investment Act (HB2081A) Procedures

1. POLICY OBJECTIVE

This policy addresses the statutory requirements of HB 2081A, which relates to investment risks associated with climate change.

2. STRATEGIC GUIDELINES: PORTFOLIO-WIDE CLIMATE RISK MANAGEMENT

The Oregon Investment Council endorses the following framework for use by the State Treasurer in general climate-related investment assessment and management.

2.1. Climate Risk Analysis:

The State Treasurer is responsible for actively analyzing and managing the risks of climate change to OPERF. This includes reporting on and analyzing the risks associated with the Scope 1 and Scope 2 emissions of fossil fuel investments within the fund.

2.2. Investment Preference:

Subject to fiduciary duties and prudent portfolio construction, the State Treasurer may pursue lower carbon intensity for the fund by giving preference to investments aimed at reducing net greenhouse gas emissions.

2.3. Engagement:

The State Treasurer shall determine engagement priorities for companies based on climate-related financial risks and opportunities, including their alignment with a transition to a low-carbon economy.

3. REPORTING

To comply with the reporting requirements of House Bill (HB) 2081A, the State Treasurer shall report on actions taken under this policy through the following channels:

3.1. OIC Reporting:

A report will be prepared biennially to detail any implementation of this strategy and the progress made under HB 2081A. The State Treasurer will

provide this report to the OIC and subsequently submit it to the Legislative Assembly, as a climate risk report.

3.2. Legislative Reporting:

a. The State Treasurer's biennial report to the Legislative Assembly will cover progress on a climate-focused investment program under HB 2081A. The report's contents may feature information on: (i) reporting on progress toward carbon intensity investment goals (as established by the State Treasurer); (ii) investments that incorporate the tenets of a just transition, and (iii) progress on climate metrics. At the Treasurer's discretion, such metrics may be based on carbon intensity goals or other standards reflecting advancements in measurement methodologies.

b. The legislative reports (including the climate risk report) will be made publicly available online.

4. RISK MANAGEMENT

This policy aims to comply with all applicable legislative provisions while maintaining portfolio diversification and upholding fiduciary duties.

Appendix D: Thermal Coal Act (HB 4083A) Procedures

1. POLICY OBJECTIVE

This policy is structured to address the following recent statute: the Thermal Coal Act (referred to herein as “HB 4083A”). As noted below, certain portions of this policy, will be implemented when, and if, the Legislature appropriates sufficient moneys to the State Treasurer available for implementation of this policy, other than moneys described by ORS 293.718 or moneys in subject investment funds.

2. STRATEGIC GUIDELINES: THERMAL COAL

This section of the policy will be implemented when, and if, the Legislature appropriates sufficient moneys to the State Treasurer available for implementation of this policy, other than moneys described by ORS 293.718 or moneys in subject investment funds.

For this Section of the policy the following definitions shall apply:

“Clean energy” has the meaning given the term “nonemitting electricity” in ORS 469A.400.

“Company” means any sole proprietorship, organization, firm, association, corporation, utility, partnership, venture, public franchise, franchisor, franchisee or its wholly owned subsidiary that exists for profit-making purposes or otherwise to secure economic advantage.

“Investment” means the commitment of funds or other assets to a company, including a loan or other extension of credit made to the company, or the ownership or control of a share or interest in the company or of a bond or other debt instrument issued by the company.

“Subject investment funds” means the Public Employees Retirement Fund.

“Thermal coal company” means a company, or a parent or subsidiary of a company: (a) That derives at least 20 percent of its annual revenue from thermal coal production; (b) That accounts for more than one percent of global production of thermal coal; or (c) Whose reported coal reserves contain more than 0.3 gigatons of potential carbon dioxide emissions.

“Urgewald Global Coal Exit List” means the list of coal industry participants identified by the Urgewald organization.

2.1 The Oregon Investment Council (OIC) and the State Treasurer, in the State Treasurer's role as investment officer for the council, shall act reasonably and in a manner consistent with ORS 293.721 and 293.726 to try to ensure that moneys in subject investment funds are not invested in any thermal coal company, or any fund containing a thermal coal company.

2.2 Divestment and reinvestment of moneys in subject investment funds under this policy must be accomplished without monetary loss to the funds through reasonable, prudent and productive investments in companies generating returns that are comparable to the returns generated by the companies subject to divestment.

2.3 The OIC and the State Treasurer, in the State Treasurer's role as investment officer for the council, shall make reasonable efforts to investigate all companies in which the State Treasury has invested or may invest moneys in subject investment funds to determine whether any of those companies are thermal coal companies.

2.4 If the State Treasurer determines that subject investment funds are invested in a publicly traded company that is a thermal coal company, the State Treasurer shall give notice to the company that the State Treasury will withdraw moneys in subject investment funds that are invested in the company as described in section 2 of this 2024 Act for as long as the company is a thermal coal company.

2.5 The State Treasurer may use the current Urgewald Global Coal Exit List to identify thermal coal companies for purposes of sections 1 to 5 of this 2024 Act.

2.6 (a) The State Treasurer may retain an investment in a thermal coal company if the company demonstrates that it is transitioning to clean energy on a reasonable timeline. (b) The OIC may adopt rules to define a reasonable timeline for such a transition. The rules may reflect guidelines of the United Nations Intergovernmental Panel on Climate Change regarding necessary decreases in greenhouse gas emissions. (c) The State Treasurer shall monitor thermal coal companies transitioning to clean energy to ensure that the companies are on track to meet emissions reduction targets.

2.7 The State Treasurer may consult with managers of public employee pension funds in California and New York regarding thermal coal companies from which those funds have divested.

2.8 On or before January 15 of each year, the State Treasurer shall report to the Legislative Assembly in the manner provided by ORS 192.245 on actions taken by the State Treasurer and the OIC pursuant to the provisions of HB 4083A. Annual reports must be made under this section until no moneys in subject investment funds are invested in thermal coal

companies. The State Treasurer shall make reports under this section publicly available via the Internet.

3. STRATEGIC REVIEW AND REPORTING

Given that thermal coal assets materially increase the Oregon Public Employees Retirement Fund's climate risk, its management is a core deliverable under the climate resiliency mandates in HB2081A. Accordingly, actions aligned with the risk mitigation objectives of HB4083A may be implemented proactively and systemically as detailed below, independent of dedicated HB 4083A appropriations.

3.1 The State Treasurer shall make reasonable efforts to identify thermal coal companies in which subject funds are invested.

3.2 The State Treasurer may, at their discretion, engage with identified thermal coal companies to communicate state policy and understand their plans for transitioning to clean energy. This engagement informs the Treasurer's subsequent assessment of the credibility of any transition plans, which is the basis for determining if the investment may be retained.

3.3 A single, consolidated report will be prepared biennially outlining the information gathered in compliance with this policy, including strategy updates. The State Treasurer will provide this report to the OIC and subsequently submit it to the Legislative Assembly as a part of the climate risk report .

4. RISK MANAGEMENT

This policy aims to comply with legislative provisions while maintaining portfolio diversification and upholding fiduciary duties.

INV 216: Securities Lending

OREGON INVESTMENT COUNCIL POLICY

INTRODUCTION & OVERVIEW

Summary Policy Statement

Investment funds under the purview of the Oregon Investment Council ("OIC" or "Council") may lend securities through a Lending Agent (the "Agent") selected by Oregon State Treasury (OST) investment staff and approved by the OIC.

Applicability

Classified represented, management service, unclassified executive service.

POLICY PROVISIONS

Policy Statements

1. Recognizing that securities lending activities may provide incremental return to investment fund portfolios:
 - a. The Agent shall reinvest all cash collateral received consistent with risk and return attributes and reinvestment guidelines approved by the OST Chief Investment Officer (CIO);
 - b. Acceptable collateral investments shall be documented with the Agent in advance of any lending activity;
 - c. Collateral reinvestment guidelines for the Oregon Short Term Fund shall be presented to and reviewed by the Oregon Short Term Fund Board prior to CIO approval;
 - d. Any changes to securities lending reinvestment guidelines shall be reported to the OIC at the next regularly-scheduled OIC meeting following the change(s);
2. OST staff shall ensure that securities loaned do not compromise investment fund managers' ability to liquidate fund portfolio positions when necessary;
3. OST Investment Accounting staff shall ensure that securities lending income is properly credited to the individual investment fund accounts; and
4. OST staff shall ensure records and operations comply with INV 205: Legislative Portfolio Mandates.

Exceptions

None.

Failure to Comply

Failure to comply with this policy may be cause for disciplinary action up to and including dismissal.

PROCEDURES and FORMS ADMINISTRATION

Feedback

Your comments are extremely important to improving the effectiveness of this policy. If you would like to comment on the provisions of this policy, you may do so by e-mailing the OST Policy Analyst. To ensure your comments are received without delay, *please list the policy number and name in your e-mail's subject*. Your comments will be reviewed during the policy revisions process and may result in changes to the policy.



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CALENDAR – FUTURE AGENDA ITEMS

2025 OIC Forward Calendar and Planned Agenda Topics

December 3, 2025	Q3 OPERF Performance OSTF, OITP Annual Review
January 21, 2026	Public Equity Portfolio Review Private Equity Portfolio Review 2027 OIC Calendar Approval
March 4, 2026	2025 Performance Review: OPERF, CSF, SAIF Opportunity Portfolio Review
April 15, 2026	Real Assets Portfolio Review Real Estate Portfolio Review Individual Account Program (IAP) Review OSGP Annual Review
May 27, 2026	Q1 Performance Review: OPERF Fixed Income Portfolio Review: OPERF Diversifying Strategies Portfolio Review
July 15, 2026	TBD
September 2, 2026	Q2 Performance Review: OPERF, CSF
October 21, 2026	Operations Annual Review



TAB 8

OPEN DISCUSSION



TAB 9

PUBLIC COMMENTS