



**OREGON
STATE
TREASURY**

State of Oregon

Office of the State Treasurer

16290 SW Upper Boones Ferry Road
Tigard, Oregon 97224

OREGON INVESTMENT COUNCIL

October 30, 2019

Meeting Minutes

Members Present: Rukaiyah Adams, John Russell, Tobias Read, Rex Kim, Patricia Moss (via phone) and Kevin Olineck

Staff Present: John Skjervem, Michael Kaplan, David Randall, John Hershey, Deena Bothello, Karl Cheng, David Elott, May Fanning, Roy Jackson, Andy Coutu, Wil Hiles, Tony Breault, Jen Plett, Ben Mahon, Jo Recht, Faith Sedberry, Sam Spencer, Paul Koch, Kristi Jenkins, Ahman Dirks, Tom Lofton, Lisa Pettinati, Mark Selfridge, Joe Hutchinson, Amanda Kingsbury, Michael Mueller, Aliese Jacobsen, Angela Schaffers, Dana Millican, Jen Peet, Eric Messer, Kristel Flores, Michael Viteri, Mohammed Quraishi, Anna Totdahl, Ricardo Lopez, Jeremy Knowles, Tiffany ZhuGe, Dmitri Palmateer, Amy Wojcicki, Rachel Wray, Meredith Coba, Robin Kaukonen, Sommer May, Andrey Voloshinov, Austin Carmichael, Chris Ebersole, and Scott Robertson

Consultants Present: Tom Martin (TorreyCove); Allan Emkin, David Glickman and Brandon Ross (Meketa Investment Group, Inc.); Janet Becker-Wold and Uvan Tseng (Callan LLC)

Legal Counsel Present: Steven Marlowe, Department of Justice

The October 30th, 2019 OIC meeting was called to order at 9:00 am by Rukaiyah Adams, OIC Chair.

I. **9:00 am Review and Approval of Minutes**

MOTION: Chair Adams asked for approval of the September 18, 2019 OIC regular meeting minutes. Treasurer Read moved approval at 9:01 am, and Mr. Russell seconded the motion which then passed by a 5/0 vote.

II. **9:02 am Committee Reports and CIO Remarks**

Committee Reports: John Skjervem, Chief Investment Officer, gave an update on the following recent committee actions:

Alternatives Portfolio Committee

August 14, 2019	Westbourne (Compartment C - co-invest)	\$50M
-----------------	--	-------

Private Equity Committee

September 9, 2019	KPS Special Situations Fund V & Mid-Cap Fund	\$150M
-------------------	--	--------



Real Estate Committee

None

Opportunity Portfolio Committee

None

Mr. Skjervem then provided opening remarks which included brief comments on the Annual Currency Overlay Review, Annual Public Equity Review, Annual Opportunity Portfolio Review and initial report on the division's ESG activities.

III. 9:05 am Currency Overlay Review and Manager Recommendations – OPERF

Jen Plett, Investment Officer, Portfolio Risk & Research, provided the Oregon Investment Council with a review of and update on the Oregon Public Employees Retirement Fund (OPERF) Currency Overlay Program, which was launched on January 2, 2018. Then, she presented Dr. Anoosh Lachin, Co-Portfolio Manager, Aspect Capital who provided the Council with a presentation on Aspect Capital's program structure, currency trading experience, and investment performance.

Ms. Plett then introduced Mr. Warren Naphtal, Co-Founder & Chief Investment Officer, P/E Global, and Mr. David Souza Jr., Co-Portfolio Manager, P/E Global who provided an introductory presentation on the Firm's functions, methods for managing currency risk, and overall investment strategy.

Staff and Callan recommend adding Aspect Capital Limited and P/E Global LLC to the OPERF Currency Overlay Program. Furthermore, Staff recommended allocating \$2 billion notional exposure to each manager (an initial investment of \$1 billion with another \$1 billion exposure subsequently added at Staff discretion), subject to Oregon Investment Council approval and satisfactory legal negotiation of all related terms and conditions.

MOTION: Mr. Russell moved approval at 10:06 am to add Aspect Capital Limited and P/E Global LLC to the OPERF Currency Overlay Program and allocate \$2 billion notional exposure to each manager. Mr. Kim seconded the motion which then passed by a 5/0 vote.

IV. 10:07 am Public Equity Review – OPERF

Michael Viteri, Senior Investment Officer, Public Equity, Robin Kaukonen, Investment Officer, Public Equity, Wil Hiles, Investment Officer, Public Equity and Janet Becker-Wold, Senior Vice President, Callan LLC delivered an annual review of the OPERF public equity portfolio. Their presentation included the following recommendations:

1. Fund a \$500 million internally-managed Emerging Markets Risk Premia ESG strategy within the OPERF Public Equity Portfolio, a recommendation consistent with OIC INV 1201; and
2. Amend Policy INV 603 (Internal Equity – Portfolio Objectives & Strategies) accordingly.

MOTION: Treasurer Read moved approval at 10:54 am of both requests. Mr. Russell seconded the motion which then passed by a 4/1 vote. Member Kim cast the dissenting vote.



**OREGON
STATE
TREASURY**

11:07 am Opportunity Portfolio Review – OPERF

Mike Mueller, Investment Officer, Alternatives, provided the OPERF Opportunity Portfolio 2018/2019 Annual Review which included a portfolio overview and history, review of recent activity, and update on investment performance.

11:25 am ESG Update – OPERF

Anna Totdahl, Investment Officer, Portfolio Risk & Research, provided the Council with a presentation on the scope of ESG activities at Oregon State Treasury and progress to date by asset class. She also described staff's work on a physical property risk assessment as well as her future endeavors in this space.

V. 12:00 pm Asset Allocation & NAV Updates

Mr. Skjervem reviewed asset allocations and NAVs across OST-managed accounts for the period ended September 30, 2019.

VI. 12:00 pm Calendar – Future Agenda Items

A calendar listing of future OIC meetings and scheduled agenda topics was included in the Council's meeting material.

VII. 12:01 pm Open Discussion

Chair Adams mentioned that Member Kim would like to further discuss the idea of a more flexible allocation for the Opportunity Portfolio, an idea staff agreed to research and report back on. Additionally, Mr. Olineck mentioned the continued work PERS is doing in preparation for SB 1049 which he said will result in a lot of changes for employers and members.

12:01 pm Public Comments

None

Ms. Adams adjourned the meeting at 12:01 pm.

Respectfully submitted,

May Fanning

May Fanning
Executive Support Specialist