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State of Oregon

Office of the State Treasurer

16290 SW Upper Boones Ferry Road
Tigard, Oregon 97224

OREGON INVESTMENT COUNCIL

September 9, 2020

Meeting Minutes

Members Present: John Russell, Tobias Read, Patricia Moss, Cara Samples, Monica Enand and Kevin Olineck

Staff Present: Rex Kim, David Randall, John Hershey, Michael Langdon, Karl Cheng, Ben Mahon, Geoff Nolan, Tony Breault, Michael Viteri, Anna Totdahl, May Fanning

Staff Participating virtually: Paul Koch, Scott Robertson, Andrey Voloshinov, Aliese Jacobsen, Will Hampson, Ian Huculak, Ahman Dirks, Steve Kruth, Rachel Wray, Andrew Robertson, Perrin Lim, Fawn Hubbard, Andrew Hillis, Jen Plett, Jeremy Knowles, Dana Millican, Monique Sadegh, Kristi Jenkins, Amy Bates, Mike Mueller, Faith Sedberry, Amanda Kingsbury, Sommer May, Christopher Ebersole, Andrew Coutu, Sam Spencer, Caitlyn Wang, Claire Illo, Angela Schaffers, Austin Carmichael, Deena Bothello, David Elott, Kenny Bao, Mohammed Quraishi, Jo Recht, Eric Messer, Mark Selfridge, Lisa Pettinati, Tyler Bernstein, Tiffany ZhuGe, Wil Hiles, Robin Kaukonen, Roy Jackson, Jennifer Peet, Mark Selfridge, Kenny Bao

Consultants Present: Allan Emkin & David Glickman (Meketa Investment Group, Inc.); Jim Callahan & Janet Becker-Wold (Callan LLC); David Fann & Tom Martin, (Aksia, TorreyCove Capital Partners LLC)

Legal Counsel Present: Steven Marlowe, Department of Justice

Before proceeding with the OIC meeting, Chief Investment Officer, Rex Kim provided a disclosure pertaining to the virtual set-up of this OIC meeting, informing those in attendance (virtual and in person) of the guidelines in which this meeting will proceed.

The September 9th, 2020 OIC meeting was called to order at 9:00 am by John Russell, OIC Chair.

I. 9:01 am Review and Approval of Minutes

MOTION: Chair Russell asked for approval of the July 22nd, 2020 OIC regular meeting minutes. Treasurer Read moved approval at 9:02 am, and Ms. Enand seconded the motion which then passed by a 5/0 vote.

II. 9:02 am Committee Reports and Opening Remarks

Committee Reports: Mr. Kim, gave an update on the following committee actions taken since the July 22, 2020 OIC meeting:

Real Estate Committee

July 22, 2020

Ascentris-OR Partners, LLC

\$300M

Opportunity Portfolio Committee

None



Private Equity Committee

None

Alternatives Portfolio Committee

None

Mr. Kim also provided opening remarks with an overview of the meeting agenda starting with an expressed enthusiasm for the upcoming presentation on ESG Investment Strategy by friends and partners from EQT Partners. He then touched on the agenda action items, that included, an update to the OIC Investment Beliefs and, the Fixed Income Manager Recommendation, followed with the Alternatives Portfolio Annual Review.

III. 9:04 am ESG Investment Strategy

Christian Sinding CEO & Managing Partner, EQT Partners, Therése Lennehag, Head of Sustainability, EQT Partners, Anna Sundell, Managing Director - Infrastructure, EQT Partners and Magnus Tornling, Partner - Equity, EQT Partners, were introduced by Darlene Sammon, Managing Director, Client Relations and Capital Raising, EQT Partners. They then proceeded to provide the Council with a presentation that started with a brief introduction to EQT, which then followed with a more detailed agenda focusing on their ESG Investment Strategy.

IV. 10:09 am Investments Beliefs; Environmental, Social, Governance

Anna Totdahl, Investment Officer, ESG & Sustainability, requested the Council's approval for changes to Statement of OIC Investment and Management Beliefs including the addition of item number (8), Integration of Environmental, Social and Governance Factors into the policy. Ms. Totdahl, introduced Allan Emkin, Managing Principal, Meketa Investment Group, Inc., to speak about some of the history of the document and ESG, to then be followed by Janet Becker-Wold, Senior Vice President, Callan LLC, for comments on the implementation Callan has seen elsewhere before moving to the vote.

MOTION: Treasurer Read, moved approval of the proposed changes to INV 1201, Statement of OIC Investment and Management Beliefs which include adding item number (8), the Integration of Environmental, Social and Governance Factors into the policy, in addition to minor revisions to item number (7), at 10:35 am, and Ms. Moss seconded the motion which then passed by a 5/0 vote

V. 10:36 am OPERF Fixed Income Recommendation

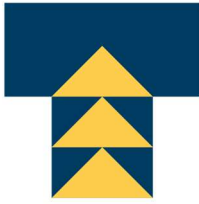
Geoff Nolan, Senior Investment Officer, Fixed Income, requested the Council's approval to hire Guggenheim Investments, Putnam Investments and Schrodgers Investment Management North America Inc. to each manage up to 4.27% (up to 12.8% across all three managers) of OPERF Fixed Income AUM in separately managed accounts "SMA". This equates to ~\$0.6BN (as of 6/30/20) for each manager.

MOTION: Treasurer Read, moved approval at 10:39 am, to hire all three Managers, and Chair Russell seconded the motion which then passed by a 5/0 vote.

VI. 10:45 am Alternatives Portfolio Review

Ben Mahon, Senior Investment Officer, Alternatives, Tom Martin, Head of Private Equity, Real Assets Research, Aksia, Torrey Cove Partners LLC and Jim Callahan, President, Callan LLC, presented the Alternatives Portfolio 2019 Annual Review and 2020 Plan. This presentation included a discussion of the Alternatives Portfolio's background and objectives, and a review of the portfolio's 2019 performance and investment activity. Mr. Mahon, also provided the Council with an update on the portfolio's current positioning as well as staff's 2020 investment plan.

Staff then recommended changes and related policy modifications to INV 702. In addition to a number of



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housekeeping changes, Staff recommended eliminating the Real Asset sub-sector target weightings and proceeding with an overall 7.5% Real Assets allocation inclusive of Infrastructure and Natural Resources strategies.

MOTION: Treasurer Read, moved approval of the changes to INV 702 at 11:17 am, and Ms. Enand seconded the motion which then passed by a 5/0 vote.

VII.

VIII. **11:17 am OPERF Q2 Performance Review**

Janet Becker-Wold and Jim Callahan, presented the quarterly OPERF investment performance and risk report for the calendar quarter and cumulative period ended June 30, 2020.

IX. **11:46 am Asset Allocation & NAV Updates**

Mr. Kim reviewed asset allocations and NAVs across OST-managed accounts for periods ended July 31, 2020.

X. **11:48 am Calendar – Future Agenda Items**

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

XI. **11:49 am Open Discussion**

Chair Russell opened the discussion with a few comments by first, questioning as to what extent can and should there be investing in Venture Capital, and if so, how to go about it. The second comment, is relating to committee structure, there seems to be a general desire for these to be structured more on expertise. Lastly, and with a little bit of trepidation, Chair Russell talked about how investing in currency is common in other portfolios however it is perceived as being risky, he hoped that perhaps the Council would take a look at that.

Treasurer Read, then wanted to acknowledge and thank both Staff and Consultants on the development of the ESG Statement, he also extended his appreciation to the Council for taking this important matter seriously.

XII. **11:52 am Public Comments**

Chair Russell read Mr. Bill Parish, Investment Advisor, Parish & Company public comment submitted in writing, his remarks included a letter dated June 15, 2020 by two US Senators, Kevin Cramer and Martha McSally addressed to Blackrock CEO Larry Fink regarding a perceived double standard in the way Blackrock treats investment in Chinese companies versus American. This letter applies to numerous OIC based investments, including those by TPG and KKR. The letter also noted that investments based upon the MSCI Emerging Markets Index at Blackrock are now more than 40% represented by Chinese domiciled companies. It is in the public interest to investigate why Blackrock is not fulfilling its fiduciary responsibility regarding disclosure with these poorly-governed, secretive Chinese companies.

In his comments Mr. Parish also would question what is emerging about a fund whose top two holdings with a combined market cap of \$1.4 trillion are Alibaba and Tencent, both of whom withhold more than 35% of shares outstanding from the public, thereby artificially inflating their stock price by constricting supply and grabbing a larger share of indexes that are now driving capital allocation.

Mr. Russell adjourned the meeting at 11:54 am.

Respectfully submitted,

May Fanning

May Fanning
Executive Support Specialist