OREGON
STATE
TREASURY

Oregon Investment Council

January 22, 2025

Cara Samples
Chair

Elizabeth Steiner
State Treasurer

Rex Kim
Chief Investment Officer

Investment Division
16290 SW Upper Boones Ferry Road
Tigard, OR 97224
503.431.7900

Main Office
867 Hawthorne Ave SE
Salem, OR 97301
503.378.4000

oregon.gov/treasury
oregon.treasurer@state.or.us

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

Agenda

January 22, 2025
9:00 AM

Time	**Tab**		**Presenter**
9:00 – 9:05	1	**Review & Approval of Minutes** December 4, 2024	Cara Samples *OIC Chair*
9:05 – 9:10	2	**Committee Reports**	Rex Kim *Chief Investment Officer*
9:10 – 9:15	3	**2026 OIC Calendar Approval** (Action Item: Vote on Calendar Dates)	Cara Samples *OIC Chair*
9:15 – 9:20	4	**OIC Elections** (Action Item: Vote on Chair and Vice Chair)	Cara Samples *OIC Chair*
9:20 – 9:40	5	**CSF, SAIF Guidelines** (Action Item: Approval of new Guidelines Document)	Jamie McCreary *Service Model Program Manager* Ashley Woeste *Associate Partner, Aon*

9:40 – 10:40	6	**Private Equity Annual Review**	Michael Langdon *Director of Private Markets* Ahman Dirks *Investment Officer, Private Equity* Eric Messer *Investment Officer, Private Equity* Angela Schaffers *Investment Officer, Private Equity* Tom Martin *Head of Private Equity & Real Assets, Aksia* Pete Veravanich *Pathway Capital Management* Derrek Ransford *Pathway Capital Management*

--- BREAK ---

10:50 – 11:40	7	**Public Equity Annual Review**	Louise Howard *Director of Capital Markets* Wil Hiles *Investment Officer, Public Equity* Claire Illo *Investment Officer, Public Equity* Philip Larrieu *Investment Officer, Stewardship*

--- BREAK ---

After conclusion of scheduled agenda items:

	8	**Open Discussion**	OIC Members, Staff, Consultants
	9	**Public Comments**	

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

December 4, 2024

Meeting Minutes

Members Present:	Treasurer Tobias Read, Cara Samples, Lorraine Arvin, Pia Wilson-Body (Attended Virtually), Alline Akintore (Attended Virtually)
Staff Present:	Rex Kim, David Randall, Michael Langdon, Karl Cheng, Louise Howard, Michael Langdon, Gloria Gil, Ahman Dirks, Mike Mueller, Sybil Akerman-Munson, Barry Ford, Jamie McCreary, Amy Hsiang-Wei, Tim Kane, Eric Engelson, Andre Coutu, Kenny Bao, Tim Sayre, Sebrina Gridley, Bryson Pate, Aleshia Slaughter, Jennifer Kersgaard
Staff Participating Virtually:	Oyin Ajayi, Arleen Jacobius, Sarah Bagdriwicz, Kenny Bao, Tyler Bernstein, Taylor Bowman, Tan Cao, Austin Carmichael, Kiara Cruz, Debra Day, Patrick Deptula, Alli Gordon, Will Hampson, Wil Hiles, Ian Huculak, Claire Illo, Roy Jackson, Aliese Jacobsen, Young Kim, Amanda Kingsbury, Jeremy Knowles, Paul Koch, Ericka Langone, Carmen Leiva, Perrin Lim, Ben Mahon, Sommer May, Eric Messer, Tim Miller, Dana Millican, Bri Naber, Wendi Nelson, Jen Plett, Mohammed Quraishi, Jo Recht, Monique Sadegh, Aaron Schaffer, Angela Schaffers, Faith Sedberry, Mark Selfridge, Missy Simpson, Alli Sorensen, Stacey Spencer, Loren Terry, Andrey Voloshinov, Christine Wilson, Tiffany Zahas
Consultants Present:	Allan Emkin, Mika Malone, Ashley Woeste (Virtual) , Paola Nealon, Eric Larsen, Christy Fields (Virtual) Lewis Sanders
PERS Present:	Kevin Olineck
Legal Counsel Present:	Steve Marlowe (Department of Justice)

The December 4th, 2024, OIC meeting was called to order at 9:11am by Cara Samples, Chair

Time	**Tab**		**Presenter**
9:11 – 9:12	1	**Review & Approval of Minutes** October 23, 2024	Cara Samples *OIC Chair*

Chair Samples asked for approval of the September 4, 2024, OIC regular meeting minutes. Treasurer Read moved approval at 9:11 am, member Arvin seconded the motion which then passed by a 5/0 vote. ***(Yes votes: Treasurer Tobias Read, Cara Samples, Lorraine Arvin, Pia Wilson-Body, Alline Akintore)***

9:12 – 9:20 | 2 | **Committee Reports** | Rex Kim
Chief Investment Officer

OST Investment Committee
OPERF:

November 14th	Lazard International Quality Growth Equity	$300M USD
November 14th	MFS International Growth Equity	$300M USD

Staff Discretion
OPERF:

December 2nd	EQT Co-Invest Platform (No.7) SCSp	$50M USD

Common School Fund:
None

9:20 – 10:00 | 3 | **Market Environment** | Lewis Sanders
CEO & Co-CIO, Sanders Capital
Frank Speno
Partner-Director, Marketing & Client Service, *Sanders Capital*

Mike Mueller, Alternatives Investment Officer, introduced Lewis Sanders, CEO and Co-CIO with Sanders Capital. The presentation included an overview of current market environment with a discussion of risk, diversification and long-term perspectives.

--- BREAK ---

10:11 – 10:30 | 4 | **OPERF Q3 Performance Review** | Allan Emkin
Managing Principal, Meketa
Eric Larsen
Senior Investment Analyst, Meketa

Allan Emkin, Managing Principal with Meketa, and Eric Larsen, Senior Investment Officer with Meketa, presented the OPERF Q3 Performance Review. The presentation included an economic and market update and discussion of interest rates and inflation.

OPERF's Q3 returns trailed indices -1.4% in the short-term, and are trailing the benchmarks for the 3 year and 5 year periods by by -.5% and -0.7% respectively.

10:30 – 10:40 | 5 | **Internal Fixed Income Review** | Amy Hsiang-Wei
Senior Investment Officer

Amy Hsiang-Wei, Senior Investment Officer, Fixed Income, presented the Internal Fixed Income Review. Funds internally managed by Fixed Income include the Oregon Short Term Fund, (OSTF), the Governent Fund within OPERF, the Oregon Intermediate Term Pool (OITP) and the Public University Fund Core Bond (PUF).

OSTF's Rate paid as of 10/23/2024 is 5.00%.

OPERF's Government Portfolio YTD returns outperfromed the policy benchmark by .18%, and exceeded the benchmark for the 3-year period by .04%.

OITP's YTD returns outperfromed the policy benchmark by .62%, and exceeded the benchmark for the 3-year period by .42%.

PUF's YTD returns outperfromed the policy benchmark by .62%, and exceeded the benchmark for the 3-year period by .48%.

10410 – 11:08 6 **Securities Lending**

Louise Howard
Director of Capital Markets
Mika Malone
Managing Principal, Meketa

Louise Howard, Director of Capital Markets, and Mika Malone, Managing Principle, Meketa, presented on the topic of Securities Lending. Mika Malone began the discussion with an educational overview of the concepts of securities lending as well as it's risks and benefits.

Louise Howard presented the securities lending program review which discussed OST's securities lending history and portfolios included. As of 9/30/2024, OST's securities lending program has realized $449M in net earning. Staff recommended guideline changes will be presented at the January 2025 OSTF Board meeting.

--- BREAK ---

After conclusion of scheduled agenda items:

7 **Open Discussion** OIC Members, Staff, Consultants

8 **Public Comments**

Meeting adjourned at 11:52am

TAB 2

COMMITTEE REPORTS

Oregon Investment Council

OREGON STATE TREASURY

TAB 3

2026 OIC

CALENDAR APPROVAL

OREGON INVESTMENT COUNCIL

2026 Meeting Schedule

Meetings Begin at 9:00 am

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

Wednesday, January 21

Wednesday, March 4

Wednesday, April 15

Wednesday, May 27

Wednesday, July 15

Wednesday, September 2

Wednesday, October 21

Wednesday, December 2

TAB 4

OIC ELECTIONS

Oregon Investment Council

OREGON STATE TREASURY

TAB 5

CSF, SAIF

GUIDELINES

January 22, 2025

Investment Policy Project Update

Jamie McCreary, CFP®
Service Model Program Manager

OREGON STATE TREASURY

Policy Project (project started in 2021)

- Problem
  - No standardized or integrated Investment Policy Statement and Guidelines
    - No table of contents
    - No consistency across Funds (e.g.; OPERF, CSF, SAIF)
      - "Beliefs" for some vehicles, not for others
      - More comprehensive for some Funds; not so for others (e.g.; CSF policy was only four pages long)
  - Stale and/or redundant language
  - Inconsistency in language including incorrect policy cross references
  - Difficult for a policy board (OIC) to review (50+ policies with 25+ appendices)
- Objective
  - Maintain fiduciary best practice standards
  - Develop a logical, easier to follow, best in class Investment Policy Statement and Guidelines
  - Consolidate policies
  - Streamline language/remove redundancies
  - Fix gaps, prune where appropriate, and respond to current assessment and past audit filings
  - Develop policy consistency across Fund vehicles

OREGON STATE TREASURY

Policy Project Timeline

2021

Reviewed past audit findings and Aon's assessment

Reviewed Peer Policy Statements

2022

Updated Common School Fund (CSF) IPS to use as proxy for OPERF and other Funds

2023

Formalized OST Committee Policies

2024

Updated OPERF IPS, OIC Beliefs, and Investment Guidelines

Updated SAIF IPS

Updated state agency and other Fund IPS'

2025

For approval today: Update SAIF and CSF Investment Guidelines

Continual review of policies

Maintain fiduciary best practice standards

OREGON STATE TREASURY

Public Universities- INV 407

- OPERF INV 1203 & 1204
  - Fixed income
  - Public Equity
  - Private Equity
  - Real Estate
  - Real Assets
  - Diversifying Strategies
  - Opportunity Portfolio
- CSF INV 901
  - Fixed income
  - Public Equity
  - Private Equity
  - Real Estate
  - Real Assets
  - Diversifying Strategies
- SAIF INV 1001
  - Fixed income
  - Public Equity
  - Real Estate
  - Private Credit
- OSTF INV 303
  - Fixed Income
- OITP INV 404
  - Fixed Income
- OLGIF INV 406
  - Fixed Income
- OPUF INV 407A
  - Fixed Income
- SOUE INV 407B
  - Fixed Income
  - Public Equity
- WOUE INV 407C
  - Fixed Income
  - Public Equity

IAP INV 218

OSGP INV 801

Oregon State Agency Accounts

- DCBS INV 402A&B
  - Fixed Income OSTF & OITP
- DAS INV 402C
  - Fixed Income OSTF & OITP
- ODOT INV 402D
  - Fixed Income OSTF & OITP
- OR Vets INV 402E
  - Fixed Income OSTF & OITP
- Elderly Housing INV 402F
  - Fixed Income
- Housing INV 402F
  - Fixed Income
- Oregon Lottery INV 402G
  - Fixed Income

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Elizabeth Steiner, MD
Oregon State Treasurer

16290 SW Upper Boones Ferry Road
Tigard, OR 97224

oregon.gov/treasury

Oregon Investment Council

Investment Guidelines Project

Today's Action Item: Approve New CSF & SAIF Investment Guidelines

January 22, 2025

Investment Guidelines Project Plan Recap

Step 1:
Develop a Standardized Asset Class Guidelines Template

- OIC's consultants developed a standard asset class guidelines template with the following key components:
  - Intro/Purpose
  - Overview
  - Roles and Responsibilities
  - Investment Objective
  - Allocation
  - Investable and Restricted Inv.
  - Risk Management
  - Additional sections for public markets: Rebalancing, Brokerage and Other Inv. Related Expenses, Derivatives Policy

Completed Step 1

Step 2:
Transition OPERF to New Template

- OIC's consultants lifted language from existing OST asset class guidelines to their appropriate categories in the new standardized template
- Streamlined language/removed redundancies
- Highlighted areas where there was a gap between existing guidelines and new template (e.g., a new risk management section was added)

Completed Step 2

Step 3:
SIO Review

- Each asset class SIO reviewed the new asset class guidelines for completeness
- SIOs evaluated the existing guidelines to assess if it aligned with portfolio construction objectives and current practices around risk management controls and manager selection approval process, etc.

Completed Step 3

Step 4:
OIC to Review and Adopt

- OIC reviewed new asset class guidelines, provided feedback, and **adopted final version for OPERF** at October OIC meeting

Completed Step 4

Step 5:
Develop Similar Guidelines for CSF & SAIF

- Develop similar asset class guidelines for CSF and SAIF
- CSF largely mimics OPERF as it is viewed as a mini OPERF portfolio with similar implementation policies and goals
- SAIF differs due to unique goals and requirements; used existing SAIF guidelines as starting point but converted to OPERF format
- **OIC to review and adopt final version for CSF and SAIF at January OIC meeting**

Today

Investment Guidelines Project – CSF Overview

	Public Equity	Fixed Income	Private Equity	Real Estate	Real Assets	Diversifying Strategies
SIO Assigned	Louise Howard	Amy Hsiang-Wei	Michael Langdon	Gloria Gil	Ben Mahon	Tim Kane
Key Differences from OPERF Guidelines	• Internal management of equity not allowed for CSF – all language related to internally managed funds removed	• Internal management of fixed income not allowed for CSF – all language related to internally managed funds removed	• No changes from OPERF	• Removed premium from benchmark as non-core build is still in early stages • Removed references to REITs as CSF does not invest in REITs • Removed ability to invest in SMAs, joint ventures, and private placements (only commingled funds allowed)	• No changes from OPERF	• No changes from OPERF

In addition to the above referenced policies, the following related policies are linked within the guidelines document:

- Under Roles and Responsibilities: CSF IPS (INV 901), OST Asset Class Committee (INV 1102), OST Investment Committee (INV 1101)
- Appendix: Securities Lending (INV 216), Consideration of Investments & Divestiture Initiatives (INV 205), Sudan & Iran Divestiture (INV 212), Dodd-Frank Regulatory Compliance (INV 203), Minimizing Losses (INV 211), Rotating Internal Control & Operational Reviews (INV 209), Proposals, Solicitations, Contracts, and Agreements (INV 207), and Consulting Contracts (INV 210)
    - These items do not pertain to one specific asset class

Investment Guidelines Project – SAIF Overview

	Public Equity	Fixed Income	Private Credit	Real Estate
SIO Assigned	Louise Howard	Amy Hsiang-Wei	Louise Howard	Gloria Gil
Key Changes from Existing SAIF Guidelines	• Broadened language to allow for active investments rather than restrain to passive only • Adopted OPERF Proxy Voting policy (INV 1103) INV 1005	• Simplified language as some details are more applicable in manager IMA • Updated benchmark to align with recently approved policy INV 1003	• Updated benchmark to align with recently approved policy • Added language in allowable investments indicating they must be insurance friendly vehicles INV 1008	• Added allocation table with investment targets to core, non-core, and REITs INV 1004

Note: all policies in red font in the above table will be retired

In addition to the above referenced policies, the following related policies are linked within the guidelines document:

- Under Roles and Responsibilities: SAIF IPS (INV 1001), OST Asset Class Committee (INV 1102), OST Investment Committee (INV 1101)
- Appendix: Securities Lending (INV 216), Consideration of Investments & Divestiture Initiatives (INV 205), Sudan & Iran Divestiture (INV 212), Dodd-Frank Regulatory Compliance (INV 203), Minimizing Losses (INV 211), Rotating Internal Control & Operational Reviews (INV 209), Proposals, Solicitations, Contracts, and Agreements (INV 207), and Consulting Contracts (INV 210)
    - These items do not pertain to one specific asset class

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Aon Consulting, Inc.

200 E. Randolph Street

Suite 700

Chicago, IL 60601

Investment Guidelines
for
the Common School Fund

Adopted January 22, 2025

Table of Contents

INV 902: Common School Fund Asset Class Investment Guidelines

1. Introduction

To accomplish the prudent and efficient implementation of investment policies established by the Oregon Investment Council (OIC), Oregon State Treasury (OST) created the Common School Fund (CSF) Investment Guidelines (hereinafter referred to as the "Investment Guidelines") to participate in attractive long-term investment opportunities for the programs under the responsibility of OST, including the Common School Fund (CSF and also known as “the Fund”). As opportunities become available, OST will invest assets prudently, productively and in a manner consistent with objectives, OIC policies and applicable law.

Purpose

The Investment Guidelines provide the broad strategic framework for managing the asset class portfolios in conformity with the IPS of the Common School Fund (INV 901).

2. Overview

Portfolio investments provide an appropriate complement to CSF's investment portfolio, and are consistent with CSF's general objective, which is to preserve and enhance the real or inflation-adjusted market value of the Fund’s assets over the long-term, net of annual spending and expenses.

3. Roles and Responsibilities

The OIC is responsible for formulating and reviewing policies for the (a) investment and reinvestment of Oregon statutory investment funds and (b) the acquisition, retention, management and disposition of investments, including for the assets of the Common School Fund ("CSF" or the "Fund"), in order to ensure that investment fund assets are prudently, profitably, and efficiently managed on a day-to-day basis.

Reference the below policies for further information on roles and responsibilities.

a) *CSF IPS (INV 901)*
b) *OST Asset Class Committee (INV 1102)*
c) *OST Investment Committee (INV 1101)*
    i. *Manager selection process – (INV 1101 Appendix B)*

4. Asset Class Investment Guidelines

The asset class investment guidelines for each of CSF’s asset class portfolios are outlined in this section.

Fixed Income Investment Guidelines

I. INVESTMENT OBJECTIVE

The Fixed Income portfolio is expected to achieve a return of at least 15 basis points, net of fees, above the policy benchmark which is: 100% Bloomberg U.S. Aggregate Bond Index, over a market cycle of three to five years. Any changes to the policy benchmark will be approved by the OIC.

Investment objectives of the Fixed Income portfolio are to:

- Offer principal preservation while providing sufficient liquidity to meet the Fund's cash flow requirements.
- Build and maintain a well-diversified portfolio managed to maximize total return subject to the risk limitations described herein.
- Limit portfolio risk, as measured by tracking error, to an annualized target of up to 1.0 percent.
- Maintain portfolio duration within parameters as defined by Treasury staff with CIO approval, for each specific fixed income mandate.
- Invest opportunistically within a controlled and defined portfolio allocation.

II. ALLOCATION

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.

III. INVESTABLE INSTRUMENTS AND RESTRICTED INVESTMENTS

A. Types of Allowable Investments

The following fixed income securities, individually or in commingled vehicles, may be held outright and under resale agreement:

- Obligations issued or guaranteed by the U.S. Federal Government, U.S. Federal agencies or U.S. government-sponsored corporations and agencies;
- Obligations of U.S. and non-U.S. corporations;
- Obligations of international agencies, supranational entities and foreign governments (or their subdivisions or agencies), as well as foreign currency exchange-related securities, warrants and forward contracts;
- Obligations issued or guaranteed by U.S. local, city and state governments and agencies;
- Securities defined under Rule 144A and Commercial Paper defined under Section 4(2) of the Securities Act of 1933;
- Yankee Bonds (dollar denominated sovereign and corporate debt);
- Derivatives of fixed income and currency market instruments; and
- Securities eligible for the Short-Term Investment Fund (OSTF).

IV. RISK MANAGEMENT

The OIC believes that the likelihood of realization of the investment objectives is enhanced through diversification, and per ORS 293.726, the Treasury staff has a duty to diversify the investments of the Fund unless it is not prudent to do so. The Fixed Income portfolio will aim to diversify assets among various sectors, regions, maturities, quality, and sub-asset class types. The Fixed Income portfolio will limit portfolio risk, as measured by tracking error, to an annualized target of up to 1.0 percent. The Fixed Income portfolio will maintain a duration within parameters as defined by Treasury staff, with CIO approval.

V. REBALANCING

With CIO approval, Treasury staff shall have discretion to rebalance between and among managers within the Fixed Income portfolio. The aggregate structural characteristics of the Fixed Income portfolio will be considered during such rebalancing, while re-allocations between asset classes shall remain governed by OIC Policy.

If the Fixed Income portfolio is found to be out of compliance with one or more investment guidelines or is being managed inconsistently with its objectives, Treasury staff shall take appropriate action as soon as is prudently feasible. Actions to bring the Fixed Income portfolio back into compliance shall be communicated to and approved by all relevant parties.

VI. BROKERAGE AND OTHER INVESTMENT RELATED EXPENSES

All securities transactions shall be executed by reputable (i.e., properly registered with the SEC) broker/dealers or banks (including any bank acting as custodian) and shall be at a best price and best execution basis. Investments shall possess value and quality corroborated by accepted techniques and standards of fundamental economic, financial and security analysis.

VII. DERIVATIVE POLICY

Fixed income derivative contracts may be used to achieve general portfolio objectives, according to risk management and internal control procedures. In addition, fixed income derivatives may be used to manage the overall interest rate hedging positions at the Fund level.

However, in no case may a derivative instrument be used that would cause the Fixed Income portfolio to:

- be leveraged to have an expected beta above one (i.e. market beta), or
- be exposed to risks that it would not inherently be encountered by investing directly in a portfolio of securities allowed by this policy.

Public Equity Investment Guidelines

I. INVESTMENT OBJECTIVE

The Public Equity portfolio is expected to provide one of the highest expected returns among approved CSF asset classes. Over the long-term, public equity returns are expected to exceed inflation.

Investment objectives of the Public Equity portfolio are to:

- Achieve a return of 50 basis points or more above the MSCI All Country World Index Investable Market Index (ACWI IMI) (net) over a market cycle on a net-of-fees basis.
- Manage active risk to a targeted annualized tracking error of up to 2.0 percent, relative to the MSCI ACWI IMI (net).
- Unless tax, regulatory or liquidity constraints suggest otherwise, make reasonable effort to diversify public equity allocations across the stock markets of all investable countries as defined by MSCI ACWI IMI inclusion, to ensure exposure to a wide range of investment opportunities, and participate broadly in those markets in an attempt to capture the full market rate of equity return generated therein.
- Invest opportunistically, using unique investment approaches, within a controlled and defined portfolio allocation.
- Enhance returns through selective active management provided such actively-managed strategies demonstrate empirical efficacy relative to passive alternatives, embedded factor exposures and net of all fees and transactions costs.
- Actively-managed strategies are expected to outperform stated benchmarks on a net of fee and risk-adjusted basis. Comparisons against a representative peer group universe will also be considered in evaluating the performance and risk characteristics of such strategies.
- Benchmarks assigned to strategies with non-U.S. exposure shall be unhedged. However, managers may be permitted to hedge currency exposures, and in cases where currency represents an explicit element of a manager's stated investment approach, may take active currency positions.

II. ALLOCATION

The Public Equity portfolio shall be structured on a global basis, seeking to loosely replicate the region and market capitalization characteristics of the investable universe of public equity securities. A combination of active and passive strategies may be used across multiple vehicle types including but not limited to mutual funds, ETFs, commingled funds, and separately managed accounts.

The size of any allocation to a given investment strategy will be determined by numerous considerations, including but not limited to, that strategy's expected role within and impact on the broader portfolio, Treasury staff's confidence in the strategy's manager, the manager's investment style, the capacity available in/with a particular strategy/manager, and fees.

Allocation	Targets	Ranges
U.S.	MSCI ACWI IMI weight	+/- 10%
Non-U.S.	MSCI ACWI IMI weight	+/- 10%
Emerging Markets	MSCI ACWI IMI weight	+/- 4%

III. INVESTABLE INSTRUMENTS AND RESTRICTED INVESTMENTS

A. Types of Allowable Investments

Externally managed strategies shall primarily invest in equity securities held in each externally managed strategy's respective benchmark and may also opportunistically invest in securities outside of their respective benchmarks, as contractually permitted by Treasury staff.

B. Restricted Investments

All investable instruments and restricted investments shall be determined by Treasury staff on a strategy-by-strategy basis and explicitly defined in each externally managed strategy's investment management agreement (IMA) and guidelines or offering memorandum.

If an externally managed public equity strategy is found to be out of compliance with one or more investment guidelines or is being managed inconsistently with its objectives, Treasury staff shall engage with the investment manager to determine and take appropriate action, if Treasury staff deem any be necessary. Actions to bring externally managed public equity strategies back into compliance shall be communicated to all relevant parties.

IV. RISK MANAGEMENT

The OIC believes that the likelihood of realization of the investment objectives is enhanced through diversification, and per ORS 293.726, the Treasury staff has a duty to diversify the investments of the Fund unless it is not prudent to do so. The Public Equity portfolio will aim to diversify assets among various investment managers, strategies, market capitalizations, sectors, styles, and regions. The Public Equity portfolio will limit risk, as measured by tracking error, to an annualized target of up to 200 basis points.

During times of extreme market volatility, active risk may temporarily spike and exceed the targeted maximum range of 200 basis points so long as the increase in active risk is unrelated to action taken by Treasury staff. Under such circumstances, Treasury staff shall evaluate the portfolio, alongside market dynamics to determine if (rebalancing or other transactional) action is warranted.

If the Public Equity portfolio is found to exceed its active risk budget of 200 basis points as a direct result of action taken by Treasury staff, Treasury staff shall bring the Public Equity portfolio into compliance as soon as prudently feasible. Actions taken shall be communicated to all relevant parties.

V. REBALANCING

With CIO approval, Treasury staff has shall have discretion to rebalance between and among managers within the Portfolio. The aggregate structural characteristics of the Portfolio will be considered during such rebalancing, while re-allocations between asset classes shall remain governed by OIC Policy.

If the Portfolio is found to be out of compliance with one or more investment guidelines or is being managed inconsistently with its objectives, Treasury staff shall take appropriate action as soon as is prudently feasible. Actions to bring the Portfolio back into compliance shall be communicated to and approved by all relevant parties.

VI. BROKERAGE AND OTHER INVESTMENT RELATED EXPENSES

All securities transactions shall be executed by reputable (i.e., properly registered with the SEC) broker/dealers or banks (including any bank acting as custodian) and shall be at a best price and best execution basis. Investments shall possess value and quality corroborated by accepted techniques and standards of fundamental economic, financial and security analysis.

Commission Recapture (CR) is a negotiated rebate of commissions paid to brokers, which allows asset owners (e.g., CSF) to earn back a percentage of total commissions. Treasury staff shall retain a CR agent for the Portfolio and monitor its performance and efficacy.

“Soft Dollars” refers to an arrangement in which an investment manager obtains products or services, other than the execution of securities transactions, from or through a broker. In exchange, the broker receives a share of that investment manager’s transaction business or “flow”. Managers are expected to comply with all applicable laws and regulations related to the receipt of such products or services. Treasury staff shall review external managers’ soft dollar usage on a quarterly basis.

VII. DERIVATIVES POLICY

The Public Equity investment managers may use derivative instruments. However, in no case may a derivative instrument be used that would cause the portfolios to:

- be leveraged to have an expected beta significantly above one (i.e., market beta), or
- be exposed to risks that it would not inherently be encountered by investing directly in a portfolio of securities allowed by this policy.

VIII. PROCEDURES AND FORMS

Appendix A: OST Exercise of Voting Rights Accompanying Equity Securities INV 1103

Private Equity Investment Guidelines

I. INVESTMENT OBJECTIVE

The Private Equity portfolio's investment performance objective is to achieve long-term, net returns to CSF (e.g., after partnership expenses, management fees and general partners' carried interest) above a public market analog plus an appropriate premium to compensate for illiquidity and principal risk. Specifically, the Private Equity portfolio performance should exceed a net time weighted return equal to the Russell 3000 Index plus 300 basis points per annum. Treasury staff will periodically evaluate the Private Equity portfolio's performance objective, benchmark and assigned premium.

II. ALLOCATION

Investments within the Private Equity portfolio will be diversified across stage/strategy, sector, geography, vintage year, manager, amongst other factors.

Long-term asset allocation ranges are established below:

Strategy	Allocation Range
Corporate Finance	65% - 90%
Growth Equity and Venture Capital	5% - 20%
Other	0% - 10%

A. Corporate Finance

Capital is typically invested in more established companies, meaning those further along the business life cycle, having relatively predictable cash flows and the ability to raise capital throughout the entire capital structure.

B. Growth Equity and Venture Capital

Growth Equity capital is typically invested in maturing operating companies with proven business models. These companies are at an inflection point where capital can fuel substantial revenue and profitability growth.

These are typically not controlling interests. The investments have minimal or no funded debt. Exposure can be obtained through stand-alone growth equity funds or buyout funds that incorporate this strategy.

Venture capital equity is targeted at companies in the earliest phases of a business lifecycle. Companies may be classified as seed, early, middle or late stage and are characterized by their inability to access public equity or debt. These companies: have uncertain revenues, need cash to build their businesses, and are subject to high failure rates.

C. Other

Many private equity opportunities have unique characteristics that require a separate classification beyond that of buyouts, growth equity or venture capital. These investments may include distressed debt, turnaround, and opportunistic partnerships.

III. INVESTABLE INSTRUMENTS AND RESTRICTED INVESTMENTS

A. Types of Allowable Investments

Any appropriate private equity investment opportunity that has the potential for returns superior to traditional or publicly traded equity investment opportunities and is consistent with Private Equity portfolio standards and applicable law.

B. Stock Distributions

Stock distributions will be liquidated in an orderly manner.

IV. RISK MANAGEMENT

Private Equity does not lend itself to traditional quantitative measures of risk such as standard deviation and benchmark tracking error. Rather, risk is managed through a combination of quantitative and qualitative constraints. For Portfolio investments, the following section along with the Risk Management Guidelines for Alternative Asset Classes section identifies the most significant risks and the method of control.

A. Strategy Risk

Treasury staff will diversify investments throughout the various financing stages from startup through growth stage financing to leveraged buyouts and recapitalizations.

B. Company Risk

Treasury staff cannot opt into or out of exposures to individual companies through partnership investments, but exposure may be managed when participating via a co-investment or direct investment in a company. Company risk is most effectively managed through the manager selection and commitment pacing processes, as those processes feed directly into portfolio construction.

C. Industry Risk

Typically, private equity partnerships are permitted to invest in a wide variety of industries with limited controls. Industry risk is controlled primarily through appropriate diversification across classes and subclasses.

D. Liquidity Risk

Private asset partnership investments are illiquid and typically have expected holding periods of 10-15 years. Partnership investments are typically held until all underlying investments have been sold; selling a partnership investment prior to this point generally may result in a discount to fair market value. Liquidity risk is managed by minimizing the possibility of forced sales that may arise from exceeding maximum exposure limits or lowering asset allocation exposure limits. Asset allocation exposure is monitored by an investment pacing model maintained by Investment Consultants/Treasury staff.

E. Leverage Risk

General partners invest capital from private equity partnerships throughout the capital structure of companies. The capital markets determine the maximum leverage available to the general partners. Treasury staff manages leverage exposure through partnership selection and portfolio construction.

Real Estate Investment Guidelines

I. INVESTMENT OBJECTIVE

The Real Estate portfolio's investment performance objective is long-term, net returns to CSF (i.e., after management fees and general partners' carried interest) above a benchmark comprised of the National Council of Real Estate Fiduciaries (NCREIF) Fund Index ("NFI") Open-end Diversified Core Equity Index ("ODCE"), and referred to as NFI-ODCE. Each underlying investment type (e.g., core and non-core real estate) will be benchmarked per the table below. Treasury staff will periodically evaluate the Real Estate portfolio's performance objective and benchmarks.

Investment Classification	After Fee Benchmark
Core	ODCE
Non-Core	ODCE + 200 bps
Total Portfolio	**ODCE**

II. ALLOCATION

Allowable investments within the Real Estate portfolio include public and private, core and non-core (e.g. value-add and opportunistic), open-end and closed ended real estate investment funds, real estate debt and equity investments, and co-investments.

The allocation ranges and targets for each sub-classification are as follows:

Investment Category	Target Allocation
Core Real Estate	25 - 75%
Non-Core Real Estate	25 - 75%

CSF's Real Estate portfolio consists of the following two sub-classifications:

A. Core Real Estate

Equity investments in real properties. Typical Core properties will exhibit "institutional" qualities such as good locations within local and regional markets with high quality design and construction. In general, Core properties will be well occupied, though a limited allocation may be invested in properties undergoing redevelopment, new construction or significant re-leasing. Core properties are expected to generate the majority of its returns through income.

B. Non-Core Real Estate

Portfolio is comprised of Non-Core investments in real properties through commingled funds only. The Non-Core portfolio may include office, retail, industrial and apartment properties, but may also target structured investments in alternative property types such as hotels, student housing, senior housing, debt, specialized retail uses, operating companies, non performing loans, speculative developments, land, etc. Non-Core real estate may exhibit "institutional" qualities such as good locations within local and regional markets with high quality design and construction, but may need redevelopment or significant leasing to achieve stabilized investment value. Non-Core investments may include development opportunities with balanced risk/return profiles.

III. INVESTABLE INSTRUMENTS AND RESTRICTED INVESTMENTS

A. Types of Allowable Investments

Any appropriate investment opportunity that has the potential for returns superior to traditional investment opportunities and is consistent with Real Estate portfolio standards and applicable law.

B. Restricted Investments

Treasury staff and the Advisor shall not knowingly propose the purchase of equity real estate or mortgages on real property owned and marketed for sale by any of the following: (a) an employee of the Oregon State Treasury (OST); (b) a member of the OIC; (c) a relative of (a) or (b); or (d) a private company in which (a), (b), or (c) has an ownership interest.

IV. RISK MANAGEMENT

For Real Estate investments, the following section along with the Risk Management Guidelines for Alternative Asset Classes section identifies the most significant risks and the method of control.

A. Strategy Type Risk

Treasury staff will diversify investments through exposure in commingled funds only to a variety of real estate debt and equity investment strategies, property types, (i.e. office, industrial, retail, multifamily, hospitality, etc.) and throughout various stages of a property life-cycle from development to stabilized.

B. Property Type Risk

Treasury staff will diversify Real Estate portfolio investments among various real property types. The real estate portfolios shall be diversified across property types. No single property type shall typically account for greater than 40% of the Real Estate portfolio.

C. Geographic Risk

Geographic risk is controlled through diversification across country and regional geographic exposures as measured by market value at the portfolio company level.

International investments are allowed and subject to a 30% Real Estate portfolio limitation.

D. Liquidity Risk

The majority of Real Estate is illiquid. As such, CSF understands and recognizes that the Real Estate portfolio will not be structured in a way to provide liquidity. Should market values for the Real Estate portfolio change such that they fall outside of the strategy risk management parameters, Treasury staff and Advisor will work to recommend the most effective solution and timeframe to bring the Real Estate exposure into compliance to the OIC.

E. Leverage

The use of leverage is a prudent tool for enhancing returns and diversifying equity investments, though it does raise the risk profile of the portfolios. Leverage guidelines are as follows:

Investment Classification	Portfolio Leverage Limit
Core	45%
Non-Core Real Estate	65%
Total Portfolio	50%

1. Core Real Estate

To enhance investment returns, leverage is permissible in the Core portfolio in an amount up to 45% of the fair market value of the aggregate Core portfolio, and up to 75% of the market value on any given property. Sufficient consideration should be given to the impact of debt financing on the risk and return characteristics of the leveraged investments as well as the Core portfolio in total. Use of leverage shall be subject to financing guidelines incorporated into the operating agreement(s) for each Core investment manager or partnership. From time to time, managers may have the opportunity to acquire properties only if underlying property debt is assumed as part of the transaction. Such acquisitions may be pursued so long as such acquisitions do not cause the manager's portfolio to exceed portfolio leverage limitations for an extended period of time. From time to time, a manager's portfolio may exceed leverage limitations as individual leveraged properties are acquired or capital market returns result in negative capital market valuations. The mechanisms and time frames to bring property leverage in line with portfolio guidelines and investment objectives must be part of each venture's operating agreement. Material deviations from leverage and policy guidelines may be resolved either through action by the OIC, Treasury taff, or the Real Estate Committee, as applicable.

2. Non-Core Real Estate

To enhance investment returns, leverage is permissible in the Non-Core portfolio as described as follows. In order to enhance investment returns, leverage is permissible in the Non-Core portfolio in an amount up to 65% of the fair market value of the aggregate Non-Core portfolio and up to 80% of cost on any given property prior to stabilization. Sufficient consideration should be given to the impact of debt financing on the risk and return characteristics of the leveraged investments. Use of leverage shall be subject to financing guidelines incorporated into the operating agreement(s) for each Value Add investment manager or partnership.

V. PROCEDURES AND FORMS

Appendix A: Real Estate Investments – Property Appraisals INV 502
Appendix B: Real Estate Investments – Property Insurance Policies INV 503
Appendix C: Real Estate Investments – Responsible Contract Policy INV 504
Appendix D: Real Estate Investments – Non-Mandate Property Exceptions INV 505

Real Assets Investment Guidelines

I. INVESTMENT OBJECTIVE

The Real Assets portfolio's investment performance objective is to generate long-term net returns to CSF (i.e., after management fees and general partners' carried interest) above a benchmark comprised of the Consumer Price Index ("CPI") plus 400 basis points. The premium portion of the benchmark compensates for illiquidity, principal risk and related investment costs and expenses. Treasury staff will periodically evaluate the Real Assets portfolio's performance objective and the benchmark.

II. ALLOCATION

Investments within the Real Assets portfolio will be diversified across strategies: infrastructure and natural resources and their underlying sub-sectors. Additionally, diversification across vintage years is important because of the illiquid nature of this asset class.

Long-term asset allocation ranges are established below:

Strategy	Allocation Range
Infrastructure	**50% - 100%**
Natural Resources	**0% - 50%**

A. Infrastructure
Infrastructure assets provide services and products essential for the functioning of a modern society, and include sub-sectors such as transportation, communication, power, energy, utilities, and social.

B. Natural Resources
Natural resource assets involve the production, processing, and distribution of commodities or globally traded goods coming from these resources. Sub-sectors may include investments in energy, agriculture, timberland, metals and mining, and other real assets.

III. INVESTABLE INSTRUMENTS AND RESTRICTED INVESTMENTS

A. Types of Allowable Investments
Any appropriate investment opportunity that has the potential for returns superior to traditional investment opportunities and is consistent with Real Assets portfolio standards and applicable law.

IV. RISK MANAGEMENT

Real Assets do not lend themselves to traditional quantitative measures of risk such as standard deviation and benchmark tracking error. Rather, risk is managed through a combination of quantitative and qualitative constraints. For Real Assets portfolio investments, the following section along with the Risk Management Guidelines for Alternative Asset Classes section identifies the most significant risks and the method of control.

A. Strategy Type Risk

The Real Assets portfolio will include a variety of alternative investment strategies, including real assets (i.e., infrastructure, natural resources, commodities, etc.) and other diversifying assets.

B. Industry Risk

Typically, private asset partnerships are permitted to invest in a wide variety of industries with limited controls. Industry risk is controlled primarily through appropriate diversification across classes and subclasses.

C. Liquidity Risk

Private asset partnership investments are illiquid and typically have expected holding periods of 10-15 years. Partnership investments are typically held until all underlying investments have been sold; selling a partnership investment prior to this point generally may result in a discount to fair market value. Liquidity risk is managed by minimizing the possibility of forced sales that may arise from exceeding maximum exposure limits or lowering asset allocation exposure limits. Asset allocation exposure is monitored by an investment pacing model maintained by Advisor/Treasury staff.

D. Leverage Risk

General partners invest capital from private asset partnerships throughout the capital structure of companies. The capital markets determine the maximum leverage available to the general partners. Treasury staff manages leverage exposure through partnership selection and portfolio construction.

Diversifying Strategies Investment Guidelines

I. INVESTMENT OBJECTIVE

The Diversifying Strategies portfolio is expected to generate long-term net returns that have low correlation and sensitivity to traditional asset class returns. Over the long-term, the Diversifying Strategies portfolio is expected to outperform its benchmark, the HFRI Fund of Funds Conservative Index. Treasury staff will periodically evaluate the Diversifying Strategies portfolio's investment objective and the benchmark.

II. ALLOCATION

In order to achieve the investment objective, the Diversifying Strategies portfolio is expected to be invested in a diversified mix of managers and investment strategies, as outlined below.

Strategy	Allocation Range
Equity Long/Short	5%-25%
Event Driven	5%-25%
Relative Value	25%-45%
Directional (Global Macro, CTA, etc.)	25%-45%

The Diversifying Strategies portfolio will generally be invested in commingled funds, fund of ones, separate accounts, or drawdown funds across strategies and managers.

Investments within the Diversifying Strategies portfolio will be classified based upon the following descriptions:

A. Equity Long/Short

Equity L/S strategies maintain positions both long and short in primarily equity and equity derivative securities. A wide variety of investment processes can be employed to arrive at an investment decision, including both quantitative and fundamental techniques; strategies can be broadly diversified or narrowly focused on specific sectors and can range broadly in terms of levels of gross and net exposure, amount of leverage employed, holding period, concentrations of market capitalizations and valuation ranges of typical portfolios.

B. Event Driven

Event driven strategies maintain positions in securities affected by extraordinary transactions or events. Events may be of a wide variety including, but not limited to, mergers, restructurings, financial distress/bankruptcy, tender offers, shareholder buybacks, debt exchanges, security issuance or other capital structure adjustments. Security types can range from most senior in the capital structure to most junior or subordinated, and frequently involve additional derivative securities.

Event driven exposure includes a combination of sensitivities to equity markets, credit markets and idiosyncratic, company specific developments. Investment insights are typically based on fundamental characteristics (as opposed to quantitative), with the realization of the thesis predicated on a specific development exogenous to the existing capital structure.

C. Relative Value

Relative Value strategies seek to generate returns by capitalizing on the mispricing of related securities or financial instruments. Generally, these managers avoid taking a directional bias with regard to the price movement of markets.

D. Directional

Directional strategies typically trade a broad range of markets in which the investment positioning is based on recent price movements or views on underlying economic variables and the impact they may have on markets. Managers may employ a variety of techniques, both discretionary and systematic analysis, combinations of top down and bottom up disciplines, quantitative and fundamental approaches, and long or short term holding periods. While individual positions may be directional in nature, over the long-term, this group of strategies is expected to have low correlation to traditional asset class returns.

III. INVESTABLE INSTRUMENTS AND RESTRICTED INVESTMENTS

A. Types of Allowable Investments

Any appropriate investment opportunity that has the potential for diversifying, additive returns to traditional investment opportunities and is consistent with Diversifying Strategies portfolio standards and applicable law.

IV. RISK MANAGEMENT

Risk is managed through a combination of quantitative and qualitative measures. Proper risk management requires an adequate level of transparency from managers into the underlying portfolios. As such, managers should provide risk and performance reporting on a regular basis. Any Advisor appointed by the OIC to advise on Diversifying Strategies portfolio should have the capacity to aggregate and analyze risk exposures on a look-through basis across all managers; however, it is important to acknowledge that due to the dynamic nature of some strategies and the intellectual property protection demands of some managers, risk analysis may not fully reflect the complete risk exposure of the portfolio at a given time. For Diversifying Strategies portfolio investments, the following section along with the Risk Management Guidelines for Alternative Asset Classes section identifies the most significant risks and the method of control.

A. Strategy Risk

The Diversifying Strategies portfolio will be broadly diversified, global, and will include a variety of managers and investment strategies. The Diversifying Strategies portfolio will also have exposure across asset classes and industry groups.

B. Industry Risk

The Diversifying Strategies portfolio will be broadly diversified across industry groups.

C. Market Risk

The Diversifying Strategies portfolio is designed to have a low overall level of sensitivity to broad market risk factors such as equity markets, interest rates, and commodity prices. The portfolio will target an expected medium to long term (3+ years) equity market sensitivity (beta) below 0.25 and a targeted volatility (annualized standard deviation of monthly returns over a market cycle) within a range of 4%-8%. Risk management processes include the monitoring of market risk factor sensitivity at both the individual fund and portfolio level.

D. Liquidity Risk

Liquidity risk includes both the underlying holdings in a hedge fund and the provisions for making redemptions from the hedge fund. Redemption provisions will be evaluated for consistency with underlying security holdings in order to reduce the risk of forced selling of holdings at inopportune times caused by other investors in the strategy. Treasury staff will monitor liquidity provisions of each individual strategy including lock-ups, gates, and withdrawal restrictions and assess characteristics of the overall Diversifying Strategies Portfolio on a regular basis. Allocations will be made to investment vehicles that offer liquidity terms appropriate for the underlying investment strategy with a preference for more liquidity, all else being equal. Generally, no more than 25% of the Diversifying Strategies portfolio should have longer than two years until the next liquidity opportunity, with at least 25% of the Diversifying Strategies portfolio offering quarterly liquidity or better and at least 50% of the Diversifying Strategies portfolio offering annual liquidity or better.

E. Leverage Risk

The use of leverage and the ability to short-sell securities are common characteristics of many diversifying investment strategies. The managers may use leverage to implement their strategies and to manage risks within their portfolio. Treasury staff determines an acceptable level for leverage for each investment. strategy type, and the overall Diversifying Strategies portfolio and monitors on an ongoing basis.

5. Additional Alternative Investment Guidelines

A. Risk Management Guidelines for Alternative Asset Classes

Private and alternative assets do not lend themselves to traditional quantitative measures of risk such as standard deviation and benchmark tracking error. Rather, risk is managed through a combination of quantitative and qualitative constraints. The following sections identify the most significant risks with CSF's private and alternative asset portfolios and the method of control. Treasury staff will document and report any deviations from these guidelines to the OIC.

a) Geographic Risk

Geographic risk is controlled through diversification across country and regional geographic exposures as measured by market value at the portfolio company level.

b) Vintage Risk

A partnership's vintage refers to the year of first capital draw and vintage risk refers to the variability of private asset commitments over time and the variability of returns generated by private asset commitments over time. Treasury staff manages the short and long-term investment pacing that minimizes vintage risk while achieving targeted exposure.

c) Manager Risk

Manager risk is the impact that a general partner has on the selection and management of underlying partnership investments. It is usually manifested in two ways: the size of the exposure to a particular partnership or series of partnerships sponsored by a given manager, and the number of general partner or manager relationships in an asset class portfolio. Partnership/manager exposure is controlled through careful selection and by limiting the commitment size to a partnership. Investments will be diversified among a range of commitment sizes which may vary due to multiple considerations.

d) Firm Risk

Firm risk is the exposure to a private asset general partner and is controlled by limiting the total exposure (defined as unfunded commitments plus market value) to commingled partnership investments operated by a general partner and its affiliates. The maximum total exposure to a general partner of a commingled fund series and its affiliates is limited to 20% of the total exposure of the asset class portfolio. The due diligence process will include a thorough review of organizational and operating risks before investment and on a continuing basis after investment.

e) Currency Risk

The Fund accepts the currency risks consistent with the geographic constraints. Private asset partnerships generally do not hedge currency risk and the Fund typically does not implement currency hedges in the private asset class portfolios.

f) Valuation Risk

Private assets lack the trading frequency to establish values and relies on an assessment process to periodically value investments. Treasury staff will rely on valuation procedures consistent with industry standards, used by general partners and subject to annual audits, for the private assets held within the Fund.

B. Private Markets Valuation 2024 (INV 1101 Appendix A)

C. Contract Execution and Funding (INV 1101 Appendix C)

6. Appendix

a) Securities Lending (INV 216)
b) Consideration of Investments and Divestiture Initiatives (INV 205)
c) Sudan and Iran Divestiture (INV 212)
d) Dodd-Frank Regulatory Compliance (INV 203)
e) Minimizing Losses (INV 211)
f) Rotating Internal Control and Operational Reviews (INV 209)
g) Proposals, Solicitations, Contracts, and Agreements (INV 207)
h) Consulting Contracts (INV 210)

Investment Guidelines
for
The State Accident Insurance Fund (SAIF)

Adopted January 22, 2025

Table of Contents

INV 1002: SAIF Asset Class Investment Guidelines

1. Introduction

To accomplish the prudent and efficient implementation of investment policies established by the Oregon Investment Council (OIC), Oregon State Treasury (OST) created the SAIF Investment Guidelines (hereinafter referred to as the "Investment Guidelines") to participate in attractive long-term investment opportunities for the programs under the responsibility of OST, including the State Accident Insurance Fund (SAIF and also known as “the Fund”). As opportunities become available, OST will invest assets prudently, productively and in a manner consistent with objectives, OIC policies and applicable law.

Purpose

The Investment Guidelines provide the broad strategic framework for managing the asset class portfolios in conformity with the IPS of the State Accident Insurance Fund (INV 1001).

2. Overview

Portfolio investments provide an appropriate complement to SAIF's investment portfolio, and are consistent with SAIF's general objectives, including:

- Generating a long-term return commensurate with an appropriate level of risk;
- Preserving capital in order to meet benefit/expense payment obligations;
- Generating stable and predictable investment revenue; and
- Maintaining sufficient liquidity to meet SAIF cash needs.

Portfolio investments should exhibit differentiated (i.e., less correlated) returns relative to other Fund assets and therefore the Portfolio is expected to provide diversification benefits to the Fund.

3. Roles and Responsibilities

Pursuant to the applicable provisions of ORS 293, the OIC has the authority to set investment policies for the Fund. The OIC has the responsibility to ensure that all investments are managed in a manner that is consistent with the policies and objectives of the Fund.

Reference the below policies for further information on roles and responsibilities.

a) *SAIF IPS (INV 1001)*
b) *OST Asset Class Committee (INV 1102)*
c) *OST Investment Committee (INV 1101)*
   i. *Manager selection process – (INV 1101 Appendix B)*

4. Asset Class Investment Guidelines

The asset class investment guidelines for each of SAIF’s asset class portfolios are outlined in this section.

Fixed Income Investment Guidelines

I. INVESTMENT OBJECTIVE

The Fixed Income portfolio is expected to outperform the policy benchmark on a net-of-fees basis. The benchmark is a custom fixed income benchmark consisting of: 5% JPM CLOIE Index, 15% Bloomberg U.S. Government Index, 20% Bloomberg Mortgage Backed Fixed Rate Security Index, 50% Bloomberg Corporate Index, 5% Bloomberg Ba to B U.S. High Yield 2% Issuer Cap, and 5% Bloomberg U.S. Credit Long Index, over a market cycle of three to five years. Any changes to the policy benchmark will be approved by the OIC.

Investment objectives of the Fixed Income portfolio are to:

- Provide a positive cash flow.
- Dampen overall fund volatility.
- Provide positive real rates of return.
- Provide an asset class that supports the Fund’s cash needs.
- Control market value risk in event of severe cash flow downturns.
- Maintain a well-diversified fixed income portfolio through dynamic, flexible management.
- Manage the portfolio to maximize total return while minimizing trades resulting in recognized losses.

II. ALLOCATION

The fixed income allocation shall consist primarily of U.S. investment grade fixed income securities represented within the benchmark indexes. 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.

III. INVESTABLE INSTRUMENTS AND RESTRICTED INVESTMENTS

A. Allowable Investments

The following fixed income securities, individually or in commingled vehicles, may be held outright and under resale agreement:

- Obligations issued, assumed, or guaranteed by the U.S. Government or its agencies;
- Obligations of U.S. and non-U.S. corporations;
- Obligations of international agencies, supranational entities and foreign governments (or their subdivisions or agencies),
- Obligations issued or guaranteed by U.S. local, city and state governments and agencies;
- Securities defined under Rule 144A and Commercial Paper defined under Section 4(2) of the Securities Act of 1933;
- Asset Backed Securities (including BBB- rated and above CLOs); and
- Yankee Bonds (dollar denominated sovereign and corporate debt);

B. Restricted Investments and Portfolio Limits

All investable instruments and restricted investments shall be determined by Treasury staff on a strategy-by-strategy basis and explicitly defined in each externally managed strategy’s investment management agreement (IMA) and guidelines or offering memorandum.

- No more than 12.5% of the total fixed income portfolio, at market value, may be maintained in securities rated less than Baa3 (NAIC class code 3-6).
- There shall be a maximum of 25% in any one industry, or Government Agency Debentures, excluding Agency Mortgage-Backed Securities. The maximum 25% exposure in one industry

shall be applied to the Bloomberg level two sector weightings. FNMA and FHLMC shall be constrained to a 25% maximum per issuer. Mortgage-Backed Securities are excluded from the debt limit for "agencies."

- All securities must be denominated in U.S. Dollars.
- There shall be no use of leverage in any fixed securities (excluding use of securities in a securities lending program). Securities such as ABS and CMBS shall not be considered as using leverage unless they are part of a broader structure that explicitly use leverage.
- Taxable Build America Municipal Bonds (BABs) issued by entities located in the State of Oregon are not permitted.
- The maximum allocation to each fixed income sector shall be limited to a percentage of the total market value of the fixed income portfolio, as follows:
  - U.S. Treasury Notes 100%
  - U.S. Government Agencies 50%
  - Mortgage-Backed Securities (Pass Though and CMO) 40%
  - Commercial Mortgage-Backed Securities 10%
  - U.S. Corporates 85%
  - Asset Backed Securities (including AAA rated CLOs) 25%
  - Non-U.S. Dollar Denominated 0%
  - Tax-Exempt Municipal Bonds 0%
  - Taxable Municipal Bonds 25%
  - Structured Securities (Combined MBS, CMBS, ABS) 50%
  - Surplus Notes and Hybrid Securities combined 5%
  - Emerging Market Debt 5%
  - Bank Loans 5%

IV. RISK MANAGEMENT

The OIC believes that the likelihood of realization of the investment objectives is enhanced through diversification, and per ORS 293.726, the Treasury Staff has a duty to diversify the investments of the Fund unless it is not prudent to do so. The Fixed Income portfolio will aim to diversify assets among various sectors, regions, maturities, quality, and sub-asset class types. The Fixed Income portfolio will maintain a duration within parameters as defined by Treasury staff, with CIO approval.

In addition, the following strategy parameters will be followed:

- Maintain an overall portfolio credit quality rating of at least "A2"/A or higher using a rating to worst methodology[1].
- Maintain an average bond duration level of +/-20% of the custom fixed income benchmark). This benchmark was designed to support a strategic duration target of approximately 5 years.

V. REBALANCING

[1] Credit Ratings: With respect to compliance with these Investment Guidelines, the rating agencies include Moody's Investor Service, Standard & Poor's and Fitch Investor Service. If a security is rated by two or more rating agencies, the lower rating will apply. For certain securities, such as newly-issued bonds, expected credit ratings may be used until actual credit ratings are assigned by the credit rating agencies. In such cases, the securities may be purchased if it is anticipated that rating agencies will assign ratings that are compliant with the investment guidelines. Should the actual credit rating assigned to a security diverge from the expected rating, it will not be deemed a breach of these investment guidelines, but the managers and Treasury staff will consult on a strategy to ultimately achieve policy compliance. If an issue remains unrated by these rating agencies or it is anticipated that it will not be rated, then the managers and Treasury staff will consult on a strategy to ultimately achieve policy compliance.

With CIO approval, Treasury staff shall have discretion to rebalance between and among managers within the Fixed Income portfolio. The aggregate structural characteristics of the Fixed Income portfolio will be considered during such rebalancing, while re-allocations between asset classes shall remain governed by OIC Policy.

If the Fixed Income portfolio is found to be out of compliance with one or more investment guidelines or is being managed inconsistently with its objectives, Treasury staff shall take appropriate action as soon as is prudently feasible. Actions to bring the Fixed Income portfolio back into compliance shall be communicated to and approved by all relevant parties.

VI. BROKERAGE AND OTHER INVESTMENT RELATED EXPENSES

All securities transactions shall be executed by reputable (i.e., properly registered with the SEC) broker/dealers or banks (including any bank acting as custodian) and shall be at a best price and best execution basis. Investments shall possess value and quality corroborated by accepted techniques and standards of fundamental economic, financial and security analysis.

Public Equity Investment Guidelines

I. INVESTMENT OBJECTIVE

The Public Equity portfolio is expected to provide one of the highest expected returns among approved SAIF asset classes. Over the long-term, public equity returns are expected to exceed inflation.

Investment objectives of the Public Equity portfolio are to:

- Enhance total Fund return by investing in a broadly diversified portfolio of stocks.
- Achieve a return in line with the benchmark, the MSCI All Country World Index Investable Market Index (ACWI IMI) (net), less fees for an all-passive portfolio. Enhanced or active portfolios should achieve returns above the benchmark on a net-of-fees and risk-adjusted basis over a full market cycle.

II. ALLOCATION

The Public Equity portfolio shall be structured on a global basis, seeking to loosely replicate the region and market capitalization characteristics of the investable universe of public equity securities. A combination of active and passive strategies may be used across multiple vehicle types including but not limited to mutual funds, ETFs, commingled funds, and separately managed accounts.

The size of any allocation to a given investment strategy will be determined by numerous considerations, including but not limited to, that strategy's expected role within and impact on the broader portfolio, Treasury staff's confidence in the strategy's manager, the manager's investment style, the capacity available in/with a particular strategy/manager, and fees.

III. INVESTABLE INSTRUMENTS AND RESTRICTED INVESTMENTS

A. Allowable Investments

Externally managed strategies shall primarily invest in publicly traded global common stock.

B. Restricted Investments

All investable instruments and restricted investments shall be determined by Treasury staff on a strategy-by-strategy basis and explicitly defined in each externally managed strategy’s investment management agreement (IMA) and guidelines or offering memorandum.

There will be no engagement in short sales, purchases on margin, or investments in options, futures, or private placements, unless prior authorization is given by Treasury Treasury staff.

IV. RISK MANAGEMENT

The OIC believes that the likelihood of realization of the investment objectives is enhanced through diversification, and per ORS 293.726, the Treasury staff has a duty to diversify the investments of the Fund unless it is not prudent to do so. The Public Equity portfolio will aim to diversify assets among various investment managers, strategies, market capitalizations, sectors, styles, and regions.

V. REBALANCING

With CIO approval, Treasury staff has shall have discretion to rebalance between and among managers within the Portfolio. The aggregate structural characteristics of the Portfolio will be considered during such rebalancing, while re-allocations between asset classes shall remain governed by OIC Policy.

If the Portfolio is found to be out of compliance with one or more investment guidelines or is being managed inconsistently with its objectives, Treasury staff shall take appropriate action as soon as is prudently feasible. Actions to bring the Portfolio back into compliance shall be communicated to and approved by all relevant parties.

VI. BROKERAGE AND OTHER INVESTMENT RELATED EXPENSES

All securities transactions shall be executed by reputable (i.e., properly registered with the SEC) broker/dealers or banks (including any bank acting as custodian) and shall be at a best price and best execution basis. Investments shall possess value and quality corroborated by accepted techniques and standards of fundamental economic, financial and security analysis.

VII. PROCEDURES AND FORMS

Appendix A: OST Exercise of Voting Rights Accompanying Equity Securities INV 1103

Real Estate Investment Guidelines

I. INVESTMENT OBJECTIVE

The Real Estate portfolio's investment performance objective is to generate long-term, net returns to SAIF (i.e., after management fees) above a benchmark comprised of the National Council of Real Estate Fiduciaries (NCREIF) Fund Index ("NFI") Open-end Diversified Core Equity Index ("ODCE") and referred to as NFI-ODCE. Treasury staff will periodically evaluate the Real Estate portfolio's performance objective and benchmark.

This portfolio shall have multiple purposes including to:

- Enhance total return of the Fund.
- Increase the income yield of the Fund.
- Diversify risk and reduce the overall volatility of the Fund.
- Protect the Fund against inflation risks.

II. ALLOCATION

Allowable investments within the Real Estate portfolio include public and private, core and non-core (e.g. value-add and opportunistic), open-end and closed ended real estate investment funds. These funds may consist of equity and debt instruments.

The allocation ranges and targets for each sub-classification are as follows:

Investment Category	Target Allocation
Core Real Estate	75-100%
Non-Core Real Estate	0-15%
REITs	0-10%

SAIF's Real Estate portfolio consists of the following three sub-classifications:

A. Core Real Estate

Equity investments in real properties. Typical Core properties will exhibit "institutional" qualities such as good locations within local and regional markets with high quality design and construction. In general, Core properties will be well occupied, though a limited allocation may be invested in properties undergoing redevelopment, new construction or significant re-leasing. Core properties are expected to generate the majority of its returns through income.

B. Non-Core Real Estate

Portfolio is comprised of Non-Core investments in real properties, commingled funds, joint ventures, and private placements. The Non-Core portfolio may include office, retail, industrial and apartment properties, but may also target structured investments in alternative property types such as hotels, student housing, senior housing, debt, specialized retail uses, operating companies, non-performing loans, speculative developments, land, etc. Non-Core real estate may exhibit "institutional" qualities such as good locations within local and regional markets with high quality design and construction but may need redevelopment or significant leasing to achieve stabilized investment value. Non-Core investments may include development opportunities with balanced risk/return profiles.

C. REITS

Equity investments in publicly traded Real Estate Investment Trusts or publicly-traded real estate operating companies.

III. INVESTABLE INSTRUMENTS AND RESTRICTED INVESTMENTS

A. Types of Allowable Investments

Allowable investments within the Real Estate portfolio include open and closed end funds which predominately invest in commercial real estate equity and/or debt. Comparable vehicles such as private REITS or LPs are permitted.

B. Restricted Investments

Property types will be generally limited to the primary real estate sectors of office, retail, industrial, and apartment properties with a limited allowance to invest in other core property types such as storage, senior housing, and medical office. Properties will be limited to real estate markets located in the United States and distributed across the primary real estate geographic regions: West, East, South, and Midwest and must be denominated in U.S. Dollars.

IV. RISK MANAGEMENT

For Real Estate investments, the following section identifies the most significant risks and the method of control.

A. Strategy Type Risk

Treasury staff will diversify investments through exposure to a variety of real estate debt and equity investment strategies. Diversification shall be obtained by participation in one or more diversified commingled investment vehicles.

B. Property Type Risk

The real estate portfolios shall be diversified across property types.

C. Geographic Risk

Geographic risk is controlled through diversification across regional geographic exposures in the U.S. as measured by market value at the portfolio company level.

D. Liquidity Risk

The OIC and SAIF are mindful of both the potential volatility and the lower level of liquidity of the real estate market and choose to dampen both of these potential risks through the diversification and liquidity inherent in institutional fund vehicles.

E. Valuation Risk

Private assets lack the trading frequency to establish values and relies on an assessment process to periodically value investments. Treasury staff will rely on valuation procedures consistent with industry standards, used by general partners/fund managers and subject to annual audits.

F. Leverage

The use of leverage is a prudent tool for enhancing returns and diversifying equity investments, though it does raise the risk profile of the portfolios. Use of leverage is permissible within the Real Estate asset class, subject to a maximum of 40 percent as measured at the fund level.

Private Credit Investment Guidelines

I. INVESTMENT OBJECTIVE

The Private Credit portfolio's investment performance objective is to outperform the Private Credit Benchmark which is the Morningstar Leveraged Loan Index + 1.5%, net-of-fees, over a market cycle of 3-5 years. Treasury staff will periodically evaluate the Private Credit portfolio's performance objective and the benchmark.

The purposes of the Private Credit portfolio are to:
- Enhance total return of the Fund.
- Increase the income yield of the Fund.
- Diversify risk and reduce the overall volatility of the Fund.
- Reduce rising interest rate sensitivity of the Fund.

II. ALLOCATION

The Private Credit portfolio will be well-diversified by investing in a broad array of credit strategies and asset classes including corporate credit, structured credit, global credit, and real asset credit carrying both investment- and non-investment grade quality ratings.

Portfolio characteristics for the Private Credit portfolio relative to the opportunity set should include the following:
- Higher credit quality
- The ability of manager to achieve a credit rating on the investment vehicle structure and/or the underlying securities
- Conservative loan-to-value and leverage levels
- Medium term and shorter duration investments
- Covenants and other structural protections favoring asset owner

III. INVESTABLE INSTRUMENTS AND RESTRICTED INVESTMENTS

A. Types of Allowable Investments

Permitted holdings shall be defined by a funds' respective partnership agreements, fund prospectuses, or separate account agreement as negotiated and agreed upon by the OST and SAIF. Private Credit assets shall generally include, but are not limited to, the following:
- U.S. corporate credit: middle market loans, high yield, and opportunistic
- Structured credit: CLO liabilities
- Global credit: European loans, European high yield, global financials, and emerging market corporates
- Real asset credit: residential real estate, commercial real estate, and infrastructure credit.

As specific private fund structures can have unique impacts to accounting treatment and regulatory requirements (i.e., higher RBC), the Private Credit portfolio should be implemented using "insurance friendly" fund vehicles if and when possible.

B. Restricted Investments

Portfolio restrictions shall be defined by a funds' respective partnership agreements, fund prospectuses or separate account agreement as negotiated and agreed upon by the OST and SAIF. All securities must be denominated in U.S. Dollars.

IV. RISK MANAGEMENT

Risk is managed through a combination of quantitative and qualitative measures. For Private

Credit portfolio investments, the following section along with the Risk Management Guidelines for Private Asset Classes section identifies the most significant risks and the method of control.

A. Diversification Risk

The OIC and SAIF recognize the need for an appropriate level of diversification to minimize the risk of large losses to the Fund. The Private Credit portfolio seeks to mitigate such risks by investing in a diversified portfolio across a broad mix of industry sectors, asset types, number of holdings, counterparties, and duration.

B. Liquidity Risk

Private asset investments are illiquid and typically have expected holding periods of 7-10 years. Investment vehicles utilized for Private Credit investments shall be considered illiquid and as such SAIF will exclude the asset class as a short-term source for money to be used in the payment of expenses, claims, or other funding purpose. Where appropriate, SAIF may access available liquidity from private credit assets so long as it does not affect fund diversification, fees, strategy or other structural characteristics in a manner inconsistent with policy objectives.

C. Default Risk

Private Credit securities are typically below investment-grade quality and have a higher potential for default than investment-grade securities. Default risk will be mitigated by investing in highly diversified funds consisting of multiple borrowers across various industries.

D. Vintage Risk

A partnership's vintage refers to the year of first capital draw and vintage risk refers to the variability of private asset commitments over time and variability in returns generated by private asset class commitments over time. Treasury staff manages the short and long-term investment pacing that minimizes vintage risk while achieving targeted exposure.

5. Appendix

a) Securities Lending (INV 216)
b) Consideration of Investments and Divestiture Initiatives (INV 205)
c) Sudan and Iran Divestiture (INV 212)
d) Dodd-Frank Regulatory Compliance (INV 203)
e) Minimizing Losses (INV 211)
f) Rotating Internal Control and Operational Reviews (INV 209)
g) Proposals, Solicitations, Contracts, and Agreements (INV 207)
h) Consulting Contracts (INV 210)

TAB 6

PRIVATE EQUITY

ANNUAL REVIEW

January 22, 2025

OPERF Private Equity Annual Review & 2025 Plan

OREGON
STATE
TREASURY

Agenda

		OIC Investment and Management Beliefs Mapping																	
Section	**Pages**	**1A**	**1B**	**1C**	**2A**	**3A**	**3B**	**3C**	**3D**	**4A**	**4B**	**5A**	**6A**	**6B**	**7A**	**8A**	**8B**	**9**	**10A**
Agenda	2	■	■	■															
Private Equity Strategic Role	3	■	■	■								■	■	■					
Private Equity Portfolio Positioning	4	■	■	■															
Executive Summary	5																		
2024 Year In Review	6-12				■	■	■	■	■				■	■					
Returns & Attribution	13-22				■	■	■	■	■	■	■	■	■	■		■	■		
Portfolio Review	23-36			■	■	■	■	■	■	■	■		■	■		■	■	■	■
Closing	37																		
Appendix	38-58																		

LEGEND: OIC INVESTMENT AND MANAGEMENT BELIEFS

1) THE OIC IS A POLICY-SETTING COUNCIL

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

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

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

3) OPERF HAS A LONG-TERM INVESTMENT HORIZON

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

4) ASSET ALLOCATION DRIVES RISK AND RETURN

- **A. Asset allocation is the OIC's primary policy tool for managing the investment program's long-term risk/return profile.**
  - Decisions regarding strategic asset allocation will have the largest impact on the investment program's realized return and risk.
  - The timing and magnitude of projected employer contributions and future benefit payments have significant cash flow implications and thus will receive explicit consideration during the OIC's asset allocation decision-making process.
- **B. Portfolio construction, including diversification and correlation considerations, is essential to maximizing risk-adjusted returns.**

5) THE EQUITY RISK PREMIUM SHOULD BE REWARDED

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

6) PRIVATE MARKET INVESTMENTS CAN ADD SIGNIFICANT VALUE

- **A. The OIC has the potential to capitalize on its status as a true, long-term investor by making meaningful allocations to illiquid, private market investments.**
  - Private markets offer excess return opportunities that may be exploited by patient, long- term investors.
  - Opportunities within private markets can provide a diversifying risk/return profile.
  - Allocation to illiquid assets must be managed to ensure sufficient availability of cash to meet obligations.
- **B. Dispersion in private market investment returns is wide.**
  - Private market investment success is predicated on identifying skilled managers.
  - Proper investment pacing, including deliberate vintage year diversification is also an integral element of superior private market investment results.

7) CAPITAL MARKETS HAVE INEFFICIENCIES THAT CAN BE EXPLOITED

- **A. Inefficiencies that have the potential to be exploited by active management may exist in certain segments of the capital markets.**
  - Passive investment management in public markets is the most cost-effective way to achieve the beta of broad market indices.
  - While largely efficient, select segments of the capital markets can sometimes be successfully exploited by skilled active management.
  - The nature (i.e., perceived magnitude and likely duration) of such inefficiencies should inform the proposed active management strategy.

8) COSTS DIRECTLY IMPACT INVESTMENT RETURNS AND SHALL BE MONITORED AND MANAGED CAREFULLY

- **A. All fees, expenses, commissions, and transaction costs should be diligently monitored and managed to maximize net investment returns.**
  - All costs shall be monitored and controlled, these costs shall also be evaluated relative to both expected and realized net returns.
- **B. External incentive structures should be carefully evaluated to ensure proper alignment with investment program objectives.**
  - Fee and incentive structures drive both individual and organizational behavior.
  - These structures (particularly in private market strategies) should be carefully evaluated and monitored.

9) THE INTEGRATION OF SYSTEMS TO EVALUATE AND MONITOR ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) RISKS, INCLUDING PROXY VOTING, SIMILAR TO OTHER INVESTMENT RISKS HAVE

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

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

Private Equity Strategic Role

INV 1203: Investment Belief #6 – Private market investments can add significant value

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

- Private markets offer excess return opportunities that may be exploited by patient, long-term investors
- Opportunities within private markets can provide a diversifying risk/return profile
- Allocation to illiquid assets must be managed to ensure sufficient availability of cash tomeet obligations

B. Dispersion in private market investment returns is wide

- Private market investment success is predicated on identifying skilled managers
- Proper investment pacing, including deliberate vintage year diversification is also anintegral element of superior private market investment results

INV 1204: Private Equity Investment Guidelines – Investment Objective

- The Private Equity portfolio's investment performance objective is to achieve long-term, net returns to OPERF above a public market analog plus an appropriate premium to compensate for illiquidity and principal risk. Specifically, the Private Equity portfolio performance should exceed the Russell 3000 Index plus 300 basis points per annum. Staff will periodically evaluate the Private Equity portfolio's performance objective, benchmark and assigned premium

9/30/2024	1 Yr.	3 Yr.	5 Yr.	10 Yr.
OPERF Private Equity	**7.2%**	**2.9%**	**13.2%**	**12.1%**
Russell 3000 + 3%	39.2%	13.7%	19.5%	16.1%
OPERF Value-Add:	*-32.0%*	*-10.8%*	*-6.3%*	*-4.1%*
MSCI ACWI + 3%	35.7%	11.4%	16.2%	12.4%
OPERF Value-Add:	*-28.5%*	*-8.5%*	*-3.0%*	*-0.4%*
Burgiss All Funds Ex. Real Assets	7.6%	3.3%	13.6%	12.7%
OPERF Value-Add:	*-0.4%*	*-0.4%*	*-0.4%*	*-0.7%*

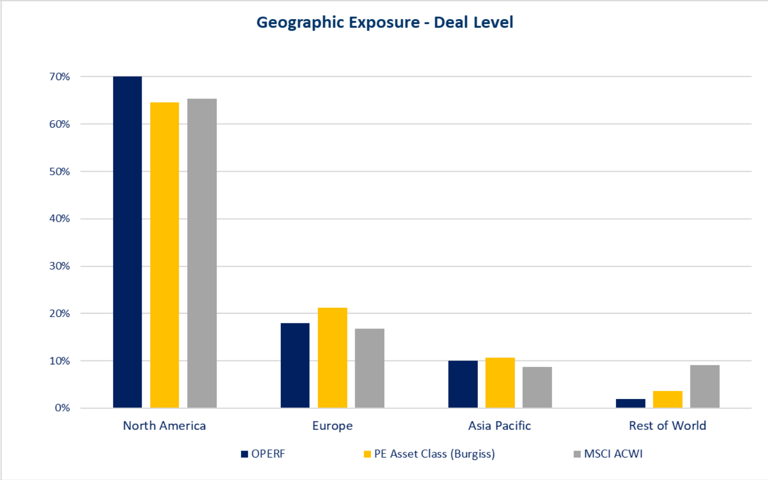
OREGON STATE TREASURY

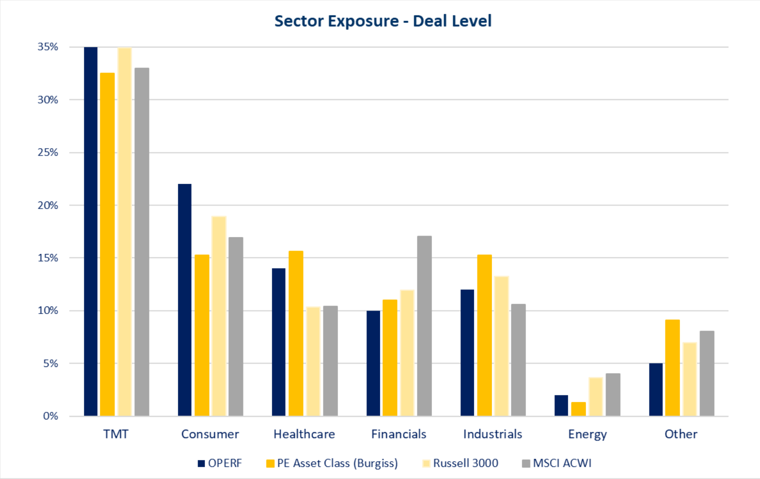
Source: OST, Aksia, Russell, MSCI, Burgiss

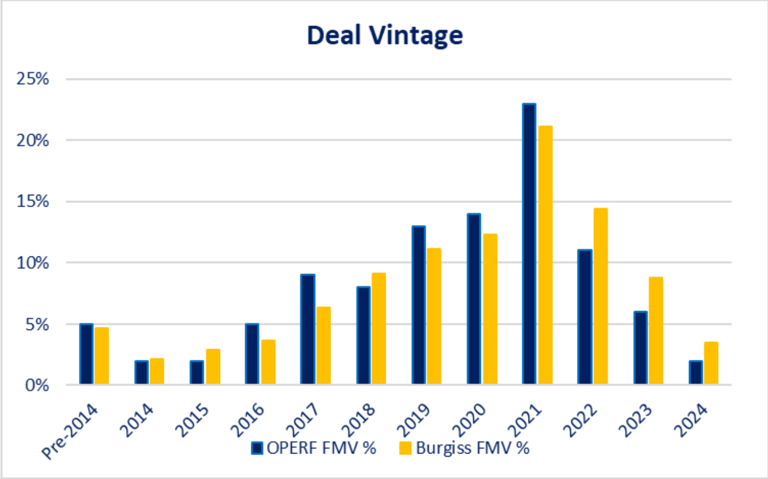
Private Equity Portfolio Positioning

INV 1204: Private Equity Investment Guidelines – Allocation

- Investments within the Private Equity portfolio will be diversified across stage/strategy, sector, geography, vintage year, manager, amongst other factors







Source: OST, Aksia, Russell, MSCI, Burgiss – 6/30/24

Executive Summary

2024 was another challenging year for the asset class…

1. Returns trailed public equities meaningfully

2. Distributions remained depressed due to low transaction volumes

3. Allocation relative to target remained stubbornly high

But there are growing signs of normalization in the environment…

2024 Year In Review

2024 was another challenging year for the asset class…

1. Investment Environment

2. Cash Flows / Allocation Relative to Target

3. 2024 Commitments

But there are growing signs of normalization in the environment…

Investment Environment

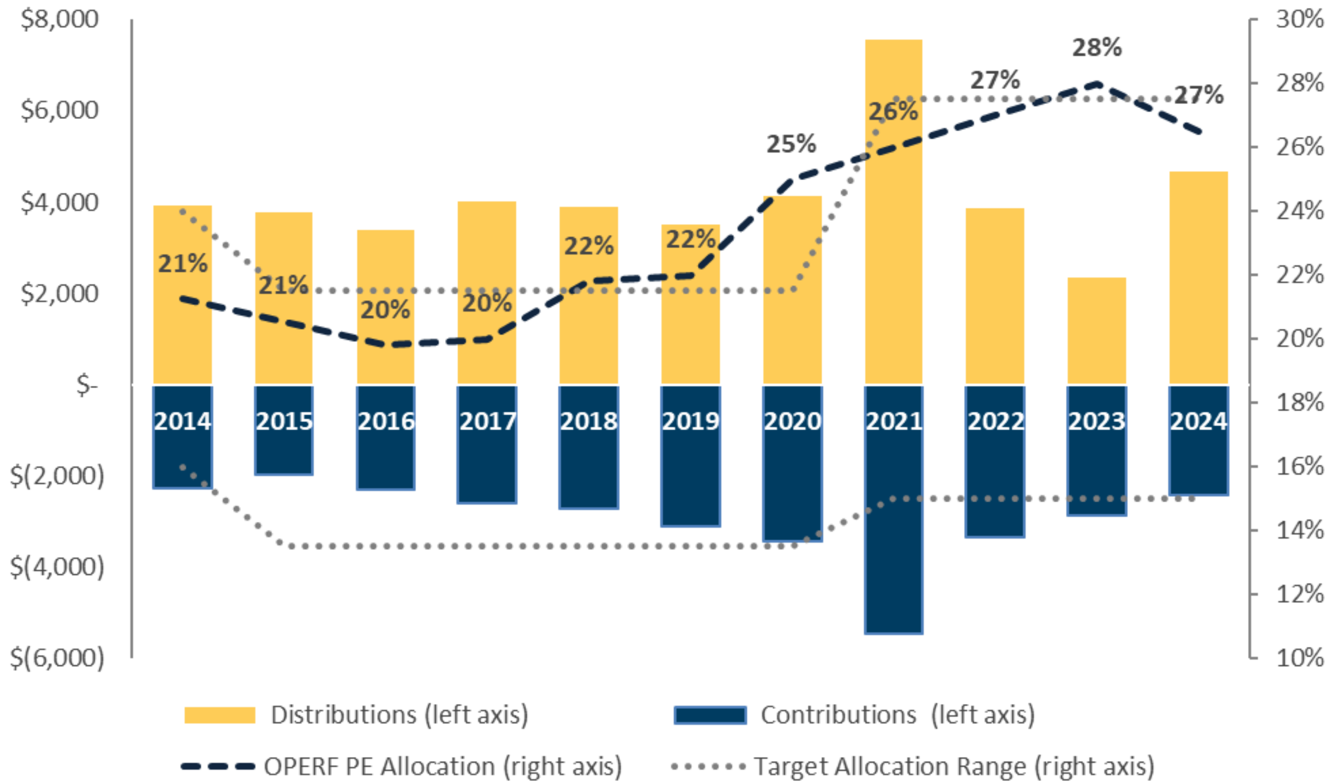
- **M&A Activity**
  - M&A activity remained depressed in 2024. While volumes were up over an anemic 2023, activity remained well below the record levels seen in 2020-2022
  - Private equity sponsors have maintained a consistent share of M&A volumes on both sides of the recent market cycle
- **Corporate Leveraged Finance**
  - New issues volumes were extremely strong in 2024, but volumes focused primarily on refinancing/repricing versus M&A
  - As a consequence of recent refinancing activities, maturities have been pushed out meaningfully since the market reset in 2022
- **Private Equity Returns**
  - The private equity asset class has meaningfully underperformed public equities in the past two years, as the rebound from the lows of 2022 has been concentrated in the rally of the "Magnificent Seven"
  - Within private equity, Europe has posted solid performance as compared to other regions, and the air continues to slowly drain from the 2020-22 bubble in Venture Capital
- **Private Equity Activity**
  - Deployment remains slow, exits remain extremely slow, and we are seeing the start of a massive slowdown in fundraising
  - The inventory of private equity backed companies continues to age in a slow exit environment
- **Additional materials on investment environment available in the appendix**

2024 was another challenging year for the asset class…

2024 Year in Review – Cash Flows

For the calendar year 2024, the private equity portfolio processed capital calls totaling ~$2.4 billion and distributions totaling ~$4.7 billion for net distributions of ~$2.2 billion

- Distributions include ~$1.2 billion of proactively generated liquidity
- As of December 31, 2024 (9/30/24 PE valuation adjusted for cash flows), the portfolio's net asset value of $26.6 billion represented roughly 26.5% of the full OPERF portfolio. This is at the top end of the OPERF's target allocation range (15-27.5%)

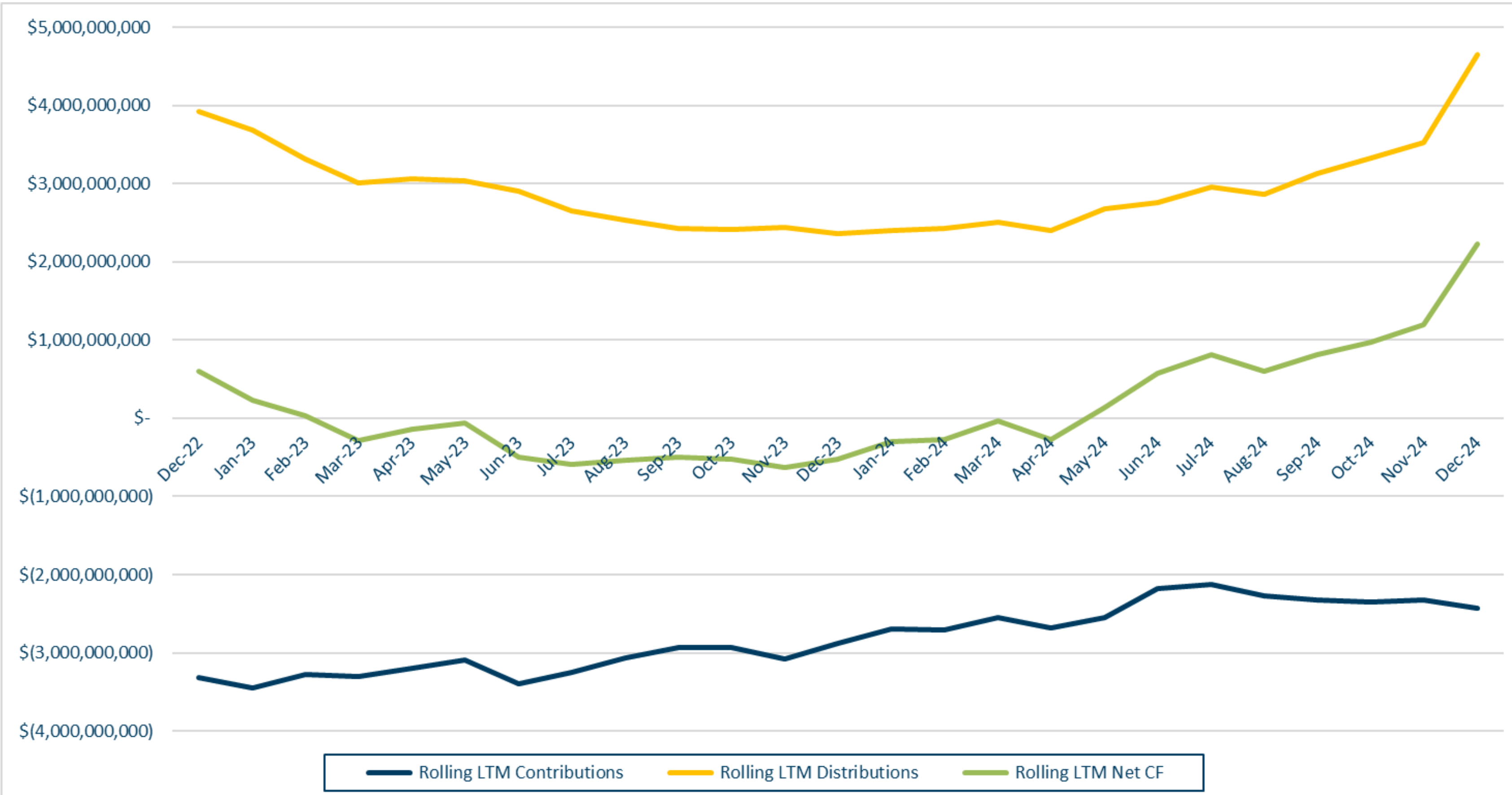


OREGON STATE TREASURY

Source: OST, Aksia, SSB

2024 Year in Review – Cash Flows

As transaction volumes gradually normalized in the second half of the year, the portfolio's cash flow profile showed signs of improvement

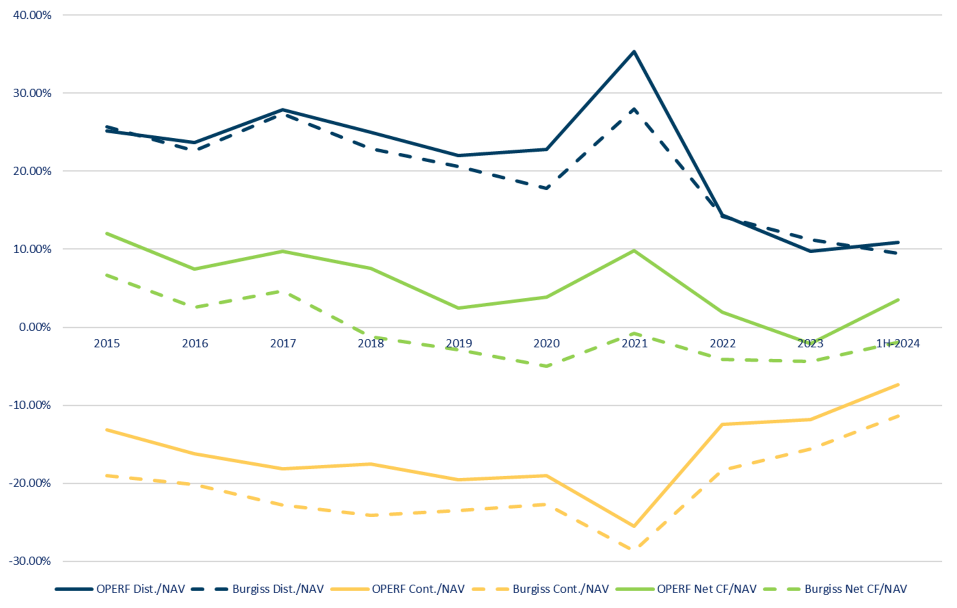


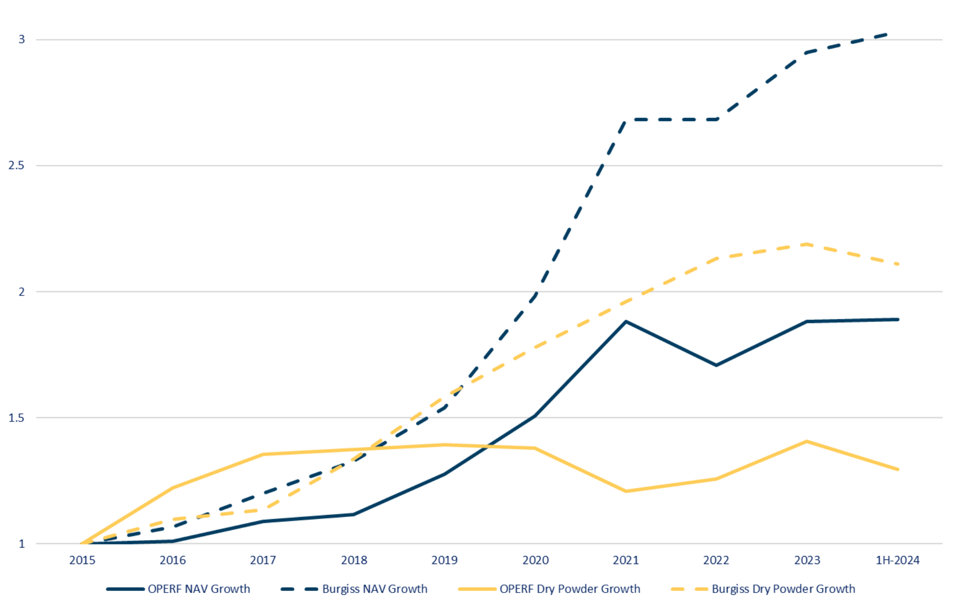
OREGON STATE TREASURY

Source: OST, Aksia

2024 Year in Review – Cash Flows

<u>While OPERF's cash flows and NAV growth have created issues in recent years, a commitment to smooth pacing over the past has created a significantly more favorable profile than that of the broader asset class</u>





Source: OST, Aksia, Burgiss

2024 Year in Review – Commitment Pacing

At $2.4 billion of total pacing, the 2024 vintage is at the low end of the target range, but medium-term pacing remains on plan

Source: OST

2024 Year in Review – Approvals

Over the course of 2024, the IC approved 8 new private equity commitments totaling $1.7 billion

- **Pacing** – $2.4 billion with evergreen commitments
- **Strategy** – 11% growth/VC & 89% buyout
- **Geography** – 75% North America, 12% Europe, 7% Asia & 7% ROW
- **Manager** – All approved managers were in the existing GP roster

	FUND NAME	SEGMENT	STRATEGY	GEOGRAPHY	COMMIT (MM)
1	Thoma Bravo XVI	Buyout	Large market - software	North America	$ 250
2	Veritas Capital Partners IX	Buyout	Upper middle market - government related	North America	$ 250
3	Luminate Capital Partners IV	Buyout	Lower middle market - software	North America	$ 150
4	Pathway Co-Inv	Co-Invest	Co-invest with OPERF GP roster	Global	$ 500
5	USV 2024	VC	Early stage venture	North America	$ 13
6	Advent LAPEF VIII	Buyout	Middle market - diversified	Latin America	$ 150
7	KKR North America XIV	Buyout	Upper middle market - diversified	North America	$ 350
8	GTCR Strategic Growth II	Buyout	Lower middle market - diversified	North America	$ 75
	TOTAL APPROVED COMMITMENTS				$ 1,738
9	General Atlantic SMA - Evergreen	Growth/VC	Growth equity - diversified	Global	$ 200
10	Pathway Co-Inv	Co-Invest	Co-invest with OPERF GP roster	Global	$ 500
	TOTAL RECYCLING/EVERGREEN COMMITMENTS				$ 700
	TOTAL 2024 PACING				$ 2,438

OREGON STATE TREASURY

Source: OST

Returns & Attribution

2024 was another challenging year for the asset class…

1. Relative Returns

2. Public/Private Equity Mismatch

3. Return Attribution

But there are growing signs of normalization in the environment…

Relative Returns – Horizon

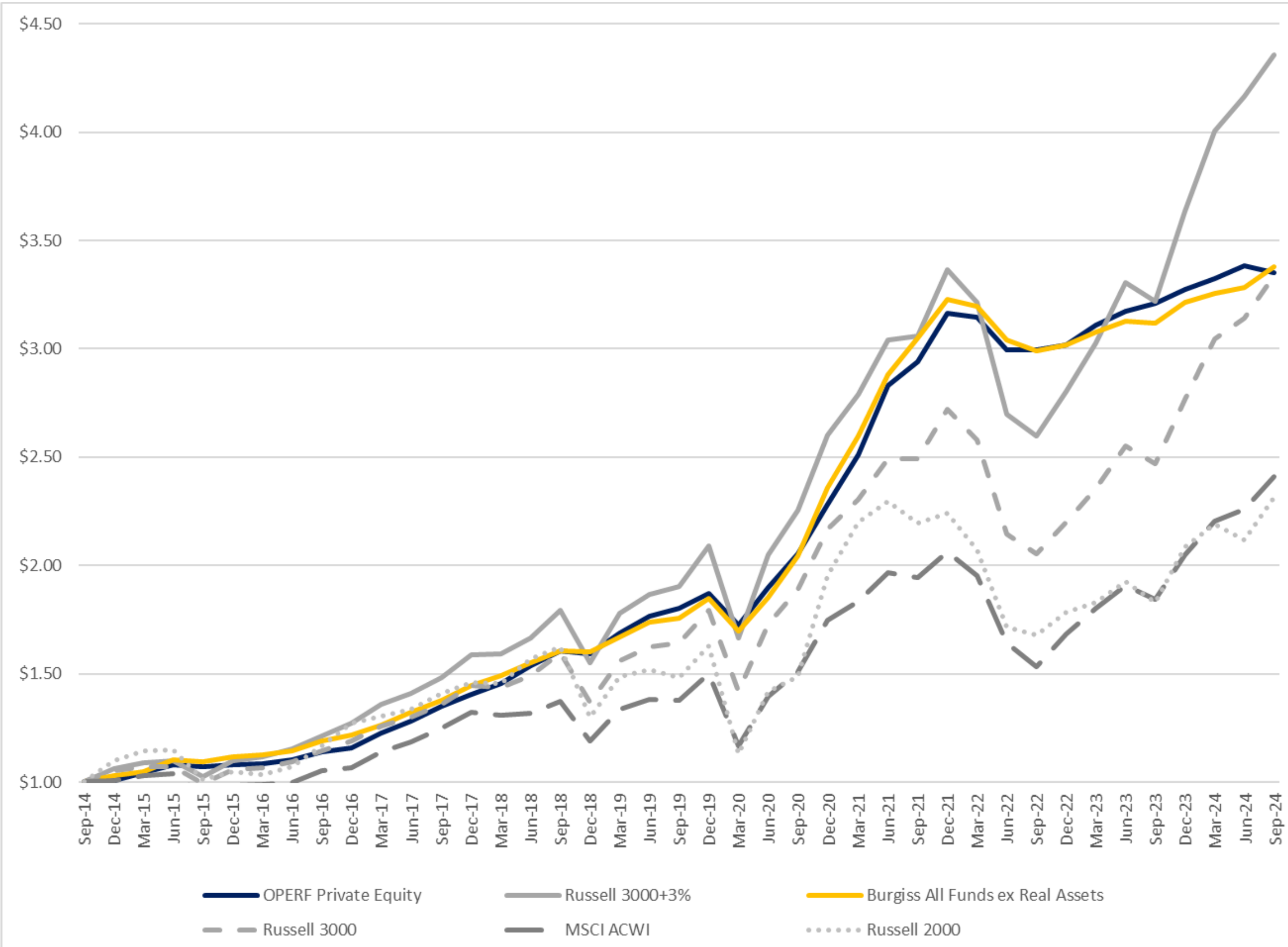
On the back of two strong years for the "Magnificent Seven", OPERF's private equity portfolio (and the private equity asset class) now trails the policy benchmark across all timeframes

9/30/2024	IRR 1 year	IRR 3 year	IRR 5 year	IRR 10 year
OPERF Private Equity	**7.2%**	**2.9%**	**13.2%**	**12.1%**
Russell 3000 + 3%	39.2%	13.7%	19.5%	16.1%
Value-Added	*-32.0%*	*-10.8%*	*-6.3%*	*-4.0%*
Russell 3000	35.2%	10.4%	16.0%	12.8%
Value-Added	-28.0%	-7.5%	-2.8%	-0.7%
Russell 2000 + 3%	30.5%	5.0%	13.8%	12.7%
Value-Added	*-23.3%*	*-2.1%*	*-0.6%*	*-0.6%*
Russell 2000	26.7%	1.9%	10.5%	9.5%
Value-Added	*-19.5%*	*1.0%*	*2.7%*	*2.6%*
MSCI ACWI + 3%	35.7%	11.4%	16.2%	12.4%
Value-Added	-28.5%	-8.5%	-3.0%	-0.3%
MSCI ACWI	31.7%	8.2%	12.9%	9.2%
Value-Added	*-24.5%*	*-5.3%*	*0.3%*	*2.9%*
Burgiss All Funds Ex RA	7.6%	3.3%	13.6%	12.7%
Value-Added	*-0.3%*	*-0.4%*	*-0.4%*	*-0.7%*
Cambridge Associates	7.3%	3.0%	13.6%	11.9%
Value-Added	*0.0%*	*-0.1%*	*-0.4%*	*0.1%*

Source: OST, Aksia, Cambridge Associates, Burgiss, Russell, MSCI

Public/Private Mismatch

Ten-year relative performance challenges for private equity are concentrated in the last five quarters

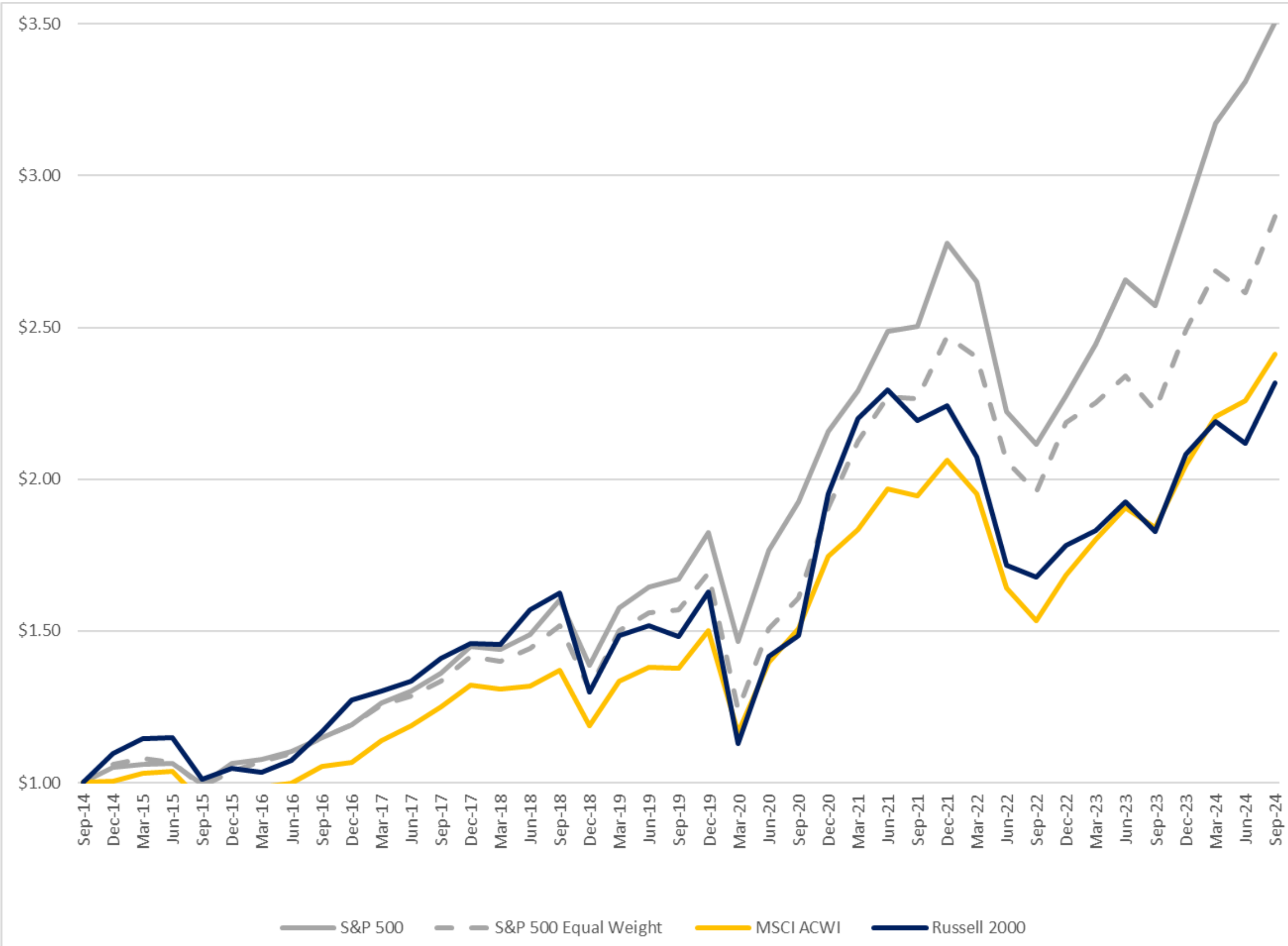


OREGON STATE TREASURY

Source: OST, SSB, Burgiss, Russell, MSCI – using quarterly time weighted returns

Public/Private Mismatch

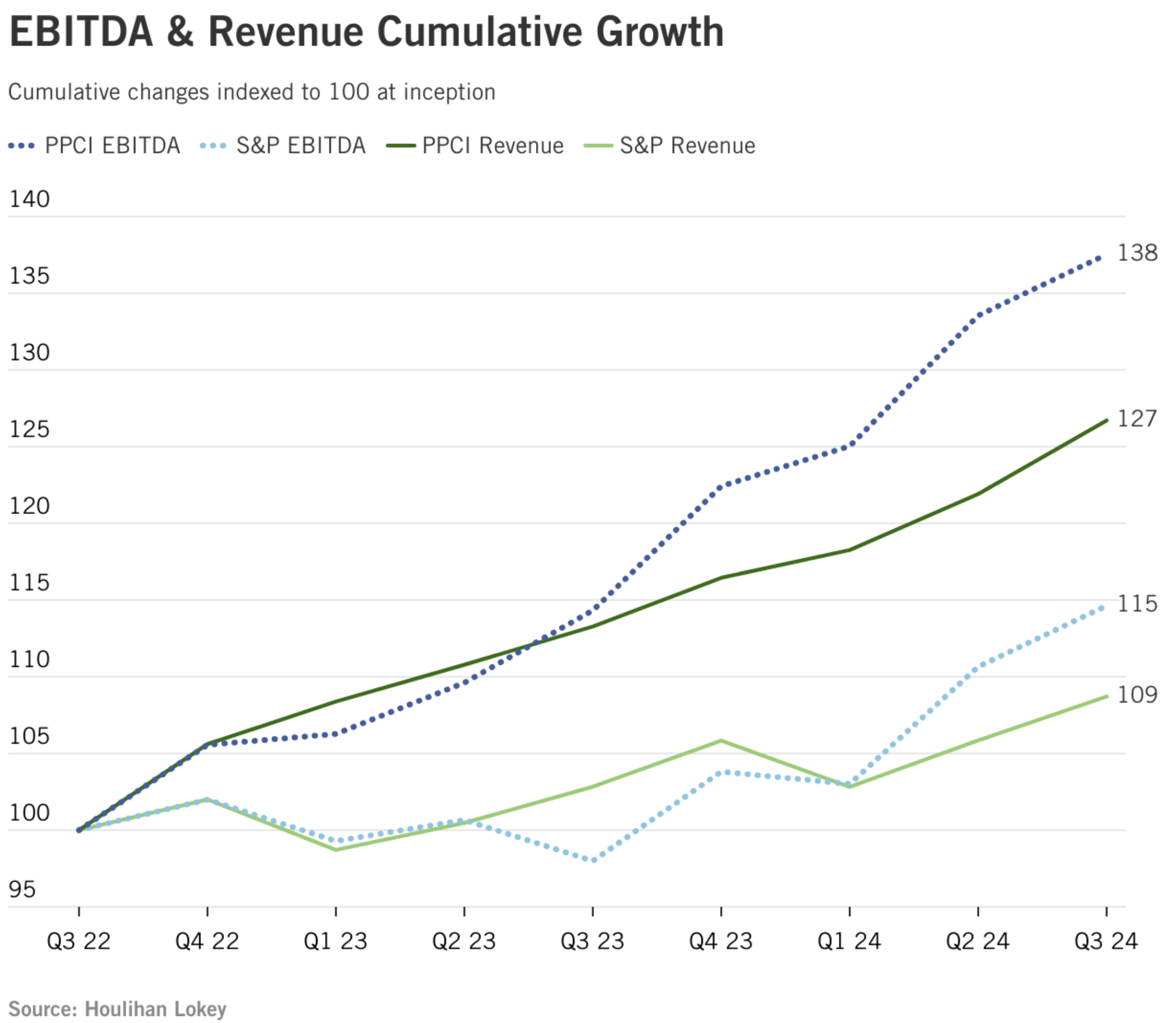
Ten-year public equity performance is increasingly concentrated in a small number of large, US technology companies ("Magnificent Seven")



Source: OST, SSB, S&P, Russell, MSCI – using quarterly time weighted returns

Public/Private Mismatch

Recent company fundamentals do not appear to support public equity's relative outperformance of the private equity asset class



Source: S&P (data for S&P 500), Houlihan Lokey (PPCI is Private Performing Credit Index, which is composed of borrowers in the private credit market)

Return Attribution – Summary

OPERF's relative performance attribution is mixed

- **Asset Allocation Factor:** sub-strategy (i.e. buyout, venture capital, growth equity, etc.) and geographic allocations

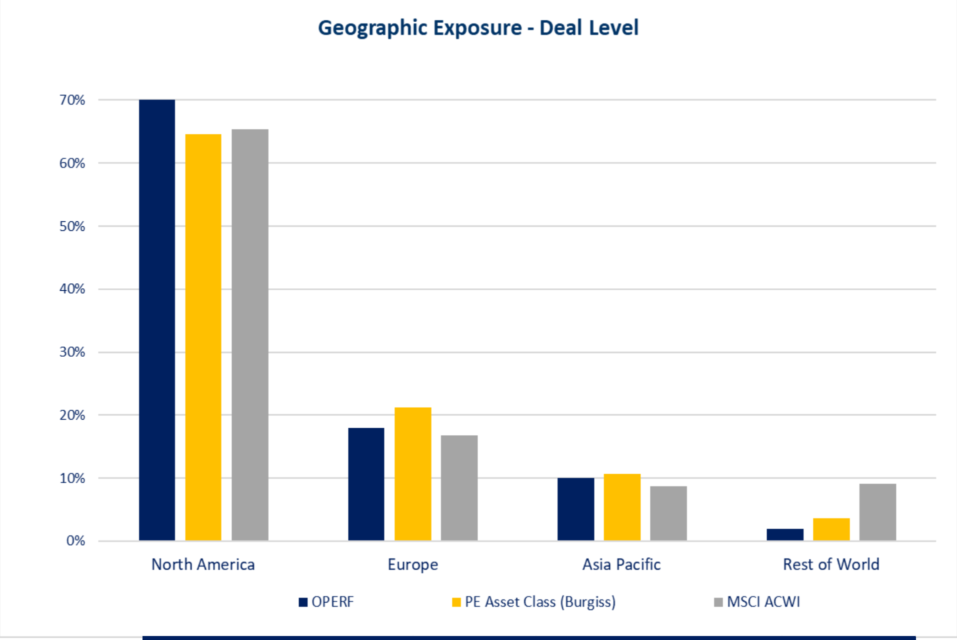
- **Timing Factor:** commitment pacing

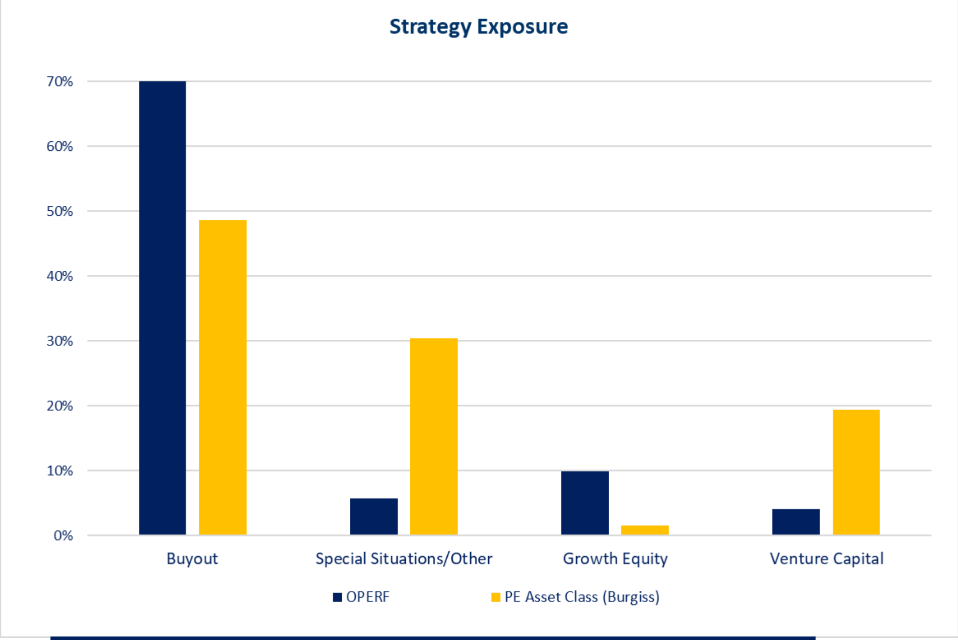
- **Security Selection Factor:** manager/ fund selection

Return Attribution – Asset Allocation

The asset allocation factor is positive

- **Geography:** OPERF's overweight exposure to developed markets remains a positive across all timeframes, but the underweight to Europe is a headwind in the past three years
- **Strategy:** OPERF's meaningful underweight exposure to VC is a detractor across longer timeframes, but it has turned into a positive over the short and medium term





9/30/2024	IRR 1 year	IRR 3 year	IRR 5 year	IRR 10 year
Burgiss All Funds Ex RA	7.6%	3.3%	13.6%	12.7%
Burgiss - North America	7.0%	3.5%	15.1%	13.7%
Value-Added	*-0.6%*	*0.2%*	*1.5%*	*1.0%*
Burgiss - Europe	12.1%	5.5%	13.6%	12.5%
Value-Added	4.5%	2.2%	0.0%	-0.2%
Burgiss - Asia Pacific	2.9%	-0.4%	8.4%	9.9%
Value-Added	*-4.7%*	*-3.7%*	*-5.2%*	*-2.8%*
Burgiss - ROW	5.3%	3.0%	6.0%	4.6%
Value-Added	*-2.3%*	*-0.3%*	*-7.5%*	*-8.1%*

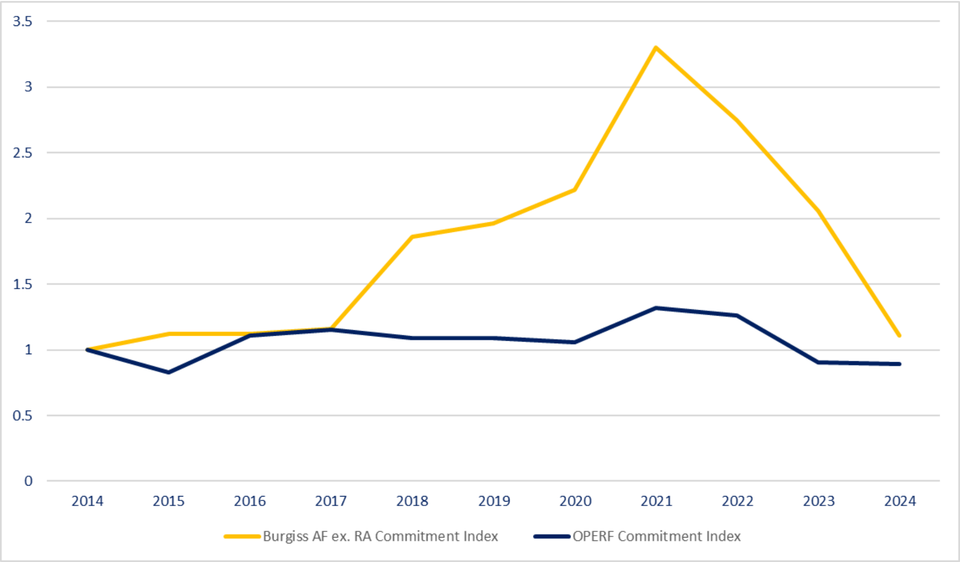
9/30/2024	IRR 1 year	IRR 3 year	IRR 5 year	IRR 10 year
Burgiss All Funds Ex RA	7.6%	3.3%	13.6%	12.7%
Burgiss - Buyout	9.0%	6.6%	15.4%	14.1%
Value-Added	*1.5%*	*3.2%*	*1.8%*	*1.3%*
Burgiss - Venture	3.2%	-5.0%	14.4%	14.8%
Value-Added	-4.3%	-8.4%	0.9%	2.1%
Burgiss - Other	8.1%	4.8%	10.4%	9.5%
Value-Added	*0.6%*	*1.4%*	*-3.2%*	*-3.3%*

Source: 9/30/24 for returns & 6/30/24 for exposures - OST, Aksia, Burgiss, MSCI

Return Attribution –Timing

The timing factor continues to normalize as we move further away from 2020-2022

- OPERF's smooth pacing strategy results in markedly different vintage year exposures as compared to the asset class given the asset class's heavy 2017-2022 vintage exposure
- This has been a drag on OPERF's relative performance due to the strong, early performance from those recent vintage years where OPERF is underweight
- While valuations have not come down meaningfully, the passage of time alone lessens the impact



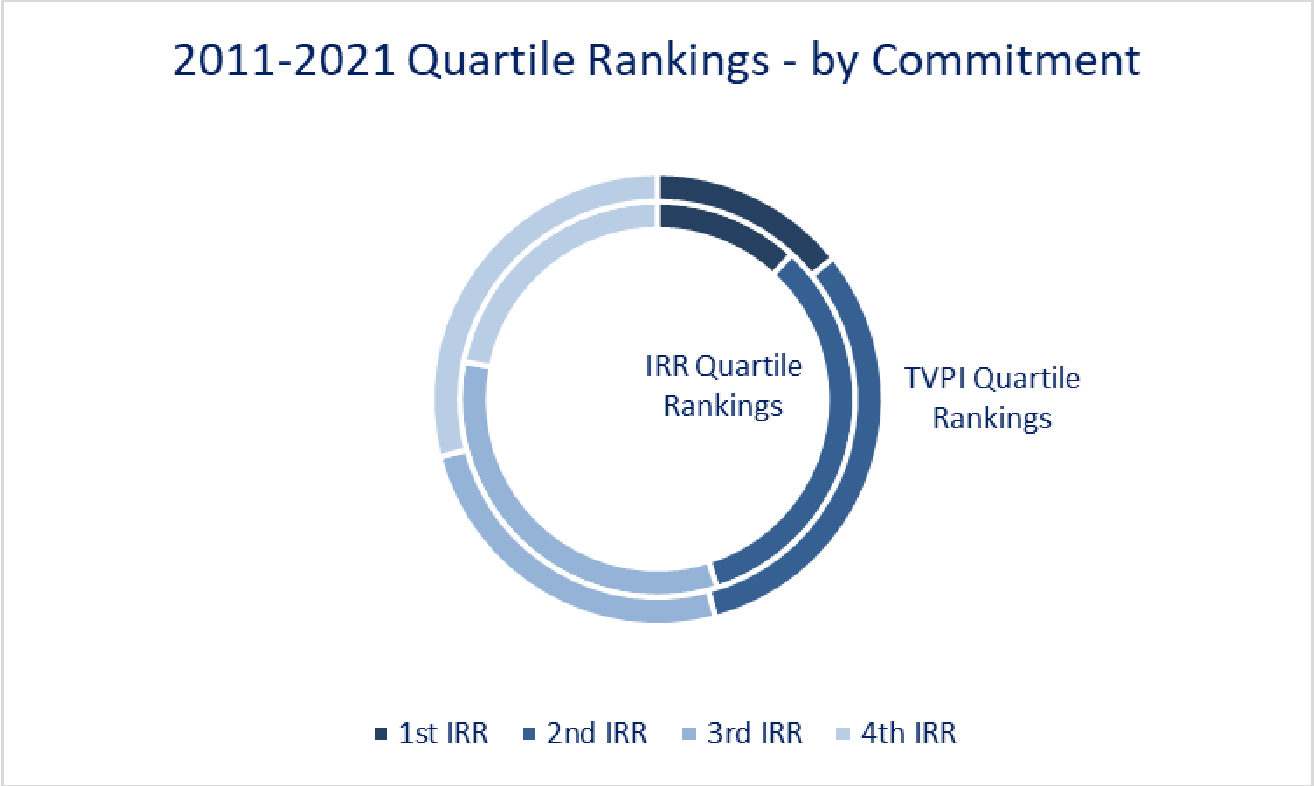
9/30/2024	IRR 1 year	IRR 3 year	IRR 5 year	IRR 10 year
Burgiss All Funds Ex RA	**7.6%**	**3.3%**	**13.6%**	**12.7%**
Burgiss AF ex. RA - 2024	N/A	N/A	N/A	N/A
Burgiss AF ex, RA - 2023	10.5%	N/A	N/A	N/A
Burgiss AF ex. RA - 2022	14.1%	N/A	N/A	N/A
Burgiss AF ex, RA - 2021	10.1%	6.5%	N/A	N/A
Burgiss AF ex. RA - 2020	9.0%	6.8%	N/A	N/A
Burgiss AF ex, RA - 2019	7.6%	6.2%	14.5%	N/A
Burgiss AF ex, RA - 2018	8.1%	5.3%	16.2%	N/A
Burgiss AF ex. RA - 2017	5.7%	3.3%	17.4%	N/A
Burgiss AF ex. RA - 2016	3.1%	1.2%	15.8%	N/A
Burgiss AF ex, RA - 2015	4.3%	0.1%	14.5%	N/A
Burgiss AF ex. RA - 2014	2.3%	-3.3%	15.0%	16.2%

Source: 9/30/24 - OST, Aksia, Burgiss

Return Attribution – Security Selection

The security selection factor is negative

- For mature commitments (2011-2021 vintages), ~60% of OPERF's fund investments as measured by commitment ranked below median as compared to funds pursuing a similar strategy in the same vintage
- OPERF's manager roster has evolved meaningfully over the past decade. Roughly half of the commitments captured in this analysis went to managers that are no longer active relationships. Further, roughly a third of the managers in the current roster are too nascent to meaningfully contribute



Source: OST, Aksia, Cambridge Associates, Burgiss. Quartile rankings as of 6/30/24

Return Attribution – Security Selection

Fund size has been a primary determinant of performance in the most recent cycle

- With an average commitment of ~$250 million per partnership, ~80% of the manager universe is mostly inaccessible to OPERF
- Small funds have significantly outperformed large funds in the five- and ten-year periods, but larger funds have performed more favorably in the one- and three-year timeframes

9/30/2024 Burgiss All Funds Ex RA	IRR 1 year 7.6%	IRR 3 year 3.3%	IRR 5 year 13.6%	IRR 10 year 12.7%
Burgiss AF ex. RA - Funds ≥ $5bn	9.4%	4.9%	13.5%	13.0%
Value-Added	*1.8%*	*1.6%*	*-0.1%*	*0.2%*
Burgiss AF ex. RA - Funds ≤ $5bn	6.8%	2.7%	13.6%	12.7%
Value-Added	-0.8%	-0.7%	0.0%	-0.1%
Burgiss AF ex. RA - Funds ≤ $1bn	5.7%	1.0%	15.0%	13.6%
Value-Added	*-1.8%*	*-2.3%*	*1.4%*	*0.9%*
Burgiss AF ex, RA - Funds ≤ $250m	3.8%	-0.9%	15.7%	14.4%
Value-Added	*-3.8%*	*-4.2%*	*2.2%*	*1.6%*

Vintages	Count		Commitment	
2015-2024	Burgiss	OPERF	Burgiss	OPERF
All Funds	100%	100%	100%	100%
Funds ≥ $5bn	3%	41%	34%	61%
OPERF Relative Weight		*37%*		*27%*
Funds ≤ $5bn	97%	59%	66%	39%
OPERF Relative Weight		*-37%*		*-27%*
Funds ≤ $1bn	77%	21%	26%	6%
OPERF Relative Weight		*-56%*		*-20%*
Funds ≤ $250m	36%	7%	5%	1%
OPERF Relative Weight		*-29%*		*-3%*

OREGON STATE TREASURY

Source: OST, Aksia, Burgiss as of 9/30/24

Portfolio Review

2024 was another challenging year for the asset class…

1. Implementation Plan

2. Portfolio Positioning

3. Pathway Update

But there are growing signs of normalization in the environment…

Implementation Plan Review

OPERF's PE implementation plan is built on three core principles:

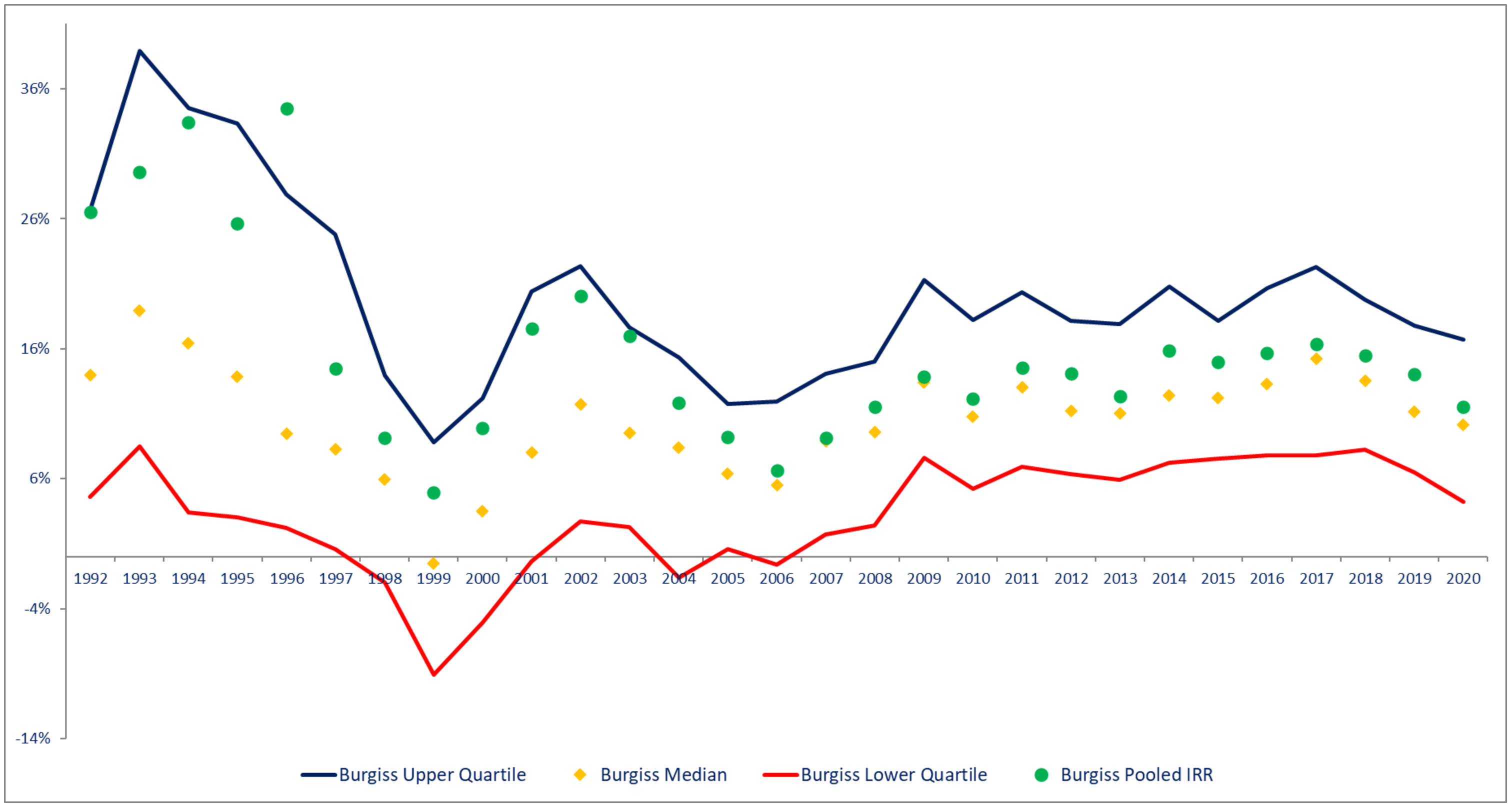
1. Focused Primary Program
   1. **~45 General Partner relationships** emphasizing an average commitment of **~$250 million per fund** to create a portfolio that is balanced by style, geography, sector, size, etc.
   2. Focus on managers capable of generating consistently strong returns via earnings/cash flow growth
2. Fee Mitigation
   1. **Co-investment** (via the outsourced program with Pathway) currently represents ~**20%** of pacing
   2. Negotiate and structure discounts where possible
3. Smooth Pacing
   1. Commit to balance vintage year pacing – current pacing plan is **$2.5-3.5 billion per annum** of new commitments to 10-15 opportunities
   2. The Enhanced Monitoring & Liquidity Program with Pathway is available to dynamically manage legacy investments/relationships as well as vintage exposures

This strategy is designed to work at scale and within the limitations presented by OPERF's total portfolio strategy & unique operating paradigm. In Staff's view, it provides the highest probability of meeting return objectives (Russell 3000 + 3% per annum) while balancing those factors

Implementation – Focused Primary Program

Focus on managers capable of generating consistently strong returns via earnings/cash flow growth:

1. History shows a large dispersion of returns (net IRR since inception) among managers, but ~80% of the manager universe is inaccessible due to OPERF's scale and operating paradigm
2. At the more efficient, large end of the manager universe, exceptional long-term returns will be created by managers producing excess earnings growth as opposed to leverage and/or multiple expansion



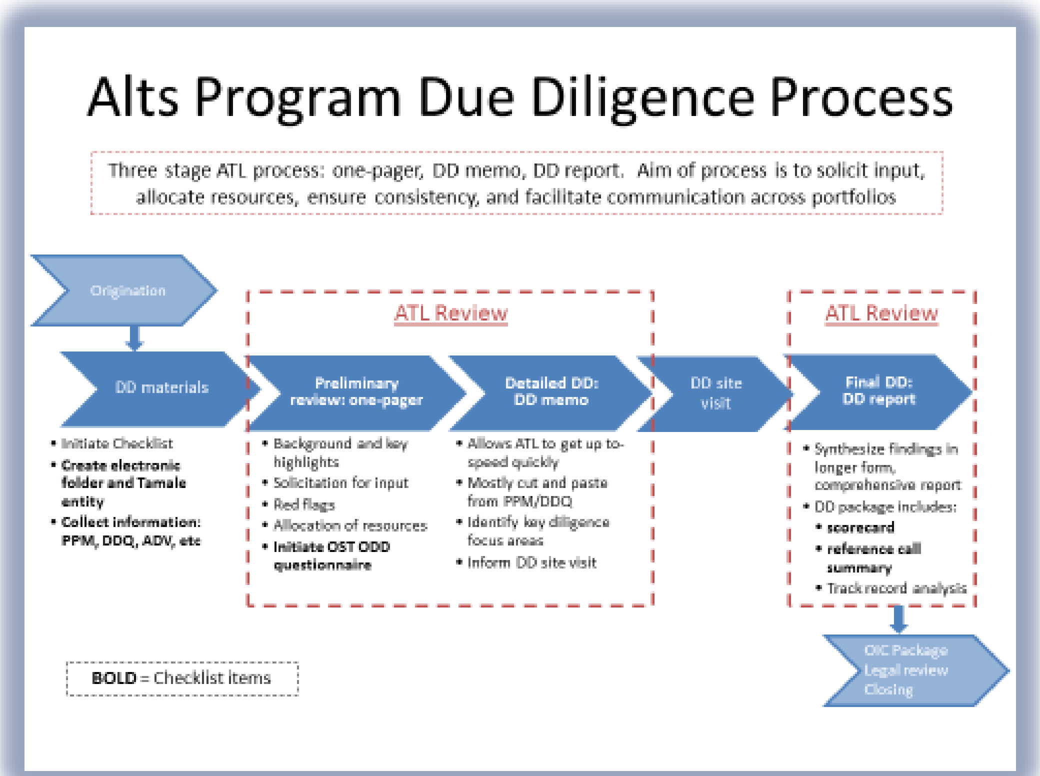
OREGON STATE TREASURY

Source: OST, Burgiss as of 9/30/24

Implementation – Focused Primary Program

Staff's manager selection and monitoring process focus primarily on a manager's ability to sustainably generate enhanced earnings growth:

1. Staff's three stage due diligence process assesses each manager's ability to generate differentiated levels on earnings growth in portfolio companies
2. The process integrates ESG & DEI into each element of the assessment (firm, team, strategy, track record, etc.)



Source: OST

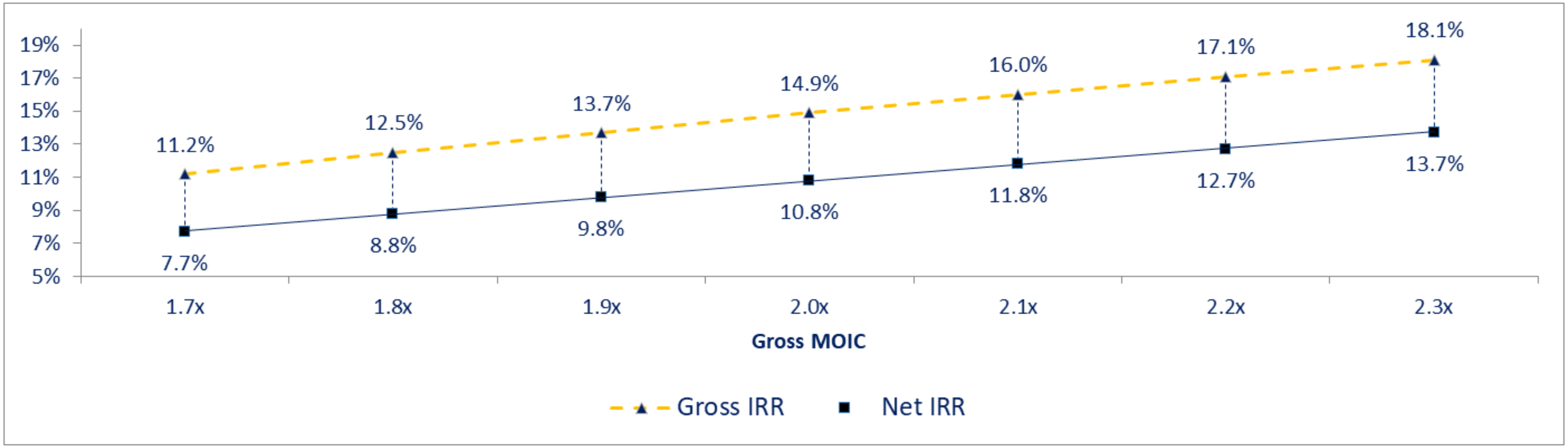
Implementation – Fee Mitigation

Co-investment currently represents ~20% of pacing:

1. As much of the manager universe is inaccessible due to OPERF's scale, leveraging that scale in pursuit of fee mitigation is required to reduce the strategy's existential reliance on exceptional levels of excess earnings growth

2. If we assume a standard 1.5% management fee, 8% preferred return and 20% carried interest, the gross-to-net spread for a private equity partnership's IRR since inception will easily be 350-500 bps per annum depending on gross returns

3. If we assume that leverage and multiple expansion will make a limited contribution, the companies in the private equity portfolio will need to generate 500-800 bps of excess earnings growth each year as compared to comparable public companies to meet OPERF's 300 bps excess return objective



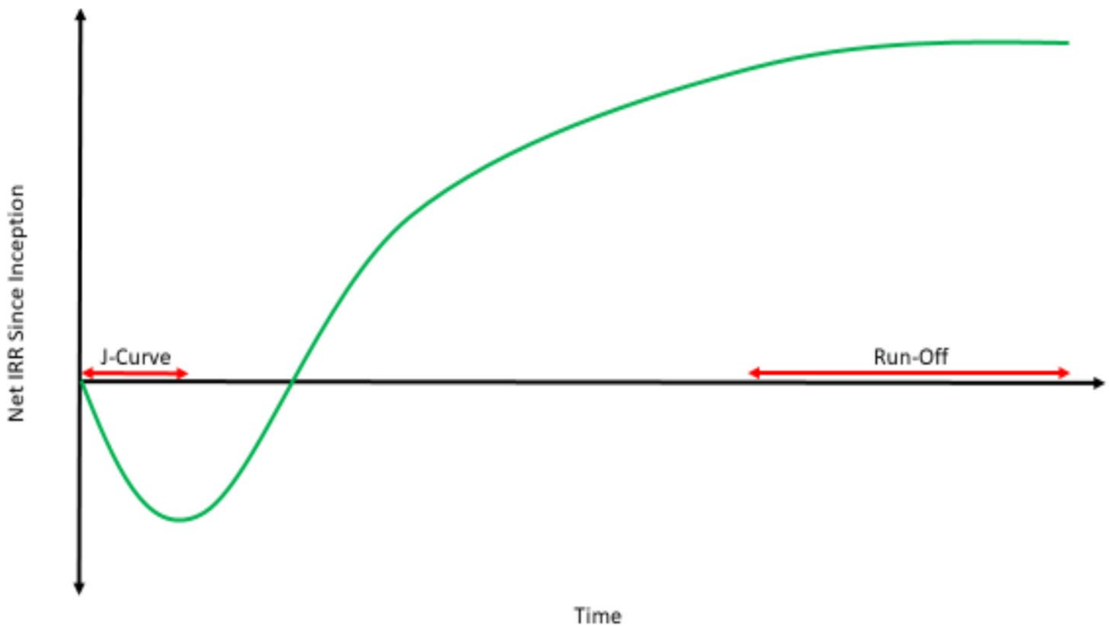
Implementation – Smooth Pacing

Commit to balance vintage year pacing – current pacing plan is $2.5-3.5 billion per annum:

1. At OPERF's scale, consistent pacing is required to develop and maintain relationships with exceptional managers. As such, consistent pacing is required to drive the first two pillars of the implementation strategy, 1) a focused primary program and 2) fee mitigation via co-investment

2. Consistent pacing represents the only strategy to neutralize market timing in an asset class poorly suited for making market timing bets (from a limited partner's perspective)

3. In addition to providing the highest probability of maintaining target exposure to the asset class, smooth pacing ensures that the portfolio's net asset value will remain most heavily weighted to the highest returning phase of the investment lifecycle. Returns in the "j-curve" and "run-off" phases are very poor, so maintaining exposure to the middle segment of the lifecycle is required to meet OPERF's return objectives in private equity



Source: OST

Portfolio Positioning

Based on the active manager roster & the most recent generation of commitments, OPERF's anticipated forward exposures are:

- **Implementation:** ~80% primary fund commitments & ~20% co-investments
- **Asset Class:** ~80-85% buyout & ~15-20% growth equity/venture capital
- **Strategy:** Upper middle market bias and a "growth" tilt
- **Geography:** ~67% North America, ~23% Europe, ~7% Asia & ~2% ROW
- **Sector:** ~33% TMT, ~13% industrial, ~10% business services, ~16% consumer, ~15% healthcare & ~11% financial services
- **Manager:** The current, active roster is light relative to plan at just more than 30 managers

Source: OST

Pathway Update

Pathway at a Glance

PRIVATE MARKET SPECTRUM		GLOBAL REACH		FULL-SERVICE MODEL
1991 Founded	**100%** owned by its 22 partners	**248** Staff	**>$90 billion** in global AUM[b]	**23 years'** average investment experience[c]

[a]Strategic alliance with Tokio Marine Asset Management. [b]Represents roll-forward market value plus undrawn capital as of September 30, 2024. [c]Represents Pathway's 22 investment partners.

OREGON STATE TREASURY

Source: Pathway

Pathway Update

OPERF Program Overview

Pathway provides custom solutions to OPERF to address key strategic focus areas:

- Mitigating gross-to-net spread
- Leveraging the OPERF private equity team's capacity
- Managing private equity NAV

PRIVATE EQUITY CO-INVESTMENTS: PPEF III-CO (Commenced in 2019)

- **$2.4b** Commitments[a]
- **130** Co-investments[a]
- **30** Designated GPs
- **$302m** Fee/Carry Savings[b]

MONITORING AND LIQUIDITY SOLUTIONS: PATHWAY IMA (Commenced in 2020)

- **51** General Partners
- **97** Partnerships
- **1999-2021** Vintage Years
- **$4.5b** Proceeds

[a]Reflects activity from inception through December 31, 2024.
[b]As of September 30, 2024.

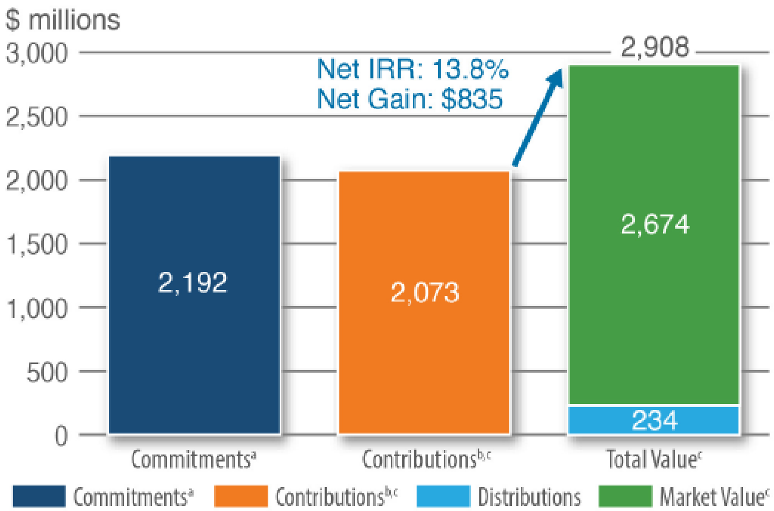
OREGON STATE TREASURY

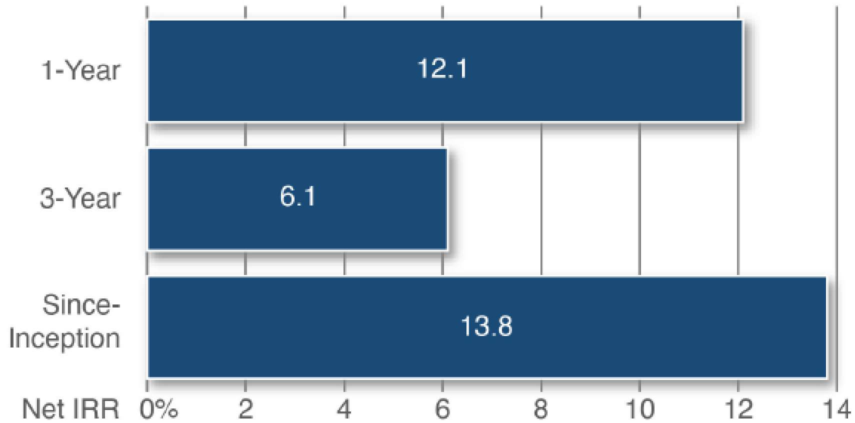
Source: Pathway

Pathway Update

Co-investment Program

PPEF III-CO PERFORMANCE
At September 30, 2024





- Sourcing: 100% from OPERF GP relationships
- Selective and systematic deployment of capital
- No annual management fee or carried interest on any co-investment to date
- Realized Performance: 10 realized and partially realized co-investments have generated a gross IRR of 26.3% and a gross MOIC of 2.2x (net IRR of 25.7% and net MOIC of 2.2x).[1]

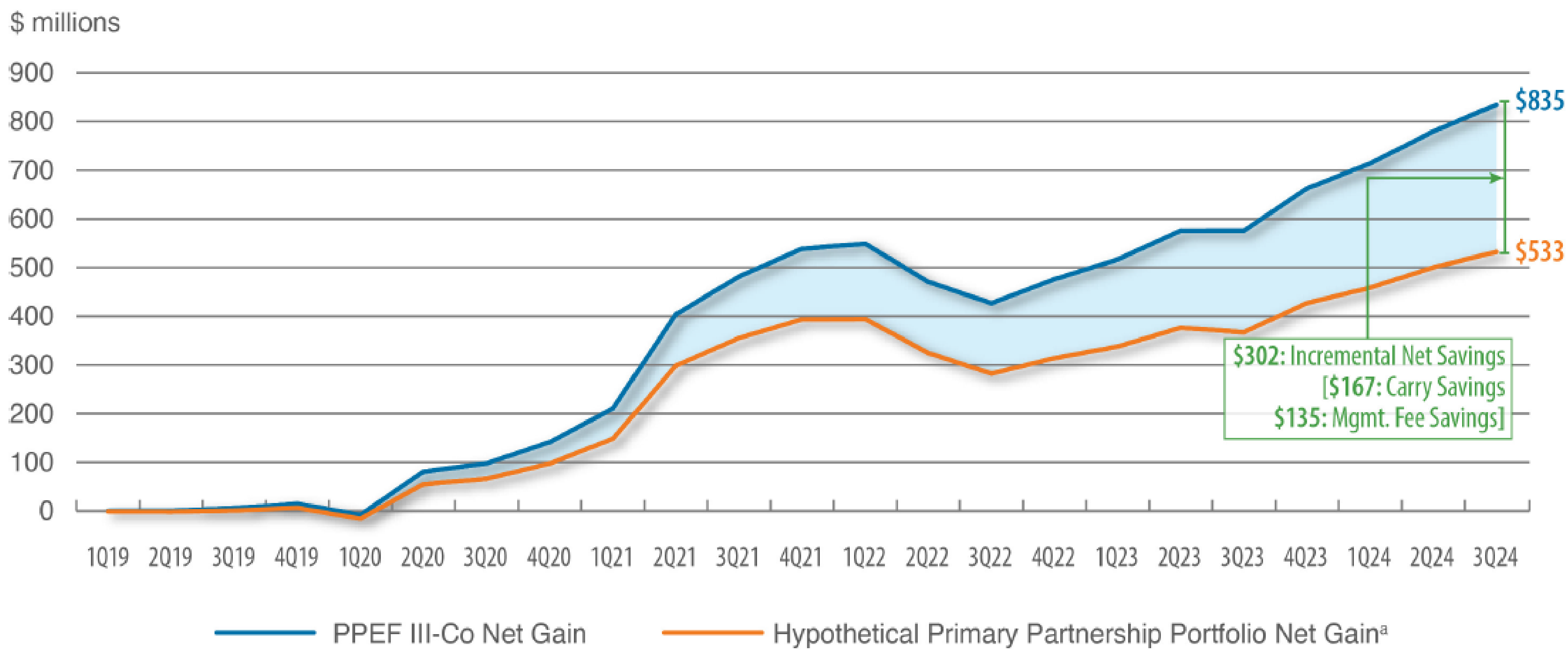
NOTE: Amounts may not foot due to rounding.
[a]Commitments to non-USD-denominated investments are accounted for by multiplying unfunded commitments by the quarter-ending exchange rate, then adding the result to cumulative capital contributions, causing commitments to non-USD-denominated investments to fluctuate quarterly.
[b]Includes capital contributed for management fees called outside the total commitment.
[c]Includes contributions and market values of underlying co-investments that were funded using the Fund's line of credit; the Fund had outstanding borrowings of $167.9 million on its line of credit, as of September 30, 2024.
1. Investments are considered realized if 85% of the total value as been returned or if the market value is less than 10% of investment contributions. Partially realized investments are those that have returned at least 50% of invested capital.

Pathway Update

Incremental Gains from Fee & Carry Savings

At September 30, 2024

- Estimated since-inception net fee and carry savings of $302 million to date



NOTE: Amounts may not foot due to rounding.

[a]Reflects the impact of potential management fees and carried interest that would have been charged if the co-investment commitments made through PPEF III-Co were made through a private equity limited partnership structure charging a 1.75% annual management fee and 20% carried interest based on actual PPEF III-Co tranche commitments to date and net gain generated, as of September 30, 2024.

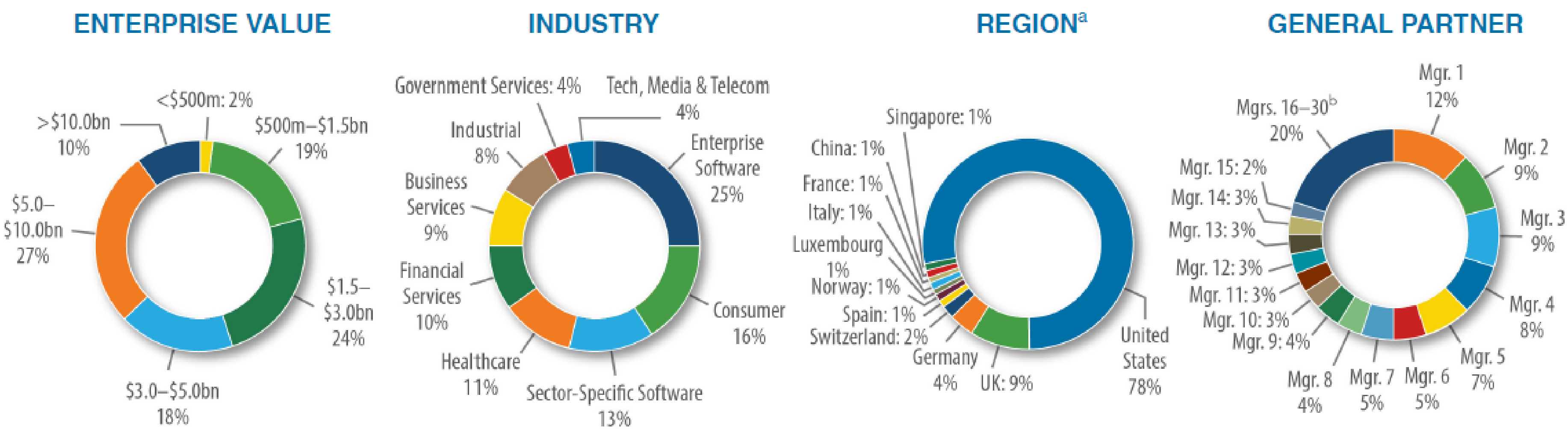
OREGON STATE TREASURY

Source: Pathway

Pathway Update

Co-investment Program

The portfolio is well-diversified by enterprise value, industry, region, and general partner.



NOTE: Presented as a percentage of committed capital, as of December 31, 2024.
[a]Investments in Japan and Australia were excluded because commitments to each region represent less than 1% of the portfolio's aggregate commitments, as of December 31, 2024.
[b]Comprises general partners that each account for less than 3% of total commitments.

Pathway Update

Enhanced Monitoring and Managed Liquidity Program Update

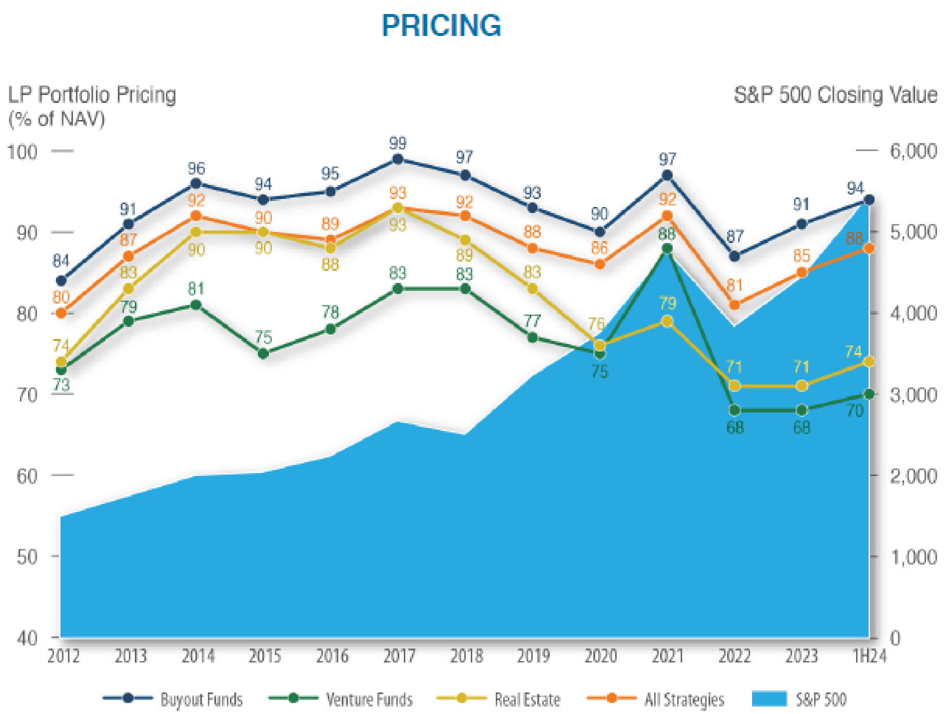
Since 2020, Pathway has assisted OPERF with monitoring and exploring accelerated liquidity options for portions of its legacy portfolio.

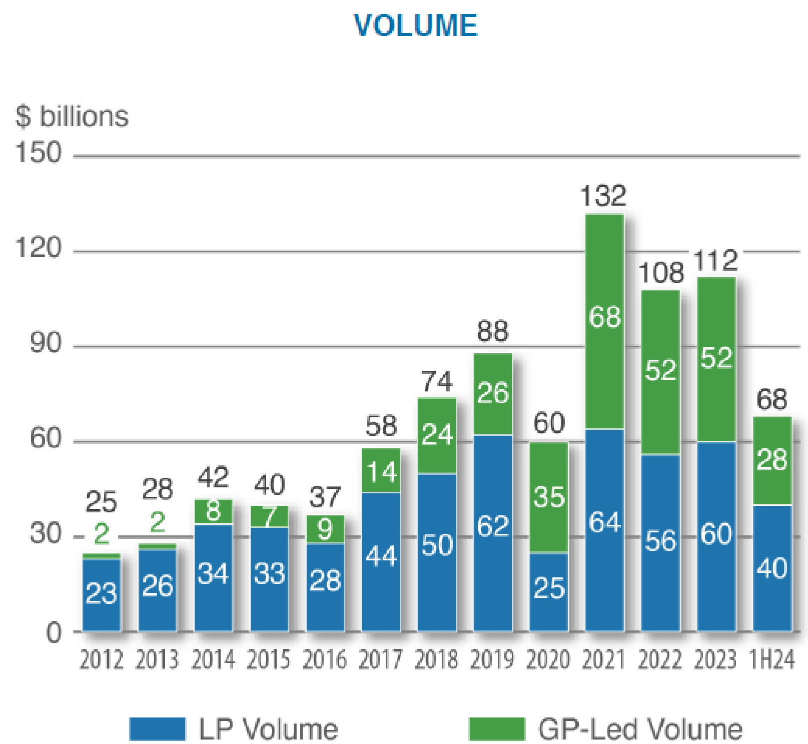
- The program included 97 partnerships from 51 general partners for the 1999–2021 vintage years.
- Since 2020, the liquidity program managed by Pathway has resulted in approximately $4.5 billion in proceeds being accelerated and distributed to OPERF.
- Pathway's managed-sale process has assisted OPERF with progress toward achieving its strategic goals of
  - smoothing vintage year exposure,
  - reducing the number of general partners and active partnerships in its portfolio,
  - generating accelerated liquidity to reduce the current market value of the portfolio.
- In addition to exploring liquidity options, Pathway assists OPERF staff with
  - advisory board coverage;
  - analysis and execution of advisory board consents, extensions, amendments, etc.;
  - annual meeting participation;
  - market value reporting.

Source: Pathway

Pathway Update

Secondary Market Pricing and Volume





SOURCE: Jefferies estimates.
NOTE: The information presented has been developed internally and/or obtained from sources believed to be reliable; however, Pathway does not guarantee the accuracy, adequacy, or completeness of such information. Pathway has not independently verified such information and accepts no responsibility or liability for any error, omission, or inaccuracy of such information.

Source: Pathway

Closing

2024 was another challenging year for the asset class…

1. Returns trailed public equities meaningfully

2. Distributions remained depressed due to low transaction volumes

3. Allocation relative to target remained stubbornly high

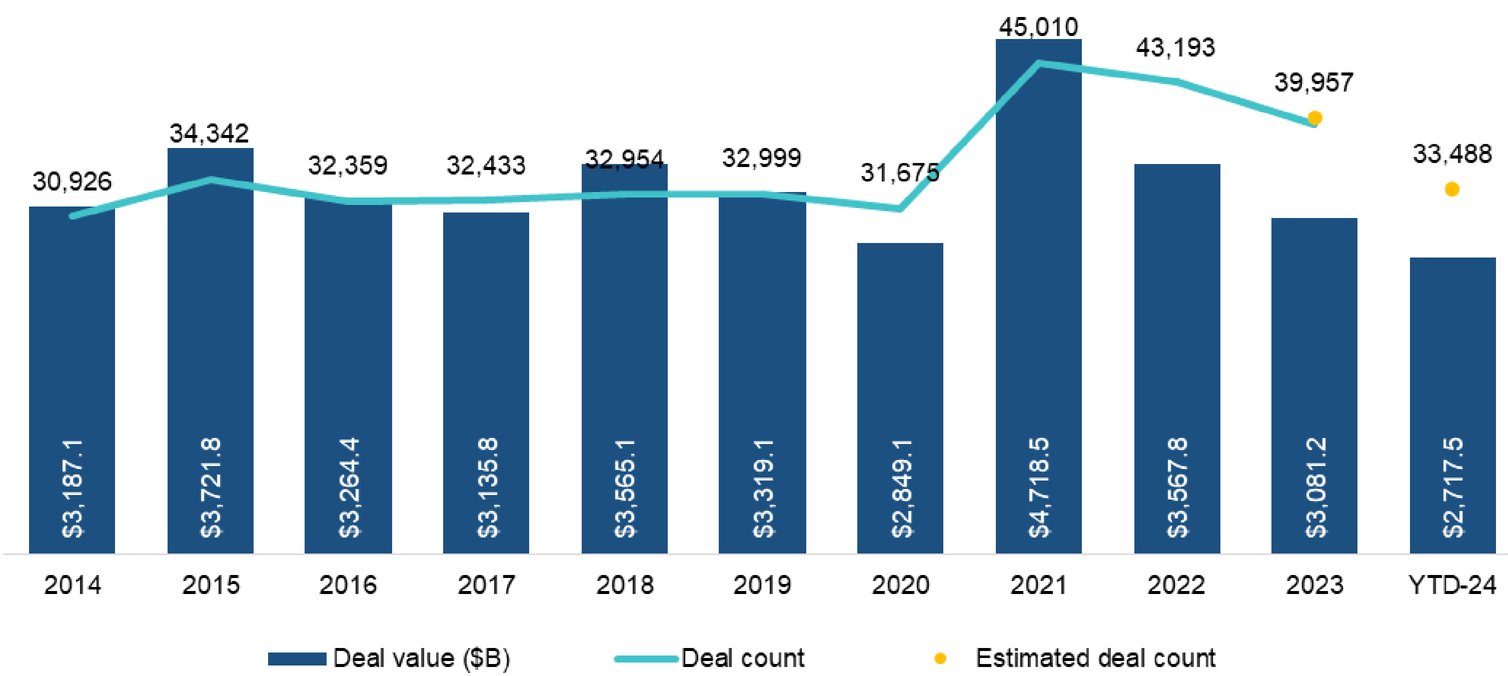
But there are growing signs of normalization in the environment…

Appendix – 2024 Private Equity Market Review

- **Investment Environment Agenda**
  - M&A Activity
  - Corporate Leveraged Finance
  - Private Equity Returns
  - U.S. Private Equity Update
  - Europe Private Equity Update
  - U.S. Venture Capital Update

M&A Activity – Developed Market Volumes

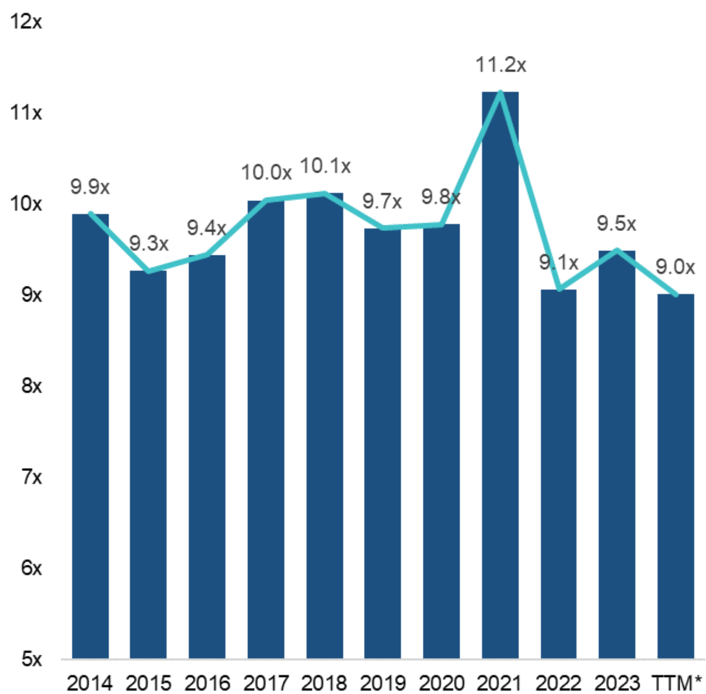
- **Through 3Q 2024, Pitchbook recorded over 33k M&A transactions with an aggregate value of $2.7 trillion**
  - In total, activity through 3Q 2024 was on pace to be roughly 26% ahead of 2023 volumes, but 27% behind 2021 volumes
  - Developed markets continue to dominate the activity with $1.6 trillion of transactions in North America and $800 billion in Europe
  - The chart below presents the annual M&A volumes since 2014

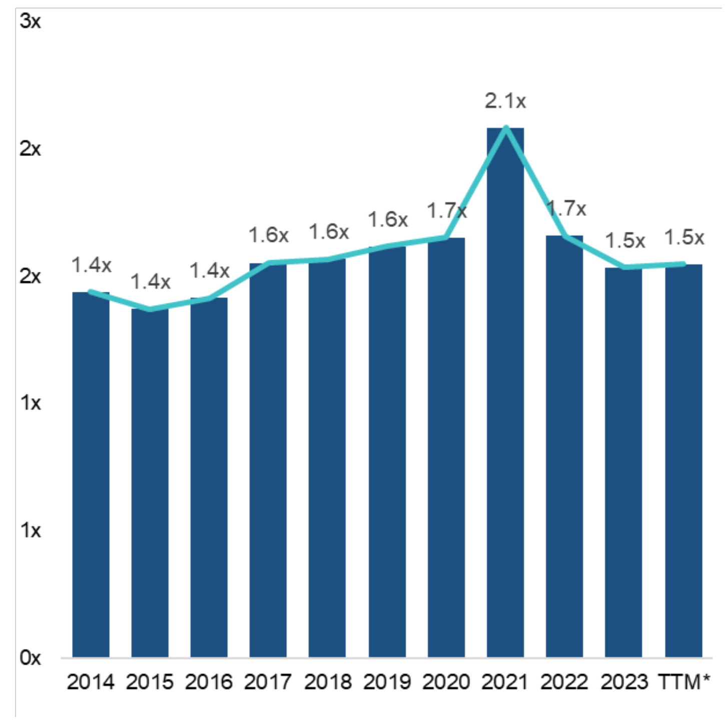


Source: Pitchbook
** As of 9/30/24*

M&A Activity – Transaction Multiples

- **For the twelve-month period ending 9/30/2024, median transaction multiples stood at 9.0x EBITDA and 1.5x revenue**
  - Multiples remain down from record levels seen in 2021
  - EBITDA multiples for PE-led transactions remain elevated at ~12.7x having peaked at 13.3x in 2021
  - The charts below presents median EBITDA (left) and revenue (right) multiples since 2014 from M&A transactions in North America and Europe



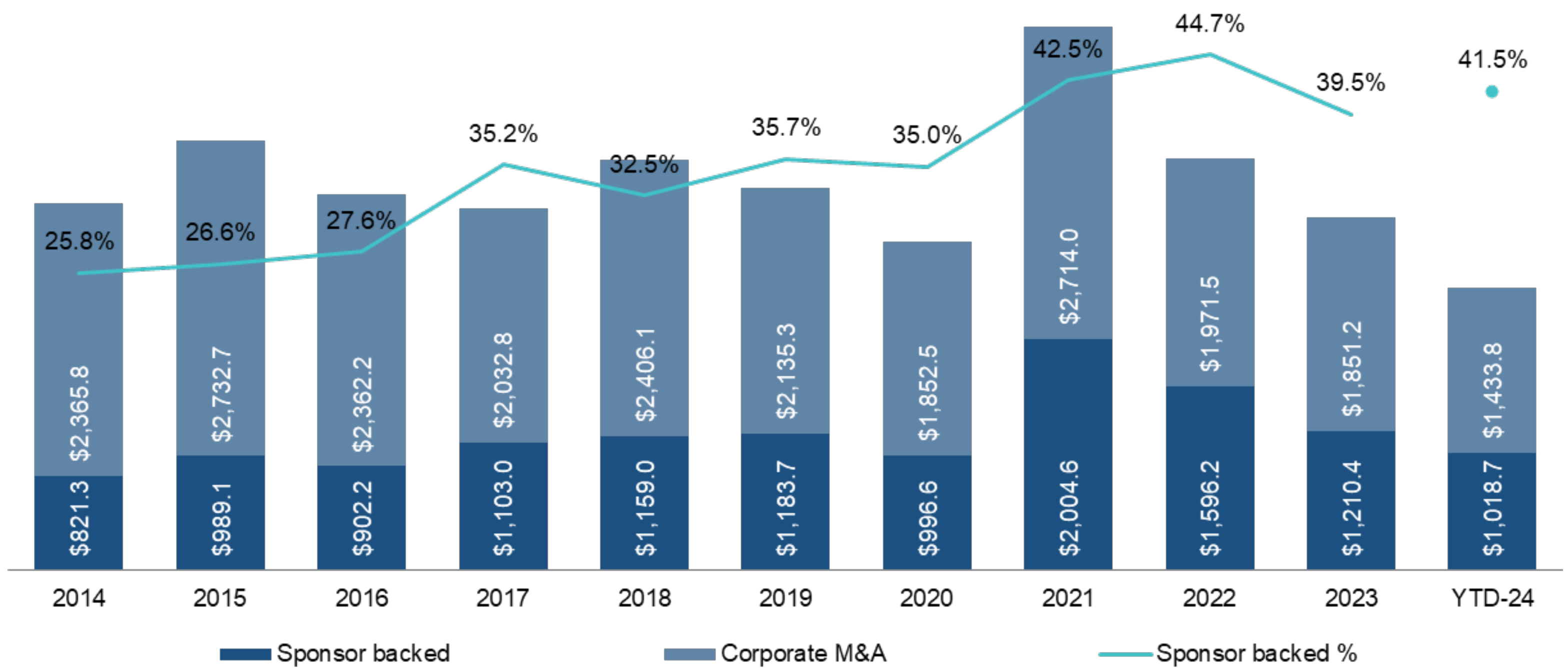


OREGON STATE TREASURY

Source: Pitchbook
** Through 9/30/24*

M&A Activity – Private Equity Market Share

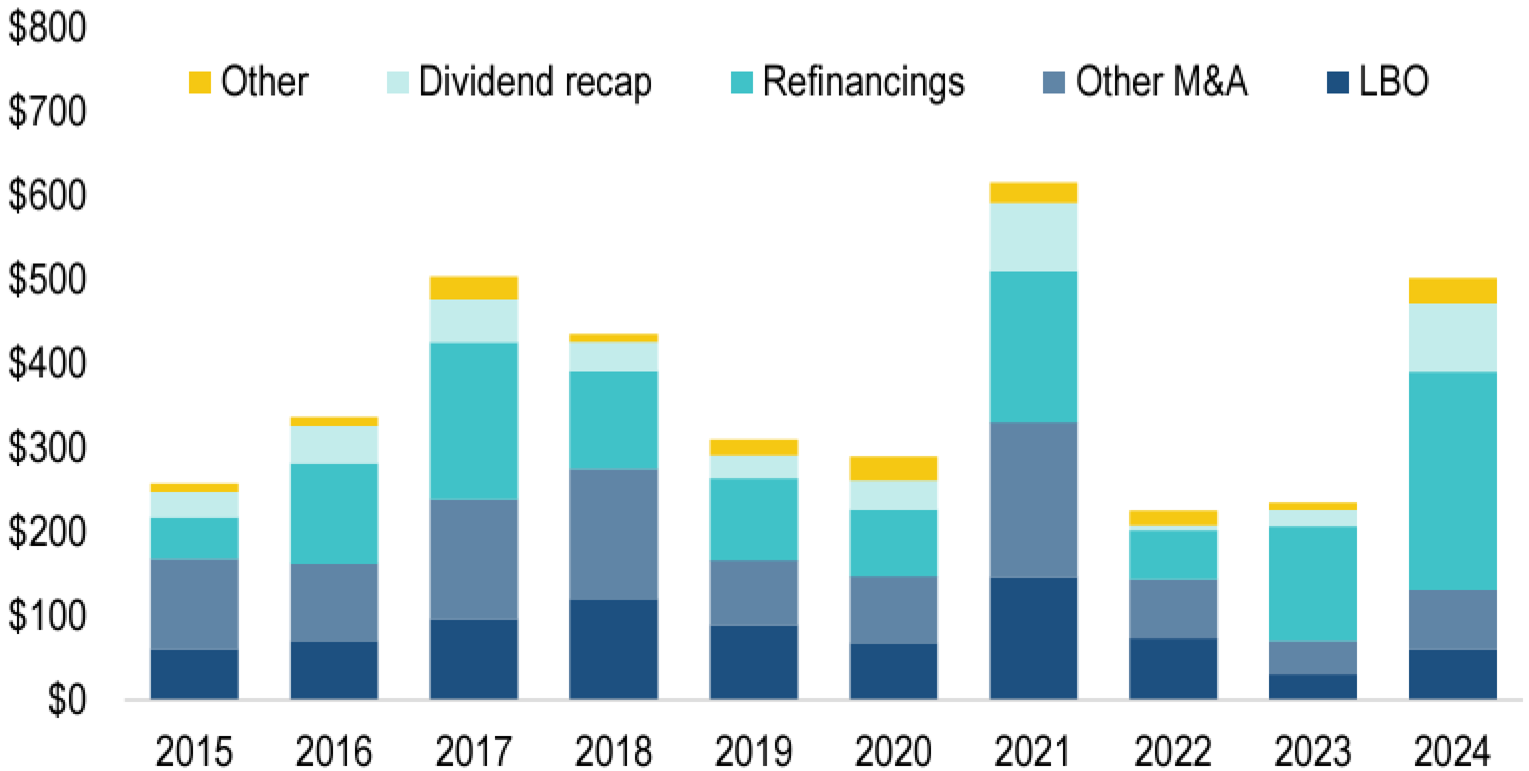
- **<u>At ~34% by count and ~42% by value, the share of PE driven M&A activity remains broadly in line with record levels seen since 2021</u>**
  - Add-on acquisitions continue to represent roughly 70% of sponsor backed M&A deals (by count)
  - The chart below presents PE sponsors' share of global M&A activity (by value) per year since 2014



Source: Pitchbook
** Through 9/30/24*

Corporate Leveraged Finance

- **U.S. institutional loan new issue volumes were extremely strong in 2024, but the rebound was driven by refinancings**
  - M&A financing volumes remained depressed, but volumes associated with dividends grew over the course of year
  - The chart below presents annual U.S. institutional loan activity ($bn) since 2015

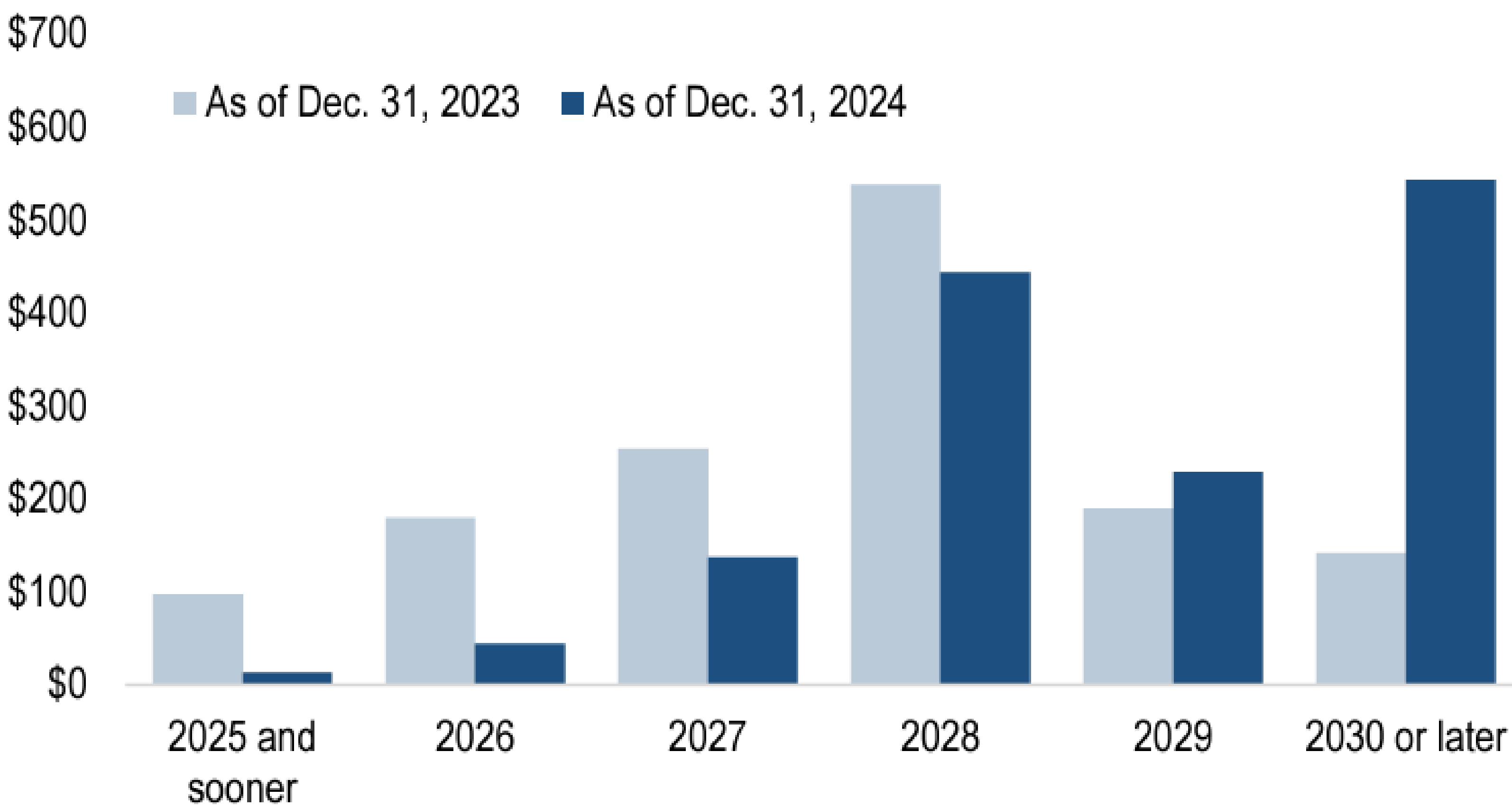


OREGON STATE TREASURY

Source: Pitchbook LCD

Corporate Leveraged Finance

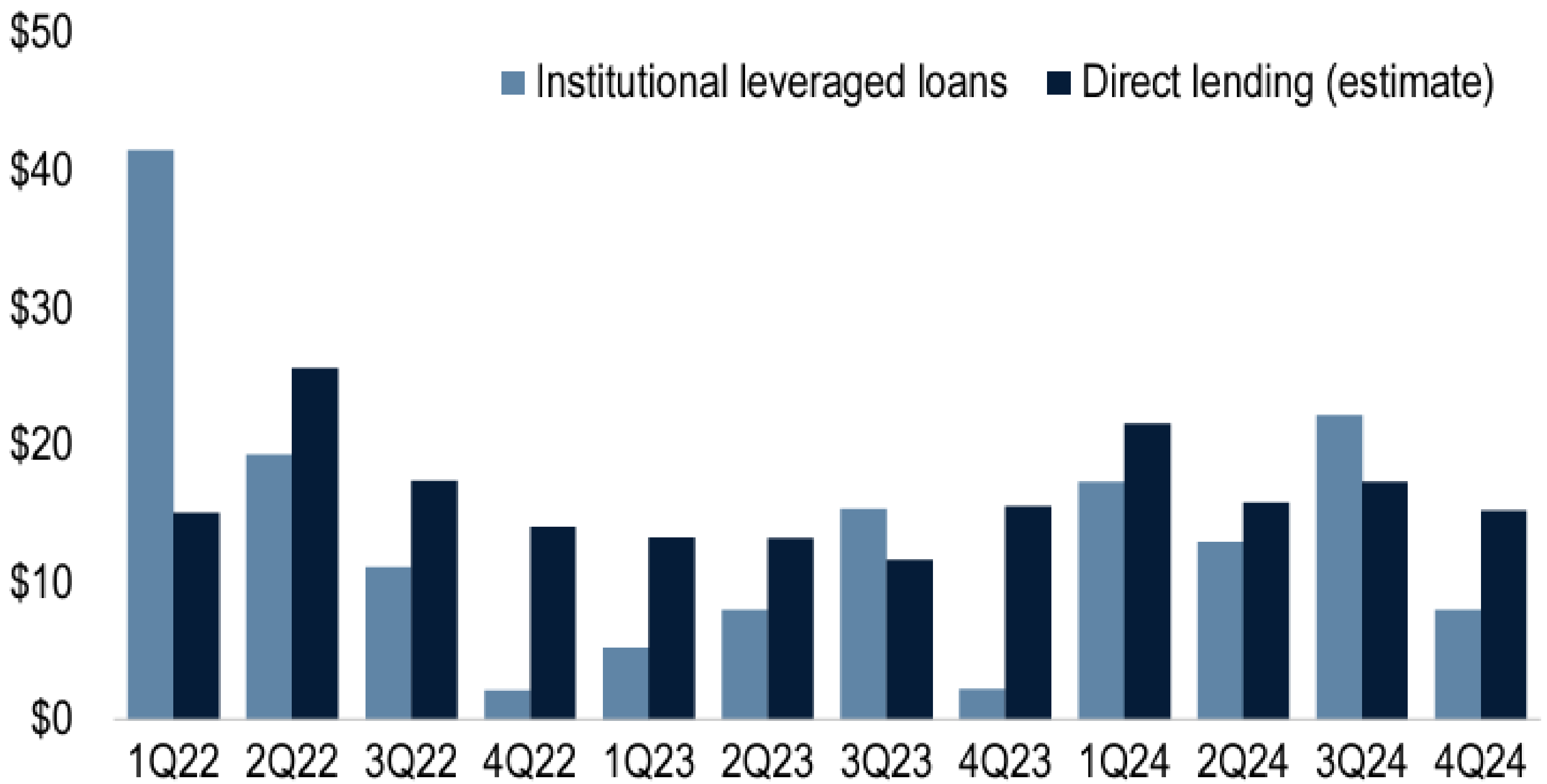
- **As a result of strong refinancing volumes, maturities have been pushed out meaningfully**
    - The chart below shows the year-over-year change in the forward maturity calendar for U.S. leveraged loans ($bn). This builds on meaningful actions taken in 2023 to move maturities out into the future



Source: Pitchbook LCD Morningstar LSTA US Leveraged Loan Index

Corporate Leveraged Finance

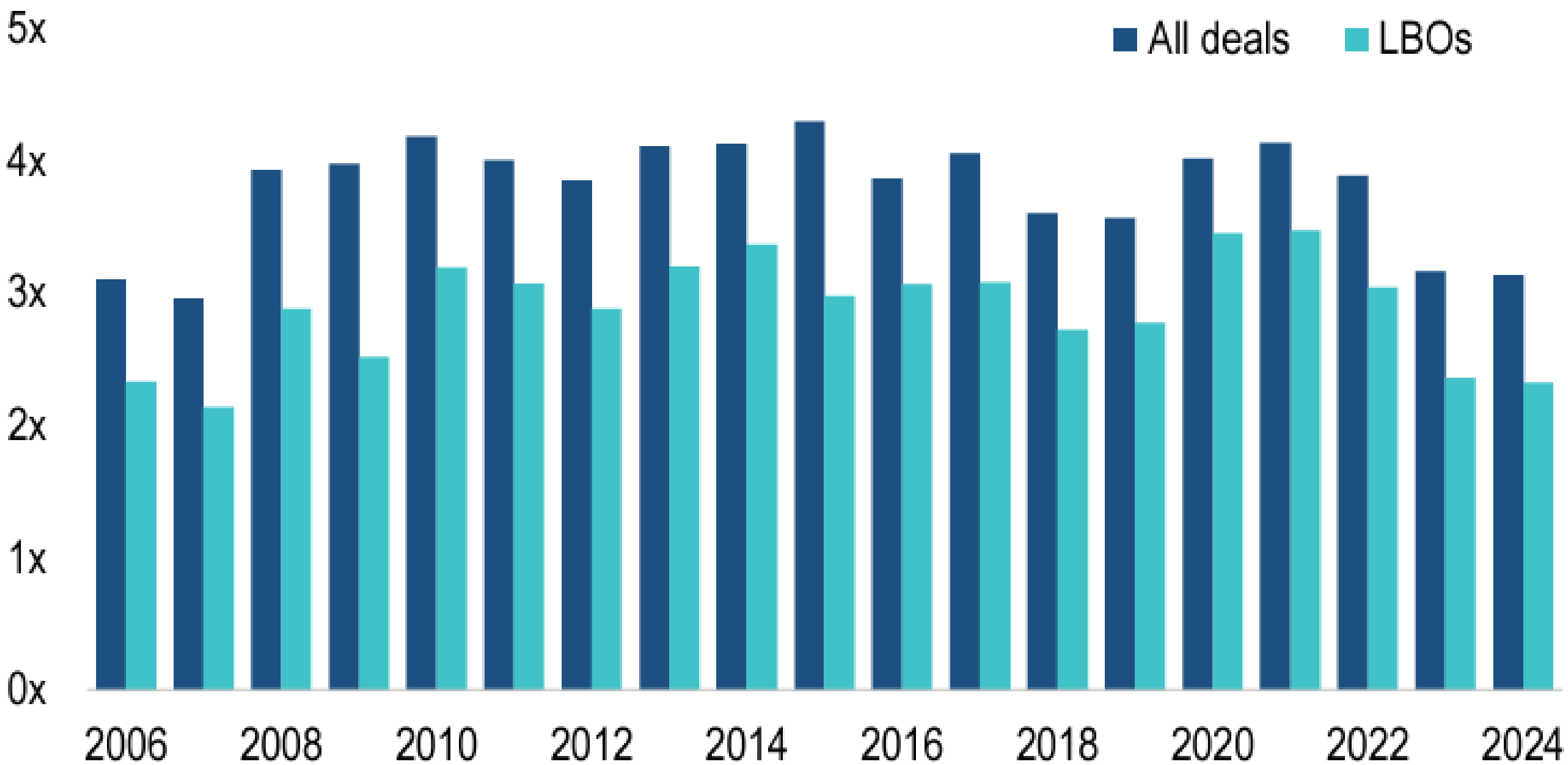
- **Direct lending continues to take share from the broadly syndicated loan market (“BSL”), but the BSL market is rebounding**
    - The chart below presents quarterly LBO financing volumes ($bn) by type since the first quarter of 2022



Source: Pitchbook LCD

Corporate Leveraged Finance

- **<u>With risk free rates up on a sustained basis, interest coverage ratios stand at levels not seen since before the global financial crisis</u>**
  - The chart below presents pro-forma interest coverage in the U.S. new-issue leveraged loan market since 2006



Source: Pitchbook LCD – Data reflects companies with at least $50m of EBITDA

Private Equity Returns

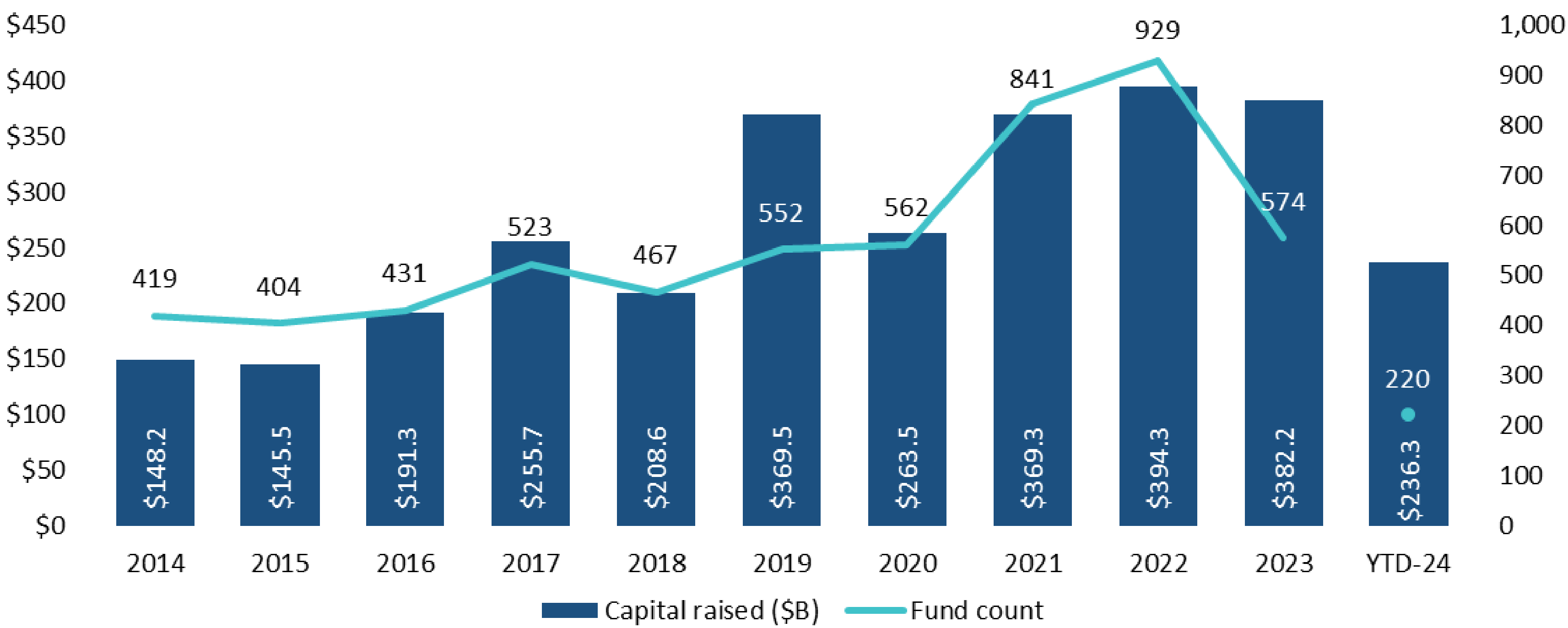
- **The chart below presents trailing horizon net IRRs for the Private Equity industry as of September 30, 2024**
  - The strong rebound in public equities continued in 2024, with private equity now trailing public equities (as measured by MSCI ACWI IMI) in periods longer than five years
  - North America continues to be the strongest performing region over the past decade, but Europe has posted solid results as the strongest performing region over the past three years
  - While venture returns remain strong over the long-term, the last three years have been very challenging, and buyouts now outperform venture for the past five years

9/30/2024	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Burgiss All Funds Ex. Real Assets	**7.6%**	**3.3%**	**13.6%**	**12.7%**
Burgiss AF ex RA - North America	7.0%	3.5%	15.1%	13.7%
Burgiss AF ex RA - Europe	12.1%	5.5%	13.6%	12.5%
Burgiss AF ex RA - Asia	2.9%	-0.4%	8.4%	9.9%
Burgiss - Buyout	9.0%	6.6%	15.4%	14.1%
Burgiss - VC	3.2%	-5.0%	14.4%	14.8%
MSCI ACWI PME	30.4%	10.1%	13.5%	11.1%

Source: Burgiss 9/30/24

U.S. Private Equity Update – Fundraising

- **Through 3Q 2024, ~$236 billion had been raised across 220 U.S. private equity funds**
  - Fundraising through the first three quarters of 2024 was on pace for the weakest year since 2018 at ~20% below peak levels (2021-2023)
  - In a slower fundraising environment, funds targeting $1 billion or more of commitments receive ~85% of all capital raised, but those funds now represent a record ~25% of fund count
  - The chart below presents annual U.S. private equity fundraising activity since 2014

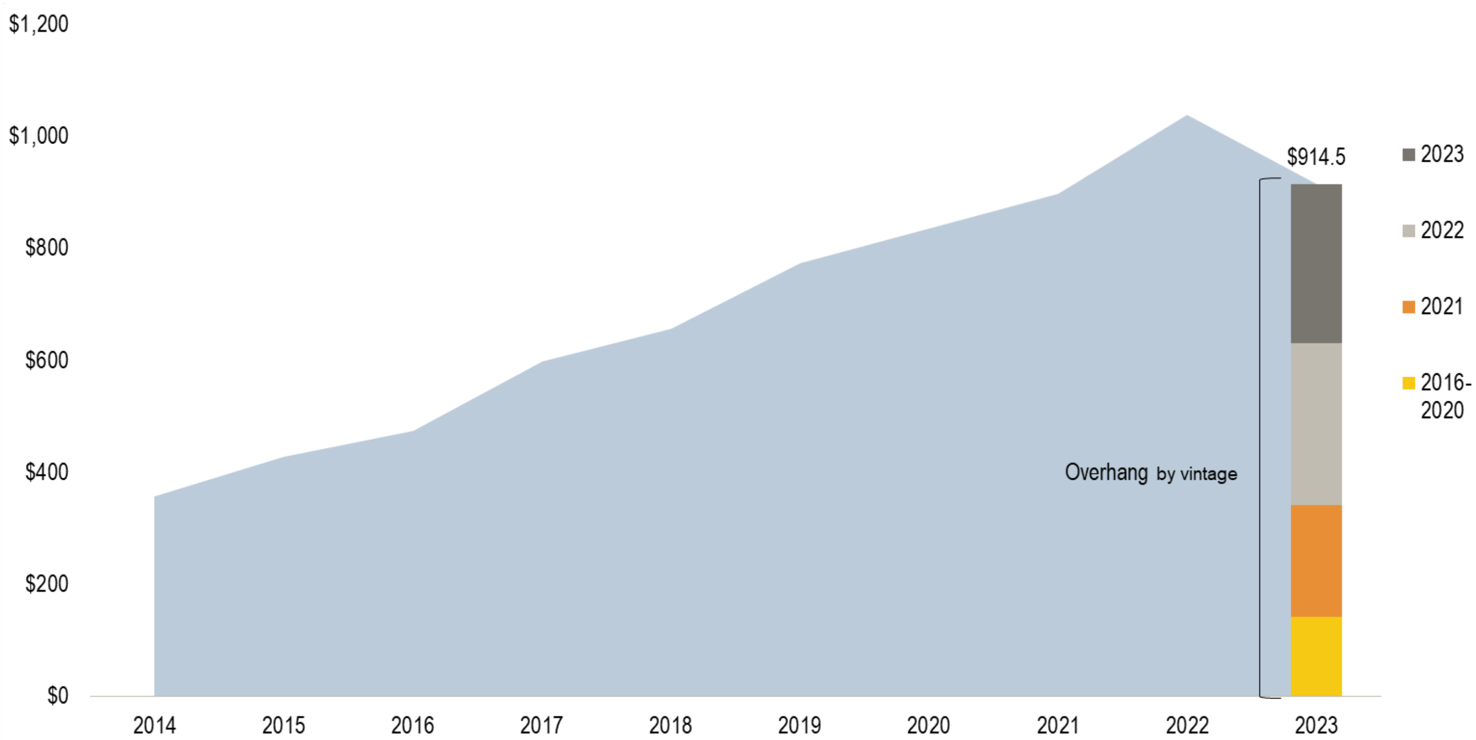


OREGON STATE TREASURY

Source: Pitchbook
** Through 9/30/24*

U.S. Private Equity Update – Fundraising

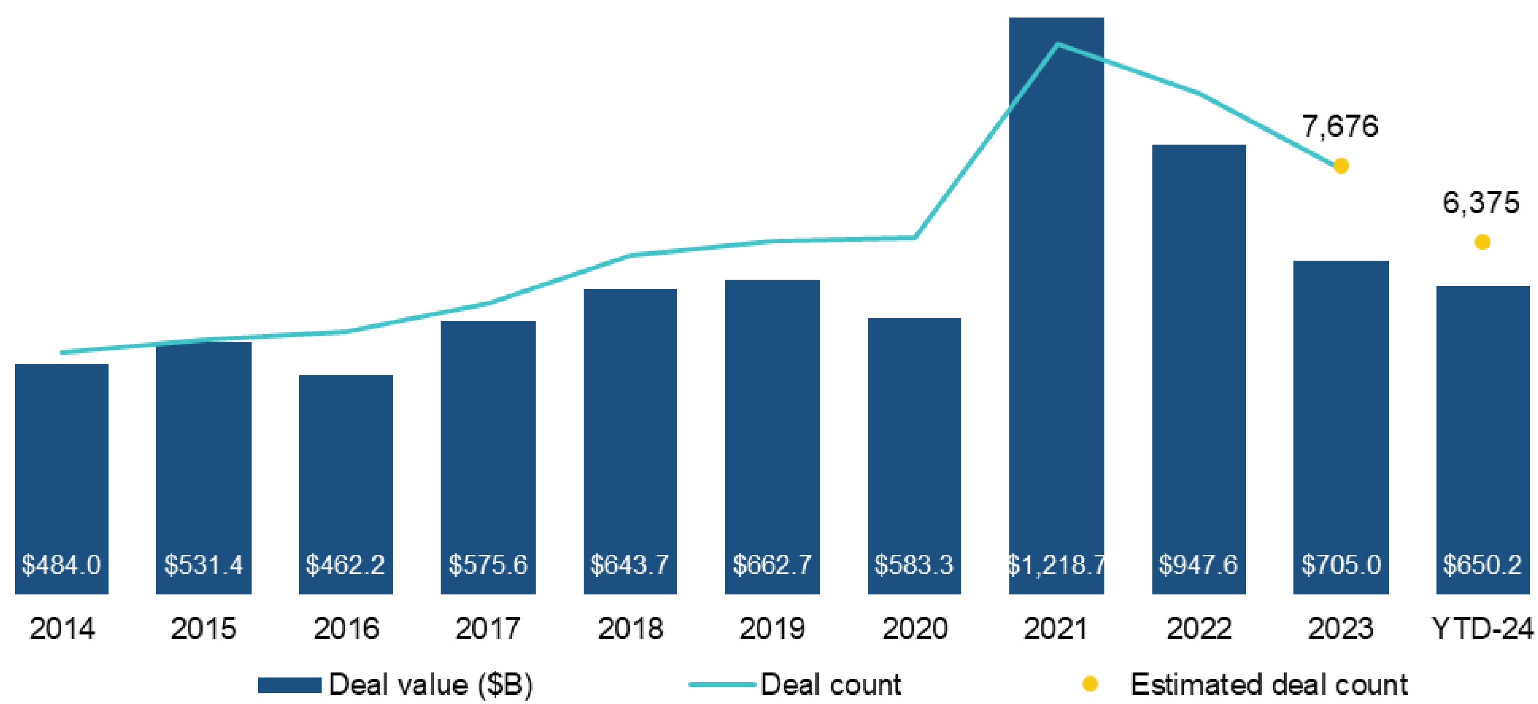
- **In total, U.S. PE dry powder remains above $900 billion, but more than a third of available capital is 3+ years into the investment period**
  - Dry powder is down from last year as the slowdown in fundraising is now exceeding the slowdown in deal volume
  - The capital overhang continues to represent roughly three years of deal activity using the 2024 pace



Source: Pitchbook
* Through 9/30/23

U.S. Private Equity Update – Deployment

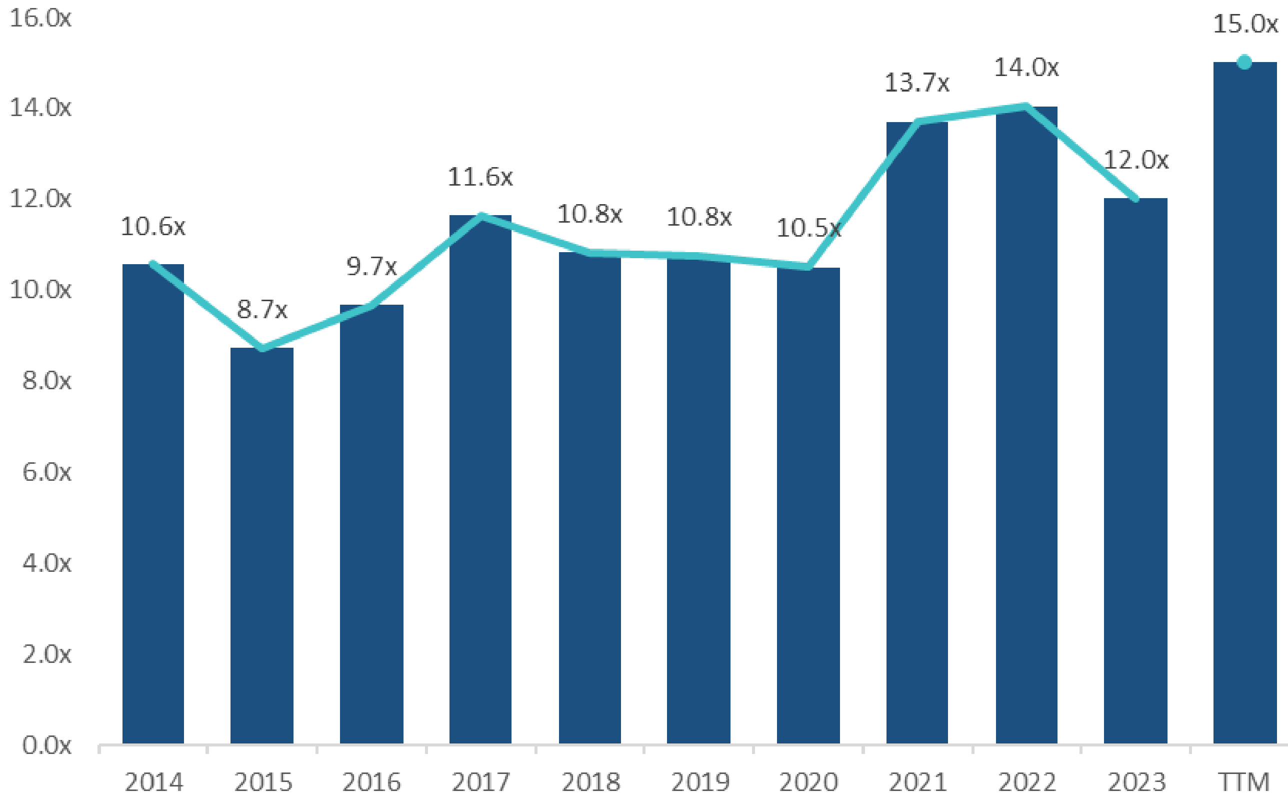
- **Through 3Q 2024, roughly 6,400 private equity deals have been announced with a total value of $650 billion**
  - The volume through 3Q 2024 was up 23% over 2023 activity (by value) but activity remained ~26% below 2021 activity
  - Deals with enterprise values at or above $1 billion have rebounded to ~41% of volume (by value) having dipped down to ~33% in 2023
  - The chart below presents annual U.S. investment activity since 2014



Source: Pitchbook
** Through 9/30/24*

U.S. Private Equity Update – Deployment

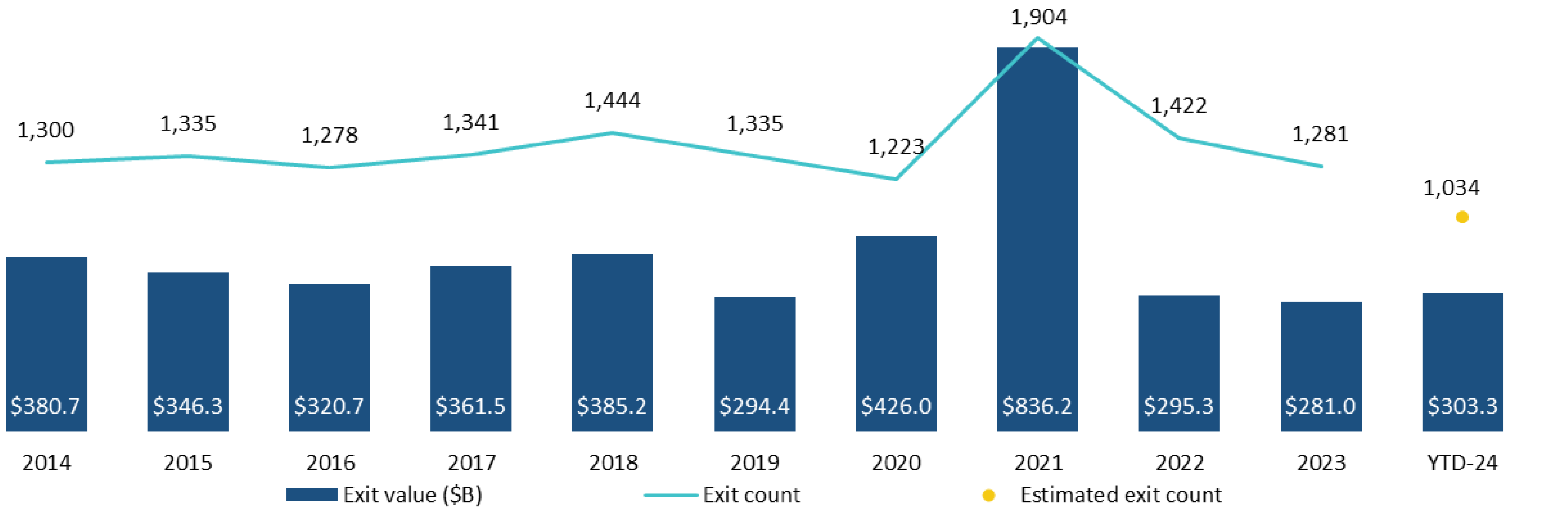
- **<u>At a median entry multiple of 15x enterprise value/EBITDA and 2.1x enterprise value/revenue, PE backed transaction pricing remains at peak levels</u>**
  - In a slow deal environment, only the highest quality assets are trading leading to a spike in headline acquisition multiples
  - The chart below presents median EV/EBITDA for U.S. investment activity since 2014



*Source: Pitchbook, Aksia * Through 9/30/24*

U.S. Private Equity Update – Exits

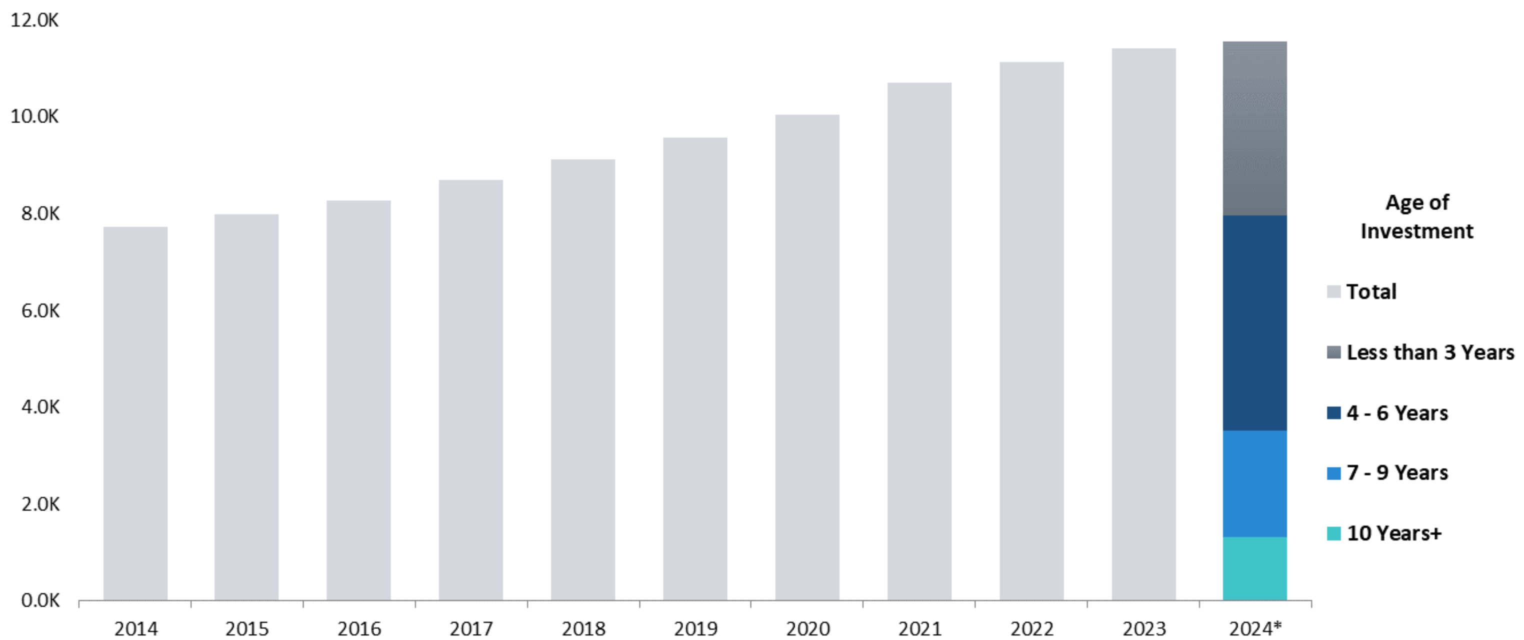
- **Through 3Q 2024, over 1k exits of U.S. private equity backed companies had been consummated for a total value of $303 billion**
  - Exit pace through 3Q 2024 remains depressed, but volumes through three quarters have already eclipsed the full year tallies for 2022 and 2023
  - Public offerings have rebounded slightly, but IPOs remain below 10% of exit volume. The balance of exit volumes is fairly evenly split between sponsor and strategic exits
  - The chart below presents the annual U.S. exit activity since 2014



Source: Pitchbook
** Through 9/30/24*

U.S. Private Equity Update – Exits

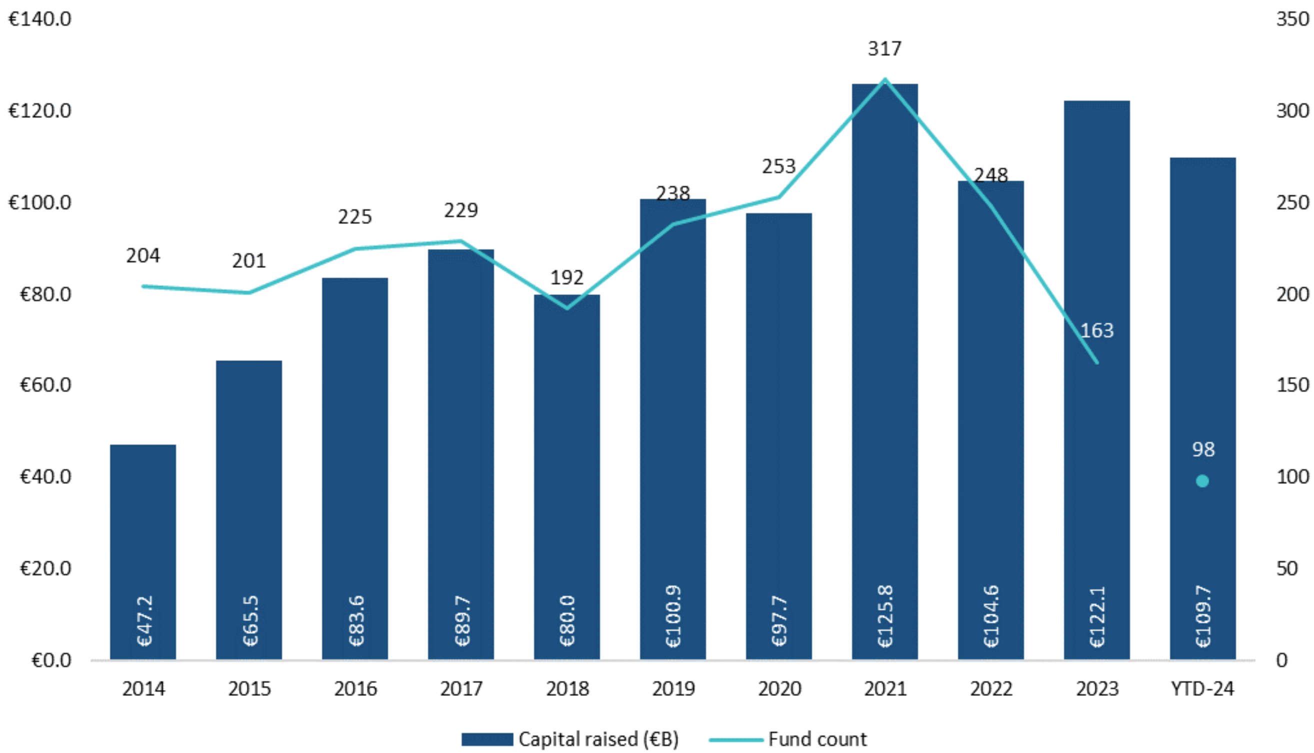
- **<u>The overall inventory of private equity backed companies continues to age in a slow exit environment</u>**
  - Roughly ~30% of companies by count have been held for more than six years
  - The chart below presents the annual U.S. private equity backed company count since 2014



Source: Pitchbook
** Through 9/30/24*

Europe Private Equity Update – Fundraising

- **Through 3Q 2024, €110 billion had been raised across 98 funds**
  - Fundraising for the first three quarters of the year was on pace to exceed 2023 by ~20% and possibly exceed record fundraising levels seen in 2021
  - Fundraising in Europe continues to concentrate around large funds. Funds with commitments of €5 billion account for more than 60% of the total, and aggregate fundraising for smaller funds is down year-over-year
  - The chart below presents annual European private equity fundraising activity since 2014

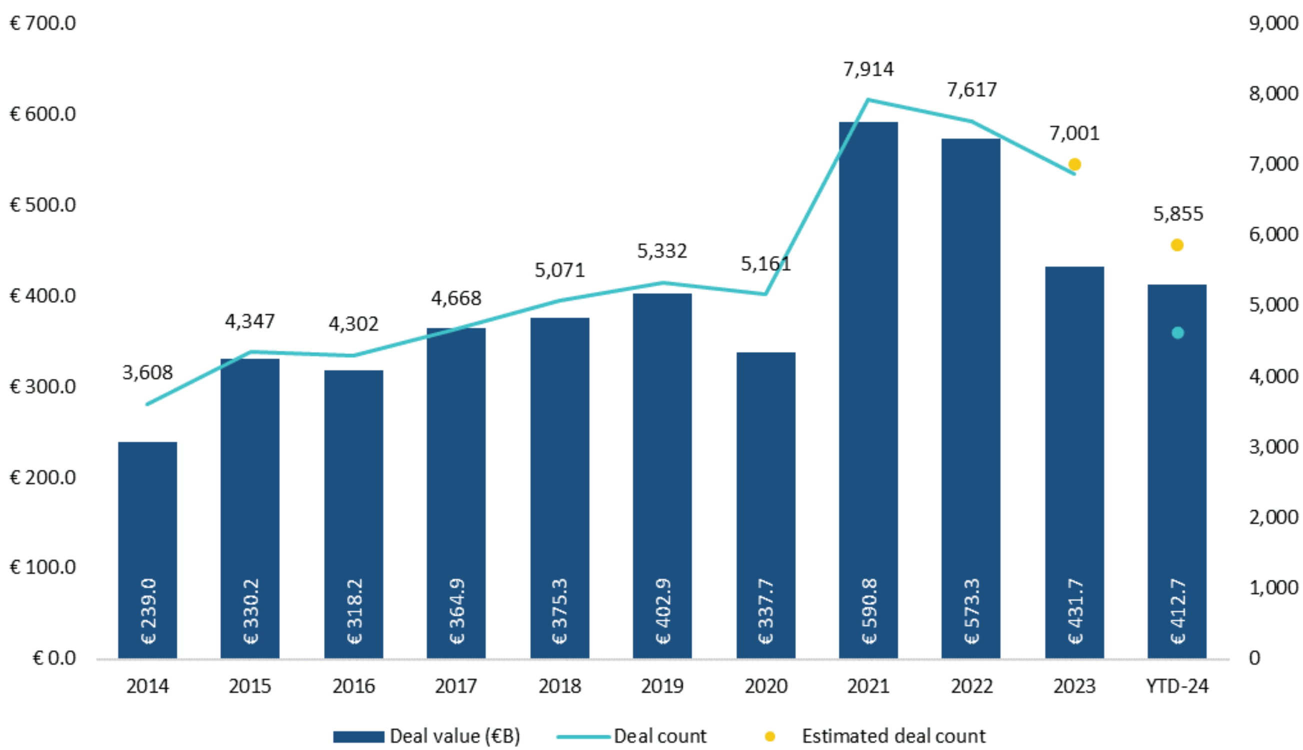


OREGON STATE TREASURY

Source: Pitchbook Through 9/30/24

Europe Private Equity Update – Deployment

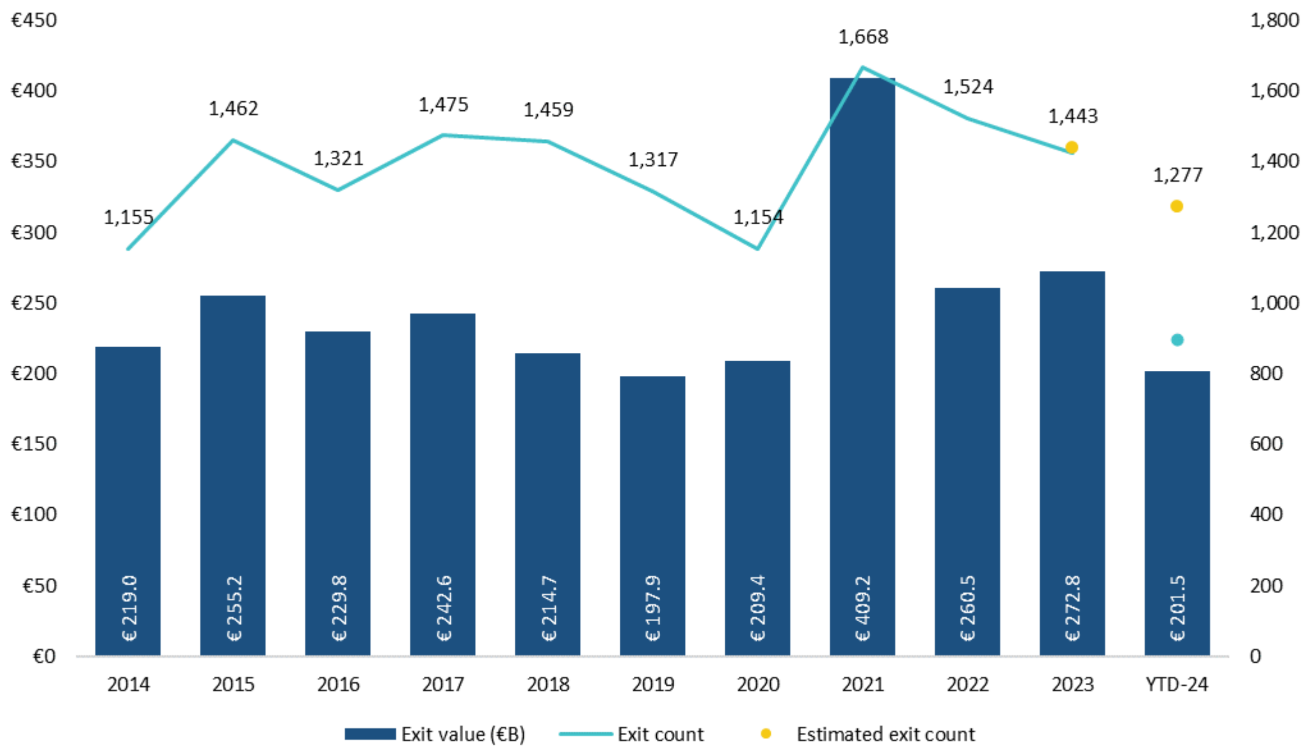
- **<u>Through 3Q 2024, more than 5,800 private equity deals have been announced with a total value of €413 billion</u>**
  - Activity through the first three quarters of the year was up 37% over the same period in 2023
  - Add-on acquisitions represented ~55% of deal count and ~32% of transaction volume through the first three quarters of the year
  - The chart below presents the annual private equity investment activity in Europe since 2014



Source: Pitchbook
Through 9/30/24

Europe Private Equity Update – Exits

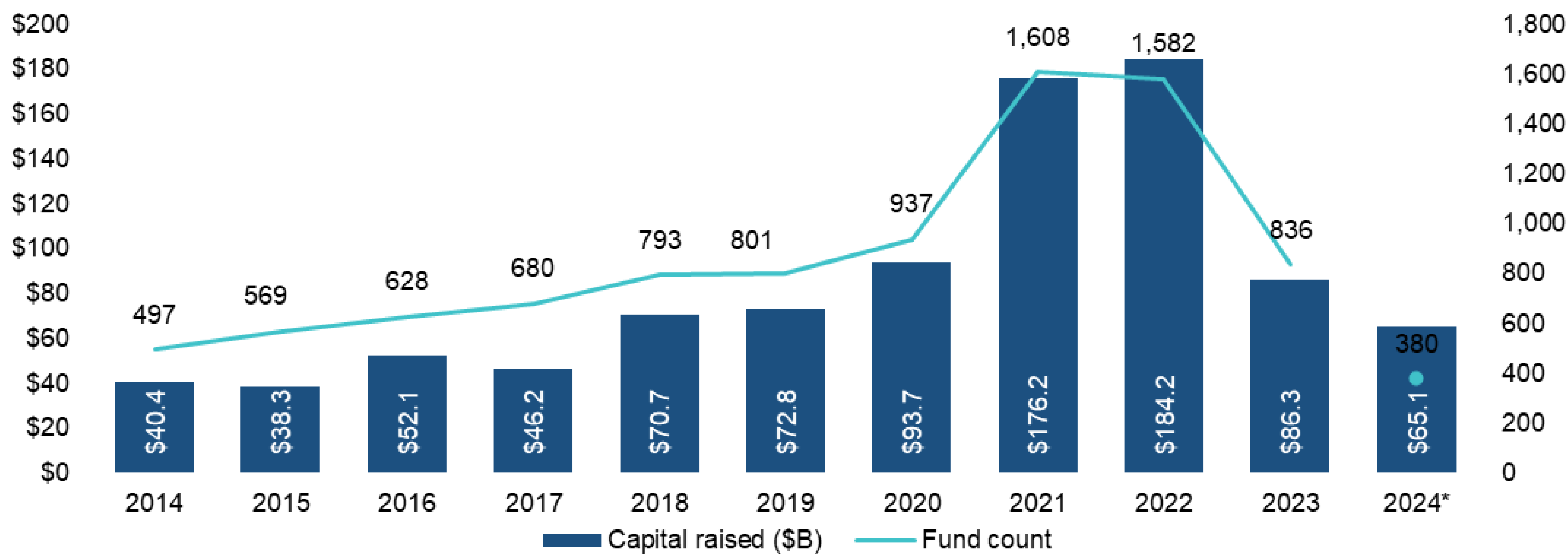
- **Through 3Q 2024, nearly 1,300 exits of private equity backed companies have been announced with a total value of €202 billion**
  - Exit pace through the first three quarters of the year was broadly on par with 2022 & 2023 but ~33% below the record volumes seen in 2021
  - Exits of scale assets (EVs of €2.5bn plus) are coming in below trend for 2024, even as compared to the weak exit years of 2022 and 2023
  - The chart below presents the annual private equity exit activity in Europe since 2014



Source: Pitchbook
Through 9/30/24

U.S. Venture Capital Update – Fundraising

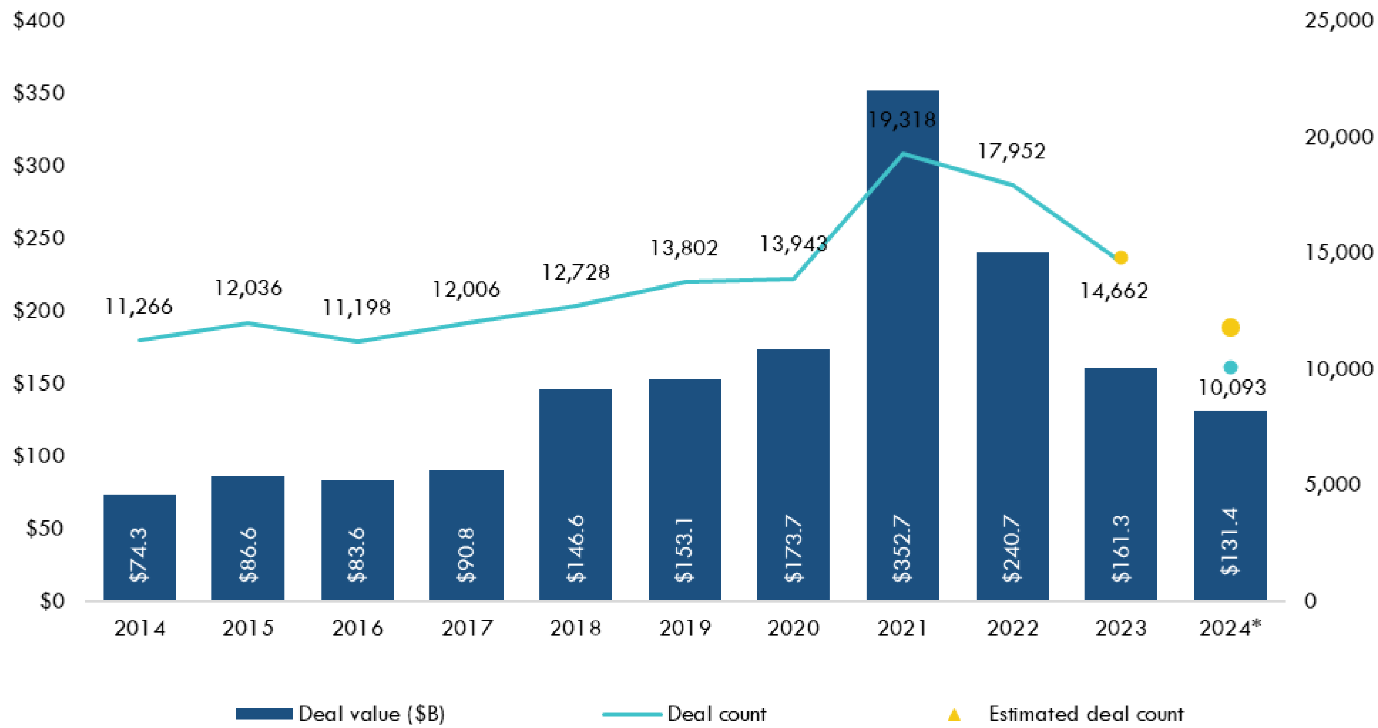
- **Through 3Q 2024, $65 billion had been raised across 380 U.S. venture capital funds**
  - Fundraising through the first three quarters was on pace to broadly match 2023 volumes, but fundraising remains well below the peak volumes seen in 2021 and 2022
  - Fundraising for first time managers has collapsed completely coming in at a third of the 2023 pace and less than a quarter of the volumes seen in 2021
  - The chart below presents annual U.S. venture capital fundraising activity since 2014



Source: Pitchbook
** Through 9/30/24*

U.S. Venture Capital Update – Deployment

- **Through 3Q 2024, over 10,000 venture capital rounds have been announced with a total value approaching $131 billion**
  - Volumes through 3Q 2024 are ~6% above 2023 but just over half of what they were in 2021
  - Nearly $2.5 trillion of aggregate post money valuation sits in ~750 "unicorns", but that company universe of companies and aggregate valuation has grown modestly since 2022
  - The chart below presents annual U.S. investment activity since 2014



Source: Pitchbook
** Through 9/30/24*

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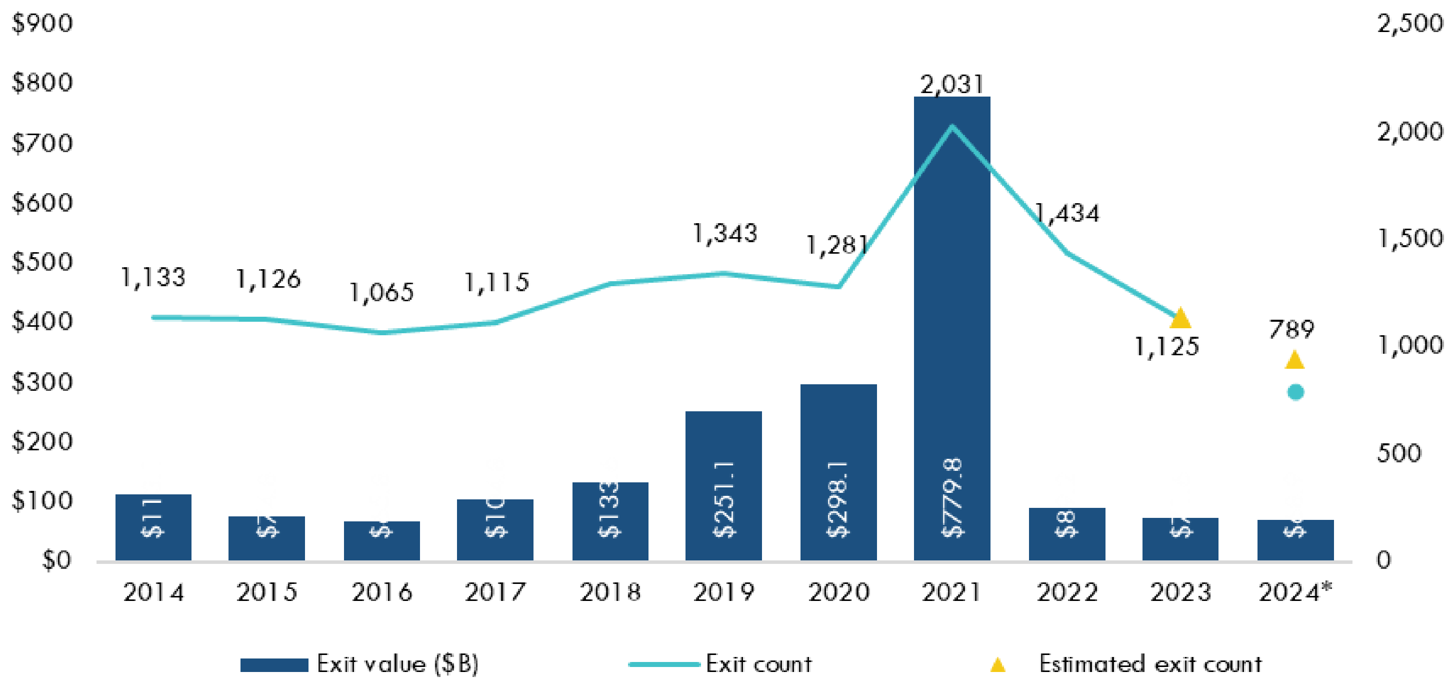
U.S. Venture Capital Update – Exits

- **Through 3Q 2024, nearly 800 exits of U.S. venture capital backed companies have been consummated for a total value of $69 billion**
  - Exit activity through 3Q 2024 was on pace to increase ~23% below 2023, but volumes remain just more than 10% of the record exit volumes seen in 2021
  - The dollar volume acquisitions have halved as compared to the same period in 2021, but IPO volumes are ~5% of where they stood at the peak
  - The chart below presents the annual U.S. exit activity since 2014



Source: Pitchbook
** Through 9/30/24*

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STATE
TREASURY

Elizabeth Steiner, MD
Oregon State Treasurer

867 Hawthorne Ave. SE
Salem, OR 97301

oregon.gov/treasury

TAB 7

PUBLIC EQUITY

ANNUAL REVIEW

January 22, 2025

OPERF Public Equity Portfolio

Annual Review

Louise Howard
Director of Capital Markets

Wil Hiles
Investment Officer, Public Equity

Claire Illo
Investment Officer, Public Equity

OREGON STATE TREASURY

Agenda

Section	Pages	OIC Investment and Management Beliefs Mapping									
		1	2	3	4	5	6	7	8	9	10
Team Overview	3										
Portfolio Overview	4-8										
Year in Review	9-11										
Performance & Risk Analysis	12-17										
Special Section	18-22										
2025 Goals	23										

1) THE OIC IS A POLICY-SETTING COUNCIL
2) INVESTMENT MANAGEMENT IS DICHOTOMOUS-PART ART AND PART SCIENCE
3) OPERF HAS A LONG-TERM INVESTMENT HORIZON
4) ASSET ALLOCATION DRIVES RISK AND RETURN
5) THE EQUITY RISK PREMIUM SHOULD BE REWARDED
6) PRIVATE MARKET INVESTMENTS CAN ADD SIGNIFICANT VALUE
7) CAPITAL MARKETS HAVE INEFFICIENCIES THAT CAN BE EXPLOITED
8) COSTS DIRECTLY IMPACT INVESTMENT RETURNS AND SHALL BE MONITORED AND MANAGED CAREFULLY
9) THE INTEGRATION OF SYSTEMS TO EVALUATE AND MONITOR ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) RISKS, INCLUDING PROXY VOTING, SIMILAR TO OTHER INVESTMENT RISKS HAVE THE POTENTIAL TO HAVE A BENEFICIAL IMPACT ON THE ECONOMIC OUTCOME OF AN INVESTMENT AND AID IN THE ASSESSMENT OF THAT INVESTMENT.
10) DIVERSITY, IN ALL ASPECTS, IS ACCRETIVE TO MEETING OIC OBJECTIVES

Team Overview

Public Equity Team

Louise Howard
Director of Capital Markets
31 years Investment Experience
Team Lead / PM / Trader
Member of CSF, OSGP and SAIF Teams

Wil Hiles
Investment Officer
12 years Investment Experience
PM / Trader for OPERF
Member of CSF Team

Claire Illo
Investment Officer
10 years Investment Experience
PM / Trader for OPERF
Member of OSGP Team

Kenny Bao
Investment Analyst
11 years Investment Experience
PM Support / FX Trading
Member of OSGP Team

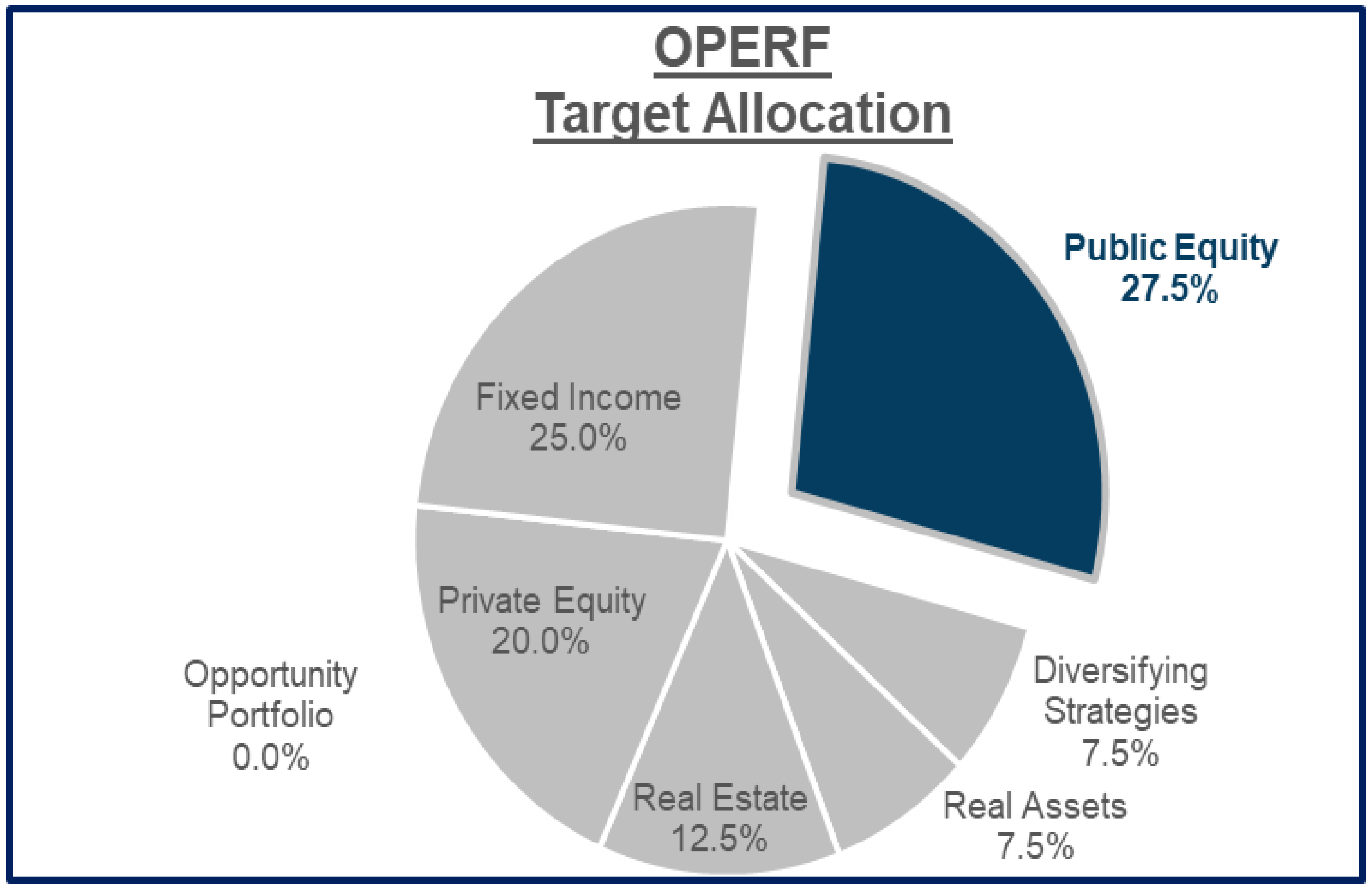
Victoria Tan
Investment Analyst
5 years Investment Experience

Please see Staff biographies for more detailed information

Portfolio Overview

Strategic Role

As outlined in the Investment Policy Statement (INV 1203), the strategic role of Public Equity investments is to provide enhanced return and diversification opportunities, as well as liquidity to meet the Fund's cash flow requirements.



- As of September 30, 2024, Public Equity was 19.3% of OPERF.
- The rebalancing range for Public Equity is 22.5 – 32.5%.
- With the overlay, Public Equity exposure was reduced to 16.6% to offset the underweight physical exposure to Fixed Income.

Source: State Street and Russell Investments, as of September 30, 2024

Portfolio Objectives

Return and risk objectives for the Public Equity portfolio are outlined in the Investment Guidelines for OPERF (INV 1204) as follows:

1) To achieve an excess return of 50 basis points or more above the MSCI ACWI IMI (net) over a market cycle on a net-of-fee basis; and

2) To manage active risk to a target annualized tracking error[1] of up to 200 basis points relative to the MSCI ACWI IMI (net).

[1] Tracking error is measured as the standard deviation of excess returns over time.

Portfolio Overview
Public Equity Benchmark
MSCI All Country World Investable Market Index (MSCI ACWI IMI)

Market Coverage

Holdings: 8,794

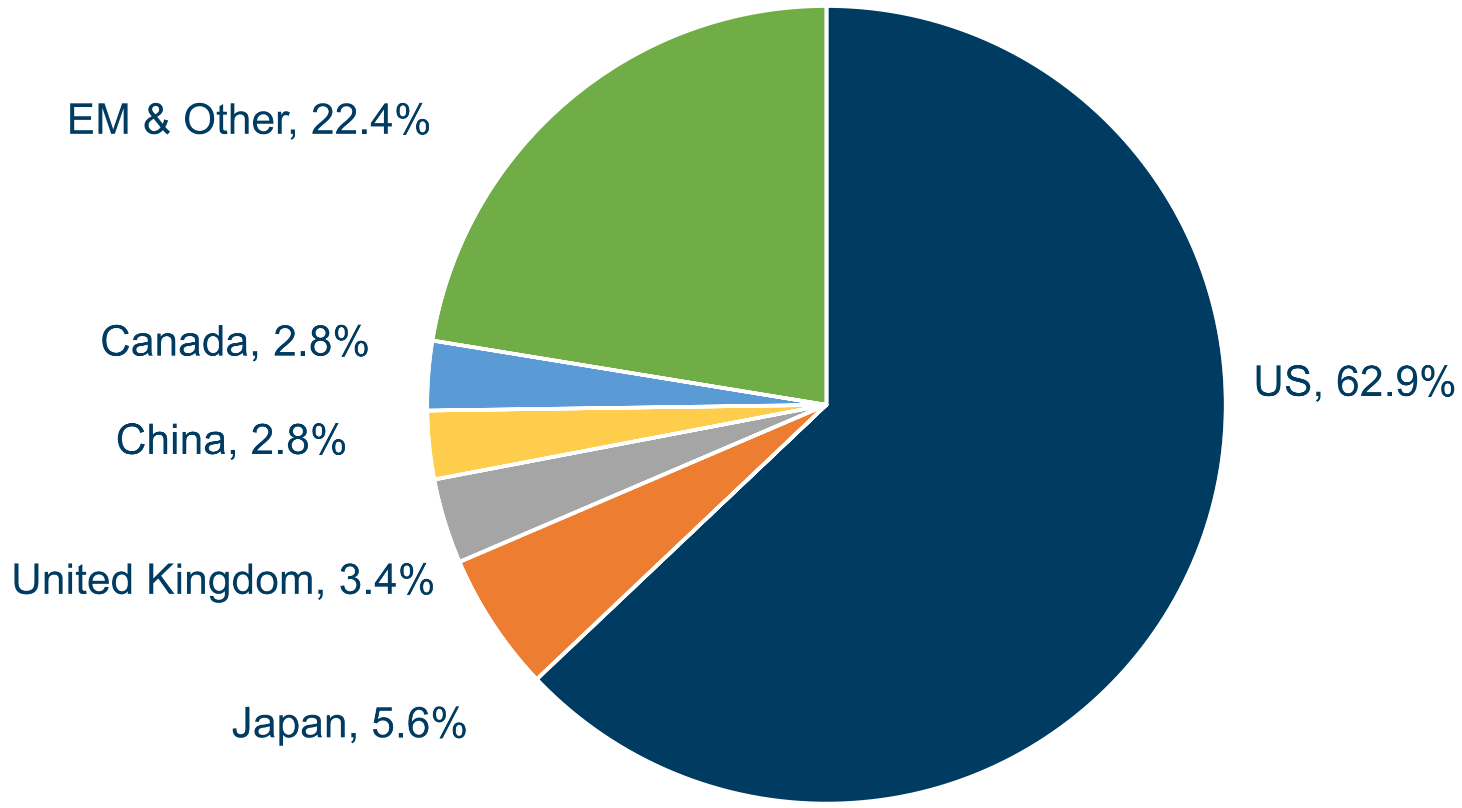
Countries: 47

- U.S. Equities: 62.9%
- International Developed Equities: 26.1% across 22 countries
- Emerging Markets Equities: 11.0% across 24 countries

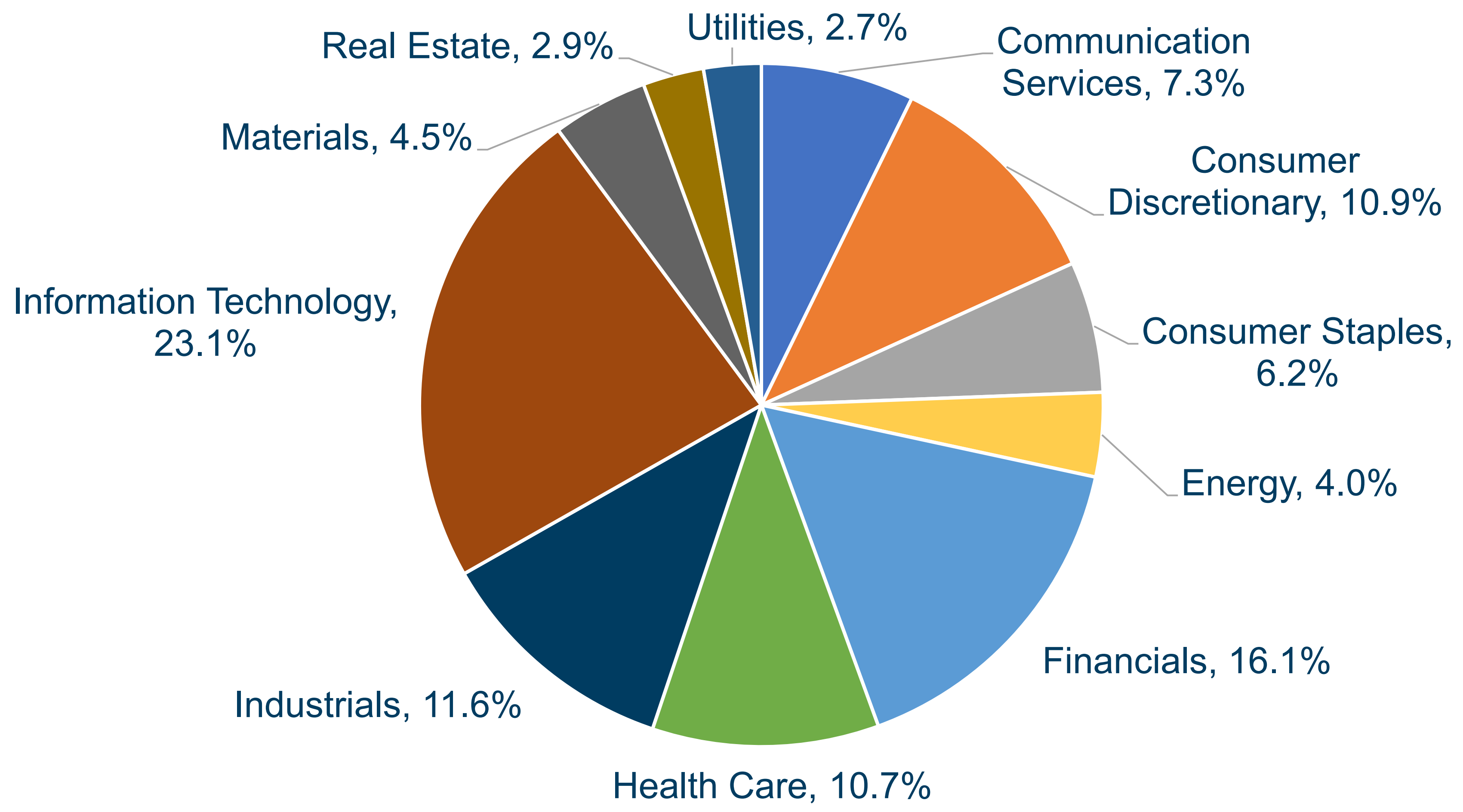
Top 10 Constituents

Issuer	Mkt Cap ($B)	Index Wt. (%)	Sector
Apple	3,573	3.9	Information Technology
Microsoft Corp	3,198	3.5	Information Technology
Nvidia	2,987	3.4	Information Technology
Amazon.com, Inc.	1,939	2.0	Consumer Discretionary
Meta Platforms, Class A	1,254	1.4	Communication Services
Alphabet, Class A	974	1.1	Communication Services
Alphabet, Class C	939	1.0	Communication Services
Broadcom	803	0.9	Information Technology
Tesla	834	0.9	Consumer Discretionary
Taiwan Semiconductor Manufacturing Company	784	0.8	Information Technology

Country Weights



Sector Weights



Source: MSCI, as of September 30, 2024

Portfolio Overview

Public Equity Structure

Public Equity
$18.6B | 19.3% of OPERF
21 Mandates

U.S. Equity	International Equity	Emerging Markets	Global Equity
$10.2B 6 Mandates	$5.2B 8 Mandates	$0.6B 3 Mandates	$2.6B 4 Mandates
3 Internally Managed 1 Passive Manager 2 Systematic Managers	1 Internally Managed 3 Systematic Managers 4 Fundamental Managers	1 Systematic Manager 2 Fundamental Managers	2 Systematic Managers 2 Fundamental Managers

- 45.2% of the portfolio is passively managed and 35% of the portfolio is internally managed

Source: State Street, as of September 30, 2024

Portfolio Overview

Public Equity Portfolio Evolution

Public Equity's North Star has been to create a more balanced portfolio across dimensions of style while reducing portfolio risk and rebalancing the portfolio to better align with the MSCI ACWI IMI (market cap, regions, sectors, beta).

December 2021	**Goal**	**December 2022**	**December 2023**	**September 2024**
Portfolio structure overweight value, small size & low volatility factors: 75% of active risk	Reduce	66%	53%	40%
Active risk (tracking error) not to exceed 200bps	Maintain or manage down	306 bps	121 bps	85 bps
Mandates: 37	Reduce / Maintain high conviction mandates	32	23	21

Source: State Street, BRS Aladdin & OST Risk & Research, as of September 30, 2024

Year In Review

Public Equity by the Numbers

Cash Raised	FX Facilitated	Manager Meetings	Global Peer Discussions	Conference Attendance
$4.5B	$639M	175	11	6

Source: OST, State Street & BRS Aladdin, as of September 30, 2024.

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Year In Review

Internal Portfolio Management Activity

Rebalance Activity

~6,000
Equity Trades

Index Changes

380
Non-Rebalance Trades

Portfolios Outperforming

4 / 4
Since Inception

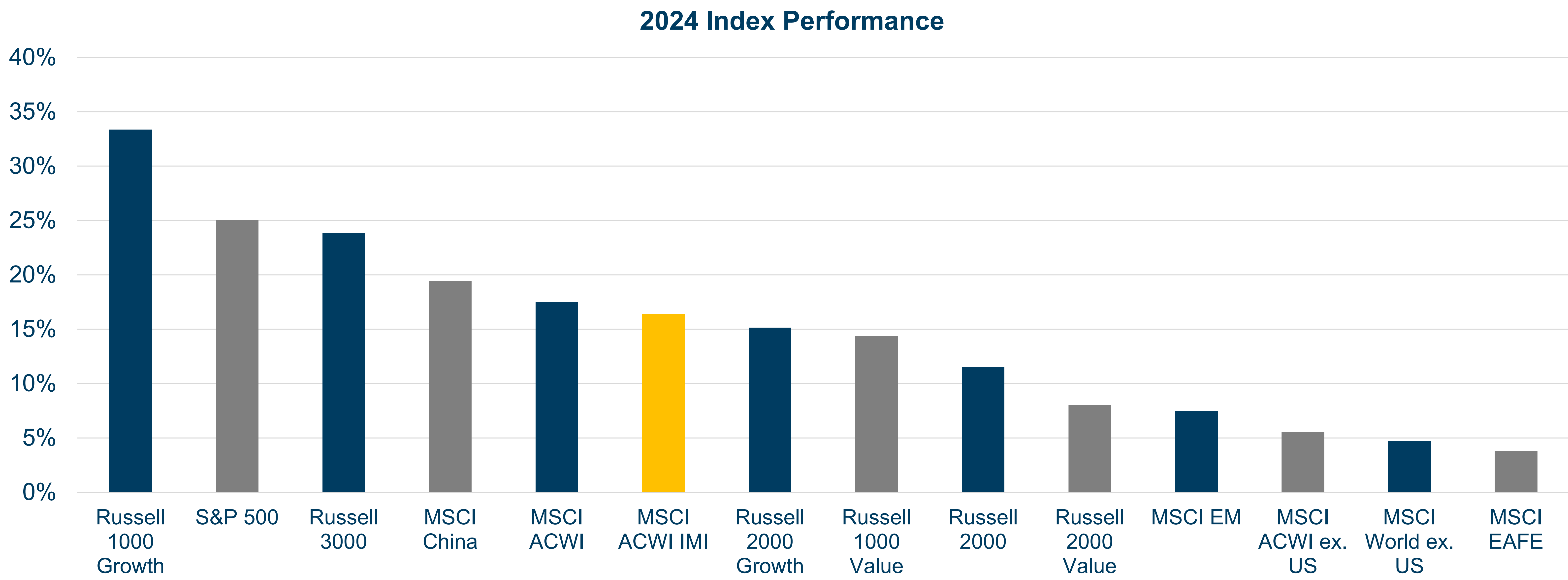
Financial Impact

~$55M
Since Inception*

Source: OST, BRS Aladdin, S&P and Wells Fargo, as of September 30, 2024

Market Review

- U.S. equities performed very well over the past year, sustained by strong earnings, continued enthusiasm around AI, and hopefulness of a soft landing driven by U.S. interest rate cuts.
- Within the U.S., growth companies outperformed value companies, and large caps outperformed small caps, notably driven by the “Mag 7” performance, especially in the first half of the year.
- International equities lagged U.S. equities but still returned positive numbers over the year.
- Emerging Markets fared slightly better than Developed International markets, partially due to Japan’s unexpected interest rate hikes and weakening Yen in Q2 and Q3.



Source: Russell and MSCI, as of December 31, 2024

Performance Summary

	Market Value	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Public Equity Portfolio	**$18.6B**	**18.24**	**31.02**	**8.70**	**12.24**	**9.59**	**7.77**	**7/1/1997**
MSCI ACWI IMI (Net)		17.83	30.96	7.44	11.87	9.20	6.93	
Excess Return		**0.41**	**0.06**	**1.26**	**0.37**	**0.39**	**0.84**	
Tracking Error (ex post)			**1.49**	**2.41**	**2.22**	**1.69**		

- **Strong Absolute and Relative Performance**
  - Year to date, the Public Equity portfolio returned 18.24%, outperforming its benchmark by 41 bps
  - The Domestic Equity sleeve was the strongest absolute performer, while trailing the Russell 3000 Index on a relative basis.
  - The Global Equity sleeve also generated strong absolute returns year-to-date, while also outperforming its benchmark.
  - Although Developed ex-U.S. markets lagged the U.S. on an absolute basis, that sleeve continues to handily outperform its benchmark.
  - The Public Equity portfolio continues to outperform its benchmark over longer time periods.

- **Active Risk Management**
  - Over the last 12 months, the portfolio's realized (ex post) tracking error has come down. Long term, the portfolio's tracking error remains below the policy limit.

Source: State Street, as of September 30, 2024

Performance & Risk

Public Equity Positioning

Strategic Allocation Targets

Regional Allocation	Market Value ($M)	Market Value (%)	OIC Target (%)	Diff (%)	OIC Ranges (%)
U.S.	12,094	65.3	61.0	4.3	+/-10
International Developed	4,429	24.0	28.0	-4.0	+/-10
Emerging Markets	1,895	10.2	11.0	-0.8	+/-4
Other (Cash, FX, etc.)	89	0.5	0.0	0.5	N/A

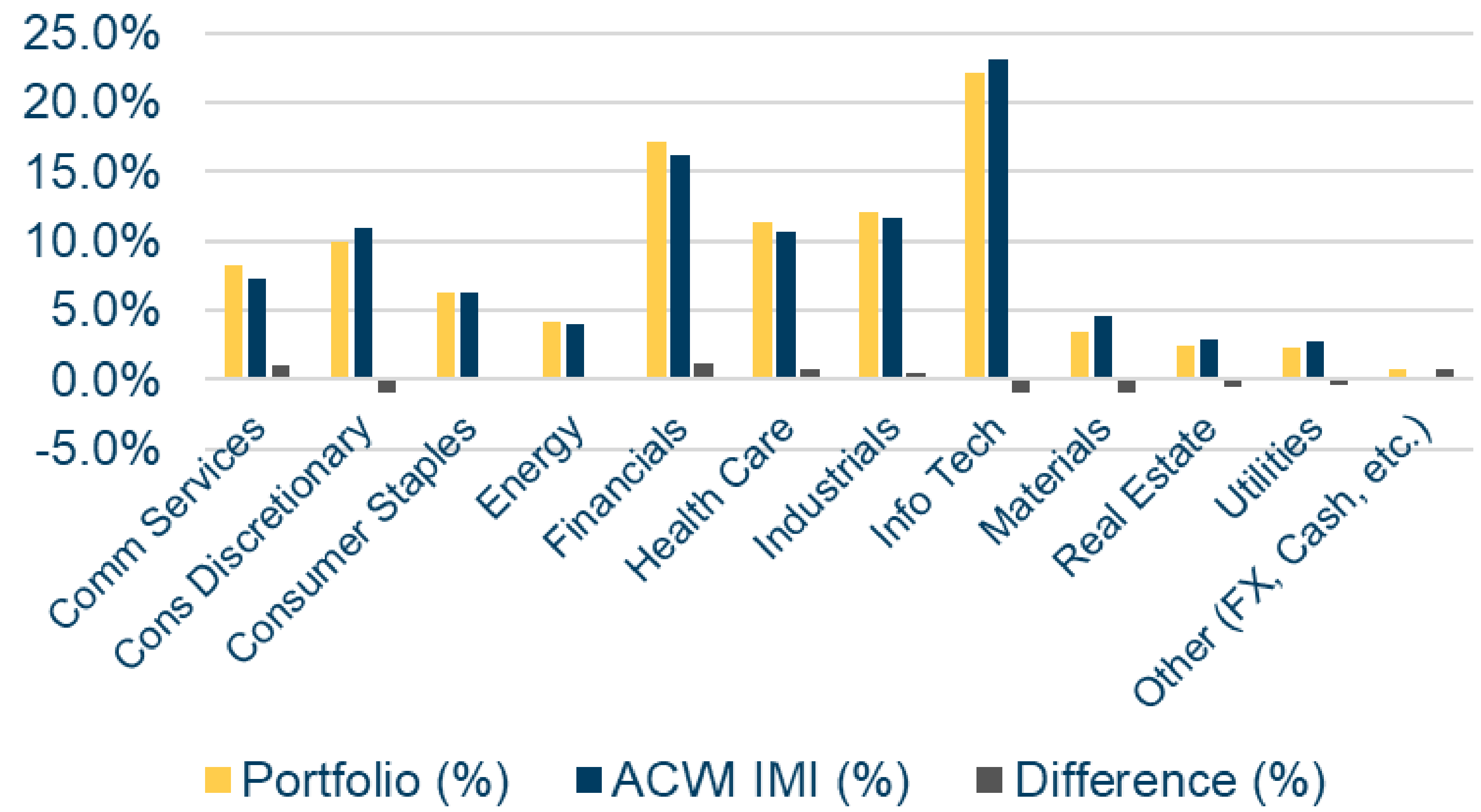
Top 10 Manager Strategies

Fund	Market Value	Market Value
OST S&P 500 Index	$4.2B	22.4%
BlackRock Russell 3000 Index	$3.3B	17.8%
DFA US All Cap Core	$1.5B	8.0%
OST International Risk Premia	$1.4B	7.7%
Cantillon Global	$1.0B	5.4%
Walter Scott International Growth	$0.9B	4.9%
Arrowstreet International (130/30)	$0.8B	4.3%
Acadian International Value	$0.8B	4.1%
OST S&P 400 Index	$0.6B	3.2%
LA Capital Management Global Low Volatility	$0.6B	3.1%

Market Capitalization Weights

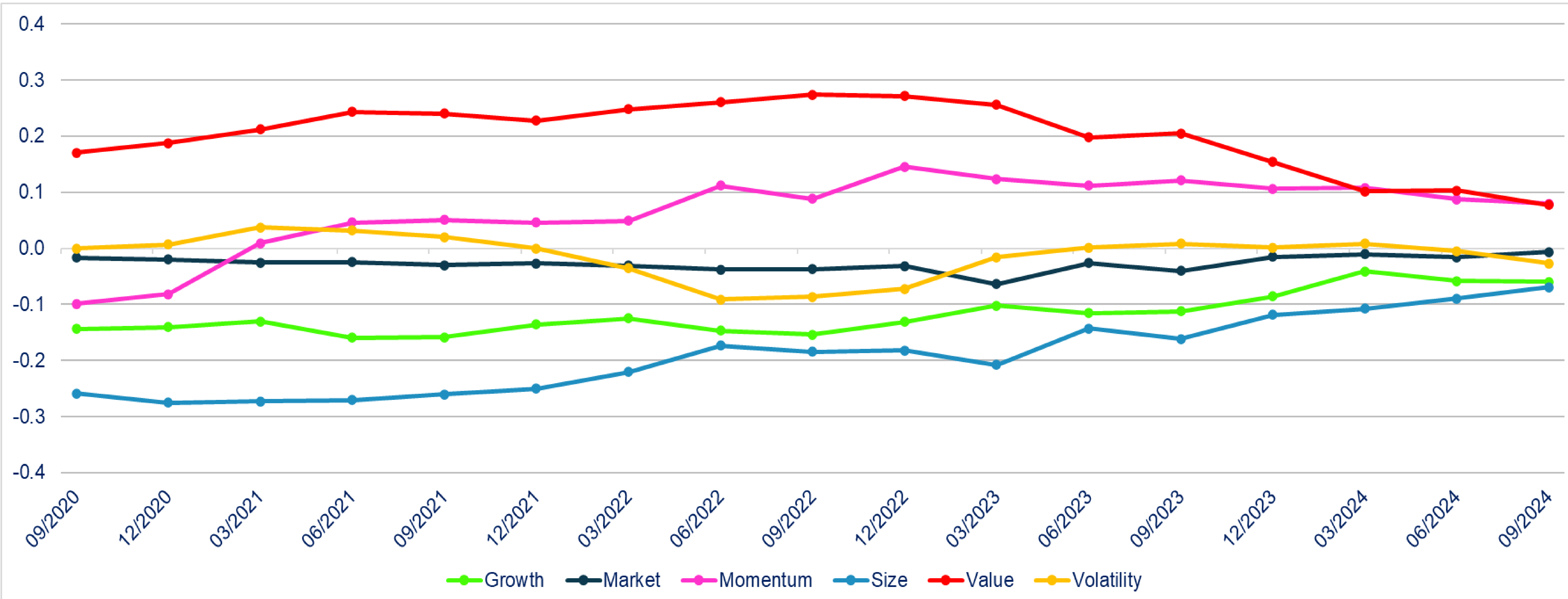
Market Capitalization	Market Value ($M)	Market Value (%)	ACWI IMI Net (%)	Diff (%)
Mega Cap > $200B	6,023	32.5	35.3	-2.7
Large Cap > $10B-$200B	9,572	51.7	51.3	0.4
Mid Cap > $6B-$10B	1,102	6.0	4.8	1.2
Small/Mid Cap > $2B-$6B	1,167	6.3	5.8	0.5
Small Cap $300M-$2B	479	2.6	2.8	-0.3
Micro Cap < $300M	44	0.2	0.0	0.2
Other	119	0.6	0.0	0.6

Sector Weights



Source: State Street, BRS Aladdin & MSCI, as of September 30, 2024

Performance & Risk
Active Risk Factor Exposures



➢ Continued reductions to style factor exposure – Value and Small Size

Source: OST Portfolio Risk & Research & BRS Aladdin, as of September 30, 2024

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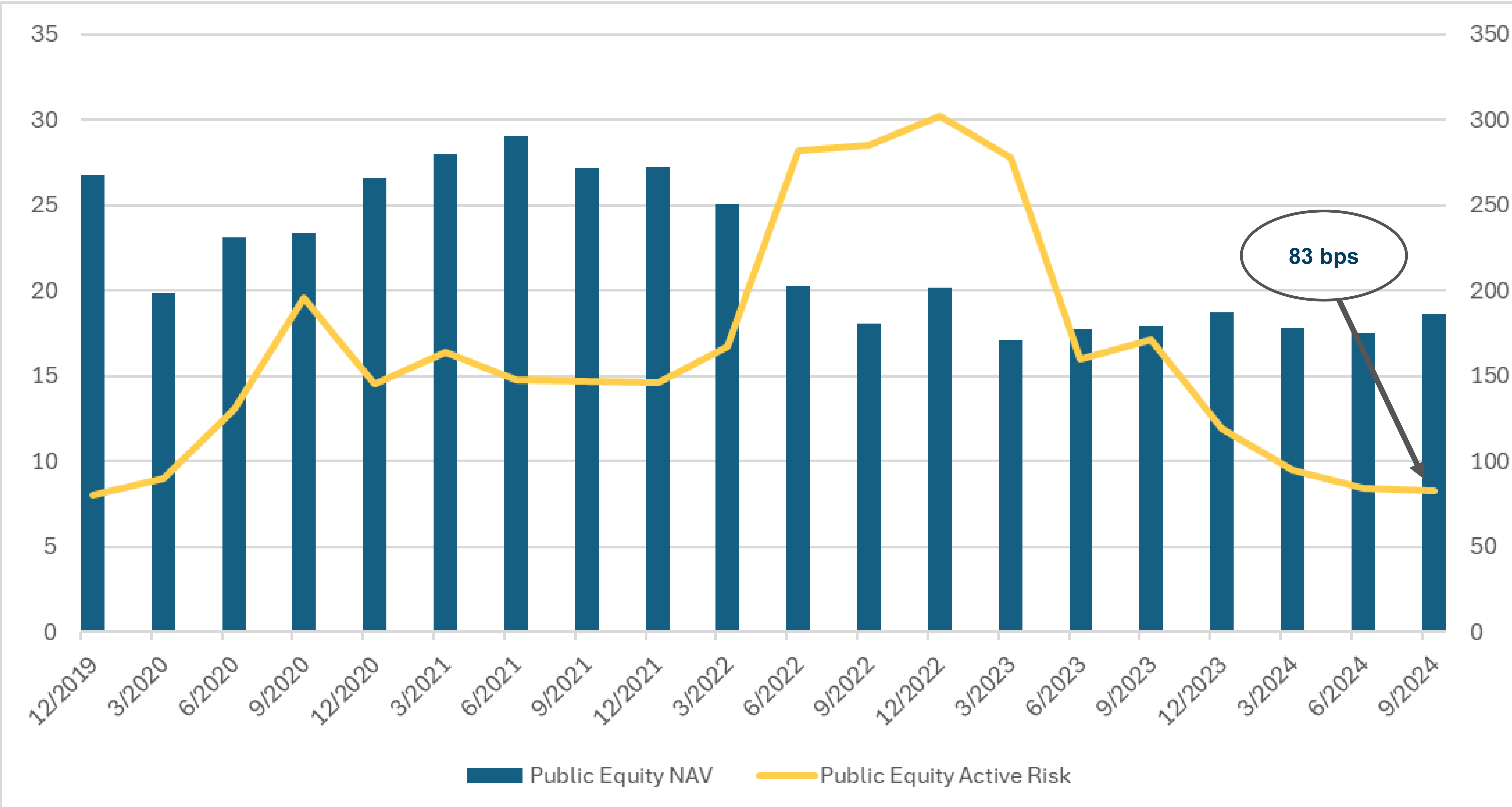
Performance & Risk

Active Risk Time Series



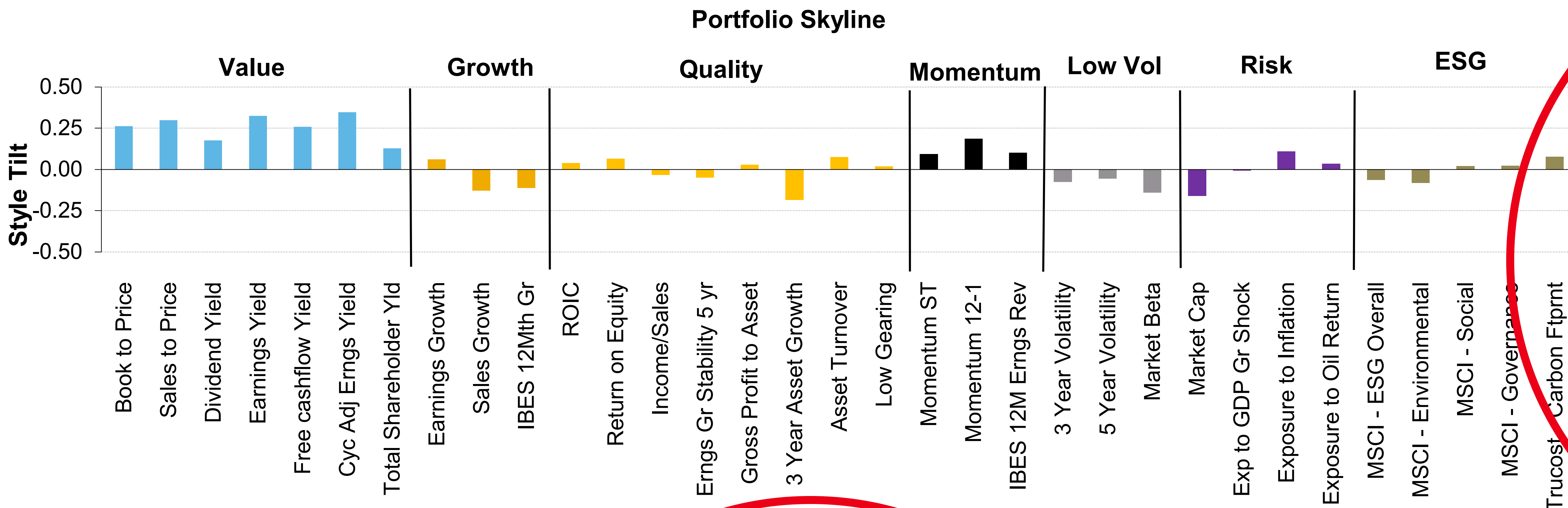
- ➢ Continued reduction in ex-ante active risk (tracking error)

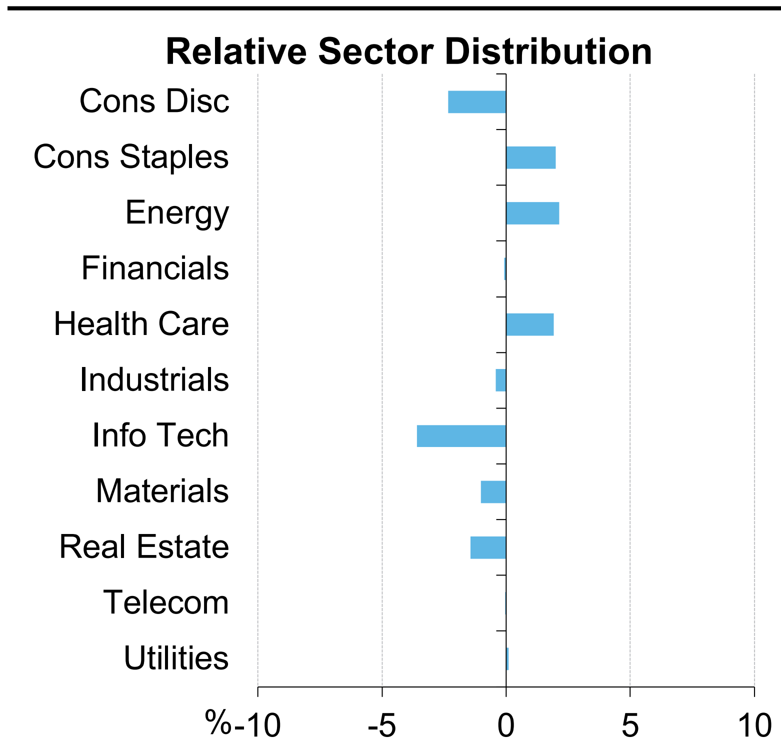
Source: BRS Aladdin & State Street, as of September 30, 2024

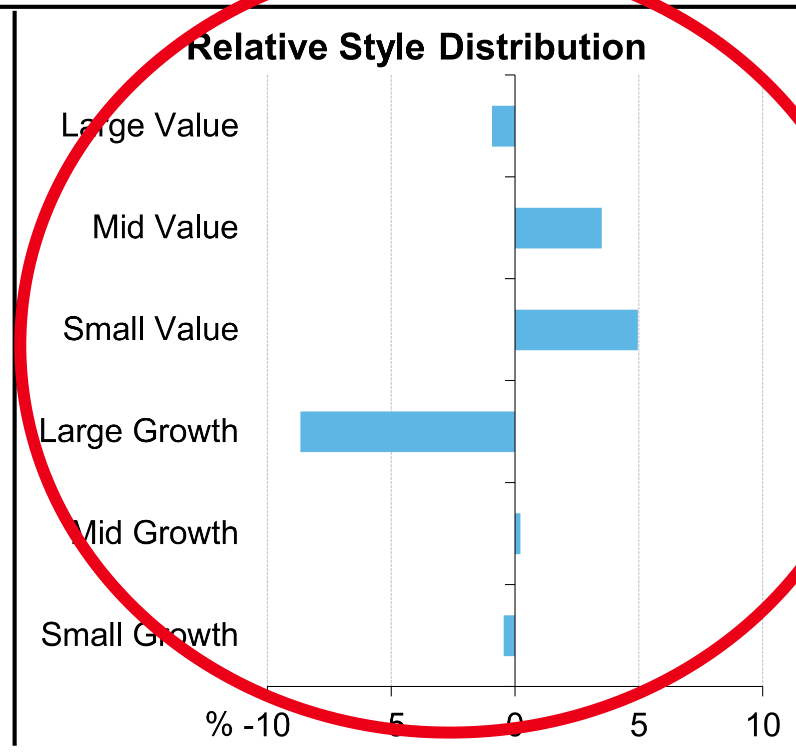
Performance & Risk

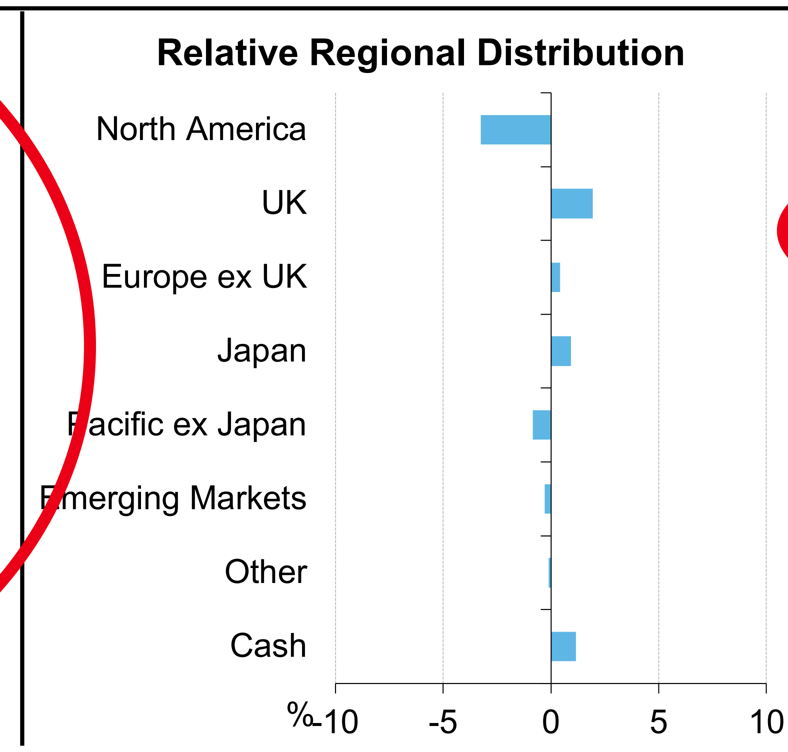
AON Portfolio Structure Analysis

Total Public Equity Portfolio 2022 (Historical Baseline)









Tracking Error	2.0
Active Share	38.2
Number of Stocks	9916.0

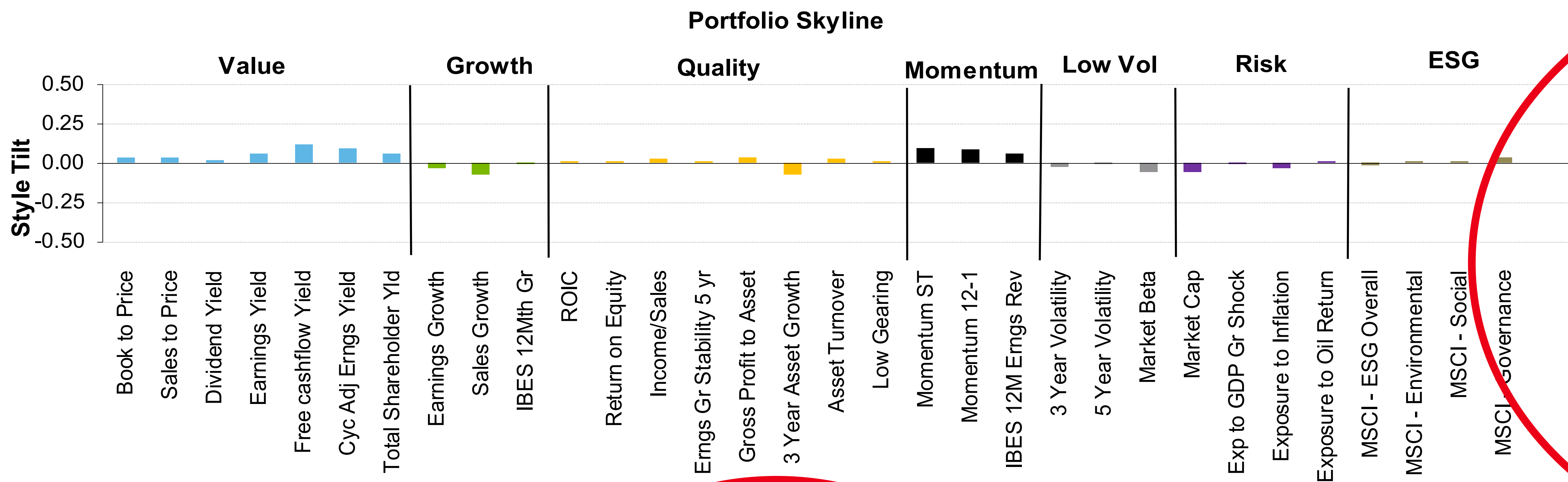
Source: Aon, Style Research. Portfolio Skyline Data as at 30 September 2022.

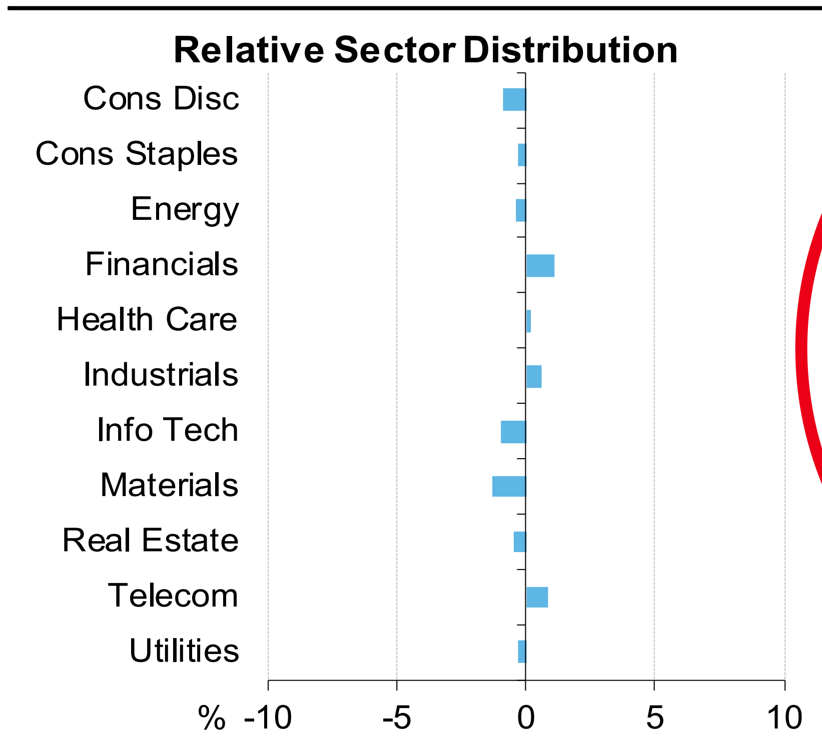
Distribution and TE Data as at 30 September 2022. Benchmark: MSCI ACWI IMI

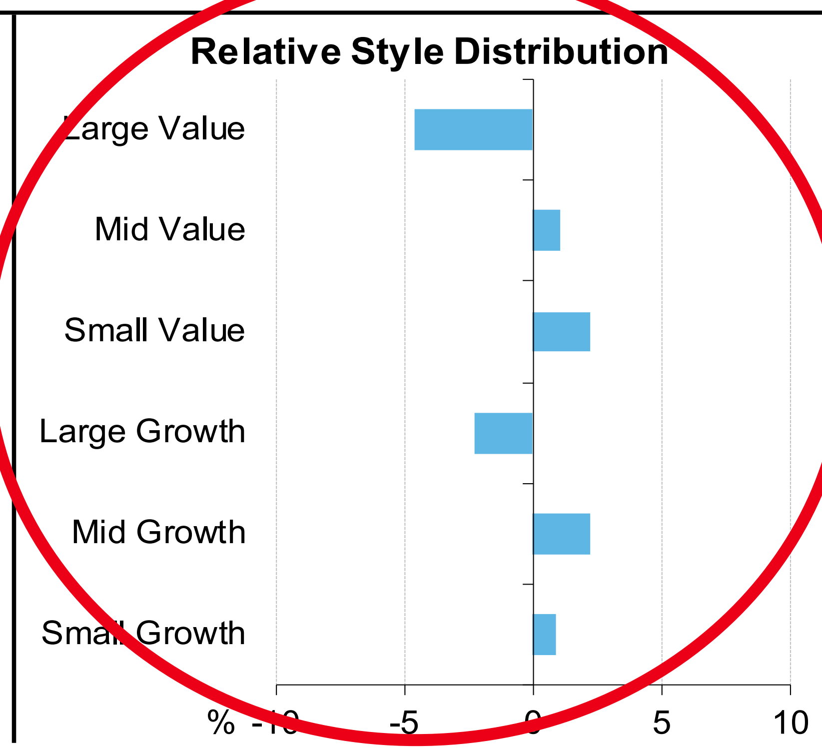
Performance & Risk

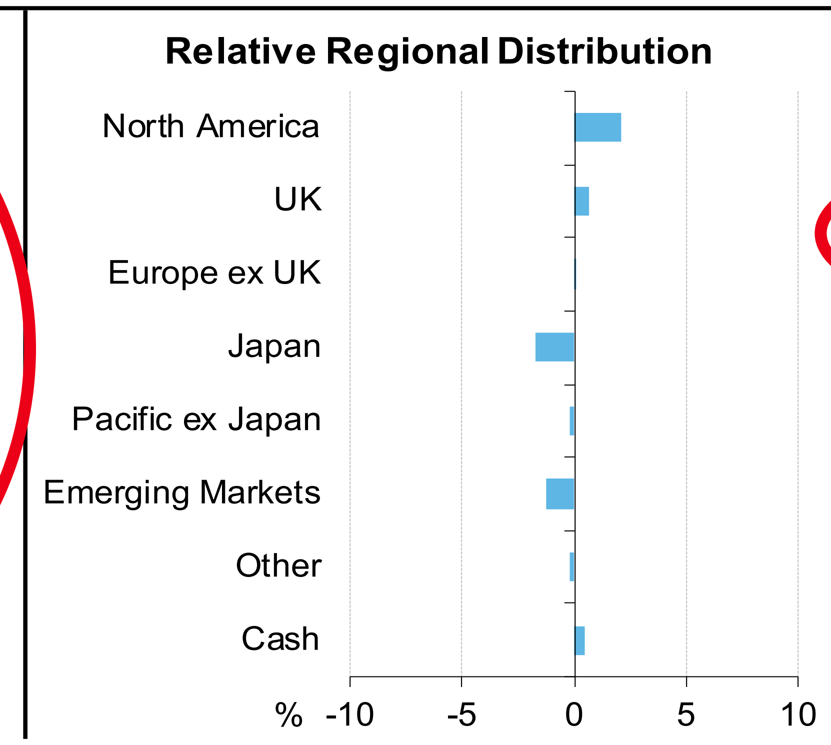
AON Portfolio Structure Analysis

Total Public Equity Portfolio 2024 (Proforma includes new managers)









Tracking Error	0.8
Active Share	30.5
Number of Stocks	5959

Source: Aon, Style Research. Portfolio Skyline Data as at 30 September 2024.

Distribution and TE Data as at 30 September 2024. Benchmark: MSCI ACWI IMI Index

Special Section

A Year in the Life of the Public Equity Team

Daily Activities

- Internal portfolio management – Equity and foreign exchange (FX) trading for 1 developed international and 3 domestic portfolios, along with FX for private markets capital calls/distributions
- Investment manager monitoring – alerts on all platforms

Weekly/Monthly Activities

- General consultant (Meketa) manager review and project check-in
- Ad hoc contact with investment managers
- Preparing for governance committee meetings
- Preparing cash transfers, performance reports, and restriking equity portfolios

Quarterly Activities

- Due diligence calls with investment managers and service providers (sec lending, commission recapture) & memorializing meetings in FactSet
- Generate portfolio dashboard
- Risk review with OST Portfolio Risk & Research Team
- Internal portfolio rebalancing

Annual Activities

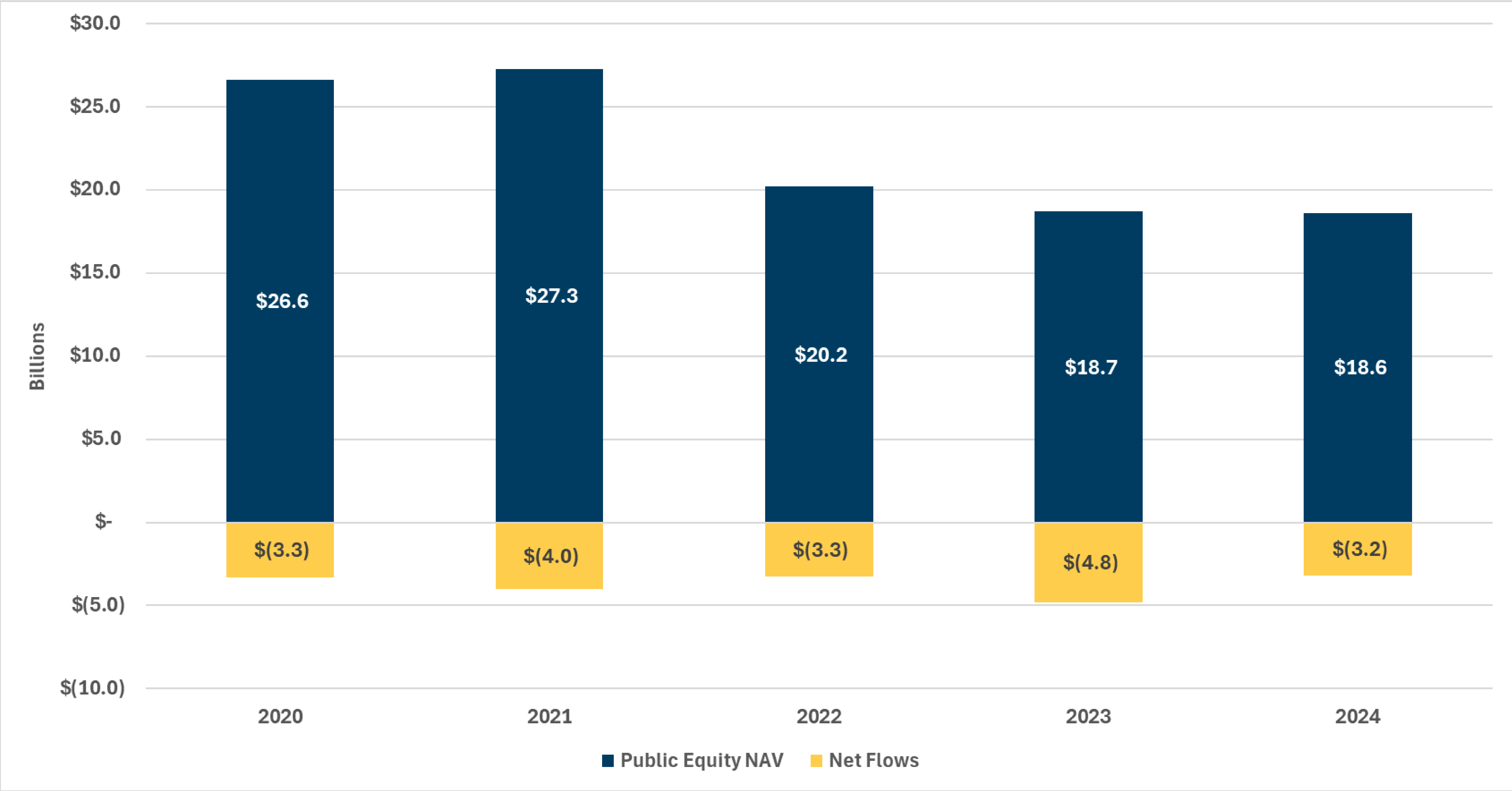
- Preparation for Asset Class Review
- Formal Review of Portfolio Structure with general consultants Aon and Meketa
- Onsite manager visits and conference attendance fostering staff development

Concurrent Activities

Cash raises to meet liquidity needs and portfolio rebalancing activities

Manager search activities including onsite diligence meetings and formal investment recommendations

Special Section
Liquidity



- 2023 and 2024 cash raise activity included asset allocation shifts within OPERF

Source: OST & State Street, as of September 30, 2024.

Special Section

Investment Manager Search Process

Search	• Screen eVestment Universe & Consultant Recommended List • Conduct Intro Calls, First & Second Round Team Calls • Memorialize Meeting Notes, Scoring, Staff Rankings to create a manager short list
Diligence Stages 1-3	• Collect Due Diligence Materials — Stage 1 Memo/Thesis • Manager Onsite — Stage 2 Memo • Consultant Reports — Stage 3 Memo
Investment Committee or OIC for approval	• Staff Recommendation Presentation • Consultant Reports
Manager Onboarding	• IMA & Guidelines • Custodian Account Set Up • Funding

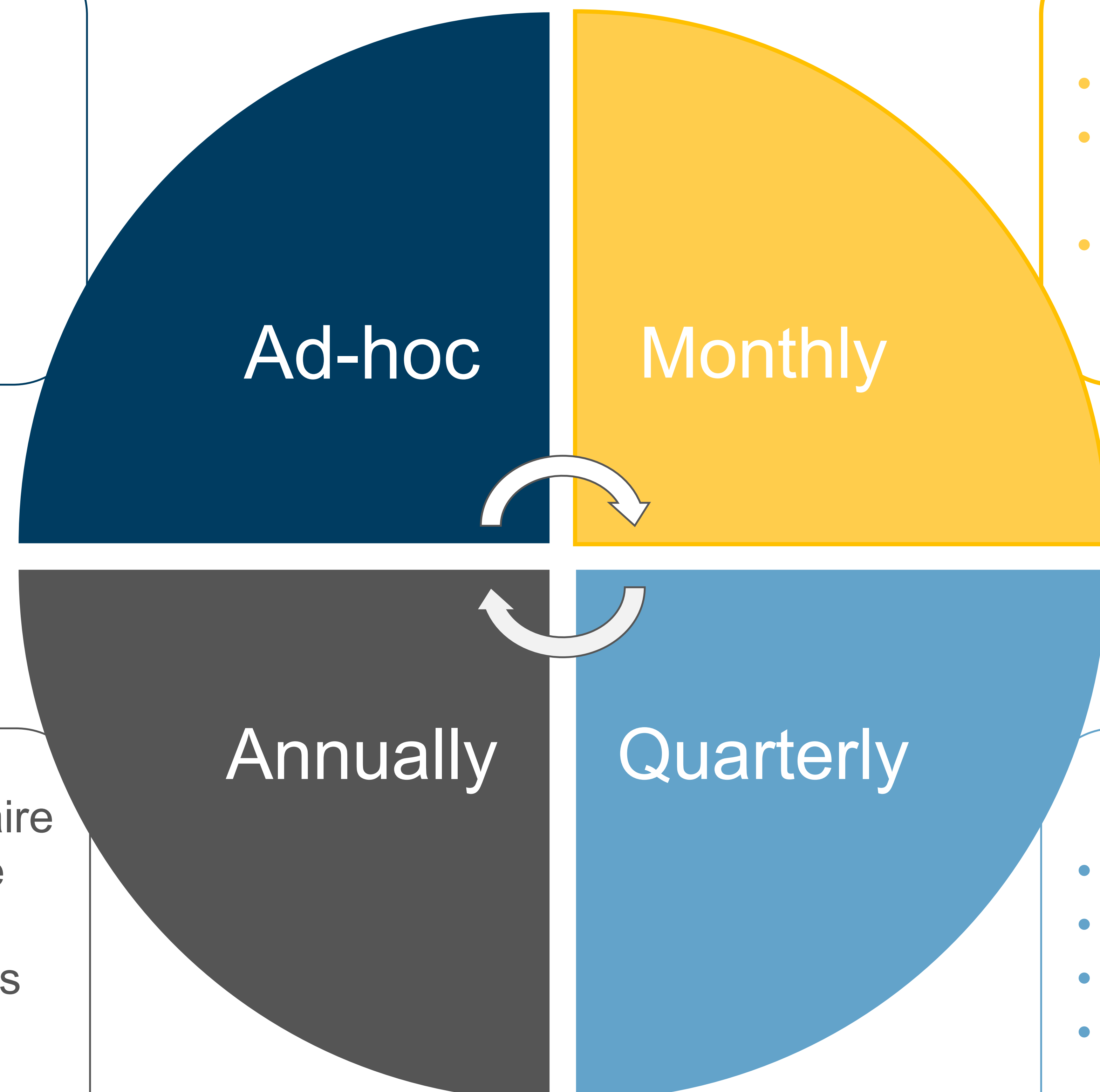
Special Section

Ongoing Monitoring Process

- Once Staff underwrites managers, they are then monitored in a 360-degree fashion

- Investment, compliance, organizational, and personnel updates
- Global Peer Discussions
- Manager Analysis

- Performance Review
- General Consultant Perspective
- Risk Reporting



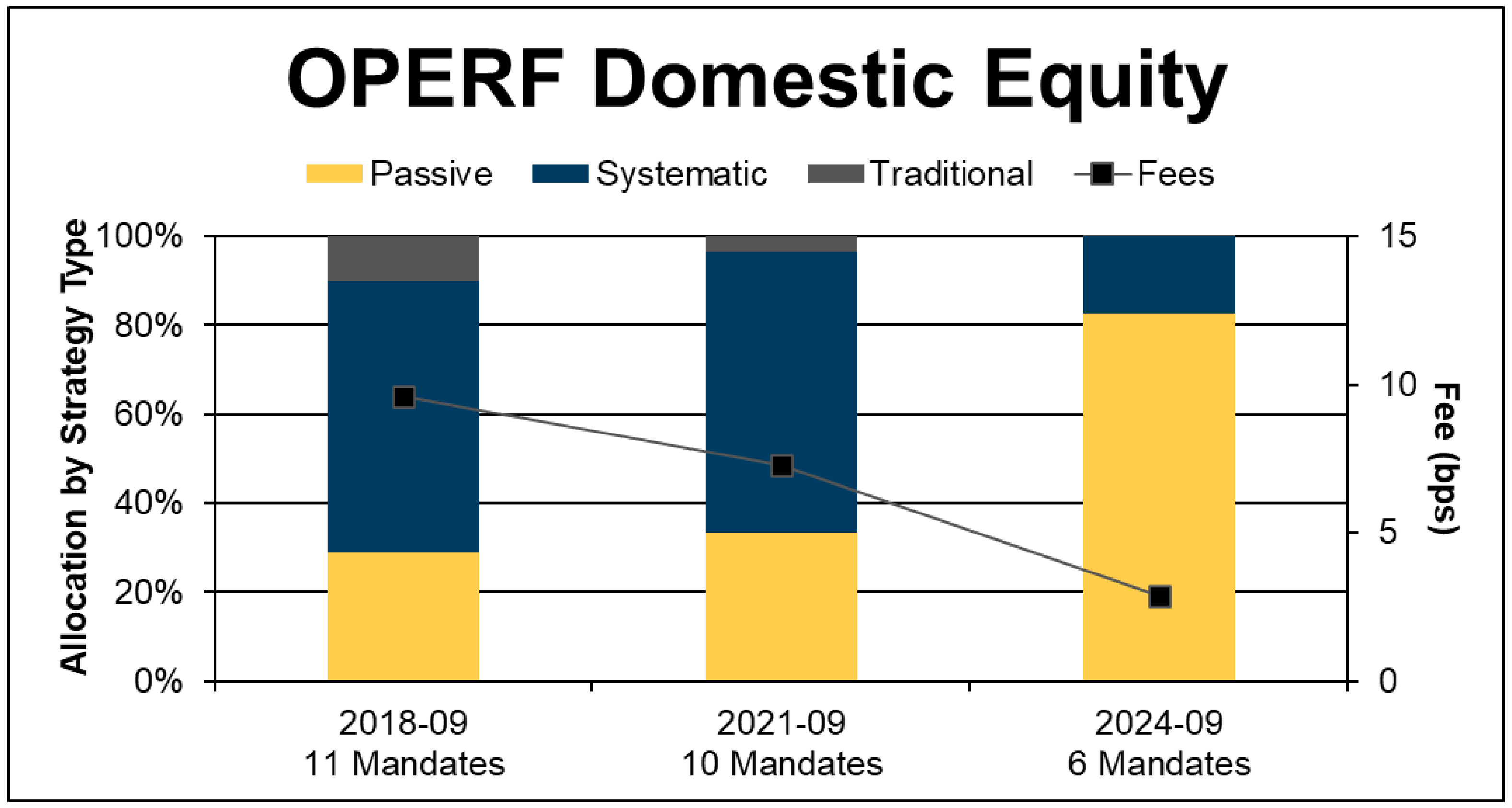
- Due Diligence Questionnaire
- Onsite Visit or Conference Attendance
- Manager Conviction Ranks & Blank Sheet Portfolio Construction Exercise

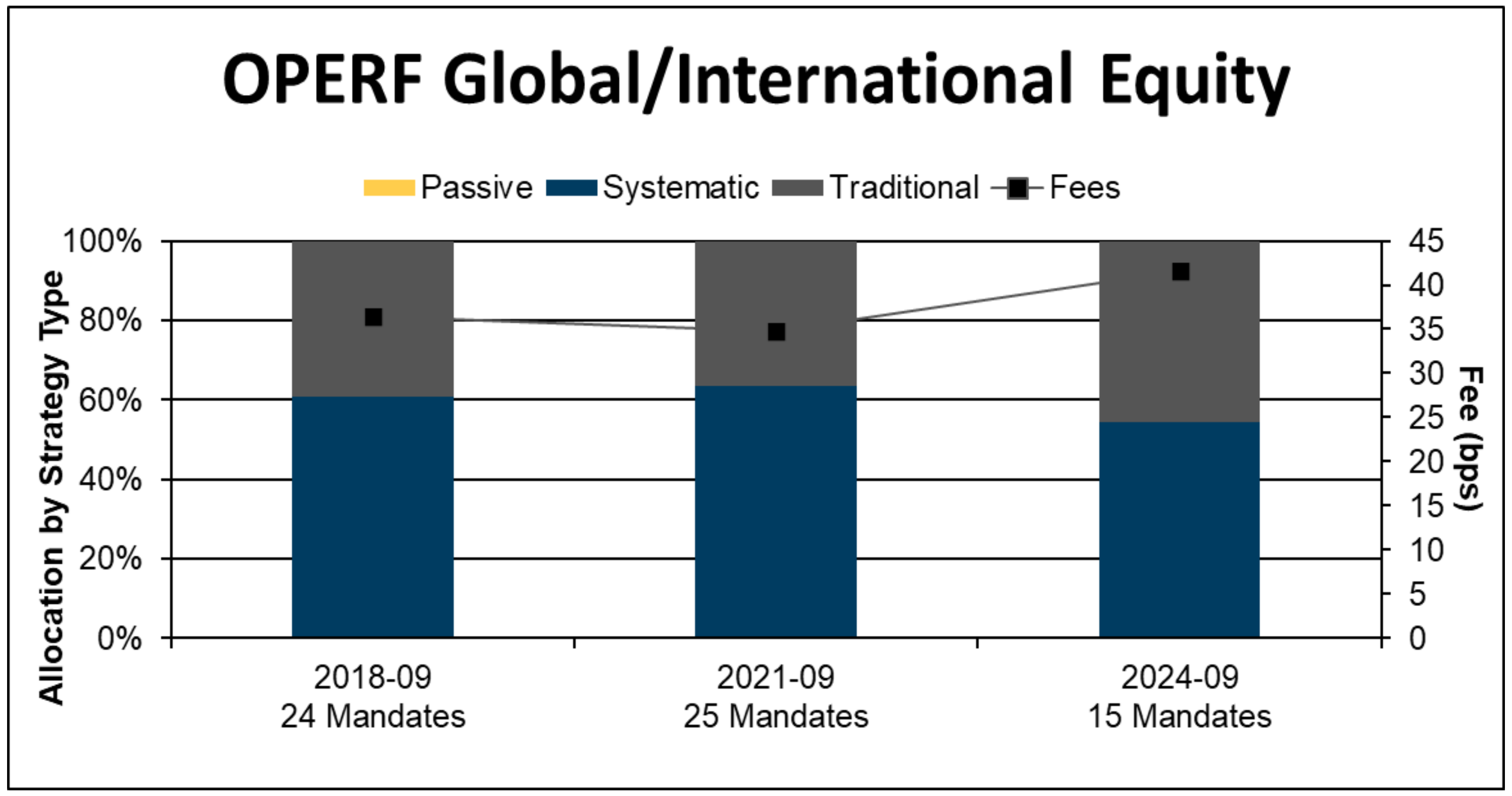
- Manager Review Calls
- Peer Group Return Analysis
- Peer Group Fee Analysis
- Risk Reporting

Special Section

Public Equity Fees

- Staff has continued to move away from traditional active mandates in the domestic equity sleeve of the portfolio, reallocating the proceeds in favor of low-cost passive and systematic strategies.
- Staff has reduced exposure to systematic strategies in the global/international sleeves in favor of high conviction, fundamental stock pickers (Cantillon, GQG), where alpha generation is the focus.





- Portfolio management costs in the Domestic Equity portfolio decreased by almost 70% (from 9.6 bps to 2.9 bps/annum).
- The number of mandates decreased from 11 to 6.

- Portfolio management costs in the International/Global Equity portfolio have increased from 36 bps to 41 bps/annum.
- The number of mandates decreased from 24 to 15.

Source: OST Accounting, as of September 30, 2024

2025 Preview
Priorities/Goals

- Continue to meet the strategic role of the asset class – return, risk, and liquidity objectives
- Continue to refine portfolio construction – manager selection and style factor exposure
- Focus on Staff development & continued education
- Diligence new investment themes and broader set of investment risks and alpha drivers
- Liaise with Stewardship Investment Officer and OST’s investment managers where possible on engagement opportunities

Biographies

Louise Howard
Director of Capital Markets
Investment Experience: 31 years

As Director of Capital Markets, Louise leads the Public Equity team on the oversight of the OPERF Public Equity portfolio, the Common School Fund, and the Oregon Savings Growth Plan. She also:

- Oversees the $16.7 billion OPERF fixed income program comprised of a mix of 11 internal and external investment strategies
- Directs the management of five internally managed portfolios totaling approximately $7.3 billion
- Leads the monitoring and evaluation efforts for external and prospective investment managers
- Evaluates portfolio structure and makes recommendations to improve risk-adjusted returns
- Manages and coordinates the liquidity needs of OPERF by liquidating public equity assets for pension payments and private market capital calls
- Participates in private market Committee Meetings (Real Estate, Private Equity, Alternative, and Opportunistic)

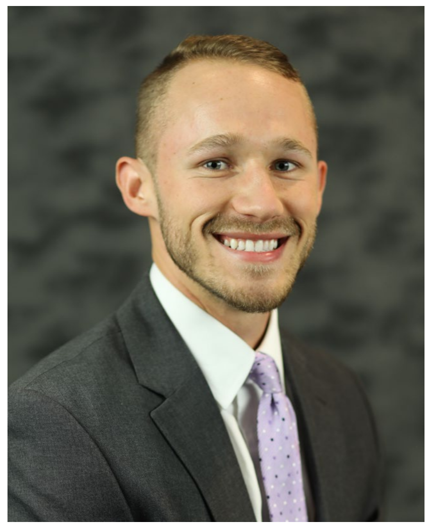
Education & Certifications: BA University of New Orleans, MBA University of New Orleans, CFA Charterholder, CAIA Charterholder

Wil Hiles
Investment Officer, Public Equity
Investment Experience: 12 years

As Investment Officer, Wil drives the Public Equity team's day-to-day activities surrounding OPERF by serving as a primary contact for internal teams, external investment managers, the custodian bank, and other third-party providers.

- Monitors and evaluates current and prospective investment managers
- Evaluates portfolio structure and makes recommendations to improve risk-adjusted returns
- Coordinates new account fundings, terminations, portfolio transitions, and cash raise activity to meet liquidity needs across investment pools
- Conducts market research and analysis
- Serves as internal equity portfolio manager and trader

Education: BA in Finance from Linfield College; Master of Science in Finance (MSF) from Pacific University



Biographies

Claire Illo
Investment Officer, Public Equity
Investment Experience: 10 years

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

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

Education & Certifications: B.S. in Economics and Business Administration from University of Oregon.
Recognition: P&I Rising Star

Kenny Bao
Investment Analyst, Public Equity
Investment Experience: 11 years

Kenny assists with prospective and external manager due diligence and overseeing OSGP.

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

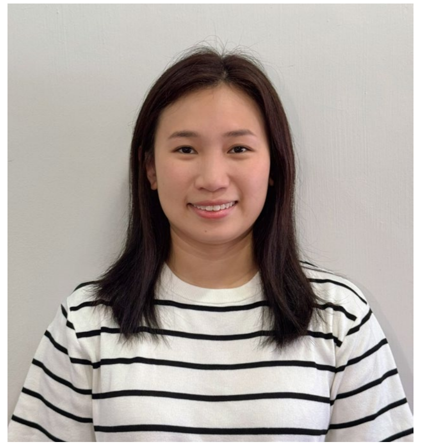
Education & Certifications: B.S. in Economics from Portland State University.

Victoria Tan
Investment Analyst, Public Equity
Investment Experience: 5 years

Victoria assists with prospective and external manager due diligence.

- Participates in quarterly portfolio reviews, as well as documenting quarterly analyses of equity managers;
- Facilitates multi-million dollar cash transfers across investment accounts;
- Coordinates the opening of new equity markets (countries), which Oregon seeks to invest in; and
- Produces routine reports pertaining to OPERF and OSGP.

Education & Certifications: B.S. in Mathematics from Southern Illinois University Carbondale; Master of Science in Statistics from Portland State University.



OREGON
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Elizabeth Steiner. MD
Oregon State Treasurer

867 Hawthorne Ave. SE
Salem, OR 97301

oregon.gov/treasury

OST Stewardship Review

Oregon Investment Council

January 22, 2025

Philip Larrieu

Investment Officer, Stewardship

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Stewardship Investment Officer

- Develop and implement strategies to improve portfolio holdings governance
- Protect shareholder rights and ensure independent board representation
- Monitor and oversee material risks in investments

OREGON STATE TREASURY

Proxy Voting

- Glass Lewis as Third-Party Advisor
  - Completed RFP in 2024
  - Glass Lewis ESG Policy
  - Customization on CEO to Median Employee Pay Ratio

Proxy Voting

- 4,948 Meetings
  - 2,637 US Meetings
  - 2,311 Non-US meetings
- 50,786 individual Items Voted

OREGON
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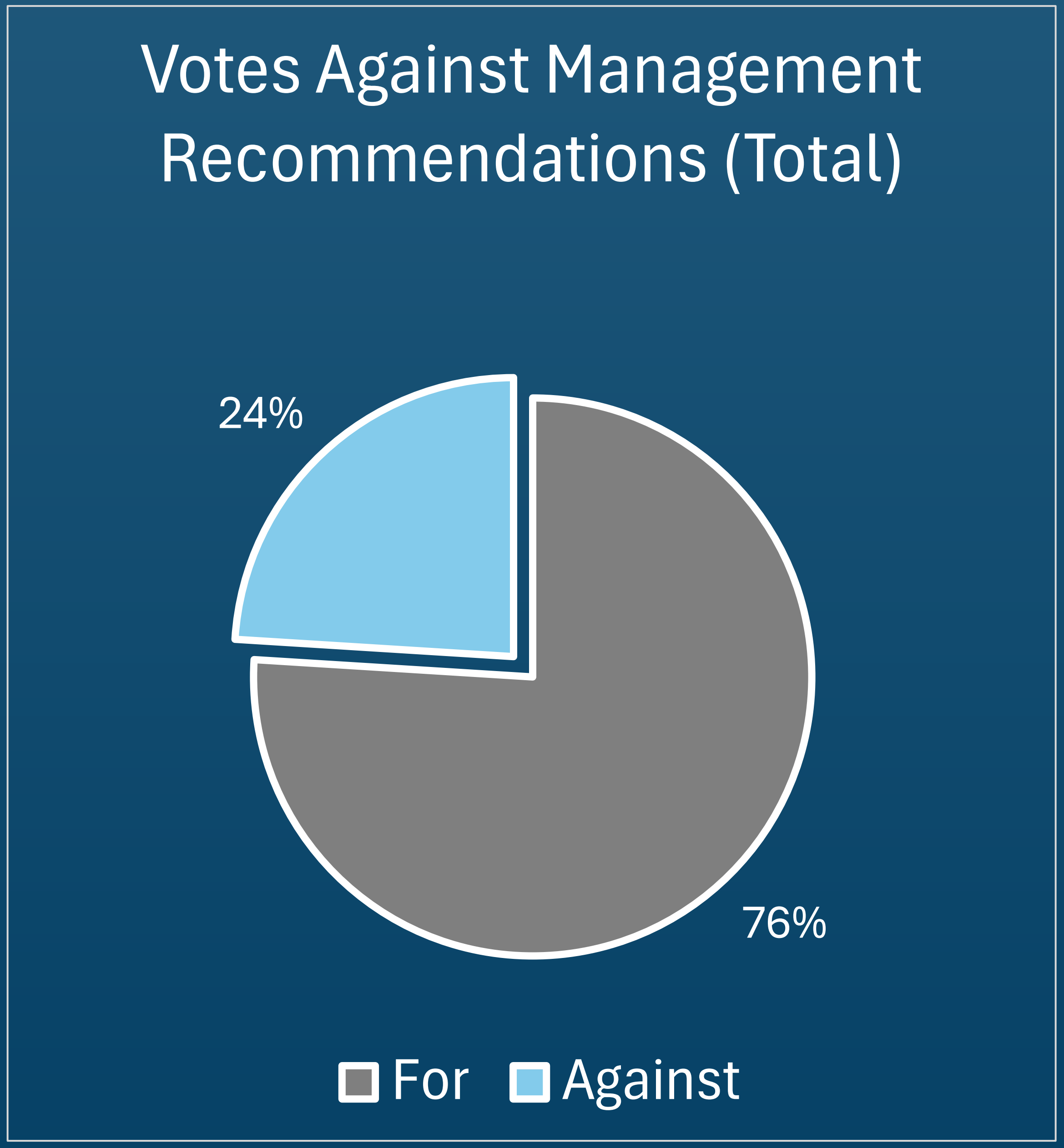
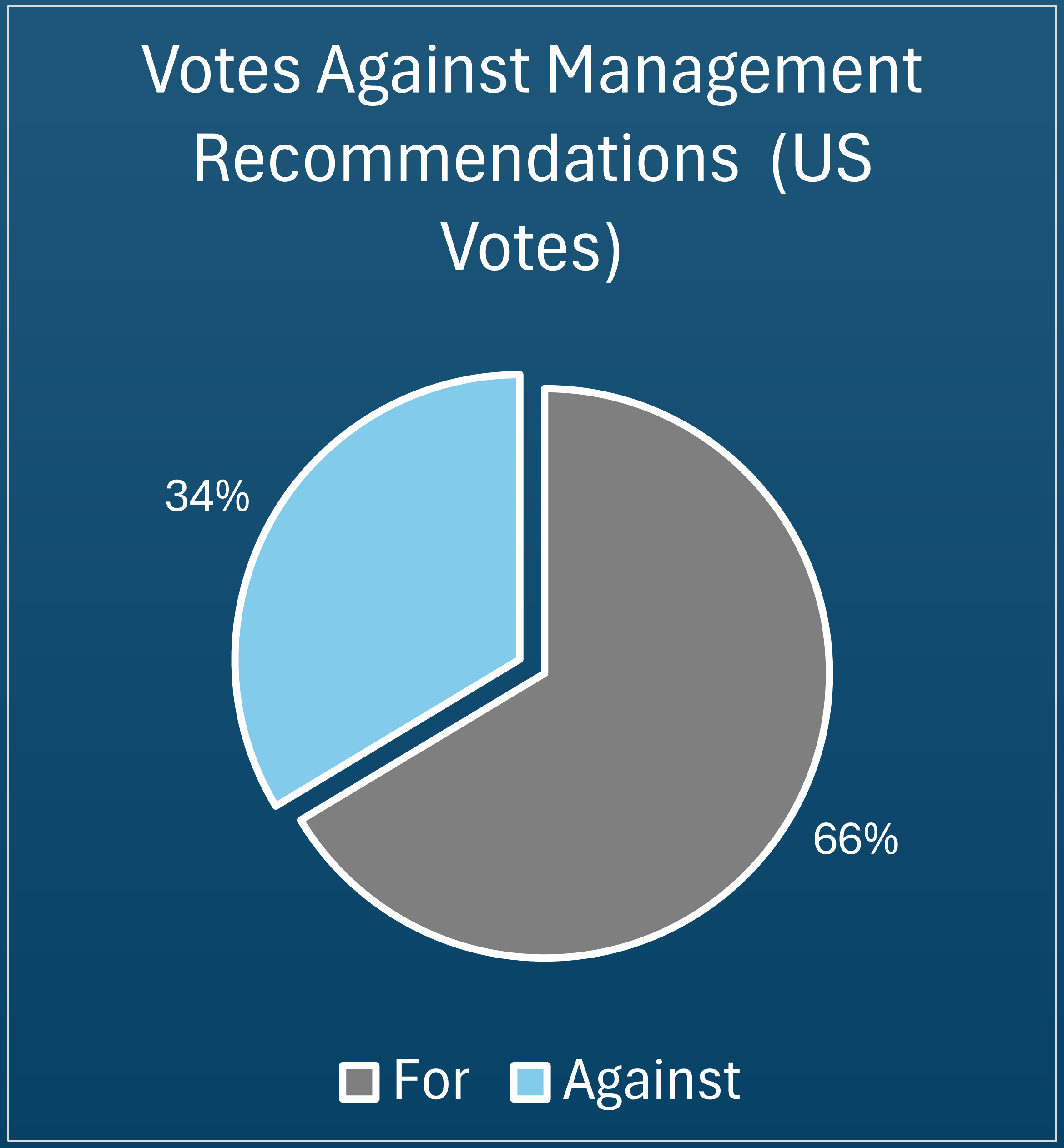
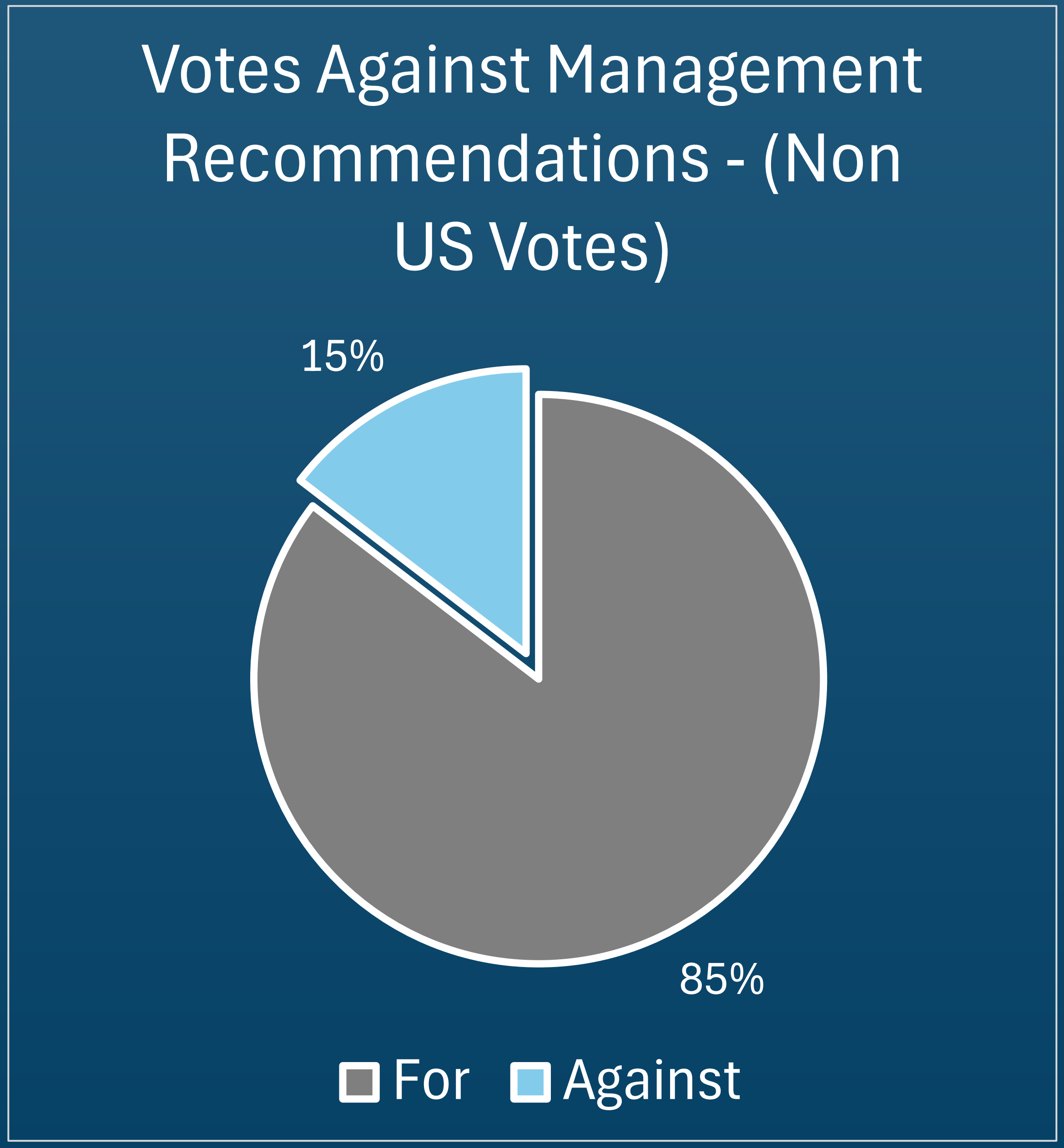
Proxy Voting
vs Management Recommendations

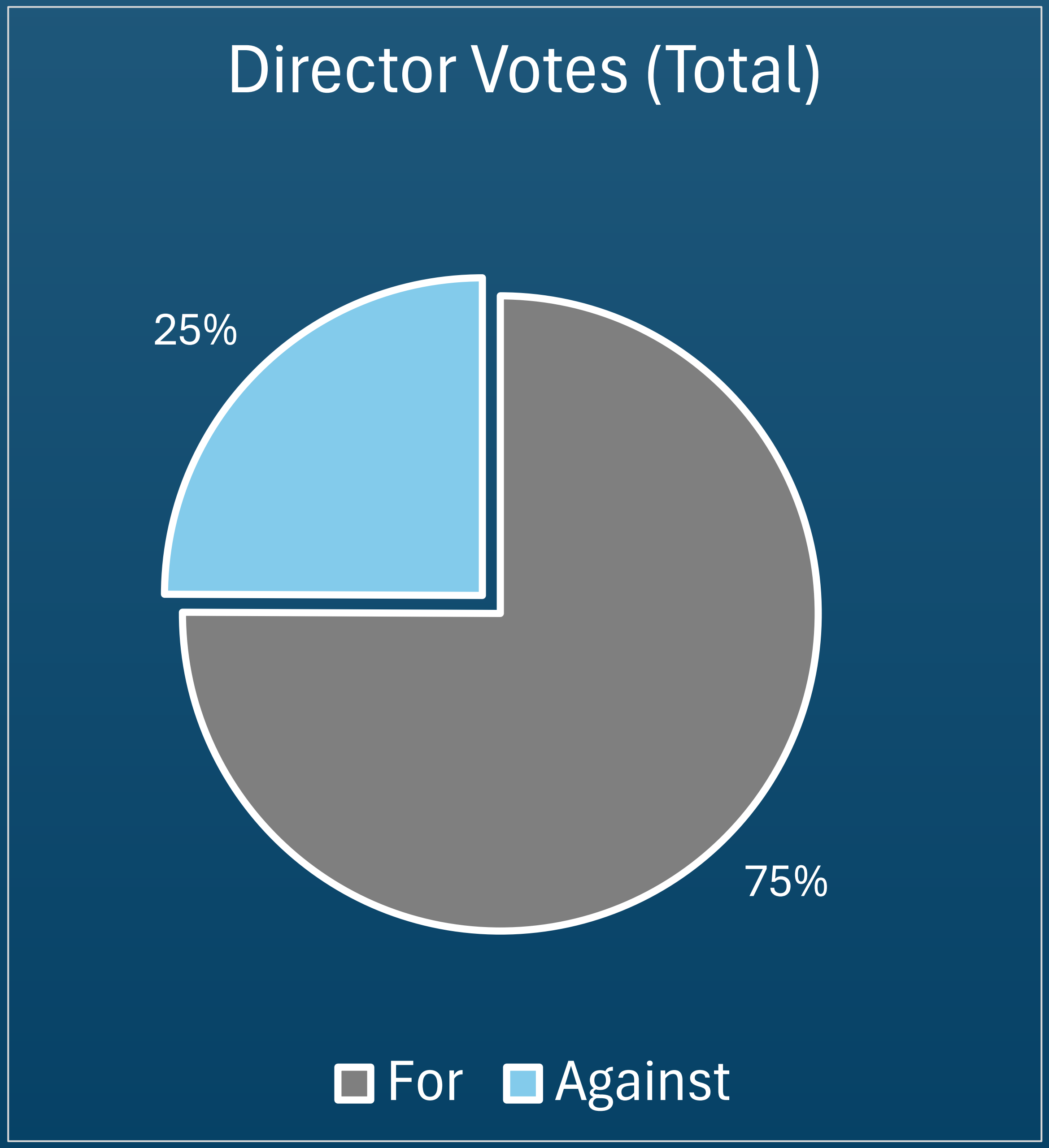


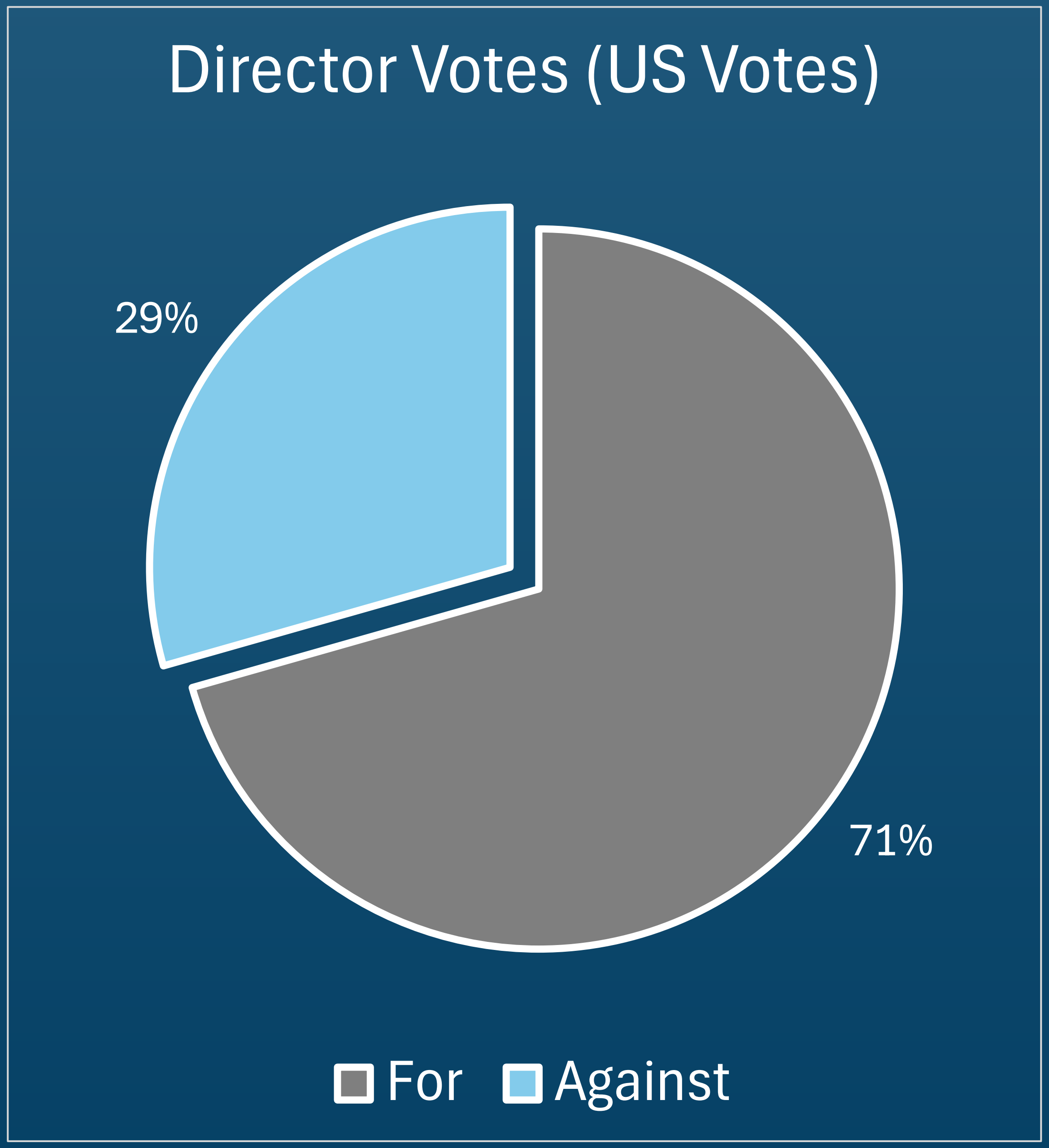


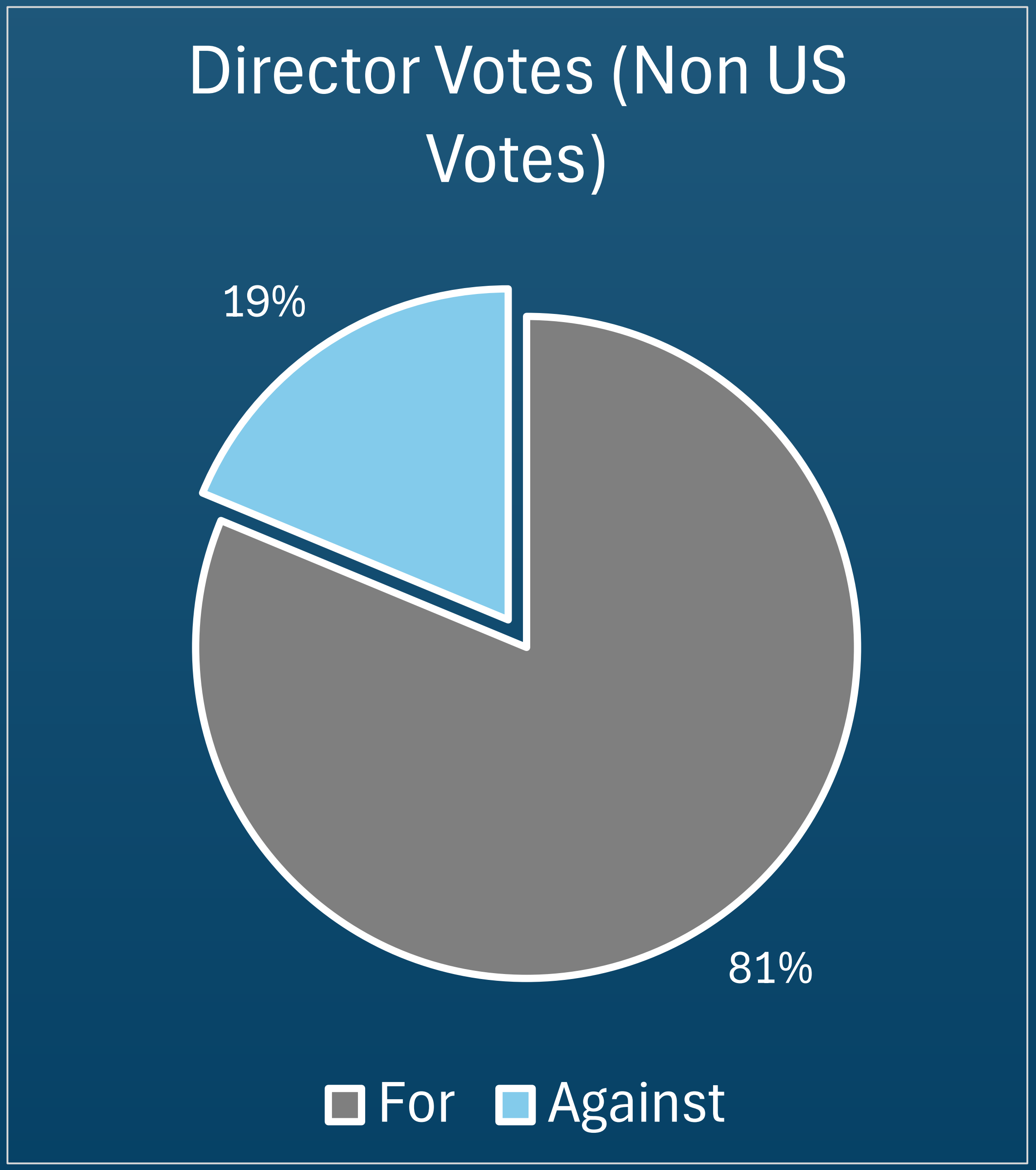


OREGON STATE TREASURY

Proxy Voting
Directors

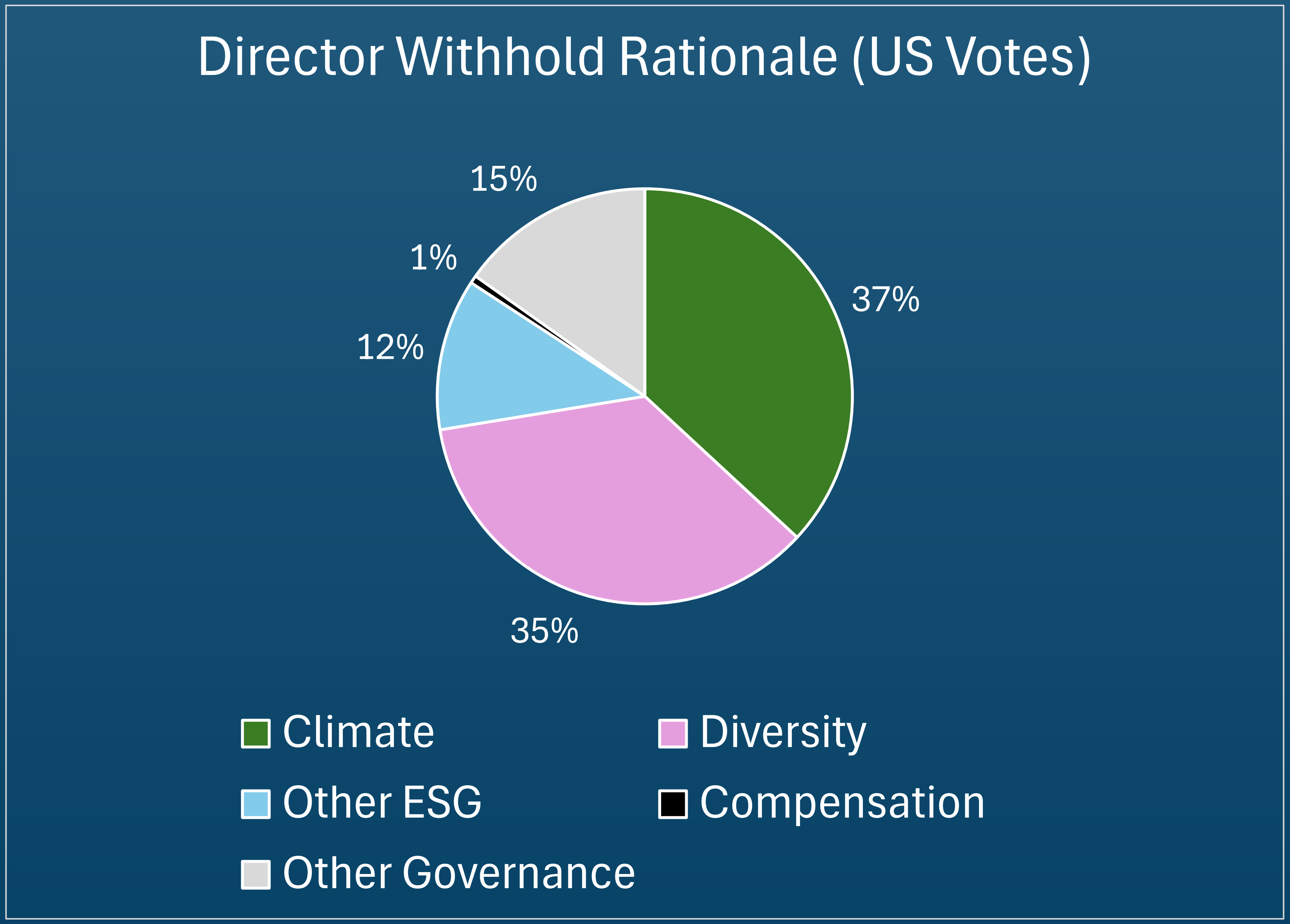


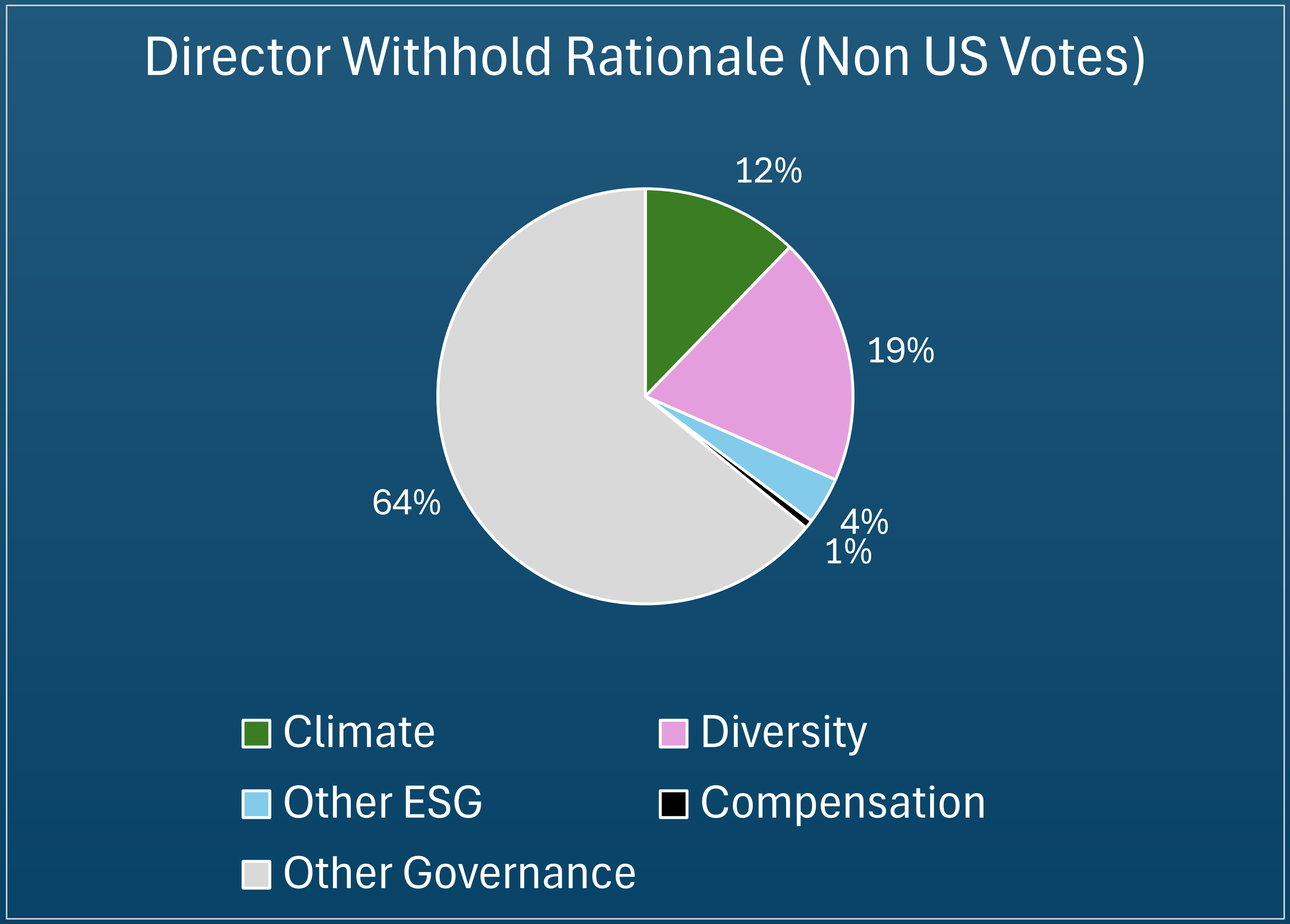




OREGON STATE TREASURY

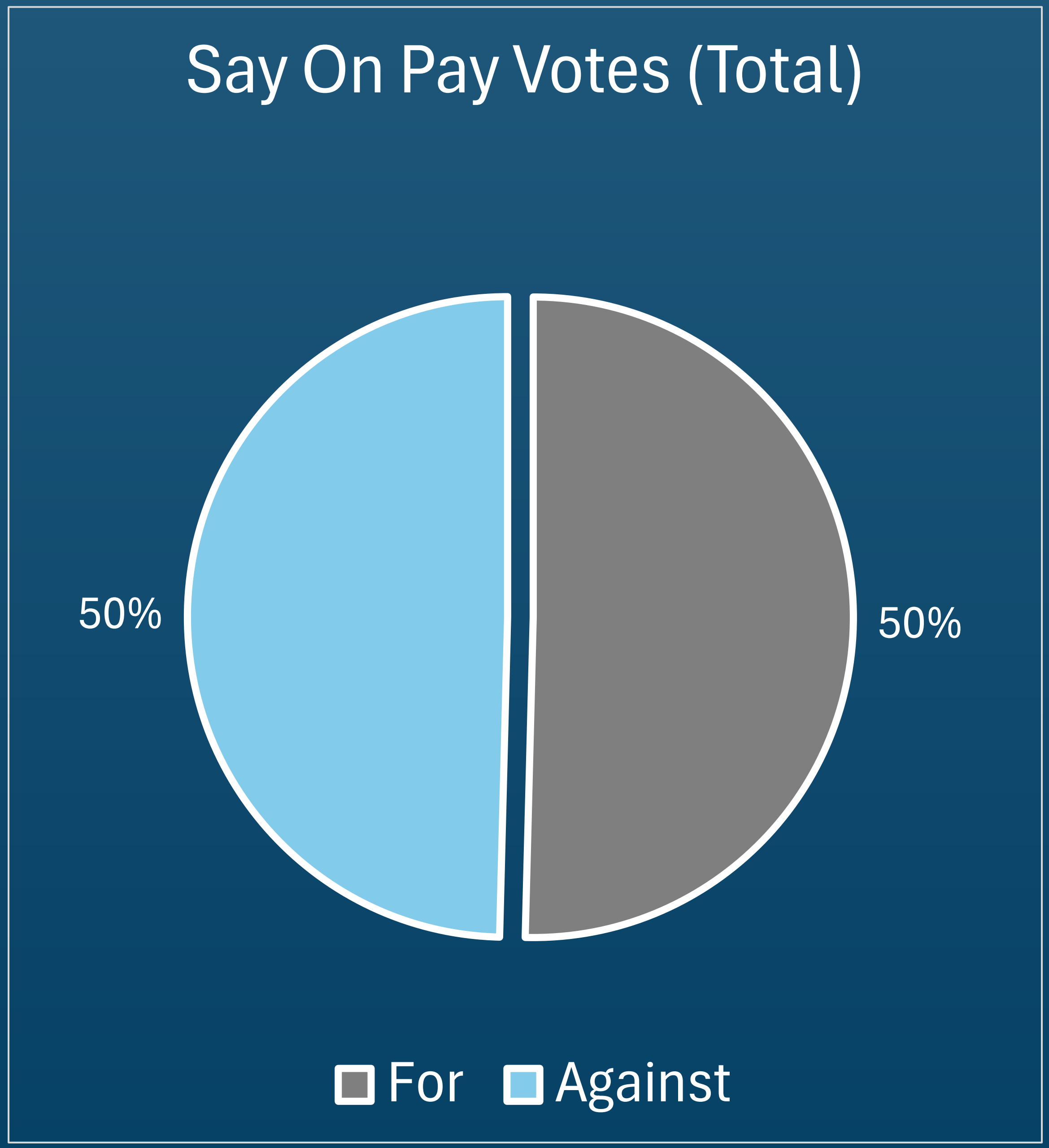
Proxy Voting
Directors Withholds

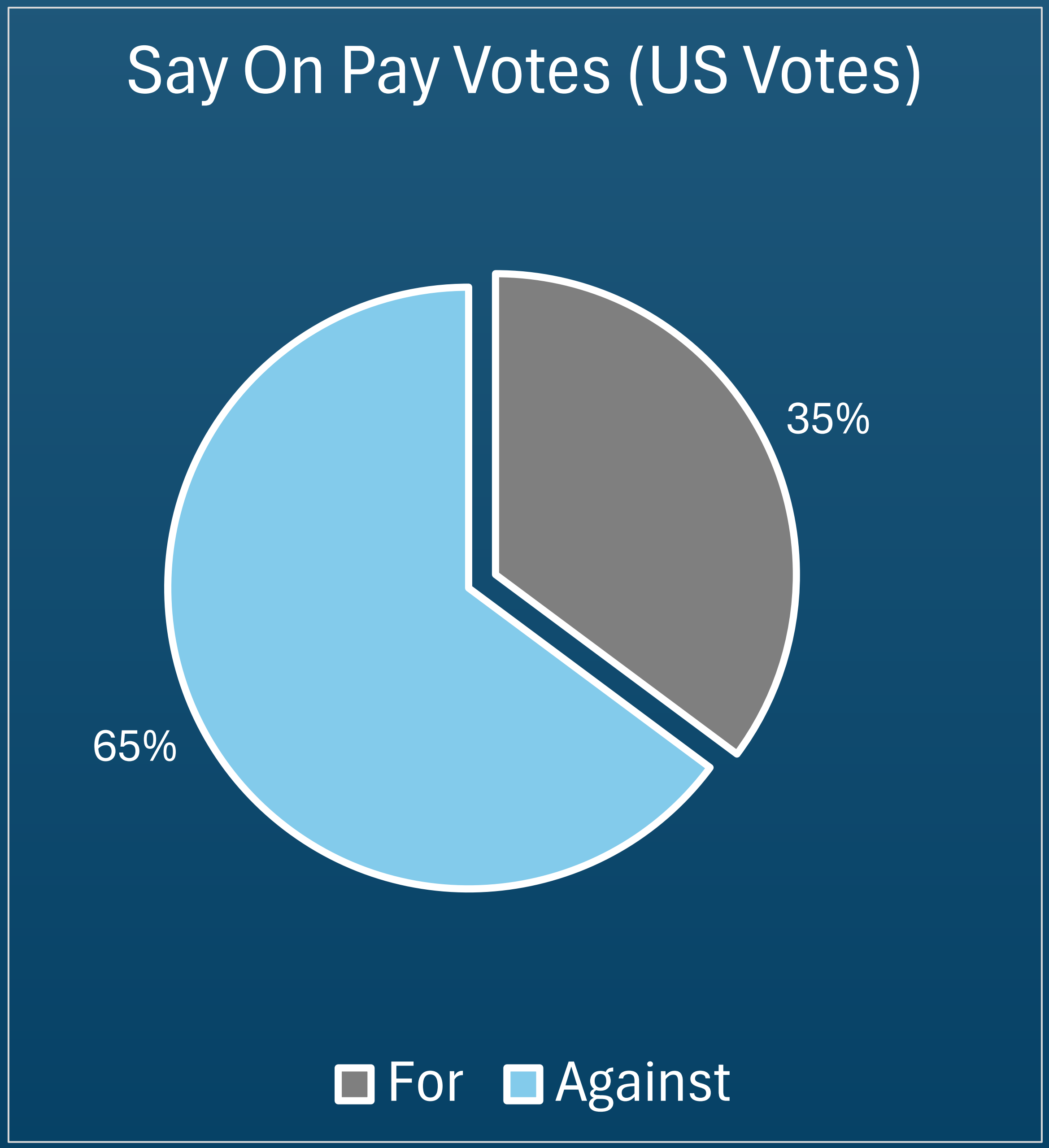


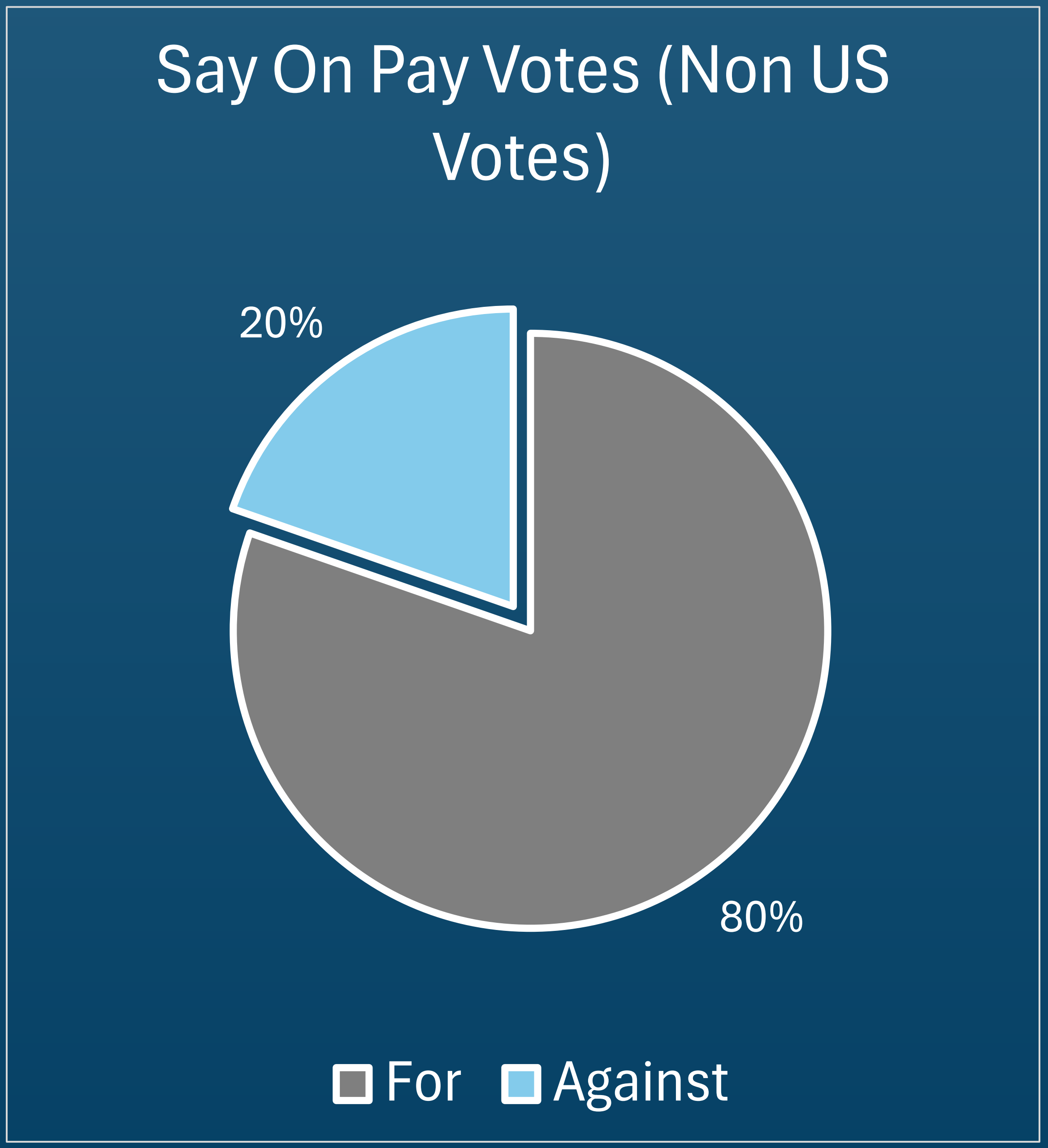


OREGON STATE TREASURY

Proxy Voting
Say On Pay Votes

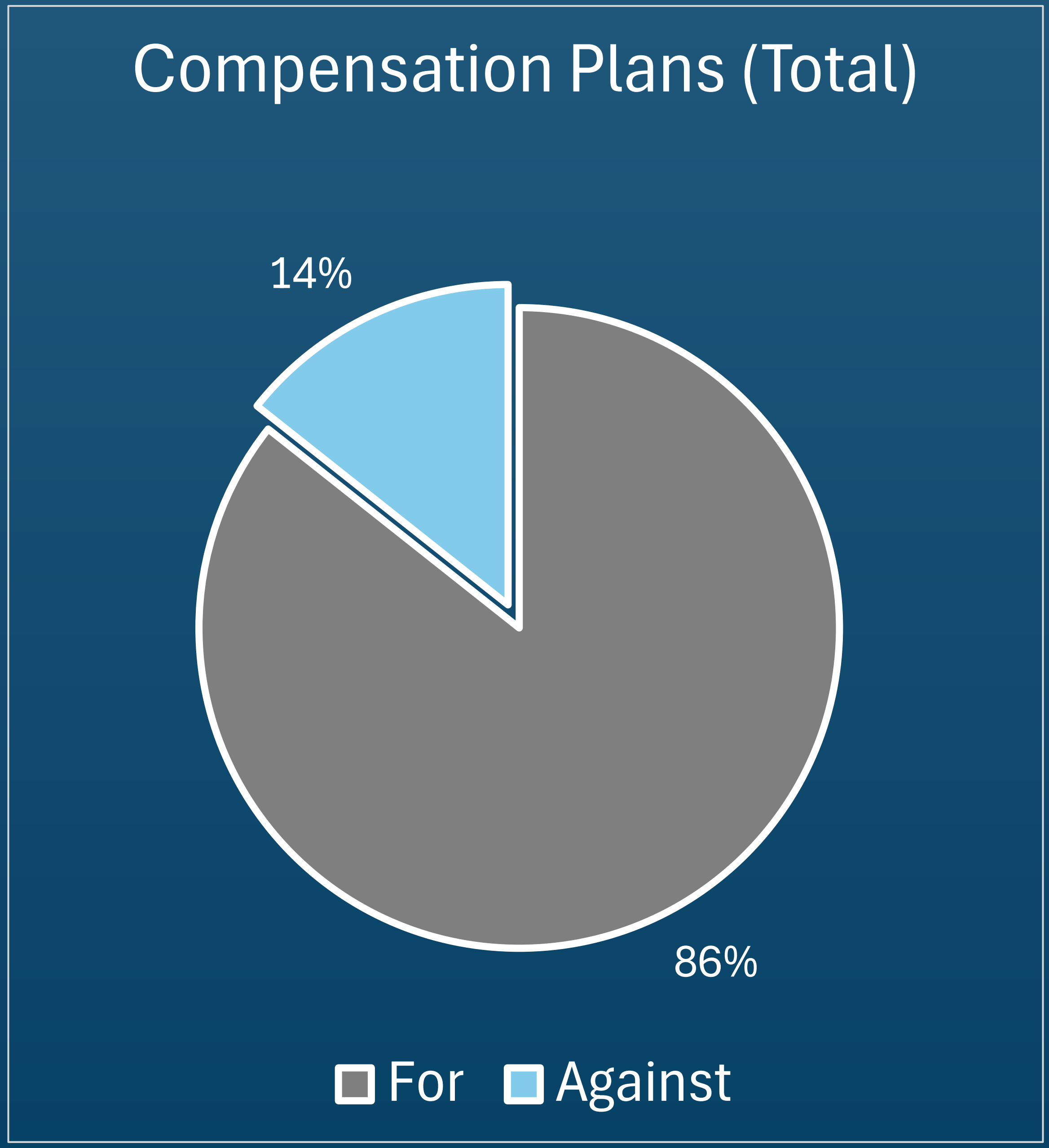


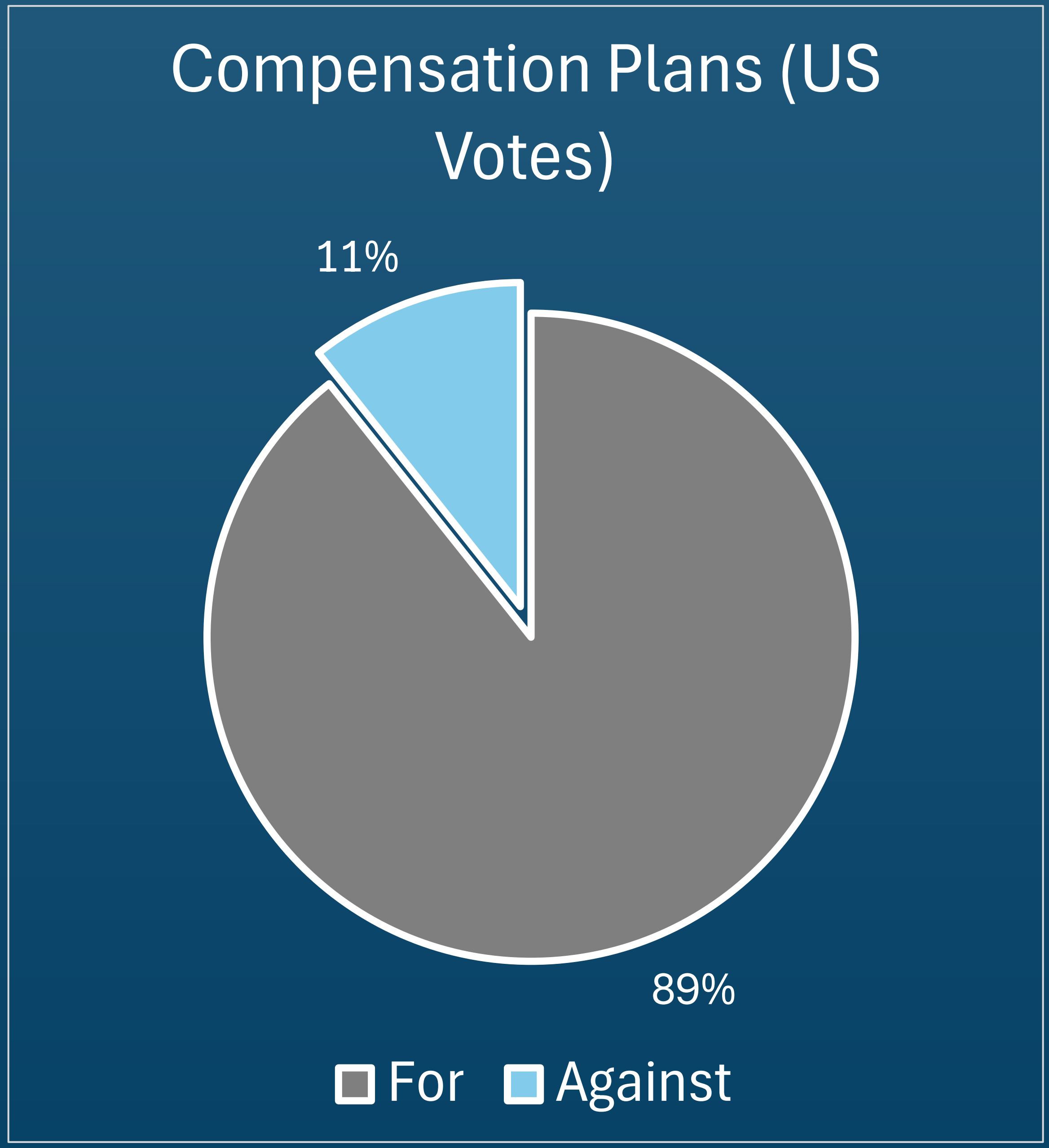


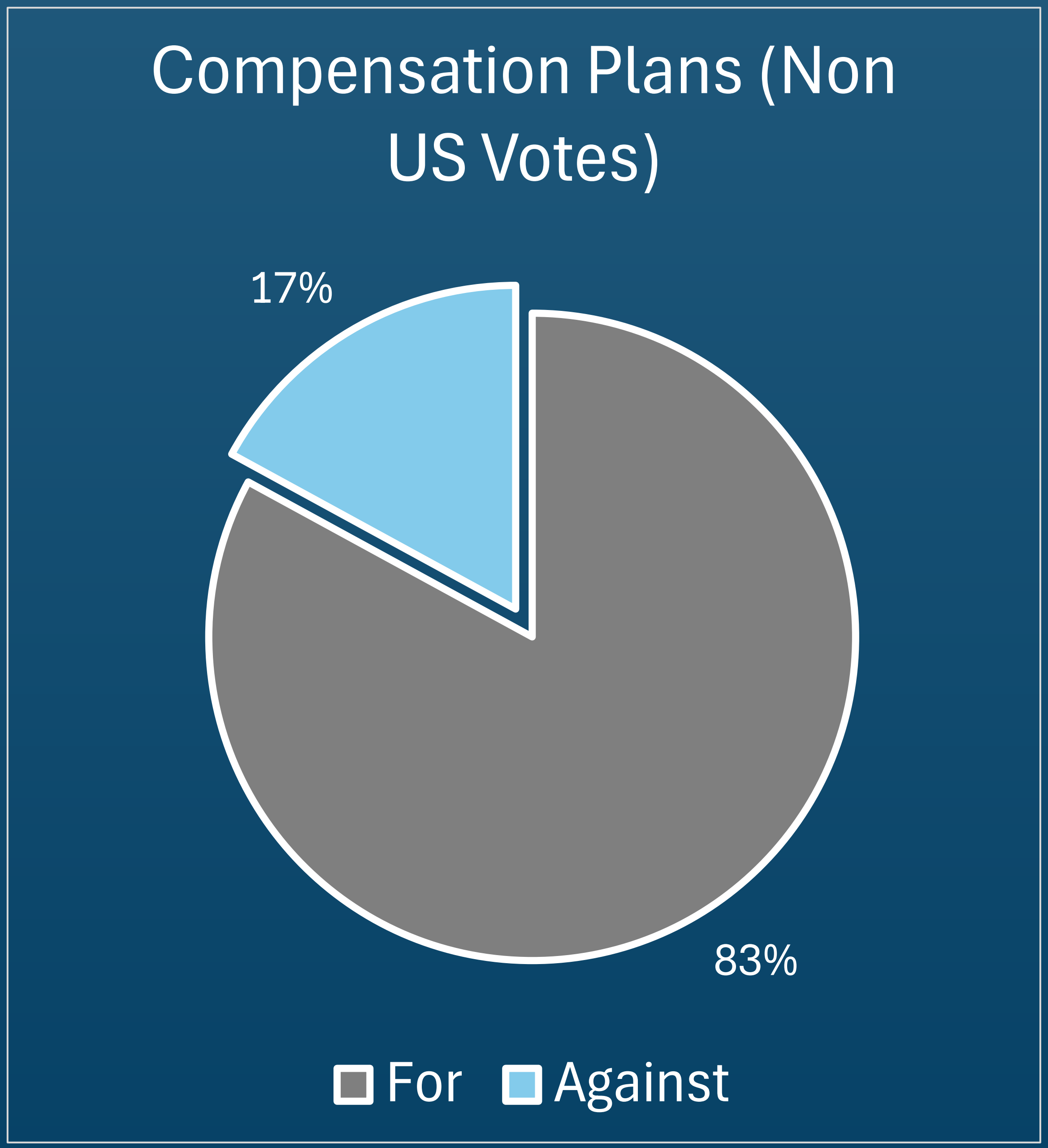


OREGON STATE TREASURY

Proxy Voting
Compensation Plan Votes







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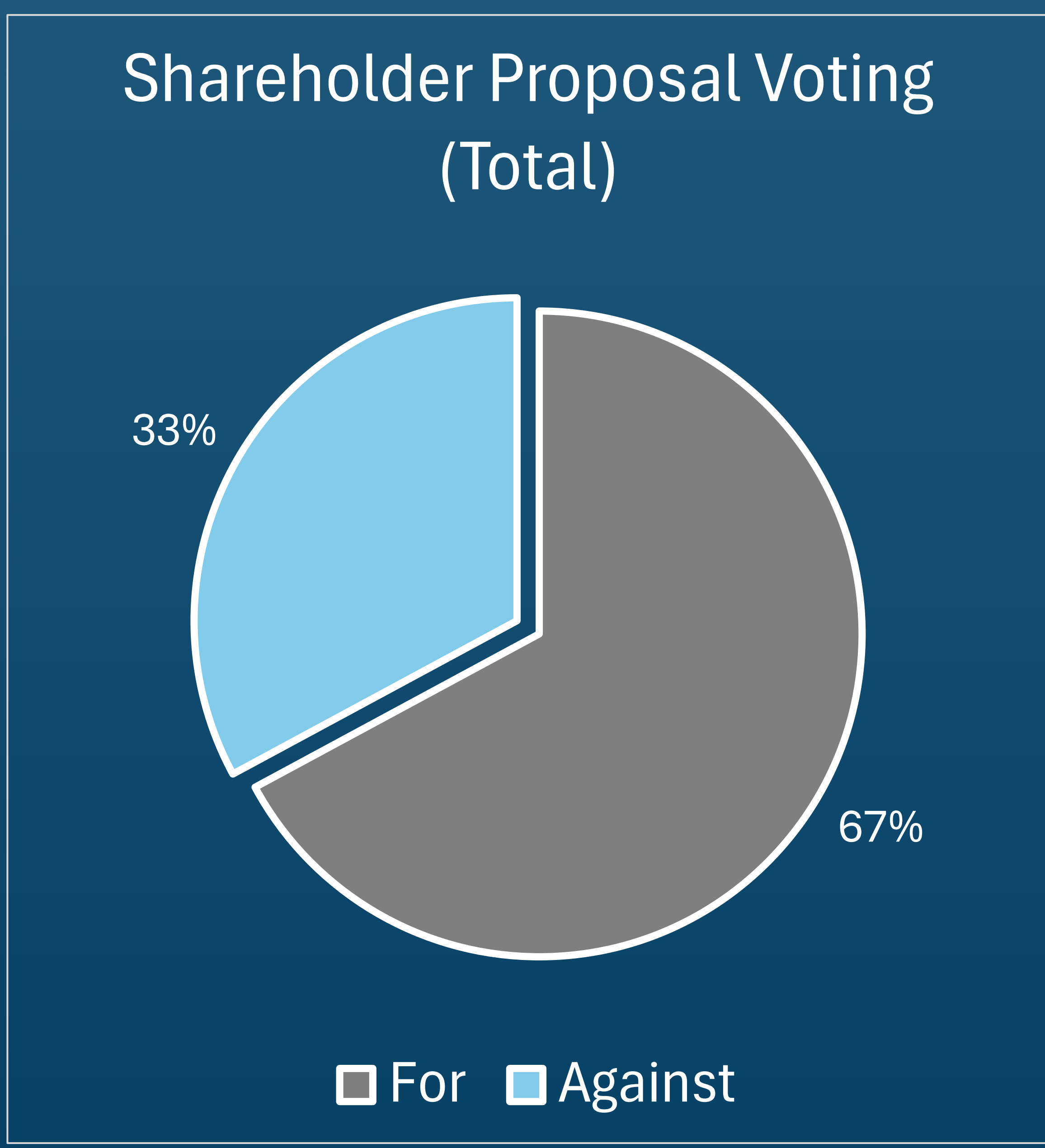
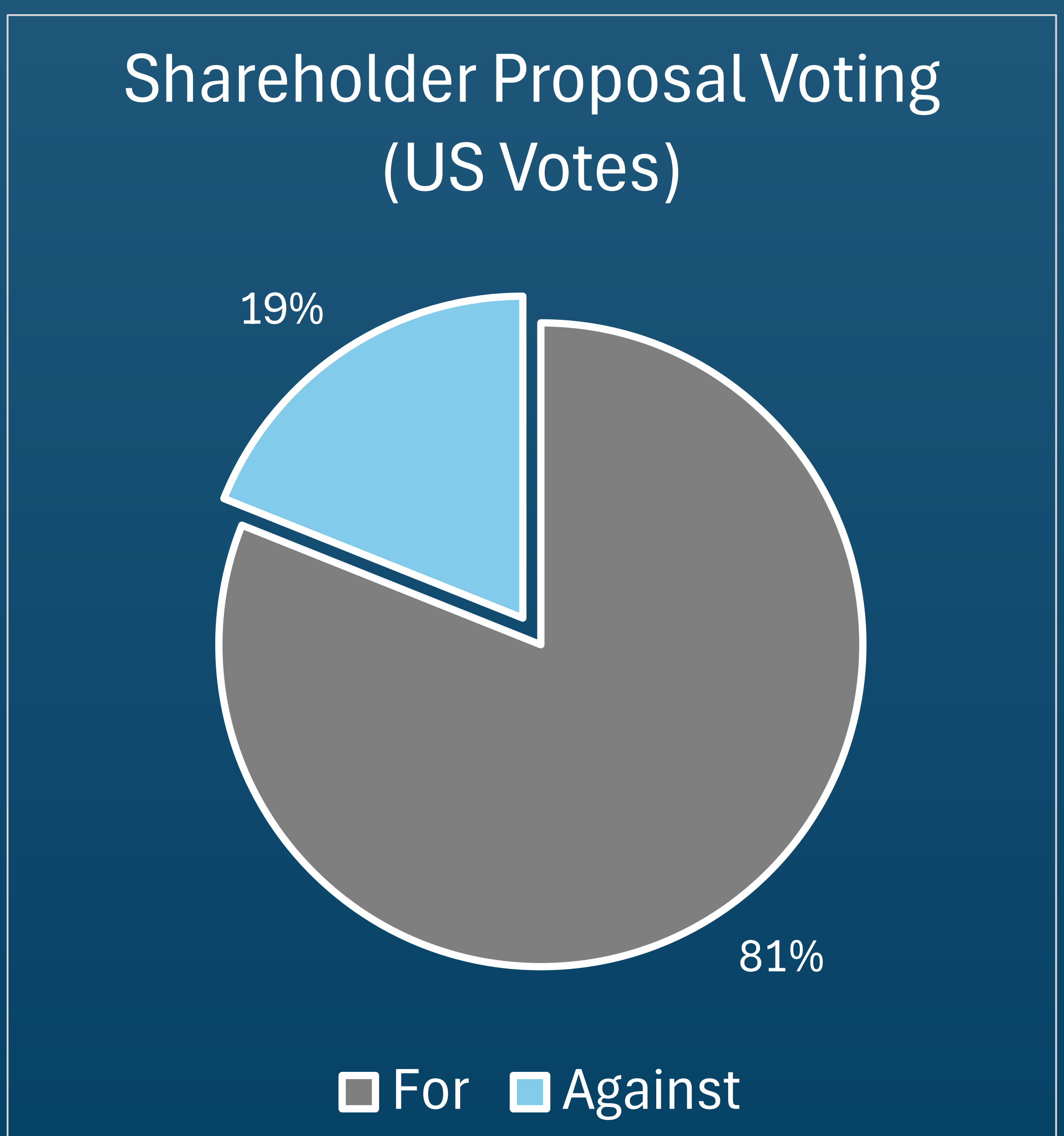
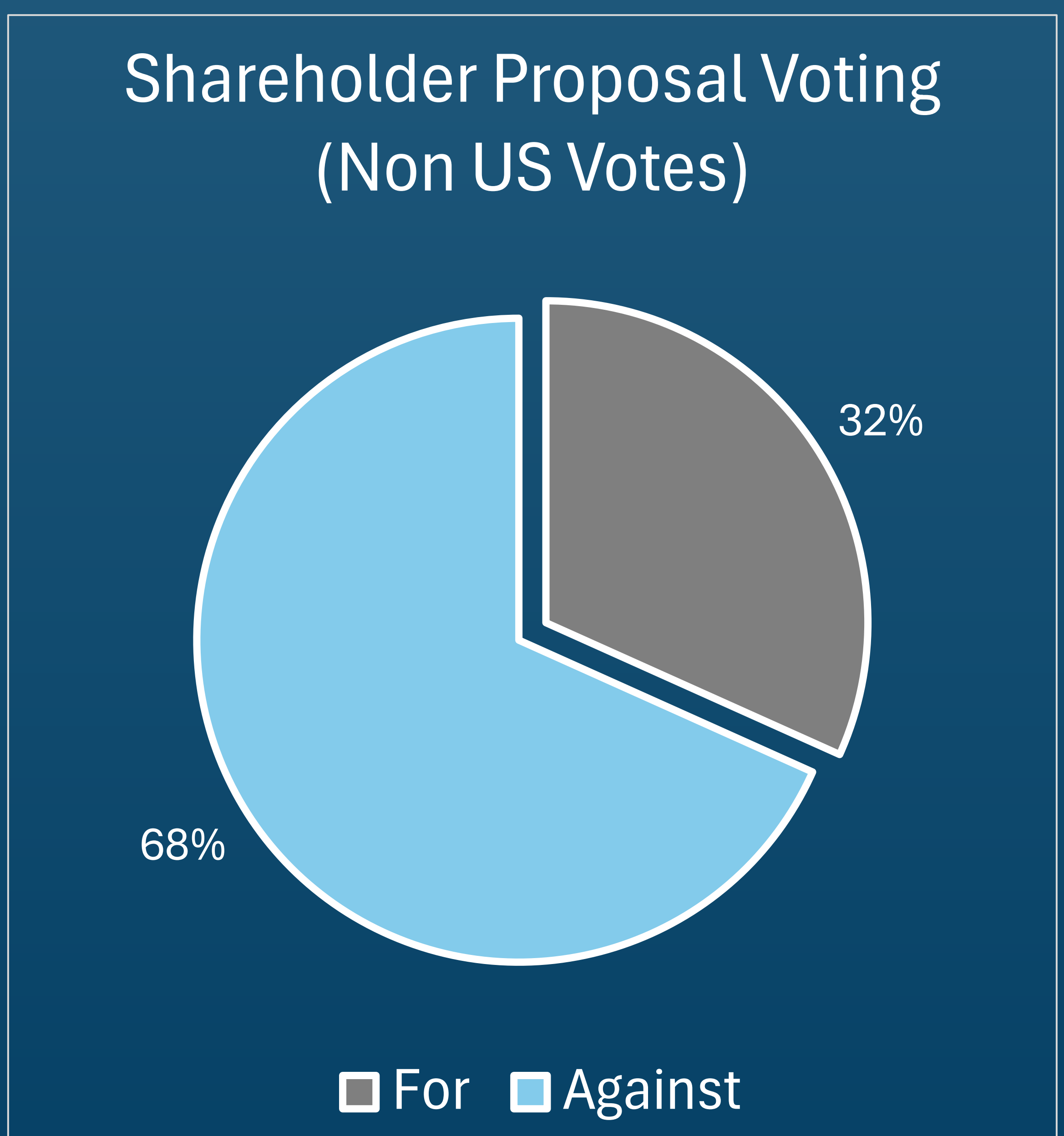
Proxy Voting
Shareholder Proposal Support







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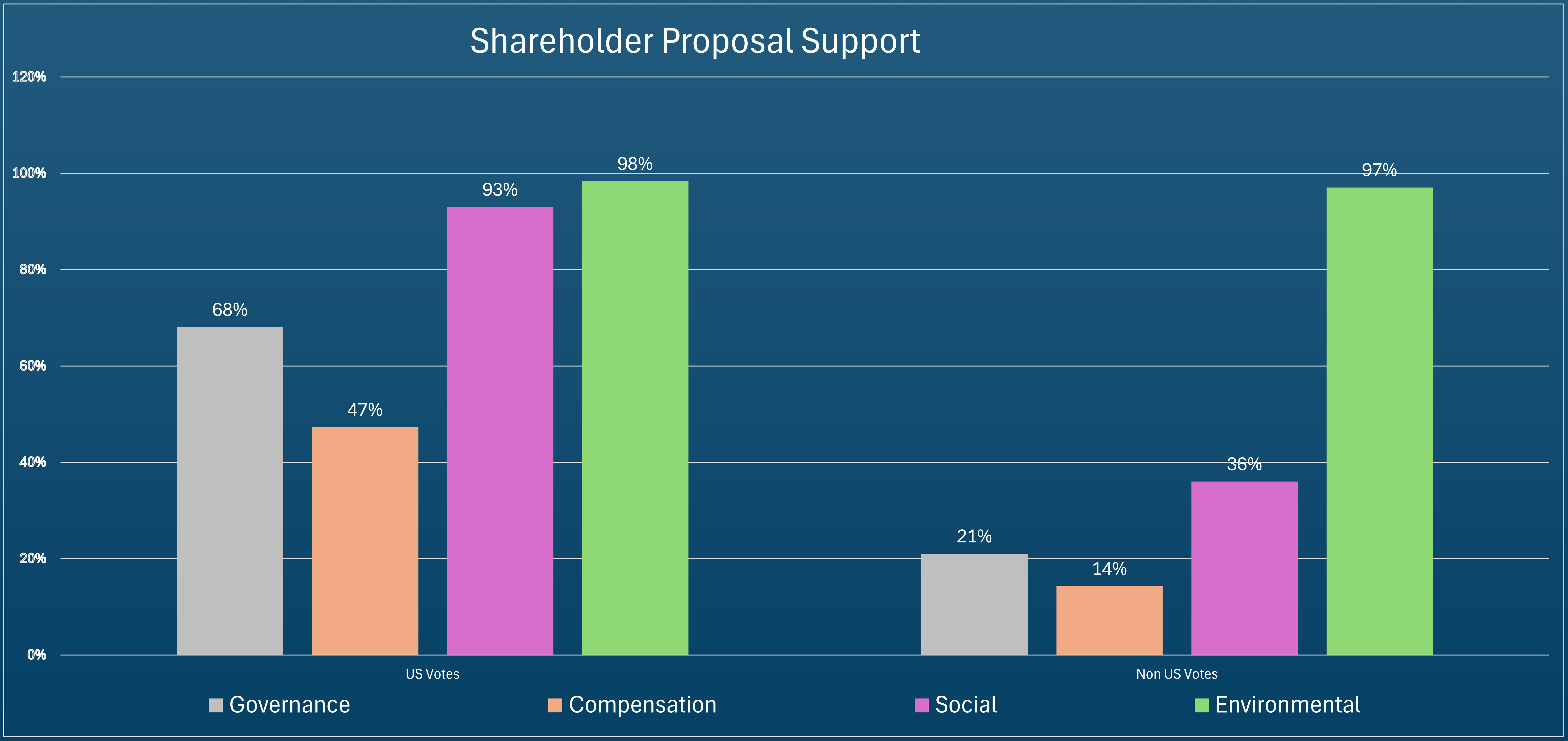
Proxy Voting
Shareholder Proposal Support



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Conduct Corporate Engagement
Shareholder Proposals

- **Nomination Neutral**
  - 9 Proposals- All Settled
    - AT&T
    - Chevron
    - Colgate Palmolive
    - Salesforce
    - CVS
    - Duke Energy
    - Pfizer
    - Disney
    - Coca Cola

TAB 8

CALENDAR – FUTURE

AGENDA ITEMS

2025 OIC Forward Calendar and Planned Agenda Topics

March 5, 2025	2024 Performance Review: OPERF, CSF, SAIF Opportunity Portfolio Review OPERF Capital Markets Assumptions
April 16, 2025	Individual Account Program (IAP) Review OSGP Annual Review Real Assets Portfolio Review Real Estate Portfolio Review
May 28, 2025	OIC-PERS Joint Session Q1 Performance Review: OPERF Fixed Income Portfolio Review: OPERF Diversifying Strategies Portfolio Review
July 16, 2025	TBD
September 3, 2025	Q2 Performance Review: OPERF, CSF
October 22, 2025	Operations Annual Review
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

Oregon Investment Council

OREGON STATE TREASURY

TAB 9

OPEN DISCUSSION

TAB 10

PUBLIC COMMENTS

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

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