Questions from *The Oregonian* article:

1. Is OST's "distinctly aggressive investment strategy" in private equity no longer a match for Oregon's mature pension system, whether too risky or non-competitive, because the "tsunami of new money" has flooded the sector?
2. How does OST justify having "almost triple the 10.4% average allocation" in Private Equity, and the 60% in all private investments (real estate, etc) "double that of other public pension systems"—a level that "only a fraction" of other US pension fund managers would be comfortable with?
3. How much has OST lost from Net Asset Value estimates by selling $4.5 billion worth of private equity investments at a discount in recent years?
4. It appears that many experts in the investment field do not believe private equity returns will repeat their previous years of exceptional returns, including the two hedge fund and private equity firm managers who testified at the most recent OIC meeting. What evidence does OST have to the contrary?
5. What is OST's timeline for addressing their large allocation in alternative investments, which three former Chairs of the OIC found "concerning" and one said it needed to be "dealt with directly and immediately?"
6. The Oregonian article linked to a critique by investment analyst Richard Ennis of public pension funds' risk-laden reliance on private equity. What is your response to how Mr. Ennis addresses the question, "What accounts for such staying power?"

    > **"I choose to focus here on agency problems and weak governance in the management and supervision of these assets.** The funds' CIOs and consultant-advisors, who are responsible for formulating and implementing investment strategy, have an incentive to favor complex strategies. They can earn much greater salaries and consulting fees advocating complex investments. Doing this also helps burnish their reputation as shrewd investors. And they get to do it with large amounts of other people's money. This is the heart of the agency problem of institutional investing."

Questions from the *Willamette Week* article:

1. Why is OST not following the allocation targets set by the OIC for investments?
    a. Why doesn't OST leadership and the OIC insist on this?
    b. Why hasn't OST followed the advice of their consultant Meketa to invest 27.5% in stocks vs the 18% currently invested?
    c. Why hasn't OIC acted on the plan to get private equity back to the target presented 10 months ago?
2. How does OST justify its high allocation in private equity given the "risk-return considerations" cited by Richard Ennis?

a. How do they account for the seeming “lack of selection skill” also noted by Ennis?
3. Why is PERS adding to private equity holdings and not moving away from private equity, as are the fund managers from Texas and Yale that are concerned about poor returns?
4. How does OST justify investments in private equity that are nearly double the national average for public pensions?
5. Is the 23% unfunded liability increasing risky investing?
    a. Is OST “like a gambler on a losing streak.. making risky bets to try to earn excess returns and reduce the unfunded liability?”

Questions from the AFT/ AAUP/ AFR report *From Public Pensions to Private Fortunes: How Working People’s Retirements Line Billionaire Pockets*:

1. How does OST identify private equity workforce management practices, including child or forced labor, restricted freedom of association, mass layoffs, and workplace health and safety problems, among other issues that can pose a reputational risk to OPERF and erode performance? What is OST doing to mitigate those risks?
2. Does OST use any method of valuation for private equity investments other than their reported internal rate of return (IRR), which is known to be a flawed estimate of value?
3. It makes common sense that secondary market sales are a better reflection of private equity valuation than quarterly statements from highly interested general partners. Why isn’t Treasury reporting private equity returns and all exited private investments on a time-weighted basis so beneficiaries and the public can better see what the actual returns really are?

Questions from Divest Oregon:

1. OPERF’s investments in private Real Assets are of particular concern when they are used to fund fossil fuel resource extraction, infrastructure, and power generation. These investments create and cement decades-long sources of greenhouse gas emissions increasing global warming that economists now identify as posing increasingly substantial risks to GDP and investment values. These economic risks place the future retirements of younger PERS members in jeopardy. Doesn’t this prioritize payments to current beneficiaries over the long-term viability of PERS and the protection of younger members’ retirements—something the fiduciary duty of impartiality does not allow?
2. Similarly to private equity, real assets are 40% over target in OPERF’s portfolio. Staff tells the OIC it will not bring the allocation within target until 2033. Since OST has just asked the Legislature to codify the need for Net Zero investment strategy, and much of PERS emissions intensity comes from this asset class, why will it take 8 years to achieve this correction?

3. Whose advice are you following and what data are you using to support your preference for private investments?
4. What institutional changes are you going to implement to ensure the staff follows OIC policies and stays within the asset class allocation targets?