

# Oregon Retirement Savings Board Meeting

OST - Tigard Office  
Mt. Hood Board Room  
Tuesday, 11/5/2019  
1:00 - 4:00 PM PT

**1. Agenda (1:00 PM)**

*2019.11.05ORSBAgenda - Page 2*

**2. Review and Approve August 6, 2019 Board Minutes Presented By: Treasurer Tobias Read (1:05 PM)**

*2019.08.06ORSBMinutes.DRAFT - Page 4*

**3. RFP Contract for Audit Services Presented By: Michael Parker, Executive Director (1:10 PM)**

**4. Admin Rules Hearing and Approval Presented By: Michael Parker, Executive Director (1:25 PM)**

*170-080-SOS\_Temp\_Rule\_Filing\_OST\_4-2019\_2019-10-16 - Page 9*

**5. Investment Policy Statement Presented By: Ryan Harvey, Sellwood Consulting (1:40 PM)**

*OregonSaves Investment Policy Statement - redline - Page 13*

*OregonSaves Investment Policy Statement - clean - Page 32*

**6. Employer Testimony Presented By: Saleem Noorani (2:00 PM)**

**7. Executive Director's Report Presented By: Michael Parker, Executive Director (2:10 PM)**

**8. Program Implementation and Administration**

**a. Implementation / program numbers Presented By: David Bell, Deputy Director (2:30 PM)**

*2019-09 Program Manager Data Report - OregonSaves - Page 45*

*OregonSaves - Program Implementation Administration November 2019 final - Page 62*

**b. Outreach Presented By: David Bell, Deputy Director (2:50 PM)**

**c. Program Administration Presented By: Matt Golden, Ascensus (3:00 PM)**

**9. Investment Performance Update Presented By: Ryan Harvey, Sellwood Consulting (3:10 PM)**

*2019-09-30 OregonSaves Performance Report - Page 72*

**10. Public Comment (3:40 PM)**



**Oregon Retirement Savings Board  
Agenda**

Tuesday, November 5, 2019  
1:00pm – 4:00pm

OST – Tigard Office  
Mt. Hood Board Room  
16290 SW Upper Boones Ferry Road  
Tigard, Oregon

CALL TO ORDER 1:00

There will be an opportunity for public comment before the end of the meeting.

2020 Meeting Dates:

February 4, 2020	1:00-4:00	August 4, 2020	1:00-4:00 (Location TBD)
May 5, 2020	1:00-4:00	November 10, 2020	1:00-4:00

ACTION ITEMS

- |   |   |      |
|---|---|------|
| 1. <b>Review and Approve August 6, 2019 Board Minutes</b> | <b>Treasurer Tobias Read</b><br>ORSB Chair  | 1:05 |
| 2. <b>RFP Contract for Audit Services</b>                 | <b>Michael Parker</b><br>Executive Director | 1:10 |
| 3. <b>Admin Rules Hearing and Approval</b>                | <b>Michael Parker</b><br>Executive Director | 1:25 |
| 4. <b>Investment Policy Statement – Review Changes</b>    | <b>Ryan Harvey</b><br>Sellwood Consulting   | 1:40 |

---

Tobias Read Treasurer Chair	Kara Backus Member	Lee Beyer Senator	Edward Brewington Member	Jeff Anderson Member	Pam Marsh Representative	Cory Streisinger Member	Michael Parker Executive Director Oregon Savings Network
-----------------------------------	-----------------------	----------------------	-----------------------------	-------------------------	-----------------------------	----------------------------	--

INFORMATION ITEMS:

- |   |   |      |
|---|---|------|
| 5. <b>Employer Testimony</b>                        | <b>Saleem Noorani</b>                       | 2:00 |
| 6. <b>Executive Director's Report</b>               | <b>Michael Parker</b><br>Executive Director | 2:10 |
| 7. <b>Program Implementation and Administration</b> |   |      |
| a. <b>Implementation / program numbers</b>          | <b>David Bell</b> , Deputy Director         | 2:30 |
| b. <b>Outreach</b>                                  | <b>David Bell</b> , Deputy Director         | 2:50 |
| c. <b>Program Administration</b>                    | <b>Matt Golden</b> , Ascensus               | 3:00 |
| 8. <b>Investment Performance Update</b>             | <b>Ryan Harvey</b> , Sellwood Consulting    | 3:10 |

**PUBLIC COMMENT:** 3:40

Next Meeting of the Oregon Retirement Savings Board: February 4, 2020

Adjournment

---

Minutes of the  
Oregon Retirement Savings Program  
Board Meeting of August 6, 2019

---

Members Present:           Treasurer Tobias Read, Chair  
                                  Jeff Anderson  
                                  Kara Backus  
                                  Edward Brewington  
                                  Representative Pam Marsh  
                                  Cory Streisinger

Members Absent:           Senator Lee Beyer

Network Staff:            Bethany Abbate, Intern  
                                  David Bell, Deputy Director  
                                  Kasey Krifka, Engagement Director  
                                  Joel Metlen, Operations Director  
                                  Michael Parker, Executive Director  
                                  Missy Simpson, Executive Coordinator  
                                  James Sinks, Financial Education Program Manager  
                                  Stephanie Swetland, Plan Specialist

Treasury Staff:            Dave Elott, Legal Counsel  
                                  Ryan Mann, Legislative Director

Others Present:            Ted Bender, Ascensus  
                                  Ryan Fitzgerald, Sellwood  
                                  Matt Golden, Ascensus  
                                  Jeff Gratreack, Business Owner  
                                  Ryan Harvey, Sellwood  
                                  Representative John Lively  
                                  Deanna Longair, Ascensus  
                                  Senator James I. Manning, Jr.  
                                  Lawanda J. Manning  
                                  Nathan Pellatz, Sellwood  
                                  Kevin Raymond, Sellwood

The meeting was called to order at 10:10 a.m. by Treasurer Tobias Read, Chair.

Representative John Lively and Senator James Manning, Jr. introduced themselves to the Board and gave a brief update on the building the meeting was held in, and a little history of the town of Springfield.

**Agenda Item 1- Review and approval of the June 27, 2019 Board Minutes (ACTION ITEM)**

**MOTION:** Board Member Jeff Anderson moved to approve the June 27, 2019 minutes, seconded by Board Member Edward Brewington. The minutes were approved by a 5/0 vote.

**Agenda Item 2 – Discuss and potentially approve an exemption renewal process (ACTION ITEM)**

Michael Parker, Executive Director, and Joel Metlen, Operations Director presented a recommendation to the Board to make exemptions from OregonSaves permanent and require self-reporting if an employer stops offering its own plan. A copy of Mr. Parker’s memo regarding the recommendation is included as a part of the records for the Oregon Retirement Savings Program’s Board meeting.

**MOTION:** Cory Streisinger moved for the Board to direct staff to proceed with their rulemaking as outlined in the staff recommendation memo, seconded by Kara Backus. The recommendation was approved by a 5/0 vote.

**Agenda Item 3 – Executive Director’s Report (INFORMATION ITEM):**

Michael Parker, Executive Director, updated the Board on the 2017-19 biennium, which was the last biennium the program would receive general fund appropriations. Starting in the 21-23 biennium, the assets under management will be large enough to provide revenue to be self-supported. Mr. Parker noted that Washington State’s bill did not pass, but they will be moving forward with an agency bill, and staff will provide support to Washington as they move through their process. An update was given on the California lawsuit and the brief the federal government filed will be emailed to the Board. Sellwood Consulting will be the new Investment Consultant for OregonSaves, and staff is working on an RFP for an Audit firm for the program. Cory Streisinger suggested a member of the Board be included as part of the selection process. CFM and Cappelli Miles contract ends December 31<sup>st</sup> of this year. Staff is working on a recommendation to present to the Board. Mr. Parker noted an organizational change, adding James Sinks to the Oregon Savings Network. Mr. Sinks will be working on financial literacy and employer outreach for OregonSaves.

**Agenda Item 4 – Employer and Employee Testimony (INFORMATION ITEM):**

Employer / Employee did not show up.

**Agenda Item 5 – Program Implementation and Administration (INFORMATION ITEM):**

- a. Implementation / program numbers**
- b. Full participation and DOR Form**

Joel Metlen, Operations Director, provided the Board with specific program numbers on employers and employees and where the program is in terms of rollout. There has been a significant increase in employers implementing the program. With the rollout ending next year, Mr. Metlen informed the Board there will be cleanup for the next couple of

years. OregonSaves celebrated their anniversary, and all bills associated with the program passed through legislation. Staff is working with Department of Revenue on the DOR form, and working on a process with BOLI for implementing the full participation bill. A copy of Mr. Metlen's presentation is included as a part of the records for the Oregon Retirement Savings Program's Board meeting.

**c. Outreach**

Kasey Krifka, Engagement Director, gave an update on the marketing efforts for this year. Moving forward, staff will work on strategies for coverage of the program that are free, some of these strategies being more media and press releases. The Funny or Die video was released to help public awareness of the program. A copy of Ms. Krifka's presentation is included as a part of the records for the Oregon Retirement Savings Program's Board meeting.

**d. Program administration**

Matt Golden, Ascensus, shared updates on the client service experience, noting with the number of calls, the client service team is meeting and exceeding the service levels, and are responding to emails within 24 hours. Mr. Golden also discussed the upcoming enhancements to help employers facilitate the process. A copy of Mr. Golden's presentation is included as a part of the records for the Oregon Retirement Savings Program's Board meeting.

Mr. Metlen reported to the Board the demographic data that was requested at the last Board meeting. There are two required fields for an employer to enter when implementing OregonSaves, which is age and address. The data shows a lot of young people getting access and participating in the program. The chart is stopped at 75, but there are some savers that are in their 80's participating. Ms. Streisinger would like to see the account sizes. The total number of accounts are known, along with the total assets under management, but would like to see a display of how many accounts have \$1,000, so over time the longevity of saving will be seen.

**Agenda Item 6 – Program Investment Review (INFORMATION ITEM):**

Ryan Harvey and Kevin Raymond, Sellwood Consulting LLC, presented a snapshot of the Investment Performance Report for June 30<sup>th</sup>, to show the Board what their reporting will look like and asked for feedback. Mr. Harvey broke down the program fees for the Board, 11 basis points for investment management, 15 basis points for the state's fee, and 75 basis points for Ascensus for the records fee. Ms. Streisinger mentioned the Board had discussed doing some level of subsidy for the Capitol Preservation Fund fees to keep them at 100 basis points, absorbing fees if necessary to keep that return from going negative but also not wanting to get above 100 basis points. Mr. Parker noted staff would listen to past recordings to find out what was discussed on the Capitol Preservation Fund fees.

**PUBLIC COMMENT:**

Jeff Gratreak, co-owner of a small business with 20-25 employees, gave public comment regarding the process of OregonSaves. Mr. Gratreak gave a copy of his testimony to staff which is included with these minutes.

The meeting was adjourned at 3:27 pm.

## Testimony from Jeff Gratreak

Hello,

Below I've included the text from the document that I read from. After talking with you about the liability associated with employer control I can see that changes there are much more difficult so thank you for that information. Another thing is that Representative Marsh asked me about why my employees were opting out and I forgot to say something to her that I wish I had included in my testimony: about one quarter of the employees who have opted out of OregonSaves at my restaurant have said something about a desire to opt back in but because it was so difficult for them to opt out in the first place they didn't want to risk it. I think that is an important note to make about why I think opting out online should be much more user friendly. Here is the text of my public comment:

Hello. My name is Jeff and I co-own and operate a small business in the Willamette Valley with 20-25 employees. I like the premise of OregonSaves-encouraging people to save money for retirement is a great concept. That said, I do not like the OregonSaves process, the user interface, nor the lack of employer control. While those things may seem minor, to a business owner they are severely cumbersome and it is why I am here today.

Employer control:

I was required to sign up all my employees last November-December. If you put that responsibility on employers, coupled with the responsibility of the employer to actually withhold the employee contributions, employers should be able to help employees manage their contribution rates or opt in status online.

User interface:

The language of OregonSaves makes it seem that it is easy to opt out online. I know that opting out over the phone or via a paper form are available, however, the 21st century tells us that more and more people prefer to do things themselves online. Online there is no way to opt out. That is a simple fact. This morning I revisited the OregonSaves website and my own OregonSaves Employee account looking for easy information about opting out online. There was nothing. In order to "opt out" online an employee has to remove an employer as a contributor, which nowhere does it say that doing so is how you opt out online. More so, once an employee removes an employer as a contributor the employer is not notified until they login to the employer portal. I've had many employees remove my business as a contributor (i.e. opt out) before the end of a pay period but since I wasn't notified until I logged in to make contributions it was after I had already deducted another contribution from their paycheck.

OregonSaves process:

My business has a fairly high turnover rate. To my understanding there is no repercussion if I do not withhold employee contributions from their paycheck and in turn do not contribute any money to OregonSaves so long as my employee doesn't have an issue with it. From the initial 24 employees that I signed up, 18 were eligible and signed up mostly as auto opt-in. 17 of them have successfully, albeit difficultly, opted out of OregonSaves, myself included. The remaining employee is in the process of opting out now. With my turnover rate I have about 8 new employees in 2019. Not one of those new employees has requested information about OregonSaves and I have not heard anything from OregonSaves about signing them up so none of them are.

The idea of encouraging people to save is great and I have no problem with the way you are managing contributions. However, you have made this whole process burdensome for employers and confusing for employees, especially for those employees who don't want their money managed by OregonSaves. I have no desire to encourage any current or future employees to work with OregonSaves unless changes are made. I welcome any questions or follow up about my comments. Thank you.

Thank you again for hearing me out and I look forward to meeting with the local field representative to continue the conversation and hopefully help enact positive change.



OFFICE OF THE SECRETARY OF STATE  
BEV CLARNO  
SECRETARY OF STATE  
  
A. RICHARD VIAL  
DEPUTY SECRETARY OF STATE



ARCHIVES DIVISION  
STEPHANIE CLARK  
DIRECTOR  
  
800 SUMMER STREET NE  
SALEM, OR 97310  
503-373-0701

**TEMPORARY ADMINISTRATIVE ORDER**  
INCLUDING STATEMENT OF NEED & JUSTIFICATION

**OST 4-2019**  
CHAPTER 170  
OREGON STATE TREASURY

**FILED**  
10/16/2019 1:00 PM  
ARCHIVES DIVISION  
SECRETARY OF STATE  
& LEGISLATIVE COUNSEL

FILING CAPTION: Temporary Rule to Extend Employer Registration Date and Outline Process for Recertification

EFFECTIVE DATE: 10/16/2019 THROUGH 04/12/2020

AGENCY APPROVED DATE: 10/16/2019

CONTACT: David Bell  
503-431-7929  
david.bell@ost.state.or.us

16290 SW Upper Boones Ferry Rd  
Tigard, OR 97224

Filed By:  
Kevin Willingham  
Rules Coordinator

**NEED FOR THE RULE(S):**

To allow adequate time for employers to comply with registration and re-certification.

**JUSTIFICATION OF TEMPORARY FILING:**

The current rule establishes a deadline that will be impossible for employers to meet, and would thereby create harm to the subject employers. The temporary rule extending the deadline will eliminate the potential harm to employers.

The current rules direct the OregonSaves staff and partners to establish a registration deadline for Client Employers as November 15, 2019. Through our work with Client Employers and their associations over the past months we have discovered that this deadline is not possible. Due to a lack of information captured by the State of Oregon, we must rely on company information provided by Client Employer associations. Gathering this information from all relevant associations, properly communicating with Client Employers and facilitating this registration cannot happen by the November 15, 2019 deadline. The amended rules will extend this deadline to May 15, 2020 where we can properly register these Employers and Employees.

The current rules direct the OregonSaves staff and partners to establish a registration deadline for Employers with four or fewer Employees as May 15, 2020. We discovered that this deadline is not possible due to the sheer number of employers in this category and the fact that we need to move the Client Employer deadline back to this same date. The amended rules will extend this deadline to January 15, 2021 where we can properly register these Employers and Employees.

The current rules direct the OregonSaves staff, partners and Oregon Retirement Savings Board to establish a process for Employers to renew a Certificate of Exemption by December 31, 2019. The amended rules establish this process.

DOCUMENTS RELIED UPON, AND WHERE THEY ARE AVAILABLE:

OregonSaves OAR revised October 2018 (170-080-0001 to 170-080-0065)

---

RULES:

170-080-0015, 170-080-0020

AMEND: 170-080-0015

RULE SUMMARY: Adjusts the registration deadline for Client Employers from November 15, 2019 to May 15, 2020 and adjusts the registration deadline for an employer with 4 or fewer employees from May 15, 2020 to January 15, 2021.

CHANGES TO RULE:

170-080-0015

Employer Registration and Employee Enrollment ¶

(1) Registration ¶

(a) Except as provided in subsection (e), each Employer shall register with the Program or file a Certificate of Exemption on or before the Registration Date. ¶

(b) Unless otherwise permitted by the Program Administrator, the Registration Date for an Employer shall be as follows: ¶

(A) An Employer employing one hundred (100) or more Employees: November 15, 2017. ¶

(B) An Employer employing at least fifty (50) but no more than ninety-nine (99) Employees: May 15, 2018. ¶

(C) An Employer employing at least twenty (20) but no more than forty-nine (49) Employees: December 15, 2018. ¶

(D) An Employer employing at least ten (10) but no more than nineteen (19) Employees: May 15, 2019. ¶

(E) An Employer employing at least five (5) but no more than nine (9) Employees: November 15, 2019. ¶

(F) Client Employers, as defined in 170-080-0010: ~~November~~ May 15, 2019 ~~20~~ 20. ¶

(G) An Employer employing four (4) or fewer Employees: ~~May~~ January 15, 2020 ~~1~~ 1. ¶

(c) In determining the Number of Employees for the purposes of this section, Employers shall use data as submitted on the 2016 4th quarter Oregon Quarterly Tax Report (Form OQ): Number of covered workers for Unemployment Insurance, except under the following circumstances: ¶

(A) An Employer who first meets the definition of Employer after January 1, 2017 will use the number of employees submitted on the Employer's most recently filed Form OQ; ¶

(B) An Employer with no Employees reported on Form OQ will have a Registration Date of May 15, 2020; or ¶

(C) At the Program Administrator's discretion, an Employer with a valid business reason may use data from a more recent Form OQ. ¶

(d) To register with the Program, a Facilitating Employer shall use the internet portal established by the Program Administrator to provide the following information: ¶

(A) Employer name and assumed business name, if any; ¶

(B) Employer Identification Numbers (Federal Employer Identification Number and Business Identification Number); ¶

(C) Employer mailing address; ¶

(D) Name, title, telephone number and email address of an individual designated by the Employer as the Program's point of contact; ¶

(E) Number of Employees; and ¶

(F) Any other information reasonably required by the Program for the purposes of administering the Program. ¶

(e) An Employer who received a notice of presumed exemption from the Program Administrator, as specified in OAR 170-080-0020, is not required to take any further action as long as it continues to offer a Qualified Plan to

some or all of its Employees. ¶

(f) New Employers: the Registration Date for an Employer who first meets the definition of Employer after July 1, 2017, shall be the later of: ¶

(A) the date specified in subsection (1)(b) above, or ¶

(B) 90 days after the Employer first meets the definition of Employer. ¶

(g) The Registration Date for an Exempt Employer that ceases to offer a Qualified Plan to some or all of its Employees shall be the later of: ¶

(A) the date specified in subsection (1)(b) above, or ¶

(B) 90 days after the Exempt Employer ceases to offer a Qualified Plan to some or all of its Employees. ¶

(h) A Facilitating Employer who lacks access to the internet may register with the Program by alternate means established by the Program Administrator. ¶

(2) Employee Enrollment through a Facilitating Employer ¶

(a) On or before the Initial Enrollment Date, and on or before the Enrollment Date for each subsequently hired Employee, a Facilitating Employer shall enroll its Employees using the Program Administrator's internet portal or other means of data transmittal specified and validated by the Program Administrator. The Facilitating Employer shall provide the following information for each Employee no more than 30 days after the Registration Date (for Employees hired on or before the Registration Date) and no more than 30 days following the start of Employment (for Employees hired after the Registration Date): ¶

(A) Full legal name; ¶

(B) Social security number or taxpayer ID number; ¶

(C) Date of birth; ¶

(D) Mailing address; ¶

(E) Employee's designated email address; and ¶

(F) Any other information reasonably required by the Program for the purposes of administering the Program. ¶

(b) In order to allow for Employees to establish an IRA through an automatic enrollment process, the Board shall establish procedures with the Program Administrator for the execution or adoption of such documents as are necessary or appropriate to establish an IRA for such Employee. If the Employee has not opted out after notice of the opportunity to opt out was sent to the Employee using the contact information on file with the Program, and the opt-out period has lapsed, then an IRA will be established for such Employee pursuant to directives and procedures established by the Board. ¶

(c) Automatic Employee enrollment occurs 30 days after the Facilitating Employer provides the information in OAR 170-080-0015(2)(a), unless the Employee and Facilitating Employer agree to an earlier date.

Statutory/Other Authority: ORS 178.200-178.245

Statutes/Other Implemented: ORS 178.200-178.245

AMEND: 170-080-0020

RULE SUMMARY: This rule was amended to outline the re-certification process amended in OAR 170-080-0015(2).

CHANGES TO RULE:

170-080-0020

Employer Exemptions ¶

(1) An authorized representative of an Employer may file a Certificate of Exemption with the Program by certifying, through the Program Administrator's internet portal or other means of data transmittal specified and validated by the Program Administrator, that the Employer offers a Qualified Plan to some or all of its Employees.

¶

(2) A Certificate of Exemption is valid for three (3) years from the date the Employer files the Certificate with the Program Administrator, so long as the Employer continues to offer a Qualified Plan to some or all of its Employees. A Certificate of Exemption may be renewed by following a process of recertification to be established by the Board not later than December 31, 2019, if the Employer continues to offer a Qualified Plan to some or all of its Employees. If the Employer ceases to offer a Qualified Plan to some or all of its Employees, it is required to notify the Program Administrator and register with the Program on or before the Registration Date, as listed in this OAR 170-080-00195. ¶

(3) The Program Administrator shall, from time to time, compare Form 5500 (Annual Return/Report of Employee Benefit Plan) filings with the database of Employers and Exempt Employers. ¶

(a) For an Employer identified as offering a Qualified Plan to some or all of its Employees, or an Exempt Employer identified as continuing to offer a Qualified Plan to some or all of its Employees, the Program Administrator may send written notice of presumed exemption from the Program. ¶

(b) If the Program Administrator determines that the Employer or Exempt Employer no longer offers a Qualified Plan to some or all of its Employees, or is not identified as having a current Form 5500 on file with the U.S. Department of Labor, the Program Administrator may send written notice directing the Employer or Exempt Employer to either file a Certificate of Exemption or register with the Program. ¶

(4) The exemption of an Exempt Employer that received a notice of presumed exemption is valid so long as the Exempt Employer continues to offer a Qualified Plan to some or all of its Employees. If the Exempt Employer ceases to offer a Qualified Plan to some or all of its Employees, it is required to notify the Program Administrator and register with the Program on or before the Registration Date, as listed in this OAR 170-080-0015.

Statutory/Other Authority: ORS 178.200 to 178.245

Statutes/Other Implemented: ORS 178.200-178.245

# OregonSaves

## Investment Policy Statement

~~July 2017~~ November 2019



Oregon State Treasury  
[www.ost.state.or.us](http://www.ost.state.or.us)

# Table of Contents

Overview .....	1
Introduction.....	1
Purpose of the Investment Policy .....	1
Roles & Responsibilities.....	<del>21</del>
Responsibilities of the Board .....	<del>21</del>
Responsibilities of the Executive Director.....	2
Responsibilities of the Investment Consultant.....	2
Responsibilities of the Program Administrator .....	3
Program Objectives .....	3
Investment Objectives .....	3
Program Features & Investment Structure .....	<del>43</del>
Standard Elections of the Program .....	4
Age-based / Target Date Funds .....	<del>54</del>
Capital Preservation Fund .....	5
Growth Fund .....	<del>65</del>
Investment Guidelines and Restrictions .....	<del>85</del>
Selection of Investment Options.....	<del>85</del>
Review of Investment Objectives and Policy .....	<del>86</del>
Review of Investment Funds.....	<del>86</del>
Standards of Performance .....	<del>96</del>
Investment Options – Detail.....	<del>117</del>
Target Retirement Date Funds.....	<del>117</del>
Growth Fund.....	<del>159</del>
Capital Preservation.....	<del>1610</del>

# Overview

## Introduction

HB 2960, passed by the Legislature in 2015 and codified at ORS 178.200-178.245, established the Oregon Retirement Savings Board (the "Board") and directed the Board to develop a simple, voluntary, payroll-deduction retirement savings program for Oregonians lacking access to a qualified retirement plan through their employer. The program is also open to Oregonians who qualify for an Individual Retirement Account ("IRA"). The Oregon Retirement Savings Plan ("OregonSaves" or the "Program") is intended to increase the retirement savings of Oregonians by improving access and by providing a portfolio of well-managed investment options for savers. The Program will maintain separate Individual Retirement Accounts ("IRAs") for each participant.

## Purpose of the Investment Policy

This Investment Policy Statement ("Policy") defines the investment objectives of OregonSaves and establishes policies and procedures to support these investment objectives, including:

- The number and type of investment options offered;
- The selection of investment managers or funds for the Program's investment options;
- The ongoing supervision of the Program's assets including roles and responsibilities of the various parties involved in administering the program;
- Monitoring and reviewing of the performance and investment characteristics of the investment options offered; and
- Decisions regarding addition to, replacement of, or elimination of the investment options offered.

In its role as a fiduciary to the Program, the Board intends to exercise its fiduciary duties with the level of judgment and care then prevailing that persons of prudence, discretion and intelligence would exercise in the management of their own affairs with due regard to the probable income and level of risk from certain types of investments of money, in accordance with the policies established by the Board.

This policy is not intended to be an inflexible governance document, but rather a guide to assist the Board. -As such, the Board may deviate from this Policy as it deems appropriate, including on a case-by-case basis. However, no investment manager is permitted to deviate from these policies without express prior written Board approval. This Policy can be amended at the ~~direction~~direction of the Board from time to time.

## Roles & Responsibilities

### Responsibilities of the Board

The Oregon Retirement Savings Board oversees the Program.

The Board is charged with the oversight and administration of the Program, and the establishment of policies and procedures to maintain compliance with federal and state law. The Board reviews its policies and procedures periodically and makes changes to these policies and procedures as it considers necessary or desirable. The following powers are reserved for the Board:

- Plan design
- Investment portfolio construction and deletion
- Underlying investment selection and termination
- Program Administrator monitoring, selection, and termination
- Adoption, amendment and repeal of Program Administrative Rules
- Amendment of the Investment Policy Statement
- Personal services contracting

### Responsibilities of the Executive Director

The Executive Director is responsible for all of the day-to-day operations and administrative functions of the Program. The Executive Director also provides ongoing assistance to the Board to ensure the Board has adequate resources and information to successfully carry out its powers and responsibilities. In addition, the Board delegates the following powers to the Executive Director:

- Development and implementation of the Program's internal policies and procedures
- Development and execution of a comprehensive marketing and public awareness program
- Contract negotiation
- Development and management of the Program's biennial budget
- Development of the Program's legislative agenda

### Responsibilities of the Investment Consultant

The investment consultant is responsible for the following tasks:

- Make recommendations regarding investment portfolio design, investment and performance objectives, guidelines, and the Investment Policy Statement



- Conduct investment manager searches when necessary
- Conduct periodic due diligence meetings with investment providers
- Develop quarterly investment evaluation reports
- Perform investment monitoring functions of the investment managers
- Assist with ongoing monitoring of the Program Administrator
- Assist with implementation of new investments
- Report to the Board on current market trends and issues that may impact the Program or its investment lineup
- Serve as a fiduciary with respect to advice delivered to the Program

## Responsibilities of the Program Administrator

The Board has determined that it is necessary and reasonable to retain a professional program administrator to administer the Program. Under this Policy, the Program Administrator and its affiliates and subcontractors will generally be responsible for the following:

- Providing all administrative functions as contractually obligated necessary to offer the Program to all current and prospective investors
- Collaborating with the independent investment consultant to implement changes to the investment offerings available to investors through the Program Administrator's platform
- Providing quarterly reports as contractually obligated or directed by the Board, or the Executive Director

## Program Objectives

The overall objective of the Program is to increase the retirement savings of Oregonians by improving access to quality, cost-effective, professionally managed investment options for savers.

## Investment Objectives

The primary investment objectives of the Program are to:

- Offer investment options for ~~employees-savers~~ to invest their IRA account balances, and
- Provide standard investment option(s) for participants who take advantage of the automated features of the Program.
- Offer a mix of Program investment options that allow participants to diversify the investment of their IRA account balances;
- Offer investment options that are adequately diversified;
- Offer investment options with a range of target risk profiles.
-

Secondary objectives of the Program are to:

- ~~• Offer a mix of Program investment options to allow participants to diversify the investment of their IRA account balances;~~
- ~~• Offer investment options that are adequately diversified;~~
- ~~• Offer investment options with a range of target risk profiles;~~
- If active investment options are used, seek to offer active investment options to achieve risk-adjusted net returns that exceed the median results for a specified peer group over a full market cycle;
- If passive investment options are used, seek to offer passive investment options to achieve minimal 'investment drag' associated with the various costs of portfolio construction and management such that net returns closely track the underlying benchmark index;
- Manage the expenses associated with each investment option, such that expenses are reasonable.

## Program Features & Investment Structure

The program offers Roth IRA and traditional IRA account options. Traditional IRA accounts are offered for participants who need to recharacterize their contributions from Roth to traditional.

The Program offers three distinct types of investment options, as follows:

- Age-based / Target Date Funds
- A Capital Preservation Fund
- A Growth Fund

The Program may offer additional or different investment choices in the future, at the discretion of the Board.

All contributions are subject to an auto-escalation provision. Once an account owner has been enrolled in the program for at least 180 days, the account owner's rate of contribution will be automatically increased at the rate of 1% of Compensation on January 1 each year, beginning January 1, 2019, until a maximum of 10% of Compensation is reached, except capped at a lower rate where 10% would exceed age-based IRA contribution thresholds.

## Standard Elections of the Program

Unless an account owner directs otherwise, the Standard Election will apply. Standard Elections of the Program for participants using payroll deduction are as follows:

- The Standard Election is for a Roth IRA account.

- Initial rate of contribution to the Program is 5% of Compensation, and contributions will be automatically escalated as described in the previous section.
- Investments:
  - The first \$1,000 in contributions are invested in the OregonSaves Capital Preservation Fund;
  - All subsequent contributions are invested in the OregonSaves Target Retirement Fund based on the participant's age and year of retirement (assuming a retirement age of 65); and
- The OregonSaves Account structure will be a Roth IRA and contributions will occur on a post-tax basis.

Participants retain the flexibility to make different elections, and to choose any mix of investments from the menu offered by the program, both for account balances, and for contributions to their accounts. Options may be used together to increase or decrease risk and the opportunity for return.

## Investment Options—Structure

At its outset the Program intends to offer three distinct types of investment options, as follows:

- Age-based / Target Date Funds
- A Capital Preservation Fund
- A Growth Fund

The Program may offer additional or different investment choices in the future, at the discretion of the Board.

### Age-based / Target Date Funds

The age-based / target date funds are intended to provide participants with an asset allocation, based on the number of years to until anticipated retirement date/year, that changes over time and is intended to maximize growth potential in early years through a higher exposure to equities, and preserve capital in later years through exposure to fixed income securities. Target date funds should be diversified and include a blend of asset classes as selected by the fund manager. Performance and volatility expectations will vary based on the asset allocation and risk profile of each fund in the target date series. For participants who use the Standard Elections, all contributions after the first \$1,000 contributed to an OregonSaves account will be automatically invested in the Target Date Fund closest to the participant's achievement assumed retirement date/year, assuming retirement of at age 65.

### Capital Preservation Fund

The capital preservation investment option is intended to provide participants with preservation of capital with the potential for some investment earnings. Risk, as measured by risk to principal and volatility of returns, is intended to be very low. Because of its emphasis on safety, the fund may not provide much protection against value erosion due to inflation, and depending on the investment type selected, may still retain the possibility of liquidity and credit risks under extreme

circumstances. For participants who use the Standard Elections, the first \$1,000 contributed to an OregonSaves account will be automatically invested in this Investment Option.

## Growth Fund

The growth investment option is intended to provide for long-term growth of capital through investment in common stocks with capitalization and valuation characteristics in line with broad market averages. Risk, as measured by volatility of returns, is expected to be moderate to high, and current income is not a primary objective.

~~The Program may offer additional or different investment choices in the future, at the discretion of the Board.~~

## ~~Standard Elections of the Program and Use of Investment Funds~~

~~Standard elections of the Program for participants using payroll deduction are as follows:~~

- ~~● Initial rate of contribution to the Program is 5% of Compensation;~~
- ~~● The contribution will be automatically increased at the rate of 1% of Compensation on January 1 each year, beginning January 1, 2019, until a maximum of 10% of Compensation is reached, except capped at a lower rate where 10% would exceed age-based IRA contribution thresholds;~~
- ~~● Investments:~~
  - ~~○ The first \$1,000 in contributions are invested in the OregonSaves Capital Preservation Fund;~~
  - ~~○ All subsequent contributions are invested in the OregonSaves Target Retirement Fund based on the participant's age and year of retirement (assuming a retirement age of 65); and~~
- ~~● The OregonSaves Account structure will be a Roth IRA and contributions will occur on a post-tax basis.~~

~~Participants retain the flexibility to make different elections, and to choose any mix of investments from the menu offered by the program, both for account balances, and for contributions to their accounts.~~

# Investment Guidelines and Restrictions

## Selection of Investment Options

The investments comprising each investment option may be maintained in registered investment companies (or “mutual funds”) or when deemed appropriate by the Board, separately managed portfolios, commingled funds, and exchange traded funds (“ETFs”). It is intended that each investment option will support the objectives of this Policy, taking into consideration the types of investments and investment vehicles that are available to the Program.

The specific investments or investment vehicles chosen by the Board must be managed by organizations that, by their record and experience, have demonstrated their investment expertise. Other considerations for the investments or investment vehicle for a Program investment option include that they also should:

- Be ~~well~~adequately diversified for the investment option offered,
- Have acceptable volatility, when compared to a specified peer group and benchmark,
- Have the liquidity and/or marketability to meet the terms of the Program,
- Have reasonable fees and expenses, and
- ~~Agree to meet all other relevant requirements set forth in this Policy.~~

## Review of Investment Objectives and Policy

It is the intention of the Board to review this Policy periodically and make necessary or appropriate amendments. ~~The Board will review the Investment Policy at least annually in the Program’s first three years of operation.~~

The Board encourages investment providers/managers and Program participants to make recommendations to the Board regarding appropriate changes to this Policy. However, no investment provider/manager may deviate from this Policy without prior written approval of the Board.

The Board has the power to add, remove, replace, amend or modify the investment options and add, remove or replace the underlying investment managers and investment vehicles in its discretion.

## Review of Investment Funds

The Board intends to review the investment options at least once a year. The reviews will focus on the following areas:

- Investment manager adherence to guidelines
- Comparison of results to those of funds using similar policies (in terms of diversification, volatility, style, etc.), and that are available to the Program
- Material changes in the investment manager organizations, such as philosophy and personnel changes, acquisition or loss of major accounts, significant changes in organization structure including mergers & acquisitions, and more
- Comparison to alternative investment options available in the marketplace
- 

## Standards of Performance

In consideration of the Program's objectives, multiple standards may be used in the evaluation of investment performance. The standards used are generally expected to reflect the key aspects of investment performance, including the specific objectives for the mandate, the performance of market indices, and the performance of other fund managers. Where appropriate, funds will be compared to a universe of a specified peer group of other funds, as well as to a benchmark index. The comparison may be made by matching key characteristics of each fund against the characteristics of the peer group funds. Both absolute and risk-adjusted returns will be evaluated.

## Watch List

~~The Board, at its discretion, may find it necessary to place an investment manager or investment vehicle on a watch list (the "Watch List") if it is not meeting the stated investment performance objectives or if there has been a fundamental change in the investment manager or its investment philosophy. The investment manager or investment vehicle shall remain on the Watch List until either performance improves and/or the fundamental change in the investment manager or the investment philosophy is resolved, or it is decided by the Board to remove the investment manager or vehicle from the Program. These decisions will be made within the constraints of any prevailing contracts.~~

~~Watch List status is not a required precursor to termination of an investment manager or redemption from an investment vehicle. Conversely, Watch List designation also does not require action by the Board. Instead, the Watch List recognizes closer review of an investment manager or vehicle by the Board that may or may not result in termination or change.~~



# Investment Options – Detail

## ~~Age-based~~ / Target Retirement Date Funds

<u>Category</u>	<u>Standard Election</u>
<u>Investment Option</u>	<u>Target Date Funds</u>
<u>Investment Objective</u>	The investment objective of each State Street Target Retirement Fund (the “Underlying Fund”) is to seek capital growth and income over the long term.
<u>Investment Strategies</u>	<p>SSGA Funds Management, Inc. (“SSGA FM” or the “Adviser”), the investment adviser to the Underlying Fund, manages the Underlying Fund using a proprietary asset allocation strategy. The Underlying Fund is a “fund of funds” that invests in a combination of mutual funds and ETFs sponsored by the Adviser or its affiliates (the “Investment Funds”). The Investment Funds may invest in a wide variety of asset classes, including equity and fixed-income securities of issuers anywhere in the world, including emerging markets investments, and including, among others, high yield, commodity, and real estate investments. The Investment Funds may invest in obligations of domestic U.S. issuers, non-U.S. issuers, or both.</p> <p>The Underlying Fund is intended for investors expecting to retire around the year indicated in the name of the Underlying Fund and likely to stop making new investments in the Underlying Fund at that time. The Underlying Fund is designed for an investor who plans to withdraw the value of the investor's account gradually following that date. The Adviser seeks to optimize the Underlying Fund's “glide path” for the wealth accumulation, wealth preservation, and income generation phases of retirement planning and includes adjustments in the critical years immediately preceding and following the retirement date. For example, a Underlying Fund with a target retirement date far into the future will typically invest a greater portion of its assets in asset classes with higher risk profiles and the potential for higher returns. As the target date for a Underlying Fund approaches, the Adviser will adjust the asset allocation and risk profile of the Underlying Fund – its glide path – to what is generally seen to be a more conservative approach to reduce (but not to eliminate) risk by increasing the allocation to asset classes that have historically been subject to lower levels of volatility. A fund intended for investors who have already achieved retirement age would typically invest a greater portion of its assets in bonds and cash items, with a relatively smaller allocation to equity securities.</p> <p>The Investment Funds employ a wide array of investment styles. For example, the Investment Funds can buy and sell common stocks of companies of any size, corporate bonds of varying credit quality, U.S. government and agency bonds, mortgage- and asset-backed securities, commodities, real estate and money market instruments. They may hold U.S. or non-U.S. investments. The Investment</p>

	<u>Funds may use derivative instruments of any kind, including futures contracts, forward currency contracts, credit default swaps, interest rate swaps and commodities-related derivatives. Derivatives may be used by an Investment Fund for hedging or risk management purposes, as a substitute for direct investment, or otherwise to seek to enhance the Investment Fund's total return.</u>
<b><u>Expected Risk</u></b>	<u>Risks vary by fund.</u>
<b><u>Investment Vehicle</u></b>	<u>Mutual Fund</u>
<b><u>Benchmark</u></b>	<u>S&amp;P Target Date Index Series</u>
<b><u>Peer Group</u></b>	<u>Date-Relevant Morningstar Target Retirement Date Universe</u>

<u>Category</u>	<u>Standard Election</u>
<b><u>Investment Option</u></b>	<u>Target Date Funds</u>
<b><u>Investment Objective</u></b>	<u>The investment objective of each State Street Target Retirement Fund (the "Underlying Fund") is to seek capital growth and income over the long term.</u>

## Investment Strategies

~~SSGA Funds Management, Inc. (“SSGA FM” or the “Adviser”), the investment adviser to the Underlying Fund, manages the Underlying Fund using a proprietary asset allocation strategy. The Underlying Fund is a “fund of funds” that invests in a combination of mutual funds and ETFs sponsored by the Adviser or its affiliates (the “Investment Funds”). The Investment Funds may invest in a wide variety of asset classes, including equity and fixed income securities of issuers anywhere in the world, including emerging markets investments, and including, among others, high yield, commodity, and real estate investments. The Investment Funds may invest in obligations of domestic U.S. issuers, non-U.S. issuers, or both.~~

~~The Underlying Fund is intended for investors expecting to retire around the year indicated in the name of the Underlying Fund and likely to stop making new investments in the Underlying Fund at that time. The Underlying Fund is designed for an investor who plans to withdraw the value of the investor's account gradually following that date. The Adviser seeks to optimize the Underlying Fund's “glide path” for the wealth accumulation, wealth preservation, and income generation phases of retirement planning and includes adjustments in the critical years immediately preceding and following the retirement date. For example, a Underlying Fund with a target retirement date far into the future will typically invest a greater portion of its assets in asset classes with higher risk profiles and the potential for higher returns. As the target date for a Underlying Fund approaches, the Adviser will adjust the asset allocation and risk profile of the Underlying Fund — its glide path — to what is generally seen to be a more conservative approach to reduce (but not to eliminate) risk by increasing the allocation to asset classes that have historically been subject to lower levels of volatility. A fund intended for investors who have already achieved retirement age would typically invest a greater portion of its assets in bonds and cash items, with a relatively smaller allocation to equity securities.~~

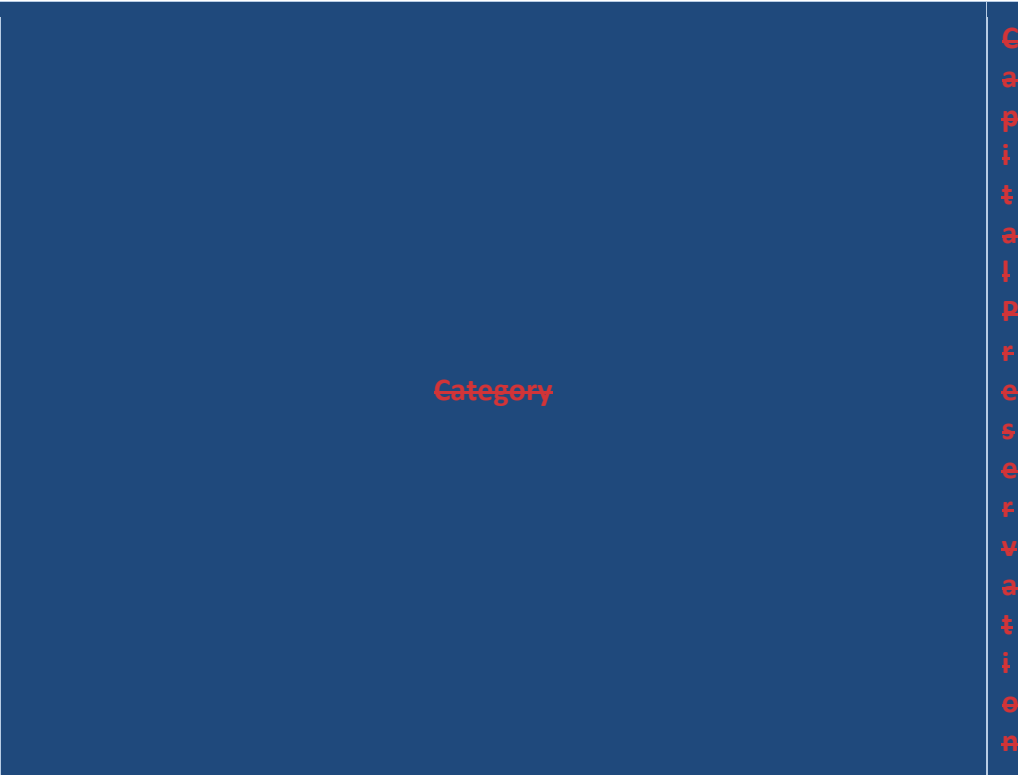
~~The Investment Funds employ a wide array of investment styles. For example, the Investment Funds can buy and sell common stocks of companies of any size, corporate bonds of varying credit quality, U.S. government and agency bonds, mortgage and asset-backed securities, commodities, real estate and money market instruments. They may hold U.S. or non-U.S. investments. The Investment Funds may use derivative instruments of any kind, including futures contracts, forward currency contracts, credit default swaps, interest rate swaps and commodities-related derivatives. Derivatives may be used by an Investment Fund for hedging or risk management.~~

<del>Expected Risk</del>	<del>Risks vary by fund.</del>
<del>Investment Vehicle</del>	<del>Mutual Fund</del>
<del>Benchmark</del>	<del>S&amp;P Target Date Index Series</del>
<del>Peer Group</del>	<del>Morningstar Category U.S. Fund Target Date Series</del>

**Growth Fund**

Category	
<u>Category</u>	<u>Growth</u>
<b>Investment Option</b>	<b>U.S. Large Cap Equity Index Fund</b>
<b>Investment Objective</b>	The investment objective of the State Street Equity 500 Index Fund (the “Underlying Fund”) is to replicate as closely as possible, before expenses, the performance of the Standard & Poor’s 500 Index (the “S&P 500” or the “Index”).
<b>Investment Strategies</b>	<p>The Underlying Fund uses a passive management strategy designed to track the performance of the S&amp;P 500. The Index is a well-known stock market index that includes common stocks of 500 companies from a number of sectors representing a significant portion of the market value of all stocks publicly traded in the United States. A significant portion of the Index is comprised of companies in the information technology sector, although this may change from time to time.</p> <p>The Underlying Fund is not managed according to traditional methods of “active” investment management, which involve the buying and selling of securities based upon economic, financial and market analysis and investment judgment. Instead, the Underlying Fund, using a “passive” or “indexing” investment approach, seeks to provide investment results that, before expenses, correspond generally to the total return of the S&amp;P 500.</p>
<b>Expected Risk</b>	High
<b>Investment Vehicle</b>	Mutual Fund
<b>Benchmark</b>	S&P 500 Index
<b>Peer Group</b>	<del>Passive U.S. Large Cap Equity</del> <a href="#">Morningstar Large Blend</a> Universe

# Capital Preservation



<b>Category</b>	<b>Capital Preservation</b>
<b>Investment Option</b>	<b>Prime Obligation Money Market Fund</b>
<b>Investment Objective</b>	The investment objective of the State Street Institutional Liquid Reserves Fund (the "Underlying Fund") is to seek to maximize current income, to the extent consistent with the preservation of capital and liquidity, by investing in U.S. dollar-denominated money market securities.
<b>Investment Strategies</b>	The Underlying Fund follows a disciplined investment process in which SSGA Funds Management, Inc. ("SSGA FM" or the "Adviser"), the investment adviser to the Underlying Fund, bases its decisions on the relative attractiveness of different money market instruments. In the Adviser's opinion, the attractiveness of an instrument may vary depending on the general level of interest rates, as well as imbalances of supply and demand in the market. The Underlying Fund invests in accordance with regulatory requirements applicable to money market funds, which require, among other things, the Underlying Fund to invest only in short-term, high quality debt obligations (generally, securities that have remaining maturities of 397 calendar days or less and that the Underlying Fund believes present minimal credit risk), to maintain a maximum dollar-weighted average maturity and dollar-weighted average life of sixty (60) days or less and 120 days or less, respectively, and to meet requirements as to portfolio diversification and liquidity.

	<p>Although the Underlying Fund is a money market fund, the net asset value (“NAV”) of the Underlying Fund's Shares “floats,” fluctuating with changes in the values of the Underlying Fund's portfolio securities. The Underlying Fund typically accepts purchase and redemption orders multiple times per <del>day, and</del> <u>day and</u> calculates its NAV at each such time.</p> <p>The Underlying Fund attempts to meet its investment objective by investing in a broad range of money market instruments.</p>
<b>Expected Risk</b>	<p>Low Risk; note that the investors could lose money by investing in the Underlying Fund. Because the share price of the Underlying Fund will fluctuate, when investors sell their shares they may be worth more or less than what investors originally paid for them. The Underlying Fund may impose a fee upon the sale of investor shares or may temporarily suspend an investor’s ability to sell shares if the Underlying Fund's liquidity falls below required minimums because of market conditions or other factors. An investment in the Underlying Fund is subject to investment risks, including possible loss of principal, is not a deposit in a bank and is not insured or guaranteed by the FDIC or any other government agency. The Underlying Fund's sponsor has no legal obligation to provide financial support to the Underlying Fund, and investors should not expect that the sponsor will provide financial support to the Underlying Fund at any time.</p>
<b>Investment Vehicle</b>	Mutual Fund
<b>Benchmark</b>	<u><del>ICE B of A</del> U.S. <del>Treasury</del>-3-Month <del>Treasury</del> Bill <del>Index</del></u>
<b>Peer Group</b>	Morningstar <u><del>Category Prime Money Market</del> <del>Money Market Universe</del></u>

# OregonSaves

## Investment Policy Statement

November 2019



Oregon State Treasury  
[www.ost.state.or.us](http://www.ost.state.or.us)



# Table of Contents

- Overview ..... 1
  - Introduction..... 1
  - Purpose of the Investment Policy ..... 1
- Roles & Responsibilities..... 1
  - Responsibilities of the Board ..... 1
  - Responsibilities of the Executive Director..... 2
  - Responsibilities of the Investment Consultant..... 2
  - Responsibilities of the Program Administrator ..... 3
- Program Objectives ..... 3
  - Investment Objectives ..... 3
  - Program Features & Investment Structure ..... 3
  - Standard Elections of the Program ..... 4
    - Age-based / Target Date Funds ..... 4
    - Capital Preservation Fund ..... 5
    - Growth Fund ..... 5
- Investment Guidelines and Restrictions ..... 5
  - Selection of Investment Options..... 5
  - Review of Investment Objectives and Policy ..... 6
  - Review of Investment Funds..... 6
  - Standards of Performance ..... 6
- Investment Options – Detail..... 7
  - Target Retirement Date Funds..... 7
  - Growth Fund..... 9
  - Capital Preservation..... 10

# Overview

## Introduction

HB 2960, passed by the Legislature in 2015 and codified at ORS 178.200-178.245, established the Oregon Retirement Savings Board (the “Board”) and directed the Board to develop a simple, voluntary, payroll-deduction retirement savings program for Oregonians lacking access to a qualified retirement plan through their employer. The program is also open to Oregonians who qualify for an Individual Retirement Account (“IRA”). The Oregon Retirement Savings Plan (“OregonSaves” or the “Program”) is intended to increase the retirement savings of Oregonians by improving access and by providing a portfolio of well-managed investment options for savers. The Program will maintain separate Individual Retirement Accounts (“IRAs”) for each participant.

## Purpose of the Investment Policy

This Investment Policy Statement (“Policy”) defines the investment objectives of OregonSaves and establishes policies and procedures to support these investment objectives, including:

- The number and type of investment options offered;
- The selection of investment managers or funds for the Program’s investment options;
- The ongoing supervision of the Program’s assets including roles and responsibilities of the various parties involved in administering the program;
- Monitoring and reviewing of the performance and investment characteristics of the investment options offered; and
- Decisions regarding addition to, replacement of, or elimination of the investment options offered.

In its role as a fiduciary to the Program, the Board intends to exercise its fiduciary duties with the level of judgment and care then prevailing that persons of prudence, discretion and intelligence would exercise in the management of their own affairs with due regard to the probable income and level of risk from certain types of investments of money, in accordance with the policies established by the Board.

This policy is not intended to be an inflexible governance document, but rather a guide to assist the Board. As such, the Board may deviate from this Policy as it deems appropriate, including on a case-by-case basis. However, no investment manager is permitted to deviate from these policies without express prior written Board approval. This Policy can be amended at the direction of the Board from time to time.

## Roles & Responsibilities

### Responsibilities of the Board

The Oregon Retirement Savings Board oversees the Program.

The Board is charged with the oversight and administration of the Program, and the establishment of policies and procedures to maintain compliance with federal and state law. The Board reviews its policies and procedures periodically and makes changes to these policies and procedures as it considers necessary or desirable. The following powers are reserved for the Board:

- Plan design
- Investment portfolio construction and deletion
- Underlying investment selection and termination
- Program Administrator monitoring, selection, and termination
- Adoption, amendment and repeal of Program Administrative Rules
- Amendment of the Investment Policy Statement
- Personal services contracting

## **Responsibilities of the Executive Director**

The Executive Director is responsible for all of the day-to-day operations and administrative functions of the Program. The Executive Director also provides ongoing assistance to the Board to ensure the Board has adequate resources and information to successfully carry out its powers and responsibilities. In addition, the Board delegates the following powers to the Executive Director:

- Development and implementation of the Program's internal policies and procedures
- Development and execution of a comprehensive marketing and public awareness program
- Contract negotiation
- Development and management of the Program's biennial budget
- Development of the Program's legislative agenda

## **Responsibilities of the Investment Consultant**

The investment consultant is responsible for the following tasks:

- Make recommendations regarding investment portfolio design, investment and performance objectives, guidelines, and the Investment Policy Statement
- Conduct investment manager searches when necessary
- Conduct periodic due diligence meetings with investment providers
- Develop quarterly investment evaluation reports
- Perform investment monitoring functions of the investment managers
- Assist with ongoing monitoring of the Program Administrator
- Assist with implementation of new investments

- Report to the Board on current market trends and issues that may impact the Program or its investment lineup
- Serve as a fiduciary with respect to advice delivered to the Program

## Responsibilities of the Program Administrator

The Board has determined that it is necessary and reasonable to retain a professional program administrator to administer the Program. Under this Policy, the Program Administrator and its affiliates and subcontractors will generally be responsible for the following:

- Providing all administrative functions as contractually obligated necessary to offer the Program to all current and prospective investors
- Collaborating with the independent investment consultant to implement changes to the investment offerings available to investors through the Program Administrator's platform
- Providing quarterly reports as contractually obligated or directed by the Board, or the Executive Director

## Program Objectives

The overall objective of the Program is to increase the retirement savings of Oregonians by improving access to quality, cost-effective, professionally managed investment options for savers.

## Investment Objectives

The primary investment objectives of the Program are to:

- Offer investment options for savers to invest their IRA account balances, and
- Provide standard investment option(s) for participants who take advantage of the automated features of the Program.
- Offer Program investment options that allow participants to diversify the investment of their IRA account balances;
- Offer investment options with a range of target risk profiles.
- Manage the expenses associated with each investment option, such that expenses are reasonable.

## Program Features & Investment Structure

The program offers Roth IRA and traditional IRA account options. Traditional IRA accounts are offered for participants who need to recharacterize their contributions from Roth to traditional.

The Program offers three distinct types of investment options, as follows:

- Age-based / Target Date Funds
- A Capital Preservation Fund
- A Growth Fund

The Program may offer additional or different investment choices in the future, at the discretion of the Board.

All contributions are subject to an auto-escalation provision. Once an account owner has been enrolled in the program for at least 180 days, the account owner's rate of contribution will be automatically increased at the rate of 1% of Compensation on January 1 each year, beginning January 1, 2019, until a maximum of 10% of Compensation is reached, except capped at a lower rate where 10% would exceed age-based IRA contribution thresholds.

## Standard Elections of the Program

Unless an account owner directs otherwise, the Standard Election will apply. Standard Elections of the Program for participants using payroll deduction are as follows:

- The Standard Election is for a Roth IRA account.
- Initial rate of contribution to the Program is 5% of Compensation, and contributions will be automatically escalated as described in the previous section.
- Investments:
  - The first \$1,000 in contributions are invested in the OregonSaves Capital Preservation Fund;
  - All subsequent contributions are invested in the OregonSaves Target Retirement Fund based on the participant's age and year of retirement (assuming a retirement age of 65); and
- The OregonSaves Account structure will be a Roth IRA and contributions will occur on a post-tax basis.

Participants retain the flexibility to make different elections, and to choose any mix of investments from the menu offered by the program, both for account balances, and for contributions to their accounts.

### Age-based / Target Date Funds

The age-based / target date funds are intended to provide participants with an asset allocation, based on the anticipated retirement year, that changes over time and is intended to maximize growth potential in early years through a higher exposure to equities, and preserve capital in later years through exposure to fixed income securities. Target date funds should be diversified and include a blend of asset classes as selected by the fund manager. Performance and volatility expectations will vary based on the asset allocation and risk profile of each fund in the target date

series. For participants who use the Standard Elections, all contributions after the first \$1,000 contributed to an OregonSaves account will be automatically invested in the Target Date Fund closest to the participant's retirement year, assuming retirement at age 65.

### Capital Preservation Fund

The capital preservation investment option is intended to provide participants with preservation of capital with the potential for some investment earnings. Risk, as measured by risk to principal and volatility of returns, is intended to be very low. Because of its emphasis on safety, the fund may not provide much protection against value erosion due to inflation, and depending on the investment type selected, may still retain the possibility of liquidity and credit risks under extreme circumstances. For participants who use the Standard Elections, the first \$1,000 contributed to an OregonSaves account will be automatically invested in this Investment Option.

### Growth Fund

The growth investment option is intended to provide for long-term growth of capital through investment in common stocks with capitalization and valuation characteristics in line with broad market averages. Risk, as measured by volatility of returns, is expected to be moderate to high, and current income is not a primary objective.

## Investment Guidelines and Restrictions

### Selection of Investment Options

The investments comprising each investment option may be maintained in registered investment companies (or "mutual funds") or when deemed appropriate by the Board, separately managed portfolios, commingled funds, and exchange traded funds ("ETFs"). It is intended that each investment option will support the objectives of this Policy, taking into consideration the types of investments and investment vehicles that are available to the Program.

The specific investments or investment vehicles chosen by the Board must be managed by organizations that, by their record and experience, have demonstrated their investment expertise. Other considerations for the investments or investment vehicle for a Program investment option include that they also should:

- Be adequately diversified for the investment option offered,
- Have acceptable volatility, when compared to a specified peer group and benchmark,
- Have the liquidity and/or marketability to meet the terms of the Program,
- Have reasonable fees and expenses, and
- Agree to meet all other relevant requirements set forth in this Policy.

## Review of Investment Objectives and Policy

It is the intention of the Board to review this Policy periodically and make necessary or appropriate amendments.

The Board encourages investment providers/managers and Program participants to make recommendations to the Board regarding appropriate changes to this Policy. However, no investment provider/manager may deviate from this Policy without prior written approval of the Board.

The Board has the power to add, remove, replace, amend or modify the investment options and add, remove or replace the underlying investment managers and investment vehicles in its discretion.

## Review of Investment Funds

The Board intends to review the investment options at least once a year. The reviews will focus on the following areas:

- Investment manager adherence to guidelines
- Comparison of results to those of funds using similar policies (in terms of diversification, volatility, style, etc.), and that are available to the Program
- Material changes in the investment manager organizations, such as philosophy and personnel changes, acquisition or loss of major accounts, significant changes in organization structure including mergers & acquisitions, and more
- Comparison to alternative investment options available in the marketplace

## Standards of Performance

In consideration of the Program's objectives, multiple standards may be used in the evaluation of investment performance. The standards used are generally expected to reflect the key aspects of investment performance, including the specific objectives for the mandate, the performance of market indices, and the performance of other fund managers. Where appropriate, funds will be compared to a universe of a specified peer group of other funds, as well as to a benchmark index. The comparison may be made by matching key characteristics of each fund against the characteristics of the peer group funds. Both absolute and risk-adjusted returns will be evaluated.

# Investment Options – Detail

## Target Retirement Date Funds

Category	Standard Election
Investment Option	Target Date Funds
Investment Objective	The investment objective of each State Street Target Retirement Fund (the “Underlying Fund”) is to seek capital growth and income over the long term.
Investment Strategies	<p>SSGA Funds Management, Inc. (“SSGA FM” or the “Adviser”), the investment adviser to the Underlying Fund, manages the Underlying Fund using a proprietary asset allocation strategy. The Underlying Fund is a “fund of funds” that invests in a combination of mutual funds and ETFs sponsored by the Adviser or its affiliates (the “Investment Funds”). The Investment Funds may invest in a wide variety of asset classes, including equity and fixed-income securities of issuers anywhere in the world, including emerging markets investments, and including, among others, high yield, commodity, and real estate investments. The Investment Funds may invest in obligations of domestic U.S. issuers, non-U.S. issuers, or both.</p> <p>The Underlying Fund is intended for investors expecting to retire around the year indicated in the name of the Underlying Fund and likely to stop making new investments in the Underlying Fund at that time. The Underlying Fund is designed for an investor who plans to withdraw the value of the investor’s account gradually following that date. The Adviser seeks to optimize the Underlying Fund’s “glide path” for the wealth accumulation, wealth preservation, and income generation phases of retirement planning and includes adjustments in the critical years immediately preceding and following the retirement date. For example, a Underlying Fund with a target retirement date far into the future will typically invest a greater portion of its assets in asset classes with higher risk profiles and the potential for higher returns. As the target date for a Underlying Fund approaches, the Adviser will adjust the asset allocation and risk profile of the Underlying Fund – its glide path – to what is generally seen to be a more conservative approach to reduce (but not to eliminate) risk by increasing the allocation to asset classes that have historically been subject to lower levels of volatility. A fund intended for investors who have already achieved retirement age would typically invest a greater portion of its assets in bonds and cash items, with a relatively smaller allocation to equity securities.</p> <p>The Investment Funds employ a wide array of investment styles. For example, the Investment Funds can buy and sell common stocks of companies of any size, corporate bonds of varying credit quality, U.S. government and agency bonds, mortgage- and asset-backed securities, commodities, real estate and money market instruments. They may hold U.S. or non-U.S. investments. The Investment Funds may use derivative instruments of any kind, including futures contracts, forward currency contracts, credit default swaps, interest rate swaps and</p>



OregonSaves  
Statement of Investment Policy

	commodities-related derivatives. Derivatives may be used by an Investment Fund for hedging or risk management purposes, as a substitute for direct investment, or otherwise to seek to enhance the Investment Fund's total return.
<b>Expected Risk</b>	Risks vary by fund.
<b>Investment Vehicle</b>	Mutual Fund
<b>Benchmark</b>	S&P Target Date Index Series
<b>Peer Group</b>	Date-Relevant Morningstar Target Retirement Date Universe

## Growth Fund

Category	Growth
<b>Investment Option</b>	<b>U.S. Large Cap Equity Index Fund</b>
<b>Investment Objective</b>	The investment objective of the State Street Equity 500 Index Fund (the “Underlying Fund”) is to replicate as closely as possible, before expenses, the performance of the Standard & Poor’s 500 Index (the “S&P 500” or the “Index”).
<b>Investment Strategies</b>	<p>The Underlying Fund uses a passive management strategy designed to track the performance of the S&amp;P 500. The Index is a well-known stock market index that includes common stocks of 500 companies from a number of sectors representing a significant portion of the market value of all stocks publicly traded in the United States. A significant portion of the Index is comprised of companies in the information technology sector, although this may change from time to time.</p> <p>The Underlying Fund is not managed according to traditional methods of “active” investment management, which involve the buying and selling of securities based upon economic, financial and market analysis and investment judgment. Instead, the Underlying Fund, using a “passive” or “indexing” investment approach, seeks to provide investment results that, before expenses, correspond generally to the total return of the S&amp;P 500.</p>
<b>Expected Risk</b>	High
<b>Investment Vehicle</b>	Mutual Fund
<b>Benchmark</b>	S&P 500 Index
<b>Peer Group</b>	Morningstar Large Blend Universe

## Capital Preservation

Category	Capital Preservation
Investment Option	Prime Obligation Money Market Fund
Investment Objective	The investment objective of the State Street Institutional Liquid Reserves Fund (the "Underlying Fund") is to seek to maximize current income, to the extent consistent with the preservation of capital and liquidity, by investing in U.S. dollar-denominated money market securities.
Investment Strategies	<p>The Underlying Fund follows a disciplined investment process in which SSGA Funds Management, Inc. ("SSGA FM" or the "Adviser"), the investment adviser to the Underlying Fund, bases its decisions on the relative attractiveness of different money market instruments. In the Adviser's opinion, the attractiveness of an instrument may vary depending on the general level of interest rates, as well as imbalances of supply and demand in the market. The Underlying Fund invests in accordance with regulatory requirements applicable to money market funds, which require, among other things, the Underlying Fund to invest only in short-term, high quality debt obligations (generally, securities that have remaining maturities of 397 calendar days or less and that the Underlying Fund believes present minimal credit risk), to maintain a maximum dollar-weighted average maturity and dollar-weighted average life of sixty (60) days or less and 120 days or less, respectively, and to meet requirements as to portfolio diversification and liquidity.</p> <p>Although the Underlying Fund is a money market fund, the net asset value ("NAV") of the Underlying Fund's Shares "floats," fluctuating with changes in the values of the Underlying Fund's portfolio securities. The Underlying Fund typically accepts purchase and redemption orders multiple times per day and calculates its NAV at each such time.</p> <p>The Underlying Fund attempts to meet its investment objective by investing in a broad range of money market instruments.</p>
Expected Risk	Low Risk; note that the investors could lose money by investing in the Underlying Fund. Because the share price of the Underlying Fund will fluctuate, when investors sell their shares they may be worth more or less than what investors originally paid for them. The Underlying Fund may impose a fee upon the sale of investor shares or may temporarily suspend an investor's ability to sell shares if the Underlying Fund's liquidity falls below required minimums because of market conditions or other factors. An investment in the Underlying Fund is subject to investment risks, including possible loss of principal, is not a deposit in a bank and is not insured or guaranteed by the FDIC or any other government agency. The Underlying Fund's sponsor has no legal obligation to provide financial support to the Underlying Fund, and investors should not expect that the sponsor will provide financial support to the Underlying Fund at any time.
Investment Vehicle	Mutual Fund
Benchmark	ICE B of A U.S. 3-Month Treasury Bill Index
Peer Group	Morningstar Money Market Universe



# Program Manager Data Report

OregonSaves Program

September 30, 2019

**Sellwood**  
CONSULTING LLC

Quarterly Summary Statistics

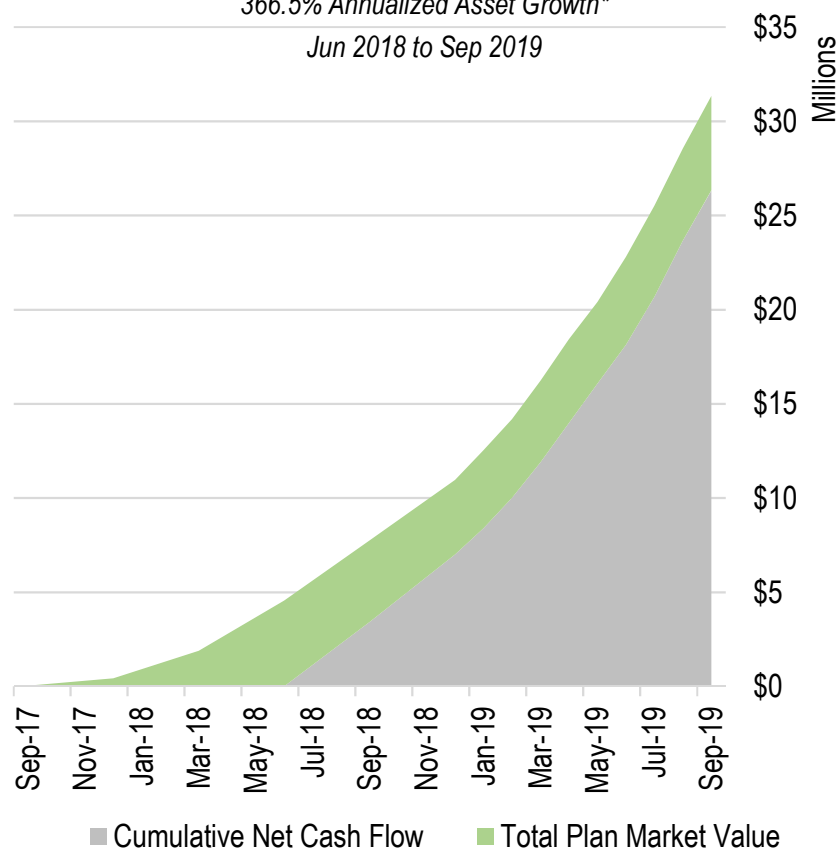
As of September 30, 2019

Total Assets	Total Accounts	Enrolled Accounts	Funded Accounts	Avg Funded Account Balance	Quarterly Net New Total Accs	Quarterly Contributions	Quarterly Redemptions	Quarterly Flows
\$31,352,154	194,492	114,980	50,809	\$617	25,613	\$10,127,355	-\$1,926,341	\$8,201,014

**Plan Market Value History**

366.5% Annualized Asset Growth\*

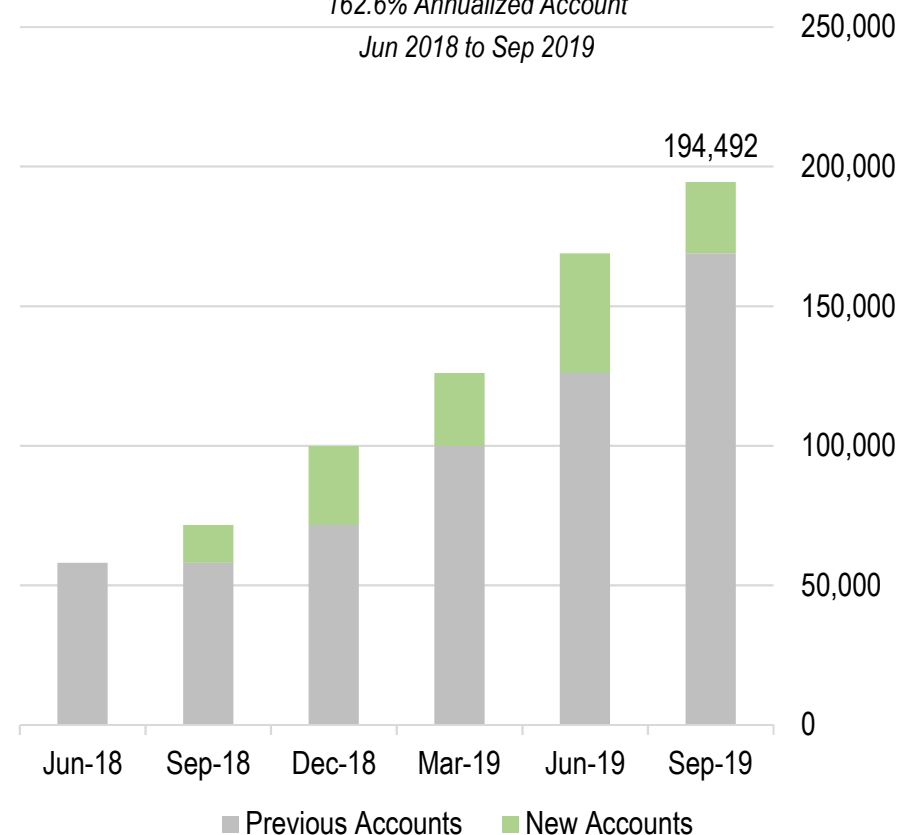
Jun 2018 to Sep 2019



**Plan Account History**

162.6% Annualized Account

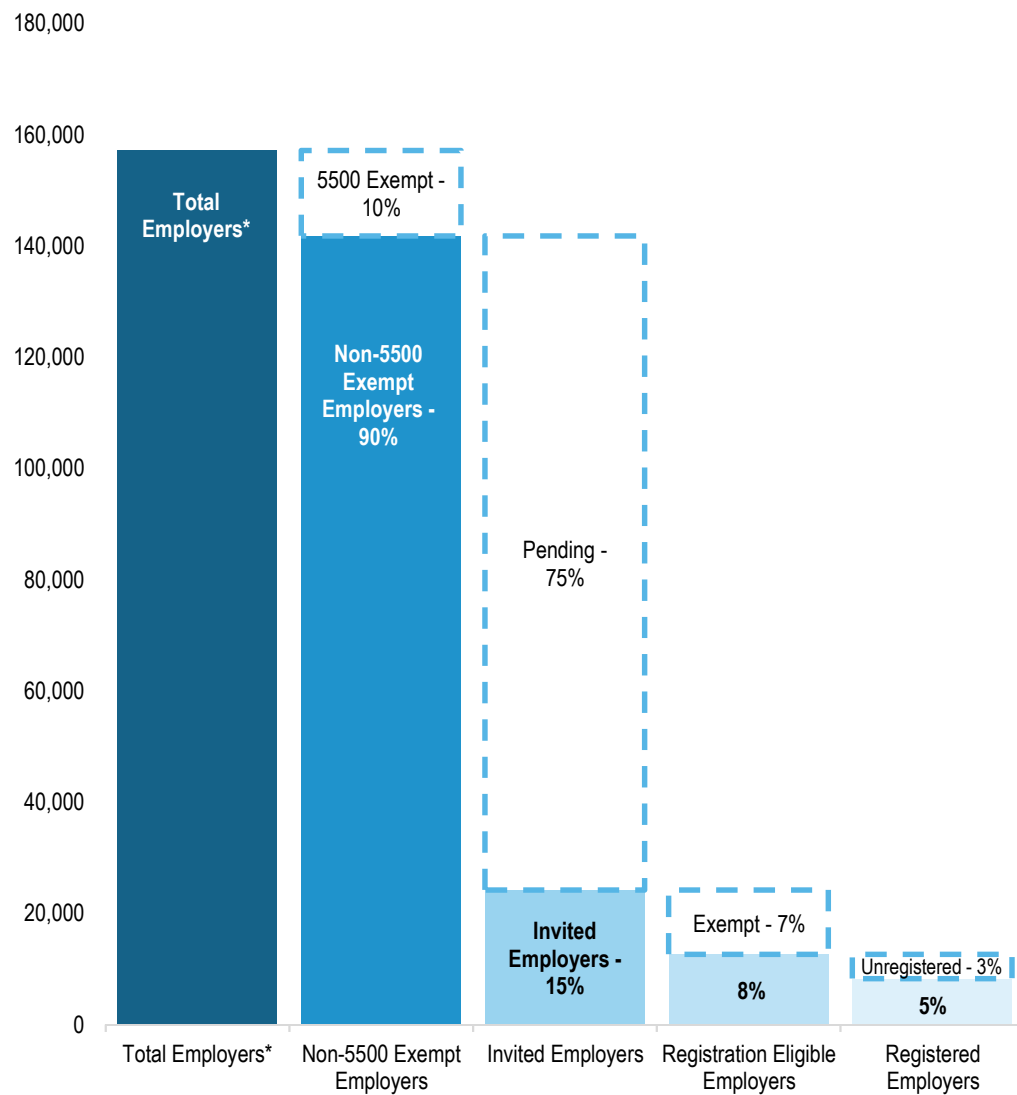
Jun 2018 to Sep 2019



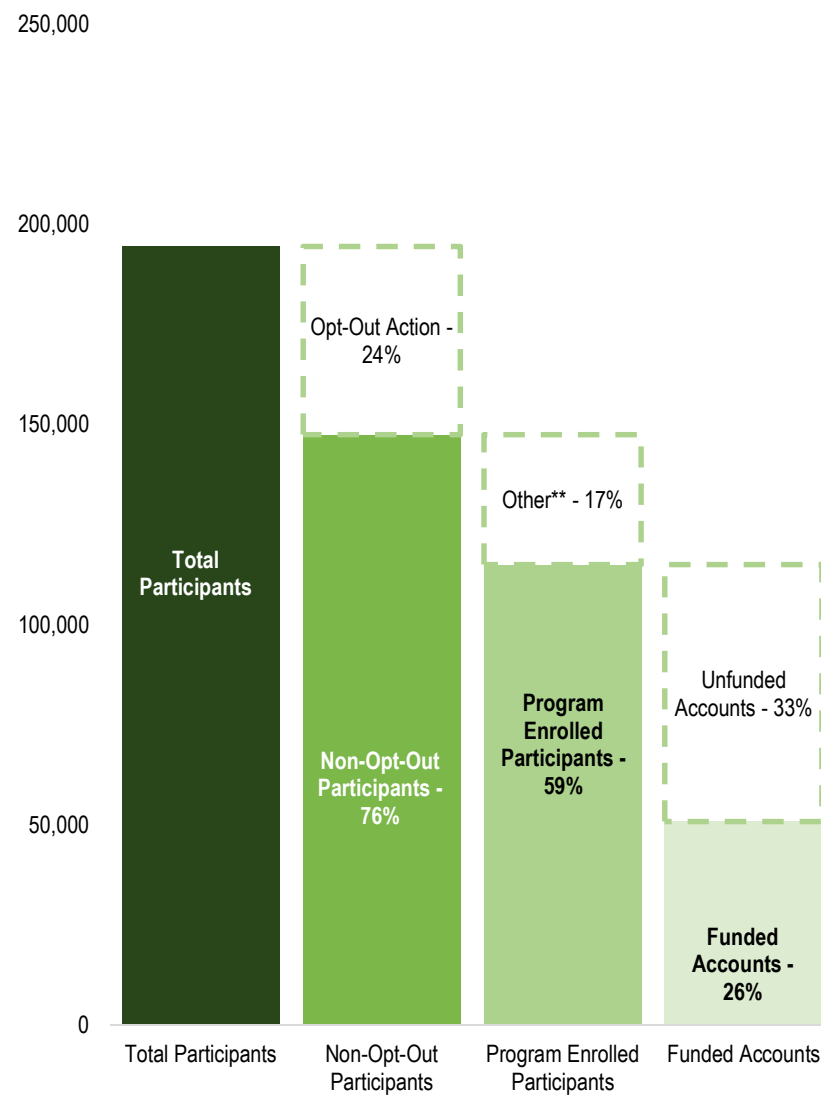
\*84% of the annualized asset growth rate has come from cumulative net cash flows; 16% has come from investment gains.

Source: Ascensus, Sellwood Consulting. Cumulative net cash flow data begins July 1, 2018.

**Employer Count**



**Participant Count**

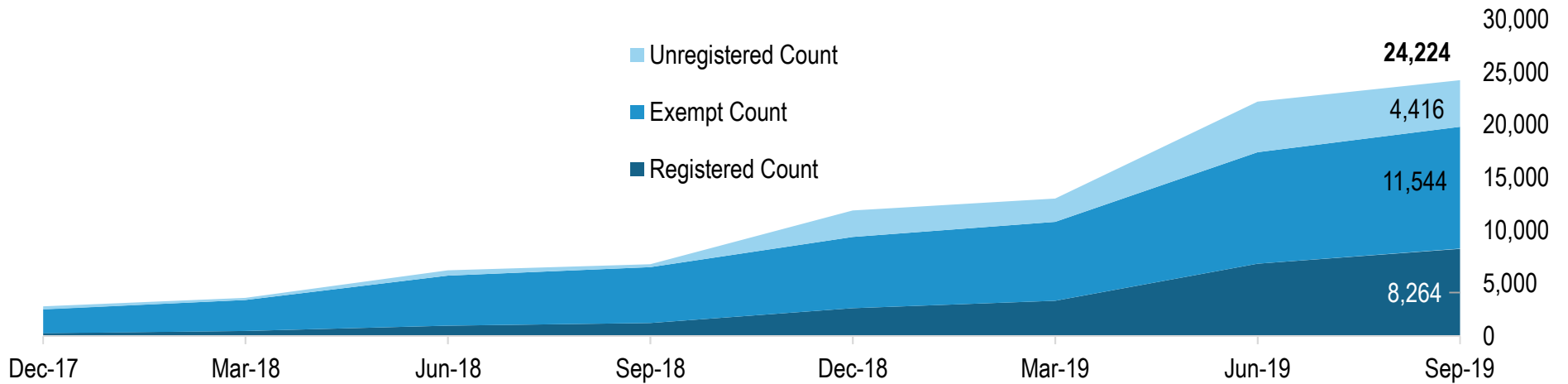


Source: Ascensus, Sellwood Consulting. \*Total Employer population includes businesses that have submitted an end of liability date (out of business date).

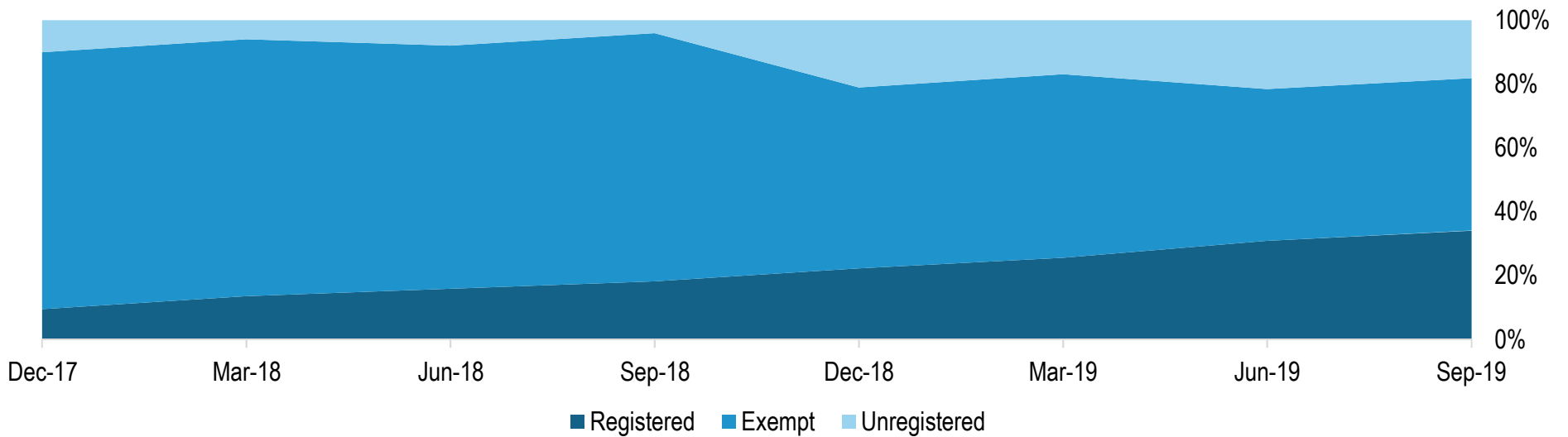
\*\*Other consists of unestablished accounts and participants in the program less than 30 days.

As of September 30, 2019

### Invited Employer Count



### Invited Employers Composition

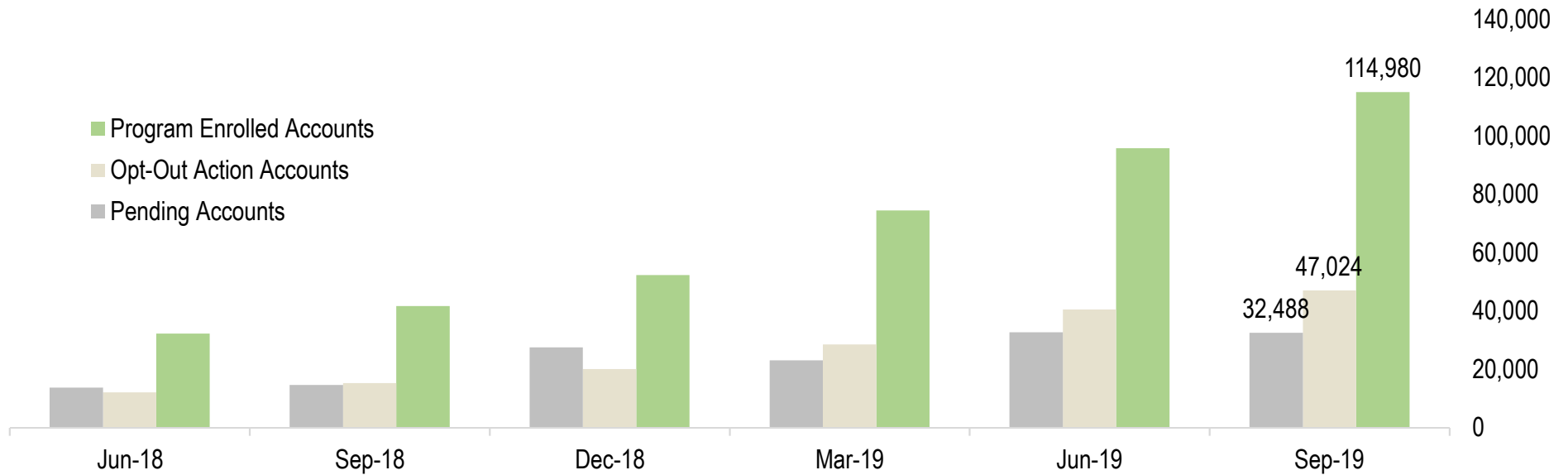


Source: Ascensus, Sellwood Consulting.

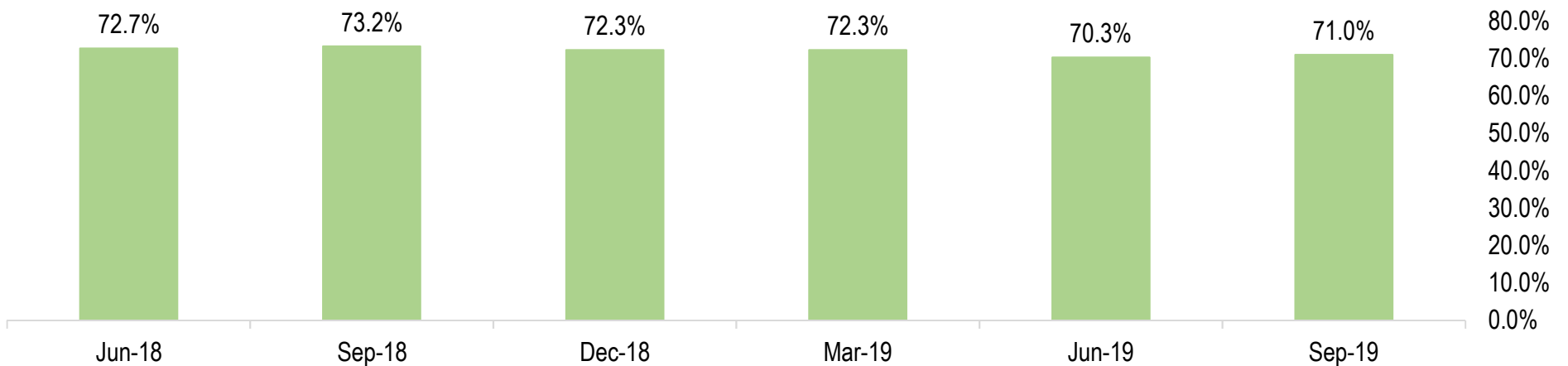


As of September 30, 2019

### Plan Account History



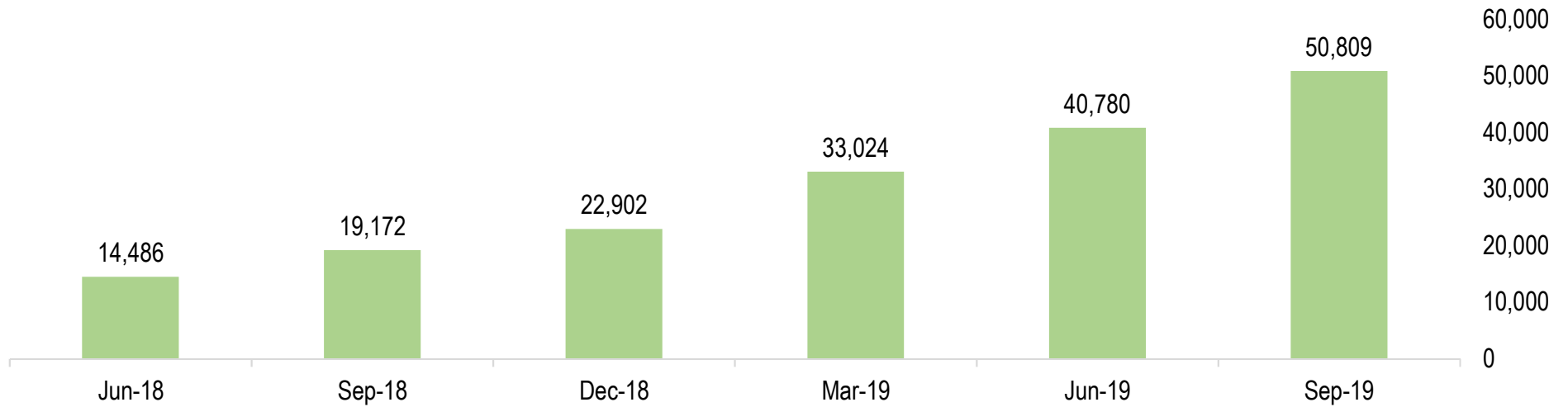
### Program Enrolled Rate



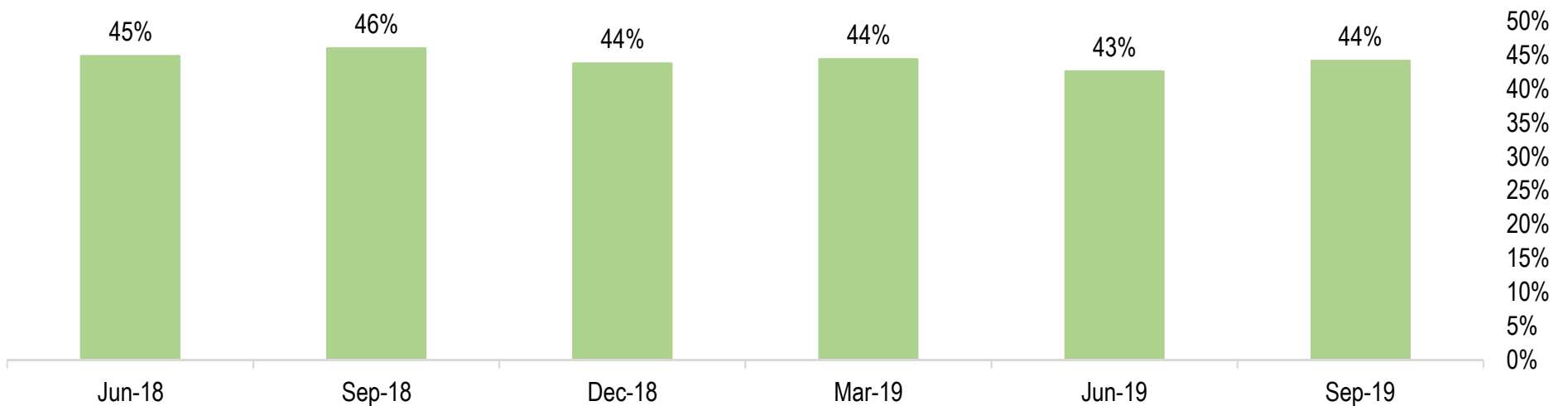
Source: Ascensus, Sellwood Consulting. The Program Enrolled Rate is defined as the number of Program Enrolled Accounts divided by the sum of Program Enrolled Accounts and Opt-Out Action Accounts.

As of September 30, 2019

### Total Funded Accounts



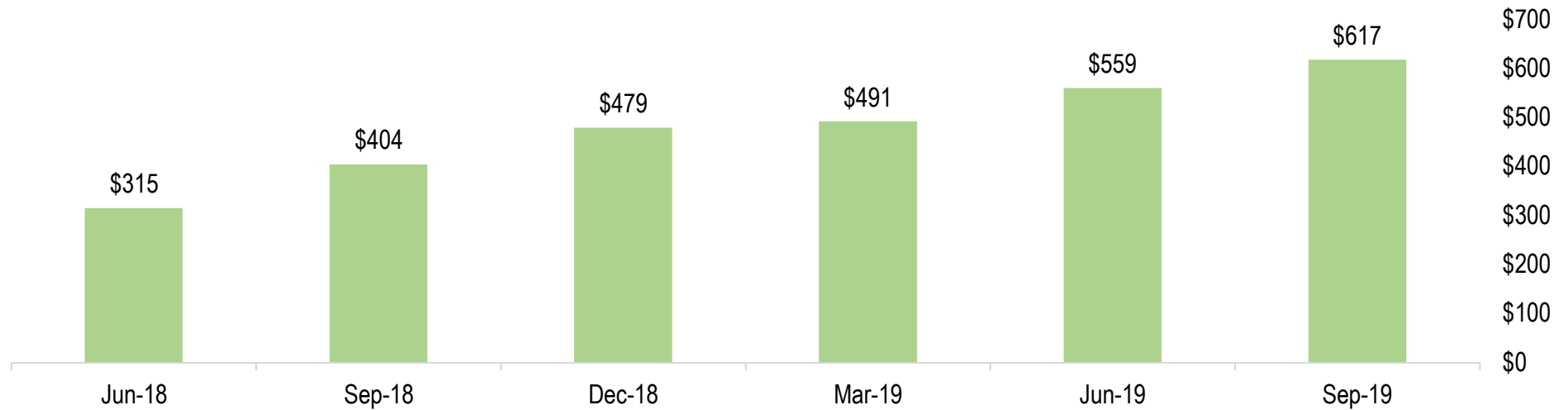
### Funded Accounts as a % of Enrolled Accounts



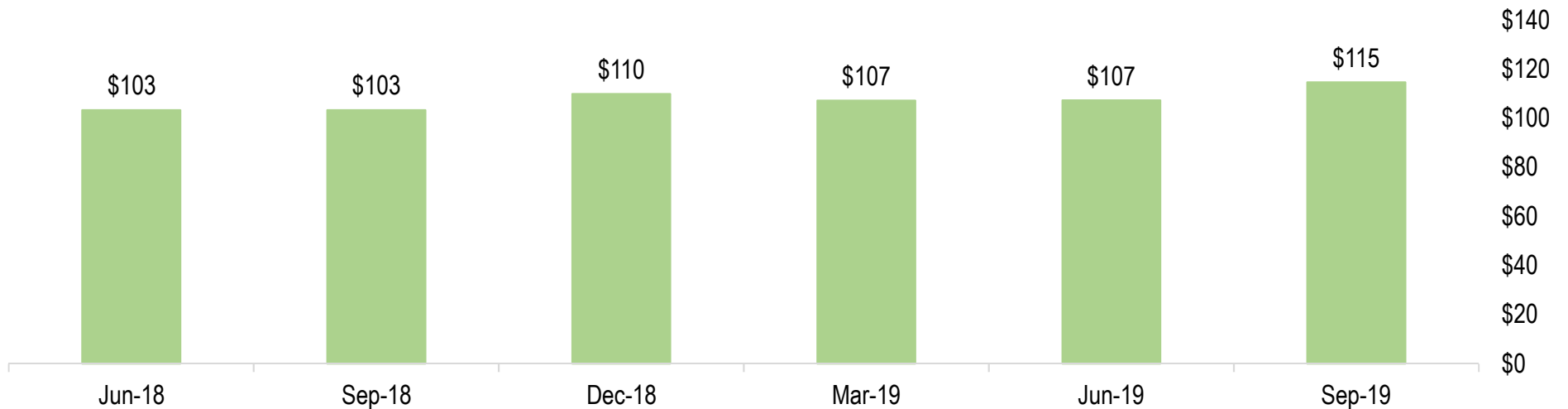
Source: Ascensus, Sellwood Consulting.

As of September 30, 2019

### Average Funded Account Balance

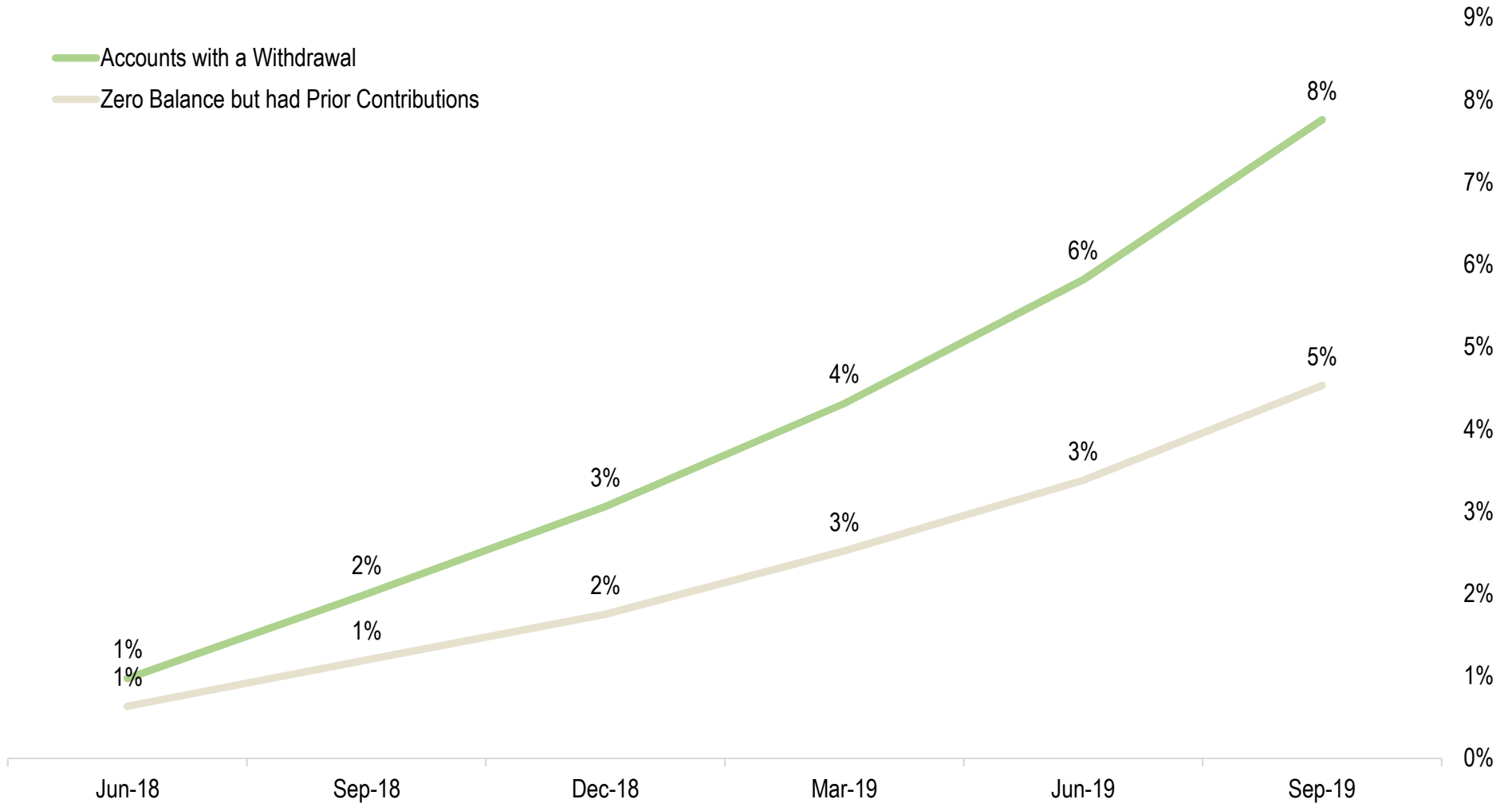


### Average Contribution Amount per Account



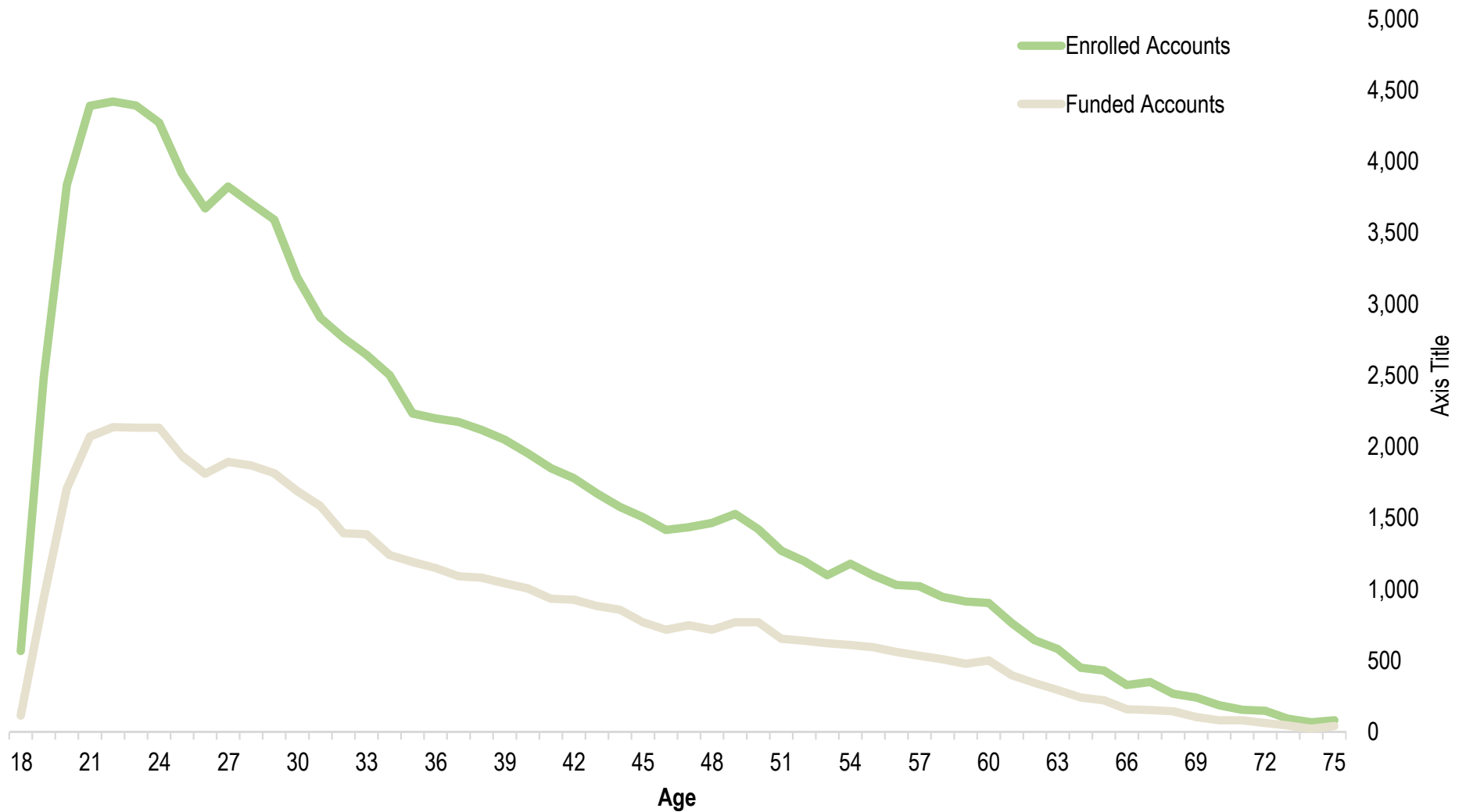
Source: Ascensus, Sellwood Consulting. Average deferral rate for funded accounts with deferral rates greater than zero. Average contributions are based on accounts with a contribution during the last 30 days.

**Accounts with a Withdrawal and Zero Balance Accounts with a Prior Contribution  
(As a % of Enrolled Accounts)**



Source: Ascensus, Sellwood Consulting.

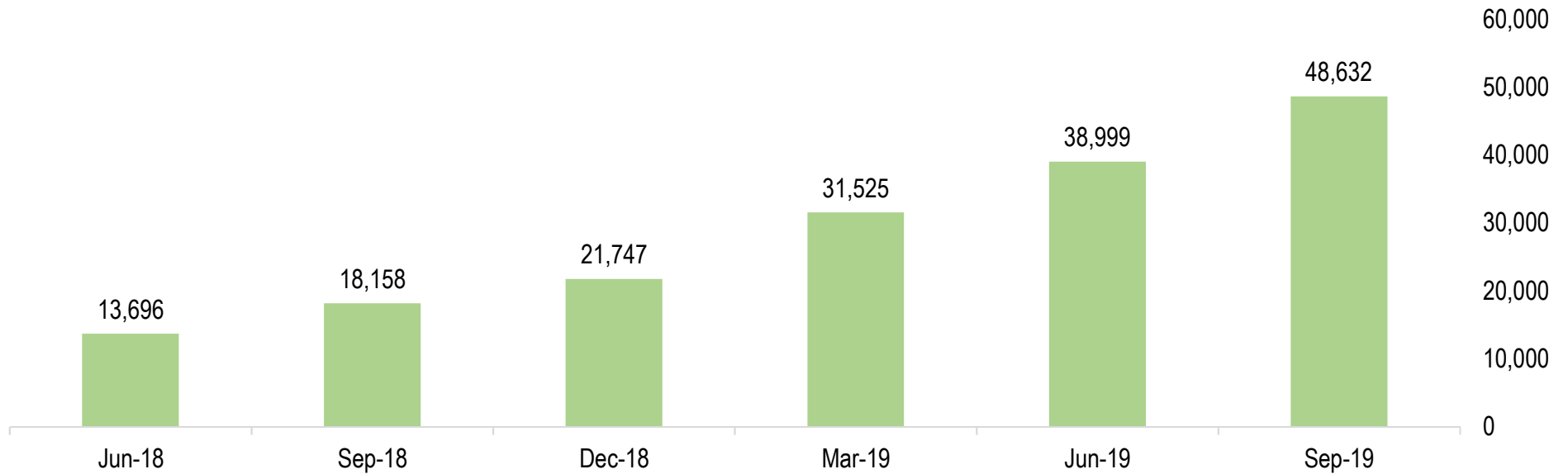
Savers by Age



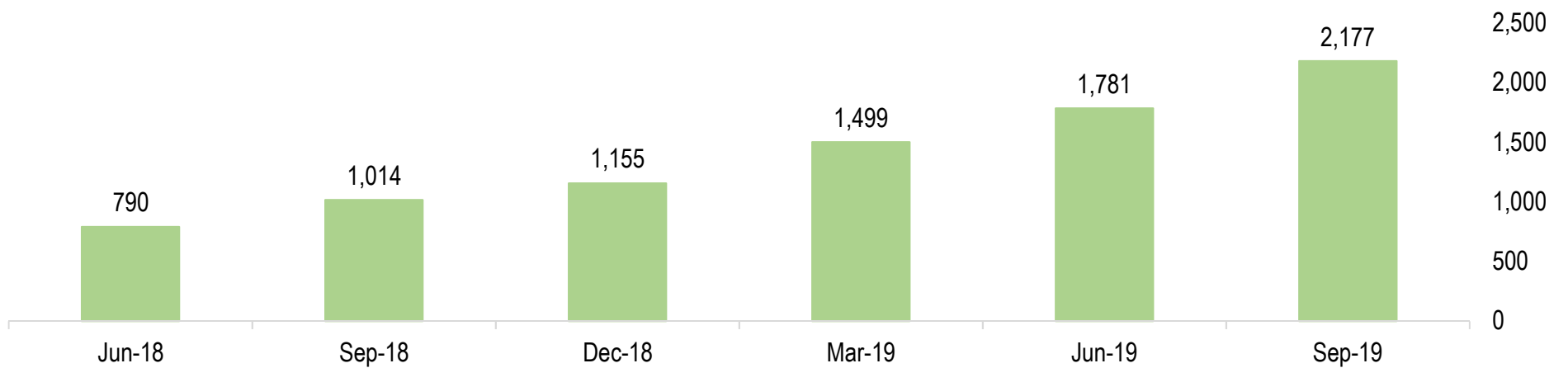
Source: Ascensus, Sellwood Consulting.

As of September 30, 2019

**Total In-State Funded Accounts**



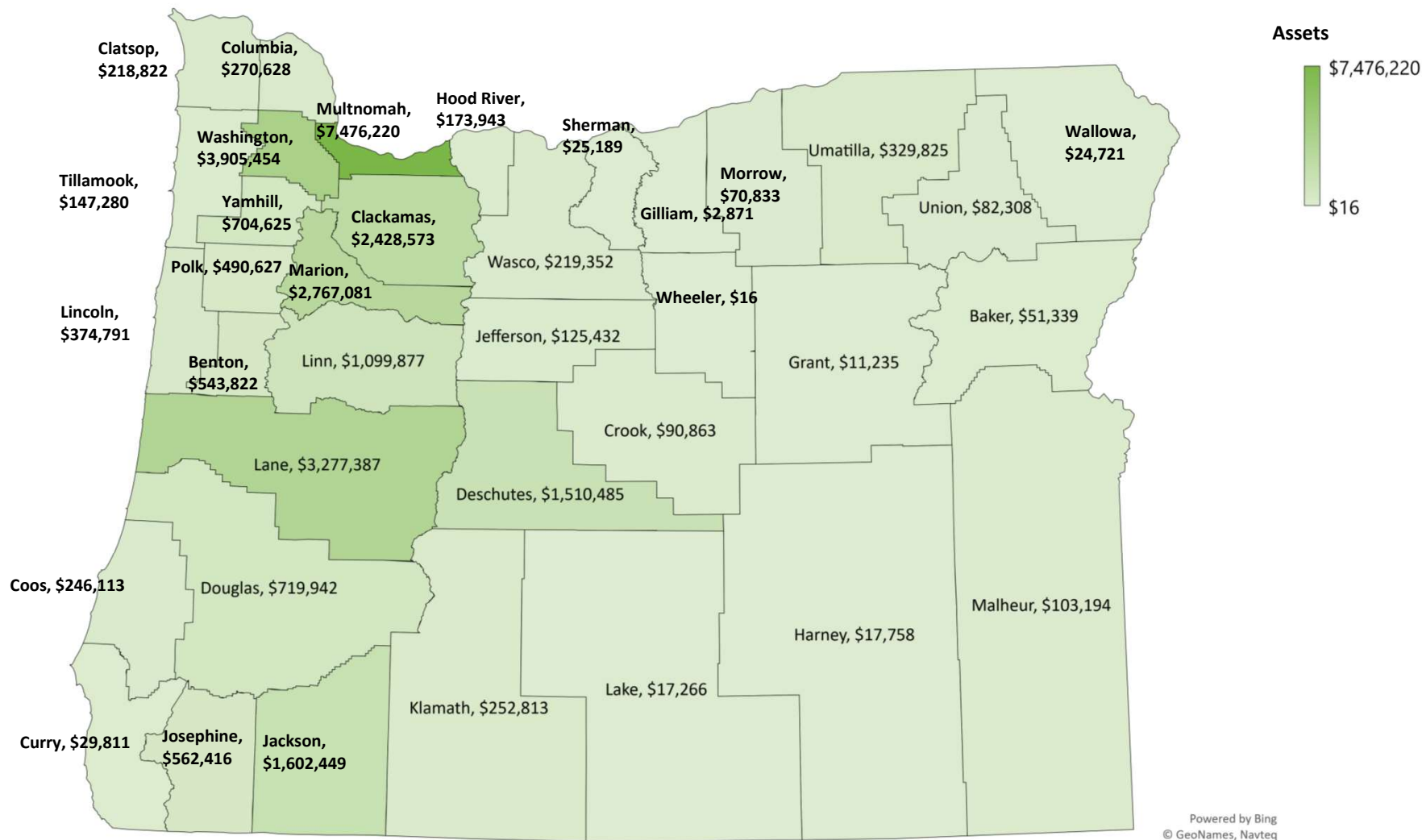
**Total Out-of-State Funded Accounts**



Source: Ascensus, Sellwood Consulting.

As of September 30, 2019

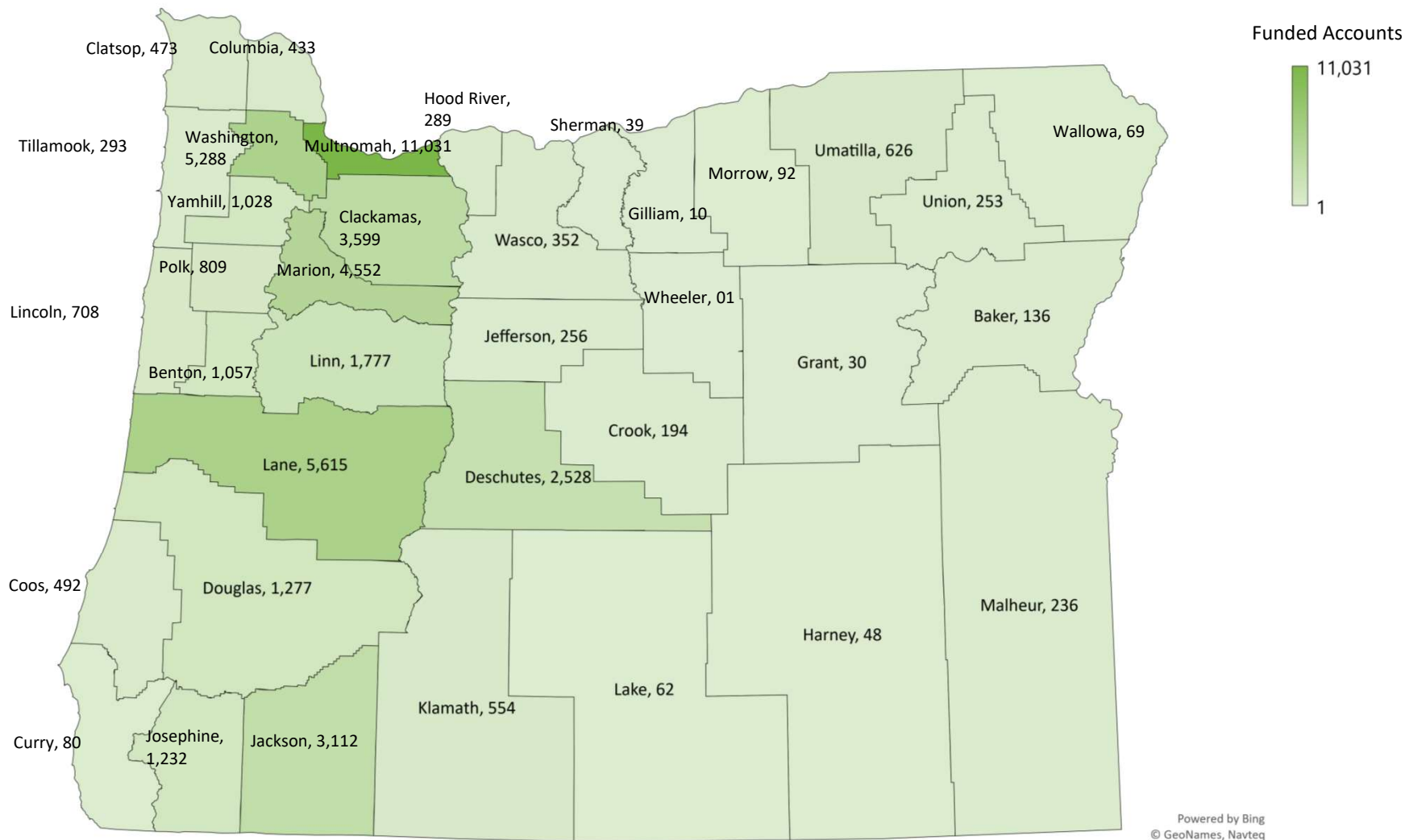
Total Assets by County



Source: Ascensus, Sellwood Consulting.

As of September 30, 2019

Count of Funded Accounts by County



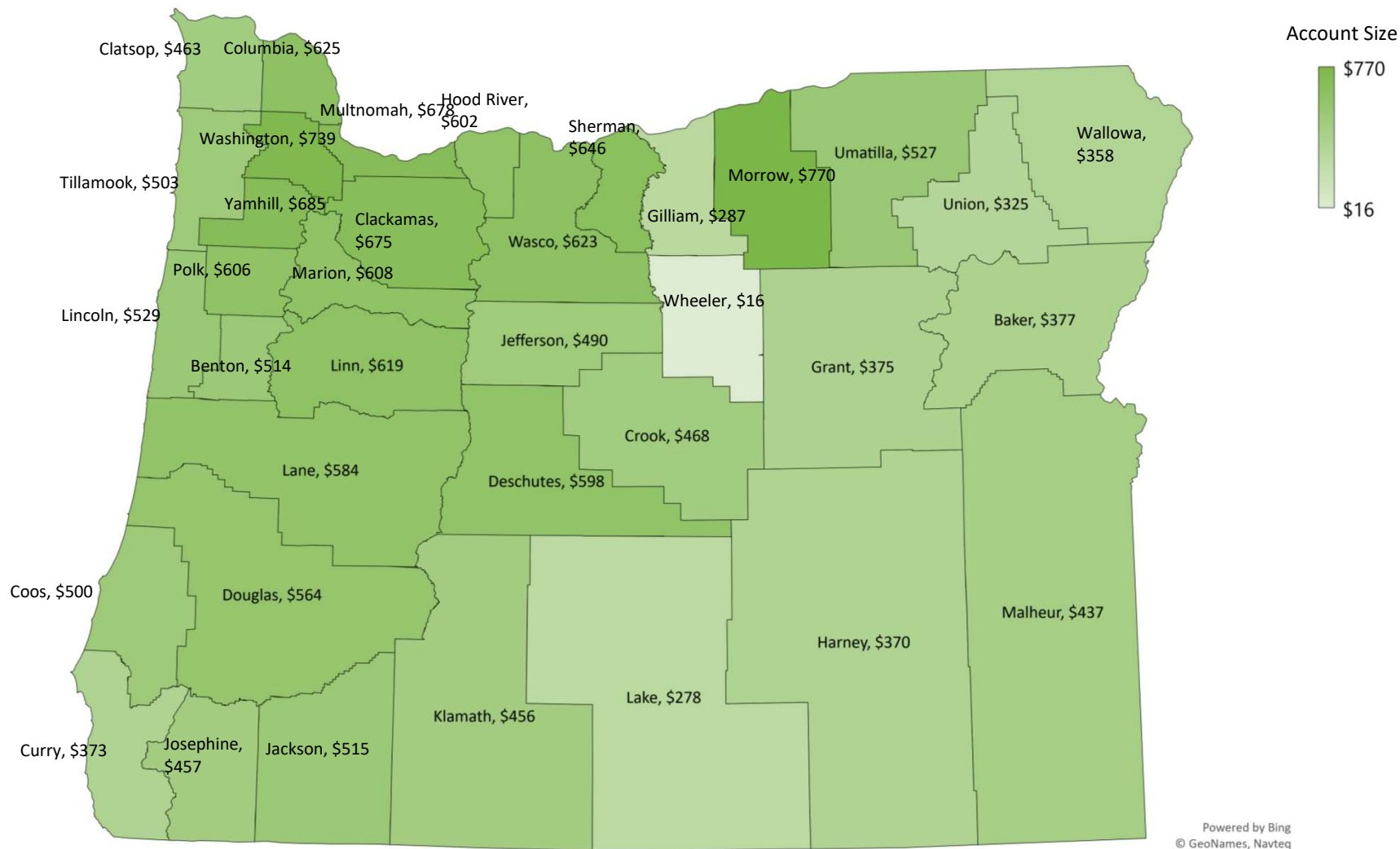
Source: Ascensus, Sellwood Consulting.



Average Funded Account Size by County

As of September 30, 2019

Average Funded Account Size by County

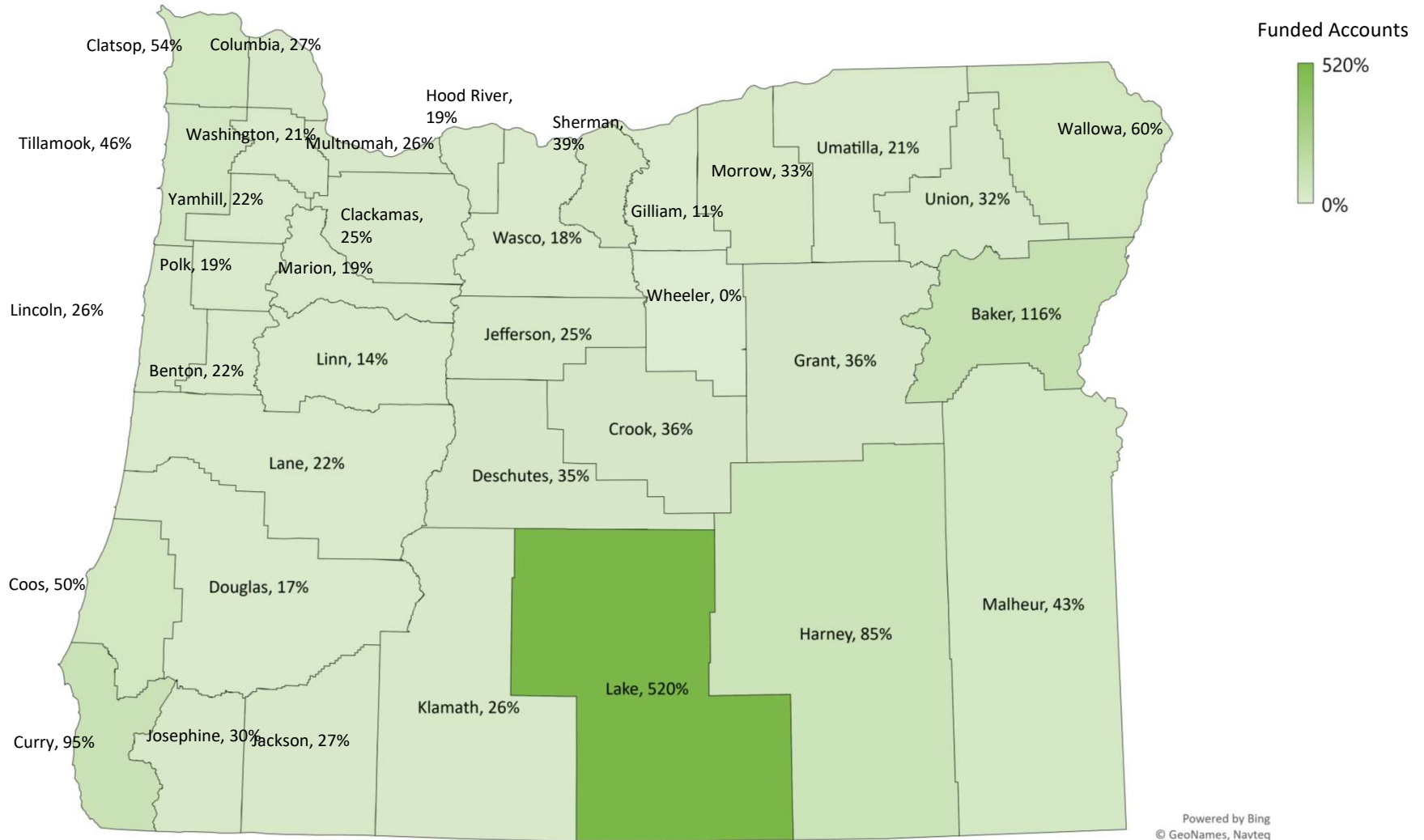


Source: Ascensus, Sellwood Consulting.

Funded Account Quarterly Change by County

As of September 30, 2019

Count of Funded Account by County - Quarterly Growth

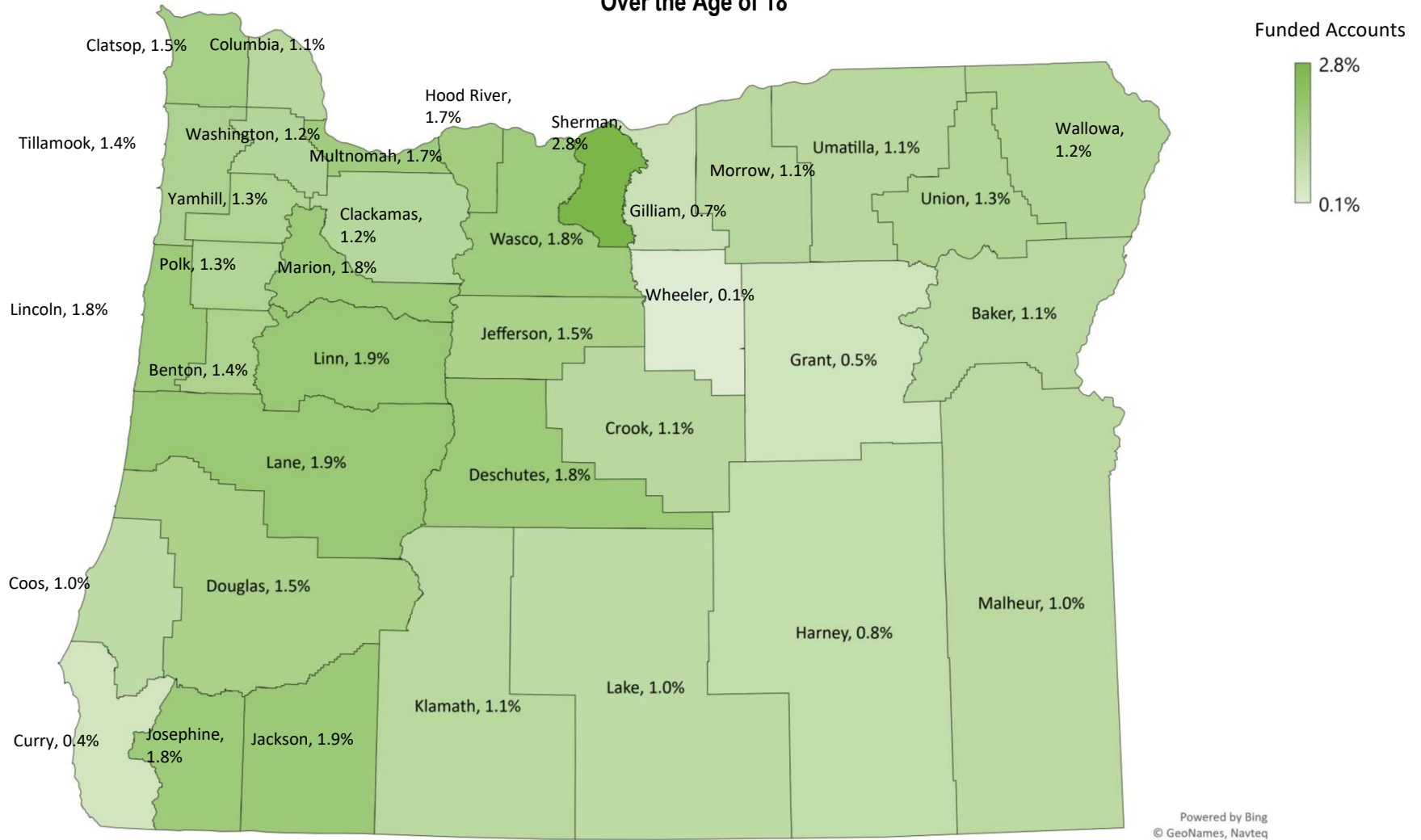


Source: Ascensus, Sellwood Consulting.

Funded Account Coverage Ratio by County

As of September 30, 2019

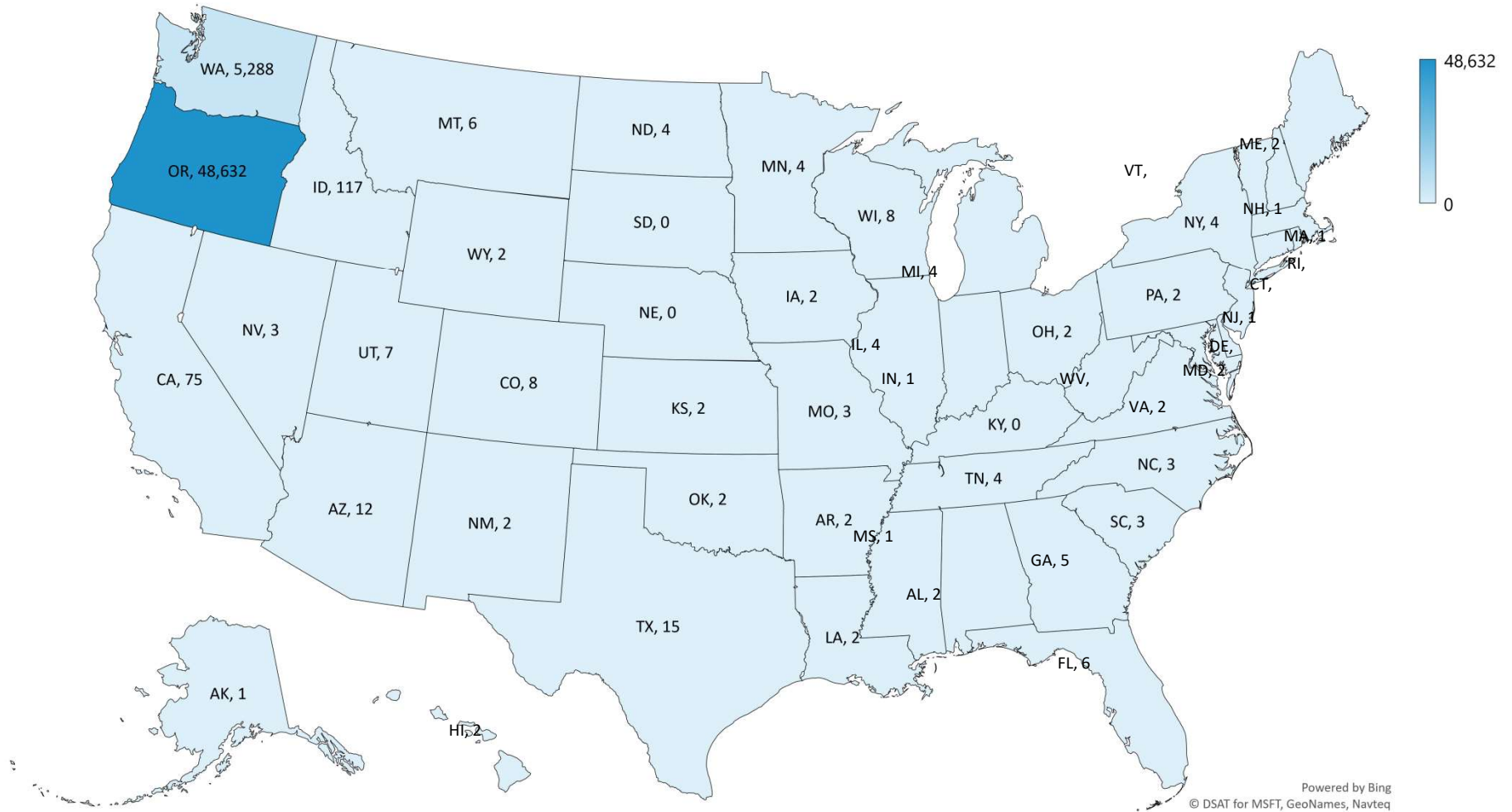
Count of Funded Accounts as a % of County Population  
Over the Age of 18



Source: Ascensus, Sellwood Consulting. Over 18 years county population taken from the 2018 Annual Estimates of the Resident Population provided by the U.S. Census Bureau.

Funded Accounts by State

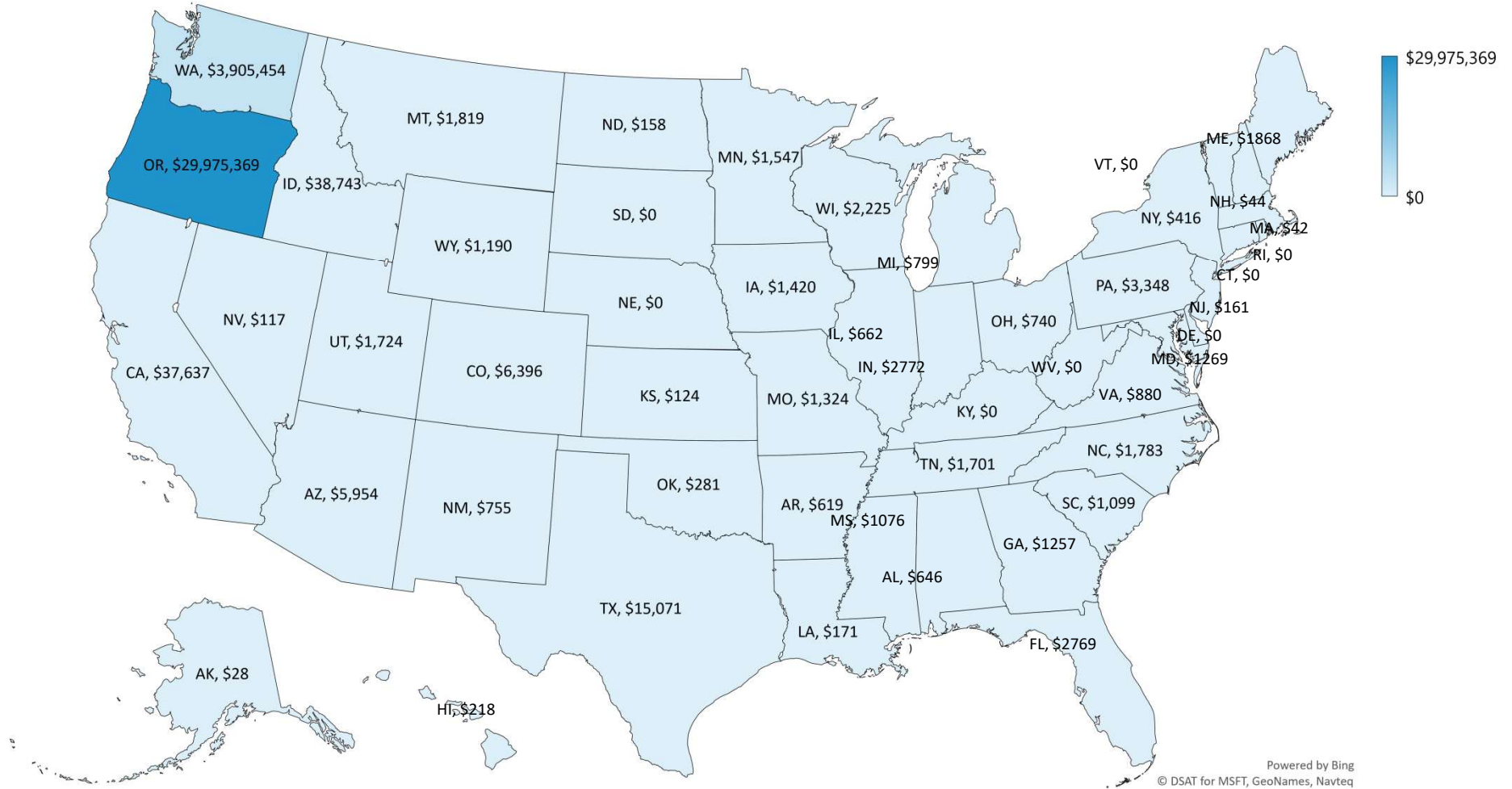
As of September 30, 2019



Source: Ascensus, Sellwood Consulting.

Total Assets by State

As of September 30, 2019



Powered by Bing  
© DSAT for MSFT, GeoNames, Navteq



oregon**saves**



Program Implementation and Administration Update  
Oregon Retirement Savings Board  
November 5, 2019



**OREGON  
STATE  
TREASURY**

# Implementation

## The latest numbers and milestones

- **Overall numbers**

- Employers
- Employees
- Individuals
- Assets



Nov 15 **2019**



- **Program milestones**

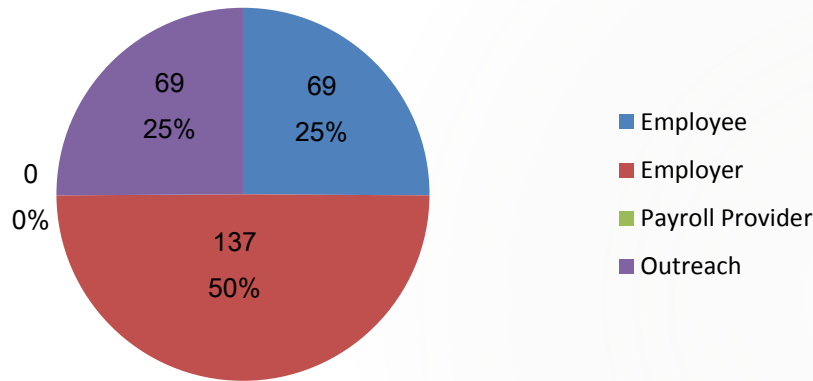
- Work with BOLI on full participation
- Work with DOR on check box
- Work with PEO associations on rollout (May 15, 2020)
- Work with SEIU & DHS/OHA on Home Healthcare Workers
- Amended Rules (Recertification, PEO, Wave 6)
- Secure Choice Conference

**WAVE 5:**  
Employers with  
5-9 employees

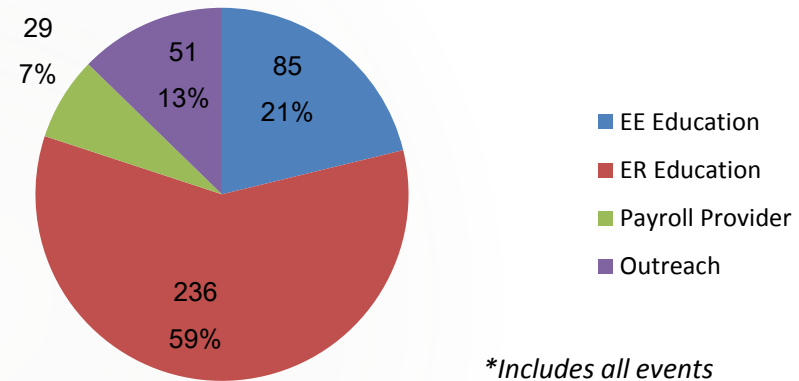
# Outreach Update

## Outreach - 2019

**2019 Forecast - 275**



**2019 Actual - 401**



*\*Includes all events scheduled Oct-Dec.*

\*\*\*Outreach events  
Governor's Marketplace down in 2019 by 8.

### 401 Meetings

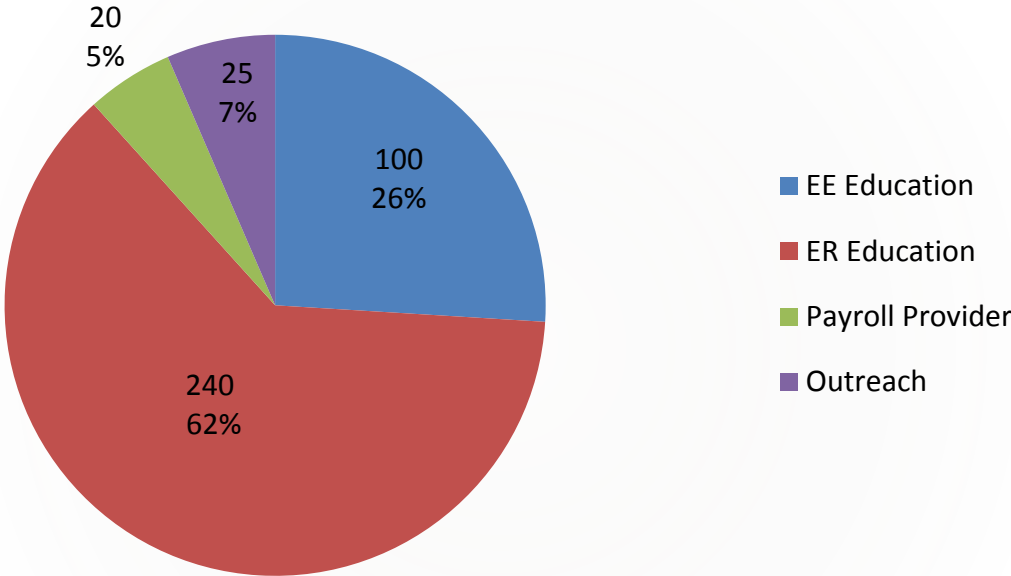
- 52 Outreach Events
- 235 ER Education Meetings
- 85 EE Education Meetings
- 29 Payroll Provider Meetings



# Outreach Update

## Outreach - 2020

2020 Forecast - 385



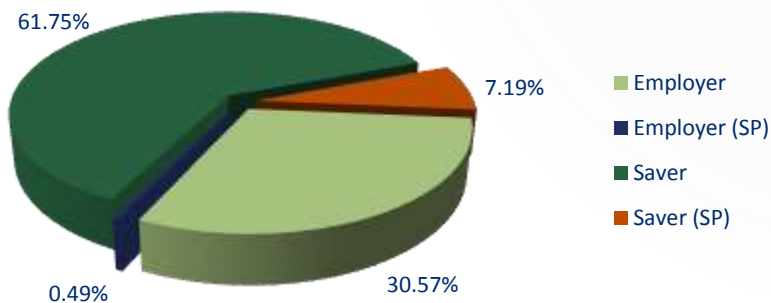
# Client Service Experience

## Contact Volumes and Service Levels January 1 – September 30, 2019

<b>Inbound Calls</b>	<b>46,712</b>
Employer Calls	15,467
Employer Spanish Calls	246
Saver Calls	31,245
Saver Spanish Calls	3,640
<b>Emails</b>	<b>6,076</b>
<b>Service Level*</b>	<b>94.39%</b>
<b>Call Abandon Rate</b>	<b>0.35%</b>

\*Percent of calls answered within 30 seconds

### Call Volume Breakdown



## Employer Call Trends

- Portal assistance
- Registration assistance
- Processing exemptions
- Password resets
- Saver participation inquiries

## Saver Call Trends





- Participation inquiries
- Processing distributions
- Password resets
- Account maintenance
- Balance of account inquiries

# Duke Decision Aid

## Social Proof

			
Worried that you can't afford to save? <b>Patricia</b> was too. Is she enrolled? <input checked="" type="checkbox"/> Yes	Worried about debt like a payday loan? <b>Josh</b> was too. Is he enrolled? <input checked="" type="checkbox"/> Yes	Worried about changing jobs soon? <b>Madeline</b> was too. Is she enrolled? <input checked="" type="checkbox"/> Yes	Worried that it's too late to start saving? <b>Gustavo</b> was too. Is he enrolled? <input checked="" type="checkbox"/> Yes
Between bills and supporting her family, the idea of saving just felt out of reach for Patricia. But OregonSaves lets her save to meet her needs, as little as 1% of her paycheck. She can also access her savings if something comes up. She can even stop saving if she wants, which makes the choice to start saving less stressful.	Josh had taken out a payday loan a couple of months before and was struggling to repay it. With OregonSaves he could start saving when he was ready. Balancing high-interest debt and saving for the future can be difficult. After Josh repaid his loan, he was able to start investing in his future.	Madeline was switching careers when she was offered a chance to start saving. Fortunately, the OregonSaves account is portable, meaning she can easily take her money with her when she starts her new job. Her account can also be rolled into another Roth IRA.	Gustavo had put off saving for retirement for years. When OregonSaves came along, he felt bad at first that he hadn't started when he was younger. It is never too late to start saving. Gustavo decided to give it a shot anyways. Even if he puts away just a little bit, that can be a big help later.

## Null

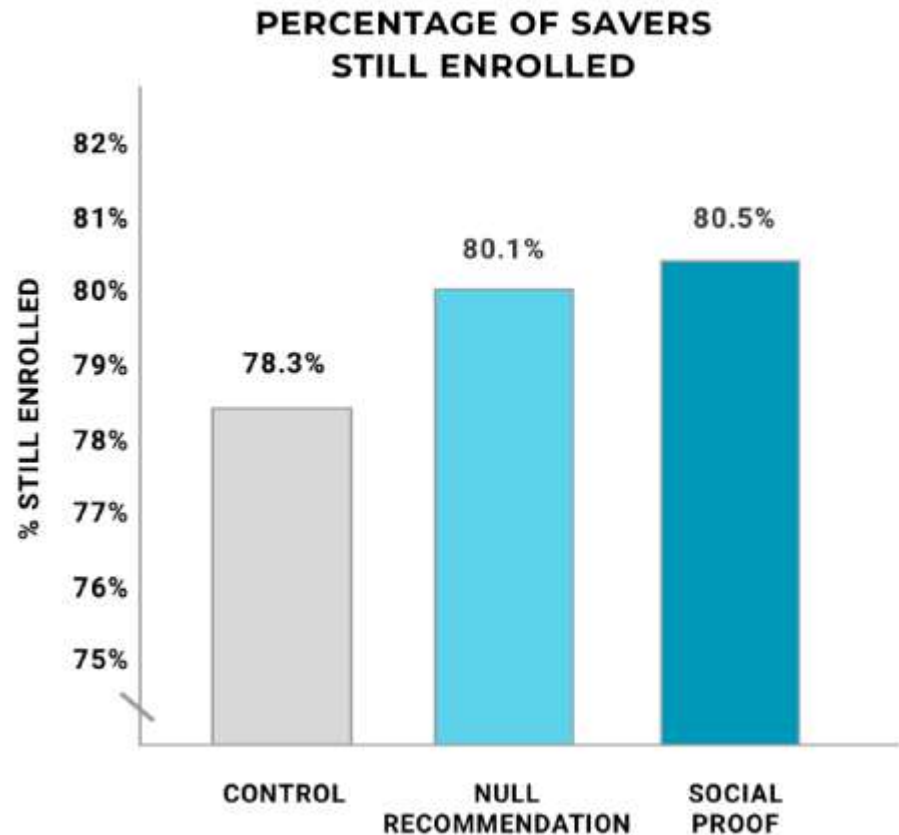
			
Worried that you can't afford to save? <b>Patricia</b> was too. Is she enrolled? <input checked="" type="checkbox"/> Yes	Worried about debt like a payday loan? <b>Josh</b> was too. Is he enrolled? <input checked="" type="checkbox"/> No	Worried about changing jobs soon? <b>Madeline</b> was too. Is she enrolled? <input checked="" type="checkbox"/> Yes	Worried that it's too late to start saving? <b>Gustavo</b> was too. Is he enrolled? <input checked="" type="checkbox"/> Yes
Between bills and supporting her family, the idea of saving just felt out of reach for Patricia. But OregonSaves lets her save to meet her needs, as little as 1% of her paycheck. She can also access her savings if something comes up. She can even stop saving if she wants, which makes the choice to start saving less stressful.	Josh took out a payday loan a couple of months before and was struggling to repay it. He decided that his savings were better spent repaying that high-interest debt. Balancing high-interest debt and saving for the future can be difficult. Fortunately, Josh can start saving with OregonSaves as soon as he is ready.	Madeline was switching careers when she was offered a chance to start saving. Fortunately, the OregonSaves account is portable, meaning she can easily take her money with her when she starts her new job. Her account can also be rolled into another Roth IRA.	Gustavo had put off saving for retirement for years. When OregonSaves came along, he felt bad at first that he hadn't started when he was younger. It is never too late to start saving. Gustavo decided to give it a shot anyways. Even if he puts away just a little bit, that can be a big help later.

# Duke Decision Aid

## Effect of the decision aids

Significantly more of savers receiving both narrative decision aids remained enrolled in the program.

	% enrolled	Percentage point increase	Percent increase	p value
Control	78.4%	-	-	-
Null Rec	80.1%	1.68%	10.7%	0.086
Social Proof	80.5%	2.11%	13.8%	0.032



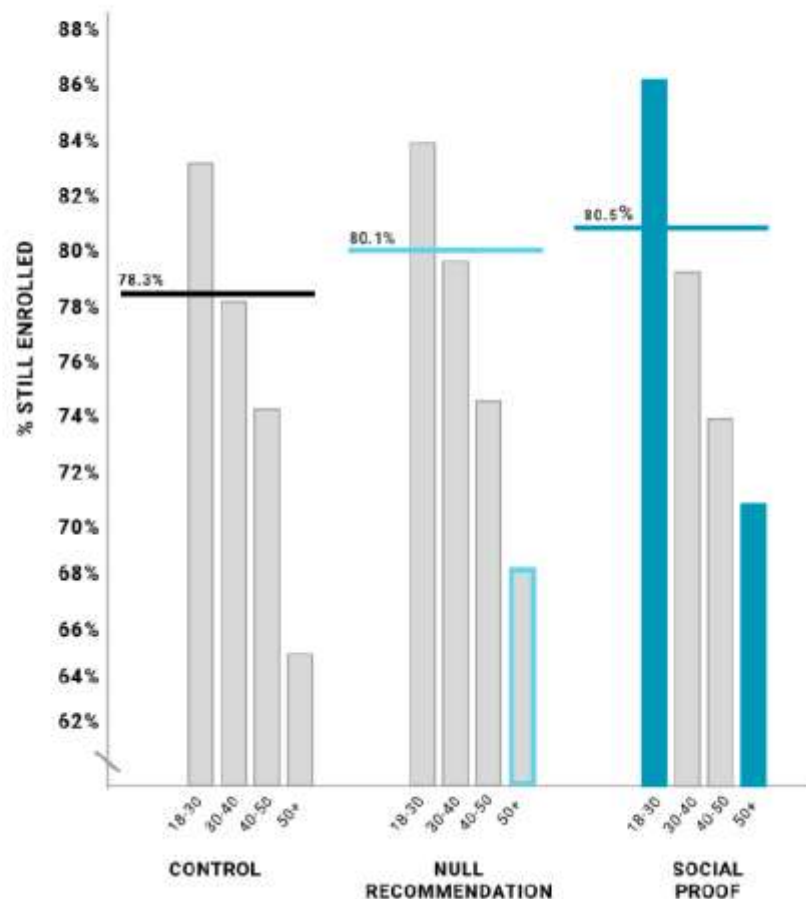
## Effect of the decision aids

Looking at effects across age categories:

- Only the social proof significantly increased enrollment.
- The biggest differences appear in the 18-30 age group and at ages 50+.

		Control	Null Rec	Social Proof
Age categories	Total	78.4%	80.1% *	80.5% **
	18-30	83.6%	84.4%	86.2% **
	30-40	78.0%	79.7%	79.1%
	40-50	74.7%	74.4%	73.6%
	50+	65.0%	68.9%	71.5% **

PERCENTAGE OF SAVERS STILL ENROLLED BY AGE CATEGORY



# Employer Account Setup – Adding Employees

## Control



ABC Company INC.

**Your next step is to add your employee information by 05/23/2017.**

Once you have [added your employee information](#), OregonSaves will notify your employees of their opportunity to participate in the program, including their potential auto-enrollment.

**Employees will have 30 days to claim their accounts or to opt out of the program.** After this 30-day period, you will need to begin payroll deductions for those who have not opted out.

[Log On](#)

## Control with Details



ABC Company INC.

Thank you for registering your company with OregonSaves on 11/23/2019.

**Your next step is to add your employee information by 12/23/2019.**

[Log On To Add Employees](#)

You will need to enter the following information for each employee:

- Name
- Birthdate
- Physical address
- Social security number
- Phone number
- Employer ID
- Payroll number

Once you have [added your employee information](#), OregonSaves will notify your employees of their opportunity to participate in the program, including their potential auto-enrollment.

**Employees will have 30 days to claim their accounts or to opt out of the program.** After this 30-day period, you will need to begin payroll deductions for those who have not opted out.

## Support



ABC Company INC.

Thank you for registering your company with OregonSaves on 11/23/2019.

**Your next step is to add your employee information by 12/23/2019.**

[Log On To Add Employees](#)

You will need to enter the following information for each employee:

- Name
- Birthdate
- Physical address
- Social security number
- Phone number
- Employer ID
- Payroll number

**Tip**  
Many people have found it helpful to complete this activity while they are doing other administrative work, like processing payroll. Pick a day and a time over the next week that would be convenient for you to complete this task and add it to your calendar reminders.

**We're here to help**  
We want to support you during this process. You can contact us via email at [clientservices@oregonsaves.com](mailto:clientservices@oregonsaves.com) or by phone at 1-844-661-1256 Monday through Friday, 8 a.m. - 8 p.m. PST.

Once you have [added your employee information](#), OregonSaves will notify your employees of their opportunity to participate in the program, including their potential auto-enrollment.

**Employees will have 30 days to claim their accounts or to opt out of the program.** After this 30-day period, you will need to begin payroll deductions for those who have not opted out.

# Employer Account Setup – Adding Employees

## Goal Gradient



ABC Company INC,

You have taken a significant step in helping your employees save for retirement by registering your company with OregonSaves on 11/23/2019.

**Your next step is to add your employee information by 12/23/2019.**

[Log On To Add Employees](#)

You will need to enter the following information for each employee:

- Name
- Birthdate
- Physical address
- Social security number
- Phone number
- Employer ID
- Payroll number

Once you have [added your employee information](#), OregonSaves will notify your employees of their opportunity to participate in the program, including their potential auto-enrollment.

**Employees will have 30 days to claim their accounts or to opt out of the program.** After this 30-day period, you will need to begin payroll deductions for those who have not opted out.

## Compliance



ABC Company INC,

Our records indicate that your business has not completed all tasks related to the OregonSaves registration process:

Confirm business information: **Complete**  
Registration: **Complete**  
Account setup: **Incomplete**

You are required by law to fully complete the registration and account setup process with the OregonSaves program.

To become fully compliant, you must add employee information to the account. **Complete this by 12/23/2019.**

[Log On To Add Employees](#)

You will need to enter the following information for each employee:

- Name
- Birthdate
- Physical address
- Social security number
- Phone number
- Employer ID
- Payroll number

Once you have [added your employee information](#), OregonSaves will notify your employees of their opportunity to participate in the program, including their potential auto-enrollment.

**Employees will have 30 days to claim their accounts or to opt out of the program.** After this 30-day period, you will need to begin payroll deductions for those who have not opted out.

# Investment Performance Report

Oregon Retirement Savings Board  
OregonSaves Program

September 30, 2019

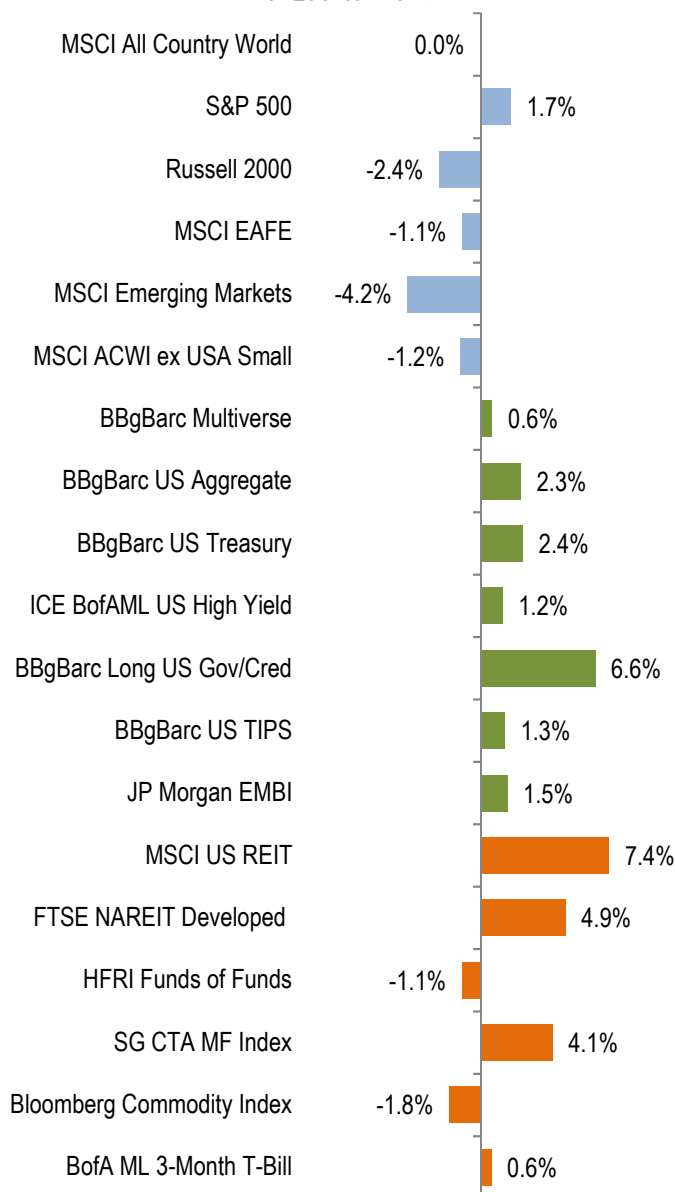
Performance is presented net of fees

**Sellwood**  
CONSULTING LLC





Third Quarter 2019



Third Quarter 2019: Inversion

U.S. stocks eked out a gain in the third quarter of 2019 despite the yield curve inverting for the first time in more than a decade and continuing trade war tensions with China. After the almost 2% rise in the S&P 500 Index during the quarter, the index is up more than 20% in the first nine months of the year. The broader-based Russell 3000 Index has also risen more than 20% in 2019, so far. Even with the strong recent performance the S&P 500 sits only slightly above its fall 2018 levels. The persistent theme in the last year and a half has been fluctuating market sentiment focused on potential trade wars, slowing global growth, Brexit fallout, and more recently, continued protests in Hong Kong.

Central banks around the world have tried to ease concerns and spur growth by dropping rates, sometimes into negative territory. In Mario Draghi's final meeting as the president of the European Central Bank, he reduced deposit rates to -0.5%, joining Sweden, Japan, and Switzerland with negative rates. Mr. Draghi also announced an open-ended bond buying program, which should continue to put downward pressure on global interest rates. The spillover from continued global easing has helped drag U.S. long-term rates lower and has pushed the dollar up to its highest level since 2017, much to President Trump's chagrin. The strong performance of the dollar helps partially explain the relative underperformance of Non-US Equity markets since the start of this year.

The drop in rates has buoyed fixed income, with long-dated bond indices up over 20% for 2019 and 6% for the quarter. Also benefiting has been the real estate sector, with US REITs up over 25% for the calendar year-to-date.

	QTD	YTD	1 Year	3 Years	5 Years	15 Years
S&P 500	1.7%	20.6%	4.3%	13.4%	10.8%	9.0%
S&P 500 Value	2.8%	20.0%	5.6%	10.6%	8.5%	7.7%
S&P 500 Growth	0.7%	21.1%	3.2%	15.7%	12.8%	10.2%
Russell 2000	(2.4%)	14.2%	(8.9%)	8.2%	8.2%	8.2%
Russell 2000 Value	(0.6%)	12.8%	(8.2%)	6.5%	7.2%	7.2%
Russell 2000 Growth	(4.2%)	15.3%	(9.6%)	9.8%	9.1%	9.0%
MSCI EAFE (USD)	(1.1%)	12.8%	(1.3%)	6.5%	3.3%	5.3%
MSCI EAFE (Local)	1.8%	15.7%	1.6%	8.3%	6.0%	5.9%
MSCI Emerging Markets (USD)	(4.2%)	5.9%	(2.0%)	6.0%	2.3%	7.8%
MSCI Emerging Markets (Local)	(2.1%)	7.8%	(0.2%)	7.6%	5.5%	9.1%
BBgBarc US Aggregate	2.3%	8.5%	10.3%	2.9%	3.4%	4.2%
FTSE NAREIT Developed	4.9%	20.7%	14.1%	6.6%	7.8%	7.8%
HFRI Fund of Funds	(1.1%)	5.0%	(0.2%)	3.1%	1.9%	2.9%
BofA ML 3-Month T-Bill	0.6%	1.8%	2.4%	1.5%	1.0%	1.4%

Sources: Sellwood Consulting LLC, Morningstar Direct, Investment Metrics, Federal Reserve Economic Data  
Returns for periods longer than 1 year are annualized.

As of September 30, 2019

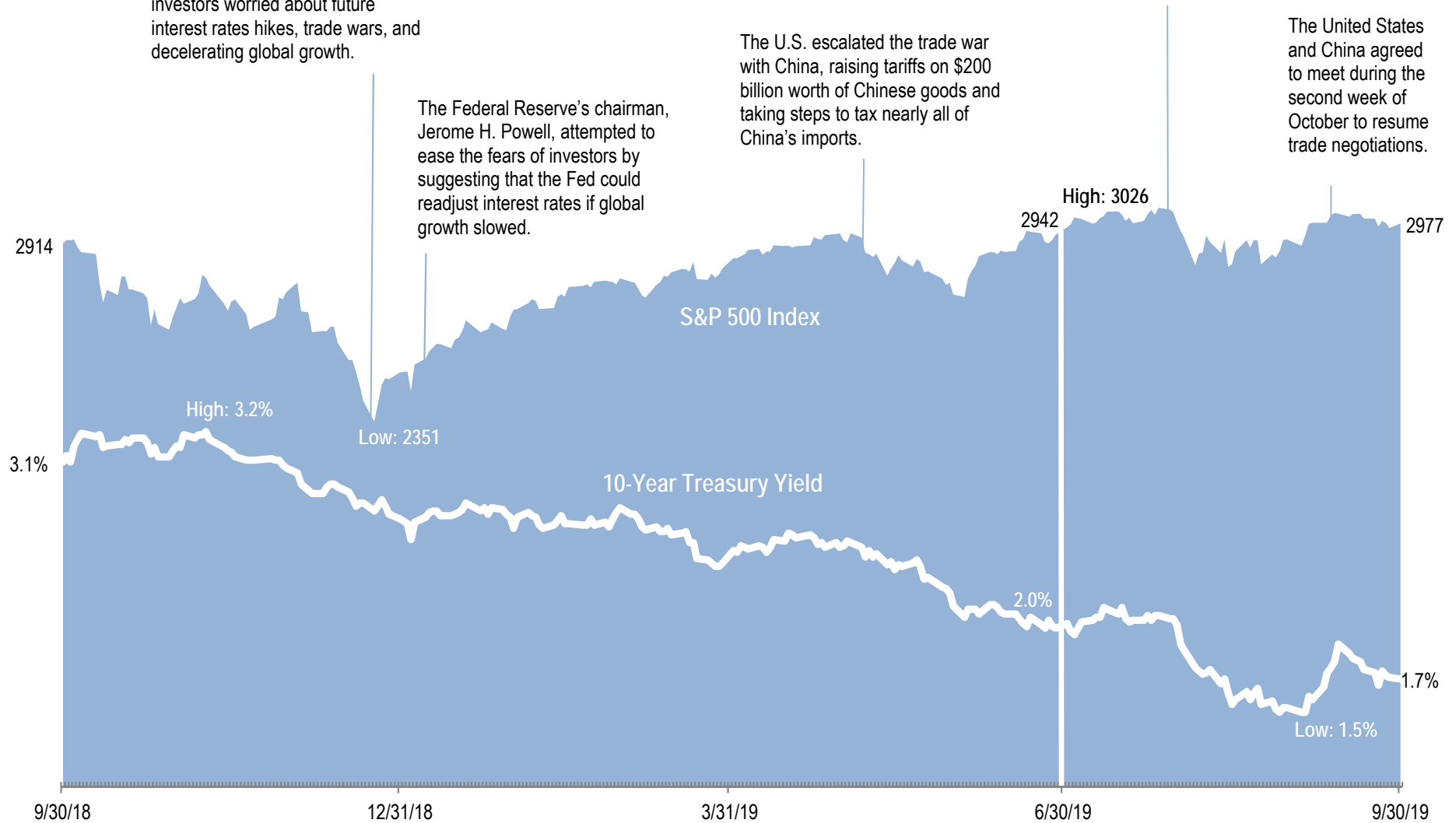
At the July 31st meeting, the Federal Reserve cut interest rates for the first time in more than a decade.

The S&P's longest bull run in U.S. history almost came to an end as investors worried about future interest rates hikes, trade wars, and decelerating global growth.

The Federal Reserve's chairman, Jerome H. Powell, attempted to ease the fears of investors by suggesting that the Fed could readjust interest rates if global growth slowed.

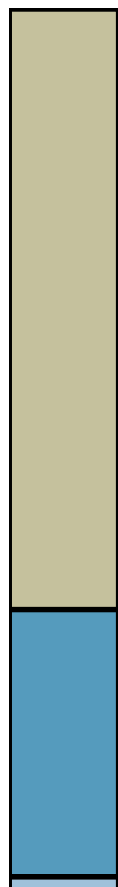
The U.S. escalated the trade war with China, raising tariffs on \$200 billion worth of Chinese goods and taking steps to tax nearly all of China's imports.

The United States and China agreed to meet during the second week of October to resume trade negotiations.



Program Composition

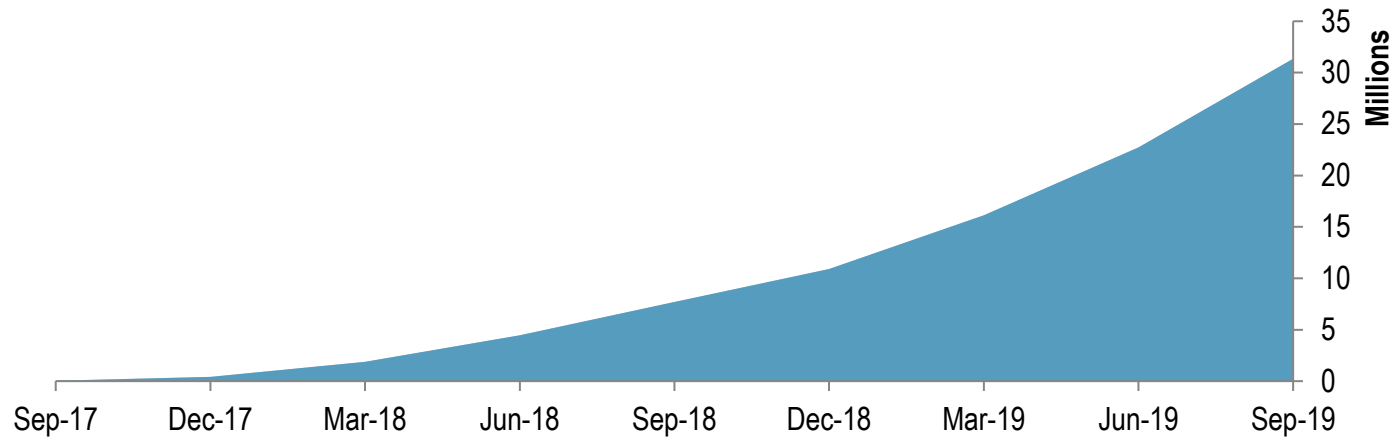
Mkt Val % by  
Option Type



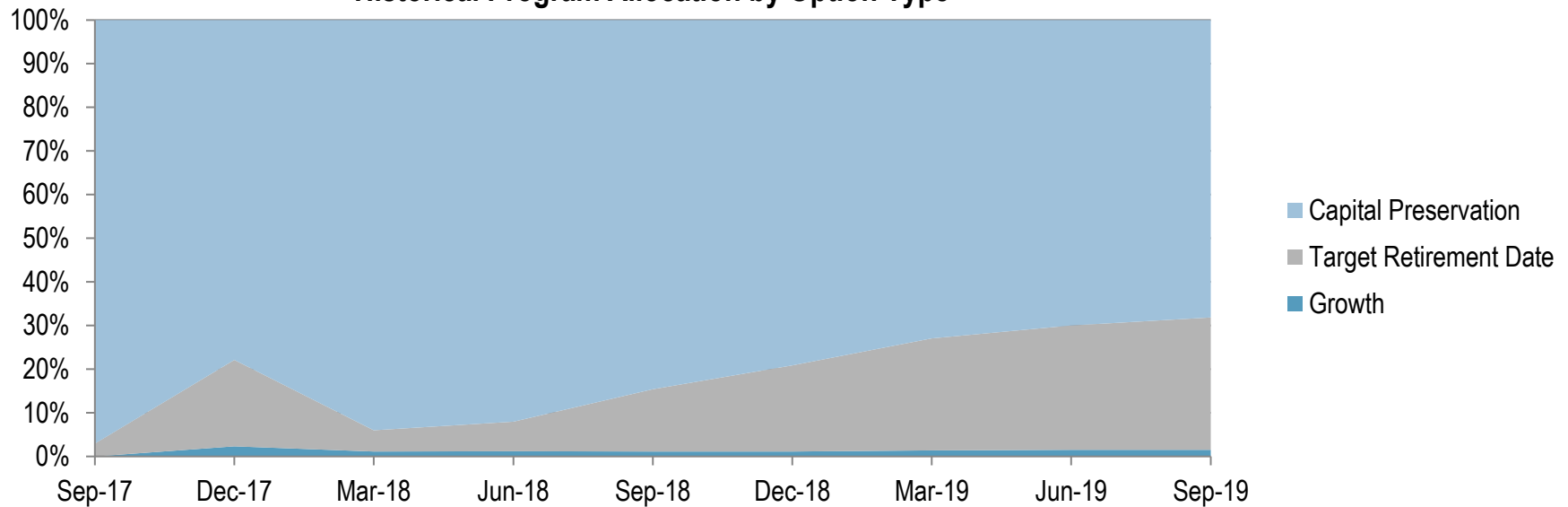
		As of September 30, 2019		
		Current Market Value (\$)	% of Total	1 Yr Return (%)
<b>Capital Preservation</b>				
	Capital Preservation	21,366,478	68.1%	
	OregonSaves Capital Preservation Fund	21,366,478	68.1%	1.5
<b>Professionally Allocated</b>				
	Target Retirement Date Suite	9,508,633	30.3%	
	OregonSaves Target Retirement Fund 2065	150,851	0.5%	2.3
	OregonSaves Target Retirement Fund 2060	790,406	2.5%	2.3
	OregonSaves Target Retirement Fund 2055	1,117,531	3.6%	2.3
	OregonSaves Target Retirement Fund 2050	1,296,390	4.1%	2.2
	OregonSaves Target Retirement Fund 2045	1,186,159	3.8%	2.3
	OregonSaves Target Retirement Fund 2040	1,123,216	3.6%	3.0
	OregonSaves Target Retirement Fund 2035	1,143,898	3.6%	3.6
	OregonSaves Target Retirement Fund 2030	996,697	3.2%	4.3
	OregonSaves Target Retirement Fund 2025	853,769	2.7%	4.6
	OregonSaves Target Retirement Fund 2020	464,920	1.5%	4.8
	OregonSaves Target Retirement Fund 2015	212,562	0.7%	5.0
	OregonSaves Target Retirement Income Fund	172,234	0.5%	5.1
<b>Participant Allocated</b>				
	Growth	477,042	1.5%	
	OregonSaves Growth Fund	477,042	1.5%	4.2

	Current MV
Total Program	\$ 31,352,154

**Program Market Value History**



**Historical Program Allocation by Option Type**



Comparative Performance

	As of September 30, 2019							Calendar Years				Sharpe
	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	Incep. (%)	Since Incep.	2018 (%)	2017 (%)	2016 (%)	2015 (%)	Since Incep.
<b>Capital Preservation</b>												
OregonSaves Capital Preservation Fund	0.3	1.2	1.5	--	--	1.1	Aug-17	1.1	--	--	--	--
State Street Instl Liquid Reserves Prem SSIXX	0.6	1.9	2.5	1.7	1.1	2.0		2.0	1.0	0.5	0.1	--
ICE BofAML US 3M Trsy Bill TR USD Index	<u>0.6</u>	<u>1.8</u>	<u>2.4</u>			<u>1.9</u>		<u>1.9</u>				
Over/Under	0.0	0.1	0.1			0.1		0.1				
Money Market - Taxable MStar MF Rank	4	1	1	1	2	1		1	1	2	4	--
<b>Target Retirement Date</b>												
OregonSaves Target Retirement Fund 2065	0.3	16.1	2.3	--	--	6.1	Aug-17	-9.0	--	--	--	0.3
State Street Target Retirement 2060 K SSDYX	0.5	16.9	3.2	9.5	7.2	7.1		-8.1	21.6	9.0	-2.6	0.4
S&P Target Date 2060+ TR USD Index	<u>0.5</u>	<u>15.7</u>	<u>1.6</u>			<u>6.6</u>		<u>-7.9</u>				<u>0.4</u>
Over/Under	0.0	1.2	1.6			0.5		-0.2				0.0
Target-Date 2060+ MStar MF Rank	52	64	38	--	--	80		65	--	--	--	64
OregonSaves Target Retirement Fund 2060	0.3	16.1	2.3	--	--	6.1	Aug-17	-9.0	--	--	--	0.3
State Street Target Retirement 2060 K SSDYX	0.5	16.9	3.2	9.5	7.2	7.1		-8.1	21.6	9.0	-2.6	0.4
S&P Target Date 2060+ TR USD Index	<u>0.5</u>	<u>15.7</u>	<u>1.6</u>			<u>6.6</u>		<u>-7.9</u>				<u>0.4</u>
Over/Under	0.0	1.2	1.6			0.5		-0.2				0.0
Target-Date 2060+ MStar MF Rank	30	28	17	42	65	20		43	44	23	100	18
OregonSaves Target Retirement Fund 2055	0.3	16.1	2.3	--	--	6.2	Aug-17	-8.8	--	--	--	0.4
State Street Target Retirement 2055 K SSDQX	0.6	16.9	3.2	9.6	7.3	7.1		-7.9	21.5	9.3	-2.7	0.4
S&P Target Date 2055 TR USD Index	<u>0.5</u>	<u>15.6</u>	<u>1.6</u>			<u>6.5</u>		<u>-8.0</u>				<u>0.4</u>
Over/Under	0.1	1.3	1.6			0.6		0.1				0.0
Target-Date 2055 MStar MF Rank	23	20	22	36	25	16		45	45	25	90	13

Percentile rankings compare returns to those delivered by an appropriate peer group, where 1 is the highest ranking and 100 is the lowest ranking.

Mutual funds are shown net of investment management fees, while OregonSaves options are shown net of investment manager fees, administrative fees and fees to the State.

Comparative Performance

	As of September 30, 2019							Calendar Years				Sharpe
	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	Incep. (%)	Since Incep.	2018 (%)	2017 (%)	2016 (%)	2015 (%)	Since Incep.
OregonSaves Target Retirement Fund 2050	0.3	16.1	2.2	--	--	6.1	Aug-17	-8.9	--	--	--	0.3
State Street Target Retirement 2050 K	SSDLX	0.6	16.9	3.1	9.5	7.2	7.1	-8.1	21.4	9.3	-2.7	0.4
S&P Target Date 2050 TR USD Index		<u>0.5</u>	<u>15.5</u>	<u>1.6</u>			<u>6.5</u>	<u>-7.9</u>				<u>0.4</u>
Over/Under		0.1	1.4	1.5			0.6	-0.2				0.0
Target-Date 2050 MStar MF Rank		27	18	25	34	24	18	45	41	20	89	15
OregonSaves Target Retirement Fund 2045		0.3	16.0	2.3	--	--	6.1	Aug-17	-8.8	--	--	0.4
State Street Target Retirement 2045 K	SSDEX	0.6	16.8	3.2	9.5	7.3	7.1	-7.9	21.5	9.4	-2.4	0.4
S&P Target Date 2045 TR USD Index		<u>0.5</u>	<u>15.4</u>	<u>1.8</u>			<u>6.4</u>	<u>-7.7</u>				<u>0.4</u>
Over/Under		0.1	1.4	1.4			0.7	-0.2				0.0
Target-Date 2045 MStar MF Rank		28	12	25	28	22	14	48	29	15	86	11
OregonSaves Target Retirement Fund 2040		0.5	15.7	3.0	--	--	6.1	Aug-17	-8.3	--	--	0.4
State Street Target Retirement 2040 K	SSCQX	0.7	16.5	3.9	9.3	7.2	7.1	-7.5	20.7	8.9	-2.2	0.5
S&P Target Date 2040 TR USD Index		<u>0.6</u>	<u>15.1</u>	<u>2.1</u>			<u>6.4</u>	<u>-7.4</u>				<u>0.4</u>
Over/Under		0.1	1.4	1.8			0.7	-0.1				0.1
Target-Date 2040 MStar MF Rank		29	15	20	26	20	14	49	35	17	76	14
OregonSaves Target Retirement Fund 2035		0.7	15.3	3.6	--	--	6.1	Aug-17	-7.7	--	--	0.4
State Street Target Retirement 2035 K	SSCKX	1.0	16.1	4.5	9.0	7.1	7.0	-6.8	19.7	8.6	-1.9	0.5
S&P Target Date 2035 TR USD Index		<u>0.7</u>	<u>14.6</u>	<u>2.5</u>			<u>6.2</u>	<u>-6.9</u>				<u>0.4</u>
Over/Under		0.3	1.5	2.0			0.8	0.1				0.1
Target-Date 2035 MStar MF Rank		28	10	15	18	14	11	49	21	18	77	17
OregonSaves Target Retirement Fund 2030		0.9	14.8	4.3	--	--	6.0	Aug-17	-7.1	--	--	0.4
State Street Target Retirement 2030 K	SSBYX	1.1	15.6	5.3	8.6	6.9	6.9	-6.2	18.4	8.2	-1.8	0.5
S&P Target Date 2030 TR USD Index		<u>0.9</u>	<u>13.8</u>	<u>3.2</u>			<u>6.0</u>	<u>-6.0</u>				<u>0.4</u>
Over/Under		0.2	1.8	2.1			0.9	-0.2				0.1
Target-Date 2030 MStar MF Rank		27	8	18	12	10	9	52	14	22	82	20

Percentile rankings compare returns to those delivered by an appropriate peer group, where 1 is the highest ranking and 100 is the lowest ranking.

Mutual funds are shown net of investment management fees, while OregonSaves options are shown net of investment manager fees, administrative fees and fees to the State.

Comparative Performance

	As of September 30, 2019							Calendar Years				Sharpe	
	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	Incep. (%)	Since Incep.	2018 (%)	2017 (%)	2016 (%)	2015 (%)	Since Incep.	
OregonSaves Target Retirement Fund 2025	0.9	13.9	4.6	--	--	5.7	Aug-17	-6.2	--	--	--	0.4	
State Street Target Retirement 2025 K	SSBSX	1.2	14.7	5.6	8.1	6.5	6.7	-5.4	16.5	8.0	-1.8	0.6	
S&P Target Date 2025 TR USD Index		<u>1.0</u>	<u>12.8</u>	<u>4.0</u>			<u>5.8</u>	<u>-5.0</u>				<u>0.5</u>	
Over/Under		0.2	1.9	1.6			0.9	-0.4				0.1	
Target-Date 2025 MStar MF Rank		31	6	18	6	6	5	53	11	15	78	22	
OregonSaves Target Retirement Fund 2020		0.8	12.0	4.8	--	--	4.9	Aug-17	-5.0	--	--	--	0.4
State Street Target Retirement 2020 K	SSBOX	1.0	12.7	5.7	6.9	5.7	5.9	-4.2	13.4	7.4	-1.6	0.6	
S&P Target Date 2020 TR USD Index		<u>1.2</u>	<u>11.8</u>	<u>4.6</u>			<u>5.5</u>	<u>-4.2</u>				<u>0.5</u>	
Over/Under		-0.2	0.9	1.1			0.4	0.0				0.1	
Target-Date 2020 MStar MF Rank		65	29	38	25	20	26	50	42	21	83	43	
OregonSaves Target Retirement Fund 2015		0.9	10.1	5.0	--	--	4.2	Aug-17	-3.7	--	--	--	0.4
State Street Target Retirement 2015 K	SSBHX	1.1	10.9	6.0	5.8	4.8	5.2	-2.9	10.4	6.2	-0.8	0.6	
S&P Target Date 2015 TR USD Index		<u>1.2</u>	<u>11.2</u>	<u>4.9</u>			<u>5.2</u>	<u>-3.7</u>				<u>0.5</u>	
Over/Under		-0.1	-0.3	1.1			0.0	0.8				0.1	
Target-Date 2015 MStar MF Rank		39	78	30	70	75	45	18	72	70	47	24	
OregonSaves Target Retirement Income Fund		0.9	9.8	5.1	--	--	3.9	Aug-17	-3.4	--	--	--	0.4
State Street Target Retirement K	SSFOX	1.1	10.5	6.0	5.2	4.4	4.9	-2.5	8.8	5.2	-0.4	0.6	
S&P Target Date Retirement Income TR USD Index		<u>1.3</u>	<u>10.0</u>	<u>5.7</u>			<u>4.8</u>	<u>-2.5</u>				<u>0.6</u>	
Over/Under		-0.2	0.5	0.3			0.1	0.0				0.0	
Target-Date Retirement MStar MF Rank		85	54	52	47	61	39	23	63	58	30	50	
<b>Growth</b>													
OregonSaves Equity 500 Index K		1.5	19.7	3.3	--	--	10.1	Aug-17	-5.3	--	--	--	0.6
OregonSaves Growth Fund	SSSYX	1.7	20.5	4.2	13.3	10.7	11.1	-4.4	21.6	11.9	1.2	0.6	
S&P 500 TR USD Index		<u>1.7</u>	<u>20.6</u>	<u>4.3</u>			<u>11.2</u>	<u>-4.4</u>				<u>0.6</u>	
Over/Under		0.0	-0.1	-0.1			-0.1	0.0				0.0	
Large Blend MStar MF Rank		42	31	35	23	19	26	25	39	31	30	30	

Percentile rankings compare returns to those delivered by an appropriate peer group, where 1 is the highest ranking and 100 is the lowest ranking.

Mutual funds are shown net of investment management fees, while OregonSaves options are shown net of investment manager fees, administrative fees and fees to the State.

Fee Information

As of September 30, 2019

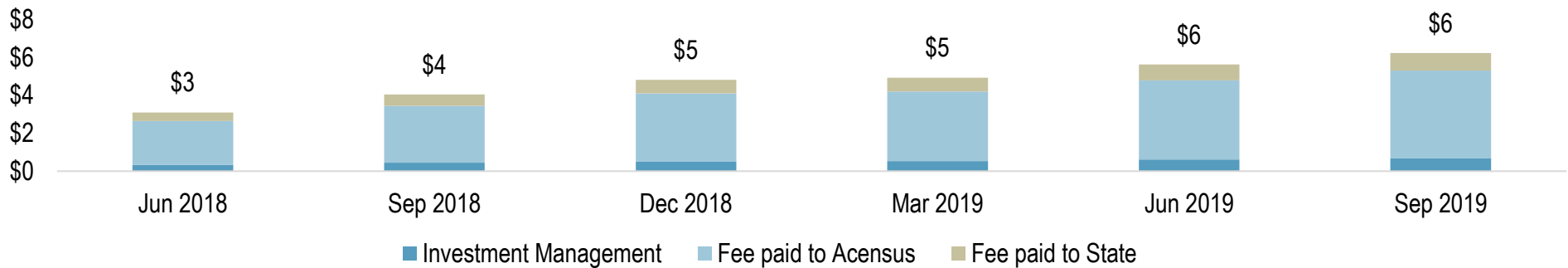
	Current Market Value (\$)	Underlying Expense Ratio	State Admin Fee	Recordkeeping Fee	Total Expense Ratio
<b>Capital Preservation</b>	<b>21,366,478</b>				
OregonSaves Capital Preservation Fund	21,366,478	0.12%	0.15%	0.75%	1.02%
<b>Target Retirement Date Suite</b>	<b>9,508,633</b>				
OregonSaves Target Retirement Fund 2065	150,851	0.09%	0.15%	0.75%	0.99%
OregonSaves Target Retirement Fund 2060	790,406	0.09%	0.15%	0.75%	0.99%
OregonSaves Target Retirement Fund 2055	1,117,531	0.09%	0.15%	0.75%	0.99%
OregonSaves Target Retirement Fund 2050	1,296,390	0.09%	0.15%	0.75%	0.99%
OregonSaves Target Retirement Fund 2045	1,186,159	0.09%	0.15%	0.75%	0.99%
OregonSaves Target Retirement Fund 2040	1,123,216	0.09%	0.15%	0.75%	0.99%
OregonSaves Target Retirement Fund 2035	1,143,898	0.09%	0.15%	0.75%	0.99%
OregonSaves Target Retirement Fund 2030	996,697	0.09%	0.15%	0.75%	0.99%
OregonSaves Target Retirement Fund 2025	853,769	0.09%	0.15%	0.75%	0.99%
OregonSaves Target Retirement Fund 2020	464,920	0.09%	0.15%	0.75%	0.99%
OregonSaves Target Retirement Fund 2015	212,562	0.09%	0.15%	0.75%	0.99%
OregonSaves Target Retirement Income Fund	172,234	0.09%	0.15%	0.75%	0.99%
<b>Growth</b>	<b>477,042</b>				
OregonSaves Growth Fund	477,042	0.02%	0.15%	0.75%	0.92%
<b>Total Program</b>	<b>31,352,154</b>	<b>0.11%</b>	<b>0.15%</b>	<b>0.75%</b>	<b>1.01%</b>



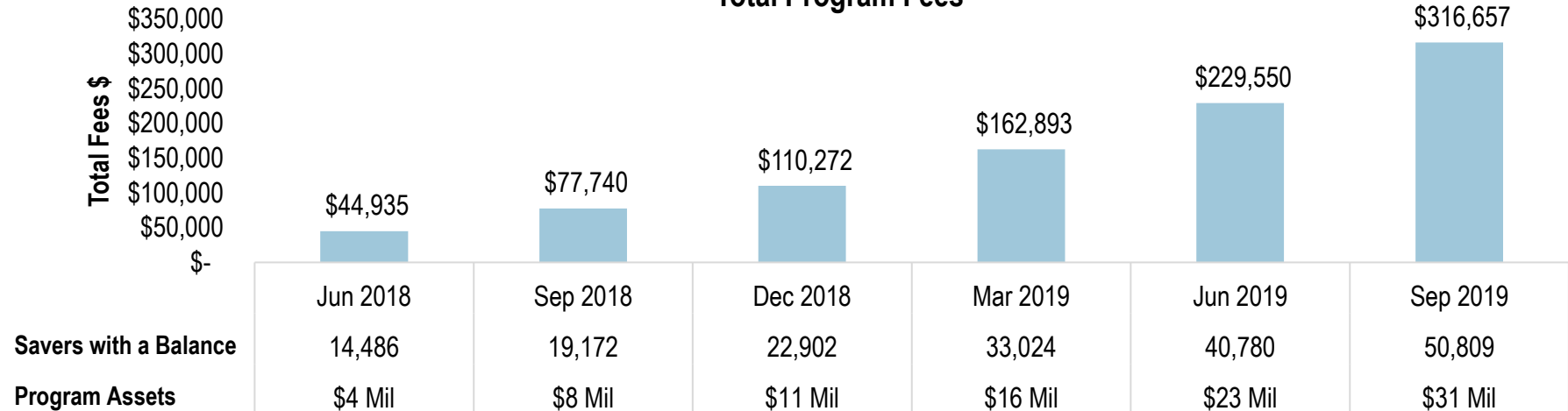
As of September 30, 2019

Total Net Fees by Service Provider	\$	% of Assets	\$ Per Account
Investment Management	\$ 34,293	0.11%	\$ 1
Ascensus	\$ 235,141	0.75%	\$ 5
State	\$ 47,028	0.15%	\$ 1
<b>Total Program Fees</b>	<b>\$ 316,462</b>	<b>1.01%</b>	<b>\$ 6</b>

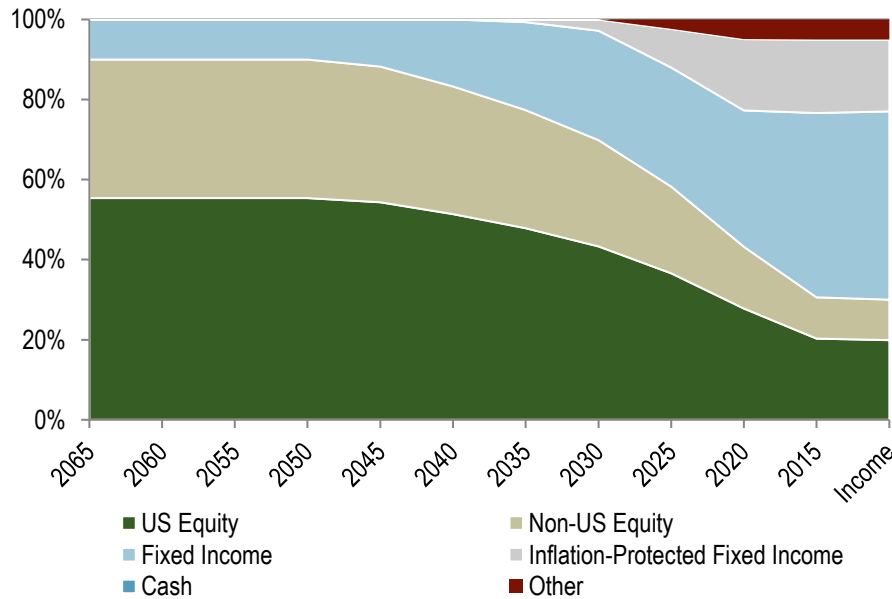
**Total Program Fees Per Saver**



**Total Program Fees**

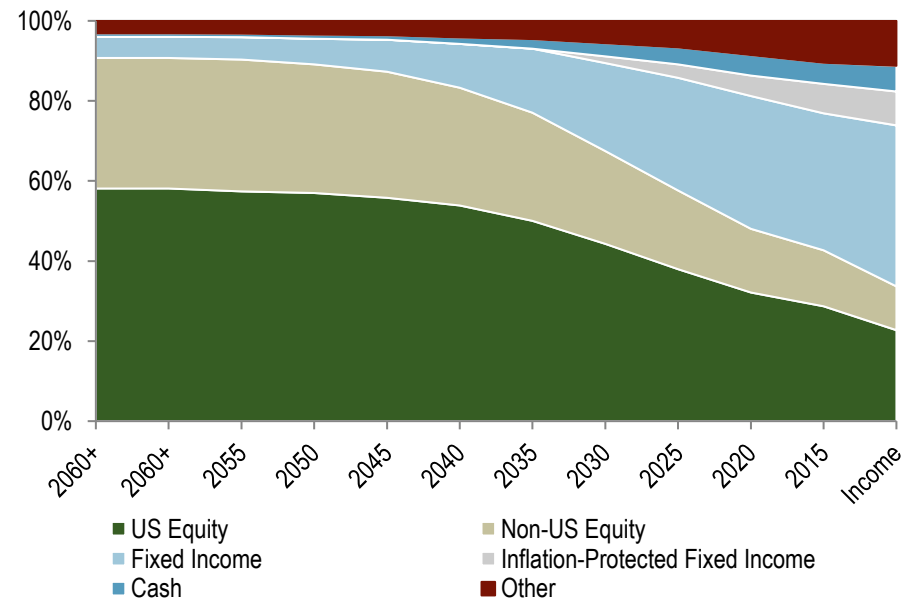


**State Street Target Retirement Date Glidepath**



	US Equity	Non-US Equity	Fixed Income	Inf-Prot Fixed Income	Cash	Other
2065	55.4%	34.6%	10.0%	0.0%	0.0%	0.0%
2060	55.4%	34.6%	10.0%	0.0%	0.0%	0.0%
2055	55.4%	34.6%	10.0%	0.0%	0.0%	0.0%
2050	55.4%	34.6%	10.0%	0.0%	0.0%	0.0%
2045	54.4%	33.9%	11.8%	0.0%	0.0%	0.0%
2040	51.4%	31.9%	16.8%	0.0%	0.0%	0.0%
2035	47.8%	29.6%	22.0%	0.6%	0.0%	0.0%
2030	43.3%	26.6%	27.3%	2.8%	0.0%	0.0%
2025	36.6%	21.7%	29.8%	9.6%	0.0%	2.4%
2020	27.8%	15.4%	34.0%	17.9%	0.0%	4.9%
2015	20.3%	10.4%	46.0%	18.4%	0.0%	5.0%
Income	19.9%	10.1%	47.0%	18.0%	0.0%	5.0%

**S&P Target Retirement Date Glidepath**



	US Equity	Non-US Equity	Fixed Income	Inf-Prot Fixed Income	Cash	Other
2060+	58.1%	32.6%	5.3%	0.0%	0.9%	3.1%
2060+	58.1%	32.6%	5.3%	0.0%	0.9%	3.1%
2055	57.4%	32.9%	5.6%	0.0%	0.9%	3.2%
2050	57.0%	32.1%	6.4%	0.0%	1.0%	3.4%
2045	55.8%	31.4%	8.0%	0.0%	1.2%	3.6%
2040	53.9%	29.5%	10.9%	0.0%	1.6%	4.1%
2035	50.0%	27.1%	16.0%	0.0%	2.4%	4.5%
2030	44.3%	23.2%	21.9%	1.7%	3.3%	5.6%
2025	38.0%	19.6%	28.1%	3.4%	4.3%	6.6%
2020	32.2%	15.9%	33.2%	5.1%	5.1%	8.6%
2015	28.7%	14.0%	34.2%	7.3%	5.3%	10.5%
Income	22.7%	10.9%	40.2%	8.5%	6.4%	11.2%

Sources: Sellwood Consulting LLC, Morningstar Direct, Investment Metrics, eVestment, and investment managers.

Performance is annualized for periods greater than one year.

Morningstar Mutual Fund peer groups are based on the institutional share class.

© Morningstar 2019. All rights reserved. Use of Morningstar content requires expert knowledge. It is to be used by specialist institutions only. The information from Morningstar contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied, adapted or distributed (except as required by state or federal law); and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information, except where such damages or losses cannot be limited or excluded by law in your jurisdiction. Past financial performance is no guarantee of future results.

**Active Share** - Measure of the proportion to which a portfolio's holdings composition differs from the composition found in its benchmark. The greater the difference between the asset composition of the fund and its benchmark, the greater the active share.

**Average Credit Quality** - Measure of a bond portfolio's overall credit quality, calculated as an average of each bond's credit rating, as assigned by Standard & Poor's or Moody's, adjusted for its relative weighting in the portfolio.

**Batting Average** - Measure of an investment manager's ability to meet or beat an index, calculated by dividing the number of days (or months, quarters, etc.) in which the manager beats or matches the index by the total number of days (or months, quarters, etc.) in the period of question and multiplying that factor by 100.

**Beta** - Measure of a portfolio's sensitivity to market movements, calculated by comparing a portfolio's excess return over the risk-free rate (90 Day T-Bills) to the market's excess return over the same risk-free rate. The beta of the market is 1.00 by definition.

**Correlation** - Measure of how two securities move in relation to each other, calculated as a correlation coefficient, which ranges between -1 and +1. Perfect positive correlation (+1) implies that as one security moves up or down the other security will always move in the same direction. Alternatively, perfect negative correlation (-1) means that the securities always move in the opposite direction. If the correlation is 0, the security movements have no correlation.

**Dividend Yield** - Dividends per share of a security or portfolio over the trailing one-year period as a percentage of the current stock price(s).

**Duration** - Measure of a bond or bond portfolio's sensitivity to changes in interest rates, calculated based on the weighted average of the time periods over which bond cash flows accrue to the bondholder. A portfolio with a 5-year duration would be expected to lose 5% of its net asset value if interest rates rose by 1 percentage point, or gain 5% if interest rates fell by 1 percentage point.

**Excess Return** - Measure of a portfolio's achieved rate of return minus the return of a benchmark over the same period.

**Information Ratio** - Portfolio excess return relative to a benchmark divided by the portfolio return's tracking error relative to the same benchmark. Information ratio measures how much excess return is generated from the amount of excess risk taken relative to a benchmark.

**Price/Earnings (P/E)** - Ratio of a stock's current price divided by the company's trailing 12-month earnings per share from continuous operations. For a portfolio, calculated as the weighted average of P/E ratios of all stocks in the portfolio.

**Price/Book (P/B)** - Ratio of a stock's current price divided by the company's book value per share (total assets of a company, less total liabilities, divided by the number of shares outstanding). For a portfolio, calculated as the weighted average of P/B ratios of all stocks in the portfolio, with any stocks with negative book values being excluded.

**R-squared (R<sup>2</sup>)** - The percentage of a portfolio's return variance explained by the benchmark's returns.

**Sharpe Ratio** - Measure of risk-adjusted performance, calculated by dividing a portfolio's annualized excess returns over the risk-free rate (90 Day T-Bills) by its annualized standard deviation. The Sharpe ratio is not meaningful for comparison purposes when annualized excess return over the risk-free rate is negative.

**Standard Deviation** - Measure of dispersion about an average, depicts how widely a portfolio's returns varied over a certain period of time.

**Tracking Error** - The standard deviation (variability) of a portfolio's excess return relative to a benchmark.

**Upside/Downside Capture** - Upside/downside capture measures the percentage of a benchmark return realized by a portfolio during positive return periods (upside) or negative return periods (downside) within a defined time period. A value over 100 indicates outperformance for upside capture and underperformance for downside capture.

**Yield to Maturity** - Rate of return an investor will receive if a long-term, interest-bearing security, such as a bond, is held to its maturity date.