



Oregon State
University

FY2023 Q4

Investment Reports

Finance & Administration Committee Meeting
October 19, 2023



OSU Cash and Investments

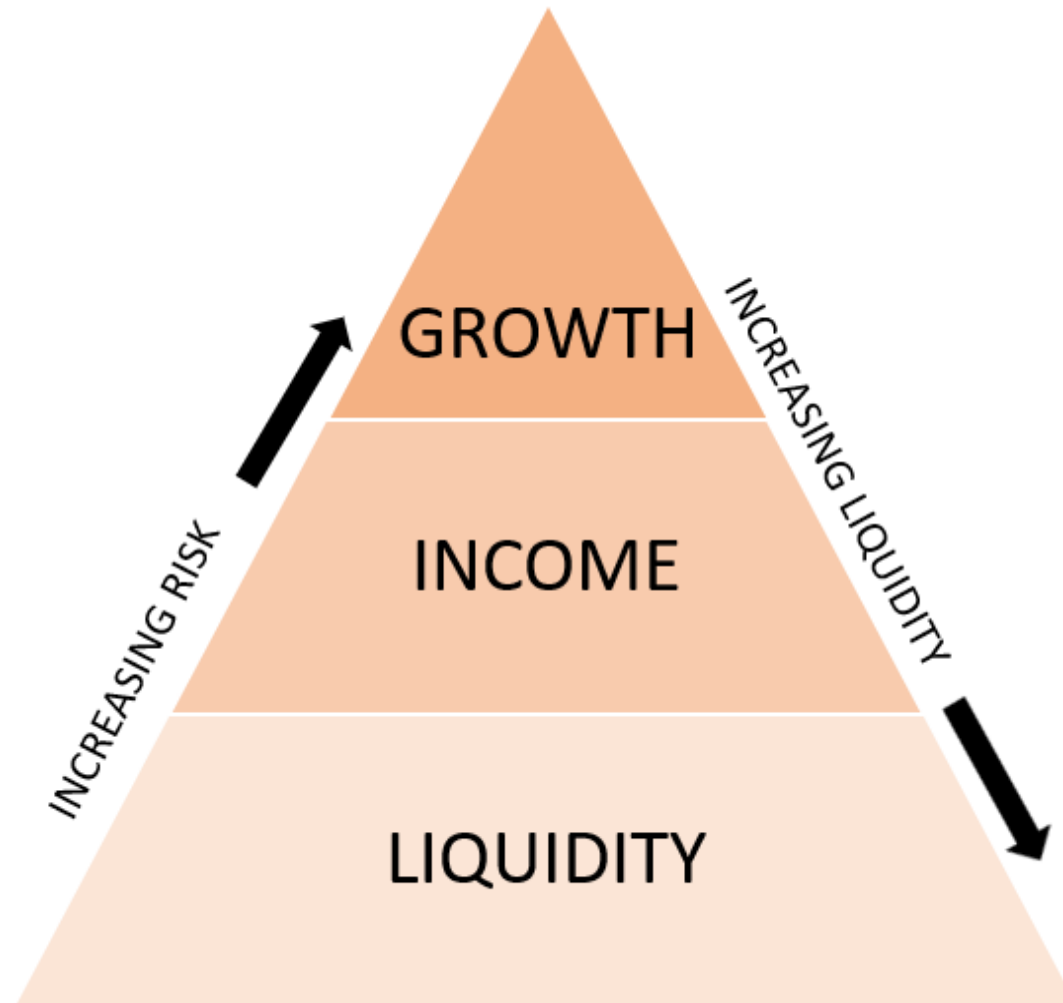
Primary Investment Objectives

- Tier 1 – Safety and liquidity
- Tier 2 – Safety, liquidity, and ROI. Expect higher return than Tier 1.
- Tier 3 – ROI with ability to assume more risk and volatility than Tier 1 or 2

Application

- **Safety** – University investments seek to ensure preservation of capital; mitigate credit and interest rate risk
- **Liquidity** – University investment portfolio will remain sufficiently liquid to meet OSU's cash flow requirements
- **Return on Investment (ROI)** – Objective of investment portfolio is to attain a market rate of return throughout a budgetary and economic cycle, taking into consideration the safety and liquidity needs of the portfolio

OSU Cash and Investments



TIER 3

Objective: Growth and Capital Appreciation

Instruments: Long-Term Fixed Income
Equities
Alternatives

TIER 2

Objective: Income and Capital Preservation

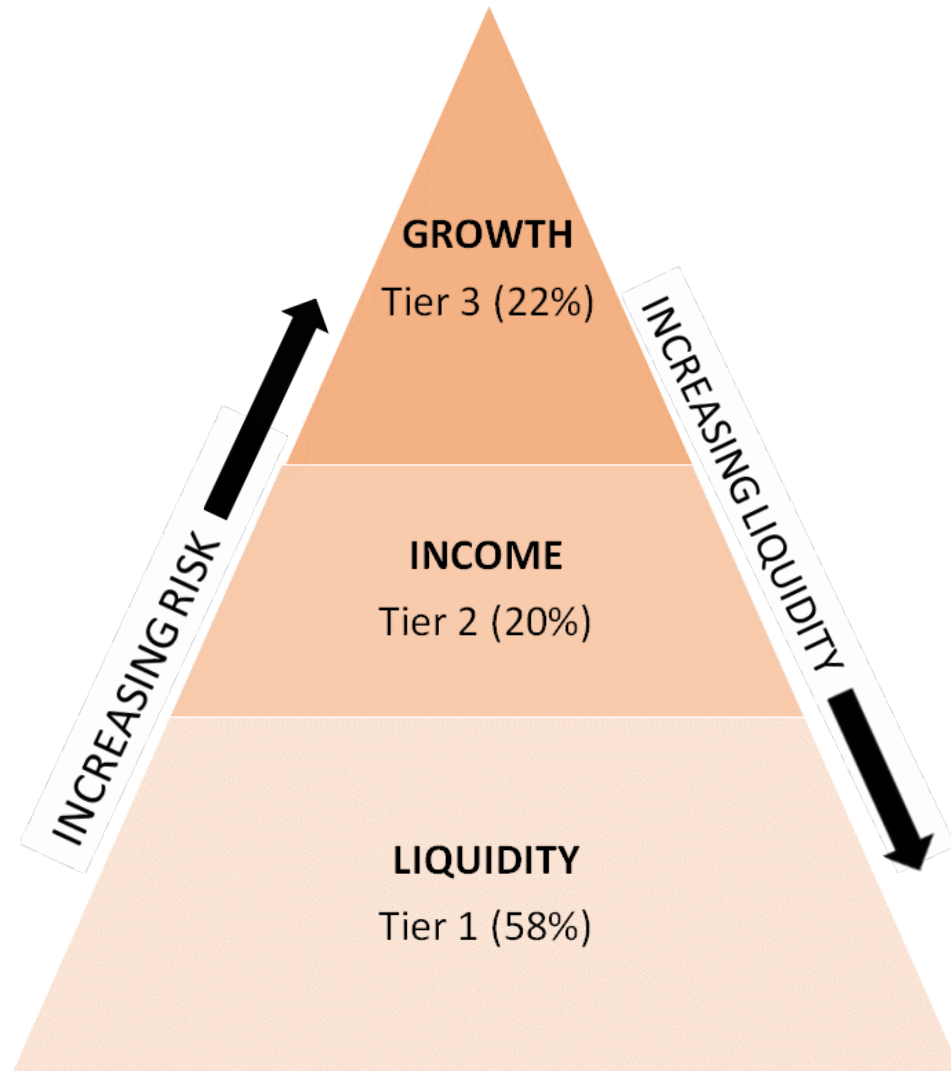
Instruments: Intermediate Fixed Income

TIER 1

Objective: Liquidity and Capital Preservation

Instruments: Cash
Short-Term Fixed Income

OSU Cash and Investments



Tier 3 - Long-Term Investments

OSU Foundation Endowment Pool	\$ 56,352,571
Large Cap Equities - Board Designated	31,543,168
International Equities - Board Designated	17,608,341
OSU PERS SLGRP	13,362,542
Alternative Investments - Endowed Land	9,181,727
Small Cap Equities - Board Designated	7,726,686
Other Endowment Assets Invested in the PUF	311,909

Total Tier 3 Investments

\$ 136,086,944

Tier 2 - Intermediate-Term Investments

Intermediate-Term Fixed Income - Operating	\$ 118,287,815
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Total Tier 2 Investments

\$ 118,287,815

Tier 1 - Short-Term Investments

Short-Term Fixed Income - Bond Proceeds	\$ 187,178,145
Liquidity - Bond Proceeds	56,076,394
Liquidity - Operating	54,629,211
Cash Balances held at Bank(s)	52,497,652
Short-Term - Commercially Developed Assets	4,939,951

Total Tier 1 Investments

\$ 355,321,353

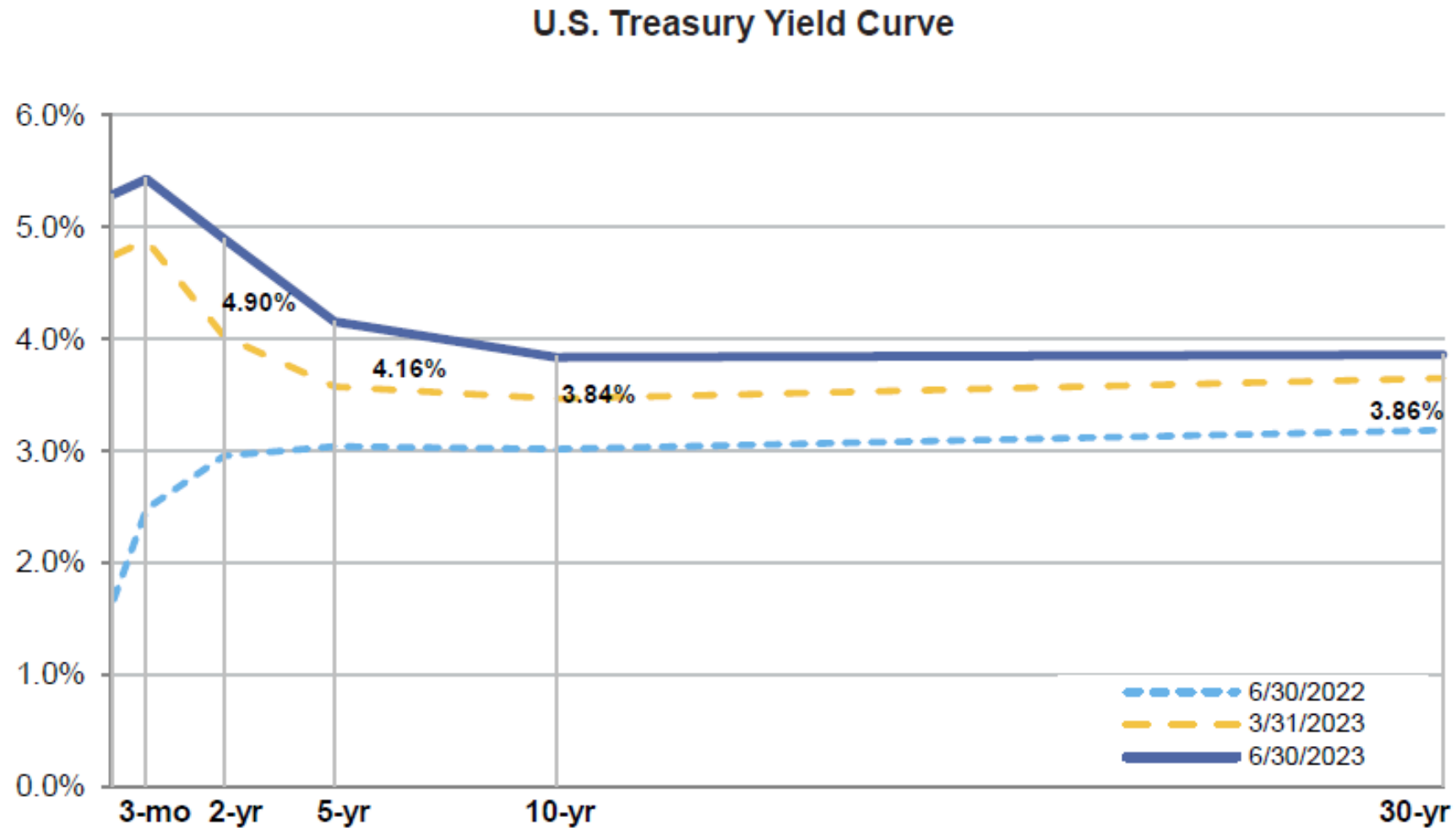
Data as of 6/30/2023

Market Performance

	Quarter	1-Year	3-Year	5-Year
S&P 500	8.70%	19.60%	14.60%	12.30%
MSCI EAFE-ND	3.00%	18.80%	8.90%	4.40%
MSCI EM-ND	0.90%	1.70%	2.30%	0.90%
MSCI China-ND	-9.70%	-16.80%	-10.30%	-5.30%
Bloomberg US Aggregate	-0.80%	-0.90%	-4.00%	0.80%
Bloomberg US TIPS	-1.40%	-1.40%	-0.10%	2.50%
Bloomberg US Corporate High Yield	1.70%	9.10%	3.10%	3.40%
ICE BofAML US 3-Month Treasury Bill	1.20%	3.60%	1.30%	1.60%
ICE BofAML 1-3 Year US Treasury	-0.60%	0.10%	-1.00%	0.90%
ICE BofAML 10+ Year US Treasury	-2.30%	-7.00%	-11.60%	-0.70%

*Source: Oregon State Treasury
Returns as of June 30, 2023*

Interest Rates



Source: Bloomberg.

Operating Assets Performance

	Quarter Ended 6/30/2023	Current Fiscal YTD	Prior Fiscal YTD	3 Yr Avg	5 Yr Avg	10 Yr Avg	Market Value	Actual Asset Allocation
OSU Operating Assets								
Assets Invested in the Public University Fund								
Oregon Short - Term Fund (<i>Liquidity</i>)	1.0%	2.9%	0.6%	1.4%	1.8%	1.4%	\$ 54,629,211	31.6%
Benchmark - 91 day T-Bill	1.2%	3.6%	0.2%	1.3%	1.6%	1.0%		
PUF Core Bond Fund (<i>Intermediate-Term Fixed Income</i>)	-0.8%	0.4%	-6.7%	-1.3%	1.7%	N/A	118,287,815	68.4%
Benchmark - Bloomberg Barclays Intermediate U.S. Gov't./Credit Index	-0.8%	-0.1%	-7.3%	-2.5%	1.2%	1.6%		
Total Public University Fund	-0.1%	1.3%	-2.6%	0.1%	1.9%	N/A	172,917,026	100.0%
Public University Fund Investment Yield	1.0%	3.4%	1.3%	2.2%	2.5%	N/A		
OSU Unspent Bond Proceeds								
Oregon Short - Term Fund (<i>Liquidity</i>)	1.0%	2.9%	0.6%	1.4%	N/A	N/A	10,164,590	4.2%
Benchmark - 91 day T-Bill	1.2%	3.6%	0.2%	1.3%	1.6%	1.0%		
RBC Liquidity Portfolio (<i>Liquidity</i>)	1.1%	3.5%	-0.8%	N/A	N/A	N/A	45,911,804	18.9%
Benchmark - 91 day T-Bill	1.2%	3.6%	0.2%	1.3%	1.6%	1.0%		
RBC Short-Duration Fixed Income Portfolio (<i>Short-Term Fixed Income</i>)	0.4%	2.1%	-3.4%	N/A	N/A	N/A	187,178,145	76.9%
Benchmark - ICE BofA 1-3 Year US Corporate & Government Index	-0.3%	0.5%	-3.6%	-0.9%	1.1%	0.9%		
Total Unspent Bond Proceeds							243,254,539	100.0%
OSU Other Cash							52,497,652	
OSU PERS SLGRP	0.0%	7.5%	0.0%	N/A	N/A	N/A	13,362,542	
OSU Commercially Developed Assets	-8.8%	-31.5%	N/A	N/A	N/A	N/A	4,939,951	
Total OSU Operating Assets							\$ 486,971,710	

Board Designated Assets Performance

	Quarter Ended 6/30/2023	Current Fiscal YTD	Prior Fiscal YTD	3 Yr Avg	5 Yr Avg	10 Yr Avg	Market Value	Actual Asset Allocation
OSU Board Designated Assets								
Bond Repayment Investment								
Calvert US Large Cap Core Responsible Index Fund <i>(Domestic Equity)</i>	8.7%	19.9%	-15.3%	N/A	N/A	N/A	\$ 23,965,324	55.5%
Benchmark - Russell 1000 Index	8.6%	19.4%	-13.0%	14.1%	11.9%	12.6%		
Calvert International Responsible Index Fund <i>(Intl Equity)</i>	3.8%	17.7%	-19.5%	N/A	N/A	N/A	13,285,276	30.8%
Benchmark - MSCI World ex USA Index	3.0%	17.4%	-16.8%	9.3%	4.6%	5.4%		
Neuberger Berman Genesis <i>(Small Cap Equity)</i>	5.0%	18.9%	N/A	N/A	N/A	N/A	5,891,171	13.7%
Benchmark - Russell 2000 Index	5.2%	12.3%	-2.3%	10.8%	4.2%	8.3%		
Total Bond Repayment Investment	6.5%	18.2%	-15.4%	N/A	N/A	N/A	43,141,771	100.0%
Long-Term Equity								
Calvert US Large Cap Core Responsible Index Fund <i>(Domestic Equity)</i>	8.7%	19.9%	-15.3%	N/A	N/A	N/A	7,577,844	55.2%
Benchmark - Russell 1000 Index	8.6%	19.4%	-13.0%	14.1%	11.9%	12.6%		
Calvert International Responsible Index Fund <i>(Intl Equity)</i>	3.8%	17.7%	-19.7%	N/A	N/A	N/A	4,323,065	31.4%
Benchmark - MSCI World ex USA Index	3.0%	17.4%	-16.8%	9.3%	4.6%	5.4%		
Neuberger Berman Genesis <i>(Small Cap Equity)</i>	5.0%	18.9%	N/A	N/A	N/A	N/A	1,835,515	13.4%
Benchmark - Russell 2000 Index	5.2%	12.3%	-2.3%	10.8%	4.2%	8.3%		
Total Long-Term Equity	6.5%	22.6%	-15.7%	N/A	N/A	N/A	13,736,424	100.0%
Total OSU Board Designated Assets	6.5%	19.3%	-15.4%	N/A	N/A	N/A	\$ 56,878,195	

Endowment Performance

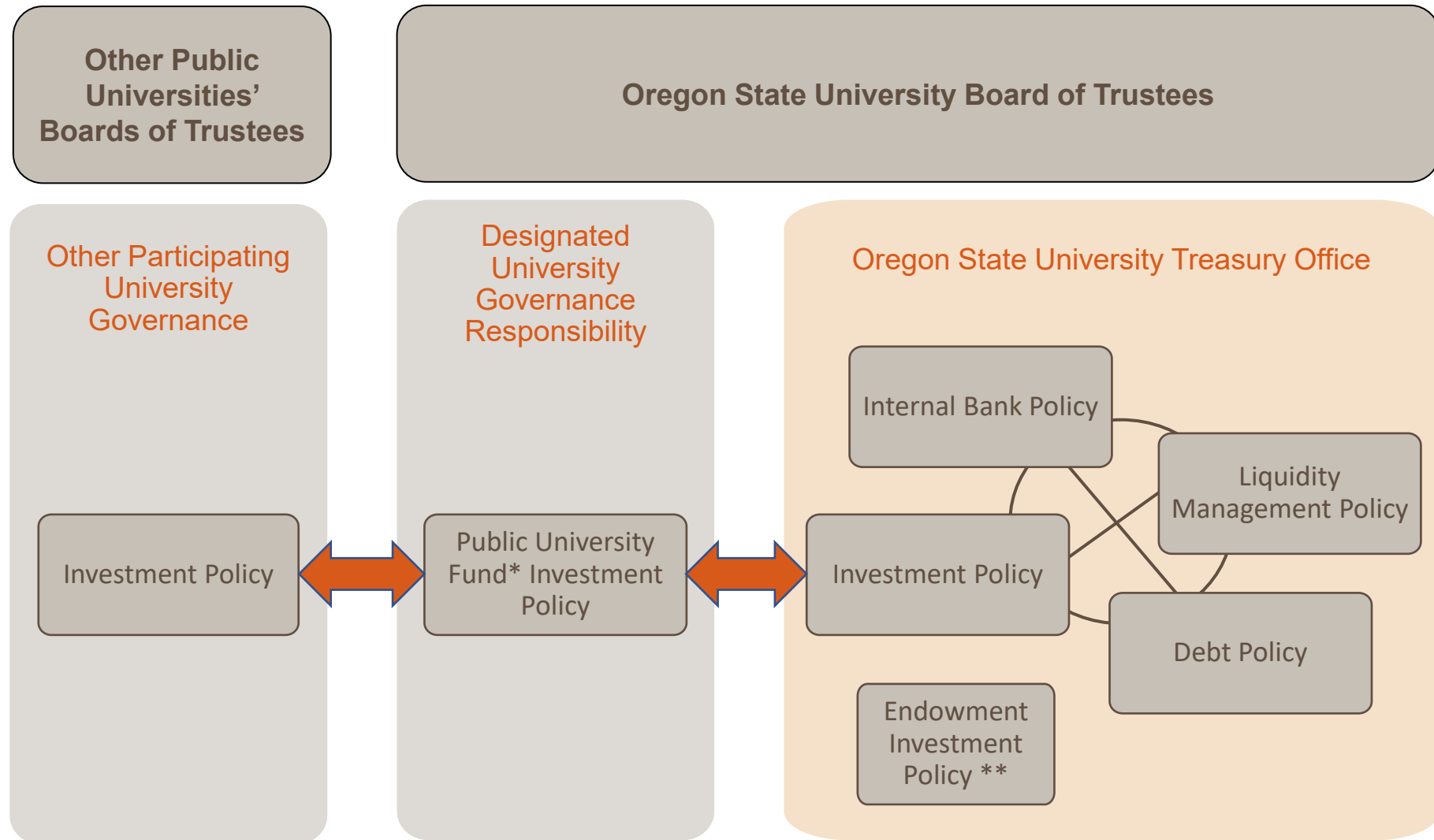
	Quarter Ended 6/30/2023	Current Fiscal YTD	Prior Fiscal YTD	3 Yr Avg	5 Yr Avg	10 Yr Avg	Market Value	Actual Asset Allocation
OSU Endowment Assets								
OSU Foundation Endowment Pool								
Total Global Equity	6.1%	18.2%	-20.1%	10.0%	8.0%	N/A	\$ 26,581,508	47.2%
Benchmark - MSCI All Country World Index	6.2%	16.5%	-15.8%	11.0%	8.1%	N/A		
Total Global Fixed Income	-0.2%	0.6%	-12.4%	-2.0%	0.0%	N/A	4,457,488	7.9%
Benchmark - Bloomberg Barclays Global Agg. Bond Index	-1.5%	-1.3%	-15.2%	-5.0%	-1.1%	N/A		
Total Absolute Return	0.9%	4.8%	-1.9%	8.0%	5.2%	N/A	4,632,181	8.2%
Benchmark - HFRI Fund of Funds Index	1.4%	3.6%	-5.7%	5.0%	3.3%	N/A		
Total Real Assets	-0.8%	2.5%	12.5%	12.2%	3.9%	N/A	5,697,245	10.1%
Benchmark - Real Assets Custom	-1.1%	-4.8%	2.1%	7.6%	3.3%	N/A		
Total Private Capital	2.3%	1.1%	21.3%	23.2%	19.6%	N/A	13,085,067	23.2%
Benchmark - No benchmark provided								
Total Cash	0.0%	0.0%	0.0%	0.0%	0.0%	N/A	1,899,082	3.4%
Total OSU Endowment Assets Invested in OSUF Endow. Pool	3.4%	9.4%	-7.9%	11.1%	8.1%	N/A	56,352,571	100.0%
Benchmark-80% MSCI ACWI/20% BBG Barclays Global Agg.	4.5%	12.7%	-15.6%	7.7%	6.4%	N/A		
Other OSU Endowment Assets								
Land Held as Separately Invested Endowment Funds	-8.8%	-8.8%	28.3%	10.3%	7.0%	N/A	9,181,727	96.7%
Other Endowment Assets Invested in the PUF	-0.1%	1.3%	-2.6%	0.1%	1.9%	N/A		
Total Other OSU Endowment Assets							9,493,636	100.0%
Total OSU Endowment Assets	1.5%	6.3%	-4.9%	11.0%	7.9%	N/A	\$ 65,846,207	

Recommendation

Staff recommend that the Finance & Administration Committee approve the FY2023 Q4 Investment Reports.

Supplemental Information

Overview of Treasury Oversight Responsibilities



* The Public University Fund is statutorily established.

** Endowment investments are managed by the OSU Foundation.

OSU Cash and Investments

Asset Allocation – Investment Types

- Cash
- Bonds (Fixed Income)
- Stocks (Equities)
- Alternatives

Operating Asset Allocation	
Asset Class	Maximum Allocation
Fixed Income¹	100%
U.S. Treasuries	100%
U.S. Agency Obligations	100%
Time Deposits	100%
Money Market Mutual Funds	100%
Corporate Bonds	40%
Structured/Securitized Securities	35%
Municipal Obligations	30%
Bankers' Acceptances	25%
Negotiable Certificates of Deposit	25%
Commercial Paper	25%
Equity²	15%

Long-Term Equity Asset Allocation	
US Equity	100%
Large-Cap	100%
Small-/Mid-Cap	20%
Non-US Equity	35%
Developed Markets ³	35%
Emerging Markets ³	10%

Bond Repayment Investment Asset Allocation	
Asset Class	Maximum Allocation
Equity¹	100%
US Equity	100%
Large-Cap	100%
Small-/Mid-Cap	20%
Non-US Equity	35%
Developed Markets ²	35%
Emerging Markets ²	10%
Alternatives¹	TBD

¹ Tier 3 investment objective

² As defined by Morgan Stanley Capital International (MSCI)

¹ Tier 1, Tier 2, and Tier 3 investment objective(s)

² Tier 3 investment objective. Assets allocated into the Long-Term Equity portfolio.

³ As defined by Morgan Stanley Capital International (MSCI)

OSU Operating Assets

July 1 - June 30	2022-2023	2021-2022	Change
Cash Held at Bank(s)			
Ending Balance June 30	\$ 52,497,652	\$ 41,638,778	\$ 10,858,874
Net Interest Earnings	\$ 840,607	\$ 37,626	\$ 802,981
Annualized Yield June 30	2.5%	0.3%	2.3%
Public University Fund			
Beginning Market Value July 1	\$ 251,438,493	\$ 206,000,701	\$ 45,437,792
Ending Market Value June 30	\$ 172,917,026	\$ 251,438,493	\$ (78,521,467)
Total Return	1.3%	-2.6%	-
Net Interest Earnings	\$ 7,530,976	\$ 3,278,092	\$ 4,252,884
Annualized Yield June 30	4.0%	1.5%	2.6%
Unspent Bond Proceeds			
Beginning Market Value July 1	\$ 278,420,661	\$ 380,003,847	\$ (101,583,186)
Ending Market Value June 30	\$ 243,254,539	\$ 278,420,661	\$ (35,166,122)
Total Return	2.4%	-1.5%	-
Net Interest Earnings	\$ 6,774,856	\$ 4,026,779	\$ 2,748,077
Annualized Yield June 30	3.1%	2.6%	0.6%

Figures exclude the PERS SLGRP account and the Commercially Developed Assets.

OREGON STATE UNIVERSITY

OSU Board Designated & Endowment Assets

OSU Board Designated Assets					
July 1 - June 30					
	2022-2023		2021-2022		Change
Bond Repayment Investment					
Beginning Market Value July 1	\$	32,581,458	\$	19,831,656	\$ 12,749,802
Ending Market Value June 30	\$	43,141,771	\$	32,581,458	\$ 10,560,313
Total Return		18.2%		-15.4%	-
Long-Term Equity					
Beginning Market Value July 1	\$	4,323,557	\$	5,128,013	\$ (804,456)
Ending Market Value June 30	\$	13,736,424	\$	4,323,557	\$ 9,412,867
Total Return		22.6%		-15.7%	-

OSU Endowment Assets					
July 1 - June 30					
	2022-2023		2021-2022		Change
Endowment Assets					
Beginning Market Value July 1	\$	64,594,318	\$	74,422,198	\$ (9,827,880)
Ending Market Value June 30	\$	65,846,207	\$	64,594,318	\$ 1,251,889
Total Return		6.3%		-4.9%	-