

Fiscal Year 2026 Q1 Investment Report

PERFORMANCE SUMMARY

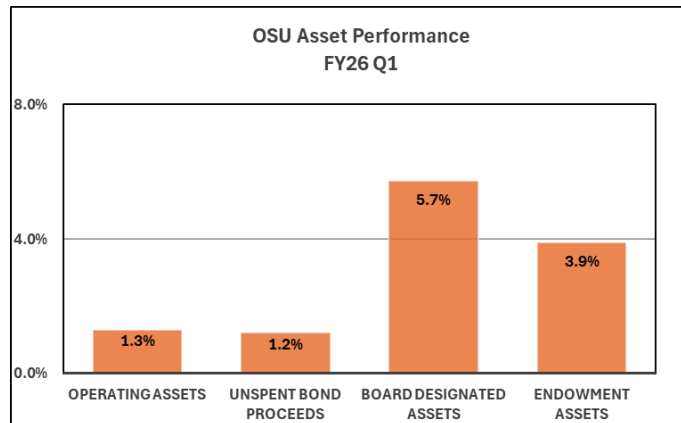
OSU's investments appreciated in value during the first quarter of fiscal year (FY) 2026, as global equities and fixed income markets recorded positive performance returns. Investment performance details are available in **Attachment 1**, reflecting the university's operating assets and general revenue bond proceeds, board-designated assets, the university's endowment and quasi-endowment assets managed by the Oregon State University Foundation, land held as separately invested endowments, and the land grant endowment. **Attachment 2** includes a summary of university general revenue bond proceeds as of September 30, 2025. **Attachment 3** provides additional background information about the quarterly investment report.

Market Highlights:

U.S. equities rallied as the S&P 500 increased 8.1% for the quarter. International equities gained 4.8% during the quarter as represented by the Morgan Stanley Capital International (MSCI) Europe, Australasia, Far East (EAFE) index. The U.S. fixed income market, represented by the Bloomberg U.S. Aggregate index, gained 2.0% for the period.

OSU Operating Assets:

OSU's operating assets are primarily invested in the Oregon Short-Term Fund (OSTF) and the Public University Fund (PUF). The OSTF and PUF increased 1.2% and 1.9% respectively, for the quarter. As of September 30, 2025, OSU had \$49.0M of operating assets on deposit in the OSTF and \$81.2M invested in the PUF. Additionally, OSU had \$47.7M on deposit in multiple bank accounts for short-term operations. Total operating assets were \$177.9M, increasing 1.3% for the quarter.

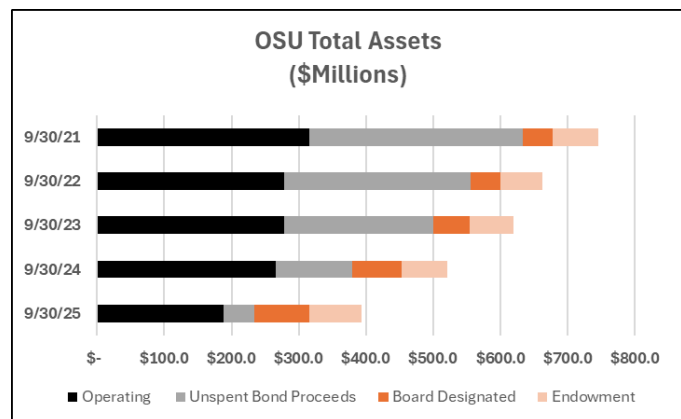


OSU Bond Proceeds:

The unspent bond proceeds invested in the OSTF gained 1.2% for the period. The total market value of the unspent bond proceeds, as of September 30, 2025, was \$76.4M, including \$30.9M on deposit in university operating bank accounts.

OSU Board Designated Assets:

The Bond Repayment Investment and Long-Term Equity portfolios increased 5.7%, respectively, for the period. Global equities rose for the quarter, led by U.S. large-cap technology stocks. Investor's appetite for low-quality, speculative global small cap stocks continued during the quarter, resulting in underperformance for the Neuberger Berman Genesis Small Cap Fund and



Putnam International Capital Opportunities Fund for the period, compared to their benchmarks. Both Funds invest in high quality stocks with strong balance sheets, good cash flows, and positive earnings growth. As of September 30, 2025, the total market value of the Bond Repayment Investment and Long-Term Equity portfolios were \$61.1M and \$20.6M, respectively.

OSU Endowment Assets:

OSU's endowment assets, including those managed by the OSU Foundation, increased 3.9% for the quarter. The total market value of the OSU endowment assets as of September 30, 2025, was \$77.3M.

The OSU Foundation (OSUF) manages the majority of the university's endowment assets. OSUF's endowment pool increased 4.4% for the period, underperforming its benchmark by 160 basis points for the quarter as private equity and real assets underperformed public equity performance.

RECOMMENDATION

Staff recommend that the Finance and Administration Committee accept the FY26 Q1 Investment Report.

Attachment 1

OREGON STATE UNIVERSITY INVESTMENT REPORT

Oregon State University
Investment Summary
as of September 30, 2025
(Net of Fees)

	Quarter Ended 9/30/2025	Current Fiscal YTD	Prior Fiscal YTD	3 Yr Avg	5 Yr Avg	10 Yr Avg	Market Value	Actual Asset Allocation ¹	Policy Allocation Range
OSU Operating Assets¹									
OSU Cash (<i>Liquidity</i>) ²							\$ 47,744,310	26.8%	
Oregon Short - Term Fund (<i>Liquidity</i>)	1.2%	1.2%	1.3%	4.5%	3.0%	2.3%	48,986,842	27.5%	
Benchmark - 91 day T-Bill	1.1%	1.1%	1.4%	4.8%	3.0%	2.1%			
PUF Core Bond Fund (<i>Intermediate-Term Fixed Income</i>)	1.9%	1.9%	4.0%	5.6%	1.7%	N/A	81,189,750	45.7%	
Benchmark - Bloomberg Barclays Intermediate U.S. Gov't./Credit Index ³	1.5%	1.5%	4.2%	5.2%	0.8%	2.1%			
Investment Yield ⁴	1.1%	1.1%	1.1%	4.4%	3.8%	N/A			
Total Operating Cash and Investments							177,920,902	100.0%	
OSU Unspent Bond Proceeds									
Oregon Short - Term Fund (<i>Liquidity</i>)	1.2%	1.2%	1.3%	4.5%	3.0%	2.3%	45,507,214	100.0%	
Benchmark - 91 day T-Bill	1.1%	1.1%	1.4%	4.8%	3.0%	2.1%			
Total Unspent Bond Proceeds							45,507,214	100.0%	
OSU PERS SLGRP⁵	0.0%	0.0%	0.0%	5.5%	N/A	N/A	10,217,586		
Total OSU Operating Assets							\$ 233,645,702		

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**Oregon State University
Investment Summary
as of September 30, 2025
(Net of Fees)**

	Quarter Ended 9/30/2025	Current Fiscal YTD	Prior Fiscal YTD	3 Yr Avg	5 Yr Avg	10 Yr Avg	Market Value	Actual Asset Allocation	Policy Allocation Range
OSU Board Designated Assets									
Bond Repayment Investment									
Calvert US Large Cap Core Responsible Index Fund (<i>Domestic Equity</i>)	7.3%	7.3%	5.9%	23.7%	N/A	N/A	\$ 36,194,340	59.3%	0% - 100%
Benchmark - Russell 1000 Index ⁶	8.0%	8.0%	6.1%	24.6%	16.0%	15.0%			
Calvert International Responsible Index Fund (<i>Intl Equity</i>)	5.3%	5.3%	6.9%	22.7%	N/A	N/A	15,403,157	25.2%	0% - 35%
Benchmark - MSCI World ex USA Index ⁶	5.3%	5.3%	7.8%	21.6%	11.6%	8.4%			
Neuberger Berman Genesis (<i>Small Cap Equity</i>)	1.7%	1.7%	9.1%	9.0%	N/A	N/A	6,374,564	10.4%	0% - 20%
Benchmark - Russell 2000 Index ⁶	12.4%	12.4%	9.3%	15.2%	11.6%	9.8%			
Putnam International Small Capital Fund	-0.5%	-0.5%	10.7%	N/A	N/A	N/A	3,109,710	5.1%	0% - 35%
Benchmark - MSCI AC World ex USA Smid Cap Index (Net) ⁶	6.2%	6.2%	9.3%	20.0%	9.7%	8.0%			
Total Bond Repayment Investment	5.7%	5.7%	6.7%	21.5%	N/A	N/A	61,081,771	100.0%	
Long-Term Equity									
Calvert US Large Cap Core Responsible Index Fund (<i>Domestic Equity</i>)	7.3%	7.3%	5.9%	23.7%	N/A	N/A	12,087,418	58.7%	0% - 100%
Benchmark - Russell 1000 Index ⁶	8.0%	8.0%	6.1%	24.6%	16.0%	15.0%			
Calvert International Responsible Index Fund (<i>Intl Equity</i>)	5.3%	5.3%	6.9%	22.7%	N/A	N/A	5,408,159	26.3%	0% - 35%
Benchmark - MSCI World ex USA Index ⁶	5.3%	5.3%	7.8%	21.6%	11.6%	8.4%			
Neuberger Berman Genesis (<i>Small Cap Equity</i>)	1.7%	1.7%	9.1%	9.0%	N/A	N/A	1,986,473	9.6%	0% - 20%
Benchmark - Russell 2000 Index ⁶	12.4%	12.4%	9.3%	15.2%	11.6%	9.8%			
Putnam International Small Capital Fund	-0.5%	-0.5%	10.7%	N/A	N/A	N/A	1,120,134	5.4%	0% - 35%
Benchmark - MSCI AC World ex USA Smid Cap Index (Net) ⁶	6.2%	6.2%	9.3%	20.0%	9.7%	8.0%			
Total Long-Term Equity	5.7%	5.7%	6.7%	21.6%	N/A	N/A	20,602,184	100.0%	
Total OSU Board Designated Assets	5.7%	5.7%	6.7%	21.5%	N/A	N/A	\$ 81,683,955		

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**Oregon State University
Investment Summary
as of September 30, 2025
(Net of Fees)**

	Quarter Ended 9/30/2025	Current Fiscal YTD	Prior Fiscal YTD	3 Yr Avg	5 Yr Avg	10 Yr Avg ⁷	Market Value	Actual Asset Allocation	Policy Allocation Target
OSU Endowment Assets									
OSU Foundation Endowment Pool									
Total Global Equity	6.3%	6.3%	7.0%	22.1%	12.2%	N/A	\$ 34,628,970	50.3%	45.0%
Benchmark - MSCI All Country World Index	7.6%	7.6%	6.6%	23.1%	13.5%	N/A			
Total Global Fixed Income	0.8%	0.8%	6.7%	5.8%	0.3%	N/A	5,625,918	8.2%	7.5%
Benchmark - Bloomberg Barclays Global Agg. Bond Index	0.6%	0.6%	7.0%	5.4%	-1.6%	N/A			
Total Absolute Return	5.1%	5.1%	3.7%	11.2%	9.5%	N/A	6,506,257	9.5%	10.0%
Benchmark - HFRI Fund of Funds Index	4.3%	4.3%	1.9%	8.1%	6.2%	N/A			
Total Real Assets	3.6%	3.6%	5.5%	6.2%	9.6%	N/A	6,368,704	9.3%	12.5%
Benchmark - Real Assets Custom ⁸	3.4%	3.4%	7.0%	6.3%	6.9%	N/A			
Total Private Capital ⁹	2.1%	2.1%	3.1%	7.3%	14.9%	N/A	14,683,784	21.4%	25.0%
Benchmark - No benchmark provided									
Total Cash	0.0%	0.0%	0.0%	0.0%	0.0%	N/A	962,871	1.3%	0.0%
Total OSU Endowment Assets Invested in OSUF Endow. Pool ¹⁰	4.4%	4.4%	5.5%	14.0%	10.7%	9.6%	68,776,504	100.0%	100.0%
Benchmark - 77.5% MSCI ACWI/22.5% Bloomberg Global Agg. ¹¹	6.0%	6.0%	6.7%	19.1%	10.3%	9.4%			
Other OSU Endowment Assets									
Land Held as Separately Invested Endowment Funds ¹²	0.0%	0.0%	0.0%	-6.5%	3.8%	5.3%	8,240,020	96.2%	
Other Endowment Assets ¹³							326,697	3.8%	
Total Other OSU Endowment Assets							8,566,717	100.0%	
Total OSU Endowment Assets	3.9%	3.9%	4.9%	10.9%	9.8%	9.1%	\$ 77,343,221		

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Oregon State University
Investment Summary
as of September 30, 2025
 (Net of Fees)

- 1** University operating asset allocations based upon liquidity needs as determined by rolling 14-month cash flow forecasts.
 Operating assets in excess of liquidity requirements are available for investment in the PUF Core Bond Fund and other long-term investments.
- 2** OSU Cash includes bank account balances held for operations.
- 3** 100% Bloomberg Barclays Intermediate U.S. Gov't./Credit Index as of February 1, 2021. From April 1, 2017 to January 31, 2021, the benchmark was comprised of 75% Bloomberg Barclay's Aggregate 3-5 Years Index, 25% Bloomberg Barclay's Aggregate 5-7 Years Index.
- 4** The reported investment yields for the quarter and fiscal year-to-date represent earned yields for the period and are not annualized rates.
- 5** During fiscal year 2021, the university funded a PERS Side Account totaling \$10,000,000 which represented approximately 2.2% of the university's unfunded actuarial liability as of June 30, 2021. PERS contributed \$2,225,203 matching contributions to the Side Account. The Side Account represents a pre-payment of OSU's future contributions. Including earnings and amortization, the account balance as of December 31, 2023 was \$10.2 million.
- 6** A benchmark index measures the performance of all investable securities as defined by its referenced universe. OSU's investment portfolios limit/exclude exposure to fossil-fuel related securities, per investment policy, and performance of OSU's investment portfolios may differ from their stated benchmark.
- 7** The OSU Foundation investment advisor, Cerity Partners, does not provide a 10-year benchmark for the individual asset classes. The 10-year benchmark is provided at the total pool level only.
- 8** Real Assets Custom Benchmark: 1/3 FTSE EPRA/NAREIT Developed Index, 1/3 Bloomberg Commodity Index, 1/3 Bloomberg U.S. TIPS
- 9** To meet financial period and reporting deadlines, private capital market value and performance figures presented may differ from actual results.
- 10** Investment returns are reported net of investment manager fees; gross of the Foundation's administrative fees.
- 11** The Endowed Pool benchmark consists of 77.5% of the MSCI ACWI and 22.5% of the Barclays Global Aggregate. During the portfolio transition period (July 2016), as agreed with OSUF, the benchmark return was equal to the actual return of the portfolio. Prior to 7/1/16, the benchmark consisted of 15% S&P 500 / 4% Russell 1000 Growth / 17% MSCI EAFE / 6% MSCI Emerging Markets / 6.5% Barclays Aggregate / 6.5% Citi WGBI / 3% Principal Diversified Real Assets Custom Blend / 18% HFRI Fund of Funds Composite Index / 3% S&P North American Natural Resources Sector Index / 3% Alerian MLP Index / 5% NCREIF Townsend Blended Index / 10% Burgiss Global Private Equity Index / 2% 91 Day T-Bills / 1% Mercer Illiquid Natural Resources Index.
- 12** Physical appraisals completed every five years. Valuations in interim years provided by faculty. Investment returns updated annually during the fiscal fourth quarter. Land held as separately invested endowments may not be sold, with the exception of the Matteson property, beginning 2/25/2035, and the Roth property. Land use is restricted to teaching and research. Partial harvests, consistent with good forestry management practices are allowed, with specified uses for ongoing funding for scholarships and an endowed chair.
- 13** Funds provided by the State which are restricted to certain bond investments.

Note: Outlined returns underperformed their benchmark.

Attachment 2

OREGON STATE UNIVERSITY REPORT ON UNSPENT GENERAL REVENUE BOND PROCEEDS

The schedule of Oregon State University’s unspent revenue bond proceeds as of September, 30, 2025, is shown in the summary below.

Unspent Revenue Bond Proceeds¹

Issuance Year	2017	2019	2020	2024	Total ¹
Unspent Revenue Bond Proceeds	\$ 1,057,195	\$ 8,405,224	\$ 36,662,263	\$ 19,841,684	\$ 65,966,366
<i>Allocated</i> ²	\$ 1,057,195	\$ 5,151,488	\$ 36,662,263	\$ 19,841,684	\$ 62,712,630
Unallocated	\$ -	\$ 3,253,736	\$ -	\$ -	\$ 3,253,736

¹ Reported value is based on book value and includes \$30,896,827 of allocated proceeds held in the operations bank account.

The market value of the unspent bond proceeds investment is comprised of the following data elements:
Book Value (\$65,966,366) – Cash in bank (\$30,896,827) + Accumulated Earnings (\$10,437,675) = \$45,507,214.

² Allocated proceeds are bond proceeds committed to specific projects that have Stage Gate 2 approval by the Board.

PUBLIC UNIVERSITY FUND INVESTMENT REPORT

Public University Fund Performance

The Public University Fund Core Bond Fund (PUF) increased 1.9% for the quarter, exceeding its benchmark for the quarter. The PUF’s investment yield was 1.1% for the quarter. Relative performance in the PUF was driven by corporate bonds and securitized bonds, as spreads (coupon variance to a similarly dated Treasury bond) continued to tighten. The Oregon State Treasury investment officers are maintaining a high-quality bias in the portfolio with over 60% of the portfolio allocated to on-the-run Treasuries. On-the-run Treasuries are recently issued securities compared to Treasuries trading in the secondary markets.

As of September 30, 2025, the PUF’s market value was \$252.6M, including all participant assets.

	Quarter Ended 9/30/2025	Current Fiscal Year	Prior Fiscal Year	3-Year Avg.	5-Year Avg.	Market Value
PUF Core Bond Fund	1.9%	1.9%	4.0%	5.6%	1.7%	\$ 252,587,178
<i>Benchmark</i> ¹	1.5%	1.5%	4.2%	5.2%	0.8%	
<i>PUF Investment Yield</i>	1.1%	1.1%	1.1%	4.4%	3.8%	

¹ Benchmark is 100% Bloomberg Barclay’s Intermediate U.S. Gov’t/Credit Index as of February 1, 2021. From April 1, 2017 to January 31, 2021, the benchmark was 75% Bloomberg Barclay’s Aggregate 3-5 Years Index, 25% Bloomberg Barclay’s Aggregate 5-7 Years Index.

A description of the PUF’s portfolio characteristics and market exposures is included in Attachment 2 of this report.

Participant Ownership

	Market Value as of 9/30/2025	% Ownership
Portland State University	\$132,935,607	52.62%
Oregon State University ¹	81,354,909	32.21%
Oregon Institute of Technology	20,757,909	8.22%
Eastern Oregon University	12,998,236	5.15%
Western Oregon University	4,540,517	1.80%
Grand Total	\$252,587,178	100.00%

¹ As of September 30, 2025, Oregon State University’s total PUF market value consisted of operating assets, valued at \$81,189,750 and land grant endowment assets, valued at \$165,159.

FY2026 Q1 MARKET COMMENTARY*(Prepared by Meketa Investment Group, consultants to the Oregon Investment Council)***Report on Investments – as of September 30, 2025****Economic and Market Update**

In the third calendar quarter of 2025, most stock and bond markets delivered positive returns, benefiting from renewed interest rate cuts from the Federal Reserve, continued strong artificial intelligence (AI) demand and investment, and overall solid corporate earnings.

- U.S. stocks enjoyed a broad rally in the third calendar quarter with the S&P 500 gaining 8.1%. Large cap stocks trailed small cap stocks in a reversal of the prior trend with mixed results across market capitalizations for growth and value.
- Non-U.S. developed market stocks (Morgan Stanley Capital Indices (MSCI) Europe Australasia Far-East (EAFE)) lagged U.S. stocks in the third calendar quarter with gains of +4.8% with value outperforming growth.
- Emerging market stocks beat developed market stocks in the third calendar quarter with the MSCI emerging market index gaining +10.6% and up a leading 27.5% calendar year-to-date; Chinese stocks drove the emerging market index higher with the MSCI China index returning 20.7% in the quarter and 41.6% calendar year-to-date.
- In general, bond markets performed well in the third calendar quarter supported by softer labor data and largely dovish central banks, with high yield bonds and long-dated Treasuries both returning 2.5% for the quarter, slightly outperforming the broad U.S. bond market (+2.0%) and Treasury Inflation Protected Securities (TIPS) (+2.1%).
- Chair Powell's comments from Jackson Hole buoyed market expectations for more rate cuts this year. In addition to continued public pressure on Chair Powell, the Administration also signaled that it would investigate Federal Open Market Committee (FOMC) member Lisa Cook adding to market concerns about future Federal Reserve (Fed) independence.
- Key questions going forward include how the Fed will manage interest rates given competing pressures on its dual mandate of inflation and employment, will tariff pressures eventually show up in inflation, can earnings growth remain resilient in the U.S., will the recent rotation into small cap stocks continue, and how will China's economy and relations with the U.S. track.

Market Returns¹ September 30, 2025

	Month	Quarter	YTD	1-Year	3-Year	5-Year	7-Year	10-Year
S&P 500	3.7%	8.1%	14.8%	17.6%	24.9%	16.5%	14.5%	15.3%
MSCI EAFE-ND	1.9%	4.8%	25.1%	15.0%	21.7%	11.2%	7.7%	8.2%
MSCI EM-ND	7.2%	10.6%	27.5%	17.3%	18.2%	7.0%	6.2%	8.0%
MSCI China-ND	9.8%	20.7%	41.6%	30.8%	19.5%	0.4%	3.9%	6.8%
Bloomberg US Aggregate	1.1%	2.0%	6.1%	2.9%	4.9%	-0.4%	2.1%	1.8%
Bloomberg US TIPS	0.4%	2.1%	6.9%	3.8%	4.9%	1.4%	3.4%	3.0%
Bloomberg US Corporate High Yield	0.8%	2.5%	7.2%	7.4%	11.1%	5.5%	5.3%	6.2%
ICE BofAML US 3-Month Treasury Bill	0.3%	1.1%	3.2%	4.4%	4.8%	3.0%	2.6%	2.1%
ICE BofAML 1-3 Year US Treasury	0.3%	1.1%	3.9%	3.9%	4.3%	1.6%	2.3%	1.7%
ICE BofAML 10+ Year US Treasury	3.0%	2.5%	5.9%	-3.1%	0.7%	-7.4%	-0.2%	0.0%

¹Source: Oregon State Treasury

U.S. Equities:

U.S. stocks increased sharply during the third calendar quarter as the Fed lowered interest rates, corporate earnings came in above expectations, and economic growth surprised to the upside. The enthusiasm surrounding AI helped push the indices higher, as well.

Small cap stocks, represented by the Russell 2000 Index, outperformed both mid and large cap stocks during the quarter. The small cap index's higher weighting to biopharma stocks contributed to the outperformance as well as the overall strength of the economy and expectations for lower rates given their generally higher leverage.

Value stocks outperformed growth stocks during the quarter (except in the large cap space). The outperformance of large technology and consumer discretionary stocks drove this dynamic.

Foreign Equity:

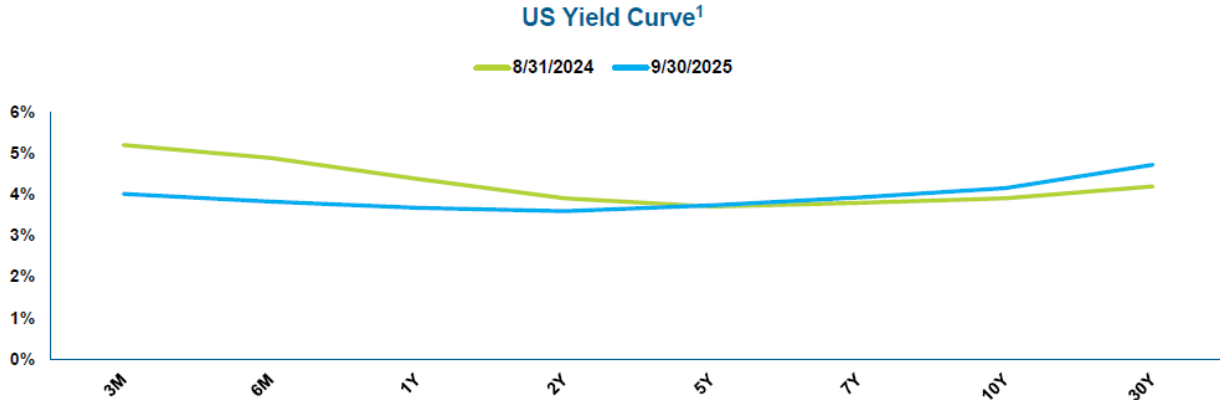
Developed markets posted solid gains in the third calendar quarter, driven by easing monetary policy, strong corporate earnings, and AI-related enthusiasm. Eurozone equities, while positive, were the laggards of the quarter, with losses in Germany and political instability in France somewhat balanced by strong performance from financials and stable inflation. The United Kingdom saw solid performance supported by strong bank earnings and resilient consumer demand despite rising debt. Japan was a top performer, benefiting from a weaker yen, strong tech exports, and favorable political shifts.

Emerging markets outperformed developed peers in the third calendar quarter, aided by easing trade tensions and strong tech performance. China led the way with a significant 20.7% return for the quarter, benefitting from domestic chipmaker support, accelerating AI spending, and optimism surrounding policies to reduce unproductive competition. Tech enthusiasm benefited other Asian markets, particularly Taiwan and Korea. Brazil lagged, due largely to political uncertainty. India saw losses, with the recent imposition of very punitive tariffs by the U.S. weighing heavily on performance.

U.S. stock valuations increased in the third calendar quarter, finishing September with a cyclically adjusted price to earnings (P/E) ratio of 39.4. This level is well above their long-run average of 28.4. Given strong results this year in non-U.S. developed stocks, valuations have moved slightly above their long-run P/E ratio (22.1 versus 21.0). As emerging market stocks lead the way in 2025 their valuations are now also trading at levels above their long-run average (18.5 versus 16.7).

Fixed Income:

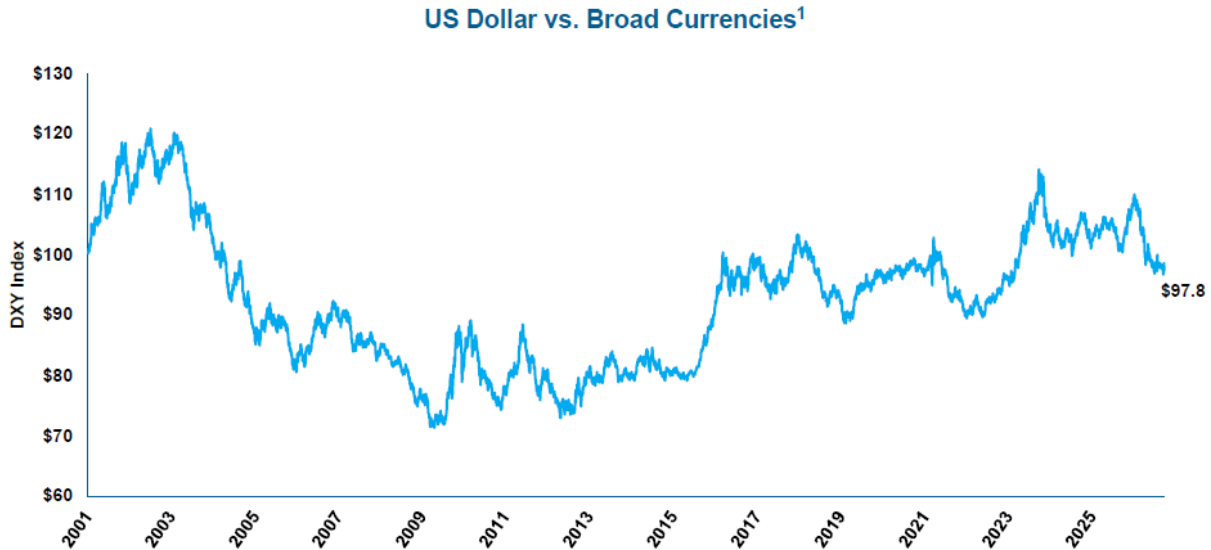
The U.S. yield curve shifted lower on expected monetary policy easing in the coming quarters and strong risk appetite by investors provided positive performance for credit indexes. In this environment, the broad U.S. bond market (Bloomberg Aggregate) returned 2.0% with longer dated U.S. Treasuries performing slightly better (2.5%). Longer and short-dated TIPS gained 2.1% and 1.6%, respectively, as inflation risks remained elevated. Positive risk sentiment supported emerging market debt (+2.8%) and high yield (+2.5%). Year-to-date performance in emerging markets solidly exceeded other fixed income indices, and the broad U.S. stock market.



¹ Source: Bloomberg. Data is as of September 30, 2025.

A rate cut by the Fed, with more expected weakness in the labor market, and no signs yet of tariffs significantly influencing inflation drove rates lower across the yield curve in the third calendar quarter. The policy sensitive 2-year nominal Treasury yield was volatile during the quarter but overall fell from 3.72% to 3.61% given the anticipation of additional interest rate cuts by the Fed. The 10-year nominal Treasury yield was also volatile and declined from 4.23% to 4.15% for the quarter, while the 30-year nominal Treasury yield fell slightly from 4.78% to 4.73%.

The recent government shutdown has caused a delay in the release of government economic reports such as the consumer price index from the Bureau of Labor Statistics. This has led to investors increasing use of other models and private data to assess the economy. Bloomberg’s real-time inflation models have recently trended up to levels still above the Fed’s average target of 2.0%. Market and survey-based measures of inflation show a divergence between short-term (higher) and long-term (lower) expectations for how inflation will track. This dynamic is likely driven by the anticipation that tariff-related price increases have still not shown up in the numbers.



¹ Source: Bloomberg. Data as of September 30, 2025

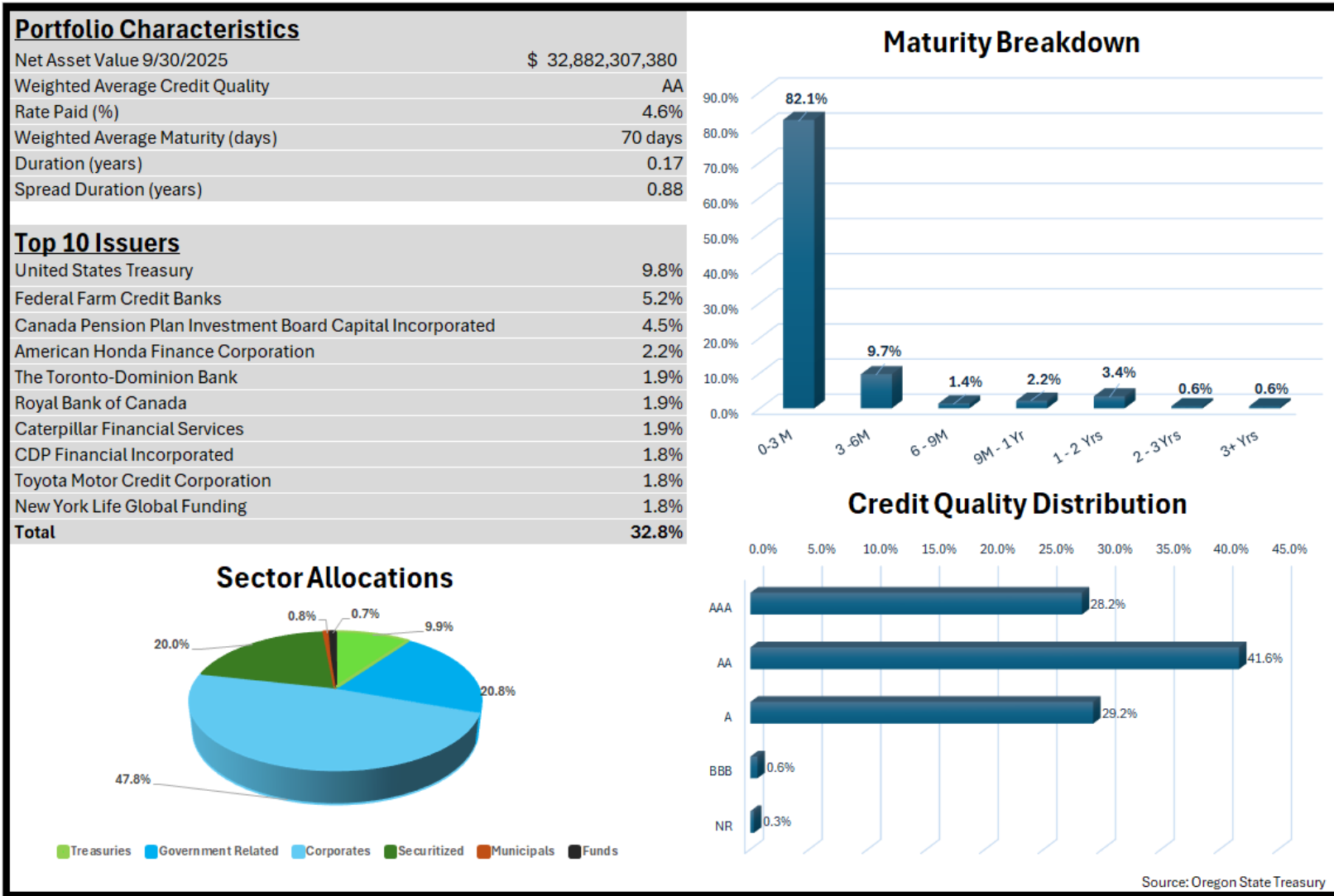
The U.S. dollar hit near-historic highs in January of 2025 but since then its value has declined by ~11%. The U.S. dollar stabilized in the third calendar quarter on the easing of trade war concerns. Typically, higher interest rates support the U.S. dollar but recent concerns over changing U.S. administration policies and slowing growth have weighed on the value of the U.S. dollar.

Summary – Key Trends:

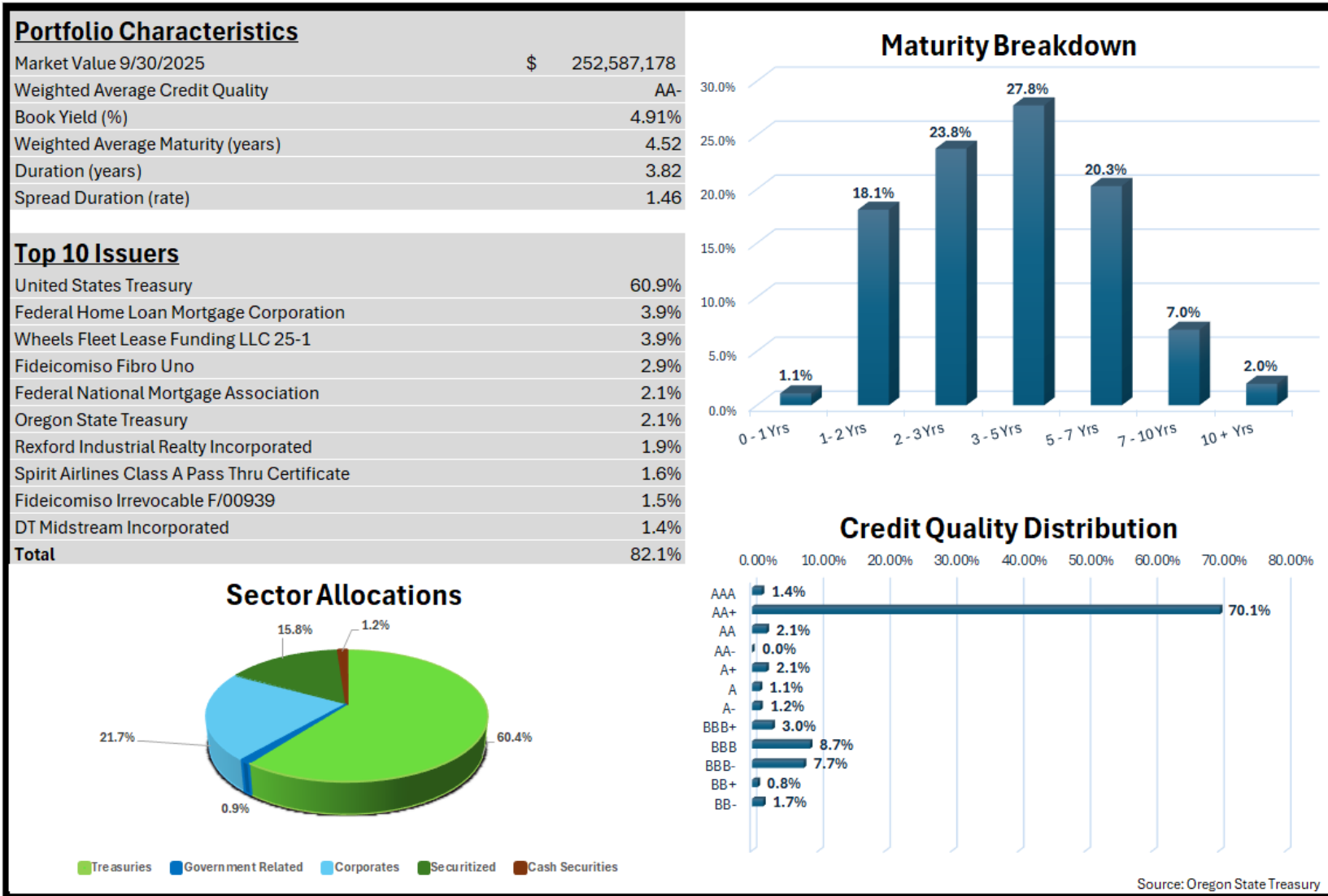
- According to the International Monetary Fund's October's World Economic Outlook, the global economy will decelerate from 3.2% in 2025 to 3.1% in 2026. The U.S. is expected to modestly accelerate economic growth in 2026 to 2.1% from 2.0% in 2025. The euro area will slow slightly from 1.2% in 2025 to 1.1% in 2026. China's economy is expected to slow from 4.8% in 2025 to just 4.2% in 2026.
- Despite the recent pause in negotiations related to tariffs, many questions remain including how they will ultimately impact inflation. Overall, higher tariff levels and continued uncertainty could weigh on growth while increasing prices. Inflation levels and potential developments with tariffs combined with a weakening labor market will complicate the Fed's rate cutting path. Another lengthy government shutdown and a lack of official economic reports could create further complications for the Fed and others to assess the health of the economy.
- Some signs of stress have started to emerge on the U.S. consumer, with growing weakness in the jobs market and waning consumer sentiment since the start of the year. Consumers are particularly concerned about losing their jobs and the potential for higher prices. Overall, risk to economic growth and to inflation from tariffs, as well as elevated borrowing costs, could put further pressure on consumers and lead to an even weaker job market. The recent resumption of collecting and reporting delinquent student loans could be a further headwind to consumption.

- U.S. equities have fully recovered from substantial losses experienced during the first week of April and have reached new highs. A relatively strong second calendar quarter earnings season, renewed AI optimism, and prospects of future rate cuts from the Fed all helped drive stocks higher. How earnings track from here, particularly for the large AI related companies that make up a significant portion of indexes, will be key going forward.
- Trade tensions between the U.S. and China will remain an important focus as well as the overall health of China's economy. With the recent flare up in rhetoric, China has deepened its restrictions on exporting rare earth and critical minerals required in the manufacturing of many high-tech items. In response, the U.S. threatened across the board tariffs up to 100% on Chinese goods. Upcoming negotiations between the two sides will be important to watch. How China manages its slowing economy, and deflationary pressures will also be important.

Oregon Short-Term Fund – September 30, 2025



Core Bond Fund - September 30, 2025



Attachment 3

INVESTMENT REPORT BACKGROUND

The quarterly investment report is provided to ensure that the university's investment strategies align with the Board-approved investment policies risk/return profile. A summary of investment returns of OSU Operating Assets, OSU Board Designated Assets, and OSU Endowment Assets reflects the impacts of the university's asset allocation approach.

The Board of Trustees has responsibilities related to monitoring, distribution, administration and investment of OSU property such as operating and endowment assets. Additionally, trustees have fiduciary responsibilities for investments in the Public University Fund (PUF), due to OSU's role as Designated University for this commingled investment vehicle. The following details provide background information about the various reports included in this docket.

- **Oregon State University Investment Report**

This report reflects the performance of the university's operating assets and general revenue bond proceeds invested with multiple managers, board-designated assets, the university's endowment, and quasi-endowment investments managed by the Oregon State University Foundation, the land held as separately invested endowments, and the land grant endowment that is invested in fixed income investments.

- **Oregon State University Report on Investments of General Revenue Bond Proceeds**

This section provides a summary of unspent revenue bond proceeds as of the report date.

- **Public University Fund Investment Report**

The PUF is an investment pool that is administered by the university on behalf of all Oregon public university participants, pursuant to legislation adopted by the 2014 Legislature. The PUF invests in intermediate-term fixed income securities. The following universities participate in the PUF: Eastern Oregon University, Oregon Institute of Technology, Oregon State University, Portland State University and Western Oregon University. This report reflects the performance of all participants' assets held in the PUF.

- **Market Background**

This section provides a general discussion of the investment markets and related performance information for the reporting period available in Attachment 1.

- **Portfolio Characteristics**

Portfolio characteristics for university assets invested in the Oregon Short-Term Fund and the PUF Core Bond Fund are included in Attachment 2.