

Fiscal Year 2026 Q2 Investment Report and Investment Management Review

PERFORMANCE SUMMARY

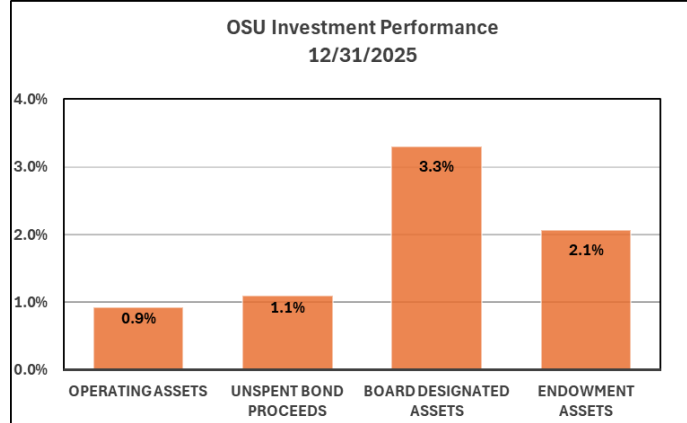
OSU's investments appreciated in value during the second quarter of fiscal year (FY) 2026, as global equities and fixed income markets recorded positive performance returns. Investment performance details are available in **Attachment 1**, reflecting the university's operating assets and general revenue 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 December 31, 2025, a report on the Public University Fund, and general market commentary. Attachment 2 also provides an analysis of the Neuberger Berman Genesis fund, which staff recommend holding and continued monitoring. **Attachment 3** provides additional background information about the quarterly investment report.

Market Highlights

U.S. equities rallied as the S&P 500 increased 2.7% for the quarter. Non-U.S. equities gained 4.9% during the period 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 1.1% 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 1.1% and 1.4% respectively, for the quarter. As of December 31, 2025, OSU had \$56.3M of operating assets on deposit in the OSTF and \$81.4M invested in the PUF. Additionally, OSU had \$91.2M on deposit in multiple bank accounts for short-term operations. Total operating assets were \$223.0M, increasing 0.9% for the quarter.

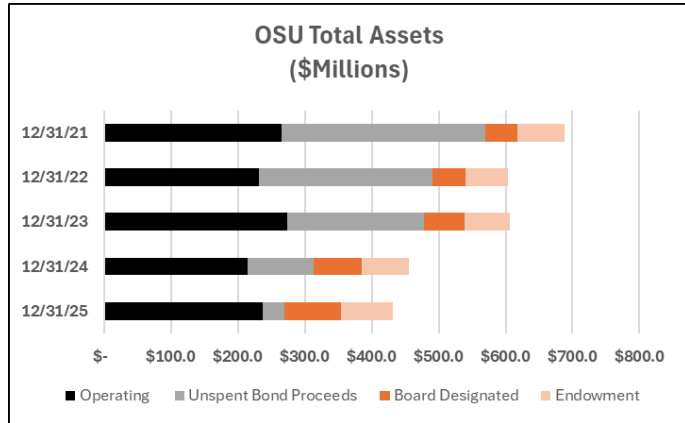


OSU Bond Proceeds

The unspent bond proceeds invested in the OSTF gained 1.1% for the period. The total market value of the unspent bond proceeds, as of December 31, 2025, was \$43.7M, including \$11.6M on deposit in university operating bank accounts.

OSU Board Designated Assets

The Bond Repayment Investment and Long-Term Equity portfolios increased 3.3% and 3.4%, respectively, for the period. Global equities rose for the quarter, led by Non-US. equities. The rally in low quality small cap stocks continued in Q2, resulting in underperformance for the Neuberger Berman Genesis Small Cap Fund compared to its benchmark. Additional details about the Neuberger Berman Genesis Fund performance are available beginning on page seven of the docket. As of December 31, 2025, the total market value of the Bond Repayment Investment and Long-Term Equity portfolios were \$63.1M and \$21.3M, respectively.



OSU Endowment Assets

OSU's endowment assets, including those managed by the OSU Foundation, increased 2.1% for the quarter. The total market value of the OSU endowment assets as of December 31, 2025, was \$78.4M.

The OSU Foundation (OSUF) manages the majority of the university's endowment assets. OSUF's endowment pool increased 2.3% for the period, underperforming its benchmark by 30 basis points for the quarter as the global equity portfolio underperformed its benchmark by 50 basis points.

RECOMMENDATION

Staff recommend that the Finance & Administration Committee accept the FY26 Q2 Investment Report.

Attachment 1
OREGON STATE UNIVERSITY INVESTMENT REPORT

**Oregon State University
Investment Summary
as of December 31, 2025
(Net of Fees)**

	<u>Quarter Ended 12/31/2025</u>	<u>Current Fiscal YTD</u>	<u>Prior Fiscal YTD</u>	<u>3 Yr Avg</u>	<u>5 Yr Avg</u>	<u>10 Yr Avg</u>	<u>Market Value</u>	<u>Actual Asset Allocation¹</u>	<u>Policy Allocation Range</u>
OSU Operating Assets¹									
OSU Cash (<i>Liquidity</i>) ²							\$ 91,177,863	39.8%	
Oregon Short - Term Fund (<i>Liquidity</i>)	1.1%	2.3%	2.6%	4.6%	3.2%	2.4%	56,316,217	24.6%	
Benchmark - 91 day T-Bill	1.0%	2.1%	2.6%	4.8%	3.2%	2.2%			
PUF Core Bond Fund (<i>Intermediate-Term Fixed Income</i>)	1.4%	3.3%	2.5%	5.7%	1.7%	N/A	81,431,448	35.6%	
Benchmark - Bloomberg Barclays Intermediate U.S. Gov't./Credit Index ³	1.2%	2.7%	2.5%	5.1%	1.0%	2.2%			
Investment Yield ⁴	1.1%	2.2%	2.2%	4.4%	3.8%	N/A			
Total Operating Cash and Investments							228,925,528	100.0%	
OSU Unspent Bond Proceeds									
Oregon Short - Term Fund (<i>Liquidity</i>)	1.1%	2.3%	2.6%	4.6%	3.2%	2.4%	32,080,207	100.0%	
Benchmark - 91 day T-Bill	1.0%	2.1%	2.6%	4.8%	3.2%	2.2%			
Total Unspent Bond Proceeds							32,080,207	100.0%	
OSU PERS SLGRP⁵	5.1%	5.1%	5.3%	2.8%	N/A	N/A	8,351,250		
Total OSU Operating Assets							\$ 269,356,985		

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**Oregon State University
Investment Summary
as of December 31, 2025
(Net of Fees)**

	Quarter Ended 12/31/2025	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 (US Equity) Benchmark - Russell 1000 Index ⁶	3.2% 2.4%	10.6% 10.6%	8.7% 9.0%	22.3% 22.7%	N/A 13.6%	N/A 14.6%	\$ 37,337,715	59.2%	0% - 100%
Calvert International Responsible Index Fund (Non-US Equity) Benchmark - MSCI World ex USA Index ⁶	5.7% 5.2%	11.3% 10.8%	-0.9% -0.2%	18.9% 17.6%	N/A 9.5%	9.1% 8.6%	16,273,910	25.8%	0% - 35%
Neuberger Berman Genesis (US Small Cap Equity) Benchmark - Russell 2000 Index ⁶	-2.0% 2.2%	-0.3% 14.9%	5.6% 9.6%	6.0% 13.7%	N/A 6.1%	N/A 9.6%	6,249,701	9.9%	0% - 20%
Putnam International Small Capital Fund (Non-US Small Cap Equity) Benchmark - MSCI AC World ex USA Smid Cap Index (Net) ⁶	3.7% 3.1%	3.1% 9.5%	1.5% 1.1%	N/A 16.1%	N/A 6.8%	N/A 7.9%	3,223,067	5.1%	0% - 35%
Total Bond Repayment Investment	3.3%	9.2%	5.6%	19.1%	N/A	N/A	63,084,393	100.0%	
Long-Term Equity									
Calvert US Large Cap Core Responsible Index Fund (US Equity) Benchmark - Russell 1000 Index ⁶	3.2% 2.4%	10.6% 10.6%	8.7% 9.0%	22.3% 22.7%	N/A 13.6%	N/A 14.6%	12,469,258	58.6%	0% - 100%
Calvert International Responsible Index Fund (Non-US Equity) Benchmark - MSCI World ex USA Index ⁶	5.7% 5.2%	11.3% 10.8%	-0.9% -0.2%	18.9% 17.6%	N/A 9.5%	9.1% 8.6%	5,713,887	26.8%	0% - 35%
Neuberger Berman Genesis (US Small Cap Equity) Benchmark - Russell 2000 Index ⁶	-2.0% 2.2%	-0.3% 14.9%	5.6% 9.6%	6.0% 13.7%	N/A 6.1%	N/A 9.6%	1,947,264	9.1%	0% - 20%
Putnam International Small Capital Fund (Non-US Small Cap Equity) Benchmark - MSCI AC World ex USA Smid Cap Index (Net) ⁶	3.7% 3.1%	3.1% 9.5%	1.5% 1.1%	N/A 16.1%	N/A 6.8%	N/A 7.9%	1,160,966	5.5%	0% - 35%
Total Long-Term Equity	3.4%	9.3%	5.5%	19.3%	N/A	N/A	21,291,375	100.0%	
Total OSU Board Designated Assets	3.3%	9.2%	5.6%	19.2%	N/A	N/A	\$ 84,375,768		

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**Oregon State University
Investment Summary
as of December 31, 2025
(Net of Fees)**

	Quarter Ended 12/31/2025	Current Fiscal YTD	Prior Fiscal YTD	3 Yr Avg	5 Yr Avg	10 Yr Avg⁷	Market Value	Actual Asset Allocation	Policy Allocation Target
OSU Endowment Assets									
OSU Foundation Endowment Pool									
Total Global Equity	2.8%	9.3%	5.6%	19.2%	9.6%	N/A	\$ 34,154,146	48.9%	45.0%
Benchmark - MSCI All Country World Index	3.3%	11.2%	5.6%	20.7%	11.2%	N/A			
Total Global Fixed Income	0.2%	1.1%	0.0%	4.6%	-0.8%	N/A	5,660,947	8.1%	7.5%
Benchmark - Bloomberg Barclays Global Agg. Bond Index	0.2%	0.8%	1.5%	4.0%	-2.1%	N/A			
Total Absolute Return	4.2%	9.5%	6.1%	12.6%	8.2%	N/A	6,666,096	9.6%	10.0%
Benchmark - HFRI Fund of Funds Index	3.3%	7.6%	4.3%	8.6%	5.2%	N/A			
Total Real Assets	2.2%	5.8%	1.7%	5.5%	8.6%	N/A	6,435,750	9.2%	12.5%
Benchmark - Real Assets Custom ⁸	1.8%	5.2%	2.5%	5.6%	5.6%	N/A			
Total Private Capital ⁹	1.6%	3.7%	4.5%	7.0%	13.5%	N/A	15,147,046	21.7%	25.0%
Benchmark - No benchmark provided									
Total Cash	0.0%	0.0%	0.0%	0.0%	0.0%	N/A	1,738,070	2.5%	0.0%
Total OSU Endowment Assets Invested in OSUF Endow. Pool ¹⁰	2.3%	6.9%	4.4%	12.5%	8.6%	9.7%	69,802,055	100.0%	100.0%
Benchmark - 77.5% MSCI ACWI/22.5% Bloomberg Global Agg. ¹¹	2.6%	8.8%	4.7%	16.8%	8.3%	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							327,168	3.8%	
Total Other OSU Endowment Assets							8,567,188	100.0%	
Total OSU Endowment Assets	2.1%	6.0%	3.4%	9.8%	8.0%	9.1%	\$ 78,369,243		

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**Oregon State University
Investment Summary
as of December 31, 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

NEUBERGER BERMAN GENESIS FUND ANALYSIS

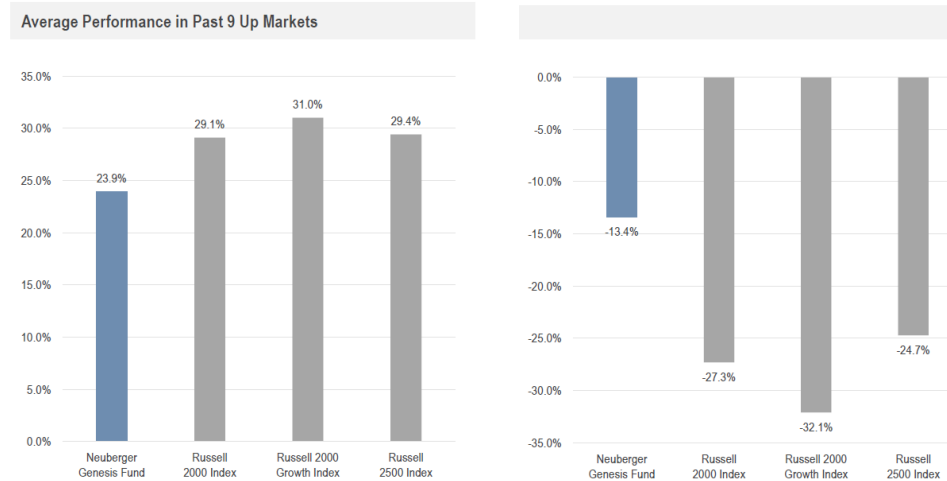
OSU treasury staff, in partnership with the university’s investment advisor PFM, reviewed the performance and outlook of the Neuberger Berman Genesis Fund (NBG). This fund seeks to invest in smaller U.S. companies that demonstrate strong financial health, such as consistent profits, solid balance sheets, and sustainable long term growth. When staff selected this fund in 2022, it was chosen for its quality-oriented strategy to help manage inherent risk in the small cap equity allocation within the board designated investment portfolios.

2025 Market Environment and Performance

In 2025, the small company segment of the stock market behaved in a speculative way. Investors showed a strong preference for high-risk companies, especially those tied to popular themes like biotech, robotics, nuclear technology, quantum computing, and cryptocurrency. Many of these companies are not yet profitable. As a result, the Russell 2000 Index, a common benchmark for small -risk factors drove returns to levels last seen during the dotcom bubble of the early 2000s. Currently, nearly 43% of Russell 2000 companies are unprofitable, and these companies significantly outperformed in 2025. A surge of 27% in biotech and pharmaceutical stocks during the fourth quarter accounted for much of the benchmark’s gains. Without those sectors, the index would have slightly declined. In contrast, companies with higher-quality fundamentals, like those held by NBG, generally fell in value during the year. This helps explain the fund’s underperformance relative to the broader market.

Neuberger Genesis Fund: Performance in Up and Down Markets

Historic downside mitigation in negative market environments



Past performance is no guarantee of future results.
Source: Morningstar and Neuberger Berman as of December 31, 2025.

Portfolio Positioning and Strengths

Despite short term challenges, the NBG portfolio remains fundamentally strong. It is almost entirely invested in profitable companies, unlike much of the small cap market. Its holdings demonstrate higher returns on equity and stronger balance sheets than the Russell 2000

overall. Periods of speculative market behavior, like the one in 2025, have historically been followed by strong performance for high quality companies. This pattern occurred in 1999, 2003, and 2006.

Outlook for 2026

Several trends support a more favorable environment for high quality, small company stocks moving into 2026. Inflation is easing, as supply chains and labor markets stabilize. Interest rates are expected to decline, which is helpful for smaller firms that rely more on variable rate borrowing. Tariff impacts are stabilizing, and companies are offsetting some cost pressures through automation and artificial intelligence. Earnings expectations for small companies are improving, and high quality small cap stocks remain attractively priced compared to large cap companies. In addition, the current speculative market run is approximately 14 months old, and such periods typically last 12–18 months, suggesting the environment may soon shift back toward rewarding higher quality companies.

Next Steps

OSU staff recommend continuing to hold the NBG investment. The fund’s underlying companies are financially sound and well positioned for a market environment that is anticipated to become more favorable to quality-focused strategies. Staff will continue to monitor the fund’s performance on a quarterly basis, with attention to risk adjusted results.

OREGON STATE UNIVERSITY REPORT ON UNSPENT GENERAL REVENUE BOND PROCEEDS

The schedule of Oregon State University’s unspent revenue bond proceeds as of December, 31, 2025, is shown in the summary below.

Unspent Revenue Bond Proceeds¹

Issuance Year	2017	2019	2020	2024	Total ¹
Unspent Revenue Bond Proceeds	\$ 226,291	\$ 6,717,734	\$ 6,018,660	\$ 19,841,684	\$ 32,804,369
<i>Allocated</i> ²	\$ 226,291	\$ 3,463,998	\$ 6,018,660	\$ 19,841,684	\$ 29,550,633
Unallocated	\$ -	\$ 3,253,736	\$ -	\$ -	\$ 3,253,736

¹ Reported value is based on book value and includes \$11,584,831 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 (\$32,804,369) – *Cash in bank* (\$11,584,830) + *Accumulated Earnings* (\$10,860,668) = \$32,080,207.

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 1.4% for the quarter, exceeding its benchmark by 20 basis points for the quarter. The PUF’s investment yield was 1.1% for the quarter. Relative performance in the PUF was driven by an overweight in structured credit and a corresponding underweight in corporate bonds as high quality structured credit securities offer higher yielding coupons than quality corporate bonds. The Oregon State Treasury investment officers are maintaining sufficient liquidity through high quality Treasuries and limiting portfolio risk with a duration similar to the benchmark at 3.7 years.

As of December 31, 2025, the PUF’s market value was \$253.4M, including all participant assets.

	Quarter Ended 12/31/2025	Current Fiscal Year	Prior Fiscal Year	3-Year Avg.	5-Year Avg.	Market Value
PUF Core Bond Fund	1.4%	3.3%	2.5%	5.7%	1.7%	\$ 253,384,736
<i>Benchmark</i> ¹	1.2%	2.7%	2.5%	5.1%	1.0%	
<i>PUF Investment Yield</i>	1.1%	2.2%	2.2%	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 the charts on pages 18 and 19.

Participant Ownership

	Market Value as of 12/31/2025	% Ownership
Portland State University	\$133,327,367	52.6%
Oregon State University ¹	81,597,078	32.2%
Oregon Institute of Technology	20,819,082	8.2%
Eastern Oregon University	13,036,542	5.1%
Western Oregon University	4,604,667	1.8%
Grand Total	\$253,384,736	100%

¹ As of December 31, 2025, Oregon State University’s total PUF market value consisted of operating assets, valued at \$81,431,448 and land grant endowment assets, valued at \$165,630.

FY2026 Q2 MARKET COMMENTARY*(Prepared by Meketa Investment Group, consultants to the Oregon Investment Council)***Report on Investments – as of December 31, 2025****Economic and Market Update**

Despite considerable policy and trade uncertainty, most major stock markets posted positive returns in the fourth calendar quarter of 2025, with non-U.S. equities leading the way.

- U.S. stocks rose in the fourth calendar quarter with the S&P 500 gaining 2.7%. Value stocks outperformed growth stocks for the quarter as market sentiment turned cautious, given valuations in the artificial intelligence (AI) related technology sector.
- Non-U.S. equities outperformed U.S. stocks in the fourth calendar quarter and for the year, supported by attractive valuations, a rotation out of U.S. technology stocks, a weaker U.S. dollar, and defense and infrastructure spending. Non-U.S. developed stocks (MSCI EAFE) rose 4.9% in the fourth calendar quarter and 31.2% in 2025.
- Emerging markets gained 4.7% for the quarter and led the way in 2025 returning 33.6%. Although Chinese stocks declined in the fourth calendar quarter (MSCI China: -7.8%), the broad emerging market group rallied, supported by strong returns in South Korea and Taiwan.
- Most major bond markets finished the fourth calendar quarter in positive territory with strong overall results for the year, particularly for riskier bonds. In the fourth calendar quarter the broad U.S. bond market (Bloomberg Aggregate) returned 1.1%, while cooling inflation led to lower returns for TIPS (Treasury Inflation Protected Securities) (+0.1%) and short-term TIPS (+0.4%). High yield and emerging market debt led the way, returning 1.3% and 1.6%, respectively.
- The government reopened in mid-November but the longest shutdown on record likely had a meaningful short-term impact on the economy, while delayed and, in some cases, skipped economic data releases increased uncertainty for policymakers and financial markets.
- Key questions going forward include how the Fed will manage interest rates given competing pressures on its dual mandate of inflation and employment, will the impact of tariffs on inflation grow, can earnings growth remain resilient in the U.S., will the significant investment in the AI infrastructure buildout pay off, and how will China's economy and relations with the U.S. track.

Market Returns¹ December 31, 2025

	Month	Quarter	YTD	1-Year	3-Year	5-Year	7-Year	10-Year
S&P 500	0.1%	2.7%	17.9%	17.9%	23.0%	14.4%	17.3%	14.8%
MSCI EAFE-ND	3.0%	4.9%	31.2%	31.2%	17.2%	8.9%	10.5%	8.2%
MSCI EM-ND	3.0%	4.7%	33.6%	33.6%	16.4%	4.2%	8.1%	8.4%
MSCI China-ND	-1.2%	-7.4%	31.2%	31.2%	11.6%	-3.2%	4.5%	5.5%
Bloomberg US Aggregate	-0.1%	1.1%	7.3%	7.3%	4.7%	-0.4%	2.0%	2.0%
Bloomberg US TIPS	-0.4%	0.1%	7.0%	7.0%	4.2%	1.1%	3.5%	3.1%
Bloomberg US Corporate High Yield	0.6%	1.3%	8.6%	8.6%	10.1%	4.5%	6.2%	6.5%
ICE BofAML US 3-Month Treasury Bill	0.3%	1.0%	4.2%	4.2%	4.8%	3.2%	2.7%	2.2%
ICE BofAML 1-3 Year US Treasury	0.3%	1.1%	5.1%	5.1%	4.5%	1.8%	2.2%	1.8%
ICE BofAML 10+ Year US Treasury	-2.0%	-0.4%	5.6%	5.6%	0.7%	-6.9%	-0.9%	0.1%

¹Source: Oregon State Treasury

U.S. Equities: The gains in the fourth calendar quarter were driven mainly by a double-digit rebound in health care stocks. For the full calendar year, roughly half the 17.9% return came from the “Magnificent 7” stocks. Besides enthusiasm for the AI trade, the Federal Reserve starting to cut interest rates, an overall resilient economy, and strong earnings all helped U.S. equity markets have another double-digit return year.

Growth stocks trailed value for the quarter given concerns over valuations for AI-related companies and a shift in sentiment toward more “reasonably” priced economically sensitive areas.

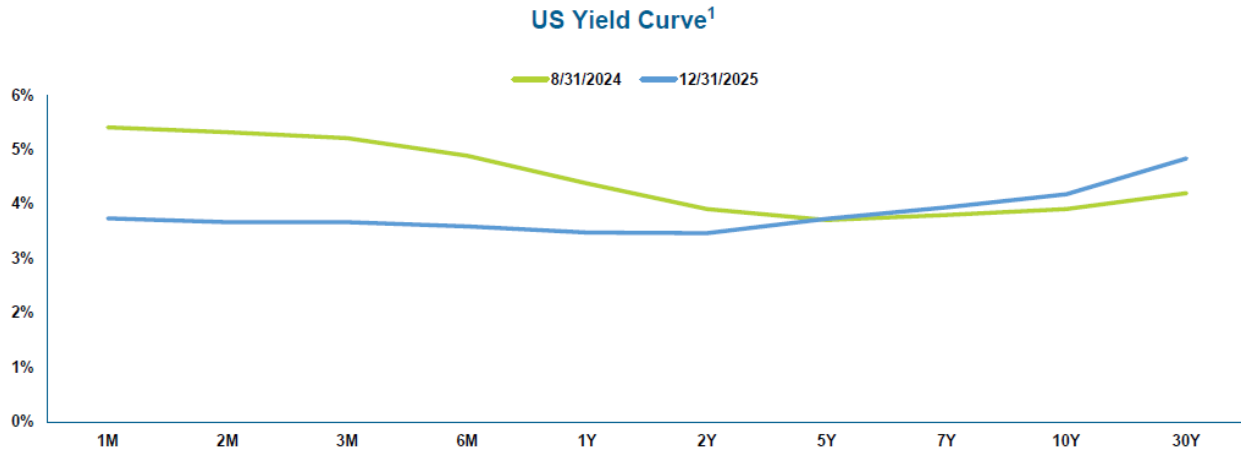
Large (Russell 1000) and small (Russell 2000) cap stocks had similar returns for the quarter, but large cap outperformed by close to 5.0% for the full year. The 2025 outperformance was mostly driven by the “Magnificent 7” stocks. Large cap banks also contributed to this divergence in performance. While small cap stocks rose nearly 13% for the full year, unprofitable stocks rose nearly twice as much as profitable stocks.

Non-U.S. Equity: Developed markets posted solid gains in the fourth calendar quarter, outperforming U.S. equities. Eurozone performance was broad-based with financials, health care, and utilities leading. The UK saw similarly strong performance led by financials. Japanese equities rose significantly, with AI investment generating enthusiasm, yen weakness boosting exporters, and the newly elected government announcing stimulus measures.

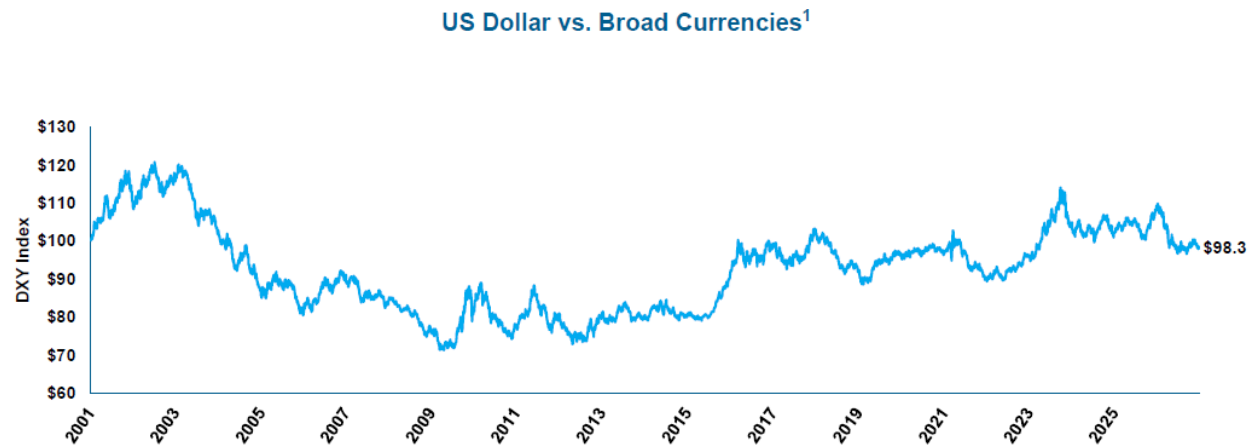
Emerging market stocks had strong fourth calendar quarter performance, also benefiting from AI themes and central bank easing. Korea and Taiwan saw solid gains, driven by record-high profits in the tech sector, particularly among semiconductor companies. India rose modestly, benefitting from easing inflation and strong exports, despite steep U.S. tariffs. China fell over the quarter amid lackluster economic data, weak domestic consumption, and slowing U.S. exports.

Cyclically adjusted U.S. stock valuations finished the year just shy of 40, a level slightly above the post-pandemic peak. AI-related optimism has been a key driver pushing valuations higher since the April lows. Given strong results this year in non-U.S. developed stocks, valuations moved further above their long-run P/E ratio (23.5 versus 18.6). As emerging market stocks led the way in 2025, their valuations are now also trading at levels above their long-run average (19.2 versus 16.9).

Fixed Income: In the fourth calendar quarter falling short-term interest rates and relatively stable credit spreads led to overall gains in the bond market. The broad U.S. bond market (Bloomberg Aggregate) rose 1.1% with longer-dated U.S. Treasuries essentially flat. Shorter and longer-dated TIPS gained 0.4% and 0.1%, respectively, as inflation concerns eased modestly. As overall risk appetite remained strong, riskier bonds led the way with emerging market debt and U.S. high yield returning 1.6% and 1.3%, respectively. In 2025 emerging market bonds returned an impressive 19.3% given relatively high yields, an earlier start to central bank easing, and generally contained inflation.



In the fourth calendar quarter interest rates for shorter maturities fell, while rates for longer-dated maturities stayed stable or rose. These dynamics were driven by expectations for additional interest rate cuts by the Fed and rising term premium, lingering inflation, and fiscal uncertainty. The policy-sensitive 2-year nominal Treasury yield fell from 3.61% to 3.48%. The 10-year nominal Treasury yield rose from 4.15% to 4.17%, while the 30-year nominal Treasury yield moved from 4.73% to 4.84%. Given these dynamics the yield curve steepened further in the fourth calendar quarter. The spread between a two-year and ten-year Treasury increased from 54 basis points to 70 basis points.



The U.S. dollar weakened by over 9% in 2025 on lower rate expectations, slowing growth, and fiscal deficit concerns. After a decline in the first half of the year, the dollar largely stayed range

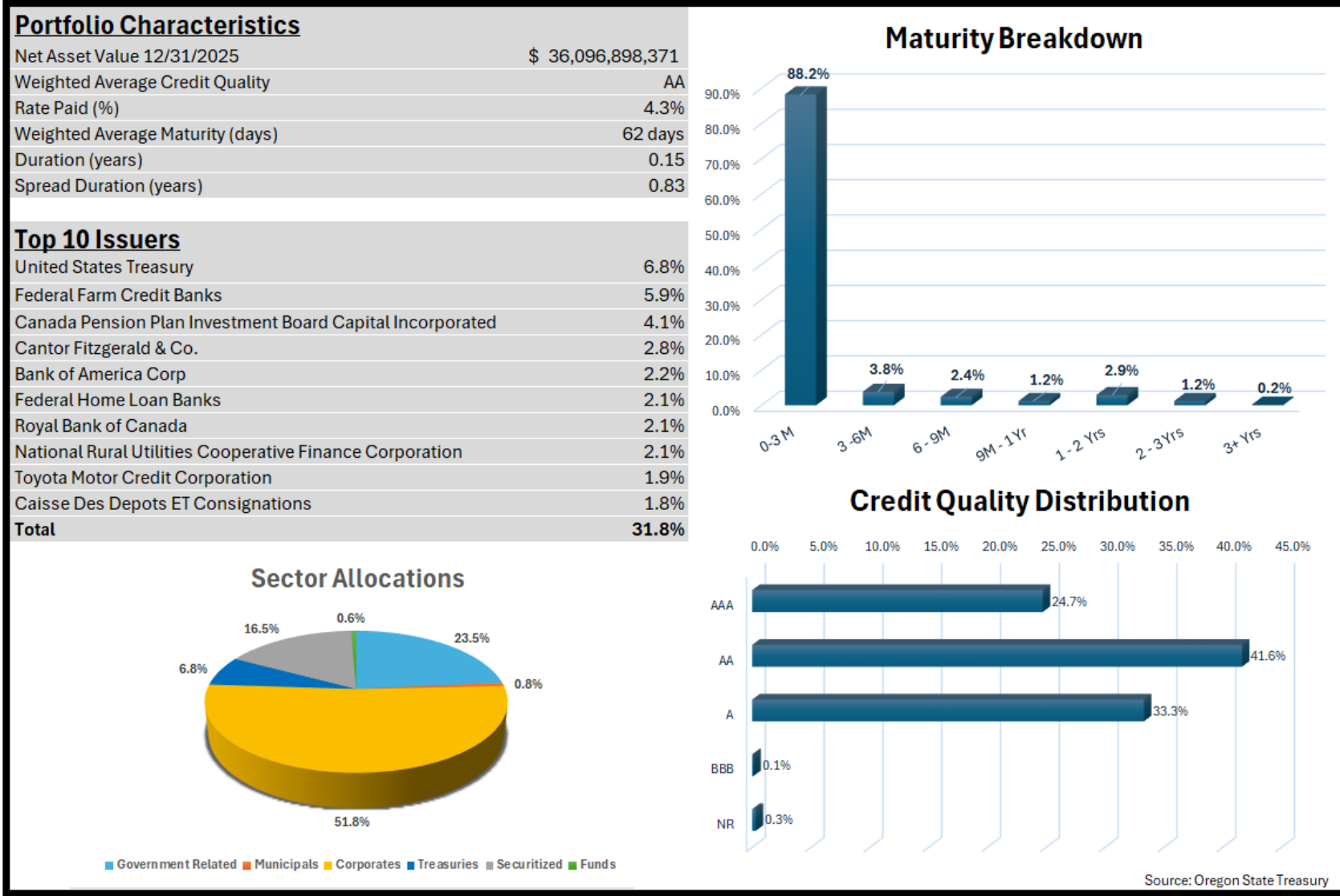
bound for the second half of 2025 as expectations for aggressive Fed rate cuts eased, yields in the U.S. remained relatively high, and demand for safe-haven assets rose.

Summary-Key Trends:

- According to the International Monetary Fund's (IMF) 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 4.2% in 2026.
- Despite the decline in tariff rhetoric since earlier in 2025, questions remain about how tariffs 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.
- Some signs of U.S. consumer stress have started to emerge, with weakness in the jobs market and sentiment deteriorating. 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 resumption of collecting and reporting delinquent student loans could be a further headwind to consumption.
- U.S. equities continue to reach new highs. Relatively strong earnings, AI optimism, and rate cuts from the Fed all helped drive stocks higher last year. How earnings track from here, particularly for the large AI-related companies that make up a significant portion of the market, will be key going forward. Many questions remain about the return on investment for companies making significant investments in building AI infrastructure. We could see this year a divergence in results within the "Magnificent 7" as well as a rotation into other more economically sensitive sectors.
- Trade tensions between the U.S. and China will remain an important focus as well as overall health of China's economy. President Trump and President Xi met in late October last year and agreed to suspend trade sanctions for a year. However, it is not clear if China and the U.S. will indeed de-escalate strategic high tech and rare earth tensions despite the official truce. How China manages its slowing economy, and deflationary pressures will also be important. Rising geopolitical tensions related to other countries like Venezuela, Denmark/Greenland, and Iran could also add to volatility this year.

Oregon Short-Term Fund

December 31, 2025



March 12-13, 2026, Board of Trustees Meetings

Core Bond Fund

December 31, 2025

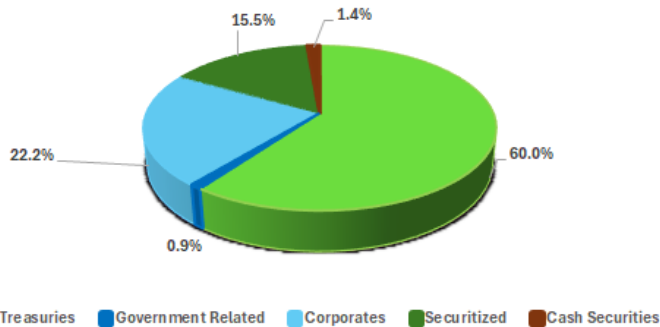
Portfolio Characteristics

Market Value 12/31/2025	\$ 253,384,736
Weighted Average Credit Quality	AA-
Book Yield (%)	4.31%
Weighted Average Maturity (years)	4.38
Duration (years)	3.74
Spread Duration (rate)	1.37

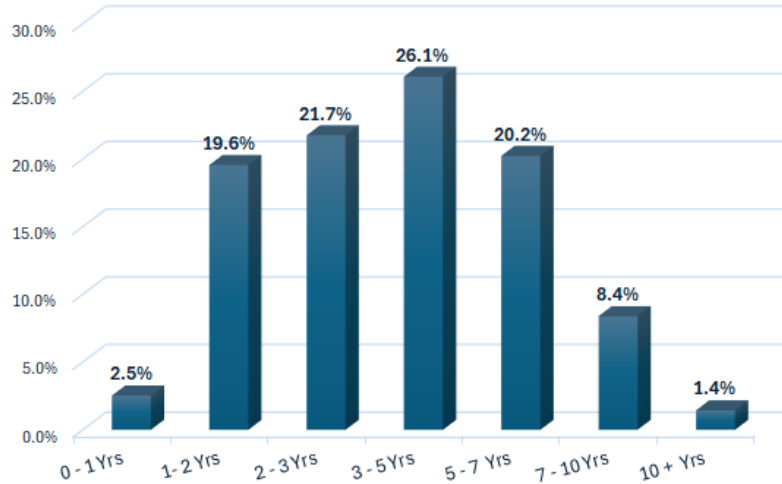
Top 10 Issuers

United States Treasury	60.5%
Wheels Fleet Lease Funding LLC 25-1	3.8%
Federal Home Loan Mortgage Corporation	3.8%
Federal National Mortgage Association	2.0%
Rexford Industrial Realty Incorporated	1.9%
Fideicomiso Irrevocable F/1721	1.5%
Spirit Airlines Class A Pass Thru Certificate	1.5%
DT Midstream Incorporated	1.4%
NEXT Properties Trust 2401	1.3%
Targa Resources Corp	1.3%
Total	79.1%

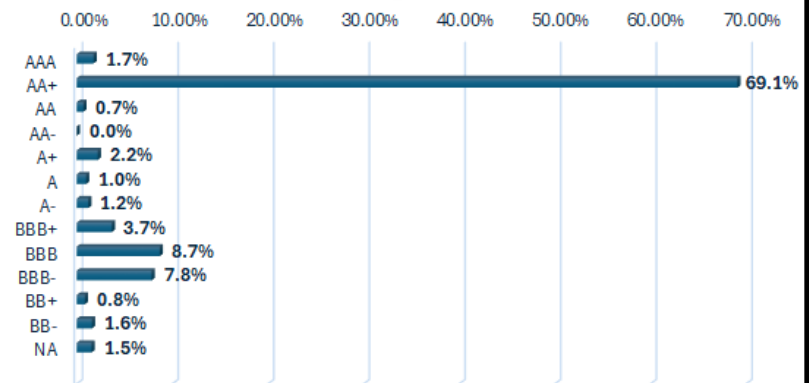
Sector Allocations



Maturity Breakdown



Credit Quality Distribution



Source: Oregon State Treasury

March 12-13, 2026, Board of Trustees Meetings

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.