



State of Oregon
OREGON INTERMEDIATE TERM POOL

An Investment Pool of the State of Oregon

Financial Statements
For the Year Ended June 30, 2026

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State of Oregon
OREGON INTERMEDIATE TERM POOL
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FINANCIAL SECTION

Independent Auditor's Report

To the Honorable Tina Kotek
Governor of Oregon

To the Honorable Elizabeth Steiner, State Treasurer
Oregon Investment Council

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Oregon Intermediate Term Pool, an internal investment pool managed by the Oregon State Treasury on behalf of the State of Oregon, as of and for the year ended June 30, 2026, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Oregon Intermediate Term Pool, as of June 30, 2026, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Oregon State Treasury and the Oregon Intermediate Term Pool, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Oregon Intermediate Term Pool and do not purport to, and do not, present fairly the financial position of the State of Oregon or the Oregon State Treasury, as of June 30, 2026, or the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Oregon's State Treasury's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2026, on our consideration of the Oregon State Treasury's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Oregon State Treasury's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Oregon State Treasury's internal control over financial reporting and compliance.

Macias Gini É O'Connell LEP

Sacramento, California
September 8, 2026

State of Oregon
OREGON INTERMEDIATE TERM FUND

Statement of Net Position
June 30, 2026
(Dollars in Thousands)

Assets:

Cash and Cash Equivalents (Note 2)	\$ 6,941
Investments (Note 2)	372,386
Receivable for Investments Sold	233,072
Securities Lending Collateral (Note 3)	5,100
Accrued Interest Receivable	1,447
Total Assets	618,946

Liabilities:

Payable for Investments Purchased	226,490
Obligations Under Securities Lending (Note 3)	5,100
Total Liabilities	231,590

Net Position:

Held for Pool Participants	387,356
Total Net Position	\$ 387,356

The accompanying notes are an integral part of the financial statements.

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Statement of Changes in Net Position
For the Year Ended June 30, 2026
(Dollars in Thousands)

Additions

Investment Earnings:

Interest, Dividends and Other	\$ 16,706
Net Decrease in Fair Value of Investments	(2,338)
Securities Lending Income	<u>367</u>
Total Investment Earnings	14,735

Less Investment Costs:

Investment Activity Costs (Note 4)	255
Securities Lending Costs	<u>305</u>
Net Investment Earnings	<u>14,175</u>

Change in Net Position Held for Pool Participants	14,175
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Net Position - Beginning	<u>373,181</u>
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Net Position - Ending	<u><u>\$ 387,356</u></u>
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The accompanying notes are an integral part of the financial statements.

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OREGON INTERMEDIATE TERM FUND

Notes to Financial Statements
June 30, 2026

(1) Summary of Significant Accounting Policies

Reporting Entity – The Oregon Intermediate Term Pool (“Pool”) is an intermediate term fixed income investment vehicle of the State of Oregon (State). Several state agencies participate in the Pool. During the year ended June 30, 2026, the Pool did not have any non-agency entity participants, thus it is an internal investment pool.

The Pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The State’s investment policies are governed by Oregon Revised Statutes (ORS) and the Oregon Investment Council (Council). The State Treasurer is the investment officer for the Council and is responsible for all funds entrusted to the Oregon State Treasury (OST). These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the Pool are further governed by guidelines approved by the Council, establishing diversification percentages and specifying the types and maturities of investments. The Pool guidelines permit securities lending transactions as well as investments in repurchase and reverse repurchase agreements. Pool guidelines are discussed in greater detail in the Investments section of Note 2.

The Pool is authorized under ORS 293.861 and ORS 293.863. Standards for investment of the Pool may be found in ORS 293.701 to 293.857. Pursuant to ORS 293.863(5), State agencies have the opportunity to participate in this investment pool subject to application requiring evidence of statutory authority to invest in the Pool and subsequent approval by the OST.

Basis of Accounting – These statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Trade date accounting is observed, which means that purchases and sales of securities are recorded on the day the trade takes place with a corresponding payable to or receivable from the broker. Changes in the fair value of investments are recognized daily. The fair value of investments is determined daily and is equal to market price.

Cash and Cash Equivalents – Investments with original maturities of three months or less are considered cash equivalents and are reported at amortized cost, which approximates fair value. Cash Equivalents also include any cash held with the custodian, and amounts invested in the Oregon Short Term Fund (OSTF), which is an external investment pool open to State agencies and local governments that acts as a demand deposit account.

Investments – Investments with remaining maturities of less than ninety days are carried at amortized cost, provided that the fair value of these instruments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Amortized cost approximates fair value. Investments with longer maturities are carried at fair value.

Participants’ equity; distributions of interest – The value of each participant’s investment is determined on a proportional basis to the net fair value of the entire portfolio. Shares of the Pool represent a divisible interest in the net value of underlying investments, accrued income and expenses. Interest income and capital gains are not distributed to participants but are reflected in the underlying net position.

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Notes to Financial Statements
June 30, 2026

(2) Investments

Investments – On June 30, 2026, the Pool reported investments of \$379.3 million of which \$6.9 million is classified as Cash and Cash Equivalents on the Statement of Net Position. The Pool’s guidelines establish the Pool’s permitted investments and parameters for managing the various types of risk associated with these investments (see the current portfolio guidelines at (<https://www.oregon.gov/treasury/invested-for-oregon/pages/oregon-intermediate-term-investments.aspx#OITP>.) The different risks are discussed below.

Schedule of Investment Characteristics
(Dollars in Thousands)

Investment Type	Par Value	Reported Amount	Weighted Average Coupon	Weighted Average Modified Duration
Cash and Cash Equivalents (1)	\$ 6,941	\$ 6,941	4.00	0.20
Asset-Backed Securities	31,345	31,410	5.22	2.22
Commercial Mortgage-Backed Securities	425	417	3.62	2.34
Collateralized Mortgage Obligations	898	898	4.99	0.05
Mortgage-Backed Securities	29,406	27,982	5.18	4.45
Municipal Debt	106	106	3.62	0.32
Corporate Debt	70,751	70,273	5.12	3.72
U.S. Treasury Debt	241,872	241,300	4.17	4.01
Total	\$ 381,744	\$ 379,327	4.50	3.76

(1) Cash and Cash Equivalents include \$6,941 invested in the OSTF.

A. Interest rate and Credit risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. OST Investment staff manages this risk by limiting the duration of investments held by the Pool. The portfolio guidelines require that the portfolio maintain a modified duration, a measure of interest rate risk, of +/- 20% (percent) relative to the duration of the Bloomberg Intermediate U.S. Government/Credit Total Return Index (Benchmark). The weighted average duration for the Pool and the Benchmark at June 30, 2026, was 3.76 years and 3.81 years, respectively. The maximum maturity for any single investment should not be greater than 12.25 years from settlement date. Asset-backed securities, mortgage-backed securities, and commercial mortgage-backed securities use weighted average life (WAL) as a proxy for maturity.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The Pool’s guidelines require that all investments meet minimum ratings requirements at the time of purchase. Minimum required ratings are subject to investment type as dictated by the Pool’s guidelines.

Corporate debt, municipal debt, asset-backed and mortgage-backed securities must be rated investment grade or higher at time of purchase. Foreign government securities are required to have a minimum credit rating of AA- or Aa3 by at least two Nationally Recognized Statistical Rating Organizations (NRSROs). Collateralized Loan obligations must be rated AAA at the time of purchase.

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Notes to Financial Statements
June 30, 2026

Securities downgraded below investment grade can be retained at the Senior Investment Officer's discretion. Rating groups are determined using the lowest actual rating from an NRSRO and are shown in the table that follows.

Interest Rate Risk and Credit Risk
(Dollars in Thousands)

Investment Type	Weighted Average Modified Duration	Reported Amount	AAA	AA	A	BBB	Not Rated	Exempt
Asset-Backed Securities	2.22	\$ 31,410	\$ 3,924	\$ 9,601	\$ 14,305	\$ 3,580	\$ -	\$ -
Commercial Mortgage-Backed Securities	2.34	417	417	-	-	-	-	-
Collateralized Mortgage Obligations	0.05	898	898	-	-	-	-	-
U.S. Agency Residential Mortgage-Backed Securities ⁽¹⁾	4.45	27,982	-	-	-	-	26,960	1,022
Municipal Debt	0.32	106	106	-	-	-	-	-
Corporate Debt	3.72	70,273	100	-	5,987	64,186	-	-
U.S. Treasury Debt	4.01	241,300	-	-	-	-	-	241,300
External Investment Pool ⁽²⁾	0.20	6,941	-	-	-	-	6,941	-
Total		\$ 379,327	\$ 5,445	\$ 9,601	\$ 20,292	\$ 67,766	\$ 33,901	\$ 242,322

(1) U.S. federal debt carries an implicit guarantee of the U.S. Government. For credit quality rules, federal debt is considered to be highest quality, except when rated differently.

(2) The Oregon Short Term Fund is not rated by the credit ratings agencies. Its holdings carry a composite credit quality rating of AA at June 30, 2026.

B. Custodial credit risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the pool will not be able to recover the value of an investment or collateral securities in the possession of an outside party. The Pool's guidelines provide that investments are delivered to and held by a third-party custodian, which holds the Pool's securities in the State of Oregon's name. All trades where applicable are executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds.

C. Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a fund's investment in a single issuer. The Pool guidelines provide that the maximum that may be invested in any one issuer, as a percentage of the Pool's total investments, is five percent, excluding the OSTF, U.S. Treasuries or U.S. agency securities or instrumentalities. The Pool may invest up to 100 percent in those securities. On June 30, 2026, the Pool did not hold investments with any one issuer that exceeded these limits. Further, no more than 5 percent of the Pool's investments were with any one issuer apart from U.S. government securities.

D. Foreign currency risk

The Pool guidelines prohibit investments that are not U.S. dollar-denominated; therefore, the Pool is not exposed to this risk.

(3) Securities Lending

The OST has authorized its custodian to act as its agent in the lending of the Pool's securities pursuant to a form of loan agreement, in accordance with Pool investment policies. There have been no

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Notes to Financial Statements
June 30, 2026

significant violations of the provisions of the securities lending agreement. The State's securities lending agent lent short-term and fixed income securities and received as collateral U.S. dollar-denominated cash. Borrowers were required to deliver cash collateral for each loan equal to not less than 102 percent of the market value of the loaned security. The State may pledge or sell the collateral securities received only in the event of a borrower default. The State has the ability to impose restrictions during the year on the amount of the loans that the securities lending agent made on its behalf, but did not impose any such limits during the year ended June 30, 2026. The State is fully indemnified by its securities lending agent against losses due to borrower default. There were no losses during the year from the failure of borrowers to return loaned securities.

The Pool's lending agent uses an investment fund to reinvest cash collateral received on behalf of the OITP and other State agencies managed by the OST, exclusive of the Oregon Public Employees Retirement Fund. The investment fund used to reinvest cash collateral is not rated and had a weighted average maturity of 22.14 days at June 30, 2026. The balances of securities on loan, cash collateral received, and invested collateral at fair value are presented in the schedule below:

Schedule of Securities Lending Balances
(Dollars in Thousands)

	Securities on Loan at Fair Value	Collateral Received			Invested Cash Collateral at Fair Value¹
		Cash	Non-Cash	Total	
U.S. Agency Securities	\$ 4,996	\$ 5,100	\$ -	\$ 5,100	\$ 5,100
Total	<u>\$ 4,996</u>	<u>\$ 5,100</u>	<u>\$ -</u>	<u>\$ 5,100</u>	<u>\$ 5,100</u>

¹ Cash collateral is reinvested in an investment fund that is priced based on net asset value (NAV).

The State and borrowers maintained the right to terminate all securities lending transactions on demand. As a consequence the maturities of investments made with cash collateral generally do not match the maturities of the loaned securities. As of June 30, 2026, the State had no credit risk exposure to borrowers related to securities on loan.

(4) Management and Administration Fees

In accordance with ORS 293.718, the OST may deduct monthly 0.5 basis points of the most recent fair value of assets under management for administration and portfolio management. For the year ended June 30, 2026, the OST charged the Pool a monthly rate of 0.435 basis points based on assets under management in the Pool. Fees are deducted from investment income before distributions to participants. Fees and other expenses charged to the Pool totaled \$255 thousand for the year ended June 30, 2026.

(5) Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value

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Notes to Financial Statements
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hierarchy is based upon the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

- Level 1 – Unadjusted quoted prices for identical instruments in active markets.
- Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.
- Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

Fair Value Measurements
(Dollars in Thousands)

Assets and Liabilities at Fair Value as of June 30, 2026				
	Level 1	Level 2	Level 3	Total
Investments:				
Asset-Backed Securities	\$ -	\$ 31,410	\$ -	\$ 31,410
Commercial Mortgage-Backed Securities	-	417	-	417
Collateralized Mortgage Obligation	-	898	-	898
U.S. Agency Residential Mortgage-Backed Securities	-	27,982	-	27,982
Municipal Debt	-	106	-	106
Corporate Debt	-	70,273	-	70,273
U.S. Treasury Debt	-	241,300	-	241,300
Total	\$ -	\$ 372,386	\$ -	\$ 372,386

The Pool's investments, other than those with remaining maturities of fewer than ninety days, are valued using the latest bid prices or evaluated quotes from independent pricing vendors. Third-party vendors use a variety of methods when pricing these securities that incorporate relevant observable market data to arrive at an estimate of what a buyer in the marketplace would pay for a security under current market conditions. Investments with remaining maturities of fewer than ninety days are carried at amortized cost, which approximates fair value. All of the Pool's investments at June 30, 2026, are considered level 2.

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OTHER REPORT

**Independent Auditor's Report on Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

To the Honorable Tina Kotek
Governor of Oregon

To the Honorable Elizabeth Steiner, State Treasurer
Oregon Investment Council

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Oregon Intermediate Term Pool, an internal investment pool managed by the Oregon State Treasury on behalf of the State of Oregon, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Oregon Intermediate Term Pool's financial statements, and have issued our report thereon dated September 8, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Oregon State Treasury's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Oregon State Treasury's internal control. Accordingly, we do not express an opinion on the effectiveness of the Oregon State Treasury's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Oregon State Treasury's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Macias Gini E O'Connell LPA". The signature is written in a cursive, flowing style.

Sacramento, California
September 8, 2026