



**OREGON
STATE
TREASURY**

Origination: 01/2014
Last Approved: 01/2021
Last Revised: 01/2021
Next Review: 01/2022
Owner: *Geoff Nolan: Senior Investment Officer*
Policy Area: *Investments*
References:

INV 404: Intermediate Term Pool Investments

INTRODUCTION & OVERVIEW

Summary Policy Statement

The Oregon Intermediate Term Pool ("OITP") is a pooled investment vehicle for state agency funds and public universities. Eligibility of state agency and public university funds for discreet (i.e., separate account) investment management in pooled vehicles is subject to the discretion of Oregon State Treasury ("OST"). Public universities who invest in OITP are also subject to compliance with INV 407: Public Universities Common Policy. Internally-managed fixed income investments are subject to the policies approved by the Oregon Investment Council ("OIC") and the applicable portfolio investment guidelines ("Guidelines") established and approved by OST.

Purpose and Goals

The purpose of this policy is to define the investment objectives, general risk parameters and compliance procedures for OITP.

Applicability

Classified represented, management service, unclassified executive service.

Authority

ORS Chapters 293 and 294.

POLICY PROVISIONS

Policy Statements

- A. **POLICY.** OITP is expected to provide a total return consistent with an investment grade quality, intermediate duration, diversified fixed income portfolio.
1. While not guaranteed, based upon historical market performance, expected returns in the OITP are anticipated to be greater over time than the returns provided by shorter maturity alternatives such as the Oregon Short Term Fund (OSTF).
 2. OITP is not structured to provide 100% net asset value (NAV) on each participant's initial

investments therein. Accordingly, OITP participants may experience gains or losses on their OITP investments due to changes in market conditions. For consistency with the OITP's total return objective, the value of each participant's individual investment will be determined proportional to the NAV of the entire OITP portfolio.

- B. **OBJECTIVE.** The objective of OITP is to maximize long-term total return (i.e., principal and income) within the stipulated risk parameters and approved securities holdings prescribed in the OITP guidelines (the "Guidelines"). Guidelines are prepared by OST staff and approved by OST's Chief Investment Officer, following consultation with OST's Risk, Legal & Compliance Division, as needed.
- C. **COMPLIANCE.** OST's Compliance program will facilitate the following: 1) monitor and evaluate portfolios, asset classes, and other investment funds to determine compliance with OST policies, Guidelines, and contractual obligations; 2) identify instances of non-compliance and develop appropriate resolution strategies; 3) provide relevant compliance information and reports to OST management and the OIC, as appropriate; and, 4) verify resolution by the appropriate individual or manager within the appropriate time frame.
- D. **CORRECTION OF NON-COMPLIANCE.** If OITP is found to be out of compliance with any of the approved Guidelines or is being managed inconsistently with this policy, OST investment staff shall bring the OITP portfolio into compliance as soon as is prudently feasible. Actions to bring the portfolio back into compliance and justification for such actions, including documentation of proposed and actual resolution strategies, will be coordinated under the OST Compliance program with OST Compliance staff.

Benchmark

The benchmark for OITP is the Bloomberg Barclays Intermediate U.S. Government/Credit Total Return Index. However, OITP is a total return strategy and this index may not be representative of the portfolio or strategy.

General Risk Parameters

OITP's risk parameters shall include:

1. **Credit Risk:** the minimum average portfolio credit rating shall be no less than A3 or equivalent;
2. **Diversification:** be sufficiently diversified across fixed income assets, security types and positions;
3. **Liquidity:** maintain adequate liquidity, to meet any expected redemption requests received prior to the 10-day month end minimum notification period;
4. **Interest-Rate Risk:** the portfolio duration shall not exceed + 20% of the benchmark index; and
5. **Prohibited Investments:**
 - a. Non-agency residential mortgage pools or non-agency collateralized mortgage obligation; and
 - b. Collateralized debt obligations.

Exceptions

None.

Failure to Comply

Failure to comply with this policy may be cause for disciplinary action up to and including dismissal.

ADMINISTRATION

Review

Annually.

Feedback

Your comments are extremely important to improving the effectiveness of this policy. If you would like to comment on the provisions of this policy, you may do so by e-mailing the Policy Owner. To ensure your comments are received without delay, *please list the policy number and name in your e-mail's subject*. Your comments will be reviewed during the policy revisions process and may result in changes to the policy.

Attachments

[INV 407_ Public Universities Common Policy - Final 8-20-19.docx](#)

Approval Signatures

Step Description	Approver	Date
OIC	Rex Kim: Chief Investment Officer	01/2021
	Deena Bothello: General Counsel	12/2020
PolicyStat Admin	Carmen Leiva: Operations Analyst	12/2020
	Geoff Nolan: Senior Investment Officer	12/2020