

## City of Corvallis Glossary of Acronyms and Terms

Investment/Issuer Types			Other		
BA	Banker's Acceptance	FHLB	Federal Home Loan Bank	CDOSCU	CD with OSCU
CD	Certificates of Deposit	FHLMC	Federal Home Loan Mortgage Corporation	FOMC	Federal Open Market Committee
CP	Commercial Paper	FNMA	Federal National Mortgage Association	GDP	Gross Domestic Product
CPI	Consumer Price Index	LGIP	Local Government Investment Pool	WAM	Weighted Average Maturity
FFCB	Federal Farm Credit Bureau	OSTFB	Oregon Short Term Fund Board	YTM	Yield to Maturity
TRR-BV	Total Rate of Return – Book Value			YTC	Yield to Call

\* All agency securities are held with US Bank, the City's third-party safekeeper, and Oregon State Credit Union.

**Asset Allocation Strategy:** a strategy that incorporates evaluating spread relationships between the investment alternatives. Treasury securities are the baseline yields to which all other issues are compared.

**Benchmark:** a benchmark is a target or market level comparator using a set of securities that appropriately matches the portfolio's risk and return characteristics through interest rate cycles.

**Book Value:** the cost of the principal at the time of the security purchase (i.e. Par value plus premium or discount).

**Bullet:** Non-callable financial security/investment.

**CUSIP:** the acronym stands for Committee on Uniform Securities Identification Procedures, but the term is more commonly known as a 9-character alphanumeric code that identifies a North American issued financial security for facilitating clearing and settlement of trades.

**Days to Maturity:** (weighted average) number of days from the report date to the maturity date of a security (or group of securities).

**Duration Strategy:** a strategy that provides discipline for making investment decisions based on balancing risk and return. The duration of the portfolio will be adjusted relative to the benchmark as interest rates vary. The portfolio duration will be longer than the benchmark when rates are historically high and shorter when rates are historically low. The portfolio manager will typically manage the duration in a range of +/-25% to the benchmark duration.

**Investment Component (Core):** portion of the portfolio that is not expected to be needed for daily needs of participants. This portion is invested in maturities between 1 month and 5 years with an average maturity target of 18 months.

**Liquid Component:** portion of the portfolio that is held in short maturity investments to meet immediate liquidity needs of the Funds. Investments designated to this component are generally LGIP Funds, bank deposits and petty cash balances.

**Market Value:** par value time the price at which the security could theoretically have been sold at month end per Interactive Data Corp. (IDC) an independent third-party security pricing firm.

**Par Value:** otherwise known as the face value of a security. This is the value to which the coupon rate is applied for interest payments.

**Purchased Accrued Interest:** number of days interest between last coupon date and purchase date that is paid for at time of investment purchase.

**Return:** the return of the total funds will be calculated on an accrual yield basis, which is the amount paid out to participants. This return will be compared to the OST Pool rate. Additionally, a total return calculation will be calculated and tracked internally to assist management in being accountable to the risk and return of the core investment portfolio on a market value basis.

**Risk:** the risks associated with investing are credit risk, mark to market risk and reinvestment rate risk.

**Security Types:** the portfolio's call exposure will be managed through balancing callable or variable rate exposure to fixed rate maturity securities.

**Settlement:** Date that securities are delivered or "settled" when purchased, usually next business day after "Trade Date" and usually simultaneous with exchange of payment for those securities.

**Term:** (weighted average) number of days from the purchase date to the maturity date of a security (or group of securities).

**Yield Curve Strategy:** the portfolio is generally laddered, but the manager will implement a yield curve strategy when value is present in particular maturity sectors.