

Stephen F. Austin University Investment Overview

January 28, 2019



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Chief Investment Officer & Treasurer
The Texas A&M University System

The Texas A&M University System

Cash Concentration Pool

Investment Objective

Invest the funds in a manner as to achieve a reasonable balance of growing corpus and meeting the operating needs of the system, while maintaining the system's objective of the safety and preservation of capital.

Performance Periods Ended December 31, 2018

	<u>1-YR</u>	<u>5-YR</u>	<u>10-YR</u>	<u>15-YR</u>	Since <u>Inception</u>
Long Term Cash Concentration Pool	-4.1%	3.5%	7.4%	4.9%	6.6%
Long-Term Pool Balanced Index	-4.4%	3.2%	6.3%	4.9%	6.0%



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Cash Concentration Pool

Asset Allocation

Asset Class	SFA Target Allocation	12/31/2018 Allocation
Liquidity Portfolio	10.9%	11.5%
Fixed Income	23.9%	23.1%
Domestic Equity	21.7%	22.1%
International Equity	21.7%	21.1%
Absolute Return	21.7%	22.2%



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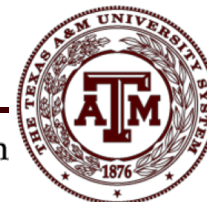
Cash Concentration Pool

Stephen F. Austin – Operating Funds

January 1, 2018 to December 31, 2018

Net Earnings*	\$1,519,673
Book Value as of December 31, 2018	\$46,564,057
Unrealized Appreciation	\$2,669,387
Market Value as of December 31, 2018	\$49,233,444

* Interest, dividends and realized gains, less fees



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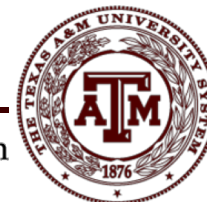
Cash Concentration Pool

Stephen F. Austin – Quasi-Endowment

January 1, 2018 to December 31, 2018

Net Earnings Added Back*	\$190,492
Book Value as of December 31, 2018	\$5,759,927
Unrealized Appreciation	\$408,815
Market Value as of December 31, 2018	\$6,168,742

* Interest, dividends and realized gains, less fees



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System Endowment Fund

Investment Objectives

Provide a continuing and dependable cash payout, stable and preferably growing in real terms.

Cause the total value of the fund to appreciate, over time, exclusive of growth derived from donations.

Performance Periods Ended December 31, 2018

	<u>1-YR</u>	<u>5-YR</u>	<u>10-YR</u>	<u>15-YR</u>	<u>Since Inception</u>
System Endowment Fund	1.2%	5.5%	8.7%	6.4%	8.0%
Balanced Index	-3.6%	4.5%	7.5%	5.4%	7.5%



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System Endowment Fund Asset Allocation

Asset Class	Target Allocation	12/31/2018 Allocation
Fixed Income	15.0%	13.0%
Domestic Equity	20.0%	18.6%
International Equity	20.0%	17.8%
Real Assets*	15.0%	13.3%
Absolute Return	15.0%	15.1%
Private Equity	15.0%	21.7%
Money Market	0%	0.5%

*Real Assets include timber, real estate, and energy investments.



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System Endowment Fund

Stephen F. Austin Endowment

Book Value as of November 30, 2018	\$13,364,035
Market Value as of November 30, 2018	\$13,881,463
FY 2018 Payout	\$602,054
1Q 2019 Payout	\$161,487
FY 2019 Projected Total Payout	\$651,650



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System Endowment Fund

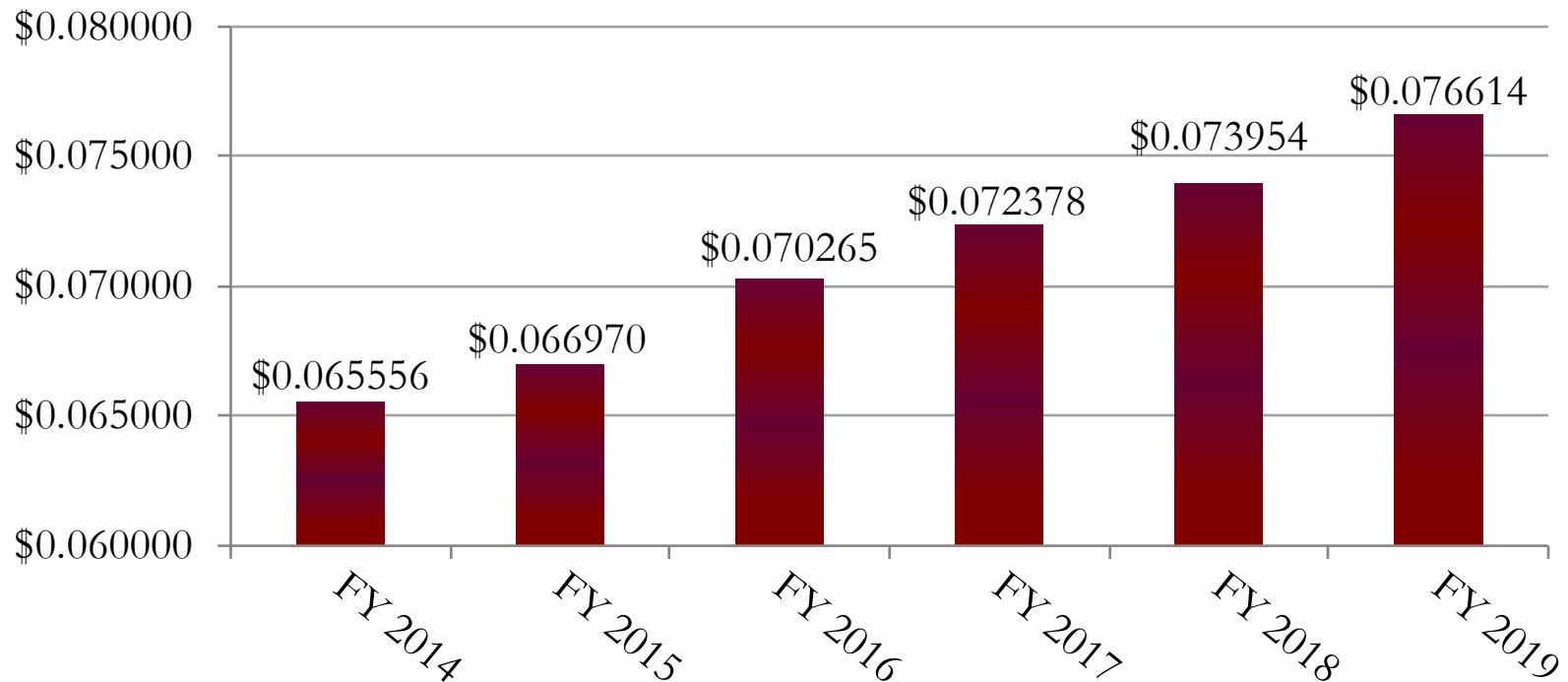
- Income is distributed to each endowment account on a quarterly basis in accordance with the spending policy outlined in the System Investment Policy.
- The quarterly payout is calculated on an annual basis and is the average of the quarterly market value for the 20 fiscal quarters ending the previous February, multiplied by 5.0% and divided by 4. The average for the last 20 quarters as of February 2018 was \$6.13 and is the basis for the FY 2019 payout calculation.
- The market value per unit as of **11/30/2018** was **\$6.51**.



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System Endowment Fund

Quarterly Endowment Spending Rate



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Investment Pool Comparison

	Asset Class	SFA CCP Target Allocation	SEF Target Allocation
CCP Objectives: ▪ Grow corpus ▪ Meet operating needs ▪ Preserve capital	Liquidity Portfolio	10.9%	-
	Fixed Income	23.9%	15.0%
	Domestic Equity	21.7%	20.0%
	International Equity	21.7%	20.0%
	Absolute Return	21.7%	15.0%
SEF Objectives: ▪ Dependable payout ▪ Increase fund value	Real Assets	-	15.0%
	Private Equity	-	15.0%

