

Texas A&M University System Cash Concentration Pool



FISCAL YEAR 2021

2ND QUARTER – FEBRUARY 28, 2021

Distribution Rates for FY 2021 YTD:

Cash Portfolio:	0.02%
Long-Term Portfolio:	6.76%
Total Pool:	5.86%

Capital Markets Update

The yield on 2-year Treasuries decreased slightly to 0.14% in February, from 0.16% at the end of November. However, the yield on 10-year Treasuries increased to 1.44% in February from 0.84% at the end of November. The yield curve continued to steepen, resulting in muted returns for many fixed income sectors. Inflation fears stemming from gradual signs of economic improvement, vaccine developments, and expectations for longer-dated Treasury issuance to support additional fiscal stimulus all contributed.

Corporate debt issuance across the investment grade and high yield sectors continued to increase, reflecting a demand for risk exposure. Higher yields relative to other countries and the potential for the Fed to extend the duration of their purchases could counterbalance steepening trends, but the risk remains that the yield curve could continue steepening if growth and inflationary pressures build. Inflation expectations ended February at 2.1%, from a low of 0.50% in March of 2020.

The S&P 500 Index returned 5.6% during the quarter and 31.3% for the one-year period ending February 28, 2021. Developed international equity markets returned 5.9% (in U.S. dollars) during the quarter and 22.5% for the one-year period. Emerging markets returned 11.5% (in U.S. dollars) during the quarter and 36.0% for the one-year period.

Markets have continued their positive momentum into 2021, albeit at a slightly less aggressive pace than in 2020. Key risks going forward include possible vaccine-resistant variants, as well as the potential for a continuing rise in interest rates.

CCP Estimated Distribution Rate

FY 2021: 3.00%

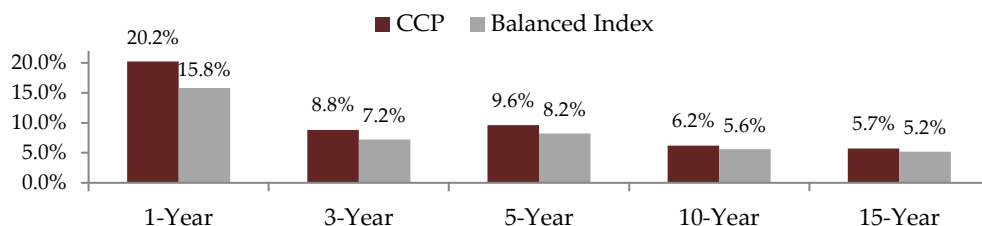
<https://www.tamus.edu/finance/treasury-services/>

Pool Valuation

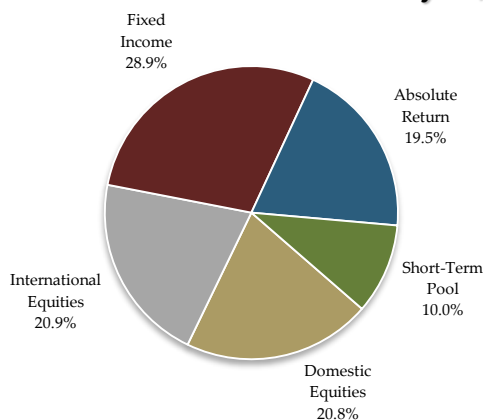
As of February 28, 2021, the Pool had a market value of approximately \$5.4 billion. For the 2nd quarter of FY 2021, the Pool positions had \$1,058.9 million in cash inflows and \$928.1 million in cash outflows, increasing the book value of the Pool by \$130.8 million. The Pool earned investment income during this quarter of \$10.7 million and realized net gains on investments of \$70.9 million.

The Cash Portfolio distributes all interest, dividends, and realized gains/losses, net of external management fees, to the participants based on their average short-term balance for each month. The Long-Term Pool distributes all interest, dividends, and realized gains/losses, net of external management fees, to the participants based on their ownership of Long-Term Pool units for each month.

Investment Performance



Asset Allocation as of February 28, 2021



Asset Allocation (\$M)

Excluding Debt Proceeds and SEF Deposits

Domestic Equities	\$1,094.2
International Equities	\$1,101.9
Fixed Income	\$1,519.2
Absolute Return	\$1,024.2
Short-Term Pool	\$525.7

Growth of \$1 (5 Years)

