

Texas A&M University System

Cash Concentration Pool



FISCAL YEAR 2020

2ND QUARTER – FEBRUARY 29, 2020

Effective Rates for FY 2020 YTD:

Cash Portfolio:	1.85%
Long-Term Portfolio:	9.05%
Total Pool:	7.91%

Capital Markets Update

The yield on 2-year Treasuries decreased to 0.86% in February from 1.61% at the end of November. The yield on 10-year Treasuries similarly decreased to 1.13% in February from 1.78% at the end of November. This all-time low for the 10 year Treasury yield was attributed to investors' concern over the effects of the novel coronavirus (COVID-19) on markets globally. In an unprecedented move, the US Federal Reserve cut interest rates to 0% on March 15th, and announced it would purchase at least \$500 billion in Treasury securities and at least \$200bn of mortgage backed debt in the coming months.

More recently, on March 23rd, the Fed announced that it would begin buying corporate bonds rated BBB or higher in the secondary market in an effort to calm the turmoil. Globally, the World Bank announced it will make \$14 billion in financing available to its members, to help support their own financial institutions and sectors involved in responding to the pandemic.

The S&P 500 Index returned -5.5% during the quarter and 8.2% for the one-year ending February 29, 2020. Developed international equity markets returned -8.0% (in U.S. dollars) during the quarter and -0.6% for the one-year period. Emerging markets returned -3.0% (in U.S. dollars) during the quarter and -1.9% for the one-year period. COVID-19 fears saw investors fleeing to quality, and the Dow experienced its largest sell-off in history on March 16th, dropping nearly 3,000 points (-12.93%).

Equity markets were bolstered in late March by the promise of a nearly \$2 trillion stimulus package from the federal government, though fears over unemployment statistics rose.

CCP Estimated Distribution Rate

FY 2020: 3.00%

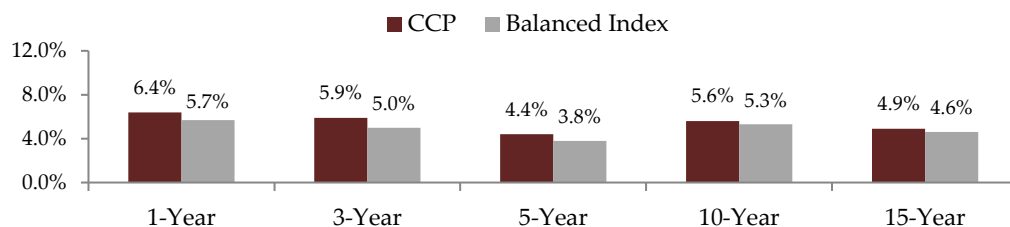
<https://www.tamus.edu/finance/treasury-services/>

Pool Valuation

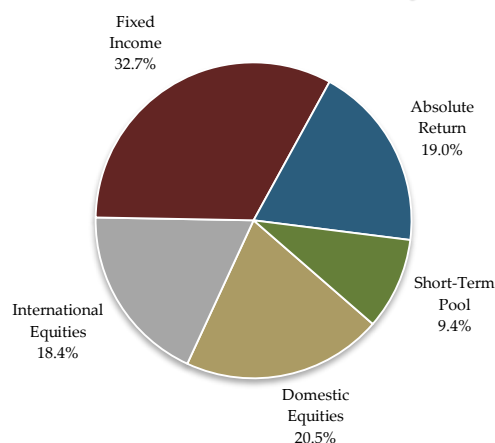
As of February 29, 2020 the Pool had a market value of approximately \$4.629 billion. For the 2nd quarter of FY 2020, the Pool positions had \$1.207 billion in cash inflows and \$864 million in cash outflows, increasing the book value of the Pool by \$343 million. The Pool earned investment income during this quarter of \$19 million and realized net gains on investments of \$102 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 29, 2020



Asset Allocation (\$M)

Excluding Debt Proceeds and SEF Deposits

Domestic Equities	\$877.0
International Equities	\$789.9
Fixed Income	\$1,399.5
Absolute Return	\$816.2
Short-Term Pool	\$402.3

Growth of \$1 (10 Years)

