

Texas A&M University System Cash Concentration Pool



FISCAL YEAR 2020

3RD QUARTER – MAY 31, 2020

Effective Rates for FY 2020 YTD:

Cash Portfolio:	1.37%
Long-Term Portfolio:	6.23%
Total Pool:	5.45%

Capital Markets Update

The yield on 2-year Treasuries decreased to 0.16% in May from 0.86% at the end of February. The yield on 10-year Treasuries similarly decreased to 0.65% in May from 1.13% at the end of February. The 10-year Treasury yield hit its all-time low of 0.31% in overnight trading on March 9th as the COVID-19 pandemic triggered a flight to safe-haven assets, and unemployment claims in the US hit the highest number of initial jobless claims since 1982. Oil prices likewise plummeted, owing to market turmoil due to the pandemic and a price war between Russia and Saudi Arabia, dropping to below \$0 a barrel for the first time in history. The Federal Reserve increased quantitative easing measures throughout the quarter, introducing TALF ("Term Asset-Backed Securities Loan Facility") 2.0 and other programs used during the Great Financial Crisis in 2008.

The S&P 500 Index returned 3.6% during the quarter and 12.8% for the one-year ending May 31, 2020. Developed international equity markets returned -3.7% (in U.S. dollars) during the quarter and -2.8% for the one-year period. Emerging markets returned -6.9% (in U.S. dollars) during the quarter and -4.4% for the one-year period. After the largest market sell off in history in March, equity markets rebounded strongly through April and early May.

As the US began phased reopening in certain regions in May, there are signs that the worst of the economic decline may be over. The Fed continues to vocalize its ongoing commitment to quantitative easing, and oil rose back to over \$35/barrel; however, investors remain uncertain over a second wave of COVID-19 cases in global economies and the trajectory of global growth over the coming quarters.

CCP Estimated Distribution Rate

FY 2020: 3.00%

FY 2021: 3.00%

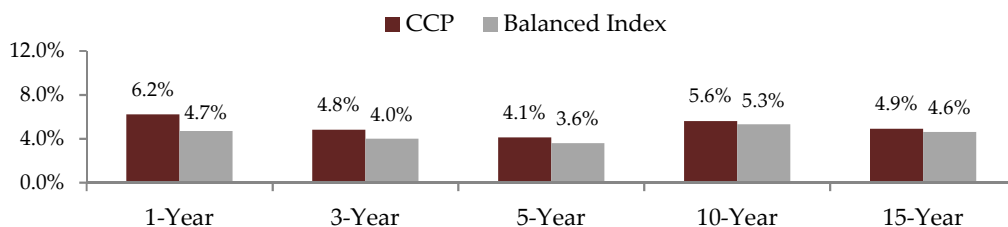
<https://www.tamus.edu/finance/treasury-services/>

Pool Valuation

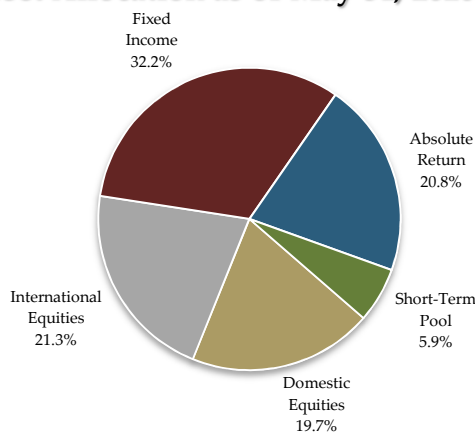
As of May 31, 2020 the Pool had a market value of approximately \$4.349 billion. For the 3rd quarter of FY 2020, the Pool positions had \$745 million in cash inflows and \$1.021 billion in cash outflows, decreasing the book value of the Pool by \$276 million. The Pool earned \$17 million in investment income during this quarter and realized net losses on investments of \$5.2 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 May 31, 2020



Asset Allocation (\$M)

Excluding Debt Proceeds and SEF Deposits

Domestic Equities	\$797.6
International Equities	\$860.9
Fixed Income	\$1,302.1
Absolute Return	\$841.0
Short-Term Pool	\$238.1

Growth of \$1 (10 Years)

