

Texas A&M University System

Cash Concentration Pool



FISCAL YEAR 2021

3RD QUARTER – MAY 31, 2021

Distribution Rates for FY 2021 YTD:

Cash Portfolio:	0.02%
Long-Term Portfolio:	5.92%
Total Pool:	5.14%

Capital Markets Update

The yield on 2-year Treasuries remained steady at 0.14% in May; however, the yield on 10-year Treasuries increased to 1.58% in May from 1.44% at the end of February. The yield curve continued to steepen over the quarter, with shorter dated rates remaining stagnant but longer-dated rates continuing to steepen on growth and inflation pressures.

Corporate debt issuance across the investment grade sector increased approximately 6% in May reflecting a demand for risk exposure. Spreads in the IGB sector continued to tighten in May, dropping 4bps to end the month at 85bps. Fixed income returns remained flat through May, with continuing inflation concerns contributing to the marginal returns for the quarter. Inflation expectations ended May at 2.4%, from a low of 0.50% in March of 2020. Inflation expectations remain well above long-term averages, with the vaccine roll-out, rising raw material prices, and expected additional fiscal stimulus as key drivers.

The S&P 500 Index returned 6.1% during the quarter and 40.3% for the one-year period ending May 31, 2021. Developed international equity markets returned 6.4% (in U.S. dollars) during the quarter and 38.4% for the one-year period. Emerging markets returned 4.9% (in U.S. dollars) during the quarter and 51.0% for the one-year period.

Markets have continued their positive momentum into 2021, albeit at a slightly less aggressive pace than in 2020. International markets led the way in the second quarter, partly driven by a weakening US Dollar.

CCP Estimated Distribution Rate

FY 2021: 3.00%
FY 2022: 3.00%

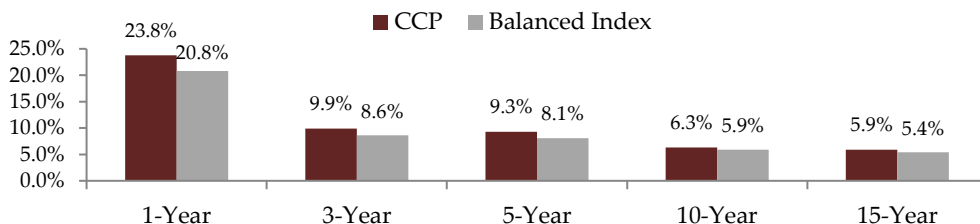
<https://www.tamus.edu/finance/treasury-services/>

Pool Valuation

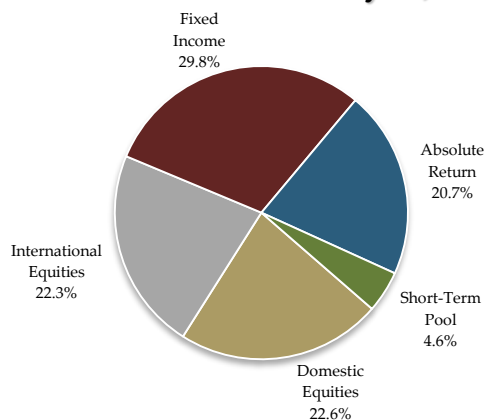
As of May 31, 2021 the Pool had a market value of approximately \$5.3 billion. For the 3rd quarter of FY 2021, the Pool positions had \$927.6 million in cash inflows and \$1,125.6 million in cash outflows, decreasing the book value of the Pool by \$198.0 million. The Pool earned investment income during this quarter of \$14.6 million and realized net gains on investments of \$29.8 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, 2021



Asset Allocation (\$M)

Excluding Debt Proceeds and SEF Deposits

Domestic Equities	\$1,156.3
International Equities	\$1,145.3
Fixed Income	\$1,528.1
Absolute Return	\$1,059.1
Short-Term Pool	\$236.1

Growth of \$1 (5 Years)

