

Texas A&M University System

Cash Concentration Pool



FISCAL YEAR 2020

4TH QUARTER – AUGUST 31, 2020

Distribution Rates for FY 2020 YTD:

Cash Portfolio:	1.09%
Long-Term Portfolio:	5.17%
Total Pool:	4.54%

Capital Markets Update

The yield on 2-year Treasuries decreased slightly to 0.14% in August from 0.16% at the end of May. Conversely, the yield on 10-year Treasuries increased to 0.72% in August from 0.65% at the end of May. Fueled by the FOMC's announcement regarding changes to its inflation policy and increasing expectation that a vaccine is coming, risk appetite remained largely positive. Corporate debt issuance increased, reflecting a demand for risk exposure. Despite this recovery in risk assets, yields on safe-haven assets like US Treasuries remain at record lows due to expectations for extremely accommodative monetary policy for the foreseeable future. Despite increased liquidity and increasing breakeven rates, inflation expectations continue to remain below historical averages.

The S&P 500 Index returned 15.5% during the quarter and 21.9% for the one-year ending August 31, 2020. Developed international equity markets returned 11.3% (in U.S. dollars) during the quarter and 6.1% for the one-year period. Emerging markets returned 19.5% (in U.S. dollars) during the quarter and 14.5% for the one-year period. Continuing the rebound felt through April and May, the S&P 500 recovered from its lows in March and rose back to pre-COVID levels by the end of August.

Unprecedented monetary and fiscal stimulus in the US remained the largest driver of strong markets, along with hopes of a potential COVID-19 vaccine before the end of the year. It remains to be seen if the pace of the recovery is sustainable in light of recent surges in cases, as well as trade tensions between the US and China, uncertainty over the next round of US fiscal stimulus and the looming election in November.

CCP Estimated Distribution Rate

FY 2020: 3.00%

FY 2021: 3.00%

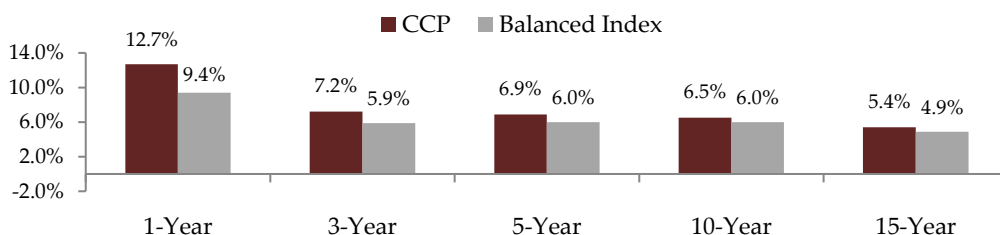
<https://www.tamus.edu/finance/treasury-services/>

Pool Valuation

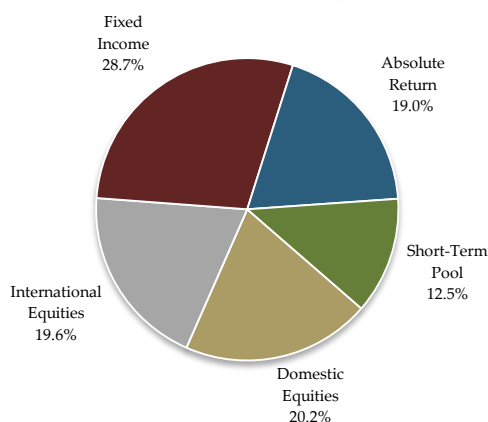
As of August 31, 2020 the Pool had a market value of approximately \$4.9 billion. For the 4th quarter of FY 2020, the Pool positions had \$1.2 billion in cash inflows and \$991.0 million in cash outflows, increasing the book value of the Pool by \$187.4 million. The Pool earned investment income during this quarter of \$11.8 million and realized net gains on investments of \$8.7 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 August 31, 2020



Asset Allocation (\$M)

Excluding Debt Proceeds and SEF Deposits

Domestic Equities	\$951.9
International Equities	\$926.6
Fixed Income	\$1,353.3
Absolute Return	\$896.8
Short-Term Pool	\$591.7

Growth of \$1 (10 Years)

