

Texas A&M University System

Cash Concentration Pool



FISCAL YEAR 2023

4TH QUARTER – AUGUST 31, 2023

Distribution Rates for FY 2023 YTD:

Cash Portfolio:	4.25%
Long-Term Portfolio:	1.06%
Total Pool:	1.52%

Capital Markets Update

The yield on 2-year Treasuries increased from 4.4% at the end of May to 4.9% at the end of August, and the yield on 10-year Treasuries increased from 3.6% at the end of May to 4.1% at the end of August. The Federal Reserve increased interest rates in July by 0.25% to a range of 5.25% - 5.50%. Given continued strong data and inflation levels above target, expectations shifted to the Fed keeping interest rates higher for longer and potentially increasing interest rates further later this year which led to global assets turning negative in August. However, after a particularly difficult 2022, most public market assets are up thus far in 2023, led by developed market equities.

Spreads in Investment Grade Corporates declined from 140 bps at the end of May to 120 bps at the end of August. Fixed income returns, as measured by the Bloomberg Barclays US Aggregate, decreased 1.1% for the quarter and are down 1.2% for the one-year period. Inflation expectations, as measured by the 10-year breakeven rate, were unchanged from May and finished August at 2.2%.

The S&P 500 Index returned 8.3% for the quarter and was up 15.9% for the one-year period ending August 31, 2023. Developed International Equity markets rose by 3.8% (in US dollars) for the quarter and were up 17.9% for the one-year period. Emerging markets returned 3.5% (in US dollars) for the quarter and were up 1.3% for the one-year period.

CCP Estimated Distribution Rate

FY 2023: 3.00%

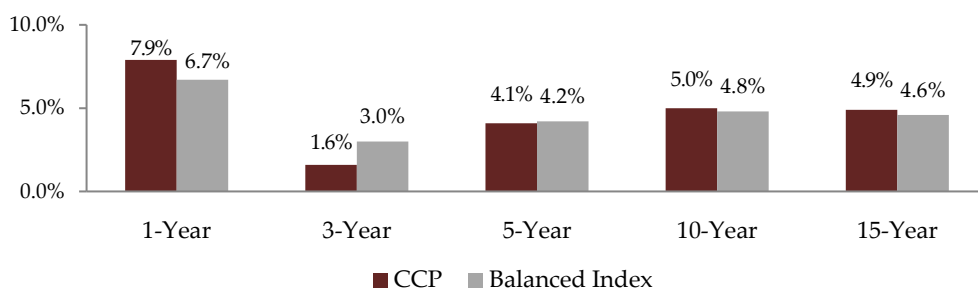
<https://www.tamus.edu/finance/treasury-services/>

Pool Valuation

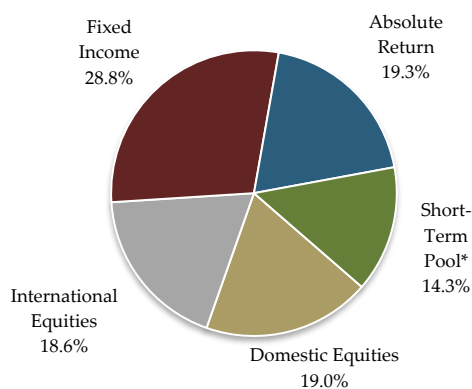
As of August 31, 2023, the Pool had a market value of approximately \$5.68 billion. For the 4th quarter of FY 2023, the Pool positions had \$1.36 billion in cash inflows and \$1.19 billion in cash outflows, increasing the book value of the Pool by \$168.5 million. The Pool earned investment income during this quarter of \$28.8 million and realized net gains on investments of \$13.9 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 August 31, 2023



Asset Allocation (\$M)

Excluding Debt Proceeds and SEF Deposits

Domestic Equities	\$1,051.0
International Equities	\$1,031.1
Fixed Income	\$1,595.2
Absolute Return	\$1,069.1
Short-Term Pool*	\$792.1

* Over target due to tuition receipts: funds will be reallocated in Q1

Growth of \$1 (5 Years)

