

# Texas A&M University System Cash Concentration Pool



FISCAL YEAR 2021

1<sup>ST</sup> QUARTER – NOVEMBER 30, 2020

## Distribution Rates for FY 2020 YTD:

Cash Portfolio:	0.03%
Long-Term Portfolio:	4.77%
Total Pool:	4.13%

## Capital Markets Update

The yield on 2-year Treasuries increased slightly to 0.16% in November from 0.14% at the end of August. Additionally, the yield on 10-year Treasuries increased to 0.84% in November from 0.72% at the end of August. Over the last few months, the yield curve has begun to steepen on gradual signs of economic improvement, COVID-19 vaccine developments, and expectations for longer-dated Treasury issuance to support additional fiscal stimulus in the coming months.

Corporate debt issuance continued to increase, reflecting a demand for risk exposure. Similarly, issuance flowed steadily into the securitized market, driven primarily by the auto sector. Yields on safe-haven assets like US Treasuries remained at record lows due to expectations for extremely accommodative monetary policy for the foreseeable future. Inflation expectations have begun to slightly increase on positive vaccine announcements, ending November at 1.8% from a low of 0.50% in March of this year.

The S&P 500 Index returned 3.9% during the quarter and 17.5% for the one-year ending November 30, 2020. Developed international equity markets returned 8.0% (in U.S. dollars) during the quarter and 6.4% for the one-year period. Emerging markets returned 9.7% (in U.S. dollars) during the quarter and 18.4% for the one-year period. The S&P 500 reached a record high in November, rising 10.9% for the month, spurred by the US election resolution and reports of vaccine efficacy.

While markets responded favorably post-US election and on news of vaccine approvals, it remains to be seen if recent increases in coronavirus cases and reports of a more transmittable strain will slow reopening plans.

## CCP Estimated Distribution Rate

FY 2021: 3.00%

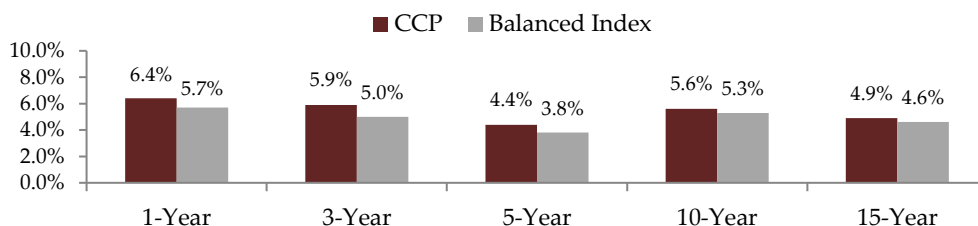
<https://www.tamus.edu/finance/treasury-services/>

## Pool Valuation

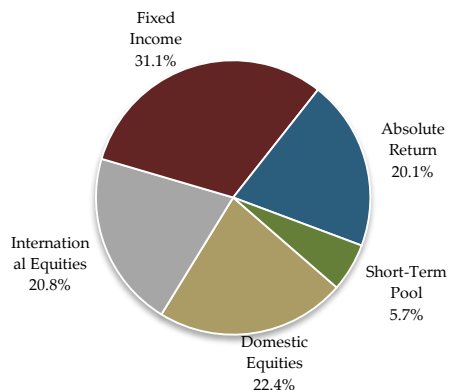
As of November 30, 2020 the Pool had a market value of approximately \$5.0 billion. For the 1<sup>st</sup> quarter of FY 2021, the Pool positions had \$847.2 million in cash inflows and \$956.6 million in cash outflows, decreasing the book value of the Pool by \$109.4 million. The Pool earned investment income during this quarter of \$11.6 million and realized net gains on investments of \$34.6 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 November 30, 2020<sup>1</sup>

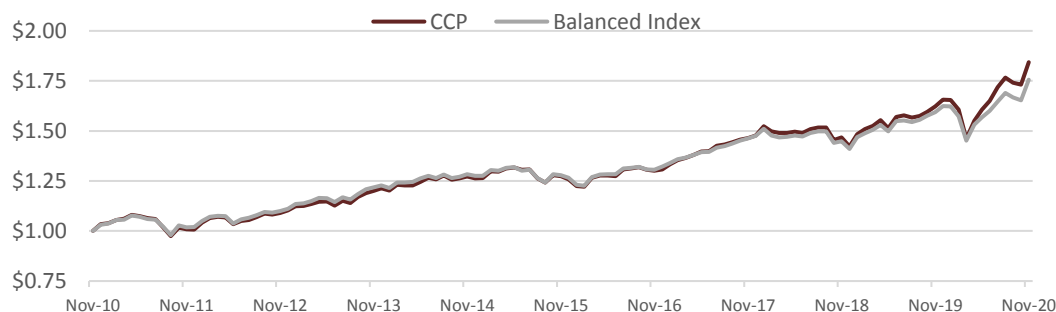


## Asset Allocation (\$M)

Excluding Debt Proceeds and SEF Deposits

Domestic Equities	\$1,058.4
International Equities	\$986.8
Fixed Income	\$1,471.4
Absolute Return	\$950.1
Short-Term Pool	\$267.9

## Growth of \$1 (10 Years)



<sup>1</sup> Totals may not sum to 100% due to rounding