The Texas A&M University System
Cash Concentration Pool

FISCAL YEAR 2015

Effective Rates for FY 2015 YTD:

Cash Portfolio: 0.11%
Long-Term Portfolio: 4.62%
Total Pool: 3.79%

Capital Markets & Rates

The yield on 2-year Treasuries declined to 0.61% in May from 0.63% at the end of February. The yield on 10-year Treasuries increased to 2.12% at the end of May, up from 2.00% in February. The S&P 500 Index returned 0.6% for the quarter and 11.8% for the one-year ending May 31, 2015.

The unemployment rate remained stable from February at 5.5%. The economy added 620,000 jobs during the three month period.

Economic data was impacted by winter weather and the closure of West coast ports as calendar-year first quarter GDP declined -0.7%. This comes after a 2.2% growth rate during the previous quarter. Due to the strengthening economy and employment picture, most of the Federal Open Market Committee participants expect an initial interest rate hike later in 2015.

CCP Estimated Distribution Rate for FY 2015

Total Pool: 2.75%

http://www.tamus.edu/offices/treasury/

Pool Valuation

As of May 31, 2015, the Pool had a market value of approximately $3.4 billion. For the 3rd quarter of FY 2015, the Pool positions had $638 million in cash inflows and $682 million in cash outflows, decreasing the book value of the Pool by $44 million. The Pool earned investment income during this quarter of $11 million and realized gains on investments of $14 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 Allocation and Performance

As of May 31, 2015, the Cash Concentration Pool had a market value of approximately $3.0 billion (excluding debt proceeds) with 5.3% of the Pool’s assets invested in the Cash Portfolio and 94.7% of the assets invested in the Long-Term Portfolio. The Cash Portfolio and the Long-Term Portfolio are managed by external investment managers. The comparative returns for the Pool for the one-, three-, five-, ten- and fifteen-year periods ending May 31, 2015 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>1-Year</th>
<th>3-Year</th>
<th>5-Year</th>
<th>10-Year</th>
<th>15-Year</th>
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</thead>
<tbody>
<tr>
<td>Total Pool</td>
<td>5.7%</td>
<td>8.4%</td>
<td>7.1%</td>
<td>5.3%</td>
<td>5.4%</td>
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<tr>
<td>Balanced Index</td>
<td>4.4%</td>
<td>8.3%</td>
<td>7.1%</td>
<td>5.1%</td>
<td>5.1%</td>
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Asset Allocation as of May 31, 2015:

- Domestic Equities, 21.7%
- Cash Portfolio, 5.3%
- Liquidity Portfolio, 10.1%
- International Equities, 19.4%
- Hedge Funds, 20.6%
- Long-Term Fixed Income, 22.8%