

Texas A&M University System System Endowment Fund



FISCAL YEAR 2021

2ND QUARTER – FEBRUARY 28, 2021

Capital Markets Update

As measured by the Russell 3000 Index, the U.S. stock market returned 7.3% over the quarter and 35.3% for the one-year period ending February 28th. Small cap stocks represented by the Russell 2000 (up 51.0%) outperformed large cap stocks as measured by the Russell 1000 (up 34.3%) by 16.7% for the one-year period. Growth stocks measured by the Russell 3000 Growth (up 45.2%) outstripped value stocks included in the Russell 3000 Value (up 23.3%) by 21.9% over the same time period.

The S&P 500 ended the one-year period up 31.3%. The aggressive growth seen in 2020 has started to dampen in equity markets, caused in part by the increase in rates; however, higher yields have provided support to value stocks, which have started to outperform growth-oriented stocks in early 2021. Long-term economic growth expectations have increased given recent unexpected positive news on initial jobless claims, consumer confidence and personal consumption, construction data and an increase in retail sales.

International equity markets continued to rebound, with emerging markets slightly outpacing developed stocks again for the quarter. For the quarter ending February 28, the MSCI EAFE returned 5.9% and the MSCI Emerging Markets Index returned 11.5%.

Global fixed income markets decreased during the quarter by 1.3% but remained positive for the one-year period at 4.3%. Bond markets continued to perform well, with interest rates increasing on positive inflation expectations, as the FOMC announced its new policy to target average inflation instead of a point in time target of 2.0%. Longer dated nominal yields for U.S. Treasuries have increased significantly as well, spurred by expectations for additional fiscal stimulus from the FOMC and improvements in vaccine deployment.

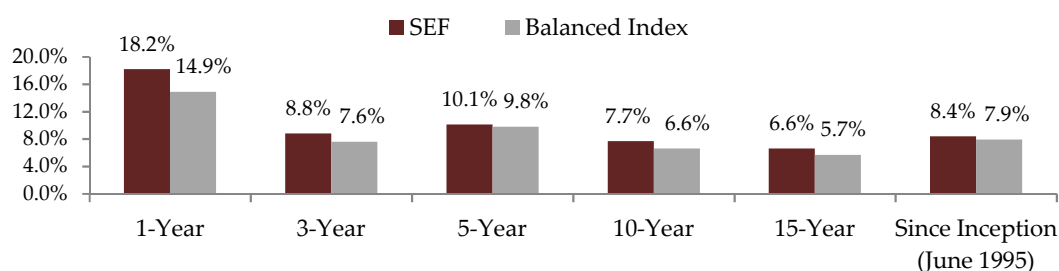
Quarterly Spending Rate

FY 2021: \$0.079585 per unit

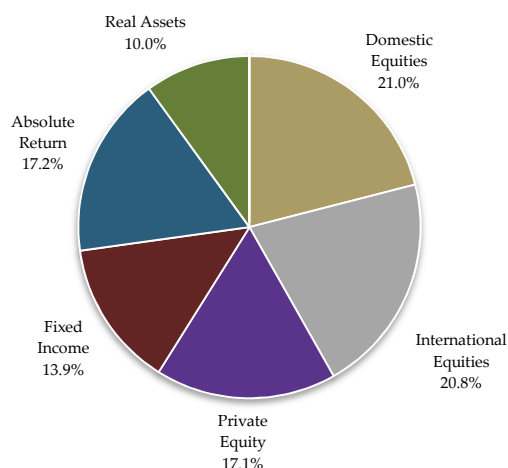
Endowment Valuation

As of February 28, 2021, the SEF had a market value of approximately \$1.45 billion, including new deposits and net the income distribution for the 2nd Quarter. The SEF is accounted for on a unitized basis and the per unit market value as of February 28, 2021 was \$7.37.

Investment Performance



Asset Allocation as of February 28, 2021

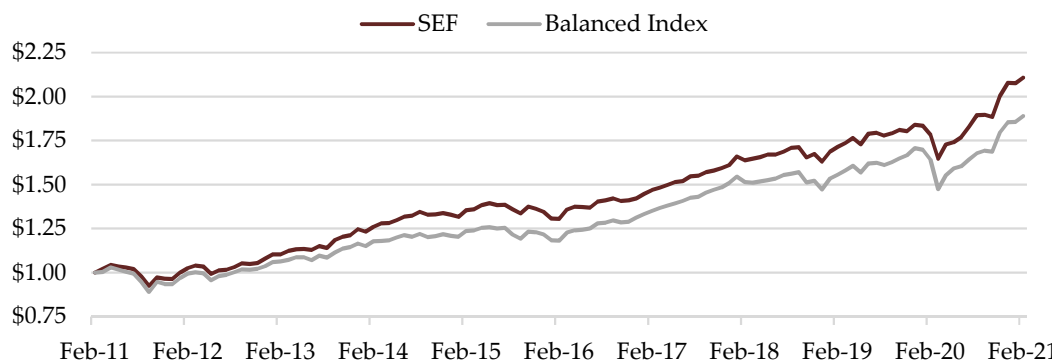


Asset Allocation (\$M)

Prior to Distribution and New Deposits

Domestic Equities	\$290.5
International Equities	\$288.4
Private Equity	\$236.3
Fixed Income	\$191.8
Absolute Return	\$237.8
Real Assets	\$138.5

Growth of \$1 (10 Years)



The units and market value summary is available online for each endowment account at the Treasury web page: <https://www.tamus.edu/finance/treasury-services/system-endowment-fund/>