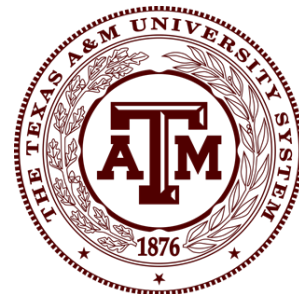


# Texas A&M University System System Endowment Fund



FISCAL YEAR 2020

3<sup>RD</sup> QUARTER – MAY 31, 2020

## Capital Markets Update

As measured by the Russell 3000 Index, the U.S. stock market returned 2.9% over the quarter and 11.5% for the one-year period. Large cap stocks outperformed small cap stocks by 8.6% for the quarter and outperformed by 15.9% for the one-year period. Growth stocks outperformed value stocks by 15.0% during the quarter and outperformed by 27.5% over the one-year period.

After a severe downturn in March stemming from COVID-19 fears and government shutdowns, markets rallied in April, with the S&P 500 recovering nearly 60% of its prior decline. Despite unemployment levels nearing 15% and corporate earnings significantly contracted, market sentiment has remained positive on news of progress in developing a vaccine.

While international markets were even more impacted than US markets, international and emerging markets saw rebounds over April and May. For the month of May, the MSCI EAFE returned 4.4% and the MSCI EM Index likewise returned positively at 0.77%. International developed markets experienced a currency tailwind as the dollar weakened relative to local currencies including the Euro and Swiss franc.

Global fixed income markets increased during the quarter by 0.1%. For the one-year period, fixed income markets gained 5.6%. Despite experiencing a collapse in liquidity in late March, bond markets have rallied similarly to equity markets in April and May. While fixed income markets have yet to rebound to pre-March levels, investors anticipating a V-shaped recovery and responding to additional Fed stimulus have injected liquidity back into the global markets as corporate spreads continue to tighten and yields rose to 0.64% from a low of 0.31% in March.

## Quarterly Endowment Spending Rate

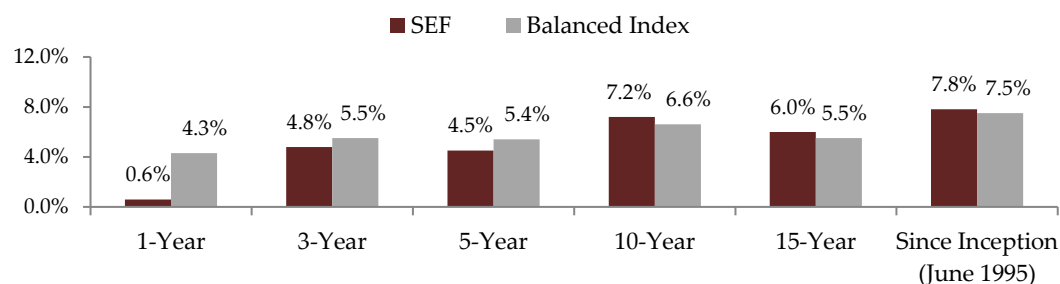
FY 2020: \$0.078679 per unit

FY 2021: \$0.079585 per unit

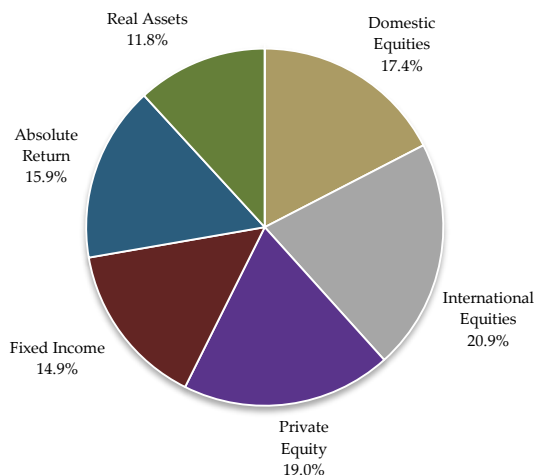
## Endowment Valuation

As of May 31, 2020, the SEF had a market value of approximately \$1.2 billion, including new deposits and net the income distribution for the 3<sup>rd</sup> quarter. The SEF is accounted for on a unitized basis and the per unit market value as of May 31, 2020 was \$6.32.

## Investment Performance



## Asset Allocation as of May 31, 2020

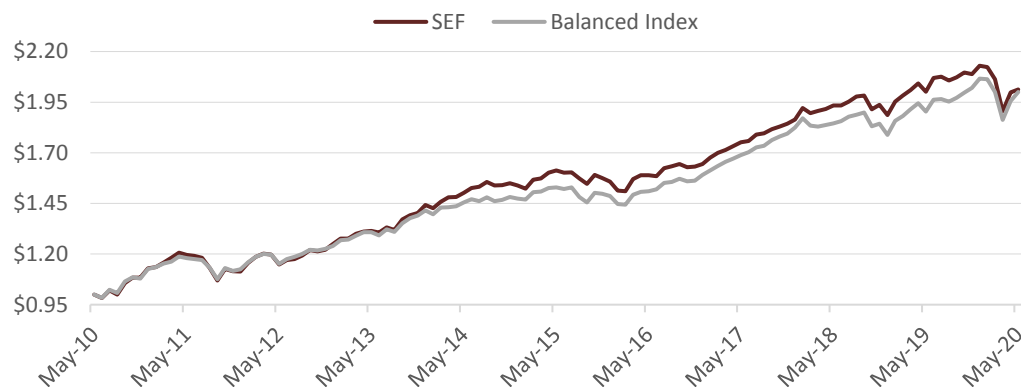


## Asset Allocation (\$M)

Prior to Distribution and New Deposits

|                        |         |
|------------------------|---------|
| Domestic Equities      | \$203.2 |
| International Equities | \$244.1 |
| Private Equity         | \$222.9 |
| Fixed Income           | \$174.9 |
| Absolute Return        | \$186.7 |
| Real Assets            | \$138.6 |

## 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/>