Texas A&M University System
System Endowment Fund

FISCAL YEAR 2026 | **3rd QUARTER – MAY 31, 2026**

Capital Markets Update

Global equities delivered a volatile but ultimately resilient quarter ending May 2026, recovering sharply from a significant sell-off driven by the outbreak of conflict between the U.S. and Israel against Iran on February 28 and the near-total closure of the Strait of Hormuz. The S&P 500 and Nasdaq posted strong year-to-date gains of 10.5% and 19.2%, respectively, as most major U.S. indexes closed at record highs on the final trading day of May. The Federal Reserve held rates steady throughout the quarter, maintaining the federal funds rate at 3.50%–3.75% for a third consecutive meeting in April, as elevated energy-driven inflation following the Strait of Hormuz disruption complicated the path to further easing and shifted market expectations from cuts to potential hikes later in the year.

In private equity, deal activity entered the quarter with real momentum but grew increasingly selective as geopolitical uncertainty and private credit stress created a higher bar for execution. The mid-market and businesses with defensible, visible cash flows remained the most constructive segment of the market along with assets tied to AI deployment such as data centers, power, and semiconductors.

Real assets delivered highly differentiated performance across the quarter, shaped in large part by the energy shock emanating from the Middle East. In private real estate, the recovery continued to broaden within U.S. commercial real estate. Within energy, the quarter was dominated by an extraordinary supply shock: the Brent crude oil spot price averaged $107 per barrel in May — down from April's peak but still reflecting the near-total disruption of shipping through the Strait of Hormuz, which had been effectively closed since February 28.

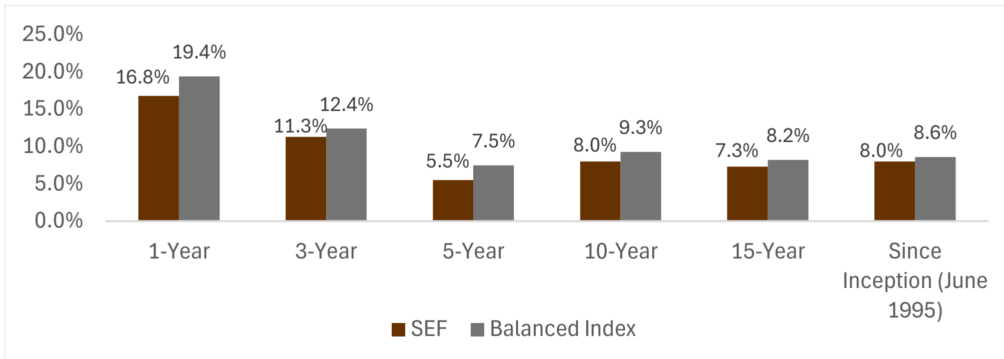
Quarterly Spending Rate

FY 2026: $0.089687 per unit

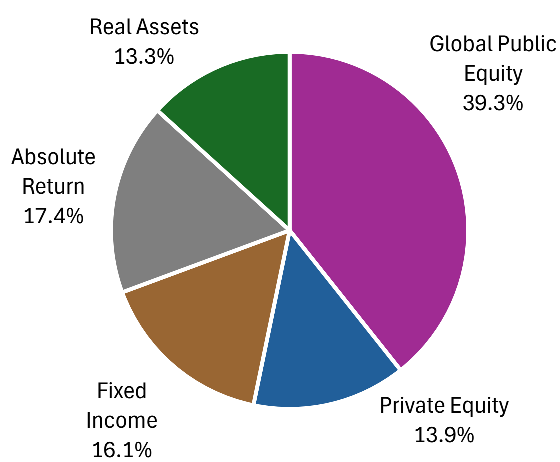
Endowment Valuation

As of May 31, 2026, the SEF had a market value of approximately $1.8 billion, including new deposits and net the income distribution for the 3rd quarter. The SEF is accounted for on a unitized basis and the per unit market value as of May 31, 2026, was $8.07.

Investment Performance



Asset Allocation as of May 31, 2026

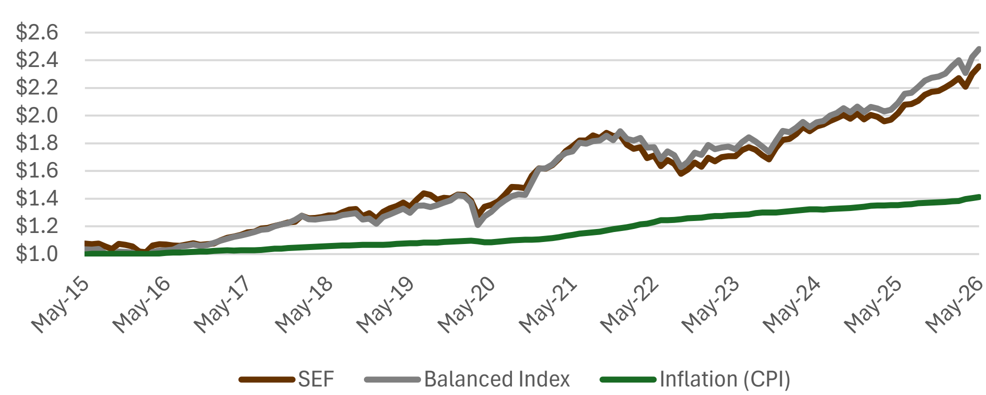


Asset Allocation ($M)

Prior to Distribution and New Deposits

Global Public Equity	$712.2
Private Equity	$252.3
Fixed Income	$291.8
Absolute Return	$314.4
Real Assets	$240.5

Growth of $1 (10 Years)



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