



TEXAS TECH UNIVERSITY SYSTEM™

Board of Regents Report for May 2014

Texas Tech University Endowment



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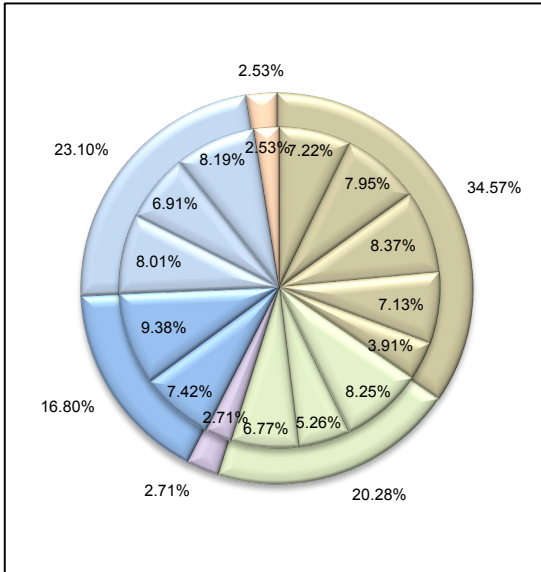
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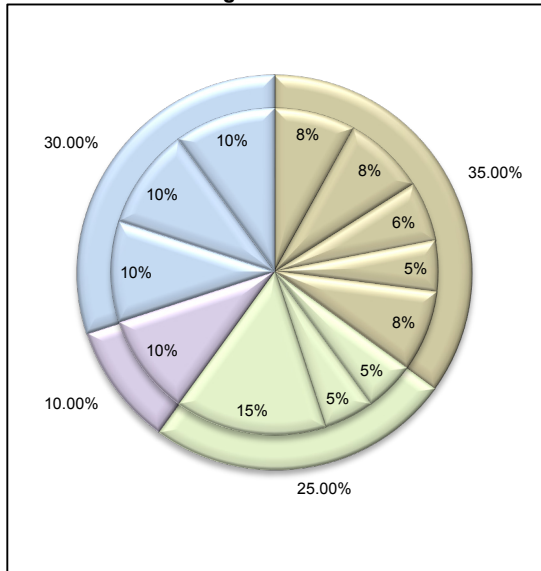


Asset Class Allocation: Actual vs. Target

Actual Allocation



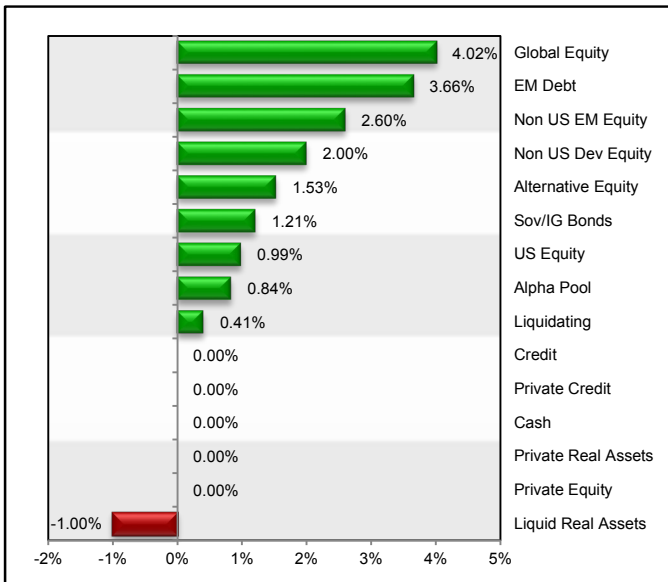
Target Allocation



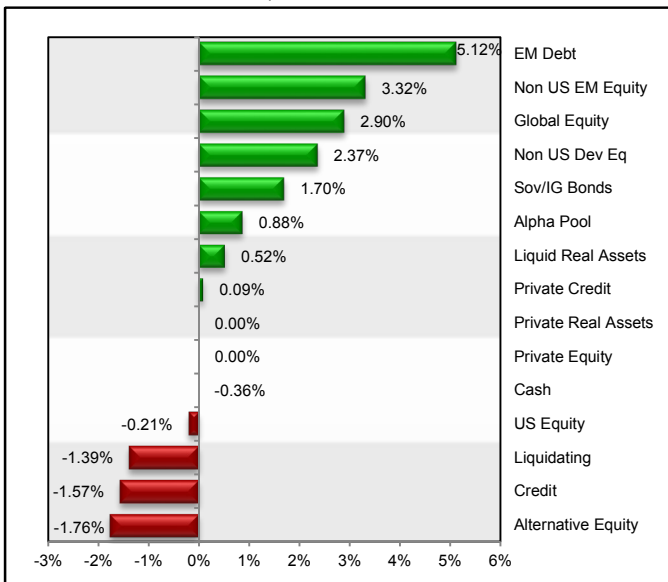
Asset Class	Sub-Asset Class	Actual \$ Allocation			Total % Allocation	Target % Allocation	Target Range
		Physical	Synthetic	Total			
Equity	US Equity	36,817,779	36,508,500	73,326,279	7.22%	8%	
	Global Equity	80,693,327		80,693,327	7.95%	8%	
	Non US Developed Equity	84,991,237		84,991,237	8.37%	6%	
	Non US Emerging Markets Equity	72,371,806		72,371,806	7.13%	5%	
	Alternative Equity	39,684,062		39,684,062	3.91%	8%	
	Sub-Total		314,558,211	36,508,500	351,066,711	34.57%	35%
Debt	Sovereign/Investment Grade Bonds	33,602,262	50,202,422	83,804,684	8.25%	5%	
	Credit	53,418,359		53,418,359	5.26%	15%	
	Emerging Markets Debt	68,723,482		68,723,482	6.77%	5%	
	Sub-Total		155,744,103	50,202,422	205,946,525	20.28%	25%
Liquid Real Assets		27,564,880	0	27,564,880	2.71%	10%	5% - 15%
Cash & Alpha Pool	Cash	92,678,216	-17,342,184	75,336,031	7.42%		
	Alpha Pool	164,612,063	-69,368,738	95,243,326	9.38%		
	Sub-Total		257,290,279	-86,710,922	170,579,357	16.80%	0%
Private Investments	Private Equity	81,312,429		81,312,429	8.01%	10%	
	Private Credit	70,120,115		70,120,115	6.91%	10%	
	Private Real Assets	83,176,882		83,176,882	8.19%	10%	
	Sub-Total		234,609,426	0	234,609,426	23.10%	30%
Liquidating		25,713,059	0	25,713,059	2.53%	0%	
Total		1,015,479,958	0	1,015,479,958	100%	100%	

Asset Class Performance: Actual vs. Policy

One Month Performance



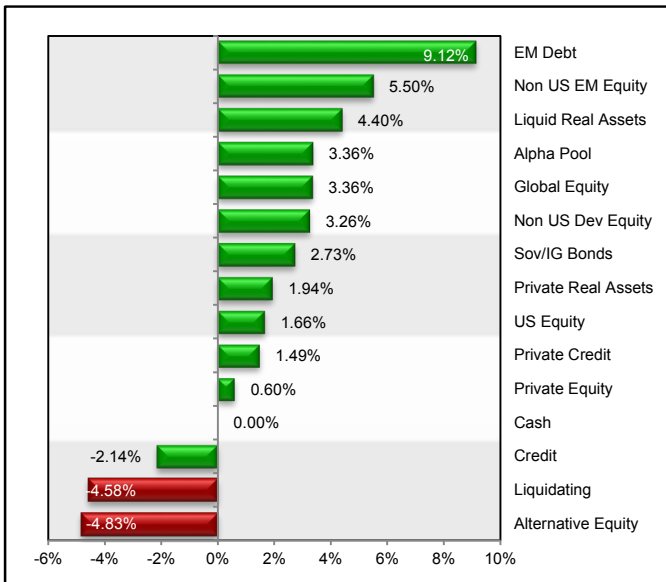
QTD Performance



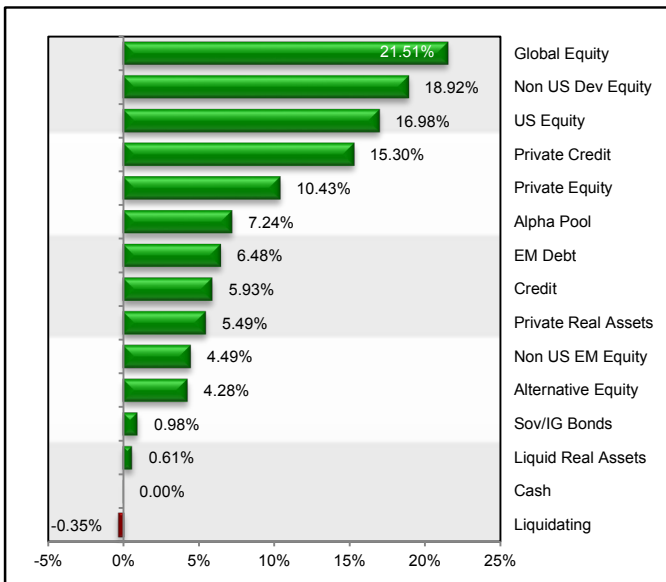
Asset Class	Sub-Asset Class	Month					QTD				
		Physical Return	Synthetic Overlay	Alpha Pool + Cash	Total Return	Policy	Physical Return	Synthetic Overlay	Alpha Pool + Cash	Total Return	Policy
Equity	US Equity	0.20%	2.17%	0.67%	0.99%		-0.99%	2.17%	0.67%	-0.21%	
	Global Equity	4.02%			4.02%		2.90%			2.90%	
	Non US Developed Equity	2.00%			2.00%		2.37%			2.37%	
	Non US Emerging Markets Equity	2.60%			2.60%		3.32%			3.32%	
	Alternative Equity	1.53%			1.53%		-1.76%			-1.76%	
	Sub-Total	2.08%	2.17%	0.67%	2.14%	2.21%	1.48%	2.17%	0.67%	1.55%	3.24%
Debt	Sovereign/Investment Grade Bonds	1.25%	0.52%	0.67%	1.21%		2.00%	0.80%	0.71%	1.70%	
	Credit	0.00%			0.00%		-1.57%			-1.57%	
	Emerging Markets Debt	3.66%			3.66%		5.12%			5.12%	
	Sub-Total	2.31%	0.52%	0.67%	1.99%	1.14%	2.91%	0.80%	0.71%	2.50%	1.99%
Liquid Real Assets		-1.00%			-1.00%	0.68%	0.52%			0.52%	1.35%
Cash & Alpha Pool	Cash	0.00%			0.00%		0.00%			0.00%	
	Alpha Pool	0.84%			0.84%		0.88%			0.88%	
	Sub-Total	0.67%			0.67%	0.00%	0.69%			0.69%	0.01%
Private Investments	Private Equity	0.00%			0.00%		0.00%			0.00%	
	Private Credit	0.00%			0.00%		0.09%			0.09%	
	Private Real Assets	0.00%			0.00%		0.00%			0.00%	
	Sub-Total	0.00%			0.00%	0.00%	0.03%			0.03%	0.00%
Liquidating		0.41%			0.41%		-1.39%			-1.39%	
Total		1.20%	1.21%	0.67%	1.26%	1.13%	1.02%	1.49%	0.71%	1.10%	1.73%

Asset Class Performance: Actual vs. Policy (cont.)

Calendar YTD Performance



One Year Performance



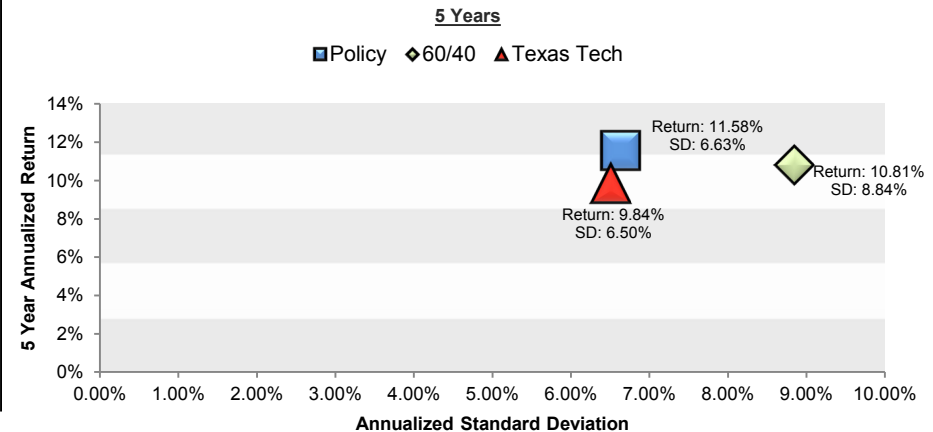
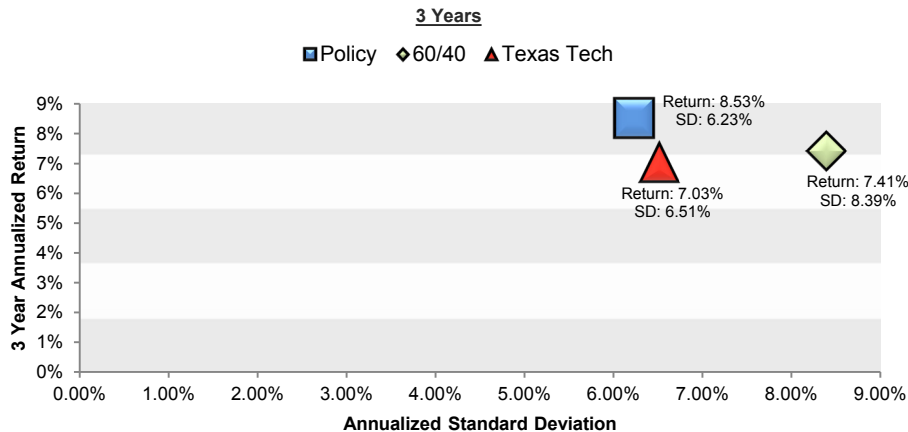
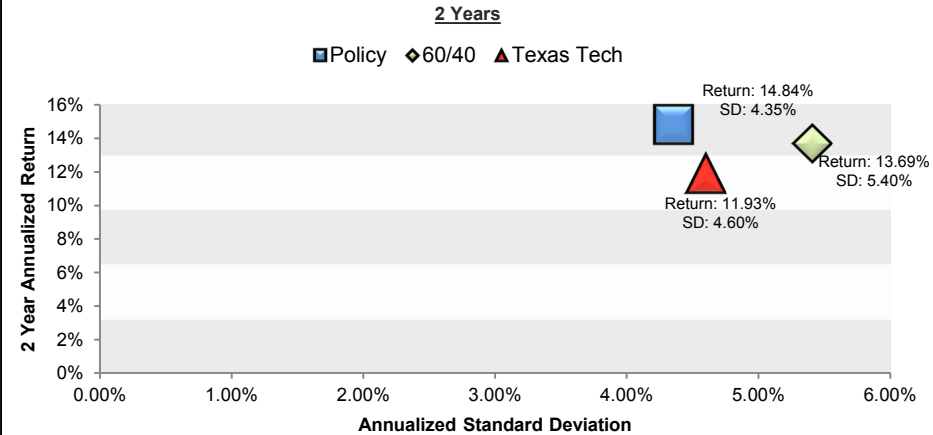
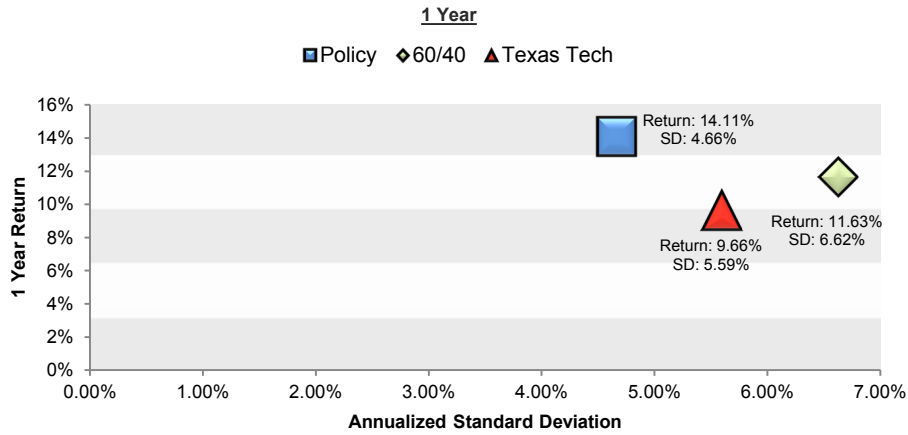
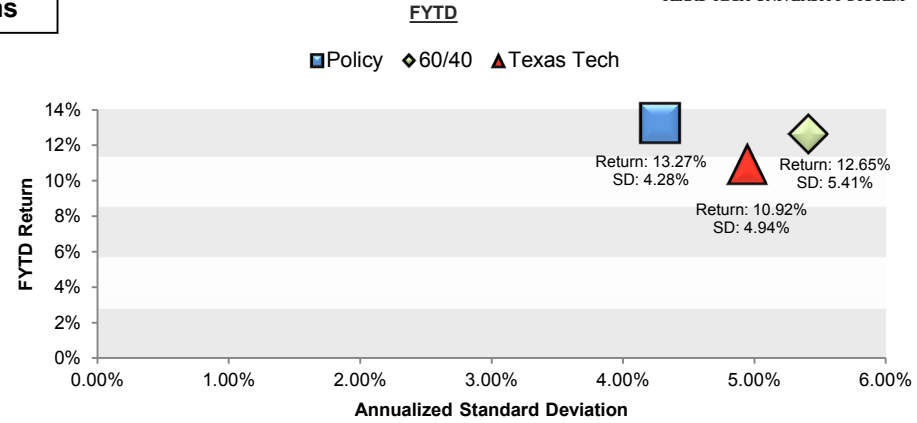
Asset Class	Sub-Asset Class	Calendar YTD					1 Year				
		Physical Return	Synthetic Overlay	Alpha Pool + Cash	Total Return	Policy	Physical Return	Synthetic Overlay	Alpha Pool + Cash	Total Return	Policy
Equity	US Equity	0.86%	2.17%	0.67%	1.66%		16.06%	2.17%	0.67%	16.98%	
	Global Equity	3.36%			3.36%		21.51%			21.51%	
	Non US Developed Equity	3.26%			3.26%		18.92%			18.92%	
	Non US Emerging Markets Equity	5.50%			5.50%		4.49%			4.49%	
	Alternative Equity	-4.83%			-4.83%		4.28%			4.28%	
	Sub-Total	2.28%	2.17%	0.67%	2.34%	4.49%	14.70%	2.17%	0.67%	14.77%	17.75%
Debt	Sovereign/Investment Grade Bonds	3.03%	0.80%	0.71%	2.73%		1.27%	0.80%	0.71%	0.98%	
	Credit	-2.14%			-2.14%		5.93%			5.93%	
	Emerging Markets Debt	9.12%			9.12%		6.48%			6.48%	
	Sub-Total	5.31%	0.80%	0.71%	4.88%	3.87%	5.59%	0.80%	0.71%	5.16%	2.71%
Liquid Real Assets		4.40%			4.40%	3.78%	0.61%			0.61%	6.28%
Cash & Alpha Pool	Cash	0.00%			0.00%		0.00%			0.00%	
	Alpha Pool	3.36%			3.36%		7.24%			7.24%	
	Sub-Total	2.07%			2.07%	0.02%	4.96%			4.96%	0.05%
Private Investments	Private Equity	0.60%			0.60%		10.43%			10.43%	
	Private Credit	1.49%			1.49%		15.30%			15.30%	
	Private Real Assets	1.94%			1.94%		5.49%			5.49%	
	Sub-Total	1.32%			1.32%	6.66%	9.78%			9.78%	20.27%
Liquidating		-4.58%			-4.58%		-0.35%			-0.35%	
Total		1.85%	1.49%	0.71%	1.94%	4.84%	9.57%	1.49%	0.71%	9.66%	14.11%



Long Term Risk/Return of Endowment vs. 60/40 Portfolio & Policy Returns

Commentary

- The Texas Tech portfolio generates a higher risk adjusted return than a 60/40 portfolio.
- The Texas Tech portfolio is less volatile than a 60/40 portfolio and policy portfolio over a 5 year horizon.
- The 60/40 portfolio has the most volatile returns over all periods.



Performance – Best/Worst (Absolute)The total NAV as of May 31st 2014 is \$1,015,479,958**One Month Performance**

- **Sub-Asset Class** : Best Performing

Sub-Asset Class	Asset Class	May Performance	
		\$	%
Global Equity	Equity	3,115,095	4.02%
Emerging Markets Debt	Debt	2,427,448	3.66%
Non US EM Equity	Equity	1,836,266	2.60%

- **Sub-Asset Class** : Worst Performing

Sub-Asset Class	Asset Class	May Performance	
		\$	%
Liquid Real Assets	Liquid Real Assets	(279,438)	-1.00%
Credit	Debt	0	0.00%
Alpha Pool	Cash & Alpha Pool	1,368,118	0.84%

Trailing Three Month Performance

- **Sub Asset Class** : Best Performing

Sub-Asset Class	Asset Class	Performance	
		\$	%
Non US EM Equity	Equity	4,778,316	7.06%
Emerging Markets Debt	Debt	3,973,930	6.54%
Non US Developed Equity	Equity	1,535,361	1.33%

- **Sub Asset Class** : Worst Performing

Sub-Asset Class	Asset Class	Performance	
		\$	%
Alternative Equity	Equity	(3,239,037)	-7.18%
Credit	Debt	(326,669)	-1.38%
Global Equity	Equity	(580,073)	-0.71%

Performance – Best/Worst (Relative)**One Month Performance**

- **Sub-Asset Class** : Best Performing

Sub-Asset Class	Asset Class	May Relative Return
		%
Global Equity	Equity	1.81%
Emerging Markets Debt	Debt	0.46%
Non US Developed Equity	Equity	0.25%

- **Sub-Asset Class** : Worst Performing

Sub-Asset Class	Asset Class	May Relative Return
		%
Liquid Real Assets	Liquid Real Assets	-1.69%
US Equity	Equity	-1.36%
Credit	Debt	-1.14%

Trailing Three Month Performance

- **Sub Asset Class** : Best Performing

Sub-Asset Class	Asset Class	Relative Return
		%
Alpha Pool	Cash & Alpha Pool	1.49%
Emerging Markets Debt	Debt	0.41%
Non US Emerging Markets Equity	Equity	-0.05%

- **Sub Asset Class** : Worst Performing

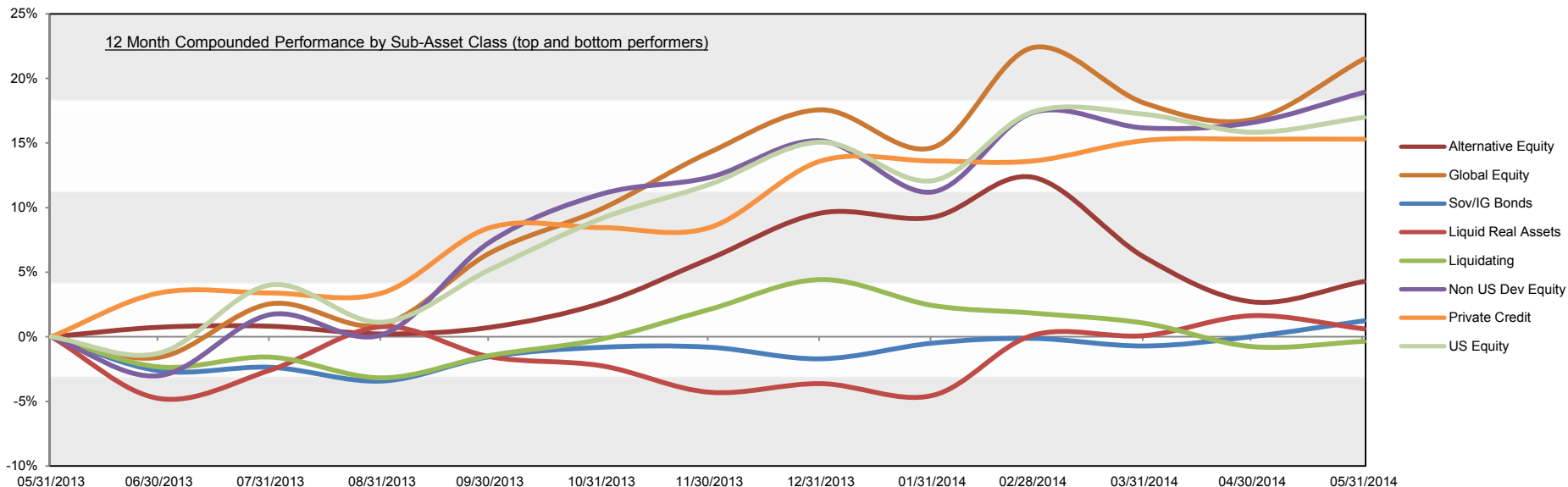
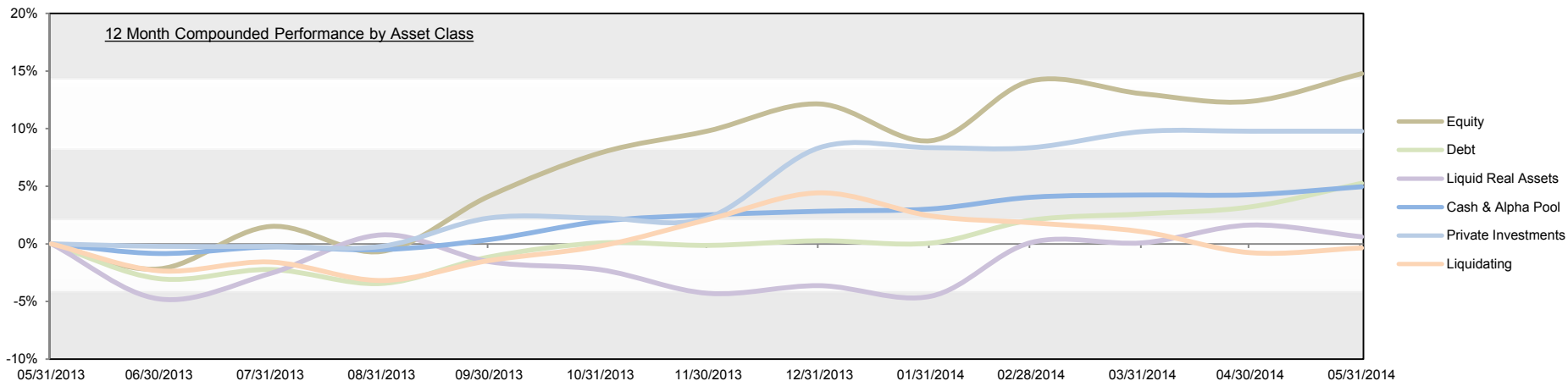
Sub-Asset Class	Asset Class	Relative Return
		%
Alternative Equity	Equity	-10.93%
Global Equity	Equity	-4.46%
US Equity	Equity	-4.33%

Asset Class & Sub Asset Class Twelve Month Performance

Commentary

- May was a largely positive month for equity and fixed income markets. Economic data for May met or exceeded expectations, and perceived geopolitical risk in Ukraine and Thailand seemed to fade.
- Central banks were also at the forefront of positive sentiment in markets, as the European Central Bank cut the official policy rate to 0.15%, and announced a negative deposit rate of -0.1%.
- Emerging markets outperformed developed markets.
- Unemployment in the US dropped to 6.3%, with 217k jobs added in May. UK unemployment also decreased, with the jobless rate the lowest since 2008.
- European Union Quarter 1 growth disappointed at 0.2% Quarter on Quarter, and Purchasing Managers Index declined but stayed above 50.
- The International Monetary Fund forecasted global growth of 3.6% for 2014, up from 3% in 2013.

Source – JP Morgan



Risk Profile (VaR)

- The Texas Tech portfolio has a 5% chance of losing \$42 million (or more) in a month with a 1% chance of losing \$63 million (or more) in a month based on observed portfolio volatility.
- Non US Emerging Markets Equity, Private Real Assets and Emerging Market Debt have generated the lowest risk adjusted returns.
- The Texas Tech portfolio exhibits less value at risk than the policy portfolio and a 60/40 portfolio.

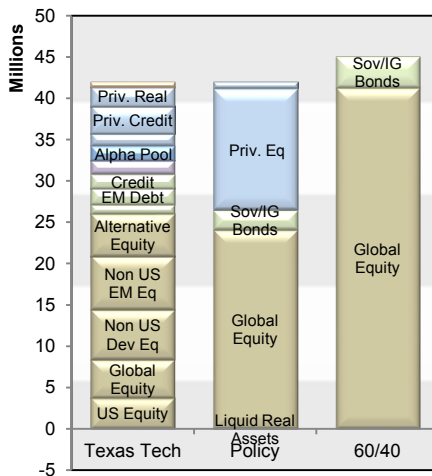
Value at Risk – One Month – 95% Confidence

Sub Asset Classes with large Value at Risk:

Sub-Asset Class	5% chance of losing \$
Non US Emerging Markets Equity	6,477,070
Non US Developed Equity	5,978,266
Alternative Equity	5,095,800

Sub Asset Classes with small Value at Risk:

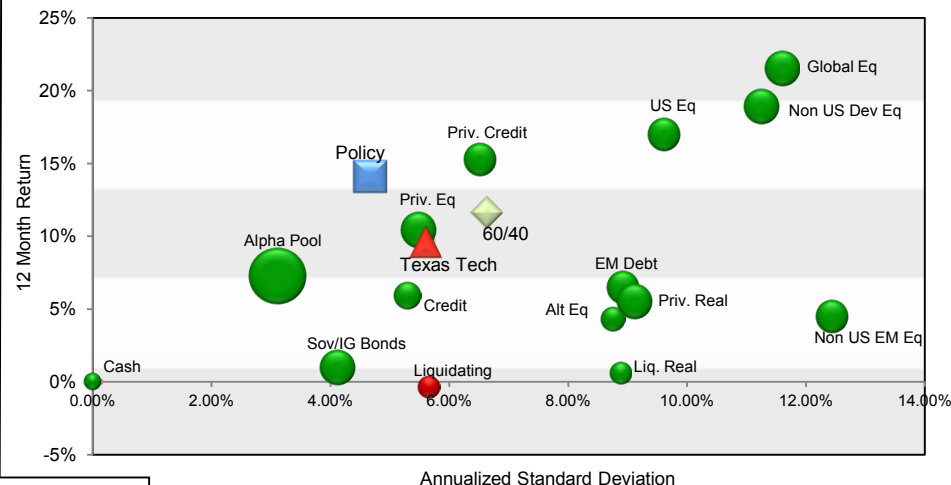
Sub-Asset Class	5% chance of losing \$
Sovereign/Investment Grade Bonds	1,191,220
Private Equity	1,565,739
Credit	1,687,277



Risk Profile

- Alpha Pool, Private Equity and Private Credit have provided the highest risk adjusted returns.
- Non US Emerging Market Equity, Private Real Assets and Emerging Market Debt have generated the lowest risk adjusted returns.

12 Month Return vs Standard Deviation



Factor Analysis

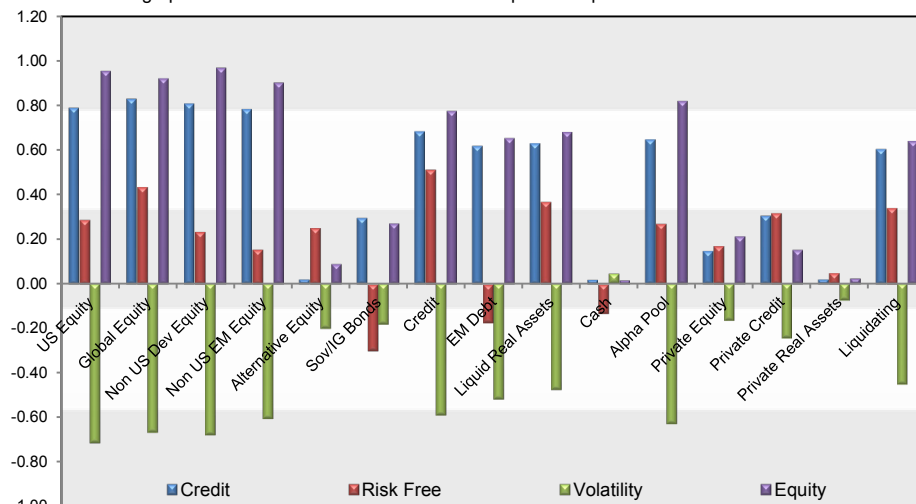
- The model analyses historical returns of the portfolio against the returns and volatility of key indicators:

- Credit is benchmarked against the High Yield North American CDX Index.
- Risk-Free is benchmarked against the US 10 Year Treasury Bond.
- Volatility is benchmarked against the VIX Index.
- Equity Markets is benchmarked against the MSCI AC World IMI (Gross).

- The model shows that performance and volatility of both the Texas Tech portfolio and a 60/40 portfolio are well explained by the 4 factor model.
- The Texas Tech portfolio exhibits a lower correlation to the Equities and Credit markets than the 60/40 portfolio and a higher correlation to the risk free index.
- The model shows that Investment Grade Bonds and Private Real Assets look like a good hedge on the Equity markets.

Portfolio	Credit	Risk Free	Volatility	Equity	R ²
Texas Tech	0.79	0.31	-0.72	0.93	0.84
60/40	0.81	0.18	-0.69	0.99	0.84
Policy	0.76	0.21	-0.65	0.95	0.80

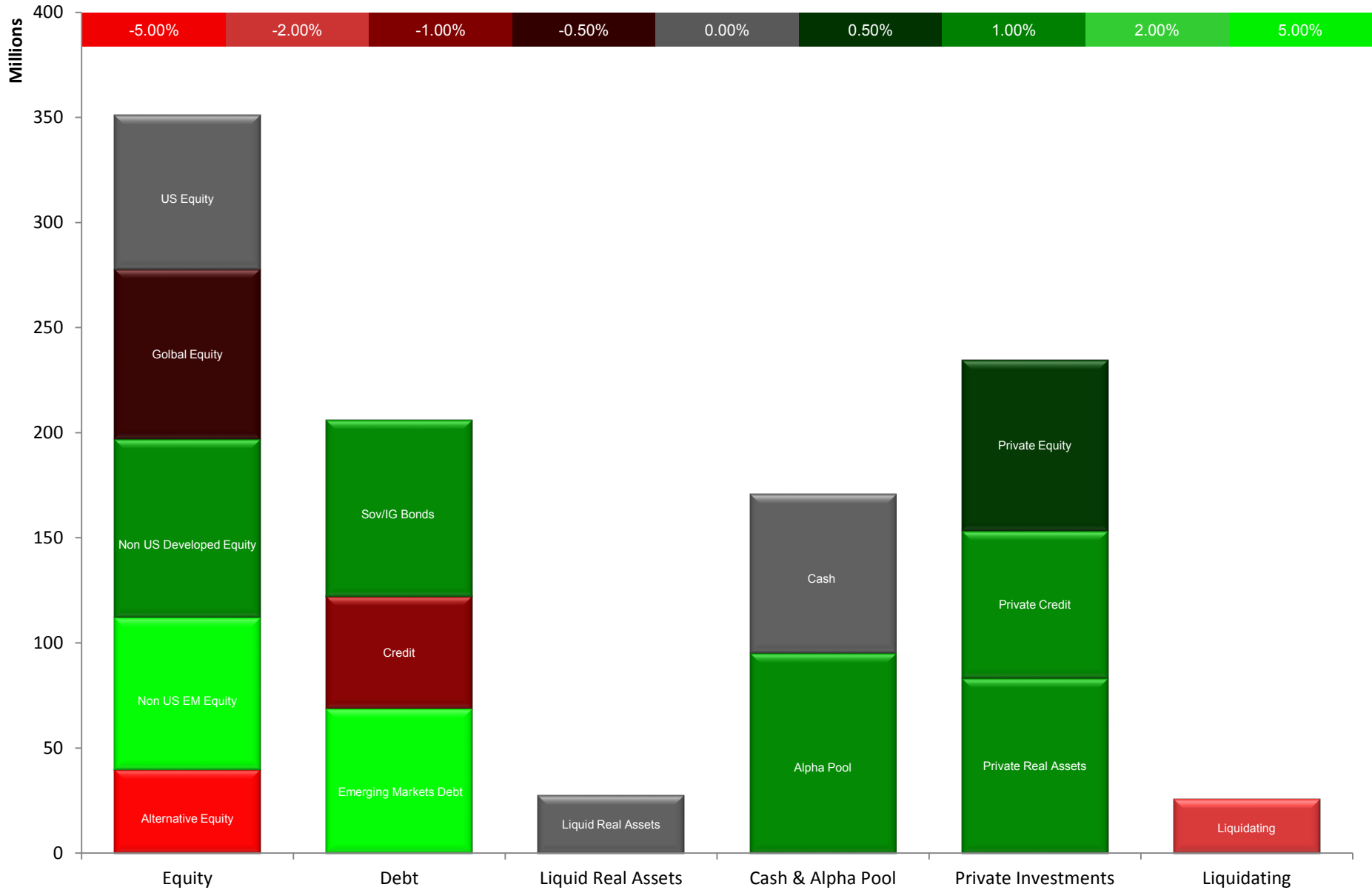
The below graph shows how each risk factor in the sample set impacts the various sub-asset classes.



Factor Analysis is calculated using the monthly return over the period January 2009 – current month.



Three Month Performance





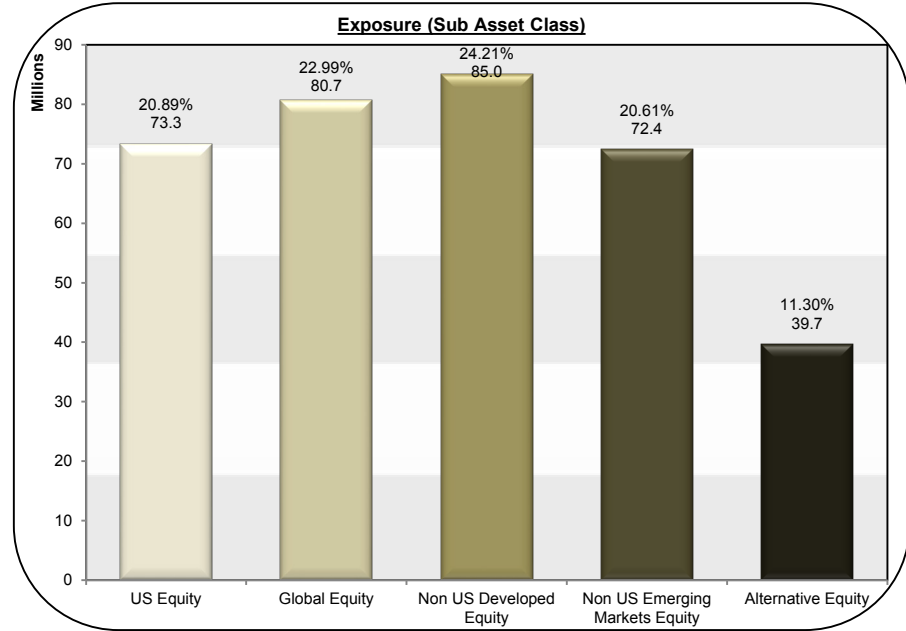
Overview and Risk Profile by Asset Class

Commentary

Source – JP Morgan

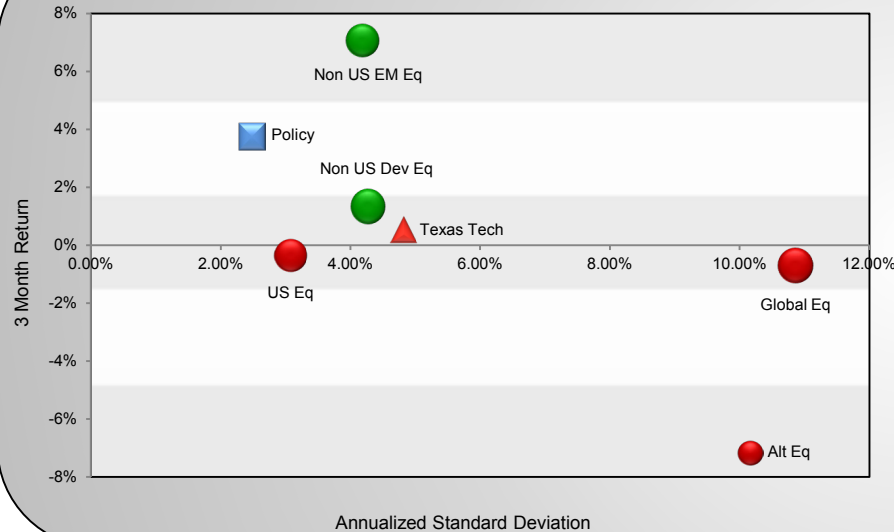
- Globally, equities again produced positive returns for the month of May.
- Emerging Market equities outperformed developed markets. Latin America lagged in the emerging markets in the terms of performance.
- Japanese and Hong Kong markets led developed markets in terms of performance.

2010	2011	2012	2013	YTD	May
MSCI Asia ex Japan 15.60%	US S&P 500 2.10%	Japan TOPIX 20.90%	Japan TOPIX 54.40%	MSCI Europe ex UK 7.90%	MSCI Asia ex Japan 3.40%
US S&P 500 15.10%	UK FTSE 100 -2.20%	MSCI Europe ex UK 20.00%	US S&P 500 32.40%	US S&P 500 5.00%	Japan TOPIX 3.40%
MSCI EM 14.40%	MSCI Europe ex UK -12.10%	MSCI Asia ex Japan 19.70%	MSCI Europe ex UK 24.20%	UK FTSE 100 3.20%	MSCI EM 2.90%
UK FTSE 100 12.60%	MSCI EM -12.50%	MSCI EM 17.40%	UK FTSE 100 18.70%	MSCI Asia ex Japan 2.80%	MSCI Europe ex UK 2.90%
MSCI Europe ex UK 5.10%	MSCI Asia ex Japan -14.60%	US S&P 500 16.00%	MSCI Asia ex Japan 6.20%	MSCI EM 2.30%	US S&P 500 2.30%
Japan TOPIX 1.00%	Japan TOPIX -17.00%	UK FTSE 100 10.00%	MSCI EM 3.80%	Japan TOPIX -6.80%	UK FTSE 100 1.40%

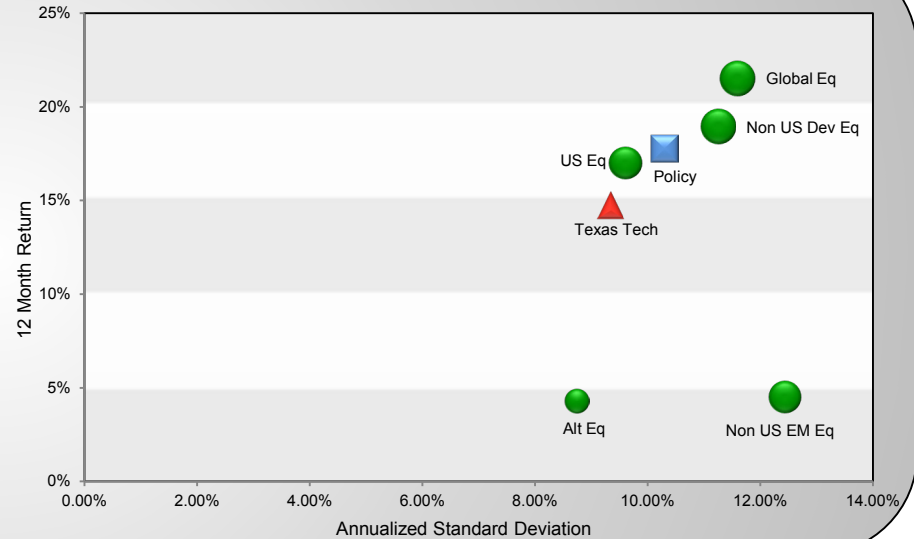


Risk vs. Return (Sub Assets)

Three Months



One Year



*Performance is calculated using time weighted Cash on Cash returns. This is an industry standard and allows direct comparison between manager returns and policy returns.

Overview and Risk Profile by Asset Class

Commentary

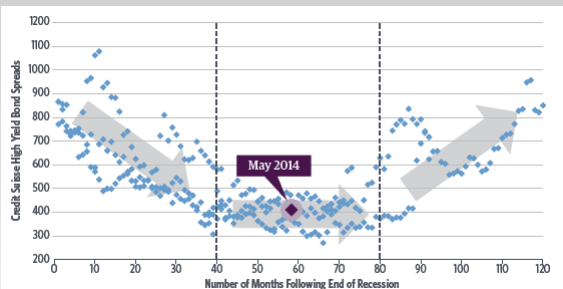
Global bond yields fell in May

- In May, Most major developed markets saw a decrease in 10 year government bond yields.
- US 10yr yield declined 17bps to 2.48%.

Investment Grade Bonds posted strong performance in May.

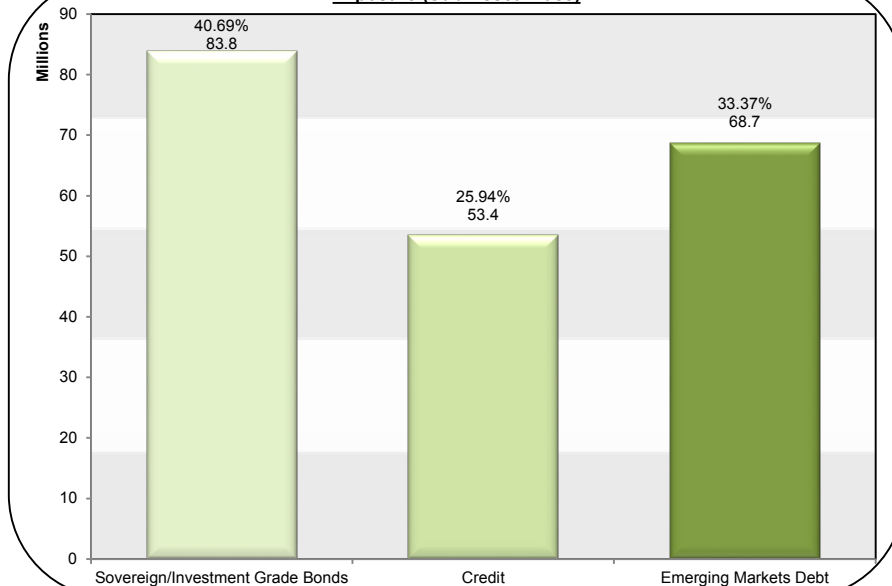
- In May, Investment Grade securities outperformed Government debt.
- High Yield led Government bonds, but lagged Investment Grade
- Emerging Market debt performance was particularly strong in May.

According to Guggenheim, spreads should not widen for any another two years based on the below analysis:



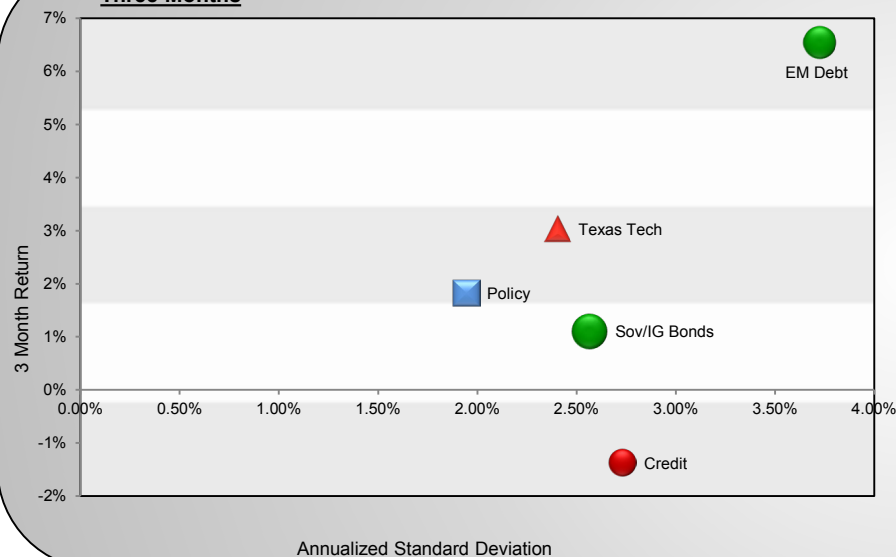
Source –CS, Guggenheim

Exposure (Sub Asset Class)

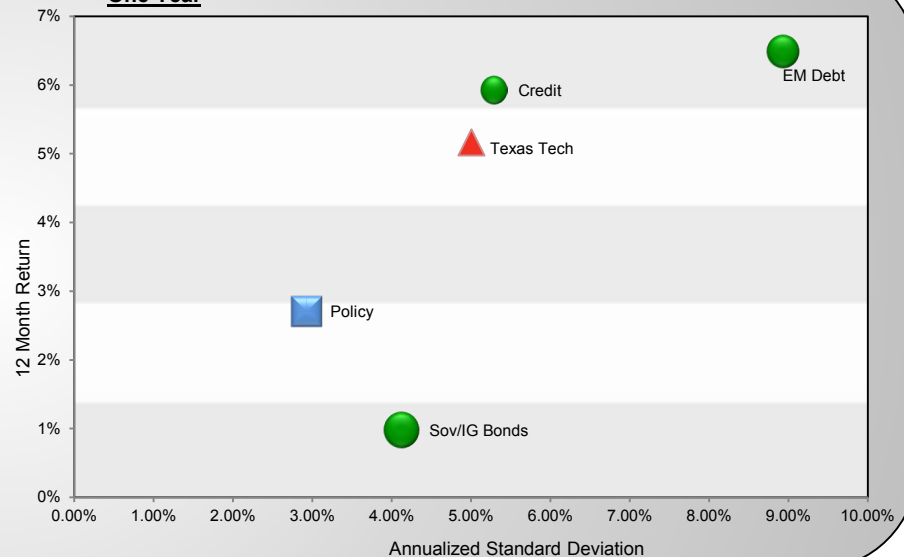


Risk vs. Return (Sub Assets)

Three Months



One Year



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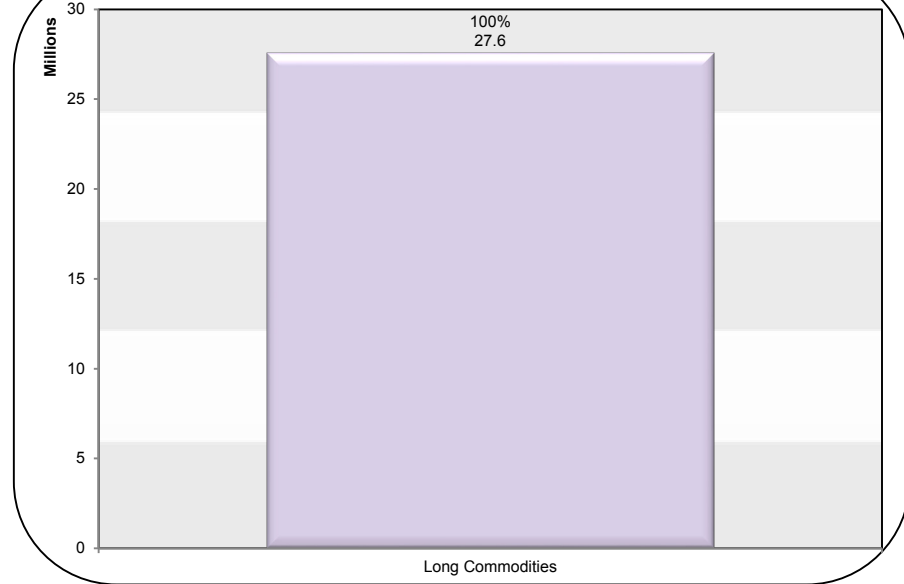
Overview and Risk Profile by Asset Class

Commentary

- Commodities posted a performance decline of 2.9% in May, narrowing the year to date advantage held over equities.
- Natural Gas prices fell 5.7% after gaining 10% in April.
- Precious metals were performance was dragged down by gold and silver, down 3.9 and 2.6% respectively.
- Infrastructure stocks gained 3.2%, as measured by the Dow Jones Brookfield Infrastructure Index.
- Rising natural liquid gas prices and demand during the unusually cold winter led to good first quarter earnings for pipeline companies.
- The precious metals sector (-3.6%) was pulled lower by gold and silver, down 3.9% and 2.6%, respectively. Investors moved away from these safe-haven assets amid more-positive leading economic indicators.
- Grains (-8.0%) mostly declined as farmers made measurable planting progress in the U.S. and as winter wheat crop conditions stabilized.

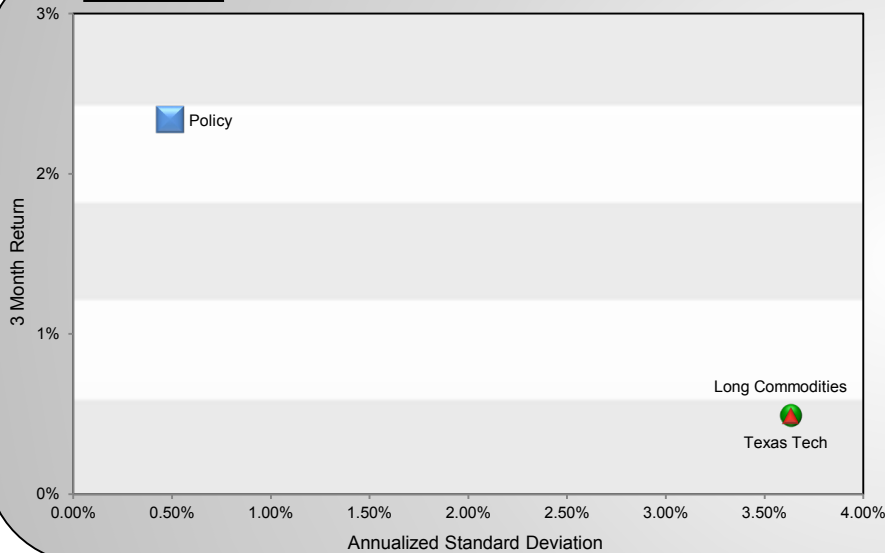
Source – Cohen & Steers

Exposure (Strategy)

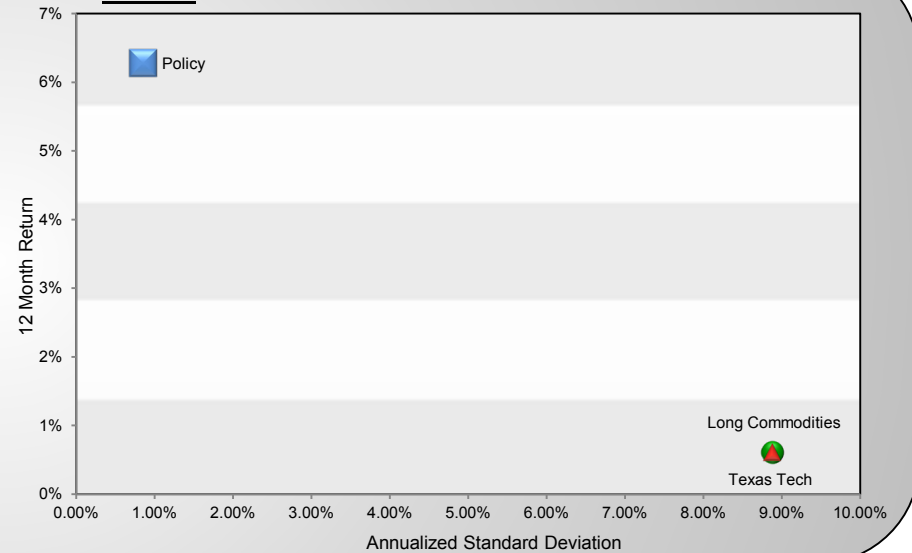


Risk vs. Return (Strategy)

Three Months



One Year



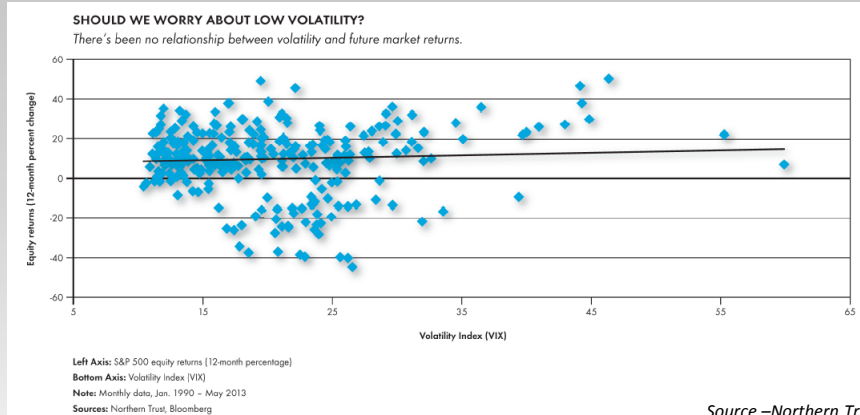
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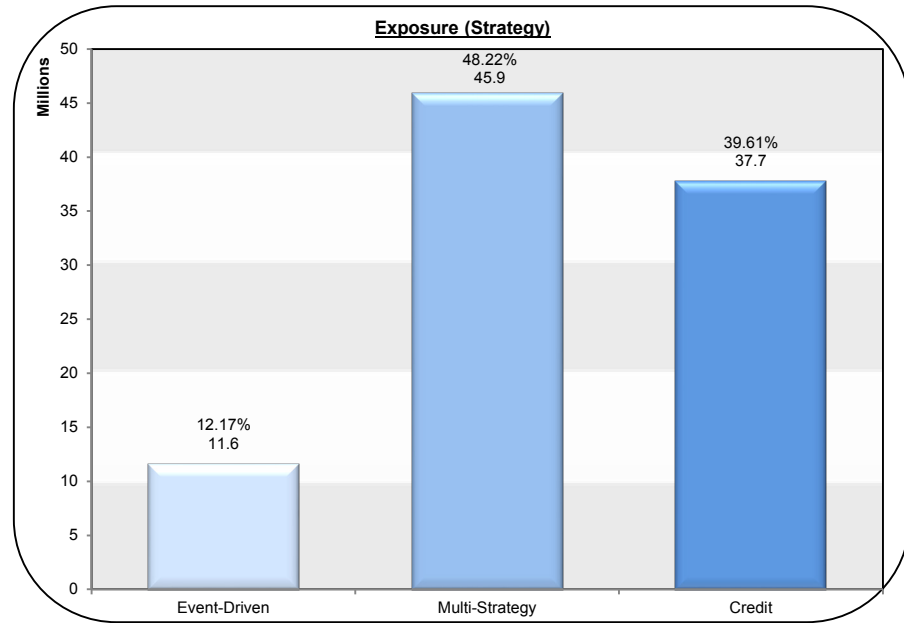
Overview and Risk Profile by Asset Class

Commentary

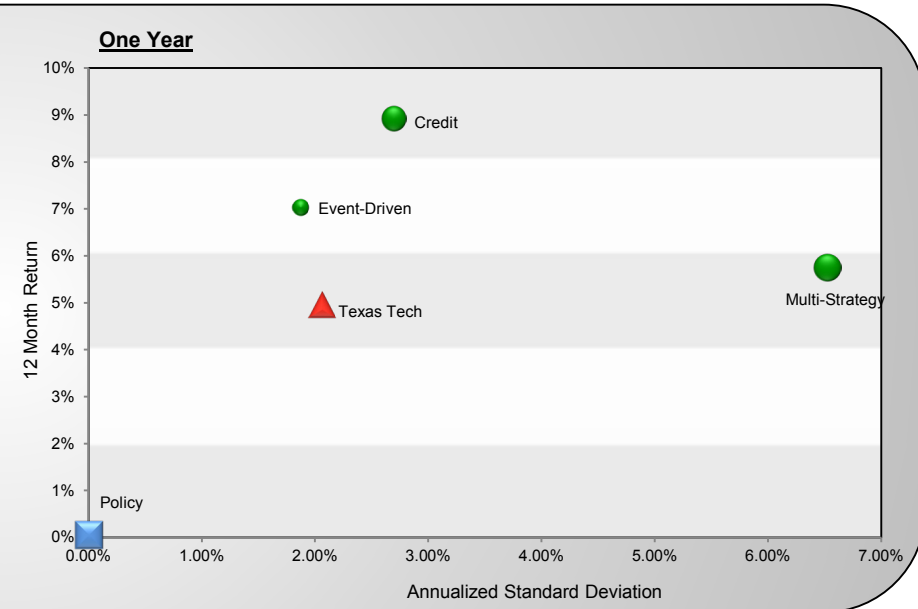
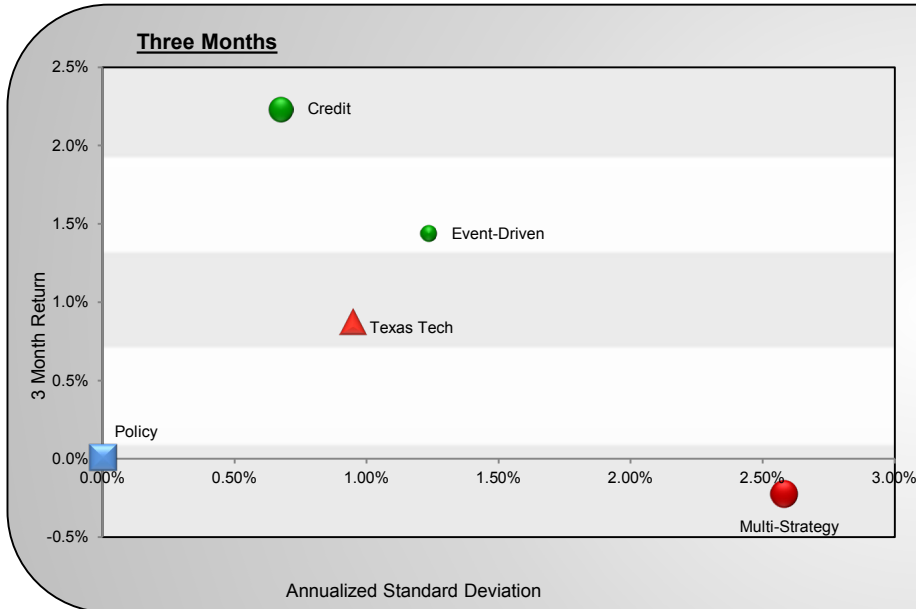
- A recent article by Northern Trust's Chief Investment Strategist includes a study that shows little relationship between market volatility and the subsequent returns of the equity market at a time when investor uncertainty is at a multi year low. The article goes on to predict that the key drivers of asset class returns during the next year will be global growth and inflation.



Source - Northern Trust



Risk vs. Return (Strategy)



*Performance is calculated using time weighted Cash on Cash returns. This is an industry standard and allows direct comparison between manager returns and policy returns.



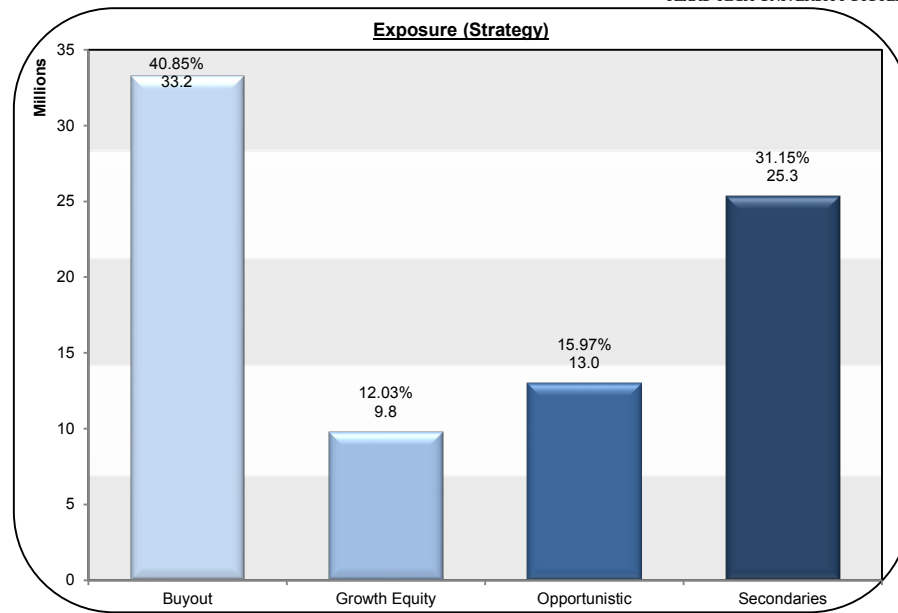
Overview and Risk Profile by Asset Class

Commentary

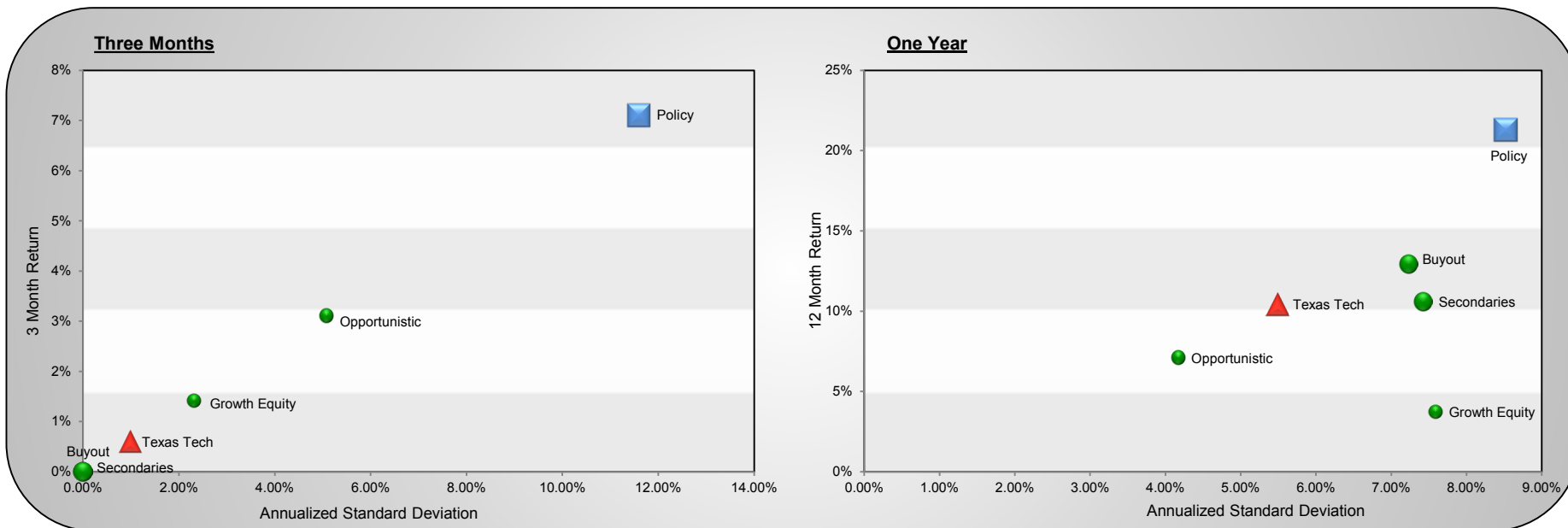
Source – Wall Street Journal

- A recent article by the Wall Street Journal shows that Private Equity dry powder reached a record high in 2013. Dry powder is defined as the amount of money raised by private equity firms but not yet invested.
- According to the article, The economic recovery is making it harder for PE firms to put money to work and achieving a high exit multiple.

Fund Type	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Buyout	176.6	258.5	379.9	439.3	482.9	482.0	424.0	389.4	354.4	397.2
Distressed	18.5	20.4	36.7	61.0	55.5	55.9	68.1	72.1	64.5	74.3
Growth	10.7	16.4	25.5	36.7	45.9	47.5	55.2	69.7	69.8	75.9
Mezzanine	18.2	21.5	33.6	34.2	42.3	40.5	38.6	45.8	38.6	42.6
Real Estate	55.1	98.1	132.6	166.9	171.4	180.5	154.3	166.9	156.4	185.4
Venture Capital	91.4	93.0	103.0	123.6	121.3	114.8	109.5	114.5	110.9	114.4
Other	34.7	51.1	86.9	139.3	148.1	139.9	137.8	148.0	148.6	183.8
Total	405.2	559.0	798.2	1,001.0	1,067.4	1,061.1	987.5	1,006.4	943.2	1,073.6



Risk vs. Return (Strategy)



*Performance is calculated using time weighted Cash on Cash returns. This is an industry standard and allows direct comparison between manager returns and policy returns. IRR returns can be seen in appendix 2.

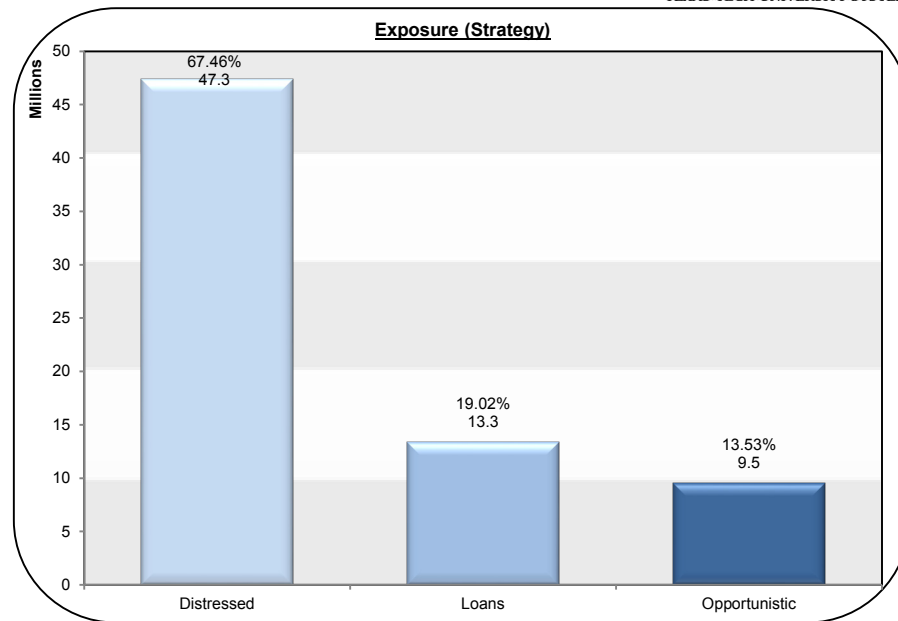
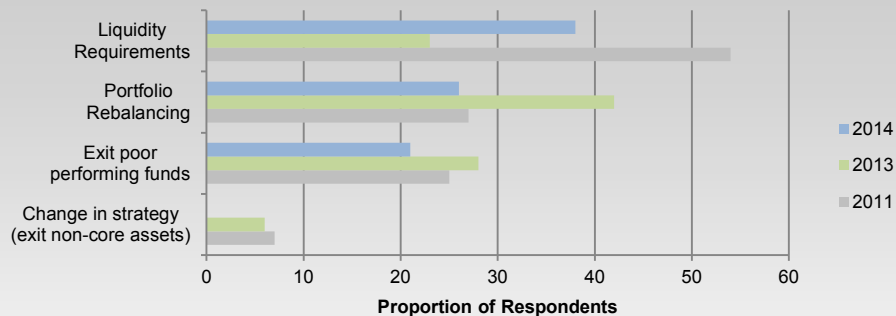


Overview and Risk Profile by Asset Class

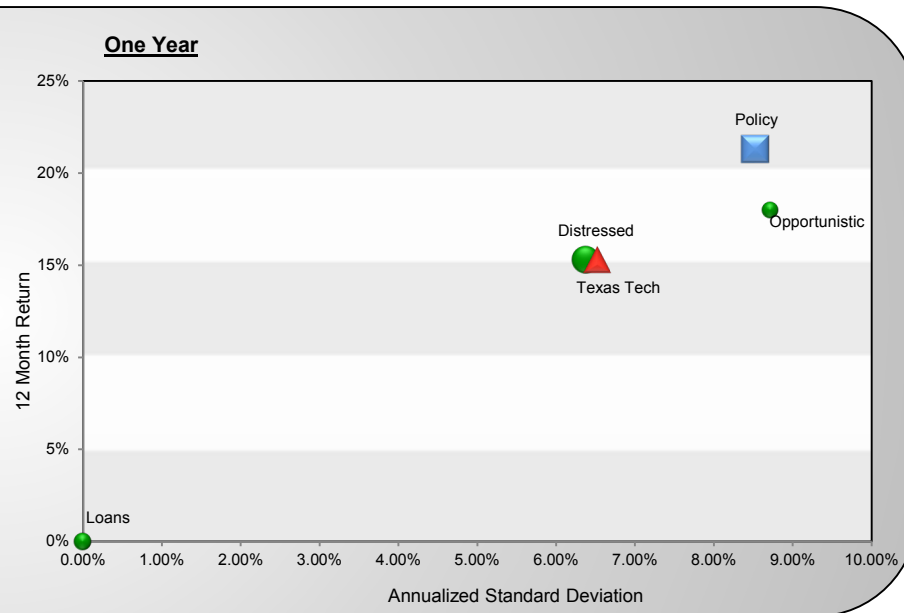
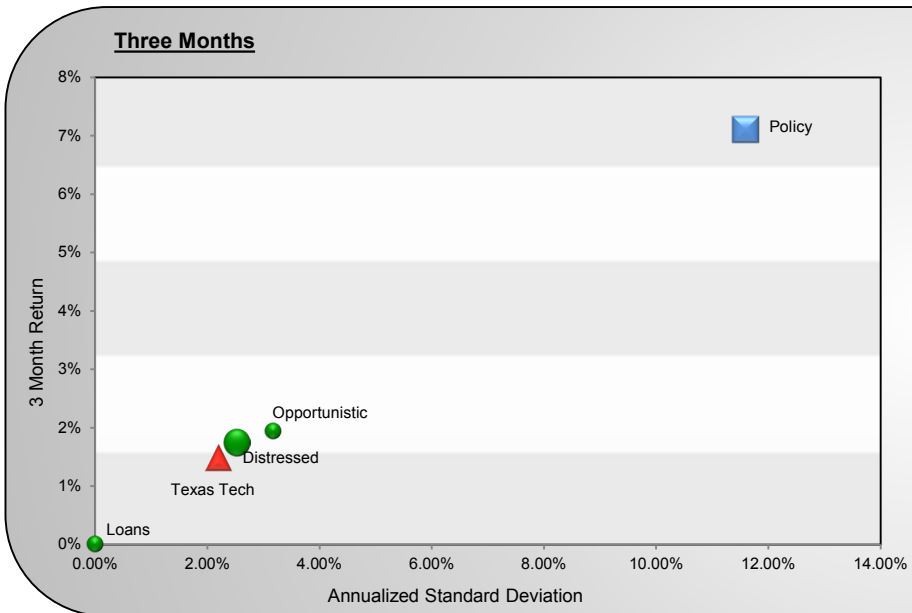
Commentary

Source – Preqin, Bloomberg

- Oaktree were said to cut the \$3bn funding goal on new fund - Oaktree Principal Fund - by around 40%. The anticipated life of the fund is also cut from five years to three years. The decrease in funding target and fund duration is said to be a result of a paucity of attractive deals amid the economic recovery.
- Liquidity requirements are the most popular motivation for selling private commitments in the secondary market, according to a recent Preqin survey.



Risk vs. Return (Strategy)



*Performance is calculated using time weighted Cash on Cash returns. This is an industry standard and allows direct comparison between manager returns and policy returns. IRR returns can be seen in appendix 2.

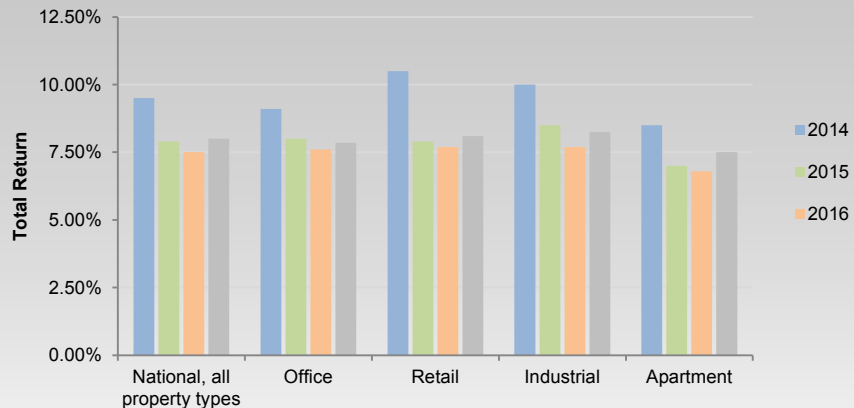


Overview and Risk Profile by Asset Class

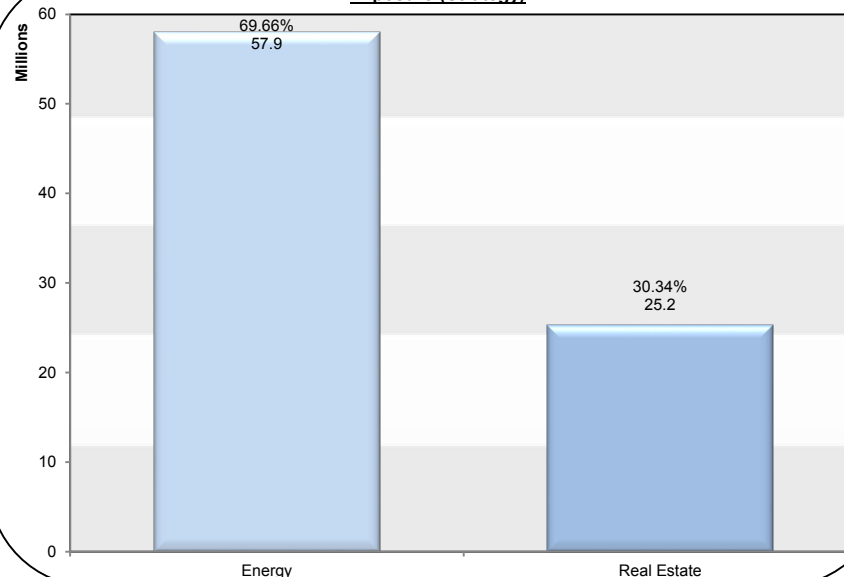
Commentary

Source – Pension Real Estate Association

- The Pension Real Estate Association on Monday released the latest results of its Consensus Forecast Survey. The average expected total return for the NCREIF Property index in 2014 is 9.5%, up 80bps from the Q1 survey.

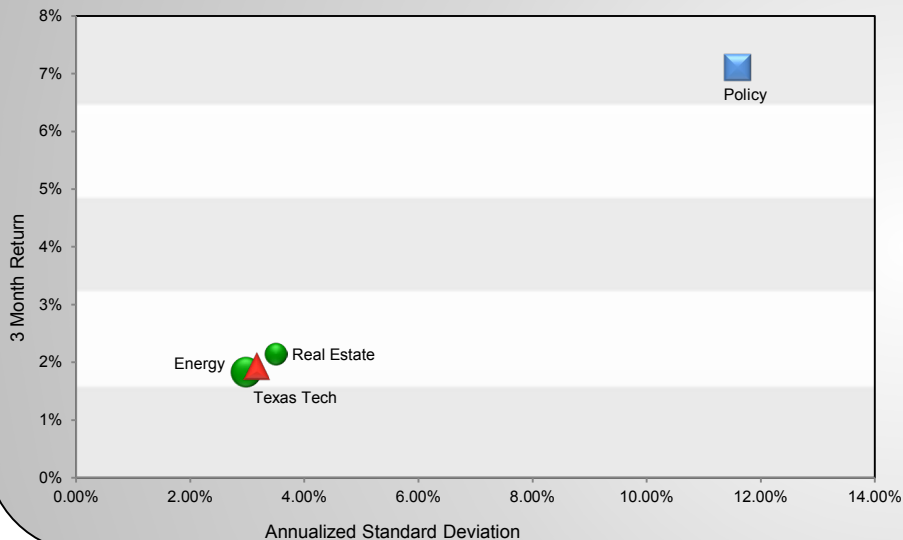


Exposure (Strategy)

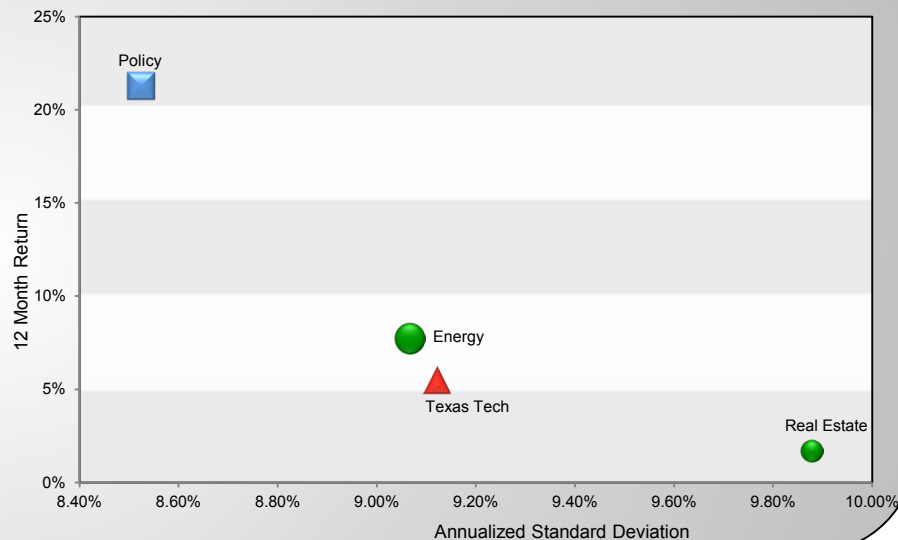


Risk vs. Return (Strategy)

Three Months



One Year



*Performance is calculated using time weighted Cash on Cash returns. This is an industry standard and allows direct comparison between manager returns and policy returns. IRR returns can be seen in appendix 2.



Appendix 1 – Sub-Asset Detail

Fund	Current Exposure	MTD Perf.	3 Mo. Perf.	Calendar YTD	Fiscal YTD	Nacubo YTD	1 Year Perf.	3 Year Perf.	5 Year Perf.
TOTAL	1,180,092,022	1.26%	1.02%	1.94%	10.92%	11.66%	9.66%	7.03%	9.84%
Policy		1.13%	3.67%	4.84%	13.27%	14.69%	14.11%	8.53%	11.58%
Equity	351,066,711	2.14%	0.55%	2.34%	15.53%	17.32%	14.77%	10.01%	13.12%
US Equity	73,326,279	0.99%	-0.36%	1.66%	15.68%	18.49%	16.98%	9.78%	13.71%
<i>Benchmark: S&P 500 Total Return</i>		2.35%	3.97%	4.97%	19.64%	22.09%	20.45%	15.15%	18.40%
Global Equity	80,693,327	4.02%	-0.71%	3.36%	20.39%	23.48%	21.51%	18.49%	10.71%
<i>Benchmark: MSCI ACWI</i>		2.21%	3.75%	4.49%	18.08%	21.24%	17.75%	9.58%	14.32%
Non US Developed Equity	84,991,237	2.00%	1.33%	3.26%	18.73%	22.61%	18.92%	8.83%	12.09%
<i>Benchmark: MSCI EAFE</i>		1.76%	2.73%	4.11%	18.26%	22.87%	18.54%	7.79%	11.92%
Non US Emerging Markets Equity	72,371,806	2.60%	7.06%	5.50%	13.43%	11.06%	4.49%	0.74%	7.46%
<i>Benchmark: MSCI EMF</i>		3.51%	7.11%	3.52%	12.34%	11.67%	4.61%	-1.44%	8.71%
Alternative Equity	39,684,062	1.53%	-7.18%	-4.83%	4.05%	3.52%	4.28%	26.12%	16.29%
<i>Benchmark: MSCI ACWI</i>		2.21%	3.75%	4.49%	18.08%	21.24%	17.75%	9.58%	14.32%
Debt	205,946,525	1.99%	3.04%	4.88%	8.91%	8.44%	5.16%	7.21%	9.97%
Sovereign/Investment Grade Bonds	83,804,684	1.21%	1.10%	2.73%	4.56%	3.71%	0.98%	3.07%	4.28%
<i>Benchmark: Barclays Global Aggregate</i>		1.14%	1.82%	3.87%	4.71%	4.32%	2.71%	3.55%	4.96%
Credit	53,418,359	0.00%	-1.38%	-2.14%	5.16%	7.08%	5.93%	9.76%	12.71%
<i>Benchmark: Barclays Global Aggregate</i>		1.14%	1.82%	3.87%	4.71%	4.32%	2.71%	3.55%	4.96%
Emerging Markets Debt	68,723,482	3.66%	6.54%	9.12%	13.98%	12.17%	6.48%	8.49%	8.92%
<i>Benchmark: JP Morgan EM Bond Index</i>		3.19%	6.13%	8.45%	12.36%	10.39%	4.84%	7.82%	10.59%
Liquid Real Assets	27,564,880	-1.00%	0.49%	4.40%	-0.16%	5.66%	0.61%	-8.10%	0.17%
<i>Benchmark: CPI + 4%</i>		0.68%	2.34%	3.78%	4.81%	5.67%	6.28%	5.87%	6.31%
Cash & Alpha Pool	335,191,421	0.67%	0.88%	2.07%	5.49%	5.84%	4.96%	4.84%	4.76%
Cash*	170,579,357	0.67%	0.88%	0.00%	5.49%	5.84%	4.96%	4.84%	4.76%
<i>Benchmark: Citigroup 3 month Tbill</i>		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.05%	0.07%
Alpha Pool	164,612,063	0.84%	1.14%	3.36%	8.00%	8.64%	7.24%	7.21%	8.67%
<i>Benchmark: HFRI FOF Index</i>		1.16%	-0.35%	0.87%	6.01%	6.32%	4.84%	2.44%	4.07%
Liquidating	25,713,059	0.41%	-2.14%	-4.58%	2.92%	2.03%	-0.35%	-1.39%	4.03%

*Cash is adjusted for synthetic exposures.



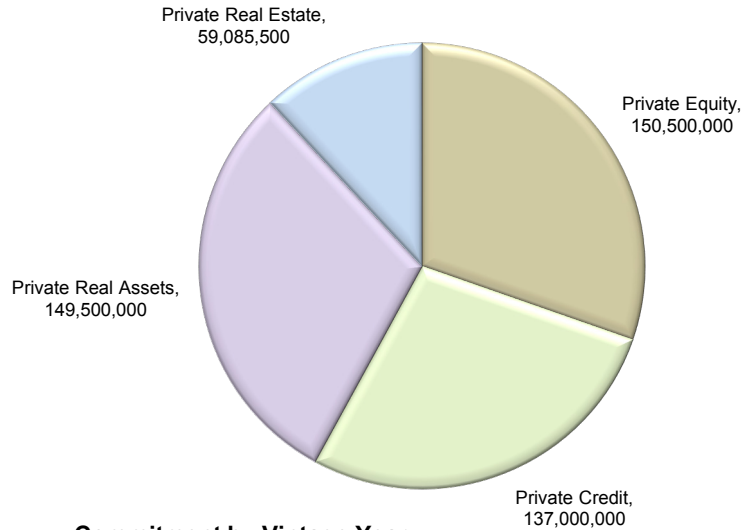
Appendix 1 – Sub-Asset Detail

Fund	Current Exposure	1 Year Performance	3 Year Performance	5 Year Performance
Private Investments	234,609,426	9.78%	9.68%	12.42%
<i>Benchmark: Private Market Index (90% VE, 10% NCREIF)</i>		20.27%	14.22%	9.77%
Private Equity	81,312,429	10.43%	8.94%	10.20%
Private Credit	70,120,115	15.30%	9.65%	16.63%
Private Real Assets	83,176,882	5.49%	10.30%	11.46%

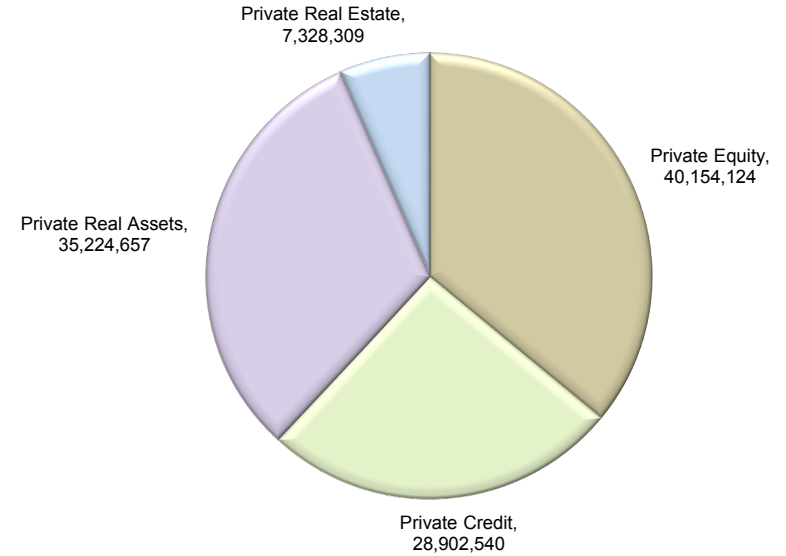


Appendix 2 - Private Markets Report (as of March 31st 2014) - Total Commitment

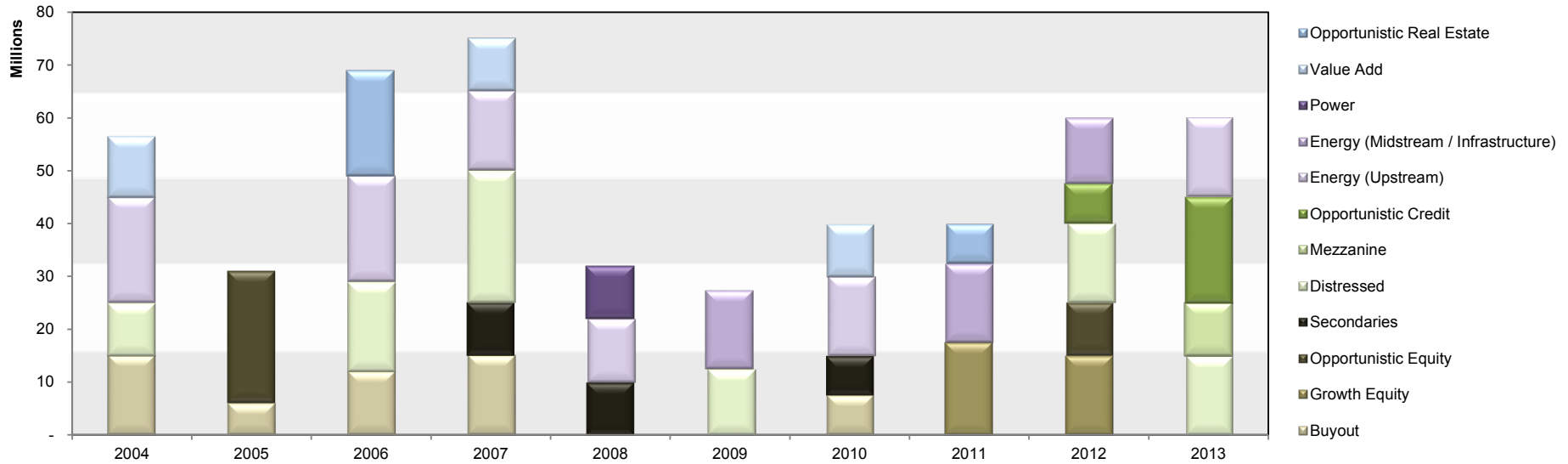
Total Commitment



Total Unfunded



Commitment by Vintage Year



Data Provided by Texas Tech University System
 Reported Valuations through December 31, 2013 Statements
 Adjusted Valuations included all cashflows through March 31, 2014

Appendix 2 - Private Markets Report (as of March 31st 2014) - Performance Analysis by Strategy Type & Asset Class
Performance by Strategy Type

Asset Class	Strategy	# of Funds	Commitment	Contributions	Distributions	% Drawn	Reported Valuation	Adjusted Valuation	IRR	MOC
Private Equity	Buyout	6	\$61,500,000	\$53,807,598	\$57,578,016	87%	\$38,128,266	\$34,733,936	14.73%	1.67
	Growth Equity	2	\$32,500,000	\$8,591,598	\$72,459	26%	\$8,660,621	\$9,592,385	3.12%	1.04
	Opportunistic	2	\$35,000,000	\$30,400,000	\$14,248,734	87%	\$18,341,240	\$18,850,510	2.16%	1.09
	Secondaries	3	\$27,500,000	\$20,542,750	\$10,345,015	75%	\$19,324,575	\$18,604,021	9.42%	1.39
	Total	13	\$156,500,000	\$113,341,946	\$82,244,224	72%	\$84,454,702	\$81,780,852	10.24%	1.41
Private Credit	Distressed	10	\$99,500,000	\$89,147,883	\$80,184,481	90%	\$46,327,934	\$47,624,854	13.11%	1.43
	Mezzanine	1	\$10,000,000	\$1,603,725	\$578,416	16%	\$1,761,263	\$1,825,549	11.89%	1.13
	Opportunistic	2	\$27,500,000	\$16,608,962	\$255,833	60%	\$6,044,301	\$17,500,963	8.93%	1.06
	Total	13	\$137,000,000	\$107,360,570	\$81,018,730	78%	\$54,133,498	\$66,951,366	12.97%	1.37
Private Real Assets	Upstream	7	\$112,000,000	\$93,656,468	\$115,531,468	84%	\$31,506,503	\$30,578,571	27.13%	1.53
	Midstream	3	\$42,500,000	\$27,167,828	\$20,675,858	64%	\$20,817,981	\$22,337,907	35.69%	1.52
	Power	1	\$10,000,000	\$8,231,817	\$2,997,000	82%	\$2,543,927	\$2,890,650	-17.03%	0.7
	Total	11	\$164,500,000	\$129,056,113	\$139,204,326	78%	\$54,868,411	\$55,807,128	25.84%	1.48
Private Real Estate	Value Add	3	\$31,585,500	\$28,824,135	\$22,210,443	91%	\$14,413,138	\$11,952,759	4.09%	1.18
	Opportunistic	3	\$27,500,000	\$22,790,580	\$2,936,579	83%	\$11,884,132	\$11,676,588	-9.96%	0.64
	Total	6	\$59,085,500	\$51,614,715	\$25,147,022	87%	\$26,297,270	\$23,629,347	-1.46%	0.94

Performance by Asset Class

Asset Class	# of Funds	Commitment	Contributions	Distributions	% Drawn	Reported Valuation	Adjusted Valuation	IRR	MOC
Private Equity	13	\$156,500,000	\$113,341,946	\$82,244,224	72%	\$84,454,701	\$81,780,852	10.24%	1.41
Private Credit	13	\$137,000,000	\$107,360,570	\$81,018,730	78%	\$54,133,498	\$66,951,366	12.97%	1.37
Private Real Assets	11	\$164,500,000	\$129,056,113	\$139,204,326	78%	\$54,868,411	\$55,807,128	25.84%	1.48
Private Real Estate	6	\$59,085,500	\$51,614,715	\$25,147,022	87%	\$26,297,270	\$23,629,347	-1.46%	0.94
Total	43	\$517,085,500	\$401,373,344	\$327,614,302	78%	\$219,753,880	\$228,168,693	12.04%	1.36

Returns are time weighted cash on cash returns to allow comparison to the policy benchmark. IRR returns can be seen in Appendix II (Page 20).

Appendix 3 – Glossary**Major Asset Classes**

Alpha Pool: Investments that tend to be uncorrelated with “traditional” stock and bond investments. Not technically an asset class, but rather an investment construct within a *portable alpha framework

Cash & Equivalents: Cash and short term investments held in lieu of cash and readily converted into cash within a short time span (i.e., CDs, commercial paper, Treasury bills, etc.)

Global Debt: Investments in debt instruments located in developed markets, may include various credit, mortgage-backed and emerging markets debt securities

Global Equity: Investments in companies domiciled in developed market countries and may include opportunistic investments in emerging market countries

Liquidating: The residual investment in terminated managers

Liquid Real Assets: Liquid investments in strategies whose values are sensitive to inflation

Private Equity: Investments in equity securities and debt in operating companies that are not publicly traded on a stock exchange

Private Real Assets: Investments in equity securities and debt in operating companies that are not publicly traded on a stock exchange and whose strategies are sensitive to inflation

Sub-Asset Classes

Alternative Equity: Investments in companies globally through both long and short positions and may include non-equity instruments such as fixed income, commodities, CDS, options, etc.

Credit: Investments in companies, often stressed or distressed, principally through the debt portion of capital structure

Emerging Market Debt: Investments in debt securities in emerging market countries, primarily in three categories - external sovereign, local sovereign, and corporate debt

Emerging Market Equity: Investments in companies located in emerging market countries

Investment Grade Bonds: Investments in investment grade rated debt securities

Non-US Developed Equity: Investments in companies domiciled in developed market countries

US Equity: Investments in companies domiciled in the US

Appendix 3 – Glossary (cont.)

Investment Terms/Performance Statistics

Active Premium: A measure of the investment's annualized return minus the benchmark's annualized return

Alpha: Return generated by the manager that is not explained by the returns of the benchmark. A measure of a fund's performance beyond what its benchmark would predict

Annual Return: The annual rate at which an investment would have grown, if it had grown at a steady rate. Also called "Compound Annual Growth Rate" (CAGR), or the "Compound Rate of Return Annualized" (Compound RoR)

Annual Volatility: A statistical measure of the dispersion of returns around the average (mean) return. Often used as a measure of investment risk with a higher value indicating higher risk

Arbitrage: The simultaneous purchase and sale of an asset in order to profit from a difference in the price

Beta: A measure of the risk of the fund relative to the benchmark. Beta describes the sensitivity of the investment to benchmark movements where the benchmark is always assigned a beta of 1.0

Calmar Ratio: A return/risk ratio calculated over the last three year period as [annual compounded return / (Maximum Drawdown)]

Capital Commitment: Every investor in a private equity fund commits to investing a specified sum of money in the fund partnership over a specified period of time.

Capital Distribution: The returns that an investor in a private equity fund receives; the income and capital realized from investments less expenses and liabilities

Carried Interest: The share of profits that the fund manager is due once it has returned the cost of investment to investors

Catch up: A clause that allows the general partner to take, for a limited period of time, a greater share of the carried interest than would normally be allowed. This continues until the time when the carried interest allocation, as agreed in the limited partnership, has been reached.

Clawback: Ensures that a general partner does not receive more than its agreed percentage of carried interest over the life of the fund

Correlation: A measure between +1 and -1 that explains the degree to which the returns of the fund and a benchmark are related

Down Capture: Measures how much of the benchmark's return the fund captures when the benchmark is negative

Down Number: The percentage of the time the fund was down when the benchmark was down

Drawdown: When a private equity firm has decided where it would like to invest, it will approach its own investors in order to draw down the money. The money will already have been pledged to the fund but this is the actual act of transferring the money so that it reaches the investment target

Excess Kurtosis: Measures the distribution of observed data around the mean with an emphasis on "outlier" data, both positive and negative

Exit: The means by which a fund is able to realize its investment in a company – by an initial public offering, a trade sale, selling to another private equity firm or a company buy-back

Fundraising: The process by which a private equity firm solicits financial commitments from limited partners for a fund

General Partner: This can refer to the top-ranking partner(s) at a private equity firm as well as the firm managing the private equity fund

Appendix 3 – Glossary (cont.)

Investment Terms/Performance Statistics (cont.)

Gross Exposure: Aggregate of long and short investment positions in relation to the Net Asset Value (NAV)

Holding Period: The length of time that an investment is held

Information Ratio: The Active Premium divided by the Tracking Error. This measure explicitly relates the degree by which an investment has beaten the benchmark to the consistency by which the investment has beaten the benchmark

Internal Rate of Return: A time-weighted return expressed as a percentage that uses the present sum of cash drawdowns (money invested), the present value of distributions (money returned from investments) and the current value of unrealized investments and applies a discount

Leverage: Increasing exposure to markets (both long and short) by borrowing or the use of derivatives

Limited Partnership: The standard vehicle for investment in private equity funds

Long Position: Owning a security

Management Fee: The annual fee paid to the general partner

Max Drawdown: The largest percentage loss of Net Asset Value (NAV) as measured from peak-to-trough

Net Exposure: Difference between the long and short positions, representing the exposure to market fluctuations

Preferred Return: This is the minimum amount of return that is distributed to the limited partners until the time when the general partner is eligible to deduct carried interest

Omega Ratio: The weighted gain/loss ratio relative to the average monthly historical return; captures the effects of extreme returns and conveys the preference for positive volatility versus negative volatility

Sharpe Ratio: A return/risk ratio calculated as: $[(\text{annual compounded return} - \text{risk-free rate}) / (\text{annual volatility of returns})]$

Skewness: A measure of the symmetry of return distribution, as compared with a normal (bell-shaped) distribution

Sortino Ratio: A return/risk ratio calculated as such: $[(\text{annual compounded return} - \text{minimum acceptable return (MAR)}) / (\text{downside deviation of returns below MAR})]$. This ratio was developed to differentiate between good (upside) and bad (downside) volatility

Standard Deviation: Measures the dispersal or uncertainty in a random variable (in this case, investment returns). It measures the degree of variation of returns around the mean (average) return

Short Position: Selling a security

Tracking Error: A measure of the unexplained portion of an investments performance relative to a benchmark

Up Capture: Measures the percentage of the benchmark's return the fund captures when the benchmark is positive

Up Number: The percentage of the time the fund was up when the benchmark was up

Value at Risk (VAR): The maximum loss that can be expected within a specified holding period with a specified confidence level