



TEXAS TECH UNIVERSITY SYSTEM™

# TTUS Investment Performance Update

Gary Barnes, *TTUS Vice Chancellor and CFO*

May 13, 2021

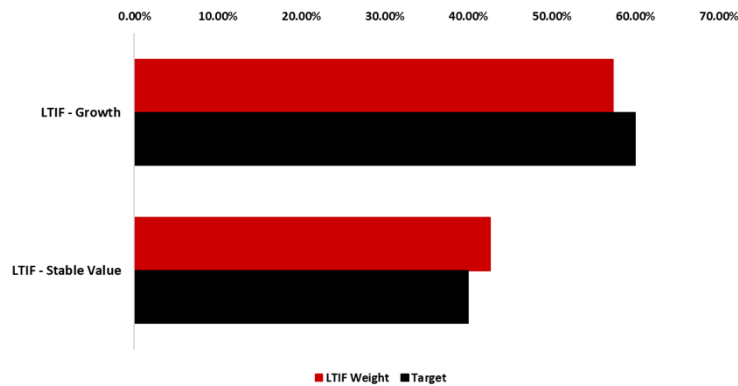
# Long Term Investment Fund (LTIF)

as of February 28, 2021

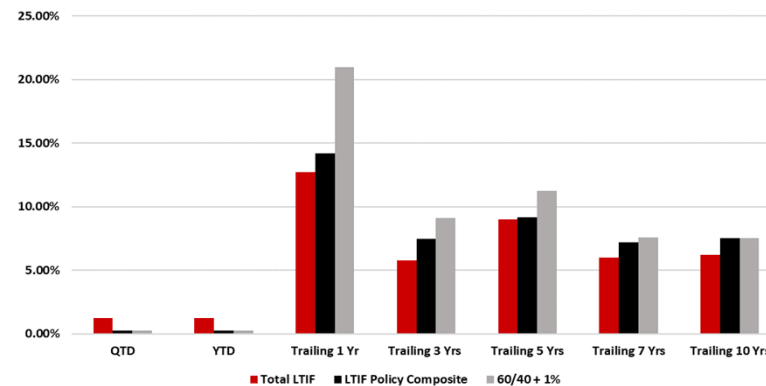


Portfolio Composition	Balance	LTIF Weight	Target	QTD	YTD	FYE 8/31/2020	Trailing 1 Yr	Trailing 3 Yrs	Trailing 5 Yrs	Trailing 7 Yrs	Trailing 10 Yrs
Total LTIF	1,361,015,917.67	100.00%	100.00%	1.26%	1.26%	1.15%	12.72%	5.76%	8.98%	6.00%	6.23%
LTIF Policy Composite				0.24%	0.24%	9.28%	14.16%	7.46%	9.14%	7.20%	7.52%
60/40 + 1%				0.24%	0.24%	13.65%	20.96%	9.11%	11.22%	7.58%	7.54%
LTIF - Growth	780,815,323.81	57.37%	60.00%	2.37%	2.37%	7.18%	25.17%	10.48%	13.61%	9.14%	9.59%
MSCI ACWI TR Net USD				1.85%	1.85%	16.52%	30.25%	10.29%	14.24%	9.06%	8.85%
LTIF - Stable Value	580,200,593.86	42.63%	40.00%	-0.26%	-0.26%	-4.64%	-0.48%	1.34%	4.40%	3.22%	2.52%
Barclays Global Aggregate USD				-2.59%	-2.59%	5.54%	4.33%	3.84%	3.61%	2.27%	2.48%

LTIF Weight vs Target



LTIF Performance vs Benchmarks

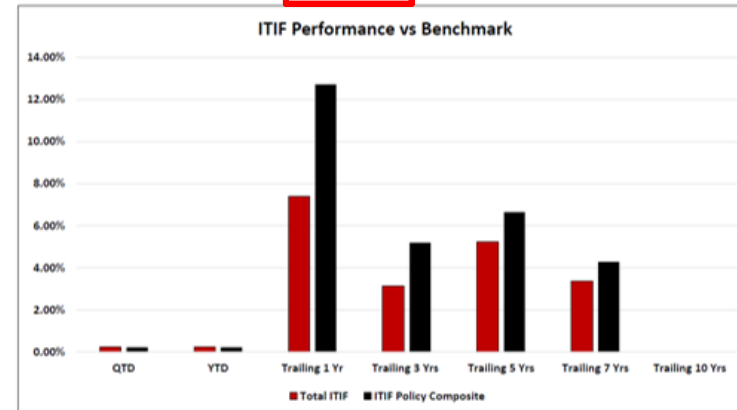
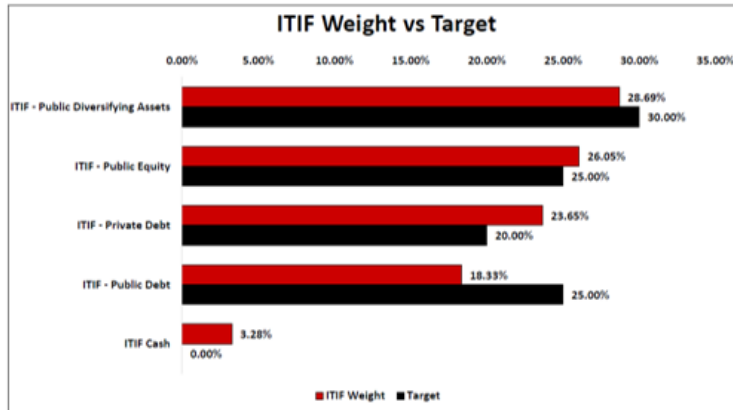


# Intermediate Term Investment Fund (ITIF)

as of February 28, 2021



Portfolio Composition	Balance	ITIF Weight	Target	QTD	YTD	FYE 8/31/2020	Trailing 1 Yr	Trailing 3 Yrs	Trailing 5 Yrs	Trailing 7 Yrs
Total ITIF	872,262,674.01	100.00%	100.00%	0.23%	0.23%	0.63%	7.40%	3.14%	5.22%	3.35%
ITIF Policy Composite				0.22%	0.22%	8.32%	12.72%	5.19%	6.64%	4.27%
ITIF - Public Diversifying Assets HFRX GLOBAL HEDGE FUND US	250,211,678.57	28.69%	30.00%	-2.95%	-2.95%	0.69%	1.69%	-0.09%	3.94%	1.87%
ITIF - Public Equity MSCI ACWI TR Net USD	227,266,746.04	26.05%	25.00%	1.63%	1.85%	16.82%	28.98%	10.56%	14.52%	7.47%
ITIF - Private Debt Private Composite (Active)	206,325,028.74	23.65%	20.00%	0.76%	0.00%	-1.36%	3.44%			
ITIF - Public Debt Barclays Global Aggregate USD	159,876,329.87	18.33%	25.00%	2.81%	-2.59%	-9.00%	-2.44%	0.08%	2.00%	1.80%
ITIF Cash	28,582,890.79	3.28%	0.00%	0.00%	0.00%	1.67%	0.10%	1.53%	1.31%	0.97%



# Investment Resource Council (IRC)



	IRC Member	Affiliation	Term Expiry Date
<u>Internal</u>	John Walker	TTUS, Regent; FAI Chair	BOR term expires (1/31/23)
	Gary Barnes	TTUS, CFO	N/A
	Tim Barrett	TTUS, CIO	N/A
	Sue Fuciarelli	TTUHSC El Paso, CFO	N/A
	Penny Harkey	TTUHSC, CFO	N/A
	Noel Sloan	TTU, CFO	N/A
	Angie Wright	ASU, CFO	N/A
<u>External</u>	Benton Hyatt	Former IAC Member	1/31/2024
	Chris Loveless	Former IAC Member & TTAA Board Member	1/31/2024
	Tom Mathiasmeier	Texas Tech Foundation & former IAC Member	1/31/2024
	Michelle McCloskey	Former IAC Member	1/31/2024
	Burns McKinney	Former IAC Member	1/31/2024
	Don Sinclair	Texas Tech Foundation	1/31/2024
	Langston Turner	Former IAC Member	1/31/2024
	Keith Wiley	Angelo State University Foundation	1/31/2024

# LTIF Framework



Growth Assets (60%)	
Public Equity (40%)	Private Equity (20%)

Stable Value (40%)	
Debt (14%)	Hedge Funds (26%) <sup>(1)</sup>

Benchmark: MSCI All Country World Index - Net Dividends + 100bps

Benchmark: Barclays Global Aggregate – Unhedged + 100bps

### Market Environment

- Normal economic/GDP growth
- Stable political/regulatory regime
- Reasonable valuations
- Highest expected long-term returns
- Highest expected near-term volatility & drawdown risk

- More consistent “carry” similar to traditional fixed income
- May perform better in times of added market stress
- Limited loss/downside protections
- Lower expected return
- Limited drawdown and volatility
- More resilient to various market conditions

### Types of Investments

- Public Equity (e.g., S&P 500)
- Private Equity (e.g., Venture Capital, Buyouts)

- Public Debt (e.g., U.S. Treasury Bonds)
- Private Credit (e.g., Direct Lending, Asset Backed Lending)
- Hedge Funds (e.g., Long/Short Equity, Merger Arbitrage)

***LTIF invests across asset classes to support long-term strategic & performance objectives for the benefit of current and future students***

# LTIF Objectives



*Without active management and investment in alternatives, LTIF would not be expected to reach its Strategic or Performance Objective*

Traditional Passive 60/40 <sup>(2)</sup>	LTIF Asset Allocation <sup>(2)</sup>
Global Equity 6.2%	Global Equity 6.2%
Aggregate Bond 1.4%	Private Equity 9.3%
<b>Expected Return 4.6%</b>	Private Debt 6.1%
	High Yield 2.9%
	Hedge Funds 4.0%
	+ Alpha 1.0%
	<b>Targeted Return 7.0%</b>

**Strategic Objective**  
*Outperform Consumer Price Index (CPI) plus 5% over rolling ten-year periods. (Estimated 6-7% Annually)*

**Performance Objective**  
*Outperform market benchmark of Global 60/40<sup>(1)</sup> plus 100 basis points over rolling three-year periods. (Estimated at 5.6% over the next 10 years)*

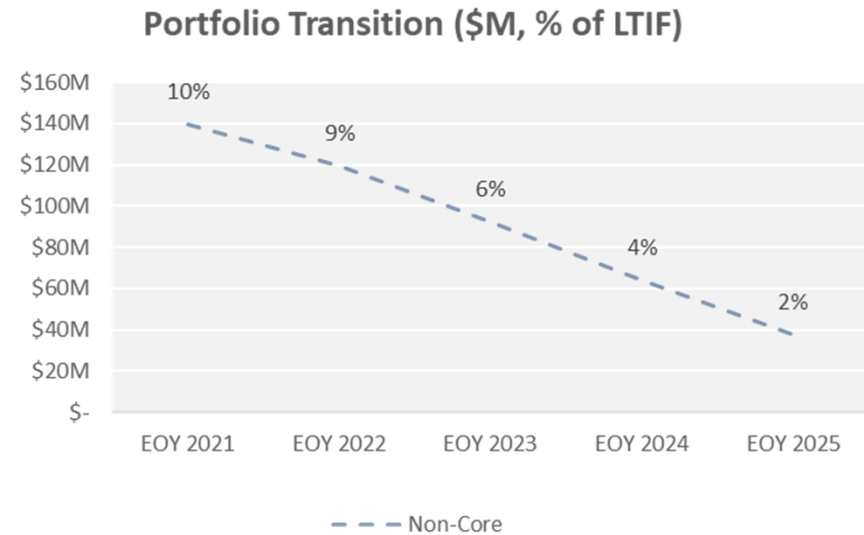
(1) 60% MSCI ACWI-ND, Barclays Global Aggregate Bond Index (unhedged)  
 (2) NEPC 10-year capital market assumptions, 2020 Fixed Income Outlook

# LTIF Portfolio Transition

## Target Portfolio Timing



- LTIF can reach target allocations to Growth & Stable value portfolios by EOY 2021
- The portfolio is expected to materially align with new strategy targets by EOY 2023
- In the interim, the portfolio may have meaningful deviations in performance from the benchmark



# LTIF Complexity Reduction



	Growth Assets (60%)		Stable Value (40%)		Total
	Public Equity (40%)	Private Equity (20%)	Debt (14%)	Hedge Funds (26%) <sup>(1)</sup>	
<b>Current Manager Count</b>	4 (10%)	34 (20%)	24 (26%)	18 (20%)	<b>80</b>
<i>Non-Core</i>	-	26	14	3	
<b>Expected Manager Count 2025</b>	6 (40%)	25 (20%)	10 (14%)	15 (26%)	<b>56</b>

(X%): Percentage of AUM

(1): Includes former Alpha Pool Managers



# Long Term Investment Fund (LTIF)

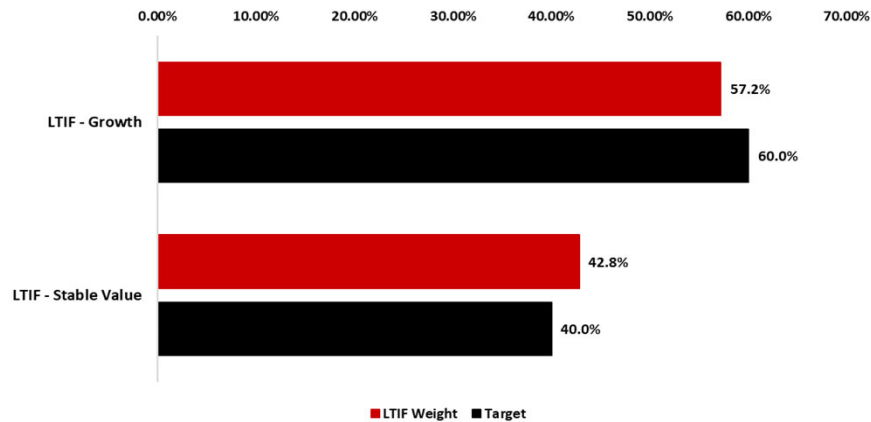
PRELIMINARY (with 74% completed/reported) – as of March 31, 2021



## Portfolio Holdings & Performance Overview - March 2021 - Preliminary

Portfolio Composition	Balance	LTIF Weight	Target		QTD	YTD	Trailing 1 Yr	Trailing 3 Yrs	Trailing 5 Yrs	Trailing 7 Yrs	Trailing 10 Yrs
Total LTIF	1,388,160,143.33	100.00%	100.00%		2.80%	2.80%	29.53%	6.46%	8.80%	6.25%	6.28%
LTIF Policy Composite					1.16%	1.16%	21.83%	7.42%	8.58%	7.05%	7.36%
60/40 + 1%					1.16%	1.16%	34.02%	9.72%	10.21%	7.67%	7.61%
LTIF - Growth	793,809,920.75	57.18%	60.00%		4.52%	4.52%	47.17%	11.76%	13.31%	9.51%	9.64%
MSCI ACWI TR Net USD					4.57%	4.57%	54.60%	12.07%	13.21%	9.40%	9.14%
LTIF - Stable Value	594,350,222.58	42.82%	40.00%		0.43%	0.43%	12.98%	1.80%	4.50%	3.47%	2.92%
Barclays Global Aggregate USD					-4.46%	-4.46%	4.67%	2.80%	2.66%	2.00%	2.23%

LTIF Weight vs Target



# Intermediate Term Investment Fund (ITIF)

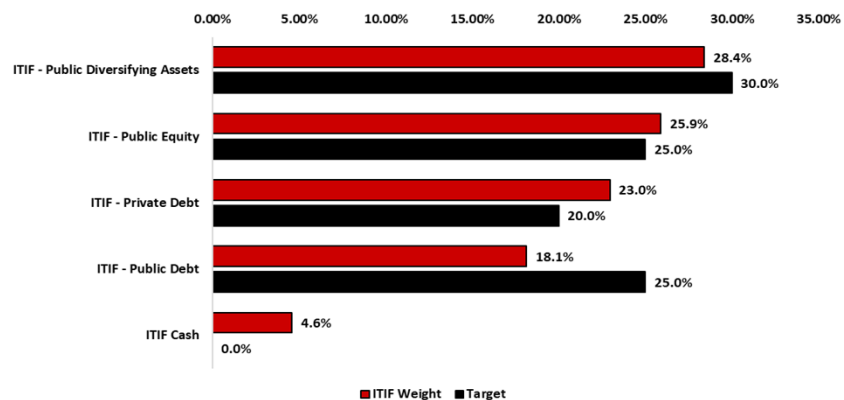
PRELIMINARY (with 74% completed/reported) – as of March 31, 2021



## Portfolio Holdings & Performance Overview - March 2021 - Preliminary

Portfolio Composition	Balance	ITIF Weight	Target	QTD	YTD	Trailing 1 Yr	Trailing 3 Yrs	Trailing 5 Yrs	Trailing 7 Yrs	Trailing 10 Yrs
Total ITIF	876,066,659.19	100.00%	100.00%	0.75%	0.75%	20.19%	3.42%	4.69%	3.38%	
ITIF Policy Composite				0.80%	0.80%	20.02%	5.52%	6.01%	4.34%	
ITIF - Public Diversifying Assets	248,909,300.27	28.41%	30.00%	-3.41%	-3.41%	5.17%	-0.10%	3.15%	1.70%	
HFRX GLOBAL HEDGE FUND US\$				1.29%	1.29%	16.15%	3.46%	3.95%	1.74%	
ITIF - Public Equity	226,900,167.13	25.90%	25.00%	2.58%	2.58%	56.35%	11.33%	12.88%	7.57%	
MSCI ACWI TR Net USD				4.57%	4.57%	54.60%	12.07%	13.21%	9.40%	
ITIF - Private Debt	201,159,864.84	22.96%	20.00%	1.48%	1.48%	11.62%				
Private Composite (Active)				2.04%	2.04%	7.48%				
ITIF - Public Debt	158,886,722.93	18.14%	25.00%	4.25%	4.25%	22.68%	0.41%	1.87%	1.98%	
Barclays Global Aggregate USD				-4.46%	-4.46%	4.67%	2.80%	2.66%	2.00%	
ITIF Cash	40,210,604.02	4.59%	0.00%	0.00%	0.00%	0.07%	1.48%	1.30%	0.97%	

ITIF Weight vs Target





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