



TEXAS TECH UNIVERSITY SYSTEM ENDOWMENT FUND

2nd Quarter—February 29, 2020

Fiscal Year 2020

Market Overview

February marked a particularly volatile month for capital markets with fears intensifying over the new coronavirus (COVID-19) turning into a pandemic as the number of new cases appearing outside of China outpaced those within China. In response, the CBOE Volatility Index shot up to 40.11, a new high since 2015.

Global equities were the hardest hit amid a wave of risk aversion, reflecting heightened uncertainty around future earnings and the growth outlook for multinational corporations; the S&P 500 declined 8.2% last month but is still in the black at 8.2% on a trailing one-year basis following the tremendous gains of 2019. Losses extended to international and emerging market equities as well.

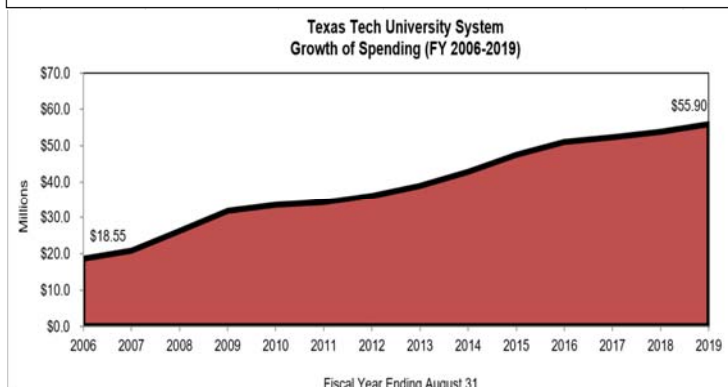
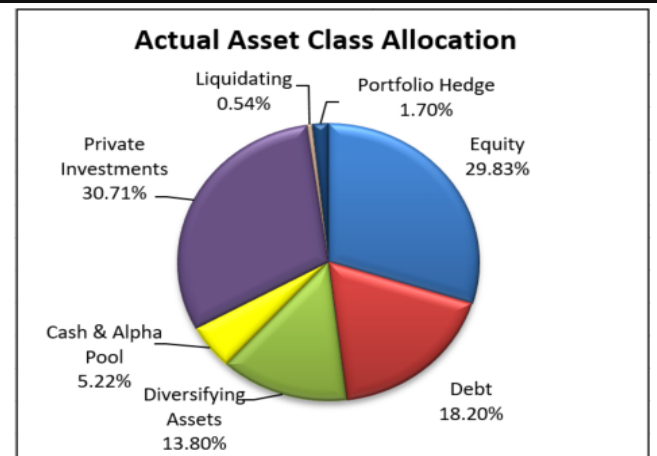
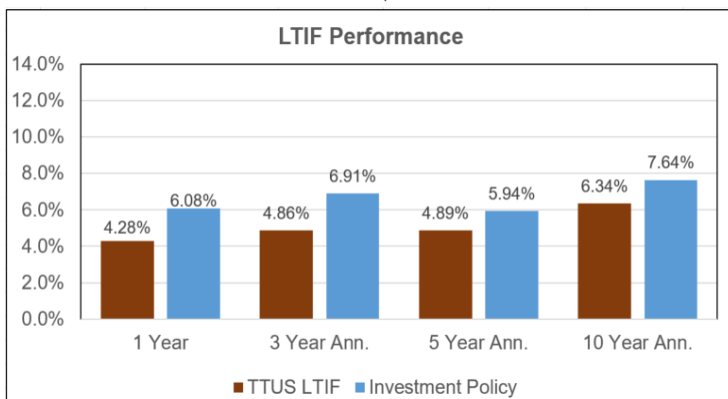
Within fixed income, global yields plunged. Treasury yields hit record lows across the curve, with the 10-year and 30-year bonds declining 37 and 34 basis points, respectively. As markets digested the potential economic impact of the virus, futures markets priced in a significant response by the Federal Reserve; Fed Funds Futures contracts now anticipate three cuts to occur during 2020.

Major Index Returns for February:

- S&P 500: (8.23)%
- MSCI EAFE Index: (9.04)%
- MSCI EM (Emerging Markets): (5.27)%
- Barclays US Aggregate Bond Index: 0.67%
- JP Morgan EM Bond Index: (0.81)%



Endowment Valuation: \$1.2 billion



Commentary:

Since inception, the LTIF has met the annual 4.5% spending requirement.

- Each year, there has been a real increase in dollars spent due to growth of the LTIF through investment earnings and donor contributions.
- \$559.03 million distributed over last 15 years
- \$55.9 million was distributed in Fiscal Year 2019