



TEXAS TECH UNIVERSITY SYSTEM ENDOWMENT FUND

4th Quarter—August 31, 2019

Fiscal Year 2019

Market Overview

Equity markets lagged in August as trade tensions between the US and China resurfaced and investors fretted over slowing global economic growth. The S&P 500 Index declined 1.6% last month as the US manufacturing sector grew at its slowest pace since 2009. The MSCI EAFE Index lost 2.6%, while the MSCI Emerging Market Index fell 4.9% as currency weakness in China put a damper on the rest of the EM Index.

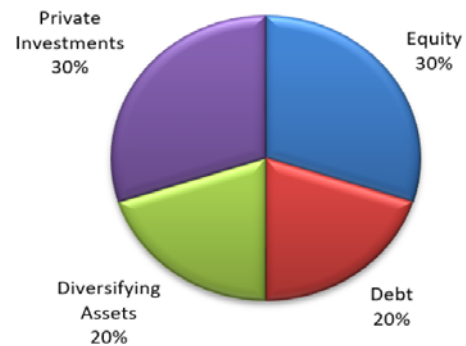
Global bond yields continued to decline as demand for safe-haven assets rose. In the US, 30- and 10-year Treasury yields dropped 57 and 52 basis points, respectively, causing the yield curve to fully invert. As a result, the Barclays US Long Treasury Index shot up 10.5%, its fourth-highest monthly return since inception in 1973. In emerging markets, a stronger US dollar caused hard-currency bonds to outperform local-currency debt.

Meanwhile, in real assets, gold prices got a shot in the arm, rising 7.5% in August, amid concerns around global growth and a lower-yield environment. Additionally, spot WTI crude oil fell 5.9% to \$55.06 per barrel but remains up 21.9% for the year.

Major Index Returns for August:

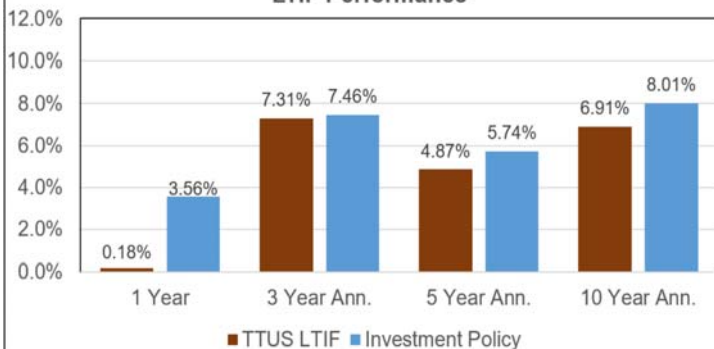
- S&P 500: (1.58)%
- MSCI EAFE Index: (2.59)%
- MSCI EM (Emerging Markets): (4.88)%
- Barclays US Aggregate Bond Index: 2.59%
- Barclays High Yield Index: 0.40%
- JP Morgan GBI-EM index: 0.55%

Target Asset Class Allocation

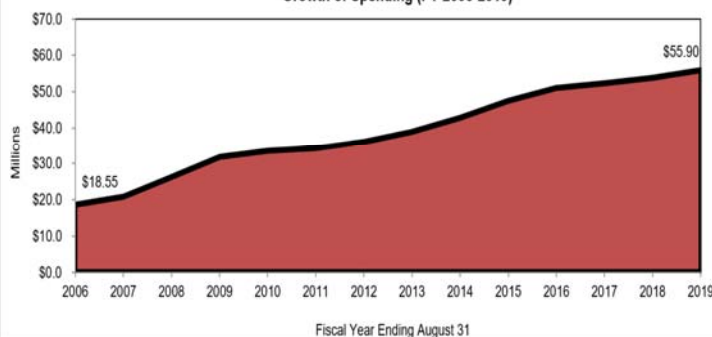


Endowment Valuation: \$1.2 billion

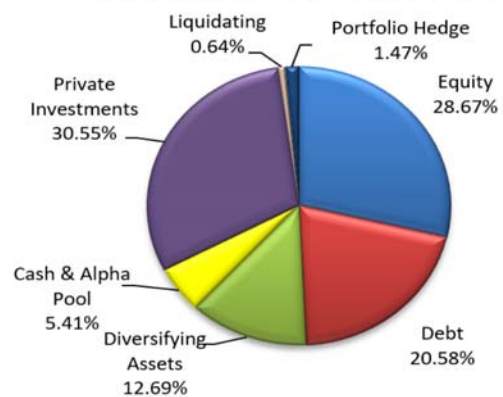
LTIF Performance



Texas Tech University System Growth of Spending (FY 2006-2019)



Actual Asset Class Allocation



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