

Texas Permanent School Fund
State Board of Education Report to the School Land Board
In Accordance with Texas Education Code §43.0052
For the Calendar Quarter Ended December 31, 2019

As required by Texas Education Code §43.0052, the State Board of Education shall provide the School Land Board a quarterly report on the portion of the Permanent School Fund for which the State Board of Education is responsible. Accordingly, this report includes the following elements:

1. Target and actual asset allocations, as applicable, by asset type, based on fair market value or net asset value for PSF(SBOE) assets and Liquid Account assets (p. 1-2)
2. Investment performance by asset type for PSF(SBOE) assets and Liquid Account assets (p. 1-2)
3. Benchmarks and benchmark performance for PSF(SBOE) assets and Liquid Account assets (p. 1-2)
4. Costs of implementing and administering the Permanent School Fund Liquid Account (p. 3)

Sincerely,
Holland Timmins, CFA
Executive Administrator/Chief Investment Officer
Texas Permanent School Fund

As of Date: 12/31/2019

Structure	Return Type	As of Date	Target Allocation %	% of Total	Market Value	3 Months	1 Year	3 Years	5 Years	10 Years
Total PSF Composite	TOTAL NET OF FEES	12/31/2019	100.00	100.00	35,858,673,869.36	4.7328	15.7148	9.1206	6.7823	7.9517
Total PSF Benchmark	TOTAL NET OF FEES	12/31/2019				4.6047	15.4385	8.9756	6.5206	7.7363
Int Large Cap Equity	TOTAL NET OF FEES	12/31/2019	13.00	13.31	4,772,307,023.70	9.1144	31.6772	15.4357	11.8565	13.6954
S&P 500 - Total Return Index	TOTAL NET OF FEES	12/31/2019				9.0700	31.4865	15.2719	11.6967	13.5599
Int S/Mid Cap Equity	TOTAL NET OF FEES	12/31/2019	5.00	5.04	1,808,848,725.43	7.3955	25.2704	9.1740	9.4111	13.1144
S&P 1000 Index	TOTAL NET OF FEES	12/31/2019				7.4071	25.1436	8.9879	9.1929	12.9173
Blackrock Inc. Int'l	TOTAL NET OF FEES	12/31/2019	14.00	14.94	5,357,143,110.43	9.0211	21.9112	10.2134	5.8402	5.2449
MSCI All Ctry World Ex US Net	TOTAL NET OF FEES	12/31/2019				8.9226	21.5113	9.8657	5.5051	4.9657
Total Emerging Market Equity	TOTAL NET OF FEES	12/31/2019	3.00	2.84	1,018,836,288.03	12.2824	19.5417	11.8003		
Total Emerging Market Eq BM	TOTAL NET OF FEES	12/31/2019				11.8377	18.4219	11.5722		
Int Fixed Income	TOTAL NET OF FEES	12/31/2019	12.00	11.99	4,297,940,271.37	0.2376	9.3480	4.5196	3.4538	4.1740
Bloomberg Barclays U.S. Aggregate Bond Index	TOTAL NET OF FEES	12/31/2019				0.1803	8.7168	4.0290	3.0477	3.7461
Total EMD	TOTAL NET OF FEES	12/31/2019	7.00	7.17	2,569,806,767.28	5.5542	12.7729	6.4048	2.2752	
Total Emerging Market Debt BM	TOTAL NET OF FEES	12/31/2019				5.2039	13.4723	7.0321	2.7799	
Total Abs Return	TOTAL NET OF FEES	12/31/2019	10.00	10.32	3,700,046,973.22	2.2172	7.2519	4.7978	3.3712	4.4367
New Absolute Return Benchmark	TOTAL NET OF FEES	12/31/2019				2.7471	8.7522	4.1169	2.4921	3.6674
Total Risk Parity	TOTAL NET OF FEES	12/31/2019	7.00	7.39	2,649,793,818.24	3.5881	20.6002	9.0351	5.6465	
Risk Parity benchmark	TOTAL NET OF FEES	12/31/2019				5.4557	22.1790	10.8654	8.3719	
Total Private Equity	TOTAL NET OF FEES	12/31/2019	13.00	12.29	4,405,280,376.77	2.4013	10.5298	13.9864	13.2565	
Total Private Equity	TOTAL NET OF FEES	12/31/2019				1.1900	8.6813	12.4743	10.2756	
Total Real Estate	TOTAL NET OF FEES	12/31/2019	10.00	8.20	2,942,168,416.66	1.8412	6.7657	9.1561	10.4368	
Total Real Estate BM	TOTAL NET OF FEES	12/31/2019				1.2136	5.3974	7.3059	8.3743	
Total Commodities	TOTAL NET OF FEES	12/31/2019	3.00	2.95	1,057,654,755.89	4.7859	8.2152	-0.8480	-3.4198	
Total Commodities BM	TOTAL NET OF FEES	12/31/2019				4.4213	7.6910	-0.9390	-3.9246	
TIPS	TOTAL NET OF FEES	12/31/2019	3.00	3.01	1,077,891,694.45	0.8250	8.6633	3.6200	2.8532	
BC US TIPS Index	TOTAL NET OF FEES	12/31/2019				0.7892	8.4277	3.3152	2.6162	

Footnotes:

(1) Total Real Estate Benchmark: From 10/01/2014 to current, market value weighted benchmark using Core and Non-Core time weighted return benchmark components. From 02/01/2011 to 09/30/2014 the Real Estate benchmark was calculated by dynamically allocating market value of portfolios. From 04/30/2010 to 01/31/2011 benchmark represented actual return of Real Estate Investments.

(2) Total Private Equity Benchmark: Burgiss Custom Private iQ time weighted return benchmark, lagged one quarter, updated for current quarter and prior quarter data changes published by Burgiss. Custom benchmark includes investments with vintage years beginning in 2010, to align with investments that were available to the TPSF private equity program.

(3) Total Risk Parity Benchmark: As of 6/01/11, the Risk Parity Benchmark consists of 60% S&P 500 Index and 40% Barclays Capital US Aggregate Bond Index.

(4) Total Abs Return Benchmark: As of 07/01/2011 Benchmark consists of HFRI Fund of Funds Composite Index. From inception to June 30, 2011 Benchmark was calculated by dynamically allocating market value of portfolios.



Interactive Performance Report

TPSF Liquid Mandate

Reporting Currency: USD

As of Date: 12/31/2019

Structure	Return Type	As of Date	Target Allocation %	% of Account	Month	3 Months	1 Year	3 Years	5 Years	10 Years
PSFLIQTC PSF Liquid TCash	TOTAL NET OF FEES	12/31/2019			0.1859	0.5577				
PSF Liquid TCash Benchmark	TOTAL NET OF FEES	12/31/2019			0.1427	0.4605				
PSFLIQSF PSF Liquid ST FI	TOTAL NET OF FEES	12/31/2019			0.3151	0.6877				
Bloomberg Barclays U.S. Aggregate 1-3 Year Index	TOTAL NET OF FEES	12/31/2019			0.2312	0.5725				
PSF Liquid Account Composite	TOTAL NET OF FEES	12/31/2019	100.00		0.2151	0.5966				
PSFLIQ Custom Benchmark	TOTAL NET OF FEES	12/31/2019			0.1592	0.4657				

Texas Permanent School Fund
Quarterly Report to the School Land Board per TEC §43.0052(4)
Calendar Quarter Ended December 31, 2019

	<u>Quarter Ended</u> <u>12/31/2019</u>
Costs of Implementing and Administering the Permanent School Fund Liquid Account	<u>\$ 588,496</u>