

Texas Permanent School Fund
State Board of Education Report to the School Land Board
In Accordance with Texas Education Code §43.0052
As of 06/30/2022

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 the PSF Mandate and the PSF Liquid Mandate (p. 1-3)
2. Investment performance by asset type for PSF(SBOE) assets and Liquid Account assets (p. 1-3)
3. Benchmarks and benchmark performance for PSF(SBOE) assets and Liquid Account assets (p. 1-3)
4. Costs of implementing and administering the Permanent School Fund Liquid Account (p. 4)

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



Interactive Performance Report

Texas Permanent School Fund SBOE

As of Date:6/30/2022

Structure	Return Type	Target Allocation %	% of Total	Market Value	3 Months	1 Year	3 Years	5 Years	10 Years
Total PSF Composite	TOTAL NET OF FEES	100.00	100.00	38,156,056,419.78	-6.8598	-3.7660	7.0332	7.0575	7.6144
Total PSF Benchmark	TOTAL NET OF FEES				-6.9566	-4.6994	6.7129	6.8854	7.3633
Int Large Cap Equity	TOTAL NET OF FEES	14.00	11.26	4,295,513,701.40	-16.1073	-10.5097	10.8131	11.5068	13.1293
S&P 500 - Total Return Index	TOTAL NET OF FEES				-16.1011	-10.6157	10.6008	11.3084	12.9569
Int S/Mid Cap Equity	TOTAL NET OF FEES	6.00	5.49	2,093,058,089.23	-15.0358	-15.3628	7.3378	7.3601	11.2613
S&P 1000 Index	TOTAL NET OF FEES				-15.0213	-15.3131	7.0043	7.0825	11.0176
Blackrock Inc. Int'l	TOTAL NET OF FEES	14.00	13.04	4,974,542,933.99	-13.7782	-19.5109	1.5946	2.7744	5.1107
MSCI All Ctry World Ex US Net	TOTAL NET OF FEES				-13.7270	-19.4203	1.3517	2.4973	4.8328
Total Emerging Market Equity	TOTAL NET OF FEES	3.00	2.64	1,008,515,489.01	-11.8025	-26.7123	0.2966	1.9019	
Total Emerging Market Eq BM	TOTAL NET OF FEES				-11.4498	-25.2848	0.5668	2.1793	
Int Fixed Income	TOTAL NET OF FEES	12.00	11.92	4,548,789,185.35	-4.9635	-10.8303	-0.8636	1.0703	1.8344
Bloomberg U.S. Aggregate Bond Index	TOTAL NET OF FEES				-4.6935	-10.2921	-0.9344	0.8760	1.5423
PSF Treasuries	TOTAL NET OF FEES	3.00	2.85	1,088,520,966.67	-11.8225	-18.5976			
Treasuries Custom Benchmark	TOTAL NET OF FEES				-11.9345	-18.4520			
Total High Yield	TOTAL NET OF FEES	4.00	1.94	738,499,987.44	-10.1088				
Chisos Benchmark	TOTAL NET OF FEES				-9.8391				
Total EMD	TOTAL NET OF FEES	3.00	6.22	2,374,796,088.57	-8.1455	-17.5240	-4.9600	-2.0680	
Total Emerging Market Debt BM	TOTAL NET OF FEES				-8.6276	-19.2811	-5.7982	-2.3065	
TIPS	TOTAL NET OF FEES	2.00	2.35	897,812,679.13	-5.7833	-5.6957	2.8801	3.2231	1.7982
BC US TIPS Index	TOTAL NET OF FEES				-6.0846	-5.1393	3.0420	3.2113	1.7287
Total Commodities	TOTAL NET OF FEES	2.00	1.09	416,518,633.45	-5.7503	24.9276	14.9928	8.7058	
Total Commodities BM	TOTAL NET OF FEES				-5.6631	24.2677	14.3423	8.3949	
Total Abs Return	TOTAL NET OF FEES	7.00	7.61	2,902,505,147.37	-1.5046	-1.3460	5.0554	4.9612	5.1471
New Absolute Return Benchmark	TOTAL NET OF FEES				-4.0536	-6.5894	3.9883	3.8616	3.7923
Total Real Estate	TOTAL NET OF FEES	11.00	11.08	4,228,202,570.63	6.2083	26.6814	12.4188	11.1575	11.4852
Total Real Estate BM	TOTAL NET OF FEES				4.8998	23.0354	10.1178	9.1627	9.6543
Total Private Equity	TOTAL NET OF FEES	18.00	21.75	8,297,754,457.89	-1.5602	20.6181	21.4353	18.0845	17.6274
Total Private Equity	TOTAL NET OF FEES				-0.5501	17.8715	19.5247	17.0313	13.8405
Total Emerging Managers	TOTAL NET OF FEES	1.00	0.06	23,230,758.90	-24.8433				
Total Emerging Manager Custom	TOTAL NET OF FEES				-23.9035				

* See Footnotes on next page

Footnotes:

- 1) The PSF Strategic Asset Allocation was updated in the June 2022 SBOE Meeting, the target allocation has been updated to reflect these changes.
- 2) **Total Emerging Market Equity Benchmark:** Inception month of 06/2015 represents actual return of the Total Emerging Markets Equity Composite.
- 3) **Total Emerging Market Debt Benchmarks:** Inception month of 12/2013 represents actual return of the Total Emerging Markets Benchmark.
- 4) **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.
- 5) **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.
- 6) **Total Abs Return Benchmark:** As of 07/2011, 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.
- 7) **Total Commodities Benchmark:** As of 12/2012, Benchmark consists of the Bloomberg Commodities Index.
- 8) **Chisos Benchmark:** Inception month of 1/2022 is a partial period daily linked return of the Bloomberg US Corporate High Yield 2% Issuer Capped Index to match the inception date of the account.
- 9) **Total Emerging Manager Custom:** From 04/01/2022 to current, market value weighted benchmark using Emerging Manager PE Composite and Emerging Manager RE Composite time weighted return, benchmark components: Emerging Manager PE Custom and Emerging Manager RE Custom



Interactive Performance Report

TPSF Liquid Mandate

As of Date:6/30/2022

Structure	Return Type	Target Allocation %	% of Total	Market Value	ITD	3 Months	Fiscal YTD	1 Year
PSF Liquid Account Composite	TOTAL NET OF FEES	100.00	100.00	4,854,894,556.57	-1.9336	-9.3516	-11.8699	-10.9047
PSFLIQ Custom Benchmark	TOTAL NET OF FEES				-2.3553	-9.5789	-12.1480	-11.2772
PSF LIQ LC EQ	TOTAL NET OF FEES	38.00	27.49	1,334,643,527.47	11.6266	-16.0477	-14.5874	-9.6851
PSFLIQ Large Cap Eq Benchmark	TOTAL NET OF FEES				8.9872	-16.1011	-15.2662	-10.6157
PSF LIQ S/MC EQ	TOTAL NET OF FEES	10.00	6.65	322,635,915.52	18.0745	-15.0167	-16.2759	-14.5606
PSFLIQ S/Mid Cap Eq Benchmark	TOTAL NET OF FEES				13.8935	-15.0213	-16.5265	-15.3131
PSF LIQ INTL EQ	TOTAL NET OF FEES	29.00	17.57	853,225,639.47	-6.2181	-13.6138	-19.4909	-19.4857
PSFLIQ Intl Equity Benchmark	TOTAL NET OF FEES				-6.3078	-13.7270	-19.5980	-19.4203
PSFLIQSF PSF Liquid ST FI	TOTAL NET OF FEES	0.00	22.33	1,084,070,567.52	-0.2904	-1.3767	-4.3680	-4.1084
Bloomberg U.S. Aggregate 1-3 Year Index	TOTAL NET OF FEES				-0.0391	-0.6374	-3.7478	-3.5799
PSF Liquid Core Bonds	TOTAL NET OF FEES	16.00	10.50	509,934,779.25	-6.0453	-4.3255	-10.7449	-9.9336
PSFLIQ Core Bonds Benchmark	TOTAL NET OF FEES				-6.3186	-4.6935	-11.1148	-10.2921
PSF Liquid TIPS	TOTAL NET OF FEES	5.00	4.56	221,289,507.25	-1.0262	-5.9097	-7.5067	-5.1339
PSFLIQ TIPS Benchmark	TOTAL NET OF FEES				-0.9305	-6.0846	-7.4389	-5.1393
PSFLIQTC PSF Liquid TCash	TOTAL NET OF FEES	2.00	10.90	529,094,620.09	1.1533	0.6824	1.2177	1.2722
ICE BofA US 3 Month Treasury Bill Index G001	TOTAL NET OF FEES				0.5279	0.1048	0.1592	0.1683

Footnotes:

- (1) The Liquid Account Strategic Asset Allocation was updated in the June 2022 SBOE Meeting, the target allocation has been updated to reflect these changes.
- (2) PSFLIQ Custom Benchmark: From 09/01/2020 to 09/30/2020, beginning adjusted market value weighted benchmark using Total PSF Liquid Eq Composite, Total PSF Liquid FI Composite and the PSF Liquid TCash time weighted return, benchmark components: PSFLIQ Equity Custom Benchmark, PSFLIQ Fixed Income Custom Benchmark and ICE BofAML US 3 Month Treasury Bill. From 10/01/2019 to 08/31/2020, market value weighted benchmark using PSF Liquid ST FI and PSF Liquid TCash time weighted return benchmark components: Bloomberg Barclays US Aggregate 1-3 Year and ICE BofAML US 3 Month Treasury Bill. From inception of 9/3/2019 through 9/30/2019 the benchmark consisted of 100% ICE BofAML US 3 Month Treasury Bill Index (G001).
- (3) PSFLIQ Large Cap Equity Benchmark: Inception month of 9/2020 is a partial period daily linked return of the S&P 500 - Total Return Index to match the inception date of the account.
- (4) PSFLIQ S/Mid Cap Equity Benchmark: Inception month of 9/2020 is a partial period daily linked return of the S&P 1000 Index to match the inception date of the account.
- (5) PSFLIQ Intl Equity Benchmark: Inception month of 12/2020 is a partial period daily linked return of the ACWI EX US Net Dividend Index to match the inception date of the account.
- (6) PSFLIQ Core Bonds Benchmark: Inception month of 9/2020 is a partial period daily linked return of the Bloomberg Barclays U.S. Aggregate Bond Index to match the inception date of the account.
- (7) PSFLIQ TIPS Benchmark: Inception month of 9/2020 is a partial period daily linked return of the Bloomberg Barclays U.S. Treasury: US TIPS Index to match the inception date of the account.
- (8) PSF Liquid TCash Benchmark: Inception month benchmark performance reflects return from 9/3/2019 through 9/30/2019.

Texas Permanent School Fund
Quarterly Report to the School Land Board per TEC §43.0052(4)
Calendar Quarter Ended June 30, 2022

	<u>Quarter Ended 6/30/2022</u>
Costs of Implementing and Administering the Permanent School Fund Liquid Account	<u>\$ 584,615</u>