

Board of Regents Report for July 2014

Texas Tech University Endowment

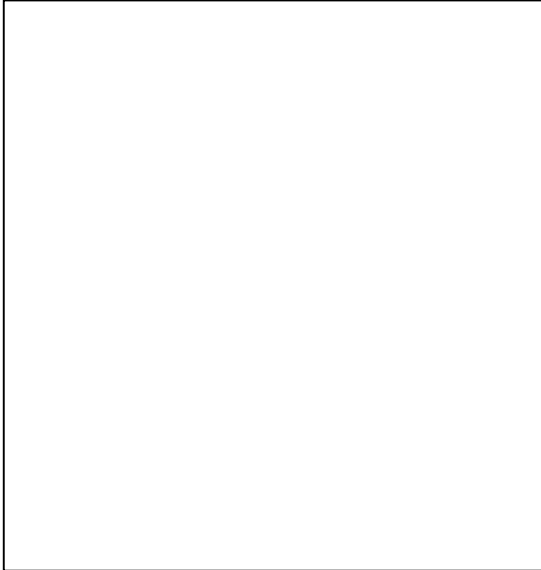


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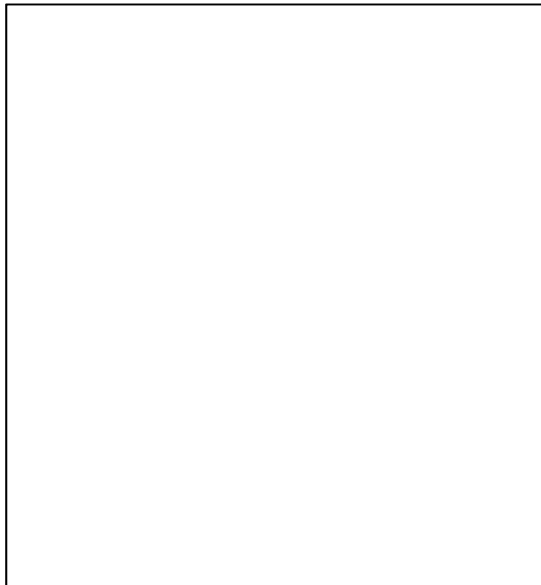
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Asset Class Allocation: Actual vs. Target

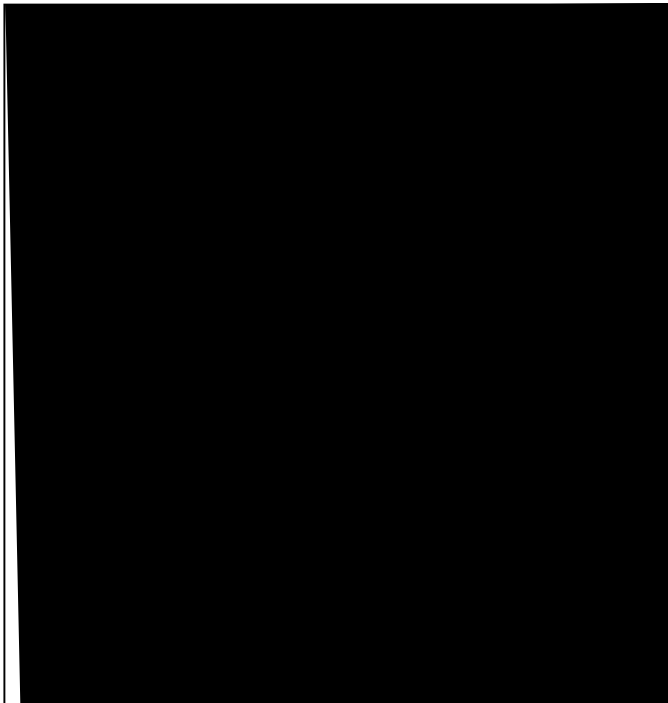
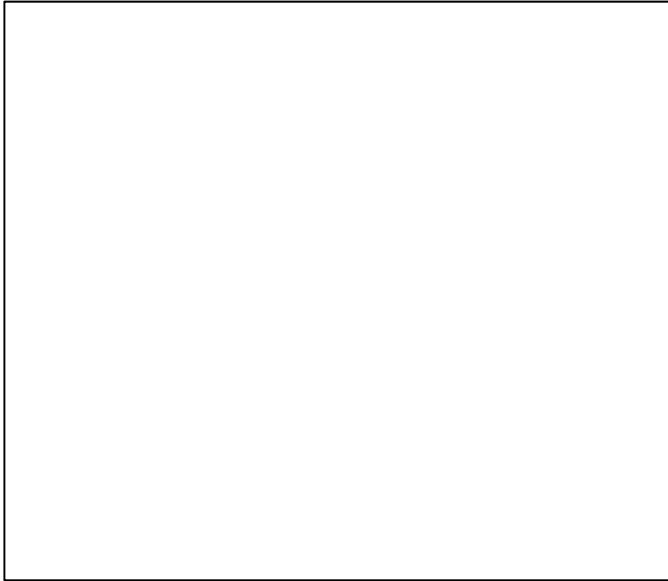
Actual Allocation



Target Allocation



Asset Class Performance: Actual vs. Policy



Long Term Risk/Return of Endowment vs. 60/40 Portfolio & Policy Returns

Commentary

1 Year

2 Years

3 Years

5 Years

- The Texas Tech portfolio has a 5% chance of losing \$43 million (or more) in a month with a 1% chance of losing \$65 million (or more) in a month based on observed portfolio volatility.
- Liquidating, Credit and Alternative Equities have generated the lowest risk adjusted returns.
- The Texas Tech portfolio exhibits less value at risk than the 60/40 Portfolio.

The below graph shows how each risk factor in the sample set impacts the various sub-asset classes.

Equity

(Total NAV: \$ 329,288,312)

Debt

(Total NAV: \$ 219,964,962)

Liquid Real Assets
(Total NAV: \$ 51,883,786)



Cash & Alpha Pool
(Total NAV: \$ 165,501,897)

Private Equity
(Total NAV: \$ 83,002,279)

Private Credit
(Total NAV: \$ 76,206,716)

Private Real Assets
(Total NAV: \$ 101,605,127)

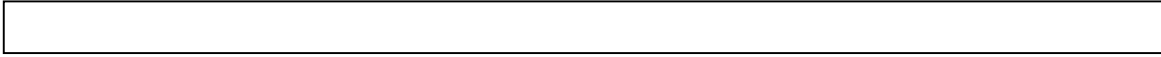
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Appendix I – Sub-Asset Detail (cont.)

Fund	Current Exposure	1 Year Performance	3 Year Performance	5 Year Performance	Returns and po
[Redacted content]					

*Performance is calculated using time weighted Cash on Cash returns. This is an industry standard and allows direct comparison between manager returns and policy returns. IRR returns can be seen in appendix 2.



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Appendix II - Private Markets Report (as of June 2014) - Performance Analysis by Strategy Type & Asset Class
Performance by Strategy Type

Asset Class	Strategy	# of Funds	Commitment	Funded	Paid-In Capital	Distributions	% Drawn	Reported Valuation	Adjusted Valuation	IRR	MOC
Private Equity	Buyout	6	\$67,500,000	\$49,753,550	\$51,634,685	\$51,936,758	74%	\$37,556,892	\$33,350,597	15.12%	1.70
	Growth Equity	2	\$32,500,000	\$9,510,070	\$10,435,788	\$72,459	29%	\$9,610,971	\$10,529,443	1.16%	1.02
	Opportunistic	2	\$35,000,000	\$30,800,000	\$30,800,000	\$14,299,222	88%	\$19,690,343	\$20,039,855	2.70%	1.11
	Secondaries	3	\$27,500,000	\$20,539,747	\$20,914,754	\$10,669,108	75%	\$19,988,736	\$19,078,839	9.83%	1.42
	Total	13	\$162,500,000	\$110,603,367	\$113,785,227	\$76,977,547	68%	\$86,846,942	\$82,998,734	10.60%	1.44
Private Credit	Distressed	9	\$94,500,000	\$85,572,883	\$85,630,473	\$74,050,851	91%	\$50,293,514	\$47,557,803	13.10%	1.44
	Loans	2	\$45,000,000	\$17,272,219	\$17,272,219	\$0	38%	\$11,881,255	\$17,604,440	2.43%	1.02
	Opportunistic	2	\$17,500,000	\$9,158,840	\$10,221,374	\$1,203,873	52%	\$8,420,879	\$10,546,443	12.03%	1.15
	Total	13	\$157,000,000	\$112,003,942	\$113,124,066	\$75,254,724	71%	\$70,595,648	\$75,708,686	12.99%	1.35
Private Real Assets	Upstream	6	\$97,000,000	\$79,651,987	\$82,250,615	\$91,478,662	82%	\$31,294,963	\$28,126,365	26.87%	1.52
	Midstream	3	\$42,500,000	\$30,062,536	\$31,207,382	\$20,675,858	71%	\$23,125,162	\$26,019,870	34.65%	1.50
	Power	1	\$10,000,000	\$8,420,529	\$8,541,067	\$2,997,000	84%	\$2,838,698	\$3,027,410	-15.43%	0.71
	Infrastructure	1	\$18,000,000	\$10,370,929	\$10,370,929	\$0	58%	-	-	-	-
	Total	11	\$167,500,000	\$128,505,981	\$132,369,993	\$115,151,520	77%	\$57,258,823	\$57,173,645	25.52%	1.46
Private Real Estate	Value Add	3	\$31,585,500	\$28,824,136	\$28,875,743	\$22,210,443	91%	\$13,847,331	\$13,365,926	4.92%	1.23
	Opportunistic	3	\$27,500,000	\$23,112,611	\$23,323,126	\$3,192,059	84%	\$11,703,392	\$11,769,943	-9.65%	0.64
	Total	6	\$59,085,500	\$51,936,747	\$52,198,869	\$25,402,502	88%	\$25,550,723	\$25,135,869	-0.77%	0.97

Performance by Asset Class

Asset Class	# of Funds	Commitment	Funded	Paid-In Capital	Distributions	% Drawn	Reported Valuation	Adjusted Valuation	IRR	MOC
Private Equity	13	\$162,500,000	\$110,603,367	\$113,785,227	\$76,977,547	68%	\$86,846,942	\$82,998,734	10.60%	1.44
Private Credit	13	\$157,000,000	\$112,003,942	\$113,124,066	\$75,254,724	71%	\$70,595,648	\$75,708,686	12.99%	1.35
Private Real Assets	11	\$167,500,000	\$128,505,981	\$132,369,993	\$115,151,520	77%	\$57,258,823	\$57,173,645	25.52%	1.46
Private Real Estate	6	\$59,085,500	\$51,936,747	\$52,198,869	\$25,402,502	88%	\$25,550,723	\$25,135,869	-0.77%	0.97
Total	43	\$546,085,500	\$403,050,037	\$411,478,155	\$292,786,293	74%	\$240,252,136	\$241,016,934	12.18%	1.37



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Appendix III – Glossary

Alpha Pool: Investments that tend to be uncorrelated with “traditional” stock and bond investments. Not technically an asset class, but rather an investment construct within a *portable alpha framework

Cash & Equivalents: Cash and short term investments held in lieu of cash and readily converted into cash within a short time span (i.e., CDs, commercial paper, Treasury bills, etc.)

Global Debt: Investments in debt instruments located in developed markets, may include various credit, mortgage-backed and emerging markets debt securities

Global Equity: Investments in companies domiciled in developed market countries and may include opportunistic investments in emerging market countries

Liquidating: The residual investment in terminated managers

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Appendix III – Glossary (cont.)



Gross Exposure: Aggregate of long and short investment positions in relation to the Net Asset Value (NAV)