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Monthly Report to the Board of Land Commissioners

Investment performance through August 31, 2022

Month: -3.0% Fiscal year: 2.9%

Financial markets started the month in positive territory as inflation peaked, corporate earnings and job openings remained resilient and the prospect the Fed could contain inflation quickly without significant damage to the economy appeared plausible. Fed Chair Jerome Powell in his speech from Jackson Hole, however, made it abundantly clear that the central bank is committed to returning inflation to its 2% target, increasing interest rates beyond what they consider the long-term neutral rate to achieve this goal and remaining at restrictive levels for some time because history cautions strongly against premature loosening of policy. Financial markets sold off as it became increasingly apparent that there is no quick or pain-free resolution to the inflation problem.

Status of endowment fund reserves

Distributions for FY2022 and FY2023 are well secured.

Significant actions of the Endowment Fund Investment Board

None.

Compliance/legal issues, areas of concern

Material deviations from Investment Policy: None.

Material legal issues: None.

Changes in board membership or agency staffing: None.

Upcoming issues/events

Board Meeting – November 15, 2022