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Monthly Report to the Board of Land Commissioners

Investment performance through July 31, 2023

Month: 2.2% Fiscal year: 2.2%

Financial markets were bolstered by strong macro-economic trends in July. The Fed and other central banks are nearing the peak of the interest rate hiking cycle, inflation continues to gradually moderate and economic growth and labor markets remain resilient. As expected, the Fed raised interest rates by 0.25% in July, bringing the fed funds target range to 5.25% - 5.50%. Fed Chair Jerome Powell was careful not to declare “mission accomplished” but he made it clear they were approaching the peak rate and any future increases would be moderate. Headline inflation declined from 9.1% in June 2022 to 3.0% in June 2023. Core inflation, however, is still elevated at 4.8% as demand for services remained robust and wage growth has yet to ease meaningfully. Second quarter U.S. GDP reflected annualized growth of 2.4%, well above estimates of 1.8%.

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:

Upcoming issues/events

Board Meeting – November 21, 2023 (joint meeting)