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Monthly Report to the Board of Land Commissioners

Investment performance through October 31, 2023

Month: -2.7% Fiscal year: -6.0%

Stronger than anticipated economic data during the third quarter generated upward pressure on long-dated bond yields. Higher U.S. Treasury yields are anticipated to contribute to further tightening of financial conditions and were one of the primary causes of losses in both the bond and stock markets for the third consecutive month. The Fed maintained the target for the fed funds rate at 5.25%-5.50% when it met at the beginning of November. The Fed acknowledged the strong pace of economic activity during the quarter but indicated that job gains have moderated since earlier in the year and that they expect tight financial conditions to be a headwind for the economy. Although Chair Jerome Powell left open the possibility of further rate increases in the future, he now views the risk of either overtightening or doing too little as more balanced.

Status of endowment fund reserves

Distributions for FY2023 and FY2024 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

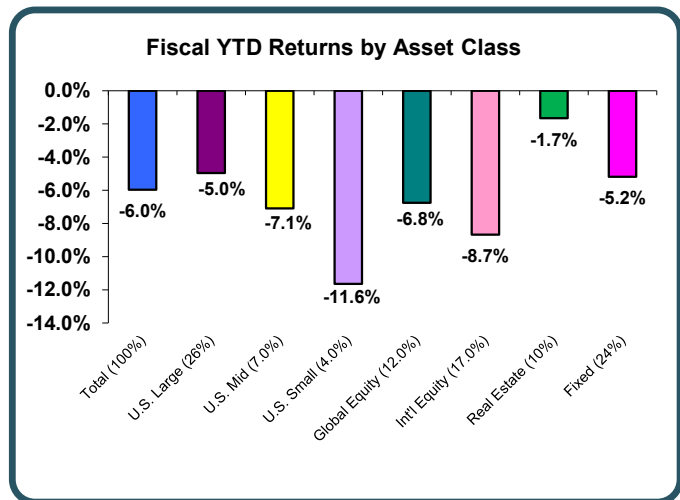
Board Meeting – February 15, 2024

	<u>Month</u>	<u>FYTD</u>
Beginning Value of Fund	2,831,515,846	\$2,947,604,447
Distributions to Beneficiaries	(8,359,583)	(33,688,332)
Land Revenue net of IDL Expenses	9,496,428	19,305,144
Change in Market Value net of Investment Mgt. Expenses	(74,756,257)	(175,324,824)
Current Value of Fund	\$ 2,757,896,434	\$2,757,896,434

<u>Gross Returns</u>	<u>Current Month</u>	<u>Calendar Y-T-D</u>	<u>Fiscal Y-T-D</u>	<u>One Year</u>	<u>Three Year</u>	<u>Five Year</u>	<u>Ten Year</u>
Total Fund	-2.7%	1.5%	-6.0%	4.3%	4.0%	6.5%	6.4%
<i>Total Fund Benchmark*</i>	-2.4%	2.6%	-5.7%	5.5%	4.0%	6.0%	6.1%
Total Fixed	-1.9%	-2.7%	-5.2%	0.6%	-4.9%	0.2%	1.0%
<i>BBG U.S. Agg. (Ag)</i>	-1.6%	-2.8%	-4.8%	0.4%	-5.1%	0.3%	1.0%
Total Equity	-3.3%	5.1%	-6.9%	8.0%	7.3%	9.0%	8.3%
<i>57% R3 29% Ax 14% AC</i>	-3.1%	6.6%	-6.4%	9.8%	7.1%	7.9%	7.9%
Domestic Equity	-2.9%	6.3%	-6.1%	5.6%	8.7%	9.9%	10.0%
<i>Russell 3000 (R3)</i>	-2.7%	9.4%	-5.8%	8.4%	9.2%	10.2%	10.5%
Global Equity	-3.0%	6.3%	-6.8%	11.8%	6.5%	10.1%	6.9%
<i>MSCI ACWI (AC)</i>	-3.0%	6.7%	-6.3%	10.5%	6.7%	7.5%	6.8%
Int'l. Equity	-4.4%	1.9%	-8.7%	10.9%	4.7%	6.7%	4.8%
<i>MSCI ACWI ex-US (Ax)</i>	-4.1%	1.0%	-7.7%	12.1%	3.0%	3.5%	2.5%
Real Estate			-1.7%	-10.4%	5.7%	5.2%	
<i>NCRIEF ODSE Index</i>			-2.7%	-10.0%	8.0%	6.5%	

* Benchmark: 38% Russell 3000 19% ACWI ex-US 9% AC 24% BB Agg. 10% OD

	<u>Mkt Value</u>	<u>Allocation</u>
Domestic Equity	\$ 1,007.6	36.5%
Large Cap	715.7	26.0%
Mid Cap	188.9	6.8%
Small Cap	103.0	3.7%
Global Equity	327.9	11.9%
Int'l Equity	454.6	16.5%
Fixed Income	685.4	24.9%
Real Estate	265.7	9.6%
Cash	<u>15.7</u>	<u>0.6%</u>
Total Fund	\$ 2,757.9	100.0%

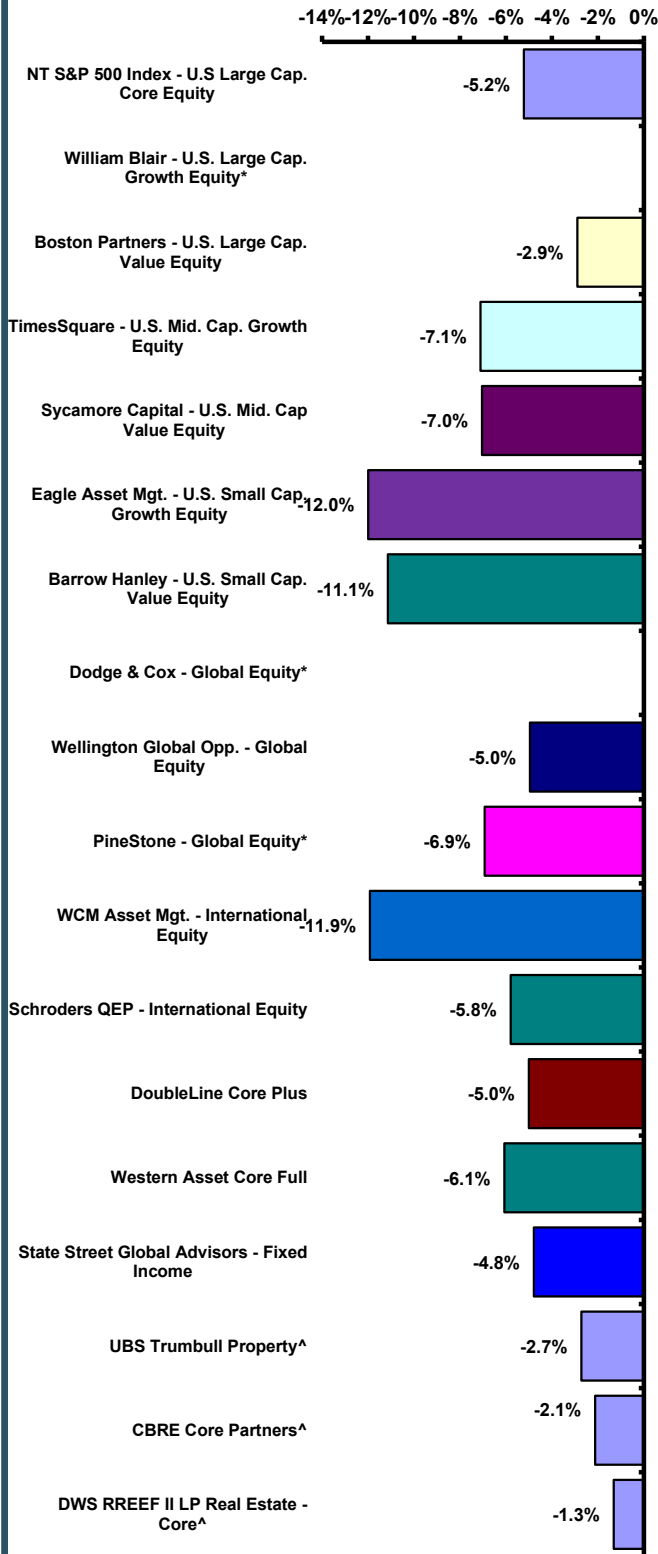


Endowment Fund Staff Comments:

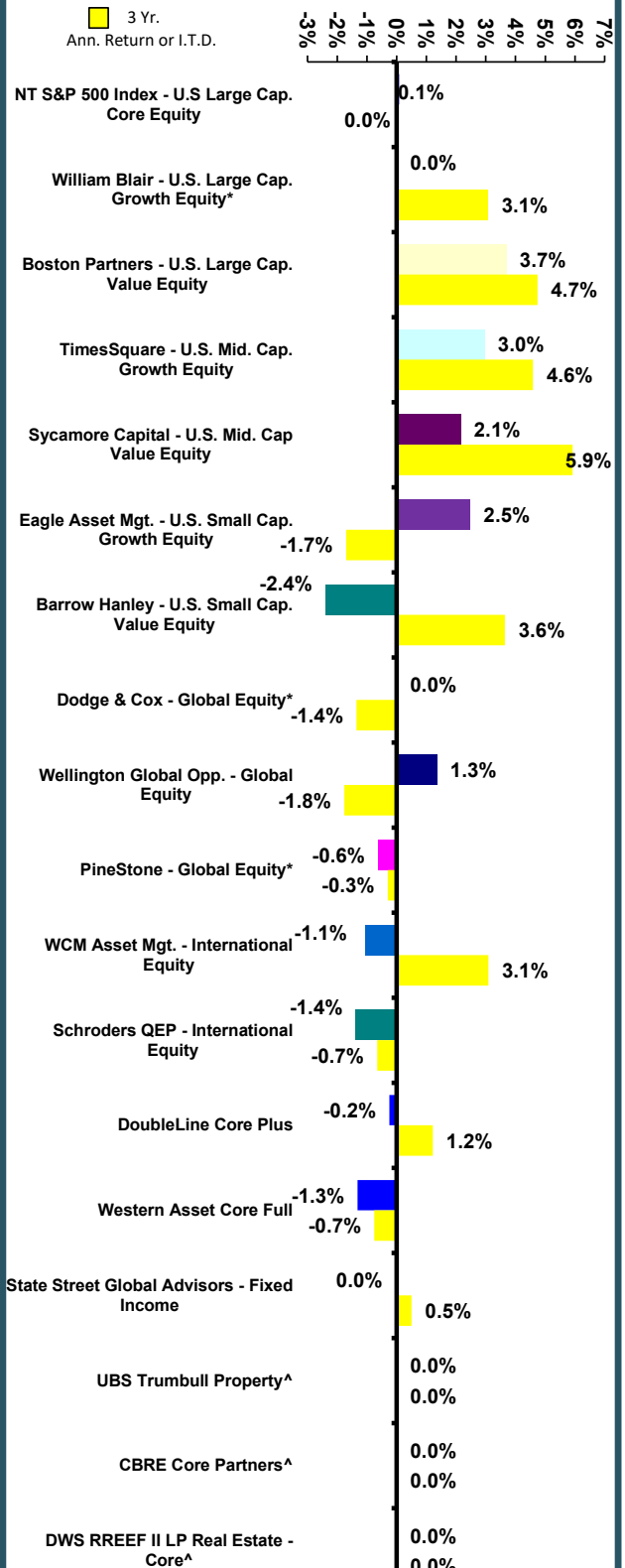
Stronger than anticipated economic data during the third quarter generated upward pressure on long-dated bond yields. Higher U.S. Treasury yields are anticipated to contribute to further tightening of financial conditions and were one of the primary causes of losses in both the bond and stock markets for the third consecutive month. The Fed maintained the target for the fed funds rate at 5.25%-5.50% when it met at the beginning of November. The Fed acknowledged the strong pace of economic activity during the quarter but indicated that job gains have moderated since earlier in the year and that they expect tight financial conditions to be a headwind for the economy. Although Chair Jerome Powell left open the possibility of further rate increases in the future, he now views the risk of either overtightening or doing too little as more balanced.

INVESTMENT REPORT

FYTD Manager Returns



Manager Relative Returns Fiscal YTD and 3-Yr Ave*



^ Most recent valuation. * I-T-D if no 3-yr. history