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Monthly Report to the Board of Land Commissioners

Investment performance through November 30, 2023

Month: 7.0% **Fiscal year: 0.4%**

Inflation continued its downward trajectory in November with headline inflation dropping to 3.2%. High costs associated with shelter appear to be the primary impediment to approaching the Fed's inflation target of 2.0% and trends in market rents point to a rapid deceleration in shelter inflation during the next 6-12 months. The improving inflation data should give the Fed solid support to pause its interest rate hiking campaign. Financial markets now anticipate the Fed will reverse course and begin cutting interest rates in the middle of next year. This perspective drove the yield on ten-year U.S. Treasuries from 5.0% to 4.3% and provided a nice boost to equity markets. Santa arrived early this year.

Status of endowment fund reserves

Distributions for FY2024 and FY2025 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