

The Texas A&M University System Cash Concentration Pool



FISCAL YEAR 2009

4TH QUARTER – AUGUST 31, 2009

Effective Rates as of the 4th Quarter of FY 2009:

Cash Portfolio: (0.03)%

**Long-Term
Portfolio:** (1.69)%

Total Pool: (1.28)%

Markets & Rates

The yield on the 2-year Treasury increased from 0.91% at the end of May to 1.11% in June and 1.12% in July, but fell to 0.98% by the end of August. The yield on the 10-year note followed a similar pattern increasing from 3.46% at the end of May to 3.53% in June and ending the quarter at 3.40%.

The Federal Reserve has left its benchmark rate unchanged during the quarter and it is anticipated that the rate will remain at 0.0%-0.25% until mid-2010.

The S&P 500 index return for the one year period ended August 31, 2009 was (18.2)%.

CCP Estimated Distribution Rate for FY 2010

Total Pool: 2.0%

<http://sago.tamu.edu/treasury>

Overview

The performance for the Cash Concentration Pool ("Pool") for the 4th fiscal quarter was 7.4%. As expected, the distribution rate has continued to trail actual performance and losses have been realized as some of the holdings in the portfolios have been sold.

Pool Valuation

As of August 31, 2009, the Pool had a market value of approximately \$1.84 billion. For the 4th quarter of FY 2009, the Pool positions had \$585 million in cash inflows (including debt proceeds) and \$607 million in cash outflows, decreasing the book value of the Pool by \$22 million. The Pool earned investment income during this quarter of \$7 million and realized losses on investments of \$9 million.

The Cash Portfolio distributes all interest, dividends, and realized gains/(losses), net of external management fees, to the participants based on their average short-term balance for each month. The Long-Term Pool distributes all interest, dividends, and realized gains/(losses), net of external management fees, to the participants based on their ownership of Long-Term Pool units for each month.

Investment Allocation and Performance

As of August 31, 2009, the Cash Concentration Pool had a market value of approximately \$1.3 billion with 9.8% of the Pool's assets invested in the Cash Portfolio and 90.2% of the assets invested in the Long-Term Portfolio. The Cash Portfolio and the Long-Term Portfolio are managed by external investment managers. The comparative returns for the Pool for the calendar year-to-date and the one, three, and ten year periods ended August 31, 2009 are as follows:

	Calendar			
	YTD	1-Year	3-Year	10-Year
Total Pool	15.2%	(3.4)%	1.0%	4.8%
Composite Index	12.4%	(5.2)%	0.3%	4.1%

Asset Allocation for August 31, 2009:

