

The Texas A&M University System System Endowment Fund



FISCAL YEAR 2009

4TH QUARTER – AUGUST 31, 2009

Quarterly Endowment Spending Rate

FY 2009:

\$0.070070 per unit

FY 2010:

\$0.071052 per unit

The improvement in the market has increased the per unit valuation over the last two quarters resulting in improved spending rate forecasts for the next few years.

Estimated Rates For:

FY 2011 \$0.070299

FY 2012 \$0.069178

FY 2013 \$0.067260

Endowment Spending/Account Information

The spending rate is based on the average quarterly market value for the previous 5 years. Averaging the previous 20 quarters smoothes the effects of the market and stabilizes the income distribution. The endowment spending rate is set on an annual basis and can be reviewed at the Treasury web page.

All excess earnings are credited to the account through an increase in market value. The only charges to the SEF are for external investment management and trust fees.

Endowment Reporting

The units and market value summary is available online for each endowment account at the Treasury web page.

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

Endowment Valuation

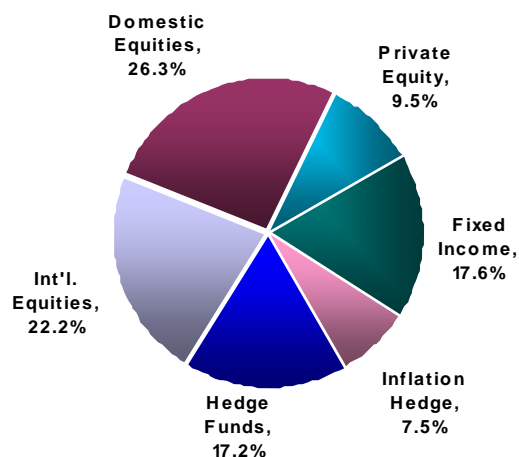
The performance for the System Endowment Fund (SEF) for the 4th fiscal quarter was 8.2%. As of August 31, 2009, the SEF had a market value of approximately \$632.6 million. This value is net of the \$8.9 million quarterly income distribution which occurred in September 2009. During the quarter, there were \$4.0 million in new deposits. The SEF is accounted for on a unitized basis and the per unit market value as of August 31, 2009 was \$4.93.

Investment Allocation and Performance

As of August 31, 2009, the SEF asset allocation was 48.5% in equities, 17.2% in hedge funds, 17.6% in fixed income, 7.5% in inflation hedging investments (timber, real estate and energy) and 9.1% in private equity. The comparative returns for the SEF for the calendar year-to-date and the one, five, and ten year periods ended August 31, 2009 are as follows:

	Calendar			
	YTD	1-Year	3-Year	10-Year
SEF - Total	16.0%	(10.5)%	(0.7)%	5.1%
Composite Index	15.9%	(8.7)%	(0.6)%	4.0%

Asset Allocation for August 31, 2009 (prior to income distribution and addition of new deposits):



Asset Allocation

Domestic Equities	\$168.0
International Equities	\$141.7
Fixed Income	\$112.3
Hedge Funds	\$109.7
Private Equity	\$ 58.2
Inflation Hedge	\$ 47.7