

SWIFT

State Water Implementation Fund for Texas

TEXAS  TRUST
TEXAS TREASURY SAFEKEEPING TRUST COMPANY
COMPTROLLER GLENN HEGAR, CHAIRMAN

Q² 2020

COMPTROLLER'S INVESTMENT ADVISORY BOARD
PORTFOLIO REVIEW

MEETING DATE: OCTOBER 15, 2020

SWIFT

State Water Implementation Fund for Texas

The State Water Implementation Fund for Texas (“SWIFT”) was created by the 83rd Texas Legislature, Regular Session, and became effective once voters approved the constitutional amendment to fund the SWIFT with \$2 billion from the Economic Stabilization Fund. The creation of the SWIFT and its requirements are set forth in Chapter 15 of the Texas Water Code. Funds in the SWIFT are used to subsidize financing costs for projects included in the State Water Plan developed and implemented by the Texas Water Development Board (TWDB). The balance of the SWIFT is expected to be drawn down over time; however, funds used for financing subsidies will ultimately be repaid to the SWIFT. The investment objective of the SWIFT is to preserve its purchasing power while maintaining sufficient liquidity to meet the needs of the TWDB.

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Asset Allocation Summary

As of June 30, 2020

Asset Class	Strategy	Number of Funds ^{1,2}	Number of Managers ^{1,2}	Current Market Value	Weight	Target Weight
Fixed Income		44	30	\$833,730,142	51.2%	55.0%
	Cash	4	4	194,815,557	12.0%	10.0%
	Global Fixed Income (ex-Cash)	6	6	166,214,014	10.2%	10.0%
	Alternative Fixed Income	8	7	195,150,373	12.0%	15.0%
	Private Debt	26	18	277,550,198	17.0%	20.0%
Equity		9	8	\$449,707,009	27.6%	30.0%
	Global Public Equity	1	1	85,235,064	5.2%	5.0%
	Hedged Equity	6	5	361,750,844	22.2%	25.0%
	Private Equity	2	2	2,721,101	0.2%	0.0%
Real Assets		6	5	\$255,066,584	15.7%	15.0%
	Real Estate	6	5	255,066,584	15.7%	15.0%
Strategic All Asset		2	2	\$90,453,679	5.6%	0.0%
	All Asset Strategies	2	2	90,453,679	5.6%	0.0%
Total Portfolio		61	41	\$1,628,957,415	100.0%	100.0%

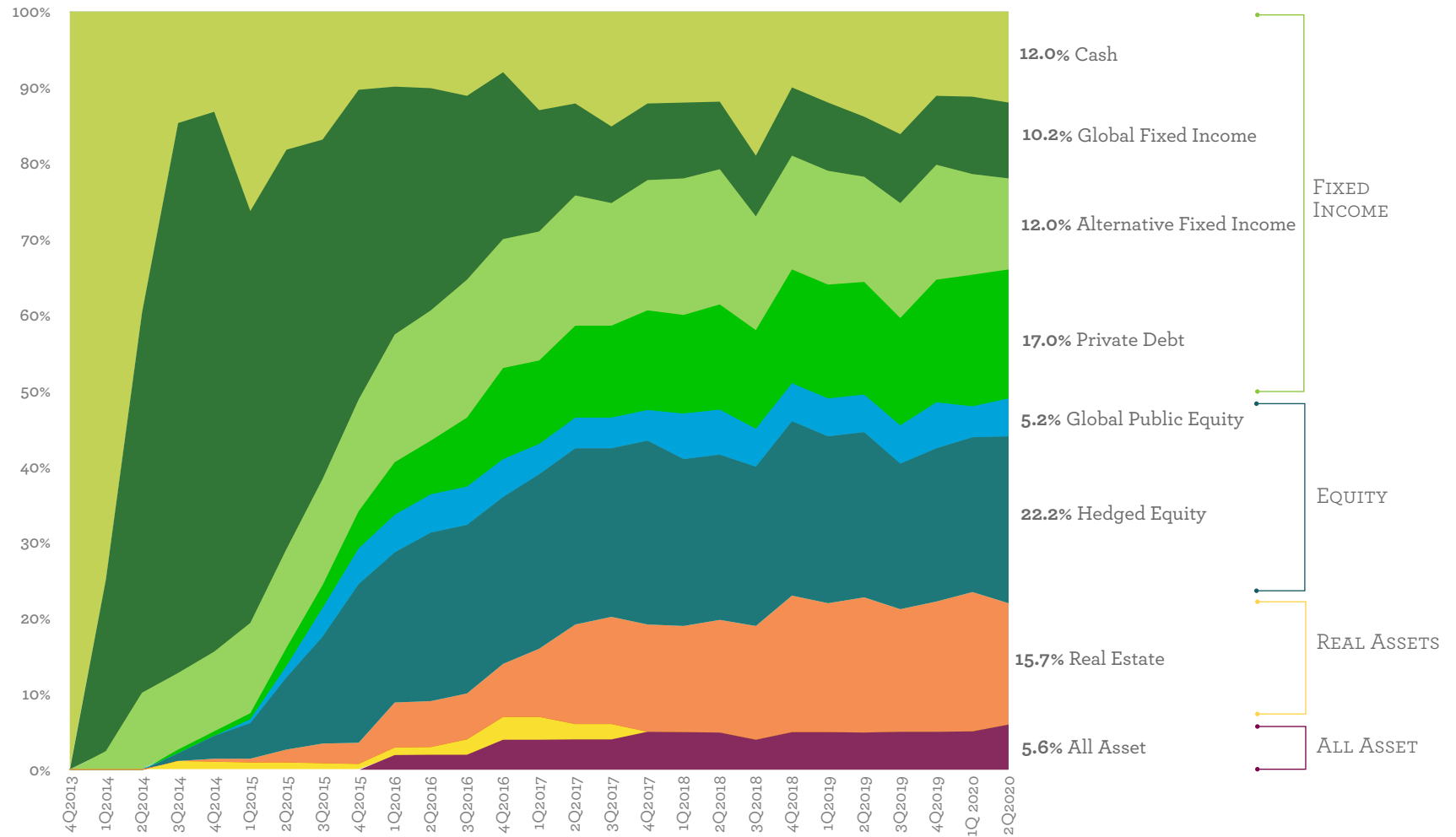
¹ Does not include funds in wind down or redemption.

² Manager count for aggregates are less than sum of components due to managers with multiple strategy allocations.

Asset Allocation Evolution

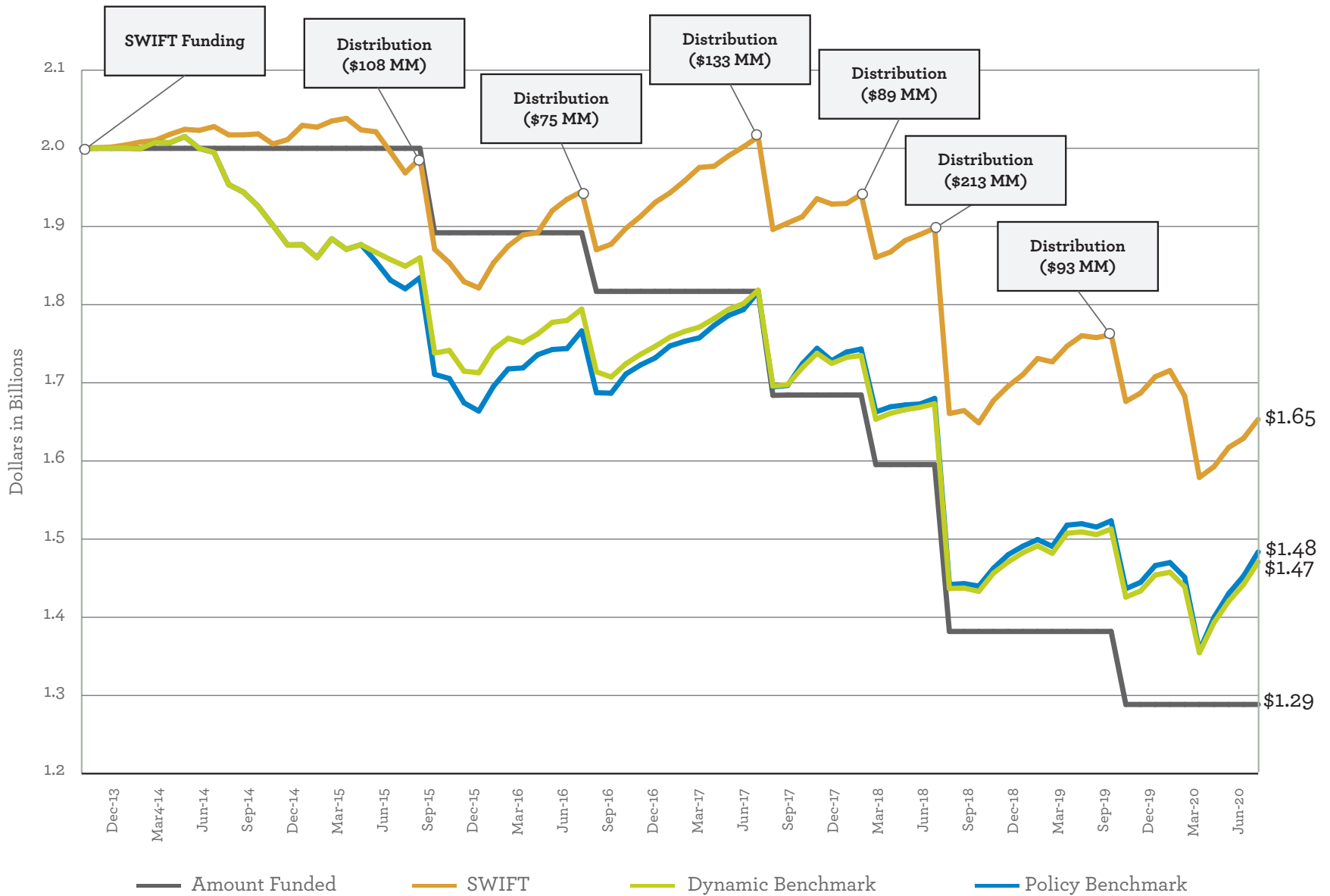
As of June 30, 2020

Total AUM: \$1,628,957,415



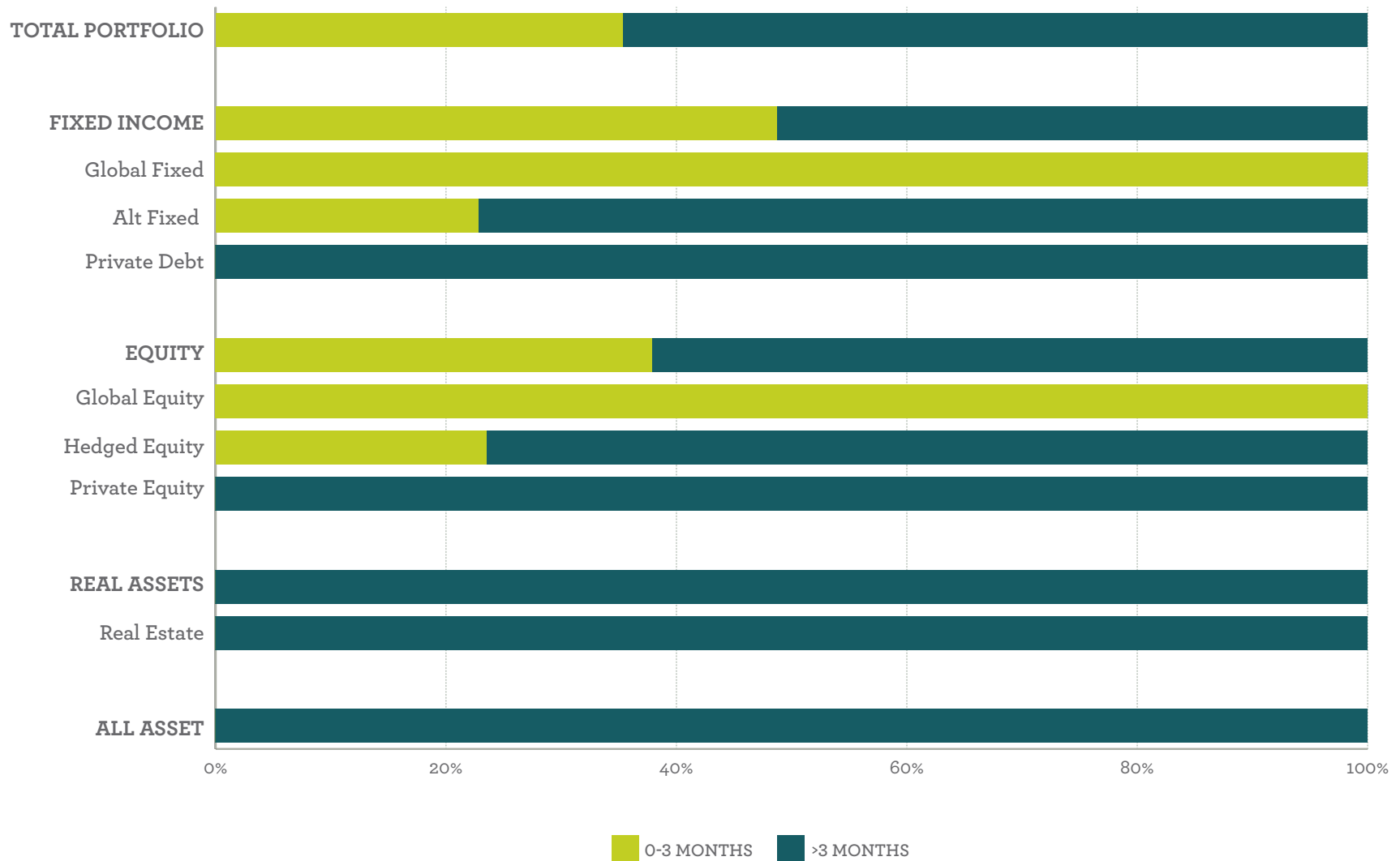
SWIFT Portfolio Market Value

As of July 31, 2020



Portfolio Liquidity¹

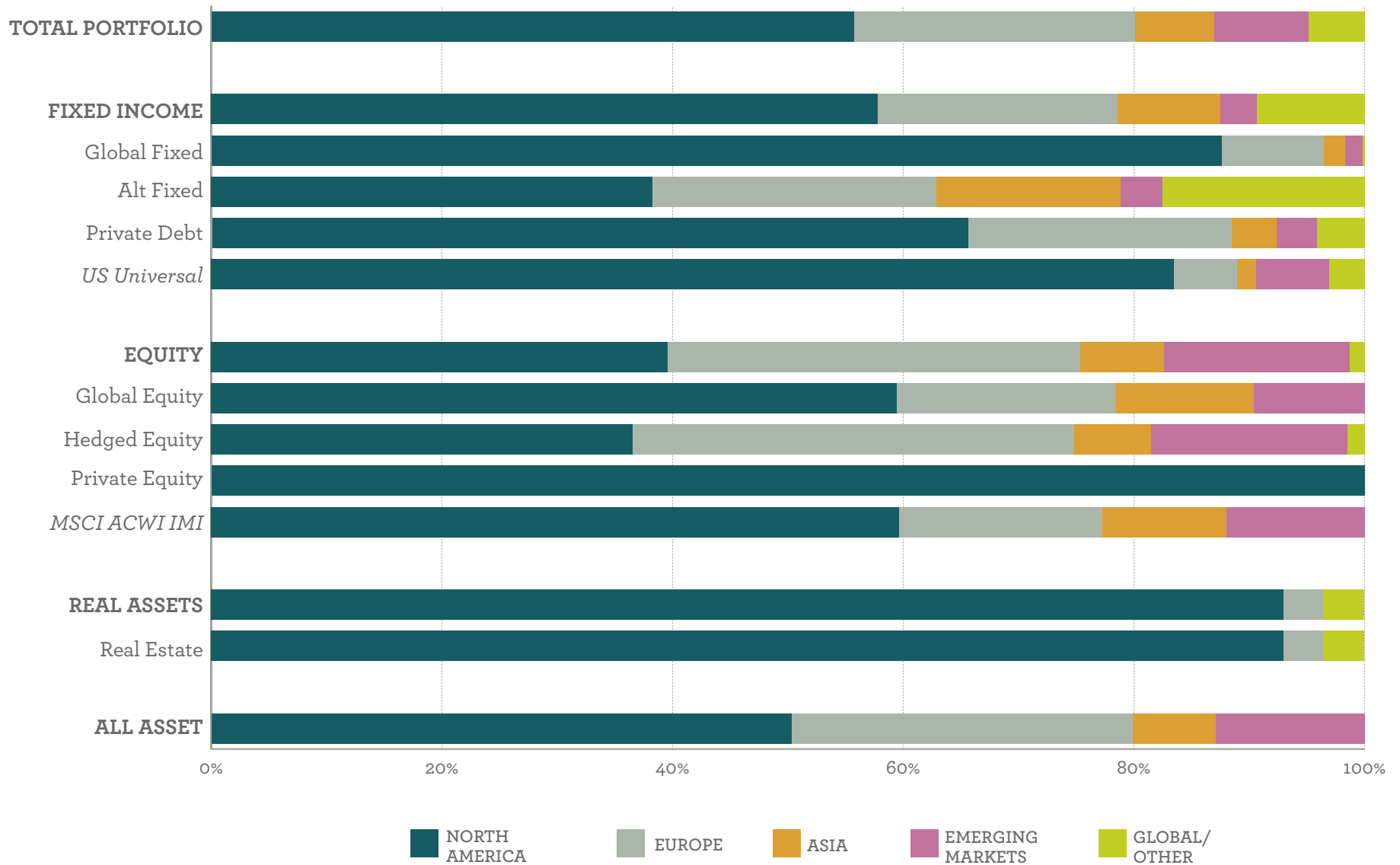
As of June 30, 2020



¹ Liquidity data as provided by managers.

Portfolio Geographic Allocation¹

As of June 30, 2020



¹ Calculated using gross exposures.

Fixed Income Summary

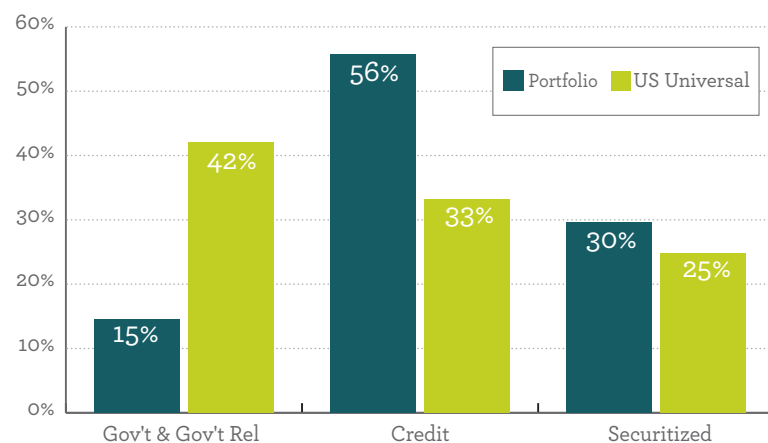
As of June 30, 2020

Strategy	Market Value	Portfolio Weight	Standard Deviation ¹	Sharpe Ratio ¹	% Positive Months ¹	US Universal		HFRI Conservative		MSCI ACWI IMI	
						Beta ¹	Correlation ¹	Beta ¹	Correlation ¹	Beta ¹	Correlation ¹
Global Fixed Income (ex-cash)	\$166,214,014	10.2%	3.4%	0.9	69.4%	0.9	0.8	0.5	0.8	0.1	0.6
Cash	194,815,557	12.0%	-	-	-	-	-	-	-	-	-
<i>US Universal</i>			3.3%	1.0	69.4%	-	-	0.3	0.4	0.0	0.2
Alternative Fixed Income	195,150,373	12.0%	11.1%	-0.5	77.8%	1.1	0.3	2.0	0.9	0.4	0.7
<i>HFRI FoF: Conservative</i>			5.0%	0.0	72.2%	0.7	0.4	-	-	0.2	0.8
Private Debt	277,550,198	17.0%	-	-	-	-	-	-	-	-	-
Total Fixed Income	\$833,730,142	51.2%	3.9%	-0.1	86.1%	0.4	0.3	0.7	0.9	0.1	0.6

¹ Trailing 36 months.

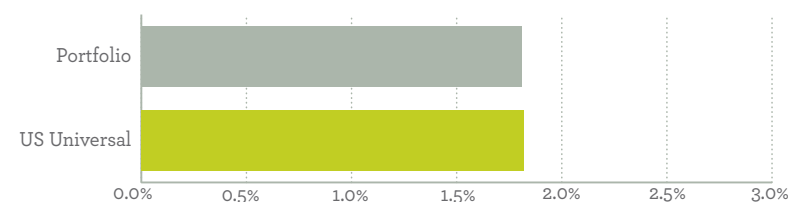
Sector Allocation¹

Global Fixed
ex-cash

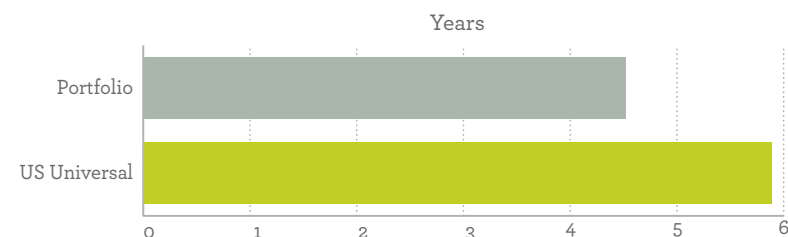


¹ Calculated using gross exposures

Yield



Duration



Equity Summary

As of June 30, 2020

Strategy	Market Value	Portfolio Weight	Standard Deviation ¹	Sharpe Ratio ¹	% Positive Months	MSCI ACWI IMI		HFRI FoF Strategic	
						Beta ¹	Correlation ¹	Beta ¹	Correlation ¹
Global Equity	\$85,235,064	5.2%	21.1%	-0.1	69.4%	1.2	1.0	2.4	0.9
<i>MSCI ACWI IMI</i>			16.7%	0.2	72.2%	-	-	1.8	0.9
Hedged Equity	361,750,844	22.2%	8.3%	0.7	63.9%	0.5	0.9	0.9	0.9
<i>HFRI FoF: Strategic</i>			8.5%	0.0	63.9%	0.5	0.9	-	-
Private Equity	2,721,101	0.2%	-	-	-	-	-	-	-
Total Equity	\$449,707,009	27.6%	10.6%	0.4	75.0%	0.6	1.0	1.2	1.0

¹Trailing 36 months.

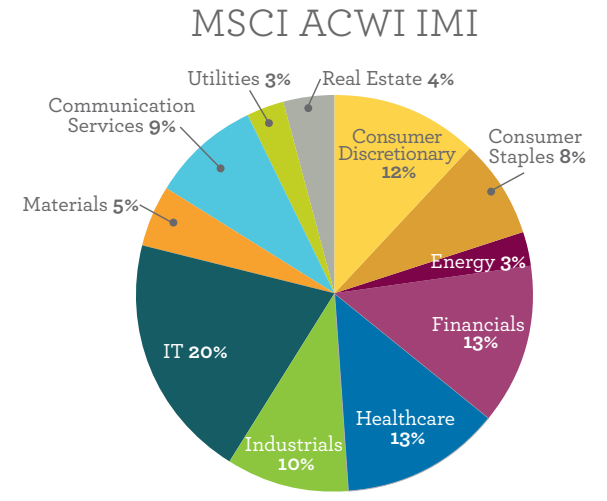
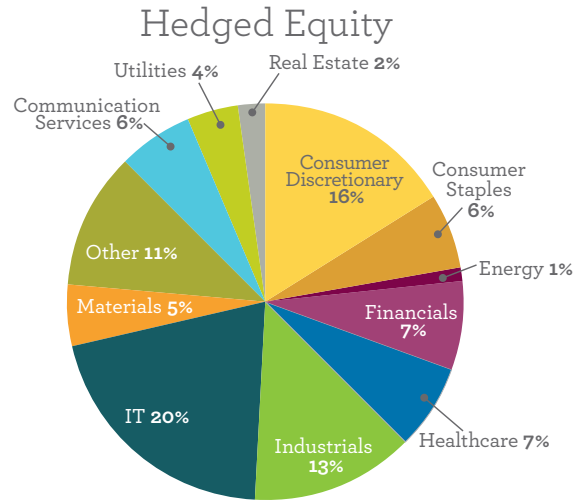
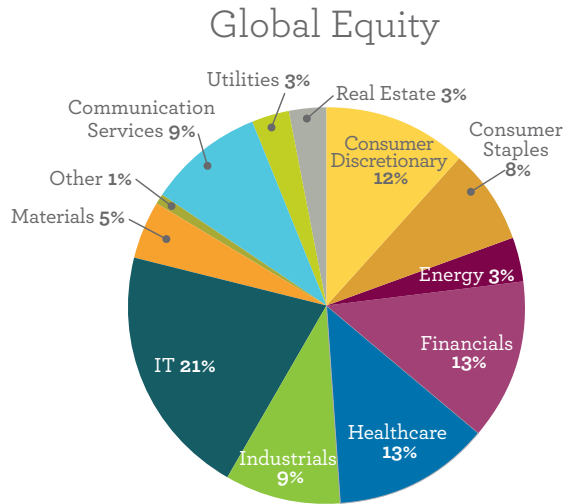
Strategy	Number of Fund Commitments	Commitments	Unfunded Commitments	Total Contributions ¹	Distributions	Remaining Value ²	Total Value
Total Private Equity	2	\$7,500,000	\$4,659,480	\$2,840,520	\$29,420	\$2,721,101	\$2,750,521

¹Total Contributions include fees and expenses that may not reduce or lower unfunded commitments.

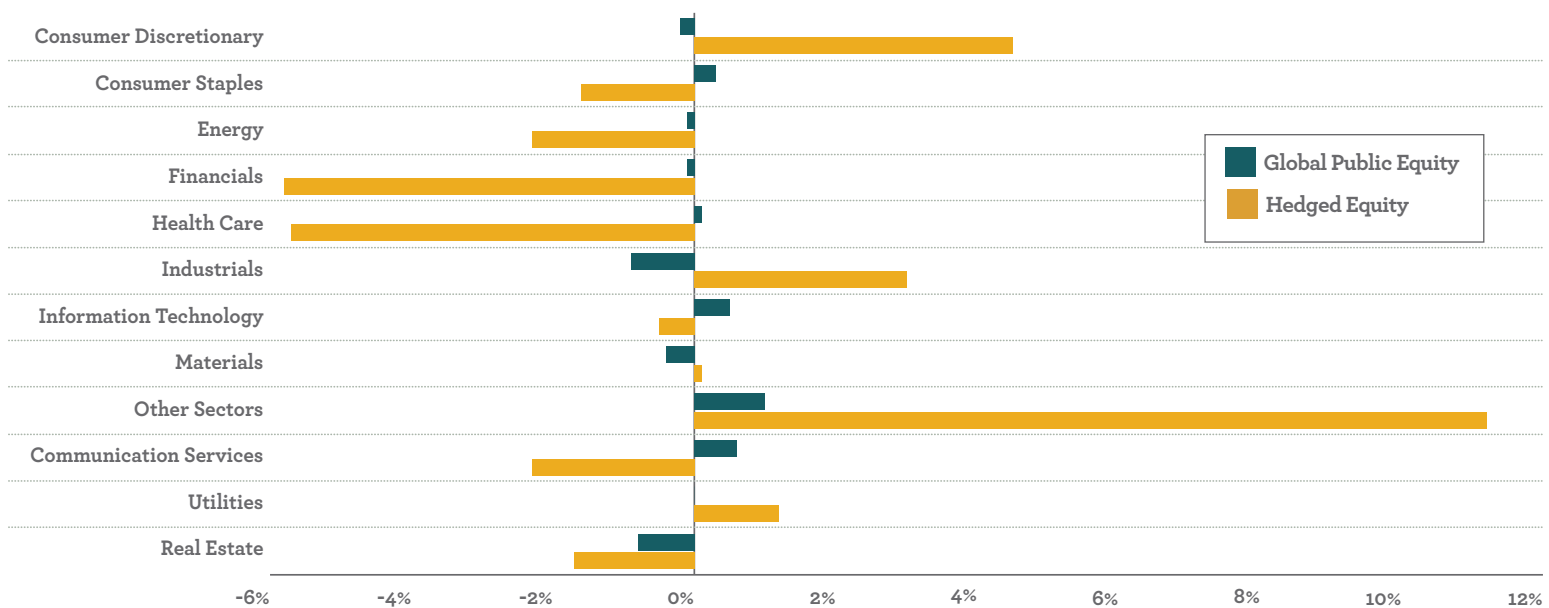
²Remaining Value is equal to the last actual reported capital account value plus subsequent capital calls less subsequent distributions through the indicated date, with no valuation changes.

Equity Detail

As of June 30, 2020



Sector Under/Over Allocation¹



¹ Relative to MSCI ACWI IMI

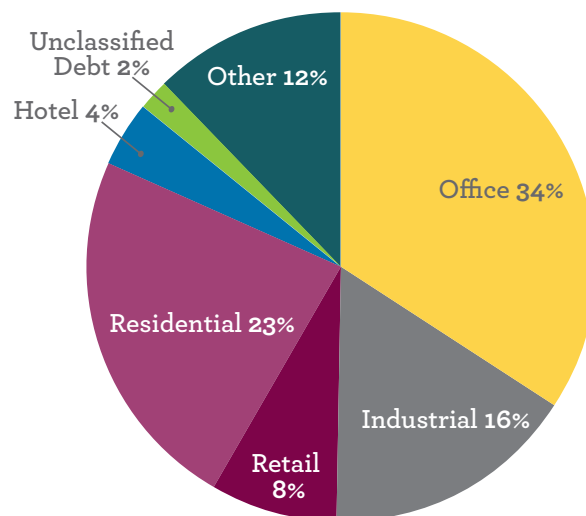
Real Estate Summary

As of June 30, 2020

Strategy	Number of Current Fund Commitments	Portfolio Weight	Commitments	Unfunded Commitments	Total Contributions	Distributions	Remaining Value	Total Value
Real Estate	6	15.7%	\$309,000,000	\$20,661,201	\$409,367,112	\$220,963,732	\$255,066,584	\$476,030,316

Strategy	Distributed/Paid In (DPI)	Total Value/Paid In (TVPI)	1 Year IRR	ITD IRR	Time Weighted Returns		
					1 Year	3 Year	5 Year
Real Estate	0.54	1.16	-0.5%	6.6%	-0.7%	5.1%	7.2%
<i>Real Estate Blend</i>					3.9%	5.9%	7.5%

Sector Allocation



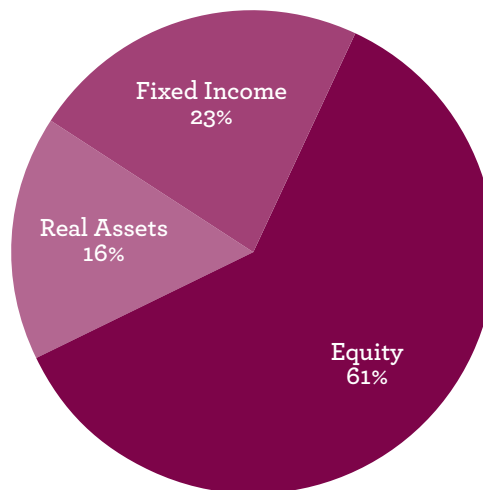
All Asset Strategies

As of June 30, 2020

Strategy	Market Value	Portfolio Weight	Standard Deviation ¹	Sharpe Ratio ¹	Downside Deviation ¹	Max Drawdown ¹	% Positive Months ¹	Total Policy Benchmark	
								Beta ¹	Correlation ¹
Multi-Strategy	\$90,453,679	5.6%	6.5%	0.8	13.1%	-9.7%	83.3%	1.0	0.8
All Asset Total	\$90,453,679	5.6%	6.5%	0.8	13.1%	-9.7%	83.3%	1.0	0.8
<i>TTSTC Blended Endowment</i>			5.2%	0.5	9.8%	-7.7%	80.6%	-	-

¹ Trailing 36 months.

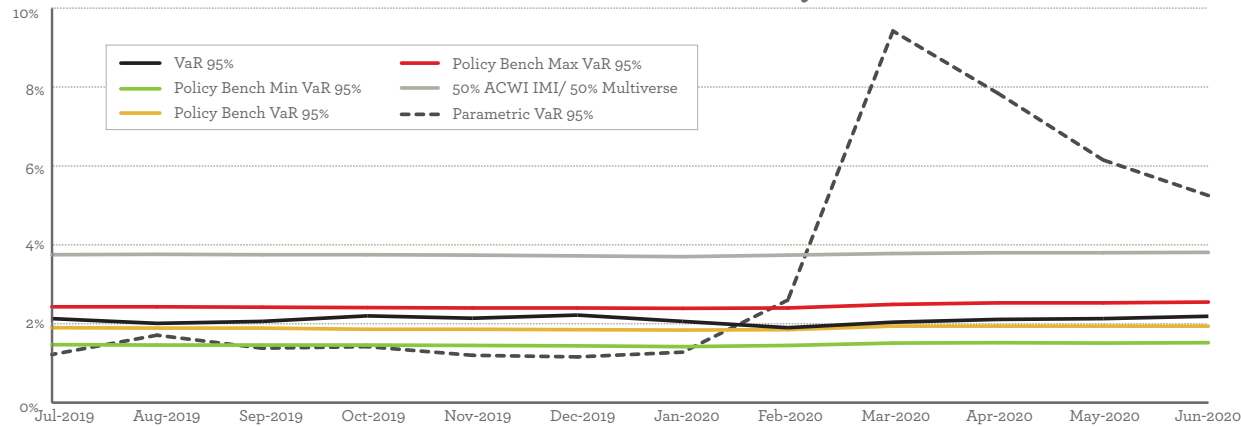
All Asset Breakdown



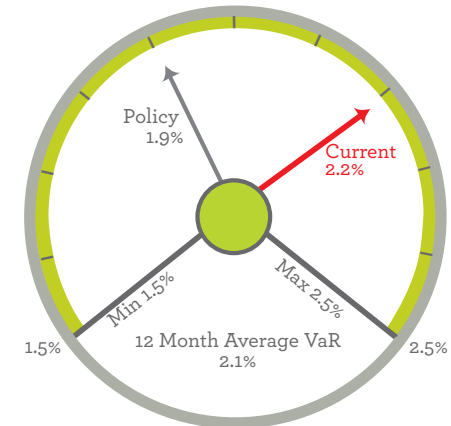
Value at Risk (VaR) Analysis

As of June 30, 2020

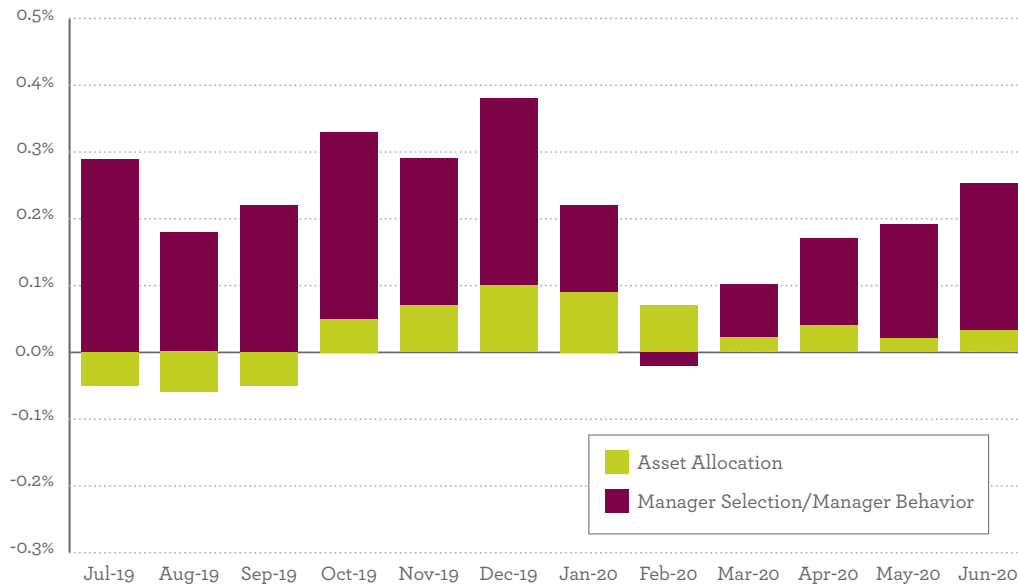
Twelve Month History



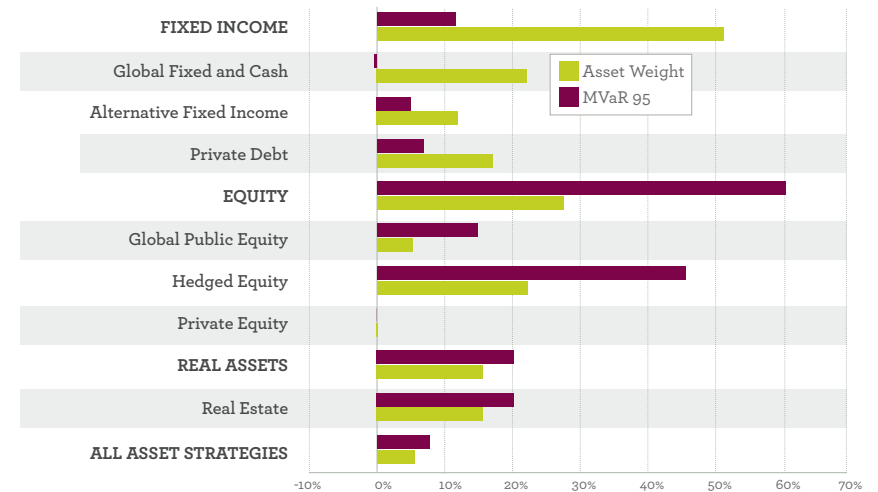
VaR as a Percent of Market Value (One Month, 95% Confidence)



Differential from Policy VaR



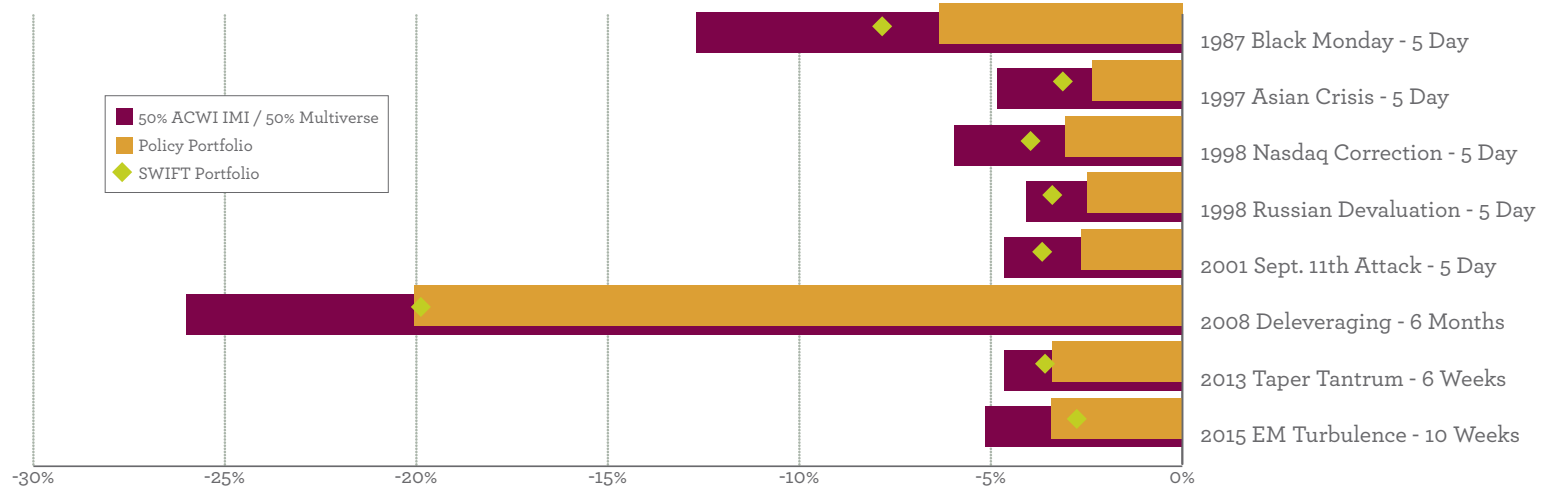
VaR Contribution



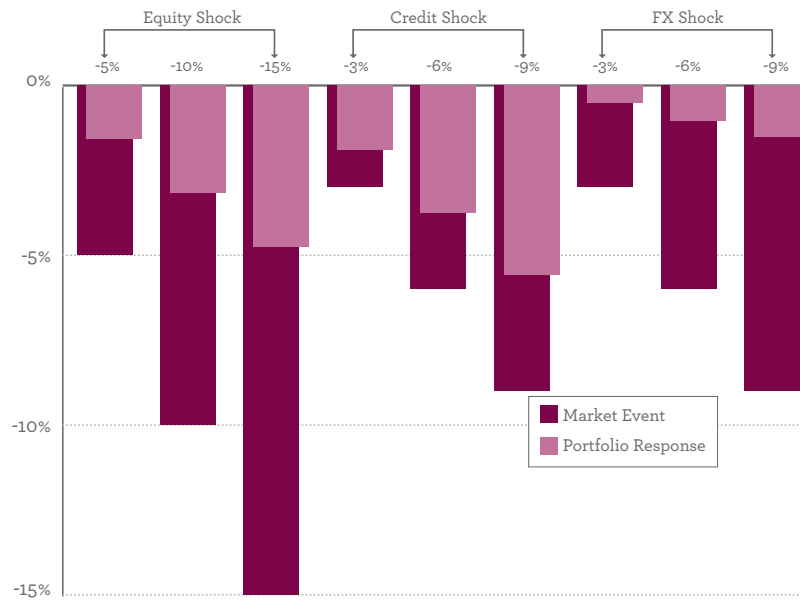
Portfolio Risk Summary

As of June 30, 2020

Scenario Analysis



Monthly Portfolio Tail Risk Profile



SWIFT Performance Table

As of June 30, 2020

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2013												0.0%	0.0%
2014	0.0%	0.1%	0.2%	0.1%	0.4%	0.3%	-0.1%	0.3%	-0.5%	0.0%	0.1%	-0.6%	0.3%
2015	0.3%	0.9%	-0.1%	0.4%	0.2%	-0.7%	-0.1%	-1.3%	-1.3%	1.0%	-0.4%	-1.1%	-2.2%
2016	-1.3%	-0.4%	1.8%	1.2%	0.8%	0.1%	1.5%	0.8%	0.5%	0.0%	0.4%	1.1%	6.6%
2017	0.8%	1.0%	0.6%	0.8%	0.9%	0.1%	0.7%	0.6%	0.7%	0.8%	0.4%	0.4%	8.1%
2018	1.2%	-0.3%	0.1%	0.6%	0.5%	0.4%	0.8%	0.4%	0.4%	-1.3%	0.2%	-0.9%	2.0%
2019	1.8%	1.1%	0.9%	1.2%	-0.2%	1.2%	0.8%	-0.1%	0.2%	0.5%	0.7%	1.3%	9.6%
2020	0.5%	-1.9%	-6.2%	0.9%	1.6%	0.7%							-4.5%



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