

# SWIFT

*State Water Implementation Fund for Texas*

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

## Q<sup>3</sup> 2019 COMPTROLLER'S INVESTMENT ADVISORY BOARD PORTFOLIO REVIEW

MEETING DATE: FEBRUARY 6, 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.

# Table of Contents

*As of September 30, 2019*

4.....	Asset Allocation Summary	1
5.....	Asset Allocation Evolution	
6.....	SWIFT Portfolio Market Value	
7.....	Portfolio Liquidity	
8.....	Portfolio Geographic Allocation	
9.....	Fixed Income Summary	9
10.....	Equity Summary	10
11.....	Equity Detail	
12.....	Real Estate Summary	12
13.....	All Asset Strategies	13
14.....	Value at Risk (VaR) Analysis	14
15.....	Portfolio Risk Summary	
16.....	SWIFT Performance Table	

# Asset Allocation Summary

As of September 30, 2019

Asset Class	Strategy	Number of Funds <sup>1,2</sup>	Number of Managers <sup>1,2</sup>	Current Market Value	Weight	Target Weight
<b>Fixed Income</b>		42	30	<b>\$958,210,835</b>	<b>54.4%</b>	<b>55.0%</b>
	Cash	4	4	287,984,414	16.3%	10.0%
	Global Fixed Income (ex-Cash)	6	6	158,034,061	9.0%	10.0%
	Alternative Fixed Income	9	8	258,629,247	14.7%	15.0%
	Private Debt	23	17	253,563,113	14.4%	20.0%
<b>Equity</b>		10	9	<b>\$435,503,782</b>	<b>24.7%</b>	<b>30.0%</b>
	Global Public Equity	2	2	96,195,425	5.5%	5.0%
	Hedged Equity	6	5	336,672,436	19.1%	25.0%
	Private Equity	2	2	2,635,921	0.1%	0.0%
<b>Real Assets</b>		7	5	<b>\$279,193,191</b>	<b>15.8%</b>	<b>15.0%</b>
	Real Estate	7	5	279,193,191	15.8%	15.0%
<b>Strategic All Asset</b>		2	2	<b>\$88,939,283</b>	<b>5.0%</b>	<b>0.0%</b>
	All Asset Strategies	2	2	88,939,283	5.0%	0.0%
<b>Total Portfolio</b>		61	41	<b>\$1,761,847,091</b>	<b>100.0%</b>	<b>100.0%</b>

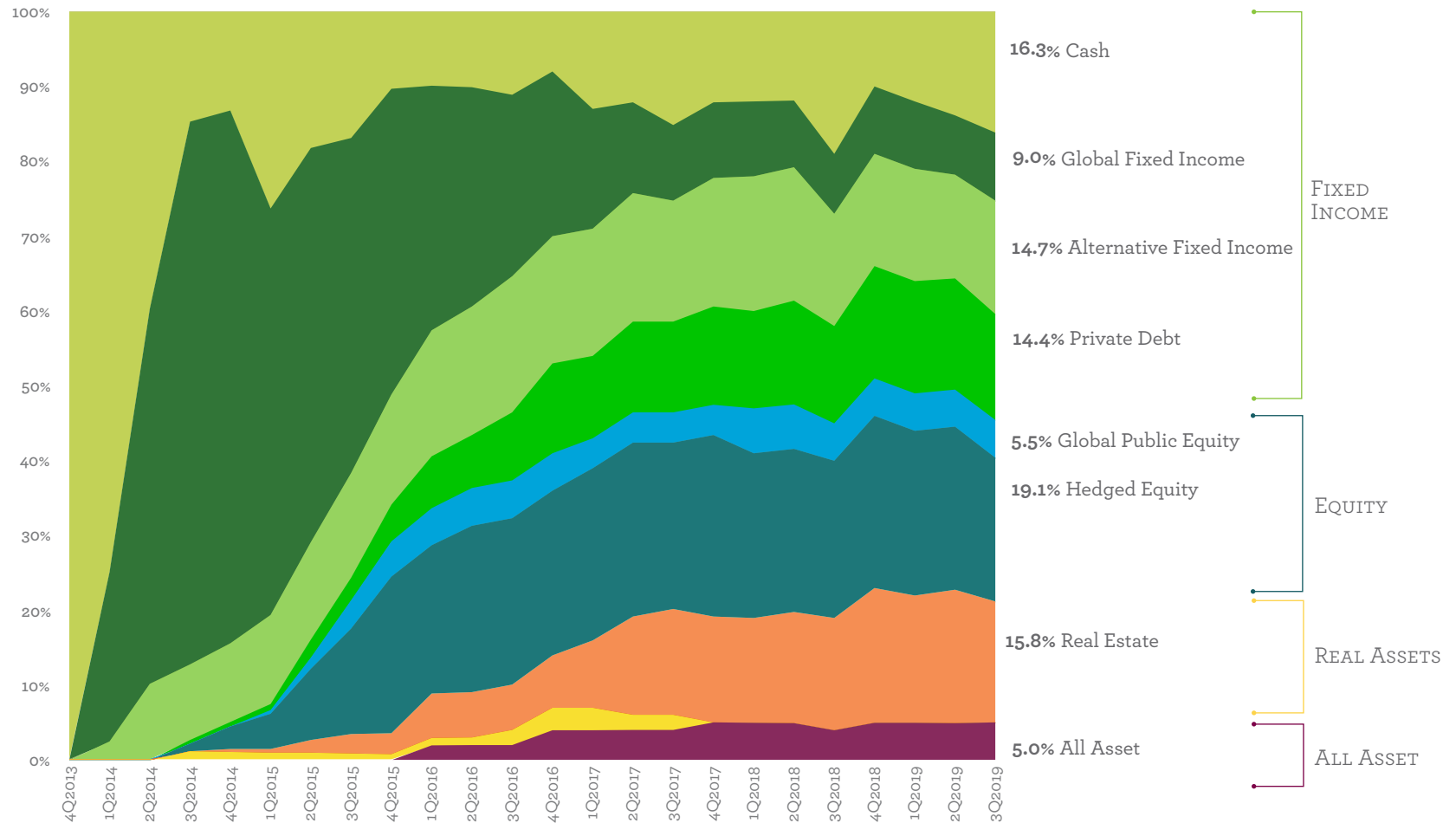
<sup>1</sup> Does not include funds in wind down or redemption.

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

# Asset Allocation Evolution (Actual)

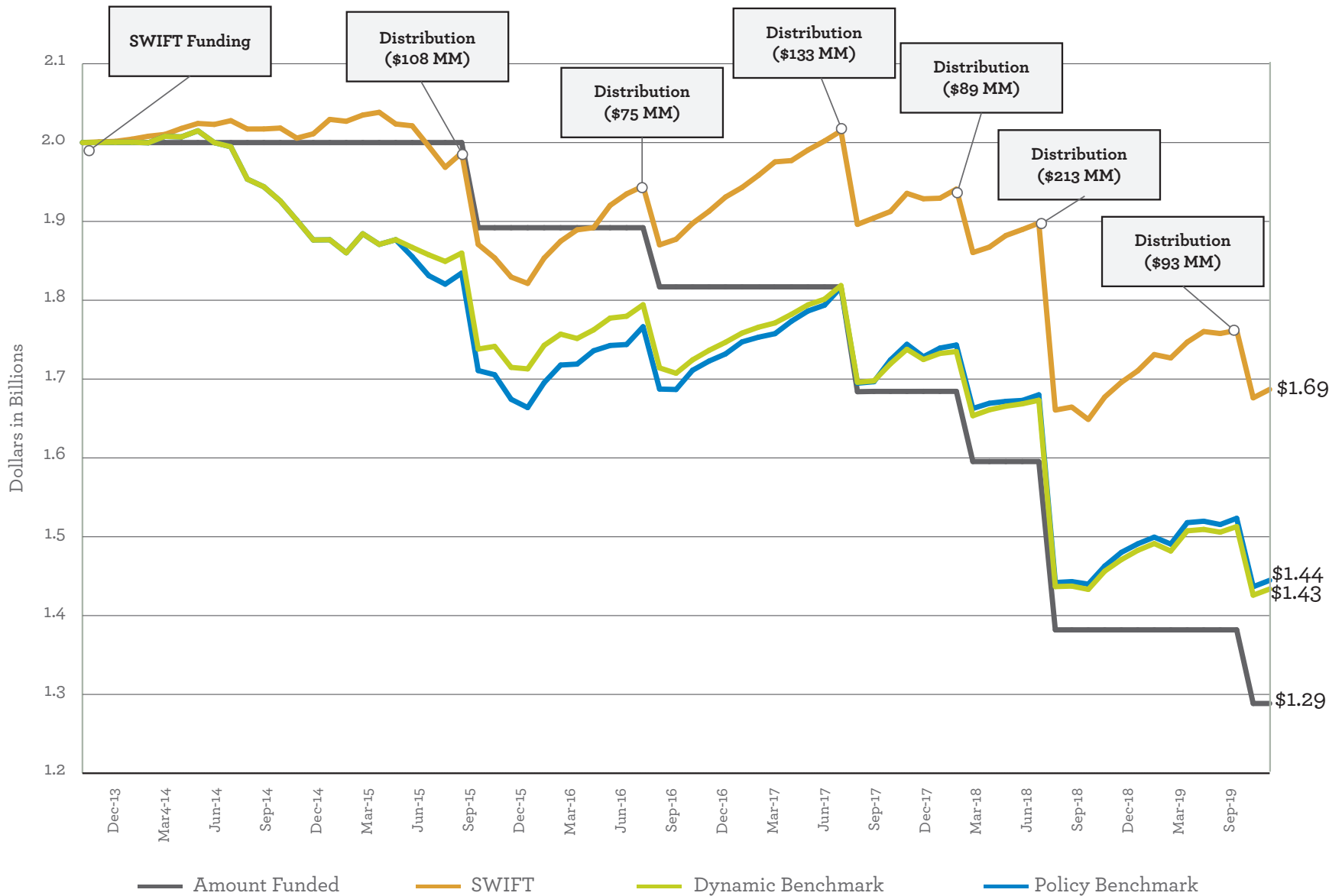
As of September 30, 2019

Total AUM: \$1,761,847,091



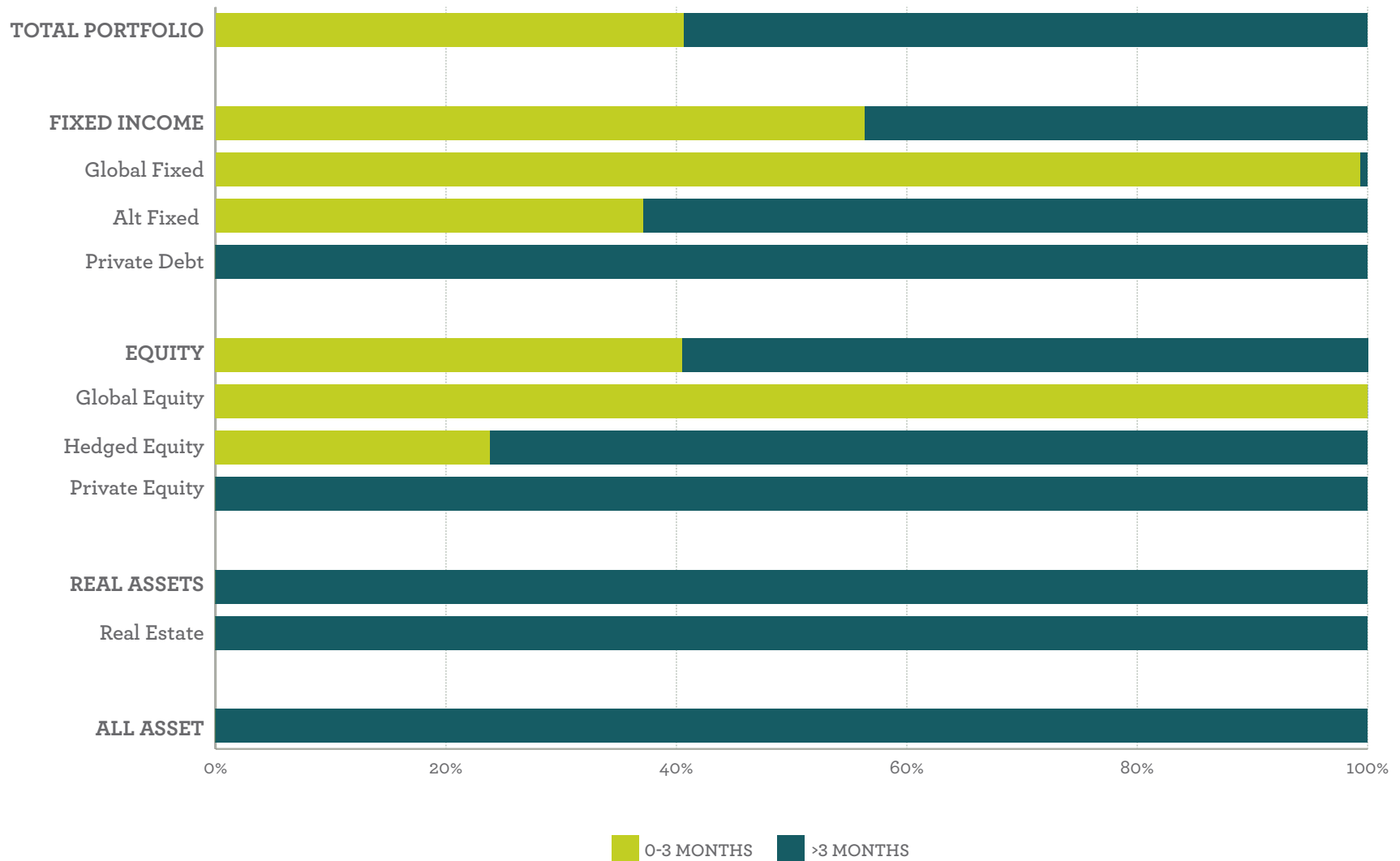
# SWIFT Portfolio Market Value

As of November 30, 2019



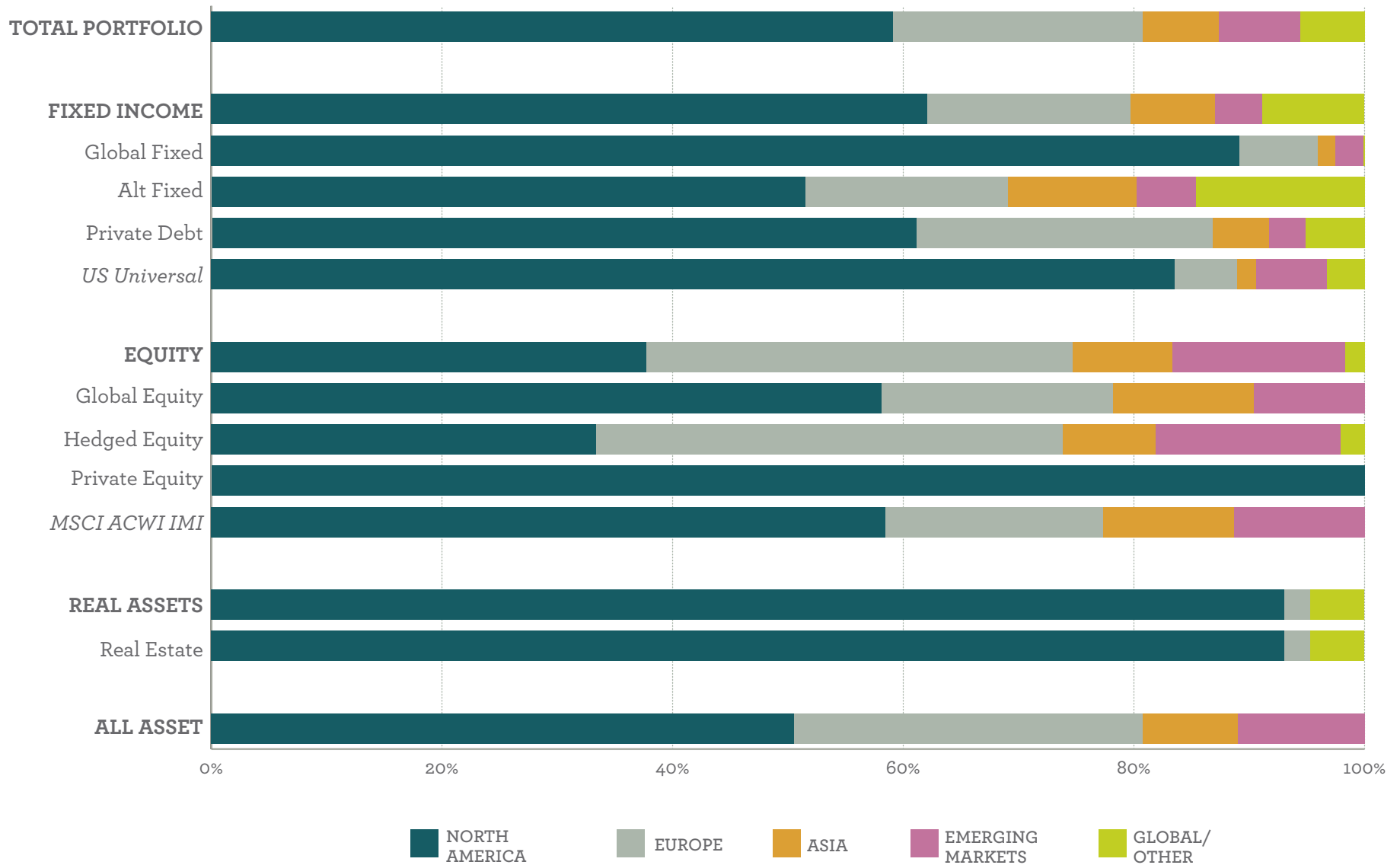
# Portfolio Liquidity

As of September 30, 2019



# Portfolio Geographic Allocation<sup>1</sup>

As of September 30, 2019



<sup>1</sup> Calculated using gross exposures.



# Fixed Income Summary

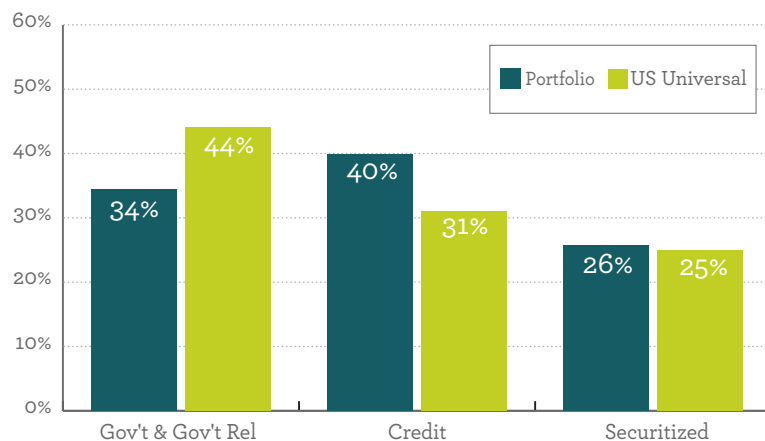
As of September 30, 2019

Strategy	Market Value	Portfolio Weight	Standard Deviation <sup>1</sup>	Sharpe Ratio <sup>1</sup>	% Positive Months <sup>1</sup>	US Universal		HFRI Conservative		MSCI ACWI IMI	
						Beta <sup>1</sup>	Correlation <sup>1</sup>	Beta <sup>1</sup>	Correlation <sup>1</sup>	Beta <sup>1</sup>	Correlation <sup>1</sup>
Global Fixed Income (ex-cash)	\$158,034,061	9.0%	1.9%	1.4	69.4%	0.5	0.8	0.3	0.3	0.0	0.3
Cash	\$287,984,414	16.3%	-	-	-	-	-	-	-	-	-
<i>US Universal</i>			3.1%	0.6	63.9%	-	-	0.1	0.0	0.0	0.0
Alternative Fixed Income	\$258,629,247	14.7%	2.3%	2.0	86.1%	-0.1	-0.1	0.8	0.7	0.1	0.7
<i>HFRI FoF: Conservative</i>			2.2%	0.7	75.0%	0.0	0.0	-	-	0.2	0.8
Private Debt	\$253,563,113	14.4%	-	-	-	-	-	-	-	-	-
<b>Total Fixed Income</b>	<b>\$958,210,835</b>	<b>54.4%</b>	<b>1.1%</b>	<b>2.6</b>	<b>91.7%</b>	<b>0.0</b>	<b>0.1</b>	<b>0.3</b>	<b>0.6</b>	<b>0.1</b>	<b>0.6</b>

<sup>1</sup> Trailing 36 months.

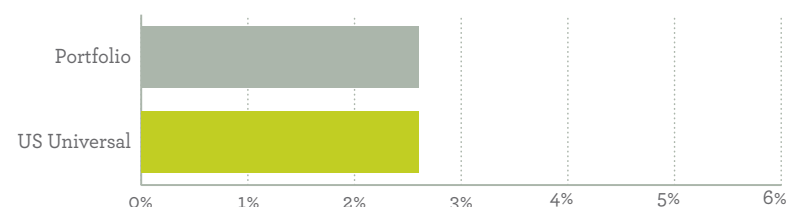
## Sector Exposure<sup>1</sup>

Global Fixed  
ex-cash

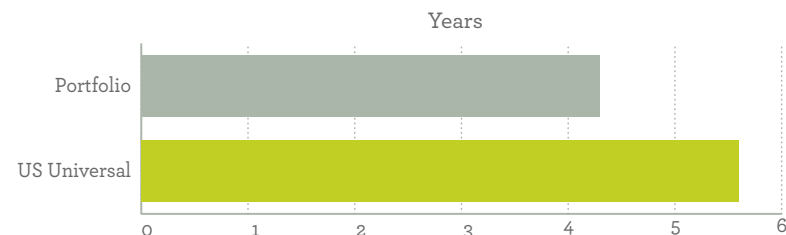


<sup>1</sup> Calculated using gross exposures

## Yield



## Duration



# Equity Summary

As of September 30, 2019

Strategy	Market Value	Portfolio Weight	Standard Deviation <sup>1</sup>	Sharpe Ratio <sup>1</sup>	% Positive Months	MSCI ACWI IMI		HFRI FoF Strategic	
						Beta <sup>1</sup>	Correlation <sup>1</sup>	Beta <sup>1</sup>	Correlation <sup>1</sup>
Global Equity	\$96,195,425	5.5%	11.5%	0.6	75.0%	1.0	1.0	2.1	0.9
<i>MSCI ACWI IMI</i>			11.4%	0.7	77.8%	-	-	2.2	0.9
Hedged Equity	\$336,672,436	19.1%	5.3%	1.2	63.9%	0.4	0.9	1.0	0.9
<i>HFRI FoF: Strategic</i>			4.9%	0.3	66.7%	0.4	0.9	-	-
Private Equity	\$2,635,921	0.1%	-	-	-	-	-	-	-
<b>Total Equity</b>	<b>\$435,503,782</b>	<b>24.7%</b>	<b>6.2%</b>	<b>1.0</b>	<b>75.0%</b>	<b>0.5</b>	<b>0.9</b>	<b>1.2</b>	<b>0.9</b>

<sup>1</sup>Trailing 36 months.

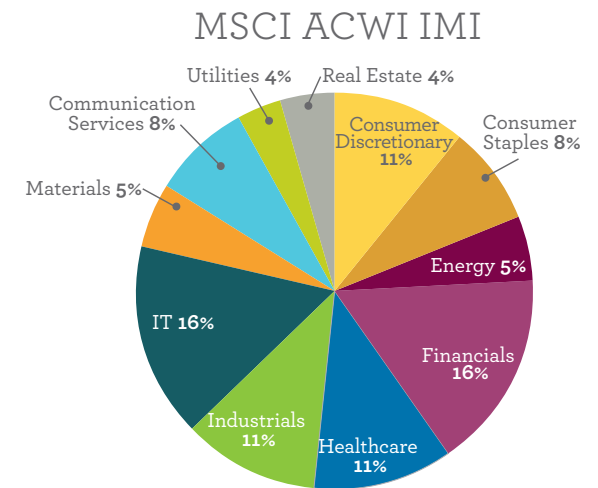
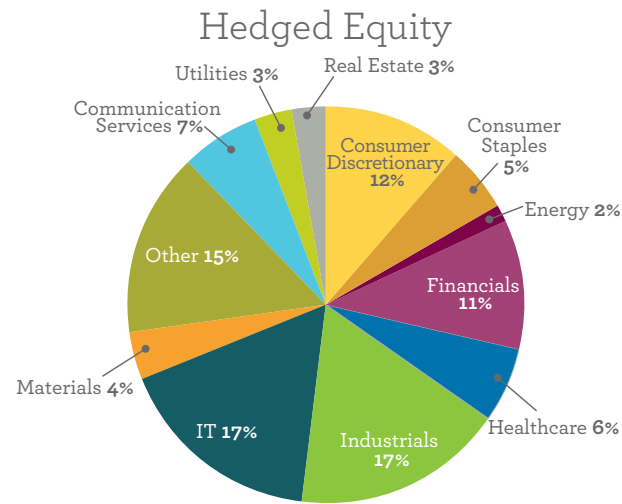
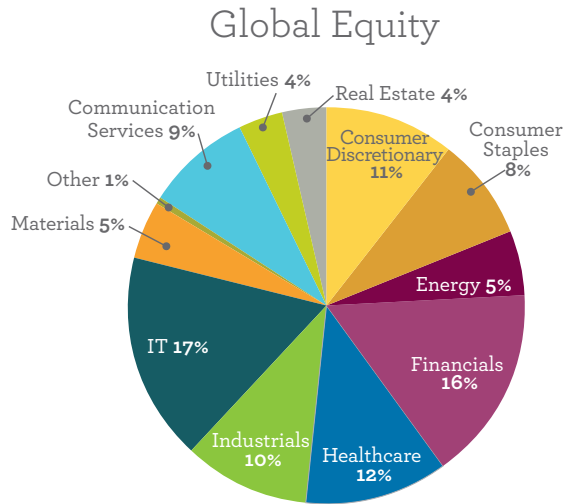
Strategy	Number of Fund Commitments	Commitments	Unfunded Commitments	Total Contributions <sup>1</sup>	Distributions	Remaining Value <sup>2</sup>	Total Value
<b>Total Private Equity</b>	<b>2</b>	<b>\$7,500,000</b>	<b>\$4,794,480</b>	<b>\$2,705,520</b>	<b>\$24,600</b>	<b>\$2,635,921</b>	<b>\$2,660,521</b>

<sup>1</sup>Total Contributions include fees and expenses that may not reduce or lower unfunded commitment.

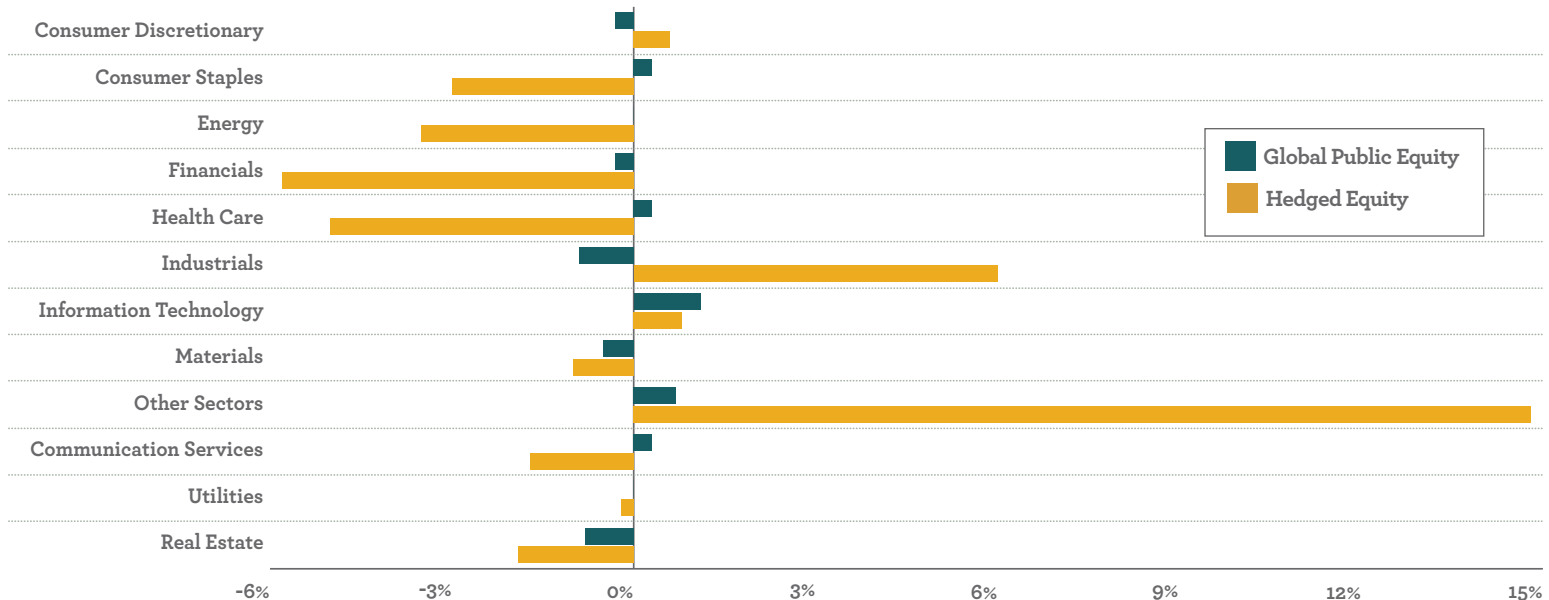
<sup>2</sup>Remaining Value is equal to the last actual reported capital account value plus subsequent capital calls less subsequent distributions through the indicated date, with no valuation changes.

# Equity Detail

As of September 30, 2019



## Sector Under/Over Allocation<sup>1</sup>



<sup>1</sup> Relative to MSCI ACWI IMI

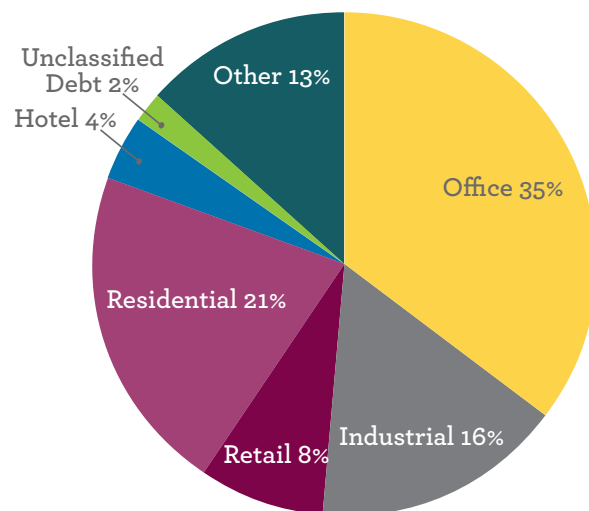
# Real Estate Summary

As of September 30, 2019

Strategy	Number of Current Fund Commitments	Portfolio Weight	Commitments	Unfunded Commitments	Total Contributions	Distributions	Remaining Value	Total Value
Real Estate	7	15.8%	\$309,000,000	\$36,343,502	\$388,660,748	\$180,472,054	\$279,193,191	\$459,665,244

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	0.46	1.18	6.5%	8.6%	6.5%	8.1%	-
<i>Real Estate Blend</i>					5.5%	6.6%	-

## Sector Allocation



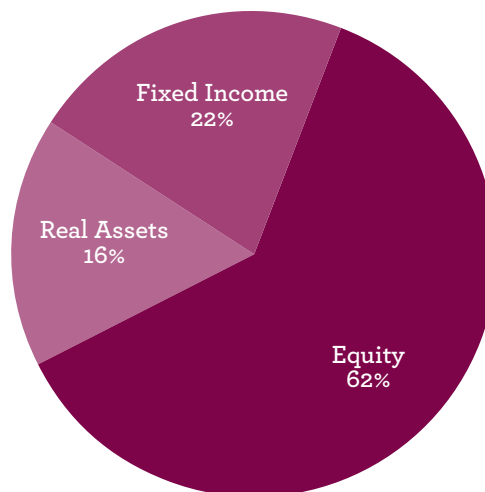
# All Asset Strategies

As of September 30, 2019

Strategy	Market Value	Portfolio Weight	Standard Deviation <sup>1</sup>	Sharpe Ratio <sup>1</sup>	Downside Deviation <sup>1</sup>	Max Drawdown <sup>1</sup>	% Positive Months <sup>1</sup>	Total Policy Benchmark	
								Beta <sup>1</sup>	Correlation <sup>1</sup>
Multi-Strategy	\$88,939,283	5.0%	2.4%	3.3	2.6%	-0.7%	91.7%	0.4	0.4
<b>All Asset Total</b>	<b>\$88,939,283</b>	<b>5.0%</b>	<b>2.4%</b>	<b>3.3</b>	<b>2.6%</b>	<b>-0.7%</b>	<b>91.7%</b>	<b>0.4</b>	<b>0.4</b>
<i>TTSTC Blended Endowment</i>			2.5%	1.5	2.9%	-1.9%	80.6%	-	-

<sup>1</sup> Trailing 36 months.

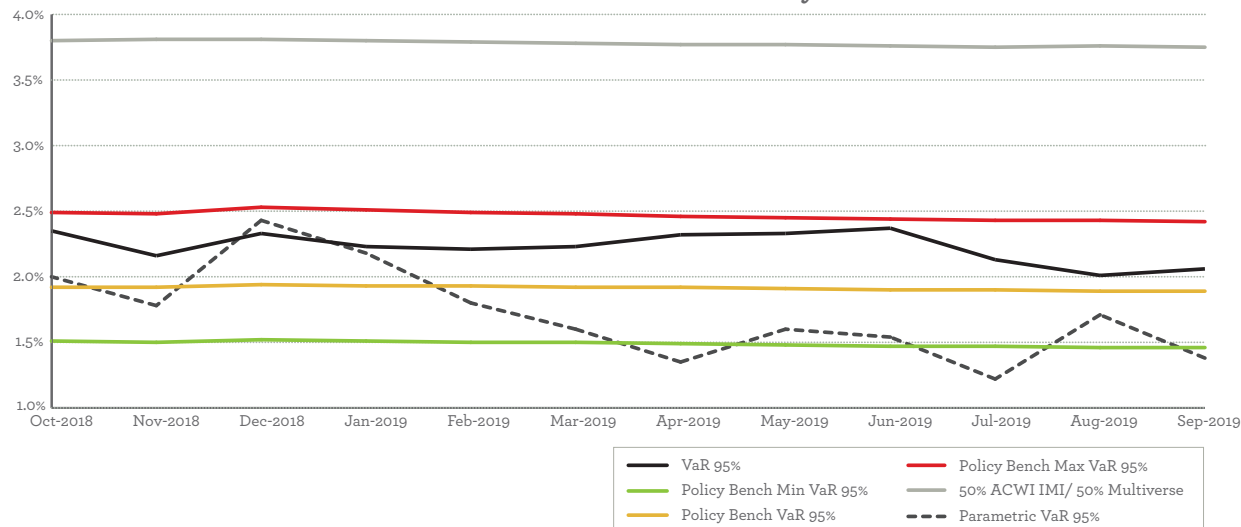
## All Asset Breakdown



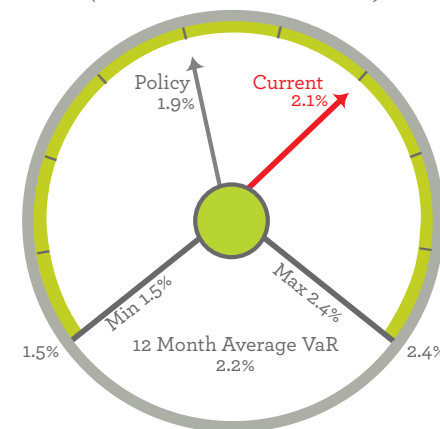
# Value at Risk (VaR) Analysis

As of September 30, 2019

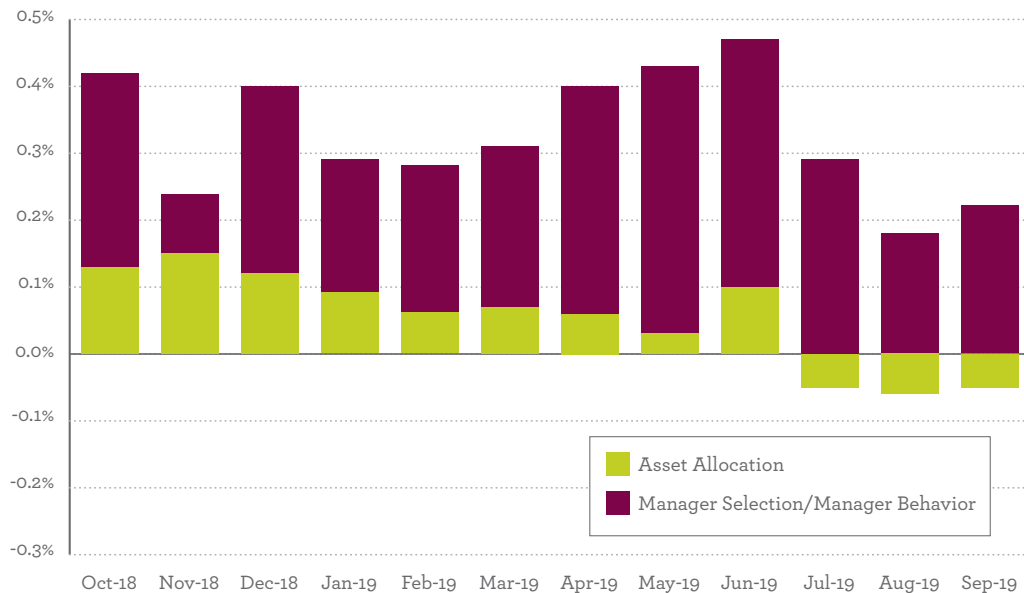
## Twelve Month History



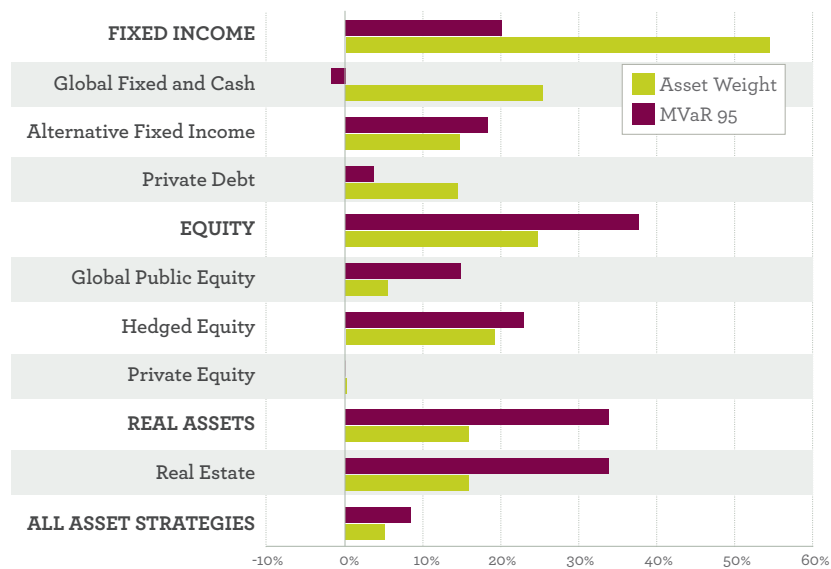
## VaR as a Percent of Market Value (One Month, 95% Confidence)



## Differential from Policy VaR



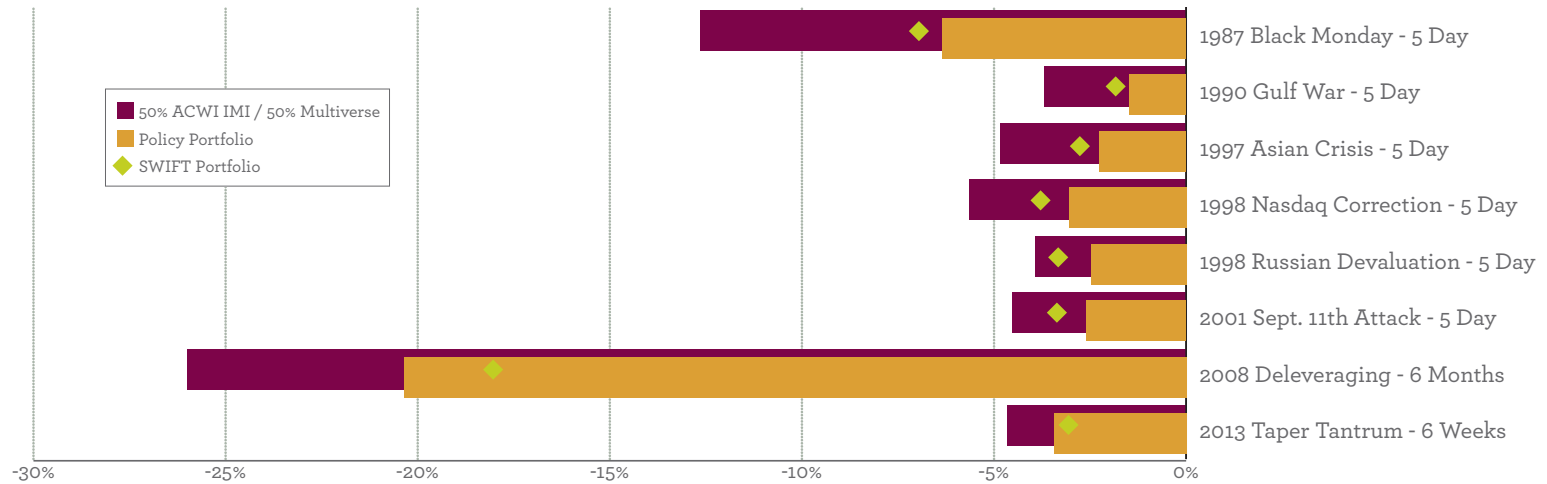
## VaR Contribution



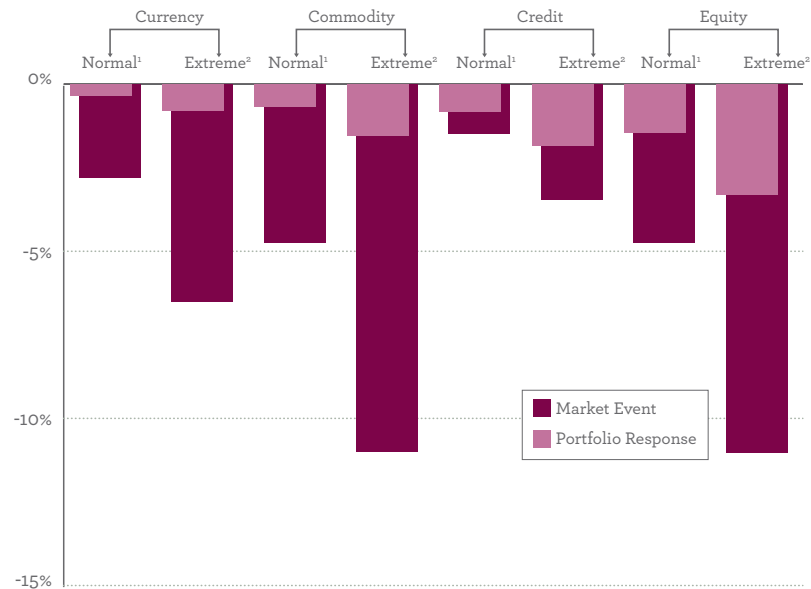
# Portfolio Risk Summary

As of September 30, 2019

## Scenario Analysis



## Monthly Portfolio Tail Risk Profile



<sup>1</sup> Normal Scenarios - 16% Probability.  
<sup>2</sup> Extreme Scenarios - 1% Probability.

# SWIFT Performance Table

As of September 30, 2019

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>2013</b>												0.0%	<b>0.0%</b>
<b>2014</b>	0.0%	0.1%	0.2%	0.1%	0.4%	0.3%	-0.1%	0.3%	-0.5%	0.0%	0.1%	-0.6%	<b>0.3%</b>
<b>2015</b>	0.3%	0.9%	-0.1%	0.4%	0.2%	-0.7%	-0.1%	-1.3%	-1.3%	1.0%	-0.4%	-1.1%	<b>-2.2%</b>
<b>2016</b>	-1.3%	-0.4%	1.8%	1.2%	0.8%	0.1%	1.5%	0.8%	0.5%	0.0%	0.4%	1.1%	<b>6.6%</b>
<b>2017</b>	0.8%	1.0%	0.6%	0.8%	0.9%	0.1%	0.7%	0.6%	0.7%	0.8%	0.4%	0.4%	<b>8.1%</b>
<b>2018</b>	1.2%	-0.3%	0.1%	0.6%	0.5%	0.4%	0.8%	0.4%	0.4%	-1.3%	0.2%	-0.9%	<b>2.0%</b>
<b>2019</b>	1.8%	1.1%	0.9%	1.2%	-0.2%	1.2%	0.8%	-0.1%	0.2%				<b>7.0%</b>





DISCLAIMER

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