

SWIFT

State Water Implementation Fund for Texas

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

Q³ 2020 COMPTROLLER'S INVESTMENT ADVISORY BOARD PORTFOLIO REVIEW

MEETING DATE: JANUARY 28, 2021

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 September 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	\$901,783,768	53.6%	55.0%
	Cash	4	4	251,914,334	15.0%	10.0%
	Global Fixed Income (ex-Cash)	6	6	168,769,588	10.0%	10.0%
	Alternative Fixed Income	8	7	194,100,629	11.5%	15.0%
	Private Debt	26	18	286,999,216	17.1%	20.0%
Equity		9	8	\$448,866,538	26.7%	30.0%
	Global Public Equity	1	1	92,403,504	5.5%	5.0%
	Hedged Equity	6	5	353,703,293	21.0%	25.0%
	Private Equity	2	2	2,759,741	0.2%	0.0%
Real Assets		6	5	\$235,062,681	14.0%	15.0%
	Real Estate	6	5	235,062,681	14.0%	15.0%
Strategic All Asset		2	2	\$95,162,756	5.7%	0.0%
	All Asset Strategies	2	2	95,162,756	5.7%	0.0%
Total Portfolio		61	41	\$1,680,875,742	100.0%	100.0%

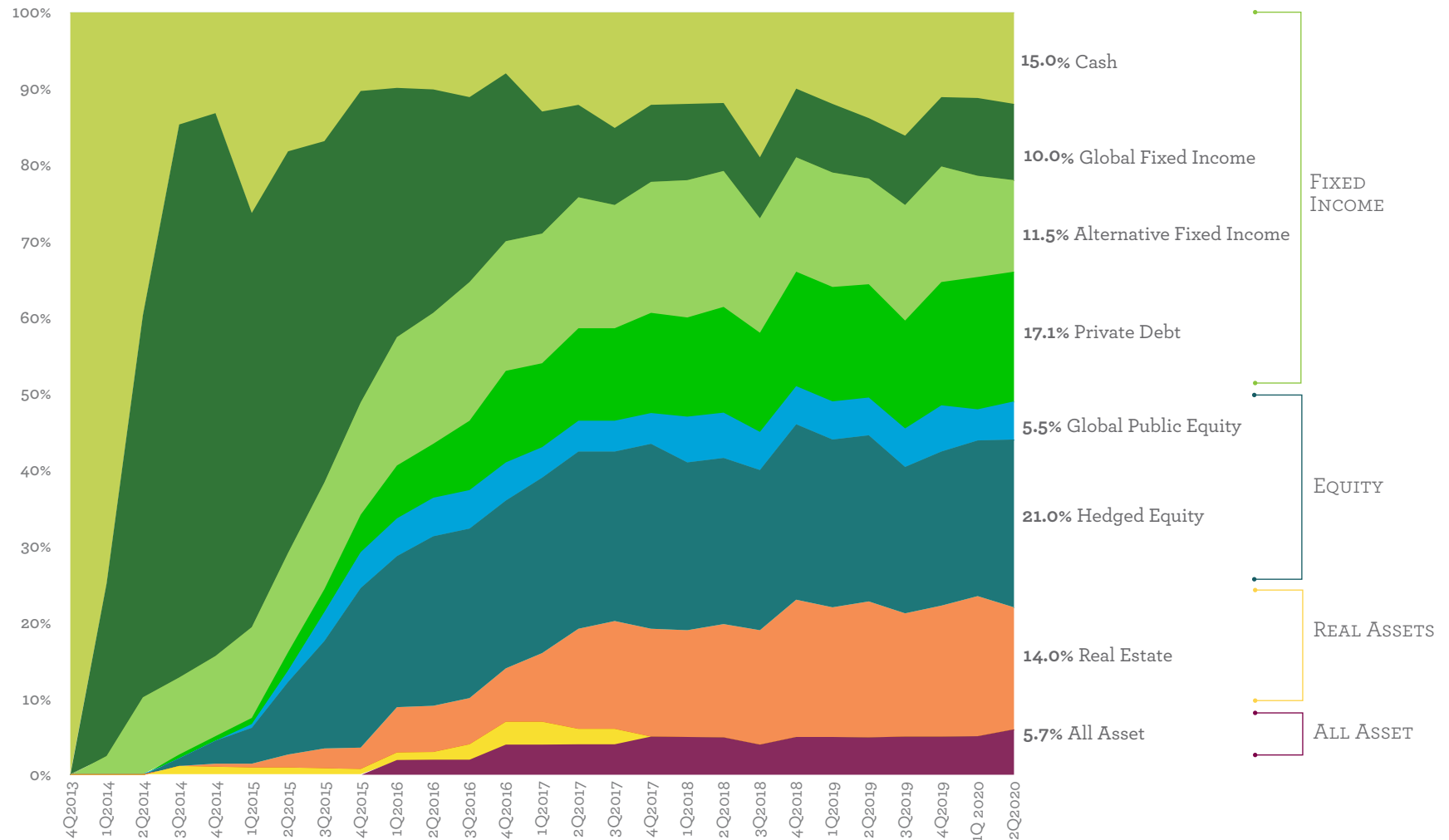
¹ Does not include funds in wind down or redemption.

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

Asset Allocation Evolution

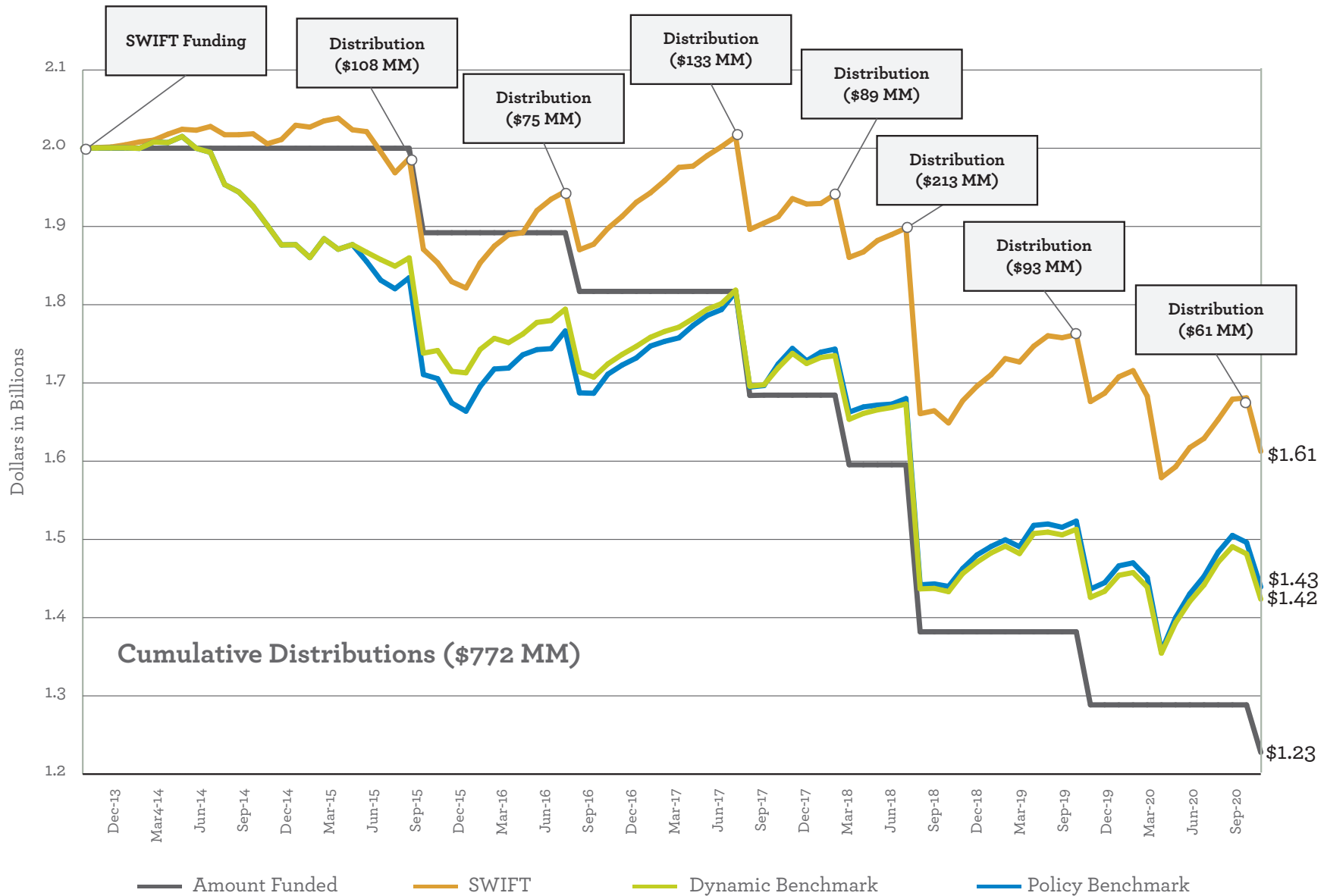
As of September 30, 2020

Total AUM: \$1,680,875,742



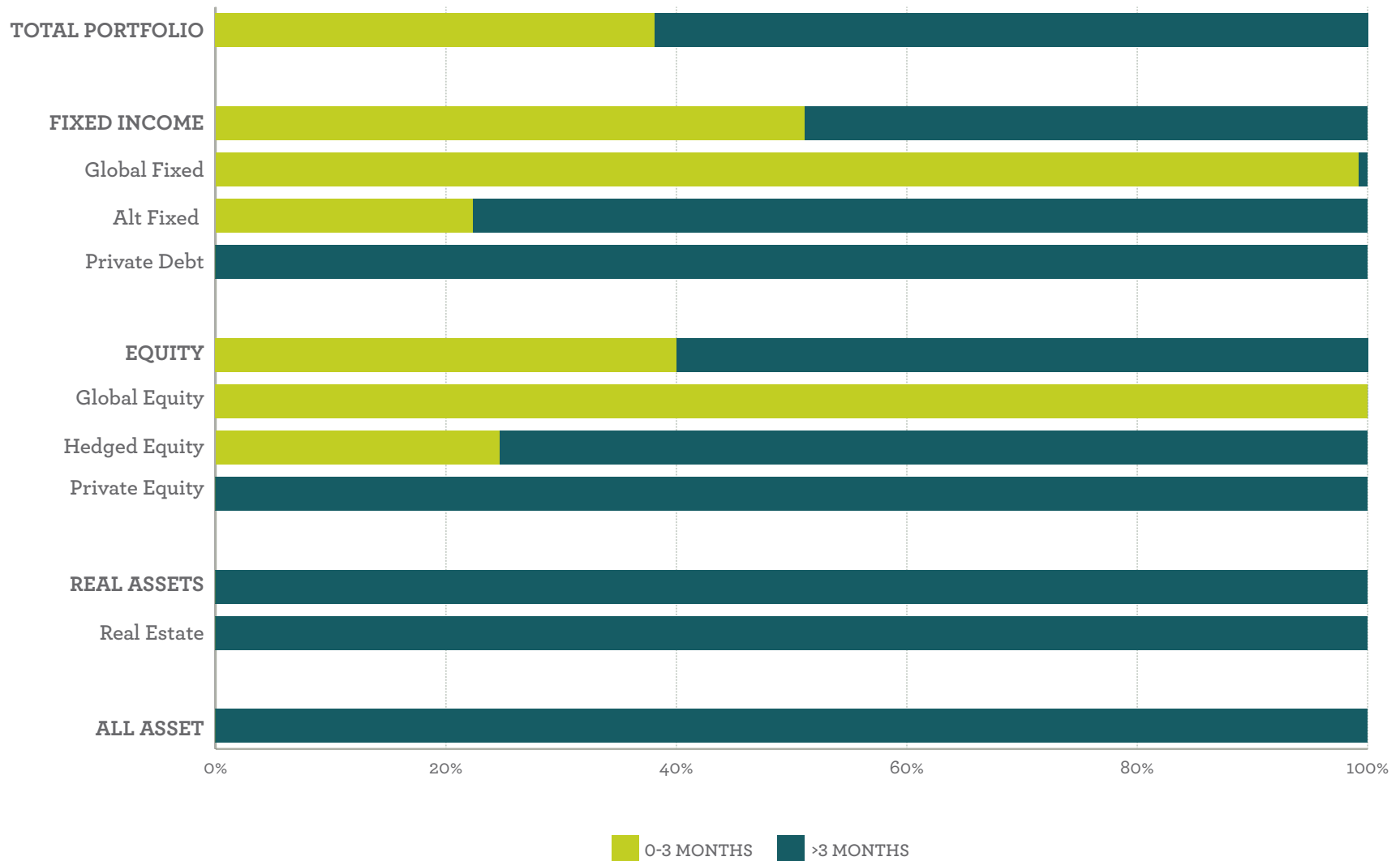
SWIFT Portfolio Market Value

As of October 31, 2020



Portfolio Liquidity¹

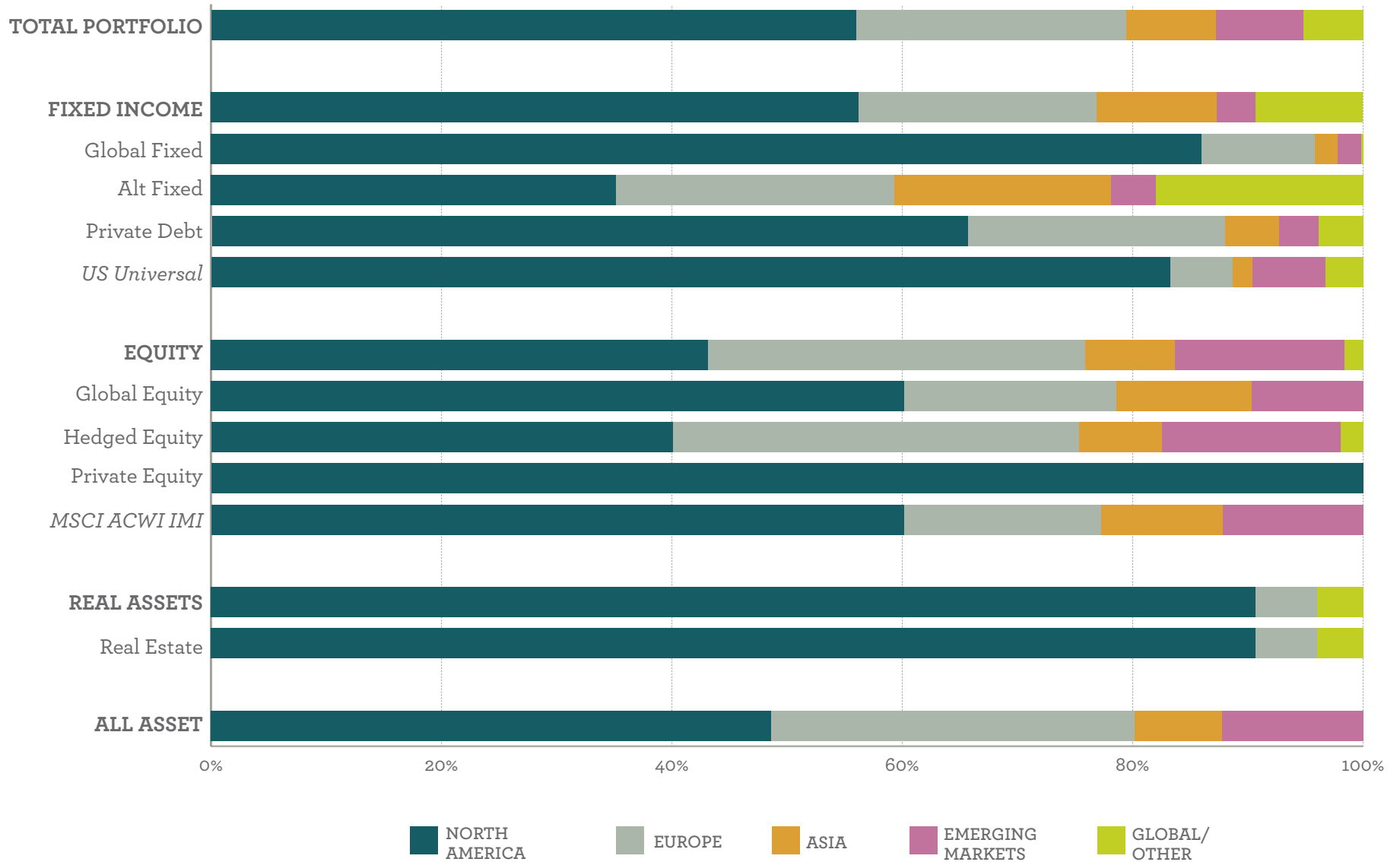
As of September 30, 2020



¹ Liquidity data as provided by managers.

Portfolio Geographic Allocation¹

As of September 30, 2020



¹ Calculated using gross exposures.

Fixed Income Summary

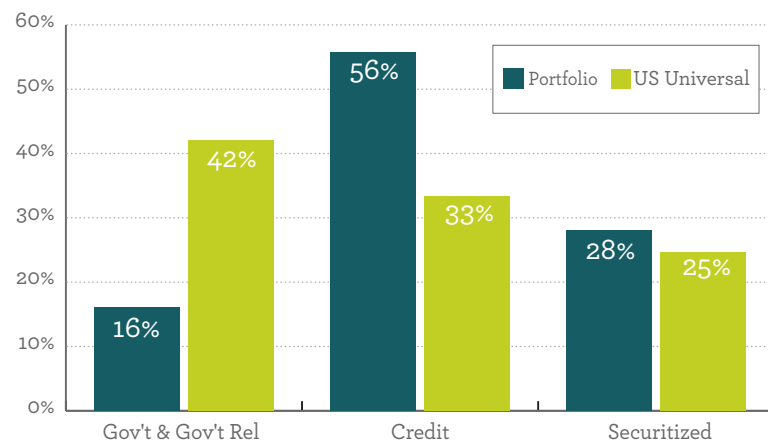
As of September 30, 2020

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)	\$168,769,588	10.0%	3.5%	0.9	66.7%	0.9	0.9	0.5	0.8	0.1	0.6
Cash	\$251,914,334	15.0%	-	-	-	-	-	-	-	-	-
<i>US Universal</i>			3.4%	1.0	66.7%	-	-	0.3	0.4	0.0	0.2
Alternative Fixed Income	\$194,100,629	11.5%	11.2%	-0.4	75.0%	1.0	0.3	2.0	0.9	0.4	0.7
<i>HFRI FoF: Conservative</i>			5.0%	0.1	69.4%	0.6	0.4	-	-	0.2	0.8
Private Debt	\$286,999,216	17.1%	-	-	-	-	-	-	-	-	-
Total Fixed Income	\$901,783,768	53.6%	4.0%	0.0	86.1%	0.4	0.3	0.7	0.9	0.1	0.6

¹ Trailing 36 months.

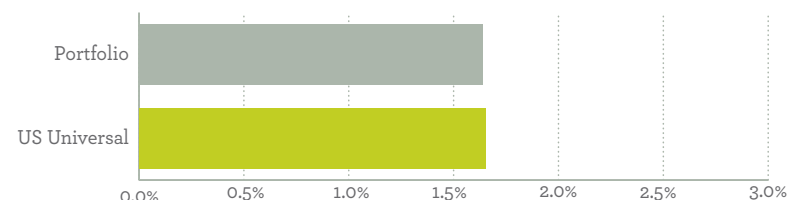
Sector Allocation¹

Global Fixed
ex-cash

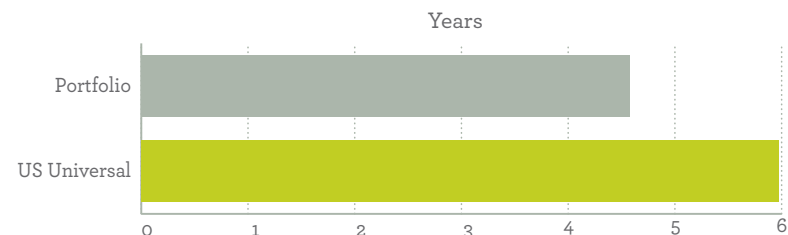


¹ Calculated using gross exposures

Yield



Duration



Equity Summary

As of September 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	\$92,403,504	5.5%	21.7%	0.0	69.4%	1.2	1.0	2.3	1.0
<i>MSCI ACWI IMI</i>			17.3%	0.3	69.4%	-	-	1.8	0.9
Hedged Equity	\$353,703,293	21.0%	8.6%	0.7	61.1%	0.5	0.9	0.9	0.9
<i>HFRI FoF: Strategic</i>			8.8%	0.1	61.1%	0.5	0.9	-	-
Private Equity	\$2,759,741	0.2%	-	-	-	-	-	-	-
Total Equity	\$448,866,538	26.7%	10.9%	0.4	72.2%	0.6	1.0	1.2	1.0

¹Trailing 36 months.

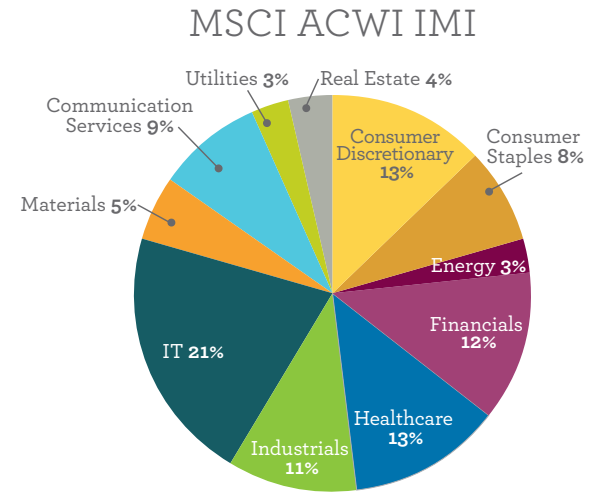
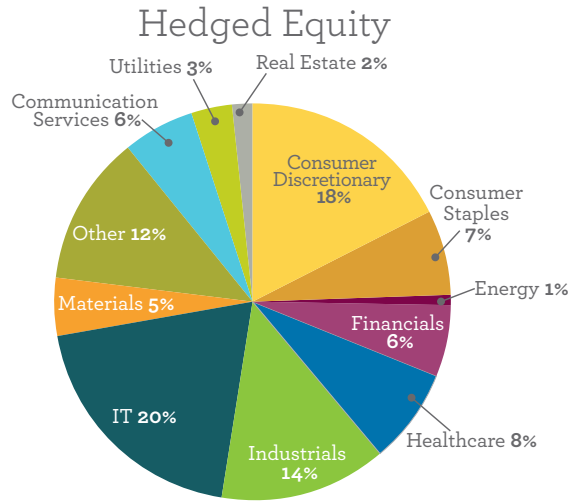
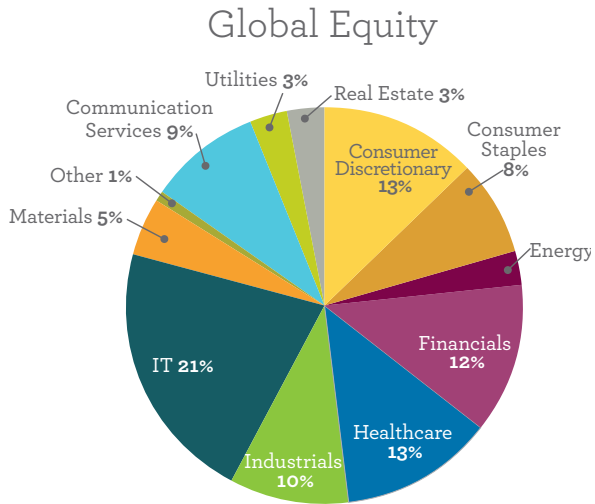
Strategy	Number of Fund Commitments	Commitments	Unfunded Commitments	Total Contributions ¹	Distributions	Remaining Value ²	Total Value
Total Private Equity	2	\$7,500,000	\$4,614,480	\$2,898,758	\$35,780	\$2,759,741	\$2,795,521

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

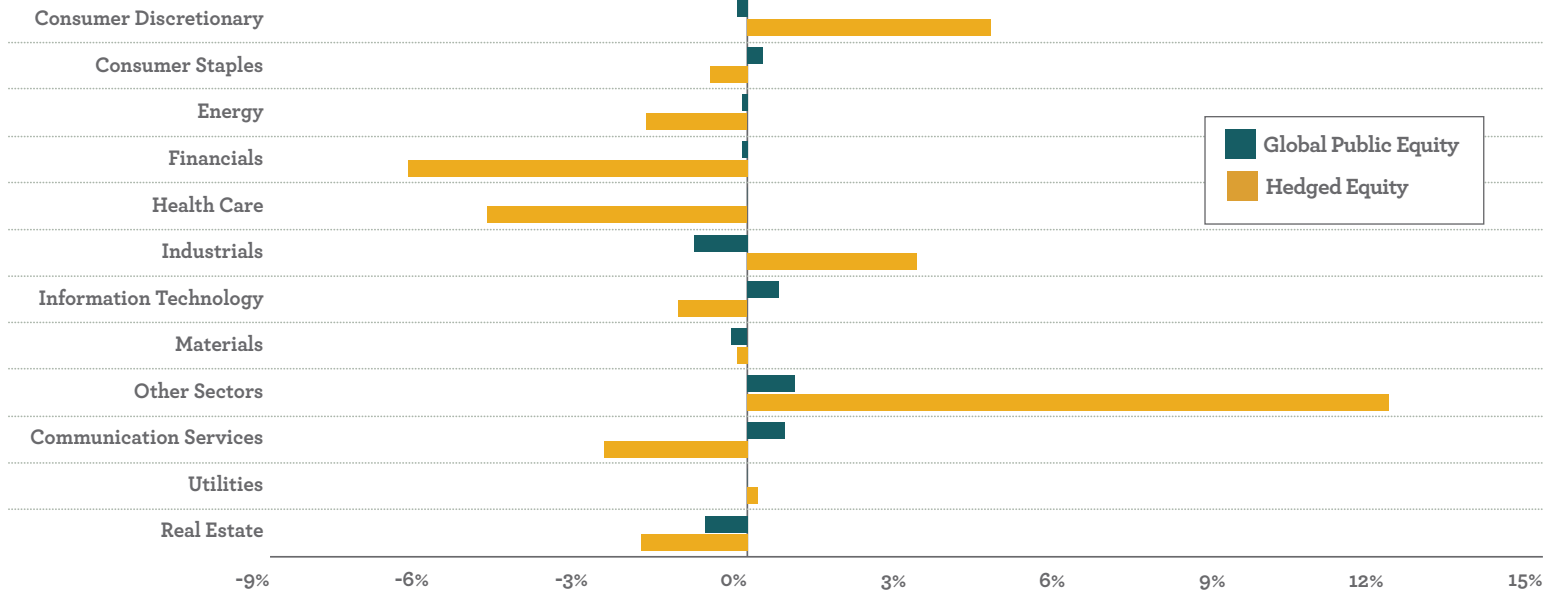
²Remaining Value is equal to the last actual reported capital account value plus subsequent capital calls less subsequent distributions through the indicated date, with no valuation changes.

Equity Detail

As of September 30, 2020



Sector Under/Over Allocation¹



¹ Relative to MSCI ACWI IMI

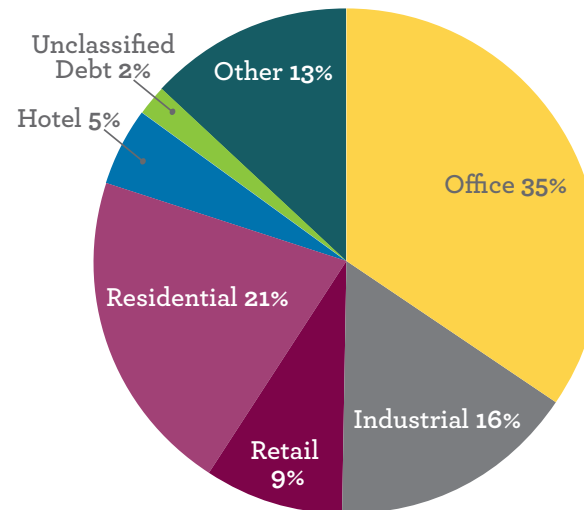
Real Estate Summary

As of September 30, 2020

Strategy	Number of Current Fund Commitments	Portfolio Weight	Commitments	Unfunded Commitments	Total Contributions	Distributions	Remaining Value	Total Value
Real Estate	6	14.0%	\$309,000,000	\$18,777,007	\$411,341,714	\$249,648,271	\$235,062,681	\$484,710,952

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	0.61	1.18	0.9%	6.9%	1.1%	5.4%	7.3%
<i>Real Estate Blend</i>					1.3%	4.7%	6.3%

Sector Allocation



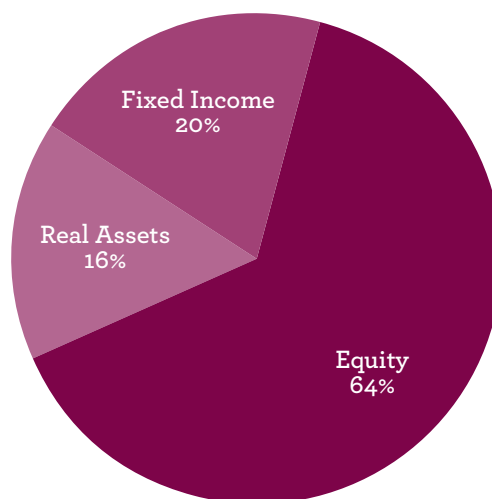
All Asset Strategies

As of September 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	\$95,162,756	5.7%	6.6%	0.9	13.1%	-9.7%	83.3%	1.0	0.8
All Asset Total	\$95,162,756	5.7%	6.6%	0.9	13.1%	-9.7%	83.3%	1.0	0.8
<i>SWIFT Policy Benchmark</i>			5.3%	0.5	9.1%	-7.7%	77.8%	-	-

¹ Trailing 36 months.

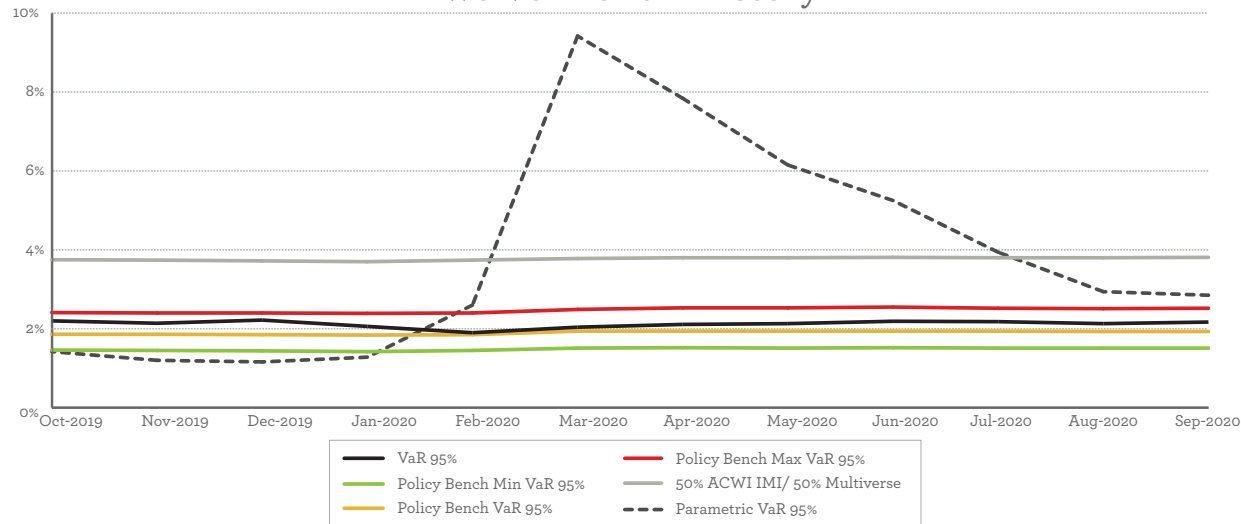
All Asset Breakdown



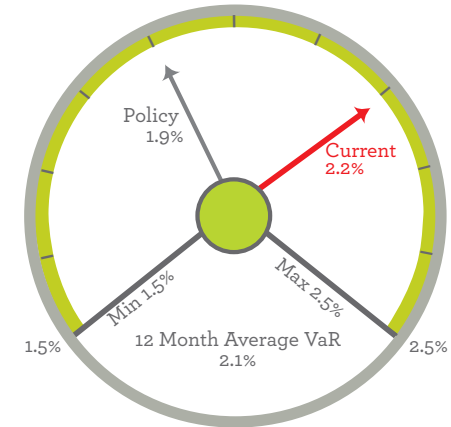
Value at Risk (VaR) Analysis

As of September 30, 2020

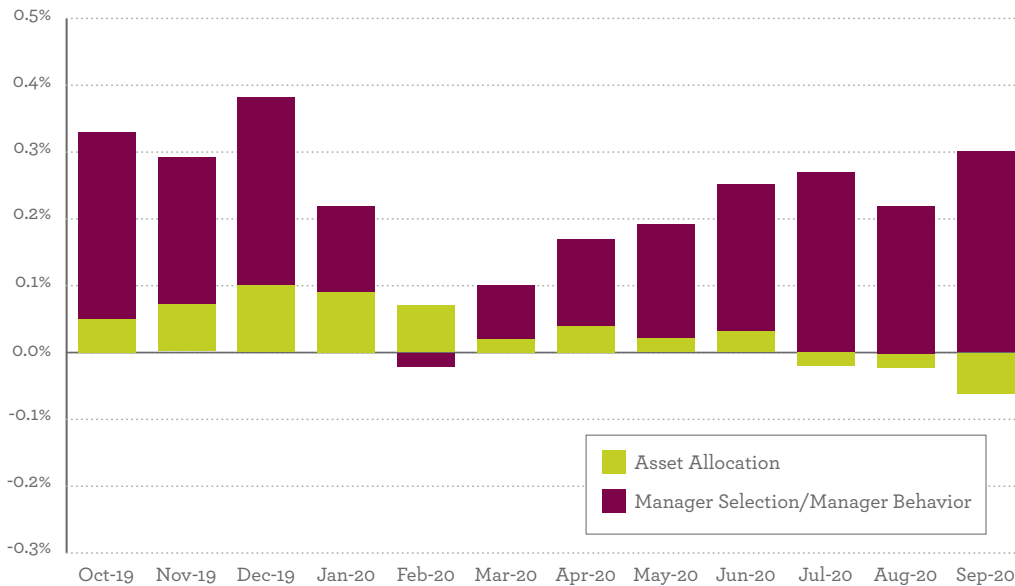
Twelve Month History



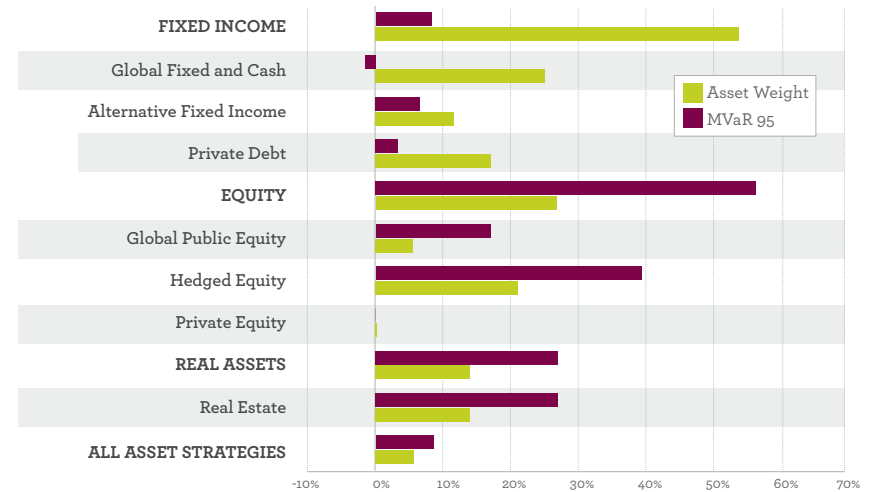
VaR as a Percent of Market Value (One Month, 95% Confidence)



Differential from Policy VaR



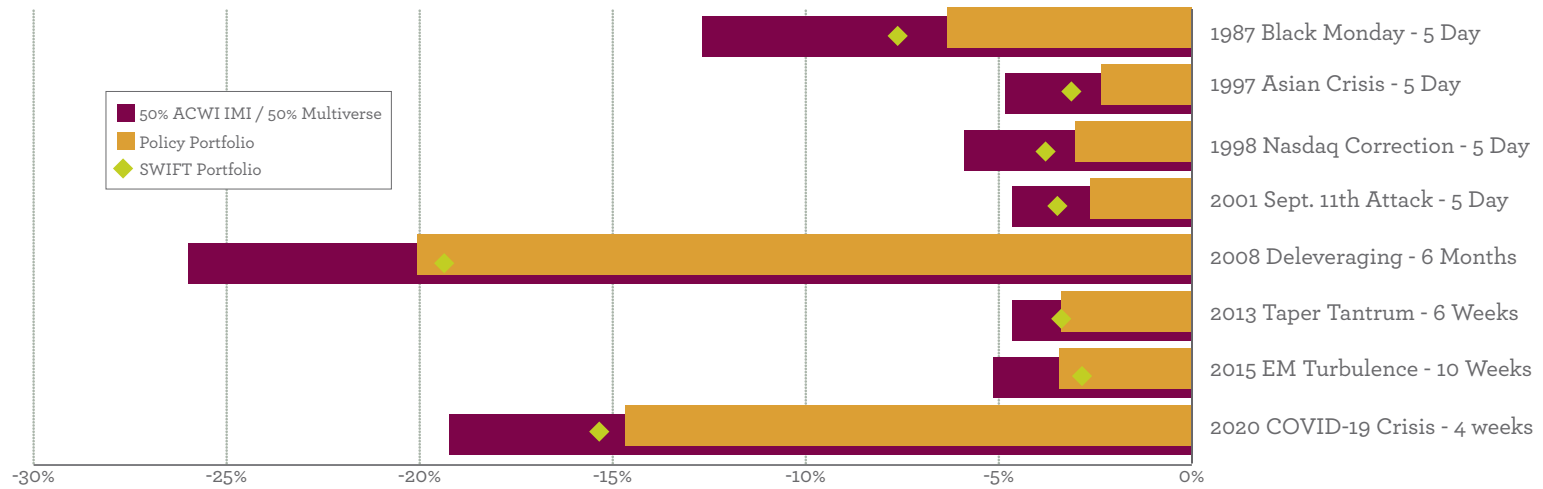
VaR Contribution



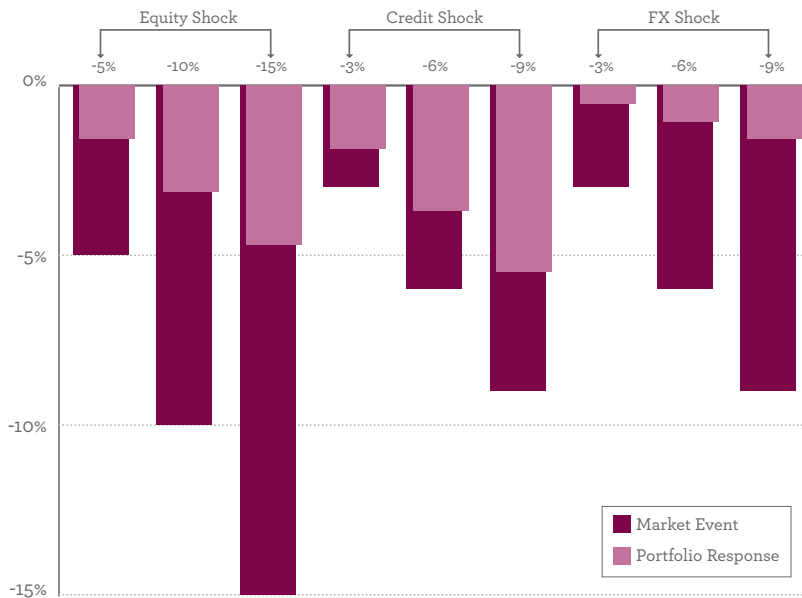
Portfolio Risk Summary

As of September 30, 2020

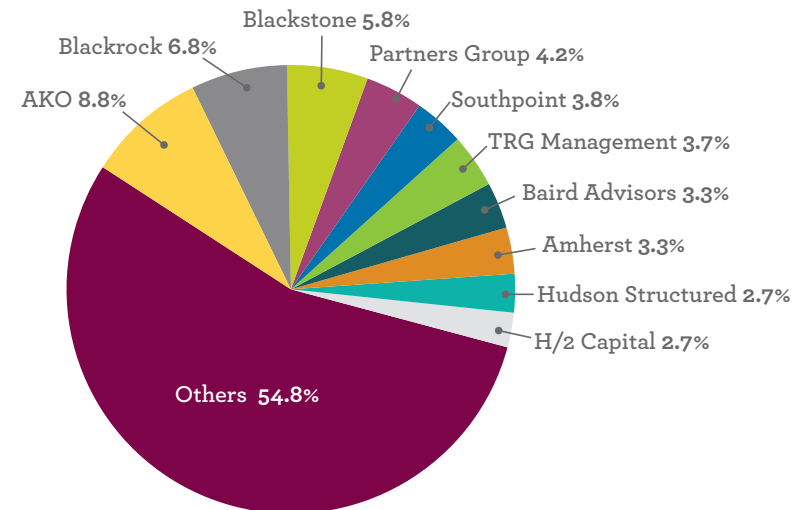
Scenario Analysis



Monthly Portfolio Tail Risk Profile



Manager Concentration



SWIFT Performance Table

As of September 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%	1.5%	1.6%	0.1%				-1.4%



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