

**Texas Permanent School Fund
Asset Allocation Mix
December 31, 2014**

<u>Asset Class</u>	<u>Book Value</u>	<u>Mix</u>	<u>Fair Value</u>	<u>Mix</u>
Equity				
Domestic Small-Mid Cap	\$ 1,277,180,527	5.39%	\$ 2,127,324,105	7.11%
Domestic Large Cap	3,598,881,906	15.20%	6,991,997,832	23.35%
Total Domestic Equity	4,876,062,433	20.59%	9,119,321,937	30.46%
International Equity	4,135,945,028	17.46%	5,031,835,649	16.81%
Total Public Market Equity	9,012,007,461	38.05%	14,151,157,586	47.27%
Fixed Income				
Domestic Fixed Income	4,268,639,020	18.02%	4,351,736,235	14.54%
Total Fixed Income	4,268,639,020	18.02%	4,351,736,235	14.54%
Alternative Investments				
Absolute Return				
Raven 1	800,000,000	3.38%	974,496,618	3.26%
Raven 2	318,000,000	1.34%	398,247,975	1.33%
Raven 3	10,864,694	0.05%	11,880,896	0.04%
Raven 4	600,000,000	2.53%	843,999,751	2.82%
Raven 5	3,819,689	0.02%	4,299,843	0.01%
Raven 6	342,753,258	1.45%	398,955,294	1.33%
Raven 7	407,636,022	1.72%	462,592,258	1.55%
Total Absolute Return	2,483,073,663	10.49%	3,094,472,635	10.34%
Emerging Market Debt				
Investec	691,724,166	2.92%	644,564,195	2.15%
Ashmore	688,642,515	2.91%	628,058,546	2.10%
Stone Harbor	713,678,505	3.01%	626,731,260	2.09%
Total Emerging Market Debt	2,094,045,186	8.84%	1,899,354,001	6.34%
Private Equity				
Columbia NB Crossroads Fund L.P.	371,037,601	1.57%	534,724,546	1.79%
Columbia NB Crossroads Fund II L.P.	116,287,232	0.49%	124,994,667	0.42%
TPSF NB PE Program	70,785,006	0.30%	77,634,650	0.26%
Columbia CS Fund, L.P.	389,170,370	1.64%	490,959,388	1.64%
Total Private Equity	947,280,209	4.00%	1,228,313,251	4.11%
Real Estate				
Summary of RE Investments	1,320,291,767	5.57%	1,513,035,736	5.05%
Total Real Estate	1,320,291,767	5.57%	1,513,035,736	5.05%
Risk Parity				
AQR Capital Management	821,664,411	3.47%	987,466,294	3.30%
Bridgewater	739,790,629	3.12%	977,150,313	3.26%
Total Risk Parity Strategies	1,561,455,040	6.59%	1,964,616,607	6.56%
Real Return				
Real Return - TIPS	888,047,619	3.75%	869,779,136	2.91%
Real Return Commodities - Terlingua 1	475,000,000	2.01%	361,980,713	1.21%
Real Return Commodities - Terlingua 2	467,500,000	1.97%	337,759,799	1.13%
Total Real Return	1,830,547,619	7.73%	1,569,519,648	5.25%
Total Alternative Assets	10,236,693,484	43.22%	11,269,311,878	37.65%
Total Unallocated Cash	165,700,400	0.71%	165,700,400	0.54%
Fund Total	<u>23,683,040,365</u>	<u>100.00%</u>	<u>29,937,906,099</u>	<u>100.00%</u>

Notes: The asset classes include cash that has been allocated to the investment portfolios.
Exposure includes fair value of funded investments plus unfunded commitments.

Exposure Total Private Equity Exposure and Percentage of Fund Total Fair Value 2,030,161,738 6.78%
Total Real Estate Exposure and Percentage of Fund Total Fair Value 2,238,889,749 7.48%

Current State Board of Education approved Strategic Asset Allocation Mix (approved July 18, 2014)

Large Cap U.S. Equity	16.00%
Small/Mid Cap U.S. Equity	5.00%
Developed and Emerging Market International Large Cap Equity	16.00%
Emerging Market Equity	3.00%
Domestic Investment Grade Fixed Income	12.00%
Emerging Market Debt (LC)	7.00%
Real Estate	8.00%
Risk Parity	7.00%
Real Return-Commodities	3.00%
Real Return-TIPS	3.00%
Absolute Return	10.00%
Private Equity	10.00%
	<u>100.00%</u>