

Texas Permanent School Fund
Asset Allocation Mix - SBOE
May 31, 2016

| <u>Asset Class</u> | <u>Portfolio</u> | <u>Book Value</u> | <u>Mix</u> | <u>Fair Value</u> | <u>Mix</u> |
|----------------------------|---------------------------------------|-------------------|------------|-------------------|------------|
| Equity | Domestic Small-Mid Cap | \$ 1,114,459,111 | 4.56% | \$ 1,672,303,563 | 5.72% |
| | Domestic Large Cap | 3,346,118,143 | 13.68% | 6,285,059,440 | 21.49% |
| | Total Domestic Equity | 4,460,577,254 | 18.24% | 7,957,363,003 | 27.21% |
| | International Equity - Blackrock | 4,077,351,165 | 16.67% | 4,543,004,213 | 15.54% |
| | QMA Emerging Market Equity | 450,000,000 | 1.84% | 372,781,896 | 1.27% |
| | Total Emerging Market Equity | 450,000,000 | 1.84% | 372,781,896 | 1.27% |
| Total Public Market Equity | | 8,987,928,419 | 36.75% | 12,873,149,112 | 44.02% |
| Fixed Income | Domestic Fixed Income | 3,840,755,353 | 15.70% | 3,892,911,088 | 13.31% |
| | Investec Emerging Market Debt | 746,548,928 | 3.05% | 629,523,137 | 2.15% |
| | Ashmore Emerging Market Debt | 735,304,063 | 3.01% | 616,846,884 | 2.11% |
| | Stone Harbor Emerging Market Debt | 735,775,450 | 3.01% | 594,954,329 | 2.03% |
| | Total Emerging Market Debt | 2,217,628,441 | 9.07% | 1,841,324,350 | 6.29% |
| Total Fixed Income | | 6,058,383,794 | 24.77% | 5,734,235,438 | 19.60% |
| Absolute Return | Raven 1 | 800,000,000 | 3.27% | 942,930,206 | 3.22% |
| | Raven 2 | 275,333,398 | 1.13% | 324,257,862 | 1.11% |
| | Raven 4 | 600,000,000 | 2.45% | 856,455,838 | 2.93% |
| | Raven 6 | 354,634,154 | 1.45% | 406,102,480 | 1.39% |
| | Raven 7 | 411,961,614 | 1.68% | 466,356,765 | 1.59% |
| Total Absolute Return | | 2,441,929,166 | 9.98% | 2,996,103,151 | 10.24% |
| Private Equity | Columbia NB Crossroads Fund L.P. | 379,406,499 | 1.55% | 513,673,223 | 1.76% |
| | Columbia NB Crossroads Fund II L.P. | 346,455,367 | 1.42% | 385,490,263 | 1.32% |
| | TPSF NB PE Program | 229,495,455 | 0.94% | 263,216,979 | 0.90% |
| | Columbia CS Fund, L.P. | 414,187,579 | 1.69% | 517,983,797 | 1.77% |
| Total Private Equity | | 1,369,544,900 | 5.60% | 1,680,364,262 | 5.75% |
| Real Estate | Direct Real Estate Investments | 1,717,622,721 | 7.02% | 2,098,531,985 | 7.18% |
| Total Real Estate | | 1,717,622,721 | 7.02% | 2,098,531,985 | 7.18% |
| Risk Parity | AQR Capital Management | 821,664,411 | 3.36% | 953,059,862 | 3.26% |
| | Bridgewater | 739,790,629 | 3.03% | 953,495,546 | 3.26% |
| | Total Risk Parity Strategies | 1,561,455,040 | 6.39% | 1,906,555,408 | 6.52% |
| Real Return | Real Return - TIPS | 907,379,292 | 3.71% | 913,320,577 | 3.12% |
| | Real Return Commodities - Terlingua 1 | 587,500,000 | 2.40% | 410,702,974 | 1.40% |
| | Real Return Commodities - Terlingua 2 | 575,000,000 | 2.35% | 380,372,848 | 1.30% |
| | Total Real Return | 2,069,879,292 | 8.46% | 1,704,396,399 | 5.82% |
| Total Unallocated Cash | | 248,996,423 | 1.03% | 248,996,423 | 0.87% |
| Fund Total | | 24,455,739,755 | 100.00% | 29,242,332,178 | 100.00% |

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 2,877,917,751 9.84%
Total Real Estate Exposure and Percentage of Fund Total Fair Value 2,814,129,635 9.62%

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

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