

**Texas Permanent School Fund  
Asset Allocation Mix - SBOE  
February 28, 2018**

| <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                   | \$ 1,015,889,295  | 3.94%         | \$ 1,675,800,669  | 4.92%         |        |
|                            | Domestic Large Cap                       | 2,641,276,683     | 10.23%        | 6,104,306,754     | 17.92%        |        |
|                            | Total Domestic Equity                    | 3,657,165,978     | 14.17%        | 7,780,107,423     | 22.84%        |        |
|                            | International Equity - Blackrock         | 3,949,540,349     | 15.30%        | 5,518,622,378     | 16.20%        |        |
|                            | QMA Emerging Market Equity               | 424,104,750       | 1.64%         | 543,384,725       | 1.60%         |        |
|                            | Navarro Emerging Market Equity           | 375,659,523       | 1.46%         | 585,374,136       | 1.72%         |        |
| Total Public Market Equity | Total Emerging Market Equity             | 799,764,273       | 3.10%         | 1,128,758,861     | 3.32%         |        |
|                            |  | 8,406,470,600     | 32.57%        | 14,427,488,662    | 42.36%        |        |
|                            |  |                   |               |                   |               |        |
| Fixed Income               | Domestic Fixed Income                    | 4,561,574,061     | 17.67%        | 4,448,715,393     | 13.06%        |        |
|                            | Investec Emerging Market Debt            | 768,688,891       | 2.98%         | 813,222,130       | 2.39%         |        |
|                            | Ashmore Emerging Market Debt             | 810,664,796       | 3.14%         | 858,541,184       | 2.52%         |        |
|                            | Stone Harbor Emerging Market Debt        | 783,706,708       | 3.04%         | 773,174,796       | 2.27%         |        |
|                            | Total Emerging Market Debt               | 2,363,060,395     | 9.16%         | 2,444,938,110     | 7.18%         |        |
| Total Fixed Income         |  | 6,924,634,456     | 26.83%        | 6,893,653,503     | 20.24%        |        |
| Absolute Return            | Raven 1                                  | 800,000,000       | 3.10%         | 1,070,917,863     | 3.14%         |        |
|                            | Raven 2                                  | 60,933,018        | 0.24%         | 79,744,851        | 0.23%         |        |
|                            | Raven 4                                  | 600,000,000       | 2.32%         | 953,631,233       | 2.80%         |        |
|                            | Raven 6                                  | 353,884,155       | 1.37%         | 452,792,344       | 1.33%         |        |
|                            | Raven 7                                  | 412,711,614       | 1.60%         | 530,284,786       | 1.56%         |        |
|                            | Raven 8                                  | 323,935,008       | 1.26%         | 367,345,121       | 1.08%         |        |
|                            | Total Absolute Return                    |                   | 2,551,463,795 | 9.89%             | 3,454,716,198 | 10.14% |
|                            |  |                   |               |                   |               |        |
| Private Equity             | Columbia NB Crossroads Fund L.P.         | 322,214,757       | 1.25%         | 424,716,461       | 1.25%         |        |
|                            | Columbia NB Crossroads Fund II L.P.      | 426,908,112       | 1.65%         | 638,883,855       | 1.88%         |        |
|                            | Columbia NB Crossroads Fund II Tranche C | 333,444,775       | 1.29%         | 346,908,882       | 1.02%         |        |
|                            | TPSF NB PE Program                       | 545,683,751       | 2.11%         | 675,205,935       | 1.98%         |        |
|                            | Private Equity Direct                    | 74,118,272        | 0.29%         | 75,645,057        | 0.22%         |        |
|                            | Columbia CS Fund, L.P.                   | 361,633,992       | 1.40%         | 509,304,080       | 1.50%         |        |
| Total Private Equity       |  | 2,064,003,659     | 7.99%         | 2,670,664,270     | 7.85%         |        |
| Real Estate                | Direct Real Estate Investments           | 1,881,742,860     | 7.29%         | 2,291,558,776     | 6.73%         |        |
|                            | Total Real Estate                        | 1,881,742,860     | 7.29%         | 2,291,558,776     | 6.73%         |        |
| Risk Parity                | AQR Capital Management                   | 846,664,411       | 3.28%         | 1,152,408,015     | 3.38%         |        |
|                            | Bridgewater                              | 764,790,629       | 2.96%         | 1,133,585,536     | 3.33%         |        |
|                            | Total Risk Parity Strategies             | 1,611,455,040     | 6.24%         | 2,285,993,551     | 6.71%         |        |
| Real Return                | Real Return - TIPS                       | 1,038,812,391     | 4.02%         | 1,026,653,041     | 3.01%         |        |
|                            | Real Return Commodities - Terlingua 1    | 587,500,000       | 2.28%         | 430,392,418       | 1.26%         |        |
|                            | Real Return Commodities - Terlingua 2    | 575,000,000       | 2.23%         | 412,109,107       | 1.21%         |        |
|                            | Total Real Return                        | 2,201,312,391     | 8.53%         | 1,869,154,566     | 5.48%         |        |
| Total Unallocated Cash     |  | 169,487,005       | 0.66%         | 169,487,005       | 0.49%         |        |
| Fund Total                 |  | 25,810,569,806    | 100.00%       | 34,062,716,531    | 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 4,261,390,843 12.51%  
Total Real Estate Exposure and Percentage of Fund Total Fair Value 3,677,658,094 10.80%

Current State Board of Education approved Strategic Asset Allocation Mix (approved July 22, 2016)

|  |        |                         |                |
|--|--------|-------------------------|----------------|
| Large Cap U.S. Equity  | 13.00% | Real Estate             | 10.00%         |
| Small/Mid Cap U.S. Equity                                    | 5.00%  | Risk Parity             | 7.00%          |
| Developed and Emerging Market International Large Cap Equity | 14.00% | 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          | 13.00%         |
|  |        |                         | <u>100.00%</u> |