This past year, the universities of the Texas Tech University System celebrated historic advances. Two projects, only possible because of philanthropy, included approval for the School of Veterinary Medicine at Texas Tech University and the Woody L. Hunt School of Dental Medicine at Texas Tech University Health Sciences Center El Paso.

Capping off system-wide gifts of more than $146 million this past year, the Texas Tech University Rawls College of Business launched a new Excellence in Banking Program that is unique in the nation. With more than $10 million in endowments given before the program opened, it demonstrates the potential of generosity to drive innovation and impact our four universities for generations.

While the Texas Tech University System achieved much, our investments in fiscal year 2019 were volatile in certain markets. As a result, our investment return for the year was 0.18%. This low return, in combination with spending policy and fees, means the endowment fund balances we are reporting to donors show a decline.

We embrace our responsibility to serve our donors, and we continue to work with the Office of Investments to realize long-term growth. While this year’s return is disappointing, we remain confident in our investment approach and committed to growing the endowment for the lasting success of the Texas Tech University System.

Enclosed is your annual report on the performance of our system endowment as well as a statement of your endowment funds. If you have questions as you review, please contact Endowment Compliance at 806.742.3273 or ia.endowment.compliance@ttu.edu.

Endowments sustain our universities’ accomplishments, and your endowment gift is part of that tradition. Across the Texas Tech University System, students and faculty continue to make a difference in the world. Thank you for being a vital part of that impact.

Patrick Kramer
Vice Chancellor for Institutional Advancement
CEO, Texas Tech Foundation

Gary Barnes
Vice Chancellor and Chief Financial Officer
Treasurer, Texas Tech Foundation
A GIFT WITH LASTING IMPACT

An Overview of Investment Performance

The foundation of growth and lasting impact for any university is the generous philanthropic support of its donors. By design, endowment funds are perpetual gifts that are invested to benefit our universities.

UNDERSTANDING THE ENDOWMENT

The Texas Tech University System endowment includes a range of funds that are invested for the benefit of the Texas Tech University System and its universities. Donor endowments given to the Texas Tech Foundation are invested as part of the Long-Term Investment Fund.

ENDOWMENT COMPOSITION

Across more than two decades of sustained growth, the combined asset value of the Texas Tech University System endowment has grown to more than $1.3 billion thanks to the generosity of our donors and an investment strategy focused on a balanced approach to the market.

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Beginning Fair Market Value</td>
<td>$1,179.5</td>
<td>$1,155.7</td>
<td>$1,150.3</td>
<td>$1,256.3</td>
<td>$1,331.0</td>
</tr>
<tr>
<td>Contributions Received</td>
<td>$50.5</td>
<td>$33.8</td>
<td>$38.4</td>
<td>$35.4</td>
<td>$38.0</td>
</tr>
<tr>
<td>Investment Returns</td>
<td>($20.9)</td>
<td>$18.8</td>
<td>$126.8</td>
<td>$100.2</td>
<td>($0.7)</td>
</tr>
<tr>
<td>Cash Distributions</td>
<td>($47.4)</td>
<td>($51.1)</td>
<td>($52.2)</td>
<td>($53.7)</td>
<td>($55.9)</td>
</tr>
<tr>
<td>Management Fee</td>
<td>($6.0)</td>
<td>($6.9)</td>
<td>($7.0)</td>
<td>($7.2)</td>
<td>($7.5)</td>
</tr>
<tr>
<td>Ending Fair Market Value</td>
<td>$1,155.7</td>
<td>$1,150.3</td>
<td>$1,256.3</td>
<td>$1,331.0</td>
<td>$1,304.9</td>
</tr>
</tbody>
</table>

INVESTMENT PERFORMANCE

We remain confident in the long-term strategy and portfolio allocation of the Long-Term Investment Fund. While the fund delivers consistent performance and growth over long time horizons, by design, the fund’s
differentiated exposure can experience significant variance over shorter time periods, as it did in fiscal year 2019.

Two causes contributed to this past year’s underperformance. A move to be more defensive in U.S. equities created underperformance in our U.S. equity exposure. Manager selection in Emerging Markets as well as European and U.S. Stressed Credit also caused underperformance, despite those same managers outperforming over the past three years.

We have taken steps to improve our positions, and while these managers performed poorly over the past year, the majority of mark downs are unrealized losses. We are confident these strategies will rebound over the coming year.

The Long-Term Investment Fund continues to show strong historical performance. Our 3-year return exceeds the fund’s 4.5% distribution. We also saw a year-over-year increase in the fund’s 10-year performance of 6.9%. As we continue to improve the positions that led to the low return for fiscal year 2019, we remain confident in the investment strategy that continues to deliver consistent, reliable growth for our universities.

<table>
<thead>
<tr>
<th>Fund Performance (%)</th>
<th>1-Year</th>
<th>3-Year</th>
<th>5-Year</th>
<th>10-Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>TTUS Long-Term Investment Fund</td>
<td>0.18</td>
<td>7.31</td>
<td>4.87</td>
<td>6.90</td>
</tr>
<tr>
<td>60/40 Benchmark†</td>
<td>3.56</td>
<td>6.81</td>
<td>4.45</td>
<td>6.71</td>
</tr>
</tbody>
</table>

† 60/40 Benchmark consists of 60% Global Stocks and 40% Global Bonds

**ASSET ALLOCATION**

The Long-Term Investment Fund maintains a balanced approach to investing by diversifying across global equity and fixed income markets as well as investments in private companies, real estate, and oil and gas.

**ASSET MIX (as of August 31, 2019)**

- 30% Public Equity
- 30% Private Assets
- 25% Public Debt
- 15% Public Diversifying Assets
Stories of Impact

Each year, donors across the Texas Tech University System impact the lives of our students and faculty through philanthropy. Whether giving for the first time or through an endowment, these donors continue to make a difference through their generosity.

Read the full stories behind these gifts and more online at www.give2tech.com/endowmentreport