INVESTMENT POLICY STATEMENT

TEXAS ENDOWMENT FUNDS

Effective November 1, 2026

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CHAPTER I. GENERAL INFORMATION

SECTION 1.

FUND BACKGROUND & PURPOSE

The Texas Endowment Funds ("Endowment") became effective in 1999, and currently function as a commingled portfolio of accounts each seeking inflation-adjusted growth over a long-term or "perpetual" investment horizon. Funds under the custody and control of the Texas Treasury Safekeeping Trust Company ("Trust Company") that are managed pursuant to this policy are listed in Appendix B. The listed funds are hereinafter referred to as the "Funds" or the "Fund" as the context requires. The enabling legislation and distribution policy for each fund is listed in Appendix C. Both appendices may change periodically based on changes in legislation, applicable law or related policy. The Trust Company must invest the Endowment in accordance with the prudent investor standard.

SECTION 2.

FUND ADMINISTRATION

A. COMPTROLLER OF PUBLIC ACCOUNTS & TEXAS TREASURY SAFEKEEPING TRUST COMPANY

The Texas Comptroller of Public Accounts ("Comptroller") invests the hereinafter-described funds with the advice of and in consultation with the Investment Advisory Board ("IAB") and the Tobacco Settlement Permanent Trust Account Administration Advisory Committee ("Tobacco Committee") with respect to the Tobacco Settlement Permanent Trust Account. The Comptroller administers the funds through the Trust Company, a corporation created by the Comptroller pursuant to state law to enable the Comptroller to manage funds more efficiently and economically. The Comptroller is the sole officer, director, and shareholder of the Trust Company and charged with managing the company. The Comptroller has delegated management and investment related duties to the Chief Investment Officer of the Trust Company.

B. INVESTMENT COMMITTEE

The Trust Company Investment Committee ("Investment Committee") is responsible for oversight of Trust Company investment portfolios including the Endowment. The Investment Committee is established and operates pursuant to the Trust Company Investment Committee Charter, as amended. The charter outlines the composition of the committee and its duties. These include reviewing and approving investment policies; approving investments; establishing, reviewing, or assisting with strategic and tactical investment plans as needed; evaluating and approving the selection or dismissal of investment managers; reviewing quarterly portfolio performance; reviewing and approving portfolio rebalancing and asset allocation as necessary.

C. ASSET VALUATION COMMITTEE

The Trust Company Asset Valuation Committee ("Asset Valuation Committee") is responsible for establishing and monitoring the accounting and financial process for determining the fair value measurements and disclosures included in the Trust Company's financial statements.

The Asset Valuation Committee is also responsible for reviewing the valuation methods including significant valuation assumptions, the computed asset valuation, and the presentation and disclosure of the fair value measurements and disclosures used in the financial statements. The Asset Valuation Committee will consist of members of the accounting team, including the Director of Accounting and Financial Reporting and the Director of Investment Accounting; members of the investment team; and contributors from other teams, such as internal audit, compliance, and consultants, who will serve in an advisory capacity. The Chief Financial Officer will serve as chair for the Asset Valuation Committee.

CHAPTER II. FUND OBJECTIVES, PHILOSOPHY AND GUIDELINES

SECTION 1.
INVESTMENT OBJECTIVE

The Fund's primary investment objective is to maximize long-term Fund returns, net of all investment-related expenses, with acceptable levels of risk. The investment returns of the Fund are expected to:

- Provide as near as practicable a predictable, stable stream of distributions;
- Maintain the inflation-adjusted value of distributions over the long-term; and
- Maintain the inflation-adjusted value of the corpus, after distributions and Fund expenses over the long-term, subject to the liquidity needs of the Fund.

* Distribution rates for each Fund are outlined in Appendix C. At the inception of a new Fund, distributions may be made based on an average per fiscal year based on actual quarters.

SECTION 2.
INVESTMENT PHILOSOPHY AND RISK TOLERANCE

Given the Fund's perpetual time-horizon, a long-term, strategic investment approach will be implemented. As further described in this policy, the approach will be consistent with maximizing the probability of achieving the investment objectives. A certain amount of risk must be assumed in order to achieve the Fund's investment objectives. Risk factors include, but are not limited to, market, volatility, credit, currency, liquidity, interest rate, tracking error and regulatory. The long-term nature of the Fund means that interim fluctuations in portfolio market values and rates of return can be tolerated in seeking to achieve the investment objectives. The primary tool to control risk will be portfolio diversification. A prudently diversified asset mix means that no single strategy, sub-strategy, investment manager, or individual security will have a disproportionate impact on the Fund as a whole.

To achieve the desired level of diversification, the Fund will generally include a balanced mix of underlying investments that deliver: 1.) consistent returns 2.) growth potential and/or 3.) real return orientation. In determining the appropriate asset allocation, the Comptroller and Trust Company will consider historical and prospective return, risk, and correlation characteristics associated with various strategies, sub-strategies, and investment managers.

The strategic asset allocation targets, as outlined in Appendix A, will represent the portfolio that is expected to achieve the Fund's objectives. The Trust Company and its Consultants will review the strategic targets on an on-going basis, no less than annually, to ensure continued alignment with Fund objectives.

SECTION 3.
INVESTMENT GUIDELINES

The following guidelines have been established for the management of the Fund:

- All investments will be made in strict compliance with all applicable laws and regulations.
- Excluding passive strategies, exposure to any investment firm will generally be limited to no more than 10% of Fund assets.
- Fund investments will generally not exceed more than 25% of any firm's assets under management.
- The Fund shall contain sufficient liquidity in order to timely modify risk exposures, meet all liquidity needs, and conduct efficient rebalancing. At least 15% of fund assets shall be invested in strategies that offer liquidity within 3 months. Additionally, no more than 50% of fund assets shall be invested in strategies that restrict liquidity beyond 2 years.
- No funds shall be invested directly in the securities of any tobacco companies. This restriction shall apply only to separate accounts or when the Trust Company can dictate the terms.

- Any income earned by the Trust Company is not considered gross income pursuant to 26 USC §115 United States Internal Revenue Code, therefore, the Trust Company does not file federal income tax returns.

SECTION 4.
INVESTMENT MANAGERS

The term "Investment Managers" includes any firm selected by the Trust Company that is responsible for investing Fund assets. Fund assets will be managed primarily by external investment firms and advisors but may be managed directly by Trust Company investment staff. Eligible investment vehicles include separate accounts, commingled funds (e.g. mutual funds, limited partnerships, common trust funds, exchange traded funds), or directly placed index swaps, futures, and US government securities.

Investment managers will be combined to achieve the desired risk and return objectives of the Fund and each major strategy category. Investment Managers are expected to adhere to a strict discipline, act in an ethical manner, and exhibit integrity in all phases of the investment process.

Each Investment Manager has discretion to determine the appropriate mix of assets consistent with the strategy approved by the Trust Company. The investment strategies, including the types of authorized investments along with pertinent investment restrictions and limitations are documented in the limited partnership agreement or other investment-related contracts and documents. To generate competitive risk-adjusted returns, investment managers may be authorized to use varied approaches – investing not only in both long and short positions, but also owning multiple asset classes (e.g., stocks, bonds, and currencies) and derivative instruments (e.g., futures, options, swaps).

Investment Manager selection and monitoring shall be administered pursuant to the Trust Company's Investment Manager Selection and Monitoring Procedures.

CHAPTER III. FUND MONITORING AND EVALUATION

SECTION 1.
PERFORMANCE AND RISK EVALUATION

The investment performance of the Fund will be measured and compared to the stated benchmarks by an independent third party and reported quarterly to the Comptroller, Investment Committee and IAB. The performance of the Fund will be compared to a customized composite of the sub-strategy performance benchmarks weighted by target allocation percentages as set out in Appendix A. Although specific benchmarks were used to determine the risk budget and asset allocation targets, the Trust Company may utilize strategies that invest in assets not included in the benchmarks. Qualitative and quantitative analyses will be used to determine the appropriateness of each investment.

The Fund and each strategy and sub-strategy are expected to meet or exceed the total return performance objectives and risk-adjusted performance of the established benchmarks over a market cycle.

Passive portfolios or index strategies are expected to match the total return and risk profile of the relevant benchmarks. Active investment managers are expected to either exceed relevant benchmarks and/or reduce volatility. Although performance expectations are established for a market cycle, performance and risk analysis will be conducted on an ongoing basis.

Risk limits will be established for the total Fund. Fund and Strategy portfolio exposures and risk metrics will be regularly monitored. Although risk metrics will be measured and reviewed quarterly, evaluation will focus on a full market cycle.

The Fund will be reviewed quarterly, focusing on:

- Comparison of performance results to benchmarks;
- Comparison of risk metrics to expectations and benchmarks;
- Exposure to multiple risk factors;
- Economic scenario and stress analysis;
- Analysis of liquidity for the Fund and each Strategy;
- Size of positions among individual investments, strategies, or sub-strategies; and
- Opportunities available in the relevant markets.

Value at Risk (VaR) Guidelines. Monthly portfolio VaR will be maintained between minimum and maximum VaR levels calculated in accordance with the Value at Risk Tolerance Procedure.

SECTION 2.
PORTFOLIO REBALANCING

Allocations to the asset classes will be rebalanced to within the target allocation ranges, as necessary, based on the fair market value of the Fund, underlying strategies and sub-strategies. Cash inflows and outflows will be used to help maintain allocations within the target allocation ranges and reduce turnover expenses. Following or preceding an anticipated cash flow, the asset allocation may temporarily fall outside the target allocation ranges.

Due to the relative illiquidity of the private market strategies, and the lag between capital commitments and contributions, rebalancing within these strategies can generally be achieved only through increasing or decreasing any new commitments. However, to the extent it is prudent, the Trust Company may use secondary markets for the purpose of asset allocation or rebalancing.

The Investment Committee approves significant portfolio rebalancing, when transitioning 5% or more of the Fund. When rebalancing less than 5% of the Fund, (to accommodate cash flows or inter-fund rebalancing) only two members of the Investment Committee are required to approve.

SECTION 3.
TOTAL FUND LEVERAGE

The Trust Company may utilize leverage to provide implementation efficiency, enhance returns, facilitate risk management, and/or alter the Fund's market exposure. Total Fund leverage will be limited to 10% of the Fund market value at time of execution.

Prior to Fund leverage implementation, the Investment Committee shall evaluate the purpose, valuation method, methods for calculating exposures, risks (including, but not limited to modeling, pricing, liquidity and counterparty risks), and the procedures in place to monitor and manage the exposure. TTSTC staff will implement and monitor leverage in a prudent manner consistent with the prudent investor standard, internal procedures, and the risk and allocation set forth in this investment policy.

The permitted applications, internal procedures, and allowable instruments will be further governed by the Portfolio Hedging and Overlays Policy.

On a quarterly basis, leverage activity for the prior period and the Total Fund leverage will be reported to the Comptroller's Investment Advisory Board.

Leverage employed by external managers operating under limited partnership agreements or other investment-related contracts and documents, index or other common or commingled funds, offshore corporations, or other Limited Liability Entities that are not controlled by or limit the liability exposure of the Fund will be evaluated and monitored separately from the Total Fund.

CHAPTER IV. CONSISTENCY STRATEGIES

SECTION 1.
STRATEGY DESCRIPTION

***GENERAL OBJECTIVES*:** Consistency strategies are expected to generate relatively consistent positive returns with lower correlation to the primary portfolio risk drivers (i.e. global equity markets). Collectively, the role of these strategies is to provide, but is not limited to, diversification from return seeking investments, price stability, liquidity, and protection in deflationary environments.

PERFORMANCE & RISK EXPECTATIONS: The Trust Company intends to utilize a variety of investment strategies within the Consistency composite portfolio. The performance benchmarks for the Consistency portfolio are customized composites of the sub-strategy performance benchmarks, weighted by target allocation percentages and as allocated. The following section provides descriptions and expectations, measured over a full market cycle, that will be used when evaluating each sub-strategy.

SECTION 2.
SUB-STRATEGY DESCRIPTIONS

CASH AND EQUIVALENT strategies are intended to preserve principal and provide liquidity to meet the cash flow requirements of the Fund. This is a low-risk strategy where liquidity is valued more than investment performance. Performance is expected to be comparable to a peer group of institutional money market funds and exceed the return of the 3-Month T-Bill.

RATES-DRIVEN FIXED INCOME strategies are intended to dampen the overall volatility of the Fund, provide low correlation to more volatile asset classes and potentially be a source of liquidity. The portfolio will generally be comprised of instruments focused solely on intermediate to long-dated maturities issued by the US government or agencies with an equivalent-rating. However, at times this category may favor holdings that combine to provide diversification across issuer, geography, currency, sector, size of issuer, and credit quality. Implementation through derivatives that serve as substitutes for such exposures may enhance efficiency and liquidity. The composite portfolio's performance is expected to meet or exceed the established benchmark with comparable volatility.

CREDIT-DRIVEN FIXED INCOME strategies represent ownership of fixed income instruments or structured cash flows that can be investment grade or high yield. . These strategies are intended to provide yield, diversification benefits and, if expressed in private markets, illiquidity premium. This category may include senior secured or unsecured corporate-related liabilities accessed through public or private markets, across all maturities, with fixed or floating rate terms. Performance is expected to meet or exceed the established benchmark with comparable volatility.

ABSOLUTE RETURN HEDGE FUND strategies are intended to achieve consistently positive returns with prudent levels of risk. Investing both long and short in fixed income and other global markets or instruments including derivatives. These investments have an absolute return orientation and exhibit reduced market sensitivity to traditional asset classes. The portfolio will be diversified by manager, strategy, geography, and sector focus. The composite portfolio's performance is expected to meet or exceed the established benchmark with low beta to the relevant global equity benchmarks. Strategies may include, but are not limited to, multi-strategy, insurance, relative value, trend following, global macro, and market neutral.

CHAPTER V. GROWTH STRATEGIES

SECTION 1.
STRATEGY DESCRIPTION

GENERAL OBJECTIVES: Growth strategies include public and private equities, and other asset classes that are correlated to global equity markets. The Growth portfolio will consist of traditional long-only, directionally hedged, and private strategies whose portfolios are predominately invested in the equity and/or debt of corporations. The Growth portfolio is broadly diversified across global public equities and private company securities. The objective of the Growth portfolio is to achieve the highest level of return possible within acceptable levels of risk.

PERFORMANCE & RISK EXPECTATIONS: The Trust Company intends to utilize a variety of investment strategies within the composite Growth portfolio. The performance benchmarks for the Growth portfolio are customized composites of the sub-strategy performance benchmarks, weighted by target allocation percentages and as allocated. The following section provides descriptions and expectations, measured over a full market cycle, that will be used when evaluating each sub-strategy.

SECTION 2.
SUB-STRATEGY DESCRIPTION

GLOBAL PUBLIC EQUITY strategies are intended to achieve a total return in excess of the Fund's overall return objective. The Trust Company will utilize a diversified group of investment managers employing complementary approaches and strategies to fully represent the global investment opportunity set. Exposures may include issuers domiciled in the US, international developed countries, and emerging markets. These will typically be long-only strategies, both active and passive, implemented with regional, industry and market capitalization weightings in a proportional relationship to a global equity index. Performance is expected to exceed established benchmarks with comparable levels of volatility.

DIRECTIONAL HEDGED EQUITY strategies (including long/short and event-driven) are intended to provide exposure to public equity markets with reduced levels of overall beta/volatility as they seek to deliver idiosyncratic sources of alpha. The Trust Company will utilize a collection of investment managers employing complementary approaches and strategies to exploit opportunities globally and across industry and market capitalization verticals. In aggregate, performance is expected to exceed established benchmarks while producing risk-adjusted returns similar to or better than public equity markets.

PRIVATE EQUITY strategies are intended to enhance overall portfolio returns relative to other major asset classes. The portfolio consists of combined strategies that produce a portfolio of complementary focus areas, industries, financing stages, vintage years, and geographic representation designed to diversify the overall private equity portfolio. Performance is expected to exceed those available in public equity markets as well as established benchmarks.

CHAPTER VI. REAL RETURN STRATEGIES

SECTION 1.
STRATEGY DESCRIPTION

GENERAL OBJECTIVES: Real Return strategies are intended to serve primarily as offsetting the effects of inflation and provide diversification benefits of low correlation with other investment strategies. Steady income alongside the potential for capital appreciation over time can help reduce exposure to economic

cyclicality. The portfolio generally includes traditional and non-traditional strategies that invest globally in well-located assets and employ moderate leverage. The portfolio may be exposed to institutional quality real estate assets, infrastructure assets, and natural resources including commodities and energy related assets.

PERFORMANCE & RISK EXPECTATIONS: The Trust Company intends to utilize a wide variety of investment strategies within the Real Return portfolio. The performance benchmarks for the Real Return portfolio are customized composites of the sub-strategy performance benchmarks, weighted by target allocation percentages and as allocated. The following section provides descriptions and expectations, measured over a full market cycle, that will be used when evaluating each sub-strategy. In aggregate, the Real Return composite is expected to provide a hedge against inflation, reduce portfolio volatility, generate returns through income and capital appreciation, and provide a correlation benefit to public equity markets.

SECTION 2.
SUB-STRATEGY DESCRIPTION

REAL ESTATE strategies may include investments with varied degrees of project completion, income stability, and leverage utilization, with these key differentiators determining classification and benchmark appropriateness. The portfolio will be diversified by vintage year, geography, and property type. Sectors of real estate may include, office, industrial, retail, residential (multi-family and single-family rentals), data centers, self-storage, senior housing, student housing, and manufactured housing, among others.

- *CORE REAL ESTATE* strategies are intended to provide the Fund with long-term, net returns between those of public equity and fixed income investments with relatively low volatility compared to other asset classes. It is expected that income and distributions will be a significant component of the portfolio's total return. This strategy will primarily utilize open-ended structures, although liquidity will be limited during the multi-year term of select investments. Performance is expected to exceed an index of comparable institutional investment strategies with comparable volatility and aggregate portfolio leverage.
- *OPPORTUNISTIC REAL ESTATE* strategies are intended to enhance portfolio returns relative to other major asset classes and provide a diversification benefit. Typically, capital appreciation represents a majority of the total return, while income represents a smaller portion. Higher leverage is generally employed. Strategies will represent a wide range of investments with different types of risks derived from the underlying real estate assets. Risk attributes may include higher property risks such as lease-up, renovation, and new development. Performance is expected to exceed established benchmarks with comparable volatility and aggregate portfolio leverage.

INFRASTRUCTURE strategies make investments directly or through private partnerships and result in ownership of companies or assets that provide a service to a community or society at large. They are typically long-lived real assets (facilities, equipment, structures, etc.) in the water, transportation, energy, communication or social sectors. Investments generally have a monopolistic or oligopolistic market position with high barriers to entry; a low elasticity of demand due to their essential functions; stable, predictable, and long-term revenue contracts that typically contain inflation protection through fee adjustment mechanisms. Performance is expected to meet or exceed an inflation-oriented benchmark.

NATURAL RESOURCES strategies involve the ownership of naturally occurring materials or entities that manage these resources. These resources have value to humans and can be utilized for economic and productive purposes. Natural Resources strategies involve tangible and intangible assets that may include, but are not limited to, energy, metals, timberland, agriculture, water and aquaculture resources, land & extraction rights, or associated technology & equipment. Applicable investments may include physical ownership, financial exposure through derivatives and indices or private assets that are generally at, or near,

production and generate a substantial portion of their return from direct or indirect exposure of the underlying natural resource. Natural Resources strategies should provide the portfolio with income, inflation protection and diversification. Performance is expected to meet or exceed an inflation-oriented benchmark.

APPENDIX A – ASSET ALLOCATION TARGETS AND BENCHMARKS

Strategy ***Sub-Strategy***	**Benchmark(s)**	**Allocation Range**	**Allocation Target**
Consistency		**13%-35%**	**25%**
*Cash Equivalents**	3-Month T-Bill	-10%-10%	2%
Rates-Driven Fixed Income	Bloomberg US Treasury 7-10 Year Index	4%-12%	7%
Credit-Driven Fixed Income	Custom Credit Driven Fixed Income Index	5%-15%	10%
Absolute Return Hedge Funds	HRFI FOF: Conservative Index	0%-10%	6%
Growth		**45%-70%**	**58%**
Global Public Equity	MSCI ACWI IMI ex-China ex-Hong Kong Net Index	20%-40%	25%
Directional Hedged Equity	HRFI FOF: Strategic Index	5%-15%	10%
Private Equity	Custom Private Equity Index -Cambridge Associates	10%-30%	23%
Real Return		**5%-25%**	**17%**
Core Real Estate	Custom Real Return Index - NCREIF NFI – ODCE, Cambridge Associates Real Estate, CPI-U plus a premium of 4% per annum	2%-10%	6%
Opportunistic Real Estate		2%-8%	
Infrastructure		2%-8%	11%
Natural Resources		0%-8%	

**Derivative exposures are reported at notional value in the corresponding asset class of the underlying asset risk / performance leg. Cash Equivalents are comprised of the net sum of cash equivalent balances and derivative funding legs.*

3-MONTH T-BILL: The 90 Day US Treasury Bill is auctioned weekly by the US Treasury Department and is considered a risk-free investment. The performance is represented by the ICE BofA US 3-Month Treasury Bill Index.

BLOOMBERG US TREASURY 7-10 YEAR INDEX: The Bloomberg US Treasury: 7-10 Year Index measures US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury with 7-9.9999 years to maturity. This is a total return index operating without any fees.

CREDIT-DRIVEN FIXED INCOME BENCHMARK: An asset-weighted mix custom composite of of the Bloomberg US Aggregate Index for investment grade public credit, the Bloomberg US Corporate High Yield Bond Index for high yield public credit, and an equal weighted mix (50/50) of the S&P UBS Leveraged Loan Index and the Bloomberg US Corporate High Yield Index plus a premium of 100 bps per annum for private credit. The Bloomberg US Aggregate Index measures the investment-grade, US dollar–denominated, fixed-rate taxable bond market. The Bloomberg US Corporate High Yield Index measures the US dollar denominated, high yield, fixed rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below. The S&P UBS Leveraged Loan Index represents tradable, senior secured, US dollar denominated non-investment-grade loans.

HFRI FOF: CONSERVATIVE INDEX: Hedge Fund Research, Inc., Fund of Funds classified as "Conservative" seek consistent returns by primarily investing in funds that generally engage in strategies such as Equity Market Neutral, Fixed Income Arbitrage and Convertible Arbitrage with relatively low volatility. Index return is net of manager fees.

MSCI ACWI IMI EX-CHINA EX-HONG KONG NET INDEX: The MSCI, Inc. - All Country World Investable Market Net Index is a custom free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets, excluding China and Hong Kong. Index return includes dividends net of withholding tax rates.

HFRI FOF: STRATEGIC INDEX: Hedge Fund Research, Inc., Fund of Funds classified as "Strategic" seek superior returns by primarily investing in funds that generally engage in opportunistic strategies such as Emerging Markets, Sector Specific and Equity Hedge with higher relative volatility. Index return is net of manager fees.

CUSTOM PRIVATE EQUITY INDEX - CAMBRIDGE ASSOCIATES: An asset-weighted custom composite of Cambridge Associates' database of buyout, venture, private equity energy, secondary, and other private equity fund categories. Index return is net of fees and expenses.

CUSTOM REAL RETURN INDEX: An asset-weighted custom composite of NCREIF NFI – ODCE for core/stable value real estate, Cambridge Associates' Real Estate Index for value-add/opportunistic real estate, and CPI-U plus a premium of 4% per annum for all non-real estate assets, namely infrastructure and natural resource investments. Index return is net of fees and expenses.

APPENDIX B – FUNDS SUBJECT TO THIS POLICY

TOBACCO SETTLEMENT PROCEED FUNDS

These trusts are established for education and health services and facility purposes and funded with appropriations from the original $15 billion settlement of the state's suit against the tobacco companies and the additional amount received under the "most favored nation" provision of the settlement agreement. They are: (A) The Tobacco Settlement Permanent Trust Account, which the Comptroller must invest in accordance with the prudent person standard. (B) The Permanent Fund for Tobacco Education and Enforcement; Permanent Fund for Children and Public Health; Permanent Fund for Emergency Medical Services and Trauma Care; Permanent Fund for Rural Health Facility Capital Improvement; and the Permanent Hospital Fund for Capital Improvement and the Texas Center for Infectious Disease. The Comptroller must invest these funds in accordance with the prudent investor standard. (C) The Permanent Fund for Higher Education Nursing, Allied Health, and Other Health-Related Programs; and Permanent Fund for Minority Health Research and Education, which the Comptroller must invest in a manner that preserves the funds' purchasing power and distributions.

PERMANENT ENDOWMENT FUND FOR RURAL COMMUNITIES HEALTH CARE INVESTMENT PROGRAM

This trust fund is established to provide assistance to health care professionals who locate in rural areas of the state. The Comptroller must invest the fund in accordance with the prudent investor standard.

TEXAS UNIVERSITY FUND (formerly NATIONAL RESEARCH UNIVERSITY FUND)

This constitutionally authorized trust fund is established to provide a dedicated, independent and equitable source of funding for qualifying general academic teaching institutions to achieve national prominence as major research universities. The Trust Company must invest this fund in accordance with the prudent investor standard. The National Research University Fund ("NRUF") has been redesignated as a part of the Texas University Fund ("TUF") and the Investment Policy Statement of the TUF applies to the former NRUF.

TEXAS PRESERVATION TRUST FUND

This trust account is to provide financial assistance to public or private entities for the acquisition, survey, restoration, or preservation of historic property located in Texas. The Comptroller must invest this fund in accordance with the prudent investor standard

PERMANENT FUND SUPPORTING MILITARY AND VETERANS EXEMPTIONS

This trust fund was established by the 83rd Legislature, Senate Bill 1158, in order to better serve veterans throughout the state in regard to meeting their educational needs. Money in the fund can only be used to offset the cost to higher education institutions of the veterans tuition exemption program overseen by the Texas Veterans Commission. The Trust Company is required to administer the fund, and manage it in accordance with the prudent investor standard.

TEXAS FINANCIAL EDUCATION ENDOWMENT

This trust fund is administered by the Finance Commission and comprised of annual assessments collected by the Office of Consumer Credit Commissioner to improve consumer credit, financial education, and asset-building opportunities in this state. The assessments are required to be deposited with the Trust Company. The fund may be invested and reinvested under the prudent investor standard described by Section 11b, Article VII, Texas Constitution.

TEXAS PERMANENT FUND SUPPORTING GRADUATE MEDICAL EDUCATION

This fund was established by the 84th Legislature, Senate Bill 18, to enhance graduate medical education in Texas. Grants are awarded by the Texas Higher Education Coordinating Board to hospitals, medical schools, and community-based, ambulatory patient care centers that seek to develop new graduate medical education programs.

HISTORIC INFRASTRUCTURE SUSTAINABILITY TRUST FUND
This fund was created by the 88th Texas Legislature for the purpose of maintaining, preserving, rehabilitating, and restoring historic sites throughout the state. Administered by the Comptroller of Public Accounts as trustee on behalf of the people of this state, the Trust Company must manage the assets of the fund with the prudent investor standard.
TEXAS STATE BUILDINGS PRESERVATION ENDOWMENT FUND
This fund was created by the 88th Texas Legislature. The purpose of the fund is to maintain, preserve, rehabilitate, and restore the state buildings and grounds over which the State Preservation Board has jurisdiction. The fund will include money transferred from the former capital renewal trust fund and the Governor's Mansion renewal trust fund and State Cemetery preservation trust fund. The Trust Company must manage the assets of the fund with the prudent investor standard.
PERMANENT TECHNICAL INSTITUTION INFRASTRUCTURE FUND
This fund was created by the 89th Texas Legislature. The purpose of the fund is to provide stable long-term funding for capital needs of the Texas State Technical College System. Distributions from the fund are appropriated to the board of regents of the Texas State Technical College System. The Trust Company must manage the assets of the fund in accordance with the prudent investor standard.

APPENDIX C – FUND ENABLING LEGISLATION & DISTRIBUTION POLICIES

TEXAS UNIVERSITY FUND (formerly NATIONAL RESEARCH UNIVERSITY FUND)	
Enabling Legislation	Article VII, section 20 of the Texas Constitution; Section 62.141-.152 of the Texas Education Code
Distribution Policy	The National Research University Fund ("NRUF") has been redesignated by the Texas Legislature, with voter approval, as a part of the Texas University Fund ("TUF") and, thus, the Investment Policy Statement of the TUF applies to the former NRUF.
TOBACCO SETTLEMENT PERMANENT TRUST ACCOUNT	
Enabling Legislation	Sections 403.1041 of the Texas Government Code
Distribution Policy	Annual distributions are calculated in accordance with a formula established by rule: up to 3.5% of the 20-quarter moving average value of the Fund. *See* 34 TEX. ADMIN. CODE § 18.2 (2006) (rule setting out calculation formula and further restrictions).
Permanent Fund for Tobacco Education and Enforcement; Permanent Fund for Emergency Medical Services and Trauma Care; Permanent Fund for Children and Public Health; Permanent Fund for Rural Health Facility Capital Improvement; and Permanent Hospital Fund for Capital Improvements and the Texas Center for Infectious Disease	
Enabling Legislation	Sections 403.105, 403.1055, 403.106, 403.1065, 403.1066, and 403.1068 of the Texas Government Code
Distribution Policy	Annual distributions, payable quarterly, are calculated as 3.5% times the twenty-quarter, moving- average value of the Fund as of June 30 for distributions to be made the following fiscal year. The annual distribution may not exceed 7% of the average net fair market value of the investment assets. *See* TEX. GOV'T CODE § 403.1068 (d), (e) (Vernon Supp. 2005) (distribution restrictions)
Permanent Health Fund for Higher Education Nursing, Allied Health & Other Health-Related Programs; Permanent Fund for Minority Health Research & Education; and Permanent Endowment Fund for the Rural Communities Health Care Investment Program	
Enabling Legislation	Sections 63.101, 63.102; 63.201, 63.202; 63.301, 63.302 of the Texas Education Code; and Sections 487.558, 487.559 of the Texas Government Code
Distribution Policy	Annual distributions, payable quarterly, are calculated as 3.5% times the twenty-quarter, moving- average value of the Fund as of June 30 for distributions to be made the following fiscal year.
TEXAS PRESERVATION TRUST FUND	
Enabling Legislation	Section 442.015 of the Texas Government Code
Distribution Policy	Distributions, payable quarterly, are calculated as 3.5% times the twenty-quarter, moving-average value of the Fund, except to the extent less is requested by the Historical Commission.
PERMANENT FUND SUPPORTING MILITARY AND VETERANS EXEMPTIONS	
Enabling Legislation	Section 54.3411 of the Texas Education Code
Distribution Policy	Distributions, payable annually, are calculated as 3.5% times the twenty-quarter, moving-average value of the Fund.
TEXAS FINANCIAL EDUCATION ENDOWMENT	
Enabling Legislation	Section 14.113 of the Texas Finance Code
Distribution Policy	Not Applicable
TEXAS PERMANENT FUND SUPPORTING GRADUATE MEDICAL EDUCATION	
Enabling Legislation	Section 58A of the Texas Education Code

Distribution Policy	Distributions, payable annually, are calculated as 3.5% times the twenty-quarter, moving-average value of the Fund.
HISTORIC INFRASTRUCTURE SUSTAINABILITY FUND	
Enabling Legislation	Section 442.0151 of the Texas Government Code
Distribution Policy	Annually, upon request of the Texas Historical Commission, distribution calculated as up to 3.5% times the twenty-quarter, moving-average value of the Fund The commission may request an additional distribution from the fund once a calendar year upon the satisfaction of statutory conditions, including a commission certification to the Legislative Budget Board.
TEXAS STATE BUILDINGS PRESERVATION ENDOWMENT FUND	
Enabling Legislation	Section 443.0103 of the Texas Government Code
Distribution Policy	Annually, upon request of the Texas State Preservation Board, distribution calculated as up to 3.5% times the twenty-quarter, moving-average value of the Fund The board may request an additional distribution from the fund once a calendar year upon the satisfaction of statutory conditions, including a board certification to the Legislative Budget Board.
PERMANENT TECHNICAL INSTITUTION INFRASTRUCTURE FUND	
Enabling Legislation	Art. VII, Sec. 21 of the Texas Constitution
Distribution Policy	The Fund's annual distribution is calculated as up to 3.5% times the twenty-quarter, moving-average value of the Fund as of August 31. Unless the Board of the Texas State Technical College (the "College") provides written instructions stating otherwise, the Trust Company will distribute 100% of the annual distribution in one single payment to the College. To the extent distributions are paid during the initial five years of the Fund's existence, the moving-average will reflect actual quarters until 20 full quarters are realized and adjusted accordingly thereafter.