

**Texas Permanent School Fund
Asset Allocation Mix
May 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	\$ 1,378,241,024	5.96%	\$ 2,292,102,776	7.59%
Domestic Large Cap	3,919,962,329	16.96%	7,268,207,810	24.08%
Total Domestic Equity	5,298,203,353	22.92%	9,560,310,586	31.67%
International Equity	4,066,033,011	17.59%	5,446,792,352	18.04%
Total Public Market Equity	9,364,236,364	40.51%	15,007,102,938	49.71%
Fixed Income				
Domestic Fixed Income	4,674,035,556	20.22%	4,787,884,502	15.86%
Total Fixed Income	4,674,035,556	20.22%	4,787,884,502	15.86%
Alternative Investments				
Absolute Return				
Raven 1	800,000,000	3.47%	964,848,824	3.20%
Raven 2	318,000,000	1.38%	382,767,279	1.27%
Raven 3	12,271,582	0.05%	13,650,999	0.05%
Raven 4	600,000,000	2.60%	812,482,316	2.69%
Raven 5	10,018,606	0.04%	10,765,431	0.04%
Raven 6	342,753,259	1.48%	395,070,596	1.31%
Raven 7	399,859,539	1.73%	443,111,185	1.47%
Total Absolute Return	2,482,902,986	10.75%	3,022,696,630	10.03%
Emerging Market Debt				
Investec	493,462,113	2.13%	516,316,126	1.71%
Ashmore	400,000,000	1.73%	411,920,000	1.36%
Stone Harbor	247,256,000	1.07%	247,429,915	0.82%
Total Emerging Market Debt	1,140,718,113	4.93%	1,175,666,041	3.89%
Private Equity				
Columbia NB Crossroads Fund L.P.	342,752,386	1.48%	466,049,287	1.54%
Columbia NB Crossroads Fund II L.P.	33,849,436	0.15%	33,241,503	0.11%
TPSF NB PE Program	30,251,670	0.13%	32,199,451	0.11%
Columbia CS Fund, L.P.	320,988,015	1.39%	397,180,700	1.32%
Total Private Equity	727,841,507	3.15%	928,670,941	3.08%
Real Estate				
Summary of RE Investments	986,321,779	4.27%	1,138,951,641	3.77%
Total Real Estate	986,321,779	4.27%	1,138,951,641	3.77%
Risk Parity				
AQR Capital Management	821,664,411	3.55%	1,019,544,236	3.38%
Bridgewater	739,790,629	3.20%	981,265,220	3.25%
Total Risk Parity Strategies	1,561,455,040	6.75%	2,000,809,456	6.63%
Real Return				
Real Return - TIPS	890,488,296	3.85%	884,576,459	2.93%
Real Return Commodities - Terlingua 1	475,000,000	2.05%	461,301,938	1.53%
Real Return Commodities - Terlingua 2	452,500,000	1.96%	418,734,486	1.39%
Total Real Return	1,817,988,296	7.86%	1,764,612,883	5.85%
Total Alternative Assets	8,717,227,721	37.71%	10,031,407,592	33.25%
Total Unallocated Cash	359,595,411	1.56%	359,595,411	1.18%
Fund Total	<u>23,115,095,052</u>	<u>100.00%</u>	<u>30,185,990,443</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 2,274,136,211 7.53%
Total Real Estate Exposure and Percentage of Fund Total Fair Value 1,877,454,004 6.22%

Current State Board of Education approved Strategic Asset Allocation Mix (approved July 20, 2012)

Large Cap U.S. Equity	18.00%
Small/Mid Cap U.S. Equity	7.00%
Developed and Emerging Market International Large Cap Equity	18.00%
Emerging Market Equity	3.00%
Domestic Investment Grade Fixed Income	12.00%
Emerging Market Debt (LC)	5.00%
Real Estate	8.00%
Risk Parity	7.00%
Real Return-Commodities	3.00%
Real Return-TIPS	3.00%
Absolute Return	10.00%
Private Equity	<u>6.00%</u>
	100.00%