TEXAS TUITION PROMISE FUND®

(An Enterprise Fund of the Texas Prepaid Higher Education Tuition Board)

Financial Statements

Year Ended August 31, 2025

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Cohen & Co

Independent Auditor's Report

To the Members of
Texas Prepaid Higher Education Tuition Board

Opinion

We have audited the accompanying financial statements of Texas Tuition Promise Fund® (the "Plan"), an enterprise fund of the Texas Prepaid Higher Education Tuition Board, which comprise the statement of net position as of August 31, 2025, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Plan, as of August 31, 2025, and its revenues, expenses and changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Plan and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Plan's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Plan and do not purport to, and do not, present fairly the financial position of the Texas Prepaid Higher Education Tuition Board, as of August 31, 2025, or the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Cohen & Company

Towson, Maryland
October 30, 2025

TEXAS TUITION PROMISE FUND®

(An Enterprise Fund of the Texas Prepaid Higher Education Tuition Board)

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED AUGUST 31, 2025 and 2024

(Unaudited)

Management Discussion and Analysis

The information provided below is a discussion and analysis of the financial performance of the Texas Tuition Promise Fund® (the "Plan") for the period from September 1, 2024 through August 31, 2025 and from September 1, 2023 through August 31, 2024. The Plan is administered by the Texas Prepaid Higher Education Tuition Board (the "Board"). Orion Advisor Solutions, Inc. ("Orion" or the "Plan Manager"), serves as Plan Manager, and is responsible for the day-to-day operation and marketing of the Plan.

➢ Analysis of Financial Activities

The Plan is a prepaid tuition plan that allows a person (including 501(c)(3) organizations and governmental entities) to purchase one or more tuition units that may be applied to the payment of a beneficiary's undergraduate tuition and schoolwide required fees at an eligible educational institution ("Tuition Unit" or a "Contract"). The Plan covers all or a portion of undergraduate tuition and schoolwide required fees at any Texas public college or university, excluding medical and dental institutions. Tuition Units may also be converted to the lesser of (1) the tuition and schoolwide required fees that would be covered by the Tuition Units or (2) the total purchase price paid for the Tuition Units plus or minus earnings or losses on the assets of the Plan ("Transfer Value"), to help offset the costs of tuition and schoolwide required fees of attending eligible career schools, Texas private colleges and universities, out-of-state colleges or universities, or registered apprenticeship programs. The Plan offers three Tuition Unit types and each type of Tuition Unit is based on different costs of undergraduate tuition and schoolwide required fees as described in the Plan Description.

The Plan started enrollment on September 10, 2008. A beneficiary may not use Tuition Units earlier than the third anniversary of the date the Tuition Unit was purchased. At any time, a purchaser may cancel or terminate a contract and apply for a refund. The amount of the refund is based on the refund definitions described in the Plan Description.

➢ Financial Highlights

The Texas Tuition Promise Fund opened for enrollment in 2008. The Fund is not guaranteed by the State of Texas. Through August 31, 2025, the Texas Tuition Promise Fund had 40,737 active contracts at a value of $1.205 billion plus or minus earnings and expenses. Receipts from purchasers in fiscal year 2025 totaled $37 million. The Plan's funded ratio, that is the ratio of the sum of the market value of the assets and the present value of the expected future contract payments to the sum of the present value of expected future tuition and schoolwide required fees, refunds and other expenses, is 172.6%.

TEXAS TUITION PROMISE FUND®

(An Enterprise Fund of the Texas Prepaid Higher Education Tuition Board)

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED AUGUST 31, 2025 and 2024

(Unaudited)

- **Condensed statements of net position as of August 31, 2025 and 2024 are as follows:**

Assets	**2025**	**2024**
Current Assets	$ 136,622,727.22	$ 6,838,789.00
Long-Term Assets	1,235,743,658.65	1,295,864,092.22
Total Assets	1,372,366,385.87	1,302,702,881.22
Liabilities		
Current Liabilities	126,178,787.89	123,037,506.72
Long-Term Liabilities	669,202,938.00	697,877,519.00
Total Liabilities	795,381,725.89	820,915,025.72
Net position, restricted	$ 576,984,659.98	$ 481,787,855.50

The majority of the assets at August 31, 2025 consist of investments at fair value. The majority of the liabilities consist of contracts and benefits payable.

- **Condensed statements of changes in net position for the years ended August 31, 2025 and 2024 are as follows:**

Revenues and gains:	**2025**	**2024**
Contract receipts	$ 36,960,134.20	$ 40,035,768.56
Contract refunds	(31,366,570.29)	(26,237,126.43)
Other revenues and gains(losses)	119,080,588.66	167,917,791.88
Total Revenue and gains(losses)	124,674,152.57	181,716,434.01
Expenses and losses:		
Changes in future contracts collections	(30,864,476.00)	(57,844,631.00)
Expenses and losses	60,341,824.09	55,159,789.95
Total Expenses and losses	29,477,348.09	(2,684,841.05)
Change in Net Position	95,196,804.48	184,401,275.06
Net position, restricted		
Beginning of year	481,787,855.50	297,386,580.44
End of year	$ 576,984,659.98	$ 481,787,855.50

Contract receipts for the year ended August 31, 2025 were $37 million. Investment gain of $119 million was earned from investments.

- **Portfolio Performance**

The following table provides the annual return, as of August 31, 2025, for each underlying investment and its benchmark.

Investment	Investment Return	Benchmark	Benchmark Return
Vanguard Total Stock Market Index Fund	15.75%	CRSP U.S. Total Market TR Index	15.76%
Vanguard Total International Stock Index Fund	15.96%	FTSE Global ex US All Cap Index (Net)	15.93%
Dodge & Cox Global Stock Fund	11.69%	MSCI AC World IMI	16.03%
T. Rowe Price Global Growth Stock Fund	11.19%	MSCI AC World IMI	16.03%
Baird Core Plus Bond Fund	3.74%	Bloomberg U.S. Aggregate Index	3.14%
Carillon Reams Unconstrained Bond Fund	6.74%	Bloomberg U.S. Aggregate Index	3.14%
Eaton Vance Floating–Rate Fund	5.56%	Credit Suisse Leveraged Loans	7.36%
Vanguard Total Bond Market Index Fund	3.18%	Bloomberg U.S. Aggregate Index	3.14%
Parametric Defensive Equity Fund, LLC	11.83%	50% S&P 500 Index; 50% 90 Day U.S T-Bill	10.24%
GMO Global Asset Allocation Fund	11.27%	65% MSCI ACWI Index Net 35% Barclays Aggregate Bond Index Total Return	11.31%
PIMCO Commodity Real Return Strategy Fund	14.80%	Bloomberg Commodity Index Total Return	11.77%

- **Outlook**

As of August 31, 2025, the Plan has a surplus of assets over liabilities of $576,984,659.98. The surplus represents the difference between the sum of the market value of the assets, the present value of the expected contract payments and the sum of the present value of the expected future tuition and schoolwide required fees, refunds and expenses. There are no known facts or conditions expected to have a significant effect for the Plan to meet the Plan objectives next year and beyond.

TEXAS TUITION PROMISE FUND®

(An Enterprise Fund of the Texas Prepaid Higher Education Tuition Board)

STATEMENT OF NET POSITION

AS OF AUGUST 31, 2025

Assets		
Current Assets:		
Cash and cash equivalents	$	128,967,209.22
Contracts Receivable		7,655,518.00
Total Current Assets		136,622,727.22
Long-Term Assets:		
Investments at Fair Value (cost $955,069,474.27)		1,204,572,670.65
Contracts Receivable		31,170,988.00
Total Long-Term Assets		1,235,743,658.65
Total Assets		1,372,366,385.87
Liabilities		
Current Liabilities:		
Contracts and Benefits Payable		125,518,385.00
Accrued asset management and administrative fees		660,402.89
Total current liabilities		126,178,787.89
Long-Term Liabilities:		
Contracts and Benefits Payable		669,202,938.00
Total Long-Term Liabilities		669,202,938.00
Total Liabilities		795,381,725.89
Net Position, Restricted	$	576,984,659.98

See accompanying notes to financial statements

TEXAS TUITION PROMISE FUND®

(An Enterprise Fund of the Texas Prepaid Higher Education Tuition Board)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED AUGUST 31, 2025

Operating Revenues:		
Contract receipts	$	36,960,134.20
Contract refunds		(31,366,570.29)
Fee income		315,506.55
Net operating revenues		5,909,070.46
Operating Expenses:		
Change in future contracts collections		(30,864,476.00)
Benefit payments		52,855,342.43
State administrative fees		732,719.51
Asset management fees		6,753,762.15
Net operating expenses		29,477,348.09
Net Operating Loss		(23,568,277.63)
Non-operating Income (Loss):		
Interest and dividend income		38,196,678.38
Net realized and unrealized gain on investments		80,568,403.73
Total non-operating gain		118,765,082.11
Change in net position		95,196,804.48
Net position, beginning of year		481,787,855.50
Net position, end of year	$	576,984,659.98

See accompanying notes to financial statements

TEXAS TUITION PROMISE FUND®

(An Enterprise Fund of the Texas Prepaid Higher Education Tuition Board)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2025

Cash flows from operating activities:		
Proceeds from contract receipts	$	36,960,134.20
Payments for contract refunds		(31,366,570.29)
Payments made for goods and services		(7,445,921.49)
Proceeds from fee income		315,506.55
Payments made for benefit payments		(52,855,342.43)
Net cash used in operating activities		(54,392,193.46)
Cash flows from investing activities:		
Proceeds received from interest and dividend income		38,196,678.38
Payments to acquire investments		(58,835,894.99)
Proceeds from sales of investments		203,998,619.29
Net cash provided by investing activities		183,359,402.68
Net change in cash and cash equivalents		128,967,209.22
Cash and cash equivalents, beginning of year		0.00
Cash and cash equivalents, end of year	$	128,967,209.22

Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities

Net Operating Loss	$	(23,568,277.63)
Adjustments to reconcile Net Operating Income to net cash used in operating activities:		
Changes in operating assets and liabilities:		
Increase in contracts receivable		(5,290,616.00)
Decrease in benefits and expenses payable		(25,533,299.83)
Total Adjustments		(30,823,915.83)
Net cash used in operating activities	$	(54,392,193.46)
Non-cash investing activities:		
Net unrealized gain on investments:	$	15,400,906.93

See accompanying notes to financial statements

TEXAS TUITION PROMISE FUND®

(An Enterprise Fund of the Texas Prepaid Higher Education Tuition Board)

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2025

1. Nature of the Plan

The Texas Tuition Promise Fund® (the "Plan") is an enterprise fund administered by the Texas Prepaid Higher Education Tuition Board (the "Board"). The Board is the trustee of the assets which are held in trust by the Texas Comptroller of Public Accounts (the "Comptroller"). The Board is comprised of seven members with the Comptroller of Public Accounts serving as the presiding officer of the Board. Two Board members are appointed by the Governor and four members are appointed by the Lieutenant Governor, with two of the Lieutenant Governor's appointees recommended by the Speaker of the Texas House of Representatives. The Plan is a prepaid tuition plan that allows a person (including 501(c)(3) organizations and governmental entities) to purchase one or more Tuition Units that may be applied to the payment of a Beneficiary's undergraduate tuition and schoolwide required fees at an eligible educational institution, excluding medical and dental institutions. The Plan covers all or a portion of undergraduate tuition and schoolwide required fees at Texas public colleges and universities, excluding medical and dental institutions, depending on the school selected and the type of units. Tuition Units may also be converted to Transfer Value, as defined in the Plan Description, to help offset the costs of tuition and schoolwide required fees of attending eligible career schools, Texas private colleges and universities, out-of-state colleges or universities, medical or dental institutions, and registered apprenticeship programs. The Plan is intended to meet the requirements of a qualified tuition program under Section 529 of the Internal Revenue Code of 1986 as amended ("Section 529"). Orion Advisor Solutions, Inc. ("Orion" or the "Plan Manager"), serves as Plan Manager, and is responsible for the day-to-day operation and marketing of the Plan.

2. Summary of Significant Accounting Policies

a) Basis of Presentation

The accompanying financial statements have been prepared using the "economic resources" measurement focus and the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America as defined by the Governmental Accounting Standards Board ("GASB"). Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The financial statements include the statement of net position, the statement of revenues, expenses and changes in net position, and statement of cash flows for the Plan. The statement of net position is a measure of the Plan's assets and liabilities at the close of the fiscal year. The statement of revenues, expenses and changes in net position includes purchases to and withdrawals from the Plan, as well as additions and deductions due to operations during the fiscal year.

b) Cash and Cash Equivalents

Cash and cash equivalents include cash and short-term highly liquid investments, such as investments in money market funds, that are readily convertible to known amounts of cash and have original maturities of three months or less. At August 31, 2025, $128,940,347.37 was invested in a money market fund. Interest income includes interest-equivalent dividends received from investments in money market mutual funds. Money market mutual funds are valued at their respective net asset values as reported by such funds.

c) Investment Valuation

The Plan values investments, other than alternative investment funds and mutual funds, at fair value based on quoted market prices. Investments in alternative investment funds and mutual funds are valued at the net asset value per share (or its equivalent). The difference between the cost basis and the fair value of investments is reflected as unrealized gain/(loss) on investments, and any change in that amount from the previous fiscal year end is reflected in the accompanying statement of revenues, expenses and changes in net position as net realized and unrealized gain on investments. See note 4.

d) Investment Earnings

Investment transactions are recorded on trade date. Realized gains and losses on investments sold are recognized as the difference between proceeds received and the original cost basis as determined using the specific identification method. Dividend income is recorded on the ex-dividend date. Noncash dividends included in dividend income, if any, are recorded at fair market value of the noncash dividend as of the date received. Income and capital gain distributions from the underlying investments are recorded on the ex-dividend date. Dividend income and capital gain distributions are included in investment income in the accompanying statement of revenues, expenses and changes in net position.

e) Income Taxes

The Plan was established under Section 529 of the Internal Revenue Code, which provides that the Plan shall be exempt from federal income taxes. Therefore, no income tax provision is required.

f) Fee Income

To maintain the actuarial soundness of the Plan, the Board imposes a one-time administrative fee of $25.00 with the application when enrolling in the Plan and opening a new contract.

g) Contracts Receivable

Contracts receivable are recorded at the actuarially determined present value of future obligations for contracts purchased, but not fully paid. The payments still due from contract owners are adjusted for interest and estimated collections.

h) Contracts and Benefits Payable/Expense

Contracts and benefits payable represent the actuarially determined net present value of education expenses that will be paid in future years for higher education. The contracts and benefits payable is adjusted and reflected as contracts and benefits expense for the effects of future increases and contract cancellations.

i) Contract Purchase/Benefits

Contract purchases and refunds/benefits are recorded on the valuation date following receipt of notice of the purchase or refund. Installment contracts include a 6.0% interest component.

j) Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates. The most sensitive estimates affecting the Plan's financial statements were contracts receivable and contracts and benefits payable which were recorded based on information provided by an actuary.

3. Related-Party Transactions

The Plan portfolio bears ongoing fees, which are charged against the participants' accounts, to provide for the cost associated with distribution, servicing, and administration of the Plan. There are also asset-based fees and expenses charged by the underlying investment funds in which the Plan invests.

a) Management Fees

The Plan pays an annualized management fee on the combined average daily net assets of the Plan plus two other Plans administered by the State, the Texas College Savings Plan® and the LoneStar 529 Plan® which is paid on a monthly basis to the Plan Manager for program manager services at the following levels:

Average Daily Total Assets Under Management	Program Management Fee %
Up to $1.5B	0.53%
In excess of $1.5B, but less than $2.5B	0.51%
In excess of $2.5B, but less than $3.75B	0.49%
In excess of $3.75B	0.47%

The asset management fee was $6,753,762.15 for the year ended August 31, 2025, of which $595,767.70 was payable at August 31, 2025.

b) State Administrative Fees

An administrative fee at the annual rate of 0.0575% of the average daily net assets of the Plan is paid to the Board on a monthly basis to offset the Board's costs of administering the Plan.

The administrative fee was $732,719.51 for the year ended August 31, 2025, of which $64,635.19 was payable at August 31, 2025.

4. Investments

The Plan invested primarily in investments of registered mutual funds which as of August 31, 2025 include: Vanguard Total Stock Market Index Fund, Dodge & Cox Global Stock Fund, T. Rowe Price Global Growth Stock Fund, Vanguard Total International Stock Index Fund, Eaton Vance Floating-Rate Fund, Baird Core Plus Bond Fund, Carillon Reams Unconstrained Bond Fund, Vanguard Total Bond Market Index Fund, GMO Global Asset Allocation Fund, PIMCO Commodity Real Return Strategy Fund, and Parametric Defensive Equity Fund, LLC, a privately issued pooled investment company.

The fair values of the investments held, and the corresponding shares owned as of August 31, 2025 are shown below:

	Shares		Fair Value
Domestic Equity Fund:			
Vanguard Total Stock Market Index Fund	650,583.582	$	188,994,530.57
Global Equity Funds:			
Dodge & Cox Global Stock Fund	7,566,208.266		122,421,249.74
T. Rowe Price Global Growth Stock Fund	2,309,883.498		108,980,303.44
Vanguard Total International Stock Index Fund	368,642.954		56,465,041.26
			287,866,594.44
Fixed Income Funds:			
Eaton Vance Floating-Rate Fund	15,782,540.837		129,416,834.86
Baird Core Plus Bond Fund	8,750,300.477		89,603,076.88
Carillon Reams Unconstrained Bond Fund	6,112,600.037		78,546,910.48
Vanguard Total Bond Market Index Fund	11,963,831.059		116,049,161.27
			413,615,983.49
Asset Allocation Fund:			
GMO Global Asset Allocation Fund	2,683,220.473		98,152,204.90
Commodity Fund:			
PIMCO Commodity Real Return Strategy Fund	3,652,088.710		51,677,055.25
Alternative Investment Fund:			
Parametric Defensive Equity Fund, LLC			164,266,302.00
Investments at fair value (cost $955,069,474.27)		$	1,204,572,670.65

The Plan utilizes various methods to measure the fair value of its investments on a recurring basis. GASB Statement No. 72, Fair Value Measurement and Application, establishes a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are:

Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities that the Plan has the ability to access.

Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument in an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Plan's own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following table summarizes the Plan's assets measured at fair value as of August 31, 2025:

	Total	Level 1	Level 2	Level 3
Domestic Equity Mutual Fund	$188,994,530.57	$188,994,530.57	-	-
Global Equity Mutual Funds	287,866,594.44	287,866,594.44	-	-
Fixed Income Mutual Funds	413,615,983.49	413,615,983.49	-	-
Asset Allocation Mutual Fund	98,152,204.90	98,152,204.90	-	-
Commodity Fund	51,677,055.25	51,677,055.25	-	-
Total Mutual Funds	**1,040,306,368.65**	**1,040,306,368.65**		
Alternative Investment Fund (a)	164,266,302.00	-	-	-
Total Funds	**$1,204,572,670.65**	**$1,040,306,368.65**	-	-
Money Market Fund (b)	$128,940,347.37	$128,940,347.37	-	-

(a) In accordance with GASB Statement No. 72, certain investments that are measured using the net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in the table above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of net position.

(b) Included in cash and cash equivalents on the statement of net position.

There were no transfers between levels during the year ended August 31, 2025. It is the Plan's policy to record transfers into and out of any Level at the end of the reporting year. The Plan did not hold any Level 2 or Level 3 securities during the year ended August 31, 2025.

Certain investments are subject to investment risk based on the amount of risk in the underlying investments. GASB Statement No. 40, *Deposit and Investment Risk Disclosures,* requires that entities disclose essential risk information about deposits and investments. The Plan Description provides greater detail about the investment policies and practices of the Plan.

The Parametric Defensive Equity Fund, LLC's (the "Fund") investment strategy is designed to capitalize on the observed historical tendency for equity index option premiums to trade rich compared to their theoretical fair value. The managing member of the Fund seeks to achieve the Fund's investment objective by employing an option based strategy that utilizes a fully covered option strangle (selling out of the money put and call options). The Plan may generally withdraw all or any portion of its investment in the Fund as of the last Business Day of any calendar month, upon prior written notice to the Fund's managing member. Written withdrawal notices must be received by the Fund's managing member no less than five (5) Business Days prior to the effective date of the withdrawal unless the managing member, in its sole discretion, determines otherwise. The Fund's managing member may suspend withdrawals under certain conditions. The Plan has no unfunded commitments related to its investment in the Fund.

a) ***Custodial Credit Risk***

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Plan will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. None of the Plan's deposits as of August 31, 2025 were exposed to custodial credit risk. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Plan will not be able to recover the value of investment or collateral securities that are in the possession of the outside party. Constellation Trust Company, the Custodian, is an affiliate of the Plan Manager. Other than cash, all investments are held direct to the Plan. The Plan does not have a formal policy for limiting its exposure to custodial credit risk. Because the Plan's investments are generally in mutual funds, this risk is significantly mitigated.

b) Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligations. In order to monitor credit risk, on a quarterly basis, the Board utilizes an investment consultant to review and report to the Board detailed performance reporting and risk assessments on each of the underlying holdings of the Plan. The Plan invests directly in mutual funds, which are registered under the Investment Company Act of 1940 ("40 Act"). Each mutual fund's prospectus provides greater detail about the investment strategies and practices of the mutual funds, in compliance with federal regulations and specifically, Form N-1A of the 40 Act. Form N-1A discloses information and policies about the mutual fund and its investment objectives, as well as information on the company structure and operations.

The Plan's investment pools had the following credit risk structure as of August 31, 2025 based on the Nationally Recognized Statistical Rating Organization (NRSRO):

	Eaton Vance Floating-Rate Fund	**Baird Core Plus Bond Fund**	**Carillon Reams Unconstrained Bond Fund**
A1/P1	0.00%	0.00%	0.00%
Below A1/P1	0.00%	0.00%	0.00%
AAA	0.00%	54.20%	20.50%
AA	0.00%	2.70%	49.20%
A	0.00%	13.90%	9.30%
BAA	0.00%	0.00%	0.00%
BBB	6.16%	26.50%	4.10%
BB	23.80%	2.40%	16.90%
B	57.28%	0.10%	0.00%
Below B	7.48%	0.00%	0.00%
Not Rated	5.28%	0.20%	0.00%
NRSRO Totals:	**100.00%**	**100.00%**	**100.00%**

	Vanguard Total Bond Market Index Fund
A1/P1	0.00%
Below A1/P1	0.00%
AAA	72.39%
AA	3.08%
A	11.82%
BAA	0.00%
BBB	12.68%
BB	0.00%
B	0.00%
Below B	0.00%
Not Rated	0.03%
NRSRO Totals:	**100.00%**

c) Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. As of August 31, 2025, all investments held by the Plan were in pooled investments, therefore the Plan did not have any investments subject to the concentration of credit risk.

d) Interest Rate Risk

Interest rate risk refers to the value fluctuations of fixed-income securities resulting from the inverse relationship between price and yield. The market value fluctuations of fixed-income securities that the Plan holds will not affect the interest payable on those securities. However, the fluctuations will affect the market value and in turn will affect the Plan's net position. In order to monitor interest rate risk, on a quarterly basis the Board utilizes an investment consultant to review and report to the Board detailed performance reporting and risk assessments on each of the underlying holdings of the Plan.

The Plan's investment pools had the following interest rate risk structure as of August 31, 2025:

Holding	Duration in Years[1]
Eaton Vance Floating-Rate Fund	0.31
Baird Core Plus Bond Fund	5.83
Carillon Reams Unconstrained Bond Fund	3.30
Vanguard Total Bond Market Index Fund	5.79

[1] The measure of the sensitivity of the price to a change in interest rates, expressed in years.

e) Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment in a foreign issuer. In order to monitor foreign currency risk, on a quarterly basis the Board utilizes an investment consultant to review and report to the Board detailed performance reporting and risk assessments on each of the underlying holdings of the Plan.

f) Board Approved Actuarial Assumptions

Tuition Increases:

- Public Senior College tuition increases were estimated at 5.5% for the 2025/2026 academic-year, and thereafter.
- Junior College tuition increases were estimated at 5.5% for the 2025/2026 academic year, and thereafter.

Investment Return:

- The long-term investment return of 6.65% is expected, with an allocation to net of expenses of (1.00)% for a net return of 5.65%.

g) General Geopolitical Unrest

General geopolitical unrest, including terrorist attacks, military conflicts, and related events, such as commodity shortages, supply-chain disruptions, and inflation, have led to increased short-term market volatility and may have long-term effects on U.S. and world economies and markets. The Plan does not know the extent to which and how long the securities markets may be affected by such events and cannot predict the effects of such events on the economies of the U.S., or of other countries, or on investment option or underlying investment values.

5. Guarantees and Indemnifications

In the normal course of business, the Plan contracts with third-party service providers that contain a variety of representations and warranties that provide general indemnifications; however, such general indemnifications are limited under the Texas Constitution. Additionally, under applicable state law, the officers, employees, and Board members are indemnified against certain liabilities arising out of the performance of their duties to the Plan. The Plan's maximum exposure under these arrangements is unknown, as it involves possible future claims that may or may not be made against the Plan. Management is of the view that the risk of loss to the Plan in connection with the Plan's indemnification obligations is remote, however, there can be no assurance that such obligations will not result in material liabilities that adversely affect the Plan.

6. Subsequent Events

Subsequent events after the date of the statement of net position have been evaluated through October 30, 2025, the date that the financial statements were available to be issued. Management has concluded that there are no subsequent events requiring adjustment or disclosure in the financial statements.