



State of Utah, School and Institutional Trust Funds

FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2021

Administered by the School & Institutional Trust Funds Office



FINANCIAL STATEMENTS - JUNE 30, 2021
STATE OF UTAH, SCHOOL AND INSTITUTIONAL TRUST FUNDS

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Independent Auditor's Report

The Board of Trustees
School and Institutional Trust Fund
Salt Lake City, Utah

Report on the Financial Statements

We have audited the accompanying financial statements of the School and Institutional Trust Funds Office, a component of the State of Utah, which comprise the governmental balance sheet and statement of net position as of June 30, 2021, and the governmental statement of revenues, expenditures and changes in governmental fund balances and statement of governmental activities for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund net balance and net position of the School and Institutional Trust Funds Office as of June 30, 2021, and its respective changes in fund balance and net position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Reporting Entity

As discussed in Note 1, the financial statements of the School and Institutional Trust Funds Office, a component of the State of Utah, are intended to present the fund net balance and net position, the changes in fund balance and net position of only that portion of the State of Utah that is attributable to the transactions of the School and Institutional Trust Funds Office. They do not purport to, and do not, present fairly the financial position of the State of Utah as of June 30, 2021 and the changes in their financial position and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 6-14 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 information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The trust lands permanent fund combining schedule by beneficiary governmental balance sheet and statement of net position, combining schedule by beneficiary governmental statement of revenues, expenditures and changes in governmental fund balances and statement of governmental activities, shown on pages 38 through 43 are presented for purposes of additional analysis and are not a required part of the financial statements.

The schedules included on pages 38 through 43 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The supplemental schedule of operating expenditures, schedule of weighted investment returns by beneficiary, schedule of weighted investment returns by investment thematic, and schedule of brokerage commissions on pages 44 through 47 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

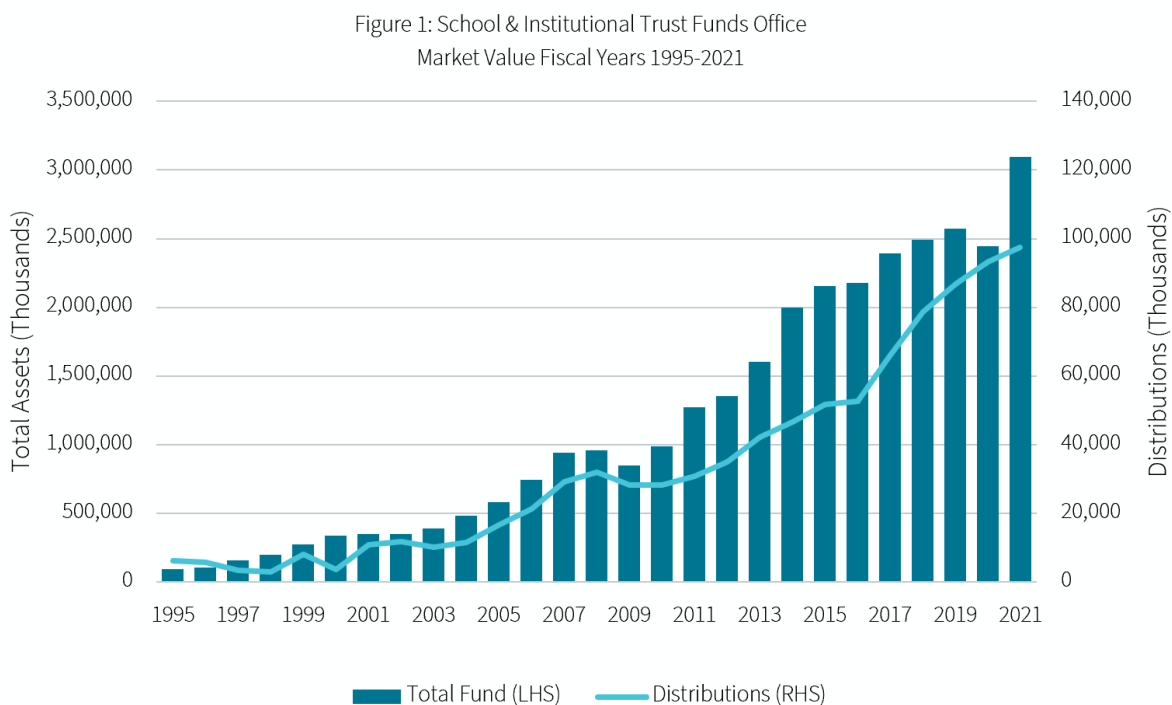
In accordance with *Government Auditing Standards*, we have also issued a report dated November 10, 2021 on our consideration of the School and Institutional Trust Funds Office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of School and Institutional Trust Funds Office's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School and Institutional Trust Funds Office's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

November 10, 2021
Salt Lake City, Utah

ANNUAL REPORT - FISCAL YEAR 2021

Welcome to the Annual Financial Report of the State of Utah, School & Institutional Trust Funds Office ("SITFO"). We intend for this report to be a helpful source of information and to provide insights on our goals and accomplishments each year. We cover a lot of ground in this report and recommend utilizing our website as an ongoing source of information regarding the agency, our investment policies and portfolio activities <https://sitfo.utah.gov>.



Governance

In 2014, the Utah State Legislature passed statutes that created SITFO. SITFO's purpose is to invest the profits from the School & Institutional Trust Lands Administration ("SITLA") for the sole benefit of their respective beneficiaries. While the 11 trusts represent different underlying beneficiaries, they are managed with the same asset allocation, as the return and risk objectives are similar. There are significant benefits for the trusts to invest in a uniform manner, such as greater diversification and operational efficiencies from pooling resources.

SITFO's Board of Trustees consists of the Treasurer of the State of Utah as Chair ex-officio and four additional members as appointed by the treasurer from a list provided by a nominating committee. The Trustees are selected on a non-partisan basis and are required to possess an expertise in institutional money management and serve for six-year terms.

MARLO OAKS, CFA CAIA - *Chair, Board of Trustees*

Marlo was appointed Utah State Treasurer after a 25-year career in investment banking and investment management. He oversaw institutional portfolios at Farmers Insurance Group (\$24 billion) and Intermountain Healthcare (\$7.5 billion). Marlo holds the CFA and CAIA credentials.

KENT A. MISENER, CFA - *Vice Chair, Board of Trustees*

Kent Misener, CFA serves on several Boards and Investment Committees representing multiple billions of dollars. He managed \$9 billion in benefits-related assets as the Chief Investment Officer of Desert Mutual Benefit Administrators (DMBA). Kent has an MBA in Business Administration and operates Verapath Global Investing LLC.

DAVID R. NIXON – *Board of Trustees*

David worked at Coopers & Lybrand and as Assistant Treasurer and Director of Global Investments at EDS, responsible for assets totaling \$15 billion. David has an accounting MBA. His extensive international experience includes work in both developed and emerging markets and living in Colombia, Belgium, and England.

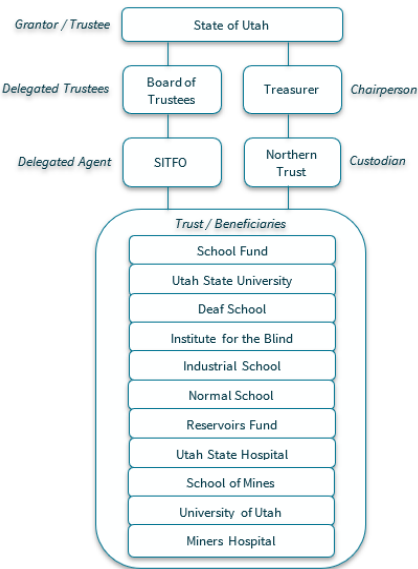
JOHN LUNT, CFA – *Board of Trustees*

John serves on the investment committee for the \$8 billion Utah Educational Savings Plan (UESP) and was board president of Utah Retirement Systems. He has an MBA in Finance and International Business and is the Founder and President of Lunt Capital Management, Inc.

JASON GULL – *Board of Trustees*

Jason worked as head of secondary investments at Adams Street Partners with \$30 billion of assets under management. He serves as a member of the BYU Cougar Capital Advisory Board and the BYU Marriott School National Advisory Board. Jason has an MBA from Yale.

Figure 2: Trust Governance



There are currently 7 full time staff members responsible for the day-to-day management of the trusts, and to which the Board of Trustees has delegated certain decision-making authority.

PETER MADSEN – *Director, Chief Investment Officer*

Peter was brought on by SITFO in 2015 and has been critical in establishing the direction of the organization. Working in the investment management industry since 1999, his most recent experience includes Managing Director of Cube Capital, an investment group in London. His career includes a range of experience in global investing for large institutional clients such as pension funds and endowments, as well as permanent school fund experience from another state. Peter holds a Bachelor of Arts degree from the University of Utah in International Political Economy and Russian. He also holds an MBA focused in International Finance from the Middlebury Institute of International Studies.

SCOTT DAY – *Investment Officer*

Scott joined SITFO in 2020 to support asset allocation decisions, provide capital market and portfolio research, and perform manager due diligence. With over 25 years investment experience, his most recent experience includes serving as Managing Director at Goldman Sachs and Verus Investments where he was the OCIO for a \$15 billion pension fund. Over the course of his career, he has led capital market investment strategy, developed and implemented asset allocation and capital market assumption studies, led public and private market manager due diligence, and internally managed \$25 billion in global fixed income assets for Microsoft and \$8 billion for the Employees Retirement System of Texas. Scott holds a Bachelor of Science in Accounting from George Mason University and received the Chartered Financial Analyst (CFA) designation in 2001.

RYAN KULIG – *Finance and Operations Officer*

Ryan joined SITFO in 2016 to manage office operations, portfolio administration, and investment analysis. Before joining SITFO, he worked for Sax Angle Partners, specializing in fundamental and technical analysis of equity investment opportunities. Prior to that, he performed financial analysis of federal grant activity at MRK Advisors. Ryan holds a Bachelor of Business Administration in Global Business with an Emphasis in Finance and a Minor in Economics from the University of Portland and an MBA from the University of Southern California.

JOHNNY LODDER – *Investment Analyst*

Johnny joined SITFO in 2019 to support in the evaluation, due diligence and ongoing monitoring of investments. He previously performed manager research across a variety of alternative investment strategies for Aksia, an international alternatives consultant. Prior to that, Johnny spent time with Sorenson Impact where he collaborated with venture funds and foundations to identify and fund socially impactful businesses. Johnny earned a Bachelor of Science in Finance from the University of Utah.

CARSON MONSON – *Investment Analyst*

Carson joined SITFO in 2020 to support in the evaluation, due diligence, and ongoing monitoring of investments. He previously worked for Greenspring Associates, a venture capital-focused fund of funds, where he performed both manager and direct investment research and due diligence across a variety of sectors and geographies. Prior to that, Carson spent time with IDEA Fund Partners, a seed stage venture capital firm, and Fisher Investments, a public equities investment advisory firm. Carson holds a Bachelor of Arts Degree in European Studies with an emphasis in European Economics from Brigham Young University and an MBA focused on Venture Capital from the University of North Carolina.

HAYDEN BERGESON – *Assistant Investment Analyst*

Hayden joined SITFO in 2021 to assist in establishing risk and reporting frameworks in support of the ongoing evaluation, due diligence, and monitoring of investments. He was previously an Intern for SITFO from 2020-2021 where he supported the team in a variety of functions. Hayden earned a Bachelor of Science in Financial Economics from Brigham Young University Idaho and a MSF from the University of Utah.

DELACY HEALEY – *Assistant Administrative Analyst*

DeLacy joined SITFO in 2021 to assist in managing office operations. Before joining SITFO, she worked as the Finance Manager for a local nonprofit, Allies with Families, where she managed a budget of \$3 million in local, state, and federal grant funding. She was responsible for the implementation of new budgeting protocols for a \$1.25 million critical program of state-wide peer support. Prior to that, she worked with World Wide Trekking and Human Outreach Project for five years as the Operations Manager for domestic and international humanitarian missions and travel for groups with MIT, Harvard, Stanford, Moran Eye Center, and more. DeLacy received her honors AA in Public Relations/Organizational Communication after which she was a research scholar at the University of Central Florida in her English and Math studies.

In addition to the investment professionals at SITFO, the Board retains institutional investment consultants to work with the Board and SITFO staff to develop and implement the agency's investment program. Additional third-party providers are utilized as part of the institutional framework necessary for managing the trusts.

INVESTMENT & RISK CONSULTANTS - *RVK and Albourne*

RVK and Albourne were hired in 2020 to assist with all aspects of SITFO's activities. RVK is a generalist consultant providing support and services in areas ranging from governance, asset allocation, and manager research. Albourne is a specialist consultant providing support in areas such as strategy research and manager selection in alternative asset classes. Each firm is a top-rated consultant with global resources and capabilities.

INDEPENDENT RESEARCH AND DATA - *Bloomberg, eVestment, BCA, Preqin, Top Down*

These partners and advisors facilitate the provision of raw data as well as its objective interpretation.

FUND MANAGERS - *Strategy Specific Investment Advisory Relationships*

The buying and selling of individual securities is carried out by best in class, specialized, investment managers. These investment managers are highly scrutinized before and after selection.

CUSTODIAN BANK - *Northern Trust*

Northern Trust is one of the largest global custodian banks. They were hired in 2016 to institutionalize custody of assets and to provide an independent accounting of the trusts.

RISK MANAGEMENT- *MPI, Bloomberg, and internal tools*

SITFO avails itself of software services such as MPI and Bloomberg to provide quantitative risk management analysis. In addition, SITFO utilizes its independent consultants' tools and staff to provide performance analysis and contribute to risk reporting.

Policy Developments

SITFO's Board of Trustees, the Governor's Office, and the State Legislature approved an increase in SITFO's operating expenses to support an increase in staffing. The organization is expected to increase full-time staff to a total of 11 professionals.

Additionally, SITFO's Board of Trustees adopted a new long-term asset allocation. The change in asset allocation reflects the growing importance of private markets in meeting investment objectives. Details are provided in the Asset Allocation section below.

Financial Highlights for FY 2021

FY 2021 was the strongest year of performance on record for SITFO and trust assets increased significantly over the fiscal year, primarily driven by improved performance during a strong market environment and economic recovery. Portfolio diversification continues to improve toward long-term policy targets.

Figure 3: Annualized Returns by Fiscal Year

Trusts	Fair Value		Annualized Returns (as of 6/30/21)			
	6/30/21	6/30/20	FY21	3Y	5Y	10Y
School Fund	\$2,939,974,728	\$2,330,074,981	27.1%	8.2%	7.9%	8.1%
Utah State University	\$8,818,655	\$5,192,134	27.1%	8.2%	7.9%	8.0%
Deaf School	\$3,500,911	\$2,743,275	27.1%	8.2%	7.9%	8.0%
Institute for the Blind	\$24,739,731	\$20,128,580	27.1%	8.2%	7.9%	8.2%
Industrial School	\$1,872,920	\$1,511,412	27.1%	8.2%	7.9%	8.1%
Normal School	\$7,977,288	\$6,140,708	27.1%	8.2%	7.9%	8.0%
Reservoirs Fund	\$9,607,192	\$7,440,425	27.1%	8.2%	7.9%	8.0%
Utah State Hospital	\$5,694,491	\$4,395,262	27.1%	8.2%	7.9%	8.1%
School of Mines	\$6,968,958	\$4,880,999	27.1%	8.2%	7.9%	8.1%
University of Utah	\$9,890,436	\$7,551,006	27.1%	8.2%	7.9%	8.0%
Miners Hospital	\$74,595,801	\$56,443,715	27.1%	8.2%	7.9%	8.2%
Investment Objective			FY21	3Yrs	5Yrs	10Yrs
Inflation (CPI) + 5%			10.7%	7.7%	7.6%	7.0%

The trusts returned 27.1% for FY 2021 as shown in Figure 3. Returns are trending in line with the primary objective of CIP+5%. Importantly, SITFO has diversified the trusts away from an overreliance on equity and especially U.S. equity. The introduction of diversification, including private markets, is contributing positively yet takes years to fully realize the benefits. SITFO expects to meet its investment objectives with reduced portfolio volatility from greater diversification.

Figure 4: Rolling 5-Year Performance vs. Investment Objective



Figure 4 displays the longer-term returns of the trusts and highlights the cyclical nature of investing. Long-term investing requires patience during periods of underperformance. Importantly, our objectives are best considered over an investment cycle and with the full context of the long-term investment program.

Contributions to the trusts (proceeds from SITLA) for the prior and current fiscal years are shown in Figure 5.

Figure 5: SITLA Contributions to the Trusts

Contributions to Trusts	FY21	FY20
School Fund	\$76,534,294	\$51,385,464
Utah State University	\$5,123,890	\$1,281,474
Deaf School Fund	\$111,327	\$277,395
Institute for the Blind	\$68,060	\$86,895
Industrial School	\$23,186	\$271,522
Normal School	\$368,456	\$667,457
Reservoirs Fund	\$396,371	\$244,775
Utah State Hospital	\$277,429	\$320,176
School of Mines	\$1,053,957	\$371,418
University of Utah	\$646,536	\$994,813
Miners Hospital	\$4,534,732	\$2,618,677

Distributions from the trusts to their respective beneficiaries (proceeds from SITFO) are shown in Figure 6.

Figure 6: SITFO Distributions to Beneficiaries

Distributions to Beneficiaries	FY21	FY20
School Fund	\$92,842,754	\$88,829,088
Utah State University	\$156,989	\$135,578
Deaf School Fund	\$100,680	\$93,218
Institute for the Blind	\$845,722	\$837,067
Industrial School	\$53,644	\$50,399
Normal School	\$227,405	\$206,341
Reservoirs Fund	\$298,166	\$286,005
Utah State Hospital	\$155,834	\$139,655
School of Mines	\$179,026	\$159,611
University of Utah	\$264,800	\$230,315
Miners Hospital	\$2,285,261	\$2,200,538

Figures 7 and 8 plot the distributions from the trusts against the contributions from SITLA. The contributions from SITLA vary over time and are no longer larger than the distributions. As the trusts increase in value, the distributions increase in size. The distribution policy is capped at 4%.

Figure 7: Distributions & Contributions as % of Portfolio (FY)

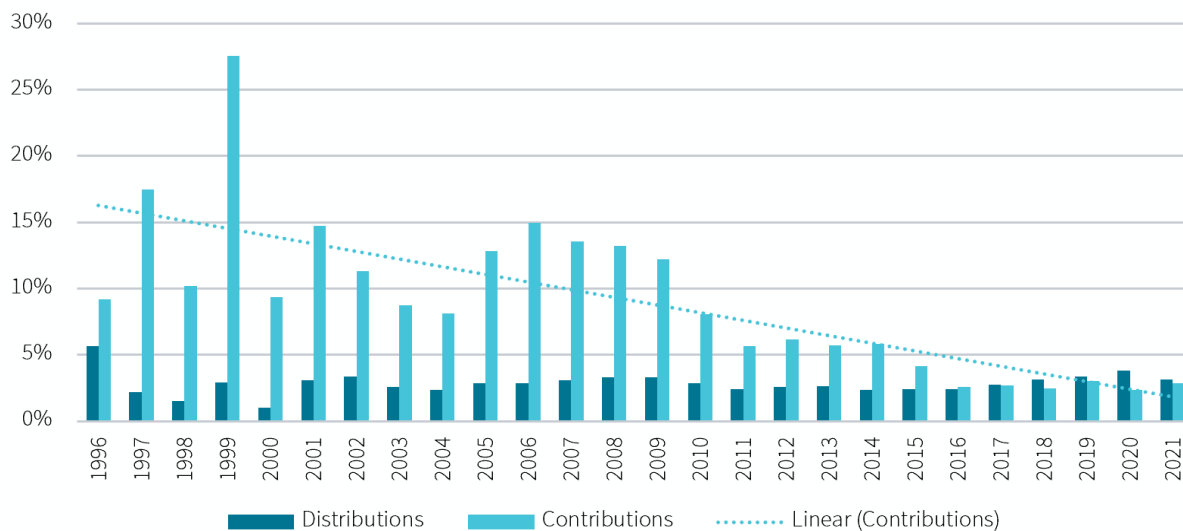
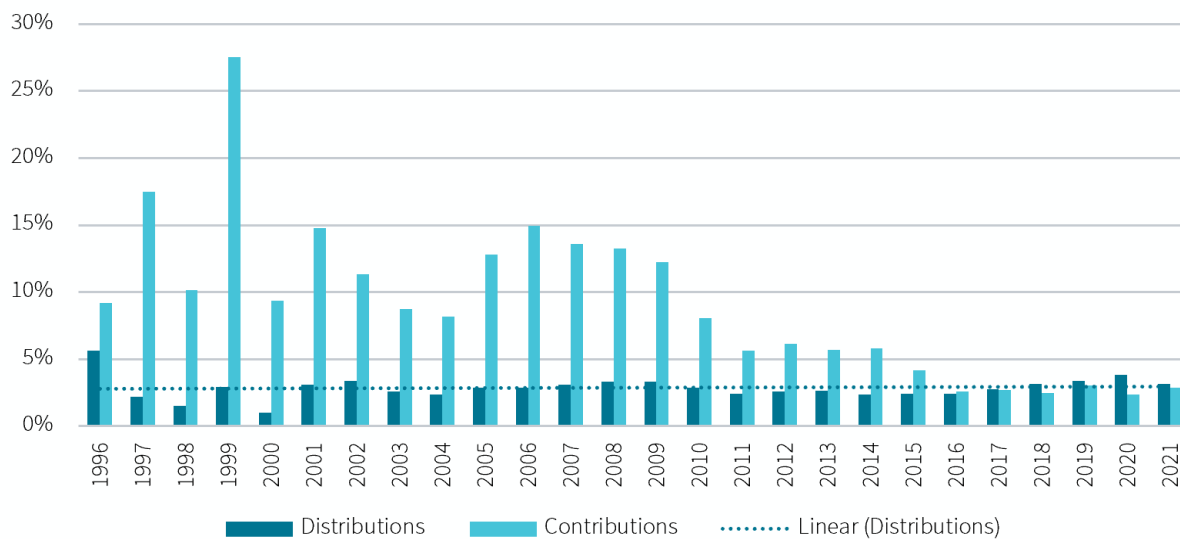


Figure 8: Distributions & Contributions as % of Portfolio (FY)



Asset Allocation

The asset allocation optimizes the expected return relative to the level of risk the Board of Trustees views as acceptable. Given the long-term horizon of the trusts, use of third-party consultants, and sophistication of the staff and Board of Trustees, the trusts are investing in alternative strategies and private markets. A detailed breakout of the asset allocation is shown in Figure 9. The difference between the target weights and the weights as of 6/30/2021 are a function of the private market pacing and vintage year diversification. Private market investing is a slower moving strategy that deploys capital over multiple years.

Figure 9: Asset Allocation

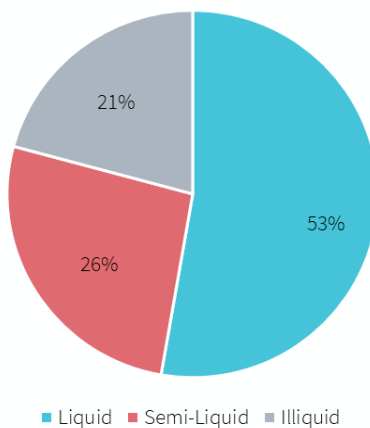
	Target (%)	6/30/2021 (%)
Growth	43.5	44.8
Global Equity	10	4
US Equity	10.5	15.7
US Large Cap	8	8.5
US Small Cap	2.5	7.2
International Equity	10	17.9
International Developed Eq	5.5	8.2
Emerging Markets Equity	4.5	9.7
Private Equity	13	7.2
Real Assets	17.5	16.6
Public Real Assets	2.5	10.5
Private Real Estate	7.5	3.8
Private Real Assets	7.5	2.3
Income	27	27.6
Credit	5	6.1
Securitized	5	7.9
Insurance Linked Securities	3.5	3.2
Non-US	3.5	4.1
Private Debt	10	6.4
Defensive	12	11
TIPS	2.5	2.2
Long US Treasury	2.5	2
Systematic Convexity	7	6.5
Cash	0	0.2

We have made significant progress in diversifying the portfolio since 2016. The GRID (growth, real assets, income, defensive) level allocations are close to target weights as we have been actively populating each asset class. However, there are still differences due to the continued building out within each asset class.

We are currently partnered with 64 investment managers. We expect the pace of diversification efforts and the number of partners to slow as we get closer to meeting our targets.

Private markets investing requires averaging-in over many years. As shown in Figure 10, currently 21% of the total portfolio is invested in private assets. We expect to reach target levels in private markets in 2025.

Figure 10: Liquidity Overview



Using the Financial Statements

The financial statements contained within the annual report are organized to provide the reader with a thorough understanding of the fund. The statements include: a balance sheet and statement of net position, a statement of revenues, expenditures, and changes in governmental fund balances and statement of governmental activities. The notes explain the history and purpose of the SITFO office, important accounting policies, investment details and other required information regarding the financial position of the funds. Lastly, the statements reflect SITFO expenditures, weighted investment returns by beneficiary, investment returns by thematic, and brokerage commissions.

Finally

We are grateful to all those who support the work of SITFO. There are too many to name individually, but they include the Board of Trustees, the State Treasurer's Office, the School Children's Trust Section, the Land Trusts Protection and Advocacy Office, and other professionals within state government and education. To those who have been instrumental in our work, we appreciate your patience and contributions. We look forward to continuing to work with you to build the trusts, for and on behalf of the beneficiaries.

Kind regards from the team at SITFO.



State of Utah, School and Institutional Trust Funds

FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2021

State of Utah, School and Institutional Trust Funds
GOVERNMENTAL BALANCE SHEET AND STATEMENT OF NET POSITION
As of June 30, 2021

TRUST LANDS PERMANENT FUND COMBINED

Assets

Cash with the State Treasurer	\$	1,065,874
Investments, at Fair Value		3,069,540,992
Invested Securities Lending Collateral		127,771,242
Receivable for Unsettled Trades		30,781,894
Other Receivables		5,092,593
Accrued Interest and Dividends Receivable		284,759
Prepaid Operating Expenses		131,825
Net Income Receivable from SITLA		13,610,215
Total Assets	\$	3,248,279,395

Liabilities

Securities Lending Liability		127,771,242
Payable for Unsettled Trades		6,870,633
Other Payables		5,166,607
Expense Payable		21,888
Operating Expense Payable		355,951
Total Liabilities		140,186,321

Fund Balances

Nonspendable - Permanent Funds		1,855,339,787
Restricted - Earnings Reserve		1,252,753,286
Total Fund Balances		3,108,093,074

Total Liabilities and Fund Balances

\$ 3,248,279,395

Statement of Net Position

Restricted for Permanent Trust - Nonexpendable	\$	1,855,339,787
Restricted for Permanent Trust - Expendable		1,252,753,286
Total Net Position	\$	3,108,093,074

Note:

Reported figures are rounded to the nearest dollar and totals may not sum due to the impact of rounding.

See Notes to Financial Statements

State of Utah, School and Institutional Trust Funds
GOVERNMENTAL STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN GOVERNMENTAL FUND BALANCES
AND STATEMENT OF GOVERNMENTAL ACTIVITIES
Fiscal Year Ended June 30, 2021

TRUST LANDS PERMANENT FUND COMBINED

Revenues

Receipts from Trust Lands Administration	\$	89,138,239
Gains from Investments		669,045,348
Total Revenues		758,183,587

Expenditures

Fund Operating Expenses		3,745,649
Total Expenditures		3,745,649

Revenues over Expenditures 754,437,938

Other Financing Uses

Distributions to Beneficiaries		97,410,280
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Net Change in Fund Balance 657,027,658

Fund Balances - Beginning of Year 2,451,065,416

Fund Balances - End of Year \$ 3,108,093,074

*There were no expenses which do not require the use of current financial resources.
The amount for the Change in Net Position (shown below) is the same amount shown
above in the Governmental Statement of Expenditures.*

Change in Net Position-Government Activities \$ 657,027,658

*Note:
Reported figures are rounded to the nearest dollar and totals may not sum due to the impact of rounding.
See Notes to Financial Statements*

NOTE 1 - GENERAL DESCRIPTION OF THE TRUST FUNDS

The School and Institutional Trust Funds Office (SITFO) is charged with the administration and investment of the State of Utah, School and Institutional Trust Funds (the Trust Funds). The Trust Funds stem from the State of Utah's Enabling Act in 1894, which provided for the support of public schools and other institutions from lands granted by the federal government at statehood. Expenditures were limited to Interest for the School Trust Fund. In 1994, the School and Institutional Trust Lands Administration (SITLA) was formed within statute to administer the lands and investments that were taken into the Office of the State Treasurer. In 2002, the Utah Constitution was amended within Article X, Section 5 to provide for expenditures of Interest and Dividends.

In 2014, through HB 168 (2014 GS) the Utah State Legislature enacted the School and Institutional Trust Fund Management Act which created SITFO as an independent agency within the state government. SITFO has a five-person Board of Trustees with the State Treasurer as Chairperson. The trustees are experienced investment professionals nominated via a robust and independent process outlined in statute. SITFO's purpose is to invest the funds received from SITLA for the sole benefit of their respective beneficiaries. While the Trust Funds are owned by different underlying beneficiaries, they are managed with a similar asset allocation, as the return and risk objectives are expected to be similar.

In 2016, SITFO retained a custodial and fund accounting agent (Northern Trust) to facilitate the implementation of a new pooled investment structure to provide for unified investment of the Trust Fund assets, although each beneficiary retains an independent ownership interest in the Trust Fund and such holdings remain independent trust entities. The pooled structure was implemented on November 1, 2016. In 2016, the Utah Constitution was again amended (Amendment B) within Article X, Section 5 to permit expenditure of earnings.

Earnings received from SITLA derived from the sale and/or lease of lands (and all net revenue for the School Fund) are deposited into trust funds held for the benefit of the eleven (11) beneficiaries as follows:

- School Fund
- Utah State University
- Deaf School
- Institute for the Blind
- Industrial School
- Normal School
- Reservoirs Fund
- Utah State Hospital
- School of Mines
- University of Utah
- Miners Hospital

The Trust Funds are considered part of the State of Utah's financial reporting entity and are included in the State's Annual Comprehensive Financial Report (ACFR). The Trust Funds are invested according to an investment policy established by SITFO. This investment policy is subject to all applicable state and national laws. Specific laws of the State of Utah for reference include: Utah Code Title 53D, Chapter 1; Utah Code 63G-6a-107.6 Part 1; Utah Code 63E-1-102; Utah Code 53C-3-102; and State of Utah Constitution Article VI, Section 29 and Article X, Sections 5 and 7.

SITFO has no jurisdiction over assets held by SITLA or other agencies; therefore, Trust Funds give accounting recognition only when a transaction related to land assets has been completed by SITLA for deposit into the Trust Funds.

SITFO employs external investment managers for the management of the Trust Funds.

NOTE 2 - CONTINGENCIES

The Utah School Bond Guaranty Act (Utah Code Sections 53G-4-801 to 808), which took effect on January 1, 1997, pledges the full faith, credit and unlimited taxing power of the State to guarantee full and timely payment of the principal and interest on general obligation bonds issued by qualifying local school boards. The primary purpose of the Guaranty Act is to reduce borrowing costs for local school boards by providing credit enhancement for Guaranteed Bonds. The local school boards do not meet the criteria for inclusion as part of the State's reporting entity.

In the event a school board is unable to make the scheduled debt service payments on its Guaranteed Bonds, the State is required to make such payments in a timely manner. For this purpose, the State may use any available monies, may use short-term borrowing from the State Permanent School Fund (part of the permanent Trust Lands Fund), or may issue short-term general obligation notes. The local school board remains liable to the State for any such payments on Guaranteed Bonds. Reimbursements to the State may be obtained by intercepting payment of state funds intended for the local school board. The State may also compel the local school board to levy a tax sufficient to reimburse the State for any guaranty payments.

The State Superintendent of Public Instruction is charged with monitoring the financial condition of local school boards and reporting, at least annually, its conclusions to the Governor, the Legislature and the State Treasurer. The State Superintendent must report immediately any circumstances which suggest a local school board may not be able to pay its debt service obligations when due. The State has not advanced any monies for the payment of debt service on Guaranteed Bonds and does not expect that it will be required to advance monies for any significant period of time.

Local school boards have \$3.592 billion principal amount of Guaranteed Bonds outstanding at June 30, 2021 with the last maturity date being 2040. The State cannot predict the amount of bonds that may be guaranteed in future years, but no limitation is currently imposed by the Guaranty Act.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The financial statements include all funds for which SITFO is financially accountable, i.e., the Trust Fund investments of the Beneficiary Trust Funds of the State of Utah, and are prepared in accordance with the Governmental Accounting Standards Board ("GASB") pronouncements.

The Trust Funds are part of the State of Utah reporting entity based on certain GASB criteria. These Statements present only the Trust Funds and are not intended to present the financial position and results of operations of the State of Utah in conformity with generally accepted accounting principles in the United States of America.

Basis of Presentation

The Trust Funds are accounted for and reported as a Permanent Fund as defined by GASB and use the modified accrual basis of accounting which approximates full accrual. Under this method, revenues are recognized when they are earned, and expenses are recognized when they are incurred. The statement of net position and the statement of activities display information about the Trust Funds and include the financial activity of the overall reporting entity on a full accrual basis. These statements report all activities of the Trust Funds as a governmental type activity. Given the type of assets and liabilities held by the Trust Funds, there are no adjustments required to convert from modified accrual basis to full accrual basis as required by GASB.

Expendable and Nonexpendable Net Position

The net position of the Restricted Funds is the expendable assets of the endowment funds. These expendable assets are used for distributions to the beneficiaries and distributions for expenses of SITFO. The net position for the Permanent Funds is the nonexpendable assets as per the Enabling Act.

Cash with the State Treasurer

The Utah State Treasurer's Office operates the Public Treasurers' Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Act (Utah Code, Title 51, Chapter 7). The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains and losses of the PTIF, net of administration fees, are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

Receivable for Unsettled Trades

Receivables from brokers, dealers and clearing organizations include amounts receivable for securities not delivered by the company to the purchaser by the settlement date and margin deposits.

Prepaid Operating Expenses

Operating expenses that were pre paid during the fiscal year toward expenses incurred the following fiscal year.

Other Receivables

Other Receivables represent receivables associated with pending purchase / exchange activity between investment funds with a final recognition date and cash settlement that was delayed until after the date of these statements.

Net Income Receivables from SITLA

Contributions to the trusts from SITLA that are earned during the fiscal year but deposited in the next fiscal year.

Payable for Unsettled Trades

Payables to brokers, dealers and clearing organizations include amounts payable for securities not received by the company from the seller by the settlement date.

Other Payables

Other payables represent payables associated with pending sales / exchange activity between investment funds with a final recognition date and cash settlement that was delayed until after the date of these statements.

Operating Expense Payable

Expenses that were incurred during the fiscal year for which no invoices had yet been received are considered operating expense payable.

Cash Equivalents

Treasury bills, money market funds, short-term investment funds, commercial paper, banker's acceptances, repurchase agreements and certificates of deposit.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Investments

According to policies established by the SITFO Board of Trustees and Utah Code Title 53D Chapter 1, Part 6, Section 601, SITFO is authorized to invest the Trust Funds. This Title states in part, "Board members, the director and office staff shall act in the best interests of the beneficiaries and comply with the duty of undivided loyalty to the beneficiaries... A person who manages and invests trust fund money or assets shall... manage and invest in good faith and with the care a prudent professional in a like position would exercise under similar circumstances" (Utah Code Title 53D Chapter 1, Part 6, Section 601).

In accordance with this Title, the Board of Trustees has developed an Investment Policy Statement guided by a Statement of Investment Beliefs which contains target allocation levels with an associated minimum and maximum range. The current asset allocation is structured by investment thematic, as follows:

Growth (target 43.5% / range from 32%-55%)

Investments expected to provide the strongest positive returns during periods of sustained economic growth, as well as presenting the highest expected risk (e.g., stocks, private equity).

Specific sub-component targets include:

- 1) Global Equity (target 10% / range from 6%-14%)
- 2) US Large/Mid Cap Equity (target 8% / range from 5%-11%)
- 3) US Small Cap Equity (target 2.5% / range from 1.5%-3.5%)
- 4) International Developed Large/Mid Cap Equity (target 5.5% / range from 3.5%- 7.5%)
- 5) Emerging Markets Equity (target 4.5% / range from 2.5%-6.5%)
- 6) Private Equity (target 13% / range from 4%-18%)

Real Assets (target 17.5% / range from 12.5%-22.5%)

Investments that have the advantage of being linked to inflation and typically backed by hard assets (e.g., real estate, infrastructure, commodities, etc.). Real Asset investments present characteristics of income as well as price appreciation and thus have a moderate risk profile (e.g., commercial real estate, natural resources).

Specific sub-component targets include:

- 1) Public Real Assets (Listed Infrastructure/Master Limited Partnerships/REITs) (target 2.5% / range 1.5%-3.5%)
- 2) Private Real Estate (target 7.5% / range 5%-10%)
- 3) Private Natural Resources (target 7.5% / range 2%-10%)

Income (target 27% / range from 22%-32%)

Investments expected to generate positive returns during economic growth scenarios through an income stream – an important component of total return for the overall portfolio in periods of less robust economic growth – and does not present as much risk as Growth although is still considered a risk-taking investment (e.g., corporate bonds, asset backed securities).

Specific sub-component targets include:

- 1) Credit Fixed Income (target 5% / range from 4%-7%)
- 2) Securitized Fixed Income (target 5% / range from 4%-7%)
- 3) Insurance Linked Securities (target 3.5% / range from 3%-5%)
- 4) Emerging Market Debt (target 3.5% / range 2%-5%)
- 5) Private Debt (target 10% / range 3%-14%)

Defensive (target 12% / range from 8%-22%)

Investments intended to do well in negative economic scenarios or periods of market stress which may include such investments as cash, government bonds and hedging strategies.

Specific sub-component targets include:

- 1) Long Duration Government Fixed Income (target 2.5% / range 1.5%-6%)
- 2) Short Duration Treasury Inflation Protected Securities (TIPS) (target 2.5% / range 1.5%-6%)
- 3) CTAs (Commodity Trading Advisors) (target 7% / range 5%-14%)
- 4) Cash Equivalents (target 0% / range 0%-3%)

Investment securities are stated at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between two market participants at the measurement date. Purchase and sale transactions are recorded on the trade date.

NOTE 4 - SCHEDULE OF FUND INVESTMENTS (COST AND FAIR VALUE)

The following depicts investments (cost and fair value) by SITFO allocation category at June 30, 2021:

	Cost		Fair Value with Accruals	
Growth	\$	1,058,751,230	\$	1,391,903,189
Real Assets		442,761,189		519,219,796
Income		763,312,828		852,467,534
Defensive		310,070,049		330,050,591
Total Fund Investments	\$	2,574,895,296	\$	3,093,641,110
Receivable for Unsettled Trades				(30,781,894)
Other Receivables				(5,092,593)
Accrued Interest and Dividends Receivable				(284,759)
Payable for Unsettled Trades				6,870,633
Other Payables				5,166,607
Expense Payable				21,888
Grand Total	\$	2,574,895,296	\$	3,069,540,992

Note:

Reported figures are rounded to the nearest dollar and totals may not sum due to the impact of rounding.

NOTE 5 - FAIR VALUE OF INVESTMENTS

The Trust Funds measure and record investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three tiered fair value hierarchy, as follows:

- Level 1: Quoted Prices in Active Markets for Identical Assets;
- Level 2: Significant Other Observable Inputs; and,
- Level 3: Significant Unobservable Inputs.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

At June 30, 2021, the Trust Funds had the following recurring fair value measurements:

Assets at Fair Value as of June 30, 2021

	Total	Level 1	Level 2	Level 3
Growth				
US Equity	\$ 478,241,260	\$ 478,324,893	\$ (137,674)	\$ 54,041
International Equity	387,838,323	376,333,152	11,021,888	483,283
Total Growth	866,079,583	854,658,045	10,884,214	537,324
Real Assets				
Public Real Assets	248,459,917	241,724,365	1,050,381	5,685,171
Total Real Assets	248,459,917	241,724,365	1,050,381	5,685,171
Income				
Credit	116,172,201	32,639,131	78,956,707	4,576,363
Securitized	18,252,453	17,100,083	1,152,370	-
Non-US	52,494,373	52,494,373	-	-
Total Income	186,919,027	102,233,587	80,109,077	4,576,363
Defensive				
TIPS	68,064,498	68,064,498	-	-
Long US Treasury	61,402,048	61,402,045	3	-
Cash and Cash Equivalents	5,698,216	5,698,216	-	-
Total Defensive	135,164,762	135,164,759	3	-
Total Investments by Fair Value Level	\$ 1,436,623,288	\$ 1,333,780,756	\$ 92,043,674	\$ 10,798,858

Note:

Reported figures are rounded to the nearest dollar and totals may not sum due to the impact of rounding.

Investments Measured at Net Asset Value as of June 30, 2021

Growth		6/30/2021
International Equity	\$	277,109,565
Private Equity		248,714,041
Real Assets		
Private Real Estate		123,146,402
Private Natural Resources		74,523,937
Public Real Assets		73,089,540
Income		
Credit		68,762,455
Securitized		218,704,149
Non-US		71,828,862
Insurance Linked Securities		98,082,736
Private Debt		208,170,305
Defensive		
Systematic Convexity		194,885,830
Total Investments Measured at Net Asset Value		1,657,017,822
Total Investments Measured at Fair Value		\$ 3,093,641,110

Note:

Reported figures are rounded to the nearest dollar and totals may not sum due to the impact of rounding.

Securities (cash, debt and equity securities, including registered investment companies / mutual funds with daily liquidity holding such securities) in the Investment Thematic categories classified in Level 1 are valued using prices quoted in active markets for those securities.

Securities (debt and equity securities, including derivative securities and the Trust Funds' proportionate share of securities held in commingled vehicles with regular liquidity which hold such securities) in the Investment Thematic categories classified in Level 2 are valued using the following approaches: Mid Evaluation, Bid Evaluation and Theory (a theoretical price calculated by applying a standardized formula to derive a price from a related security).

Securities (debt and equity securities, including derivative securities and the Trust Funds' proportionate share of securities held in commingled vehicles with regular liquidity holding such securities) in the Investment Thematic categories classified in Level 3 are valued using the following approaches: Bid Evaluation and other pricing indications which may be unobservable or with limited volume. Bid evaluations may include market quotations, yields, maturities, call features and ratings. Debt securities classified in Level 3 are valued and priced using proprietary information, single source pricing and/or may have nominal value. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. The Trust Funds have determined the fair value of these investments using the NAV per share of the investments (or its equivalent) as reported in current period audited statements of the manager, prior period audited statements of the manager adjusted for subsequent calls and distributions, current period unaudited statements or estimates provided by the underlying investments using recent observable transaction information for similar investments. The objectives and valuation approach for investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are more fully described below.

The following table presents the unfunded commitments, redemption frequency (if currently eligible) and the redemption notice period for the Entity's alternative investments measured at NAV:

	Net Asset Value	Unfunded Commitment	Redemption Frequency	Redemption Notice
Growth				
International Equity	277,109,565	-	30 - 90 Days	90 Days
Private Equity	248,714,041	106,327,888	Limited	n/a
Total Growth	\$ 525,823,606	\$ 106,327,888		
Real Assets				
Private Real Estate	123,146,402	116,364,955	Limited	n/a
Private Natural Resources	74,523,937	79,219,211	Limited	n/a
Public Real Assets	73,089,540	-	90 Days, Limited	90 days, n/a
Total Real Assets	\$ 270,759,879	\$ 195,584,166		
Income				
Credit	68,762,455	17,500,000	90 Days	60 Days
Securitized	218,704,149	-	91 Days (Calendar qtr)	91 Days (1/8 gate)
Non-US	71,828,862	-	180 Days	180 Days
Insurance Linked Securities	98,082,736	15,474,749	Semi-Annual, Limited	180 Days, n/a
Private Debt	208,170,305	113,009,056	Limited	n/a
Total Income	\$ 665,548,507	\$ 145,983,805		
Defensive				
Systematic Convexity	194,885,830	-	5 Days	4 Days (30% investor gate)
Total Defensive	\$ 194,885,830	\$ -		
Total	\$ 1,657,017,822	\$ 447,895,859		

Note:

Reported figures are rounded to the nearest dollar and totals may not sum due to the impact of rounding.

The description of underlying holdings and valuation methodologies for investments measured at net asset value, detailed above, are described further as follows:

Growth - International Equity: Consists of two (2) investments in a limited partnership with equity investments and one (1) investment in units of a pooled investment fund. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the Trust Funds' investments held or ownership interest in partners' capital.

Growth - Private Equity: Consists of twenty four (24) investments in private equity limited partnerships. Generally speaking, the types of strategies included in this portfolio include venture capital, growth equity, opportunistic real estate equity, buyouts, secondaries and special situations. These investment commitments were made in 2016 onwards and have an approximate life in excess of 10 years and are considered illiquid. Redemptions are restricted over the life of the partnership. During the life of the partnership, distributions are received as underlying partnership investments are realized. The Trust Funds have no plans to liquidate the total portfolio. As of June 30, 2021, it is probable that all the investments in this type would be sold at an amount different from the NAV per share (or its equivalent) of the Trust Funds ownership interest in partners' capital.

Real Assets - Private Real Estate: Consists of fourteen (14) investments in private real estate limited partnerships. Generally speaking, the types of strategies included in this portfolio include core, value added and opportunistic property interests. These investment commitments were made over a period ranging from 2008 onwards and have an approximate life in excess of 10 years and are therefore considered illiquid. Redemptions are restricted over the life of the partnership. During the life of the partnership, distributions are received as underlying partnership investments are realized. The Trust Funds have no plans to liquidate the total portfolio. As of June 30, 2021, it is probable that all the investments in this type would be sold at an amount different from the NAV per share (or its equivalent) of the Trust Funds' ownership interest in partners' capital.

Real Assets - Private Natural Resources: Consists of sixteen (16) investments in limited partnerships. Generally speaking, the types of strategies included in this portfolio include infrastructure/power generation, farmland and opportunistic natural resource investments, including co-investments. These investment commitments were made over a period ranging from 2016 onwards and have an approximate life in excess of 10 years and are therefore considered illiquid. Redemptions are restricted over the life of the partnership. During the life of the partnership, distributions are received as underlying partnership investments are realized or co-investment holdings are sold. The Trust Funds have no plans to liquidate the total portfolio. As of June 30, 2021, it is probable that all the investments in this type would be sold at an amount different from the NAV per share (or its equivalent) of the Trust Funds' ownership interest in partners' capital.

Real Assets - Public Real Assets: Consists of one (1) investment in a pooled investment fund with a focus on real estate property and property income. The fair value of the investment in this type has been determined using the NAV per share (or its equivalent) of the Trust Funds' investments ownership interest in partners' capital.

Income - Credit: Consists of two (2) investments in a limited partnership with underlying credit/securitized fixed income investments and associated investments. The fair value of the investment in this type has been determined using the NAV per share (or its equivalent) of the Trust Funds' ownership interest in partners' capital.

Income - Securitized: Consists of four (4) investments in limited partnerships with underlying lower-quality credit/securitized fixed income investments and associated strategies. The fair value of the investment in this type has been determined using the NAV per share (or its equivalent) of the Trust Funds' ownership interest in partners' capital.

Income - Non-US: Consists of two (2) investment in a limited partnership with underlying global derivatives and associated strategies. The fair value of the investment in this type have been determined using the NAV per share (or its equivalent) of the Trust Funds' ownership interest in partners' capital.

Income - Insurance Linked Securities: Consists of six (6) investments in limited partnerships with underlying insurance linked securities investments and associated strategies. The fair value of the investment in this type have been determined using the NAV per share (or its equivalent) of the Trust Funds' ownership interest in partners' capital.

Income - Private Debt: Consists of nineteen (19) investments in limited partnerships. Generally speaking, the types of strategies included in this portfolio include securitized credit, asset backed/collateralized loan obligation, mezzanine debt and equity, distressed debt/special situations, co-investments and related investments. These investment commitments were made over a period ranging from 2016 onwards and have an approximate life, including lock-ups of three to nearly ten years and are therefore considered illiquid. The Trust Funds have no plans to liquidate the total portfolio. As of June 30, 2021, it is probable that all the investments in this type would be sold at an amount different from the NAV per share (or its equivalent) of the Trust Funds' ownership interest in partners' capital.

Defensive - Systematic Convexity: Consists of one (1) investment in a limited partnership with underlying investments in Commodity Trading Advisor/Systematic Convexity and associated investment strategies. The fair values of the investments in this type has been determined using the NAV per share (or its equivalent) of the Trust Funds' investments held or ownership interest in partners' capital.

NOTE 6 - UNFUNDED COMMITMENTS

As of June 30, 2021, the Trust Funds had contractual commitments of \$1,181,291,657 to seventy nine (79) investments across Private Equity; Private Debt; Insurance Linked Securities; Private Natural Resources; and Private Real Estate.

Of this amount, an estimated \$447,895,859 remained unfunded and subject to call by the funds.

NOTE 7 - INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. SITFO manages the Trust Funds' exposure to fair value loss arising from increasing interest rates through prudent deployment, management and oversight of investments with exposure to interest rate sensitivity. SITFO does not have a formal policy for interest rate risk.

As of June 30, 2021, the Trust Funds' debt security investments (including the underlying portfolios of indirectly held investments, where available) had the following weighted average maturities:

Investment Category	Total Fair Value	Weighted Average Maturity (Years)
Asset Backed Securities	\$ 4,414,545	11.46
Bank Loans	24,991,152	5.70
Commercial Mortgage-Backed	99,438	1.30
Corporate Bonds	36,657,993	12.95
Corporate Convertible Bonds	5,113,482	21.68
Funds - Corporate Bond	17,100,083	1.36
Funds - Government Bond	119,760,973	3.97
Funds - Short Term Investment	7,202,618	0.27
Government Bonds	61,643,911	24.86
Funds - Other Fixed Income	24,742,991	4.60
Other Fixed Income	1	0.19
Total	\$ 301,727,187	9.70

Note:

As of June 30, 2021, the Trust Funds held \$358,021,588 in six investments with a fixed income (or related) investment emphasis for which Weighted Average Maturity details were unavailable and not evaluated. These investments included Bank Loan investment funds with other assets held, and hedge fund strategies.

Reported figures are rounded to the nearest dollar and totals may not sum due to the impact of rounding.

State of Utah, School and Institutional Trust Funds

NOTES TO FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2021

NOTE 8 - CREDIT RISK

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. SITFO manages the Trust Funds' exposure to fair value loss arising from credit risk through prudent deployment, management and oversight of investments. SITFO does not have a formal policy for credit risk.

As of June 30, 2021, the fair value of the Trust Funds' debt security investments with exposure to credit risk had the following credit quality ratings (S&P rating is primary, if not available or not rated by S&P, corresponding Moody's rating is substituted).

Credit Quality	Total Fair Value	Asset Backed Securities	Bank Loans	Commercial Mortgage-Backed	Corporate Bonds	Corporate Convertible Bonds	Funds - Corporate Bond	Funds - Government Bond	Funds - Short Term Investment	Funds - Other Fixed Income	Government Bonds	Other Fixed Income
AA	\$ 904,721	-	-	99,438	393,912	-	-	-	-	-	411,370	-
AA-	\$ 56,887	-	-	-	56,887	-	-	-	-	-	-	-
A+	\$ 121,433	-	-	-	121,433	-	-	-	-	-	-	-
A	\$ 759,564	-	-	-	759,564	-	-	-	-	-	-	-
A-	\$ 801,168	-	-	-	801,168	-	-	-	-	-	-	-
BBB+	\$ 3,396,155	-	996,586	-	2,399,569	-	-	-	-	-	-	-
BBB	\$ 3,454,179	-	-	-	3,393,801	60,379	-	-	-	-	-	-
BBB-	\$ 6,342,703	-	581,481	-	5,312,478	448,744	-	-	-	-	-	-
BB+	\$ 5,875,706	-	684,623	-	5,120,848	70,235	-	-	-	-	-	-
BB	\$ 3,911,745	-	711,735	-	2,556,155	643,855	-	-	-	-	-	-
BB-	\$ 10,960,257	2,614,920	3,817,489	-	2,784,894	1,742,954	-	-	-	-	-	-
B+	\$ 7,124,971	-	3,318,054	-	3,104,701	702,216	-	-	-	-	-	-
B	\$ 8,920,800	-	5,973,027	-	2,947,773	-	-	-	-	-	-	-
B-	\$ 6,185,318	-	3,364,648	-	2,820,669	-	-	-	-	-	-	-
CCC+	\$ 2,553,064	-	-	-	2,553,064	-	-	-	-	-	-	-
CCC	\$ 684,095	-	205,683	-	478,413	-	-	-	-	-	-	-
NR	\$ 178,441,879	1,799,625	5,337,826	-	1,052,663	1,445,099	17,100,083	119,760,973	7,202,618	24,742,991	-	1
TSY		-	-	-	-	-	-	-	-	-	61,232,541	-
Subtotal	240,494,646	4,414,545	24,991,152	99,438	36,657,993	5,113,482	17,100,083	119,760,973	7,202,618	24,742,991	61,643,911	1
U.S. Treasuries	61,232,541											
Total debt securities investments	\$ 301,727,187											

Note:

As of June 30, 2021, the Trust Funds held \$7,202,618 in the Northern Trust Institutional Funds Treasury Portfolio - Premier

Class, an AAAM rated money market fund.

Reported figures are rounded to the nearest dollar and totals may not sum due to the impact of rounding.

NOTE 9 - CONCENTRATION OF CREDIT RISK

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. SITFO manages the Trust Funds' exposure to fair value loss arising from concentrations of credit risk through prudent deployment, management and oversight of investments. SITFO does not have a formal policy for concentrations of credit risk.

As of June 30, 2021, the Trust Funds did not hold any credit positions exceeding 5% of the total portfolio.

NOTE 10 - CUSTODIAL CREDIT RISK

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Trust Funds will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. SITFO does not have a formal policy for custodial credit risk. Investments are registered investments or held by SITFO for the Trust Funds, or by SITFO's agent in the Trust Funds' name. The State Treasurer is the custodian of investments of the Trust Funds, and the investments are held under a custodial safekeeping agreement with the Northern Trust Company.

As of June 30, 2021, the data below represents the investments, including accrued income/expense, that have custodial credit risk.

Type of Investment	Fair Value
Cash and Cash Equivalents	\$ 2,975,543

The \$2,975,543 frictional cash and cash equivalents subject to custodial credit risk are in foreign banks in the Trust Funds' name. Because it is in foreign banks, it is subject to custodial credit risk. The Trust Funds do not have an investment policy regarding custodial credit risk for frictional cash in foreign banks.

Type of Investment	Fair Value
Other Assets	\$ 609,771,026

As of June 30, 2021, the \$609,771,026 in other assets represent the investments, including accrued income/expense, that have custodial credit risk which has not been determined.

NOTE 11 - FOREIGN CURRENCY RISK

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. SITFO manages the Trust Funds' exposure to fair value loss arising from foreign currency risk through prudent deployment, management and oversight of investments. SITFO does not have a formal policy for foreign currency risk.

The Trust Funds' exposure to foreign currency (inclusive of pending foreign exchange purchases and sales) as of June 30, 2021 is as follows:

Currency	Alternative Investments		Debt		Short Term		Equity		Total
Australian dollar	\$	-	\$	-	\$	20,814	\$	21,336,386	\$ 21,357,199
British pound sterling		-		310,544		(162,603)		23,260,343	23,408,285
Canadian dollar		-		-		541,679		17,040,522	17,582,201
Danish krone		-		-		60,155		5,466,070	5,526,225
Euro		61,491,183		2,385,111		(1,306,756)		95,183,106	157,752,644
Hong Kong dollar		-		-		39,914		10,879,303	10,919,217
Japanese yen		-		-		302,936		31,655,112	31,958,048
New Israeli shekel		-		-		7,272		4,686,158	4,693,430
New Zealand dollar		-		-		2,464		2,359,275	2,361,739
Norwegian krone		-		-		10,077		5,601,657	5,611,734
Singapore dollar		-		-		12,427		4,667,290	4,679,716
South African rand		-		-		54		-	54
Swedish krona		-		-		37		11,757,164	11,757,201
Swiss franc		-		-		271,567		23,608,901	23,880,468
Chinese yuan renminbi		-		-		1,820,916		5,462,013	7,282,928
Total securities subject to foreign currency risk	\$	61,491,183	\$	2,695,656	\$	1,620,952	\$	262,963,299	\$ 328,771,090

Note:

Reported figures are rounded to the nearest dollar and totals may not sum due to the impact of rounding.

NOTE 12 - DERIVATIVE FINANCIAL INSTRUMENTS

The Trust Funds invest in derivative financial instruments through external investment managers retained by the Board and subject to investment management agreements and other policy requirements. Derivatives are financial arrangements between two parties whose payments are based on, or “derived” from, the performance of some agreed-upon benchmark. All derivatives are considered investments. The fair value of all derivative financial instruments is reported in the Statement of Net Position. The Trust Funds do not have a formal policy for derivative financial instruments.

As of June 30, 2021, the Trust Funds had the following exposure types classified within Derivative Financial Instruments: Equity Rights/Warrants; Currency Forwards; Options; Swaps and Futures.

Derivative Contracts as of June 30, 2021

Risk Type	Gross Notional	Asset FMV	Liability FMV	Earnings (Losses)
Equity Rights/Warrants	\$ 325,789	\$ -	\$ -	\$ (136,803)
Currency Forwards	3,409,782	48,298	(5,026)	(155,625)
Options	4,530,138	68,083	(9,440)	233,243
Swaps	-	-	-	(205,726)
Futures	5,740,922	-	-	787,556
Total	\$ 14,006,631	\$ 116,381	\$ (14,467)	\$ 522,646

Note:

Reported figures are rounded to the nearest dollar and totals may not sum due to the impact of rounding.

Equity Rights are rights given to existing stockholders to purchase newly issued shares in proportion to their holdings at a specific date. Equity Warrants are certificates entitling the holder to acquire shares of stock at a certain price within a stated period. Warrants often are made part of the issuance of bonds or preferred or common stock. The balances of equity rights/warrants are included in the Statements of Changes in Net Position.

Currency forwards represent forward foreign exchange contracts that are entered into in order to hedge the exposure to changes in foreign currency exchange rates on the foreign currency denominated portfolio holdings. A forward foreign exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. The gain or loss arising from the difference between the original contracts and the closing of such contracts is included in the net realized gains or losses on foreign currency related transactions in the Statements of Changes in Net Position.

Options represent or give buyers the right, but not the obligation, to buy (call) or sell (put) an asset at a preset price over a specified period. The option's price is usually a small percentage of the underlying asset's value. The Trust Funds have exposure to Options related to Interest Rates and Swaps. As a writer of financial options through external investment manager portfolios (as authorized), the Trust Funds receive a premium at the outset of the agreement and bear the risk of an unfavorable change in the price of the financial instrument underlying the option. As a purchaser of financial options through external investment manager portfolios (as authorized), the Trust Funds pay a premium at the outset of the agreement and the counter-party bears the risk of an unfavorable change in the price of the financial instrument underlying the option.

Swaps represent an agreement between two or more parties to exchange sequences of cash flows over a period in the future. In the most common type of interest rate swap arrangement, one party agrees to pay fixed interest payments on designated dates to a counterparty, who in turn agrees to make return interest payments that float with some reference rate. Gains and losses on swaps are determined based on market values and are recorded in the Statements of Changes in Net Position. Swap market values are determined by an independent third party.

Futures represent a financial contract obligating the buyer to purchase an asset or the seller to sell an asset, such as a physical commodity or a financial instrument, at a predetermined future date and price. Futures contracts are valued at their last reported sales price as of measurement date and are included in the Statements of Changes in Net Position.

NOTE 13 - SECURITIES LENDING

GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions* establishes accounting and financial reporting standards for securities lending transactions. The standard requires governmental entities to report securities lent as assets in their balance sheets. Cash received as collateral and investments made with that cash must also be reported as both an asset and a liability. The statement also requires the costs of the securities lending transactions to be reported as expenses separately from income received. In addition, the statement requires disclosures about the transactions and collateral related to them.

Securities are loaned versus collateral that may include Cash denominated in US Dollars; Obligations issued or guaranteed by the U.S., U.K., any other OECD (Organization for Economic Cooperation and Development) member states or their local governments, agencies, instrumentalities or authorities ("Government and Agency Instruments"); Obligations issued by Supranational entities; Corporate debt securities, including commercial paper and convertible securities, issued by U.S. and non-US corporations; and, Equities from major indices (including, but not limited to U.S., U.K., EMU, Hong Kong, Japan, Canada, and Australia) as approved by Agent's appropriate risk committee from time to time. U.S. dollar denominated securities are loaned versus collateral valued at 102% of the market value of the securities plus any accrued interest. Non-U.S. dollar denominated securities are loaned versus collateral valued at 105% of the market value of the securities plus any accrued interest. In all cases the borrower provides more collateral than the value of securities lent. Therefore, there is no credit risk related to security lending transactions. The collateral rates are defined in the contract with the securities lending agent.

Non-cash collateral cannot be pledged or sold unless the borrower defaults.

All securities loans can be terminated on demand by either the lender or the borrower, although the average term of State of Utah, School and Institutional Trust Funds loans was approximately 54 days as of June 30, 2021.

Cash open collateral is invested in a short-term investment pool, the NT Coll SL Core S/T Inv Fund, which had an interest sensitivity of 30 days as of this statement date.

There were no violations of legal or contractual provisions, no borrower or lending agent defaults losses known to the securities lending agent.

There are no dividends or coupon payments owing on the securities lent. Securities lending earnings are credited to participating clients on approximately the fifteenth day of the following month.

Indemnification deals with the situation in which a client's securities are not returned due to the insolvency of a borrower and Northern Trust has failed to live up to its contractual responsibilities relating to the lending of those securities. Northern Trust's responsibilities include performing appropriate borrower and collateral investment credit analyses, demanding adequate types and levels of collateral, and complying with applicable Department of Labor and Federal Financial Institutions Examination Council regulations concerning securities lending.

Securities lending collateral is invested in investment pools and is not exposed to custodial credit risk.

The following represents the Fund's balances related to securities lending transactions at June 30, 2021:

Security Type	Underlying Securities on		Underlying Securities on Loan for	
	Loan for Cash	Cash Collateral	Non-Cash Collateral	Non-Cash Collateral
GLOBAL Corporate Fixed	\$ -	\$ -	\$ 196,249	\$ 8,879,881
GLOBAL Equities	1,335,719	1,409,525	59,627,351	35,519,234
US Corporate Fixed	10,109,515	10,343,735	846,471	-
U.S. Equities	96,563,436	98,931,693	40,261,400	42,177,126
U.S. Government Fixed	16,852,003	17,086,290	1,310,736	23,602,805
Total	\$ 124,860,674	\$ 127,771,242	\$ 102,242,207	\$ 110,179,046
Market Value of Securities on Loan against Cash Collateral			\$	124,860,674
Market Value of Securities on Loan against Non Cash Collateral				102,242,207
Total Market Value of Securities on Loan			\$	227,102,881



State of Utah, School and Institutional Trust Funds

SUPPLEMENTAL SCHEDULES
For the Fiscal Year Ended June 30, 2021

State of Utah, School and Institutional Trust Funds
GOVERNMENTAL BALANCE SHEET AND STATEMENT OF NET POSITION
As of June 30, 2021

SUPPLEMENTAL SCHEDULE
TRUST LANDS PERMANENT FUND COMBINING
SCHEDULE BY BENEFICIARY

	Beneficiary			
	School Fund	Utah State University	Deaf School	Institute for the Blind
Assets				
Cash with the State Treasurer	\$ 1,058,755	\$ 750	\$ 128	\$ 119
Investments, at Fair Value	2,917,071,703	8,749,956	3,473,638	24,547,003
Invested Securities Lending Collateral	121,424,629	364,221	144,592	1,021,782
Receivable for Unsettled Trades	29,252,905	87,746	34,834	246,162
Other Receivables	4,839,635	14,517	5,763	40,725
Accrued Interest and Dividends Receivable	270,615	812	322	2,277
Prepaid Operating Expenses	125,114	506	149	1,049
Net Income Receivable from SITLA	9,134,264	3,100,350	7,862	3,544
Total Assets	3,083,177,619	12,318,859	3,667,289	25,862,661
Liabilities				
Securities Lending Liability	121,424,629	364,221	144,592	1,021,782
Payable for Unsettled Trades	6,529,357	19,585	7,775	54,944
Other Payables	4,909,973	14,728	5,847	41,317
Expense Payable	20,801	62	25	175
Operating Expense Payable	337,830	1,365	402	2,833
Total Liabilities	133,222,589	399,962	158,640	1,121,051
Fund Balances				
Nonspendable - Permanent Funds	1,755,476,442	9,516,445	2,529,270	13,590,361
Restricted - Earnings Reserve	1,194,478,589	2,402,452	979,378	11,151,249
Total Fund Balances	2,949,955,031	11,918,896	3,508,648	24,741,610
Total Liabilities and Fund Balances	\$ 3,083,177,619	\$ 12,318,859	\$ 3,667,289	\$ 25,862,661
Statement of Net Position				
Restricted for Permanent Trust - Nonexpendable	\$ 1,755,476,442	9,516,445	2,529,270	13,590,361
Restricted for Permanent Trust - Expendable	1,194,478,589	2,402,452	979,378	11,151,249
Total Net Position	\$ 2,949,955,031	\$ 11,918,896	\$ 3,508,648	\$ 24,741,610

Note:
Reported figures are rounded to the nearest dollar and totals may not sum due to the impact of rounding.
See Notes to Financial Statements

State of Utah, School and Institutional Trust Funds
GOVERNMENTAL BALANCE SHEET AND STATEMENT OF NET POSITION
As of June 30, 2021

SUPPLEMENTAL SCHEDULE
TRUST LANDS PERMANENT FUND COMBINING
SCHEDULE BY BENEFICIARY

	Industrial School	Normal School	Reservoirs Fund	Utah State Hospital
Assets				
Cash with the State Treasurer	\$ 105	\$ 217	\$ 1,031	\$ 433
Investments, at Fair Value	1,858,329	7,915,143	9,532,350	5,650,129
Invested Securities Lending Collateral	77,354	329,472	396,789	235,190
Receivable for Unsettled Trades	18,636	79,374	95,592	56,660
Other Receivables	3,083	13,132	15,815	9,374
Accrued Interest and Dividends Receivable	172	734	884	524
Prepaid Operating Expenses	80	342	407	243
Net Income Receivable from SITLA	15,121	74,655	1,915	39,653
Total Assets	1,972,880	8,413,070	10,044,783	5,992,207
Liabilities				
Securities Lending Liability	77,354	329,472	396,789	235,190
Payable for Unsettled Trades	4,160	17,717	21,337	12,647
Other Payables	3,128	13,323	16,045	9,510
Expense Payable	13	56	68	40
Operating Expense Payable	216	922	1,100	657
Total Liabilities	84,871	361,490	435,338	258,043
Fund Balances				
Nonspendable - Permanent Funds	1,131,890	5,305,194	5,855,822	3,654,731
Restricted - Earnings Reserve	756,119	2,746,386	3,753,623	2,079,432
Total Fund Balances	1,888,010	8,051,580	9,609,445	5,734,163
Total Liabilities and Fund Balances	\$ 1,972,880	\$ 8,413,070	\$ 10,044,783	\$ 5,992,207
Statement of Net Position				
Restricted for Permanent Trust - Nonexpendable	1,131,890	5,305,194	5,855,822	3,654,731
Restricted for Permanent Trust - Expendable	756,119	2,746,386	3,753,623	2,079,432
Total Net Position	\$ 1,888,010	\$ 8,051,580	\$ 9,609,445	\$ 5,734,163

Note:
Reported figures are rounded to the nearest dollar and totals may not
sum due to the impact of rounding.
See Notes to Financial Statements

State of Utah, School and Institutional Trust Funds
GOVERNMENTAL BALANCE SHEET AND STATEMENT OF NET POSITION
As of June 30, 2021

SUPPLEMENTAL SCHEDULE
TRUST LANDS PERMANENT FUND COMBINING
SCHEDULE BY BENEFICIARY

	School of Mines	University of Utah	Miners Hospital	TOTAL
Assets				
Cash with the State Treasurer	\$ 1,021	\$ 1,232	\$ 2,084	\$ 1,065,874
Investments, at Fair Value	6,914,668	9,813,387	74,014,684	3,069,540,992
Invested Securities Lending Collateral	287,827	408,487	3,080,900	127,771,242
Receivable for Unsettled Trades	69,342	98,410	742,232	30,781,894
Other Receivables	11,472	16,281	122,796	5,092,593
Accrued Interest and Dividends Receivable	641	910	6,866	284,759
Prepaid Operating Expenses	308	427	3,200	131,825
Net Income Receivable from SITLA	184,117	176,612	872,123	13,610,215
Total Assets	7,469,395	10,515,747	78,844,885	3,248,279,395
Liabilities				
Securities Lending Liability	287,827	408,487	3,080,900	127,771,242
Payable for Unsettled Trades	15,477	21,966	165,669	6,870,633
Other Payables	11,639	16,518	124,580	5,166,607
Expense Payable	49	70	528	21,888
Operating Expense Payable	832	1,153	8,641	355,951
Total Liabilities	315,824	448,193	3,380,318	140,186,321
Fund Balances				
Nonspendable - Permanent Funds	4,876,148	6,648,068	46,755,416	1,855,339,787
Restricted - Earnings Reserve	2,277,423	3,419,485	28,709,150	1,252,753,286
Total Fund Balances	7,153,572	10,067,553	75,464,566	3,108,093,074
Total Liabilities and Fund Balances	\$ 7,469,395	\$ 10,515,747	\$ 78,844,885	\$ 3,248,279,395
Statement of Net Position				
Restricted for Permanent Trust - Nonexpendable	4,876,148	6,648,068	46,755,416	1,855,339,787
Restricted for Permanent Trust - Expendable	2,277,423	3,419,485	28,709,150	1,252,753,286
Total Net Position	\$ 7,153,572	\$ 10,067,553	\$ 75,464,566	\$ 3,108,093,074

Note:
Reported figures are rounded to the nearest dollar and totals may not
sum due to the impact of rounding.
See Notes to Financial Statements

State of Utah, School and Institutional Trust Funds

GOVERNMENTAL STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN GOVERNMENTAL FUND BALANCES

AND STATEMENT OF GOVERNMENTAL ACTIVITIES

Fiscal Year Ended June 30, 2021

SUPPLEMENTAL SCHEDULE
TRUST LANDS PERMANENT FUND COMBINING
SCHEDULE BY BENEFICIARY

	Beneficiary			
	School Fund	Utah State University	Deaf School	Institute for the Blind
Revenues				
Receipts from Trust Lands Administration	\$ 76,534,295	\$ 5,123,890	\$ 111,327	\$ 68,060
Gains from Investments	636,382,544	1,720,499	755,640	5,421,276
Total Revenues	712,916,839	6,844,389	866,967	5,489,336
Expenditures				
Fund Operating Expenses	3,562,548	9,676	4,223	30,343
Total Expenditures	3,562,548	9,676	4,223	30,343
Revenues over Expenditures	709,354,292	6,834,713	862,743	5,458,993
Other Financing Uses				
Distributions to Beneficiaries	92,842,754	156,989	100,680	845,722
Net Change in Fund Balance	616,511,538	6,677,725	762,064	4,613,271
Fund Balances - Beginning of Year	2,333,443,492	5,241,171	2,746,585	20,128,339
Fund Balances - End of Year	\$ 2,949,955,031	\$ 11,918,896	\$ 3,508,648	\$ 24,741,610
<i>There were no expenses which do not require the use of current financial resources. The amount for the Change in Net Position (shown below) is the same</i>				
Change in Net Position-Government Activities	\$ 616,511,538	\$ 6,677,725	\$ 762,064	\$ 4,613,271

Note:

Reported figures are rounded to the nearest dollar and totals may not sum due to the impact of rounding.

See Notes to Financial Statements

State of Utah, School and Institutional Trust Funds

GOVERNMENTAL STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN GOVERNMENTAL FUND BALANCES

AND STATEMENT OF GOVERNMENTAL ACTIVITIES

Fiscal Year Ended June 30, 2021

SUPPLEMENTAL SCHEDULE
TRUST LANDS PERMANENT FUND COMBINING
SCHEDULE BY BENEFICIARY

	Industrial School	Normal School	Reservoirs Fund	Utah State Hospital
Revenues				
Receipts from Trust Lands Administration	\$ 23,186	\$ 368,456	\$ 396,371	\$ 277,429
Gains from Investments	406,981	1,719,103	2,056,315	1,214,784
Total Revenues	430,167	2,087,559	2,452,686	1,492,213
Expenditures				
Fund Operating Expenses	2,288	9,617	11,553	6,805
Total Expenditures	2,288	9,617	11,553	6,805
Revenues over Expenditures	427,879	2,077,942	2,441,133	1,485,409
Other Financing Uses				
Distributions to Beneficiaries	53,644	227,405	298,166	155,834
Net Change in Fund Balance	374,234	1,850,537	2,142,967	1,329,574
Fund Balances - Beginning of Year	1,513,775	6,201,043	7,466,478	4,404,589
Fund Balances - End of Year	\$ 1,888,010	\$ 8,051,580	\$ 9,609,445	\$ 5,734,163
Change in Net Position-Government Activities	\$ 374,234	\$ 1,850,537	\$ 2,142,967	\$ 1,329,574

Note:

Reported figures are rounded to the nearest dollar and totals may not sum due to the impact of rounding.

See Notes to Financial Statements

State of Utah, School and Institutional Trust Funds

GOVERNMENTAL STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN GOVERNMENTAL FUND BALANCES

AND STATEMENT OF GOVERNMENTAL ACTIVITIES

Fiscal Year Ended June 30, 2021

SUPPLEMENTAL SCHEDULE
TRUST LANDS PERMANENT FUND COMBINING
SCHEDULE BY BENEFICIARY

	School of Mines	University of Utah	Miners Hospital	TOTAL
Revenues				
Receipts from Trust Lands Administration	\$ 1,053,957	\$ 646,536	\$ 4,534,732	\$ 89,138,239
Gains from Investments	1,396,692	2,098,386	15,873,129	669,045,348
Total Revenues	2,450,648	2,744,923	20,407,860	758,183,587
Expenditures				
Fund Operating Expenses	7,855	11,789	88,952	3,745,649
Total Expenditures	7,855	11,789	88,952	3,745,649
Revenues over Expenditures	2,442,794	2,733,133	20,318,908	754,437,938
Other Financing Uses				
Distributions to Beneficiaries	179,026	264,800	2,285,261	97,410,280
Net Change in Fund Balance	2,263,768	2,468,333	18,033,648	657,027,658
Fund Balances - Beginning of Year	4,889,804	7,599,221	57,430,919	2,451,065,416
Fund Balances - End of Year	\$ 7,153,572	\$ 10,067,553	\$ 75,464,566	\$ 3,108,093,074
Change in Net Position-Government Activities	\$ 2,263,768	\$ 2,468,333	\$ 18,033,648	\$ 657,027,658

Note:

Reported figures are rounded to the nearest dollar and totals may not sum due to the impact of rounding.

See Notes to Financial Statements

SCHEDULE OF SITFO EXPENDITURES

Fiscal Year Ended June 30, 2021

SCHEDULE OF OPERATING EXPENDITURES

Fund Operating Expenses

SITFO Investment Office Budget	\$	1,252,810
LTPAO Office Budget		305,328
Audit Expense		50,930
Investment Systems and Publications		167,398
Consulting Services		1,605,588
Custodial Banking Services		363,595
Subtotal Fund Operating Expenses	\$	3,745,649

Invoiced Investment Management (IM) Fees

BMO	\$	547,163
Bin Yuan		3,221
Cliffwater		70,711
Loomis		337,419
Parametric		945,448
Salient		634,828
SLC Management		80,584
Subtotal Invoiced IM Fees	\$	2,619,374

Total Fund Operating Expenses and Invoiced IM Fees

	\$	6,365,022
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*Note:**Invoiced Investment Management (IM) Fees are paid out of the assets of the IM accounts.**Fees are also paid on an indirect basis as deductions from the Net Asset Value (or its equivalent) on an indirect basis and are not reported as Operating Expenditures.**Fund expenses include budget expenses as well as off budget investment specific expenses.**Reported figures are rounded to the nearest dollar and totals may not sum due to the impact of rounding.*

State of Utah, School and Institutional Trust Funds
SCHEDULE OF WEIGHTED INVESTMENT RETURNS BY BENEFICIARY
Fiscal Year Ended June 30, 2021

SCHEDULE OF WEIGHTED INVESTMENT RETURNS BY BENEFICIARY (% Net of Fees)

	FY 2021	3 Year Annualized	5 Year Annualized	10 Year Annualized	Since Inception	Inception Date
Total Fund	27.1%	8.2%	8.0%	8.1%	7.1%	June 2004
<i>CPI+5%</i>	<i>10.7%</i>	<i>7.7%</i>	<i>7.6%</i>	<i>7.0%</i>	<i>7.3%</i>	
<i>Total Fund Interim Target Index*</i>	<i>27.0%</i>	<i>9.9%</i>	<i>9.3%</i>	<i>8.5%</i>	<i>6.9%</i>	

Beneficiary	FY 2021	3 Year Annualized	5 Year Annualized	10 Year Annualized	Since Inception	Inception Date
School Fund	27.1%	8.2%	7.9%	8.1%	7.1%	June 2004
Utah State University	27.1%	8.2%	7.9%	8.0%	6.8%	June 2004
Deaf School	27.1%	8.2%	7.9%	8.0%	6.9%	June 2004
Institute for the Blind	27.1%	8.2%	7.9%	8.2%	7.2%	June 2004
Industrial School	27.1%	8.2%	7.9%	8.1%	6.9%	June 2004
Normal School	27.1%	8.2%	7.9%	8.0%	6.9%	June 2004
Reservoirs Fund	27.1%	8.2%	7.9%	8.0%	7.0%	June 2004
Utah State Hospital	27.1%	8.2%	7.9%	8.1%	7.0%	June 2004
School of Mines	27.1%	8.2%	7.9%	8.1%	7.0%	June 2004
University of Utah	27.1%	8.2%	7.9%	8.0%	6.9%	June 2004
Miners Hospital	27.1%	8.2%	7.9%	8.2%	6.8%	June 2004

* The Total Fund Interim Target Index consists of 40.5% Growth Interim Target Index, 16.5% Real Assets Interim Target Index, 29% Income Interim Target Index, and 14% Defensive Interim Target Index. The Growth Interim Target Index consists of 4.79% MSCI ACW IM Index (USD)(Net), 19.16% Russell 1000 Index, 17.97% Russell 2000 Index, 17.97% MSCI EAFE IM Index (USD)(Net), 20.36% MSCI Emg Mkts Index (USD)(Net), and 19.75% Cambridge US Prvt Eq Index. The Real Assets Interim Target Index consists of 47.27% Public Real Assets Actual Allocation Index, 38.18% NCREIF ODCE Index, and 14.55% S&P Gbl Ntrl Res Index. The Income Interim Target Index consists of 20.76% Credit Actual Allocation Index, 25.55% Securitized Actual Allocation Index, 15.97% Emerging Market Debt Actual Allocation Index, 14.63% EurekaHedge ILS Advisors Index, and 23.1% CS Lvg'd Loan Index. The Defensive Interim Target Index consists of 28.57% Bloomberg 20-30 Yr Trsy Strips Index, 21.43% Bloomberg US TIPS 0-5 Year Index, 50% Systematic Convexity Actual Allocation Index, and 0% ICE BofAML 3 Mo US T-Bill Index.

Investment Rates of Return and Benchmark Returns are as reported by RVK

Note:

Reported figures are rounded to the nearest dollar and totals may not sum due to the impact of rounding.

State of Utah, School and Institutional Trust Funds
SCHEDULE OF WEIGHTED INVESTMENT RETURNS BY INVESTMENT THEMATIC
Fiscal Year Ended June 30, 2021

SCHEDULE OF WEIGHTED INVESTMENT RETURNS BY INVESTMENT THEMATIC (% Net of Fees)

	FY 21	3 Year Annualized	5 Year Annualized	10 Year Annualized	Since Inception	Inception Date
Total Fund	27.1%	8.2%	8.0%	8.1%	7.1%	June 2004
<i>CPI+5%</i>	<i>10.7%</i>	<i>7.7%</i>	<i>7.6%</i>	<i>7.0%</i>	<i>7.3%</i>	
<i>Total Fund Interim Target Index (1)</i>	<i>27.0%</i>	<i>9.9%</i>	<i>9.3%</i>	<i>8.5%</i>	<i>6.9%</i>	
Investment Theme	FY 2021	3 Year Annualized	5 Year Annualized	10 Year Annualized	Since Inception	Inception Date
Growth	52.3%	13.1%	14.0%	11.3%	9.2%	June 2004
<i>Growth Interim Target Index (2)</i>	<i>48.8%</i>	<i>15.5%</i>	<i>16.2%</i>	<i>12.1%</i>	<i>9.0%</i>	
Real Assets	19.5%	5.0%	5.5%	8.6%	4.9%	January 2008
<i>Real Assets Interim Target Index (3)</i>	<i>28.5%</i>	<i>7.5%</i>	<i>7.2%</i>	<i>9.4%</i>	<i>4.9%</i>	
Income	13.5%	4.5%	3.7%	0.0%	3.8%	August 2013
<i>Income Interim Target Index (4)</i>	<i>12.9%</i>	<i>4.4%</i>	<i>4.3%</i>	<i>0.0%</i>	<i>3.8%</i>	
Defensive	-1.1%	5.1%	1.6%	1.1%	1.0%	October 2008
<i>Defensive Interim Target Index (5)</i>	<i>1.2%</i>	<i>8.4%</i>	<i>3.1%</i>	<i>1.6%</i>	<i>1.3%</i>	

(1) The Total Fund Interim Target Index consists of 40.5% Growth Interim Target Index, 16.5% Real Assets Interim Target Index, 29% Income Interim Target Index, and 14% Defensive Interim Target Index.

(2) The Growth Interim Target Index consists of 4.79% MSCI ACW IM Index (USD)(Net), 19.16% Russell 1000 Index, 17.97% Russell 2000 Index, 17.97% MSCI EAFE IM Index (USD)(Net), 20.36% MSCI Emg Mkts Index (USD)(Net), and 19.75% Cambridge US Prvt Eq Index.

(3) The Real Assets Interim Target Index consists of 47.27% Public Real Assets Actual Allocation Index, 38.18% NCREIF ODCE Index, and 14.55% S&P Gbl Ntrl Res Index.

(4) The Income Interim Target Index consists of 20.76% Credit Actual Allocation Index, 25.55% Securitized Actual Allocation Index, 15.97% Emerging Market Debt Actual Allocation Index, 14.63% Eurekahedge ILS Advisors Index, and 23.1% CS Lvg'd Loan Index.

(5) The Defensive Interim Target Index consists of 28.57% Bloomberg 20-30 Yr Trsy Strips Index, 21.43% Bloomberg US TIPS 0-5 Year Index, 50% Systematic Convexity Actual Allocation Index, and 0% ICE BofAML 3 Mo US T-Bill Index.

Any benchmark containing a Cambridge, NCREIF, S&P, Eurekahedge, CS, or Actual Allocation Index is subject to change as updated data becomes available.

Investment Rates of Return and Benchmark Returns are as reported by RVK

Note:

Reported figures are rounded to the nearest dollar and totals may not sum due to the impact of rounding.

State of Utah, School and Institutional Trust Funds

SCHEDULE OF BROKERAGE COMMISSIONS

Fiscal Year Ended June 30, 2021

SCHEDULE OF BROKERAGE COMMISSIONS

Broker Name	Shares Traded	Dollar Volume of Trades	Commission Dollar Amount	Commission Per Share	Commission (% of dollar volume)
BANK OF AMERICA CORPORATION	3,848,433	\$ 59,978,530	\$ 74,967	\$ 0.0195	0.1250%
CITIGROUP GLOBAL MARKETS INC.	2,134,364	24,521,376	35,038	0.0164	0.1429%
GOLDMAN, SACHS AND CO.	2,816,751	43,053,957	56,002	0.0199	0.1301%
INSTINET	4,440,116	230,185,621	28,193	0.0063	0.0122%
JEFFERIES LLC	3,905,333	208,631,945	25,360	0.0065	0.0122%
MORGAN STANLEY AND CO., LLC	17,311,849	290,280,580	129,246	0.0075	0.0445%
NATIONAL FINANCIAL SERVICES LLC	5,934,840	121,529,933	91,910	0.0155	0.0756%
RAYMOND JAMES & ASSOCIATES, INC.	2,686,730	41,062,226	35,621	0.0133	0.0867%
VIRTU AMERICAS LLC	2,956,904	37,921,929	62,130	0.0210	0.1638%
WELLS FARGO BANK, N.A.	3,448,960	53,637,046	68,979	0.0200	0.1286%
Total	49,484,280	\$ 1,110,803,142	\$ 607,445	\$ 0.0146	0.0547%

Note:

Domestic and Global Equity trading only.

No commissions are paid on fixed income trades.

Total does not include mutual fund trade fees.

Reported figures are rounded to the nearest dollar and totals may not sum due to the impact of rounding.



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Trustees
School and Institutional Trust Funds Office
Salt Lake City, Utah

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the School and Institutional Trust Funds Office, a component of the State of Utah, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise School and Institutional Trust Funds Office's basic financial statements, and have issued our report thereon dated November 10, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School and Institutional Trust Fund's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School and Institutional Trust Funds Office's internal control. Accordingly, we do not express an opinion on the effectiveness of the School and Institutional Trust Funds Office's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School and Institutional Trust Funds Office's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Salt Lake City, Utah
November 10, 2021



Independent Auditor's Report on Compliance

The Board of Trustees
School and Institutional Trust Funds Office
Salt Lake City, Utah

Report on Compliance

We have audited the School and Institutional Trust Funds Office's (SITFO's) compliance with *Utah Code*, Sections 53F-9-201 and 53C-3-102(7), requiring distributions to be made as specified in those code sections, that could have a direct and material effect on distributions made for the year ended June 30, 2021.

Management's Responsibility

Management is responsible for compliance with the State statutes.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the distributions occurred. An audit includes examining, on a test basis, evidence about SITFO's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance. However, our audit does not provide a legal determination of SITFO's compliance.

Opinion on Compliance Requirements

In our opinion, SITFO complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on distributions made for the year ended June 30, 2021.

A handwritten signature in black ink that reads "Eide Bailly LLP".

November 10, 2021
Salt Lake City, Utah