



State of Utah, School and Institutional Trust Funds

FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

Administered by the School & Institutional Trust Funds Office



FINANCIAL STATEMENTS - JUNE 30, 2022
STATE OF UTAH, SCHOOL AND INSTITUTIONAL TRUST FUNDS

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the 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 and for the year ended June 30, 2022, and the governmental statement of revenues, expenditures and changes in governmental fund balances and statement of governmental activities, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying 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, 2022, and its respective changes in fund balance and net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and Institutional Trust Funds Office, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

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, 2022, and the changes in their financial position and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School and Institutional Trust Funds Office's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

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 is the responsibility of management and 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the School and Institutional Trust Funds Office of the State of Utah. 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises 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 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If,

based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2022 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, and 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 the 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 the School and Institutional Trust Funds Office's internal control over financial reporting and compliance.

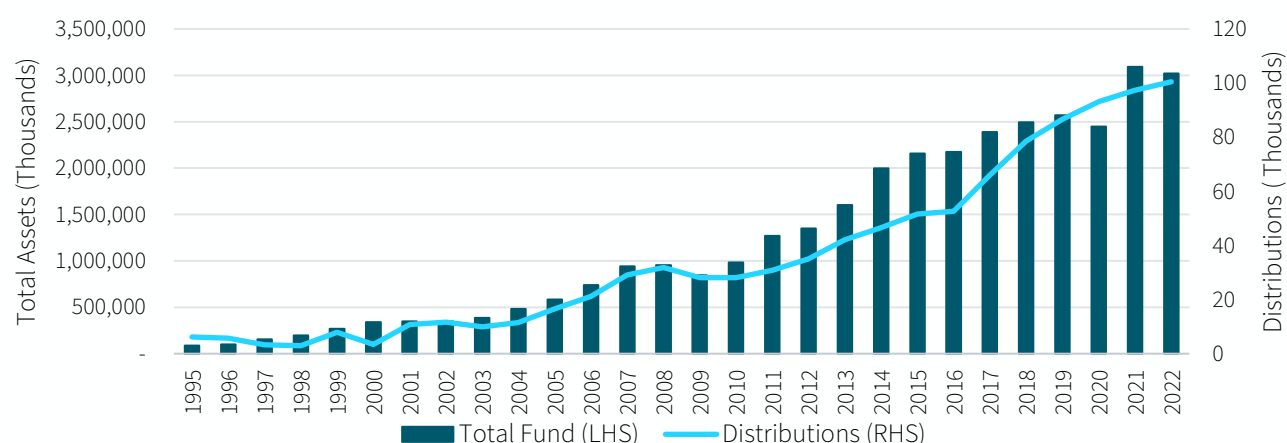
A handwritten signature in cursive script that reads "Eide Bailly LLP".

Salt Lake City, Utah
November 17, 2022

Annual Report – Fiscal Year 2022

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 recommend utilizing our website (<https://sitfo.utah.gov>) as an additional source of information regarding the agency, our investment policies, and portfolio activities.

Figure 1: School & Institutional Trust Funds Office Market Value Fiscal Years 1995 - 2022



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 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 Deseret 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.

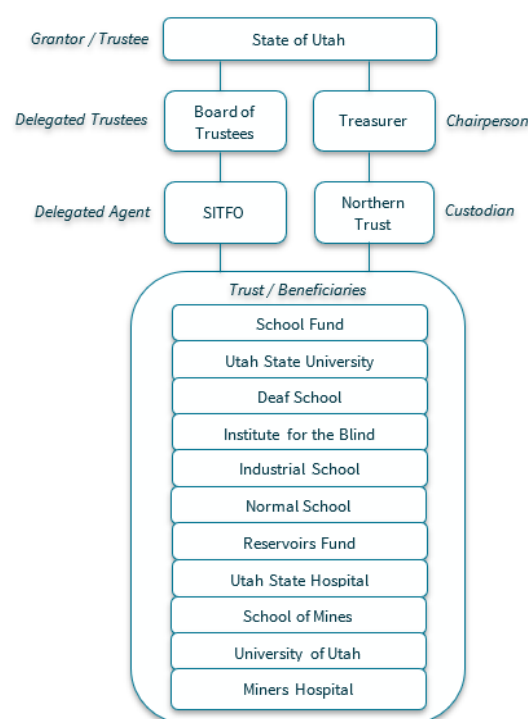
JOHN LUNT, CFA – Board of Trustees

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 8 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. The agency continues to hire additional personnel on its path towards 11 full-time professionals.

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 – *Senior 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.

SAM RAGAN – *Senior Investment Analyst*

Sam joined the investment team at SITFO in 2022 and is responsible for the evaluation, due diligence, and ongoing monitoring of investments. He was previously a Research Analyst performing manager due diligence and supporting product management at Touchstone Investments, a mutual fund platform focused on high active share investment strategies. Earlier in his career, Sam performed manager research at FEG Investment Advisors, an institutional investment consulting firm, and securities analysis at Meyer Capital Management, an RIA focused on HNW individuals. Sam earned a Bachelor of Science in Business from Miami University with a major in Finance and minors in Economics and Decision Sciences, and is a CFA Charterholder.

HAYDEN BERGESON – *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.

TATIANA MAKRANSKY – *Finance and Operations Analyst*

Tatiana joined SITFO in 2021 to assist in portfolio finance and operations. She previously worked in finance operations at Goldman Sachs in support of client on-boarding, KYC (know your customer), and anti-money laundering initiatives. Prior to that, Tatiana worked in non-profit fundraising for the University of Utah and People Helping People. Tatiana holds a Bachelor of Arts in Political Science and a minor in Public Policy from Georgia State University.

SYMONE CALDWELL – *Assistant Administrative Analyst*

Symone joined SITFO in 2021 to support all facets of the non-investment agency affairs. She previously worked at Verizon Wireless as a Global Enterprise Advisor, where she managed a portfolio of business and government multimillion dollar accounts. Prior to that, she began her professional career at Utah State University, where she worked as a Teaching Fellow for the Department of Anthropology, Recruitment Fellow for the Center of Women and Gender and a Diversity Coordinator at the Museum of Anthropology. Symone holds a Bachelor of Science in Anthropology, a minor in Women and Gender Studies and a Museum Certificate.

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, Burgiss, Top Down Charts, and Dynamo*

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.

Financial Highlights for FY 2022

Fiscal year 2022 saw some retracement in performance after a record fiscal year 2021. The disparity between FY 2021 and FY 2022 was significant and serves as a reminder of the importance of diversification and focusing on long-term, risk adjusted returns. Despite broad market headwinds globally with both stocks and bonds down 20% more in the last half of FY 2022, SITFO's performance in FY 2022 was -3.7%. Longer-term, SITFO's 10-year returns of 7.6% are slightly below the long-term investment objectives. The market values of the trusts offset negative investment performance with strong contributions from SITLA during the fiscal year. Diversification continues to improve as the portfolio moves closer to its long-term policy targets.

Figure 3: Annualized Returns by Fiscal Year

Trusts	Market Value		Annualized Returns (as of 6/30/2022)			
	6/30/2022	6/30/2021	FY 22	3Y	5Y	10Y
School Fund	\$ 2,849,050,438	\$ 2,939,974,728	-3.7%	5.7%	5.3%	7.6%
Utah State University	\$ 12,888,293	\$ 8,818,655	-3.7%	5.7%	5.3%	7.1%
Deaf School	\$ 3,398,200	\$ 3,500,911	-3.7%	5.7%	5.3%	6.7%
Institute for the Blind	\$ 23,051,581	\$ 24,739,731	-3.7%	5.7%	5.3%	7.2%
Industrial School	\$ 1,856,839	\$ 1,872,920	-3.7%	5.7%	5.3%	6.7%
Normal School	\$ 8,207,292	\$ 7,977,288	-3.7%	5.7%	5.3%	6.6%
Reservoirs Fund	\$ 20,321,138	\$ 9,607,192	-3.7%	5.7%	5.3%	6.7%
Utah State Hospital	\$ 6,110,538	\$ 5,694,491	-3.7%	5.7%	5.3%	6.6%
School of Mines	\$ 8,840,060	\$ 6,968,958	-3.7%	5.7%	5.3%	6.8%
University of Utah	\$ 10,480,431	\$ 9,890,436	-3.7%	5.7%	5.3%	6.9%
Miners Hospital	\$ 77,769,609	\$ 74,595,801	-3.7%	5.7%	5.3%	7.1%
Investment Objective			FY 22	3Y	5Y	10Y
Inflation (CPI) + 5%			14.5%	10.2%	9.1%	7.7%

The trusts returned -3.7% for FY 2022 as shown in Figure 3. Over the longer time periods, returns are trending in line with the primary objective of CPI+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, including private markets.

Figure 4: Rolling 10-Year Performance vs. Investment Objective

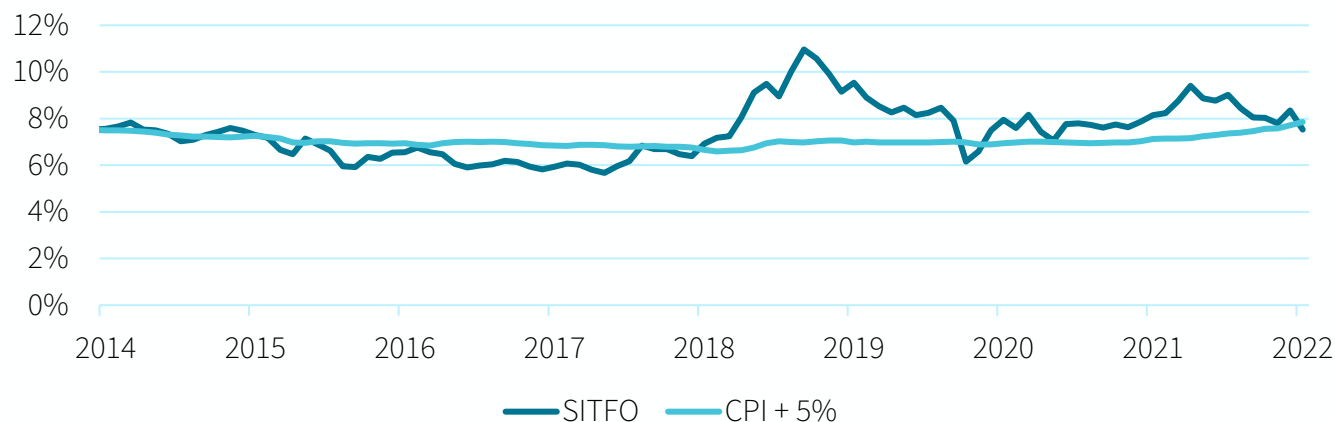


Figure 4 displays the longer-term returns of the trusts and highlights the cyclical nature of investing. Long-term investing requires patience during periods of underperformance. Importantly, our objectives are best considered over an investment cycle and with the full context of the long-term investment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

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

Figure 5: SITLA Contributions to the Trusts

Trusts	FY22	FY21
School Fund	\$ 120,748,452	\$ 76,534,294
Utah State University	\$ 2,634,164	\$ 5,123,890
Deaf School Fund	\$ 148,492	\$ 111,327
Institute for the Blind	\$ 105,845	\$ 68,060
Industrial School	\$ 1,477,151	\$ 23,186
Normal School	\$ 786,262	\$ 368,456
Reservoirs Fund	\$ 11,964,504	\$ 396,371
Utah State Hospital	\$ 880,023	\$ 277,429
School of Mines	\$ 2,417,590	\$ 1,053,957
University of Utah	\$ 1,251,236	\$ 646,536
Miners Hospital	\$ 8,407,577	\$ 4,534,732

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

Figure 6: SITFO Distributions to Beneficiaries

Beneficiaries	FY22	FY21
School Fund	\$ 95,849,770	\$ 92,842,754
Utah State University	\$ 178,300	\$ 156,989
Deaf School Fund	\$ 102,876	\$ 100,680
Institute for the Blind	\$ 849,640	\$ 845,722
Industrial School	\$ 55,401	\$ 53,644
Normal School	\$ 231,262	\$ 227,405
Reservoirs Fund	\$ 302,277	\$ 298,166
Utah State Hospital	\$ 159,777	\$ 155,834
School of Mines	\$ 182,188	\$ 179,026
University of Utah	\$ 267,790	\$ 264,800
Miners Hospital	\$ 2,313,104	\$ 2,285,261

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 interim asset allocation is shown in Figure 7.

Figure 7: Asset Allocation

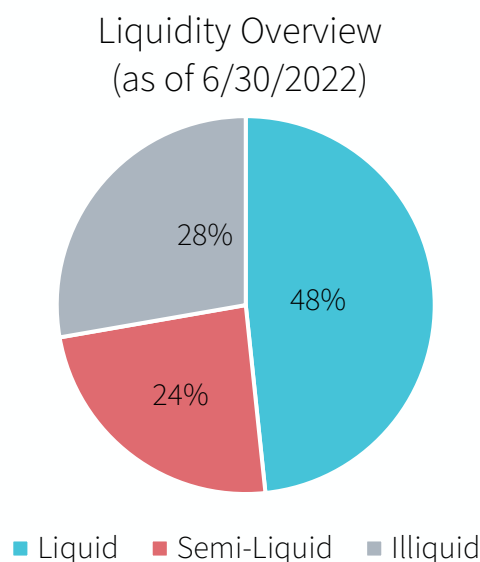
Asset Classes	Interim Target (%)	6/30/2022 (%)
Growth	43.5	40.0
Public Equity	34.5	29.8
Private Equity	9.0	10.2
Real Assets	17.5	18.6
Public Real Assets	8.5	8.6
Private Real Estate	5.0	5.4
Private Real Assets	4.0	4.7
Income	27.0	27.2
Public Income	20.0	19.7
Private Income	7.0	7.5
Defensive	12.0	14.1
Gov't Securities	5.0	5.2
Systematic Convexity	7.0	7.2
Cash	0.0	1.6

Note: numbers may not sum due to rounding.

Although the Board of Trustees adopted a long-term asset allocation, the portfolio is managed to an interim target as the private market investments draw down capital over several years. As the portfolio matures, the interim target allocation moves closer to the long-term asset allocation. As shown in Figure 8, currently 28% of the total portfolio is invested in illiquid or private assets relative to a long-term target of 35.5%.

The portfolio continues to progress towards interim target allocation ranges. The underweight to the growth category and overweight to real assets are primarily driven by the negative performance of equities and positive performance of real assets or inflation sensitive assets in the second half of the fiscal year. This illustrates the benefits of diversification that the portfolio has worked towards since 2016.

Figure 8: Liquidity Overview (as of 6/30/2022)



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 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, 2022

State of Utah, School and Institutional Trust Funds
 GOVERNMENTAL BALANCE SHEET AND STATEMENT OF NET POSITION
 As of June 30, 2022

TRUST LANDS PERMANENT FUND COMBINED

Assets

Cash with the State Treasurer	\$	894,264
Investments, at Fair Value		3,022,872,833
Invested Securities Lending Collateral		140,838,248
Receivable for Unsettled Trades		41,158,954
Other Receivables		8,641,975
Prepaid Expenses		21,888
Prepaid Operating Expenses		1,367,767
Net Income Receivable from SITLA		12,785,828
Total Assets	\$	3,228,581,757

Liabilities

Cash Due to the State Treasurer	\$	189,178
Securities Lending Liability		140,838,248
Payable for Unsettled Trades		7,731,551
Other Payables		42,177,506
Accrued Interest and Dividends Payable		812,174
Operating Expense Payable		317,733
Net Income Payable to SITLA		34,538
Total Liabilities		192,100,928

Fund Balances

Nonspendable - Permanent Funds	\$	2,005,455,995
Restricted - Earnings Reserve		1,031,024,834
Total Fund Balances		3,036,480,829
Total Liabilities and Fund Balances	\$	3,228,581,757

Statement of Net Position

Restricted for Permanent Trust - Nonexpendable	\$	2,005,455,995
Restricted for Permanent Trust - Expendable		1,031,024,834
Total Net Position	\$	3,036,480,829

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, 2022

TRUST LANDS PERMANENT FUND COMBINED

Revenues	
Receipts from Trust Lands Administration	\$ 150,821,294
Gains from Investments	(117,564,317)
Total Revenues	<u>33,256,978</u>
Expenditures	
Fund Operating Expenses	4,377,866
Total Expenditures	<u>4,377,866</u>
Revenues over Expenditures	28,879,112
Other Financing Uses	
Distributions to Beneficiaries	100,491,386
Net Change in Fund Balance	<u>(71,612,274)</u>
Fund Balances - Beginning of Year	3,108,093,104
Fund Balances - End of Year	<u>\$ 3,036,480,829</u>

*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	<u>\$ (71,612,274)</u>
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*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 \$3.588 billion principal amount of Guaranteed Bonds outstanding at June 30, 2022 with the last maturity date being 2042. 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.

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.

Prepaid Operating Expenses

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

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 themes, as follows:

Growth (target 43.5% / range from 38.5%-48.5%)

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 9.5% / range from 6.5%-12.5%)
- 2) US Large Cap (target 8% / range from 5%-11%)
- 3) US Small Cap (target 4% / range from 1%-7%)
- 4) International (EAFE) Equity (target 7% / range from 4%- 10%)
- 5) Emerging Markets Equity (target 6% / range from 3%-9%)
- 6) Private Equity (target 9% / range from 6%-12%)

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).

State of Utah, School and Institutional Trust Funds
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2022

Specific sub-component targets include:

- 1) Public Real Assets (target 8.5% / range 5.5%-11.5%)
- 2) Private Real Estate (target 5% / range 2%-8%)
- 3) Private Real Assets (target 4% / range 1%-7%)

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 (target 6% / range from 3%-9%)
- 2) Securitized (target 6.5% / range from 3.5%-9.5%)
- 3) Non-US Debt (target 3.5% / range from .5%-6.5%)
- 4) Insurance Linked Securities (target 4% / range 1%-7%)
- 5) Private Debt (target 7% / range 4%-10%)

Defensive (target 12% / range from 4%-17%)

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 US Treasuries (target 2.5% / range 0%-5.5%)
- 2) Short Duration Treasury Inflation Protected Securities (TIPS) (target 2.5% / range 0%-5.5%)
- 3) Systematic Convexity (target 7% / range 4%-10%)

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.

State of Utah, School and Institutional Trust Funds
 NOTES TO FINANCIAL STATEMENTS
 Fiscal Year Ended June 30, 2022

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, 2022:

	Cost	Fair Value with Accruals
Growth	\$ 1,127,672,660	\$ 1,210,971,308
Real Assets	458,687,373	560,057,113
Income	779,085,743	822,398,410
Defensive	411,102,869	428,547,587
Total Fund Investments	\$ 2,776,548,645	\$ 3,021,974,419
Receivable for Unsettled Trades		(41,158,954)
Other Receivables		(8,641,975)
Prepaid Expenses		(21,888)
Payable for Unsettled Trades		7,731,551
Other Payables		42,177,506
Accrued Interest and Dividends Payable		812,174
Grand Total	\$ 2,776,548,645	\$ 3,022,872,833

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, 2022, the Trust Funds had the following recurring fair value measurements:

Assets at Fair Value as of June 30, 2022

	Total	Level 1	Level 2	Level 3
Growth				
US Equity	\$ 306,011,104	\$ 305,978,942	\$ -	32,162
International Equity	478,337,618	477,754,598	13,439	569,580
Total Growth	784,348,722	783,733,540	13,439	601,742
Real Assets				
Public Real Assets	184,220,004	184,154,272	65,661	71
Private Real Estate	(72)	(72)	-	-
Private Real Assets	11	11	-	-
Total Real Assets	184,219,943	184,154,212	65,661	71
Income				
Credit	125,791,188	64,721,534	56,171,733	4,897,922
Securitized	31,002,960	31,002,960	-	-
Non-US Debt	41,123,216	41,123,216	-	-
Total Income	197,917,364	136,847,710	56,171,733	4,897,922
Defensive				
Long US Treasury	74,388,165	70,275,014	4,113,151	-
Short Duration TIPS	82,787,661	82,787,661	-	-
Cash and Cash Equivalents	52,664,191	52,684,354	(20,163)	-
Total Defensive	209,840,017	205,747,028	4,092,989	-
Total Investments by Fair Value Level	\$ 1,376,326,046	\$ 1,310,482,490	\$ 60,343,822	\$ 5,499,735

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
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2022

Investments Measured at Net Asset Value as of June 30, 2022

Growth	6/30/2022
International Equity	117,087,124
Private Equity	309,535,462
Real Assets	
Public Real Assets	76,109,908
Private Real Estate	158,829,073
Private Real Assets	140,898,188
Income	
Credit	70,066,627
Securitized	161,929,955
Non-US Debt	59,509,732
Insurance Linked Securities	106,393,240
Private Debt	226,581,493
Defensive	
Systematic Convexity	218,707,570
Total Investments Measured at Net Asset Value	1,645,648,372
Total Investments Measured at Fair Value	\$ 3,021,974,419

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.

State of Utah, School and Institutional Trust Funds
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2022

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:

Investments by Fair Value Level	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice
Growth				
International Equity	117,087,124	-	30 - 90 Days	30 - 90 Days
Private Equity	309,535,462	169,927,814	Limited	n/a
Total Growth	\$ 426,622,587	\$ 169,927,814		
Real Assets				
Public Real Assets	76,109,908	-	90 Days	60 Days
Private Real Estate	158,829,073	118,383,659	Limited	n/a
Private Real Assets	140,898,188	98,131,209	Limited	n/a
Total Real Assets	\$ 375,837,169	\$ 216,514,867		
Income				
Credit	70,066,627	-	Quarterly - Semiannually	60 - 180 Days
Securitized	161,929,955	-	Monthly - Quarterly	30 - 90 Days; 25% Gate
Non-US Debt	59,509,732	-	Monthly - Quarterly	45 - 60 Days
Insurance Linked Securities	106,393,240	5,320,822	Quarterly - Semiannually; Limited	30 - 180 Days; n/a
Private Debt	226,581,493	98,459,646	Limited	n/a
Total Income	\$ 624,481,047	\$ 103,780,468		
Defensive				
Systematic Convexity	218,707,570	-	5 Days	4 Days (30% investor gate)
Total Defensive	\$ 218,707,570	\$ -		
Total	\$ 1,645,648,372	\$ 490,223,150		

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 thirty-six (36) investments in private equity limited partnerships. Generally speaking, the types of strategies included in this portfolio include venture capital, growth equity, buyouts, and secondaries. 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, 2022, 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.

Real Assets - Private Real Estate: Consists of fifteen (15) investments in private real estate limited partnerships. Generally speaking, the types of strategies included in this portfolio include 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, 2022, 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 Assets: Consists of twenty-three (23) 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, 2022, 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.

Income - Credit: Consists of three (3) investments in a limited partnership with underlying credit/securitized fixed income investments and associated investments. The fair value of the investments in this type have 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 investments in this type have been determined using the NAV per share (or its equivalent) of the Trust Funds' ownership interest in partners' capital.

Income - Non-US Debt: Consists of two (2) investment in a limited partnership with underlying global derivatives and associated strategies. The fair value of the investments 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 eight (8) investments in limited partnerships with underlying insurance linked securities investments and associated strategies. The fair value of the investments 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 twenty-two (22) 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, 2022, 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 value of the investment 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, 2022, the Trust Funds had contractual commitments of \$1,395,179,035 to one hundred thirteen (113) investments across Private Equity; Private Real Estate; Private Real Assets; Insurance Linked Securities; and Private Debt.

Of this amount, an estimated \$490,223,150 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 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, 2022, 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	\$ 4,863,296	11.45
Bank Loans	20,441,980	5.29
Commercial Mortgage-Backed	99,057	0.30
Corporate Bonds	29,737,548	10.84
Corporate Convertible Bonds	4,461,117	18.20
Funds - Corporate Bond	31,002,960	4.84
Funds - Government Bond	40,988,697	4.86
Funds - Other Fixed Income	45,202,992	4.33
Funds - Short Term Investment	49,321,480	1.16
Government Agencies	147,780	4.09
Government Bonds	49,131,627	24.88
Index Linked Government Bonds	81,877,818	2.57
Other Fixed Income	15,104,908	0.18
Total	\$ 372,381,260	7.00

Note:

As of June 30, 2022, the Trust Funds held \$363,469,403 in eleven 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, 2022

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, 2022, 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 Bond	Funds - Corporate Bond	Funds - Government Bond	Funds - Other Fixed Income	Funds - Short Term Investment	Government Agencies	Government Bonds	Index Linked Government Bonds	Other Fixed Income
AAA	\$ 81,877,818	-	-	-	-	-	-	-	-	-	-	-	81,877,818	-
AA	\$ 1,686,834	1,375,590	-	-	-	-	-	-	-	-	-	311,244	-	-
AA-	\$ 892,034	-	-	-	892,034	-	-	-	-	-	-	-	-	-
A+	\$ 1,253,740	-	-	-	1,253,740	-	-	-	-	-	-	-	-	-
A	\$ 1,333,132	971,759	-	99,057	262,316	-	-	-	-	-	-	-	-	-
A-	\$ 2,858,330	-	-	-	2,828,360	29,970	-	-	-	-	-	-	-	-
BBB+	\$ 3,237,763	-	318,328	-	2,919,436	-	-	-	-	-	-	-	-	-
BBB	\$ 3,579,299	-	-	-	3,546,869	32,430	-	-	-	-	-	-	-	-
BBB-	\$ 5,239,625	1,110,139	-	-	4,102,411	27,075	-	-	-	-	-	-	-	-
BB+	\$ 4,125,010	-	240,661	-	2,953,639	930,710	-	-	-	-	-	-	-	-
BB	\$ 3,085,181	-	1,518,658	-	1,169,359	397,164	-	-	-	-	-	-	-	-
BB-	\$ 4,985,666	-	2,912,757	-	2,072,909	-	-	-	-	-	-	-	-	-
B+	\$ 7,654,991	-	3,716,898	-	2,836,916	1,101,176	-	-	-	-	-	-	-	-
B	\$ 7,164,505	-	5,050,534	-	2,113,972	-	-	-	-	-	-	-	-	-
B-	\$ 3,569,942	-	2,433,626	-	1,136,317	-	-	-	-	-	-	-	-	-
CCC+	\$ 1,265,795	-	-	-	1,265,795	-	-	-	-	-	-	-	-	-
CCC	\$ 326,348	-	193,725	-	132,623	-	-	-	-	-	-	-	-	-
NR	\$ 189,277,083	1,405,808	4,056,794	-	250,852	1,942,592	31,002,960	40,988,697	45,202,992	49,321,480	-	-	-	15,104,908
*AGY	\$ 147,780	-	-	-	-	-	-	-	-	-	147,780	-	-	-
*TSY		-	-	-	-	-	-	-	-	-	-	48,820,383	-	-
Subtotal	323,560,877	4,863,296	20,441,980	99,057	29,737,548	4,461,117	31,002,960	40,988,697	45,202,992	49,321,480	147,780	49,131,627	81,877,818	15,104,908
U.S. Treasuries	48,820,383													
Total debt securities	\$ 372,381,260													

Note:

As of June 30, 2022 the Trust Funds held \$33,851,394 in the Northern Trust Institutional Funds Treasury Portfolio - Premier Class, a AAAm rated money market fund (NTPXX).

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, 2022, 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, 2022, the data below represents the investments, including accrued income/expense, that have custodial credit risk.

Type of Investment	Fair Value
Cash and Cash Equivalents	\$ 1,233,915

The \$1,233,915 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	\$ 552,945,127

As of June 30, 2022, the \$552,945,127 other assets represent the investments, including accrued income/expense, that have custodial credit risk which has not been determined.

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
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2022

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, 2022 is as follows:

Currency	Alternative Investments	Debt	Short Term	Equity	Total
Australian dollar	\$ -	\$ -	\$ 68,727	\$ 15,608,647	\$ 15,677,373
British pound sterling	-	224,830	(191,530)	16,608,284	16,641,584
Canadian dollar	-	-	466,973	7,288,501	7,755,474
Chinese yuan renminbi	-	-	13,439	7,280,492	7,293,931
Danish krone	-	-	48,199	3,996,399	4,044,598
Euro	56,843,102	900,682	61,858	68,388,989	126,194,631
HK offshore Chinese Yuan Renminbi	-	-	43,422	10,954,098	10,997,520
Hong Kong dollar	-	-	62,428	9,080,078	9,142,505
Japanese yen	-	-	188,752	23,875,140	24,063,892
New Israeli shekel	-	-	16,561	3,415,874	3,432,436
New Zealand dollar	-	-	4,035	1,784,944	1,788,979
Norwegian krone	-	-	17,020	3,997,512	4,014,532
Singapore dollar	-	-	136,722	3,567,733	3,704,454
South African rand	-	-	45	-	45
Swedish krona	-	-	27,511	7,943,414	7,970,925
Swiss franc	-	-	282,721	16,519,747	16,802,468
Total securities subject to foreign currency risk	\$ 56,843,102	\$ 1,125,513	\$ 1,246,881	\$ 200,309,853	\$ 259,525,348

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, 2022, 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, 2022

Risk Type	Gross Notional	Asset MV	Liability MV	Earnings
Equity Rights/Warrants	\$ 111,679	\$ 1,587	\$ -	\$ (117,309)
Currency Forwards	1,482,687	14,443	(654)	287,998
Options	-	-	-	243,739
Swaps	1,351,350	-	(37,298)	(285,790)
Futures	370,439,000	-	-	(15,254,165)
Total	\$ 373,384,716	\$ 16,030	\$ (37,951)	\$ (15,125,527)

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, U.S. government securities and irrevocable letters of credit. U.S. securities are loaned versus collateral valued at 102% 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. Non-U.S. securities are loaned versus collateral valued at 105% of the market value of the securities plus any accrued interest.

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 150 days as of June 30, 2022.

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 24 days as of this statement date.

There were no violations of legal or contractual provisions, and no borrower or lending agent defaults or 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. The securities lending program is subject to a contractual indemnification from Northern Trust.

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

The following represents the Trust Fund's balances related to securities lending transactions at June 30, 2022:

Security Type	Underlying Securities on		Underlying Securities on Loan for		Non-Cash Collateral
	Loan for Cash	Cash Collateral	Non-Cash Collateral	Non-Cash Collateral	
GLOBAL Corporate Fixed	\$ 188,130	\$ 193,900	\$ -	\$ -	-
GLOBAL Equities	421,906	453,836	43,708,953		48,564,526
GLOBAL Government Fixed	-	-	19,891,019		21,309,836
US Agencies	154,030	158,000	-		-
US Corporate Fixed	14,219,753	14,591,910	224,112		205,947
US Equities	69,889,689	72,441,674	8,208,768		8,941,614
US Government Fixed	51,984,880	52,998,928	3,646,962		3,831,227
Total	\$ 136,858,387	\$ 140,838,248	\$ 75,679,815	\$	82,853,150
Market Value of Securities on Loan against Cash Collateral				\$	136,858,387
Market Value of Securities on Loan against Non Cash Collateral					75,679,815
Total Market Value of Securities on Loan				\$	<u>212,538,202</u>

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

SUPPLEMENTAL SCHEDULES
For the Fiscal Year Ended June 30, 2022

State of Utah, School and Institutional Trust Funds
 GOVERNMENTAL BALANCE SHEET AND STATEMENT OF NET POSITION
 As of June 30, 2022

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	\$ -	\$ 871,992	\$ 889	\$ 190
Investments, at Fair Value	2,849,897,443	12,892,124	3,399,210	23,058,434
Invested Securities Lending Collateral	132,779,176	600,655	158,372	1,074,312
Receivable for Unsettled Trades	38,803,749	175,537	46,283	313,960
Other Receivables	8,147,463	36,857	9,718	65,921
Prepaid Expenses	20,635	93	25	167
Prepaid Operating Expenses	1,288,214	5,844	1,539	10,387
Net Income Receivable from SITLA	10,213,295	91,723	18,529	24,325
Total Assets	3,041,149,974	14,674,827	3,634,565	24,547,695
Liabilities				
Cash Due to the State Treasurer	\$ 189,178	\$ -	\$ -	\$ -
Securities Lending Liability	132,779,176	600,655	158,372	1,074,312
Payable for Unsettled Trades	7,289,135	32,974	8,694	58,976
Other Payables	39,764,017	179,881	47,428	321,729
Accrued Interest and Dividends Payable	765,699	3,464	913	6,195
Operating Expense Payable	299,253	1,358	357	2,413
Net Income Payable to SITLA	-	-	-	-
Total Liabilities	181,086,457	818,332	215,765	1,463,626
Fund Balances				
Nonspendable - Permanent Funds	\$ 1,876,414,071	\$ 11,278,617	\$ 2,676,873	\$ 13,696,016
Restricted - Earnings Reserve	983,649,445	2,577,878	741,926	9,388,053
Total Fund Balances	2,860,063,517	13,856,495	3,418,799	23,084,069
Total Liabilities and Fund Balances	\$ 3,041,149,974	\$ 14,674,827	\$ 3,634,565	\$ 24,547,695
Statement of Net Position				
Restricted for Permanent Trust - Nonexpendable	\$ 1,876,414,071	\$ 11,278,617	\$ 2,676,873	\$ 13,696,016
Restricted for Permanent Trust - Expendable	983,649,445	2,577,878	741,926	9,388,053
Total Net Position	\$ 2,860,063,517	\$ 13,856,495	\$ 3,418,799	\$ 23,084,069

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, 2022

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	\$ 3,275	\$ 1,485	\$ 7,096	\$ 1,807
Investments, at Fair Value	1,857,391	8,209,732	20,327,179	6,112,355
Invested Securities Lending Collateral	86,537	382,499	947,061	284,780
Receivable for Unsettled Trades	25,290	111,782	276,772	83,225
Other Receivables	5,310	23,470	58,113	17,474
Prepaid Expenses	13	59	147	44
Prepaid Operating Expenses	1,452	3,722	9,134	2,789
Net Income Receivable from SITLA	1,374,848	60,170	-	85,361
Total Assets	3,354,117	8,792,921	21,625,502	6,587,835
Liabilities				
Cash Due to the State Treasurer	\$ -	\$ -	\$ -	\$ -
Securities Lending Liability	86,537	382,499	947,061	284,780
Payable for Unsettled Trades	4,751	20,998	51,990	15,633
Other Payables	25,916	114,549	283,621	85,284
Accrued Interest and Dividends Payable	499	2,206	5,461	1,642
Operating Expense Payable	337	865	2,122	648
Net Income Payable to SITLA	-	-	34,538	-
Total Liabilities	118,040	521,116	1,324,793	387,988
Fund Balances				
Nonspendable - Permanent Funds	\$ 2,605,767	\$ 6,089,971	\$ 17,813,230	\$ 4,532,946
Restricted - Earnings Reserve	630,310	2,181,834	2,487,479	1,666,901
Total Fund Balances	3,236,076	8,271,805	20,300,709	6,199,848
Total Liabilities and Fund Balances	\$ 3,354,117	\$ 8,792,921	\$ 21,625,502	\$ 6,587,835
Statement of Net Position				
Restricted for Permanent Trust - Nonexpendable	\$ 2,605,767	\$ 6,089,971	\$ 17,813,230	\$ 4,532,946
Restricted for Permanent Trust - Expendable	630,310	2,181,834	2,487,479	1,666,901
Total Net Position	\$ 3,236,076	\$ 8,271,805	\$ 20,300,709	\$ 6,199,848

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, 2022

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	\$ 1,640	\$ 4,095	\$ 1,794	\$ 894,264
Investments, at Fair Value	8,842,688	10,483,547	77,792,730	3,022,872,833
Invested Securities Lending Collateral	411,988	488,437	3,624,430	140,838,248
Receivable for Unsettled Trades	120,401	142,742	1,059,213	41,158,954
Other Receivables	25,280	29,971	222,399	8,641,975
Prepaid Expenses	64	76	563	21,888
Prepaid Operating Expenses	4,096	4,780	35,810	1,367,767
Net Income Receivable from SITLA	179,709	135,782	602,086	12,785,828
Total Assets	9,585,866	11,289,430	83,339,026	3,228,581,757
Liabilities				
Cash Due to the State Treasurer	\$ -	\$ -	\$ -	\$ 189,178
Securities Lending Liability	411,988	488,437	3,624,430	140,838,248
Payable for Unsettled Trades	22,617	26,814	198,969	7,731,551
Other Payables	123,380	146,275	1,085,426	42,177,506
Accrued Interest and Dividends Payable	2,376	2,817	20,901	812,174
Operating Expense Payable	952	1,110	8,319	317,733
Net Income Payable to SITLA	-	-	-	34,538
Total Liabilities	561,313	665,453	4,938,045	192,100,928
Fund Balances				
Nonspendable - Permanent Funds	\$ 7,292,098	\$ 7,895,209	\$ 55,161,199	\$ 2,005,455,995
Restricted - Earnings Reserve	1,732,455	2,728,769	23,239,782	1,031,024,834
Total Fund Balances	9,024,554	10,623,978	78,400,981	3,036,480,829
Total Liabilities and Fund Balances	\$ 9,585,866	\$ 11,289,430	\$ 83,339,026	\$ 3,228,581,757
Statement of Net Position				
Restricted for Permanent Trust - Nonexpendable	\$ 7,292,098	\$ 7,895,209	\$ 55,161,199	\$ 2,005,455,995
Restricted for Permanent Trust - Expendable	1,732,455	2,728,769	23,239,782	1,031,024,834
Total Net Position	\$ 9,024,554	\$ 10,623,978	\$ 78,400,981	\$ 3,036,480,829

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, 2022

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	\$ 120,748,452	\$ 2,634,164	\$ 148,492	105,845
Gains from Investments	(110,638,507)	(501,044)	(130,510)	(879,320)
Total Revenues	10,109,945	2,133,120	17,981	(773,476)
Expenditures				
Fund Operating Expenses	4,151,718	17,222	4,954	34,425
Total Expenditures	4,151,718	17,222	4,954	34,425
Revenues over Expenditures	5,958,226	2,115,898	13,027	(807,900)
Other Financing Uses				
Distributions to Beneficiaries	95,849,770	178,300	102,876	849,640
Net Change in Fund Balance	(89,891,544)	1,937,599	(89,849)	(1,657,541)
Fund Balances - Beginning of Year	2,949,955,061	11,918,896	3,508,648	24,741,610
Fund Balances - End of Year	\$ 2,860,063,517	\$ 13,856,495	\$ 3,418,799	\$ 23,084,069
Change in Net Position-Government Activities	\$ (89,891,544)	\$ 1,937,599	\$ (89,849)	(1,657,541)

*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.*

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, 2022

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	\$ 1,477,151	\$ 786,262	\$ 11,964,504	880,023
Gains from Investments	(71,478)	(322,982)	(955,642)	(246,243)
Total Revenues	1,405,673	463,279	11,008,862	633,780
Expenditures				
Fund Operating Expenses	2,205	11,792	16,321	8,318
Total Expenditures	2,205	11,792	16,321	8,318
Revenues over Expenditures	1,403,468	451,487	10,992,541	625,461
Other Financing Uses				
Distributions to Beneficiaries	55,401	231,262	301,277	159,777
Net Change in Fund Balance	1,348,067	220,225	10,691,264	465,685
Fund Balances - Beginning of Year	1,888,010	8,051,580	9,609,445	5,734,163
Fund Balances - End of Year	\$ 3,236,076	\$ 8,271,805	\$ 20,300,709	\$ 6,199,848
Change in Net Position-Government Activities	\$ 1,348,067	\$ 220,225	\$ 10,691,264	\$ 465,685

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, 2022

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	\$ 2,417,590	\$ 1,251,236	\$ 8,407,577	150,821,294
Gains from Investments	(353,667)	(412,646)	(3,052,277)	(117,564,317)
Total Revenues	2,063,923	838,590	5,355,300	33,256,978
Expenditures				
Fund Operating Expenses	10,753	14,375	105,782	4,377,866
Total Expenditures	10,753	14,375	105,782	4,377,866
Revenues over Expenditures	2,053,170	824,215	5,249,518	28,879,112
Other Financing Uses				
Distributions to Beneficiaries	182,188	267,790	2,313,104	100,491,386
Net Change in Fund Balance	1,870,982	556,424	2,936,414	(71,612,274)
Fund Balances - Beginning of Year	7,153,572	10,067,553	75,464,566	3,108,093,104
Fund Balances - End of Year	\$ 9,024,554	\$ 10,623,978	\$ 78,400,981	\$ 3,036,480,829
Change in Net Position-Government Activities	\$ 1,870,982	\$ 556,424	\$ 2,936,414	(71,612,274)

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
SCHEDULE OF SITFO EXPENDITURES
Fiscal Year Ended June 30, 2022

SCHEDULE OF OPERATING EXPENDITURES

Fund Operating Expenses

SITFO Investment Office Budget	\$	1,879,454
LTPAO Office Budget		336,503
Audit Expense		52,388
Investment Systems and Publications		224,288
Consulting Services		1,595,458
Custodial Banking Services		289,774
Subtotal Fund Operating Expenses	\$	4,377,866

Invoiced Investment Management (IM) Fees

Bin Yuan	\$	138,678
Columbia Threadneedle		287,815
Loomis		323,014
Parametric		851,868
Salient		599,685
SLC Management		267,005
Subtotal Invoiced IM Fees	\$	2,468,066

Total Fund Operating Expenses and Invoiced IM Fees	\$	6,845,932
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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, 2022

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

	FY 2022	3 Year Annualized	5 Year Annualized	10 Year Annualized	Since Inception	Inception Date
Total Fund	-3.7%	5.7%	5.3%	7.5%	6.8%	July 2003
CPI+5%	14.5%	10.2%	9.1%	7.7%	7.7%	
Total Fund Interim Target Index*	-6.6%	6.1%	5.9%	7.8%	6.8%	

Beneficiary	FY 2022	3 Year Annualized	5 Year Annualized	10 Year Annualized	Since Inception	Inception Date
School Fund	-3.7%	5.7%	5.3%	7.6%	6.9%	July 2003
Utah State University	-3.7%	5.7%	5.3%	7.1%	6.5%	July 2003
Deaf School	-3.7%	5.7%	5.3%	6.7%	6.4%	July 2003
Institute for the Blind	-3.7%	5.7%	5.3%	7.2%	6.7%	July 2003
Industrial School	-3.7%	5.7%	5.3%	6.7%	6.2%	July 2003
Normal School	-3.7%	5.7%	5.3%	6.6%	6.1%	July 2003
Reservoirs Fund	-3.7%	5.7%	5.3%	6.7%	6.3%	July 2003
Utah State Hospital	-3.7%	5.7%	5.3%	6.6%	6.1%	July 2003
School of Mines	-3.7%	5.7%	5.3%	6.8%	6.5%	July 2003
University of Utah	-3.7%	5.7%	5.3%	6.9%	6.4%	July 2003
Miners Hospital	-3.7%	5.7%	5.3%	7.1%	6.2%	July 2003

*The Total Fund Interim Target Index currently consists of 43.50% Growth Interim Target Index, 17.50% Real Assets Interim Target Index, 27.00% Income Interim Target Index and 12.00% Defensive Interim Target Index. The Growth Interim Target Index currently consists of 21.84% MSCI ACWI IM Index (USD) (Net), 18.39% Russell 1000 Index, 9.20% Russell 2000 Index, 16.09% MSCI EAFE IM Index (USD) (Net), 13.79% MSCI Emerging Markets IM Index (USD) (Net) and 20.69% Cambridge US Private Equity Index. The Real Assets Interim Target Index currently consists of 48.57% SPRAUT Index, 28.57% Private Real Estate Custom Index, and 22.86% Cambridge Private Real Assets Custom Index. The Income Interim Target Index currently consists of 22.22% Credit Custom Index, 24.07% Eureka Hedge Structured Credit Hedge Fund Index, 14.81% Emerging Markets Debt Custom Index, 12.96% ILS Actual Allocation Index and 25.93% Cambridge Private Credit Index. The Defensive Interim Target Index currently consists of 20.83% Bloomberg 20-30 Year Treasury Strips Index, 20.83% Bloomberg US TIPS 0-5 Year Index and 58.33% Systematic Convexity Custom Index.

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

Note:

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

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

State of Utah, School and Institutional Trust Funds
SCHEDULE OF WEIGHTED INVESTMENT RETURNS BY INVESTMENT THEMATIC
Fiscal Year Ended June 30, 2022

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

	FY 22	3 Year Annualized	5 Year Annualized	10 Year Annualized	Since Inception	Inception Date
Total Fund	-3.7%	5.7%	5.3%	7.5%	6.8%	July 2003
<i>CPI+5%</i>	14.5%	10.2%	9.1%	7.7%	7.7%	
<i>Total Fund Interim Target Index (1)</i>	-6.6%	6.1%	5.9%	7.8%	6.8%	
Investment Theme	FY 2022	3 Year Annualized	5 Year Annualized	10 Year Annualized	Since Inception	Inception Date
Growth	-10.4%	8.4%	7.2%	10.3%	8.5%	July 2003
<i>Growth Interim Target Index (2)</i>	-14.9%	7.8%	7.6%	10.3%	8.3%	
Real Assets	12.0%	6.9%	6.5%	8.5%	5.3%	January 2008
<i>Real Assets Interim Target Index (3)</i>	6.1%	7.8%	6.7%	8.4%	4.7%	
Income	-3.5%	1.9%	2.7%	2.8%	3.8%	July 2003
<i>Income Interim Target Index (4)</i>	-5.2%	2.5%	3.1%	3.4%	4.2%	
Defensive	-1.9%	3.7%	3.4%	1.0%	1.6%	June 2004
<i>Defensive Interim Target Index (5)</i>	4.1%	7.3%	5.8%	2.1%	2.0%	

(1) The Total Fund Interim Target Index currently consists of 43.50% Growth Interim Target Index, 17.50% Real Assets Interim Target Index, 27.00% Income Interim Target Index and 12.00% Defensive Interim Target Index.

(2) The Growth Interim Target Index currently consists of 21.84% MSCI ACWI IM Index (USD) (Net), 18.39% Russell 1000 Index, 9.20% Russell 2000 Index, 16.09% MSCI EAFE IM Index (USD) (Net), 13.79% MSCI Emerging Markets IM Index (USD) (Net) and 20.69% Cambridge US Private Equity Index.

(3) The Real Assets Interim Target Index currently consists of 48.57% SPRAUT Index, 28.57% Private Real Estate Custom Index, and 22.86% Cambridge Private Real Assets Custom Index.

(4) The Income Interim Target Index currently consists of 22.22% Credit Custom Index, 24.07% EurekaHedge Structured Credit Hedge Fund Index, 14.81% Emerging Markets Debt Custom Index, 12.96% ILS Actual Allocation Index and 25.93% Cambridge Private Credit Index.

(5) The Defensive Interim Target Index currently consists of 20.83% Bloomberg 20-30 Year Treasury Strips Index, 20.83% Bloomberg US TIPS 0-5 Year Index and 58.33% Systematic Convexity Custom 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 or tenth of one percent 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, 2022

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	1,962,186	\$ 50,752,701	\$ 33,633	\$ 0.0171	0.0663%
CANTOR FITZGERALD EUROPE	996,261	7,373,542	20,315	0.0204	0.2755%
CHINA INTL CAPITAL CORP HK SECS LTD	2,410,095	29,211,423	20,450	0.0085	0.0700%
GOLDMAN, SACHS AND CO.	1,219,447	14,711,078	21,162	0.0174	0.1438%
INSTINET, LLC	536,134	9,119,282	17,699	0.0330	0.1941%
MERRILL LYNCH INTERNATIONAL LIMITED	7,023,187	48,981,049	24,492	0.0035	0.0500%
MORGAN STANLEY AND CO., LLC	1,838,380	43,110,362	17,925	0.0098	0.0416%
NATIONAL FINANCIAL SERVICES LLC	10,683,891	177,927,862	101,739	0.0095	0.0572%
RBC CAPITAL MARKETS, LLC	5,651,144	297,924,268	44,864	0.0079	0.0151%
WELLS FARGO BANK, N.A.	1,781,957	27,219,444	35,639	0.0200	0.1309%
Total	34,102,682	\$ 706,331,011	\$ 337,918	\$ 0.0147	0.0478%

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 or tenth of one percent 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*

To 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, 2022, 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 17, 2022.

Report on 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.

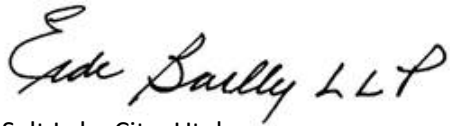
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given 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.

Report on 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 17, 2022



Independent Auditor's Report on Compliance

To 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, 2022.

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, 2022.

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.

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

November 17, 2022
Salt Lake City, Utah