



State of Utah, School and Institutional Trust Funds

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FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2023

Administered by the School & Institutional Trust Funds Office



FINANCIAL STATEMENTS - JUNE 30, 2023  
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, a component of the State of Utah, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise School and Institutional Trust Funds' 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 as of June 30, 2023, 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, 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, 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. They do not purport to, and do not, present fairly the financial position of the State of Utah as of June 30, 2023, 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' 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 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' 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 7-12 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 of the State of Utah financial statements. 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 35 through 40 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 41 through 44 but does not include the financial statements and our auditor's report thereon. Our opinions on the 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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 20, 2023 on our consideration of the School and Institutional Trust Funds’ 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’ 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’ internal control over financial reporting and compliance.

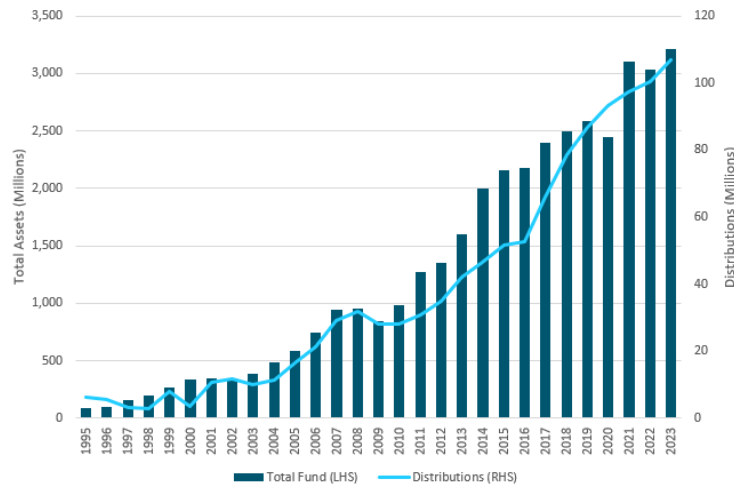
Handwritten signature of Erik Sully LLP in cursive script.

Salt Lake City, Utah  
November 20, 2023

Annual Report – Fiscal Year 2023

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 - 2023



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. During fiscal year 2023, two new trustees were appointed by Treasurer Oaks and a new vice-chair was elected. The trustees are integral to the governance of SITFO.

**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.

**DAVID R. NIXON – Vice Chair, 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.

**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.

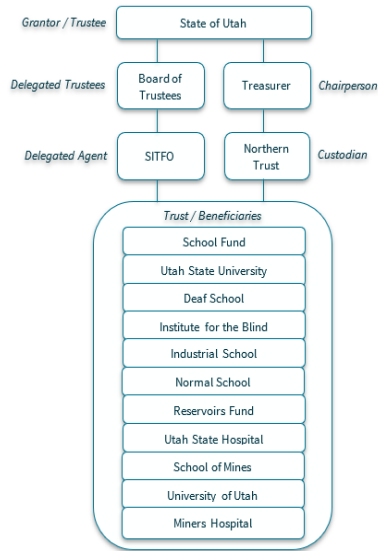
**DAVID F. ZUCKER – Board of Trustees**

David is Managing Partner of Lead Lap Enterprises. He has 30 years of experience as an executive in across multiple sectors and prominent companies such as Disney and ESPN. David also serves as board chair for a leading healthcare organization with a \$4 billion foundation.

**MARK SIDDOWAY – Board of Trustees**

Mark is President of Cynasure Advisors, where he manages advisory team and investment process for \$1.5 billion of client assets. He was previously the Head of Client Relations of Grandeur Peak Global Advisors, a Portfolio Manager and Asset Allocator in the Lehigh University Investment Office, and Deputy Chief Investment Officer at Utah Retirement Systems. He has an MBA from BYU and holds the CFA and CAIA credentials.

Figure 2: Trust Governance



There are currently 9 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.



**KIRTI NAIR** – *Investment Analyst*

Kirti joined SITFO in 2022 to support evaluation, due diligence and ongoing monitoring of investments. Her most recent experience includes performing risk management functions to assist in establishing performance reporting and monitoring processes at Deseret Mutual Benefit Administrators. Prior to that, Kirti performed credit analysis for structured deals in the Corporate Banking department at ICICI Bank and Axis Bank in India. Before pivoting to finance, she worked in IT consulting and product engineering for retail banks. Kirti holds a Master of Management Studies in Finance from Jamnalal Bajaj Institute of Management Studies, Mumbai and a Bachelor of Engineering in Electronics and Telecommunication from the University of Mumbai. She is also 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.

**JOHN SORENSEN** – *Assistant Investment Analyst*

John joined the team in 2023 to further develop risk and reporting tools and to assist the manager research team. Before joining as an Assistant Investment Analyst, John was an intern for SITFO from 2021 to 2023. John graduated from Utah State University with a Bachelor of Science degree in Economics, though he studied a variety of topics including programming, finance, and statistics.

**TATIANA DEVKOTA** – *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.

The Board retains institutional investment consultants to assist in the development and implementation of 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, Topdown 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** – *VENN, MPI, Bloomberg, and internal tools*

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

Policy Developments

SITFO is working with the Treasurer’s Office, SITLA, the Protection and Advocacy Office, as well as the state legislature and other stakeholders to pursue a constitutional amendment that will increase the cap on the annual distribution. Increasing the cap will provide greater benefits across generations to meet requirements of both statutes and best practices for intergenerational equity.

Financial Highlights for FY 2023

Fiscal year 2023 saw modest positive returns compared to fiscal year 2022, where SITFO’s more diversified approach protected the trust in a historically negative year for stocks and bonds. In fiscal 2023, the equity markets were supported by the return of momentum in the largest, technology-oriented companies. SITFO participated in this recovery, but its more defensive implementation resulted in returns below the total portfolio benchmark. SITFO’s performance in fiscal year 2023 was 4.7%, and its benchmark returned 6.3%. Longer-term, SITFO’s 10-year returns of 6.7% are slightly below the long-term investment objectives. Inflation’s continued strong showing presents challenges for longer-term benchmarking. However, SITFO is well-prepared for a higher inflation and interest rate regime, should that macroenvironment persist. The market values of the trusts are increasing as well in part due to strong contributions from SITLA. Additionally, 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 6/30/2023)			
	6/30/2023	6/30/2022	FY 23	3Y	5Y	10Y
School Fund	\$ 3,015,712,430	\$ 2,849,050,438	4.7%	9.2%	5.3%	6.7%
Utah State University	\$ 17,716,065	\$ 12,888,293	4.7%	9.2%	5.3%	6.6%
Deaf School	\$ 3,644,434	\$ 3,398,200	4.7%	9.2%	5.3%	6.1%
Institute for the Blind	\$ 23,502,219	\$ 23,051,581	4.7%	9.2%	5.3%	6.5%
Industrial School	\$ 5,537,798	\$ 1,856,839	4.7%	9.2%	5.3%	6.1%
Normal School	\$ 8,588,720	\$ 8,207,292	4.7%	9.2%	5.3%	6.2%
Reservoirs Fund	\$ 21,373,457	\$ 20,321,138	4.7%	9.2%	5.3%	6.1%
Utah State Hospital	\$ 6,885,837	\$ 6,110,538	4.7%	9.2%	5.3%	6.0%
School of Mines	\$ 9,931,987	\$ 8,840,060	4.7%	9.2%	5.3%	6.3%
University of Utah	\$ 12,222,887	\$ 10,480,431	4.7%	9.2%	5.3%	6.4%
Miners Hospital	\$ 81,734,913	\$ 77,769,609	4.7%	9.2%	5.3%	6.3%
<b>Investment Objective</b>			<b>FY 23</b>	<b>3Y</b>	<b>5Y</b>	<b>10Y</b>
Inflation (CPI) + 5%			8.1%	11.1%	9.1%	7.9%

The trusts returned 4.7% for FY 2023 as shown in Figure 3. Over the longer time periods, returns are intended to meet the primary objective of CPI+5%. Importantly, inflation has been much higher than average in the last fiscal year, presenting significant benchmarking challenges. However, SITFO is focused on the long-term and has diversified the trusts and includes significant exposure to inflation-oriented investments. 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 and the challenges of rising inflation. Long-term investing requires patience during periods of underperformance. Importantly, our objectives are best considered over an investment cycle and with the full context of the long-term investment program.

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

Figure 5: SITLA Contributions to the Trusts

Trusts	FY23	FY22
School Fund	\$ 113,847,248	\$ 120,748,452
Utah State University	\$ 6,166,738	\$ 2,634,164
Deaf School Fund	\$ 415,051	\$ 148,492
Institute for the Blind	\$ 101,733	\$ 105,845
Industrial School	\$ 3,299,018	\$ 1,477,151
Normal School	\$ 190,474	\$ 786,262
Reservoirs Fund	\$ 578,871	\$ 11,964,504
Utah State Hospital	\$ 1,758,869	\$ 880,023
School of Mines	\$ 812,165	\$ 2,417,590
University of Utah	\$ 1,473,431	\$ 1,251,236
Miners Hospital	\$ 1,840,395	\$ 8,407,577

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

Figure 6: SITFO Distributions to Beneficiaries

Beneficiaries	FY23	FY22
School Fund	\$ 101,803,347	\$ 95,849,770
Utah State University	\$ 254,528	\$ 178,300
Deaf School Fund	\$ 113,906	\$ 102,876
Institute for the Blind	\$ 882,915	\$ 849,640
Industrial School	\$ 61,168	\$ 55,401
Normal School	\$ 261,291	\$ 231,262
Reservoirs Fund	\$ 360,720	\$ 302,277
Utah State Hospital	\$ 182,349	\$ 159,777
School of Mines	\$ 219,846	\$ 182,188
University of Utah	\$ 312,948	\$ 267,790
Miners Hospital	\$ 2,529,124	\$ 2,313,104

## 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 and actual asset allocation is shown in Figure 7.

Figure 7: Asset Allocation

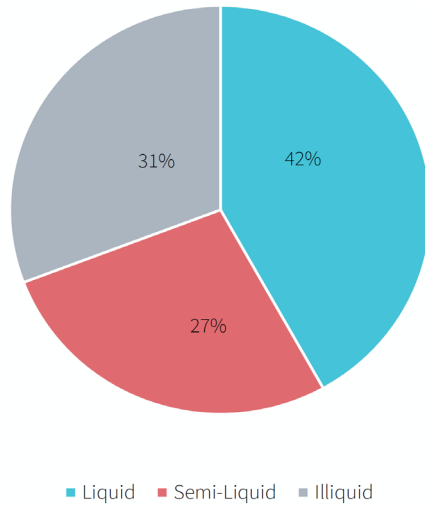
Asset Classes	Interim Target (%)	6/30/2023 (%)
<b>Growth</b>	<b>43.5</b>	<b>42.6</b>
Public Equity	32.5	32.5
Private Equity	11.0	10.2
<b>Real Assets</b>	<b>17.5</b>	<b>17.5</b>
Public Real Assets	7.0	6.3
Private Real Assets	10.5	11.2
<b>Income</b>	<b>27.0</b>	<b>28.2</b>
Public Income	18.5	20.3
Private Income	8.5	7.9
<b>Defensive</b>	<b>12.0</b>	<b>11.7</b>
GRIPs	5.0	3.9
Systematic Convexity	7.0	7.0
Cash	0.0	0.8

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 increase toward their long-term target 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 31% 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 is primarily driven by the relative performance of public to private assets.

Figure 8: Liquidity Overview (as of 6/30/2023)



Condensed comparative data of the trust funds financial position is shown in Figure 9.

Figure 9: Condensed Comparative Data

	FY23	FY22
Total Assets	\$ 3,324,034,264	\$ 3,228,581,757
Total Liabilities	\$ 102,826,619	\$ 192,100,928
<b>Total Fund Balances/Net Position</b>	<b>\$ 3,221,207,646</b>	<b>\$ 3,036,480,829</b>
Total Revenues	\$ 296,783,673	\$ 33,256,978
Total Expenditures	\$ 5,074,714	\$ 4,377,866
Other Financing Uses	\$ 106,982,142	\$ 100,491,386
<b>Net Changes in Fund Balances</b>	<b>\$ 184,726,816</b>	<b>\$ (71,612,274)</b>

### 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 a 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

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FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2023

State of Utah, School and Institutional Trust Funds  
 GOVERNMENTAL BALANCE SHEET AND STATEMENT OF NET POSITION  
 As of June 30, 2023

TRUST LANDS PERMANENT FUND COMBINED

<b>Assets</b>		
Cash with the State Treasurer	\$	6,740,692
Investments, at Fair Value		3,198,601,778
Invested Securities Lending Collateral		76,296,782
Receivable for Unsettled Trades		34,054,462
Accrued Interest and Dividends Receivable		385,945
Prepaid Operating Expenses		946,517
Net Income Receivable from SITLA		7,008,087
<b>Total Assets</b>	<b>\$</b>	<b>3,324,034,264</b>
<b>Liabilities</b>		
Securities Lending Liability	\$	76,296,782
Other Payables		26,176,969
Expense Payable		14,469
Operating Expense Payable		338,398
<b>Total Liabilities</b>		<b>102,826,618</b>
<b>Fund Balances</b>		
Nonspendable - Permanent Funds	\$	2,129,199,295
Restricted - Earnings Reserve		1,092,008,351
<b>Total Fund Balances</b>		<b>3,221,207,646</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$</b>	<b>3,324,034,264</b>
<b>Statement of Net Position</b>		
Restricted for Permanent Trust - Nonexpendable	\$	2,129,199,295
Restricted for Permanent Trust - Expendable		1,092,008,351
<b>Total Net Position</b>	<b>\$</b>	<b>3,221,207,646</b>

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, 2023

TRUST LANDS PERMANENT FUND COMBINED

<b>Revenues</b>		
Receipts from Trust Lands Administration	\$	130,483,992
Earnings on Investments		166,299,680
<b>Total Revenues</b>		<u>296,783,673</u>
<b>Expenditures</b>		
Fund Operating Expenses		5,074,714
<b>Total Expenditures</b>		<u>5,074,714</u>
<b>Revenues over Expenditures</b>		291,708,959
<b>Other Financing Uses</b>		
Distributions to Beneficiaries		106,982,142
<b>Net Change in Fund Balance</b>		<u>184,726,816</u>
<b>Fund Balances - Beginning of Year</b>		<u>3,036,480,829</u>
<b>Fund Balances - End of Year</b>	\$	<u><u>3,221,207,646</u></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.*

<b>Change in Net Position-Government Activities</b>	\$	<u><u>184,726,816</u></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

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 \$3.44 billion principal amount of Guaranteed Bonds outstanding at June 30, 2023 with the last maturity date being 2043. The State cannot predict the amount of bonds that may be guaranteed in future years, but no limitation is currently imposed by the Guaranty Act.

### NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Financial Reporting Entity**

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

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

#### **Basis of Presentation**

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

#### **Expendable and Nonexpendable Net Position**

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

#### **Cash with the State Treasurer**

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

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

#### **Receivable for Unsettled Trades**

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

#### **Prepaid Operating Expenses**

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

#### **Net Income Receivable from SITLA**

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

#### 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 strategic asset allocation is structured by investment thematic, 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) Public Equity (target 30.5% / range from 27.5%-33.5%)
- 2) Private Equity (target 13% / range from 10%-16%)

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

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

Specific sub-component targets include:

- 1) Public Real Assets (target 5% / range 2%-8%)
- 2) Private Real Assets (target 12.5% / range 9.5%-15.5%)

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) Public Income (target 17% / range from 14%-20%)
- 2) Private Income (target 10% / range 7%-13%)

Defensive (target 12% / range from 7%-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) GRIPs (target 5% / range 2%-8%)
- 2) Systematic Convexity (target 7% / range 4%-10%)
- 3) Cash (target 0% / range 0%-3%)

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

State of Utah, School and Institutional Trust Funds  
 NOTES TO FINANCIAL STATEMENTS  
 Fiscal Year Ended June 30, 2023

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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, 2023:

	<b>Cost</b>	<b>Fair Value with Accruals</b>
Growth	\$ 1,193,180,763	\$ 1,366,232,281
Real Assets	471,642,314	565,932,215
Income	833,588,745	901,001,643
Defensive	370,383,268	373,684,609
<b>Total Fund Investments</b>	<b>\$ 2,868,795,090</b>	<b>\$ 3,206,850,748</b>
Receivable for Unsettled Trades		(34,054,462)
Accrued Interest and Dividends Receivable		(385,945)
Other Payables		26,176,969
Expense Payable		14,469
<b>Grand Total</b>	<b>\$ 2,868,795,090</b>	<b>\$ 3,198,601,778</b>

*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, 2023, the Trust Funds had the following recurring fair value measurements:

Assets at Fair Value as of June 30, 2023

	Total	Level 1	Level 2	Level 3
<b>Growth</b>				
Public Equity	\$ 785,119,079	\$ 784,382,226	\$ 505,441	\$ 231,411
Private Equity	281	281	-	-
<b>Total Growth</b>	<b>785,119,359</b>	<b>784,382,507</b>	<b>505,441</b>	<b>231,411</b>
<b>Real Assets</b>				
Public Real Assets	132,542,351	132,490,954	51,326	71
Private Real Assets	4	4	-	-
<b>Total Real Assets</b>	<b>132,542,355</b>	<b>132,490,958</b>	<b>51,326</b>	<b>71</b>
<b>Income</b>				
Public Income	221,836,066	165,839,081	54,526,409	1,470,576
Private Income	4,816,899	21	(3,575)	4,820,453
<b>Total Income</b>	<b>226,652,965</b>	<b>165,839,102</b>	<b>54,522,834</b>	<b>6,291,029</b>
<b>Defensive</b>				
GRIPs	125,942,353	125,908,907	33,446	-
Cash	24,138,014	24,264,775	(126,761)	-
<b>Total Defensive</b>	<b>150,080,367</b>	<b>150,173,682</b>	<b>(93,315)</b>	<b>-</b>
<b>Total Investments by Fair Value Level</b>	<b>\$ 1,294,395,047</b>	<b>\$ 1,232,886,250</b>	<b>\$ 54,986,286</b>	<b>\$ 6,522,511</b>

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, 2023

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**Investments Measured at Net Asset Value as of June 30, 2023**

<b>Growth</b>	6/30/2023
Public Equity	251,551,658
Private Equity	329,561,263
<b>Real Assets</b>	
Public Real Assets	67,330,516
Private Real Assets	366,059,344
<b>Income</b>	
Public Income	427,880,745
Private Income	246,467,933
<b>Defensive</b>	
Systematic Convexity	223,604,241
<b>Total Investments Measured at Net Asset Value</b>	<b>1,912,455,701</b>
<b>Total Investments Measured at Fair Value</b>	<b>\$ 3,206,850,748</b>

*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, 2023

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
<b>Growth</b>				
Public Equity	251,551,658	-	30 - 90 Days	30 - 90 Days
Private Equity	329,561,263	187,451,349	Limited	n/a
<b>Total Growth</b>	<b>\$ 581,112,921</b>	<b>\$ 187,451,349</b>		
<b>Real Assets</b>				
Public Real Assets	67,330,516	-	90 Days	60 Days
Private Real Assets	366,059,344	233,636,327	Limited	n/a
<b>Total Real Assets</b>	<b>\$ 433,389,860</b>	<b>\$ 233,636,327</b>		
<b>Income</b>				
Public Income	427,880,745	18,330,967	Monthly - Semi-Annually; Limited	30 - 180 Days
Private Income	246,467,933	131,353,270	Limited	n/a
<b>Total Income</b>	<b>\$ 674,348,678</b>	<b>\$ 149,684,236</b>		
<b>Defensive</b>				
Systematic Convexity	223,604,241	-	5 Days	4 Days (30% investor gate)
<b>Total Defensive</b>	<b>\$ 223,604,241</b>	<b>\$ -</b>		
<b>Total</b>	<b>\$ 1,912,455,701</b>	<b>\$ 570,771,912</b>		

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 - Public Equity:** Consists of six (6) investments in hedge funds 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 forty-eight (48) investments in private equity limited partnerships. Generally speaking, the types of strategies included in this portfolio include venture capital, growth equity, buyouts, secondaries and special situations. These investment commitments were made in 2016 onwards and have an approximate life in excess of 10 years and are considered illiquid. Redemptions are restricted over the life of the partnership. During the life of the partnership, distributions are received as underlying partnership investments are realized. The Trust Funds have no plans to liquidate the total portfolio. As of June 30, 2023, 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 Assets:** Consists of sixteen (16) investments in private real estate limited partnerships and twenty-eight (28) investments in other real asset limited partnerships. Generally speaking, the types of strategies included in this portfolio include value added, opportunistic property interests, infrastructure/power generation, farmland and opportunistic natural resource investments, including co-investments. 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, 2023, 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 - Public Income:** Consists of nine (9) investments in limited partnerships with underlying insurance linked securities investments and associated strategies and eight (8) investments in pooled investment funds. The fair value of the investment in this type have been determined using the NAV per share (or its equivalent) of the Trust Funds' ownership interest in partners' capital.

**Income - Private Income:** Consists of twenty-six (26) investments in limited partnerships and three (3) investments in collateralized loan obligations. 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, 2023, it is probable that all the investments in this type would be sold at an amount different from the NAV per share (or its equivalent) of the Trust Funds' ownership interest in partners' capital.

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

NOTE 6 - UNFUNDED COMMITMENTS

As of June 30, 2023, the Trust Funds had contractual commitments of \$1,765,665,619 to one hundred and thirty four (134) investments across Public and Private Equity, and Real Assets.

Of this amount, an estimated \$570,771,912 remained unfunded and subject to call by the funds.

*Note:*

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

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, 2023, the Trust Funds' debt security investments (including the underlying portfolios of indirectly held investments, where available) had the following weighted average maturities:

<b>Investment Category</b>	<b>Total Fair Value</b>	<b>Weighted Average Maturity (Years)</b>
Asset Backed Securities	\$ 3,875,528	9.93
Bank Loans	9,066,625	4.42
Commercial Mortgage-Backed	74,998	7.30
Corporate Bonds	38,741,351	4.72
Corporate Convertible Bonds	2,038,953	14.84
Funds - Corporate Bond	35,234,682	4.68
Funds - Government Bond	50,497,127	8.50
Funds - Other Fixed Income	54,558,636	4.10
Funds - Short Term Investment	50,041,564	1.53
Government Bonds	60,105,906	24.94
Index Linked Government Bonds	65,549,822	2.66
Other Fixed Income	6,562,840	0.33
<b>Total</b>	<b>\$ 376,348,031</b>	<b>7.61</b>

Note:  
As of June 30, 2023, the Trust Funds held \$412,610,408 in sixteen 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  
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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, 2023, the fair value of the Trust Funds' debt security investments with exposure to credit risk had the following credit quality ratings (S&P rating is primary, if not available or not rated by S&P, corresponding Moody's rating is substituted).

Credit Quality	Total Fair Value	Asset Backed Securities	Bank Loans	Commercial Mortgage-Backed	Corporate Bonds	Corporate Convertible Bonds	Funds - Corporate Bonds	Funds - Government Bonds	Funds - Other Fixed Income	Funds - Short Term Investment	Government Bonds	Index Linked Government Bonds	Other Fixed Income
AAA	\$ 7,294,294	-	-	-	-	-	-	-	-	-	-	7,294,294	-
AA+	\$ 357,295	244,163	-	-	113,132	-	-	-	-	-	-	-	-
AA	\$ 881,621	881,621	-	-	-	-	-	-	-	-	-	-	-
A+	\$ 155,688	-	-	-	155,688	-	-	-	-	-	-	-	-
A	\$ 74,998	-	-	74,998	-	-	-	-	-	-	-	-	-
A-	\$ 714,718	-	-	-	677,248	37,470	-	-	-	-	-	-	-
BBB+	\$ 749,663	-	185,416	-	564,247	-	-	-	-	-	-	-	-
BBB	\$ 834,601	-	-	-	834,601	-	-	-	-	-	-	-	-
BBB-	\$ 1,993,999	-	167,857	-	1,296,393	529,750	-	-	-	-	-	-	-
BB+	\$ 3,688,982	-	-	-	3,497,611	191,371	-	-	-	-	-	-	-
BB	\$ 5,683,408	-	1,070,802	-	4,612,606	-	-	-	-	-	-	-	-
BB-	\$ 6,513,761	-	887,712	-	5,313,592	312,457	-	-	-	-	-	-	-
B+	\$ 5,594,739	-	1,474,802	-	4,119,937	-	-	-	-	-	-	-	-
B	\$ 8,287,458	-	2,372,119	-	5,915,339	-	-	-	-	-	-	-	-
B-	\$ 4,754,704	-	1,594,404	-	3,160,301	-	-	-	-	-	-	-	-
CCC+	\$ 2,966,847	-	90,984	-	2,875,863	-	-	-	-	-	-	-	-
CCC	\$ 630,784	-	67,982	-	562,802	-	-	-	-	-	-	-	-
CCC-	\$ 84,310	-	-	-	84,310	-	-	-	-	-	-	-	-
NR	\$ 206,724,727	2,749,745	1,154,546	-	4,957,682	967,906	35,234,682	50,497,127	54,558,636	50,041,564	-	-	6,562,840
*TSY		-	-	-	-	-	-	-	-	-	60,105,906	58,255,528	-
<b>Subtotal</b>	<b>257,986,597</b>	<b>3,875,528</b>	<b>9,066,625</b>	<b>74,998</b>	<b>38,741,351</b>	<b>2,038,953</b>	<b>35,234,682</b>	<b>50,497,127</b>	<b>54,558,636</b>	<b>50,041,564</b>	<b>60,105,906</b>	<b>65,549,822</b>	<b>6,562,840</b>
U.S. Treasuries	118,361,434												
<b>Total debt securities investments</b>	<b>\$ 376,348,031</b>												

Note:

Note: As of June 30, 2023 the Trust Funds held \$26,959,045 in the Northern Trust Institutional Funds Treasury Portfolio - Premier Class, and AAAm rated money market fund. Reported figures are rounded to the nearest dollar and totals may not sum due to the impact of rounding.

NOTE 9 - CONCENTRATION OF CREDIT RISK

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

As of June 30, 2023, 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, 2023, the data below represents the investments, including accrued income/expense, that have custodial credit risk.

Type of Investment	Fair Value
Cash and Cash Equivalents	\$ 970,373

The \$970,373 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	\$ 663,745,441

As of June 30, 2023, the \$663,745,441 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, 2023

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, 2023 is as follows:

Currency	Alternative Investments	Debt	Short Term	Equity	Total
Australian dollar	\$ -	\$ -	\$ 9,145	\$ 11,325,176	\$ 11,334,320
British pound sterling	-	131,906	(91,149)	11,346,767	11,387,525
Canadian dollar	-	-	162,811	10,562,225	10,725,036
Chinese yuan renminbi	-	-	529,695	6,013,439	6,543,134
Danish krone	-	-	89,421	5,580,807	5,670,228
Euro	90,122,695	192,047	519,330	48,007,514	138,841,586
HK offshore Chinese Yuan Renminbi	-	-	504,636	6,371,426	6,876,062
Hong Kong dollar	-	-	45,510	4,996,653	5,042,164
Japanese yen	-	-	117,534	16,932,478	17,050,012
New Israeli shekel	-	-	25,372	2,325,762	2,351,134
New Zealand dollar	-	-	1,512	1,135,092	1,136,603
Norwegian krone	-	-	27,466	2,616,789	2,644,255
Singapore dollar	-	-	6,474	2,308,549	2,315,024
South African rand	-	-	41	-	41
Swedish krona	-	-	9,391	5,354,216	5,363,607
Swiss franc	-	-	215,586	11,434,852	11,650,438
<b>Total securities subject to foreign currency risk</b>	<b>\$ 90,122,695</b>	<b>\$ 323,954</b>	<b>\$ 2,172,774</b>	<b>\$ 146,311,744</b>	<b>\$ 238,931,167</b>

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, 2023, the Trust Funds had the following exposure types classified within Derivative Financial Instruments: Equity Rights/Warrants; Currency Forwards; Swaps; and Futures.

Derivative Contracts as of June 30, 2023

Risk Type	Gross Notional	Asset MV	Liability MV	Earnings
Equity Rights/Warrants	\$ 18,310	\$ 1,471	\$ -	(27,980)
Currency Forwards	700,912	798	(1,769)	(57,302)
Swaps	-	-	-	(214,520)
Futures	(710,625)	-	-	3,557,403
<b>Total</b>	<b>\$ 8,597</b>	<b>\$ 2,269</b>	<b>\$ (1,769)</b>	<b>3,257,601</b>

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.

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 195 days as of June 30, 2023.

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 13 days as of this statement date.

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

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

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

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

The following represents the Board's balances related to securities lending transactions at June 30, 2023:

Security Type	Underlying Securities on Loan		Underlying Securities on Loan	
	for Cash	Cash Collateral	for Non-Cash	Non-Cash Collateral
GLOBAL Corporate Fixed	\$ -	\$ -	\$ 200,829	\$ 212,089
GLOBAL Equities	652,257	680,504	33,799,070	35,694,124
GLOBAL Government Fixed	-	-	17,306,344	18,276,680
US Corporate Fixed	13,551,008	13,805,236	1,036,895	1,095,031
US Equities	19,893,318	20,383,269	22,913,280	24,197,987
US Government Fixed	40,891,424	41,427,774	1,580,927	1,669,567
<b>Total</b>	<b>\$ 74,988,007</b>	<b>\$ 76,296,782</b>	<b>\$ 76,837,345</b>	<b>\$ 81,145,478</b>

Market Value of Securities on Loan against Cash Collateral	\$ 74,988,007
Market Value of Securities on Loan against Non Cash Collateral	76,837,345
Total Market Value of Securities on Loan	<u>\$ 151,825,352</u>

Note:

\*Non cash collateral reported as a % of total NCC by asset type on loan (as opposed to reporting by the type of collateral)  
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

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SUPPLEMENTAL SCHEDULES  
For the Fiscal Year Ended June 30, 2023

State of Utah, School and Institutional Trust Funds  
 GOVERNMENTAL BALANCE SHEET AND STATEMENT OF NET POSITION  
 As of June 30, 2023

SUPPLEMENTAL SCHEDULE  
 TRUST LANDS PERMANENT FUND COMBINING  
 SCHEDULE BY BENEFICIARY

	Beneficiary			
	School Fund	Utah State University	Deaf School	Institute for the Blind
<b>Assets</b>				
Cash with the State Treasurer	\$ 2,848,358	\$ 1,562,538	\$ 692	-
Investments, at Fair Value	3,007,955,125	17,670,494	3,635,060	23,441,764
Invested Securities Lending Collateral	71,749,256	421,497	86,708	559,160
Receivable for Unsettled Trades	32,024,710	188,132	38,701	249,577
Accrued Interest and Dividends Receivable	362,942	2,132	439	2,829
Prepaid Operating Expenses	891,465	4,044	1,065	7,188
Net Income Receivable from SITLA	5,598,056	403,868	256,989	5,160
<b>Total Assets</b>	<b>3,121,429,910</b>	<b>20,252,706</b>	<b>4,019,652</b>	<b>24,265,678</b>
<b>Liabilities</b>				
Securities Lending Liability	\$ 71,749,256	\$ 421,497	\$ 86,708	\$ 559,160
Other Payables	24,616,740	144,613	29,749	191,845
Expense Payable	13,607	80	16	106
Operating Expense Payable	318,716	1,446	381	2,570
<b>Total Liabilities</b>	<b>96,698,318</b>	<b>567,636</b>	<b>116,854</b>	<b>753,681</b>
<b>Fund Balances</b>				
Nonspendable - Permanent Funds	\$ 1,987,412,962	\$ 15,882,816	\$ 3,091,232	\$ 13,797,749
Restricted - Earnings Reserve	1,037,318,631	3,802,254	811,567	9,714,248
<b>Total Fund Balances</b>	<b>3,024,731,593</b>	<b>19,685,070</b>	<b>3,902,799</b>	<b>23,511,997</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,121,429,910</b>	<b>\$ 20,252,706</b>	<b>\$ 4,019,652</b>	<b>\$ 24,265,678</b>
<b>Statement of Net Position</b>				
Restricted for Permanent Trust - Nonexpendable	\$ 1,987,412,962	\$ 15,882,816	\$ 3,091,232	\$ 13,797,749
Restricted for Permanent Trust - Expendable	1,037,318,631	3,802,254	811,567	9,714,248
<b>Total Net Position</b>	<b>\$ 3,024,731,593</b>	<b>\$ 19,685,070</b>	<b>\$ 3,902,799</b>	<b>\$ 23,511,997</b>

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, 2023

SUPPLEMENTAL SCHEDULE  
 TRUST LANDS PERMANENT FUND COMBINING  
 SCHEDULE BY BENEFICIARY

	Industrial School	Normal School	Reservoirs Fund	Utah State Hospital
<b>Assets</b>				
Cash with the State Treasurer	\$ 1,091,006	\$ 25,928	\$ 4,244	1,169,342
Investments, at Fair Value	5,523,554	8,566,628	21,318,479	6,868,124
Invested Securities Lending Collateral	131,754	204,341	508,513	163,827
Receivable for Unsettled Trades	58,807	91,206	226,971	73,123
Accrued Interest and Dividends Receivable	666	1,034	2,572	829
Prepaid Operating Expenses	1,005	2,576	6,321	1,930
Net Income Receivable from SITLA	80,270	18,496	202,980	59,642
<b>Total Assets</b>	<b>6,887,062</b>	<b>8,910,208</b>	<b>22,270,080</b>	<b>8,336,816</b>
<b>Liabilities</b>				
Securities Lending Liability	\$ 131,754	\$ 204,341	\$ 508,513	163,827
Other Payables	45,204	70,108	174,468	56,208
Expense Payable	25	39	96	31
Operating Expense Payable	359	921	2,260	690
<b>Total Liabilities</b>	<b>177,343</b>	<b>275,409</b>	<b>685,337</b>	<b>220,755</b>
<b>Fund Balances</b>				
Nonspendable - Permanent Funds	\$ 4,813,779	\$ 6,254,517	\$ 18,387,856	5,122,473
Restricted - Earnings Reserve	1,895,941	2,380,281	3,196,887	2,993,587
<b>Total Fund Balances</b>	<b>6,709,720</b>	<b>8,634,799</b>	<b>21,584,743</b>	<b>8,116,060</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,887,062</b>	<b>\$ 8,910,208</b>	<b>\$ 22,270,080</b>	<b>8,336,816</b>
<b>Statement of Net Position</b>				
Restricted for Permanent Trust - Nonexpendable	\$ 4,813,779	\$ 6,254,517	\$ 18,387,856	\$ 5,122,473
Restricted for Permanent Trust - Expendable	1,895,941	2,380,281	3,196,887	2,993,587
<b>Total Net Position</b>	<b>\$ 6,709,720</b>	<b>\$ 8,634,799</b>	<b>\$ 21,584,743</b>	<b>\$ 8,116,060</b>

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, 2023

SUPPLEMENTAL SCHEDULE  
 TRUST LANDS PERMANENT FUND COMBINING  
 SCHEDULE BY BENEFICIARY

	School of Mines	University of Utah	Miners Hospital	TOTAL
<b>Assets</b>				
Cash with the State Treasurer	\$ 14,614	\$ 17,990	\$ 5,980	6,740,692
Investments, at Fair Value	9,906,439	12,191,446	81,524,666	3,198,601,778
Invested Securities Lending Collateral	236,300	290,805	1,944,621	76,296,782
Receivable for Unsettled Trades	105,471	129,798	867,966	34,054,462
Accrued Interest and Dividends Receivable	1,195	1,471	9,837	385,945
Prepaid Operating Expenses	2,835	3,308	24,781	946,517
Net Income Receivable from SITLA	159,644	134,692	88,290	7,008,087
<b>Total Assets</b>	<b>10,426,498</b>	<b>12,769,510</b>	<b>84,466,143</b>	<b>3,324,034,264</b>
<b>Liabilities</b>				
Securities Lending Liability	\$ 236,300	\$ 290,805	\$ 1,944,621	76,296,782
Other Payables	81,073	99,773	667,188	26,176,969
Expense Payable	45	55	369	14,469
Operating Expense Payable	1,014	1,183	8,860	338,398
<b>Total Liabilities</b>	<b>318,431</b>	<b>391,816</b>	<b>2,621,038</b>	<b>102,826,618</b>
<b>Fund Balances</b>				
Nonspendable - Permanent Funds	\$ 8,089,649	\$ 9,350,649	\$ 56,995,613	2,129,199,295
Restricted - Earnings Reserve	2,018,418	3,027,046	24,849,492	1,092,008,351
<b>Total Fund Balances</b>	<b>10,108,067</b>	<b>12,377,695</b>	<b>81,845,105</b>	<b>3,221,207,646</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 10,426,498</b>	<b>\$ 12,769,510</b>	<b>\$ 84,466,143</b>	<b>\$ 3,324,034,264</b>
<b>Statement of Net Position</b>				
Restricted for Permanent Trust - Nonexpendable	\$ 8,089,649	\$ 9,350,649	\$ 56,995,613	2,129,199,295
Restricted for Permanent Trust - Expendable	2,018,418	3,027,046	24,849,492	1,092,008,351
<b>Total Net Position</b>	<b>\$ 10,108,067</b>	<b>\$ 12,377,695</b>	<b>\$ 81,845,105</b>	<b>\$ 3,221,207,646</b>

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, 2023

SUPPLEMENTAL SCHEDULE  
 TRUST LANDS PERMANENT FUND COMBINING  
 SCHEDULE BY BENEFICIARY

	Beneficiary			
	School Fund	Utah State University	Deaf School	Institute for the Blind
<b>Revenues</b>				
Receipts from Trust Lands Administration	\$ 113,847,248	\$ 6,166,738	\$ 415,051	\$ 101,733
Earnings on Investments	157,401,252	(60,283)	188,613	1,246,995
<b>Total Revenues</b>	<u>271,248,500</u>	<u>6,106,455</u>	<u>603,664</u>	<u>1,348,729</u>
<b>Expenditures</b>				
Fund Operating Expenses	4,777,077	23,352	5,759	37,886
<b>Total Expenditures</b>	<u>4,777,077</u>	<u>23,352</u>	<u>5,759</u>	<u>37,886</u>
<b>Revenues over Expenditures</b>	266,471,423	6,083,103	597,905	1,310,843
<b>Other Financing Uses</b>				
Distributions to Beneficiaries	101,803,347	254,528	113,906	882,915
<b>Net Change in Fund Balance</b>	<u>164,668,076</u>	<u>5,828,575</u>	<u>483,999</u>	<u>427,928</u>
<b>Fund Balances - Beginning of Year</b>	<u>2,860,063,517</u>	<u>13,856,495</u>	<u>3,418,799</u>	<u>23,084,069</u>
<b>Fund Balances - End of Year</b>	<u>\$ 3,024,731,593</u>	<u>\$ 19,685,070</u>	<u>\$ 3,902,799</u>	<u>\$ 23,511,997</u>
<i>There were no expenses which do not require the use of current financial resources. The amount for the Change in Net Position (shown below) is the same amount shown above in the Governmental Statement of Expenditures.</i>				
<b>Change in Net Position-Government Activities</b>	<u>\$ 164,668,076</u>	<u>\$ 5,828,575</u>	<u>\$ 483,999</u>	<u>\$ 427,928</u>

Note:  
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 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, 2023

SUPPLEMENTAL SCHEDULE  
 TRUST LANDS PERMANENT FUND COMBINING  
 SCHEDULE BY BENEFICIARY

	Industrial School	Normal School	Reservoirs Fund	Utah State Hospital
<b>Revenues</b>				
Receipts from Trust Lands Administration	\$ 3,299,018	\$ 190,474	\$ 578,871	\$ 1,758,869
Earnings on Investments	243,084	447,523	1,099,752	350,297
<b>Total Revenues</b>	<b>3,542,102</b>	<b>637,997</b>	<b>1,678,622</b>	<b>2,109,166</b>
<b>Expenditures</b>				
Fund Operating Expenses	7,291	13,712	33,868	10,604
<b>Total Expenditures</b>	<b>7,291</b>	<b>13,712</b>	<b>33,868</b>	<b>10,604</b>
<b>Revenues over Expenditures</b>	<b>3,534,811</b>	<b>624,285</b>	<b>1,644,755</b>	<b>2,098,562</b>
<b>Other Financing Uses</b>				
Distributions to Beneficiaries	61,168	261,291	360,720	182,349
<b>Net Change in Fund Balance</b>	<b>3,473,643</b>	<b>362,993</b>	<b>1,284,034</b>	<b>1,916,213</b>
<b>Fund Balances - Beginning of Year</b>	<b>3,236,076</b>	<b>8,271,805</b>	<b>20,300,709</b>	<b>6,199,848</b>
<b>Fund Balances - End of Year</b>	<b>\$ 6,709,720</b>	<b>\$ 8,634,799</b>	<b>\$ 21,584,743</b>	<b>\$ 8,116,060</b>
<b>Change in Net Position-Government Activities</b>	<b>\$ 3,473,643</b>	<b>\$ 362,993</b>	<b>\$ 1,284,034</b>	<b>\$ 1,916,213</b>

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, 2023

SUPPLEMENTAL SCHEDULE  
 TRUST LANDS PERMANENT FUND COMBINING  
 SCHEDULE BY BENEFICIARY

	School of Mines	University of Utah	Miners Hospital	TOTAL
<b>Revenues</b>				
Receipts from Trust Lands Administration	\$ 812,165	\$ 1,473,431	\$ 1,840,395	<b>130,483,992</b>
Earnings on Investments	506,672	611,742	4,264,033	<b>166,299,680</b>
<b>Total Revenues</b>	<b>1,318,837</b>	<b>2,085,172</b>	<b>6,104,428</b>	<b>296,783,673</b>
<b>Expenditures</b>				
Fund Operating Expenses	15,478	18,507	131,180	<b>5,074,714</b>
<b>Total Expenditures</b>	<b>15,478</b>	<b>18,507</b>	<b>131,180</b>	<b>5,074,714</b>
<b>Revenues over Expenditures</b>	<b>1,303,359</b>	<b>2,066,665</b>	<b>5,973,249</b>	<b>291,708,959</b>
<b>Other Financing Uses</b>				
Distributions to Beneficiaries	219,846	312,948	2,529,124	<b>106,982,142</b>
<b>Net Change in Fund Balance</b>	<b>1,083,513</b>	<b>1,753,717</b>	<b>3,444,124</b>	<b>184,726,816</b>
<b>Fund Balances - Beginning of Year</b>	<b>9,024,554</b>	<b>10,623,978</b>	<b>78,400,981</b>	<b>3,036,480,829</b>
<b>Fund Balances - End of Year</b>	<b>\$ 10,108,067</b>	<b>\$ 12,377,695</b>	<b>\$ 81,845,105</b>	<b>\$ 3,221,207,646</b>
<b>Change in Net Position-Government Activities</b>	<b>\$ 1,083,513</b>	<b>\$ 1,753,717</b>	<b>\$ 3,444,124</b>	<b>\$ 184,726,816</b>

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, 2023

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**SCHEDULE OF OPERATING EXPENDITURES**

**Fund Operating Expenses**

SITFO Investment Office Budget	\$	2,477,371
LTPAO Office Budget		448,770
Audit Expense		54,522
Investment Systems and Publications		153,845
Consulting Services		1,662,183
Custodial Banking Services		278,023
<b>Subtotal Fund Operating Expenses</b>	<b>\$</b>	<b>5,074,714</b>

**Invoiced Investment Management (IM) Fees**

Bin Yuan	\$	102,709
Columbia Threadneedle		227,028
Loomis		248,122
Parametric		670,285
Westwood		375,811
SLC Management		272,459
<b>Subtotal Invoiced IM Fees</b>	<b>\$</b>	<b>1,896,414</b>

<b>Total Fund Operating Expenses and Invoiced IM Fees</b>	<b>\$</b>	<b>6,971,128</b>
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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, 2023

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

	FY 2023	3 Year Annualized	5 Year Annualized	10 Year Annualized	Since Inception	Inception Date
<b>Total Fund</b>	<b>4.68%</b>	<b>9.2%</b>	<b>5.3%</b>	<b>6.7%</b>	<b>6.7%</b>	July 2003
<i>CPI+5%</i>	<i>8.1%</i>	<i>11.1%</i>	<i>9.1%</i>	<i>7.8%</i>	<i>7.7%</i>	
<i>Total Fund Interim Target Index*</i>	<i>6.3%</i>	<i>9.1%</i>	<i>6.4%</i>	<i>7.2%</i>	<i>7.0%</i>	

Beneficiary	FY 2023	3 Year Annualized	5 Year Annualized	10 Year Annualized	Since Inception	Inception Date
School Fund	4.7%	9.2%	5.3%	6.7%	6.8%	July 2003
Utah State University	4.7%	9.2%	5.3%	6.6%	6.4%	July 2003
Deaf School	4.7%	9.2%	5.3%	6.1%	6.3%	July 2003
Institute for the Blind	4.7%	9.2%	5.3%	6.5%	6.6%	July 2003
Industrial School	4.7%	9.2%	5.3%	6.1%	6.1%	July 2003
Normal School	4.7%	9.2%	5.3%	6.2%	6.1%	July 2003
Reservoirs Fund	4.7%	9.2%	5.3%	6.1%	6.2%	July 2003
Utah State Hospital	4.7%	9.2%	5.3%	6.0%	6.0%	July 2003
School of Mines	4.7%	9.2%	5.3%	6.3%	6.4%	July 2003
University of Utah	4.7%	9.2%	5.3%	6.4%	6.3%	July 2003
Miners Hospital	4.7%	9.2%	5.3%	6.3%	6.1%	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.

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, EurekaHedge, 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, 2023

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

	FY 2023	3 Year Annualized	5 Year Annualized	10 Year Annualized	Since Inception	Inception Date
<b>Total Fund</b>	<b>4.7%</b>	<b>9.2%</b>	<b>5.3%</b>	<b>6.7%</b>	<b>6.7%</b>	July 2003
<i>CPI+5%</i>	8.1%	11.1%	9.1%	7.8%	7.7%	
<i>Total Fund Interim Target Index (1)</i>	6.3%	9.1%	6.4%	7.2%	7.0%	
<b>Investment Theme</b>	<b>FY 2023</b>	<b>3 Year Annualized</b>	<b>5 Year Annualized</b>	<b>10 Year Annualized</b>	<b>Since Inception</b>	<b>Inception Date</b>
<b>Growth</b>	<b>8.5%</b>	<b>14.6%</b>	<b>7.2%</b>	<b>9.2%</b>	<b>8.6%</b>	July 2003
<i>Growth Interim Target Index (2)</i>	9.6%	12.9%	7.9%	9.7%	8.6%	
<b>Real Assets</b>	<b>4.0%</b>	<b>12.1%</b>	<b>6.3%</b>	<b>8.2%</b>	<b>5.2%</b>	January 2008
<i>Real Assets Interim Target Index (3)</i>	1.8%	10.4%	6.5%	7.7%	4.5%	
<b>Income</b>	<b>2.7%</b>	<b>4.9%</b>	<b>2.9%</b>	<b>3.1%</b>	<b>3.8%</b>	July 2003
<i>Income Interim Target Index (4)</i>	7.5%	7.0%	4.4%	4.4%	4.6%	
<b>Defensive</b>	<b>-2.3%</b>	<b>-1.8%</b>	<b>2.8%</b>	<b>0.7%</b>	<b>1.4%</b>	June 2004
<i>Defensive Interim Target Index (5)</i>	-2.7%	0.8%	5.2%	1.8%	1.8%	

(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 74.71% MSCI ACW IM Index (USD) (Net) and 25.29% Private Equity Custom Index.

(3) The Real Assets Interim Target Index currently consists of 34.29% SPRAUT Index and 65.71% Private Real Assets Custom Index.

(4) The Income Interim Target Index currently consists of 68.52% Bloomberg US High Yield 1-3 Year Index and 31.48% Private Income Custom 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, 2023

SCHEDULE OF BROKERAGE COMMISSIONS

Broker Name	Shares Traded	Dollar Volume of Trades	Commission Dollar		Commission (% of dollar volume)	
			Amount	Commission Per Share		
FIDELITY CAPITAL MARKETS (DIV OF NFSC)	1,608,757	\$ 85,725,291	\$ 11,900	\$ 0.0074		0.0139%
INSTINET EUROPE LIMITED	2,788,903	34,636,375	17,402	0.0062		0.0502%
J.P. MORGAN SECURITIES LLC	916,380	11,989,680	10,650	0.0116		0.0888%
JEFFERIES LLC	2,470,557	139,555,510	15,596	0.0063		0.0112%
NATIONAL FINANCIAL SERVICES LLC	1,818,170	35,601,038	21,730	0.0120		0.0610%
NORTHERN TRUST SECURITIES, INC.	1,074,460	60,000,029	10,745	0.0100		0.0179%
NORTHERN TRUST, NA IMLG 1775	3,667,349	93,161,384	96,751	0.0264		0.1039%
RBC CAPITAL MARKETS, LLC	2,176,144	121,612,827	18,209	0.0084		0.0150%
UBS SECURITIES CO. LIMITED	3,021,404	17,387,631	13,916	0.0046		0.0800%
J.P. MORGAN SECURITIES PLC	2,997,747	44,076,189	22,026	0.0073		0.0500%
<b>Total</b>	<b>22,539,871</b>	<b>\$ 643,745,954</b>	<b>\$ 238,925</b>	<b>\$ 0.0100</b>		<b>0.0371%</b>

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  
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 (*Government Auditing Standards*), the financial statements of the School and Institutional Trust Funds, a component of the State of Utah, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise School and Institutional Trust Funds’ financial statements, and have issued our report thereon dated November 20, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School and Institutional Trust Funds’ 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’ internal control. Accordingly, we do not express an opinion on the effectiveness of the School and Institutional Trust Funds’ 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’ 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.

The image shows a handwritten signature in black ink that reads "Eide Sallee LLP". The signature is written in a cursive, flowing style.

Salt Lake City, Utah  
November 20, 2023



## 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' 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, 2023.

### Opinion on Compliance

In our opinion, School and Institutional Trust Funds 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, 2023.

### Responsibilities of Management for Compliance

Management is responsible for compliance with compliance with Utah Code, Sections 53F-9-201 and 53C-3-102(7).

### Auditor's Responsibility for the Audit of Compliance

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 School and Institutional Trust Funds' 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 School and Institutional Trust Funds' compliance.

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

November 20, 2023  
Salt Lake City, Utah