



## **2020 Asset Class Categorization Guide**

The purpose of this document is to further clarify the asset classes for the investment fees and commissions reporting requirements established by §802.103(a)(3) of the Texas Government Code and 40 TAC Chapter 609. The examples listed are not exhaustive. For investment products containing investments in more than one asset class, fees must be reported according to the corresponding asset class (e.g., a balanced fund comprised of 60% public equities and 40% fixed income).

### **1. Cash**

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and near their maturity date. Examples include Treasury bills, commercial paper, and money market funds.

### **2. Fixed Income**

Fixed income generally comprises debt securities such as municipal or corporate bonds that provide returns in the form of fixed, periodic payments (e.g. interest or coupon payments) and the return of principal at maturity. Other examples include private debt, Treasury Inflation-Protected Securities (TIPS), US Treasury securities, fixed income mutual funds and mortgage-backed securities.

### **3. Public Equity**

Equity securities are shares representing an ownership interest in a corporation. Examples of equities include domestic, international, and emerging market stocks, as well as equity mutual funds.

### **4. Real Assets**

Real assets are physical assets. They can include natural resources, commodities, and real estate investments such as real estate investment trusts (REITs), private real estate funds and direct investment in property.

### **5. Alternative/Other**

Investments that do not fit into any of the categories above may be classified as an alternative or other investment. Some alternative investments may include private equity, hedge funds, derivatives and venture capital. All investments in this class must be listed by type in a footnote or table.