

***The University of Texas/Texas A&M
Investment Management Company***



Presentation Materials

Board of Directors Meeting

December 12, 2024

**UTIMCO BOARD OF DIRECTORS
MEETING AGENDA
December 12, 2024
UTIMCO
210 West 7th Street, Suite 1700
Austin, Texas 78701**

Time	Item #	Agenda Item
Begin 9:00 a.m.	End 9:05 a.m.	1 Call to Order of the Meeting/Discussion and Appropriate Action Related to Minutes of the September 26, 2024 Meeting*
9:05 a.m.	9:35 a.m.	2 CEO Update
9:35 a.m.	9:55 a.m.	3 Risk Management Presentation
9:55 a.m.	10:05 a.m.	4 Discussion and Appropriate Action Related to Prime Broker Selection* ,**
10:05 a.m.	10:15 a.m.	5 Discussion and Appropriate Action Related to Proposed Amendments to Investment Policy Statements* ,**
10:15 a.m.	10:25 a.m.	6 Report from Audit and Ethics Committee: - Discussion and Appropriate Action Related to the Deloitte & Touche LLP Financial Statement Audit Results and Communications and the Audited Financial Statements of the Permanent University Fund, General Endowment Fund, Permanent Health Fund, Long Term Fund, Intermediate Term Fund, and the Statement of Investment Performance Statistics for the year ended August 31, 2024*
10:25 a.m.	10:30 a.m.	7 Report from Cyber Risk Committee
10:30 a.m.	10:35 a.m.	8 Report from Investment Risk Committee
10:35 a.m.	11:30 a.m.	Recess to Executive Session, if required Executive Session: Pursuant to Section 551.074, <i>Texas Government Code</i> , the Board of Directors may convene in Executive Session to consider individual personnel compensation matters, including Report from Compensation Committee Regarding Performance Awards for UTIMCO Compensation Program Participants for the Performance Period ended June 30, 2024; and to consult with legal counsel regarding legal matters pursuant to Section 551.071, <i>Texas Government Code</i> . Reconvene into Open Session
11:30 a.m.	11:45 a.m.	9 Report from Compensation Committee: - Discussion and Appropriate Action Related to Performance Awards for UTIMCO Compensation Program Participants for the Performance Period ended June 30, 2024*
11:45 a.m.		Adjourn followed by Lunch

* Action by resolution required

** Resolution requires further approval from the Board of Regents of The University of Texas System

Members of the Board may attend the meeting by telephone conference call pursuant to Tex. Educ. Code Ann. § 66.08(h)(2)(B). The telephone conference will be audible to the public at the meeting location specified in this notice during each part of the meeting that is required to be open to the public.

Next Scheduled Meeting: March 13, 2025

RESOLUTION RELATED TO MINUTES

RESOLVED, that the minutes of the Meeting of the Board of Directors held on **September 26, 2024**, be, and are hereby, approved.

**MINUTES OF MEETING
OF THE BOARD OF DIRECTORS OF
THE UNIVERSITY OF TEXAS/TEXAS A&M INVESTMENT MANAGEMENT COMPANY**

The Board of Directors (the “Board”) of The University of Texas/Texas A&M Investment Management Company (“UTIMCO” or the “Corporation”) convened in an open meeting on **September 26, 2024**, in person and by means of video and telephone conference enabling all persons participating in the meeting to hear each other, at the offices of the Corporation located at 210 West 7th Street, Suite 1700, Austin, Texas, said meeting having been called by the Chairman, James C. “Rad” Weaver (“Chairman”), with notice provided to each member in accordance with the Corporation’s Bylaws. The audio portion of the meeting was electronically recorded and broadcast over the Internet. Participating in the meeting were the following members of the Board:

James C. “Rad” Weaver
Jay Graham
James B. Milliken
David Baggett
Howard Berk
Janet Handley
Jodie L. Jiles
Janiece Longoria

thus constituting a majority and quorum of the Board. Ray Nixon was not in attendance. Chairman Weaver called the meeting to order at 9:00 a.m. Employees of the Corporation attending the meeting were Richard Hall, President, CEO and CIO; Joan Moeller, Secretary and Treasurer; Carolina de Onís, General Counsel and Chief Compliance Officer; Gus Deering, Managing Director and Chief Technology Officer; Courtney Powers, Managing Director – Hedge Funds, David Gahagan, Senior Director and Chief Information Security Officer; and other UTIMCO employees. Other attendees included Jerry Kyle of Orrick, Herrington, & Sutcliffe LLP; and Keith Brown of the McCombs School of Business at UT Austin. Copies of materials supporting the Board meeting agenda were previously furnished to each member of the Board.

Before moving to the first agenda item, Chairman Weaver welcomed David Baggett as a new Director on the UTIMCO Board and then invited Director Jiles to say a few words about the UTIMCO Scholars program. Director Jiles introduced the Scholars program, and recognized both the UTIMCO Scholars participants, as well as the UTIMCO team members who contribute to the success of the program.

Minutes

The first item to come before the Board was approval of the Minutes of the Board of Directors Meeting held on June 20, 2024. Upon motion duly made and seconded, the following resolution was unanimously approved by the Board:

RESOLVED, that the minutes of the Meeting of the Board of Directors held on June 20, 2024, be, and are hereby, approved.

CEO Update

Chairman Weaver asked Mr. Hall to present the CEO update. Mr. Hall began with a detailed review of market expectations, including a discussion of recent Fed interest rates cuts including expectations and performance. Mr. Hall then discussed YTD equity market performance, earnings expectations, and large and small cap performance. Mr. Hall then reviewed UTIMCO performance, noting that total assets have grown from \$75.5 billion as of June 30, 2024 to \$77.8 billion as of September 26, 2024. Mr. Hall highlighted the 5-year growth in AUM of \$27.6 billion, driven by investment returns and contributions from oil and gas royalties, philanthropy efforts, and operating funds generated by the institutions. Mr. Hall wrapped up his presentation by discussing asset allocation and portfolio performance. Mr. Hall then answered questions from the Board.

Board Fiduciary Education

Chairman Weaver asked Ms. de Onís to present the Board Fiduciary Training to the Directors. Ms. de Onís detailed the importance of training, reviewed the fiduciary duties and standards of care, conflicts of interest, continuing obligations, the Texas Open Meetings Act, and the Texas Public Information Act. Ms. de Onís noted that failure to comply with applicable standards of conduct and fiduciary duties can result in Director liability. Ms. de Onís noted that this training would be provided every 5 years to existing Directors, and would be offered individually as new Directors join the Board.

Report from Audit and Ethics Committee

Chairman Weaver asked Director Jiles to provide a report on behalf of the Audit and Ethics Committee. Director Jiles reported that the Committee met via teleconference on September 19, 2024. At the meeting, the Committee considered one action item: the minutes of the June 11, 2024 meeting, which were approved as drafted. Routine matters of the Committee included a report on compliance matters for the quarter ended June 30, 2024, and ethics matters for June 11, 2024 through September 19, 2024. The unaudited financial statements without footnotes for the Funds were presented for the nine months ended May 31, 2024. The unaudited financial statements with footnotes for the Corporation were presented for the ten months ended June 30, 2024, as well as the actual versus budget expenses.

Report from Investment Risk Committee

Chairman Weaver asked Director Longoria to provide a report on behalf of the Investment Risk Committee. Director Longoria reported that the Investment Risk Committee met via teleconference on September 19, 2024. All members of the Committee attended the meeting. At the meeting, the Committee considered one action item: the minutes of the Meeting of the Investment Risk Committee and the Joint Meeting of the Policy and Investment Risk Committees held on June 11, 2024, which were approved as drafted. Routine business included a report on compliance matters for the quarter ended June 30, 2024. The Committee also received a market and portfolio risk update.

Report from Cyber Risk Committee

Chairman Weaver asked Director Graham to provide a report on behalf of the Cyber Risk Committee. Director Graham reported that the Cyber Risk Committee met via teleconference on September 19, 2024. All

members of the Committee attended the meeting. At the meeting, the Committee considered one action item: the minutes of its June 11, 2024 meeting, which were approved as drafted. The Committee also met in Executive Session to receive a report from Gus Deering, David Gahagan, and Thomas Niles on computer security assessments related to information resources technology.

Report on 2025 Meeting Dates

Chairman Weaver presented the 2025 UTIMCO Board Meetings schedule and Committee Meetings schedule.

Executive Session

Chairman Weaver announced that, "The Board of Directors of The University of Texas/Texas A&M Investment Management Company having been duly convened in Open Session and notice of this meeting having been duly given, I hereby announce the convening of a closed meeting as an Executive Session to receive an update on computer security assessments related to information resources technology, pursuant to *Texas Government Code* Section 551.076 and 551.089, and to consult with legal counsel regarding legal matters, pursuant to *Texas Government Code* Section 552.071. The date is September 26, 2024, and the time is now 9:52 a.m." With the exception of Mr. Hall, Ms. Moeller, Ms. de Onís, Mr. Deering, Mr. Gahagan, Mr. Thomas, Mr. Mack, Ms. Sims, and Mr. Kyle, all other meeting participants left the meeting at this time. Mr. Hall, Ms. Moeller, Ms. de Onís, Mr. Deering, Mr. Gahagan, Mr. Thomas, Mr. Mack, and Ms. Sims left approximately halfway through the Executive Session. Ms. Jennifer Freel of Jackson Walker LLP and Mr. Dan Sharporn of The University of Texas System joined halfway through the Executive Session. Ms. Freel and Mr. Sharporn left prior to the conclusion of the Executive Session.

Reconvene in Open Session

The Board reconvened in Open Session and Chairman Weaver announced that, "The Open Session of the Board of Directors of The University of Texas/Texas A&M Investment Management Company is now reconvened. The date is September 26, 2024, and the time is now 11:18 a.m. During the Executive Session, the Board received an update on computer security assessments related to information resources technology, and consulted with legal counsel regarding legal matters, but no action was taken, nor decisions made, and no vote was called for or had by the Board in Executive Session."

Adjourn

There being no further business to come before the Board, the meeting was adjourned at approximately 11:18 a.m.

Secretary: _____
Joan Moeller

Approved: _____ Date: _____
James C. "Rad" Weaver,
Chairman, Board of Directors of
The University of Texas/Texas A&M Investment Management Company

Agenda Item
UTIMCO Board of Directors Meeting
December 12, 2024

Agenda Item: CEO Update

Developed By: Hall

Presented By: Hall

Type of Item: Information Item

Description: Mr. Hall will provide a portfolio update and market outlook.

Reference: *CEO Update* presentation



Board of Directors Meeting

CEO Update

Richard Hall, CEO & CIO

December 12, 2024

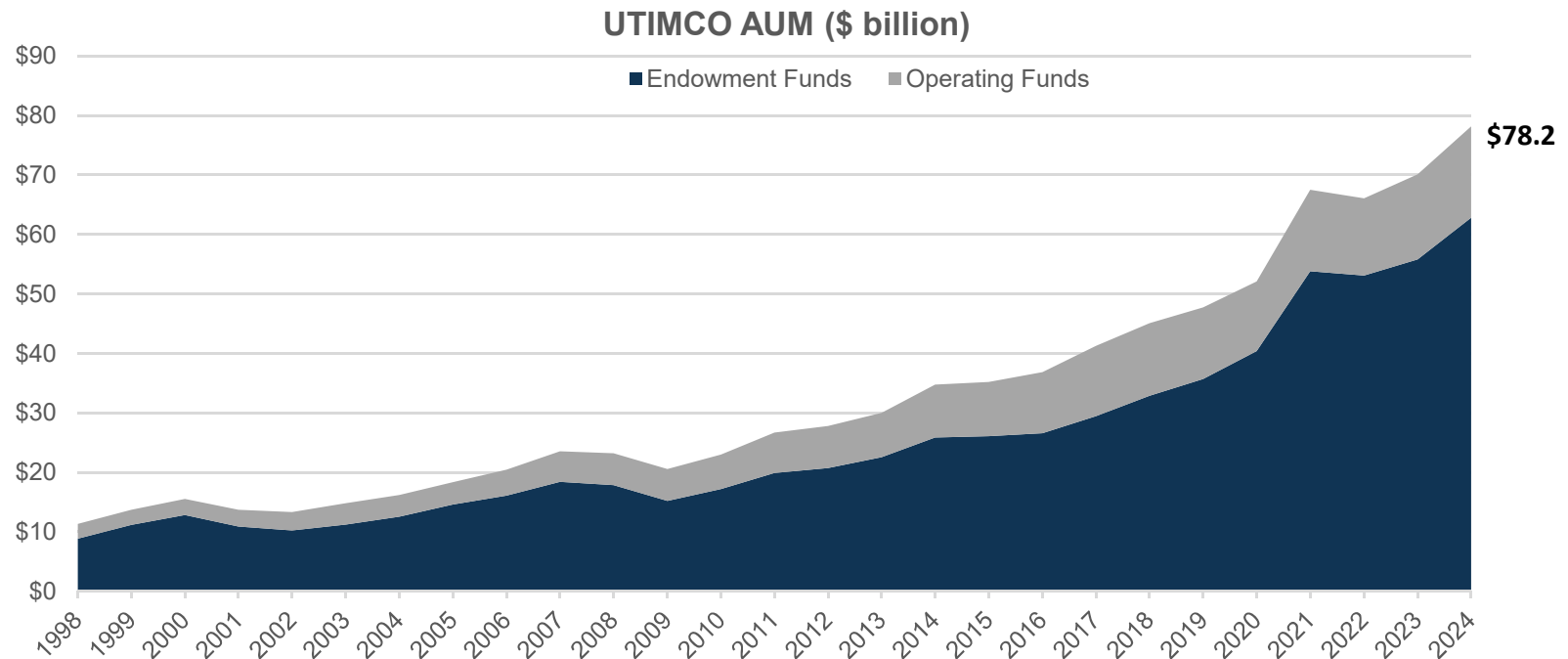
UTIMCO Performance





Growth in Assets Under Management (AUM)

Total Assets through September 30, 2024



One Year Change in AUM

	\$ Billion
Beginning Net Asset Value (NAV)	68.9
Contributions	3.8
Net Investment Income	8.6
Distributions	-3.2
Ending Net Asset Value	78.2

3 Year Change in AUM

	\$ Billion
Beginning Net Asset Value	66.9
Contributions	12.5
Net Investment Income	6.5
Distributions	-7.7
Ending Net Asset Value	78.2

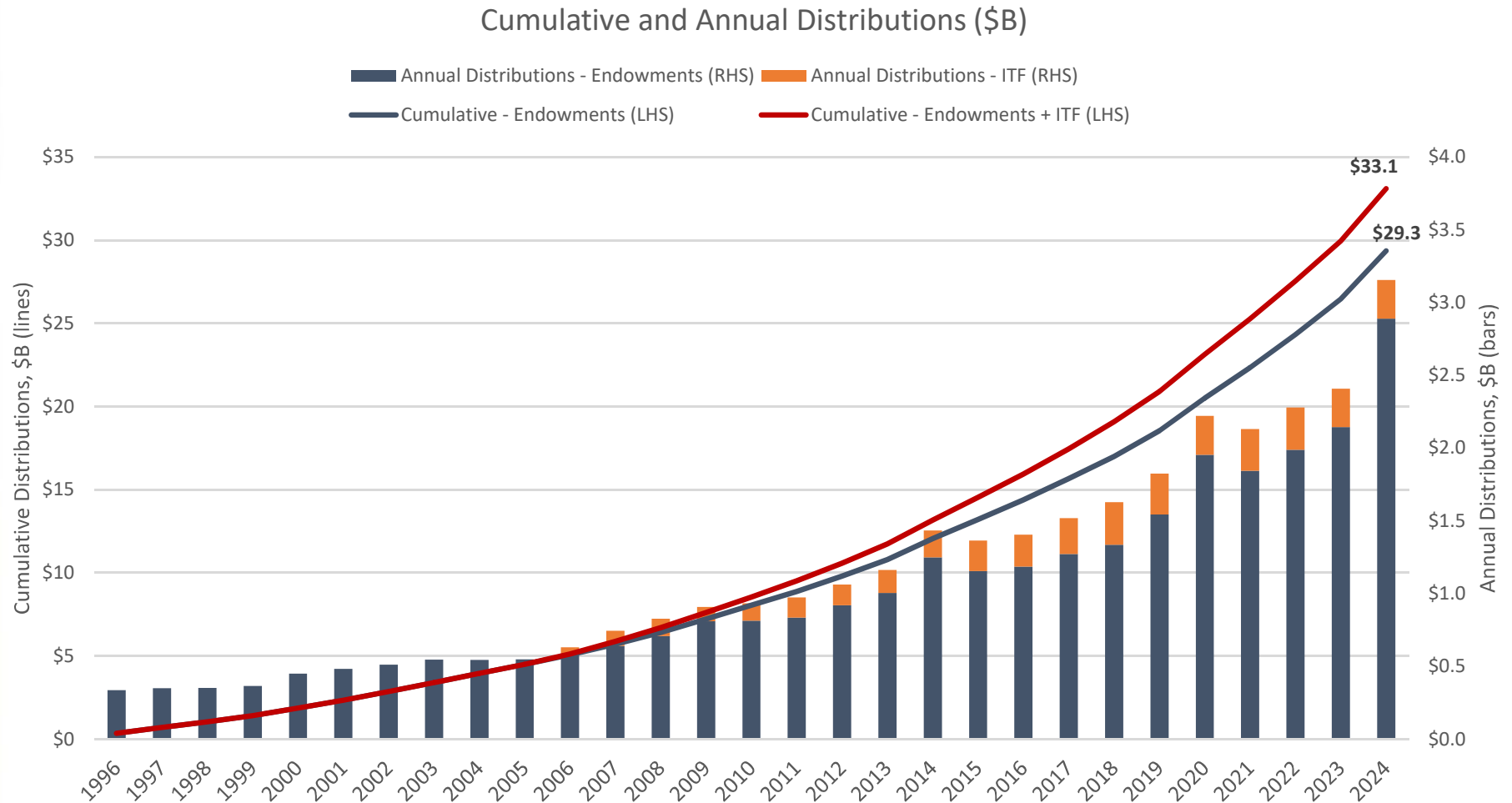
5 Year Change in AUM

	\$ Billion
Beginning Net Asset Value	48.2
Contributions	18.4
Net Investment Income	23.6
Distributions	-12.0
Ending Net Asset Value	78.2



Since Inception Distributions

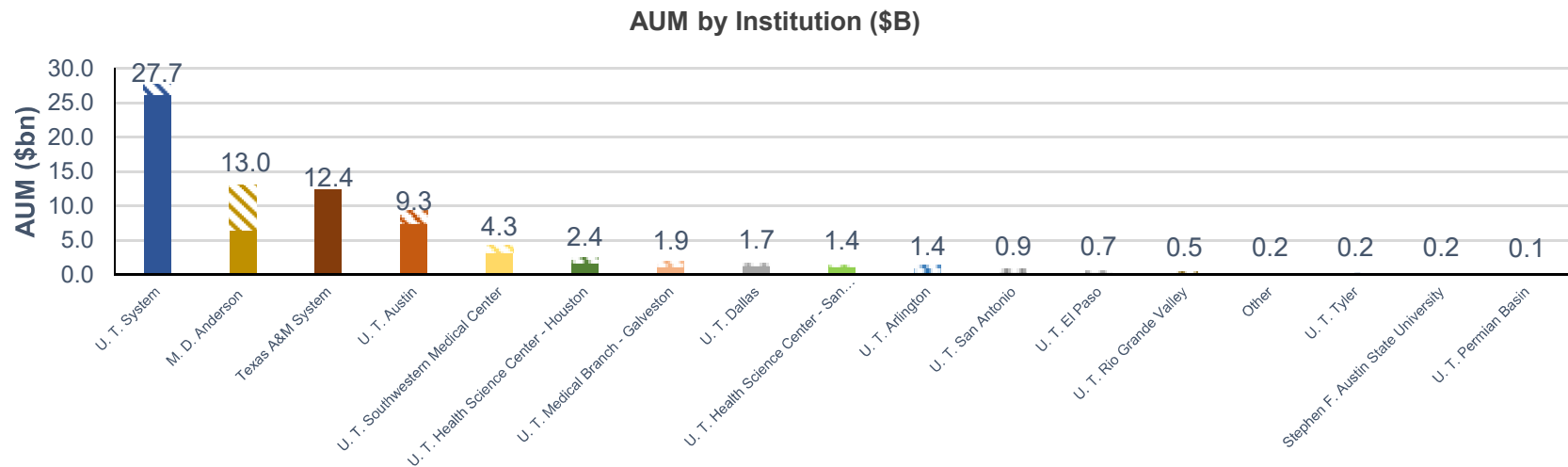
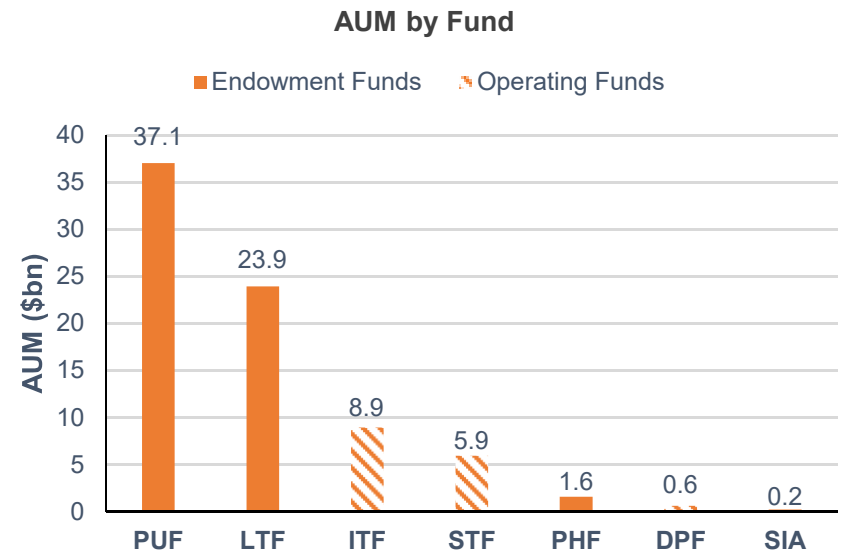
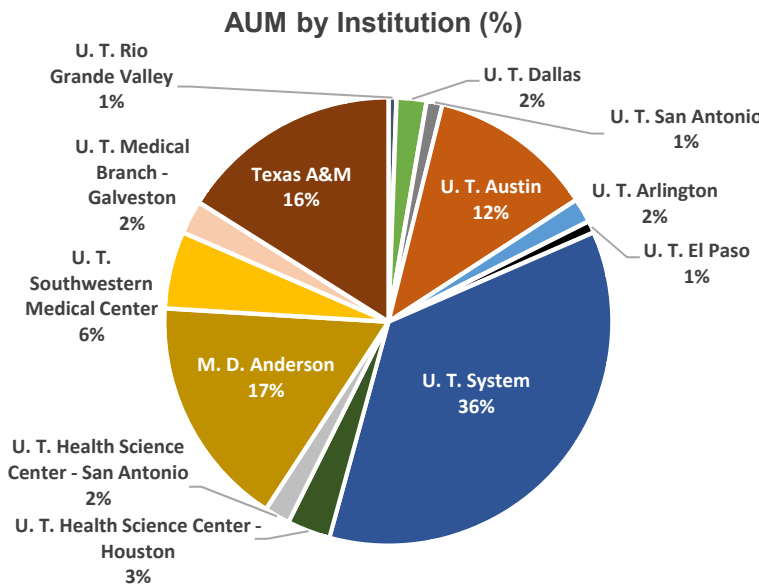
Cumulative and annual distributions based on Fiscal Years ending August 31





AUM Breakdown

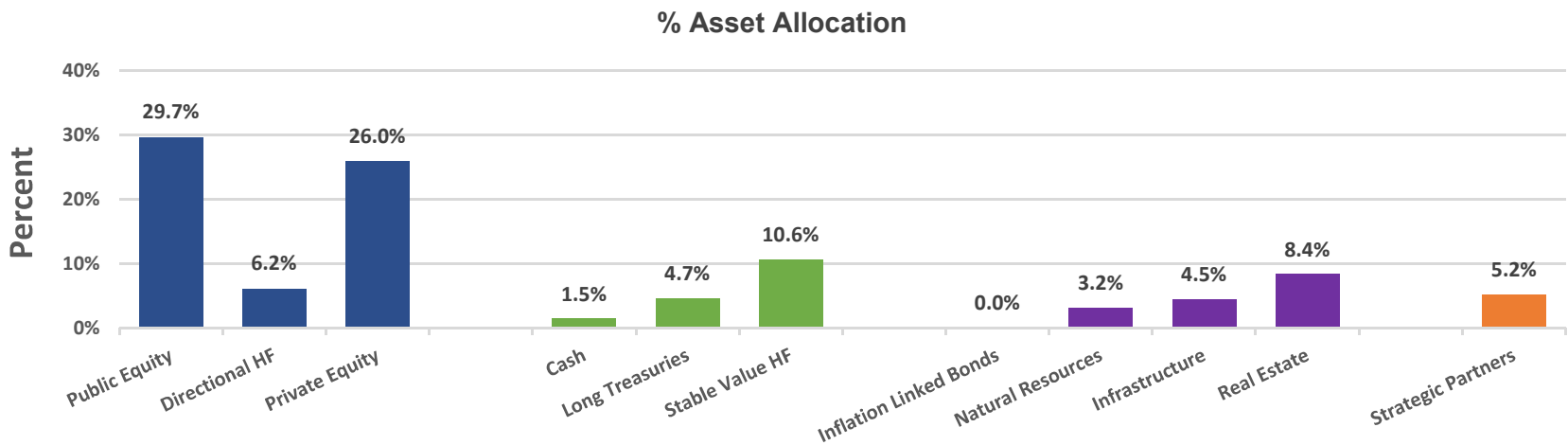
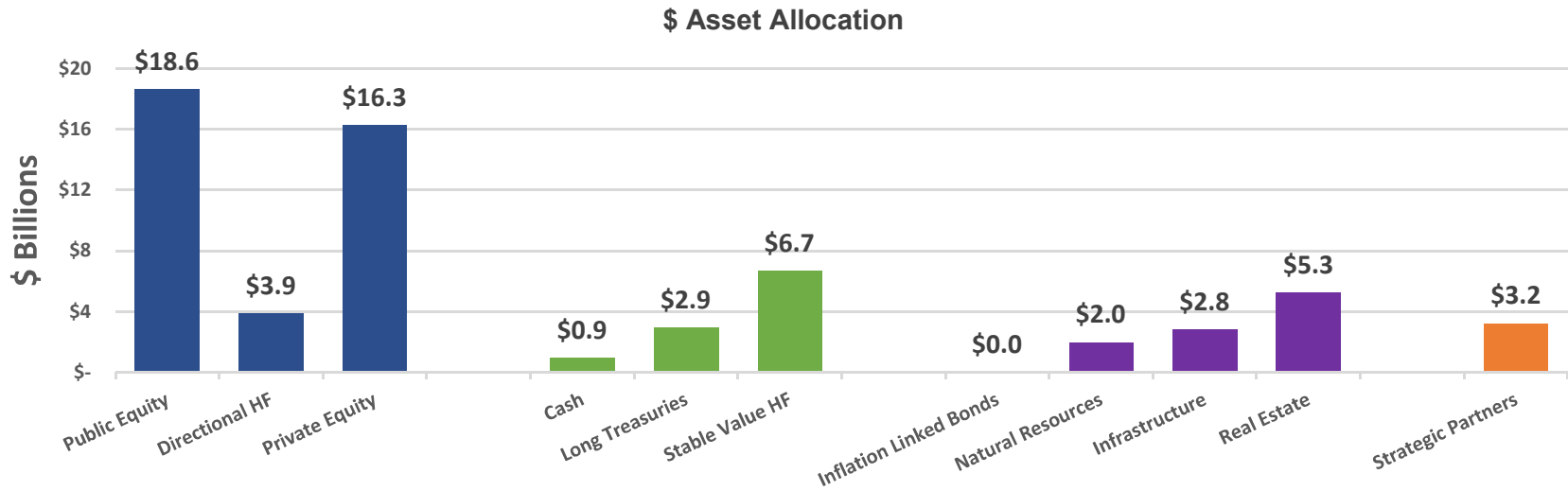
As of September 30, 2024





Endowment Positioning

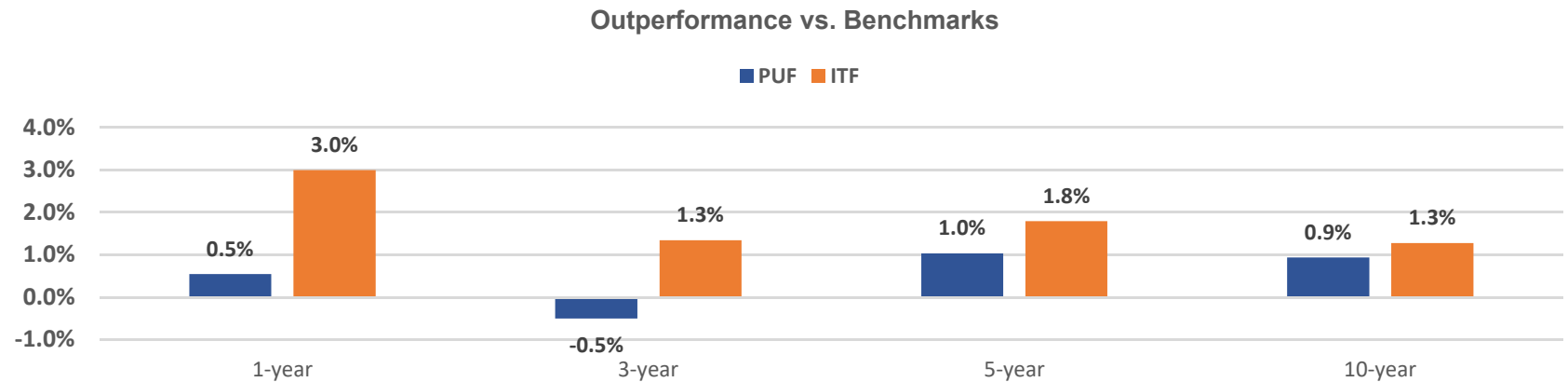
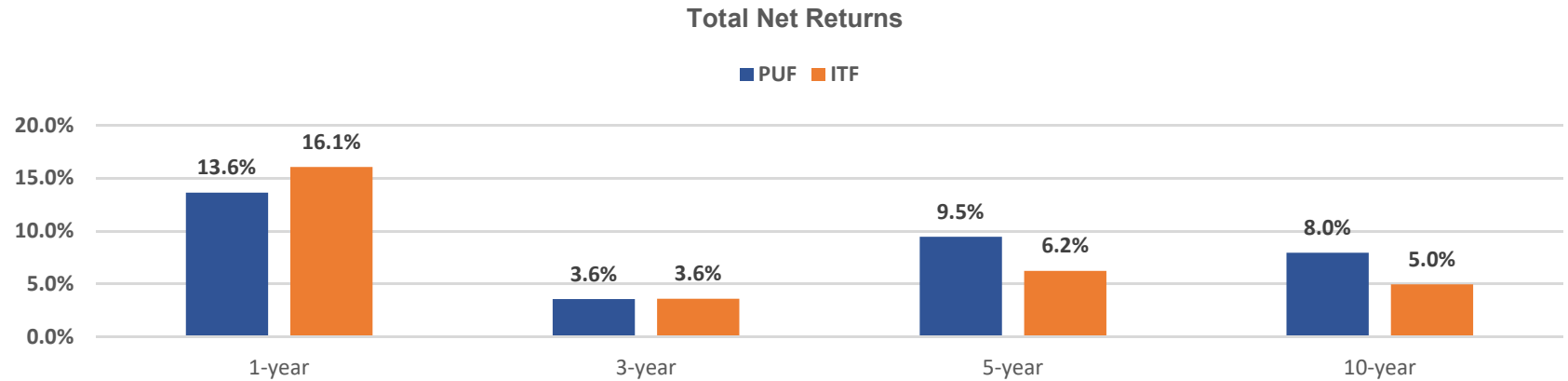
Asset allocation as of September 30, 2024





Portfolio Performance

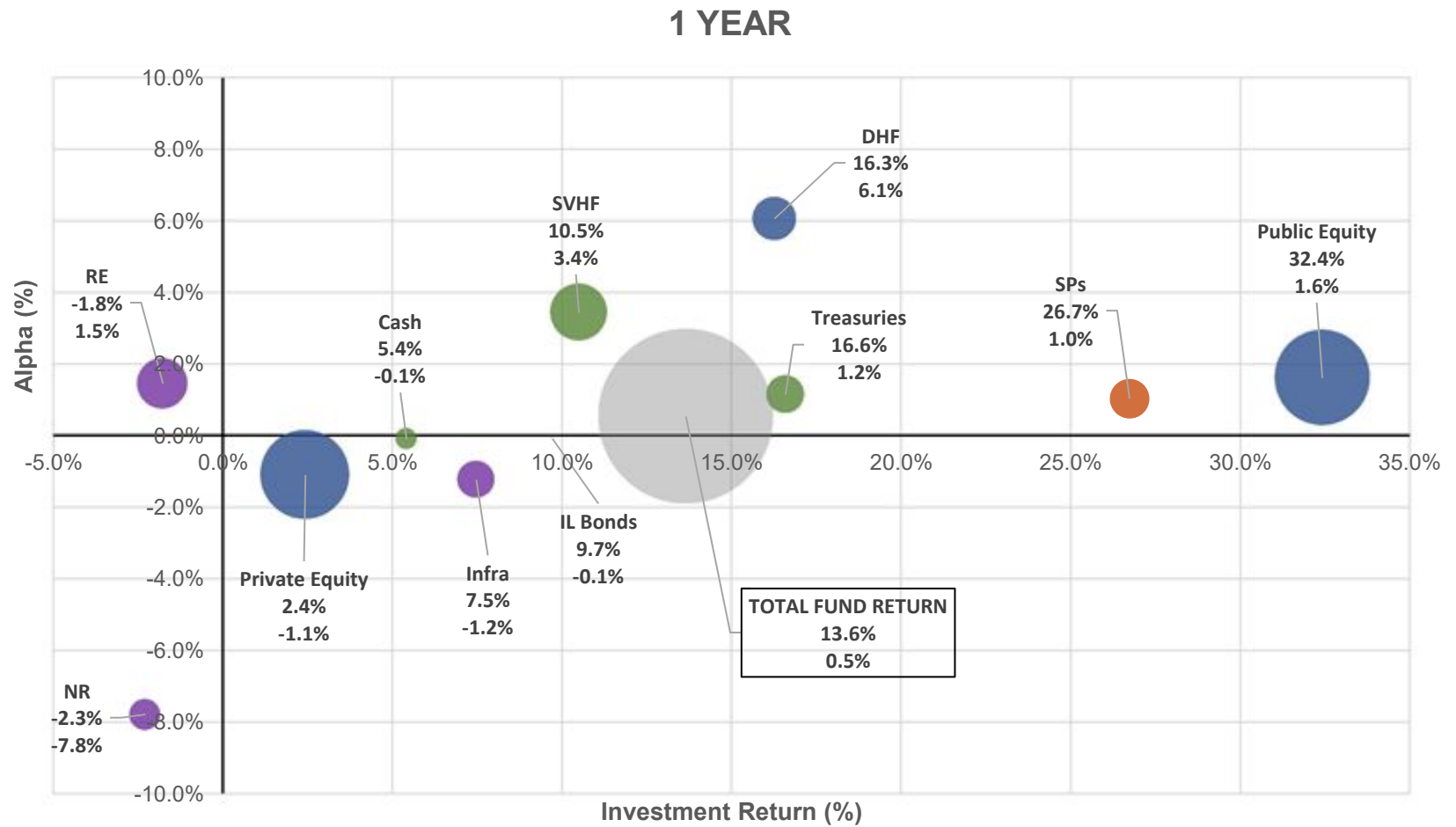
UTIMCO Returns and Alpha as of September 30, 2024





Performance

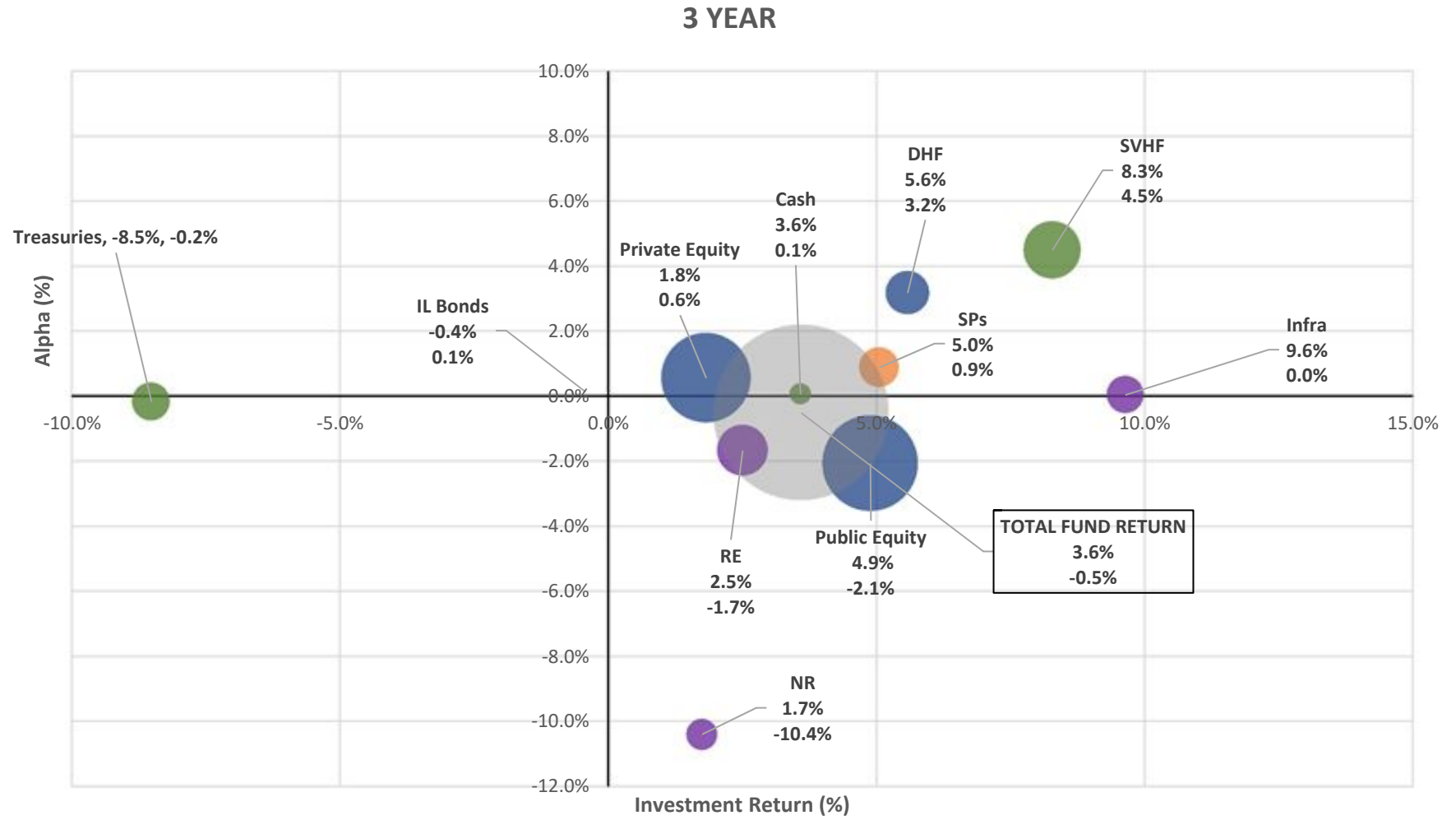
Detailed 1 Year Performance as of September 30, 2024





Performance

Detailed 3 Year Performance as of September 30, 2024



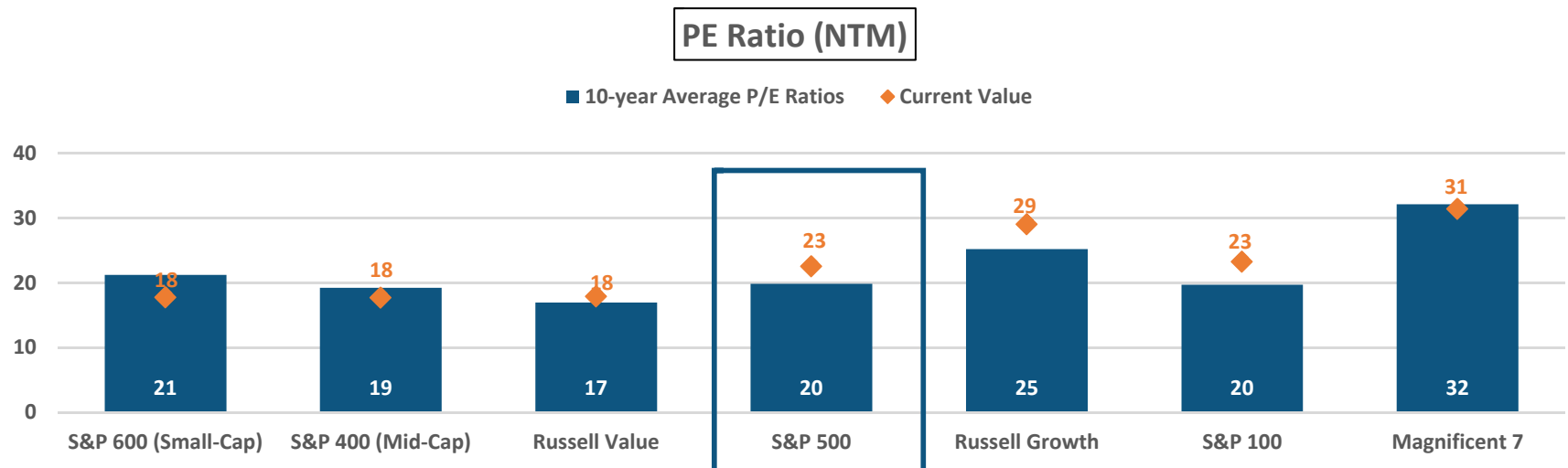
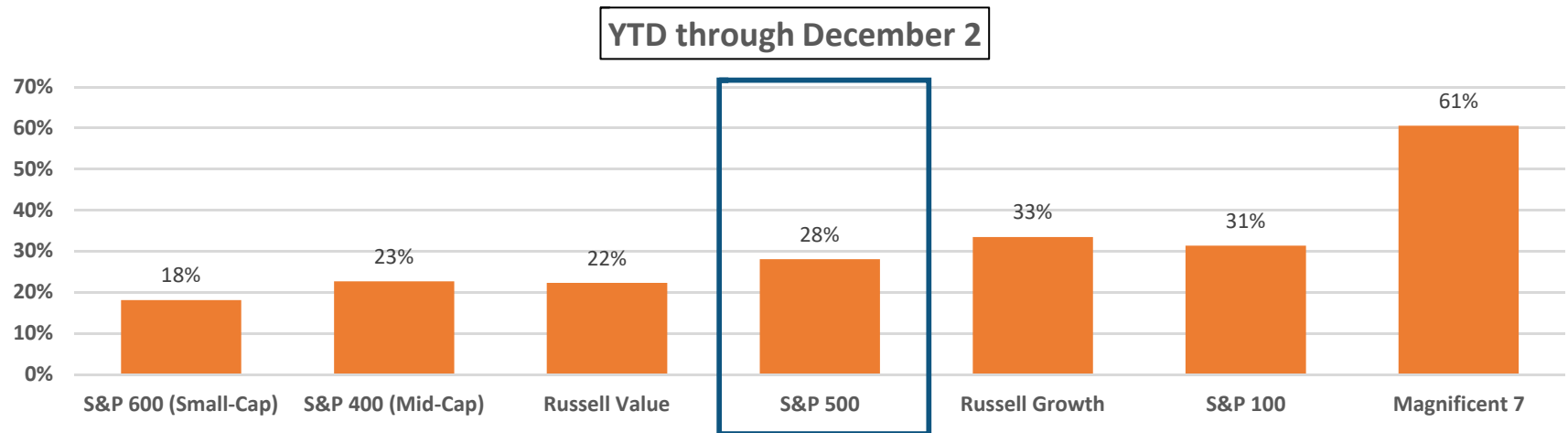
Market Outlook





Market Recap

Returns range widely by market cap and style



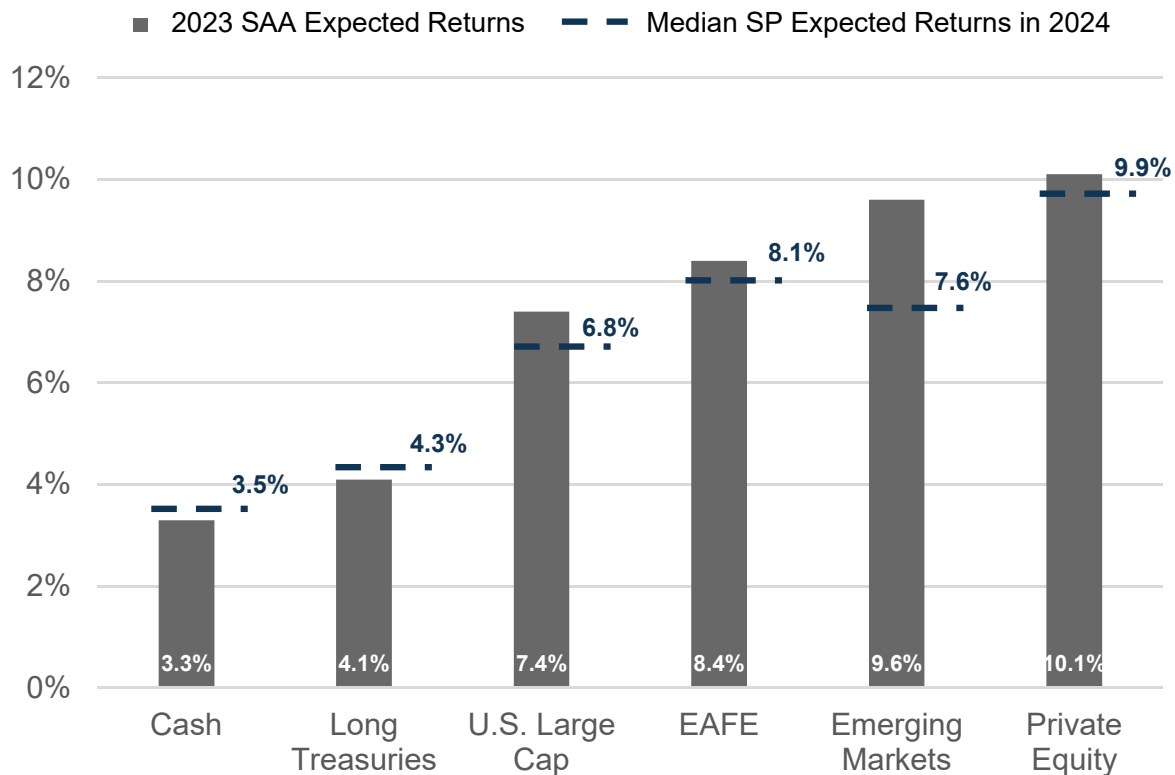
Source: Bloomberg



Market Outlook

Strategic Partner Long-Term Capital Market Assumptions

SAA Expected Returns vs. SP Outlook

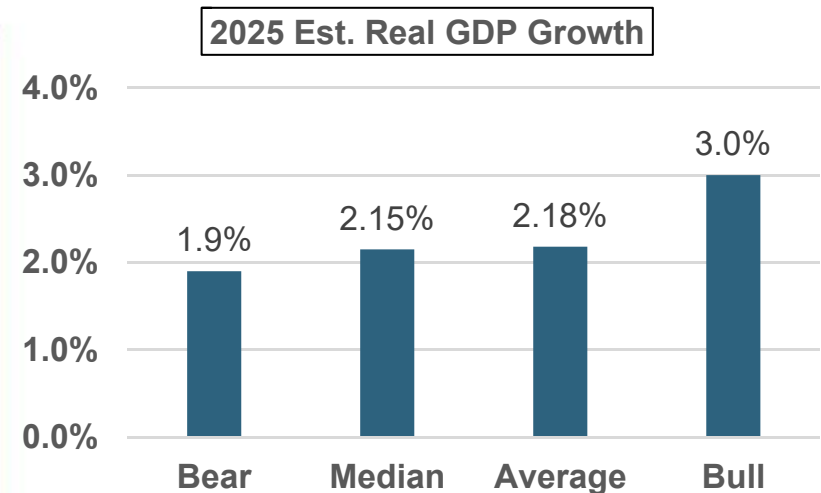
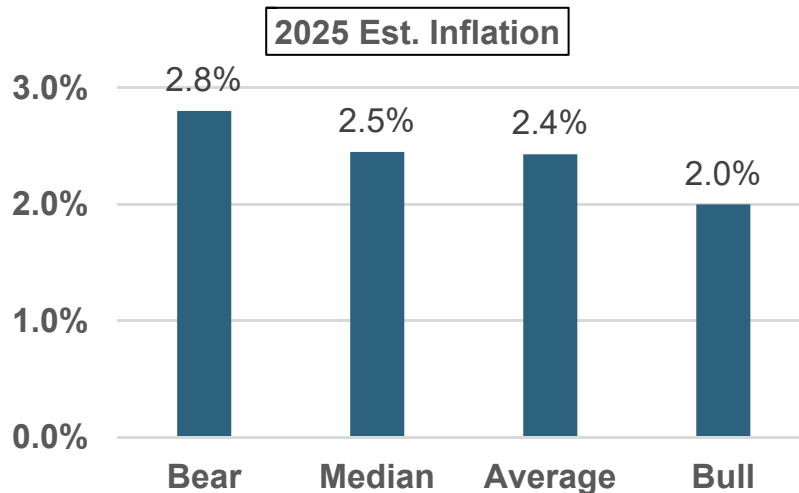


- Returns on cash expected to remain elevated relative to post-GFC environment
- Relative returns of US Large Cap vs. Cash, the Equity Risk Premium, declined by (-1%)
- Emerging Markets expected returns came in significantly as forecasters re-rated China
- Private Equity and other alternatives largely unchanged
- Implies decline in Total Endowment expected returns by 30-40 basis points



Economic Outlook

US Inflation and GDP Expectations



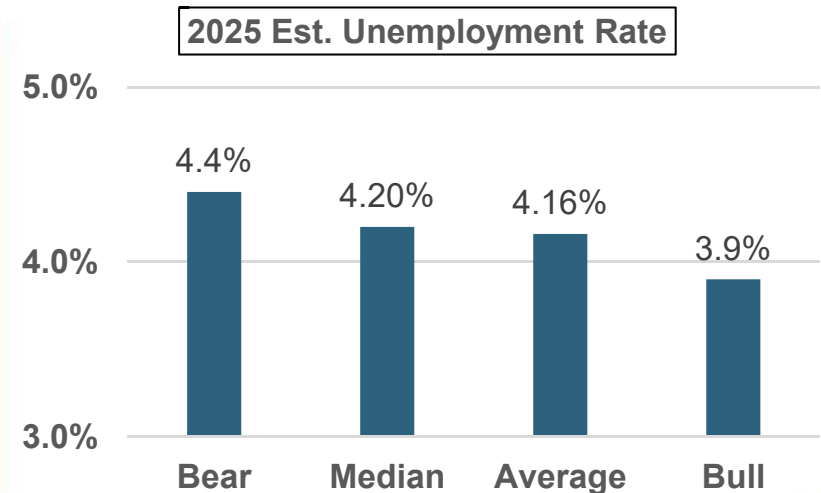
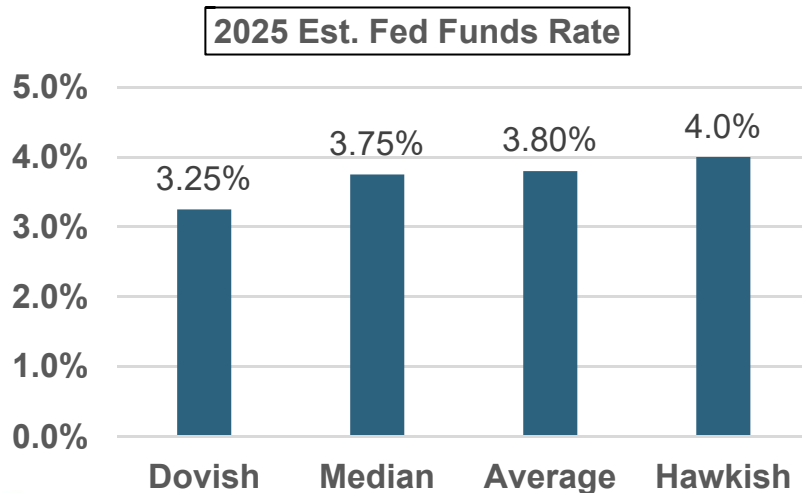
- **2024:** Core PCE has eased from 3.0% at year end 2023 to 2.7% currently, and remains on a downward trajectory
- **BEAR:** BofA expects 2.8% due to sticky services inflation from continued robust economic growth coupled with tariffs
- **MEDIAN / AVERAGE:** GS expects 2.4% as the labor market is back in balance but tariffs prevent reaching the 2.0% inflation target
- **BULL:** Yardeni expects 2.0% as productivity growth keeps unit labor costs contained

- **Nominal Growth:** based on inflation expectations (2.4%), nominal growth should be +4.3% to +5.4% in 2025
- **BEAR:** UBS expects 1.9% due to fading fiscal support and increasingly constrained consumers
- **MEDIAN / AVERAGE:** JPM expects 2.2% with upside risks from deregulation and tax cuts offsetting downside risks from tariffs and policy uncertainty
- **BULL:** Yardeni expects 3.0% due to strong productivity growth driven by AI



Economic Outlook

US Fed Funds Rate and Unemployment



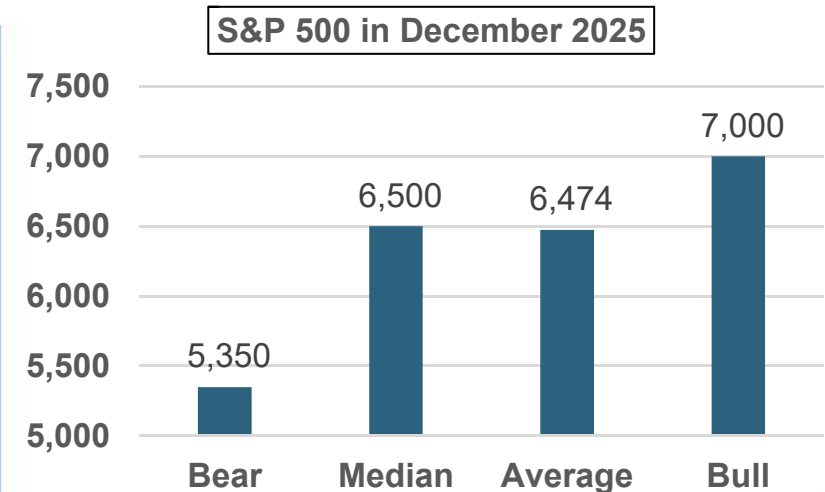
- **MARKET:** Rates market is pricing in a 3.8% Fed Funds rate at the end of 2025
- **DOVISH:** UBS expects 3.25% as growth and the labor market slows, allowing the Fed to remove restrictive policy rates
- **MEDIAN / AVERAGE:** JPM expects 3.75% with the Fed cutting in December and then every other meeting in 2025 until September
- **HAWKISH:** Barclays expects 4.0% with the Fed only cutting twice in 2025 due to tariff driven inflation

- **2024:** The Unemployment Rate rose to 4.3% in July triggering the Sahm rule, but has eased back to 4.1%
- **BEAR:** JPM expects 4.4% as the labor market cools with fewer job openings while labor supply increases from immigration
- **MEDIAN / AVERAGE:** MS expects 4.2% from a decreasing labor supply due to a sharp reduction in immigration
- **BULL:** GS expects 3.9% as layoffs remain low and immigration slows



Market Outlook

US Equity Market Expectations



- **Current 2024 Estimate:** \$240 / share
- **2025 Bottom-Up Expectations:** \$274 / share
- **BEAR:** UBS projects \$257 (7% growth) due to decelerating US economic growth
- **MEDIAN / AVERAGE:** MS expects \$271 (13% growth) with earnings growth broadening from Mag 7 as the Fed cuts rates and business cycle indicators improve
- **BULL:** Yardeni expects \$285 (19% growth) from tax cuts, deregulation, and faster productivity growth

- **Last year's 2024 Projection:** 4,850
- **Current Level:** 6,040
- **BEAR:** BCA expects a market correction (-11% return) due to growth being hurt by tariffs but cushioned by fiscal policy support that prevents a bear market
- **MEDIAN / AVERAGE:** GS expects 6,500 (8% gain) being driven entirely from EPS growth and slight P/E contraction to 21.5x
- **BULL:** Yardeni projects 7,000 (16% gain) on the back of stronger earnings growth



UTIMCO Strategic Partner Outlook

Crowd favors Soft-landing outcome for US economy

<i>Definition</i>	<i>"Immaculate disinflation" continues, growth slows but US Economy avoids recession</i>	<i>Recession triggered by increasing unemployment</i>	<i>Economic growth remains strong, inflation stays above target</i>
	Soft-landing	Hard-landing	No-landing
BlackRock	25%	25%	50%
Bridgewater	60%	15%	25%
JP Morgan	65%	20%	15%
PIMCO	70%	20%	10%
Average Probabilities	55%	20%	25%



Portfolio Outlook

Stable Value

Portfolio	Expected Performance	Catalysts	Concerns
Cash	↓	<ul style="list-style-type: none"> Fed cutting to “neutral” rate Cuts may not be substantial without recession and may be reversed if economy expands at current rate 	<ul style="list-style-type: none"> Inflation still above target inhibiting potential Fed cuts
Global Bonds	↔	<ul style="list-style-type: none"> Almost all DM yield curves inverted Increasing fiscal stimulus 	<ul style="list-style-type: none"> Economy nor inflation slows Spreads widen
Long Treasuries	↔	<ul style="list-style-type: none"> U.S. Economy has not slowed with continuing fiscal stimulus Highest nominal and real rates in 17 years 	<ul style="list-style-type: none"> Yield curves still inverted Rates are not high relative to Pre-GFC period
Stable Value Hedge Funds	↔	<ul style="list-style-type: none"> "Good" alpha opportunity set, with dispersion remaining at historically high levels Higher cash rates increase returns, all else equal 	<ul style="list-style-type: none"> Competition for talent is still high, which increases expenses Increase in popularity of SVHF strategies increases crowding risk



Portfolio Outlook

Global Equity

Portfolio	Expected Performance	Catalysts	Concerns
Public Equity	↔	<ul style="list-style-type: none"> Resilient U.S. economic growth Continued interest rate reductions in 2025 US deficit spending China stimulus Increased corporate efficiency from adoption of generative AI 	<ul style="list-style-type: none"> Possible inflation rebound from tariffs, supply chain reshoring and US deficit spending High forward valuations (low equity risk premium) Continued index concentration
Private Equity	↔	<ul style="list-style-type: none"> Rate cuts mitigate financing risk Private Credit well-positioned for a credit event AI/Biotech as possible secular catalysts 	<ul style="list-style-type: none"> Leverage and refinancing risk in Buyouts; funding risk in VC Operating degradation in a recession
Directional Hedge Funds	↑	<ul style="list-style-type: none"> Higher cash rates increase returns, all else equal Robust short alpha 	<ul style="list-style-type: none"> Moderate beta profile lagging strong equity returns



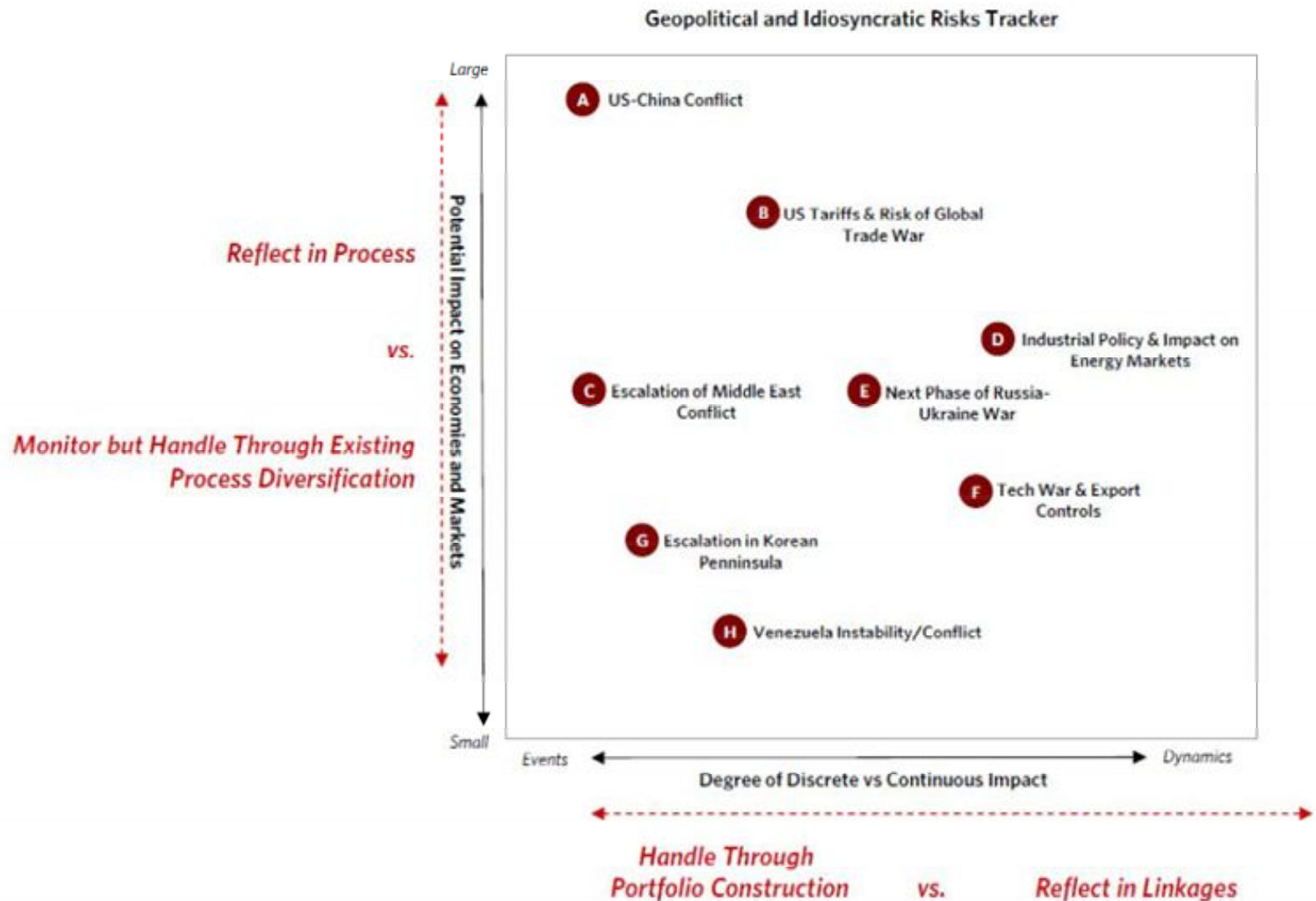
Portfolio Outlook

Real Return

Portfolio	Expected Performance	Catalysts	Concerns
Real Estate	↔	<ul style="list-style-type: none"> • Rate declines and lower financing costs could spur transaction activity • Nearshoring could increase demand for industrial • Increased Office utilization from return to office mandates could lift valuations 	<ul style="list-style-type: none"> • Unexpected inflation could keep rates / borrowing costs high • Trade war(s) could raise construction costs • Potential for slower than average rent growth due to high vacancy/supply in certain property types • Potential for downward revaluation from refinancing
Infrastructure	↑	<ul style="list-style-type: none"> • Increasing need for reliable power generation driven by AI demand and renewable intermittency • Unexpected inflation would benefit assets with inflation-linked revenues 	<ul style="list-style-type: none"> • Stretched valuations in communications, with slower adoption for some fiber networks • Grid constraints and potential supply chain disruptions for new power projects

Geopolitical Risks

Bridgewater Assessment and Approach to Managing Geopolitical Risk



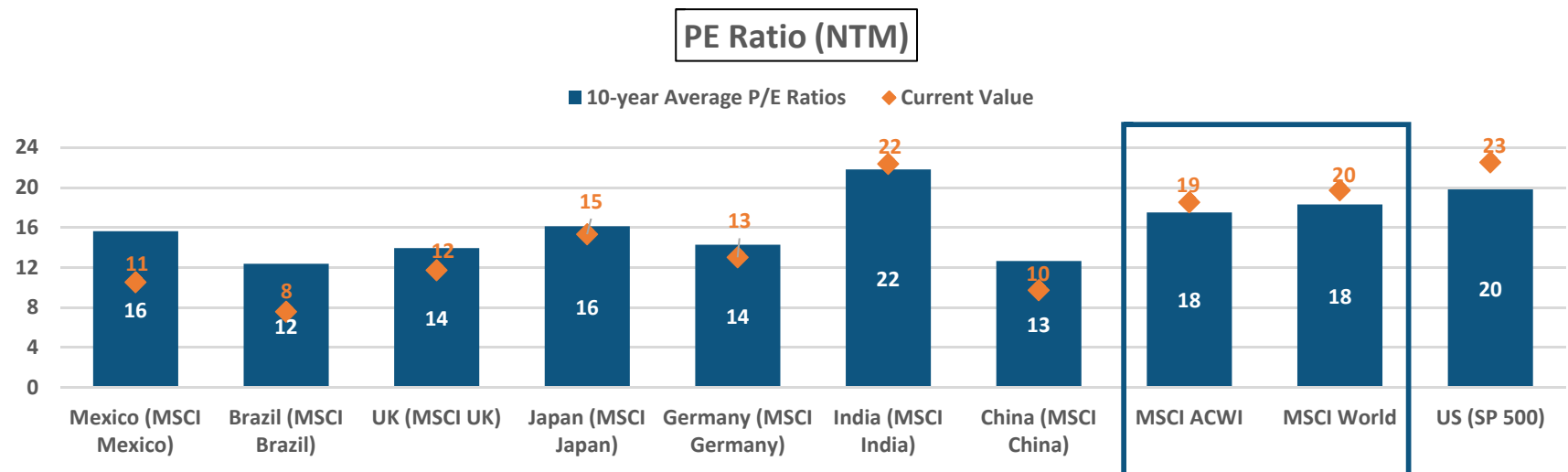
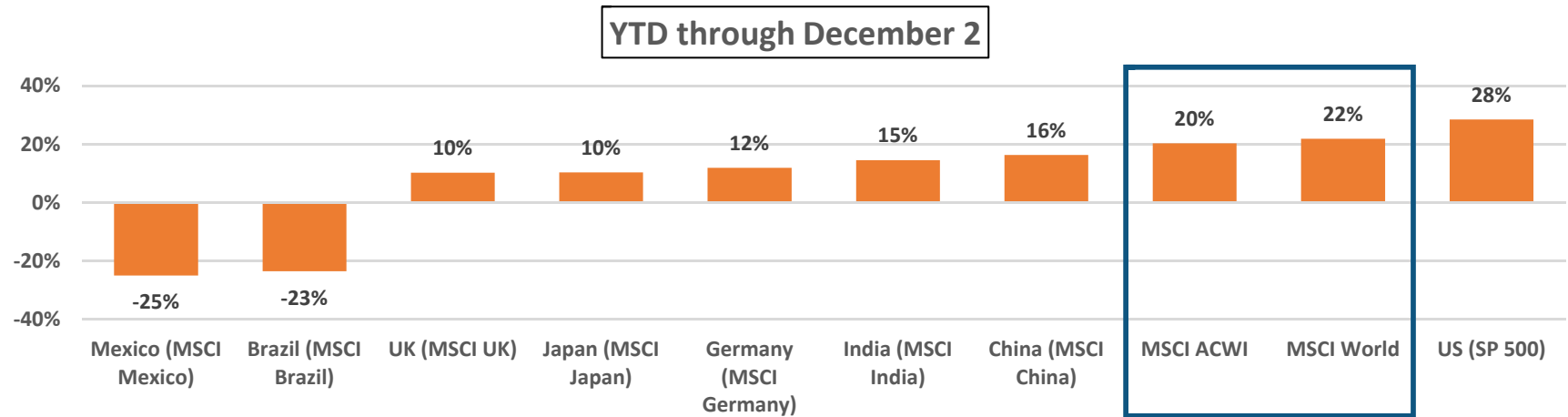
Appendix





Market Overview

Country Performance and Valuation

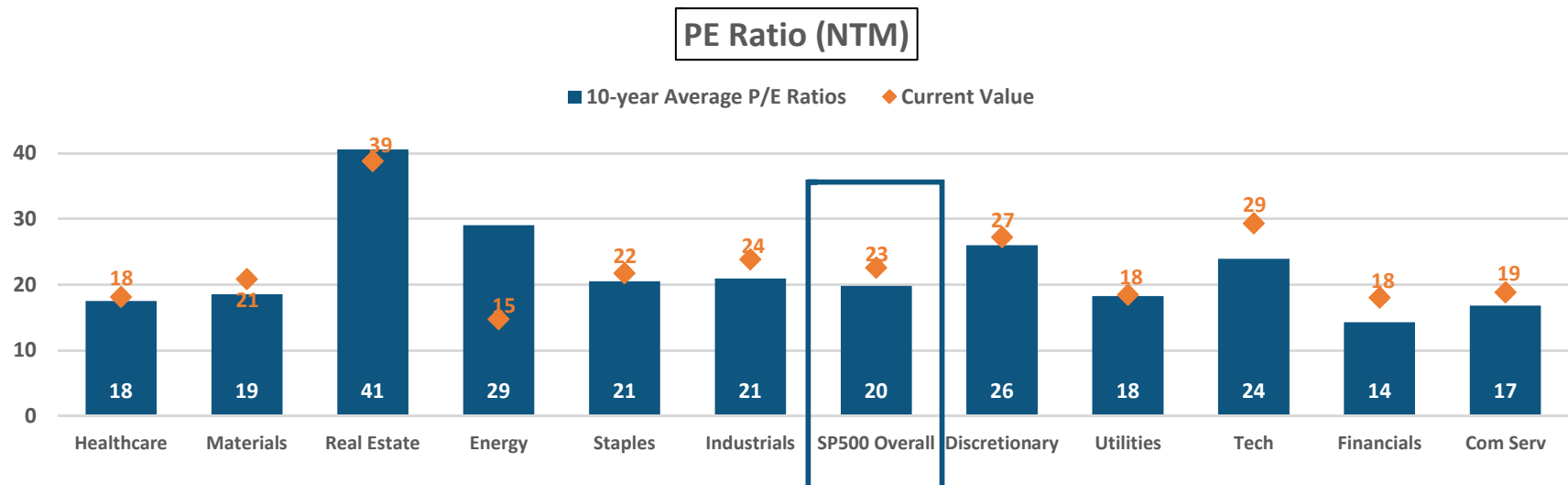
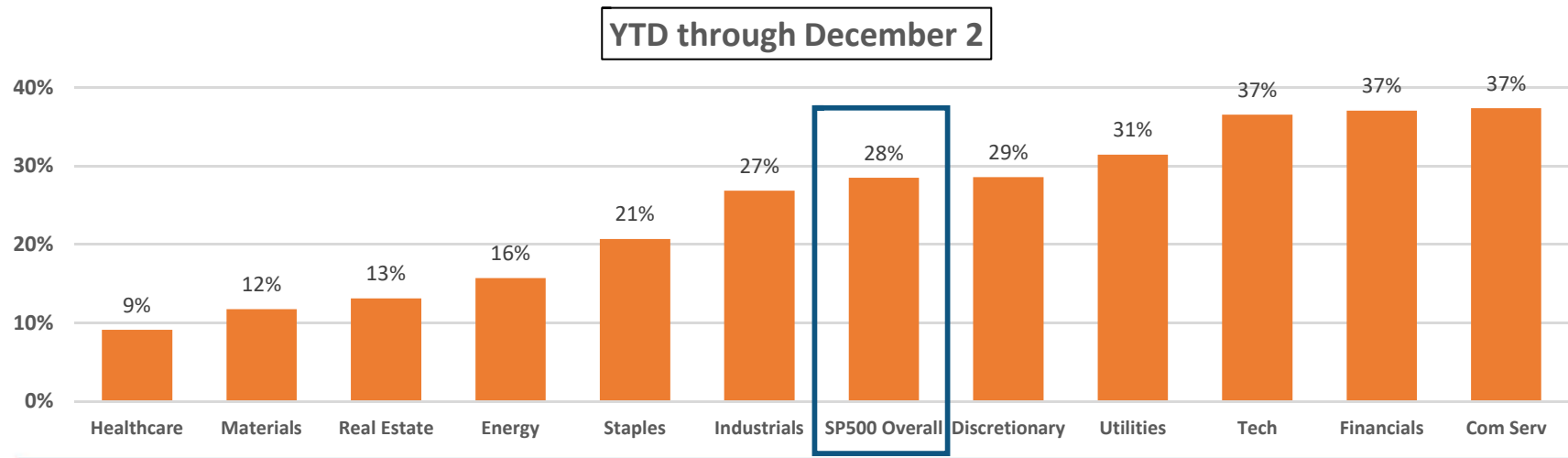


Source: Bloomberg



Market Overview

Sector Performance and Valuation



Source: Bloomberg

Agenda Item
UTIMCO Board of Directors Meeting
December 12, 2024

Agenda Item:	Risk Management Presentation
Developed By:	Risk Management Team
Presented By:	Yoeli, Jones
Type of Item:	Information Item
Description:	Uzi Yoeli and Tim Jones will discuss key projects and initiatives of Risk Management at UTIMCO, with a focus on the evolution of UTIMCO's risk culture and impact of the MSCI Risk System on investment decision-making.
Reference:	<i>Risk Management Overview</i> presentation



Board of Directors Meeting

Risk Management Overview

Uzi Yoeli, Managing Director – Risk Management
Tim Jones, Senior Director – Risk Management

December 12, 2024



Executive Summary

Philosophy

- Be a collaborative partner who guides data driven discussions of risks and liquidity, and recommends appropriate responses

Focus Item: The Evolution of UTIMCO's Risk Culture with MSCI Barra

Key Responsibilities

- Develop state of the art monitoring tools such as the MSCI Barra Risk System
- Make results accessible to all teams and to all levels by providing training on the tools and by developing visualizations methods (such as Power BI), thereby enhancing the risk-based decision making at UTIMCO
- Continue enhancing the quality, accuracy, and integrity of the data used by these tools
- Maintain asset allocation weights at target – capital planning and rebalancing
- Liquidity management
- Create contingency plans for market dislocations
- Allocate risk based on the opportunity set, and monitor use and level of risk deployed



Risk Team Members



Uzi Yoeli
Managing Director

20 years at UTIMCO
PhD, UT Austin



Tim Jones
Senior Director

6 years at UTIMCO
PhD, UT Austin



Chad Turner
Director

3 days at UTIMCO
PhD, Clemson



AliEmme Binns
Senior Analyst

4½ years at UTIMCO
MSF, Univ of Utah



Jenna Hudson
Executive Assistant

4½ years at UTIMCO
BA, UT Austin



Muskan Yadav
Analyst

10 months at UTIMCO
MSAM, Northeastern

A summer intern, David Salazar, is expected to join the team 12/2025

The Evolution of UTIMCO's Risk Culture with MSCI Barra





Risk System Application – Hedge Funds

Trust but verify...

Prior to MSCI RiskMetrics - TRUST

- Reliant on manager reporting and historical returns, which had shortcomings:
 - No verification of calculations; inconsistent calculation methods
 - Limited number of return observations
 - Shows historical risk profile but not the risk of current portfolio
 - Correlation of total portfolio could not be calculated

With MSCI RiskMetrics - TRUST but VERIFY:

- **Independently calculate** risk statistics in a standardized way
- **Calculate additional risk statistics** that were previously unavailable
- **Calculate total portfolio level risk statistics**

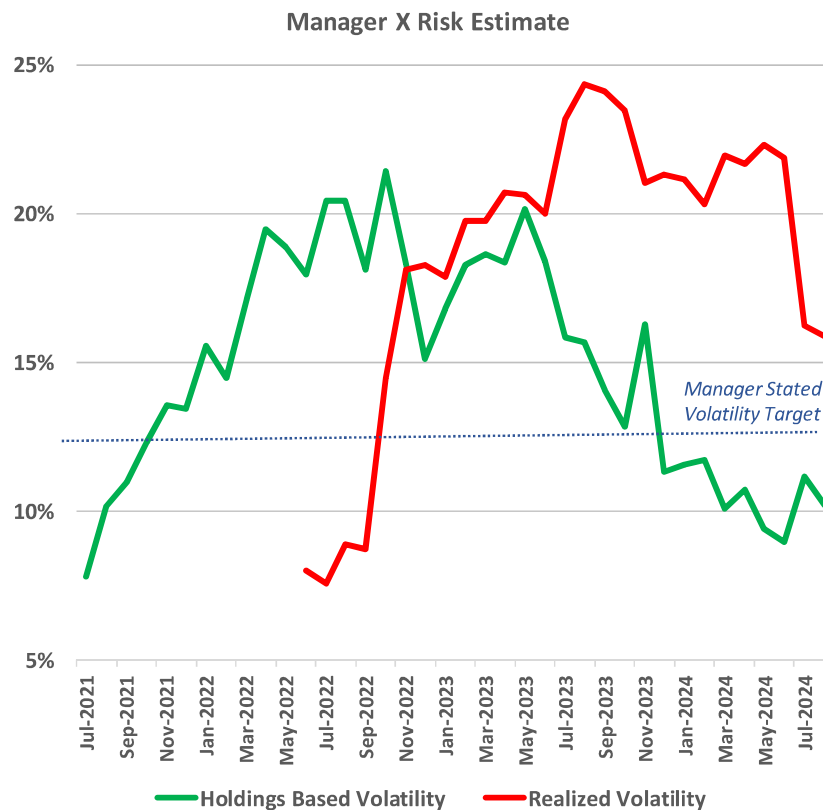
Results

- **The Hedge Fund team was able to mitigate losses from a violent drawdown – details on next slide**
- **We now have the ability to forecast risk with *less uncertainty*, allowing us to more accurately target a particular risk level**



Risk System Application – Hedge Fund Example

Real example of using MSCI to estimate forward-looking risk...



UTIMCO Risk Assessment

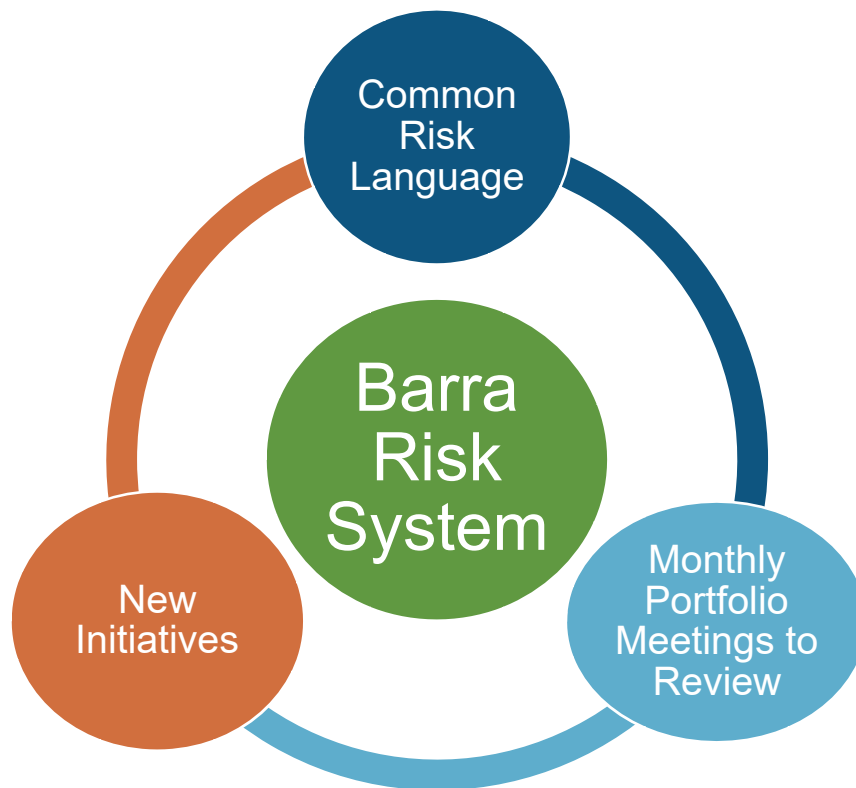
- Manager X had a **stated volatility target of 12%**
- New launch, so **had to wait ~12 months** until we could get any read of realized volatility
- Realized volatility, which is lagged, was **significantly lower** than the holdings-based volatility captured by MSCI, suggesting that realized volatility is about to rise
- In mid-2022, the HF Team had conversations with the manager about the elevated MSCI volatility reading
- HF Team determined that the 2022 portfolio was **much riskier** than the lagged realized volatility and volatility target
- Decision was made to **significantly reduce the size of Manager X's allocation**, allowing UTIMCO to **mitigate losses from a violent drawdown** the manager experienced in 2023



Risk and Public Equity Collaboration

Total Impact: New initiatives have driven \$8bn+ in reallocation with better portfolio construction

Go Forward: Lower tracking error portfolio and more consistent of alpha →
Higher Expected Information Ratio (IR)



New Barra-Enabled Initiatives

- Factor Risk Management
- Beta Tailoring
- Hedge Fund Portable Alpha
- Expansion of Quant Exposure

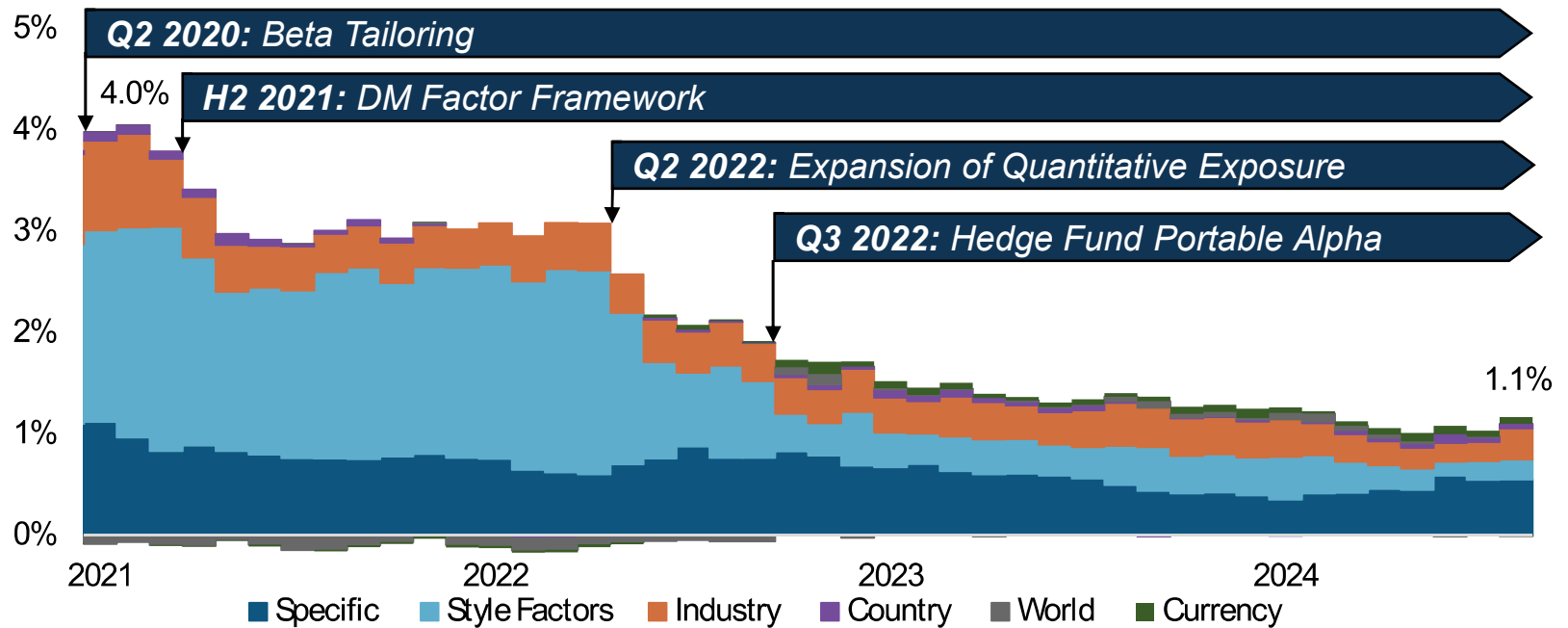


Developed Markets Barra Initiatives

These initiatives eliminated most of the exposure to style factors (light blue in the chart below)

Ex-ante Tracking Error of the Developed Markets Public Portfolio decreased by close to 75% - from 4.0% to 1.1%

DM Public Equity - Ex Ante Tracking Error History

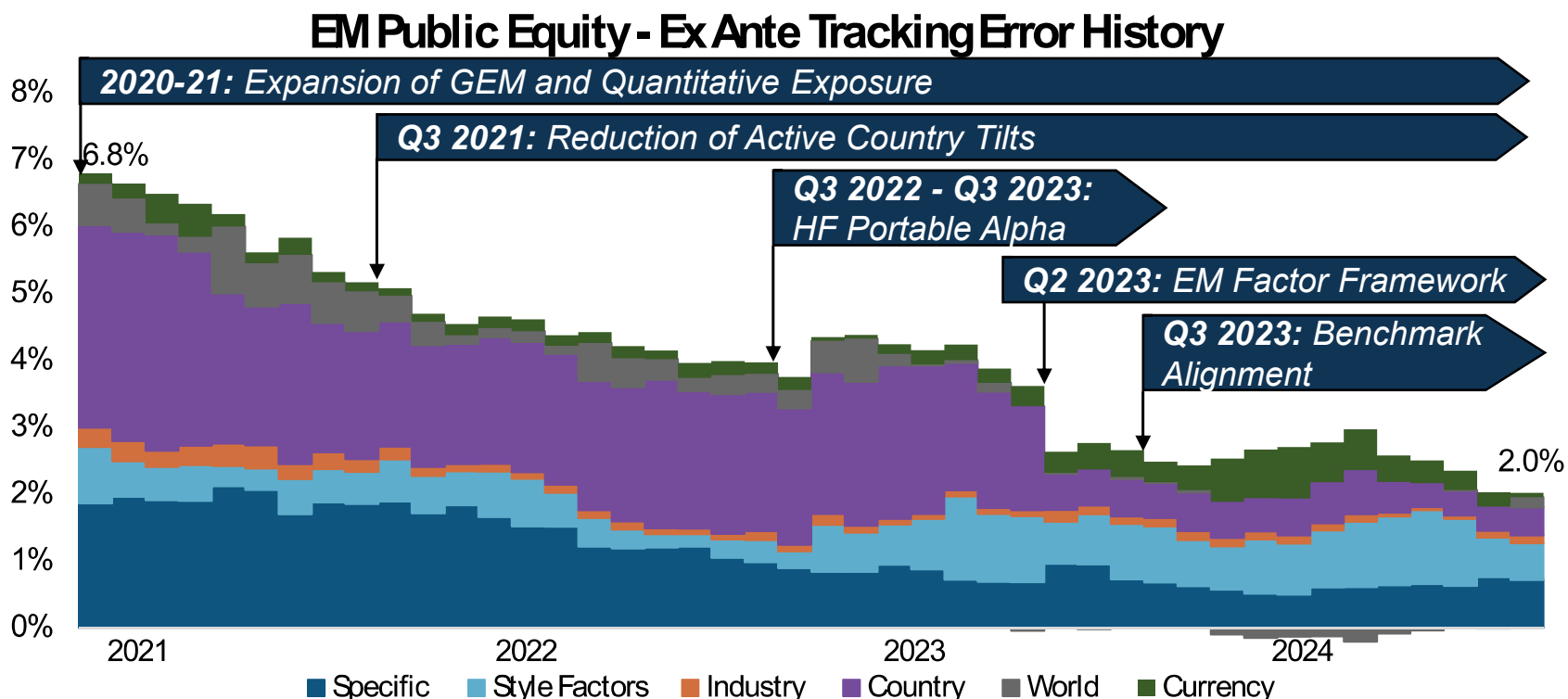


	Feb-21	Aug-24	Change
Ex Ante TE	4.0%	1.1%	-2.9%
Specific % of TE	24%	48%	+24%
Style Factors % of TE	52%	17%	-35%



Emerging Markets Barra Initiatives

With these initiatives, the ex-ante Tracking Error of the Emerging Markets Public Portfolio went down from 6.8% to 2.0% in a span of four years

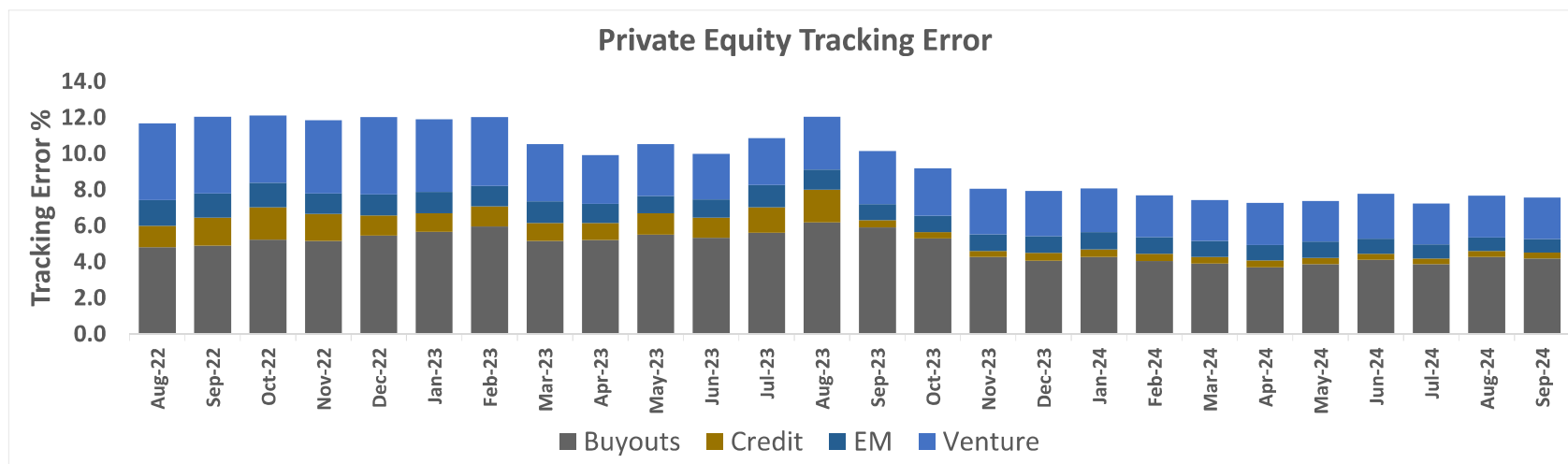


- The Public Equity team reduced Tracking Error in both EM and DM portfolios without reducing expected returns
- DM reduced factor risk in favor of idiosyncratic risk and hedging any industry exposure
- The EM portfolio better aligned its country exposure with the benchmark



The Private Markets Experience

Private Equity Tracking Error has decreased over the period



Note: Asset Class Tracking Error is Sub Asset Class Stand-Alone Tracking Error x Weight.

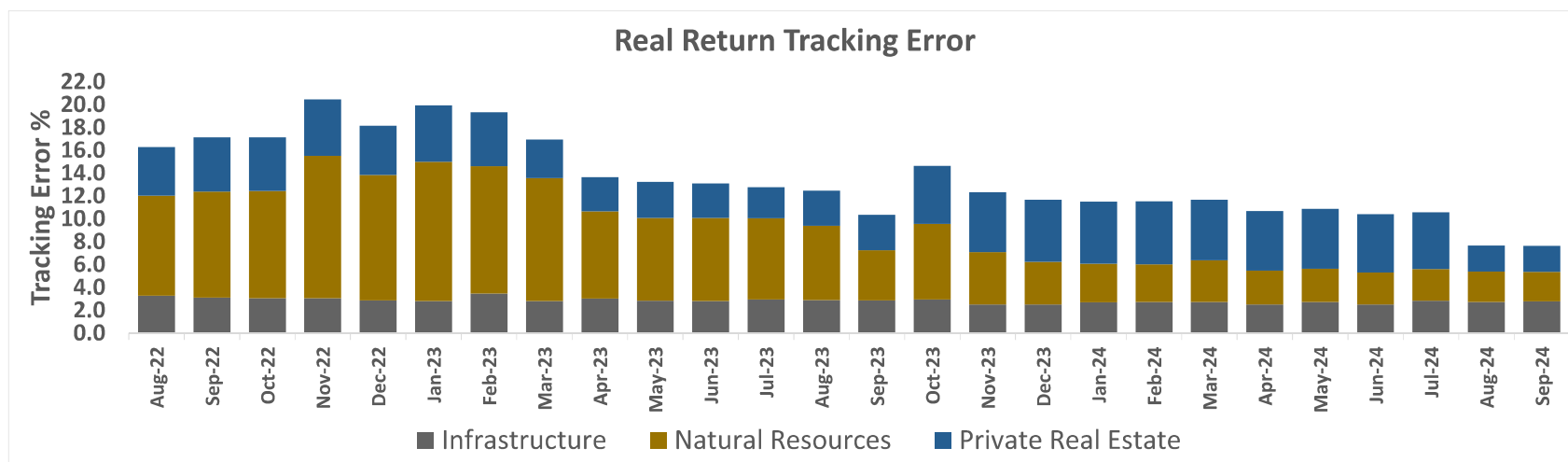
Why did Tracking Error of Private Equity fall over time?

- Buyouts has pivoted to large companies and mitigated some of the healthcare overweight
- Credit and Venture have lost share to Buyouts
- We updated the Buyouts benchmark model in November of '23, and it fit better with both the Cambridge Buyouts time series and our Buyouts portfolio.



The Real Returns Experience

Real Returns Tracking Error decreased as well, but due more to modeling and policy changes



Note: Asset Class Tracking Error is Sub Asset Class Stand-Alone Tracking Error times Weight.

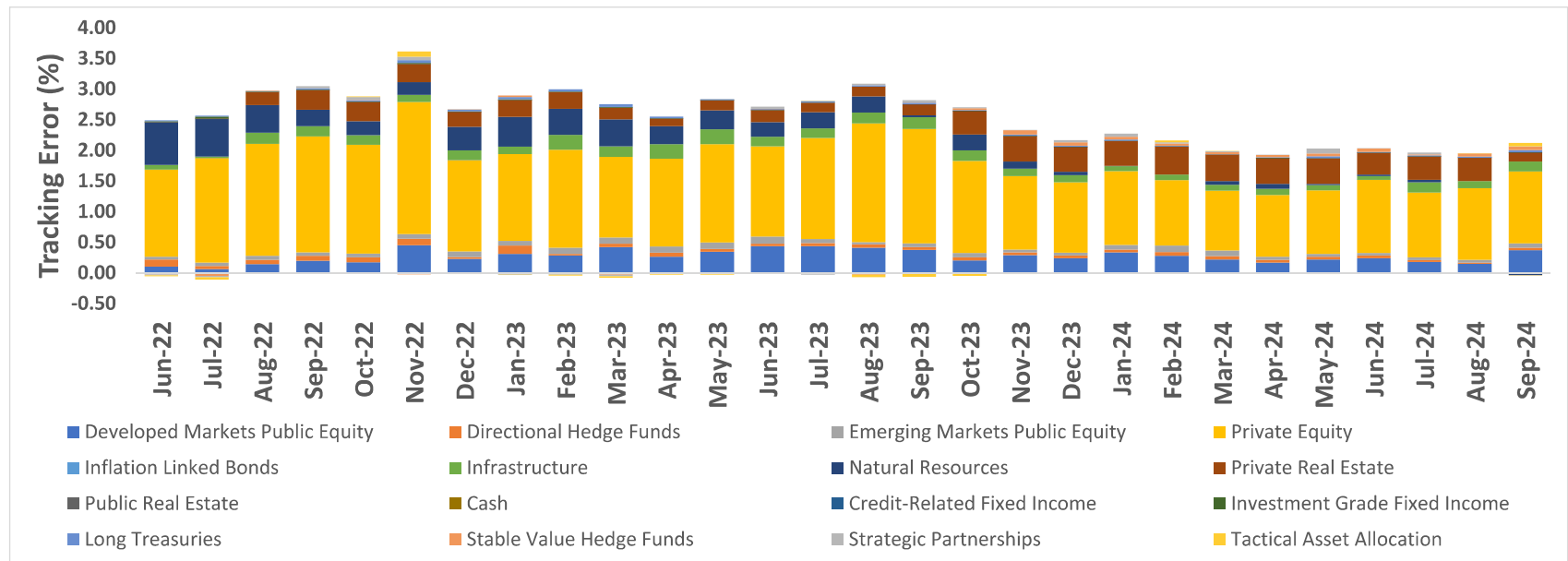
Why did Tracking Error of Real Returns fall over time?

- Natural Resources benchmark moved to floating weights
- Weights shifted
 - Natural Resources weight moved from 30% to 20% over the period
 - Real Estate moved from 50% to 60%
- Real Estate benchmark is better modeled with new data



Adding it All Together

Total Endowment Tracking Error decreased over time, but the composition changes were more important – current mix is much more intentional, higher quality tracking error

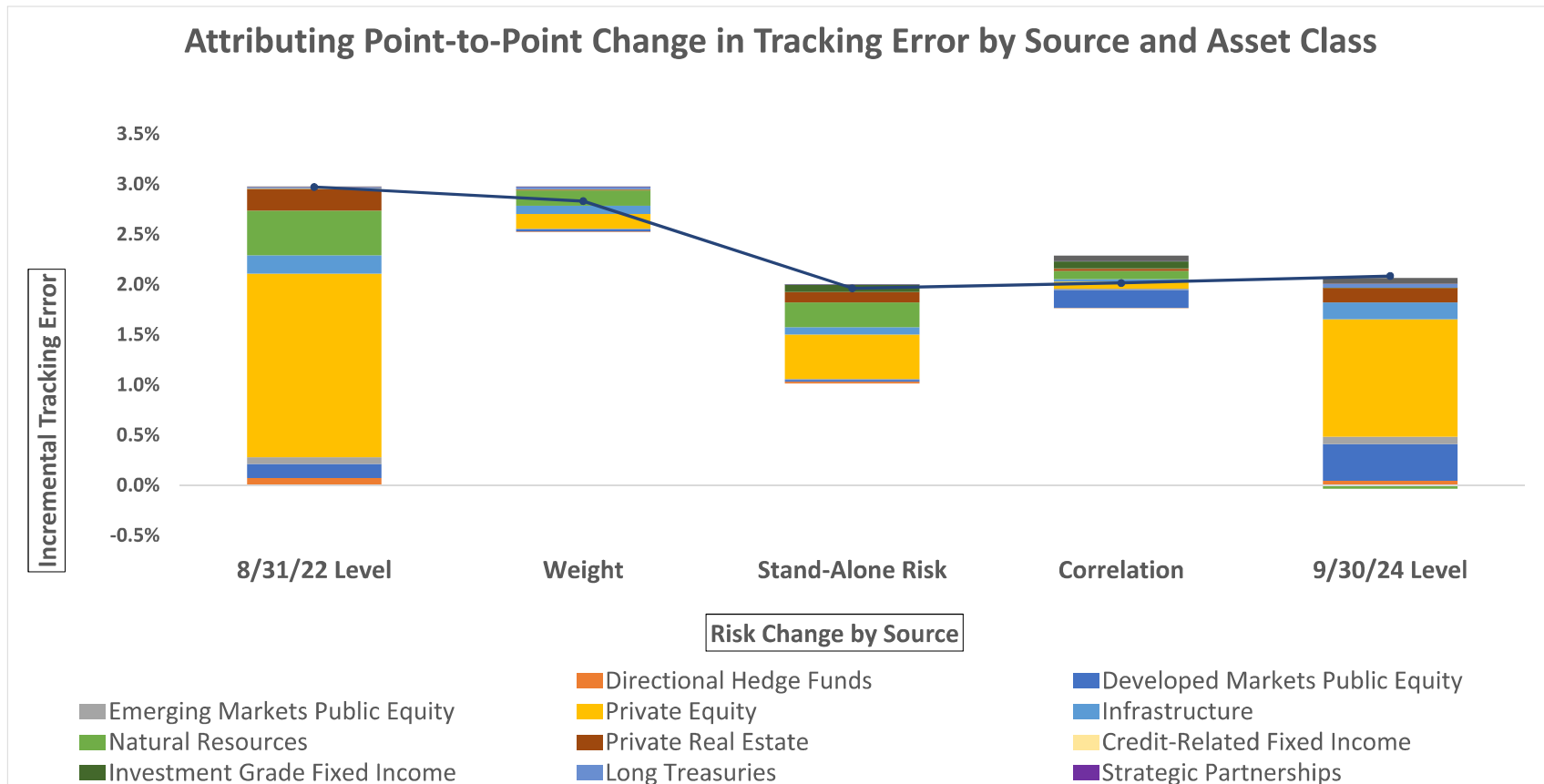


- Private Markets have dominated estimates of Total Endowment tracking error
- Portfolio construction decisions made in private markets take a long time to show up in the data. However, we can see some evidence of prior shifts towards being more benchmark aware:
 - Revamping direct investing to "four greens" keep us aligned with GPs
 - PE: Moving to Large EV companies, stopping EM investing
 - NR: redoing the benchmark weights, ultimately putting portfolio in runoff mode
 - RE: Making sure we are not too large of a GP, culling the list of managers, balancing exposure between global and regional managers
- Public Equity Tracking Error came in over the period as well, but is more 'visible' today as we have become more precise with the private markets estimates



Attributing the Change: Endowment Point to Point

The decrease in Tracking Error is attributable primarily to Asset Class portfolios reducing tracking error, less so to changes in Asset Class weights and correlation

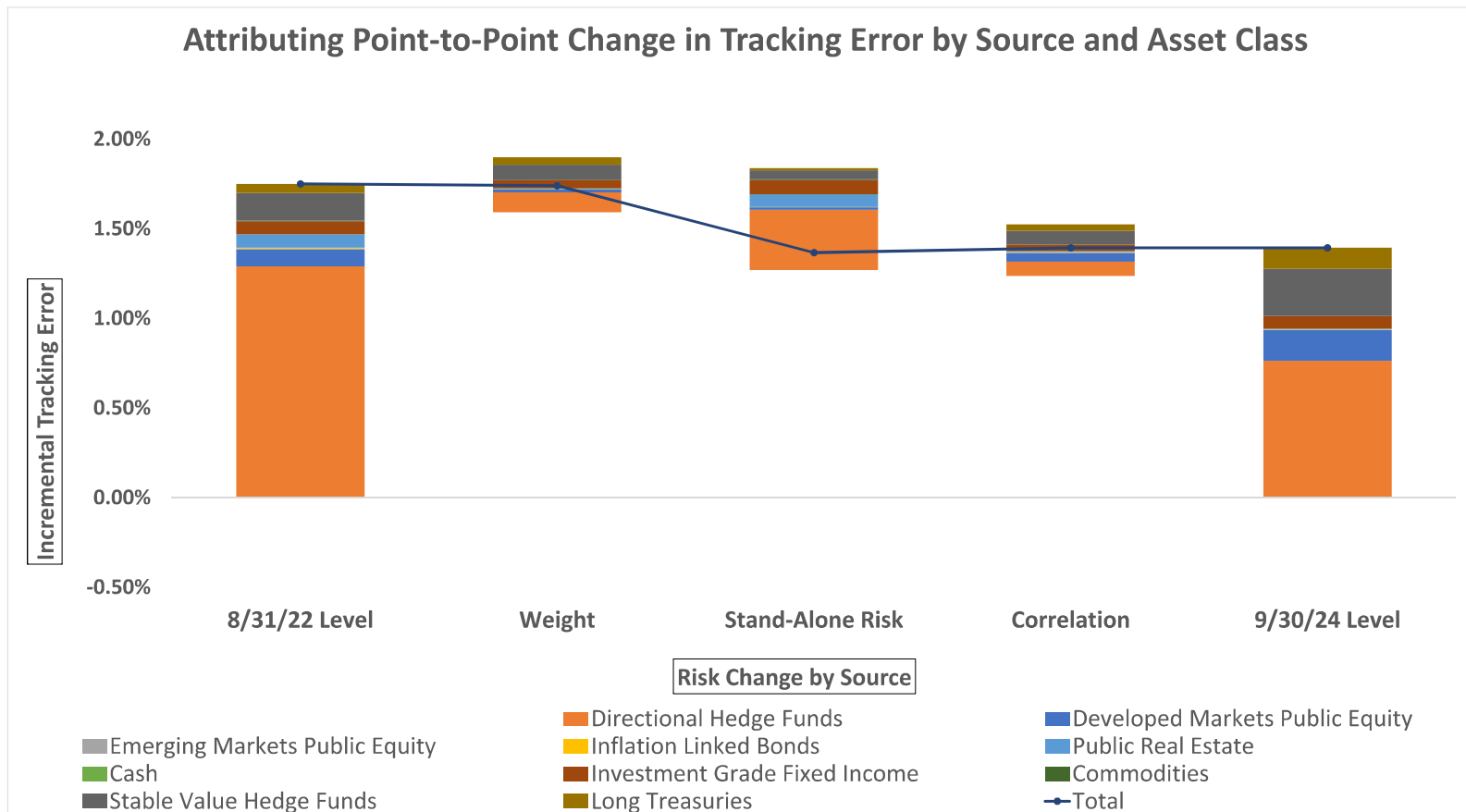


- The biggest drivers of Tracking Error change over the period were the decrease in stand-alone tracking error from Natural Resources and Private Equity
- Public Equity and Real Estate also showed decreases in stand-alone tracking error, though these were offset by shifts in portfolio weight or correlation



Attributing the Change: ITF Point to Point

ITF Tracking Error also reduced over the period – driven by Hedge Funds



- The ITF’s Tracking Error is dominated by its own alternative asset class, hedge funds. Both Directional and Stable Value hedge funds saw a decrease in tracking error over the period
- Similar to the Endowments, the substantial stand-alone decreases cause a minor realignment of correlation and added back some tracking error to Public Equities

Liquidity Monitoring

With plans to increase Private Investments while maintaining a sizeable Portable Alpha, we must make sure all liquidity needs can be met even in extreme market conditions

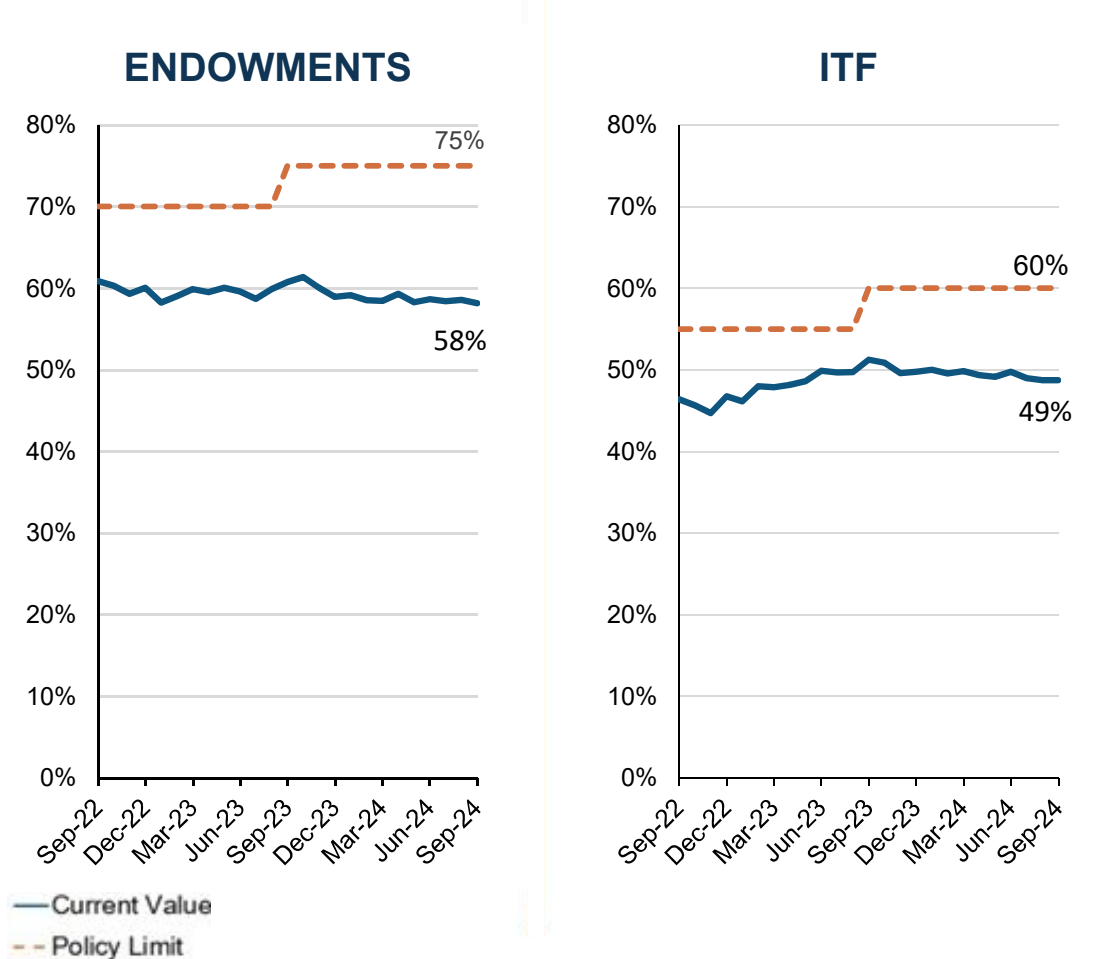




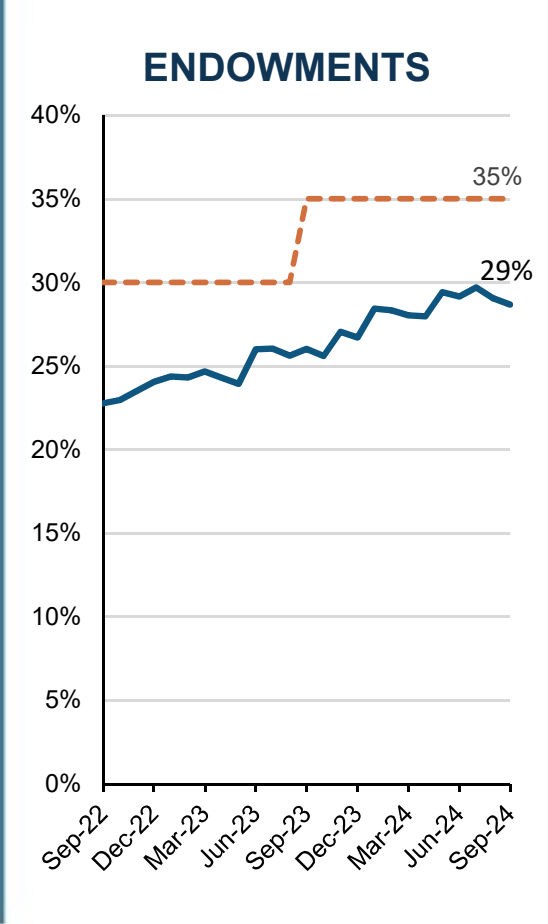
Liquidity Metrics (9/30/2024)

Illiquidity and Unfunded Commitment levels are well below Policy limits

Illiquidity Maximum



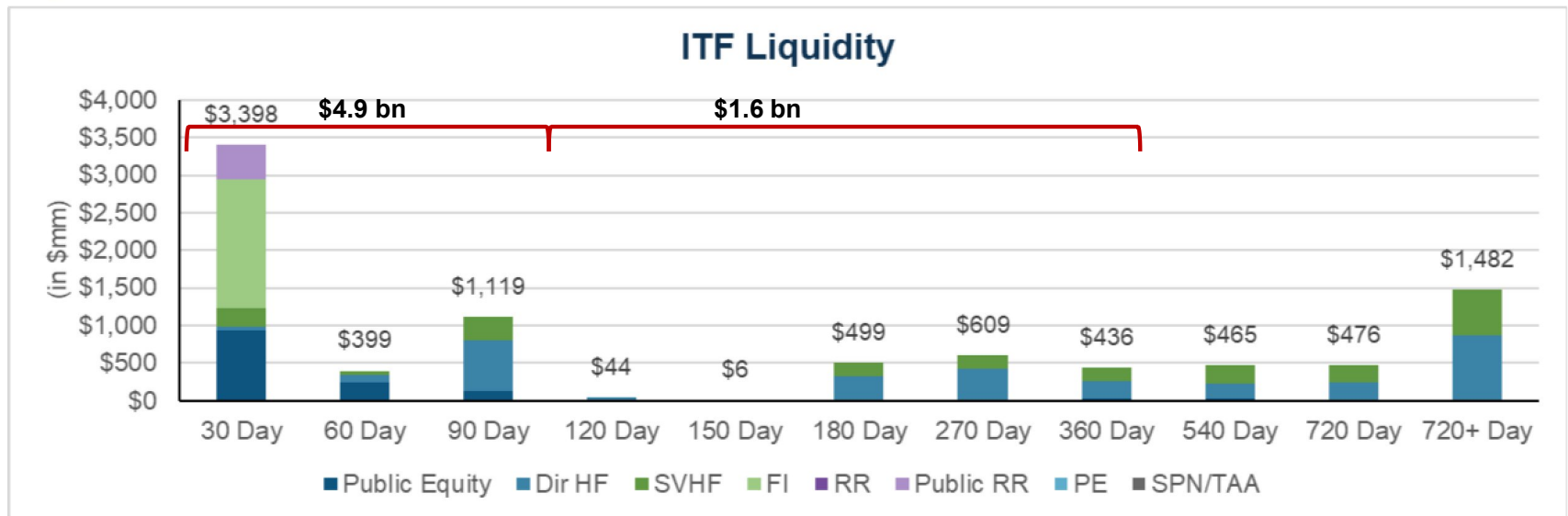
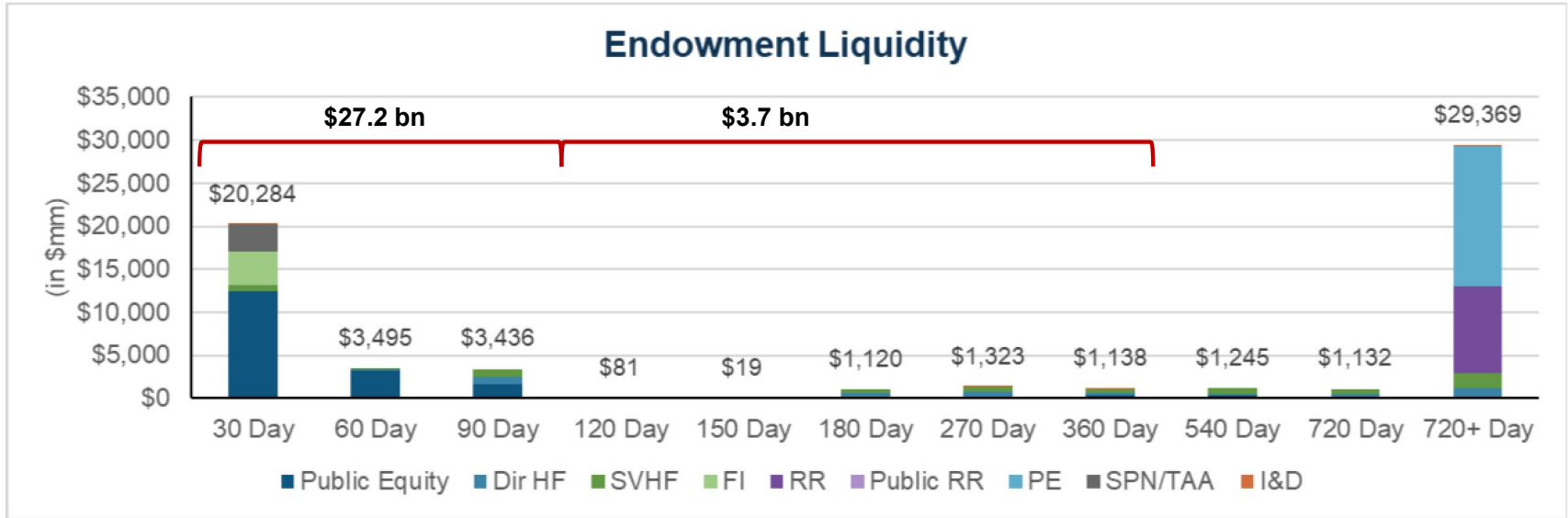
Unfunded Commitments





Liquidity Metrics (9/30/2024)

1 year liquidity: \$30.9bn for Endowments (12x annual distribution), \$6.5bn for ITF





A Reminder of the Journey

- This is the result of a 5-year effort across the entire organization – Risk, the investment teams, OAR, PMO, ISS, with strong support from the top
- Required persistence and a long-term approach, as the clear signs of success did not show up until year 4 or 5
- The journey has not ended – for PE and RR, this is probably just the end of the beginning



Summary

Successful implementation of MSCI Barra as a unified risk system enabled a reduction in overall tracking error without any reduction in expected returns

- Achieved by eliminating uncompensated risk, by increasing the portion of idiosyncratic risk, and by reducing the correlation among the risks we take
- Results delivered in several different ways, making the system usable for all teams and at all levels at UTIMCO

Monitoring liquidity and developing contingency plans enables the Long-Term Strategic Asset Allocation to add to Private Investments and maintain a sizeable Portable Alpha

Appendix





Public Markets Barra Enabled Initiatives

Factor & Country Risk Management

Prior:

- Factor exposures drove 60%+ of DM Portfolio active risk
- Primarily returns-based analysis of portfolio's sensitivity to factors

Today:

- Use Barra for holdings-based analysis of portfolio's sensitivity to factors
- Actively manage exposures; use Internal Factor Basket to offset unwanted tilts by active managers

Key Results:

- Factor risk is well-controlled; active risk has declined by ~70%
- \$1.3bn in Internal Factor Basket has generated +4.3% alpha ITD

Beta Tailoring

Prior:

- Rare use of beta tailoring at portfolio level

Today:

- Use Barra to identify, model and manage hedges that “swap” off-benchmark betas for Policy beta

Key Results:

- \$900mm notional of beta tailoring
- Beta tailoring has opened broader investment opportunities in markets and strategies with high alpha potential

Hedge Fund Portable Alpha

Prior:

- Modeled prospective beta and risk of portable alpha strategy primarily using historical returns and manager guidance

Today:

- Model beta and risk of portable alpha strategy using current portfolio holdings, in addition to historical returns and manager guidance (higher confidence approach)

Key Results:

- \$2.0bn in HF Portable Alpha strategy
- HF Portable Alpha strategy has generated +2.5% annualized alpha, with IR of 0.9, since inception

Expansion of Quant Exposure

Prior:

- Quant strategies viewed as a “black box,” limiting allocation in portfolio
- Risk analytics primarily based on historical returns

Today:

- Model quant strategies using current portfolio holdings, enabling forward-looking analysis of systematic and idiosyncratic risk and return drivers

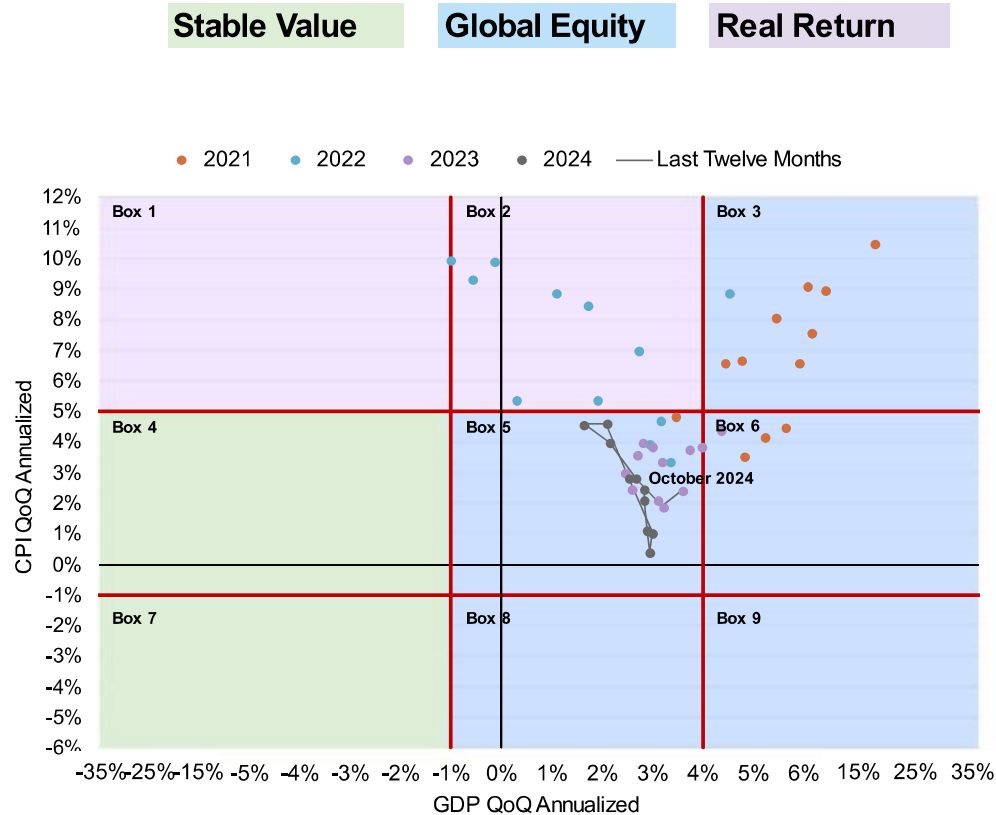
Key Results:

- \$7.1bn in quant exposure today, increase of \$4.0bn from Mar 2022
- Quant managers in aggregate generated +4.2% annualized alpha since Mar 2022



Current Economic Regime

As of October 31, 2024



Historical Market Annualized Returns

Box #	S&P 500 Nominal	S&P 500 Real
1	23.3%	13.3%
2	-6.2%	-13.3%
3	10.4%	1.8%
4	7.4%	5.4%
5	12.9%	10.2%
6	12.1%	9.5%
7	-7.1%	-2.7%
8	20.1%	23.1%
9	44.8%	45.0%

Global Policy Signals Summary

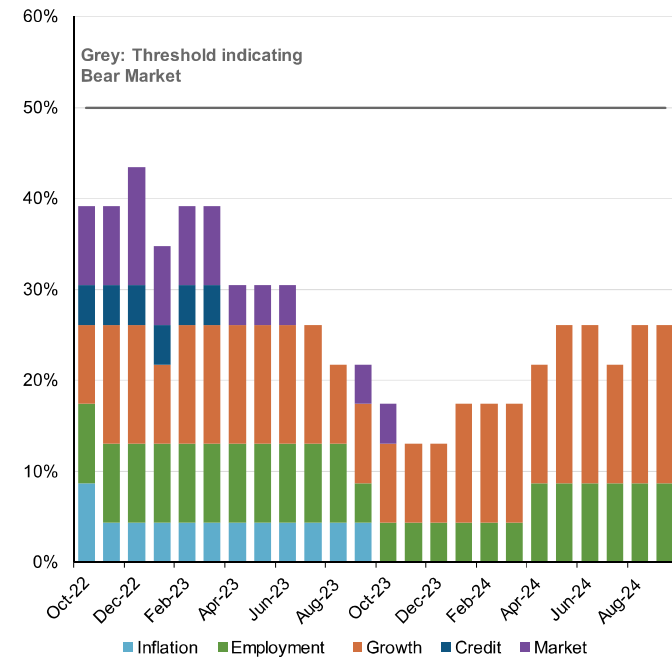
Region	Sep-24	Jun-24
US	5	5
Europe	5	5
Japan	5	5
China	5	5



US Bear Market Indicators

6 of 23 Bear Market Indicators “On” on September 30, 2024

Type	Indicator	On/Off	Indicator Level	Current Threshold	Last Update	Last 36 Months	% On Last 36 Months
Inflation	5yr Breakeven Inflation < 1.25%	Off	2.1%	1.3%	9/24		0%
	10yr Breakeven Inflation > 3%	Off	2.2%	3.0%	9/24		0%
	YoY Inflation > 12m Moving Avg*	Off	3.3%	3.6%	9/24		36%
	YoY CPI Energy > 20%*	Off	-6.9%	20.0%	9/24		31%
	YoY PCE Deflator > 3%*	Off	2.2%	3.0%	8/24		67%
Employment	Employment Growth < 0%*	Off	1.3%	0.0%	9/24		0%
	YoY Avg. Hourly Earnings > 3%	On	4.0%	3.0%	9/24		100%
	YoY NonFinc Labor Costs > 3.5%*	Off	0.6%	3.5%	6/24		58%
	Consumer Confidence Spread < -20%	Off	-3.7%	-20.0%	9/24		0%
	Unemployment 3mo MA > .33% off lows*	On	4.2%	3.8%	9/24		17%
Growth	Inventory/Sales > Long-term Avg.*	On	1.38	1.38	8/24		36%
	YoY Leading Economic Indicator < 0%*	On	-5.0%	0.0%	8/24		75%
	Leading/Coincident Ratio Drawdown > 26 months*	On	33.0	26.0	8/24		0%
	Fed Recession Probability > 25%*	On	57.1%	25.0%	9/24		69%
	Residential Construction (% of GDP) > 5%	Off	3.1%	5.0%	8/24		0%
	Total Government Spending (% of GDP) > 18.5%	Off	13.5%	18.5%	6/24		0%
Credit	US HY Yield > Long-term Avg.	Off	7.0%	9.6%	9/24		3%
	Non-Mortgage Delinquency Rate > 3.5%*	Off	2.7%	3.5%	6/24		0%
	Real Rates < 0%*	Off	2.2%	0.0%	9/24		50%
Market	YoY Equity Markets < -5%	Off	35.2%	-5.0%	9/24		28%
	Investment Banks < 12m Moving Avg. - 1 SD	Off	26.2%	0.0%	9/24		17%
	Cons. Discretionary < 12m Moving Avg. - 1 SD	Off	20.7%	0.0%	9/24		19%
	US Dollar 24m Change > 10%	Off	-9.6%	10.0%	9/24		42%

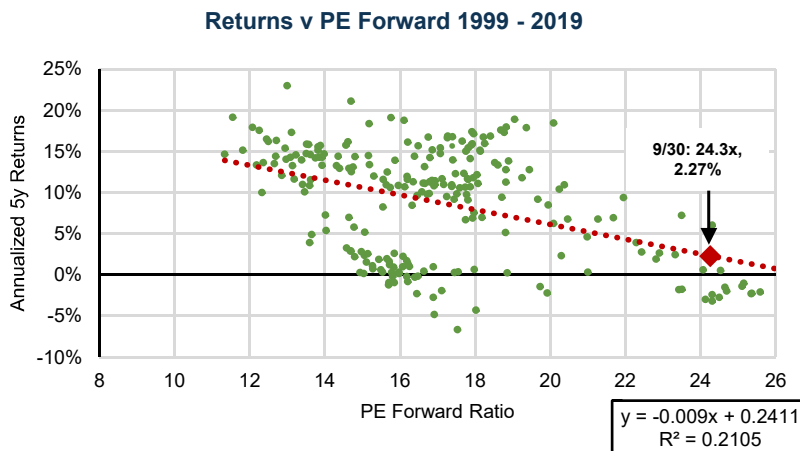
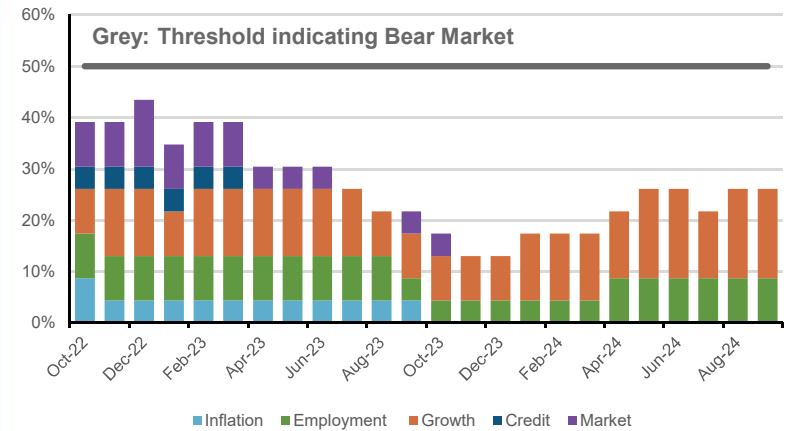
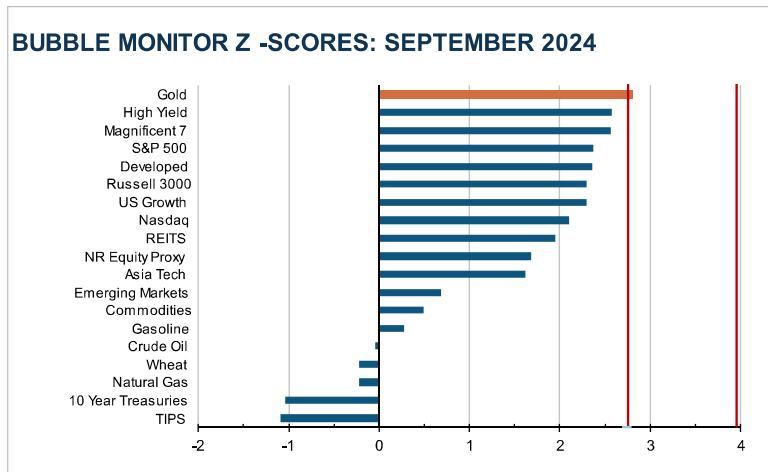


*At any given time, we expect an average of 5-7 indicators to be “On”

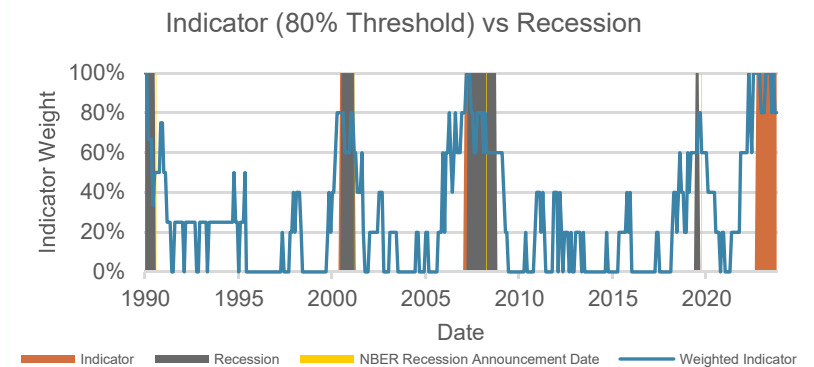


Bubbles and Recession Risk

A recession after a market bubble tends to result in a 40%-60% market decline; however, we currently see neither bubble nor recession



Controlling for Fed Rates, expected returns in 5 years are even lower

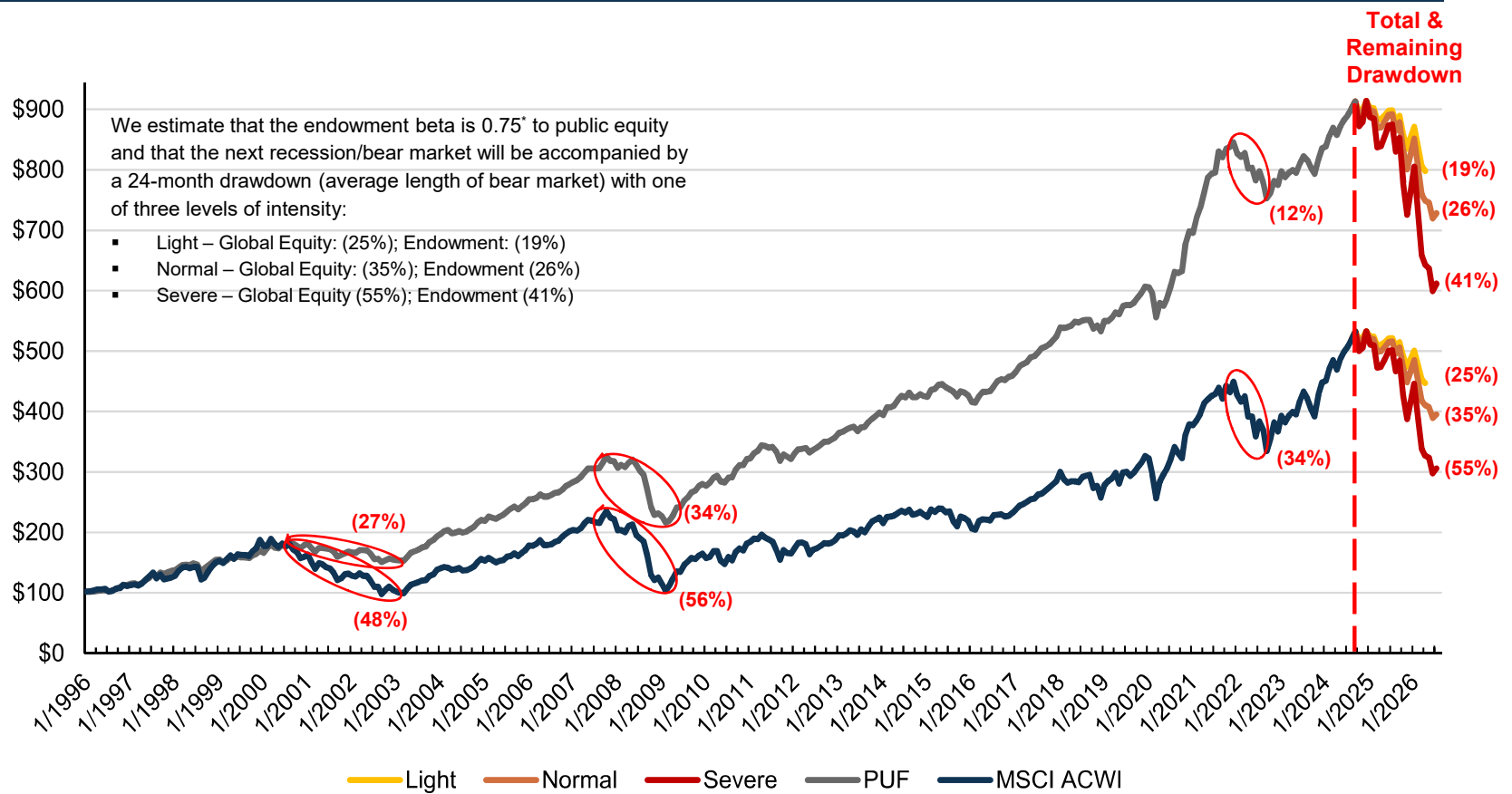




Potential Drawdown Scenarios

A market drawdown would likely reduce Endowments by \$12bn - \$26bn, depending on the scenario

Historical and Projected PUF Drawdowns September 2024



*In quick drawdowns, we expect beta to be lower than 0.75 as private market performance tends to lag public markets



Economic Forecasts

Estimates as of November 15, 2024

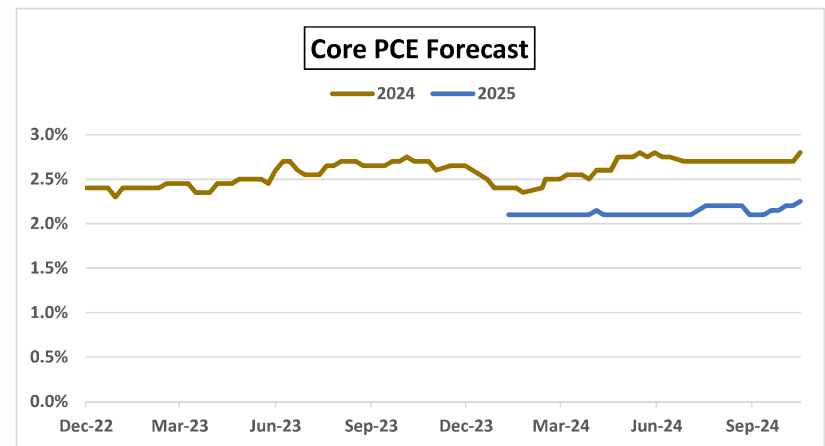
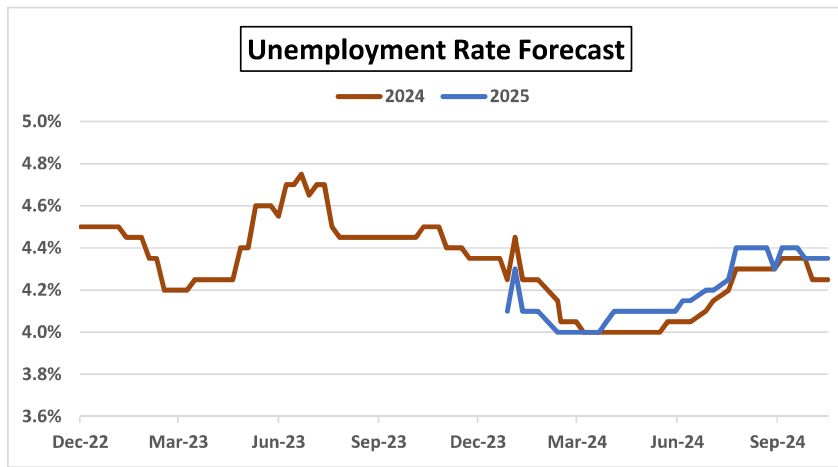
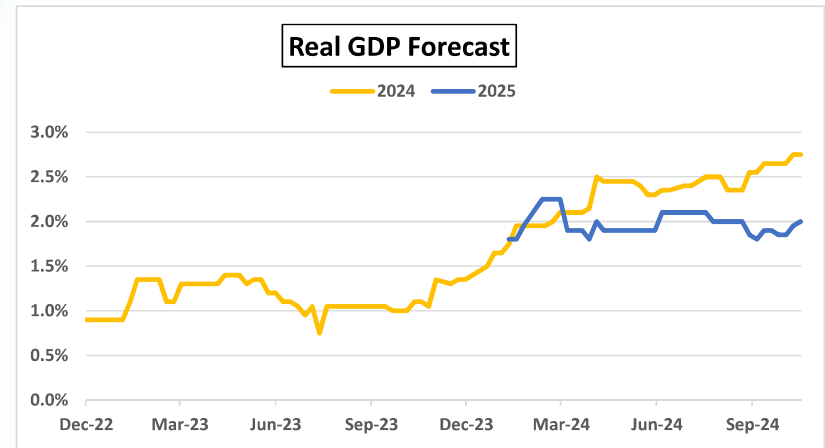
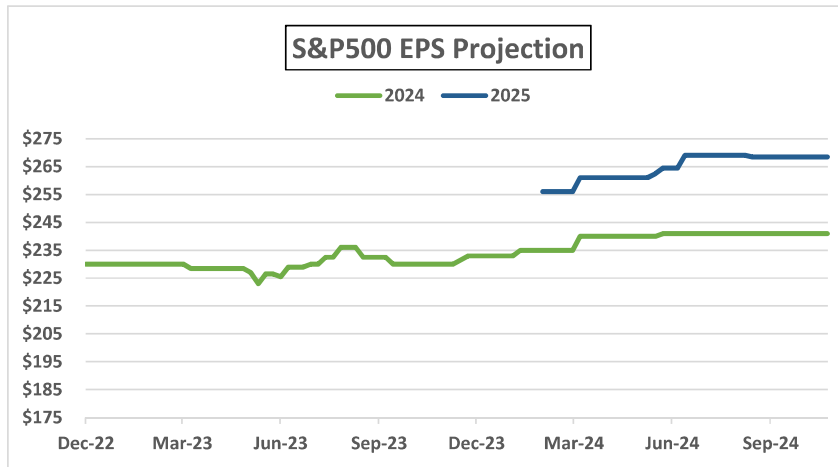
	Quarterly Real GDP		Real GDP		S&P 500 Target		S&P 500 EPS		Unemployment		Core PCE	
	Q4	Q1	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025
AGMR	2.1%	1.5%	2.3%	2.9%					4.2%	4.5%	2.6%	2.3%
Barclays	2.0%	2.0%	2.7%	2.1%	5,600	6,500	\$241	\$268	4.2%	3.9%	2.8%	2.5%
BofA	2.0%	2.5%	2.7%	2.4%	6,000		\$243	\$275	4.2%	4.4%	2.8%	2.6%
Citi	-0.2%	-1.6%	2.6%	1.0%	5,600	5,800	\$250	\$270	4.5%	4.6%	2.8%	2.4%
Goldman	2.6%	2.4%	2.8%	2.5%	6,000	6,300	\$241	\$268	4.1%	3.9%	2.7%	2.4%
ISI	1.0%	1.0%	2.2%	1.8%	6,000	6,600	\$240	\$257	4.4%	4.3%	1.5%	2.0%
JP Morgan	1.8%	1.8%	2.7%	2.0%	4,200		\$225		4.3%	4.3%	2.8%	2.3%
Morgan Stanley	2.4%	2.4%	2.8%	2.2%	5,400		\$239	\$269	4.2%	4.5%	2.8%	2.2%
UBS	1.6%	1.8%	2.3%	1.7%	5,850	6,400	\$240	\$257	4.2%	4.3%	2.9%	2.2%
Yardeni			3.0%	3.5%	6,100	7,000	\$240	\$285	3.8%	3.8%	2.5%	2.0%
Median	2.0%	1.8%	2.7%	2.2%	5,850	6,450	\$240	\$269	4.2%	4.3%	2.8%	2.3%
Average	1.7%	1.5%	2.6%	2.2%	5,639	6,433	\$240	\$269	4.2%	4.3%	2.6%	2.3%
FOMC			2.0%	2.0%					4.4%	4.4%	2.6%	2.2%

Real GDP			S&P 500 EPS			Unemployment			Core PCE		
2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
5.8%	1.9%	2.5%	\$208	\$219	\$220	3.9%	3.5%	3.7%	5.2%	4.9%	2.9%



Economic Forecasts

Median Market Projections of UTIMCO Research Partners



As of November 1, 2024

Agenda Item
UTIMCO Board of Directors Meeting
December 12, 2024

Agenda Item:	Discussion and Appropriate Action Related to Prime Broker Selection
Developed By:	Team
Presented By:	Standley
Type of Item:	Action Item; Action required by UTIMCO Board and by the Board of Regents of The University of Texas System (“UT Board”)
Description:	The Delegation of Authority allows the UTIMCO Board to delegate to the UTIMCO Chief Executive Officer the authority to use one or more prime brokers as governed by UTIMCO’s investment policies. The selection of prime brokers is subject to the applicable approvals of Custodians as defined by the Master Investment Management Services Agreement. Custodians must be approved by the UT Board.
Discussion:	A prime broker is a large financial institution that provides cash management services, custodial services, securities lending and borrowing, and facilitates short sales and the purchase of securities on margin. Ken Standley will present background on the prime broker selection process including rationale and criteria.
Recommendation:	Mr. Hall recommends that the UTIMCO Board approve selection of J.P. Morgan Prime Financial Services as a prime broker for the investment assets under the fiduciary care of the UT Board and directs the Team to negotiate a contract with J.P. Morgan Prime Financial Services. Further approval of the prime broker is required by the UT Board.
Reference:	<i>UTIMCO Prime Brokerage Relationship</i> presentation

RESOLUTION RELATED TO PRIME BROKER

RESOLVED, that the UTIMCO Board approves the selection of J.P. Morgan Prime Financial Services as a prime broker for the investment assets under the fiduciary care of Board of Regents of The University of Texas System, subject to approval of the Board of Regents of The University of Texas System; and

FURTHER RESOLVED, that UTIMCO is directed to execute a contract with J.P. Morgan Prime Financial Services for prime broker services following such approvals.



Board of Directors Meeting

UTIMCO Prime Brokerage Relationship

Ken Standley, Sr. Director

December 12, 2024



Primer Broker Background + Criteria

Enhancing UTIMCO's Public Equity Capabilities While Staying Safe

Background

- After a comprehensive due diligence process, UTIMCO is seeking approval to initiate a PB relationship with J.P. Morgan
- In June and August, the UTIMCO BoD and UT System BoR respectively approved UTIMCO's use of Primer Brokers (PB)
- Any new PB/Custodial relationship requires further approval by the UTIMCO BoD + UT System BOR

Key Benefits of a Prime Broker

- Enhanced access to liquidity via margin leverage
- Expands suite of single-stock instruments
- Higher level of service than traditional custodial relationships

UTIMCO PB Selection Process

- Engaged with 6 top Wall St firms to understand equity funding options
- Negotiated around UTIMCO use case
- *Key Selection Criteria*
 - Pricing
 - Excellent Counterparty
 - World-Class Franchise
 - Experience Working with Asset Owners
- *On-site operational due diligence review*
 - Regulatory and Compliance
 - Technology and Infrastructure
 - Financial Strength and Stability
 - Reputation and Market Position



Prime Broker Selection Rationale + Criteria

Clear Winner: J.P. Morgan Prime Financial Services

Criteria	Status	Note
Pricing <i>Long Equity Funding Costs</i>	✓	<ul style="list-style-type: none"> Competitive pricing for long-only equity funding
Excellent Counterparty <i>Creditworthiness</i>	✓	<ul style="list-style-type: none"> US Broker-Dealer has Aa3/A+/AA Credit Ratings “Best in Class” rating by UTIMCO ODD
World-Class Franchise <i>Large/Well-established with global footprint</i>	✓	<ul style="list-style-type: none"> Ranked First in Global Prime Services Market Share for 2023 + Q1 2024¹ 1,700 clients globally (Americas, EMEA, APAC) \$1 Bn in annual technology investment across Custody + Global Prime Services
Experience Working with Asset Owners <i>Understand UTIMCO as client</i>	✓	<ul style="list-style-type: none"> 60+ Asset Owner clients with \$60 Bn+ in financing balances Familiar with UTIMCO’s unique needs as an endowment Other State of Texas clients

¹Source: Coalition Greenwich FY23 Competitor Analytics.

Agenda Item
UTIMCO Board of Directors Meeting
December 12, 2024

Agenda Item:	Discussion and Appropriate Action Related to Proposed Amendments to Investment Policy Statements
Developed By:	Hall, Chen, de Onís
Presented By:	Hall
Type of Item:	Action item; Action required by UTIMCO Board
Description:	<p>UTIMCO may review the Investment Policy Statements as needed, provided that the policies for each Fund are reviewed at least annually. To align with anticipated changes to its portfolios, UTIMCO has proposed minor changes to certain benchmarks in Exhibit A to the Investment Policy Statements. The UT System Board of Regents, at its Special Called Meeting dated December 11, 2024, will consider conditionally approving changes to the Emerging Markets Public Equity and Strategic Partnerships benchmarks as indicated in redline in the attached policies, effective January 1, 2025, subject to approval by the UTIMCO Board.</p>
Discussion:	<p>Mr. Hall will review the proposed amendments to Exhibit A the Investment Policy Statements. UTIMCO continues to evolve the composition of its portfolio to optimize the expected investment return in response to shifting financial risk profiles and regulatory changes. Adjusting benchmarks in response to these changes is prudent, as it aligns benchmarks with the expected direction of the portfolio and minimizes unintended tracking error that would result from portfolio changes absent corresponding benchmark changes. Changes to the Emerging Markets Public Equity benchmark and the Strategic Partnerships benchmark are indicated in redline in the attached policies.</p> <p>The Investment Policy Statements of the Permanent University Fund (PUF), General Endowment Fund (GEF), Permanent Health Fund (PHF), Long Term Fund (LTF), and Intermediate Term Fund (ITF) are being amended to reflect the proposed changes effective January 1, 2025.</p>
Recommendation:	Mr. Hall recommends approval of the proposed amendments to the Investment Policy Statements for the PUF, GEF, PHF, LTF and ITF, effective January 1, 2025.
Reference:	PUF Investment Policy Statement ITF Investment Policy Statement

RESOLUTION RELATED TO INVESTMENT POLICIES

RESOLVED, that amendments to the Investment Policy Statements of the Permanent University Fund, General Endowment Fund, Permanent Health Fund, Long Term Fund and Intermediate Term Fund, as presented be, and are hereby approved, effective January 1, 2025.

THE UNIVERSITY OF TEXAS SYSTEM PERMANENT UNIVERSITY FUND INVESTMENT POLICY STATEMENT

Purpose

The Permanent University Fund (the “PUF”) is a public endowment contributing to the support of eligible institutions of The University of Texas System and The Texas A&M University System as provided in Article VII, Section 18 of the *Texas Constitution*.

PUF Organization

The PUF was established in the *Texas Constitution* of 1876 through the appropriation of land grants previously given to The University of Texas at Austin plus one million acres. The land grants to the PUF were completed in 1883 with the contribution of an additional one million acres of land. Today, the PUF contains 2,109,190 acres of land (the “PUF Lands”) located in 19 counties primarily in West Texas.

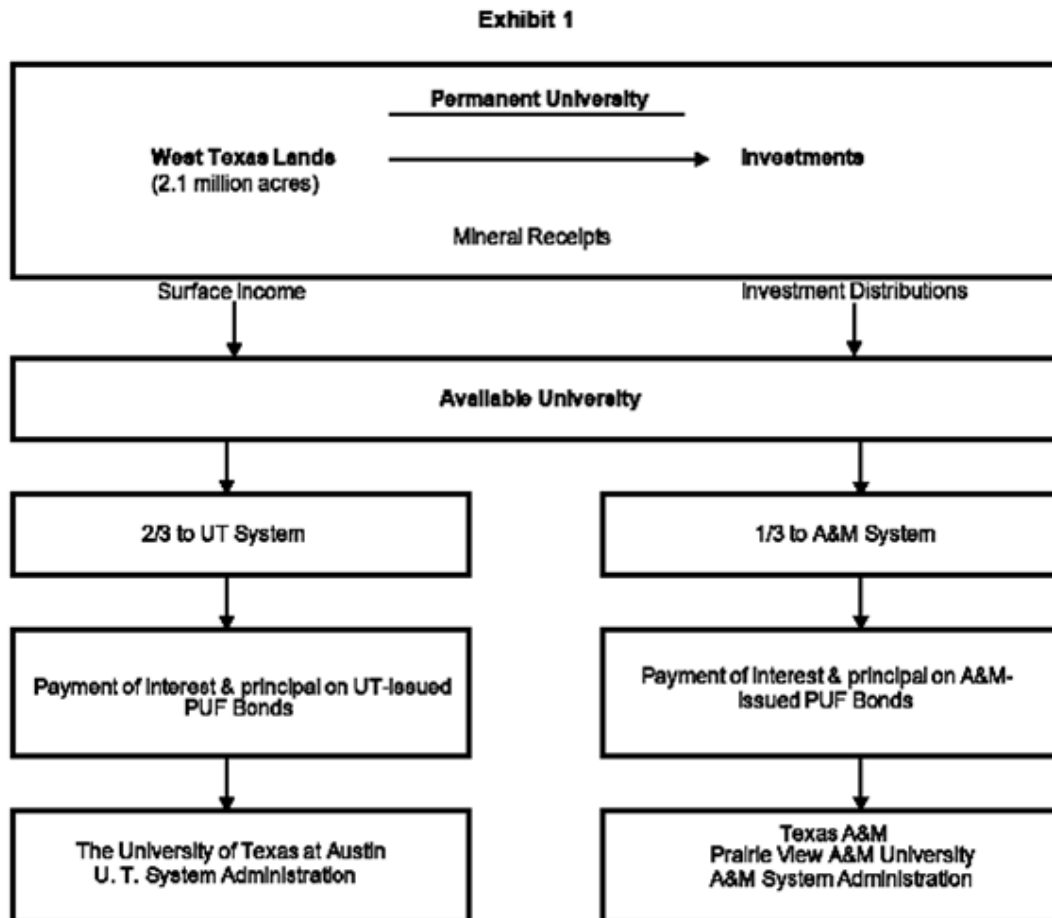
The 2.1 million acres comprising the PUF Lands produce two streams of income: a) mineral income, primarily in the form of oil and gas royalties and b) surface income, primarily from surface leases and easements. Under the Texas Constitution, mineral income, as a non-renewable source of income, remains a non-distributable part of PUF corpus, and is invested pursuant to this Policy Statement. Surface income, as a renewable source of income, is distributed to the Available University Fund (the “AUF”), as received. The Constitution also requires that all surface income and investment distributions paid to the AUF be expended for certain authorized purposes.

The expenditure of the AUF is subject to a prescribed order of priority:

First, following a 2/3rds and 1/3rd allocation of AUF receipts to the U. T. System and the A&M System, respectively, AUF receipts are expended for debt service on PUF bonds. Article VII of the *Texas Constitution* authorizes the U. T. System Board of Regents (the “Board of Regents”) and the Texas A&M University System Board of Regents (the “TAMUS Board”) to issue bonds payable from their respective interests in AUF receipts to finance permanent improvements and to refinance outstanding PUF obligations. The Constitution limits the amount of bonds and notes secured by each System’s interest in divisible PUF income to 20% and 10% of the book value of PUF investment securities, respectively. Bond resolutions adopted by both Boards also prohibit the issuance of additional PUF parity obligations unless the interest of the related System in AUF receipts during the preceding fiscal year covers projected debt service on all PUF Bonds of that System by at least 1.5 times.

Second, AUF receipts are expended to fund a) excellence programs specifically at U. T. Austin, Texas A&M University and Prairie View A&M University and b) the administration of the university Systems.

The payment of surface income and investment distributions from the PUF to the AUF and the associated expenditures is depicted below in Exhibit 1:



PUF Management

Article VII, Section 11b of the *Texas Constitution* assigns fiduciary responsibility for managing and investing the PUF to the Board of Regents. Article VII, Section 11b authorizes the Board of Regents, subject to procedures and restrictions it establishes, to invest the PUF in any kind of investments and in amounts it considers appropriate, provided that it adheres to the prudent investor standard. This standard provides that the Board of Regents, in making investments, may acquire, exchange, sell, supervise, manage, or retain, through procedures and subject to restrictions it establishes and in amounts it considers appropriate, any kind of investment that prudent investors, exercising reasonable care, skill, and caution, would acquire or

retain in light of the purposes, terms, distribution requirements, and other circumstances of the fund then prevailing, taking into consideration the investment of all the assets of the fund rather than a single investment.

Ultimate fiduciary responsibility for the PUF rests with the Board of Regents. Section 66.08 of the *Texas Education Code*, as amended, authorizes the Board of Regents, subject to certain conditions to enter into a contract with a nonprofit corporation to invest funds under the control and management of the Board of Regents.

Pursuant to an Investment Management Services Agreement between the Board of Regents and The University of Texas/Texas A&M Investment Management Company (“UTIMCO”), the PUF shall be managed by UTIMCO, which shall a) recommend investment policy for the PUF, b) recommend specific Asset Class allocation targets, ranges and performance benchmarks consistent with PUF objectives, and c) monitor PUF performance against PUF objectives. UTIMCO shall invest the PUF’s assets in conformity with this Policy Statement. All changes to this Policy Statement or the exhibits to this Policy Statement, including changes to Asset Class allocation targets, ranges, and performance benchmarks, are subject to approval by the Board of Regents.

UTIMCO may select and terminate unaffiliated investment managers subject to the Delegation of Authority Policy approved by the UTIMCO Board. Managers shall be monitored for performance and adherence to investment disciplines.

PUF Administration

UTIMCO shall employ an administrative staff to ensure that all transaction and accounting records are complete and prepared on a timely basis. Internal controls shall be emphasized to provide for responsible separation of duties and adequacy of an audit trail. Custody of PUF assets shall comply with applicable law and be structured to provide essential safekeeping and trading efficiency.

PUF Investment Objectives

The PUF and the General Endowment Fund (the “GEF”) are managed similarly for efficient investment purposes. The primary investment objective of the PUF shall be to maximize investment returns within the risk parameters specified in this Policy Statement without regard to the distribution rate. Investment returns are expressed net of all investment-related expenses. Additional expenses include U.T. System administrative fees charged to the fund.

Investments must be prudently diversified, and within the approved Policy Downside Volatility Bounds, as defined in Exhibit A, and measured at least monthly by UTIMCO’s risk model. Liquidity of the PUF will be governed by the Liquidity Policy, overseen by the Investment Risk Committee of the UTIMCO Board.

PUF return, Asset Class allocations, and downside volatility targets are subject to adjustment from time to time by the Board of Regents.

Asset Class Allocation and Policy

Asset Class allocation is the primary determinant of the volatility of investment return and, subject to the Asset Class allocation ranges specified in Exhibit A, is the responsibility of UTIMCO. UTIMCO is responsible for measuring actual Asset Class allocation at least monthly (incorporating the impact of derivative positions covered under the Derivative Investment Policy), and for reporting the actual portfolio Asset Class allocation to the UTIMCO Board and the Board of Regents at least quarterly. While specific Asset Class allocation positions may be changed within the ranges specified in Exhibit A based on the economic and investment outlook from time to time, the range limits cannot be intentionally breached without prior approval of the Board of Regents.

In the event that actual portfolio positions in Asset Classes or the Portfolio Projected Downside Volatility move outside the ranges indicated in Exhibit A due to market forces that shift relative valuations, UTIMCO staff will promptly report this situation to the UTIMCO Board Chair and take steps to rebalance portfolio positions back within the policy ranges in an orderly manner as soon as practicable. Extenuating circumstances that could cause immediate rebalancing to be irrational and detrimental to the interest of the PUF asset values could warrant requesting approval of the UTIMCO Board Chair to waive immediate remedial action.

Within the general investment regimes of Global Equity, Stable Value, and Real Return, PUF assets shall be allocated among the following broad Asset Classes based upon their individual return/risk characteristics and relationships to other Asset Classes:

Global Equity:

Developed Public Equity – Developed Public Equity invests primarily in the equity securities of companies that are domiciled in the developed countries (including the U.S.) that are part of the MSCI World Index. These securities are traded in public markets (on an exchange, over the counter, or issued in an underwritten initial public offering (“IPO”)) or are restricted but expected to become public or otherwise freely marketable within three years after the initial investment. Developed Public Equity includes common stocks, depositary receipts, preferred stocks, exchange traded funds, and derivatives based on common stocks or equity indices (including convertibles, warrants, rights, options, and futures). Active extension strategies involve the use of leverage and include offsetting long and short exposures, often targeting 100% net long exposure. Active extension strategies may be classified as Developed Public Equity, provided that these strategies target a combined market sensitivity, defined by beta to the relevant benchmark, of approximately 1.0.

Emerging Markets Public Equity – Emerging Markets Public Equity invests primarily in the equity securities of companies that are domiciled in (i) the emerging countries that are part of the MSCI Emerging Markets Index or (ii) countries that have yet to reach MSCI Emerging Markets Index qualification status. These securities are traded in public markets (on an exchange, over the counter, or issued in an underwritten initial public offering (“IPO”)) or are restricted but expected to become public or otherwise freely marketable within three years after the initial investment. Emerging Markets Public Equity includes common stocks, depositary receipts, preferred stocks, exchange traded funds, and derivatives based on common stocks or equity indices (including convertibles, warrants, rights, options, and futures). Active extension strategies involve the use of leverage and include offsetting long and short exposures, often targeting 100% net long exposure. Active extension strategies may be classified as Emerging Markets Public Equity, provided that these strategies target a combined market sensitivity, defined by beta to the relevant benchmark, of approximately 1.0.

Directional Hedge Funds – Directional Hedge Funds invest long and short in equities, fixed income, commodities, currencies and other global market instruments including derivatives. Directional Hedge Funds exhibit moderate market sensitivity as defined by beta to public equities. Strategies may include but are not limited to long/short equity, multi-strategy, event-driven, credit (loans, bonds, asset-backed securities, direct lending and distressed) and global macro.

Private Equity – Private Equity investments are made directly, through private limited partnerships, joint ventures or other special purpose vehicles and result in controlling or minority ownership interests in private or publicly-traded companies. These investments are acquired by purchasing publicly-traded or privately-issued common and preferred stocks, convertible securities, warrants, rights, options or debt obligations of private or publicly-traded companies. Private Equity investments often have transfer restrictions and are not as liquid as publicly-traded securities. Private Equity investments are often classified by strategy including: buyouts, venture capital and private credit.

Stable Value:

Investment Grade Fixed Income – Investment Grade Fixed Income represents ownership of fixed income instruments across all maturities, U.S. and non-U.S., that are rated investment grade. These include debt issued by the Sovereign Governments, various government enterprises and agencies, and corporations. The principal securities include bonds, notes, bills, mortgage and asset-backed securities and ETFs. In addition, derivative applications that serve as a fixed income substitute may be classified as Investment Grade Fixed Income.

Long Treasuries – Long Treasuries represents ownership of fixed income instruments across long-dated maturities issued by the U.S. government. The principal securities may include bonds, notes, bills and ETFs. In addition,

derivative applications that serve as a fixed income substitute may be classified as Long Treasuries.

Credit-Related Fixed Income – Credit-Related Fixed Income represents ownership of fixed income instruments across all maturities, including real and nominal, U.S. and non-U.S., that are rated below investment grade.

Stable Value Hedge Funds – Stable Value Hedge Funds invest long and short in equities, fixed income, commodities, currencies and other global market instruments including derivatives. Stable Value Hedge Fund investments exhibit little to no market sensitivity, as defined by beta to public equities, and have an absolute return orientation. Strategies may include but are not limited to market-neutral equity, multi-strategy, re-insurance, risk premia, relative value, trend following, direct lending, specialty credit and global macro.

Cash – Cash has the same meaning as given to the term “Cash” in the Liquidity Policy and includes, for example, cash in any currencies and other overnight funds that have not been allocated to a specific Asset Class.

Real Return:

Inflation Linked Bonds – Inflation Linked Bonds include fixed income investments issued by both U.S. and Non-U.S. Governments where the principal value of the bond has been indexed to some rate of inflation, as well as ETFs and derivatives referencing Inflation Linked Bonds or directly linked to inflation rates, including but not limited to inflation swaps. Inflation Linked Bonds are intended to provide some degree of inflation protection.

Commodities – Commodities investments represent ownership of fungible goods such as metals, grains, foods and energy products or any other investment defined by regulators as a commodity. These investments can be made through actual physical ownership of the goods or through financial ownership of the underlying goods achieved through the purchase of derivatives based on commodities or commodities indices.

Natural Resources – Natural Resources investments are made directly, through private limited partnerships, joint ventures or other special purpose vehicles and result in a controlling or minority ownership interest in a company involved in the production of natural resources including, but not limited to: energy, precious metals, metals, minerals, agriculture, livestock, and timber. Some Natural Resource investments may have transfer restrictions and may not be as liquid as publicly-traded securities.

Infrastructure – Infrastructure investments are made directly, through private limited partnerships, joint ventures or other special purpose vehicles and result in ownership of companies or assets that provide an essential service that

contributes to the economic or social productivity of an organization, community, or society at large with real assets in the water, transportation, energy, communication or social sectors. Investments generally have structure features that include a monopolistic or oligopolistic market position with high barriers to entry; a low elasticity of demand due to their essential functions; stable, predictable, and long-term revenue contracts; or inflation protection through inflation adjustment mechanisms in underlying contracts. Some Infrastructure investments may have transfer restrictions and may not be as liquid as publicly-traded securities.

Real Estate – Real Estate investments may be public, made principally in companies that are part of the MSCI US REIT Gross Total Return Index (RMSG) and that own or manage equity or debt interests in portfolios of real estate. Public Real Estate investments generally trade in public markets (on an exchange, over the counter, or issued in an underwritten initial public offering) or are restricted but expected to become public or otherwise freely marketable within three years after the initial investment. Real Estate investments may also be private. Private Real Estate investments may have transfer restrictions and may not be as liquid as publicly-traded securities. Real Estate investments may be made by purchasing or selling: physical real estate; privately issued securities such as interests in private limited partnerships, joint ventures or other special purpose vehicles (which in each case could result in a controlling or minority ownership interest in a real estate focused company); common or preferred stocks; depositary receipts; exchange traded funds; secured or subordinated debt; mortgage-related investments; real estate investment trusts (“REITs”) or any other instrument commonly used by institutional investors and derivatives based on any of the foregoing. Real Estate investments are often classified by strategy including: core, core-plus, value-added, opportunistic and special situations.

Strategic Partnerships:

Strategic Partnerships are multi-asset investment portfolios designed to generate investment returns through a combination of security selection and tactical asset allocation. Strategic Partnerships may invest long or short in equities, fixed income, commodities, currencies, funds, and other global market instruments, including derivatives. Strategies utilized by Strategic Partnerships may involve the use of leverage to enhance the portfolio’s risk-adjusted returns.

Cross-Asset Strategies:

Portable alpha strategies are investment strategies within and across regimes and generally involve the use of leverage. Such strategies are permitted in the Developed Public Equity, Emerging Markets Public Equity and the Long Treasuries Asset Classes, provided that such strategies target a combined market sensitivity (defined by beta to the relevant benchmark for the particular Asset Class) of approximately 1.0. For example, portable alpha strategies may

include, but are not limited to, the use of fixed income or hedge fund overlays within an equity portfolio to target a combined market sensitivity of approximately 1.0.

Innovation and Disruption:

The Innovation and Disruption portfolio comprises investments in emerging asset types or industries that are innovative or disruptive. Innovation and Disruption investments have the potential to become large and institutional markets over time. This portfolio provides a nimble and timely means to identify and invest in these opportunities with the primary objectives of developing a deeper understanding of the assets and benefitting from the returns earned by early movers. To manage the risk of this portfolio, UTIMCO will develop and maintain portfolio guidelines that determine the investment selection process and limit the maximum size of the portfolio and the maximum size of individual investments. Over time, UTIMCO will assess if these investments should become larger and more permanent elements of funds managed by UTIMCO, either as part of an existing or a newly defined Asset Class.

All investments will be categorized at inception and on an ongoing basis by Asset Class.

Investment Guidelines

The PUF must be invested at all times in strict compliance with applicable law.

Investment guidelines include the following:

General

- Investment guidelines for index, commingled funds, limited partnerships, and corporate vehicles managed externally shall be governed by the terms and conditions of the respective investment management contracts, partnership agreements or corporate documents.
- Investment guidelines of all other externally managed accounts as well as internally invested funds must be reviewed and approved by UTIMCO's Chief Investment Officer prior to investment of PUF assets in such investments.
- No securities may be purchased or held which would jeopardize the PUF's tax-exempt status.
- No internal investment strategy or program may purchase securities on margin or use leverage unless specifically authorized in the Delegation of Authority Policy, the Derivative Investment Policy or by the UTIMCO Board.

- No internal investment strategy or program employing short sales may be made unless specifically authorized in the Delegation of Authority Policy, the Derivative Investment Policy or by the UTIMCO Board.
- The PUF's investments in warrants shall not exceed more than 5% of the PUF's net assets or 2% with respect to warrants not listed on the New York or American Stock Exchanges.
- The PUF may utilize derivatives only in accordance with the Derivative Investment Policy. The aggregate prorated annual premium of Derivative Investments utilized to reduce exposure to an Asset Class or hedge against risk shall not exceed 75 basis points of PUF value.

Investment Grade and Credit-Related Fixed Income

- Not more than 5% of the market value of fixed income securities may be invested in corporate and municipal bonds of a single issuer.

Public Real Estate and Public Equity

- Not more than 25% of the market value of equity securities may be invested in any one industry or industries (as defined by the standard industry classification code and supplemented by other reliable data sources) at cost.
- Not more than 5% of the market value of equity securities may be invested in the securities of one corporation at cost.

Stable Value

- Not more than 7.5% of the market value of equity and fixed income securities taken together may be invested in one corporation at cost.

PUF Distributions

The PUF shall balance the needs and interests of present beneficiaries with those of the future. PUF spending policy objectives shall be to:

- provide a predictable, stable stream of distributions over time;
- ensure that the inflation-adjusted value of distributions is maintained over the long term; and
- ensure that the inflation-adjusted value of PUF assets after distributions is maintained over rolling 10-year periods.

The goal is for the PUF's average spending rate over time not to exceed the PUF's average annual investment return after inflation and expenses in order to preserve the purchasing power of PUF distributions and underlying assets.

Annually, the Board of Regents will approve a distribution amount to the AUF pursuant to Regents' Rule 80303, Section 2.2.

Following approval of the distribution amount, distributions from the PUF to the AUF will be made at the discretion of UTIMCO management in consultation with the U. T. System Office of Finance and The Texas A&M University System Office of Treasury Services.

Leverage

The PUF can incur Leverage directly through derivatives and facilities such as repurchase agreements and reverse repurchase agreements, prime broker loans and other funding mechanisms (collectively "Leverage"). The Total Asset Class exposure, including these forms of Leverage, shall not exceed 110% of the net asset value of the PUF. Asset Class exposure will include applicable leverage and must remain within the policy limits provided in Exhibit A. Derivatives and other leverage facilities incurred by external managers operating under limited partnership agreements, through corporations, or through other limited liability entities are not included in any Asset Class exposure.

PUF Accounting

The fiscal year of the PUF shall begin on September 1st and end on August 31st. Market value of the PUF shall be maintained on an accrual basis in compliance with Generally Accepted Accounting Principles ("GAAP"), Governmental Accounting Standards Board Statements, industry guidelines, or state statutes, whichever is applicable. Significant asset write-offs or write-downs shall be approved by UTIMCO's Chief Investment Officer and reported to the UTIMCO Board. Assets deemed to be "other than temporarily impaired" as defined by GAAP shall be written off and reported to UTIMCO's Chief Investment Officer and the UTIMCO Board when material. The PUF's financial statements shall be audited each year by an independent accounting firm selected by the Board of Regents.

Valuation of Assets

As of the close of business on the last business day of each month, UTIMCO shall determine the fair market value of all PUF net assets. Valuation of PUF assets shall be based on the books and records of the custodian for the valuation date. The final determination of PUF net assets for a month end close shall normally be completed within seven business days but determination may be longer under certain circumstances.

The fair market value of the PUF's net assets shall include all related receivables and payables of the PUF on the valuation date. Such valuation shall be final and conclusive.

Performance Measurement

The investment performance of the PUF will be measured by the PUF's custodian, an unaffiliated organization, with recognized expertise in this field and reporting responsibility to the UTIMCO Board and compared against the stated Policy Benchmarks of the PUF, as indicated in Exhibit A (incorporating the impact of internal derivative positions) and reported to the UTIMCO Board and the Board of Regents at least quarterly. The Policy Portfolio benchmark will be maintained by UTIMCO and will comprise a blend of Asset Class indices weighted to reflect the PUF's Asset Class allocation policy targets as defined in Exhibit A. Monthly performance data and net asset values will be available on the UTIMCO website within a reasonable time after each month end.

Compliance

Compliance with this Policy will be monitored by UTIMCO's Chief Compliance Officer. UTIMCO's Chief Executive Officer, the UTIMCO Board, and the UTIMCO Audit & Ethics Committee will receive regular reports on UTIMCO's compliance with this Policy. All material instances of noncompliance, as determined by UTIMCO's Chief Compliance Officer and the Chair of the UTIMCO Audit & Ethics Committee, will require an action plan proposed by UTIMCO's Chief Executive Officer and approved by the Chair of the UTIMCO Board with timelines for bringing the noncompliant activity within this Policy.

Securities Lending

The PUF may participate in a securities lending contract with a bank or nonbank security lending agent for purposes of realizing additional income. Loans of securities by the PUF shall be collateralized by cash, letters of credit or securities issued or guaranteed by the U.S. Government or its agencies. The collateral will equal at least 100% of the current market value of the loaned securities. The contract shall state acceptable collateral for securities loaned, duties of the borrower, delivery of loaned securities and collateral, acceptable investment of collateral and indemnification provisions. The contract may include other provisions as appropriate.

The securities lending program will be evaluated from time to time as deemed necessary by the UTIMCO Board. Monthly reports issued by the lending agent shall be reviewed by UTIMCO staff to ensure compliance with contract provisions.

Investor Responsibility

As a shareholder, the PUF has the right to a voice in corporate affairs consistent with those of any shareholder. These include the right and obligation to vote proxies in a manner consistent with the unique role and mission of higher education as well as for the economic benefit of the PUF. Notwithstanding the above, the UTIMCO Board shall discharge its fiduciary duties with respect to the PUF solely in the interest of the U. T. System and the A&M System, in compliance with the Proxy Voting Policy then in effect, and shall not invest the PUF so as to achieve temporal benefits for any purpose including use of its economic power to advance social or political purposes.

Amendment of Policy Statement

The Board of Regents reserves the right to amend this Policy Statement as it deems necessary or advisable.

Effective Date

The effective date of this Policy shall be ~~September~~January 1, ~~2024~~2025.

EXHIBIT A
ASSET CLASS TARGETS, RANGES, AND PERFORMANCE OBJECTIVES
EFFECTIVE SEPTEMBER 4, 2024 January 1, 2025

Asset Class	Min v Target ⁽¹⁾	Target ⁽²⁾⁽³⁾	Max v Target ⁽¹⁾	Benchmark
Global Equity:				
Developed Public Equity	-5.0%	20.0%	+15.0%	MSCI World Index with Net Dividends Blended 67% 50% MSCI Emerging Markets with China All Shares and 33% 50% MSCI Emerging Markets ex-China (both net total return)
Emerging Markets Public Equity	-5.0%	6.4%	+5.0%	
<i>Total Public Equity</i>	-5.0%	26.4%	+15.0%	HFRI Fund of Funds Composite Blended Median Cambridge Buyouts, Emerging Markets Private Equity and Venture Capital, Credit Opportunities, and Venture Capital
Directional Hedge Funds	-5.0%	6.0%	+5.0%	
Private Equity ⁽³⁾	17.5%	27.5%	37.5%	
Total Global Equity	-7.0%	59.9%	+15%	
Stable Value:				
Investment Grade Fixed Income	-5.0%	0.0%	+5.0%	Bloomberg Global Aggregate Index x-CNY - Hedged Bloomberg US Treasury: Long Index
Long Treasuries	-5.0%	5.1%	+5.0%	
Credit-Related Fixed Income	-5.0%	0.0%	+5.0%	Bloomberg Capital Global High Yield Index 3 month T-Bills
<i>Total Fixed Income</i>	-5.0%	5.1%	+5.0%	
Cash	-5.0%	2.0%	+5.0%	HFRI Fund of Funds Conservative
Stable Value Hedge Funds	-5.0%	10.5%	+5.0%	
Total Stable Value	-10.0%	17.6%	+6.0%	
Real Return:				
Inflation Linked Bonds	-5.0%	0.0%	+5.0%	Bloomberg Global Inflation-Linked: U.S. TIPS Index Gold Spot Price (XAU)
Gold	-5.0%	0.0%	+5.0%	
Commodities	-5.0%	0.0%	+5.0%	Bloomberg Commodity TRI Blended Median Cambridge PE Energy and Upstream & Royalty (ex Mining), PE Energy (Mining) and Timber
<i>Total Commodities</i>	-5.0%	0.0%	+5.0%	
Natural Resources ⁽³⁾	0.0%	3.3%	8.0%	Median Cambridge Infrastructure Blended MSCI US REIT Gross Total Return Index (RMSG) and Median Cambridge Total Real Estate
Infrastructure ⁽³⁾	0.0%	4.5%	10.0%	
Real Estate ⁽³⁾	5.0%	9.7%	15.0%	
Total Real Return	-6.0%	17.5%	+6.0%	
Strategic Partnerships	-5.0%	5.0%	+5.0%	Blended Bloomberg US Treasury: Long Index, MSCI World Index with Net Dividends, MSCI Emerging Markets ex-China Index with Net Dividends, and HFRI Macro
Innovation & Disruption	0.0%	0.0%	5.0%	Aggregate Policy Portfolio Benchmark before returns from Innovation & Disruption portfolio
Total All Asset Classes		100.0%	110.0%	

POLICY/TARGET RETURN/RISKS ⁽²⁾	
Expected 10-Year Annual Real Return (Policy Portfolio Beta)	5.19%
Expected 10-Year Annual Real Return (Policy Portfolio Total Return)	6.43%
One Year Downside Volatility	8.24%
Risk Bounds	
Lower: 1 Year Downside Volatility	75.00%
Upper: 1 Year Downside Volatility	115.00%

(1) When preceded by a "-" or "+", in relation to the Asset Class Target; with the exception of Cash, "Min" will not be below zero.

(2) Asset Class Targets and Policy/Target Return/Risks reset monthly.

(3) The Adjusted Target weight of each of Private Equity, Real Estate, Natural Resources and Infrastructure will be set each month as the average ending actual weight of the combined PUF and GEF from the prior month. Any difference in the calculated Private Equity, Real Estate, Natural Resources, and Infrastructure Adjusted Target weights from the original Target weights derived from this table will be offset using 100% Developed Public Equity.

THE UNIVERSITY OF TEXAS SYSTEM INTERMEDIATE TERM FUND INVESTMENT POLICY STATEMENT

Purpose

The University of Texas System Intermediate Term Fund (the “ITF”) was established by the Board of Regents of The University of Texas System (the “Board of Regents”) as a pooled fund for the collective investment of operating funds and other intermediate and long-term funds held by U. T. System institutions and U. T. System Administration.

ITF Organization

The ITF functions as a mutual fund in which each eligible account purchases and redeems ITF units as provided herein. The ownership of ITF assets shall at all times be vested in the Board of Regents. Such assets shall be deemed to be held by the Board of Regents, as a fiduciary, regardless of the name in which the assets may be registered.

ITF Management

Article VII, Section 11b of the Texas Constitution authorizes the Board of Regents, subject to procedures and restrictions it establishes, to invest the Permanent University Fund (the “PUF”) in any kind of investments and in amounts it considers appropriate, provided that it adheres to the prudent investor standard. This standard provides that the Board of Regents, in making investments, may acquire, exchange, sell, supervise, manage, or retain, through procedures and subject to restrictions it establishes and in amounts it considers appropriate, any kind of investment that prudent investors, exercising reasonable care, skill, and caution, would acquire or retain in light of the purposes, terms, distribution requirements, and other circumstances of the fund then prevailing, taking into consideration the investment of all the assets of the fund rather than a single investment. Pursuant to Section 51.0031(c) of the *Texas Education Code*, the Board of Regents has elected the PUF prudent investor standard to govern its management of the ITF.

Ultimate fiduciary responsibility for the ITF rests with the Board of Regents. Section 66.08 of the *Texas Education Code*, as amended, authorizes the Board of Regents, subject to certain conditions, to enter into a contract with a nonprofit corporation to invest funds under the control and management of the Board of Regents.

Pursuant to an Investment Management Services Agreement between the Board of Regents and The University of Texas/Texas A&M Investment Management Company (“UTIMCO”), the ITF shall be managed by UTIMCO, which shall a) recommend investment policy for the ITF, b) recommend specific Asset Class allocation targets, ranges, and performance benchmarks consistent with ITF objectives, and c) monitor ITF performance against ITF objectives. UTIMCO shall invest the ITF assets in conformity

with this Policy Statement. All changes to this Policy Statement or the exhibits to this Policy Statement, including changes to Asset Class allocation targets, ranges and performance benchmarks, are subject to approval by the Board of Regents.

UTIMCO may select and terminate unaffiliated investment managers subject to the Delegation of Authority Policy approved by the UTIMCO Board. Managers shall be monitored for performance and adherence to investment disciplines.

ITF Administration

UTIMCO shall employ an administrative staff to ensure that all transaction and accounting records are complete and prepared on a timely basis. Internal controls shall be emphasized to provide for responsible separation of duties and adequacy of an audit trail. Custody of ITF assets shall comply with applicable law and be structured to provide essential safekeeping and trading efficiency.

Funds Eligible to Purchase ITF Units

No account shall be eligible to purchase units of the ITF unless it is under the sole control, with full discretion as to investments, by the Board of Regents. Any account whose governing instrument contains provisions which conflict with this Policy Statement, whether initially or as a result of amendments to either document, shall not be eligible to purchase or hold units of the ITF.

ITF Investment Objectives

The ITF consists of intermediate and long-term funds held by the U. T. System Board of Regents, as a fiduciary, for the benefit of U. T. System institutions, U. T. System Administration, and other affiliated funds. ITF assets are pooled for efficient investment purposes and managed by UTIMCO over the intermediate to longer term.

The primary investment objective of the ITF is to maximize investment returns within the risk parameters specified in this Policy Statement without regard to the distribution rate.

The secondary investment objective is to preserve the purchasing power of ITF assets by earning a compound annualized return over rolling five-year periods, net of all direct and allocated expenses, of at least inflation as measured by the Consumer Price Index (CPI-U) plus 3% and to generate average annual returns net of all investment-related expenses, in excess of the approved Policy Portfolio over rolling five-year periods. Investment returns are expressed net of all investment-related expenses. Additional expenses include U. T. System administrative fees charged to the fund.

Investments must be prudently diversified, and within the approved Policy Downside Volatility Bounds, as defined in Exhibit A, and measured at least monthly by UTIMCO's risk model. Liquidity of the ITF will be governed by the Liquidity Policy, overseen by the Investment Risk Committee of the UTIMCO Board.

ITF return, Asset Class allocations, and downside volatility targets are subject to adjustment from time to time by the Board of Regents.

Asset Class Allocation and Policy

Asset Class allocation is the primary determinant of the volatility of investment return and, subject to the Asset Class allocation ranges specified in Exhibit A, is the responsibility of UTIMCO. The Asset Class allocation is designed to accommodate the intermediate investment horizon of the ITF assets with enhanced returns at moderate managed risk levels. UTIMCO is responsible for measuring actual Asset Class allocation at least monthly (incorporating the impact of derivative positions covered under the Derivative Investment Policy), and for reporting the actual portfolio Asset Class allocation to the UTIMCO Board and the Board of Regents at least quarterly. While specific Asset Class allocation positions may be changed within the ranges specified in Exhibit A based on the economic and investment outlook from time to time, the range limits cannot be intentionally breached without prior approval of the Board of Regents.

In the event that actual portfolio positions in Asset Classes or the Portfolio Projected Downside Volatility move outside the ranges indicated in Exhibit A due to market forces that shift relative valuations, UTIMCO staff will promptly report this situation to the UTIMCO Board Chair and take steps to rebalance portfolio positions back within the policy ranges in an orderly manner as soon as practicable. Extenuating circumstances that could cause immediate rebalancing to be irrational and detrimental to the interest of the ITF asset values could warrant requesting approval of the UTIMCO Board Chair to waive remedial action.

Within the general investment regimes of Global Equity, Stable Value, and Real Return, ITF assets shall be allocated among the following broad Asset Classes based upon their individual return/risk characteristics and relationships to other Asset Classes:

Global Equity:

Developed Public Equity – Developed Public Equity invests primarily in the equity securities of companies that are domiciled in the developed countries (including the U.S.) that are part of the MSCI World Index. These securities are traded in public markets (on an exchange, over the counter, or issued in an underwritten initial public offering (“IPO”)) or are restricted but expected to become public or otherwise freely marketable within three years after the initial investment. Developed Public Equity includes common stocks, depositary receipts, preferred stocks, exchange traded funds, and derivatives based on common stocks or equity indices (including convertibles, warrants, rights, options, and futures). Active extension strategies involve the use of leverage and include offsetting long and short exposures, often targeting 100% net long exposure. Active extension strategies may be classified as

Developed Public Equity, provided that these strategies target a combined market sensitivity, defined by beta to the relevant benchmark, of approximately 1.0.

Emerging Markets Public Equity – Emerging Markets Public Equity invests primarily in the equity securities of companies that are domiciled in (i) the emerging countries that are part of the MSCI Emerging Markets Index or (ii) countries that have yet to reach MSCI Emerging Markets Index qualification status. These securities are traded in public markets (on an exchange, over the counter, or issued in an underwritten initial public offering (“IPO”)) or are restricted but expected to become public or otherwise freely marketable within three years after the initial investment. Emerging Markets Public Equity includes common stocks, depositary receipts, preferred stocks, exchange traded funds, and derivatives based on common stocks or equity indices (including convertibles, warrants, rights, options, and futures). Active extension strategies involve the use of leverage and include offsetting long and short exposures, often targeting 100% net long exposure. Active extension strategies may be classified as Emerging Markets Public Equity, provided that these strategies target a combined market sensitivity, defined by beta to the relevant benchmark, of approximately 1.0.

Directional Hedge Funds – Directional Hedge Funds invest long and short in equities, fixed income, commodities, currencies and other global market instruments including derivatives. Directional Hedge Funds exhibit moderate market sensitivity as defined by beta to public equities. Strategies may include but are not limited to long/short equity, multi-strategy, event-driven, credit (loans, bonds, asset-backed securities, direct lending and distressed) and global macro.

Stable Value:

Investment Grade Fixed Income – Investment Grade Fixed Income represents ownership of fixed income instruments across all maturities, U.S. and non-U.S., that are rated investment grade. These include debt issued by the Sovereign Governments, various government enterprises and agencies, and corporations. The principal securities include bonds, notes, bills, mortgage and asset-backed securities and ETFs. In addition, derivative applications that serve as a fixed income substitute may be classified as Investment Grade Fixed Income.

Long Treasuries – Long Treasuries represents ownership of fixed income instruments across long-dated maturities issued by the U.S. government. The principal securities may include bonds, notes, bills and ETFs. In addition, derivative applications that serve as a fixed income substitute may be classified as Long Treasuries.

Stable Value Hedge Funds – Stable Value Hedge Funds invest long and short in equities, fixed income, commodities, currencies and other global market instruments including derivatives. Stable Value Hedge Fund investments exhibit little to no market sensitivity, as defined by beta to public equities, and have an

absolute return orientation. Strategies may include but are not limited to market-neutral equity, multi-strategy, re-insurance, risk premia, relative value, trend following, direct lending, specialty credit and global macro.

Cash – Cash has the same meaning as given to the term “Cash” in the Liquidity Policy and includes, for example, cash in any currencies and other overnight funds that have not been allocated to a specific Asset Class.

Real Return:

Inflation Linked Bonds – Inflation Linked Bonds include fixed income investments issued by both U.S. and Non-U.S. Governments where the principal value of the bond has been indexed to some rate of inflation, as well as ETFs and derivatives referencing Inflation Linked Bonds or directly linked to inflation rates, including but not limited to inflation swaps. Inflation Linked Bonds are intended to provide some degree of inflation protection.

Commodities – Commodities investments represent ownership of fungible goods such as metals, grains, foods and energy products or any other investment defined by regulators as a commodity. These investments can be made through actual physical ownership of the goods, or through financial ownership of the underlying goods achieved through the purchase of derivatives based on commodities or commodities indices.

Public Real Estate – Public Real Estate invests principally in companies that are part of the MSCI US REIT Gross Total Return Index (RMSG) and that own or manage equity or debt interests in portfolios of real estate or real assets. These securities are traded in public markets (on an exchange, over the counter, or issued in an underwritten initial public offering) or are restricted but expected to become public or otherwise freely marketable within three years after the initial investment. Public Real Estate includes common stocks, depositary receipts, preferred stocks, exchange traded funds, and derivatives based on common stocks or equity indices (including convertibles, warrants, rights, options, and futures).

Cross-Asset Strategies:

Portable alpha strategies are investment strategies within and across regimes and generally involve the use of leverage. Such strategies are permitted in the Developed Public Equity, Emerging Markets Public Equity and the Long Treasuries Asset Classes, provided that such strategies target a combined market sensitivity (defined by beta to the relevant benchmark for the particular Asset Class) of approximately 1.0. For example, portable alpha strategies may include, but are not limited to, the use of fixed income or hedge fund overlays within an equity portfolio to target a combined market sensitivity of approximately 1.0.

All investments will be categorized at inception and on an ongoing basis by Asset Class.

Investment Guidelines

The ITF must be invested at all times in strict compliance with applicable law. Investment guidelines include the following:

General

- Investment guidelines for index, commingled funds, limited partnerships, and corporate vehicles managed externally shall be governed by the terms and conditions of the respective investment management contracts, partnership agreements or corporate documents.
- Investment guidelines of all other externally managed accounts as well as internally invested funds must be reviewed and approved by UTIMCO's Chief Investment Officer prior to investment of ITF assets in such investments.
- No securities may be purchased or held which would jeopardize the ITF's tax-exempt status.
- No internal investment strategy or program may purchase securities on margin or use leverage unless specifically authorized in the Delegation of Authority Policy, the Derivative Investment Policy or by the UTIMCO Board.
- No internal investment strategy or program employing short sales may be made unless specifically authorized in the Delegation of Authority Policy, the Derivative Investment Policy or by the UTIMCO Board.
- The ITF's investments in warrants shall not exceed more than 5% of the ITF's net assets or 2% with respect to warrants not listed on the New York or American Stock Exchanges.
- The ITF may utilize derivatives only in accordance with the Derivative Investment Policy. The aggregate prorated annual premium of Derivative Investments utilized to reduce exposure to an Asset Class or hedge against risk shall not exceed 50 basis points of ITF value.

Investment Grade Fixed Income

- Not more than 5% of the market value of fixed income securities may be invested in corporate and municipal bonds of a single issuer.

Public Real Estate and Public Equity

- Not more than 25% of the market value of equity securities may be invested in any one industry or industries (as defined by the standard industry classification code and supplemented by other reliable data sources) at cost.
- Not more than 5% of the market value of equity securities may be invested in the securities of one corporation at cost.

Stable Value

- Not more than 7.5% of the market value of equity and fixed income securities taken together may be invested in one corporation at cost.

Leverage

The ITF can incur Leverage directly through derivatives and facilities such as repurchase agreements and reverse repurchase agreements, prime broker loans and other funding mechanisms (collectively “Leverage”). The Total Asset Class exposure, including these forms of Leverage, shall not exceed 105% of the net asset value of the ITF. Asset Class exposure will include applicable leverage and must remain within the policy limits provided in Exhibit A. Derivatives and other leverage facilities incurred by external managers operating under limited partnership agreements, through corporations, or through other limited liability entities are not included in any Asset Class exposure.

ITF Accounting

The fiscal year of the ITF shall begin on September 1st and end on August 31st. Market value of the ITF shall be maintained on an accrual basis in compliance with Generally Accepted Accounting Principles (“GAAP”), Governmental Accounting Standards Board Statements, industry guidelines, or state statutes, whichever is applicable. Significant asset write-offs or write-downs shall be approved by UTIMCO’s Chief Investment Officer and reported to the UTIMCO Board. Assets deemed to be “other than temporarily impaired” as defined by GAAP shall be written off and reported to UTIMCO’s Chief Investment Officer and the UTIMCO Board when material. The ITF’s financial statements shall be audited each year by an independent accounting firm selected by the Board of Regents.

Valuation of ITF Assets

As of the close of business on the last business day of each month, UTIMCO shall determine the fair market value of all ITF net assets and the net asset value per unit of the ITF. Valuation of ITF assets shall be based on the books and records of the custodian for the valuation date. The final determination of ITF net assets for a month end close shall normally be completed within seven business days but determination may be longer under certain circumstances.

The fair market value of the ITF’s net assets shall include all related receivables and payables of the ITF on the valuation date and the value of each unit thereof shall be its proportionate part of such net value. Such valuation shall be final and conclusive.

Performance Measurement

The investment performance of the ITF will be measured by the ITF's custodian, an unaffiliated organization, with recognized expertise in this field and reporting responsibility to the UTIMCO Board and compared against the stated Policy Benchmarks of the ITF, as indicated in Exhibit A (incorporating the impact of internal derivative positions) and reported to the UTIMCO Board and the Board of Regents at least quarterly. The Policy Portfolio benchmark will be maintained by UTIMCO and will comprise a blend of Asset Class indices weighted to reflect the ITF's Asset Class allocation policy targets as defined in Exhibit A. Monthly performance data and net asset values will be available on the UTIMCO website within a reasonable time after each month end.

Compliance

Compliance with this Policy will be monitored by UTIMCO's Chief Compliance Officer. UTIMCO's Chief Executive Officer, the UTIMCO Board, and the UTIMCO Audit & Ethics Committee will receive regular reports on UTIMCO's compliance with this Policy. All material instances of noncompliance, as determined by UTIMCO's Chief Compliance Officer and the Chair of the UTIMCO Audit & Ethics Committee, will require an action plan proposed by UTIMCO's Chief Executive Officer and approved by the Chair of the UTIMCO Board with timelines for bringing the noncompliant activity within this Policy.

ITF Distributions

The ITF shall provide monthly distributions to the unit holders. The Board of Regents will approve an annual distribution amount. Distributions from the ITF to the unit holders shall be made monthly on the first business day of each month. To calculate the monthly distribution, the distribution rate (% divided by 12) will be multiplied by each unit holder's account, determined as follows:

- Net asset value of each unit holder's account on the last business day of the second prior month;
- Plus value of each unit holder's net purchase/redemption amount on the first business day of the prior month;
- Less the distribution amount paid to each unit holder's account on the first business day of the prior month.

Purchase and Redemption of ITF Units

The ITF participants may purchase units on the first business day of each month upon payment of cash or reinvestment of distributions to the ITF, at the net asset value per unit of the ITF as of the prior month ending valuation date. Such purchase commitments are binding. The ITF participants may redeem ITF units on a monthly basis. The unit redemption shall be paid in cash as soon as practicable after the month end valuation date of the ITF. Redemptions from the ITF shall be at the market price per unit determined at the time of the redemption. Such redemption commitments are binding.

Participants of the ITF are required to provide notification of purchases and redemptions based on specific notification requirements as set forth in The University of Texas System Allocation Policy for Non-Endowment Funds.

Securities Lending

The ITF may participate in a securities lending contract with a bank or nonbank security lending agent for purposes of realizing additional income. Loans of securities by the ITF shall be collateralized by cash, letters of credit, or securities issued or guaranteed by the U.S. Government or its agencies. The collateral will equal at least 100% of the current market value of the loaned securities. The contract shall state acceptable collateral for securities loaned, duties of the borrower, delivery of loaned securities and collateral, acceptable investment of collateral and indemnification provisions. The contract may include other provisions as appropriate.

The securities lending program will be evaluated from time to time as deemed necessary by the UTIMCO Board. Monthly reports issued by the lending agent shall be reviewed by UTIMCO staff to ensure compliance with contract provisions.

Investor Responsibility

As a shareholder, the ITF has the right to a voice in corporate affairs consistent with those of any shareholder. These include the right and obligation to vote proxies in a manner consistent with the unique role and mission of higher education as well as for the economic benefit of the ITF. Notwithstanding the above, the UTIMCO Board shall discharge its fiduciary duties with respect to the ITF solely in the interest of ITF unitholders, in compliance with the Proxy Voting Policy then in effect, and shall not invest the ITF so as to achieve temporal benefits for any purpose including use of its economic power to advance social or political purposes.

Amendment of Policy Statement

The Board of Regents reserves the right to amend this Policy Statement as it deems necessary or advisable.

Effective Date

The effective date of this Policy shall be ~~September~~January 1, ~~2024~~2025.

EXHIBIT A
ASSET CLASS TARGETS, RANGES, AND PERFORMANCE OBJECTIVES
EFFECTIVE SEPTEMBER 1, 2024 January 1, 2025

Asset Class	Min v Target ⁽¹⁾	Target ⁽²⁾	Max v Target ⁽¹⁾	Benchmark
Global Equity:				
Developed Public Equity	-5.0%	11.5%	+10.0%	MSCI World Index with Net Dividends Blended 67% 50% MSCI Emerging Markets with China All Shares and 33% 50% MSCI Emerging Markets ex-China (both net total return)
Emerging Markets Public Equity	-5.0%	3.5%	+5.0%	
<i>Total Public Equity</i>	-5.0%	15.0%	+10.0%	HFRI Fund of Funds Composite
Directional Hedge Funds	-5.0%	35.0%	+5.0%	
Total Global Equity	-7.0%	50.0%	+10.0%	
Stable Value:				
Investment Grade Fixed Income	-5.0%	6.0%	+5.0%	Bloomberg Global Aggregate Index x-CNY - Hedged Bloomberg US Treasury: Long Index
Long Treasuries	-5.0%	7.0%	+5.0%	
<i>Total Fixed Income</i>	-5.0%	13.0%	+5.0%	3 month T-bills HFRI Fund of Funds Conservative
Cash	-5.0%	2.0%	+5.0%	
Stable Value Hedge Funds	-5.0%	25.0%	+5.0%	
Total Stable Value	-10.0%	40.0%	+6.0%	
Real Return:				
Inflation Linked Bonds	-5.0%	5.0%	+5.0%	Bloomberg Global Inflation-Linked: U.S. TIPS Index Gold Spot Price (XAU) Bloomberg Commodity TRI
Gold	-5.0%	0.0%	+5.0%	
Commodities	-5.0%	2.5%	+5.0%	MSCI US REIT Gross Total Return Index (RMSG)
<i>Total Commodities</i>	-5.0%	2.5%	+5.0%	
Public Real Estate	-5.0%	2.5%	+5.0%	
Total Real Return	-6.0%	10.0%	+6.0%	
Total All Asset Classes		100.0%	105.0%	

POLICY/TARGET RETURN/RISKS⁽²⁾	
Expected 10-Year Annual Real Return (Policy Portfolio Beta)	2.30%
Expected 10-Year Annual Real Return (Policy Portfolio Total Return)	4.30%
One Year Downside Volatility	3.80%
Risk Bounds	
Lower: 1 Year Downside Volatility	75.00%
Upper: 1 Year Downside Volatility	115.00%

(1) In relation to the Asset Class Target; with the exception of Cash, "Min" will not be below zero.

(2) Asset Class Targets and Policy/Target Return/Risks reset monthly.

Agenda Item
UTIMCO Board of Directors Meeting
December 12, 2024

Agenda Item: Report from Audit and Ethics Committee: Discussion and Appropriate Action Related to the Deloitte & Touche LLP Financial Statement Audit Results and Communications and the Audited Financial Statements of the Permanent University Fund, General Endowment Fund, Permanent Health Fund, Long Term Fund, Intermediate Term Fund, and the Statement of Investment Performance Statistics for the year ended August 31, 2024

Developed By: Moeller, Hill, de Onís

Presented By: Jiles

Type of Item: Action item; Action required by UTIMCO Board related to year end audits; Information item on other items

Description: The Audit and Ethics Committee (the “Committee”) met on December 4, 2024. The Committee’s agenda included the following: (1) discussion and appropriate action related to the minutes of its September 19, 2024 meeting; (2) discussion and appropriate action related to Deloitte & Touche LLP’s Audit Results and Communications; (3) discussion and appropriate action related to audit reports of the Permanent University Fund (“PUF”), The University of Texas General Endowment Fund (“GEF”), the Permanent Health Fund (“PHF”), The University of Texas System Long Term Fund (“LTF”), The University of Texas System Intermediate Term Fund (“ITF”), and the Statement of Investment Performance Statistics for the year ended August 31, 2024; (4) an update on UTIMCO’s compliance, reporting and audit matters; and (5) discussion and appropriate action related to the General Counsel and Chief Compliance Officer’s Performance Award for the Performance Period ended June 30, 2024. The Committee convened in Executive Session for the purpose of deliberating individual personnel evaluation matters and individual compensation matters related to the General Counsel and Chief Compliance Officer, and to consult with legal counsel regarding legal matters.

Discussion: The financial statements were audited by Deloitte & Touche LLP. Tom Wagner, engagement partner, presented to the Committee Deloitte & Touche LLP’s Financial Statement Audit Results and Communications letter (the “Letter”). Included in these Board materials are the Letter and Management’s Representation Letter to Deloitte confirming in writing Management’s responsibilities and representations with regard to these audits. Because of the voluminous nature of the audited financial statements, they are not included in the Board book. However, the complete audited financial statements are available on UTIMCO’s website, www.utimco.org.

The Committee took action related to the performance award for the performance period ended June 30, 2024, for the General Counsel and Chief Compliance Officer. Routine activities of the Committee included a report from Ms. de Onís related to the quarterly compliance report.

Agenda Item
UTIMCO Board of Directors Meeting
December 12, 2024

The Delegation of Authority Policy (“Policy”) delegates to the CEO the authority to execute on the behalf of UTIMCO all contracts, leases, or other commercial arrangements (except investment management agency contracts, partnership agreements, investment consultant agreements and agreements with independent auditor) for a total obligation of \$2 million or less during the contract term. The Policy requires that new contracts, leases, and other arrangements of \$500,000 or more be reported to the UTIMCO Board at its next scheduled meeting, and, annually, all existing contracts, leases, and other arrangements of \$500,000 or more must be reported to the UTIMCO Board. The report is included in this section and Ms. de Onís provided an update of the Contract Report to the Committee.

Recommendation: The Committee will recommend that the UTIMCO Board approve the Deloitte & Touche LLP Financial Statement Audit Results and Communications for the year ended August 31, 2024, and the audited financial statements of the PUF, GEF, PHF, LTF, ITF, for the years ended August 31, 2024 and 2023, and the Statement of Investment Performance Statistics for the year ended August 31, 2024

Reference: Deloitte & Touche LLP’s Financial Statement Audit Results and Communications Letter
Contract Report

**RESOLUTIONS RELATED TO AUDITS OF THE INVESTMENT FUNDS
FOR FISCAL YEAR 2024**

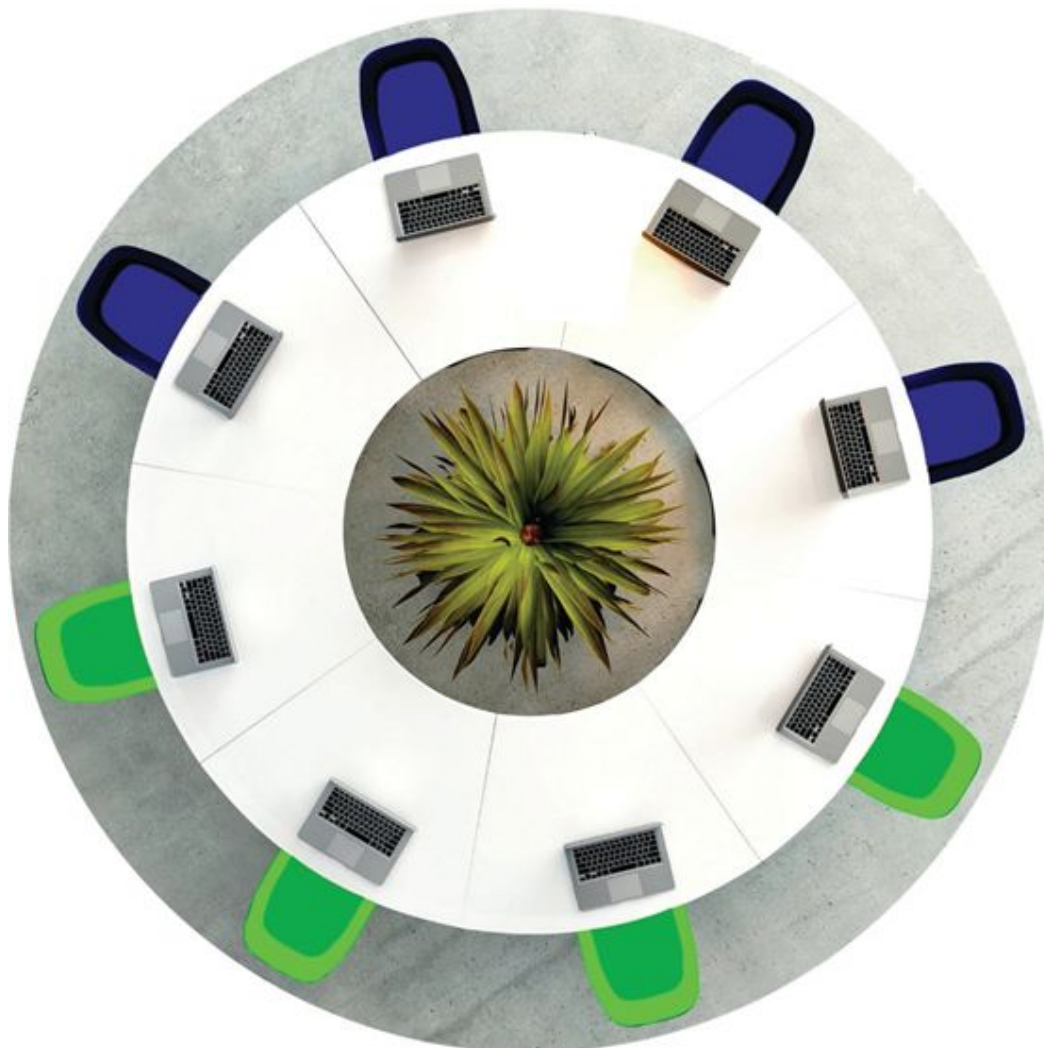
RESOLVED, that Deloitte & Touche LLP's Financial Statement Audit Results and Communications Letter on the Investment Funds Under Fiduciary Responsibility of The University of Texas System Board of Regents for the year ended August 31, 2024, be, and is hereby approved in the form as presented to the Board; and

FURTHER RESOLVED, that the separate annual financial statements and audit reports for the Permanent University Fund, the Permanent Health Fund, The University of Texas System Long Term Fund, The University of Texas System General Endowment Fund, and The University of Texas System Intermediate Term Fund, each for the fiscal years ended August 31, 2024 and 2023, and the Statement of Investment Performance Statistics for the year ended August 31, 2024, be, and are hereby approved in the form as presented to the Board.



The University of Texas/Texas A&M Investment Management Company

Results of the Audits as of and for year ended August 31, 2024





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October 31, 2024

Mr. Rich Hall
President, Chief Executive Officer, and Chief Investment Officer
The University of Texas/Texas A&M Investment Management Company

The Audit, Compliance and Risk Management Committee of
the Board of Regents of The University of Texas System

The Audit and Ethics Committee of the Board of Directors of
The University of Texas/Texas A&M Investment Management Company

210 West 7th Street, Suite 1700
Austin, TX 78701

Dear Mr. Hall, Members of the Audit, Compliance and Risk Management Committee of the Board of Regents of The University of Texas System as well as Members of the Audit and Ethics Committee of the Board of Directors of The University of Texas/Texas A&M Investment Management Company (collectively, the "Board"):

We have performed audits of the financial statements of the Permanent University Fund (PUF), The University of Texas System General Endowment Fund (GEF), the Permanent Health Fund (PHF), The University of Texas Long Term Fund (LTF), and the University of Texas System Intermediate Term Fund (ITF; collectively, the "Funds") as of and for the year ended August 31, 2024 (the "financial statements"), in accordance with auditing standards generally accepted in the United States of America ("generally accepted auditing standards") and have issued our reports thereon dated October 31, 2024. Additionally in conjunction with our financial statements audits of the Funds, we have performed audit procedures on the Statement of Investment Performance Statistics of the Funds and the Permanent University Fund Detail Schedules of Investment Securities as of and for the year ended August 31, 2024 and have issued our reports thereon dated October 31, 2024.

We have prepared the following comments to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process for which management of the Funds is responsible.

This report is intended solely for the information and use of management, as well as the Audit, Compliance and Risk Management Committee of the Board of Regents of The University of Texas System, and the Audit and Ethics Committee of the Board of Directors of The University of Texas/Texas A&M Investment Management Company, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,

Our Responsibility under Generally Accepted Auditing Standards

Our responsibility under generally accepted auditing standards has been described in the contract dated August 1, 2022, (Exhibit-A, Section-B), a copy of which has been provided to you. As described in Exhibit-A, Section-B, our responsibilities under generally accepted auditing standards include forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of the Board are prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America (“generally accepted accounting principles”). The audits of the financial statements do not relieve management or the Board of their responsibilities. We considered internal control relevant to the Funds’ preparation of the financial statements in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds’ internal control.

Significant Accounting Policies

The Funds’ significant accounting policies are set forth in the notes to the Funds’ 2024 financial statements. We are not aware of any significant changes in previously adopted accounting policies or their application during the year ended August 31, 2024.

We have evaluated the significant qualitative aspects of the Funds’ accounting practices, including accounting policies, accounting estimates and financial statement disclosures and concluded that the policies are appropriate, adequately disclosed, and consistently applied by management.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s current judgments. Those judgments are ordinarily based on knowledge and experience about past and current events and on assumptions about future events. Significant accounting estimates reflected in the Funds’ 2024 financial statements include the valuation of certain investments, without a readily determinable fair value, specifically the Funds’ investments in Investment Funds consisting of private equity funds and hedge funds.

Management’s estimates of Investments in Investment Funds are based on financial information provided by the underlying investee fund managers or the general partners. We understand that management has provided you with details regarding the process used in formulating these estimates.

Although management believes the accounting estimates reflected in the Funds’ 2024 financial statements are reasonable, there can be no assurances that the Funds could ultimately realize these values. The basis for our conclusions as to the reasonableness of these estimates when considered in the context of the financial statements taken as a whole, as expressed in our auditors’ report on the financial statements, is our understanding and testing of the process used by management to develop the estimates and our development of an independent expectation of the estimates to corroborate management’s estimates using the underlying investee funds managers’ valuation statements and / or audit confirmations.

In addition, we also identified the risk of management override of controls over the valuation of these investments as a pervasive and inherent risk, which would be the case for any organization. Because of

the unpredictable nature of this risk, it poses a risk of material misstatement resulting from fraud making this a key area of audit focus. In the current year, we performed the following procedures to address this risk:

- Inquiries with management and those charged with governance – We performed inquiries with individuals involved in the financial reporting process, internal audit, investment professionals, as well as with management and those charged with governance.
- Journal Entry Testing - We conducted a thorough examination of the appropriateness of journal entries recorded in the general ledger, as well as other adjustments made during the preparation of the financial statements. Our procedures encompassed the assessment of journal entries during the entire audit period, with a particular focus on account balances related to the investment accounts.
- We performed substantive testing on various types of investment funds, including but not limited, to the following:
 - Private equity fund portfolio:
 - Existence and Valuation Testing: We tested the private equity fund portfolio for existence and valuation through detailed testing which included the use of independent, third party, audit confirmations which were sent to a selection of underlying investee funds as well as testing cash flows to/from private equity funds during the period. For each selection, we agreed the recorded valuation to support received from underlying investee funds, either as an estimate or a final valuation, provided to the accounting team without exception.
 - Additional Testing: For any selections with variances between the recorded balance and the confirmed amounts we conducted additional testing. This included verifying the recorded balance was derived from estimates received from the underlying investee funds in accordance with management’s established policies and procedures.
 - Hedge fund portfolio
 - Existence and Valuation Testing: We tested the hedge fund portfolio for existence and valuation through detailed testing which included the use of independent, third party, audit confirmations which were sent to a selection of underlying investee funds as of year-end.
 - Additional Testing: For any selections with variances between the recorded balance and the confirmed amounts we conducted additional testing. This included verifying the recorded balance was derived from estimates received from the underlying investee funds in accordance with management’s established policies and procedures.

Uncorrected Misstatements

Our audits of the financial statements were designed to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. There were no uncorrected misstatements or disclosure items passed identified during our audits.

Material Corrected Misstatements

Our audits of the financial statements were designed to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. There were no material misstatements that were brought to the attention of management as a result of our audit procedures.

Disagreements with Management

We have not had any disagreements with management related to matters that are material to the Funds' 2024 financial statements.

Our Views about Significant Matters That Were the Subject of Consultation with Other Accountants

We are not aware of any consultations that management may have had with other accountants about auditing and accounting matters during 2024.

Significant Findings or Issues Arising from the Audits Discussed, or Subject of Correspondence, with Management

Throughout the year, routine discussions were held, or were the subject of correspondence with management. In our judgment, such discussions or correspondence did not involve significant findings or issues requiring communication to the Board.

Significant Difficulties Encountered in Performing the Audits

In our judgment, we received the full cooperation of the Funds' management and staff and had unrestricted access to the Funds' senior management in the performance of our audits.

Management's Representations

We have made specific inquiries of the Funds' management about the representations embodied in the financial statements. In addition, we have requested that management provide to us the written representations the Funds are required to provide to their independent auditors under generally accepted auditing standards. We have attached to this letter, as Appendix A, a copy of the representation letter we obtained from management.

Emphasis of Matter Paragraphs

We included the following emphasis of matter in our opinion on the financial statements:

- As discussed in Note 1, the financial statements present only the Fund and do not purport to, and do not, present fairly the financial position of The University of Texas System, as of August 31, 2024 and 2023, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. – **Applicable to all Funds**
- The financial statements of the PUF include the investment-related assets and liabilities and changes therein which are being managed by The University of Texas/Texas A&M Investment Management Company and do not include the 2.1 million acres of land discussed in Note 1.– **Applicable to PUF only**

Our opinions are not modified with respect to the above matters.

Other Information Included in the Annual Report

The audited financial statements included the following other information. The paragraphs below are included in the respective fund's auditor's opinion and provide information on the scope of our work related to each item.

Required Supplementary Information

We included the following required supplementary information paragraph in our opinion on the financial statements for all the Funds:

Accounting principles generally accepted in the United States of America, require that the Management's Discussion and Analysis 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the financial statements, and other knowledge we obtained during our audits 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

We included the following supplementary information paragraph in our opinion on the financial statements for PUF:

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Changes in Cost of Investments and Investment Income for the year ended December 31, 2024 is presented for the purpose of additional analysis and is not a required part of the financial statements. Such supplementary 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 GAAS. In our opinion, the Schedule of Changes in Cost of Investments and Investment Income is fairly stated, in all material respects, in relation to the financial statements as a whole.

Independent Auditor's Report on the Statement of Investment Performance Statistics

We included the following in our Independent Auditor's Report for the Statement of Investment Performance Statistics for all Funds:

We have audited the financial statements of the Permanent University Fund, The University of Texas System General Endowment Fund, the Permanent Health Fund, The University of Texas System Long Term Fund, and The University of Texas System Intermediate Term Fund (collectively, the "Funds") as of and for the years ended August 31, 2024 and 2023, and have issued our reports thereon dated October 31, 2024, which each contained an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The Statement of Investment Performance Statistics of the Funds (the "Statement") for the year ended August 31, 2024 is presented for the purpose of additional analysis and is not a required part of the financial statements. Such Statement is the responsibility of The University of Texas/Texas A&M Investment Management Company and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The Statement has been subjected to the auditing procedures applied in our audits 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 Statement of Investment Performance Statistics is fairly stated in all material respects in relation to the financial statements as a whole.

Independent Auditor’s Report on Permanent University Fund Detail Schedules of Investment Securities

We included the following in our Independent Auditor’s Report for the Permanent University Fund Detail Schedules of Investment Securities statements:

We have audited the financial statements of the Permanent University Fund (the “PUF”) as of and for the years ended August 31, 2024 and 2023, and have issued our report thereon dated October 31, 2024, which contained an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules consisting of the PUF’s equity securities (Schedule A), preferred stocks (Schedule B), purchased options (Schedule C), debt securities (Schedule D), investment funds (Schedule E), cash and cash equivalents (Schedule F), hedge fund investment funds (Schedule G), and private investment funds (Schedule H) as of August 31, 2024 are prepared in accordance with Section 66.05 of the Texas Education Code, and are presented for the purposes of additional analysis and are not a required part of the financial statements. Such schedules are the responsibility of The University of Texas/Texas A&M Investment Management Company and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The schedules have been subjected to the auditing procedures applied in our audits 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 supplemental schedules are fairly stated in all material respects in relation to the financial statements as a whole. Our report on page 1 of the PUF financial statements includes emphasis-of-matter paragraphs which indicate in Note 1, the financial statements of the PUF include only the investment-related assets and liabilities and changes therein which are being managed by The University of Texas/Texas A&M Investment Management Company and do not include the PUF’s 2.1 million acres of land.

* * * * *

Appendix A – Signed Management Representation Letter



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UTIMCO.org

October 31, 2024

Deloitte & Touche LLP
500 West 2nd Street, Suite 1600
Austin, TX 78701

We are providing this letter in connection with your audits of the financial statements of the entities listed in Appendix A (the "Funds") which comprise the statements of net position as of August 31, 2024 and August 31, 2023, and the related statements of changes in net position for the years then ended, and the related notes, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position and the changes in the net position of the Funds in accordance with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

We are also providing this letter in conjunction with your audits of the detail schedules of investment securities of the Permanent University Fund (the "PUF") as of August 31, 2024 and the statement of investment performance statistics of the Funds for the year ended August 31, 2024.

We confirm that we are responsible for the following:

- a. The preparation and fair presentation in the financial statements of financial position and changes in net position, in accordance with GAAP.
- b. The investment performance statistics of the Funds have been computed net of investment management fees using the Modified Dietz Method. The formula for the Modified Dietz Method is shown in Appendix B.
- c. The preparation and fair presentation of the supplemental schedules accompanying the basic financial statements that are presented for the purpose of additional analysis of the basic financial statements.

d. 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.
- To prevent and detect fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audits.

1. The financial statements referred to above are fairly presented in accordance with GAAP. In addition:
 - a. Required supplementary information is measured and presented within prescribed guidelines.
2. The Funds have made available to you:
 - a. All relevant information and access as agreed in the terms of the contract entered into by The University of Texas System, dated August 1, 2022.
 - b. All financial records and related data for all financial transactions of the Funds and for all funds administered by the Funds. The records, books, and accounts, as provided to you, record the financial and fiscal operations of all funds administered by the Funds and provide the audit trail to be used in a review of accountability. Information presented in financial reports is supported by the books and records from which the financial statements have been prepared.
 - c. All minutes of the meetings of directors and committees of directors, or summaries of actions of recent meetings for which minutes have not yet been prepared.
 - d. Information relating to the Funds' compliance with all statutes, laws, or regulations that have a direct effect on our financial statements.
 - e. All new or revised governance documents and agreements.
3. There have been no communications with regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices.
4. The Funds have disclosed to you the results of management's risk assessment, including the assessment of the risk that the financial statements may be materially misstated as a result of fraud.

5. We have no knowledge of any fraud or suspected fraud affecting the Funds involving:
 - a. Management.
 - b. Employees of the Funds' investment manager, The University of Texas/Texas A&M Investment Management Company ("UTIMCO"), who have significant roles in the Funds' internal control.
 - c. Others, where the fraud could have a material effect on the financial statements.
6. We have no knowledge of any allegations of fraud or suspected fraud affecting the Funds' financial statements communicated by employees of UTIMCO, former employees of UTIMCO, analysts, regulators, or others, except as previously disclosed to you.
7. There are no unasserted claims or assessments that we are aware of or that legal counsel has advised us are probable of assertion and must be disclosed in accordance with GASB Codification Section C50, *Claims and Judgments*.
8. All investments during the period were made in accordance with the investment guidelines stated in the Funds' Investment Policy Statements.
9. The methods, significant assumptions, and the data used by us in making the accounting estimates and the related disclosures are appropriate to achieve recognition, measurement, or disclosure that is in accordance with GAAP.
10. The Funds did not make any commitments during the year as underwriter, nor did they engage in any transactions made on margin, in joint trading or in a joint investment account, or in selling short, other than those transactions that the Funds are specifically authorized to engage in.
11. We have complied with all applicable provisions of the Foreign Corrupt Practices Act.

Except where otherwise stated below, immaterial matters less than the materiality limits indicated in Appendix A for each Fund collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. These amounts are not necessarily indicative of amounts that would require adjustment to, or disclosure in, the financial statements.

12. There are no transactions that have not been properly recorded and reflected in the financial statements.
13. The Funds have no plans or intentions that may affect the carrying value or classification of assets and liabilities.
14. We have disclosed to you any change in the Funds' internal control over financial reporting that occurred during the Funds' most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the Funds' internal control over financial reporting.
15. The Funds have identified all derivative instruments as defined by GASB Codification Section D40, *Derivative Instruments*, and appropriately recorded and disclosed such derivatives in accordance with GASB Codification Section D40.

16. With regard to the fair value measurements and disclosures of certain assets and liabilities, we believe that:
- a. Portfolio securities are stated at fair value as determined in accordance with the valuation method set forth in the Funds' respective investment policies.
 - b. The measurement methods, including the related assumptions, used in determining fair value were appropriate, consistent with market participant assumptions where available without undue cost and effort, and were consistently applied in accordance with GAAP.
 - c. The completeness and adequacy of the disclosures related to fair values are in accordance with GAAP.
 - d. No events have occurred subsequent to August 31, 2024 that require adjustment to the fair value measurements and disclosures included in the financial statements.
17. Private investment funds are fair valued by management. The fair values of these investments are estimated by management using the individual private investment fund's capital account balance at the closest available reporting period, as communicated by the investment fund's general partner or investment manager, adjusted for contributions and withdrawals subsequent to the latest available reporting period as well as consideration of any other information which has been provided. In rare cases the private market funds are valued at cost but only when management considers it to be the best approximation of fair value. We have considered any information communicated by an individual investment fund's general partner or investment manager necessary through October 31, 2024, and no adjustments were considered necessary to the valuation reported as of August 31, 2024.
18. The following, to the extent applicable, have been appropriately identified, properly accounted for, and disclosed in the financial statements:
- a. Related parties and all the related-party relationships and transactions of which the Funds are aware, including fees, commissions, sales, purchases, loans, transfers, leasing arrangements, side agreements, and guarantees (written or oral).
 - b. Restricted securities that may not be publicly sold without registration under the federal Securities Act of 1933.
 - c. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line-of-credit, or similar arrangements.
 - d. All derivative financial instruments (e.g., futures, options, swaps), including bank loan commitments and other outstanding commitments to purchase or sell securities under forward placement and standby commitments.
 - e. Financial instruments with significant individual or group concentration of credit risk, whether from an individual counterparty or group of counterparties.
 - f. The amounts receivable from or payable to related parties.

- g. Guarantees, whether written or oral, under which the Funds are contingently liable (e.g., shortfall agreements).
 - h. Financial support that the Funds have provided during the period presented to an investee, whether contractually required to do so or not, as well as financial support that the Funds have not yet provided but are contractually required to provide to an investee.
19. In preparing the financial statements in accordance with GAAP, management uses estimates. All estimates have been disclosed in the financial statements for which known information available prior to the issuance of the financial statements indicates that both of the following criteria are met:
- a. It is reasonably possible that the estimate of the effect on the financial statements of a condition, situation, or set of circumstances that existed at the date of the financial statements will change in the near term due to one or more future confirming events.
 - b. The effect of the change would be material to the financial statements.
20. Risks associated with concentrations, based on information known to management, that meet all of the following criteria have been disclosed in the financial statements:
- a. The concentration exists at the date of the financial statements.
 - b. The concentration makes the Funds vulnerable to the risk of a near-term severe impact.
 - c. It is at least reasonably possible that the events that could cause the severe impact will occur in the near term.
21. There are no:
- a. Instances of identified or suspected noncompliance with laws or regulations whose effects should be considered when preparing the financial statements.
 - b. Known actual or likely instances of abuse that have occurred that could be quantitatively or qualitatively material to the financial statements.
 - c. Known actual or possible litigation and claims whose effects should be considered when preparing the financial statements and that have not been disclosed to you and accounted for and disclosed in accordance with GAAP.
 - d. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB Codification Section C50, *Claims and Judgments*.
 - e. Side agreements or other arrangements (either written or oral) that have not been disclosed to you.
22. The Board of Regents, on behalf of the Funds, have satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral, except for those disclosed in the financial statements.
23. The Board of Regents, on behalf of the Funds, have complied with all aspects of contractual agreements that may affect the financial statements.

24. Regarding the required supplementary information of the Funds, i.e. the Management's Discussion and Analysis (the "MD&A"):
 - a. We confirm that we are responsible for the MD&A.
 - b. The MD&A is measured and presented in accordance with GASB.
 - c. The methods of presentation of the MD&A have not changed from those used in the prior period.
25. Regarding the supplementary information of the PUF, i.e. the Schedule of Changes in Cost of Investments and Investment Income:
 - a. We are responsible for the preparation and fair presentation of the Schedule of Changes in Cost of Investments and Investment Income of the PUF in accordance with Section 66.05 of the Texas Education Code.
 - b. We believe the Schedule of Changes in Cost of Investments and Investment Income of the PUF, including its form and content, is fairly presented in accordance with Section 66.05 of the Texas Education Code.
 - c. The methods of measurement and presentation of the Schedule of Changes in Cost of Investments and Investment Income of the PUF have not changed from those used in the prior period.
26. Regarding the supplemental schedules, as included for certain Funds, referred to as Financial Highlights, as applicable:
 - a. We are responsible for preparation and fair presentation of the Financial Highlights.
 - b. We believe the Financial Highlights, including its form and content, is fairly presented.
 - c. The methods of measurement and presentation of the Financial Highlights, as applicable, have not changed from those used in the prior period.
27. Regarding the required supplementary information of the PUF, i.e. the Detail Schedules of Investment Securities:
 - a. We are responsible for the preparation and fair presentation of the Detail Schedules of Investment Securities of the PUF in accordance with Section 66.05 of the Texas Education Code.
 - b. We believe the Detail Schedules of Investment Securities of the PUF, including its form and content, is fairly presented in accordance with Section 66.05 of the Texas Education Code.
 - c. The Detail Schedules of Investment Securities take into consideration the provisions of Government Code Section 552.143(c) which identifies the names of certain direct investments held by the PUF as confidential.
 - d. The methods of measurement and presentation of the Detailed Schedules of Investment Securities of the PUF have not changed from those used in the prior period.

- e. We confirm that when the Detail Schedules of Investment Securities of the PUF is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the Detail Schedules of Investment Securities of the PUF no later than October 31, 2024.
28. Regarding the supplementary information of the Funds, i.e., the Statement of Investment Performance Statistics:
- a. We are responsible for the preparation and fair presentation of the Statement of Investment Performance Statistics.
 - b. We believe the Statement of Investment Performance Statistics, including its form and content, is fairly presented.
 - c. The methods of measurement and presentation of the Statement of Investment Performance Statistics have not changed from those used in the prior period.
 - d. We confirm that when the Statement of Investment Performance Statistics is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the Statement of Investment Performance Statistics no later than October 31, 2024.
29. Certain investments are valued at the net asset value per share (or its equivalent) as a practical expedient in accordance with GASB 72, Paragraph 71. As of August 31, 2024, there is no intention by management to sell the investments for an amount different from the net asset value per share (or its equivalent).
30. Except as disclosed in the financial statements and the related notes, there are no:
- a. Purchase commitments made directly by the Funds or indirectly on their behalf by the Funds' investment manager.
 - b. Guarantees regarding minimum levels of performance or rates of return that were made by the Funds or by the Funds' investment manager relating to investments held as of the date of the financial statements or that were previously sold.
 - c. Credit enhancements included in arrangements with investees, including but not limited to rebates of servicing fees (written or unwritten).
 - d. Purchases or sales of investments by or to investors in the Funds.
31. UTIMCO as investment manager of the Funds under the control and management of the UT Board, entered into a security purchase agreement with the UT Board. The agreement committed the Funds to purchase UT System notes and bonds outstanding up to \$4,226,475,000. The PUF also has an agreement with the Texas A&M University System Board of Regents which commits the PUF to acquire up to \$125,000,000 of Texas A&M System flexible rate notes in the event of a failed remarketing of such notes. No UT System notes and bonds or Texas A&M System flexible rate notes have been or are expected to be purchased by the Funds under their required purchase commitment.

32. None of the entities which have borrowed from the Funds, subject to their securities lending programs, have defaulted during the year ended August 31, 2024.
33. In conjunction with the Funds' investments in the private investment and hedge fund pools, there are no instances where the Funds would be required to assume additional commitment responsibility should other limited partners or shareholders default on their own commitments.
34. As all investments and collateral deposits are held in the name of the UT Board or in segregated accounts in the name of the UT Board as of August 31, 2024 and 2023, the Funds have minimal exposure to custodial credit risk.
35. No events have occurred after August 31, 2024, but before October 31, 2024, the date the financial statements were available to be issued, that require consideration as adjustments to, or disclosures in, the financial statements.



Richard Hall

President, Chief Executive Officer, and Chief Investment Officer



Joan Moeller

Senior Managing Director and Chief Operating Officer



Gary Hill

Managing Director – Operations, Accounting, and Reporting

APPENDIX A

Entity Name	Materiality Limit
Permanent University Fund ("PUF")	\$ 294,000,000
The University of Texas System General Endowment Fund ("GEF")	188,000,000
The University of Texas System Long Term Fund ("LTF")	176,000,000
Permanent Health Fund ("PHF")	14,000,000
The University of Texas System Intermediate Term Fund ("ITF")	70,000,000

FORMULA FOR MODIFIED DIETZ METHOD

The formula for estimating the time-weighted rate of return using the Modified Dietz Method, $R_{DIETZ (net)}$, is:

$$R_{DIETZ (net)} = \frac{\text{Net of Fees}}{MVB + FW} = \frac{MVE - MVB - F - FEES}{MVB + FW}$$

where MVB is the fair value at the beginning of the period, including accrued income from the previous period;
 MVE is the fair value at the end of the period, including accrued income for the period;
 F is the sum of the cash flows within the period (contributions to the portfolio are positive flows, and withdrawals or distributions are negative flows);
 FW is the sum of each cash flow, F_i , multiplied by its weight, W_i ; and
 $FEES$ is the sum of investment management fees paid during the period.

W_i is the proportion of the total number of days in the period that the cash flow F_i has been in (or out of) the portfolio.
The formula for W_i is:

$$W_i = \frac{CD - D_i}{CD}$$

where CD is the total number of days in the period; and
 D_i is the number of days since the beginning of the period in which cash flow F_i occurred.

CONTRACT REPORT

New Contracts, Leases, and Other Commercial Arrangements

(Total Obligation per Agreement greater than \$500,000)

September 7, 2024 through November 15, 2024

Agreement	Purpose	Contract Term	Annual Amount
	None		

Existing Contracts, Leases and Other Commercial Arrangements

(Total Obligation per Agreement greater than \$500,000)

Reported on an annual basis per the Delegation of Authority Policy

November 15, 2023 through November 15, 2024

Agreement	Purpose	Contract Term	Annual Amount
MSCI - RiskMetrics	Three inter-related agreements were signed for the Risk Manager, Hedge Platform, and Barra Portfolio Manager to support the Risk System built by MSCI Barra. The collective obligation of all three agreements is approximately \$2.8 million over a three-year term between 4/1/24-3/31/27.	4/1/24 - 3/31/25	\$907,158
Bloomberg	Bloomberg provides a variety of services including Core AIM and subscriptions, an all-in-one investment platform for trading, analysis and information. Other services are data licenses, disaster recovery, network access fees, POMS access fees, fixed income entitlements, and SWIFT. Subscription costs are \$1.17 mil and are based on number of users. The remainder of the services purchased is approximately \$140k annually.	Variety of contract terms	\$1,306,634

Agenda Item
UTIMCO Board of Directors Meeting
December 12, 2024

Agenda Item: Report from Cyber Risk Committee

Developed By: Moeller

Presented By: Graham

Type of Item: Information Item

Description: The Cyber Risk Committee (the “Committee”) met on December 4, 2024. The Committee’s agenda included discussion and appropriate action related to the minutes of its September 19, 2024 meeting. The Committee also met in Executive Session to receive an update on computer security assessments related to information resources technology.

Recommendation: None

Reference: None

Agenda Item
UTIMCO Board of Directors Meeting
December 12, 2024

Agenda Item:	Report from Investment Risk Committee
Developed By:	Moeller, de Onís
Presented By:	Longoria
Type of Item:	Information item
Description:	The Investment Risk Committee (the “Committee”) met on December 4, 2024. The Committee’s agenda included (1) discussion and appropriate action related to the minutes of its September 19, 2024 meeting; (2) review and discussion of compliance reporting; and (3) a market and portfolio risk update.
Discussion	Ms. de Onís reviewed the quarterly compliance reporting and Dr. Yoeli and Dr. Jones presented an update on the market and portfolio risk.
Recommendation:	None
Reference:	None

Agenda Item
UTIMCO Board of Directors Meeting
December 12, 2024

- Agenda Item:** Report from Compensation Committee: Discussion and Appropriate Action Related to the Performance Awards for UTIMCO Compensation Program Participants for the Performance Period ended June 30, 2024
- Developed By:** Hall, Moeller
- Presented By:** Nixon
- Type of Item:** Action Item; Action required by the UTIMCO Board
- Description:** The Compensation Committee (the “Committee”) met on December 4, 2024 and will meet on December 12, 2024. At its meeting on December 4, 2024, the Committee’s agenda included (1) discussion and appropriate action related to minutes of its June 18, 2024 meeting. The Committee also met in Executive Session for the purpose of deliberating individual personnel compensation and evaluation matters.
- At its December 12th meeting, the Committee will convene in Executive Session for the purpose of deliberating individual personnel compensation and evaluation matters, including Performance Awards for Plan Participants for the Performance Period ended June 30, 2024. The Committee’s agenda will include (1) discussion and appropriate action related to minutes of its December 4, 2024 meeting; and (2) discussion and appropriate action related to Performance Awards for Participants of the UTIMCO Compensation Program (the “Plan”) for the Performance Period ended June 30, 2024.
- Discussion:** The Committee will make its recommendation to the UTIMCO Board related to the Performance Awards for all Plan Participants. Performance Awards for the Performance Period are calculated for each Participant based on the percentage achieved of each Performance Standard, considering the weightings for the Participant’s Quantitative and Qualitative Standards and Performance Award Opportunity. Action is required by the UTIMCO Board related to the Performance Awards.
- Recommendation:** The Committee will recommend the Board approve the Performance Awards for the Participants of the Plan, including the Chief Executive Officer, for the Performance Period ended June 30, 2024.
- Reference:** Materials provided for Executive Session

**RESOLUTION RELATED TO THE CEO'S PERFORMANCE AWARD
FOR THE PERFORMANCE PERIOD ENDED JUNE 30, 2024**

WHEREAS, Section 5.5.(d) of the UTIMCO Compensation Program (the "Plan") provides that, at the end of each Performance Period, the Board will approve the Performance Award of the CEO based upon a determination of the level of achievement of the CEO with respect to his or her Performance Standards for such Performance Period; and

WHEREAS, the Compensation Committee has reviewed and approved the CEO's Performance Award for the Performance Period ended June 30, 2024, and submitted its recommendation to the Board for approval; and

WHEREAS, the Board has reviewed the Compensation Committee's recommendation of the CEO's Performance Award for the Performance Period ended June 30, 2024.

NOW, THEREFORE, be it:

RESOLVED, that the Board hereby approves the CEO's Performance Award for the Performance Period ended June 30, 2024

**RESOLUTION RELATED TO PERFORMANCE AWARDS
FOR THE PERFORMANCE PERIOD ENDED JUNE 30, 2024**

WHEREAS, Section 2.0 of the UTIMCO Compensation Program (the “Plan”) specifies that an objective of the Plan is to motivate key investment employees to focus on maximizing real, long-term returns for all funds managed by UTIMCO while assuming appropriate levels of risk; and

WHEREAS, Section 5.8(a)(1)(a)(iv) provides that quantitative performance is measured relative to the appropriate benchmark based on three-year historical performance; Section 5.8(a)(2)(c) provides that peer group performance is measured based on three-year historical performance; and Section 5.8(b)(2) provides that qualitative performance is measured as part of each Participant’s annual performance appraisal; and

WHEREAS, Section 5.5.(d) of the Plan provides that, at the end of each Performance Period, the Compensation Committee will approve, subject to further approval of the UTIMCO Board, the Performance Award of each Participant based upon a determination of the level of achievement of such Participant against his or her Performance Standards for such Performance Period; and

WHEREAS, in accordance with Section 5.5.(d) of the Plan, the Compensation Committee has determined the level of achievement by each Participant in the Plan during the Performance Period ended June 30, 2024, of his or her Performance Standards for such Performance Period; and

WHEREAS, Sections 5.5.(e) and 5.5.(f) of the Plan provide that, based on the percentage achieved of each Participant’s Performance Standards for a Performance Period, a Performance Award will be calculated for such Participant for such Performance Period in accordance with the calculation methodology set forth in Appendix A of the Plan; and

WHEREAS, Section 5.5.(f) of the Plan provides that the Compensation Committee will review all calculations of Performance Awards, make any changes it deems appropriate, and submit its recommendation to the Board for approval; and

WHEREAS, the Compensation Committee has reviewed the Performance Awards for all Participants who have met or exceeded their three-year quantitative Performance Standards and their one-year qualitative Performance Standards for the Performance Period ended June

30, 2024, made changes it deemed appropriate, approved such Performance Awards, and recommended that the Board approve the same.

NOW, THEREFORE, be it:

RESOLVED, that the Board approves the Performance Awards for all Participants (excluding the CEO) for the Performance Period ended June 30, 2024, in the total aggregate amount of \$_____ and be it

FURTHER RESOLVED, that of the Performance Awards for all Participants (excluding the CEO) for the Performance Period ended June 30, 2024, ___% (_____) will be deferred pursuant to the Plan.