

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



Presentation Materials

Board of Directors Meeting

March 13, 2025

**UTIMCO BOARD OF DIRECTORS
MEETING AGENDA**

March 13, 2025

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
		<u>Call to Order of the Meeting/Discussion and Appropriate Action Related to Minutes of the December 12, 2024 Meeting*</u>
9:05 a.m.	9:15 a.m.	2
		<u>Discussion and Appropriate Action Related to Corporate Resolutions:</u> - Designation of Annual Meeting of the UTIMCO Board* - Resolution of Appreciation*
9:15 a.m.	9:35 a.m.	3
		<u>CEO Update</u>
9:35 a.m.	9:50 a.m.	4
		<u>Human Resources Presentation</u>
9:50 a.m.	10:20 a.m.	5
		<u>Hedge Funds Presentation</u>
10:20 a.m.	10:50 a.m.	6
		<u>Public Equity Presentation</u>
10:50 a.m.	11:00 a.m.	7
		<u>Report from Policy Committee</u>
11:00 a.m.	11:10 a.m.	8
		<u>Report from Audit and Ethics Committee:</u> - Discussion and Appropriate Action Related to the Deloitte & Touche LLP Financial Statement Audit Results and Communications and the Audited Financial Statements of the Corporation for the year ended August 31, 2024*
11:10 a.m.	11:15 a.m.	9
		<u>Report from Investment Risk Committee</u>
11:15 a.m.	11:20 a.m.	10
		<u>Report from Cyber Risk Committee</u>
11:20 a.m.	11:25 a.m.	11
		<u>Discussion of Compensation Committee's Self-Assessment</u>
11:25 a.m.	12:25 p.m.	
		Recess to Executive Session Pursuant to Section 551.074 <i>Texas Government Code</i> , the Board of Directors may convene in Executive Session to deliberate individual personnel matters. Reconvene into Open Session
12:25 p.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: June 19, 2025 (Annual Meeting)

RESOLUTION RELATED TO MINUTES

RESOLVED, that the minutes of the Meeting of the Board of Directors held on **December 12, 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 **December 12, 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
Ray Nixon

thus constituting a majority and quorum of the Board. Chairman Weaver called the meeting to order at 9:09 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; Uzi Yoeli, Managing Director, Risk Management; Tim Jones, Senior Director, Risk Management; Ken Standley, Senior Director, Strategic Partnerships/Tactical Asset Allocation; Kim Davis, Senior Director, Legal & Compliance; Lane Arnold, Senior Director, Legal & Compliance; and other UTIMCO employees. Other attendees included Jerry Kyle of Orrick, Herrington, & Sutcliffe LLP; Tom Wagner and Tiffany Wong of Deloitte & Touche 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.

Minutes

The first item to come before the Board was approval of the minutes of the Board of Directors Meeting held on September 26, 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 September 26, 2024, be, and are hereby, approved.

CEO Update

Chairman Weaver asked Mr. Hall to present the Corporation’s performance and market update. Mr. Hall began his presentation by highlighting the recent distributions from the Endowments and ITF. Mr. Hall provided a detailed portfolio update, noting that the portfolio is up 13.6% in the last 12 months, and that as

of September 30, 2024, the Corporation had approximately \$78.2 billion of assets under management. Mr. Hall highlighted the cumulative and annual growth of distributions since inception. Mr. Hall then turned the conversation to a discussion of the broader markets, including current market conditions, a review of UTIMCO's Strategic Partner's long-term capital market assumptions, and a detailed economic outlook including US inflation, GDP expectations, US Fed Funds rate, unemployment, and US equity market expectations. Mr. Hall wrapped up his presentation with a detailed portfolio outlook by asset class and a discussion of the Bridgewater assessment of and approach to managing geopolitical risk. Mr. Hall then answered questions from the Board.

Risk Management Presentation

Chairman Weaver asked Dr. Yoeli to present the Risk Management update. Dr. Yoeli began his presentation with a discussion of the evolution of UTIMCO's risk culture with MSCI Barra. Dr. Yoeli detailed the risk forecasting process prior to implementation of the MSCI RiskMetrics system, and compared that with the process today, highlighting the benefits of the system including the ability to independently calculate risk statistics in a standardized way, the ability to calculate additional risk statistics that were previously unavailable, and to calculate total portfolio-level risk statistics, allowing UTIMCO to more accurately target a particular risk level. Dr. Yoeli then detailed the collaboration between Risk and Public Equity, enabling several new initiatives including factor risk management, beta tailoring, hedge fund portable alpha, and the expansion of quant exposure. Dr. Yoeli discussed the impact of the MSCI Barra system on tracking error in the Developed, Emerging, and Private Markets portfolios. Dr. Yoeli turned the presentation over to Dr. Jones to discuss tracking error in the Private Market and Real Return portfolios. Dr. Jones highlighted the role of the MSCI Barra system in modeling the Private Equity portfolio and Real Return portfolio. Dr. Jones highlighted the impact of the MSCI Barra system across the Endowments and ITF, noting that tracking error has decreased over time and the system has had an impact on overall composition, creating a mix that is much more intentional. Dr. Yoeli wrapped up the presentation by discussing liquidity monitoring as of September 30, 2024. Dr. Yoeli then answered questions from the Board.

Prime Broker

Chairman Weaver invited Mr. Standley to present the prime broker selection process. Mr. Standley began his presentation with a review of UTIMCO's authority to contract with a prime broker, as well as the key benefits of a prime broker, and finally a review of UTIMCO's criteria and due diligence surrounding the selection process. Mr. Standley wrapped up his presentation with a review of J. P. Morgan Prime Financial Services against UTIMCO's selection criteria, and a detail of next steps, including approval by the UT System Board of Regents. Upon motion duly made and seconded, the following resolution was unanimously approved by the Board:

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.

Proposed Amendments to Investment Policy Statements

Chairman Weaver asked Mr. Hall to review the proposed amendments to the Investment Policy Statements. Mr. Hall discussed proposed changes to the Emerging Markets Public Equity benchmark and Strategic Partnerships benchmarks, noting that the changes are a result of a directive of Governor Greg Abbott, which changes the composition of those portfolios. The University of Texas System Board of Regents approved the proposed changes to applicable benchmarks in Investment Policy Statements for the Permanent University Fund, General Endowment Fund, Intermediate Term Fund, Long Term Fund, and Permanent Health Fund, prior to the UTIMCO Board of Directors meeting. Upon motion duly made and seconded, the following resolution was unanimously approved by the Board:

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.

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 December 4, 2024. At the meeting, the Committee considered four action items: the minutes of the September 19, 2024 meeting, which were approved as drafted; Deloitte & Touche LLP's Financial Statement Audit Results and Communications Letter for the Investment Funds for the fiscal year ended August 31, 2024, which were approved, subject to further approval by the Board; the separate annual financial statements and audit reports for the PUF, GEF, PHF, LTF, and ITF for the fiscal years ended August 31, 2024 and August 31, 2023, and the Statement of Investment Performance Statistics for the aforementioned funds for the fiscal year ended August 31, 2024 which were approved, subject to further approval by the Board. The Committee also made its recommendations to the Compensation Committee related to the General Counsel and Chief Compliance Officer's Performance Award for the Performance Period ended June 30, 2024.

Director Jiles called for Mr. Tom Wagner, engagement partner from the independent accounting firm of Deloitte & Touche LLP, to provide a brief report to the Board on the results of the audits of the Investment Funds. Mr. Wagner confirmed the completion of the audits of the Funds. Mr. Wagner confirmed that Deloitte & Touche LLP issued clean, unqualified opinions on the Funds' August 31, 2024, Financial Statements and the Statement of Investment Performance Statistics, and that accounting principles utilized by management are of good quality, are acceptable, and have been consistently applied under accounting principles generally accepted in the United States. Mr. Wagner stated that the Funds' Financial Statements and disclosures were complete in all material respects and there were no material weaknesses regarding internal controls found during their audit procedures. He was very complimentary of the Corporation's employees, indicating that UTIMCO staff was very cooperative and helpful throughout the audit process. After Mr. Wagner's presentation, Director Jiles reported that the Committee also received an update on UTIMCO's compliance, reporting and audit matters, a report on new contracts, and the annual report of all contracts over \$250,000. At the request of Director Jiles, Ms. de Onís updated the Board on the completion of a Compliance Program peer review. He requested approval, on behalf of the Audit and Ethics Committee, of a resolution related to the audits of the Investment Funds for Fiscal Year 2024. Upon motion duly made and seconded, the following resolution was unanimously approved by the Board:

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.

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 December 4, 2024. At the meeting, the Committee considered one action item: the minutes of its September 19, 2024 meeting, which were approved as drafted. The Committee also met in Executive Session to receive an update on computer security assessments related to information resources technology.

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 December 4, 2024. At the meeting, the Committee considered one action item: the minutes of its September 19, 2024 meeting, which were approved as drafted. The Committee also received a report on compliance matters for the quarter ended August 31, 2024, and a market and portfolio risk update.

Executive Session

Prior to going into 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 consider individual personnel compensation matters, pursuant to *Texas Government Code* Sections 551.074, and to consult with legal counsel regarding legal matters, pursuant to *Texas Government Code* Section 551.071. The date is December 12, 2024, and the time is now 10:19 a.m." With the exception of Mr. Hall, Ms. Moeller, Ms. de Onís, Ms. Rogers-McCoy, Ms. Davis, Mr. Arnold, and Mr. Kyle, all other meeting participants left the meeting at this time. Ms. Davis and Mr. Arnold left approximately halfway through 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 December 12, 2024, and the time is now 11:10 a.m. During the Executive Session, the Board deliberated individual compensation matters, 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."

Report from Compensation Committee

Chairman Weaver asked Director Nixon to provide a report from the Compensation Committee. Director Nixon stated that the Compensation Committee met via teleconference on December 4, 2024 and again in person on December 12, 2024. At its meeting on December 4, 2024, the Committee approved the minutes of its June 18, 2024 meeting. The Committee also met in Executive Session to discuss the Performance Award for the CEO and other UTIMCO Compensation Program Participants for the Performance Period ended June 30, 2024, but no action was taken.

At its December 12, 2024 meeting, the Committee approved the minutes of its December 4, 2024 meeting, convened in Executive Session to discuss the Performance Awards for the CEO and other UTIMCO Compensation Program Participants for the Performance Period ended June 30, 2024, and approved these Performance Awards, subject to approval by the Board. Director Nixon then recommended two resolutions for approval by the Board. The first resolution related to the Performance Award for the CEO for the Performance Period ended June 30, 2024, and the second resolution related to the Performance Awards for all other Plan Participants for the Performance Period ended June 30, 2024. Upon motion duly made and seconded, the following resolutions were unanimously approved by the Board:

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

And,

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 \$11,196,068 and be it

FURTHER RESOLVED, that of the Performance Awards for all Participants (excluding the CEO) for the Performance Period ended June 30, 2024, 27% (\$2,995,978) will be deferred pursuant to the Plan.

Adjourn

There being no further business to come before the Board, the meeting was adjourned at approximately 11:12 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
March 13, 2025

Agenda Item: Discussion and Appropriate Action Related to Corporate Resolutions: (1) Designation of Annual Meeting of the UTIMCO Board; and (2) Resolution of Appreciation

Developed By: Moeller, de Onís

Presented By: Weaver

Type of Item: Action required by UTIMCO Board

Description: Chairman Weaver will designate the annual meeting of the Board of Directors of the Corporation. The annual meeting will be held on June 19, 2025.

Chairman Weaver will present a recommendation to the Board to approve a resolution acknowledging the Board services of Ray Nixon.

Recommendation: Chairman Weaver will recommend approval of the designation of the annual meeting and resolution of appreciation.

Reference: None

RESOLUTION RELATED TO ANNUAL MEETING

RESOLVED, that the Annual Meeting of the Board of Directors will be held on June 19, 2025, in Austin, Texas.

RESOLUTION OF APPRECIATION RAY NIXON

WHEREAS, in recognition of his substantial background and expertise in business and dedication to higher education in the State of Texas, Ray Nixon was appointed by the Board of Regents of The University of Texas System to the Board of Directors (the "Board") of The University of Texas/Texas A&M Investment Management Company ("UTIMCO") on May 12, 2016; and

WHEREAS, during his tenure on the Board of UTIMCO, Mr. Nixon has served as Chair of the Compensation Committee and as a member of the Policy and Investment Risk Committees; and

WHEREAS, Mr. Nixon provided invaluable insight and counsel, drawing on his many years of experience in business as an institutional investor with Nixon Capital, where he is the current Chair, and before that at Barrow, Hanley, Mewhinney & Strauss, LLC.; and

WHEREAS, Mr. Nixon's commitment and service as a Director of UTIMCO were exemplary, reflecting his deep devotion to higher education, as further evidenced by his service as the Chair of The University of Texas at Austin McCombs School of Business Advisory Council; a member of the UT Southwestern Foundation, the Dallas Seminary Foundation, the Board of Advisers for the Clements Center for National Security; a Trustee of Investment Committee of the UT Southwestern Foundation; as well as by his induction into The University of Texas at Austin McCombs School of Business Hall of Fame; and

WHEREAS, Mr. Nixon's extensive and generous philanthropic efforts to The University of Texas at Austin will sustain students and faculty for generations to come, as evidenced by his service on the Steering Committee of the What Starts Here fundraising campaign, as well as serving as a key ambassador and advocate in his role as Committee Co-Chair of that same campaign for the McCombs School of Business, which to date has raised almost \$6 billion and over \$600 million, respectively; and further evidenced by his and wife Denise Nixon's funding of 15 separate endowments at The University of Texas at Austin, including providing the McCombs School of Business its first Distinguished University Chair and Texas Challenge endowments; and

WHEREAS, Mr. Nixon's unselfish contributions are also evidenced in the civic arena by his service to numerous organizations, including serving as a Board member of the Salvation Army, East West Ministries, Presbyterian Foundation, Dallas Police and Fire Pension System, Susan G. Komen Investments; and INREIT; as well as Chair of the Texas Health Resources Investment Committee, and the CFA Society of DFW Strategic Advisory Board; and

WHEREAS, during Mr. Nixon's tenure on the Board of UTIMCO, UTIMCO managed the Permanent University Fund for the benefit of The University of Texas System and The Texas A&M University System and other investments of The University of Texas System with the highest standards of integrity, professionalism, and competency, earning wide praise and recognition from UTIMCO's investment beneficiaries, namely The University of Texas System and The Texas A&M University System, as well as the alumni and patrons of such Systems, the State's legislative leaders, the national credit rating agencies, capital markets, and investment community generally; and

WHEREAS, during Mr. Nixon's tenure on the Board of UTIMCO, total assets under management by UTIMCO more than doubled, growing from \$35.5 billion to \$80.1 billion, and \$16.6 billion in endowment distributions have been made; and

WHEREAS, Mr. Nixon's leadership, judgment, and commitment to UTIMCO has contributed greatly to UTIMCO's success.

NOW, THEREFORE,

BE IT RESOLVED, that the Directors of UTIMCO, on behalf of the grateful people of the State of Texas, particularly the Boards of Regents and Administrators of The University of Texas System and The Texas A&M University System, do hereby express to Ray Nixon their sincerest appreciation for his leadership and service that contributed immeasurably to UTIMCO's success; and

BE IT FURTHER RESOLVED, that all persons who read this Resolution should know that Mr. Nixon has made a lasting and fundamental contribution to improve the manner in which public university endowments are invested and managed in the State of Texas, to the benefit of all the citizens of the State, particularly the students and faculty of The University of Texas System and The Texas A&M University System.

PASSED AND ADOPTED this 13th day of March 2025.

Agenda Item
UTIMCO Board of Directors Meeting
March 13, 2025

Agenda Item: CEO Update

Developed By: Hall

Presented By: Hall

Type of Item: Information Item

Description: Mr. Hall will provide a portfolio update.

Reference: *CEO Update* presentation



Board of Directors Meeting

CEO Update

Richard Hall, President, CEO and Chief Investment Officer

March 13, 2025

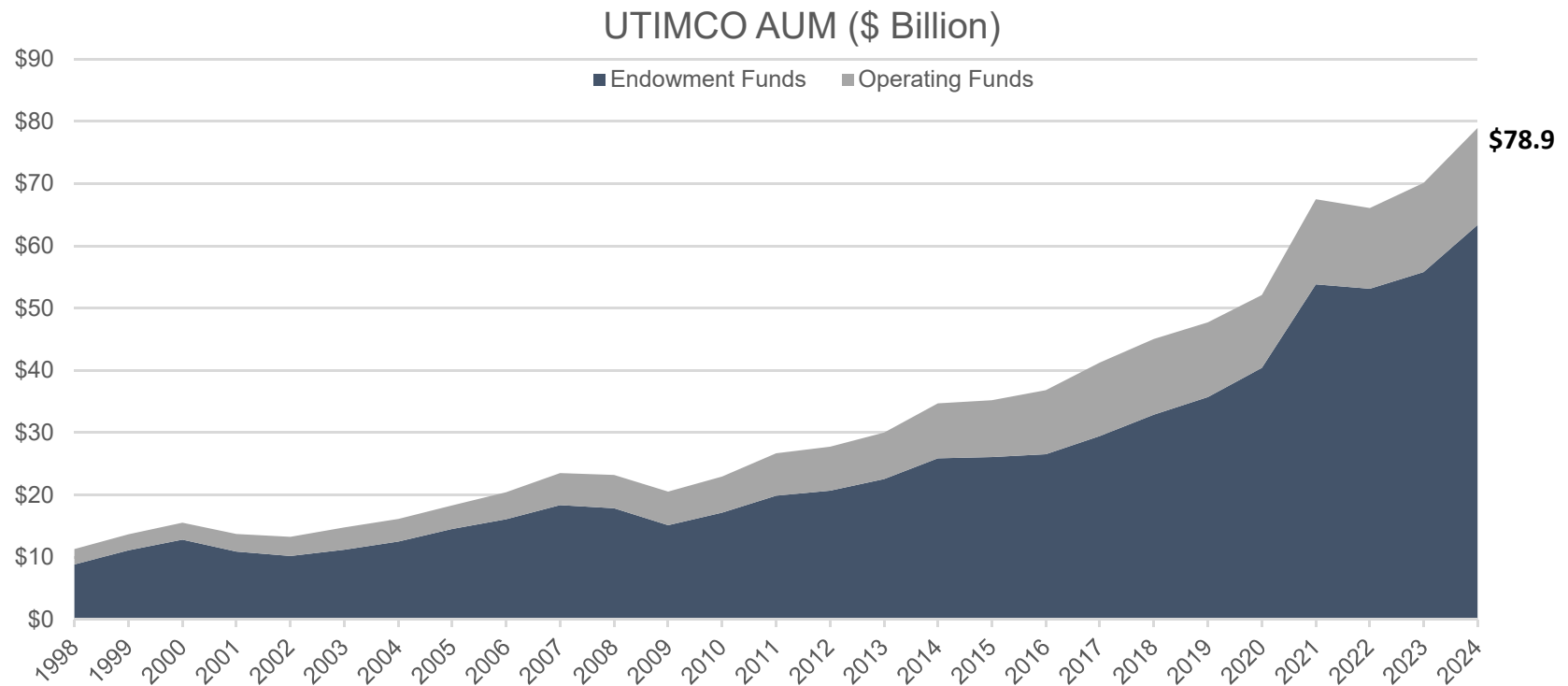
UTIMCO Performance





Growth in Assets Under Management (AUM)

Total Assets through December 31, 2024



One Year Change in AUM

	\$ Billion
Beginning Net Asset Value (NAV)	72.4
Contributions	3.5
Net Investment Income	6.2
Distributions	-3.2
Ending Net Asset Value	78.9

3 Year Change in AUM

	\$ Billion
Beginning Net Asset Value	69.2
Contributions	12.5
Net Investment Income	5.2
Distributions	-8.0
Ending Net Asset Value	78.9

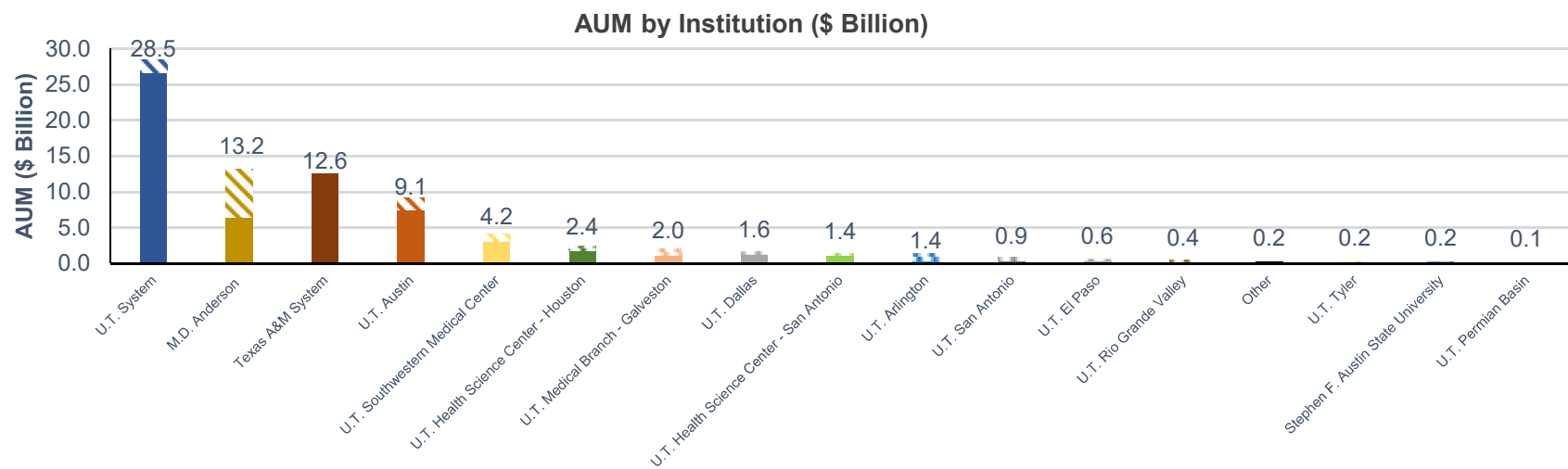
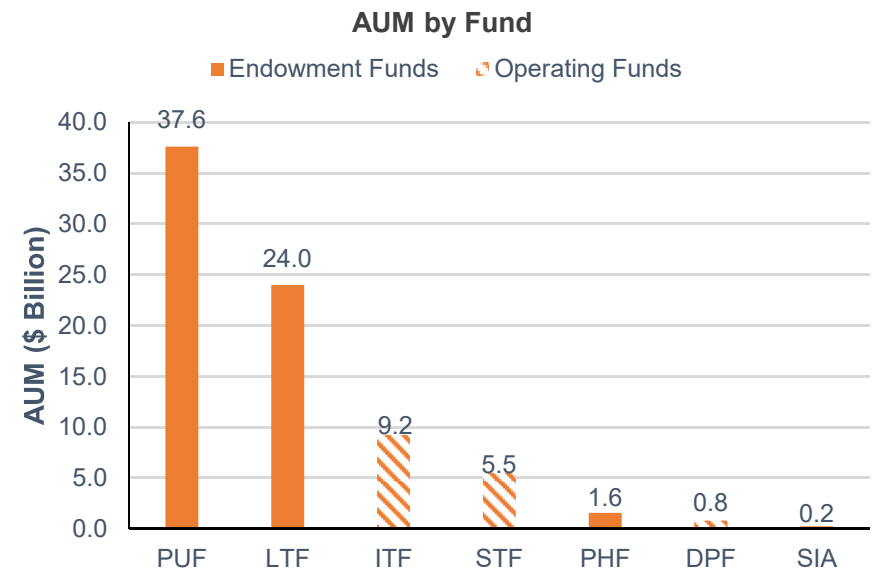
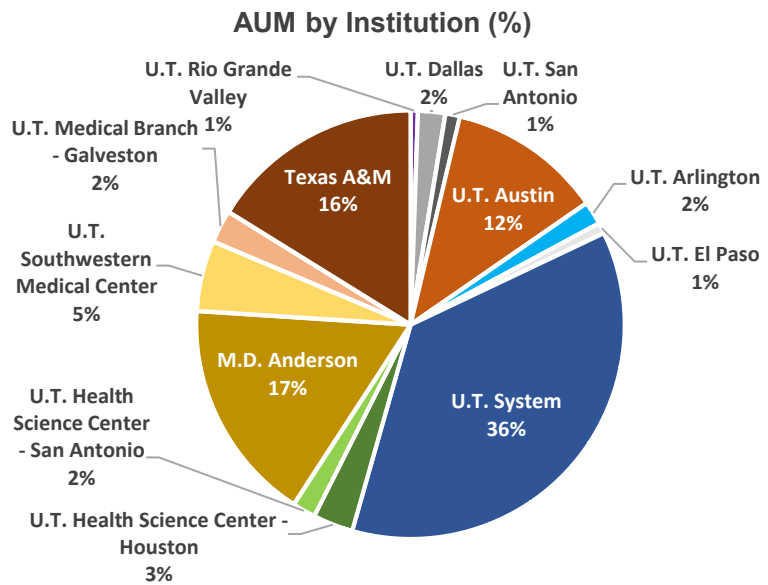
5 Year Change in AUM

	\$ Billion
Beginning Net Asset Value	50.5
Contributions	18.4
Net Investment Income	21.9
Distributions	-11.8
Ending Net Asset Value	78.9



AUM Breakdown

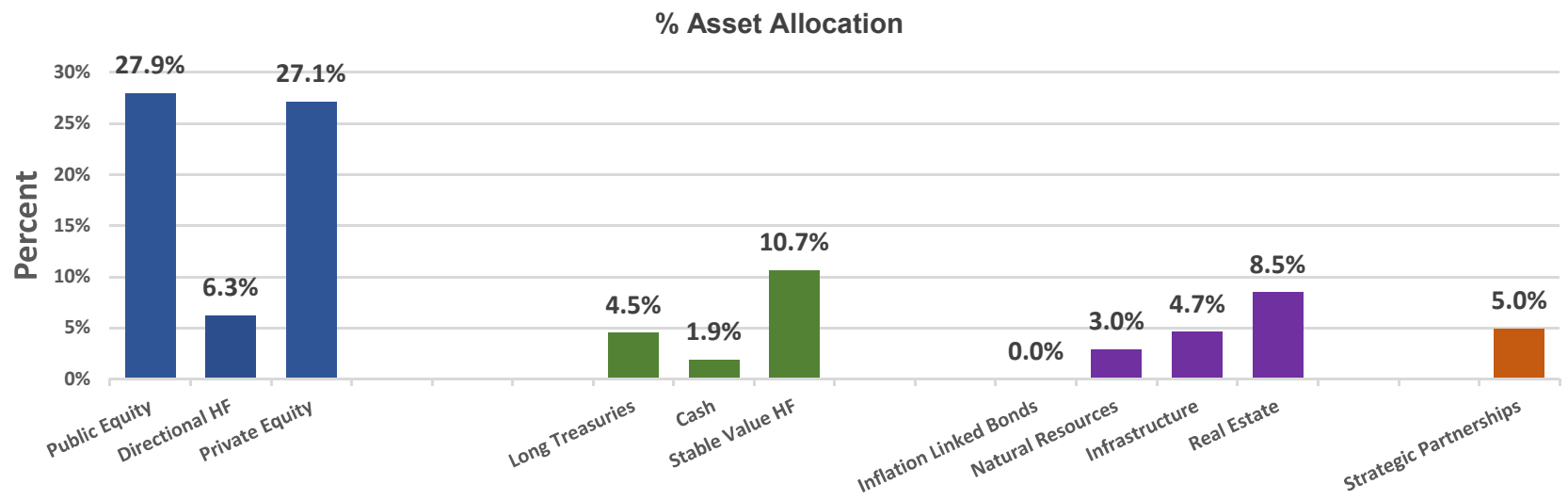
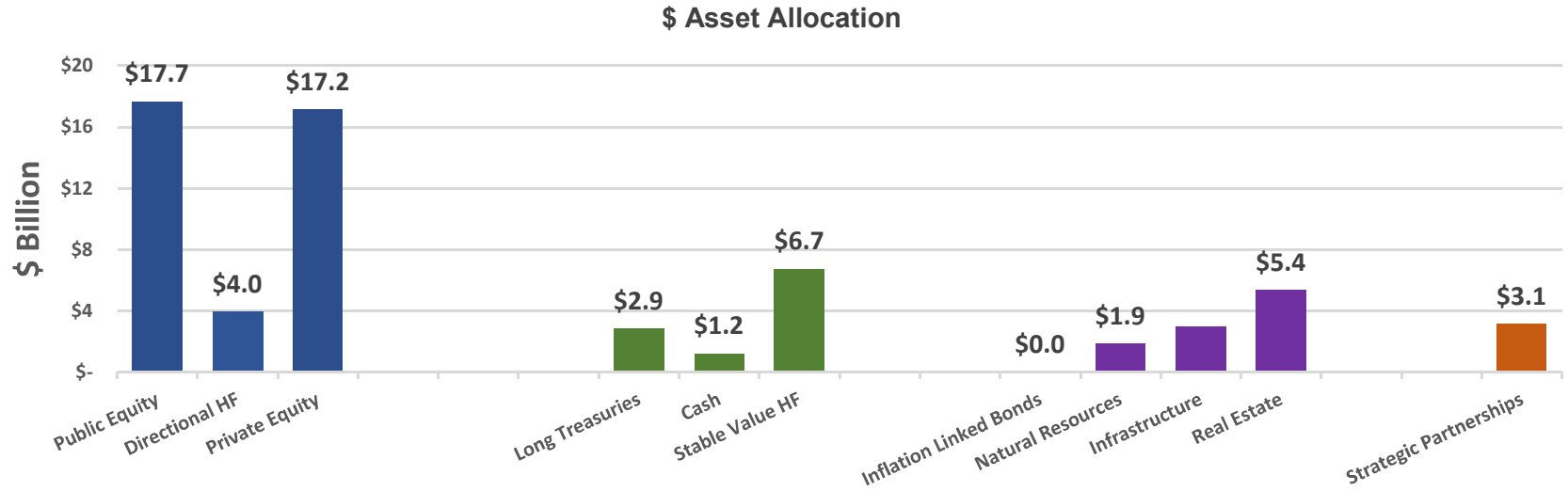
As of December 31, 2024





Endowment Positioning

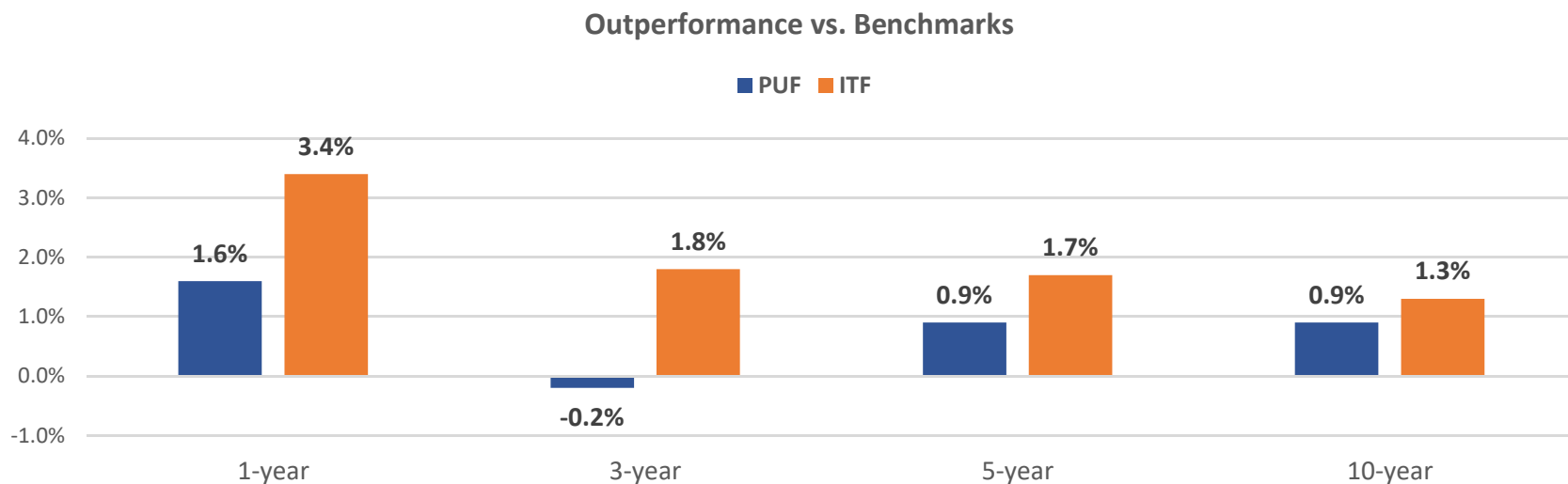
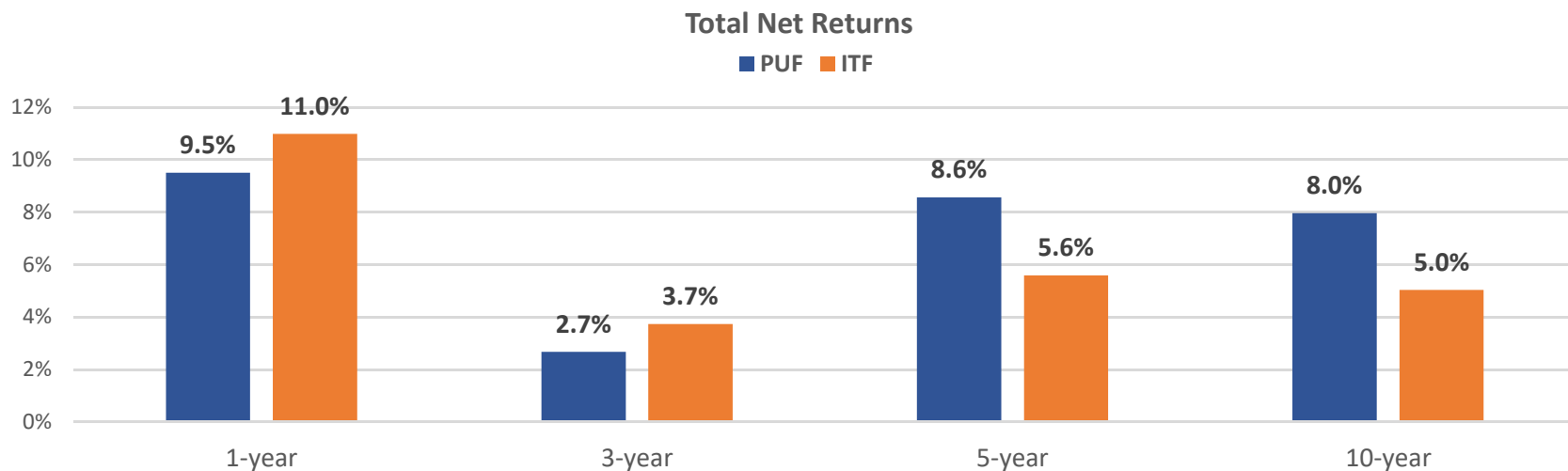
Asset allocation as of December 31, 2024





Portfolio Performance

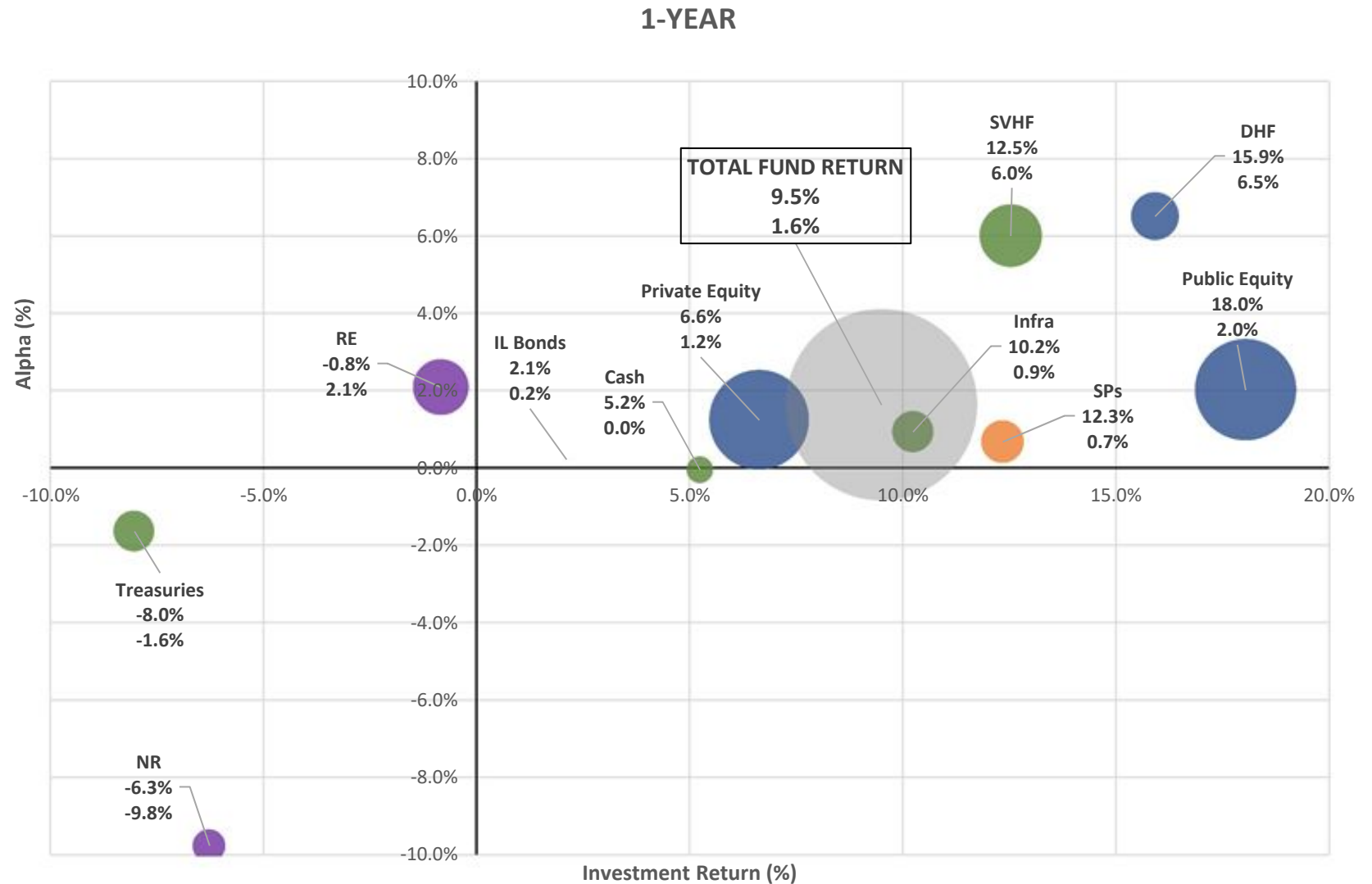
UTIMCO Returns and Alpha as of December 31, 2024





Endowment Performance

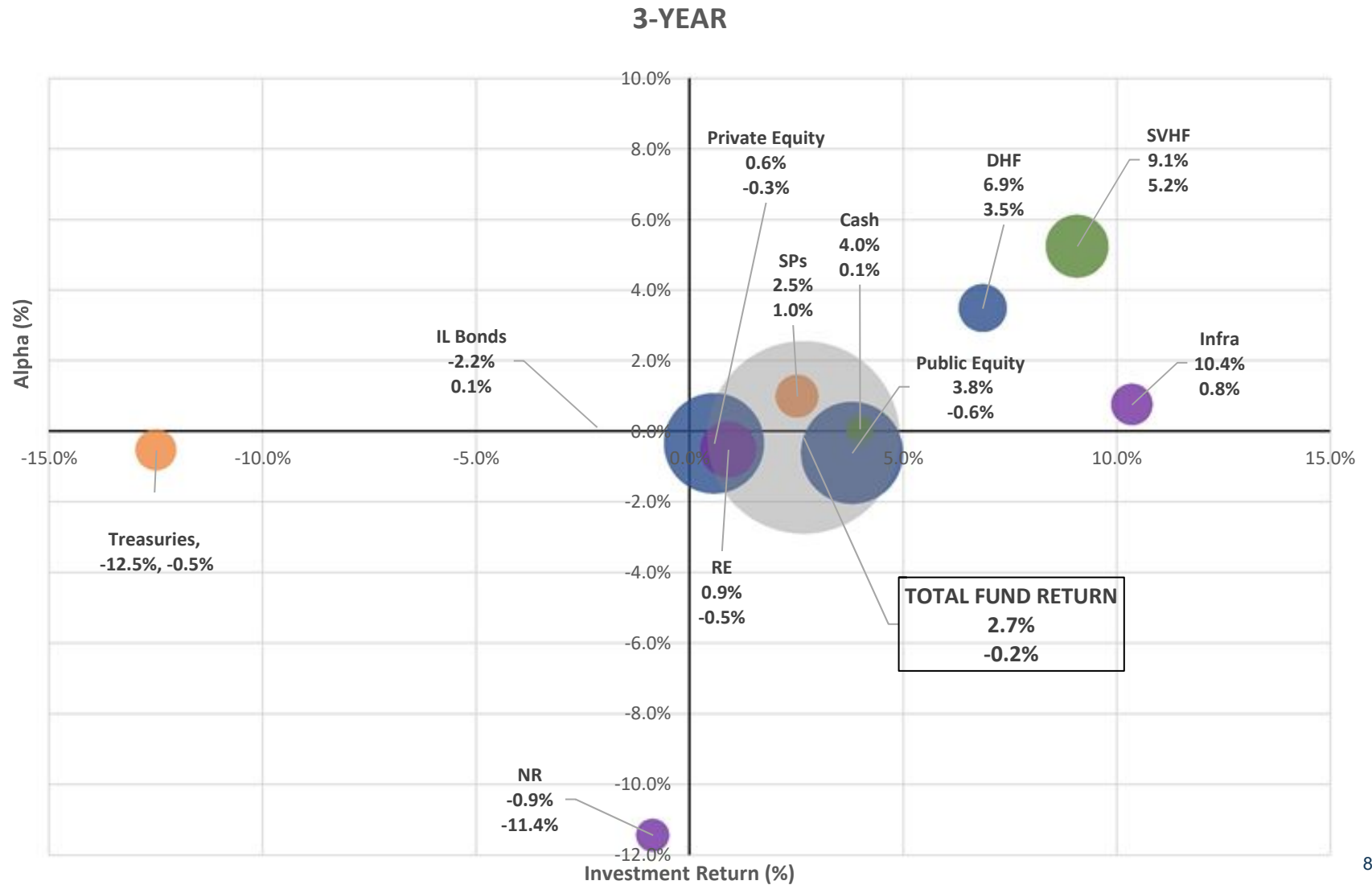
Detailed 1-Year Performance as of December 31, 2024





Endowment Performance

Detailed 3-Year Performance as of December 31, 2024



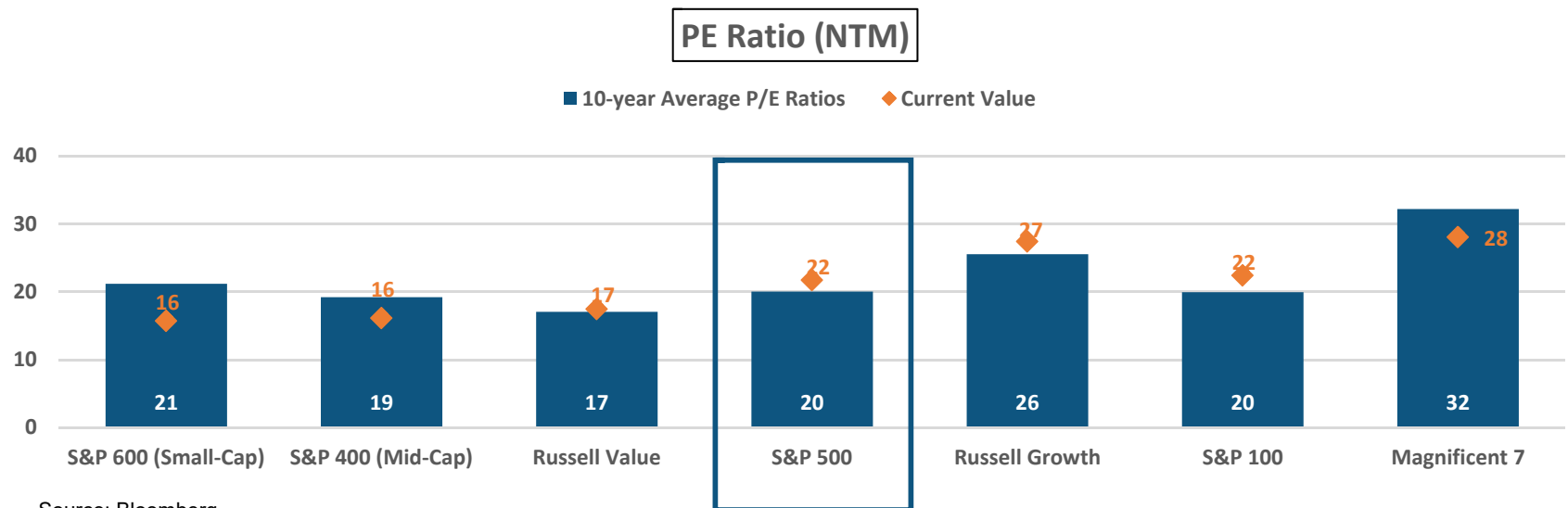
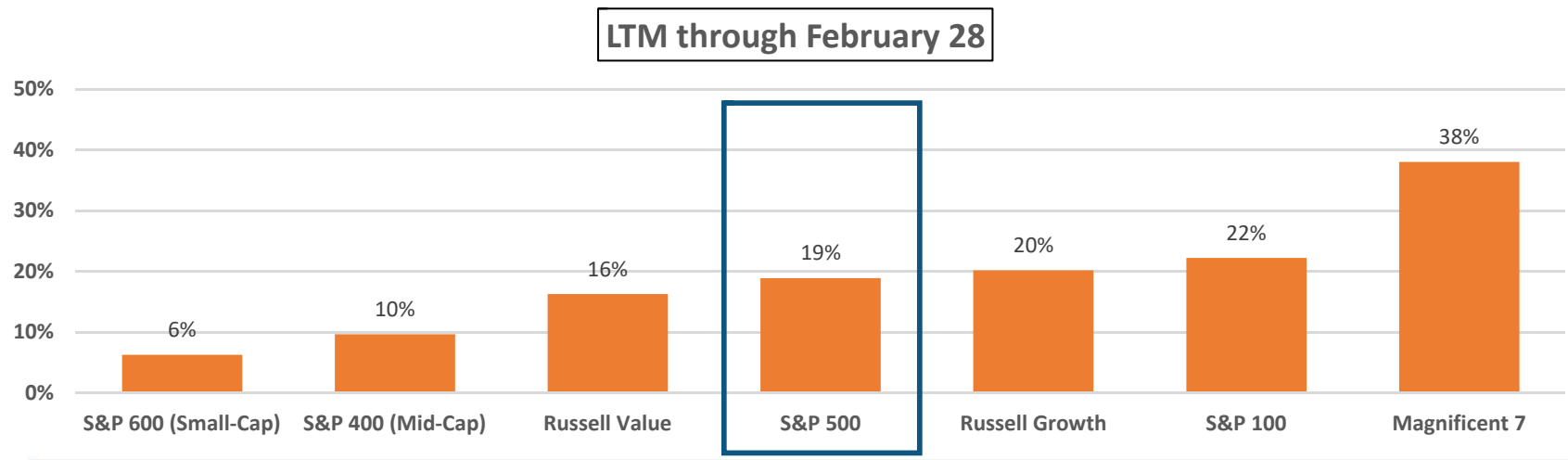
Appendix





Market Overview

Returns range widely by market cap and style

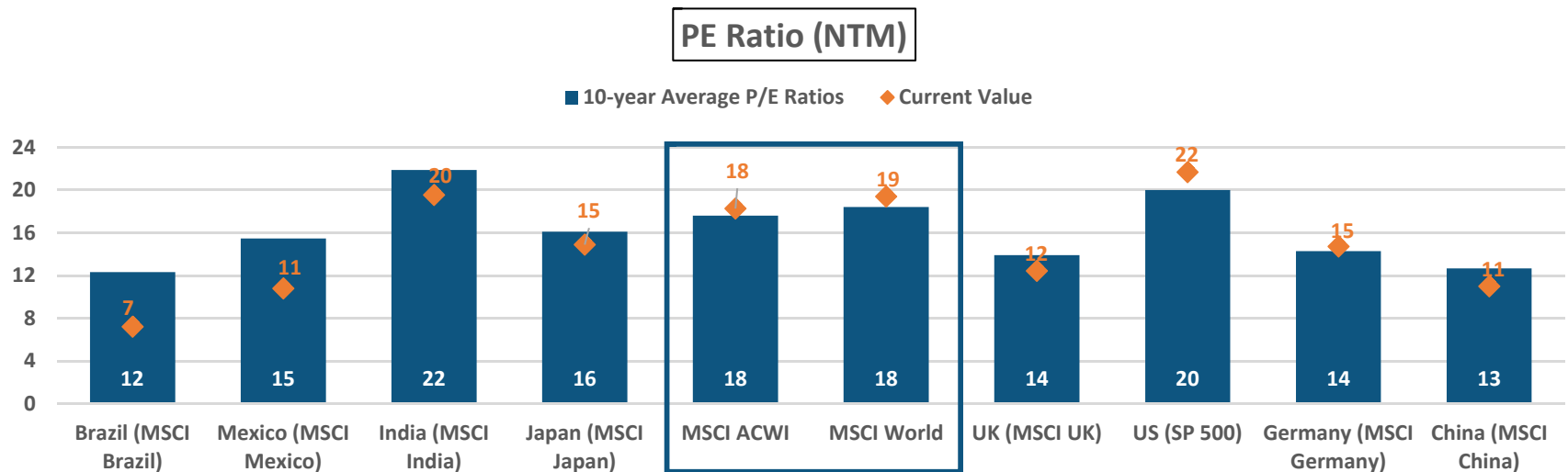
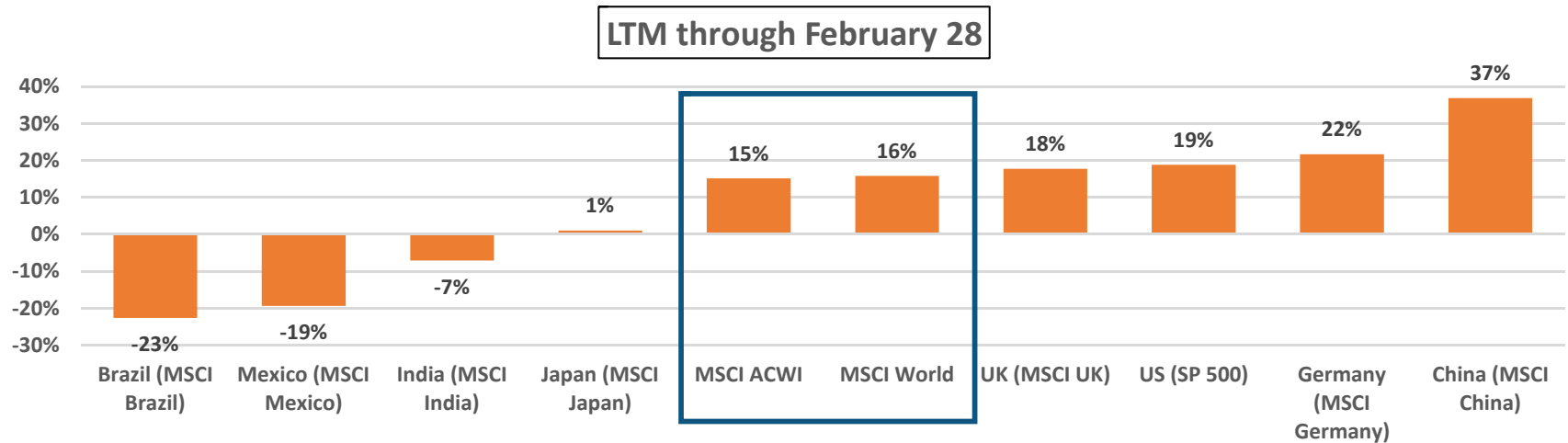


Source: Bloomberg



Market Overview

Country Performance and Valuation

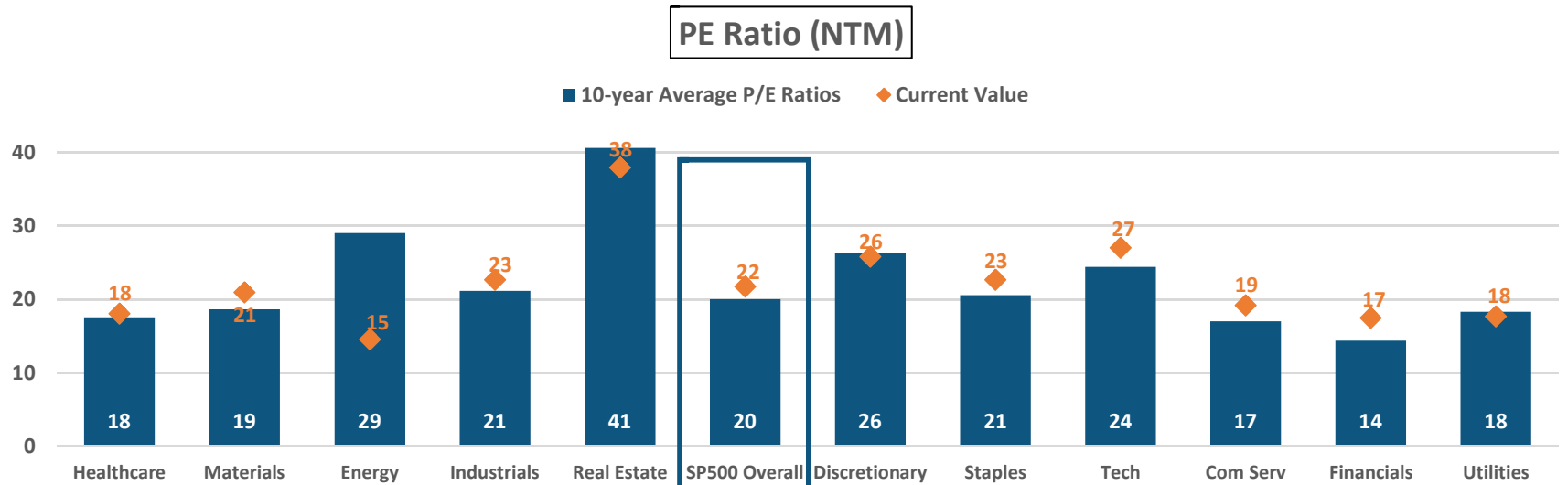
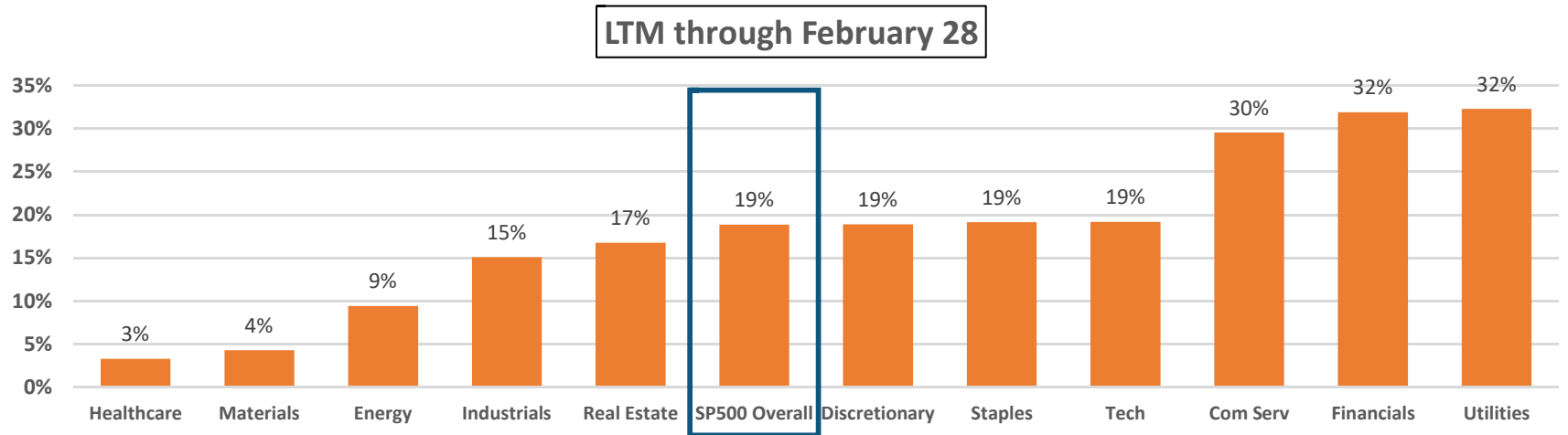


Source: Bloomberg



Market Overview

Sector Performance and Valuation

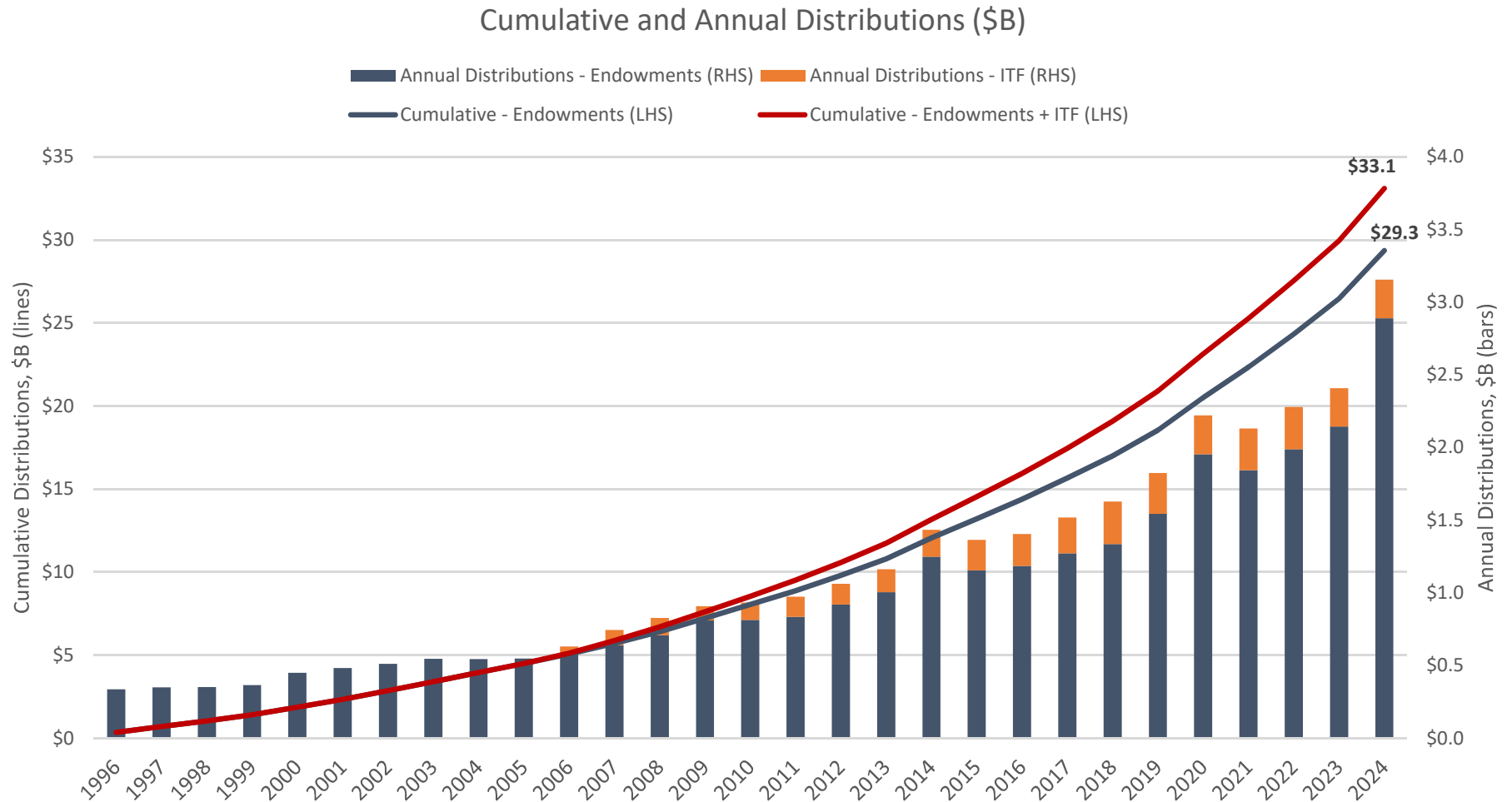


Source: Bloomberg



Since Inception Distributions

Cumulative and annual distributions based on Fiscal Years ending August 31



Agenda Item
UTIMCO Board of Directors Meeting
March 13, 2025

Agenda Item: Human Resources Presentation

Developed By: Team

Presented By: Rogers-McCoy

Type of Item: Information Item

Description: Ms. Rogers-McCoy will report on the HR Team, key metrics, key accomplishments and 2025 priorities.

Reference: *Human Resources Overview* presentation



Board of Directors Meeting

Human Resources Overview

Alison Rogers-McCoy, Managing Director & Chief HR Officer

March 13, 2025



Agenda



The Team and The Work



HR Metrics and Employee Data



2024 Contributions



Strategic Priorities in 2025



The Team



Alison Rogers McCoy
Chief Human Resources Officer
BA, Fordham University
MA, Columbia University
Joined UTIMCO in 2023



Ashley Fleming
Director
BA, UT Austin
MA, St. Edwards University
Joined UTIMCO in 2011



Alexa Piggott
Associate Director
BS, UT Austin
Joined UTIMCO in 2021

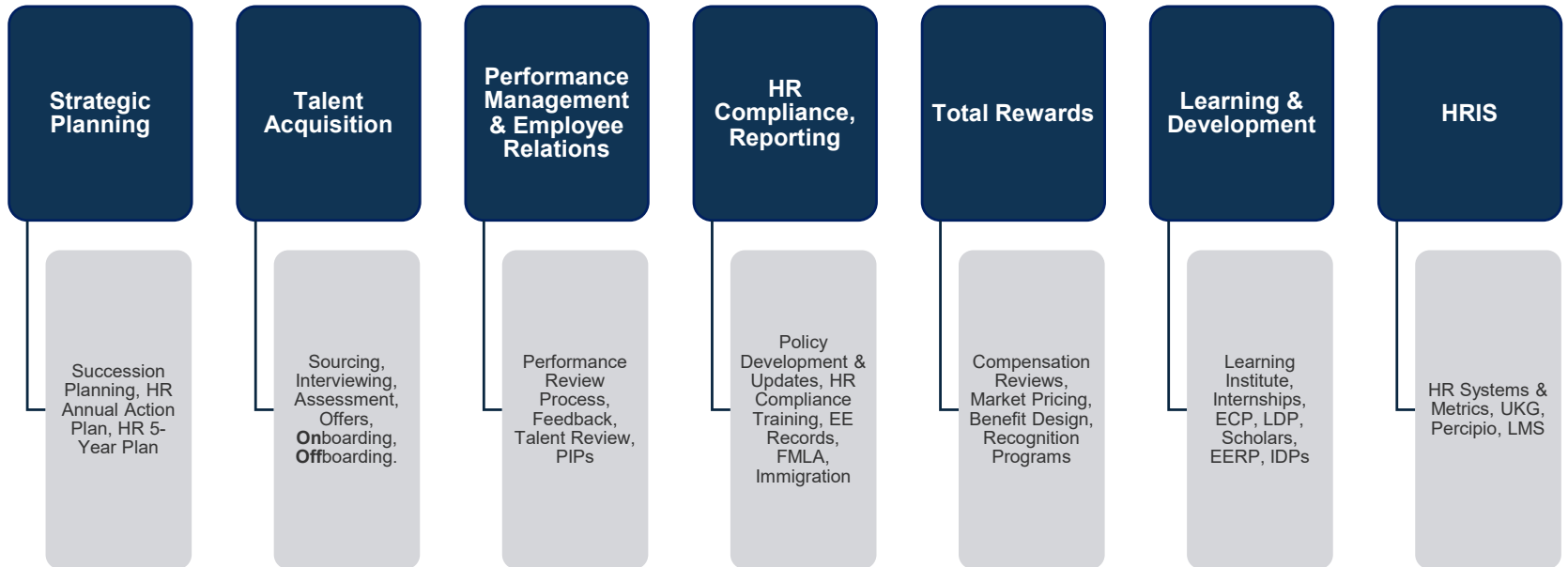


Ti Le
Associate
BS, UT Austin
Joined UTIMCO in 2021



Avani Bhansali
Senior Analyst
BFA, Centenary Uni
MFA, Academy of Art University
Joined UTIMCO in 2022

Team Tasks, Priorities and Skill Sets



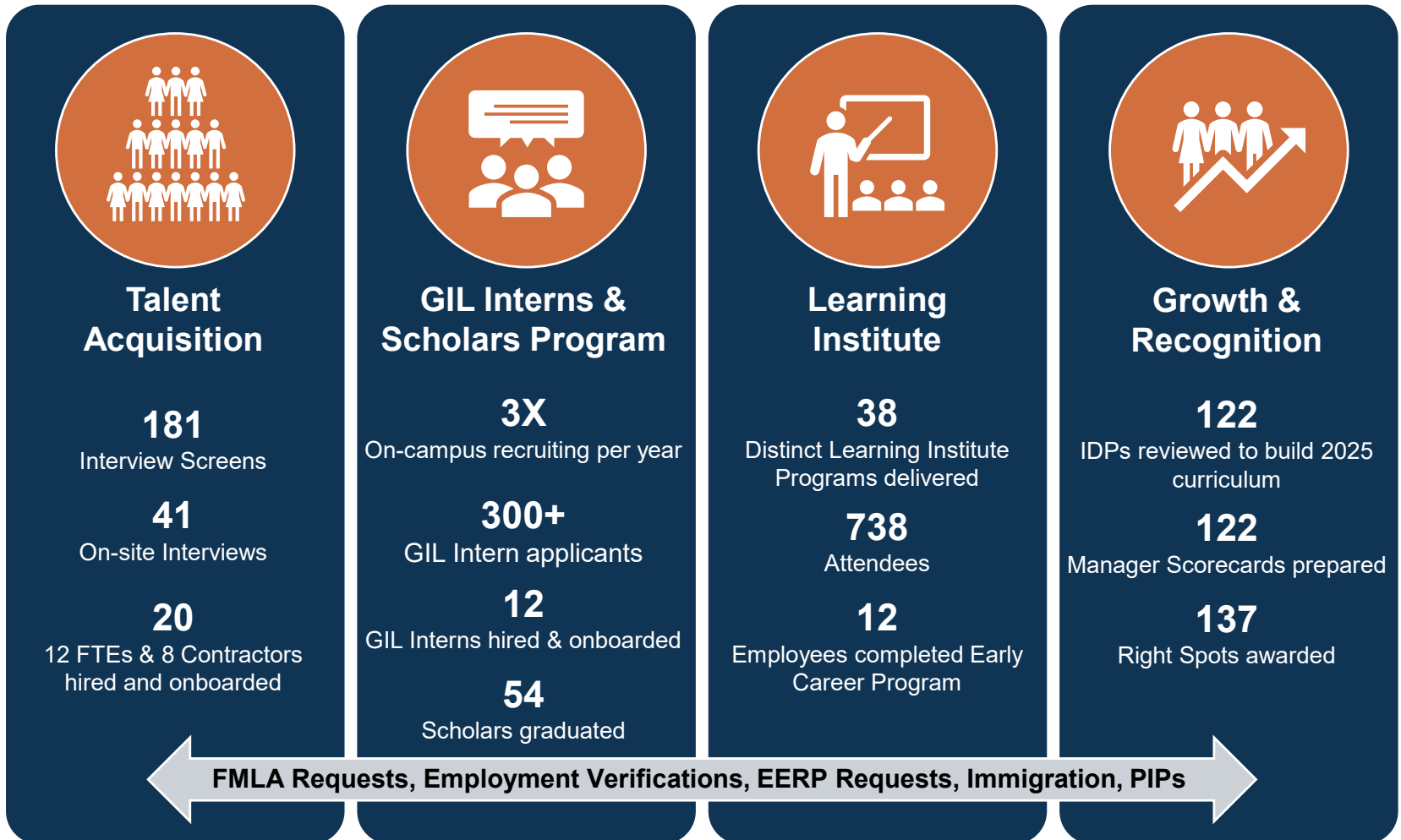
PIPs – Performance Improvement Plans
FMLA – Family Medical Leave Act
ECP - Early Career Program

LDP - Leadership Development Program
EERP – Employee Education Reimbursement Plan
IDPs – Individual Development Plans



The Work

The work you see and the work you don't see...



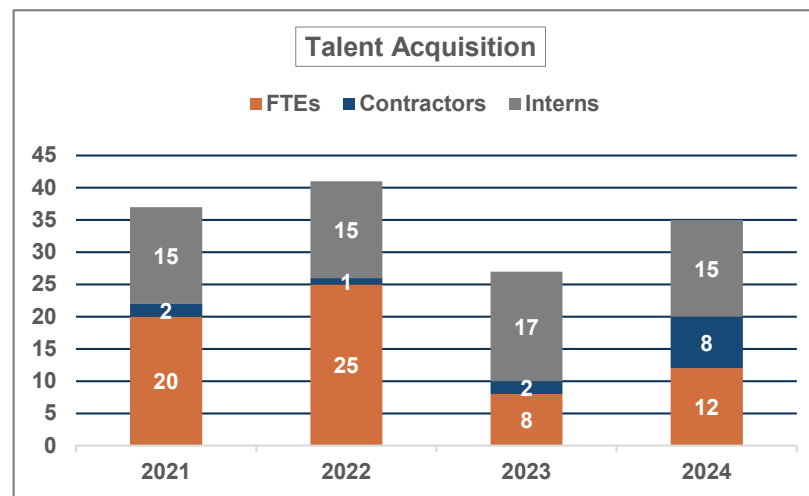
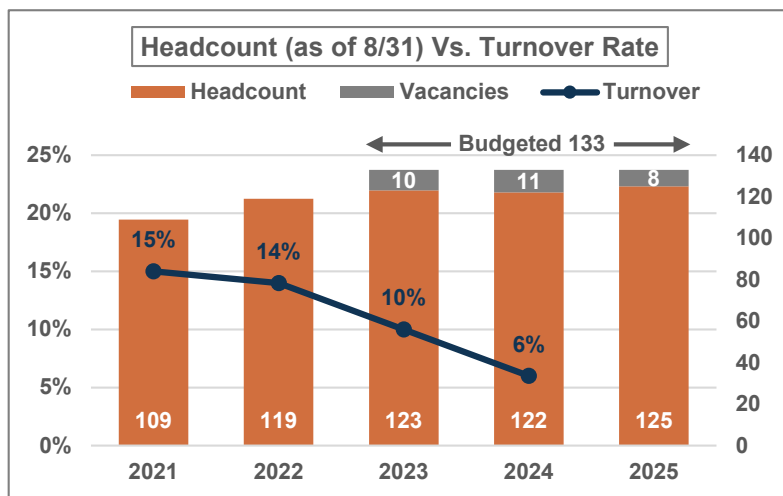
IDPs – Individual Development Plans
Right Spots Award – monthly award for living our values given at All Hands
GIL – Growing Investment Leaders Intern Program

FMLA – Family Medical Leave Act
EERP – Employee Education Reimbursement Plan
PIPs – Performance Improvement Plans

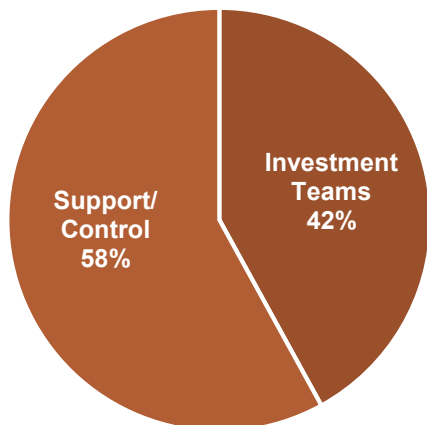


HR Metrics

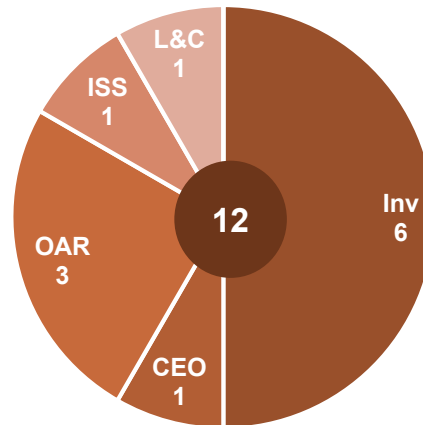
Headcount steady with turnover trending down



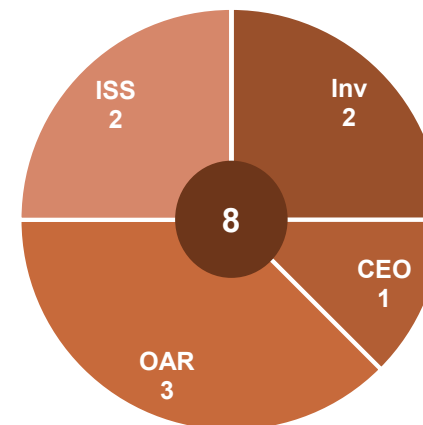
Employee breakdown



12 FTEs Hired 2024



8 FTEs Departures 2024

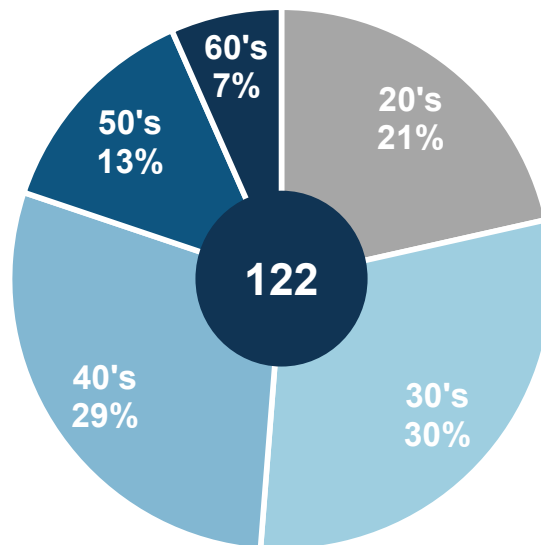




Employee data 2024

Keeping an eye on our changing demographics

Employee breakdown by age
(as of 8/31/24)



61% New employees in the last 5 years

7 yrs Average Tenure

51% Employees under the age of 40

40 Average Age

58% Employees taking care of children under the age of 18

6% Annual Turnover

- UTIMCO has a **young and family-oriented workforce**. Among those with kids under 18, 47% are under the age of 12 with 22% under the age of 5.
- Periodically surveying our employees and understanding their changing needs as well as keeping current with the competitive benefits landscape is critical to continued employee **retention** and **engagement**.



2024 Contributions

- **12 participants** over 9 months
- **Over 51 hours** of learning & application
- Before/After skill scores increased from average of **3.5 to 4.25** (scale of 1-5)

Early Career Program Pilot!



- Benefit Enhancements including **Tuition Reimbursement** and **Life Insurance** enhancements
- Market Competitive Pay Review & Comp Plan Enhancements

Total Rewards Improvements



- Enhanced Individual Development Plan (IDP) process with focus on **experience** (70/20/10)
- Shift to **strengths-based approach**

Learning & Development Mindset Shift



- **Revised Employee Handbook** (100%)
- Rolled out best practice HR Compliance program **Preventing Workplace Harassment & Discrimination** (100%)

HR Compliance



- 12 GIL interns in 2024 with **12 offers accepted for 2025**
- **8 completed projects** for 4 investment teams
- **5 full-time** conversions

Growing Investment Leaders Program



- **35** recruited & onboarded (full-time, intern, contractor)
- **3** Director + hired
- Enhanced Director + process

Talent Acquisition



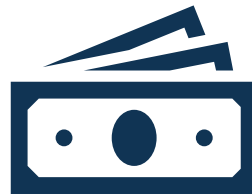


Strategic Priorities 2025



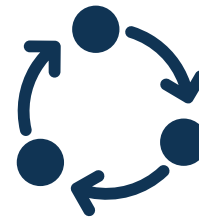
Early Career Program 2.0

10 new participants accepted
Kick off March 26th
Runs through November with capstone presentation to conclude
Focus: communication, problem solving, collaboration



Benefit Enhancements

Highly engaged workforce who are satisfied with their benefits overall and view UTIMCO as a great place to work.



Performance Management Enhancements

Cornerstone of attracting, retaining and developing strong talent
Simplify process including setting expectations and providing feedback
Focus on growth and development
Improve connection between performance and rewards



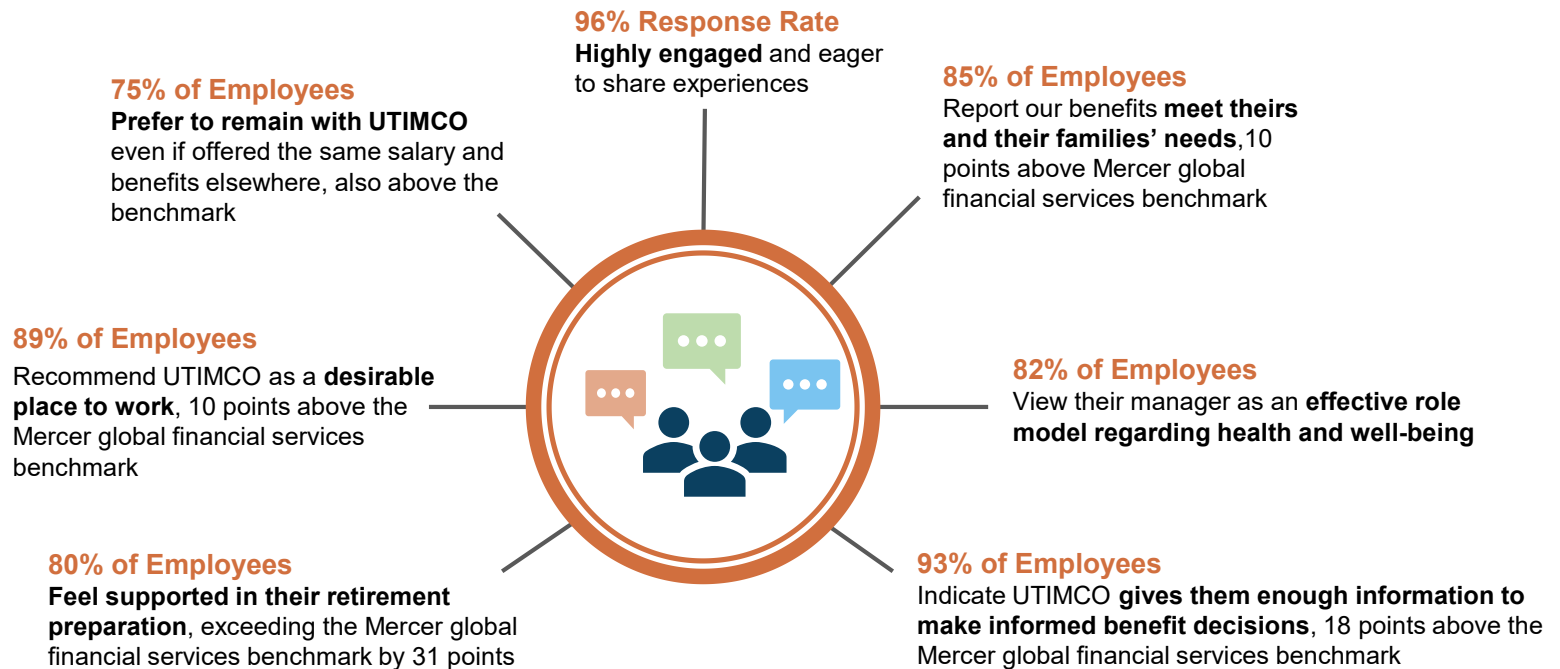
Succession & Talent Planning

Conduct annual CEO Talent Review in May
Roll out internal assessment process for identified succession talent
Create comprehensive development plans for succession talent to ensure readiness



Strategic Priorities 2025 – Benefits Survey

Strong results and an excellent foundation



Areas of strength noted by employees that impact their intention to stay at UTIMCO



Agenda Item
UTIMCO Board of Directors Meeting
March 13, 2025

Agenda Item: Hedge Funds Presentation

Developed By: Team

Presented By: Ruebsahm, Powers, Caruso, Kampfe

Type of Item: Information Item

Description: Mr. Ruebsahm, Mr. Powers and Mr. Caruso will review the Hedge Fund portfolios and performance. Mr. Kampfe will review the Fixed Income portfolio.

Reference: *Hedge Funds & Fixed Income Performance* presentation



Board of Directors Meeting

Hedge Funds and Fixed Income Performance














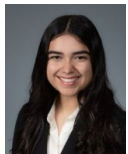
Ryan Ruebsahm, Senior Managing Director
Courtney Powers, Managing Director
Tony Caruso, Managing Director
Russell Kampfe, Managing Director

March 13, 2025



Hedge Funds & Fixed Income Team

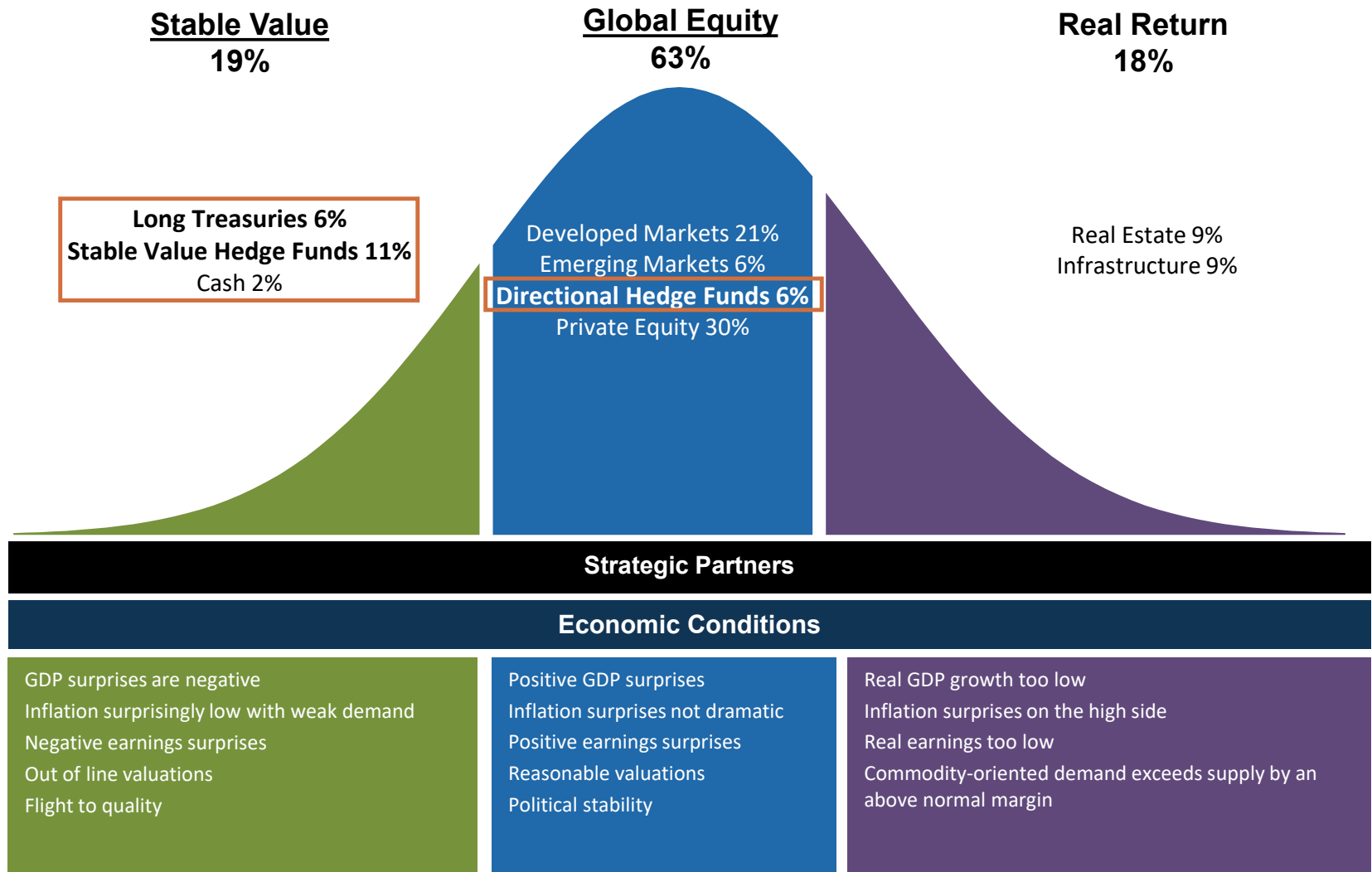
- 6 MBAs, 4 CFAs; Average tenure at UTIMCO: 12 years

		19		Ryan Ruebsahm Senior Managing Director <i>MBA, UT Austin</i>	8		Lori Shaver Executive Assistant <i>BS, Sam Houston State</i>					
7				Tony Caruso, CFA Managing Director <i>MBA, University of Chicago</i>	37			Russell Kampfe Managing Director <i>MBA, UT Austin</i>	18			Courtney Powers Managing Director <i>MBA, UT Austin</i>
5				Jared Brimberry Director <i>BBA, Baylor University</i>	24			Harland Doak, CFA Senior Director <i>MBA, St. Edward's University</i>	11			Kyle Burhop, CFA Director <i>BS, Virginia Tech</i>
8				Jim Ricker Associate Director <i>BA, Hamilton College</i>	5			Melanie Spencer, CFA Associate <i>MBA, UT Austin</i>	4			Will Haynes Associate <i>MSF, UT Austin</i>
2				Angelica Blesa Senior Analyst <i>BBA, UT Austin</i>				Praneeth Ganedi Analyst <i>MSF, MIT</i>				Christina Ojeas Analyst <i>MSF, Texas A&M (starting 2H25)</i>



UTIMCO Diversification Framework

LTSAA Policy Weights





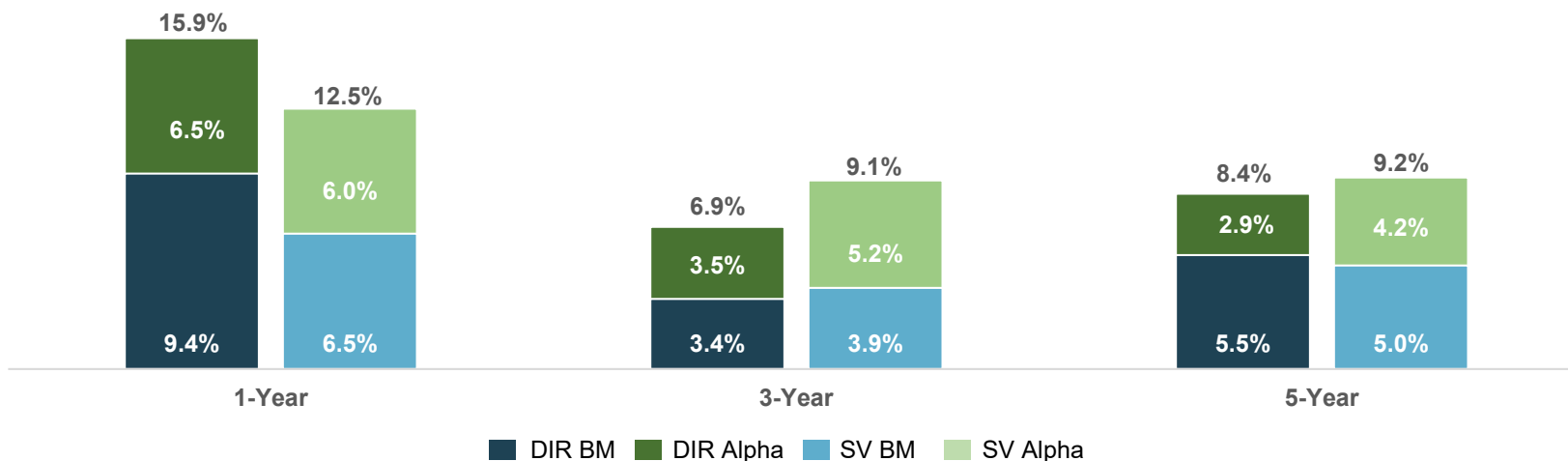
Hedge Funds



Hedge Funds Executive Summary

- Strong Team, Performance, and Risk Management

Returns & Alpha



- 2024 meaningful contributions:**

- DIR HF +15.9% (6.5% alpha); SV HF +12.5% (6% alpha)
- Committed \$1B to credit opportunities
- Sourced high quality, capacity-constrained HF allocations to grow Portable Alpha to \$2B
- Using MSCI Barra to size portfolio weights in risk terms has led to a notable increase in our risk-adjusted return

- 2025 high impact initiatives:**

- Increase SV HF Specialty Credit to 15% and DIR HF Credit to 20%+
- Continue to grow Dockside Managed Account Platform and use derivative overlays across DIR HF and Public Markets to manage beta targets

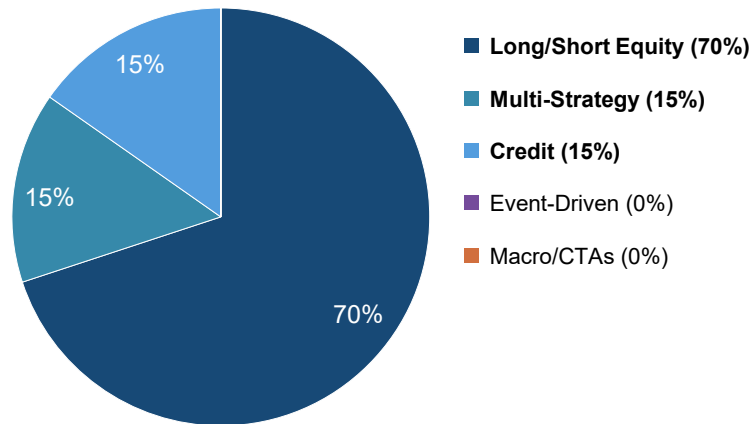
DIR HF alpha relative to the HFRI Fund of Funds Composite Policy. SV HF alpha relative to the HFRI Fund of Funds Conservative Policy.



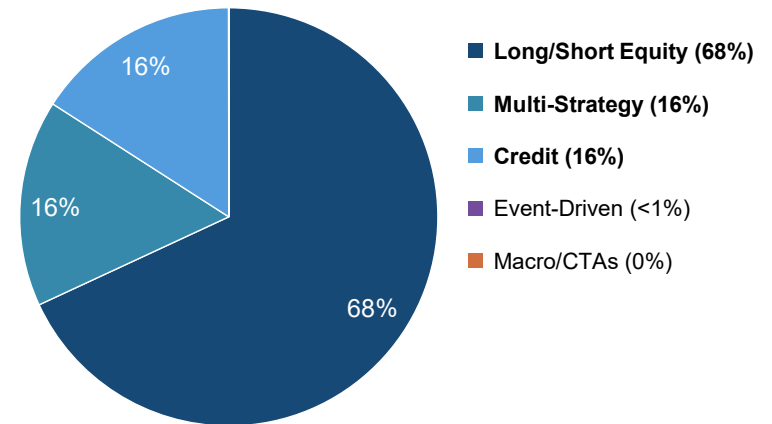
Directional Hedge Funds

Sub-strategy performance as of December 31, 2024

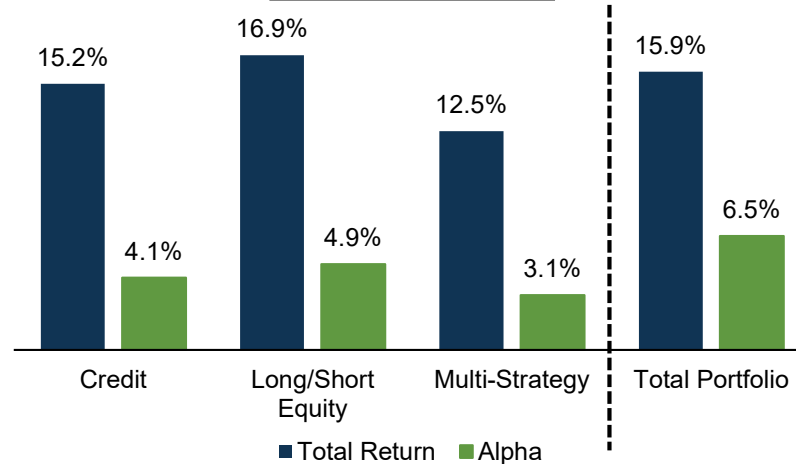
Asset Allocation as of 12/31/24



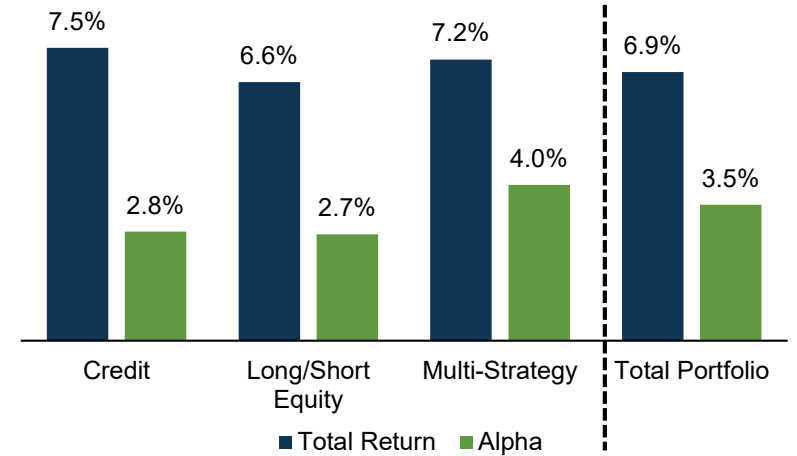
Average 3Y Allocation



1-Year Performance



3-Year Performance



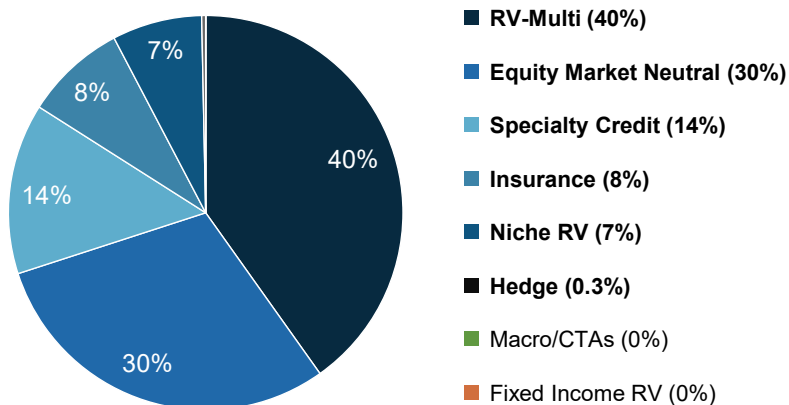
Alpha is reflective of excess return over each strategy's respective strategy benchmark. DIR HF alpha relative to the HFRI Fund of Funds Composite Policy. Other HF sub-strategies not invested in are HF team estimates of HFRI Fund of Funds Composite constituents' sub-strategies.



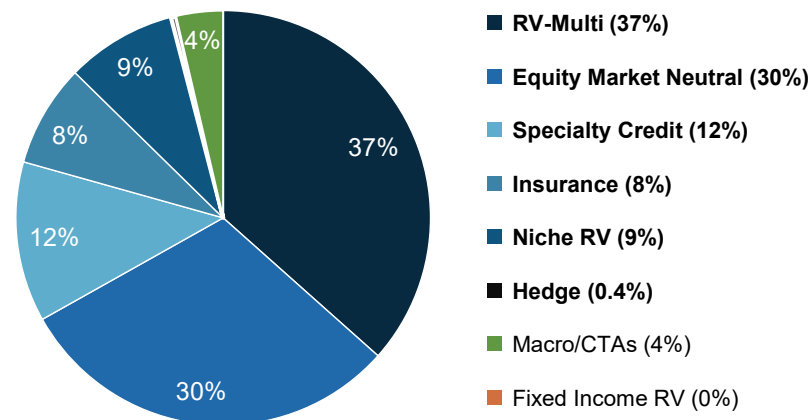
Stable Value Hedge Funds

Sub-strategy performance as of December 31, 2024

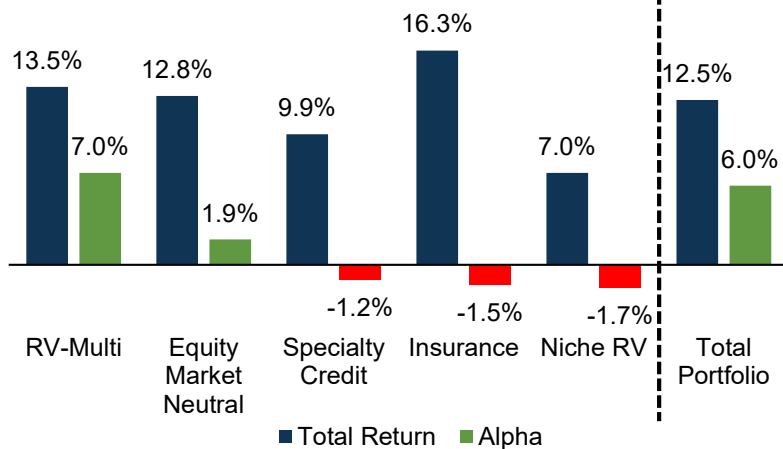
Asset Allocation as of 12/31/24



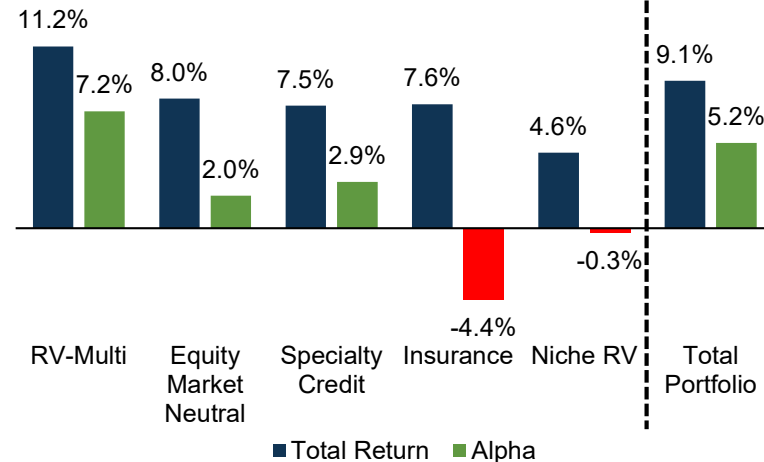
Average 3Y Allocation



1-Year Performance



3-Year Performance



Alpha is reflective of excess return over each strategy's respective strategy benchmark. SV HF alpha relative to the HFRI Fund of Funds Conservative Policy. Other HF sub-strategies not invested in are HF team estimates of HFRI Fund of Funds Conservative constituents' sub-strategies.



Stable Value Hedge Funds

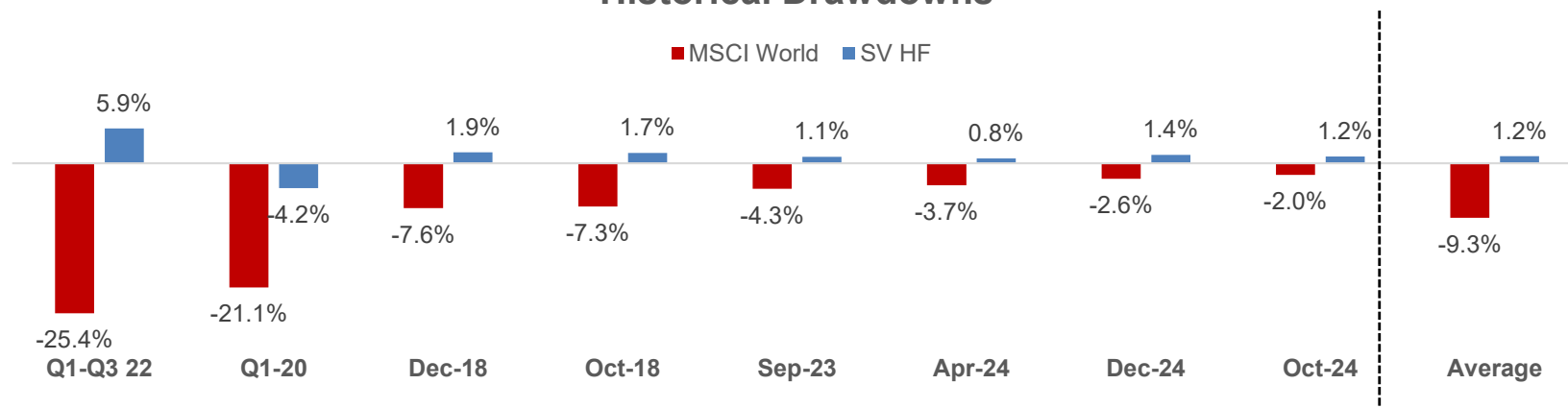
Significant diversification benefits to the total portfolio

- **Uncorrelated returns** to the rest of the Endowment
- Represents 11% of UTIMCO NAV but **contributes only 1% of total risk**
- **Capital has been preserved during several equity sell-offs**

SV HF - CORRELATION TO STRATEGY POLICY BENCHMARKS (SI)	
Global Fixed Income	0.0
Internal Fixed Income	0.0
Emerging Markets Public Equity	0.3
Total Developed Public Equity	0.3

SV HF - CORRELATION TO DIR HF (SI)	
Directional Hedge	0.4

Historical Drawdowns



Correlations calculated using weekly data for the period September 2018 - December 2024.



Dockside SMA Platform Update

Building Dockside to critical mass is a 2025 Key Priority

- We began our partnership with Dockside in May 2023, allowing us to leverage the firm’s **risk systems** and **operational infrastructure** needed to invest in hedge fund strategies via separately managed accounts (“SMAs”)
- The benefits to investing via SMAs are:
 - ✓ **Better cash efficiency**
 - ✓ **Lower cost** due to the implicit cash hurdle and avoiding two layers of fees
 - ✓ **Better control, transparency & liquidity**
 - ✓ **Lower operational risk**
 - ✓ Flexibility to implement portable alpha strategies
- Our Dockside SMA platform allows us to invest in a similar structure as our multi-manager hedge funds that have been highly successful, and also:
 1. **Increases returns** by several percent due to cash efficiency and lower fees, which increases our alpha retention to ~70%
 2. **Improves our liquidity profile** since we have immediate access to the 50%+ unencumbered cash sitting in our account



Dockside SMA Platform Update

Dockside build out has been ahead of schedule

- **We have grown Dockside I to \$1.8B GMV across 8 managed accounts. We are on track to be at critical mass by EOY 2025**, with 14 sub-advisors and ~\$4B GMV
- In Q1 2025, we **launched Dockside II within DIR HF** by converting an existing \$125M Long/Short Equity fund investment into an SMA. We plan to add more managers to this vehicle, including Equity Market Neutral strategies that Dockside Fund I holds, but will be **managed to a 0.4 beta target through a cycle**
- In Q2 2025, we **plan to launch Dockside III within Public Equity**, which will be **managed to a 1.0 beta target** by investing alongside Funds I and II as well as new SMAs

Dockside I Future State – Example											
Generalist	Europe	Asia	Healthcare	TMT	Consumer	Industrials	Energy	Materials	Financials	Stat Arb	Merger Arb
PM #1	PM #1	PM #1	PM #1	PM #1	PM #1	PM #1	PM #1	PM #1	PM #1	PM #1	PM #1
	PM #2		PM #2	PM #2	PM #2	PM #2					
											Funded
											Future



Summary

Strong Team, Performance, and Risk Management

- **Directional HF +15.9% and alpha +6.5%**
- **Stable Value HF +12.5% and alpha +6%**
- **Risk is being monitored and managed well**, with 100% of our fund investments being modeled on RiskMetrics, and all SMA investments with position-level detail
- We continue to execute our Action Plan, contributing meaningfully to firmwide initiatives
 - Able to source additional, world-class capacity for \$2B of Portable Alpha and \$500M - \$1B of Dockside, managed to be Beta 1 in the Public Equity Portfolio
 - Estimate alpha to be ~2% and Information Ratio >1.0



Fixed Income



Executive Summary

Objectives

- **Provide liquidity and meaningful diversification** to Global Equity portfolio during deflationary and inflationary economic regimes from holdings of Long Treasuries, Investment Grade Fixed Income, and TIPS
- **Generate 50 bps of alpha** in active strategies (Long Treasuries and IGFI)

Strategies

- Long Treasuries – Actively managed with alpha overlay strategies versus Long Treasury Index
- IGFI – Actively managed versus Global Aggregate Index
- TIPS – Passively managed (\$452M as of 12/31/24)

Liquidity

- Multi-Billion Dollar liquidity at any time.
 - Normal conditions: 100% 5-day liquidity at 11bps of cost
 - Stress conditions: 95% 5-day liquidity at 32bps of cost

Performance of Active Strategies

As of 12/31/2024	LT		IGFI		
	1 YR	2 YR	1 YR	5 YR	10 YR
Returns (ann.)	-8.0%	-2.2%	0.6%	0.5%	1.6%
Alpha	-1.6%	-0.5%	-2.4%	+0.2%	0.0%
Tracking Error	1.2%	2.0%	1.4%	1.9%	1.8%
Information Ratio	-1.3	-0.2	-1.6	0.1	0.0

Allocation of Active Strategies

\$ in millions	PUF	GEF	ITF	Total
Investment Grade Fixed Income	0	0	382	382
Long Treasuries	1,694	1,156	622	3,473
Total Fixed Income	1,694	1,156	1,005	3,855
UTIMCO	37,616	25,620	9,248	72,484
% of Total Fund	4.5%	4.5%	10.9%	5.3%
2025 Policy Target	5.1%	5.1%	13.0%	6.1%

Priorities

- **Improve performance** of strategies
- **Finish working with Barra on manager feeds to eliminate all errors** and fully depend on their overall portfolio analytics

Appendix





Directional HF – Execution Update

- **Met all objectives over the last 3 years**
- **Credit area of focus for 2025**, with new Credit Managers being funded and existing Credit Managers expected to continue calling capital
- **Continuing to optimize the portfolio** to increase alpha and reduce volatility

Directional Portfolio Objectives	Status	Details – 3 Years
Hedge Fund Types Focus on equity and market sensitive hedge funds	✓	<ul style="list-style-type: none"> ▪ Return: 6.9%¹ ▪ Sharpe Ratio: 0.8
Market Sensitivity and Risk Core strategies have moderate market sensitivity (beta) and lower risk (volatility) than equities	✓	<ul style="list-style-type: none"> ▪ Correlation to MSCI World: 0.6⁴ ▪ Beta to MSCI World: 0.1⁴ ▪ Directional HF volatility of 3.8% vs MSCI World 16.9%
Market Regime Performance Expected to outperform equities when markets are down, but will underperform strong markets	✓+	<ul style="list-style-type: none"> ▪ 100% hit rate vs. equity in equity down months ▪ Avg. monthly excess return over equity down months: +4.1% ▪ 3-year ann. return of 6.8% vs. MSCI World 6.3%
Performance vs. US Treasuries Expected to outperform US Treasuries ² over the long term	✓+	<ul style="list-style-type: none"> ▪ 6.8% return vs. Treasuries -3.0%² (current 10Y YTM 4.6%) ▪ 3.8% volatility vs. Treasuries 7.0%
Performance vs. Benchmark HFRI Fund of Funds Composite benchmark	✓	<ul style="list-style-type: none"> ▪ Ann. outperformance of 3.5% over last 3 years³ ▪ Tracking Error: 2.0%³

(1) Directional HF returns and details reflective of trailing three-year period (January 2022 through December 2024).

(2) Bloomberg Barclays US 5-7 Year Treasury Total Return Index.

(3) Outperformance calculated relative to the DIR HF policy benchmark. Tracking Error calculated relative to the DIR HF reported benchmark.

(4) Beta and Correlation statistics based upon manager weekly data.



Stable Value HF – Execution Update

- **Exceeded all objectives over the last 3 years, scaling from \$6.2B to \$9.0B**
- **Outperformed FoF Conservative benchmark by 5.2%** and delivered a 2.8 Sharpe Ratio over the last three years

Stable Value Portfolio Objectives	Status	Details – 3 Years
Hedge Fund Types Focus on absolute return hedge funds	✓+	<ul style="list-style-type: none"> ▪ Return: 9.1%¹ ▪ Sharpe Ratio: 2.8
Market Sensitivity and Risk Core strategies have low to negative market sensitivity	✓+	<ul style="list-style-type: none"> ▪ Correlation to MSCI World: -0.1⁴ ▪ Beta to MSCI World: 0.0⁴ ▪ Stable Value HF Volatility: 1.8%
Market Regime Performance Expected to have positive returns when markets are down	✓+	<ul style="list-style-type: none"> ▪ 100% hit rate vs. equity in equity down months ▪ Avg. monthly excess return over equity down months: +5.1% ▪ Positive absolute returns in 14 of 15 equity down months
Performance vs. US Treasuries Expected to outperform US Treasuries ² over the long term	✓+	<ul style="list-style-type: none"> ▪ 8.9% return vs. Treasuries -3.0%² (current 10Y YTM 4.2%) ▪ 1.8% volatility vs. Treasuries volatility of 7.0%
Performance vs. Benchmark HFRI Fund of Funds Conservative benchmark	✓+	<ul style="list-style-type: none"> ▪ Ann. outperformance of 5.2% over last 3 years³ ▪ Tracking Error: 2.3%³

(1) Stable Value HF returns and details reflective of trailing three-year period (January 2022 through December 2024).

(2) Bloomberg Barclays US 5-7 Year Treasury Total Return Index.

(3) Outperformance calculated relative to the SV HF policy benchmark. Tracking Error calculated relative to the SV HF reported benchmark.

(4) Beta and Correlation statistics based upon manager weekly data.



Long Treasury Portfolio

One Year Ending December 31, 2024

	Portfolio Return	BM Return	Excess Return
Long Treasury	-8.0%	-6.4%	-1.6%

- **Long Treasury Performance:**

- **Detractors**

- O/W US duration (long-end)
 - O/W UK duration
 - O/W select EM bonds including Mexico and Brazil
 - O/W select DM and EM currencies including Australia, Brazil, Japan, Norway, Mexico and South Korea

- **Contributors**

- U/W European duration
 - O/W agency and non-agency MBS

- **Geographical Exposure:** Overweight Europe by 4% (up 5% since YE '23) and Emerging Markets by 3%; Underweight US by 4% (down 4% since YE '23) and Asia Pacific by 2%

- **Sector:** Underweight Treasuries and Sovereign by 6%; Overweight Securitized by 3% and Corporates by 2%

- **Currency:** Underweight USD and Euro by 2% each; Overweight Emerging Markets by 4%; Overweight Yen by 1%

Portfolio Characteristics				
	12/31/2024		12/31/2023	
	UTIMCO LT	LT Benchmark	UTIMCO LT	LT Benchmark
Total Portfolio Size	\$3.5B	\$2.5T	\$2.5B	\$2T
Modified Duration	14.7	14.5	16.5	15.7
Yield to Maturity	5.4%	4.9%	4.8%	4.1%
Net Leverage	10%	0%	-6%	0%

Geographical Exposure				
	12/31/2024			12/31/2023
	LT	LT Benchmark	O/U	O/U
United States	96%	100%	-4%	0%
Canada	-1%	0%	-1%	0%
Europe	4%	0%	4%	-1%
Asian-Pac Aggregate	-2%	0%	-2%	-1%
Emerging Markets	3%	0%	3%	3%

Sector Exposure				
	12/31/2024			12/31/2023
	LT	LT Benchmark	O/U	O/U
Treasuries & Sovereign	94%	100%	-6%	-5%
Government Related	1%	0%	1%	0%
Corporates	2%	0%	2%	1%
Securitized	3%	0%	3%	4%
Cash & Cash Equivalents	0%	0%	0%	0%

Currency Exposure				
	12/31/2024			12/31/2023
	LT	LT Benchmark	O/U	O/U
United States Dollar	98%	100%	-2%	-4%
Euro	-2%	0%	-2%	-4%
Japanese Yen	1%	0%	1%	2%
UK Pound Sterling	0%	0%	0%	0%
Emerging Markets	4%	0%	4%	4%
Other	0%	0%	0%	0%



2025 Action Plan

<p>Strategy</p> <ul style="list-style-type: none"> • Deliver Excellent Investment Returns While Growing Both SV/DIR: Preserve capital and deliver alpha targets in all three portfolios while responsibly growing 	<p>Metrics</p> <ul style="list-style-type: none"> • DIR/SV 1%+ alpha vs. policy benchmarks & Outperform UST • LT/IGFI 50bps+ of alpha
<ul style="list-style-type: none"> • Expand Specialty Credit Across both Portfolios: Take advantage of specialty credit opportunities in both DIR and SV to be at the high end of our allocation range • Launch Dockside II in DIR HF: Grow to core position (5%) by YE25 by adding ~\$1B GMV of capacity with current Dockside managers with a 0.4 equity overlay • Launch Dockside III in Public Equity: Invest alongside Funds I and II as well as new Beta 1 strategies, with total portfolio being managed to a 1.0 beta target • Expand Dockside I: Continue growing sub-advisors to achieve full scale ahead of schedule 	<ul style="list-style-type: none"> • Grow to 15% of SV and 22% of DIR by YE25, 2-3 new fundings in Specialty Credit across both portfolios • Grow to 5% (\$375M NAV) of DIRHF by YE25 • 4-7 new fundings; grow to full scale of \$750M by YE25; increase leverage to 4.5-5x for ~7.5% vol • Grow allocations as conviction increases and as capacity allows
<ul style="list-style-type: none"> • Continue to Optimize Portfolio and Grow with High Conviction Managers: monitor and grow with best managers <p>Firm</p> <ul style="list-style-type: none"> • Build our Team: Successfully onboard two new Analysts and transition workstreams and coverage • Develop and Support our Team: Continue training and developing our growing team • Build the Brand: Find meaningful ways to highlight and promote UTIMCO culture outside of UTIMCO and participate in firmwide initiatives • Continue to Demonstrate Ownership: Act as a stakeholder in UTIMCO's successes, demonstrate initiative, foster innovation, and treat our client's resources as if they were our own 	<ul style="list-style-type: none"> • Onboarding new Analysts, IDPs, coverage transitions • ECP, increasing junior travel • Scholars, Mission Advocate, GIL, UT Investment Fund • All Hands updates, team discussions
<p>Systems</p> <ul style="list-style-type: none"> • Continual Improvement of Processes: Find ways to improve productivity and reduce chances for error; explore how to incorporate AI into workflow 	<ul style="list-style-type: none"> • Explore Copilot capabilities and test other forms of AI into workflow to enhance existing processes • Continue to work with Data team to optimize IDM 2.0 for HFFI-specific tasks

Key Strategic Priority

Agenda Item
UTIMCO Board of Directors Meeting
March 13, 2025

Agenda Item: Public Equity Presentation

Developed By: Team

Presented By: Chen, Hopper, Morris, Brown, Standley

Type of Item: Information Item

Description: Ms. Chen, Ms. Hopper, Mr. Morris and Mr. Brown will present on the Public Equity portfolio and Mr. Standley will present on the Asset Allocation portfolio.

Reference: *Public Equity and Asset Allocation* presentation



Board of Directors Meeting

Public Equity and Asset Allocation

Susan Chen, Senior Managing Director

Portfolio Managers:

Public Equity: Amanda Hopper (Managing Director), Drury Morris (Senior Director) and Russ Brown (Senior Director)

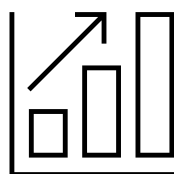
Asset Allocation: Ken Standley (Senior Director)

March 13, 2025



Executive Summary

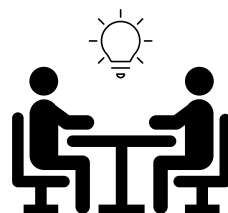
2024 in Review



Another year of strong absolute and relative performance

- **Public Equity: +18.0%** return, **+2.0%** alpha
- **Strategic Partnerships: +12.3%** return, **+0.7%** alpha
- **TAA: +0.1%** of Endowments

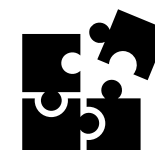
Performance Drivers



Strong performance in Public Equity was driven by **changes in portfolio composition** that reflect:

- Increased **efficiency** and **narrow leadership** in public markets; and
- **Investment Policy changes** approved by the Board to help UTIMCO stay competitive

2025 Outlook




Key initiatives:

- **Consolidate** Developed Markets and Emerging Markets portfolios
- Continue **portfolio enhancements** (manager optimization, TAA signal development)
- Continue **improving UTIMCO tools** (repo, prime broker, rebalancing)




Team


	<p>Susan Chen Senior Managing Director MBA, JD, Harvard University</p>
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Public Equity


Asset Allocation


	<p>Amanda Hopper <i>PM, Developed Markets</i> Managing Director MBA, U. Chicago</p>
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	<p>Drury Morris, CFA, CAIA <i>PM, Developed Markets</i> Senior Director BA, Rhodes College</p>
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	<p>Russ Brown, CFA, CPA <i>PM, Emerging Markets</i> Senior Director MPA, UT Austin</p>
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	<p>Ken Standley, CFA, CAIA <i>PM, Strategic Partnerships/TAA</i> Senior Director BA, George Washington Univ.</p>
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	<p>David Huang, CFA Director MS, NYU</p>
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	<p>Andres Delgado, CMT, CFA, FRM Associate Director BBA, Texas State University</p>
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	<p>Alexander Law Associate MS, Baylor University</p>
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	<p>Patrick Zerda, CFA Director MPA, UT Austin</p>
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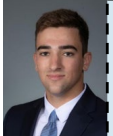
	<p>Kayla Young Senior Analyst BA, Cornell University</p>
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	<p>Michael Riva, CFA Associate MBA, U. Chicago</p>
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	<p>Brendan Pellegrino Analyst MS, Emory University</p>
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	<p>Jorge Gutierrez Analyst MA, UT Austin</p>
---	---

	<p>Dylan Van Brunt Analyst BS, UT Rio Grande Valley</p>
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	<p>Lukas Graf Analyst MSF, Texas A&M</p>
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	<p>Kathy Simons Team Coordinator Texas A&M</p>
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	<p>Jenna Hudson Team Coordinator BA, UT Austin</p>
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--- New in FY 2025

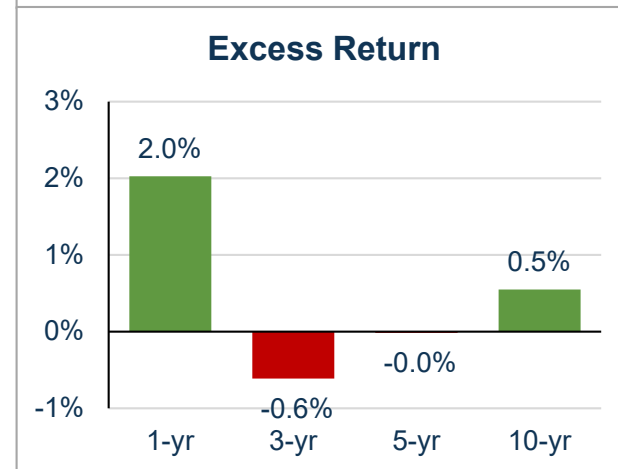
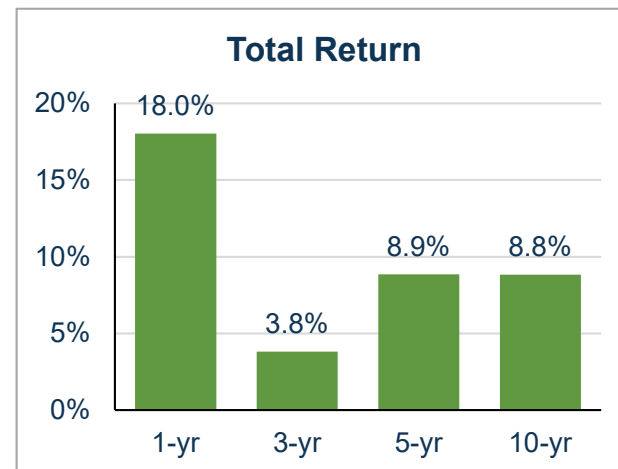
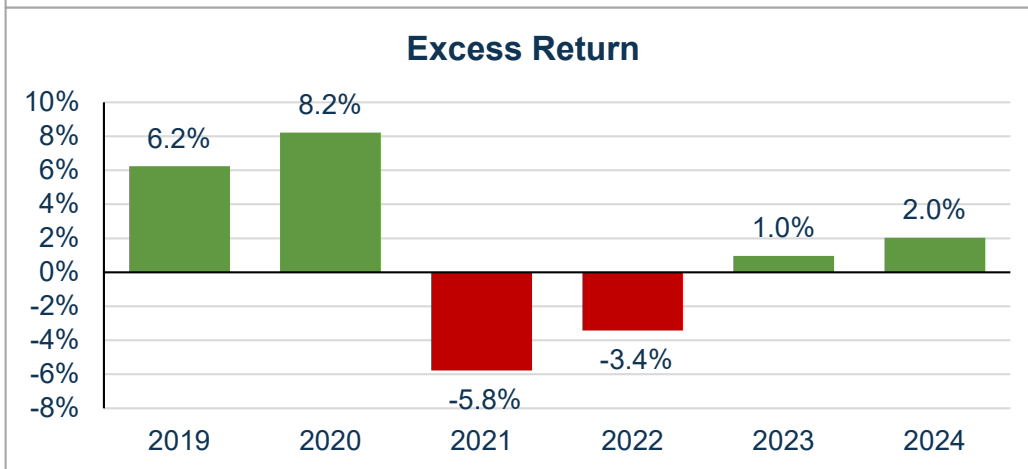
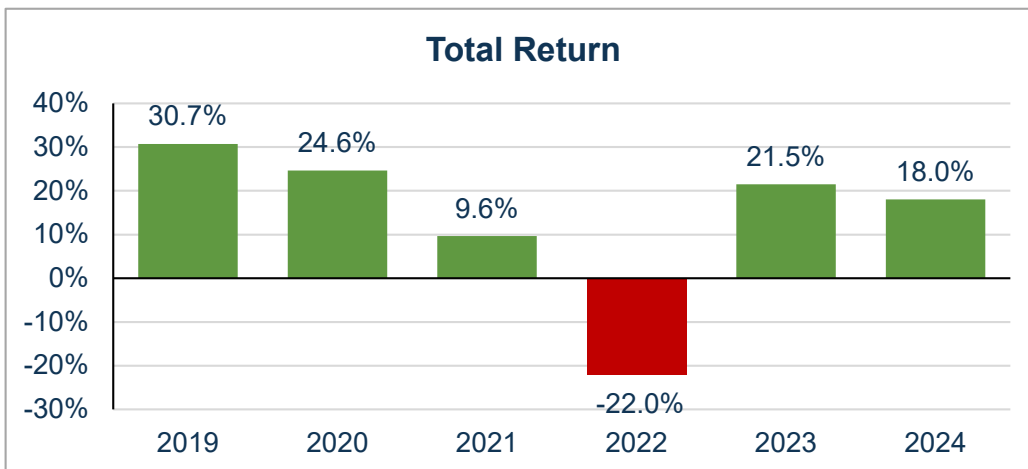


Public Equity



Public Equity Performance

Feast or famine (2019-22) → increased consistency (2023-24)



The Developed Markets benchmark is MSCI World. The Emerging Markets benchmark is: MSCI EM prior to 8/31/23, and 67% MSCI EM with All China shares + 33% MSCI EM ex China starting 9/1/23. All returns are for the PUF; returns for periods longer than 1 year are annualized.

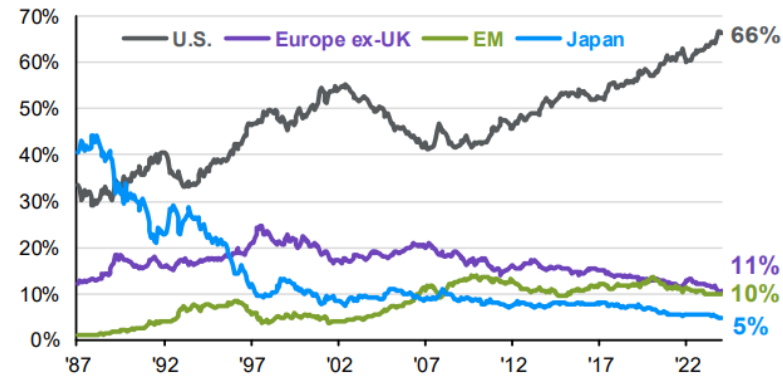


Market Backdrop: Equity Index Behavior

Concentration of cap-weighted indices continues to grow, as narrow market leadership persists

Share of global market capitalization

% weight in the MSCI All Country World Index, USD, monthly



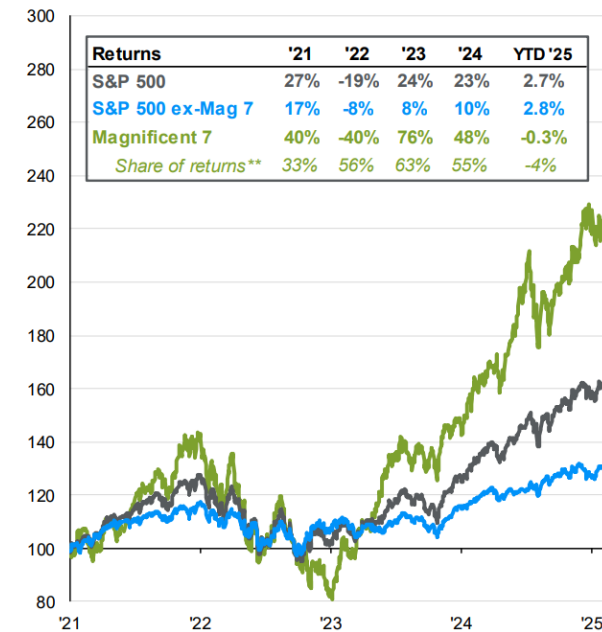
Weight of the top 10 stocks in the S&P 500

% of market capitalization of the S&P 500



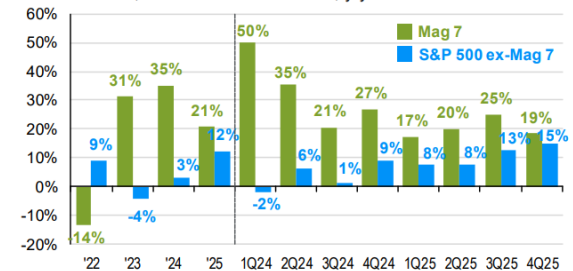
Performance of "Magnificent 7" stocks in S&P 500*

Indexed to 100 on 1/1/2021, price return



Earnings growth

Pro forma EPS, estimates 4Q24 onwards, y/y

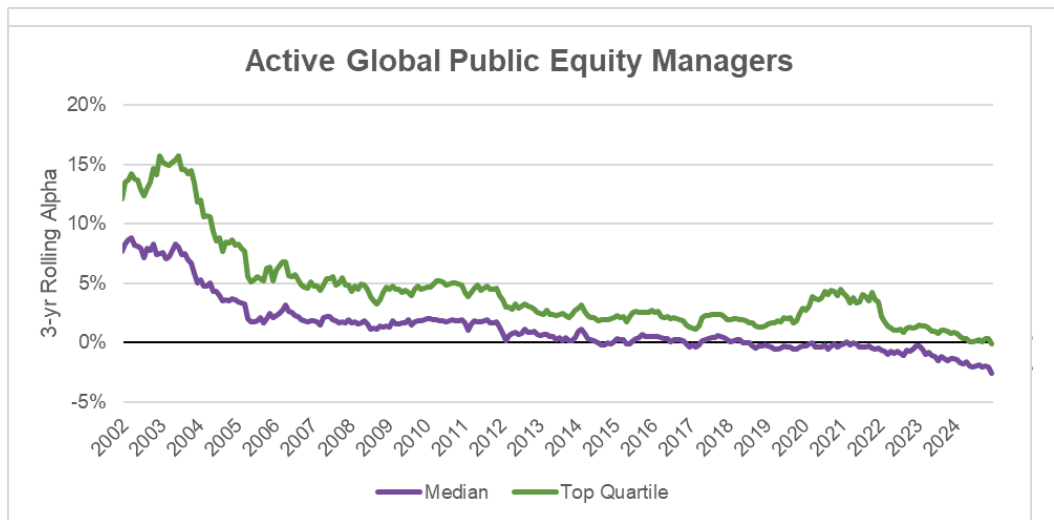


Source: JP Morgan Guide to the Markets, 1/31/25

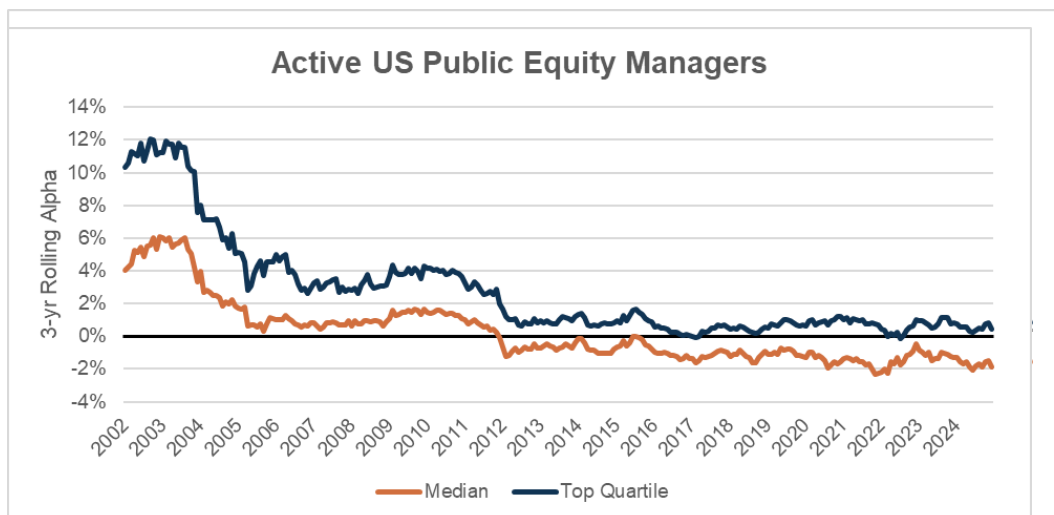


Market Backdrop: Active Management

Active management continues to be challenged



- Median alpha has been negative since 2017
- Top quartile alpha has been below 1.0% since 2022



- Median alpha has been negative since 2012
- Top quartile alpha has ranged from 0.0%-1.0% since 2017

Source: eVestment



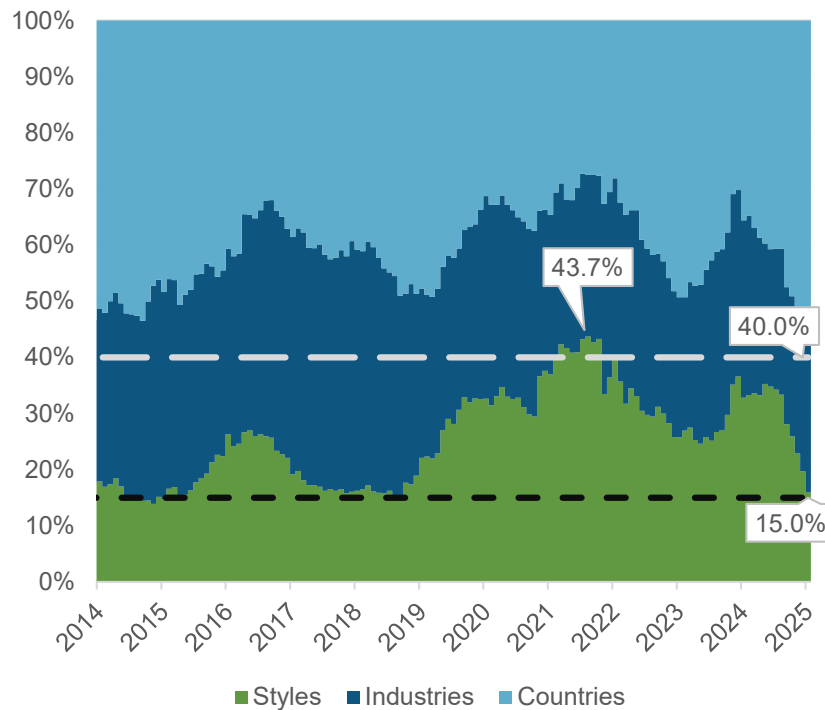
Market Backdrop: Style Factors

Contribution of style factors to equity market risk spiked during and post COVID

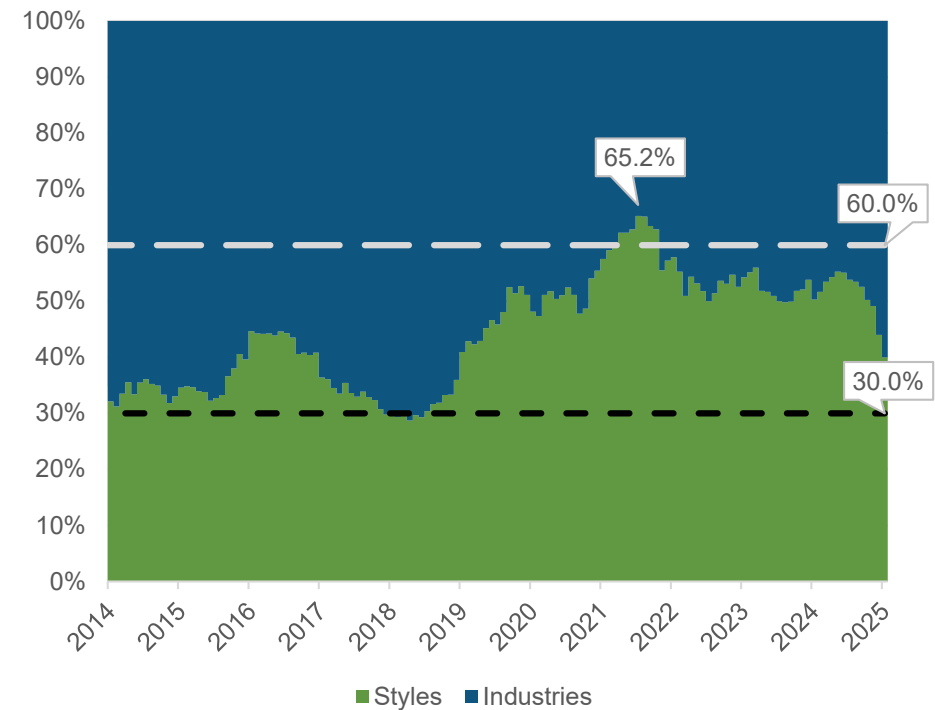
Regime Shifts

- **2019-20:** Equity market appreciation was driven by high-growth, high-risk companies
 - Significant Fed rate cut and QE launch in March 2020
 - COVID narratives (vaccines, China, “WFH winners”)
- **2021-22:** Equity market rotated from growth to quality and value
 - Inflation concerns
 - Anticipation (and start) of Fed rate hike cycle

Global Cross Sectional Volatility Contribution



US Cross Sectional Volatility Contribution

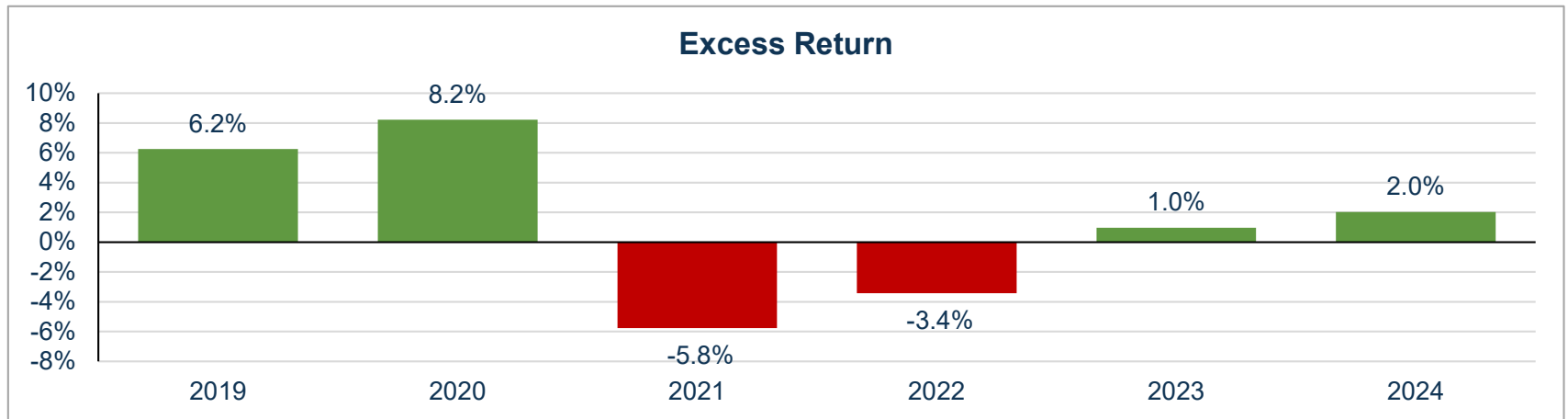


Source: MSCI



Portfolio Evolution

New tools (enabled by Policy changes) have improved alpha consistency since July 2022

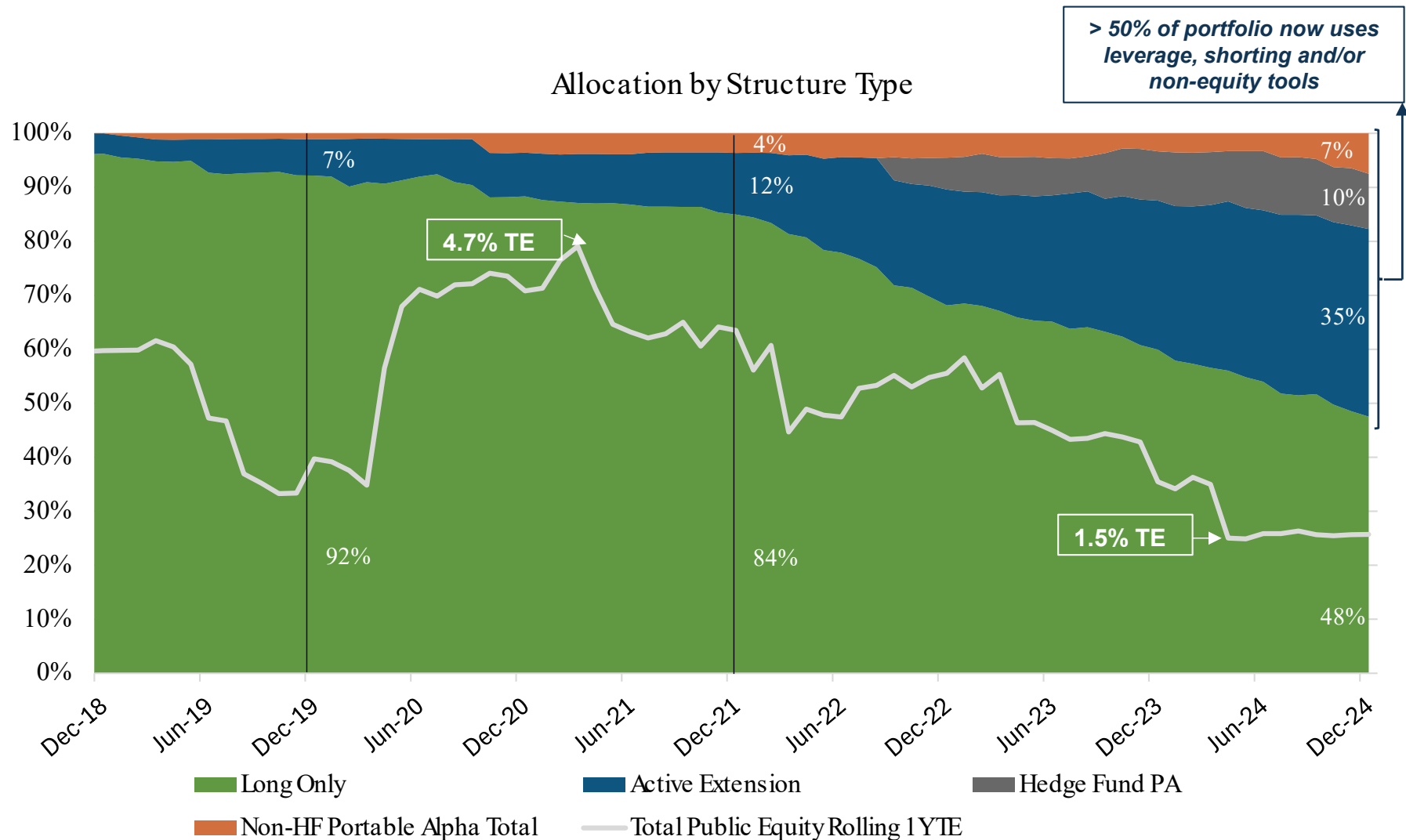


Portfolio Tool	Description
Factor Framework	Position portfolio to benefit from highest Sharpe factors
Active Extension	Relax short constraint, while maintaining beta of 1.0 to equities
Portable Alpha	Create return stream that equals best alpha plus best beta, minus financing costs



Portfolio Changes: Structure Type

New tools have reduced portfolio's active risk; active risk is now well-compensated



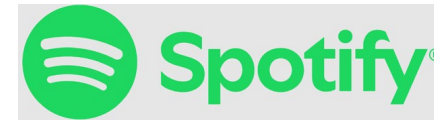


Developed Markets Portfolio: 2024 Alpha Drivers

Top 10 individual stock contributors to excess return ranged from -0.14% to +0.59% active weight

Stock	Average Portfolio Weight	Average Active Weight	Average Stock Return	Excess Return Contribution
Spotify	0.25%	0.24%	138.1%	0.24%
TSMC	0.35%	0.35%	82.5%	0.21%
Sea Ltd	0.21%	0.17%	162.0%	0.20%
Applovin	0.13%	0.10%	712.6%	0.19%
Moderna	-0.14%	-0.18%	-58.2%	0.16%
Flutter Entertainment	0.33%	0.28%	40.6%	0.15%
Philip Morris Int'l	0.59%	0.34%	34.3%	0.14%
Fortinet	0.24%	0.17%	61.4%	0.14%
Doordash	0.21%	0.16%	69.6%	0.13%
Alpine Immune Sciences	0.03%	0.03%	238.9%	0.13%
Total Top 10				0.91%

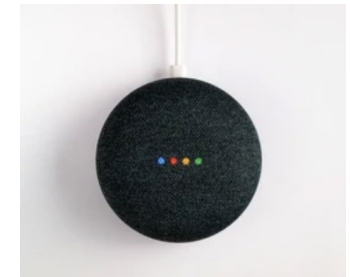
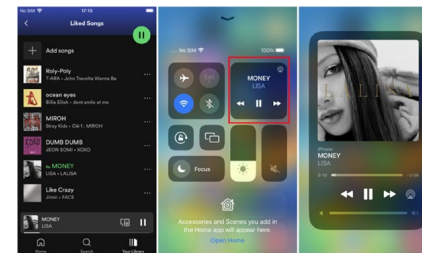
2024 Alpha Driver



Example of Active Overweight

Company Description:

- **Spotify** is an audio streaming and media service provider.
- As of December 2024, the service had 675 million monthly active users and 263 million paying subscribers



UTIMCO Investment:

- Average portfolio exposure in 2024
 - Absolute weight: 0.25% (~\$37 million)
 - Active weight: **+0.24%** (~\$36 million)
- Owned across 11 managers (2 fundamental, 9 quantitative)
- Stock appreciated **+138%** during the year

Investment Thesis:

- Stock had declined over 70% from early 2021 to end of 2022 due to margin pressures, which resulted in a sinking bottom line.
- Investors saw an opportunity for Spotify to structurally improve its profitability by increasing price in step with other streaming services, and by bundling music streaming with higher-margin products, including podcasts and audiobooks.

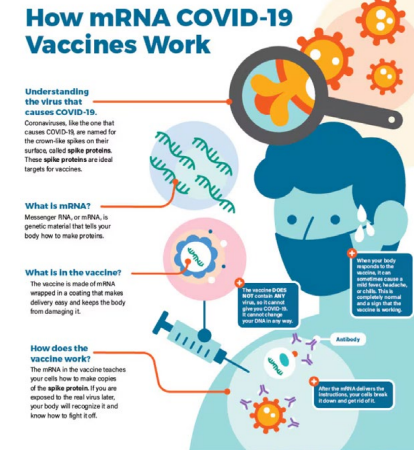
2024 Alpha Driver



Example of Active Underweight

Company Description:

- **Moderna** was founded in 2010 and is the leading platform for messenger RNA (mRNA) vaccines.
- Commercial products include vaccines for COVID-19 and RSV. The pipeline includes possible treatments for flu, HIV, Epstein-Barr, chikungunya and Zika, as well as cancer therapies.



UTIMCO Investment:

- Average portfolio exposure in 2024
 - Absolute weight: -0.14% (~\$-21 million)
 - Active weight: **-0.18%** (~\$-27 million)
- Short exposure across 10 managers (2 fundamental, 8 quantitative)
- Stock declined **-58%** during 2024, following **-29%** and **-45%** declines in 2022 and 2023

Investment Thesis:

- Stock had appreciated over 350% from January to August 2021, as the company brought its COVID vaccine to market
- Active managers were wary of Moderna's high cash burn of ~\$6B per year.
- Market sentiment on vaccine stocks broadly worsened on fears of RFK Jr. (the then nominee for Secretary of HHS) being a staunch vaccine skeptic.



Planned Portfolio Consolidation

Recommendation results in lower Policy weight to EM

Portfolio	Current Implementation			Planned Implementation		
	PUF Policy Weight	% of Total Public Equity	Benchmark*	Implied PUF Policy Weight	% of Total Public Equity	Benchmark*
Developed Markets	20.0%	75.8%	MSCI World	21.5%	92.0%	N/A
Emerging Markets	6.4%	24.2%	50% MSCI Emerging Markets ex-China + 50% MSCI Emerging Markets with China All Shares	1.9%	8.0%	N/A
Total Public Equity	26.4%	100.0%	N/A	23.4%	100.0%	MSCI ACWI ex-China ex-HK IMI

- **Expected forward return (beta) differential** between EM and DM has compressed by ~80% (from +2.1% to +0.4%)
- We are **removing China** per instruction of Texas Governor
- **MSCI ACWI ex-China ex-HK** is a global, market cap-weighted benchmark that **aligns with peers and updated beta and alpha expectations**
- The Investible Market Index (“IMI”) version of the benchmark slightly **expands universe breadth** (more mid- and small-cap)

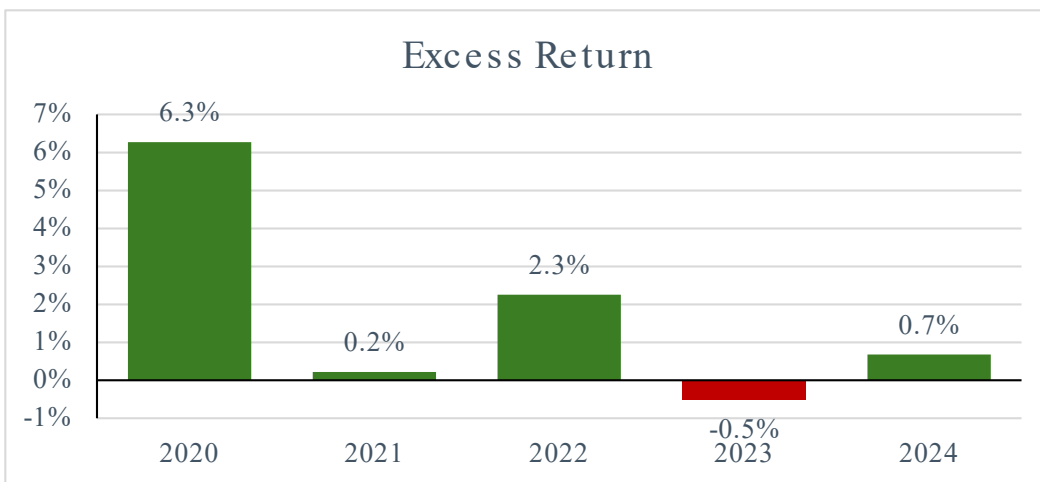
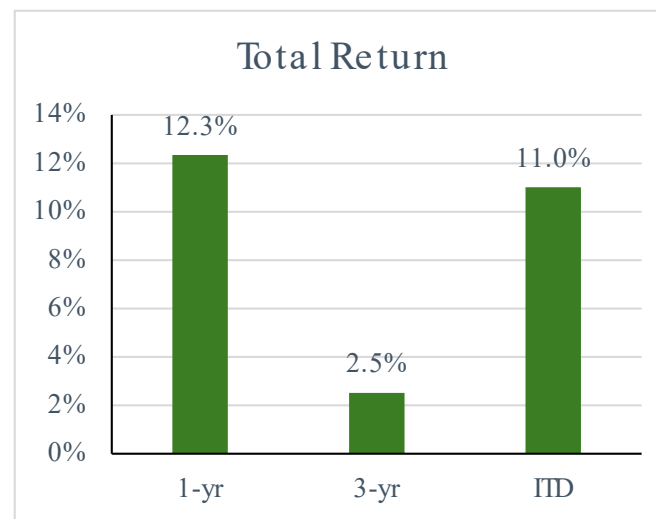
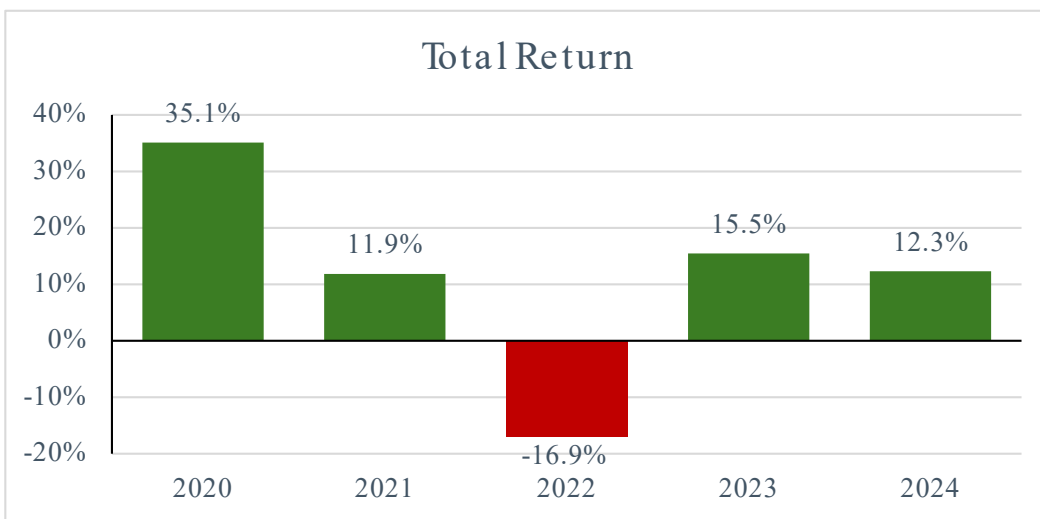
* Benchmarks are total return with net dividends. The Emerging Markets benchmark was MSCI EM prior to 8/31/23, and 67% MSCI EM with All China shares + 33% MSCI EM ex China from 9/1/23 to 12/31/24.



Asset Allocation



Strategic Partners Performance

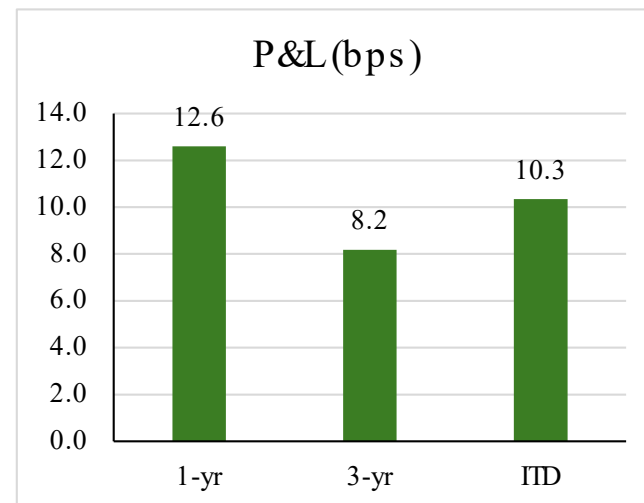
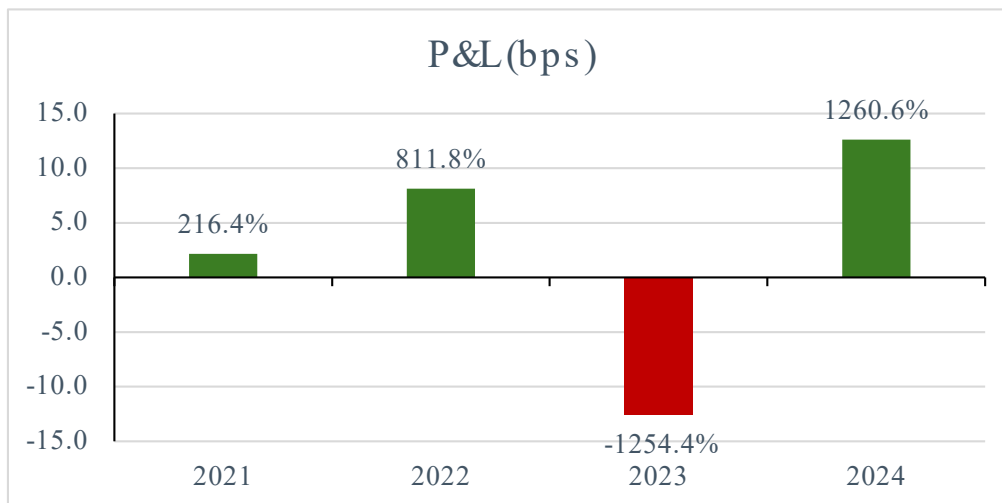
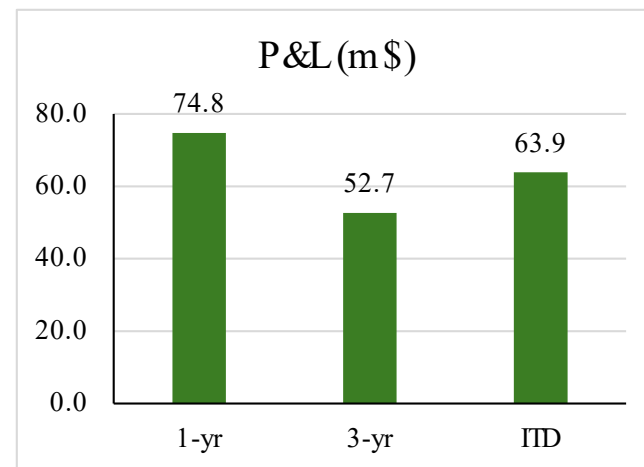
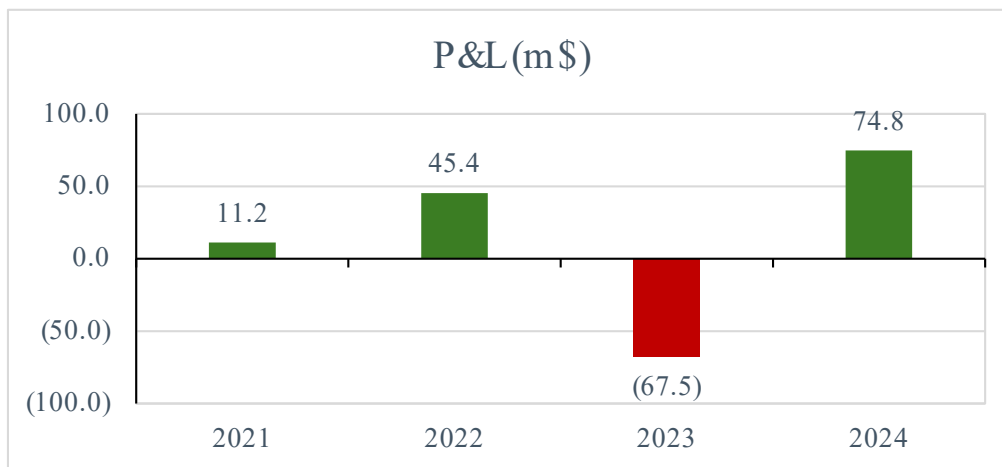


Strategic Partnerships inception was 4/30/2020.

Benchmark: Blended Bloomberg US Treasuries, MSCI World Index with Net Dividends, MSCI Emerging Markets Index with Net Dividends, and HFRI Macro.



TAA Performance



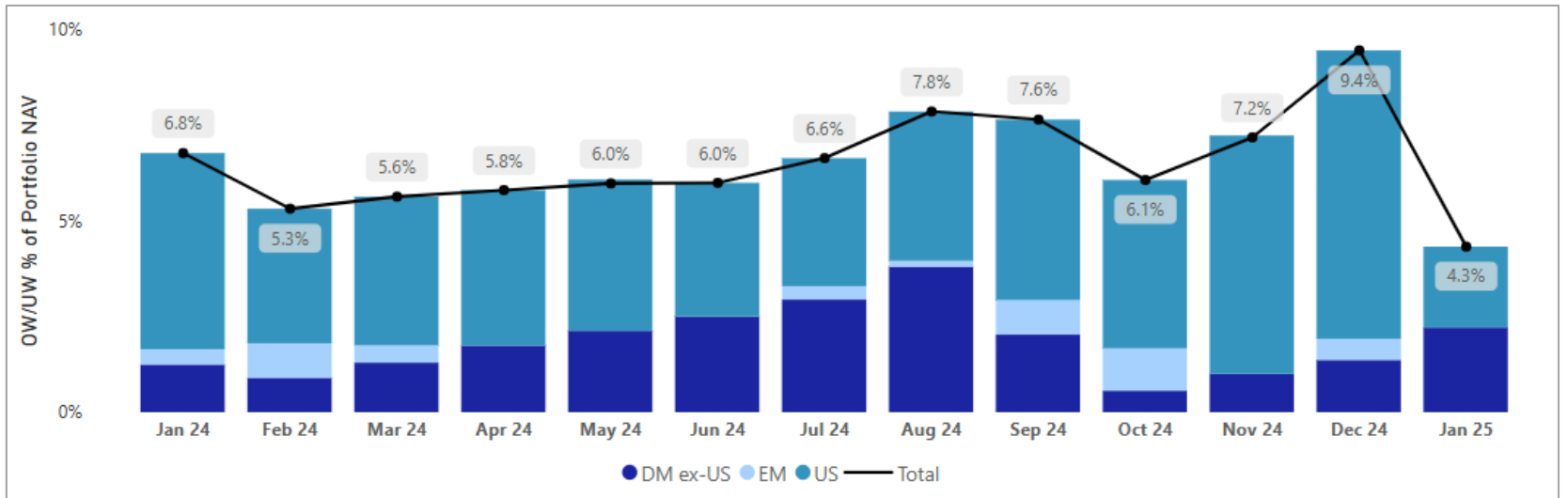
TAA inception was 5/31/2021.

TAA Performance expressed in terms of basis points contribution to the Endowment.

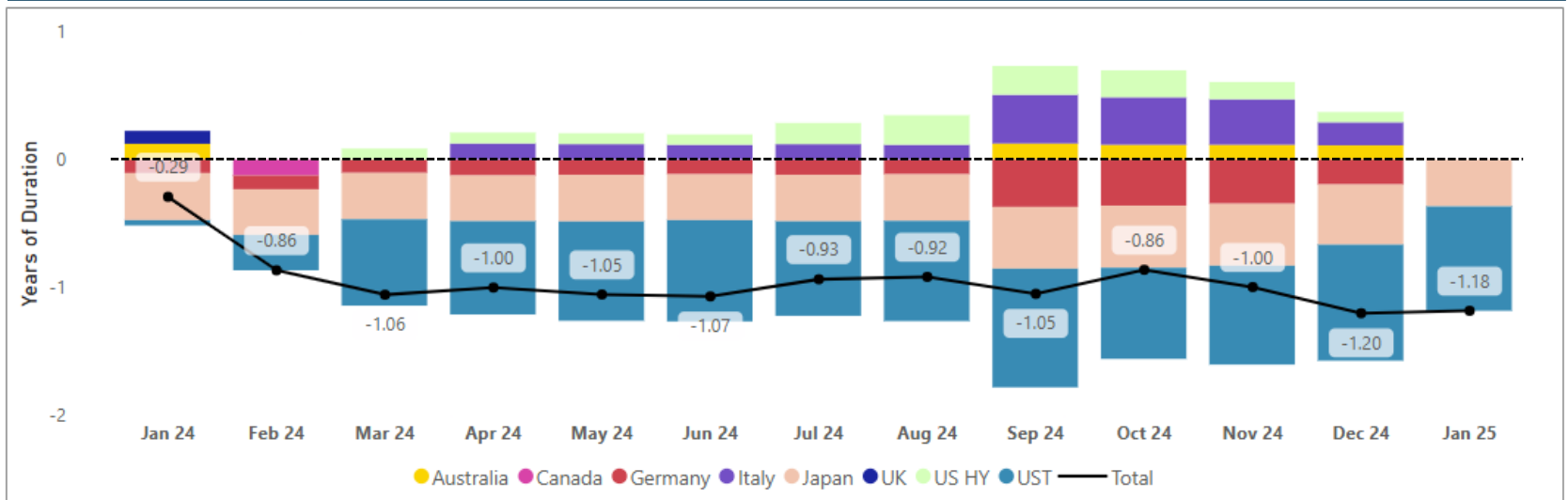


Strategic Partners' Tactical Positioning

Remain "risk-on" in Equities, mostly in the US



Continue Underweight Fixed Income with some RV trades



Note: Charts shows month-end exposures; intra-month exposures may vary.

Appendix





AUM and Performance

Performance Summary - December 2024

	Assets (M)	UTIMCO Performance				Alpha vs. Benchmark			
		Dec-24	1y	3y	5y	10y	1y	3y	5y
Total Developed Markets	15,154	20.6%	5.7%	10.6%	9.7%	1.9%	(0.6%)	(0.5%)	(0.2%)
Tracking Error						1.5%	2.4%	3.6%	3.5%
Information Ratio						1.22	(0.26)	(0.16)	(0.06)
Total Emerging Markets	3,859	9.3%	(2.4%)	3.2%	5.8%	2.6%	(0.4%)	1.6%	2.2%
Tracking Error						3.7%	4.5%	4.8%	4.7%
Information Ratio						0.71	(0.08)	0.34	0.45
Total Public Equity	19,013	18.0%	3.8%	8.9%	8.8%	2.0%	(0.6%)	(0.0%)	0.5%

	Assets (M)	UTIMCO Performance			Alpha vs. Benchmark		
		Dec-24	1y	3y	ITD	1y	3y
Total Strategic Partnerships	3,227	12.3%	2.5%	11.0%	0.7%	1.0%	1.9%
Tracking Error					1.6%	1.9%	2.2%
Information Ratio					0.42	0.54	0.85
Tactical Asset Allocation	2,721				0.13%	0.08%	0.03%
Tracking Error					0.07%	0.10%	0.03%
Information Ratio					1.72	0.80	1.00

The Developed Markets Benchmark is MSCI World.

The Emerging Markets Benchmark is: MSCI EM prior to 8/31/23; 67% MSCI EM with All China shares + 33% MSCI EM ex China starting 9/1/23.

The Strategic Partnerships Benchmark is: Blended Bloomberg US Treasury: Long Index, MSCI World Index with Net Dividends, MSCI Emerging Markets Index with Net Dividends, and HFRI Macro.

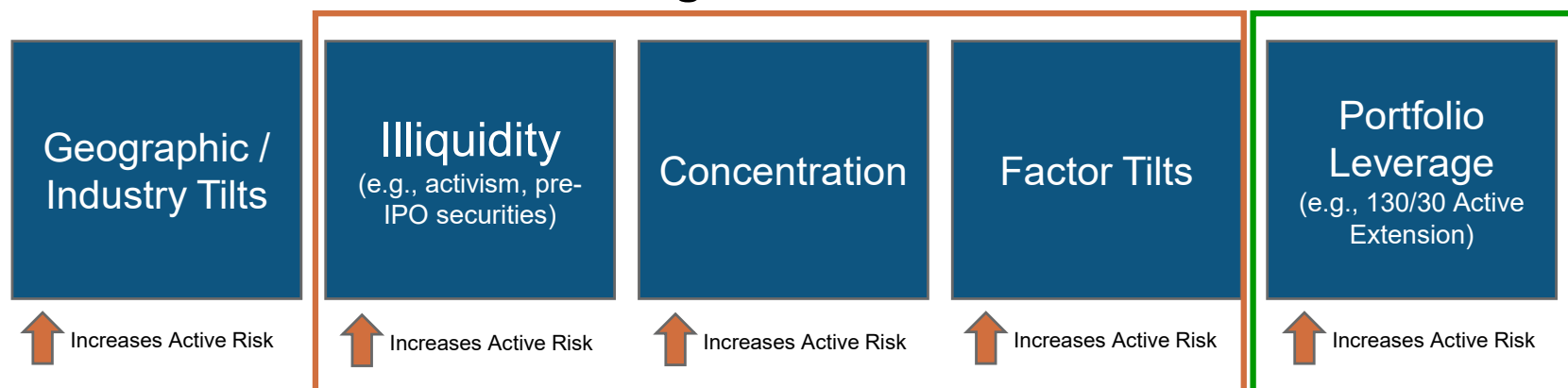
Tactical Asset Allocation assets represent gross notional exposure.

All returns are for the PUF; returns for periods longer than 1 year are annualized.

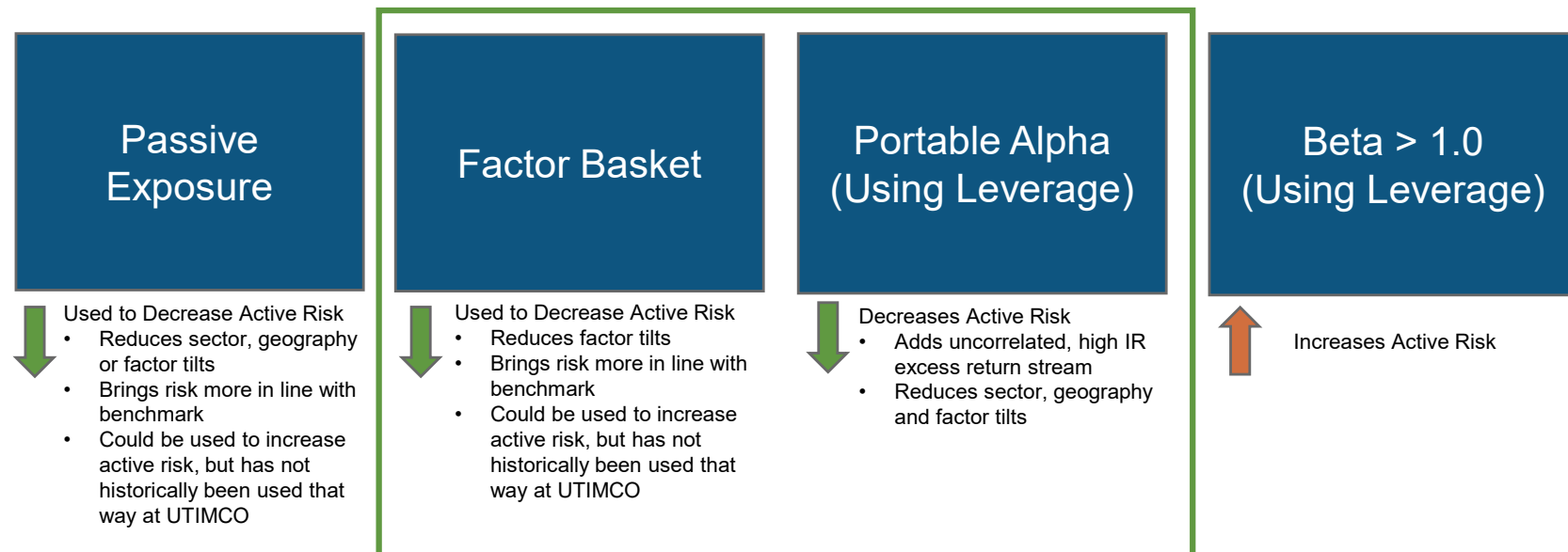


Public Equity Portfolio Tools

Manager Level Tools

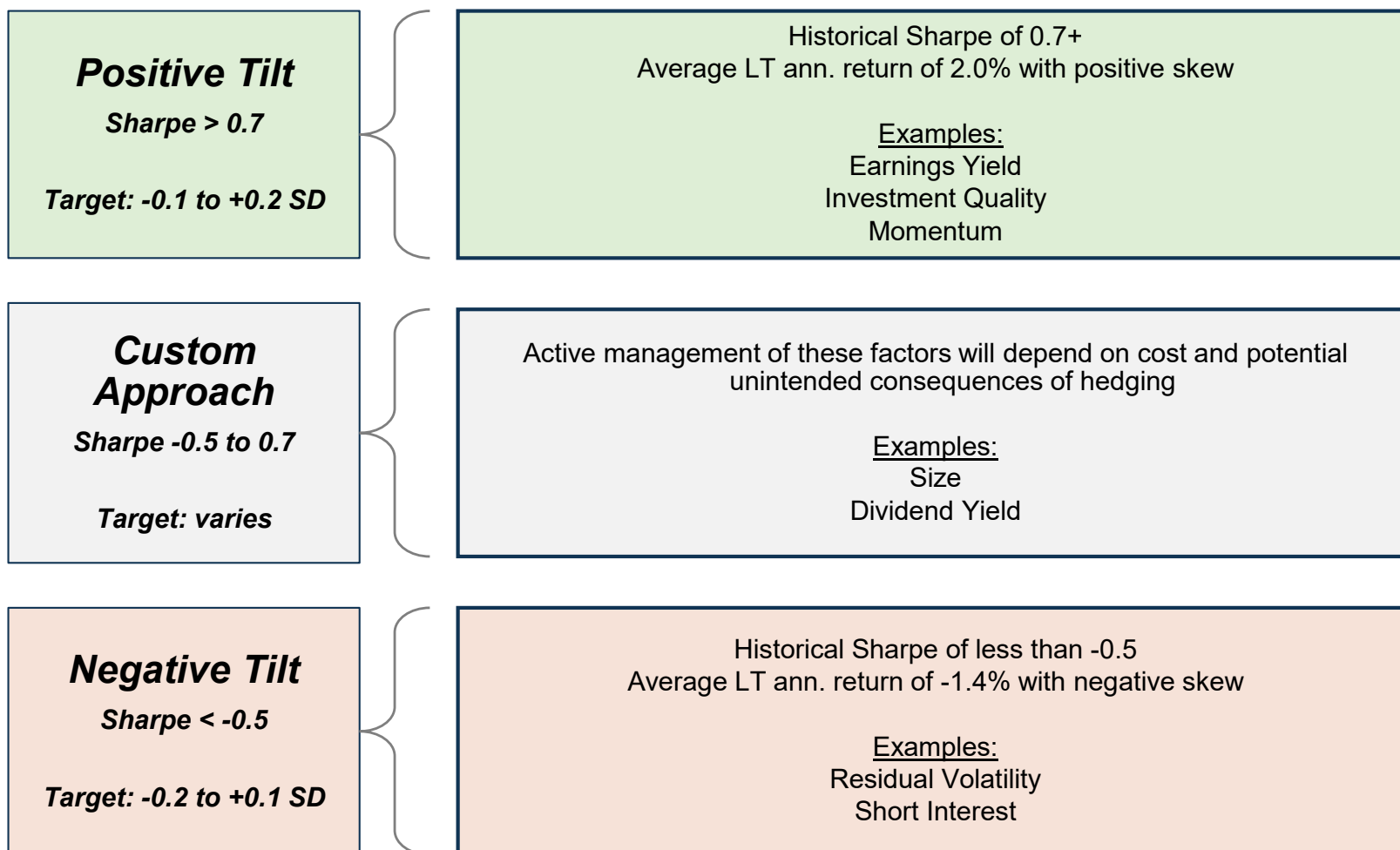


Portfolio Level Tools





Public Equity Factor Framework



Long-term exposure targets; short-term exposures may vary for all factors

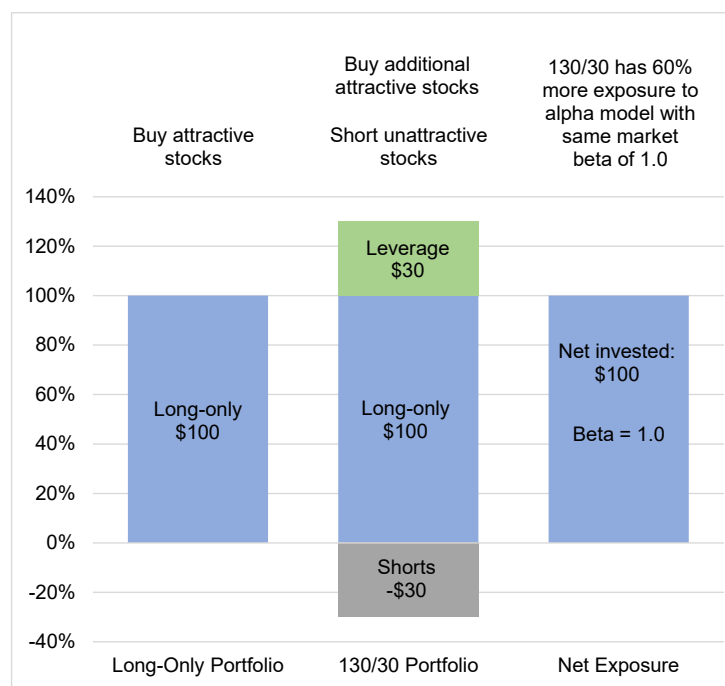
Historical return and risk calculated using Barra EFMGEMLT model from June 1995 to June 2024, using pure factor returns of a long/short portfolio with a sensitivity of 1 to the factor in question and a sensitivity of 0 to all other factors.



Active Extension: How Strategies Work

Illustrative 130/30 example

- Strategy uses multi-signal model to rank all stocks in universe according to projected alpha, from 1 to N
- For every \$100 in NAV, strategy buys \$130 in long positions and sells \$30 in short positions
 - **Additional long exposure is funded by proceeds from short sales**
 - **Attributes** of long and short positions (factor, sector, geography) **may either offset** each other **or combine** to achieve target exposures and tracking error for total portfolio
- Strategy has **60% more exposure to alpha model than corresponding long-only portfolio**
- Although the strategy's gross exposure is 160% (130% long + 30% short), **net market exposure remains 100% (beta = 1.0)**



Source: Lo and Patel, *Journal of Portfolio Management*

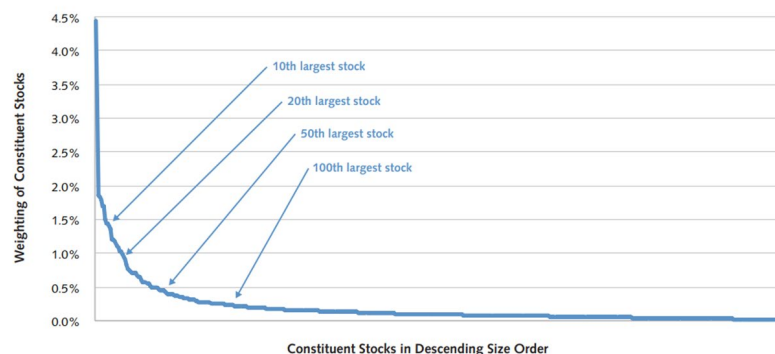


Active Extension: Why Strategies Work

Removes “lower bound” on active underweights

- Conventional, **market cap-weighted benchmarks** (e.g., MSCI World, S&P 500) contain a “long tail” of stocks with very small weights
 - Over half the stocks in these benchmarks generally have weights < 10bps
- In a **long-only strategy, active underweights to stocks with small benchmark weights are capped** at the size of those benchmark weights
 - This **reduces the “transfer coefficient”** (TC, or translation of theoretical alpha into portfolio positions) in the Fundamental Law of Active Management
- In a **130/30 strategy, the “lower bound” on active underweights is relaxed**
 - This **enhances TC**, which in turn **boosts IR**

Distribution of Weights for Benchmark Constituents



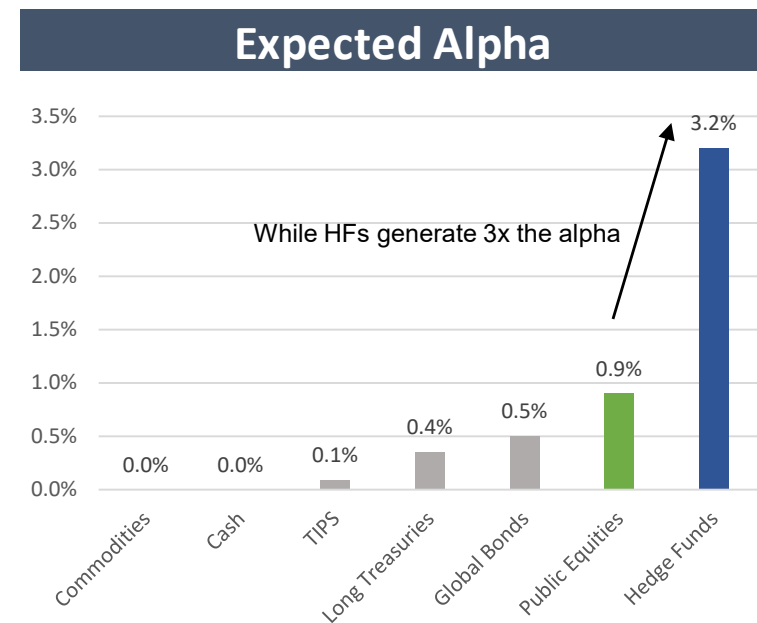
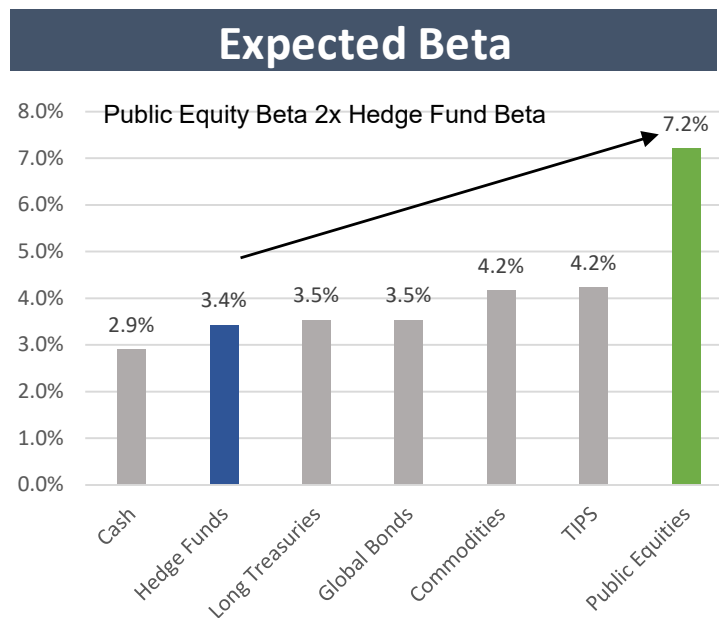
Fundamental Law of Active Management

$$IR \uparrow \approx \text{Transfer Coefficient (TC)} \uparrow \times \text{Information Coefficient (IC or Skill)} \times \text{Breadth (N)}$$



Public Equity Portable Alpha

- **Public Equities** offer the highest expected return from beta (7%) but low to moderate alpha
- **Hedge Funds** offer the highest alpha (3%) but paired with lower returns from beta

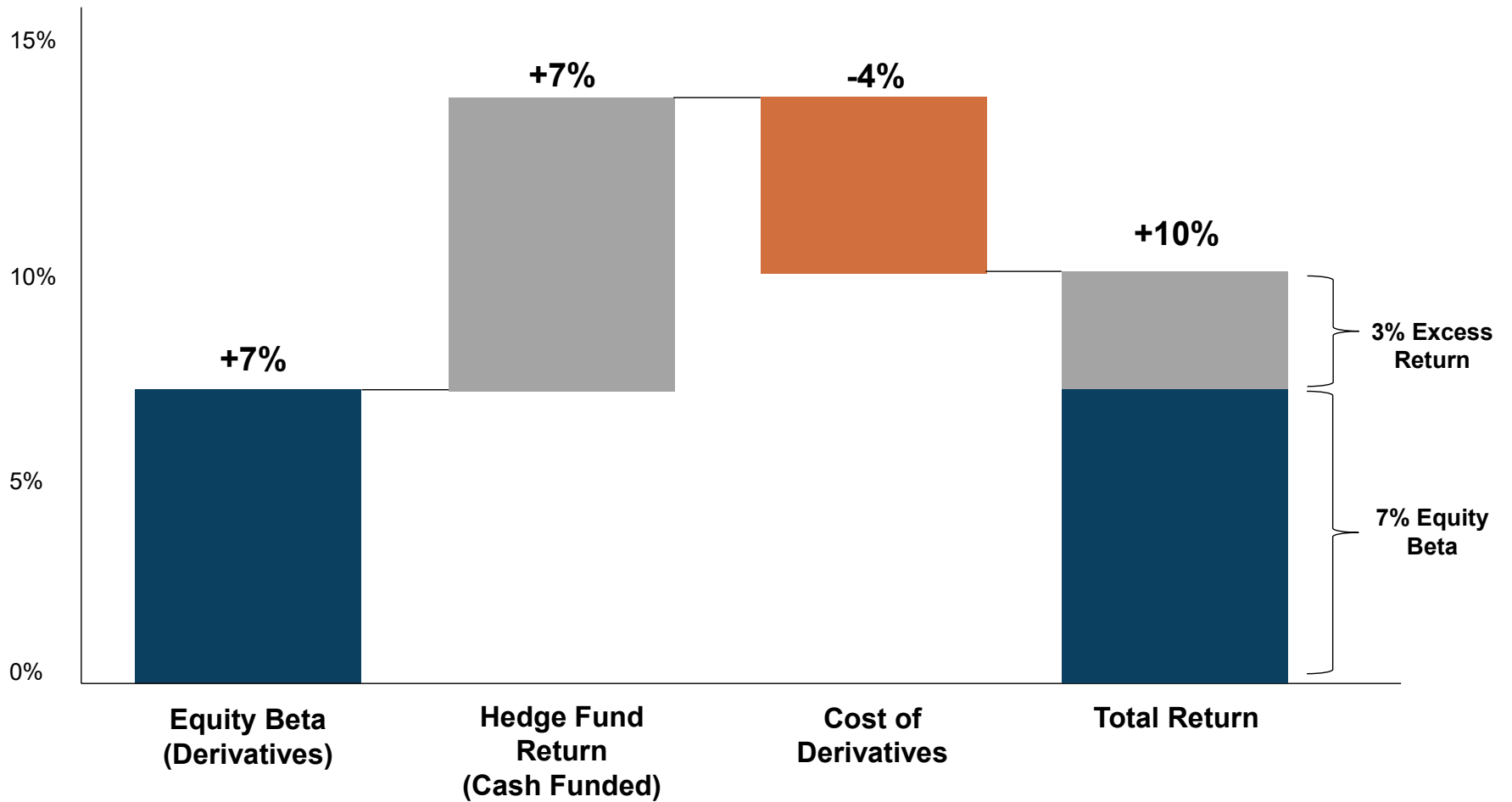


- Portable Alpha combines the “**best beta**” and “**best alpha**” into a single strategy.
- Capital is deployed where the alpha opportunity is the most attractive (Hedge Funds). Equity index derivatives are then used to create the desired asset class (“beta”) exposure (Public Equity).



Public Equity Portable Alpha

Illustrative return expectations



Agenda Item
UTIMCO Board of Directors Meeting
March 13, 2025

Agenda Item: Report from Policy Committee

Developed By: Moeller

Presented By: Handley

Type of Item: Information Item

Description: The Policy Committee (the “Committee”) met on March 4, 2025. The Committee’s agenda included (1) discussion and appropriate action related to the approval of minutes of the June 11, 2024 meeting and the June 11, 2024 joint meeting of the Policy and Investment Risk Committees; (2) discussion of Committee’s self-assessment; and (3) preliminary review of 2026 Investment Policies.

The Investment Management Services Agreement (IMSA) requires that UTIMCO review the current Investment Policies for each Fund at least annually. The review covers long-term expected investment return and risk levels, strategic asset allocation targets and ranges for each Asset Class and fund, designated performance benchmarks for each Asset Class, and such other matters as the UT System Board of Regents or its staff designees may request. In June, UTIMCO expects to recommend unification of the DM and EM Public Equity portfolios (to be measured against a single benchmark), minor shifts in asset class weights, and clarification of the Portable Alpha definition.

Discussion: Director Handley reported on the findings and conclusions of the Committee’s self-assessment.

Mr. Hall and Ms. Chen previewed the revisions to the Investment Policy Statements and Liquidity Policy, and the rationale for those revisions, ahead of a formal recommendation in June 2025.

Recommendation: None

Reference: None

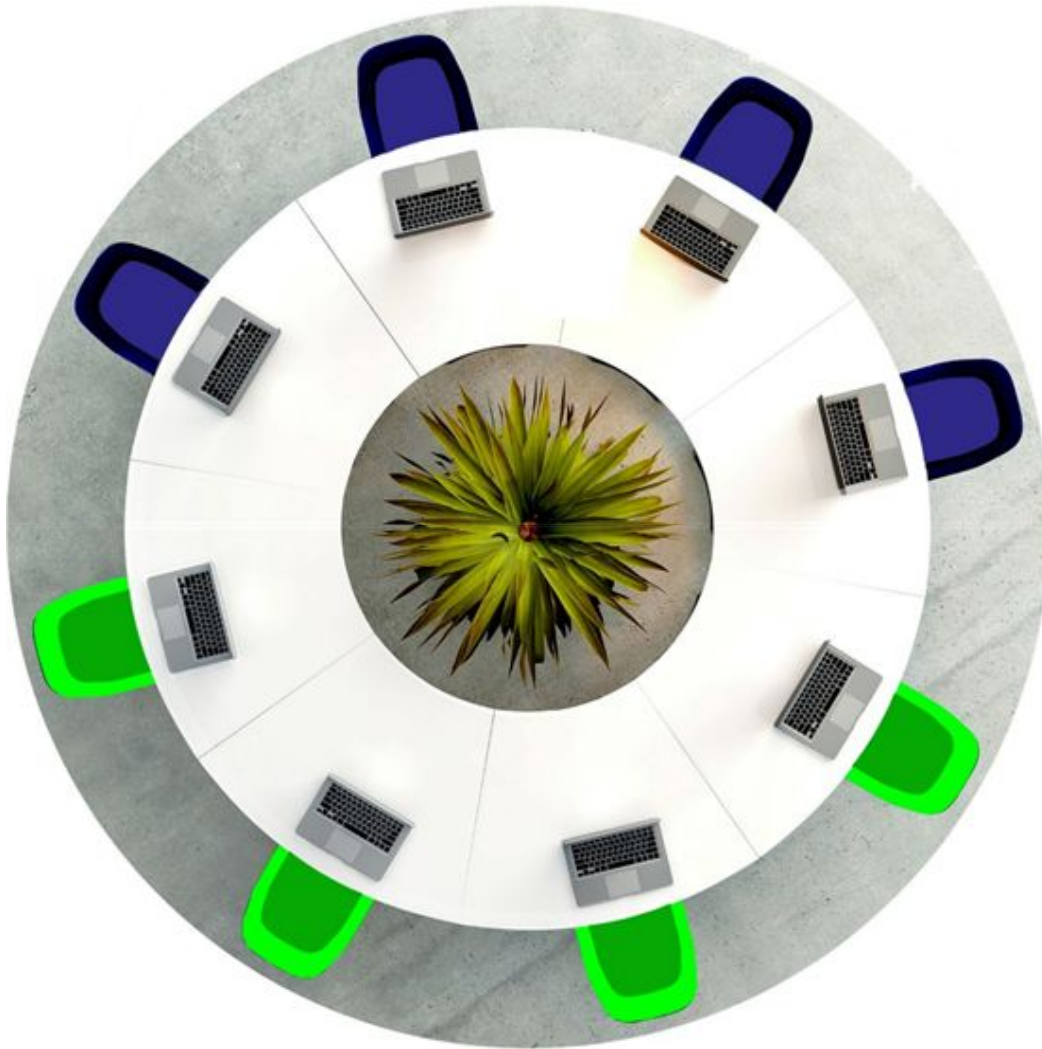
Agenda Item
UTIMCO Board of Directors Meeting
March 13, 2025

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 Corporation for the year ended August 31, 2024
Developed By:	Moeller, de Onís
Presented By:	Jiles
Type of Item:	Action required by UTIMCO Board related to Audit; Information item on other items
Description:	<p>The Audit and Ethics Committee (the “Committee”) met on March 4, 2025. The Committee’s agenda included (1) discussion and appropriate action related to the approval of minutes of December 4, 2024 meeting; (2) discussion and appropriate action related to financial statement audit results and communications and audited financial statements for the Corporation; (3) an update on UTIMCO’s compliance, reporting, and audit matters; and (4) a presentation of unaudited financial for the Investment Funds and the Corporation. The Committee also met in Executive Session to receive a report from the UT System Audit Office regarding computer security assessments related to information resources technology.</p>
Discussion:	<p>The UTIMCO financial statements were audited by Deloitte & Touche LLP. Deloitte & Touche LLP issued an unqualified opinion on the August 31, 2024 and 2023 financial statements. Tom Wagner, the engagement partner, presented to the Committee the Deloitte & Touche LLP’s Audit Results and Communications letter and answered questions related to the financial statements. A copy of the Audit Results and Communications Letter and the audited financial statements are included.</p> <p>Routine activities of the Committee included a report from Ms. Davis related to the quarterly compliance reports for the quarter ended December 31, 2024, including the contracts report. In accordance with the Delegation of Authority Policy, UTIMCO reports any new contracts, leases or other commercial arrangements of \$500,000 or more to the UTIMCO Board at its next regularly scheduled meeting, and annually, all existing contracts, leases, or other commercial arrangements of \$500,000 or more. There were no new contracts, leases, or other commercial arrangements of \$500,000 or more from the prior reporting end date of November 15, 2024, through February 18, 2025.</p>
Recommendation:	The Committee will recommend that the UTIMCO Board approve the Deloitte and Touche LLP Financial Statement Audit Results and Communications for the year ended August 31, 2024, and the audited financial statements and audit report for the Corporation for the years ended August 31, 2024 and 2023.
Reference:	Deloitte & Touche LLP’s Audit Results and Communications Letter Audited Financial Statements and Audit Report for the Corporation

**RESOLUTIONS RELATED TO AUDIT OF THE CORPORATION FOR
FISCAL YEAR 2024**

RESOLVED, that Deloitte & Touche LLP Financial Statement Audit Results and Communications for the Corporation 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 annual financial statements and audit report for the Corporation for the fiscal years ended August 31, 2024 and August 31, 2023, 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 Audit Including Control-Related Matters



February 21, 2025

Mr. Richard Hall

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

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 and Members of the Audit and Ethics Committee of the Board of Directors of The University of Texas/Texas A&M Investment Management Company (the "Audit and Ethics Committee"):

We have performed an audit of the financial statements of The University of Texas/Texas A&M Investment Management Company (the "Company") 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 report thereon dated February 21, 2025.

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 Company is responsible.

This report is intended solely for the information and use of management, the Audit and Ethics Committee, 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,

A handwritten signature in black ink that reads "Deloitte & Touche LLP". The signature is written in a cursive, flowing style.

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

Our Responsibility under Generally Accepted Auditing Standards

Our responsibility under generally accepted auditing standards has been described in our engagement letter dated May 30, 2024, a copy of which has been provided to you. As described in that letter, 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 Audit and Ethics Committee are prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America (“generally accepted accounting principles”). The audit of the financial statements does not relieve management or the Audit and Ethics Committee of their responsibilities. We considered internal control over financial reporting in order to design audit procedures that were appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Company’s internal control over financial reporting.

Significant Accounting Policies

The Company’s significant accounting policies are set forth in Note 2 to the Company’s 2024 financial statements.

We have evaluated the significant qualitative aspects of the Company’s 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 Company’s 2024 financial statements include the recoverability of long-term assets such as property and equipment and liabilities, as well as those related to accrued compensation and other compensation related accounts. During the year ended August 31, 2024, we are not aware of any significant changes in accounting estimates or in management’s judgments relating to such estimates.

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 development of an independent expectation of the estimates to corroborate management’s estimates, detail testing performed, or our understanding and testing of the process used by management to develop the estimates.

Uncorrected Misstatements

Our audit of the financial statements was 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 audit.

Material Corrected Misstatements

Our audit of the financial statements was 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.

Difficult or Contentious Matters for Which We Consulted Outside the Engagement Team

In connection with audit of the financial statements as of and for the year ended August 31, 2024, the Company corrected presentation errors pertaining to the Statements of Cash Flows related to lease accounting and subscription-based information technology arrangements (“SBITA”) accounting as required by accounting pronouncements Governmental Accounting Standards Board Statement No. 87- Leases (“GASB 87”) and Governmental Accounting Standards Board Statement No. 96- Subscription-Based Information Technology Arrangements (“GASB 96”), respectively, for the years ended August 31, 2023 and August 31, 2024.

The correction of the prior period amounts, as discussed by management in Footnote 2 of the financial statements under the “Prior Period Presentation” disclosure heading, consisted of amending the 2023 Statement of Cash Flows to include principal cash flows associated with GASB 87 and GASB 96 to “Cash Flows from capital and related financing activities” section from the “Cash flows from operating activities” section, where they were initially presented. The same correction was made for 2024.

The audit engagement team consulted with Deloitte’s National Office to agree with management’s conclusions that the restatement should be classified as an immaterial correction of a prior period error rather than a material restatement, based on an analysis of the quantitative and qualitative factors. Accordingly, we agree with such conclusion that the correction of the 2023 Statement of Cash Flows, included within the 2024 financial statements as a comparative period, for the error described above, does not constitute a material restatement of 2023 or a material correction of an error for 2024.

Control-Related Matters

As it pertains to the lease accounting and SBITA matters noted above, which were corrected in the 2024 financial statements, we identified that a deficiency existed as of August 31, 2024 which we consider to be a significant deficiency under generally accepted auditing standards. The significant deficiency identified was that during the 2024 and 2023 financial statement preparation process, the Company did not properly consider the cash flow presentation guidance of GASB 87 and GASB 96.

The definitions of a deficiency, a significant deficiency, and a material weakness are as follows:

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as

designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

A *material weakness* is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Other Information Included in the Annual Report

When audited financial statements are included in documents containing other information such as Management's Discussion & Analysis (MD&A), we read such other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. We have read the other information in the MD&A and have compared selected amounts or other items in the other information with such amounts or other items in the financial statements. While reading the other information, we remained alert for indications that (1) a material inconsistency exists between the other information and our knowledge obtained in the audit and (2) a material misstatement of fact exists or the other information is otherwise misleading. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to communicate the matter to you, request that the correction be made, and, if not corrected, describe it in our report. We did not note any uncorrected material misstatements of the other information.

Disagreements with Management

We have not had any disagreements with management related to matters that are material to the Company's 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 Audit 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 Audit and Ethics Committee.

Significant Difficulties Encountered in Performing the Audit

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

Management's Representations

We have made specific inquiries of the Company's management about the representations embodied in the financial statements. In addition, we have requested that management provide to us the written representations the Company is required to provide to its 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.

Required Supplementary Information Opinion Paragraph

We included the following required supplementary information related paragraph in our opinion on the financial statements:

Accounting principles generally accepted in the United States of America, require that the management's discussion and analysis on page 4 through 9 of the financial statements 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.

* * * * *

APPENDIX A – Management Representation Letter



THE UNIVERSITY OF TEXAS/TEXAS A&M
INVESTMENT MANAGEMENT COMPANY

February 21, 2025

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 University of Texas/Texas A&M Investment Management Company (the "Company"), which comprise the statements of net position as of August 31, 2024 and 2023, and the related statements of revenues, expenses and changes in net position, and cash flows, and the related notes to the financial statements (the "financial statements"), for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the Company in accordance with accounting principles generally accepted in the United States of America (GAAP).

We confirm that we are responsible for the following:

- a. The preparation and fair presentation in the statements of net position, statements of revenues, expenses and changes in net position, and cash flows in accordance with GAAP.
- b. 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 and the other information included in or appended to the financial statements are fairly presented in accordance with GAAP and the standards set forth by the Governmental Accounting Standards Board ("GASB").
2. The Company has provided to you all relevant information and access as agreed in the terms of the audit engagement letter.

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3. The Company has made available to you:
 - a. All financial records and related data.
 - b. 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.
4. There have been no communications with regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices.
5. The Company has 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.
6. We have no knowledge of any fraud or suspected fraud, other than as communicated to your team, affecting the Company involving:
 - a. Management
 - b. Employees who have significant roles in the Company's internal control
 - c. Others, where the fraud could have a material effect on the financial statements.
7. We have no knowledge of any allegations of fraud or suspected fraud affecting the Company's financial statements communicated by employees, former employees, regulators, or others, other than as communicated to your team.
8. 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.
9. 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*.

Except where otherwise stated below, immaterial matters less than \$250,000 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to, or disclosure in, the financial statements.

10. There are no transactions that have not been properly recorded and reflected in the financial statements.
11. The Company has no plans or intentions that may affect the carrying value or classification of assets and liabilities.
12. Regarding related parties:
 - a. We have disclosed to you the identity of the Company's related parties and all the related-party relationships and transactions of which we are aware.
 - b. To the extent applicable, related parties and all the related-party relationships and transactions, including sales, purchases, loans, transfers, leasing arrangements, and

guarantees (written or oral) have been appropriately identified, properly accounted for, and disclosed in the financial statements.

13. 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.
14. There are no:
 - a. Instances of identified or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.
 - b. 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.
15. The Company has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral.
16. The Company has complied with all aspects of contractual agreements that may affect the financial statements.
17. The performance incentive awards approved for the year ended August 31, 2024 and approved on December 12, 2024, totaled \$12,448,495.
18. Regarding required supplementary information:
 - a. We confirm that we are responsible for the required supplementary information
 - b. The required supplementary information is measured and presented in accordance with the Governmental Accounting Standards Board
 - c. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period.
19. No events have occurred after August 31, 2024 but before February 21, 2025, the date the financial statements were 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



Kim Bauer
Senior Director – Corporate Accounting

**THE UNIVERSITY OF TEXAS/TEXAS A&M INVESTMENT
MANAGEMENT COMPANY**

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**

Years ended August 31, 2024 and 2023

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

Financial Statements

Years Ended August 31, 2024 and 2023

Contents

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of The University of Texas/Texas A&M Investment Management Company

Opinion

We have audited the financial statements of The University of Texas/Texas A&M Investment Management Company ("UTIMCO"), a component unit of The University of Texas System, as of and for the years ended August 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise UTIMCO's audited financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of UTIMCO as of August 31, 2024 and 2023, and the respective changes in net position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of UTIMCO, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

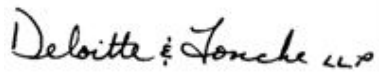
In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America, require that the management's discussion and analysis on pages 3 through 9 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.

The image shows a handwritten signature in cursive script that reads "Deloitte & Touche LLP". The signature is written in dark ink and is positioned above the date.

February 21, 2025

MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A) (Unaudited)

Our discussion and analysis of the financial performance for The University of Texas/Texas A&M Investment Management Company (UTIMCO) provides an overview of its activities for the years ended August 31, 2024 and 2023. This discussion was prepared by UTIMCO management and should be read in conjunction with the UTIMCO financial statements and notes. UTIMCO is a 501(c)(3) investment management corporation whose sole purpose is the management of investment assets that are under the fiduciary care of the Board of Regents of The University of Texas System (UT Board).

Created in March 1996, UTIMCO is the first external investment corporation formed by a public university system. It invests endowment and operating funds in excess of \$76 billion as of August 31, 2024. UTIMCO is governed by a nine-member Board of Directors consisting of at least three members of the UT Board and four other members appointed by the UT Board, and two members appointed by The Texas A&M University System Board of Regents (A&M Board). At least three members appointed by the UT Board and at least one member appointed by the A&M Board must have substantial background and expertise in investments. The UTIMCO Board and the UT Board have entered into an Investment Management Services Agreement delegating investment management responsibility for most investments to UTIMCO.

The purpose of the MD&A is to provide an objective and easily readable analysis of the UTIMCO financial statements based upon currently known facts, decisions, or conditions.

Financial Highlights

Net position increased approximately \$13.2 million from \$28.1 million to \$41.3 million, or approximately 47%, for the year ended August 31, 2024. Net position increased approximately \$1.1 million from \$27.0 million to \$28.1 million for the year ended August 31, 2023.

The increase in net position in FY 2024 was primarily the result of \$2.9 million of interest income earned during the year and the UTIMCO Performance Program’s (the Plan) awards earned that were \$5.6 million less than budgeted. Several operating expenses were also less than budgeted, including salaries, subscriptions, online data, and employee benefits costs.

The increase in net position in FY 2023 was primarily the result of \$2.1 million of interest income earned during the year and several operating expenses that were less than budgeted including salaries, excise taxes, contract services, consultants, and employee development, offset by the extraordinary deferral of the Plan’s FY 2022 performance awards to FY 2023 resulting in performance compensation expense being over budget.

Use of Financial Statements and Notes

UTIMCO financial statements are prepared in accordance with standards issued by the Governmental Accounting Standards Board (GASB). Three financial statements are typically required under GASB: the Statements of Net Position; the Statements of Revenues, Expenses and Changes in Net Position; and the Statements of Cash Flows. The notes to the financial statements contain supplemental information that is essential for the fair presentation of the financial statements.

Statements of Net Position

The Statements of Net Position present assets, liabilities, and the net position of UTIMCO as of the end of the fiscal years. These statements have been prepared using the accrual basis of accounting.

The following summarizes the Statements of Net Position:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 52,856,077	\$ 41,798,526	\$ 34,166,841
Prepaid Expenses and Other Assets	1,952,670	1,783,699	1,326,728
Total Current Assets	<u>54,808,747</u>	<u>43,582,225</u>	<u>35,493,569</u>
Non-Current Assets			
Assets of the 457(b) Deferred Compensation Plan	4,826,071	3,993,773	3,373,186
Capital Assets, Net of Accumulated Depreciation	5,664,257	7,299,734	8,787,083
Right-of-Use Asset - Building Lease, Net of Accumulated Amortization	12,410,591	14,579,093	16,747,595
Right-of-Use Asset - SBITA, Net of Accumulated Amortization	2,732,733	602,247	1,479,956
Total Non-Current Assets	<u>25,633,652</u>	<u>26,474,847</u>	<u>30,387,820</u>
Total Assets	<u>\$ 80,442,399</u>	<u>\$ 70,057,072</u>	<u>\$ 65,881,389</u>
Liabilities and Net Position			
Current Liabilities	\$ 20,332,709	\$ 22,451,460	\$ 17,350,245
Non-Current Liabilities	18,851,318	19,544,814	21,564,895
Total Liabilities	<u>39,184,027</u>	<u>41,996,274</u>	<u>38,915,140</u>
Net Position	<u>41,258,372</u>	<u>28,060,798</u>	<u>26,966,249</u>
Total Liabilities and Net Position	<u>\$ 80,442,399</u>	<u>\$ 70,057,072</u>	<u>\$ 65,881,389</u>

The changes in the Statements of Net Position components are primarily the result of the following:

- Net position increased in FY 2024 by \$13,197,574 and increased by \$1,094,549 in FY 2023. The increase in net position in FY 2024 was primarily the result of \$2,938,032 of interest income earned and performance compensation awards earned coming in under budget by \$5.6 million. Additionally, various other operating expenses were less than budgeted, including salaries, subscriptions, online data, and employee benefits costs. Salaries and employee benefits costs were less than budgeted because of unfilled vacancies. Subscriptions and online data were under budget primarily because several budgeted services were delayed to later in the fiscal year.

The increase in net position in FY 2023 was primarily the result of \$2,141,957 in interest income earned and other expenses that were under budget including salaries, excise taxes, contract services, consultants, and employee development costs, offset by the FY 2022 extraordinary deferral provision of the Plan that resulted in awards that would have normally been earned in FY 2022, being deferred to June 30, 2023.

- Cash & cash equivalents increased between FY 2023 and FY 2024 by \$11,057,551 and increased between FY 2022 and FY 2023 by \$7,631,685. The increases for both fiscal years are primarily because of interest income receipts, performance compensation awards that were less than budgeted, the timing of the payments of the performance compensation awards, and various other operating expenses that were less than budgeted as described above.
- Prepaid expenses and other assets increased by \$168,971 in FY 2024 and increased in FY 2023 by \$456,971. The increase in FY 2024 was primarily due to the addition of new prepaid subscriptions and travel expenses. The increase in FY 2023 was primarily due to the addition of new prepaid subscriptions and online data services.
- Non-current assets decreased in FY 2024 by \$841,195 and decreased in FY 2023 by \$3,912,973. The decrease in FY 2024 was primarily the result of a decrease in net capital assets from depreciation and a decrease in the net building lease from amortization, offset by the addition of new subscription right-of-use assets and an increase in the assets of the 457(b) deferred compensation plan. The decrease in FY 2023 was the result of a decrease in net capital assets from depreciation and a decrease in the net building lease and subscription right-of-use assets from amortization, offset by an increase in the assets of the 457(b) deferred compensation plan.
- Current liabilities decreased in FY 2024 by \$2,118,751 and increased in FY 2023 by \$5,101,215. The decrease in FY 2024 was primarily the result of a decrease in the performance compensation awards liability offset by additions to the non-current portion of the subscription liability. The increase in FY 2023 was the result of the performance compensation liability for the FY 2023 Plan performance awards compared to FY 2022 which did not include a performance compensation liability due to the extraordinary deferral provision of the performance compensation plan. This was offset by a decrease in the current portion of the subscription liability.
- Non-current liabilities decreased in FY 2024 by \$693,496 and decreased in FY 2023 by \$2,020,081. The decrease in FY 2024 is primarily the result of a reduction of the long-term portion of the building lease through lease payments, offset by an increase in the long-term portion of the subscription liability resulting from additions, and increases in the liabilities of the 457(b) deferred compensation plan. The decrease in FY 2023 is the result of a reduction of the long-term portions of the building lease and subscription liabilities offset by an increase in the liabilities of the 457(b) deferred compensation plan.

Statements of Revenues, Expenses and Changes in Net Position

The Statements of Revenues, Expenses and Changes in Net Position are based upon the financial activities of the organization. The purpose of these statements is to present details comprising the revenues, expenses, and changes to net position for the years reported. The following table summarizes the Statements of Revenues, Expenses and Changes in Net Position:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Revenue			
Management Fees and Advisory Board Fees	\$ 71,686,168	\$ 67,943,364	\$ 60,648,574
Net Non-Operating Revenues/(Expenses)	<u>2,757,226</u>	<u>1,953,672</u>	<u>(6,308)</u>
Total Revenue	74,443,394	69,897,036	60,642,266
Expenses			
Salaries, Benefits & Payroll Taxes	31,000,536	28,514,730	26,212,465
Performance Compensation	15,283,366	25,966,115	12,873,958
General Operating	8,276,351	7,375,006	6,477,602
Depreciation and Amortization	4,754,939	4,917,524	4,995,745
Lease	1,066,791	1,012,572	899,153
Other	<u>863,837</u>	<u>1,016,540</u>	<u>1,085,782</u>
Total Expenses	<u>61,245,820</u>	<u>68,802,487</u>	<u>52,544,705</u>
Other Changes in Net Position			
Rebate of Management Fees to Investment Funds	<u>-</u>	<u>-</u>	<u>(6,000,000)</u>
Net Position at Beginning of Year	<u>28,060,798</u>	<u>26,966,249</u>	<u>24,868,688</u>
Net Position at End of Year	<u>\$ 41,258,372</u>	<u>\$ 28,060,798</u>	<u>\$ 26,966,249</u>

The changes in the Statements of Revenues, Expenses and Changes in Net Position are primarily the result of the following:

- Management fees revenue for each year presented are based upon the operating budget and management fees approved in advance each year by both the UTIMCO Board and the UT Board. The revenue fluctuations are the direct result of these approved budgets. In FY 2022, UTIMCO also rebated \$6,000,000 back to the Investment Funds as required by the IMSA.
- Total Expenses decreased in FY 2024 by \$7,556,667 and increased in FY 2023 by \$16,257,782. The decrease in FY 2024 is primarily the result of the performance compensation awards for FY 2024 that were less than budgeted compared to the FY 2023 performance compensation awards that were more than budgeted because of the FY 2022 extraordinary deferral provision of the Plan. This was offset by increases in employee-related expenses from normal raises and promotions including salaries, payroll excise taxes, and employee benefits costs. The increase in FY 2023 is the result of the increase in performance compensation related to the extraordinary deferral provision of the Plan as well as an increase in other employee-related expenses from normal raises and promotions.

- General Operating expenses contributed to the changes in Total Expenses in FY 2024 and FY 2023. In FY 2024, there was an increase in online data and subscriptions expenses as a result of new short-term subscription assets. There were also increases in consultant expenses in both fiscal years and FY 2023 also had increases in travel, online data, and subscriptions expenses.

Statements of Cash Flows

The Statements of Cash Flows are presented to identify the cash flows from operating, financing, and investing activities. The following table summarizes the Statements of Cash Flows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:			
Proceeds From Management Fees and Advisory Board Fees	\$ 71,686,168	\$ 67,943,364	\$ 60,648,574
Payments to and for Employees	(49,518,633)	(49,216,662)	(45,247,001)
Other Payments	(10,108,103)	(9,458,322)	(8,295,983)
Net Cash Provided by Operating Activities	<u>12,059,432</u>	<u>9,268,380</u>	<u>7,105,590</u>
Cash Flows from Noncapital Financing Activities:			
Rebate of Management Fees to Investment Funds	-	-	(6,000,000)
Net Cash Used in Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>(6,000,000)</u>
Cash Flows from Capital and Related Financing Activities:			
Purchases of Capital Assets, Net of Proceeds from Sale	(178,640)	(383,964)	(107,280)
Payments for Building Lease	(2,566,153)	(2,502,592)	(2,439,032)
Payments for SBITA	(1,195,120)	(892,096)	(972,091)
Net Cash Used in Capital and Related Financing Activities	<u>(3,939,913)</u>	<u>(3,778,652)</u>	<u>(3,518,403)</u>
Cash Flows from Investing Activities:			
Interest Income	2,938,032	2,141,957	203,210
Net Cash Provided by Investing Activities	<u>2,938,032</u>	<u>2,141,957</u>	<u>203,210</u>
Net Change in Cash and Cash Equivalents:	11,057,551	7,631,685	(2,209,603)
Cash and Cash Equivalents at Beginning of Year	<u>41,798,526</u>	<u>34,166,841</u>	<u>36,376,444</u>
Cash and Cash Equivalents at End of Year	<u>\$ 52,856,077</u>	<u>\$ 41,798,526</u>	<u>\$ 34,166,841</u>

The changes in the Statements of Cash Flows are primarily the result of the following:

- Proceeds from management fees increased in FY 2024 and FY 2023. The increases in both years were mainly due to an increase in employee-related expenses. The UTIMCO budget is approved in advance each year by both the UTIMCO Board, and the UT Board and the management fees fluctuate as the direct result of the approved budget. In FY 2022, UTIMCO rebated \$6,000,000 back to the Investment Funds as required by the IMSA.

- Payments to and for employees increased slightly in FY 2024 mainly because of an increase in salaries and other employee-related expenses offset by a decrease in performance compensation paid and increased in FY 2023 as a result of an increase in salaries, performance compensation paid, and other employee-related expenses. Salaries and other employee-related expenses increased in both years as a result of normal raises and promotions.
- Purchases of capital assets decreased slightly in FY 2024 due to the timing of equipment upgrade projects and increased slightly in FY 2023 for technology equipment additions and upgrades.
- Other payments increased in FY 2024 primarily because of increased operating expenses including online data services, subscriptions, and consultants, and increased in FY 2023 primarily because of increased operating expenses including travel, subscriptions, and online data services.

Contacting UTIMCO

The above financial highlights are designed to provide a general overview of the UTIMCO corporate results and insight into the following financial statements. Additional information may be found on our website and inquiries may be directed to UTIMCO via www.utimco.org.

THE UNIVERSITY OF TEXAS/TEXAS A&M INVESTMENT MANAGEMENT COMPANY
Financial Statements

Statements of Net Position

August 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 52,856,077	\$ 41,798,526
Prepaid Expenses and Other Assets	1,952,670	1,783,699
Total Current Assets	<u>54,808,747</u>	<u>43,582,225</u>
Non-Current Assets		
Assets of the 457(b) Deferred Compensation Plan	4,826,071	3,993,773
Capital Assets, Net of Accumulated Depreciation of \$11,647,389 and \$9,929,683, respectively	5,664,257	7,299,734
Right-of-Use Asset - Building Lease, Net of Accumulated Amortization of \$8,674,008 and \$6,505,506, respectively	12,410,591	14,579,093
Right-of-Use Asset - SBITA, Net of Accumulated Amortization of \$1,026,891 and \$1,703,849, respectively	2,732,733	602,247
Total Non-Current Assets	<u>25,633,652</u>	<u>26,474,847</u>
Total Assets	<u><u>\$ 80,442,399</u></u>	<u><u>\$ 70,057,072</u></u>
Liabilities and Net Position		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 16,843,908	\$ 19,810,792
Current Portion - Lease Liability - Building	2,488,941	2,406,811
Current Portion - Subscription Liability - SBITA	999,860	233,857
Total Current Liabilities	<u>20,332,709</u>	<u>22,451,460</u>
Non-Current Liabilities		
457(b) Deferred Compensation Plan Obligations	4,826,071	3,993,773
Long-Term Portion - Lease Liability - Building	12,844,050	15,332,991
Long-Term Portion - Subscription Liability - SBITA	1,181,197	218,050
Total Non-Current Liabilities	<u>18,851,318</u>	<u>19,544,814</u>
Total Liabilities	39,184,027	41,996,274
Net Position		
Net Investment in Capital Assets	20,807,581	22,481,074
Unrestricted	20,450,791	5,579,724
Total Net Position	<u>41,258,372</u>	<u>28,060,798</u>
Total Liabilities and Net Position	<u><u>\$ 80,442,399</u></u>	<u><u>\$ 70,057,072</u></u>

The accompanying notes are an integral part of these financial statements.

THE UNIVERSITY OF TEXAS/TEXAS A&M INVESTMENT MANAGEMENT COMPANY
Financial Statements

Statements of Revenues, Expenses and Changes in Net Position

For the years ended August 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Revenues		
Management Fees	\$ 71,686,168	\$ 67,938,364
Advisory Board Fees	-	5,000
Total Operating Revenues	<u>71,686,168</u>	<u>67,943,364</u>
Operating Expenses		
Salaries	23,518,847	22,331,375
Performance Compensation	15,283,366	25,966,115
Employee Benefits	4,273,056	3,629,675
Payroll Taxes	3,208,633	2,553,680
General Operating	8,276,351	7,375,006
Depreciation	1,813,656	1,871,313
Amortization - Right-of-Use Asset - Building Lease	2,168,502	2,168,502
Amortization - Right-of-Use Asset - SBITA	772,781	877,709
Lease Operating and Parking	1,066,791	1,012,572
Professional Fees	636,303	785,186
Insurance	227,534	231,354
Total Operating Expenses	<u>61,245,820</u>	<u>68,802,487</u>
Operating Income/(Loss)	10,440,348	(859,123)
Non-Operating Revenues/(Expenses)		
Interest Income	2,938,032	2,141,957
Interest Expense - Building Lease	(159,342)	(182,277)
Interest Expense - SBITA	(21,003)	(6,008)
Loss on Disposal of Equipment	(461)	-
Net Non-Operating Revenues/(Expenses)	<u>2,757,226</u>	<u>1,953,672</u>
Increase in Net Position	13,197,574	1,094,549
Net Position at Beginning of Year	<u>28,060,798</u>	<u>26,966,249</u>
Net Position at End of Year	<u><u>\$ 41,258,372</u></u>	<u><u>\$ 28,060,798</u></u>

The accompanying notes are an integral part of these financial statements.

THE UNIVERSITY OF TEXAS/TEXAS A&M INVESTMENT MANAGEMENT COMPANY
Financial Statements

Statements of Cash Flows

For the years ended August 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities:		
Proceeds From Management Fees and Advisory Board Fees	\$ 71,686,168	\$ 67,943,364
Payments to Suppliers for Goods and Services	(9,041,312)	(8,445,750)
Payments for Facility	(1,066,791)	(1,012,572)
Payments to Employees	(42,761,673)	(42,776,619)
Payments for Employees	<u>(6,756,960)</u>	<u>(6,440,043)</u>
Net Cash Provided by Operating Activities	12,059,432	9,268,380
Cash Flows from Capital and Related Financing Activities:		
Purchases of Capital Assets	(178,640)	(383,964)
Payments for Building Lease	(2,566,153)	(2,502,592)
Payments for SBITA	<u>(1,195,120)</u>	<u>(892,096)</u>
Net Cash Used in Capital and Related Financing Activities	(3,939,913)	(3,778,652)
Cash Flows from Investing Activities:		
Interest Income	<u>2,938,032</u>	<u>2,141,957</u>
Net Cash Provided by Investing Activities	2,938,032	2,141,957
Net Increase in Cash and Cash Equivalents:	11,057,551	7,631,685
Cash and Cash Equivalents at Beginning of Year	<u>41,798,526</u>	<u>34,166,841</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 52,856,077</u></u>	<u><u>\$ 41,798,526</u></u>

The accompanying notes are an integral part of these financial statements.

THE UNIVERSITY OF TEXAS/TEXAS A&M INVESTMENT MANAGEMENT COMPANY
Financial Statements

Statements of Cash Flows, Continued

For the years ended August 31, 2024 and 2023

**Reconciliation of Operating Income/(Loss) to Net Cash
Provided by Operating Activities:**

	<u>2024</u>	<u>2023</u>
Operating Income/(Loss):	\$ 10,440,348	\$ (859,123)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities		
Depreciation and Amortization	4,754,939	4,917,524
Changes in Assets and Liabilities:		
Increase in Prepaid Expenses and Other Assets	(168,971)	(456,971)
Increase in Assets of 457(b) Deferred Compensation Plan	(832,298)	(620,587)
Increase/(Decrease) in Accounts Payable and Accrued Expenses	(2,966,884)	5,666,950
Increase in Liabilities of 457(b) Deferred Compensation Plan	832,298	620,587
Net Cash Provided by Operating Activities	<u>\$ 12,059,432</u>	<u>\$ 9,268,380</u>

The accompanying notes are an integral part of these financial statements.

THE UNIVERSITY OF TEXAS/TEXAS A&M INVESTMENT MANAGEMENT COMPANY
Notes to Financial Statements

Note 1 - Organization

The University of Texas/Texas A&M Investment Management Company (UTIMCO) is a not-for-profit corporation organized to invest funds that are under the control and management of the Board of Regents of The UT Board. UTIMCO commenced business on March 1, 1996. The financial statements of UTIMCO have been prepared on the accrual basis of accounting. The significant accounting policies are described in Note 2.

Note 2 - Significant Accounting Policies

Basis of Accounting

The financial statements of UTIMCO are prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

Cash and Cash Equivalents

For purposes of the statements of cash flows, UTIMCO considers highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. UTIMCO invests excess cash in an interest-bearing money market account.

Prepaid Expenses and Other Assets

Prepaid expenses consist of expenses paid in advance for insurance and various services. The prepaid expenses will be ratably expensed over the period to which they relate.

GASB Statement Implemented in Fiscal Year 2023

GASB Statement No. 96, Subscription-Based Information Technology Arrangements “SBITA” (“GASB 96”), established a model for SBITA accounting based on the principle that SBITA are financings of the right to use an underlying subscription asset and was implemented in FY 2023. Under GASB 96, a lessee is required to recognize a subscription liability and an intangible right-of-use subscription asset.

Subscription Liability

Subscription liabilities on the statement of net position represent UTIMCO’s obligation to make subscription payments arising from subscription arrangements other than short term arrangements. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments over the remaining term. Short term arrangements, those with a maximum period of 12 months, are expensed as incurred. For the periods ended August 31, 2024 and 2023, UTIMCO recorded subscription liabilities for several information technology arrangements. Additional SBITA details are discussed in Note 7 below.

Prior Period Presentation

Subsequent to the issuance of the FY 2023 financial statements, management identified that payments related to UTIMCO's building lease and SBITA should have been presented within capital and related financing activities instead of operating activities within the Statements of Cash Flows. As a result, management has corrected this presentation in the prior period financial statements. Management has determined that the impacts of the prior presentation were not material to the previously issued financial statements.

THE UNIVERSITY OF TEXAS/TEXAS A&M INVESTMENT MANAGEMENT COMPANY
Notes to Financial Statements

Capital and Intangible Assets, Net of Accumulated Depreciation and Amortization

Net capital assets consist of office furniture, office equipment, software, and leasehold improvements and are stated at net book value. UTIMCO capitalizes assets whose cost exceeds \$500. Depreciation is computed using the straight-line method over the useful lives of the assets. Estimated useful lives range from three to seven periods for office furniture, equipment, and software, and for the lease term for leasehold improvements.

The following is a schedule of the depreciable capital assets as of August 31, 2024 and 2023:

	Balance 08/31/2023	Additions	Deletions	Balance 08/31/2024
Office furniture	\$ 3,179,321	\$ 34,921	\$ -	\$ 3,214,242
Office equipment	2,530,576	140,720	(3,343)	2,667,953
Software	147,799	2,999	(93,068)	57,730
Leasehold improvements	11,371,721	-	-	11,371,721
Total property and equipment	17,229,417	178,640	(96,411)	17,311,646
Less accumulated depreciation	(9,929,683)	(1,813,656)	95,950	(11,647,389)
Net Capital Assets	<u>\$ 7,299,734</u>	<u>\$ (1,635,016)</u>	<u>\$ (461)</u>	<u>\$ 5,664,257</u>
	Balance 08/31/2022	Additions	Deletions	Balance 08/31/2023
Office furniture	\$ 3,179,321	\$ -	\$ -	\$ 3,179,321
Office equipment	2,146,612	383,964	-	2,530,576
Software	181,316	-	(33,517)	147,799
Leasehold improvements	11,371,721	-	-	11,371,721
Total property and equipment	16,878,970	383,964	(33,517)	17,229,417
Less accumulated depreciation	(8,091,887)	(1,871,313)	33,517	(9,929,683)
Net Capital Assets	<u>\$ 8,787,083</u>	<u>\$ (1,487,349)</u>	<u>\$ -</u>	<u>\$ 7,299,734</u>

Right-of-Use (ROU) intangible assets are recognized at the lease or SBITA commencement date and represent UTIMCO's right-to-use an underlying asset for the lease term or SBITA agreement term. ROU assets are measured at the initial value of the lease or subscription liability plus any payments made to the lessor or vendor at or before commencement and initial direct costs. Amortization expense for ROU intangible assets is computed using the straight-line method over the shorter of the lease or agreement term or estimated useful lives of the assets.

THE UNIVERSITY OF TEXAS/TEXAS A&M INVESTMENT MANAGEMENT COMPANY
Notes to Financial Statements

The following is a schedule of the amortizable intangible asset as of August 31, 2024 and 2023:

	Balance 08/31/2023	Additions	Deletions	Balance 08/31/2024
Right-of-use asset, building lease	\$ 21,084,599	\$ -	\$ -	\$ 21,084,599
Less accumulated amortization	(6,505,506)	(2,168,502)	-	(8,674,008)
Net ROU Asset, building lease	<u>\$ 14,579,093</u>	<u>\$ (2,168,502)</u>	<u>\$ -</u>	<u>\$ 12,410,591</u>
Right-of-use asset, SBITA	\$ 2,306,096	\$ 2,903,267	\$ (1,449,739)	\$ 3,759,624
Less accumulated amortization	(1,703,849)	(772,781)	1,449,739	(1,026,891)
Net ROU Asset, SBITA	<u>\$ 602,247</u>	<u>\$ 2,130,486</u>	<u>\$ -</u>	<u>\$ 2,732,733</u>
	Balance 08/31/2022	Additions	Deletions	Balance 08/31/2023
Right-of-use asset, building lease	\$ 21,084,599	\$ -	\$ -	\$ 21,084,599
Less accumulated amortization	(4,337,004)	(2,168,502)	-	(6,505,506)
Net ROU Asset, building lease	<u>\$ 16,747,595</u>	<u>\$ (2,168,502)</u>	<u>\$ -</u>	<u>\$ 14,579,093</u>
Right-of-use asset, SBITA	\$ 2,306,096	\$ -	\$ -	\$ 2,306,096
Less accumulated amortization	(826,140)	(877,709)	-	(1,703,849)
Net ROU Asset, SBITA	<u>\$ 1,479,956</u>	<u>\$ (877,709)</u>	<u>\$ -</u>	<u>\$ 602,247</u>

Income Taxes

The exclusive purposes for which UTIMCO is organized and is to be operated are charitable and educational within the meaning of section 501(c)(3) of the Internal Revenue Service Code, and therefore, UTIMCO is not subject to federal income taxes on normal operations. UTIMCO may, however, incur federal income taxes on unrelated business income.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Generally accepted accounting principles provide a hierarchy that prioritizes the inputs of fair value measurements based on the extent to which inputs to valuation techniques are observable in the marketplace. The hierarchy assigns a higher priority to observable inputs that reflect verifiable information obtained from independent sources, and a lower priority to unobservable inputs that would reflect management's assumptions about how market participants would value an asset or liability based on the best information available. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs.

THE UNIVERSITY OF TEXAS/TEXAS A&M INVESTMENT MANAGEMENT COMPANY
Notes to Financial Statements

The three levels of the hierarchy of inputs used to measure fair value are as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that are available at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – Unobservable inputs for the asset or liability.

New Accounting Standards

Management has reviewed and is evaluating the effect that upcoming changes to GASB accounting standards will or may have on UTIMCO's financial statements. Four recent pronouncements will become effective in FY 2025 or thereafter and include GASB Statement No. 101, Compensated Absences, GASB Statement No. 102, Certain Risk Disclosures, GASB Statement No. 103, Financial Reporting Model Improvements, and GASB Statement No. 104, Disclosure of Certain Capital Assets. One pronouncement that became effective for the year ended August 31, 2024 was GASB Statement No. 100, Accounting Changes and Error Corrections.

Note 3 - Related Party Transactions

a) Pursuant to a Master Investment Management Services Agreement with UTIMCO, the UT Board has appointed UTIMCO as its investment manager with complete authority to act for the UT Board in the investment of all funds. The amount of the management fees for the periods ended August 31, 2024 and 2023 were \$71,678,668 and \$67,930,864, respectively. This represents fees for the following:

	<u>2024</u>	<u>2023</u>
Permanent University Fund	\$ 36,668,411	\$ 34,168,604
The University of Texas System General Endowment Fund	24,863,259	23,824,726
The University of Texas System Intermediate Term Fund	10,146,998	9,937,534
	<u>\$ 71,678,668</u>	<u>\$ 67,930,864</u>

b) UTIMCO contracts for internet, mainframe connection, technology services, and various other expenses with The University of Texas System and The University of Texas at Austin. The total for these services for the periods ended August 31, 2024 and 2023 were \$230,776 and \$144,659, respectively.

c) UTIMCO entered into a 124-month lease agreement on July 31, 2017, and subsequent amendment on June 1, 2018, for its current office space and parking with The University of Texas System that commenced on February 1, 2018. Effective May 1, 2020, the lease was amended to include additional space and extends the lease through May 21, 2030. The minimum rental commitment for UTIMCO's office space as amended effective May 1, 2020 and expiring May 21, 2030 was \$192,166 per month for the first nine months and escalates annually on February 1st per a predetermined escalation clause in the lease. As of August 31, 2024, the monthly rent payment was \$213,353. Additional lease details are discussed in Note 6 below.

THE UNIVERSITY OF TEXAS/TEXAS A&M INVESTMENT MANAGEMENT COMPANY
Notes to Financial Statements

Note 4 – Deposits and Investments

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, UTIMCO will not be able to recover its deposits. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, UTIMCO will not be able to recover the value of its investment or collateral securities that are in the possession of another party. UTIMCO does not have a deposit policy for custodial credit risk. The FDIC insures deposits up to \$250,000. As of August 31, 2024 and 2023, there were no uninsured deposits. Additionally, UTIMCO investments have minimal exposure to custodial credit risk. The UTIMCO operating funds are invested in an institutional preferred money market account. The current fair value of the assets of the account is categorized as Level 1 of the fair value hierarchy as described above. The money market account balances as of August 31, 2024 and 2023 were \$52,646,769 and \$41,615,068, respectively.

Note 5 – Elective Deferral Plans

Effective March 1, 1996, UTIMCO established a tax-sheltered annuity arrangement, the UTIMCO 403(b) Tax Sheltered Annuity Plan, which provides retirement benefits for its employees by contributing to a custodial account invested in mutual funds. The employer matches 8.5% of eligible gross compensation on behalf of an employee. Employees are required to contribute 6.5% of their eligible gross compensation to receive the company match. Employer contributions for the periods ended August 31, 2024 and 2023 were \$1,774,952 and \$1,659,557, respectively.

Effective December 1, 2007, UTIMCO adopted a compensation plan under Internal Revenue Code Section 457(b). The 457(b) plan is an unfunded deferred compensation plan that is established and maintained for a select group of management employees. Participants are determined by the Plan Administrative Committee. Participants are permitted to make tax-deferred contributions to the 457(b) deferred compensation plan, but until the plan benefits are paid out, these contributions remain part of UTIMCO's general assets and can be used to satisfy claims of the general unsecured creditors of UTIMCO. The assets and obligations of the 457(b) Plan are reported on the Statements of Net Position at current fair values. The assets of the 457(b) Plan are invested in publicly traded mutual funds and are categorized as Level 1 of the fair value hierarchy as described above and have minimal exposure to custodial credit risk.

Effective May 1, 2011, UTIMCO established a health savings account arrangement, which is a tax-exempt trust or custodial account with a qualified trustee used to pay or reimburse certain medical expenses. Employer contributions for the periods ended August 31, 2024 and 2023 were \$338,003 and \$335,670, respectively.

Note 6 – Lease

UTIMCO entered into a 124-month lease agreement, as amended, with The University of Texas System effective February 1, 2018, for its current office space as discussed in Note 3 c) above. Effective May 1, 2020, the lease was amended and extended through May 21, 2030. The lease amendment includes additional space and base rent and operating expense adjustments. The lease also includes a rent escalation clause providing for scheduled rent increases annually.

THE UNIVERSITY OF TEXAS/TEXAS A&M INVESTMENT MANAGEMENT COMPANY
Notes to Financial Statements

For the periods ended August 31, 2024 and 2023, the building lease liability was \$15,332,991 and \$17,739,802, respectively. The reduction in the lease liability is the result of monthly payments made for rent and reserved parking per the lease agreement and are recorded as a combination of a reduction in the lease liability and interest expense as shown in the table below.

	<u>Lease Liability</u>	<u>Interest Expense</u>
Balance at 08/31/2023	\$ 17,739,802	\$ -
Less YTD payments (\$2,566,153)	<u>(2,406,811)</u>	<u>(159,342)</u>
Balance at 08/31/2024	<u>15,332,991</u>	<u>(159,342)</u>
Balance at 08/31/2022	20,060,117	-
Less YTD payments (\$2,502,592)	<u>(2,320,315)</u>	<u>(182,277)</u>
Balance at 08/31/2023	<u>\$ 17,739,802</u>	<u>\$ (182,277)</u>

Lease expense includes only variable lease expenses. The variable lease expenses include lease operating expenses and non-reserved parking. For the periods ended August 31, 2024 and 2023, related lease operating expenses were \$809,417 and \$749,997, respectively and parking expense was \$257,374 and \$262,575, respectively.

The principal and interest expense for the next five periods and beyond are projected below for the building lease obligations:

Lease Principal and Interest - Office Space Rent and Reserved Parking

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 2,488,941	\$ 135,582	\$ 2,624,523
2026	2,568,134	111,052	2,679,186
2027	2,653,306	85,734	2,739,040
2028	2,723,477	59,644	2,783,121
2029	2,813,900	32,783	2,846,683
Thereafter	<u>2,085,233</u>	<u>6,492</u>	<u>2,091,725</u>
Total Requirements	<u>\$ 15,332,991</u>	<u>\$ 431,287</u>	<u>\$ 15,764,278</u>

Note 7 – SBITA

UTIMCO entered into various SBITAs that convey the control of the right to use vendor-provided software to UTIMCO. Some of these agreements contain provisions for payments that are partially or completely variable and therefore not included in the measurement of the ROU subscription assets or subscription liabilities. These variable payments are derived from occasional changes to the number of purchased licenses or to the use of the IT asset.

THE UNIVERSITY OF TEXAS/TEXAS A&M INVESTMENT MANAGEMENT COMPANY
Notes to Financial Statements

For the periods ended August 31, 2024 and 2023, the subscription liability was \$2,181,057 and \$451,907, respectively. The changes in the subscription liability are the result of monthly, quarterly, or annual payments, and the addition of new SBITA agreements throughout the year. These changes are recorded as reductions or additions to the liability and interest expense as shown in the table below.

	<u>Subscription Liability</u>	<u>Interest Expense</u>
Balance at 08/31/2023	\$ 451,907	\$ -
Plus YTD additions	2,903,267	-
Less YTD payment (\$1,195,120)	<u>(1,174,117)</u>	<u>(21,003)</u>
Balance at 08/31/2024	<u>2,181,057</u>	<u>(21,003)</u>
Balance at 08/31/2022	1,337,995	-
Less YTD payments (\$892,096)	<u>(886,088)</u>	<u>(6,008)</u>
Balance at 08/31/2023	<u>\$ 451,907</u>	<u>\$ (6,008)</u>

Subscription related operating expenses for the capitalized subscriptions includes only variable expenses and other non-capitalized expenses. These expenses include administrative training, support, and additional user fees related to changes in the number of purchased licenses. For the periods ended August 31, 2024 and 2023, the subscription related operating expenses were \$35,119 and \$32,951, respectively.

The principal and interest expense for the next five periods and beyond are projected below for the SBITA obligations:

SBITA Principal and Interest

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 999,860	\$ 56,294	\$ 1,056,154
2026	1,057,893	30,294	1,088,187
2027	82,620	2,829	85,449
2028	40,684	1,352	42,037
Thereafter	-	-	-
Total Requirements	<u>\$ 2,181,057</u>	<u>\$ 90,770</u>	<u>\$ 2,271,827</u>

Note 8 – Advisory Board Fees

UTIMCO occasionally receives a fee on behalf of an employee who served as an advisory board member for a private equity investment. For the year ended August 31, 2023, advisory board fees were \$5,000. There were no advisory board fees for the year ended August 31, 2024.

Note 9 – Subsequent Events

Management has evaluated subsequent events through February 21, 2025, the date the financial statements were available to be issued. No subsequent events requiring adjustments to, or disclosures in, the financial statements were identified as a result of this evaluation.

Agenda Item
UTIMCO Board of Directors Meeting
March 13, 2025

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 (“Committee”) met on March 4, 2025. The Committee’s agenda included (1) discussion and appropriate action related to the approval of minutes of its December 4, 2024 meeting; (2) discussion of Committee’s Self-Assessment; (3) review and discussion of compliance reporting; and (4) a market and portfolio risk update.
Discussion	Director Longoria reported on the findings and conclusions of the Committee’s self-assessment. Ms. Davis reviewed the quarterly compliance reporting with the Committee 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
March 4, 2025

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 March 4, 2025. The Committee’s agenda included discussion and appropriate action related to the approval of minutes of December 4, 2024 meeting. The Committee also met in Executive Session to receive an update on computer security assessments related to information resources technology, including a report from the UT System Audit Office.

Recommendation: None

Reference: None

Agenda Item
UTIMCO Board Meeting
March 13, 2025

Agenda Item: Discussion of Compensation Committee’s Self-Assessment

Developed By: Nixon, de Onís

Presented By: Nixon

Type of Item: Information item

Description: In accordance with the Charter of the Compensation Committee (“Committee”), the Committee is required to evaluate its performance on a periodic basis. The Committee completed its last self-assessment in February 2020.

Discussion: Director Nixon will report on the findings and conclusions of the Committee’s self-assessment.

Recommendation: None

Reference: None